Note: This document has been translated from a part of the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.

May 15, 2025

Company name : HISAKA WORKS, LTD.
Name of representative : Toshiya Usami
Director, President and CEO
(Securities Code: 6247
Prime Market in Tokyo Stock Exchange)
Inquiries : Hiroshi Hatano
Director, Senior Executive Officer,
Management, Corporate Strategy, IR Fields
(Tel: +81-(0)6-6363-0015)

Progress Report on Measures to Realize Capital Cost and Stock Price Conscious Management

At a meeting of the Board of Directors held today, we are pleased to announce that, based on the "Notice regarding Initiatives to Improve PBR through Enhancement of Corporate Value" announced on November 14, 2023, we have updated the status of initiatives after analyzing the current situation and disclosing the progress to realize management that is conscious of Capital Cost and Stock Price.

1.Current situation

We have seen PBR hover between 0.41 and 0.47 times over the last five years. We recognize this because we have not been able to realize an adequate equity spread due to the low level of ROE relative to our cost of shareholders equity. For the year ended March 31, 2025, we have implemented Capital Policy such as the reduction of Strategic Shareholdings and the acquisition of treasury shares. However, PBR has not improved, and we recognize that further improvements in profitability are required.

	March 31, 2021	March 31, 2022	March 31, 2023	March 31, 2024	March 31, 2025
PBR	0.45	0.41	0.45	0.47	0.45
ROE	2.3	3.8	3.7	4.2	6.3
Payout ratio	69.5	41.0	55.2	48.9	33.1
DOE	1.6	1.6	2.0	2.0	2.1

2.Growth strategy and Investments

Leveraging our core technology for controlling the heat and pressure of fluids, we will strive to achieve sustainable growth and increase corporate value by contributing to the resolution of social issues, such as the realization of carbon neutrality, the reduction of food loss, and the realization of energy and labor saving. In addition, we will improve our profit margin by reviewing our business portfolio, expand into overseas markets, and expand sales through the development of new businesses and products. At the same time, we will aggressively invest in improving profitability by strengthening our parts and maintenance business, strengthening our production system, and expanding our business domains.

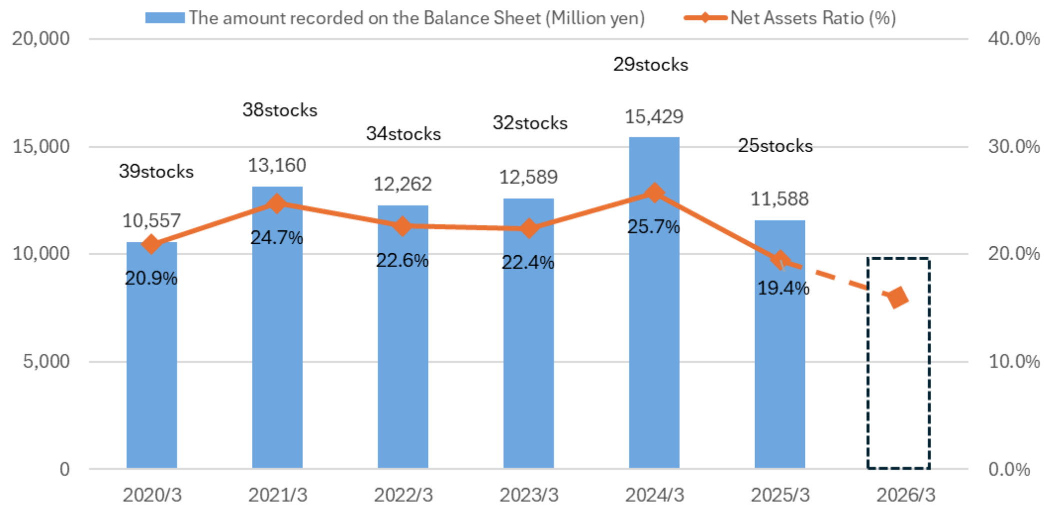
The business plan for the year ended March 31, 2026, which is the final year of the Medium-Term Management Plan “G-23” (April 1, 2023 to March 31, 2026), is for net sales of ¥44 billion and operating profit of ¥3 billion. Although our initial forecasts (net sales of ¥40 billion and operating profit of ¥3.6 billion) are less than our forecasts in terms of profits, due in part to the impact of rising material prices and labor costs, we expect net sales to greatly exceed our forecasts. The investment plan launched in 2019 (the opening of the Ikoma Plant and the restructuring of the Konoike Plant) is progressing as planned. In the Process Engineering segment, where the production system was expanded at the Ikoma Plant, sales are projected to exceed ¥20 billion for the first time in products contributing to energy conservation and labor saving. On the other hand, all investments are scheduled to be completed and full-scale operation of all businesses is scheduled for 2029, and the financial and earnings situation will continue to be severe due to the upfront investment. In this situation, we are reviewing our investment plan and considering specific measures to accelerate the full-scale operation of our business in order to generate results as soon as possible and lead to sustainable growth. As part of the new medium-term management plan that will begin in the year ending March

2027, we will take into consideration this issue as well as other policies to improve PBR, such as reviewing our capital policy.

