

April 12, 2023

# Consolidated Financial Results for Fiscal 2022

[Japanese Standards]

Name: **Hogy Medical Co., Ltd.**  
Listing: **Prime Market, Tokyo Stock Exchange**  
Stock code number: **3593**  
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URL: **https://www.hogy.co.jp**  
Representative: **Junichi Hoki, President and CEO**  
Contact: **Hideki Kawakubo, Director, Administration Div.**  
Annual Meeting of Shareholders: **June 20, 2023**  
Date of issue of Financial Report: **June 20, 2023**  
Preparation of supplementary materials for financial results: **Yes**  
Information meeting for financial results to be held: **Yes**  
Start of cash dividend payments: **May 31, 2023**

## 1. Financial results for fiscal 2022 (April 1, 2022–March 31, 2023)

### (1) Results of operations

(Millions of yen, except per share data, rounded down; percentage figures denote year-on-year change)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
		(% change from previous year)		(% change)		(% change)		(% change)
Fiscal 2022	¥38,981	+6.0%	¥6,634	+8.1%	¥6,653	+5.8%	¥4,316	-1.2%
Fiscal 2021	36,778	+0.8%	6,135	+8.9%	6,285	+5.0%	4,370	-11.9%

Note: Comprehensive income

Fiscal 2022: ¥5,380 million (up 14.5%)

Fiscal 2021: ¥4,699 million (up 6.3%)

	Profit per share (Yen)	Profit per share (fully diluted) (Yen)	ROE (%)	Ordinary income/ Total assets (%)	Operating income/ Net sales (%)
Fiscal 2022	¥177.95	—	5.3%	6.6%	17.0%
Fiscal 2021	153.00	—	5.0%	6.1%	16.7%

Reference: Gain/loss on investments based on equity method

Fiscal 2022: ¥—million

Fiscal 2021: ¥—million

## (2) Financial position (year-end)

(Millions of yen, except per share data, rounded down)

	Total assets	Net assets	Equity ratio	Net assets per share (Yen)
Fiscal 2022	¥102,180	¥83,678	81.8%	¥3,446.71
Fiscal 2021	98,967	79,996	80.8%	3,296.32

Reference: Equity capital at year-end

Fiscal 2022: ¥83,606 million

Fiscal 2021: ¥79,959 million

## (3) Cash flows

(Millions of yen, rounded down)

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of year
Fiscal 2022	¥9,176	¥-1,951	¥-3,142	¥18,351
Fiscal 2021	8,501	-3,812	-11,049	13,820

## 2. Cash dividends

	Cash dividends per share (Yen)					Total dividends paid (full year) (Millions of yen)	Payout ratio (consolidated)	Dividends paid/ Net assets (consolidated) (%)
	1st quarter	2nd quarter	3rd quarter	Year-end	Full year			
Fiscal 2021	¥17.00	¥17.00	¥17.00	¥17.00	¥68.00	¥1,895	44.4%	2.1%
Fiscal 2022	17.50	17.50	18.00	18.00	71.00	1,722	39.9%	2.1%
Fiscal 2023 (est.)	20.00	20.00	20.00	20.00	80.00		56.6%	

## 3. Forecast for fiscal 2023 (April 1, 2023–March 31, 2024)

(Millions of yen, except per share data, rounded down; percentage figures denote year-on-year change)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		Profit per share
	Amount	% change	Amount	% change	Amount	% change	Amount	% change	Amount
First 2 quarters	¥20,160	+5.0%	¥2,460	-22.8%	¥2,560	-19.1%	¥1,820	-18.5%	¥ 75.03
Full year	40,890	+4.9%	4,720	-28.9%	4,900	-26.4%	3,430	-20.5%	141.40

## 4. Notes

- (1) Important changes in scope of consolidation during period (changes to specified subsidiaries accompanying changes in scope of consolidation): No
- (2) Changes in accounting policies; changes in accounting estimates; restatements  
 (1) Changes in accounting policies due to amendment of accounting standards: Yes  
 (2) Other changes in accounting policies: No  
 (3) Changes in accounting estimates: No  
 (4) Restatements: No
- (3) Shares outstanding (common stock) at year-end  
 1. Number of shares outstanding (including treasury stock)  
     Fiscal 2022: 32,682,310  
     Fiscal 2021: 32,682,310  
 2. Number of treasury shares outstanding  
     Fiscal 2022: 8,425,347  
     Fiscal 2021: 8,425,207  
 3. Average number of shares over period  
     Fiscal 2022: 24,257,024  
     Fiscal 2021: 28,563,593

