

医療の現場に、未来に、安全を

HOGY®

Financial Results Briefing for the Third Quarter of FY03/26

Thursday, January 29, 2026

HOGY MEDICAL Co., Ltd.

Hideki Kawakubo, Representative Director, President, and CEO

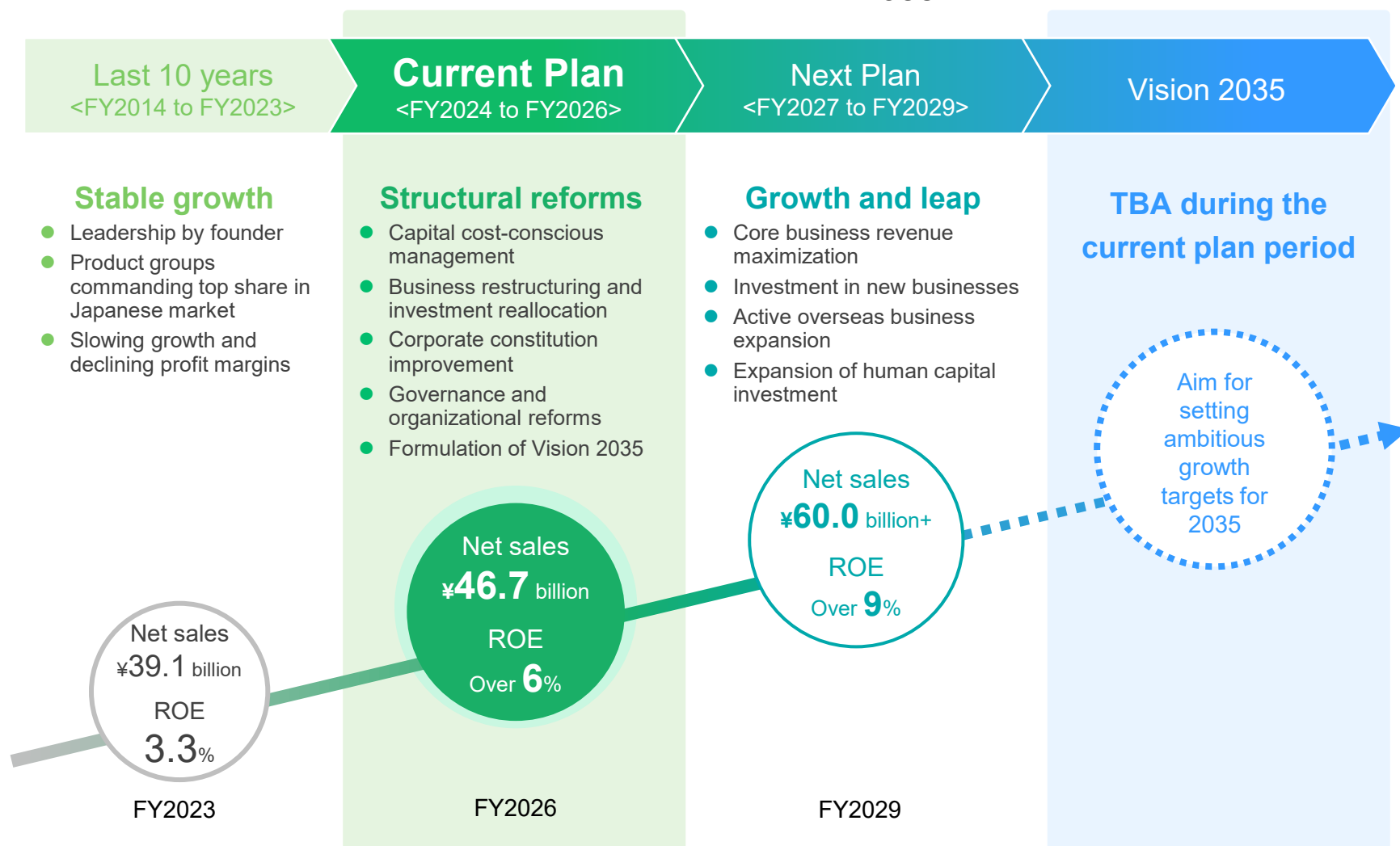


Notes Regarding Future Predictions

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.

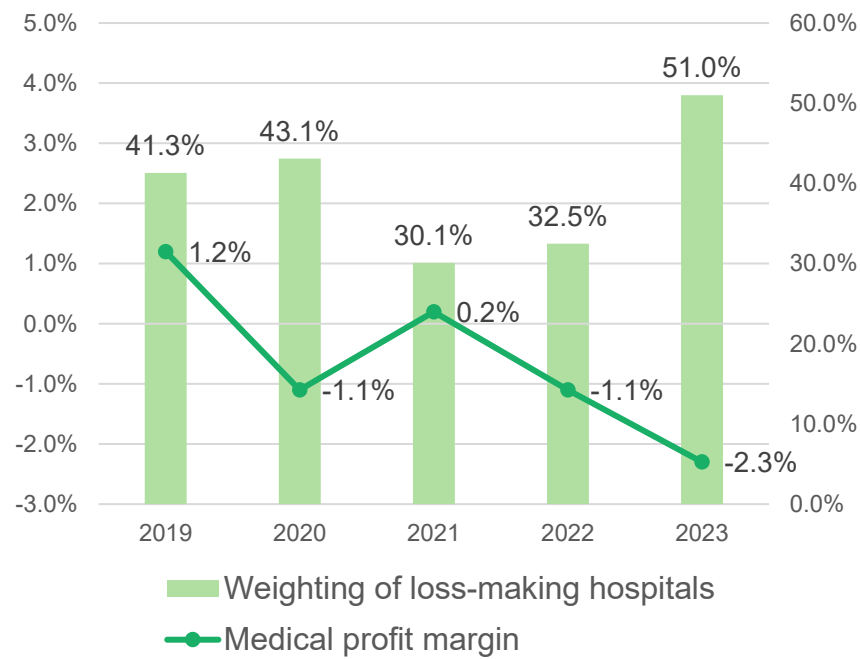
Please note that actual results may differ from these statements due to changes in various factors.

