

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.

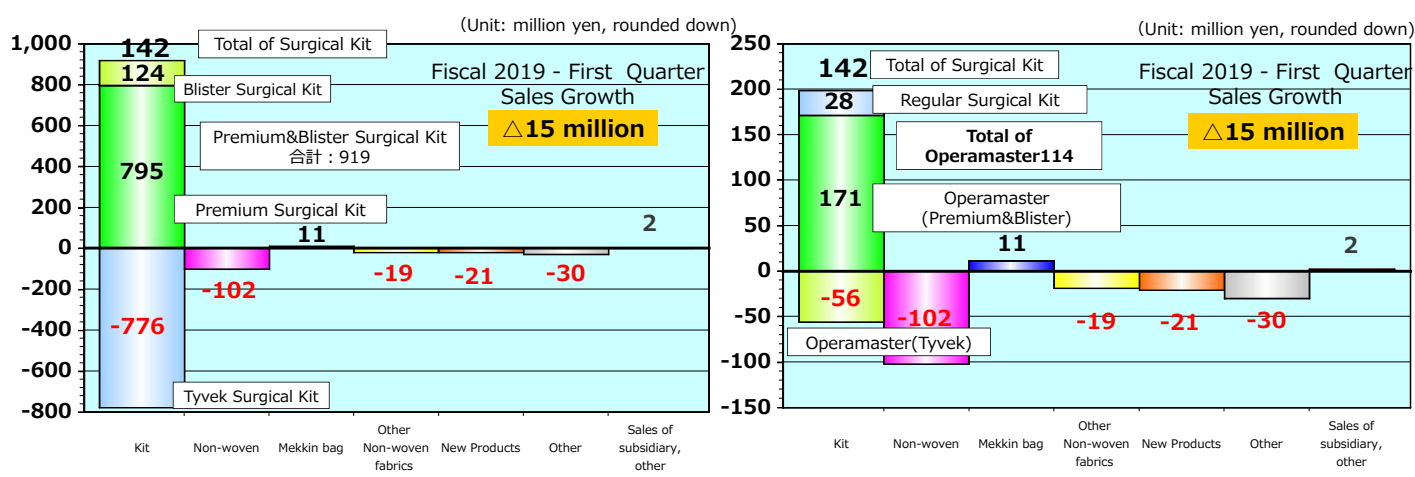
Overview



Fiscal 2019 – First Quarter Income Statements

(Unit: million yen, rounded down)	Fiscal 2018 First Quarter Results		Fiscal 2019 First Quarter Results		Year-on-Year Comparison	
	Amount	% of Total	Amount	% of Total	Amount	Rate Of Change
Net sales	9,053		9,038		△15	99.8%
Operating income	1,248	13.8%	1,335	14.8%	86	106.9%
Ordinary income	1,272	14.1%	1,401	15.5%	129	110.2%
Profit attributable to owners of parent	898	9.9%	986	10.9%	87	109.7%
EPS	28.89 yen		32.66 yen			

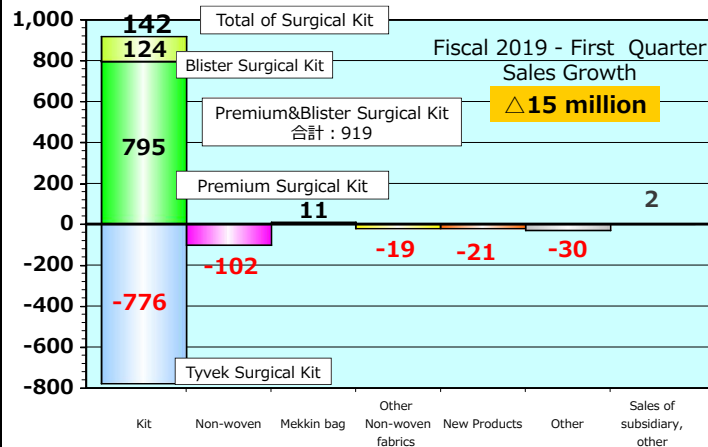
Fiscal 2019 First Quarter Sales Growth by Major Products



