

HOGY MEDICAL REPORT 2025

HOGY MEDICAL CO.,LTD.
Integrated Report



Corporate Mission

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

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



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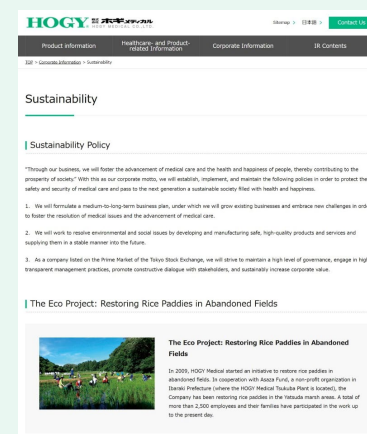
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Regarding the Disclosure of Financial and Non-Financial Information

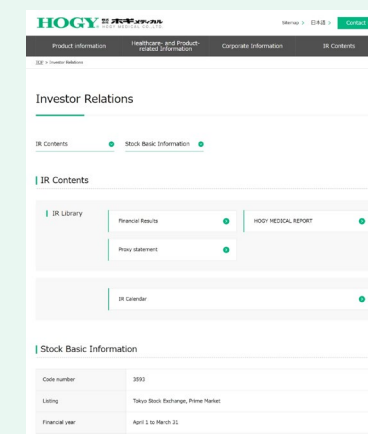
Initiatives not included in this integrated report are disclosed on our corporate website under “Sustainability” and “IR Contents,” together with past information.

Sustainability



<https://www.hogy.co.jp/english/company/sustainability.html>

Investor Relations



<https://www.hogy.co.jp/english/ir/index.html>

Editing Policy

HOGY MEDICAL Co., Ltd. has prepared “HOGY MEDICAL REPORT 2025” 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

Note: Some information from other periods is included. Premium surgical kits are included within “general surgical kits,” along with 14 other types of kit.

HOGY Vision – Our Vision in 2035

HOGY Vision

Our Vision in 2035



Society and Healthcare in 2035

As Japan enters a phase of rapid decline in its working-age population, significant changes are expected in the structure of regional healthcare. Leveraging technological advancement and problem-solving capabilities, we will support the future of hospitals and, beyond them, the patients they serve.

Japan's demographic landscape is at a critical turning point. While the population of older adults—particularly those in the late-stage elderly category—continues to grow and is expected to peak, the working-age population will begin to decline more sharply after 2025. This will intensify the pressures on the social environment surrounding regional healthcare systems. At the same time, medical technologies will continue to advance, and healthy life expectancy will likely increase. However, the environment supporting frontline healthcare will undergo even more rapid and complex transformation. At HOGY MEDICAL, we are committed to evolving by continuously embracing challenges, with the aim of supporting medical frontlines during this era of profound change.

Changes in disease patterns

- ◆ Increase in chronic diseases and dementia associated with aging
- ◆ Increase in cancer patients and diversification of treatment needs
- ◆ Promotion of regional healthcare collaboration

Advances in medical technology

- ◆ Expansion of robotic and remote surgery
- ◆ Progress in data utilization through the spread of electronic medical records and the My Number health insurance card
- ◆ Advancement of medical equipment and improvement of operability

Transformation of the working population

- ◆ Decline in the domestic labor force and shortage of healthcare professionals
- ◆ Increase in foreign workers and greater multinational diversity in the medical fields
- ◆ Diversification of work styles, such as shorter hours, flexible work schedules, and multiple jobs

Diversity and globalization

- ◆ Growth of the ASEAN market and increasing medical demand
- ◆ Expansion of environmentally friendly products and rising awareness of sustainability
- ◆ Growing need for multilingual support and cross-cultural understanding

HOGY Vision – Our Vision in 2035

Our Vision for 2035

We remain committed to supporting healthcare frontlines by improving both safety and operational efficiency.

Placing strong emphasis on customer perspectives, we will continue to work closely with medical professionals to address essential challenges. By integrating “products and services,” “people,” and “information” into our unique solutions, we will enhance our ability to deliver results and support healthcare institutions both in Japan and overseas.

**A company like none other, playing a part
in the advancement of medical care
in Japan and the ASEAN region**

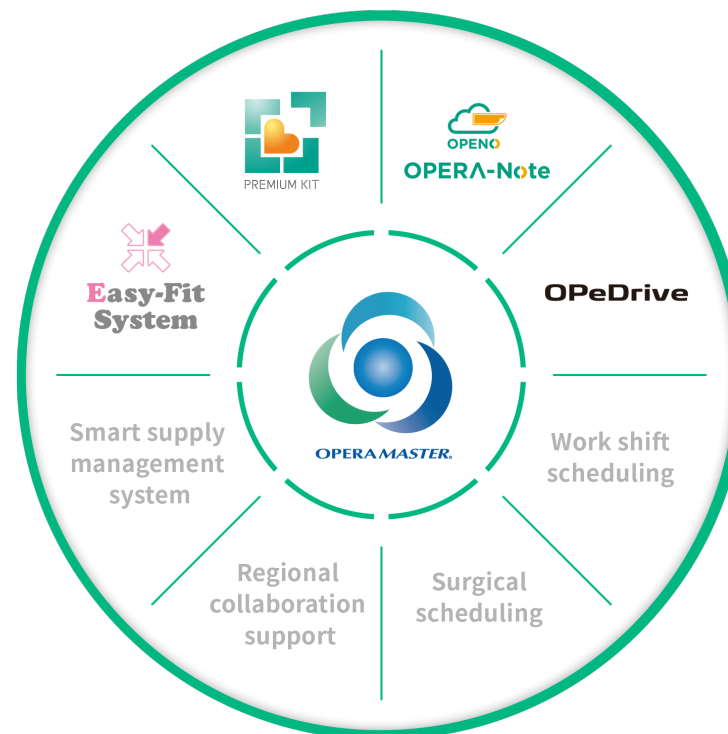


A Solution Provider, Focusing on Customers' Perspectives and Creating New Value

We have long maintained a practice of having our employees visit healthcare facilities, observe conditions firsthand, and engage in direct dialogue with customers—uncovering their needs and delivering tailored products and services.

Looking ahead, we aim to go beyond offering only our own products and services. As a solution provider, we will collaborate with a wide range of partner companies to address an even broader spectrum of challenges and create greater value for the medical field.

Operating Room DX Solution Concept



HOGY MEDICAL at a Glance

HOGY MEDICAL at a glance



Features

A Pioneer in Sterilization
for the Prevention of
In-Hospital Infections

A Leading Company Supporting
Operating Room Management

At HOGY MEDICAL, our mission is to prevent infections within medical facilities and to create an environment where a greater number of surgical procedures can be performed safely and efficiently.

Three Innovations Originated Through Observation and Research of Operating Rooms



We believe that on-site observation is the source of new product development. Roughly 60 years ago, our founder frequently visited medical facilities and recognized the critical need for sterilization of medical supplies. Observing that paper was commonly used in pharmaceutical packaging at the time, he hypothesized that it could be adapted for use in sterilization, and from this idea, the Mekkin Bag was created from the ground up. As the Mekkin Bag became widely adopted, new challenges emerged, leading to the development of non-woven fabric products, which subsequently evolved into kit products.

HOGY MEDICAL at a Glance

Ensuring the Highest Level of Safety While Reducing Workload During Surgery

Our mainstay product, the “Premium Surgical Kit,” was developed through observation of the surgical material preparation process. It contributes significantly to reducing the workload of doctors and nurses while pursuing safer and more efficient surgery.

Before

Preparation of medical supplies based on experience

- ✓ Supplies prepared based on individual experience
- ✓ Temporary suspension of surgery due to missing or insufficient supplies



Supplies are prepared one by one from the shelves in the surgical preparation room

Variations in preparation time depending on the individual

After

Custom packages combining the materials required for each medical institution and each surgery

- ✓ Designed to meet the needs of each customer by selecting from among 20,000 components sourced from approximately 170 major domestic and international manufacturers
- ✓ Supplies can be packaged in accordance with the surgical procedure



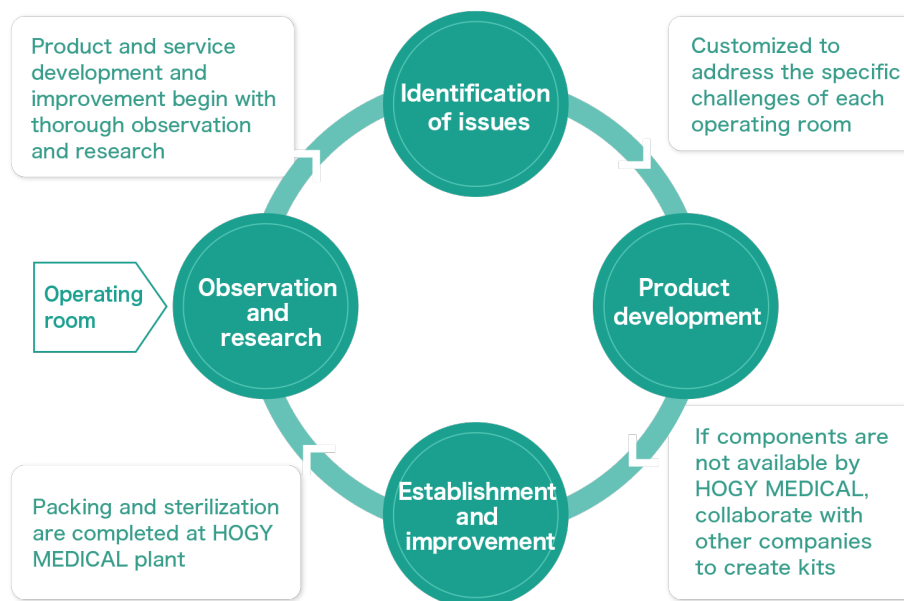
The Premium Surgical Kit packages all materials required before, during, and after surgery in the order of use

Preparation time for surgical materials has been standardized. Reduced from approximately 69 minutes to roughly 10 minutes*

*Based on a case study of joint replacement surgery at Fukushima Medical University Hospital, as published in OPERA TIMES Vol. 8

Development Process That Begins with Observation and Research

Our product development begins with observation. We observe everything that affects our customers—from the overall medical environment to the smallest challenges faced on-site—and seek to understand what is truly needed. We customize our solutions accordingly and evolve our products in collaboration with partner companies, thereby supporting the medical frontline. By continuously repeating this process, our kit products have steadily evolved.



