

Integrated Report 2024



Our Values and Goals

Purpose of Existence

To be a manufacturer that can stably supply high-quality machines and services to resolve social issues by achieving saving energy and manpower

Since the establishment in May 1942, HISAKA WORKS, LTD. has produced many “Japan’s first” and “the world’s first” products, such as dyeing and finishing devices, plate heat exchangers, retort sterilizers, and ball valves. Our purpose of existence is to be a manufacturer that can stably supply high-quality machines and services to resolve social issues by achieving energy saving and manpower saving. We support people’s affluent lives by delivering our products and services to customers around the world.

In April 2021, we revamped our philosophy system. The new philosophy system “HISAKA MIND,” which consists of the Company Motto, Business Creed, Five Principles, and Action Guidelines, was established. As we drive forward our corporate activities with HISAKA MIND being a shared value standard for all employees, we will take advantage of our comprehensive strength to resolve social issues and contribute to the realization of a sustainable society.



Chairman and Chief Executive Officer **Yoshikazu Takeshita**

Philosophy System “HISAKA MIND”

Company Motto: Our DNA

「^{まごころ}誠心」

- Let’s be people who have sincerity Being people who respect others and value harmony
- Let’s make products that have sincerity Creating satisfying products free of deception or ambiguity
- Let’s make ours a company that has sincerity Being a company that brings happiness to everyone

Five Principles: What We Aim to Be

- 1) Cooperation with Empathy Engaging in matters together with others holding the same goal
- 2) Enterprising and Daring Engaging in matters pro-actively and boldly
- 3) Profit for Yourself and Others Your own profit is the profit of others, and contributing to others is your own happiness
- 4) Fair and Impartial Engaging in matters fairly and openly
- 5) Safety and Security Providing a sense of security through the utmost priority on safety

Business Creed: Our Eternal Goals

“Taking root among the world”

We will provide attractive products and services through our high-level technology, broad network, and in-depth researches.

“Pursuit of rich humanity”

We will become attractive persons with high aspirations, broad perspectives, and in-depth consideration.

Action Guidelines: Actions We Should Take

HIGHER Undertake challenges to make new discoveries

- 1) Just give it a try
- 2) Correct your course
- 3) Ask for help
- 4) Continue to be humble

WIDER Expand your own possibilities

- 1) Accept differences
- 2) Expand the breadth of your knowledge
- 3) Gain a great deal of experience

DEEPER Become experts

- 1) Refine your strengths
- 2) Find the interesting part of things
- 3) Continue perseveringly

Long-Term Vision

Become a company that puts together control technology for fluid heat and pressure to support the future of energy, water, and food together with our customers

Corporate Message

with hopeful technology

HISAKA WORKS is an industrial machine manufacturer that continues to refine our technology. Behind that technology lie the hopes to support safety, comfort, and convenience, as we listen to the needs in various fields to contribute to the development of society.

We set the message to express our stance of using technology filled with hopes to continue to undertake challenges in an ever-changing society and our stance to make leaps towards the future.

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Editorial policy Integrated Report 2024 was issued to provide financial and non-financial information on HISAKA’s medium- to long-term value creation. In editing the report, we referred to the International Integrated Reporting Framework by the IFRS Foundation and the Guidance for Integrated Corporate Disclosure and Company-Investor Dialogue for Collaborative Value Creation 2.0 by the Ministry of Economy, Trade and Industry.

Target readers All stakeholders of the Hisaka Group
Period covered by the report The report mainly covers the fiscal year ended March 31, 2024 (April 1, 2023 to March 31, 2024).
Scope of report The report covers the Hisaka Group, which consists of HISAKA WORKS, LTD. and 11 affiliated companies.


Information disclosure system

Financial information	Integrated Report	<ul style="list-style-type: none"> • Financial statements and financial results briefing materials • Annual Securities Report/Quarterly Report • Hisaka Newsletter/Hisaka Newsletter (Interim)
		Corporate website
Non-financial information (ESG information)		


We provide many products that support safety, comfort, and convenience in the fields of clothing, food, housing, pharmaceuticals, environment, and energy, leveraging our advanced manufacturing technologies.




Established
May 1942



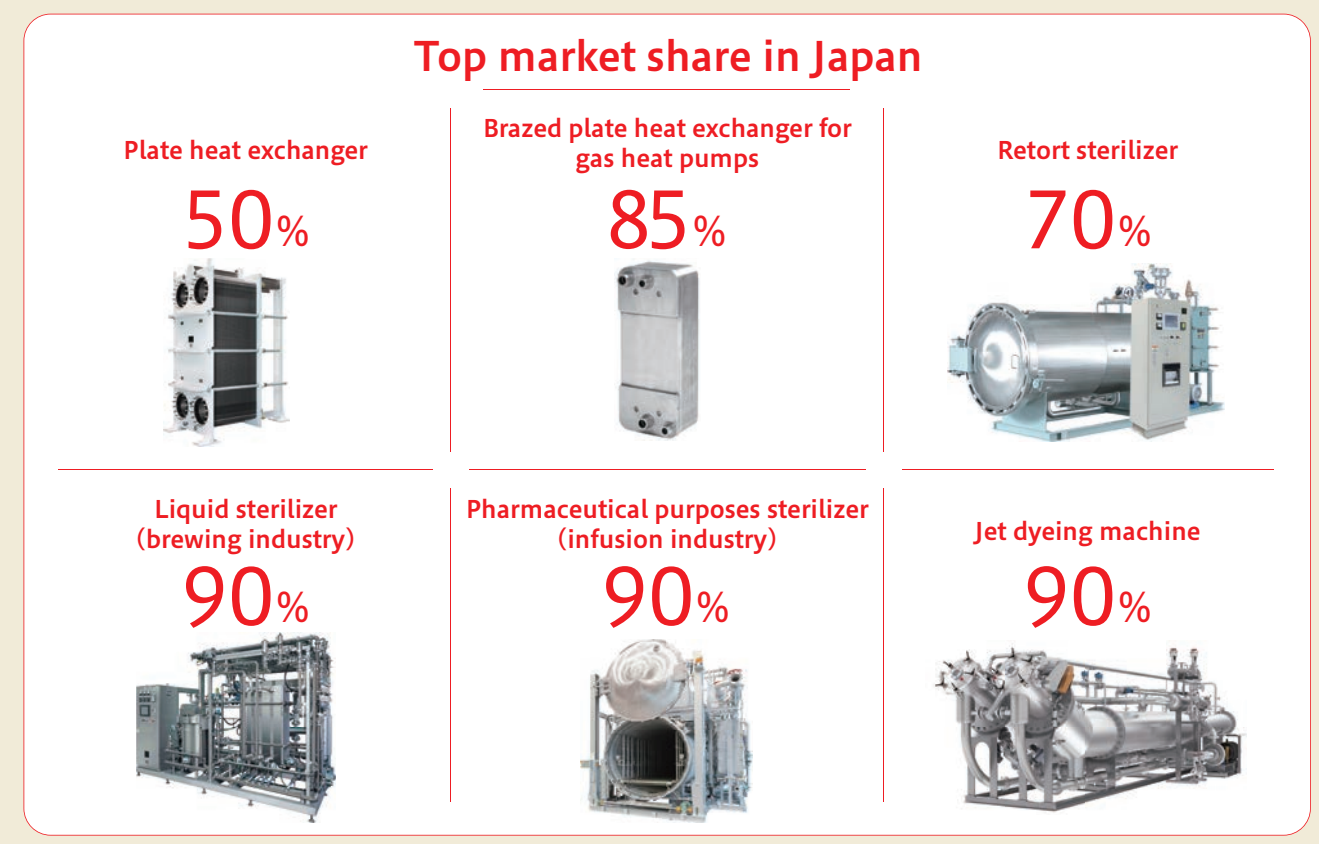
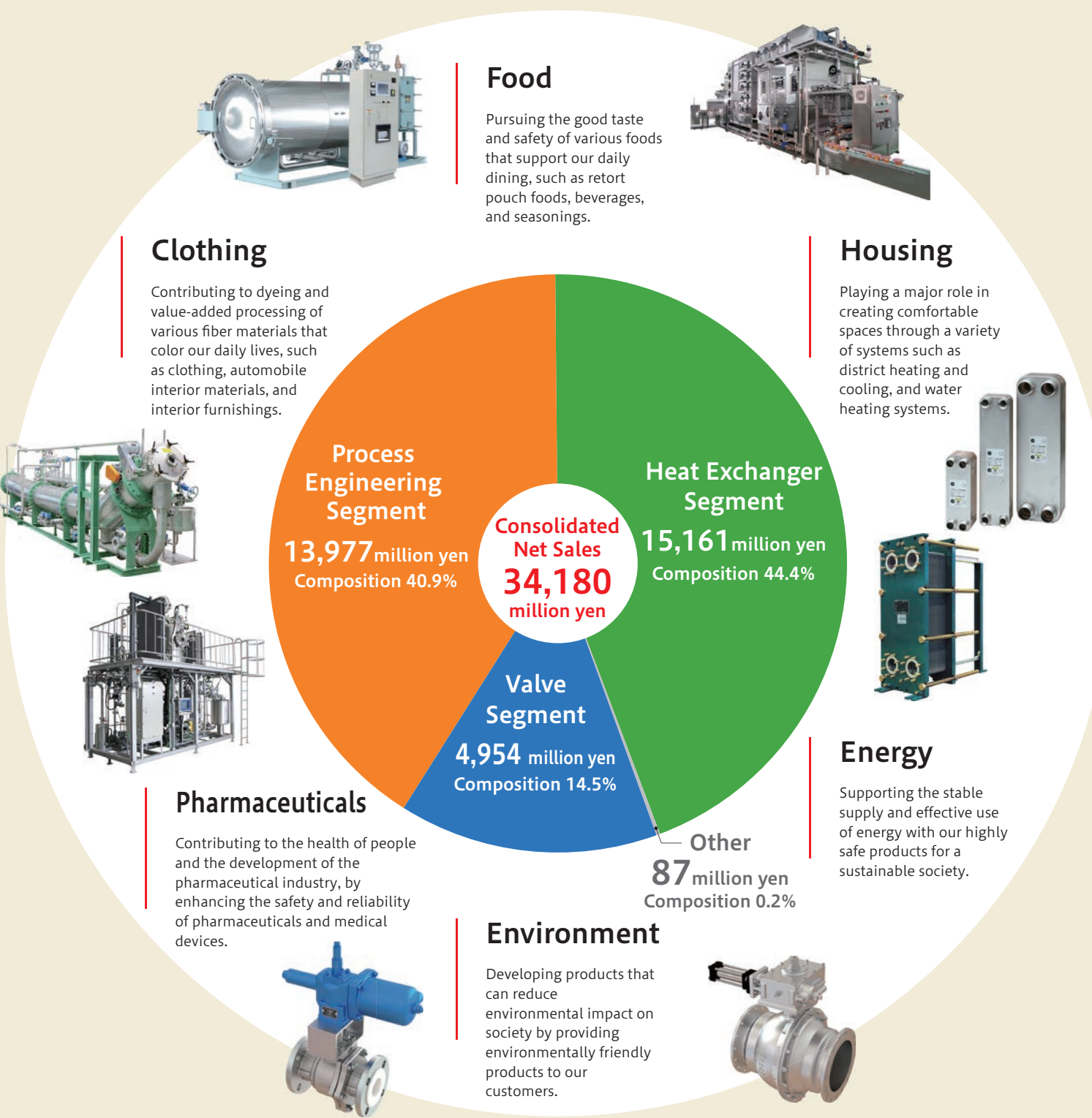
Number of Employees
(Consolidated)
1,011



Production Plants
Japan: 3
Overseas: 2



Affiliated Companies
Japan: 3
Overseas: 8



The market share is based on our own research.

Segment



Heat Exchanger Segment

The segment that manufactures and sells plate heat exchangers that perform the heating and cooling of fluids, which are essential in various industries

Visit the website for more details



Major Products

Plate heat exchanger (PHE)

This heat exchanger has multiple heat plates in layers between which hot fluid and cold fluid flow through to perform heat exchanging. It is used in a wide variety of industries and applications, and we offer a wide lineup from small to super jumbo products that are suitable for all sorts of heat transfers.



PHE

Brazed Plate Heat Exchanger (BHE)

This plate heat exchanger has an integrated structure in which parts such as heat transfer plates and nozzles are brazed with copper or nickel. It is incorporated in familiar places such as air conditioners and hot water supply units.



BHE for Refrigeration

Plate Condenser

This plate condenser is exclusively for cooling and condensing large-capacity vapors and gases with large plate passage holes and plate patterns.



Plates for Condenser

“Full Service Package” for ease of mind and reliability

With the “Full Service Package,” we take away the entire PHE from our customers to our service center, and give it a comprehensive (“full”) package of maintenance programs including disassembly and evaluation of the PHE conditions, evaluation and washing of plates, exchanging gaskets, and reassembly and testing of plates before return.

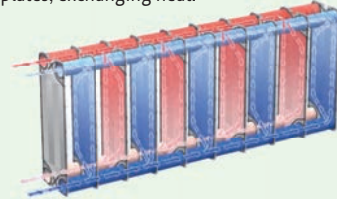
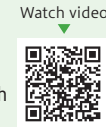


Before After

Structure

Plate heat exchanger

A structure consisting of overlapped heat transfer plates made of thin sheets of corrosion-resistant metals such as stainless steel and titanium. High-temperature fluids and low-temperature fluids flow alternately through the flow paths between the plates, exchanging heat.



Flow configuration of the plate heat exchanger

Applications



Chemical

Caustic soda, petrochemical, oil refinery, coal chemical, pharmaceutical, inorganic and organic chemical



Heating Ventilation and Air Conditioning (HVAC)

Cooling/heating unit, hot water supply, district heating and cooling unit, thermal storage system, clean room, hot spring, swimming pool



Metal

Smelter cooling, furnace cooling, electrolytes cooling, granulation water cooling, sulfuric acid manufacturing



Heat pump cycle

Refrigerator, refrigeration system, cascade condenser, absorption heat pump



Food

Milk, beer, sugar/starch, fermentation, brewing, soft drinks, fish farming, hydroponics



Marine

Central cooling, lubricant oil (LO) cooling, marine gas oil cooling



Hot water supply and heating system

Non-pressurized open boiler, bath filtration system, floor heating, bath water heating



etc. Other applications

Jacket water coolers for engines, transformers, rectifiers, inverters, etc.; coolers for heat-generating elements in laser, UV, and similar equipment; oil coolers in hydraulic units and similar ones; fuel cells; water-cooled refrigerator condensers; water-cooled computers



Power

Bearing cooling water cooling, LO cooling, cogeneration facilities



Iron & Steel

Cooling of blast furnace, cooling of continuous casting, COG application, plating application



Pumps

Mechanical seal water coolers, vacuum pump seal water coolers, dry vacuum pumps



Process Engineering Segment

The segment that manufactures and sells cooking disinfecting devices used for retort pouch foods and the like, plus sterilizing and culturing devices for pharmaceuticals, and dyeing and finishing devices for fiber products

Visit the website for more details



Hot Water Spray Type Retort Sterilizer

The heat is extremely uniform during the warming, heating, and cooling processes, which contributes to safety and security for retort food products through sterilization with even temperatures.



High Temperature, High Pressure Retort Sterilizer (RCS)

Flush Type Concentration Evaporator

This is a compact unitized evaporator/concentrator with fully automatic operation, capable of concentrating small volumes of liquid as well as highly effervescent liquids with completely foam-free operation.



Concentration Evaporator (Forced circulation plate type)

Pharmaceutical Sterilizer

With thorough temperature and pressure control, it can comply with cGMP (Good Manufacturing Practices for Pharmaceuticals) and is used for sterilization of pharmaceutical infusion bags, injectables, medical devices, and the like.



Pharmaceutical Sterilizer (Hot water spray type)

Circular Jet Dyeing Machine

A variety of models are available to meet customers' processing types and needs, and measures such as the addition of systems and options to meet their objectives contribute to low cost, high productivity, high quality, and stable processing integrity.



Circular CUT-ZR

Sterilizer

Foods and pharmaceuticals in pouches, cans, bottles, and other containers are sterilized by controlling the pressure and temperature in the tank.



Jet dyeing machine

Coloring and texturing of cloth is performed by circulating the cloth in a tank in which pressure and temperature can be controlled.



Retort food

Sterilization of cooked curry, stew, and rice contained in the can, bottle, pouch, and other molded containers



Alcoholic beverages

Sterilization of refined sake, beer, whiskey, wine, and distilled spirit



Sanitary goods/products

Sterilization of absorbent cotton, gauze, and napkin



Piece dyeing

Woven and knit fabrics of various clothing such as sport apparel, inner cloth and suits. Dyeing, untwisting, relaxing and reduction in weight of secondary materials such as interlining and back fabric, interior products such as curtain and race and industrial materials such as those of automobile interior and artificial leather



Prepared food

Boiling, concentration maceration, steaming, cooling of beans, seaweeds, and other food



FA system (food)

Automation of food processing, FA of retort food sterilizer and its related equipment



Medical supplies

Cleaning, sterilization, drying of medical apparatuses; sterilization and drying of scrubs and sheets



Yarn dyeing and drying

Scouring, bleaching, dyeing, and drying of woven and knit fabrics of various clothing, automobile interior materials, and non-clothing materials such as those related to interior



Beverages in general

Continuous sterilization/cooling/concentration/drying of milk, various dairy products, and soy milk; extraction/blending/sterilization/concentration of coffee, tea, mineral water, juice, soft drink, and others



Seasonings and extracts

Sterilization of soy sauce, seasoning sauce, vinegar, sauce, mayonnaise, margarine, and various syrup; extraction/concentration/drying of extract from vegetable, meat, and fish



Pharmaceutical products

Sterilization of injectable and instrument; sterilization of culture media and health drink; heating, cooling, extraction, concentration, and drying of medical raw materials and Chinese herbal medicines; production of pure steam and WFI



FA system (dyeing)

Automatic measurement and input system of auxiliary agent and dye stuff, unmanned transfer system of yarn and textile, group management system of dyeing machines, automatic charging and discharging device of cheese yarn, and production control system of dye works



Valve Segment

The segment that manufactures and sells ball valves and the like used in the control of various fluids.

Visit the website for more details



General 2-way Ball Valve

The major products which are widely used in general chemicals, petrochemicals, refining, iron/steel, pulp/paper, electricity, gas, ships, and food, and is manufactured up to 300 A.



General 2-way Ball Valve HF5

Metal Touch Ball Valve

This ball valve is sealed with a metallic ball seat and can be used under severe conditions such as high temperature, high viscosity fluids, and abrasive powders and slurries.



Metal Touch Ball Valve HF5 (M1)

PFA Lined Ball Valve

This ball valve with PFA lining has ball seat and ball mating parts that are designed to prevent rise in internal pressure and has excellent chemical resistance.



PFA Lined Ball Valve SKY

Diaphragm Valve

This diaphragm valve with PFA lining uses a PTFE diaphragm (membrane) as the sealant and is excellent in airtightness, corrosion resistance, and durability of the valve seat.



Diaphragm Valve HD1

Ball valve

A ball valve is a valve with a valve disc shaped like a ball that controls fluid flow. Fluid flow can be turned on or off by rotating the ball 90 degrees. The valve offers excellent operability.



Chemical plants

Chemical plants for paints, plastics, polypropylene, etc.



Iron/Steel plants

Blast-furnace fuel blow, cooling, silica removal, dephosphorization, conveyance lines for pulverized coal and iron oxide



Food and beverage

Chocolate, cacao, edible oils, salts, sugars, starch, flavorings, whiskey, distilled spirit, hops, malt, etc.



Pharmaceuticals

Vaccine manufacturing facility, refrigerant equipment



Environment

Sludge, garbage, and sewage treatment plants, waste plastic recycling facilities, etc.



Electricity and energy

Ash treatment, boiler equipment, and other items for thermal power stations



Secondary battery

Production facilities of lithium-ion batteries and nickel-metal hydride batteries



Semiconductors

Exhaust gas treatment equipment, chemical supply equipment, and monosilane gas line

Since the establishment in May 1942, HISAKA WORKS, LTD. has produced many “Japan’s first” and “the world’s first” products, such as dyeing and finishing devices, plate heat exchangers, retort sterilizers, and ball valves, and provided reliable products and services that meet a wide variety of needs and solve our customers’ challenges. Under our corporate message, “with hopeful technology,” we will deliver value with our refined technology and contribute to the development of a sustainable society. In the fiscal year ending March 31, 2043, the 100th anniversary of our founding, we aim to achieve our long-term vision as well as 100 billion yen in net sales and 12 billion yen in operating profit on a consolidated basis.

- 1942 Started as Mitsubishi Kogyo Co., Ltd.
- 1947 Changed company name to Sakura Seisakusyo
- 1951 Changed company name to HISAKA WORKS, LTD.
- 1954 Opened new Horiage Factory (former Yodogawa Factory)
- 1958 Began four business divisions layout
- 1962 Opened new Konoike Factory (now Konoike Plant)
- 1969 Began operation of 20,000-ton press machine
- 1971 Stocks listed on Second Section of Osaka Stock Exchange
- 1973 Stocks listed on Second Section of Nagoya Stock Exchange
- 1983 Began operation of 40,000-ton press machine, one of world’s largest press machines
- 1985 Stocks listed on Second Section of Tokyo Stock Exchange
- 1987 Stocks designated on First Sections of Tokyo, Osaka, and Nagoya Stock Exchanges

- 1998 Certified with quality management system (ISO 9001)
- 2004 Established HISAKAWORKS S.E.A. SDN. BHD. in Malaysia
- 2006 Established HISAKA (SHANGHAI) COMMERCE CO., LTD. in China
- 2008 Ended operations at Yodogawa Factory, concentrated production base to Konoike Plant
- 2009 Acquired MICROZERO CO., LTD. as subsidiary
- 2009 Established HISAKA WORKS (CHANGSHU) CO., LTD. in China (now HISAKA WORKS (CHINA) CO., LTD.)

- 2012 Established HISAKA MIDDLE EAST CO., LTD. in Dammam, Saudi Arabia
- 2013 Established HISAKA KOREA CO., LTD. in South Korea
- 2016 Acquired ASAHI INDUSTRY CO., LTD. as subsidiary
- 2019 Opened Ome Plant
- 2019 Acquired KOMATSUGAWA CHEMICAL ENGINEERING CO., LTD. as subsidiary
- 2021 Transitioned to a company with an Audit and Supervisory Committee
- 2022 Transitioned to Prime Market under Tokyo Stock Exchange new market segments
- 2023 Launched HISAKA PRODUCTS, LTD.
- 2024 Opened Ikoma Plant

- 2025 Final fiscal year of our Mid-Term Business Plan “G-23”
- 2042 100th anniversary



From establishment >> From 1951 >> From 1971 >> From 1991 >> From 2011










Social Issues/Needs

- Postwar economic recovery, heavy chemical industrialization of industries
- Arrival of mass production, mass consumption era
- Improved durability and ability to handle high temperatures and high pressures of dyeing machines, and demand for domestic production of heat exchangers
- Improved standard of living along with the growth of the Japanese economy
- Increasingly serious environmental and pollution problems
- Proactive investment in energy saving spurred by the oil crisis
- Collapse of the bubble economy, sluggish domestic economy
- Continued decline of the domestic textile industry
- Movement towards a decarbonized society, reduction of food loss
- Safe and secure food and pharmaceuticals
- Increased demand for saving energy and manpower

Hisaka Group’s Value Creation

Mitsubishi Kogyo was founded as a machine tool repair shop, recognizing the urgent need to repair and rehabilitate machine tools during wartime. Thereafter, the company recognized the potential of stainless steel and began manufacturing stainless steel pipes. Took on the challenge of domestic production of various equipment. Contributed to the development of the heavy chemical industry and supported rapid economic growth. As environmentally friendly products that address social needs such as energy and resource conservation, demand for heat exchangers and jet dyeing machines increased. Expanded product lineup and sales also of valves and products related to process engineering. In addition to the preparation of bases aimed at market development of heat exchangers in the Southeast Asian market, introduced large heat exchangers and specially designed valves for the Middle East to meet diverse needs, including maintenance support. In 2017, established the long-term vision towards the 100th anniversary and in 2021, established the new philosophy system, “HISAKA MIND,” aiming to balance corporate value enhancement and contribution to the realization of a sustainable society.

