

First Half  
Financial Results Briefing for the Fiscal Year Ending  
March 2024

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November 10, 2023

Japan Medical Dynamic Marketing, INC.

Representative Director and President  
Toshiyuki Hironaka

JMMDM



JMMDM

# Notes

The forward-looking statements in this document are based on information currently available to us and certain assumptions that we consider reasonable, and are not intended as a promise by us that they will be realized. Actual results may differ materially due to various factors.

## Our products



Artificial Hip  
Joint



Artificial  
Knee Joint



Trauma



Spine

# -Agenda-

## 1 . Results for the First Half of FYE March 2023 P. 4

- Consolidated net sales P. 5
- Consolidated Statement of Income P. 6
- Comparative YoY Analysis of Operating income P. 7
- Consolidated Net Sales by Location/Product P. 8

### Japanese market

- Sales in Japan - Quarterly Comparison P.10
- Sales in Japan 【Artificial joints】 P.11
- Sales in Japan 【Trauma】 P.12
- Sales in Japan 【Spine】 P.13

### U.S. markets

- Sales in U.S. P.15
- Sales in U.S. - Quarterly Comparison P.16
- Sales in U.S. 【Artificial joints, by product】 P.17

## 2 . Revised Forecast for FYE March 2024

- Compared with Full-year Financial Forecast Previous Forecast vs Forecast this time P.19
- Comparative Analysis of Operating income Previous forecast vs Forecast this time P.20
- Revised Full-year Forecast Consolidated Statement of Income P.21
- Revised Full-year Forecast Consolidated Net Sales by Location/Product P.22
- Strategy for the Second Half P.23

## 3 . Topic

- Entered Regenerative medicine field - Knee joint P.25

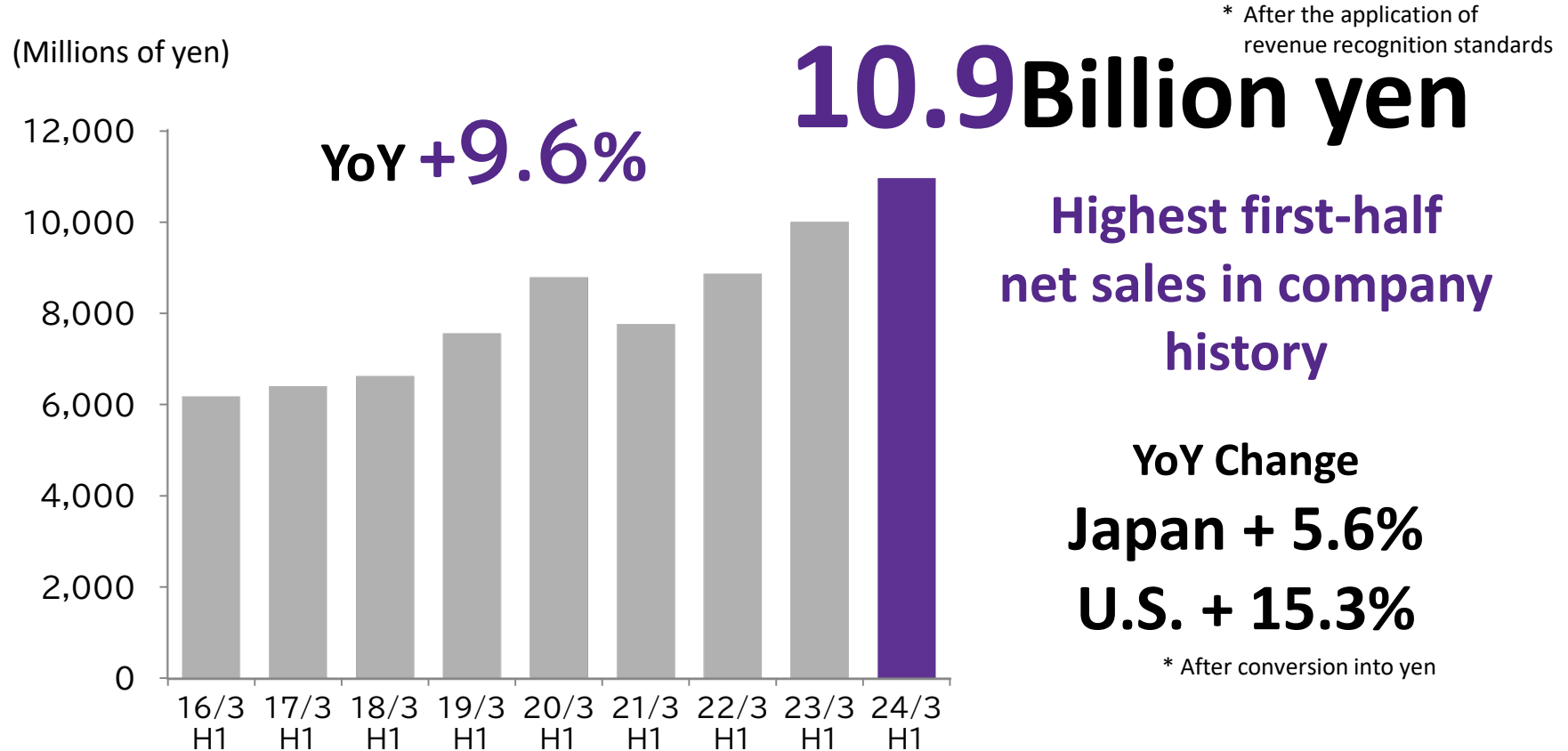


1.

# Results for the First Half of FYE March 2024



# Consolidated net sales



# Consolidated Statement of Income

(Millions of yen, %)	FYE Mar 2024 1H		YoY change		FYE Mar 2023 1H	
	Results	Ratio to sales	Amount of change	Rate of change	Results	Ratio to sales
<b>Net sales</b>	<b>10,952</b>	<b>100.0</b>	<b>+962</b>	<b>+9.6</b>	<b>9,989</b>	<b>100.0</b>
Cogs	3,928	35.9	+558	+16.6	3,370	33.7
SG & A	6,405	58.5	+713	+12.5	5,691	57.0
Operating income	<b>617</b>	<b>5.6</b>	<b>-309</b>	<b>-33.4</b>	<b>927</b>	<b>9.3</b>
Ordinary income	<b>632</b>	<b>5.8</b>	<b>-283</b>	<b>-31.0</b>	<b>916</b>	<b>9.2</b>
<b>Net income*</b>	<b>359</b>	<b>3.3</b>	<b>-361</b>	<b>-50.1</b>	<b>721</b>	<b>7.2</b>

