



First 3st Quarter of Fiscal 2016

Supplementary Materials

HOGY MEDICAL Co., Ltd.

January 19, 2017

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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 2016 Statements of Income (Consolidated)

First Half

¥ millions, rounded down

	Sept. 2016 Interim Results		Sept. 2015 Interim Results		Year-on-Year Comparison		Sept. 2016 Interim Initial Plan		Initial Plan Comparison	
	Amount	% of total	Amount	% of total	Amount	%	Amount	% of total	Amount	%
Net sales	18,310	100.0	17,652	100.0	657	103.7	18,490	100.0	△ 179	99.0
Cost of Sales	9,836	53.7	8,982	50.9	853	109.5	10,160	54.9	△ 323	96.8
Gross profit	8,474	46.3	8,669	49.1	△ 195	97.7	8,330	45.1	144	101.7
SG&A expenses	4,384	23.9	4,286	24.3	98	102.3	4,760	25.7	△ 375	92.1
Operating income	4,089	22.3	4,383	24.8	△ 294	93.3	3,570	19.3	519	114.5
Other income	115		95		20		80		35	
Other expenses	198		11		186		-		198	
Ordinary income	4,006	21.9	4,467	25.3	△ 460	89.7	3,650	19.7	356	109.8
Extraordinary income	-		4		△ 4		-		-	
Extraordinary expenses	1		0		0		-		1	
Income before income taxes and minority interests	4,005	21.9	4,471	25.3	△ 465	89.6	3,650	19.7	355	109.7
Corporation tax, etc.	1,319		1,435		△ 115		1,130		189	
(Tax burden)	32.9%		32.1%							
Minority interests	0		0		△ 0		-		0	
Net income	2,685	14.7	3,035	17.2	△ 349	88.5	2,520	13.6	165	106.6
EPS (total shares)	¥164.36		¥185.76				¥154.21			
EPS (minus treasury shares)	¥170.99		¥193.00				¥160.43			
Number of shares outstanding	16,341,155		16,341,155				#####			
Weighted-average number of shares outstanding (after deducting treasury shares)	15,708,272		15,728,655				#####			

Third Quarter

¥ millions, rounded down

	Sept. 2016 Interim Results		Sept. 2015 Interim Results		Year-on-Year Comparison	
	Amount	% of total	Amount	% of total	Amount	%
Net sales	27,792	100.0	27,055	100.0	736	102.7
Cost of Sales	15,101	54.3	13,940	51.5	1,161	108.3
Gross profit	12,690	45.7	13,114	48.5	△ 424	96.8
SG&A expenses	6,635	23.9	6,553	24.2	81	101.2
Operating income	6,055	21.8	6,561	24.3	△ 505	92.3
Other income	148		153		△ 4	
Other expenses	224		13		211	
Ordinary income	5,979	21.5	6,701	24.8	△ 722	89.2
Extraordinary income	1,024		4		1,019	
Extraordinary expenses	2		3		△ 0	
Income before income taxes and minority interests	7,000	25.2	6,702	24.8	297	104.4
Corporation tax, etc.	2,248		2,146		102	
(Tax burden)	32.1%		32.0%			
Minority interests	0		0		△ 0	
Net income	4,752	17.1	4,556	16.8	195	104.3
EPS (total shares)	¥290.80		¥278.82			
EPS (minus treasury shares)	¥302.93	29.710%	¥289.68			
Number of shares outstanding	#####		#####			
Weighted-average number of shares outstanding (after deducting treasury shares)	#####		#####			

