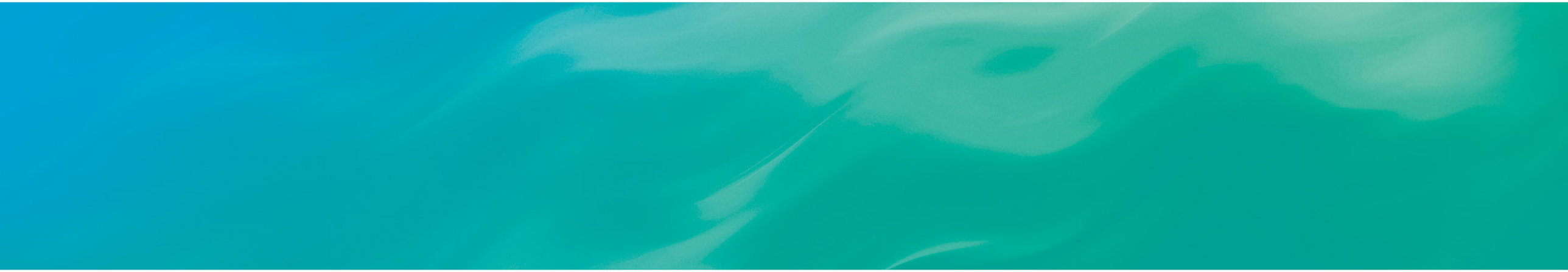
with hopeful technology

HISAKA

INTEGRATED REPORT 2026

HISAKA WORKS, LTD.



HISAKA'S Values and Vision

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 machinery 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.
We will continue to advance, supporting today and shaping tomorrow, striving to become an indispensable presence in the progress of industries worldwide.



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Values (Philosophy System)

HISAKA MIND

"Magokoro" (sincerity)—the word championed by our founder. It represents the conviction of engaging with manufacturing honestly and without pretense, and contributing to society by delivering products into which we have poured our souls. Built around this spirit, the management philosophy "HISAKA MIND"—crafted by our employees themselves—has been handed down across generations and is, so to speak, the very starting point of HISAKA.

Company Motto: Our DNA

「誠心（まごころ）」 Magokoro (sincerity)

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

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

Management Vision

Challenge for Climate Change

Since its founding, HISAKA has worked to solve social issues through its business activities. The three segments at its core - the Heat Exchanger Segment, the Process Engineering Segment, and the Valve Segment - operate in different fields, yet are connected by the single purpose of supporting daily life and society. We are committed to addressing the challenge of climate change, which threatens the very foundations of society, through the power of technology and manufacturing. This commitment is shared across all of HISAKA's segments.

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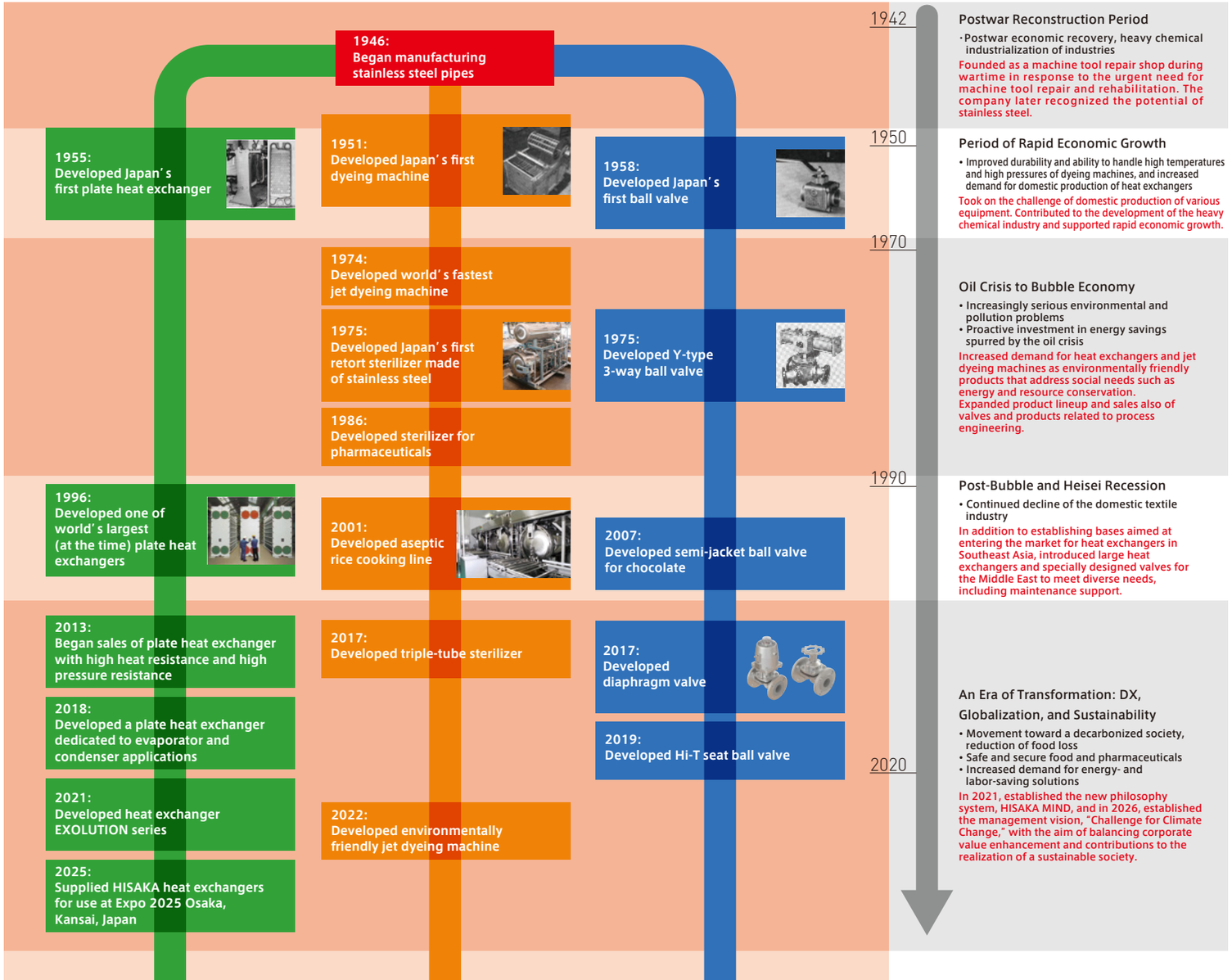
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HISAKA Has Been Solving Social Issues Through Technology

Since its founding,
HISAKA WORKS has created a wide range of "Japan's first" and "world's first" products through outstanding technology. These achievements are the result of staying close to customer needs and pursuing solutions to the challenges of each era.
By continuing to solve the challenges of the times, we will contribute to realizing a sustainable society.

- Heat Exchanger Segment
- Process Engineering Segment
- Valve Segment

Detailed History of HISAKA



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HISAKA's Businesses Supporting Society

Heat Exchanger Segment

Process Engineering Segment

Valve Segment

HISAKA will continue to take on the challenge of solving social issues

Since its founding, HISAKA has worked to solve social issues through its business activities. Leveraging the strengths of each segment, we will continue to take on challenges aimed at addressing climate change and realizing a sustainable society.

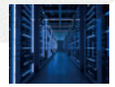


Plate heat exchanger

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 propose a wide range of 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





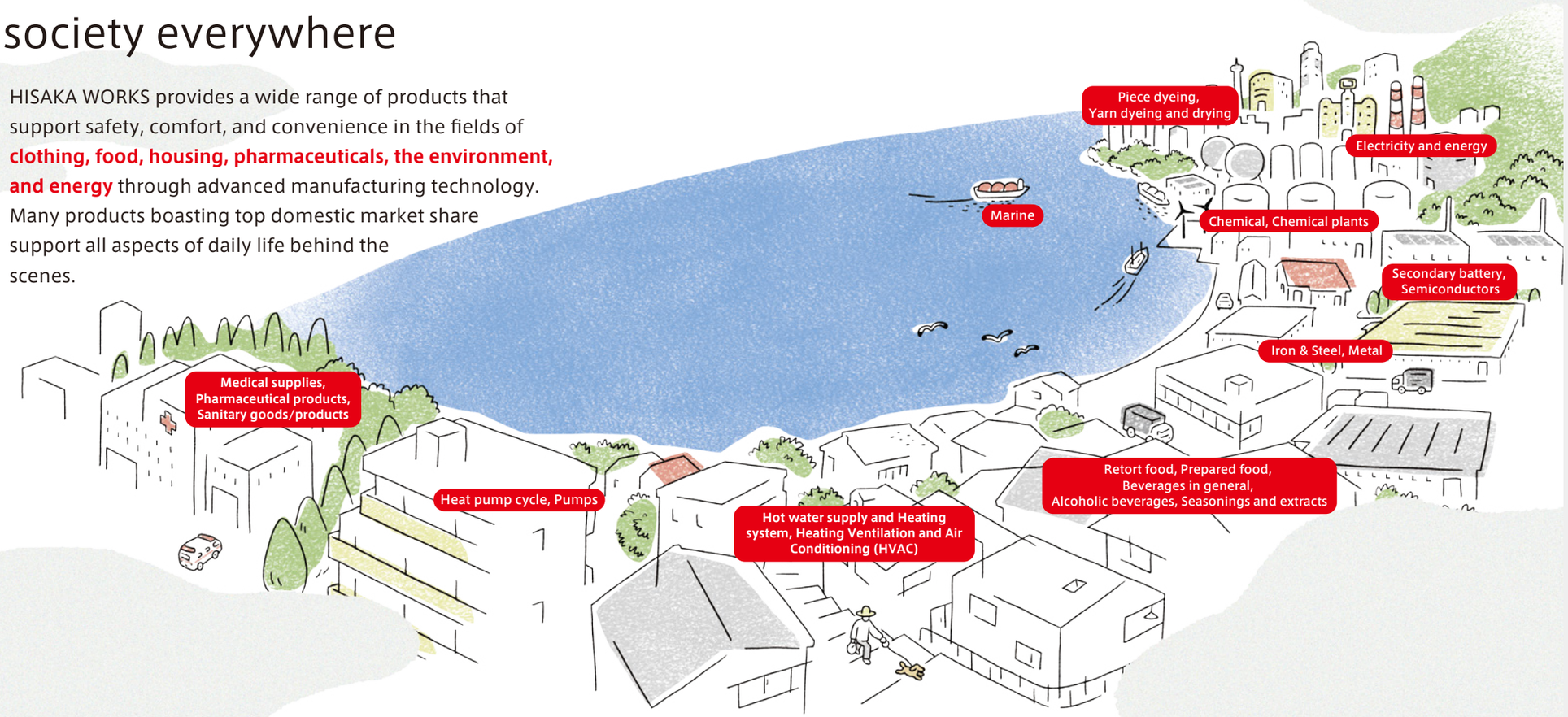




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HISAKA: Invisible yet supporting society everywhere

HISAKA WORKS provides a wide range of products that support safety, comfort, and convenience in the fields of **clothing, food, housing, pharmaceuticals, the environment, and energy** through advanced manufacturing technology. Many products boasting top domestic market share support all aspects of daily life behind the scenes.



Corporate Data

(As of March 31, 2026)

Established
1942 May

Number of employees (consolidated)
1,063

Production Bases
Japan: 5
Overseas: 2

Affiliated companies
Japan: 3
Overseas: 10

Business Performance (FY2025)

* Lower figures indicate year-on-year change from FY2024.

Consolidated net sales
44.89 billion yen
+6.53 billion

ROE
5.6%
-0.7pt

Operating profit
3.30 billion yen
+0.37 billion

Ratio of overseas net sales
21.2%
-3.1pt

Major Products with Top Market Share in Japan*

* Market share is based on our own research.


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%

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Editorial policy

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 2026 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
Reporting Period	This report primarily covers FY2025 (April 1, 2025 to March 31, 2026).
Scope of report	The report covers the HISAKA Group, which consists of HISAKA WORKS, LTD. and 13 affiliated companies.
Translation Notice	This report is an English translation of the original Japanese version. If any discrepancy arises between the English and Japanese versions, the Japanese version shall prevail.

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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Message from the President

Turning the strengths and growth foundations we have cultivated into solid results.

Starting from our "Challenge for Climate Change," we will contribute to solving social issues and achieve sustainable growth and enhanced corporate value for the HISAKA Group.

Toshiya Usami
President and Representative Director,
President and CEO



TOP MESSAGE

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Capturing the business opportunities created by social change and translating them into steady growth

Since our founding, with the company precept "Magokoro (sincerity)" as our cornerstone, we have placed importance on contributing to society by providing products and services imbued with "Magokoro" - that is, uncompromising in quality and performance - and by operating in the fields of clothing, food, housing, pharmaceuticals, the environment, and energy, which are indispensable to daily life and industry.
In recent years, the progression of climate change, the advancement and spread of AI, the worsening labor shortage, and heightened geopolitical risks have been affecting industry as a whole; yet these changes are creating new business opportunities for our company, which has provided high-quality products and services across a wide range of fields. Representative examples include growth in the CO_2 capture and data center markets for the Heat Exchanger Segment; rising needs for energy savings and automation in the food and pharmaceutical fields for the Process Engineering Segment; and growth in the new energy market and expanding demand for infrastructure renewal for the Valve Segment.
In addition, among the 17 strategic fields whose growth the government is supporting, there are many areas involving our technologies and products, such as AI and semiconductors, shipbuilding, drug discovery and advanced medicine, resource and energy security and GX, and food tech, and there are many of them, serving as a medium- to long-term tailwind for our businesses. On the other hand, there is still room for improvement when it comes to reliably capturing market demand and translating it into higher earning power.
Under the Medium-Term Management Plan "Challenge2028" (the Medium-Term Plan), which got underway this fiscal year, we will steadily advance necessary investments while flexibly considering collaboration with other companies and other measures, further strengthen our proposal capabilities, development capabilities, and production and sales structures, and link growth opportunities to solid business growth.

Further honing our technological capabilities and customization capabilities with AI and digital technologies

We believe there are broadly two elements at the core of our competitive advantage.
One is our advanced technological capabilities, such as the stainless steel processing technology we have cultivated since our founding and our technology for controlling the heat and pressure of fluids. We have emphasized being chosen for the value of the product itself - its quality and performance - rather than through simple price competition. By meeting customers' sophisticated requirements with technology, including for special applications, we differentiate ourselves from other companies and provide high-value-added products.
The other is our customization capability: building on those technological strengths, sales, design, and manufacturing work as one to propose optimal specifications tailored to customers' diverse needs.
Underpinning this capability is our customer-focused approach. To accurately understand customers' problems, it is essential to visit their production sites and engage in repeated direct dialogue.
We maintain sales bases throughout Japan - not only in major cities such as Tokyo, Osaka, and Nagoya, but also near petroleum and steel industrial complexes and in areas where food and beverage plants, shipyards, and shipowners are concentrated. With sales representatives stationed near customers' plants and design staff assigned at some bases, we are able to respond to customer requirements with speed.
Furthermore, our procurement centered on Japan, our stable supply structure based on domestic production sites, our extensive delivery track record both in Japan and overseas, and the long-term relationships of trust we have built with customers - extending through to after-sales service - are also major strengths.
Going forward, we will integrate AI and digital technologies with these strengths. By using AI to structure and visualize the design data and technical know-how accumulated over many years, and by establishing a framework that allows the entire organization to inherit and utilize them, we will enhance our design and development capabilities. In addition, through more sophisticated information linkage enabled by DX, we will further refine our customer responsiveness and strengthen our competitive advantage.

Linking the growth foundation built under the previous Medium-Term Management Plan "G-23" to solid profit generation

The period of the previous Medium-Term Plan "G-23" was three years of building a foundation for future growth. We proactively advanced investments and strengthened our growth foundation, including opening the Ikoma Plant, commencing the restructuring of the Konoike Plant, and establishing new overseas bases in three countries.
Although the large-scale upfront investments had a short-term impact on profits, the results of those investments are steadily materializing. In the Process Engineering Segment in particular, stable operation of the Ikoma Plant improved productivity and production capacity, resulting in significant growth in both net sales and operating profit. In FY2025, Group-wide net sales exceeded 40 billion yen for the first time since our founding.
We are now in the "harvesting" phase for the investments made under the previous Medium-Term Plan. We recognize that challenges still remain in translating our growth investments to date into sufficient profits and, in turn, into recognition from the market. Going forward, it is important to shift our focus from the stage of building a foundation for growth to the stage of leveraging that foundation to generate profits and improve capital efficiency, and I believe realizing this is my role.

Achieving both business growth and improved capital efficiency under the Medium-Term Management Plan "Challenge2028"

Under the current Medium-Term Plan, we have moved up by one year the target achievement date set in our previous long-term vision, aiming to achieve operating profit of 5 billion yen in FY2028 and, to that end, net sales of 55 billion yen. We also aim to achieve an ROE of 8% or more in FY2030 and a PBR of 1.0x or more at an early date. Amid growing calls for management that is conscious of the cost of capital, enhancing our corporate value requires not only expanding the scale of sales but also reliably generating profits and linking this to improved capital efficiency.

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The basis of our growth strategy is to enhance the competitiveness of our core businesses to secure stability, while allocating the management resources thus generated intensively to growth areas. We will continue growth investments under the current Medium-Term Plan as well, actively promoting the strengthening of our production structure, investment in human resources, and research and development that generates new products and new businesses.
In the Heat Exchanger Segment, we will strengthen our capture of growth markets such as CO_2 capture, data centers, and shipbuilding. In CO_2 capture applications in particular, our high-performance gaskets based on proprietary technology have been highly rated, and inquiries are expanding in overseas markets as well.
In the Process Engineering Segment, we will strengthen proposals that simultaneously improve our customers' productivity and energy efficiency, while also enhancing our capabilities for FA systems and plant projects and expanding into overseas markets, mainly in Asia.
In the Valve Segment, demand for automatic valves is expanding against the backdrop of labor shortages at manufacturing sites. We will steadily capture labor-saving needs while accelerating the development of new products for growth markets.
In addition, for the Company, which holds a high share in the domestic market, to achieve further growth, expansion of our overseas business is also indispensable. We will promote managerial autonomy at our overseas affiliates and strengthen our sales and service as well as procurement and production structures in line with the market characteristics of each region, while at the same time advancing global collaboration to enhance the comprehensive strengths of the entire Group.
New businesses are also an important theme that will underpin our future business portfolio. The Company has established a New Business Development Department and, by combining the insights of personnel with diverse expertise and experience, is working to create new businesses that apply the various technologies we have cultivated to growth markets and new applications. Results toward commercialization are gradually beginning to emerge, with products born from our new business initiatives leading to actual orders. By steadily building up such achievements one by one, we will grow these initiatives into a new pillar of earnings for the future.
Furthermore, under the current Medium-Term Management Plan, we are conducting KPI management using an ROIC tree in order to strengthen management control that is conscious not only of sales and profits but also of capital efficiency. By visualizing the connection between company-wide targets and the activities of each business and department, we aim to help every employee understand how their own work is linked to profit generation and improved capital efficiency, and to encourage proactive improvement actions and new challenges. Progress on KPIs is reviewed by management and the Board of Directors, and if any gap arises between the plan and actual results, we will identify the causes and respond promptly.
On the financial front, we will optimize cash allocation and appropriately allocate funds generated through operating cash flow as well as through the reduction of strategic shareholdings and other measures, prioritizing growth investment while also providing returns to shareholders. To improve capital efficiency and achieve a PBR of over 1.0x at an early stage, we will also advance the necessary initiatives in terms of capital policy.

Under a new management vision, making the resolution of social issues a driver of growth

In the Medium-Term Management Plan, we newly set forth "Taking on the Challenge of Climate Change" as our management vision (the vision we aspire to).
Climate change is progressing on a global scale and is closely linked to a variety of social issues, including the intensification of natural disasters, food and water shortages, and increased health risks. Through energy conservation, the effective use of resources, the stable supply of food and pharmaceuticals, and greater efficiency at production sites, our technologies can contribute directly or indirectly to curbing climate change itself and to resolving the social issues it brings about.
By setting forth this management vision, I have clarified the Company's stance of "confronting climate change and other social issues head-on and contributing to the realization of a sustainable society through our business activities." At the same time, it cuts across our three business divisions, Heat Exchangers, Process Engineering, and Valves, as well as our affiliates, and demonstrates both internally and externally our determination to work together as the HISAKA Group on value creation under the single direction of "Taking on the Challenge of Climate Change."
The Company has long been advancing the development of environmentally conscious products that simultaneously achieve cost reductions and productivity improvements for our customers and a lower environmental burden. For example, the "ultra energy-saving" heat pasteurization and sterilization system developed in 2025 can reduce steam consumption by up to 50% compared with conventional equipment, making it a product that not only cuts CO_2 emissions but also lowers customers' energy costs. In addition, our water-saving dyeing and finishing machinery reduces water consumption by up to 50% compared with conventional equipment, and the fully automatic continuous sterilizing and cooling system "Lift Steamer Z" can



cut steam consumption by up to 70% compared with the conventional boiling tank method, making a significant contribution to energy savings, resource savings, and labor savings. As calls for decarbonization grow worldwide, we believe that the environmental performance of products and equipment will become an important criterion in capital investment decisions. The Company will further advance the development and dissemination of environmentally conscious products while strengthening proposals for energy and resource savings that take into account our customers' entire manufacturing processes.

Promoting sustainability management and contributing to the realization of a sustainable society

Our three businesses are deeply connected to a wide range of fields that support society and industry. That is precisely why I believe that the very act of continuing our business sustainably and consistently supplying high-quality products and services is, I believe, itself an important responsibility that we must fulfill toward society.
Moreover, as with any other company, our business is built upon the foundation of the environment and society, and protecting this foundation leads to long-term business continuity and corporate growth.
Reducing the environmental burden associated with our business activities, making effective use of resources, and

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developing and disseminating products that contribute to "CO_2 reduction," "energy savings," and "labor savings" are concrete examples of activities that lead to sustainability.
The Company has established a structure in which management, centered on the Sustainability Committee that I chair, discusses important sustainability matters and the progress of related activities and reports the content to the Board of Directors. Going forward, in conjunction with the Medium-Term Management Plan, we will clarify targets and KPIs for each materiality issue and steadily advance our initiatives by repeatedly checking progress and making necessary improvements.

Enhancing the effectiveness of governance that supports execution of the Medium-Term Management Plan

We regard corporate governance as an important management foundation that ensures management transparency and supports sustainable business growth through appropriate decision-making and sound oversight. Our Board of Directors places emphasis on reviewing the measures and investment decisions of the executive side from an objective perspective and on reflecting the diverse knowledge and advice of outside directors in management. Discussions at the Board of Directors are extremely active. In formulating the Medium-Term Management Plan as well, we reported to the Board of Directors as appropriate and held repeated discussions, including with outside directors. In those discussions, views were expressed such as "Strategy should be considered from the perspective of enhancing the corporate value of the entire Group, rather than HISAKA WORKS alone," and "Progress monitoring of the plan and necessary course corrections should be further strengthened." Based on these discussions, the Medium-Term Management Plan places greater emphasis on growth on a consolidated basis and has led to the implementation of KPI management using an ROIC tree.
Going forward, we will continue working to enhance the effectiveness of the Board of Directors and apply its discussions to management practice, supporting the steady execution of the Medium-Term Management Plan from both the decision-making and oversight perspectives.



Putting the "HISAKA MIND" into practice and evolving into an organization that takes on challenges

The driving force for executing the strategies and measures described so far and for creating value is, above all, people.
The Company has a management philosophy that, originating from the company motto "Magokoro (Sincerity)" established in 1962, successive generations of management and employees have valued as the axis of their judgment. The "HISAKA MIND" is a reformulation of that philosophy in employees' own words, created by the employees themselves so that each individual can understand it more deeply in line with the Company's growth and changes in the times and translate it into daily actions.
I believe that a management philosophy does more than indicate the Company's direction; it is a criterion for judgment when employees are uncertain and a compass that guides the organization in the same direction. I myself make it a point to always return to the "HISAKA MIND" in management decisions, and I urge managers and supervisors to put the philosophy into practice when formulating business policies and making day-to-day decisions.
In an era of major changes in the market environment, management simply indicating a direction is not enough to keep pace with change. It is important that we be an organization in which every employee shares the common values of the "HISAKA MIND" and can think and take on challenges independently.
The Medium-Term Management Plan also positions the securing and development of human resources and the instilling of the management philosophy and strengthening of execution capabilities as important themes for reinforcing our management foundation. As management, we will support employees who are not afraid of failure, who put their knowledge and experience into action, and who take that first step forward. We believe that the accumulation of such individual challenges will lead to the achievement of the targets of the Medium-Term Management Plan and to the Company's sustainable growth.

Toward a company that continues to be needed by society

Our reason for being is
To be a manufacturer that reliably supplies high-quality equipment and services, providing solutions to social issues through energy- and labor-saving.

To fulfill this mission, I will take responsibility for leading the execution of the Medium-Term Management Plan, and we will take on challenges with the entire company united as one.
Without compromising on quality or performance, we will continue to manufacture products with complete integrity and to stably supply machinery and services that support industry from Japan to the world.
Through the execution of the Medium-Term Management Plan, we will aim to achieve operating profit of ¥5.0 billion and ROE of 8% or more, and to realize a PBR of over 1.0x at an early stage, while achieving sustainable growth and enhanced corporate value as a company that continues to be needed by society.
We ask all our stakeholders for their continued understanding and even greater support and cooperation for the HISAKA Group.

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HISAKA's Value Creation Model

Under our management vision, we provide value to society by leveraging our management capital and strengths, and we achieve sustainable value creation by accumulating and reinforcing the results as new management capital.

Management Vision·Mission (Our Purpose) P02

Management Vision — **Challenge for Climate Change**

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**

Management Capital INPUT

Financial Capital
- Net assets 63.2 billion yen
- Equity ratio 75.9%

Manufactured Capital
- Number of plants Domestic: 5 sites; Overseas: 2 sites
- Capital expenditure 2.86 billion yen

Intellectual Capital
- R&D investment 246 million yen/year
- Number of patents registered* Domestic: 134; Overseas: 67

Human Capital
- Number of employees 1,063
- Number of engineers* 249
- Training expense per person* 32 thousand yen/year

Social and Relationship Capital
- Number of overseas locations 11 countries, 17 locations
- Relationship with suppliers HISAKA partner companies 74 companies

Natural Capital
- Electricity consumption* 9,411 MWh
- Water consumption* 45,911m³

* Non-consolidated

HISAKA's Value Creation Model

Medium-Term Management Plan Challenge 2028

Medium-Term Management Plan P15

Priority Strategies

Strengthening the profitability and competitiveness of existing businesses, optimizing the business portfolio, strategically reinforcing human capital, improving productivity, and enhancing capital efficiency and corporate value

Financial Targets

Operating profit: ¥5.0 billion or more in FY2028
ROE: 8% or more in FY2030
PBR of 1.0x or more at an early stage

BUSINESS ACTIVITIES



Three businesses OUTPUT

Heat Exchanger Segment
- Plate heat exchanger (From Ultra-Compact to World-Class Large-Scale)
- Maintenance business

Business Strategy P29

Process Engineering Segment
- Sterilizers, Concentrators
- Dyeing and finishing machines
- Culture Systems
- Plant Engineering

Business Strategy P31

Valve Segment
- Ball valve
- Diaphragm valves
- Support Services

Business Strategy P33

OUTCOME

Contribution to labor savings, greater efficiency, and stable operation at production sites

Contribution to people's affluent lifestyles and the development of industry

Sustainable growth and enhancement of long-term corporate value

Realization of a sustainable society through decarbonization and reduced environmental burden

Stakeholders

Customers · Business partners · Shareholders/ investors · Employees · Environment · Local Communities

Materiality

Materiality P39

E Responding to Climate Change
S Providing Responsible Products and Services / Safe, Secure, and Rewarding Work Environment
G Strengthening Management Base

Management Philosophy P02

Management Philosophy: HISAKA MIND
Company Motto: 「誠心」 Magokoro (Sincerity)
- 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"

| External Environment |
Increasing climate change risks
GX
Expansion of decarbonization investment
Spread and advancement of AI

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A lineup of high-value-added products that achieve "CO_2 reduction," "energy savings," and "labor savings" to resolve social issues

Energy savings / CO_2 reduction / Water savings / Labor savings

Contributing to "CO_2 Reduction," "Energy Savings," and "Labor Savings"

Heat Exchanger Segment

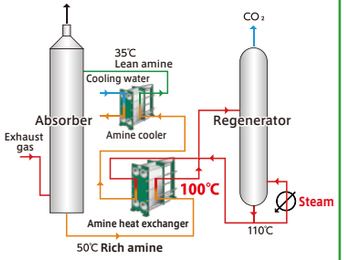
Business Strategy P29

Plate heat exchangers for CO_2 capture plants

✓Contributes to energy savings in the CO_2 capture process through heat transfer plates with high heat recovery performance that efficiently recover the thermal energy used in the CO_2 separation and capture process, together with gaskets offering enhanced durability against amine-based solvents.