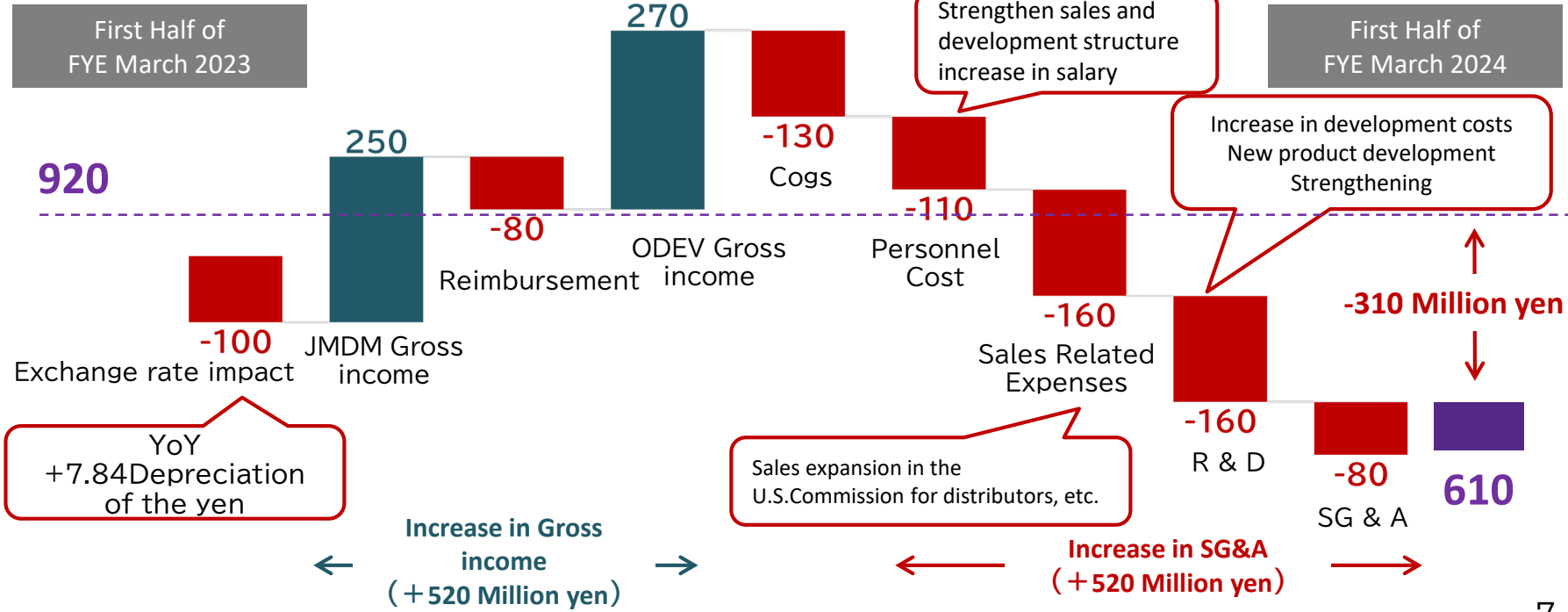
\* Net income attributable to owners of parent

# Comparative YoY Analysis of Operating income

Operating income  
-310 Million yen

- Deterioration in operating income due to yen depreciation and decline in reimbursement Price (-180 million yen)
- Increase in Gross income(+520 Million yen) , Cogs deterioration(-130 Million yen)
- Increase in SG&A(+520 Million yen)

Operating income for 51st-52nd first Half: Analysis of changes (Unit: Millions of yen)  
Note: Increase in SG&A expenses is shown as a negative figure in the graph.



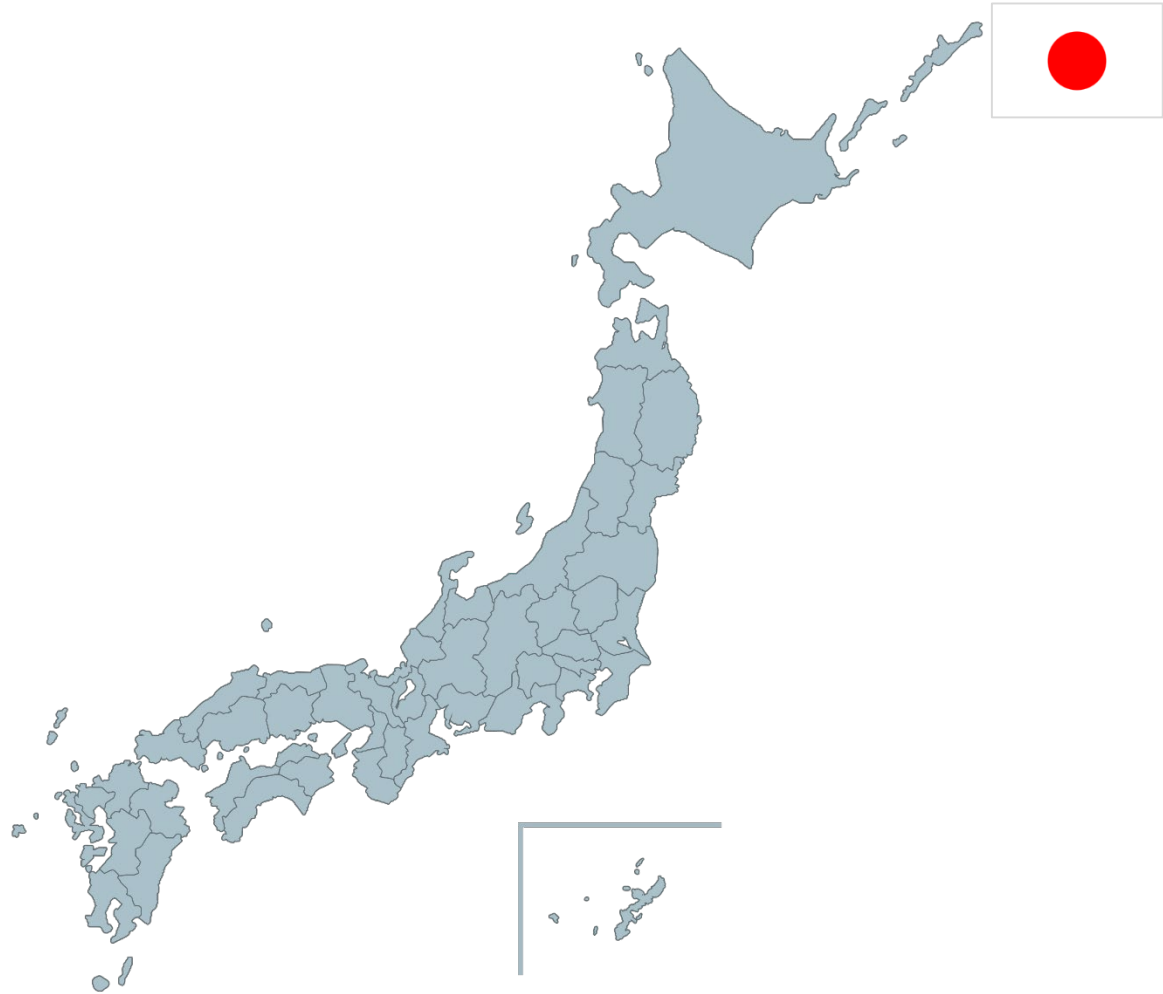
# Consolidated Net Sales by Location/Product