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.



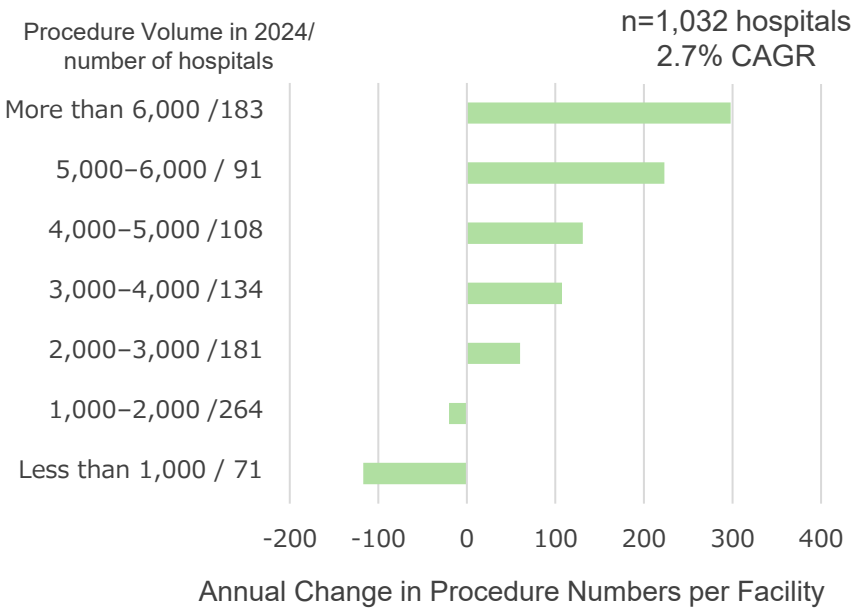
- As inpatient numbers are not yet back to pre-COVID levels, rising expenses have eroded hospitals' medical profits, with the weighting of loss-making hospitals increasing due to an end to COVID-related subsidies. In the near term, HOGY Medical faces a challenging operating environment.
- At the same 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 Third Quarter FY03/26 Results



Business climate

- Hospitals continued to face a challenging operating environment, with strong pressure to cut costs, including material costs, while discussions on strengthening financial soundness and improving operational efficiency progressed ahead of the FY2026 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.

Q3 progress and challenges

- Despite continued cost-reduction pressure, sales strategies focused on maintaining customer loyalty led to a net increase of eight Opera Master contracts, while net sales remained sluggish, falling 4.3% YoY.
- Despite higher SG&A expenses due to one-time costs associated with structural reforms, operating income remained within expectations.

Summary of Q3 FY03/26 results

- **Sales: Down**

Sales declined 4.3% 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, along with one-time expenses related to a tender offer.

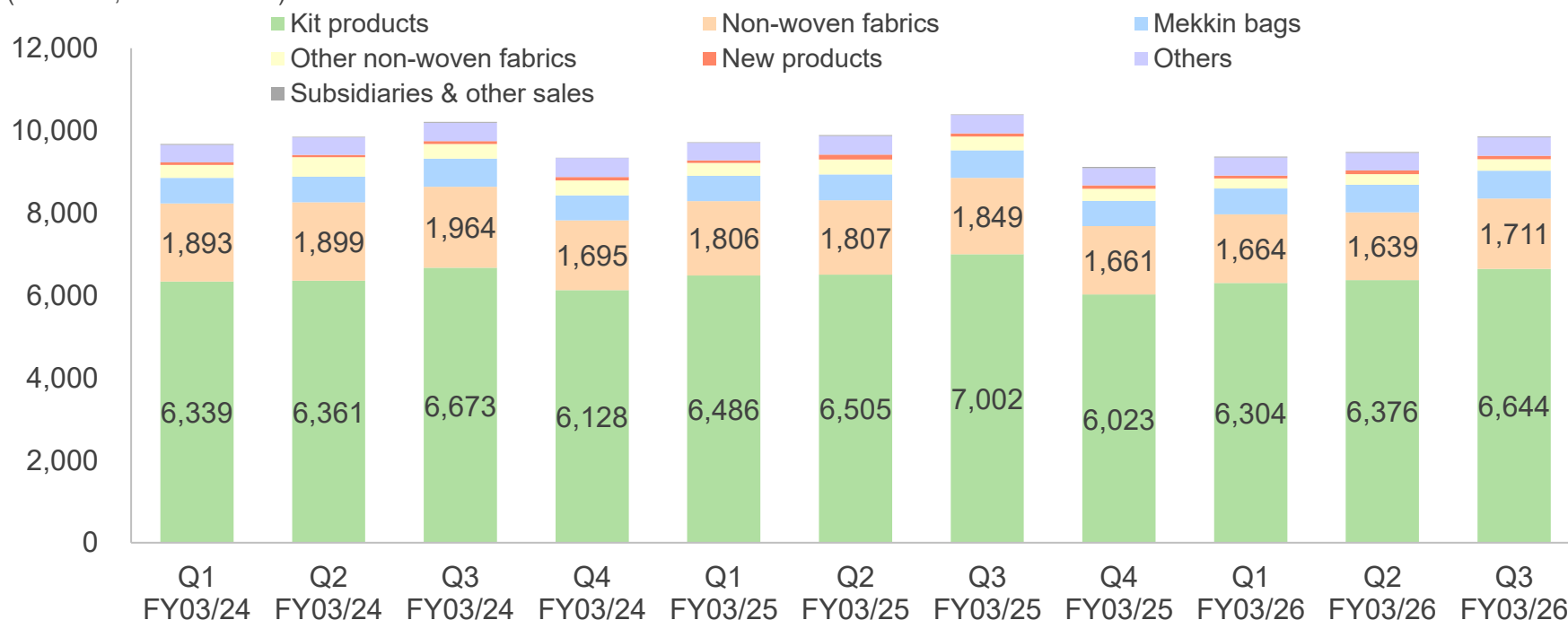
| (¥ billions) | Q3 FY03/25 results | Q3 FY03/26 results | YoY Change | |
|--|--------------------|--------------------|------------|---------|
| | | | Amount | YoY |
| Net sales | 300.1 | 287.1 | -12.9 | 95.7% |
| Cost of sales ratio | 67.0% | 66.9% | - | -0.1pt. |
| Operating income | 34.0 | 20.8 | -13.1 | 61.3% |
| Operating margin | 11.4% | 7.3% | - | -4.1pt. |
| Profit attributable to owners of parent | 27.3 | 14.3 | -12.9 | 52.6% |

