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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

We hereby announce that, at the Board of Directors meeting held today, we have updated the following regarding initiatives for management conscious of cost of capital and stock price, including current status analysis, progress of initiatives, and results and plans for cash allocation.

#### 1. Current Status Recognition

Our PBR was 0.64 times for the fiscal year ended March 31, 2026, rising from the previous level in the 0.4 times range. We recognize that this is the result of certain achievements from various measures to improve profitability, in addition to shareholder returns such as reduction of strategic shareholdings, dividend increases, and acquisition of treasury shares. On the other hand, PBR still remains below 1 times range. We recognize that one of the factors is that ROE remains at a low level relative to the cost of shareholders' equity, and the equity spread is limited.

	March 31, 2022	March 31, 2023	March 31, 2024	March 31, 2025	March 31, 2026
PBR (ratio)	0.41	0.45	0.47	0.45	0.64
ROE (%)	3.8	3.7	4.2	6.3	5.6
Payout ratio (%)	41.0	55.2	48.9	33.1	42.2
DOE (%)	1.6	2.0	2.0	2.1	2.4

#### 2. Initiatives for Improving PBR

##### (1) Growth Strategy and Investment

By leveraging our core technology of controlling the heat and pressure of fluids to contribute to solving social issues such as carbon neutrality, food loss reduction, energy saving, and labor saving, we aim to achieve sustainable growth and enhance corporate value. In addition, we will promote business portfolio review, overseas expansion, and new business/product development, while aiming to improve profitability through strengthening the parts and maintenance business and production systems.

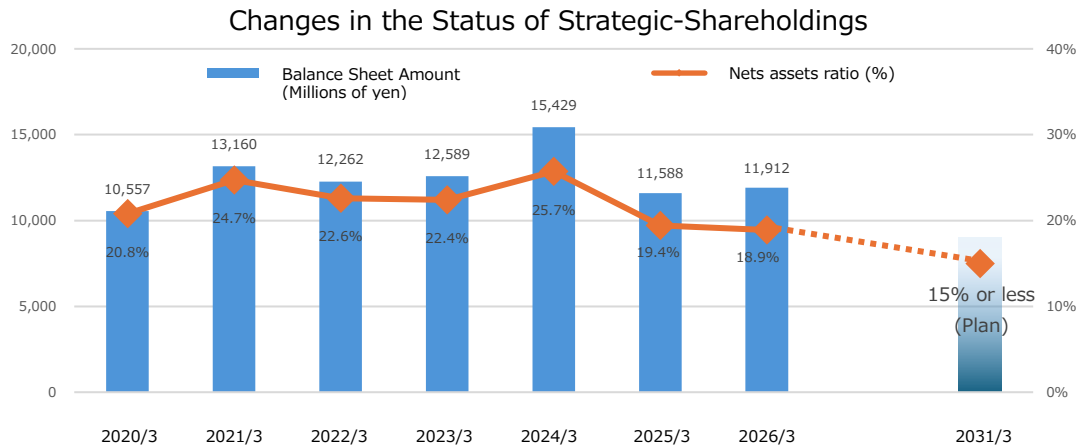
From April 2026, we have launched the new medium-term management plan "Challenge2028" (hereinafter, "new medium-term plan"). We will work to improve profitability and capital efficiency through the monetization of investment results under "G-23" (hereinafter, "previous medium-term plan"), business portfolio optimization, and focused investment in growth areas. In the fiscal year ending March 31, 2029, the final year of the new medium-term plan, we aim to achieve operating profit of 5 billion yen or more and ROE of 7% or more, and further aim to achieve ROE of 8% or more and PBR of 1 times range or more by the fiscal year ending March 31, 2031.

For details of the new medium-term plan, please refer to the "Notice Regarding Overview of New Medium-Term Management Plan 'Challenge2028'" announced on May 15, 2026.

## (2) Reduction of Cross-Shareholdings

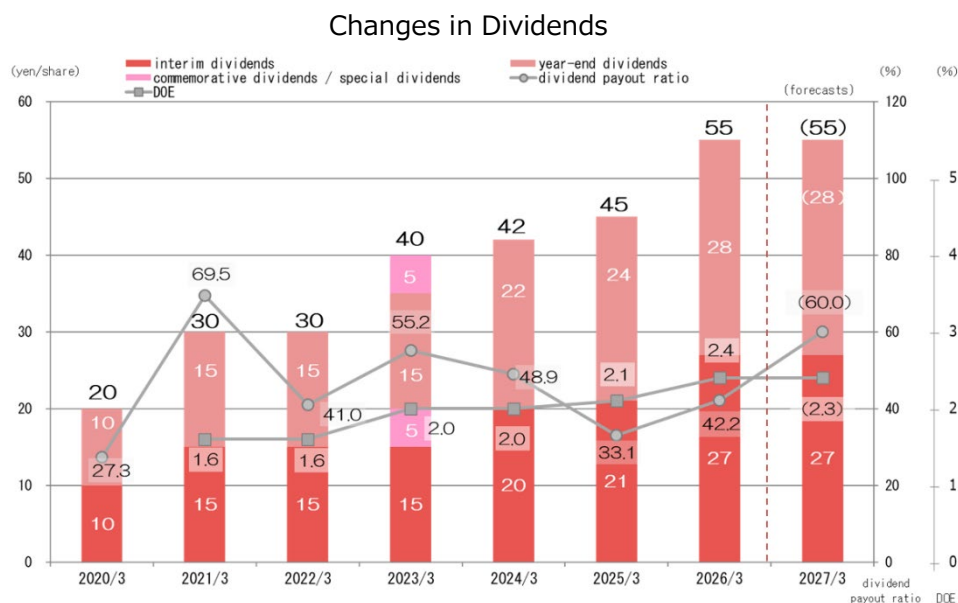
In the previous medium-term plan, we positioned the reduction of strategic shareholdings as an important measure and have continuously reviewed them from the perspective of improving capital efficiency and optimizing the balance sheet. In the fiscal year ended March 31, 2026, we reduced approximately 1.2 billion yen, and as of the end of March 2026, the holding amount was 11,912 million yen (excluding pure investment purposes), with a consolidated net assets ratio of 18.9%.