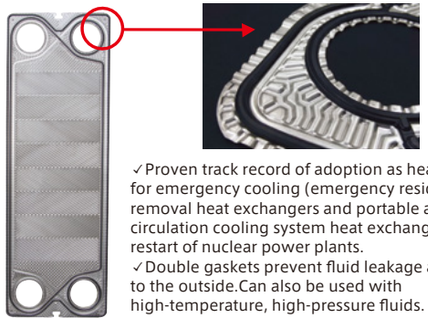
CO_2 capture plants





SX-80 Plate Heat Exchangers for CO_2 Capture Plants

Double-seal structure heat exchangers used in nuclear power plants

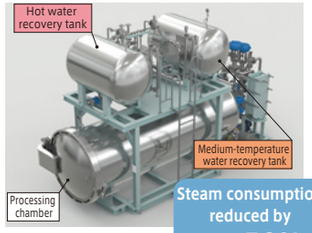


✓Proven track record of adoption as heat exchangers for emergency cooling (emergency residual heat removal heat exchangers and portable alternative circulation cooling system heat exchangers) in the restart of nuclear power plants.
✓Double gaskets prevent fluid leakage and scattering to the outside.Can also be used with high-temperature, high-pressure fluids.

Process Engineering Segment

Business Strategy P31

"Ultra Energy-Saving" Medium-Temperature Water Recovery Heat Pasteurization/Sterilization Systems



Steam consumption reduced by up to 50%*

✓Proposes the installation of hot water recovery tanks as an option for high-temperature, high-pressure pasteurization/sterilization systems for food and pharmaceutical applications.
✓Certified as "Designated Equipment" by SII.
* Sustainable open Innovation Initiative

* Compared with our conventional machines

Steaming-type fully automatic continuous sterilization and cooling system

✓Being a steam type that requires no hot water, it significantly reduces steam and water consumption.
✓Fully automated from product loading to unloading, it also makes a major contribution to labor savings.



Steam consumption reduced by up to 70%*

* Compared with the boiling tank method; based on our own research

Fully automatic continuous sterilization and cooling system "Lift Steamer Z"

Remote monitoring system "HisaMoni"

✓Utilizes IoT technology to remotely monitor the operating status of customers' equipment, providing expert diagnostics, preventive maintenance, and prompt support.
✓Contributes to labor savings at customers' plants by reducing equipment downtime and improving productivity.



Remote support



Cloud system for storing equipment information

Valve Segment

Business Strategy P33

Automatic valves, automation-related option proposals, and various application-specific valves

✓Automatic control achieved by combining valves with actuators (automatic drive units) and control/monitoring devices.
✓Supports remote operation and fail-safe action in the event of abnormalities, contributing to equipment automation and labor savings as well as safe, stable operation.
✓Meets needs such as energy savings, labor savings, and longer service life through individually optimized designs based on customer requirements.





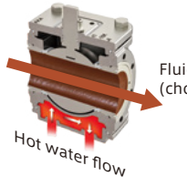
"G45" three-way valve for gases, limited to semiconductor production lines (achieving a longer service life)

Ball valve with actuator

Semi-jacketed ball valves for chocolate



Semi-jacketed two-way/ four-way ball valves





Pig (in-pipe cleaning device)

✓Prevents solidification of the fluid by keeping the lower part of the valve warm with hot water. Efficiently heats and keeps warm only the necessary areas, contributing to reduced heat medium consumption and a more compact design.
✓Compatible with in-pipe cleaning using pig systems; their use contributes to improved yield, reduced water consumption during pipe cleaning, and labor savings.

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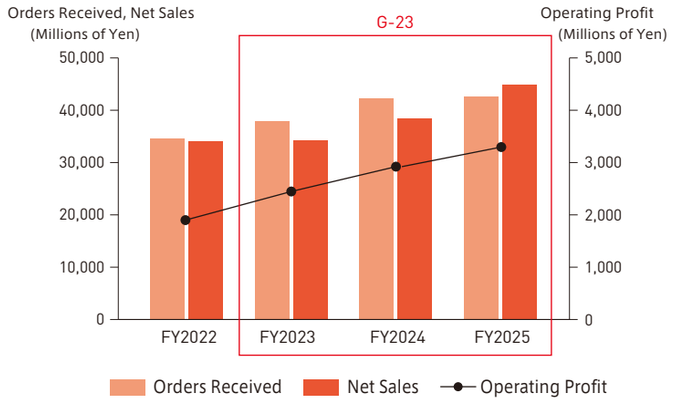
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Review of the FY2023-FY2025 Previous Medium-Term Management Plan "G-23"

Consolidated net sales exceeded ¥40.0 billion, a record high. We established a growth foundation for the future.

| Performance overview |

The three core businesses grew steadily. Over the three years from FY2022, the final year of G-20, net sales increased by 31.7% to a record high and operating profit rose by 72.8%, achieving sustainable growth. In addition to the growth in operating profit, gains on the sale of shares accompanying the reduction of strategic shareholdings also contributed, and profit attributable to owners of parent increased by 69.0% over the three years.



| Results of building the growth foundation |

- ✓Growth strategy: Began the establishment of the new Ikoma Plant and the restructuring of the Konoike Plant
- ✓Strengthening the management foundation: Established new overseas bases (UAE, Qatar, Vietnam)
  Reorganization of Group companies (launch of Hisaka Products; Automatic System Research to be merged into Komatsugawa Chemical Engineering*)
- ✓Capital policy and shareholder returns: Measures to realize management conscious of the cost of capital and the stock price, raising dividend levels, and acquisition and cancellation of treasury shares

* Merger on April 1, 2026

| Summary of the four priority measures of G-23 |

Priority measures	Results of initiatives	Ongoing issues
Value-added "new product development," "new market development," and "new business creation"	Development of new products and services contributing to energy and labor savings, and strengthening of product lineups for new markets (Examples) Ultra energy-saving heat pasteurization/sterilization systems, next-generation general-purpose heat exchanger "ZEX," PFA-lined ball valves, high-pressure floating ball valves	Accelerating new product development Promoting new business development
Strengthening the "parts and maintenance business"	Strengthened collaboration with service partner companies and enhanced domestic services Enhancement of overseas maintenance services, including the Middle East Expansion of sales in the parts and maintenance business	Increasing the ratio of parts and maintenance business net sales Building and strengthening a preventive maintenance structure
Improving productivity	Introduction of high-efficiency production lines at the Ikoma and Konoike Plants Promotion of DX in operations (renewal of core systems and improved efficiency through the uptake of business applications)	Advancing DX and data utilization Visualizing the capital efficiency improvement effects of productivity gains
Securing and developing human resources	Securing new graduates and work-ready personnel Renewal of employee treatment systems and implementation of measures to improve well-being	Securing human resources for sustainable corporate growth and employee development (instilling the corporate philosophy and strengthening execution capabilities)

Ongoing issues will be reflected in the next medium-term management plan

(Millions of Yen)

	G-20	G-23		
	FY2022	FY2023	FY2024	FY2025
Orders Received	34,621	37,999	42,269	42,591
Net Sales	34,074	34,180	38,353	44,890
Operating Profit	1,912	2,457	2,930	3,303
Ratio of Operating Profit (%)	5.6	7.2	7.6	7.4
Ordinary Profit	2,392	2,896	3,391	3,620
Profit Attributable to Owners of Parent	2,040	2,420	3,782	3,449
ROE (%)	3.7	4.2	6.3	5.6
Sales by Segment	H: 13,418 P: 15,869 V: 4,696 Other: 90	H: 15,161 P: 13,977 V: 4,954 Other: 87	H: 16,152 P: 17,158 V: 4,954 Other: 88	H: 17,229 P: 22,405 V: 5,183 Other: 72

H: Heat Exchanger/ P: Process Engineering/ V: Valve

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Management Vision "Challenge for Climate Change"

"The worsening of climate change," the starting point of every social issue. We regard this as an issue deeply connected to HISAKA's business and will tackle it head-on.



Akihito Adachi

Director,
Senior Managing
Executive Officer,
Technical &
Development fields







| Background to establishing the management vision |

Climate change is an urgent issue that must be addressed on a global scale. Its impacts are not a matter for the future; they have already become apparent in various aspects of society, including the intensification of extreme weather and natural disasters and effects on the stable supply of food and pharmaceuticals.

As a member of global society, and in particular as a manufacturer engaged in monozukuri that is in a position to affect the environment through its business activities, we have a responsibility to face these issues head-on and contribute to the realization of a sustainable society. At the same time, our three segments—heat exchangers, process engineering, and valves—are business domains that can contribute directly or indirectly to energy savings and CO_2 emissions reductions that help curb climate change itself, as well as to resolving social issues surrounding food, health, and water resources brought about by climate change.

To clarify these responsibilities and the role we should fulfill, and to demonstrate our determination to achieve both the resolution of social issues and the enhancement of corporate value through our business, we have newly established the management vision "Tackling Climate Change." We will share this vision as a common guideline across the Group and aim to be a company in which each and every employee works toward its realization through their own duties.

| Action Policies |

1. Contributing to customer energy conservation and CO_2 reduction through products and services

- CO_2 capture/LNG plant-related equipment/ plate heat exchangers for next-generation innovative reactors (SMR)
- Proposals for waste heat recovery using heat exchangers, etc.



2. Contributing to solutions for various social challenges caused by climate change

- Safe and secure food supply and healthcare provision
  Food: retort food/liquid sterilization
  Medical: vaccine cultivation, infusion sterilization
- Effective utilization of water resources (water-saving dyeing and finishing equipment), etc.



3. Promoting effective energy utilization in business activities

- Initiatives based on TCFD recommendations
- Promotion of GHG emission reduction, etc.



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FY2026-FY2028 Medium-Term Management Plan

-Challenge for Climate Change-
Challenge 2028

To put the management vision "Taking on the Challenge of Climate Change" into practice, we have formulated the medium-term management plan "Challenge2028." Under this plan, we will pursue both the resolution of social issues and the generation of profits through the practice of this vision. In addition, we aim to achieve sustainable growth and enhanced corporate value through our "growth strategy" and "foundation strengthening."

| Basic policy |

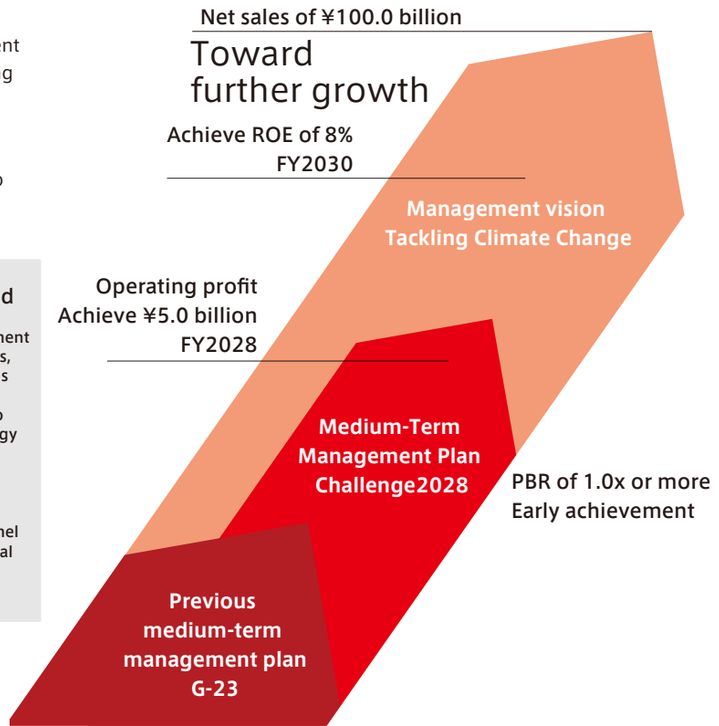
Under the medium-term management plan "Challenge2028," centered on putting the management vision "Challenge for Climate Change" into practice, we will promote energy savings and CO_2 reduction through our products and services, contribute to resolving social issues brought about by climate change, and advance the effective use of energy in our business activities.
With growth strategy and foundation strengthening as the two wheels of our efforts, we aim for operating profit of ¥5.0 billion or more in FY2028, ROE of 8% or more in FY2030, and PBR of 1.0x or more at an early stage. In our growth strategy, the cash generated by strengthening the competitiveness of existing businesses will be reallocated to priority areas, advancing the optimization of our business portfolio.
We will also strengthen our management foundation through initiatives to enhance human capital and improve productivity, thereby supporting our growth strategy.

| Changes in the external environment and our recognition |

In the global economy, the industrial structure is undergoing major change against the backdrop of the promotion of decarbonization and GX and the expansion of the data center and semiconductor markets accompanying the spread of AI. In addition, amid labor shortages in the manufacturing industry, demand is rising for equipment and solutions that achieve automation and labor savings. On the other hand, the management environment surrounding the Company is becoming increasingly severe, with slowing capital investment in existing core markets due to economic fluctuations, soaring manufacturing costs, shortages of human resources, and demands for improved capital efficiency. While steadily capturing these business opportunities, we will respond appropriately to risks, build a business foundation resilient to change, and aim for medium- to long-term value creation.

| Positioning within our long-term business development |

We will maximize the effects of the investments made during the previous medium-term management plan period and establish a business foundation that supports further growth. Along with working to improve the earning power of existing businesses, we will also promote the creation of new businesses that will serve as a fourth pillar.



Challenge2028

- ▶ Putting the Management Vision "Challenge to Climate Change" into Practice
- ▶ Achieving sustainable growth and enhancement of corporate value
- ▶ Achieving operating profit of 5,000 million yen or more in FY2028
- ▶ Achieving ROE of 8% or more in FY ending March 2031, aiming to achieve PBR of 1x or more at an early stage

Business opportunities

- ▶ Expansion of the decarbonization, new energy, new fuel, and GX markets
- ▶ Expansion of policy support for growth industries
- ▶ Expansion of the data center and semiconductor markets accompanying the spread of AI
- ▶ Growing automation needs due to labor shortages in manufacturing and the declining number of skilled engineers

Issues to be addressed

- ▶ Slowdown in capital investment due to economic fluctuations, and impacts on supply chains from geopolitical risks
- ▶ Declining profitability due to rising raw material and energy prices and labor costs
- ▶ Loss of technologies and know-how due to human resource shortages and the retirement of skilled personnel
- ▶ Lower evaluation from capital markets due to delays in improving capital efficiency

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We will strengthen the earning power of our existing businesses and expand into growth areas, thereby achieving sustainable growth and enhanced corporate value.

| Priority Strategies |

Under the Medium-Term Management Plan "Challenge2028," we position strengthening the earning power and competitiveness of our existing businesses and optimizing our business portfolio as the pillars of our growth strategy.As the foundation supporting these pillars, we will work to strengthen human capital, improve productivity, and enhance capital efficiency and corporate value.

Growth Strategy

Strengthening the earning power and competitiveness of existing businesses

(1) Improvement of existing products and development of new products
(Energy-saving and labor-saving solutions closely aligned with customer needs)
(2) Strengthening long-term relationships with customers
(Strengthening the parts, maintenance, and software businesses)
(3) Pricing strategy and strengthening cost competitiveness

Optimization of the business portfolio

(4) Creation of new businesses and development of new markets
(Expansion into decarbonization and environment-related fields)
(5) Reallocation of management resources to priority areas

Strengthening the Management Foundation

Strategic strengthening of human capital
- Securing and developing human resources
- Instilling the management philosophy and strengthening execution capabilities

Productivity improvement
- Strengthening KPI management
- Improving operational efficiency through digitalization and other measures

Enhancement of capital efficiency and corporate value
- Measures to realize management conscious of the cost of capital and the stock price
- Strengthening governance

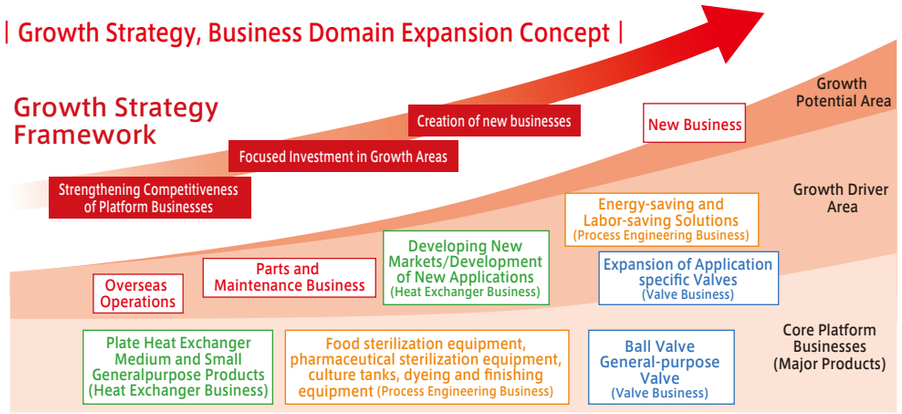
| Strategies by Business |

Heat Exchanger Segment	Process Engineering Segment	Valve Segment
● Supply of heat exchangers for CO_2 recovery and waste heat recovery ● Development and market establishment of next-generation general-purpose models ● Strengthening the maintenance business	● Provision of products and services that contribute to energy saving and labor saving ● Expansion of after-sales services and stimulation of after-sales demand ● Improved efficiency and reduced manufacturing costs through standardization of core models	● Development and supply of new products related to new energy ● Development of new products for priority markets ● Cost reduction through improvement of existing products

| Growth Strategy |

We will enhance the competitiveness of our core businesses (mainstay products) to build a stable earnings base, while intensively investing the cash generated into growth areas. Through optimization of our business portfolio, we will strategically reallocate management resources to growth fields and accelerate the monetization of growth areas, thereby driving the Company's growth. In addition, we will work to create new businesses that will become new pillars of our operations, leading to medium- to long-term business expansion. To promote this growth strategy, we have identified our main priority markets. Of the 17 strategic fields designated by the government, six fields—including AI and semiconductors as well as shipbuilding—represent markets related to the Group's business domains. In addition, we have selected five fields—including energy saving, labor saving, and the after-sales market—as markets and demand areas that the Group emphasizes, and we will aim to create new business opportunities and achieve sustainable profit growth.

| Growth Strategy, Business Domain Expansion Concept |



Major Focus Markets

Market related to the business domains of our group among 17 strategic fields of the government	■AI/Semiconductors ■Digital/Cybersecurity ■Shipbuilding ■Drug Discovery/Advanced Medical Care ■Resources/Energy Security/GX ■FoodTech
Other markets and demand emphasized by our group	■Energy savings (environmentally-friendly products, etc.) ■Labor savings (automation equipment, etc.) ■Aftermarket ■Chemical industry (Fine Chemicals) ■Overseas markets

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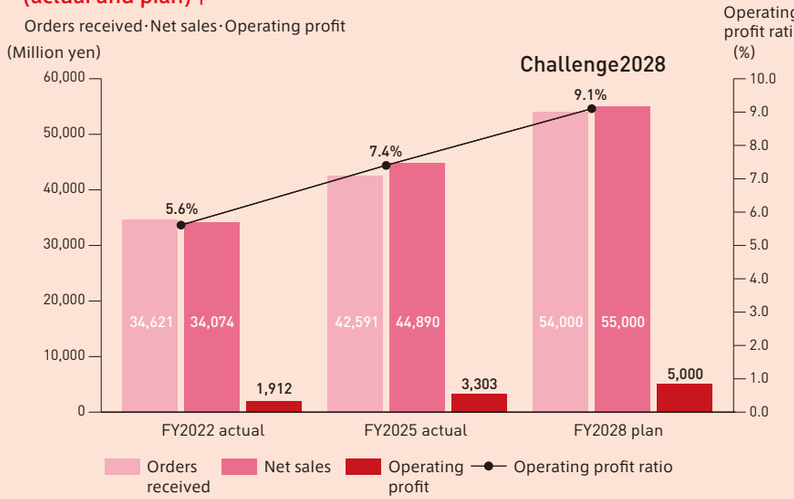
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Accelerating growth toward achieving the Challenge2028 targets.

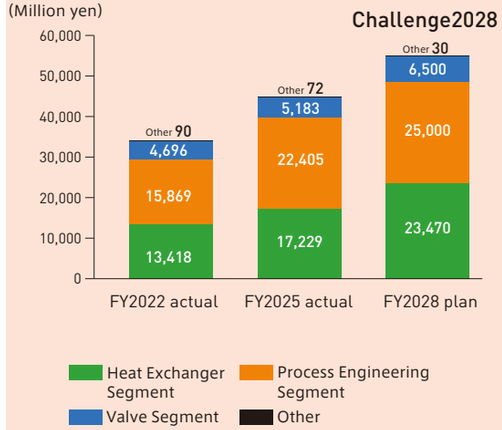
By steadily implementing the Medium-Term Management Plan and expanding the performance of our three businesses, we aim to achieve the Company's first-ever net sales of ¥55.0 billion and operating profit of ¥5.0 billion in the final fiscal year, FY2028. In terms of capital efficiency, we will work toward improvement with targets of ROE of 7.0% and ROIC of 5.5% in FY2028. The Challenge2028 targets are an important milestone toward achieving our future goals.



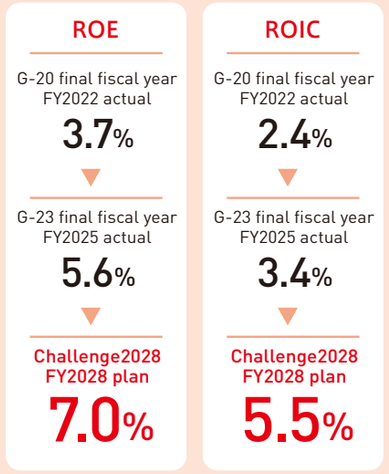
| Trends in orders received, net sales, and operating profit (actual and plan) |



| Trends in net sales by business (actual and plan) |



| Trends in ROE and ROIC (actual and plan) |

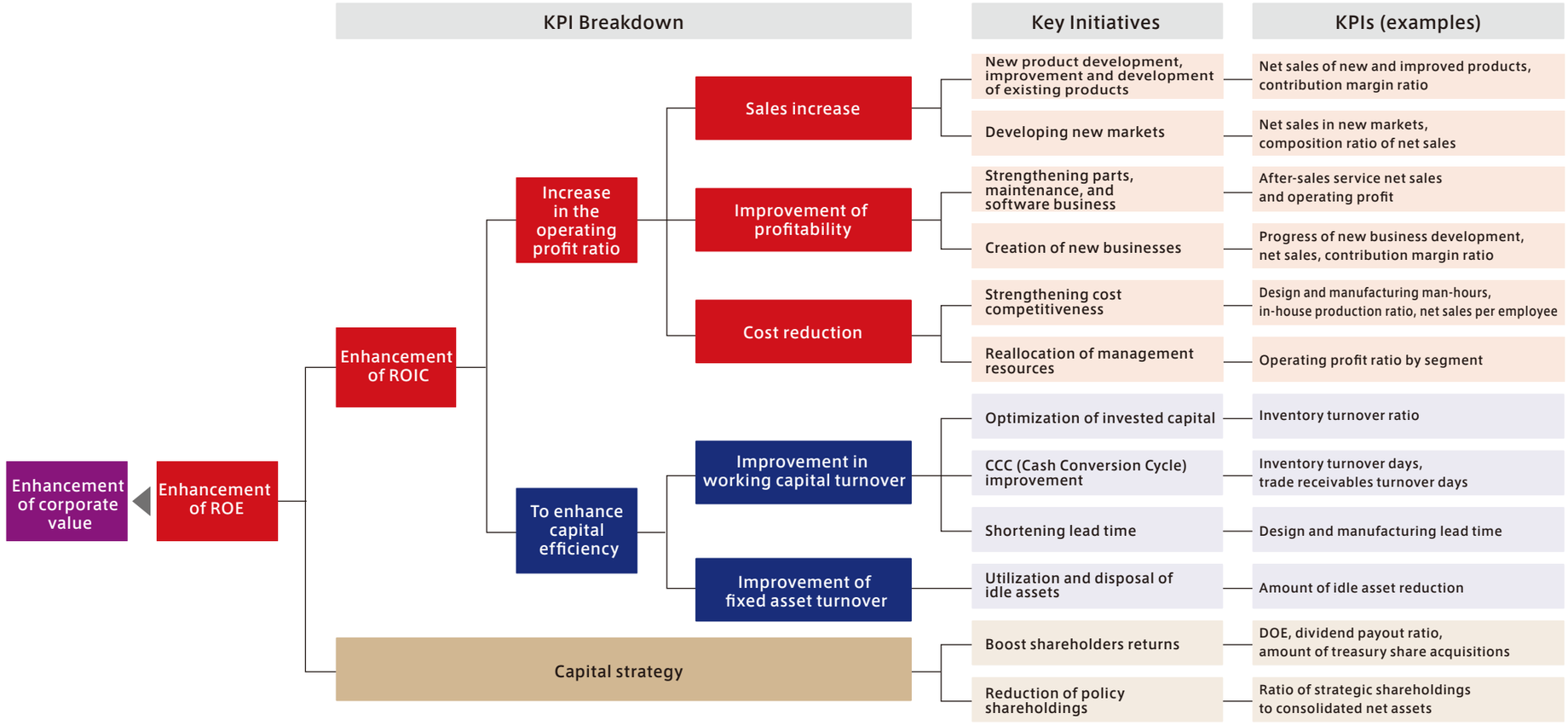


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Using the ROIC tree as an execution management tool to improve ROE. We will work to improve capital efficiency at the front-line level through KPI management.

We position the improvement of ROE as a key management indicator for sustainably enhancing corporate value, and since the current Medium-Term Management Plan we have been conducting KPI management using an ROIC tree in order to achieve ROE of 8% at an early stage. By visualizing the connection between capital efficiency indicators and the activities of each business and department and by setting KPIs, we are translating ROIC-based management into actions at the department, section, and individual levels. In addition, not only the business divisions but also management and the Board of Directors will regularly monitor and verify the progress of KPIs, leading to improvements in our measures.



Capital Strategy Details P19

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Financial and Capital Strategies



Hiroshi Hatano
Director, Senior Executive Officer
Administration, Management Strategy, and Investor Relations fields

Creating a virtuous cycle of growth through disciplined capital allocation. We will enhance our profit-generating capability and capital efficiency to achieve a sustainable improvement in corporate value.

Strengthening management resilience in preparation for changes in the business environment

The environment surrounding the manufacturing industry is at a major turning point, and against the backdrop of the expansion of the decarbonization market and the spread of AI, the technologies and solutions that customers seek are becoming more sophisticated and diverse. Meanwhile, in the capital markets, calls for management conscious of the cost of capital and the stock price are growing stronger. In this environment, we recognize that it is important to enhance capital efficiency while prioritizing investment for future growth.
In addition, uncertainties surrounding our management are increasing, including changes in the political and economic conditions of various countries, exchange rate fluctuations, and rising procurement costs and impacts on delivery times due to instability in supply chains. In particular, as a result of the situation in the Middle East, concerns over the supply of various ancillary materials such as adhesives temporarily emerged. Although the situation has now stabilized, in light of this experience we are strengthening our procurement system with an emphasis on stable supply, including diversifying and establishing multiple procurement sources and securing appropriate safety stock. Furthermore, while maintaining financial discipline, we will establish a flexible financing structure that also incorporates borrowings, thereby supporting both business continuity and growth investment.

Leveraging the growth foundation built under the previous Medium-Term Management Plan "G-23" to drive business expansion and profit growth

During the previous Medium-Term Management Plan "G-23" period, we actively advanced the development of a foundation for future growth, including building a highly efficient production system and strengthening R&D functions through the opening of the Ikoma Plant, and commencing productivity improvements through the restructuring of the Konoike Plant. Over the three-year period, we spent a total of ¥12.5 billion on growth investments and other items.
The results are steadily beginning to appear, with net sales reaching a record high of ¥44.8 billion in FY2025, the final year of the plan. Although there was an impact from cost increases exceeding expectations, operating profit was ¥3.3 billion and ordinary income was ¥3.6 billion, and all three of our main businesses achieved stable growth. On the other hand, expanding the scale of sales alone is not sufficient to further enhance corporate value. We believe it is essential to link the growth foundation we have built to date to solid profit generation and, by increasing operating cash flow, to improve capital efficiency.