Q3 FY03/26: Sales of Main Products

- Kit product sales declined 3.3% 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 | 96.7% |
| Non-woven fabrics | 91.8% |
| Mekkin bags | 103.5% |
| New products | 94.4% |
| Other non-woven fabrics | 77.5% |

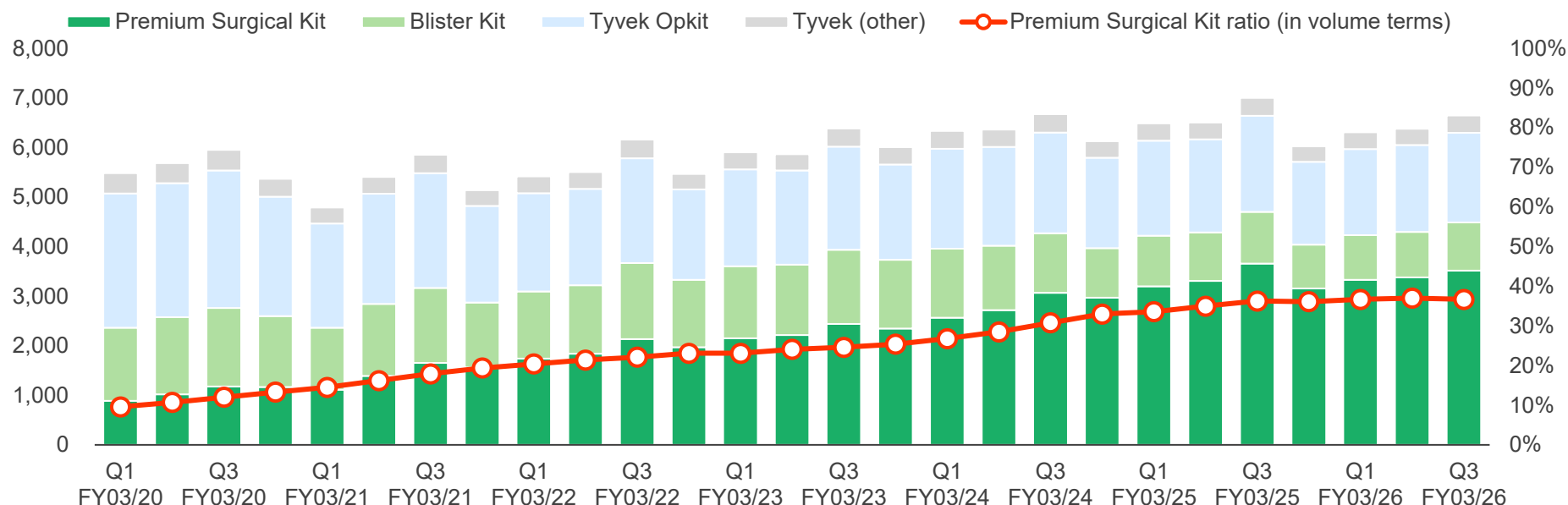
(¥ millions, rounded down)



Sales of Surgical Kit Products by Quarter

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

(¥ millions, rounded down)



Q3 FY03/26: YoY sales change (¥ millions)

Premium
Surgical Kit

+ 58

100.6%

Blister
Kit

-250

91.8%

Tyvek
Kit

-477

93.0%

Kit sales composition (Premium Surgical Kit/ Kit products)

| | Q3 FY03/25 | Q4 FY03/25 | Q1 FY03/26 | Q2 FY03/26 | Q3 FY03/26 | YoY Change |
|-----------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Sales | 52.3% | 52.4% | 52.9% | 53.0% | 52.9% | +0.6% |
| Sales volume | 36.3% | 36.1% | 36.7% | 37.0% | 36.7% | +0.5% |

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.
- New contracts increased primarily among large-scale institutions, resulting in a net increase of eight contracted hospitals compared with end-FY03/25.

