



1st Quarter of Fiscal 2018

Supplementary Materials

HOGY MEDICAL Co., Ltd.

July 17, 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 2018 Statements of Income (Actual and Forecast, Consolidated)

First Quarter

¥ millions, rounded down

	June 2018 1st Quarter Results		June 2017 1st Quarter Results		Year-on-Year Comparison	
	Amount	% of total	Amount	% of total	Amount	%
Net sales	9,053	100.0	9,159	100.0	△ 105	98.8
Cost of Sales	5,320	58.8	5,452	59.5	△ 132	97.6
Gross profit	3,733	41.2	3,707	40.5	26	100.7
SG&A expenses	2,485	27.4	2,193	23.9	291	113.3
Operating income	1,248	13.8	1,514	16.5	△ 265	82.5
Other income	47		44		3	
Other expenses	24		53		△ 29	
Ordinary income	1,272	14.1	1,505	16.4	△ 233	84.5
Extraordinary income	-		2,222		△ 2,222	
Extraordinary expenses	0		20		△ 20	
Income before income taxes and minority interests	1,272	14.1	3,707	40.5	△ 2,435	34.3
Corporation tax, etc.	373		1,100		△ 726	33.9
(Tax burden)	29.3%		29.7%			
Minority interests	0		0		0	
Net income	898	9.9	2,606	28.5	△ 1,708	34.5

EPS (total shares)

¥27.50

¥79.76

EPS (minus treasury shares)

¥28.89

¥83.28

Number of shares outstanding

32,682,310

32,682,310

Average number of shares

31,106,952

31,304,012

outstanding (after deducting treasury

Second Quarter

¥ millions, rounded down

	Sept. 2018 Plan		Sept. 2017 Results		Year-on-Year Comparison	
	Amount	% of total	Amount	% of total	Amount	%
Net sales	10,076	100.0	9,267	100.0	808	108.7
Cost of Sales	5,799	57.6	5,720	61.7	79	101.4
Gross profit	4,276	42.4	3,547	38.3	728	120.6
SG&A expenses	2,664	26.4	2,231	24.1	433	119.4
Operating income	1,611	16.0	1,315	14.2	295	122.5
Other income	42		58		△ 16	
Other expenses	△ 24		4		△ 28	
Ordinary income	1,677	16.7	1,369	14.8	308	122.5
Extraordinary income	-		1		△ 1	
Extraordinary expenses	△ 0		0		△ 0	
Income before income taxes and minority interests	1,677	16.7	1,371	14.8	306	122.3
Corporation tax, etc.	496		392		104	
(Tax burden)	29.6%		28.6%			
Minority interests	△ 0		0		△ 0	
Net income	1,181	11.7	979	10.6	201	120.6

First Half

¥ millions, rounded down

	Sept. 2018 Interim Plan		Sept. 2017 Results		Year-on-Year Comparison		Sept. 2018 Initial Plan		Initial Plan Comparison	
	Amount	% of total	Amount	% of total	Amount	%	Amount	% of total	Amount	%
Net sales	19,130	100.0	18,427	100.0	702	103.8	19,130	100.0	-	100.0
Cost of Sales	11,120	58.1	11,173	60.6	△ 53	99.5	11,120	58.1	-	100.0
Gross profit	8,010	41.9	7,254	39.4	755	110.4	8,010	41.9	-	100.0
SG&A expenses	5,150	26.9	4,425	24.0	724	116.4	5,150	26.9	-	100.0
Operating income	2,860	15.0	2,829	15.4	30	101.1	2,860	15.0	-	100.0
Other income	90		103		△ 13		90		-	
Other expenses	-		57		△ 57		-		-	
Ordinary income	2,950	15.4	2,875	15.6	74	102.6	2,950	15.4	-	100.0
Extraordinary income	-		2,224		△ 2,224		-		-	
Extraordinary expenses	-		20		△ 20		-		-	
Income before income taxes and minority interests	2,950	15.4	5,078	27.6	△ 2,128	58.1	2,950	15.4	-	100.0
Corporation tax, etc.	870		1,492		△ 622		870		-	
(Tax burden)	29.5%		29.4%				29.5%		-	
Minority interests	-		0		△ 0		-		-	
Net income	2,080	10.9	3,586	19.5	△ 1,506	58.0	2,080	10.9	-	100.0

EPS (total shares)

¥63.64

¥109.73

-

¥63.64

EPS (minus treasury shares)

