

Summary of Consolidated Financial Results for the First Quarter of the Fiscal Year Ending March 2026 [Japanese GAAP]



July 30, 2025

Company name: Japan Medical Dynamic Marketing, INC.

Listing: Tokyo Stock Exchange

Securities code: 7600

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Scheduled date to commence dividend payments: -

Preparation of supplementary material on financial results: None

Holding of financial results briefing: None

Representative Director and President

General Manager, Investor Relations Office

(Yen amounts are rounded down to millions, unless otherwise noted.)

1. Consolidated Financial Results for the Three Months Ended June 30, 2025 (April 1, 2025 to June 30, 2025)

(1) Consolidated Operating Results

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Three months ended June 30, 2025	5,920	(2.2)	150	(58.9)	105	(71.4)	65	(75.9)
June 30, 2024	6,052	12.0	366	5.7	367	9.0	273	54.3

(Note) Comprehensive income: Three months ended June 30, 2025: ¥ (354) million [-%]
Three months ended June 30, 2024: ¥ 1,199 million [(0.8) %]

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Three months ended June 30, 2025	2.50	-
June 30, 2024	10.39	-

(2) Consolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio
	Millions of yen	Millions of yen	%
As of June 30, 2025	32,216	23,966	74.4
March 31, 2025	33,667	24,741	73.3

(Reference) Equity: As of June 30, 2025: ¥ 23,955 million
As of March 31, 2025: ¥ 24,679 million

2. Dividends

	Annual dividends				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2025	-	0.00	-	15.00	15.00
Fiscal year ending March 31, 2026	-				
Fiscal year ending March 31, 2026 (Forecast)		0.00	-	17.00	17.00

(Note) Revision to the forecast for dividends announced most recently: None

(Note) Breakdown of the 1st quarter dividend for the fiscal year ending March 31, 2026 :

Commemorative dividend - yen
Special dividend - yen

3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2026(April 1, 2025 to March 31, 2026)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Six months ending September 30, 2025	12,250	3.7	600	(10.3)	500	(24.8)	350	(29.5)	13.29
Full year	26,400	5.1	1,850	18.9	1,700	14.2	1,450	-	55.06

(Note) Revision to the financial results forecast announced most recently: None

* Notes:

(1) Significant changes in the scope of consolidation during the period: None

Newly included: - (Company name:)
Excluded: - (Company name:)

(2) Adoption of accounting treatment specific to the preparation of quarterly consolidated financial statements: Yes

(3) Changes in accounting policies, changes in accounting estimates, and restatement

- 1) Changes in accounting policies due to revisions to accounting standards and other regulations: None
- 2) Changes in accounting policies due to other reasons: None
- 3) Changes in accounting estimates: None
- 4) Restatement: None

(4) Number of issued shares (common shares)

1) Total number of issued shares at the end of the period (including treasury shares):

June 30, 2025: 26,475,880 shares
March 31, 2025: 26,475,880 shares

2) Number of treasury shares at the end of the period:

June 30, 2025: 141,438 shares
March 31, 2025: 141,438 shares

3) Average number of shares outstanding during the period:

Three months ended June 30, 2025: 26,334,442 shares
Three months ended June 30, 2024: 26,334,548 shares

* Review of the Japanese-language originals of the attached consolidated quarterly financial statements by certified public accountants or an audit firm: None

* Explanation of appropriate use of earnings forecasts and other special notes

These forward-looking statements such as financial forecasts contained in this report are based on information currently available to the Company and certain assumptions deemed to be reasonable by the Company, and do not mean that the Company promises to achieve them. Actual results and other future events may differ significantly due to various factors. Please refer to “(3) Explanation on Consolidated Financial Forecasts and Other Forward-looking Statements” on page 2 of the attached document for the assumptions underlying the forecasts, notes on using the forecasts, etc.

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1. Qualitative Information on Quarterly Financial Results

(1) Explanation of Operating Results

During the first quarter of the fiscal year ending March 31, 2026, for the Group, net sales were ¥5,920 million (down ¥132 million, or 2.2% year on year), operating profit came to ¥150 million (down ¥215 million, or 58.9% year on year), ordinary profit was ¥105 million (down ¥262 million, or 71.4% year on year), and net income attributable to owners of parent amounted to ¥65 million (down ¥207 million, or 75.9% year on year). Net sales of our own products accounted for 79.5% of consolidated net sales (81.2% in the same three months a year ago).