Realizing a virtuous cycle of profit growth through disciplined growth investment

Under the Medium-Term Management Plan "Challenge2028," we will give priority to allocating ¥9.5 billion to ¥12.5 billion—comparable to the previous plan period—to growth investment, funded by operating cash flow and the sale of strategic shareholdings, among other sources. As a manufacturing company, we believe that the sources of our growth lie in our production capabilities, technological capabilities, and human resources. Accordingly, we will intensively invest the cash generated in fields that lead to sustainable growth, such as strengthening our production system, developing new products and new businesses, and developing and securing human resources. We will also consider M&A that contributes to strengthening our medium- to long-term earnings base in line with our growth strategy.
Going forward, in addition to the scale of investment, we will place greater emphasis on investment returns and capital efficiency. While advancing the optimization of our business portfolio and reallocating management resources to priority areas, we will thoroughly assess the profitability and recoverability of each individual investment project and rigorously allocate resources in ways that lead to future profit growth.
We position research and development as a long-term investment that will lead to the growth of existing businesses and the creation of new businesses over a time horizon of roughly ten years. We also regard investment in human resources as an investment in the foundation that supports our sustainable growth. We will promote human capital investment, such as recruitment activities, enhancement of education and training systems, and encouragement of qualification acquisition, thereby strengthening our competitiveness in the fields of development, design, manufacturing, and sales.
In order to link the results of these investments to profit generation, we will

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continuously manage the progress of each measure and make necessary improvements while running the PDCA cycle. In this way, by enhancing our profit-generating capability and reallocating the cash generated to growth investment, we will realize a virtuous cycle that leads to further growth.

Enhancing corporate value through improvement of ROE and PBR

The indicator we place the greatest emphasis on for enhancing corporate value is ROE. This is because it comprehensively represents the earning power and capital efficiency of our businesses.

ROE for FY2025 was 5.6%, falling below the cost of shareholders' equity of 6% to 8% that we recognize. We believe that the first step in meeting market expectations is to achieve an ROE that stably exceeds the cost of shareholders' equity. To improve ROE, we will promote the expansion of our stock-type business centered on after-sales services, improve productivity, and provide high-value-added products and services, thereby enhancing the earning power of our businesses. Furthermore, by utilizing the ROIC tree to visualize the connection between the activities of each business and management indicators and by strengthening KPI management, we will establish a culture in which each business makes management decisions with an awareness not only of net sales but also of profit and capital efficiency, aiming to achieve both business growth and improved capital efficiency. In particular, we are working on a company-wide basis to improve our CCC (cash conversion cycle). By improving the turnover ratios of trade receivables and inventories, we will optimize working capital, strengthen our ability to generate operating cash flow, and thereby improve ROE.

On the other hand, the indicator that we currently view as our greatest challenge is PBR. Our PBR stood at approximately 0.7x as of the end of June 2026, and we recognize that we face challenges both in achieving profitability that exceeds our cost of capital and in building expectations for future growth.

Since PBR is expressed as the product of ROE and PER, we intend to steadily improve ROE while deepening understanding of our medium- to long-term growth potential through enhanced IR activities, thereby raising our market valuation.

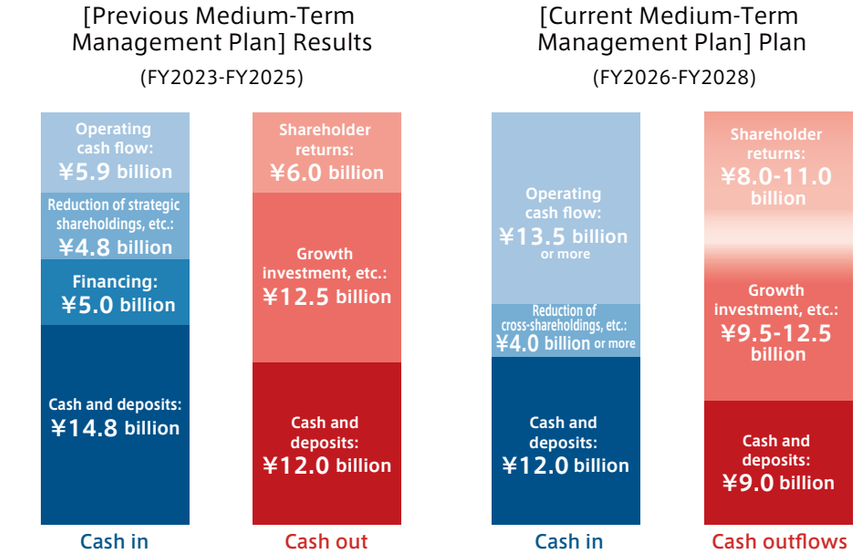
Action to Implement Management that is Conscious of Cost of Capital and Stock Price (Progress Report)
Details are available on our website.

A capital policy that balances growth investment and shareholder returns

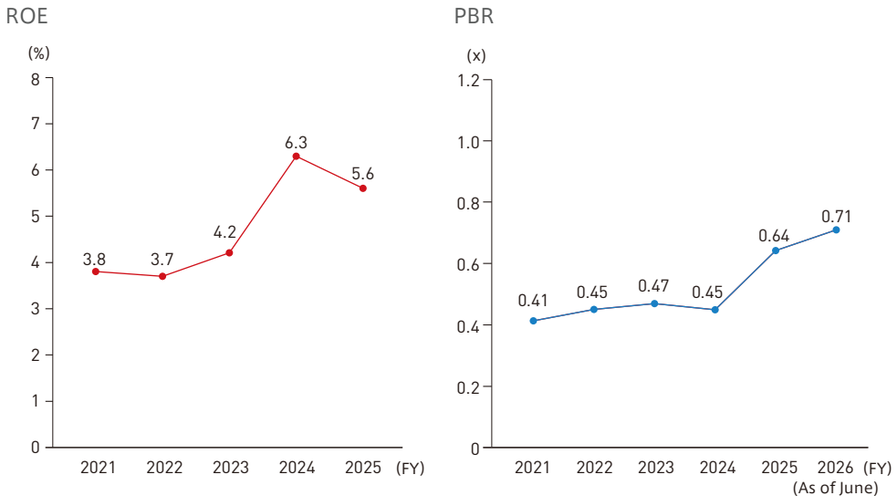
Our basic capital policy is to balance investment for sustainable growth with shareholder returns while maintaining financial soundness. Under the current medium-term management plan as well, while giving top priority to investment for future growth, we plan shareholder returns of ¥8.0 billion to ¥11.0 billion, including share buybacks. This exceeds the level of the previous medium-term management plan.

Shareholder returns are an important management issue, both for sharing the results of our corporate activities with shareholders and for enhancing trust from the capital markets. "While taking into account the balance with internal reserves, we strive to pay dividends with a ratio of dividends to consolidated net assets (DOE) of 2.0% or more, and we strive to pay dividends with a payout ratio of 30% or more." Based on this profit distribution policy, and in light of factors such as net sales exceeding ¥40.0 billion in FY2025 to reach a record high, we raised the annual dividend from ¥45 to ¥55 per share.

● Cash allocation chart



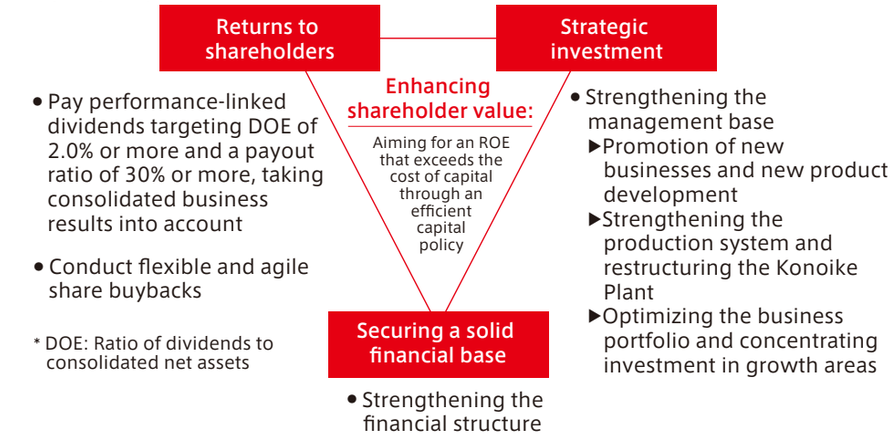
● Trends in ROE and PBR



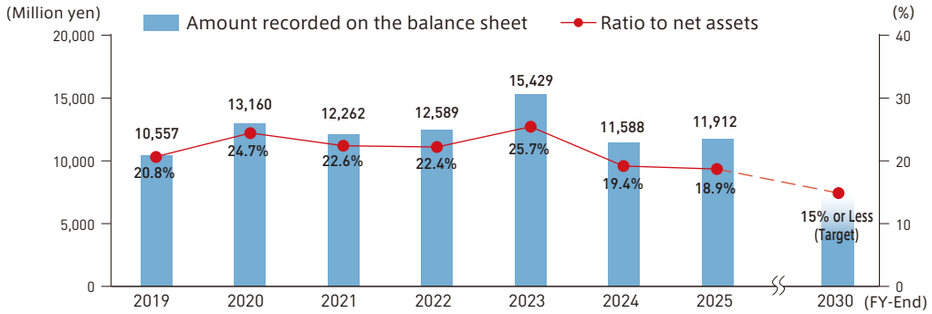
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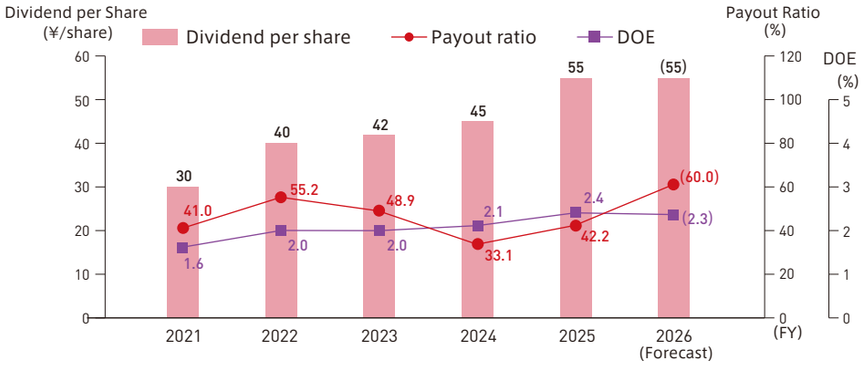
● Capital policy



● Trends in strategic stockholdings:



● Trends in dividends:



In addition, we repurchased 1.0 million shares, equivalent to 3.7% of the total number of shares outstanding, for a total acquisition amount of ¥1.34 billion. For FY2026, based on our policy of providing stable and continuous shareholder returns, we plan to maintain the annual dividend at ¥55 per share, the same level as the previous fiscal year, with a DOE of 2.3% and a payout ratio of 60%.
In addition, we positioned the reduction of strategic stockholdings as a key measure during the previous medium-term management plan period, and have continuously reviewed our holdings from the perspective of optimizing the balance sheet while verifying the appropriateness of the purpose of holding. In FY2025, we reduced holdings by approximately ¥1.2 billion, bringing the balance as of the end of FY2025 to ¥11.9 billion (excluding shares held for pure investment purposes), equivalent to 18.9% of consolidated net assets. We will continue to conduct reviews and further reduce these holdings, aiming to bring this ratio to 15% or less by the end of FY2030.

Connecting constructive dialogue with the market to management

As the officer responsible for finance, I recognize that IR activities that build relationships of trust with the market are one of my important roles. We believe it is important to disclose and communicate information useful for investment decisions, in both financial and non-financial terms, in a timely and appropriate manner, and to deepen understanding of the Company through repeated constructive dialogue with shareholders and investors.
Specifically, in addition to holding financial results briefings for analysts and institutional investors at the second quarter and fiscal year-end, we hold individual meetings and small meetings with institutional investors on an ongoing basis. We also widely disclose various information, including briefing materials, on our website, striving to communicate information that helps individual investors deepen their understanding of the Company. Furthermore, we are working to expand opportunities for shareholders to feel closer to our business, such as by holding plant tours of the Ikoma Plant.
Going forward, through such initiatives we will further enhance management transparency and further enrich our dialogue with shareholders and investors. In addition, opinions and proposals obtained through dialogue are shared with management and the Board of Directors, and we will continue to reflect them in our consideration of management strategies and various measures. Through these IR activities, we will deepen mutual understanding with the market and improve the quality of our management.

Continuing to provide financial support for the future

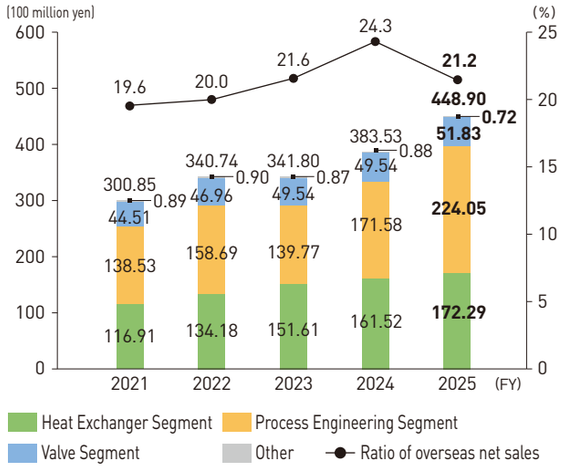
As the officer responsible for finance, I will support the steady execution of the medium-term management plan from a financial perspective, strengthen our ability to generate operating cash flow through profit growth, and appropriately allocate the cash generated to growth investment and shareholder returns, leading to further growth.
So that the entire Group achieves sustainable growth and becomes a company trusted by the capital markets, we will work to enhance corporate value while deepening our shareholders' and investors' understanding of the Company.

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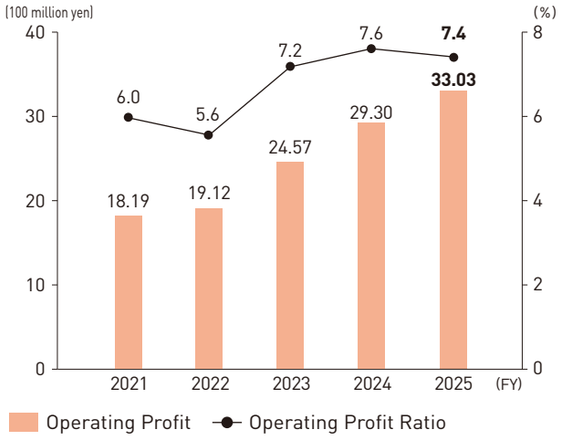
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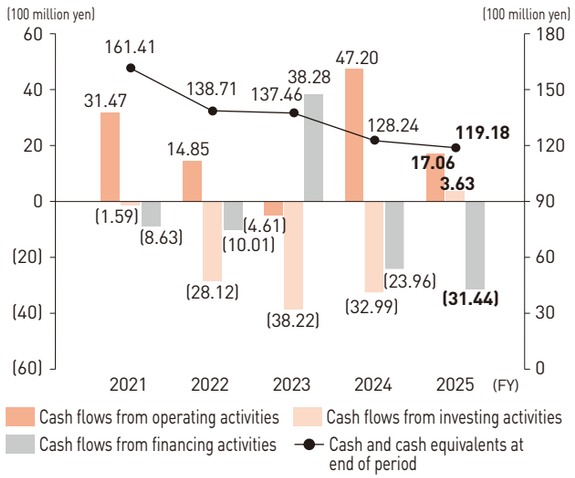
● Segment Net Sales and Ratio of Overseas Net Sales



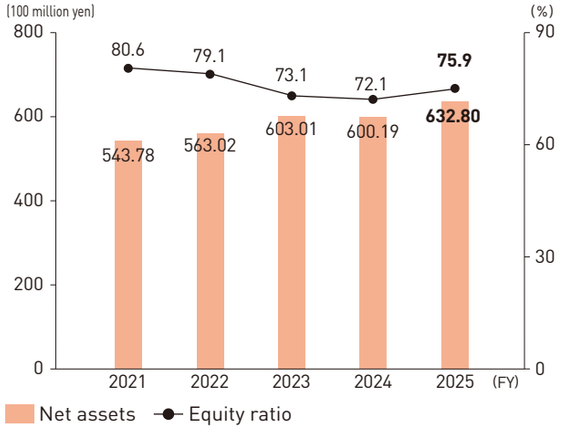
● Operating Profit and Operating Profit Ratio



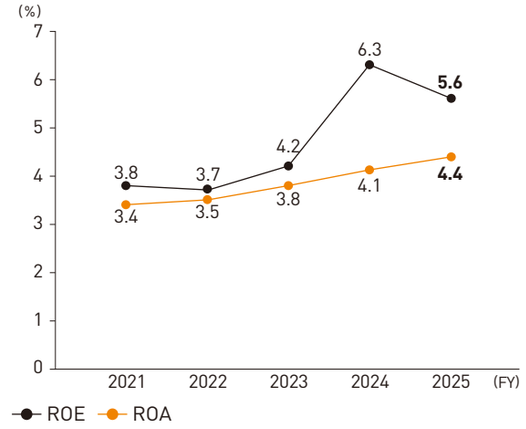
● Cash Flows and Cash and Cash Equivalents at End of Period



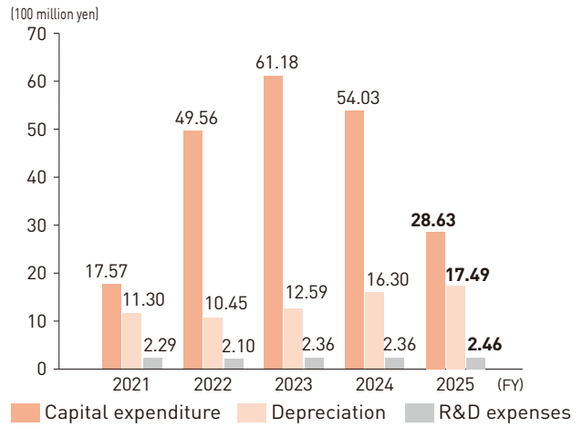
● Net Assets and Equity Ratio



● ROE and ROA



● Capital Expenditure, Depreciation, and R&D Expenses



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Human Resources Strategy



Yoshiaki Imano
Senior Executive Officer,
Human Resources and
General Affairs fields,
And Ikoma Plant Manager
and General Manager of
Corporate Management 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

| Initiatives to Develop and Recruit Human Resources |

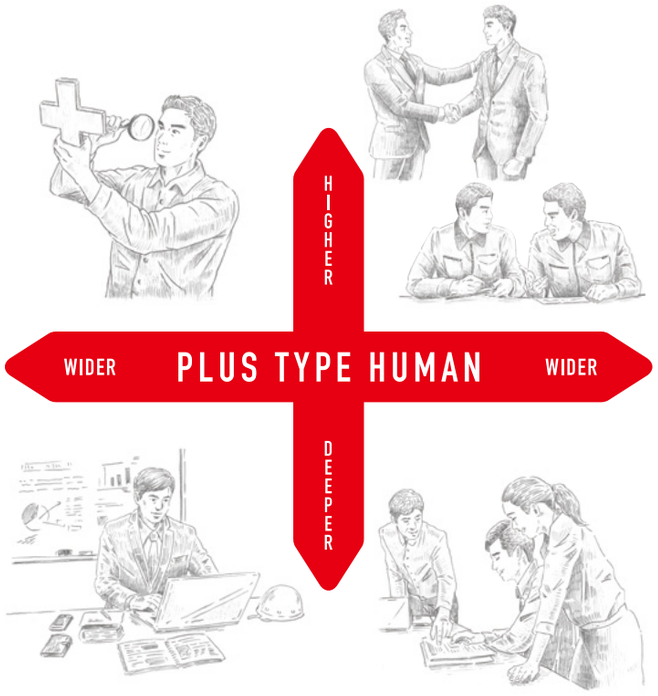
Linkage with the medium-term management plan

The importance of human capital in today's business activities goes without saying, and at our company we conduct our daily activities with our ideal human resource profile, "+ (plus)-type human resources"-based on the concept of "higher, broader, deeper" advocated by our founder-at the center of our initiatives.
The medium-term management plan "Challenge2028" sets forth "securing and developing human resources" and "instilling our corporate philosophy and strengthening execution capabilities." To realize these policies, we will roll out various measures related to human resource development and organizational development, with the highest priority placed on firmly establishing the new compensation system fully introduced in FY2024. In particular, for securing human resources, we have divided our efforts into "acquisition" and "retention," and are expanding measures to strengthen our recruiting capabilities and to provide follow-up after assignment.

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.

● Our Vision of Plus-Type Human Resources



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

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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.

Policy Underlying Our Personnel Measures

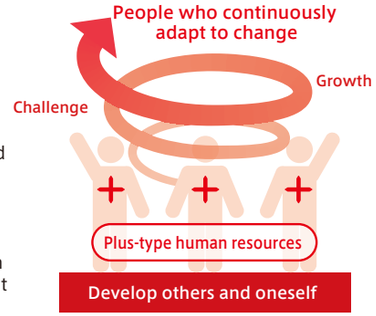
In light of the characteristics emphasis of our business on collaboration across the internal value chain, we recruit and develop human resources on the premise of long-term employment. We provide stable long-term employment to our people and deepen our bonds as a community in safe and secure relationships. 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 FY2024 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 FY2025, 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.



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.

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Special Feature

Value Creation Story for the Society of the Future

1

Environment Value × Social Value

Delivering "deliciousness" to the world and stability to the "future of food."

Aseptic packaged cooked rice plants respond to expanding markets and overseas export needs, supporting food infrastructure in the age of climate change.



Ikoma Plant (Production Base for the Process Engineering Segment, Opened in January 2024)



Toward food manufacturing infrastructure that meets expanding markets and export needs.

In recent years, the advance of climate change has made natural disasters more severe and more frequent, while the risks of instability in the global food supply have grown more diverse and more serious. In such an era, aseptically packaged cooked rice, which can be stored at room temperature for long periods and used both as an everyday meal and as emergency stockpile food, also contributes to reducing food loss and has become a vital part of society's food infrastructure. In addition, thanks to its convenience and long shelf life, demand for it as an everyday meal among single-person households, dual-income households, and the elderly is also rising amid changes in family structures and eating habits. The domestic market for aseptically packaged cooked rice/retort rice in FY2025 is projected to reach ¥108.8 billion*1, up 4.7% year on year. In addition to steady growth in the domestic market, the value of exports is increasing at a pace of around 30% per year*2, supported by the Ministry of Agriculture, Forestry and Fisheries' push to strengthen exports of domestic agricultural products, and further expansion into the U.S. and Asian markets is also anticipated. Our aseptically packaged cooked rice plants are large-scale, fully automated and unmanned production lines that answer these social needs. In March 2026, we delivered a factory line with an annual production capacity of approximately 40 million servings. With a long record of deliveries in Japan and overseas, approximately 20%*3 of Japan's packaged cooked rice is supplied by HISAKA lines.

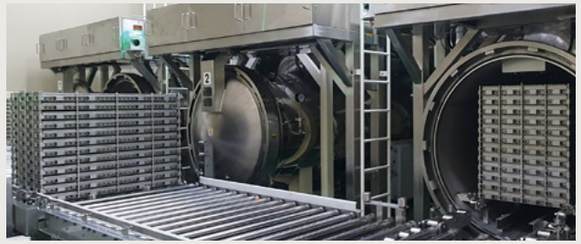
*1 Fuji Keizai, April 2026
*2 Actual export values for 2022-2025 (Ministry of Agriculture, Forestry and Fisheries, April 2026)
*3 Food Supply and Demand Research Center, "Survey of Food Industry Trends"; share based on our own research

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POINT 01 Comprehensive engineering and customization capabilities for large-scale plants

An aseptically packaged cooked rice plant is a large-scale line in which sterilization, rice cooking, conveyance, inspection, and control are designed as an integrated whole. In FY2025, we completed a production line construction project for a certain domestic company that had been underway for approximately four years, launching a manufacturing base that supports the customer's increased production and export expansion. For this project, while building on HISAKA's strength in "additive-free" technology, we adopted Facilities specifications that allow the addition of acidulants in order to comply with export regulations for the United States. This demonstrated our ability to flexibly customize solutions in line with customers' business strategies and market requirements.



RIC (high-temperature short-time sterilizer) and unmanned cassette conveyance line

POINT 02 RMS and clean control technologies that safeguard safety and great taste without additives

A distinctive feature of our plants is their ability to consistently achieve both great taste and safety in the aseptically packaged cooked rice they produce. This is made possible by RMS (fill water sterilization Facilities), which sterilizes cooking water and supplies it as sterile water; REB (clean steam generator), which purifies the steam that comes into direct contact with Food; and RIC (high-temperature short-time sterilizer), which sterilizes the raw material (rice). By managing the cleanliness of water, steam, and raw materials (including containers and dedicated cassettes) in an integrated manner, we achieve aseptic packaging that enables long-term storage without adding acidulants, delivering a taste close to that of freshly cooked rice. This accumulated commitment to quality has been recognized, and packaged cooked rice produced at our plants has earned high acclaim, including taking first place in rankings by various media outlets.

[RMS (fill water sterilization Facilities)]

Facilities that heat-sterilize the cooking water filled in before rice cooking. Using equipment employed for continuous liquid sterilization, raw water is sterilized and cooled by indirect heating with a tubular heat exchanger and then filled as sterile water into the stock tank upstream of the water-addition unit.



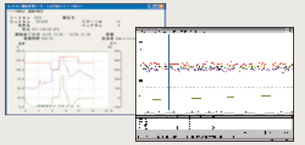
POINT 03 Meeting export and labor-saving needs through visualization of production lines and data management

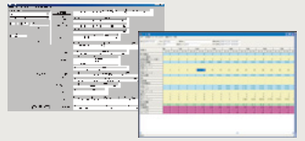
To address overseas exports and labor saving, it is essential to have mechanisms that accurately grasp and manage production status, product history, and facilities abnormalities. Our monitoring system makes it possible to check production volume, line operating status, product passage times, retention times and weights, and details of Facilities abnormalities. Information required for manufacturing and quality control can be grasped centrally; by creating such an environment, we support more efficient management operations and stable operation of production lines.



[Monitoring system]

<Visualization of production lines>
The presence of abnormalities, line capacity values, and other conditions can be checked, and production across the entire line is managed from a host system so that the whole line runs smoothly.
<Traceability system>
A list of passage times, retention times, weight data, number of processed batches, and more can be checked for individual products.
<Data analysis and equipment calibration management>
Abnormalities can be analyzed for the entire facilities or for individual units, and narrowed down by classification.





Supporting safe, reliable food and opening up the future of food infrastructure

HISAKA aims to support food infrastructure that reliably delivers safe, reliable, and delicious cooked rice in both normal times and emergencies. Against the backdrop of increasingly severe natural disasters, rising food supply risks, and growing demand for disaster stockpiles, the need for packaged cooked rice that can be stored long term is increasing.
By leveraging the technologies we have refined and our track record in building large-scale unmanned lines, we realize high-volume, stable production of high-quality cooked rice and contribute to a stable food supply. We also contribute to labor saving, the securing of stable quality, and the reduction of food loss and manufacturing loss.
Going forward, while advancing the R&D of lines for overseas factories, we will work with our customers to help create new markets for packaged cooked rice overseas and promote value creation that supports food infrastructure in the age of climate change.

Value created by aseptically packaged cooked rice plants

Production facilities that meet growing demand

<Market trends (consumers)>
- Increasingly severe natural disasters
- Destabilization of the food Supply
  →Growing Demand for Emergency Food Stockpiles
- Changes in eating habits
- Changes in family structures
  →Expanding needs for individual meals

<HISAKA's strengths>
- Extensive delivery record of large-scale unmanned plants

Technologies that underpin safety and great taste

<Market trends (consumers)>
- Growing Demand for Safe, High-Quality Food

<HISAKA's strengths>
- Sterilization of cooking water
- Clean steam
- Rigorous Sterilization with the cassette system
- Pressurized rice cooking and heat treatment
  →Safe and delicious packaged cooked rice can be produced with only water and rice

Capability to meet export and labor-saving needs

<Market trends (food manufacturers)>
- labor shortages at manufacturing sites
- Government policy to expand exports of domestic agricultural products
- Accelerated overseas expansion to grow markets

<HISAKA's strengths>
- Automation and unmanned operation of lines
- Visualization of production status
- Traceability system
- Customized design
  →Can also comply with export regulations

Social and Environment value created

- Stable Supply of Safe, reliable, and delicious food in both normal times and emergencies
- Contribution to global warming countermeasures through reduction of food loss and manufacturing loss

Our vision

Toward HISAKA's value creation supporting food infrastructure in the age of climate change

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Special Feature

Value Creation Story for the Society of the Future

2

Production base
×
Human resources base
×
New business opportunities

Strengthening the value creation foundation that supports our next stage of growth.

Through the restructuring of the Konoike Plant, we will further evolve our manufacturing foundation for sustainable growth.



Transforming the Konoike Plant into a manufacturing hub that meets future demand.

