

医療の現場に、未来に、安全を

HOGY®

Financial Results Briefing for 1H FY03/26

Monday, October 27, 2025

HOGY MEDICAL Co., Ltd.

Hideki Kawakubo, Representative Director, President, and CEO

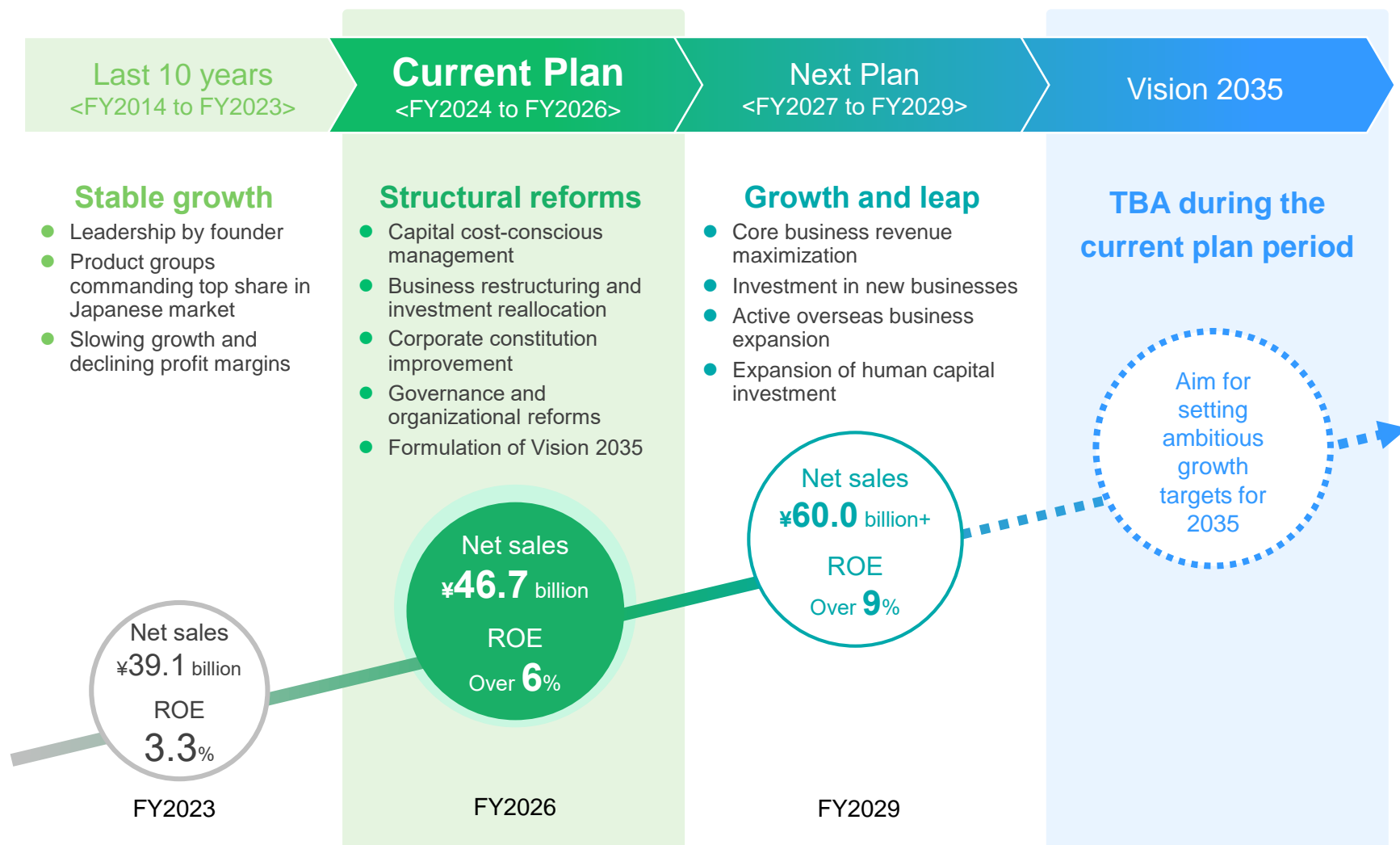


Notes Regarding Future Predictions

Forward-looking statements regarding future performance included in this document—including the Company's plans, outlook, and strategies—are based on management's assumptions deemed reasonable in light of information currently available.

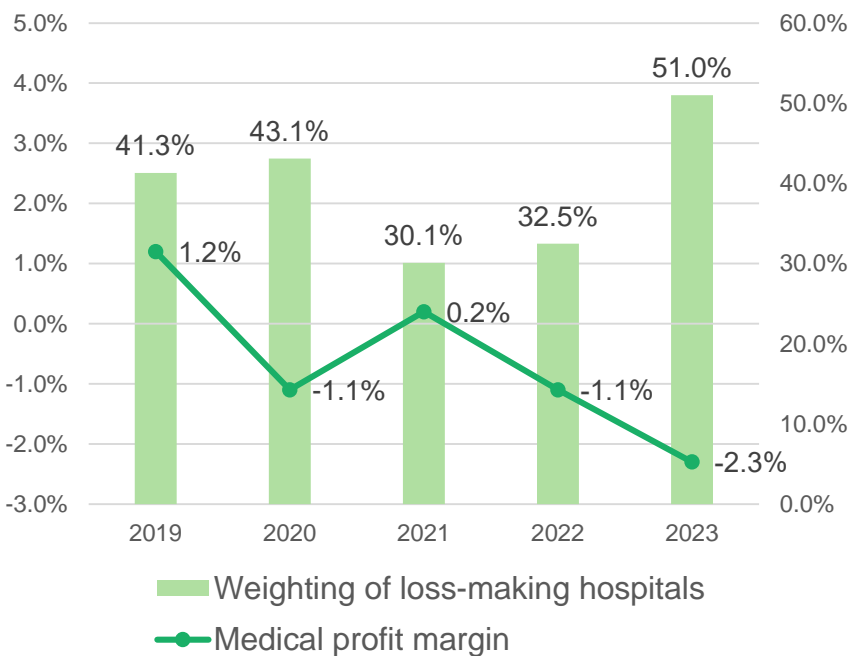
Please note that actual results may differ from these statements due to changes in various factors.

This Medium-Term Business Plan period is positioned as a period of implementing sweeping structural reforms to create a solid business platform that will serve as the foundation for the formulation and achievement of Vision 2035.