Full Year

¥ millions, rounded down

	Fiscal 2016 Revised Plan		Fiscal 2015 Results		Year-on-Year Comparison		Fiscal 2016 Initial Plan		Initial Plan Comparison	
	Amount	% of total	Amount	% of total	Amount	%	Amount	% of total	Amount	%
Net sales	37,090	100.0	36,568	100.0	521	101.4	38,400	100.0	△ 1,310	96.6
Cost of Sales	20,470	55.2	18,984	51.9	1,485	107.8	21,960	57.2	△ 1,490	93.2
Gross profit	16,620	44.8	17,583	48.1	△ 963	94.5	16,440	42.8	180	101.1
SG&A expenses	9,100	24.5	8,799	24.1	300	103.4	9,260	24.1	△ 160	98.3
Operating income	7,520	20.3	8,784	24.0	△ 1,264	85.6	7,180	18.7	340	104.7
Other income	160		228		△ 68		110		50	
Other expenses	250		88		161		10		240	
Ordinary income	7,430	20.0	8,924	24.4	△ 1,494	83.3	7,280	19.0	150	102.1
Extraordinary income	1,020		4		1,015		-		1,020	
Extraordinary expenses	-		184		△ 184		-		-	
Income before income taxes and minority interests	8,450	22.8	8,743	23.9	△ 293	96.6	7,280	19.0	1,170	116.1
Corporation tax, etc.	2,720		2,832		△ 112		2,280		440	
(Tax burden)	32.2%		32.4%							
Minority interests	-		0		△ 0		-		-	
Net income	5,730	15.4	5,910	16.2	△ 180	96.9	5,000	13.0	730	114.6
EPS (total shares)	¥350.65		¥361.72				¥305.98			
EPS (minus treasury shares)	¥366.17		¥375.81				¥319.52			
Number of shares outstanding	16,341,155		16,341,155				#####			
Weighted-average number of shares outstanding (after deducting treasury shares)	15,648,544		15,728,557				#####			

Fiscal 2016 Sales by Product Grouping (Consolidated)

First Half

¥ millions, rounded down

	Sept. 2016 Interim Results		Sept. 2015 Interim Results		Year-on-Year Comparison		Sept. 2016 Interim Initial Plan		Initial Plan Comparison	
	Amount	% of total	Amount	% of total	Amount	%	Amount	% of total	Amount	%
Sterilization products	1,832	10.0%	1,779	10.1%	52	103.0%	1,756	9.5%	76	104.3%
Surgical products	15,941	87.1%	15,356	87.0%	585	103.8%	16,216	87.7%	△ 274	98.3%
Treatment products	102	0.6%	104	0.6%	△ 1	98.5%	101	0.6%	1	101.0%
Others	433	2.4%	412	2.3%	20	105.0%	415	2.2%	17	104.2%
Total	18,310	100.0%	17,652	100.0%	657	103.7%	18,490	100.0%	△ 179	99.0%

Itemized surgical products

Non-woven products	4,728	25.8%	4,855	27.5%	△ 126	97.4%	4,666	25.2%	62	101.3%
Other non-woven	684	3.7%	692	3.9%	△ 8	98.8%	680	3.7%	4	100.6%
Kit products	10,422	56.9%	9,763	55.3%	659	106.8%	10,550	57.1%	△ 127	98.8%
New products	106	0.6%	45	0.3%	61	235.1%	320	1.7%	△ 213	33.2%

Itemized external sales by subsidiary

Non-woven products	93		84		9		106		△ 12
Others(PT.HOGY)	35		30		4		34		1

Third Quarter

¥ millions, rounded down

	Sept. 2016 Interim Results		Sept. 2015 Interim Results		Year-on-Year Comparison	
	Amount	% of total	Amount	% of total	Amount	%
Sterilization products	2,747	9.9%	2,727	10.1%	20	100.7%
Surgical products	24,236	87.2%	23,541	87.0%	695	103.0%
Treatment products	153	0.6%	155	0.6%	△ 2	98.4%
Others	654	2.4%	630	2.3%	23	103.8%
Total	27,792	100.0%	27,055	100.0%	736	102.7%

Itemized surgical products

Non-woven products	7,144	25.7%	7,354	27.2%	△ 210	97.1%
Other non-woven	1,056	3.8%	1,063	3.9%	△ 7	99.3%
Kit products	15,880	57.1%	15,051	55.6%	829	105.5%
New products	154	0.6%	70	0.3%	83	217.4%

