



OPERATING

Overview of Medium-Term Business Plan

Tireless challenge aimed at dramatic progress

Achieve continued earnings growth

- ✓ Reinforce Operamaster Strategy and kit product sales
- ✓ Prepare and launch new products
- ✓ Strengthen promotion of joint development with hospitals
- ✓ Emphasize in-house manufacturing of parts/materials
- ✓ Design factories based on long-term perspectives

Development theme for next-generation core products

- ✓ Develop products that ensure "hospital safety," "Minimally invasive," "efficient hospital management," and "at-home care and prevention" based on concept of "products that contribute to the medical front lines."

Make competitive products

- ✓ Further increase added value of Operamaster
- ✓ Modify product designs to enhance added value
- ✓ Establish manufacturing facilities to ensure safe products and stable supplies
- ✓ Enhance efficiency through automation of new kit factory

Reinforce in-house systems

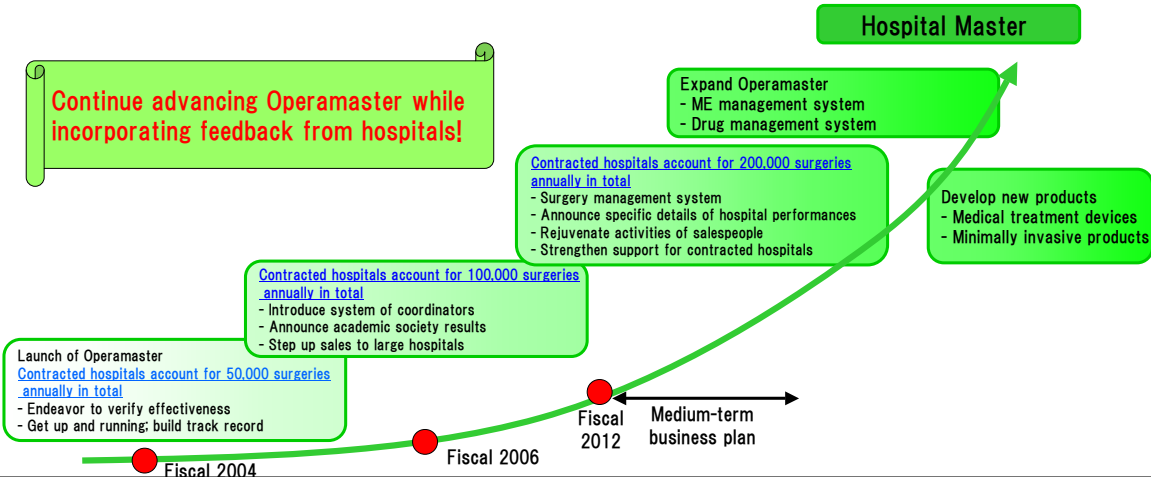
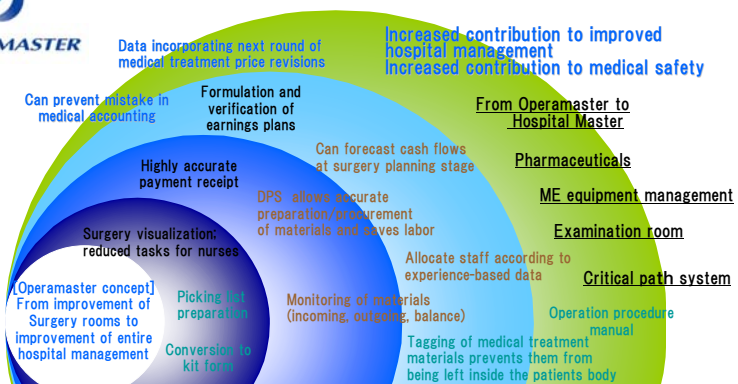
- ✓ Further strengthen internal control system and compliance to earn the trust of stakeholders
- ✓ Continue fostering human resources

