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May 15, 2026

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Notice Regarding Overview of New Medium-Term Management Plan “Challenge2028”

We announce that we have formulated a new medium-term management plan “Challenge2028” with the fiscal year ending March 2029 as the final year.

For an overview of this plan, please refer to the attached materials.

End of document

FY2026 – FY2028

# Medium-term Business Plan

*-Challenge for Climate Change-*

***Challenge 2028***



 **HISAKA WORKS, LTD.**

May 15, 2026

## 1. Review of Previous Medium-Term Business Plan "G-23"

### 2. New Management Policy

- New Management Policy
- Management Vision
- New Materiality

## 3. New Medium-term Business Plan "Challenge2028"

- New Medium-term Business Plan

### "Challenge2028"

- Key Strategy
- Growth Strategy
- Strategy by Segment
- Strengthening Foundation
- Numerical Targets
- Numerical Targets (By Segment)

# Review of Previous Medium-Term Business Plan "G-23"

# Review of Previous Medium-Term Business Plan "G-23" (Company-wide)

Under the policy of "Through individual challenges, we will realize a dynamic employee group along with business development," we promoted growth strategy, new product development, strengthening of management base, and capital policy in an integrated manner, and worked on building a foundation for the next phase of growth.

## ■ Growth Strategy

- Establishment of Ikoma Plant
- Started reconstruction of Konoike Plant



## ■ Strengthening Management Base

- Establishment of overseas bases
- Reorganization of group company

## ■ Capital Management and Shareholder Returns

- Conducting management with awareness of cost of capital and stock price
- Raising dividend levels
- Purchase and retirement of treasury shares

## ■ New Product Development

- Energy-saving heat sterilization equipment
- Environmentally-friendly jet dyeing machine

- Next-generation general-purpose heat exchanger "ZEX"
- PFA-lined ball valve
- High-pressure floating ball valve, etc.



# Review of Previous Medium-Term Business Plan "G-23" (By Segment)

Various initiatives were implemented in each business to achieve the medium-term business plan.

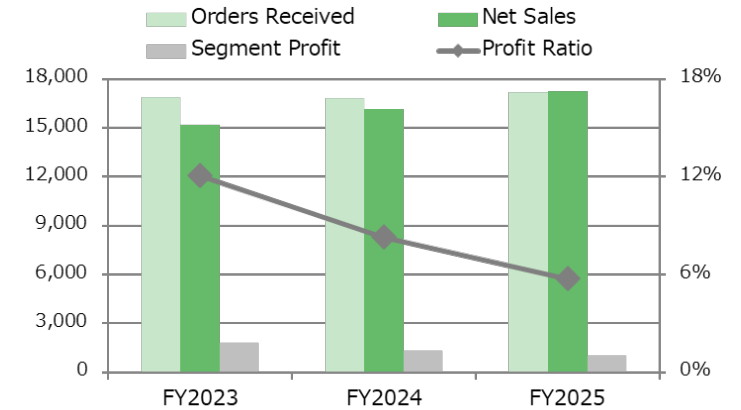
## Heat Exchanger Segment

### Key Activities

- Achievements in the carbon neutral market (CO<sub>2</sub> capture, nuclear power-related projects, etc.)
- Strengthening overseas maintenance services
- Strengthening production base through reconstruction of Konoike Plant
- Capturing maintenance demand

### Results of operations

- Although profit margins declined due to the impact of cost increases, sales increased, achieving steady growth



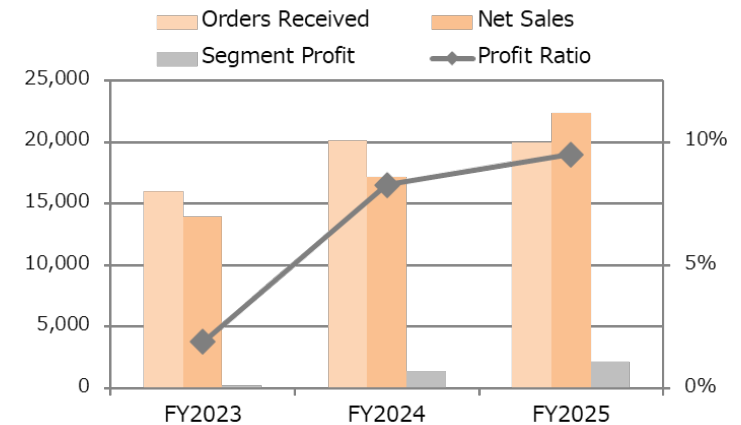
## Process Engineering Segment

### Key Activities

- Improved productivity through the opening of Ikoma Plant
- Progress in collaboration with Group companies including overseas, expanding business areas
- Completed multiple large plant projects

