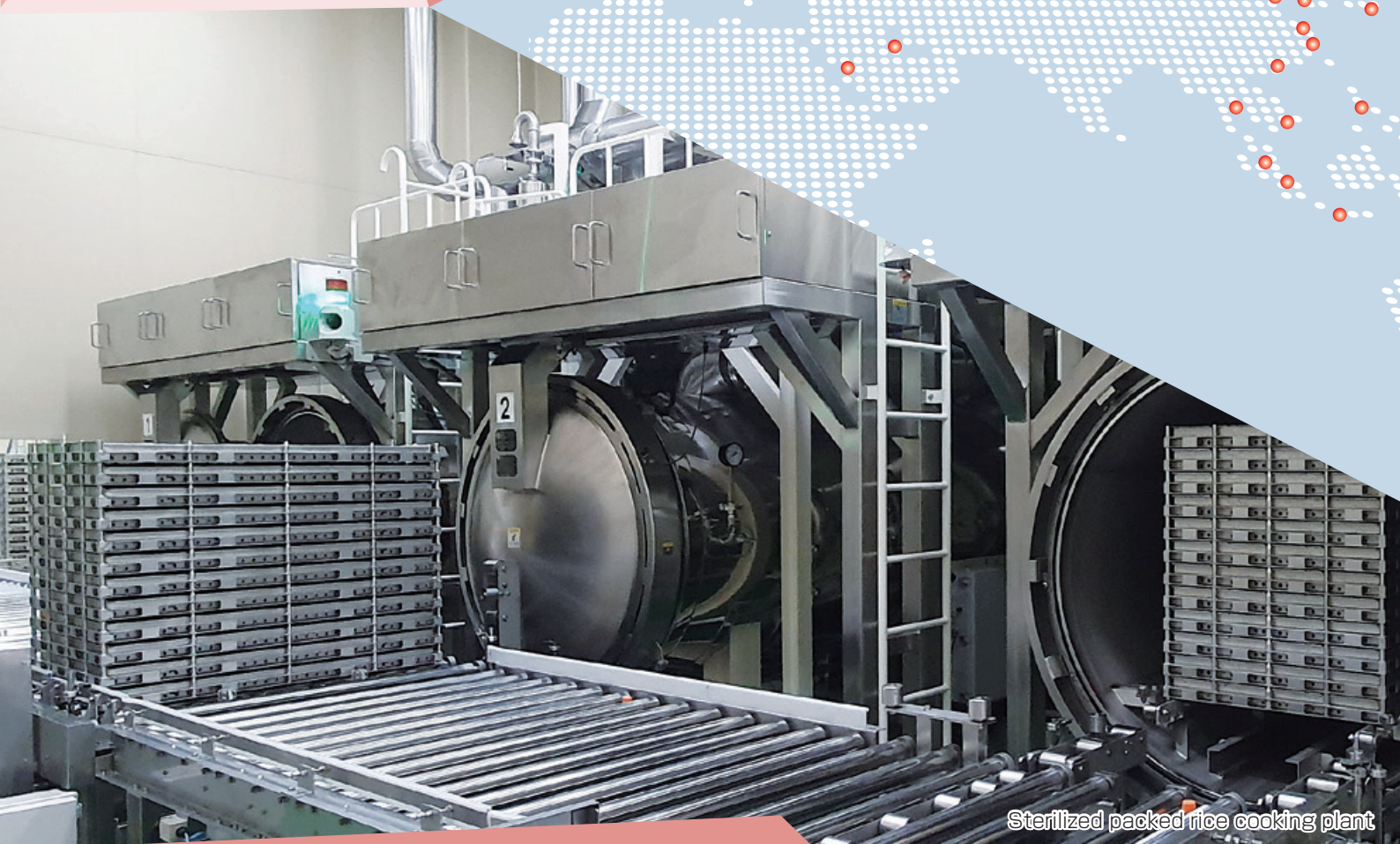


Hisaka Newsletter

The 96th Fiscal Year Interim

April 1 to September 30, 2024



Sterilized packed rice cooking plant

BUSINESS REPORT

To our shareholders,

The first half of our 96th fiscal year has ended, and we would like to provide an overview report on this period. Despite steady performance, the global economy was in a precarious state during this first half of the fiscal year due to factors including continued geopolitical risks and concerns regarding fluctuating interest and exchange rates. With regard to the domestic economy, despite a gradual trend toward recovery based in part on steady corporate performance, factors such as the increasing cost of living and lacking human resources mean that the outlook remains uncertain.