Market Environment



	Fiscal 2012	Fiscal 2013	Fiscal 2014	Fiscal 2015
External conditions	<ul style="list-style-type: none"> · Increase in medical remuneration: +0.004% · Configuration of DCP hospitals 	<ul style="list-style-type: none"> · Amendments to Medical Care Act and Pharmaceutical Affairs Act 	<ul style="list-style-type: none"> · Revision in medical remuneration · Increase in consumption tax rate 5→8% 	<ul style="list-style-type: none"> · Increase in consumption tax rate 8→10%
Market conditions	<ul style="list-style-type: none"> Concentration of surgical procedures (clarification of hospitals for acute patients) Increasing shift from outpatient procedures to Minimally invasive procedures Low-price competition from other companies 			
Our responses	<ul style="list-style-type: none"> 1,000-kit strategy Reinforce follow-up for contracted hospitals (promote surgery management system) Establish new products sales support team Develop products jointly with hospitals 			
Factory	<ul style="list-style-type: none"> · IC Tracer 	<ul style="list-style-type: none"> · ME equipment management · Kit materials 	<ul style="list-style-type: none"> · Drug management system 	<ul style="list-style-type: none"> · Kit materials
			<ul style="list-style-type: none"> · Completion of buildings 	<ul style="list-style-type: none"> · Gradual commissioning of new factory

Hogy Medical's Responses and Future Strategies



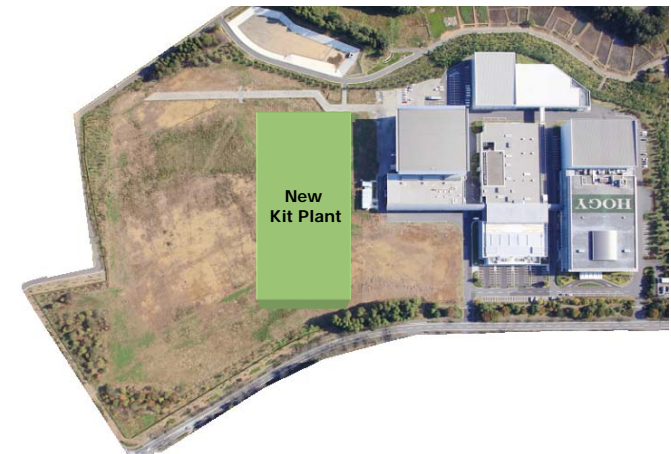
New factory plan

Capital expenditure concepts

Make competitive products

Improve productivity to reduce costs

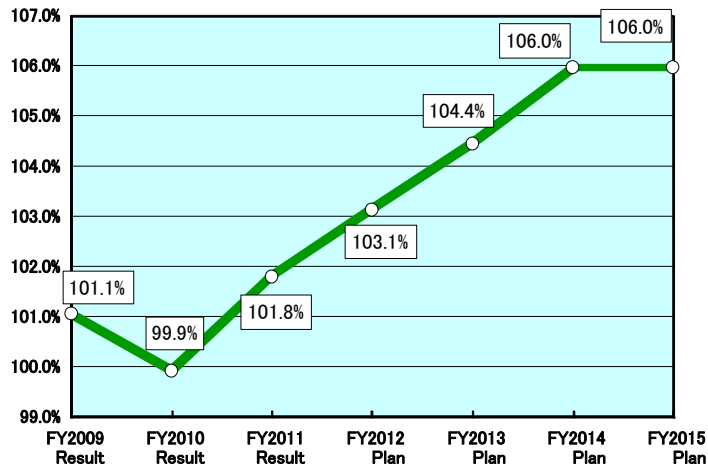
- Make high-value-added products
- Use automation to enhance efficiency and reduce costs for future
- Address expansion of production volume through increase in production lines
- Maintain high operating efficiency through segmented expansion of facilities
- Deploy production management system to reduce need for indirect labor
- Emphasize in-house manufacturing of parts/materials



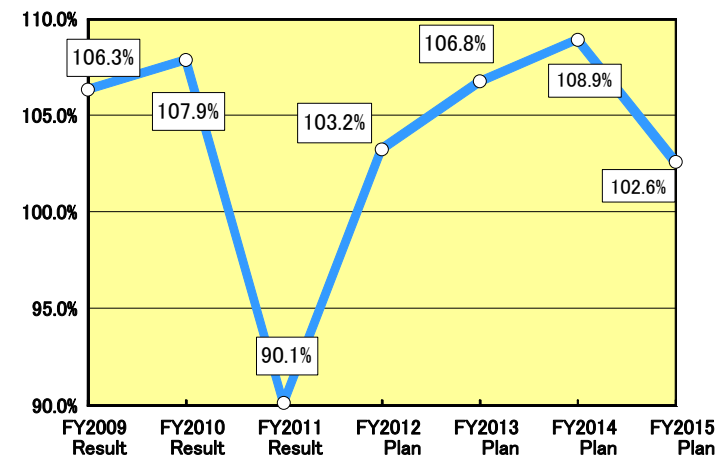
Medium-Term Business Plan: Income Statements