### Results of operations

- Achieved stable operation of the newly established Ikoma Plant with sales and profits increasing steadily



# Review of Previous Medium-Term Business Plan "G-23" (By Segment)

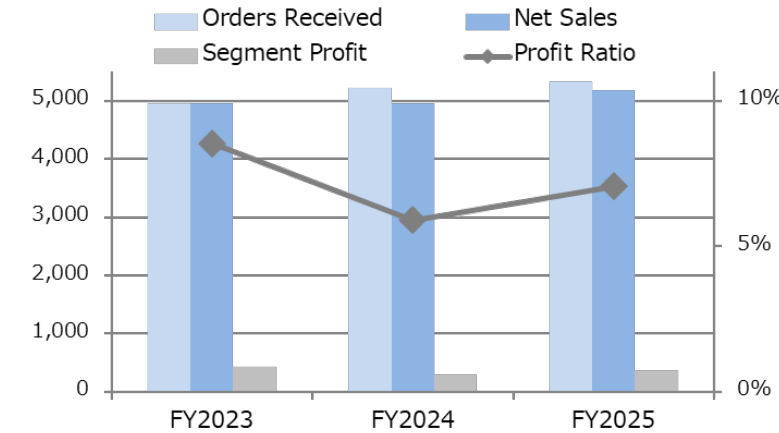
## Valve Segment

### Key Activities

- Sales expansion through creation of new products
- Strengthened ability to handle large projects
- Strengthening sales in Southeast Asian markets

### Results of operations

- Orders and sales steadily increased, absorbing cost increases and securing profitability



## Corporate

### Key Activities

- Conducting management with awareness of cost of capital and stock price
- Strengthening shareholder returns
- Promoting the penetration of corporate philosophy "HISAKA MIND" in HISAKA group
- Renewal of employee compensation system and implementation of well-being improvement measures
- Promoting measures to reduce greenhouse gas emissions at business sites
- Publication of Integrated Report
- Disclosure based on the TCFD recommendations
- Research and development of new businesses, transition to commercialization phase

# Previous Medium-Term Business Plan "G-23" Performance Trends

The three main businesses achieved steady growth, with sales reaching record highs, realizing sustainable growth.

On the other hand, operating profit and ordinary profit fell short of the plan due to cost increases exceeding expectations, but due to the reduction of strategic-shareholdings

Gains from the sale of shares were generated, and profit attributable to owners of parent exceeded the plan.

(Millions of yen)

	G-20	G-23				Rate of change B-A A
	2023 Years ended	Year 2024 Years ended	Year 2025 Years ended	Year 2026 Years ended March 31	Initial target	
	Actual results A	Actual results	Actual results	Actual results B	Initial target	
<b>Orders received</b>	<b>34,621</b>	37,999	42,269	<b>42,591</b>	41,000	23.0%
<b>Net Sales</b>	<b>34,074</b>	34,180	38,353	<b>44,890</b>	40,000	31.7%
<b>Operating Profit</b>	<b>1,912</b>	2,457	2,930	<b>3,303</b>	3,600	72.8%
<b>Profit Ratio</b>	<b>5.6%</b>	7.2%	7.6%	<b>7.4%</b>	9.0%	+1.8pt
<b>Ordinary Profit</b>	<b>2,392</b>	2,896	3,391	<b>3,620</b>	3,800	51.4%
<b>Profit Attributable to Owners of parent</b>	<b>2,040</b>	2,420	3,782	<b>3,449</b>	2,600	69.0%
<b>ROA</b>	<b>3.5%</b>	3.8%	4.1%	<b>4.4%</b>	4.9%	+0.9pt
<b>ROE</b>	<b>3.7%</b>	4.2%	6.3%	<b>5.6%</b>	4.5%	+1.9pt



# Previous Medium-Term Business Plan "G-23" Results by Segment

(Millions of yen)