HOGY MEDICAL at a Glance

Future Growth Potential

Becoming an Indispensable Presence in
Supporting Japan's Healthcare Environment

Responding to the growing need for community-based care, and hospital bed reallocation driven by functional differentiation



Addressing the challenges faced by Japan's severe aging society, which began in 2007



Reforming surgical preparation workflows to improve productivity and support workstyle reforms for healthcare professionals

In Japan, the severe ongoing aging of the population has led to rising demand for surgical care. At the same time, there is a shortage of doctors and nurses to support surgical procedures, a challenge that is particularly acute in rural areas. We aim to support surgical teams by responding to these staffing shortages and by providing products that are finely tuned to the needs of each clinical site. Through these efforts, we are working to create an environment in which even one more patient can undergo surgery early as possible. To that end, we remain committed to the development of better products.

Expansion of the Kit Market Overseas

Global kit market*1

¥1,186.1 billion
(2022)

2023-2030
CAGR*3
8 to 9%

Kit market of Japan
+ ASEAN target countries*1

¥237.6 billion

CAGR*3
9 to 10%

Japan kit market*2

¥44.6 billion
(2022)

CAGR*3
2 to 4%

*1. Global Sterile Surgical Procedure Pack Market 2024 by Manufacturers, Regions, Type and Application, Forecast to 2031 1 USD = 145 yen

*2. "Medical Hygiene Products Market 2022-2023" by Yano Research Institute

*3. CAGR figures prepared by HOGY MEDICAL based on the above *1 and *2 and their past data

Among ASEAN countries with strong kit market growth, we see significant potential for our products to contribute in medical settings in Thailand and Singapore, where the aging of the population is progressing, as well as in the Philippines and Malaysia, where demand for infection control is expected to expand. By establishing an integrated framework that encompasses development, manufacturing, and sales, we aim to enhance our presence in the Asian market by delivering safe, high-quality products that meet the standards recognized in Japan.

HOGY MEDICAL at a Glance

HOGY MEDICAL Data



Supporting
approximately
1.69 million
surgeries annually

Number of surgical kit products sold



Over **26,000** types of
kit products annually

Number of registered surgical kit
product masters

Number of
employees

1,409



Ratio of new
graduate hires
(Female)

40%



(Non-consolidated)

Average number of
acquired paternity
leave days

164.3 days



(Non-consolidated)



Market shares of *
surgical kits
54.2%



Client medical
institutions
Over **8,000**
facilities

64th Anniversary



Established in **1961**



Net sales
¥39.1
billion



Equity ratio
75.9%

Items not individually specified are prepared based on consolidated information as of the fiscal year ended March 2025

*Kit product market share: "FY 2022-2023 Actual Situation in the Medical/Hygiene Product Market and Trends in Demand by Product" by Yano Research Institute Ltd.

Progress in Market Creation

Progress in Market Creation



Progress in Market Creation

Supporting the Medical Field and Creating Markets through Awareness

Visiting medical frontlines, listening to their insights, and identifying the challenges they face. Standing on the same footing as hospital administrators and taking on shared management goals together. HOGY MEDICAL's product development has always originated from issues on the frontlines and in hospital management. In our pursuit of solutions, we have developed products that did not exist in the market, continuously evolving them in response to customer needs. Through the provision of value that goes beyond products themselves, we have contributed to the medical field. This section retraces that journey alongside the untold stories behind our product development.

Main products (excerpted)



Mekkin Bag

1960s

Identified Challenge

Risk of bacterial contamination on medical instruments
(Pursuit of sterilization)

Product Developed

Sterilization packaging material "Mekkin Bag"

Values Created

Standardization of infection control practices

In the 1960s, although autoclaves had become widespread in the medical field, sterilization was still being performed by wrapping medical instruments in newspaper. To address this issue, HOGY MEDICAL launched the "Mekkin Bag" sterilization pouch in 1964. Based on the belief that "what we sell is not just a product but knowledge," the Company promoted the importance of sterilization to medical professionals. As in-hospital infections became a recognized social issue, HOGY gained support from researchers and medical experts, leading to a shift in awareness in the medical field. The Mekkin Bag standardized infection control practices and has since become synonymous with sterilization storage packaging.

Progress in Market Creation

Main products
(excerpted)Non-woven fabric
products

1970/1980s

Identified Challenge

Risk of in-hospital infections

(Risk of in-hospital infections caused by contact with contaminated supplies and equipment)

Product Developed

Disposable surgical gowns and drapes

Values Created

Promotion of single-use medical devices

In the 1970s, surgical gowns made of cotton were being washed and reused, raising serious concerns about bacterial contamination. In 1972, HOGY MEDICAL turned its attention to the concept of “disposables,” which had already been standardized in Europe and the United States, and began developing single-use surgical gowns. At a European exhibition, the Company discovered an ideal non-woven fabric and successfully created gowns that were lightweight, soft, and allowed for ease of movement. Testing at model hospitals confirmed reductions in bacterial infection rates and demonstrated economic advantages, thereby also contributing to the streamlining of hospital management.

1990s

Identified Challenge

Cumbersome surgical preparation

(Time-consuming and highly specialized task)

Product Developed

Surgical kits

Values Created

Improved quality and efficiency of surgical preparation



Procedure Kit



Full Set Kit

Surgical Kit

In the early 1990s, a single surgery required dozens of different medical supplies, and nurses often spent hours preparing for each procedure. Transforming this burdensome task was the surgical kit—a one-pack solution that consolidated all necessary materials. By simply opening the kit before surgery, nurses could significantly reduce both preparation and sterilization time. Furthermore, HOGY MEDICAL introduced “custom kits” and “full kits” tailored to the specific needs of the operating room and medical practice, making surgical kits an indispensable tool for improving operating room efficiency.

Progress in Market Creation

Main products
(excerpted)

Opera Master

2000s

Identified Challenge

Improvement of
operating room management

Product Developed

Opera Master
(Product and information-integrated
service)

Values Created

Visualization of
surgical operations

Since the 2000s, hospitals have faced increasingly difficult conditions due to factors such as reductions in medical service fees. Anticipating these changes in the healthcare system early on, HOGY MEDICAL developed “Opera Master” to address hospital management challenges. As a system integrating surgical kits, logistics, and information, it visualizes medical materials by disease, patient, and physician as well as the operating status of operating rooms, extracts and analyzes issues, and continuously makes improvement proposals, thereby contributing to improving hospital profitability.

2020s

Identified Challenge

Shortage of healthcare professionals
(Staffing shortages and workstyle reforms)

Product Developed

Premium Surgical Kit

Values Created

Enhancement of
operating room productivity

Premium Surgical Kit

In the 2020s, the medical field faced the dual challenges of an increasing number of surgical patients due to population aging and a shortage of healthcare workers. In response, HOGY MEDICAL focused on the preoperative preparation process. In advanced surgeries, preparing several hundred instruments and supplies could take several hours. To address this, the Company developed the “Premium Surgical Kit,” a custom-made solution that assembles all required surgical instruments and materials tailored to each hospital and physician. By systematizing material preparation before, during, and after surgery, the Premium Surgical Kit significantly reduces preparation time, contributing to more efficient use of nurses’ time and improved hospital profitability.

Message from the CEO

Message from the CEO

Enhancing Human Capital
at the Core of Our Growth Strategy
Aiming to Become a Solution Provider
That Delivers Diverse Value
to the Medical Industry

President and CEO

Hideki Kawakubo



Our Determination Behind Entering a New Phase of Transformation— “The Second Founding Period”

Since its founding in 1961, HOGY MEDICAL has consistently developed and provided products and services that contribute to medical safety, operational efficiency, and improved hospital management. Beginning with the launch of the “Mekkin Bag” in 1964, aimed at preventing in-hospital infections, we have continued to support healthcare through the stable supply of medical-use non-woven fabric products and surgical kit products.

Under the leadership of the founding family, our employees have exercised creativity and ingenuity to drive significant growth. With my appointment as President in April 2024—the first from outside the founding family—we have begun shifting away from

top-down management driven by strong individual leadership, toward a management style centered on our corporate philosophy and purpose. To achieve further growth, we must develop self-reliant talent and transform into a sustainable organization. Guided by the principle of “inheriting what should be preserved, and changing what must be changed,” we have taken a major step toward reform and transformation.

Today, our company stands on a completely new stage. Creating new value will require bold challenges akin to those at the time of our founding—yet we also wish to honor our 65-year legacy. It is with this resolve that we have chosen the term “Second Founding Period” to express our commitment to this transformation.

HOGY MEDICAL’s Purpose —Contributing to Healthcare and to People

Our purpose lies in contributing to healthcare through our business. This has remained unchanged, even as we enter our Second Founding Period. This commitment was further reinforced by our experience during the COVID-19 pandemic. We produce non-woven fabric products at the Group factory in Indonesia and incorporate them into surgical kits in Japan. However, during the pandemic, global supply chains were severely disrupted, and critical items such as gowns and drapes became scarce worldwide. At that time, Indonesia imposed restrictions on imports and exports. Faced with the very real fear that surgeries in Japan might come to a halt, we felt a deep sense of urgency—and at the same time, a strong sense of mission arose within us:

Message from the CEO

it is precisely in times like these that HOGY MEDICAL must ensure its products reach operating rooms without fail.

Surgery represents a critical moment in the lives of patients and their families. Our mission is to deliver products that enhance surgical safety, without interruption, in a stable and reliable manner. We believe there is no greater social value than fulfilling this responsibility.

Driving Organizational and Mindset Transformation to Execute the Medium -Term Business Plan

In July 2024, grounded in this strong sense of social mission, we formulated a three-year Medium-Term Business Plan starting from the fiscal year ended March 2025. The most pressing challenges we face are enhancing financial and capital profitability, business strategy, and governance structure. Addressing these issues requires structural reform to establish a solid management foundation. At the same time, it is critical to strengthen the capabilities of the people who will execute these reforms.



To ensure the stable delivery of high-value products to our customers, restoring top-line growth is essential—and serves as the foundation for our reforms. Taking a backcasting approach from our desired future state, we identified “sales organization reform” and “HR system reform” as top priorities. We began by reinforcing and appropriately assigning personnel in the Management department responsible for driving the reforms and strengthening the leadership layer. In parallel, we pushed forward with HR system reforms to enhance employee engagement. These new structures and systems have been in operation since April 2025. At the same time, we have worked to promote a shift in employee mindset. Previously, decisions were made top-down, and employees focused solely on execution. We have now shifted toward communicating our challenges, strategic direction, and management’s intentions to all employees. Since assuming the presidency, I have made every effort to convey these messages directly and in my own words—through town hall meetings and internal messaging via our intranet. Signs of mindset change are gradually emerging. For example, internal information sharing has accelerated, and communication has become far more dynamic. Through daily conversations, I sense a growing number of employees are consciously embracing transformation and taking the initiative to evolve. While this shift alone will not immediately restore top-line growth—and some challenges remain—I am confident that we are moving in the right direction.