¥67.42

¥114.55

¥67.42

Number of shares outstanding

32,682,310

32,682,310

32,682,310

Average number of shares

30,849,758

31,307,630

30,849,758

outstanding (after deducting treasury

Fiscal 2018 Sales Results and Plan by Product Line (Consolidated)

First Quarter

¥ millions, rounded down

	June 2018 1st Quarter Results		June 2017 1st Quarter Results		Year-on-Year Comparison	
	Amount	% of total	Amount	% of total	Amount	%
Sterilization products	842	9.3%	888	9.7%	△ 46	94.8%
Surgical products	7,947	87.8%	7,998	87.3%	△ 50	99.4%
Treatment products	49	0.5%	48	0.5%	0	102.1%
Others	214	2.4%	224	2.5%	△ 9	95.7%
Total	9,053	100.0%	9,159	100.0%	△ 105	98.8%

Itemized surgical products

Non-woven products	2,248	24.8%	2,312	25.2%	△ 64	97.2%
Other non-woven product	311	3.4%	334	3.7%	△ 22	93.3%
Kit products	5,339	59.0%	5,299	57.9%	39	100.7%
Steel instruments	48	0.5%	52	0.6%	△ 3	93.4%

Itemized external sales by subsidiary

Non-woven products	69		52		17	
Others	21		21		△ 0	

Second Quarter

¥ millions, rounded down

	Sept. 2018 Plan		Sept. 2017 Results		Year-on-Year Comparison	
	Amount	% of total	Amount	% of total	Amount	%
Sterilization products	913	9.1%	900	9.7%	13	101.5%
Surgical products	8,872	88.1%	8,096	87.4%	775	109.6%
Treatment products	49	0.5%	48	0.5%	1	103.1%
Others	240	2.4%	222	2.4%	17	107.9%
Total	10,076	100.0%	9,267	100.0%	808	108.7%

Itemized surgical products

Non-woven products	2,271	22.5%	2,298	24.8%	△ 26	98.8%
Other non-woven product	328	3.3%	326	3.5%	1	100.4%
Kit products	6,150	61.0%	5,408	58.4%	741	113.7%
Steel instruments	121	1.2%	61	0.7%	59	195.9%

Itemized external sales by subsidiary

Non-woven products	80		49		30	
Others	28		17		11	

First Half

¥ millions, rounded down

	Sept. 2018 Interim Plan		Sept. 2017 Results		Year-on-Year Comparison		Sept. 2018 Initial Plan		Initial Plan Comparison	
	Amount	% of total	Amount	% of total	Amount	%	Amount	% of total	Amount	%
Sterilization products	1,755	9.2%	1,789	9.7%	△ 33	98.1%	1,755	9.2%	-	100.0%
Surgical products	16,820	87.9%	16,094	87.3%	725	104.5%	16,820	87.9%	-	100.0%
Treatment products	99	0.5%	96	0.5%	2	102.6%	99	0.5%	-	100.0%
Others	455	2.4%	447	2.4%	7	101.7%	455	2.4%	-	100.0%
Total	19,130	100.0%	18,427	100.0%	702	103.8%	19,130	100.0%	-	100.0%

