

HOGY MEDICAL
REPORT
2023



HOGY Medical provides products and systems that help enhance the safety of patients and healthcare professionals and improve management of medical institutions, thereby contributing to medical progress.

Corporate Mission

We promote good health and prosperity through contributions to medical progress.

Basics of Business Management

Safety of management

HOGY believes the basics of management lie in "safety."
Safe management is to continue growing sustainably and stably, thereby making it possible to develop and supply stable products.

Internal invigoration

Internal invigoration is a key element related to the growth of the company.
HOGY Medical aims to secure fair and equitable evaluation based on stringent criteria, create a free and vigorous atmosphere, and build a meaningful workplace.

Accurate and fast

All figures related to business management need to be accurate.
Accurate and fast information allows not only quick business decision-making but also prompt external disclosure as well.

Product lifecycle

Any product goes through the phases of introduction to growth, maturity, and decline in the market.
HOGY Medical formulates a strategy or improves products timely, thereby allowing them to make long-standing contributions.
Meanwhile, we also strive to play a part in advancing healthcare by introducing products that meet the needs of the times.

C O N T E N T S

2	HOGY Medical's History
4	Message from Top Management
8	HOGY Medical's Business Domains
10	HOGY Medical's Growth Driver and Goals
12	Foundation for Our Growth
	Premium Surgical Kit
	Production System for Safe Products
	Overseas Business
16	Sustainability
	Interview
	Environment
	Society
	Governance -Corporate Governance-
30	Messages from Outside Board Members
32	Data
	Financial / Non-Financial Highlights
	Five-Year Financial Summary
	Consolidated Financial Statements
	Network / Corporate Profile / Status of Shares

Editing Policy

HOGY MEDICAL Co., Ltd. has prepared "HOGY MEDICAL REPORT 2023" to allow all stakeholders to understand our efforts and initiatives for sustainable value creation. We will report our corporate philosophy, business models, and approach to ESG issues in an integrated manner.

Target period: April 1, 2022 - March 31, 2023

*(Information on other periods is partly included)

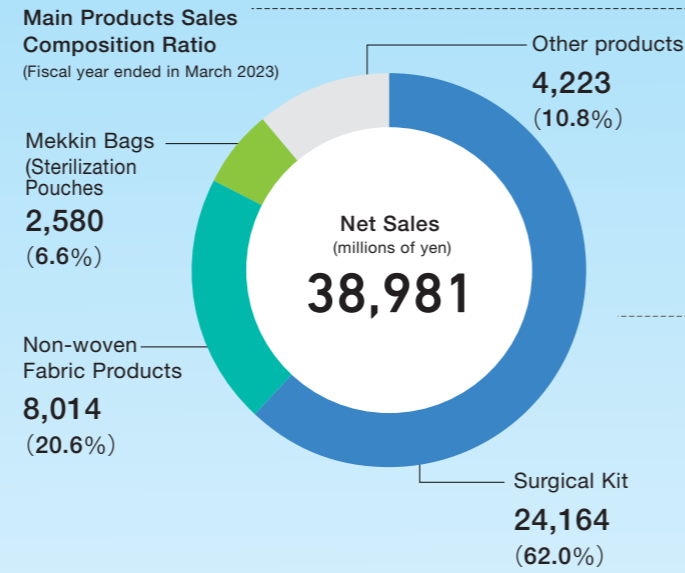
* "Premium Surgical Kit," Blister Kit, and Tyvek Kits are included in "general surgical kits" along with 14 other types.



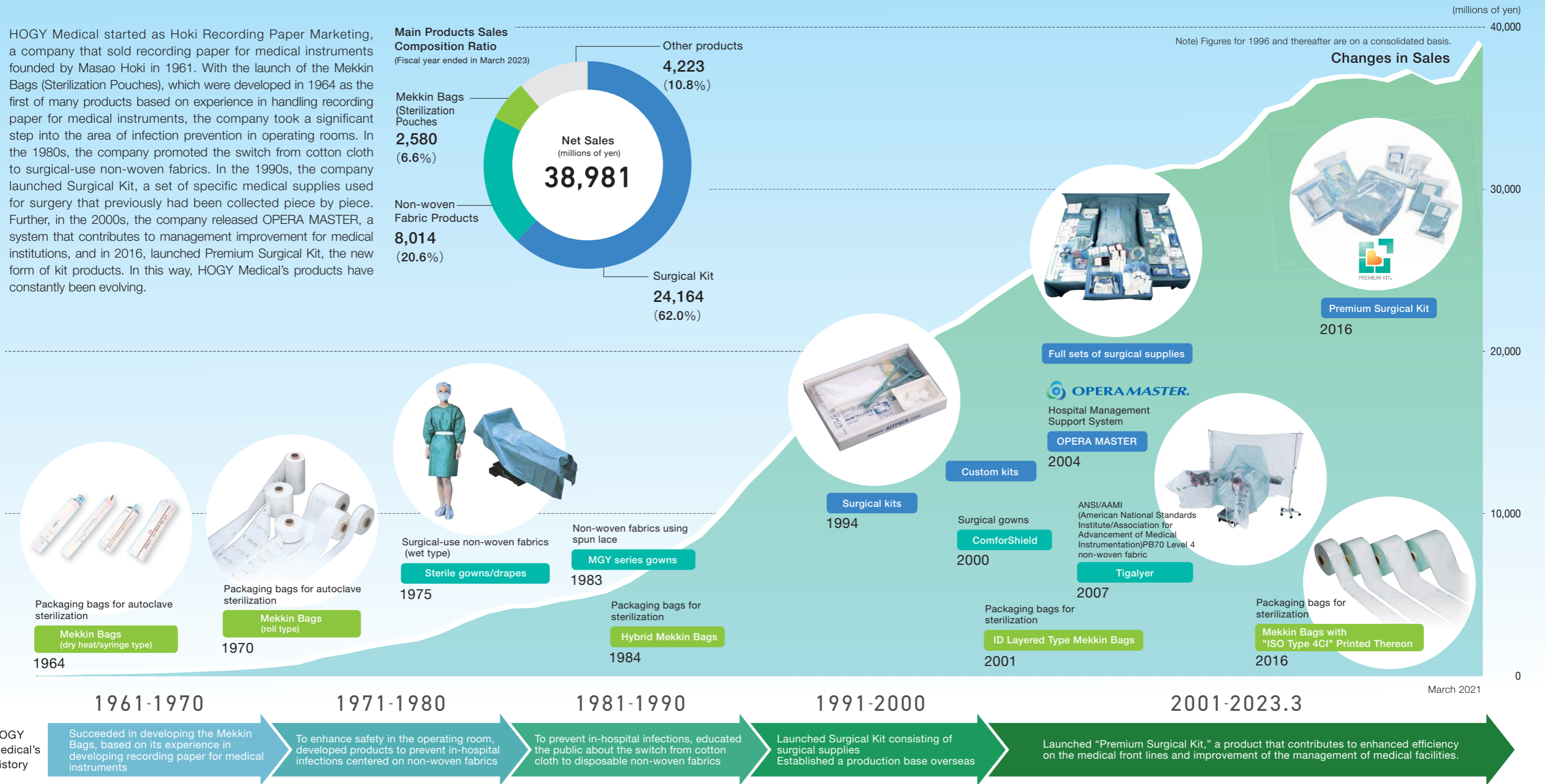
HOGY MEDICAL REPORT 2023



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 launch of the Mekkin Bags (Sterilization Pouches), which were developed in 1964 as the first of many products based on experience in handling recording paper for medical instruments, 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 surgical-use non-woven fabrics. In the 1990s, the company launched Surgical Kit, a set of specific medical supplies 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.



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



HOGY Medical's History

1961
Incorporation of Hoki Recording Paper Marketing

1963
Launch of recording paper for electrocardiograph equipment under the HOGY name

1964
Production and launch of Mekkin Bags (Sterilization Pouches)



1972
Production and launch of medical-use non-woven fabric products

1978
Completion of Miho Plant No.1



1983
Completion of Miho Plant No.2

1987
Change of company name to the current "HOGY Medical"

1989
Installation of the Edosaki Distribution Center (fully automated warehouse)



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

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

1994
Incorporation of P.T. HOGY INDONESIA (currently a consolidated subsidiary)

1995
Completion of the Tsukuba Sterilization Center (fully automated electron-beam sterilization)

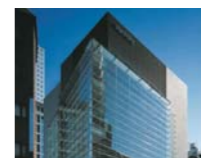
1997
Completion of the Tsukuba Distribution Center (fully automated warehouse)

2000
Company listed on the First Section of the TSE

2002
Completion of the new head office building

2003
Completion of the Tsukuba Surgical Kit Plant

2006
Commencement of operations of the Tsukuba OPC (fully automated warehouse)



2011
Incorporation of P.T. HOGY Medical Sales Indonesia (currently a consolidated sub-subsidiary)

2017
Commencement of operations of the Tsukuba New Plant (Premium Surgical Kit Plant)

2018
Incorporation of HOGY Medical Asia Pacific Pte. Ltd. (currently a consolidated subsidiary)



2022
Transferred from the First Section to the Prime Market of the TSE



Junichi Hoki
President & CEO

To address management issues facing advanced acute-phase and acute-phase hospitals, where surgeries are likely to be concentrated, the company will help alleviate labor shortages and improve productivity with the Premium Surgical Kit, which reduces staff workloads.

Looking Back on the Fiscal Year Ended March 2023

In the fiscal year under review, the global economy generally followed a recovery track as consumption and investment expanded due to progress by governments in balancing economic activities with measures to prevent the spread of COVID-19. By contrast, the situation remained unstable due to Russia's military invasion of Ukraine and soaring prices of crude oil and other resources.

In Japan, COVID-19 outbreaks continued to expand and contract, which had an ongoing impact on social and economic activities. In addition, fluctuations in foreign exchange rates and global inflationary trends increased upward pressure on prices, which had a significant effect on economic activities.

In the healthcare sector, the increase in COVID-19 patients had a lesser impact on surgery numbers than previously thanks to the experience and efforts of those involved, although the burden on medical institutions increased and decreased in line with the number of infected patients. On the other hand, the prices of many commodities rose due to the sharp depreciation of the yen and rising resource prices, as well as increasing electricity, transportation, and shipping costs. On the medical frontlines, moreover, manpower shortages became the norm.

Meanwhile, the national government's initiatives to reorganize the functions of hospital beds as part of its Community-based Integrated Care System concept include a revision of medical service fees and the introduction of an additional fee for acute phase systems in April 2022. As a result, hospital operators continue to face a challenging situation that is highly volatile and requires urgent action.

Under these circumstances, the HOGY Medical Group aggressively developed proposals for products that contribute to medical safety and improve hospital operational efficiency and posted year-on-year sales growth as a result. Growth in sales of Premium Kit, our most important strategic product, was particularly noteworthy.

Premium Kit is a high-value-added offering that allows hospitals to reduce the time and effort required before, during, and after surgery while ensuring medical safety during surgery. Since its launch, this flagship product has been highly evaluated by customers and generated steady increases in sales.

Statement of Income for the Fiscal Year Ended March 31, 2023

(Unit: Millions of yen, rounded down to the nearest indicated unit)	Fiscal Year Ended March 2022 (Actual)		Fiscal Year Ended March 2023 (Actual)		Year-on-year	
	Amount	Composition ratio	Amount	Composition ratio	Amount of increase/decrease	Ratio of increase/decrease
Net sales	36,778		38,981		2,203	106.0%
Operating income	6,135	16.7%	6,634	17.0%	499	108.1%
Ordinary income	6,285	17.1%	6,653	17.1%	368	105.8%
Profit attributable to owners of parent	4,370	11.9%	4,316	11.1%	-54	98.8%
EPS	153.00yen		177.95yen			

Sales of some other products also showed strong growth. These included high-performance masks for medical professionals, demand for which surged during periods of rising COVID-19 infections.

As a result, consolidated net sales for the fiscal year under review amounted to ¥38,981 million, up 6.0% from the previous fiscal year. Sales of Surgical Kit products rose 7.1% to ¥24,164 million, of which Premium Kit sales climbed 12.0% to ¥14,915 million. The cost of sales ratio rose due to soaring prices of imported materials and electricity costs caused by the weak yen, as well as write-downs of long-term product backlogs. We also posted a decline in selling, general, and administrative (SG&A) expenses due to efforts to control costs.

As a result, operating income increased 8.1%, to ¥6,634 million. Ordinary income rose 5.8%, to ¥6,653 million, partly due to the termination of subsidy income from Ushiku City related to our new surgical kit factory. In addition, we posted an extraordinary loss of ¥464 million due to impairment loss on assets. Accordingly, profit attributable to owners of parent edged down 1.2%, to ¥4,316 million. As for dividends for the fiscal year ended March 31, 2023, HOGY Medical paid ¥17.50 each for the first and second quarters, ¥18.00 each for the third and fourth quarters, or ¥71 in total for the entire year, up ¥3 from a year earlier.

Future Outlook and Initiatives

Looking ahead, consumer confidence is on a recovery trend, with COVID-19 scheduled to be moved to category 5 of the infectious disease classification in May 2023. Nevertheless, we expect business conditions to remain challenging due to the unstable global situation, soaring prices of resources and raw materials, and high prices of materials procured from overseas due to exchange rate fluctuations.

In Japan, the government is making steady progress in its effort to realize its Community-based Integrated Care System, which includes the reorganization of hospital bed functions, and medical institutions are under pressure to respond to this effort. Meanwhile, the turnover rate of healthcare workers remains particularly high, and work-style reforms triggered by the regulation of overtime work for doctors, scheduled to start in 2024, are just around the corner. Also, there are calls to review the scope of work for medical professionals, including through work-style reforms and task shifts for doctors, as well as to improve workplaces. In addition, there is an urgent need to balance medical safety with increased productivity of in-hospital operations.

