



# **First 3 Quarters of Fiscal 2017**

## Supplementary Materials

**HOGY MEDICAL Co., Ltd.**

**January 19, 2018**

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### (Notes Concerning Forward-Looking Statements)

Projections throughout these materials are provided as a reference for investors. They are based on estimates and forecasts, and shall not be regarded as pledges or guarantees. They shall be used on the full acknowledgment that actual results may naturally differ from projections.

## Fiscal 2017 Statements of Income (Consolidated)

### First Half

¥ millions, rounded down

	Sept. 2017 Interim Results		Sept. 2016 Interim Results		Year-on-Year Comparison		Sept. 2017 Interim Initial Plan		Initial Plan Comparison	
	Amount	% of total	Amount	% of total	Amount	%	Amount	% of total	Amount	%
Net sales	18,427	100.0	18,310	100.0	117	100.6	18,960	100.0	△ 532	97.2
Cost of Sales	11,173	60.6	9,836	53.7	1,337	113.6	11,680	61.6	△ 506	95.7
<b>Gross profit</b>	7,254	39.4	8,474	46.3	△ 1,219	85.6	7,280	38.4	△ 25	99.6
SG&A expenses	4,425	24.0	4,384	23.9	40	100.9	4,840	25.5	△ 414	91.4
<b>Operating income</b>	2,829	15.4	4,089	22.3	△ 1,259	69.2	2,440	12.9	389	116.0
Other income	103		115		△ 12		90		13	
Other expenses	57		198		△ 140		-		57	
<b>Ordinary income</b>	2,875	15.6	4,006	21.9	△ 1,131	71.8	2,530	13.3	345	113.6
Extraordinary income	2,224		-		2,224		2,000		224	
Extraordinary expenses	20		1		19		-		20	
<b>Income before income taxes and minority interests</b>	5,078	27.6	4,005	21.9	1,072	126.8	4,530	23.9	548	112.1
Corporation tax, etc. (Tax burden)	1,492	29.4%	1,319	32.9%	172		1,350		142	
Minority interests	0		0		0		-		0	
<b>Profit attributable to owners of parent</b>	3,586	19.5	2,685	14.7	900	133.5	3,180	16.8	406	112.8
EPS (total shares)	¥219.45		¥164.36				¥194.60			
EPS (minus treasury shares)	¥229.09		¥170.99				¥203.15			
Number of shares outstanding	16,341,155		16,341,155				16,341,155			
Weighted-average number of shares outstanding (after deducting treasury shares)	15,653,815		15,708,272				15,653,815			

### Third Quarter

¥ millions, rounded down

	Dec. 2017 Interim Results		Dec. 2016 Interim Results		Year-on-Year Comparison	
	Amount	% of total	Amount	% of total	Amount	%
Net sales	28,126	100.0	27,792	100.0	333	101.2
Cost of Sales	17,125	60.9	15,101	54.3	2,023	113.4
<b>Gross profit</b>	11,000	39.1	12,690	45.7	△ 1,690	86.7
SG&A expenses	6,757	24.0	6,635	23.9	121	101.8
<b>Operating income</b>	4,243	15.1	6,055	21.8	△ 1,812	70.1
Other income	139		148		△ 9	
Other expenses	82		224		△ 142	
<b>Ordinary income</b>	4,300	15.3	5,979	21.5	△ 1,678	71.9
Extraordinary income	2,224		1,024		1,200	
Extraordinary expenses	20		2		17	
<b>Income before income taxes and minority interests</b>	6,504	23.1	7,000	25.2	△ 496	92.9
Corporation tax, etc. (Tax burden)	1,909	29.4%	2,248	32.1%	△ 338	
Minority interests	0		0		0	
<b>Profit attributable to owners of parent</b>	4,594	16.3	4,752	17.1	△ 157	96.7
EPS (total shares)	¥281.16		¥290.80			
EPS (minus treasury shares)	¥293.48	30.666%	¥302.93			
Number of shares outstanding	16,341,155		16,341,155			
Weighted-average number of shares outstanding (after deducting treasury shares)	15,655,367		15,687,048			

