



HOGY MEDICAL REPORT  
2021



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### Editing Policy

HOGY MEDICAL Co., Ltd. prepared the “HOGY MEDICAL REPORT 2021” to allow all stakeholders to understand our efforts and initiatives for sustainable value creation. In editing the report, with the 60th anniversary as a turning point, we go back to the origin of the founding spirit afresh and report our involvement with society, business model, and approach to ESG issues in an integrated manner.

Target period: April 1, 2020 - March 31, 2021  
(Information on other periods is partly included)

# At the Celebration of the 60th Anniversary

Go back to the founding spirit, aiming to enhance corporate value

## <To Our Stakeholders>

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With the 60th anniversary as a turning point, HOGY Medical will go back to the origin of our founding spirit: “Look ahead and anticipate social needs as a company full of youth and originality and strive to create new values,” become more keenly aware of its mission and social responsibility, and continue to aim at creating new values. In drastically changing social circumstances, the Company will help develop the future society as we continue to contribute to the safety and management improvement of medical institutions.

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During the period under review, the Japanese economy continued to be heavily impacted by the effects of the COVID-19 pandemic and remained unpredictable. Likewise in the healthcare industry, the strain on healthcare professionals has increased further, and the rate of nurse turnover rose on the medical front lines, aggravating a shortage of manpower. Further, the environment surrounding medical institutions remains challenging as patients refrain from visiting doctors and the number of operations and checkups fluctuates according to the spread of infection.

Against this backdrop, HOGY Medical marked the 60th anniversary on April 3, 2021. Since its inception in 1961, HOGY Medical has consistently dedicated itself to developing close and excellent relationships with medical professionals while at the same time developing and stably supplying products that contribute to safety on the medical front lines as well as management improvement of medical institutions. The Company meticulously responds to the voices of people on the medical front lines, supplies products that contribute to the safety of patients and medical professionals, and makes proposals for optimizing management of medical facilities.

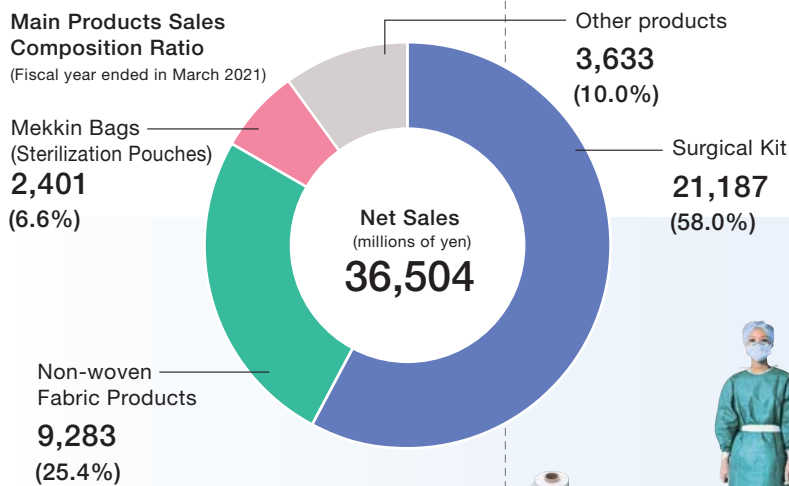
HOGY Medical's mainstay products have been evolving, starting from the Mekkin Bags (Sterilization Pouches) that it started selling in 1964 for prevention of in-hospital infections, followed by Non-woven Fabric Products, Surgical Kit and OPERA MASTER, a comprehensive system of products, logistics, and information management, and Operating Room Management Service. Further, the kit evolved into Premium Surgical Kit, a new form designed to provide maximum benefits to customers and significantly contribute to “Work-Style Reform” and “Medical Safety.”

Along with quickly responding to the rapidly changing social and market environment and accurately grasping the latest customer needs, which are reflected in modifying and improving products, the management conditions of medical facilities are assessed and analyzed in aiming for increased efficiency in management of the operating rooms. The products, being manufactured in plants that implement extensive safety measures, ensure the safety of patients and medical professionals.

HOGY Medical started as Hoki Recording Paper Marketing, a company that sold recording paper for medical instruments founded by Masao Hoki in 1961. With the Mekkin Bags (Sterilization Pouches), which was developed from recording paper for medical instruments in 1964, as the first of many products, the Company took a significant step into the area of infection prevention in operating rooms.

In the 1980s, the Company promoted the switch from cotton cloth to non-woven fabrics. In the 1990s, the Company launched Surgical Kit, a set of specific medical materials used for surgery that previously had been collected piece by piece. Further, in the 2000s, the Company released OPERA MASTER, a system that contributes to management improvement for medical institutions, and in 2016, launched Premium Surgical Kit, the new form of kit products. In this way, HOGY Medical's products have constantly been evolving.

**Main Products Sales Composition Ratio**  
(Fiscal year ended in March 2021)



Packaging bags for autoclave sterilization  
**Mekkin Bags**  
(dry heat/syringe type)

1964



Packaging bags for autoclave sterilization  
**Mekkin Bags**  
(roll type)

1970



Surgical-use non-woven fabrics (wet type)

1975



Non-woven fabrics using spun lace

**MGY series gowns**

1983

Packaging bags for sterilization

**Hybrid Mekkin Bags**

1984

## 1961-1970

## 1971-1980

## 1981-1990

HOGY Medical's History

Succeeded in developing the Mekkin Bags, based on its experience in developing recording paper for medical instruments

To enhance safety in the operating room, developed products to prevent in-hospital infections centered on non-woven fabrics

To prevent in-hospital infections, educated the public about the switch from cotton cloth to disposable non-woven fabrics

**1961**

Incorporation of Hoki Recording Paper Marketing



**1978**

Completion of Miho No.1 Plant Facility



**1983**

Completion of Miho No.2 Plant Facility

**1987**

Company name changed to the current HOGY Medical

**1967**

Establishment of Kashiwa Plant in Kashiwa City



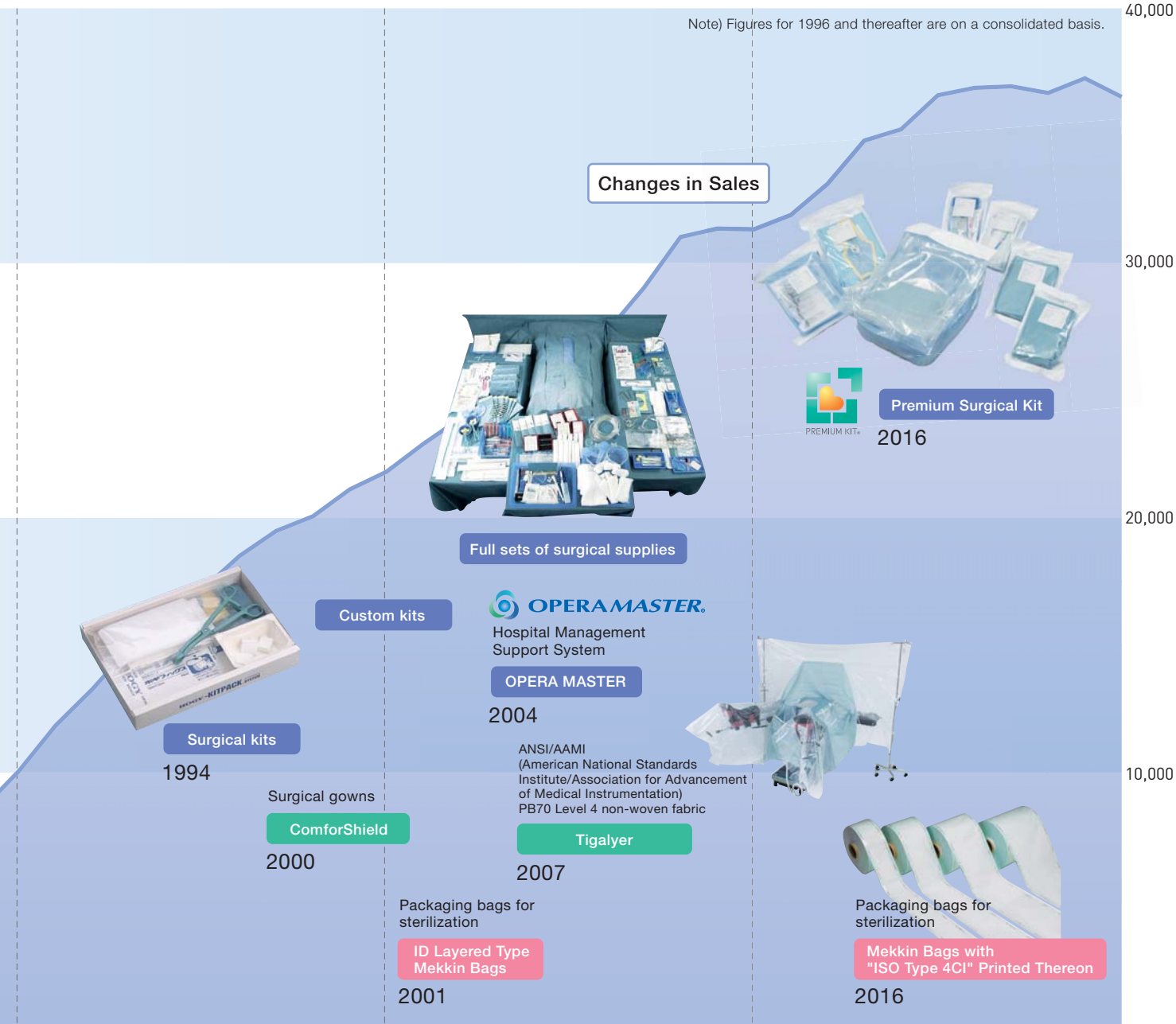
**1989**

Completion of Automated Edosaki Distribution Center



(millions of yen)

Note) Figures for 1996 and thereafter are on a consolidated basis.



1991-2000

2001-2021.3

March 2021

Launched Surgical Kit consisting of surgical supplies  
Established a production base overseas

Launched "Premium Surgical Kit," a product that contributes to enhanced efficiency on the medical front lines and improvement of the management of medical facilities.

**1991**  
Company listed on Second Section of the Tokyo Stock Exchange (TSE)

**1992**  
Commencement of operations of the Edosaki Sterilization Center (electron-beam)

**1994**  
Incorporation of P.T. HOGY Indonesia

**1995**  
Completion of TSUKUBA Sterilization Center

**1997**  
Completion of Fully automated Tsukuba Distribution Center

**2000**  
Company listed on the First Section of the TSE

**2002**  
Completion of new head office building

**2003**  
Commencement of operations of the Tsukuba Surgical Kit Plant

**2006**  
Commencement of operations of the Tsukuba OPC



**2011**  
50th Anniversary  
Incorporation of P.T. HOGY Medical Sales Indonesia

**2017**  
Commencement of operations of the Tsukuba New Surgical Kit Plant

**2018**  
Incorporation of HOGY Medical Asia Pacific PTE. LTD.





## The Fiscal Year Ended March 2021 Marks HOGY Medical's Contribution Through Its Infection Prevention Products Our Mission to Strengthen Post-COVID-19 Strategies for Premium Surgical Kit Products and Promote a Sustainable Society

### Corporate Philosophy

Based on our corporate philosophy “to promote good health and prosperity through contributions to medical progress,” we offer solutions through products and systems that contribute to the safety of patients and healthcare professionals as well as to management improvement of medical institutions and other organizations.

**Junichi Hoki**  
President & CEO



### At the Celebration of the 60th Anniversary

HOGY Medical marked the 60th Anniversary on April 3, 2021. This is solely attributable to the guidance and support of all stakeholders, including customers and shareholders; let me take this opportunity to express my heartfelt appreciation.

HOGY Medical has produced and marketed products to date that can contribute to promoting patients and healthcare workers' safety and streamlining management and saving labor for medical institutions thanks to its integrated process from development to manufacturing and sales of products that help prevent in-hospital infections and enhance medical safety. At the celebration of the 60th anniversary, the respective domestic market shares of Mekkin Bags (Sterilization Pouches), Non-woven Fabric Products, and Surgical Kit exceeded 50%. Among others, Premium Surgical Kit has received high evaluation, and the number of medical institutions adopting it has been rising steadily.

### Business Environment

In the healthcare industry, as the number of COVID-19 cases grew on the back of the pandemic, hospital were overwhelmed with beds running short. Medical institutions are pressed to ensure beds, and those that receive infectious patients are working as hard as they can to secure the medical care system while taking thorough measures to prevent mass infection.

The strain on healthcare professionals has increased further, and the rate of nurse turnover has risen on medical front lines, aggravating a shortage of manpower. Further, the environment surrounding medical institutions remains challenging as patients refrain from visiting doctors and the number of operations and checkups fluctuates according to the spread of infection.

Under these circumstances, the Company has given proposals contributing to increasing efficiency in medical practice, with customer safety as the top priority.

## Performance Report for the Fiscal Year Ended March 2021

As for sales performance in the fiscal year under review, sales of non-woven fabric products remained strong. In the period under review, although surgical gowns were in short supply globally as demand grew particularly in the first half, we maintained the system to deliver our products stably to customers. Further, on the back of the COVID-19 pandemic, sales of infection prevention products, including masks and precaution sets, increased. Sales of Surgical Kit products declined because the number of operations fell due in part to an increase in the number of infectious patients, but those of Premium Surgical Kit, the key strategic product, continued to grow steadily despite the COVID-19 pandemic. Premium Surgical Kit is a highly value-added product that can streamline operations during the perioperative period while ensuring safety of surgery, and it has received high evaluation as it can contribute to improving operations in medical practice, which has grown increasingly challenging.

As a result, consolidated net sales for the fiscal year under review amounted to ¥36,504 million, down 2.0% from the previous fiscal year. Sales of Surgical Kit fell 5.8% to ¥21,187 million, of which sales of Premium Surgical Kit totaled ¥11,249 million or up 9.1%, both on a year-on-year basis. In terms of cost of sales, the cost-of-sales ratio improved 0.5 percentage points from the previous fiscal year to 58.0% due in part to a decrease in depreciation. Selling, general and administrative expenses decreased 4.3% year-on-year because travel and sample expenses fell from a year earlier due in part to the effects of travel restrictions imposed to prevent the spread of COVID-19

though labor costs increased due to increased profits in the previous fiscal year.

Consequently, operating income was ¥5,632 million, up 6.1%. Ordinary income was ¥5,988 million yen, up 3.4% year on year, due to subsidy income for the new surgical kit plant from Ushiku City, among other factors. The Company also posted ¥1,030 million in extraordinary income on partial sales of shares (in contrast to ¥1,943 million in the previous fiscal year). Profit attributable to owners of parent was ¥4,959 million, down 10.3% from the previous fiscal year.