Number of contracted hospitals (FY03/26)

New contracts: 9

Number of Contract cancelled Hospitals (FY03/26)

Cancellations : 1

Cumulative number of contracted hospitals

248 (Compared to FY03/25 +8)

Opera Master-Contracted Hospitals and Sales

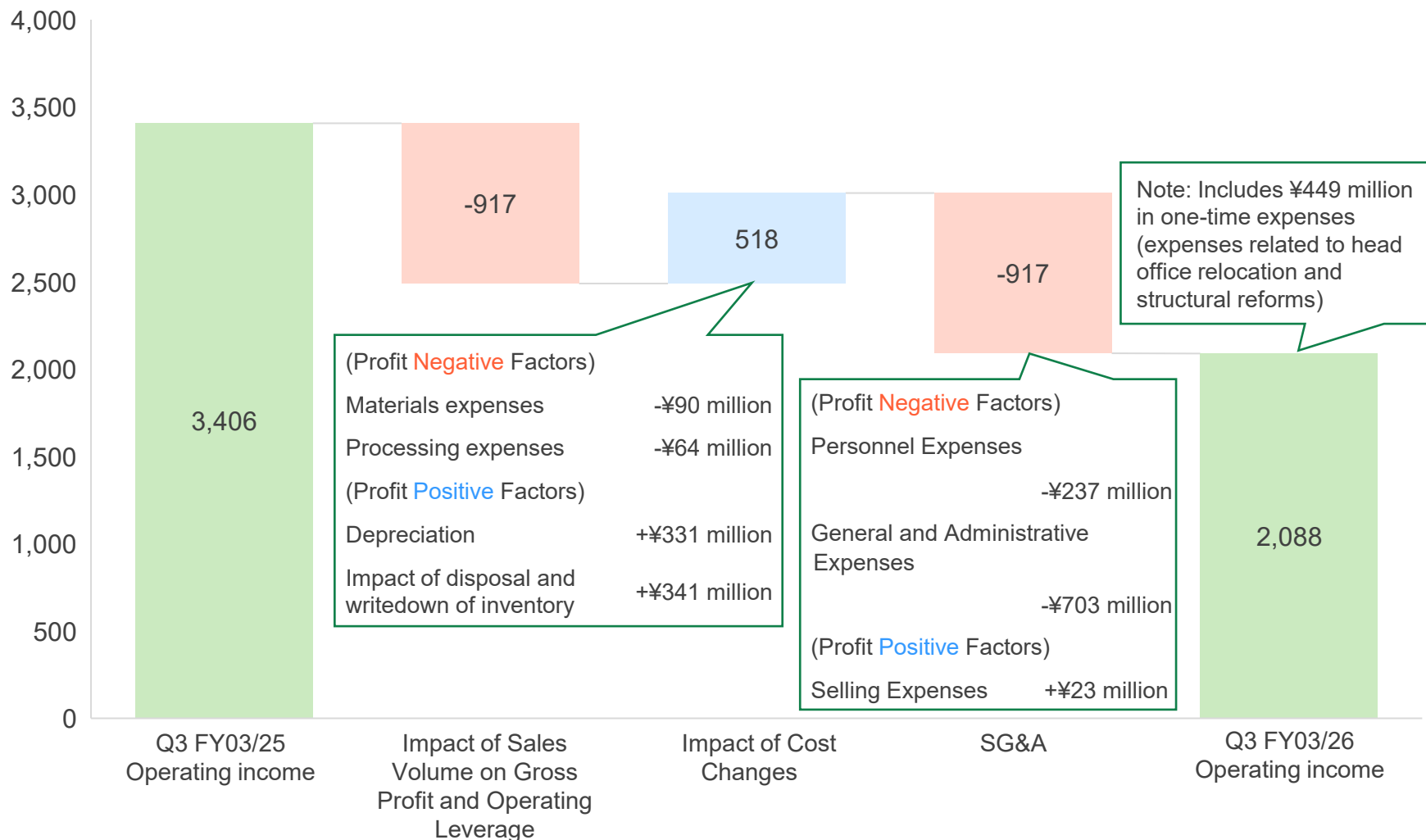


Average annual cancellation rate for the last 10 years: 5.35%
(No. of cancellations/no. of facilities as of the previous year-end)

Q3 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%) |

*Earnings forecast released on October 27, 2025

- 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 contracts remained on an uptrend, adding nine new contracts, with further acceleration expected 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, in 1H; progress in 2H is in line with expectations |
| 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. |
| 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