Strengthening Organizational Structure and Human Capital to Deliver Results in the Execution Phase

Following the preparatory period, our medium-term business plan entered the execution phase in July 2025. This marks the time to activate previously idle projects and begin delivering tangible results.

In this phase, enhancing our execution framework with the right people in the right roles is essential, and building depth within our talent pool is key. To this end, we significantly increased the number of executive officers and expanded the diversity and specialization of skill sets. We also introduced a divisional structure to further clarify individual functions and responsibilities, facilitating better alignment with strategy execution.

In the sales division, we reinforced marketing functions to support regional sales activities and relocated key personnel to the head office. In the production division, we enhanced our quality and regulatory management framework with an eye toward expanding overseas sales. To strengthen production control, we brought in external experts in supply chain and quality management. In the procurement division, while the primary role had traditionally been securing stable supplies of raw materials, strategic upstream involvement is now crucial to driving cost reductions and improving margins. We therefore recruited external professionals with strong negotiation skills, cost analysis expertise, and language proficiency. Additionally, we hired new talent with global business experience, deep market knowledge, and management skills. HOGY MEDICAL already has many talented and distinctive employees. Going forward, we plan to further strengthen our communication strategy to highlight employee contributions and to share the facts of our business and management both inside and outside the company.

In terms of governance and monitoring, I, as president, personally assess and verify the results and issues related to personnel placement. We have also established a structure in which outside directors oversee and monitor these efforts. Under this enhanced talent base and strengthened control functions, we will push forward with full commitment to executing our strategy.

Message from the CEO

Aiming to Become a Solution Provider That Responds to Customer Needs with a Broad Range of Options

As our vision for 2035, we have set forth the goal of becoming “A company like none other, playing a part in the advancement of medical care in Japan and the ASEAN region” and “a solution provider, focusing on customers’ perspectives and creating new value.” By driving forward fundamental structural reforms during the execution phase of our business strategy, we aim to achieve sustainable growth and realize this vision.

A solution provider functions like a platform that integrates a variety of applications. Our goal is to refine a multi-vendor business model that combines both our own and third-party products and services to deliver value, and to offer optimal solutions—selected from a wide range of options—that meet customer needs related to hospital management and operating rooms.

Today, our products and services are widely adopted by hospitals throughout Japan, especially by core medical institutions supporting regional healthcare. As a result, we have already achieved strong brand recognition. Building on that recognition and the trust we have cultivated with customers over many years, we aim to become a company to turn to when seeking a solution.

To achieve this, it is essential to deliver products and services that accurately address customer needs. A key challenge now is to strengthen touchpoints with customers by leveraging existing accounts and to develop new products and services that meet their expectations. We view overcoming this challenge as a key factor for driving performance improvement.

At present, we are working to expand the services of “Opera Master,” our system designed to streamline

operating room efficiency. While this solution was originally intended to support cost management and ensure rapid supply of kit products, customer needs have evolved over time, such as the need to reduce workloads in response to workstyle reforms for healthcare professionals. We are updating our service lineup to address such new challenges through new solutions.

For example, we are enhancing the functions of “OPERA-Note,” which enables the creation of surgical procedure manuals that can be accessed anytime, anywhere via the cloud. While the current concept of this product has been well received, we plan to add new features that allow users to create educational videos using AI-based editing of surgical information. By integrating this with the procedure manual creation function, we can evolve the offering into an even more satisfying solution for our customers.

To ensure long-term growth of our healthcare-related business, expanding our market share and increasing the number of accounts at medical institutions nationwide will be essential. By advancing our services to address these challenges and strengthening customer touchpoints as a solution provider, we will pursue sustained growth over the medium to long term.

To Our Stakeholders, Including Shareholders and Investors

In our medium-term business plan, we have clearly defined our cash allocation policy for the next three years. Based on a foundation of stable growth, we will prioritize investments that enhance customer value and product added value. Surplus funds will be allocated to shareholder returns, including share buybacks. HOGY MEDICAL has consistently placed emphasis on enhancing shareholder returns, and this stance will be firmly maintained as we enter our Second Founding Period.

At the same time, we recognize improving capital efficiency—particularly return on equity (ROE)—as a critical management issue. While steadily generating profits through our core business, we will improve ROE through shareholder returns and work toward enhancing overall capital efficiency.

The key to executing our growth strategies—which form the foundation of profit generation—remains human capital. We believe that people are the driving force behind corporate development. Many employees have been positively influenced by the specialized talent we have recently recruited from outside the company as part of our organizational reform, resulting in noticeable shifts in mindset and behavior. We are experiencing the accelerating effects of organizational transformation through the fusion of diverse skills, akin to a catalytic reaction.

We expect that as employee vitality grows, a bright and forward-looking corporate culture will emerge, cross-functional collaboration will deepen, and creative thinking will be fostered. Indeed, we believe future growth will not be possible without such change. By enabling our employees to fully demonstrate their capabilities, we will generate high-value solutions for our customers and achieve sustainable enhancement of corporate value. We encourage all our stakeholders to take a close interest in the evolution of HOGY MEDICAL.



Message from the CFO

Message from the CFO

Visualize Challenges and Drive
the Entire Organization
Toward a Growth Trajectory
to Further Enhance Corporate Value

Representative Director, Vice President, and CFO
Taisuke Fujita



Promoting Corporate Value Enhancement Through Management Visualization (Keiei-no-Mieruka)

In June 2022, I was appointed as an outside director at HOGY MEDICAL, providing external oversight of corporate management. Two years later, in June 2024, I took on the position of chief financial officer (CFO). In this capacity as an internal executive director, I am now responsible for financial strategy and internal management.

Even prior to my appointment as an outside director three years ago, a primary concern among shareholders was the Company's suboptimal return on equity (ROE). While our profit margins were reasonably healthy, our asset turnover and financial

leverage were inadequate. Specifically, revenue growth relative to total assets was weak, and our equity ratio was comparatively high—both factors contributing to the suppressed ROE. The only way to improve ROE is to grow sales. The challenge, therefore, lies in achieving this growth while sustaining an appropriate level of profitability. Our strategic response has been: strategic investment and improved management visibility.

Driving revenue growth is a challenge. The financial health of our clients, primarily hospital management, remains a concern, and we are consistently presented with diverse requests. However, short-sighted measures alone will not ensure the long-term stability of either our operations or those of the hospitals we serve. Therefore, we are committed to strategic investments, even those requiring a longer time horizon, while simultaneously enhancing management visibility.

Under the current management team led by President Kawakubo, who has declared this a "Second Founding Period," more proactive approach to business development is required. While our investments have historically focused on enhancing production capabilities, to ensure Hogy Medical continues to provide solutions tailored to the needs of acute-care hospitals, we must strengthen our human capital and information infrastructure and actively invest in adjacent business domains.

To facilitate these strategic investments, "visualization of management (keiei-no-mieruka)" is critical. We must thoroughly evaluate the financial impact of our initiatives and investments before execution. Effective allocation of resources entrusted to us by our shareholders is our responsibility.

Message from the CFO

By advancing the “visualization of management”, we also aim to improve our balance sheet. We have already reduced underutilized assets. Furthermore, we are strengthening the monitoring of how existing resources are utilized, and are also strengthening greater discipline in the selection of new investment targets, in order to improve capital efficiency. To institutionalize disciplined investment, we established an Investment Committee and strengthened the investment evaluation functions of our Corporate Planning and Finance departments. Investment proposals are thoroughly discussed internally, and after the deliberation by the Investment Committee, important projects are further discussed and approved by the Board of Directors with a strong sense of commitment.

To promote this initiative, it is also necessary to develop talent capable of investment evaluation. It is not sufficient to simply formulate financial plans—what is required is the ability to accurately understand the business models behind the numbers. To this end, we are strengthening financial planning and analysis (FP&A) functions, especially within our corporate planning and finance divisions, in order to develop personnel capable of managing budgets and evaluating investment opportunities. Financial specialists are essential infrastructure for advancing management visualization, and we will continue to prioritize their development.



Strengthening the Human Capital Foundation to Drive Business Strategy Execution

As CFO, my primary focus is to enhance visibility across all our commercial activities, ensuring data-driven decision-making at every level. Within the Commercial Division, which reports directly to the President, we are actively implementing initiatives to drive revenue growth. These include sales organization reforms, product strategy realignment, and, looking ahead, strategic investments in R&D to foster technological innovation.

My role as CFO is to ensure that all these activities are underpinned by clear, accessible data. We are building a mechanism to capture leading indicators of future sales and potential losses directly from the field. This data will be analyzed and fed back into the organization for management decision making. Our goal extends beyond mere data management. We aim to create an environment where each layer of our commercial organization—front-line sales teams, branch managers, and department heads—can effectively implement PDCA cycles. This will involve using data insights to refine sales activities, optimize talent allocation, and enhance promotional strategies.

Achieving this requires a shift in mindset, particularly among our front-line employees. We are committed to fostering this change through ongoing engagement and education. While this will take time, we believe that embedding this data-driven approach throughout the organization is essential for sustainable growth and success.

It is the corporate planning and finance divisions that will take the lead in promoting these front-line improvement efforts through PDCA. In Corporate Planning, we are focusing on developing talent who can engage in data-driven discussions with business units such as Sales and Production. To deepen discussions and derive clear conclusions based on an accurate understanding of the causal relationship

between business activities and financial data, coordination between corporate planning and finance is essential. Hence, in the finance division, we are working to develop professionals who can engage in financial discussions with business units and provide support from a financial perspective. In Procurement, a more proactive approach is required in identifying and negotiating with suppliers. What matters is not simply minimizing costs, but building sustainable, mutually beneficial relationships. To strengthen the procurement strategy, I have placed newly hired sourcing specialists under my direct oversight. In our factories, our focus is to optimize costs and improve productivity. This requires collecting a range of data—from production costs and personnel allocation to downtime. This data will enable us to set and monitor KPIs at the floor level, empowering each team member to make autonomous, data-driven decisions.

Enhancing Profitability at Overseas Subsidiaries

A key factor in achieving sustainable growth in the future is improving the management indicators of our subsidiaries in Southeast Asia. In both the Sales and Production departments, we are working to improve visibility of business conditions by identifying and leveraging leading indicators. For the Sales Division, we have been visiting local operations, listening directly to feedback from the field. This enables us to develop budget planning and monitoring systems to effectively drive our strategies. In the Manufacturing Division, the challenge lies in enhancing profitability. Our Indonesian factory produces non-woven fabrics and plastic molded components for surgical kits. However, global price competition is intensifying. Historically, our business model in Southeast Asia has centered on selling long-standing best-selling products in Japan, as well as the latest kit products. However, to further evolve this model, we must identify niche markets where we can leverage our

Message from the CFO

strengths and shift our production focus towards higher value-added products. We are also exploring alternative strategies, such as localized kit manufacturing tailored to regional needs and contract manufacturing for other companies. Overcoming these challenges will improve profitability and facilitate the shift toward a sustainable business model.