In such a business environment, the Group will continue to provide customers with proposals to help address challenges while taking extensive hygiene measures for employees. Through the sale of Premium Surgical Kit, the Group will address business challenges, including an aggravating shortage of labor or lower productivity on the medical front lines, by being considerate of customers who engage in work while ensuring medical safety under harsh circumstances and reducing their workload thoroughly.

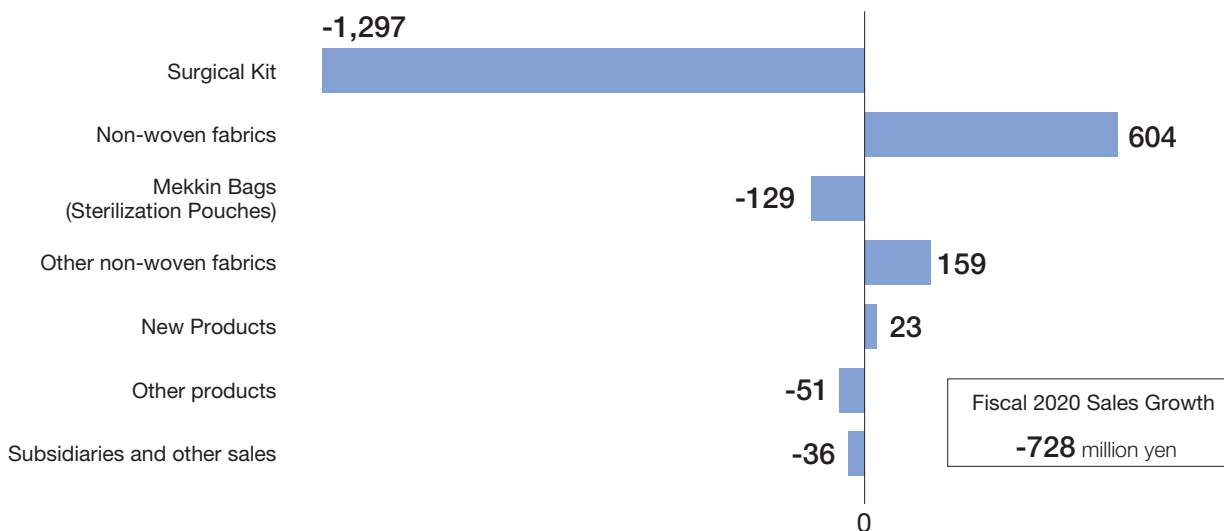
### Steadily Growth of Premium Surgical Kit Sales

Due to the impact of COVID-19, additional work that had not existed in medical institutions has grown and taken root, aggravating the existing issues, including healthcare workers' increased turnover.

Sales of Premium Surgical Kit and Blister Kit, which help reduce nurses' workloads, thereby contributing boosting operational efficiency and safety, grew 9.1% year on year.

Increase of Sales of Major Products in Fiscal 2021 (ended March 2021)

(Unit: Millions of yen, rounded down)





We will enhance our efforts to propose Premium Surgical Kit as the optimal solution for customers.

In addition, we will steadily promote the second phase construction work of the new surgical kit plant in order to increase the production volume and enhance

production efficiency of Premium Surgical Kit, for which demand is expected to continue growing going forward.



Premium Surgical Kit



Automatic manufacturing by robots

### Thanks in Part to Special Demand, Sales of Non-woven Fabric Products Remain Strong

To meet the needs for stable supply of infection prevention products, which were in short supply globally, and eliminate anxiety about the supply of non-woven fabric centered on surgical gowns, which were running short at medical institutions in particular, we have built a structure to increase production of non-woven fabric products at P.T. HOGY Indonesia.

While the global supply-demand imbalance of infection prevention-related products has been rectified, customers' interest in stable supply still remains keen. Against this backdrop, to take measures against the COVID-19 pandemic in particular, we released "Precaution Set," which includes infection prevention-related items, such as a surgical gown, a face shield, and an N95 mask, and will continue to supply the market with products that are needed.



Precaution Set

Surgical Kit while working to obtain approvals and permits for various products in the respective ASEAN-member countries.

Meanwhile, P.T. HOGY Medical Sales Indonesia (Jakarta), a sales sub-subsidiary, proactively conducts sales activities for products centered on non-woven fabric products. Moreover, we are continuing our endeavors to improve productivity at P.T. HOGY Indonesia, a manufacturing subsidiary, while promoting the internal manufacturing of materials.



HOGY Medical Asia Pacific Pte. Ltd (entrance)

### Overseas, HOGY Expands Its Operations in the ASEAN Region

As for our overseas operations, we aim to expand business in the respective ASEAN (Association of Southeast Asian Nations) countries. As the initial step for our global production and sales activities, the Company established HOGY Medical Asia Pacific Pte. Ltd., a sales subsidiary, in Singapore in August 2018. The firm carries out sales activities for products centered on Premium

### Four Approvals Obtained for the R-SUD Business

The R-SUD (remanufacturing of single-use medical devices) business is a business where expensive single-use devices (SUDs) of surgical supplies, which are designated to be used only once, are collected by the manufacturers after they are used and, undergoing such processes as inspection, decomposition, cleaning and sterilization, are remanufactured and sold as SUDs of the same use.

HOGY Medical has undertaken partial refurbishment of Miho Plant No. 1 and is promoting streamlining of the



inspection, test and remanufacturing processes as well as speeding up the process from application for approval to authorization. Application for approval is made, starting with products for which preparations are completed. Four approvals and permits were obtained and one application was filed as of the end of the period under review.

Further, in response to the expected integration of advanced acute-phase hospitals and acute-phase hospitals based on the government's Community Healthcare Concept and the accompanying concentration of surgical operations as well as labor force reduction, HOGY Medical will make proposals for further enhancing hospital management efficiency in pursuit of its Supply Chain Management (SCM) concept in which all medical supplies required for surgeries, including Premium Surgical Kit and R-SUDs, are delivered just in time.

### Annual Dividend for FY Ending March 2022 Expected to Remain 68 Yen

As its basic policy with respect to profit appropriation, the Company focuses on the dividend policy of returning profits to our shareholders actively and on a continual basis, taking into account our corporate motto of "ensuring harmonious coexistence with customers, shareholders, employees and corporations" fostered since inception. Moreover, to ensure that the fruits of performance are swiftly returned to shareholders, the Company conducts payment of quarterly dividends. As for dividends for the fiscal year ended March 2021, HOGY Medical paid ¥17 for each quarter, or ¥68 in total for the entire year (up ¥2 year on year), achieving record-high dividends.

The consolidated performance forecasts for fiscal 2022 ending March 31, 2022, are net sales of ¥38,400 million (up 5.2% from the previous fiscal year), operating income of ¥6,350 million (up 12.7%), ordinary income of ¥6,620 million (up 10.6%) and profit attributable to owners of parent of ¥4,720 million (down 4.8%). As for dividends, we plan to pay ¥17.0 for each quarter, or ¥68 in total for the entire year.

Please note that the above earnings forecast is based on the assumption that the effects of the COVID-19 pandemic will subside and business performance will be back on a recovery trend within a certain period of time and that they may fluctuate depending on the situation. Should there be a need for revision to the earnings forecast, we will disclose it promptly.

### Response to Environmental Changes Due to the COVID-19 Pandemic

While environments change due to the COVID-19 pandemic, the Company conducts business activities through sales calls with customer safety as the top priority in accordance with rules for visitors set by respective medical institutions, our voluntary ban on activities or

customer demands to prevent the spread of infection first and foremost.

Further, we had all employees who visit medical institutions regularly undergo PCR tests voluntarily in consideration of safety for customers and employees.

We will continue to provide customers with proposals to help address challenges while taking extensive hygiene measures for employees.

### Risk Awareness, Measures and HOGY's Mission

While Premium Surgical Kit is an all-in-one kit product that can contribute to boosting operational efficiency, which contains all the medical materials needed before, during and after surgery in one package, should its supply become unstable, it could disturb preparations for surgery; there is no denying that it could eventually affect human life indirectly. The Company thus believes that supplying medical institutions with products sustainably and stably is our key social responsibility.

Further, as a result of considering safety and convenience, plenty of plastic materials are applied to many of our products. In order to keep supplying our products sustainably and stably, we believe that we need to consider changes in and effects on the global environment through the entire product lifecycle, from raw materials to manufacturing and disposal, and take measures for the future.

Against this backdrop, as part of measures against these risks, we have worked on R-SUD, where expensive single-use devices (SUDs), which are designated to be used only once, are collected after they are used and, undergoing such processes as inspection, decomposition, cleaning and sterilization, are remanufactured, as a new way of providing medical materials for the past several years. Currently, we are in the phase of expediting the process from application for approvals and permits to their obtainment while at the same time establishing a business scheme. Based on the belief that continuing to pursue these challenges would help build a tripartite sustainable relationship among the global environment, healthcare, and business continuation, the Company is focusing on the initiative.

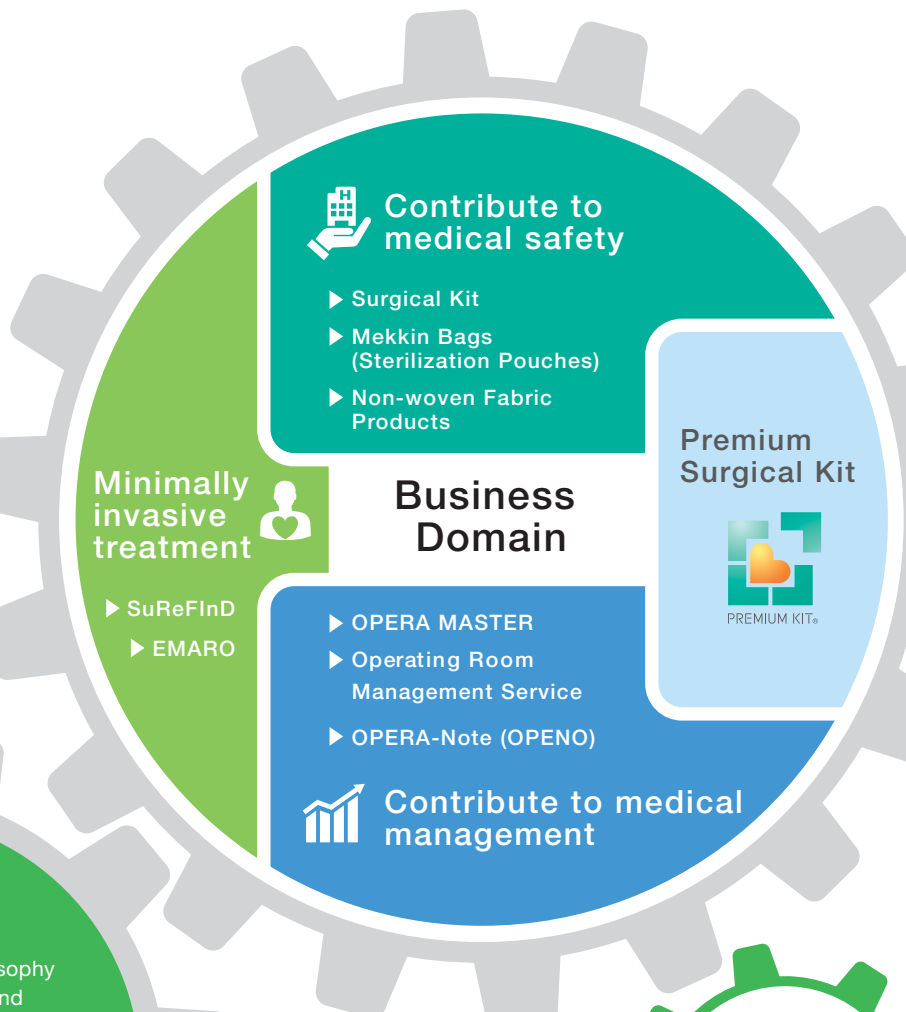
Aiming to achieve coexistence among the three parties, we will keep protecting healthcare in the future through new solutions and live up to stakeholders' expectations.



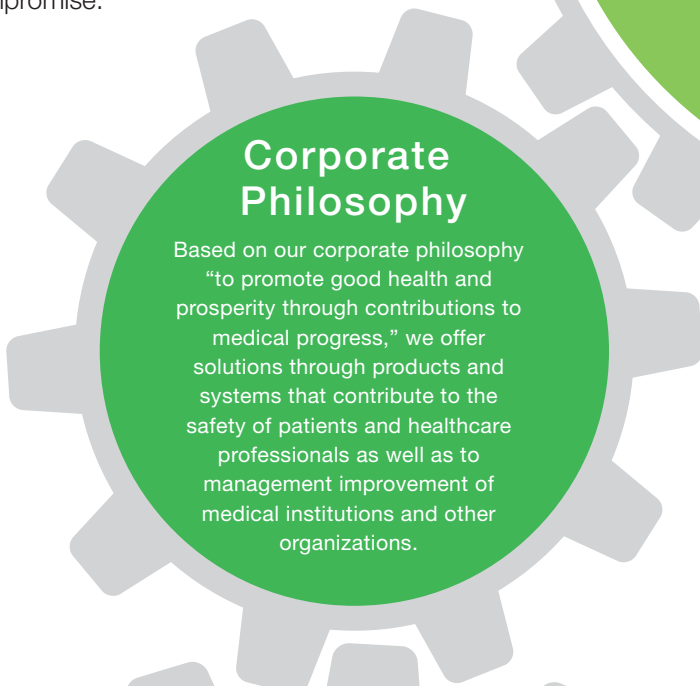
# HOGY Medical's Growth Strategy

Healthcare keeps evolving and changing with society. While issues and needs at medical front lines change, the Company develops products, always looking a step ahead, thereby contributing to increasing safety and streamlining of the management of medical facilities.

The essence of our growth strategy is to identify the lifecycle of a product across the introduction, growth and maturity phases and quickly capture needs at medical front lines while the mainstay product is in the maturity phase as well as respond meticulously, thereby developing products that always anticipate social needs, put the next strategic product on track, and create markets. To this end, we constantly focus on developing products in consideration of customers and producing highly safe and efficient products thanks to a production system that refuses to compromise.