In Japan, net sales were ¥3,199 million (up ¥14 million, or 0.5%), after partial deduction of promotional expenses in accordance with Accounting Standard for Revenue Recognition. In the United States, net sales to external customers increased to \$18.738 million (up \$0.414 million, or 2.3% year on year), and after translation into yen, net sales were ¥2,721 million (down ¥147 million, or 5.1% year on year) due to the impact of the yen's appreciation. (Reference: The exchange rate for U.S. sales was 156.55 yen to the U.S. dollar in the same quarter a year ago and was 145.21 yen to the U.S. dollar in the quarter under review.)

Sales by product segment are as follows.

For the joint category in Japan, in Bipolar Hip Arthroplasty (BHA), the number of acquired cases declined, compared to the strong performance in the same period of the previous year, resulting in a slight decrease in sales. On the other hand, sales of Total Hip Arthroplasty (THA) increased due to an increase in the number of acquired cases against the backdrop of a poor performance in the same period of the previous year. In addition, both the number of acquired cases and sales of Total Knee Arthroplasty (TKA) declined. As a result of these factors, net sales in Japan for this category were ¥1,215 million (up 1.5% year on year).

For the knee joint category in the United States, sales of BKS TriMax continued to see double-digit growth, while overall sales of Total Knee Arthroplasty (TKA) remained at single-digit growth due to a decline in the number of acquired cases of Balanced Knee System - Revision, among others. For the hip joint category, the acquired cases of our new product, Trivicta Hip Stem, remained strong, which contributed to an increase in sales of Total Hip Arthroplasty (THA). As a result of these factors, net sales in the United States for this category were \$18.692 million (up 2.2% year on year). After translation into yen, net sales were ¥2,714 million (down 5.2% year on year) due to the impact of the yen's appreciation.

In the Trauma category, despite the increase in the number of acquired cases for Prima Hip Screw, a treatment material for femoral neck fractures, overall sales growth was limited to single-digit growth. Sales of ASULOCK, a treatment material for femoral trochanteric fractures, increased despite an increasingly competitive environment, while sales declined in Screw & Plate products as well as the products to be discontinued following the product portfolio revision. As a result of these factors, net sales in Japan for this category were ¥1,048 million (down 2.9% year on year).

In the spine category, the number of acquired cases for KMC Kyphoplasty System, Vusion Ti3D ARC Cage, and other products increased, leading to higher net sales in Japan. In particular, KMC Kyphoplasty System recorded strong net sales with double-digit growth backed by the expansion of the Balloon Kyphoplasty market. Pedicle Screws and other products, however, saw a decrease in sales. As a result of these factors, total net sales for this category in Japan and the United States were ¥898 million (up 2.8% year on year).

The cost-to-sales ratio increased to 38.4% (from 36.5% in the same quarter a year ago), due to higher procurement costs combined with rising in-house manufacturing costs.

Selling, general and administrative expenses saw an increase in personnel expenses mainly due to wage increases as well as expenses incurred in holding our biennial seminar in the United States. On the other hand, expenses in the United States after translation into yen decreased due to the effect of the yen appreciation, resulting in a total of ¥3,499 million (up 0.7% year on year). The decrease in sales also affected the ratio of selling, general and administrative expenses to net sales, which was 59.1% (57.4% in the same quarter a year ago).

Operating profit was ¥150 million (down 58.9% year on year), reflecting the lower net sales and the higher cost of sales.

Ordinary profit was ¥105 million (down 71.4% year on year) as a result of recording non-operating income of ¥15 million, including foreign exchange gains of ¥9 million, and recording non-operating expenses, including interest expenses of ¥42 million and ¥13 million in share of loss of a joint venture in China, Changzhou Waston Ortho Medical Appliance Co., Limited, accounted

for using the equity method.

In addition, as for extraordinary losses, ¥8 million was recorded for losses on retirement of non-current assets such as medical instruments. As a result, net income attributable to owners of parent amounted to ¥65 million (down 75.9% year on year).

Segment results are as follows.

1) Japan

Net sales were ¥3,199 million (up 0.5% year on year) and operating profit was ¥84 million (down 46.1% year on year).

2) United States

Net sales were ¥4,079 million (up 8.7% year on year) and operating profit was ¥93 million (down 51.7% year on year).

