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July 25, 2025

Consolidated Financial Results for the Three Months Ended June 30, 2025 (Under Japanese GAAP)

Company name: Hogy Medical Co., Ltd.
Listing: Prime Market, Tokyo Stock Exchange
Securities code: 3593
URL: https://www.hogy.co.jp/english/
Representative: Hideki Kawakubo, President and CEO
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Scheduled date to commence dividend payments: August 29, 2025
Preparation of supplementary material on financial results: Yes
Holding of financial results briefing: Yes

(Yen amounts are rounded down to millions, unless otherwise noted.)

I. Consolidated Financial Results for the Three Months Ended June 30, 2025 (from April 1, 2025 to June 30, 2025)

1. Consolidated Operating Results

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
Three months ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
June 30, 2025	9,375	(3.6)	950	(28.8)	899	(36.0)	732	(27.2)
June 30, 2024	9,725	0.5	1,335	2.6	1,405	14.3	1,006	13.6

Note: Comprehensive income For the three months ended June 30, 2025: ¥(201) million, −%
For the three months ended June 30, 2024: ¥1,672 million, down 17.2%

	Basic earnings per share	Diluted earnings per share
Three months ended	Yen	Yen
June 30, 2025	33.99	—
June 30, 2024	41.46	—

2. Consolidated Financial Position

	Total assets	Net assets	Equity-to-asset ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
June 30, 2025	96,101	73,700	76.7	¥3,418.01
March 31, 2025	97,895	74,332	75.9	¥3,447.34

Reference: Equity
As of June 30, 2025: ¥73,691 million
As of March 31, 2025: ¥74,324 million

II. Cash Dividends

	Annual dividends per share				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2025	20.00	20.00	20.00	20.00	80.00
Fiscal year ended March 31, 2026	23.75				
Fiscal year ending March 31, 2026 (Forecast)		23.75	23.75	23.75	95.00

Note: Revisions of dividend forecast from recently announced figures: Not applicable

III. Forecast for Fiscal 2026 (April 1, 2025–March 31, 2026)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Profit per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Second half	20,170	2.8	1,840	(11.7)	1,900	(6.7)	1,300	(30.4)	60.30
Full year	41,790	6.8	4,300	12.8	4,430	21.5	3,020	98.6	140.08

Note: Revisions of forecast of financial results from recently announced figures: Not applicable

Notes

1. Significant changes in the scope of consolidation during the three months ended June 30,2025: None

2. Application of special accounting method: Yes
   Note: For more details, please refer to "Notes on Consolidated Financial Statements" on page 13 of this report.

3. Changes in accounting policies, changes in accounting estimates, and restatement
   (1) Changes in accounting policies due to revisions to accounting standards and other regulations: None
   (2) Changes in accounting policies due to other reasons: None
   (3) Changes in accounting estimates: None
   (4) Restatement: None

4. Number of issued shares (common shares)
   (1) Total number of issued shares at the end of the fiscal year (including treasury shares)

As of June 30, 2025	22,535,463 shares
As of March 31, 2025	22,535,463 shares

   (2) Number of treasury shares at the end of the fiscal year

As of June 30, 2025	975,631 shares
As of March 31, 2025	975,631 shares

   (3) Average number of shares outstanding during the fiscal year

Three months ended June 30, 2025	21,559,832 shares
Three months ended June 30, 2024	24,273,849 shares

Notes:
1. Review of the Japanese-language originals of the attached quarterly consolidated financial statements by certified public accountants and audit corporations: Not applicable
2. Appropriate use of business forecasts; other special items
   Performance forecasts and other forward-looking statements contained in this report are based on information currently available and on certain assumptions deemed rational at the time of this report's release. Accordingly, the Company cannot make promises to achieve such forecasts. Due to various circumstances, however, actual results may differ significantly from such statements. For cautionary notes on assumptions underlying the Company's forecasts and the usage of such forecasts, please refer to "(3) Full-year Forecasts for Fiscal 2025" on page 6.

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I. Performance and Financial Position

1. Performance

During the first quarter under review (April 1–June 30, 2025), the business environment surrounding the Hogy Medical Group remained severe. In the healthcare sector, in addition to rising material and utility costs, the fiscal 2024 official medical fees revisions and reforms to doctors' working practices have manifested themselves in full, resulting in challenges such as labor shortages and rising labor costs, and an increasing number of hospitals are falling into the red. Given these circumstances, in terms of short-term action, sweeping budget cuts, including those for materials, are widely being considered. Medium- to long-term measures, however, require structural reforms, including the reorganization of hospital functions, and steps are in fact being taken to consolidate surgical operations on a regional basis. The management of such hospitals are also grappling with the critical theme of boosting productivity and capacity utilization in surgery room-related operations.