We will continue to verify the appropriateness of holdings and aim to achieve a consolidated net assets ratio of 15% or less for strategic shareholdings by the end of March 2031 through further reductions. The funds generated will be utilized for growth investments and shareholder returns to improve capital efficiency.



## (3) Enhancement of Shareholder Returns

As the basic policy for capital policy, we have established to "strive for continuous and stable dividends with a dividend payout ratio of 30% or more as a target and a consolidated dividend on equity ratio (DOE) of 2.0% as the minimum, taking into account the balance with retained earnings and considering the status of consolidated net assets and consolidated business results." We will also implement treasury share acquisitions flexibly and agilely. Regarding dividends for the fiscal year ending March 31, 2026, in light of achieving sales exceeding 40 billion yen for the first time since our founding, we consider to increase the dividend from 45 yen to 55 yen per share and consider to pay a year-end dividend of 28 yen in June 2026. Regarding dividends for the fiscal year ending March 31, 2027, to achieve stable and continuous shareholder returns, we consider to maintain the dividend amount from the previous fiscal year when we increased dividends, at 55 yen per share (dividend payout ratio of 60%). During the three years of the new medium-term plan, to enhance shareholder returns, we plan to set the total return amount including treasury share acquisitions at 8.0 billion to 11.0 billion yen, exceeding the 6.0 billion yen of the previous medium-term plan, while considering the balance with growth investments. We will continue to comprehensively consider business performance, financial conditions, and growth investment opportunities, and work to enhance shareholder returns and improve capital efficiency.



(4) IR Activities

We have placed importance on constructive dialogue with investors and have strived to promote information disclosure and understanding of our business through financial results briefings, publication of briefing materials on our website, issuance of integrated reports, and factory tours.

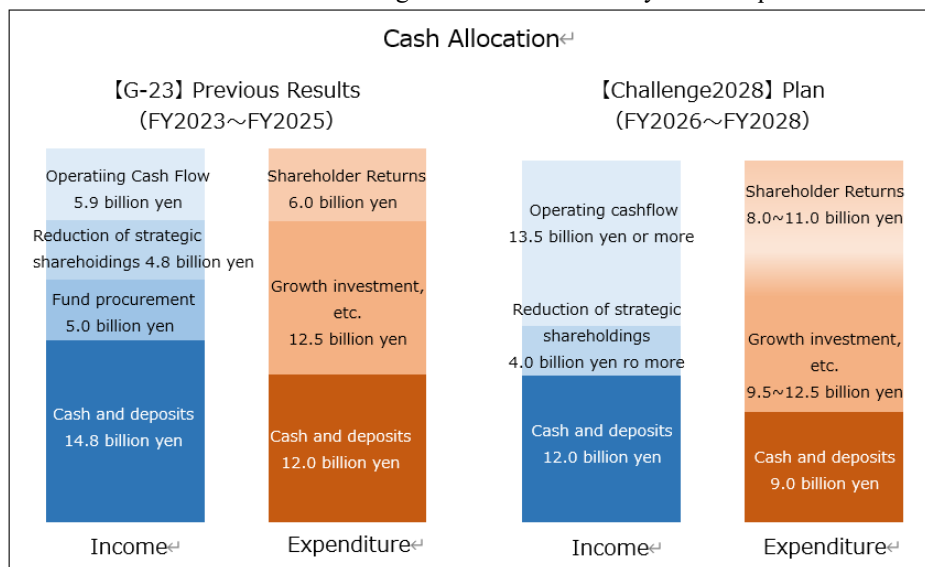
We will continue to enhance dialogue with investors and information disclosure, and by appropriately reflecting opinions and proposals obtained through dialogue into management strategy and capital policy, we will work to improve corporate value and PBR.

3. Cash Allocation During the Medium-Term Management Plan Period

For sustainable growth and corporate value enhancement, we allocate funds while prioritizing growth investments and being conscious of the balance between enhancing shareholder returns and strengthening our financial base.

The cash allocation over the three years of the previous medium-term plan included income from operating cash flow of 5.9 billion yen, and we also procured 5 billion yen through bonds and borrowings for growth investments. As a result of our efforts to reduce strategic shareholdings, we had income of 4.8 billion yen from stock sales. On the other hand, we enhanced shareholder returns with expenditures of 6 billion yen, and for growth investments including the opening of the Ikoma Plant and reconstruction of the Konoike Plant, we used 12.5 billion yen.

In the cash allocation for the three years of the new medium-term plan, operating cash flow is expected to improve due to the effect of sales expansion from growth investments in the previous medium-term plan, with expected income of 13.5 billion yen or more. We also expect income of 4 billion yen or more as we continue to work on reducing strategic shareholdings. On the expenditure side, considering the balance between growth investments and enhancement of shareholder returns, we plan to spend 9.5 billion to 12.5 billion yen or more on growth investments, and 8 billion to 11 billion yen or more on shareholder returns including dividends and treasury share acquisitions.



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