Hisaka Group’s Business/Product Development

<p>1946 Began manufacturing stainless pipes</p>	<p>1951 Developed Japan’s first dyeing machine</p> 	<p>1974 Developed world’s fastest jet dyeing machine</p>	<p>1996 Developed one of world’s largest (at the time) plate heat exchangers</p> 	<p>2013 Began sales of plate heat exchanger with high heat resistance and high pressure resistance</p>
<p>1955 Developed Japan’s first plate heat exchanger</p> 	<p>1975 Developed Japan’s first retort sterilizer made of stainless steel</p> 	<p>2001 Developed aseptic rice cooking line</p> 	<p>2017 Developed triple-tube sterilizer</p>	<p>2017 Developed diaphragm valve</p> 
<p>1958 Developed Japan’s first ball valve</p> 	<p>1975 Developed Y-type 3-way ball valve</p> 	<p>2007 Developed semi-jacket ball valve for chocolate</p>	<p>2018 Developed plate heat exchanger for evaporator and concentrator</p>	<p>2019 Developed Hi-T Seat ball valve</p>
<p>1966 Developed Japan’s first plate evaporator</p>	<p>1986 Developed sterilizer for pharmaceuticals</p>	<p>2021 Developed heat exchanger EXOLUTION series</p>	<p>2022 Developed environmentally friendly Jet dyeing machine</p>	<p>2023 HISAKA’s heat exchangers selected for use in Expo 2025 Osaka, Kansai, Japan</p> 
<p>1967 Developed world’s first jet dyeing machine</p>				

Origin of company name

The name **HISAKA** derives from “日 (HI)” from Japan and “阪 (SAKA)” from Osaka, incorporating the desire to be a vibrant company like Osaka, a city synonymous with commerce in Japan.

Origin of company logo

The design is a combination of the Japanese character “日” which stands for Japan, and “S” for stainless steel. The circular design signifies maturity, reflecting our aspiration for both our employees and products to grow and evolve with rich human qualities.



President and Representative Director,
President and COO

Toshiya Usami

We, at HISAKA WORKS, tackle the challenges of solving social issues in the fields of clothing, food, housing, and pharmaceuticals. Our keywords are “energy saving” and “manpower saving.” We will strive towards the realization of our Long-Term Vision, with **“HISAKA MIND”** as our fundamental philosophy.

The Missions I Have as the Top Executive

On April 1, 2024, I was appointed President and Representative Director of HISAKA WORKS. Over the past few years, we have faced an external environment, which has been tough and severe, and an internal environment, which has been constantly changing. We are striving to overcome these challenges and become a company that will contribute to solving social issues. We would appreciate it very much if our stakeholders would join us in our efforts to achieve this goal.

I have two missions as the top executive of HISAKA WORKS (the “Company”). My first mission is to maximize the returns on our past investments. Various investments and reforms were carried out under the leadership of the former President Yoshikazu Takeshita (current Chairman). The establishment of the Ikoma Plant, in particular, marked a significant step forward. From now on, we will ensure that these investments generate solid revenue and profit. We will also continue to make strategic investments, including the restructuring of the Konoike Plant, and ensure that they produce tangible results.

My second mission is to strengthen our human capital. We have reengineered our human resource systems and raised employees’ salaries. I believe that it is important to promote the growth and enhance the motivation of each and every employee. Through specific efforts, such as development of new products, exploration of new markets, creation of new businesses, improvement in productivity, and expansion of the parts & maintenance business, we will create an environment in which employees will be able to take pride in their roles and perform their tasks efficiently.

Keeping our purpose of existence in mind, namely to be a manufacturer that can stably supply high-quality machines and services to resolve social issues by achieving saving energy and manpower, we will further strengthen the management resources we have cultivated so far, hone our skills together with our employees, and achieve results, to reach our goals for the fiscal year ending March 31, 2043, which is our 100th anniversary year (presented in “Growth Strategy” on page 16).

Hisaka’s Philosophy System

When I first joined HISAKA WORKS, my senior colleagues and bosses were there to offer brotherly advice. There were also times when they reprimanded me strictly. HISAKA WORKS had a warm and supportive atmosphere. This familial culture is taking root in our philosophy system “HISAKA MIND.” Our Company Motto is “sincerity (Magokoro).” We aim to be “people who have sincerity” and who possess deep affection and true courage. We make “products that have sincerity,” which are free of deception or ambiguity. We make ours “a company that has sincerity” by fostering harmony and creating bright atmosphere. “Sincerity,” which we uphold as our goal, means thinking and acting from the perspective of others. This Company Motto was

formulated in 1962 and has become part of our DNA. In product development, for example, pursuing sincerity from the phase of machinery design has contributed to improving product quality. In addition, the Action Guidelines, part of the “HISAKA MIND,” have outlined ten guidelines. Their concept is: Higher, Wider, and Deeper. The environment surrounding the Company is constantly changing. We aim to become a company capable of contributing to solving various social issues with each employee adhering to these action guidelines, continuously taking on challenges, and striving for growth, thereby enhancing the organization’s ability to adapt to the changes.



Characteristics of Our Business Model

Under our Corporate Message, “with hopeful technology,” we, at HISAKA WORKS, operate our business by drawing on our technologies for processing stainless steel and controlling fluid heat and pressure. Our presswork and can manufacturing technologies for stainless steel and other metals set us apart from other companies. We have four large press machines. We are the only heat exchanger plate manufacturer in Japan that boasts such a well-equipped facility. Our greatest strength is our manufacturing technologies that make full use of the equipment. Since our founding, we have honed our proprietary technologies, including expertise in processing a variety of materials such as stainless steel, high nickel alloys, and titanium, expertise in design and production to apply uniform pressure to large plates, and production technologies that enable highly efficient production of a wide variety of products. The newly established Ikoma Plant is a state-of-the-art plant of the Process Engineering Segment, which features a pressure vessel manufacturing line that connects material processing, bending, welding, mirror finishing, and assembling processes in the shortest possible distance. There are only a few manufacturers of pressure vessels for food manufacturing equipment, pharmaceutical equipment, and dyeing and

finishing devices in Japan that can seamlessly perform the entire manufacturing process, from material processing to assembling. Currently, manufacturers in Japan, who are our customers, are continuing to cut capital investment primarily due to rising raw material and energy costs. In this environment, we presented at food and pharmaceuticals-related exhibitions our high-temperature, high-pressure sterilizer, which significantly reduces the amount of steam and saves energy. These sterilizers were well received by our customers. We aim to continue to stimulate capital investment demand by developing and proposing products that address issues our customers have. In addition, at the Konoike Plant, our main plant for the Valve Segment, we possess processing technologies that distinguish us from competing valve manufacturers, including proprietary precision processing expertise utilizing our two 5-axis processing machines. Our strength is the ability to customize our products and services to suit the unique needs of each customer. Our comprehensive capabilities, a sales force that is attentive to customers and understands their needs, design and development expertise that transform them into tangible solutions, and production technologies that make them possible, are the strengths of our Valve Segment.

Review of the Long-Term Vision

In 2023, under the initiative titled the Long-Term Vision formulation project, we reviewed our growth strategy in preparation for our 100th anniversary in 2042. In the project, we discussed a feasible business portfolio to achieve our targets of 50 billion yen in net sales and 5 billion yen in operating profit in the fiscal year ending March 31, 2030 and 100 billion yen in net sales and 12 billion yen in operating profit in the fiscal year ending March 31, 2043. We revisited the purpose of existence of each segment from four perspectives: 1. What is our business? 2. What is the value to our customers? 3. What will our business be? 4. What should our business be? From these perspectives, we determined that our purpose of existence is to be a manufacturer that can stably supply high-quality machines and services to resolve social issues by achieving saving energy and manpower. In the Heat Exchanger Segment, as we see continuous demand for equipment to capture CO₂ in the carbon neutrality-related market, we will strengthen our sales of the series that include models that expand the scope of application of our conventional plate heat exchangers. Further expanding into overseas markets is also important. We intend to capture demand for maintenance services for heat exchangers, of which we have abundant delivery records primarily in the Middle East and Southeast Asia, and

offer products tailored to local needs to establish a foundation for our overseas business. In the Process Engineering Segment, we aim to expand our business domain in food, pharmaceuticals, and dyeing industries through developing new environmentally friendly products, such as products that contribute to energy saving, decarbonization, and food waste reduction, finding new applications, and forming alliances with other companies. In the Valve Segment, growth in demand in the capital investment market is expected in the semiconductor and secondary battery industries and the field of new energy resources, including hydrogen. We will precisely and swiftly capture customers' needs and potential demand and increase market shares to grow our business. As for the creation of new businesses, we believe that products and equipment related to energy, water, and food are likely to grow into new businesses. In April 2024, we moved the New Business Promotion Department, which is responsible for developing new businesses, from the Corporate Planning Division to the Technical & Development Division. We aim to create new businesses not only by leveraging the core technologies we have cultivated but also by utilizing alliances with other companies and research institutions.

Future Initiatives

In this era of rapid change, it is important to respond swiftly to new customer needs and social issues. With the keywords of energy saving and manpower saving, we are accelerating our efforts at achieving carbon neutrality, such as hydrogen, ammonia, and CO₂ capture, and provision of products and services that resolve labor shortages. In the Heat Exchanger Segment, for example, we will engage in projects for CO₂ capture, whose market is growing, by introducing our new proprietary products developed specifically for using amine solution as CO₂ absorbents and rolling out our products in series. We will also strengthen our efforts to transition to fuels that contribute to reducing CO₂ emissions, such as hydrogen and ammonia, and to support heat source devices with low environmental impact. Our Process Engineering Segment is developing its business with a focus on equipment for food, pharmaceuticals, and dyeing. In addition to increasing the added value of individual machines, such as increasing energy efficiency, we are also strengthening proposals and sales of factory automation (FA) systems that meet our customers' needs for automation and manpower saving. The Valve Segment proposes not only our automatic valves and highly maintainable products, but also new added value of customers' products, including higher yields and longer lives. We already have large market shares in Japan. In order for us to achieve further growth, it is essential to strengthen our overseas business. For this reason, we newly established the Global Management Division in April 2024. In the past, business

divisions independently made their own overseas expansion efforts. Going forward, a dedicated team responsible for overseeing our overseas business will be the pivot to accelerate the efforts to expand our overseas business. Our immediate target is the growth of the Heat Exchanger Segment in the Middle East region. We have a record of delivering approximately 600 large heat exchangers to the Middle East. We will work to steadily win maintenance contracts in Saudi Arabia, Qatar, and Abu Dhabi in the UAE, in which we established a subsidiary in April 2024, while also aiming to land new projects. In addition, we are considering focusing not only on the stable supply of high-quality, high-performance hardware products, which are our strengths, but also on the software fields, including parts and maintenance, which are highly profitable and contribute to the stability of our financial results. To achieve this, we are making organizational changes and focusing our sales efforts on areas in which we have abundant delivery records. We are also doing research on remote monitoring. Our business divisions are developing action plans so as not only to respond to inquiries from customers, but also to proactively approach customers and uncover new business opportunities. There are thus various business opportunities in the surroundings of our business, and each of them is an important effort that contributes to solving social issues. By creating additional value from a unique perspective, we strive to differentiate ourselves from our competitors and aim to achieve our numerical targets.

Management That Is Conscious of the Stock Price

We recognize the current state of our stock price as one of our significant management issues. As part of our efforts to achieve management that is conscious of the cost of capital and stock price, we are pursuing the following initiatives: (1) increase profit and improve return on equity (ROE) through the promotion of growth strategies, (2) increase capital efficiency by reducing cross-held shares, (3) enhance returns to shareholders, and (4) strengthen IR activities. As part of our growth strategies, we have been making large-scale investments, namely the establishment of the Ikoma Plant and the restructuring of the Konoike Plant. With these large-scale investments, which are scheduled for completion in the

fiscal year ending March 31, 2028, we aim to enhance our profitability and achieve an ROE above the cost of capital. We are also hoping that the explanation of our growth story and various risks in our strengthened IR activities and the efforts aimed at enhancing sustainability will increase our price-to-book ratio (PBR). We intend to deepen our dialogue with shareholders and investors to facilitate their understanding of the medium- to long-term strategies we pursue. In addition, we plan to pay out dividends, aiming for a dividend on equity ratio (DOE) of 2.0% or higher, while taking into account consolidated financial results. We will also consider purchase of treasury shares in a flexible and agile manner.

Co-creating Value with Stakeholders

It is important to co-create value with stakeholders. As a B2B company, we have continued our business by fulfilling the requests from our customers. Going forward, we will not only respond to customer requests, but also focus on proposing solutions that will help value creation of our customers, such as offering products and services that will contribute to decarbonization and energy saving. Our suppliers are our business partners. We will build good partnerships with them based on mutual trust and through compliance with laws and regulations to aim for relationships of coexistence and co-prosperity. As for our employees, we are working to create systems that encourage them to take on challenges and grow. We aim to enhance their engagement by improving the workplace environment and making their jobs more rewarding. For local communities, we intend to fulfill our role as a corporate citizen rooted in the local communities through creating employment opportunities, welcoming students at nearby schools for plant tours, and organizing blood donations. We, at HISAKA WORKS, will consistently supply high-quality products and services and make our presence felt in the global market by not only steadfastly continuing our existing

businesses, but also adapting to changes in customer needs and social issues. We would appreciate it very much if our stakeholders would continue to give us their generous support.

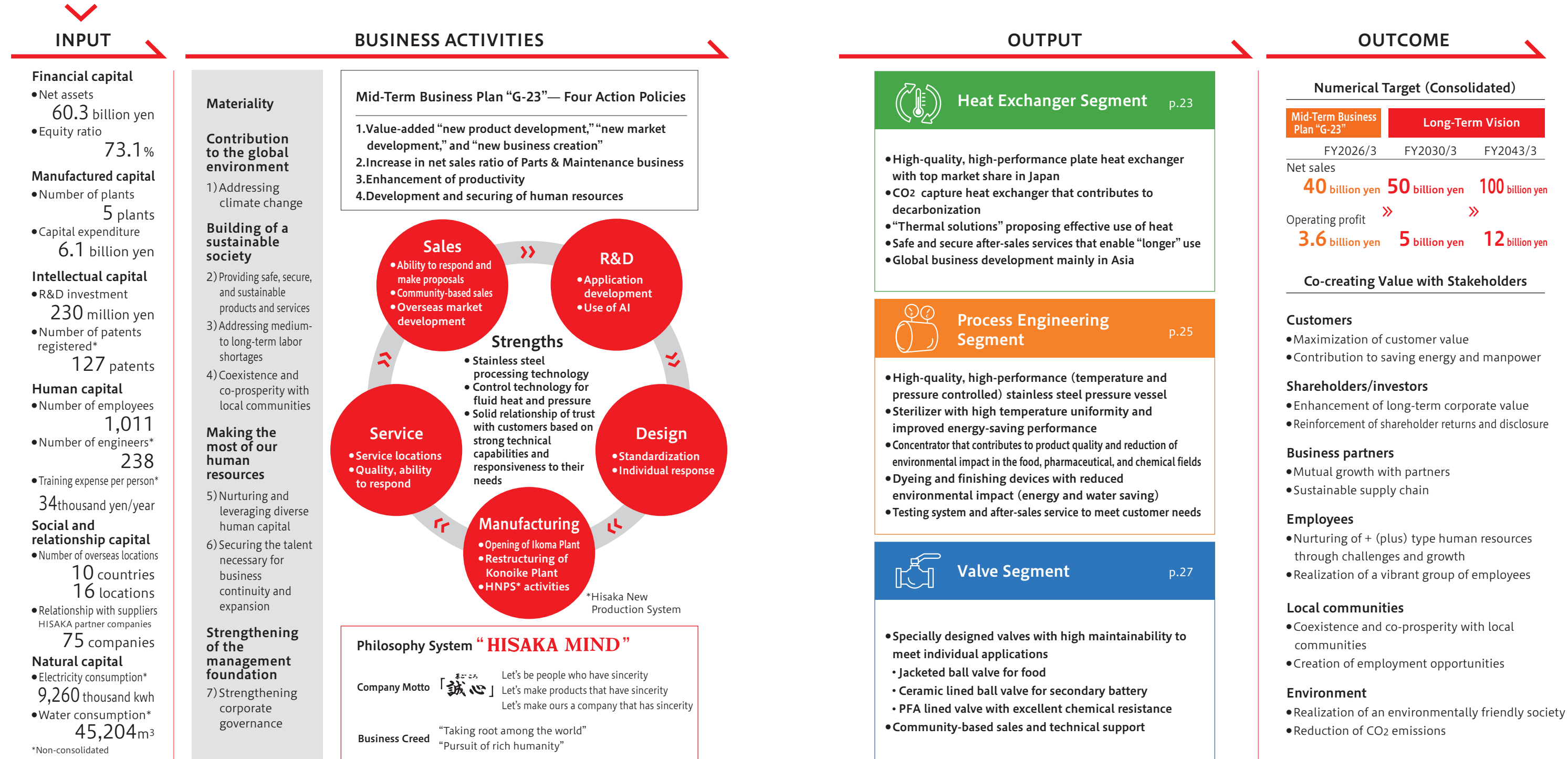


Based on the philosophy system, "HISAKA MIND," the Hisaka Group has enhanced its purpose of existence by meeting customer demands through teamwork and responsiveness from sales to design, development, manufacturing, and service, with its core technologies of control technology for fluid heat and pressure and stainless steel processing technology. We will contribute to the realization of a sustainable society by addressing material issues (materiality) and further increasing the added value of our three business segments, in order to achieve our Long-Term Vision and Mid-Term Business Plan "G-23," which are our growth strategies. Furthermore, we aim to enhance corporate value and achieve sustainable growth by co-creating value with stakeholders through our business activities and reinvesting the resources acquired to strengthen each capital.

Social Issues	Environment	Food	Medical care	Labor	Population	Economy
	<ul style="list-style-type: none"> Carbon neutrality Extreme weather, natural disasters 	<ul style="list-style-type: none"> Food safety Food loss 	<ul style="list-style-type: none"> Pandemic Long-term care, healthcare disparities 	<ul style="list-style-type: none"> Diversity Sustainability 	<ul style="list-style-type: none"> Declining birthrate and aging population Surge in population in emerging countries 	<ul style="list-style-type: none"> Inflation Localization

Contributing to the Realization of a Sustainable Society

Environment	Safety and security	Convenience and comfort
<ul style="list-style-type: none"> Realization of a carbon neutral society Reduction of food loss 	<ul style="list-style-type: none"> Contribution to sustainable business activities Contribution to food safety and security 	<ul style="list-style-type: none"> Contribution to automation and manpower saving Service (utilization of digital transformation)



As the external environment surrounding our business changes day by day, Hisaka is striving to increase our corporate value and steadily provide value to our customers and society.

Accordingly, we identify issues in terms of the two viewpoints of “contribution to solving social issues through our business” and “initiatives on social issues through our business activities overall” and determine the issues which are deemed to especially have higher priority as our materialities.

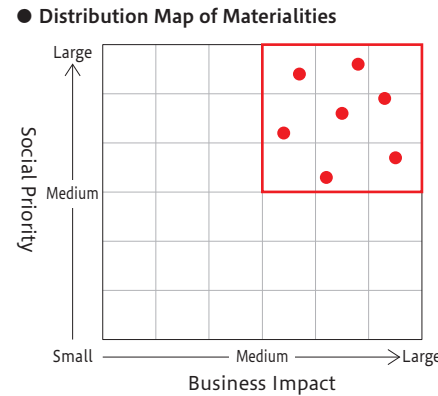
Process to Define Materiality

Materialities were defined by undertaking evaluation of each social issue in terms of its seriousness for society and for the Company, followed by a management-level approval process. Materialities will be regularly reevaluated based on changes in the business environment, social trends, and the internal and external management environment.

STEP 1 | Identifying Social Issues
Understanding the changes in social trends surrounding the Company and risks and opportunities resulting from the changes in external environment, head office and relevant departments of the three divisions identified social issues the Company should address.

STEP 2 | Defining Materialities
Issues identified in STEP 1 were evaluated in terms of two viewpoints, namely, impact on sustainable growth of society and of the Company, to prioritize the issues. Issues with particularly significant impacts were selected (as shown in figure on the right).

STEP 3 | Approval by the Board of Directors
Draft materialities that the Company should address were proposed for discussion at a meeting of Directors and Executive Officers. The materialities were confirmed as appropriate and ultimately accepted and approved by the Board of Directors.



Materiality

We defined materialities with seven items in four categories: contribution to the global environment, building of a sustainable society, making the most of our human resources, and strengthening of the management foundation. We are engaging in these challenges through our business and corporate activities.

Materiality	Reasons for selection	Action items
Contribution to the global environment	1) Addressing climate change	Climate change and other environmental issues have increasingly become serious, and are significantly impacting our stakeholders and the Company's business continuity. Hisaka has long engaged in business contributing to the reduction of environmental impact through heat exchangers and other products. Accordingly, we identified our contribution to the global environment by further expanding our business as a materiality.
Building of a sustainable society	2) Providing safe, secure, and sustainable products and services 3) Addressing medium- to long-term labor shortages 4) Coexistence and co-prosperity with local communities	We understand that there is increasing importance in ensuring the sustainability of not only our own but also our customers' economic activities, as well as preparedness for infectious disease pandemics and for unforeseen natural disasters due to intense rainfall, earthquakes, etc. We also intend to contribute to people's health by providing safe food, as well as contributing to establishing a sustainable business operation not relying on human power. Considering that strengthening bonds with local communities is critical, we identified it as one of our materialities.
Making the most of our human resources	5) Nurturing and leveraging diverse human capital 6) Securing the talent necessary for business continuity and expansion	Building a robust organization which readily responds to changes in the business environment is necessary to enable sustainable growth. We defined this as a materiality because building an organizational culture which encourages challenge and growth to establish a vibrant group of employees where people feel satisfied with their work and take initiative means securing talent through active recruitment and enhancement of the retention rate to nurture and leverage them as manpower.
Strengthening of the management foundation	7) Strengthening corporate governance	Social conditions and the business environment have increasingly and drastically changed over the years. As such, corporate governance which supports fast and fair management decisions to enable increased corporate value through sustainable management is necessary. We also defined addressing increasingly diversified risks through transparent and fair judgement as one of our material issues.

CSR-SDGs Vision

To be a company that, through corporate management incorporating SDGs (Sustainable Development Goals), can use our skills to solve social issues and contribute to the realization of a sustainable society

1) Provide solutions for customer problems and social issues utilizing Hisaka Group technologies

2) Become a company where everyone can play an active role in good health by taking advantage of diversity

3) Become a company with strong disaster response capabilities

4) Reduce CO₂ emissions through MOTTAINAI activities (Reduce, Reuse, Recycle)

5) Grow through improved governance and implement appropriate business operations

6) Provide solutions for solving social issues through partnerships

HISAKA WORKS has set a Long-Term Vision towards the fiscal year ending March 31, 2043, its 100th anniversary. Mid-Term Business Plans are also formulated every three years, and the fiscal year ended March 31, 2024 was the first year of the Mid-Term Business Plan “G-23.” The Long-Term Vision was set in 2017, and revised in 2023 in light of changes in the external business environment caused by the COVID-19 pandemic.

By resolving social issues and thereby achieving the Long-Term Vision, the Hisaka Group aims for consolidated net sales of 100 billion yen and a consolidated operating profit of 12 billion yen in the fiscal year ending March 31, 2043, the year of the 100th anniversary.

Long-Term Vision | Become a company that puts together control technology for fluid heat and pressure to support the future of energy, water, and food together with our customers

HISAKA WORKS's Long-Term Vision is to “become a company that puts together control technology for fluid heat and pressure to support the future of energy, water, and food together with our customers.” Our fundamental value lies in taking advantage of our comprehensive strength to resolve social issues and contribute to a sustainable society. We need to be a company (organization and people) that can demonstrate such value. We will continue to address social issues together with our customers by providing products and services that meet customer needs, and aim to materialize “taking root among the world.”

	FY2030/3	FY2043/3
Net sales	50 billion yen	100 billion yen
Operating profit	5 billion yen	12 billion yen
ROE	6.0%	8.0% or higher

Environment	<ul style="list-style-type: none"> Develop more efficient and higher performing products that contribute to the recycling and effective use of heat Provide environmentally friendly solutions such as utilization of unused heat
Safety and security	<ul style="list-style-type: none"> Contribute to the manufacturing of safe and secure products, centered around food sterilizers, pharmaceutical purposes sterilizers, culturing and concentrating devices, and other equipment Provide high-quality equipment and parts for foods, pharmaceuticals, semiconductors, and other products and help customers achieve safe and secure manufacturing processes
Convenience and comfort	<ul style="list-style-type: none"> Improve energy saving effects and usability of equipment Provide not only equipment itself but manpower saving solutions that include the automation of processes before and after equipment use Provide maintenance services that address labor shortages, as well as remote maintenance services

In setting the Long-Term Vision, each of our three divisions, which has different products and customers, discussed what customers expect from them and what they exist for and summarized the outcome as their purpose of existence.

