

Note: This document has been translated from the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.

May 8, 2026

Consolidated Financial Results for the Fiscal Year Ended March 31, 2026 (Under Japanese GAAP)



Company name: Japan Medical Dynamic Marketing, INC.

Listing: Tokyo Stock Exchange

Securities code: 7600

URL: <https://www.jmdm.co.jp/>

Representative: Toshiyuki Hironaka

President and Representative Director

Inquiries: Shinji Munechika

General Manager, Investor Relations Office

Telephone: +81-3-3341-6705

Scheduled date of annual general meeting of shareholders: June 19, 2026

Scheduled date to commence dividend payments: June 22, 2026

Scheduled date to file annual securities report: June 18, 2026

Preparation of supplementary material on financial results: Yes

Holding of financial results briefing: Yes

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

1. Consolidated financial results for the fiscal year ended March 31, 2026 (from April 1, 2025 to March 31, 2026)

(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	%
Fiscal year ended								
March 31, 2026	23,917	(4.8)	574	(63.1)	534	(64.1)	263	-
March 31, 2025	25,114	8.4	1,555	(10.9)	1,488	(19.2)	(461)	-

Note: Comprehensive income For the fiscal year ended March 31, 2026: ¥ 1,085 million [-%]
For the fiscal year ended March 31, 2025: ¥ (478) million [-%]

	Basic earnings per share	Diluted earnings per share	Rate of return on equity	Ordinary profit to total assets ratio	Operating profit to net sales ratio
Fiscal year ended	Yen	Yen	%	%	%
March 31, 2026	9.99	-	1.1	1.5	2.4
March 31, 2025	(17.54)	-	(1.8)	4.6	6.2

Reference: Share of profit (loss) of entities accounted for using equity method

For the fiscal year ended March 31, 2026: ¥ (58) million

For the fiscal year ended March 31, 2025: ¥ (56) million

(2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
March 31, 2026	35,678	25,427	71.2	963.82
March 31, 2025	33,667	24,741	73.3	937.15

Reference: Equity

As of March 31, 2026: ¥ 25,399 million

As of March 31, 2025: ¥ 24,679 million

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
Fiscal year ended	Millions of yen	Millions of yen	Millions of yen	Millions of yen
March 31, 2026	205	(1,995)	1,648	3,107
March 31, 2025	1,046	(1,666)	1,490	3,182

2. Cash dividends

	Annual dividends per share					Total cash dividends (Total)	Payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Fiscal year ended March 31, 2025	-	0.00	-	15.00	15.00	396	-	1.6
Fiscal year ended March 31, 2026	-	0.00	-	17.00	17.00	449	157.4	1.8
Fiscal year ending March 31, 2027 (Forecast)	-	0.00	-	17.00	17.00		746.5	

Note: Breakdown of the year-end dividend for the fiscal year ended March 31, 2026 :

Commemorative dividend	- yen
Special dividend	- yen

3. Consolidated financial result forecasts for the fiscal year ending March 31, 2027 (from April 1, 2026 to March 31, 2027)

(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, 2026	11,670	0.5	(260)	-	(410)	-	(330)	-	(12.53)
Full year	25,370	6.1	430	(25.1)	140	(73.8)	60	(77.2)	2.28

* Notes

(1) Significant changes in the scope of consolidation during the period:

None

Newly included:	-	companies()
Excluded:	-	companies()

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

- (i) Changes in accounting policies due to revisions to accounting standards and other regulations: None
- (ii) Changes in accounting policies due to other reasons: None
- (iii) Changes in accounting estimates: None
- (iv) Restatement: None

(3) Number of issued shares (common shares)

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

As of March 31, 2026	26,475,880 shares
As of March 31, 2025	26,475,880 shares

(ii) Number of treasury shares at the end of the period

As of March 31, 2026	122,344 shares
As of March 31, 2025	141,438 shares

(iii) Average number of shares outstanding during the period

Fiscal Year ended March 31, 2026	26,346,638 shares
Fiscal Year ended March 31, 2025	26,334,491 shares

[Reference] Overview of non-consolidated financial results

1. Non-consolidated financial results for the fiscal year ended March 31, 2026 (from April 1, 2025 to March 31, 2026)

(1) Non-consolidated operating results

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal year ended								
March 31, 2026	13,109	(3.8)	717	(9.7)	825	4.5	512	(1.2)
March 31, 2025	13,634	4.8	794	(27.3)	789	(28.1)	518	(23.1)

	Basic earnings per share		Diluted earnings per share	
	Yen	Yen	Yen	Yen
Fiscal year ended				
March 31, 2026	19.44	-	-	-
March 31, 2025	19.70	-	-	-

(2) Non-consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of				
March 31, 2026	20,849	16,934	81.2	642.60
March 31, 2025	20,609	16,822	81.6	638.79

Reference: Equity

As of March 31, 2026: ¥ 16,934 million

As of March 31, 2025: ¥ 16,822 million

* Financial results reports are exempt from audit conducted by certified public accountants or an audit firm.

