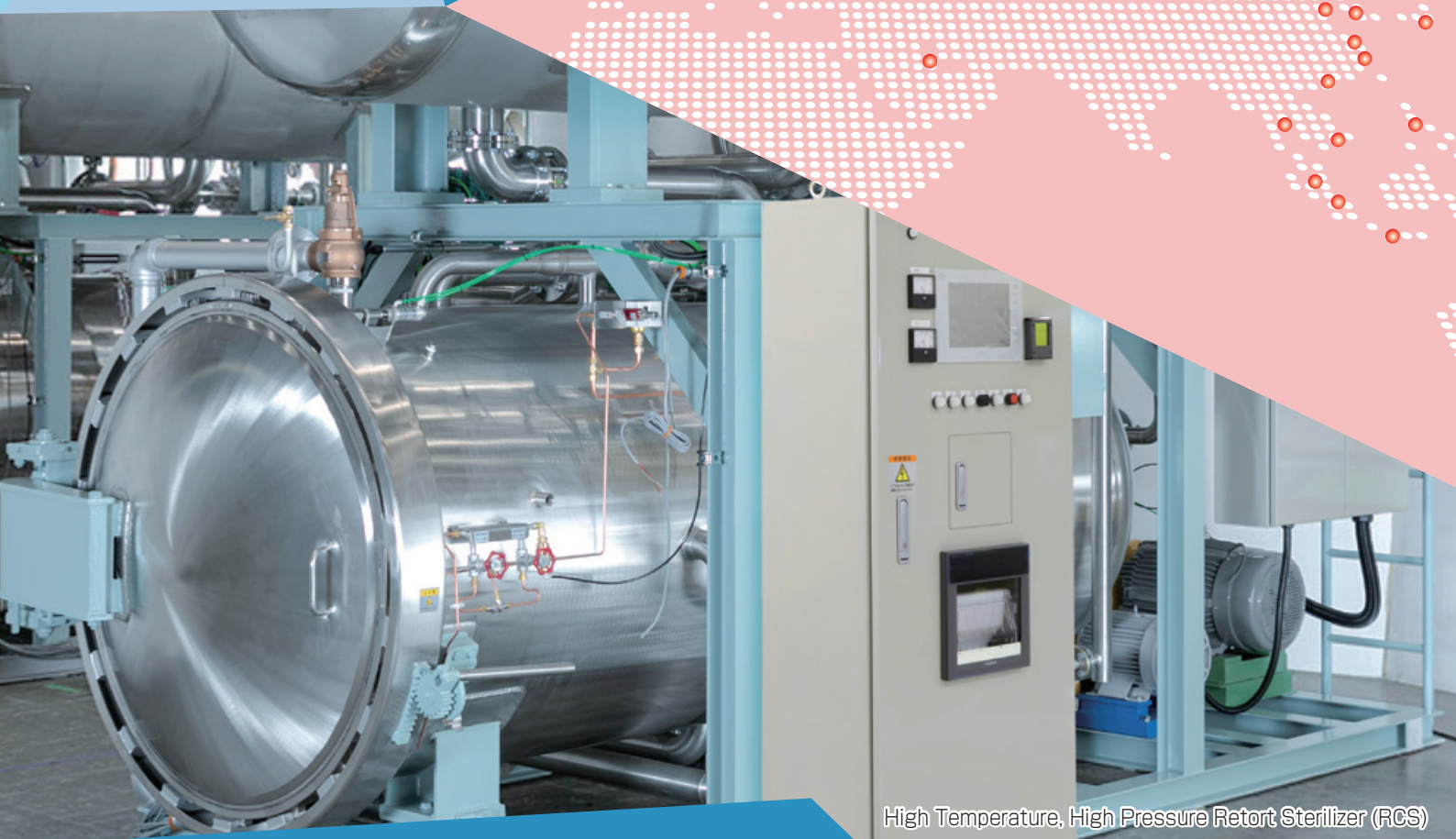


Hisaka Newsletter

The 93rd Fiscal Year

April 1, 2021 to March 31, 2022



High Temperature, High Pressure Retort Sterilizer (RCS)

BUSINESS REPORT

To our shareholders,

Our 93rd fiscal year has ended, and we would like to provide an overview report on this period.

