

# Integrated Report 2025

Mission (Our Purpose)

To be a manufacturer that reliably supplies high-quality equipment and services, providing solutions to social issues through energy- and labor-saving

Vision (Long-Term Vision)

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

Values (Philosophy System)

“HISAKA MIND”

Company Motto: Our DNA

「誠心」  
Let's be people who have sincerity Being people who respect others and value harmony  
Let's make products that have sincerity Creating satisfying products free of deception or ambiguity  
Let's make ours a company that has sincerity Being a company that brings happiness to everyone

Five Principles: What We Aim to Be

- 1) Cooperation with Empathy Engaging in matters together with others holding the same goal
- 2) Enterprising and Daring Engaging in matters pro-actively and boldly
- 3) Profit for Yourself and Others Your own profit is the profit of others, and contributing to others is your own happiness
- 4) Fair and Impartial Engaging in matters fairly and openly
- 5) Safety and Security Providing a sense of security through the utmost priority on safety

Business Creed: Our Eternal Goals

“Taking root among the world”  
We will provide attractive products and services through our high-level technology, broad network, and in-depth researches.

“Pursuit of rich humanity”  
We will become attractive persons with high aspirations, broad perspectives, and in-depth consideration.

Action Guidelines: Actions We Should Take

- HIGHER: Undertake challenges to make new discoveries**  
1) Just give it a try 2) Correct your course  
3) Ask for help 4) Continue to be humble
- WIDER: Expand your own possibilities**  
1) Accept differences 2) Expand the breadth of your knowledge  
3) Gain a great deal of experience
- DEEPER: Become experts**  
1) Refine your strengths 2) Find the interesting part of things  
3) Continue perseveringly

HISAKA WORKS, LTD.

Origin of company name

The name **HISAKA** derives from the “日 (HI)” from Japan and the “阪 (SAKA)” from Osaka, incorporating the desire to be a vibrant company like Osaka, a city synonymous with commerce in Japan.

Origin of company logo

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

Editorial policy

Integrated Report 2025 was issued to provide financial and non-financial information on HISAKA's medium- to long-term value creation. In editing the report, we referred to the International Integrated Reporting Framework by the IFRS Foundation and the Guidance for Integrated Corporate Disclosure and Company-Investor Dialogue for Collaborative Value Creation 2.0 by the Ministry of Economy, Trade and Industry.

Target readers

All stakeholders of the HISAKA Group

Period covered by the report

The report mainly covers the fiscal year ended March 31, 2025 (April 1, 2024 to March 31, 2025).

Scope of report

The report covers the HISAKA Group, which consists of HISAKA WORKS, LTD. and 13 affiliated companies.

Information disclosure system

Financial information	Integrated Report	• Financial statements and financial results briefing materials • Annual Securities Report/ Semi-Annual Report • Hisaka Newsletter/Hisaka Newsletter (Interim)
Non-financial information (ESG information)	Corporate website	• HISAKA Sustainability (website) • Corporate Governance Report

Notes on forward-looking information

Data and forecasts disclosed in this report are based on decisions and available information as of the day of this report's publication, and may change due to various factors. Their achievement is not guaranteed. Please also note that such information may be revised without notice. HISAKA WORKS cannot be held liable for any damages or losses caused by the use of this report.

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# Indispensable to the Progress of Industries Worldwide—**HISAKA**

Behind the scenes, always nearby.

Steadily and sincerely, we provide solutions to social issues  
and turn them into a driving force for our corporate growth.

HISAKA WORKS is an industrial machine manufacturer. Our products seldom appear in the public eye, yet our technologies underpin every aspect of daily life and society—from clothing, food, and housing to pharmaceuticals, the environment, and energy. As society continues to undergo rapid change, we have remained close to people and communities, tackling challenges and applying our dedicated technologies to meet diverse and evolving needs. And we will continue to advance — supporting today and shaping tomorrow, striving to become an indispensable presence in the progress of industries worldwide.



# HISAKA — Supporting Every Industry Behind the Scenes

With our advanced manufacturing technologies, HISAKA WORKS provides a wide range of products that ensure safety, comfort, and convenience across diverse fields including clothing, food, housing, pharmaceuticals, environment, and energy.

Many of our products hold a leading market share in Japan, quietly playing vital roles behind the scenes supporting the foundations of countless industries and everyday life.

Clothing

Food

Housing

Pharmaceuticals

Environment

Energy



Plate heat exchanger

## Heat Exchanger Segment

Through the manufacturing and sales of plate heat exchangers, which perform fluid heating and cooling essential to processes across every industry, we contribute to our customers' plants and facilities by providing energy savings, more efficient space usage, and more efficient operation. Our products are used in a broad range of fields, including chemicals, food, air conditioning, steelmaking, machinery, metals, electric power, and marine applications. We will continue to expand our business domains by proposing thermal solutions built on our core plate heat exchanger technology.



## Process Engineering Segment

By manufacturing and selling of sterilizers, pasteurizers, and dyeing machines that support the production of essential foods and pharmaceuticals, we contribute to enhancing quality of life in the fields of clothing, food, housing, and pharmaceuticals. We will continue to contribute to industrial development as a machinery manufacturer that provides not only products but also energy-saving, automation, unmanned operation, and IoT-compatible solutions combined with our extensive expertise in manufacturing and productivity enhancement.



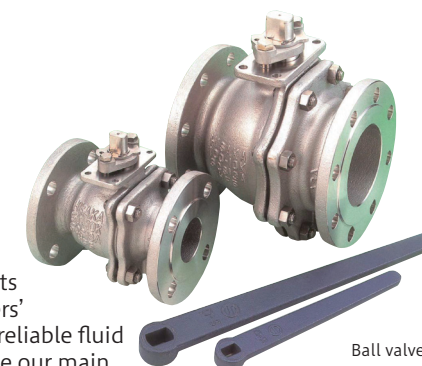
Retort sterilizer



Jet dyeing machine

## Valve Segment

From general-purpose ball valves and diaphragm valves to specialized and application-specific ball valves, HISAKA WORKS provides products that precisely match our customers' requirements for contributing to reliable fluid control in diverse industries. While our main applications are found in chemical plants and food manufacturing facilities, we are also expanding into fields such as secondary batteries and semiconductors. We will continue to pursue performance and quality in environmental safety that places at the top of the market, and take on new challenges in product development and service innovation through bold and original ideas.



Ball valve





# HISAKA in Numbers

As an industrial machinery manufacturer that controls the heat and pressure of fluids, HISAKA WORKS provides numerous products with a leading market share in Japan.  
We position Return on Equity (ROE) as a key performance indicator (KPI) and strive to enhance corporate value over the medium to long term.

Corporate Data

Established

May 1942

Number of employees (consolidated)

1,032 (End of March 2025)

Production plants

Japan: 3  
Overseas: 2

Affiliated companies

Japan: 3  
Overseas: 10

Business Performance (FY2025/3)

Consolidated net sales

38.35 billion yen  
+4.17 billion

ROE

6.3%  
+2.1%

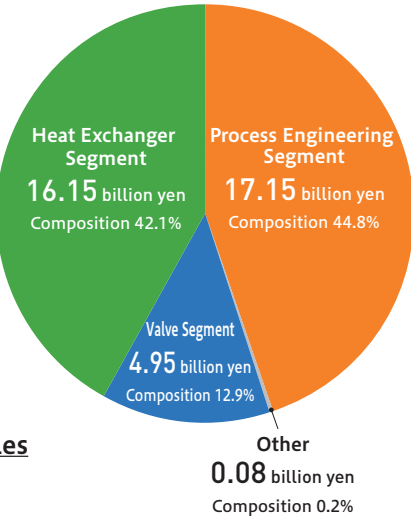
Operating profit

2.93 billion yen  
+0.47 billion

Ratio of overseas net sales

24.3%  
+2.7%

● Sales Composition by Segment



\* Lower figures indicate year-on-year change from FY2024/3.

Major Products with Top Market Share in Japan\*

Gasketed plate heat exchanger  
60%

Liquid sterilizer (brewing industry)  
90%

Retort sterilizer  
70%

Brazed plate heat exchanger for gas heat pumps  
85%

Pharmaceutical purposes sterilizer (infusion industry)  
90%

Jet dyeing machine  
90%

\* Market share is based on our own research.



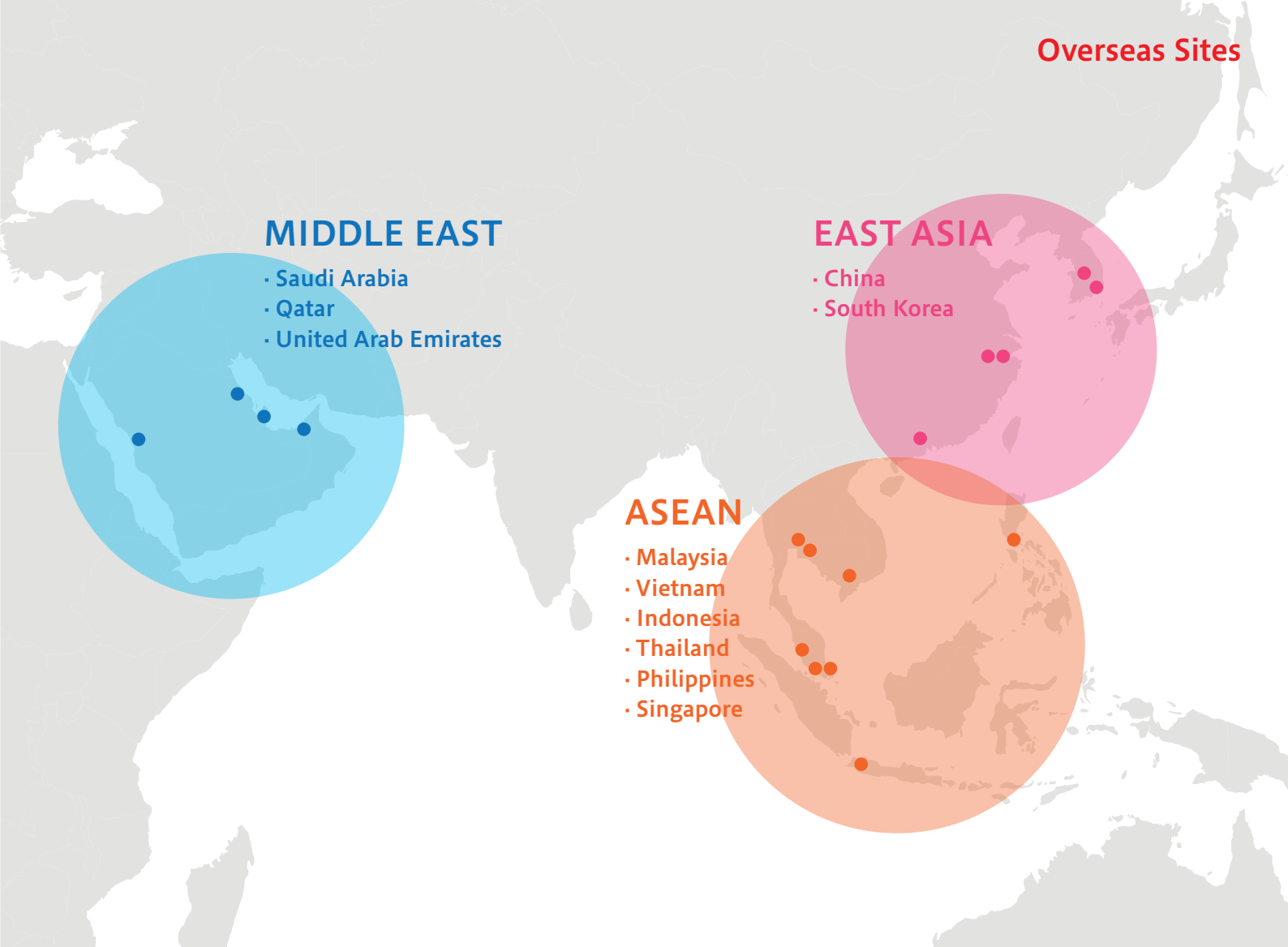
Konoike Plant (Osaka)



Ikoma Plant (Nara)

Value Creation Story

Overseas Sites



China (Changshu)



Malaysia (Kuala Lumpur)



Ome Plant (Tokyo)



# With **HISAKA MIND** in Our Hearts—Surging Forward with Technology and Taking on Challenges

## After One Year as President: The Determination to Continue and the Ability to Evolve

In my first year as President, I have experienced firsthand that the source of sustainable growth lies in a sound corporate culture. At HISAKA WORKS, LTD., we uphold the HISAKA MIND, the philosophy system that has guided us since the establishment of our company motto, “Sincerity (Magokoro),” in 1962. Ensuring that all employees embrace “HISAKA MIND” and act accordingly has fostered a positive corporate culture that encourages transformation and drives continuous growth.

As stated in our corporate mission, “To be a manufacturer that reliably supplies high-quality equipment and services, providing solutions to social issues through energy- and labor-saving,” we believe it is vital to continue addressing social challenges through our three core business segments: Heat Exchanger, Process Engineering, and Valve. As top management, my goal is to enhance both corporate value and increase stock price by ensuring that every employee is aware of their role in solving social issues and feels genuine pride and motivation in their work.

When I assumed the presidency, I set forth two key missions: maximizing the outcomes of our investments and enhancing human capital. One example of investment is the Ikoma Plant, where our initiatives to expand production capacity and establish a highly efficient production structure are beginning to bear fruit. Net sales in the Process Engineering Segment are expected to exceed 20.0 billion yen in FY2026/3, marking a record high. To enhance human capital, we have strengthened communication based on the revised employee compensation system introduced in April 2024, and have continued wage increases at the same level as the previous year to further boost employee motivation. We expect these measures to generate positive results over time.

Although the effects of these initiatives will take time to fully materialize, we will continue to pursue steady efforts for growth to achieve the goals set for FY2043/3, our 100th anniversary, and for FY2030/3, the midpoint milestone outlined in our Growth Strategy (see p. 18).

## HISAKA's Philosophy System—Wisdom Passed Down from Our Predecessors

Among the elements that make up “HISAKA MIND” is a set of guiding principles that define what we aim to be, known as the Five Principles: 1) Cooperation with Empathy, 2) Enterprising and Daring, 3) Profit for Yourself and Others, 4) Fair and Impartial, and 5) Safety and Security. “Enterprising and Daring” represents the spirit of taking action on one's own initiative, making bold decisions, and pursuing challenges without fear of failure. This principle originates from the former management philosophy, the “Three Principles of Technology,” formulated in March 1969, which reflected the teachings of our predecessors who pursued new product development, quality assurance, and productivity improvement to world-class standards. The culture of Enterprising and Daring, which is rooted in staying proactive, continues to live on today, deeply embedded in our workplaces, where many persist in tackling technical challenges head-on.

At HISAKA, we support employees as they take growth-oriented action through our initiatives, such as the revision of our employee compensation system and the adoption of one-on-one interviews. We place great importance on responding swiftly to constantly changing market conditions and evolving social challenges. We also recognize that maintaining the status quo is the beginning of decline, and believe that daily, continuous improvement leads both to corporate growth and to the resolution of social issues. We will continue to take on challenges with an enterprising and daring approach, never forgetting the pioneering spirit that has driven us to create Japan-first and world-leading products, as we pursue ongoing refinement of existing products and development of new ones.



**Toshiya Usami**  
President and Representative Director  
President and CEO



### Initiatives to Make Our Long-Term Vision a Reality, Leveraging the Strengths of Our Businesses

HISAKA's strengths lie in its comprehensive capabilities, from design and development tailored to customer needs to product manufacturing using state-of-the-art facilities, built upon our accumulated expertise in stainless-steel processing technologies and our advanced fluid heat- and pressure-control technologies. Our Long-Term Vision is “To 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.” In line with this vision, each of our three business segments offers products and services aligned with market needs. In addition to enhancing our technological capabilities, we are strengthening our ability to respond to customer needs and propose comprehensive solutions to build even stronger and more enduring relationships of trust with our customers. In the Heat Exchanger Segment, we are promoting sales of models designed to meet the growing demand for CO<sub>2</sub> recovery systems that are helping in the pursuit of carbon neutrality. In overseas markets, particularly in the Middle East, we have already delivered more than 1,000 units and are further expanding our business by strengthening maintenance services for large plate heat exchangers. The Process Engineering Segment is accelerating the development of new products that respond to the increasing demand for energy and labor savings across the food, pharmaceutical, and dyeing industries. Together with the expanded production capacity enabled by the operation of the Ikoma Plant, these efforts are expected to enhance our ability to deliver even greater value. Over the medium to long term, we plan to strengthen our ability to provide labor-saving solutions that combine automation functions linking upstream and downstream processes, rather than simply offering stand-alone equipment. In the Valve Segment, we are focusing on the development and sale of specially designed ball valves that enhance convenience and comfort for customers, leveraging our customization capabilities, which are a key strength that allows us to respond flexibly to customer-specific needs, and our proprietary machining technologies. By working closely with customers to solve challenges together, we aim to expand



our business domains and reinforce our market position. Leveraging our strengths and the distinctive characteristics of each segment, we will continue striving to achieve the numerical targets set forth in our Long-Term Vision as early as possible.

### Review of Consolidated Results for FY2025/3

FY2025/3 marked the second year of our current Mid-Term Business Plan, G-23. During the year, consolidated orders received increased 11.2% year on year to 42.2 billion yen, and consolidated net sales rose 12.2% to 38.3 billion yen, both reaching record highs since the Company's founding. On the profit side, despite rising raw material prices as well as increases in personnel and depreciation expenses, higher sales and improved profit margins contributed to a 19.3% increase in consolidated operating profit, which reached 2.9 billion yen. In addition, gain on sale of investment securities associated with the reduction of cross-held shares were recorded, resulting in profit attributable to owners of parent of 3.7 billion yen, a 56.2% increase year on year and another record high. By segment, the Heat Exchanger Segment established new subsidiaries in the United Arab Emirates (UAE) and Qatar, completing a maintenance network across three Middle Eastern locations, including Saudi Arabia. These initiatives enabled us to quickly convert opportunities into orders and sales. We anticipate further expansion of our Parts & Maintenance business in this region, where we have an extensive track record of deliveries. In the Process Engineering Segment, performance was driven by strong sales of equipment that significantly reduces steam consumption, meeting the growing needs for energy- and labor-saving solutions for customers. Overseas expansion of dyeing machines featuring enhanced water-saving functions also contributed to the positive results. In the Valve Segment, orders and net sales declined as capital investment in the chemical industry, our main customer base, remained sluggish. However, our efforts to develop new markets, particularly in water treatment facilities and steel manufacturing, progressed steadily and will help support future growth potential.

### Initiatives for FY2026/3—the Final Year of the G-23 Mid-Term Business Plan

FY2026/3 marks a milestone year, as we aim for consolidated net sales of 40.0 billion yen for the first time in the Company's history. We currently forecast consolidated orders received of 41.0 billion yen, consolidated net sales of 44.0 billion yen, and consolidated operating profit of 3.0 billion yen for FY2026/3. Although operating profit is projected to fall below the initial plan of 3.6 billion yen due to the ongoing rise in material prices and personnel costs, net sales are expected to significantly exceed the original target of 40.0 billion yen. The investment plan launched in 2019 has been progressing according to schedule and we don't anticipate the need to alter the plan at this point. Full-scale operations should be in place across all businesses by 2029. While the front-loaded investment phase will continue to place temporary pressure on cash flow, we remain fully committed to driving profit growth in our core businesses and increasing ROE. To this end, we are advancing the four key management priorities I set forth upon assuming the presidency: 1. talent acquisition and development, 2. creation of added value through new product development, new market development, and new business creation, 3. increase in net sales ratio of the Parts & Maintenance business, and 4. enhancement of productivity. Each employee taking on challenges and growing is the most essential driver of these initiatives. Across all workplaces, we will continue fostering environments in which every employee can broaden their opportunities, take pride in their work as a machinery manufacturer, and deliver added value to our customers.



### Management Focused on Stock Price and Maximization of Corporate Value

As announced in “Notice on Initiatives to Improve PBR by Enhancing Corporate Value” released in November 2023, HISAKA is implementing initiatives aimed at management conscious of capital cost and stock price performance to maximize corporate value. As part of our efforts to achieve management that is conscious of the cost of capital and stock price, we are pursuing the following initiatives: (1) increase profit and improve return on equity (ROE) through the promotion of growth strategies, (2) increase capital efficiency by reducing cross-held shares, (3) enhance returns to shareholders, and (4) strengthen IR activities. Regarding (1), our growth strategies, we have been making large-scale investments, namely, the establishment of the Ikoma Plant and the renovation of the Konoike Plant. The investment program is scheduled for completion in 2029 and the full benefits will only be apparent over time, but we are already seeing positive results, such as the business expansion of the Process Engineering Segment centered on the Ikoma Plant. Aided partly by extraordinary income, ROE for FY2025/3 rose to 6.3%, the highest level in the past 10 years.

Regarding (2), we had set a target for reduction of cross-held shares of reducing the ratio to below 20% of consolidated net assets during the G-23 plan period. This goal was achieved one year ahead of schedule, reaching 19.4% as of March 31, 2025.



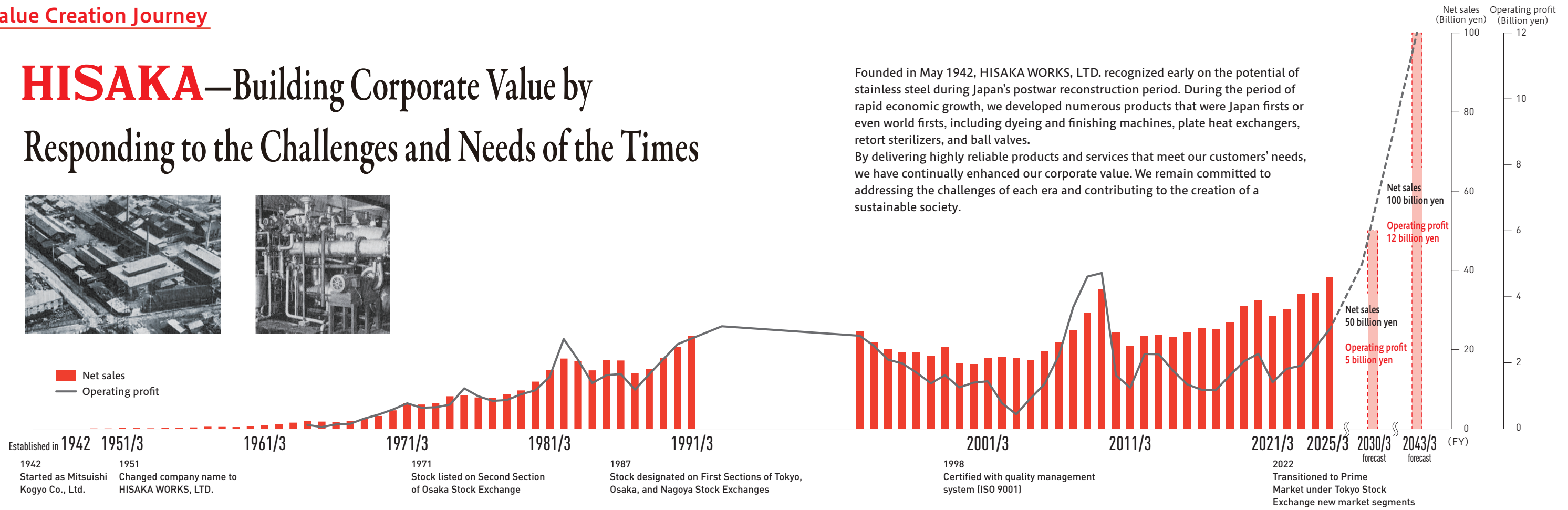
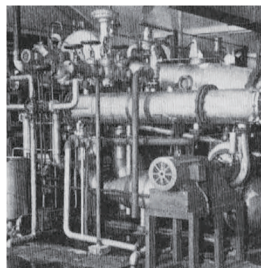
Regarding (3), enhancing shareholder returns, the FY2025/3 dividend was 45 yen per share, representing a DOE of 2.1% and a dividend payout ratio of 33.1%, an increase of 3 yen from the previous year. For FY2026/3, we plan a dividend of 55 yen per share, equivalent to a DOE of 2.4% and a payout ratio of 55.7%, further enhancing shareholder returns. We also conducted a share buyback of 1 million shares (1.04 billion yen) in FY2025/3, and are carried out an additional buyback of up to 1 million shares (1.4 billion yen) in May 2025. We will continue to enhance shareholder returns while carefully considering business conditions and stock price trends. Regarding (4), to strengthen our IR activities, we published our first Integrated Report in FY2025/3, marking a major step forward in corporate transparency. We will continue to explore and implement various initiatives to effectively communicate our business operations, management philosophy, and strategies to our investors. As a result of these initiatives, HISAKA's stock price reached 1,459 yen as of the end of July 2025, with a PBR of 0.6 times. Although this remains at a relatively low level, it is the first time in 17 years—since 2008—that the stock price has exceeded 1,400 yen. Our near-term goal is to raise the PBR above 1.0 times, and we intend to vigorously advance both our growth strategies and capital policies to achieve this objective.