(2) Explanation of Financial Position

Total assets at the end of the quarter under review decreased ¥1,450 million from the end of the previous fiscal year to ¥32,216 million. The main decreases were in raw materials and supplies of ¥991 million, cash and deposits of ¥827 million, and notes and accounts receivable - trade, and contract assets of ¥604 million, while the main increases were in merchandise and finished goods of ¥1,086 million.

Total liabilities decreased ¥676 million from the end of the previous fiscal year to ¥8,249 million. The main decreases were in accounts payable - other of ¥1,276 million, notes and accounts payable - trade of ¥223 million, and provision for bonuses of ¥211 million, while the main increases were in long-term borrowings of ¥897 million.

Total net assets decreased ¥774 million from the end of the previous fiscal year to ¥23,966 million. The main decreases were in foreign currency translation adjustment of ¥351 million and retained earnings of ¥331 million.

(3) Explanation of Consolidated Financial Forecasts and Other Forward-looking Statements

With regard to the consolidated financial forecast for the current fiscal year, we are maintaining the forecast announced on April 30, 2025, at this point in time. However, if the impact on earnings becomes clear due to the application of mutual tariffs on overseas procurement by our U.S. subsidiary, we will promptly revise the financial forecast and disclose it.

Quarterly Consolidated Financial Statements and Primary Notes

Quarterly Consolidated Balance Sheet

(Thousands of yen)

	As of March 31, 2025	As of June 30, 2025
Assets		
Current assets		
Cash and deposits	3,182,342	2,354,361
Notes and accounts receivable - trade, and contract assets	6,130,286	5,525,944
Merchandise and finished goods	9,934,088	11,020,170
Work in process	452,627	618,031
Raw materials and supplies	3,500,239	2,508,741
Other	672,872	596,360
Allowance for doubtful accounts	(5,840)	(5,669)
Total current assets	23,866,617	22,617,939
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	810,323	941,827
Machinery, equipment and vehicles, net	330,793	316,198
Tools, furniture and fixtures, net	4,646,492	4,333,271
Land	1,959,993	1,958,810
Other	200,022	216,671
Total property, plant and equipment	7,947,625	7,766,779
Intangible assets	430,209	414,593
Investments and other assets		
Investments in capital of subsidiaries and associates	128,736	111,998
Deferred tax assets	1,222,231	1,235,247
Other	71,777	69,758
Allowance for doubtful accounts	(1)	(0)
Total investments and other assets	1,422,745	1,417,004
Total non-current assets	9,800,580	9,598,378
Total assets	33,667,198	32,216,317

(Thousands of yen)

	As of March 31, 2025	As of June 30, 2025
Liabilities		
Current liabilities		
Notes and accounts payable - trade	1,330,964	1,107,022
Short-term borrowings	3,142,336	3,114,262
Lease liabilities	32,560	36,491
Income taxes payable	159,873	48,100
Accrued expenses	625,195	767,658
Accounts payable - other	1,417,972	141,296
Provision for bonuses	270,256	58,805
Provision for bonuses for directors (and other officers)	24,224	7,569
Other	254,932	216,234
Total current liabilities	7,258,313	5,497,440
Non-current liabilities		
Long-term borrowings	109,964	1,007,374
Lease liabilities	1,669	154,385
Retirement benefit liability	1,410,754	1,438,827
Provision for share awards for directors (and other officers)	92,939	99,454
Asset retirement obligations	31,563	31,630
Long-term deposits received	20,500	20,500
Total non-current liabilities	1,667,390	2,752,173
Total liabilities	8,925,704	8,249,614
Net assets		
Shareholders' equity		
Share capital	3,001,929	3,001,929
Capital surplus	2,591,309	2,606,817
Retained earnings	15,751,719	15,420,692
Treasury shares	(165,639)	(165,639)
Total shareholders' equity	21,179,319	20,863,799
Accumulated other comprehensive income		
Deferred gains or losses on hedges	80,013	19,585
Foreign currency translation adjustment	3,496,551	3,145,047
Remeasurements of defined benefit plans	(76,623)	(73,370)
Total accumulated other comprehensive income	3,499,941	3,091,262
Non-controlling interests	62,233	11,641
Total net assets	24,741,493	23,966,703
Total liabilities and net assets	33,667,198	32,216,317