Due to the widespread use of vaccines for COVID-19, the global economy saw gradual recovery during the current consolidated fiscal year. In the Japanese economy, production activities in the manufacturing industry are back on track for recovery. Currently the future of the economy remains unclear due to the worsening of the Ukraine conflict causing concerns over a further steep rise in the prices of resources, and tight supply and demand for materials, among other negative factors.

Orders received by Hisaka Group during the current consolidated fiscal year reached 34,685 million yen (an increase of 23.2% compared with the previous fiscal year). The Heat Exchanger Segment and Process Engineering Segment performed strongly resulting in increased orders. Net sales were 30,085 million yen (an increase of 5.8% compared with the previous fiscal year). In addition to the favorable environment of orders received, the extensive backlog of received orders resulted in increased revenues for our three main segments.

In terms of profit, increased net sales and an improved sales mix in the Heat Exchanger Segment resulted in an operating profit of 1,819 million yen (an increase of 29.1% compared with the previous fiscal year), with an ordinary profit of 2,270 million yen (an increase of 28.6% compared with the previous fiscal year). The net profit for the current fiscal year attributable to shareholders of the parent company was 2,058 million yen (an increase of 69.8% compared with the previous fiscal year) due to recording extraordinary income from the reduction in cross-shareholdings.

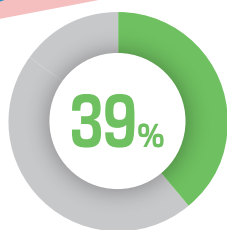
We would like to ask all of our valued shareholders for their continued cooperation and support.



Yoshikazu Takeshita

President and CEO, June 2022

Results by Segment



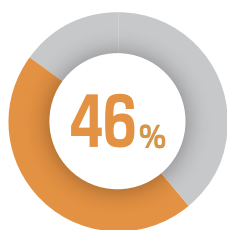
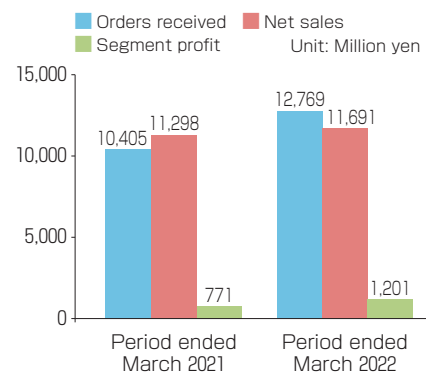
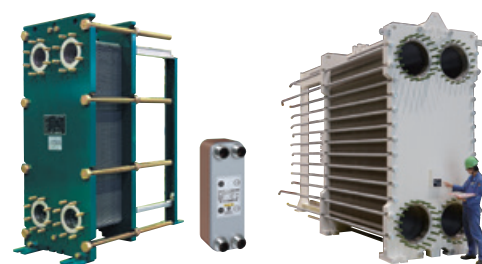
Heat Exchanger Segment

The Heat Exchanger Segment manufactures and sells plate heat exchangers that perform the heating and cooling of fluids, which are essential in various industries.

Orders received reached 12,769 million yen (an increase of 22.7% compared with the previous fiscal year). Orders received increased due to strong performance for semiconductors, air conditioners, small and medium-size general-purpose products for industrial equipment, new shipbuilding projects and maintenance, as well as orders for maintenance-related work for plants.

Net sales were 11,691 million yen (an increase of 3.5% compared with the previous fiscal year). Revenues increased due to strong performance of small and medium-size general-purpose products and maintenance-related work for plants.

Segment profit increased to 1,201 million yen (an increase of 55.8% compared with the previous fiscal year) due to an increase in net sales as well as an improved sales mix.