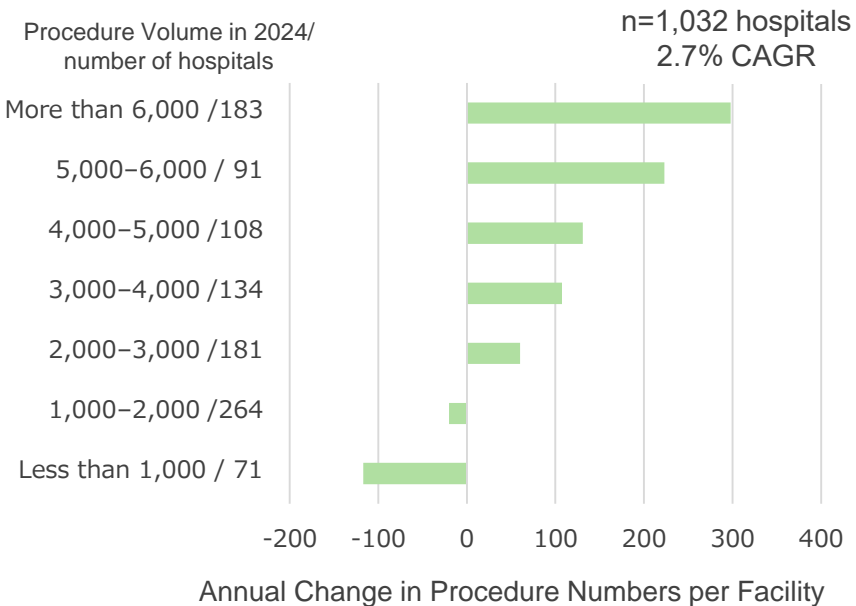
- As inpatient numbers are not yet back to pre-COVID levels, rising expenses have eroded hospitals' medical profits, with the weighting of loss-making hospitals increasing due to an end to COVID-related subsidies. In the near term, HOGY Medical faces a challenging operating environment.
- At the same time, functional differentiation of hospitals is progressing, such that surgical procedures are increasingly concentrated at large hospitals. Hospitals and healthcare groups across the board are embarking on fundamental structural reforms.

Medical profit margins and weighting of loss-making hospitals among (general) hospitals



Source: HOGY Medical, based on Welfare And Medical Service Agency (WAM) Hospital Financial Results for FY2023survey (general hospital n=411)

Annual Change in Procedure Numbers by Procedure Number Category (2024 vs. 2022: Based on a Two-Year Comparison)



Source: HOGY Medical

Summary of 1H FY03/26 Results



Business climate

- Hospitals are increasingly committed to cutting material and other costs amid persistent challenges in the operating environment, while at the same time seeking to strengthen finances ahead of next year's round of medical fee revisions.
- Amid ongoing reorganization of hospital functions, there are high expectations for the role HOGY Medical can play over the longer term in structural reform of hospital management.

Business strategy

- In our view, maintaining and strengthening the customer base is the first step toward a return to growth.
- In addition to selling kits, we will offer value-added proposals that contribute to reform of hospital management.
- To achieve the above, we are implementing 11 initiatives under our current medium-term plan, including sales reform, product strategy, procurement reform, and digital transformation.

1H progress and challenges

- Opera Master contract cancellations remained at zero, reflecting sales strategies prioritizing maintaining customer loyalty amid continued cost-cutting pressure. However, sales were sluggish, declining 3.9% YoY.
- Operating income fell short of expectations due to front-loaded expenses of an investment nature associated with structural reforms.
- The sales pipeline continued to grow, with a steady increase in the number of newly contracted hospitals for Opera Master. While these positive developments are expected to drive a recovery in sales from Q3 onward, progress was roughly three months behind expectations, prompting a downward revision to the full-year forecast.

Summary of 1H FY03/26 results

- **Sales: Down**

Sales declined 3.9% YoY, reflecting sluggish sales of kit products and continued weakness in non-woven fabric products.

- **Operating income: Down**

In cost of sales, depreciation expenses declined, while material, processing, and other costs rose. SG&A expenses increased due to upfront expenditures associated with structural reforms.

- **Profit attributable to owners of parent: Down**

We recorded a loss on investment partnership operations.

(¥ billions)	1H FY03/25 results	1H FY03/26 results	YoY Change		FY03/26 initial forecast*	Versus forecast	
			Amount	YoY		Amount	Percentage
Net sales	196.1	188.5	-7.6	96.1%	201.7	-13.1	93.5%
Cost of sales ratio	67.6%	66.9%	-	-0.6pt.	-	-	+0.6pt.
Operating income	20.8	12.7	-8.0	61.3%	18.4	-5.6	69.4%
Operating margin	10.6%	6.8%	-	-3.8pt.	9.1%	-	-2.3pt.
Profit attributable to owners of parent	18.6	9.0	-9.5	48.6%	13.0	-3.9	69.8%

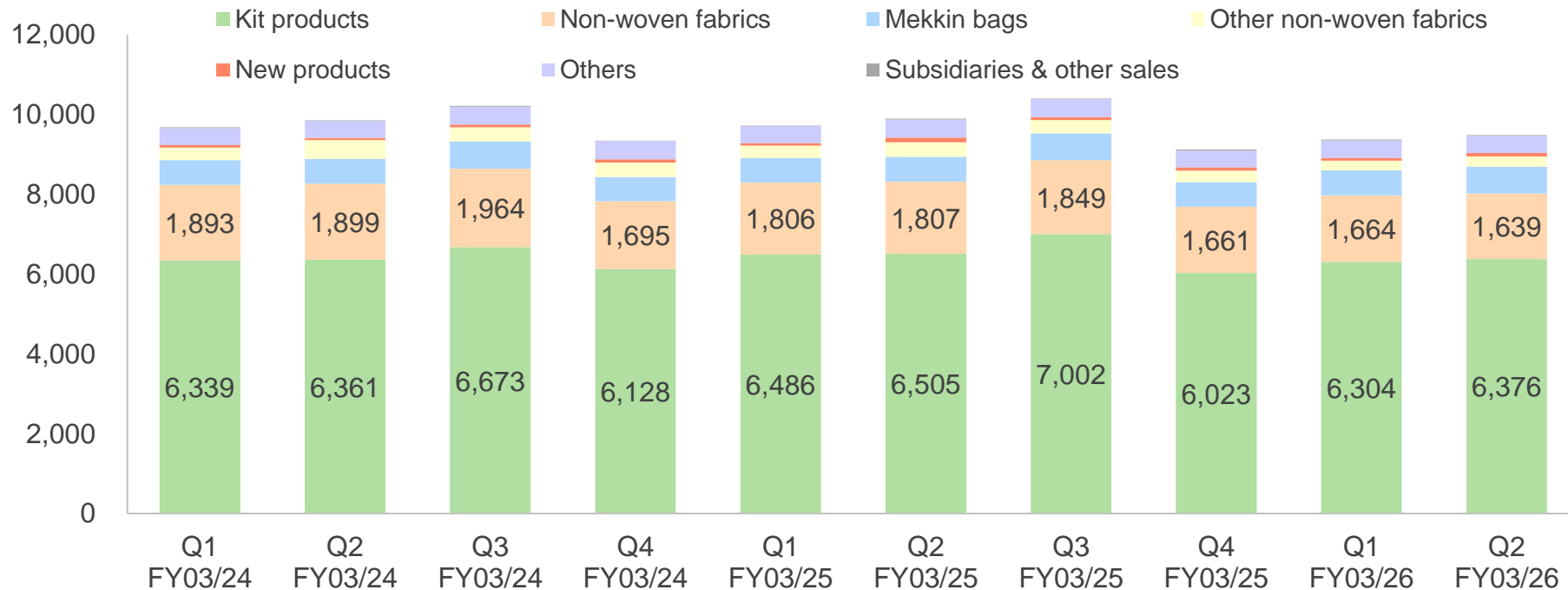
* Earnings forecast for 1H FY03/26 released on April 24, 2025

1H FY03/26: Sales of Main Products

- Kit product sales declined 2.4% YoY.
- Sales of non-woven fabric products fell more than expected, mainly in gown products.
- Sales of Mekkin Bags (sterilization pouches) were strong, primarily in OEM products.
- In other non-woven fabric products, sales of masks decreased as extraordinary demand driven by COVID-19 subsided.

