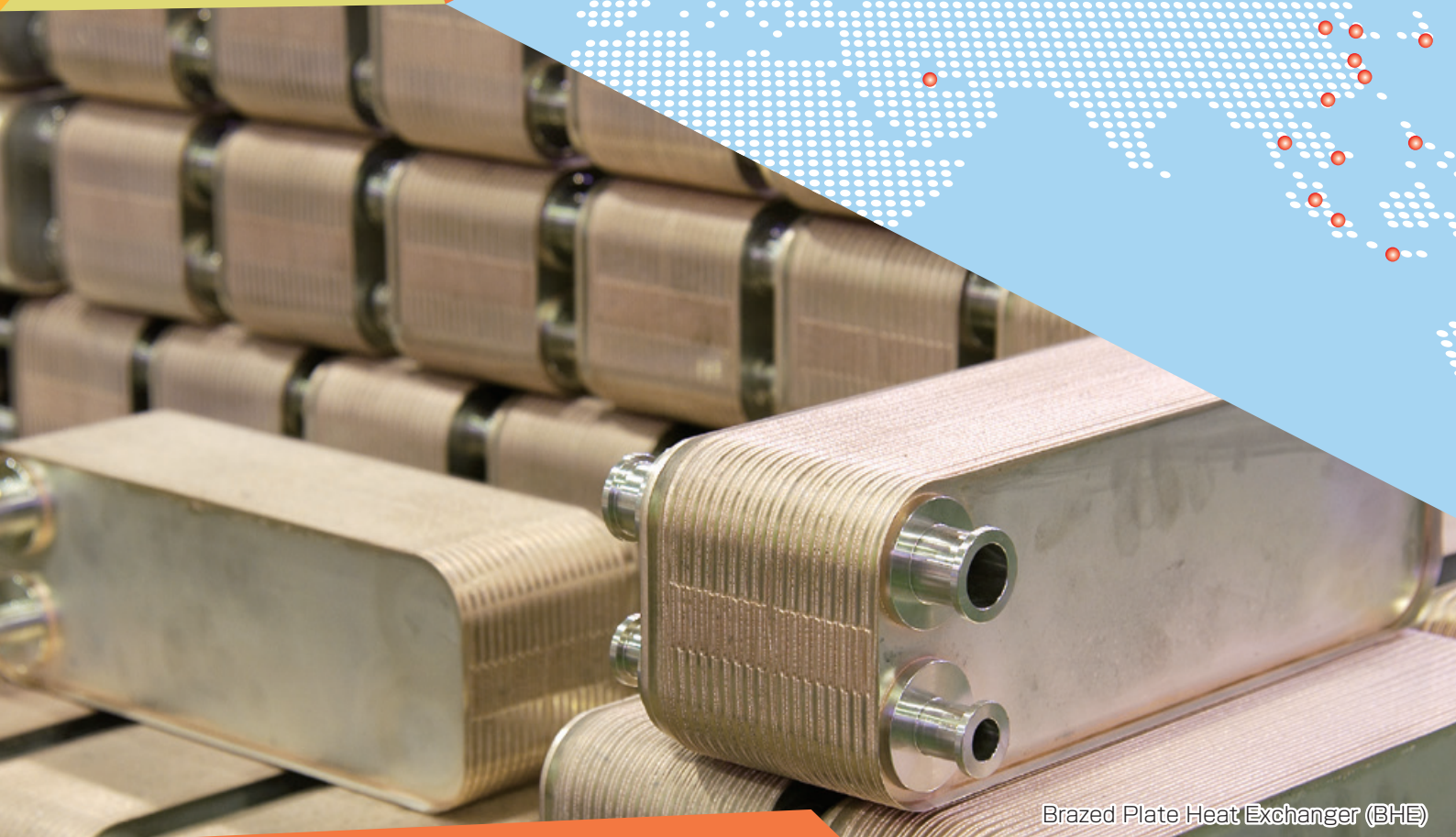


Hisaka Newsletter

The 94th Fiscal Year Interim

April 1 to September 30, 2022



Brazed Plate Heat Exchanger (BHE)

BUSINESS REPORT

To our shareholders,

The first half of our 94th fiscal year has ended, and we would like to provide an overview report on this period.