## (Reference) Summary of Non-Consolidated Financial Results

### 1. Financial results for fiscal 2022 (April 1, 2022–March 31, 2023)

#### (1) Results of operations

(Millions of yen, except per share data, rounded down; percentage figures denote year-on-year change)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
		(% change)		(% change)		(% change)		(% change)
Fiscal 2022	¥38,389	+6.4%	¥6,116	+8.0%	¥6,270	+4.6%	¥4,062	-2.8%
Fiscal 2021	36,080	+0.7%	5,661	+12.2%	5,993	+8.5%	4,179	-10.5%

  

	Profit per share (Yen)	Profit per share (fully diluted) (Yen)
Fiscal 2022	¥167.48	—
Fiscal 2021	146.33	—

#### (2) Financial position

(Millions of yen, except per share data, rounded down)

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share (Yen)
Fiscal 2022	¥93,855	¥74,070	78.9%	¥3,053.56
Fiscal 2021	92,200	71,977	78.1%	2,967.27

Reference: Equity capital at year-end

Fiscal 2022: ¥74,070 million

Fiscal 2021: ¥71,977 million

## 2. Forecast for fiscal 2023 (April 1, 2023–March 31, 2024)

(Millions of yen, except per share data, rounded down; percentage figures denote year-on-year change)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		Profit per share
First 2 quarters	¥19,890	+5.2%	¥2,270	-26.5%	¥2,280	-24.5%	¥1,600	-24.1%	¥ 65.96
Full year	40,330	+5.1%	4,200	-31.3%	4,450	-29.0%	3,110	-23.4%	128.21

**\* This financial report is not subject to audits by certified public accountants or auditing companies.**

**\*Appropriate use of business forecasts; other special items**

Performance forecasts and other forward-looking statements contained in this report are based on information currently available and on certain assumptions deemed rational at the time of this report's release. Accordingly, the Company cannot make promises to achieve such forecasts. Due to various circumstances, however, actual results may differ significantly from such statements. For cautionary notes on assumptions underlying the Company's forecasts and the usage of such forecasts, please refer to "(1) Performance" on page 6.

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## 1. Performance and Financial Position

### (1) Performance

In the fiscal year under review, the global economy generally followed a recovery track as consumption and investment expanded due to progress by governments in balancing economic activities with measures to prevent the spread of COVID-19. By contrast, the situation remained unstable due to Russia's military invasion of Ukraine and soaring prices of crude oil and other resources.

In Japan, COVID-19 outbreaks continued to expand and contract, which had an ongoing impact on social and economic activities. In addition, fluctuations in foreign exchange rates and global inflationary trends increased upward pressure on prices, which had a significant effect on economic activities.

In the healthcare sector, the increase in COVID-19 patients had a lesser impact on surgery numbers than previously thanks to the experience and efforts of those involved, although the burden on medical institutions increased and decreased in line with the number of infected patients. On the other hand, the prices of many commodities rose due to the sharp depreciation of the yen and rising resource prices, as well as increasing electricity, transportation, and shipping costs. On the medical frontlines, moreover, manpower shortages became the norm. Meanwhile, the national government's initiatives to reorganize the functions of hospital beds as part of its Community-based Integrated Care System concept include a revision of medical service fees and the introduction of an additional fee for acute phase systems in April 2022. As a result, hospital operators continue to face a challenging situation that is highly volatile and requires urgent action.

Under these circumstances, the Hogy Medical Group aggressively developed proposals for products that contribute to medical safety and improved hospital operational efficiency and posted year-on-year sales growth as result. Growth in sales of Premium Kit, our most important strategic product, was particularly noteworthy. Premium Kit is a high-value-added offering that allows hospitals to reduce the time and effort required before, during, and after surgery while ensuring medical safety during surgery. Since its launch, this flagship product has been highly evaluated by customers and generated steady increases in sales. Sales of some other products also showed strong growth. These included high-performance masks for medical professionals, demand for which surged during periods of rising COVID-19 infections.