Under these circumstances, the Hogy Medical Group faced the challenge of intensifying competition, with key facilities, including Opera Master facilities, our most important customers, considering switching to cheaper surgical materials from our competitors. In response, we have earmarked maintaining and strengthening our customer base as the first step towards returning to growth, and since the previous fiscal year we have been implementing Company-wide structural reforms, including reconfiguring our sales organization. As a result, although the severe sales environment, which required short-term material cost containment, persisted during the quarter, we experienced no Opera Master contract cancellations and we succeeded in securing new contracts, thus making steady progress in strengthening our foundation. Sales of Premium Kit, our most important strategic product, continued to expand during the first quarter, primarily at these Opera Master facilities.

As a result, consolidated net sales for the first quarter amounted to ¥9,375 million, down 3.6% from the previous corresponding period. Sales of surgical kit products dipped 2.8% to ¥6,304 million, of which Premium Kit sales climbed 4.1%, to ¥3,332 million. In terms of cost of sales, although depreciation expenses for the second phase of construction of our new kit factory, which commenced operations in April 2023, decreased, the cost of sales ratio nevertheless came to 65.2% (up 0.1 points from the previous year) due to an increase in material costs among other factors. Selling, general and administrative (SG&A) expenses increased due to the planned implementation of upfront investments in hiring and training personnel in line with our restructuring measures. Consequently, operating profit declined 28.8%, to ¥950 million. In addition, extraordinary income of ¥104 million yen generated by the sale of fixed assets for the sake of improving the efficiency of assets held. As a result of the above, quarterly net income attributable to owners of parent declined 27.2% to ¥732 million.

2. Financial Position

(1) Assets, liabilities, and net assets

As of June 30, 2025, total assets amounted to ¥96,101 million, down ¥1,793 million from March 31, 2025.

During the period, total current assets dipped by ¥184 million, to ¥44,015 million. Factors included a ¥360 million decrease in cash and deposits, a ¥491 million increase in notes and accounts receivable, a ¥148 million decrease in inventories, and a ¥86 million decrease in forward exchange contracts. Within fixed assets, property, plant and equipment decreased ¥1,316 million, to ¥44,446 million, reflecting a decrease of ¥461 million mainly due to depreciation of buildings and structures, a decrease of ¥759 million largely due to depreciation of machinery and vehicles, a decrease of ¥825 million largely due to the sale of land, and a ¥734 million increase in construction in progress. Intangibles fixed assets decreased ¥2 million, to ¥374 million yen, due to acquisitions and amortization. Investments and other assets decreased ¥289 million, to ¥7,264 million, mainly due to a ¥155 million decrease in investment securities resulting from mark-to-market valuation of equity holdings. As a result, total fixed assets ended the period at ¥52,085 million.

At the end of the period, total liabilities amounted to ¥22,400 million, down ¥1,161 million. Current liabilities decreased ¥514 million to ¥9,867 million, mainly reflecting a ¥409 million decrease in notes and accounts payable-trade, a ¥763 million decrease in income taxes payable, a ¥569 million decrease in accrued consumption taxes, a ¥666 million increase in accrued expenses, and a ¥622 million increase in other accounts payable. Long-term liabilities decreased ¥647 million to ¥12,533 million, mainly reflecting a ¥499 million decrease due to repayment of long-term borrowings, and a ¥74 million decrease in deferred tax liabilities related to mark-to-market valuation of equity holdings.

Net assets at the end of the period totaled ¥73,700 million, down ¥632 million. Factors included an increase due to ¥732 million in profit attributable to owners of parent, a ¥431 million decrease due to distributions from retained earnings, a ¥802 million decrease in currency translation adjustments, and a ¥101 million decrease in deferred gains on hedges.

As a result, the equity ratio rose to 76.7%, up from 75.9% as of March 31, 2025.

(2) Cash flows

Cash and cash equivalents at the end of the period stood at ¥21,132 million, down ¥ 202 million from March 31, 2025. This reflected cash flow factors described below.

<u>Cash flows from operating activities</u>

Net cash provided by operating activities amounted to ¥268 million, compared to ¥2,558 million provided in the previous corresponding period. Factors in this result included ¥1,002 million in income before income taxes, ¥1,277 million in depreciation, a ¥546 million increase in notes and accounts receivable, a ¥569 million decrease in accrued consumption taxes and other, and ¥978 million in income taxes paid.