During this first half of the fiscal year, the global economy seems to have decelerated further, due to factors such as steep rises in energy and raw material costs as well as a lacking supply of food.

While the Japanese economy is seeing a trend toward gradual improvement, the future remains unclear due to increasing cost of living caused by surging prices of resources and depreciation of the yen.

In this economic environment, orders received by the Hisaka Group were 16,771 million yen (a decrease of 3.1% compared with the same period of the previous fiscal year). While the Heat Exchanger Segment and Valve Segment performed strongly, the Process Engineering Segment saw customers reviewing or delaying capital investment due to price increase of materials and the like, as well as prolonged deliveries of procured parts.

While the Valve Segment saw a decrease in revenue, due to the strong performance of the Heat Exchanger Segment and the extensive backlog of orders received at the Process Engineering Segment, net sales reached 15,555 million yen (an increase of 11.4% compared with the same period of the previous fiscal year).

In terms of profit, the increase in net sales, reversal of allowances, and other such factors led to an operating profit of 1,021 million yen (an increase of 45.7% compared with the same period of the previous fiscal year), with an ordinary profit of 1,375 million yen (an increase of 46.8% compared with the same period of the previous fiscal year).

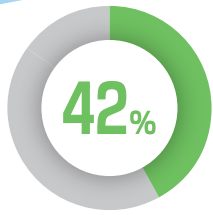
The net profit for the current quarter attributable to shareholders of the parent company was 897 million yen (an increase of 30.1% compared with the same period of the previous fiscal year).

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



Yoshikazu Takeshita
President and CEO,
December 2022

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 7,006 million yen (an increase of 14.8% compared with the same period of the previous fiscal year).

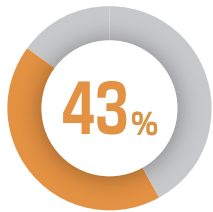
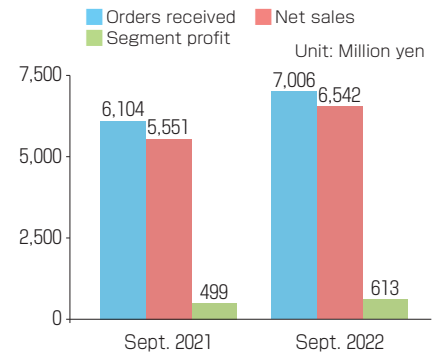
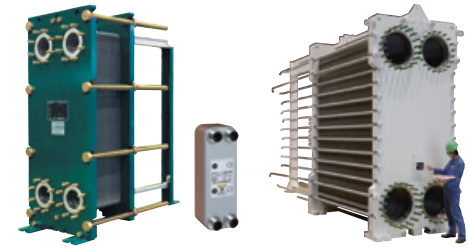
Orders received increased due to strong performance in small and medium-size general-purpose products for semiconductors and air conditioners and in maintenance projects.

Net sales were 6,542 million yen (an increase

of 17.8% compared with the same period of the previous fiscal year).

Like orders received, revenue increased due to strong performance of small and medium-size general-purpose products and maintenance projects, as well as an increase in products for ships which saw a recovery in orders received last fiscal year.

Segment profit increased to 613 million yen (an increase of 22.8% compared with the same period of the previous fiscal year) due to an increase in net sales.



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 7,069 million yen (a decrease of 22.8% compared with the same period of the previous fiscal year).