Itemized external sales by subsidiary

Non-woven products	133		131		2
Others(PT.HOGY)	54		49		5

Full Year

¥ millions, rounded down

	Fiscal 2016 Revised Plan		Fiscal 2015 Results		Year-on-Year Comparison		Fiscal 2016 Initial Plan		Initial Plan Comparison	
	Amount	% of total	Amount	% of total	Amount	%	Amount	% of total	Amount	%
Sterilization products	3,676	9.9%	3,647	10.0%	29	100.8%	3,607	9.4%	69	101.9%
Surgical products	32,330	87.2%	31,866	87.1%	463	101.5%	33,732	87.8%	△ 1,402	95.8%
Treatment products	204	0.6%	207	0.6%	△ 2	98.8%	209	0.5%	△ 4	97.9%
Others	878	2.4%	846	2.3%	31	103.8%	852	2.2%	26	103.1%
Total	37,090	100.0%	36,568	100.0%	521	101.4%	38,400	100.0%	△ 1,310	96.6%

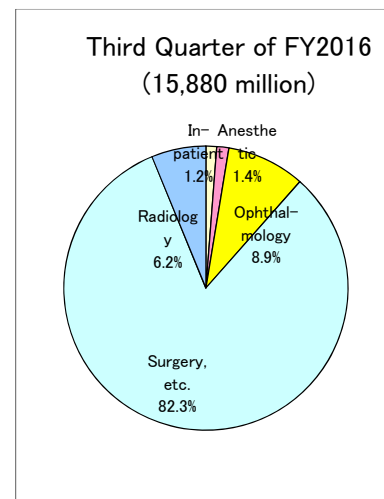
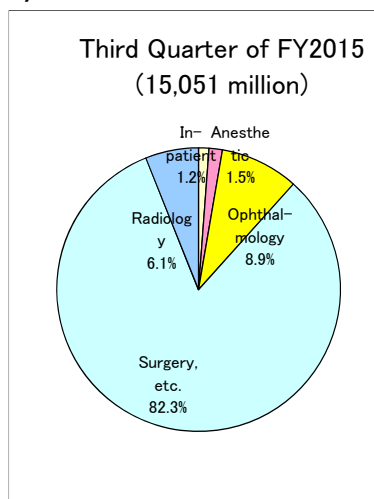
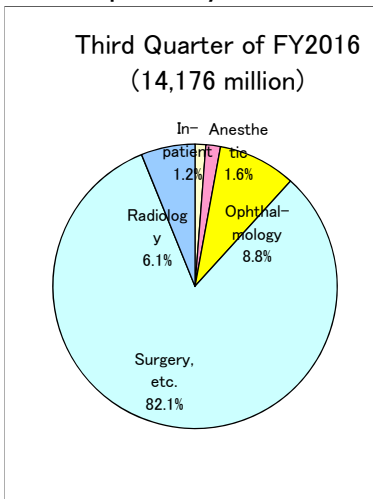
Itemized surgical products

Non-woven products	9,480	25.6%	9,728	26.6%	△ 248	97.5%	9,372	24.4%	108	101.2%
Other non-woven	1,410	3.8%	1,416	3.9%	△ 6	99.6%	1,400	3.6%	10	100.7%
Kit products	21,230	57.2%	20,259	55.4%	970	104.8%	21,860	56.9%	△ 630	97.1%
New products	210	0.6%	463	1.3%	△ 253	45.4%	1,100	2.9%	△ 890	19.1%

Itemized external sales by subsidiary

Non-woven products	220		179		40
Others(PT.HOGY)	80		68		11
					222
					68
					△ 2
					12

Sales Composition by Kit Treatment Category



Fiscal 2016 Itemized SG&A Expenses and Other Income/Expenses (Consolidated)

SG&A Expenses

¥ millions, rounded down

	Third Quarter Ended Dec. 2016 Results	Third Quarter Ended Dec. 2015 Results	Year-on-Year Comparison
Packaging and transportation	729	702	26
Losses on doubtful accounts	-	-	-
Samples	309	332	△ 23
Advertising	83	75	7
Personnel	2,642	2,651	△ 9
Travel	392	398	△ 5
Communication	111	117	△ 5
Consumables	74	70	4
Taxes and public charges	188	155	32
Depreciation	760	769	△ 8
Testing and research	320	250	69
Land and housing rent	315	327	△ 11
Miscellaneous	253	265	△ 12
Others	454	437	17
Total	6,635	6,553	81

