



1st Quarter of Fiscal 2019

Supplementary Materials

HOGY MEDICAL Co., Ltd.

July 16, 2019

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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 2019 Statements of Income (Actual and Forecast, Consolidated)

First Quarter

¥ millions, rounded down

	June 2019		June 2018		Year-on-Year Comparison	
	1st Quarter Results		1st Quarter Results		Amount	%
	Amount	% of total	Amount	% of total		
Net sales	9,038	100.0	9,053	100.0	△ 15	99.8
Cost of Sales	5,243	58.0	5,320	58.8	△ 76	98.6
Gross profit	3,794	42.0	3,733	41.2	60	101.6
SG&A expenses	2,459	27.2	2,485	27.4	△ 25	99.0
Operating income	1,335	14.8	1,248	13.8	86	106.9
Other income	69		47		21	
Other expenses	3		24		△ 21	
Ordinary income	1,401	15.5	1,272	14.1	129	110.2
Extraordinary income	-		-		-	
Extraordinary expenses	0		0		0	
Income before income taxes and minority interests	1,401	15.5	1,272	14.1	129	110.1
Corporation tax, etc.	422		373		49	113.2
(Tax burden)	30.2%		29.3%			
Minority interests	△ 7		0		△ 7	
Net income	986	10.9	898	9.9	87	109.7

EPS (total shares)	¥30.17	¥27.50
EPS (minus treasury shares)	¥32.66	¥28.89
Number of shares outstanding	32,682,310	32,682,310
Average number of shares outstanding (after deducting treasury)	30,191,789	31,106,952

Second Quarter

¥ millions, rounded down

	Sept. 2019 Plan		Sept. 2018 Results		Year-on-Year Comparison	
	Amount	% of total	Amount	% of total	Amount	%
Net sales	9,661	100.0	9,184	100.0	477	105.2
Cost of Sales	5,686	58.9	5,413	58.9	273	105.0
Gross profit	3,975	41.1	3,771	41.1	204	105.4
SG&A expenses	2,830	29.3	2,579	28.1	251	109.7
Operating income	1,144	11.8	1,192	13.0	△ 47	96.0
Other income	20		75		△ 55	
Other expenses	△ 3		59		△ 62	
Ordinary income	1,168	12.1	1,208	13.2	△ 39	96.7
Extraordinary income	1,990		3,998		△ 2,008	
Extraordinary expenses	△ 0		1		△ 1	
Income before income taxes and minority interests	3,158	32.7	5,205	56.7	△ 2,046	60.7
Corporation tax, etc.	987		1,569		△ 582	
(Tax burden)	31.3%		30.2%			
Minority interests	0		0		△ 22	
Net income	2,193	22.7	3,635	39.6	△ 1,441	60.3

First Half

¥ millions, rounded down

	Sept. 2019 Interim Plan		Sept. 2018 Results		Year-on-Year Comparison		Sept. 2019 Initial Plan		Initial Plan Comparison	
	Amount	% of total	Amount	% of total	Amount	%	Amount	% of total	Amount	%
Net sales	18,700	100.0	18,238	100.0	461	102.5	18,700	100.0	-	100.0
Cost of Sales	10,930	58.4	10,733	58.8	196	101.8	10,930	58.4	-	100.0
Gross profit	7,770	41.6	7,505	41.2	264	103.5	7,770	41.6	-	100.0
SG&A expenses	5,290	28.3	5,064	27.8	225	104.5	5,290	28.3	-	100.0
Operating income	2,480	13.3	2,440	13.4	39	101.6	2,480	13.3	-	100.0
Other income	90		123		△ 33		90		-	
Other expenses	-		83		△ 83		-		-	
Ordinary income	2,570	13.7	2,480	13.6	89	103.6	2,570	13.7	-	100.0
Extraordinary income	1,990		3,998		△ 2,008		1,990		-	
Extraordinary expenses	-		1		△ 1		-		-	
Income before income taxes and minority interests	4,560	24.4	6,477	35.5	△ 1,917	70.4	4,560	24.4	-	100.0
Corporation tax, etc.	1,410		1,942		△ 532		1,410		-	
(Tax burden)	30.9%		30.0%				30.9%		-	
Minority interests	△ 30		0		△ 30		△ 30		-	
Net income	3,180	17.0	4,534	24.9	△ 1,354	70.1	3,180	17.0	-	100.0