In this environment, although there was a reactionary decline in the Heat Exchanger Segment due to large-lot project orders received in the same period of the previous fiscal year, orders received by the Hisaka Group were 21,100 million yen (an increase of 4.9% compared with the same period of the previous fiscal year) thanks to steady performance in the Process Engineering Segment and Valve Segment.

Due to steady performance in the Heat Exchanger Segment and Process Engineering Segment, net sales were 18,000 million yen (an increase of 9.0% compared with the same period of the previous fiscal year).

In terms of profit, while there increases to labor costs due to wage increases and increases in depreciation costs involved in opening the Ikoma Plant, as well as soaring raw material prices, factors including increased sales and improved profitability led to an operating profit of 1,129 million yen (an increase of 32.6% compared with the same period of the previous fiscal year), with an ordinary profit of 1,352 million yen (an increase of 17.9% compared with the same period of the previous fiscal year).

The interim net profit attributable to shareholders of the parent company was 1,036 million yen (an increase of 27.2% compared with the same period of the previous fiscal year).

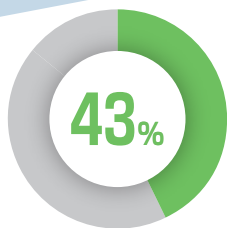
We would like to ask all of our valued shareholders for their continued cooperation and support.



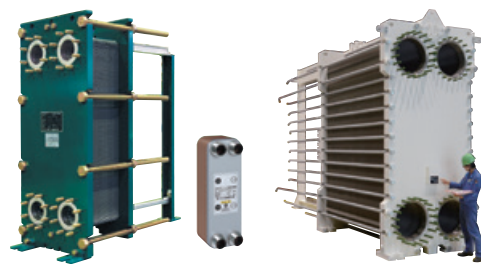
Toshiya Usami

President and COO, December 2024

Results by Segment



Heat Exchanger Segment

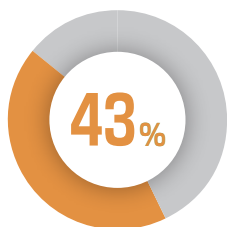
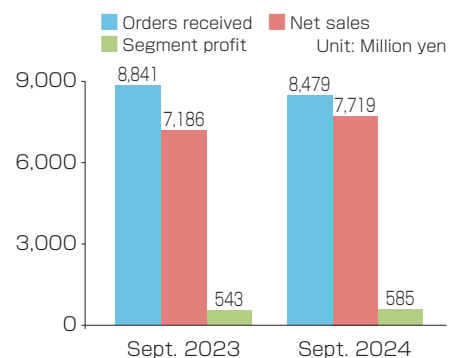


The Heat Exchanger Segment manufactures and sells plate heat exchangers that perform the heating and cooling of fluids, which are essential in various industries.

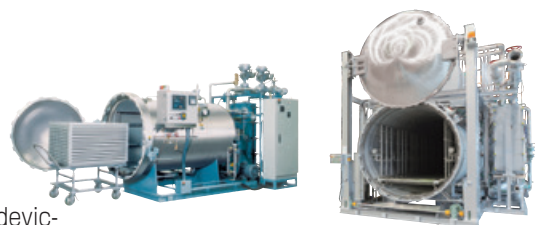
Orders received reached 8,479 million yen (a decrease of 4.1% compared with the same period of the previous fiscal year). While maintenance projects performed strongly in Japan and in the Middle East, orders for the chemical and machine tool industries were sluggish and there was also a reactionary decline due to large-lot project orders received in the same period of the previous fiscal year, resulting in this decrease.

Net sales were 7,719 million yen (an increase of 7.4% compared with the same period of the previous fiscal year). Shipbuilding, which has an abundant order backlog, saw an increase, and there was an expansion to large-lot maintenance service in the Middle East, resulting in this revenue increase.