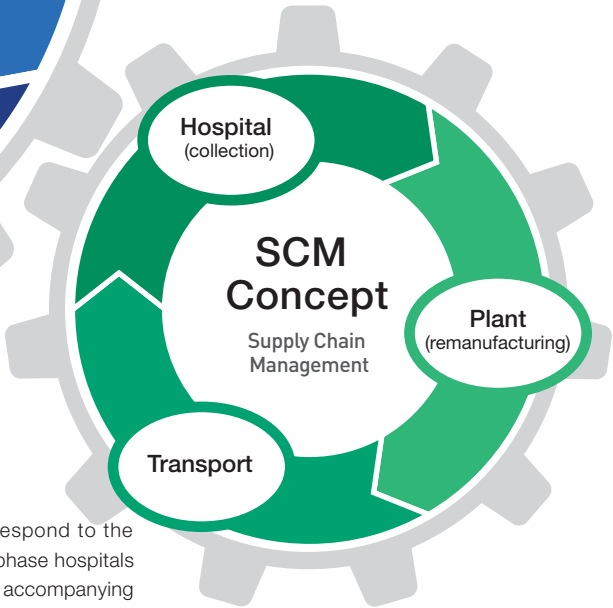
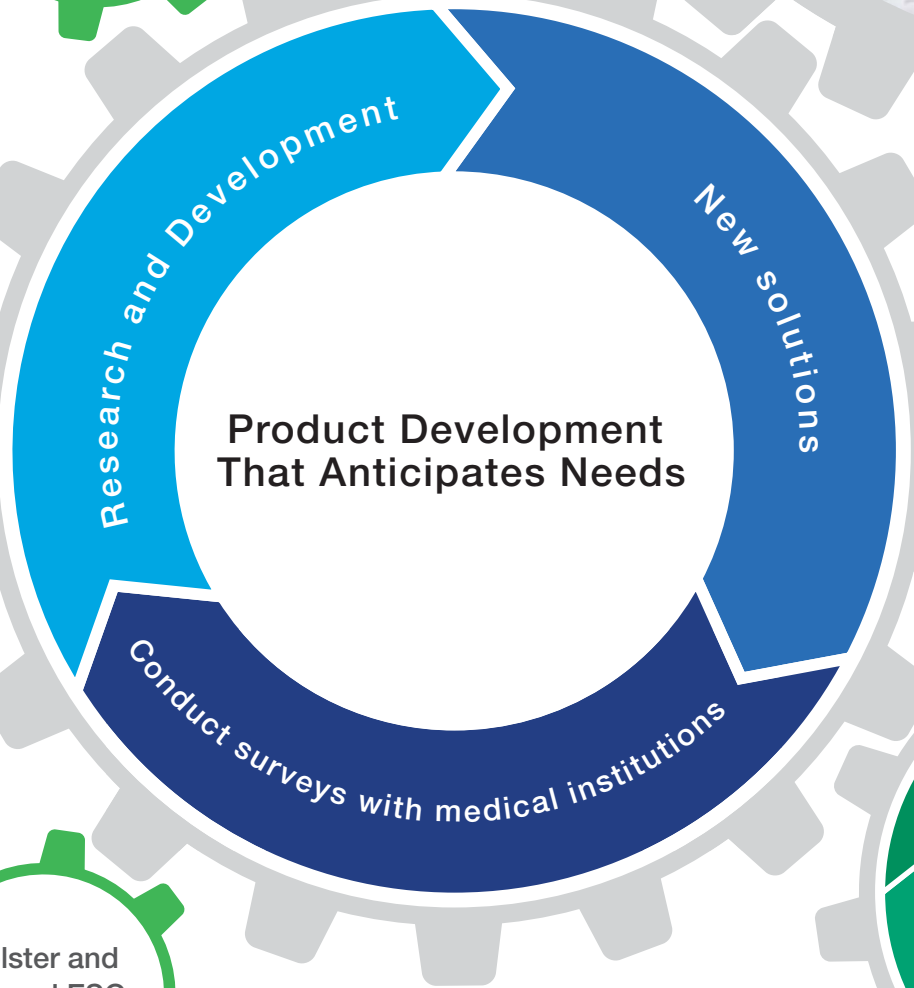


▶ For our products and services, please refer to [Page 18](#).





# HOGY Medical Aims to Ensure Harmonious Coexistence with Society Through Healthcare



## What Is SCM Concept?

To contribute to streamlining hospital management further and respond to the expected integration of advanced acute-phase hospitals and acute-phase hospitals based on the government's Community Healthcare Concept and the accompanying concentration of surgical operations as well as labor force reduction, HOGY Medical will make proposals for further enhancing hospital management efficiency in pursuit of its Supply Chain Management (SCM) concept in which all medical supplies required for surgeries, including Premium Surgical Kit and R-SUDs, are delivered just in time.



### HOGY Medical's Sustainability Keeping Protecting Medical Safety and Security

With our mission of continuously improving corporate value, HOGY Medical strives to be chosen and trusted by all stakeholders based on our corporate philosophy, which is "To promote good health and prosperity through contributions to medical progress. By continuing to deliver safety and security in the future, we will offer new solutions with a view to allowing the global environment, healthcare, and the economy to co-exist.

# Sustainability

HOGY Medical works on various measures based on its unique ESG management.

**E**  
Environment

- R-SUD (remanufactured single-use medical devices) Business
- Eco Project for the Firefly
- Replace Company Vehicles with Hybrid Cars

**S**  
Social

- Medical practice security through safe products
- Develop products jointly with doctors
- Share information on efforts in medical practice nationally
- Supply infection prevention-related products
- Internal measures against COVID-19
- Flexible working arrangements

**G**  
Governance

- Strengthen information security
- Establish the compensation advisory committee **P15**
- Compliance education

# Environment

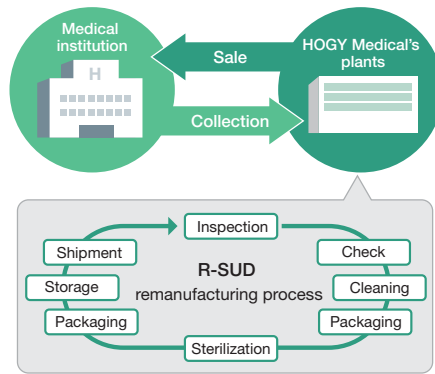
## Aim to Make Effective Use of Resources Through the R-SUD (Remanufacturing of Single-Use Medical Devices) Business

Approval for fourth product obtained. Design final phase of business model for sales

The R-SUD business is a business where the single-use devices (SUDs) of surgical supplies are collected after they are used and, undergoing such processes as inspection, decomposition, cleaning and sterilization, are remanufactured and sold as SUDs of the same use. In Japan, the Ministry of Health, Labour and Welfare announced the creation of a new system regarding R-SUDs on July 31, 2017, and relevant laws and regulations were established subsequently. R-SUDs are expected to prove effective for reducing costs at medical institutions and will also lead to effective use of resources and protection of the environment. As such, demand for R-SUDs is projected to grow domestically.

### The Number of Regulatory Approval Is One of the Highest in Japan

HOGY Medical obtained the first approval in Japan, and the number of approved products has risen to four. As part of the SCM concept, the Company is focusing on launching the business model as early as possible and strengthening efforts to obtain regulatory approval and establish a supply chain.



## The Eco Project: Restoring Rice Paddies in Abandoned Fields

Nature and a Venue of Exchange with the Local Community and Employees

HOGY Medical is also dedicating efforts to environmental conservation activities. Since 2009, the Company has engaged in the “Eco Project” initiative to rent deserted farm land, or wetlands known as Yatsuda, of 1.7 hectares neighboring its Tsukuba Plant from the City of Ushiku to cultivate pesticide-free rice and redevelop and restore the site as rice paddies in collaboration with the Asaza Fund, an NPO, and the Ushiku City government.

Asaza Fund provides guidance for supplying the deserted farm land with water through a channel, cultivating rice, etc. in Ushiku City, and HOGY Medical's employees and their families participate to provide labor. While aiming to restore and preserve the ecosystem, the project offers a good venue of exchange with the local community through the agricultural experience of planting and harvesting rice. Over 2,500 employees and their family members have participated in the project to date.

In addition to aiming to regenerate and conserve the ecosystem, the Company intends to raise the environmental awareness of its employees through agricultural experiences such as rice planting and harvesting, as well as to promote interaction with locals.



## Replace Company Vehicles with Hybrid Cars

78.7% of company vehicles replaced with hybrid cars

As our sales representatives make sales calls to meet with customers throughout the country, we are promoting efforts to replace our fossil fuel-powered company vehicles with hybrid cars one by one to be considerate of the environment if only a little. Over 300 company vehicles were replaced as of the end of August 2021. We will continue to replace them with cars that emit less harmful gas.





## Social

### Medical Practice Security Through Safe Products

Medical Device-specific ISO 13485 Held



The Company obtained ISO 13485 certification that requires it to establish quality and a management system specific to medical devices based on ISO 9001 certification in the production and head office departments. By maintaining the system consistent with ISO 13485 certification designed to promote compliance with the global regulations on medical devices, we have in place a system that can respond to the advancement and distribution of medical devices both at home and abroad.

Furthermore, in the previous fiscal year we introduced the “skill ladder” system in the production department through which the skills needed in each process are clarified and the right people are assigned or educated. Particularly noted is the crafting of Surgical Kit, of which each set is different; accurate procedures and experience are indispensable. To offer safer products, we exert efforts to sharpen our skills on a daily basis.

### Contribute to Medical Development Through Joint Product Development with Doctors

Solve issues at medical front lines with products

With consultation cases that roughly 330 sales staff across the nation handle, the Company jointly develops products in collaboration with doctors and nurses, thereby contributing to medical development. SuReFlnD, which we recently launched, was developed in conjunction with our R&D sector over several years based on a working doctor’s idea. Furthermore, we commercialize not only big machinery but also small components of kits based on demand from the medical front lines as proprietary components. This is the strength of our Surgical Kit and one of the reasons customers select the product.

### Share Information on Efforts in Medical Practice Nationally

Information on medical safety and work-style reform widely disseminated through workshops and seminars

The Premium Surgical Kit is recognized as a product not only to pursue medical safety but also to help address a potential shortage of labor at medical front lines down the road. While introducing the Premium Surgical Kit, HOGY Medical organizes workshops and seminars to explain how medical front lines should be managed in the future based on cases at several healthcare facilities. On these occasions, we widely exchange views on the future medical front lines or present cases of healthcare institutions engaged in initiatives, or sometimes an employee of the company with nursing qualification gives concrete advice, thereby widely sharing insight of people from all walks of life. In the fiscal year under review, we mainly held these events online, but they were well received by many customers.

Furthermore, we summarize these activities in a newsletter called OPERA Times together with the latest medical information and regularly distribute it to healthcare institutions. Because there are few informational magazines specializing in operating rooms available, we believe that providing this newsletter with a circulation of 5,000 copies to as many customers as possible is a mission of the Company.



For further information on OPERA Times, please refer to our website. ▶ <https://www.hogy.co.jp/english/medical/activities.html>

## Contributing to Supplying Infection Prevention-Related Products

Masks and surgical gowns preferentially supplied to medical institutions

With the outbreak of COVID-19, we received a rush of orders for masks and surgical gowns from healthcare institutions and the general public both at home and abroad. However, placing top priority on supporting medical institutions, we estimate potential demand based on data on supply by facility identified through day-to-day business and contact them. Through this process, we avoid an excessive imbalance of supply so that our products may be distributed across the medical industry.



## Internal Measures Against COVID-19

PCR tests conducted regularly, vaccinations encouraged

To ensure the safety of our employees and their families, we conduct consumer test screening for COVID-19 centered on employees in the sales and production departments to manage their health. Furthermore, we have an environment in place to encourage those who wish to have a vaccination to be inoculated during working hours.



## Flexible Working Arrangements

Work-from-home and staggered working hours in place

The Company has had a work environment that allows for remote work as part of sales activities for over a decade, and with the declaration of a state of emergency, it expanded its application company-wide, excluding the production department, allowing almost all employees to work from home. Additionally, with staggered working hours in place, we make working arrangements flexible to meet individual employees' requirements. As a result of these arrangements that were introduced on a pilot basis in the fiscal year under review, a certain degree of work from home has had positive effects on people's personal life and work. The Company thus decided to institutionalize it to improve employees' work environment.



# Governance

## Strengthen Information Security

ISO 27001 certification obtained



While one can obtain information efficiently by leveraging IT, its management is emphasized. The Company does not handle customers' personal information in principle, but to make them feel more secure and comfortable, we obtained ISMS (ISO 27001) information security management system certification. Furthermore, we check information management and conduct training on a monthly basis to maintain quality.

For our corporate governance, please refer to the next page.▶

## Future Promotion System

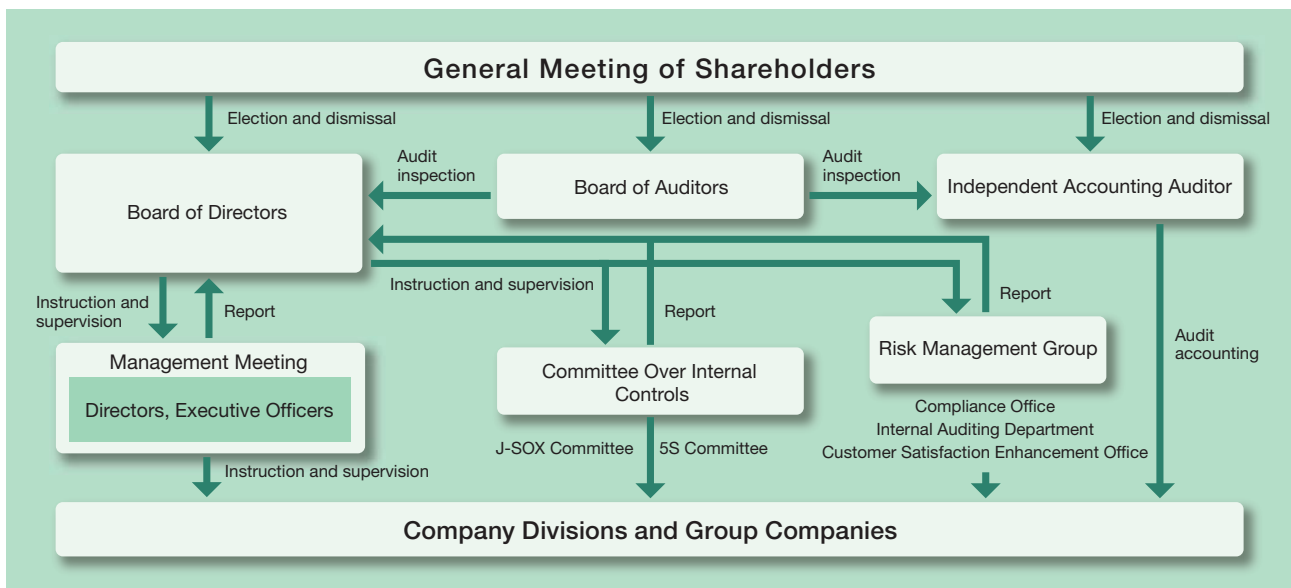
As of FY2021, we established the Sustainability Promotion Unit headed by the Director of the Administration Department as a unit of the Head Office's Administration Department. Currently, the Company promotes activities with working-level personnel centered on executives in the main departments, including development, production, sales, and administration.