EPS (total shares)	¥97.30	¥138.74	-	¥97.30
EPS (minus treasury shares)	¥105.31	¥147.41		¥105.31
Number of shares outstanding	32,682,310	32,682,310		32,682,310
Average number of shares outstanding (after deducting treasury)	30,195,238	30,760,964		30,195,238

Fiscal 2019 Sales Results and Plan by Product Line (Consolidated)

First Quarter

¥ millions, rounded down

	June 2019 1st Quarter Results		June 2018 1st Quarter Results		Year-on-Year Comparison	
	Amount	% of total	Amount	% of total	Amount	%
Sterilization products	854	9.5%	842	9.3%	12	101.5%
Surgical products	7,947	87.9%	7,947	87.8%	0	100.0%
Treatment products	44	0.5%	49	0.5%	△ 4	89.9%
Others	191	2.1%	214	2.4%	△ 23	89.0%
Total	9,038	100.0%	9,053	100.0%	△ 15	99.8%

Itemized surgical products

Non-woven products	2,146	23.7%	2,248	24.8%	△ 102	95.5%
Other non-woven product	292	3.2%	311	3.4%	△ 19	93.8%
Kit products	5,481	60.7%	5,339	59.0%	142	102.7%
Steel instruments	27	0.3%	48	0.5%	△ 21	56.1%

Itemized external sales by subsidiary

Non-woven products	52		69		△ 17	
Others	23		21		2	

Second Quarter

¥ millions, rounded down

	Sept. 2019 Plan		Sept. 2018 Results		Year-on-Year Comparison	
	Amount	% of total	Amount	% of total	Amount	%
Sterilization products	847	8.8%	898	9.8%	△ 50	94.3%
Surgical products	8,532	88.3%	8,024	87.4%	507	106.3%
Treatment products	50	0.5%	46	0.5%	4	109.0%
Others	231	2.4%	215	2.4%	16	107.4%
Total	9,661	100.0%	9,184	100.0%	477	105.2%

Itemized surgical products

Non-woven products	2,203	22.8%	2,219	24.2%	△ 15	99.3%
Other non-woven product	287	3.0%	308	3.4%	△ 21	93.1%
Kit products	5,918	61.3%	5,462	59.5%	455	108.3%
Steel instruments	122	1.3%	34	0.4%	88	358.7%

Itemized external sales by subsidiary

Non-woven products	87		68		18	
Others	16		18		△ 2	

First Half

¥ millions, rounded down

	Sept. 2019 Interim Plan		Sept. 2018 Results		Year-on-Year Comparison		Sept. 2019 Initial Plan		Initial Plan Comparison	
	Amount	% of total	Amount	% of total	Amount	%	Amount	% of total	Amount	%
Sterilization products	1,702	9.1%	1,740	9.5%	△ 38	97.8%	1,702	9.1%	-	100.0%
Surgical products	16,480	88.1%	15,972	87.6%	507	103.2%	16,480	88.1%	-	100.0%
Treatment products	94	0.5%	95	0.5%	△ 0	99.2%	94	0.5%	-	100.0%
Others	423	2.3%	430	2.4%	△ 7	98.3%	423	2.3%	-	100.0%
Total	18,700	100.0%	18,238	100.0%	461	102.5%	18,700	100.0%	-	100.0%