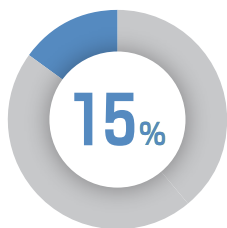
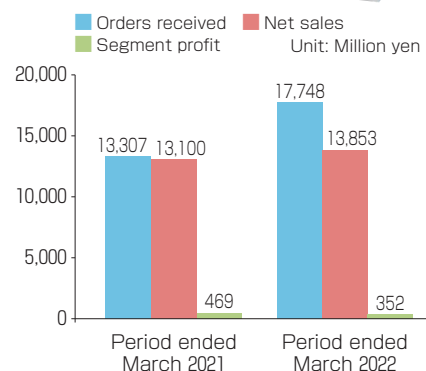
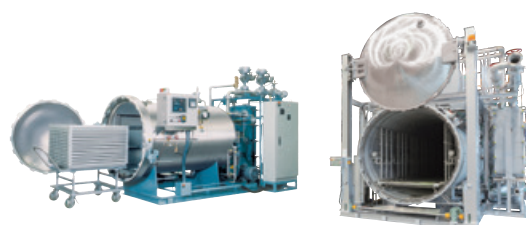
Process Engineering Segment

The Process Engineering Segment manufactures and sells cooking disinfecting devices used for retort pouch foods and the like, plus sterilizing and culturing devices for pharmaceuticals, and dyeing and finishing devices for fiber products.

Orders received reached 17,748 million yen (an increase of 33.4% compared with the previous fiscal year). This increase was due to inquiries for food manufacturing equipment, and dyeing and finishing devices getting back on track for recovery as well as large-lot project orders received for pharmaceutical equipment.

Net sales were 13,853 million yen (an increase of 5.7% compared with the previous fiscal year). This increase in revenues was due to an increase in delivered pharmaceutical equipment, such as for COVID-19 vaccine culture plants, as well as large-lot project orders received for dyeing and finishing devices for China.

Segment profit was 352 million yen (a decrease of 24.8% compared with the previous fiscal year) due to factors such as allocation of an allowance for unprofitable projects.

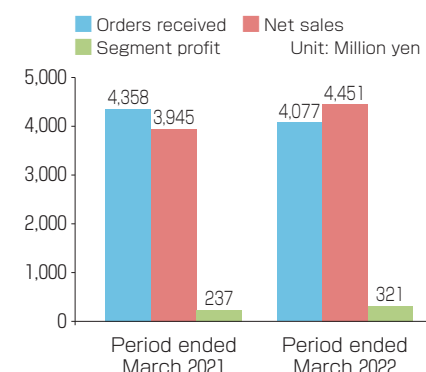
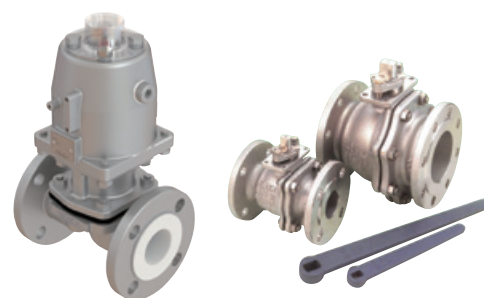


Valve Segment

The Valve Segment manufactures and sells ball valves and the like used in the control of various fluids.

Orders received reached 4,077 million yen (a decrease of 6.4% compared with the previous fiscal year). This decrease was due to shortages in procured parts caused by a semiconductor shortage and stoppage of capital investment due to rising raw material prices for the chemical industry, and a reactionary decline in overseas large-lot projects. Net sales were 4,451 million yen (an increase of 12.8% compared with the previous fiscal year). Revenues increased due to an extensive backlog of orders received for the chemical industry.

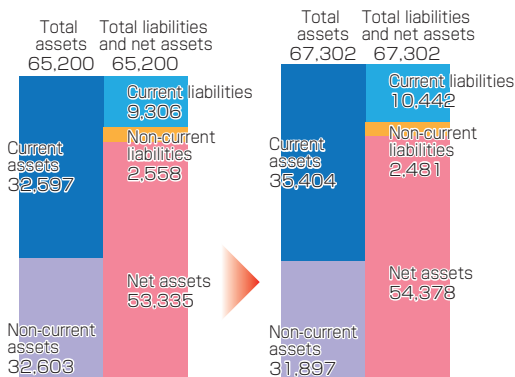
Segment profit increased to 321 million yen (an increase of 35.0% compared with the previous fiscal year) due to an increase in net sales.