### Creating Future Value Together with Our Stakeholders

As a B-to-B company, HISAKA has traditionally conducted its business by responding to the needs of customers. Looking ahead, we will place greater emphasis on proactively contributing to our customers' value creation by offering solutions that help achieve decarbonization and energy savings through our products and services. Together with our suppliers, we aim to build sound partnerships based on legal compliance and mutual trust, pursuing coexistence and mutual prosperity. For our employees, we are working to create frameworks and workplace environments that encourage growth and taking on challenges, while enhancing job satisfaction and engagement. In addition to creating employment opportunities in our local communities, we will continue to fulfill our role as a responsible corporate citizen with roots in the community through activities such as factory tours and blood-donation drives. HISAKA WORKS, LTD. will continue to respond swiftly to customer needs and social change, ensuring the stable supply of high-quality products and services, and further enhancing our presence in global markets. We sincerely ask for your continued understanding, support, and cooperation for the HISAKA Group as we work together to build a sustainable future.



# HISAKA—Building Corporate Value by Responding to the Challenges and Needs of the Times



Value Creation Story

## ► From establishment

**Postwar Reconstruction Period**

- Postwar economic recovery, heavy chemical industrialization of industries
- The advent of the era of mass production and mass consumption

Mitsubishi Kogyo was founded as a machine tool repair shop, recognizing the urgent need to repair and rehabilitate machine tools during wartime. The company recognized the potential of stainless steel and began manufacturing stainless steel pipes.

1946: Began manufacturing stainless steel pipes

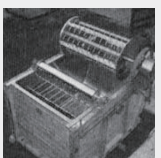
## ► From 1951

**Period of Rapid Economic Growth**

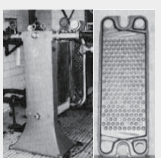
- Improved durability and ability to handle high temperatures and high pressures of dyeing machines, and increased demand for domestic production of heat exchangers
- Improved standard of living along with the growth of the Japanese economy

Took on the challenge of domestic production of various equipment. Contributed to the development of the heavy chemical industry and supported rapid economic growth.

1951: Developed Japan's first dyeing machine



1955: Developed Japan's first plate heat exchanger



1958: Developed Japan's first ball valve



## ► From 1971

**Oil Crisis to Bubble Economy**

- Increasingly serious environmental and pollution problems
- Proactive investment in energy savings spurred by the oil crisis

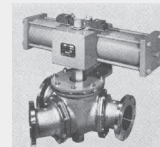
Increased demand for heat exchangers and jet dyeing machines as environmentally friendly products that address social needs such as energy and resource conservation. Expanded product lineup and sales also of valves and products related to process engineering.

1974: Developed world's fastest jet dyeing machine

1975: Developed Japan's first retort sterilizer made of stainless steel



1975: Developed Y-type 3-way ball valve



1986: Developed sterilizer for pharmaceuticals

## ► From 1991

**Post-Bubble and Heisei Recession**

- Collapse of the bubble economy, sluggish domestic economy
- Continued decline of the domestic textile industry

In addition to establishing bases aimed at entering the market for heat exchangers in Southeast Asia, introduced large heat exchangers and specially designed valves for the Middle East to meet diverse needs, including maintenance support.

1996: Developed one of world's largest (at the time) plate heat exchangers



2001: Developed aseptic rice cooking line



2007: Developed semi-jacket ball valve for chocolate

## ► From 2011

**An Era of Transformation—DX, Globalization, and Sustainability**

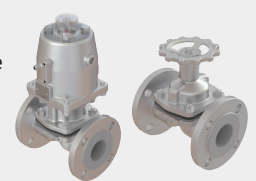
- Movement toward a decarbonized society, reduction of food loss
- Safe and secure food and pharmaceuticals
- Increased demand for saving energy and reducing labor

In 2017, established the Long-Term Vision for the 100th anniversary and in 2021, established the new philosophy system, HISAKA MIND, aiming to balance corporate value enhancement and contribution to the creation of a sustainable society.

2013: Began sales of plate heat exchanger with high heat resistance and high pressure resistance

2017: Developed triple-tube sterilizer

2017: Developed diaphragm valve



2018: Developed plate heat exchanger for evaporator and concentrator

2019: Developed Hi-T seat ball valve

2021: Developed heat exchanger EXOLUTION series

2022: Developed environmentally friendly jet dyeing machine

2025: Supplied HISAKA heat exchangers for use in Expo 2025 Osaka, Kansai, Japan



# HISAKA's Commitment to Sustainable Growth of Its Business Activities for Solving Social Issues

Guided by our philosophy system, HISAKA MIND, the HISAKA Group continues to refine its unique technologies, including fluid heat- and pressure-control technologies and stainless-steel processing technology. By leveraging our comprehensive capabilities, from sales to design, development, manufacturing, and after-sales service, we aim to reliably provide high-value-added equipment and services that contribute to energy- and labor-saving for helping to address social challenges. Through these business activities, we seek to co-create value with our stakeholders and reinvest the resources gained into strengthening each form of capital in the pursuit of sustainable growth and enhanced corporate value. Looking ahead, we will continue to tackle our material issues and strive to achieve consolidated net sales of 100.0 billion yen and operating profit of 12.0 billion yen in the fiscal year ending March 31, 2043, our 100th anniversary year. HISAKA WORKS remains committed to creating new value together with society as we move forward into the future.

Philosophy System

**“HISAKA MIND”**

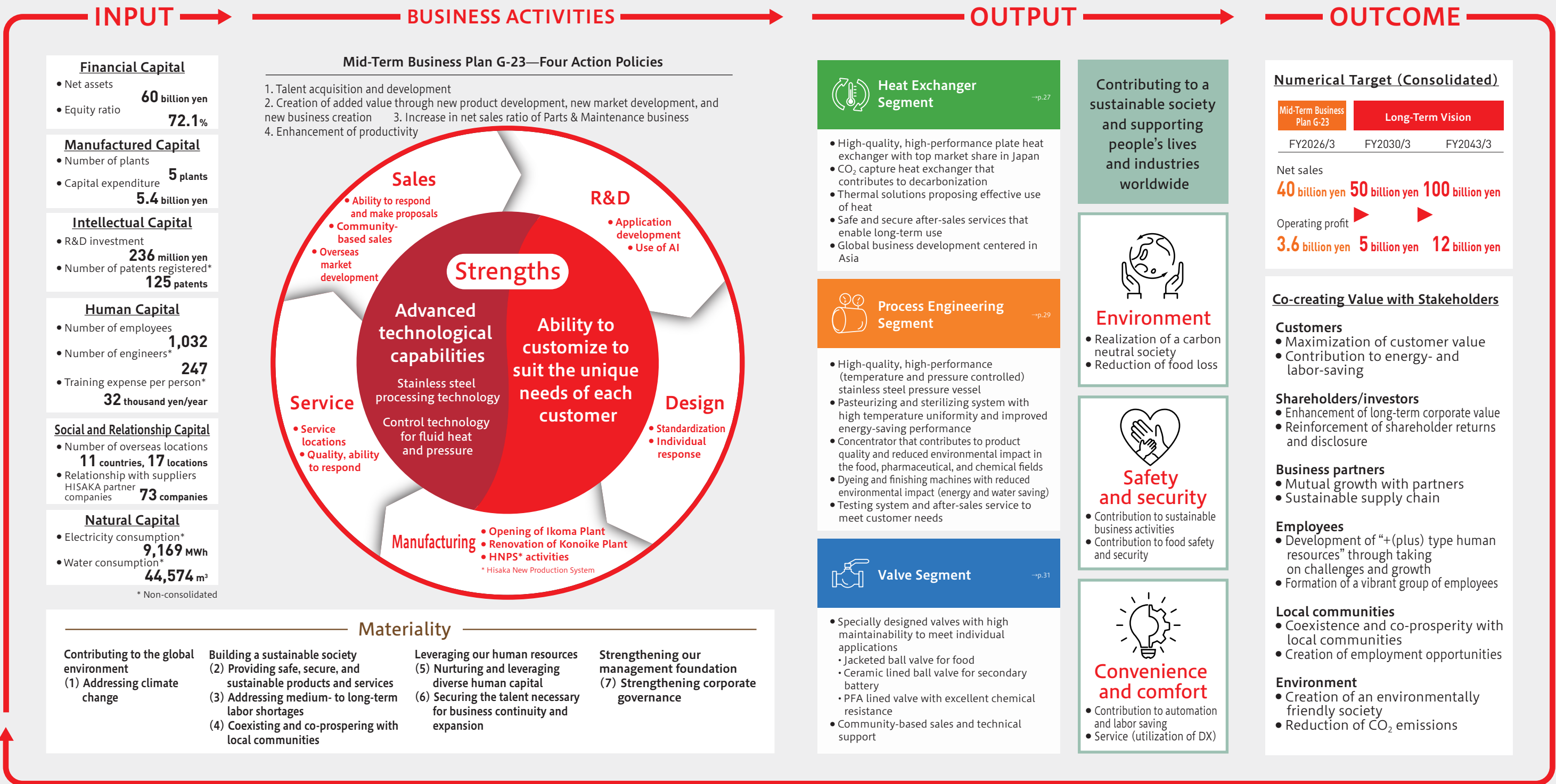
Company Motto

「まごころ 誠心」

Let's be people who have sincerity  
Let's make products that have sincerity  
Let's make ours a company that has sincerity

Business Creed

“Taking root among the world”  
“Pursuit of rich humanity”



Material Issues (Materiality) Identified from Social Challenges

In a rapidly changing business environment, HISAKA WORKS aims not only to enhance corporate value but also to deliver sustainable value to society and our customers. To achieve this, we begin by identifying social challenges and clarifying the roles that our business activities should fulfill. From this foundation, we have identified key issues from two perspectives: Contributing to solving social challenges through our business, and addressing social challenges through all aspects of our corporate operations. Among these, the items deemed to have the highest level of importance have been identified as material issues (materiality).

#01 Process to define materiality

Materialities were defined by undertaking evaluation of each social issue in terms of its seriousness for society and for the Company, followed by a management-level approval process. Materialities will be regularly reevaluated based on changes in the business environment, social trends, and the internal and external management environment.

STEP 1

Identifying social issues

Based on an understanding of the changes in social trends surrounding the Company and risks and opportunities resulting from the changes in the external environment, the head office and relevant departments of the three business divisions have identified social issues the Company should address.

STEP 2

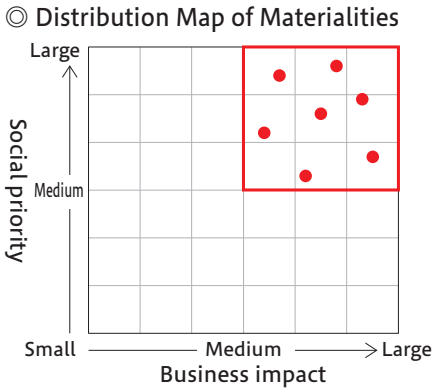
Defining materialities

Issues identified in Step 1 were evaluated and prioritized from two perspectives: impact on sustainable growth of society and of the Company. Issues with particularly significant impacts were selected (as shown in figure on the right).

STEP 3

Approval by the Board of Directors

Draft materialities that the Company should address were proposed for discussion at a meeting of Directors and Executive Officers. The materialities were confirmed as appropriate and ultimately accepted and approved by the Board of Directors.



#02 Materiality

We defined materialities for seven items in four categories: contributing to the global environment, building a sustainable society, leveraging our human resources, and strengthening our management foundation. We are engaging in these challenges through our business and corporate operations.

Materiality		Reasons for selection	Action items
Contributing to the global environment	(1) Addressing climate change	This material issue was identified based on our recognition that environmental issues such as climate change represent a critical challenge. Through the expansion of businesses that help reduce environmental impact, including our heat exchanger products, we aim to contribute to the preservation of the global environment.	<ul style="list-style-type: none"><li>Reduction of CO<sub>2</sub> emissions</li><li>Use of renewable energy</li><li>Reduction of waste, conservation of resources</li></ul>
	(2) Providing safe, secure, and sustainable products and services (3) Addressing medium- to long-term labor shortages (4) Coexisting and co-prospering with local communities	Concerns have been growing over the sustainability of society due to factors such as infectious diseases, natural disasters, and population decline. We identified these material issues to reflect our commitment to building a sustainable society through contributions such as supporting health by ensuring safe food supply, promoting labor-saving solutions in production sites, and strengthening relationships with local communities.	<ul style="list-style-type: none"><li>Contribution to food safety and security, and health promotion</li><li>Provision of products and services which enable labor saving</li><li>Bond with local communities</li><li>Establishment of robust supply chain</li></ul>
Leveraging our human resources	(5) Nurturing and leveraging diverse human capital (6) Securing the talent necessary for business continuity and expansion	Leveraging diverse human capital and creating rewarding workplaces are essential for providing sustainable value to society and our customers, and are also key drivers of our corporate value enhancement. Accordingly, these issues were identified to reflect our focus on fostering a corporate culture that empowers people, through initiatives that encourage employee challenge and growth.	<ul style="list-style-type: none"><li>Improved employee growth and job satisfaction</li><li>Advancement of new graduate and mid-career hiring, and improvement of retention rates</li></ul>
Strengthening our management foundation	(7) Strengthening corporate governance	Amid increasing uncertainty in the social and business environment, we identified this material issue based on our belief that strengthening corporate governance to ensure swift and fair management decision-making and enhancing our ability to respond to diverse and emerging risks are essential for achieving sustainable growth and maintaining stakeholder trust.	<ul style="list-style-type: none"><li>Promotion of sustainable management</li><li>Alignment with compliance</li><li>Risk management</li></ul>

Mid-Term Business Plan and Long-Term Vision

HISAKA WORKS has set a Long-Term Vision for the fiscal year ending March 31, 2043, its 100th anniversary. Mid-Term Business Plans are also formulated every three years. HISAKA WORKS's Long-Term Vision is to “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.” Under this vision, we aim to achieve net sales of 100.0 billion yen and operating profit of 12.0 billion yen in the fiscal year ending March 31, 2043. The Mid-Term Business Plan G-23, which concludes in the fiscal year ending March 31, 2026, is based on our fundamental policy of addressing material issues (materiality) while focusing on business development aligned with customer needs and strengthening our business foundation. We are simultaneously pursuing growth investments and profitability enhancement, while laying the groundwork for the new Mid-Term Business Plan, which will commence in the following fiscal year.

FY2030/3		FY2043/3	
Net sales	50 billion yen	Net sales	100 billion yen
Operating profit	5 billion yen	Operating profit	12 billion yen
ROE	6.0%	ROE	8.0% or higher

◎ G-23 Consolidated Results Targets (Billion yen)

	G-20	G-23		
	FY2023/3 Final-year results	FY2024/3 First-year results	FY2025/3 Second-year results	FY2026/3 Final-year targets
Orders received	34.6	37.9	42.2	41.0
Net sales	34.0	34.1	38.3	40.0
Operating profit	1.9	2.4	2.9	3.6
Operating profit margin	5.6%	7.2%	7.6%	9.0%
Ordinary profit	2.3	2.8	3.3	3.8
Profit attributable to owners of parent	2.0	2.4	3.7	2.6
ROE	3.7%	4.2%	6.3%	4.5%

Growth Strategy and Investment

#01 Development and provision of products and services that contribute to solving social challenges

Product development for carbon neutrality and expansion into advanced CCS businesses

The chemical absorption method using amine aqueous solutions has been attracting growing attention as a technology for recovering CO<sub>2</sub> from combustion exhaust gases emitted by power plants, factories, and other industrial plants. HISAKA WORKS has developed and supplies the SX-80 plate heat exchanger, an optimal solution for CO<sub>2</sub> recovery plants utilizing this chemical absorption method. We are also involved in nine domestic and international projects selected by Japan Organization for Metals and Energy Security (JOGMEC) as part of its Advanced Carbon Capture and Storage (CCS) Program. Through these initiatives, we aim to expand our market share in heat exchangers for CO<sub>2</sub> recovery systems. Going forward, we will accelerate the deployment of the SX-80 series, contributing to both business growth and the realization of a decarbonized society.



SX-80 heat exchanger for CO<sub>2</sub> recovery plants

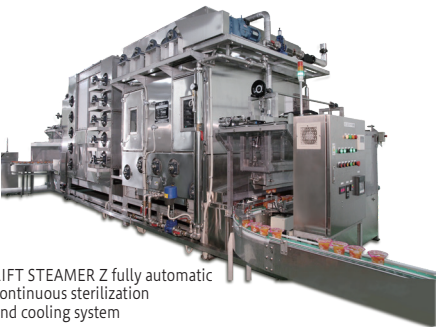
Expansion of Environmentally Friendly Products → p. 37

In May 2025, HISAKA WORKS announced a new energy-saving Heat Sterilization Equipment that can reduce steam consumption by up to 50% compared with conventional models. This product not only helps lower running costs for customers in the food and medical industries, but also helps preserve the global environment by reducing CO<sub>2</sub> emissions. We will continue to promote the development of these types of environmentally friendly products.

Addressing Labor-Saving Needs Driven by Labor Shortages

◎ Strengthening of the Maintenance Business

Amid growing outsourcing needs stemming from labor shortages, HISAKA WORKS is strengthening its maintenance service systems across all business divisions. We have established service centers throughout Japan and, through collaboration with partners, are able to respond swiftly and effectively near customer sites. Overseas, we are also expanding our maintenance network, particularly in the Middle East. In the Valve Segment, we are building a support system utilizing our regional bases, while also providing technical consulting functions. Across all our segments, we are committed to resolving customer challenges by offering high-quality services that only a manufacturer can offer.



LIFT STEAMER Z fully automatic continuous sterilization and cooling system

◎ Supporting Factory Automation (FA) Initiatives

In the Process Engineering Segment, we are strengthening our ability to make proposals and sales of FA systems for food and pharmaceutical plants to help customers address workforce shortages. HISAKA PRODUCTS, LTD. has developed the LIFT STEAMER Z, a fully automatic continuous sterilization and cooling system with over 400 units delivered in Japan and overseas. The system can fully automate the sterilization and cooling processes for a wide range of food products, including vacuum pouches for prepared dishes and beverages and cup and pouch containers for jelly and tofu. In the Valve Segment, we are accelerating the expansion of automated valve sales and the adoption of automation options to meet the growing demand for labor-saving needs.



#02 Strengthening the production system

Strengthening Production Capacity through Investment in the Establishment of the Ikoma Plant and the Renovation of the Konoike Plant

We are investing about 16 billion yen in the establishment of the Ikoma Plant and the renovation of the Konoike Plant. At the Ikoma Plant, we have developed and introduced our own proprietary production equipment to achieve a production scale of approximately 20 billion yen. By expanding production capacity and improving productivity, these initiatives play a key role in driving the growth strategies set forth in our Long-Term Vision.



- Production scale  
Approx. 20.0 billion yen
- Investment effect  
1.5x production volume
- Investment amount  
Approx. 10.0 billion yen

Ikoma Plant (Ikoma City, Nara Prefecture: Process Engineering Segment/Established in 2024)



- Production scale  
Approx. 30.0 billion yen
- Investment effect  
1.5x production volume (Heat Exchanger Segment)  
1.3x production volume (Valve Segment)
- Investment amount  
Approx. 6.0 billion yen

Konoike Plant (Higashi-Osaka City, Osaka Prefecture: Heat Exchanger and Valve Segments)

Upgrading the Konoike Plant to Open New Paths for the Future of Our Business

Following the transfer of the Process Engineering Segment to the newly established Ikoma Plant in 2024, the Konoike Plant was reorganized to be responsible for the Heat Exchanger and Valve Segments. Under this reorganization, the former Process Engineering building is now being utilized by the Heat Exchanger Segment, while part of the existing Heat Exchanger building is being repurposed for the Valve Segment. This renovation will primarily strengthen our production system and improve productivity, representing a key investment toward achieving our targets for FY2030/3, consolidated net sales of 50 billion yen and consolidated operating profit of 5 billion yen.

To strengthen our production system, we are renovating buildings and facilities while installing state-of-the-art equipment. These efforts will allow the Heat Exchanger Segment to meet growing demand for CO<sub>2</sub> recovery systems in anticipation of a carbon-neutral society, while the Valve Segment will expand its product lineup to flexibly respond to the increasingly diverse and sophisticated needs of customers.

To improve productivity, we are strengthening our unique initiative known as HNPS\* activities. This program reduces inventory and enhances productivity through capability analysis and process improvement at each production stage. Even though each business division differs greatly in the number of components handled and in production processes, our common strength lies in our ability to carefully respond to each customer's specific and diverse needs.

\* Hisaka New Production System

In the Heat Exchanger Division, we are reviewing our production lines to perform manufacturing in the shortest possible distance and time. The Valve Division is reviewing our production lines to utilize cell production and one-piece flow production. Through this initiative, we are pursuing enhanced responsiveness. By encouraging employees to identify and eliminate waste ("muda") within their own departments, this initiative also fosters human resource development and a corporate culture rooted in continuous improvement through manufacturing.

Through these efforts, we aim to further expand our business and continue evolving as a company that meets the changing expectations of our customers and markets.

Yoichi Hamada  
Senior Executive Officer  
Konoike Plant Manager



#03 Expanding our overseas business

→p. 26

Guided by our business creed, "Taking root among the world," we are implementing localization tailored to the specific needs of each region. We leverage the distinctive products and services of each business division and maximize synergy effects to achieve sustainable growth by boosting our ratio of overseas net sales.



Message from Officer in Charge of Sales and Technical & Development Fields



Akihito Adachi  
Director, Senior Managing  
Executive Officer  
Officer in Charge of Sales and Technical &  
Development Fields

Four Action Policies Shaping the Future of HISAKA

Long-Term Vision and Sustainable Growth Strategy toward Our 100th Anniversary

Thinking ahead to our 100th anniversary in FY2043/3, we have established a Long-Term Vision: "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." Under this vision, we define our mission as "To be a manufacturer that reliably supplies high-quality equipment and services, providing solutions to social issues through energy- and labor-saving." Guided by this purpose, we are strengthening our organization and human resources while enhancing our overall capabilities in technology, products, and services. We aim to contribute to our customers and markets and help build a sustainable society. We are pursuing initiatives to enhance profitability by reviewing our business portfolio, expanding into overseas markets, and increasing sales through the development of new businesses and products. At the same time, we are investing in higher profitability sectors by boosting our Parts & Maintenance business, reinforcing our production system, and expanding our business domains to drive sustainable growth and increase corporate value.