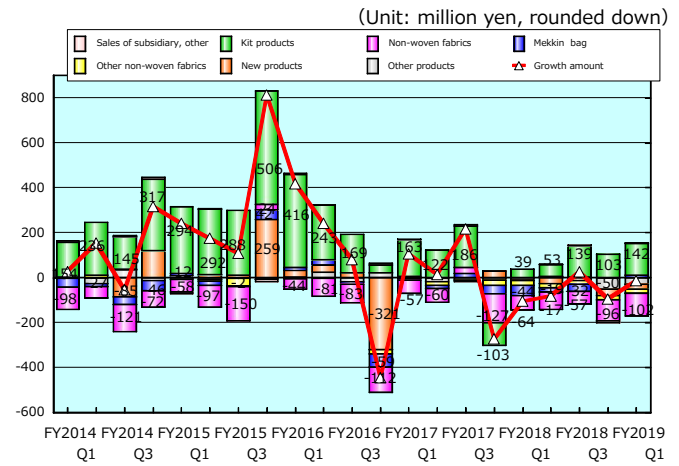
Fiscal 2019 – First Quarter Income Statements

(Unit: million yen, rounded down)	Fiscal 2018 First Quarter Results		Fiscal 2019 First Quarter Results		Year-on-Year Comparison	
	Amount	% of Total	Amount	% of Total	Amount	Rate Of Change
Net sales	9,053		9,038		△15	99.8%
Operating income	1,248	13.8%	1,335	14.8%	86	106.9%
Ordinary income	1,272	14.1%	1,401	15.5%	129	110.2%
Profit attributable to owners of parent	898	9.9%	986	10.9%	87	109.7%
EPS	28.89 yen		32.66 yen			

Fiscal 2019 First Quarter Sales Growth by Major Products



Fiscal 2019 Sales Growth by Quarter



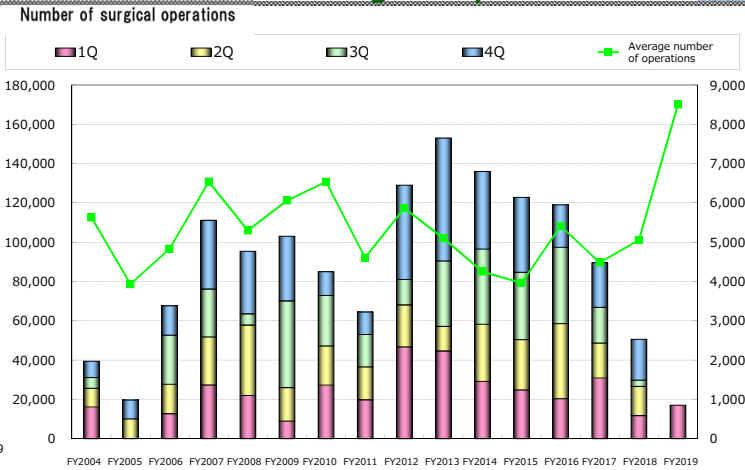
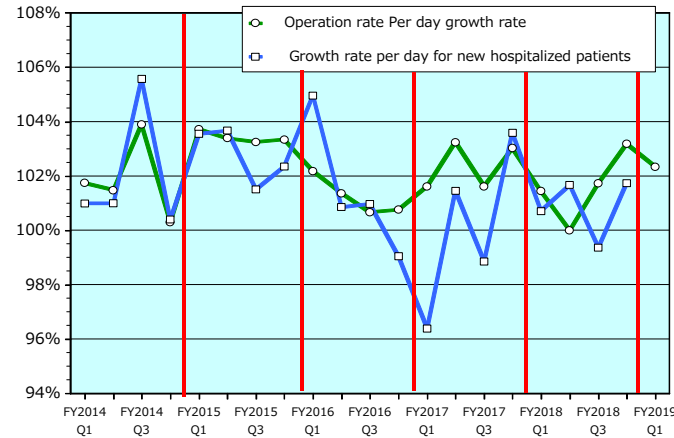
Fiscal 2019 – First Quarter Income Statements

Opera Master Hospital Increase rate of surgical cases Growth rate of new hospitalized patients / day