Product category	As % of prior year
Kit products	97.6%
Non-woven fabrics	91.4%
Mekkin bags	104.9%
New products	86.1%
Other non-woven fabrics	75.6%

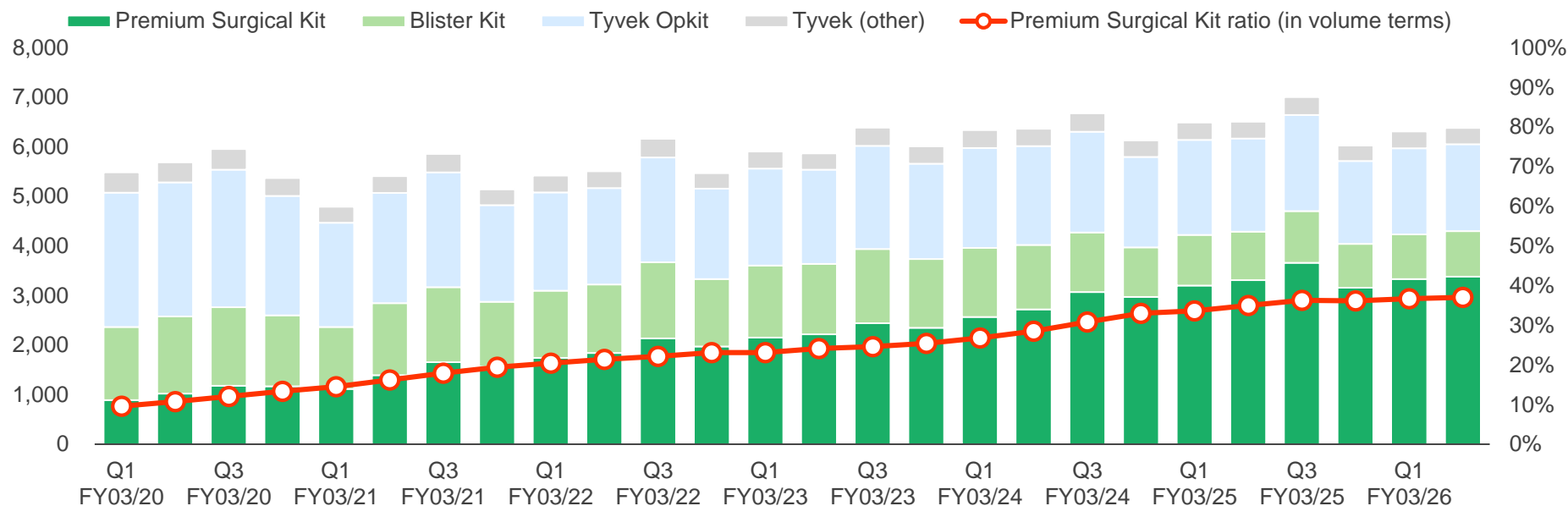
(¥ millions, rounded down)



Sales of Surgical Kit Products by Quarter

- Premium Kit sales growth was insufficient to offset lower sales of other kit products

(¥ millions, rounded down)



1H FY03/26: YoY sales change (¥ millions)

Premium
Surgical Kit

+202

103.1%

Blister
Kit

-181

90.9%

Tyvek
Kit

-332

92.6%

Kit sales composition (Premium Surgical Kit/ Kit products)

	Q2 FY03/25	Q3 FY03/25	Q4 FY03/25	Q1 FY03/26	Q2 FY03/26	YoY Change
Sales	50.9%	52.3%	52.4%	52.9%	53.0%	+2.1%
Sales volume	35.0%	36.3%	36.1%	36.7%	37.0%	+2.0%

Sales to Opera Master-contracted hospitals

- Even among Opera Master-contracted hospitals, the Company's key customers, business conditions remained challenging, resulting in lower sales at the Company.
- Meanwhile, efforts to reduce Opera Master contract cancellations—a key focus since the beginning of the fiscal year—proved effective, with no contract cancellations during 1H FY03/26. With four new contracts added, the total number of contracted hospitals increased on a net basis.

Number of contracted hospitals (FY03/26)

New contracts: 4

Number of Contract cancelled Hospitals (FY03/26)

No cancellations

Cumulative number of contracted hospitals

244 (Compared to FY03/25 +4)