As a result, consolidated net sales for the year amounted to ¥38,981 million, up 6.0% from the previous year. Sales of surgical kit products rose 7.1%, to ¥24,164 million, of which Premium Kit sales climbed 12.0%, to ¥14,915 million. The cost of sales ratio rose due to soaring prices of imported materials and electricity costs caused by the weak yen, as well as write-downs of long-term product backlogs. We also posted a decline in selling, general, and administrative (SG&A) expenses due to efforts to control costs. As a result, operating income increased 8.1%, to ¥6,634 million. Ordinary income rose 5.8%, to ¥6,653 million, partly due to the termination of subsidy income from Ushiku City related to our new surgical kit factory. In addition, we posted an extraordinary loss of ¥464 million due to impairment loss on assets. Accordingly, profit attributable to owners of parent edged down 1.2%, to ¥4,316 million.

### (Outlook)

Looking ahead, consumer confidence is on a recovery trend, with COVID-19 scheduled to be moved to category 5 of the infectious disease classification in May 2023. Nevertheless, we expect business conditions to remain challenging due to the unstable global situation, soaring prices of resources and raw materials, and high prices of materials procured from overseas due to exchange rate fluctuations.

In Japan, the government is making steady progress in its effort to realize its Community-based Integrated Care System, which includes the reorganization of hospital bed functions, and medical institutions are under

pressure to respond to this effort. Meanwhile, the turnover rate of healthcare workers remains particularly high, and work-style reforms triggered by the regulation of overtime work for doctors, scheduled to start in 2024, are just around the corner. Also, there are calls to review the scope of work for medical professionals, including through work-style reforms and task shifts for doctors, as well as to improve workplaces. In addition, there is an urgent need to balance medical safety with increased productivity of in-hospital operations.

Under these circumstances, the Hogy Medical Group will continue striving to reduce expenses by cutting costs and improving productivity while providing a stable and continuous supply of products that help maximize customer value. Meanwhile, we expect medical institutions to accelerate their functional differentiation and collaboration efforts aimed at realizing the Community-based Integrated Care System. Due to the task-shift initiative, moreover, nurses will be expected to concentrate on more specialized work, which will increase their workloads. In addition, the turnover rate of medical personnel is projected to remain high due to increased workloads combined with the concentration of patients in specific medical institutions stemming from functional differentiation. Meanwhile, operators of advanced acute-care and acute-care hospitals, where surgeries are likely to be centralized, are facing various management issues. To address such issues, we will help alleviate labor shortages and improve productivity in various ways, including by promoting Premium Kit, which allows hospitals to dramatically reduce staff workloads.

In our overseas business, Hogy Medical Asia Pacific Pte. Ltd. (sales subsidiary in Singapore) and P.T. Hogy Medical Sales Indonesia (sales sub-subsiary in Indonesia) will actively introduce our products to key hospitals in Southeast Asian countries, especially Singapore and Indonesia.

In terms of manufacturing costs, in April 2023 we will commence Stage 2 construction of our new surgical kit plant. Our aim here is to help increase production volume and improve production efficiency for Premium Kit, demand for which is expected to grow in the future. At P.T. Hogy Indonesia (manufacturing subsidiary in Indonesia), we expect the cost of sales ratio to increase due to market conditions and increased depreciation expenses resulting from commissioning of Stage 2 of our new surgical kit plant. This is despite our efforts to reduce costs by promoting in-house production and improving productivity.

In the remanufactured single-use device (R-SUD) business, a focus of our business expansion efforts, we had received six approvals and had one application pending as of March 31, 2023.

Our consolidated forecasts for the fiscal year to March 2024 are shown below

**(Consolidated performance forecasts)**

Net sales	¥40,890 million	(up 4.9%)
Operating income	¥ 4,720 million	(down 28.9%)
Ordinary income	¥ 4,900 million	(down 26.4%)
Profit attributable to owners of parent	¥ 3,430 million	(down 20.5%)

## (2) Financial Position

### 1) Assets, Liabilities, and Net Assets

As of March 31, 2023, total assets amounted to ¥102,180 million, up ¥3,213 million from March 31, 2022.

