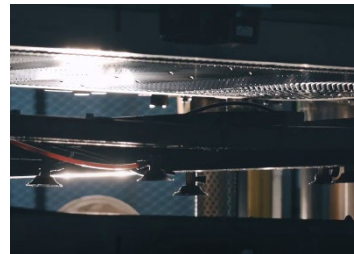


Financial Results Briefing Materials

for the Fiscal Year Ended on
March 31, 2025 (FY2024)



May 30, 2025

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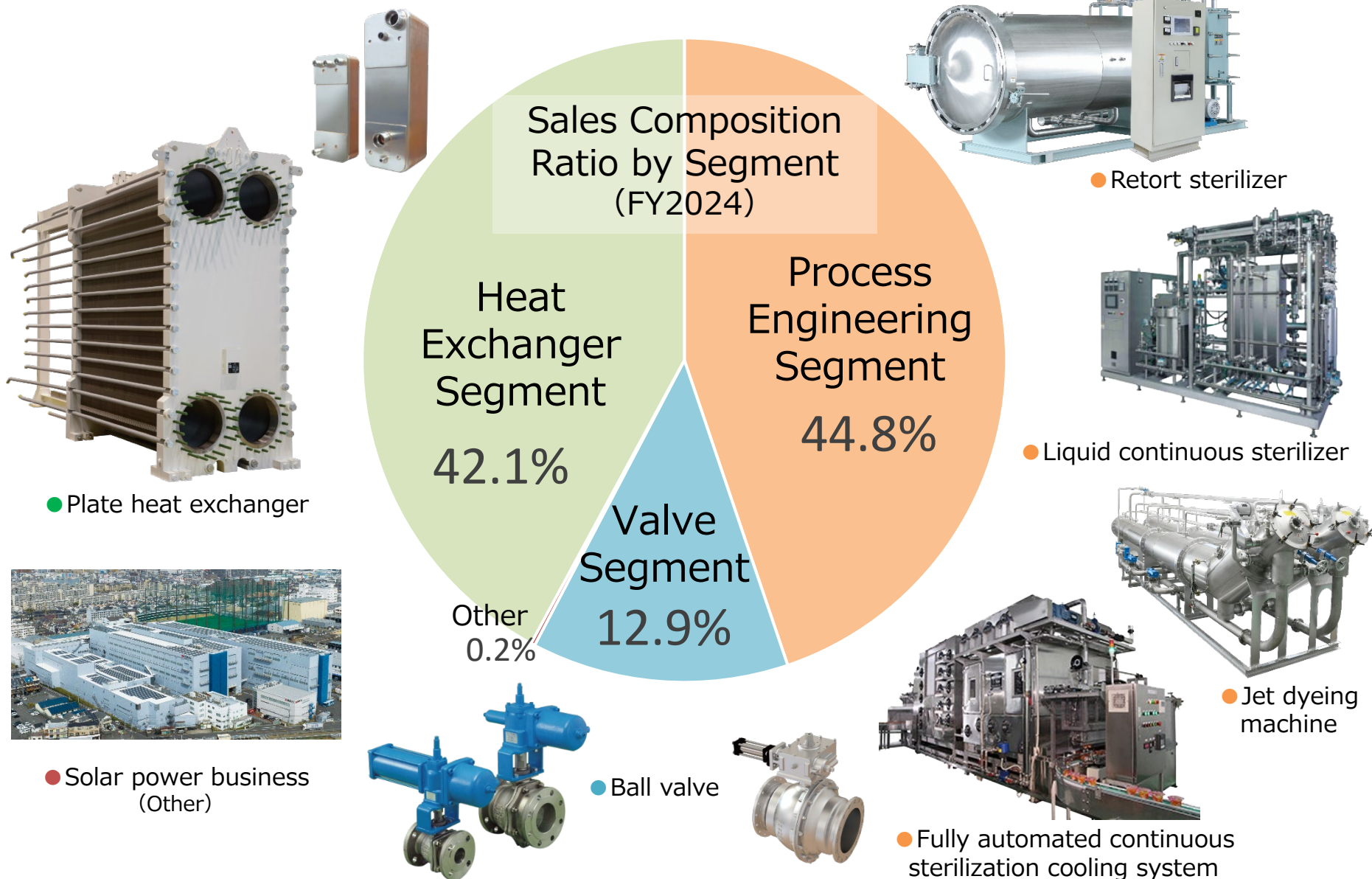
Note: This document has been translated from a part of the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.

Corporate Profile

Company name	HISAKA WORKS, LTD.
Established	May, 1942
Business line	Manufacture and sale of industrial machinery.
Capital	4,150 million yen
Share	28,732,800
Listed market	Prime Market in Tokyo Stock Exchange
Annual sales	38.3 billion yen, consolidated
Employees	1,032, consolidated
Number of Subsidiaries	13 companies (including overseas affiliates)
Domestic locations	Osaka Head Office, Konoike Plant, Ome Plant, and Ikoma Plant Tokyo, Nagoya, Kyushu, Kitakyushu Branch, Hokkaido, Saitama, Chiba, and Onomichi Sales Offices
Overseas locations	Malaysia, Philippines, Vietnam, Thailand, Singapore, Indonesia, China, Saudi Arabia, Qatar, UAE, and South Korea

※As of the end of March 2025

HISAKA Group's Business Structure



Summary of Financial Results for FY2024

(Millions of yen)

1-①. Summary of Financial Results (YonY change)

	FY2023		FY2024		Compared to FY2023 Results	
	Results	Profit Ratio	Results	Profit Ratio	Change	Rate of change
Orders received	37,999	—	42,269	—	4,269	11.2%
Overseas Orders received (Included)	8,575		9,243		668	7.8%
Net sales	34,180	—	38,353	—	4,172	12.2%
Overseas Net sales (Included)	7,377		9,318		1,940	26.3%
Operating profit	2,457	7.2%	2,930	7.6%	473	19.3%
Ordinary profit	2,896	8.5%	3,391	8.8%	494	17.1%
Profit attributable to owners of parent	2,420	7.1%	3,782	9.9%	1,361	56.2%

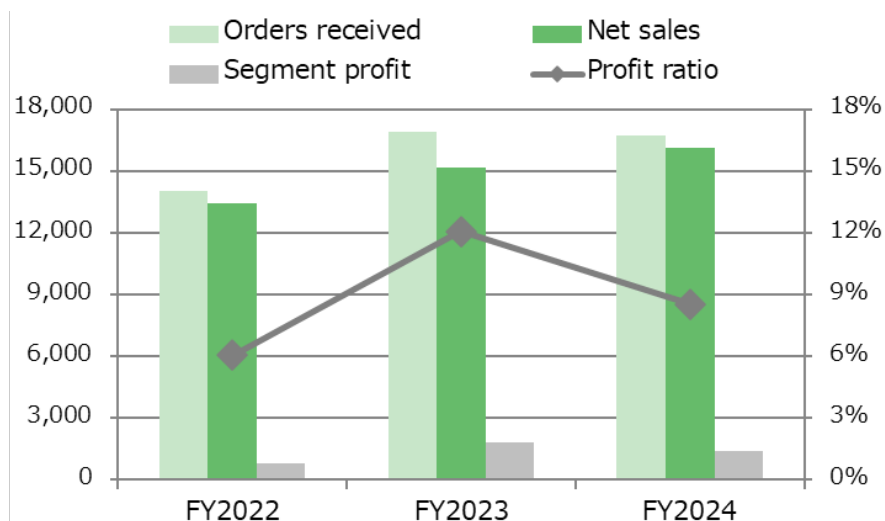
1 - ②. Summary of financial results (vs. Forecasts)