Quarterly Consolidated Statements of Income and Comprehensive Income

Quarterly Consolidated Statement of Income

For the three months ended June 30, 2025

(Thousands of yen)

	For the three months ended June 30, 2024	For the three months ended June 30, 2025
Net sales	6,052,877	5,920,100
Cost of sales	2,210,793	2,270,585
Gross profit	3,842,084	3,649,515
Selling, general and administrative expenses		
Freight and packing costs	108,375	91,540
Salaries and allowances	1,014,283	1,052,207
Retirement benefit expenses	33,121	33,765
Legal welfare expenses	83,408	91,582
Welfare expenses	84,325	99,404
Provision of allowance for doubtful accounts	1,689	(170)
Travel and transportation expenses	80,379	75,667
Depreciation	363,110	346,290
Research and development expenses	236,427	218,049
Commission expenses	942,580	910,654
Other	528,099	580,074
Total selling, general and administrative expenses	3,475,803	3,499,066
Operating profit	366,281	150,449
Non-operating income		
Interest income	48	51
Foreign exchange gains	23,713	9,990
Other	3,438	5,319
Total non-operating income	27,200	15,361
Non-operating expenses		
Interest expenses	9,511	42,999
Share of loss of entities accounted for using equity method	8,163	13,684
Other	7,839	3,908
Total non-operating expenses	25,515	60,593
Ordinary profit	367,966	105,217
Extraordinary losses		
Loss on retirement of non-current assets	10,856	8,100
Total extraordinary losses	10,856	8,100
Profit before income taxes	357,110	97,117
Income taxes - current	69,771	27,443
Income taxes - deferred	6,275	991
Total income taxes	76,046	28,435
Profit	281,063	68,682
Profit attributable to non-controlling interests	7,520	2,807
Profit attributable to owners of parent	273,543	65,875

Quarterly Consolidated Statement of Comprehensive Income

For the three months ended June 30, 2025

(Thousands of yen)

	For the three months ended June 30, 2024	For the three months ended June 30, 2025
Profit	281,063	68,682
Other comprehensive income		
Deferred gains or losses on hedges	78,412	(60,428)
Foreign currency translation adjustment	834,916	(365,717)
Remeasurements of defined benefit plans, net of tax	5,130	3,253
Total other comprehensive income	918,458	(422,891)
Comprehensive income	1,199,522	(354,209)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,183,080	(342,802)
Comprehensive income attributable to non-controlling interests	16,442	(11,406)

(3) Notes to Quarterly Consolidated Financial Statements

(Notes on Going Concern Assumption)

Not applicable.

(Notes on Substantial Changes in the Amount of Shareholders' Equity)

Not applicable.

(Application of Accounting Treatment Specific to the Preparation of Quarterly Consolidated Financial Statements)

Tax expenses were calculated by reasonably estimating an effective tax rate after application of tax effect accounting to net income before income taxes and others for the fiscal year including the quarter under review and multiplying net income before income taxes and others by the estimated effective tax rate.

(Additional Information)

(Change in Presentation)

(Quarterly Consolidated Statements of Income)

Promotion expenses, Advertising expenses, and Taxes and dues, which were separately presented under selling, general and administrative expenses in the first three months of the previous fiscal year, have been included in Other under selling, general and administrative expenses since they became immaterial. The consolidated financial statements for the first three months of the previous fiscal year have been reclassified to reflect the change in presentation.

As a result, Promotion expenses of ¥46,830 thousand, Advertising expenses of ¥25,293 thousand, Taxes and dues of ¥40,070 thousand, and Other of ¥415,904 thousand, which were presented under selling, general and administrative expenses in the consolidated statements of income for the first three months of the previous fiscal year, have been reclassified as Other of ¥528,099 thousand.

In addition, Insurance claim income, which was separately presented under non-operating income in the first three months of the previous fiscal year, has been included in Other under non-operating income since it became immaterial. The consolidated financial statements for the first three months of the previous fiscal year have been reclassified to reflect the change in presentation.

As a result, Insurance claim income of ¥66 thousand and Other of ¥3,371 thousand, which were presented under non-operating income in the consolidated statements of income for the first three months of the previous fiscal year, have been reclassified as Other of ¥3,438 thousand.