During the period, total current assets rose ¥5,000 million, to ¥40,290 million. Factors included a ¥4,497 million increase in cash and bank deposits, a ¥272 million increase in notes receivable, and a ¥348 million increase in accounts receivable. Within fixed assets, tangibles decreased ¥1,203 million, to ¥51,555 million, reflecting a ¥954 million rise in construction in progress—due to capital investments for Stage 2 construction of

the new surgical kit plant—as well as an ¥867 million decrease in buildings and structures stemming from depreciation and a ¥1,236 million decrease in machinery and equipment stemming from depreciation. Intangibles decreased ¥716 million, to ¥819 million, mainly due to a ¥464 million impairment loss on software in progress and ¥317 million in depreciation. Investments and other assets edged up ¥133 million, to ¥9,514 million, mainly due to a ¥133 million increase in investment securities stemming from acquisition and market valuation of such securities. As a result, total fixed assets ended the period at ¥61,890 million.

At fiscal year-end, total liabilities amounted to ¥18,502 million, down ¥468 million. Current liabilities increased ¥1,785 million, to ¥11,134 million, mainly reflecting a ¥476 increase in notes and accounts payable, an ¥885 million increase in equipment-related notes payable, and a ¥406 million increase in accrued consumption taxes and other. Long-term liabilities declined ¥2,254 million, to ¥7,367 million. This stemmed mainly from ¥1,999 million in repayments of long-term borrowings and a ¥381 decrease in deferred tax liabilities.

Net assets at year-end totaled ¥83,678 million, up ¥3,682 million. Main factors were ¥4,316 million in profit attributable to owners of parent, ¥1,697 million in distributions from retained earnings, and a ¥1,306 million increase in translation adjustment.

As a result, the equity ratio rose to 81.8%, up from 80.8% from March 31, 2022.

## 2) Cash Flows

Cash and cash equivalents at the end of the year stood at ¥18,351 million, up ¥4,531 million from a year earlier. This reflected cash flow factors described below.

### *(Cash Flows from Operating Activities)*

Net cash provided by operating activities amounted to ¥9,176 million, from ¥8,501 million from the previous year. Factors in this result included ¥6,189 million in income before income taxes, ¥3,617 million in depreciation, ¥464 million in impairment loss, a ¥504 million increase in notes and accounts receivable, a ¥406 million increase in accrued consumption tax payables and other, and ¥1,958 million in income taxes paid.

### *(Cash Flows from Investing Activities)*

Net cash used in investing activities totaled ¥1,951 million, from ¥3,812 million in the previous year. Main factors included ¥1,318 million in purchase of tangible fixed assets, ¥525 million in purchase of investment securities, and ¥74 million in purchase of intangible fixed assets.

### *(Cash Flows from Financing Activities)*

Net cash used in financing activities was ¥3,142 million, from ¥11,049 million in the previous year. Main factors included ¥1,999 million in repayments of long-term borrowings and ¥1,697 million in dividends paid, as well as ¥555 million in proceeds from settlement of derivatives aimed at reducing the risk of exchange rate fluctuations on foreign currency-denominated monetary obligations.

For the next fiscal year, we expect net cash provided by operating activities of around ¥9,400 million; net cash used in investing activities of around ¥1,500 million, mainly due to purchases of tangible fixed assets; and net cash used in financing activities of around ¥3,900 million, mainly influenced by repayments of long-term borrowings and payments of dividends.



### (Cash Flow Indicators)

	Fiscal 2019	Fiscal 2020	Fiscal 2021	Fiscal 2022
Equity ratio (%)	88.0	90.8	80.8	81.8
Equity ratio based on market price (%)	103.1	104.4	107.0	101.6
Debt coverage (years)	0.0	0.0	1.1	0.8
Interest coverage ratio (times)	10,224.5	3,288.3	1,292.1	311.8

Notes:

Equity ratio: Equity capital/Total assets

Equity ratio based on market price: Total stock value based on market price/Total assets

Debt coverage: Interest-bearing debt/Operating cash flow

Interest coverage ratio: Operating cash flow/Interest paid

1. Each index is calculated based on consolidated financial figures.
2. Market value of total stock is calculated by multiplying the stock price (closing price at the end of the year) by the number of shares outstanding at the end of the year.
3. Operating cash flow is calculated using net cash provided by operating activities (listed in the Consolidated Statements of Cash Flows).
4. Interest-bearing debt refers to all debt that incurs interest (listed in the Consolidated Balance Sheets). However, it does not include long-term debt stated under guidance of “Practical Solution on Transactions of Delivering the Company’s Own Stock to Employees etc. through Trusts” (ASBJ PITF No. 30, March 26, 2015). For interest paid, the amount shown in the Consolidated Statements of Cash Flows is used.