Under these circumstances, the HOGY Medical Group will continue striving to reduce expenses by cutting costs and improving productivity while providing a stable and continuous supply of products that help maximize customer value. Meanwhile, we expect medical institutions to accelerate their functional differentiation and collaboration efforts aimed at realizing the Community-based Integrated Care System. Due to the task-shift initiative, moreover, nurses will be expected to concentrate on more specialized work, which will increase their workloads. In addition, the turnover rate of medical personnel is projected to remain high due to increased workloads combined with the concentration of patients in specific medical institutions stemming from functional differentiation.

Meanwhile, operators of advanced acute-care and acute-care hospitals, where surgeries are likely to be



Premium Surgical Kit

For further details, please refer to pages 12-13.

centralized, are facing various management issues. To address such issues, we will help alleviate labor shortages and improve productivity in various ways, including by promoting Premium Kit, which allows hospitals to dramatically reduce staff workloads.

In our overseas business, HOGY Medical Asia Pacific Pte. Ltd. (sales subsidiary in Singapore) and P.T. HOGY Medical Sales Indonesia (sales sub-subsiary in Indonesia) will actively introduce our products to key hospitals in Southeast Asian countries, especially Singapore and Indonesia.

In terms of manufacturing costs, in April 2023 we commenced Stage 2 construction of our new surgical kit plant in order to increase production volume and efficiency for the Premium Surgical Kit for which demand is expected to keep growing in the future. Our aim here is to help increase production volume and improve production efficiency for Premium Kit, for which demand is expected to grow in the future. At P.T. Hogy Indonesia (manufacturing subsidiary in Indonesia), we expect the cost of sales ratio to increase due to market conditions and increased depreciation expenses resulting from commissioning of Stage 2 of our new surgical kit plant. This is despite our efforts to reduce costs by promoting in-house production and improving productivity.

The R-SUD (Single-Use Device Remanufacturing) business, a focus of our business expansion efforts, is a business in which 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 re-manufactured and sold as SUDs of the same use. R-SUDs are expected to prove effective for reducing costs at medical institutions and will also lead to the effective use of resources and protection of the environment. As such, demand for R-SUDs is projected to grow domestically. HOGY Medical launched its R-SUDS in 2022.



R-SUD (Single-Use Device Remanufacturing) business

For further details, please refer to pages 16-19.

Shareholder Returns and Earnings Forecast for the Fiscal Period Ending March 2024

HOGY Medical believes that increasing the return of profits to our shareholders is one of the most important management measures to enhance shareholder value and determines the content of such returns by comprehensively taking into consideration consolidated performance and other factors. Regarding the distributions from retained earnings, based on our basic policy of paying stable dividends, HOGY Medical will implement shareholder return measures when cash and bank deposits exceed the funds required for working capital beyond a certain period of time and future investments. Moreover, to ensure that the fruits of performance are swiftly returned to shareholders, HOGY Medical conducts payment of quarterly dividends.

Regarding the consolidated earnings forecast for the fiscal year ending March 31, 2024, we expect the business environment to remain challenging due to the rising cost of goods owing to the weak yen, depreciation expenses resulting from commissioning of Stage 2 of our new surgical kit plant, and soaring prices of raw materials, but we will work to boost sales of the "Premium Surgical Kit."

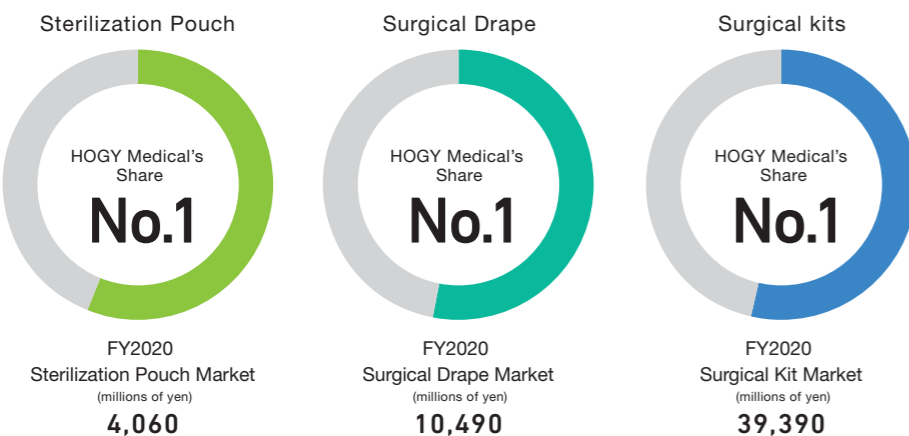
Given these circumstances, HOGY Medical expects net sales of ¥40,890 million (up 4.9% from the previous fiscal year), operating income of ¥4,720 million (down 28.9%), ordinary income of ¥4,900 million (down 26.4%), and profit attributable to owners of parent of ¥3,430 million (down 20.5%). As for dividends, we plan to pay ¥20.00 for each quarter, or ¥80 in total for the entire year, up ¥9 year on year.

Contributing to Medical “Security and Safety” Centered on Operating Rooms

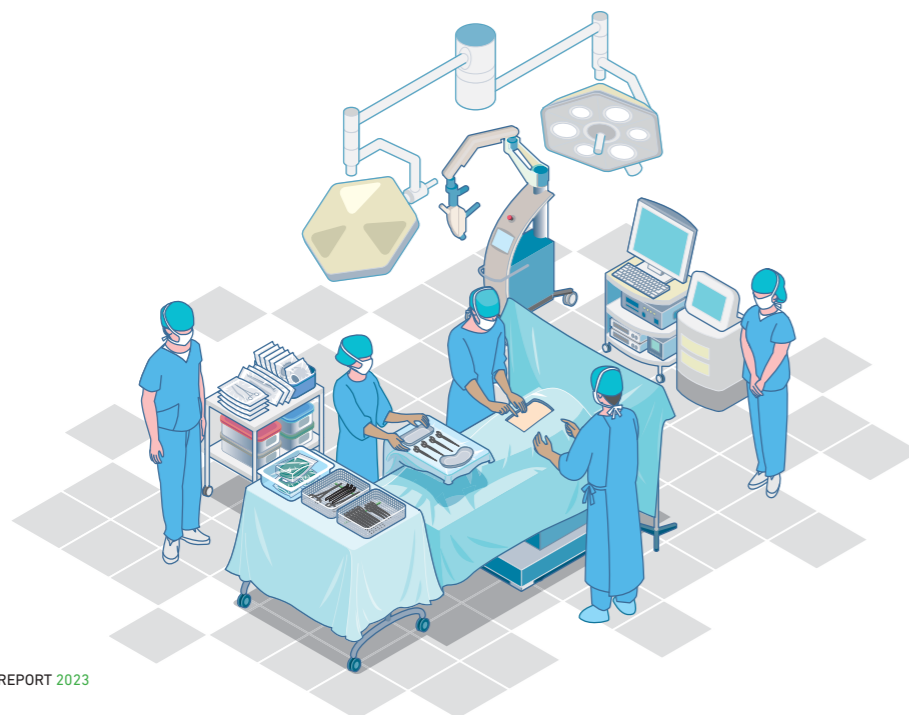
Over 63 years since founding, we have been contributing to “safety and security” in the medical field by always considering solutions to challenges customers face. Today, our customers use the Mekkin Bag, medical-use non-woven fabric products, and kit products such as the Premium Surgical Kit at approximately 9,000 medical facilities.

The kit products, which have been on the market for 25 years since their launch, are sets of specific medical supplies used for surgery, which previously had been collected piece by piece. Thanks to these, consistent preparation can be conducted by anyone without excess and deficiency, allowing users to concentrate on the main nursing practice and enhancing safety. They are used in over 1.6 million surgeries a year in Japan.

HOGY Medical will continue to create markets and develop and sell products, with contributing to the progress of healthcare in the future as the top priority.



Source: “FY 2020–2021 Actual Situation in Medical/Hygiene Product Market and Trends in Demand by Product” by Yano Research Institute Ltd.



Main Products Sales Composition Ratio (Fiscal year ended in March 2023)

Net Sales (millions of yen)
38,981

Mekkin Bags (Sterilization Pouches)
2,580

Non-woven Fabric Products
8,014

Surgical Kit
24,164

Other products
4,223

Mekkin Bags

HOGY Medical developed a paper with a special micro-structure as the optimal material for sterilization and launched the sterilization pouch (Mekkin Bag) in 1964.

The Mekkin Bag is made of a special paper and film laminated together to form a sterile packaging material that combines the contradictory properties of permeability of steam and gases for sterilization and sterile preservation. It is still used at many medical institutions today.



Medical-use non-woven fabric products

In 1972, we started selling medical-use non-woven fabric products. We developed non-woven fabrics to prevent surgical site infections and occupational infections, replacing cotton fabrics that had been sewn, washed, folded, sterilized, and used repeatedly at medical institutions. Our drapes to cover patients and surgical gowns are used in operating rooms and other medical facilities.



Surgical Kit

This is a set of non-woven fabrics and specific medical supplies used for surgery. It helps prevent obstacles to the surgical progress due to lack of preparation for surgery to provide an environment in which the staff can concentrate on their main work. Our production lines make it possible to supply customized products that meet surgical procedures and the demand of doctors.

Premium Surgical Kit



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

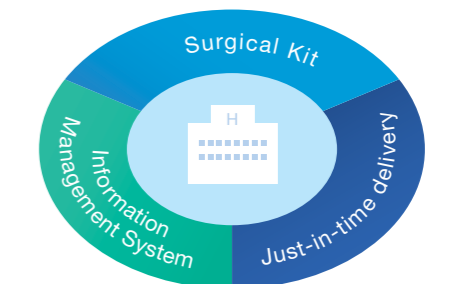
For further details, please refer to pages 12-13.



Opera Master

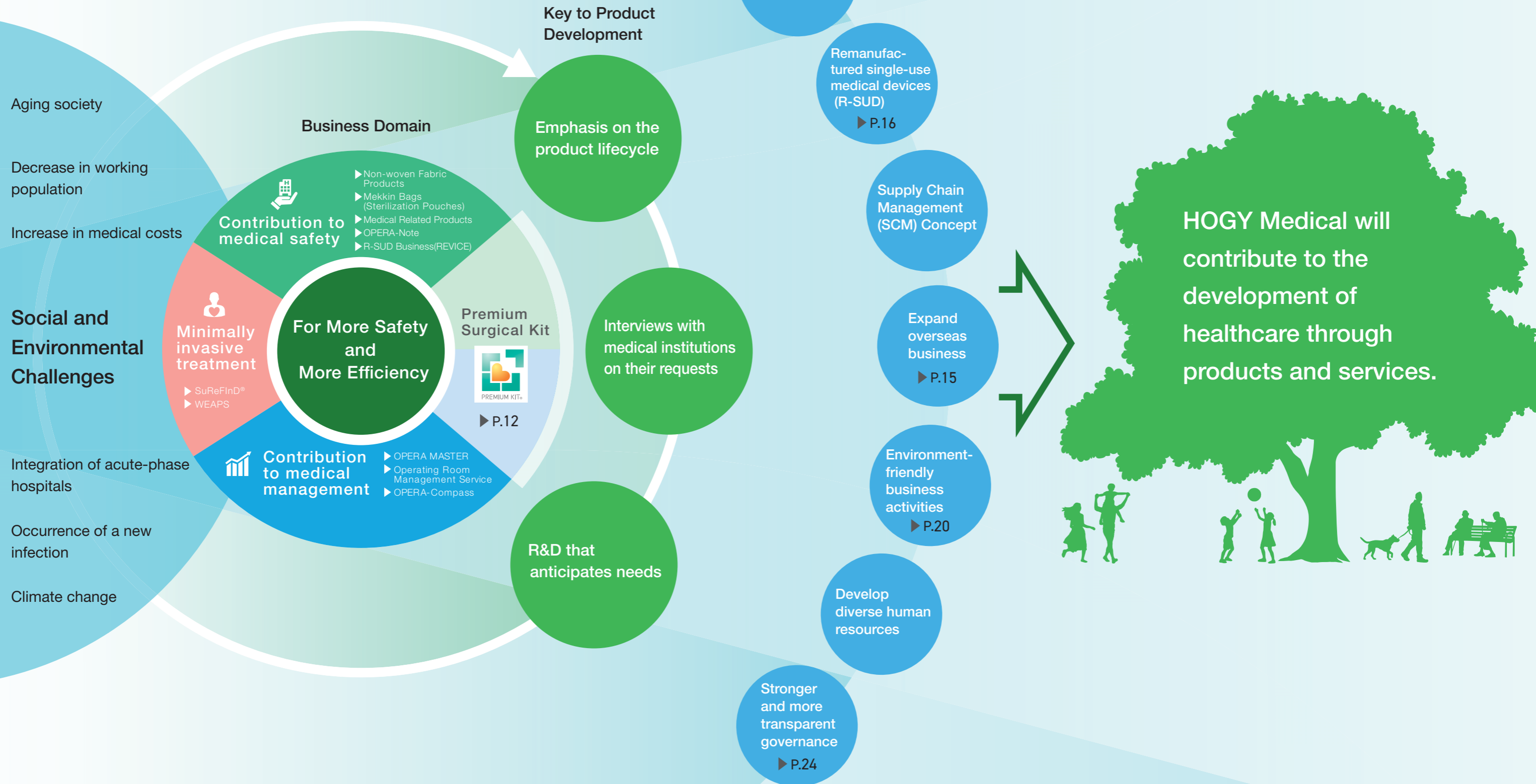


OPERA MASTER is a system that analyzes and provides information on the status of operating rooms as well as cost management to help improve hospital management. With the aim of enhancing profits and security and raising operating efficiency using surgical kits, it is delivered according to surgery schedule, helping alleviate the inventory burdens of medical institutions.



Healthcare keeps evolving and changing along with social issues. While issues and needs at medical front lines change, HOGY Medical 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 threefold: to analyze each product's lifecycle across the introduction, growth, and maturity phases and quickly capture needs at medical front lines while the mainstay product is in the maturity phase, develop products that always anticipate social needs and put the next strategic product on track, and thereby 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.