(Millions of yen , %)	FYE Mar 2024 H1		YoY change		FYE Mar 2023 H1	
	Results	Ratio to sales	Amount of change	Ratio to change	Results	Ratio to sales
<b>Japan</b>	<b>6,129</b>	<b>56.0</b>	<b>+324</b>	<b>+5.6</b>	5,805	58.1
Joint	2,361	21.6	+135	+6.1	2,226	22.3
Tauma	2,059	18.8	+137	+7.1	1,922	19.2
Spine	1,635	14.9	+38	+2.4	1,596	16.0
Other	183	1.7	+6	+3.9	176	1.8
Subtotal	<b>6,240</b>	<b>57.0</b>	<b>+318</b>	<b>+5.4</b>	5,921	59.3
Sales deduction*3	-110	-1.1	-5	-	-116	-1.2
<b>U.S *1</b>	<b>4,823</b>	<b>44.0</b>	<b>+638</b>	<b>+15.3</b>	4,184	41.9
Joint	4,806	43.9	+639	+15.3	4,167	41.7
Spine	16	0.1	-0	-3.0	17	0.2
<b>Total</b>	<b>10,952</b>	<b>100.0</b>	<b>+962</b>	<b>+9.6</b>	9,989	100.0
<b>Sales of our Products</b>	<b>8,866</b>	<b>80.1</b>	<b>+747</b>	<b>+9.5</b>	8,118	80.3
<b>US \$*2</b>	<b>34,132</b>		<b>+2,781</b>	<b>+8.9</b>	31,351	
*1 Conversion rate(yen)	141.31		+7.84		133.47	

\*2 Thousands of dollars \*3 Sales deductions: Deductions associated with the application of the revenue recognition standard.

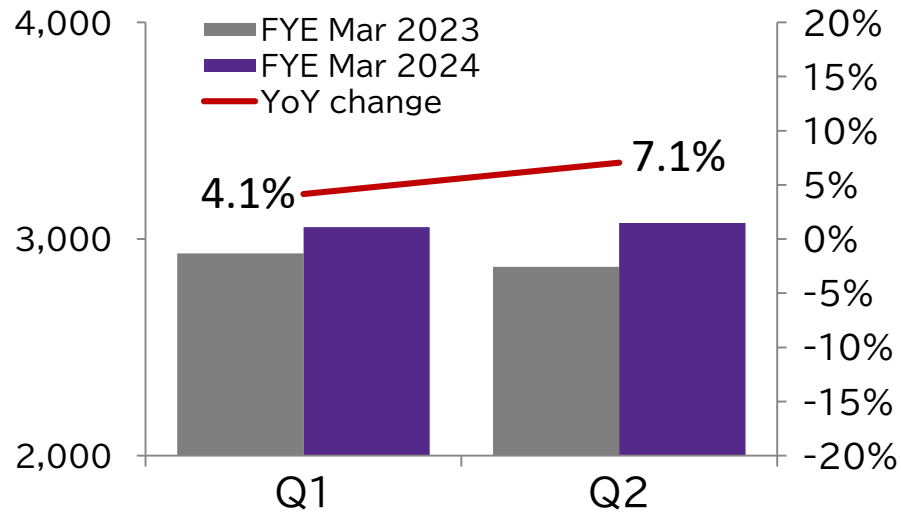


# Japanese market



# Sales in Japan - Quarterly Comparison

(Millions of yen , %)



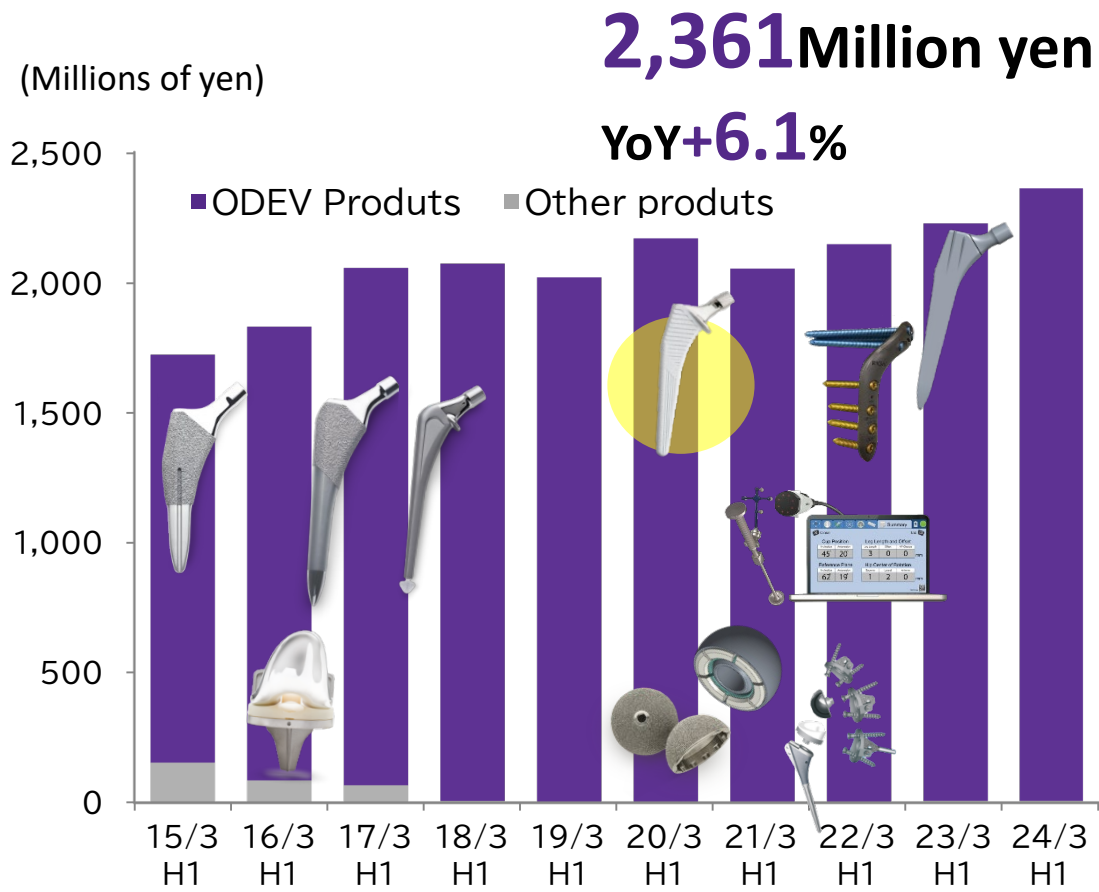
FYE	Q1	Q2	Q3	Q4
Mar 2023	2,933	2,871	3,175	3,376
Mar 2024	3,055	3,073	-	-
YoY change	+4.1%	+7.1%	-	-