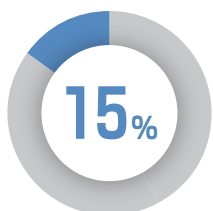
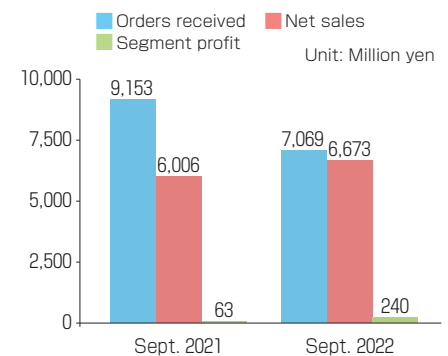
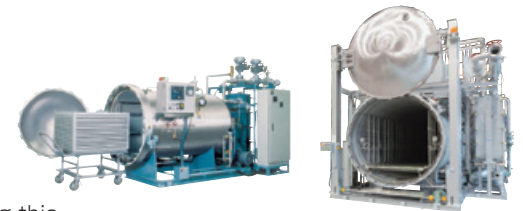
While orders were received for large-lot projects for dyeing and finishing devices, some customers reviewed or delayed capital investment for food manufacturing equipment, and there was a reactionary decline in pharmaceutical equipment due to large-lot orders received the same

period of the previous fiscal year, causing this decrease.

Net sales were 6,673 million yen (an increase of 11.1% compared with the same period of the previous fiscal year).

While there were some projects with delayed deliveries, large-lot projects for dyeing and finishing devices and other factors led to an increase in revenue.

Segment profit increased to 240 million yen (an increase of 280.9% compared with the same period of the previous fiscal year) due to an increase in net sales as well as reversal of allowances and other such factors.



Valve Segment

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

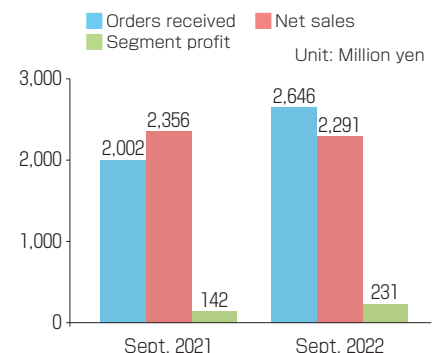
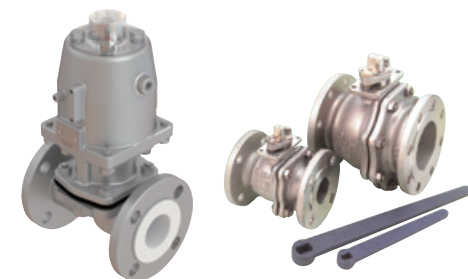
Orders received reached 2,646 million yen (an increase of 32.2% compared with the same period of the previous fiscal year).

In addition to an increase in inquiries caused by more active movements to acquire materials due to insufficient domestic inventories, there were also orders received for overseas large-lot projects for chemicals, causing an increase in orders received.

Net sales were 2,291 million yen (a decrease of 2.8% compared with the same period of the previous fiscal year).

While recent orders received remain steady, a reactionary decline due to large-lot projects for chemicals in the same period of the previous fiscal year caused a decrease in revenue.

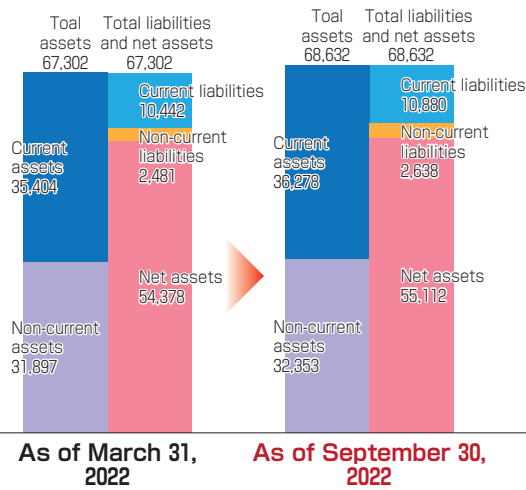
Segment profit increased to 231 million yen (an increase of 62.5% compared with the same period of the previous fiscal year) due to a decrease in low-profit projects.