Opera Master-Contracted Hospitals and Sales

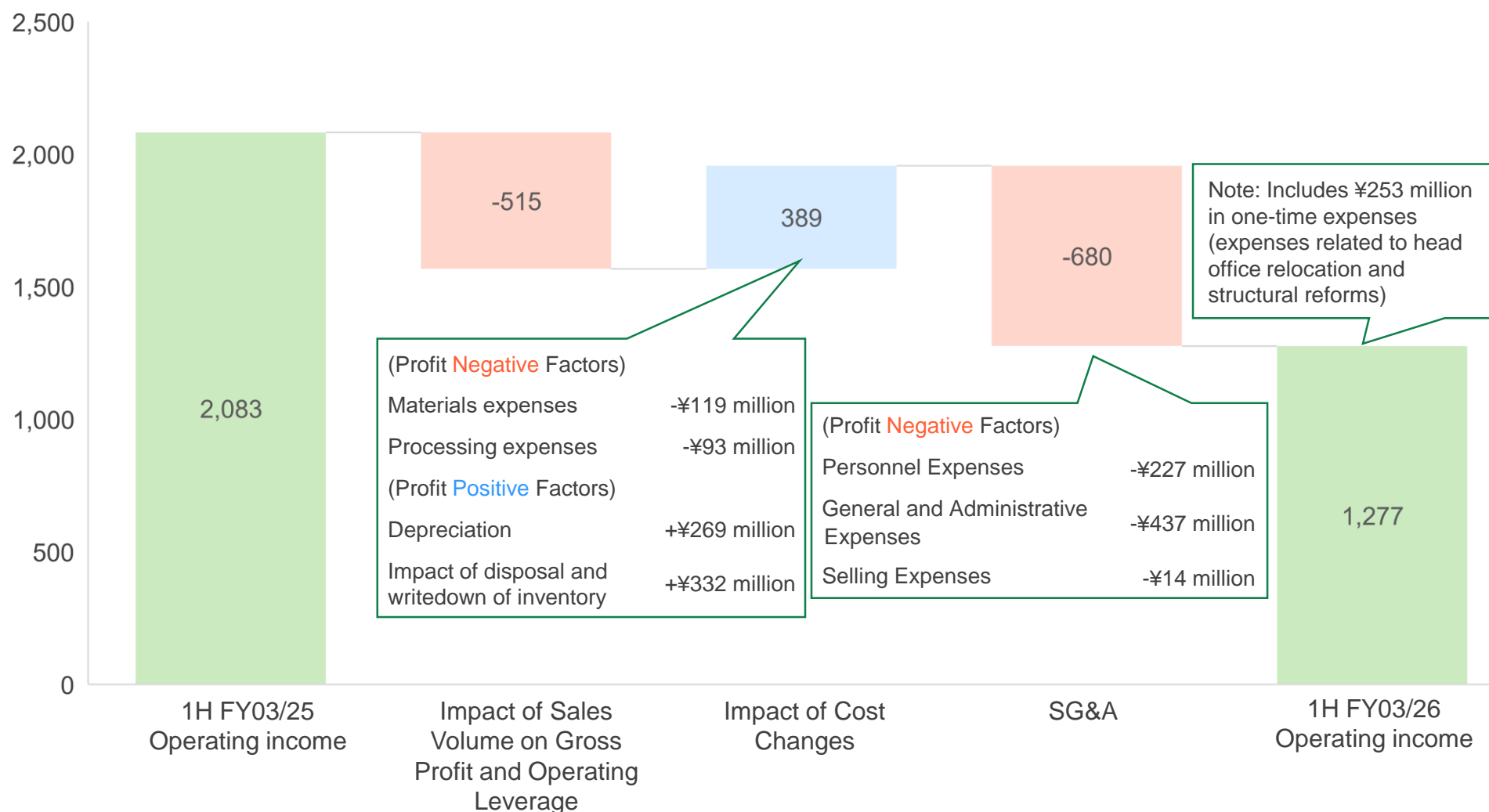


Average annual cancellation rate for the last 10 years: 5.35%
(No. of cancellations/no. of facilities as of the previous year-end)

1H FY03/26: Main Factors Behind Change in Operating Income

- Despite a positive impact from lower depreciation, operating income decreased YoY owing to a decline in sales and higher SG&A costs accompanying structural reforms

(¥ millions, rounded down)



Outlook



Revised consolidated earnings forecast for FY03/26

- Although we are entering a sales growth phase starting 2H, full-year sales are expected to remain roughly flat YoY.

(¥ billions)	FY03/25 results			Revised forecast for FY03/26			Change		
	1H	2H	Full year	1H results	2H	Full year	1H	2H	Full year
Net sales	196.1	195.1	391.3	188.5	203.8	392.4	-7.6 (96.1%)	8.6 (104.4%)	+1.0 (100.3%)
Cost of sales ratio	67.6%	67.9%	67.8%	66.9%	66.5%	66.7%	-0.6pt.	-1.5pt.	-1.1pt.
Operating income	20.8	17.2	38.1	12.7	14.9	27.7	-8.0 (61.3%)	-2.3 (86.4%)	-10.4 (72.7%)
Operating margin	10.6%	8.8%	9.7%	6.8%	7.3%	7.1%	-3.8pt.	-1.5pt.	-2.7pt.
Profit attributable to owners of parent	18.6	-3.4	15.2	9.0	11.2	20.3	-9.5 (48.6%)	14.6 (-)	5.0 (133.5%)

- Alongside initiatives toward top-line recovery, we have sped up structural reforms with a view to realizing our operating income target under the Medium-Term Business Plan and achieving sustained growth thereafter

Initiatives to achieve Medium-Term Business Plan targets
(11 such initiatives, including others, are under way)

Sales reform	<ul style="list-style-type: none"> ● Reform sales structure to boost sales productivity and strengthen marketing functions to maximize customer value ● Opera Master contract cancellations remained at zero, with four new contracts added. Accelerate efforts in this area going forward
Product strategy	<ul style="list-style-type: none"> ● Reinforce the development framework and assets to enhance customer value, including expanding the materials lineup ● Launched 12 new materials, including transparent drapes; plan to add more than eight additional materials to the lineup in 2H
Digital transformation	<ul style="list-style-type: none"> ● Enhance productivity and value-added through accumulation of inhouse data and use of AI ● Overhauled in-house communication infrastructure and introduced generative AI systems; now entering the utilization phase
Procurement reform	<ul style="list-style-type: none"> ● Strengthen sourcing functions and control rising material costs ● Progress in curbing soaring material costs is on track with the plan. Full-scale cost reductions expected from 2H onward
Human resource strategy	<ul style="list-style-type: none"> ● Maximize the potential of people and organizations by creating a rewarding workplace ● Expanded the pool of managerial and specialized personnel. Began evaluation and promotion under the new HR system
Human resource strategy	<ul style="list-style-type: none"> ● Expand overseas business, mainly in the ASEAN region ● Established a sales subsidiary in Malaysia

- Renewed top-line growth
- Sustained improvement in the cost of sales ratio
- Continued enhancement in companywide productivity
- Establish a system for data-driven, speedy decision-making

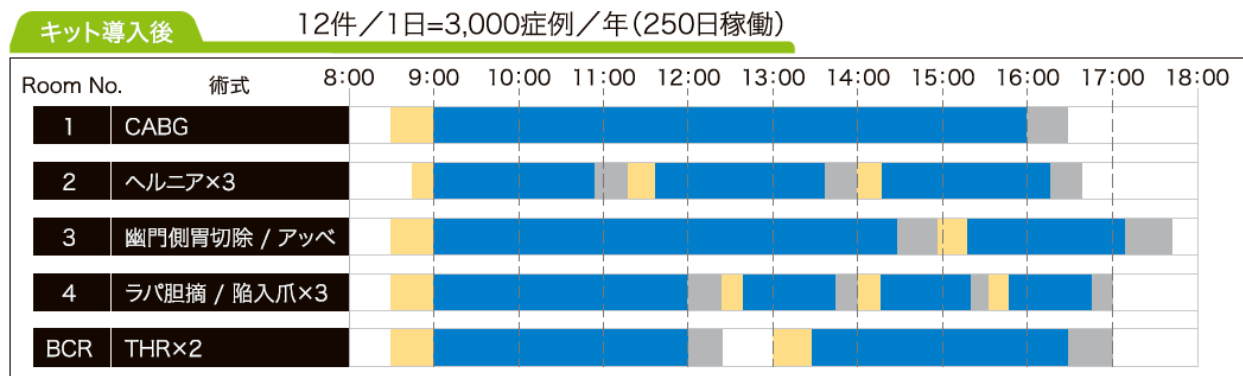
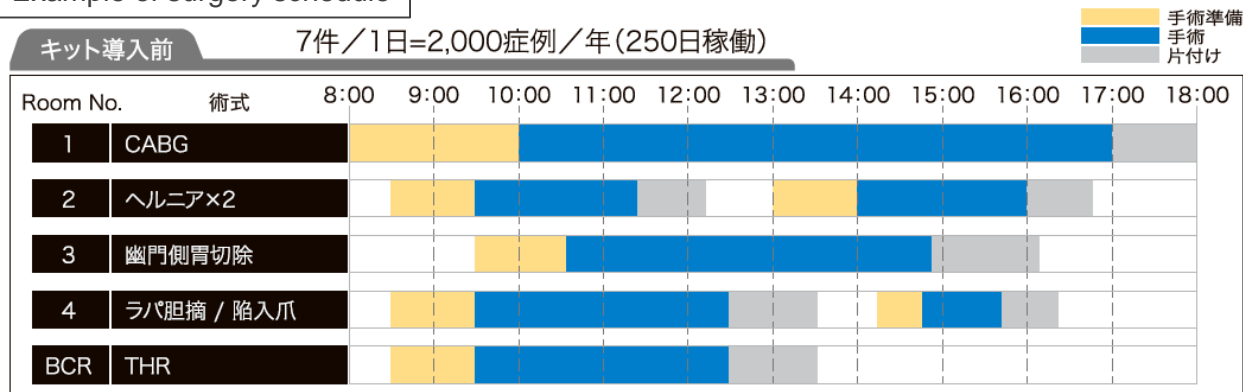
Relocate head office in August 2025
as part of structural reform
program