Premium Surgical Kits



Responding to the Era of Transformation of the Healthcare Environment, Premium Surgical Kit.

Premium Surgical Kit was developed against the background of three key phrases in the medical industry: “reorganization of hospital bed through functional differentiation” in anticipation of the 2025 problem, “increase in the number of elderly people” that will accelerate in and after 2035, and “decrease in working population.” Premium Surgical Kit is designed to help medical institutions address these challenges.

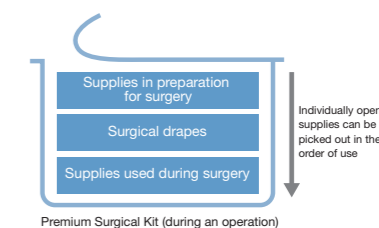
Premium Surgical Kit is designed to further enhance the efficiency of surgery preparation and even lead to more efficient hospital management by significantly widening the components of conventional kit products. Here, we describe a variety of features of Premium Kit products, including the proprietary packaging technology for reducing preparation and opening work, superior safety, and cost effectiveness.



About the Premium Surgical Kit

An all-in-one kit for before, during and after surgery

Premium Surgical Kit, which makes it possible to prepare for surgery safely and smoothly, is an all-in-one product that reduces picking work before surgery significantly, thereby shortening the preparation time. Consistent preparation can be conducted by anyone without excess and deficiency, allowing you to concentrate on the main nursing practice and enhancing safety. More efficient preparations for surgery contribute to hospital management on various fronts as well.



Example of the Benefits from Using the Premium Surgical Kit

1 New packaging format with safety and convenience for safe opening

With conventional kits, shifting occurs whenever an instrument table cover for wrapping materials is spread or materials pile up on the edge of a table for placing instruments.

Working while worried about load shift burdens nurses with enormous stress. This stress and waste of materials that fall on the floor can be reduced using the new blister packaging and Premium Surgical Kit, which packages materials in the order of use as the surgery progresses.



2 Can be designed to fit the surgical order

Premium Surgical Kit is custom-made to meet each individual medical institution's requirements. All items are packaged according to each medical institution's preparation procedures and surgical order, including the order of use or placement as well as the type or number of pieces of materials. Further, with blister packaging, not only drapes but also setting materials, such as those for absorption and light handle cover, can be designed.



3 Enable focus on surgery by leaving memorization of drapes to the kit

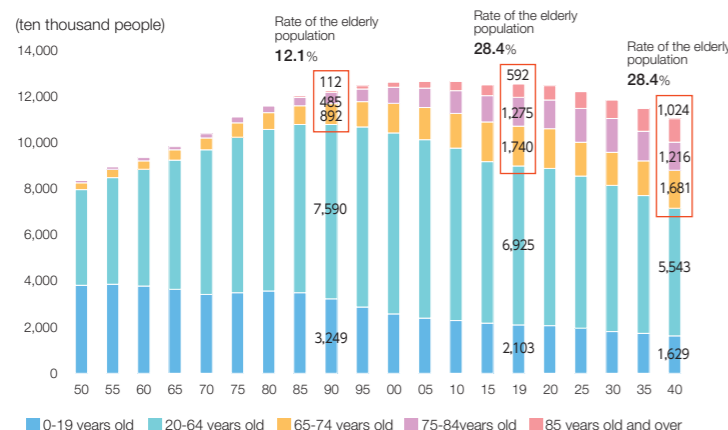
Similar to Premium Surgical Kit, conventional kit products could be packaged according to desired order to a certain extent. However, an on-site survey revealed that the number of rearranged materials was immense and the order was different. For this reason, nurses had to memorize the order of draping and rearrange items.

The stress of this work falls heavily on nurses, which in turn affects the doctor who is performing surgery. The use of Premium Surgical Kit, which eliminates the need for memorization or rearrangement, helps make the surgery safe and secure.

Anticipated Future Medical Environment

While the medical system is reevaluated and patients are concentrated in acute-phase hospitals, the number of surgeries is expected to increase due to the aging population. In addition, as the working population decreases due to the aging of society with a low birthrate, a labor shortage at the medical frontline is anticipated to occur. Given that functional differentiation has not progressed as far as the Ministry of Health, Labour and Welfare (MHLW) estimated, there are calls for further functional review in the future.

Arrival of an Aging Society



Reorganization of Hospital Beds Through Functional Differentiation

	2015 Total 1,251 million beds	2025 estimate Total 1,201 million beds	2025 required* Total 1,191 million beds
Advanced acute-phase	169,000 beds (14%)	160,000 beds (13%)	131,000 beds (11%)
Acute-phase	596,000 beds (48%)	536,000 beds (45%)	401,000 beds (34%)
Convalescent phase	130,000 beds (10%)	206,000 beds (17%)	375,000 beds (31%)
Chronic phase	355,000 beds (28%)	299,000 beds (25%)	284,000 beds (24%)

Source: Prepared based on the results of the hospital bed function report for FY2021 (Regional Medical Care Plan and Physician Recruitment Working Group [1] 220618).
*The amount of hospital beds required in 2025 under the Regional Medical Care Plan (estimates based on medical care demand in 2025 calculated from the hospitalization acceptance rate and estimated population (as of the end of FY2016)).

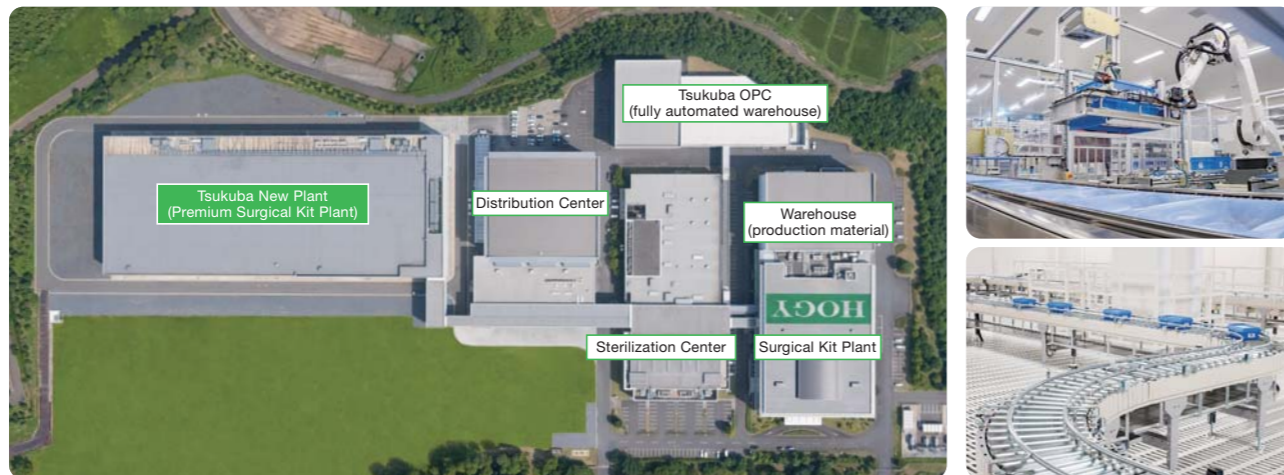
Decrease in the working population

Critically ill patients are concentrated in acute-phase hospitals along with many issues, such as an aging population and labor shortages

It helps change the process of surgical preparations, contributing to improved productivity and work-style reform.

Production System for Safe Products

The Tsukuba Plant aims for a high level of safety and reliability and for zero customer complaints through full automation and prompt shipping to reduce the stock of surgical kits in hospitals. The already fully automated sterilization center and distribution center have been connected to the plant to create an integrated production and shipping line. The new kit plant is not only more automated with advanced machinery and robots but also leverages our long-standing expertise to ensure a stable supply of the safer and higher-quality Premium Surgical Kit.



A panoramic view of Tsukuba Plant

Disaster Prevention Measures

On the safety front, the building of the new kit plant adopted a seismic isolation design that is expected to withstand earthquakes with an intensity of 7 on the Japan Meteorological Agency seismic intensity scale. Shakes caused by earthquakes are less likely to be transmitted to the building. This is expected to help prevent robots from falling over or other accidents, securing a situation in which production can be conducted even immediately after an earthquake.

About HOGY Medical's Sterilization

Single-use medical devices are sterilized mainly using the following methods; ethylene oxide gas (EOG) sterilization, electron beam (EB) sterilization, and gamma sterilization. More than 30 years have passed since we were the first kit manufacturer in Japan to adopt electron beam sterilization. On top of complying with various regulations and laws, we also set sterilization conditions for each product through in-house validation, and we deliver our products to customers in the shortest possible time by bringing our accumulated sterilization know-how together.



Seismic isolation structure of the new plant

Two Methods of Sterilization Adopted by HOGY Medical

Environmental measures	EB sterilization	EOG sterilization
Processing method	Continuous type	Furnace type
Processing time	Several sec. to min.	Several hours
Processing unit	Continuous processing in large volume	Furnace capacity unit
Post-processing	Not necessary	Takes more than a dozen days for aeration
Environmental measures	None	Regulations on carcinogenicity and environmental pollution



Overseas Business

HOGY Medical aims to expand business in respective ASEAN countries that are potential medical device markets going forward. In these countries, due to the shift of disease patterns, reform of health insurance systems, on the back of rapid economic growth and aging societies, the numbers of both patients and surgeries are on the rise. Because of this, the medical device and consumables market has kept growing. Moreover, as the advancement of surgical technology and the increasing number of surgeries lead to growing demand for products and solutions that contribute to enhancing operational efficiency in the operating room at hospitals, demand for our products is expected to expand going forward.

HOGY Medical Asia Pacific Pte. Ltd. (Founded in Singapore in August 2018)

To further bolster our business base overseas, in 2018 we established a sales subsidiary in Singapore, a leading economy in the ASEAN region, and began sales activities there. Targeting main hospitals in the ASEAN region where medical demand is expected to grow, we continue to conduct sales activities centered on Premium Surgical Kit.



P.T. HOGY Indonesia (founded in Bekasi, Indonesia, in October 1994)

P.T. HOGY Indonesia was founded as a manufacturing subsidiary for surgical-use non-woven fabrics, etc. Besides the manufacture of labor-intensive products, we are promoting automation to increase efficiency as well. We will also work on internal manufacturing of medical supplies, which are currently supplied by other manufacturers.

P.T. HOGY Indonesia's Plant No. 1 and No. 2 acquired ISO 13485:2016 certification.

The International Organization for Standardization (ISO) develops international standards to facilitate the distribution of goods and services and ISO 13485 is an international quality management system (QMS) standard for medical devices.



P.T. HOGY Medical Sales Indonesia (Founded in Jakarta, Indonesia in June 2011)

P.T. HOGY Medical Sales Indonesia, a sales subsidiary, proactively conducts sales activities for products centered on medical-use non-woven fabric products. As well as sales to hospitals in Indonesia, we will consider expanding sales across Southeast Asia going forward.



INTERVIEW



Toward the Future of Medical Devices

Katsuo Sasaki

Vice President and Director,
General supervision

Safety and Security are Supported by “Stable Supply”

HOGY Medical believes that “stable supply” is as important as “quality” in delivering “safety and security” to customers, and has always considered this to be an important management issue. When I was in charge of the Production Division ten years ago, the Board of Directors decided to significantly automate manufacturing, recognizing the future labor shortage as a risk, and the current Premium Kit plant has been in operation for the past six years. This is just one example, but we have always believed that it is important to think from a long-term perspective and take countermeasures against risk systematically in this way. However, in today’s age of VUCA (Volatility, Uncertainty, Complexity, Ambiguity), anomalous and rapid changes are occurring one after another, and planning for the future in the conventional style is no longer sufficient to keep up with the changes. Over the past few years, we have had to deal with various events that have shaken the stable supply, such as restrictions on imports and exports due to COVID-19, soaring prices and depletion of resources triggered by Russia’s military invasion of Ukraine, and supply chain disruptions caused by natural disasters, and we have been forced to cope with such events every year. This unpredictability is expected to continue into the future, and how agile and flexible we can be has come to have a significant impact on our business. Among others, while it is important to prepare for and respond to natural disasters caused by climate change, the global community is

cooperating in taking measures to prevent the environment from deteriorating further, and the medical industry is no exception.

Further, the Japanese medical device industry, which relies on foreign countries for many of its resources and imports many products, has a strong sense of urgency about the instability of resources. In particular, there are few substitutes for advanced medical equipment, such as that used in operating rooms to proceed with surgery, and we believe that it is necessary to take long-term measures to ensure a stable supply.

Recall the “Character of HOGY Medical” Through This Business

We launched the R-SUD business, REVICE, six years ago. I was puzzled when I started this project because for many years I had been proposing single-use medical devices that are not reused, saying that blocking any infection route is necessary for infection control. In light of recent environmental changes and global trends, however, we understand that reuse is a business that will ensure a stable supply of medical equipment and also create new business opportunities. Moreover, the knowledge of infection control measures that we have cultivated over the years, such as “cleansing” and “sterilization,” and the methods we have used to verify quality have been extremely useful in this project. We are building the business through trial and error, combining our experience with new knowledge. I believe that it is important to start from the beginning in everything

we do, and with this business we will once again recall our “unique character” that has contributed to the development of medical care with products never seen before and contribute to the sustainability of healthcare with a new sense of values and “safety and security.”

Toward a Stable Supply of Kit Products

Many of our kit products, including our mainstay product Premium Surgical Kit are made of plastic. In many cases, more than 100 pieces are put into a single kit, and it is difficult to reuse all of them as a business in Japan today, both from an economic point of view and in terms of securing labor force. Thus, we decided to reduce waste and change materials from the standpoint of environmental friendliness and to proceed step by step from what we can do now regarding kit products. For example, we reduced the use of plastic materials by more than 20 tons by changing some of our packaging materials to paper and the individual packaging of items in our kits, which is a steady but sure step forward. In addition, because all kit products are supposed to be incinerated as infectious waste in the medical field, we are studying ways to reduce environmental impact in such cases, such as changing to materials with high combustion efficiency and using plant-derived materials at the point of manufacturing.