**Change of COVIT-19 to category 5.  
(May 2023)**

**Increase in the number of cases**

**Strong sales in Japan**

**Q2 > Q1**

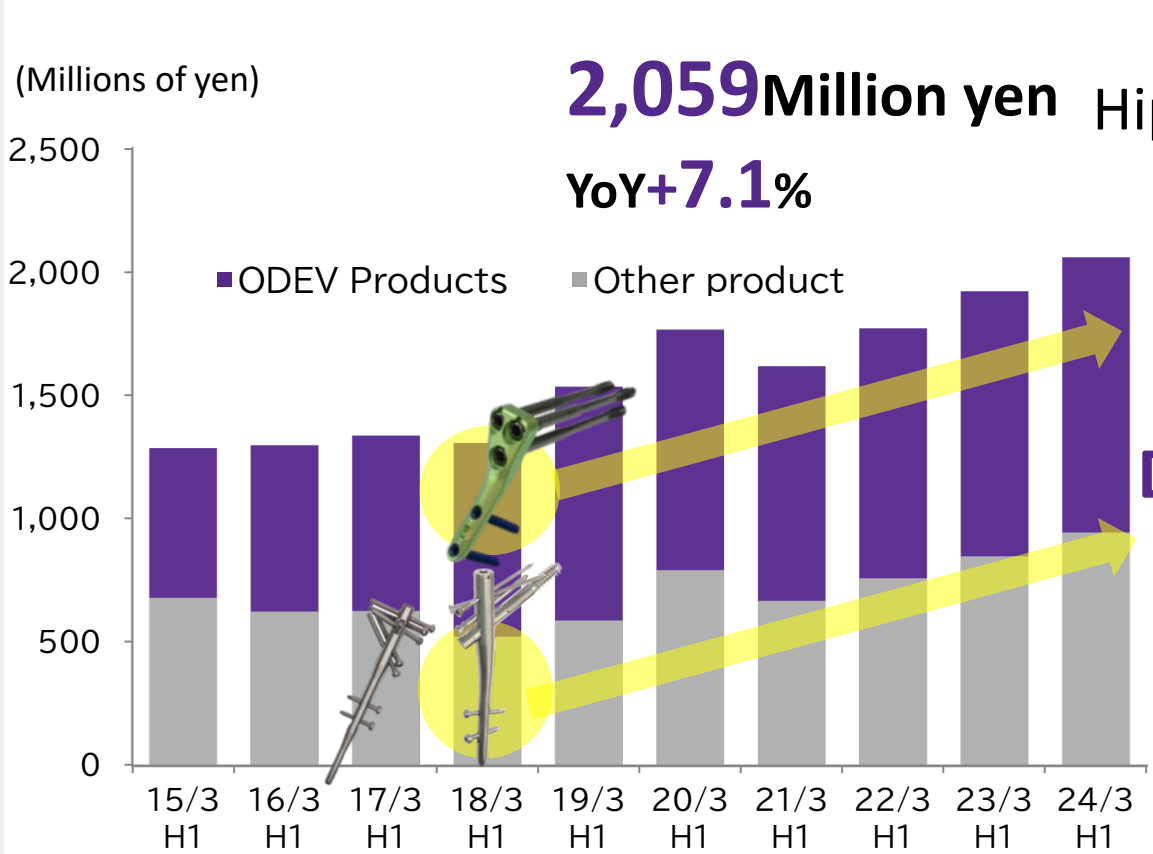


**Strength from THA\*1**

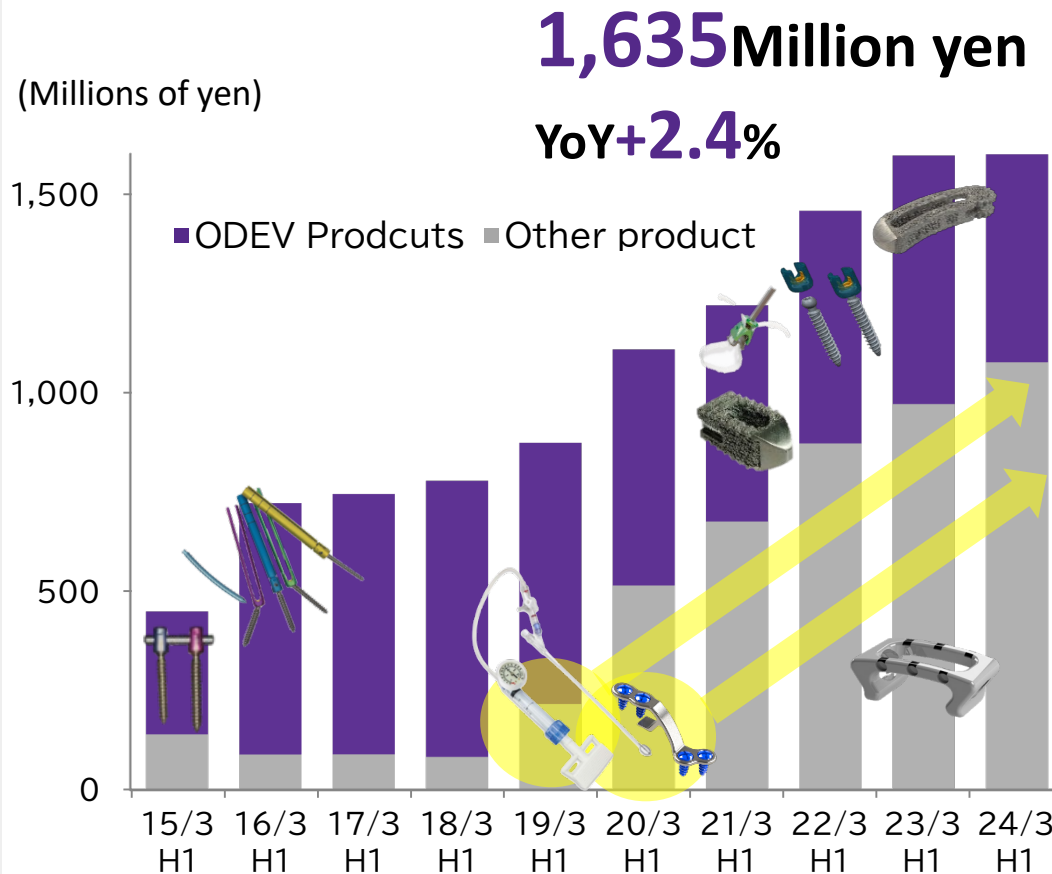
**TKA\*2 Strong**

- ✓ **Increase in the number of cases**  
Change of COVIT-19 to category 5.
- ✓ **Double-digit growth**
  - Hip - Entrada
  - Knee - BKS TriMax