Heat Exchanger Segment	Process Engineering Segment	Valve Segment	New Businesses
Resolve social issues with technological capabilities and the ability to make proposals backed by long years of experience	Always be one step ahead of social issues and changes in the business environment, and continue to be a company close to people's lives in the clothing, food, housing, and pharmaceutical fields	Be the manufacturer with No. 1 customer satisfaction that achieves the quality and performance suitable to the specifications and applications and ensures stable supply with fair prices and delivery times	Keep creating new businesses and products that help resolve social issues, and aim to be a wise “Gulliver” on a small island

Mid-Term Business Plan “G-23”

In May 2023, we announced the Mid-Term Business Plan “G-23,” and the fiscal year ending March 31, 2026 will be the final year of the plan. The “G” in “G-23” is the first letter of Growth, Global, Governance, and Goal. In “G-23,” we plan to implement measures set in the previous Mid-Term Business Plan “G-20.” Based on the basic policy of addressing material issues (materiality), we are driving forward the development of businesses that meet customer needs, as well as the strengthening of the business foundation. We aim to receive orders of 41 billion yen and achieve net sales of 40 billion yen in the final year. This is the first business plan for HISAKA WORKS that has a scale of over 40 billion yen. The targets for operating profit and operating profit margin are 3.6 billion yen and 9.0%, respectively. We will work on profitability improvement in line with capital policies. Specifically, we will implement the initiatives in the table below.

● G-23 Consolidated Results Targets (Billion yen)

	G-20	G-23		
	FY2023/3 Final year results	FY2024/3 First year results	FY2025/3 Second year plan	FY2026/3 Final year target
Orders received	34.6	37.9	39.0	41.0
Net sales	34.0	34.1	37.0	40.0
Operating profit	1.9	2.4	2.0	3.6
Operating profit margin	5.6%	7.2%	5.4%	9.0%
Ordinary profit	2.3	2.8	2.3	3.8
Profit attributable to owners of parent	2.0	2.4	1.6	2.6
ROE	3.7%	4.2%	2.7%	4.5%

Development of businesses that meet customer needs	Development of new products	Accelerate the development of products and services that contribute to energy saving and manpower saving Develop products for carbon neutrality, such as hydrogen, ammonia, and CO ₂ capture Provide equipment featuring enhanced energy-saving effects, FA that contributes to manpower saving, and maintenance services that address labor shortages
	Development of new markets	Strengthen the overseas business and make a foray into many other industries and applications Enhance the maintenance business in the Middle East, such as the opening of the Abu Dhabi location (Heat Exchanger Segment) Adapt to changing food cultures and accelerate business development in Asia (Process Engineering Segment) Expand lineups for new markets (Valve Segment)
	Creation of new businesses	Move the New Business Promotion Department to the Technical & Development Division Set up a dedicated space with the test laboratory in the Ikoma Plant
Strengthening of the business foundation	Strengthening of the parts & maintenance business	Roll out maintenance services unique to a manufacturer, by taking advantage of the high market share Strengthen service structures overseas, including the Middle East (Heat Exchanger Segment) Strengthen service structures especially in the Kanto and Kansai areas, where Hisaka has abundant delivery records (Process Engineering Segment) Establish maintenance service networks around chemical complexes in Japan (Valve Segment)
	Improvement of productivity	Operate the Ikoma Plant at the maximum productivity, restructure the Konoike Plant Promote the Hisaka New Production System (HNPS) activities, an initiative to improve productivity
	Development and securing of human resources	Revise the employee treatment system Introduce systems to accommodate diverse work styles

Message from Officer in Charge of Sales and Technical & Development Fields



We will work on the four priority issues and aim to achieve the Mid-Term Business Plan “G-23” and the Long-Term Vision.

Director, Managing Executive Officer
Sales, Technical & Development fields, and Konoike Plant Manager
Akihito Adachi

Long-Term Vision Formulation Project

In 2017, we implemented a Long-Term Vision formulation project with an eye towards 2042, our 100th anniversary. The policy we set up then was to aim for net sales of 100 billion yen by “becoming a company that puts together control technology for fluid heat and pressure to support the future of energy, water, and food together with our customers.” The business environment surrounding us, however, changed substantially after this project, due to the spread of COVID-19 and heightened geopolitical risks. Under such circumstances, we implemented another Long-Term Vision formulation project in April 2023. A total of 19 project members held discussions over the course of six months. The members included President and Representative Director Usami, who assumed the position in April 2024; the general manager of each division; sales section managers and other managers in charge of business; and executive candidates who will be responsible for the Company in the future.

For each of the three business segments, we discussed in earnest what customers expect from us, what we exist for, and what we aim to be and deliberated on our purpose of existence. As a result, numerical targets that should be achieved were set. Through these discussions, we were able to recognize the intense competitive environment we are in and various risks we face, as well as to reaffirm various business opportunities. It also became clear that further developing new markets and creating new businesses will be important when we look to the Company’s long-term future towards 2042. This led us in the April 2024 organizational restructuring to establish the new Global Management Division to expand the overseas business, as well as to move the New Business Promotion Department to the Technical & Development Division to accelerate the development of future mainstay businesses.

April 2024 Organizational Restructuring

- Global Management Division (newly established)
 - Strengthened cross-functional control over the overseas business
- Management Control Division (function strengthened)
 - Centralized the administration structure and strengthened the function of the organization
- Technical & Development Division (function strengthened)
 - Improved the efficiency of technological development and strengthened the development function
- New Business Promotion Department
 - Accelerated the development of future mainstay businesses
 - Set up a dedicated space with the test laboratory in the Ikoma Plant

Priority Issues in Achieving the Long-Term Vision

Two issues became clear through the Long-Term vision formulation project: “securing and development of human resources” and “new product development, new market development, and new business creation.” We need to continuously work on the securing and development of human resources from a long-term perspective. We started from the creation of systems that encourage employees to take on challenges and grow, such as 1-on-1 meetings and the revision of the employee treatment system. As one of our steady efforts, we created a plant tour program for junior and senior high school students. We have been accepting tours since 2023. By letting students see our products and manufacturing, which the general public are not familiar with, we hope to help them think about their futures. New product development, new market development, and new business creation are extremely important in the long term, although achieving them will be difficult if we pursue short-term results. By setting up a dedicated organization and clarifying its mission, we have created a structure to follow through. In addition, we need to enhance profitability to continue with sustainable growth and meet the expectations from all stakeholders. Necessary initiatives for this would be the strengthening of the parts & maintenance business and improvement of productivity. While the strengthening of the parts & maintenance business leads to profitability improvement, the principal aim is to strengthen contact points with customers. With the Company Motto of “sincerity,” we have gained trust and expanded our business by listening to customers at all times and solving their problems. Instead of ending the relationship with customers at the sale of our products, we will strengthen parts & maintenance services while listening to customers’ voices during their use of the products. In January 2024, the Ikoma Plant was launched after about five years of preparation. We have also started to restructure the Konoike Plant. We seek to steadily improve productivity by creating a structure where high-quality and high-performance products are manufactured efficiently.



Konoike Plant

Message from General Manager of the Global Management Division Overseas Business



We will enhance competitiveness in the global market through “We Are Here!” partnership and localization.

Senior Executive Officer
General Manager of the Global Management Division
Toru Tanaka

New Establishment of the Global Management Division

In April 2024, the Global Management Division was newly established to oversee the entire overseas business. Each division had been responsible for the operation of overseas business with limited involvement of the head office, and each division’s independent and active efforts had resulted in a certain extent of growth of the Company’s overseas business. Meanwhile, the time had come when the head office was expected to engage in company-wide overseas business development aimed at further growth. The new Global Management Division leads the Company’s overseas business to the next stage by engaging in cross-departmental and centralized overseas business development under the leadership of the head office.

Development of Overseas Markets

After establishing a local subsidiary in Malaysia in 2004, our overseas business has expanded locations over the course of 20 years to such countries as Thailand, Singapore, Indonesia, Vietnam, the Philippines, South Korea, China, and Saudi Arabia. With the new group company established in Abu Dhabi in April

2024 and companies of which we are a minority shareholder, we have 13 overseas locations. Based in these locations, we will seek to expand the sales of and maximize synergy among unique products from our three divisions, as well as exploit emerging markets and create new markets by developing products and services that meet local needs and expanding business domains.

We Are Here!

“We are here!” is the purpose of existence of overseas affiliated companies. It means “HISAKA WORKS is here.” We will understand the needs of each region, localize existing businesses in accordance with their characteristics, and establish a business foundation for growth to the next stage. The pillars for this initiative will be the enhanced competitiveness in the international market, as well as the independence of local subsidiaries. We will convey the value “HISAKA WORKS is here” to the world by implementing thorough quality control and cost management and procuring and producing locally, which are made possible by strengthening local partnerships and promoting localization.



Aiming for Overseas Subsidiaries’ Net Sales Ratio of 25%

While overseas subsidiaries’ net sales currently account for approximately 10% of our consolidated net sales, we position the development of overseas markets as an important measure for achieving the Long-Term Vision. By strengthening partnership with local companies and partners and providing products and services that meet local needs, we will establish a business foundation in each region. We ultimately aim to establish a locally-led operational structure. Another target is to increase the ratio of net sales from overseas subsidiaries to account for 25% of consolidated net sales.

Message from General Manager of the Technical & Development Division New Businesses



We will keep creating new businesses and products that help resolve social issues, and aim to be a wise “Gulliver” on a small island.

Executive Officer
General Manager of the Technical & Development Division
Masaki Nagano

Launch of the Technical & Development Division

The Technical & Development Division was newly established in April 2024. The Technical & Development Division, the forerunner, consisted of two departments: the Technology Development Department and the Information System Department. The two departments were joined with the former New Business Promotion Department, which is an organization dedicated to the planning and development of new businesses since 2018, and was transferred from the Corporate Planning Division to the Technical & Development Division, and renamed to the New Business Promotion Department. The Technical & Development Division thus started with three departments under its umbrella.

Moving the renamed New Business Promotion Department to the Technical & Development Division

To mention the history, the New Business Promotion Division was launched as a specific measure set in the 2017 Long-Term Vision formulation project. As a dedicated organization for the future creation of new businesses, it took charge of the processes from new theme conception to commercialization.

We initially laid emphasis on the concept of initiatives for the future, and intentionally focused on the time axis. By doing so, we proceeded with discussions for future business creation without being bound by

short-term results. Now that a few themes have gone through the planning stage towards commercialization, we have an outlook for laboratory-level demonstration experiments. To express our strong will for a renewed commitment to the creation of specific new businesses, we changed the name of the New Business Promotion Department to the New Business Creation Department.

Support for Company-Wide Technology Development and Acceleration of DX

The Technical & Development Division has the Technology Development Department, which technologically supports divisions under our three business segments, as well as maintains facilities at each location and is in charge of legal affairs related to technology. The Division also has Information System Department, which is in charge of company-wide digital transformation (DX), as well as the building, operation, and maintenance of various systems. The Technical & Development Division is responsible for strengthening the overall technology of the Company, and seeking productivity improvement as well.

Keihanna Science City

The New Business Promotion Department was set up in the Keihanna Science City in Ikoma City, Nara Prefecture. It is a place where many research institutes, including Nara Institute of Science and Technology, are located. Taking advantage of this outstanding location, we would like to consider collaborating with various entities.

As an industrial machinery manufacturer, we do not develop AI technology itself. We, however, actively engage in applied development utilizing AI. We seek to apply AI technology for a variety of purposes, such as improving the precision of defective product detection in the inspection process, distinguishing between good and defective drawings in design development, and analyzing trends of orders received in sales activities.

with hopeful technology

In 2022, we formulated the corporate message, “with hopeful technology.” We would like to keep honing our technology, with the hopes to contribute to the development of society as we listen to the needs in various fields.

Message from Officer in Charge of Finance



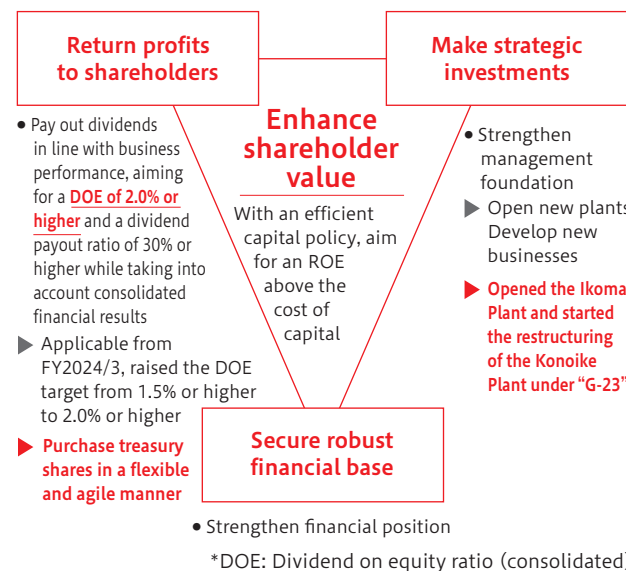
To achieve management that is conscious of cost of capital and stock price, we will work on corporate value enhancement through financial and capital policies in line with company-wide growth strategy.

Director, Senior Executive Officer
Management, Management Strategy, and Investor Relations fields
Hiroshi Hatano

Basic Financial and Capital Policies and Role as the Officer in Charge
HISAKA WORKS seeks to return profits continuously and stably to shareholders, as well as secure robust financial base and aims for sustainable growth and enhancement of medium- to long-term corporate value. We position return on equity (ROE) as a key performance indicator (KPI) and work on the achievement of ROE that exceeds cost of equity capital in the medium to long term. As for profit distribution, we lay emphasis on being fair and just for all stakeholders. Our basic policy is to return profits appropriately to shareholders, while seeking to strengthen our financial position and management foundation. Specifically, we aim for a dividend on equity ratio (DOE) of 2.0% or higher and a dividend payout ratio of 30% or higher, while balancing with internal reserves. My role as the officer in charge of finance is to maintain financial discipline, as well as to enhance corporate value by connecting financial and capital policies to management strategy and implementing them. To this end, it is important to establish trust-based relationships with shareholders and investors through highly transparent information disclosure and strengthened sustainability activities. Our ROE remains at a low level due to inadequate utilization of accumulated capital and low financial leverage, which I recognize as a challenge. We will work on the enhancement of corporate value and shareholder value by implementing balance sheet management, in addition to improving profitability through growth strategy.

pay attention to efficient use of business capital in their business operations. By utilizing return on business capital for relative evaluation between segments and employee incentives, we are encouraging employees to be conscious of capital efficiency. We assess investment returns in a comprehensive manner, using such indicators as internal rate of return (IRR) with the cost of capital being the hurdle rate, and net present value (NPV). Restructuring of the Konoike Plant is scheduled to be complete in the fiscal year ending March 31, 2028. The effects of expanded production capacity and improved productivity are expected to become visible from 2028 onward. Our target set in the Long-Term Vision is to achieve net sales of 50 billion yen, an operating profit of 5 billion yen, and an ROE of 6.0% in the fiscal year ending March 31, 2030. In addition, we plan to continue to consider making strategic investments aimed at further productivity improvement. We will also pursue every M&A opportunity to maximize corporate value. As a strategy to increase ROE, we will work to both increase profit by enhancing the profitability of existing businesses and reduce equity capital. To reduce equity capital, we would like to consider purchase of treasury shares while taking into account the state of cash flows. In addition, to bring down the weighted average cost of capital (WACC), we will seek to optimize the capital structure, as well as bring the debt ratio to an appropriate level.

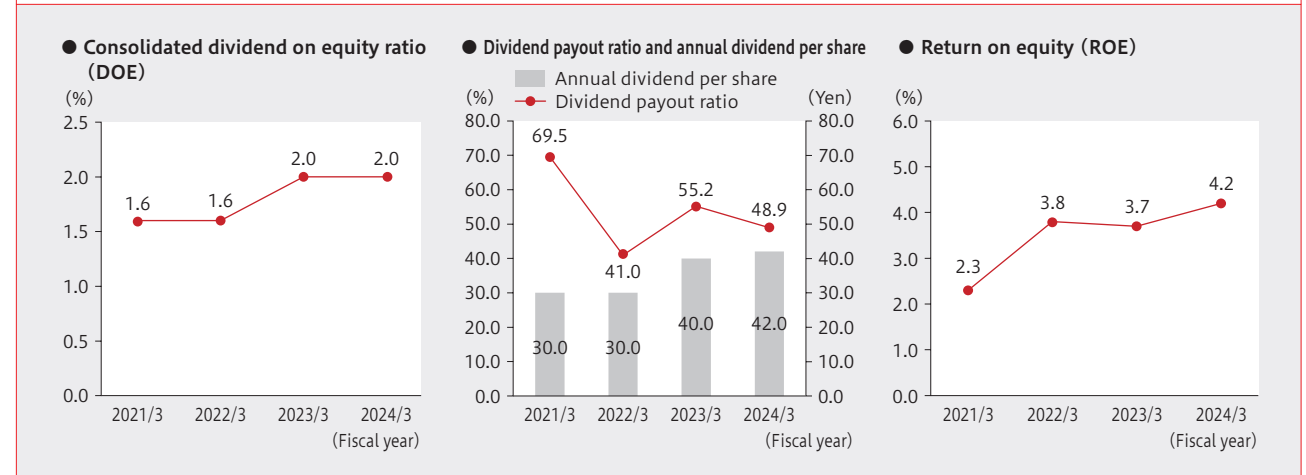
● Capital Policy



Business Portfolio Management and Improvement in Profitability to Capital

As for the consolidated financial results for the fiscal year ended March 31, 2024, net sales increased 0.3% year on year to 34.1 billion yen and operating profit increased 28.5% year on year to 2.4 billion yen. Operating profit margin was 7.2%. ROE improved by 0.5 percentage points year on year to 4.2%, but was still below the cost of equity capital (5–6%). In the consolidated financial results forecast for the fiscal year ending March 31, 2025, net sales are expected to increase by 8.2% year on year to 37.0 billion yen. Meanwhile, operating profit is expected to decrease by 18.6% year on year to 2.0 billion yen. This is due to an increase in depreciation associated with the opening of the Ikoma Plant, as well as the impact of investments for growth including wage hikes and review of employee treatment systems. We use return on business capital, which is similar to ROIC, as a unique internal indicator. By including this indicator in the performance evaluation criteria, we are optimizing our business portfolio. Return on business capital is a profit margin that uses non-current assets and working capital related to each segment as the denominator and segment profit in management accounting as the numerator. Our aim is to urge each division to

DOE = Dividend payout ratio × ROE



Progress of Cash Allocation and Future Direction

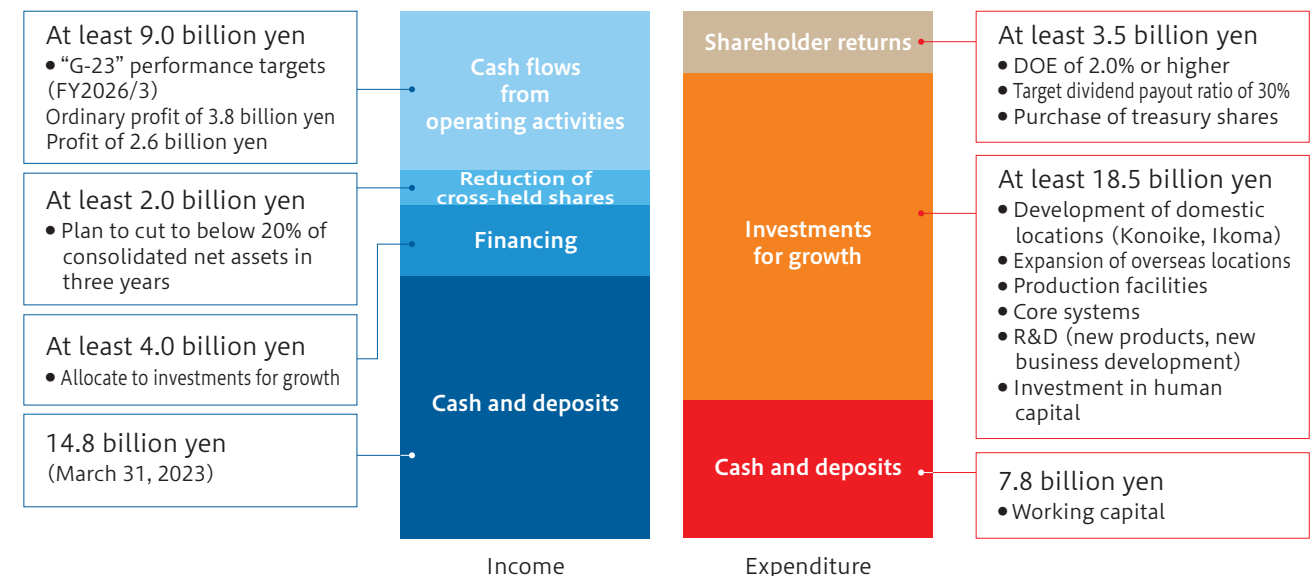
Cash allocation was disclosed externally for the first time in the Mid-Term Business Plan "G-23." We plan cash inflow of at least 15.0 billion yen in total, of which we expect at least 9.0 billion yen from cash provided by operating activities, at least 2.0 billion yen from the reduction of cross-held shares, and at least 4.0 billion yen from external financing. Cash used in operating activities amounted to nearly 0.5 billion yen for the fiscal year ended March 31, 2024, which was roughly as planned. The deterioration of cash flows from operating activities was mainly attributable to an increase of approximately 3.0 billion yen in working capital, which was caused by increases of inventories and trade receivables due to an increase in the backlog of orders. The situation, however, is expected to improve from the fiscal year ending March 31, 2025 onward. Meanwhile, we plan cash outflow of at least 22.0 billion yen during the period covered by "G-23," of which at least 18.5 billion yen is expected to be investments for growth (development of domestic locations, expansion of overseas locations, investment in human capital, etc.) and at least 3.5 billion yen for shareholder returns (target DOE of 2.0% or higher and dividend payout ratio of 30%, and consideration of purchasing treasury shares). In the fiscal year ended March 31, 2024, investments for growth amounted to nearly 6.5 billion yen, which included the opening of the Ikoma Plant and investment in the core system of the Heat Exchanger Segment. We also returned approximately 1.2 billion yen (annual dividend of 42 yen per share) to shareholders. I consider this as progress roughly as planned.

Going forward, our main focus remains to be the creation of cash flows from operating activities. We will sell cross-held shares, utilize interest-bearing liabilities properly, and allocate cash while taking into consideration the balance between appropriate shareholder returns and investments for growth.

Dialogue with Shareholders and Investors and Efforts to Enhance Corporate Value

We have been working on management that is conscious of cost of capital and stock price, based on the "Notice on Initiatives to Improve PBR by Enhancing Corporate Value" announced in November 2023. Our focus is to ensure that shareholders and investors resonate with and trust us, which should be achieved by increasing the stock price through higher capital productivity and the enhancement of highly transparent information disclosure. We have also been reducing cross-held shares, aiming to cut these shares to 20% or less of net assets by the end of the fiscal year ending March 31, 2026. In IR and SR meetings, the most frequently asked questions are about capital productivity and growth strategy. Such feedback is shared with the Board of Directors and others in the Company to reflect it in our management and dialogue with shareholders and investors. We try to promptly deal with matters that should be improved. As described above, we have made large-scale investments, including the opening of the Ikoma Plant and the restructuring of the Konoike Plant, and it takes time for the effects of such investments to become visible. We will explain our medium- to long-term growth scenario to shareholders and investors in detail, and ask for their understanding.

● Cash Allocation (Cumulative Total under the Mid-Term Business Plan "G-23")



Message from General Manager of the Management Control Division



Senior Executive Officer Sustainability and Personnel & General Affairs fields, and General Manager of the Management Control Division
Yoshiaki Imano

From Our Origin to the Future

Since the founding, HISAKA WORKS has laid emphasis on human resources in its management, based on the Company Motto “Sincerity” and the Business Creed “Taking root among the world” and “Pursuit of rich humanity.”

Our basic spirit is to respect each person, establish solid, trust-based relationships beyond conflicts of interest, keep growing in pursuit of rich humanity, and be lively and positive.

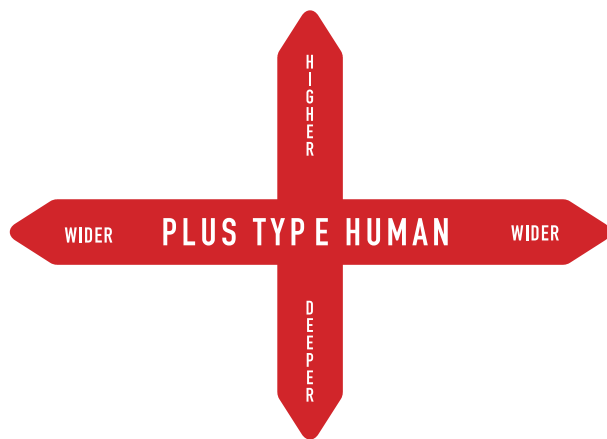
As we have three different business segments, specific human resource development initiatives have historically taken place mainly as OJT optimized for the characteristics of each business. To drive forward a growth strategy that is not an extension of the past and achieve the Long-Term Vision, we would like to take new measures to help each employee take on challenges and expand their potential.