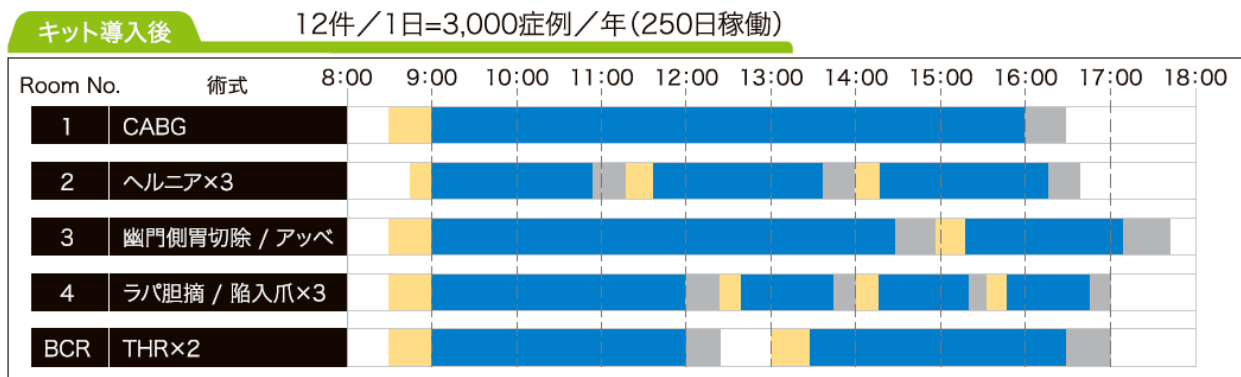
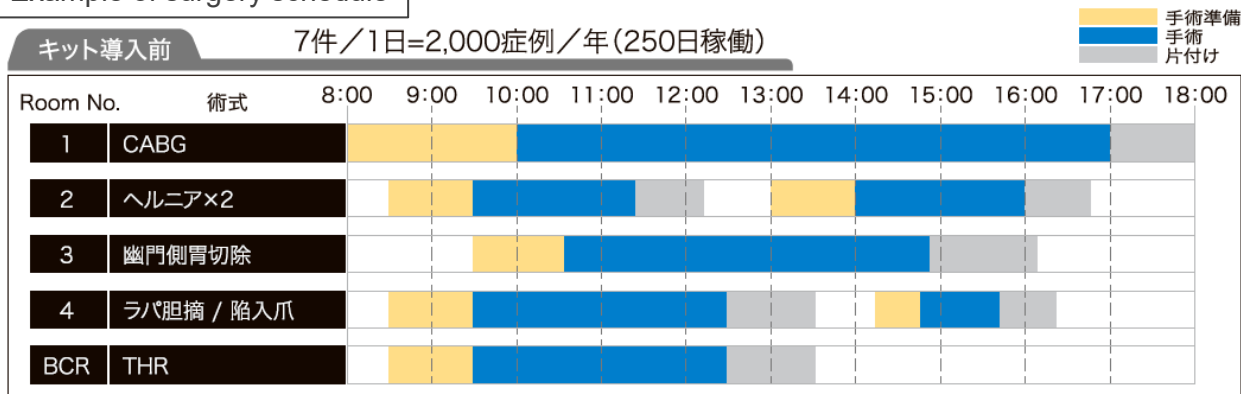
Relocate head office in August 2025
as part of structural reform
program

- 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



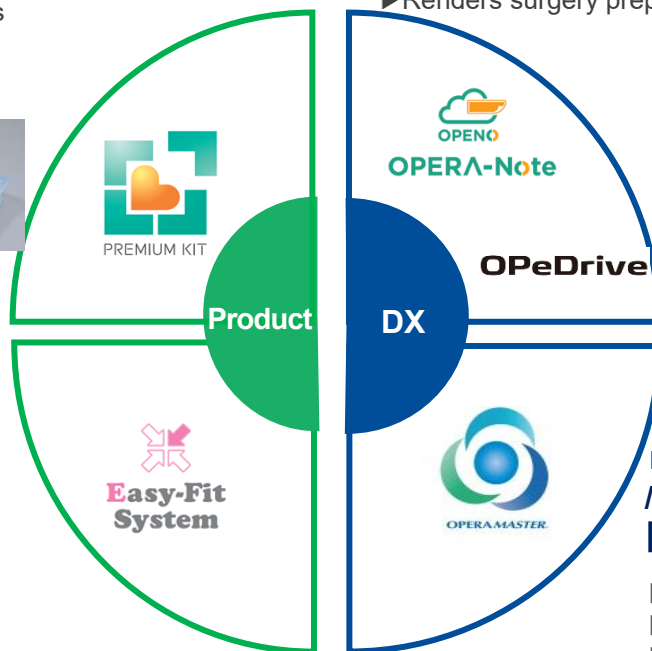
Further expanding range of products, including items manufactured in-house

■ 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

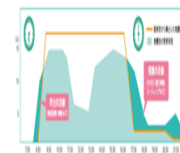
- ▶ Enables recording and editing of surgical videos and case-based learning
- ▶ Contributes to reducing workload and improving learning efficiency