Segment profit reached 585 million yen (an increase of 7.6% compared with the same period of the previous fiscal year) due to increased sales as well as improvements to our sales mix.



Process Engineering Segment

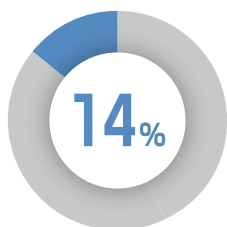
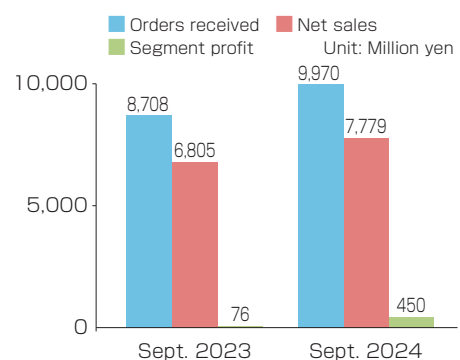


The Process Engineering Segment manufactures and sells cooking disinfecting devices used for retort pouch foods and the like, plus sterilizing and culturing devices for pharmaceuticals, and dyeing and finishing devices for fiber products.

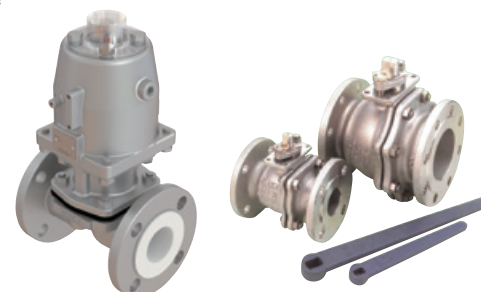
Orders received reached 9,970 million yen (an increase of 14.5% compared with the same period of the previous fiscal year). While there was a reactionary decline due to large projects for pharmaceutical equipment in the same period of the previous fiscal year, for food manufacturing equipment, we received orders for sterilized packed rice cooking manufacturing plants as well as plants related to drinking water, and we also received large-lot orders for dyeing and finishing devices overseas, resulting in this increase.

Net sales were 7,779 million yen (an increase of 14.3% compared with the same period of the previous fiscal year). In addition to large-lot sales for drinking water disinfecting devices and food product concentrator systems as well as large-lot sales for dyeing and finishing devices overseas, large-scale plant projects for pharmaceutical equipment also contributed to the increase in revenue.

Segment profit was 450 million yen (an increase of 491.1% compared with the same period of the previous fiscal year) due to an increase in net sales.



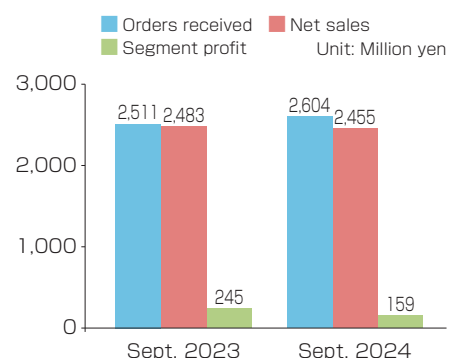
Valve Segment



The Valve Segment manufactures and sells ball valves and the like used in the control of various fluids.

Orders received reached 2,604 million yen (an increase of 3.7% compared with the same period of the previous fiscal year). While there was a decrease in orders for the chemical industry, orders related to secondary batteries and steel performed strongly. Net sales were 2,455 million yen (a decrease of 1.1% compared with the same period of the previous fiscal year). While sales related to secondary batteries performed strongly, the decrease in sales for the chemical industry resulted in decreased revenue compared with the same period of the previous fiscal year.

