Financial Results Briefing for the Fiscal Year Ending March 2024

May 14, 2024

Representative Director and President
Toshiyuki Hironaka

JAPAN MEDICAL DYNAMIC MARKETING

TSE Prime Market
Securities code：7600

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Our Product Segments


Hip Joint Replacement

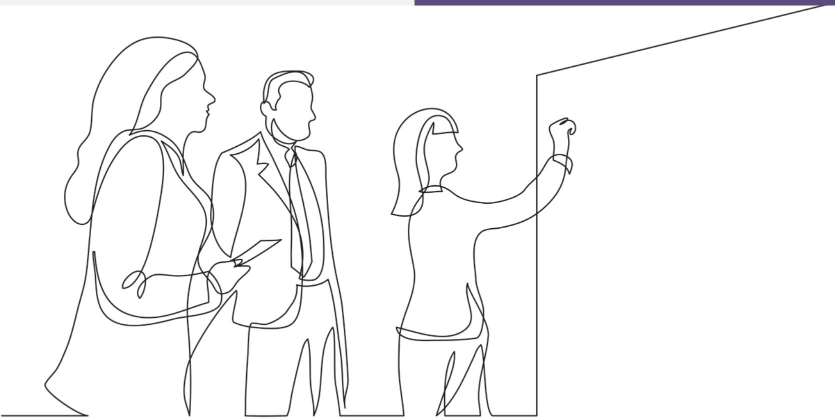

Knee Joint Replacement


Trauma


Spine

1

Results for the fiscal year ended March 31, 2024



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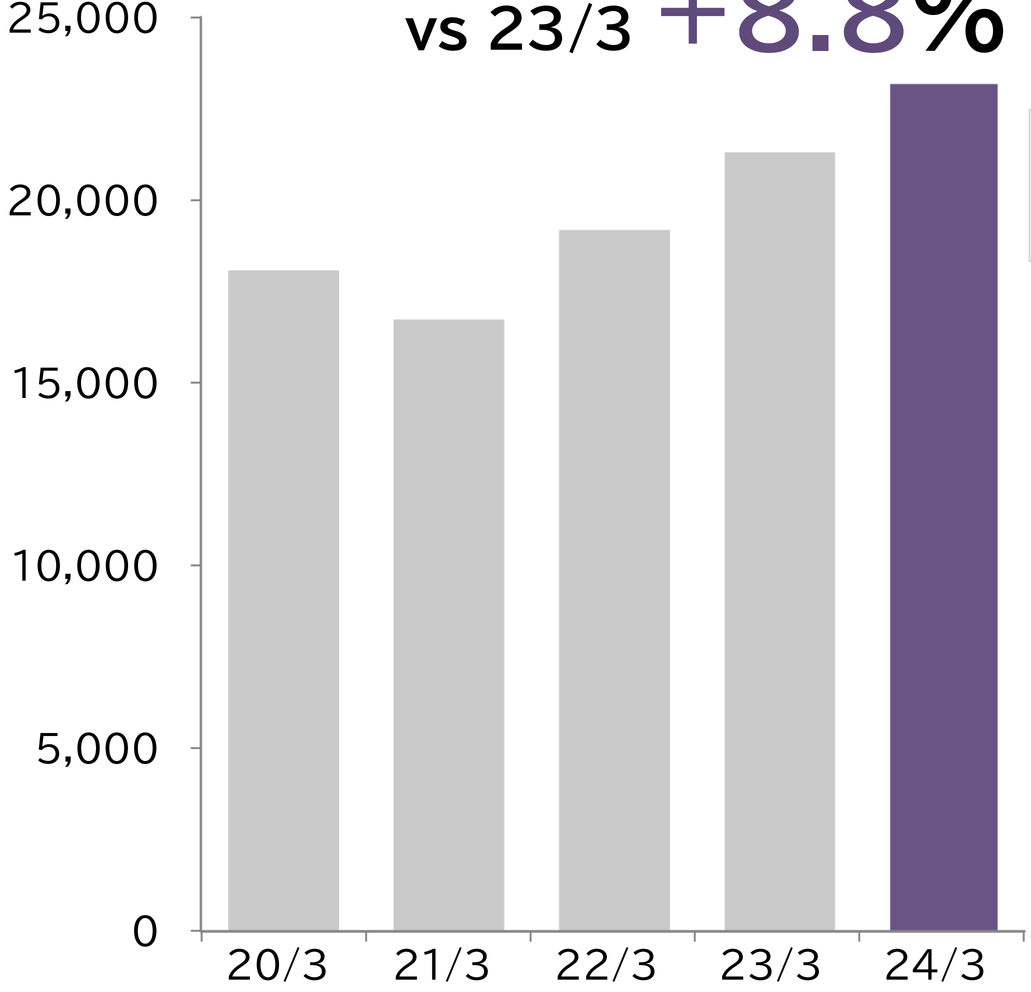
TSE Prime Market
Securities code：7600

FYE Mar. 2024 Results Consolidated Net Sales

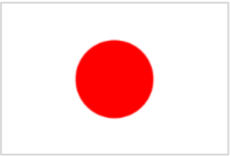
(Unit : Millions of yen)

¥23,177M

vs 23/3 +8.8%



Three Consecutive Years with Record Sales



13,004M yen(+5.2%)

10,163M yen(+13.7%)

Average exchange rate for the period: 144.41円/US＄

FYE Mar. 2024 Results

Consolidated Income Statement

(Unit : Millions of yen , %)	FY2024 Results	FY2024 Ratio to sales	YoY change Amount of change	YoY change Ratio of change	FY2023 Results	FY2023 Ratio to sales
Net sales	23,177	100.0	+1,869	+8.8	21,307	100.0
Cost of sales	8,415	36.3	+1,100	+15.0	7,315	34.3
SG&A	13,015	56.2	+1,047	+8.8	11,967	56.2
Operating profit	1,746	7.5	▲277	▲13.7	2,024	9.5
Ordinary profit	1,842	8.0	▲200	▲9.8	2,043	9.6
Net profit*	1,271	5.5	▲152	▲10.7	1,423	6.7