	FY2024		FY2024		Compared to FY2024 Forecasts	
	Forecasts (Announced November 2024)	Profit Ratio	Results	Profit Ratio	Change	Rate of change
Orders received	41,000	—	42,269	—	1,269	103.1%
Net sales	37,000	—	38,353	—	1,353	103.7%
Operating profit	2,200	5.9%	2,930	7.6%	730	133.2%
Ordinary profit	2,500	6.8%	3,391	8.8%	891	135.6%
Profit attributable to owners of parent	2,430	6.6%	3,782	9.9%	1,352	155.7%

(Millions of yen)

2-①. Heat Exchanger Segment

	FY2023		FY2024		Compared to FY2023 Results	
	Results	Profit Ratio	Results	Profit Ratio	Change	Rate of change
Orders received	16,900	—	16,793	—	▲ 107	▲ 0.6%
Overseas Orders received(Included)	5,297		5,446		149	2.8%
Net sales	15,161	—	16,152	—	990	6.5%
Overseas Net sales (Included)	4,285		4,627		342	8.0%
Segment profit	1,831	12.1%	1,342	8.3%	▲ 488	▲ 26.7%



<Orders Received>

- Sales for air-conditioning and other applications were robust.
- Strong performance in maintenance projects in Japan and the Middle East
- × Decrease in plant and ship-related business compared with large-scale orders of last FY

<Net Sales>

- Increase in ship-related business with abundant order backlog
- Maintenance-related sales expanded
- CO2 recovery and large-scale projects for air-conditioning contributed

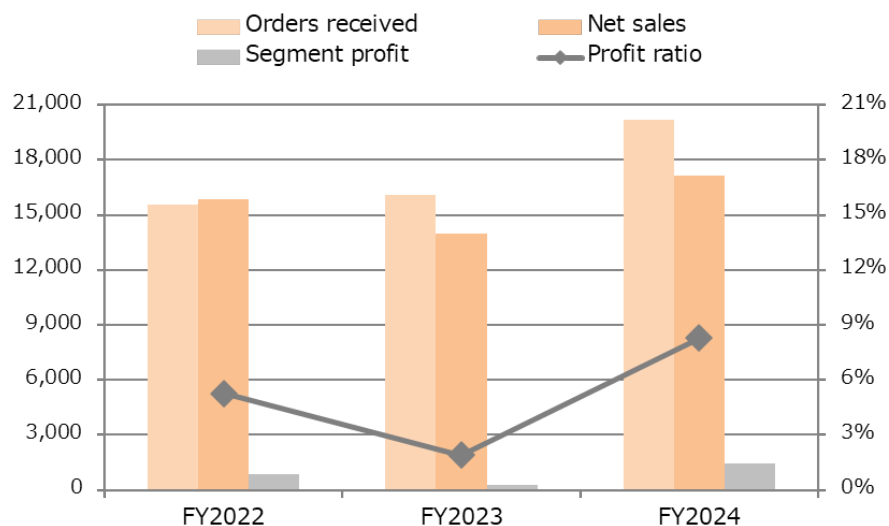
<Segment Profit>

- Improving the sales mix
- × Recorded Inventory Write-down

(Millions of yen)

2-②. Process Engineering Segment

	FY2023		FY2024		Compared to FY2023 Results	
	Results	Profit Ratio	Results	Profit Ratio	Change	Rate of change
Orders received	16,058	—	20,165	—	4,107	25.6%
Overseas Orders received (Included)	2,386		2,954		568	23.8%
Net sales	13,977	—	17,158	—	3,180	22.8%
Overseas Net sales (Included)	2,317		3,825		1,507	65.1%
Segment profit	263	1.9%	1,418	8.3%	1,155	439.1%



<Orders Received>

- Orders for related aseptically packaged rice production plant and drinking water in food equipment
- × Decrease in sales of pharmaceutical equipment with the rebound of large-scale orders received in the previous year
- Strong performance of dyeing equipment for overseas markets

<Net Sales>

- Contributions from large-scale plant projects related to food, drinking water, and pharmaceuticals
- Growth in dyeing equipment mainly for overseas markets

<Segment Profit>

- Growth from Increased Sales

(Millions of yen)

2-③. Valve Segment

	FY2023		FY2024		Compared to FY2023 Results	
	Results	Profit Ratio	Results	Profit Ratio	Change	Rate of change
Orders received	4,953	—	5,221	—	268	5.4%
Overseas Orders received (Included)	891		842		▲ 49	▲ 5.5%
Net sales	4,954	—	4,954	—	▲ 0	▲ 0.0%
Overseas Net sales (Included)	774		865		90	11.7%
Segment profit	423	8.5%	292	5.9%	▲ 130	▲ 30.8%



<Orders Received>

- × Decrease in sales for chemicals
- Strong sales for water and sewerage treatment facilities and for steel
- By model, sales of automated valves grew in response to labor-saving needs.

<Net Sales>

- × Decrease in sales for chemicals
- Strong sales for water and sewerage treatment facilities and for steel

<Segment Profit>

- × Higher raw material prices and Labor costs

3-①. Operation Results by business segment

Orders received , Net sales (Y on Y)

(Millions of yen)

	FY2023		FY2024		Compared to FY2023 Results	
	Results	Share	Results	Share	Change	Rate of change
Heat Exchanger Segment	16,900	44.5%	16,793	39.7%	▲ 107	▲ 0.6%
Process Engineering Segment	16,058	42.3%	20,165	47.7%	4,107	25.6%
Valve Segment	4,953	13.0%	5,221	12.4%	268	5.4%
Other	87	0.2%	88	0.2%	1	1.2%
Orders received	37,999	100%	42,269	100%	4,269	11.2%
Heat Exchanger Segment	15,161	44.4%	16,152	42.1%	990	6.5%
Process Engineering Segment	13,977	40.9%	17,158	44.8%	3,180	22.8%
Valve Segment	4,954	14.5%	4,954	12.9%	▲ 0	▲ 0.0%
Other	87	0.2%	88	0.2%	1	1.2%
Net sales	34,180	100%	38,353	100%	4,172	12.2%

3-②. Operation Results by business segment

Operating Income , Order backlog (Y on Y)

(Millions of yen)

	FY2023		FY2024		Compared to FY2023 Results	
	Results	Share	Results	Share	Change	Rate of change
Heat Exchanger Segment	1,831	70.9%	1,342	43.0%	▲ 488	▲ 26.7%
Process Engineering Segment	263	10.2%	1,418	45.5%	1,155	439.1%
Valve Segment	423	16.4%	292	9.4%	▲ 130	▲ 30.8%
Other	63	2.5%	65	2.1%	1	2.9%
Subtotal	2,580	100.0%	3,118	100.0%	537	20.8%
Adjustment amount	▲ 123	—	▲ 187	—	▲ 64	—
Operating profit	2,457	—	2,930	—	473	19.3%
Heat Exchanger Segment	6,952	29.7%	7,594	27.8%	641	9.2%
Process Engineering Segment	15,140	64.6%	18,147	66.4%	3,007	19.9%
Valve Segment	1,326	5.7%	1,593	5.8%	267	20.2%
Other	—	—	—	—	—	—
Order Backlog	23,419	100%	27,335	100%	3,916	16.7%