Upgrading and fleshing out range of DX products

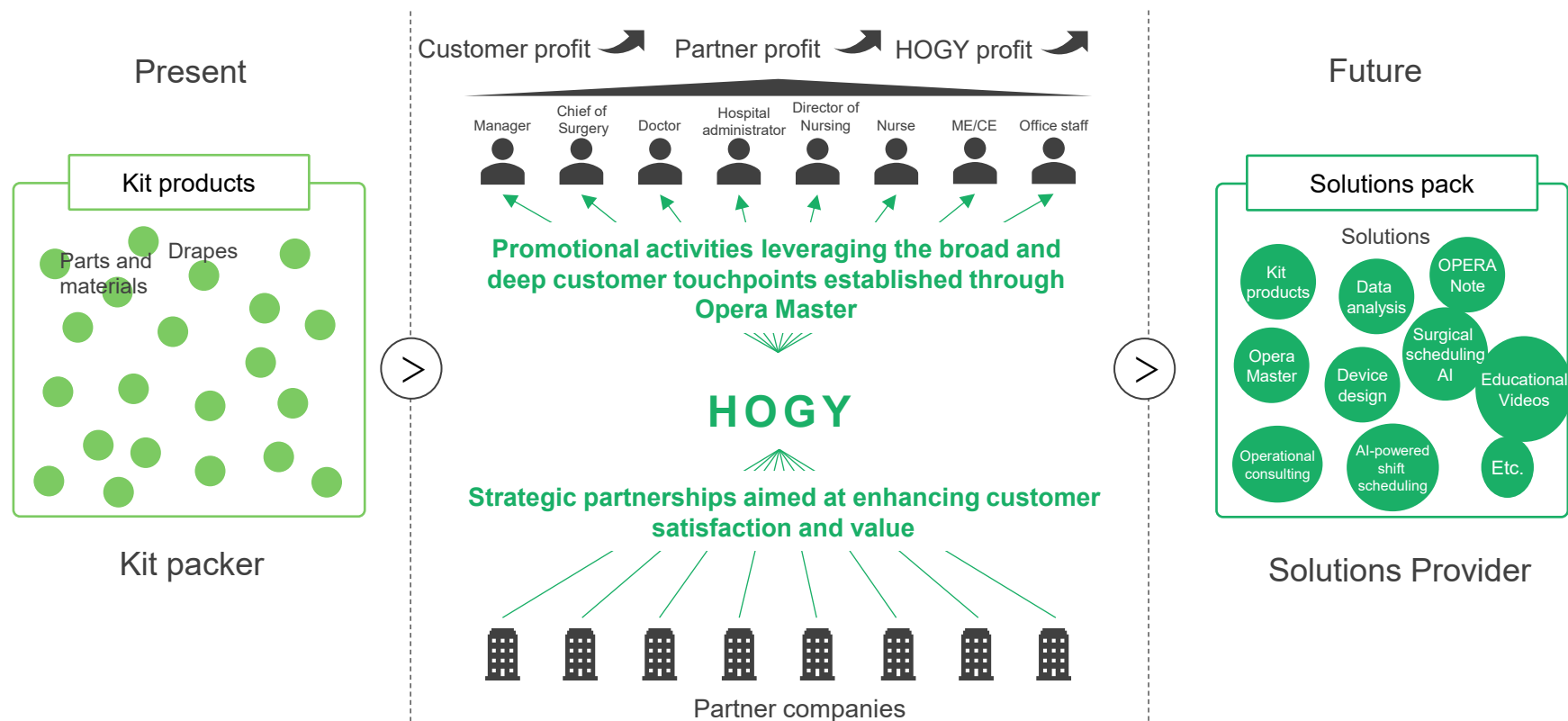
■ Business Process Visualization /analysis service

「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, light blue lines that create a sense of movement and depth against the dark blue background.

Sales by main products (Actual, Consolidated)

| | Q3 FY03/26 Results | | Q3 FY03/25 Results | |
|----------------------------|-----------------------|--------------|-----------------------|--------------|
| | Amount | % of total | Amount | % of total |
| Kit products | 19,325 | 67.3 | 19,994 | 66.6 |
| Non-woven products | 5,015 | 17.5 | 5,463 | 18.2 |
| Mekkin bag | 1,976 | 6.9 | 1,908 | 6.4 |
| Other non-woven products | 781 | 2.7 | 1,008 | 3.4 |
| New products | 244 | 0.9 | 258 | 0.9 |
| Others | 1,314 | 4.6 | 1,329 | 4.4 |
| Subsidiaries & other sales | 63 | 0.2 | 52 | 0.2 |
| Total | 28,719 | 100.0 | 30,016 | 100.0 |



Itemized external sales by subsidiary

| | | |
|--------------------------|-----|-----|
| Kit products | 60 | 41 |
| Non-woven products | 278 | 317 |
| Other non-woven products | 1 | 1 |
| Others | 63 | 52 |

| | Year-on-Year Comparison | |
|----------------------------|-------------------------|--------------|
| | Amount | % |
| Kit products | -669 | 96.7% |
| Non-woven products | -448 | 91.8% |
| Mekkin bag | 67 | 103.5% |
| Other non-woven products | -226 | 77.5% |
| New products | -14 | 94.4% |
| Others | -15 | 98.8% |
| Subsidiaries & other sales | 10 | 119.4% |
| Total | -1,297 | 95.7% |

Itemized external sales by subsidiary

| | |
|--------------------------|-----|
| Kit products | 18 |
| Non-woven products | -39 |
| Other non-woven products | 0 |
| Others | 10 |

| | 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 | 19F AKASAKA GREEN CROSS, 2-4-6, Akasaka, Minato-ku, Tokyo 107-8615 Japan 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/>