Other Income/Expenses

¥ millions, rounded down

	Third Quarter Ended Dec. 2016 Results	Third Quarter Ended Dec. 2015 Results	Year-on-Year Comparison
Interest received	12	8	3
Interest on negotiable securities	-	-	-
Dividend received	90	73	17
(Total financial earnings)	103	82	21
Foreign exchange gain	-	-	-
Miscellaneous income	45	71	△ 25
Total Other income	148	153	△ 4
Paid interest	-	-	-
(Total financial expenses)	-	-	-
Foreign exchange loss	110	3	107
Miscellaneous losses	113	9	104
Total non-operating expenses	224	13	211

Fiscal 2016 Major Change on Balance Sheets and Statements of Cash Flows (Consolidated)

Major Change on Balance Sheets

¥ millions, rounded down

	Balance at Dec. 31, 2016	Change		Balance at Dec. 31,	Change
Current assets	33,228	△ 427	Current liabilities	7,814	△ 1,329
Cash and bank deposits	12,633	252	Notes and accounts payable	4,345	△ 634
Notes and accounts receivable	12,527	907	Accrued expenses	497	△ 238
Short-term investments	-	-	Long-term loans due within 1 year	-	-
Inventories	7,123	△ 409	Income taxes	834	△ 431
Others	943	△ 1,177	Allowance for employees' bonuses	105	△ 268
			Payable notes for equipment	764	△ 527
			Reserve for disaster loss	-	-
			Others	1,265	771
Fixed assets	66,903	595	Long-term liabilities	3,500	291
Property, plant and equipment	51,368	1,625	Long-term loans	566	566
Buildings and structures	24,706	△ 975	Others	2,934	△ 275
Machinery, equipment and vehicles	7,538	2,297	Total liabilities	11,314	△ 1,037
Land	9,571	△ 76	Total net assets	88,816	1,206
Construction in progress	8,638	137	Common stock	7,123	-
Others	912	242	Capital surplus	8,336	-
Intangibles	3,119	△ 121	Retained earnings	71,790	3,352
Investments and others	12,415	△ 907	Treasury stock	△ 3,858	△ 533
Investments securities	9,744	△ 1,416	Others	5,426	△ 1,612
Others	2,671	508			
Total assets	100,131	168	Total liabilities and shareholders' equity	100,131	168

* Comparison with end of previous fiscal year:

Equity ratio increased from 87.6% at the end of the previous fiscal year

Statements of Cash Flows

¥ millions, rounded down

I Operating activities	6,708	Income before income taxes and minority interests	7,000
		Depreciation	3,033
		decrease in notes and accounts receivable	△ 1,049
		Income taxes paid	△ 2,623
II Investing activities	△ 4,618	Capital expenditures	△ 5,197
		Proceeds from sales of investment securities	1,062
III Financing activities	△ 1,365	Disposal of treasury stock	△ 1,400
IV Effect of exchange rate changes	△ 497		
Net changes in cash and cash equivalents	226		

Fiscal 2016 Statements of Income (First 3 Quarters Results; Non-consolidated)