- Beyond product sales, we support operational improvements through kit utilization, helping reduce surgery preparation time and contributing to staff workload reduction and hospital efficiency.
- Help curtail early morning starts and overtime for surgical nurses, thereby contributing to work style reforms and improvement in hospital finances

Hospitals want to increase surgical procedure numbers but at the same time must undertake work style reforms



Example of surgery schedule



Action



- Build an environment supporting growth in surgical procedure numbers
- Increase adherence to regular operating hours (effective use of resources)
- Enhance employee productivity (work style reforms)

Improvement of overall financial performance

- Creating value-added by supplementing Premium Kit sales with other products (things) supporting operating room procedures, as well as Opera Master and other DX products (information) and field capabilities (people)

■ All-in-one kit

「Premium Surgical Kit」

Full set of necessary supplies, arranged in order of use

- ▶ Reduces time taken collecting supplies
- ▶ Shortens arrangement time
- ▶ Improves safety
- ▶ Ensures stable supply of products



Further expanding range of products, including items manufactured in-house

■ Instrument preparation

「Easy Fit System」

Device holder that can be attached to instrument container

- ▶ Shortens arrangement time
- ▶ Prevents omissions, loss, and leftovers
- ▶ Standardizes arrangement on instrument table



■ Procedure manual creation tool

「OPERA-Note」

Helps standardize surgery preparations

- ▶ Creates original education tools
- ▶ Renders surgery preparations more efficient

Business acquired on August 1

■ Medical smart recorder, OPeDrive

Digital textbook content

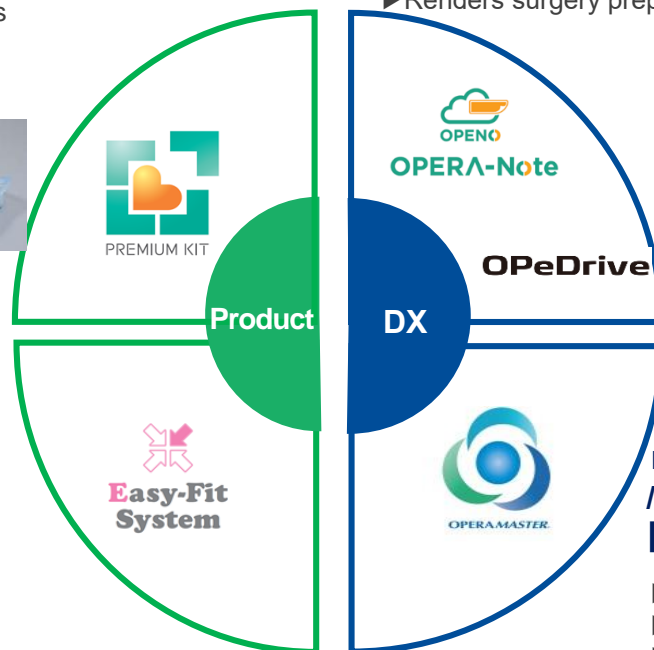
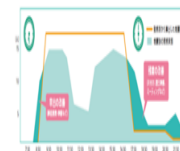
- ▶ Enables recording and editing of surgical videos and case-based learning
- ▶ Contributes to reducing workload and improving learning efficiency

Upgrading and fleshing out range of DX products

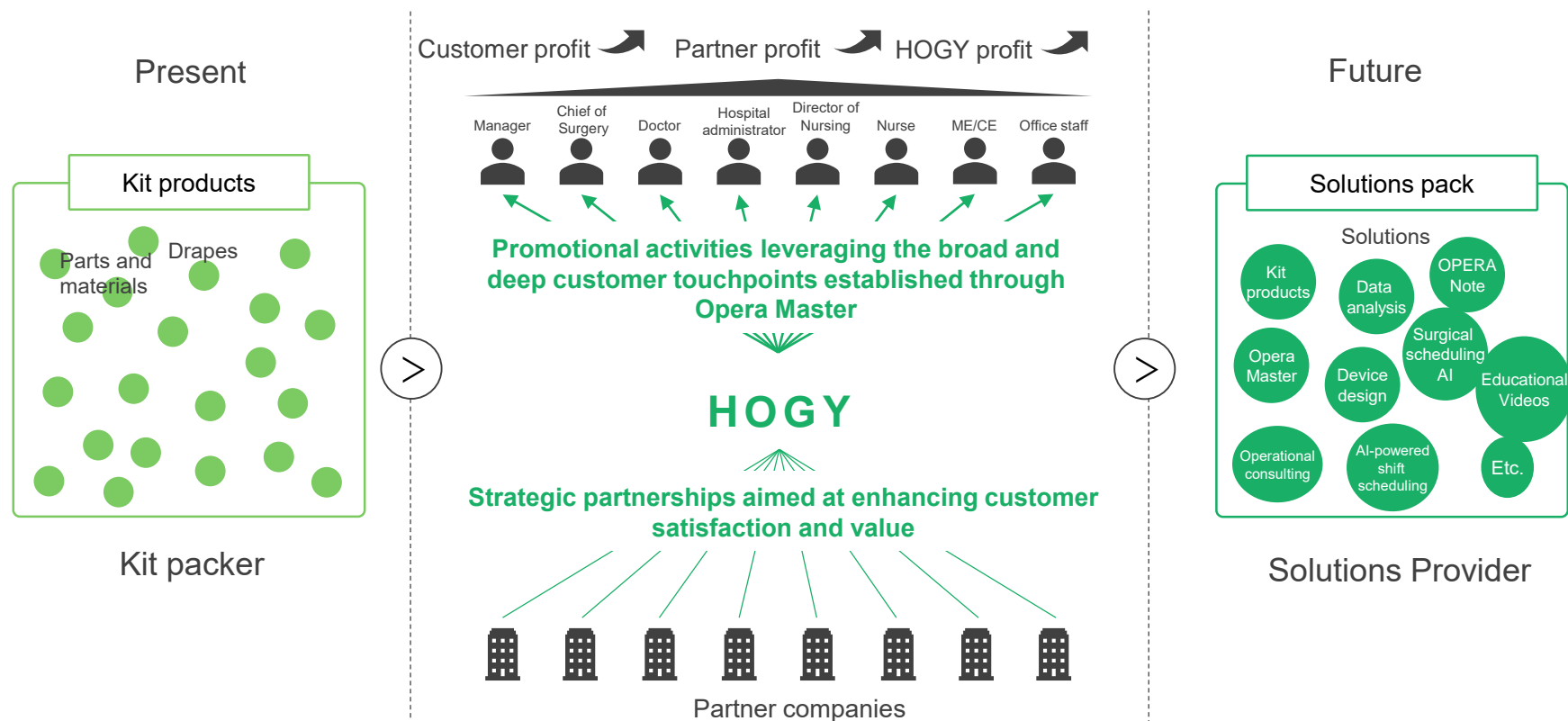
■ Business Process Visualization /analysis service

「Opera Master」

- ▶ Visualization of operating room usage
- ▶ Using picking lists
- ▶ Regular KPI management utilizing visualization data




We aim to evolve into a **Solutions Provider** by leveraging our strong customer touchpoints established through Opera Master contracts to deliver a comprehensive range of solutions—not only our own, but also those offered by partner companies



Appendix

Content that was previously disclosed separately within
Supplementary Materials is now included in this presentation

The bottom of the slide features several overlapping, wavy white lines on a teal background, creating a sense of motion or a stylized landscape.