<u>Cash flows from investing activities</u>

Net cash provided by investing activities totaled ¥772 million, compared to ¥768 million used in the previous corresponding period. Main factors included ¥895 million provided from the sale of property, plant and equipment and ¥233 million used in the purchase of property, plant and equipment.

<u>Cash flows from financing activities</u>

Net cash used by financing activities was ¥930 million, compared to ¥986 million used in the previous corresponding period. Main factors included ¥499 million used for the repayment of long-term borrowings, and ¥431 million in dividends paid.

For the entire fiscal year under review, we expect net cash provided by operating activities of around ¥7,860 million; net cash used in investing activities of around ¥4,380 million, mainly due to purchases of property, plant and equipment; and net cash used by financing activities of around ¥3,960 million, mainly influenced by repayments of long-term borrowings and payments of dividends.

3. Full-year Forecasts for Fiscal 2025

In the domestic business, we will proactively carry out value-added proposals that meet the management needs of key facilities, promote Premium Kit, our most important strategic product, and actively focus on activities to acquire further new customers. Through these sales promoting activities, we will ensure medical safety while reducing the workload of medical staff employed in high-stress environments and even supporting improvements to hospital management, such as boosting capacity utilization rates for surgery rooms.

In overseas business, our sales subsidiary Hogy Medical Asia Pacific Pte. Ltd. in Singapore and our Indonesian sales sub-subsidiary P.T. Hogy Medical Sales Indonesia will actively introduce our products to major hospitals in Singapore and Indonesia and other ASEAN countries.

Regarding manufacturing costs, while depreciation expenses associated with investments in Phase II of our new kit factory, which began operations in April 2023, are expected to decrease, the total amount is expected to increase due to factors such as rising material costs. While continuing to make corporate efforts to lower our cost of goods sold (CoGS) through cost reductions and productivity improvements, our manufacturing subsidiary PT Hogy Indonesia will also work to boost productivity and aim to reduce CoGS.

In light of the aforementioned circumstances, our consolidated performance forecasts for the fiscal year to March 2026 are as follows.

Consolidated Performance Forecasts for FY2025

Net sales	Y41,790 million (Up 6.8% YOY)
Operating profit	¥4,300 million (Up 12.8% YOY)
Ordinary profit	¥4,430 million (Up 21.5% YOY)
Profit attributable to owners of parent	¥3,020 million (Up 98.6% YOY)

II. Consolidated Financial Statements and Notes

1. Balance Sheets

(Millions of yen)

	As of March 31, 2025	As of June 30, 2025
Assets:		
Current assets:		
Cash and deposits	22,005	21,644
Notes and accounts receivable - trade	7,123	7,236
Electronically recorded monetary claims - operating	4,322	4,701
Merchandise and finished goods	4,734	4,685
Work in process	453	434
Raw materials and supplies	4,757	4,677
Other	803	637
Allowance for doubtful accounts	(0)	(0)
Total current assets	44,200	44,015
Non-current assets:		
Property, plant and equipment:		
Buildings and structures, net	21,550	21,089
Machinery, equipment and vehicles, net	11,736	10,976
Land	9,793	8,967
Construction in progress	2,226	2,960
Other, net	456	451
Total property, plant and equipment	45,763	44,446
Intangible assets	377	374
Investments and other assets:		
Investment securities	5,982	5,827
Other	1,765	1,630
Allowance for doubtful accounts	(194)	(193)
Total investments and other assets	7,554	7,264
Total non-current assets	53,694	52,085
Total assets	97,895	96,101

(Millions of yen)

	As of March 31, 2025	As of June 30, 2025
Liabilities:		
Current liabilities:		
Notes and accounts payable - trade	4,765	4,355
Current portion of long-term borrowings	1,999	1,999
Income taxes payable	1,041	277
Provisions	576	222
Other	1,998	3,012
Total current liabilities	10,381	9,867
Non-current liabilities:		
Long-term borrowings	11,670	11,170
Retirement benefit liability	553	486
Provisions	120	108
Other	837	768
Total non-current liabilities	13,180	12,533
Total liabilities	23,562	22,400
Net assets:		
Shareholders’ equity:		
Share capital	7,123	7,123
Capital surplus	8,294	8,294
Retained earnings	56,552	56,854
Treasury shares	(3,909)	(3,909)
Total shareholders’ equity	68,060	68,361
Accumulated other comprehensive income:		
Valuation difference on available-for-sale securities	2,154	2,115
Deferred gains or losses on hedges	112	11
Foreign currency translation adjustment	4,098	3,296
Remeasurements of defined benefit plans	(102)	(93)
Total accumulated other comprehensive income	6,263	5,329
Non-controlling interests	8	8
Total net assets	74,332	73,700
Total liabilities and net assets	97,895	96,101

