

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

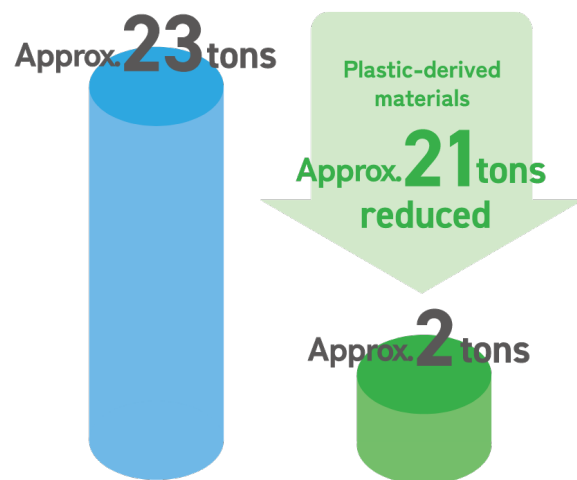
◎ Natural Capital Environmentally Conscious Product Development and Resource Efficiency Through Remanufacturing

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

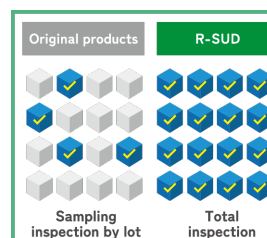


Remanufactured trocars

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.



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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.

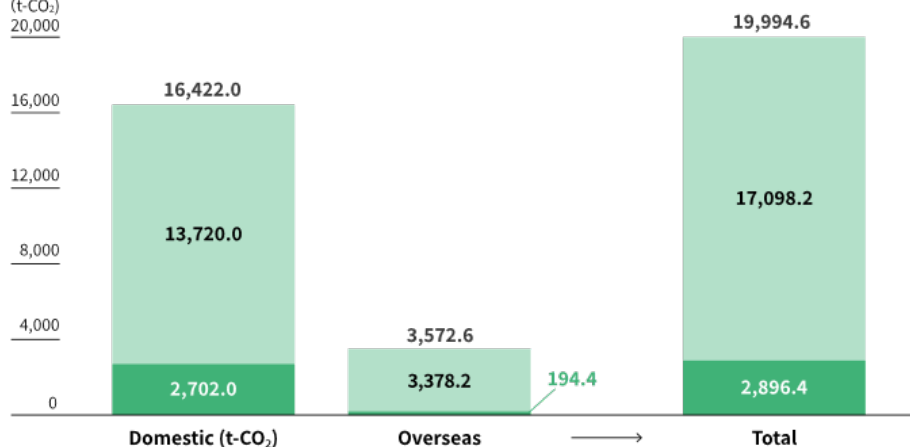
Our Scope 1 and Scope 2 GHG emissions for the fiscal year ending March 2025 are shown below.

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

(t-CO₂)
20,000



(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:

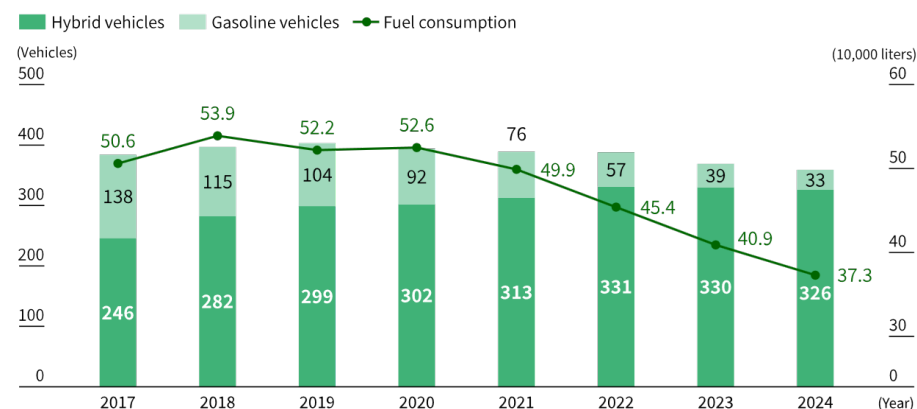
Scope 1: Direct emissions of greenhouse gases from the company's own operations

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.



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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.