## Basic Approach to Corporate Governance

Placing emphasis on customers and shareholders as its basic policy, the Company recognizes successfully achieving business targets and enhancing corporate value continuously as the key shareholder return. To meet these goals, the Company strives to enhance corporate governance based on the recognition that it is critically important to speed up decision-making, executing operations properly as well as strengthening its management oversight function to increase the transparency of management.

Among others, to enhance the governance of executive compensation, the Company has set up a compensation advisory committee aimed at increasing the transparency and persuasiveness of officers' remuneration and to provide compliance education to enhance the internal control and compliance structure. Furthermore, from a shareholder-centric standpoint, we maintain dividends with an eye on post-COVID-19 growth.



At-a-Glance Corporate Governance System	Organizational design	Company with board of company auditors
	Number of board members (number of outside board members)	7 (2)
	Number of corporate auditors (number of outside corporate auditors)	3 (2)
	Board members' term of office	1 year
	Adoption of executive officer system	Available
	Arbitrary advisory body of directors	Compensation Advisory Committee
	Independent Accounting Auditor	Ernst & Young ShinNihon LLC

## Summary of the Corporate Governance System

### Reason the Current Corporate Governance System Is Chosen

In order to hasten decision-making for executing operations as well as to secure corporate governance, the Company has adopted as a system for appointing outside board members and coordinating with the board of corporate auditors the model recommended by the Financial System Council's study group.

### Board of Directors

HOGY Medical has a seven-member Board of Directors, including two outside directors, to manage the company

with a small number of people to ensure speedy decision-making. In addition, an executive officer system has been introduced to clearly separate the strategic decision-making and operation supervisory functions of the Board of Directors from the operation execution function of the executive officers and thereby form a structure that enables quick responses to changes in the business environment.

### Board of Auditors

HOGY Medical has a three-member Board of Corporate Auditors, including two outside corporate auditors, that conducts audits of execution of duties by the directors. Each auditor attends important meetings, receives reports



from the directors, etc., peruses important approval documents and conducts investigations of subsidiaries, etc. The Board of Auditors, which comprises all auditors, determines the audit policy, etc., and receives reports on audit situations from each auditor. The Board also strengthens mutual coordination with the Independent Accounting Auditor, such as receiving reports on audits from the latter at any time and exchanging information as necessary.

### Management Meeting

Operation execution from the respective departments is reported, discussed, and specific measures are formulated based on the basic policy resolved by the Board of Directors in the management meeting composed of seven directors, three executive officers, and appointed general managers.

### Compensation Advisory Committee

To increase the transparency and objectivity in determining directors' remuneration, in view of the 2018 revised Corporate Governance Code and the Cabinet Office Ordinance on Disclosure of Corporate Affairs (revised in January 2019), HOGY Medical set up the Compensation Advisory Committee, of which more than half of the members are independent outside directors, thereby designing and managing a directors' compensation policy or system.

### Status of Maintenance of Internal Control System

HOGY Medical has ensured a system for ensuring the appropriate execution of business by clarifying the authority and responsibility of each duty, while also incorporating a mutual check-and-balance system into the business process to implement appropriate division of duties. The Company also recognizes the necessity to review the system as appropriately and endeavors to improve and reinforce it.

The Board of Directors set up the Committee Over Internal Controls and the Risk Management Group to ensure that directors' business execution complies with laws and regulations as well as the Company's articles of incorporation.

The Committee Over Internal Controls is chaired by the President of HOGY Medical, and the J-SOX Committee and the 5S Committee have been set up under the Committee Over Internal Controls, which holds a meeting regularly, and all activities are reported to the Board of Directors.

### Status of Maintenance of Risk Management System

In order to enhance corporate value in a rapidly changing environment, HOGY Medical recognizes the importance not only of preventing damage from occurring or expanding by appropriately analyzing and managing the risks surrounding the Company but also maintaining and strengthening the trust that clients and investors, etc. have in the Company as well.

The Board of Directors identifies and assesses the risks that could impact the operating performance, stock prices and financial position, etc. of HOGY Medical and takes measures against such as well as maintains a system of prevention in ordinary circumstances.

The Committee Over Internal Controls and the Risk Management Group work together with the Board of Directors to maintain a system of prevention of risks and, in the event that a certain risk does occur, prevent such from expanding and take measures to prevent recurrence. Specifically, the Committee Over Internal Controls and the Risk Management Group assist the directors and the Board of Directors in building a risk management system for each department and, where needed, formulate and thoroughly provide information about regulations, etc.

In addition, risks are extracted from each department and reported to the Board of Directors, and measures are also taken to reduce such risks. Furthermore, the Company has a whistleblowing system for preventing illegal or wrongful acts by those employed by the Company as well as detecting them early and taking necessary measures.

### Status of Maintenance of the System to Secure Appropriate Operations by Subsidiaries

- The Board of Directors shall establish the basic policy and operation policy to secure appropriateness of operations by HOGY Medical's subsidiaries and execution of duties by the subsidiaries' directors through regulations and other measures.
- The Board of Directors shall establish a system within the Group to secure appropriateness of operations by HOGY Medical's subsidiaries and execution of duties by the subsidiaries' directors. The Board of Directors shall receive monthly reports from the subsidiaries and, as needed, provide guidance to them.
- The auditors and the Board of Auditors shall establish a system of close coordination between HOGY Medical's subsidiaries and the Independent Accounting Auditor to ensure that audits regarding the consolidated management of the Group including the subsidiaries are conducted effectively and appropriately.

### Corporate Governance Status of HOGY Medical's Indonesian Subsidiaries

The subsidiaries located in Indonesia have implemented localization policies from the beginning and are managed by seven directors consisting of four members from Japan and three local members. Financial data and other required materials are fully reported to HOGY Medical to ensure that audits can be carried out as needed.



List of directors (June 18, 2021)

Board of Directors and Corporate Auditors



President  
& CEO

**Junichi Hoki**

Born on December 27, 1960

Mar. 1984 Joined the Company  
Apr. 1993 Manager of Miho Plant No.2  
Dec. 1995 Director of P.T. Hogy Indonesia  
Apr. 1997 Deputy General Manager of Manufacturing Dept. of the Company  
Apr. 1998 Deputy General Manager of Management Planning Dept.  
June 1999 Director, Executive Officer in charge of Management Planning Dept.  
June 2003 Senior Executive Director in charge of Management Planning Dept.  
July 2003 Senior Executive Director and General Manger of Administration Div.  
June 2005 President and CEO (present position)



Director, General Manager of Sales Dept. 1 and General Manager of Group 1

**Takuya Kobayashi**

Born on January 26, 1965

Mar. 1991 Joined the Company  
Feb. 2003 Manager of Yokohama Sales Office  
Jan. 2005 Deputy General Manager of Sales Dept. 1 and Manager of Yokohama Sales Office  
Jan. 2006 General Manager of Sales Dept. 3 and Manager of Yokohama Sales Office  
Oct. 2006 General Manager of Sales Dept. 3  
June 2007 Executive Officer and General Manager of Sales Dept. 3  
Feb.2012 Executive Officer and General Manager of Sales Dept. 1  
June 2013 Director and General Manager of Sales Dept. 1  
Apr. 2017 Director, General Manager of Sales Dept. 1 and General Manager of Group 1 (present position)



Director, General Manager of Sales Dept. 2 and General Manager of Group 6

**Wataru Fujimoto**

Born on April 2, 1964

Feb.1996 Joined the Company  
Apr. 2004 Manager of Tokyo No. 2 Sales Office  
Apr. 2009 Manager of Utsunomiya Sales Office  
Apr. 2012 Deputy General Manager of Sales Dept. 4 and Manager of Utsunomiya Sales Office  
Apr. 2013 Deputy General Manager of Sales Dept. 2 and Manager of Kobe Sales Office  
Apr. 2015 Executive Officer and General Manager of Sales Dept. 2  
Apr. 2017 Executive Officer and General Manager of Sales Dept. 2, Group 3  
Apr. 2018 Executive Officer and General Manager of Sales Dept. 3, Group 5 General Manager of Group 5  
Oct. 2018 Executive Officer, General Manager of Sales Dept. 2 and General Manager of Group 5  
May 2019 Executive Officer and General Manager of Sales Dept. 2  
June 2019 Director and General Manager of Sales Dept. 2  
April 2020 Director and General Manager of Sales Dept. 2 and General Manager of Group 6 (present position)



Director, General Manager of Administration Div., General Manager of Management Planning Dept., General Manager of Administration Dept., and General Manager of Sales Administration Dept.

**Hideki Kawakubo**

Born on February 6, 1971

Apr. 1996 Joined Yamanouchi Pharmaceutical Co., Ltd. (currently Astellas Pharma Inc.)  
Oct. 2007 General Manager of Corporate Communications and IR Group of Astellas Pharma Inc.  
Oct. 2012 General Manager of Management Planning Dept. of Astellas Pharma Inc.  
Feb. 2015 Joined USJ Co., Ltd. as Deputy General Manager of HR and General Affairs Div.  
Apr. 2016 Joined Dexerials Corporation as General Manager of IR Dept. of General Affairs Planning Div.  
Apr. 2018 Joined the Company as General Manager of Management Planning Dept.  
July 2018 Executive Officer and General Manager of Management Planning Dept.  
Aug. 2018 Director at HOGY Medical Asia Pacific PTE. LTD. (present position)  
May 2019 Executive Officer, General Manager of Management Planning Dept. and General Manager of Sales Administration Dept.  
June 2020 Executive Officer, General Manager of Administration Div., General Manager of Management Planning Dept., General Manager of Administration Dept., and General Manger of Administration Dept.  
Apr. 2021 Executive Officer, General Manager of Administration Div., General Manager of Management Planning Dept., General Manager of Administration Dept., and General Manager of Sales Administration Dept.  
June 2021 Director, General Manager of Administration Div., General Manager of Management Planning Dept., General Manager of Administration Dept., and General Manager of Sales Administration Dept. (present position)



Director and General Manager of Research & Development Div. in charge of Production Div.

**Kou Ishikawa**

Born on June 3, 1961

Apr. 1987 Joined Terumo Corporation  
Apr. 2007 Chief Senior Research Fellow at ME Center  
Apr. 2012 Senior Research Fellow at ME Center  
Apr. 2015 General Manager of Software Solutions Center at Research & Development Div.  
Apr. 2017 General Manager of IT Solutions Center at Research & Development Div.  
July 2018 Joined the Company as General Manager of Phoenix Business Dept.  
Jan. 2020 Executive Officer and General Manager of Research & Development Div.  
June 2021 Director and General Manager of Research & Development Div. in charge of Production Div. (present position)



Full-time Corporate Auditor

**Ikuo Fuse**

Born on October 22, 1957

Mar. 1980 Joined the Company  
Apr. 1993 Manager of Chiba Sales Office  
Apr. 1996 Manager of Sapporo Sales Office  
June 1999 Manager of Tokyo Sales Office  
Apr. 2002 Executive Officer in charge of Sales Dept. 1  
Jan. 2006 Executive Officer, Deputy General Manager of Sales Div. and General Manager of Sales Dept. 6  
June 2006 Director, Deputy General Manager of Sales Div. and General Manager of Sales Dept. 6  
Apr.2007 Director, Deputy General Manager of Sales Div. and General Manager of Sales Dept. 5  
June 2007 Director and General Manager of Sales Dept. 5  
June 2008 Executive Officer and General Manager of Sales Dept. 5  
Feb. 2012 Executive Officer and General Manager of Sales Administration Dept.  
June 2017 Full-time Corporate Auditor (present position)  
Feb. 2018 Corporate Auditor of P.T. Hogy Indonesia (present position)  
Feb. 2018 Corporate Auditor of P.T. Hogy Medical Sales Indonesia (present position)



Outside Corporate Auditors

**Shuji Yanase**

Born on January 17, 1941

Apr. 1968 Registered as attorney  
Jan. 1992 Managing Partner at Tsunematsu, Yanase & Sekine (currently, Nagashima, Ohno & Tsunematsu)  
Jan. 2000 Chairman at Nagashima, Ohno & Tsunematsu  
Apr. 2005 Affiliate Professor at HOSEI University Law School  
Jan. 2006 Of Counsel at Nagashima, Ohno & Tsunematsu  
June 2006 Outside Director at OK Co., Ltd. (headquartered in Yokohama City, Kanagawa Prefecture)  
June 2007 Outside Auditor at Hogy Medical Co., Ltd. (present post)  
Apr. 2009 Visiting Professor at Waseda University)  
June 2014 The CEO at OK Co., Ltd. (headquartered in Yokohama City, Kanagawa Prefecture)  
June 2016 Representative Vice President at OK Co., Ltd (headquartered in Yokohama City, Kanagawa Prefecture)  
June 2017 Director at OK Co., Ltd (headquartered in Yokohama City, Kanagawa Prefecture)



Outside Corporate Auditors

**Noboru Iizuka**

Born on January 1, 1952

Sept. 1975 Joined Asahi & Co. (currently KPMG AZSA LLC)  
Mar. 1980 Registered as Certified Public Accountant Qualified  
June 1999 Senior Partner of Asahi & Co. (currently KPMG AZSA LLC)  
July 2010 Partner of KPMG AZSA LLC  
June 2016 Outside Corporate Auditor of the Company (present position)

## Outside Board Member



Outside  
Board Member

**Kiyoshi Uesugi**

Born on May 1, 1950

Apr. 1968 Joined Nippon Shoji Kaisha, Ltd. (currently Alfresa Corporation)

June 1980 Joined Terumo Corporation

July 2003 Executive Officer, General Manager of Kansai Block and Branch Manager of Osaka Branch

July 2003 Executive Officer, General Manager of Kansai Block and Branch Manager of Osaka Branch

Oct 2006 Executive Officer and President of Medical Device Company

Apr. 2010 Corporate Auditor at SEAOS, Inc.

Mar. 2013 Director and Vice President of Medi-Banx Inc. (present position)

June 2016 Director of the Company (present position)



Outside  
Board Member

**Ichiro Inoue**

Born on June 15, 1955

Apr. 1978 Joined The Mitsui Bank, Limited (currently Sumitomo Mitsui Banking Corporation)

June 2003 General Manager of Capital Market Department

June 2005 Director of Starzen Co., Ltd.

Oct. 2010 Executive Officer of SMBC Finance Service Co., Ltd.