We are also considering personnel exchange programs between our Japan-based sites and overseas subsidiaries. We hope that employees at overseas subsidiaries will gain a deeper understanding of the philosophies behind our manufacturing in Japan, and learn how products manufactured in Indonesia are used in Japanese hospitals—so they can apply the knowledge and perspectives gained in Japan to their local production activities. Similarly, we expect our Japanese employees gain valuable experience through the challenges of teaching manufacturing from the ground up, which will, in turn, deepen their product knowledge and enhance their leadership skills.

Challenges for Future Growth and Initiatives Toward New Value Creation

Our strength lies in our ability to consistently stay abreast of the latest information on surgical components and other essential materials, and to reflect improvement requests we hear from healthcare professionals in our product development. To maintain insights up-to-date, our sales representatives visit medical institutions daily, and maintain close contact with the front-line operations. This field-oriented approach has earned the trust of our customers—some of our representatives are even consulted on fundamental hospital management issues, such as improving profitability through better operating room efficiency or ways to train nurses. These deep touchpoints with medical front-lines and our ability to propose timely solutions to the challenges originated as part of our sales activities.

However, they hold potential to evolve into new, monetizable service—and we are confident that these services will be highly valued by our customers. Digital Transformation (DX) is crucial for the development of the new services. For example, while the data from “Opera Master”—our system that supports hospital management improvement—is currently managed and utilized individually by each hospital, analyzing the aggregated data may bring value not only to individual hospitals but also to the entire regional healthcare systems. HOGY MEDICAL is no longer just a manufacturer of medical components—we have become an essential partner supporting the management of healthcare institutions. We are committed to fostering a shift in mindset among our employees, encouraging them to recognize and embrace the value they provide at a higher level.

As we enter our Second Founding Period, discussions aimed at creating new value have begun to gain momentum across various areas. I firmly believe that pursuing a top-down approach during this period of transformation would stifle the initiative of our middle management. Our middle management, with their passion and flexible thinking, generate ideas and propose concrete business plans at management meetings, focusing on what services we can offer to address our customers’ challenges. The management team then evaluates their level of commitment, allocates resources, and support them. Building this kind of relationship is what I believe is essential during this period of transformation.

Advancing Strategic Investment Alongside Enhanced Shareholder Returns to Drive Further Growth

To our shareholders and investors, we are committed to enhancing shareholder value through increased dividends and executing share buybacks. At the same time, we recognize that growth of the Company itself is essential for sustained stock price appreciation. While prioritizing shareholder returns, we intend to allocate existing cash and future

earnings to growth investments aimed at our business expansion. We are committed to providing clear explanations to our shareholders and investors to ensure a thorough understanding of our intent and approach of these investments. Our investment focus has been on hardware, such as production facilities. Moving forward, we are considering shifting our focus to enhancement of services and products, supply chain reforms, and strategic partnerships—including M&A. By fostering a more open corporate culture and strengthening collaboration with external partners, we aim to further enhance the value we deliver to our customers. Our goal is to embark on bold, strategic investments while simultaneously steadily accumulate short-term results.

We are embarking on our Second Founding Period—a time of transition and transformation. Our medium-term management plan outlines our Vision for 2035, but I believe the specific path to achieving that Vision should not be determined solely by the management team. Instead, it should be shaped by the collective will and passion of our employees, who are committed to realizing that Vision. I want to emphasize that we are focusing our efforts to foster that passion. We are currently in a phase of promoting sales reform and culture transformation, to create mechanisms that encourage employees to generate creative ideas. While the resolution of our Vision may still be low at this point, we are confident that as employee awareness grows, a clearer strategic direction will come into view.

Our mission to continuously provide high-value products and solutions to the healthcare industry remains unchanged. As hospitals face increasingly challenging environment healthcare system reforms, labor shortages, and inflation—cost reduction alone is no longer a sufficient response. Our true value lies in providing fundamental solutions to these issues. This is our challenge. HOGY MEDICAL is uniquely positioned—where we can confidently say, “If we don’t, who will?” By fully leveraging our capabilities and elevating our perspective, we will continue to accelerate our transformation.

Value Creation Process

Value Creation Process



Our Mission and Role

Addressing Changes in the Healthcare Environment

As Japan's aging society continues to advance and the healthcare environment undergoes significant change, ensuring the safety of healthcare professionals and reducing their workload have become critical priorities.

The continued rise in surgical demand, driven by demographic shifts, is further exacerbating the shortage of physicians and operating room nurses. In response to these growing challenges, our mission at HOGY MEDICAL is to support the safety of surgical care and contribute to improving the operational efficiency of healthcare facilities.

 Supporting the Safety
of Healthcare

 Supporting the Management
of Healthcare

Value Creation Process

Framework to Support Sustainable Healthcare

Supporting Safer and More Efficient Operating Room Management and Hospital Operations

Our mainstay product, the Premium Surgical Kit, contributes not only to medical safety—such as infection control and the prevention of medical accidents—but also creates value in the management of operating rooms and healthcare facilities. Among our products, the Premium Surgical Kit, which consolidates all surgical supplies required for a procedure, enables immediate preparation just before surgery, helping reduce both time and cost. It also supports the efficient handling of the growing number of surgical procedures and contributes to workstyle reforms centered on the operating room.

Bringing Innovation to the Medical Field

Driving Continuous Innovation as a Trusted Presence at the Medical Frontline

Healthcare is undergoing a significant transformation in response to changes in society. Our mission is to deliver products and services that are consistently needed at the medical frontline and widely trusted by society. Innovation is realized only when our core strengths come together: a commitment to product development through persistent, observation-driven trial and error; strong customer relationships built by more than 300 sales and marketing representatives; and manufacturing capabilities that ensure the stable supply of safe, high-quality products. We will continue to lead the way—serving as an indispensable presence in hospital management and operating rooms.

Delivering
safe products

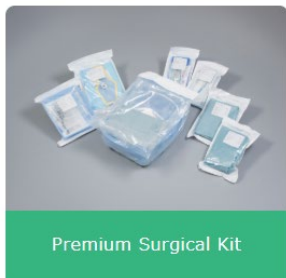


Creating value for
healthcare management
through **efficiency**

Core disposable products



Mekkin Bag
(Sterilization pouches)



Premium Surgical Kit



Non-woven fabric products

Systems and services



Opera Master



OPERA-Note



Sterilization container
Easy Fit System

Minimally invasive care



SuReFinD



Weaps

Remanufacturing



REVICE

Financial Capital: A financial foundation that supports stability and growth

◎ Financial Capital

A Financial Base That Supports Stability and Growth

Our financial foundation has been challenged by a persistent decline in ROE over the past 10 years. In response, the Medium-Term Business Plan sets forth three basic policies: improving capital probability to exceed the cost of capital, delivering stable and continuous shareholder returns, and enhancing ROI through strengthened investment discipline. Based on these policies, we will steadily carry out the capital investments necessary to maintain our production infrastructure, while actively promoting growth investments aimed at expanding our future earnings base.

Financial Position and Return on Capital Issues

- Declining ROE
- Conservative balance sheet structure
- Imbalance between capital investments and returns

Basic Policies for Resolving Management Issues

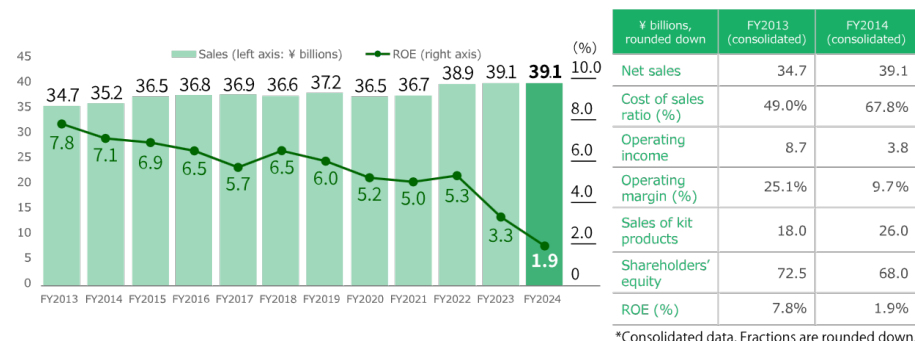
Improve capital profitability/efficiency with cost of capital in mind

Ensure stable and continuous shareholder returns

Strengthen investment discipline

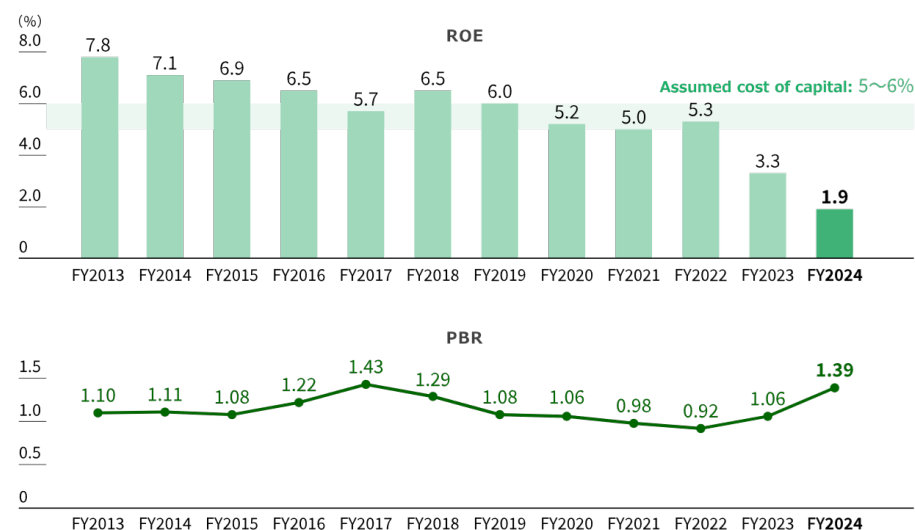
Analysis of Current Situation (1) (Trend of Past Capital Profitability)

While net sales have increased slightly over the past decade, the continuous decline in return on capital has been a challenge



Analysis of Current Situation (2) (Yearly Trends in ROE and PBR over the Past Decade)

Urgent need to restore market valuation by achieving return on capital in excess of cost of capital



Financial Capital: A financial foundation that supports stability and growth

Performance targets

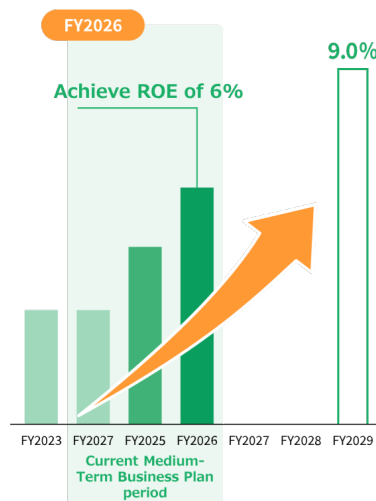
Aiming to Achieve ROE of 6.0% in FY2027

We aim to reinforce our organizational capabilities through structural reforms currently underway since FY2025, and to achieve stable growth of our core business, Premium Surgical Kits. At the same time, we will strengthen our production capacity and procurement capabilities for materials, whose prices continue to rise, thereby working to improve cost structure and restore profitability. We also plan to proactively invest in areas such as human resources and IT, in preparation for future growth.