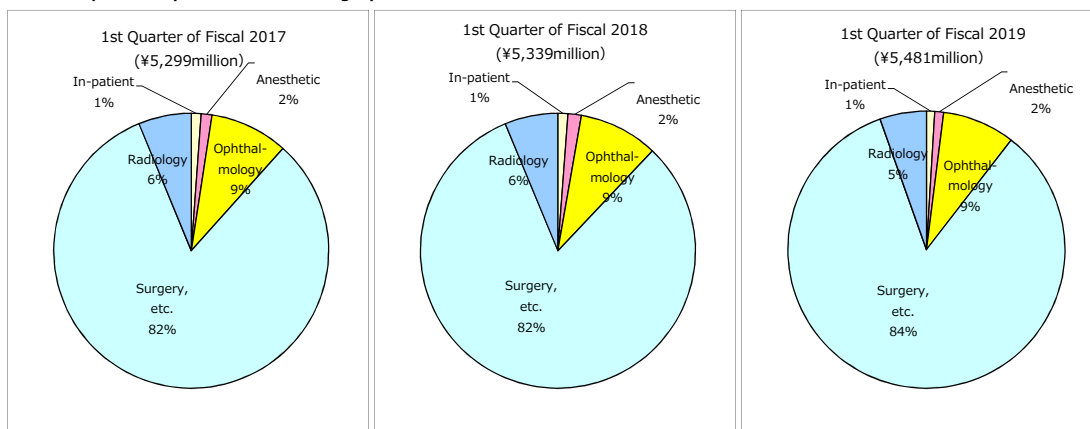
Itemized surgical products

Non-woven products	4,350	23.3%	4,467	24.5%	△ 117	97.4%	4,350	23.3%	-	100.0%
Other non-woven product	580	3.1%	620	3.4%	△ 40	93.4%	580	3.1%	-	100.0%
Kit products	11,400	61.0%	10,801	59.2%	598	105.5%	11,400	61.0%	-	100.0%
Steel instruments	150	0.8%	82	0.5%	67	180.8%	150	0.8%	-	100.0%

Itemized external sales by subsidiary

Non-woven products	140		138		1		140		-	
Others	40		40		△ 0		40		-	

Sales Composition by Kit Treatment Category



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

SG&A Expenses

¥ millions, rounded down

	June 2019 1st Quarter Results	June 2018 1st Quarter Results	Year-on-Year Comparison
Packaging and transportation	256	258	△ 2
Samples	134	230	△ 95
Advertising	8	11	△ 2
Personnel	953	973	△ 19
Travel	150	153	△ 3
Communication	33	34	△ 1
Consumables	21	22	△ 1
Taxes and public charges	81	82	△ 1
Depreciation	260	224	35
Testing and research	152	138	13
Land and housing rent	110	107	2
Miscellaneous	143	96	47
Others	154	152	2
Total	2,459	2,485	△ 25

Other Income/Expenses

¥ millions, rounded down

	June 2019 1st Quarter Results	June 2018 1st Quarter Results	Year-on-Year Comparison
Interest received	15	9	5
Dividend received	38	29	8
(Total financial earnings)	53	38	14
Foreign exchange gain	6	-	6
Miscellaneous income	10	9	1
Total Other income	69	47	21
Foreign exchange loss	-	10	△ 10
Miscellaneous losses	3	13	△ 10
Total non-operating expenses	3	24	△ 21

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

Major Changes on Balance Sheets

¥ millions, rounded down

	Balance at June 30, 2019	Change		Balance at June 30, 2019	Change
Current assets	44,936	827	Current liabilities	10,812	1,624
Cash and bank deposits	24,054	717	Notes and accounts payable	4,362	△ 222
Notes and accounts receivable	12,313	308	Accrued expenses	2,830	1,879
Short-term investments	-	-	Long-term loans due within 1 year	-	-
Inventories	7,993	△ 296	Income taxes	416	△ 978
Others	574	97	Allowance for employees' bonuses	164	△ 322
			Payable notes for equipment	1,684	331
			Reserve for disaster loss	-	-
			Others	1,353	936
Fixed assets	61,064	1,845	Long-term liabilities	2,897	163
Property, plant and equipment			Others	285	-
Property, plant and equipment	47,946	2,001	Others	2,611	163
Buildings and structures	22,610	△ 291	Total liabilities	13,709	1,787
Machinery, equipment and vehi	10,588	△ 578	Total net assets	92,290	885
Land	9,610	0	Common stock	7,123	-
Construction in progress	3,846	2,924	Capital surplus	8,336	-
Others	1,289	△ 51	Retained earnings	80,190	419
Intangibles	2,483	△ 116	Treasury stock	△ 8,645	17
Investments and others	10,634	△ 39	Others	5,286	448
Investments securities	9,445	662			
Others	1,188	△ 701			
Total assets	106,000	2,673	Total liabilities and shareholders' equity	106,000	2,673

* Comparison with end of previous fiscal year:

Equity ratio increased from 88.5% at the end of the previous fiscal year to 86.9%.