### Full Year

¥ millions, rounded down

	Fiscal 2017 Revised Plan		Fiscal 2016 Results		Year-on-Year Comparison		Fiscal 2017 Initial Plan		Initial Plan Comparison	
	Amount	% of total	Amount	% of total	Amount	%	Amount	% of total	Amount	%
Net sales	37,300	100.0	36,859	100.0	440	101.2	38,540	100.0	△ 1,240	96.8
Cost of Sales	22,780	61.1	20,355	55.2	2,424	111.9	23,720	61.5	△ 940	96.0
<b>Gross profit</b>	14,520	38.9	16,503	44.8	△ 1,983	88.0	14,820	38.5	△ 300	98.0
SG&A expenses	9,320	25.0	9,060	24.6	259	102.9	9,520	24.7	△ 200	97.9
<b>Operating income</b>	5,200	13.9	7,443	20.2	△ 2,243	69.9	5,300	13.8	△ 100	98.1
Other income	153		165		△ 12		120		33	
Other expenses	86		204		△ 118		10		76	
<b>Ordinary income</b>	5,267	14.1	7,403	20.1	△ 2,136	71.1	5,410	14.0	△ 143	97.4
Extraordinary income	2,224		1,024		1,199		2,000		224	
Extraordinary expenses	21		5		15		-		21	
<b>Income before income taxes and minority interests</b>	7,470	20.0	8,422	22.9	△ 952	88.7	7,410	19.2	60	100.8
Corporation tax, etc. (Tax burden)	2,230	29.9%	2,636	31.3%	△ 406		2,250		△ 20	
Minority interests	-		0		△ 0		-		-	
<b>Profit attributable to owners of parent</b>	5,240	14.0	5,786	15.7	△ 546	90.6	5,160	13.4	80	101.6
EPS (total shares)	¥320.66		¥354.08				¥315.77			
EPS (minus treasury shares)	¥334.58		¥369.06				¥329.47			
Number of shares outstanding	16,341,155		16,341,155				16,341,155			
Weighted-average number of shares outstanding (after deducting treasury shares)	15,661,365		15,677,809				15,661,365			

## Fiscal 2017 Sales by Product Grouping (Consolidated)

### First Half

¥ millions, rounded down

	Sept. 2017 Interim Results		Sept. 2016 Interim Results		Year-on-Year Comparison		Sept. 2017 Interim Initial Plan		Initial Plan Comparison	
	Amount	% of total	Amount	% of total	Amount	%	Amount	% of total	Amount	%
Sterilization products	1,789	9.7%	1,832	10.0%	△ 43	97.6%	1,792	9.5%	△ 3	99.8%
Surgical products	16,094	87.3%	15,941	87.1%	153	101.0%	16,600	87.6%	△ 505	97.0%
Treatment products	96	0.5%	102	0.6%	△ 6	93.8%	104	0.6%	△ 8	92.3%
Others	447	2.4%	433	2.4%	14	103.2%	463	2.4%	△ 15	96.6%
<b>Total</b>	<b>18,427</b>	<b>100.0%</b>	<b>18,310</b>	<b>100.0%</b>	<b>117</b>	<b>100.6%</b>	<b>18,960</b>	<b>100.0%</b>	<b>△ 532</b>	<b>97.2%</b>

#### Itemized surgical products

Non-woven products	4,610	25.0%	4,728	25.8%	△ 117	97.5%	4,510	23.8%	100	102.2%
Other non-woven	661	3.6%	684	3.7%	△ 23	96.6%	660	3.5%	1	100.2%
Kit products	10,708	58.1%	10,422	56.9%	286	102.7%	11,200	59.1%	△ 491	95.6%
New products	114	0.6%	106	0.6%	7	107.3%	230	1.2%	△ 115	49.6%

#### Itemized external sales by subsidiary

Non-woven products	101		93		8		130		△ 28	
Others(PT.HOGY)	38		35		3		40		△ 1	

### Third Quarter

¥ millions, rounded down

	Dec. 2017 Interim Results		Dec. 2016 Interim Results		Year-on-Year Comparison	
	Amount	% of total	Amount	% of total	Amount	%
Sterilization products	2,705	9.6%	2,747	9.9%	△ 42	98.5%
Surgical products	24,592	87.4%	24,236	87.2%	356	101.5%
Treatment products	146	0.5%	153	0.6%	△ 7	95.2%
Others	681	2.4%	654	2.4%	27	104.2%
<b>Total</b>	<b>28,126</b>	<b>100.0%</b>	<b>27,792</b>	<b>100.0%</b>	<b>333</b>	<b>101.2%</b>

#### Itemized surgical products

Non-woven products	7,053	25.1%	7,144	25.7%	△ 91	98.7%
Other non-woven	1,023	3.6%	1,056	3.8%	△ 32	96.9%
Kit products	16,354	58.1%	15,880	57.1%	473	103.0%
New products	161	0.6%	154	0.6%	7	104.8%