Performance targets

- ◆ The period of this medium-term business plan is positioned as a period of bold implementation of structural reforms, and we will carry out our business strategies by conducting various measures.
- ◆ We will implement capital measures aimed at achieving an ROE of 6% in FY2026.

¥ billion; fractions rounded down	FY2023 results	FY2024 results	FY2025 plan	FY2026 targets
Net sales	39.1	39.1	41.8	46.7
Cost of sales ratio	66.6%	67.8%	65.1%	60.6%
Operating income	4.1	3.8	4.3	7.5
Operating margin	10.7%	9.7%	10.3%	16.1%
Profit	2.8	1.5	3.0	5.6



(Note) The CAGR figures represent average growth rates between FY2023 and FY2026.

Shareholder return policy

Progressive Dividend Policy Under the Current Medium-Term Business Plan

Under the current Medium-Term Business Plan phase of FY2025 to FY2027, we plan to implement progressive dividends by increasing dividends per share by approximately 15 yen each fiscal year, along with a large-scale share buyback, in order to achieve our ROE target of 6.0%. From FY2028 onward, we will consider shareholder returns based on a progressive dividend policy with a minimum DOE of 3% as the basic approach.

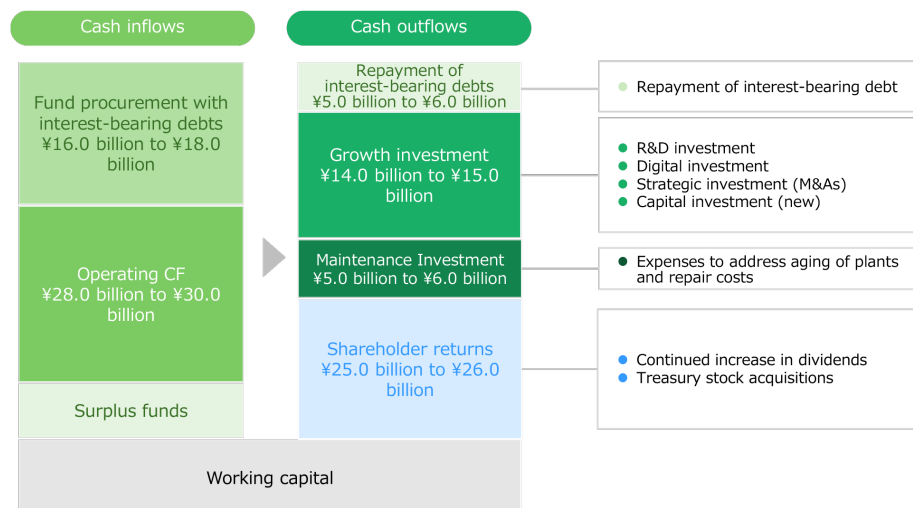
		Current Medium-Term Business Plan period				Next Medium-Term Business Plan period		
	FY2023	FY2024	FY2025	FY2026	FY2027	FY2028	FY2029	
ROE	3.3%	6.0% in FY2026				9.0% in FY2029		
Dividend per share	¥80	¥80	¥95	¥80~¥110	Progressive dividends with minimum DOE of 3%			
Total payout (Dividends + treasury stock acquisition)	¥1.9 billion	¥25.0 billion to ¥26.0 billion (Forecast)						
Total payout ratio	69.2%	Total payout ratio at around 200% (FY2024 to FY2026)						

Financial Capital: A financial foundation that supports stability and growth

Cash allocation (FY2023-FY2026: three-year total)

Enhancing Capital Efficiency and Optimizing Growth and Shareholder Returns

With a focus on improving capital efficiency and conscious of capital costs, we will optimally allocate capital to growth investments and shareholder returns by utilizing operating cash flows generated through profit growth as well as external funding such as borrowings.



Supporting Challenges Through the Effective Use of Capital

Executive Officer General Manager of
Corporate Strategy Dept., Business
Administration Div.

Yoshihiko Tenbo

Capital allocation is not only about meeting the expectations of investors—it also creates opportunities for employees to take on new challenges, which in turn leads to greater customer satisfaction. To remain a company that effectively utilizes capital, we will continue to reexamine the significance of past, present, and future expenditures and investments, and promote their visualization and systemization.

Manufacturing Capital: Our manufacturing capabilities

◎ Manufacturing Capital

Our Manufacturing Capabilities

At HOGY MEDICAL, we are committed to manufacturing that safeguards medical safety and supports healthcare professionals. By transforming the needs of medical frontlines into products and services, we contribute to the advancement of medical care.

It All Begins with Understanding Each Frontline

Product Development Through Observation and Research

In Japan, more than 300 sales and marketing personnel carefully observe, study, and analyze operating room environments. Based on the issues and needs identified on-site, we work together with our customers to map out a roadmap toward ideal operating room management and support its realization through our products and services. These capabilities in field research and solution proposals are unique strengths that HOGY MEDICAL has cultivated through years of direct engagement with surgical care.

Physician-Specific Customization					
	Physician A	Physician B	Physician C	Physician D	Physician E
Stopcock Connector Filter Clamp		●	●	●	
Special needle	●	●	●	●	●
Suture needle	●	●	●	●	●
Suture thread	●	●	●	●	●
Tray/beakers	●	●	●	●	●
Syringes/injection needle	●	●	●	●	●
Gauze/cotton balls	●	●	●	●	●
Electrosurgical knife /scalpel/ replacement blades	●	●	●	●	●
Mekkin Gown	●	●	●	●	●
Full Drape	●	●	●	●	●

Products Co-Created with Customers

Pursuing the Ideal Kit

Surgical kits are developed through on-site observation, research, and analysis, in collaboration with our customers, to realize ideal operating room management. We carefully select materials and verify usage procedures to meet a wide range of needs across departments, surgical techniques, and individual physicians. More than 26,000 kits are manufactured annually. We also place great importance on each component, and work closely with frontline physicians and nurses to develop original items designed to enhance medical safety.

More than **26,000**

surgical kit variants sold annually

Number of surgical kit product masters sold for
the fiscal year ended March 2025



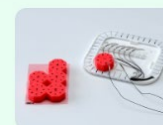
HOGY Original Components Developed from Frontline Feedback



Disinfection sponge
Toughtick



Endoscopic sponge
SECUREA



Suture needle counter
Double Checker



Cleaning syringe
Valve syringe



Hematoma prevention pad after
knee surgery
Knee Croissant



Fluid collection pouch
Current Bag



Labels
Identification labels
Drug solution labels



Suction tube with filter
Orthopedic suction



(1) Injury prevention item
Keyput



(2) Injury prevention item
Scalpel Holder



(3) Injury prevention item
Sharp Smart



(4) Injury prevention item
Nonslip sheet

Manufacturing Capital: Our manufacturing capabilities

Production Equipment Enabling the Stable Supply of Custom Products

High Production Capacity That Ensures Stable Supply

In response to Japan's declining working population, we are advancing the automation of our production facilities to ensure the stable supply of tens of thousands of custom products over the long term. To reliably and efficiently deliver high-quality products, we continue to strengthen our production capabilities through initiatives such as the use of proprietary robots that automatically place materials in designated positions within packaging containers and the adoption of large-scale electron-beam sterilization systems.



HOGY MEDICAL's Plants Are an Extension of the Hospital, and Our Employees Are Part of the Medical Team

Executive Officer General Manager of
Manufacturing Dept., Production Div.

Yoshinori Mochizuki

The mission of HOGY MEDICAL's plants is to ensure the stable supply of safe and reliable products. To enable the rapid and flexible production of small-lot, high-mix custom products, we continuously plan and monitor personnel allocation, production sites, and equipment with the aim of maintaining an optimal production structure at all times.

Social Capital: The future of healthcare

◎ Social Capital

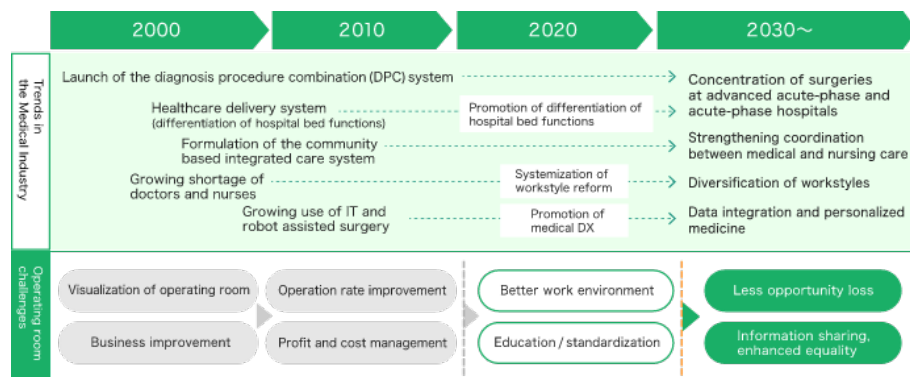
The Future of Healthcare

As medical technologies continue to evolve daily, the products and services required to support them are also changing day by day. More than 300 sales representatives, along with our marketing division, work at the forefront of healthcare to gather the latest information and swiftly capture changes and needs in the field. We remain focused on anticipating the solutions that will be needed next.

Responding to Changes in the Medical Environment and Customer Challenges

Always Delivering the Optimal Solution for Evolving Medical Needs

In Japan, efforts are underway to reform the healthcare delivery system to ensure that all people can continue to receive appropriate care while maintaining the strained universal healthcare system. As a result, it is expected that advanced medical care, such as surgeries, will become increasingly concentrated in certain medical institutions in the near future. At HOGY MEDICAL, we will continue to propose new, timely solutions that support operating rooms at those institutions and help as many patients as possible receive prompt treatment.