Unlike daily consumables, medical devices are subject to extremely strict quality standards, and even a simple

change in materials requires as much time and effort as a new product. But from a long-term perspective, we are working on the development of products that can coexist with the environment in order to ensure a stable supply to our customers. We will continue to support healthcare by maintaining an optimal balance between single-use products and reusable products for the “safety and security” of our customers.

Toward the Future of the Medical Device Industry

Although risk awareness and countermeasures against climate change were matters only brought up by investors, we have been receiving an increasing number of inquiries from our customers in recent years. Furthermore, symposiums on SDGs and other issues are held at medical device-related conferences, and I sense that awareness of environmental and social issues is increasing in the medical field as well. In order to respond to these requests, we would like to first establish the R-SUD market with the Ministry of Health, Labour and Welfare and other related parties, and make it more attractive so that more companies may be able to enter the market. Beyond that, we hope to build a new supply chain that coexists with the environment. HOGY Medical is now and will continue to work step by step for the “safety and security” of the future.

From the R-SUD Business Site

— Current Situation and Future Prospects —

Hiroyuki Yoshidome

Executive Officer, General Manager,
Sales Administration Dept.



Current Status of the R-SUD Business

We started the R-SUD business about six years ago, and thanks to your kind support, we now hold six approved products, the most in the industry. We launched the “REVICE” brand in 2022. An increasing number of facilities

are doing business with us for remanufactured products, such as non-invasive “remanufactured flowtron” and “remanufactured trocar” used in arthroscopic surgery, both in the collection of remanufactured parts and in the sales of remanufactured products. The number of facilities for collection, in particular, has grown significantly over the

past year and a half, totaling 58 facilities (as of September 2023). Ten of these facilities have already begun purchasing (using) our “REVICE” products, and we expect the number of sales to increase down the road.

We assume that the recent growth in the number of facilities we do business with is due to the steady sales activities carried out by our employees and the presentations we have given at academic conferences and other events. In March 2022, the Ministry of Health, Labour and Welfare’s Study Committee for Promoting Remanufactured SUDs released a survey report on the level of recognition of R-SUDs, which found that a high percentage of national university hospitals, members of the Japanese Hospital Association, and members of the Japanese Society of Medical Instrumentation recognized the concept, at approximately 50%, 40%, and 70%, respectively. In addition to the expectation for reduction in material costs, the survey results also showed many positive responses to social issues, such as medical waste reduction and environmental preservation; we believe that a market environment is now in place where business development can be expected.

To Boost Sales

We have had a dedicated organizational structure in place since the start of the business. Given that the market environment became more favorable, we increased the number of employees by five last year, making a total team of nine to conduct sales activities targeting medical institutions across the country. We place the greatest emphasis on responding to customers’ questions and concerns regarding remanufacturing, and we offer tours of our plants to customers who wish to take part. If you are unable to visit the plant, we will make every effort to dispel any concerns you may have about the remanufacturing process and to ensure that you understand the process correctly by providing videos of the remanufacturing process in detail. On top of these, we actively participate in academic conference exhibitions throughout Japan and carefully provide information to visitors to our booth. The other day, Dr. Masaki Takashina, Professor and Director, Department of Clinical Engineering, Surgical Center, Osaka University Hospital, gave a lecture on the theme of “The Most Advanced R-SUD Manufacturing Plant” at the

98th Annual Meeting of the Japanese Society of Medical Instrumentation, which was a great success. We will continue to enhance our sales environment so that many medical facilities may agree with us.

For the Future

The Sales Administration Department that I lead set the recognition and penetration of the R-SUD business “REVICE” as one of our mid-term goals in the belief that achieving our annual sales targets is the result of this effort.

In order to achieve this goal, it is important to expand our product lineup “now” when the awareness of this product lineup has increased. Therefore, while we will naturally rush to launch approved products that are currently being prepared, we plan to launch about 7 to 10 additional products within the next three years. As the number of products increases, medical institutions that adopt our products will benefit greatly, which in turn should increase the probability of adoption, and we expect sales to grow at a faster pace than ever before.

As the next step after a certain number of products have been sold, we are planning to include the product into surgical kits. We expect that including the product as a component of the kits will further increase customer convenience and economy, leading to greater added value.

Meanwhile, the remanufacturing business will enjoy the advantage of accumulating new technologies and knowledge in our company as well as higher business performance. The ability to accumulate experience in many processes from collection to remanufacturing is significant; we expect that by utilizing this experience when we develop and market our own devices in the future, we will be able to create a business model that encompasses the entire process from product development to the establishment of a distribution system.

Last but not least, we would like to make our R-SUD “REVICE” products one of the main products in the supply chain management concept of medical devices that HOGY Medical envisions for the future. To realize this goal, it is important to expand the R-SUD market as soon as possible and stabilize product distribution. We strongly encourage medical facilities to spread information about this project, and together we will nurture the market and help realize a sustainable supply of medical equipment.

Special Feature

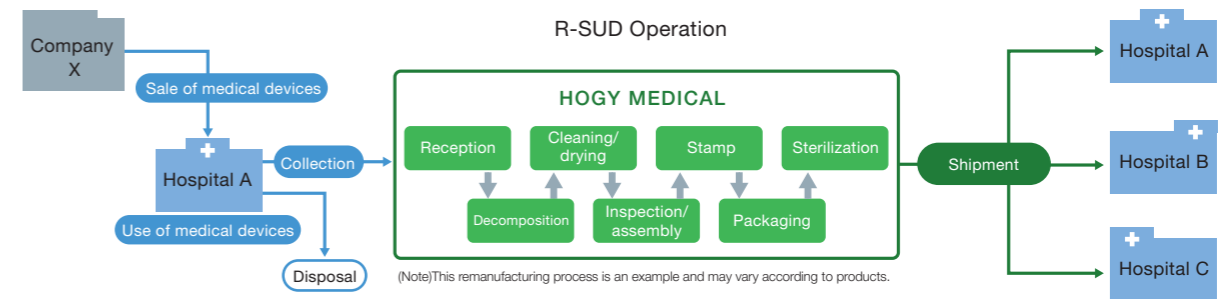
R-SUDs Make Effective Use of Resources While Ensuring Medical Safety



In July 2017, the Act on Securing Quality, Efficacy and Safety of Products Including Pharmaceuticals and Medical Devices was amended to provide a statutory basis for the remanufacturing of single-use medical devices. HOGY Medical will continue to protect a sustainable society and the safety and security of healthcare by taking on the challenge of dealing with remanufactured single-use medical devices (R-SUD)

What Is an R-SUD (Remanufactured Single-Use Device)?

Used single-use devices (SUDs) are collected from medical institutions by medical device manufacturers, and then checked, cleaned, sterilized, etc. (remanufactured) so that they can be reused as SUDs.

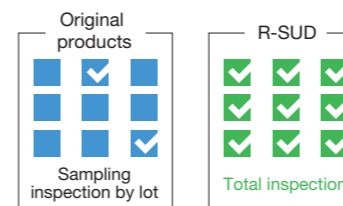


(Note)This remanufacturing process is an example and may vary according to products.

What Is Expected from the Spread of R-SUDs

Ensuring medical safety

R-Total inspection is fully performed on R-SUDs, which reduces defect rates.



Effective use of medical resources

By remanufacturing SUDs that are discarded after a single use, we contribute to the reduction of medical and welfare waste.



Provision of sustainable medical care

Manufacturing in Japan makes it possible to take measures against the risk of disruption in the global supply chain.



Environmental Friendliness

Cleaning water generated during remanufacturing is purified by the equipment installed in our factory. We ensure that the quality of purified wastewater is high enough for “himedaka” (Japanese rice fish) to grow to conserve the environment.



Realizing the SCM Concept

HOGY Medical seeks to realize the SCM concept to provide customers with the optimal quantity of medical devices stably and continuously at the right time as part of our long-term plan. It will enhance and expand the R-SUD business as part of its initiatives.

About HOGY Medical's R-SUD Brand “REVICE”



“REVICE” is a name coined by combining the words “Reuse” and “Device.” The logo’s two “R”’s rotating in a circular motion represent the R-SUD, which is repeatedly “manufactured (remanufactured)” and “used.”



Product lineup available on the market

Sustainability at HOGY Medical Is to Continue Protecting the Safety and Security of Healthcare

Sustainability Policy

“Through our business, we will foster the advancement of medical care and the health and happiness of people, thereby contributing to the prosperity of society.” With this as our corporate motto, we will establish, implement, and maintain the following policies in order to protect the safety and security of medical care and pass to the next generation a sustainable society filled with health and happiness.

1. We will formulate a medium- to long-term business plan, under which we will grow existing businesses and embrace new challenges in order to foster the resolution of medical issues and the advancement of medical care.
2. We will work to resolve environmental and social issues by developing and manufacturing safe, high-quality products and services and supplying them in a stable manner into the future.
3. As a company listed on the Prime Market of the Tokyo Stock Exchange, we will strive to maintain a high level of governance, engage in highly transparent management practices, promote constructive dialogue with stakeholders, and sustainably increase corporate value.

Environment

Aiming for Coexistence of the Global Environment, Healthcare and the Economy

To cope with increasingly serious climate change, HOGY Medical set policies to “reduce GHG emissions” and “develop environmentally friendly products” toward the year 2030, and is working on them as company-wide activities.

Environment Preservation Initiative Continuing for 14 Years



Since 2009, before the United Nations set the SDGs, HOGY Medical has been engaged in an environment preservation initiative called the Eco Project for the Firefly in collaboration with the Asaza Fund, an NPO, and the municipal government of Ushiku City, Ibaraki Prefecture.

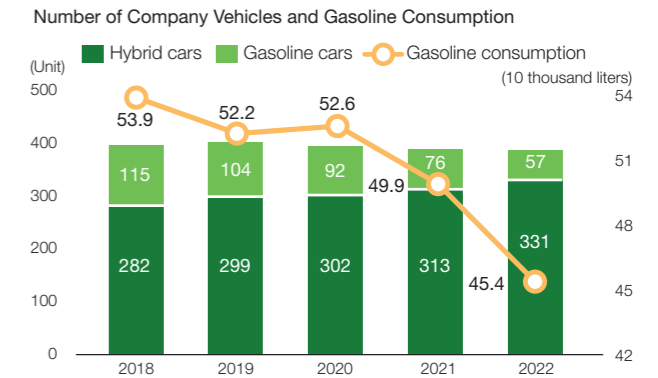
We rent deserted farm land, or wetlands known as Yatsuda, of 6,700 m2 neighboring HOGY Medical’s Tsukuba Plant from the city of Ushiku to cultivate pesticide-free rice and redevelop and restore the site as rice paddies. Over 2,500 employees and their family members have participated in the project to date. Besides agricultural experiences, such as planting and harvesting rice, HOGY Medical also holds SDGs study sessions and events, such as insect searches, employee exchanges during meal times, and watermelon cracking, which have taken root as company events to be enjoyed with family members.



85.3% of Company Vehicles Replaced with Hybrid Cars



HOGY Medical has replaced company vehicles with hybrid cars gradually over the past six years. In FY2022, 18 company vehicles were replaced to boost the percentage of hybrid cars to 85.3% of the fleet. With this, gasoline consumption is on the decline. HOGY Medical will choose environment-friendly means of transportation, with electric vehicles (EVs) in mind going forward.



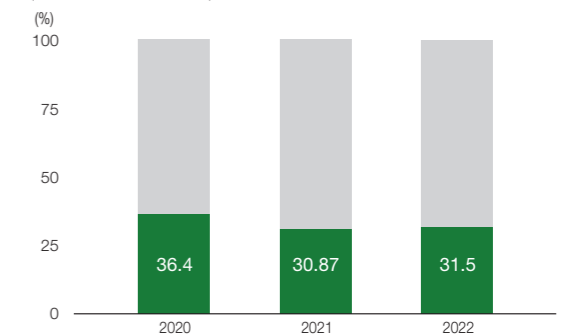
Saving Resources as Individuals

We value the idea that employees consider the environment starting with things near at hand and act. We consider and act on the environment starting with familiar office supplies, including promoting efforts to go paperless, the reuse of stationery and green procurement, and clear file collection for recycling.



Clear file collection for recycling

Green Procurement Ratio of Office Supplies



Toward the Development of Environmentally Friendly Products

To reduce where possible CO2 emissions, a cause of global warming, we are working to reduce excessive packaging and also change packaging materials after carefully verifying that there is no impact on quality and approved contents. This is better for the environment and also more convenient for customers as it reduces the time and effort required to open many packages, garnering favorable reviews. We hope to plan for this in more products in the future.

Social

Devoting Ourselves to People's Good Health and Prosperity

HOGY Medical believes that employee growth is the starting point for its own growth and has set a policy of “promoting D&I (Diversity & Inclusion)” and “strengthening investment in human capital” toward 2030. Through these practices, we will support the recruitment and growth of human resources with diverse values.

Maintaining ISO Certification and Establishing a Training System to Provide Safe Products



The production and head office departments obtained ISO 13485 certification that requires them to establish a quality control and management system specific to medical devices. By establishing the organizational system and procedures required under ISO 13485, HOGY Medical has a system corresponding to the evolution and distribution of medical devices both at home and abroad. Furthermore, 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 and trained. 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.

New Products Created Based on Customer Feedback to Roughly 300 Salespersons



With feedback to roughly 300 salespersons at 23 bases across the nation, HOGY Medical jointly develops products in collaboration with doctors and nurses. The recently launched SuReFlnD was developed through several years of joint development between doctors and our R&D team. It has been covered in newspapers and featured at academic conferences, and doctors have offered high praise that it is a cutting-edge technology, is less burdensome for the patient and enables safer surgery, and also leads to an early return to society. Further, Weaps, which we launched in fiscal 2022, was completed based on close surveys with doctors regarding their requests and meticulous attention to detail. By taking advantage of our relationships with customers we have built over the years, we will continue to focus on developing new products.