Consolidated Financial Highlights

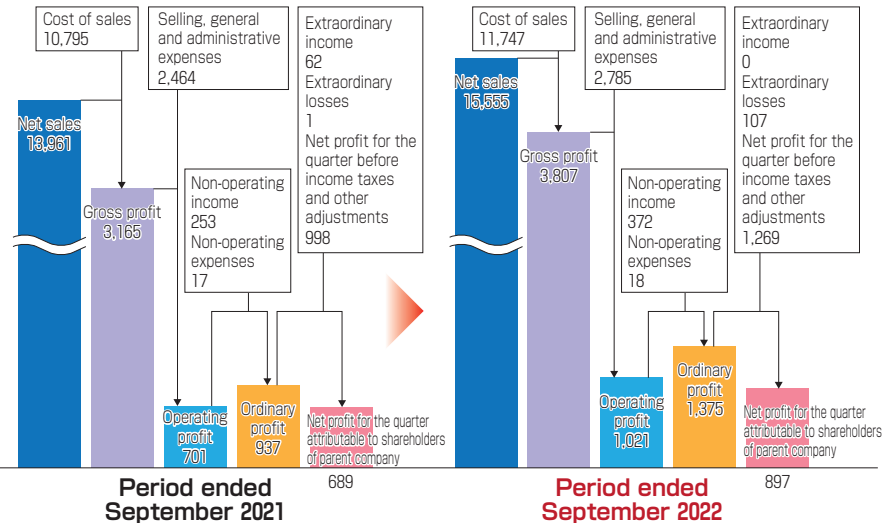
Summary of Consolidated Balance Sheets

Unit: Million yen



Summary of Consolidated Profit and Loss Statement

Unit: Million yen



Topics



Contributing to the Environment Through a Heat Exchanger for Heat Pumps

Currently, efforts to reduce the amount of fossil fuels used are accelerating around the world as we move toward achieving a carbon neutral society.

Heat pumps, which do not use fuel but instead use the power of electricity to heat or cool objects, are gaining attention in fields such as air conditioning and water heaters.

Particularly in Europe, it was conventionally common to use air conditioning and water heaters that burn gas or the like. However, due to higher environmental awareness as well as increasing fuel prices, the demand for heat-pump air conditioning and water heaters has rapidly increased, and various air conditioning and water heater manufacturers are actively investing in equipment to increase production.

At HISAKA, we manufacture and sell the "BRC," a type of brazed plate heat exchanger (BHE) originally developed by us as a heat exchanger used in heat pumps.

The BRC has a characteristic internal structure that evenly distributes the refrigerant to achieve a heat exchange efficiency that is even higher than that of conventional BHEs.

This allowed for lighter, more compact heat exchangers, and also reduced the amount of refrigerant used.

This outstanding performance was recognized, and the product was awarded the "Super" MONODZUKURI Parts Grand Award - Environment/Resources/Energy Parts Award" held in 2018 by the Nikkan Kogyo Shimbun.

Moving forward, we will not only expand sales activities for the BRC, but we will also contribute to the achievement of a carbon neutral society by providing high-performance heat exchangers.



BRC product external appearance (left) and internal plates (right)



Using Cooking Disinfecting Devices for Safe and Secure Food in Asia

In China, the consumption of processed food products is rising in recent years due to factors such as dietary changes and an increase in working from home due to COVID-19.

HISAKA has also received orders for and delivered cooking disinfecting devices for retort pouch foods as well as devices that manufacture sterilized cooked rice (rice packs) to food product manufacturers in China, Taiwan, and South Korea.

In the same way, demand for processed food products is growing in Southeast Asia, and moving forward, we will expand our sales activities for our food cooking disinfecting devices that have expansive results within Japan.



Retort pouch foods cooking disinfecting device (RCS)



Establishing a Corporate Message

In June of this year, we established our corporate message, "with hopeful technology".

HISAKA WORKS is an industrial machine manufacturer that continues to refine our "technology".