June 2011 Managing Executive Officer

Mar. 2012 Director and Managing Executive Officer

June 2013 Director and Senior Managing Executive Officer

Apr. 2018 Professor of Department of Economics, Faculty of Economics, Teikyo University (present position)

June 2018 Outside Director of the Company (present position)

### Message from Outside Board Member Uesugi

**—Conduct business where you develop many employees who can discuss how you want to improve the medical industry as a whole and support their challenge**

As HOGY Medical marked the 60th anniversary, I feel that we are in the phase of gearing up for a new leap forward. I have experienced and supported the growth of companies from different vantage points consistently in the medical industry for over 40 years, assuming various roles from sales to management or supporting entrepreneurial ventures. By rule of thumb, I believe that HOGY Medical has been in the stage of laying the groundwork for the next leap over the past few years. To make a leap forward, you have to newly work on things, and in doing so you will face numerous challenges, such as adapting yourself to an alternative style, or tapping a market in a country that has a different culture or laws. Given such circumstances, I would like to help the company build a foundation by leveraging my knowledge and personal connections.

Furthermore, there arises organizational strain or pain, which can be called growing pains, before growth. HOGY Medical, which has kept growing as an industry pioneer, is an organization that has tough DNA, but it is necessary to enhance our organizational power to survive the era of VUCA (Volatility, Uncertainty, Complexity, and Ambiguity) where change is less obvious than before. I therefore believe that with the corporate mission as the focal point, it is necessary to unify a sense of values and develop human resources who can give shape to it. My role as an outside board member has entered the sixth year, and during this period, I have visited workplaces across the nation, spoken with many employees from new recruits to executives and have been able to build firm relations of trust. Based on the trust from the field, I want to build an organization with a sense of unity to take up the challenge of growing down the road, or an organization that can fight as one team, through exhorting employees to the preciousness of business value persuasively, giving stern advice or evaluation from time to time, and repeating the process.

Meanwhile, at the Board of Directors, I believe that my role is to guide it so that it can be run justly with integrity. I try to express my opinions and present issues at the Board of Directors and the Management Meeting, based in part on the situation of peer group competitors, from a third party's perspective, and always from both internal and external standpoints. Furthermore, the execution side can respond to what was discussed with sincerity and rectify it with speed, which I believe is the strength of HOGY Medical's corporate governance.

Currently, Japan's medical care system is in jeopardy. After undergoing this crisis, I expect medical administration and the values of medical care to begin changing. I'd like to realize management where we can foster employees with conviction who can read such a change accurately and discuss how to improve the medical industry as a whole down the road, and support their challenge.

### Message from Outside Board Member Inoue

**—Never forget to take up challenges and make a further leap forward to allow each unit to acquire high-level management capability**

I was appointed as an outside board member of HOGY Medical in 2018 and this year marks the fourth year. I worked for financial institutions and other businesses for about 40 years, performing various roles from sales to human resources, management planning or internal auditing. I believe that my knowledge of internal control and auditing and experience in proposal-based sales can be of some help.

What I am always conscious of as an outside board member is to speak out without reservation in a good sense. I think that expressing frank opinions from the outside leads to corporate governance, helping the company growth soundly. To maintain corporate governance, it boils down to pursuing it with resolve and honesty while "sticking to the basics." It is necessary to observe rules and procedures set by internal control and carry out review if problems arise, including whether the rules are infallible, to keep them in the optimal condition. I believe that an independent outside board member's suggestions help to enhance the soundness of the company further.

I sympathize with HOGY Medical's corporate attitude of taking the initiative in working on "healthcare" that is needed in any age with sincerity. Being ahead of the times, HOGY Medical makes products and not only sells them but also conducts proposal-based sales activities, and I believe in its potential. While its corporate culture of valuing the product lifecycle and thinking about the next before a product becomes a commodity is wonderful and it should not be erased, things new require trial and error and entail birth pangs. It would be a real pleasure if I am of any help with my experience accumulated through proposal-based sales as I attempt to provide advice in this regard.

With my 40 years of experience as a company employee, I can say that if an organization seeks to mobilize power toward a single goal, it could produce enormous results. I feel that coordination among units is the key to an organization that responds to the speed of change in the times. If each unit not only performs the existing function but also captures an issue or change from a higher perspective and responds to it through cooperation, the organization will be able to move quickly and efficiently. To realize this, I believe that human resources are the most important in the final analysis. With a clear-cut corporate philosophy, HOGY Medical is an excellent company that delivers outstanding performance. On top of that, it has brilliant human resources who are fostered in a challenging corporate culture. I hope to enhance these strengths further and take up challenges in business so that we can contribute to the development of the medical industry.

## Executive Officers

General Manager of Production Div. and Procurement Div.

**Akira Koizumi**

General Manager of Sales Dept. 2 and General Manager of Group 4, General Manager of Group 5, and Branch Manager of Osaka Branch

**Masato Iwasaki**

General Manager of Sales Dept. 1, Group 3 and Branch Manager of Tokyo Branch

**Yutaka Wada**



### Premium Surgical Kit



HOGY Medical's Premium Surgical Kit is an all-in-one kit product that contains all the medical materials needed before, during and after surgery in one package, enabling safe and smooth deployment by anyone. The Premium Surgical Kit significantly contributes to enhancing efficiency and safety through work-style reform by greatly reducing the preparation work before surgery and through the standardization of work procedures.



### Surgical Kit

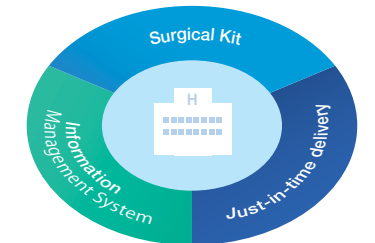
Surgical Kit contains medical materials required for various types of surgical operation or clinical test. By providing medical materials sets, which had previously been collected piece by piece, for surgery, Surgical Kit reduces workload and mitigates risks, including human errors.



### OPERA MASTER



OPERA MASTER, a unique system aimed at enhancing profits and security and raising operating efficiency based on Surgical Kit delivered according to surgery schedule. It helps to alleviate the inventory burdens of medical institutions. Further, we have built a system that analyses and provides information on the status of operating rooms as well as cost management to help improve hospital management.



### Operating Room Management Service



Operating Room Management Service enhances the existing function of OPERA MASTER and adds extra features to collect data on management resources in operating rooms, i.e., "time," "inventory," and "cost," quickly and accurately and analyzes such data, thereby supporting its management.



### OPERA-Compass (ME Machine Management System)



The OPERA-Compass was developed to automatically collect and analyze information on the use of medical engineering (ME) equipment so that the results can be utilized in hospital management. Two types of special tags are used to record the operations status and positions of medical equipment at a hospital. By detecting not only the position but also the power on/off status of equipment in real time, the operation of hundreds of pieces of equipment at a hospital can be grasped more accurately.



### OPERA-Note (OPENO)



OPERA-Note (OPENO) is a tool that enables the sharing, arrangement, and management of knowledge in surgery, utilizing a cloud server to gather information. It can be accessed via smartphones and tablets.





## Mekkin Bags (Sterilization Pouches)

The Mekkin Bags is a packaging bag for sterilization launched in 1964. When the concept of sterilization and disinfection was still new to the medical frontlines, the Mekkin Bags developed by HOGY Medical, toward contributing to preventing the spread of infections in hospitals, were so popular that they soon became synonymous with sterilization storage bags. These products continue to evolve today toward coping with the development of a wide range of sterilization methods.



## Non-woven Fabric Products

Non-woven fabric products refer to surgical gowns and drapes, which are light enough to support surgery without impediment, withstand the intensity of surgery for long hours, and come with proper levels of breathability and barrier performance as well. Since the launch of non-woven fabric products in 1972, the Company has conducted research & development into materials, processing methods, functionality, and production technology so as to provide products that meet the needs of today, thereby contributing to preventing in-hospital infections in healthcare professionals.



## Healthcare-related Products

HOGY Medical strives to develop and supply products that can contribute to patients and healthcare professionals' safety and security while responding to healthcare that is evolving from day to day. The Company provides a wide range of products that support the medical front lines from sterilization containers to SECUREA, a sponge for endoscopic surgery, and HOGY PGA Suture synthetic absorbable suture threads.



## SuReFlnD



SuReFlnD has been developed to assist in the precise excision of small-cell lung cancer in pneumonectomy operations. By detecting a microscopic IC tag placed on the bronchi before surgery from the lung surface during surgery, it can help surgeons to determine the location of a lesion and the extent of resection.



## EMARO (Endoscope Holder)



EMARO is an endoscope holder that excels in safety and operability. The EMARO equipped with a gyro sensor to detect the surgeon's head movements in endoscopic surgery allows the surgeon to move the endoscope at any angle they desire intuitively. Since the endoscope does not wobble, the surgeon is supplied with stable images.



Medical Management



Medical Safety



Minimally Invasive Treatment

For further information on our products and services, please refer to our website.

► <https://www.hogy.co.jp/english/>



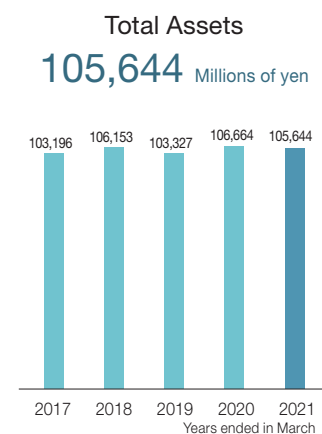
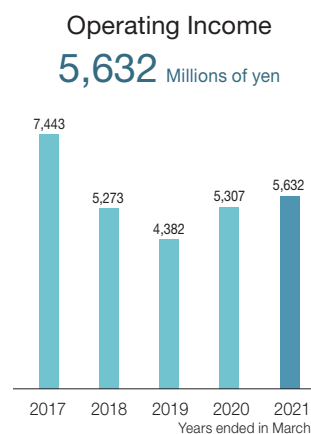
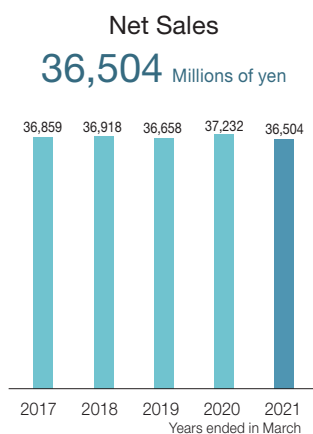


	Years ended March 31,					2021
	2021	2020	2019	2018	2017	
	(Millions of yen unless indicated otherwise)					(Thousands of U.S. dollars)
<b>Income Statement Data</b>						
Net sales	36,504	37,232	36,658	36,918	36,859	329,701
Operating income	5,632	5,307	4,382	5,273	7,443	50,869
Profit before income taxes	6,989	7,725	8,499	7,583	8,422	63,125
Profit attributable to owners of parent	4,959	5,529	6,043	5,262	5,786	44,789
<b>Balance Sheet Data</b>						
Common stock	7,123	7,123	7,123	7,123	7,123	64,335
Additional paid-in capital	8,336	8,336	8,336	8,336	8,336	75,290
Total net assets	95,951	93,921	91,404	94,063	89,629	866,618
Total liabilities and net assets	105,644	106,664	103,327	106,153	103,196	954,161
Property, plant and equipment, net	52,794	51,851	45,944	47,891	51,986	476,828
<b>Cash Flow Data</b>						
Net cash provided by operating activities	6,854	10,295	7,446	8,367	10,066	61,908
Net cash used in investing activities	(6,950)	(9,194)	1,627	(1,807)	(3,868)	(62,779)
Net cash used in financing activities	(2,500)	(1,989)	(6,958)	(1,945)	(1,877)	(22,579)
Cash and cash equivalents at end of year	19,911	22,658	22,903	20,840	16,244	179,838
	(yen)					(U.S. dollars)
<b>Per Share Data</b>						
Profit attributable to owners of parent:						
Basic	164.03	183.07	198.31	168.04	184.53	1.48
Diluted	—	—	—	—	—	—
Net assets	3,182.97	3,104.33	3,027.43	3,002.44	2,863.12	28.75
	(Millions of yen, unless indicated otherwise)					(Thousands of U.S. dollars)
<b>Key Financial Data</b>						
Capital expenditures	7,540	10,144	1,913	4,077	5,844	68,100
Depreciation expenses	4,549	5,283	5,631	6,235	4,409	41,086
R&D expenses	677	607	789	430	485	6,115
Equity ratio (%)	90.76	87.96	88.45	88.36	86.85	—
Return on equity (%)	5.23	5.97	6.52	5.73	6.53	—
Price/earnings ratio (times)	20.57	18.38	19.69	25.56	18.99	—
Number of shares issued (thousands)	32,682	32,682	32,682	32,682	32,682	—
Number of employees at year-end*	1,559	1,538	1,502	1,472	1,489	—
	(756)	(518)	(581)	(680)	(716)	—

Note: 1. Fractions are rounded down.

2. The Company conducted a 2-for-1 split of its common stock as of April 1, 2018. Accordingly, profit per share and net assets per share are calculated on the assumption that the stock split was conducted at the beginning of the fiscal year ended March 2017.

\*1: The number of employees is the size of the employed population. The annual average number of employees who are on fixed-term employment contracts with consolidated subsidiaries are indicated in parentheses.



## Financial Review (Consolidated)

### Business Status

#### Outline of Financial Position, Business Results and Cash Flows

#### Business Results

In the consolidated fiscal year under review, the Japanese economy continued to be heavily impacted by the effects of the COVID-19 pandemic. Though the number of COVID-19 cases in Japan temporarily decreased due to a state of emergency declared in April last year, it shot up after the state of emergency was lifted and the government ended up declaring a second in January 2021.

The Japanese government sharply boosted Emergency Comprehensive Support Grants under the supplementary budget for FY2021 to secure the medical care system and provide added support to medical institutions. Simultaneously, it took various measures, including a COVID-19 vaccination campaign that started in February, to help contain the pandemic, but with the emergence of the more infectious Delta variant, the number of cases with the variant rose in some regions and the situation remains unpredictable.

Also in the medical industry, as the number of cases rises, hospitals are overwhelmed, medical institutions are pressed to secure beds, and those receiving infectious patients are working as hard as they can to secure the medical care system while taking thorough measures to prevent mass infection. The strain on healthcare professionals has increased further and the rate of nurse turnover has risen in medical practice, aggravating a shortage of manpower. Further, the environment surrounding medical institutions remains challenging as patients refrain from visiting doctors and the number of operations and checkups fluctuates according to the spread of infection.

Under these circumstances, the Company has given proposals contributing to increasing efficiency in medical practice, with customer safety as the top priority. Regarding sales activities in the fiscal year under review, activities varied from region to region according to rules for visitors by medical institutions, the number of COVID-19 cases and its fluctuation, but with infection prevention as our top priority as a party involved in the medical industry, we conducted sales activities based on self-restraint and customer demand. Furthermore, we had all employees who visit medical institutions regularly undergo PCR tests voluntarily in consideration of safety for customers and employees.