Furthermore, Commission for syndicated loans, which was separately presented under non-operating expenses in the first three months of the previous fiscal year, has been included in Other under non-operating expenses since it became immaterial. The consolidated financial statements for the first three months of the previous fiscal year have been reclassified to reflect the change in presentation.

As a result, Commission for syndicated loans of ¥2,500 thousand and Other of ¥5,339 thousand, which were presented under non-operating expenses in the consolidated statements of income for the first three months of the previous fiscal year, have been reclassified as Other of ¥7,839 thousand.

(Segment Information, etc.)

I. First Quarter of the Fiscal Year Ended March 2025 (from April 1 to June 30, 2024)

1. Information on the amounts of sales and profits for each reportable segment and information on the breakdown of revenue

(In thousand yen)

	Reportable segment			Adjustment (Note 1)	Amount recorded on quarterly consolidated statement of income (Note 2)
	Japan	United States	Total		
Net sales					
Revenue from contracts with customers	3,184,194	2,868,683	6,052,877	—	6,052,877
Net sales to external customers	3,184,194	2,868,683	6,052,877	—	6,052,877
Inter-segment net sales or transfers	—	885,198	885,198	(885,198)	—
Total	3,184,194	3,753,881	6,938,076	(885,198)	6,052,877
Segment profit	156,841	193,226	350,068	16,212	366,281

- Notes: 1. Adjustments for segment profit include ¥16,212 thousand in elimination of inter-segment transactions.
2. Segment profit is adjusted with operating profit in the quarterly consolidated statement of income.
3. For revenue from contracts with customers in “Japan,” part of the promotion expenses is deducted by applying the Accounting Standard for Revenue Recognition.

2. Information on impairment losses on non-current assets and goodwill by reportable segment

Not applicable.

II. First Quarter of the Fiscal Year Ending March 2026 (from April 1 to June 30, 2025)

1. Information on the amounts of sales and profits for each reportable segment and information on the breakdown of revenue

(In thousand yen)

	Reportable segment			Adjustment (Note 1)	Amount recorded on quarterly consolidated statement of income (Note 2)
	Japan	United States	Total		
Net sales					
Revenue from contracts with customers	3,199,048	2,721,052	5,920,100	—	5,920,100
Net sales to external customers	3,199,048	2,721,052	5,920,100	—	5,920,100
Inter-segment net sales or transfers	—	1,358,091	1,358,091	(1,358,091)	—
Total	3,199,048	4,079,143	7,278,191	(1,358,091)	5,920,100
Segment profit	84,578	93,245	177,824	(27,374)	150,449

- Notes: 1. The negative adjustment for segment profit includes ¥27,374 thousand in elimination of inter-segment transactions.
2. Segment profit is adjusted with operating profit in the quarterly consolidated statement of income.
3. For revenue from contracts with customers in “Japan,” part of the promotion expenses is deducted by applying the Accounting Standard for Revenue Recognition.

2. Information on impairment losses on non-current assets and goodwill by reportable segment

Not applicable.

(Notes on Consolidated Statement of Cash Flows)

Quarterly consolidated statement of cash flows has not been prepared for the three months ended June 30, 2025. Depreciation (including amortization expenses related to intangible assets) for the first three months of the fiscal year under review is as follows.

	For the three months ended June 30, 2024	For the three months ended June 30, 2025
Depreciation	¥423,336 thousand	¥398,076 thousand

3. Other

Sales

Sales for the first quarter under review by segment are as follows.

Name and item of each segment		The first quarter under review (from April 1 to June 30, 2025)	Compared with the same period a year ago
		Amount (in thousand yen)	(%)
Medical devices	Japan	3,199,048	100.5
	Joint	1,215,938	101.5
	Trauma	1,048,615	97.1
	Spine	892,237	102.7
	Other	94,388	102.4
	Subtotal	3,251,179	100.4
	Sales deduction	(52,131)	—
	United States	2,721,052	94.9
	Joint	2,714,372	94.8
	Spine	6,679	118.5
Total		5,920,100	97.8
		Ratio (%)	Change (%)
Sales ratio of our own products		79.5	(1.7)

- Notes:
1. Inter-segment transactions are offset and eliminated.
 2. In Japan, a portion of sales promotion expenses is deducted from net sales due to the application of the Accounting Standard for Revenue Recognition.
 3. Sales results by item in Japan are shown as a lump-sum amount of such sales deductions, as a reasonable proration of such sales deductions is not possible.