We will take this opportunity to reaffirm the origin of our approach to human resources and implement various initiatives to promote Hisaka-style human capital management that suits the times.

Initiatives to Develop and Secure Human Resources

Origin of Our Approach to Human Resources

Our Company Motto “Let’s be people who have sincerity,” set by the founder, has been passed down among employees for more than 80 years since the founding. Placing “sincerity” at the center, we reorganized our business creed and various other principles of the Company, and established “HISAKA MIND” in 2021. It includes action guidelines based on the founder’s view of human beings: “Higher, Wider, Deeper,” which means human beings do not wish to stay on the same spot. This is the foundational idea for “+ (plus) type human resources,” the ideal type of human resources for us. Human resource development and personnel evaluation are carried out based on this philosophy.



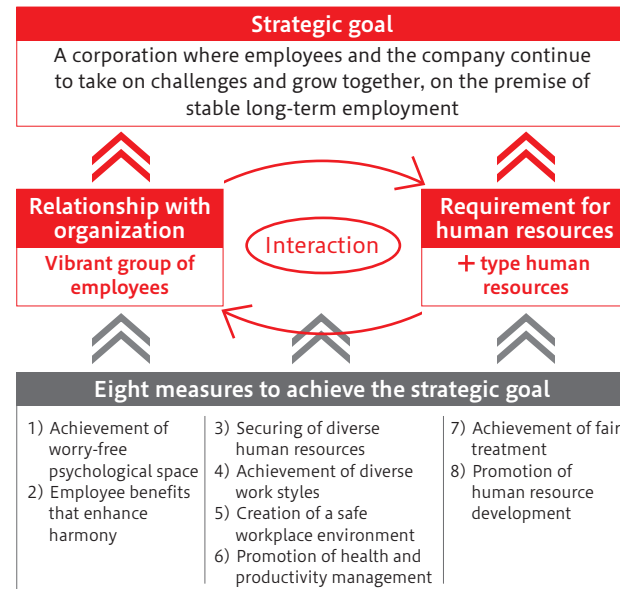
Human Resources That Suit the Characteristics of Our Business

Taking full advantage of control technology for fluid heat and pressure, we have secured a certain position in the domestic industrial machinery market. We have strived sincerely to deliver customer value by not only supplying mass-produced products, but also taking requests from made-to-order customers seriously. To do this, it is important that customer needs are understood in the internal value chain, which covers sales, design, manufacturing, and service, and optimal products are manufactured through the processes.

This approach aims to maximize cooperation and collaboration between processes and create and provide value as the entire organization, instead of expecting outstanding performance from specific individuals or departments. Our strengths and characteristics lie in the ability to meet various needs by taking full advantage of this organizational capability, accumulate know-how, and ensure reproducibility. This has affected our approach to human resources. We hire, develop, and evaluate employees with more emphasis on contribution as an organization than contribution of individuals.

Human Resources in the Future

Aiming to achieve the Long-Term Vision, we have embarked on the implementation of an unprecedented growth strategy. To achieve the growth strategy, we need to take on challenges in uncharted territories. Such challenges include launching new products and significantly improving productivity in existing businesses, achieving further growth in the global market, and developing and establishing new businesses. We therefore expect our people to boost organizational capability by pursuing challenges and growth as individuals more than ever, while placing importance on conventional code of conduct as a community.



Policy Underlying Our Personnel Measures

In light of the characteristics of our business, which lay emphasis on collaboration across the internal value chain, we secure human resources on the premise of long-term employment. We provide stable long-term employment to our people and deepen the bond as a community under a safe and secure relationship. Meanwhile, we aim to be an organization that can adapt to changes in the external competitive environment by strongly encouraging each employee to take on challenges and grow.

1) Introduction of 1-on-1 meetings

In 1-on-1 meetings introduced starting in the fiscal year ending March 31, 2025, we aim to enhance communication between bosses and subordinates, with a focus on interaction other than work. We value the process of dialogue that establishes a

trust-based relationship based on psychological safety essential in taking on challenges and growing.

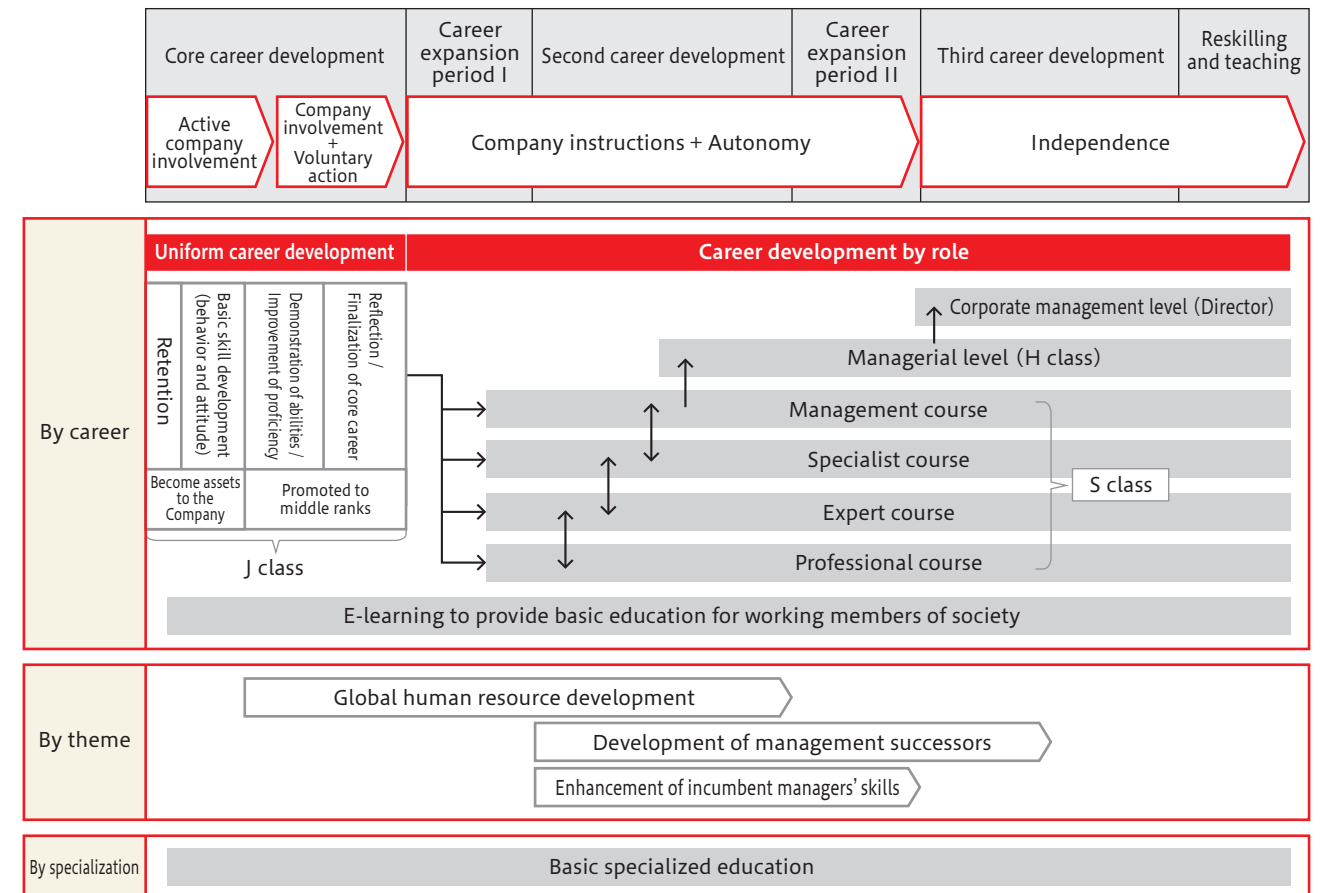
2) Implementation of talent management

To build the foundation of talent management that supports long-term growth of our business, we are promoting the visualization of information. We plan to use systems actively, with an eye to making personnel evaluation and allocation more efficient and facilitating the development of successors.

3) Creation of a human resource development system

We have created a human resource development system, based on which development measures are taken. We thus set a career development model on the premise of securing human resources by recruiting new graduates and provide training opportunities according to life stages.

● Human Resource Development System (Excerpt)



Maintaining and Enhancing Engagement

We have set up a dedicated organization called the Rewarding Work Support Office as a section that promotes employees’ physical and mental health. We recognize the stress on organizations and individuals caused by the growth strategy and try to eliminate it, as well as not only address illnesses, injuries, and poor conditions but also support the creation of workplaces where employees are healthy and enjoying their rewarding jobs. In other words, we aim to establish employee well-being. The Rewarding Work Support Office drives forward the following measures to maintain and enhance engagement.

1) Stress check and follow-up

The Rewarding Work Support Office follows up on stress check results in a variety of ways, such as by describing them to managers, conducting interviews with employees, and sometimes setting specific intervention programs to reestablish relationships within organizations.

2) Creation of an organizational culture that expresses gratitude

A peer bonus system * “thanks” has been in place since the fiscal year ended March 31, 2021 to promote good quality communication within the company.

*A system where employees award points to each other as tokens of gratitude and commendation and accumulated points are paid as a third type of salary

3) Promotion of health and productivity management

“Safety and Security” constitutes one of the five principles in HISAKA MIND. We have promoted risk assessment and 5S activities (seiri (sort), seiton (set in order), seiso (shine), seiketsu (standardize), and shitsuke (sustain)), borne the cost of influenza vaccination, and committed to other health and safety activities. We were recognized as a 2024

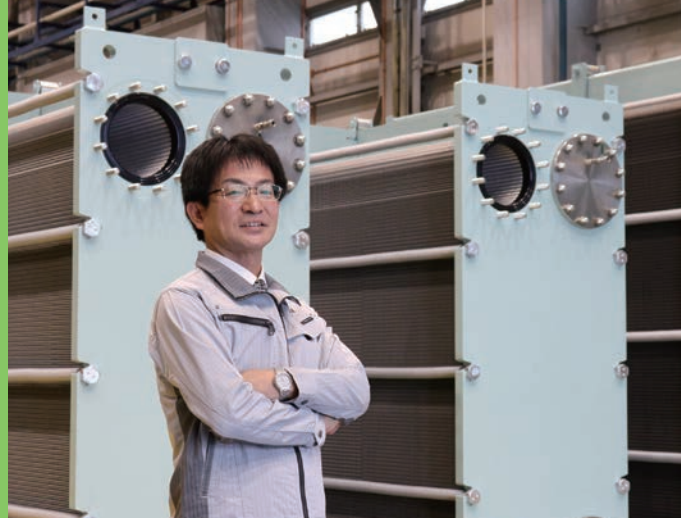
Certified KENKO Investment for Health Outstanding Organization in recognition of physical and mental health promotion efforts led by the Rewarding Work Support Office.



Heat Exchanger Segment

We provide thermal solutions with our plate heat exchanger as a core technology to our customers around the world, contributing to a sustainable society.

Executive Officer, General Manager of the Heat Exchanger Division
Kenji Sakai



SWOT Analysis

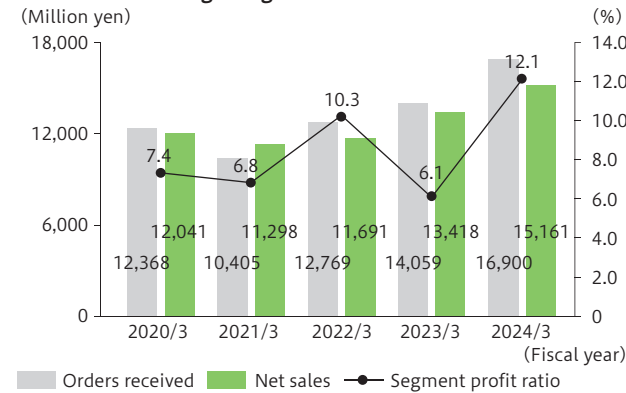
		Measures
Strengths	<ul style="list-style-type: none"> Track record of service provided in diverse markets and applications, as well as experience built up over the years Trust supported by a complete safe and secure after-sales service system 	<ul style="list-style-type: none"> Providing thermal solutions using plate heat exchangers as a core technology Expanding our service to create a system that ensures longer (Zutto) use for customers with a sense of security
Weaknesses	<ul style="list-style-type: none"> Cost competitiveness 	<ul style="list-style-type: none"> Increasing productivity by restructuring production lines and by establishing a global production structure
Opportunities	<ul style="list-style-type: none"> Launch of social implementation of carbon neutrality-related technology Expanded semiconductor market by full-scale use of AI technology 	<ul style="list-style-type: none"> Expanding delivery of our products for CO₂ capturing equipment, as well as offering proposals for heat recovery and use of unused energy sources Further strengthening sales force for semiconductor-related markets
Threats	<ul style="list-style-type: none"> Shrinking of domestic market due to population decline 	<ul style="list-style-type: none"> Expanding overseas markets and offering value through updating and improving aging domestic facilities

Business Overview

Ever since developing Japan's first plate heat exchanger in 1955, Hisaka has been delivering a wide lineup of plate heat exchangers for various markets and applications both in Japan and overseas as a pioneer manufacturer of plate heat exchanger made in Japan. Our plate heat exchangers are widely used for heating, cooling, condensation, and heat recovery processes across various industries such as chemicals, food, air conditioning, iron/steel, machinery, metal, electricity, and ships, contributing to effective use of resources, optimization of production facilities, and energy saving. We have always successfully met our customers' wide range of requests through increasing thermal conductivity by developing the newest plate pattern and with manufacturing capability supported by experience and technology, high level of trust built up through stringent quality management and a long track record of deliveries, and a wide lineup from ultra-compact products to the world largest products. We strive to solve issues together with our customers through expanding the use of plate heat exchangers into new markets and new applications, and offering after-sales support with sincerity (Magokoro) and complete maintenance support, contributing to the realization of a sustainable society.

and machinery industries led by the sluggish Chinese economy. The number of orders for domestic maintenance projects decreased due to upcoming major regular maintenance scheduled for the fiscal year ending March 31, 2025 in the Chiba and Kashima areas. Profit saw the effects of sales price revisions to address the hike of raw material and electricity costs, in addition to revenue growth.

Orders Received, Net Sales, and Segment Profit Ratio for the Heat Exchanger Segment



Initiatives in FY2025/3

1) Contribution to the carbon neutral market
We will engage in CO₂ capture (CCUS; Carbon Capture, Utilization, and Storage) projects through enhancing our competitiveness with products we have originally developed specifically for using amine solution as CO₂ absorbents, and expanding the series lineup. Aiming to address issues including transition to energy with lower CO₂ emissions, applications for heat source devices with low environmental impact, and utilizing unused energy sources, we will strengthen our sales of the EXOLUTION series, a functional model which expands the application of our conventional plate heat exchangers. We will engage in development of seawater solutions which ensure stable prolonged operation even with seawater, and new products for new applications.

2) Enhancement of overseas business
We are proactively establishing a global profit chain through enhancing overseas business, striving for highly profitable business growth as the Hisaka Group. Especially in the Middle East, we set up maintenance locations in Qatar and Abu Dhabi and intend to capture demand for maintenance projects for large-size heat exchangers that we have many track record of delivering in the area.

3) Strategic growth investment

Restructuring of the Konoike Plant covers repair work of former process engineering building, relocation of the existing production lines, and updating aging facilities. Scheduled to be completed in the fiscal year ending March 31, 2027. The project also includes updating the core system, aiming to increase productivity along with updated production lines.

4) Strengthening sales approach

We will identify our core markets and growing markets (areas and applications) we focus on, and not only offer an individual product or service but also develop business through thermal solutions combining different products and services. We are striving to differentiate ourselves from our competitors using this approach, and increase our ability to make proposals that exceed our customers' expectation. We will also take on the challenge of new value creation by using digital marketing technology.

5) Enhancing product competitiveness

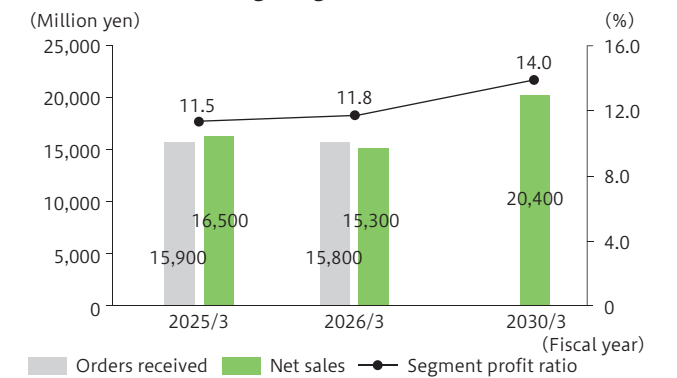
We will develop new markets and new applications through launching improved thermal solution products including welded plate heat exchangers, seawater strainers, and heat exchangers for use with amine solution as CO₂ absorbents. We will also promote global production to standardize production load and to establish Business Continuity Plan (BCP) measures; and implement design revisions and a wide range of cost reductions to reduce raw material consumption and to eliminate waste in production activities, aiming for a further stabilized and efficient production.

For Achieving Long-Term Vision

In the carbon neutrality-related area, hydrogen generation using water electrolysis and methanation are moving to an implementation stage in each plant. In Japan, feasibility studies for nine major CCUS projects, announced by the Japan Organization for Metals and Energy Security (JOGMEC), will be launched in 2025. The project aims to achieve undersea storage of approximately 20 million tons CO₂ annually emitted from steel manufacturing, electricity, oil refining, and chemical companies. Final investment decisions are scheduled by 2026, and storage of CO₂ is to be launched in 2030. As overseas projects have clear plans for the reuse of recovered CO₂, through Enhanced Oil Recovery (EOR) which increases the recovery factor of crude oil and other options, we have received inquiries for large-size CO₂ capturing equipment which captures 20,000 tons of CO₂ per day. We are striving to add to our track record of success through strengthening cooperation with the companies involved and proposing model changes and creation of a product series. We will also expand applicability of our products to new markets and new applications through developing new products, improving existing products, strengthening sales of welded plate heat exchangers, and enhancing our product lineup in collaboration with

OSAKA Netsuko Meitsu, leading to an expanded market. Furthermore, we will steadily engage in expanding service locations to enhance our after-sales maintenance services and establishing environmentally conscious safe maintenance methods. New procurement processes are more widely seen due to a different style of sales approach taken during COVID-19 pandemic and after. Therefore, we are putting our effort into establishing marketing activities using digital tools and strengthening EC business to diversify our sales channels. Our initiatives to address enhancement of productivity and promotion of cost reduction include development of next-generation general-purpose models and inventory reduction through discontinuation and consolidation of existing models, establishing a new core system, restructuring production plants, and promoting a global production structure in cooperation with overseas plants.

Plan for Heat Exchanger Segment



Topics

The EXPO 2025 Osaka, Kansai, Japan will be held with the theme of "Designing Future Society for Our Lives," and we are proud that the expo organizers selected our titanium plate heat exchangers as part of the renewable energy usage plan. Our plate heat exchanger will be used for facilities that use seawater as cooling water for freezers, and our seawater strainer will also be used to eliminate trash, algae, and shellfish in seawater. As laid out in the EXPO 2025 Green Vision, we supported the active use of low-carbon materials, addressing decarbonization with plate heat exchangers through the use of NSCarbolex® Neutral steel for the main body; and for the use of renewable and recycled materials, we used e-HiCycle, the industry-first environmentally friendly renewable gaskets. *NSCarbolex is a registered trademark of Nippon Steel Corporation.





Process Engineering Segment

We aim to always be one step ahead of social issues and changes in the business environment, and continue to be a company close to people's lives in the clothing, food, housing, and pharmaceutical fields.

Senior Executive Officer, General Manager of the Process Engineering Division, and Ikoma Plant Manager
Yoichi Hamada



SWOT Analysis

	Measures
Strengths	<ul style="list-style-type: none"> Stable business foundation with multiple businesses High performance and high quality, customer responsiveness Knowledge and experience as a specialized manufacturer
Weaknesses	<ul style="list-style-type: none"> Cost competitiveness Service structure Capabilities to manage the plant business
Opportunities	<ul style="list-style-type: none"> Global changes in the food culture Changes in lifestyle and growing health consciousness Need for reduction of environmental impact, automation and manpower saving
Threats	<ul style="list-style-type: none"> Rise of latecomer manufacturers

Business Overview

The Process Engineering Division consists of three businesses: Food, Pharmaceuticals, and Dyeing. It delivers manufacturing equipment to customers in a wide range of business domains centered on clothing, food, housing, and pharmaceuticals with our core technologies of canning technology using stainless steel, and heat and pressure control technology. The Food business produces and sells cooking sterilizers for retort food and prepared food, as well as liquid continuous sterilizers and concentrators for alcohols, and other beverages, seasonings, and various food extracts. The Pharmaceuticals business handles sterilizers for infusions and medical equipment such as syringes, extraction concentrators for Chinese herbal medicines, and culturing devices. The Dyeing business handles dyeing machines for clothing, secondary materials, industrial materials, etc. All three businesses provide not only the equipment itself but also FA systems which contribute to automation and manpower saving, all three having a high share in their respective industries. The Process Engineering Division relocated its base to Ikoma City, Nara Prefecture in January 2024, striving to expand production capacity and enhance development capability to respond to environmental changes, social issues, and customers' demand.

Business Overview

Handled products: Retort sterilizers, continuous liquid sterilizers, pharmaceutical-purpose high-temperature high-pressure sterilizers, dyeing and finishing devices, concentrators

Customers: <Food> Retort food market, chilled prepared food market, packaged rice market
<Pharmaceuticals> Infusion and injection sterilization market, macromolecular drugs and active pharmaceutical ingredient market, Chinese herbal medicine market
<Dyeing> Fashion industry, secondary material industry, industrial material industry

Net sales breakdown: 40.9% (FY2024/3)

Segment profit ratio: 1.9% (FY2024/3)

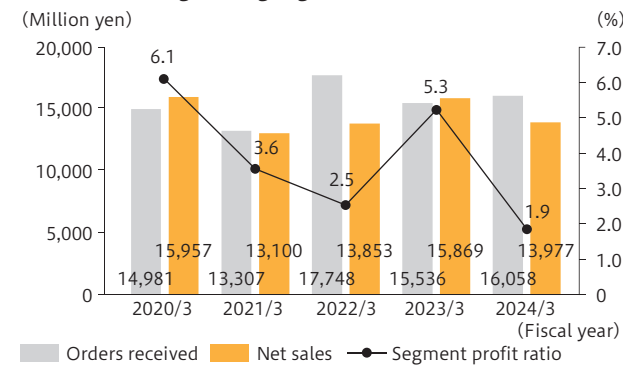
Production plants: Ikoma Plant (Nara Prefecture), Ome Plant (Tokyo), Changshu Plant (China)

Overview of FY2024/3 Consolidated Results

Compared with the previous fiscal year, orders received increased by 3.0% to 16.0 billion yen, net sales decreased by 11.0% to 13.9 billion yen, and segment profit decreased by 68.0% to 0.2 billion yen (1.9% segment profit ratio). Orders received exceeded the level of the fiscal year ended March 31, 2020 before the COVID-19 pandemic. Although capital investment in the food industry continues to be restrained due to the hike of raw material prices, capital investment of major food

manufacturers that raised the prices of their products saw a recovering trend, and we received orders including those for fully automated continuous sterilizers and drinking water-related plant engineering work. Orders received from the pharmaceutical industry remained robust with continuous capital investments using subsidies for BCP measures. However, net sales decreased mainly for Pharmaceuticals and Dyeing businesses, affected by decline of orders received in the previous fiscal year. Segment profit remained short of the level seen before the COVID-19 pandemic, still affected by the rise of raw material prices and construction costs as well as extended delivery time of externally procured goods.

Orders Received, Net Sales, and Segment Profit Ratio for the Process Engineering Segment



Initiatives in FY2025/3

1) Increase in revenue from major product models and launch of environmentally friendly products

Capital investments in the food industry are showing a recovering trend. Accordingly, we will focus on making suggestions through the FA system for improvement such as manpower saving and higher energy efficiency. We will also strive to increase revenue through launching new environmentally friendly products which contribute to heat recovery in the Food and Pharmaceuticals businesses as well as to water saving in the Dyeing business.

2) Strengthening after-sales services

We will actively conduct data analysis using Business Intelligence (BI) tools and establish a service structure including affiliated companies, while providing valuable services to respond to customers' problems in a timely manner by using IoT.