* Profit attributable to parent company

FYE Mar. 2024 Results

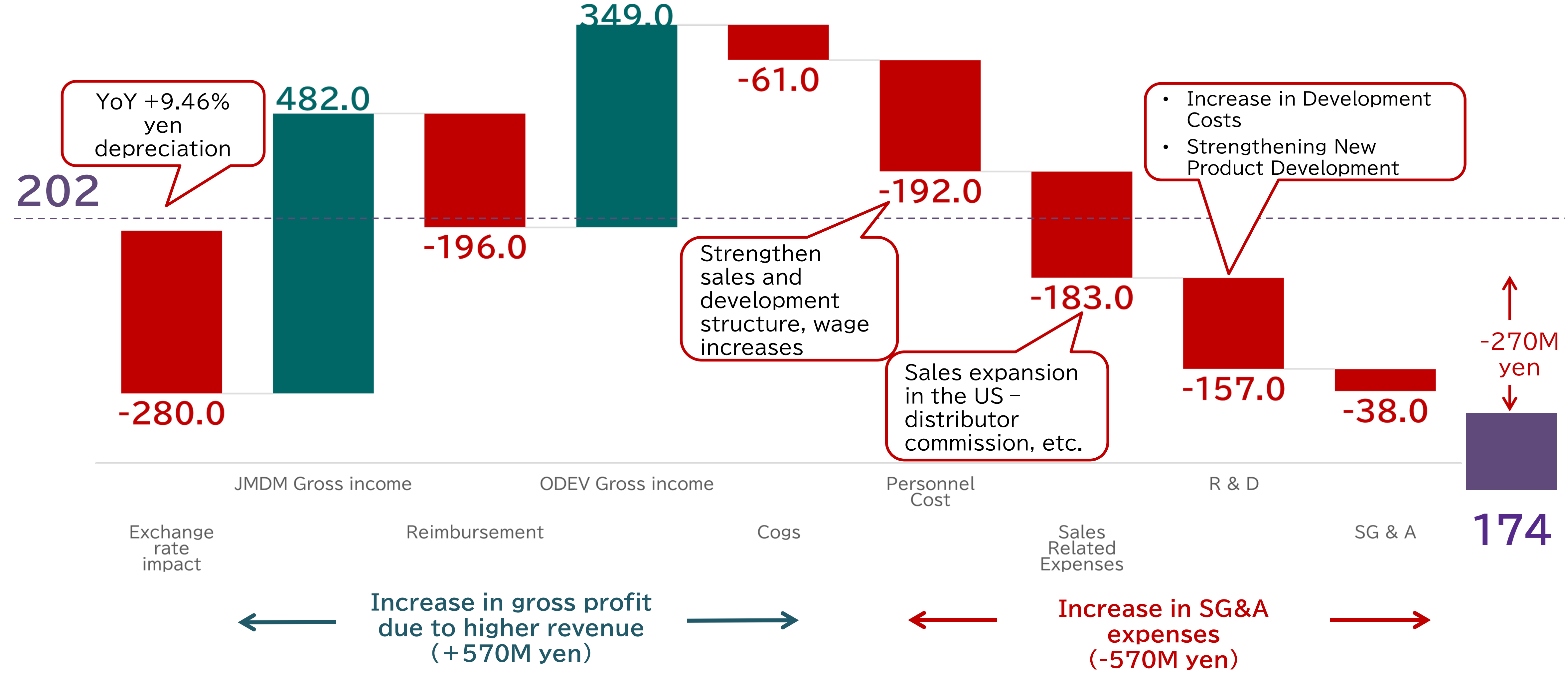
Prior Year Operating Profit Comparison Analysis

Operating Profit -277M¥ → **The impact of yen depreciation on ODEV product purchases and ODEV SG&A expenses (-280M¥) and higher SG&A expenses (-570M¥) were not offset by higher gross profit (+570M¥) due to higher sales.**

FY2023

FYE Mar. 2023 – FYE Mar. 2024 Operating Income: Analysis of Increase/Decrease (Unit : Millions of yen)
Note: Increase in SG&A expenses is shown as a negative figure in the graph.)

FY2024



FYE Mar. 2024 Results

Consolidated Sales by Major Products

(Unit : Millions of yen , %)	FY2024 Results	FY2024 Ratio to sales	YoY change Amount of change	YoY change Ratio of change	FY2023 Results	FY2023 Ratio to sales
Japan	**13,004**	**56.1**	**+647**	**+5.2**	**12,356**	**58.0**
Joint	4,932	21.3	+194	+4.1	4,738	22.2
Trauma	4,563	19.7	+240	+5.6	4,322	20.3
Spine	3,322	14.3	+136	+4.3	3,185	15.0
Other	390	1.7	+35	+10.1	354	1.7
Subtotal	13,208	57.0	+607	+4.8	12,601	59.1
Deduction *2	▲204	▲ 0.9	▲ 40	▲ 16.5	▲ 244	▲ 1.1
U.S *1	**10,173**	**43.9**	**+1,222**	**+13.7**	**8,951**	**42.0**
Joint	10,141	43.8	+1,230	+13.8	8,910	41.8
Spine	32	0.1	▲ 8	▲ 20.2	40	0.2
Total	**23,177**	**100.0**	**+1,869**	**+8.8**	**21,307**	**100.0**
Sales of Own Brand Product	**18,749**	**80.2**	**+1,371**	**+7.9**	**17,378**	**80.6**
US$ *2	**70,448**		**+4,118**	**+6.2**	**66,330**	
*1 Conversion rate (yen)	144.41		+9.46		134.95	