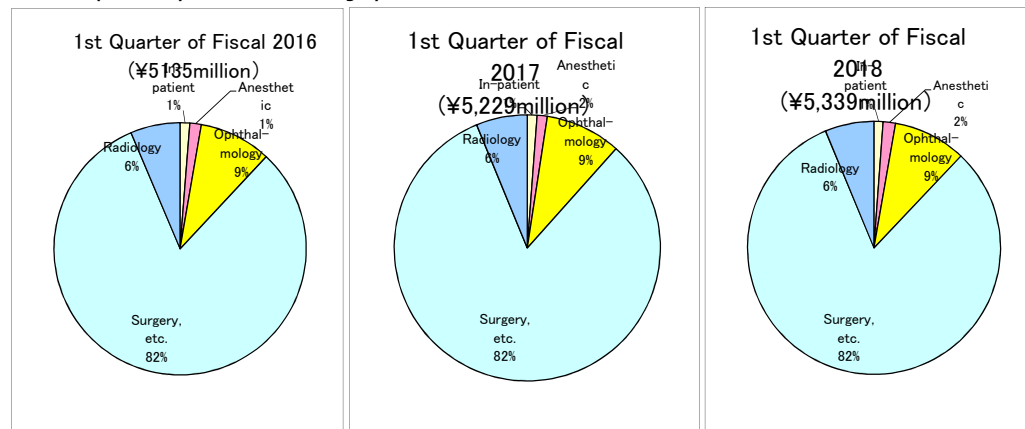
Itemized surgical products

Non-woven products	4,520	23.6%	4,610	25.0%	△ 90	98.0%	4,520	23.6%	-	100.0%
Other non-woven product	640	3.3%	661	3.6%	△ 21	96.8%	640	3.3%	-	100.0%
Kit products	11,490	60.1%	10,708	58.1%	781	107.3%	11,490	60.1%	-	100.0%
Steel instruments	170	0.9%	114	0.6%	55	149.0%	170	0.9%	-	100.0%

Itemized external sales by subsidiary

Non-woven products	150		101		48		150		-	
Others	50		38		11		50		-	

Sales Composition by Kit Treatment Category



SG&A and Other Income / Expenses (Actual and Forecast, Consolidated)

SG&A Expenses

¥ millions, rounded down

	June 2018 1st Quarter Results	June 2017 1st Quarter Results	Year-on-Year Comparison
Packaging and transportation	258	235	23
Samples	230	98	131
Advertising	11	26	△ 15
Personnel	973	874	98
Travel	153	135	17
Communication	34	35	△ 0
Consumables	22	26	△ 3
Taxes and public charges	82	84	△ 1
Depreciation	224	229	△ 5
Testing and research	138	93	44
Land and housing rent	107	107	0
Miscellaneous	96	72	23
Others	152	173	△ 21
Total	2,485	2,193	291

Other Income/Expenses

¥ millions, rounded down

	June 2018 1st Quarter Results	June 2017 1st Quarter Results	Year-on-Year Comparison
Interest received	9	6	3
Dividend received	29	26	3
(Total financial earnings)	38	32	6
Foreign exchange gain	-	2	△ 2
Miscellaneous income	9	9	△ 0
Total Other income	47	44	3
Foreign exchange loss	10	-	10
Miscellaneous losses	13	53	△ 39
Total non-operating expenses	24	53	△ 29

Major Changes on Balance Sheets / Statements of Cash Flows (Consolidated)

Major Changes on Balance Sheets

¥ millions, rounded down

	Balance at June 30, 2018	Change		Balance at June 30, 2018	Change
Current assets	39,915	△ 2,534	Current liabilities	7,286	△ 1,110
Cash and bank deposits	18,284	△ 2,990	Notes and accounts payable	4,925	△ 83
Notes and accounts receivable	12,218	101	Accrued expenses	241	51
Short-term investments	-	-	Long-term loans due within 1 year	-	-
Inventories	8,838	134	Income taxes	387	△ 547
Others	574	219	Allowance for employees' bonuses	170	△ 202
			Payable notes for equipment	237	△ 209
			Reserve for disaster loss	-	-
			Others	1,324	△ 120
Fixed assets	63,611	△ 92	Long-term liabilities	3,845	152
Property, plant and equipment			Others	399	-
Property, plant and equipment	46,750	△ 1,141	Others	3,445	152
Buildings and structures	22,945	△ 327	Total liabilities	11,131	△ 958
Machinery, equipment and vehicles	12,454	△ 638	Total net assets	92,395	△ 1,668
Land	9,591	△ 26	Common stock	7,123	-
Construction in progress	793	△ 103	Capital surplus	8,336	-
Others	964	△ 44	Retained earnings	76,091	411
Intangibles	2,960	△ 4	Treasury stock	△ 6,017	△ 2,257
Investments and others	13,901	1,053	Others	6,862	178
Investments securities	12,036	488			
Others	1,864	564			
Total assets	103,527	△ 2,626	Total liabilities and shareholders' equity	103,527	△ 2,626

* Comparison with end of previous fiscal year:

Equity ratio increased from 88.6% at the end of the previous fiscal year to 89.2%.