* Proper use of earnings forecasts, and other special matters

※ 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 “1. Overview of Operating Results, etc. (4) Future Outlook” on page 4 of the attached document for the assumptions underlying the forecasts, notes on using the forecasts, etc.
- The Company will hold a financial results briefing for institutional investors and analysts on May 13, 2026. Financial results briefing materials to be used on the day of the briefing will be posted on the Company’s website on the day of the briefing.

○ Table of Contents of Attachment

1. Overview of Operating Results, etc.	2
(1) Overview of Operating Results for the Fiscal Year under Review	2
(2) Financial Position for the Fiscal Year under Review	4
(3) Overview of Cash Flows for the Fiscal Year under Review	4
(4) Future Outlook	4
2. Basic Approach to the Selection of Accounting Standards	5
3. Consolidated Financial Statements and Major Notes	6
(1) Consolidated Balance Sheet	6
(2) Consolidated Statement of Income and Consolidated Statement of Comprehensive Income	8
Consolidated Statement of Income	8
Consolidated Statement of Comprehensive Income	9
(3) Consolidated Statement of Changes in Equity	10
(4) Consolidated Statement of Cash Flows	12
(5) Notes to Consolidated Financial Statements	14
(Notes on Going Concern Assumption)	14
(Changes in Accounting Policies)	14
(Additional Information)	14
(Segment Information, etc.)	14
(Per Share Information)	18
(Significant Subsequent Events)	18

1. Overview of Operating Results, etc.

(1) Overview of Operating Results for the Fiscal Year under Review

During the fiscal year ended March 31, 2026 of the Group, net sales were ¥23,917 million (down ¥1,197 million, or 4.8% year on year), operating profit was ¥574 million (down ¥981 million, or 63.1% year on year), ordinary profit came to ¥534 million (down ¥954 million, or 64.1% year on year), and profit attributable to owners of parent was ¥263 million (loss attributable to owners of parent of ¥461 million in the previous fiscal year). Net sales of our own products accounted for 79.2% of consolidated net sales (80.7% in the previous fiscal year).

In Japan, net sales were ¥13,109 million (down ¥524 million, or 3.8% year on year), after partial deduction of promotional expenses in accordance with the Accounting Standard for Revenue Recognition. In the United States, net sales to external customers increased to \$71.579 million (down \$3.699 million or 4.9% year on year), and after translation into yen, net sales were ¥10,807 million (down ¥672 million, or 5.9% year on year) due to the impact of the yen's appreciation. (Reference: The exchange rate for U.S. sales was 152.50 yen to the U.S. dollar in the previous fiscal year and was 150.98 yen to the U.S. dollar in the fiscal year under review.)

Sales by product segment are as follows.

For the joint category in Japan, the number of cases acquired decreased due to the impact of the recent news coverage, which caused some medical institutions to suspend the adoption of our products, especially after the fourth quarter. As a result, sales of both Total Hip Arthroplasty (THA) and Bipolar Hip Arthroplasty (BHA) decreased, resulting in net sales in Japan for this category of ¥4,904 million (down 6.4% year on year).

For the artificial knee joint category in the United States, overall net sales of Total Knee Arthroplasty (TKA) declined as a result of a decrease in the number of cases acquired, due to supply constraints by continued delivery delays for certain components of the artificial knee joint replacement product Balanced Knee System – Revision, the manufacturing of which is outsourced. On the other hand, in the artificial hip joint category, the number of cases acquired remained strong as our new product, Trivicta Hip Stem, was rolled out in the United States, leading to an increase in the net sales of Total Hip Arthroplasty (THA). As a result of these factors, net sales for the joint category in the United States were \$71,363 thousand (down 4.9% year on year). After translation into Japanese yen, net sales were ¥10,774 million (down 5.9% year on year) due to the impact of the yen's appreciation.

In the Trauma category, the number of cases acquired of Prima Hip Screw, a treatment material for femoral neck fractures, remained strong, resulting in an increase in net sales. On the other hand, net sales of ASULOCK, a treatment material for femoral trochanteric fractures, declined slightly on the back of intensifying competition. In addition, net sales of Screw & Plate and other products decreased due to the impacts of products that are planned to be discontinued as a result of a product portfolio review. As a result, net sales in Japan for this category were ¥4,444 million (down 4.5% year on year).

In the spine category, the number of cases acquired of KMC Kyphoplasty system in Japan increased, delivering double-digit growth in net sales. In contrast, the number of cases acquired of the Pedicle Screw and others posted a double-digit decrease, resulting in a slight decrease in net sales in Japan. As a result, total net sales for the spine category in Japan and the United States were ¥3,525 million (down 1.4% year on year).

Cost of sales amounted to ¥9,775 million yen (up 3.3% year on year) and the cost-to-sales ratio was 40.9%, compared to 37.7% in the previous fiscal year, reflecting higher procurement costs resulting from the impact of U.S. reciprocal tariffs on procurement from Europe and Taiwan, as well as higher labor and other manufacturing overhead costs associated with the response to prioritized supplying.