### (3) Basic Policy on Profit Distribution and Dividends for Fiscal 2022 and 2023

The Hogy Medical Group believes that enhancing shareholder returns is one of the most important ways for management to increase shareholder value. Details of how we provide shareholder returns are determined based on comprehensive consideration of our consolidated performance and other factors. Our basic policy is to pay dividends from retained earnings in a stable manner, but if, after a certain period of time, cash and cash equivalents exceed working capital and funds required for future investments, our policy is to return profits to shareholders.

For fiscal 2022, we plan to pay annual dividends of ¥71.00 per share, up ¥3.00 year on year, taking into consideration our consolidated financial position and our full-year consolidated business results. For fiscal 2023, ending March 31, 2024, we plan to pay annual dividends of ¥80.00 per share, up ¥9.00 year on year.

With regard to treasury stock, we plan to introduce a stock-based compensation plan as part of compensation for directors and will hold a certain amount of treasury stock for this purpose. If we hold any treasury stock that is not expected to be used, our policy is to cancel such stock. The introduction of a stock-based compensation plan for directors is subject to approval at the General Meeting of Shareholders scheduled for June 2023. By allowing directors to own a certain amount of the Company’s shares, we aim to incentivize them to continuously improve corporate value and further promote value-sharing with shareholders. Of total compensation for directors, we are considering a breakdown of around 50% for basic compensation, 30% for performance-linked compensation (in the form of bonuses), and 20% for performance-linked compensation (in the form of stock-based compensation).

## 2. Basic Approach to Selection of Accounting Standards

To allow reliable year-on-year and company-to-company comparisons, the Hogy Medical Group’s policy for the time being is to prepare its consolidated financial statements according to Japanese accounting standards.

With respect to application of IFRS, our policy is to respond appropriately based on consideration of various domestic and overseas circumstances.

### 3. Consolidated Financial Statements

#### (1) Balance Sheets

(Millions of yen, rounded down)

	Fiscal 2021 (At March 31, 2022)	Fiscal 2022 (At March 31, 2023)
<b>ASSETS</b>		
Current assets		
Cash and bank deposits	¥ 14,364	¥18,862
Notes receivable	6,066	6,339
Accounts receivable	5,274	5,623
Goods and merchandise	4,272	3,927
Products in progress	428	448
Materials and supplies	4,110	4,492
Other	773	598
Allowance for doubtful accounts	-0	-0
<b>Total current assets</b>	<b>35,290</b>	<b>40,290</b>
Fixed assets		
Tangibles		
Buildings and structures	47,131	47,942
Accumulated depreciation	-25,553	-27,232
<b>Buildings and structures (net)</b>	<b>21,578</b>	<b>20,710</b>
Machinery and vehicles	44,445	45,320
Accumulated depreciation	-38,372	-40,483
<b>Machinery and vehicles (net)</b>	<b>6,073</b>	<b>4,836</b>
Land	9,625	9,695
Construction in progress	14,775	15,730
Other	5,781	5,861
Accumulated depreciation	-5,075	-5,278
<b>Other (net)</b>	<b>706</b>	<b>582</b>
<b>Total tangibles</b>	<b>52,759</b>	<b>51,555</b>
Intangibles		
Software	672	439
Software in progress	742	262
Telephone subscription rights	13	13
Other	106	103
<b>Total intangibles</b>	<b>1,536</b>	<b>819</b>
Investments and other assets		
Investment securities	8,105	8,239
Guaranty deposit	388	388
Deferred income taxes	204	210
Other	689	683
Allowance for doubtful accounts	-7	-7
<b>Total investments and other assets</b>	<b>9,381</b>	<b>9,514</b>
<b>Total fixed assets</b>	<b>63,676</b>	<b>61,890</b>
<b>Total assets</b>	<b>98,967</b>	<b>102,180</b>

(Millions of yen, rounded down)