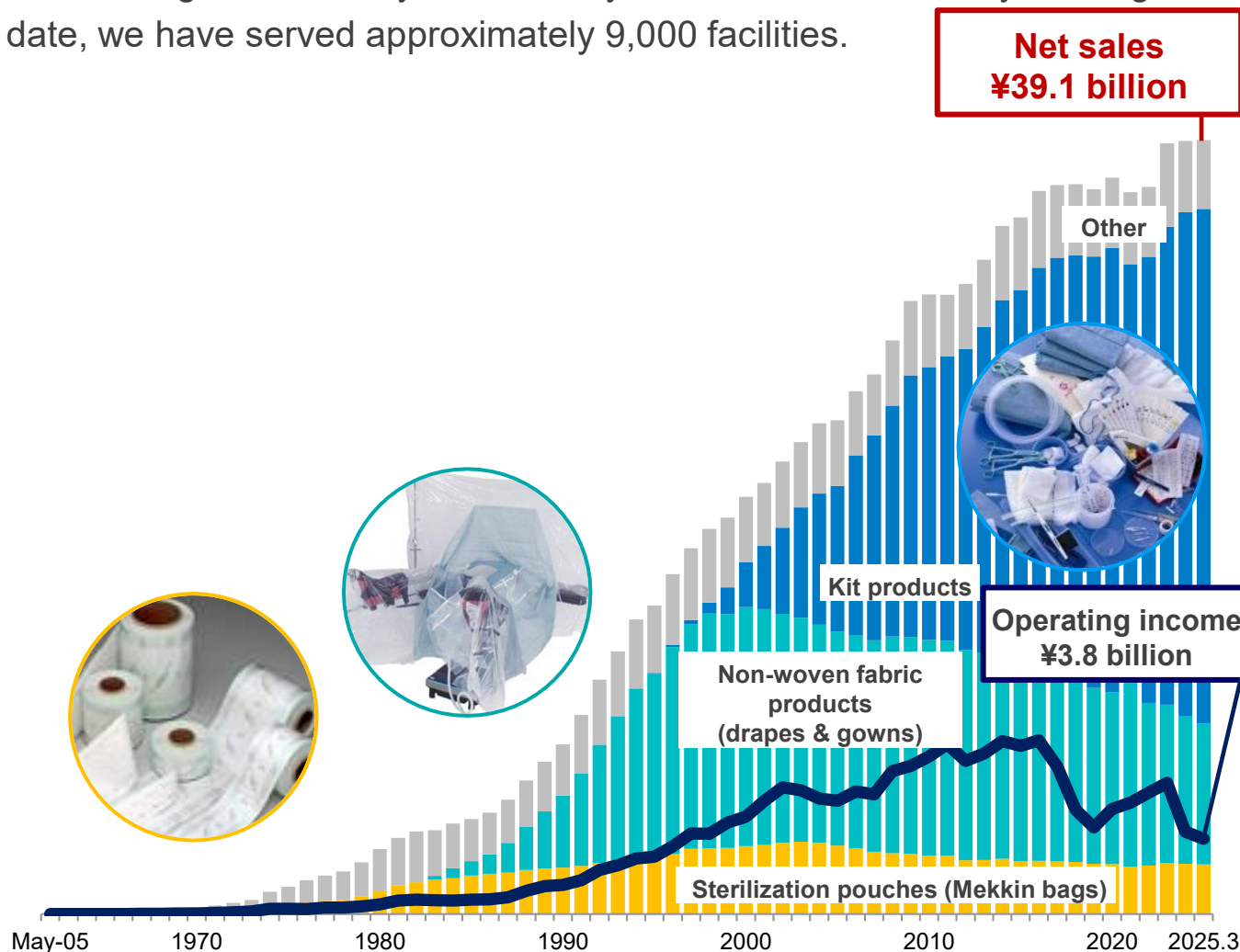
HOGY MEDICAL

Search



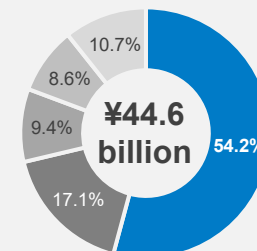
History Since Founding: Market Size and Share of Main Products

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.

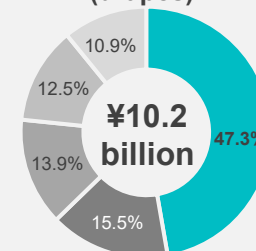


Market share in 2022

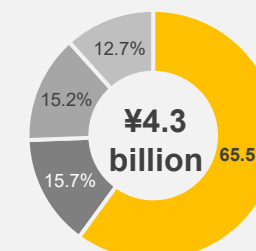
Kit products



Non-woven fabric products (drapes)