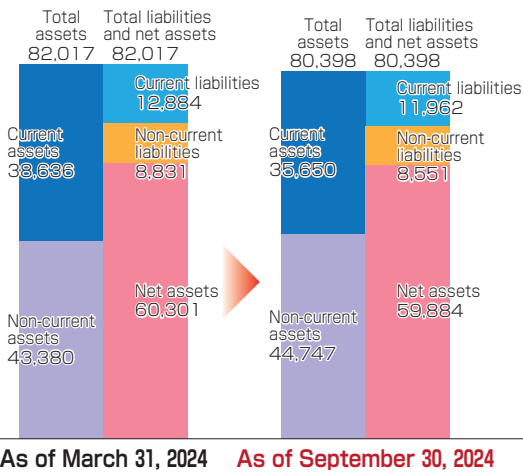
Segment profit was 159 million yen (a decrease of 34.9% compared with the same period of the previous fiscal year) due to increasing raw material prices.



Consolidated Financial Highlights

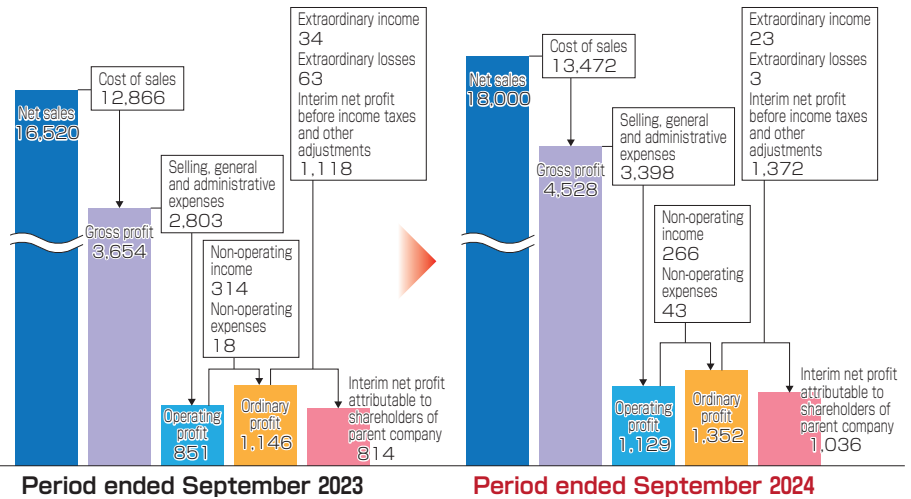
Summary of Consolidated Balance Sheets

Unit: Million yen



Summary of Consolidated Profit and Loss Statement

Unit: Million yen



Topics



Issuing the Integrated Report

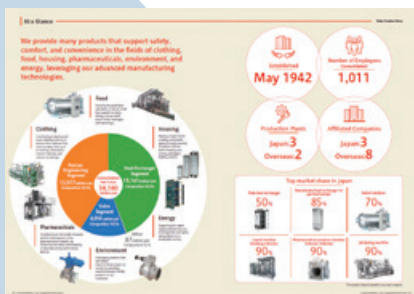
In September of this year, we issued the "Integrated Report 2024," a first for the Hisaka Group, for our shareholders, investors, and all of our stakeholders.

This Report focuses on explaining our story for creating value as we work to both contribute to achieving a sustainable society as well as to improve our corporate value. It introduces our Philosophy System, value-creation process, and Top Message, as well as our growth strategy for achieving our long-term vision and mid-term business plan, our initiatives for sustainability, and more.

We plan to use this Report as a tool for communication with our stakeholders, and through proactive dialogue, strive to increase our corporate value.

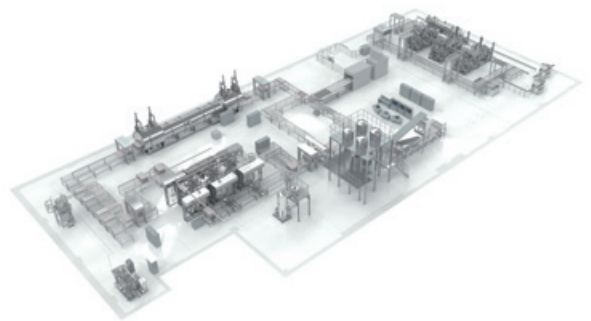
[Outline of the Integrated Report 2024]