- ✓ **New products to be rolled out nationwide**
  - SecuAlign HTO Plate
  - Promontory Stem

\*1 Total Hip Arthroplasty \*2 Total Knee Arthroplasty



Femoral Neck  
Hip fracture fixation system  
**Prima Hip Screw**  
&  
**ASULOCK**  
Double-digit growth



**Lynx** high-growth  
**BKP** regrowth



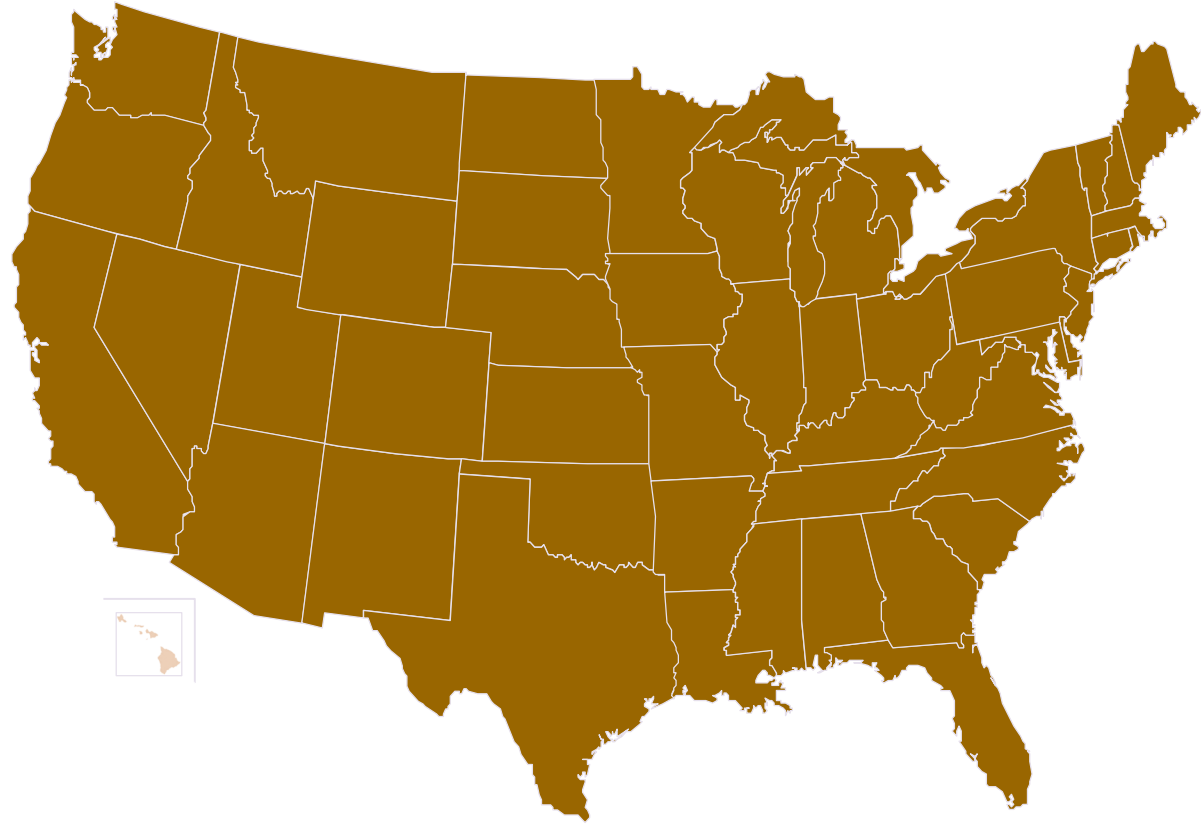
(KMC Kyphoplasty System)



(Lynx Plate)