	Fiscal 2021 (At March 31, 2022)	Fiscal 2022 (At March 31, 2023)
<b>LIABILITIES</b>		
Current liabilities		
Notes and accounts payable	¥ 4,336	¥ 4,813
Long-term debt due within one year	1,999	1,999
Accrued income tax	980	1,214
Reserve for employees' bonuses	398	428
Reserve for directors' bonuses	80	80
Equipment-related notes payable	337	1,223
Payables	628	350
Other current liabilities	587	1,025
<b>Total current liabilities</b>	<b>9,348</b>	<b>11,134</b>
Long-term liabilities		
Long-term borrowings	7,667	5,668
Deferred income taxes	927	546
Liability related to employees' retirement benefits	478	424
Long-term payables	32	32
Other long-term liabilities	516	695
<b>Total long-term liabilities</b>	<b>9,622</b>	<b>7,367</b>
<b>Total liabilities</b>	<b>18,970</b>	<b>18,502</b>
<b>NET ASSETS</b>		
Shareholders' equity		
Common stock	7,123	7,123
Capital surplus	8,336	8,270
Retained earnings	88,523	91,142
Treasury stock	-27,561	-27,561
<b>Total shareholders' equity</b>	<b>76,422</b>	<b>78,974</b>
Valuation/translation gains or losses		
Net unrealized gain or loss on securities	2,831	2,719
Deferred hedging gain or loss	261	102
Translation adjustment	608	1,914
Cumulative adjustment related to employees' retirement benefits	-164	-104
<b>Total valuation/translation gains or losses</b>	<b>3,536</b>	<b>4,632</b>
Non-controlling interests	37	72
<b>Total net assets</b>	<b>79,996</b>	<b>83,678</b>
<b>Total liabilities and net assets</b>	<b>¥98,967</b>	<b>102,180</b>

## (2) Statements of Income and Statements of Comprehensive Income

### (Statements of Income)

(Millions of yen, rounded down)

	Fiscal 2021 (April 1, 2021– March 31, 2022)	Fiscal 2022 (April 1, 2022– March 31, 2023)
<b>Net sales</b>	¥36,778	¥38,981
<b>Cost of sales</b>	21,361	23,241
<b>Gross profit</b>	15,416	15,740
<b>Selling, general, and administrative expenses</b>	9,281	9,105
<b>Operating income</b>	6,135	6,634
<b>Other income</b>		
Interest income	39	106
Dividend income	45	49
Foreign exchange gain	—	0
Subsidy income	207	—
Insurance money received	73	1
Rental income	—	68
Other	40	34
Total other income	406	261
<b>Other expenses</b>		
Interest expense	6	29
Foreign exchange loss	43	—
Loss on investment partnership	90	141
Treasury stock acquisition cost	112	—
Cost of rental income	—	71
Other	3	0
Total other expenses	255	242
<b>Ordinary income</b>	6,285	6,653
<b>Extraordinary income</b>		
Gain on sales of fixed assets	1	—
Total extraordinary income	1	—
<b>Extraordinary expenses</b>		
Loss on disposal of fixed assets	1	0
Impairment loss	—	464
Total extraordinary expenses	1	464
<b>Income before income taxes</b>	6,286	6,189
<b>Income taxes</b>	1,952	2,176
<b>Income tax adjustment</b>	–0	–272
<b>Total income taxes</b>	1,951	1,904
<b>Profit</b>	4,334	4,285
<b>Profit attributable to non-controlling interests</b>	–35	–31
<b>Profit attributable to owners of parent</b>	4,370	4,316

**(Statements of Comprehensive Income)**

(Millions of yen, rounded down)

	Fiscal 2021 (April 1, 2021– March 31, 2022)	Fiscal 2022 (April 1, 2022– March 31, 2023)
<b>Profit</b>	¥4,334	¥4,285
<b>Other comprehensive income</b>		
Net unrealized gain or loss on securities	–508	–112
Deferred hedging gain or loss	–1	–158
Translation adjustment	935	1,306
Adjustment related to employees’ retirement benefits	–60	60
Total other comprehensive income	364	1,095
<b>Comprehensive income</b>	4,699	5,380
(Breakdown)		
Comprehensive income attributable owners of parent	4,734	5,411
Comprehensive income attributable to non-controlling interests	–35	–31

### (3) Statements of Changes in Shareholders' Equity

Fiscal 2021 (April 1, 2021–March 31, 2022)

(Millions of yen, rounded down)