Delivering the Latest Medical Information



HOGY Medical places great importance on “providing information” to our customers. We hope to help medical practitioners by providing information about our products and the industry or other facilities as well as ways to support customers’ problem-solving and learning. We are particularly strong in the area of “operating rooms,” where information distribution is scarce, thanks to our nationwide sales network. We provide our customers with real information, such as operational examples of other medical facilities and the reputation of some of the latest devices, which pleases them very much. The way we provide this information has also evolved over time; today, we deliver it in a variety of styles ranging from publishing original booklets to lecturing at conferences, to holding online seminars and sending e-mail newsletters, not to mention through our sales staff.

Among others, since 2023 we have supported the regular publication of the Japanese edition of “The AORN journal” published by the Association of periOperative Registered Nurses (AORN), an American perioperative nursing society, and have received favorable reviews through exclusive distribution. The journal provides up-to-date information on surgical nursing, including guidelines, research, education, operational improvement, and management strategies. We would like to contribute to the development of surgical nursing in Japan by delivering this valuable information to the surgical nursing field together with people involved in surgical nursing at the seven leading hospitals in Japan from supervision to editing.



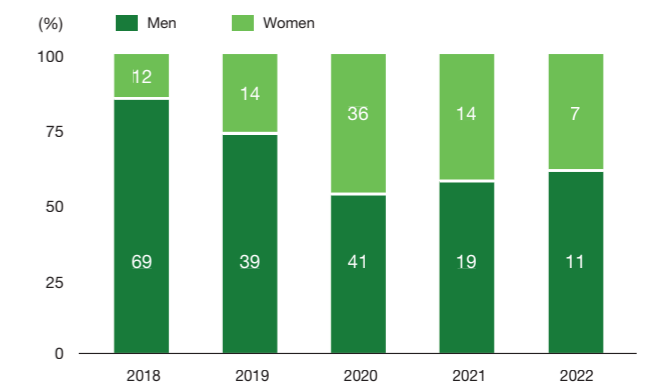
Aiming to Raise the Percentage of Female Managers to 10% by 2030



We aim to have the percentage of female managers, increase to 7% by 2025, and to 10% or higher by 2030. We are also focusing on hiring more women as the foundation of the initiative. In addition, to establish an employee-friendly environment, we are implementing a variety of initiatives, such as encouraging male employees to take childcare leave (target of 30% by 2025), staggered/shortened working hours, and support for qualification acquisition/examinations.

Meanwhile, in the education system, we have been supporting the acquisition of “Certified Medical Management Specialist” certification by the Japan Medical Management Practice Association for the past three years, and a total of 64 employees have passed Level 3 or Level 2 to date. We will continue to focus on helping our employees acquire the necessary knowledge and skills, as well as supporting them in their career development.

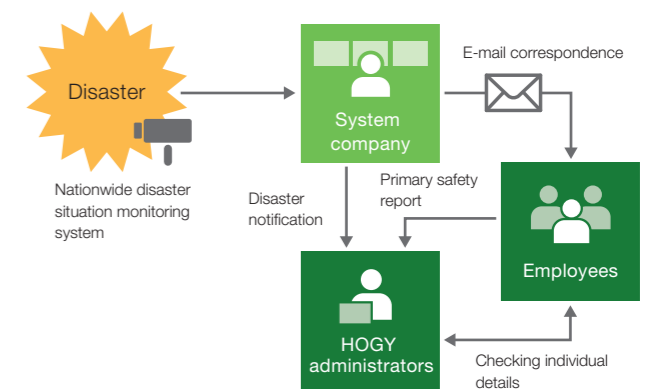
Percentage of Men and Women Hired



Ensuring the Safety of Employees Through Mechanisms and Drills

HOGY Medical has deployed a personal safety confirmation system since 15 years ago to be used at the time of emergency to prepare for disaster. This enabled us to confirm the safety of employees promptly when the East Japan Great Earthquake and tsunami occurred in 2011, ensuring that responses were made smoothly. Further, we regularly conduct drills to confirm and report safety across the company even in ordinary times, thereby raising awareness among employees. Besides these, the production department conducts various initiatives, large and small, such as conducting emergency drills and installing safety equipment, in preparation for earthquakes, fires, and other emergencies.

Responding to Disasters on a Round-the-Clock Basis



Sustainability



Governance

Enhancing Speed, Transparency, and Diversity

We believe that the managerial ability to survive an unpredictable future and lead a company to growth will become more important. Therefore, we have set “Enhancement of Managerial Ability” and “Strengthening of the Risk Management System” as our 2030 policy and are working to enhance capabilities to address both.



Various Meetings and Committee Activities with Emphasis on Appropriate Discussion and Effectiveness

To strengthen the governance system and promptly respond to the demands of society, HOGY Medical has established a voluntary nominating committee and a compensation committee, as well as the Sustainability Committee, starting from FY2022. These committee activities will provide a forum for prompt and appropriate discussion and enhance effectiveness.

Name	Summary	Number of members	Number of meetings in FY2022
Conference body	Board of Directors It is composed of a small number of people for the purpose of making business decisions rapidly via management. Under the executive officer system, the Board of Directors' deliberations are focused on management decision-making and operation auditing, with a clear separation from the operation execution function.	6 directors (including 3 outside board members) 3 auditors	18
	Executive Board Based on the policies or instructions resolved by the Board of Directors, each department reports on the execution of the operations, and specific measures and others are determined after discussion.	6 directors (including 3 outside board members) 5 executive officers 2 auditors (One of the two external auditors attends every other month).	12
	Board of Corporate Auditors The Board of Corporate Auditors determines the audit policy, etc., receives reports on audit situations from each auditor, and receives reports on audits from the Independent Accounting Auditor. The Board of Corporate Auditors also strengthens mutual coordination with each auditor and the Independent Accounting Auditor, such as exchanging information as necessary.	3 auditors (including 2 outside corporate auditors)	17
Committee	Nominating Committee To strengthen the independence, objectivity, and accountability of the functions of the Board of Directors related to the appointment of the representative director and directors, HOGY Medical has established a voluntary nominating committee. Based on inquiries from the Board of Directors, the Nominating Committee deliberates on proposals for appointing or dismissing directors, succession planning, etc. and advises the board.	3 external directors (one of whom chairs the committee) 1 internal director	2
	Compensation Committee To strengthen the independence, objectivity, and accountability of the functions of the Board of Directors related to directors' compensation, etc., HOGY Medical has established a voluntary compensation committee. Based on inquiries from the Board of Directors, the Compensation Committee deliberates on remuneration policies or systems, individual remuneration, etc. and advises the board.	3 external directors (one of whom chairs the committee) 1 internal director	2
	Sustainability Committee To discuss medium- and long-term impacts and countermeasures, focusing mainly on environmental and social issues, HOGY Medical has established a sustainability committee. The Sustainability Committee is under the direction and supervision of the Board of Directors and promptly reports to the board on important matters discussed by the committee.	2 directors 1 manager	9

– Corporate Governance –

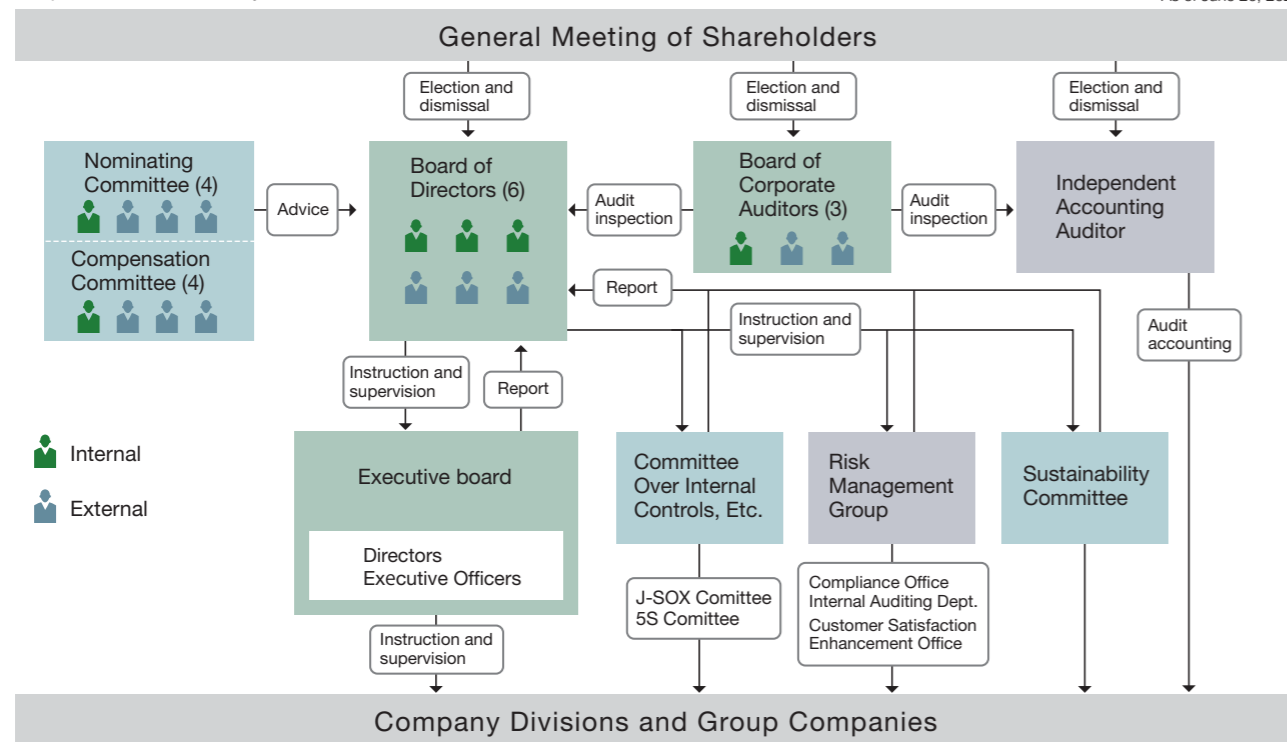


Governance System That Supports Faster and More Transparent Decision-Making

HOGY Medical has established being customer- and shareholder-oriented as its basic policy and is aware that continuously increasing corporate value is an important means for providing a return to shareholders. To achieve these, HOGY Medical has adopted the system for the “Appointment of Outside Directors and Cooperation with the Board of Corporate Auditors, etc.,” a model by the Financial System Council's Study Group, to speed up decision-making in execution of operations and to ensure corporate governance. The main roles of the Board of Directors and the Board of Corporate Auditors are as follows:

Corporate Governance System

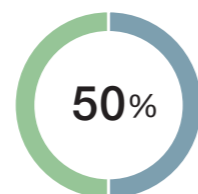
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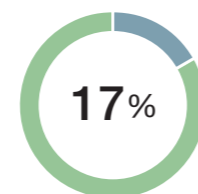
At-a-Glance Corporate Governance System

Organizational design	Company with board of company auditors
Number of board members	6
number of outside board members	3
Number of corporate auditors	3
number of outside corporate auditors	2
Number of independent directors	5
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
Performance-linked compensation system	Available

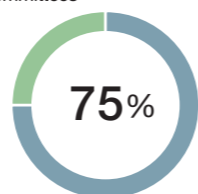
Percentage of Outside Board Members on the Board of Directors



Percentage of Female Directors on the Board of Directors



Percentage of Outside Board Members on the Nominating and Compensation Committees



Establishment of Unit Dedicated to Risk Management

HOGY Medical recognizes the importance of preventing damage from occurring or expanding by appropriately analyzing and managing the risks surrounding HOGY Medical and also maintaining and strengthening the trust that clients, investors, etc. have in HOGY Medical. Therefore, we established a “Risk Management Group” to extract, analyze, and study countermeasures for risks under the direction and supervision of the Board of Directors. In addition to establishing a preventive system, the unit will prevent the expansion of risks when they arise and take measures to prevent such from recurring. During normal times, the unit is also responsible for educational activities to prevent illegal and improper acts and for the operation of the whistleblowing system.

Board Composition Aimed at Improving Managerial Ability

Appropriate appointments are made through discussions at the Nominating Committee with emphasis on the skills and personality required for management. Regarding skills and areas of expertise that are expected, we consider several factors, including knowledge, experience, and abilities.

List of Executives and Skills Held
(as of September 11, 2023)



Board of Directors		Junichi Hoki	Katsuo Sasaki	Hideki Kawakubo	Kiyoshi Uesugi	Taisuke Fujita	Nguyen Viet Ha
Main position		President & CEO	Vice President and Director, General supervision	Director, General Manager, Administration Div.	Outside Board Member Independent Director	Outside Board Member Independent Director	Outside Board Member Independent Director
Committee	Nominating Committee	●			● (Chairperson)	●	●
	Compensation Committee	●			●	● (Chairperson)	●
Skills and areas of expertise that are particularly expected	Corporate Management	●				●	●
	Research and development, production, logistics	●	●				
	Sales marketing	●	●		●		
	Overseas Business		●			●	●
	Governance, risk management			●		●	
	Finance, accounting			●		●	●

*The above table shows skills and areas of expertise that are particularly expected of each director and does not represent all of the skills and areas expertise of each director.

Identify Issues through the Board of Directors' Effectiveness Assessment

Upon completion of the fiscal year, the directors and auditors are asked to complete a questionnaire regarding effectiveness, the results of which are assessed by the Board of Directors. The assessment is to be conducted annually on a regular basis, with the aim of improving the functions of the Board of Directors.