# U.S. markets

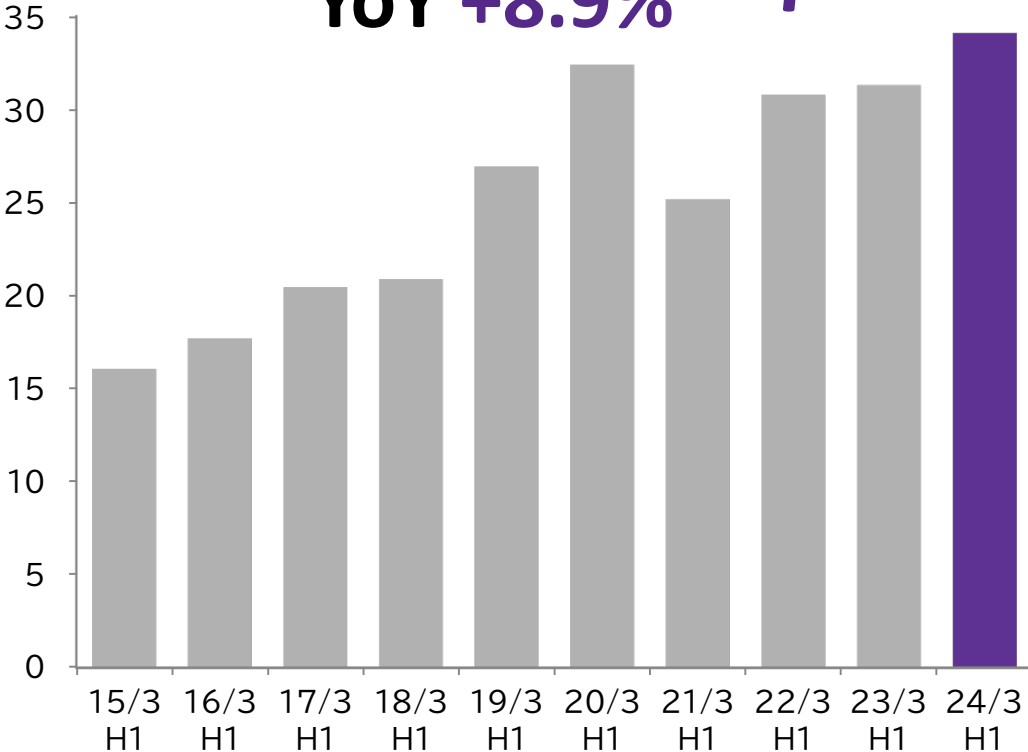




(Millions of dollars)

**YoY +8.9%**

**\$34.1M**

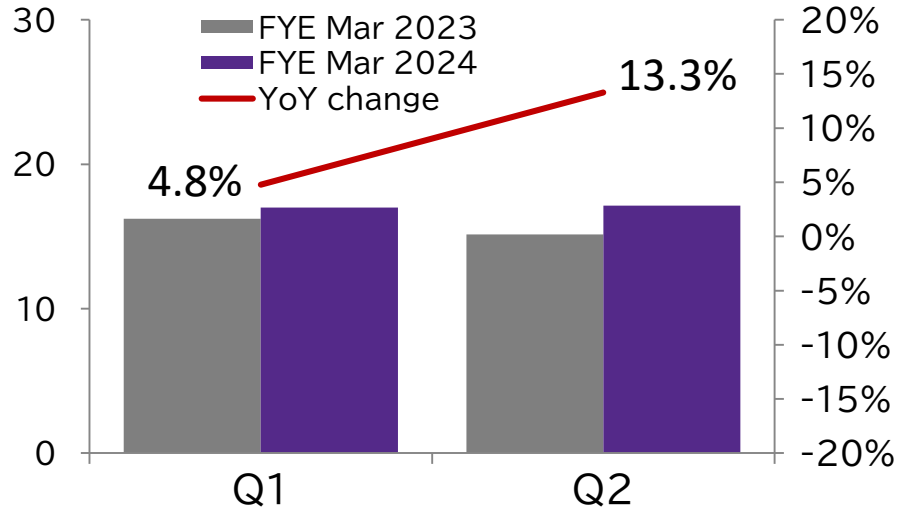


**Highest sales in the first half of the year**

Customers acquired in the previous year  
Contributed to sales expansion



(Million of dollars , %)



FYE	Q1	Q2	Q3	Q4
Mar 2023	16.2	15.1	17.7	17.2
Mar 2024	16.9	17.1	-	-
YoY change	+4.8%	+13.3%	-	-

## Strong sales in U.S.

**Q2 > Q1**

Q1:YoY +4.8%

Q2:YoY +13.3%

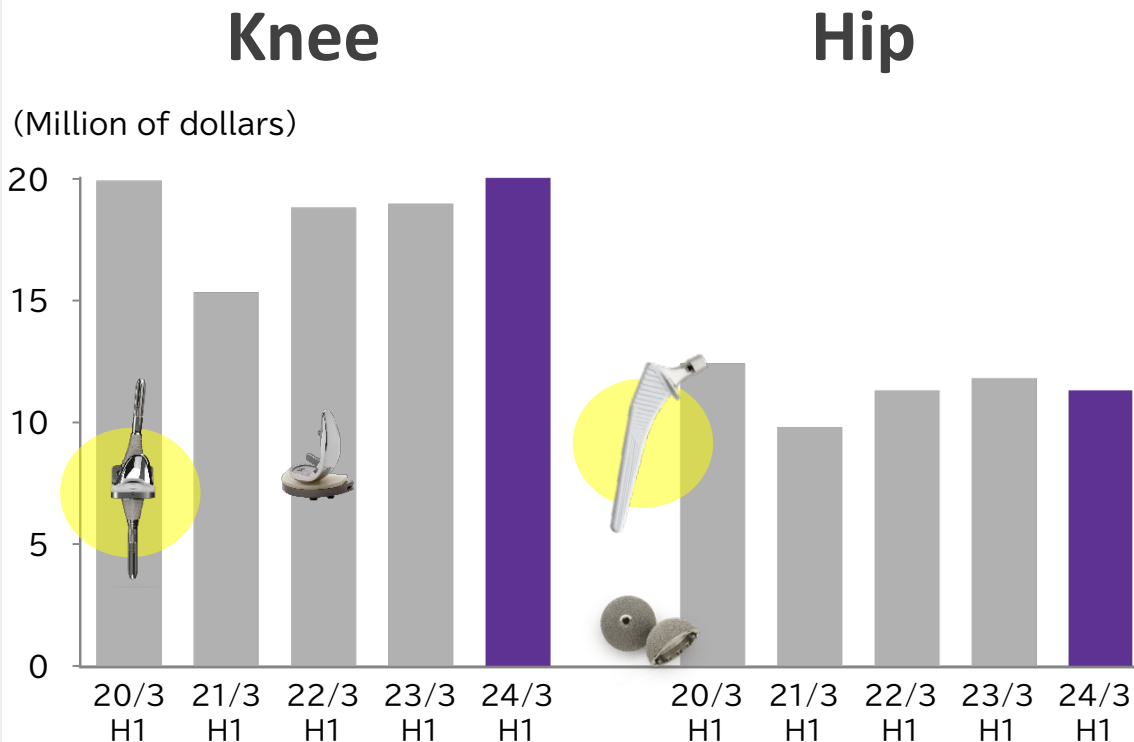
**UHKAS held**

ODEV's seminar held every other year  
(in April 2023)





# Sales in U.S. – Artificial joints, by product



\*Excluding sales of "KASM" to DePuy Synthes

## Knee

**\$22.6M**

**YoY + 16.6%**  
(Q1+12.8%、Q2+20.6%)

Double-digit growth in existing products.

- BKS TriMax
- BKS Revision Knee

New product alpha launched

- BKS Uni

Nationwide expansion in the second half of the year



## Hip

**\$11.3M**

**YoY ▲ 3.6%**  
(Q1▲8.5%、Q2+1.6%)

Double-digit growth in existing products.