Following the transfer of the Process Engineering Division to the newly established Ikoma Plant in 2024, the Konoike Plant has been undergoing reorganization as a production site responsible for the Heat Exchanger Division and the Valve Division. With an investment of approximately ¥6.0 billion, we are working to enhance production capacity and productivity while making effective use of the former Process Engineering Division building and existing structures. After the restructuring, we expect output to rise 1.5-fold in the Heat Exchanger Segment and 1.3-fold in the Valve Segment, reaching a production scale of approximately ¥30.0 billion, which, together with the Ikoma Plant, will significantly strengthen the Group's overall production base.
Behind this lies medium- to long-term market growth, including expanded investment in CO_2 capture equipment and new energy fields aimed at achieving carbon neutrality, growing demand in the shipbuilding market toward a doubling of vessel construction by 2035, and expansion of the semiconductor market and data center construction accompanying the spread of AI. The purpose of this restructuring is to meet such demand and to establish a production system that supports the achievement of the medium-term management plan "Challenge2028" targets of ¥55.0 billion in net sales and ¥5.0 billion in operating profit, as well as further growth beyond. From 2025 to 2026, renovation of the Heat Exchanger East Building (the former Process Engineering Building) is proceeding, and offices and new facilities have begun operating in stages. Through this restructuring, HISAKA will evolve its very "ability to create products."



Yoichi Hamada

Senior Executive Officer, Konoike Plant Manager and Special Assignments from the President

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POINT 01 Enhancing supply capability and responsiveness through the renewal of production facilities

In the restructuring of the Konoike Plant, in addition to renovating the buildings, we introduced the latest production facilities into the heat exchanger manufacturing lines, advancing unmanned and labor-saving operations in work processes and improving productivity. This has strengthened our ability to stably supply high-quality products and to respond to future demand growth, achieving an evolution of the production base that supports our sustainable growth.



[MC (machine tool) for small frame machining]

- 60% increase in the number of pieces processed per day
- 10-fold increase in unmanned operating time (77 hours)
  ⇒ Continuous nighttime operation made possible
- Full-cover type compliant with the latest safety standards
  ⇒ Improved worker safety and a better working environment through prevention of chip and cutting oil scattering



[Small frame powder coating equipment]

- 40% increase in the number of pieces processed per day
- Expanded range of available coating colors and a higher automatic coating ratio (reduction of manual processes)
- CO_2 reduction and 90% water savings



[MC for medium and large frame machining]

- Improved production capacity- Improved production capacity
  ⇒ 60% increase in the in-house production ratio
- 2-fold increase in unmanned operating time (12 hours)

POINT 02 Revising the production layout to create a factory with waste-free flow

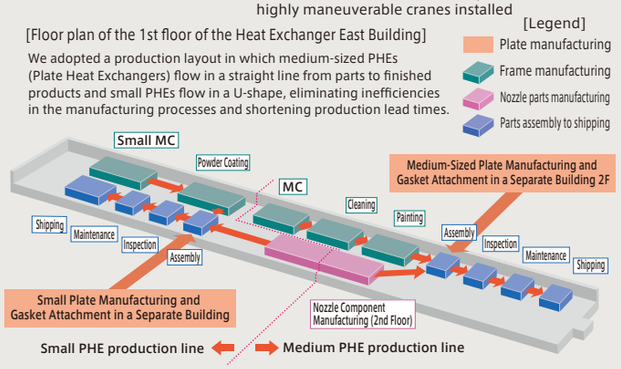
We reviewed our production methods and factory layout, reducing waiting times between processes, accumulation of work-in-process, and unnecessary transport, thereby improving productivity. We will continue making improvements through day-to-day operations. The attitude of recognizing for oneself the "waste" hidden in each department and working to eliminate it also leads to human resource development and the cultivation of a corporate culture through manufacturing.



Overhead cranes were eliminated and compact, highly maneuverable cranes installed

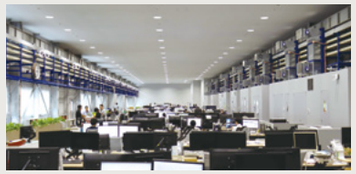
[Floor plan of the 1st floor of the Heat Exchanger East Building]

We adopted a production layout in which medium-sized PHEs (Plate Heat Exchangers) flow in a straight line from parts to finished products and small PHEs flow in a U-shape, eliminating inefficiencies in the manufacturing processes and shortening production lead times.



POINT 03 Leveraging existing buildings to create an office where people and technology connect

On the third floor of the Heat Exchanger East Building, the office floor was renewed as a conversion office making use of the existing factory area. Taking advantage of the open space unique to a factory, we have consolidated the offices onto a single floor and introduced clear zoning to promote communication and improve productivity. In addition, our creative and innovative office design was recognized with the "Kinki New Office Encouragement Award" at the 39th Nikkei New Office Awards.



Under the concept of "All Heat Exchanger," the entire business division has been consolidated onto a single floor. Departments are laid out according to their operational relationships, encouraging communication between departments.





We created a one-stop office that brings together functions such as work spaces, meeting spaces, conference spaces, and employee spaces, while at the same time establishing well-defined zoning that provides an environment where employees can concentrate on their work.





We developed an office that combines energy efficiency with comfort. In addition, by reusing the existing building, we reduced waste and construction costs, and by adopting furnishings made from recycled materials and eggshell-based paint, we worked to reduce our impact on the Environment.

Improvement of the Working Environment

In the Heat Exchanger East Building, we enhanced the factory's air-conditioning environment. This protects the health and safety of workers through heatstroke countermeasures, while also preventing declines in productivity caused by heat.



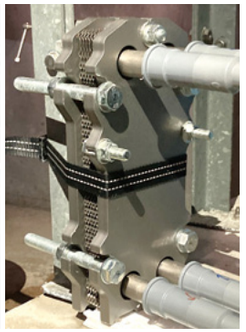
Leveraging our assets to pioneer new technologies and markets

Utilizing the floor space created through the restructuring of our business site, we will launch a demonstration project for heat exchange technology in land-based aquaculture from the autumn of 2026. Land-based aquaculture is expected to serve as a sustainable production method that contributes to a stable food supply and to reducing the impact on the environment. On the other hand, the Energy costs associated with water temperature control are an obstacle to its widespread adoption. By using Plate Heat Exchangers to make effective use of waste heat from factories and other facilities, energy savings and cost reductions can be achieved. We will conduct demonstration testing of a heat exchanger backwashing system in a seawater-based aquaculture Environment, verifying technologies for maintaining performance and achieving efficient operation, while also accumulating technical data and creating intellectual property. Through this, we will establish a foothold in the land-based aquaculture market, where growth expectations are rising, and take on the challenge of creating new value that contributes to solving social issues in the age of climate change.





Image of land-based aquaculture



Heat exchanger used in the demonstration

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Heat Exchanger Segment

We will expand our thermal solutions into growth markets and achieve sustainable profit growth by transforming our earnings structure.

Learn More

Capturing decarbonization- and AI-related demand to rebuild our earnings base



Business Overview

Major products	:	Plate Heat Exchangers and their components,ancillary equipment, and services
Customers	:	Chemicals, paper manufacturing, machinery, metals, steelmaking, electric power, air conditioning, marine, etc.
Domestic Market Share	:	60% (Gasketed Plate Heat Exchangers)
Share of Net Sales	:	38.4% (FY2025)
Segment Profit Ratio	:	5.7% (FY2025)
Production Sites	:	Konoike Plant (Osaka Prefecture), Malaysia, Changshu Plant (China)

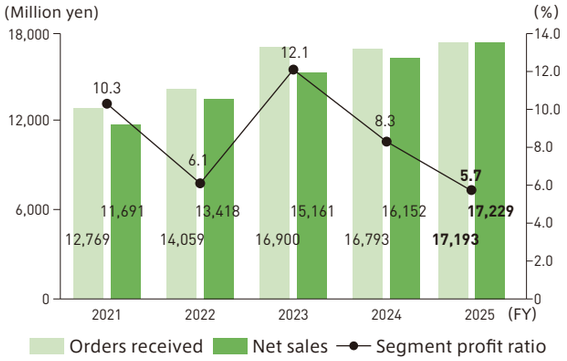
Business Overview and Earnings Structure

Since the R&D of Japan's first Plate Heat Exchanger in 1955, the Heat Exchanger Segment has supplied products that enable the efficient use of thermal Energy to a wide range of industries, including chemicals, electric power, air conditioning, semiconductors, and ships. Furthermore, we propose a wide variety of thermal solutions built around Plate Heat Exchangers as our core technology.
Backed by a high domestic market share of approximately 60% and an extensive delivery record, and drawing on our strengths in heat transfer and flow design technologies as well as our ability to provide optimal designs for each customer, we have established an integrated production system covering everything from plate R&D to die design, machining, and assembly. We also market our products overseas, mainly large-size models, demonstrating our competitiveness in the global market as well.
Our earnings structure consists of product revenue from sales of heat exchanger units and recurring service revenue from sales of replacement parts and maintenance after delivery. The maintenance business in particular is an important element supporting our long-term earnings base. Our key KPIs are orders received, net sales, number of units sold, maintenance sales, and profitability indicators (segment profit and profit ratio). Raising the ratio of service revenue, such as maintenance, contributes to stabilizing earnings and improving capital efficiency.

Review of Medium-Term Management Plan "G-23"

Under the previous medium-term plan "G-23," orders received exceeded the plan. With regard to net sales, the large-scale parts project scheduled for March 2026 the large-scale parts project for the Middle East was postponed due to geopolitical factors, and as a result we fell slightly short of the plan. Segment profit failed to reach the plan due to the shortfall in sales, as well as soaring energy costs, higher transportation costs accompanying changes in the labor environment, an inability to pass on rising raw material prices quickly enough, expenses related to the restructuring of the Konoike Plant, and the recording of provisions in connection with our sales strategy. In the face of continuing cost increases, improving profit margins through initiatives such as lowering procurement costs, raising productivity, and reducing inventories remains an ongoing issue.
In addition, although we made progress in winning large-scale projects such as CO_2 capture projects and new LNG-fired power plant construction projects, as well as in responding to demand arising from the restart of nuclear power plants, sales of small general-purpose models, our mainstay products, remained sluggish owing to geopolitical factors and demand fluctuations in certain markets, leaving the strengthening of our earnings base as an issue.
In terms of production and operations, the increase in orders for large-scale projects centered on CO_2 capture and LNG, together with the expansion of our business domains in the decarbonization and Energy fields, brought a heavier workload to the surface, confirming that there is room for improvement in productivity. In light of these issues, we will work to raise productivity and improve profitability by strengthening cost management and streamlining business processes, thereby reinforcing the business foundation that supports sustainable growth.

● Heat Exchanger Segment Performance



Market Environment and Risk Recognition

In the market environment surrounding this business, growth opportunities are expanding in fields such as CO_2 capture, LNG, and nuclear power as decarbonization and energy conservation advance. Growing semiconductor demand and expanding data center investment accompanying the spread of AI also provide a tailwind. Furthermore, in the shipbuilding field, one of the government's 17 strategic sectors, stable demand is expected, backed by our extensive track record of business with domestic shipyards. On the other hand, in addition to intensifying global competition, rising material prices and labor shortages are factors driving up costs. Geopolitical risks and supply chain uncertainties also persist and may affect procurement, production, delivery schedules, and earnings. In response to this environment, we aim to achieve sustainable growth by reviewing our pricing strategy, optimizing our procurement and production

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Strengthening our earnings base through expansion into high-value-added markets and growth in service revenue

Policy of the Medium-Term Management Plan "Challenge2028"

In light of the issues identified in the previous medium-term plan regarding the strengthening of our earnings base and improvement of operational efficiency, the current medium-term plan aims to rebuild the earnings structure of the Heat Exchanger Segment.
Our basic policies are (1) focused investment in growth markets, (2) expansion of service revenue, and (3) strengthening of cost competitiveness. We have positioned CO_2 capture projects addressing decarbonization, LNG plant and LNG-fired power plant construction projects, the marine vessel market as one of the 17 strategic sectors, and the semiconductor and data center markets underpinned by the spread of AI as our priority markets, and will allocate management resources intensively to them.
We will also enhance price competitiveness by utilizing low-cost products and overseas manufacturing, while improving earnings stability by strengthening the maintenance business. Through these efforts, we aim to shift to an earnings structure that achieves not only sales growth but also improvements in both profit margins and capital efficiency.

● Key Market Initiatives

	CO_2 Capture	LNG Plants	Marine	Power Plants	Data Centers
Market Opportunities / Growth Drivers	Growing demand for large-scale CO_2 capture projects in Japan and overseas	Sustained LNG demand as a key energy source during the transition to decarbonized fuels	Expanding demand driven by stricter environmental regulations and the growing adoption of LNG-fueled vessels	Demand from high-efficiency thermal power plants, nuclear power plant restarts, and next-generation advanced light water reactors	Rapid expansion of the data center market driven by the widespread adoption of AI
HISAKA's Strengths	Extensive track record and heat exchangers optimized for high-efficiency CO_2 capture processes	Advanced heat exchanger technologies for LNG applications and a global supply network, including China	Extensive experience in marine heat exchangers and a comprehensive after-sales service network	Design and manufacturing technologies capable of handling high-temperature and high-pressure fluids, backed by a robust quality assurance system	Energy-efficient heat transfer technologies and optimized cooling solutions

Priority measures

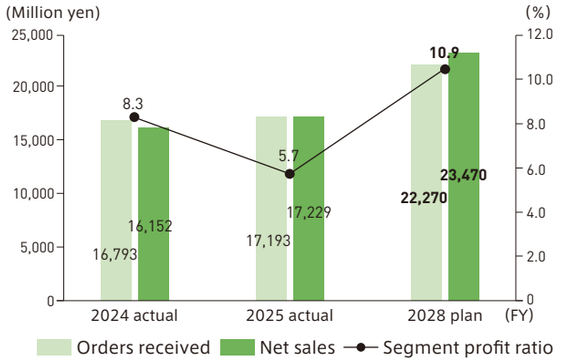
Our key measures for achieving growth consist of three pillars: investment in growth areas, improvement of profitability, and strengthening of the business foundation.
First, in growth areas, we will strengthen our response to CO_2 capture projects, LNG plants, power plant-related projects, and the nuclear power field, seeking to expand orders for high-value-added projects. In the shipbuilding market, we will leverage our extensive track record of business with domestic shipyards to expand orders for next-generation vessel projects. In addition, to address the expansion of the semiconductor market and data center construction demand accompanying the spread of AI, we will secure firm orders by offering optimal proposals drawing on our broad lineup of models.
Next, with respect to improving profitability, we will advance cost reductions through the launch of next-generation general-purpose models, the review of product designs, and new product R&D, while strengthening competitiveness by utilizing overseas procurement and production. We will also enhance earnings stability by expanding the maintenance business. Furthermore, we will strengthen our business foundation through cost visualization, operational efficiency improvements, facilities investment, and the reinforcement of our production system.
Through these initiatives, we will link the expansion of orders and sales with productivity improvements to achieve sustainable profit growth and higher capital efficiency.

Future Targets and KPIs

In FY2028, the final year of the current medium-term plan, we aim to achieve orders received of ¥22.2 billion, net sales of ¥23.4 billion, and segment profit of ¥2.5 billion. In addition, we have set the improvement of the working capital turnover ratio as an important indicator. As business KPIs, we place emphasis on increasing unit sales of small general-purpose models, expanding orders for CO_2 capture and LNG-related projects, and growing service revenue through the expansion of the maintenance business. We will also work to improve the CCC (cash conversion cycle) in order to enhance working capital efficiency.
On the non-financial front, we will promote such efforts as improvements in quality indicators, higher productivity, thorough safety and health management, and the reduction of Environment impact to achieve sustainable growth. By managing these indicators in an integrated manner, we aim to achieve both profitability and capital efficiency.

Initiatives Related to KPIs
Expansion of Orders through Initiatives in Carbon-Neutral Markets
Establishment of a Stable Earnings Base through Strengthening the Maintenance Business
Promotion of Higher Efficiency through the Rollout of the Next-Generation Standard Model "ZEX Series"
Enhancement of Competitiveness through Stable Production and Supply
Improvement of Capital Efficiency through Productivity Enhancement and CCC Improvement
Quality Stabilization through Strengthened Quality Governance
Expansion of New Business through Enhanced Promotion in Key Markets

● Heat Exchanger Segment Outlook



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Process Engineering Segment

We will enhance our overall capabilities in products, systems, and after-sales services to expand our business domains and revenue base in Japan and overseas.

Growing demand for energy saving and labor-saving solutions as an opportunity for business expansion



Business Overview

Major products	: Retort sterilizers, continuous liquid sterilizers, Pharmaceutical high-temperature, high-pressure sterilizers, culture equipment, dyeing and finishing machinery, concentration equipment, and services
Customers	: <Food> Retort food market, chilled prepared foods market, packaged cooked rice market <Pharmaceutical> Infusion and injectable sterilization market, macromolecular pharmaceutical and API market, Kampo pharmaceutical manufacturing market <Dyeing> Apparel industry, auxiliary materials industry, industrial materials industry
Share of Net Sales	: 49.9% (FY2025)
Segment Profit Ratio	: 9.5% (FY2025)
Production Sites	: Ikoma Plant (Nara Prefecture), Ome Plant (Hisaka Products, Tokyo), Misato Plant (Komatsugawa Chemical Engineering, Saitama Prefecture), Katori Plant (Komatsugawa Chemical Engineering, Chiba Prefecture), Changshu Plant (China)

Business Overview and Earnings Structure

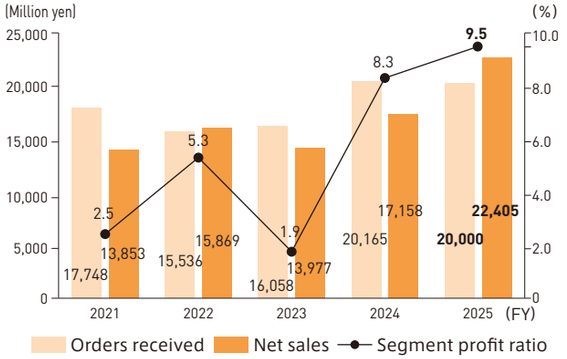
The Process Engineering Segment operates three businesses—Food machinery, Pharmaceutical machinery, and Dyeing and finishing machinery—and, leveraging its strengths in stainless steel fabrication technology and fluid heat and pressure control technology, provides manufacturing Facilities for the clothing, food, housing, and pharmaceutical fields. In the Food field we manufacture and sell cooking and sterilization equipment, continuous liquid sterilizers, and concentrators; in the Pharmaceutical field, sterilization, extraction, and culture equipment; and in the Dyeing field, various dyeing machines and peripheral equipment, holding top-class domestic market shares for many of these products.many of these products.

Centered on equipment sales that leverage the know-how accumulated through many years of R&D achievements, we provide integrated solutions ranging from design and installation through to maintenance. In addition, through product R&D that responds to the growing needs for energy and labor savings in each field and through proposals for FA systems that encompass upstream and downstream processes, we contribute to reducing the environmental impact of entire production lines while improving productivity and cutting costs. Furthermore, under a production and R&D structure centered on the Ikoma Plant, we flexibly respond to increasingly diverse and sophisticated customer needs while expanding a stable earnings base that includes plant projects and after-sales services in addition to equipment R&D and sales.

Review of Medium-Term Management Plan "G-23"

Under the previous medium-term management plan "G-23," we focused on two themes: "(1) Business development tailored to customer needs" and "(2) Strengthening the business foundation."
Under "(1) Business development tailored to customer needs," we completed R&D on "ultra energy-saving" heat pasteurization and sterilization equipment capable of reducing steam consumption by up to 50%, as well as water-saving Dyeing machines that contribute to Environment consideration by reducing water consumption and Dyeing wastewater. In addition, as part of expanding our business domains through stronger collaboration with affiliated companies, we strengthened sales of the fully automatic continuous sterilizing and cooling system (Lift Steamer Z), which achieves labor savings in food sterilization and cooling processes, and built up a solid track record. We also won large-scale plant projects such as vaccine culture facilities and aseptic packaged cooked rice production lines, working as a unified Group to create value.
Under "(2) Strengthening the business foundation," we strengthened the production and R&D structure at the Ikoma Plant, which opened in January 2024, and expanded our after-sales service structure by leveraging our extensive delivery track record.
As a result of these initiatives, plant projects in the Food and Pharmaceutical fields and large-scale orders for dyeing and finishing machinery for China and Southeast Asia contributed,

● Process Engineering Segment Performance



and orders received reached the ¥20.0 billion level. Net sales grew on the completion of large-scale plant projects, and segment profit also exceeded plan, backed by factors such as the expansion of maintenance projects.
At the same time, we recognize that strengthening our capabilities for plant and FA projects, developing new markets including overseas markets, and reinforcing a stable earnings base through expanded after-sales services are important issues for further business growth.

Market Environment and Risk Recognition

Year by year, needs for reducing impact on the Environment and for automation and labor savings are rising in every field. Responding to developments in each field—worsening labor shortages in the food industry, more sophisticated quality control in sterilization and culture processes in the pharmaceutical industry, and tighter environmental regulations in the dyeing industry—has become one of the key management issues for our customers. Against the backdrop of these changes in society and industrial structure, we expect demand to continue expanding for energy-saving and Environment-responsive products that help solve customers' issues, as well as for FA systems that achieve automation and labor savings. By providing optimal solutions that leverage the technological capabilities and know-how we have cultivated over many years to address the issues facing each industry, we contribute to improving our customers' productivity and quality and to reducing their impact on the Environment, and through this provision of value we create opportunities for our own sustainable growth.

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Expanding business domains and building a stable earnings base

Policy of the Medium-Term Management Plan "Challenge2028"

Based on the issues identified under the previous medium-term plan, the basic policy of the current plan is to drive sales growth through the expansion of our business domains while strengthening a stable earnings base through expanded after-sales services. To achieve this, we will promote (1) enhancing the added value of our mainstay models and expanding their sales, (2) strengthening our capabilities for FA systems and plant projects, (3) expanding after-sales services, and (4) expansion into overseas markets.
We will also expand collaboration with affiliated companies to optimize the Group as a whole and broaden the scope of business we can handle through stronger ties with partner companies. Furthermore, by accurately grasping customers' energy- and labor-saving needs and promoting R&D of Environmentally-friendly Products and FA products, we will deliver new added value and expand business opportunities.

● Key Market Initiatives

	Energy Saving & Labor Saving	Liquid Processing Plants	APIs (Cell Culture)	Overseas Markets	After-Sales Demand
Market Opportunities / Growth Drivers	Growing demand for environmentally friendly products and factory automation (FA) products	Capital investment demand in the beverage market	Growing demand for large-scale cell culture equipment driven by the expansion of the biopharmaceutical market	Expanding overseas demand in the food, pharmaceutical, and dyeing industries	Growing demand for maintenance and servicing due to a shortage of skilled workers and a declining maintenance workforce
HISAKA's Strengths	Energy Saving & Automation Solution Proposal Capabilities	Ability to Leverage the Strengths of HISAKA Products	Capability to Handle Large-Scale Plants by Leveraging the Strengths of Komatsugawa Chemical Engineering	Design and Manufacturing Technologies that Ensure High Quality and High Reproducibility	Extensive Installation Track Record and Long-Established Maintenance Capabilities

Priority measures

(1) Enhancing the added value of mainstay models and expanding their sales

To further improve the profitability of our mainstay models, in the Food and Pharmaceutical fields we will work to expand sales of Environmentally-friendly Products and to disseminate after-sales services such as remote operation systems based on market requirements. In Dyeing, we will build specifications suited to overseas markets and, backed by meticulous technical follow-up, advance our expansion mainly into China and Southeast Asia as well as India.

(2) Strengthening capabilities for FA systems and plant projects

Through collaboration with affiliated companies, in the Pharmaceutical field we will strengthen our efforts to win orders for liquid plants and large-scale culture plant projects. In the Food field, we will launch a retort production system that automates the upstream and downstream processes around our core retort sterilizers, thereby creating new order opportunities and expanding our market share.

(3) Expanding after-sales services

We will build a stable earnings base by providing after-sales services that leverage our extensive delivery track record. In addition, by expanding our service structure through stronger collaboration with partner companies and by strengthening proposals for peripheral equipment and various services, we will stimulate demand for after-sales services, improve customer satisfaction, and build a stable earnings base.

(4) Expansion into overseas markets

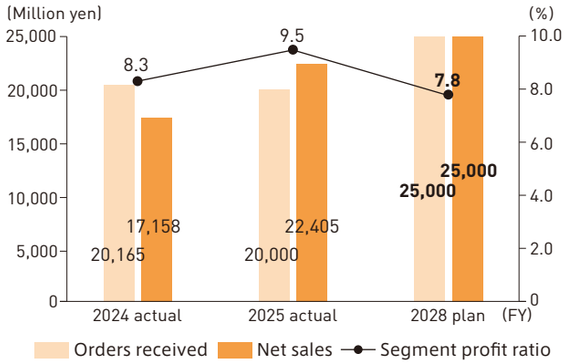
We will work to expand our product lineup to meet the needs of overseas markets by applying the technologies cultivated in the domestic market. At the same time, we will strengthen our sales network and after-sales service structure to enhance our presence in overseas markets.

Future Targets and KPIs

The Process Engineering Segment regards its Mission as always staying one step ahead of changes in the Environment and social issues, standing close to people's daily lives in the fields of clothing, food, housing, and Pharmaceutical, and carrying peace of mind into the future.
To embody this Mission, in addition to further deepening each measure, we will promote productivity improvements through the use of AI and human resource development, the optimization of procurement and inventory management, and improvements in the cash conversion cycle (CCC); by strengthening KPI management for each item, we will improve profit margins and capital efficiency and raise ROIC, aiming to achieve sustainable business growth.
In FY2028, the final year of the current medium-term plan, we aim for orders received of ¥25.0 billion, net sales of ¥25.0 billion, and segment profit of ¥1.9 billion.

Initiatives Related to KPIs
Expansion of the Order Base through Accelerated Development of Overseas Markets
Expansion of Group Sales through Stronger Collaboration with Group Companies
Promotion of Product Development Aligned with Market Needs
Enhancement of Competitiveness through Cost Reduction of Core Product Models
Improvement of Capital Efficiency through Higher Inventory Turnover
Quality Stabilization through Strengthening the Quality Assurance System

● Process Engineering Segment Outlook



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Breaking away from dependence on general chemicals and shifting to new fields.
We will accelerate the pace of R&D and build a foundation for growth.

Learn More

Expanding our market base by developing new markets, differentiating products, and advancing alliances



Business Overview

Major products	: Ball valves, Ancillary services for products
Customers	: Chemicals, steel, Food, electric power, etc.
Domestic Market Share	: 15% (Ball valves market)
Share of Net Sales	: 11.5% (FY2025)
Segment Profit Ratio	: 7.1% (FY2025)
Production Sites	: Konoike Plant (Osaka Prefecture), Changshu Plant (China)

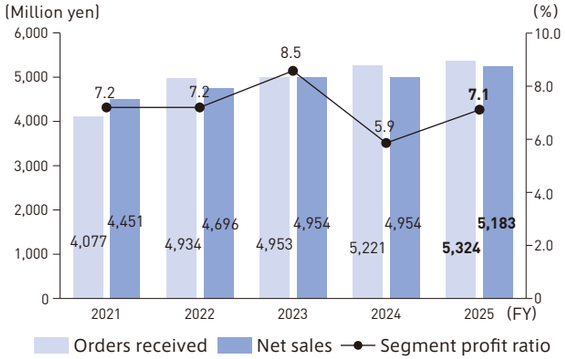
Business Overview and Earnings Structure

Since the R&D of Japan's first domestically produced Ball valves in 1958, the Valve Segment has supplied products designed for the high-temperature and high-pressure Environments of a wide range of plants and Facilities in industries such as chemicals, steelmaking, Food, and semiconductors.
We have built strong relationships with customers through prompt responses based on close, community-rooted sales activities, and we have earned their trust with special specifications that differentiate us from competitors and with flexible short-lead-time delivery.
Our earnings structure comprises flow revenue from product sales as well as stock revenue from replacement parts and maintenance. Among our products, high-performance valves and application-specific valves for particular industries offer high added value and constitute highly profitable areas. At the same time, we have established maintenance structures in each region, achieving a stable earnings structure.
In addition to the reliability derived from our advanced sealing technology, we hold a competitive advantage in design capabilities, including improvement proposals tailored to customer needs and issues and R&D for new products that embody the requirements of each industry. We also station design staff at our major sites, giving us the agility to handle complex specifications and maintenance.

Review of Medium-Term Management Plan "G-23"

In the final year of the previous medium-term plan "G-23," we achieved net sales of ¥5.1 billion, establishing a foothold for growth. Profit levels have shown a certain degree of improvement owing to the penetration of price revisions and the launch of new products.
In addition, orders grew in the secondary battery, industrial gas, and Environment water treatment industries, on which we focused as priority market measures, helping to ease our traditional dependence on the chemical market. In particular, in the fields of secondary battery materials, semiconductor equipment, and water and sewage systems, our efforts to win projects and build a track record are progressing steadily.
In the design division, we were able to improve operations to raise productivity through the use of systems and to enhance our support structure by strengthening staffing at our sites. In the manufacturing division, we have implemented BCP measures by establishing a multi-supplier procurement structure and achieved cost reductions in procured items by reviewing manufacturing methods.
On the other hand, we recognize the need to take stronger measures than ever to address declining facilities investment in key markets amid global conditions, to respond to rapid changes in customer needs, and to achieve a stable expansion of orders. In addition, further product differentiation and a stronger production base are required to counter the offensives of competitors.