As for sales performance in the fiscal year under review, sales of medical-use non-woven fabric products remained strong. In the period under review, although surgical gowns were in short supply globally as demand grew particularly in the first half, we maintained the system to deliver our products stably to customers. Further, on the back of the COVID-19 pandemic, sales of infection prevention products, including masks and precaution sets, increased. Sales of Surgical Kit products declined because the number of operations fell due in part to an increase in the number of infectious patients, but those of Premium Surgical Kit, the key strategic product, continued to grow steadily despite the COVID-19 pandemic. Premium Surgical Kit is a highly value-added product that can streamline operations during the perioperative period while ensuring safety of surgery, and it has received high evaluation as it can contribute to improving operations in medical practice, which has grown increasingly challenging.

As a result, consolidated net sales for the fiscal year under review amounted to ¥36,504 million, down 2.0% from the previous fiscal year. Sales of Surgical Kit fell 5.8% to ¥21,187 million, of which sales of Premium Surgical Kit totaled ¥11,249 million or up 9.1%, both on a year-on-year basis. In terms of cost of sales, the cost-of-sales ratio improved from the previous fiscal year due to such factors as a decrease in depreciation. Selling, general and administrative expenses fell due in part to the effects of self-quarantine on the back of the COVID-19 pandemic. Consequently, operating income was ¥5,632 million, up 6.1% year on year. Ordinary income was ¥5,988 million yen, up 3.4% year on year, due to subsidy income for the new surgical kit plant from Ushiku City, among other factors. The Company also posted ¥1,030 million in extraordinary income from partial sales of shares (in contrast to ¥1,943 million in the previous fiscal year). Profit attributable to owners of parent was ¥4,959 million, down 10.3% from the previous fiscal year.

The presentation of information by reportable segment has been omitted because the Company is engaged principally in manufacturing and selling non-woven fabric and sterilized medical goods, which are considered to be a single business segment.

#### Financial Position

At the end of the fiscal year under review, total assets amounted to ¥105,644 million, down ¥1,019 million from the previous fiscal year.

Current assets decreased ¥1,906 million to ¥41,322 million due in part to a decrease in cash and bank deposits of ¥2,827 million and an increase in merchandise and finished goods of ¥695 million. Of fixed assets, property, plant and equipment increased ¥943 million to ¥52,794 million. This was due in part to an increase in construction in progress of ¥3,702 million resulting from capital investment in the second phase construction work of the new surgical kit plant, etc., a decrease of ¥840 million in depreciation of buildings and structures, and a decrease of ¥1,597 million in depreciation of machinery, equipment and vehicles. Intangible assets amounted to ¥1,951 million due to a decrease of ¥348 million in depreciation, etc. Investments and other assets increased ¥292 million year on year to ¥9,576 million. As a result, fixed assets amounted to ¥64,322 million.

At the end of the fiscal year under review, total liabilities amounted to ¥9,692 million, down ¥3,050 million from the previous fiscal year. Current liabilities decreased ¥2,770 million to ¥7,590 million due in part to a decrease of ¥2,211 million in accounts payable-other and a decrease of ¥306 million in construction notes payable. Long-term liabilities decreased ¥279 million to ¥2,102 million from the end of the previous fiscal year. This was due in part to a decrease of ¥175 million in transfer of long-term debt to current liabilities, etc.

At the end of the fiscal year under review, net assets amounted to ¥95,951 million, up ¥2,030 million from the end of the previous fiscal year. This was due in part to an increase upon posting of ¥4,959 million in profit attributable to owners of parent, a decrease of ¥2,044 million in appropriation of retained earnings, and a decrease of ¥336 million in foreign currency translation adjustment, etc.

As a result, the equity ratio increased from 87.96% at the end of the previous fiscal year to 90.76%. Earnings per share (EPS) decreased from ¥183.07 for the previous fiscal year to ¥164.03. Return on equity (ROE) decreased from 5.97% for the previous fiscal year to 5.23%.

#### Cash Flows

Cash and cash equivalents at the end of the fiscal year under review was ¥19,911 million, down ¥2,746 million from the previous fiscal year, due to the following cash flows:

##### (Cash Flows from Operating Activities)

Cash flows from operating activities included posting ¥6,989 million in profit before income taxes, ¥4,549 million in depreciation, and ¥1,028 million in gain on sales of investment securities, as well as ¥1,050 in increase in inventory, ¥380 million in decrease in accrued consumption taxes and other, and ¥2,025 million in income taxes paid. As a result, net cash provided by operating activities amounted to ¥6,854 million, down ¥3,440 million from the previous fiscal year.

##### (Cash Flows from Investing Activities)

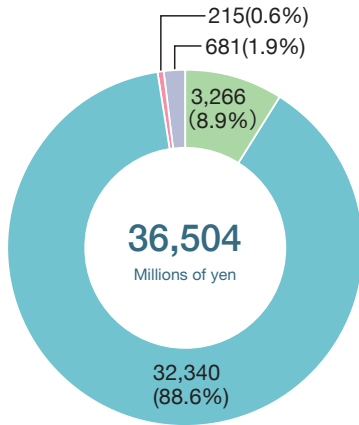
Cash flows from investing activities included ¥1,409 million in proceeds from sales of investment securities, ¥7,350 million in payments for purchase of property, plant and equipment due to capital investment in the second phase construction work of the new surgery kit plant, etc., and ¥929 million in payments for purchases of investment securities. As a result, net cash used in investing activities amounted to ¥6,950 million, down ¥2,243 million from the previous fiscal year.

##### (Cash Flows from Financing Activities)

Cash flows from financing activities included ¥2,044 million in cash dividend paid, ¥453 million in payments for purchases of treasury stock, etc. based on the resolution made at the Board of Directors' meeting held on March 8, 2021, ¥110 million in repayments of long-term debt for the trust-type Employee Shareholding Incentive Plan (E-Ship®), and ¥108 million in proceeds from disposition of treasury stock. As a result, net cash used in financing activities amounted to ¥2,500 million, up ¥510 million from the previous fiscal year.



**Sales Results by Product Category**  
(Entire Fiscal Year)

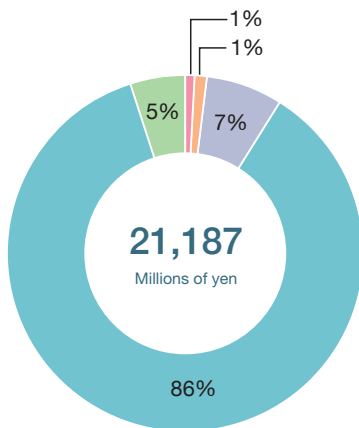


Fiscal year ended  
March 2021

- Sterilization products
- Surgical-use products
- Medical treatment products
- Others

(Unit: Millions of yen, rounded down to the nearest indicated unit)

**Kit Products Sales Composition Ratio by Clinical Department**

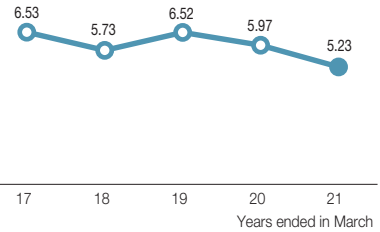


Fiscal year ended  
March 2021

- Hospital ward
- Anesthesia
- Ophthalmology
- Surgery, etc.
- Radiology

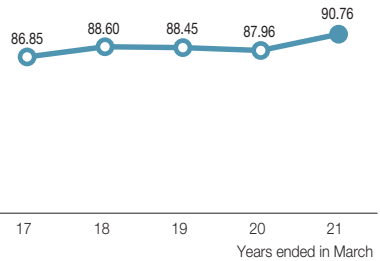
**Profitability**

Return on Equity (ROE) **5.23%**



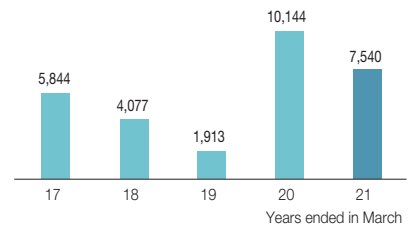
**Stability**

Equity Ratio **90.76%**



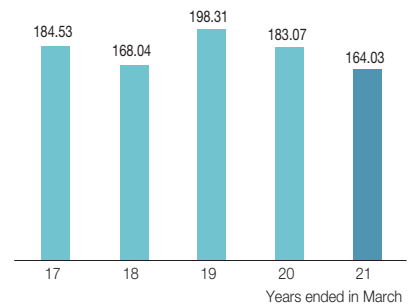
**Capital Expenditures and Related Data**

Capital Expenditures **7,540** Millions of yen



**Per Share Data**

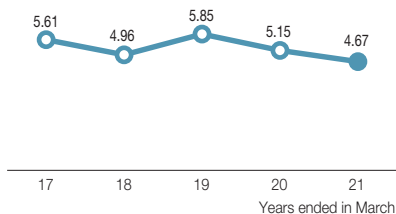
Earnings per Share (EPS) **164.03** yen



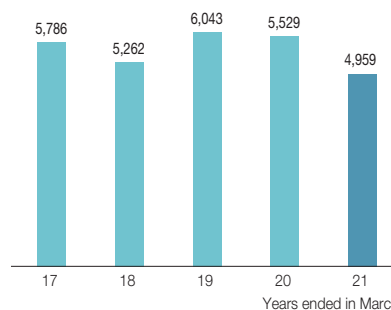
(Note) The Company conducted a 2-for-1 split of its common stock as of April 1, 2018. Accordingly, profit per share is calculated on the assumption that the stock split was conducted at the beginning of the fiscal year ended March 2016.



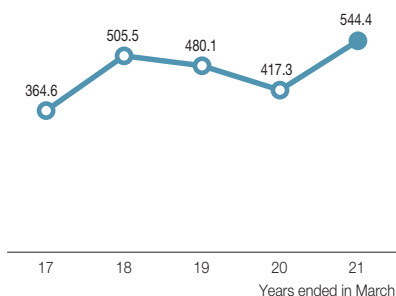
Return on Assets (ROA) **4.67%**



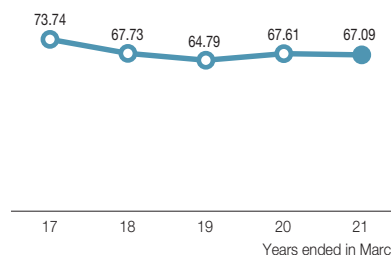
Profit Attributable to Owners of Parent **4,959** Millions of yen



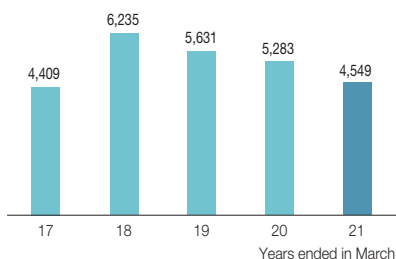
Current Ratio **544.4%**



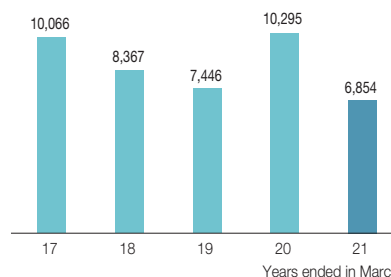
Fixed Ratio **67.09%**



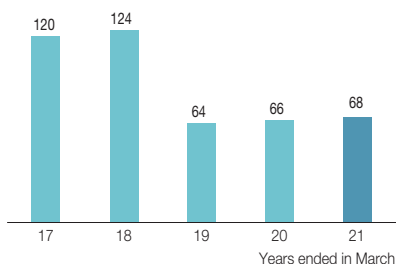
Depreciation Expenses **4,549** Millions of yen



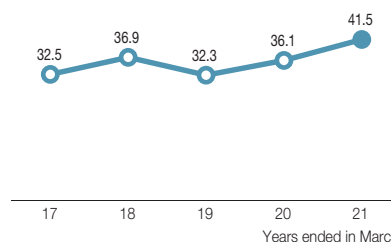
Cash Flows (Operating Activities) **6,854** Millions of yen



Dividends per Share **68** yen



Payout Ratio **41.5%**



(Note) The Company conducted a 2-for-1 split of its common stock as of April 1, 2018. Accordingly, the dividends for the fiscal year ended March 31, 2018, was calculated based on the figures before the stock split.



**HOGY Medical Co., Ltd. and Subsidiaries**  
**Consolidated Balance Sheet**

	As of March 31,		
	2021	2020	2021
	<i>(Millions of yen)</i>		<i>(Thousands of U.S. dollars)</i>
<b>Assets</b>			
<b>Current assets:</b>			
Cash and bank deposits	¥ 20,549	¥ 23,377	\$ 185,603
Notes and accounts receivable	11,390	11,352	102,879
Inventories	8,805	7,868	79,527
Other current assets	576	631	5,207
Allowance for doubtful accounts	(0)	(0)	(2)
Total current assets	41,322	43,229	373,214
<b>Property, plant and equipment, at cost:</b>			
Buildings and structures	46,372	46,188	418,829
Machinery, equipment and vehicles	43,551	43,289	393,343
Land	9,580	9,604	86,530
Construction in progress	12,697	8,995	114,682
Other	5,813	5,692	52,508
	118,015	113,769	1,065,894
Less: Accumulated depreciation	(65,221)	(61,918)	(589,065)
Property, plant and equipment, net	52,794	51,851	476,828
<b>Investments and other assets:</b>			
Investment securities	7,987	7,941	72,143
Intangible assets	1,951	2,300	17,626
Guarantee deposits	357	356	3,225
Deferred tax assets	175	168	1,581
Other assets	1,056	816	9,540
Total investments and other assets	11,527	11,583	104,117
<b>Total assets</b>	<b>¥105,644</b>	<b>¥106,664</b>	<b>\$ 954,161</b>