#### Itemized external sales by subsidiary

Non-woven products	158		133		24	
Others(PT.HOGY)	62		54		7	

### Full Year

¥ millions, rounded down

	Fiscal 2017 Revised Plan		Fiscal 2016 Results		Year-on-Year Comparison		Fiscal 2017 Initial Plan		Initial Plan Comparison	
	Amount	% of total	Amount	% of total	Amount	%	Amount	% of total	Amount	%
Sterilization products	3,580	9.6%	3,634	9.9%	△ 53	98.5%	3,580	9.3%	-	100.0%
Surgical products	32,620	87.5%	32,144	87.2%	475	101.5%	33,860	87.9%	△ 1,240	96.3%
Treatment products	201	0.5%	200	0.5%	0	100.5%	201	0.5%	-	100.0%
Others	897	2.4%	879	2.4%	18	102.1%	897	2.3%	-	100.0%
<b>Total</b>	<b>37,300</b>	<b>100.0%</b>	<b>36,859</b>	<b>100.0%</b>	<b>440</b>	<b>101.2%</b>	<b>38,540</b>	<b>100.0%</b>	<b>△ 1,240</b>	<b>96.8%</b>

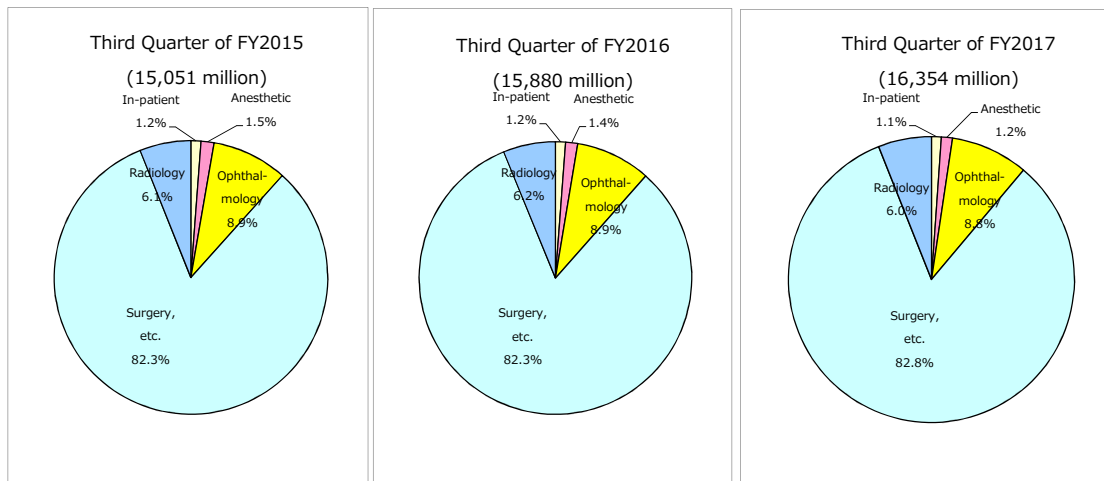
#### Itemized surgical products

Non-woven products	9,090	24.4%	9,406	25.5%	△ 316	96.6%	9,090	23.6%	-	100.0%
Other non-woven	1,380	3.7%	1,390	3.8%	△ 10	99.3%	1,380	3.6%	-	100.0%
Kit products	21,860	58.6%	21,124	57.3%	735	103.5%	22,920	59.5%	△ 1,060	95.4%
New products	290	0.8%	224	0.6%	65	129.2%	470	1.2%	△ 180	61.7%

#### Itemized external sales by subsidiary

Non-woven products	270		219		50		270		-	
Others(PT.HOGY)	80		82		△ 2		80		-	

### Sales Composition by Kit Treatment Category



## Fiscal 2017 Itemized SG&A Expenses and Other Income/Expenses (Consolidated)

### SG&A Expenses

¥ millions, rounded down

	Third Quarter Ended Dec. 2017 Results	Third Quarter Ended Dec. 2016 Results	Year-on-Year Comparison
Packaging and transportation	741	729	12
Losses on doubtful accounts	-	-	-
Samples	408	309	99
Advertising	94	83	10
Personnel	2,629	2,642	△ 12
Travel	425	392	32
Communication	106	111	△ 5
Consumables	64	74	△ 10
Taxes and public charges	248	188	60
Depreciation	676	760	△ 84
Testing and research	250	320	△ 70
Land and housing rent	320	315	4
Miscellaneous	293	253	40
Others	498	454	43
<b>Total</b>	<b>6,757</b>	<b>6,635</b>	<b>121</b>