3) Strengthening new product development and new market development

While continuing to develop environmentally friendly products, we will strengthen production line development for the Food business targeting overseas roll out. For the Pharmaceuticals business, there is

high demand in the industry for systems that enable data integrity, such as for audit trails and user authentication management, and we will be engaged in the development of such systems.

4) Effect verification of relocation to Ikoma Plant and further improvement

We implemented two measures associated with the relocation to the Ikoma Plant: (1) expanding the area available for production space and improving the work lines to enhance productivity, and (2) expanding the test laboratory to strengthen our customer responsiveness. We will verify the effectiveness of these measures and strive for further improvement.

5) Creation of synergy with affiliated companies by strengthening cooperation

We will work on exploiting maximized synergetic effects through the business integration of plants, valves, and continuous sterilizers (steamers) with HISAKA PRODUCTS, LTD., and through strengthened cooperation with KOMATSUGAWA CHEMICAL ENGINEERING CO., LTD. in the pharmaceutical culturing business.

For Achieving Long-Term Vision

We are striving to contribute to global-scale environmental and social issues, aiming to achieve our Long-Term Vision. Aiming for a world without hunger, the need for canned products and retort foods, which support room temperature distribution, has grown in the food industry. The demand not just for the products themselves, but also for their taste, packaging styles, and energy-saving and manpower-saving factors has grown over the years. The quality level required in the Japanese food market is especially high considering the global standard. The pharmaceutical industry has shown growing demand for monitoring quality management in sterilization processes for pharmaceutical tools and infusions, essential items in medical practice, and in culturing processes of antibody drugs for which demand is steadily increasing. The dyeing industry has shown growing demand to address environmental impacts such as water contamination and air pollution and labor conditions such as long working hours, low wages, and lack of safety standards. The dyeing process requires a large amount of water and energy and thus the demand for energy and resource saving and the use of renewable energy has also grown. We set the following nine initiatives to respond to each challenge.

Shared Initiatives among Three Businesses

- 1) Provide equipment which supports automation and manpower saving
 - 2) Support productivity and maintenance work to cover labor shortages
 - 3) Contribute to shifting to decarbonization through energy saving
- Food Business**
- 4) Contribute to addressing food loss
 - 5) Contribute to individualization and simplification of food products

Pharmaceuticals Business

- 6) Contribute to manufacturing Chinese herbal medicines and antibody drugs

Food/Pharmaceuticals Businesses

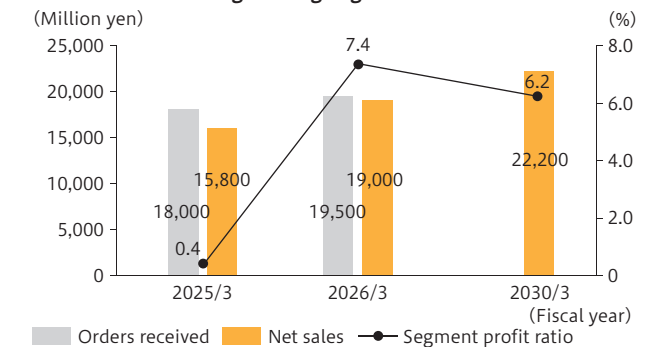
- 7) Ensure safety and security
- 8) Contribute to concentration process technology

Dyeing Business

- 9) Contribute to dyeing technology

For these initiatives, we will aim to expand our business domain through enhancing our business foundation of core products centered on plants and systems, developing new environmentally friendly products such as for energy saving and decarbonization, as well as new applications, and forming alliances with other companies. We also work to achieve the Long-Term Vision through enhancing our service with the aim for commercialization, and expanding our business in overseas markets by providing core technology as well as new value.

Plan for Process Engineering Segment



Topics

The global cooked food market is expected to rapidly grow in the future. Particularly in China, the cooked food market is in a growing trend due to lifestyle changes and other reasons. While consumers' needs have further grown due to the COVID-19 pandemic, demand for health foods and pharmaceutical oral nutrition supplements is rapidly increasing mainly among more affluent people. The market has been transforming to a field where our core technology can make a difference.





Valve Segment

We are aiming for No. 1 customer satisfaction that achieves the quality and performance suitable to the specifications and applications and ensures a stable supply with fair prices and delivery times.

Executive Officer, General Manager of the Valve Division
Masataka Matsuda



SWOT Analysis

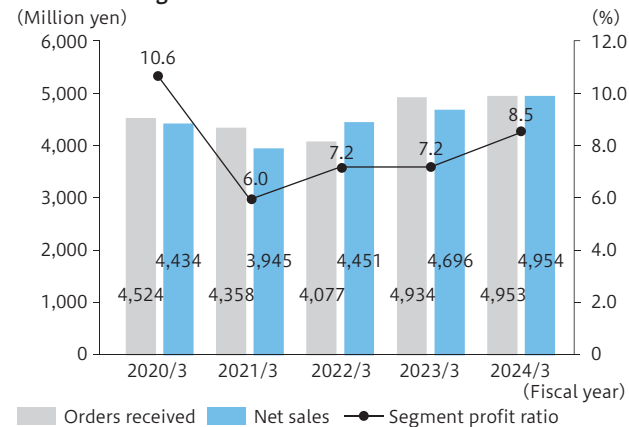
	Measures
Strengths	<ul style="list-style-type: none"> Prompt response to customers' requests and trust built up thereby
Weaknesses	<ul style="list-style-type: none"> Readiness to address customers' needs for valves not available in our product lineup Cost competitiveness
Opportunities	<ul style="list-style-type: none"> Change in industrial structure aiming for decarbonized society Labor shortage, demand for automation
Threats	<ul style="list-style-type: none"> Competitors' strong challenge with similar products

Business Overview

Recognized as a pioneering company that developed Japan's first ball valve in 1958, Hisaka's valves have been selected for many plants and a wide variety of facilities in the fields of chemicals, iron/steel, pulp/paper, thermal power generation, etc. Our valves are applicable for a wide range of materials including liquids, gases, steam, and granular powders, and also perform in business domains with severe conditions such as high viscosity, high temperature, and high pressure. Hisaka places locations in each region and promotes a community-based sales approach taking advantage of mobility. Through these measures, understanding our customers' needs and attention to detail in our service are our strengths. We have earned the trust of our customers by being able to meet their diverse requests. We not only handle special specifications, but also meet requests such as product delivery including procurement and manufacturing. Recently, we stationed design section personnel in the sales offices to increase the efficiency of sales activities and to promote the community-based sales approach. This resulted in building a structure which enables quick responses to projects with complicated specifications as well as maintenance projects. Another of our strengths is a design and development capability which allows us to propose various products and options. This includes proposals for automatic valves and highly maintainable valves, products which contribute to improved yield for customers, and longer product life to address the social challenge of labor shortages.

community-based sales approach. Capital investments in the business domains of secondary batteries, industrial gas (including semiconductors), steel, and fine chemicals remained strong, but have largely varied by industry and user. Looking at the overseas business, willingness to invest was restrained, mainly in Taiwan and Southeast Asia, due to the sluggish Chinese economy. Accordingly, price competitiveness became severe, putting profitability under pressure.

Orders Received, Net Sales, and Segment Profit Ratio for the Valve Segment



Initiatives in FY2025/3

- Enhancing community-based sales approach**
Through enhancing the community-based sales approach, a strength of our division, along with other efforts, we aim to earn major plant projects in our main chemical market. We are also expanding our sales network by strengthening our relationship with distributors.
- Strengthening business foundations**
We will expand sales of high-value-added automatic valves and enhance parts sales and maintenance service to secure profitability.
- Expanding share in the target markets (secondary batteries, industrial gas, fine chemicals)**
We intend to expand our sales through making proposals that meet the needs of battery manufacturing facilities which have grown for electric vehicles, and semiconductor manufacturing facilities seeing robust market demand. We will focus on increasing sales of PFA lined ball valves and diaphragm valves, our new products, in the fine chemical domain.
- Developing new markets**
Aiming to develop new markets, we will engage in monitoring trends and promoting projects specialized in each particular

business domain. We are striving to develop new products which satisfy individual needs concurrently.

5) Development of new products

We will engage in product development to further reinforce our competitiveness, and will enhance our product lineup by forming alliances with other companies.

6) Strengthening overseas market business

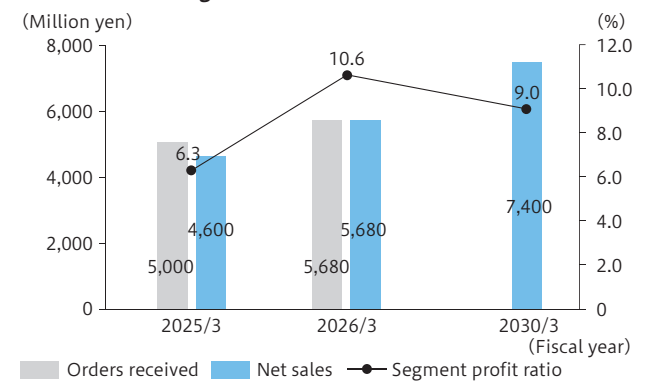
For stronger valve segment business overseas, we will make a strategic plan for each country in cooperation with each department and strengthen ties with distributors. In addition to the above initiatives (1) to (6), we are striving to reinforce our business foundations through increasing productivity (support short delivery time and increase production volume) as well as through improving product quality and business quality, and through other measures. While continuing to standardize production load in the manufacturing department, we will also endeavor to increase productivity in the upstream processes, the design and sales departments, in the fiscal year ending March 31, 2025.

For Achieving Long-Term Vision

- The Valve Segment upholds the following seven measures to achieve the Long-Term Vision.
- With growing severity of labor shortages and changes in the industrial structure (increasing demand for semiconductors and secondary batteries), customers' needs for specification are expected to diversify. We will readily capture customers' needs and potential demand by strengthening the community-based sales approach and aim to increase net sales by strengthening sales of automatic valves and increasing market share of instrumentation. We especially expect the effect of the launch of our new items including PFA lined products in the fine chemical domain where high growth is expected.
 - The capital investment environment in the chemical industry in Japan and the Asian region is expected to significantly change in the future. While narrowing our targets and ensuring that we capture prospective projects, we will strive for increased market share and stable business growth through enhancing parts sales and service.
 - The growth of the capital investment market is expected in the domain of new energy resources including hydrogen and ammonia. We will actively develop products and technologies based on customer needs and earn new business opportunities.
 - In order to enhance our readiness to address diversifying needs in the future, we will form alliances with other companies to cover knowledge and experience not internally available and thereby widen our product lineup.
 - Amid initiatives for decarbonization shifting into high gear, trends in the market could change the industrial structure

- significantly. We will actively collect data for specific markets and businesses and strengthen development of specialized products with value in functionality for specified applications.
- In order to capture the growth of the Southeast Asian market, our policy is to roll out the community-based sales approach, our strength in the domestic business, overseas. The policy includes strengthening proposal-based marketing for local customers to improve production quality, and understanding their issues and needs.
 - We will improve our productivity and increase production yield through the production layout change in the Konoike Plant.

Plan for Valve Segment



Topics

PFA lined ball valves with excellent corrosion resistance and durability have been widely used in the fine chemical domain and environmental applications and water treatment domain. With the body fully made of stainless steel and a complete PFA lining throughout the surface contacting liquid, the PFA lined ball valves have excellent corrosion resistance properties against various chemicals. The products also feature a sheet structure which prevents damage by discharging pressure into a pipe when abnormal pressure increases occur due to residual fluid left in a pocket. We intend to further enhance our competitiveness by expanding the ball valve lineup.



PFA lined ball valve

Opening of Ikoma Plant to Play a Significant Role in Medium- to Long-Term Growth

HISAKA WORKS opened the Ikoma Plant (Nara Prefecture) on January 1, 2024. With a site area of 52,000 m² and a total floor area of 24,000 m², and with a total of approximately 10 billion yen invested, the Ikoma Plant is positioned as a base for the Process Engineering Division featuring Food, Pharmaceuticals, and Dyeing businesses, and the New Business Promotion Department. The Plant enables approximately 20 billion yen in production volume by adopting the latest equipment as well as a streamlined production flow, and plays a leading role in the medium- to long- term growth strategy for the Process Engineering Process Segment. Going forward, we are expanding the production capacity of the Heat Exchanger Segment and the Valve Segment through the restructuring of the Konoike Plant.

Opening the Ikoma Plant and restructuring the Konoike Plant are the key measures to address improvement of productivity, one of the four initiatives raised in the Mid-Term Business Plan "G-23." We are striving not only to increase productivity but also to expand our production capacity in view of achieving our Long-Term Vision: consolidated net sales of 50 billion yen in fiscal year ending March 31, 2030 and 100 billion yen in fiscal year ending March 31, 2043, the 100th anniversary of the Company's foundation. The Ikoma Plant has adopted our originally developed production facilities, enabling highly efficient production. Specifically, the plant has the latest welding equipment which enables production of tanks in different shapes. Having many open areas for flexible use across the single-story production area in the plant building and other design features, the Ikoma Plant ensures more flexible production system. We are currently undertaking the restructuring of the Konoike Plant by changing the building formerly used by the Process Engineering Segment to be used by the Heat Exchanger Segment, and a part of the existing Heat Exchanger Segment building to be used by the Valve Segment. As we advance the renewal of the buildings and facilities and the introduction of the cutting-edge facilities, we are enhancing production capacity and improving productivity through engaging in the Hisaka New Production System (HNPS) activities.

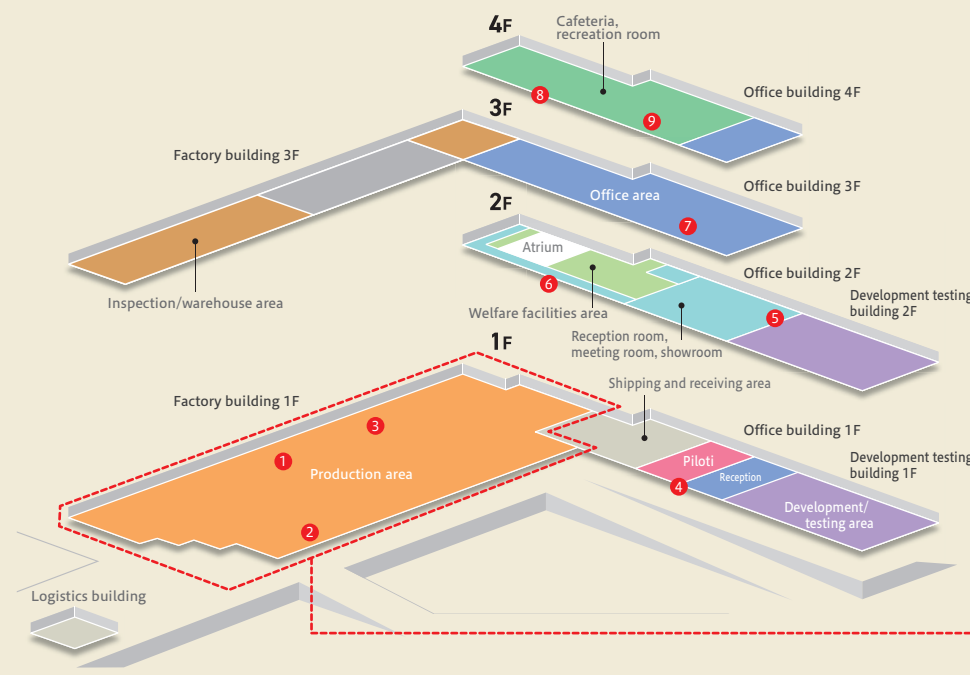
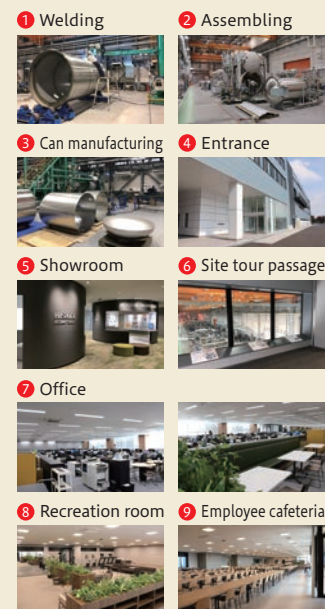


Outline of Ikoma Plant

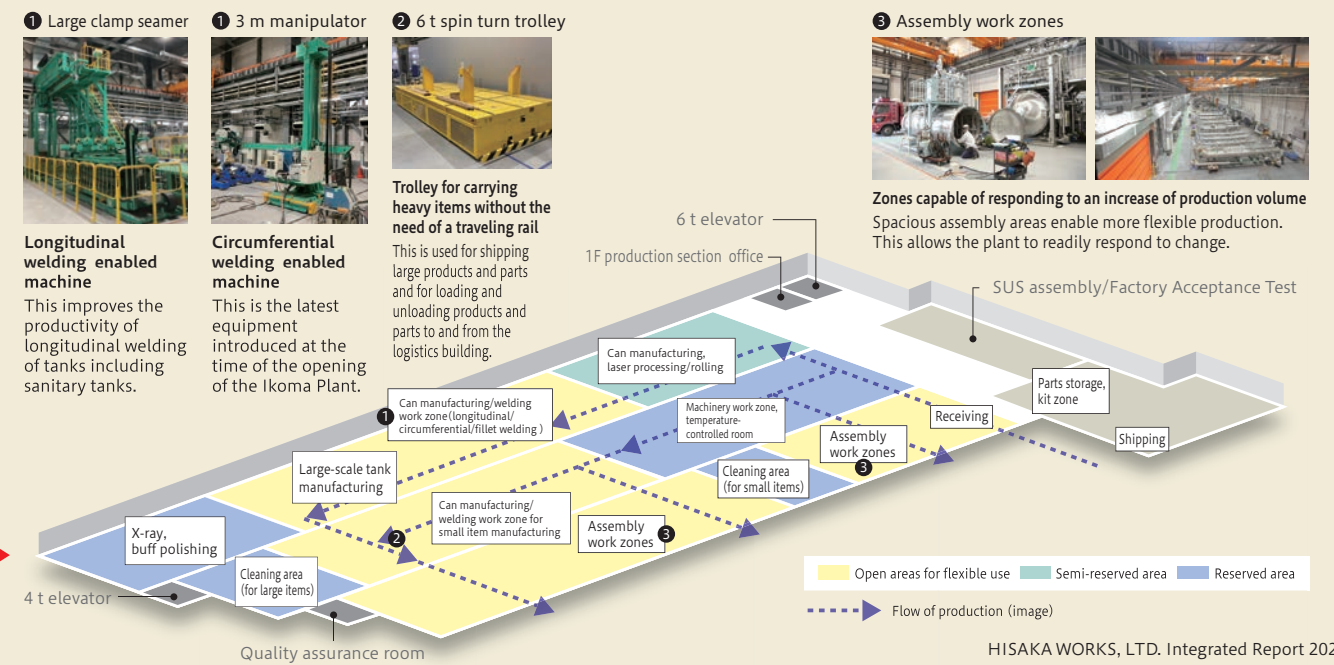
Name	Ikoma Plant
Address	8916-10, Takayama cho, Ikoma City, Nara 630-0101 Japan
Production Items	Food manufacturing equipment, pharmaceutical equipment, and dyeing and finishing devices
Area	Site are of 52,000 m ² , building area of 14,000 m ² , total floor area of 24,000 m ²
Production scale	Approximately 20.0 billion yen



Inside the Ikoma Plant



Production area, factory building 1F



Hisaka has a Sustainability Basic Policy, aiming to balance our contribution to the realization of a sustainable society and enhancement of our corporate value. In 2022, we established a sustainability promotion structure by forming the Sustainability Committee which reviews the policy and the progress status of the operation and evaluates the performance of the Risk Management Committee, Company-wide BCP Measures Meeting, the TCFD Project, and overall activities related to sustainability. Having positioned addressing material issues (materiality) as a key initiative in the Mid-Term Business Plan “G-23,” we are striving to solve the defined materialities* across the Company as a whole.

*See page 15 for materiality.

Sustainability Basic Policy

With our company motto of “Hisaka as a fixture in the world” and “pursuit of rich humanity” as permanent goals, we will act from a long-term perspective to fulfill our roles and responsibilities as a public institution of society, and aim to continuously enhance our corporate value by balancing social contribution and our own growth.

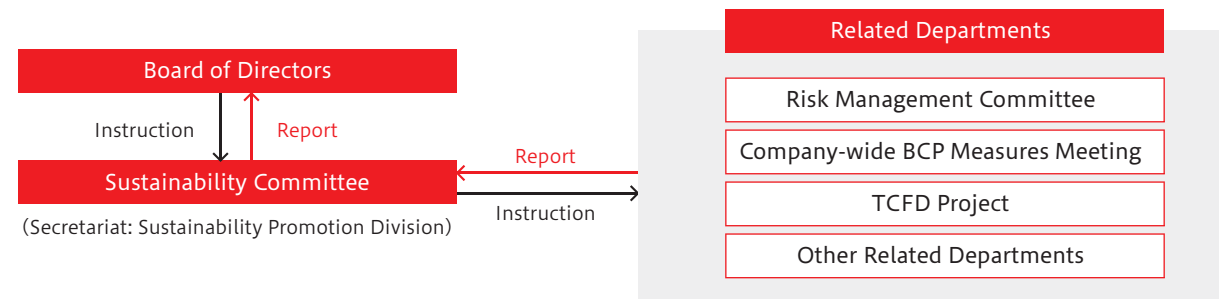
- 1) Contribute to solving global environmental problems through our business activities.
- 2) Strive to solve social issues by maintaining good relationships through dialogue with our employees, business partners, local communities, shareholders, and other stakeholders.
- 3) Promote corporate governance through honest business operations.

Sustainability Promotion Structure

To redefine our understanding of corporate social responsibility, which we have practiced since the foundation of the Company, we established the CSR Meeting in April 2005, a structure which promotes specific activities, and developed related regulations. In April 2022, we constructively dissolved the CSR Meeting and newly established the Sustainability Committee chaired by the Director and Representative President, under supervision of the Board of Directors which has responsibility for decision-making

for key sustainability-related issues. In principle, the committee meets twice a year to evaluate operation policies and progress related to sustainability, and to explore opportunities for improvement, promoting sustainability practices across the Company. The Sustainability Committee met in October 2023 and April 2024 during the fiscal year ended March 31, 2024. It reviewed the status and future plans of activities in each term and the results of the meetings were shared with related departments.

Organizational Chart for Sustainability Promotion



Main Themes Discussed in the Sustainability Committee

October 2023	Overview of the results in the first half of FY2024/3	April 2024	Overview of the results in the second half of FY2024/3
	<ul style="list-style-type: none"> •Review of the status of information disclosure •Deepening awareness of sustainability across the Company 		<ul style="list-style-type: none"> •Improving the effectiveness of risk management •Review of Scope 3 calculations

Role of the Related Departments

Risk Management Committee	Select and monitor critical risks among a wide range of risks for corporate activities through impact evaluation, to reduce the potential risks
Company-wide BCP Measures Meeting	Establish measures to respond to disasters and other events that may disturb business operation and proactively develop a business continuity plan (BCP) to prevent interruption and suspension and to support fast recovery; monitor and evaluate the preparedness status; and deliberate critical issues for decision-making
TCFD Project	Define the purpose and policy for addressing climate change in accordance with recommendations of the Task Force on Climate-related Financial Disclosures(TCFD), and organize and communicate related information
Other Related Departments	Promote sustainability in areas other than those described above

Contribution to the global environment

The global environment faces various challenges, including the rise of CO₂ emissions volume and water pollution led by the population increase and economic growth of emerging countries, and intensifying severity of weather hazards due to the progressing climate change.

Amid the global common framework to address environmental challenges such as the Paris Agreement presented in 2015, Hisaka understands that contribution to the global environment is a material issue and we are engaging in conservation of the global environment mainly through the reduction of CO₂ emissions and resource recycling.

Environment Policy

Promote environmental activities with the Company Motto “Sincerity (Magokoro)” as basic philosophy.
 Manufacture products that are “people and environment friendly”
 Make the company “people and environment friendly”
 Become “people and environment friendly” corporate citizens.

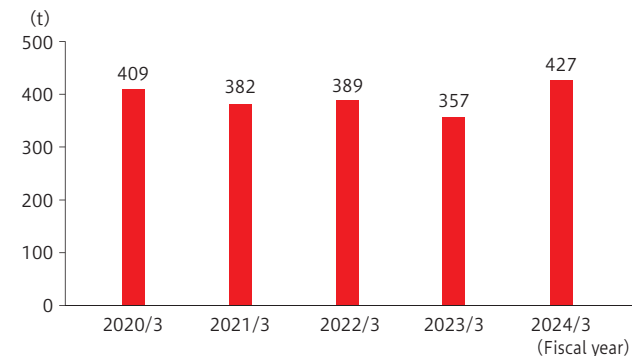
Environmental Management

Ever since establishing our Environment Policy in 2004 and acquiring ISO 14001 certification, the international standard for environmental management systems, in 2007, we are fulfilling our social responsibility by reducing the environmental impact generated by our business activities. We are also striving to solve environmental issues through our products and services.