	As of March 31,		
	2021	2020	2021
	(Millions of yen)		(Thousands of U.S. dollars)
<b>Liabilities and net assets</b>			
<b>Current liabilities:</b>			
Notes and accounts payable:			
Trade	¥ 4,615	¥ 4,675	\$ 41,684
Construction	266	572	2,406
Current portion of long-term debt	64	—	586
Income taxes payable	1,107	1,060	10,000
Accounts payable – other	363	2,575	3,285
Other current liabilities	1,172	1,476	10,587
Total current liabilities	7,590	10,360	68,551
<b>Long-term liabilities:</b>			
Long-term debt	—	175	—
Deferred tax liabilities	1,145	1,232	10,346
Liability for retirement benefits	449	468	4,061
Long-term accounts payable – other	36	36	326
Other long-term liabilities	471	468	4,258
Total long-term liabilities	2,102	2,381	18,991
<b>Net assets:</b>			
<b>Shareholders' equity:</b>			
Common stock:			
Authorized – 130,000,000 shares			
Issued – 32,682,310 shares	7,123	7,123	64,335
Additional paid-in capital	8,336	8,336	75,290
Retained earnings	86,149	83,234	778,082
Treasury stock, at cost			
2,559,982 shares in 2021 and 2,460,787 shares in 2020	(8,902)	(8,557)	(80,404)
Total shareholders' equity	92,706	90,136	837,303
Accumulated other comprehensive income:			
Unrealized gain on other securities	3,340	3,623	30,173
Deferred gain on hedges	262	189	2,374
Translation adjustments	(326)	9	(2,951)
Retirement benefit liability adjustments	(104)	(141)	(945)
Total accumulated other comprehensive income	3,172	3,681	28,651
Non-controlling interests	73	103	663
Total net assets	95,951	93,921	866,618
<b>Total liabilities and net assets</b>	<b>¥105,644</b>	<b>¥106,664</b>	<b>\$954,161</b>



**HOGY Medical Co., Ltd. and Subsidiaries**  
**Consolidated Statement of Income**

	Years ended March 31,		
	2021	2020	2021
	<i>(Millions of yen)</i>		<i>(Thousands of U.S. dollars)</i>
<b>Net sales</b>	<b>¥36,504</b>	<b>¥37,232</b>	<b>\$329,701</b>
<b>Cost of sales</b>	<b>21,177</b>	<b>21,798</b>	<b>191,273</b>
Gross profit	<b>15,326</b>	<b>15,434</b>	<b>138,427</b>
<b>Selling, general and administrative expenses</b>	<b>9,694</b>	<b>10,126</b>	<b>87,558</b>
Operating income	<b>5,632</b>	<b>5,307</b>	<b>50,869</b>
<b>Other income (expenses):</b>			
Interest income	<b>63</b>	<b>70</b>	<b>577</b>
Interest expense	<b>(2)</b>	<b>(1)</b>	<b>(18)</b>
Dividend income	<b>60</b>	<b>70</b>	<b>545</b>
Foreign exchange gain (loss), net	<b>10</b>	<b>36</b>	<b>92</b>
Subsidy income	<b>236</b>	<b>274</b>	<b>2,135</b>
Gain (loss) on investments in partnership	<b>(61)</b>	<b>(18)</b>	<b>(556)</b>
Commission for purchase of treasury stock	<b>(1)</b>	<b>—</b>	<b>(16)</b>
Gain on sales of investment securities	<b>1,028</b>	<b>1,942</b>	<b>9,293</b>
Loss on disposal of property, plant and equipment	<b>(28)</b>	<b>(5)</b>	<b>(261)</b>
Loss on valuation of golf club membership	<b>—</b>	<b>(4)</b>	<b>—</b>
Other, net	<b>51</b>	<b>51</b>	<b>465</b>
Other income (expenses), net	<b>1,357</b>	<b>2,417</b>	<b>12,256</b>
Profit before income taxes	<b>6,989</b>	<b>7,725</b>	<b>63,125</b>
<b>Income taxes :</b>			
Current	<b>2,081</b>	<b>2,194</b>	<b>18,801</b>
Deferred	<b>(21)</b>	<b>40</b>	<b>(192)</b>
Total income taxes	<b>2,060</b>	<b>2,235</b>	<b>18,608</b>
Profit	<b>4,928</b>	<b>5,489</b>	<b>44,517</b>
<b>Profit attributable to non-controlling interests</b>	<b>30</b>	<b>40</b>	<b>271</b>
Profit attributable to owners of parent	<b>¥ 4,959</b>	<b>¥ 5,529</b>	<b>\$ 44,789</b>

**HOGY Medical Co., Ltd. and Subsidiaries**  
**Consolidated Statement of Comprehensive Income**

	Years ended March 31,		
	2021	2020	2021
	<i>(Millions of yen)</i>		<i>(Thousands of U.S. dollars)</i>
Profit	<b>¥4,928</b>	<b>¥ 5,489</b>	<b>\$44,517</b>
<b>Other comprehensive income:</b>			
Unrealized gain (loss) on other securities	<b>(282)</b>	<b>(1,070)</b>	<b>(2,550)</b>
Deferred gain (loss) on hedges	<b>73</b>	<b>61</b>	<b>661</b>
Translation adjustments	<b>(336)</b>	<b>(100)</b>	<b>(3,041)</b>
Retirement benefits liability adjustments	<b>36</b>	<b>(39)</b>	<b>332</b>
Total other comprehensive income	<b>(509)</b>	<b>(1,149)</b>	<b>(4,598)</b>
Comprehensive income	<b>¥4,419</b>	<b>¥ 4,339</b>	<b>\$39,919</b>
<b>Total comprehensive income attributable to:</b>			
Owners of parent	<b>¥4,450</b>	<b>¥ 4,379</b>	<b>\$40,191</b>
Non-controlling interests	<b>¥ (30)</b>	<b>¥ (40)</b>	<b>\$ (272)</b>

HOGY Medical Co., Ltd. and Subsidiaries  
Consolidated Statement of Changes in Net Assets

	Shareholders' equity					
	Common stock		Additional paid-in capital	Retained earnings	Treasury stock, at cost	Total shareholders' equity
	Number of shares	Amount				
	(Millions of yen)					
<b>Balance at April 1, 2019</b>	32,682,310	¥7,123	¥8,336	¥79,770	¥(8,663)	¥86,566
Cash dividends paid	—	—	—	(1,983)	—	(1,983)
Profit attributable to owners of parent	—	—	—	5,529	—	5,529
Purchases of treasury stock	—	—	—	—	(1)	(1)
Disposal of treasury stock	—	—	—	—	106	106
Change in scope of consolidation	—	—	—	(81)	—	(81)
Other, net change	—	—	—	—	—	—
Net changes during the year	—	—	—	3,463	105	3,569
<b>Balance at March 31, 2020</b>	32,682,310	7,123	8,336	83,234	(8,557)	90,136
<b>Balance at April 1, 2020</b>	32,682,310	7,123	8,336	83,234	(8,557)	90,136
Cash dividends paid	—	—	—	(2,044)	—	(2,044)
Profit attributable to owners of parent	—	—	—	4,959	—	4,959
Purchases of treasury stock	—	—	—	—	(453)	(453)
Disposal of treasury stock	—	—	—	—	108	108
Other, net change	—	—	—	—	—	—
Net changes during the year	—	—	—	2,914	(344)	2,570
<b>Balance at March 31, 2021</b>	<b>32,682,310</b>	<b>¥7,123</b>	<b>¥8,336</b>	<b>¥86,149</b>	<b>¥(8,902)</b>	<b>¥92,706</b>

	Accumulated other comprehensive income						
	Unrealized gain on other securities	Deferred gain on hedges	Translation adjustments	Retirement benefit liability adjustments	Total accumulated other comprehensive income (loss)	Non-controlling interest	Total net assets
	(Millions of yen)						
<b>Balance at April 1, 2019</b>	¥ 4,693	¥127	¥ 110	¥(101)	¥ 4,830	¥ 7	¥91,404
Cash dividends paid	—	—	—	—	—	—	(1,983)
Profit attributable to owners of parent	—	—	—	—	—	—	5,529
Purchases of treasury stock	—	—	—	—	—	—	(1)
Disposal of treasury stock	—	—	—	—	—	—	106
Change in scope of consolidation	—	—	—	—	—	—	(81)
Other, net change	(1,070)	61	(100)	(39)	(1,149)	96	(1,053)
Net changes during the year	(1,070)	61	(100)	(39)	(1,149)	96	(2,516)
<b>Balance at March 31, 2020</b>	3,623	189	9	(141)	3,681	103	93,921
<b>Balance at April 1, 2020</b>	3,623	189	9	(141)	3,681	103	93,921
Cash dividends paid	—	—	—	—	—	—	(2,044)
Profit attributable to owners of parent	—	—	—	—	—	—	4,959
Purchases of treasury stock	—	—	—	—	—	—	(453)
Disposal of treasury stock	—	—	—	—	—	—	108
Other, net change	(282)	73	(336)	36	(509)	(30)	(539)
Net changes during the year	(282)	73	(336)	36	(509)	(30)	2,030
<b>Balance at March 31, 2021</b>	<b>¥ 3,340</b>	<b>¥262</b>	<b>¥(326)</b>	<b>¥(104)</b>	<b>¥ 3,172</b>	<b>¥ 73</b>	<b>¥95,951</b>



	Shareholders' equity				
	Common stock	Additional paid-in capital	Retained earnings	Treasury stock, at cost	Total shareholders' equity
	<i>(Thousands of U.S. dollars)</i>				
<b>Balance at April 1, 2020</b>	\$64,335	\$75,290	\$751,758	\$(77,292)	\$814,092
Cash dividends paid	—	—	(18,465)	—	(18,456)
Profit attributable to owners of parent	—	—	44,789	—	44,789
Purchases of treasury stock	—	—	—	(4,094)	(4,094)
Disposition of treasury stock	—	—	—	982	982
Other, net change	—	—	—	—	—
Net changes during the year	—	—	26,323	(3,111)	23,211
<b>Balance at March 31, 2021</b>	<b>\$64,335</b>	<b>\$75,290</b>	<b>\$778,082</b>	<b>\$(80,404)</b>	<b>\$837,303</b>

	Accumulated other comprehensive income						Total net assets
	Unrealized gain on other securities	Deferred gain on hedges	Translation adjustments	Retirement benefit liability adjustments	Total accumulated other comprehensive income (loss)	Non-controlling interest	
	<i>(Thousands of U.S. dollars)</i>						
<b>Balance at April 1, 2020</b>	\$32,724	\$1,712	\$ 88	\$(1,277)	\$33,248	\$ 936	\$848,276
Cash dividends paid	—	—	—	—	—	—	(18,465)
Profit attributable to owners of parent	—	—	—	—	—	—	44,789
Purchases of treasury stock	—	—	—	—	—	—	(4,094)
Disposition of treasury stock	—	—	—	—	—	—	982
Other, net change	(2,550)	661	(3,040)	332	(4,597)	(273)	(4,870)
Net changes during the year	(2,550)	661	(3,040)	332	(4,597)	(273)	18,341
<b>Balance at March 31, 2021</b>	<b>\$30,173</b>	<b>\$2,374</b>	<b>\$(2,951)</b>	<b>\$ (945)</b>	<b>\$28,651</b>	<b>\$ 663</b>	<b>\$866,618</b>

**HOGY Medical Co., Ltd. and Subsidiaries**  
**Consolidated Statement of Cash Flows**

Years ended March 31,

	2021	2020	2021
	<i>(Millions of yen)</i>		<i>(Thousands of U.S. dollars)</i>
<b>Operating activities</b>			
Profit before income taxes	¥6,989	¥ 7,725	\$ 63,125
Depreciation	4,549	5,283	41,090
Changes in liability for retirement benefits, net	43	69	392
(Decrease) increase in allowance for doubtful accounts	0	0	1
Interest and dividend income	(124)	(141)	(1,122)
Interest expense	2	1	18
Loss on investments in partnership	61	18	556
Foreign exchange loss (gain)	(0)	(53)	(4)
Gain on sales of investment securities	(1,028)	(1,942)	(9,293)
Gain on sales of property, plant and equipment	(1)	(1)	(9)
Loss on disposal of property, plant and equipment	28	5	261
Loss on valuation of golf club membership	—	4	—
Changes in assets and liabilities:			
Notes and accounts receivable	(79)	641	(715)
Inventories	(1,050)	399	(9,484)
Notes and accounts payable	(28)	96	(253)
Accrued consumption taxes and other	(380)	535	(3,432)
Consumption taxes refund receivable and other	—	21	—
Other current assets	115	(104)	1,040
Other current liabilities	(153)	94	(1,383)
Other investments	(188)	106	(1,706)
Other liabilities	3	9	30
Other	(0)	(21)	(7)
Subtotal	8,758	12,747	79,105
Interest and dividends received	124	139	1,120
Interest paid	(2)	(1)	(18)
Income taxes paid	(2,025)	(2,590)	(18,298)
Net cash provided by operating activities	6,854	10,295	61,908
<b>Investing activities</b>			
Increase in time deposits	(12)	(289)	(116)
Proceeds from time deposits	78	3	709
Purchases of investment securities	(929)	(1,163)	(8,399)
Proceeds from sales of investment securities	1,409	2,356	12,734
Purchase of property, plant and equipment	(7,350)	(9,767)	(66,385)
Proceeds from sales of property, plant and equipment	3	1	29
Purchases of intangible assets	(190)	(377)	(1,722)
Proceeds from distribution of investments in partnership	38	44	345
Payments for loans receivable	(0)	(0)	(8)
Collection of loans receivable	0	0	3
Decrease (increase) in other investments	3	(2)	31
Net cash used in investing activities	(6,950)	(9,194)	(62,779)
<b>Financing activities</b>			
Repayment of long-term debt	(110)	(110)	(999)
Proceeds from sales of treasury stock	108	106	978
Purchases of treasury stock	(453)	(1)	(4,094)
Cash dividend paid	(2,044)	(1,984)	(18,463)
Net cash used in financing activities	(2,500)	(1,989)	(22,579)
Effect of exchange rate changes on cash and cash equivalents	(150)	63	(1,358)
Net increase in cash and cash equivalents	(2,746)	(825)	(24,808)
Cash and cash equivalents at beginning of year	22,658	22,903	204,647
Increase in cash and cash equivalents resulting from inclusion of subsidiaries in consolidation	—	580	—
Cash and cash equivalents at end of year	¥19,911	¥22,658	\$179,838

Corporate Profile (as of March 31, 2021)

**Corporate name:**  
HOGY MEDICAL CO., LTD

**Head office:**  
7-7, Akasaka 2-chome,  
Minato-ku, Tokyo 107-8615  
Phone: +(81)3-6229-1300  
<https://www.hogy.co.jp/english/>

**Incorporated:**  
April 3, 1961

**Paid-in capital:**  
¥7,123 million

**Number of employees:**  
1,559 (Consolidated)

**Number of sales offices:**  
23

**Listing:**  
The Tokyo Stock Exchange  
First Section

**Code number:**  
3593

**Number of shareholders:**  
8,006

**Shares of common stock issued  
and outstanding:**  
32,682,310

**Financial year:**  
April 1 to March 31

**Annual general meeting:**  
June

**Transfer agent:**  
Mitsubishi UFJ Trust and Banking Corporation  
Corporate Agency Division  
1-1 Nikkocho, Fuchu,  
Tokyo 183-0044  
Phone: +(81)42-204-0303

