



July 16, 2013

Financial Report First Quarter of Fiscal 2013

(April 1 – June 30, 2013)

Jun-ichi Hoki, President and CEO

HOGY MEDICAL Co., Ltd.

Notice Regarding Forward-Looking Statements

This presentation contains statements about the Company's plans, forecasts, strategies, and beliefs related to its future performance. Such forward-looking statements were prepared based on judgments of the Company's management according to information available when this presentation was prepared. Readers are asked not to rely completely on performance forecasts contained herein, and understand that actual results may differ from such forecasts.

Financial results reported herein have not been audited.



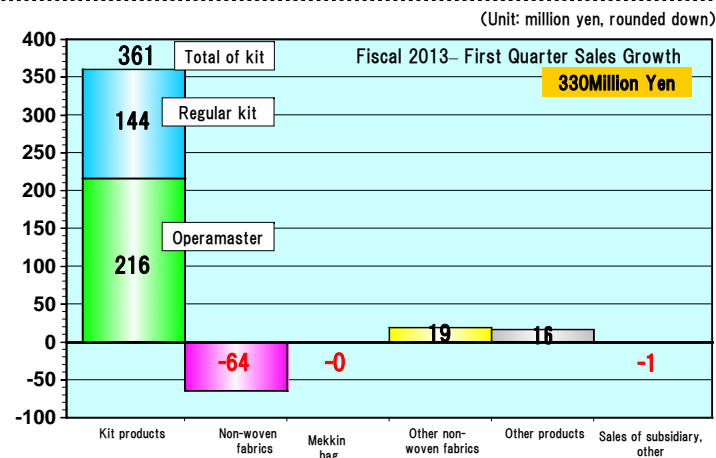
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Overview

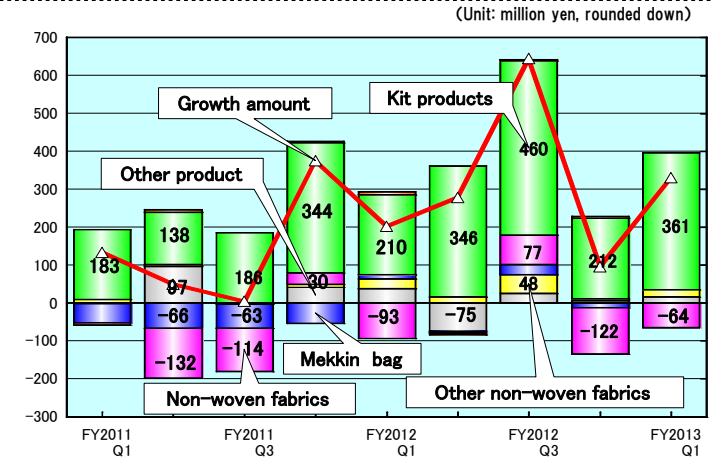
Fiscal 2013 – First Quarter Income Statements

| (Unit: million yen, rounded down) | Fiscal 2012 First Quarter Results | | Fiscal 2013 First Quarter Results | | Year-on-Year Comparison | |
|-----------------------------------|-----------------------------------|------------|-----------------------------------|------------|-------------------------|--------|
| | Amount | % of Total | Amount | % of Total | Amount | % |
| Net sales | 8,040 | | 8,371 | | 330 | 104.1% |
| Operating income | 2,018 | 25.1% | 2,099 | 25.1% | 81 | 104.0% |
| Ordinary income | 2,018 | 25.1% | 2,194 | 26.2% | 175 | 108.7% |
| Net income | 1,264 | 15.7% | 1,375 | 16.4% | 111 | 108.8% |
| EPS | 80.36yen | | 87.47yen | | | |

Fiscal 2013 – First Quarter Sales Growth by Major Products



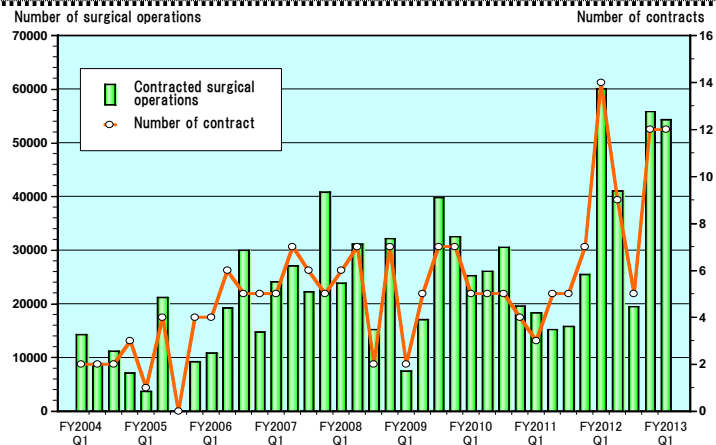
Fiscal 2013 – First Quarter Sales Growth by Quarter



Fiscal 2013 – First Quarter Income Statements

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Number of Operamaster Contracts; Number of Surgical Operations



* Number of contracted hospitals is current as of the end of the first quarter of Fiscal 2013.