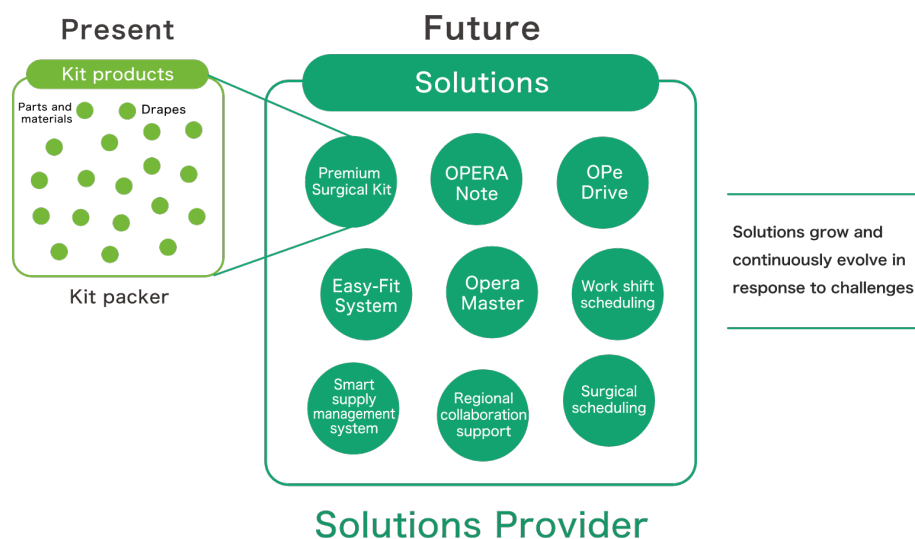


* From 2030 onward, HOGY MEDICAL's considerations are based on "Japan Vision : Health Care 2035" by the Ministry of Health, Labour and Welfare.
<https://www.mhlw.go.jp/seisakunitsuite/bunya/hokabunya/shakaihoshou/hokeniryou2035/future/> (Japanese only)

From "Operating Room Kit Packer" to "Solutions Provider"

Expanding Operating Room Support as a Solutions Provider

To address the diverse challenges faced in operating rooms, we are evolving from a supplier of internally manufactured and distributed surgical kits to a comprehensive solutions provider. In addition to our own offerings, we aim to flexibly combine and propose a wide range of solutions—such as products, technologies, information, and improvement methods provided by partner companies—tailored to the specific needs of each customer.



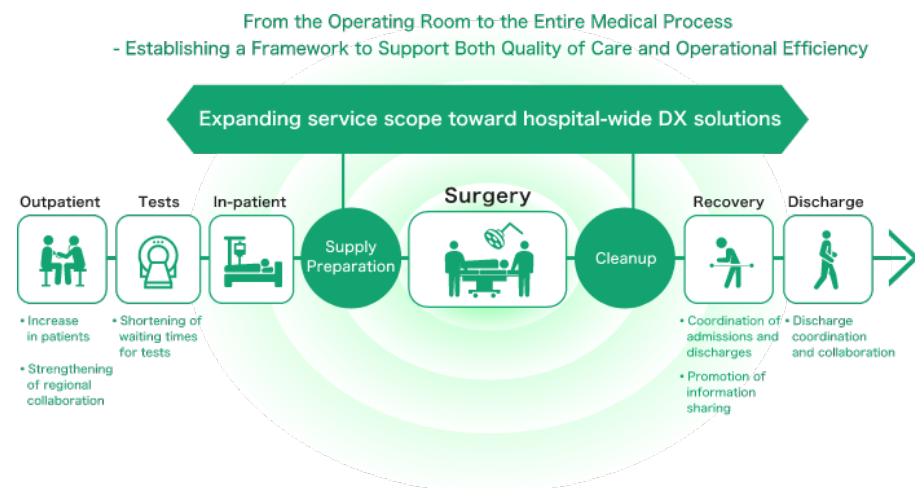
Solutions Provider

Social Capital: The future of healthcare

From the Operating Room to Supporting the Entire Medical Process

Supporting Medical Operations and Management from Diagnosis to Discharge

Our products are currently the most widely used in operating rooms. By linking the data obtained in the operating room with pre- and post-operative medical processes, we believe we can deliver greater value in healthcare management. We are exploring opportunities to provide support across the entire medical process—from outpatient care and testing to hospitalization, surgery, and discharge—and, having defined our aspirations in the current Medium-Term Business Plan, we will continue to expand our products and services beyond 2035 to contribute to both healthcare and society.



As a Solutions Provider for Operating Rooms, We Will Continue to Deliver Safety and Peace of Mind to Society

Executive Officer General Manager of Marketing Function, Commercial Div.

Hiroyuki Yoshidome

We are advancing our transformation from a “kit packer,” focused on assembling surgical components, to a “solutions provider” that supports a wide range of challenges in medical settings—including education, data analysis, and operational consulting—by integrating digital technologies. We are also working to strengthen partnerships with external companies to build new supply chains and deliver a broader array of solution tools. Through these efforts, we aim to help realize more efficient, high-quality healthcare and contribute to shaping the future of medicine.

Human Capital: Individuals and organizations that anticipate change and embrace challenges

◎ Human Capital

Anticipating Change — A Culture and Organization that Embrace Challenge

At HOGY MEDICAL, we believe that the determination and growth of each individual employee forms the foundation of corporate development. In an era of rapid change and increasing uncertainties, our human capital strategy centers on cultivating “individuals and organizations that anticipate change and take on challenges.” We are committed to developing talent who recognizes their social mission and contribute to the realization of our management and business strategies.

Ideal Talent Profile

- Individuals who proactively anticipate change and take initiative with passion and a sense of ownership
- Individuals who understand, respect, and embrace diversity, and are capable of creating new value
- Individuals who make autonomous career decisions and contribute to society through continuous personal growth



Human Capital Strategy

Revamping Our HR System to Support Challenge and Growth — Toward Greater Engagement and Workability —

At HOGY MEDICAL, we are implementing a human resources system that supports each employee's willingness to take on challenges and grow, with the goal of developing talent that contributes to the execution of our management and business strategies. We are clarifying individual roles and evaluation criteria to create an environment in which employees can maximize their performance, while enhancing training programs that support autonomous career development. We are also advancing a range of initiatives to support diverse workstyles tailored to employees' life stages.



Toward a Workplace That Fosters Engagement and Unity

- ◆ Promote work-life balance through measures (staggered work hours, remote work, and encouragement of paternity leave)
- ◆ Clarify career paths
- ◆ Facilitate internal communication through tools such as the company intranet and informal roundtable discussions
- ◆ Provide open, cross-functional forums such as HOGYcamp to foster free and open dialogue across departments



Human Capital: Individuals and organizations that anticipate change and embrace challenges

Internal Job Posting System

To provide opportunities for employees with a strong desire to take on new challenges, we have implemented an internal job posting system. Open to all employees regardless of years of service, this system broadens access to internal advancement. As of April 1, 2025, a total of 34 applications were received for 14 positions across eight departments. The program is designed to connect the skill sets sought by departments engaged in new business development or function expansion with the motivation of employees who proactively raise their hands for new challenges.

Idea Proposal Exchange Program

On the frontlines of departments such as sales and production, latent needs and insights often emerge—statements like “this could work better” or “I’d like to try this” are common. To give shape to such ideas, we regularly conduct the Idea Proposal Exchange Program, a platform for employees to present improvement suggestions and new concepts. In FY2024, around 100 proposals were submitted, and the top 10 outstanding ideas were formally recognized. A project led by the employee who proposed the top-ranked idea has already been launched to bring it to implementation.

Outstanding Employee Recognition

We conduct an annual company-wide recognition to honor employees who have achieved outstanding results by fulfilling their individual missions. Stories of these employees’ challenges and achievements are widely shared through internal communication channels, fostering passion for work and the horizontal sharing of success cases. These efforts contribute to enhancing engagement across the entire organization.



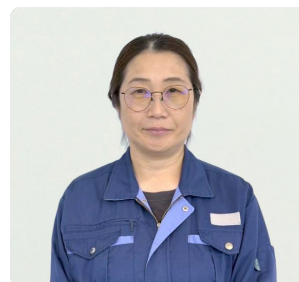
Trust from Our Customers Drives Us Forward

East Japan Sales Dept. Tokyo Branch Manager

Akira Uchida

The medical field is one where lives are at stake every day. The trust I have built over many years through sincere engagement with our customers is my greatest asset—and that trust gives me the confidence to take on new challenges.

I believe it is the mission of HOGY MEDICAL employees to continue taking on challenges together with healthcare professionals, working to solve issues in the medical field, and contributing to its advancement.



Building My Career by Valuing What I Love and Embracing New Challenges

Manufacturing Dept., Miho Plant Manager

Rie Matsui

I always enjoyed working on the production floor, assembling and packaging surgical kits. Spending the day immersed in work I loved, and sharing a sense of accomplishment with trusted colleagues, remains one of the most valuable experiences in my career. Now, as the first female plant manager at HOGY MEDICAL, I strive to drive improvement by applying perspectives I have gained after stepping away from frontline operations, along with subtle insights through a female point of view. I hope that my challenge will help open the door for greater representation of women in management—and that I can lead by example with confidence and positivity. I will continue to approach manufacturing with care and sincerity.

Natural Capital: Environmentally conscious product development and resource utilization through remanufacturing

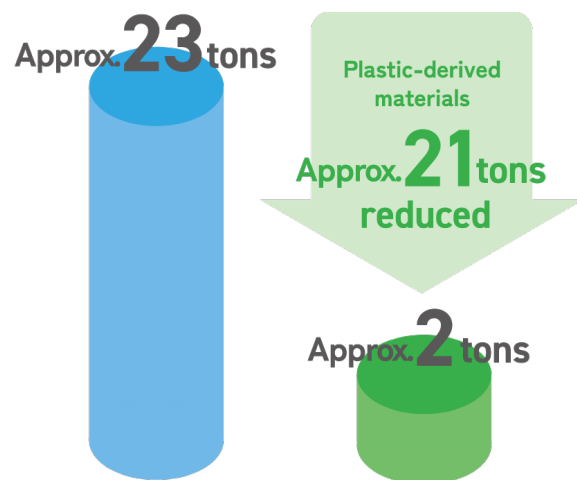
◎ Natural Capital Environmentally Conscious Product Development and Resource Efficiency Through Remanufacturing

While prioritizing our responsibility to improve product quality and ensure a stable supply, we actively engage in environmentally conscious product development and environmental contribution initiatives.