Sales by main products (Actual, Consolidated)

	1H FY03/26 Results		1H FY03/25 Results	
	Amount	% of total	Amount	% of total
Kit products	12,681	67.2	12,992	66.2
Non-woven products	3,303	17.5	3,614	18.4
Mekkin bag	1,300	6.9	1,238	6.3
Other non-woven products	506	2.7	670	3.4
New products	159	0.8	184	0.9
Others	864	4.6	877	4.5
Subsidiaries & other sales	41	0.2	41	0.2
Total	18,857	100.0	19,619	100.0

Itemized external sales by subsidiary

Kit products	32	27
Non-woven products	177	235
Other non-woven products	1	1
Others	41	41

	Year-on-Year Comparison	
	Amount	%
Kit products	-310	97.6%
Non-woven products	-310	91.4%
Mekkin bag	61	104.9%
Other non-woven products	-163	75.6%
New products	-25	86.1%
Others	-13	98.5%
Subsidiaries & other sales	0	100.8%
Total	-761	96.1%

Itemized external sales by subsidiary

Kit products	5
Non-woven products	-57
Other non-woven products	-0
Others	0

Sales by main products (Revised Plan, Consolidated)

	FY03/26 Revised Plan		FY03/25 Results	
	Amount	% of total	Amount	% of total
Kit products	26,634	67.9	26,018	66.5
Non-woven products	6,555	16.7	7,124	18.2
Mekkin bag	2,611	6.7	2,519	6.4
Other non-woven products	1,078	2.7	1,301	3.3
New products	377	1.0	345	0.9
Others	1,865	4.8	1,750	4.5
Subsidiaries & other sales	120	0.3	77	0.2
Total	39,240	100.0	39,138	100.0

Itemized external sales by subsidiary

Kit products	94	79
Non-woven products	511	483
Other non-woven products	3	1
Others	119	77

	Year-on-Year Comparison	
	Amount	%
Kit products	615	102.4%
Non-woven products	-569	92.0%
Mekkin bag	91	103.6%
Other non-woven products	-223	82.8%
New products	31	109.1%
Others	114	106.5%
Subsidiaries & other sales	43	154.5%
Total	101	100.3%

Itemized external sales by subsidiary

Kit products	15
Non-woven products	27
Other non-woven products	1
Others	41

1H FY03/26: Consolidated Statements of Cash Flows

(¥ billions, rounded down)

	1H FY03/24 results	1H FY03/25 results	1H FY03/26 results	YoY	As of September 30, 2025 Main items
Cash flows from operating activities	2.0	6.3	1.5	-4.8	Income before income taxes 1.2 Depreciation 2.5 Decrease in notes and accounts payable -0.5 Increase in accrued consumption taxes and other payables -0.7
Cash flows from investing activities	-1.8	-0.2	-0.6	-0.4	Purchase of tangible fixed assets -1.6 Proceeds from sales of tangible fixed assets 0.8
Cash flows from financing activities	-1.9	-3.5	-1.9	1.6	Repayment of long-term borrowings -0.9 Cash dividends paid -0.9
Increase/decrease in cash and cash equivalents	-1.3	3.2	-1.5	-4.7	
Year-end balance of cash and cash equivalents	17.0	21.8	19.7	-2.0	

1H FY03/26: Consolidated Key Changes in Balance Sheet

(¥ billions, rounded down)

	End-FY03/25	End-1H FY03/26	Change
Cash and bank deposits	22.0	20.2	-1.7
Other current assets	22.1	22.2	0.0
Current assets	44.2	42.5	-1.6
Fixed assets	53.6	52.4	-1.2
Total assets	97.8	94.9	-2.9
Current liabilities	10.3	9.3	-1.0
Long-term liabilities	13.1	12.2	-0.9
Total liabilities	23.5	21.6	-1.9
Total net assets	74.3	73.3	-1.0
Total liabilities and net assets	97.8	94.9	-2.9

- Declined due to depreciation expenses
- Upfront expenditures associated with structural reforms

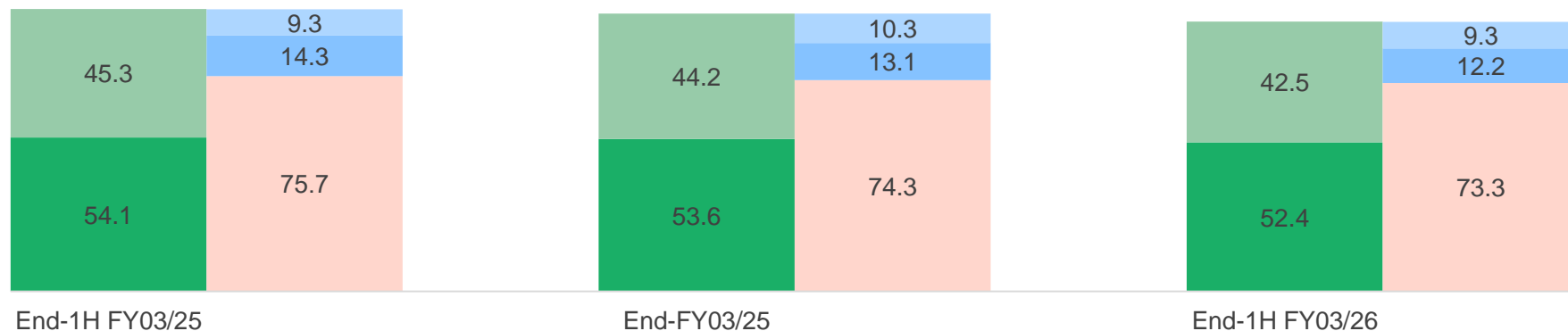
- Declined due to repayment of long-term borrowings



- Impact of a decline in the forex translation rate on net assets at PT.HOGY INDONESIA

Equity ratio	75.9%	77.2%
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(¥ billions)

■ Fixed assets ■ Current assets ■ Total assets ■ Long-term liabilities ■ Current liabilities



	Tyvek Kit	Blister Kit	Premium Surgical Kit
Production location	<div>Tsukuba Plant, Miho Plant</div> <div></div>	<div>New Tsukuba Plant</div> <div></div>	
Product style	Packed in a non-woven fabric Mekkin Bag	Multiple items packed in small packages according to procedure	
Characteristics	Manual production	Automated production (major reduction in input mistakes and contamination)	
Criteria			
*Number of items supplied based on in-house templates for each procedure	-	Less than 80%	80% or more
Main therapeutic targets	Ophthalmic & plastic surgery	General anesthesia cases	
No. of supplies	<div><div>Few</div><div></div><div>Many</div></div>		
Price	<div><div>Low</div><div></div><div>High</div></div>		