Fiscal 2013 – First Quarter Main Point

- Number of Operamaster-contracted hospitals continued at healthy pace: 12 new contracts and 2 cancellations during period
- Various strategies from previous fiscal year entrenched
- Decisions made to adopt surgery management system
- Cost of sales ratio up slightly
 - Temporary decline in efficiency while production is transferred to Tsukuba Plant
 - Foreign exchange loss due to weakening yen

Fiscal 2013 Outlook



Fiscal 2013 Income Forecasts

Fiscal 2013 Strategies

| (Unit: million yen, rounded down) | Fiscal 2012 Results | | Fiscal 2013 Plan | | Year-on-Year Comparison | |
|-----------------------------------|---------------------|------------|------------------|------------|-------------------------|--------|
| | Amount | % of Total | Amount | % of Total | Amount | % |
| Net sales | 33,094 | | 34,760 | | 1,665 | 105.0% |
| Operating income | 8,113 | 24.5% | 8,970 | 25.8% | 856 | 110.6% |
| Ordinary income | 8,353 | 25.2% | 9,160 | 26.4% | 806 | 109.7% |
| Net income | 5,247 | 15.9% | 5,730 | 16.5% | 482 | 109.2% |
| EPS | 333.61yen | | 364.29yen | | | |

Get Operamaster up and running at contracted hospitals and raise customer satisfaction levels

- Pursuing ongoing efficiency improvements and make labor-saving proposals to Operamaster-contracted hospitals in FY2012 (qualitative and quantitative improvements)
- Strengthen proposal of surgery management system

Announce the successes at luncheon seminars

- Highlighted new successful case studies based on themes of “enhanced management” and “improved care processes”
- Conduct IC Tracer seminars

Step up proposals to hospitals not yet using kit products (implement Operamaster strategy going forward)

Sell new products and strengthen product development

- Commence sales of Tigalyer (high performance nonwovens class-4)
- Strengthen sales of Surgery management system & IC Tracer
- Plan to launch medical equipment management system in second half
- Started development of new system; market launch scheduled for current fiscal year

Implement profit enhancement strategies

- Promote in-house manufacturing

Second half: Start construction of new kit-product plant

Incentive plan for Employee Shareholding Association

Business Performance

Progress of Operamaster Marketing

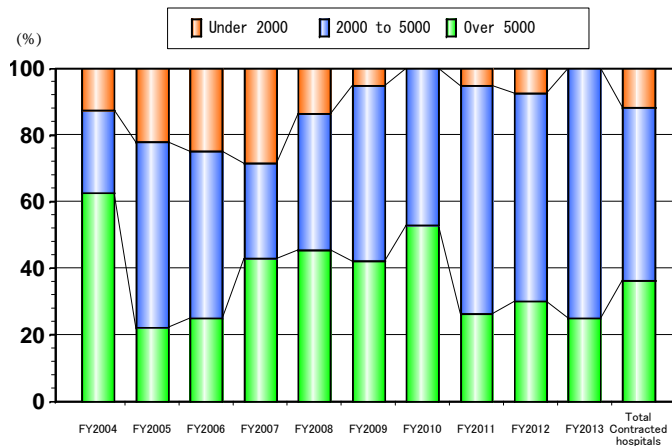
Sales : 2,627million (UP 216million or 9.0%)

12 new contacts (an increase of 54,000 operations)

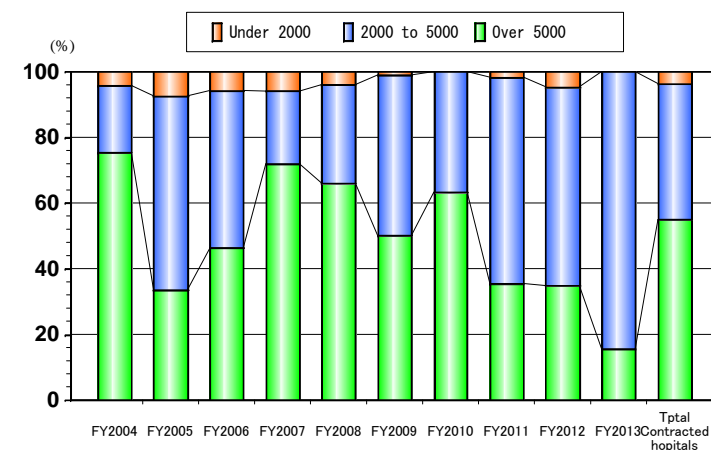
- Large hospitals: 3
 - Small and medium-sized hospitals 9
- 2 cancelled contracts (6,300 operations)