*2 Thousands of dollars *3 Net profit attributable to parent company

Japanese Market

FYE Mar. 2024 Results

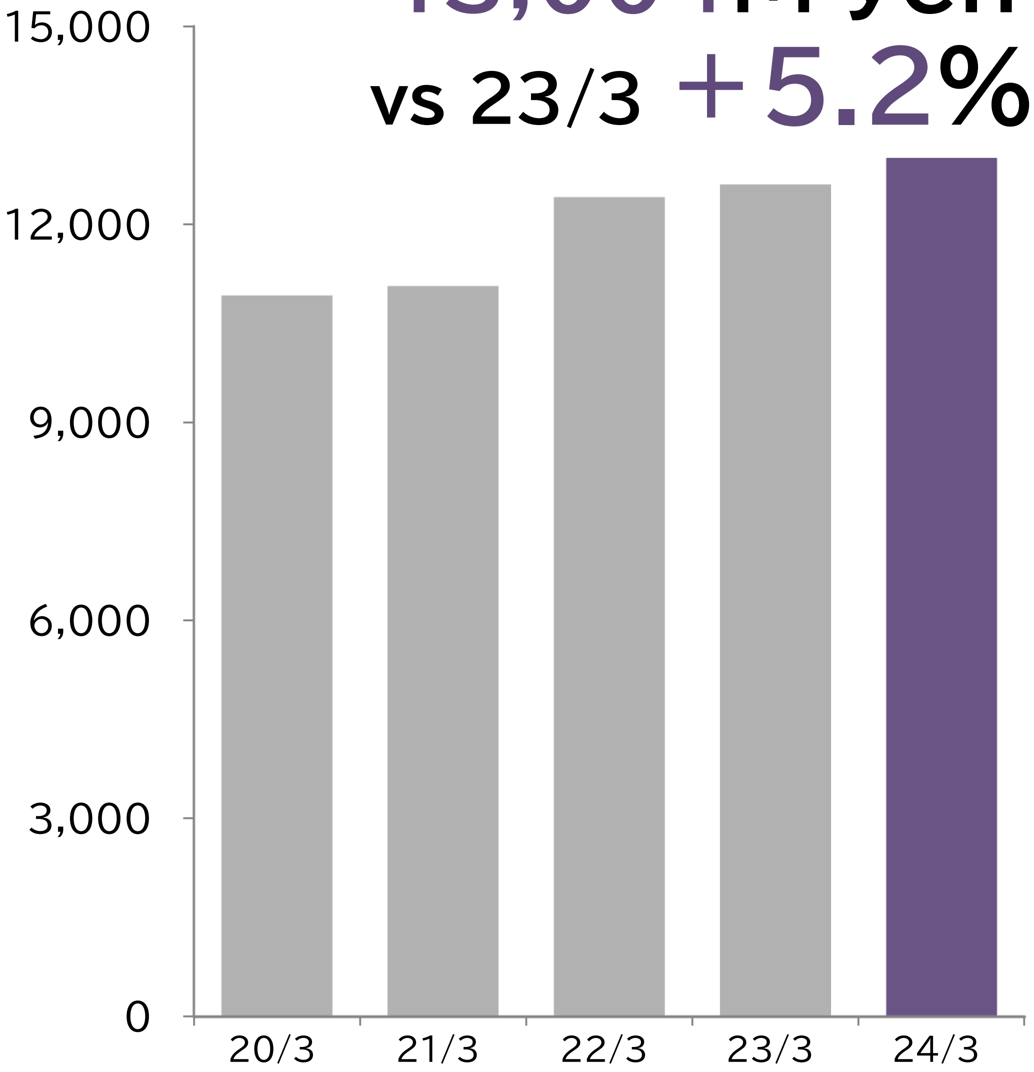
Total Sales in Japan

(Unit : Millions of yen)

【After sales deductions】

13,004M yen

vs 23/3 +5.2%



Review

✓ Sales for the full year grew positively (+5.2%) due to an increase in the number of cases acquired in all therapeutic fields, despite the impact of reimbursement price reductions implemented in April 2023 and January 2024 (-1.4%).