Challenge to Enhance Corporate Value through Our Business Activities

Under our Mid-Term Business Plan G-23, which concludes in FY2026/3, we are advancing initiatives based on four key action policies. We position the talent acquisition and development as the keys of sustainable growth and adopted a new employee compensation system from FY2025/3. Initiatives that emphasize dialogue, such as one-on-one meetings, allow us to support each employee's personal growth and willingness to take on challenges. Also, we are working to strengthen our human capital by enabling visualization of development plans and promoting their strategic assignment through talent management.

In new product development, new market development, and new business creation, we are developing environmentally friendly and automation-ready products under the themes of energy- and labor-saving. By expanding these products into new markets, we can better work together with our customers to address social issues. Specifically, in the Heat Exchanger Segment, we are developing and supplying plate heat exchangers designed for hydrogen, ammonia, and CO<sub>2</sub> recovery applications to help create a carbon-neutral society.

In the Process Engineering Segment, we have developed a new Heat Sterilization Equipment that can reduce steam consumption by up to 50% compared to our previous model through the reuse of waste heat to help reduce environmental impacts. Our fully automatic continuous sterilization and cooling system, which allows for unmanned transfer, addresses customer needs for labor savings and shorter lead times. We are also expanding the sales regions for our dyeing and finishing machine from China to Southeast Asia and also to India for positioning the business for further growth. In the Valve Segment, we are developing specially designed ball valves and expanding into new markets such as water treatment facilities and the steel industry for bolstering our product lineup and broadening our business domains. In addition to our dedicated organization established in 2017 to create new businesses, we launched a new R&D organization in April 2025 to reinforce our existing businesses, integrating development functions that had previously been dispersed across business divisions.

The goal of strengthening the Parts & Maintenance business is not only to enhance profitability but also to deepen relationships of trust through customer service that embodies our company motto of "Sincerity (Magokoro)." In FY2025/3, we established new bases in the United Arab Emirates (UAE) and Qatar, where we are rolling out maintenance services for large plate heat exchangers, which we can uniquely provide as a manufacturer. These bases have already achieved steady results, including capturing major orders soon after their establishment.

Finally, in terms of enhancement of productivity, alongside the ongoing renovation of the Konoike Plant in preparation for full-scale operation in 2029, we are focusing on improvements through 5S activities, elimination of waste (muda), and standardization of operations to strengthen collaboration and efficiency across our internal value chain. This company-wide initiative, known as HNPS\*, is being implemented throughout the organization. We are also investing in system development to accelerate digital transformation (DX), promoting automation and outsourcing of standardized operations to create an environment where employees can focus on higher value-added work.

Starting with the new Mid-Term Business Plan in FY2027/3, we will continue pursuing these profitability-enhancement initiatives while advancing our capital policies to improve PBR, moving forward with speed toward the realization of our Long-Term Vision.

\* Hisaka New Production System

● Four Action Policies

● Strengthening the business foundation

● Business development aligned with customer needs



Talent acquisition  
and development



Development of new products  
Development of new markets  
Creation of new businesses



Strengthening of  
the Parts &  
Maintenance business



Enhancement  
of productivity

Message from Officer in Charge of Finance

Toward Management Conscious of Cost of Capital and Stock Price



Hiroshi Hatano  
Director, Senior Executive Officer  
Officer in Charge of Management,  
Management Strategy, and  
Investor Relations Fields

Finance Philosophy - Driving Strategy through Numbers

At HISAKA WORKS, we are committed to achieving a return on equity (ROE) that exceeds our cost of shareholders' equity, while ensuring fair and equitable profit distribution to all stakeholders. In FY2025/3, our ROE reached 6.3%, slightly surpassing the level of our cost of shareholders' equity. Based on our profit distribution policy, which seeks to maintain a balance with internal reserves while targeting a dividend on equity (DOE) of 2.0% or higher and a dividend payout ratio of 30% or higher, we paid an annual dividend of 45 yen per share, representing an increase of 3 yen per share from FY2024/3, with a DOE of 2.1% and a dividend payout ratio of 33.1%.

At the same time, we recognize that our price-to-book ratio (PBR), which has remained in the 0.4 range over the past five years, represents an important management challenge. In light of this situation, since disclosing our "Notice on Initiatives to Improve PBR by Enhancing Corporate Value" in November 2023, we have actively pursued capital policies such as cross-held share reduction and share buybacks. As a result, improvements in PBR driven by rising stock prices have gradually become visible, reaching 0.6 times as of the end of July 2025. Going forward, we will continue striving for sustainable growth and enhancement of corporate value while maintaining a sound financial foundation.

Financial Results for FY2025/3 and Outlook

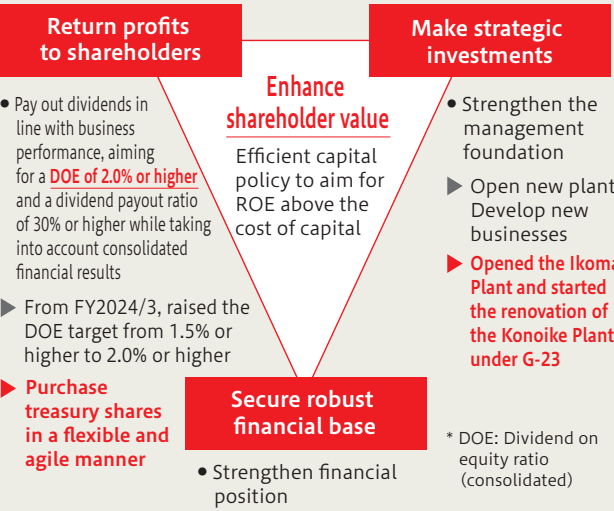
In FY2025/3, consolidated net sales increased 12.2% year on year to 38.3 billion yen, operating profit rose 19.3% to 2.9 billion yen (with an operating profit margin of 7.6%), ordinary profit grew 17.1% to 3.3 billion yen, and profit attributable to owners of parent increased 56.2% to 3.7 billion yen. As a result, ROE improved by 2.1 points year on year to 6.3%.

For FY2026/3, we forecast consolidated net sales of 44.0 billion yen, up 14.7% year on year, and operating profit of 3.0 billion yen, up 2.4% year on year, with an operating profit margin of 6.8%. Although the operating profit margin is expected to decline by 0.8 points from the previous year, this reflects projected increases in depreciation expenses resulting from growth investments and personnel expenses due to continued wage increases.

To ensure continuous and stable returns to shareholders, we are also strengthening our capital policies. Specifically, in FY2025/3, we reduced five cross-held shares totaling 2.7 billion yen, achieving our initial goal of lowering the ratio of cross-held shares to less than 20% of net assets by the end of March 2026, which is one year ahead of schedule. We also conducted a share buyback of 1 million shares (equivalent to 3.5% of total shares outstanding, excluding treasury shares) for 1.04 billion yen, and canceled 4 million treasury shares, representing 12.2% of total shares outstanding before cancellation.

In FY2026/3, we resolved to repurchase up to 1 million shares (equivalent to 3.7% of total shares outstanding, excluding treasury shares) for a total of up to 1.4 billion yen as of May. As FY2026/3 will mark a year in which we aim to exceed 40 billion yen in net sales for the first time in our history, we plan to raise the annual dividend by 10 yen per share from the FY2025/3 level of 45 yen to 55 yen per share (forecast DOE 2.4%, dividend payout ratio 55.7%).

Capital Policy

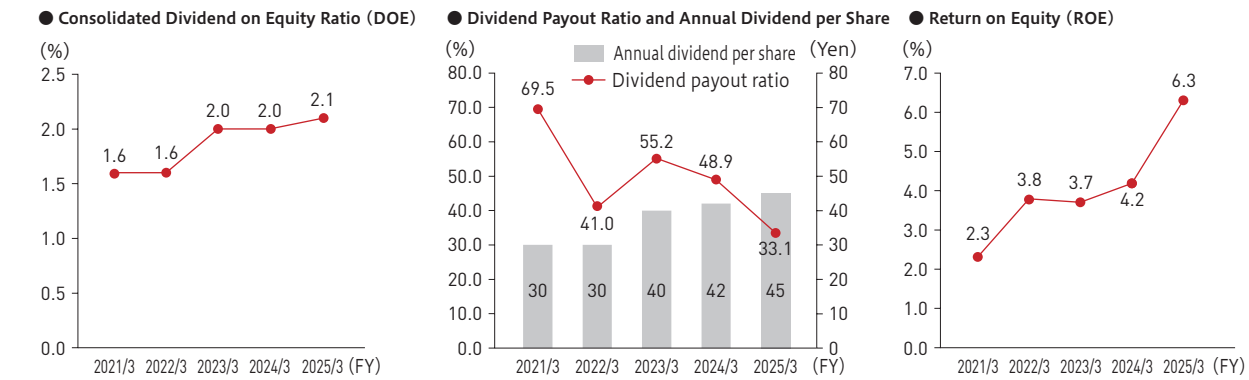


Cash Allocation Balancing Growth and Capital Efficiency

Our three-year cash allocation under Mid-Term Business Plan G-23 is illustrated in the chart at the bottom of page 22. Over the past two years, we have generated a total of 12.7 billion yen in cash inflows, consisting of 4.2 billion yen in operating cash flow, 3.5 billion yen from the reduction of cross-held shares, and 5.0 billion yen from financing activities. On the expenditure side, 3.4 billion yen was allocated to shareholder returns, and 11.5 billion yen to growth investments, for a total outlay of 14.9 billion yen. Major growth investments included construction of the Ikoma Plant, renovation work associated with the rebuilding of the Konoike Plant, and development of a core system for the Heat Exchanger Segment.

Compared with the initial plan, we have proactively reduced cross-held shares and used the proceeds to enhance shareholder returns. In the final year of Mid-Term Business Plan G-23, we will continue to actively implement a variety of capital policies from a financial perspective, alongside strategic investments in fields that support future growth.

DOE = Dividend Payout Ratio × ROE



Evolving Capital Policy through Dialogue with Shareholders and Investors

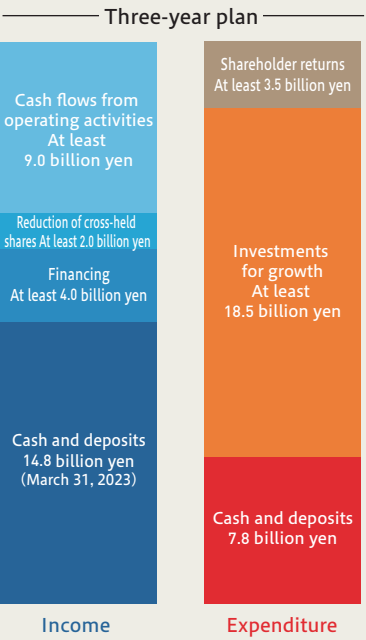
In September 2024, we published our first Integrated Report, designed to serve as a communication tool for stakeholders and to present our medium- and long-term value creation story from both financial and non-financial perspectives. To deepen dialogue with investors, we hold earnings briefings for analysts and institutional investors following our second-quarter and year-end financial results, with presentation materials made available on our corporate website. In addition, we hosted a factory tour as part of the opening event for the Ikoma Plant, and we continue to conduct individual meetings with institutional investors, reinforcing our commitment to timely and transparent information disclosure. In February 2025, we established a Basic Policy on the Holding of Treasury Share. Under this policy, the primary purposes of holding treasury share are to provide stock compensation to Directors and Executive Officers and to secure flexibility for business investments, including the execution of M&A strategies. When acquiring treasury share, we place importance on shareholder returns and make decisions in a balanced and appropriate manner,

taking into account factors such as the total payout ratio. At the same time, we have also established a policy on the cancellation of treasury share, further enhancing the transparency of our capital policy.

A More Advanced Financial Strategy

To carry out management that is mindful of capital costs and stock price, we must strengthen our financial foundation to support proactive investment for business expansion, while also enhancing shareholder returns. Under Mid-Term Business Plan G-23, we are carrying out a range of large-scale investments, the results of which will take time to fully materialize. As the executive responsible for finance, I am committed to shaping the Company's future in close partnership with management, working from a medium- to long-term perspective to enhance corporate value. At the same time, I will continue to provide clear and thoughtful communication to shareholders and investors, striving to earn their understanding, empathy, and trust.

Cash Allocation (Cumulative Total under Mid-Term Business Plan G-23)



Progress of G-23 (FY2024/3–FY2026/3): Status After Two Years

	Item	Three-year plan	Results for first two years	Remarks
Income	Cash flows from operating activities	At least 9.0 billion yen	4.26 billion yen	FY2024/3: -0.46 billion yen FY2025/3: +4.72 billion yen
	Reduction of cross-held shares	At least 2.0 billion yen	3.52 billion yen	Sale of 11 stock holdings
	Financing	At least 4.0 billion yen	5.00 billion yen	Funds raised through corporate bonds and long-term borrowings
Expenditures	Shareholder returns	At least 3.5 billion yen	3.47 billion yen	Dividends: 2.43 billion yen Share repurchases: 1.05 billion yen
	Investments for growth	At least 11.5 billion yen	11.52 billion yen	Ikoma Plant construction, Konoike Plant renovation, and core system development for the Heat Exchanger Segment



Message from General Manager of the Management Control Division

Toward an Organization where People Continue to Grow

We Seek to Go Beyond the Conventional Wisdom that “Human Resource Development is Important,” and Create an Organizational Culture where the Desire to Develop Oneself and Others is Deeply Ingrained



Yoshiaki Imano  
Senior Executive Officer  
Officer in Charge of Sustainability and  
Personnel & General Affairs fields, and  
General Manager of the Management  
Control Division

Policy Underlying Our Personnel Measures

In light of the characteristics emphasis of our business on collaboration across the internal value chain, we recruit and develop human resources on the premise of long-term employment. We provide stable long-term employment to our people and deepen our bonds as a community in safe and secure relationships. We aim to be an organization that can adapt to changes in the external competitive environment by strongly encouraging each employee to take on challenges and grow.

As an essential factor for fostering challenge and growth, we emphasize building relationships of trust between supervisors and subordinates based on psychological safety. To strengthen this relationship of trust, we introduced one-on-one meetings in 2024 to encourage communication between supervisors and subordinates that goes beyond day-to-day work discussions.

The Company has also established a human resource development framework as the foundation of our training initiatives and defined a career development model on the premise of recruiting new graduates. Based on this model, we are implementing various development programs aligned with each stage of employee growth.

In the current fiscal year, we formulated the following Human Resource Development Policy and Workplace Environment Improvement Policy, which serve as the central pillars for designing and implementing a variety of initiatives.

To continue attracting excellent talent, we conduct new graduate recruitment based on personnel planning feedback meetings held at the end of each fiscal year, while also actively pursuing experienced hires who can contribute to the company's rapid business growth. We conduct training and provide advancement opportunities without distinction of hiring period or profile, ensuring equal development for all employees.

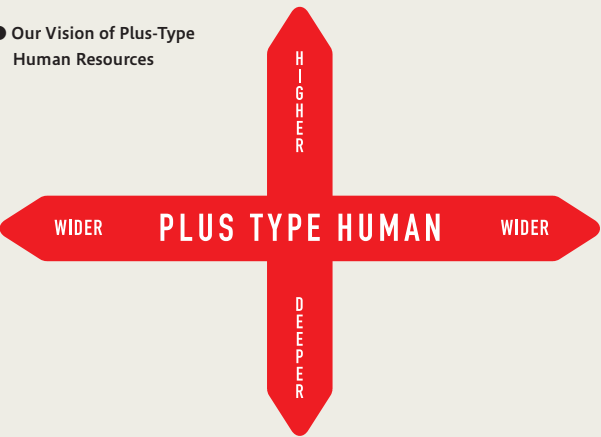
→p. 38 Human Resource Development,  
Workplace Environment Development

Initiatives to Develop and Recruit Human Resources

Origin of Our Approach to Human Resources

Our company motto “Let’s be people who have sincerity,” set by the founder, has been passed down among employees for more than 80 years since the founding. Placing “sincerity” at the center, we reorganized our business creed and various other principles of the Company, and established HISAKA MIND in 2021. It includes action guidelines based on the founder's view of human beings: “Higher, Wider, Deeper,” which means human beings do not wish to stay on the same spot. This is the foundational idea for “+ (plus) type human resources,” the ideal type of human resources for us. Human resource development and personnel evaluation are carried out based on this philosophy.

● Our Vision of Plus-Type Human Resources



Human Resources That Suit Our Business

Taking full advantage of fluid heat and pressure control technology, we have secured a certain position in the domestic industrial machinery market. We have strived with sincerity to deliver customer value by not only supplying mass-produced products, but also taking requests from made-to-order customers seriously. To do this, it is important that customer needs are understood in the internal value chain, which covers sales, design, manufacturing, and service, and optimal products are manufactured through the processes.

This approach aims to maximize cooperation and collaboration between processes and create and provide value as the entire organization, instead of expecting outstanding performance from specific individuals or departments. Our strengths and characteristics lie in the ability to meet various needs by taking full advantage of this organizational capability, accumulate know-how, and ensure reproducibility. This has affected our approach to human resources. We hire, develop, and evaluate employees with more emphasis on contribution as an organization than contribution of individuals.

Human Resources in the Future

Aiming to achieve the Long-Term Vision, we have embarked on the implementation of an unprecedented growth strategy. To achieve the growth strategy, we need to take on challenges in uncharted territories. Such challenges include launching new products and significantly improving productivity in existing businesses, achieving further growth in the global market, and developing and establishing new businesses. While upholding our long-standing principle of seeing society as a community, we are looking for people who actively pursue individual challenge and growth for enhancing our collective organizational strength.



Human Resource Development Policy

- We implement a variety of initiatives grounded in the belief in each individual's potential for growth, aiming to make the desire to develop others and to develop oneself as integral parts of our corporate culture for fostering a vibrant and engaged workforce.
- Guided by our company motto, “Sincerity (Magokoro),” we define our ideal “Plus-Type Human Resources,” that is, those who embody our action principles of Higher, Wider, and Deeper. These individuals continuously adapt to change through a cycle of challenge and growth, and serve as role models for personal development at HISAKA.



Workplace Environment Improvement Policy

- To implement sustainable business activities through challenge and growth, we are developing our internal environment based on the following five principles of the HISAKA MIND:
1. Cooperation with Empathy: Emphasize mutual collaboration among employees so that all stakeholders can feel part of a “a community built on shared happiness.”
  2. Enterprising and Daring: Encourage a mindset that constantly seeks higher perspectives and refuses complacency, turning every individual's actions into a source of challenge and innovation.
  3. Profit for Yourself and Others: Always remain aware of both personal and social interests, striving to find the optimal balance where individual happiness contributes to the happiness of society.
  4. Fair and Impartial: Uphold compliance as members of society while respecting the character, values, and diversity of all people involved.
  5. Safety and security: In line with the concept of well-being, maintain both physical and mental health to ensure that everyone can perform to their full potential.

Enhancing and Sustaining Employee Engagement

Merely expanding and operating various personnel systems is not enough to maintain or enhance engagement. To address this, we have established a dedicated organization called the Rewarding Work Support Office, responsible for promoting the mental and physical well-being of employees. Its mission is not only to respond to illness, injury, or poor health, but also to provide support that helps employees work in good health, with motivation and enjoyment. By acknowledging and addressing the stress that can arise within organizations and individuals as part of our growth strategy, we are striving to foster a workplace that embodies true well-being.

The Rewarding Work Support Office takes ownership of the following measures to maintain and enhance engagement.

- (1) Stress check and follow-up
- (2) Creation of an organizational culture that expresses gratitude
- (3) Promotion of health and productivity management



→p. 40 Promotion of Health and Productivity Management

Message from General Manager of the Technical & Development Division

Continuously Creating New Businesses and Products that Help Solve Social Issues by Striving to Become “a Wise Gulliver from a Small Island”



Masaki Nagano  
Executive Officer  
General Manager of the  
Technical & Development Division

Message from General Manager of the Global Management Division

We Will Enhance Competitiveness in the Global Market through “We Are Here!” Partnership and Localization.



Toru Tanaka  
Senior Executive Officer  
General Manager of the  
Global Management Division

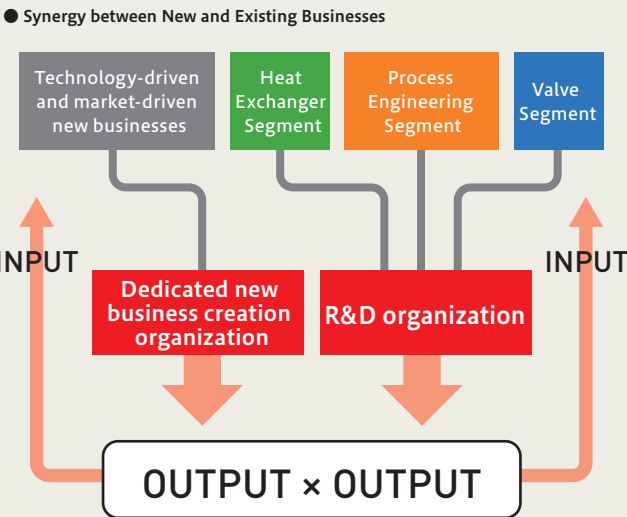
Building the Future through a Virtuous Cycle between New Business Creation and Development of New Technologies and Products in Existing Businesses

**A Fourth Pillar to Shape the Future**  
To achieve our Long-Term Vision of 100 billion yen in net sales by FY2043/3, we are not only strengthening our three existing core businesses but also striving to establish a new fourth pillar that will drive the next stage of business growth. Specifically, we are pursuing technology-driven initiatives that leverage HISAKA’s core competencies, such as fluid heat and pressure control, thin-plate forming, can manufacturing using welding, and precision machining for stainless steel materials, to create new business domains. In parallel, we are advancing market-driven initiatives for developing new technologies in-house to enable entry into promising emerging markets. Guided by the slogan “A Wise Gulliver from a Small Island,” we aim to pioneer untapped markets where we can sustain competitive advantage, elevating HISAKA’s growth story to the next stage, while creating businesses essential to society in areas such as energy, water, and food.

**Seeds of Growth**  
Since establishing a dedicated organization for new business creation in 2017, we have steadily advanced from business concept development and technology research to proof-of-concept and market channel building toward commercialization. The results of these efforts, built up through years of exploration and verification, are now slowly beginning to take tangible shape. Initiatives designed to address social issues are gaining empathy from actual users, leading to small but meaningful successes. We view these not merely as early signs, but as the fresh shoots of new growth. Although still in their sprouting stage, the groundwork has been firmly laid, and we are beginning to see real progress. HISAKA will continue to nurture these seeds carefully, cultivating them into full-fledged businesses that bear lasting fruit.

By leveraging industry–academia–government collaboration, including partnerships with universities, research institutions, public organizations, and private companies, we are integrating internal and external expertise to further expand our growth potential.

**Accelerating Technical Innovation in Existing Businesses**  
In April 2025, HISAKA established a new R&D organization, which is distinct from the dedicated organization responsible for new business creation, whose sole purpose is to develop new products and technologies that reinforce our three core businesses. Unlike before, when R&D functions were divided among individual business divisions, this new R&D organization consolidates our development capabilities, allowing for more efficient and effective development through cross-disciplinary technical collaboration and shared problem-solving. We also aim to create a virtuous cycle in which our efforts to generate new businesses and to develop new technologies and products in existing businesses mutually inspire and reinforce one another. This integrated framework fuses the new and the established to enhance HISAKA’s overall capacity for innovation and further accelerate our growth trajectory.