### Other Income/Expenses

¥ millions, rounded down

	Third Quarter Ended Dec. 2017 Results	Third Quarter Ended Dec. 2016 Results	Year-on-Year Comparison
Interest received	22	12	9
Interest on negotiable securities	-	-	-
Dividend received	71	90	△ 19
(Total financial earnings)	93	103	△ 10
Foreign exchange gain	-	-	-
Miscellaneous income	46	45	0
<b>Total Other income</b>	<b>139</b>	<b>148</b>	<b>△ 9</b>
Paid interest	-	-	-
(Total financial expenses)	-	-	-
Foreign exchange loss	11	110	△ 99
Miscellaneous losses	70	113	△ 43
<b>Total non-operating expenses</b>	<b>82</b>	<b>224</b>	<b>△ 142</b>

## Fiscal 2017 Major Change on Balance Sheets and Statements of Cash Flows (Consolidated)

### Major Change on Balance Sheets

¥ millions, rounded down

	Balance at Dec. 31, 2017	Change		Balance at Dec. 31, 2017	Change
<b>Current assets</b>	40,920	3,811	<b>Current liabilities</b>	7,686	△ 2,491
Cash and bank deposits	19,194	2,536	Notes and accounts payable	4,696	△ 396
Notes and accounts receivable	12,717	1,427	Accrued expenses	319	△ 1,623
Short-term investments	-	-	Long-term loans due within 1 year	-	-
Inventories	8,123	△ 271	Income taxes	652	△ 557
Others	885	118	Allowance for employees' bonuses	100	△ 290
			Payable notes for equipment	584	△ 290
			Reserve for disaster loss	-	-
			Others	1,333	666
<b>Fixed assets</b>	63,917	△ 2,169	<b>Long-term liabilities</b>	3,686	297
Property, plant and equipment	48,890	△ 3,096	Long-term loans	453	△ 55
Buildings and structures	23,579	△ 876	Others	3,233	352
Machinery, equipment and vehicles	13,968	△ 2,236	<b>Total liabilities</b>	11,373	△ 2,194
Land	9,616	△ 14	<b>Total net assets</b>	93,465	3,835
Construction in progress	850	168	Common stock	7,123	-
Others	875	△ 136	Capital surplus	8,336	-
Intangibles	3,089	△ 11	Retained earnings	75,499	3,147
Investments and others	11,937	938	Treasury stock	△ 3,773	67
Investments securities	10,641	1,136	Others	6,279	620
Others	1,296	△ 198			
<b>Total assets</b>	104,838	1,641	<b>equity</b>	104,838	1,641

\* Comparison with end of previous fiscal year:

Equity ratio increased from 86.9% at the end of the previous fiscal year to 89.1%.

### Statements of Cash Flows

¥ millions, rounded down

<b>I Operating activities</b>	5,080	Income before income taxes and minority interests	6,504
		Depreciation	4,646
		Gain on sales of investment securities	△ 2,222
		decrease in notes and accounts receivable	△ 1,452
		Income taxes paid	△ 2,374
<b>II Investing activities</b>	△ 1,108	Capital expenditures	△ 3,000
		Proceeds from sales of investment securities	2,298
<b>III Financing activities</b>	△ 1,421	Disposal of treasury stock	△ 1,447
<b>IV Effect of exchange rate changes</b>	△ 34		
<b>Net changes in cash and cash equivalents</b>	2,515		