	FY2022		FY2025		Compared to FY2022 Results	
	Results	Composition ratio	Results	Composition ratio	Change	Rate of change
Heat Exchanger Segment	14,059	40.6%	17,193	40.4%	3,134	22.3%
Process Engineering Segment	15,536	44.9%	20,000	46.9%	4,464	28.7%
Valve Segment	4,934	14.2%	5,324	12.5%	390	7.9%
Other	90	0.3%	72	0.2%	▲ 18	▲ 20.0%
<b>Orders received</b>	<b>34,621</b>	<b>100.0%</b>	<b>42,591</b>	<b>100.0%</b>	<b>7,970</b>	<b>23.0%</b>
Heat Exchanger Segment	13,418	39.4%	17,229	38.4%	3,811	28.4%
Process Engineering Segment	15,869	46.6%	22,405	49.9%	6,536	41.2%
Valve Segment	4,696	13.8%	5,183	11.5%	487	10.4%
Other	90	0.2%	72	0.2%	▲ 18	▲ 20.0%
<b>Net Sales</b>	<b>34,074</b>	<b>100.0%</b>	<b>44,890</b>	<b>100.0%</b>	<b>10,816</b>	<b>31.7%</b>
Heat Exchanger Segment	814	39.6%	988	27.9%	174	21.4%
Process Engineering Segment	833	40.6%	2,129	60.2%	1,296	155.6%
Valve Segment	339	16.5%	366	10.4%	27	8.0%
Other	66	3.3%	52	1.5%	▲ 14	▲ 21.2%
Subtotal	2,054	100.0%	3,537	100.0%	1,483	72.2%
Adjustment amount	▲ 142	—	▲ 234	—	▲ 92	—
<b>Operating profit</b>	<b>1,912</b>	<b>—</b>	<b>3,303</b>	<b>—</b>	<b>1,391</b>	<b>72.8%</b>

# New Management Policy

# new management policy

Based on our corporate philosophy and purpose, we formulated a new medium-term business plan based on the newly established management vision and the revised materiality (key issues), and adopted it as our new management policy.

**Corporate Philosophy: HISAKA MIND (Company Motto, Creed, Five Principles, Code of Conduct)**

**Purpose: To be a manufacturer that can stably supply high-quality "opportunities" and "services" that realize "energy savings" and "labor savings" capable of resolving social issues.**

## Management Vision Challenge for Climate Change

### Materiality

Responding to Climate Change

Providing Responsible Products and Services

Safe, Secure, and Rewarding Work Environment

Strengthening Management Base

## Medium-term Business Plan 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

# Management Vision

We have newly established a "Management Vision" to contribute to solving climate change, which is the cause of all social issues.

We will contribute to the realization of a sustainable society by providing products that help mitigate climate change (energy-saving, renewable energy, CO<sub>2</sub> capture products, etc.) and products and services that help to solve social issues.














## Challenge for Climate Change

### Approach

- 1) Contributing to customers' energy savings and CO<sub>2</sub> reduction through products and service
- 2) Contributing to addressing various social issues caused by climate change
- 3) Promoting effective use of energy in business activities

# New Materiality

In line with the current business environment, we reviewed our materiality (key issues), identified four materialities from the perspective of "important social issues where our opportunities and risks exist," and established 14 action items.

	Materiality	14 Issues to Be Addressed	Applicable SDGs
<b>E</b>	Responding to Climate Change	<ul style="list-style-type: none"> <li>● Reducing CO2 Emissions</li> <li>● Contributing to the recycling of resources</li> <li>● Promoting Energy Savings and Utilizing Renewable Energy</li> <li>● Supply of Environmentally-friendly Products and Services</li> </ul>	    
<b>S</b>	Providing Responsible Products and Services	<ul style="list-style-type: none"> <li>● Providing Products and Services that Realize Labor Savings</li> <li>● stable supply of the product</li> <li>● Improving Customer Satisfaction and Quality</li> </ul>	 
	Safe, Secure, and Rewarding Work Environment	<ul style="list-style-type: none"> <li>● Improving Employee Engagement</li> <li>● Providing Opportunities for Growth and Success for Diverse Human Resources</li> <li>● Development of Fulfilling Work Environment</li> <li>● Respecting human rights</li> <li>● Workplace safety and hygiene</li> </ul>	    
<b>G</b>	Strengthening Management Base	<ul style="list-style-type: none"> <li>● Stabilizing Management Base through Strengthening Governance</li> <li>● Strengthening compliance</li> </ul>	

# The new medium-term management plan "Challenge2028"

# New Medium-term Business Plan Challenge2028

We have formulated the new medium-term business plan "Challenge2028" to implement our management vision "Challenge for Climate Change."

In this plan, we aim to achieve both social and economic value through the implementation of our vision. In addition, we will achieve sustainable growth and improvement of corporate value through "Growth Strategy" and "Strengthening Foundation," and aim to achieve operating profit and ROE targets, aim to achieve and improve PBR.