2. Statements of Income and Comprehensive Income

(Statements of Income)

(Millions of yen)

	Three months ended June 30, 2024	Three months ended June 30, 2025
Net sales	9,725	9,375
Cost of sales	6,322	6,109
Gross profit	3,402	3,266
Selling, general and administrative expenses	2,066	2,315
Operating profit	1,335	950
Non-operating income:		
Interest income	65	42
Dividend income	22	22
Rental income	31	—
Other	9	4
Total non-operating income	128	69
Non-operating expenses:		
Interest expenses	6	28
Foreign exchange losses	21	14
Loss on investments in investment partnerships	1	74
Rental costs	28	2
Other	0	0
Total non-operating expenses	58	120
Ordinary profit	1,405	899
Extraordinary income:		
Gain on sale of non-current assets	—	104
Total extraordinary income	—	104
Extraordinary losses:		
Loss on abandonment of non-current assets	3	1
Total extraordinary losses	3	1
Profit before income taxes	1,402	1,002
Income taxes	395	269
Profit	1,006	732
Profit attributable to non-controlling interests	0	0
Profit attributable to owners of parent	1,006	732

(Statements of Comprehensive Income)

(Millions of yen)

	Three months ended June 30, 2024	Three months ended June 30, 2025
Profit	1,006	732
Other comprehensive income:		
Valuation difference on available-for-sale securities	(167)	(39)
Deferred gains or losses on hedges	—	(101)
Foreign currency translation adjustment	836	(802)
Remeasurements of defined benefit plans, net of tax	(3)	8
Total other comprehensive income	666	(933)
Comprehensive income	1,672	(201)
(Breakdown)		
Comprehensive income attributable to owners of parent	1,672	(201)
Comprehensive income attributable to non-controlling interests	0	(0)

3. Statements of Cash Flows

(Millions of yen)

	Three months ended June 30, 2024	Three months ended June 30, 2025
Cash flows from operating activities:		
Profit before income taxes	1,402	1,002
Depreciation	1,407	1,277
Interest and dividend income	(88)	(64)
Interest expenses	6	28
Loss (gain) on investments in investment partnerships	1	74
Foreign exchange losses (gains)	15	20
Loss (gain) on sale of non-current assets	—	(104)
Decrease (increase) in trade receivables	(16)	(546)
Decrease (increase) in inventories	(82)	(7)
Increase (decrease) in trade payables	(614)	(358)
Other, net	501	(117)
Subtotal	2,533	1,204
Interest and dividends received	124	71
Interest paid	(6)	(28)
Income taxes paid	(92)	(978)
Net cash provided by (used in) operating activities	2,558	268
Cash flows from investing activities:		
Purchase of property, plant and equipment	(883)	(233)
Proceeds from sale of property, plant and equipment	—	895
Purchase of intangible assets	—	(22)
Other, net	115	133
Net cash provided by (used in) investing activities	(768)	772
Cash flows from financing activities:		
Repayments of long-term borrowings	(499)	(499)
Purchase of treasury shares	(1)	—
Dividends paid	(485)	(431)
Net cash provided by (used in) financing activities	(986)	(930)
Effect of exchange rate change on cash and cash equivalents	314	(312)
Net increase (decrease) in cash and cash equivalents	1,118	(202)
Cash and cash equivalents at the beginning of the period	18,623	21,334
Cash and cash equivalents at the end of the period	19,742	21,132

4. Notes on Consolidated Financial Statements

- Note related to ongoing concern assumption

  Not applicable.

- Note of significant change in shareholders' equity

  Not applicable.

- Application of accounting procedures specific to the preparation of quarterly consolidated financial statements

  (Calculation of tax expenses)

  Tax expenses are calculated by reasonably estimating the effective tax rate after applying tax-effect accounting to pre-tax income for the consolidated fiscal year, including the first quarter of the current consolidated fiscal year, and multiplying pre-tax income by the resulting estimated effective tax rate.

- Note on segment information

  The Company and its consolidated subsidiaries are engaged in the manufacture and sales of medical-use consumables and in peripheral activities, which together are regarded as a single business. Accordingly, there are no classified segments for disclosure purposes.