Strengthening Our Presence across Southeast Asia, China, and the Middle East to Increase the Proportion of Overseas Sales within Consolidated Sales

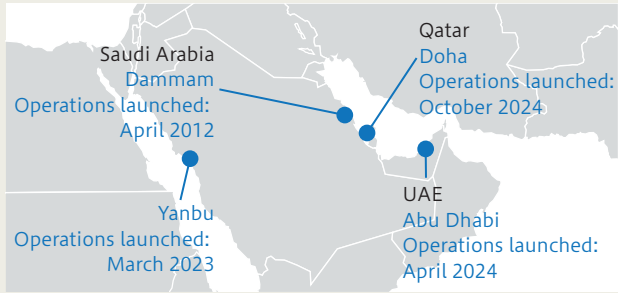
**We Are Here!**  
The significance of our overseas affiliates lies in the phrase “We are here!” meaning that HISAKA WORKS is present and engaged wherever our customers operate. By understanding the needs of each region and promoting localization tailored to the characteristics of our existing businesses, we aim to establish a solid business foundation for the next stage of growth. At the core of this effort are two principles: enhancing international competitiveness and achieving independence of local subsidiaries. Through rigorous quality and cost management reinforced by stronger local partnerships, as well as expanded local procurement and production, we will continue to communicate the value of “We are here—HISAKA WORKS is here” to customers around the world.

**Expanding into Overseas Markets for Further Growth**  
Sales from overseas subsidiaries currently account for around 10% of the HISAKA Group’s consolidated net sales, which is not yet a large proportion. However, expanding our presence in global markets is positioned as a key strategic initiative toward achieving our Long-Term Vision of 100 billion yen in consolidated net sales by FY2043/3. Looking ahead to 2030, we aim to increase the ratio of overseas subsidiary sales to approximately 25% of consolidated net sales. By working to achieve the global expansion of the distinctive products offered by our three business divisions and maximizing synergies among them, we will strengthen our development of products and services that meet local needs, broaden our business domains, and advance both emerging-market expansion and new-market creation.

**Strengthening Competitiveness in the Global Market**  
· **Expansion in Southeast Asia**  
In Vietnam, where the economy continues to grow, we have incorporated our local base as a subsidiary to accelerate product supply, particularly for heat exchangers, while strengthening customer support and creating new business opportunities.

Working in close coordination with our existing bases across Southeast Asia, especially our factory in Malaysia, the Vietnam subsidiary will provide finely tuned, locally rooted customer service in each region, driving market share expansion and higher customer satisfaction throughout the area.

· **Expansion of maintenance network in the Middle East**  
Since the 1980s, HISAKA has supplied a large number of large plate heat exchangers to petrochemical plants and other facilities across the Middle East. Many of these units having been in operation for decades, so there is a growing need for faster and higher-quality maintenance services. To meet these needs, we are expanding our service network in the region. In addition to our two existing bases in Saudi Arabia, we established new service locations in the United Arab Emirates and Qatar in 2024. We are also strengthening our programs for regular inspections and preventive maintenance for ensuring that customers’ equipment continues to operate at peak performance.



Central cooling system at a petrochemical plant



Supporting a Sustainable Society through Heat Solutions

Heat Exchanger Segment



Kenji Sakai  
Executive Officer,  
General Manager of  
the Heat Exchanger  
Division

● SWOT Analysis		Measures
Strengths	<ul style="list-style-type: none"><li>Track record of service provided in diverse markets and applications, as well as experience built up over the years</li><li>Trust supported by a robust, safe, and secure after-sales service system</li></ul>	<ul style="list-style-type: none"><li>Providing thermal solutions using plate heat exchangers as a core technology</li><li>Expanding our service to create a system that ensures longer (Zutto) use for customers with a sense of security</li></ul>
Weaknesses	<ul style="list-style-type: none"><li>Cost competitiveness</li></ul>	<ul style="list-style-type: none"><li>Increasing productivity by restructuring production lines and by establishing a global production structure</li></ul>
Opportunities	<ul style="list-style-type: none"><li>Launch of social implementation of carbon neutrality-related technology</li><li>Expanded semiconductor market by full-scale use of AI technology</li></ul>	<ul style="list-style-type: none"><li>Expanding delivery of our products for CO<sub>2</sub> capturing equipment, as well as offering proposals for heat recovery and use of unused energy sources</li><li>Further strengthening sales force for semiconductor-related markets</li></ul>
Threats	<ul style="list-style-type: none"><li>Shrinking of domestic market due to population decline</li></ul>	<ul style="list-style-type: none"><li>Expanding overseas markets and offering value through updating and improving aging domestic facilities</li></ul>

Business Overview

Since developing Japan's first plate heat exchanger in 1955, HISAKA has accumulated a long track record in thermal exchange processes, from ultra-compact brazed plate heat exchangers to some of the world's largest units, across a wide range of markets and applications. Our products are used in heating, cooling, and heat recovery across industries such as marine, chemical, food, air conditioning, and power generation, contributing to energy conservation and greater operational efficiency. Now, as we move toward the SDGs goals for 2030 and achievement of carbon neutrality by 2050, we are accelerating these initiatives. As a pioneer in plate heat exchangers, HISAKA will continue to lead the industry by providing a broad spectrum of heat-related solutions built on our core plate heat exchanger technology for contributing to the creation of a sustainable society for the future.

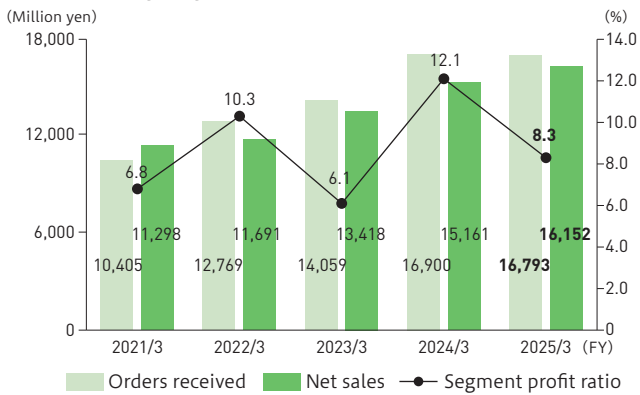
Business Overview

Major products: Plate heat exchangers and related components, auxiliary equipment, services  
Customers: Chemicals, paper manufacturing, machinery, metal, iron/steel, electricity, air conditioning, ships, etc.  
Domestic market share: 60% (Gasketed plate heat exchanger)  
Net sales breakdown: 42.1% (FY2025/3)  
Segment profit ratio: 8.3% (FY2025/3)  
Production plants: Konoike Plant (Osaka Prefecture), Malaysia, Changshu Plant (China)

Overview of FY2025/3 Consolidated Results

Orders received totaled 16.7 billion yen, down 0.6% year on year, while net sales increased 6.5% to 16.1 billion yen. Segment profit declined 26.7% to 1.3 billion yen. In Japan, maintenance projects performed strongly, driven by large-scale periodic shutdowns in the Chiba and Kashima industrial zones, contributing to both orders and sales. Urban redevelopment projects in Tokyo and new semiconductor plant construction also progressed steadily. Amid accelerating decarbonization efforts, there was renewed activity in new LNG-fired power plant construction and restarts of nuclear power plants to ensure stable power supply amid rising electricity demand. Conversely, sluggish economic conditions in China, a contraction in the petrochemical market, and a temporary slowdown in semiconductor demand, particularly for memory-related products, resulted in continued weak sales of small, core models. Globally, maintenance projects in the Middle East were brisk, but orders decreased due to the absence of the large-scale projects recorded in the previous fiscal year for plants and ships. Sales remained at roughly the same level as the previous year, supported by deliveries of backlogged ship-related orders and major plant projects. Despite ongoing pressures from rising energy costs, changes in labor conditions, and higher logistics expenses, cost increases for raw materials and components also persisted. In response, the Company pursued procurement cost reductions, productivity improvements, inventory optimization, and further enhancement of selling prices to mitigate these challenges.

● Orders Received, Net Sales, and Segment Profit Ratio for the Heat Exchanger Segment



Initiatives for FY2026/3

- Contribution to carbon neutral markets  
For the nine large-scale CCUS (Carbon Capture, Utilization and Storage) projects led by JOGMEC, feasibility studies for each project are currently being conducted with the goal of final investment decisions in FY2027/3. HISAKA will actively engage with plant manufacturers involved in these projects to accurately capture detailed project information and opportunities. The Company will also closely monitor developments related to long-term decarbonized power auctions and the restart of nuclear power plants.
- Enhancement of overseas business  
Building on the full-scale launch of operations in the United Arab Emirates (UAE) and Qatar in FY2025/3, HISAKA will work to expand our maintenance business in the Middle East.

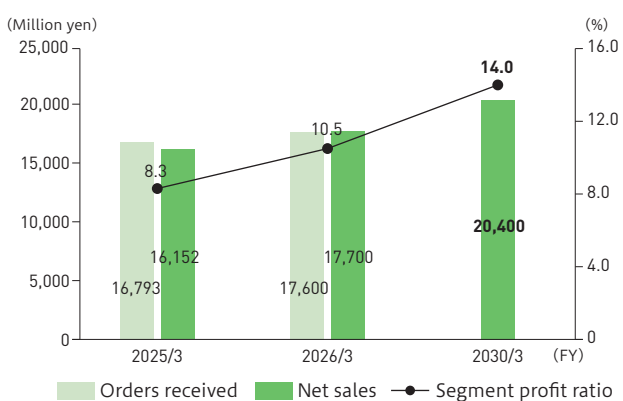
By advancing the establishment of a global profit chain, the Company aims to achieve highly profitable and sustainable global business growth.

- Strategic growth investment  
Following the renovation of the Konoike Plant, HISAKA will proceed with relocation of existing production lines and replacement of aging equipment. In parallel, the Company aims to launch its new core production system in the next fiscal year for further enhancing overall productivity.
- Enhancing sales proposal capabilities  
Under the new sales organization established to strengthen customer satisfaction, HISAKA will shift its focus from volume-driven growth to value-driven growth for creating new value and delivering greater benefits to customers. The Company will pursue stable business operations by building win-win relationships with clients and will continue leveraging digital marketing technologies to drive innovative value creation.
- Strengthening product competitiveness  
By providing thermal solutions centered on plate heat exchanger technology, HISAKA will continue to develop new markets and applications in response to evolving market needs. The Company is developing next-generation general-purpose models to improve productivity, while also advancing new product development aligned with customer requirements, design modifications of existing products, and cost reductions across various components. Through these initiatives, HISAKA strives to deliver products that customers can rely on "Surely, More, and Always" for lasting value and performance.

Achieving the Long-Term Vision

With the government's target of reducing greenhouse gas emissions by 46% from FY2014/3 levels by 2030 approaching, energy transition, energy conservation, and efficiency in energy use have become pressing and tangible challenges. The practical implementation of water electrolysis and methanation technologies is advancing, while demand for CO<sub>2</sub> recovery systems continues to expand. HISAKA is steadily building a track record through collaboration with partner companies. The Company is pursuing new product development, enhancement of existing products, and expanded sales of fully welded plate heat exchangers, while also partnering with other heat exchanger manufacturers to promote greater equipment efficiency and energy savings and broaden market adoption. We are also strengthening our after-sales service network and environmentally friendly maintenance programs. In response to recent changes in procurement processes, the Company is leveraging digital tools to enhance our marketing initiatives. We are also promoting collaboration with our overseas plants to improve productivity and reduce costs.

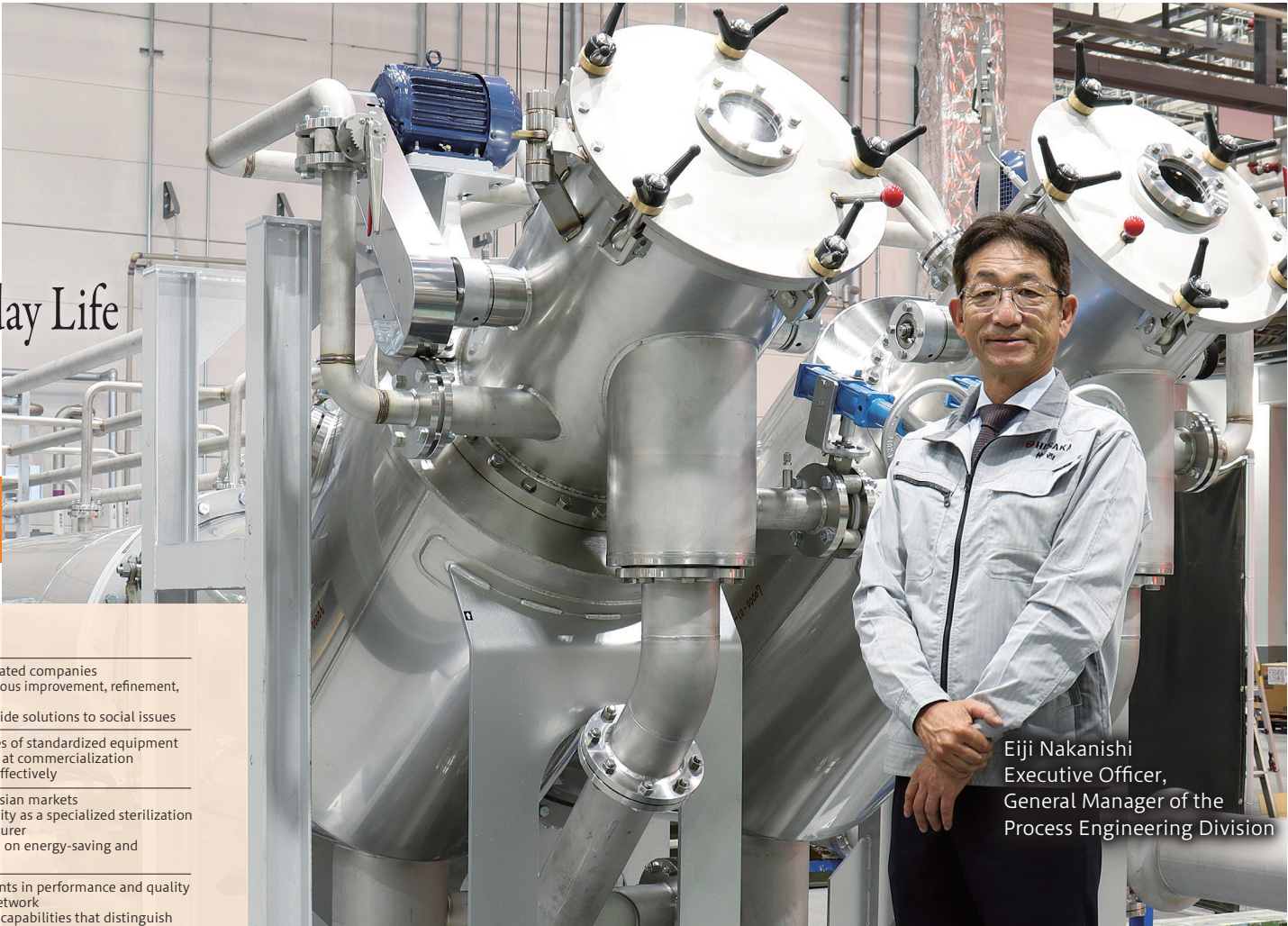
● Plan for Heat Exchanger Segment





Clothing, Food, Housing,  
and Pharmaceuticals—Supporting Everyday Life  
and Connecting Safety to the Future

Process Engineering Segment



Eiji Nakanishi  
Executive Officer,  
General Manager of the  
Process Engineering Division

● SWOT Analysis		Measures
Strengths	<ul style="list-style-type: none"><li>Stable management base through diversified business pillars</li><li>Product performance, quality, and customer responsiveness capabilities</li><li>Specialized expertise and experience as a dedicated manufacturer</li></ul>	<ul style="list-style-type: none"><li>Creating synergies with affiliated companies</li><li>Reinforcing efforts for continuous improvement, refinement, and development</li><li>Contributing actively to provide solutions to social issues</li></ul>
Weaknesses	<ul style="list-style-type: none"><li>Cost competitiveness</li><li>Service network</li><li>Plant business responsiveness capabilities</li></ul>	<ul style="list-style-type: none"><li>Global procurement and sales of standardized equipment</li><li>Fundamental reforms aimed at commercialization</li><li>Utilizing strategic alliances effectively</li></ul>
Opportunities	<ul style="list-style-type: none"><li>Global shifts in food culture</li><li>Lifestyle changes and the growing focus on health</li><li>Environmental impact reduction and demand for automation and labor-saving solutions</li></ul>	<ul style="list-style-type: none"><li>Expanding business across Asian markets</li><li>Delivering safety and reliability as a specialized sterilization and pasteurization manufacturer</li><li>Strengthening R&amp;D centered on energy-saving and labor-saving technologies</li></ul>
Threats	<ul style="list-style-type: none"><li>Rise of late-entering competitors</li></ul>	<ul style="list-style-type: none"><li>Pursuing further improvements in performance and quality and enhancing the service network</li><li>Bolstering technical support capabilities that distinguish HISAKA from competitors</li></ul>

Business Overview

The Process Engineering Division comprises three businesses, namely, Food, Pharmaceuticals, and Dyeing, and provides manufacturing systems for the fields of daily necessities and healthcare, founded on HISAKA's expertise in stainless-steel can manufacturing and heat and pressure control technologies. In the Food business, HISAKA manufactures and supplies cooking sterilizers, continuous liquid sterilizers, and concentrators. In the Pharmaceuticals business, we provide sterilization, extraction, and culture systems. In the Dyeing business, we offer a full range of dyeing machines and peripheral equipment. Each business goes beyond stand-alone equipment to deliver factory automation (FA) systems that meet automation and labor-saving needs, earning HISAKA a leading market share across these industries. In January 2024, the businesses relocated to Ikoma City, Nara Prefecture, expanding our manufacturing capacity and development capabilities to better respond to customers' needs amid evolving environmental needs and social challenges.

Business Overview

Major products: Retort sterilizers, continuous liquid sterilizers, pharmaceutical-purpose high-temperature high-pressure sterilizers, dyeing and finishing machines, concentrators

Customers: Food: Retort food market, chilled prepared food market, packaged rice market  
Pharmaceuticals: Infusion and injection sterilization market, macromolecular drugs and active pharmaceutical ingredient market, Chinese herbal medicine market  
Dyeing: Fashion industry, secondary material industry, industrial material industry

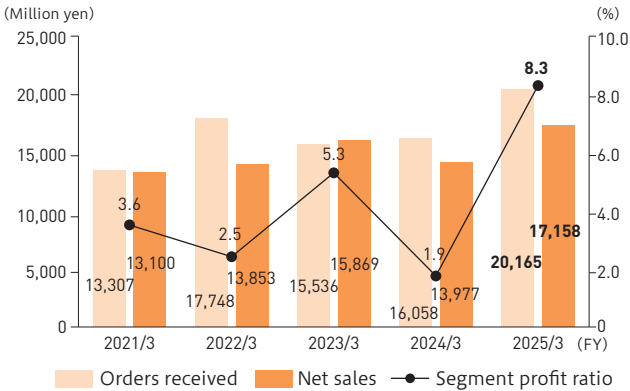
Net sales breakdown: 44.8% (FY2025/3)  
Segment profit ratio: 8.3% (FY2025/3)  
Production plants: Ikoma Plant (Nara Prefecture), Ome Plant (Tokyo), Changshu Plant (China)

Overview of FY2025/3 Consolidated Results

Orders received totaled 20.1 billion yen, up 25.6% year on year; net sales reached 17.1 billion yen, up 22.8%; and segment profit rose sharply by 439.1% to 1.4 billion yen, resulting in a segment profit margin of 8.3%. While orders for the Pharmaceuticals business declined year on year as a reaction to the large projects booked in the previous fiscal period, the Food business performed strongly, driven by orders for fully automatic continuous sterilization and cooling systems, aseptic packaged rice production plants, and beverage-related facilities. Meanwhile, overseas sales of dyeing and finishing machine also grew steadily in the Dyeing business. Net sales increased due to the delivery of large-scale food, beverage, and pharmaceutical plants, along with expanded shipments of dyeing and finishing machine, particularly to overseas markets. Segment profit greatly exceeded recent levels thanks to higher sales and productivity improvements resulting from the start-up of operations at the Ikoma Plant.

In the Food business, major food manufacturers are resuming capital investment, with renewed emphasis on energy- and labor-saving, leading to active inquiries for FA systems and fully automatic continuous sterilization and cooling systems. In the Pharmaceuticals business, capital investments supported by various government subsidies are continuing, though labor shortages in the construction industry are contributing to longer project lead times. In the Dyeing business, although domestic processing volumes are trending downward, demand for energy- and labor-saving equipment replacements is increasing as aging facilities are updated. Overseas, there is a clear shift in production bases from China to Vietnam, Indonesia, and other Southeast Asian countries, driving new opportunities for support and equipment supply. To respond effectively to these customer needs arising from evolving external environmental factors, we are strengthening our technical responsiveness as a manufacturer while also broadening the scope of our services. Having completed its first year of operation, the Ikoma Plant is now moving forward toward even greater productivity improvements from its full-scale operations.

● Orders Received, Net Sales, and Segment Profit Ratio for the Process Engineering Segment



Initiatives for FY2026/3

- Expanding profitability of core products and strengthening after-sales service capabilities  
To enhance profitability for core product lines, we will reinforce our development and sales capabilities by conducting detailed market analysis and offering differentiated proposals to acquire new customers and enter new markets. We will also implement energy- and labor-saving system upgrades through FA systems and strengthen our after-sales service by incorporating remote monitoring that addresses labor-saving needs in maintenance. These efforts aim to improve customer satisfaction and drive revenue growth.
- New product development and overseas market expansion  
We will focus on developing environmentally friendly products, including super-energy-saving Heat Sterilization Equipment, while continuing to enhance existing product lines and further accelerate our global market expansion.

In the Food business, we will work to expand markets across Asian countries by proposing production lines. In the Pharmaceuticals business, we will expand our lineup of standard models, while in the Dyeing business, we will develop products that contribute to water conservation and help resolve on-site challenges.

3. Enhancing and strengthening production functions at the Ikoma Plant

One year after its launch, the Ikoma Plant has achieved stable operations and steady production. Going forward, we will promote work-time leveling, reduce man-hours for standard models, improve logistics in line with manufacturing processes, and advance machining technologies and skill development. Through continuous evaluation and improvement, we aim to further raise productivity.

4. Creating synergies through stronger collaboration with affiliated companies

The integration of plant, valve, and steamer businesses with HISAKA PRODUCTS, LTD. has already produced tangible results, while collaboration with KOMATSUGAWA CHEMICAL ENGINEERING CO., LTD. in the pharmaceutical culturing business continues to yield steady progress. By deepening these partnerships and responding flexibly to diverse market needs, we will further enhance the overall value of the HISAKA Group.

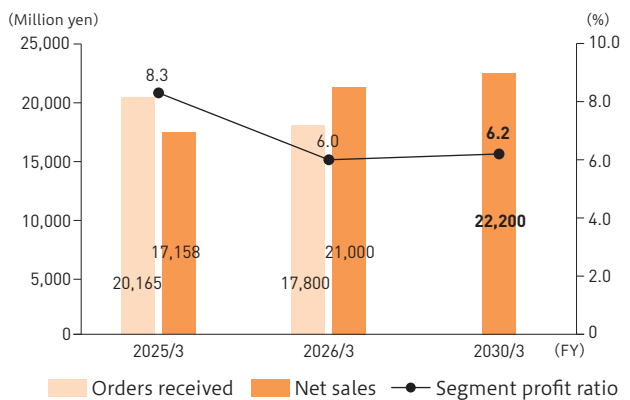
5. Developing human resources and passing on technical expertise

To ensure the continued delivery of safety and reliability to our customers, we are committed to fostering energetic talent by passing down the expertise and knowledge cultivated over many years.