- Entrada Strong

Alpha launch of new products planned for the second half of the year





2.

## Forecast for the Fiscal Year Ending March 2024



# Compared with Full-year Financial Forecast - Previous Forecast vs Forecast this time

Operating income revised to 1.8 billion yen due to lower sales forecast in both Japan and U.S.A and accelerated yen depreciation.

(Millions of yen , %)	FYE March 2024		Change from initial forecast		FYE March 2024	
	Revised forecast	Ratio to sales	Amount of change	Rate of change	Initial forecast	Ratio to sales
<b>Net sales</b>	<b>23,600</b>	<b>100.0</b>	<b>+300</b>	<b>+1.3</b>	<b>23,300</b>	<b>100.0</b>
Cogs	8,450	35.8	+650	+8.3	7,800	33.5
SG & A	13,350	56.6	+350	+2.7	13,000	55.8
<b>Operating income</b>	<b>1,800</b>	<b>7.6</b>	<b>- 700</b>	<b>- 28.0</b>	<b>2,500</b>	<b>10.7</b>
<b>Ordinary income</b>	<b>1,850</b>	<b>7.8</b>	<b>- 550</b>	<b>- 22.9</b>	<b>2,400</b>	<b>10.3</b>
<b>Net income *</b>	<b>1,150</b>	<b>4.9</b>	<b>- 350</b>	<b>- 23.3</b>	<b>1,500</b>	<b>6.4</b>

\* Net income attributable to owners of parent

# Comparative Analysis of Operating income - Previous forecast vs Forecast this time

Operating income  
-700Million yen

- Foreign exchange impact of changing the assumed exchange rate for the second half of the year from 135 yen to 150 yen per U.S. dollar (-240 Million)
- Decrease in gross income due to lower sales (-30 Million yen), cost deterioration (-30 Million yen)
- Controlling SG&A expenses (170 Million yen)

FYE Mar 2024  
Initial forecast

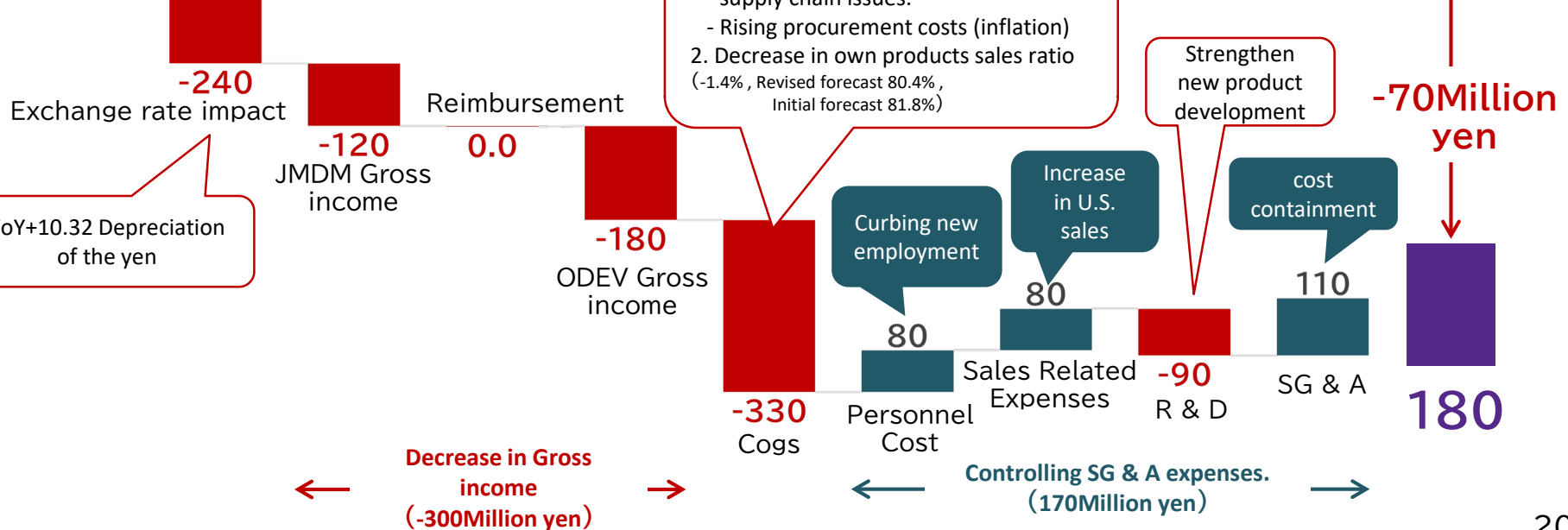
FYE Mar 2024 Initial forecast vs Revised forecast

FYE Mar 2024  
Revised forecast

Operating income : Comparative Analysis(Unit: Millions of yen)

Note: Increase in SG&A expenses is shown as a negative figure in the graph.

250



# Revised Full-year Forecast Consolidated Statement of Income

Expect increase in cases YoY, but expect increase in sales and decrease in income due to yen depreciation, supply chain issues, and decline in reimbursement price

(Millions of yen , %)	FYE Mar 2024		YoY change		FYE Mar 2023	
	Forecast	Ratio to sales	Amount of change	Ratio of change	Results	Ratio to sales
<b>Net sales</b>	<b>23,600</b>	100.0	+2,292	+10.8	21,307	100.0
Cogs	8,450	35.8	+1,135	+15.5	7,315	34.3
SG & G	13,350	56.6	+1,383	+11.5	11,967	56.2
Operating income	<b>1,800</b>	7.6	- 224	- 11.1	2,024	9.5
Ordinary income	<b>1,850</b>	7.8	- 193	- 9.5	2,043	9.6
<b>Net income*</b>	<b>1,150</b>	4.9	- 273	- 19.2	1,423	6.7

\* Net income attributable to owners of parent

# Compared with Previous Full-year Financial Forecast by Location/Product

Positive growth is expected in all product categories due to an increase in cases acquired in both Japan and U.S.A