3-③. Results of operations by business segment

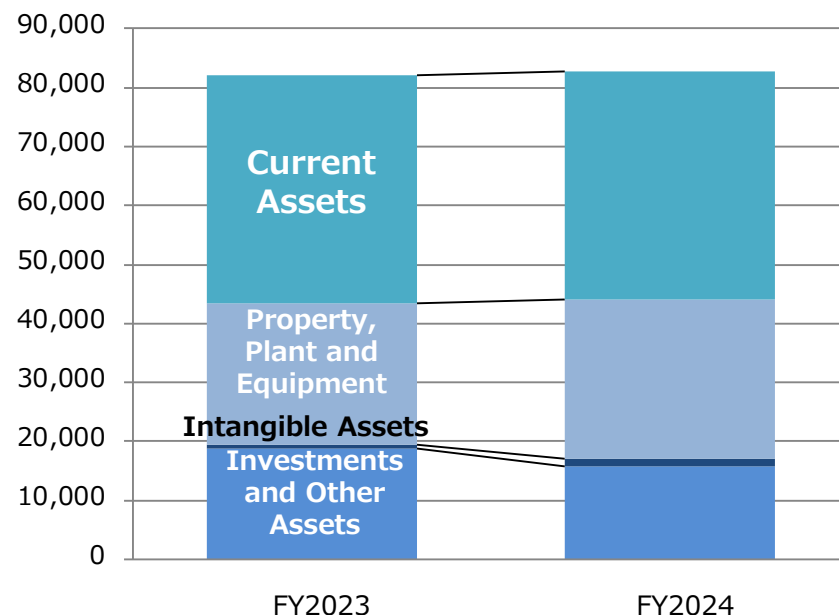
Orders received, Net sales, and Operating profit (vs. Forecasts)

(Millions of yen)

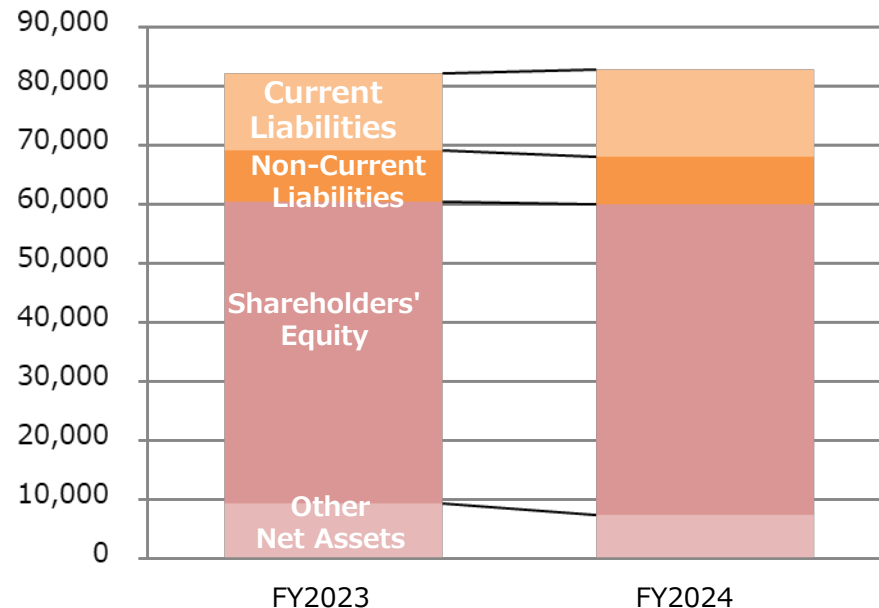
	FY2024		FY2024 Compared to FY2024 Forecasts			
	Forecasts (Announced November 2024)	Share	Results	Share	Change	Achievement Rate
Heat Exchanger Segment	16,400	40.0%	16,793	39.7%	393	102.4%
Process Engineering Segment	19,200	46.8%	20,165	47.7%	965	105.0%
Valve Segment	5,300	12.9%	5,221	12.4%	▲ 78	98.5%
Other	100	0.3%	88	0.2%	▲ 11	88.2%
Orders received	41,000	100%	42,269	100.0%	1,269	103.1%
Heat Exchanger Segment	15,700	42.4%	16,152	42.1%	452	102.9%
Process Engineering Segment	16,200	43.8%	17,158	44.8%	958	105.9%
Valve Segment	5,000	13.5%	4,954	12.9%	▲ 45	99.1%
Other	100	0.3%	88	0.2%	▲ 11	88.2%
Net sales	37,000	100%	38,353	100%	1,353	103.7%
Heat Exchanger Segment	1,320	52.8%	1,342	43.0%	22	101.7%
Process Engineering Segment	830	33.2%	1,418	45.5%	588	170.9%
Valve Segment	290	11.6%	292	9.4%	2	101.0%
Other	60	2.4%	65	2.1%	5	108.5%
Subtotal	2,500	100%	3,118	100%	618	124.7%
Adjustment amount	▲ 300	—	▲ 187	—	112	—
Operating profit	2,200	—	2,930	—	730	133.2%

4. Assets, Liabilities and Net Assets

(Millions on yen)



(Millions on yen)



(Millions of yen)

	FY2023	FY2024	Y to Y
Current assets	38,636	38,651	14
Property, plant and equipment	23,965	27,077	3,112
Intangible assets	613	1,309	695
Investments and other assets	18,800	15,657	▲ 3,143
Total non-current assets	43,380	44,045	664
Total assets	82,017	82,697	679

(Millions of yen)

	FY2023	FY2024	Y to Y
Current liabilities	12,884	14,779	1,894
Non-current liabilities	8,831	7,898	▲ 932
Total liabilities	21,715	22,677	961
Shareholders' equity	51,061	52,635	1,574
Other net assets	9,240	7,384	▲ 1,856
Total net assets	60,301	60,019	▲ 282
Total liabilities and net assets	82,017	82,697	679

5. Consolidated Cash Flows

	FY2023	(Millions of yen) FY2024
Cash flows from operating activities	▲ 461	4,720
Cash flows from investing activities	▲ 3,822	▲ 3,299
Cash flows from financing activities	3,828	▲ 2,396
Effect of exchange rate change on cash and cash equivalents	102	53
Net increase (decrease) in cash and cash equivalents	▲ 351	▲ 922
Cash and cash equivalents at beginning of period	13,871	13,746
Increase in cash and cash equivalents resulting from inclusion of subsidiaries in consolidation	227	—
Cash and cash equivalents at end of period	13,746	12,824

Outlook for FY2025

6. Summary of Earnings Forecasts

(Millions of yen)

	FY2024 Results			FY2025 Forecasts			Change Rate of change		
	1st Half	2nd Half	Full year	1st Half	2nd Half	Full year	1st Half	2nd Half	Full year
Orders received	21,100	21,168	42,269	20,000	21,000	41,000	▲ 1,100 ▲ 5.2%	▲ 168 ▲ 0.8%	▲ 1,269 ▲ 3.0%
Net sales	18,000	20,352	38,353	23,000	21,000	44,000	4,999 27.8%	647 3.2%	5,646 14.7%
Operating Profit	1,129	1,801	2,930	1,700	1,300	3,000	570 50.5%	▲ 501 ▲ 27.8%	69 2.4%
Operating Profit Margin	6.3%	8.9%	7.6%	7.4%	6.2%	6.8%	1.1 pt	▲ 2.7 pt	▲ 0.8 pt
Ordinary profit	1,352	2,038	3,391	1,900	1,450	3,350	547 40.5%	▲ 588 ▲ 28.9%	▲ 41 ▲ 1.2%
Ordinary profit Margin	7.5%	10.0%	8.8%	8.3%	6.9%	7.6%	0.7 pt	▲ 3.1 pt	▲ 1.2 pt
Profit attributable to owners of parent	1,036	2,746	3,782	1,330	1,360	2,690	293 28.3%	▲ 1,386 ▲ 50.5%	▲ 1,092 ▲ 28.9%
Profit Margin	5.8%	13.5%	9.9%	5.8%	6.5%	6.1%	0.0 pt	▲ 7.0 pt	▲ 3.7 pt