Selling, general and administrative expenses were ¥13,567 million (down 3.7% year on year) due to a decrease in commission expenses and a decline in overall expenses after yen translation, reflecting the stronger yen, despite higher personnel expenses due to wage increases in Japan and the United States, as well as higher expenses for hosting a biennial seminar in the United States hosted by the Company. The ratio of selling, general and administrative expenses to net sales was 56.7% (56.1% in the previous fiscal year).

As a result, operating profit was ¥574 million (down 63.1% year on year).

Ordinary profit was ¥534 million (down 64.1% year on year) as a result of recording non-operating income of ¥243 million, including foreign exchange gains of ¥230 million, and recording non-operating expenses, including interest expenses of ¥200 million and ¥58 million in investment losses related to Changzhou Waston Ortho Medical Appliance Co., Limited, an equity-method affiliate.

In addition, as for extraordinary losses, ¥32 million was recorded for loss on retirement of non-current assets such as medical instruments, and ¥7 million was recorded for products of which sales have been discontinued. As a result, profit attributable to owners of parent was ¥263 million (loss attributable to owners of parent of ¥461 million in the previous fiscal year).

(Reference) Consolidated Net Sales by Major Item

Name and item of each segment		Fiscal year under review (from April 1, 2025 to March 31, 2026)	Compared to the previous fiscal year
		Amount (in thousand yen)	(%)
Medical devices	Japan	13,109,982	96.2
	Joint	4,904,378	93.6
	Trauma	4,444,390	95.5
	Spine	3,493,218	98.6
	Other	432,313	106.0
	Subtotal	13,274,301	95.9
	Sales deduction	(164,318)	—
	United States	10,807,026	94.1
	Joint	10,774,415	94.1
	Spine	32,611	106.2
Total		23,917,009	95.2
		Ratio (%)	Change (%)
Sales ratio of our own products		79.2	(1.5)

- 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. For sales by item in Japan, the amount of deduction from sales is shown as a lump sum because reasonable proration of such sales deductions is not possible.

Segment results are as follows.

(Japan)

Net sales decreased as the number of cases acquired declined after the second quarter, reflecting the impact of media coverage. Total selling, general and administrative expenses were lower than in the previous fiscal year due to our cost containment efforts that more than offset the impact of wage increases implemented.

As a result, net sales in this segment were ¥13,109 million (down 3.8% year on year) and operating profit was ¥717 million (down 9.6% year on year).

(United States)

Net sales decreased due to supply constraints on some products. While our cost containment efforts contributed to a decline in selling, general and administrative expenses compared to the previous fiscal year, cost of sales increased due to higher manufacturing overhead costs.

As a result, net sales in this segment, including internal sales, were ¥15,412 million (down 0.6% year on year) and operating loss was ¥84 million (operating profit of ¥590 million in the previous fiscal year).

(2) Financial Position for the Fiscal Year under Review

1) Assets

Total assets at the end of the fiscal year under review increased by ¥2,011 million from the end of the previous fiscal year to ¥35,678 million. The main increases were in merchandise and finished goods of ¥3,161 million and tools, furniture and fixtures, net of ¥639 million, while the main decreases were in notes and accounts receivable - trade, and contract assets of ¥892 million and raw materials and supplies of ¥871 million.

2) Liabilities

Total liabilities increased ¥1,325 million from the end of the previous fiscal year to ¥10,251 million. The main increases were in short-term borrowings of ¥1,743 million and long-term borrowings of ¥655 million, while the main decrease was in accounts payable - other of ¥1,253 million.

Net interest-bearing debts, which are calculated by deducting cash and deposits from interest-bearing debts (the total amount of short-term borrowings, long-term borrowings, and lease liabilities), amounted to ¥2,763 million at the end of the fiscal year under review.

3) Net assets

Total net assets increased ¥686 million from the end of the previous fiscal year to ¥25,427 million. The main increase was in foreign currency translation adjustment of ¥828 million.

(3) Overview of Cash Flows for the Fiscal Year under Review

Cash and cash equivalents at the end of the fiscal year under review decreased by ¥75 million from the end of the previous fiscal year to ¥3,107 million. Cash flows for the fiscal year under review and their factors are as follows:

1) Cash flows from operating activities

Net cash provided by operating activities was ¥205 million, compared with ¥1,046 million in the previous fiscal year. The main component of income was depreciation of ¥1,613 million. The main components of expenditure were an increase in inventories of ¥1,537 million and settlement-related costs paid of ¥1,238 million.

2) Cash flows from investing activities

Net cash used in investing activities was ¥1,995 million, compared with ¥1,666 million in the previous fiscal year. The main component was an expenditure of ¥1,960 million for the purchase of property, plant and equipment.

3) Cash flows from financing activities

Net cash provided by financing activities was ¥1,648 million, compared with ¥1,490 million in the previous fiscal year. The main components of income were a net increase in short-term borrowings of ¥1,249 million and proceeds from long-term borrowings of ¥1,216 million. The main components of expenditure were repayments of long-term borrowings of ¥390 million and dividends paid of ¥396 million.

(4) Future Outlook

In light of changes in the business environment and a series of incidents, the Group recognizes that capturing growth opportunities, improving profitability, and strengthening governance are our key issues. To address these issues, we are steadily implementing various initiatives, thereby enhancing our corporate value over the medium to long term.