(Millions of yen ,%)	FYE Mar 2024		YoY change		FYE Mar 2023	
	Forecast	Ratio to sales	Amount of change	Ratio to change	Results	Ratio to sales
<b>Sales in japan</b>	<b>13,100</b>	<b>55.5</b>	<b>+743</b>	<b>+6.0</b>	12,356	58.0
Joint	5,030	21.3	+291	+6.2	4,738	22.2
Trauma	4,610	19.5	+287	+6.7	4,322	20.3
Spine	3,300	14.0	+114	+3.6	3,185	15.0
Other	400	1.7	+45	+12.8	354	1.7
Subtotal	13,340	56.5	+738	+5.9	12,601	59.1
Subtotal before sales deduction *3	- 240	- 1.0	+4	- 2.0	- 244	- 1.1
<b>Sales in U.S. *1</b>	<b>10,500</b>	<b>44.5</b>	<b>+1,548</b>	<b>+17.3</b>	8,951	42.0
Joint	10,430	44.2	+1,519	+17.1	8,910	41.8
Spine	70	0.3	+29	+72.7	40	0.2
<b>Total</b>	<b>23,600</b>	<b>100.0</b>	<b>+2,292</b>	<b>+10.8</b>	21,307	100.0
Sales ratio of our own products	<b>19,160</b>	<b>80.4</b>	<b>+1,783</b>	<b>+10.3</b>	17,377	80.6
<b>US\$ *2</b>	<b>72,254</b>		<b>+5,924</b>	<b>+8.9</b>	66,330	

\*1 Conversion rate (yen)

145.32

+10.37

134.95

\*2 Thousands of dollars \*3 Net income attributable to owners of parent

# Strategy for the Second Half

Aim to expand sales of focused products and increase sales through new products in both Japan and U.S.A Reduce manufacturing costs by improving supply chain issues and reviewing external vendors.



- Expand sales of products for Femoral Neck fracture fixation system.
- Expand sales of new products.  
Expand sales of Lynx  $\alpha$  Plate , Vusion Ti3D ARC Cage.
- Controlling SG & A expenses

- Expand customer base by acquiring new customers.
- Launched a new artificial hip joint product.
- Expand sales of artificial knee joint products.
- Artificial knee joint BKS Uni Nationwide.
- Reduction of manufacturing costs.  
Improving supply chain issues.  
reviewing external vendors.
- Controlling SG & A expenses.



3. Topic





# Topic Entered Regenerative medicine field - Knee joint

Launched PRP-FD, a product for early treatment of knee joints, to medical facilities.

What is PRP (platelet-rich plasma)?

- Centrifuge the collected blood and concentrate platelets.
- This treatment utilizes the power of growth factors contained in PRP to draw out the healing, tissue repair, and regeneration abilities that people naturally possess.
- In addition to suppressing pain and cartilage destruction, this treatment is also less likely to cause an immune reaction because it uses only the patient's own blood components.

**Product name: LC-PRP  
(Lyophilized Concentrated PRP)**



**Sales start in April 2022  
SecuAlign HTO Plate System**



## Synergistic effects of entering the PRP market

PRP is used not only as a single treatment but also in combination with surgical treatments such as SecuAlign HTO Plate, etc. The introduction of this product is expected to generate synergy effects with our knee joint treatment products.

Trends in PRP Therapy

- This treatment is used to treat early knee pain and sports injuries, and the market continues to grow.
- The PRP-FD that we sell allows medical facilities to reduce the investment required to start PRP therapy and the burden of complying with laws and regulations related to regenerative medicine by outsourcing the extraction of PRP-FD to processors licensed to manufacture specified cellular processed products.

# Contributing to Medical Care Through the Development and Sale of Advanced Medical Devices.



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# Notes

## We selected for the first time as a component of the FTSE Blossom Japan Sector Relative Index.

We will continue to strengthen our sustainability initiatives and contribute to the development of a sustainable society by solving various social issues through our business activities.



FTSE Blossom  
Japan Sector  
Relative Index

### What is the FTSE Blossom Japan Industry Relative Index?



Indexes constructed by FTSE Russell, a global index provider.



The index is designed to be sector-neutral, reflecting the relative performance of Japanese companies with superior environmental, social and governance (ESG) performance in each sector.



This index is used by the General Pension Investment Fund (GPIF) as an ESG index and is one of the leading indexes for ESG investment

# Sustainability Initiatives (FYE Mar 2024)

Category	Action
Sustainability	<ul style="list-style-type: none"><li>■ Identification of materiality issues</li></ul>
Environment	<ul style="list-style-type: none"><li>■ Participation in TCFD Consortium</li><li>■ Formulation of Environmental Policy</li><li>■ TCFD (Consolidated) Disclosure of GHG emission reduction targets</li><li>■ CDP Score Level "B-" Rating</li></ul>
Social	<ul style="list-style-type: none"><li>■ Human Rights Policy Development and Disclosure</li><li>■ Disclosure of promotion of diverse human resources (career management system)<ul style="list-style-type: none"><li>• Develop human resource development policy, including ensuring diversity, and internal environment development policy</li><li>• Diversity &amp; Inclusion, Human Resource Development Initiatives</li></ul></li></ul>
Governance	<ul style="list-style-type: none"><li>■ Sustainability Committee meetings (reported to the Board of Directors)</li><li>■ Convening of Risk Management Committee</li><li>■ Convening of Compliance Committee</li><li>■ Adherence to Corporate Governance Code</li></ul>

Website 【HOME > Sustainability】  
(<https://www.jmdm.co.jp/en/sustainability-action/>)

# Status of "MODE2023" Medium-Term Management Plan Progress

(Millions of yen , %)	FYE Mar 2022 (50th)		FYE Mar 2023 (51st)		FYE Mar 2024 (52nd)	
	Result / Target	Ratio	Result / Target	Ratio	Forecast / Target	Ratio
Net sales	<b>19,193</b> / 18,700	100.0%	<b>21,307</b> / 20,000	100.0%	<b>23,600</b> / 22,000	100.0%
Operating income	<b>2,661</b> / 2,700	<b>13.9%</b> / 14.4%	<b>2,024</b> / 3,000	<b>9.5%</b> / 15.0%	<b>1,800</b> / 3,500	<b>7.6%</b> / 15.9%
Ordinary income	<b>2,591</b> / 2,650	<b>13.5%</b> / 14.2%	<b>2,043</b> / 2,950	<b>9.6%</b> / 14.8%	<b>1,850</b> / 3,400	<b>7.8%</b> / 15.5%
Net income	<b>2,135</b> / 1,800	<b>11.1%</b> / 9.6%	<b>1,423</b> / 2,000	<b>6.7%</b> / 10.0%	<b>1,150</b> / 2,300	<b>4.9%</b> / 10.5%
ROE(%)	<b>10.7</b> / 9.2		<b>6.4</b> / 9.5		<b>4.9</b> / 10.0	
ROIC(%)	<b>7.9</b> / 8.1		<b>5.6</b> / 8.5		<b>4.9</b> / 9.0	

\* Exchange rate at the time of setting the Medium-term Management Plan "MODE2023": ¥108