Corporate Information

Corporate name	HOGY MEDICAL CO., LTD.
Head office	7-7, Akasaka 2-chome, Minato-ku, Tokyo 107-8615 Phone: +(81) 3-6229-1300
Founded	April 3, 1961
Capital	¥7,123 million (as of March 31, 2025)
Number of employees	748 (parent), 1,409 (consolidated) (as of March 31, 2025)
sales office	15 branches nationwide
Overseas Subsidiaries	PT.HOGY INDONESIA PT.HOGY MEDICAL SALES INDONESIA HOGY MEDICAL ASIA PACIFIC PTE. LTD. HOGY MEDICAL MALAYSIA SDN. BHD.
Listing	Tokyo Stock Exchange, Prime Market
Code number	3593
Number of shares outstanding	22,535,463 (as of March 31, 2025)
Fiscal year-end	March 31



HOGY MEDICAL website

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

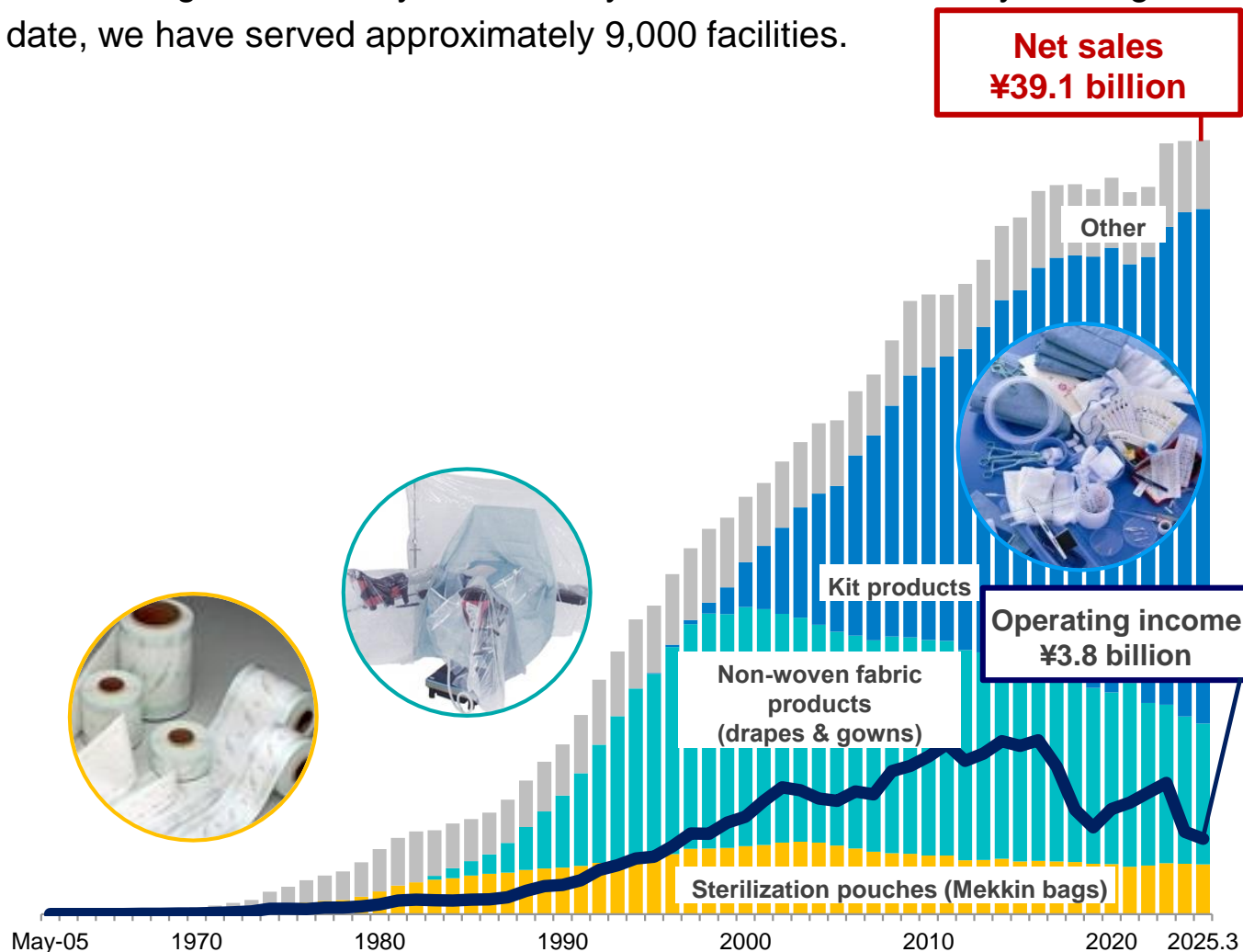
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Search



History Since Founding: Market Size and Share of Main Products

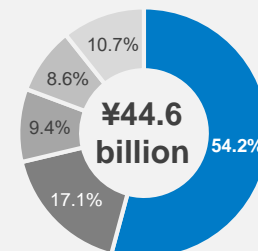
For 65 years since our founding, we have dedicated ourselves to solving customer challenges and contributing to the 'safety and security' of medical frontlines by offering a wide range of products. To date, we have served approximately 9,000 facilities.



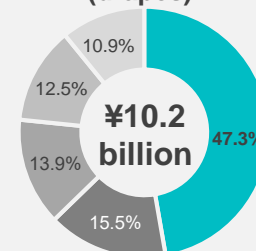
Note: Financial results for 1996 and later are consolidated results