1. Issues in Japan

(1) Continuous introduction of new products to meet the needs of an aging society

As Japan's population ages, the number of patients with fractures and bone disease is expected to keep increasing.

In order to respond to the increase in medical needs, we will continuously launch new products that will contribute to improving treatment outcomes, aiming to increase the number of cases acquired and expand our market share.

2. Issues in the United States

(1) Strengthen product supply system (Sales recovery)

In the United States, sales opportunities are limited due to supply constraints in some products. We will promote multi-sourcing and regional diversification of suppliers to ensure stable supply, secure sales opportunities and achieve a recovery in sales.

(2) Response to rising manufacturing costs and foreign exchange effects

Rising personnel expenses and foreign exchange rate fluctuations have led to an increase in manufacturing and procurement costs, resulting in lower profitability. To address these issues, we will promote the Strategic Actionable Initiatives for Cost Optimization (SAICO) Project and improve profitability through the following measures.

1) Reducing manufacturing costs by promoting in-house production

- 2) Reducing procurement costs and supply risks through multi-sourcing
- 3) Promoting optimal procurement by leveraging Asia and Europe regions
- 4) Improving profit margin by increasing the ratio of our own products

Through these efforts, we will improve our cost structure and strengthen the platform to drive medium-term earnings growth.

(3) Response to tariff impacts

Procurement costs are rising due to the U.S. tariff policy. In order to avoid U.S. transshipment for products destined for Japan, we will relocate production to Asia and establish a direct supply system to Japan, thereby reducing the impact of tariffs and creating an efficient supply chain.

3. Capital efficiency and governance issues

(1) Addressing PBR below 1x (improvement of capital efficiency)

The Company's price-to-book ratio (PBR) has remained below 1x against a backdrop of declining profitability.

Focusing on the following two initiatives, we will strive to improve ROE and capital efficiency to enhance our corporate value.

- 1) Accelerating sales growth through new product launches
- 2) Improving profitability through the SAICO Project

The Company's basic policy for shareholder returns is to pay stable dividends, targeting a dividend payout ratio of 30% or more.

(2) Strengthening compliance and corporate governance

In light of a series of press reports in Japan and a lawsuit against our U.S. subsidiary, the Group recognizes strengthening its compliance and governance systems as a critical management issue.

This stems from the fact that the internal controls, checks and balances, and supervisory framework to ensure compliance with laws, regulations, and industry rules were not functioning effectively. In addition, we recognize that there was an insufficient mechanism to continuously verify the appropriateness of decision-making in business operations.

To address these issues, the Group is promoting the following measures in an integrated manner.

- 1) Strengthening independence of legal and compliance functions
- 2) Reviewing internal rules and approval processes
- 3) Enhancing education and training
- 4) Improving the effectiveness of the whistleblower system
- 5) Reviewing evaluation system
- 6) Strengthening supervisory functions

In Japan, we are tightening management systems and enhancing monitoring related to relationships with healthcare professionals, etc., while in the United States, we are strengthening compliance officer functions, enhancing internal controls, and tightening contract management processes. With these efforts, the Group positions compliance as its top management priority and strives to sustainably enhance corporate value.

4. Sustainability initiatives

Based on its Purpose of "contributing to improving patients' QOL," the Company aims to both realize a sustainable society and increase its corporate value over the medium to long term. We identify Materiality (material issues) within the Group and integrate ESG perspectives into our business activities, thereby creating social and economic value.

[Materiality]

- 1) Improvement in the QOL of patients
- 2) Reduction of environmental impact
- 3) Respect for human rights
- 4) Promotion of active roles of diverse human resources
- 5) High-quality response to medical needs
- 6) Strengthening of corporate governance

Based on the above, our consolidated earnings forecast for the next fiscal year is net sales of ¥25,370 million, operating profit of ¥430 million, ordinary profit of ¥140 million, and profit attributable to owners of parent of ¥60 million. The exchange rate assumed for this consolidated forecast is ¥155 per US\$1.

2. Basic Approach to the Selection of Accounting Standards

The Group has fully considered the various impacts of applying the International Financial Reporting Standards (IFRS), including the enhancement of the international comparability of financial information in capital markets, but has decided to apply the Japanese GAAP for the time being.

Consolidated Financial Statements and Major Notes

Consolidated Balance Sheet

(Thousands of yen)

	As of March 31, 2025	As of March 31, 2026
Assets		
Current assets		
Cash and deposits	3,182,342	3,107,052
Notes and accounts receivable - trade, and contract assets	6,130,286	5,242,263
Merchandise and finished goods	9,934,088	13,095,937
Work in process	452,627	451,609
Raw materials and supplies	3,500,239	2,628,635
Other	672,872	371,384
Allowance for doubtful accounts	(5,840)	(6,095)
Total current assets	23,866,617	24,890,789
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	810,323	954,577
Machinery, equipment and vehicles, net	330,793	339,419
Tools, furniture and fixtures, net	4,646,492	5,285,883
Land	1,959,993	1,962,603
Other	200,022	238,930
Total property, plant and equipment	7,947,625	8,781,414
Intangible assets	430,209	429,939
Investments and other assets		
Investments in capital of subsidiaries and associates	128,736	80,793
Deferred tax assets	1,222,231	1,467,410
Other	71,777	59,433
Allowance for doubtful accounts	(1)	(0)
Total investments and other assets	1,422,745	1,607,637
Total non-current assets	9,800,580	10,818,991
Total assets	33,667,198	35,709,780