**Independent auditor:**  
Ernst & Young ShinNihon LLC  
Hibiya Mitsui Tower, Tokyo Midtown Hibiya  
1-1-2 Yuraku-cho, Chiyoda-ku,  
Tokyo 100-0006  
Phone: +(81)3-3506-2411

Network (as of August 3, 2021)

## Sales Offices

**1 Sapporo Sales Office**

14F, 3-1, Kita 3-jo Nishi, Chuo-ku, Sapporo-shi,  
Hokkaido 060-0003  
Phone: +(81)11-251-2730 Fax: +(81)11-251-2731

**2 Morioka Sales Office**

59-1, Hosoyachi Mukainakano, Morioka-shi,  
Iwate 020-0851  
Phone: +(81)19-656-9660 Fax: +(81)19-656-9661

**3 Sendai Sales Office**

2-4-43, Ogimachi, Miyagino-ku, Sendai-shi,  
Miyagi 983-0034  
Phone: +(81)22-231-3101 Fax: +(81)22-231-3102

**4 Utsunomiya Sales Office**

13-46, Futaba 1-chome, Utsunomiya-shi,  
Tochigi 321-0164  
Phone: +(81)28-684-1715 Fax: +(81)28-658-6164

**5 Omiya Sales Office**

14F, 10-16, Sakuragi-cho 1-chome, Omiya-ku,  
Saitama-shi, Saitama 330-0854  
Phone: +(81)48-788-3230 Fax: +(81)48-788-3232

**6 Chiba Sales Office**

12-12, Tsuga 2-chome, Wakaba-ku,  
Chiba-shi, Chiba 264-0025  
Phone: +(81)43-232-1411 Fax: +(81)43-232-1285

**7 Tokyo Branch Office**

20-9, Hongo 3-chome, Bunkyo-ku,  
Tokyo 113-0033  
Phone: +(81)3-3813-8141 Fax: +(81)3-3813-8140

**8 Tama Sales Office**

49-16, Tokura 4-chome,  
Kokubunji-shi, Tokyo 185-0003  
Phone: +(81)42-320-5511 Fax: +(81)42-320-5513

**9 Yokohama Sales Office**

482-1, Toriyama-cho, Kohoku-ku,  
Yokohama-shi, Kanagawa 222-0035  
Phone: +(81)45-471-7701 Fax: +(81)45-471-7704

**10 Niigata Sales Office**

9-3, Bentenbashi-dori 3-chome, Chuo-ku  
Niigata-shi, Niigata 950-0925  
Phone: +(81)25-287-7110 Fax: +(81)25-287-7116

**11 Kanazawa Sales Office**

1-16-22, Ekinishi-shinmachi,  
Kanazawa-shi, Ishikawa 920-0027  
Phone: +(81)76-223-2351 Fax: +(81)76-223-5505

**12 Shizuoka Sales Office**

241 Mise, Suruga-ku, Shizuoka-shi,  
Shizuoka 422-8057  
Phone: +(81)54-284-6688 Fax: +(81)54-284-6855

**13 Matsumoto Sales Office**

2-10-7, Muraimachi-minami,  
Matsumoto-shi, Nagano 399-0036  
Phone: +(81)263-85-3280 Fax: +(81)263-86-7847

**14 Nagoya Branch Office**

1-508, Bunkyo-dai, Meito-ku,  
Nagoya-shi, Aichi 465-0012  
Phone: +(81)52-778-2711 Fax: +(81)52-778-2720

**15 Kyoto Sales Office**

69, Takedanishidangawara-cho, Fushimi-ku,  
Kyoto-shi, Kyoto 612-8429  
Phone: +(81)75-606-1411 Fax: +(81)75-606-1499

**16 Osaka Branch Office**

13F, 1-1, Edobori 2-chome,  
Nishi-ku, Osaka-shi, Osaka 550-0002  
Phone: +(81)6-6445-8655 Fax: +(81)6-6445-8670

**17 Kobe Sales Office**

2-15, Ekimae-dori, 2-chome,  
Hyogo-ku, Kobe-shi, Hyogo 652-0898  
Phone: +(81)78-579-8611 Fax: +(81)78-579-8612

**18 Okayama Sales Office**

6-28, Okudanihimachi, Kita-ku,  
Okayama-shi, Okayama 700-0931  
Phone: +(81)86-803-2007 Fax: +(81)86-803-2005

**19 Hiroshima Sales Office**

17-23, Nakasuji 2-chome, Asaminami-ku,  
Hiroshima-shi, Hiroshima 731-0122  
Phone: +(81)82-879-3901 Fax: +(81)82-879-3903

**20 Matsuyama Sales Office**

1188-1, Kishimachi, Matsuyama-shi,  
Ehime 791-1102  
Phone: +(81)89-976-2021 Fax: +(81)89-976-1822

**21 Fukuoka Sales Office**

22-22, Toko 2-chome, Hakata-ku,  
Fukuoka-shi, Fukuoka 812-0008  
Phone: +(81)92-475-1861 Fax: +(81)92-475-1864

**22 Kumamoto Sales Office**

107-12 Koga, Mashikimachi,  
Kamimashiki-gun, Kumamoto 861-2234  
Phone: +(81)96-286-1331 Fax: +(81)96-286-1425

**23 Kagoshima Sales Office**

3-1, Gionnosu-cho, Kagoshima-shi,  
Kagoshima 892-0803  
Phone: +(81)99-248-5040 Fax: +(81)99-247-2330



## Facilities

### 24 Tsukuba Plant

1650-30, Okubara-cho, Ushiku-shi, Ibaraki 300-1283

#### Kit Plant

Phone: +(81)29-830-9700 Fax: +(81)29-830-9710

#### Sterilization Center

Phone: +(81)29-830-9725 Fax: +(81)29-830-9726

#### Distribution Center

Phone: +(81)29-830-9100 Fax: +(81)29-830-9101

#### OPC

Phone: +(81)29-830-9735 Fax: +(81)29-830-9736

### 25 Miho Plant No.1

1873-1 Fusa, Miho-mura, Inashiki-gun, Ibaraki 300-0427

Phone: +(81)29-885-2981 Fax: +(81)29-885-6800

### 26 Miho Plant No.2

1776-1 Fusa, Miho-mura, Inashiki-gun, Ibaraki 300-0427

Phone: +(81)29-885-6611 Fax: +(81)29-885-6800

### 27 Edosaki Distribution Center

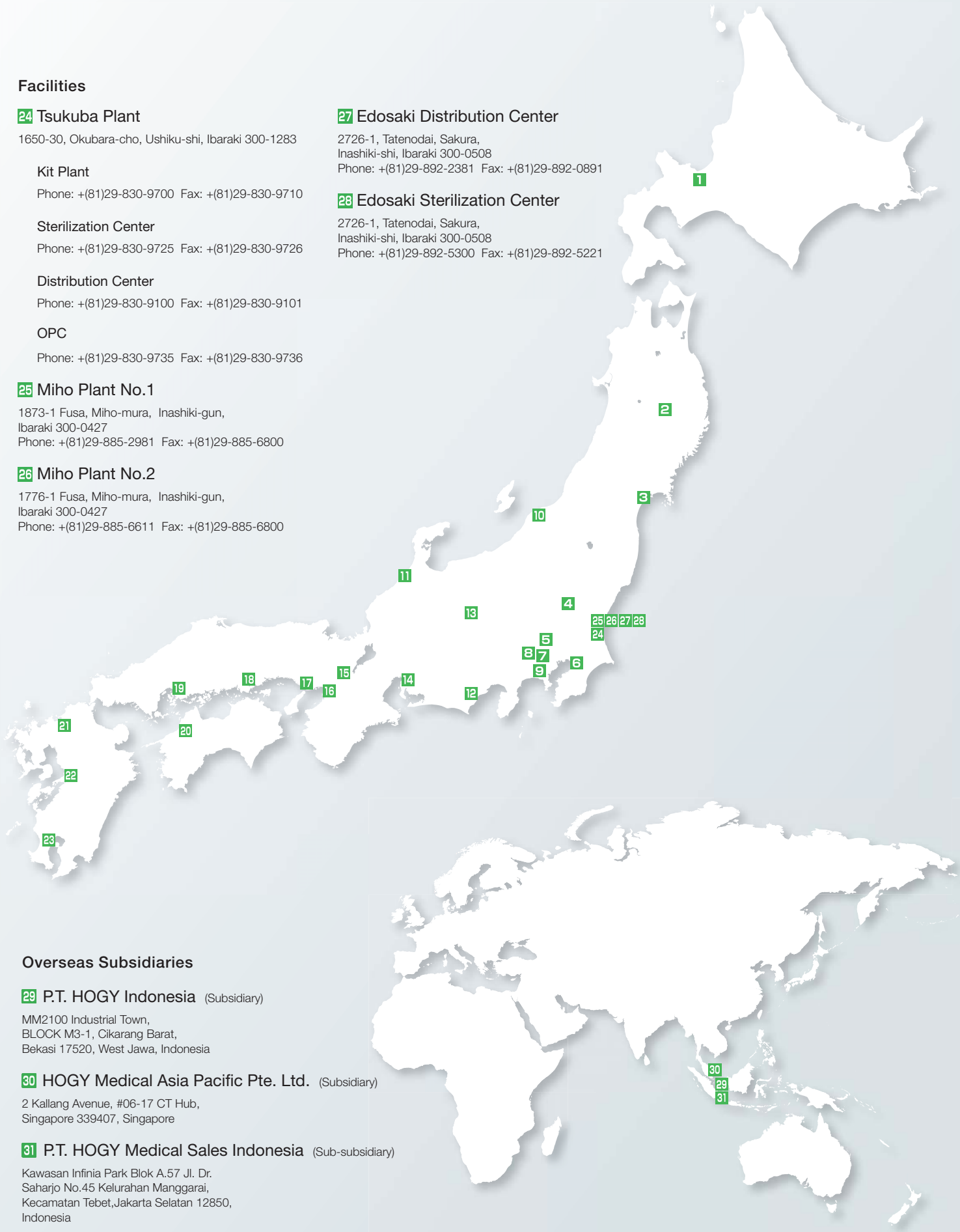
2726-1, Tatenodai, Sakura, Inashiki-shi, Ibaraki 300-0508

Phone: +(81)29-892-2381 Fax: +(81)29-892-0891

### 28 Edosaki Sterilization Center

2726-1, Tatenodai, Sakura, Inashiki-shi, Ibaraki 300-0508

Phone: +(81)29-892-5300 Fax: +(81)29-892-5221



## Overseas Subsidiaries

### 29 P.T. HOGY Indonesia (Subsidiary)

MM2100 Industrial Town,  
BLOCK M3-1, Cikarang Barat,  
Bekasi 17520, West Jawa, Indonesia

### 30 HOGY Medical Asia Pacific Pte. Ltd. (Subsidiary)

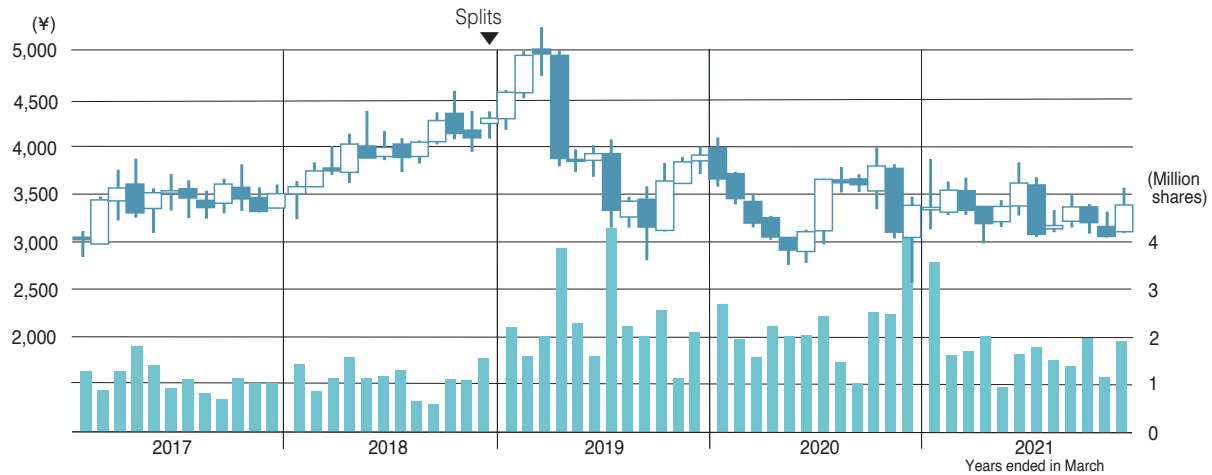
2 Kallang Avenue, #06-17 CT Hub,  
Singapore 339407, Singapore

### 31 P.T. HOGY Medical Sales Indonesia (Sub-subsidiary)

Kawasan Infinia Park Blok A.57 Jl. Dr.  
Saharjo No.45 Kelurahan Manggarai,  
Kecamatan Tebet, Jakarta Selatan 12850,  
Indonesia



### Common Stock Price Range & Trading Volume



	2017	2018	2019	2020	2021 Years ended in March
High (yen)	3,835	4,570	5,220	4,090	3,850
Low (yen)	2,825	3,240	2,804	2,583	2,985

The Company conducted a 2-for-1 split of its common stock as of April 1, 2018. Accordingly, the highest prices and the lowest prices are calculated on the assumption that the stock split was conducted at the beginning of the fiscal year ended March 2017.

### Major Shareholders

	Number of shares	Percentage of total (%)
• The Master Trust Bank of Japan, Ltd. (Trust Account)	2,430,700	7.43
• Masao Hoki	2,373,046	7.26
• THE BANK OF NEW YORK 134105 (Permanent representative: Mizuho Bank, Ltd., Settlement & Clearing Services Division)	1,176,040	3.59
• Hoki Museum Co., Ltd.	1,135,448	3.47
• STATE STREET BANK AND TRUST COMPANY 505025 (Permanent representative: Mizuho Bank, Ltd., Settlement & Clearing Services Division)	1,132,700	3.46
• Custody Bank of Japan, Ltd. (Trust Account)	1,077,600	3.29
• Junichi Hoki	876,000	2.68
• Umi Hoki	791,000	2.42
• Nana Hoki	791,000	2.42
• Haruka Hoki	791,000	2.42

Our company owns 2,559,982 treasury stock.  
(as of March 31, 2021)

### Shareholder Composition

	Number of shareholders	Number of shares	Proportion (%)
Individuals	7,674	9,241,171	28.28
Financial institutions	34	6,723,040	20.57
Financial products trading firms	28	321,045	0.98
Foreign investors and others	187	11,779,701	36.04
Others (including treasury stock)	83	4,617,353	14.13
Total	8,006	32,682,310	100.00



**HOGY MEDICAL Co., Ltd.**