- Our values and what we aim to be: Purpose for existing/Philosophy System/Long-term vision/Corporate Message
- Story for creating value: Product Introduction/Trajectory of value creation/Top Message/Value creation process
- Value creation strategy: Materiality/Growth strategy/Financial strategy/Human resources strategy/Business strategy
- Sustainability: Promotion structure/Environmental and social initiatives/Corporate governance
- Data & company profile: Financial and non-financial data/Company and share profile



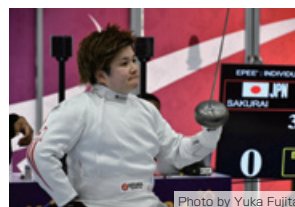
Receiving orders for rice pack manufacturing plants

We received new orders for our sterilized packed rice cooking (rice pack) manufacturing plant. Our sterilized packed rice cooking plant uses only sterilized rice and water to cook rice, without the use of preservatives or the like. This system has been highly praised for the very delicious rice that it produces, and it is used by food product manufacturers both in Japan and overseas. The market for rice packs is growing, both as food stocks for disasters as well as home meals with families eating separately more often. Changes in diets and the popularity of Japanese food has led to increasing demand overseas as well. Moving forward, we will continue to contribute to safe and secure meals through the design and installation of food product disinfecting devices and plants.



Hisaka athlete won prizes at the Paris Paralympic Games

Since October 2015, in order to help realize a society of coexistence through the support of sports for people with disabilities, we have been hiring persons with disabilities who are active athletes, and we provide support for their competition activities. We ask that our shareholders understand the importance of sports for people with disabilities as well as offer your warm support to Hisaka athletes.



[Paris Paralympic Games Results]

Anri Sakurai (Wheelchair fencing)	
Women's Individual Foil (Category B)	5th place finish
Women's Individual Épée (Category B)	8th place finish

You can view the Integrated Report for our company website. Top Page - IR Archives - Integrated Report



Consolidated Results

Category	Fiscal year	Reference						Unit: Million yen
		94th fiscal year interim (Period ended September 2022)	95th fiscal year interim (Period ended September 2023)	96th fiscal year interim (Period ended September 2024)	94th fiscal year (Period ended March 2023)	95th fiscal year (Period ended March 2024)	96th fiscal year forecast (Period ended March 2025)	
Orders received		16,771	20,107	21,100	34,621	37,999	41,000	
Net sales		15,555	16,520	18,000	34,074	34,180	37,000	
Operating profit		1,021	851	1,129	1,912	2,457	2,200	
Ordinary profit		1,375	1,146	1,352	2,392	2,896	2,500	
Interim net profit (net profit for the current period) attributable to shareholders of parent company		897	814	1,036	2,040	2,420	1,800	
Interim net profit (net profit for the current period) per share (in yen)		31.87	28.90	36.76	72.45	85.83	64.52	
Gross assets		68,632	73,468	80,398	70,977	82,017	—	
Net assets		55,112	58,152	59,884	56,302	60,301	—	
Net assets per share (in yen)		1,950.97	2,051.41	2,135.80	1,992.64	2,125.77	—	
Annual dividend per share (in yen)		—	—	—	40	42	42	
Dividend payout ratio (%)		—	—	—	55.2	48.9	65.1	
Dividend on equity ratio (DOE) (%)		—	—	—	2.0	2.0	2.0	

Company Profile (Current as of September 30, 2024)

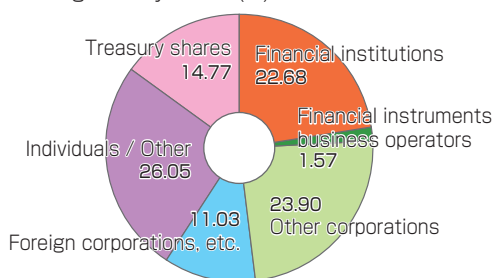
Company name: HISAKA WORKS, LTD.
 Established: May 1942
 Capital: 4.15 billion yen
 Number of employees: Consolidated: 1,028, Non-consolidated: 706
 Head office address: 2-12-7 Sonezaki, Kita-ku, Osaka City
 Branch offices and plants: Tokyo Branch Office (Chuo-ku, Tokyo)
 Nagoya Branch Office (Nagoya City, Aichi)
 Kyushu Branch Office (Fukuoka City, Fukuoka)
 Kitakyushu Branch Office (Kitakyushu City, Fukuoka)
 Konoike Plant (Higashiosaka City, Osaka)
 Ikoma Plant (Ikoma City, Nara)
 Ome Plant (Ome City, Tokyo)
 Major subsidiaries: HISAKA PRODUCTS, LTD. (Ome City, Tokyo)
 KOMATSUGAWA CHEMICAL ENGINEERING CO., LTD. (Chiyoda-ku, Tokyo)
 HISAKAWORKS S.E.A. SDN. BHD. (Malaysia)
 HISAKA WORKS (CHINA) CO., LTD. (China)