3.Reduction of Strategic Shareholdings

Based on the policy of reducing the amount of strategic shareholdings to less than 20% of consolidated net assets during the term of the Medium-Term Management Plan "G-23," the Group has been considering the appropriateness of strategic shareholdings based on capital efficiency and the status of transactions and other factors, and is promoting the reduction of strategic shareholdings.

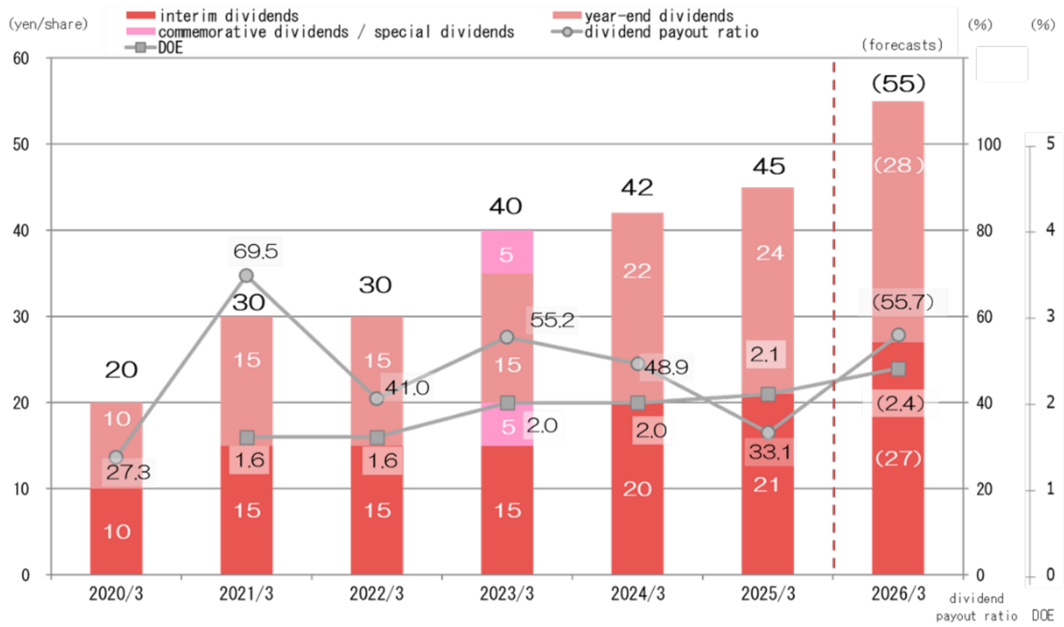
In March 2024, there were reductions of 797 million for six stocks and 2.727 billion for five stacks in March 2025. As of the end of March 2025, the number of invested stocks for which the holdings purpose was other than pure investment was reduced to 25, and the total amount of invested stocks on the Balance Sheet was reduced to 11.588 billion. This represents 19.4% of consolidated net assets, achieving the initial plan of less than 20% one year ahead of schedule. We will continue our efforts and use the funds obtained to invest in growth and return profits to shareholders, with the aim of further improving capital efficiency.



4.Enhancement of shareholder returns

Our basic capital policy is to pay dividends based on our profit distribution policy of "striving for continuous and stable dividends with a consolidated ratio of dividends to net assets (DOE) of 2.0% or more, taking into account the status of consolidated net assets and consolidated business results, while considering the balance with retained earnings."

In the fiscal year ending March 2026, we plan to increase the dividend by ¥10 to ¥55 per share from ¥45 per share for the year ended March 31, 2025, taking into consideration the level of retained earnings, the business environment, and stock price trends based on the investment plan, as the year we aim for net sales to exceed ¥40 billion for the first time since our establishment.



In the year ended March 31, 2025, the Group repurchased own 1 million shares (¥1.046 billion), or 3.54% of the total number of issued shares (excluding treasury shares). In addition, the Company has decided on its basic policy for the ownership of treasury stock (Announcements Regarding the Determination of Basic Policy for the Ownership of Treasury Stock(Link)). Our shareholding policy is to secure flexible funds for business investment, such as stock compensation for our directors and executive officers and the implementation of M&A strategies. We have decided to acquire treasury stock in an appropriate manner, giving comprehensive consideration to the total return ratio and other factors, with an emphasis on returning profits to shareholders. At the same time, we also established a policy for the cancellation of treasury stock.

At the meeting of the Board of Directors held today, the Company resolved to repurchase up to own 1 million shares (3.67% of the total number of issued shares excluding treasury stock) of common stock in the period from May 16, 2025 to March 31, 2026, amounting to ¥1.4 billion. As a result, the total return ratio for the fiscal year ending March 2026 is expected to be around 90%.

We will strive to enhance shareholder returns by increasing the total return ratio through flexible and agile implementation, including share buybacks, taking into account changes in the business environment, stock price trends, and financial conditions, while taking into account the level of internal reserves required.

5.IR Activities

As disclosed in the Corporate Governance Report, in order to deepen dialogue with investors, we holds Financial results briefings for the second quarter and the end of the fiscal year, and the materials for these briefings are available on the Company's website. In September 2024, we published our first integrated report (Integrated Report 2024(Link)). In addition to continuing the shareholder benefit program, we will also consider and implement initiatives for shareholders, such as holding factory tours as an event to open the Ikoma Plant.

End of document