7-①. Earnings Forecasts (Full year)

(Millions of yen)

	FY2024		FY2025		Compared to FY2024 Results	
	Results	Share	Forecasts	Share	Change	Rate of change
Heat Exchanger Segment	16,793	39.7%	17,600	42.9%	806	4.8%
Process Engineering Segment	20,165	47.7%	17,800	43.4%	▲ 2,365	▲ 11.7%
Valve Segment	5,221	12.4%	5,500	13.4%	278	5.3%
Other	88	0.2%	100	0.3%	11	13.3%
Orders received	42,269	100%	41,000	100%	▲ 1,269	▲ 3.0%
Heat Exchanger Segment	16,152	42.1%	17,700	40.2%	1,547	9.6%
Process Engineering Segment	17,158	44.7%	21,000	47.7%	3,841	22.4%
Valve Segment	4,954	12.9%	5,200	11.8%	245	5.0%
Other	88	0.3%	100	0.3%	11	13.3%
Net Sales	38,353	100%	44,000	100%	5,646	14.7%
Heat Exchanger Segment	1,342	43.0%	1,850	55.2%	507	37.8%
Process Engineering Segment	1,418	45.5%	1,250	37.3%	▲ 168	▲ 11.9%
Valve Segment	292	9.4%	200	6.0%	▲ 92	▲ 31.7%
Other	65	2.1%	50	1.5%	▲ 15	▲ 23.2%
Subtotal	3,118	100%	3,350	100%	231	7.4%
Adjustment amount	▲ 187	—	▲ 350	—	▲ 162	—
Operating profit	2,930	—	3,000	—	69	2.4%

7-②. Earnings Forecasts (Half year)

(Millions of yen)

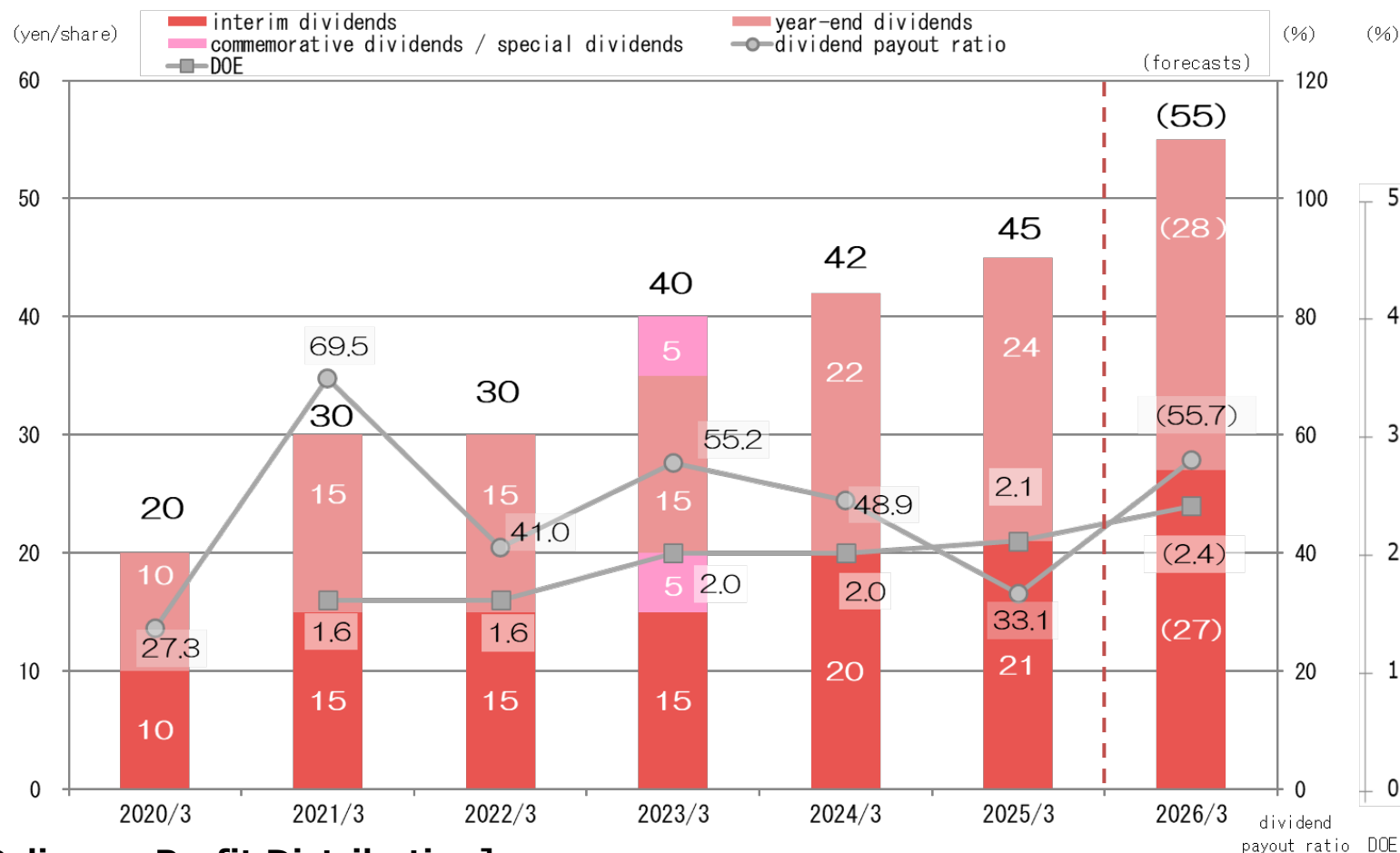
	FY2024		FY2025		Compared to FY2024 Results	
	1st Half Results	2nd Half Results	1st Half Forecasts	2nd Half Forecasts	1st Half	2nd Half
Heat Exchanger Segment	8,479	8,313	8,800	8,800	320	486
Process Engineering Segment	9,970	10,195	8,400	9,400	▲ 1,570	▲ 795
Valve Segment	2,604	2,617	2,750	2,750	145	132
Other	46	42	50	50	3	7
Orders received	21,100	21,168	20,000	21,000	▲ 1,100	▲ 168
Heat Exchanger Segment	7,719	8,432	8,900	8,800	1,180	367
Process Engineering Segment	7,779	9,379	11,500	9,500	3,720	120
Valve Segment	2,455	2,498	2,550	2,650	94	151
Other	46	42	50	50	3	7
Net Sales	18,000	20,352	23,000	21,000	4,999	647
Heat Exchanger Segment	585	757	900	950	314	192
Process Engineering Segment	450	967	900	350	449	▲ 617
Valve Segment	159	133	70	130	▲ 89	▲ 3
Other	34	30	30	20	▲ 4	▲ 10
Subtotal	1,230	1,888	1,900	1,450	669	▲ 438
Adjustment amount	▲ 100	▲ 86	▲ 200	▲ 150	▲ 99	▲ 63
Operating profit	1,129	1,801	1,700	1,300	570	▲ 501