Consolidated Financial Highlights

Summary of Consolidated Balance Sheets

Unit: Million yen

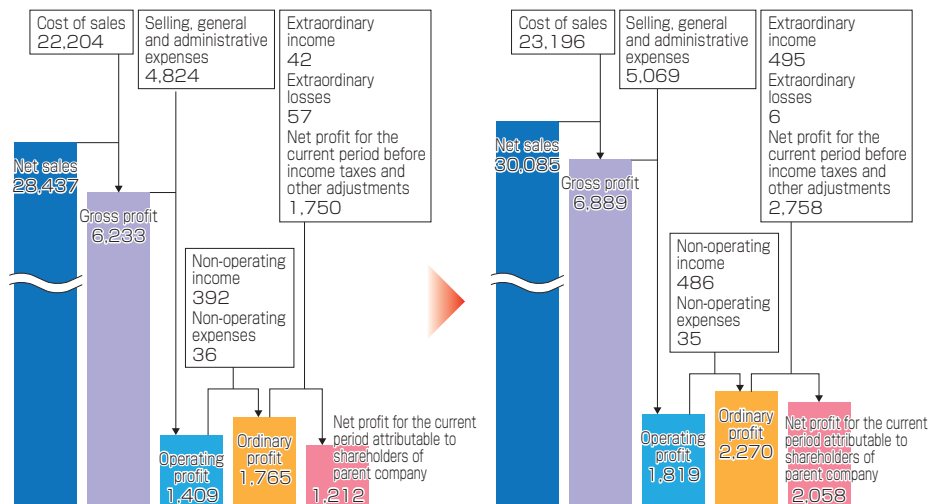


As of March 31, 2021

As of March 31, 2022

Summary of Consolidated Profit and Loss Statement

Unit: Million yen



Period ended March 2021

Period ended March 2022

Topics



Provision of Remote Support and Maintenance System

Manpower- and Energy-Savings Supported by FA and IoT

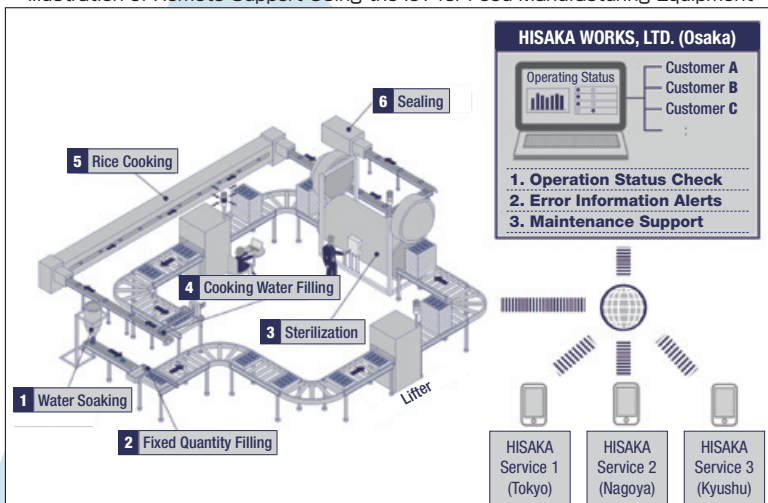
HISAKA operates its business by providing our company's values to resolve various social issues with the goal of contributing to the realization of a sustainable society. Currently there is a labor shortage issue in numerous industries. In order to resolve this issue, HISAKA provides manpower- and energy-saving solutions for our customers' plants by proposing the introduction of FA (Factory Automation: automating of production processes) and IoT.

Provision of Remote Support and Maintenance System Using the IoT

The illustration below shows a plant for manufacturing sterilized cooked rice (rice packs) that we sell. Sensors and similar devices are installed in various locations of a plant like this making it possible to perform remote support and maintenance by transmitting data over the Internet.

This system enables customers to visualize various data related to machine operating and food manufacturing status in order to speed up response to problems, optimize work performed, and improve productivity. HISAKA also utilizes accumulated data for new product development and improving services.