Environmentally Conscious Product Development

Environmental Consideration Across All Business Processes

With the cooperation of our business partners, we strive to develop environmentally conscious products by reviewing raw materials, usage volumes, and manufacturing processes. Our commitment to the environment extends beyond the products themselves to include packaging methods, transportation, and all aspects of our business processes.



Estimated annual reduction in plastic-derived raw material usage through packaging changes
(Based on FY2022 shipment volume; Company estimate)

Market Adoption of Remanufactured Single-Use Medical Devices (R-SUD)

R-SUD refers to remanufactured single-use medical devices (Single Use Devices: SUDs) that are collected from medical institutions by licensed medical device manufacturers, then processed, inspected, cleaned, and sterilized to enable safe reuse. As of the fiscal year ending March 2025, a cumulative total of 12 product types have been launched.

We view the expansion of this business not only as a means to ensure a stable and continuous supply of medical devices, but also as an opportunity to accumulate know-how related to medical device remanufacturing and to drive the creation of new businesses.

Main lineup of products



Remanufactured flowtrons

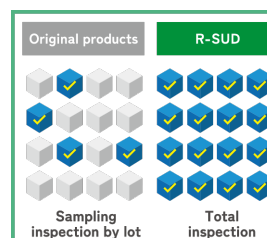


Remanufactured trocars

What is expected from the spread of R-SUDs

Ensuring medical safety

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



Effective utilization of medical resources

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

Amount of waste in the medical and welfare industries

545,000 tonnes

Ministry of the Environment: Municipal solid waste generation and disposal in FY2021
https://www.env.go.jp/press/110498_00001.html

Provision of sustainable medical care

Manufacturing in Japan can expect to help address the risk of disruption in the global supply chain.



Natural Capital: Environmentally conscious product development and resource utilization through remanufacturing

Initiatives to Reduce Greenhouse Gas(GHG) Emissions

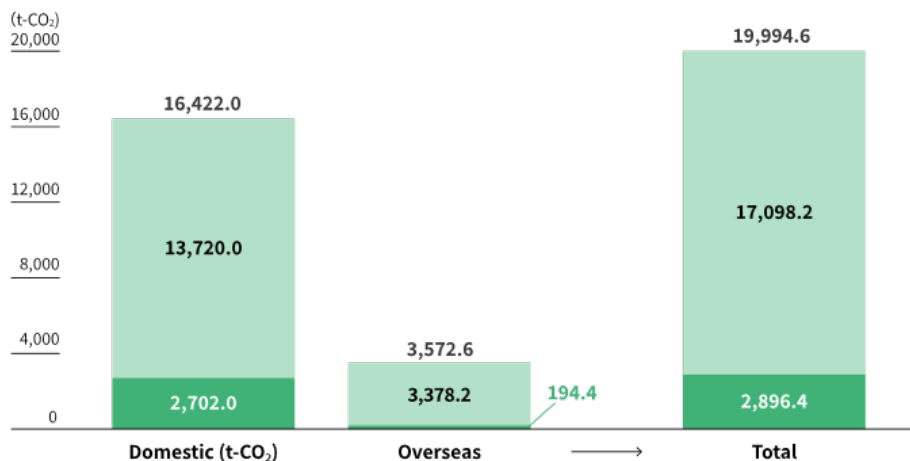
In our Medium-Term Business Plan, the Group has identified the reduction of greenhouse gas (GHG) emissions as a key environmental initiative toward FY2035. We are focusing on reducing emissions through efficient energy use and by reviewing product designs and packaging materials.

Our Scope 1 and Scope 2 GHG emissions for the fiscal year ending March 2025 are shown below.

Going forward we will begin calculating Scope 3 emissions. By assessing emissions across the entire supply chain, we will identify priority areas for reduction and formulate concrete targets and measures accordingly.

GHG Emissions

■ Scope1 ■ Scope2



(Notes)

1. The calculation boundary for GHG emissions includes the Company and its consolidated subsidiaries (excluding Hogy Medical Asia Pacific Pte. Ltd.).

2. Scope categories are reported in accordance with the GHG Protocol as follows:

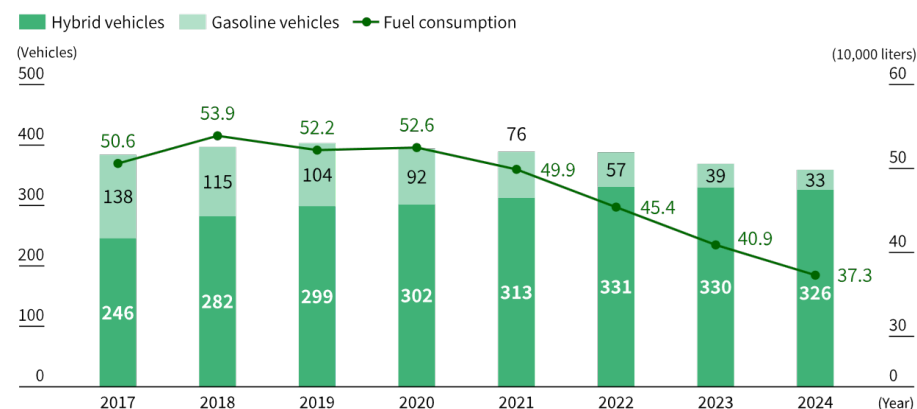
Scope 1: Direct emissions of greenhouse gases from the company's own operations

Scope 2: Indirect emissions from the use of energy, such as electricity supplied by other entities

Promoting the Transition from Gasoline Vehicles to Hybrid Vehicles

We are steadily transitioning our company fleet from gasoline-powered vehicles to hybrid models. As of March 2025, more than 90.1% of all company vehicles are hybrid. Looking ahead, we are also considering the introduction of electric vehicles (EVs) as we continue to adopt more environmentally responsible modes of transportation.

Hybrid Vehicles vs. Gasoline Vehicles – Trend in Composition Ratio



Continuing a Sustainable Nature Restoration Project for 16 Years

Since 2009, we have been engaged in the “Yatsuda Restoration Project” in partnership with the nonprofit organization Asaza Fund. This initiative aims to restore a 6,700 m² abandoned paddy field adjacent to our Tsukuba Plant as a rice field, and we have continued to cultivate rice without the use of pesticides. More than 2,500 employees and their family members have participated to date, contributing to the creation of communities that coexist in harmony with nature.



Natural Capital: Environmentally conscious product development and resource utilization through remanufacturing



Creating Better Products for Both the Environment and Our Business

Executive Officer General Manager of
Research and Development Div.

Ko Ishikawa

In the R-SUD (Single-Use Remanufacturing) business, we are contributing to the reduction of medical waste while also establishing an environmentally conscious production system—for example, by discharging wastewater only after advanced purification during the cleaning process. For each material used in our kit products, we emphasize environmentally responsible selection and design from the prototyping and development stages. Going forward, we will continue to pursue research and development that supports the sustainability of both the global environment and our business.

Board of Directors (as of June 20, 2025)

Yuji Takada
Outside Director Audit &
Supervisory Committee
Member



Taisuke Fujita
Representative Director, Executive
Vice President, Chief Financial
Officer (CFO)



Hideki Kawakubo
Representative Director,
President, and Chief Executive
Officer (CEO)



Katsusuke Higuchi
Outside Director Audit &
Supervisory Committee Member



Mime Egami
Outside Director Audit &
Supervisory Committee Member



James B. Rosenwald III
Outside Director



New

Skills Matrix

		Main position	Committee		Skills and areas of expertise that are particularly expected				
			Nominating Committee	Compensation Committee	Corporate management	Medical industry	Overseas business	Governance, risk management	Finance, accounting
Directors	Hideki Kawakubo	Representative Director, President, and Chief Executive Officer (CEO)			●	●		●	●
	Taisuke Fujita	Representative Director, Executive Vice President, Chief Financial Officer (CFO)	●	●	●		●		●
	James B. Rosenwald III	Outside Director	●	●	●				
	Katsusuke Higuchi	Outside Director Audit & Supervisory Committee Member [Independent Director]	●	●				●	●
	Yuji Takada	Outside Director Audit & Supervisory Committee Member [Independent Director]	Chairperson	●				●	
	Mime Egami	Outside Director Audit & Supervisory Committee Member [Independent Director]	●	Chairperson	●	●	●	●	

Note: 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 of expertise of each director.

Executive Officers (as of July 1, 2025)

		Main position
Executive officers	Go Ohashi	Senior Executive Officer Chief Production Officer (CPO) and General Manager of Production Div. President and Director of PT. HOGY INDONESIA
	Yoshinori Mochizuki	Executive Officer General Manager of Manufacturing Dept., Production Div.
	Taichiro Seike	Executive Officer General Manager of Overseas Business Development Dept.
	Yoshihiko Tenbo	Executive Officer General Manager of Corporate Strategy Dept., Business Administration Div.
	Morihide Tabata	Executive Officer General Manager of Procurement Dept., Business Administration Div.
	Keijiyo Asayama	Executive Officer General Manager of Quality and Regulatory Affairs Div. and General Manager of Quality Assurance Dept.
	Ko Ishikawa	Executive Officer General Manager of Research and Development Div.
	Suguru Kinoshita	Executive Officer General Manager of East Japan Sales Dept., Sales Function, Commercial Div.
	Takayuki Ebara	Executive Officer General Manager of West Japan Sales Dept., Sales Function, Commercial Div.
	Hiroyuki Yoshidome	Executive Officer General Manager of Marketing Function, Commercial Div.

Outside Board Members

Outside Director Audit & Supervisory Committee Member

Katsusuke Higuchi

◆Career summary

Dec. 2005 Joined ChuoAoyama Audit Corporation
Jul. 2006 Joined PricewaterhouseCoopers Aarata
(currently PricewaterhouseCoopers Japan LLC)
Jul. 2009 Registered as Certified Public Accountant
Jul. 2010 Joined PricewaterhouseCoopers Co., Ltd.
(currently PwC Consulting LLC)
Jan. 2014 Representative Director of Higuchi Katsusuke CPA Firm
(present position)
June 2014 Registered as a tax accountant
June 2016 Representative Director of Suji-wa Mikata Co.,
Ltd. (present position)
June 2024 Outside Director of the Company
(Audit & Supervisory Committee Member)
(present position)



◆Reason for nomination

The Company has determined that Mr. Katsusuke Higuchi is familiar with corporate accounting as a certified public accountant, that he has ample insight related to the governance of corporate management, and that he can leverage his accounting knowledge, which has been fostered through his service as a certified public accountant, and accordingly it proposes that he be nominated as an outside director. Furthermore, as he satisfy the requirements for independent officers as provided for by the Tokyo Stock Exchange, we have determined that no conflict of interest exists with general shareholders and have designated him as an independent officer.