Achieving the Long-Term Vision

The Process Engineering Division aims to help solve global environmental and social issues by responding to the evolving needs of our customers. In the food industry, demand is increasing for products that can be distributed at room temperature, along with stronger requirements for energy and labor savings. In the pharmaceutical industry, the importance of quality control in sterilization and cultivation processes continues to grow. Challenges in the textile industry include reducing environmental impact, improving working conditions, and conserving energy. To address these needs, we are strengthening the foundations of our plants and systems centered on our core products, while also developing environmentally friendly new products, such as those that promote energy conservation and decarbonization, and exploring new applications and pursuing business expansion through strategic alliances. We are enhancing our service offerings, and leveraging our core technologies to expand globally, and are steadily advancing toward the achievement of our Long-Term Vision.

● Plan for Process Engineering Segment





In addition to Existing Customers,  
Contributing to Emerging Energy  
Fields and Overseas Production Sites

Valve Segment



Akio Suzuki  
Executive Officer,  
General Manager of the  
Valve Division

● SWOT Analysis		Measures
Strengths	• Responsiveness and reliability in meeting customer requirements	• Implementing community-based sales approach and more tailored customer support
Weaknesses	• Responding to demand for valves not available in our product lineup • Cost competitiveness	• Developing diaphragm valves and entering into new untapped markets • Increasing productivity by renovating the Konoike Plant
Opportunities	• Industry structural changes for a decarbonized society • Labor shortages, demand for automation	• Proposing specifications which support hydrogen and other new energy sources • Proposing automated valves and providing automation options
Threats	• Strong competition with similar products	• Advancing product development aligned with customer needs

Business Overview

Since developing Japan's first domestically produced ball valve in 1958, HISAKA has supplied a wide range of products used in plants and facilities across the chemical, steelmaking, and power generation industries, offering products with reliable performance even under extreme conditions such as high temperatures and high pressures. With sales and service bases established in each region, we can respond quickly and flexibly to customer needs through agile, on-site operations. Our ability to accommodate special specifications, short delivery times, and other diverse requests has earned deep trust from our customers. In recent years, design engineers have been stationed at major sites to ensure rapid support for complex specifications and maintenance demands. Our design expertise, which we use to propose a wide variety of products and options, remains one of our core strengths. To help customers address challenges such as labor shortages, we also propose automated valves, easy-maintenance valve designs, and solutions that extend product life and improve yield.

Business Overview

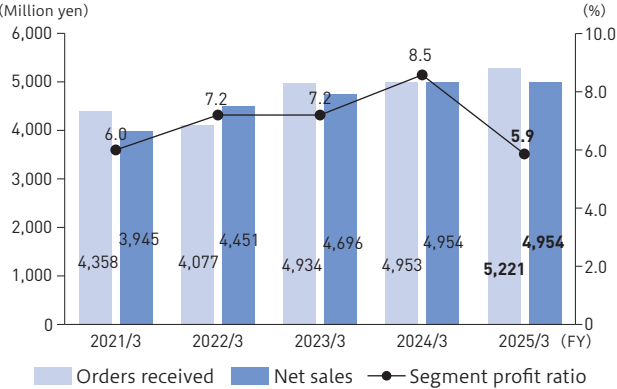
Major products: Ball valves, supplementary services for products  
Customers: Chemicals, steel, food, electricity, etc.  
Domestic market share: 15% (Ball valve market)  
Net sales breakdown: 12.9% (FY2025/3)  
Segment profit ratio: 5.9% (FY2025/3)  
Production plants: Konoike Plant (Osaka Prefecture), Changshu Plant (China)

Overview of FY2025/3 Consolidated Results

Orders received increased 5.4% year on year to 5.2 billion yen. Although demand from the chemical sector declined, orders for steel and related industries remained strong.

Sales remained essentially flat year on year at 4.9 billion yen. As with orders, demand from the chemical sector declined, but business with the steel and other industries performed steadily. Segment profit decreased 30.8% from the previous year to 290 million yen, primarily due to higher raw material costs. In conducting community-based sales operations, we reassessed personnel assignments and implemented cross-regional mutual support to balance workloads, enabling us to secure a steady flow of new projects. We also strengthened our business foundation and initiatives to capture key target markets. We focused on secondary batteries, industrial gases (including semiconductor-related applications), and the fine chemicals sector as priority markets, intensifying our efforts to expand sales in these fields. Although orders for secondary battery applications leveled off compared with the previous year, sales increased slightly year on year for both domestic and overseas projects. In industrial gases, while sales for semiconductor-related applications declined, demand for gases used in the steel industry grew steadily. We also began full-scale sales of PFA-lined ball valves, which achieved significant year-on-year growth and contributed to both orders and sales, particularly in the fine chemicals sector. In the Parts & Maintenance business, we successfully captured replacement and repair demand for products delivered several years earlier, resulting in higher sales. To strengthen our overseas operations, we began providing on-site practical support to promote the localization of affiliated companies. On the sales front, we are working closely with each entity to win major orders from Japanese customers abroad. Within the business unit, we initiated efforts to optimize overall operations, starting with improvements to production planning and enhanced cross-functional information sharing among the sales, design, and manufacturing departments.

● Orders Received, Net Sales, and Segment Profit Ratio for the Valve Segment



Initiatives for FY2026/3

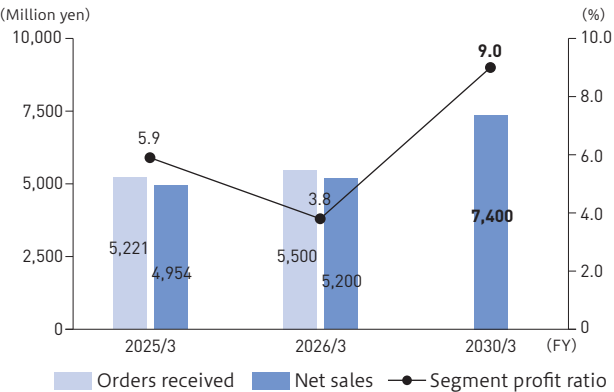
- Community-based sales**  
We will optimize personnel assignments, including the placement of design engineers at each site, to strengthen our ability to make proposals directly to customers and enhance the likelihood of securing new projects through more proactive, locally grounded sales efforts.
- Strengthening business foundations**  
To further expand the steadily growing Parts & Maintenance orders and sales, we will reinforce our network of authorized service partners and strengthen after-sales follow-up. Assigning design engineers to local offices will also allow for faster responses to maintenance and technical support needs.
- Developing priority and emerging markets (secondary batteries, industrial gases, fine chemicals)**  
We will propose valve models and options tailored to new energy demand and leverage our capabilities as a certified high-pressure gas manufacturing facility to capture new projects in these priority markets.

- New product development**  
To accelerate the market launch of products currently under development, we will strengthen cross-departmental collaboration and make greater use of external resources. Following commercialization, we will promptly promote sales expansion through active collection of project information and continuous proposal activities to address customer challenges.
- Overseas market development**  
In collaboration with our affiliated overseas subsidiaries, we will identify local overseas market needs and propose appropriate products and options. Through continued support for these subsidiaries, we will implement initiatives that promote localization and strengthen our global presence.
- Other initiatives**  
We will coordinate with other business divisions to conduct joint customer visits and exhibitions at trade shows, promoting the HISAKA Group's products and services to a broader customer base. In addition to the above initiatives, we will continue strengthening our business foundation through measures such as improving productivity (reducing lead times and expanding production capacity) and enhancing both product and operational quality. In FY2026/3, we will further boost productivity across all departments through the strategic use of digital tools and management systems.

Achieving the Long-Term Vision

- In the Valve Segment, we are promoting seven key initiatives to address workforce shortages and structural changes across industries.
- Reinforcing community-based sales operations to accurately identify customer needs, expand sales of automated valves, and drive revenue growth, particularly in the fine chemical sector, through the introduction of new products.
  - Anticipating shifts in capital investment trends within the domestic and Asian chemical industries, aim for stable growth by securing priority projects and expanding the sales of Parts & Maintenance services to increase market share.
  - Pursuing new business opportunities in the hydrogen and other emerging energy sectors through product and technology development aligned with customer requirements.
  - Promoting alliances with other companies and expand our product lineup to complement areas outside our in-house expertise.
  - Proactively gathering market information and strengthening development of functionality-focused products tailored to specific industries in response to accelerating decarbonization trends.
  - Reinforcing proposal-based sales to gain a deeper understanding of local needs in Southeast Asia and apply our experience in community-based sales developed in Japan to these markets.
  - Improving productivity through optimized production layouts and stronger collaboration among departments at the Konoike Plant.

● Plan for Valve Segment





Sustainability Promotion Structure

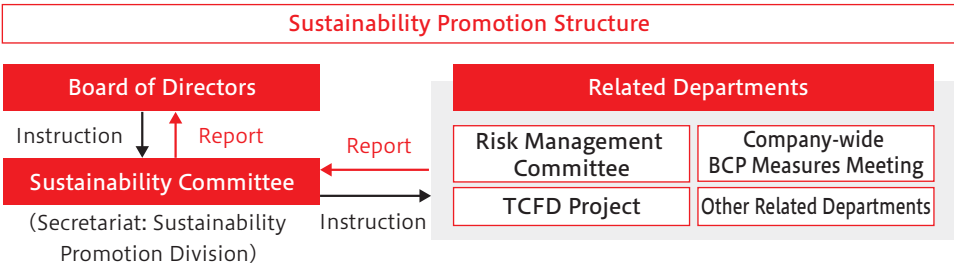
HISAKA has established a Sustainability Basic Policy, aiming to balance contribution to a sustainable society with the enhancement of corporate value. In 2022, we established a sustainability promotion structure by forming the Sustainability Committee which reviews the policy and the progress status of the operation and evaluates the performance of the Risk Management Committee, Company-wide BCP Measures Meeting, the TCFD Project, and overall activities related to sustainability. Addressing material issues (materiality) is positioned as a key initiative in the Mid-Term Business Plan G-23, and we are striving to solve the defined materialities\* across the Company as a whole. →p. 17 Materiality

Sustainability Basic Policy

- With our business creed of “taking root among the world” and “pursuit of rich humanity” as eternal goals, we act from a long-term perspective to fulfill our roles and responsibilities as a public institution of society and aim to continuously enhance our corporate value by balancing social contribution and our own growth.
- (1) Contribute to solving global environmental problems through our business activities.
  - (2) Strive to solve social issues by maintaining good relationships through dialogue with our employees, business partners, local communities, shareholders, and other stakeholders.
  - (3) Promote corporate governance through honest business operations.

Sustainability Promotion Structure

To redefine our understanding of corporate social responsibility, which we have practiced since the foundation of the Company, we established the CSR Meeting in 2005, a structure which promotes specific activities, and developed related regulations. In 2022, we constructively dissolved the CSR Meeting and newly established the Sustainability Committee chaired by the President and Representative Director, under the supervision of the Board of Directors which has responsibility for decision-making for key sustainability-related issues. In principle, the committee meets twice a year to evaluate operation policies and progress related to sustainability, and to explore opportunities for improvement, promoting sustainability practices across the Company. The Sustainability Committee met in October 2024 and April 2025. It reviewed the status and future plans of activities in each term, and the results of the meetings were shared with related departments.



Main Themes Discussed in the Sustainability Committee

	Overview of the results in the first half of FY2025/3	Overview of the results in the second half of FY2025/3
October 2024	<ul style="list-style-type: none"><li>Improving the effectiveness of risk management</li><li>Review of the status of information disclosure</li></ul>	April 2025 <ul style="list-style-type: none"><li>Review of sustainability promotion methods</li><li>Review of risk management methods</li></ul>

Role of the Related Departments

Risk Management Committee	Identify and monitor critical risks from a broad range of operational risks through impact evaluations to minimize potential impacts.
Company-wide BCP Measures Meeting	Establish measures to respond to disasters and other events that may disrupt business operations, and develop a Business Continuity Plan (BCP) to prevent interruptions and ensure swift recovery.
TCFD Project	Define the purpose and policy for addressing climate change in accordance with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), and organize and communicate related information.
Other related departments	Promote sustainability in departments other than those mentioned above.

ENVIRONMENT

Environmental Initiatives

Based on our Sustainability Basic Policy and the material issue “Contributing to the global environment,” HISAKA strives to fulfill its social responsibility by reducing the environmental impact generated through its business activities and by addressing environmental challenges through our products and services. We implement environmental management in accordance with ISO 14001, and HISAKA has endorsed the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) since 2022. In line with these recommendations, we promote initiatives and disclosures related to climate change.



For more details on disclosures aligned with the TCFD recommendations, please refer to our corporate website.

Environmental Management

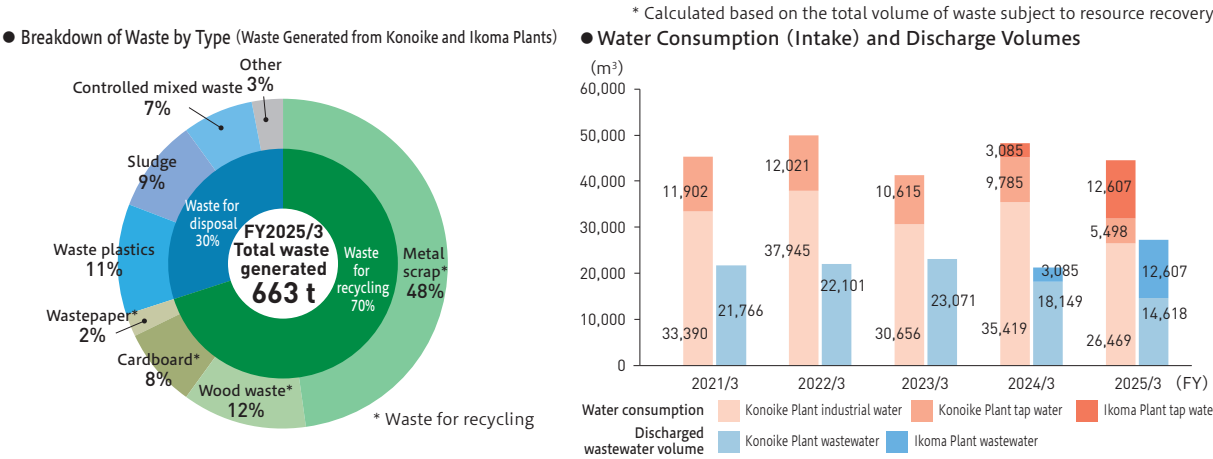
In 2004, HISAKA established its Environment Policy, and in 2007, the Company obtained certification for ISO 14001, the international standard for environmental management systems. In line with the material issue “Contributing to the global environment,” HISAKA strives to fulfill its social responsibility by reducing the environmental impact generated through its business activities, while also working to address environmental challenges through its products and services.

Environment Policy

Promote environmental activities with the company motto “Sincerity (Magokoro)” as basic philosophy. Manufacture products that are “people and environment friendly.” Make the company “people and environment friendly” Become “people and environment friendly” corporate citizens.

Resource Recycling

Aiming to help build a circular economy, HISAKA actively promotes initiatives to reduce waste generation, ensure proper waste treatment, recycle resources, and reduce water consumption. For industrial waste, we recycle metal scrap, wastepaper, and cardboard as valuable resources and promote the reuse of transport materials. We are also pursuing waste reduction through 3R (Reduce, Reuse, Recycle) initiatives, including reviewing packaging materials to reduce usage volumes and promoting paperless operations through digitalization. As a result, our recycling ratio\* in FY2025/3 was 70.2%. Our water sources consist of municipal water supplies and, at the Konoike Plant only, industrial water, while treated wastewater is discharged into the public sewer system. Harmful substances are removed by wastewater treatment facilities before discharge into the public sewer system. We measure eight regulated water quality items from the water discharged to the public sewer system every two weeks and report these results to local authorities. We also strive to reduce water consumption by reusing industrial water used in inspection processes.



Fostering a Culture that Values Environmental Conservation

At HISAKA, we believe that addressing environmental challenges, such as building a circular economy (recycling-oriented society) and achieving decarbonization, requires not only environmental protection initiatives by specific departments but also the active engagement of every employee. To this end, we are working to foster a company-wide culture of environmental conservation. Since 2008, we have produced and distributed an internal Environmental Report summarizing our environmental protection activities. Each June, designated as Environment Month, we hold an Environment Conference featuring lectures on environmental issues inside and outside the Company, as well as Environment Meetings where employees discuss environmental protection initiatives within their own workplaces. Through these activities, we are nurturing a strong environmental consciousness across the organization.

External Recognition

In FY2024/3, HISAKA participated for the first time in the corporate survey conducted by the Carbon Disclosure Project (CDP), which assesses corporate efforts and disclosure related to climate change. Our current initiatives were recognized with a C rating in the Climate Change Report. We maintained the same C rating in FY2025/3 and will continue advancing our environmental initiatives while enhancing information disclosure.





## Disclosure Based on the TCFD Recommendations

HISAKA supports the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) and discloses information and initiatives related to climate change in line with these recommendations.

\* For more details on disclosures aligned with the TCFD recommendations, please refer to our corporate website.  
<https://www.hisaka.co.jp/english/csr/tcfd.html>

### Governance

We established a Sustainability Committee chaired by the President and Representative Director and built a structure in which we discuss a wide variety of critical matters related to sustainability including climate change, in cooperation with related departments. The committee meets a minimum of twice per year and reports the outcome of activities to the Board of Directors, which appropriately supervises various critical matters related to sustainability including climate change.

### Strategy

HISAKA performs scenario analysis on trends in climate change-related matters. The table below shows risks and opportunities due to climate change defined based on the results of risk and opportunity identification. Our three business segments commonly use a large amount of energy throughout the product life cycle from the manufacturing of procured products by our suppliers to the use of our products by our customers. Accordingly, we assume that risks and opportunities in the transitional risk category will arise due to tighter regulations for GHG emissions, changes in demand for low-carbon products, and changes in energy demand and supply. We define impact on our production bases due to climate change-related disasters as major risks and opportunities in the physical risk category.

#### ● Response to Climate-Related Risks and Opportunities

Scenario	Major classification	Potential impacts due to climate change on the company	Response to risks and opportunities
1.5°C	Transitional risks	Business costs may increase due to the introduction of carbon pricing such as a carbon tax.	Reduction of CO <sub>2</sub> emissions through the adoption of energy-efficient equipment (boilers, lifts, vehicles, etc.) and the transition to green energy sources such as electricity and hydrogen.
		To meet a requirement to change to renewable energy resources, costs for our facilities, purchasing green electricity, etc., may increase.	To meet a requirement to change to renewable energy resources, costs for our facilities, purchasing green electricity, etc., may increase.
		Being behind our competitors in addressing environmental impact, sales of our major products may decrease.	Acceleration of environmental impact initiatives (e.g., improving CDP score)
		Environmental awareness is growing among our customers, so greater consideration for the environment is now expected in both information disclosure and procurement practices. A delay in responding to these expectations could result in the loss of business opportunities.	Continue proactive information disclosure, establish procurement policies (scope and level of Green Procurement), strengthen collection of environmental information from suppliers
		The rise in energy costs may increase raw material prices, resulting in increased manufacturing costs.	Secure raw material inventories → Reduce energy costs and manufacturing costs through improved productivity, review logistics systems to shorten transport distances (e.g., outsourcing assembly near foundries for local shipment), reduce transportation costs through joint delivery systems
4.0°C	Physical risks	Decline in productivity and rising labor costs due to the risk of heatstroke among employees at factories during high summer temperatures.	Improvement of air conditioning systems, adoption of summer working hours
		Operational difficulties and increased water costs due to decreased availability of regional water resources (drought).	Reduction and recycling of water usage
		Intensifying pace and severity of heavy rainfall and typhoons may cause delays in material procurement and construction work, adversely affecting business costs and construction time.	Planned inventory and expansion of local partner companies
		Damage to shipped and received goods and equipment and the shutdown of operations at our plants may result in decreased sales.	Planned inventory, expansion of local partner companies, and decentralization of factories
		Decrease in sales due to equipment damage or operational shutdowns at customer facilities caused by global warming and high temperatures.	Development of products designed to withstand temperature fluctuations and high heat, as well as products unaffected by submersion in water
1.5°C	Opportunities	Increasing demand for environmentally friendly products may increase sales. (Heat Exchanger Segment: CO <sub>2</sub> capture-related and heat recovery-related products; Process Engineering Segment: dyeing machines; Valve Segment: hydrogen-related products)	Stable supply of electricity, water, and fuel Acquisition of certifications from external organizations (energy-saving initiatives) Promotion of the development of environmentally friendly products
		Promotion of decarbonization and energy saving may increase demand for environmentally friendly products.	Stable supply of electricity, water, and fuel Improvement of issues identified by external organizations (energy-saving initiatives) Promotion of the development of environmentally friendly products
		Customers may require longer life for machines, which increases demand for maintenance services and increases orders for maintenance services, increasing sales.	Expansion of maintenance services (e.g., maintenance package contracts)
4.0°C	Opportunities	Increased sales through the development of new technologies that meet demands for longer product shelf life.	Development of technologies that enable even longer-term preservation
		In the transportation industry, the establishment of unmanned delivery methods using drones and autonomous driving, along with rising semiconductor demand, will increase sales of heat exchangers and valves for semiconductor manufacturing equipment.	Expansion of related valve sales, strengthening relationships with related customers and trading companies, and enhancing information gathering within related industries
		An increase in demand for equipment related to BCP measures in preparation for natural disasters will lead to higher orders and increased sales.	Strengthening of the company's own production system
		The establishment of a procurement BCP at HISAKA will reduce the risk of sales decline due to operational shutdowns.	Studying the involvement of suppliers and transport companies in the HISAKA supply chain's BCP

## Risk Management

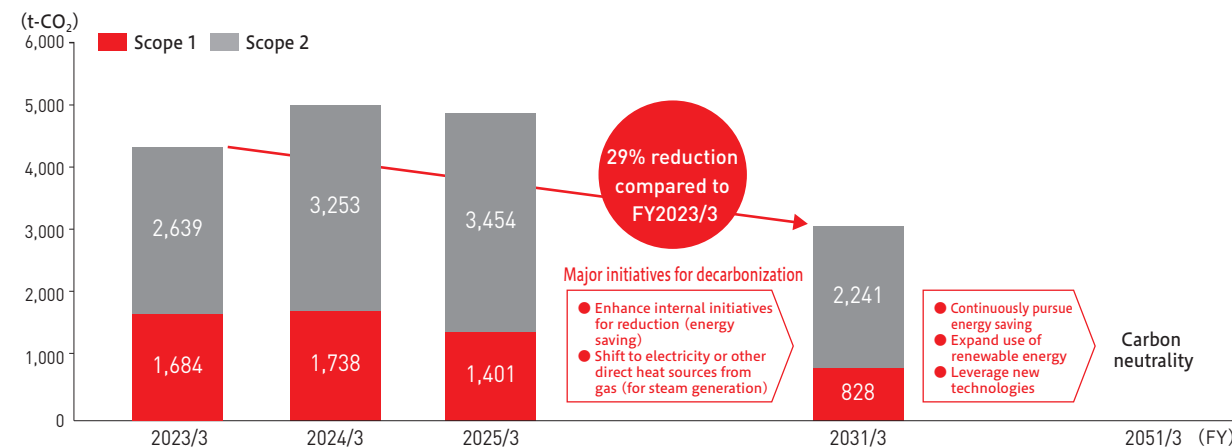
HISAKA identifies major business operational risks including climate change-related risks, under the supervision of the Risk Management Committee, and annually evaluates them based on multiple standards. We also regularly monitor risk mitigation status.