Illustration of Remote Support Using the IoT for Food Manufacturing Equipment



Construction Started on New Plant in Ikoma City (Nara) to Improve Production Capacity

Construction of New Plant in Ikoma City (Nara)

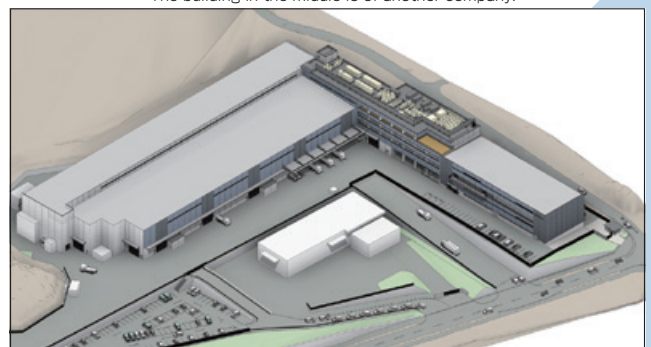
HISAKA has started construction of a new Ikoma Plant in Ikoma City (Nara Prefecture). This plant was planned to serve as a production base for the Process Engineering Segment, and will serve as a cornerstone to improve the production system of this segment that is composed of products which are expected to have growing demand such as food manufacturing equipment, pharmaceutical equipment, and dyeing and finishing devices. With construction scheduled for completion in the fall of 2023, this expansive single-story plant will be equipped with cutting-edge production equipment to massively increase both the production volume as well as productivity.

Restructuring of Production System of Konoike Plant

Additionally, the space formerly used by the transferred Process Engineering Segment at the existing Konoike Plant (Higashiosaka City, Osaka) will be used to expand the production capacity of the Heat Exchanger Segment and Valve Segment. We are planning on increasing consolidated net sales of the Hisaka Group to 50 billion yen due to this new Ikoma Plant and improving the production system at the Konoike Plant.

Ikoma Plant (Conceptual Drawing)

* The building in the middle is of another company.



Consolidated Results

Unit: Million yen

Category	Fiscal year	89th fiscal year (Period ended March 2018)	90th fiscal year (Period ended March 2019)	91st fiscal year (Period ended March 2020)	92nd fiscal year (Period ended March 2021)	93rd fiscal year (Period ended March 2022)
Orders received		28,914	30,669	31,952	28,165	34,685
Net sales		26,891	30,939	32,511	28,437	30,085
Operating profit		1,607	2,040	2,274	1,409	1,819
Ordinary profit		1,963	2,337	2,573	1,765	2,270
Net profit for the current period attributable to shareholders of parent company		1,927	1,596	2,080	1,212	2,058
Net profit for the current period per share (in yen)		64.56	53.48	73.39	43.14	73.19
Gross assets		60,275	63,041	60,566	65,200	67,302
Net assets		51,014	51,691	50,831	53,335	54,378
Net assets per share (in yen)		1,708.71	1,731.40	1,804.13	1,893.12	1,927.39
Annual dividend per share (in yen)		20	20	20	30	30
Dividend payout ratio (%)		31.0	37.4	27.3	69.5	41.0
Dividend on equity ratio (DOE) (%)		1.2	1.2	1.1	1.6	1.6

(Note) The Partial Amendments to Accounting Standard for Tax Effect Accounting (ASBJ Statement No. 28, February 16, 2018) have been applied since the start of the 90th fiscal year. The major management indicators for the 89th fiscal year are the indicators after applying the relevant accounting standards retroactively.

Company Profile (Current as of March 31, 2022)

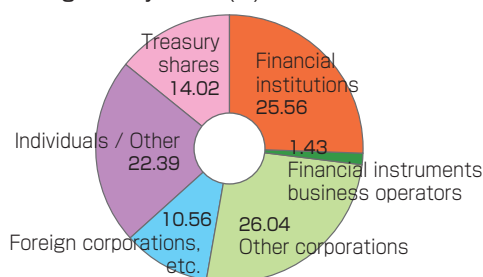
Company name:	HISAKA WORKS, LTD.
Established:	May 1942
Capital:	4.15 billion yen
Number of employees:	Consolidated: 919, Non-consolidated: 648
Head office address:	2-12-7 Sonezaki, Kita-ku, Osaka City
Branch offices and plant:	Tokyo Branch Office (Chuo-ku, Tokyo) Nagoya Branch Office (Nagoya City, Aichi) Kyushu Branch Office (Fukuoka City, Fukuoka) Kitakyushu Branch Office (Kitakyushu City, Fukuoka) Konoike Plant (Higashiosaka City, Osaka) Ome Plant (Ome City, Tokyo)
Major subsidiaries:	MICROZERO CO., LTD. (Tachikawa City, Tokyo) ASAHI INDUSTRY CO., LTD. (Ome City, Tokyo) KOMATSUGAWA CHEMICAL ENGINEERING CO., LTD. (Chiyoda-ku, Tokyo) HISAKAWORKS S.E.A. SDN. BHD. (Malaysia) HISAKA WORKS (CHINA) CO., LTD. (China)