Number of Operamaster Contracts; Number of Surgical Operations



(Unit: million yen, rounded down)	Fiscal 2018 First Quarter Results		Fiscal 2019 First Quarter Results		Year-on-Year Comparison	
	Amount	% of Total	Amount	% of Total	Amount	Rate Of Change
Net sales	9,053		9,038		△15	99.8%
Operating income	1,248	13.8%	1,335	14.8%	86	106.9%
Ordinary income	1,272	14.1%	1,401	15.5%	129	110.2%
Profit attributable to owners of parent	898	9.9%	986	10.9%	87	109.7%
EPS	28.89 yen		32.66 yen			





Fiscal 2019 – First Quarter Income Statements

Fiscal 2019 – First Quarter Highlights

(Unit: million yen, rounded down)	Fiscal 2018 First Quarter Results		Fiscal 2019 First Quarter Results		Year-on-Year Comparison	
	Amount	% of Total	Amount	% of Total	Amount	Rate Of Change
Net sales	9,053		9,038		△15	99.8%
Operating income	1,248	13.8%	1,335	14.8%	86	106.9%
Ordinary income	1,272	14.1%	1,401	15.5%	129	110.2%
Profit attributable to owners of parent	898	9.9%	986	10.9%	87	109.7%
EPS	28.89 yen		32.66 yen			

- **Decline in revenue and increase in income**
- **Strengthening the proposals for the work style reform**
 - ✓ Distribution of the pamphlets for proposals of the work style reform and ensuring medical safety
- **Sales growth of Premium and Blister Surgical Kits**
 - ✓ FY2019 1Q 2,361 million yen (YOY : +919 million yen)
 - ✓ FY2019 1Q Surgical kit sales composition ratio :Sales amount : 43.1% Sales volume : 28.4%
- Operamaster: 2 newly contracted, 2 canceled institutions
- New plant runs 5 days a week (2 shifts)
- Decline in depreciation expenses for the new plant
- Continuing the initiatives applying for R-SUD approvals
- **Consolidated accounting of the subsidiary in Singapore** (Started proposals of Premium surgical kit to major hospitals in each ASEAN country)

Hospitals' Reaction to the proposal for the work style reform by making use of Premium surgical kits



N=2,069

Fiscal 2019 Outlook



Fiscal 2019 Income Forecasts

(Unit: million yen, rounded down)	Fiscal 2018 Results		Fiscal 2019 Plan		Year-on-Year Comparison	
	Amount	% of Total	Amount	% of Total	Amount	%
Net sales	36,658		37,920		1,261	103.4%
Operating income	4,382	12.0%	5,240	13.8%	857	119.6%
Ordinary income	4,503	12.3%	5,680	15.0%	1,176	126.1%
Profit attributable to owners of parent	6,043	16.5%	5,310	14.0%	△733	87.9%
EPS	198.31yen		175.86yen			

Future Measures

Expand our business aiming at contributing to “Work Style Reform” and “Ensuring Medical Safety”

■ Propose Premium surgical kits as a solution for “the work style reform”

- [Expand sales of Premium surgical kits](#)
- [Achieve net increase \(conduct offensive against other companies and step up new sales\)](#)
- [Increase Premium surgical kit and Blister surgical kit sales ratio to 50%](#)

■ Prepare to enter into Remanufacturing of Single-Use Device (R-SUD)

- [Sequentially apply for licensing from products as they get ready](#)
- [Allocate expenditures needed for establishment of remanufacturing process and application for licensing](#)

■ Started investment in manufacturing equipment for second stage of construction

- Due to expansion of Premium surgical kit production volume with demand for which is expected to increase in the future
- Plan for staged purchases between now and fiscal 2024.
- expect total investments to be around ¥16 billion

■ Cost of sales : Depreciation costs peaking out

■ Expansion of overseas business

- Estimate to sequentially acquire approvals in each ASEAN country
- Received order of the Securea in Singapore