*-Challenge for Climate Change-*



# **Challenge 2028**

- Implementation of Management Vision "Challenge for Climate Change"
- Achieving sustainable growth and improvement of corporate value
- Achieving operating profit of 5 billion yen or more in FY2028
- Achieving ROE of 8% or more in FY2030, aiming to achieve PBR of 1x or more at an early stage

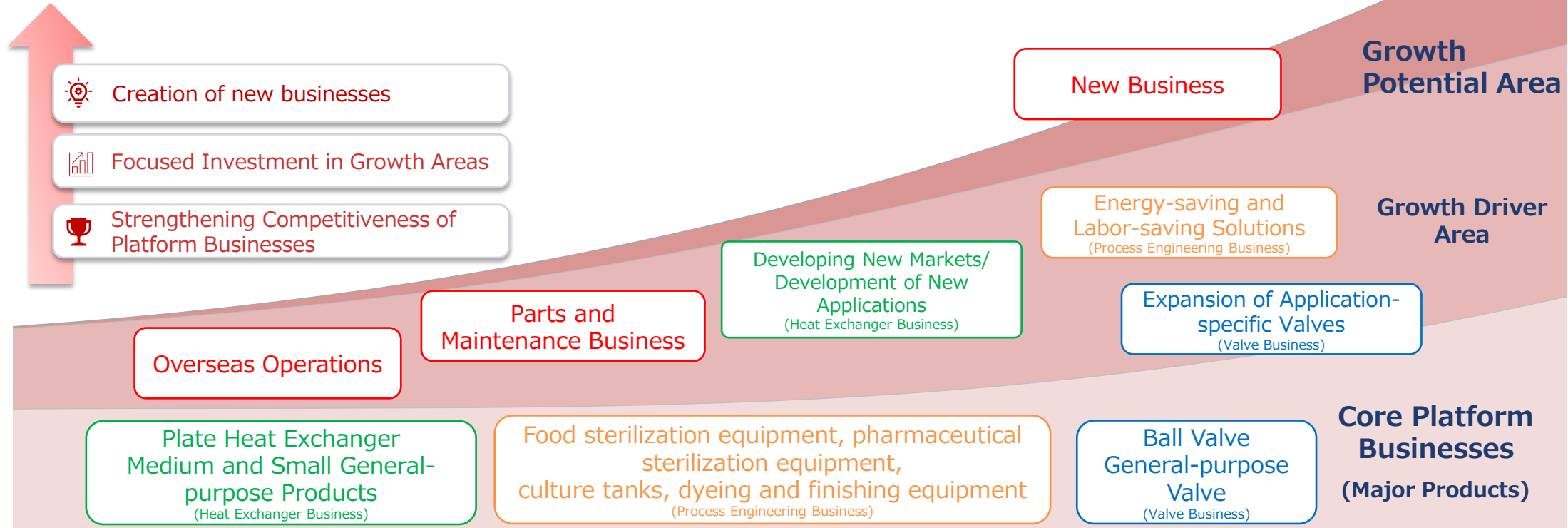
# Challenge2028 Key Strategy

In Challenge2028, we will proceed the implementation of our management vision "Challenge for Climate Change," sustainable growth, and improvement of corporate value through "Growth Strategy" for business expansion and profit improvement, and "Strengthening Foundation" including strengthening human capital, productivity, and capital efficiency.



# Challenge2028 Growth Strategy

By improving the competitiveness of core businesses to enhance business stability, and through focused investment in growth areas, we will drive company growth and work on creating new businesses that will become new pillars of our business.



## 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

# Challenge2028 Strategy by Segment

## Heat Exchanger Business



### Value provided

- Proposing heat utilization solutions based on plate heat exchangers
- Providing products with prices and specifications tailored to customer needs

### Business Policy

- Clarifying the business model for standalone heat exchangers and reshaping the earnings base
- Realizing stable business operations by strengthening competitiveness in priority markets

### FY2028 Plan

	FY2025 (Actual)	FY2028 (Plan)
<b>Orders received</b>	17.19 billion yen	22.27 billion yen
<b>Net Sales</b>	17.22 billion yen	23.47 billion yen
<b>Operating Profit</b>	0.98 billion yen	2.55 billion yen
<b>Profit Ratio</b>	5.7%	10.9%

# Challenge2028 Segment-by-Segment Strategy

## Key Activities

- Contributing to a Carbon-Neutral Society by Providing Heat Exchangers for CO2 and Waste Heat Recovery
- Development and market establishment of next-generation general-purpose models
- Strengthening maintenance services business
- Productivity improvement, CCC improvement
- Promoting collaboration with other companies



For CO2 capture equipment  
heat exchanger



maintenance services

## Priority Markets

<b>CO2 Capture</b>	Securing orders for ultra-large CO2 capture projects for domestic and overseas markets
<b>LNG Plants</b>	Securing orders for LNG-related projects until decarbonized fuels become widespread
<b>Shipping and marine</b>	Improving supply capabilities in China and South Korea, strengthening maintenance services for domestic shipowners and shipyards
<b>Power plants</b>	Supplying products to high-efficiency thermal power plants and responding to nuclear power plant restarts and innovative next-generation light water reactors
<b>Data Center</b>	Sales of cooling heat exchangers to the rapidly expanding data center market