(Thousands of yen)

	As of March 31, 2025	As of March 31, 2026
Liabilities		
Current liabilities		
Notes and accounts payable - trade	1,330,964	1,410,312
Short-term borrowings	3,142,336	4,886,158
Lease liabilities	32,560	46,910
Income taxes payable	159,873	187,609
Accrued expenses	625,195	653,536
Accounts payable - other	1,417,972	164,304
Provision for bonuses	270,256	248,467
Provision for bonuses for directors (and other officers)	24,224	21,196
Other	254,932	102,780
Total current liabilities	7,258,313	7,721,275
Non-current liabilities		
Long-term borrowings	109,964	765,818
Lease liabilities	1,669	171,798
Retirement benefit liability	1,410,754	1,464,135
Provision for share awards for directors (and other officers)	92,939	85,354
Asset retirement obligations	31,563	31,834
Long-term deposits received	20,500	20,500
Total non-current liabilities	1,667,390	2,539,441
Total liabilities	8,925,704	10,260,716
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	15,639,356
Treasury shares	(165,639)	(144,651)
Total shareholders' equity	21,179,319	21,103,451
Accumulated other comprehensive income		
Deferred gains or losses on hedges	80,013	56,296
Foreign currency translation adjustment	3,496,551	4,325,056
Remeasurements of defined benefit plans	(76,623)	(63,526)
Total accumulated other comprehensive income	3,499,941	4,317,826
Non-controlling interests	62,233	27,786
Total net assets	24,741,493	25,449,064
Total liabilities and net assets	33,667,198	35,709,780

Consolidated Statements of Income and Comprehensive Income

Consolidated Statement of Income

(Thousands of yen)

	For the fiscal year ended March 31, 2025	For the fiscal year ended March 31, 2026
Net sales	25,114,033	23,917,009
Cost of sales	9,467,401	9,775,100
Gross profit	15,646,632	14,141,909
Selling, general and administrative expenses		
Freight and packing costs	393,494	340,415
Provision of allowance for doubtful accounts	1,873	254
Salaries and allowances	4,049,532	4,179,765
Retirement benefit expenses	132,484	135,063
Legal welfare expenses	374,236	378,293
Welfare expenses	352,343	380,325
Travel and transportation expenses	315,108	249,722
Depreciation	1,438,656	1,402,083
Research and development expenses	959,987	864,944
Commission expenses	3,790,043	3,589,664
Other	2,282,937	2,047,017
Total selling, general and administrative expenses	14,090,698	13,567,550
Operating profit	1,555,934	574,359
Non-operating income		
Interest income	190	262
Foreign exchange gains	63,776	216,721
Other	13,326	12,924
Total non-operating income	77,292	229,907
Non-operating expenses		
Interest expenses	75,348	200,789
Share of loss of entities accounted for using equity method	56,321	58,961
Other	12,928	23,857
Total non-operating expenses	144,598	283,608
Ordinary profit	1,488,628	520,658
Extraordinary losses		
Loss on retirement of non-current assets	52,620	32,779
Impairment losses	121	-
Settlement-related costs	1,555,500	-
Loss on discontinued product	222,786	7,885
Total extraordinary losses	1,831,028	40,664
Profit (loss) before income taxes	(342,399)	479,993
Income taxes - current	268,726	388,592
Income taxes - deferred	(142,070)	(205,056)
Total income taxes	126,656	183,535
Profit (loss)	(469,056)	296,458
Profit (loss) attributable to non-controlling interests	(7,257)	11,918
Profit (loss) attributable to owners of parent	(461,798)	284,539

Consolidated Statement of Comprehensive Income

(Thousands of yen)

	For the fiscal year ended March 31, 2025	For the fiscal year ended March 31, 2026
Profit (loss)	(469,056)	296,458
Other comprehensive income		
Deferred gains or losses on hedges	32,998	(23,716)
Foreign currency translation adjustment	(123,873)	821,324
Remeasurements of defined benefit plans, net of tax	80,946	13,097
Total other comprehensive income	(9,928)	810,705
Comprehensive income	(478,984)	1,107,163
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(465,607)	1,102,425
Comprehensive income attributable to non-controlling interests	(13,377)	4,738

Consolidated Statement of Changes in Equity

For the fiscal year ended March 31, 2025

(Thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	3,001,929	2,587,237	16,583,962	(165,556)	22,007,572
Changes during period					
Dividends of surplus			(370,444)		(370,444)
Profit attributable to owners of parent			(461,798)		(461,798)
Purchase of treasury shares				(82)	(82)
Change in ownership interest of parent due to transactions with non-controlling interests		4,072			4,072
Net changes in items other than shareholders' equity					
Total changes during period	-	4,072	(832,243)	(82)	(828,253)
Balance at end of period	3,001,929	2,591,309	15,751,719	(165,639)	21,179,319