■ Improve productivity at P.T. HOGY Indonesia

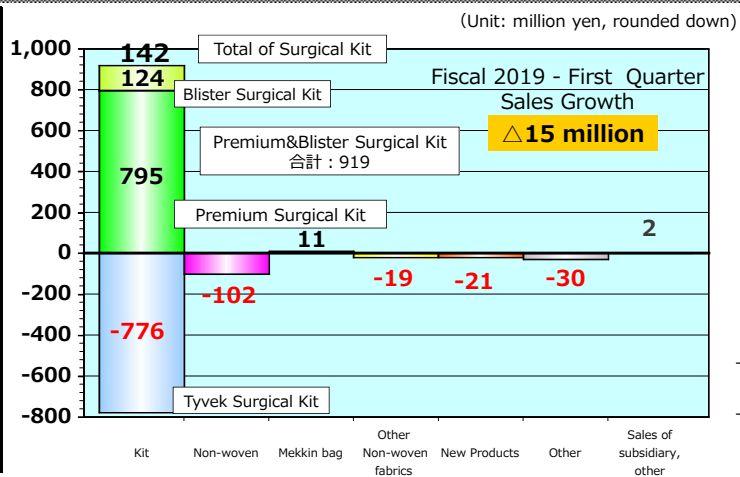
- Promote labor-saving and automation (personnel expenses will continue on uptrend)
- Strengthen sales in Indonesian domestic market and self-manufacturing of devices



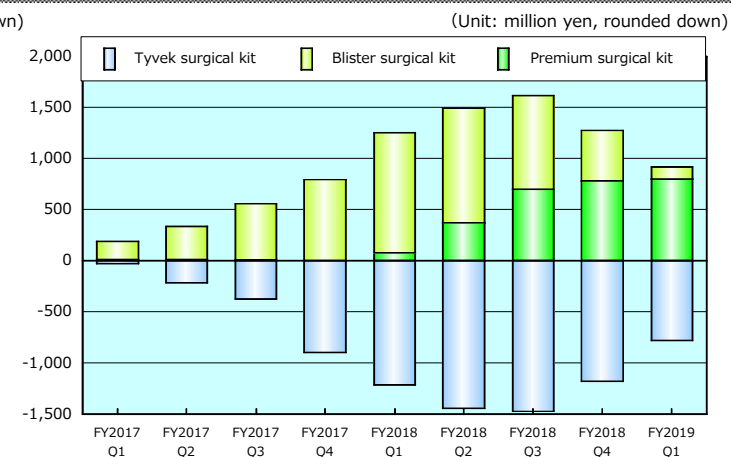
Profit Details

Fiscal 2019 Results Sales Growth by Major Products

(Unit: million yen, rounded down)	Fiscal 2018 First Quarter Results	Fiscal 2019 First Quarter Results	Year-on-Year Comparison	
			Amount	%
Surgical kit	5,339	5,481	142	102.7%
Non-woven fabrics	2,248	2,146	△102	95.5%
Mekkin bag	620	632	11	101.9%
Other Non-woven fabrics	311	292	△19	93.8%
New products	48	27	△21	56.1%
Other products	464	433	△30	93.5%
Sales of subsidiary, other	21	23	2	110.0%
Total	9,053	9,038	△15	99.8%