First Half

¥ millions, rounded down

	Sept. 2016 Interim Results		Sept. 2015 Interim Results		Year-on-Year Comparison		Sept. 2016 Interim Initial Plan		Initial Plan Comparison	
	Amount	% of total	Amount	% of total	Amount	%	Amount	% of total	Amount	%
Net sales	18,181	100.0	17,538	100.0	643	103.7	18,350	100.0	△ 168	99.1
Cost of Sales	10,216	56.2	9,334	53.2	882	109.5	10,600	57.8	△ 383	96.4
Gross profit	7,964	43.8	8,203	46.8	△ 238	97.1	7,750	42.2	214	102.8
SG&A expenses	4,352	23.9	4,251	24.2	101	102.4	4,710	25.7	△ 357	92.4
Operating income	3,612	19.9	3,952	22.5	△ 340	91.4	3,040	16.6	572	118.8
Other income	116		102		14		80		36	
Other expenses	62		9		52		-		62	
Ordinary income	3,666	20.2	4,044	23.1	△ 378	90.6	3,120	17.0	546	117.5
Extraordinary income	-		1		△ 1		-		-	
Extraordinary expenses	1		0		0		-		1	
Income before income taxes	3,665	20.2	4,045	23.1	△ 380	90.6	3,120	17.0	545	117.5
Corporation tax, etc.	1,154		1,325		△ 171		980		174	
(Tax burden)	31.5%		32.8%				0.0%			
Net income	2,511	13.8	2,720	15.5	△ 209	92.3	2,140	11.7	371	117.3
EPS (total shares)	153.66		166.46				130.96			
EPS (minus treasury shares)	159.86		172.94				136.23			
Number of shares outstanding	16,341,155		16,341,155				16,341,155			
Weighted-average number of shares outstanding (after deducting treasury shares)	15,708,272		15,728,655				15,708,272			

Third Quarter

¥ millions, rounded down

	Sept. 2016 Interim Results		Sept. 2015 Interim Results		Year-on-Year Comparison	
	Amount	% of total	Amount	% of total	Amount	%
Net sales	27,604	100.0	26,874	100.0	729	102.7
Cost of Sales	15,644	56.7	14,540	54.1	1,104	107.6
Gross profit	11,959	43.3	12,334	45.9	△ 375	97.0
SG&A expenses	6,589	23.9	6,504	24.2	85	101.3
Operating income	5,369	19.5	5,829	21.7	△ 460	92.1
Other income	146		169		△ 22	
Other expenses	87		7		80	
Ordinary income	5,428	19.7	5,991	22.3	△ 563	90.6
Extraordinary income	1,024		1		1,022	
Extraordinary expenses	2		3		△ 0	
Income before income taxes	6,449	23.4	5,990	22.3	459	107.7
Corporation tax, etc.	2,031		1,963		67	
(Tax burden)	31.5%		32.8%			
Net income	4,418	16.0	4,027	15.0	391	109.7
	270.40		246.45			
	281.68		256.05			
	16,341,155		16,341,155			
	15,687,048		15,728,610			

Full Year

¥ millions, rounded down

	Fiscal 2016 Revised Plan		Fiscal 2015 Results		Year-on-Year Comparison		Fiscal 2016 Initial Plan		Initial Plan Comparison	
	Amount	% of total	Amount	% of total	Amount	%	Amount	% of total	Amount	%
Net sales	36,790	100.0	36,320	100.0	469	101.3	38,110	100.0	△ 1,320	96.5
Cost of Sales	21,230	57.7	19,859	54.7	1,370	106.9	22,620	59.4	△ 1,390	93.9
Gross profit	15,560	42.3	16,461	45.3	△ 901	94.5	15,490	40.6	70	100.5
SG&A expenses	9,030	24.5	8,731	24.0	298	103.4	9,170	24.1	△ 140	98.5
Operating income	6,530	17.7	7,729	21.3	△ 1,199	84.5	6,320	16.6	210	103.3
Other income	240		308		△ 68		200		40	
Other expenses	90		41		48		10		80	
Ordinary income	6,680	18.2	7,997	22.0	△ 1,317	83.5	6,510	17.1	170	102.6
Extraordinary income	1,020		1		1,018		-		1,020	
Extraordinary expenses	-		184		△ 184		-		-	
Income before income taxes	7,700	20.9	7,814	21.5	△ 114	98.5	6,510	17.1	1,190	118.3
Corporation tax, etc.	2,420		2,565		△ 145		2,050		370	
(Tax burden)	31.5%		32.8%				31.5%			
Net income	5,280	14.4	5,249	14.5	30	100.6	4,460	11.7	820	118.4
EPS (total shares)	323.11		321.22				272.93			
EPS (minus treasury shares)	337.41		333.74				285.01			
Number of shares outstanding	16,341,155		16,341,155				16,341,155			
Weighted-average number of shares outstanding (after deducting treasury shares)	15,648,544		15,728,557				15,648,544			