

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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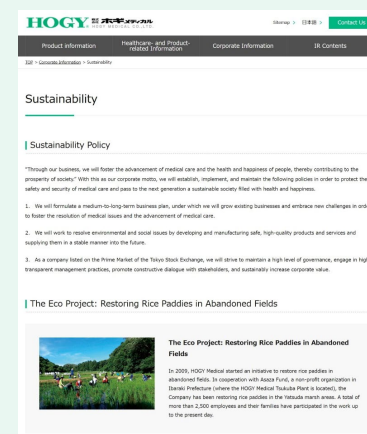
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Regarding the Disclosure of Financial and Non-Financial Information

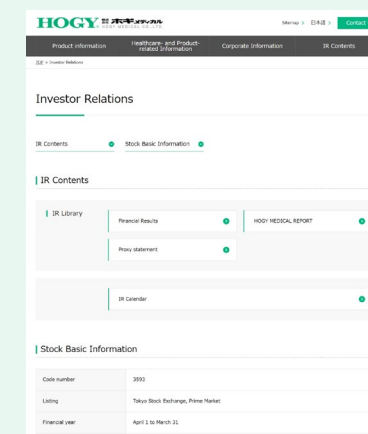
Initiatives not included in this integrated report are disclosed on our corporate website under “Sustainability” and “IR Contents,” together with past information.

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**

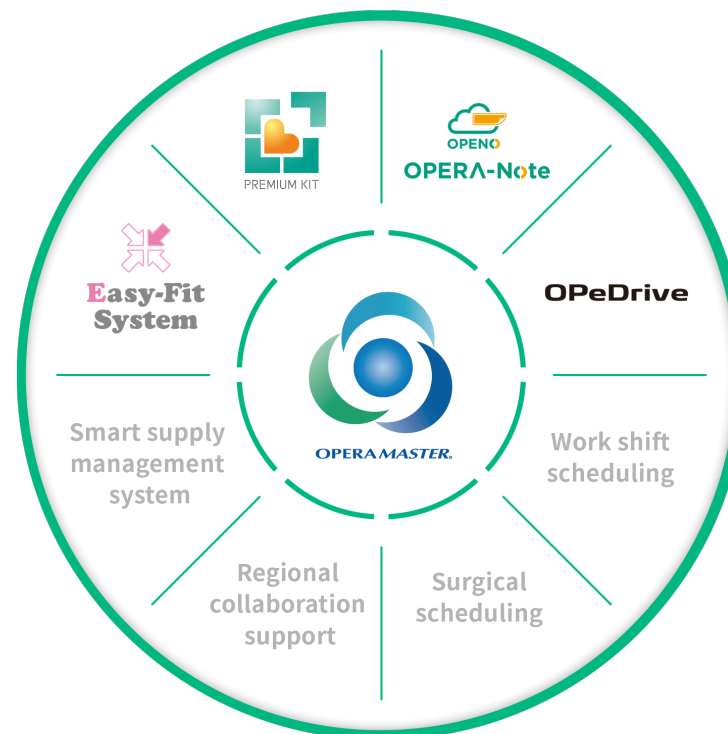


A Solution Provider, Focusing on Customers' Perspectives and Creating New Value

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



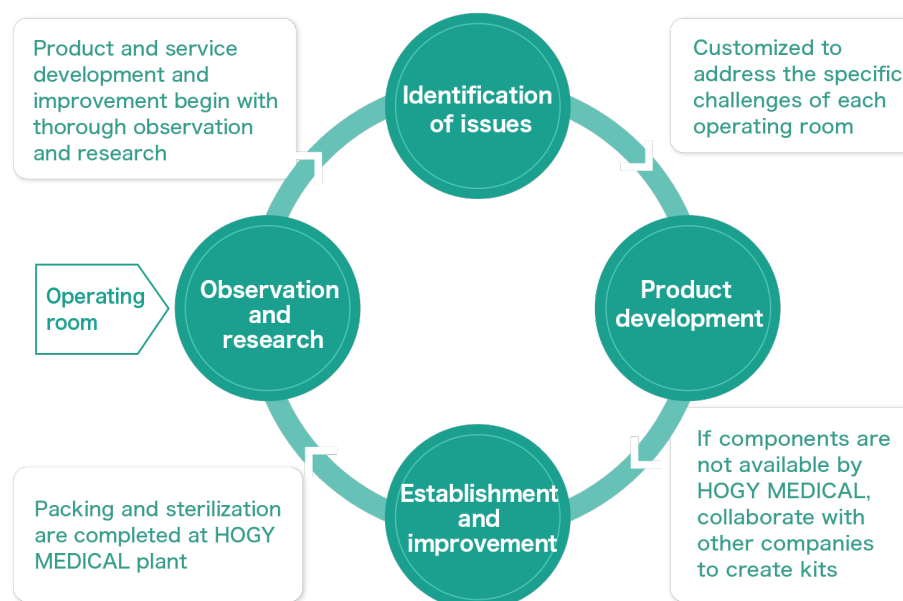
The Premium Surgical Kit packages all materials required before, during, and after surgery in the order of use

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

164.3days



(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

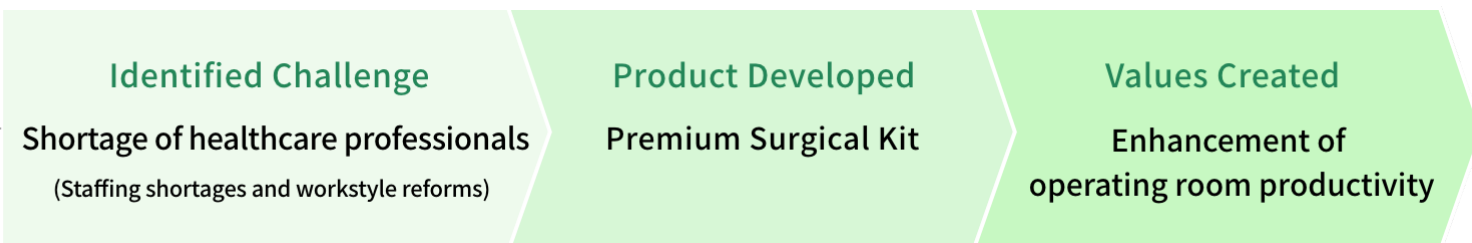


Since the 2000s, hospitals have faced increasingly difficult conditions due to factors such as reductions in medical service fees. Anticipating these changes in the healthcare system early on, HOGY MEDICAL developed “Opera Master” to address hospital management challenges. As a system integrating surgical 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



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.