Reduction of Waste, Management of Valuable Resources

We are thoroughly engaged in reduction of waste as well as management of valuable resources. In the fiscal year ended March 31, 2024, although a massive volume of office fixtures used in the Process Engineering Division were to be disposed of at the time of its relocation to the Ikoma Plant, we managed to reduce the final waste volume through recycling and by making use of the fixtures overseas.

Trend of Waste Emission Volume



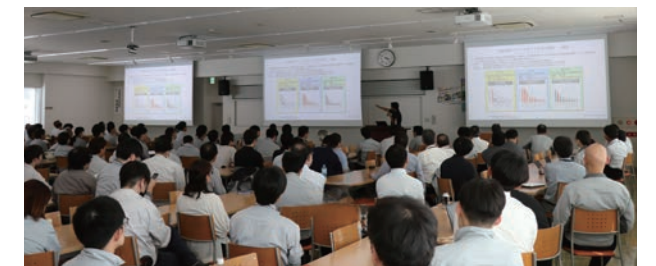
*The results of FY2020/3 through FY2023/3 are only for the Konoike Plant.

Fostering a Culture for Environmental Conservation

We understand that the key for enabling a recycling-oriented society and addressing environmental issues including decarbonization is not only environmental conservation activities by a specific department, but also environmental conservation activities by each employee. Accordingly, we are continuously fostering a corporate culture for environmental conservation. Our efforts to foster a culture for environmental conservation conducted during the Environment Month, June, designated by the Ministry of the Environment, in the fiscal year ended March 31, 2024 included: distributing an environment report which summarizes our environmental conservation activities, hosting an environment conference in which our employees attended presentations on internal and external environment issues as audience members, and holding an environment meeting in which we discussed potential environmental conservation activities each workplace can engage in.



Environment report



Hosting the environment conference

Implementing Solar Power Generation Facilities in the Ikoma Plant and Overseas Affiliated Companies

Aiming to use renewable energy, the Konoike Plant has a solar power generation facility which has been in operating since 2014. In addition to that, solar power generation facilities have started operation in HISAKAWORKS S.E.A. SDN. BHD., an overseas affiliated company, in January 2024 (CO₂ reduction: 174 t-CO₂/year) and the Ikoma Plant in March 2024 (CO₂ reduction: 195 t-CO₂/year).



Solar power generation facility in the Ikoma Plant

External Evaluation

The Agency for Natural Resources and Energy of the Ministry of Economy, Trade and Industry classified business operators according to the Business Operator Classification Evaluation System (SABC Evaluation System) by evaluating the content of regular reporting mandated in the Energy Conservation Act. Hisaka, designated as a specified business operator, has continuously taken initiatives for energy conservation, and has been classified in S class, the highest evaluation, from the fiscal year ended March 31, 2016 through the fiscal year ended March 31, 2024 consecutively. Additionally, we participated in the corporate questionnaire conducted by the Carbon Disclosure Project (CDP), an international non-profit organization, which asks companies to disclose their initiatives for climate change, etc., for the first time in the fiscal year ended March 31, 2024. Our current environmental performance was scored C in the CDP Climate Change Report. We continue to promote our initiatives for the global environment and broaden the scope of our environmental disclosure.



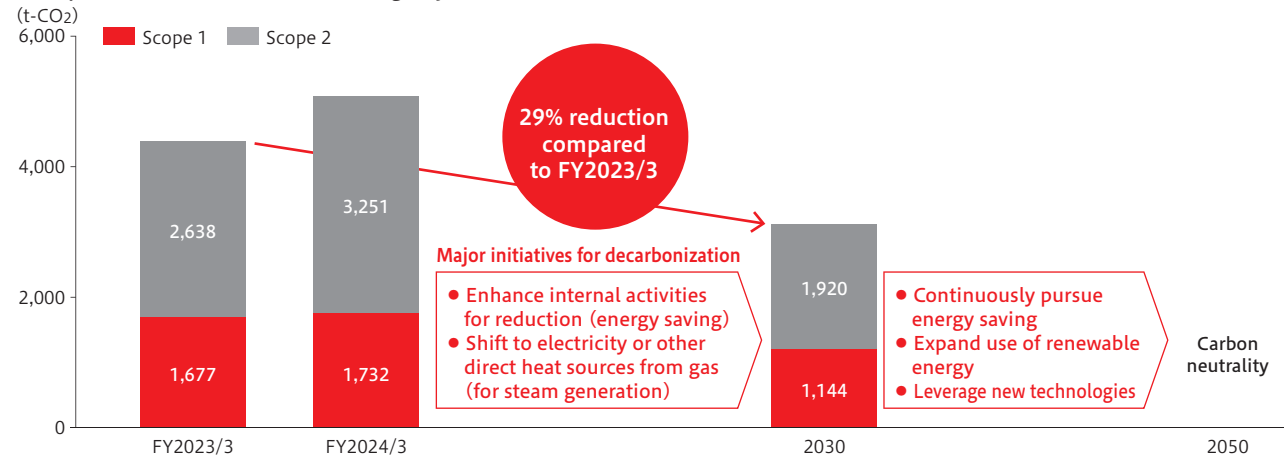
Reduction of GHG Emissions (Scope 1, 2) through Promotion of Energy Saving

Hisaka has set greenhouse gas (GHG)* emissions as a key indicator for our climate change initiative, targeting the achievement of the 1.5°C level defined as our Science Based Targets (SBT). For Scope 1, 2 emissions, we are aiming to reduce GHG emissions by 29% compared to the fiscal year ended March 31, 2023 (a reduction of 4.2% annually) by 2030.

Although our GHG emissions increased in the fiscal year ended March 31, 2024, mainly affected by the opening of the new Ikoma Plant and the change of CO2 emission factors, we will continue to strive to achieve our target. We also plan to disclose a reduction target for Scope 3, GHG emissions from our value chain within the fiscal year ending March 31, 2025.

*The only GHG emitted by Hisaka is CO2.

● Scope 1,2 Emissions and Reduction Target by 2030



Providing Solutions Making Use of Our Existing Technologies

Contribution to Climate Change Measures

As climate change becomes more apparent, we understand that implementing facilities and developing new products based on an environmentally friendly concept meet increasing society-wide demand for the reduction of CO2 emissions and decarbonization. We are further accelerating our actions in those domains, considering that will enable the reduction of financial impact of climate change.

1) Heat exchangers used in CO2 capture process

Our heat exchangers are widely used in a process to capture CO2 in exhaust gases through chemical absorption. The chemical absorption uses amine solution as CO2 absorbents. Our SX-80 plate heat exchanger series for CO2 capturing plants is specialized for heat recovery in the heating and cooling process of amine solution, enabling highly efficient heat recovery and long-term stable sealing performance.

2) Energy saving for high-temperature high-pressure sterilizers

Although high-temperature high-pressure sterilizers uses a great amount of steam, heat recovery can reduce steam volume in use and thereby reduce CO2. With the adoption of our newly developed optional product for energy saving, our high-temperature high-pressure sterilizers reduce steam consumption by a maximum of 50% compared to the Company's other products, contributing to reduction of customers' running cost as well as CO2 emissions.



High-temperature high-pressure sterilizer

3) Sales expansion of valves in secondary batteries and new energy resources domains

Our ball valves are broadly used in production lines of secondary batteries including lithium batteries. Recently, we have received more inquiries from hydrogen-related markets, and the use of ball valves is expanding in the environment domain.

Contribution to a Recycling-oriented Society

1) Rolling-out of water-saving dyeing machine

There are concerns that extreme weather, such as heavy rain, drought, and faster melting snow, led by the recent climate change may significantly impact the ability to secure sustainable water resources. Under these circumstances, industries that consume a massive amount of water have increasing needs for reduction of water consumption. The textile industry that our Process Engineering Segment is involved in is defined as a high water-and-energy consumption industry for its large natural environment impact caused by wastewater and exhaust gases.

Circular ZR, our jet dyeing machine, is an environmentally friendly dyeing machine which is operable with a minimum amount of water. Adopting features such as a dyeing tank and small-size heat exchangers enables the reduction of liquid ratio*, contributing to energy saving and the reduction of water consumption and dyeing wastewater. Using this product contributes to sustainable water resources.

*Ratio of dyed item volume and dyeing solution volume



Water-saving dyeing machine

Disclosure According to TCFD Recommendations

Hisaka supports the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) and engages in initiatives and disclosures according to the recommendations.

*For details of disclosure according to the TCFD recommendations, please refer to our corporate site.

Strategy

Hisaka performs scenario analysis on trends in climate change-related matters. The table below shows risks and opportunities due to climate change (excerpt) defined based on the results of risk and opportunity identification. Our three business segments commonly use a large amount of energy throughout the product life cycle from the manufacturing of procured products by our suppliers to the use of our products by our customers. Accordingly, we assume that risks and opportunities in the transitional risk category will arise due to tighter regulations for GHG emissions, changes in demand for low-carbon products, and changes in energy demand and supply. We define impact on our production bases due to climate change-related disasters as major risks and opportunities in the physical risk category.

Governance

We established a Sustainability Committee chaired by the President and Representative Director on April 1, 2022, and thereby built a structure in which we discuss a wide variety of critical matters related to sustainability including climate change, in cooperation with related departments. The committee meets a minimum of twice per year and reports the outcome of activities to the Board of Directors, which appropriately supervises various critical matters related to sustainability including climate change.

Scenario	Major classification	Medium classification	Minor classification	Potential impacts due to climate change on the company
1.5°C	Transitional risks	Political measures and regulations	Tighter regulations for GHG emissions	Business costs may increase due to the introduction of carbon pricing such as a carbon tax.
			Market	To meet a requirement to change to renewable energy resources, costs for our facilities, purchasing green electricity, etc. may increase.
			Technology	Being behind our competitors in addressing environmental impact, sales of our major products may decrease.
4.0°C	Physical risks	Acute	Intensifying extreme natural disasters	The rise of energy cost may increase raw material prices, resulting in increased manufacturing cost.
			Intensifying extreme natural disasters	Intensifying pace and severity of heavy rainfall and typhoons may cause delays in material procurement and construction work, adversely affecting business costs and construction time.
1.5°C	Opportunities	Political measures and regulations	Tighter regulations for GHG emissions	Damage to shipped and received goods and equipment and the shutdown of operations at our plants may result in decreased sales.
			Market	High temperature may adversely affect our customers' facilities and shut down their operations, decreasing sales.
			Resource recycling	Increasing demand for environmentally friendly products may increase sales. (Heat Exchanger Segment: CO2 capture-related and heat recovery-related products; Process Engineering Segment: dyeing machines; Valve Segment: hydrogen-related products)
4.0°C	Acute	Intensifying extreme natural disasters	Intensifying extreme natural disasters	Promotion of decarbonization and energy saving may increase demand for environmentally friendly products.
			Intensifying extreme natural disasters	Customers may require longer life for machines, which increases demand for maintenance services, which increases orders for maintenance services, increasing sales.
4.0°C	Acute	Intensifying extreme natural disasters	Intensifying extreme natural disasters	Increasing demand for facilities as a BCP measure to prepare for natural disasters may increase orders, increasing sales.
			Intensifying extreme natural disasters	Hisaka will establish a procurement BCP, which may reduce a risk of sales decrease due to a shutdown of operation.

*Risks and opportunities which have potentially significant impact on our business over the medium to long term and are subject to trial calculation of financial impacts are highlighted in yellow.

Risk Management

Hisaka identifies major business operational risks including climate change-related risks, under the supervision of the Risk Management Committee, and annually evaluates them based on multiple standards. We also regularly monitor risk mitigation status.

Indicators and Target

Hisaka aims to reduce GHG emissions of Scope 1, 2 by 29% compared to the fiscal year ended March 31, 2023 (a reduction of 4.2% annually) by 2030.

Actual GHG emissions in the fiscal year ended March 31, 2024 (non-consolidated; Scope 1, 2, 3) are disclosed in the table below. The largest CO2 emissions in Scope 3 are accounted for the use of products. Our products require steam and electricity when used by our customers, and CO2 emissions generated by the use of steam account for 4.5 times of those by the use of electricity. We are aiming to reduce GHG emissions generated by the use of our products by manufacturing and selling a reduced steam-consumption model.

● GHG Emissions (Non-consolidated; for FY2024/3)

Category	Emission (t-CO2)	Ratio (%)
Scope1	1,732	0.6
Scope2	3,251	1.1
Scope3	290,778	98.3
Category 1	74,727	25.7
Category 11	171,469*	59.0
Other categories	44,582	15.3

*Calculated using our products' lifespan of 15 years

Making the most of our human resources

Nurturing and Leveraging Diverse Human Capital

Aiming to grow as an organization which sustainably increases corporate value, Hisaka continuously pursues the goal of fostering a vibrant group of employees, who are all independent, feel satisfied with work and in their everyday life without fear of changes, and contribute to solving social issues. To do this, we are committed to establishing a safe and healthy workplace environment.

1) Industrial safety and health management system and our initiatives

We appoint a General Safety and Health Plant Supervisor in each plant and a Safety and Health Supervisor in each division, and operate our business in compliance with the Industrial Safety and Health Act. In order to prevent serious industrial injuries and accidents and minimize the risk of occurrence, we conduct daily safety and health

activities including 5S activities, safety and health training, reoccurrence prevention through countermeasures for Hiyari-hatto (near-miss) incidents, and hazard prediction for related work. We also implement risk assessment at the time of introducing a new production facility or during irregular work. We work to enhance and instill awareness of safety as well through activities conducted during the National Industrial Safety Week including the preparation month and National Industrial Health Week, and the New Year's Accident-Free Operation Campaign.

Additionally, the Konoike Plant, one of our production bases, acquired ISO 45001 certification, an international standard, aiming to continuously improve industrial safety and health.



"G-23" Safety, Health, and Environment Policy

Our commitment to safety and security, safety activities with renewed dedication
 Through the Magokoro Campaign for Zero Industrial Disaster, our team efforts succeed, establishment of accident-free workplace (for Company)
 The times and the environment never remain the same, our zero industrial disaster goal never changes
 Safety—cornerstone of the company, prayer of the family (for Union)

● Number of Industrial Injuries, Frequency Rate, and Severity Rate

	FY2020/3	FY2021/3	FY2022/3	FY2023/3	FY2024/3
Number of industrial injuries	1	4	3	3	2
Frequency rate	0.00	0.00	0.00	0.00	0.00
Severity rate	0.00	0.00	0.00	0.00	0.00
Number of fatal accidents	0	0	0	0	0

*None of the industrial injuries that occurred resulted in lost work time.



Scene from a safety patrol

2) Promotion of health and productivity management

We promote health and productivity management, understanding that our operational productivity increases when our employees are mentally and physically healthy and engage in their work with a sense of satisfaction, which leads to sustainable corporate growth and increased value for our customers. Defining "absenteeism," "presenteeism," and "work engagement," as our KPIs, we are striving to ensure the safety and security of employees' mental and physical health and

establish a vibrant group of employees. The Certified KENKO Investment for Health Outstanding Organizations Recognition Program by the Ministry of Economy, Trade and Industry recognizes corporations that implement particularly outstanding health and productivity management based on initiatives in line with community health issues and health promotion initiatives advanced by a health council organization in Japan called the Nippon Kenko Kaigi. Hisaka was recognized as a 2024 Certified KENKO Investment for Health Outstanding Organization.

Statement on Health

HISAKA WORKS values all employees' mental and physical health, which underpins the Business Creed "Pursuit of rich humanity." We understand that sound corporate growth relies on all employees' health. We actively promote mental and physical health through combined efforts among the Company, employees, and their families.

Health and Productivity Management Policy

We improve mental and physical health to establish a vibrant group of employees ("safety and Security" from the five principles of "HISAKA MIND").

Organizational collaboration between the Company and employees as a cooperative body and self-directed and self-help efforts by plus type human resources ("Higher, Wider, Deeper") are the key for success. It is very important for mental and physical health that we spend safe, active, and vibrant time every day.

We strive to achieve that by engaging in various activities based on the following three policies.

1. Promote mental and physical health
2. Ensure a workplace environment with mental and physical safety
3. Improve self-efficacy through their own growth (a vibrant group of employees)

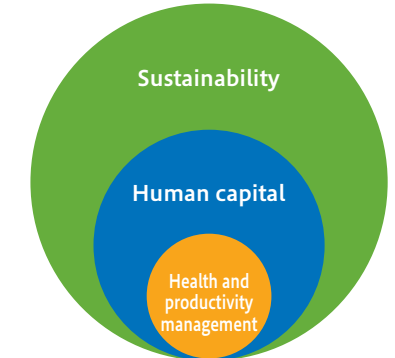
● KPIs for Overall Health and Productivity Management

Indicator	Definition of indicator	FY2023/3	FY2024/3	Target
Absenteeism	Leave of absence rate: average number of leave days taken for injury or disease by all employees	0.66	1.09	Less than 1%
Presenteeism	Performance capability rate based on the stress check results	79.7	81.4	85
Work engagement	Engagement survey results (deviation)	49.3	49.9	50

3) Support for active communication

Hisaka considers that it is important to establish robust trust among employees and their families, stakeholders of the Company, etc. for continuing corporate activities. As a part of our welfare benefit activities, we support cultural and sports activities by providing facilities and financial support. We promote cross-age and cross-department communications among employees through club activities including baseball, tennis, and Shogi known as Japanese chess. We also host annual events welcoming employees' family members participation, including clam digging, harvesting of seasonal fruits and vegetables, barbecues, and employee family gatherings mostly

● Relationship of Sustainability, Human Capital, and Health and Productivity Management



to enjoy theater performances, and organize a once-every-four-years athletic festival. We are thus striving to promote health improvement and active communication among our employees and their families.



Scene from an athletic festival

Building of a Sustainable Society

Responsible Procurement

In our Sustainability Promotion Policy, Hisaka upholds "cultivating a corporate culture that emphasizes corporate ethics and always actively making appropriate decisions." We are working towards our sustainable growth in procurement from supply chain clients through good partnerships based on a common ground of mutual trust, legal compliance, and respect for human rights. Hisaka agreed to and announced its participation in the Declaration of Partnership Building in April 2022. Under the philosophy of the Declaration, we are working to increase added value throughout our supply chain and striving to establish coexistence and co-prosperity with our supply chain clients through cooperation beyond the current partnerships, company size, and other factors.



Realization of a Sustainable Community and Society

Hisaka includes "Profit for Yourself and Others" as one of the five principles of our philosophy system "HISAKA MIND." We are promoting social contribution activities, understanding that we assume an important role in solving social issues with our products and services, as well as contributing to solving the issues of communities, societies, and other stakeholders, as a corporate citizen.

1) Blood donations

The Konoike Plant (Higashiosaka City, Osaka Prefecture) and the Ikoma Plant (Ikoma City, Nara Prefecture) regularly hold blood donation campaigns among employees with the support from Red

Cross Blood Centers in each area. We have engaged in blood donations for more than 30 years and received a letter of appreciation from the Japanese Red Cross Society in March 2022.



Letter of appreciation from the Japanese Red Cross Society

2) Receiving plant tour groups

Starting in 2023, with the support of Osaka Craftsmanship Tourism Promotion Association, we have hosted factory tours in the Konoike Plant as one of the hosting companies in Higashiosaka. The tours are designed as craftsmanship promotional tourism for groups of elementary school, junior high school, and high school students across Japan who visit the Kansai area for their school trips. We have hosted approximately 250 junior high school and high school students from Okinawa Prefecture to Tokyo. We also provide opportunities for understanding manufacturing work for elementary school students within Higashiosaka City by accepting tours in the Konoike Plant for their social studies classes.



Hosting plant tour groups

Strengthening of the Management Foundation

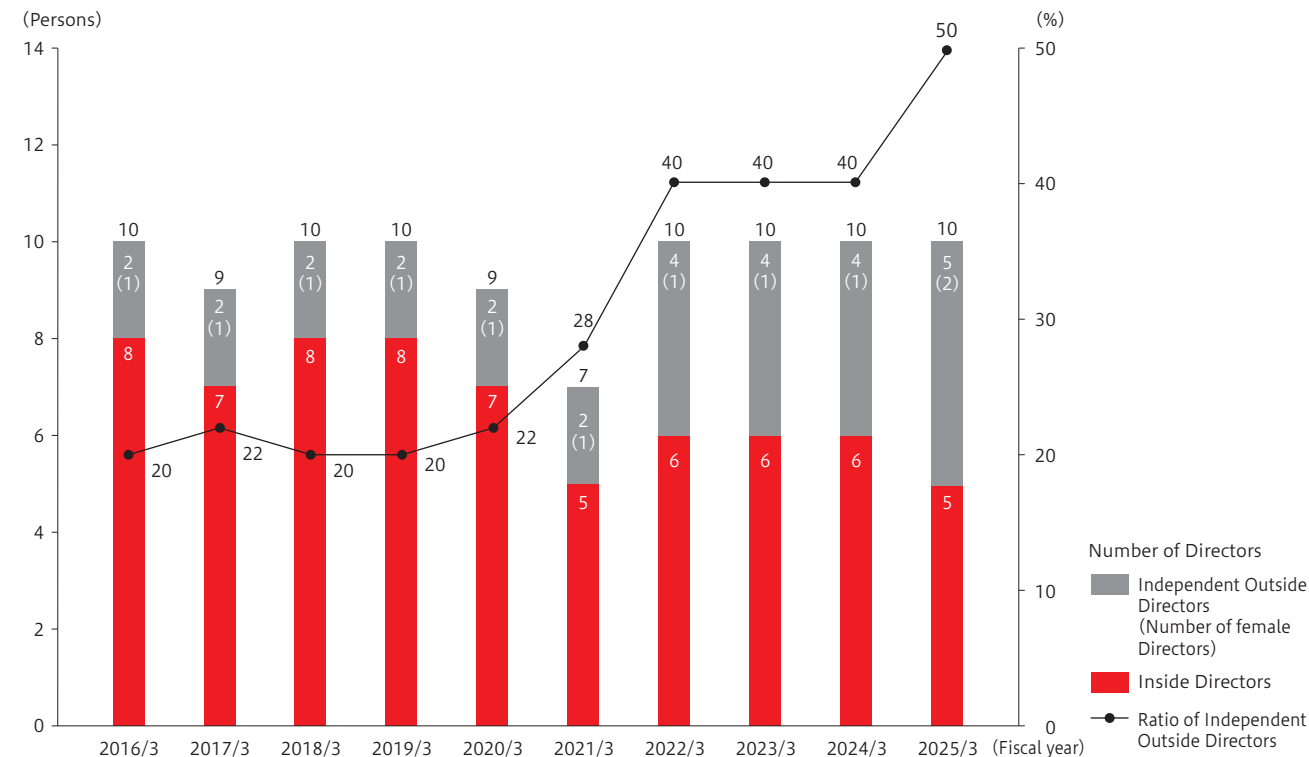
Basic Concept

HISAKA thoroughly considers that the basic concept of corporate governance is to appropriately implement the five general principles of Japan's Corporate Governance Code, namely "Securing the Rights and Equal Treatment of Shareholders," "Appropriate Cooperation with Stakeholders Other Than Shareholders," "Ensuring Appropriate Information Disclosure and Transparency," "Responsibilities of the Board," and "Dialogue with Shareholders." Through the appropriate implementation, we aim at further improving our corporate values as well as constructing and maintaining a decision-making structure that can swiftly respond to changes in the management environment, with all stakeholders in mind.