Cumulative total number of contracts: 187

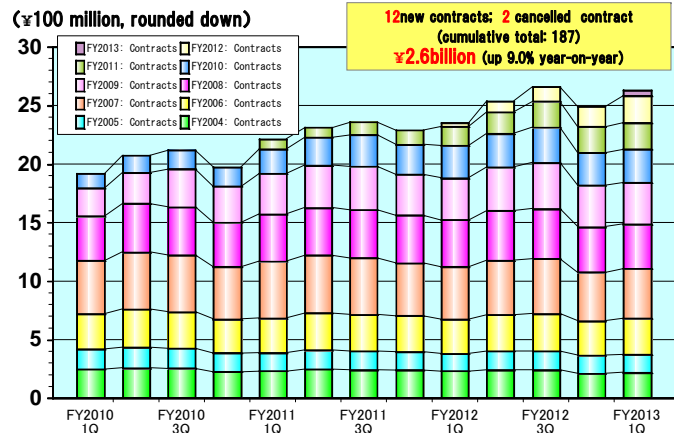
Operamaster-Contracted Hospitals: Breakdown by Size



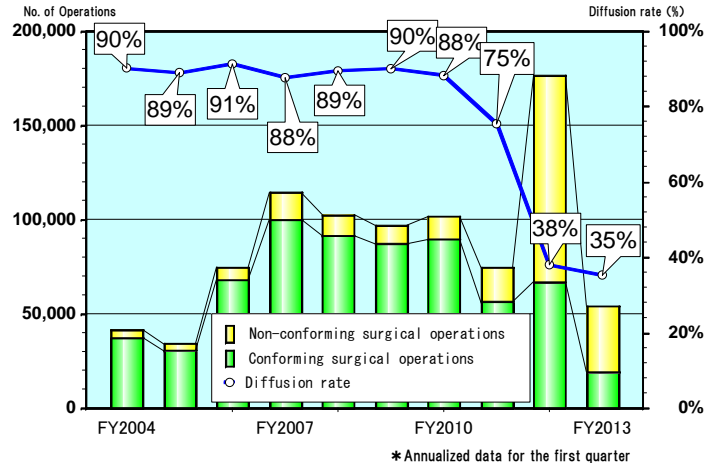
Sales Breakdown by Hospitals Size of Operamaster-Contracted Hospitals



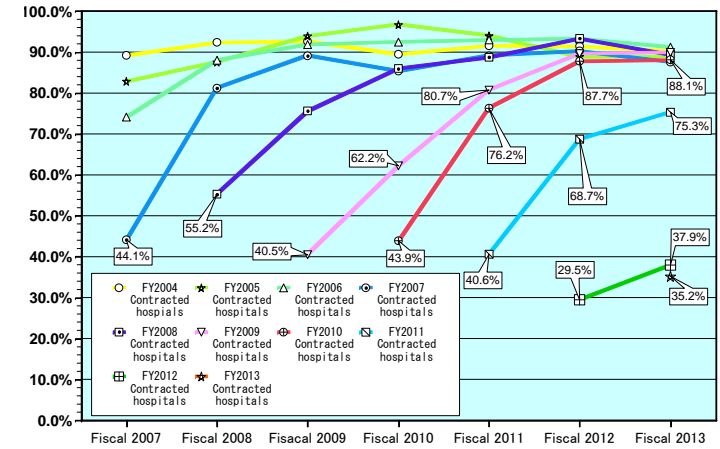
Sales of Operamaster



Operamaster-Proliferation Ratio and Number of Surgical Procedures, by Fiscal Year



Operamaster Proliferation Ratio





Fiscal 2013 – First Quarter Income Statements

Fiscal 2013 – First Quarter Analysis of Cost and SG&A Expenses

Fiscal 2013 – First Quarter Analysis of Non-Operating items, Capex, Depreciation

| (Unit: million yen, rounded down) | Fiscal 2012 First Quarter Results | | Fiscal 2013 First Quarter Results | | Year-on-Year Comparison | |
|--------------------------------------|---|---------------|---|---------------|----------------------------|--------|
| | Amount | % of Total | Amount | % of Total | Amount | % |
| Net sales | 8,040 | | 8,371 | | 330 | 104.1% |
| Cost of sales | 3,940 | 49.0% | 4,122 | 49.2% | 182 | 104.6% |
| Gross profit | 4,100 | 51.0% | 4,249 | 50.8% | 148 | 103.6% |
| SG & A expenses | 2,082 | 25.9% | 2,149 | 25.7% | 67 | 103.2% |
| Operating income | 2,018 | 25.1% | 2,099 | 25.1% | 81 | 104.0% |
| Non-operating income/loss | 0 | | 95 | | 94 | |
| Ordinary income | 2,018 | 25.1% | 2,194 | 26.2% | 175 | 108.7% |
| Extraordinary income/loss | 3 | | 0 | | △3 | |
| Net income | 1,264 | 15.7% | 1,375 | 16.4% | 111 | 108.8% |
| EPS | 80.36yen | | 87.47yen | | | |