Results	The Board of Directors was ultimately assessed as 'functioning effectively' in FY2022. However, the assessment process also raised the need for further enhancement of medium- to long-term management strategies and discussions.
Reasons for Assessment	(1) An atmosphere of free, vigorous and constructive discussion and exchange of opinions is fostered and opinions are actively expressed. (2) Diversity of directors is ensured in terms of knowledge, experience, and abilities.
Issues	(1) Training of successors to the CEO, etc. (2) Enhancement of discussions on medium- to long-term management strategies and plans (3) Review of the system to further expand discussions at the Board of Directors' meetings

Auditors

- Full-time Corporate Auditor
Ikuo Fuse
- Outside Corporate Auditor
Noboru Iizuka
- Outside Corporate Auditor
Yuji Takada

Executive Officers

- Managing Executive Officer, Deputy Director, Sales Div.
Takuya Kobayashi
- Executive Officer, General Manager, Procurement Dept., Research and Development Dept.
Akira Koizumi
- Executive Officer, General Manager, Sales Dept.2 and Tokyo Branch
Yutaka Wada
- Executive Officer, General Manager, Sales Administration Dept.
Hiroyuki Yoshidome
- Executive Officer, Production Div. (P.T. HOGY INDONESIA President and Director)
Go Ohashi



Directors' Compensation Plan - Restricted Stock Unit to Be Introduced from FY2023

HOGY Medical introduced a restricted stock unit plan in order to raise awareness among directors and officers and to ensure that their compensation is appropriate. This changed the overall compensation system.

1. Basic Policy

HOGY Medical's basic policy is to link the compensation of directors to shareholders' profits, aiming to incentivize them to continuously improve corporate value, and to set the individual remuneration of directors at an appropriate level based on their respective responsibilities.

2. Summary of Details of the Policy for Determining the Content of Individual Remuneration, Etc.

● Directors (excluding outside board members)

The compensation consists of basic pay (monthly remuneration) up to the maximum amount of compensation resolved in advance at the General Meeting of Shareholders, bonuses in consideration of position, responsibilities, and performance of HOGY Medical, and restricted stock unit as non-monetary compensation.

(1) Basic pay

The objective is to raise awareness of the need to improve performance in each fiscal year. The upper limit is set at 4.5% of profit attributable to owners of parent for each fiscal year.

(2) Bonus

The objective is to raise awareness of the need to improve performance in each fiscal year. The upper limit is set at 2.0% of profit attributable to owners of parent for each fiscal year.

(3) Restricted stock unit (non-monetary compensation, etc.)

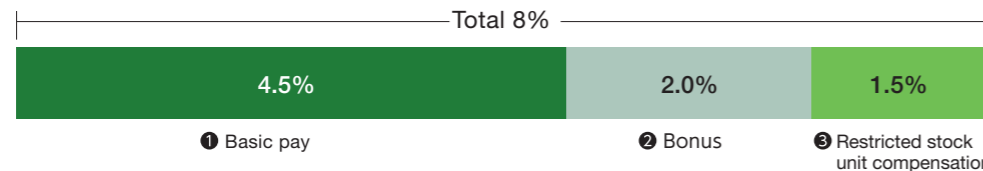
The objective is to provide incentives to continuously improve corporate value and further promote value-sharing with shareholders. The total amount of monetary claims shall not exceed 1.5% of profit attributable to owners of parent for each fiscal year.

● Outside Board Members

Considering that they are in a position to supervise and advise the management without execution of operations, their compensation will consist only of a fixed basic pay.

Executive classification	Fixed compensation		Performance-linked compensation	
	Basic pay		Bonus	Restricted stock unit
Directors (excluding outside board members)	●		●	●
Outside Board Members	●		—	—

Maximum director compensation (percentage of profit)



3. Policy for Determining the Percentage of Each Type of Compensation, Etc.

The ratio of basic pay, bonuses, and restricted stock unit compensation shall be based on basic pay, and the Board of Directors shall determine the appropriate payment ratio, respecting a report of the Compensation Committee after deliberations by the Compensation Committee to ensure that the compensation functions as a sound incentive to contribute to business performance to increase corporate value over the medium to long term.

4. Matters Concerning Determination of Remuneration, Etc. for Individual Directors

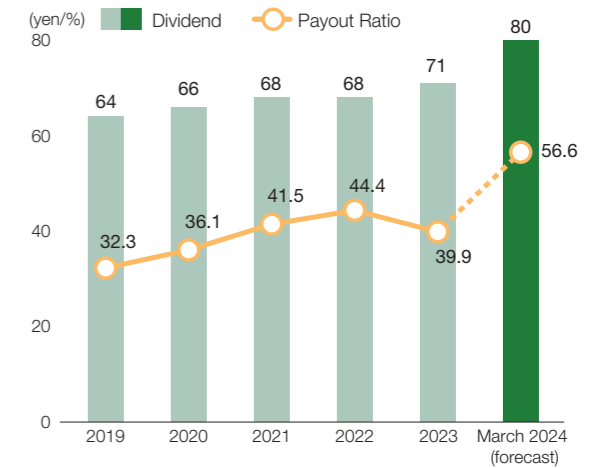
Regarding the amount of compensation for each individual director, the President and Representative Director, who is delegated by the Board of Directors, determines the amount of basic pay and bonus for each director and the number of shares to be allotted to each individual for restricted stock unit as non-monetary remuneration and the amount of monetary claims as assets in kind for such restricted stock unit, based on a report of the Compensation Committee and on a resolution of the Board of Directors. The President and CEO will respect the report of the Compensation Committee to the maximum extent possible.



Enhancement of Shareholder Returns

The HOGY Medical Group believes that enhancing shareholder returns is one of the most important management measures to increase shareholder value. Therefore, while our basic policy is to pay stable dividends, HOGY Medical will implement shareholder return measures when cash and deposits exceed working capital beyond a certain period of time and future investment plans. For the fiscal year under review, we paid annual dividends of ¥71.00 per share, up ¥3.00 year on year, taking into consideration our consolidated financial position and our full-year consolidated business results. For the fiscal year ending March 2024, we plan to pay an annual dividend of ¥80.00 per share, up ¥9 year on year.

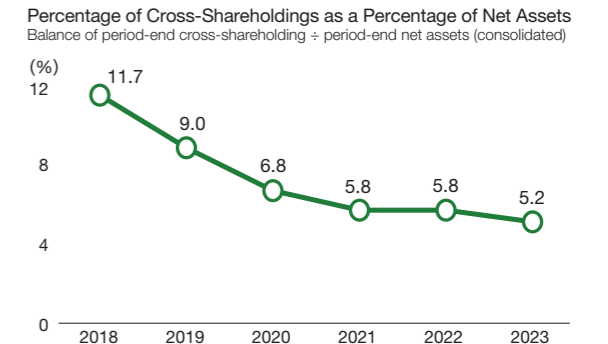
With regard to treasury stock, we introduced a stock-based compensation plan as part of the compensation for directors and hold a certain amount of treasury stock for this purpose. However, if we hold any treasury stock that is not expected to be used, our policy is to cancel such stock.



Cross-shareholdings

We may hold shares for cross-shareholding if we believe that it can facilitate smooth and continuous interaction in terms of sales, technology, research and development, etc., and contribute to business expansion and development. On the other hand, we will promptly reduce the number of shares it holds for cross-shareholding if its significance is considered to be limited.

The Board of Directors annually reviews the appropriateness of cross-shareholdings; it reached the conclusion that the shares held as of March 31, 2023, were appropriate to hold.



Basic Policy for and Status of the Internal Control System

The Board of Directors has established the "Committee Over Internal Controls" and the "Risk Management Group" (organizations that are responsible for establishing a system for internal control, compliance, and risk management, and for examining, improving, etc. this system; the same applies hereinafter) to ensure that the execution of duties by directors complies with laws and regulations and the Articles of Incorporation. The Committee Over Internal Controls is chaired by the President and CEO of HOGY Medical, and the J-SOX Committee and the 5S Committee have been established under the Committee Over Internal Controls and hold meetings regularly. All activities are reported to the Board of Directors.



Strengthen Information Security - Maintaining ISO 27001 Certification

While one is able to obtain information efficiently by leveraging IT, its management is emphasized. HOGY Medical does not handle the personal information of customers in principle, but to make customers feel more secure and comfortable, we obtained ISO 27001 certification designed to ensure an information security management system. Furthermore, we check information management and conduct training on a monthly basis to maintain quality.





Outside Board Member
Kiyoshi Uesugi

I have been involved in the healthcare industry for over half a century, and this is my eighth year as an outside board member of HOGY Medical. As an outside board member, I am most keenly aware of the need to maintain a proper sense of urgency in my interactions with the president and other board members and executives. It is also my role and mission to ensure that management strategies are formulated and implemented based on the corporate philosophy and to offer opinions and take action. I also believe that this will be reflected in our business performance as a result of our management, thereby contributing to our employees, shareholders, and all other stakeholders.

Over the past year, the content of discussions at the Board of Directors' meeting and other meetings has changed. With six

directors, three of whom are outside board members, I feel that not only has there been an increased sense of tension and objectivity but also that diverse and lively discussions are now held as the outside board members offer their opinions and suggestions based on their respective areas of expertise. In 2022, the Nominating Committee and Compensation Committee were also established. I feel that the Nominating Committee in particular, which I chair, set the direction it is aiming for and is making step-by-step progress toward that goal. The committee believes that it is necessary to further deepen discussions on the development and training of human resources that will contribute to management strategies from a medium-term perspective, in addition to the issues at hand.

On the financial front, there are some areas that need improvement, such as capital efficiency, but I feel that our profitability, in particular, is not sufficient for the potential of our company. I also believe that this unfortunately reflects a burden on advance investments for the medium to long term, such as investments in production equipment and R-SUD development, for instance.

Currently, all domestic medical device companies are facing a number of challenges, including market contraction, low-cost competition due to the shift to general-purpose products, and delays in new product development. Under such circumstances, we believe that HOGY Medical's mainstay product, Premium Surgical Kit, is a product that matches the future medical environment and the direction of medical administration,

such as the work-style reform of medical personnel and improvement of productivity in operating rooms, and that there is ample room for growth. Nonetheless, the speed of market penetration seems to be slower than initially anticipated or expected. The Executive Board has been discussing measures to address these, and I have consistently recommended "changing the mindset of directors and executives" as an important point.

My expectations for the future are that the leadership of directors and executives will accelerate growth of Premium Surgical Kit and that HOGY Medical will continue on its previous strong growth path. I also believe that this is the only way to contribute to healthcare based on the corporate philosophy and to reward all stakeholders. We look forward

to continuing to grow as "an indispensable company in the medical field."



Outside Board Member
Taisuke Fujita

HOGY Medical is a company with a pioneering spirit in its DNA that has created a succession of new markets for recording paper, Mekkin Bags, medical-use non-woven fabrics, and surgical kits. HOGY Medical has accurately identified issues of the times and commercialized products to address them in its 60-year history. This is how HOGY Medical's position and business model as a manufacturer was built. We have come to an age, however, when simply supplying products as a manufacturer is not enough to get acceptance from the market and society. Just as Toyota Motor Corporation is under pressure to transform itself from an automobile manufacturer to a mobility company, HOGY Medical must also transform itself from a supplier of "products" to a supplier of "insight."

We have provided our customers with "in-

sight" in order to sell "products" to date. I believe that "insight" itself is a product that HOGY Medical should monetize in the future. Products are an indispensable piece in realizing insight, but I suppose that an era will come when the insight provided by HOGY Medical will be the main focus and products will be secondary. Assuming that HOGY Medical is endowed with the five non-financial capitals defined by the International Integrated Reporting Council (IIRC) (manufactured capital, human capital, intellectual capital, social and relationship capital, and natural capital), it will need to utilize and strengthen not only its manufactured capital but also its human, intellectual, and social and relationship capital more in order to sell insight.

HOGY Medical has a talented and motivated workforce. They face a variety of challenges in the medical field. We are improving the surgical kits we provide, helping to reduce the burden on nurses and create an environment in which doctors can concentrate on their work. Insight regarding hospital management is also required. I believe the information and insight that employees gain in the field is substantial. However, we must ask ourselves whether we are making full use of the insight and motivation of these people. Succession planning is an important matter from this perspective. Who will be the leaders of the next generation? Who will be able to set forth and execute HOGY Medical's new vision? It is conceivable that the next generation of management will be comprised of people other than the founding family.

The form of management will then change. It is therefore a theme that must be carefully considered, but one that we feel must be discussed quickly and seriously.

Looking at HOGY Medical from a financial perspective, it is noted that capital efficiency is low and earnings are low relative to invested capital. To address this, we need to increase sales so that we can increase the utilization of our existing manufactured capital (plants). To do so, I believe it is important for us to change from being a company that sells products to a company that sells insight. Selling insight would increase the attractiveness of the product, and insight itself could also be commercialized.

Finally, for our company, which aims for foraying into the global market, environmental

and social issues are a bigger hurdle overseas than in Japan. To address this, we must humbly accept the problem awareness of society and our customers and have our own solutions. It is becoming an urgent issue to discuss firmly and formulate a vision that can meet global demands and strengthen the head office function.



Outside Board Member
Nguyen Viet Ha

One year has passed since I assumed the role of an outside board member. Through my participation in the Board of Directors, I feel that all departments and divisions are on a consistent path under the mission to "provide hospitals with stable and safe products under any circumstances." As a responsible manufacturer that delivers value-added products to medical institutions, we strive to provide high-quality products in the fastest possible time and constantly improve in all departments and divisions, including the production site.

Regarding the Board of Directors, in addition to reporting on business performance, we believe that the board can enhance the functions it should fulfill while operating more efficiently by spending more time to discuss future business strategies, including important

themes that require attention as a company. For example, it might be effective to invite people with outstanding experience within and outside of the industry and within each department and division to exchange opinions on "measures to improve the quality of human resources" and "how to effectively expand overseas business."

From a management perspective, HOGY Medical is a pioneer in kit products, such as Premium Surgical Kit, and a manufacturer that has created a market with quality and speed as its strengths. Therefore, maintaining and increasing the plant's production capacity at all times while making the most of it is a critically important point to leverage competitive advantage and an important topic for the board. In addition to this, our corporate brand also needs to be bolstered and we would like

to discuss this further centered on the Board of Directors. I believe that if the Board of Directors and the management team are more open-minded in accepting suggestions and feedback from the job sites, it will encourage each department and division to improve its operations, thereby improving the effectiveness of the board, which in turn will enhance corporate value. Based on this belief, I would like to make use of my knowledge and experience, thereby contributing to HOGY Medical.