(Millions of yen)

8. Status of Capital Expenditures and Depreciation

	FY2022	FY2023	FY2024	FY2025	
				1st Half Plan	Annual Plan
Capital expenditures					
	4,956	6,118	5,403	1,500	2,800
Details	Updating machinery and equipment for each segment, construction work at the Ikoma plant, etc.	Updating machinery and dies for each segment, construction work at the Ikoma plant, etc.	Construction work at the Ikoma plant, software for the heat exchanger segment, introduction and renewal of machinery and equipment for each segment, etc.	Renovation work at the Konoike plant, software for the heat exchanger segment, introduction and renewal of machinery and equipment and molds for each segment, etc.	
Depreciation and amortization					
	1,045	1,259	1,630	800	1,800

9. Dividend Plan



[Basic Policy on Profit Distribution]

Our basic policy is to return appropriate profits to our shareholders while strengthening our financial position and management foundation while keeping "fairness" and "impartiality" in mind for all our stakeholders. Specifically, we will strive for continuous and stable dividends with **Consolidated Dividend on Equity (DOE) of 2.0% or more**, taking into account consolidated net assets and consolidated results, while balancing retained earnings.

Enhancing Corporate Value

10-①. Long-Term Vision

Long-Term Vision FY2043/3

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



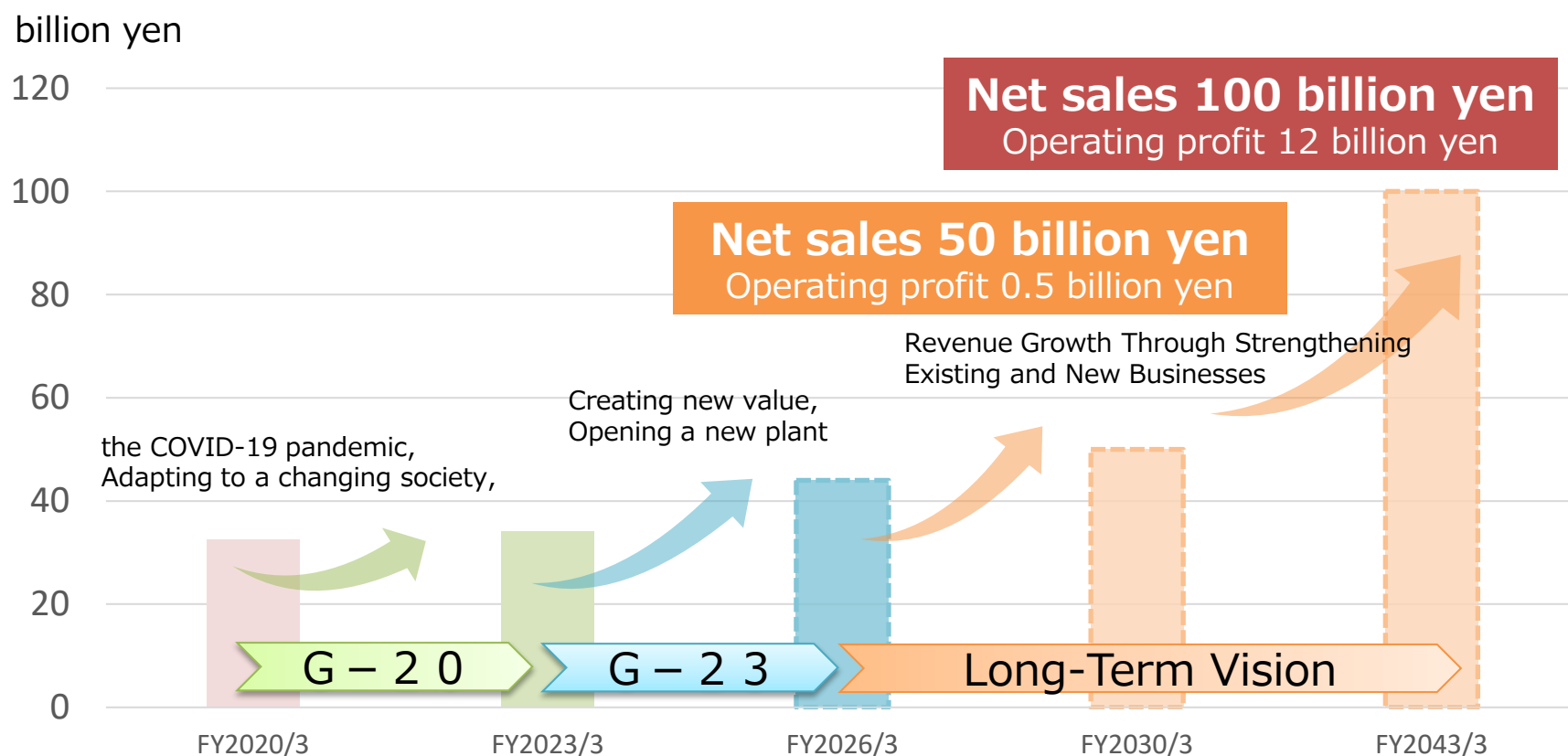
Purpose of existence

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

10-②. Consolidated Performance Targets

FY2043/3

Net sales 100 billion yen Operating profit 12 billion yen



10-③. 「G-23」 Vision, Slogan

FY2024/3 – FY2026/3 Mid-Term Business Plan

G-23

Growth

Governance

Global

Goal

Vision

"Through the challenges of each individual,
we aim to build a vibrant group of employees
while fostering the development of our business."

Slogan

"Toward the realization of a sustainable society,
let's move forward with hopeful technology."

10-④. Mid-Term Business Plan Basic Policies

Responding to Materiality

Materiality		Action items
Contribution to the global environment	1) Addressing climate change	<ul style="list-style-type: none"> ● Reduction of CO2 emissions ● Use of renewable energy ● Reduction of waste, conservation of resources
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	<ul style="list-style-type: none"> ● Contribution to food safety and security, and health promotion ● Provision of products and services which enable manpower saving. ● Bond with local communities ● Establishment of robust supply chain
Unlocking of human potential	5) Nurturing and leveraging diverse human capital 6) Securing the talent necessary for business continuity and expansion	<ul style="list-style-type: none"> ● Improved employees' growth and job satisfaction ● Advancement of new graduate and mid-career hiring, and improvement of the retention rate
Strengthening of the management foundation	7) Strengthening corporate governance	<ul style="list-style-type: none"> ● Promotion of sustainable management ● Alignment with compliance ● Risk management

10-⑤. Consolidated Performance Targets

	G – 2 0 FY2023/3 Results	G – 2 3				(Millions of yen) Rate of change $\frac{B-A}{A}$
		FY2024/3 Results	FY2025/3 Results	FY2026/3 Forecasts B	FY2026/3 Initial target A	
Orders received	34,621	37,999	42,269	41,000	41,000	—
Net sales	34,074	34,180	38,353	44,000	40,000	10.0%
Operating profit	1,912	2,457	2,930	3,000	3,600	▲ 16.7%
Operating profit Margin	5.6%	7.2%	7.6%	6.8%	9.0%	▲ 2.2pt
Ordinary profit	2,392	2,896	3,391	3,350	3,800	▲ 11.8%
Profit attributable to owners of parent	2,040	2,420	3,782	2,690	2,600	3.5%
R O E	3.7%	4.2%	6.3%	4.5%	4.5%	—

10-⑥. Consolidated Performance Targets

millions of yen



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

- **Growth strategy and Investments**
- **Reduction of Strategic Shareholdings**
- **Enhancement of shareholder returns**
- **IR Activities**

11. Current situation

	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

Over the past five years, our PBR has remained between 0.41 and 0.47 times.