### Indicators and Target

HISAKA has set greenhouse gas (GHG)\* emissions as a key indicator for our climate change initiative, targeting the achievement of the 1.5°C level defined as our Science Based Targets (SBT). For Scope 1 and 2 emissions, we are aiming to reduce GHG emissions by 29% compared to FY2023/3 (a reduction of 4.2% annually) by 2030.

\* The only GHG emitted by HISAKA is CO<sub>2</sub>.

#### ● Scope 1 and 2 Emissions and Reduction Target by 2030



### Scope 1, 2, and 3 Emissions Breakdown

The Company's GHG\* emissions for FY2025/3 (non-consolidated results for Scope 1, 2, and 3) are shown in the table below. We plan to disclose our Scope 3 reduction targets, which cover GHG emissions across the Company's value chain, during FY2026/3.

Within Scope 3 emissions, the largest source is through the use of sold products. During customer use, our products require steam and electricity, and CO<sub>2</sub> emissions generated by the use of steam account for approximately 4.5 times those from electricity consumption. We are aiming to reduce GHG emissions generated by the use of our products by manufacturing and selling a reduced steam-consumption model.

\* The only GHG emitted by HISAKA is CO<sub>2</sub>.

#### ● GHG Emissions (Non-consolidated; for FY2025/3)

Category		Emission (t-CO <sub>2</sub> )	Ratio (%)
Scope 1	Direct emissions	1,401	0.5
Scope 2	Indirect emissions	3,454	1.2
Scope 3	Other emissions	293,815	98.4
Category 1	Purchased goods and services	66,138	22.5
Category 4	Upstream transportation and distribution	3,393	1.2
Category 9	Downstream transportation and distribution	5,874	2.0
Category 11	Use of sold products	212,276*	72.2
Other categories		6,134	2.1

\* Calculated using our products' lifespan of 15 years

## Energy Conservation Initiatives

Although GHG emissions increased in FY2024/3 due to the opening of the new Ikoma Plant, in FY2025/3 we worked to reduce emissions through company-wide initiatives implemented under the Energy Conservation Promotion Council. We will continue these efforts going forward to achieve our reduction targets.



Based on our Sustainability Basic Policy and the material issue of Leveraging our human resources, HISAKA is committed to developing human resources and improving the working environment for our employees. Through our product quality management and supply chain management, we strive to build strong relationships with a wide range of stakeholders, from our customers to our business partners.

Human Resource Development

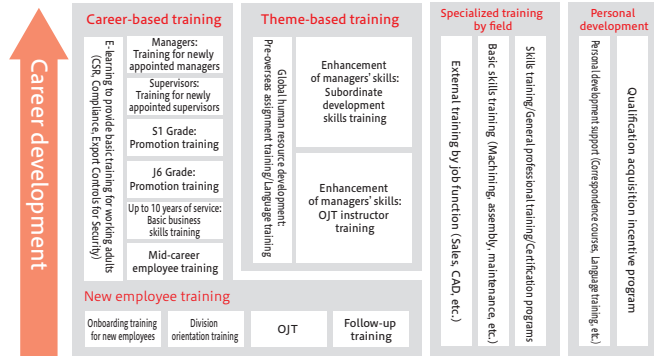
→p. 24 Human Resource Development Policy

Under our Human Resource Development Policy\*, we aim to foster a dynamic and motivated workforce while cultivating “Plus-Type Human Resources,” our model for employee growth. To help all employees, regardless of age, gender, or position, continue growing and take on bold challenges, we revised our employee compensation system in FY2025/3.

Education and Training System

Implementation of Talent Management

To understand each employee’s abilities, experience, and aptitudes and build a strong human resource foundation that supports long-term growth, we began full-scale introduction of a talent management system in FY2025/3. During FY2025/3, we consolidated employee data into the talent management system, initiated data visualization, and began operating evaluation sheets. Going forward, we will utilize the integrated data to improve the efficiency of personnel assignments and promote successor development.



Introduction of One-on-One Meetings

In addition to talent management, we introduced one-on-one meetings in FY2025/3. Based on the HISAKA MIND philosophy, these meetings are designed to help nurture “individuals who can continue to take on challenges and grow.” They serve not only as opportunities to review goal achievement and progress during evaluation periods, but also as a forum for discussing medium- to long-term career plans. The one-on-one meetings emphasize dialogue that fosters psychological safety and trust between supervisors and subordinates.

Overview of Training and Education Programs

	FY2023/3	FY2024/3	FY2025/3
Number of training courses conducted	88	89	160
Total number of participants	2,862	3,163	5,282
Training hours per person (hours)	11.5	13.8	16.1
Training cost per person (thousand yen)	24	36	32

Workplace Environment Development

→p. 24 Workplace Environment Improvement Policy

At HISAKA, we aim to promote sustainable business activities through challenge and growth by realizing a workplace environment as defined in our Workplace Environment Improvement Policy\*. By creating a comfortable and supportive work environment, we strive to ensure that every employee can stay motivated and continue working with peace of mind.

Promoting Communication and Engagement

Under our company motto “Sincerity (Magokoro),” which encourages becoming a person who respects others and values harmony, we view strong trust-based relationships among employees, their families, and company stakeholders as essential for ongoing corporate operations. To deepen relationships across departments, we organize social events during work hours and support joint labor-management cultural and athletic activities, such as providing facilities and financial assistance for club activities, and hosting family-inclusive events. To further promote workplace communication, we have introduced a peer bonus system called “thanks,” which allows employees to send each other points along with messages of appreciation or praise. This initiative helps enhance employee engagement across the organization.

Promoting Work-Life Balance

From a work-life balance perspective, we are committed to creating systems and environments that allow every employee to work with confidence, find fulfillment in their careers, and remain active over the long term. As part of efforts to promote more flexible working styles, we have introduced initiatives such as designated paid leave encouragement days, a work-from-home system (up to two days per week), and a paid leave accumulation system (up to 40 days). For childcare and nursing care support, in addition to legally mandated maternity and childcare leave, we offer shortened working hours for employees raising children up to the third grade of elementary school, and a nursing care leave system of up to one year. In FY2025/3, the paid leave utilization rate reached 74.3%.

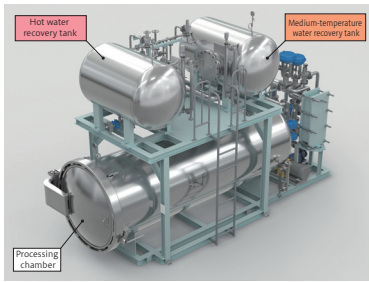
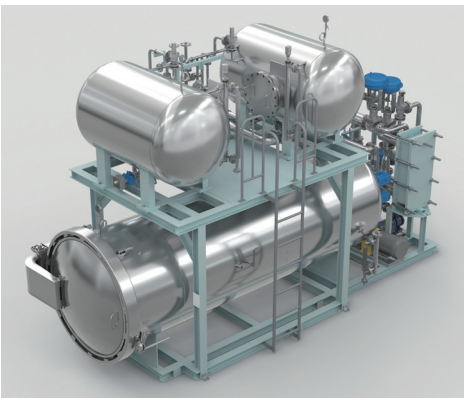
Introduction of Environmentally Friendly Products

“Super-Energy-Saving” Heat Sterilization Equipment Reduces Steam Usage by up to 50%

In May 2025, HISAKA announced the development of a new Heat Sterilization Equipment capable of reducing steam consumption by up to 50%. This new system is designed for use in production processes for retort foods and pharmaceutical infusion packs, which are widely utilized in the food and medical industries. It provides significant energy savings and cost reductions throughout these operations. As an innovative technology contributing to global environmental conservation, we will continue to promote its adoption by our customers.

Innovative Technology That Solves Long-Standing Challenges

In the manufacturing process of retort foods and other products, heating, sterilization, and cooling are performed within the sterilization unit. The heat energy generated during the heating process has traditionally been released and cooled without being recovered for reuse. As a result, reducing steam load and effectively utilizing thermal energy at production sites was a major challenge. This new system from HISAKA allows for efficient reuse of the heat energy generated during the heating and sterilization process in subsequent sterilization processes. It is mainly used in the production of retort foods and pharmaceutical infusion bags and consists of three key components: a processing chamber that collects water at approximately 120°C after product heating, and a medium-temperature water recovery tank that collects water at approximately 90°C after product pre-cooling. By storing the heat that was previously discharged in conventional systems within these two recovery tanks and reusing it for preheating and heating in the next process, the new system achieves up to a 50% reduction in steam consumption compared to conventional models.



Certification as Designated Equipment Eligible for Subsidy under the Energy Conservation Investment Promotion Project

This system has been certified as Designated Equipment eligible for subsidies under the Energy Conservation Investment Promotion and Demand Structure Transformation Support Project and the Energy Conservation Investment Promotion Project administered by SII\*. The certification recognizes equipment that contributes significantly to energy savings and decarbonization through facility upgrades.

\* SII stands for Sustainable open Innovation Initiative, a general incorporated association.

Promoting Adoption to Support Carbon Neutrality

To support customers aiming to improve energy efficiency and reduce costs, HISAKA will actively promote the adoption of this new system going forward. We are targeting a market share of over 30% for Heat Sterilization Equipment and will continue contributing to the achievement of carbon neutrality by 2050.





## Sound Labor-Management Relations

HISAKA upholds freedom of association and the right to collective bargaining in full compliance with applicable laws and with respect for these fundamental rights. The Company's labor union, the Hisaka Works Labor Union, was established in 1953 and has maintained sound labor-management relations based on a spirit of mutual understanding and cooperation between labor and management. Separate labor unions are also organized within the Company and certain Group companies.

Regular meetings are held between management, including company representatives, and labor unions to negotiate and discuss wages, working conditions, and improvements to internal systems. As of March 31, 2025, the union membership rate among regular employees is 100%, with 596 union members. Labor-management relations remain stable.

## Industrial Safety and Health

### G-23 Safety, Health, and Environment Policy

<b>Company</b>	Our commitment to safety and security, safety activities with renewed dedication—through the Magokoro Campaign for Zero Industrial Disaster, our team efforts succeed, establishment of accident-free workplace
<b>Union</b>	The times and the environment never remain the same, our zero industrial disaster goal never changes; Safety—cornerstone of the company, prayer of the family

We appoint a General Safety and Health Plant Supervisor in each plant and a Safety and Health Supervisor in each division and operate our business in compliance with the Industrial Safety and Health Act. The Central Safety, Health, and Environmental Council has been established to review activities related to safety and health, health management, environmental management, and fire prevention/disaster control, while promoting company-wide initiatives aimed at achieving zero accidents. The council convenes once a month, with the President in attendance, and reports on its activities as appropriate through this management body. At the company's Konoike and Ikoma Plants, we have obtained certification under the international standard ISO 45001 for industrial safety and health management systems in order to promote the continuous improvement of our safety and health activities.



#### ● Number of Industrial Injuries, Frequency Rate, and Severity Rate

	FY2021/3	FY2022/3	FY2023/3	FY2024/3	FY2025/3
Number of industrial injuries	4	3	3	2	2
Frequency rate (%)	0.00	0.00	0.00	0.00	0.00
Severity rate (%)	0.00	0.00	0.00	0.00	0.00
Number of fatal accidents	0	0	0	0	0

\* None of the industrial injuries that occurred resulted in lost work time.



Safety patrol in progress

## Initiatives for Safety and Health

In accordance with the company's internal Safety and Health Assurance Regulations, we aim to prevent serious workplace accidents and injuries and reduce potential risks. To this end, we implement an annual Safety and Health Activity Plan, which systematizes and standardizes the necessary rules and activities to improve overall management levels.

Specifically, we conduct annual and monthly inspections of workplace environments and equipment, provide technical and safety training, and carry out risk assessments. In addition to routine operations, we identify potential hazards and harmful factors associated with new production equipment installations and non-routine tasks, taking steps to reduce risks. We also promote regular safety activities such as on-site safety patrols, near-miss case prevention analysis and information sharing, and hazard prediction training, all aimed at preventing recurrence and avoiding accidents before they occur.

To prevent occupational illnesses and injuries, we conduct specialized health examinations for employees engaged in designated work and ensure the proper appointment of legally required supervisors, work leaders, and safety managers in accordance with applicable regulations.

## Health and Safety Education

We provide skill training and health and safety education to all employees, including new graduates, mid-career hires, transferred employees, those with less than three years of service, and contractors and partner company employees working within our facilities. Through participation in national campaigns such as National Industrial Safety Week, National Industrial Health Week, and the New Year's Accident-Free Operation Campaign, and the annual Safety Morning Assembly held as a part of Industrial Safety Week activities, we strive to raise and reinforce safety awareness. At the Safety Morning Assembly, we recognize workplaces that have made outstanding contributions to industrial safety and health activities or that have achieved accident-free records while maintaining employee health. We also distribute safety booklets to all employees.

Beyond health and safety education, we also conduct fire and disaster prevention drills in accordance with the Fire Service Act, in-house firefighting training, and first-aid and CPR training, all aimed at enhancing employees' disaster preparedness and response awareness.



Scene from the Safety Morning Assembly

## Promotion of Health and Productivity Management

### Statement on Health

HISAKA WORKS values all employees' mental and physical health, which underpins the business creed "pursuit of rich humanity." We understand that sound corporate growth relies on all employees' health. We actively promote mental and physical health through combined efforts among the Company, employees, and their families.

### Health and Productivity Management Policy

We improve mental and physical health to establish a vibrant group of employees ("Safety and Security" from the five principles of HISAKA MIND). Organizational collaboration between the Company and employees as a cooperative body and self-directed and self-help efforts by plus-type human resources ("Higher, Wider, Deeper") are the key for success. It is very important for mental and physical health that we spend safe, active, and vibrant time every day. We strive to achieve that by engaging in various activities based on the following three policies.

1. Promote mental and physical health
2. Ensure a workplace environment with mental and physical safety
3. Improve self-efficacy through their own growth (a vibrant group of employees)

We promote health and productivity management, understanding that our operational productivity increases when our employees are mentally and physically healthy and engage in their work with a sense of satisfaction, which leads to sustainable corporate growth and increased value for our customers. Defining "absenteeism," "presenteeism," and "work engagement," as our KPIs, we are striving to ensure the safety and security of employees' mental and physical health and establish a vibrant group of employees.

The Certified Health & Productivity Management Outstanding Organizations Recognition Program by the Ministry of Economy, Trade and Industry recognizes corporations that implement particularly outstanding health and productivity management based on initiatives in line with community health issues and health promotion initiatives led by the Nippon Kenko Kaigi (Japan Health Council). Since 2024, HISAKA has been recognized as a Certified Health & Productivity Management Outstanding Organization.



#### ● KPIs for Overall Health and Productivity Management

Indicator	Definition of indicator	FY2023/3	FY2024/3	FY2025/3	Target
Absenteeism	Leave of absence rate: average number of leave days taken for injury or disease by all employees (%)	0.71	1.11	1.95	Less than 1
Presenteeism	Performance capability rate based on the stress check results (%)	79.7	81.4	81.0	85
Work engagement	Engagement survey results (deviation)	49.3	49.9	50.4	51

## Initiatives to Promote Health and Productivity Management

We have set up a dedicated organization called the Rewarding Work Support Office as a section that promotes employees' physical and mental health. Its mission is not only to respond to illness, injury, or poor health, but also to provide support that helps employees work in good health, with motivation and enjoyment. By acknowledging and addressing the stress that can arise within organizations and individuals as part of our growth strategy, we are striving to foster a workplace that embodies true well-being. The Rewarding Work Support Office carries out initiatives aimed at enhancing employee engagement and strengthening health management practices across the organization.

### Stress Check and Follow-Up

Even before stress checks became a legal requirement in 2011, our company conducted annual stress assessments for all employees. Based on the results, we coordinate with department heads to conduct follow-up interviews and, when necessary, intervene to rebuild workplace relationships and improve organizational dynamics.

As part of our mental health initiatives, we follow the guidelines of Japan's Ministry of Health, Labour and Welfare, ensuring cooperation among employees, their supervisors, in-house health staff, and industrial physicians. This framework supports employees from prevention through recovery and reintegration after leave. We have also established employee consultation desks and conduct third-year interviews with regular hires to provide opportunities for discussing personal or professional concerns. These efforts not only support employee well-being and retention but also help the company identify and address underlying organizational challenges.

#### ● Specific Numerical Targets for Improving Health Issues

Indicator	FY2023/3	FY2024/3	FY2025/3	Target
Health checkup participation rate (%)	100	100	100	Hold 100
Stress check response rate (%)	97.0	98.1	98.4	95 or higher
High-stress respondent rate (%)	11.9	10.9	11.5	10 or less
Smoking rate (%)	25.0	24.3	23.8	20 or less

## Health Awareness Activities

We are committed to raising employee awareness of personal health. In FY2025/3, we held a smoking cessation seminar for employees who wished to quit smoking. During the October health assembly, our in-house public health nurse gave a lecture titled "Infection and Cancer: Focusing on Human Papillomavirus and Cervical Cancer," addressing women's health issues. Also in October, we hosted the 2nd Online Walking Challenge, an initiative designed to help employees build healthy daily habits.



## Quality Control

### Quality Philosophy

Our company provides products and services that support the safety, comfort, and convenience of everyday life and society across a wide range of fields, including clothing, food, housing, pharmaceuticals, environment, and energy. Guided by our philosophy system, HISAKA MIND, we strive to deliver products and services that satisfy our customers in every aspect of quality, cost, delivery, and service. By continuing our efforts to maintain and enhance quality, we aim to further strengthen the overall competitiveness and value of our products.

### Quality Management System

#### ● ISO 9001:2015/JIS Q 9001:2015 Certification Status

Registered organization	Registration date	Registration number
Heat Exchanger Division	July 30, 1998	Q194
Process Engineering Division	May 20, 2011	ISO 9001-0067448
Valve Division	June 30, 2000	OOQR-337

### Customer Support

The Heat Exchanger Division offers a comprehensive maintenance program called Marugoto Pack, a total maintenance service under which we temporarily receive customers' heat exchangers, disassemble and inspect them, perform cleaning and repairs, reassemble, and test the units before returning them with like-new quality. The Process Engineering Division provides after-sales services including performance testing, regular inspections, and calibration, all conducted by certified service specialists. These services ensure the safety and performance of our products while enhancing customer satisfaction. The Valve Division maintains an after-sales service framework in which we partner with regional maintenance companies to provide community-based maintenance support for further improving customer satisfaction.

### In-House Awareness and Training for Quality Improvement

Each year, our company designates November as Quality Month and carries out company-wide initiatives aimed at improving product and service quality. Activities include quality conference presentations where employees share initiatives from their workplaces that have contributed to accident reduction and quality improvement. Quality training sessions are led by external lecturers and are designed to deepen employees' knowledge of quality control and quality assurance. Additional initiatives include quality slogan contests and quality patrols to monitor workplace conditions.

## Supply Chain Management

HISAKA's Sustainability Promotion Policy states that we are "cultivating a corporate culture that emphasizes corporate ethics and always actively making appropriate decisions." In our procurement activities with partner companies, we aim to build strong, trust-based partnerships grounded in a shared understanding of mutual trust, legal compliance, and respect for human rights, with the goal of achieving sustainable growth together. In 2022, HISAKA agreed to and announced its participation in the Declaration of Partnership Building.



### Communication with Business Partners

Since 1962, we have maintained a cooperative framework with our partner companies through the "Hisaka Association" (Hisakakai), established to promote mutual collaboration and shared prosperity between HISAKA and its suppliers. To strengthen mutual understanding, we hold business policy briefings twice a year for Hisaka Association members and publish a quarterly newsletter, Hisaka Partner News, to facilitate information exchange. We also work together with partner companies to enhance industrial safety, health, and quality management by conducting on-site inspections and survey-based feedback, including requests and suggestions for improvement from our partners. To express our gratitude for outstanding contributions, we present annual awards to partner companies that have demonstrated exceptional performance and cooperation.

### Support for Para-Athletes

HISAKA is proud to employ two para-athletes: Anri Sakurai, a wheelchair fencer, and Takahiro Saito, a wheelchair basketball player. In FY2025/3, both athletes achieved remarkable results. Anri Sakurai placed 5th in foil and 8th in épée at the Paris Paralympic Games. Takahiro Saito, representing his team Itami Super Phoenix, finished 5th at the 50th Emperor's Cup Japan Wheelchair Basketball Championship. Their accomplishments embody the spirit of perseverance and excellence that HISAKA strives to uphold.



Athlete Anri Sakurai  
(Photo: Yuka Fujita)



Athlete Takahiro Saito

# GOVERNANCE

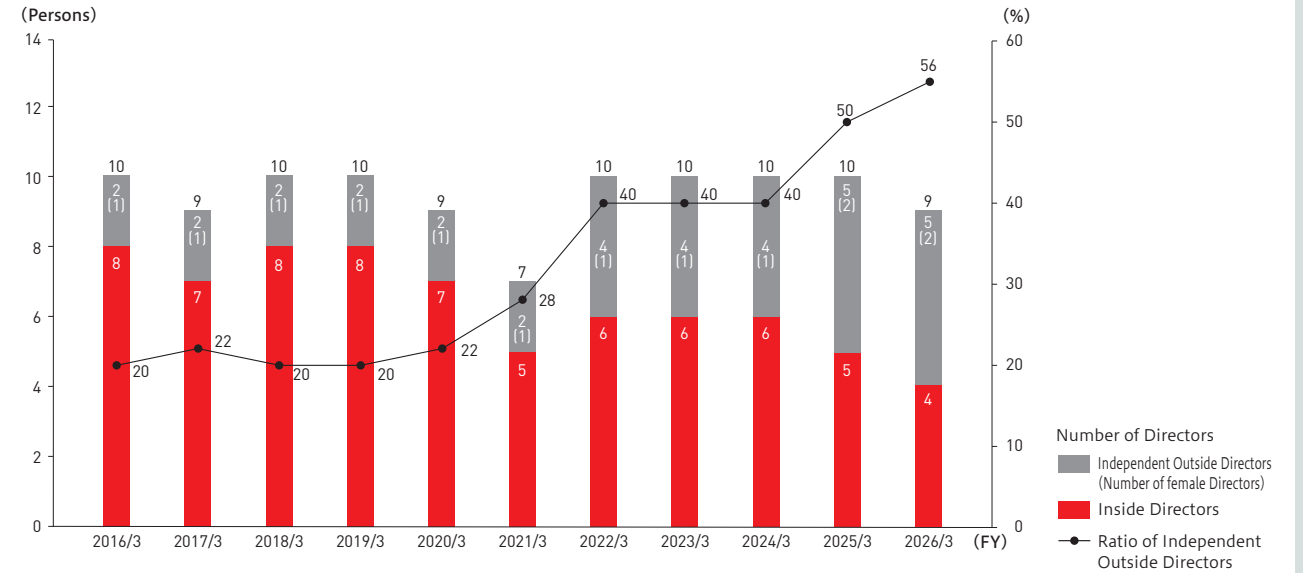
## Corporate Governance

The basic concept of corporate governance for HISAKA is appropriately implementing the five general principles of Japan's Corporate Governance Code, namely "Securing the Rights and Equal Treatment of Shareholders," "Appropriate Cooperation with Stakeholders Other Than Shareholders," "Ensuring Appropriate Information Disclosure and Transparency," "Responsibilities of the Board," and "Dialogue with Shareholders." By appropriately implementing these principles, we aim to further improve our corporate values as well as to construct and maintain a decision-making structure that swiftly responds to changes in the management environment, with all stakeholders in mind.