Market share in 2022

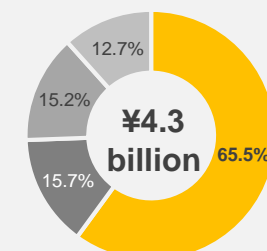
Kit products



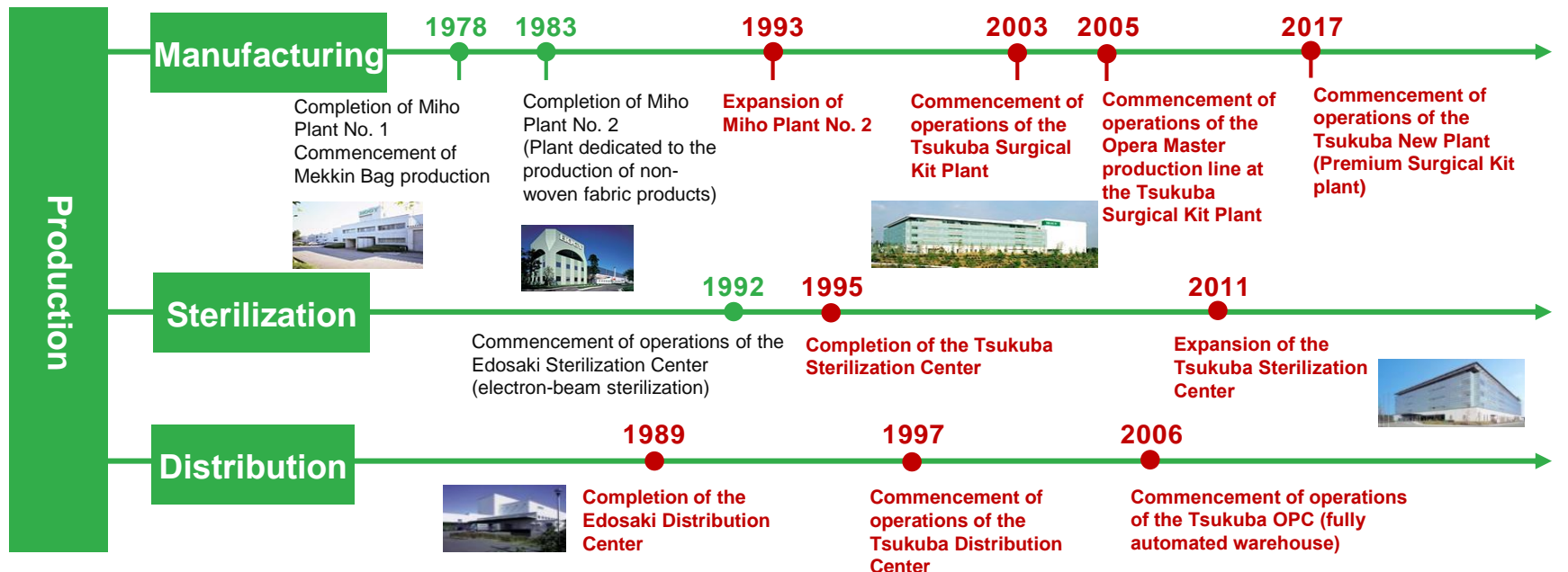
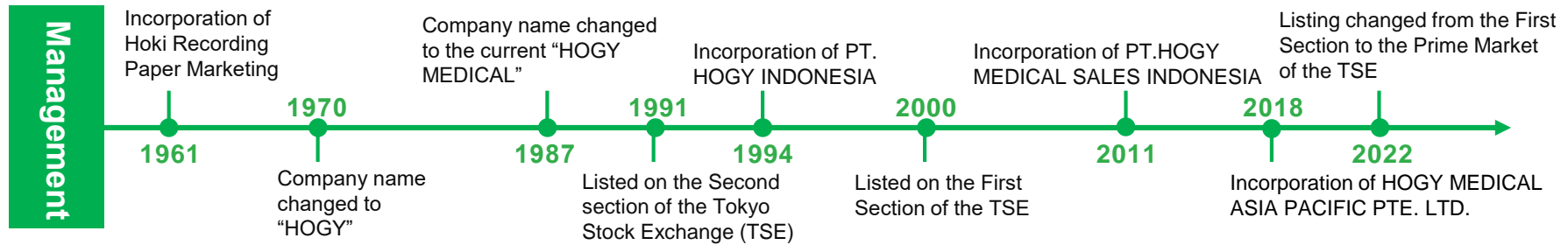
Non-woven fabric products (drapes)



Sterilization pouches



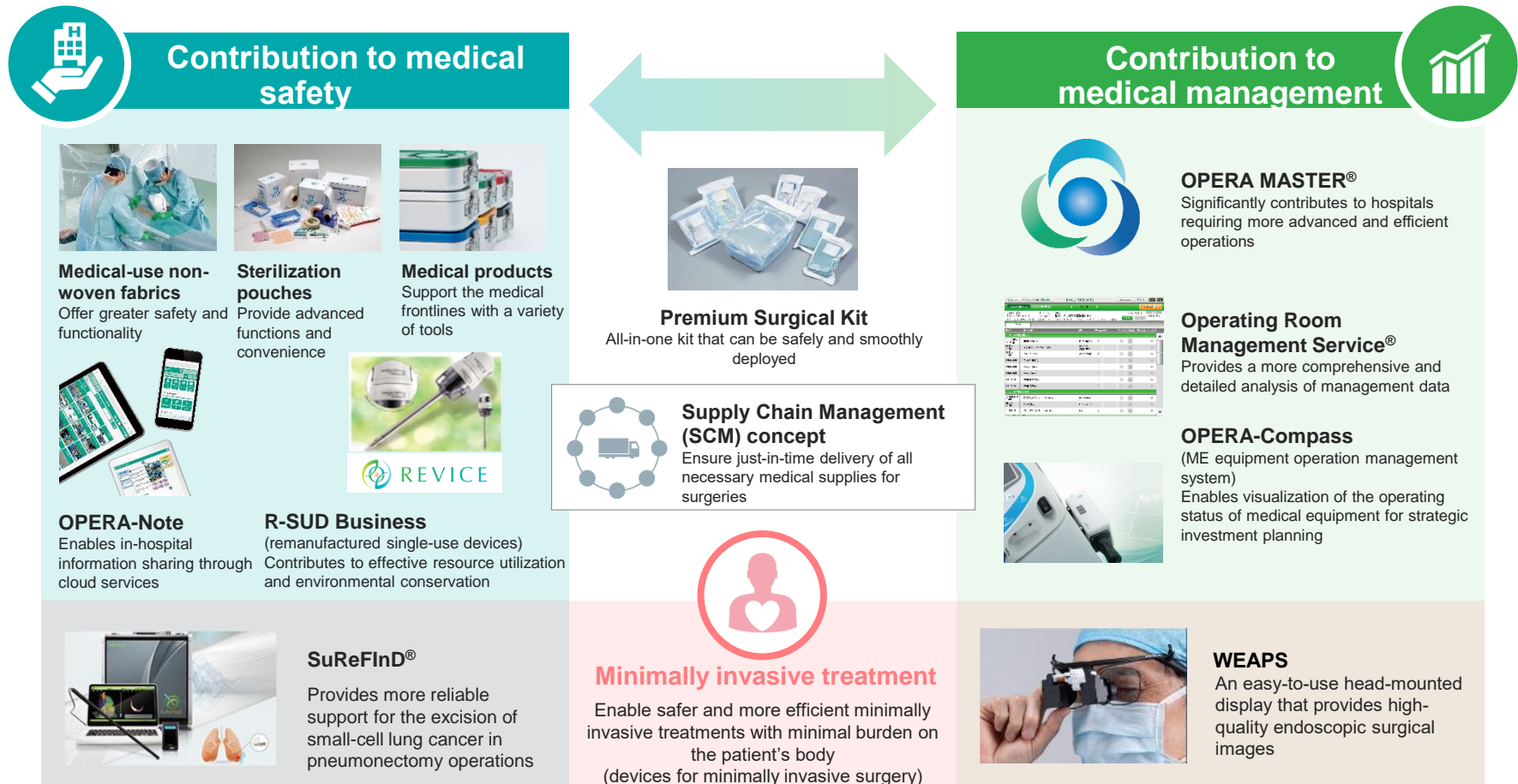
Source: "Medical Hygiene Products Market and Demand Trends by Product 2022-2023," Yano Research Institute Ltd.



Facilities in red are those where automation has progressed

Greater safety and efficiency HOGI MEDICAL's Business Domains

With a variety of products that meticulously respond to the needs of medical frontlines and a stable supply system, HOGY MEDICAL supports the safe and efficient management of operating rooms and ideal hospital management.



医療の現場に、未来に、安全を

HOGY®