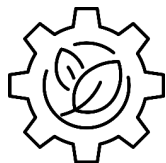
- Our ROE has remained low relative to the cost of shareholders' equity.
- As a result, we have not achieved an adequate equity spread in finance.

In the fiscal year ended March 31, 2025, we implemented capital policies including:

- Reduction of strategic shareholdings
- Acquisition of treasury shares

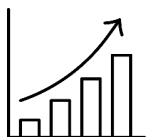
⇒ Further improvement in profitability is required.

12-①. Growth strategy and Investments



Contributing to the Resolution of Social Issues through Our Core Technologies

- Realization of carbon neutrality
- Reduction of food loss
- Realization of energy and labor saving



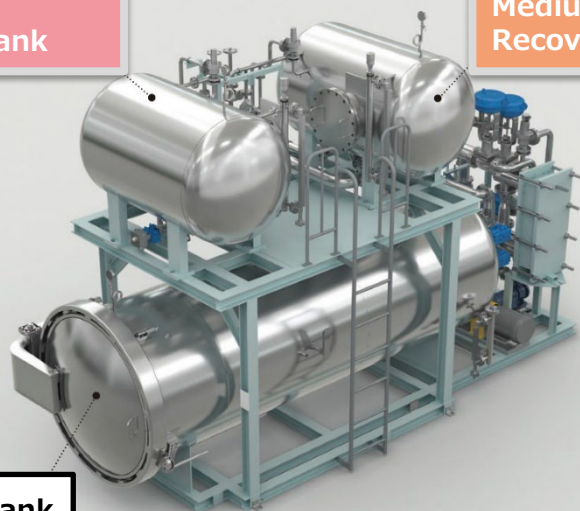
Initiatives for Sales Expansion and Profitability Improvement

- Expansion into overseas markets
- Development of new businesses and products
- Strengthening of the parts and maintenance business
- Enhancement of the production system
- Expansion of business domains

Development of Energy-Saving Solutions and New Products

Equipped with two heat recovery tanks, the system reutilizes previously unused heat.

Reduced steam consumption by up to 50% compared to former products



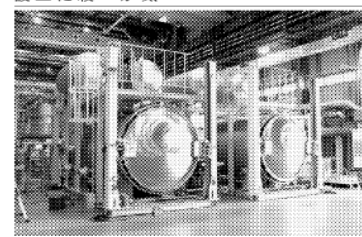
Hot Water Recovery Tank

Medium-Temperature Water Recovery Tank

Processing Tank

・日版製作で、従来の製品と薬液かけの加熱処理を最大50%削減できる新製品を開発した。
殺菌・滅菌の装置内での熱回収し、予熱や予冷に活用することで、蒸気用量や冷却水の使用量を減らす。既に立ち上げ受注した。
レトルト食品市場などでは、殺菌工程における蒸気使用量が全体の半分以上を占めるが、熱エネルギーの有効活用が課題となっており、省エネルギー製品で顧客の脱炭素化を押しする。

従来の殺菌・滅菌装置は、装置内で加熱した殺菌用と冷却処理を行って60℃の加熱後、別の既存の処理槽へ投入し、冷却されるため、加熱時の回収タンクを設



処理槽の上部に設置した2つの回収タンクを活用し、回収タンクのない従来製品より最大で50%の蒸気使用量を削減する。

蒸気使用量を半減

殺菌装置 日阪、食品・医薬向け

用する。また、熱を取り、再び中温水に戻す。処理槽内の熱を回収し、蒸気発生器の加熱用の中温水に蒸気発生させる。その上90～95℃の中温水の温床を活用し、殺菌。中温水回収装置は、処理槽内の熱回収で蒸気発生し、加熱槽で中温水回収すること、処理槽で蒸気発生し、冷却槽で冷却すること、製剤の冷却時に発生する冷却水使用量を削減できる。ミスト削減にも効果的。予熱した中温水は、50～55℃以下で下ろすを導入する。二つの回収システムの搭載に約0.5万円の追加コストがかかるが、5年以内で投資は回収できる。伊予重治が役員として、費用対効果も申し分ない。新智は、環境対策として、シンヤチン（東京都中野区）の補助金で、中水回収の「指定設備」の認定を取得した。

Source: The Nikkan Kogyo Shimbun, May 9, 2025, p.9 This article has been reprinted with permission from The Nikkan Kogyo Shimbun.

12-③. Growth strategy and Investments

Realization of carbon neutrality

Heat-exchanger for CO2 capture plant 「SX-80」

Ideal for heat-exchange of amine-solutions in CO2 capture processes using chemical absorption methods.

CO2 capture projects are becoming more active both in Japan and abroad, including advanced CCS initiatives led by JOGMEC.



Heat-exchanger for CO2 capture plants (SX-80)



Heat Transfer Plate (SX-80)

High heat transfer performance

High heat transfer performance is achieved with a unique plate.

Reduce the amount of steam required for recycled towers.

High chemical resistance

Stable sealing performance is achieved with a newly developed gasket featuring excellent heat resistance and amine resistance.

12-④. Growth strategy and Investments

Expansion into overseas markets, Strengthening of the parts and maintenance business

- Established a new company in Qatar
- Maintenance business for heat exchangers developed at four bases in the Middle East



12-⑤. Growth strategy and Investments

Expansion into overseas markets

Sales efforts for dyeing and finishing equipment are being reinforced in Southeast Asia, where the production of synthetic fibers is growing.



CUT-ZR
High-capacity dyeing and finishing
equipment without extra water



12-⑥. Growth strategy and Investments

Development of new products, Expansion of business domains

Our lineup of specialized valves is being expanded to respond to the diverse needs and challenges of various industries.

Pressure resistance

鍛造高圧
ボールバルブ



高圧安水用
ボールバルブ

Heat
resistance



シールドバルブ
(トンネル工事用)



高圧ガス設備用
認定バルブ



両圧メタルタッチ
ボールバルブ

Specialized

Abrasion resistance



半導体装置
排ガス用 3 方弁



セラミックライニング
ボールバルブ



ダイヤフラム
バルブ

Corrosion resistance



PFAライニング
ボールバルブ

Standard



標準型、三方型、自動型、他



セミジャケット付
ボールバルブ
(チョコレート用)