【Our exhibition booth at a conference】

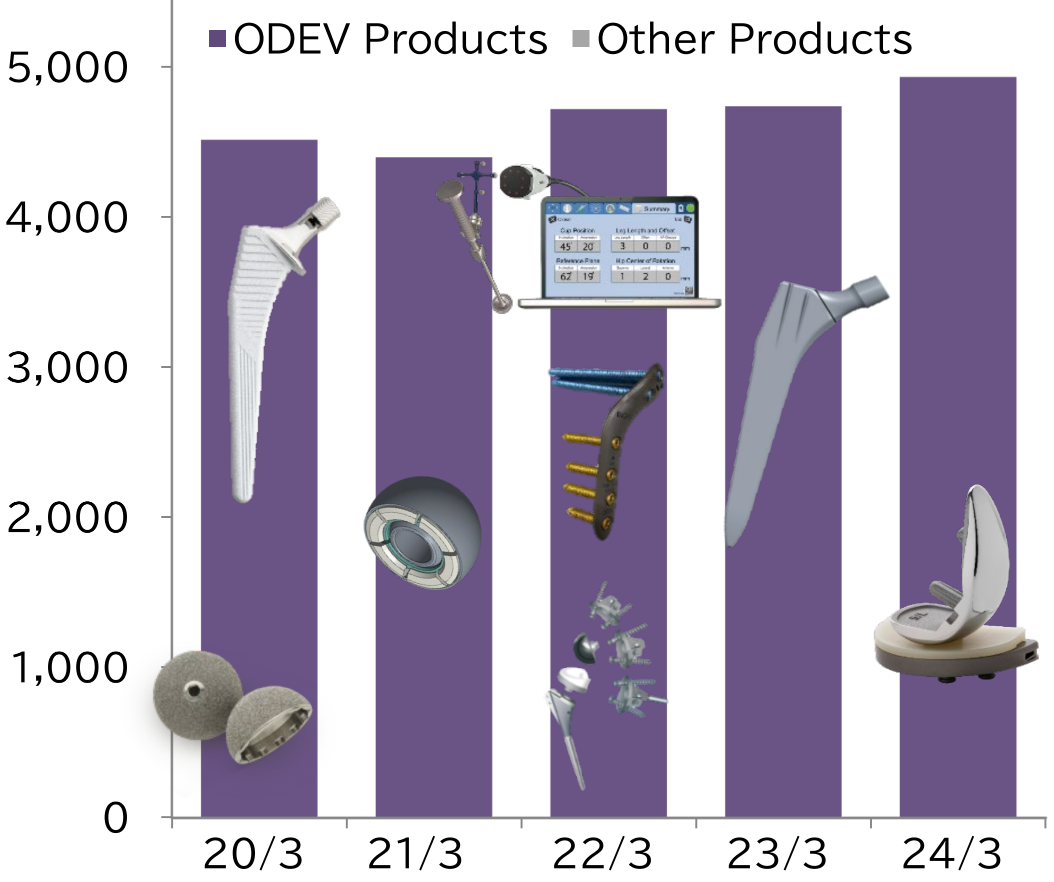
Sales in Japan－Joint Replacement

(Unit : Millions of yen)

【Before sales deductions】

4,932M yen

vs 23/3 ＋4.1%



Review

Artificial Hip Joints

- ✓ THA (Total Hip Arthroplasty): Strong "Entrada Hip Stem" and the new "Promontory Hip Stem" ➡ Increased number of cases acquired
- ✓ "Intellijoint HIP Navigation Systems": Synergies
- ✓ BHA (Bone Head Arthroplasty): only slight growth

Growth product	New product
	
Entrada Hip Stem	Promontory Hip Stem

Artificial Knee Joints

- ✓ Number of cases of "BKS TriMax" knee joint prosthesis product increased: double-digit growth

Growth product	New product
	
BKS TriMax	Balanced Knee System Uni

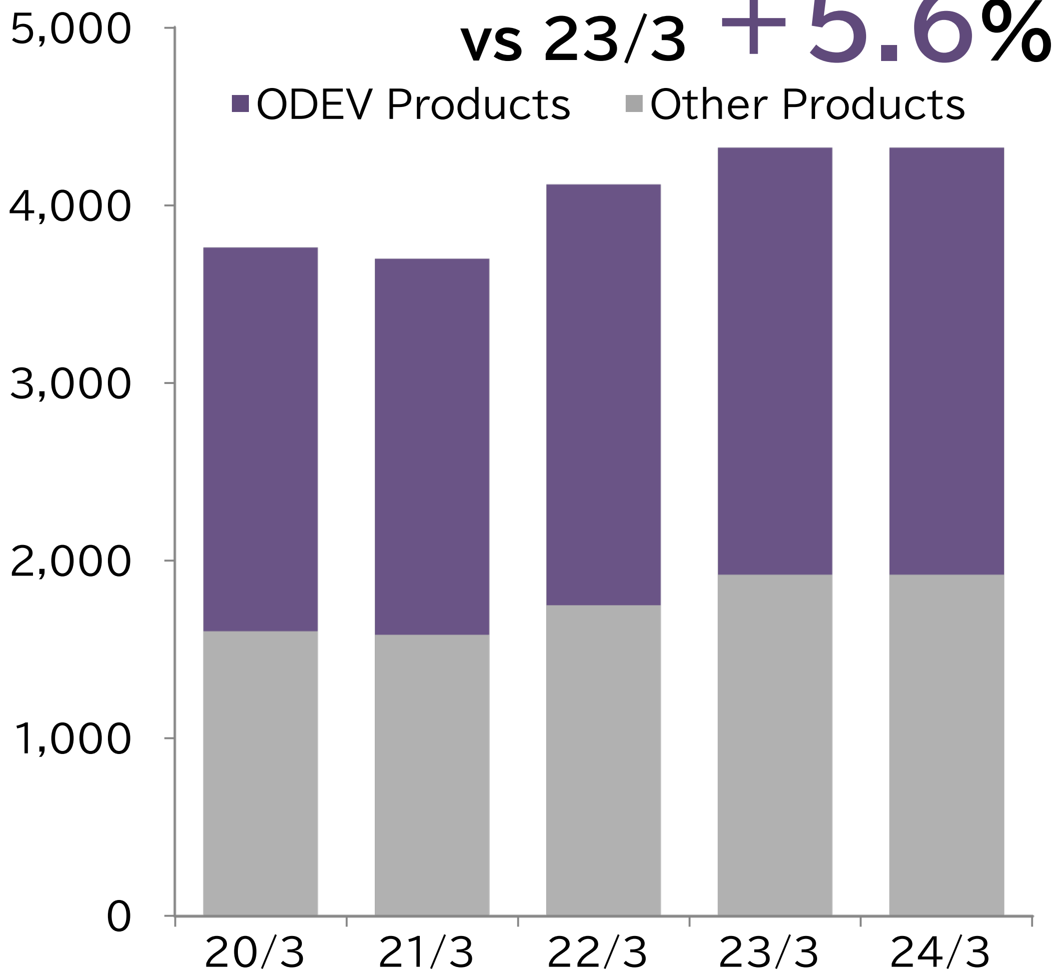
Sales in Japan - Trauma

(Unit : Millions of yen)

【Before sales deductions】

4,563M yen

vs 23/3 +5.6%



Review

✓ “PHS” (own brand (ODEV) product) and “ASULOCK” (third-party product), products for treatment of femoral neck fractures, with double-digit growth