Directors (Current as of June 29, 2022)

Director, President and Chief Executive Officer	Yoshikazu Takeshita
Director, Managing Executive Officer	Koji Ohta
Director, Managing Executive Officer	Tadashi Iizuka
Director, Managing Executive Officer	Toshiyuki Funakoshi
Director, Managing Executive Officer	Toshiya Usami
Director (Outside)	Koji Mizumoto
Director (Outside)	Yuko Tsuno
Director, Audit and Supervisory Committee Member (Full-time)	Mitsugu Nakamichi
Director, Audit and Supervisory Committee Member (Outside)	Akira Nakai
Director, Audit and Supervisory Committee Member (Outside)	Noriyuki Fujita

Share Status (as of March 31, 2022)

Total number of authorized shares:	129,020,000
Total number of shares issued:	32,732,800
Number of shareholders:	5,332
Shareholding ratio by owner (%)	



Major shareholders (Top 10)

Shareholder name	Number of shares held	Shareholding ratio
The Master Trust Bank of Japan, Ltd. (Trust Account)	2,829,900	10.05%
Custody Bank of Japan, Ltd. (Trust Account)	2,277,500	8.09%
NIPPON STEEL Stainless Steel Corporation	1,400,000	4.97%
Nippon Life Insurance Company	960,770	3.41%
MUFG Bank, Ltd.	912,640	3.24%
Inaba Denki Sangyo Co., Ltd.	910,802	3.23%
TAKUMA Co., Ltd.	642,000	2.28%
Hisaka Works Business Partners Shareholding Association	616,886	2.19%
STATE STREET BANK AND TRUST COMPANY 505103	607,159	2.15%
Hisaka Works Employees' Shareholding Association	519,948	1.84%

(Note) Treasury shares (4,590,649 shares) are excluded.

Shareholders' Memo

Business year	April 1 to March 31 of the following year
Record date for year-end dividends	March 31
Record date for interim dividends	September 30
Annual General Meeting of Shareholders	June every year
Keeper of shareholder register and account management institution for special account	Mitsubishi UFJ Trust and Banking Corporation
Contact information	Mitsubishi UFJ Trust and Banking Corporation, Osaka Securities Agency Division 3-6-3 Fushimimachi, Chuo-ku, Osaka, 541-8502 TEL: 0120-094-777 (Toll-free)
Listed stock exchange	Tokyo Stock Exchange Prime Market
Public notice method	Electronic notices Public notice URL: https://www.hisaka.co.jp However, in the event of an accident or other unavoidable event that precludes electronic public notice, notices will be published in the Nikkei newspaper.

(Notice)

- Changes to a shareholder's address, requests for purchases, specifications of a transfer account for dividends, and other such procedures are, in principle, handled at the account management institution (securities firm or the like) where you have opened your account. Please inquire with the securities firm or institution where your account is set up. Please be aware that the keeper of the shareholder register (Mitsubishi UFJ Trust and Banking Corporation) does not handle such inquiries.
- For procedures related to shares registered in a special account, Mitsubishi UFJ Trust and Banking Corporation is the account management institution. Please inquire with the account management institution for special accounts listed to the left (Mitsubishi UFJ Trust and Banking Corporation). The Mitsubishi UFJ Trust and Banking Corporation main and branch offices also accept messages.
- For unreceived dividends, payments can be made at Mitsubishi UFJ Trust and Banking Corporation main and branch offices.