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	47,015	3,614,304	(157,570)	3,503,749	92,480	25,603,802
Changes during period						
Dividends of surplus						(370,444)
Profit attributable to owners of parent						(461,798)
Purchase of treasury shares						(82)
Change in ownership interest of parent due to transactions with non-controlling interests						4,072
Net changes in items other than shareholders' equity	32,998	(117,753)	80,946	(3,808)	(30,246)	(34,055)
Total changes during period	32,998	(117,753)	80,946	(3,808)	(30,246)	(862,308)
Balance at end of period	80,013	3,496,551	(76,623)	3,499,941	62,233	24,741,493

For the fiscal year ended March 31, 2026

(Thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	3,001,929	2,591,309	15,751,719	(165,639)	21,179,319
Changes during period					
Dividends of surplus			(396,903)		(396,903)
Profit attributable to owners of parent			284,539		284,539
Purchase of treasury shares				(6)	(6)
Disposal of treasury shares				20,994	20,994
Change in ownership interest of parent due to transactions with non-controlling interests		15,507			15,507
Net changes in items other than shareholders' equity					
Total changes during period	-	15,507	(112,363)	20,988	(75,867)
Balance at end of period	3,001,929	2,606,817	15,639,356	(144,651)	21,103,451

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	80,013	3,496,551	(76,623)	3,499,941	62,233	24,741,493
Changes during period						
Dividends of surplus						(396,903)
Profit attributable to owners of parent						284,539
Purchase of treasury shares						(6)
Disposal of treasury shares						20,994
Change in ownership interest of parent due to transactions with non-controlling interests						15,507
Net changes in items other than shareholders' equity	(23,716)	828,505	13,097	817,885	(34,447)	783,438
Total changes during period	(23,716)	828,505	13,097	817,885	(34,447)	707,570
Balance at end of period	56,296	4,325,056	(63,526)	4,317,826	27,786	25,449,064

Consolidated Statement of Cash Flows

(Thousands of yen)

	For the fiscal year ended March 31, 2025	For the fiscal year ended March 31, 2026
Cash flows from operating activities		
Profit (loss) before income taxes	(342,399)	479,993
Depreciation	1,671,443	1,613,860
Increase (decrease) in allowance for doubtful accounts	1,873	254
Increase (decrease) in retirement benefit liability	71,579	53,380
Remeasurements of defined benefit plans	29,577	18,978
Increase (decrease) in provision for bonuses	32,945	(21,789)
Increase (decrease) in provision for bonuses for directors (and other officers)	(3,028)	(3,028)
Increase (decrease) in provision for share awards for directors (and other officers)	12,367	13,409
Interest and dividend income	(190)	(262)
Interest expenses	75,348	200,789
Foreign exchange losses (gains)	(67,672)	564
Share of loss (profit) of entities accounted for using equity method	56,321	58,961
Loss (gain) on sale and retirement of non-current assets	52,620	32,779
Impairment losses	121	-
Settlement-related costs	1,555,500	-
Loss on discontinued product	222,786	7,885
Decrease (increase) in trade receivables	(98,535)	908,594
Decrease (increase) in inventories	(1,133,410)	(1,537,514)
Increase (decrease) in trade payables	(81,886)	67,724
Increase/decrease in consumption taxes payable/consumption taxes refund receivable	67,443	(223,511)
Other, net	(56,101)	(37,523)
Subtotal	2,066,704	1,633,547
Interest and dividends received	190	262
Interest paid	(50,809)	(195,042)
Settlement-related costs paid	(299,060)	(1,238,036)
Income taxes refund (paid)	(668,562)	6,031
Other, net	(1,836)	(1,207)
Net cash provided by (used in) operating activities	1,046,627	205,554
Cash flows from investing activities		
Purchase of property, plant and equipment	(1,550,723)	(1,960,540)
Purchase of intangible assets	(115,851)	(36,664)
Other, net	(344)	1,356
Net cash provided by (used in) investing activities	(1,666,919)	(1,995,847)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	2,373,125	1,249,870
Proceeds from long-term borrowings	-	1,216,330
Repayments of long-term borrowings	(498,972)	(390,444)
Repayments of lease liabilities	(2,158)	(5,554)
Purchase of treasury shares	(82)	(6)
Purchase of treasury shares of subsidiaries	(10,650)	(24,685)
Dividends paid	(371,092)	(396,915)
Net cash provided by (used in) financing activities	1,490,168	1,648,594
Effect of exchange rate change on cash and cash equivalents	(9,085)	66,408
Net increase (decrease) in cash and cash equivalents	860,790	(75,290)
Cash and cash equivalents at beginning of period	2,321,552	3,182,342

(Thousands of yen)

	For the fiscal year ended March 31, 2025	For the fiscal year ended March 31, 2026
Cash and cash equivalents at end of period	3,182,342	3,107,052

(5) Notes to Consolidated Financial Statements

(Note on Going Concern Assumption)

Not applicable.

(Changes in Accounting Policies)

Not applicable.