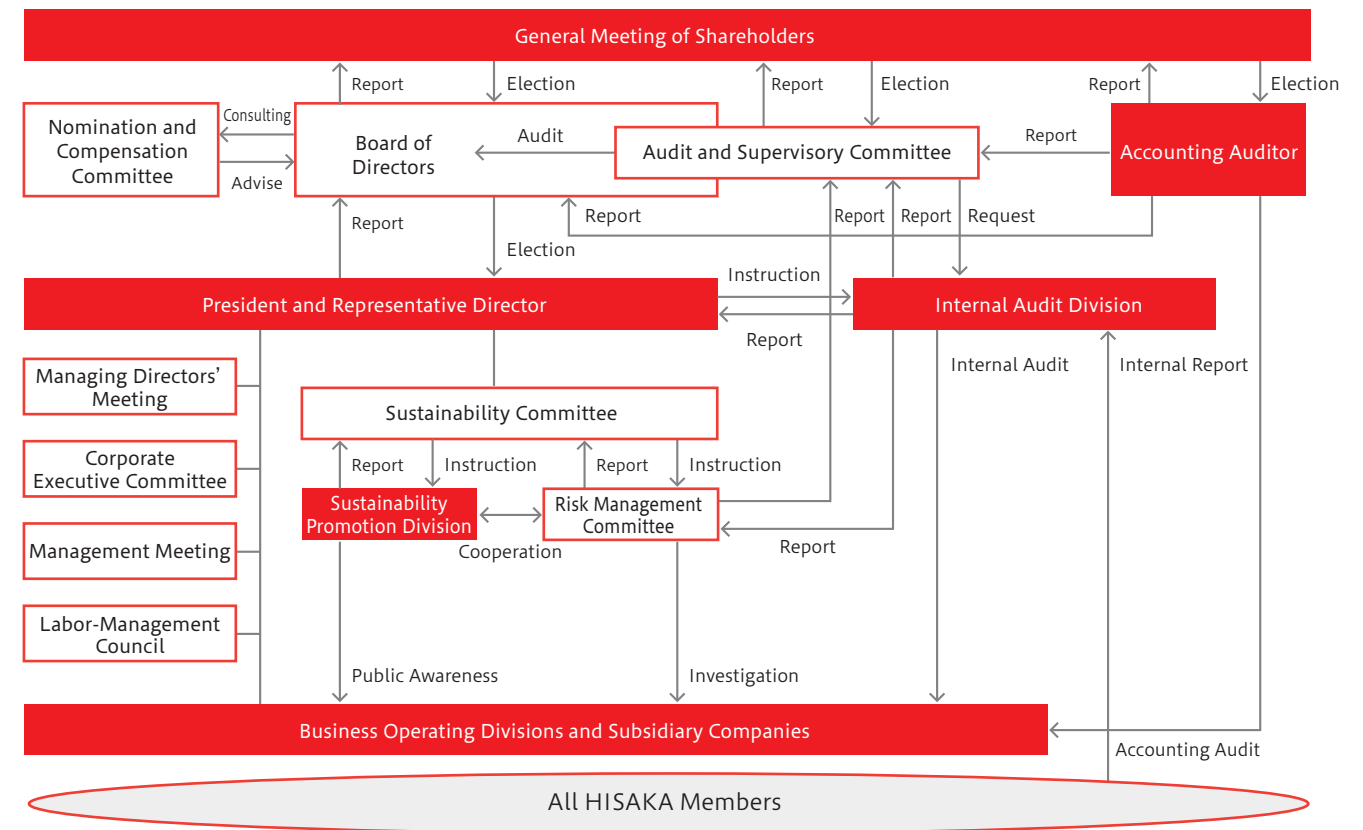
Progress in Strengthening Corporate Governance

1982	Established an Audit Division.
2005	Added an internal control function to the Audit Division.
2006	Formulated various rules related to internal control, including a Basic Policy on Internal Control.
2015	Appointed Independent Outside Directors.
2020	Introduced a System of Executive Officers (with Titles) .
April 2021	Established a Nomination and Compensation Committee.
June 2021	Transitioned to a company with an Audit and Supervisory Committee. Revised the Directors' compensation system.

Trend in the Ratio of Independent Outside Directors



Corporate Governance System



Responsibilities and the Composition of Supervisory Bodies

	Board of Directors	Audit and Supervisory Committee	Nomination and Compensation Committee
Chairperson	1 Inside Director	1 Inside Director	1 Inside Director
Members	5 Inside Directors + 5 Independent Outside Directors	2 Independent Outside Directors	2 Independent Outside Directors
Total Members	10 members	3 members	3 members
Number of meetings held in FY2024/3	11 meetings	12 meetings	10 meetings
Average attendance ratio	98%	100%	100%
Primary agenda items	<ul style="list-style-type: none"> Regular examinations of financial results, business plans, and dividends Basic capital policy and efforts to improve the Price-to-Book Ratio (PBR) Large-scale capital expenditure, including reconstruction of the Konoike Plant Merger and establishment of subsidiaries Details of the information disclosed in TCFD reports Discussion of succession plans for the CEO and other officers, etc. 	<ul style="list-style-type: none"> Policies and plans for the audit by the Audit and Supervisory Committee Development and the operation status of the internal control system Appropriateness of the methods and results of the audit by the Accounting Auditor, etc. 	<ul style="list-style-type: none"> Organizational structure and the Directors/Executive Officers structure for FY2025/3 Succession plans (roadmap) for the CEO and other officers Monitoring of the successor candidates Discussions on partial revisions to the Directors' Compensation Rules, etc.

Basic Policy on Directors' Compensation

The Company's basic policy on Directors' compensation is to secure talented individuals as its Directors, enhance their motivation for management, have them reach their full potential as managers, and clarify their management responsibility.

The levels of compensation are determined by comprehensively considering various factors, such as levels of compensation at companies in the same industry or of a similar size, linkage to performance, and levels of compensation for employees.

Overview of the Directors' Compensation System

Directors' compensation for executive Directors (the "Inside Directors") includes performance-linked monetary compensation and stock compensation with the aim of encouraging contributions not only to short-term performance but also to the increase in corporate value over the medium to long term.

Directors' compensation for non-executive Outside Directors (the "Outside Directors") and Directors who are Audit and Supervisory Committee Members (the "Audit and Supervisory Committee Members") consists solely of fixed monetary compensation and does not include performance-linked compensation and stock compensation as their responsibility is to audit and supervise the execution of duties of the management team regardless of corporate performance.

No retirement allowances are given to Directors.

Messages from Outside Directors



What challenges do you see in the current situation, and what role do you think you should play in increasing the corporate value of the Hisaka Group?



Koji Mizumoto

Our core products, which support our three businesses, have entered the maturity phases of their product life cycles, and it is imperative to develop new products or businesses aimed for the next generation. I believe that consolidation of and collaboration among Ikoma and Konoike Plants and various group companies is essential for higher efficiency. I have worked for a materials manufacturer for 40 years and have extensive experience in addressing various challenges in the manufacturing industry. I think my mission entrusted by the shareholders is to fully leverage my expertise and oversee the management from an objective, outsider's perspective. I will provide the management team with advice based on my own experience and knowledge and help the Company to become a forward-looking, all-inclusive, and highly profitable company that is needed by society.



Yuko Tsuno

As a lawyer, I have been engaged over the years in building compliance systems, taking preventive legal measures, and solving disputes in corporate legal settings, including those at many listed companies. I have also been involved for years in managing a law firm and serving as external contact point for whistleblowing systems. Drawing on my experience, I will continue to give advice as Outside Director on strengthening the compliance system from preventive and other perspectives. At the same time, I will support the creation of an environment in which employees will feel more satisfied with their work than ever before. As a member of the Nomination and Compensation Committee, I will make active efforts to contribute to the Company's sustainable growth and a medium- to long-term increase in its corporate value by providing effective oversight to ensure proper implementation of succession plans.



Emiko Ikigoshi

I was appointed as Outside Director in June 2024. I will strive to help enhance the effectiveness of the Board of Directors by leveraging the expertise in finance and accounting acquired through serving as certified public accountant as well as the knowledge cultivated through auditing companies in various industries, and by actively offering my insights on management strategies and challenges related to the Group's sustainable growth from a position free from internal constraints. I believe, in particular, that addressing issues related to people is important for increasing corporate value over the medium to long term. I will have adequate discussions with the management team, who are addressing the issues, and monitor the progress to support the "realization of a vibrant group of employees."



Akira Nakai

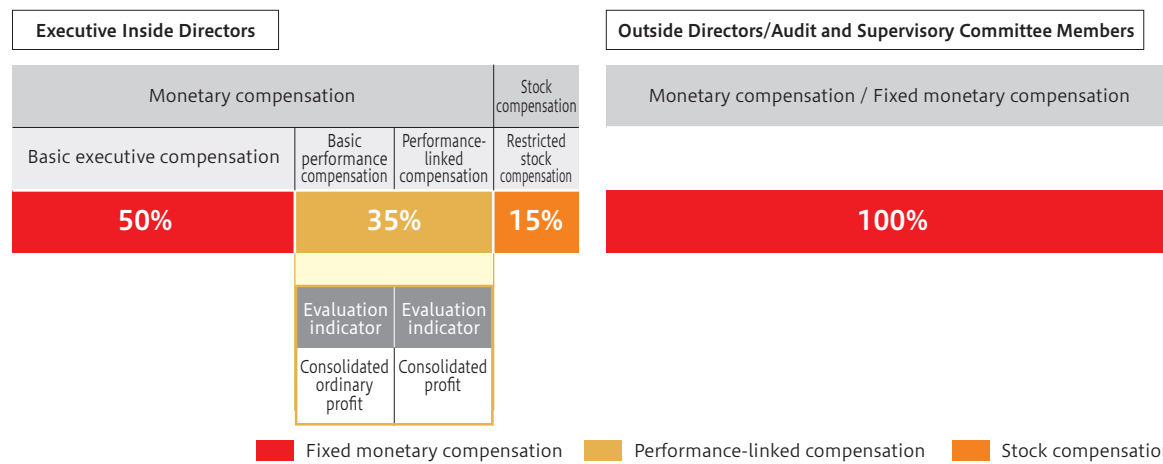
From the standpoint of a lawyer, with regard to agenda items submitted to the Board of Directors, I offer comments and ask questions concerning the Companies Act, transactions, and labor affairs from a legal perspective to ensure that the Company's operations are legally compliant. I work to support the proper functioning of the Company's governance system. Having studied in foreign countries, including China, I particularly strive to offer practical advice on international business operations. The Company has a solid business foundation. I will work to ensure that the Company will not become complacent, but will address social issues actively and grow into a company that is indispensable to society.



Noriyuki Fujita

As an Audit and Supervisory Committee Member, I monitor whether Directors are performing their management duties properly. In addition, the primary role of an Outside Director is to offer different perspectives and viewpoints. To fulfill this role, I actively ask questions and offer opinions on matters that catch my attention in Audit and Supervisory Committee and Board of Directors meetings, drawing on my extensive experience in tax administration and from the perspective of a certified tax accountant and real estate transaction specialist. In rapidly changing times, a communicative workplace and quick decision-making are essential. I aim to help foster an open corporate culture by maintaining close communication with both Inside and Outside Directors, as well as with employees. I will carefully observe the status of the front line and listen to the frontline staff, work closely with the Internal Audit Division, and get involved in medium- to long-term strategies to increase corporate value, thereby contributing to the Company's sustainable growth.

Composition and composition ratios of Directors' compensation



Evaluation of the Effectiveness of the Board of Directors

The Company evaluates the effectiveness of the Board of Directors by conducting an annual survey in March with questions about the composition of the Board of Directors, its operation, its agenda, and its support system and summarizing the matters regarding the responses to issues based on the results of the survey.

In response to the survey, some Outside Directors expressed the

opinion that they are provided with adequate opportunities to request the Company to provide information and that there is an atmosphere in which they feel free to speak openly. We therefore believe that transparency in the management is being ensured. Meanwhile, there were also opinions suggesting that further provision of information to Outside Directors is still necessary. We will continue to work to enhance the operation of the Board of Directors in order to further increase its effectiveness.

Compliance-related Efforts

e-Learning Education about CSR	Things learned in FY2024/3 <ul style="list-style-type: none"> • Quick guide to the basics of CSR • Basics of corporate ethics and compliance • Addressing workplace harassment
BCP Administration of the Business Continuity Plan	We have formulated procedures for ensuring prompt business continuity and recovery in an emergency.
Philosophy System Dissemination of "HISAKA MIND" Cultivating corporate culture	In April 2021, we renewed our philosophy. We are working to disseminate our philosophy so that "HISAKA MIND" will become a shared value standard for all employees.
Whistleblowing system Expansion of reporting lines	We have established a whistleblowing system to promptly identify and appropriately address any unlawful actions or violations of internal regulations. We have also established an external consultation hotline.
Information security Protection of information assets and business activities	We have formulated a Basic Policy on Information Security to protect our information assets and business activities from various threats and are working to continuously improve and enhance our information security measures.

Directors



Back row, from left: 9 Akira Nakai, 7 Emiko Ikigoshi, 5 Koji Mizumoto, 8 Naoto Hattori, 6 Yuko Tsuno, 10 Noriyuki Fujita
 Front row, from left: 3 Akihito Adachi, 1 Yoshikazu Takeshita, 2 Toshiya Usami, 4 Hiroshi Hatano

Directors

1

Yoshikazu Takeshita
Chairman and CEO

Mar. 1981 Joined HISAKA WORKS, LTD.
 Mar. 2012 Manager of the Manufacturing Department of the Process Engineering Division of the Company
 Mar. 2014 General Manager of the Process Engineering Division
 June 2014 Director, General Manager of the Process Engineering Division
 Oct. 2015 Director, General Manager of the Process Engineering Division, and Kyushu Branch Office Manager
 Apr. 2016 Managing Director, Finance and Management Strategy fields
 Apr. 2017 Director, President and Chief Executive Officer
 June 2020 President and Representative Director; President and CEO
 Apr. 2024 Chairman and CEO (current position)

2

Toshiya Usami

President and Representative Director, President and COO

Mar. 1983 Joined HISAKA WORKS, LTD.
 Mar. 2014 Manager of the Sales Section of the Heat Exchanger Division of the Company
 Apr. 2016 Executive Officer, Manager of the Sales Section of the Heat Exchanger Division, and Nagoya Branch Office Manager
 Apr. 2017 Executive Officer, Manager of the Manufacturing Section of the Valve Division
 Apr. 2018 Executive Officer, General Manager of the Valve Division
 June 2019 Director, General Manager of the Valve Division
 June 2020 Senior Executive Officer, General Manager of the Valve Division
 Apr. 2021 Managing Executive Officer, Domestic Sales field and General Manager of the Valve Division
 July 2021 Managing Executive Officer, Sales field and General Manager of the Valve Division
 Apr. 2022 Managing Executive Officer, Sales field and Tokyo Branch Office Manager
 June 2022 Director, Managing Executive Officer, Sales field and Tokyo Branch Office Manager
 June 2023 Director, Managing Executive Officer, Corporate Planning and Overseas Operation fields and Tokyo Branch Office Manager
 Apr. 2024 President and Representative Director, President and COO (current position)

3

Akihito Adachi

Director, Managing Executive Officer, Sales and Technical & Development fields and Konoike Plant Manager

Mar. 1984 Joined HISAKA WORKS, LTD.
 Mar. 2014 Manager of the Manufacturing Department of the Process Engineering Division of the Company
 Apr. 2016 Executive Officer, General Manager of the Process Engineering Division, and Kyushu Branch Office Manager
 Apr. 2018 Executive Officer, General Manager of the Process Engineering Division
 June 2018 Director, General Manager of the Process Engineering Division
 Apr. 2019 Director, General Manager of the Process Engineering Division, and Kyushu Branch Office Manager
 Nov. 2019 Director, General Manager of the Process Engineering Division, Ome Plant Manager, and Kyushu Branch Office Manager
 Apr. 2020 Director in charge of the Process Engineering Division, General Manager of the Technology Development Division, and Manager of the Information System Department
 June 2020 Senior Executive Officer, General Manager of the Technology Development Division, and Manager of the Information System Department
 Apr. 2021 Senior Executive Officer, General Manager of the Technology Development Division
 Apr. 2023 Managing Executive Officer, General Manager of the Technology Development Division
 June 2023 Director, Managing Executive Officer, Technical & Development field, and General Manager of the Technology Development Division
 Apr. 2024 Director, Managing Executive Officer, Sales and Technical & Development fields, and Konoike Plant Manager (current position)

4

Hiroshi Hatano

Director, Senior Executive Officer; Management, Management Strategy, and Investor Relations fields; Ome Plant Manager, and Tokyo Branch Office Manager

Sept. 2008 Joined HISAKA WORKS, LTD.
 Mar. 2015 Manager of the Corporate Management Department of the Company
 Apr. 2020 Executive Officer, General Manager of the Corporate Planning Division, and Manager of the Corporate Management Department
 Apr. 2024 Senior Executive Officer; Management, Management Strategy, and Investor Relations fields; Ome Plant Manager, and Tokyo Branch Office Manager
 June 2024 Director; Senior Executive Officer; Management, Management Strategy, and Investor Relations fields; Ome Plant Manager, and Tokyo Branch Office Manager (current position)

5

Koji Mizumoto

Outside Director

Apr. 1978 Joined Nisshin Steel Co., Ltd. (present Nippon Steel Corporation)
 June 2001 General Manager of the Corporate Planning Dept. of Nisshin Steel Co., Ltd.
 Apr. 2005 Executive Officer and General Manager of the Sales Administration Dept. of Nisshin Steel Co., Ltd.
 Apr. 2007 Executive Officer and General Manager of the Human Resources Dept. of Nisshin Steel Co., Ltd.
 Apr. 2009 Managing Executive Officer and General Manager of the Human Resources Division of Nisshin Steel Co., Ltd.
 June 2009 Director and Managing Executive Officer of Nisshin Steel Co., Ltd.
 Apr. 2012 Director and Managing Executive Officer of Nisshin Steel Co., Ltd. Chairman of Nisshin Steel Shanghai Co., Ltd.
 June 2012 Managing Executive Officer of Nisshin Steel Co., Ltd.
 Apr. 2014 Vice President, Executive Officer and CFO of Nisshin Steel Co., Ltd.
 June 2014 Representative Director; Vice President, Executive officer; and CFO of Nisshin Steel Co., Ltd.
 Apr. 2017 Director (assistant to President) of Nisshin Steel Co., Ltd.
 June 2017 Senior Advisor of Nisshin Steel Co., Ltd.
 June 2018 Advisor of Nisshin Steel Co., Ltd.
 June 2019 Outside Director of HISAKA WORKS, LTD. (current position)
 Aug. 2020 Outside Director of Toyo Denki Seizo K.K. (current position)

6

Yuko Tsuno

Outside Director

Dec. 2008 Completed the requisite courses at the Supreme Court's Legal Research and Training Institute (61st class) Registered with Aichi Bar Association
 Aug. 2009 Registered with Osaka Bar Association
 Joined Chuo Sogo Law Office P.C. (current position)
 Apr. 2012 Joined Intellectual Property Law Practice Study Group (current position)
 June 2012 Director of Kansai Branch of Japan Trademark Association (current position)
 June 2016 Officer in charge of the protection of personal information and a committee member of information disclosure screening in the city of Kaizuka (current position)
 Apr. 2017 Joined Intellectual Property Committee and Road Traffic Accident Committee of Osaka Bar Association (current position)
 Sept. 2017 Lecturer of the School of Policy Studies of Kwansai Gakuin University (current position)
 June 2019 Outside Director of HISAKA WORKS, LTD. (current position)
 Aug. 2019 Equity Commission Member of Kaizuka City (current position)
 Apr. 2020 Vice Chairperson of the Intellectual Property Committee of the Osaka Bar Association

7

Emiko Ikigoshi

Outside Director

Oct. 1990 Joined Chuo Shinko Audit Corporation
 Mar. 1994 Registered as a certified public accountant
 June 2003 Partner of ChuoAoyama Audit Corporation
 Aug. 2007 Joined Deloitte Touche Tohmatsu (present Deloitte Touche Tohmatsu LLC) as a partner
 Oct. 2023 Established Ikigoshi Certified Public Accountant Office (current position)
 June 2024 Outside Director (Audit and Supervisory Committee Member) of SINKO INDUSTRIES LTD. (current position)
 Outside Director (Audit and Supervisory Committee Member) of Chugin Financial Group, Inc. (current position)
 Outside Director of HISAKA WORKS, LTD. (current position)

8

Naoto Hattori

Director, Audit and Supervisory Committee Member

Mar. 1984 Joined HISAKA WORKS, LTD.
 Mar. 2016 Manager of Sales Department of the Valve Division of the Company
 Apr. 2022 Manager in charge of Sales Department of the Valve Division and Tokyo Branch Office Deputy Manager
 Apr. 2023 Assistant to the Audit and Supervisory Committee Member
 June 2023 Director (Audit and Supervisory Committee Member) (current position)

9

Akira Nakai

Outside Director, Audit and Supervisory Committee Member

Oct. 2006 Registered with Osaka Bar Association (current position)
 Oct. 2006 Joined Yodoyabashi & Yamagami LPC
 Apr. 2015 Part-time lecturer at Kobe University, Graduate School of Law (current position)
 June 2016 Auditor of HISAKA WORKS, LTD.
 Dec. 2020 Outside Auditor of AvanStrate Inc.
 June 2021 Outside Director (Audit and Supervisory Committee Member) of HISAKA WORKS, LTD. (current position)

10

Noriyuki Fujita

Outside Director, Audit and Supervisory Committee Member

Apr. 1981 Joined the International Trade Fair Association
 Apr. 1985 Joined National Tax Agency
 July 2014 Director of Miyazu Tax Office
 July 2015 Examiner in charge of Second Large Enterprise Examination Department of the Osaka Regional Taxation Bureau
 July 2018 District Director of Ashiya Tax Office
 Aug. 2019 Registered as a certified tax accountant
 Aug. 2019 Established Fujita Noriyuki Tax Office (current position)
 June 2020 Auditor of HISAKA WORKS, LTD.
 July 2020 President and Representative Director of MAC BRAIN Inc.
 June 2021 Outside Director (Audit and Supervisory Committee Member) of HISAKA WORKS, LTD. (current position)

● Skill Matrix for Director

Director	Expertise that the Company expects for Directors (including Directors who are Audit and Supervisory Committee Members)									
	Corporate Management	Sales	Technology and Research Development	Internationality	Manufacturing and Quality	Management Planning	Finance and Accounting	Human Resources and Labor Management	Legal Affairs and Internal Control	Sustainability
Yoshikazu Takeshita	●	●		●	●	●	●			●
Toshiya Usami	●	●	●	●	●	●	●			●
Akihito Adachi	●	●	●		●				●	●
Hiroshi Hatano	●	●				●	●	●	●	●
Koji Mizumoto	●			●		●	●	●		●
Yuko Tsuno								●	●	●
Emiko Ikigoshi							●		●	●
Naoto Hattori, Audit and Supervisory Committee Member		●							●	●
Akira Nakai, Audit and Supervisory Committee Member	●			●					●	●
Noriyuki Fujita, Audit and Supervisory Committee Member	●						●			●

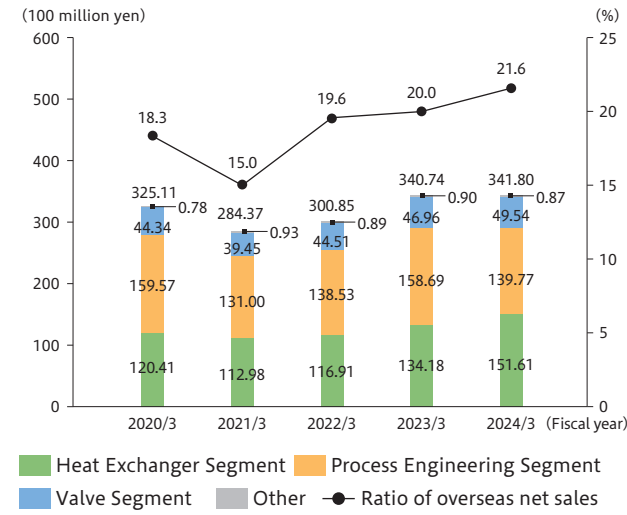
*The above matrix does not present all of the expertise possessed by the respective Directors.