Growth Products

PHS Side Plate

PHS

ASULOCK

FYE Mar. 2024 Results

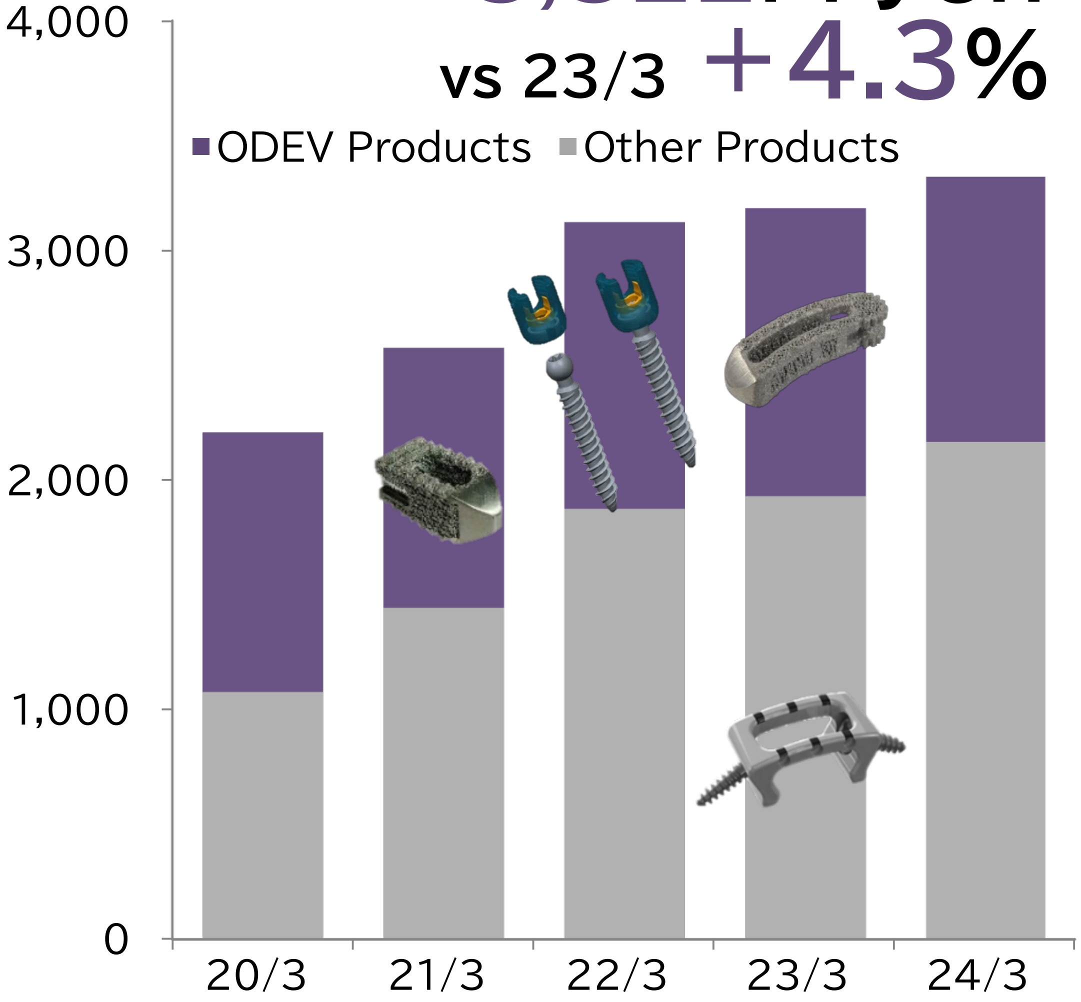
Sales in Japan - Spine

(Unit : Millions of yen)

【Before sales deductions】

3,322M yen

vs 23/3 +4.3%



Review

- ✓ "Lince Plate"*(third party product): steady
- ✓ New "Lince α Plate"* (third party product): favorable
- ✓ "Vusion Ti 3D cage"; New "Vusion ARC cage": growth
- ✓ "KMC Balloon Kyphoplasty" (third party product)
  Sales grew by executing measures to seize growth opportunities from the expansion of the BKP (Balloon Kyphoplasty) market.

*previously called "Lynx Plate" *previously called "Lynxα Plate"