Companies will increasingly be required to conduct decision-making and corporate activities while taking into consideration a variety of factors, including environmental, economic, and social factors—in other words sustainable management. Regarding HOGY Medical's sustainability activities, both in Japan and in its overseas subsidiaries, environmental con-

siderations and innovations tailored to their local societies are being made. For example, in the "Eco Project for the Firefly," we rent land neighboring HOGY Medical's Tsukuba Plant from the city of Ushiku to cultivate pesticide-free rice and restore the rural landscape that once existed, thereby creating an environment where diverse ecosystems can coexist. Fourteen years have passed since the project was launched, and many fireflies can now be seen. Other efforts include designing workplaces to accommodate diverse people according to local cultures and religions, and supporting the improvement of dietary habits.

It is often said that "attaining the ultimate in local is truly global," and that is exactly what HOGY Medical has been doing for decades. I believe that it is significant to continue to focus on sustainability management for the

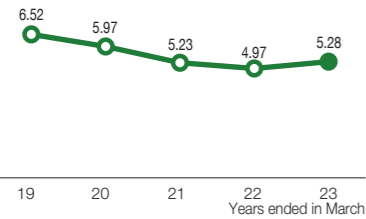
expansion of our business in the ASEAN market that we are looking to. Moreover, because HOGY Medical was the first to develop automated production in medical-use non-woven fabric products and kit products, I expect that we will continue to expand into other Asian countries as a pioneer.

Finally, we need to be more aware that the key to achieving the SDGs, ESG, and also business goals all depends on developing imaginative and creative human resources. I believe that if each of us thinks through how to improve the company and society, changes ourselves, improves our behaviors, and does so through reflection, or constant introspection, we will certainly be energized in our daily work and personal lives.

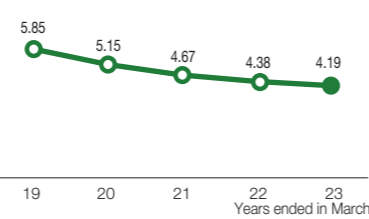
Financial Highlights

Profitability

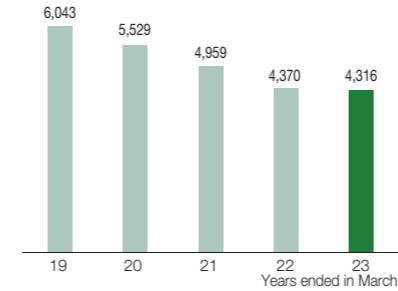
Return on Equity (ROE) **5.28%**



Return on Assets (ROA) **4.19%**

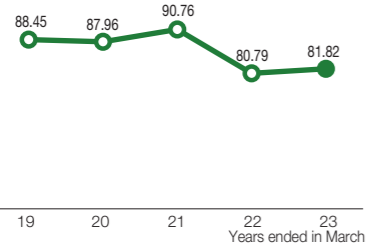


Profit Attributable to Owners of Parent **4,316** Millions of yen

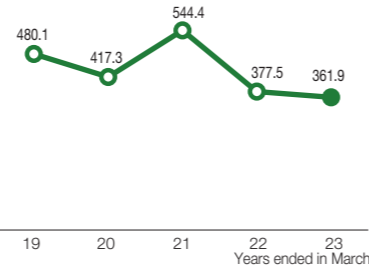


Stability

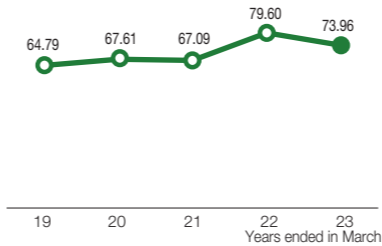
Equity Ratio **81.82%**



Current Ratio **361.9%**

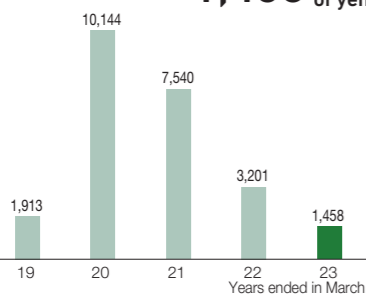


Fixed Ratio **73.96%**

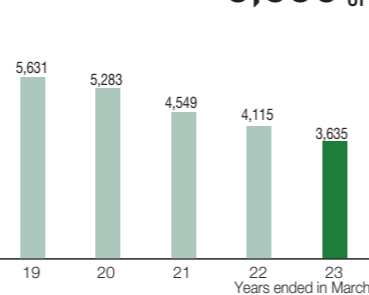


Capital Expenditures and Related Data

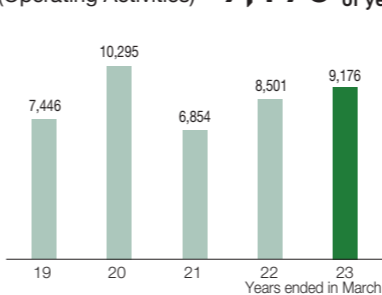
Capital Expenditures **1,458** Millions of yen



Depreciation Expenses **3,635** Millions of yen

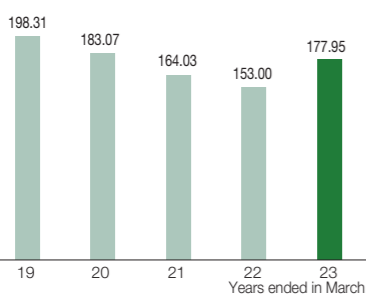


Cash Flows (Operating Activities) **9,176** Millions of yen

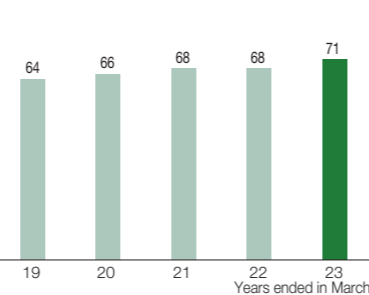


Per Share Data

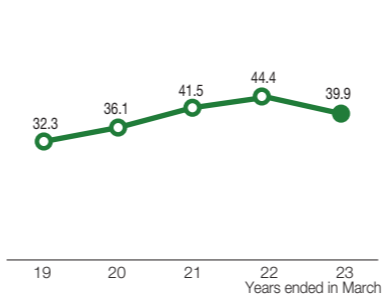
Earnings per Share (EPS) **177.95** yen



Dividends per Share **71** yen

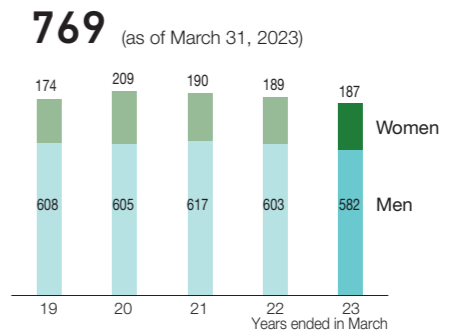


Payout Ratio **39.9%**



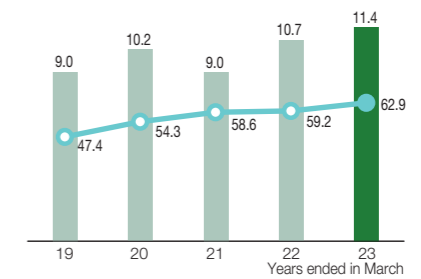
Non-Financial Highlights (non-consolidated)

Number of employees:



Paid leave

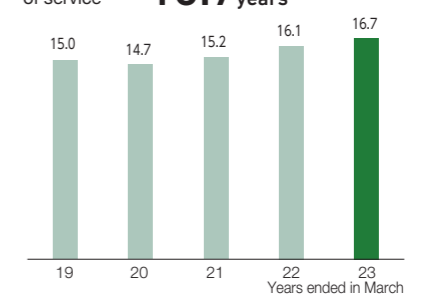
Average paid leave usage rate* **62.9%** Average number of days of paid leave taken **11.4** days



*The number of days newly granted in the reporting year is used as the denominator and the number of days taken as the numerator for calculation. Denominator does not include days carried over from the previous fiscal year.

Years of service

Average years of service **16.7** years



Percentage of female workers in management positions **5.3%**

➔ Target **10%** by the end of 2030

Percentage of male employees taking parental leave **5.0%**

➔ Target **30%** by the end of 2025

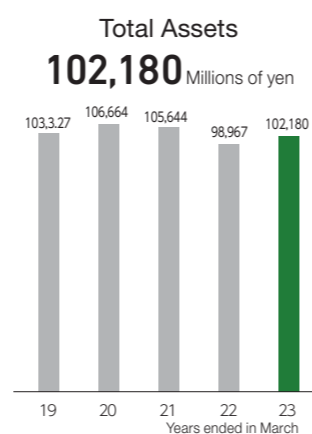
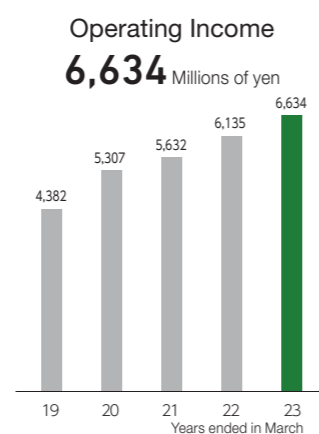
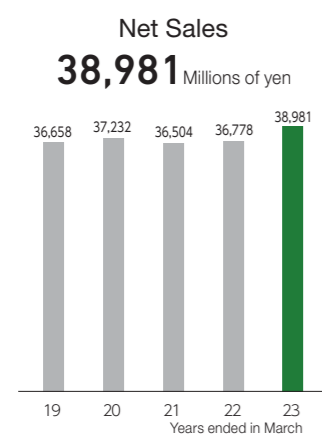
Wage differentials between men and women (all workers) **77.1%**

Data: Five-year financial summary

	Years ended March 31,					2023
	2023	2022	2021	2020	2019	
	(Millions of yen unless indicated otherwise)					(Thousands of U.S. dollars)
Income Statement Data						
Net sales	38,981	36,778	36,504	37,232	336,658	291,907
Operating income	6,634	6,135	5,632	5,307	4,382	49,680
Profit before income taxes	6,189	6,286	6,989	7,725	8,499	46,347
Profit attributable to owners of parent	4,316	4,370	4,959	5,529	6,043	32,324
Balance Sheet Data						
Common stock	7,123	7,123	7,123	7,123	7,123	53,341
Additional paid-in capital	8,270	8,336	8,336	8,336	8,336	61,931
Total net assets	83,678	79,996	95,951	93,921	91,404	626,619
Total liabilities and net assets	102,180	98,967	105,644	106,664	103,327	765,170
Property, plant and equipment, net	51,555	52,759	52,794	51,851	45,944	386,071
Cash Flow Data						
Net cash provided by operating activities	9,176	8,501	6,854	10,295	7,446	68,714
Net cash used in investing activities	(1,951)	(3,812)	(6,950)	(9,194)	1,627	(14,614)
Net cash used in financing activities	(3,142)	(11,049)	(2,500)	(1,989)	(6,958)	(23,530)
Cash and cash equivalents at end of year	18,351	13,820	19,911	22,658	22,903	137,421
Per Share Data						
	(yen)					(U.S. dollars)
Profit attributable to owners of parent:						
Basic	177.95	153.00	164.03	183.07	198.31	1.33
Diluted	—	—	—	—	—	—
Net assets	3,446.71	3,296.32	3,182.97	3,104.33	3,027.43	25.81
	(Millions of yen, unless indicated otherwise)					(Thousands of U.S. dollars)
Key Financial Data						
Annual dividend per share (yen)	64.00	66.00	68.00	68.00	71.00	—
Capital expenditures	1,458	3,201	7,540	10,144	1,913	10,918
Depreciation expenses	3,635	4,115	4,549	5,283	5,631	27,222
R&D expenses	379	444	677	607	789	2,838
Equity ratio (%)	81.82	80.79	90.76	87.96	88.45	—
Return on equity (%)	5.28	4.97	5.23	5.97	6.52	—
Price/earnings ratio (times)	17.84	21.18	20.57	18.38	19.69	—
Number of shares issued (thousands)	32,682	32,682	32,682	32,682	32,682	—
Number of employees at year-end*	1,441	1,476	1,559	1,538	1,502	—
	(525)	(507)	(756)	(518)	(581)	—

Note: Fractions are rounded down.

*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.