● Valve Segment Performance



Market Environment and Risk Recognition

In the environment surrounding the valve market, new demand is expanding in line with changes in the industrial structure such as decarbonization, infrastructure renewal, and growth in the semiconductor and fine chemical fields. At the same time, instability in the procurement environment and rising costs stemming from the situation in the Middle East are also factors that affect our business operations.
In responding to changes in the industrial structure, it will be important to identify growth trends and select priority markets so as to respond swiftly to customer needs. We are also required to strengthen alliances with other companies to supplement the expertise we lack and to expand our product lineup, thereby conducting R&D on differentiated products and enhancing our proposal capabilities. To address rising costs, we will seek to improve productivity through the optimization of the procurement environment, the promotion of digitalization, and operational improvements.

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Accelerating the creation of new products by concentrating resources in priority markets and leveraging internal and external expertise. Toward cost reductions through DX and organizational restructuring

Policy of the Medium-Term Management Plan "Challenge2028"

As can be seen from changes in the market environment, we are required to cultivate second and third pillar markets that do not rely on our conventional core markets, and to take concrete measures against rising costs. In light of this recognition of the issues, the current medium-term plan sets "shifting to new fields" and "increasing the speed of product R&D" as its business policies.
On the sales front, we will bring to market R&D products in line with customer needs and actively enter highly challenging areas among existing customers as well as new markets. In addition, by intensively investing resources in priority markets through projects and by collaborating with domestic and overseas companies, we will provide high-value-added products adapted to changes in the industrial structure, thereby improving profitability.
Furthermore, we will work to reduce procurement costs and fixed costs by optimizing prices through the redesign of general-purpose products and improvements to the procurement structure, as well as by improving operations through the promotion of digitalization and organizational restructuring.

● Key Market Initiatives

	Industrial Gases & New Energy	Water and Wastewater	Fine Chemicals	Food & Pharmaceuticals
Market Opportunities / Growth Drivers	Growth of the industrial gas market, including new energy sectors such as hydrogen and ammonia	Growing demand for infrastructure renewal	Growth of the functional materials market, particularly high-performance resins	Increasing quality and safety requirements in the food and pharmaceutical industries
HISAKA's Strengths	A broad valve lineup compatible with diverse fluids and operating conditions	Product development capabilities tailored to customer needs	Technical expertise and fluid control know-how cultivated across a wide range of industries	Proposal capabilities through collaboration with the Process Engineering Division

Priority measures

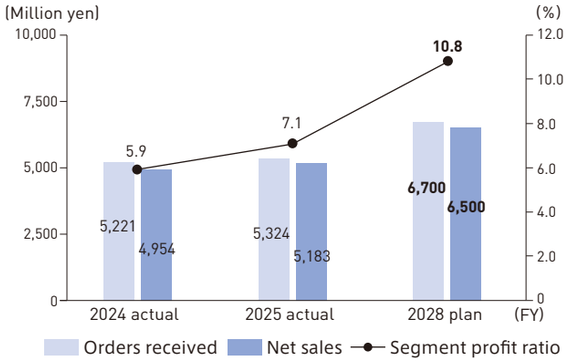
Based on the business policies of the current medium-term plan, we will advance projects aimed at focusing on priority markets and strengthening and expanding our business, centered on four axes: strengthening competitiveness, expanding application areas, strengthening the business foundation, and expanding business domains.
In addition to industrial gas and Environment water treatment, which were identified in the previous medium-term plan, we will position the growing new Energy and carbon recycling-related industries as priority markets and adapt to changes in the industrial structure and customer requirements. In particular, lined valves for semiconductor manufacturing and high-pressure valves and flow control valves for new Energy applications have large market sizes, and we regard these as fields that could become the next-generation pillars of our business.
As concrete measures, we will invest in human resources by strengthening the deployment of design personnel at major sites and optimizing sales territories, thereby establishing a structure that allows us to focus on priority markets. This will enable us to leverage our strength in community-based sales to identify customer issues in each field. By further embodying these in products through our high level of design capability, we will contribute to solving social issues while stabilizing earnings. In addition, by expanding our business domains through stronger alliances with other companies, we will accelerate the development of new markets. We will also build a strong business foundation that supports the expansion of our business domains through investment in testing facilities and design systems. In addition to these efforts, we will enhance earnings efficiency by optimizing inventory volumes and consolidating product models, and will also strengthen our price competitiveness.

Future Targets and KPIs

In FY2028, the final year of the current medium-term plan, we aim to achieve orders received of ¥6.7 billion, net sales of ¥6.5 billion, and segment profit of ¥700 million. Over the long term, we also aim to achieve net sales on the scale of ¥10.0 billion and to capture a share of 30% or more of the domestic ball valves market.
Our main KPIs include orders received in priority markets, the number of new product R&D projects, cost reductions for target products achieved through improvements to existing products, and improvements in the marginal profit ratio through various measures. Furthermore, we also position initiatives to improve the CCC as an important management indicator. By steadily achieving these KPIs, we will work to improve ROIC.
By managing each KPI in an integrated manner, we will promote business operations that achieve both growth and profitability.

Initiatives Related to KPIs
Revenue and Operating Profit Growth through Order Acquisition and Market Expansion
Strengthening of the Earnings Base through Expansion of New Product Sales
Establishment of an Efficient Production System through Productivity Improvement
Operational Efficiency Enhancement through Productivity Improvement and Lead Time Reduction
Improvement of Profitability through Cost Reduction Initiatives
Development of a Sales Structure Focused on Capital Efficiency
Improvement of CCC through Inventory Reduction
Quality Stabilization through Strengthening the Quality Assurance System

● Valve Segment Outlook



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Business Strategy

Global Management Division

By balancing autonomous management in each region with the collective strength of the Group, we will build the foundation for the next stage of growth in our overseas business.



Business Overview

The Global Management Division oversees overseas affiliates operating mainly in China, Southeast Asia, the Middle East, and South Korea, and drives sustainable growth and the enhancement of corporate value in global markets. In recent years, in addition to heightened uncertainty in the global economy and growing geopolitical risks, customer needs and industrial structures have also changed significantly. In this environment, our overseas business is required not merely to expand markets but also to play a role in supporting the growth of the entire Group by strengthening the business portfolio and diversifying the earnings base. Established in FY2024, the Global Management Division is an organization that supports the autonomous management of overseas affiliates while promoting stronger governance across the entire Group. While respecting management in each region, we aim to enhance our collective strength as "ONE HISAKA" by linking information, technology, and human resources on a global basis. In addition, as a bridge between each business division and our overseas affiliates, we share market needs and customer issues in each region and work to create new business opportunities and strengthen competitiveness. By achieving both the independence of our overseas affiliates and the growth of the entire Group, we will contribute to the sustainable enhancement of corporate value.

Regional Growth Strategies and Initiatives

In Southeast Asia, through a network of bases centered on our RHQ (regional head office) and wide-area management, we promote community-based sales in each country and business expansion across ASEAN as a whole. In China, in addition to strengthening competitiveness by utilizing local production and local procurement, we support the growth of multiple businesses through the local manufacture of heat exchangers and dyeing machines. In the Middle East, we leverage our Gulf network linking the UAE, Saudi Arabia, and Qatar to operate an after-sales service business for heat exchangers. With a market base backed by a large number of units already delivered as our strength, we are steadily expanding this business. In South Korea, as a frontline base supporting Japan's global sales activities, we are strengthening our response to global projects, mainly in the marine and EPC markets, while also working to cultivate the local market as a new pillar of growth.

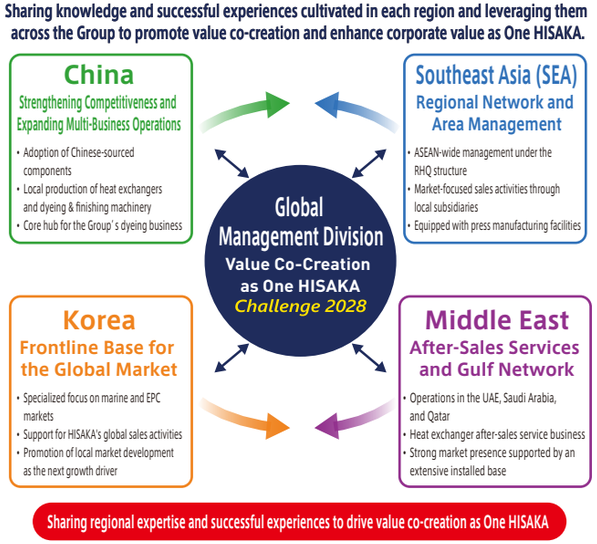
Strategic Priorities for the Medium-Term Plan

While achieving both autonomous management of overseas affiliates and stronger governance, we will promote global collaboration in information, technology, and human resources. We will steadily execute growth strategies in each region and build a management foundation that supports sustainable growth and improved earning power.

Future Targets and KPIs

Under the Medium-Term Management Plan "Challenge2028," guided by our global vision of "WE ARE HERE - Co-creating value as ONE HISAKA," we will promote the autonomous management of overseas affiliates while working to build a management foundation that enables sustainable growth. As priority measures, we will promote market expansion, localization, strengthened competitiveness, partnerships, and stronger governance, and will develop business strategies tailored to the market characteristics of each region. We will also strengthen collaboration between overseas affiliates and the head office and business divisions, and enhance the competitiveness of the entire Group through exchanges of information, technology, and human resources. In the final year of the current medium-term plan, we aim to expand overseas net sales generated by our overseas affiliates to approximately 1.5x the current level. These targets are not merely a matter of expanding scale; they will be achieved as a result of building a structure in which each overseas affiliate can grow autonomously and continuously create value. Going forward, while promoting business operations based on local management, we will continue to build a foundation that leads to further growth from 2030 onward through the creation of synergies among overseas bases and global value co-creation.

● Value Co-Creation Cycle in Global Operations



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Business Strategy

Technical & Development Division

Toward becoming a "technology-driven company" that creates new pillars of growth with advanced technologies.

The Significance of Establishing the New Business Promotion Department

Because we have many core products with distinctive features such as being the "world's first" or "Japan's first," we have maintained a very high market share in certain industrial fields. However, a considerable number of years have passed since their launch, and the offensives of competitors are intensifying by the day. For this reason, we have concluded that in order to continue achieving sustainable growth, it is essential not only to strengthen existing businesses but also to create new businesses that will become the next pillars of growth.

At the New Business Promotion Department, newly established in FY2018, in addition to elite members selected from each business division, we actively hire mid-career recruits with a certain level of experience in new product R&D and business planning, and have them experience the five processes shown in Figure 1 on an end-to-end basis. This has also led to the cultivation of generalist personnel, who have been scarce at our company to date, and the department's mission as a "human resource development" organization that nurtures candidates for our management executives has grown in importance.



● Figure 1. Five Steps for Creating New Businesses



Direction for Growth

In addition to the aforementioned New Business Promotion Department, the Technical & Development Division comprises the Technical & Development Department, an organization that supports the strengthening of existing businesses, and the Information Systems Department, which aims to improve company-wide productivity by promoting DX (Digital Transformation) technologies, together driving the growth of the entire company from a technological perspective. As an industrial machinery manufacturer, we recognize that we have a responsibility to provide added value to customers through technology and to contribute to the development of society. In order to fulfill that responsibility as well, we intend to devote ourselves wholeheartedly to the R&D of advanced technologies ahead of other companies and to aim to become a "technology-driven company" that creates products and services that others cannot easily imitate.

Growth Strategy for Realizing a "Technology-Driven Company"

As a concrete growth strategy for realizing the technology-driven company described above, the Technical & Development Division places importance on the five themes shown in Table 1 and is concentrating its R&D resources on them.

● Table 1. Growth Strategies Led by the Technical & Development Division

Key Initiatives	Strategic Policies	linked to
1. Design Standardization	Introduction of an AI-driven product modular design approach	Reduction of manufacturing costs and elimination of product defects
2. DX Enhancement	Implementation of core systems and development of an AI platform	Elimination of dependence on individual expertise and standardization of operations
3. Decarbonization	Strengthening the development of environmentally friendly products and reducing standby power consumption at facilities	29% reduction in CO_2 emissions by FY2030 (compared with FY2022)
4. New Business Creation	Technology development based on business strategies and promotion of industry-government-academia collaboration	Creation of high-profit businesses with an operating profit ratio of 20% or higher
5. Strengthening R&D Functions	Dedicated development of new technologies directly linked to strengthening existing businesses	Increase in the sales ratio of new products

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Based on our materiality, we aim to both solve social issues and enhance corporate value.



Masataka Matsuda
Director,
Senior Executive Officer
Sustainability and Sales fields,
and General Manager of
the Corporate Planning Division

We are promoting sustainability initiatives with the aim of contributing to the realization of a sustainable society while enhancing our corporate value. Based on our Sustainability Policy, we have established a promotion structure centered on the Sustainability Committee.
In FY2025, we reviewed the social issues that we should address and revised our materiality accordingly. The revised materiality has been applied since FY2026. In addition, we established the "HISAKA Sustainability Promotion Model" as a new approach for advancing sustainability initiatives.

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

Since FY2022, we have established the Sustainability Committee, chaired by the President and Representative Director, to provide a framework under which management discusses various important sustainability-related matters in cooperation with relevant departments. By reporting the results of its activities to the Board of Directors, the Sustainability Committee enables the Board to appropriately supervise important sustainability-related matters. From FY2026, we plan to establish a new Sustainability Promotion Council and add targets related to the revised materiality.
As a general rule, the Sustainability Committee meets twice a year to promote sustainability by reviewing operating policies, evaluating progress, and considering improvements related to sustainability initiatives. In FY2025, the committee met in October 2025 and April 2026. After reviewing the status of activities and action plans, the results of the discussions were shared with relevant departments.

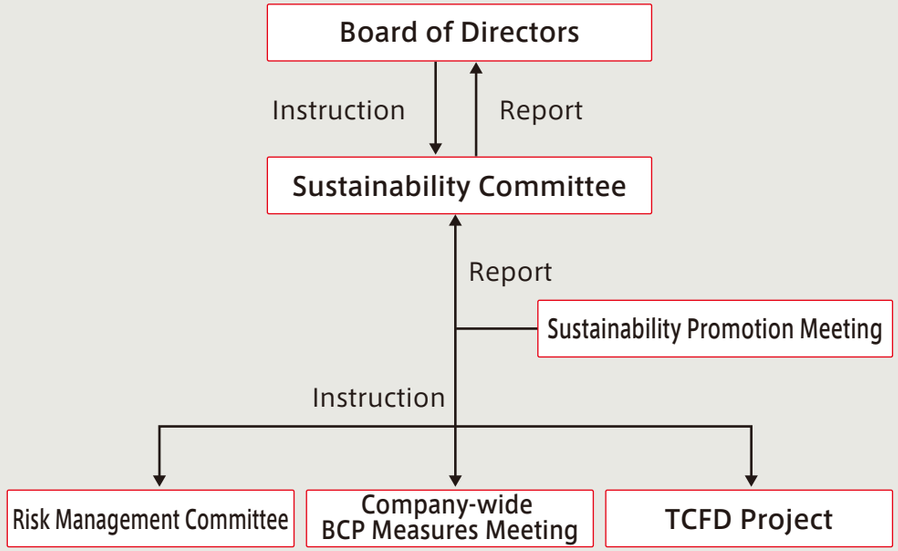
● **Main topics discussed at the Sustainability Committee**

In Oct. 2025	Summary of the first half of FY2025 Improving the effectiveness of risk management The approach to sustainability promotion
In Apr. 2026	Summary of the second half of FY2025 Improving the effectiveness of risk management Evaluation of the effectiveness of the Basic Policy on Internal Control

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● Sustainability Promotion Structure



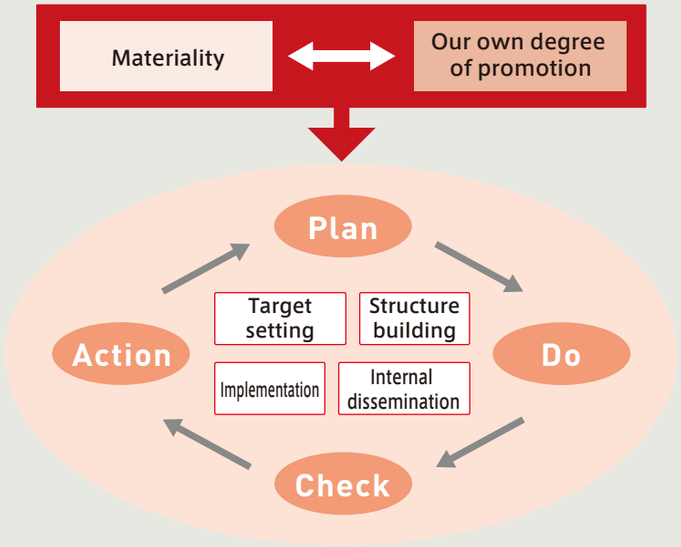
● Roles of the departments concerned

Name of meeting	Details of activities	Meetings held in FY2025
Sustainability Promotion Meeting	Setting of indicators, targets, and activities for materiality Implementing related recommendations within the Company	Started in FY2026
Risk Management Committee	Selecting material risks from among the wide range of risks in corporate activities through impact assessment, and monitoring risk mitigation	3 times
Companywide BCP Measures Meeting	Establishing responses to disasters and other events that affect business, promoting plans to ensure that business activities are "not interrupted/suspended" or are "restored quickly," monitoring and verifying the progress of such efforts, and deliberating on and deciding important matters	4 times
TCFD Project	Clarifying the purpose and policies for addressing climate change, and organizing and disclosing related information, based on the TCFD recommendations	12 times

Promotion method: HISAKA-Style Sustainability Promotion

Starting in FY2026, we are carrying out sustainability promotion activities using our own sustainability promotion method, "HISAKA-Style Sustainability Promotion." Under the "HISAKA-Style Sustainability Promotion" method, we take into account the business format and business scale in which we operate, define the level of sustainability promotion activities we aim for, and then determine the activities to be implemented and how they are to be operated.
The activities to be implemented are centered on materiality and are set at a level that satisfies the uniquely defined degree of promotion that we aim for in advancing sustainability, taking into account the initiatives of companies in the same industry and of a similar scale. As for the operating method, we incorporate efforts such as setting clear targets, building internal structures, and conducting internal awareness activities, and translate these into action plans to ensure steady implementation, while striving to continue and improve activities through the PDCA cycle.

● Conceptual diagram of HISAKA-Style Sustainability Promotion



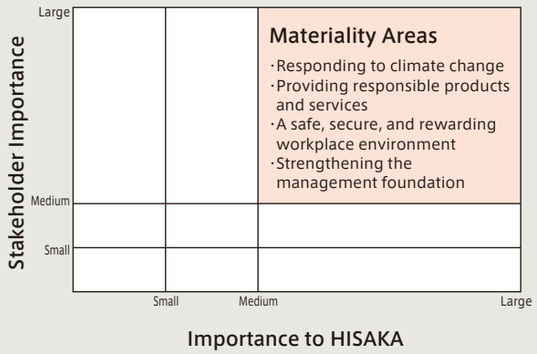
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Materiality

In order to achieve both sustainable improvement of corporate value and the resolution of social issues, we have identified materiality as the key issues we should address. We identified materiality for the first time in FY2022 and reviewed it in FY2025. In the review, we assessed importance from two perspectives: "importance to the Company" and "importance to stakeholders." As a result, we have positioned "responding to climate change," "providing responsible products and services," "a safe, secure, and rewarding workplace environment," and "strengthening the management foundation" as the key issues to be prioritized.
For each material issue, we have set targets related to GHG emissions reduction and human capital that have already been established and disclosed. In addition, new materiality targets are under consideration at the Sustainability Promotion Meeting newly established in FY2026, and going forward we plan to set materiality targets with designated responsible departments, linked to our medium-term management plan "Challenge2028."
Going forward, we will continue to regularly review our materiality and targets in light of changes in the external environment and in stakeholder expectations, thereby contributing to sustainable improvement of corporate value and the resolution of social issues.

● Materiality Matrix



● Materiality identification process

STEP 1 Extraction of social issues

Based on the materiality first identified in 2022 and the social issues related to it, we added social issues for which external expectations are increasing, resulting in a total of 24 social issues designated as materiality candidates.

STEP 2 Identification of materiality

- For the 24 social issues, internal stakeholders evaluated "importance to the Company" and "importance to stakeholders" on a three-level scale of "high," "medium," and "low," bearing in mind short-, medium-, and long-term time horizons extending to around 2030.
- Based on the consolidated evaluation results, a matrix diagram was created with "importance to stakeholders" and "importance to the Company" as the two axes.
  Matters constituting materiality were identified from the materiality area where both axes were rated "high."

STEP 3 Approval by the Board of Directors

The draft materiality formulated based on the identified matters was discussed at a meeting body attended by directors and executive officers, its validity was confirmed, and it was finally approved and decided by the Board of Directors.

● Overview of Materiality

ESG category	Materiality	14 issues to be addressed	Targets	Relevant SDGs
E	Responding to climate change	●Reducing CO_2 emissions ●Contributing to resource circulation ●Promoting energy conservation and utilizing renewable energy ●Providing environmentally friendly products and services	GHG emissions (Scope 1, 2) 29% reduction by 2030 (compared with FY2022, 4.2% reduction per year)	7, 11, 12, 13, 17
S	Providing responsible products and services	●Providing products and services that enable labor savings ●Stable supply of products ●Improving customer satisfaction and quality		9, 12
S	A safe, secure, and rewarding workplace environment	●Improving employee engagement ●Providing opportunities for growth and active participation for diverse human resources ●Developing a fulfilling working environment ●Respect for human rights ●Occupational safety and health	Percentage of female employees in managerial positions FY2032: 3% FY2042: 10% Percentage of female employees in supervisory positions FY2032: 10% FY2042: 20% Gender wage gap among employees FY2042: Zero gap Rate of male employees taking childcare leave FY2032: 50% Number of fatal accidents Zero accidents through FY2025	3, 5, 8, 10, 16
G	Strengthening the management foundation	●Stabilizing the management foundation through strengthened governance ●Strengthening compliance		16

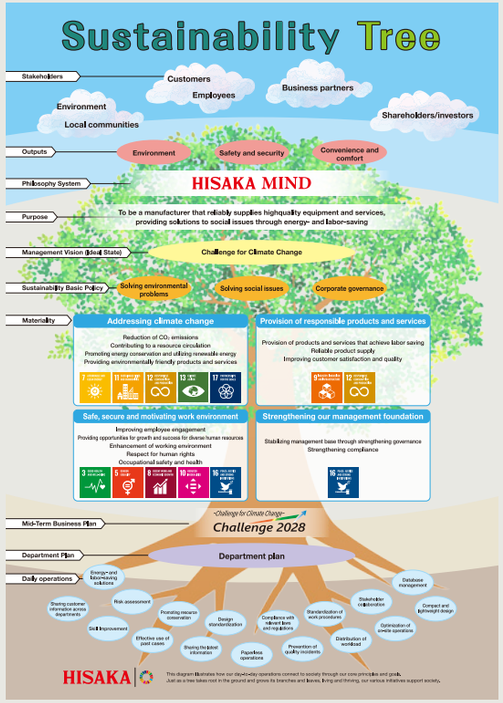
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Initiatives for Internal Dissemination

(1) The Sustainability Tree

In FY2026, we newly created the "Sustainability Tree" as a tool for disseminating sustainability awareness within the Company. This is a diagram showing how various operations and improvement activities are connected to society through concepts such as our management philosophy, raison d'être, and materiality.
The "Sustainability Tree" is displayed as a poster at various locations within the Company and at Group companies so that employees can be mindful of it on a daily basis. Through this, we aim to provide each employee with an opportunity to recognize the connection between their own work and society, thereby promoting understanding of sustainability and leading to proactive action and improvement.



Internal dissemination tool: the Sustainability Tree

(2) Sustainability Circles and the Sustainability Convention

We conduct "Sustainability Circles," small-group activities relating to sustainability, and hold the "Sustainability Convention" to recognize their achievements.
Originally, these were QC circles mainly engaged in quality improvement activities, but in 2018 they were transitioned to "CSR Circles," which operate under the theme of solving social issues.
From FY2026, the theme was changed from the previous "CSR-SDGs Vision" to "materiality," and the name was changed to "Sustainability Circles." At the same time, the event recognizing the results of these small-group activities was also renamed from the "CSR Convention" to the "Sustainability Convention."
At the "Sustainability Convention" held in May 2026, initiatives that lead to quality improvement while also contributing to CO_2 emissions reduction and reduced workloads—such as energy conservation in equipment, reduction of work hours through remote operation, verification of the results of work analysis software, and ascertaining appropriate inventory levels—were recognized, and presentations were given by the award-winning circles.



Award winners at the Sustainability Convention

(3) Sustainability training

In May 2026, we conducted sustainability training for management and general employees with the aim of promoting internal awareness of sustainability and enhancing the ability to put it into practice.
In the training for management, which was the first attempt of its kind, we provided directors and executive officers with an opportunity to deepen their understanding of the significance of addressing sustainability in light of stakeholder trends and of how to reflect it in management strategy. In the training for general employees, we shared basic knowledge about sustainability and the Company's policies on related initiatives, and sought to promote understanding of the role each individual plays through their work.



A scene from the training for management



A scene from the training for general employees

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Environmental management

We established our Environmental Policy in 2004 and obtained certification under ISO 14001, the international standard for environmental management systems, in 2007. Based on the material issue of "responding to climate change," we are working to reduce the environmental impact arising from our business activities and fulfill our social responsibility, while also addressing environmental issues through our products and services.

Environmental Policy

Promote environmental activities based on the fundamental philosophy of our company motto, Sincerity (Magokoro)

Let us create products that are "kind to people and the environment"

Let us make our company one that is "kind to people and the environment"

Let us become a corporate citizen that is "kind to people and the environment"

● Environmental Management System

Certification Status of ISO 14001:2015 / JIS Q 14001:2015

Registered Organization	HISAKA WORKS, LTD. (Konoike Plant, Ikoma Plant, and Head Office)
Registration Date	December 27, 2007
Certification Body	LRQA Limited
Certificate No.	ISO 14001-0067776

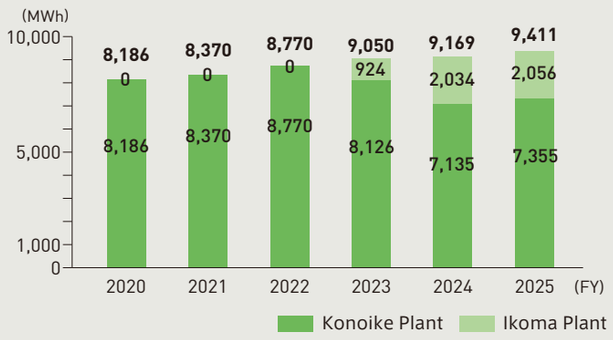
Initiatives to promote energy conservation

Aiming to reduce energy consumption in our business activities and improve energy efficiency, we promote energy conservation activities at each of our business sites. We continuously monitor and analyze the consumption of electricity, fuel, and other energy sources to identify issues for each facility and process, and we are working on measures such as improving the efficiency of production equipment, operating air-conditioning equipment appropriately, converting lighting to LEDs, and reducing standby power.
In FY2026, we conducted an LCA (life cycle assessment) of our own products and began ascertaining energy consumption from raw material procurement through to disposal and recycling. As a first step, calculations are being carried out for the heat pasteurization and sterilization equipment manufactured and sold by the Process Engineering Division. This equipment is used in the manufacturing processes for retort foods and medical infusion packs, which are widely used in the food and medical industries, and we are evaluating the reduction in environmental impact achieved by the new model launched in FY2024. We plan to expand the range of models covered by these calculations going forward.
Through these activities, we will promote the energy-saving benefits of our products to customers, while clarifying the processes that should be prioritized for improvement and the issues in product design, thereby advancing more effective energy conservation activities.

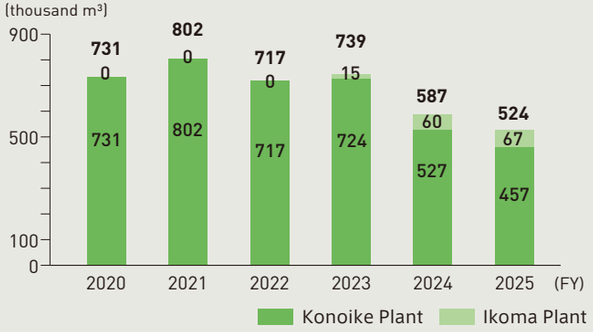
Chemical substance management (PRTR system)

We ensure the proper management of chemical substances used in our business activities in accordance with laws and regulations.We ascertain and report the handling volumes as well as the release and transfer volumes of substances subject to the PRTR system and the Osaka Prefecture Chemical Substance Management System, and we are working on substitution, reduction of usage and emissions, and proper storage and disposal.