	Shareholders' equity				Total shareholders' equity
	Common stock	Capital surplus	Retained earnings	Treasury stock	
Balance at beginning of the term	¥7,123	¥8,336	¥86,149	¥-8,902	¥92,706
Changes during term in review					
Distribution of retained earnings			-1,995		-1,995
Profit attributable to owners of parent			4,370		4,370
Purchase of treasury stock				-18,773	-18,773
Disposal of treasury stock				114	114
Changes in parent company's interest in transactions with non-controlling shareholders		0			0
Changes during term not related to shareholders' equity (net)					
Total changes during term	—	0	2,374	-18,658	-16,284
Balance at end of term	¥7,123	¥8,336	¥88,523	¥-27,561	¥76,422

	Valuation and translation adjustments						
	Net unrealized gain or loss on securities	Deferred hedging gain or loss	Translation adjustment	Cumulative adjustment related to employees' retirement benefits	Total valuation and translation adjustments	Non-controlling interests	Total net assets
Balance at beginning of the term	¥3,340	¥262	¥-326	¥-104	¥3,172	¥73	¥95,951
Changes during term in review							
Distribution of retained earnings							-1,995
Profit attributable to owners of parent							4,370
Purchase of treasury stock							-18,773
Disposal of treasury stock							114
Changes in parent company's interest in transactions with non-controlling shareholders							0
Changes during term not related to shareholders' equity (net)	-508	-1	935	-60	364	-36	328
Total changes during term	-508	-1	935	-60	364	-36	-15,955
Balance at end of term	¥2,831	¥261	¥608	¥-164	¥3,536	¥37	¥79,996

Fiscal 2022 (April 1, 2022–March 31, 2023)

(Millions of yen, rounded down)

	Shareholders' equity					Total shareholders' equity	
	Common stock	Capital surplus	Retained earnings	Treasury stock			
Balance at beginning of the term	¥7,123	¥8,336	¥88,523	¥-27,561		¥76,422	
Changes during term in review							
Distribution of retained earnings			-1,697			-1,697	
Profit attributable to owners of parent			4,316			4,316	
Purchase of treasury stock				-0		-0	
Disposal of treasury stock		-0		0		0	
Transfer from retained earnings to capital surplus		0	-0			—	
Changes in parent company's interest in transactions with non-controlling shareholders		-65				-65	
Changes during term not related to shareholders' equity (net)							
Total changes during term	—	-65	2,618	-0		2,552	
Balance at end of term	¥7,123	¥8,270	¥91,142	¥-27,561		¥78,974	
	Valuation and translation adjustments						
	Net unrealized gain or loss on securities	Deferred hedging gain or loss	Translation adjustment	Cumulative adjustment related to employees' retirement benefits	Total valuation and translation adjustments	Non-controlling interests	Total net assets
Balance at beginning of the term	¥2,831	¥261	¥608	¥-164	¥3,536	¥37	¥79,996
Changes during term in review							
Distribution of retained earnings							-1,697
Profit attributable to owners of parent							4,316
Purchase of treasury stock							-0
Disposal of treasury stock							0
Transfer from retained earnings to capital surplus							—
Changes in parent company's interest in transactions with non-controlling shareholders							-65
Changes during term not related to shareholders' equity (net)	-112	-158	1,306	60	1,095	34	1,129
Total changes during term	-112	-158	1,306	60	1,095	34	3,682
Balance at end of term	¥2,719	¥102	¥1,914	¥-104	¥4,632	¥72	¥83,678

#### (4) Statements of Cash Flows

(Millions of yen, rounded down)

	Fiscal 2021 (April 1, 2021– March 31, 2022)	Fiscal 2022 (April 1, 2022– March 31, 2023)
Operating activities		
Income before income taxes	¥ 6,286	¥ 6,189
Depreciation	4,115	3,617
Increase (decrease) in liability related to employees' retirement benefits	–83	–107
Increase (decrease) in allowance for doubtful accounts	0	0
Interest and dividend income	–84	–156
Interest expense	6	29
Loss (gain) on investment partnership	90	141
Foreign exchange gain	49	22
Loss (gain) on sales of tangible fixed assets	–1	—
Loss (gain) on disposal of tangible fixed assets	1	0
Impairment loss	—	464
Changes in assets and liabilities:		
Notes and accounts receivable	160	–504
Inventories	212	314
Notes and accounts payable	–337	396
Accrued consumption tax payables and other	0	406
Other current assets	67	–57
Other current liabilities	–60	126
Other investments and others	124	42
Other long-term liabilities	38	19
Other	–70	91
Subtotal	10,514	11,036
Interest and dividends received	83	127
Interest paid	–6	–29
Incomes taxes paid	–2,089	–1,958
Net cash provided by operating activities	8,501	9,176