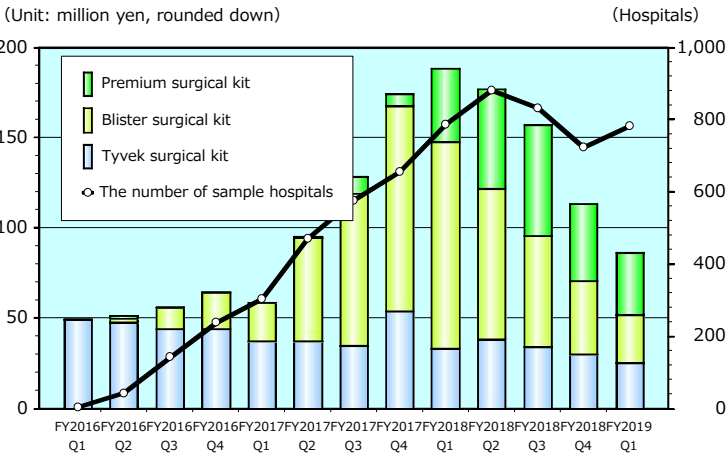
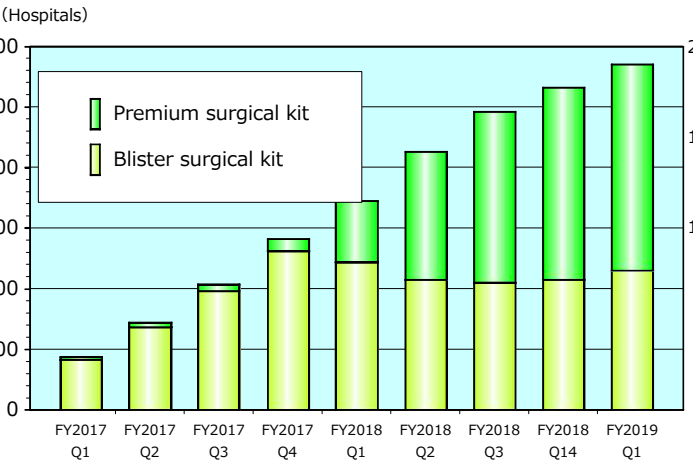
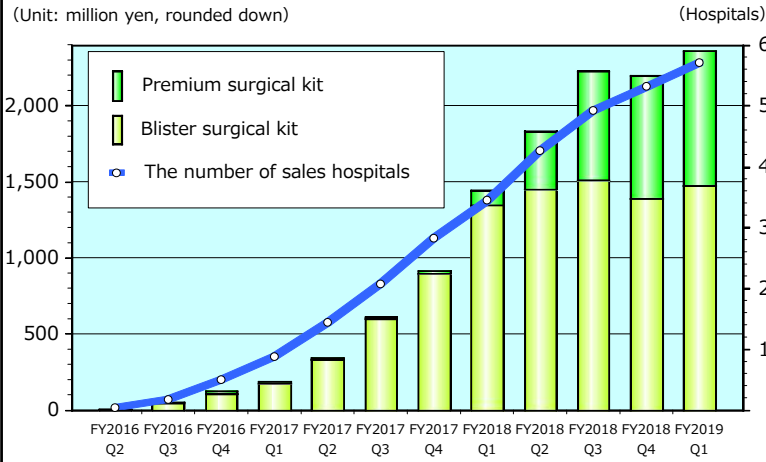
Sales Growth by Surgical Kits



Sales of Premium surgical kit and Blister surgical kit

The number of sales hospitals Premium surgical kit and Blister surgical kit

Samples of each surgical kit



Progress of Operamaster Marketing

Sales : 3,689 million (+ 114 million :103.2%)

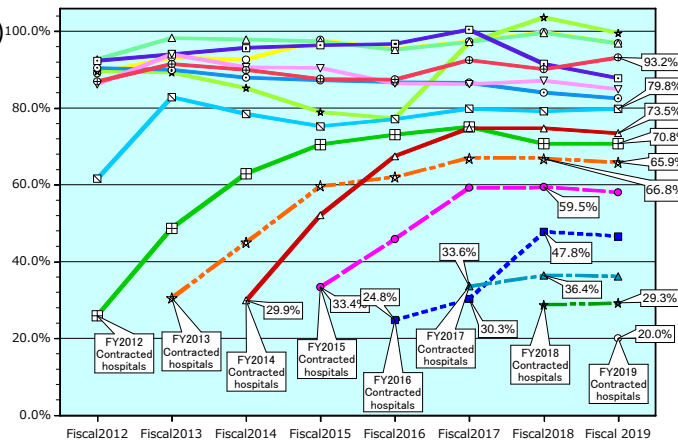
FY2019 First Quarter New Contracted :