### Progress in Strengthening Corporate Governance

1982	Established an Audit Division.
2005	Added an internal control function to the Audit Division.
2006	Formulated various rules related to internal control, including a Basic Policy on Internal Control.
2015	Appointed Independent Outside Directors.
2020	Introduced a System of Executive Officers (with Titles).
April 2021	Established a Nomination and Compensation Committee.
June 2021	Transitioned to a company with an Audit and Supervisory Committee, Revised the Directors' compensation system.

### Trend in the Ratio of Independent Outside Directors



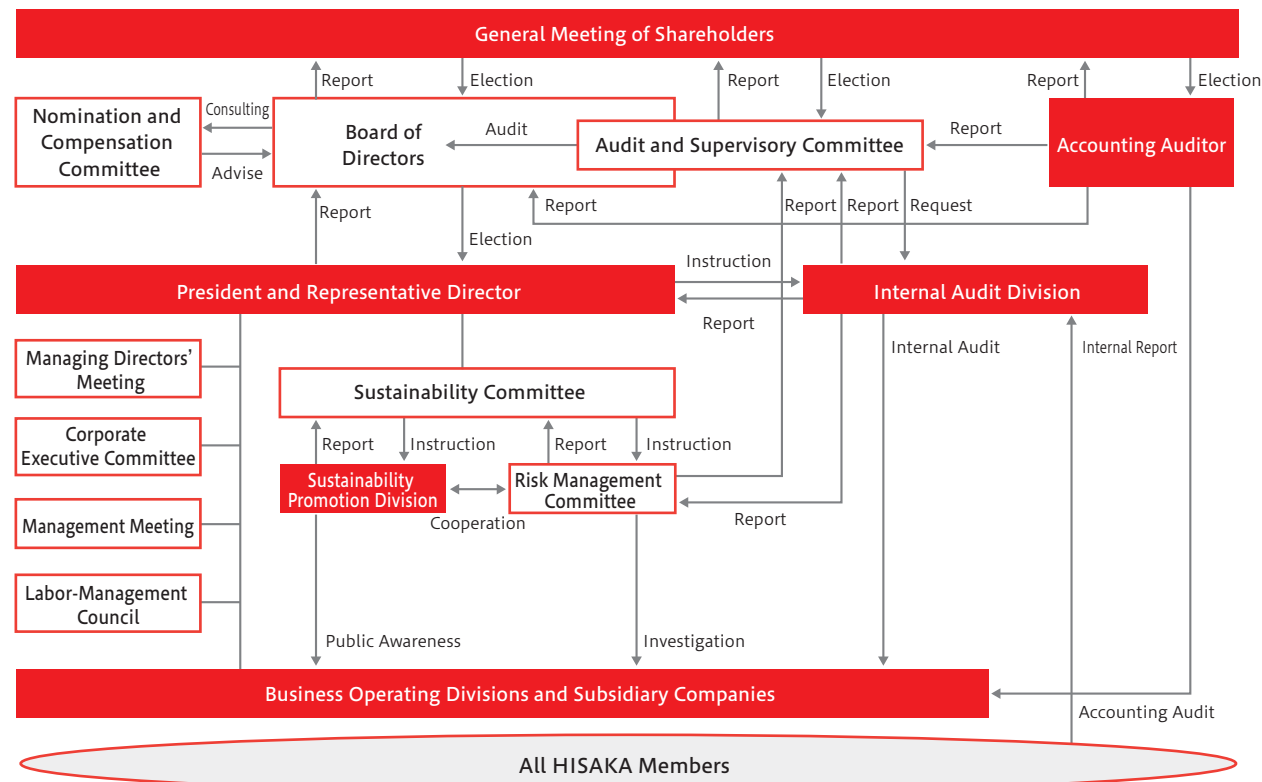
### Evaluation of the Effectiveness of the Board of Directors

The Company evaluates the effectiveness of the Board of Directors by conducting an annual survey in March with questions about the composition of the Board of Directors, its operation, its agenda, and its support system and summarizing the matters regarding the responses to issues based on the results of the survey. The evaluation concluded that the Board of Directors is functioning effectively as a whole, that is, it meets an adequate number of times, engages in appropriate and active discussions on important management matters, and demonstrates effective oversight through Directors with diverse backgrounds, including Outside Directors.

At the same time, feedback from Outside Directors identified areas for further improvement, such as securing more time for strategic discussions, enhancing advance sharing of materials to facilitate deeper deliberation on management issues, and expanding opportunities for dialogue among Outside Directors and between Outside Directors and Executive Officers. We will continue to work to enhance the operation of the Board of Directors in order to further increase its effectiveness.



## Corporate Governance System



## Responsibilities and Composition of Supervisory Bodies

Inside Director  
 Inside Director (Audit and Supervisory Committee Member)  
 Independent Outside Director  
 Independent Outside Director (Audit and Supervisory Committee Member)

	Board of Directors	Audit and Supervisory Committee	Nomination and Compensation Committee
	Chairperson  <b>4 Inside Directors</b> + <b>5 Independent Outside Directors</b> <b>9 members</b>	Chairperson  <b>1 Inside Director</b> + <b>2 Independent Outside Directors</b> <b>3 members</b>	Chairperson  <b>1 Inside Director</b> + <b>2 Independent Outside Directors</b> <b>3 members</b>
Number of meetings held in FY2025/3 Average attendance ratio	11 meetings 100%	11 meetings 100%	7 meetings 100%
Key discussion topics	<ul style="list-style-type: none"> <li>Regular reviews of financial results, business plans, and dividend policies</li> <li>Examination of acquisition and retirement of treasury shares</li> <li>Deliberations on major capital investments, etc.</li> </ul>	<ul style="list-style-type: none"> <li>Audit and Supervisory Committee's audit policies and audit plans</li> <li>Development and operational status of the internal controls system</li> <li>Appropriateness of the accounting auditor's audit methods and results, etc.</li> </ul>	<ul style="list-style-type: none"> <li>Matters related to the FY2026/3 organizational structure and the composition of Directors and Executive Officers</li> <li>Matters related to Directors' compensation</li> <li>Matters related to appointments of officers and personnel at affiliated companies, etc.</li> </ul>

## Basic Policy on Directors' Compensation

The Company's basic policy on Directors' compensation is to secure talented individuals as its Directors, enhance their motivation for management, have them reach their full potential as managers, and clarify their management responsibility.

The levels of compensation are determined by comprehensively considering various factors, such as levels of compensation at companies in the same industry or of a similar size, linkage to performance, and levels of compensation for employees.

## Overview of the Directors' Compensation System

Directors' compensation for executive Directors (the "Inside Directors") includes performance-linked monetary compensation and stock compensation with the aim of encouraging contributions not only to short-term performance but also to the increase in corporate value over the medium to long term.

Directors' compensation for non-executive Outside Directors (the "Outside Directors") and Directors who are Audit and Supervisory Committee Members (the "Audit and Supervisory Committee Members") consists solely of fixed monetary compensation and does not include performance-linked compensation and stock compensation as their responsibility is to audit and supervise the execution of duties of the management team regardless of corporate performance. No retirement allowances are given to Directors.

### Composition and Composition Ratios of Directors' Compensation

Executive Inside Directors				Outside Directors/Audit and Supervisory Committee Members	
Monetary compensation			Stock compensation	Monetary compensation/Fixed monetary compensation	
Basic executive compensation	Basic performance compensation	Performance-linked compensation	Restricted stock compensation		
50%	35%	15%		100%	
	Evaluation indicator	Evaluation indicator			
	Consolidated ordinary profit	Consolidated profit			

Fixed monetary compensation  
 Performance-linked compensation  
 Stock compensation

## Initiatives that Uphold Trust and Corporate Value

Guided by our philosophy system, HISAKA MIND, we have established and continually strengthen our systems for ensuring strict compliance with laws and internal regulations, while providing ongoing employee training to reinforce ethical conduct. In addition, we have developed and maintain a comprehensive risk management framework to appropriately address risks associated with our business activities.

### CSR Education

We actively promote CSR education through email newsletters, in-house publications, and e-learning programs. FY2025/3 Learning Topics: Corporate Ethics and Compliance Implementation as Learned from Recent Case Studies, Introduction to the SDGs, Workplace Mental Health Care, and Fundamentals of Security Export Controls.

### Whistleblowing System (Expansion of Reporting Lines)

To promote compliance-based management, we have established a whistleblowing system and adopted Internal Reporting Regulations as a system that complements our internal controls.

### Business Continuity Plan (BCP)

We have established a Company-wide BCP Measures Meeting to enhance the effectiveness of our business continuity plan in times of emergency. The meeting conducts regular tabletop exercises as well as company-wide on-site drills. To ensure continuity of our core businesses, we also implement countermeasures based on Business Impact Analyses (BIA).

### Risk Management Committee

We conduct periodic risk assessments to identify and analyze the diverse risks inherent in our business activities, implementing initiatives to mitigate those risks. Through these efforts, we also aim to create new business opportunities arising from proactive risk management.

### Security Export Controls (Export Controls Based on International Rules)

We have established Security Export Control Regulations and conduct transaction screenings, classification determinations for goods and technologies, audits, and training mainly for export-related projects. Also, we implement export control measures across the entire HISAKA Group, including domestic and overseas affiliates. To strengthen communication and compliance within the Group, we hold training sessions at overseas subsidiaries. Our security export controls framework is shared with our overseas affiliates under the title "Security Export Control of HISAKA."

### Information Security (Protection of Information Assets and Business Operations)

We have established a Basic Policy on Information Security and Information Security Standards, implementing security measures tailored to our risk profile to protect information assets from unauthorized access or misuse. All employees receive ongoing education and awareness training on information security, and information-security-related internal regulations are periodically reviewed and continuously improved. Information security audits conducted by the Internal Audit Division ensure the effectiveness of these measures.





# Dialogue with Outside Directors to Enhance Management Quality

Enhancing corporate value requires constructive discussions from diverse perspectives.

By creating opportunities for dialogue between Outside Directors and the management team, we incorporate objective viewpoints and specialized expertise into managerial decisions for improving the overall quality of decision-making.



## Key Recommendations Presented during the Exchange Meeting

- To promote further growth of the HISAKA Group, we encourage continued efforts to share the Company's policies and philosophy across all Group companies for fostering a stronger sense of unity.
- To enhance external communication, we recommend leveraging existing initiatives while further advancing collaboration with stakeholders.
- We have seen many proactive and constructive proposals from employees. The Company has already begun formulating and implementing concrete measures in response, and we hope to see these efforts evolve into even more robust initiatives.
- In today's management environment, agility is essential. We therefore request that management continue to proactively share information with Outside Directors.
- Regarding the alignment between the President's overall strategy and the strategies of each business division, we look forward to even more cohesive and integrated strategic execution going forward.

## Messages from Outside Directors

### Applying Decades of Manufacturing Experience to Drive HISAKA's Growth



Koji Mizumoto  
Outside Director

Our core products, which support our three businesses, have entered the maturity phases of their product life cycles, and it is imperative that we develop new products or businesses for the next generation. I believe that consolidation of and collaboration among Ikoma and Konoike Plants and various Group companies has an essential role to play in higher efficiency. I have worked for a materials manufacturer for 40 years and have extensive experience in addressing various challenges in the manufacturing industry. The mission entrusted to me by the shareholders is to fully leverage my expertise and oversee the management from an objective, outsider's perspective. I will provide the management team with advice based on my own experience and knowledge and help the Company to become a forward-looking, inclusive, and highly profitable company that is needed by society.

### Promoting Compliance and Enhancing Employee Fulfillment to Support Sustainable Growth



Yuko Tsuno  
Outside Director

As a lawyer, I have been engaged over the years in building compliance systems, taking preventive legal measures, and solving disputes in corporate legal settings, including at many listed companies. I have also been involved for years in managing a law firm and serving as external contact point for whistleblowing systems. Drawing on my experience, I will continue to give advice as an Outside Director on strengthening the compliance system from preventive and other perspectives. At the same time, I will support the creation of an environment in which employees will feel more satisfied with their work than ever before. As a member of the Nomination and Compensation Committee, I will make active efforts to contribute to the Company's sustainable growth and a medium- to long-term increase in its corporate value by providing effective oversight to ensure proper implementation of succession plans.

### Tapping Expertise in Finance and Accounting for Contributing to Growth Strategy and Enhancing Corporate Value



Emiko Ikigoshi  
Outside Director

Since our company is focused on management that takes into account capital costs and stock price performance, we recognize that our PBR remains below 1x and our ROE has yet to reach the market's expected level. To improve these indicators, it is essential to strengthen profitability and enhance capital efficiency. To achieve this, we must ensure that our growth strategies accurately capture changes in the business environment and that those strategies are being steadily executed through more sophisticated management oversight. In this context, I intend to draw on my expertise in finance and accounting as a certified public accountant, as well as the insights I have gained from auditing a wide range of industries, and to engage in constructive discussions with management to contribute to the realization of our growth strategy and the sustainable enhancement of corporate value.

### Promoting HISAKA's Growth and Social Contributions through Legal Compliance and Risk Management



Akira Nakai  
Outside Director  
Audit and  
Supervisory  
Committee  
Member

As an attorney, my primary role is to examine whether the company's business activities are conducted in compliance with applicable laws and regulations. In discussions at the Board of Directors, I make a conscious effort to provide comments and raise questions from the perspectives of legal conformity and risk management regarding the matters submitted for review. Drawing on my study-abroad experience in China and other countries in particular, I strive to offer practical advice related to the company's overseas operations. While the Company possesses a solid business foundation, I hope to help it further evolve by working with the company to address social challenges from new perspectives and become an even more indispensable presence in society.

### Contributing to Corporate Culture and Supporting Sustainable Growth through Active Dialogue



Noriyuki Fujita  
Outside Director  
Audit and  
Supervisory  
Committee  
Member

I actively ask questions and offer opinions on matters that catch my attention in Audit and Supervisory Committee and Board of Directors meetings, drawing on my extensive experience in tax administration and from the perspective of a certified tax accountant and real estate transaction specialist. In rapidly changing times, a communicative workplace and quick decision-making are essential. I will work to help foster an open corporate culture by maintaining close communication with both Inside and Outside Directors, as well as with employees. By closely observing on-site operations and working in close coordination with the Internal Audit Division, I am committed to contributing to HISAKA's sustainable growth and long-term value creation through involvement in medium- to long-term strategies, including the maintenance and enhancement of corporate governance.





Back row, from left **8** Akira Nakai **7** Naoto Hattori **2** Akihito Adachi **1** Toshiya Usami **3** Hiroshi Hatano **4** Koji Mizumoto **9** Noriyuki Fujita

Front row, from left **6** Emiko Ikigoshi

**5** Yuko Tsuno

**1** Toshiya Usami  
President and Representative Director, President and COO

Mar. 1983 Joined HISAKE WORKS, LTD.  
Mar. 2014 Manager of the Sales Section of the Heat Exchanger Division of the Company  
Apr. 2016 Executive Officer, Manager of the Sales Section of the Heat Exchanger Division, and Nagoya Branch Office Manager  
Apr. 2017 Executive Officer, Manager of the Manufacturing Section of the Valve Division  
Apr. 2018 Executive Officer, General Manager of the Valve Division  
June 2019 Director, General Manager of the Valve Division  
June 2020 Senior Executive Officer, General Manager of the Valve Division  
Apr. 2021 Managing Executive Officer, Domestic Sales field and General Manager of the Valve Division  
July 2021 Managing Executive Officer, Sales field and General Manager of the Valve Division  
Apr. 2022 Managing Executive Officer, Sales field and Tokyo Branch Office Manager  
June 2022 Director, Managing Executive Officer, Sales field and Tokyo Branch Office Manager  
June 2023 Director, Managing Executive Officer, Corporate Planning and Overseas Operation fields and Tokyo Branch Office Manager  
Apr. 2024 President and Representative Director, President and COO (current position)

**2** Akihito Adachi  
Director, Senior Managing Executive Officer, Sales and Technical & Development fields

Mar. 1984 Joined HISAKE WORKS, LTD.  
Mar. 2014 Manager of the Manufacturing Department of the Process Engineering Division of the Company  
Apr. 2016 Executive Officer, General Manager of the Process Engineering Division, and Kyushu Branch Office Manager  
Apr. 2018 Executive Officer, General Manager of the Process Engineering Division  
June 2018 Director, General Manager of the Process Engineering Division  
Apr. 2019 Director, General Manager of the Process Engineering Division, and Kyushu Branch Office Manager  
Nov. 2019 Director, General Manager of the Process Engineering Division, Ome Plant Manager, and Kyushu Branch Office Manager  
Apr. 2020 Director in charge of the Process Engineering Division, General Manager of the Technology Development Division, and Manager of the Information System Department  
June 2020 Senior Executive Officer, General Manager of the Technology Development Division, and Manager of the Information System Department  
Apr. 2021 Senior Executive Officer, General Manager of the Technology Development Division  
Apr. 2023 Managing Executive Officer, General Manager of the Technology Development Division  
June 2023 Director, Managing Executive Officer, Technical & Development field, and General Manager of the Technology Development Division  
Apr. 2024 Director, Managing Executive Officer, Sales and Technical & Development fields, and Konoike Plant Manager  
Apr. 2025 Director, Senior Managing Executive Officer, Sales and Technical & Development fields (current position)

**3** Hiroshi Hatano  
Director, Senior Executive Officer; Management, Management Strategy, and Investor Relations fields; Ome Plant Manager, and Tokyo Branch Office Manager

Sept. 2008 Joined HISAKE WORKS, LTD.  
Mar. 2015 Manager of the Corporate Management Department of the Company  
Apr. 2020 Executive Officer, General Manager of the Corporate Planning Division, and Manager of the Corporate Management Department  
Apr. 2024 Senior Executive Officer; Management, Management Strategy, and Investor Relations fields; Ome Plant Manager, and Tokyo Branch Office Manager  
June 2024 Director; Senior Executive Officer; Management, Management Strategy, and Investor Relations fields; Ome Plant Manager, and Tokyo Branch Office Manager (current position)

**4** Koji Mizumoto  
Outside Director

Apr. 1978 Joined Nisshin Steel Co., Ltd. (currently Nippon Steel Corporation)  
June 2001 General Manager of the Corporate Planning Dept. of Nisshin Steel Co., Ltd.  
Apr. 2005 Executive Officer and General Manager of the Sales Administration Dept. of Nisshin Steel Co., Ltd.  
Apr. 2007 Executive Officer and General Manager of the Human Resources Dept. of Nisshin Steel Co., Ltd.  
Apr. 2009 Managing Executive Officer and General Manager of the Human Resources Division of Nisshin Steel Co., Ltd.  
June 2009 Director and Managing Executive Officer of Nisshin Steel Co., Ltd.  
Apr. 2012 Director and Managing Executive Officer of Nisshin Steel Co., Ltd. Chairman of Nisshin Steel Shanghai Co., Ltd.  
June 2012 Managing Executive Officer of Nisshin Steel Co., Ltd.  
Apr. 2014 Vice President, Executive Officer and CFO of Nisshin Steel Co., Ltd.  
June 2014 Representative Director; Vice President, Executive Officer; and CFO of Nisshin Steel Co., Ltd.  
Apr. 2017 Director (assistant to President) of Nisshin Steel Co., Ltd.  
June 2017 Senior Advisor of Nisshin Steel Co., Ltd.  
June 2018 Advisor of Nisshin Steel Co., Ltd.  
June 2019 Outside Director of HISAKE WORKS, LTD. (current position)  
Aug. 2020 Outside Director of Toyo Denki Seizo K.K. (current position)

**5** Yuko Tsuno  
Outside Director

Dec. 2008 Completed the requisite courses at the Supreme Court's Legal Research and Training Institute (61st class)  
Registered with Aichi Bar Association  
Aug. 2009 Registered with Osaka Bar Association  
Joined Chuo Sogo Law Office P.C. (current position)  
Apr. 2012 Joined Intellectual Property Law Practice Study Group (current position)  
June 2012 Director of Kansai Branch of Japan Trademark Association (current position)  
June 2016 Officer in charge of the protection of personal information and a committee member of information disclosure screening in the city of Kaizuka (current position)  
Apr. 2017 Joined Intellectual Property Committee and Road Traffic Accident Committee of Osaka Bar Association (current position)  
Sept. 2017 Lecturer of the School of Policy Studies of Kwansei Gakuin University (current position)  
June 2019 Outside Director of HISAKE WORKS, LTD. (current position)  
Aug. 2019 Equity Commission Member of Kaizuka City (current position)  
Apr. 2020 Vice Chairperson of the Intellectual Property Committee of the Osaka Bar Association  
Nov. 2022 Member of Toyonaka City Administrative Documents Review Council

● Skill Matrix for Directors

Director	Expertise that the Company expects for Directors (including Directors who are Audit and Supervisory Committee Members)									
	Corporate Management	Sales	Technology and Research Development	Internationality	Manufacturing and Quality	Management Planning	Finance and Accounting	Human Resources and Labor Management	Legal Affairs and Internal Control	Sustainability
Toshiya Usami	●	●	●	●	●	●	●			●
Akihito Adachi	●	●	●		●				●	●
Hiroshi Hatano	●	●				●	●	●	●	●
Koji Mizumoto	●			●		●	●	●		●
Yuko Tsuno								●	●	●
Emiko Ikigoshi							●		●	●
Naoto Hattori, Audit and Supervisory Committee Member		●							●	●
Akira Nakai, Audit and Supervisory Committee Member	●			●					●	●
Noriyuki Fujita, Audit and Supervisory Committee Member	●						●			●

\* The above matrix does not present all of the expertise possessed by the respective Directors.

