

Message from the CEO

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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

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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:

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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.

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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.