Outside Director Audit & Supervisory Committee Member

Yuji Takada

◆Career summary

Oct. 2003 Registered as an attorney-at-law
Joined MOMO-O, MATSUO & NAMBA
Dec. 2004 Joined Nagashima Ohno & Tsunematsu
Aug. 2013 Joined Shimada Hamba & Osajima
Jan. 2015 Partner at Shimada Hamba & Osajima
(present position)
Dec. 2018 Outside Director (Audit & Supervisory
Committee Member) of FreakOut Holdings,
Inc. (present position)
June 2023 Outside Corporate Auditor of the Company
(present position)
June 2024 Outside Director of the Company (Audit &
Supervisory Committee Member) (present
position)



◆Reason for nomination

The Company has determined that Mr. Yuji Takada is familiar with corporate legal affairs as an attorney-at-law, that he has ample insight related to the governance of corporate management, and that he can leverage his legal knowledge, which has been fostered through his service as an attorney-at-law, and accordingly it proposes that he be nominated as an outside director. Furthermore, as he satisfy the requirements for independent officers as provided for by the Tokyo Stock Exchange, we have determined that no conflict of interest exists with general shareholders and have designated him as an independent officer.

Outside Director Audit & Supervisory Committee Member

Mime Egami

◆Career summary

Apr. 1981 Joined The Mitsubishi Bank, Limited
(currently MUFG Bank, Ltd.)
Nov. 1984 Joined Citibank, N.A., Tokyo Branch, Capital
Markets Division
Apr. 1992 Joined CIBC Wood Gundy (currently CIBC
Securities Inc.) Tokyo Branch, General Manager
of Capital Markets Dept.
Nov. 1998 Joined ABN AMRO Bank, Tokyo Branch, General
Manager of Health Care Dept., Corporate
Finance Div.
Nov. 2005 Visiting Professor, School of Medicine,
Tohoku University
Aug. 2006 Visiting Professor, Institute of Advanced
Biomedical Engineering and Science, Tokyo
Women's Medical University
Oct. 2015 Auditor, New Energy and Industrial Technology
Development Organization
Oct. 2015 Adjunct Professor, Pharmaceuticals and
Pharmaceutical Chemistry, University of Utah
(present position)
Mar. 2017 Established Organization of Cell Sheet Tissue
Engineering Regenerative Medicine Initiative,
Executive for Operations (present position)
June 2023 Outside Director of OBIC Co., Ltd.
(present position)
June 2024 Outside Director of the Company
(Audit & Supervisory Committee Member)
(present position)



◆Reason for nomination

The Company has determined that Ms. Mime Egami is well versed in international finance and advanced medical related technology, that she has ample insight related to the governance of corporate management that she gained through her experience of being an auditor, and that she will be able to utilize the knowledge, and accordingly it proposes that she be nominated as an outside director. Furthermore, as she satisfy the requirements for independent officers as provided for by the Tokyo Stock Exchange, we have determined that no conflict of interest exists with general shareholders and have designated her as an independent officer.

Outside Director

James B. Rosenwald III

◆Career summary

1981 Oliver R. Grace & Family, Senior Investment
Advisor/Portfolio Manager
1984 Rosenwald Capital Management, Inc., Founder,
Chairman and Chief Executive Officer (current)
1996 Beach Front Properties LLC, Co-Founder,
Managing Partner (current)
1999 Dalton Investments LLC, Co-Founder, Chief
Investment Officer (current)
2012 New York University, Adjunct Professor, Leonard
N. Stern School of Business (current)
2019 Rising Sun Management Ltd., Chief Investment
Officer (current)
2025 Director of the Company (present position)



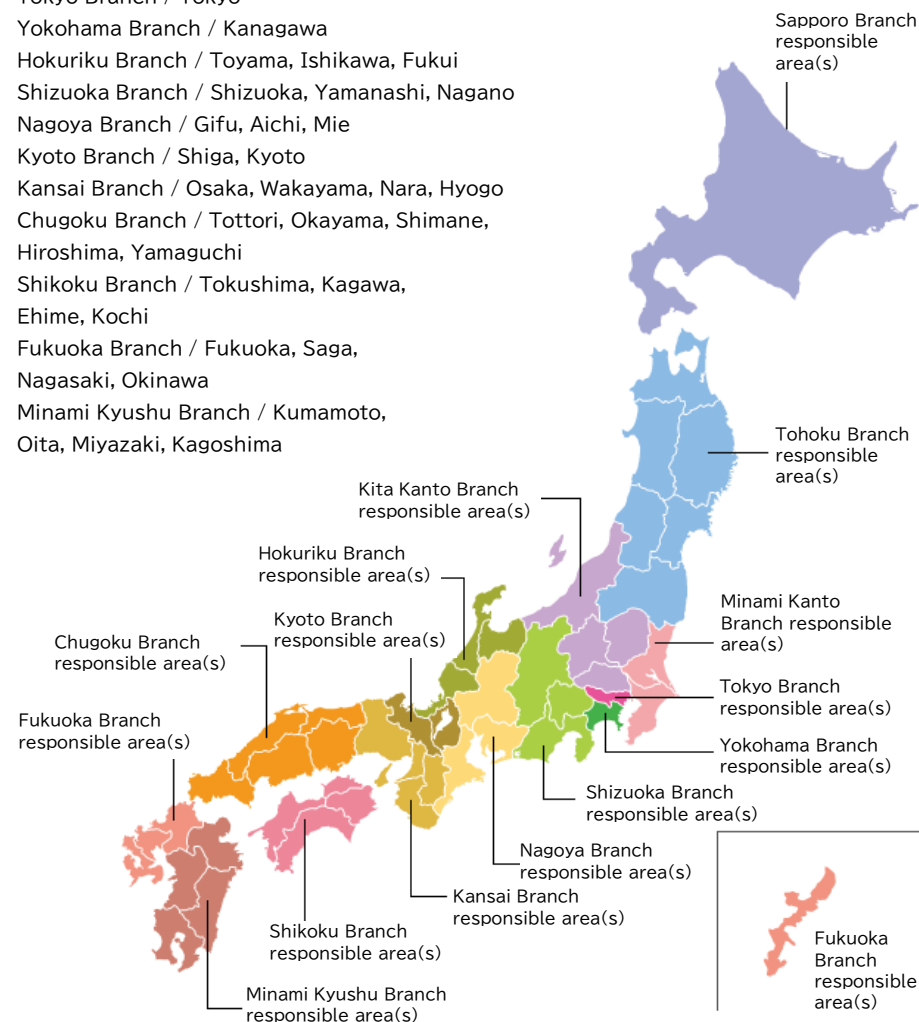
◆Reason for nomination

The Company has determined that, Mr. James B. Rosenwald III, with his many years of experience from the perspectives of investment, management, and capital market governance, he can contribute to further strengthening the supervisory function of the Company's management from a standpoint different from that of the three Independent Outside Directors (Audit & Supervisory Committee Members) who currently serve on the Board of Directors, and accordingly it proposes that he be nominated as an outside director.

Network / Corporate Profile / Status of Shares

Network (as of April 1, 2025)

Sapporo Branch / Hokkaido
 Tohoku Branch / Aomori, Iwate, Akita, Miyagi, Yamagata, Fukushima
 Kita Kanto Branch / Tochigi, Saitama, Gunma, Niigata
 Minami Kanto Branch / Ibaraki, Chiba
 Tokyo Branch / Tokyo
 Yokohama Branch / Kanagawa
 Hokuriku Branch / Toyama, Ishikawa, Fukui
 Shizuoka Branch / Shizuoka, Yamanashi, Nagano
 Nagoya Branch / Gifu, Aichi, Mie
 Kyoto Branch / Shiga, Kyoto
 Kansai Branch / Osaka, Wakayama, Nara, Hyogo
 Chugoku Branch / Tottori, Okayama, Shimane, Hiroshima, Yamaguchi
 Shikoku Branch / Tokushima, Kagawa, Ehime, Kochi
 Fukuoka Branch / Fukuoka, Saga, Nagasaki, Okinawa
 Minami Kyushu Branch / Kumamoto, Oita, Miyazaki, Kagoshima



Corporate Profile (as of March 31, 2025)

Corporate name:

HOGY MEDICAL CO., LTD

Head office:

19F AKSAKA GREEN CROSS, 2-4-6,
Akasaka, Minato-ku, Tokyo 107-8615

Phone: +(81)3-6229-1300

<https://www.hogy.co.jp/english/>

Incorporated: April 3, 1961

Paid-in capital: ¥7,123 million

Number of employees:

1,409 (Consolidated),
748 (non-consolidated)

Listing:

Prime Market, Tokyo Stock Exchange

Code number: 3593

Financial year:

April 1 to March 31

Annual general meeting: Every June

Transfer agent:

Mitsubishi UFJ Trust and Banking
Corporation

Independent auditor:

Ernst & Young ShinNihon LLC

Status of Shares (as of March 31, 2025)

Total number of authorized shares:

130,000,000

Shares of common stock issued and
outstanding:

22,535,463

Number of shareholders:

6,898

Shareholder Composition
(Shareholding ratio)

Others (including treasury stock)

8.64%

Individuals

10.79%

Financial institutions

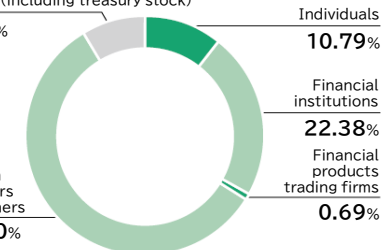
22.38%

Financial products trading firms

0.69%

Foreign investors and others

57.50%



Major Shareholders (Top 10)

Shareholders' names	Number of shares	Percentage of total (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	3,487,800	15.47
NIPPON ACTIVE VALUE FUND PLC	1,883,700	8.35
STATE STREET BANK AND TRUST COMPANY 505025	1,572,900	6.97
STATE STREET BANK AND TRUST COMPANY 505012	1,282,300	5.69
STATE STREET BANK AND TRUST COMPANY 505103	1,005,506	4.46
STATE STREET BANK AND TRUST COMPANY 505001	974,062	4.32
Custody Bank of Japan, Ltd. (Trust Account)	751,100	3.33
MEDIPAL HOLDINGS CORPORATION	584,000	2.59
NAVF SELECT LLC	580,600	2.57
THE BANK OF NEW YORK - JASDECTREATY ACCOUNT	571,300	2.53

Our company owns 975,631 treasury stock.

HOGY MEDICAL Co., Ltd.

19F AKSAKA GREEN CROSS, 2-4-6,
Akasaka, Minato-ku, Tokyo 107-8615
Phone: +(81)3-6229-1300