**6** Emiko Ikigoshi  
Outside Director

Oct. 1990 Joined Chuo Shinko Audit Corporation  
Mar. 1994 Registered as a certified public accountant  
June 2003 Partner of ChuoAoyama Audit Corporation  
Aug. 2007 Joined Deloitte Touche Tohmatsu (currently Deloitte Touche Tohmatsu LLC) as a partner  
Oct. 2023 Established Ikigoshi Certified Public Accountant Office (current position)  
June 2024 Outside Director (Audit and Supervisory Committee Member) of SINKO INDUSTRIES LTD. (current position)  
Outside Director (Audit and Supervisory Committee Member) of Chugin Financial Group, Inc. (current position)  
Outside Director of HISAKE WORKS, LTD. (current position)

**7** Naoto Hattori  
Director, Audit and Supervisory Committee Member

Mar. 1984 Joined HISAKE WORKS, LTD.  
Mar. 2016 Manager of Sales Department of the Valve Division of the Company  
Apr. 2022 Manager in charge of Sales Department of the Valve Division and Tokyo Branch Office Deputy Manager  
Apr. 2023 Assistant to the Audit and Supervisory Committee Member  
June 2023 Director (Audit and Supervisory Committee Member) (current position)

**8** Akira Nakai  
Outside Director, Audit and Supervisory Committee Member

Oct. 2006 Registered with Osaka Bar Association (current position)  
Oct. 2006 Joined Yodoyabashi & Yamagami LPC  
Apr. 2015 Part-time lecturer at Kobe University, Graduate School of Law (current position)  
June 2016 Outside Auditor of HISAKE WORKS, LTD.  
Dec. 2020 Outside Auditor of AvanStrate Inc.  
June 2021 Outside Director (Audit and Supervisory Committee Member) of HISAKE WORKS, LTD. (current position)

**9** Noriyuki Fujita  
Outside Director, Audit and Supervisory Committee Member

Apr. 1981 Joined the International Trade Fair Association  
Apr. 1985 Joined National Tax Agency  
July 2014 Director of Miyazu Tax Office  
July 2015 Examiner in charge of Second Large Enterprise Examination Department of the Osaka Regional Taxation Bureau  
District Director of Ashiya Tax Office  
July 2018 Registered as a certified tax accountant  
Aug. 2019 Established Fujita Noriyuki Tax Office (current position)  
Aug. 2019 Outside Auditor of HISAKE WORKS, LTD.  
June 2020 President and Representative Director of MAC BRAIN Inc.  
Mar. 2021 Outside Director (Audit and Supervisory Committee Member) of HISAKE WORKS, LTD. (current position)  
June 2021



Financial Results for the Past 11 Years (Consolidated)

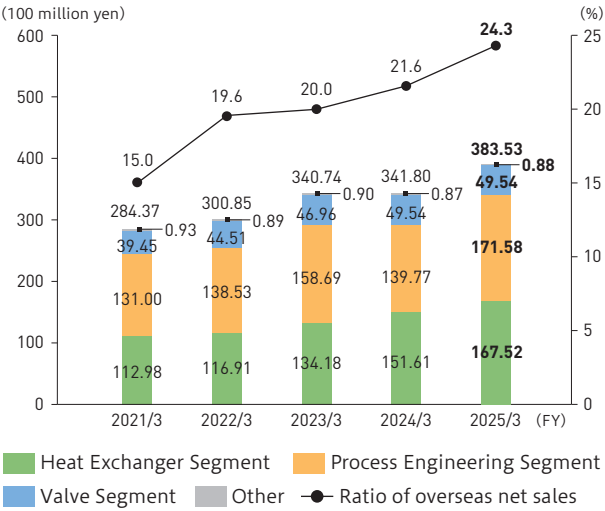
(FY)			2015/3	2016/3	2017/3	2018/3	2019/3	2020/3	2021/3	2022/3	2023/3	2024/3	2025/3	
Business performance	Orders received	(Million yen)	25,391	25,770	26,594	28,914	30,669	31,952	28,165	34,685	34,621	37,999	42,269	
	Net sales	(Million yen)	24,398	25,393	25,023	26,891	30,939	32,511	28,437	30,085	34,074	34,180	38,353	
	Gross profit	(Million yen)	4,944	5,287	5,463	5,997	7,117	7,438	6,233	6,889	7,710	8,304	9,773	
	Selling, general and administrative expenses	(Million yen)	3,602	4,102	4,302	4,389	5,076	5,163	4,824	5,069	5,798	5,847	6,842	
	Operating profit	(Million yen)	1,342	1,184	1,161	1,607	2,040	2,274	1,409	1,819	1,912	2,457	2,930	
	Ordinary profit	(Million yen)	1,831	1,532	1,374	1,963	2,337	2,573	1,765	2,270	2,392	2,896	3,391	
	Profit before income taxes	(Million yen)	1,991	4,503	2,786	2,772	2,258	2,840	1,750	2,758	2,840	3,261	5,150	
	Profit attributable to owners of parent	(Million yen)	1,313	2,688	2,191	1,927	1,596	2,080	1,212	2,058	2,040	2,420	3,782	
	Earnings per share	(Yen)	44.0	90.0	73.4	64.6	53.5	73.4	43.1	73.2	72.5	85.8	135.8	
	No. of consolidated subsidiaries	(Companies)	4	5	5	5	6	7	7	7	7	7	8	
	No. of equity method affiliates	(Companies)	1	2	2	2	2	2	2	2	2	2	2	
Segment information	Orders received	Heat Exchanger Segment	(Million yen)	11,408	11,934	10,843	11,415	11,277	12,368	10,405	12,769	14,059	16,900	16,793
		Process Engineering Segment	(Million yen)	9,243	9,494	11,017	12,024	13,305	14,981	13,307	17,748	15,536	16,058	20,165
		Valve Segment	(Million yen)	3,570	3,369	3,515	3,808	4,434	4,524	4,358	4,077	4,934	4,953	5,221
		Other	(Million yen)	2,613	2,541	2,731	3,831	3,546	78	93	89	90	87	88
	Net sales	Heat Exchanger Segment	(Million yen)	10,477	12,110	11,042	11,125	11,997	12,041	11,298	11,691	13,418	15,161	16,152
		Process Engineering Segment	(Million yen)	9,166	9,027	9,433	10,836	12,470	15,957	13,100	13,853	15,869	13,977	17,158
		Valve Segment	(Million yen)	3,317	3,429	3,451	3,733	4,408	4,434	3,945	4,451	4,696	4,954	4,954
		Other	(Million yen)	3,028	2,409	2,636	3,164	3,904	78	93	89	90	87	88
	Segment profit	Heat Exchanger Segment	(Million yen)	689	868	968	989	952	887	771	1,201	814	1,831	1,342
		Process Engineering Segment	(Million yen)	613	511	297	458	544	975	469	352	833	263	1,418
		Valve Segment	(Million yen)	43	29	(97)	140	442	471	237	321	339	423	292
		Other	(Million yen)	0	(147)	(50)	45	231	43	66	64	66	63	65
	Overseas net sales		(Million yen)	5,209	6,770	5,121	5,137	4,598	5,964	4,257	5,908	6,809	7,377	9,318
	Ratio of overseas net sales		(%)	21.4	26.7	20.5	19.1	14.9	18.3	15.0	19.6	20.0	21.6	24.3
Financial status	Total assets	(Million yen)	63,252	58,473	55,616	60,275	63,041	60,566	65,200	67,302	70,977	82,017	82,697	
	Net assets	(Million yen)	50,963	47,191	48,254	51,014	51,691	50,831	53,335	54,378	56,302	60,301	60,019	
	Interest-bearing liabilities	(Million yen)	90	0	0	0	0	113	9	0	0	5,000	5,000	
	Equity ratio	(%)	80.5	80.7	86.8	84.6	82.0	83.7	81.6	80.6	79.1	73.1	72.1	
	Net assets per share	(Yen)	1,706.5	1,580.3	1,616.2	1,708.7	1,731.4	1,804.1	1,893.1	1,927.4	1,992.6	2,125.8	2,188.3	
Earnings and financial indices	Ratio of operating profit to net sales	(%)	5.5	4.7	4.6	6.0	6.6	7.0	5.0	6.0	5.6	7.2	7.6	
	ROE	(%)	2.7	5.5	4.6	3.9	3.1	4.1	2.3	3.8	3.7	4.2	6.3	
	ROA	(%)	3.1	2.5	2.4	3.4	3.8	4.2	2.8	3.4	3.5	3.8	4.1	
	Net D/E ratio	(Times)	(0.2)	(0.3)	(0.2)	(0.3)	(0.3)	(0.2)	(0.3)	(0.3)	(0.3)	(0.1)	(0.1)	
Cash flows	Cash flows from operating activities	(Million yen)	1,885	542	(499)	2,961	2,011	2,018	3,933	3,147	1,485	(461)	4,720	
	Cash flows from investing activities	(Million yen)	364	3,233	690	505	(1,400)	(3,035)	(563)	(159)	(2,812)	(3,822)	(3,229)	
	Free cash flows	(Million yen)	2,249	3,775	191	3,466	611	(1,017)	3,370	2,988	(1,327)	(4,283)	1,491	
	Cash flows from financing activities	(Million yen)	(522)	(703)	(766)	(599)	(604)	(2,168)	(803)	(863)	(1,001)	3,828	(2,396)	
	Cash and cash equivalents at end of period	(Million yen)	9,129	12,075	11,457	14,338	14,568	11,344	13,922	16,141	13,871	13,746	12,824	
Capital expenditures, etc.	Capital expenditure	(Million yen)	535	1,436	926	510	1,890	3,260	1,424	1,757	4,956	6,118	5,403	
	Depreciation	(Million yen)	1,118	1,079	1,079	1,153	1,154	1,137	997	1,130	1,045	1,259	1,630	
	R&D expenses	(Million yen)	191	218	367	237	281	279	251	229	210	236	236	
Dividend status	Annual dividend per share	(Yen)	20	25	20	20	20	20	30	30	40	42	45	
	Total amount of dividends	(Million yen)	597	746	597	597	597	562	843	844	1,127	1,185	1,240	
	Dividend payout ratio	(%)	45.4	27.8	27.2	31.0	37.4	27.3	69.5	41.0	55.2	48.9	33.1	
	DOE	(%)	1.2	1.6	1.2	1.2	1.2	1.1	1.6	1.6	2.0	2.0	2.1	

- Segment information is presented based on data before the elimination of intersegment transactions.

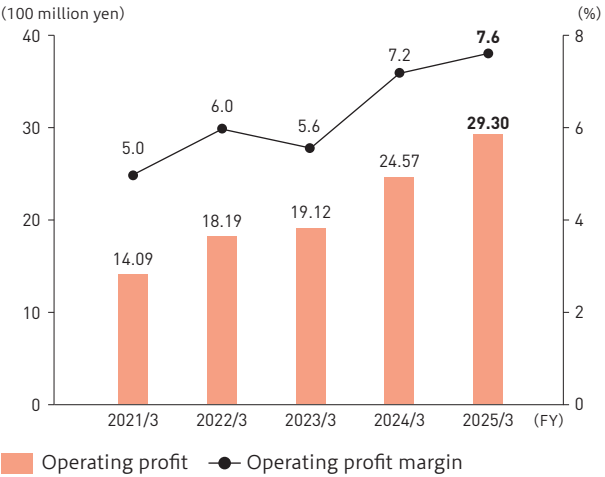


Financial Highlights

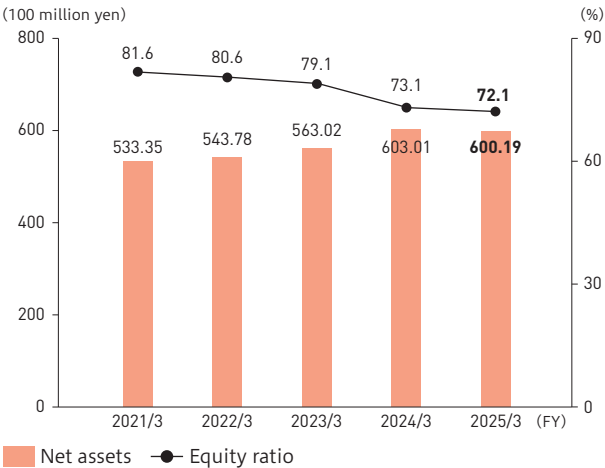
● Segment Net Sales and Ratio of Overseas Net Sales



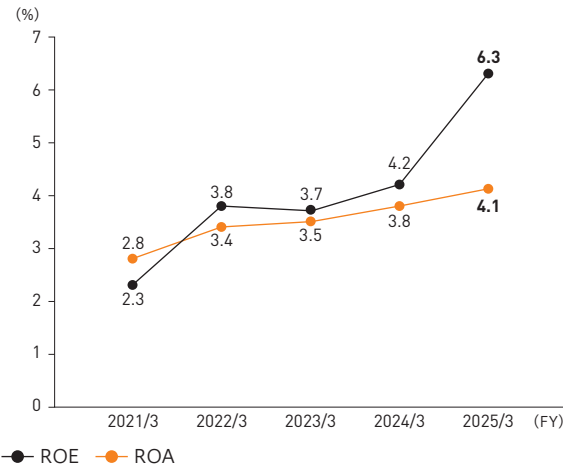
● Operating Profit and Operating Profit Margin



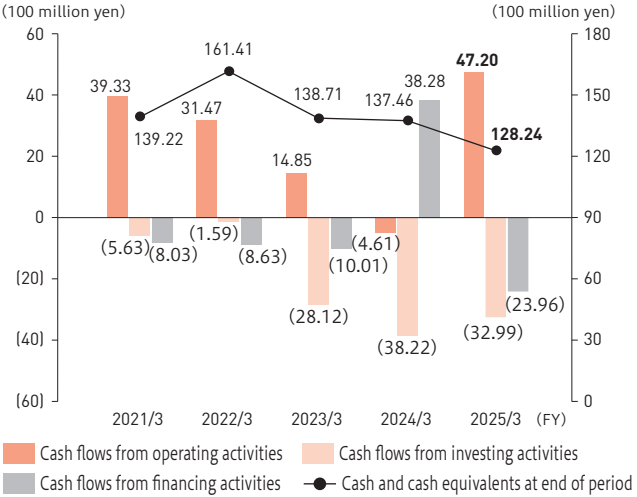
● Net Assets and Equity Ratio



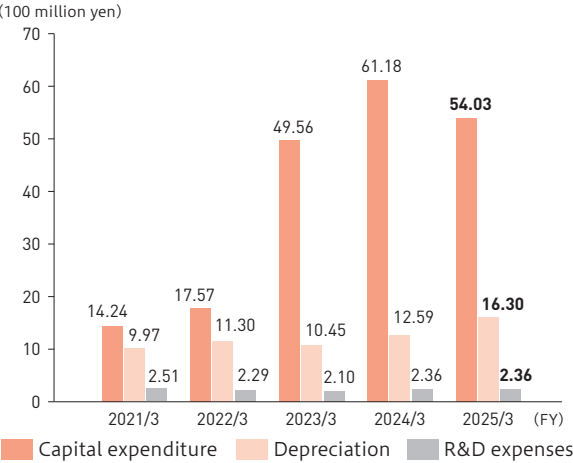
● ROE and ROA



● Cash Flows and Cash and Cash Equivalents at End of Period

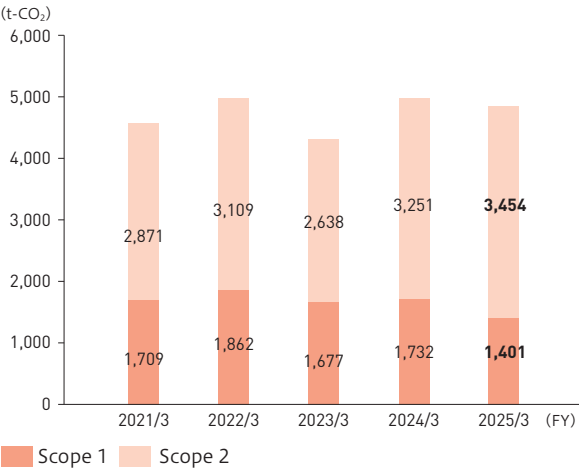


● Capital Expenditure, Depreciation, and R&D Expenses

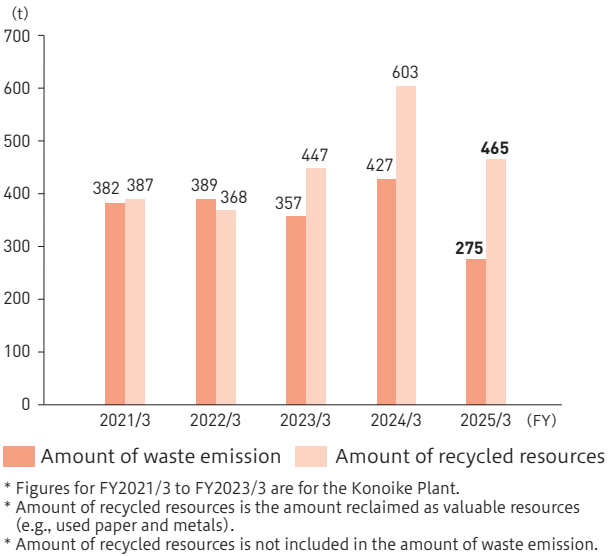


Non-Financial Highlights

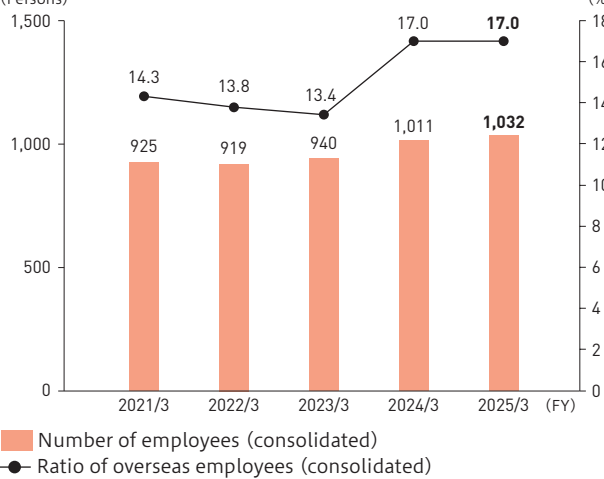
● GHG Emissions (Scopes 1 and 2)



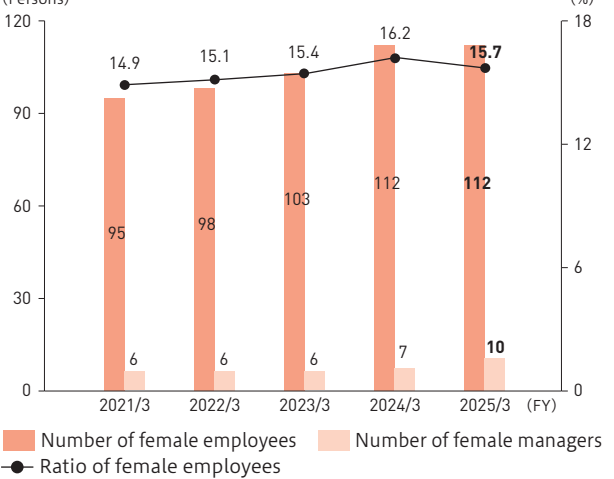
● Amount of Waste Emission and Amount of Recycled Resources



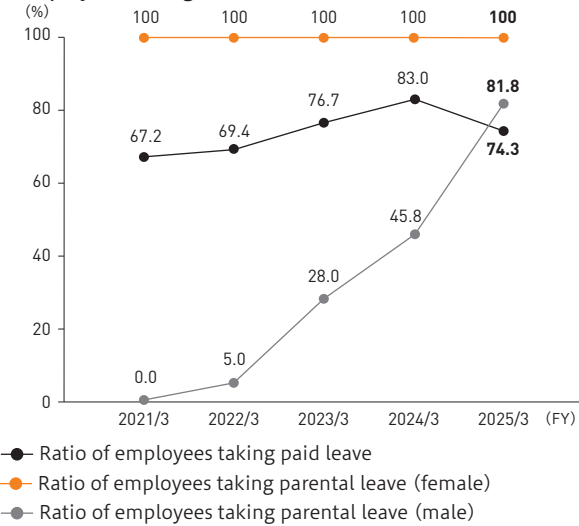
● Number of Employees (Consolidated) and Ratio of Overseas Employees (Consolidated)



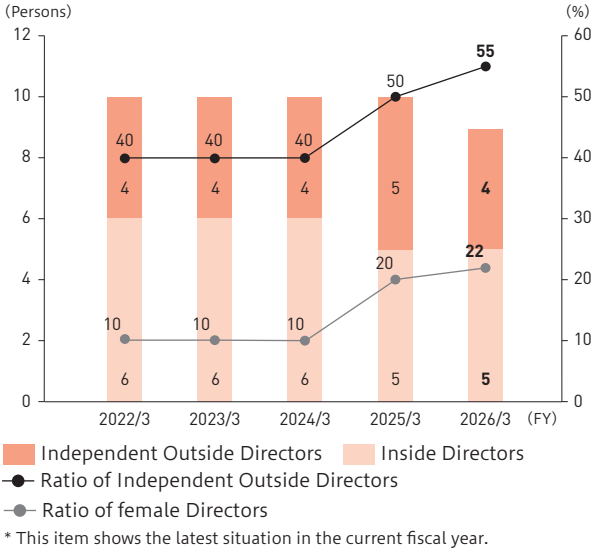
● Number of Female Employees, Female Managers, and Ratio of Female Employees



● Ratio of Employees Taking Paid Leave and Ratio of Employees Taking Parental Leave



● Number of Directors, Ratio of Independent Outside Directors, and Ratio of Female Directors





Company Profile

Company name	HISAKA WORKS, LTD.
Head office address	2-12-7, Sonezaki, Kita-ku, Osaka City, Osaka 530-0057 Japan
Contact	TEL: +81-6-6363-0006 FAX: +81-6-6363-0160
Website	https://www.hisaka.co.jp/english/
Representatives	President and Representative Director, President and COO, Toshiya Usami
Established	May 1942
Capital	4,150 million yen
Number of employees	Non-consolidated: 712 Consolidated: 1,032 (as of March 31, 2025)
Main businesses	Manufacture and sale of industrial machinery (heat exchangers, evaporator/distiller/concentrator, dyeing and finishing machines, food manufacturing equipment, pharmaceutical equipment, ball valves, etc.), power generation business

List of Locations

Japan

Production plants	Branch offices/Sales offices
<ul style="list-style-type: none"><li>Konoike Plant</li><li>Ikoma Plant</li><li>Ome Plant</li></ul>	<ul style="list-style-type: none"><li>Tokyo Branch Office</li><li>Nagoya Branch Office</li><li>Kyushu Branch Office</li><li>Kitakyushu Branch Office</li><li>Hokkaido Sales Office</li><li>Saitama Sales Office</li><li>Chiba Sales Office</li><li>Onomichi Sales Office</li></ul>

Group companies

- HISAKA PRODUCTS, LTD.
- KOMATSUGAWA CHEMICAL ENGINEERING CO., LTD.
- AUTOMATIC SYSTEM RESEARCH CO., LTD.

\* Affiliated companies  
(3 domestic and 10 overseas)  
are shown in bold.

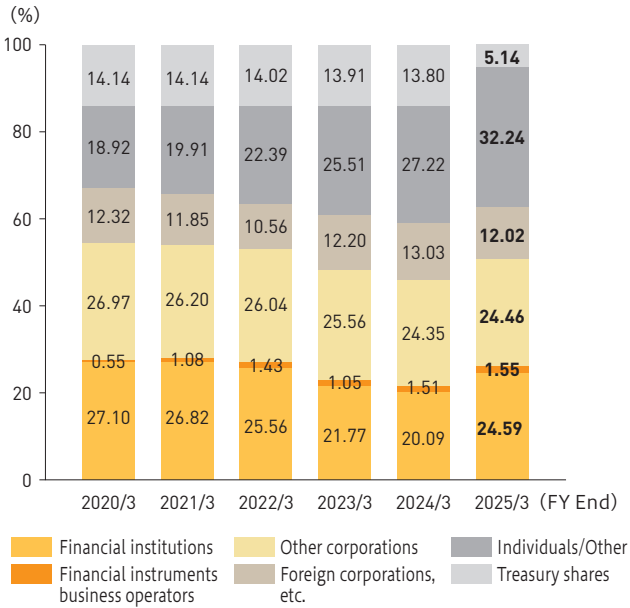


Share Status (As of March 31, 2025)

Share information

Total number of authorized shares	129,020,000 shares
Total number of shares issued	28,732,800 shares (Due to the cancellation of treasury shares carried out on February 28, 2025, the total number of issued shares decreased by 4,000,000 compared with the end of the previous fiscal year.)
Number of shareholders	10,409

Transition in Shareholding Ratio



Major Shareholders (Top 10)

Shareholder name	Number of shares held (shares)	Shareholding ratio (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	3,154,700	11.57
STATE STREET BANK AND TRUST COMPANY 505103	1,020,678	3.74
Nippon Life Insurance Company	960,770	3.52
MUFG Bank, Ltd.	912,640	3.34
INABA DENKI SANGYO CO., LTD.	910,802	3.34
Custody Bank of Japan, Ltd. (Trust Account)	849,900	3.11
Hisaka Works Business Partners Shareholding Association	702,186	2.57
TAKUMA CO., LTD.	642,000	2.35
Hisaka Works Employee Shareholding Association	638,291	2.34
STATE STREET BANK AND TRUST COMPANY 505101	474,418	1.74
Total	10,266,385	37.62

\*1. Shareholding ratios are rounded down to the nearest display unit.  
\*2. Shareholding ratios are calculated excluding treasury shares (1,475,638 shares).  
\*3. Treasury shares are excluded from the list of major shareholders.

Stock price and average trading volume for the past ten years (April 2015 to March 2025)