● Electricity consumption



● Gas consumption



● Substances subject to reporting under the PRTR system, etc. (FY, kg)

	2022	2023	2024	2025
Xylene	357	407	752	670
Toluene	1,295	1,580	1,276	1,428
Nickel	1,600	1,600	1,900	3,100
Chromium	0	0	0	1,200

* Applicable to Konoike and Ikoma Plants

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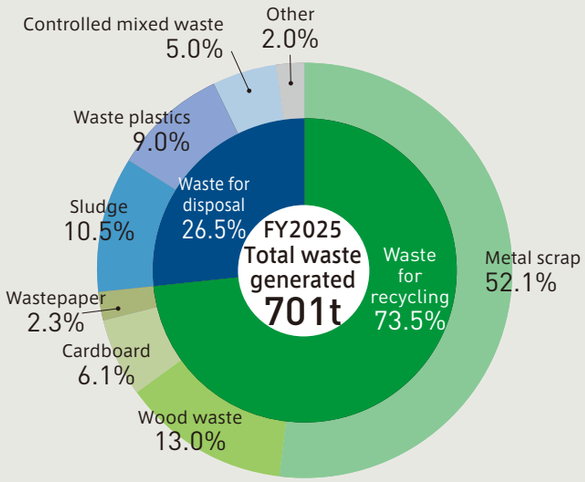
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Resource circulation

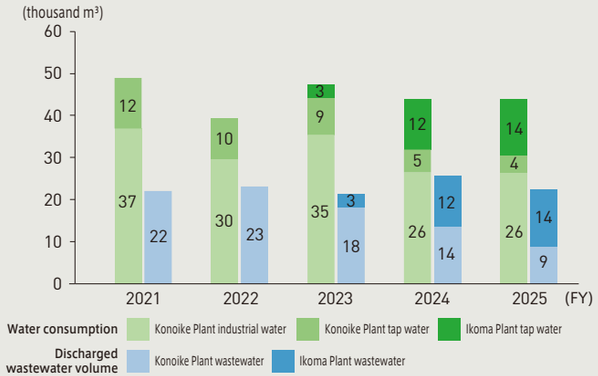
Aiming to realize a recycling-oriented society, we are actively working to reduce waste generation, ensure proper waste treatment, promote resource recycling, and reduce water consumption.
With regard to waste, we recycle industrial waste such as scrap metal, waste paper, and cardboard as valuable resources, and we reuse transport materials.
In addition, we are promoting waste reduction initiatives as 3R (Reduce, Reuse, Recycle) activities, including studying reductions in the use of packaging materials through their review and promoting paperless operations through digitalization. The recycling rate*1 for FY2025 is 73.5%.
The water we use in our business is sourced from the public water supply system and industrial water (Konoike Plant only) provided through municipal waterworks, and wastewater is discharged into public sewerage systems. Factory wastewater is discharged into public sewerage systems after hazardous substances have been removed by wastewater treatment facilities. For wastewater discharged into public sewerage systems, we measure eight regulated water quality parameters every two weeks and also report to the local government every two weeks. We strive to reduce consumption by promoting the reuse of industrial water used in inspection processes and other operations.

*1 Calculated based on the total amount of waste generated for recycling.

● Breakdown of Waste by Type
(Waste Generated from Konoike and Ikoma Plants)



● Water Consumption (Intake) and Discharge Volumes

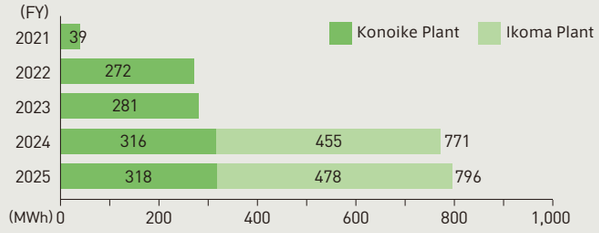


Utilization of renewable energy

Aiming to utilize renewable energy, we have been installing photovoltaic power generation equipment on the roofs of our factory buildings since 2014. In addition to FIT (Feed-in Tariff) power sold to the grid, we have installed power generation facilities for self-consumption under on-site PPAs*2 at the Konoike Plant, the Ikoma Plant, and our overseas affiliate HISAKA WORKS S.E.A. SDN. At BHD., we have installed power generation facilities. Power generated under on-site PPAs totaled 796 MWh on a non-consolidated basis in FY2025. This corresponds to 8.5% of the total consumption at the Konoike Plant and the Ikoma Plant. In April 2026, we introduced a CO_2-free electricity plan at the Ome Plant, switching 100% of the electricity used there to CO_2-free power. Going forward, we will continue to consider various approaches, such as introducing off-site PPAs and zero-carbon electricity, to further promote the use of renewable energy.

*2 A scheme in which HISAKA purchases electricity generated by solar power facilities installed and operated on its premises by a power generation company.

● Solar Power Generation (On-site PPA)



Fostering a culture of environmental conservation

We believe that solving environmental issues such as realizing a recycling-oriented society and achieving decarbonization requires not only environmental conservation activities by specific departments but also proactive efforts by each and every employee, and we are therefore continuously working to foster a culture of environmental conservation. Since 2008, we have been preparing and distributing the "Environmental Report," an employee-oriented report summarizing our environmental conservation activities. We have also designated June of each year as Environment Month, during which we hold the "Environmental Conference," featuring lectures on environmental issues both inside and outside the Company, and "Environmental Meetings," where employees discuss environmental conservation activities undertaken at their own workplaces, thereby striving to foster this culture.



Scenes from the Environmental Conference

External evaluation

In FY2023, we responded for the first time to the survey conducted by CDP, which requests companies to disclose their climate change initiatives. Our current efforts were evaluated, and we received a "C" rating for climate change. In FY2025, we maintained our "C" rating for climate change and obtained a "B-" rating for water security for the first time. We will continue our efforts and strive to further enhance information disclosure, aiming to obtain a "B-" rating for climate change as well.

CDP Discloser 2025

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Disclosure Based on the TCFD (Task Force on Climate-related Financial Disclosures) Recommendations

The Company endorses the recommendations of the TCFD (Task Force on Climate-related Financial Disclosures) and undertakes climate change initiatives and disclosures in line with those recommendations.

* For details on TCFD-aligned disclosures, visit our corporate website.
https://www.hisaka.co.jp/english/csr/tcfd.html

Governance

In FY2022, the Company established the "Sustainability Committee," chaired by the President and Representative Director, and has built a framework for discussing various important matters relating to sustainability, including climate change, in cooperation with the relevant departments. The Sustainability Committee meets twice a year in principle and reports the results of its activities to the Board of Directors, enabling the Board to appropriately oversee various important matters relating to sustainability, including climate change. Activities to reduce GHG emissions based on the TCFD recommendations are handled by the "TCFD Project" under the Sustainability Committee. The Technical and Development Department at the head office serves as the secretariat and, through monthly activities, establishes policies for emission reduction initiatives. In practical terms, under the energy management supervisor designated in accordance with ISO 14001, an "Energy Conservation Promotion Meeting" attended by the Technical and Development Department and the Manufacturing Departments and Design and Development Departments of each business division is held every month, and GHG emissions are being reduced through energy conservation activities at our plants.

Sustainability Management P37

Strategy

The Company conducts scenario analyses of trends in climate change-related matters. The climate change-related risks and opportunities identified based on the results of our risk and opportunity assessment are shown in the table at right. With regard to transition risks, because all three businesses use large amounts of Energy throughout the lifecycle, from the manufacture of procured items at suppliers to the use of products by customers, we anticipate that risks and opportunities will arise from "tighter regulations on GHG emissions," "changes in demand for low-carbon products," and "changes in Energy supply and demand." As for physical risks, we identified the impact of climate change-related disasters on our production sites as the principal risk and opportunity.

● Methods of Addressing Climate Change-related Risks and Opportunities

Scenario	Major category	Anticipated impacts of climate change on the Company	Responses to risks and opportunities
1.5°C	Transition risks	Business costs increase with the introduction of carbon pricing such as a carbon tax.	Reduction of CO_2 emissions through the introduction of fuel-efficient facilities (boilers, lifts, vehicles, etc.) and conversion to green energy such as electricity and hydrogen
		A shift to renewable energy is required, increasing response costs such as those for in-house facilities and purchases of green electricity.	Expansion of in-house power generation facilities and reduction of electricity consumption (introduction of energy-saving facilities, etc.)
		Sales of mainstay products decline due to inferior measures to address impact on the Environment compared with competitors.	Acceleration of measures to reduce environmental impact (e.g., improving the CDP score)
		As customers' environmental awareness rises, environmental consideration in information disclosure and procurement is required, and delays in responding result in lost business opportunities.	Continued information disclosure, determination of procurement policies (scope and level of green procurement), and enhanced information gathering from suppliers
		Manufacturing costs increase as raw material prices rise due to higher energy costs.	Securing raw material inventories → reduction of in-house energy costs, cost reduction through improved productivity, review of logistics, Reduction of transportation distances (outsourcing assembly near casting suppliers and shipping to nearby destinations) and cost reduction through joint delivery
4.0°C	Physical risks	High summer temperatures create a risk of heatstroke among employees at plants and other sites, lowering productivity and pushing up labor costs.	Installation of air conditioning and introduction of daylight saving time
		A decline in available local water resources (drought) makes operations difficult and increases water costs.	Reduction of water consumption and consideration of recycled use
		More frequent and severe natural disasters such as torrential rains and typhoons cause delays in material procurement and construction work, affecting business costs, including impacts on construction schedules.	Planned inventories and expansion of local partner companies
		Sales decline due to damage to incoming and outgoing goods and facilities and suspension of operations at our plants and other sites.	Planned inventories, expansion of local partner companies, and decentralization of plants
		Sales decline due to adverse effects of global warming and high temperatures on customers' facilities and the resulting suspension of their operations.	R&D of products designed for temperature fluctuations and high temperatures, and R&D of products that function without problems even when submerged
1.5°C	Opportunities	Sales increase as demand for Environmentally-friendly Products grows. (Heat exchangers: CO_2 capture-related and heat recovery-related; Process engineering: dyeing machines; Valves: hydrogen-related, etc.)	Securing a stable supply of electricity, water, and fuel Certification acquired from external organizations (energy conservation issues); promotion of R&D of Environmentally-friendly Products
		Demand for Environmentally-friendly Products increases as decarbonization and energy conservation are promoted.	Securing a stable supply of electricity, water, and fuel Improvement of issues identified by external organizations (energy conservation issues); promotion of R&D of Environmentally-friendly Products
		As customers seek longer machine service life, maintenance demand grows, expanding maintenance orders and increasing sales.	Expansion of maintenance services (e.g., maintenance pack contracts)
4.0°C	Opportunities	Sales increase through R&D of new technologies in response to demand for longer product shelf life.	R&D of technologies enabling even longer-term preservation
		As unmanned transportation using drones and autonomous driving becomes established in the transportation industry and demand for semiconductors increases, sales of heat exchangers and valves for semiconductor manufacturing facilities increase.	Expanded sales of related valves, stronger relationships with related customers and trading companies, and enhanced information gathering in related industries
		Growing demand for facilities as BCP measures in preparation for natural disasters expands orders and increases sales.	Strengthening of in-house production systems
		The establishment of a procurement BCP at HISAKA reduces the risk of lower sales due to suspension of operations.	Consideration of involving procurement vendors and transportation companies in BCP across the HISAKA supply chain

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Risk Management

Under the Risk Management Committee, the Company identifies significant risks in its business operations, including climate change-related risks, evaluates them annually against multiple criteria, and regularly monitors the status of the corresponding risk mitigation measures.

Risk Management P54

Metrics and Targets

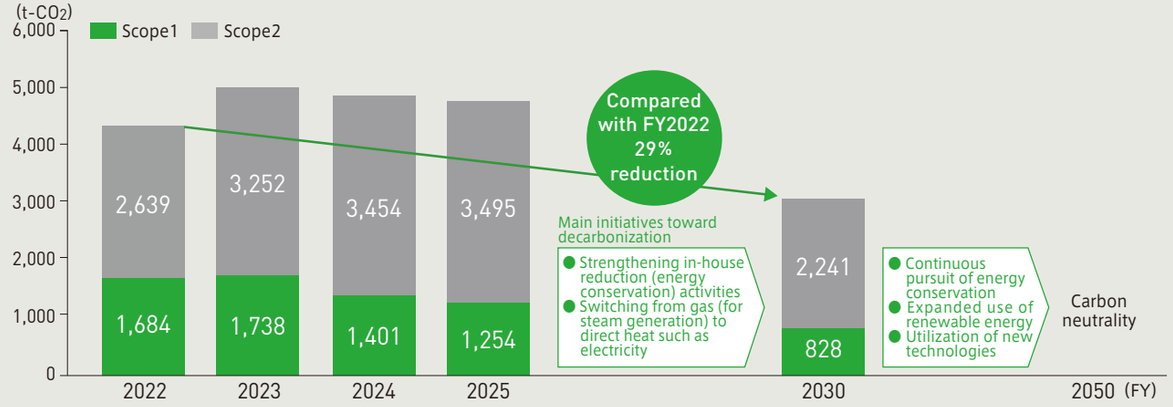
In addressing climate change, the Company uses GHG* emissions as its principal metric and aims to achieve the 1.5°C level stipulated by SBT (Science Based Targets). For Scope 1 and 2 emissions, we aim to reduce GHG emissions by 29% by 2030 compared with FY2022 (a reduction of 4.2% per year).
For Scope 3 emissions as well, we will similarly aim for an annual reduction of 2.5%.

Breakdown of Scope 1 and 2 emissions and Scope 3 emissions

GHG* emissions for FY2025 (non-consolidated results, Scope 1, 2, and 3) are shown in the table at right.
With respect to "use of products," which accounts for the largest share of Scope 3 emissions, our products require steam and electricity when used by customers, and CO_2 emissions associated with steam use are 4.5x those associated with electricity use. By manufacturing and selling models that curb steam consumption, we will work to reduce GHG emissions associated with the use of our products.
We have also expanded the scope of emissions calculation and, from FY2025, have begun calculating consolidated Scope 1 and 2 GHG emissions including domestic and overseas subsidiaries. We plan to announce the figures on our corporate website and through other channels once they are finalized.

* The only GHG emitted by the Company is CO_2

● Scope 1 and 2 emissions and reduction targets for 2030



● GHG emissions (non-consolidated)

Classification		FY2023	FY2024	FY2025	
		Emissions (t-CO_2)	Emissions (t-CO_2)	Emissions (t-CO_2)	Ratio
Scope 1	Direct emissions	1,738	1,401	1,254	0.5%
Scope 2	Indirect emissions	3,252	3,454	3,495	1.4%
Scope 3	Other emissions	290,986	293,882	246,496	98.1%
Category 1	Purchased goods and services	74,727	66,138	59,227	24.0%
Category 2	Capital goods	30,917	3,971	13,862	5.6%
Category 3	Energy not included in Scope 1 or 2	1,012	959	932	0.4%
Category 4	Transportation (upstream)	3,295	3,393	2,923	1.2%
Category 5	Waste	175	168	152	0.1%
Category 6	Business travel	434	547	650	0.3%
Category 7	Employee commuting	205	358	285	0.1%
Category 9	Transportation (downstream)	8,518	5,874	4,873	2.0%
Category 11	Use of products	171,469	212,276	163,379	66.3%
Category 12	Disposal of products	234	198	215	0.1%

* Based on a 15-year service life assumption for HISAKA products.

Obtaining third-party verification

With the aim of enhancing the reliability and transparency of its greenhouse gas (GHG) emissions data, the Company plans to undergo verification by a third-party organization during FY2026. By having our emissions calculation processes and data management systems verified by an independent specialist organization, we will ensure the accuracy of disclosed information and continue to provide highly reliable disclosure.

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Human Resource Development

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 FY2024.

Human Resource Strategy P23

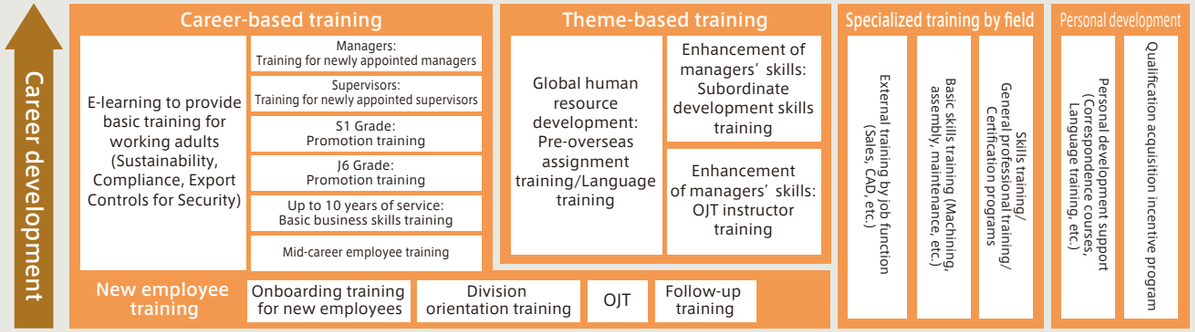
Education and Training System

We have established an education and training system tailored to employees' years of service, position levels, and areas of expertise. For new employee education, after group training immediately following joining the company, on-site orientation training continues at the assigned department until permanent employment. Furthermore, follow-up training is conducted at the end of the first year to reflect on progress in preparation for the second year. Additionally, we position the first three years after joining as a period for "developing effective contributors," clarifying the OJT guidance system for young employees and establishing an environment for organizational development.
We also conduct training for OJT instructors on the teaching side, focusing on improving the skills of instructors and building a robust OJT guidance system. From FY2025, we have begun training to acquire the skills required for each level and position, based on the qualification grade system established under the new employee compensation system.

● Overview of Training and Education Programs (FY)

	2021	2022	2023	2024	2025
Number of training courses conducted	82	88	89	160	351
Total number of participants	2,817	2,862	3,163	5,282	4,993
Training hours per person (hours)	10.5	11.5	13.8	16.1	12.2
Training cost per person (thousand yen)	17	24	36	32	32

● Education and Training System



Securing Human Resources

We continuously conduct new graduate recruitment and mid-career recruitment to secure human resources who will carry our company's future. Through new graduate recruitment, we primarily hire for sales, design, and manufacturing positions that drive business growth, while mid-career recruitment strengthens departments by hiring experienced professionals who can contribute immediately.
We also position early retention after joining as an important issue, providing detailed information about job duties and workplace environment from the recruitment stage to prevent mismatches upon joining. For new graduate hires, we support practical learning through OJT after assignment. For mid-career hires, we promote internal networking by holding networking events among mid-career employees. Furthermore, to prevent employees from bearing anxieties or challenges alone, we regularly provide opportunities for one-on-one meetings and interviews with HR personnel, working to create an environment where employees can grow and thrive with peace of mind.

● Hires and Separations (FY) (Persons)

	2021	2022	2023	2024	2025
Number of Hires	27	38	38	39	41
New Graduates	14	19	23	16	22
Mid-Career Hires	13	19	15	23	19
Number of Separations	16	20	19	14	26

Introduction of Talent Management

To understand each employee's abilities, experience, and aptitudes, and to build a human resource foundation that supports long-term growth, we have been implementing a full-scale talent management system since FY2024.
Going forward, we will utilize the consolidated data to optimize personnel placement and promote successor development.

Employee Engagement

To enhance employees' psychological safety and maintain and improve job satisfaction, we introduced one-on-one meetings from FY2024.
To realize "human resources who can continuously take on challenges and grow" based on "HISAKA MIND," these meetings serve as a forum not only for confirming progress toward evaluation period goals and reviewing measures, but also for discussing medium- to long-term career plans.
In one-on-one meetings, we emphasize the dialogue process for building psychological safety and trust between supervisors and subordinates.
From FY2025, we are working to improve the effectiveness of one-on-one meetings by conducting surveys with both supervisors and subordinates to confirm the implementation status and content of these meetings.

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Improvement of the Workplace Environment

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.

Human Resource Strategy P23

Fostering Workplace Communication

In our Company Motto "Magokoro (Sincerity)," we define "becoming a person who respects others and values harmony," and we consider building strong relationships of trust with employees, their families, and our stakeholders as an important element in the continuation of our corporate activities.
We hold communication events during working hours with the aim of deepening fellowship across departments. In addition, as joint labor-management cultural and athletic activities, we also provide facilities and financial support for club activities. We also hold an annual "Employee Family Appreciation Event" including theater outings that employee families can attend, as well as events such as sports days held once every four years.To promote communication through work, we have introduced a peer bonus program called "thanks," where employees send points to each other along with messages of gratitude and appreciation, which also leads to improved employee engagement.



Scenes from the Sports Day

Promotion of Work-Life Balance

From a work-life balance perspective, we are working to create systems and an environment where each employee can work with peace of mind and a sense of fulfillment while thriving over the long term.
As initiatives toward expanding flexible work arrangements, we have established recommended paid leave days, a work-from-home system (up to 2 days per week), and an annual leave accumulation system (up to 40 days). The paid leave utilization rate for FY2025 was 81.4%.

Balancing Work with Childcare and Nursing Care

For childcare and nursing care support, we have established the systems shown in the table below, in addition to the legally mandated maternity and childcare leave systems. In addition to establishing systems, we strive to raise internal awareness by introducing systems including male childcare leave and internal consultation services through company newsletters and other channels. The male childcare leave utilization rate for FY2025 was 57.1%.

● Examples of Childcare and Caregiving Support Programs

Program	Description
Childcare Leave Program	Employees may take childcare leave until their child reaches two years of age.
Reduced Working Hours for Childcare	Employees may reduce their working hours by up to two hours per day until March 31 of the school year in which their child reaches the third grade of elementary school.
Nursing Care Leave for Children	Employees may take up to 10 days of leave per year to care for a child through the third grade of elementary school when the child is ill or injured. Leave may also be taken in half-day or hourly increments.
Family Care Leave Program	Employees may take leave for up to 12 months per eligible family member requiring care.
Reduced Working Hours for Family Care	Employees may reduce their working hours by up to two hours per day, up to twice within a three-year period, for each eligible family member requiring care.
Family Care Leave	Employees may take up to five days of leave per year per eligible family member requiring care, or up to 10 days if caring for two or more family members. Leave may also be taken in half-day or hourly increments.

Strong 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 20, 2026, the union membership rate among regular employees is 100%, with 605 union members. Labor-management relations remain stable.

● Male Childcare Leave Utilization Rate (FY)

	2021	2022	2023	2024	2025
Number of Male Employees Whose Spouses Gave Birth (Persons)	23	25	26	22	21
Number of Male Employees Who Took Childcare Leave (Persons)	1	7	13	18	12
Childcare Leave Utilization Rate (%)	4.3	28.0	50.0	81.8	57.1
Average Number of Leave Days Taken (Days)	50.0	88.6	36.7	35.6	68.6

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Occupational Health and Safety

Based on our safety, health, and environmental policy, we aim for zero accidents and zero occupational illnesses. Both labor and management conduct occupational health and safety activities in accordance with the Industrial Safety and Health Act.

Challenge2028 Health, Safety and Environment Policy

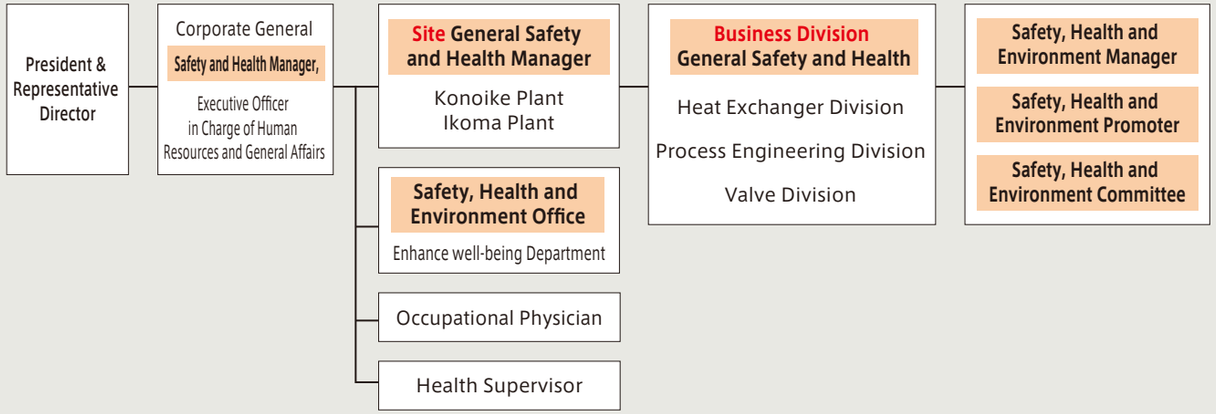
Company

Safety Starts with Everyone's Participation
Together, through activities carried out with sincerity, we strive for Zero Accidents and Zero Occupational Illnesses.

Labor Union

Never Assume "It's Safe."
Never Forget the Basics. Always Double-Check.
Your Family Wishes for Your Safe Return Home with a Smile.

● Organizational Structure



● Occupational Health and Safety Management System

ISO 45001:2018 / JIS Q 45001:2018 Certification Status

Registered Organization	Konoike Plant, Ikoma Plant
Registration Date	May 20, 2019
Certification Body	LRQA Limited
Registration Number	ISO45001-00020300

● Number of Industrial Injuries, Frequency Rate, and Severity Rate (FY)

	2021	2022	2023	2024	2025
Number of industrial injuries accidents	3	3	2	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.

Management System

We have established the "Central Safety, Health and Environment Committee" as a company-wide organization based on the Industrial Safety and Health Act, and confirm activities related to "safety, health, and health management" and "environmental management." The "Central Safety, Health and Environment Committee" is held once a month, and activity reports are provided as appropriate at meetings attended by the President.
Additionally, each business division holds the "Division Safety, Health and Environment Committee" and the "Zero-Accident Promotion Committee," which is led primarily by on-site supervisors, once a month each.

Initiatives for Occupational Health and Safety

In accordance with our internal regulations "Safety and Health Assurance Rules," we aim to prevent serious occupational accidents and reduce the risk of their occurrence, improving management levels by systematizing and standardizing necessary rules and activities through the "Safety and Health Activity Plan" formulated each fiscal year.
To prevent occupational illnesses and injuries, we conduct special health examinations for workers engaged in specific tasks, implement work environment measurements and require the use of protective equipment in accordance with laws and regulations, and ensure the proper appointment of legally mandated managers, work supervisors, and work leaders.

Risk Assessment

In accordance with our internal "Risk Assessment Regulations," we conduct risk assessments related to occupational health and safety 4 times a year and report to the Central Safety, Health and Environment Committee. Through risk assessments, we identify and evaluate risks present in the workplace, leading to the consideration and implementation of improvement measures to reduce the likelihood of risk occurrence. In high-risk situations such as when introducing new equipment, when non-routine work occurs, or during equipment maintenance, we conduct assessments as needed, regardless of the quarterly schedule.

Implementation of Safety Patrols

We conduct regular safety and health patrols based on an annual plan. In FY2025, a total of 32 patrols were conducted at each of our manufacturing sites, the Konoike Plant and Ikoma Plant. Details were communicated to all employees at each site and reported to the Central Safety, Health and Environment Committee.

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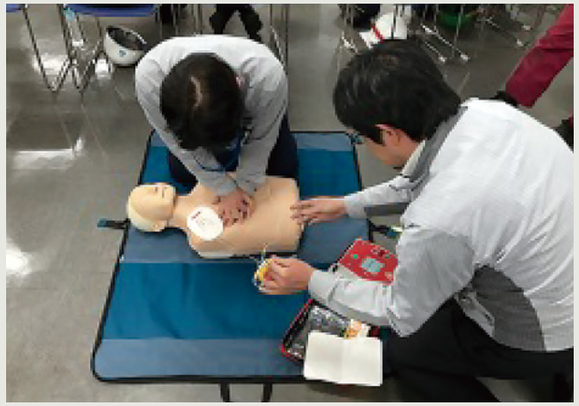
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Safety Patrols

We work to improve occupational safety and health risks identified through safety patrols and report progress on corrective actions to the Safety, Health and Environment Office. In addition to workplace inspections, we promote a range of daily safety initiatives, including the implementation and sharing of countermeasures for near-miss incidents and hazard prediction training (KYT). These activities help prevent the recurrence of incidents and address potential risks before they lead to accidents.