New : 2 hospitals

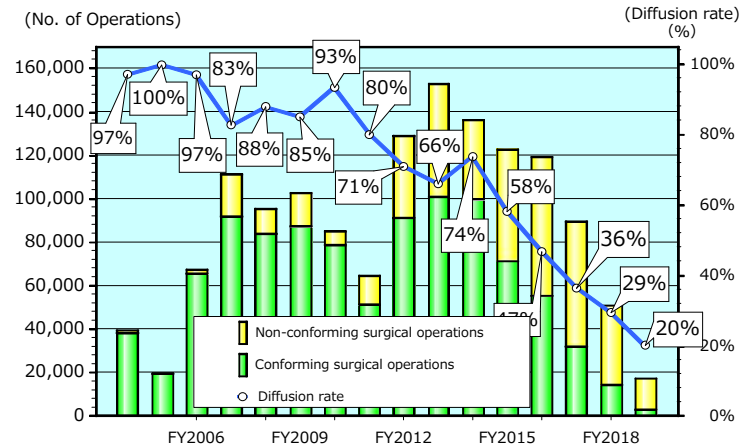
Cancellation : 2 hospitals

total number of contracts : 274 hospitals

Operamaster Penetration Ratio



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

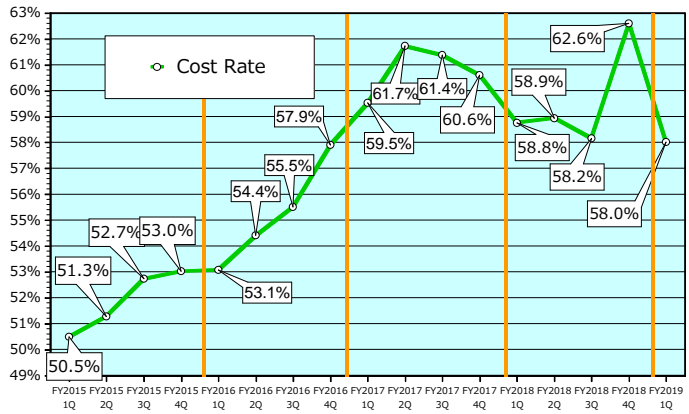


* The number of contracted hospitals is current as to the end of June in the Fiscal 2019.

14 Fiscal 2019 – First Quarter Income Statements

(Unit: million yen, rounded down)	Fiscal 2018 First Quarter Results		Fiscal 2019 First Quarter Results		Year-on-Year Comparison	
	Amount	% of Total	Amount	% of Total	Amount	Rate Of Change
Net sales	9,053		9,038		△15	99.8%
Cost of sales	5,320	58.8%	5,243	58.0%	△76	98.6%
Gross profit	3,733	41.2%	3,794	42.0%	60	101.6%
SG & A expenses	2,485	27.4%	2,459	27.2%	△25	99.0%
Operating income	1,248	13.8%	1,335	14.8%	86	106.9%
Non-operating income/loss	23		66		42	
Ordinary income	1,272	14.1%	1,401	15.5%	129	110.2%
Extraordinary income/loss	△0		△0		△0	
Profit attributable to owners of parent	898	9.9%	986	10.9%	87	109.7%
EPS	28.89yen		32.66yen			

Cost of Sales Ratio



Fiscal 2019 – First Quarter Analysis

Cost of sales ratio : 0.7%pt improved Year-on-Year

- Decrease in depreciation expenses

SG&A expenses : ¥ 25 million decrease Year-on-year

- Decrease in sample cost
- Depreciation for the purchase equipment of R-SUD in FY2018

Capex : ¥ 3,166 million (¥ 2,852 million increase)

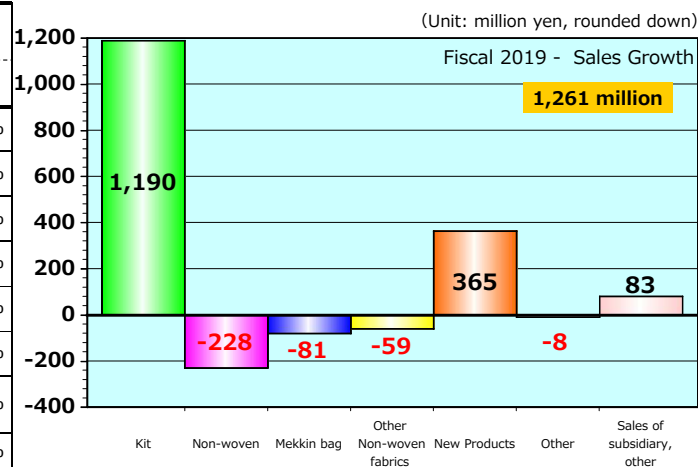
Depreciation : ¥ 1,289 million (¥ 56 million decrease)