(Additional Information)

(Change in Presentation)

(Consolidated Statements of Income)

Promotion expenses, Advertising expenses, and Taxes and dues, which were separately presented under selling, general and administrative expenses in 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 previous fiscal year have been reclassified to reflect the change in presentation.

As a result, Promotion expenses of ¥138,793 thousand, Advertising expenses of ¥59,220 thousand, Taxes and dues of ¥162,473 thousand, and Other of ¥1,922,449 thousand, which were presented under selling, general and administrative expenses in the consolidated statement of income for the previous fiscal year, have been reclassified as Other of ¥2,282,937 thousand.

(Consolidated Statement of Cash Flows)

Decrease (increase) in prepaid expenses and Increase (decrease) in accounts payable - other, which were separately presented under cash flows from operating activities in the previous fiscal year, have been included in Other under cash flows from operating activities since they became immaterial. The consolidated financial statements for the previous fiscal year have been reclassified to reflect the change in presentation.

As a result, Decrease (increase) in prepaid expenses of negative ¥20,793 thousand, Increase (decrease) in accounts payable - other of negative ¥30,294 thousand, and Other before the Subtotal column of negative ¥5,014 thousand, which were presented under cash flows from operating activities in the consolidated statement of cash flows for the previous fiscal year, have been reclassified as Other before the Subtotal column of negative ¥56,101 thousand.

In addition, Commission for syndicated loan-trade paid, which was presented after the Subtotal column of cash flows from operating activities in the previous fiscal year, has been renamed Other and presented after the Subtotal column of cash flows from operating activities in the fiscal year under review because it became immaterial.

(Segment Information, etc.)

(Segment Information)

1. Overview of Reportable Segments

The business type in the Group is a single segment of the Medical Devices Business. However, the reportable segments, each of which has separate financial information available, are subject to periodic review by the Board of Directors to determine the allocation of management resources and evaluate business performance.

The Group manufactures and sells “medical devices mainly in the field of orthopedics.” Japan Medical Dynamic Marketing, INC. (hereinafter “the Company”) as the parent company based in Japan, and Ortho Development Corporation (hereinafter “ODEV”) as its overseas subsidiary based in the United States, operate as an independent management unit.

Accordingly, the Group consists of regional (country) segments based on manufacturing and sales, with “Japan” and the “United States” as two reportable segments.

In “Japan” the Company purchases products such as joint, trauma, and spine in the field of orthopedics mainly from ODEV, as well as from other domestic and overseas manufacturers based on sales alliance agreements, etc., and sells them in Japan. In the “United States” ODEV develops and manufactures joint, trauma, spine, and other products, and supplies them to the Company. In addition, ODEV independently sells joint, spine, and other products primarily in the U.S. market.

2. Calculation Method of the Amounts of Net Sales, Profit or Loss, Assets, Liabilities, and Other Items by Reportable Segment

Assets and liabilities of the foreign subsidiary are converted into Japanese yen at the spot exchange rates prevailing at the balance sheet date, and revenues and expenses are converted into Japanese yen at the average exchange rates prevailing during the period. Translation differences are included in the foreign currency translation adjustment in net assets.

Reportable segment profit is based on operating profit. Inter-segment revenues and transfers are based on prevailing market prices.

3. Information on the Amounts of Net Sales, Profit or Loss, Assets, Liabilities, and Other Items by Reportable Segment, and Information on the Breakdown of Revenues

Previous Fiscal Year (from April 1, 2024 to March 31, 2025)

(In thousand yen)

	Reportable segment			Adjustment (Notes 1, 2)	Amount reported in consolidated financial statements (Note 3)
	Japan	United States	Total		
Net sales					
Revenue from contracts with customers	13,634,057	11,479,976	25,114,033	—	25,114,033
Net sales to external customers	13,634,057	11,479,976	25,114,033	—	25,114,033
Inter-segment net sales or transfers	—	4,031,412	4,031,412	(4,031,412)	—
Total	13,634,057	15,511,388	29,145,446	(4,031,412)	25,114,033
Segment profit	794,549	590,140	1,384,690	171,244	1,555,934
Segment assets	17,954,492	17,113,107	35,067,599	(1,400,401)	33,667,198
Segment liabilities	3,787,227	5,178,128	8,965,356	(39,651)	8,925,704
Other Items					
Depreciation	755,064	975,071	1,730,135	(58,692)	1,671,443
Increase in property, plant and equipment and intangible assets	547,417	1,139,648	1,687,066	(18,952)	1,668,113
Investments in entities accounted for using equity method	—	128,736	128,736	—	128,736

Notes: 1. Adjustments for segment profit, segment assets, segment liabilities, and other items represent the elimination of inter-segment transactions.

2. The negative adjustment of ¥1,400,401 thousand to segment assets includes ¥2,654,872 thousand of corporate assets (mainly the Company's cash and deposits) and the negative adjustment of ¥1,259,107 thousand to inventories.