Health and Safety Education

We provide skill training and occupational 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 nationwide campaigns such as National Safety Week, National Industrial Health Week, and the Year-End and New Year's Accident-Free Campaign, as well as the annual Safety Morning Assembly held as part of National Safety Week activities, we strive to raise and reinforce safety awareness throughout the organization. At the Safety Morning Assembly, we recognize and commend workplaces that have made outstanding contributions to occupational safety and health activities, promoted employee health, and achieved accident-free records. We also distribute safety booklets to employees to further promote safety awareness.
In addition to occupational health and safety education, we conduct fire prevention and disaster preparedness drills in accordance with the Fire Service Act, in-house firefighting training, and first-aid and CPR training programs to enhance employees' disaster preparedness and emergency response capabilities.



Emergency First Aid Training

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 promote mental and physical well-being to foster an engaged and healthy workforce, in line with the "Safety and Security" principle of HISAKA MIND.

Collaboration between the Company and employees, together with the self-directed growth and continuous improvement of Plus-type Human Resources ("Higher, Wider, Deeper"), is essential to achieving sustainable success.

We believe that employees can perform at their best when they enjoy good mental and physical health and lead safe, active, and fulfilling lives. Based on this belief, we promote Health and Productivity Management through the following three policies:

1. Promote mental and physical health
2. Create a safe and healthy work environment
3. Enhance self-efficacy through personal growth and development

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.

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.

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● KPIs for Overall Health and Productivity Management

(FY)

Indicator	2022	2023	2024	2025	Target
Absenteeism*1 (%)	0.71	1.11	1.95	1.27	<1
Presenteeism*2 (%)	79.7	81.4	81.0	78.0	85
Work engagement*3	49.3	49.9	50.4	50.7	52

Definition of indicator *1 Leave of absence rate: average number of leave days taken for injury or disease by all employees (%)
*2 Performance capability rate based on the stress check results (%)
*3 Engagement survey results (deviation)

● Specific Numerical Targets for Improving Health Issues

(FY)

Indicator	2022	2023	2024	2025	Target
Health checkup participation rate (%)	100	100	100	100	100
Stress check response rate (%)	97.0	98.1	98.4	98.6	≥95
High-stress respondent rate (%)	11.9	10.9	11.5	10.0	≤10
Smoking rate (%)	25.0	24.3	23.8	24.2	≤20

Recognition as a Health & Productivity Management Outstanding Organization

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.

2026
健康経営優良法人
KENKO Investment for Health
大規模法人部門

Health Awareness Initiatives

We undertake various initiatives to encourage employees to take a proactive interest in their own health. In FY2025, following the previous year's efforts, we held a Smoking Cessation Seminar for employees who wished to quit smoking. In addition, during the morning assembly held as part of National Industrial Health Week in October, our occupational health nurse gave a lecture on fatty liver disease. Furthermore, we hosted the 3rd Online Walking Challenge in October as part of our ongoing efforts to encourage healthy habits and promote employee health and well-being.



3rd Online Walking Challenge Website

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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

Heat Exchanger Division

Registered organization	Konoike Plant, Tokyo Branch, Nagoya Branch, Osaka Sales Office, Hokkaido Sales Office, Onomichi Sales Office, and Chiba Sales Office
Registration date	July 30, 1998
Certification body	HSB Japan Co., Ltd.
Registration number	Q194

Process Engineering Division

Registered organization	Ikoma Plant, Tokyo Branch, and Kyushu Branch
Registration date	May 20, 2011
Certification body	LRQA Limited
Registration number	ISO9001-0067448

Valve Division

Registered organization	Konoike Plant, Osaka Sales Department (Head Office, Nagoya, and Kitakyushu), Tokyo Sales Department (Tokyo and Saitama), Chiba Sales Department, and Design & Development Section 1of the Design & Development Department (Chiba and Saitama)
Registration date	June 30, 2000
Certification body	The High Pressure Gas Safety Institute of Japan
Registration number	OOQR-337

● ISO 9001:2015-Certified Consolidated Subsidiaries

HISAKAWORKS S.E.A. SDN. BHD. (Malaysia)
HISAKA WORKS (CHINA) CO., LTD. (China)
HISAKA MIDDLE EAST CO., LTD. (Saudi Arabia)

Quality Assurance System

We hold the Central QA Meeting once a month as a company-wide cross-functional meeting body related to quality assurance. The main agenda items include confirming the management status of quality defects that have occurred both internally and externally, reporting on serious quality defects and considering countermeasures and recurrence prevention measures, confirming progress on quality improvement initiatives, and sharing information among departments.
Additionally, at the Quality Improvement Manager Meetings held monthly at each business division (QA Meetings), we work on sharing knowledge through horizontal deployment of past defect cases and strengthening advance confirmation, while also applying 3H+1 management targeting designers who are handling tasks for the first time, dealing with changes, returning to tasks after a long interval, or who joined the company within the past three years, thereby aiming for early reduction of risks arising from change points.

Initiatives for Quality Improvement

We define quality defects that have a particularly significant impact on corporate management as serious incidents, and conduct serious incident audits on a quarterly basis. By designating on-site managerial and supervisory personnel as auditees, we clarify organizational responsibility and build a highly effective governance system.
In addition, by promoting the strategic use of generative AI, we are shifting the quality assurance department's work from conventional "firefighting" reactive responses after incidents occur to "fire prevention" preventive management focused on preventing defects before they happen, and we are advancing the development of a system that enables quality assurance personnel to focus on higher value-added preventive work.

Customer Support

The Heat Exchanger Division provides "Marugoto Pack" as a total maintenance service. This is a service where we take custody of the entire heat exchanger unit in use by the customer, and return it with like-new quality through disassembly, inspection, cleaning, repair, assembly, and testing.
The Process Engineering Division provides after-sales services following delivery, with specialized service personnel conducting performance inspections, periodic inspections, and calibration to maintain product safety and performance while providing services that lead to improved customer satisfaction.
The Valve Division, as part of its after-sales service, partners with maintenance companies in each region and develops community-based services in its maintenance system to improve customer satisfaction.

Internal Awareness and Training for Fostering Quality Improvement

We designate November each year as "Quality Month" and conduct activities that lead to quality improvement throughout the company. We hold quality conventions where employees present on quality improvement efforts and accident reduction activities undertaken at each workplace, as well as quality training sessions with external instructors to improve knowledge of quality control and quality assurance. In addition, we conduct activities such as soliciting quality slogans and conducting internal rounds through quality patrols.

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Supply Chain Management / Social Contribution

Partnership Building Declaration

By promoting collaboration and mutual prosperity with our supply chain business partners and companies engaged in value creation, we declare our commitment to focusing on the following items in order to build new partnerships.

(1) Mutual prosperity throughout the entire supply chain and new collaboration that transcends scale, business affiliations, and other boundaries

By engaging not only direct business partners but also those in deeper tiers of the supply chain, we work to enhance added value across the entire supply chain while aiming to build mutual prosperity with our business partners through collaboration that transcends existing business relationships and company size.
We will actively work on the following items.

a. Inter-company collaboration (open innovation, business succession support through M&A, etc.)
b. IT implementation support (EDI development, mutual data utilization, advice and support for cybersecurity measures, etc.)
c. Matching of specialized human resources
d. Green initiatives (joint development of decarbonization and low-carbon technologies, advice and support for energy-saving assessments, decarbonization and low-carbon production processes, green procurement, etc.)
e. Health management initiatives (providing know-how on health management, joint implementation of health promotion measures, etc.)
f. BCP/Business continuity (advice on formulating business continuity plans for business partners in the event of disasters, etc.)

(2) Compliance with the "Promotion Standards"

Desirable business practices between consigning businesses and small and medium-sized subcontracting businesses, including improvement of ordering methods, improvement of methods for determining compensation, improvement of payment methods, improvement of transaction conditions related to molds and dies, protection of intellectual property, and ensuring fair transactions
("Promotion Standards" based on the Act on the Promotion of Subcontracting Small and Medium-sized Enterprises) will be observed, and we will actively work to correct business practices and commercial customs that hinder the building of partnerships with business partners.

(3) Other

For the mutual prosperity of the entire supply chain in which our company is involved, we will promote the Partnership Building Declaration throughout the supply chain, starting with our direct business partners.

We make this declaration with an understanding of the content of the "Promotion Standards" based on the Act on the Promotion of Subcontracting Small and Medium-sized Enterprises.

10 February 2026
HISAKA WORKS, Ltd. President and Representative Director, President and CEO　Toshiya Usami

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.

Partnership Building Declaration

In FY2025, we revised the "Partnership Building Declaration" that we endorsed and published in 2022. We have revised the descriptions of "(1) Mutual prosperity across the entire supply chain and new collaboration transcending size and affiliation" and "(3) Other." In May 2025, we also explained our "Partnership Building Declaration" at the "External Purchasing Subcommittee," a gathering of business partner companies centered on our procurement sources, raising awareness of our initiatives and receiving their endorsement.
Starting in FY2026, as a new initiative, we sent a "Climate Change Response Survey" to 224 business partner companies to confirm our climate change initiatives and their endorsement. Through this, we are promoting collaboration that transcends existing business relationships and company size, aiming to build mutual prosperity with our business partners.

パートナーシップ構築宣言

Communication with Business Partners

The "Hisaka-kai" has been organized since 1962 for the purpose of mutual cooperation and mutual prosperity between our company and partner companies. We hold business policy briefings twice a year for the Hisaka-kai to deepen understanding of our business, and we publish the "HISAKA Partner Company Newsletter" 4 times a year for mutual information exchange. Additionally, regarding occupational safety and health and quality control conditions, we strive for mutual improvement and awareness enhancement through partner company patrols and questionnaire surveys, including requests to our company. Furthermore, we hold an annual awards ceremony to express our gratitude to partner companies that have made significant contributions.

Social Contribution

We accept plant tours for social studies field trips from nearby elementary and junior high schools, as well as corporate visits for career learning by high school and university students. In addition, since FY2023, we have been collaborating with the Osaka Manufacturing Tourism Promotion Association to accept plant tours as part of the "Higashi-Osaka Manufacturing Tourism Program" for junior high and high school students from across Japan who visit Osaka on school trips.
In FY2025, a total of 619 students and faculty members from 19 junior high schools and high schools across Japan, from Aomori Prefecture in the north to Nagasaki Prefecture in the south, visited our facilities.
By providing opportunities to experience manufacturing sites and deepening understanding of work and connections to society, we contribute to developing human resources who will lead the next generation while working on contributions to local communities and society.



Plant tour

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GOVERNANCE

Corporate Governance

Strengthening Corporate Governance

Upholding the Company Motto "Magokoro(Sincerity)" within our Management Philosophy "HISAKA MIND," we will practice sound and highly transparent corporate management as a company trusted by all stakeholders, including customers, shareholders, employees, and partner companies, and will contribute to the realization of a sustainable society.
In addition, while taking into account the perspectives of all stakeholders, we will establish and maintain a decision-making framework capable of responding swiftly to changes in the business environment and strive to further enhance corporate value through the implementation of our management vision, “Challenge for Climate Change.”

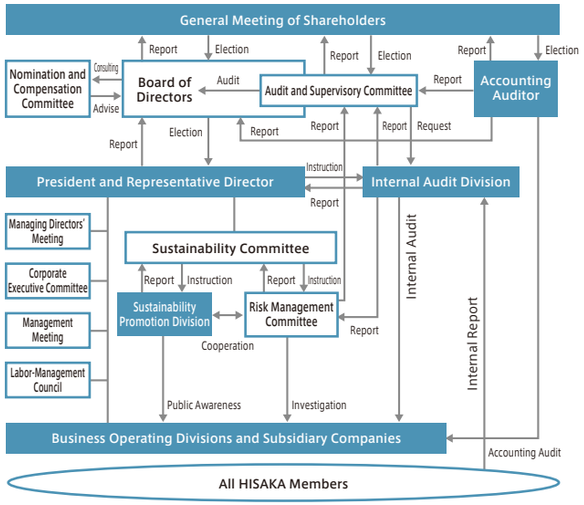
Evaluation of the Effectiveness of the Board of Directors

To achieve sustainable growth, we have organized and visualized the expertise required of our directors in the form of a skills matrix, and have structured the Board of Directors in line with our management environment and business strategy. In this way, we promote multifaceted and constructive discussion and, through the appropriate exercise of oversight functions and swift decision-making, aim to enhance corporate value and achieve sustainable growth.
The Audit and Supervisory Committee is composed of one full-time Audit and Supervisory Committee member and two outside Audit and Supervisory Committee members, and audits and oversees the execution of directors' duties from an independent standpoint. Through attendance at meetings of the Board of Directors and other important meetings and through regular exchanges of opinions with the business execution divisions, the Committee verifies the effectiveness of the internal control system and works to strengthen corporate governance.
In addition, we conduct an evaluation of the effectiveness of the Board of Directors every March, organizing and assessing issues based on the results of a questionnaire concerning the Board's composition, operation, agenda items, and support structure. As a result, we concluded that the Board of Directors is held with appropriate frequency, that active discussions take place on important matters, that the oversight function is sufficiently exercised by directors with diverse experience and knowledge, and that the Board is functioning effectively as a whole.
While room for improvement was recognized with regard to the content of the materials provided and the manner in which discussions are conducted, discussions centered on medium- to long-term strategy and KPIs have deepened, and we will continue working to improve the operation of the Board of Directors.

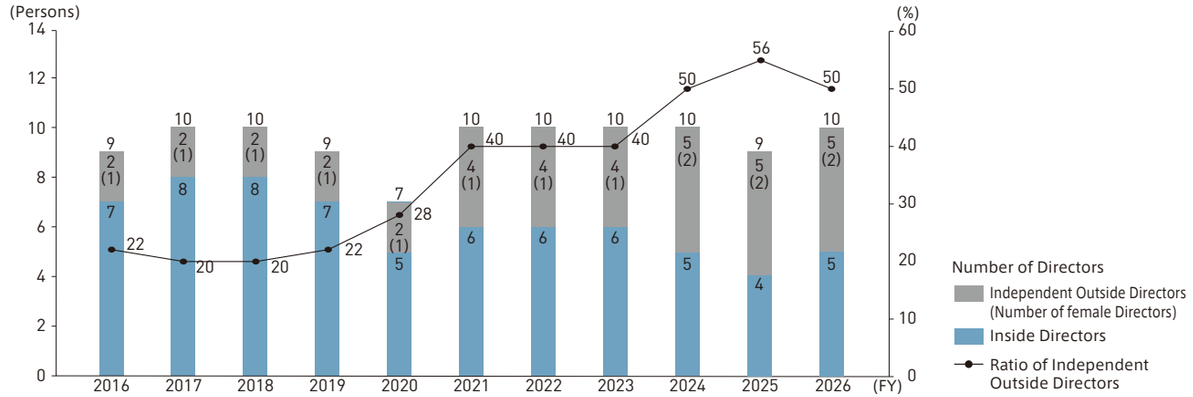
● Progress in Strengthening Corporate Governance

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.

● Corporate Governance System



● Trend in the Ratio of Independent Outside Directors



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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.

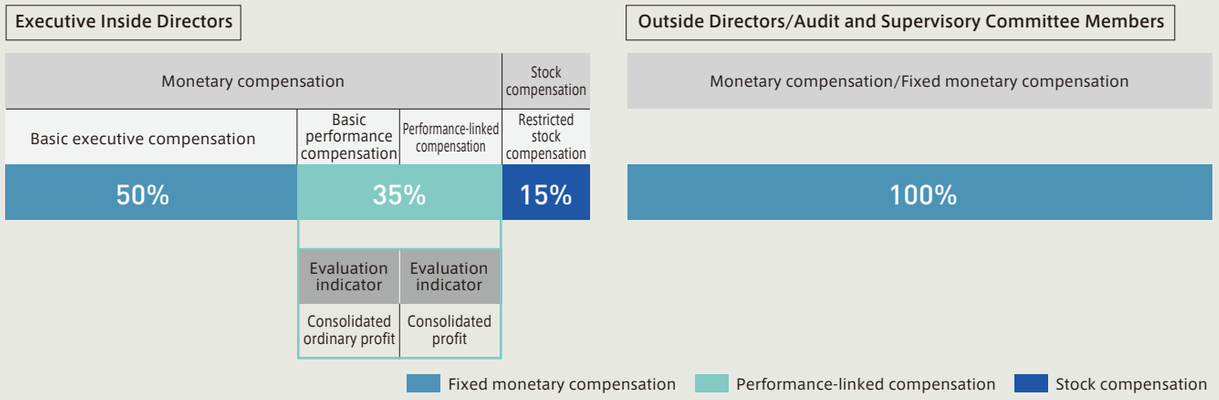
● Responsibilities and Composition of Supervisory Bodies

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 5 Inside Directors + 5 Independent Outside Directors 10 members	Chairperson 1 Inside Directors + 2 Independent Outside Directors 3 members	Chairperson 1 Inside Directors + 2 Independent Outside Directors 3 members
Number of meetings held in FY2025	11 meetings	12 meetings	7 meetings
Average attendance ratio	100%	100%	100%
Key discussion topics	● Approval of the Medium-Term Management Plan and business plans, and review of the progress of the Medium-Term and Long-Term Management Plans ● Matters related to corporate governance policies and initiatives, and sustainability policies and disclosures ● Matters related to capital policy ● Review of major capital investments, etc.	● Audit and Supervisory Committee's audit policies and audit plans ● Development and operational status of the internal controls system ● Appropriateness of the accounting auditor's audit methods and results, etc.	● Matters related to the FY2026 organizational structure and the composition of Directors and Executive Officers ● Matters related to Directors' compensation ● Matters related to appointments of officers and personnel at affiliated companies, etc. ● Matters related to succession planning

(As of September 2026)

● Composition and Composition Ratios of Directors' Compensation



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Risk Management / Compliance

We promote risk management and compliance with a view to the sustainable development of our business and the enhancement of corporate value. Through regular risk assessments, we identify and analyze the risks inherent in our business activities and work to reduce them, while complying with laws, regulations, and social norms and striving to conduct our business sincerely and fairly.

Risk Management Structure

Our basic policy for risk management, our management structure, and the risks covered are stipulated in our Risk Management Regulations, and through meetings of the Risk Management Committee we appropriately manage risks and prevent them from materializing. The Risk Management Committee meets 3 times a year and reports as appropriate in coordination with the Sustainability Committee.
We also continuously review our risk management framework. In FY2026, aiming to identify and organize risks from a more company-wide perspective, we began improving our risk management methods. Going forward, we will verify the results of these trials and apply them to improving our evaluation criteria and reporting processes, thereby enhancing the effectiveness of our risk management.

BCP (Business continuity plan)

We have established a company-wide BCP Response Meeting chaired by the President and Representative Director under the Sustainability Committee, and have formulated a business continuity plan in preparation for natural disasters such as major earthquakes and storm and flood damage. With the Corporate Management Division and the Technical & Development Division serving as the secretariat, we are implementing measures divided into three phases: preventive response, initial response, and recovery response.
In FY2025, as part of our preventive response we established handling standards for the disaster stockpiles that have been deployed, and for initial response we developed an initial response manual. For recovery response, we have confirmed the degree of impact on each business in the event of a disaster, the duration of supply suspensions, and procurement routes, and are advancing preparations for the early resumption of operations and recovery. In addition, in response to increasingly severe weather-related disasters, we will work to strengthen measures against flooding risks at our domestic production sites. Furthermore, to enhance our practical capabilities, we will continue to address disaster prevention and mitigation by regularly conducting tabletop exercises for executives as well as company-wide field drills.

Information security

We have established a Basic Information Security Policy and Information Security Measures Standards, and the Information Systems Department implements security measures tailored to risk characteristics in order to protect information assets from improper acts.
We have put in place multilayered defenses such as multi-factor authentication, access privilege management, network monitoring, endpoint protection, vulnerability management, and data backup. At the same time, we have established a structure to ensure swift response and business continuity in the event of incidents such as cyberattacks or system failures, striving to minimize damage and achieve early recovery.
In addition to continuous improvements such as the regular review of various information security-related regulations, we have established and operate IT general controls as part of our J-SOX compliance, and we also verify their effectiveness.
We respond to the security assessments requested by our business partners and are also working to obtain an assessment under the SCS evaluation system (Security Measures Evaluation System for Supply Chain Strengthening) being developed by the Ministry of Economy, Trade and Industry, thereby enhancing reliability across the entire supply chain.

Security Export Control

We position security export control as one of our important compliance issues and have established an appropriate management structure in accordance with the Foreign Exchange and Foreign Trade Act and other relevant laws and regulations. For export transactions, we have established Security Export Control Regulations and conduct export transaction screening, which includes classification of goods and technologies and verification of end uses and end users, and we apply for licenses from the Ministry of Economy, Trade and Industry as necessary.
In addition, we share our Group export control policy based on these regulations with affiliated companies in Japan and overseas, and through continuous education and awareness-raising activities, we are working to ensure the thorough implementation of appropriate export control throughout the entire Group.

Internal Whistleblowing System

We have established an internal whistleblowing system in order to achieve the early detection and correction of legal violations and misconduct and to foster a sound and highly transparent corporate culture. We have built a structure under which not only officers and employees but also employees of Group Companies and others can consult with and report to the whistleblowing contact point. Reports are also accepted anonymously, information concerning the content of reports and the whistleblowers is strictly managed, and any disadvantageous treatment on the grounds of having made a report is prohibited. For cases received, we carry out the necessary investigations while ensuring objectivity and fairness, and where a problem is confirmed, we implement corrective measures and measures to prevent recurrence.
Going forward, we plan to respond to the Whistleblower Protection Act, which will be revised in December 2026, and to improve the system so that it becomes even more effective.

Compliance education

To instill compliance awareness, we continuously conduct awareness-raising activities for our officers and employees. All employees are required to take e-learning courses on compliance and corporate ethics each year, and we also provide notification of revisions to laws, regulations, and internal rules as they occur.
In addition, we distribute a compliance awareness e-mail newsletter and post awareness posters every month, and we also publish related articles regularly in our in-house newsletter. Through these efforts, we aim to raise employees' compliance awareness so that they can make appropriate judgments and take appropriate actions on a daily basis.

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Messages from Outside Directors

Evaluation of Initiatives to Enhance Corporate Value and Expectations for Future Progress

Under our medium-term management plan "Challenge2028," we have set "Challenge for Climate Change" as our management vision and are working to achieve sustainable growth and enhance corporate value. On this page, our outside directors, from an independent standpoint and from their respective areas of expertise, offer their assessments of the Group's initiatives in areas such as growth strategy, capital efficiency, and governance, together with their expectations for the future.



Noriyuki Fujita
Outside Director Audit and Supervisory Committee Member

Akira Nakai
Outside Director Audit and Supervisory Committee Member

Koji Mizumoto
Outside Director

Yuko Tsuno
Outside Director

Emiko Ikigoshi
Outside Director

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Building Mechanisms and Systems through Conceptual Power

Drawing on more than 40 years of practical experience at a materials manufacturer in human resources, finance, corporate planning, the management of domestic and overseas group companies, overseas assignments, and executive positions, I proactively offer proposals and insights to the Company's management team and executive officers.
I believe that the role entrusted to me by shareholders is to supervise and provide guidance on management from an objective, external perspective.
In corporate management, I convey the message that "we should sense the flow and changes of the times, enhance our conceptual and creative capabilities, and build mechanisms, frameworks, and systems."
As a rule of thumb, once a system has been created and is up and running, a company will move forward significantly on its own. It takes time, but the same holds true for human resource development, organizations, and businesses. Indeed, systems can even shape a company's corporate culture.
Now, toward the formulation and realization of a medium- to long-term plan looking ahead to the 100th anniversary of HISAKA WORKS founding, I am moving forward together with everyone, sparing no effort in proposing and implementing concrete measures.

Koji Mizumoto Outside Director





Expectations for Growth Leveraging Technological Capabilities and for Improved Capital Efficiency

The Company has the appealing strength of high technological capabilities and competitive market advantages in areas such as heat and pressure control technologies, and I assess that its business activities, led by the "R&D of Plate Heat Exchangers for CO_2 capture plants," are aligned with the demand for solutions to social issues such as energy saving, labor saving, and decarbonization.
On the other hand, the Company's valuation by the capital markets and its capital efficiency still fall short of the desired levels. I recognize that a key management challenge going forward is how to reliably improve earnings and link them to higher capital efficiency through the expansion of services and maintenance, pursued under a policy of steadily advancing management that is conscious of the cost of capital, and through investments in the opening of the Ikoma Plant and the restructuring of the Konoike Plant, which look ahead to long-term enhancement of corporate value through improved productivity.
At the Company's Board of Directors, a wide range of discussions on growth strategy, including points for improvement, are taking place. I intend to continue monitoring whether strategic investments are translating into improved medium- to long-term earning power and capital efficiency, and thereby to fulfill my oversight function.

Yuko Tsuno Outside Director

Instilling ROIC-Based Management at the Front Lines to Enhance Corporate Value

Toward sustainable enhancement of corporate value, the Company is steadily pursuing segment-specific growth strategies while, on a sound financial foundation, strengthening shareholder returns through measures such as dividend increases and share buybacks, and PBR is on an improving trend. That said, there remains a gap between PBR and ROE and the levels expected by the market, and I recognize that further improvement in capital efficiency is an important management issue.
Against this backdrop, I believe that the shift to management control utilizing an ROIC tree, set forth in the medium-term management plan "Challenge2028," is an important initiative toward firmly establishing management that is conscious of capital efficiency. Going forward, I expect this way of thinking to permeate down to the front-line level and lead to autonomous actions aimed at improving capital efficiency, such as enhancing profitability as well as improving inventory and receivables turnover ratios.
As an Outside Director, I will continuously monitor the degree to which ROIC-based management takes root and the results it produces, and will contribute to enhancing corporate value over the medium to long term through dialogue with management.

Emiko Ikigoshi Outside Director

Supporting the enhancement of corporate value through constructive dialogue

The Company has a long History and reliable technologies cultivated over many years, and is a company with a solid foundation in so-called "monozukuri" (manufacturing excellence). In addition, since I assumed the position of Outside Officer, I have felt firsthand that the Company, rather than resting on its established position in the industry, has steadily developed its systems to build and maintain Corporate Governance in response to the demands of the market and society. At the Board of Directors as well, opportunities to speak and engage in discussion have increased, and I feel there is a culture of listening to proposals from Outside Officers and actually seeking to incorporate them.
The current medium-term management plan does not merely follow past management practices; it sets forth the management vision of "Taking on the Challenge of Climate Change" and also presents specific numerical targets for further growth. While Outside Officers are fundamentally in a position to monitor and oversee management, I hope to be constructively involved from the perspective of supporting the Company's governance and thereby help enhance corporate value.

Akira Nakai
Outside Director, Audit and Supervisory Committee Member

Enhancing the effectiveness of governance through dialogue

In its medium- to long-term plan, the Company is working toward the realization of goals such as "Challenge for Climate Change" and "Sustainable Growth and Enhancement of Corporate Value" by creating new businesses, securing and developing human resources, and promoting management that is conscious of the cost of capital and share price. Ultimately, the Company strives to fulfill its role as a company that contributes to society on a global scale.
However, in this era of rapid change and limited predictability, swift management decisions are required while management risks are also increasing. Given these circumstances, as an Audit and Supervisory Committee Member (Outside Director), I make it a point to actively ask questions and express opinions at the Board of Directors and other meetings about anything I notice, and furthermore to visit worksites for on-site audits whenever possible so as not to overlook the seeds of risk, thereby responding promptly and appropriately.
In addition, by maintaining close communication with internal and outside officers as well as with employees, I will help foster an open corporate culture and contribute to maintaining and enhancing governance.

Noriyuki Fujita
Outside Director, Audit and Supervisory Committee Member

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Directors



Toshiya Usami

President and Representative Director, President and CEO

Mar. 1983	Joined HISAKA WORKS, LTD.
Mar. 2014	Manager of the Sales Section of the Heat Exchanger Division
Apr. 2016	Executive Officer, Manager of the Sales Section of the Heat Exchanger Division
Apr. 2018	Executive Officer, General Manager of the Valve Division
Jun. 2020	Senior Executive Officer, General Manager of the Valve Division
Jul. 2021	Managing Executive Officer
Jun. 2022	Director, Managing Executive Officer
Apr. 2024	President and Representative Director, President and CEO (current position)

Naoto Hattori

Director, Audit and Supervisory Committee Member

Mar. 1984	Joined HISAKA WORKS, LTD.
Mar. 2016	Manager of Sales Department of the Valve Division of the Company
Jun. 2023	Director (Audit and Supervisory Committee Member) (current position)

Akihito Adachi

Director, Senior Managing Executive Officer, Technical & Development fields

Mar. 1984	Joined HISAKA WORKS, LTD.
Mar. 2014	Manager of the Manufacturing Department of the Process Engineering Division
Apr. 2016	Executive Officer, General Manager of the Process Engineering Division
Jun. 2020	Senior Executive Officer, General Manager of the Technology Development Division
Jun. 2023	Director, Managing Executive Officer
Apr. 2025	Director, Senior Managing Executive Officer (current position)

Hiroshi Hatano

Director, Senior Executive Officer

Administration, Management Strategy, and Investor Relations fields, and In charge of Ome Plant and Tokyo Branch

Sep. 2008	Joined HISAKA WORKS, LTD.
Mar. 2015	Manager of the Corporate Management Department
Apr. 2020	Executive Officer, General Manager of the Corporate Planning Division
Jun. 2024	Director, Senior Executive Officer (current position)

Masataka Matsuda

Director, Senior Executive Officer

Sustainability and Sales fields, and General Manager of the Corporate Planning Division

Mar. 1993	Joined HISAKA WORKS, LTD.
Apr. 2020	Manager of the Design and Development Department of the Valve Division
Apr. 2022	Executive Officer, General Manager of the Valve Division
Apr. 2025	Executive Officer, General Manager of the Corporate Planning Division
Jun. 2026	Director, Senior Executive Officer, and General Manager of the Corporate Planning Division (current position)

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Koji Mizumoto Outside Director

Jun. 2014 Representative Director, Vice President,Executive Officer, and CFO of Nisshin Steel Co., Ltd.
Jun. 2019 Outside Director of the Company (current position)
Aug. 2020 Outside Director of Toyo Denki Seizo K.K.