- Cost of Sales: ¥ 1,029 million (¥ 92 million decrease)
- SG&A expenses: ¥ 260 million (¥ 35 million increase)

Fiscal 2019 Full-Year Projections

Fiscal 2019 plan Sales Growth by Major Products

(Unit: million yen, rounded down)	Fiscal 2018 Results	Fiscal 2019 Plan	Year-on-Year Comparison	
			Amount	%
Kit	21,829	23,020	1,190	105.5%
Non-woven fabrics	8,888	8,660	△228	97.4%
Mekkin bag	2,541	2,460	△81	96.8%
Other Non-woven fabrics	1,259	1,200	△59	95.3%
New products	184	550	365	298.9%
Other products	1,868	1,860	△8	99.5%
Sales of subsidiary, other	86	170	83	195.6%
Total	36,658	37,920	1,261	103.4%



Fiscal 2019 Sales Plan

“The Work Style Reform” and “Proposal for Ensuring Medical Safety”

1. Expand sales of Premium surgical kits
2. Expand the sales and establish the contributable products to “The Work Style Reform” and “Ensuring Medical Safety” on the market

- Provide the solution for “The Work Style Reform”, Improve the hospital management
- Achieve net increase (conduct offensive against other companies and step up new sales)
- Raise composition ratio of Premium and Blister surgical kits to 50%
- Differentiation from competitors, penetrate the market and accumulate know-how

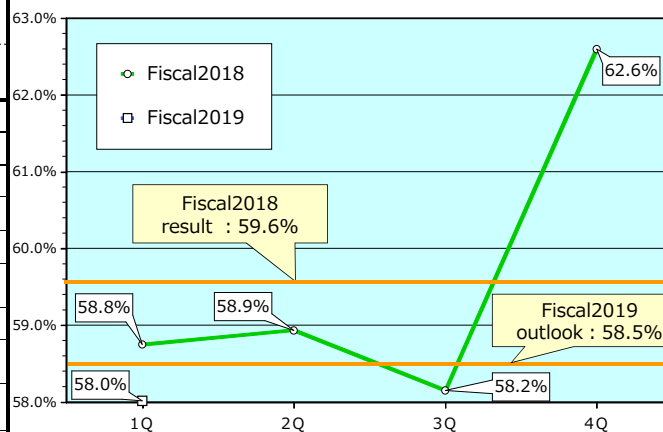
■ Plan to start proposals of R-SUD for the launch of its business in second half FY2019

■ Confirm market for strategic development towards SCM

Fiscal 2019 Income Statements

(Unit: million yen, rounded down)	Fiscal 2018 Results		Fiscal 2019 Plan		Year-on-Year Comparison	
	Amount	% of Total	Amount	% of Total	Amount	Rate Of Change
Net sales	36,658		37,920		1,261	103.4%
Cost of sales	21,831	59.6%	22,180	58.5%	348	101.6%
Gross profit	14,827	40.4%	15,740	41.5%	912	106.2%
SG & A expenses	10,444	28.5%	10,500	27.7%	55	100.5%
Operating income	4,382	12.0%	5,240	13.8%	857	119.6%
Non-operating income/loss	121		440		318	
Ordinary income	4,503	12.3%	5,680	15.0%	1,176	126.1%
Extraordinary income/loss	3,995		1,990		△2,005	
Profit attributable to owners of parent	6,043	16.5%	5,310	14.0%	△733	87.9%
EPS	198.31yen		175.86yen			

Fiscal 2019 Revenue Projections



Cost of sales : 1.1 %pt improve Year-on-Year

decrease of depreciation

SG&A expenses : ¥ 55 million increase Year-on-Year

Trial and research expenses, expenses for licensing application, Personnel, Education and training expenses.

Capex : ¥ 6,000 million (¥ 2,635 million increase)

Investment for the new plant : +4,700million yen

Depreciation : ¥ 5,190 million (¥ 441 million decrease)

•Cost of Sales: ¥ 4,220 million (¥ 412 million decrease)

•SG&A expenses: ¥ 970 million (¥ 28 million decrease)

Cash dividends : ¥ 66 (+¥2 Year-on-Year)