Directors (Current as of September 30, 2024)

Chairman and CEO: Yoshikazu Takeshita
 Director, President and Chief Operating Officer: Toshiya Usami
 Director, Managing Executive Officer: Akihito Adachi
 Director, Senior Executive Officer: Hiroshi Hatano
 Director (Outside): Koji Mizumoto
 Director (Outside): Yuko Tsuno
 Director (Outside): Emiko Ikigoshi
 Director, Audit and Supervisory Committee Member (Full-time): Naoto Hattori
 Director, Audit and Supervisory Committee Member (Outside): Akira Nakai
 Director, Audit and Supervisory Committee Member (Outside): Noriyuki Fujita

Share Status (Current as of September 30, 2024)

Total number of authorized shares: 129,020,000
 Total number of shares issued: 32,732,800
 Number of shareholders: 8,187
 Shareholding ratio by owner (%):



Major shareholders (Top 10):

Shareholder name	Number of shares held	Shareholding ratio
The Master Trust Bank of Japan, Ltd. (Trust Account)	3,295,300	11.81%
Custody Bank of Japan, Ltd. (Trust Account)	1,051,700	3.76%
Nippon Life Insurance Company	960,770	3.44%
STATE STREET BANK AND TRUST COMPANY 505103	946,988	3.39%
NIPPON STEEL Stainless Steel Corporation	925,400	3.31%
MUFG Bank, Ltd.	912,640	3.27%
Inaba Denki Sangyo Co., Ltd.	910,802	3.26%
Hisaka Works Business Partners Shareholding Association	674,286	2.41%
TAKUMA Co., Ltd.	642,000	2.30%
Hisaka Works Employees' Shareholding Association	633,117	2.26%

(Note) Treasury shares (4,834,760 shares) are excluded.

Shareholders' Memo

Business year	April 1 to March 31 of the following year
Record date for year-end dividends	March 31
Record date for interim dividends	September 30
Annual General Meeting of Shareholders	June every year
Keeper of shareholder register and account management institution for special account	Mitsubishi UFJ Trust and Banking Corporation
Contact information	Mitsubishi UFJ Trust and Banking Corporation, Osaka Securities Agency Division 3-6-3 Fushimimachi, Chuo-ku, Osaka, 541-8502 TEL: 0120-094-777 (Toll-free)
Listed stock exchange	Tokyo Stock Exchange Prime Market
Public notice method	Electronic notices Public notice URL: https://www.hisaka.co.jp/ However, in the event of an accident or other unavoidable event that precludes electronic public notice, notices will be published in the Nikkei newspaper.

(Notice)

- Changes to a shareholder's address, requests for purchases, specifications of a transfer account for dividends, and other such procedures are, in principle, handled at the account management institution (securities firm or the like) where you have opened your account. Please inquire with the securities firm or institution where your account is set up. Please be aware that the keeper of the shareholder register (Mitsubishi UFJ Trust and Banking Corporation) does not handle such inquiries.
- For procedures related to shares registered in a special account, Mitsubishi UFJ Trust and Banking Corporation is the account management institution. Please inquire with the account management institution for special accounts listed to the left (Mitsubishi UFJ Trust and Banking Corporation). The Mitsubishi UFJ Trust and Banking Corporation main and branch offices also accept messages.
- For unreceived dividends, payments can be made at Mitsubishi UFJ Trust and Banking Corporation main and branch offices.