モーター弁

Controllability

化学

製鉄

紙・パルプ

食品

環境



電力・
エネルギー

半導体

2次電池

12-⑦. Growth strategy and Investments

Enhancement of the production system

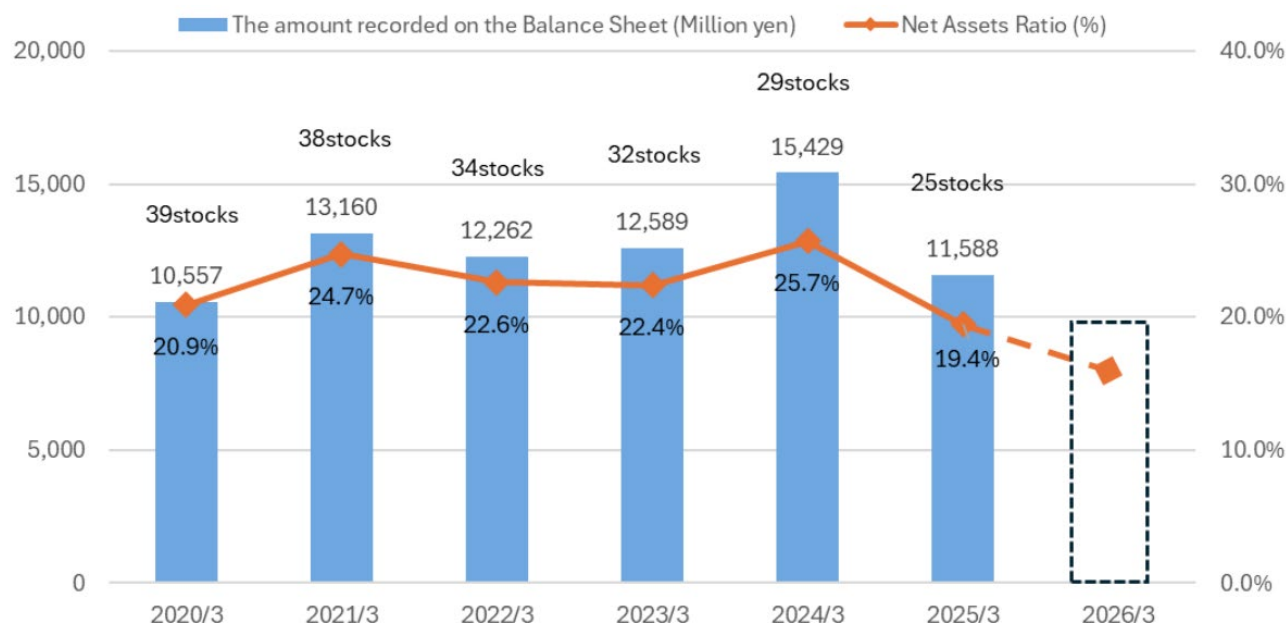
	Ikoma Plant (Opened)	Konoike Plant (Restructuring)
Purpose	Strengthen process engineering segment	Strengthen the heat exchanger and valve segments
Opening period	2024 Jan.	FY2027 Heat exchanger segment FY2025 Valve segment FY2027
Investment effect	1.5 times production	1.5 times production (Heat exchanger segment) 1.3 times production (Valve segment)
Investment amount	Approx. 10 billion yen	Approx. 6 billion yen
Appearance		

13. Reduction of Strategic Shareholdings

Status of Sales of Strategic Shareholdings

	FY2021/3 to FY2023/3	FY2024/3	FY2025/3
Number of stocks	9 stocks	6 stocks	5stocks
Amount	1,880 million yen	797 million yen	2,727 million yen

Transition of Strategic Shareholdings



The reduction target of bringing the amount of strategic shareholdings to less than 20% of net assets by the end of March 2026 was achieved one year ahead of schedule.

14-①. Enhancement of shareholder returns

(1) Dividend Increases

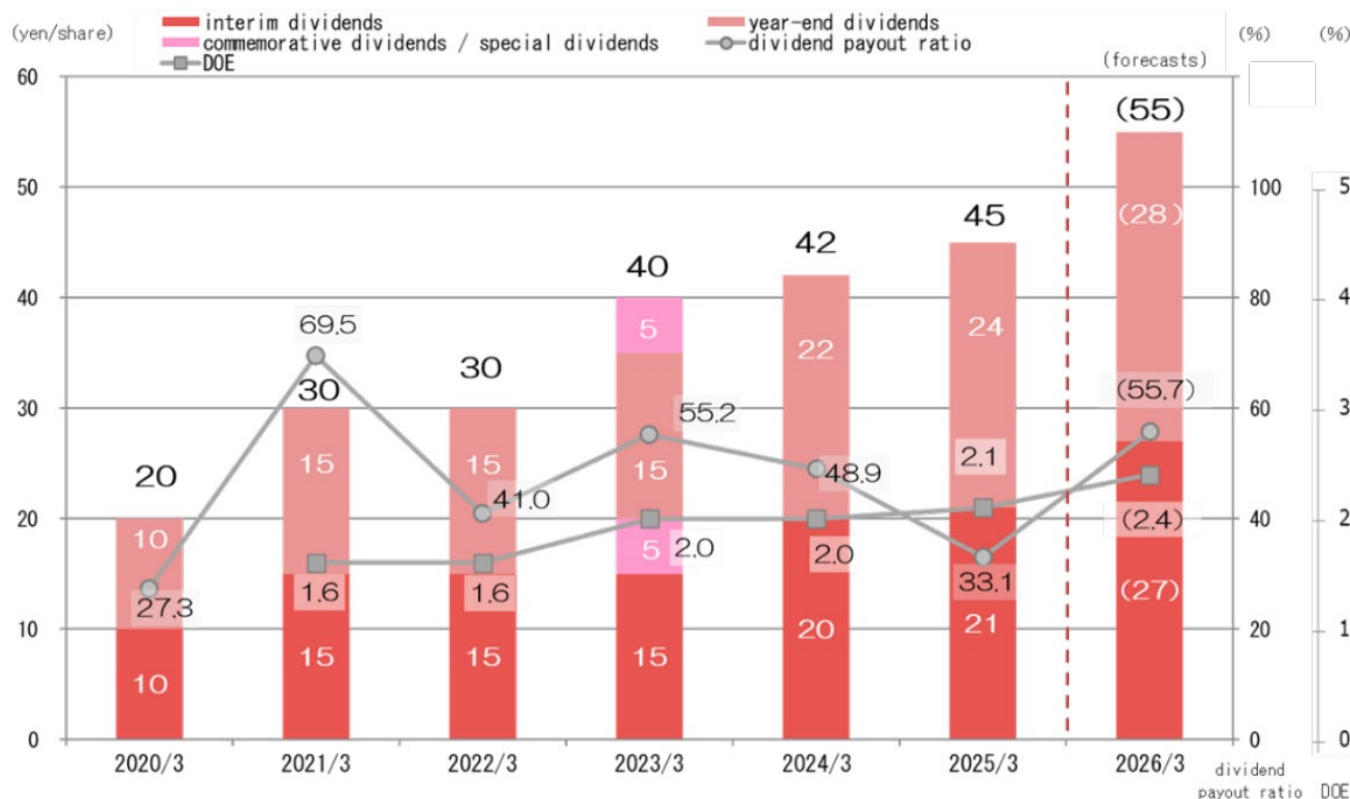
FY2021/3 Introduced DOE (Dividend on Equity) with a target of 1.5% or higher

FY2023/3 80th anniversary commemorative dividend of ¥10/share

FY2024/3 Increased DOE target to 2.0% or higher, accompanied by a ¥2/share increase in dividends

FY2025/3 Dividend increased by ¥3/share

FY2026/3 Plan to increase dividends by ¥10/share



14-②. Enhancement of shareholder returns

(2) Share Buybacks

FY2025/3 (Actual)

- >Number of shares acquired: 1 million shares
- >Total acquisition amount: ¥1,046 million
- ➡Total shareholder return ratio for FY 2025/3: 60.5%

FY2026/3 (Planned May 16, 2025 – March 31, 2026)

- >Maximum number of shares to be acquired: 1 million shares
- >Maximum acquisition amount: ¥1,400 million
- ➡ Expected total shareholder return ratio for FY 2026/3: 90%