Behind that technology lies 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. As we are required to contribute to a sustainable society, we will use this message to expand our PR activities in order to grow and gain empathy and support from more people.

with hopeful technology
HISAKA

Consolidated Results

Reference

Unit: Million yen

Category	Fiscal year	92nd fiscal year interim (Period ended September 2020)	93rd fiscal year interim (Period ended September 2021)	94th fiscal year interim (Period ended September 2022)	92nd fiscal year (Period ended March 2021)	93rd fiscal year (Period ended March 2022)	94th fiscal year forecast (Period ended March 2023)
Orders received		14,254	17,307	16,771	28,165	34,685	35,500
Net sales		13,888	13,961	15,555	28,437	30,085	34,500
Operating profit		866	701	1,021	1,409	1,819	2,500
Ordinary profit		1,050	937	1,375	1,765	2,270	2,800
Net profit for the quarter (current period) attributable to shareholders of parent company		686	689	897	1,212	2,058	2,230
Net profit for the quarter (current period) per share (in yen)		24.44	24.54	31.87	43.14	73.19	79.13
Gross assets		62,009	66,168	68,632	65,200	67,302	-
Net assets		52,159	53,897	55,112	53,335	54,378	-
Net assets per share (in yen)		1,851.58	1,910.58	1,950.97	1,893.12	1,927.39	-
Annual dividend per share (in yen)		-	-	-	30	30	40
Dividend payout ratio (%)		-	-	-	69.5	41.0	50.5
Dividend on equity ratio (DOE) (%)		-	-	-	1.6	1.6	2.1

Company Profile (Current as of September 30, 2022)

Company name: HISAKA WORKS, LTD.
 Established: May 1942
 Capital: 4.15 billion yen
 Number of employees: Consolidated: 946, Non-consolidated: 669
 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)
 Ome Plant (Ome City, Tokyo)
 Major subsidiaries: MICROZERO CO., LTD. (Tachikawa City, Tokyo)
 ASAHI INDUSTRY CO., 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)

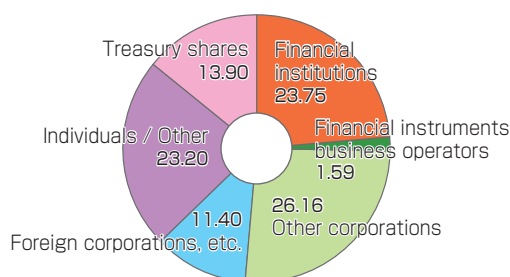
Directors (Current as of September 30, 2022)

Director, President and Chief Executive Officer: Yoshikazu Takeshita
 Director, Managing Executive Officer: Koji Ohta
 Director, Managing Executive Officer: Tadashi Iizuka
 Director, Managing Executive Officer: Toshiyuki Funakoshi
 Director, Managing Executive Officer: Toshiya Usami
 Director (Outside): Koji Mizumoto
 Director (Outside): Yuko Tsuno
 Director, Audit and Supervisory Committee Member (Full-time): Mitsugu Nakamichi
 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, 2022)

Total number of authorized shares: 129,020,000
 Total number of shares issued: 32,732,800
 Number of shareholders: 5,610

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)	2,603,000	9.23%
Custody Bank of Japan, Ltd. (Trust Account)	2,025,200	7.18%
NIPPON STEEL Stainless Steel Corporation	1,400,000	4.96%
Nippon Life Insurance Company	960,770	3.40%
MUFG Bank, Ltd.	912,640	3.23%
Inaba Denki Sangyo Co., Ltd.	910,802	3.23%
Hisaka Works Business Partners Shareholding Association	645,086	2.28%
TAKUMA Co., Ltd.	642,000	2.27%
STATE STREET BANK AND TRUST COMPANY 505103	624,518	2.21%
Hisaka Works Employees' Shareholding Association	533,848	1.89%

(Note) Treasury shares (4,551,178 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.