(Millions of yen, rounded down)

	Fiscal 2021 (April 1, 2021– March 31, 2022)	Fiscal 2022 (April 1, 2022– March 31, 2023)
<b>Investing activities</b>		
Increase in time deposits	¥ -25	¥ -60
Proceeds from withdrawals from time deposits	141	107
Purchase of investment securities	-946	-525
Purchase of tangible fixed assets	-3,048	-1,318
Proceeds from sales of tangible fixed assets	2	—
Purchase of intangible fixed assets	-153	-74
Proceeds from distribution from investment partnership	11	90
Expenditures by loans receivable	-0	-0
Collection of loans receivable	0	0
Proceeds from maturity of insurance funds	271	—
Increase (decrease) in other investments	-65	-170
Net cash used in investing activities	-3,812	-1,951
<b>Financing activities</b>		
Proceeds from long-term borrowings	10,000	—
Repayment of long-term borrowings	-398	-1,999
Proceeds from sale of treasury stock	117	0
Purchase of treasury stock	-18,773	-0
Cash dividends paid	-1,995	-1,697
Proceeds from settlement of derivatives	—	555
Other	-0	—
Net cash used in financing activities	-11,049	-3,142
Effect of exchange rate changes on cash and cash equivalents	269	448
Net change in cash and cash equivalents	-6,091	4,531
Cash and cash equivalents at beginning of year	19,911	13,820
Cash and cash equivalents at end of year	13,820	18,351

## (5) Notes on Consolidated Financial Statements (Note Related to Ongoing Concern Assumption)

Not applicable.

### (Changes in Accounting Policy)

(Application of “Implementation Guidance on Accounting Standard for Fair Value Measurement”)

The Company has applied the “Implementation Guidance on Accounting Standard for Fair Value Measurement” (ASBJ Guidance No. 31, June 17, 2021; hereinafter referred to as “Guidance on Accounting Standard for Fair Value Measurement”) from the first quarter of fiscal 2022. In accordance with the transitional treatment prescribed in Paragraph 27–2 of the “Guidance on Accounting Standard for Fair Value Measurement,” the Company has decided to apply the new accounting policies set forth by the “Guidance on Accounting Standard for Fair Value Measurement” into the future. These changes had no impact on the Company’s consolidated financial statements.

### (Segment Information)

The Company and its consolidated subsidiaries are engaged in the manufacture and sales of medical-use consumables and in peripheral activities, which together are regarded as a single business. Accordingly, there are no classified segments for disclosure purposes.

### (Per-Share Information)

	Fiscal 2021 (April 1, 2021–March 31, 2022)	Fiscal 2022 (April 1, 2022–March 31, 2023)
Net assets per share	¥3,296.32	¥3,446.71
Profit per share	¥153.00	¥177.95

Notes: 1. Diluted profit per share is not shown because there are no diluted shares outstanding.

2. The basis for calculating profit per share is shown below.

	Fiscal 2021 (April 1, 2021–March 31, 2022)	Fiscal 2022 (April 1, 2022–March 31, 2023)
Profit per share		
Profit attributable to owners of parent (¥ millions)	4,370	4,316
Profit attributable to owners of parent related to common stock (¥ millions)	4,370	4,316
Average number of shares during the period (shares)	28,563,593	24,257,024

3. Company shares held by the Hogy Medical Employee Stock Ownership Plan are included in treasury stock, which is deducted from the average number of shares during the period when calculating profit per share.

The average number of shares in treasury stock deducted when calculating profit per share was 12,068 shares in fiscal 2021 and zero shares in fiscal 2022.

### (Subsequent Event)

#### (Cancellation of Treasury Stock)

At its meeting held on April 12, 2023, the Board of Directors resolved to cancel treasury stock in accordance with Article 178 of the Companies Act. Details are shown below.

1. Type of shares to be cancelled: Common stock of the Company
2. Total number of shares to be cancelled: 7,425,347 shares (22.7% of total shares issued and outstanding before cancellation)
3. Total number of shares issued and outstanding after cancellation: 25,256,963 shares
4. Scheduled date of cancellation: April 21, 2023