Consolidated Financial Statements

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

	Years ended March 31,		
	2023	2022	2023
	(Millions of yen)		
	(Thousands of U.S. dollars)		
Assets			
Current assets:			
Cash and bank deposits	¥18,862	¥14,364	\$141,247
Notes and accounts receivable	11,962	11,341	89,582
Inventories	8,867	8,811	66,405
Other current assets	598	773	4,480
Allowance for doubtful accounts	(0)	(0)	(2)
Total current assets	40,290	35,290	301,713
Property, plant and equipment, at cost:			
Buildings and structures	47,942	47,131	359,013
Machinery, equipment and vehicles	45,320	44,445	339,379
Land	9,695	9,625	72,605
Construction in progress	15,730	14,775	117,793
Other	5,861	5,781	43,893
	124,550	121,760	932,685
Less: Accumulated depreciation	(72,994)	(69,001)	(546,614)
Property, plant and equipment, net	51,555	52,759	386,071
Investments and other assets:			
Investment securities	8,239	8,105	61,697
Intangible assets	819	1,536	6,139
Guarantee deposits	388	388	2,909
Deferred tax assets	210	204	1,573
Other assets	676	681	5,066
Total investments and other assets	10,334	10,917	77,386
Total assets	¥102,180	¥98,967	\$765,170
Liabilities and net assets			
Current liabilities:			
Notes and accounts payable:			
Trade	¥4,813	¥4,336	\$36,045
Construction	1,223	337	9,162
Current portion of long-term debt	1,999	1,999	14,970
Income taxes payable	1,214	980	9,093
Accounts payable-other	350	628	2,622
Other current liabilities	1,533	1,065	11,483
Total current liabilities	11,134	9,348	83,379
Long-term liabilities:			
Long-term debt	5,668	7,667	42,447
Deferred tax liabilities	546	927	4,089
Liability for retirement benefits	424	478	3,181
Long-term accounts payable-other	32	32	246
Other long-term liabilities	695	516	5,207
Total long-term liabilities	7,367	9,622	55,172
Net assets:			
Shareholders' equity:			
Common stock:			
Authorized – 130,000,000 shares			
Issued – 32,682,310 shares	7,123	7,123	53,341
Additional paid-in capital	8,270	8,336	61,931
Retained earnings	91,142	88,523	682,511
Treasury stock, at cost			
8,425,347 shares in 2023 and 8,425,207 shares in 2022	(27,561)	(27,561)	(206,392)
Total shareholders' equity	78,974	76,422	591,392
Accumulated other comprehensive income:			
Unrealized gain on other securities	2,719	2,831	20,363
Deferred gain on hedges	102	261	770
Translation adjustments	1,914	608	14,335
Retirement benefit liability adjustments	(104)	(164)	(781)
Total accumulated other comprehensive income	4,632	3,537	34,687
Non-controlling interests	72	37	539
Total net assets	83,678	79,996	626,619
Total liabilities and net assets	¥102,180	¥98,967	\$765,170

Data: Consolidated Financial Statements

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

	Years ended March 31,		
	2023	2022	2023
	(Millions of yen)		(Thousands of U.S. dollars)
Net sales	¥ 38,981	¥36,778	\$ 291,907
Cost of sales	23,241	21,361	174,040
Gross profit	15,740	15,416	117,867
Selling, general and administrative expenses	9,105	9,281	68,187
Operating income	6,634	6,135	49,680
Other income (expenses):			
Interest income	106	39	795
Interest expense	(29)	(6)	(220)
Dividend income	49	45	373
Foreign Exchange gain (loss), net	0	(43)	5
Subsidy income	–	207	–
Gain (loss) on investments in partnership	(141)	(90)	(1,057)
Commission for purchase of treasury stock	–	(112)	–
Loss on disposal of property, plant and equipment	0	(1)	(1)
Impairment losses	(464)	–	(3,474)
Insurance claim income	1	73	8
Rental income	68	–	516
Rental costs	(71)	–	(533)
Other, net	34	38	255
Other income (expenses), net	(445)	151	(3,333)
Profit before income taxes	6,189	6,286	46,347
Income taxes :			
Current	2,176	1,952	16,301
Deferred	(272)	(0)	(2,042)
Total income taxes	1,904	1,951	14,258
Profit	4,285	4,334	32,088
Profit attributable to non-controlling interests	(31)	(35)	(236)
Profit attributable to owners of parent	¥ 4,316	¥4,370	\$ 32,324

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

	Years ended March 31,		
	2022	2021	2022
	(Millions of yen)		(Thousands of U.S. dollars)
Profit	¥4,285	¥4,334	\$ 35,407
Other comprehensive income:			
Unrealized gain (loss) on other securities	(112)	(508)	(4,157)
Deferred gain (loss) on hedges	(158)	(1)	(9)
Translation adjustments	1,306	935	7,640
Retirement benefits liability adjustments	60	(60)	(491)
Total other comprehensive income	1,095	364	2,981
Comprehensive income	¥ 5,380	¥4,699	\$ 38,388
Total comprehensive income attributable to:			
Owners of parent	¥ 5,411	¥ 4,734	\$ 38,680
Non-controlling interests	¥ (31)	¥ (35)	\$ (291)

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

	Years ended March 31,		
	2023	2022	2023
	(Millions of yen)		(Thousands of U.S. dollars)
Operating activities			
Profit before income taxes	¥ 6,189	¥6,286	\$46,347
Depreciation	3,617	4,115	27,087
Changes in liability for retirement benefits, net	(107)	(83)	(805)
(Decrease) increase in allowance for doubtful accounts	0	0	0
Interest and dividend income	(156)	(84)	(1,168)
Interest expense	29	6	220
Loss on investments in partnership	141	90	1,057
Foreign exchange loss (gain)	22	49	165
Gain on sales of property, plant and equipment	–	(1)	–
Loss on disposal of property, plant and equipment	0	1	1
Impairment losses	464	–	3,474
Changes in assets and liabilities:			
Notes and accounts receivable	(504)	160	(3,778)
Inventories	314	212	2,356
Notes and accounts payable	396	(337)	2,968
Accrued consumption taxes and other	406	0	3,045
Other current assets	(57)	67	(427)
Other current liabilities	126	(60)	950
Other investments	42	124	319
Other liabilities	19	38	142
Other	91	(70)	686
Subtotal	11,036	10,514	82,644
Interest and dividends received	127	83	956
Interest paid	(29)	(6)	(220)
Income taxes paid	(1,958)	(2,089)	(14,665)
Net cash provided by operating activities	9,176	8,501	68,714
Investing activities			
Increase in time deposits	(60)	(25)	(451)
Proceeds from time deposits	107	141	808
Purchases of investment securities	(525)	(946)	(3,931)
Purchase of property, plant and equipment	(1,318)	(3,048)	(9,876)
Proceeds from sales of property, plant and equipment	–	2	–
Purchases of intangible assets	(74)	(153)	(561)
Proceeds from distribution of investments in partnership	90	11	674
Payments for loans receivable	(0)	(0)	(1)
Collection of loans receivable	0	0	4
Proceeds from maturity of insurance funds	–	271	–
Decrease (increase) in other investments	(170)	(65)	(1,279)
Net cash used in investing activities	(1,951)	(3,812)	(14,614)
Financing activities			
Proceeds from long-term borrowings	–	10,000	–
Repayment of long-term debt	(1,999)	(398)	(14,970)
Proceeds from sales of treasury stock	0	117	1
Purchases of treasury stock	(0)	(18,773)	(5)
Cash dividend paid	(1,697)	(1,995)	(12,714)
Income by settlement in derivatives	555	–	4,158
Other	–	(0)	–
Net cash used in financing activities	(3,142)	(11,049)	(23,530)
Effect of exchange rate changes on cash and cash equivalents	448	269	3,361
Net increase in cash and cash equivalents	4,531	(6,091)	33,930
Cash and cash equivalents at beginning of year	13,820	19,911	103,490
Cash and cash equivalents at end of year	¥ 18,351	¥13,820	\$137,421

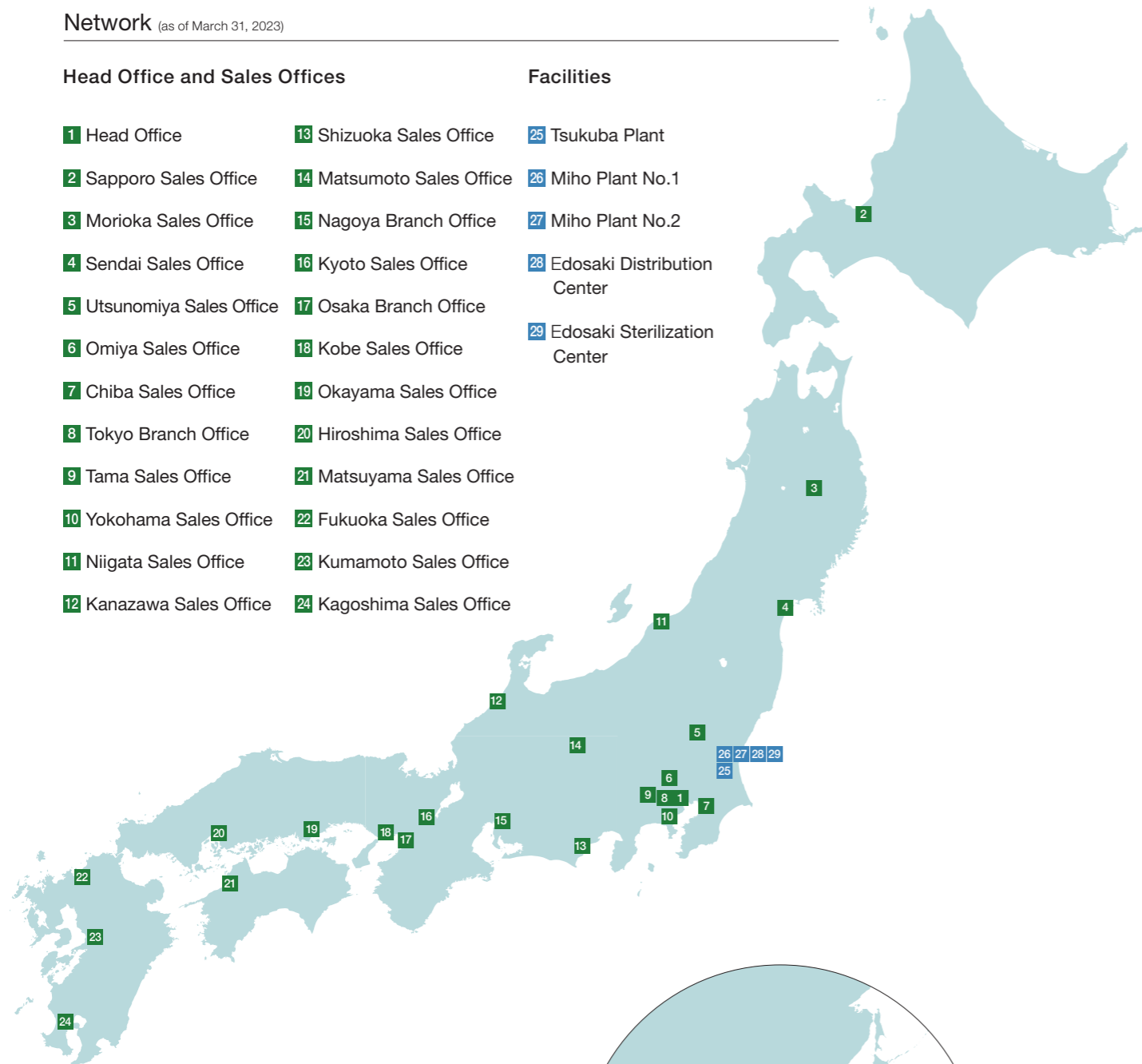
Network (as of March 31, 2023)

Head Office and Sales Offices

- 1 Head Office
- 2 Sapporo Sales Office
- 3 Morioka Sales Office
- 4 Sendai Sales Office
- 5 Utsunomiya Sales Office
- 6 Omiya Sales Office
- 7 Chiba Sales Office
- 8 Tokyo Branch Office
- 9 Tama Sales Office
- 10 Yokohama Sales Office
- 11 Niigata Sales Office
- 12 Kanazawa Sales Office
- 13 Shizuoka Sales Office
- 14 Matsumoto Sales Office
- 15 Nagoya Branch Office
- 16 Kyoto Sales Office
- 17 Osaka Branch Office
- 18 Kobe Sales Office
- 19 Okayama Sales Office
- 20 Hiroshima Sales Office
- 21 Matsuyama Sales Office
- 22 Fukuoka Sales Office
- 23 Kumamoto Sales Office
- 24 Kagoshima Sales Office

Facilities

- 25 Tsukuba Plant
- 26 Miho Plant No.1
- 27 Miho Plant No.2
- 28 Edosaki Distribution Center
- 29 Edosaki Sterilization Center



Overseas Subsidiaries

- 30 P.T. HOGY Indonesia (Subsidiary)
- 31 HOGY Medical Asia Pacific Pte. Ltd. (Subsidiary)
- 32 P.T. HOGY Medical Sales Indonesia (Sub-subsidiary)

Corporate Profile (as of March 31, 2023)

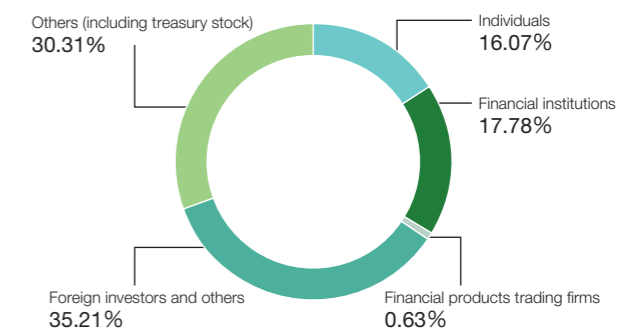
Corporate name: HOGY MEDICAL CO., LTD	Number of sales offices: 23	Annual general meeting: June
Head office: 7-7, Akasaka 2-chome, Minato-ku, Tokyo 107-8615 Phone: +(81)3-6229-1300 https://www.hogy.co.jp/english/	Listing: Prime Market, Tokyo Stock Exchange	Transfer agent: Mitsubishi UFJ Trust and Banking Corporation Corporate Agency Division 1-1 Nikkocho, Fuchu, Tokyo 183-0044 Phone: +(81)42-204-0303
Incorporated: April 3, 1961	Code number: 3593	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
Paid-in capital: ¥7,123 million	Number of shareholders: 8,130	
Number of employees: 1,441 (Consolidated)	Shares of common stock issued and outstanding: 32,682,310	
	Financial year: April 1 to March 31	

Major Shareholders (as of March 31, 2023)

	Number of shares	Percentage of total (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	3,730,400	11.41%
STATE STREET BANK AND TRUST COMPANY 505025	2,048,700	6.26%
Custody Bank of Japan, Ltd. (Trust Account)	1,147,700	3.51%
SSBTC CLIENT OMNIBUS ACCOUNT	867,108	2.65%
NORTHERN TRUST CO.(AVFC) RE 009-016064-326 CLT	839,300	2.56%
Junichi Hoki	730,083	2.23%
MEDIPAL HOLDINGS CORPORATION	584,000	1.78%
THE BANK OF NEW YORK MELLON 140042	523,993	1.60%
GIC PRIVATE LIMITED-C	502,880	1.53%
Hoki Museum Co., Ltd.	497,448	1.52%

Our company owns 8,425,347 treasury stock.

Shareholder Composition (Shareholding ratio)



HOGY MEDICAL Co., Ltd.