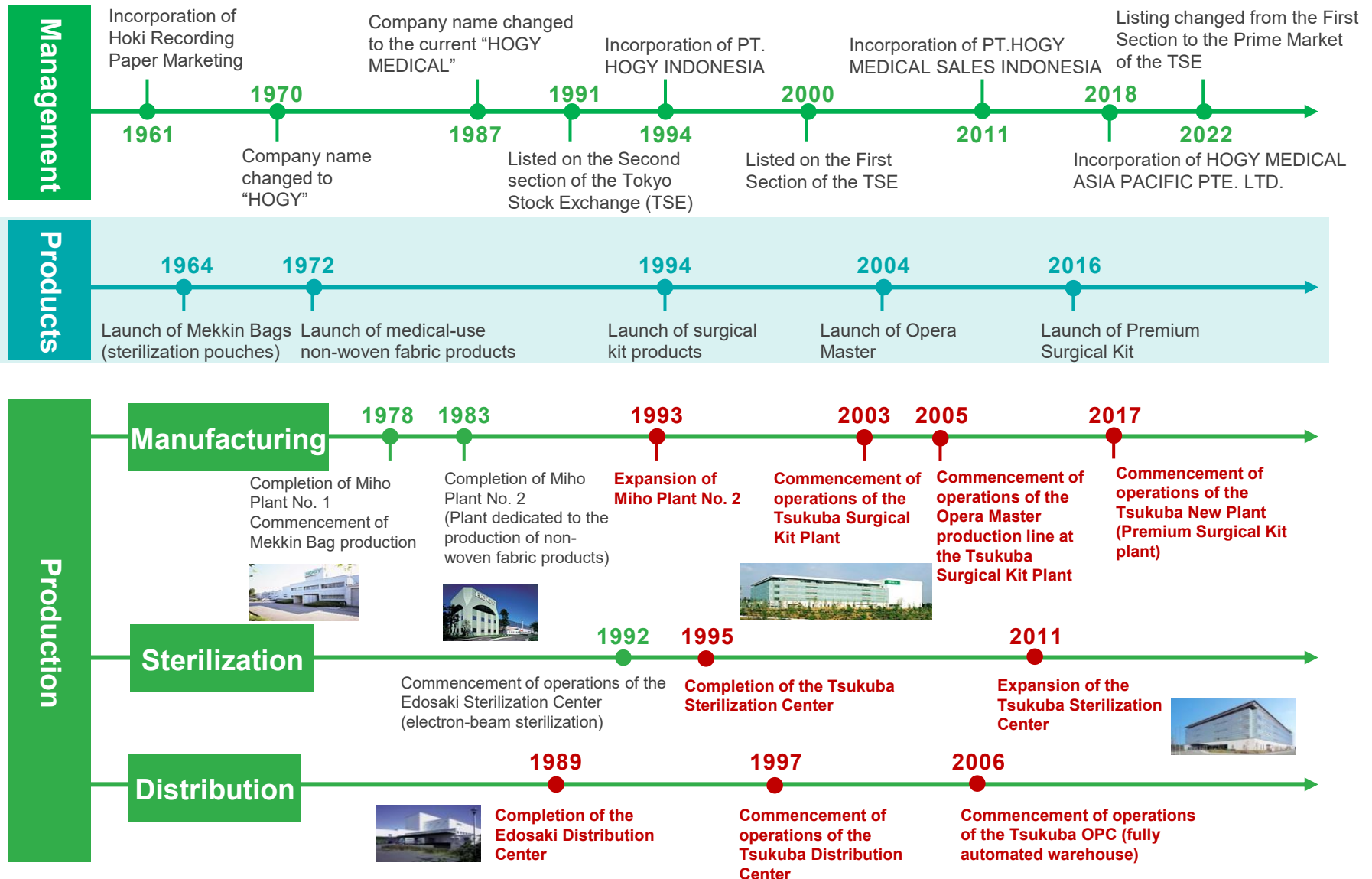


Sterilization pouches



Note: Financial results for 1996 and later are consolidated results

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

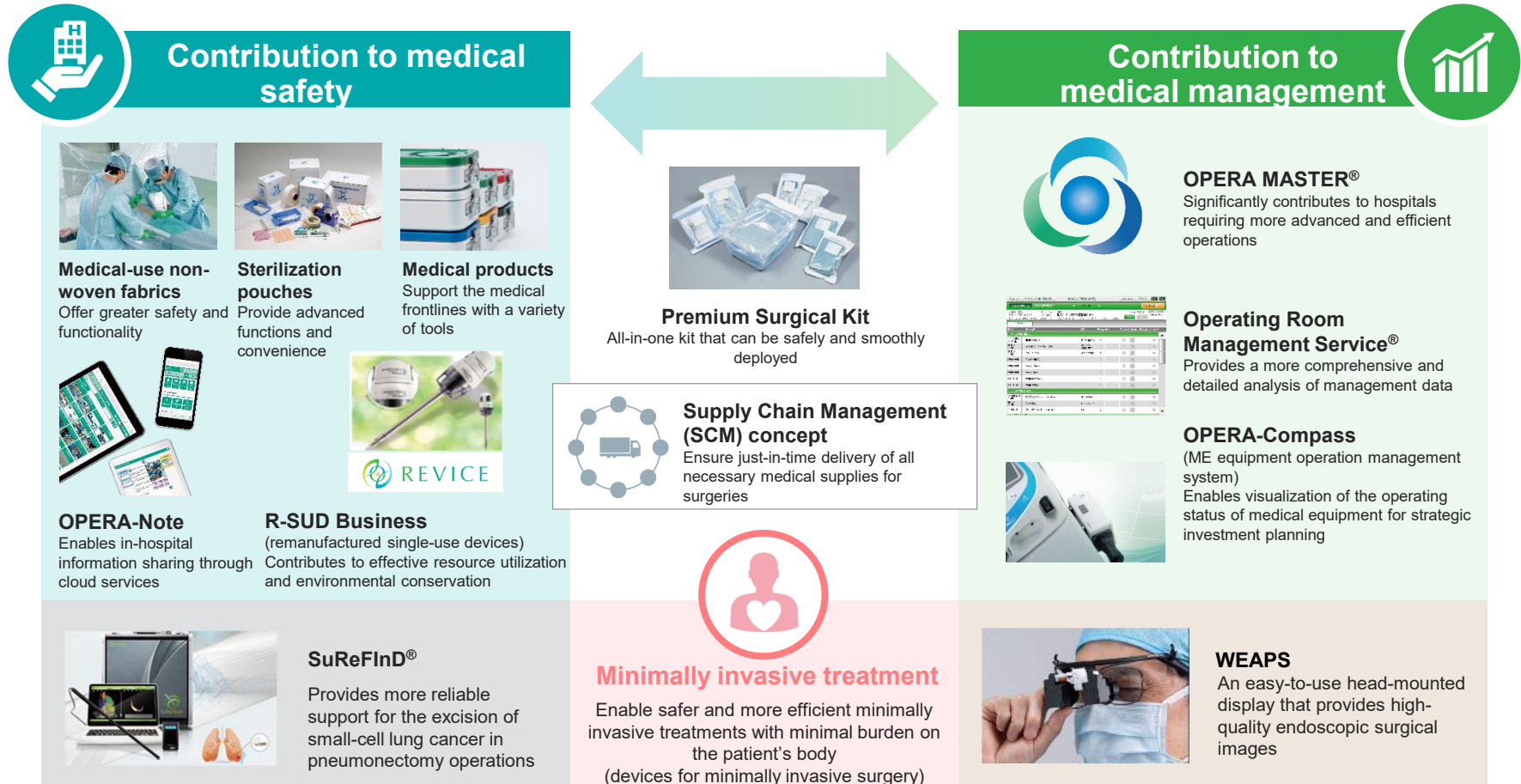


Facilities in red are those where automation has progressed

Greater safety and efficiency

HOGY 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.



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