Statements of Cash Flows

¥ millions, rounded down

I Operating activities	873	Income before income taxes and minority interests	1,272
		Depreciation expenses	1,346
		Income taxes paid	△ 881
II Investing activities	△ 1,026	Purchase of tangible fixed assets	△ 323
		Purchase of investment securities	△ 538
III Financing activities	△ 2,740	Purchase of treasury stock	△ 2,271
		Cash dividends paid	△ 487
IV Effect of exchange rate changes	△ 96		
Net changes in cash and cash equivalents	△ 2,989		

Fiscal 2018 Statements of Income (Actual and Forecast, Non-Consolidated)

First Quarter

¥ millions, rounded down

	June 2018 1st Quarter Results		June 2017 1st Quarter Results		Year-on-Year Comparison	
	Amount	% of total	Amount	% of total	Amount	%
Net sales	8,962	100.0	9,085	100.0	△ 122	98.7
Cost of Sales	5,459	60.9	5,619	61.9	△ 159	97.2
Gross profit	3,503	39.1	3,465	38.1	37	101.1
SG&A expenses	2,463	27.5	2,172	23.9	290	113.4
Operating income	1,039	11.6	1,293	14.2	△ 253	80.4
Other income	42		48		△ 5	
Other expenses	31		59		△ 28	
Ordinary income	1,051	11.7	1,282	14.1	△ 230	82.0
Extraordinary income	-		2,222		△ 2,222	
Extraordinary expenses	0		20		△ 20	
Income before income taxes and minority interests	1,051	11.7	3,484	38.4	△ 2,432	30.2
Corporation tax, etc.	320		1,045		△ 724	
(Tax burden)	30.5%		30.0%			
Net income	730	8.2	2,438	26.8	△ 1,707	30.0

EPS (total shares)	22.36	74.61
EPS (minus treasury shares)	23.49	77.90
Number of shares outstanding	32,682,310	32,682,310
Average number of shares outstanding (after deducting treasury shares)	31,106,952	31,304,012

Second Quarter

¥ millions, rounded down

	Sept. 2018 Plan		Sept. 2017 Results		Year-on-Year Comparison	
	Amount	% of total	Amount	% of total	Amount	%
Net sales	9,967	100.0	9,201	100.0	765	108.3
Cost of Sales	6,000	60.2	5,914	64.3	85	101.4
Gross profit	3,966	39.8	3,286	35.7	680	120.7
SG&A expenses	2,636	26.5	2,211	24.0	425	119.2
Operating income	1,330	13.3	1,075	11.7	254	123.7
Other income	27		56		△ 29	
Other expenses	△ 21		7		△ 28	
Ordinary income	1,378	13.8	1,125	12.2	253	122.5
Extraordinary income	-		-		-	
Extraordinary expenses	△ 0		0		△ 0	
Income before income taxes and minority interests	1,378	13.8	1,124	12.2	253	122.6
Corporation tax, etc.	419		337		81	
(Tax burden)	30.4%		30.0%			
Net income	959	9.6	787	8.6	172	121.9

First Half

¥ millions, rounded down

	Sept. 2018 Interim Plan		Sept. 2017 Results		Year-on-Year Comparison		Sept. 2018 Initial Plan		Initial Plan Comparison	
	Amount	% of total	Amount	% of total	Amount	%	Amount	% of total	Amount	%
Net sales	18,930	100.0	18,286	100.0	643	103.5	18,930	100.0	-	100.0
Cost of Sales	11,460	60.5	11,534	63.1	△ 74	99.4	11,460	60.5	-	100.0
Gross profit	7,470	39.5	6,752	36.9	717	110.6	7,470	39.5	-	100.0
SG&A expenses	5,100	26.9	4,384	24.0	715	116.3	5,100	26.9	-	100.0
Operating income	2,370	12.5	2,368	13.0	1	100.1	2,370	12.5	-	100.0
Other income	70		105		△ 35		70		-	
Other expenses	10		66		△ 56		10		-	
Ordinary income	2,430	12.8	2,407	13.2	22	100.9	2,430	12.8	-	100.0
Extraordinary income	-		2,222		△ 2,222		-		-	
Extraordinary expenses	-		20		△ 20		-		-	
Income before income taxes and minority interests	2,430	12.8	4,608	25.2	△ 2,178	52.7	2,430	12.8	-	100.0
Corporation tax, etc.	740		1,383		△ 643		740		-	
(Tax burden)	30.5%		30.0%				30.0%		-	
Net income	1,690	8.9	3,225	17.6	△ 1,535	52.4	1,690	8.9	-	100.0

EPS (total shares)	51.71	98.70	51.71
EPS (minus treasury shares)	54.78	103.03	54.78
Number of shares outstanding	32,682,310	32,682,310	32,682,310
Average number of shares outstanding (after deducting treasury shares)	30,849,758	31,307,630	30,849,758