(Unit: million yen, rounded down)	Fiscal 2012 Plans	Fiscal 2013 Plans	Fiscal 2014 Plans	Fiscal 2015 Plans
Net sales	32,870	34,330	36,380	38,550
Operating income	8,000	8,540	9,300	9,540
Ordinary income	8,060	8,620	9,380	9,620
Net income	5,043	5,395	5,870	6,020
EPS (minus treasury shares)	320.60yen	342.95yen	373.19yen	382.74yen
Total depreciation and amortization	3,135	3,000	3,130	3,870

Net Sales Growth Rate



Operating Income Growth Rate



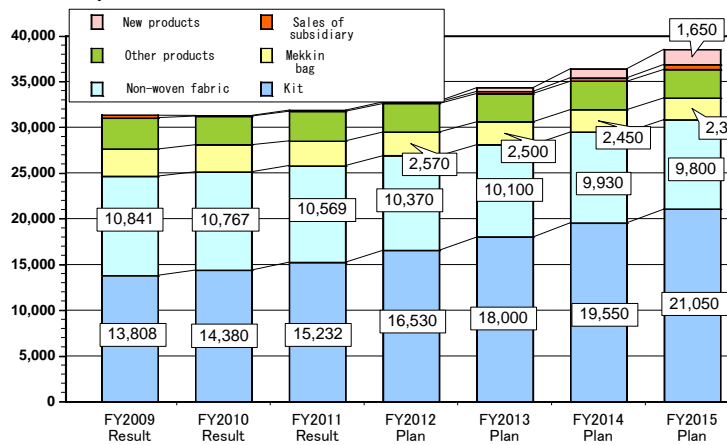


OPERATION

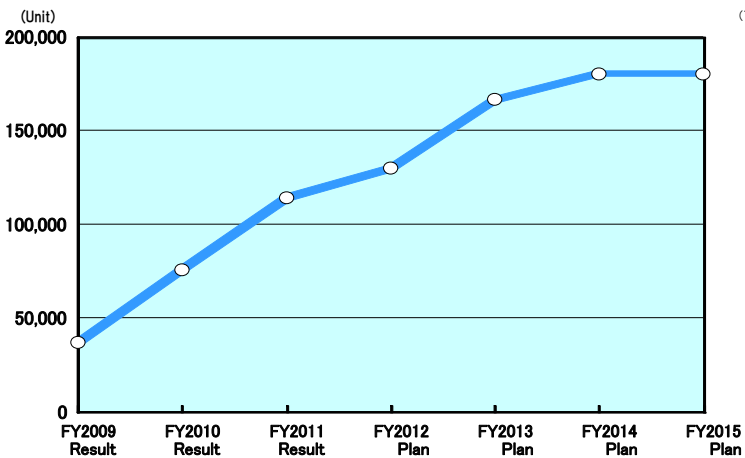
Medium-Term Business Plan

Sales by Major Products

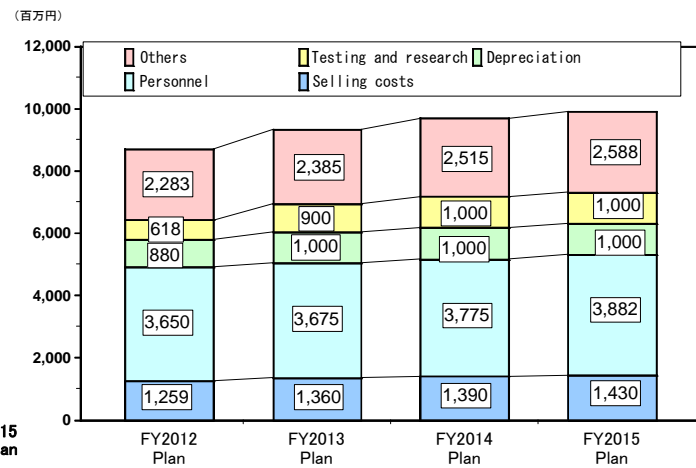
(Unit: million yen, rounded down)