Yuko Tsuno Outside Director

Dec. 2008 Registered as an attorney
Aug. 2009 Joined Chuo Sogo Law Office P.C. (current position)
Sep. 2017 Lecturer of the School of Policy Studies of Kwansei Gakuin University (current position)
Jun. 2019 Outside Director of the Company (current position)
Aug. 2019 Equity Commission Member of Kaizuka City(current position)

Emiko Ikigoshi Outside Director

Mar. 1994 Registered as a certified public accountant
Aug. 2007 Joined Deloitte Touche Tohmatsu (present Deloitte Touche Tohmatsu LLC) as a partner
Oct. 2023 Established Ikigoshi Certified Public Accountant Office (current position)
Jun. 2024 Outside Director of SINKO INDUSTRIES LTD. (Audit and Supervisory Committee Member) (current position)
Jun. 2024 Outside Director of Chugin Financial Group, Inc. (Audit and Supervisory Committee Member) (current position)
Jun. 2024 Outside Director of the Company (current position)

Akira Nakai Outside Director, Audit and Supervisory Committee Member

Oct. 2006 Registered as an attorney
Oct. 2006 Joined Yodoyabashi & Yamagami LPC (current position)
Apr. 2015 Part-time lecturer at Kobe University, Graduate School of Law (current position)
Jun. 2016 Outside Auditor of the Company
Dec. 2020 Outside Auditor of AvanStrate Inc.
Jun. 2021 Outside Director (Audit and Supervisory Committee Member) of the Company (current position)

Noriyuki Fujita Outside Director, Audit and Supervisory Committee Member

Jul. 2018 District Director of Ashiya Tax Office
Aug. 2019 Registered as a certified tax accountant
Aug. 2019 Established Fujita Noriyuki Tax Office (current position)
Jun. 2020 Outside Auditor of the Company
Mar. 2021 President and Representative Director of MAC BRAIN Inc.
Jun. 2021 Outside Director (Audit and Supervisory Committee Member) of the Company (current position)

● 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	●	●				●	●	●	●	●
Masataka Matsuda	●	●	●		●	●				●
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.



Eiji Nakanishi Kenji Sakai Yoichi Hamada Toru Tanaka Yoshiaki Imano Masaki Nagano Akio Suzuki

Executive Officers

Toru Tanaka

Senior Executive Officer,
General Manager of the Global Management Division

Yoshiaki Imano

Senior Executive Officer,
Human Resources and General Affairs fields,
And Ikoma Plant Manager and General Manager of Corporate Management Division

Kenji Sakai

Executive Officer,
General Manager of the Heat Exchanger Division

Akio Suzuki

Executive Officer,
General Manager of the Valve Division

Yoichi Hamada

Senior Executive Officer,
Konoike Plant Manager and
Special Assignments from the President

Masaki Nagano

Executive Officer,
General Manager of Technical & Development Division

Eiji Nakanishi

Executive Officer,
General Manager of the Process Engineering Division

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Financial Results for the Past 11 Years (Consolidated)

			(FY)	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Business performance	Orders received		(Million yen)	25,770	26,594	28,914	30,669	31,952	28,165	34,685	34,621	37,999	42,269	**42,591**
	Net sales		(Million yen)	25,393	25,023	26,891	30,939	32,511	28,437	30,085	34,074	34,180	38,353	**44,890**
	Gross profit		(Million yen)	5,287	5,463	5,997	7,117	7,438	6,233	6,889	7,710	8,304	9,773	**10,377**
	Selling, general and administrative expenses		(Million yen)	4,102	4,302	4,389	5,076	5,163	4,824	5,069	5,798	5,847	6,842	**7,073**
	Operating profit		(Million yen)	1,184	1,161	1,607	2,040	2,274	1,409	1,819	1,912	2,457	2,930	**3,303**
	Ordinary profit		(Million yen)	1,532	1,374	1,963	2,337	2,573	1,765	2,270	2,392	2,896	3,391	**3,620**
	Profit before income taxes		(Million yen)	4,503	2,786	2,772	2,258	2,840	1,750	2,758	2,840	3,261	5,150	**4,783**
	Profit attributable to owners of parent		(Million yen)	2,688	2,191	1,927	1,596	2,080	1,212	2,058	2,040	2,420	3,782	**3,449**
	Earnings per share		(Yen)	90.0	73.4	64.6	53.5	73.4	43.1	73.2	72.5	85.8	135.8	**130.2**
	No. of consolidated subsidiaries		(Companies)	5	5	5	6	7	7	7	7	7	8	**8**
	No. of equity method affiliates		(Companies)	2	2	2	2	2	2	2	2	2	2	**2**
Segment information	Orders received	Heat Exchanger Segment	(Million yen)	11,934	10,843	11,415	11,277	12,368	10,405	12,769	14,059	16,900	16,793	**17,193**
		Process Engineering Segment	(Million yen)	9,494	11,017	12,024	13,305	14,981	13,307	17,748	15,536	16,058	20,165	**20,000**
		Valve Segment	(Million yen)	3,369	3,515	3,808	4,434	4,524	4,358	4,077	4,934	4,953	5,221	**5,324**
		Other	(Million yen)	2,541	2,731	3,831	3,546	78	93	89	90	87	88	**72**
	Net sales	Heat Exchanger Segment	(Million yen)	12,110	11,042	11,125	11,997	12,041	11,298	11,691	13,418	15,161	16,152	**17,229**
		Process Engineering Segment	(Million yen)	9,027	9,433	10,836	12,470	15,957	13,100	13,853	15,869	13,977	17,158	**22,405**
		Valve Segment	(Million yen)	3,429	3,451	3,733	4,408	4,434	3,945	4,451	4,696	4,954	4,954	**5,183**
		Other	(Million yen)	2,409	2,636	3,164	3,904	78	93	89	90	87	88	**72**
	Segment profit	Heat Exchanger Segment	(Million yen)	868	968	989	952	887	771	1,201	814	1,831	1,342	**988**
		Process Engineering Segment	(Million yen)	511	297	458	544	975	469	352	833	263	1,418	**2,129**
		Valve Segment	(Million yen)	29	(97)	140	442	471	237	321	339	423	292	**366**
		Other	(Million yen)	(147)	(50)	45	231	43	66	64	66	63	65	**52**
	Overseas net sales		(Million yen)	6,770	5,121	5,137	4,598	5,964	4,257	5,908	6,809	7,377	9,318	**9,510**
	Ratio of overseas net sales		(%)	26.7	20.5	19.1	14.9	18.3	15.0	19.6	20.0	21.6	24.3	**21.2**

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

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		(FY)	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Financial status	Total assets	(Million yen)	58,473	55,616	60,275	63,041	60,566	65,200	67,302	70,977	82,017	82,697	**83,082**
	Net assets	(Million yen)	47,191	48,254	51,014	51,691	50,831	53,335	54,378	56,302	60,301	60,019	**63,280**
	Interest-bearing liabilities	(Million yen)	0	0	0	0	113	9	0	0	5,000	5,000	**5,000**
	Equity ratio	(%)	80.7	86.8	84.6	82.0	83.7	81.6	80.6	79.1	73.1	72.1	**75.9**
	Net assets per share	(Yen)	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	**2,397.6**
Earnings and financial indices	Ratio of operating profit to net sales	(%)	4.7	4.6	6.0	6.6	7.0	5.0	6.0	5.6	7.2	7.6	**7.4**
	ROE	(%)	5.5	4.6	3.9	3.1	4.1	2.3	3.8	3.7	4.2	6.3	**5.6**
	ROA	(%)	2.5	2.4	3.4	3.8	4.2	2.8	3.4	3.5	3.8	4.1	**4.4**
	Net D/E ratio	(x)	(0.3)	(0.2)	(0.3)	(0.3)	(0.2)	(0.3)	(0.3)	(0.3)	(0.1)	(0.1)	**(0.1)**
Cash flows	Cash flows from operating activities	(Million yen)	542	(499)	2,961	2,011	2,018	3,933	3,147	1,485	(461)	4,720	**1,706**
	Cash flows from investing activities	(Million yen)	3,233	690	505	(1,400)	(3,035)	(563)	(159)	(2,812)	(3,822)	(3,229)	**363**
	Free cash flows	(Million yen)	3,775	191	3,466	611	(1,017)	3,370	2,988	(1,327)	(4,283)	1,491	**2,069**
	Cash flows from financing activities	(Million yen)	(703)	(766)	(599)	(604)	(2,168)	(803)	(863)	(1,001)	3,828	(2,396)	**(3,144)**
	Cash and cash equivalents at end of period	(Million yen)	12,075	11,457	14,338	14,568	11,344	13,922	16,141	13,871	13,746	12,824	**11,918**
Capital expenditures, etc.	Capital expenditure	(Million yen)	1,436	926	510	1,890	3,260	1,424	1,757	4,956	6,118	5,403	**2,863**
	Depreciation	(Million yen)	1,079	1,079	1,153	1,154	1,137	997	1,130	1,045	1,259	1,630	**1,749**
	R&D expenses	(Million yen)	218	367	237	281	279	251	229	210	236	236	**246**
Dividend status	Annual dividend per share	(Yen)	25	20	20	20	20	30	30	40	42	45	**55**
	Total amount of dividends	(Million yen)	746	597	597	597	562	843	844	1,127	1,185	1,240	**1,446**
	Dividend payout ratio	(%)	27.8	27.2	31.0	37.4	27.3	69.5	41.0	55.2	48.9	33.1	**42.2**
	DOE	(%)	1.6	1.2	1.2	1.2	1.1	1.6	1.6	2.0	2.0	2.1	**2.4**

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Non-Financial Data for the Past 3 Years

Environment

		(FY)	2023	2024	2025
GHG Emissions	Scope 1	(t-CO_2)	1,738	1,401	**1,254**
	Scope 2	(t-CO_2)	3,252	3,454	**3,495**
	Scope 1 + 2	(t-CO_2)	4,990	4,855	**4,749**
	Scope 3	(t-CO_2)	290,986	293,882	**246,496**
	Scope 1 + 2 + 3	(t-CO_2)	295,976	298,737	**251,245**
Electricity Consumption		(MWh)	9,049	9,169	**9,411**
Gas Consumption		(thousand m^3)	740	588	**526**
Power Generation from Solar PV Facilities (On-site PPA)		(kWh)	282	772	**797**
Renewable Energy Usage Rate		(%)	3.1	8.4	**8.5**
Water Consumption		(m^3)	48,289	44,574	**45,911**
Total Industrial Waste Generated		(t)	603	663	**701**
Industrial Waste Recycled		(t)	427	465	**515**
Industrial Waste Recycling Rate		(%)	70.8	70.1	**73.4**

Governance

	(FY)	2023	2024	2025
Number of Directors (of whom Female)	(Persons)	10(1)	10(2)	**9(2)**
Number of Independent Outside Directors (of whom Female)	(Persons)	4(1)	5(2)	**5(2)**
Ratio of Independent Outside Directors	(%)	40.0	50.0	**55.6**
Number of Board of Directors Meetings Held	(Times)	11	11	**11**
Attendance Rate	(%)	100	100	**100**

Note 1: Unless otherwise stated, all data are for HISAKA WORKS, LTD. on a non-consolidated basis.
Note 2: Environmental data are for the Konoike Plant and Ikoma Plant, excluding GHG emissions.

Social

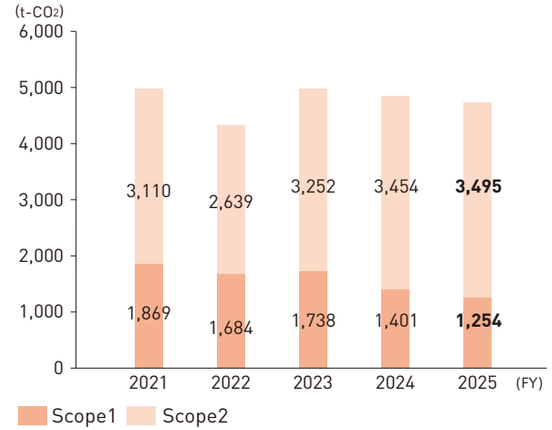
	(FY)	2023	2024	2025
Number of Employees	(Persons)	692	712	**725**
Number of Female Employees	(Persons)	112	112	**115**
Ratio of Female Employees	(%)	16.1	15.3	**15.8**
Number of Employees (Consolidated)	(Persons)	1,011	1,032	**1,063**
Average Age	(Years)	40.1	40.4	**40.6**
Number of Female Managers	(Persons)	0	0	**0**
Number of Female Supervisors	(Persons)	7	10	**10**
Ratio of Female Supervisors	(%)	3.8	5.2	**4.3**
Employment Rate of Persons with Disabilities	(%)	2.54	2.57	**2.45**
Average Length of Service	(Years)	15.1	15.3	**15.3**
Average Length of Service (Male)	(Years)	16.2	16.1	**16.1**
Average Length of Service (Female)	(Years)	10.3	10.6	**10.6**
Number of New Graduate Hires	(Persons)	23	16	**22**
Number of Mid-Career Hires	(Persons)	15	23	**19**
Childcare Leave Utilization Rate (Female)	(%)	100	100	**100**
Return-to-Work Rate after Childcare Leave (Female)	(%)	100	100	**100**
Childcare Leave Utilization Rate (Male)	(%)	50.0	81.8	**57.1**
Paid Leave Utilization Rate	(%)	82.5	74.6	**80.1**
Average Monthly Overtime Hours	(Hours)	17.1	16.3	**18.0**
Gender Pay Gap (Regular Employees)	(%)	70.8	72.4	**70.6**
Gender Pay Gap (Limited-Term Employees)	(%)	114.2	98.1	**125.1**
Training Expenses	(¥ million)	24	22	**24**
Training Expenses per Employee	(¥ thousand)	36	32	**32**
Training Hours per Employee	(Hours)	13.8	16.1	**12.2**
Engagement Score	(Points)	49.9	50.4	**50.7**
Lost-Time Injury Frequency Rate	(%)	0	0	**0**
Lost-Time Injury Severity Rate	(%)	0	0	**0**

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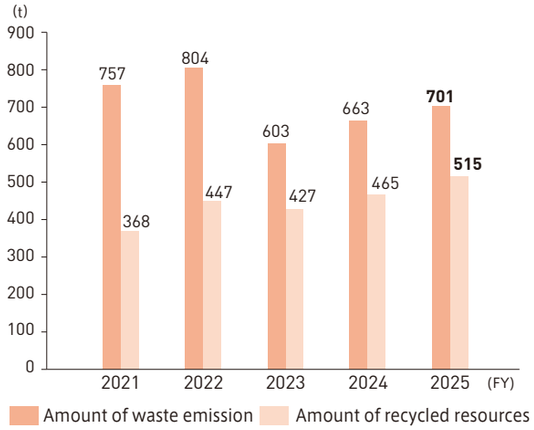
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Non-Financial Highlights

● GHG Emissions (Scopes 1 and 2)

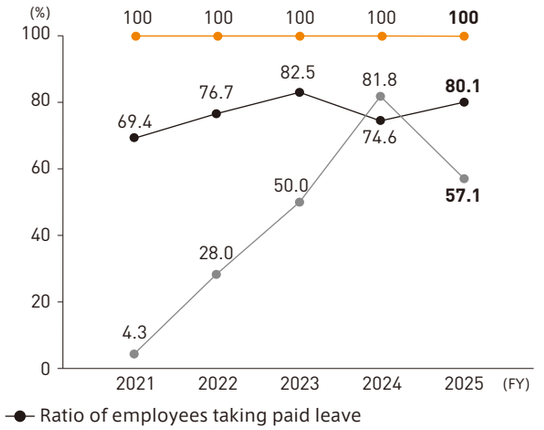


● Amount of Waste Emission and Amount of Recycled Resources (Konoike Plant and Ikoma Plant)

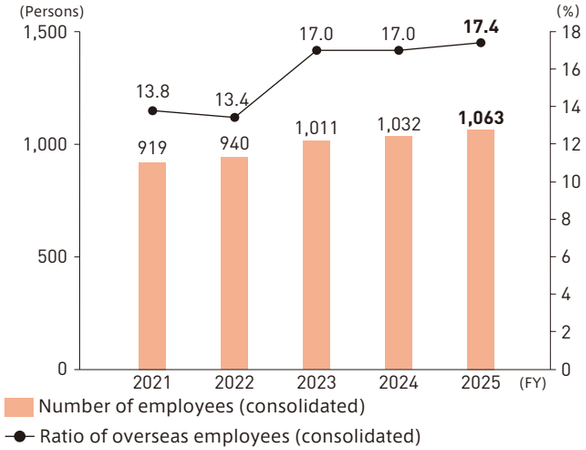


* Figures for FY2021/3 to FY2023/3 are for the Konoike Plant.
* Amount of recycled resources is not included in the amount of waste emission.

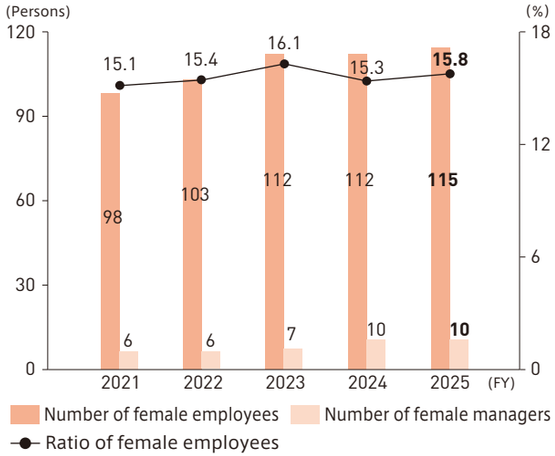
● Ratio of Employees Taking Paid Leave and Ratio of Employees Taking Parental Leave



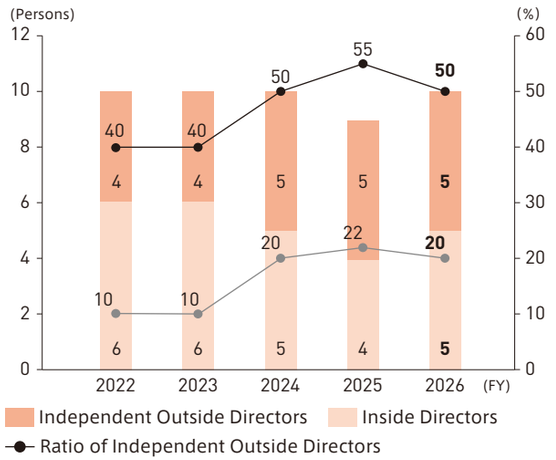
● Number of Employees (Consolidated) and Ratio of Overseas Employees (Consolidated)



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



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



* This item shows the latest situation in the current fiscal year.

Note 1: Unless otherwise stated, all data are for HISAKA WORKS, LTD. on a non-consolidated basis.

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Company Profile & Share Status

Company Profile

Company name	HISAKA WORKS, LTD.	Established	May 1942
Head office address	2-12-7, Sonezaki, Kita-ku, Osaka City, Osaka 530-0057 Japan	Capital	4,150 million yen
Contact	TEL: +81-6-6363-0006 FAX: +81-6-6363-0160	Number of employees	Non-consolidated: 725
Website	https://www.hisaka.co.jp		Consolidated: 1,063 (as of March 31, 2026)
Representatives	President and Representative Director, President and CEO, Toshiya Usami	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

- Head Office

Production bases

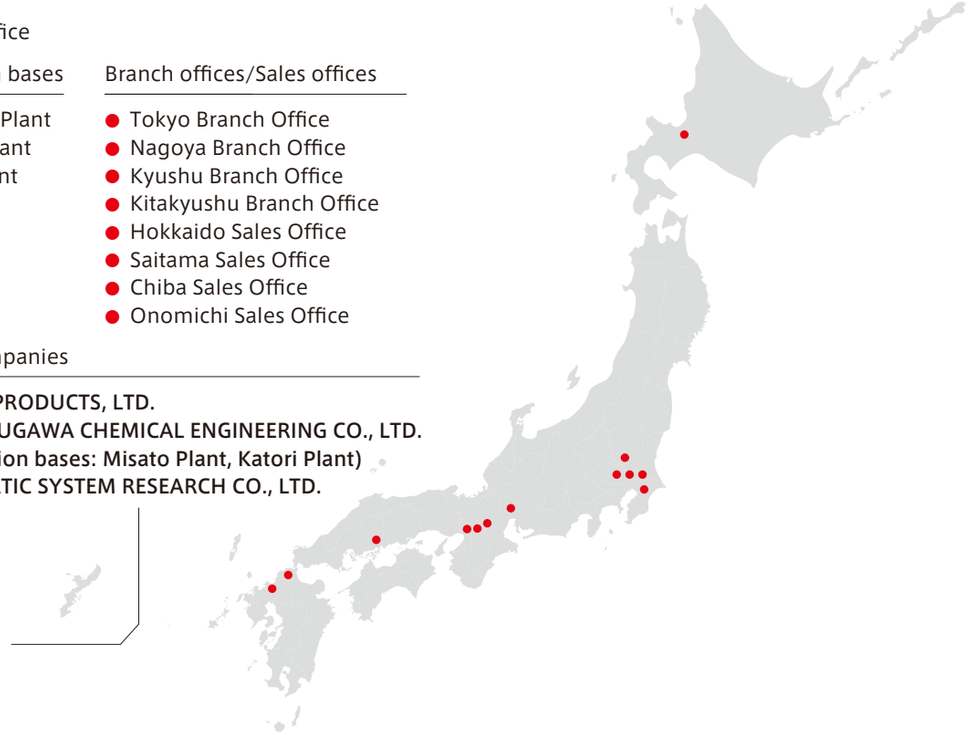
- Konoike Plant
- Ikoma Plant
- Ome Plant

Branch offices/Sales offices

- Tokyo Branch Office
- Nagoya Branch Office
- Kyushu Branch Office
- Kitakyushu Branch Office
- Hokkaido Sales Office
- Saitama Sales Office
- Chiba Sales Office
- Onomichi Sales Office

Group companies

- **HISAKA PRODUCTS, LTD.**
- **KOMATSUGAWA CHEMICAL ENGINEERING CO., LTD.**
  (Production bases: Misato Plant, Katori Plant)
- **AUTOMATIC SYSTEM RESEARCH CO., LTD.**



Overseas

- **HISAKAWORKS S.E.A. SDN. BHD.**
- HISAKAWORKS S.E.A. SDN. BHD. JOHOR BRANCH
- HISAPINO MANILA REPRESENTATIVE OFFICE
- **HISAKA WORKS (THAILAND) CO., LTD.**
- HISAKA WORKS (THAILAND) CO., LTD. SATTAHIP SALES OFFICE
- **HISAKAWORKS SINGAPORE PTE. LTD.**
- **PT. HISAKA WORKS INDONESIA**
- **HISAKAWORKS VIETNAM CO., LTD.**
- **HISAKA WORKS (CHINA) CO., LTD.**
- HISAKA WORKS (CHINA) CO., LTD. SHANGHAI BRANCH
- HISAKA WORKS (CHINA) CO., LTD. GUANGZHOU BRANCH
- **HISAKA MIDDLE EAST CO., LTD.**
- HISAKA MIDDLE EAST CO., LTD. YANBU BRANCH
- **HISAKA ALSHARQ ALAWSAT TRADING AND MAINTENANCE LLC**
- **HISAKA ARABIA HEAT EXCHANGER TRADING - L.L.C - O.P.C**
- **HISAKA KOREA CO., LTD.**
- HISAKA KOREA CO., LTD. BUSAN BRANCH



* Affiliated companies (3 domestic and 10 overseas) are shown in bold.
* Automatic System Research Co., Ltd. merged with Komatsugawa Chemical Engineering Co., Ltd. on April 1, 2026.

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Share Status (As of March 31, 2026)

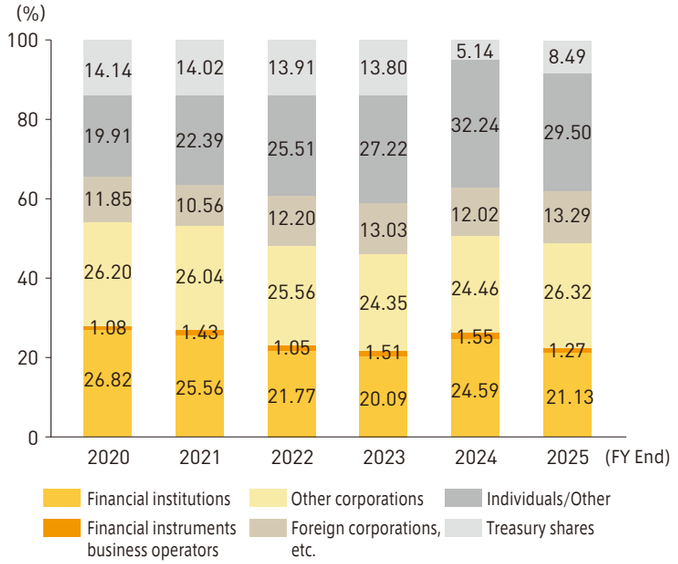
Share information

Total number of authorized shares
129,020,000 shares

Total number of shares issued
28,732,800 shares

Number of shareholders
9,971

Transition in Shareholding Ratio

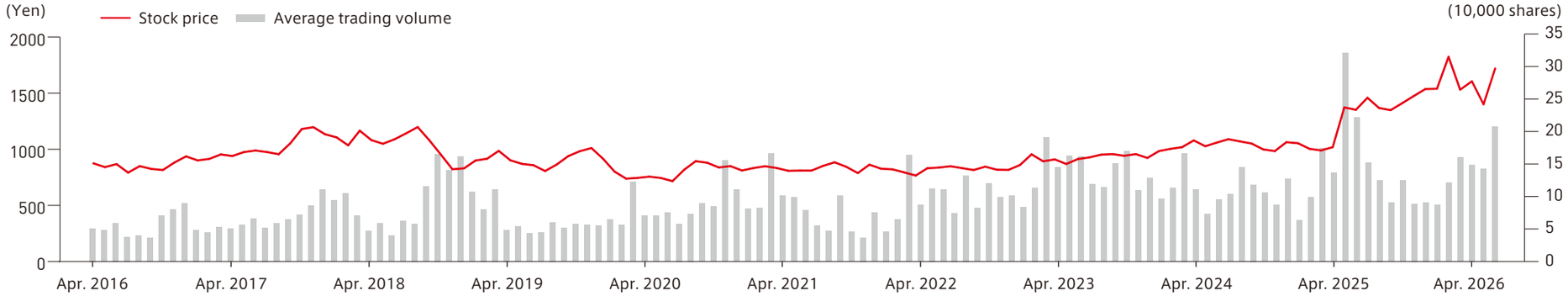


Major Shareholders (Top 10)

Shareholder name	Number of shares held (shares)	Shareholding ratio (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	2,575,900	9.79
Nippon Life Insurance Company	960,770	3.65
STATE STREET BANK AND TRUST COMPANY 505103	939,437	3.57
INABA DENKI SANGYO CO., LTD.	910,802	3.46
Custody Bank of Japan, Ltd. (Trust Account)	792,200	3.01
BNYMSANV RE BNYMIL RE WS ZENNOR JAPAN EQUITY INCOME FUND	785,900	2.98
Hisaka Works Business Partners Shareholding Association	706,486	2.68
MUFG Bank, Ltd.	690,300	2.63
Hisaka Works Employee Shareholding Association	648,961	2.46
TAKUMA CO., LTD.	642,000	2.44
Total	9,652,756	36.71

*1. Shareholding ratios are rounded down to the nearest display unit.
*2. Shareholding ratios are calculated excluding treasury shares (2,438,867 shares).
*3. Treasury shares are excluded from the list of major shareholders.

Stock price and average trading volume for the past ten years (April 2016 to March 2026)



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