## Fiscal 2017 Statements of Income (First 3 Quarters Results; Non-consolidated)

### First Half

¥ millions, rounded down

	Sept. 2017 Interim Results		Sept. 2016 Interim Results		Year-on-Year Comparison		Sept. 2017 Interim Initial Plan		Initial Plan Comparison	
	Amount	% of total	Amount	% of total	Amount	%	Amount	% of total	Amount	%
Net sales	18,286	100.0	18,181	100.0	105	100.6	18,790	100.0	△ 503	97.3
Cost of Sales	11,534	63.1	10,216	56.2	1,317	112.9	11,930	63.5	△ 395	96.7
<b>Gross profit</b>	6,752	36.9	7,964	43.8	△ 1,212	84.8	6,860	36.5	△ 107	98.4
SG&A expenses	4,384	24.0	4,352	23.9	31	100.7	4,790	25.5	△ 405	91.5
<b>Operating income</b>	2,368	13.0	3,612	19.9	△ 1,243	65.6	2,070	11.0	298	114.4
Other income	105		116		△ 11		80		25	
Other expenses	66		62		4		10		56	
<b>Ordinary income</b>	2,407	13.2	3,666	20.2	△ 1,259	65.7	2,140	11.4	267	112.5
Extraordinary income	2,222		-		2,222		2,000		222	
Extraordinary expenses	20		1		19		-		20	
<b>Income before income taxes</b>	4,608	25.2	3,665	20.2	943	125.7	4,140	22.0	468	111.3
Corporation tax, etc.	1,383		1,154		228		1,240		143	
<b>(Tax burden)</b>	30.0%		31.5%				30.0%			
<b>Profit attributable to owners of parent</b>	3,225	17.6	2,511	13.8	714	128.5	2,900	15.4	325	111.2
EPS (total shares)	197.40		153.66				177.47			
EPS (minus treasury shares)	206.07		159.86				185.26			
Number of shares outstanding	16,341,155		16,341,155				16,341,155			
Weighted-average number of shares outstanding (after deducting treasury shares)	15,653,815		15,708,272				15,653,815			

### Third Quarter

¥ millions, rounded down

	Dec. 2017 Interim Results		Dec. 2016 Interim Results		Year-on-Year Comparison	
	Amount	% of total	Amount	% of total	Amount	%
Net sales	27,905	100.0	27,604	100.0	301	101.1
Cost of Sales	17,635	63.2	15,644	56.7	1,990	112.7
<b>Gross profit</b>	10,270	36.8	11,959	43.3	△ 1,689	85.9
SG&A expenses	6,697	24.0	6,589	23.9	107	101.6
<b>Operating income</b>	3,572	12.8	5,369	19.5	△ 1,796	66.5
Other income	131		146		△ 15	
Other expenses	92		87		4	
<b>Ordinary income</b>	3,611	12.9	5,428	19.7	△ 1,816	66.5
Extraordinary income	2,222		1,024		1,198	
Extraordinary expenses	20		2		17	
<b>Income before income taxes</b>	5,813	20.8	6,449	23.4	△ 636	90.1
Corporation tax, etc.	1,744		2,031		△ 286	
<b>(Tax burden)</b>	30.0%		31.5%			
<b>Profit attributable to owners of parent</b>	4,068	14.6	4,418	16.0	△ 350	92.1
	248.98		270.40			
	259.89		281.68			
	16,341,155		16,341,155			
	15,655,367		15,687,048			

### Full Year

¥ millions, rounded down

	Fiscal 2017 Revised Plan		Fiscal 2016 Results		Year-on-Year Comparison		Fiscal 2017 Initial Plan		Initial Plan Comparison	
	Amount	% of total	Amount	% of total	Amount	%	Amount	% of total	Amount	%
Net sales	36,950	100.0	36,557	100.0	392	101.1	38,190	100.0	△ 1,240	96.8
Cost of Sales	23,462	63.5	21,122	57.8	2,339	111.1	24,430	64.0	△ 968	96.0
<b>Gross profit</b>	13,488	36.5	15,434	42.2	△ 1,946	87.4	13,760	36.0	△ 272	98.0
SG&A expenses	9,240	25.0	8,987	24.6	252	102.8	9,420	24.7	△ 180	98.1
<b>Operating income</b>	4,248	11.5	6,447	17.6	△ 2,199	65.9	4,340	11.4	△ 92	97.9
Other income	298		352		△ 54		330		△ 32	
Other expenses	99		69		29		40		59	
<b>Ordinary income</b>	4,447	12.0	6,730	18.4	△ 2,283	66.1	4,630	12.1	△ 183	96.0
Extraordinary income	2,222		1,024		1,197		2,000		222	
Extraordinary expenses	21		5		15		-		21	
<b>Income before income taxes</b>	6,648	18.0	7,748	21.2	△ 1,100	85.8	6,630	17.4	18	100.3
Corporation tax, etc.	1,995		2,329		△ 334		1,990		5	
<b>(Tax burden)</b>	30.0%		30.1%				30.0%			
<b>Profit attributable to owners of parent</b>	4,653	12.6	5,419	14.8	△ 766	85.9	4,640	12.1	13	100.3
EPS (total shares)	284.74		331.65				283.95			
EPS (minus treasury shares)	297.10		345.69				296.27			
Number of shares outstanding	16,341,155		16,341,155				16,341,155			
Weighted-average number of shares outstanding (after deducting treasury shares)	15,661,365		15,677,809				15,661,365			