Kit sales figures increase and decrease



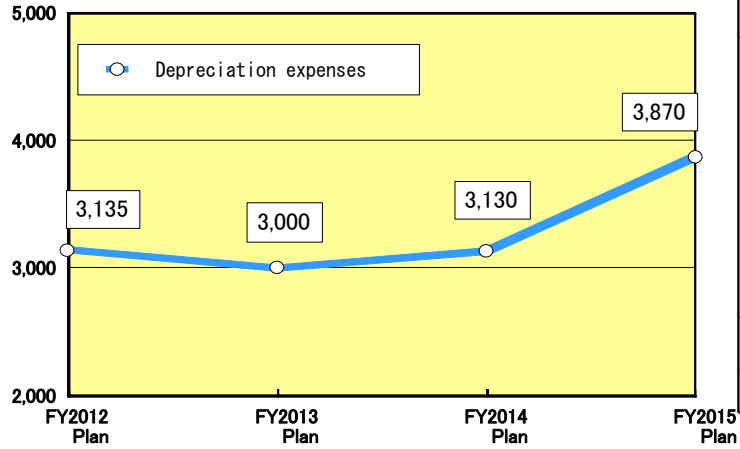
SG&A Expenses Plan



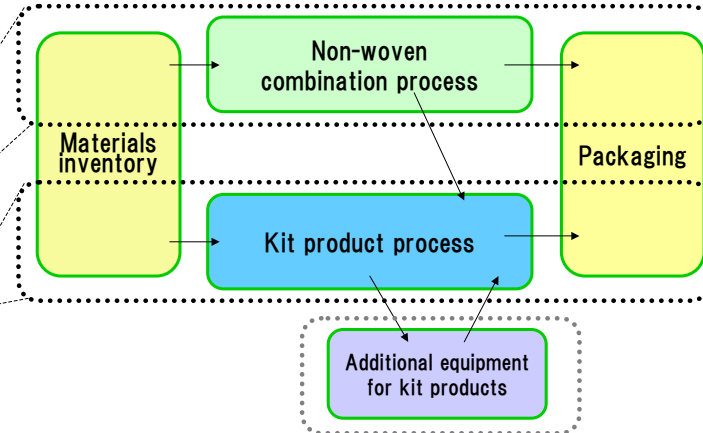
Capital Expenditure Plan



(Unit: million yen, rounded down)

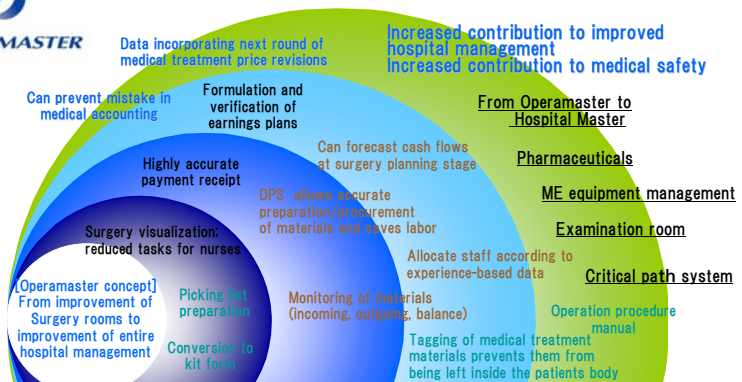


	Fiscal 2012	Fiscal 2013	Fiscal 2014	Fiscal 2015
Equipment		Factory CPU: ¥1.5 billion Buildings: ¥6.9 billion Incorporation of non-woven combinations: ¥5.6 billion Incorporation of kit products: 6.7 billion		
Capital expenditure	2,000	8,330	8,830	5,230
Depreciation	3,135	3,000	3,130	3,870





New Product Concepts



New products for drug departments

Improve business efficiency for medical practitioners

The role of hospital pharmacists will become more and more important as medical treatment becomes more advanced, thus raising the need for greater efficiency and labor savings in conventional procedures.



Develop a system that automates drug selection, return, and inventory management

ME equipment management

- ✓ Is the purchased equipment being used effectively?
- ✓ I don't know where the ME equipment is kept in the spacious surgery room, and I can't tell whether or not it is in use.
- ✓ Maintenance is not being performed regularly



Product that enables real-time monitoring of usage status of ME equipment in hospitals