Growth Products

			
Lince Plate	Linceα Plate	Vusion Ti 3D cage	Vusion ARC cage

KMC Balloon Kyphoplasty

U.S. Market

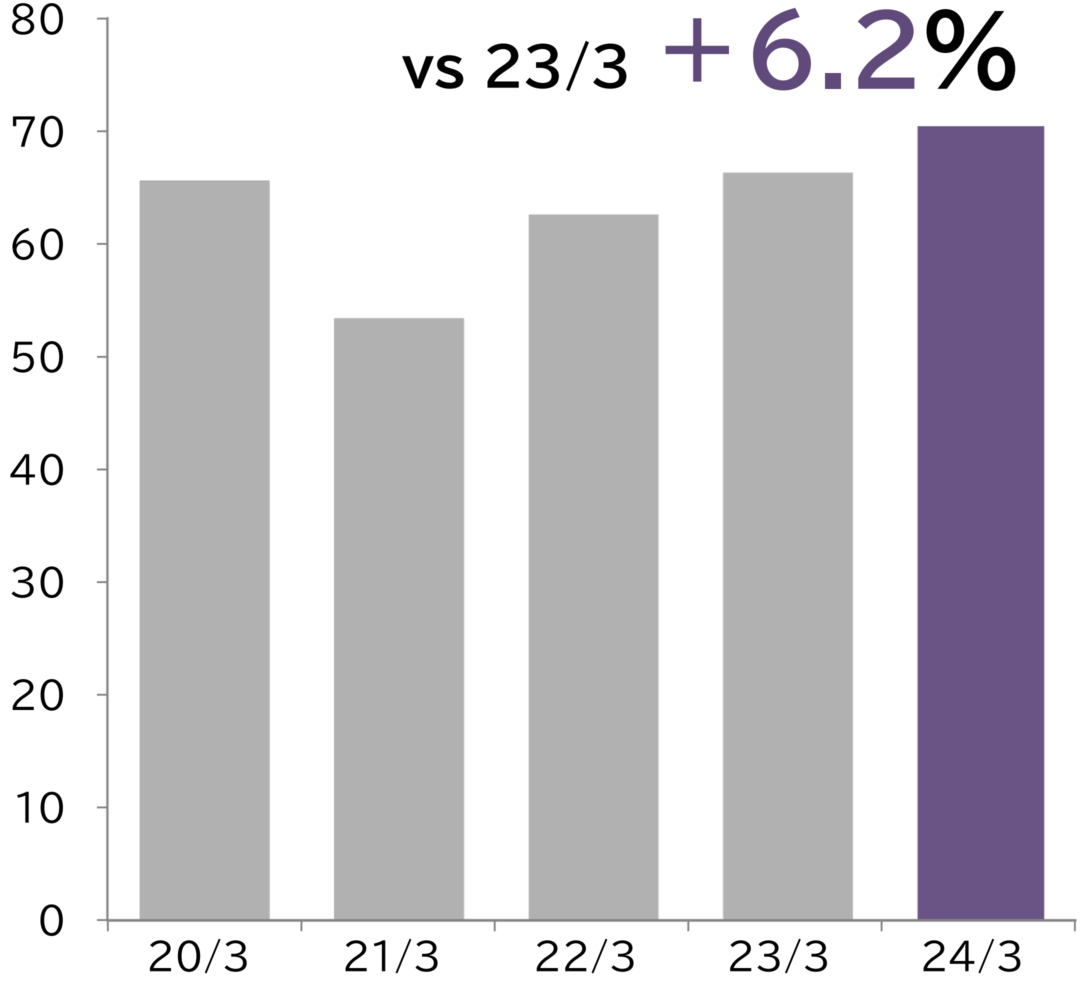
FYE Mar. 2024 Results

Total U.S. Sales

(Unit：Million of dollars)

$70.4M

vs 23/3 **+6.2%**



Review

- ✓ Record sales (US$ basis)
- ✓ Increased customer base contributed to growth

ODEV's exhibition booth at AAHKS 2023
(American Association of Hip and Knee Surgeons Conference)

10,163M yen(+13.7%)

Average exchange rate for the period: 144.41yen/US$

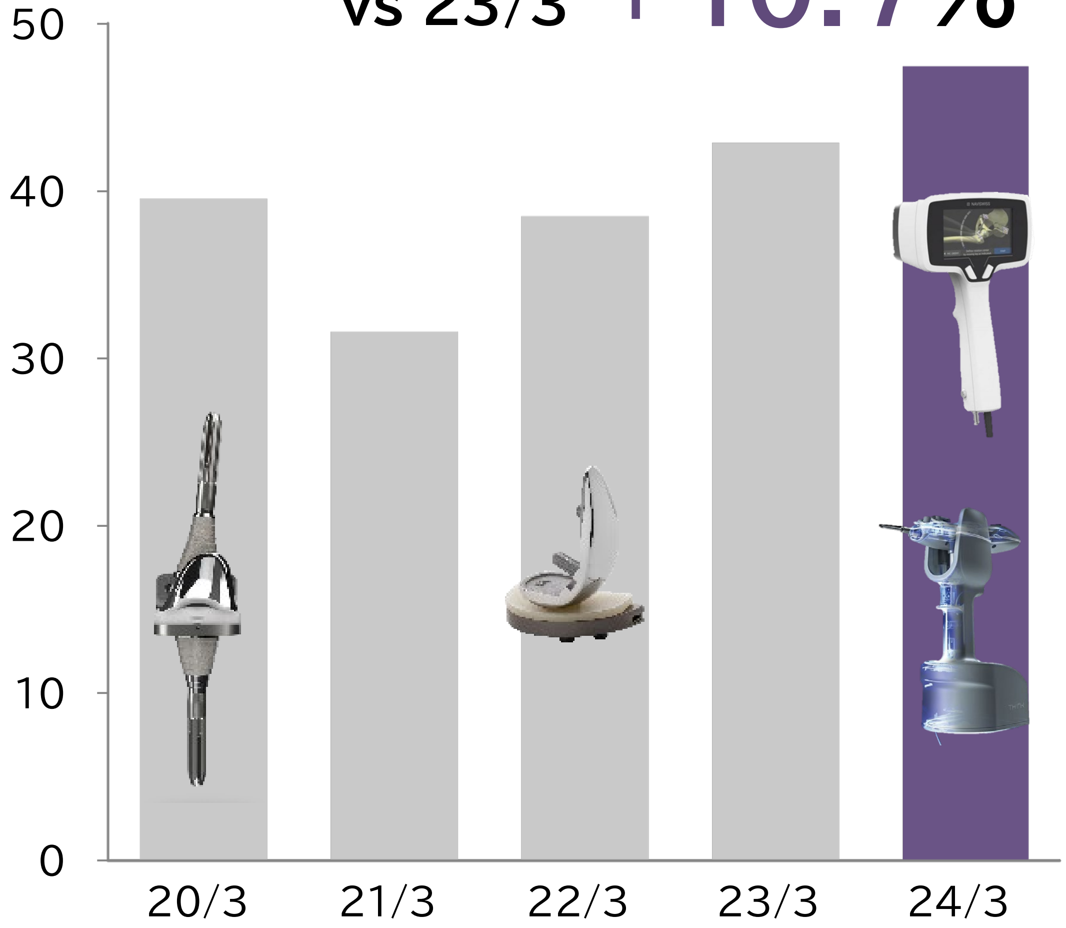
FYE Mar. 2024 Results

U.S. Sales – Knee Joint Replacement

(Unit：Million of dollars)