Statements of Cash Flows

¥ millions, rounded down

I Operating activities	1,767	Income before income taxes and minority interests	1,401
		Depreciation expenses	1,289
		Income taxes paid	△ 1,348
II Investing activities	△ 1,181	Purchase of tangible fixed assets	△ 1,025
		Purchase of intangible fixed assets	△ 105
III Financing activities	△ 466	Cash dividends paid	△ 484
IV Effect of exchange rate changes	13		
Net changes in cash and cash equivalents	133		

Fiscal 2019 Statements of Income (Actual and Forecast, Non-Consolidated)

First Quarter

¥ millions, rounded down

	June 2019 1st Quarter Results		June 2018 1st Quarter Results		Year-on-Year Comparison	
	Amount	% of total	Amount	% of total	Amount	%
Net sales	8,964	100.0	8,962	100.0	2	100.0
Cost of Sales	5,400	60.2	5,459	60.9	△ 59	98.9
Gross profit	3,564	39.8	3,503	39.1	61	101.8
SG&A expenses	2,404	26.8	2,463	27.5	△ 58	97.6
Operating income	1,159	12.9	1,039	11.6	120	111.5
Other income	64		42		21	
Other expenses	9		31		△ 21	
Ordinary income	1,214	13.5	1,051	11.7	163	115.5
Extraordinary income	-		-		-	
Extraordinary expenses	0		0		0	
Income before income taxes and minority interests	1,214	13.5	1,051	11.7	163	115.5
Corporation tax, etc. (Tax burden)	370 30.5%		320 30.5%		49	
Net income	843	9.4	730	8.2	113	115.5

EPS (total shares)	25.82	22.36
EPS (minus treasury shares)	27.95	23.49
Number of shares outstanding	32,682,310	32,682,310
Average number of shares outstanding (after deducting treasury shares)	30,191,789	31,106,952

Second Quarter

¥ millions, rounded down

	Sept. 2019 Plan		Sept. 2018 Results		Year-on-Year Comparison	
	Amount	% of total	Amount	% of total	Amount	%
Net sales	9,555	100.0	9,097	100.0	457	105.0
Cost of Sales	5,689	59.5	5,586	61.4	102	101.8
Gross profit	3,865	40.5	3,510	38.6	354	110.1
SG&A expenses	2,705	28.3	2,557	28.1	148	105.8
Operating income	1,160	12.1	953	10.5	206	121.7
Other income	5		59		△ 53	
Other expenses	0		70		△ 69	
Ordinary income	1,165	12.2	943	10.4	222	123.6
Extraordinary income	1,990		3,998		△ 2,008	
Extraordinary expenses	△ 0		1		△ 1	
Income before income taxes and minority interests	3,155	33.0	4,939	54.3	△ 1,784	63.9
Corporation tax, etc. (Tax burden)	959 30.4%		1,506 30.5%		△ 547	
Net income	2,196	23.0	3,433	37.7	△ 1,237	64.0

First Half

¥ millions, rounded down

	Sept. 2019 Interim Plan		Sept. 2018 Results		Year-on-Year Comparison		Sept. 2019 Initial Plan		Initial Plan Comparison	
	Amount	% of total	Amount	% of total	Amount	%	Amount	% of total	Amount	%
Net sales	18,520	100.0	18,060	100.0	459	102.5	18,520	100.0	-	100.0
Cost of Sales	11,090	59.9	11,046	61.2	43	100.4	11,090	59.9	-	100.0
Gross profit	7,430	40.1	7,013	38.8	416	105.9	7,430	40.1	-	100.0
SG&A expenses	5,110	27.6	5,020	27.8	89	101.8	5,110	27.6	-	100.0
Operating income	2,320	12.5	1,993	11.0	326	116.4	2,320	12.5	-	100.0
Other income	70		102		△ 32		70		-	
Other expenses	10		101		△ 91		10		-	
Ordinary income	2,380	12.9	1,994	11.0	385	119.3	2,380	12.9	-	100.0
Extraordinary income	1,990		3,998		△ 2,008		1,990		-	
Extraordinary expenses	-		1		△ 1		-		-	
Income before income taxes and minority interests	4,370	23.6	5,991	33.2	△ 1,621	72.9	4,370	23.6	-	100.0
Corporation tax, etc. (Tax burden)	1,330 30.4%		1,827 30.5%		△ 497		1,330		-	
Net income	3,040	16.4	4,163	23.1	△ 1,123	73.0	3,040	16.4	-	100.0

EPS (total shares)	93.02	127.41	93.02
EPS (minus treasury shares)	100.68	135.36	100.68
Number of shares outstanding	32,682,310	32,682,310	32,682,310
Average number of shares outstanding (after deducting treasury shares)	30,195,238	30,760,964	30,195,238