			2014/3	2015/3	2016/3		2017/3	2018/3	2019/3	2020/3	2021/3	2022/3	2023/3	2024/3	
			(Fiscal year)												
Business performance	Orders received	(Million yen)	23,082	25,391	25,770		26,594	28,914	30,669	31,952	28,165	34,685	34,621	37,999	
	Net sales	(Million yen)	23,181	24,398	25,393		25,023	26,891	30,939	32,511	28,437	30,085	34,074	34,180	
	Gross profit	(Million yen)	5,289	4,944	5,287		5,463	5,997	7,117	7,438	6,233	6,889	7,710	8,304	
	Selling, general and administrative expenses	(Million yen)	3,531	3,602	4,102		4,302	4,389	5,076	5,163	4,824	5,069	5,798	5,847	
	Operating profit	(Million yen)	1,757	1,342	1,184		1,161	1,607	2,040	2,274	1,409	1,819	1,912	2,457	
	Ordinary profit	(Million yen)	2,268	1,831	1,532		1,374	1,963	2,337	2,573	1,765	2,270	2,392	2,896	
	Profit before income taxes	(Million yen)	2,718	1,991	4,503		2,786	2,772	2,258	2,840	1,750	2,758	2,840	3,261	
	Profit attributable to owners of parent	(Million yen)	1,480	1,313	2,688		2,191	1,927	1,596	2,080	1,212	2,058	2,040	2,420	
	Earnings per share	(Yen)	48.5	44.0	90.0		73.4	64.6	53.5	73.4	43.1	73.2	72.5	85.8	
	No. of consolidated subsidiaries	(Companies)	5	4	5		5	5	6	7	7	7	7	7	
	No. of equity method affiliates	(Companies)	1	1	2		2	2	2	2	2	2	2	2	
Segment information	Orders received	Heat Exchanger Segment	(Million yen)	10,239	11,408	11,934		10,843	11,415	11,277	12,368	10,405	12,769	14,059	16,900
		Process Engineering Segment	(Million yen)	8,916	9,243	9,494		11,017	12,024	13,305	14,981	13,307	17,748	15,536	16,058
		Valve Segment	(Million yen)	3,006	3,570	3,369		3,515	3,808	4,434	4,524	4,358	4,077	4,934	4,953
		Other	(Million yen)	2,892	2,613	2,541		2,731	3,831	3,546	78	93	89	90	87
	Net sales	Heat Exchanger Segment	(Million yen)	10,107	10,477	12,110		11,042	11,125	11,997	12,041	11,298	11,691	13,418	15,161
		Process Engineering Segment	(Million yen)	9,421	9,166	9,027		9,433	10,836	12,470	15,957	13,100	13,853	15,869	13,977
		Valve Segment	(Million yen)	2,938	3,317	3,429		3,451	3,733	4,408	4,434	3,945	4,451	4,696	4,954
		Other	(Million yen)	2,463	3,028	2,409		2,636	3,164	3,904	78	93	89	90	87
	Segment profit	Heat Exchanger Segment	(Million yen)	1,004	689	868		968	989	952	887	771	1,201	814	1,831
		Process Engineering Segment	(Million yen)	829	613	511		297	458	544	975	469	352	833	263
		Valve Segment	(Million yen)	(22)	43	29		(97)	140	442	471	237	321	339	423
		Other	(Million yen)	(41)	0	(147)		(50)	45	231	43	66	64	66	63
	Overseas net sales	(Million yen)	5,128	5,209	6,770		5,121	5,137	4,598	5,964	4,257	5,908	6,809	7,377	
	Ratio of overseas net sales	(%)	22.1	21.4	26.7		20.5	19.1	14.9	18.3	15.0	19.6	20.0	21.6	
Financial status	Total assets	(Million yen)	55,129	63,252	58,473		55,616	60,275	63,041	60,566	65,200	67,302	70,977	82,017	
	Net assets	(Million yen)	45,985	50,963	47,191		48,254	51,014	51,691	50,831	53,335	54,378	56,302	60,301	
	Interest-bearing liabilities	(Million yen)	0	90	0		0	0	0	113	9	0	0	5,000	
	Equity ratio	(%)	83.4	80.5	80.7		86.8	84.6	82.0	83.7	81.6	80.6	79.1	73.1	
	Net assets per share	(Yen)	1,539.8	1,706.5	1,580.3		1,616.2	1,708.7	1,731.4	1,804.1	1,893.1	1,927.4	1,992.6	2,125.8	
Earnings and financial indices	Ratio of operating profit to net sales	(%)	7.6	5.5	4.7		4.6	6.0	6.6	7.0	5.0	6.0	5.6	7.2	
	ROE	(%)	3.3	2.7	5.5		4.6	3.9	3.1	4.1	2.3	3.8	3.7	4.2	
	ROA	(%)	4.3	3.1	2.5		2.4	3.4	3.8	4.2	2.8	3.4	3.5	3.8	
	Net D/E ratio	(Times)	(0.2)	(0.2)	(0.3)		(0.2)	(0.3)	(0.3)	(0.2)	(0.3)	(0.3)	(0.3)	(0.1)	
Cash flows	Cash flows from operating activities	(Million yen)	3,391	1,885	542		(499)	2,961	2,011	2,018	3,933	3,147	1,485	(461)	
	Cash flows from investing activities	(Million yen)	(2,794)	364	3,233		690	505	(1,400)	(3,035)	(563)	(159)	(2,812)	(3,822)	
	Free cash flows	(Million yen)	597	2,249	3,775		191	3,466	611	(1,017)	3,370	2,988	(1,327)	(4,283)	
	Cash flows from financing activities	(Million yen)	(1,556)	(522)	(703)		(766)	(599)	(604)	(2,168)	(803)	(863)	(1,001)	3,828	
	Cash and cash equivalents at end of period	(Million yen)	7,351	9,129	12,075		11,457	14,338	14,568	11,344	13,922	16,141	13,871	13,746	
Capital expenditure, etc.	Capital expenditure	(Million yen)	1,157	535	1,436		926	510	1,890	3,260	1,424	1,757	4,956	6,118	
	Depreciation	(Million yen)	1,126	1,118	1,079		1,079	1,153	1,154	1,137	997	1,130	1,045	1,259	
	R&D expenses	(Million yen)	232	191	218		367	237	281	279	251	229	210	236	
Dividend status	Annual dividend per share	(Yen)	20	20	25		20	20	20	20	30	30	40	42	
	Total amount of dividends	(Million yen)	607	597	746		597	597	597	562	843	844	1,127	1,185	
	Dividend payout ratio	(%)	41.2	45.4	27.8		27.2	31.0	37.4	27.3	69.5	41.0	55.2	48.9	
	DOE	(%)	1.3	1.2	1.6		1.2	1.2	1.2	1.1	1.6	1.6	2.0	2.0	

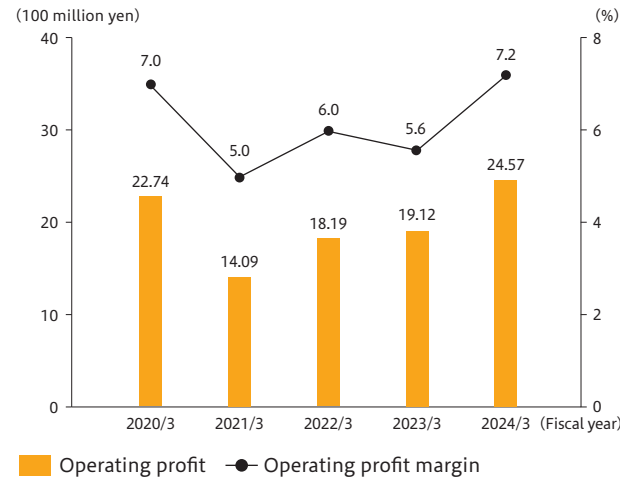
*Segment information is based on information before elimination of internal transactions.

Financial Highlights

● Segment net sales and ratio of overseas net sales

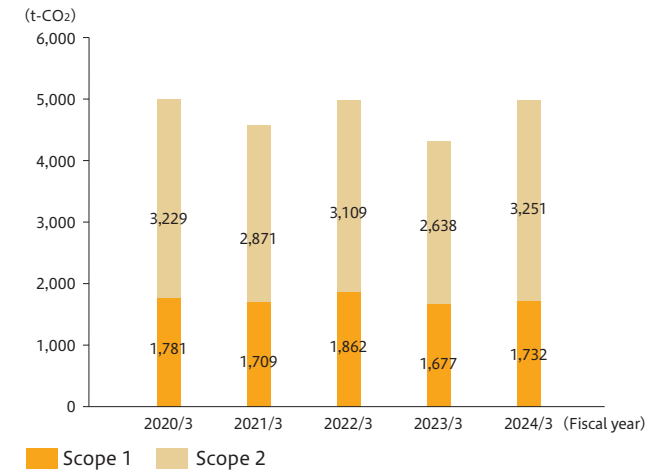


● Operating profit and operating profit margin

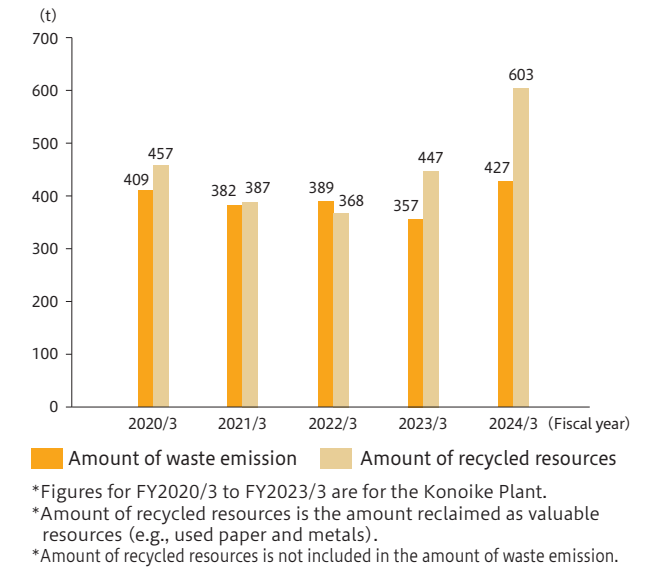


Non-Financial Highlights

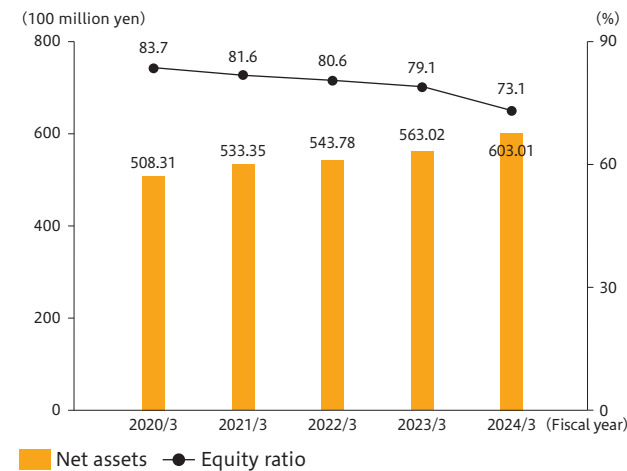
● GHG emissions (Scope 1, 2)



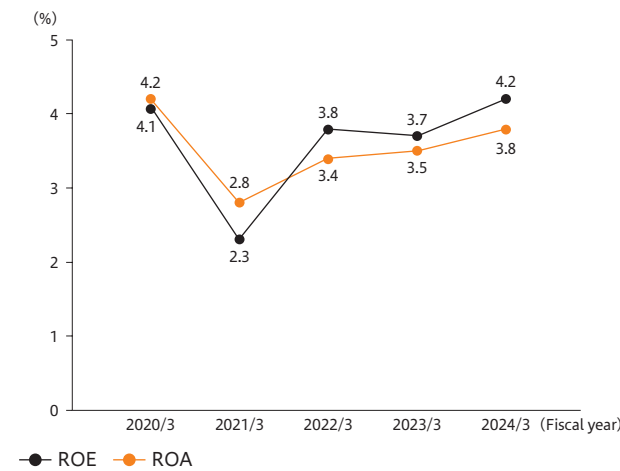
● Amount of waste emission and amount of recycled resources



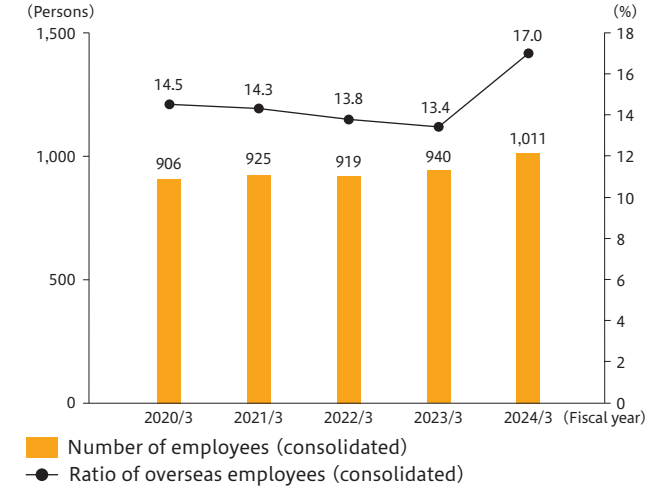
● Net assets and equity ratio



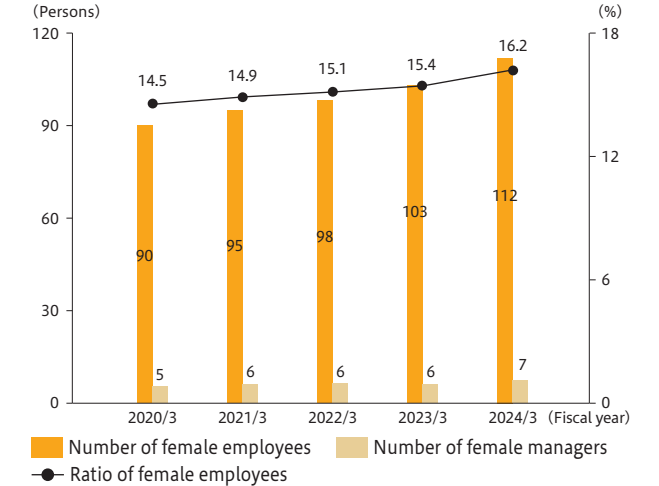
● ROE and ROA



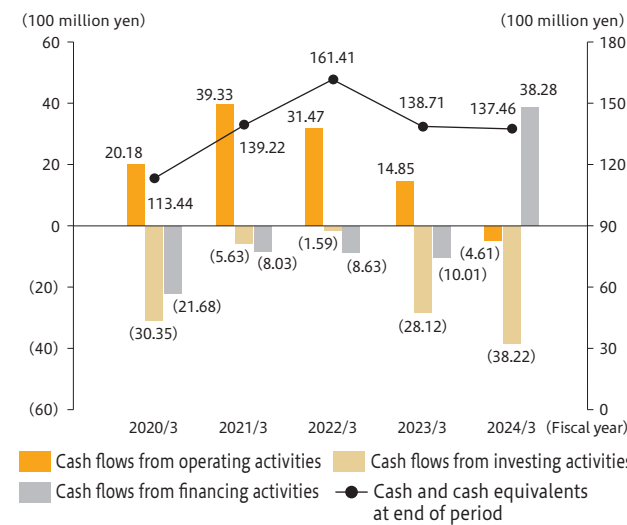
● Number of employees (consolidated) and ratio of overseas employees (consolidated)



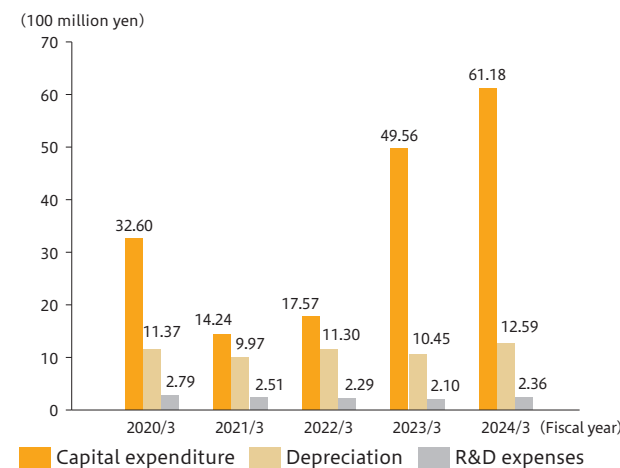
● Number of female employees, female managers, and ratio of female employees



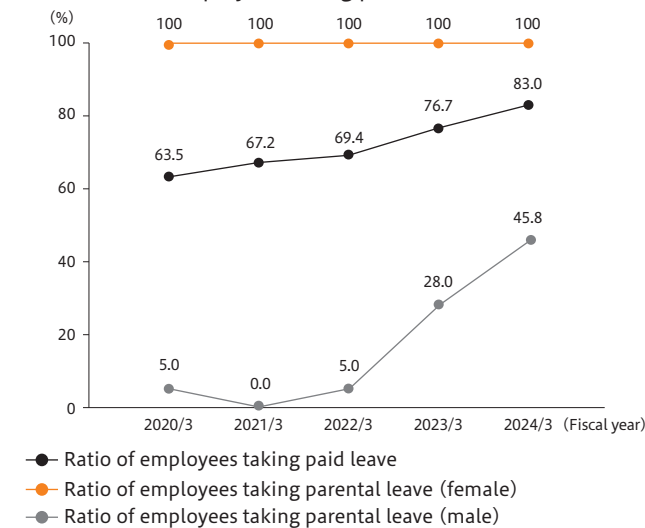
● Cash flows and cash and cash equivalents at end of period



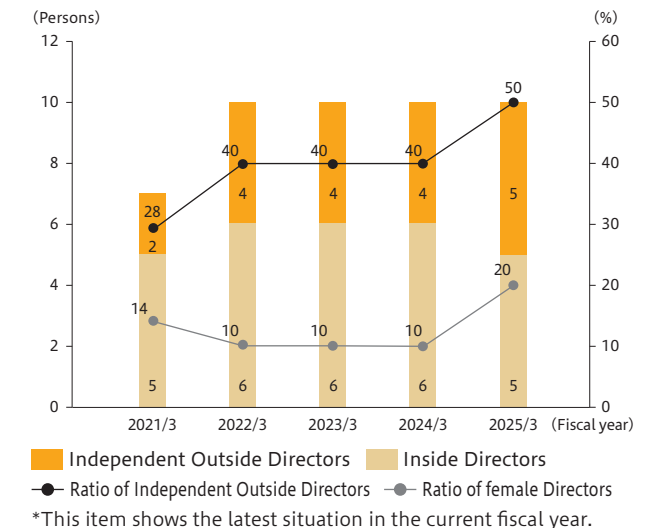
● Capital expenditure, depreciation, and R&D expenses



● Ratio of employees taking paid leave and ratio of employees taking parental leave



● Number of Directors, ratio of Independent Outside Directors, and ratio of female Directors



Company profile (As of date of publication)

Company name HISAKA WORKS, LTD.
Head office address 2-12-7, Sonezaki, Kita-ku, Osaka City, Osaka 530-0057 Japan
Contact TEL: +81-6-6363-0006 FAX: +81-6-6363-0160
Website https://www.hisaka.co.jp/english/
Representatives Chairman and Chief Executive Officer, Yoshikazu Takeshita
 President and Representative Director, President and COO, Toshiya Usami
Established May 1942
Capital 4,150 million yen
Number of employees Non-consolidated: 692
 Consolidated: 1,011 (as of March 31, 2024)
Main businesses Manufacture and sale of industrial machinery (heat exchangers, evaporator/distiller/concentrator, dyeing and finishing devices, food manufacturing equipment, pharmaceutical equipment, ball valves, etc.), power generation business

List of locations

Japan

- | | |
|---|---|
| Production plants | Branch offices/Sales offices |
| <ul style="list-style-type: none"> ● Konoike Plant ● Ikoma Plant ● Ome Plant | <ul style="list-style-type: none"> ● Tokyo Branch Office ● Nagoya Branch Office ● Kyushu Branch Office ● Kitakyushu Branch Office ● Hokkaido Sales Office ● Saitama Sales Office ● Chiba Sales Office ● Onomichi Sales Office |

Group companies

- **HISAKA PRODUCTS, LTD.**
- **KOMATSUGAWA CHEMICAL ENGINEERING CO., LTD.**
- **AUTOMATIC SYSTEM RESEARCH CO., LTD.**

*Three domestic affiliated companies and eight overseas affiliated companies are listed in bold letters.

Overseas

- **HISAKAWORKS S.E.A. SDN. BHD.**
- HISAKAWORKS S.E.A. SDN. BHD. JOHOR BRANCH
- HISAPINO MANILA REPRESENTATIVE OFFICE
- HISAVINA HO CHI MINH REPRESENTATIVE OFFICE
- **HISAKA WORKS (THAILAND) CO., LTD.**
- HISAKA WORKS (THAILAND) CO., LTD. SATTAHIP SALES OFFICE
- **HISAKAWORKS SINGAPORE PTE. LTD.**
- **PT. HISAKA WORKS INDONESIA**
- **HISAKA WORKS (CHINA) CO., LTD.**
- HISAKA WORKS (CHINA) CO., LTD. SHANGHAI BRANCH
- HISAKA WORKS (CHINA) CO., LTD. GUANGZHOU BRANCH
- **HISAKA MIDDLE EAST CO., LTD.**
- HISAKA MIDDLE EAST CO., LTD. YANBU BRANCH
- **HISAKA ARABIA HEAT EXCHANGER TRADING - L.L.C - O.P.C**
- **HISAKA KOREA CO., LTD.**
- HISAKA KOREA CO., LTD. BUSAN BRANCH

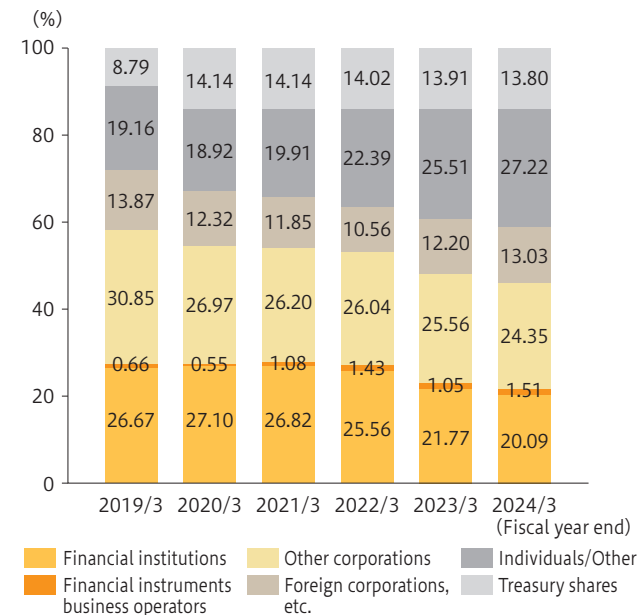


Share status (As of March 31, 2024)

Share information

Total number of authorized shares 129,020,000 shares
 Total number of shares issued 32,732,800 shares
 (including 4,515,300 treasury shares)
 Number of shareholders 8,937

Transition in shareholding ratio

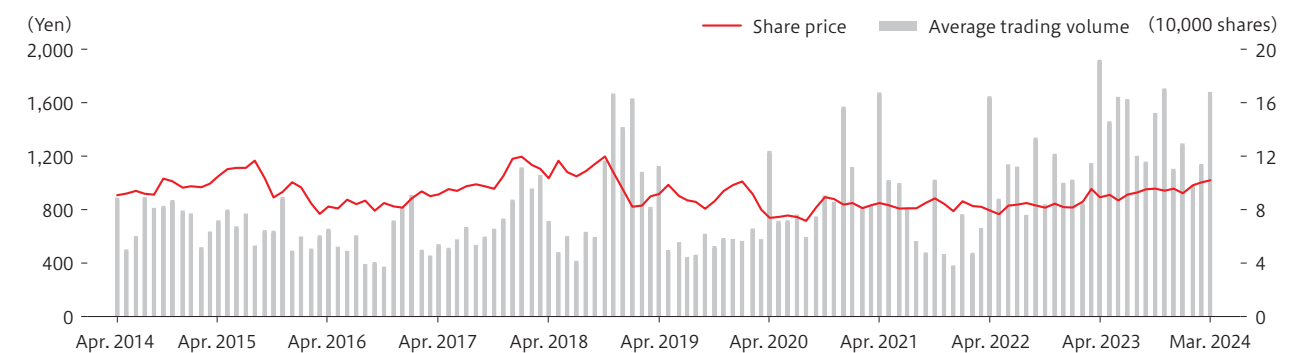


Major shareholders (Top 10)

Shareholder name	Number of shares held (shares)	Shareholding ratio
The Master Trust Bank of Japan, Ltd. (Trust Account)	2,496,500	8.84%
NIPPON STEEL Stainless Steel Corporation	1,070,000	3.79%
Custody Bank of Japan, Ltd. (Trust Account)	1,010,000	3.57%
Nippon Life Insurance Company	960,770	3.40%
MUFG Bank, Ltd.	912,640	3.23%
INABA DENKI SANGYO CO., LTD.	910,802	3.22%
STATE STREET BANK AND TRUST COMPANY 505103	735,628	2.60%
LIM JAPAN EVENT MASTER FUND	695,600	2.46%
Hisaka Works Business Partners Shareholding Association	673,286	2.38%
TAKUMA CO., LTD.	642,000	2.27%
Total	10,107,226	35.81%

Although the Company holds 4,515,300 treasury shares, it is excluded from the major shareholders noted above. Shareholding ratios are calculated after deducting the number of treasury shares, and are rounded down to the nearest indicated unit.

Share price and average trading volume for the past ten years (April 2014 to March 2024)



Editor's Note

Thank you very much for reading Integrated Report 2024 to the end.

We have issued an Integrated Report for the first time as part of our efforts to disclose information to all stakeholders, including shareholders, investors, customers, business partners, employees, and local communities.

This report introduces our philosophy, value creation process, and the top message, as well as our growth strategies aimed at achieving medium- to long-term plans and sustainability efforts. We hope that this report will help deepen your understanding of our efforts to contribute to the realization of a sustainable society through our business activities.

We will continue to disclose information appropriately while striving to contribute to society and enhance corporate value. We look forward to your candid feedback.