$47.4M

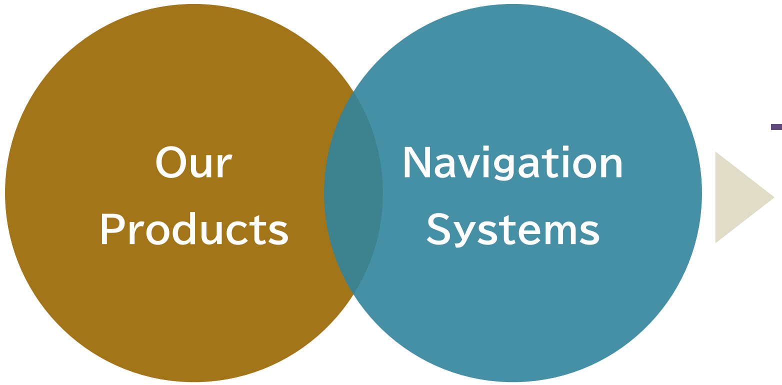
vs 23/3 +10.7%



Review

- ✓ "BKS TriMax" , "BKS Revision Knee":
  ➡ **Maintaining Strong Growth**
- ✓ Introduction of surgical support systems

Enabling Technologies Introduction	
	Naviswiss Navigation System "Naviswiss Hip"
	THINK Surgical Inc. New surgical robot system "TMINI" - Miniature Robotic System



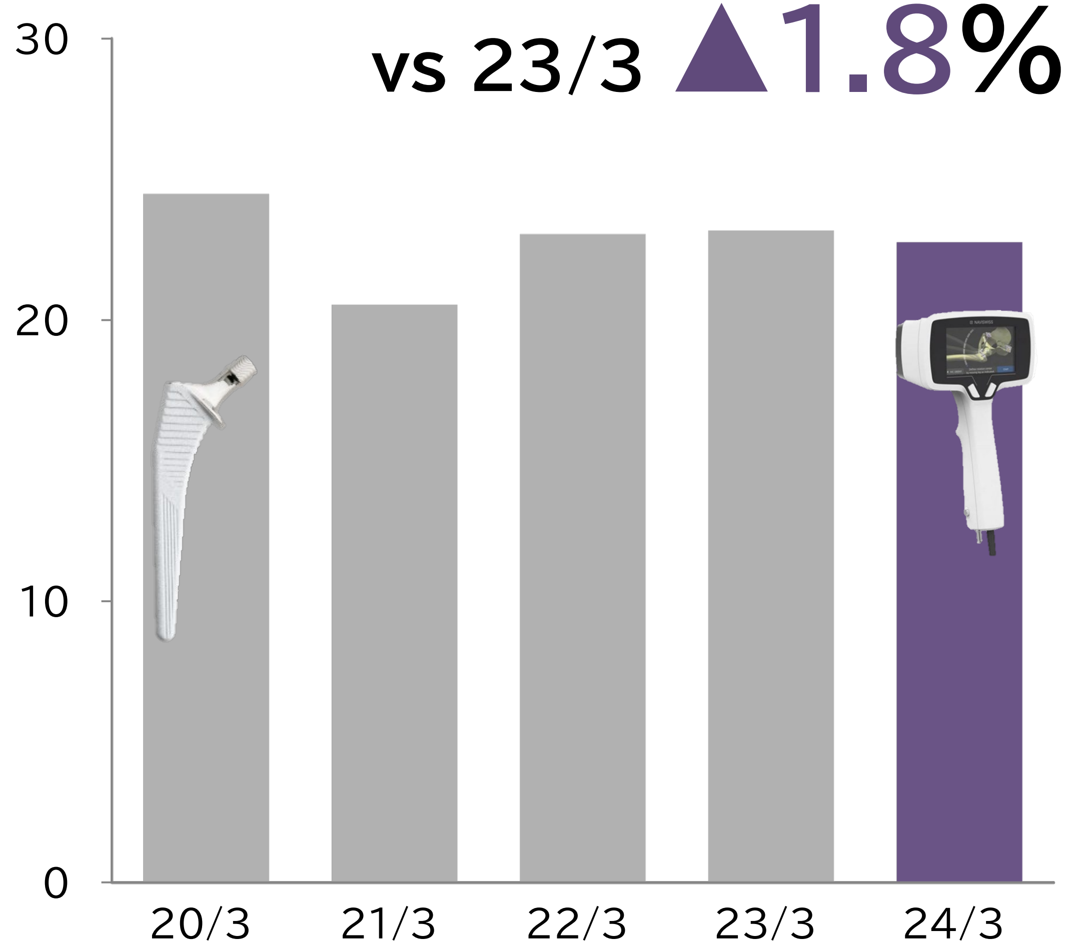
Treatment Value Enhancement

FYE Mar. 2024 Results

U.S. Sales – Hip Joint Replacement

(Unit：Million of dollars) $22.7M

vs 23/3 ▲1.8%



Review

- ✓ Entrada Hip Stem, Alpine Hip Stem ➡ **Double-digit growth**.
- ✓ Ovation Tribute Stem ➡ **Decrease in the number of cases** Existing users of our “M/L taper” type hip stems (Ovation/Tribute) have migrated to “Triple Taper” type hip stem of competitors.

Enabling Technologies Introduction

Naviswiss navigation system.
“Naviswiss Hip”

New Hip Joint Product: “Trivicta Hip Stem”

- “Triple Taper” type hip stem
- FDA regulatory approval obtained Mar 2024
- Start of sales in Q1, FYE Mar 2025
- Expect double digit hip product growth in FYE Mar 2025

“Trivicta Hip Stem”
Preparing to start sales in the U.S.

Sustainability Initiatives (FY2024)

We enhance financial value as well as non-financial value through ESG activities.

Improve patient QOL

Product development to improve patient QOL: 2 products in the field of joint replacement

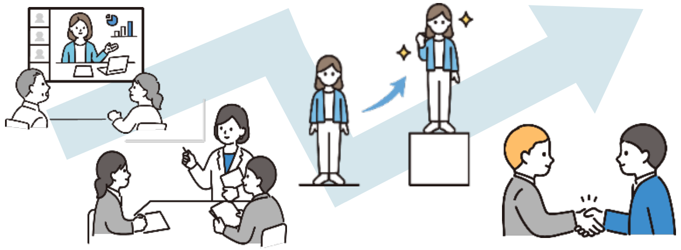
Reduction of Environmental Impact

GHG emissions reduction (Scope 1 + Scope 2): 18.3% reduction from the previous year; reduction of 11.5% from base year - Mar 2020

Respect for Human Rights

- Human Rights Policy
- Human Rights Due Diligence Process Development

Promotion of Diverse Human Resources



Human Capital Committee established to improve engagement, succession planning, and health management initiatives.