3. Segment profit is adjusted with operating profit in the consolidated statement of income.

Fiscal Year under Review (from April 1, 2025 to March 31, 2026)

(In thousand yen)

	Reportable segment			Adjustment (Notes 1, 2)	Amount reported in consolidated financial statements (Note 3)
	Japan	United States	Total		
Net sales					
Revenue from contracts with customers	13,109,982	10,807,026	23,917,009	—	23,917,009
Net sales to external customers	13,109,982	10,807,026	23,917,009	—	23,917,009
Inter-segment net sales or transfers	—	4,605,013	4,605,013	(4,605,013)	—
Total	13,109,982	15,412,040	28,522,023	(4,605,013)	23,917,009
Segment profit	717,767	(84,461)	633,306	(59,120)	574,185
Segment assets	18,749,532	20,030,281	38,779,814	(3,100,814)	35,678,999
Segment liabilities	3,914,345	7,452,684	11,367,030	(1,115,543)	10,251,486
Other Items					
Depreciation	694,095	974,924	1,669,020	(55,160)	1,613,860
Increase in property, plant and equipment and intangible assets	362,145	1,983,776	2,345,921	(34,076)	2,311,844
Investments in entities accounted for using equity method	—	80,793	80,793	—	80,793

- Notes: 1. Adjustments for segment profit, segment assets, segment liabilities, and other items represent the elimination of inter-segment transactions.
2. The negative adjustment of ¥3,100,814 thousand to segment assets includes ¥2,099,550 thousand of corporate assets (mainly the Company's cash and deposits) and the negative adjustment of ¥1,741,863 thousand to inventories.
3. Segment profit is adjusted with operating profit in the consolidated statement of income.

[Related Information]

Previous Fiscal Year (from April 1, 2024 to March 31, 2025)

1. Information by Product and Service

The description is omitted, as the type of business in the Group is exclusively the Medical Devices Business.

2. Regional Information

(1) Net sales

The description is omitted, as the same information is disclosed in the Segment Information.

(2) Property, plant and equipment

The description is omitted, as the same information is disclosed in the Segment Information.

3. Information by Major Customer

The description is omitted, as there are no external customers that account for 10% or more of net sales in the consolidated statement of income.

Fiscal Year under Review (from April 1, 2025 to March 31, 2026)

1. Information by Product and Service

The description is omitted, as the type of business in the Group is exclusively the Medical Devices Business.

2. Regional Information

(1) Net sales

The description is omitted, as the same information is disclosed in the Segment Information.

(2) Property, plant and equipment

The description is omitted, as the same information is disclosed in the Segment Information.

3. Information by Major Customer

The description is omitted, as there are no external customers that account for 10% or more of net sales in the consolidated statement of income.

[Information on Impairment Losses on Non-current Assets by Reportable Segment]

Previous Fiscal Year (from April 1, 2024 to March 31, 2025)

(In thousand yen)

	Reportable segment			Other	Total	Adjustment	Amount reported in consolidated financial statements
	Japan	United States	Total				
Impairment losses	121	—	121	—	121	—	121

Fiscal Year under Review (from April 1, 2025 to March 31, 2026)

Not applicable.

[Amortization of Goodwill and Unamortized Balance by Reportable Segment]

Previous Fiscal Year (from April 1, 2024 to March 31, 2025)

Not applicable.

Fiscal Year under Review (from April 1, 2025 to March 31, 2026)

Not applicable.

[Information on Gain on Bargain Purchase by Reportable Segment]

Previous Fiscal Year (from April 1, 2024 to March 31, 2025)

Not applicable.

Fiscal Year under Review (from April 1, 2025 to March 31, 2026)

Not applicable.

(Per Share Information)

Items	Previous fiscal year (From April 1, 2024 to March 31, 2025)	Fiscal year under review (from April 1, 2025 to March 31, 2026)
Net assets per share	¥937.15	¥963.82
Net income (loss) per share	¥(17.54)	¥9.99
Diluted net income per share	Not listed, because there are no dilutive shares.	Not listed, because there are no dilutive shares.

(Note) Basis for calculation of net income (loss) per share is as follows.

Items	Previous fiscal year (From April 1, 2024 to March 31, 2025)	Fiscal year under review (from April 1, 2025 to March 31, 2026)
Profit (loss) attributable to owners of parent (in thousand yen)	(461,798)	263,138
Amount not attributable to common shareholders (in thousand yen)	—	—
Profit (loss) attributable to owners of parent for common shares (in thousand yen)	(461,798)	263,138
Average number of shares of common stock during the period (shares)	26,334,491	26,346,638

(Note) Shares of the Company's stock remaining in the Trust for Granting Shares to Directors and Corporate Auditors, which are recorded as treasury stock in shareholders' equity, are included in treasury stock so that these are deducted from the calculation of the average number of shares outstanding during the period for the purpose of calculating net income (loss) per share.

The average number of such treasury stock during the period, which was deducted from the calculation of net income (loss) per share, was 141,389 shares in the previous fiscal year and 129,242 shares in the fiscal year under review, and the number of such treasury stock at the end of the period, which was deducted from the calculation of net assets per share, was 141,438 shares in the previous fiscal year and 122,344 shares in the fiscal year under review.

(Significant Subsequent Events)

Not applicable.