Cost of sales ratio : UP 0.2 points year-on-year

- Increase in production volume
- Effect of weak yen on overseas transactions
- Decline in depreciation expense

SG&A expenses : UP ¥67 million year-on-year

- Depreciation expenses UP 30 million
- Personnel expenses UP 18 million

Non-operating expenses (net of non-operating income):

¥95 million (up ¥94 million year to year)

- Foreign exchange gain: ¥48 million (foreign exchange loss of ¥31 million in previous corresponding period)

Capex:

¥238 million (down ¥277 million from previous corresponding period)

Depreciation:

¥687 million (down ¥5 million from previous corresponding period)

- Cost of sales : ¥468 million (down ¥36 million)
- SG&A expenses: ¥219 million (up ¥30 million)

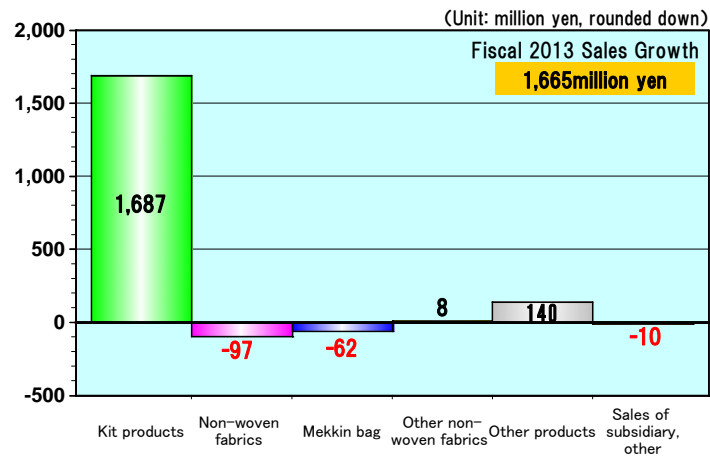


Fiscal 2013 Full-Year Projections

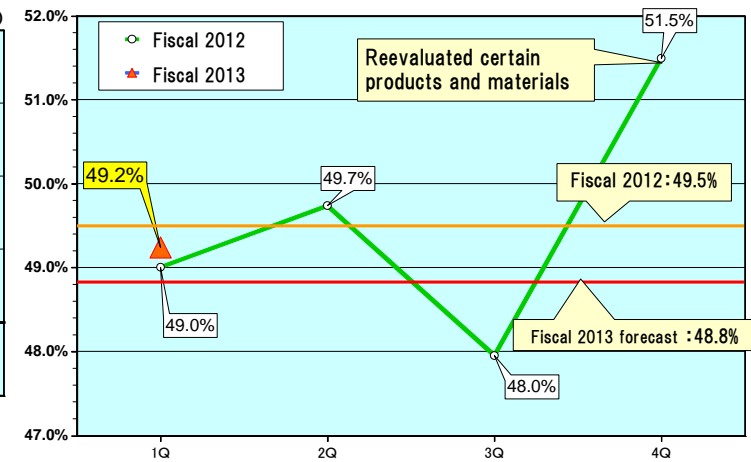
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| Net sales | 33,094 | | 34,760 | | 1,665 | 105.0% |
| Cost of sales | 16,380 | 49.5% | 16,970 | 48.8% | 589 | 103.6% |
| Gross profit | 16,713 | 50.5% | 17,790 | 51.2% | 1,076 | 106.4% |
| SG & A expenses | 8,599 | 26.0% | 8,820 | 25.4% | 220 | 102.6% |
| Operating income | 8,113 | 24.5% | 8,970 | 25.8% | 856 | 110.6% |
| Non-operating income/loss | 240 | | 190 | | △ 50 | |
| Ordinary income | 8,353 | 25.2% | 9,160 | 26.4% | 806 | 109.7% |
| Extraordinary income/loss | △ 0 | | △ 4 | | △ 4 | |
| Net income | 5,247 | 15.9% | 5,730 | 16.5% | 482 | 109.2% |
| EPS | 333.61yen | | 364.29yen | | | |

Fiscal 2013 Sales Growth by Major Products



Cost of Sales Ratio





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