High Quality Response to Medical Needs

3 minor items for ISO 13485 maintenance audit.

BCP measures: Newly established Osaka Satellite as a logistics base reduced risk of logistics delays for western Japan.

Promotion of Corporate Governance

- Corporate Governance Code.
- Promotion of risk management and compliance management.

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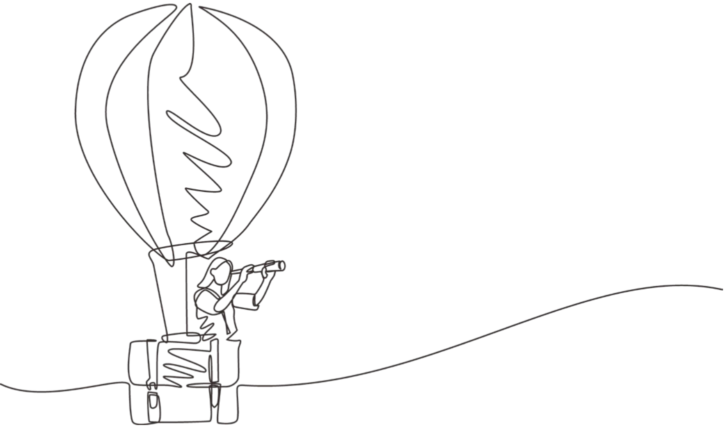
Forecast for the fiscal year ending March 31, 2025



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Securities code：7600

Key Assumptions

Assumptions for the Forecast of Full-Year Results for the FYE 2025

Exchange Rate(US＄)

Assumed exchange rate 150.00円(Yen/US＄).

Exchange Rate Fluctuation Impact

For every ￥/US$ weakening, the Impact on Operating Profit will be approx. 20 million yen

Reimbursement Price Reductions

Reimbursement price reductions of approx. 0.3%. Impact amount is approximately 50 million yen per year.

FYE Mar. 2025 Forecasts Consolidated Income Statement

(Unit : Millions of yen , %)	FY2025		YoY change		FY2024	
	Forecast	Ratio to sales	Amount of change	Ratio of change	Results	Ratio to sales
Net sales	25,200	100.0	+2,022	+8.7	23,177	100.0
Cost of sales	9,150	36.3	+734	+8.7	8,415	36.3
SG&A	14,200	56.3	+1,184	+9.1	13,015	56.2
Operating profit	1,850	7.3	+103	+5.9	1,746	7.5
Ordinary profit	1,850	7.3	+7	+0.4	1,842	8.0
Net profit*	1,300	5.2	+28	+2.2	1,271	5.5

*Profit attributable to parent company

FYE Mar. 2025 Forecasts

Consolidated Sales by Major Products

(Unit : Millions of yen , %)	FY2025		YoY change		FY2024	
	Forecast	Ratio to sales	Amount of change	Ratio of change	Results	Ratio to sales
Japan	13,500	53.6	+495	+3.8	13,004	56.1
Joint	5,060	20.1	+127	+2.6	4,932	21.3
Trauma	4,670	18.5	+106	+2.3	4,563	19.7
Spine	3,540	14.0	+217	+6.6	3,322	14.3
Other	440	1.7	+49	+12.7	390	1.7
Subtotal	13,710	54.4	+501	+3.8	13,208	57.0
Sales deduction *3	▲210	▲ 0.8	▲ 5	+2.7	▲ 204	▲ 0.9
U.S *1	11,700	46.4	+1,526	+15.0	10,173	43.9
Joint	11,700	46.4	+1,558	+15.4	10,141	43.8
Spine	0	0.0	▲ 32	▲ 100.0	32	0.1
Total	25,200	100.0	+2,022	+8.7	23,177	100.0
Sales of Own Products	20,190	79.5	+1,441	+7.7	18,749	80.2
US$ *2	78,000		+7,552	+10.7	70,448	
*1 Conversion rate (yen)	150.00		+5.59		144.41	

*2 Thousands of dollars *3 Net profit attributable to parent company

FYE Mar. 2025 Forecasts Main initiatives for the FY2025 (53rd fiscal year)

	Area	Details of Initiatives
Development		● Product Portfolio Review.
		● Accelerate new product development to expand product lineup.
Manufacture		● Reduction of manufacturing costs by strengthening in-house manufacturing capacity. ● Cost reduction and risk reduction by strengthening procurement capabilities.
		● Started and expanded production of knee joints made in China.
Sales		● Sales expansion through focus on existing growth products and new products ● Strengthen sales structure (increase capability of sales team).
		● Leveraging new products to attract new customers. ● Strengthen sales network. • Strengthen collaboration with best existing distributors. • Sales expansion through new distributor development.
		● Expanding sales of knee joints made in China.

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ORTHO
DEVELOPMENT

华森奥斯欧
WASTONORTHO

FYE Mar. 2025 Forecasts

Changes in Capital Expenditures, etc.

(Unit: Millions of yen)	FYE Mar. 2020 Results	FYE Mar. 2021 Results	FYE Mar. 2022 Results	FYE Mar. 2023 Results	FYE Mar. 2024 Results	FYE Mar. 2025 Forecast
Investment in plant and equipment	1,812	1,586	1,665	1,317	1,916	**2,030**
Depreciation and amortization expense*	1,385	1,386	1,420	1,549	1,595	**1,670**
R&D expenses	470	459	485	662	874	**1,060**

* "Depreciation and amortization" in Income Statement is not equal to "Depreciation and amortization" in this foreast because this analysis includes depreciation and amortization included in manufacturing costs.

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

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JAPAN MEDICAL DYNAMIC MARKETING

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.