(3) Cancellation of Treasury Shares

FY2025/3: Number of shares cancelled: 4 million shares

【Basic Policy on Holding Treasury Shares】

- >Guideline for treasury stock holding ratio: 5% of total shares issued
- >If the treasury stock holding ratio exceeds 10% at the end of a fiscal year, as a general rule, we will cancel treasury shares during the following fiscal year to reduce the holding ratio to around 5%

15-①. IR Activities

(1) Implementation of financial results briefings, plant tours, and 1on1 meetings

	Number of times	Eligibility	Responder
Financial results briefing	2 times in FY2023 2 times in FY2024	Analysts, Institutional investor	President, Executive Officer in Charge, General Manager in Charge
Plant tour	1 time in FY2024	Analysts, Institutional investor	Plant Manager, Executive Officer in Charge
1on1 meeting	45 times in FY2023 42 times in FY2024	Analysts, Institutional investor	President, Executive Officer in Charge, General Manager in Charge

15-②. IR Activities

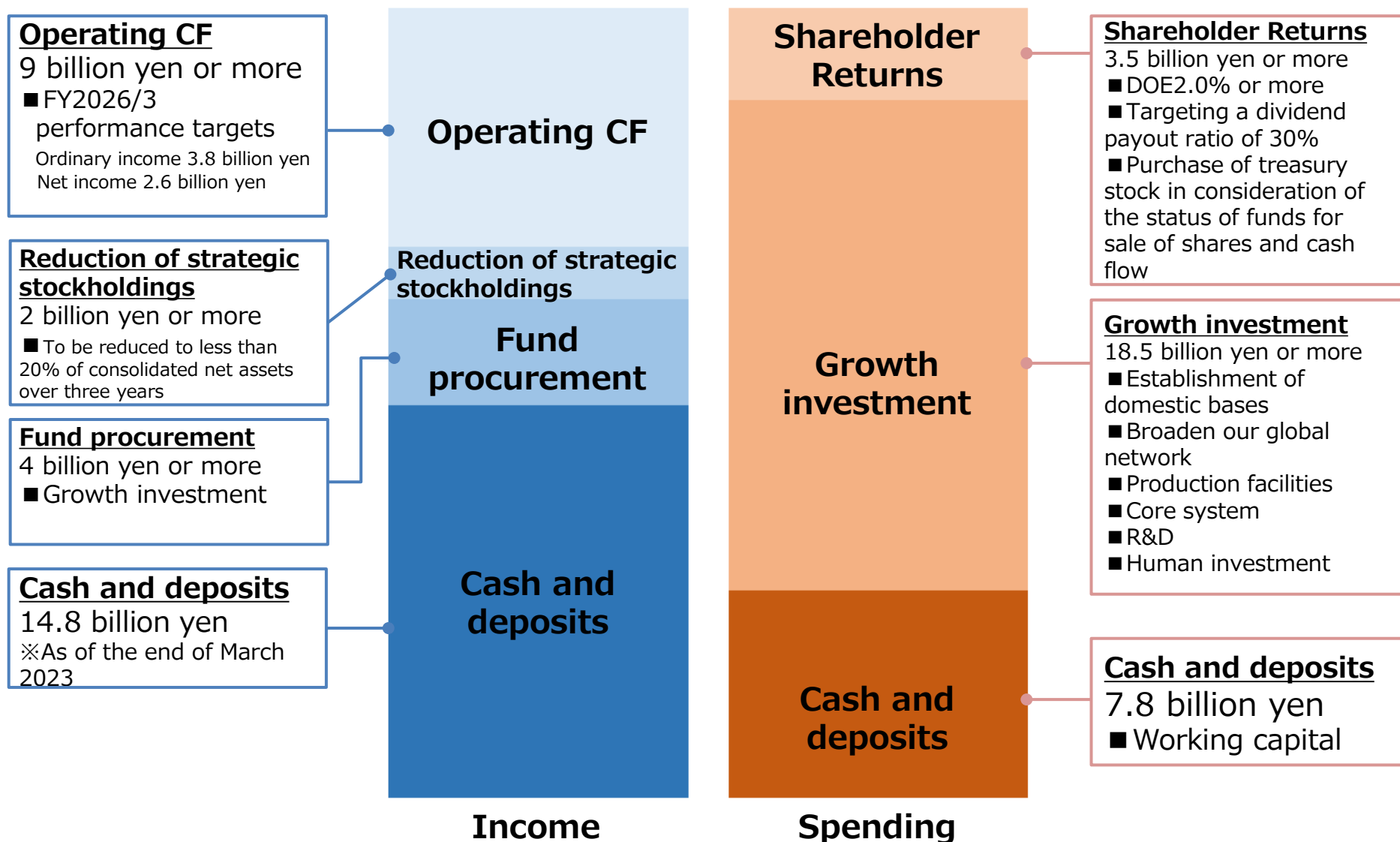
(2) Specific content of dialogue

Classification of questions	Questions
Matters relating to the business	Competitor conditions, market share, overseas strategies, demand in carbon neutral-related markets
Business Performance	Specific measures to increase sales and profits, future growth drivers, Confidence in achieving the medium-term management plan
Investment-related matters	Costs and effects of the construction of the new Ikoma plant and the restructuring of the Konoike plant
Corporate Governance	Approach to Strategic Stockholdings and Outlook for Reduction
Matters concerning shareholder returns	Amount of dividends, the dividend payout ratio, and the appropriateness of DOE

Main Opinions	Response
Low shareholder returns, Have lower DOE	Increase from 1.5% or more to 2.0% or more from fiscal 2023, based on cash allocation such as investment required in the future. Share repurchases were conducted.
Should reduce strategic stockholdings	In November 2023, the company decided to reduce its net assets to less than 20% by the end of the current medium-term management plan (as of the end of March 2026).
Should indicate the use of cash and deposits	Explanation of future fundraising and usage using cash allocation (explained at the financial results briefing held in December 2023).

16-①. Financial strategy (cash allocation)

「G-23」 (FY2024/3 to FY2026/3) Cumulative total



16-②. Financial strategy (cash allocation)

Progress toward the second year of G-23 (FY2024/3 to FY2026/3)

		3-year plan	By year 2	Remarks
Income	Operating CF	9 billion yen or more	4.26 billion yen	FY2024/3 -0.46 billion yen FY2025/3 +4.26 billion yen
	Reduction of strategic stockholdings	2 billion yen or more	3.52 billion yen	Sell 11 stocks (see P.37)
	Fund procurement	4 billion yen or more	5 billion yen	Proceeds from long-term debt and bonds
Spending	Shareholder Returns	3.5 billion yen or more	3.47 billion yen	Dividend 2.43 billion yen Acquisition of treasury stock 1.05 billion yen
	Growth investment	18.5 billion yen or more	11.52 billion yen	Construction of Ikoma Plant, renovation of Konoike Plant, development of core systems for heat exchanger segment, etc.
	Cash and deposits	7.8 billion yen	12.91 billion yen	Decreased by 2.05 billion yen from the end of March 2023

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HISAKA WORKS, LTD.

Origin of the 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 logo mark

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 from both our employees and products to grow and evolve with rich human qualities.

(NOTE)The data and future forecasts disclosed in this document are based on judgments made as of the date of publication of this document and available information and are subject to change due to various factors. Accordingly, there is no guarantee that these targets and forecasts will be achieved or that future performance will be achieved. These information is subject to change without notice. Accordingly, the reader is urged to check this information and materials against information obtained by other means and to make decisions as to whether to use it. We assume no responsibility for any damages resulting from the use of this document.