# Challenge2028 Strategy by Segment

## Process Engineering Business



### Value provided

- Providing energy-saving and environmental products that contribute to SDGs and ESG management
- Provision of automated and efficient facilities and services that contribute to improved productivity and reduced costs

### Business Policy

- Expanding business areas by enhancing proposal and response capabilities based on customer value
- Establishing a stable earnings base through addressing challenges for business growth

### FY2028 Plan

	FY2025 (Actual)	FY2028 (Plan)
<b>Orders received</b>	20.00 billion yen	25.00 billion yen
<b>Net Sales</b>	22.40 billion yen	25.00 billion yen
<b>Operating Profit</b>	2.12 billion yen	1.94 billion yen
<b>Profit Ratio</b>	9.5%	7.8%

# Challenge2028 Strategy by Segment

## Key Activities

- Contribute to solving social issues by providing products and services that contribute to energy conservation and labor saving
- Expanding after-sales services and stimulating after-sales demand
- Efficiency improvement and manufacturing cost reduction through standardization of base models
- Productivity improvement, CCC improvement
- Promoting collaboration with Group companies



Fully automatic continuous sterilization and cooling equipment



Milk beverages plant



Cultivation plant

## Priority Markets

<b>Energy and labor savings</b>	Developing environmentally friendly products and FA (factory automation) products, and enhancing our ability to meet customers' energy- and labor-saving needs
<b>Liquid Plant</b>	Expanding market share in the beverage market through collaboration with a Group company (HISAKA Products)
<b>Drug substance (Cultivation)</b>	Strengthening capabilities for large-scale cultivation plants through collaboration with a Group company (Komatsugawa Chemical Engineering)
<b>Overseas markets</b>	Strengthening sales of food sterilization equipment and pharmaceutical sterilization equipment, developing new markets for dyeing and finishing equipment
<b>After-sales service</b>	Strengthening after-sales service provision systems, strengthening sales of peripheral equipment and services for main units

# Challenge2028 Segment-by-Segment Strategy

## Valve Business



### Value provided

- Achieve optimal production lines through the provision of highly functional products related to fluid control and proposal and response to optimization by use

### Business Policy

- Reviewing business development based on changes in the business environment and market structure
- Enhancing development processes and organizational collaboration to accelerate new product creation

### FY2028 Plan

	FY2025 (Actual)	FY2028 (Plan)
<b>Orders received</b>	5.32 billion yen	6.70 billion yen
<b>Net Sales</b>	5.18 billion yen	6.50 billion yen
<b>Operating Profit</b>	0.36 billion yen	0.70 billion yen
<b>Profit Ratio</b>	7.1%	10.8%

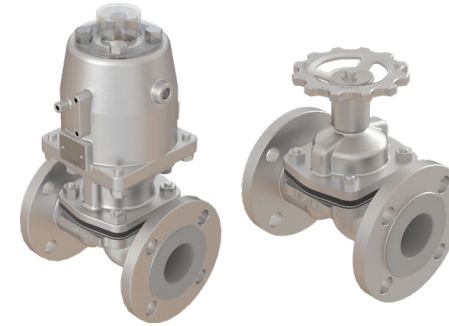
# Challenge2028 Strategy by Segment

## Key Activities

- Development and provision of new products related to new energy
- New product development for priority markets
- Cost reduction through improvement and development of existing products
- Productivity improvement, CCC improvement
- Promoting collaboration with Group companies



Metal Touch  
Ball Valve



PFA lining  
Diaphragm valve



PFA lining  
Ball Valve

## Priority Markets

<b>Industrial gas</b>	Strengthening lineup for industrial gas including new energy
<b>Water supply and sewerage</b>	Strengthening sales network for water supply and sewerage
<b>Fine chemicals</b>	Expanding sales in the materials market centered on high-performance resins
<b>Pharmaceuticals</b>	Collaboration with Process Engineering Business, new product development
<b>Food products</b>	

# Challenge2028 Strengthening Foundation

We will strengthen the company's foundation through strengthening human capital, improving productivity, and enhancing capital efficiency.

## Strengthening Foundation



### Strategic Strengthening of Human Capital

- Securing and developing human resources
- Penetration of philosophy and strengthening execution



### Productivity Improvement

- Strengthening KPI management
- Improving operational efficiency through digitalization, etc.



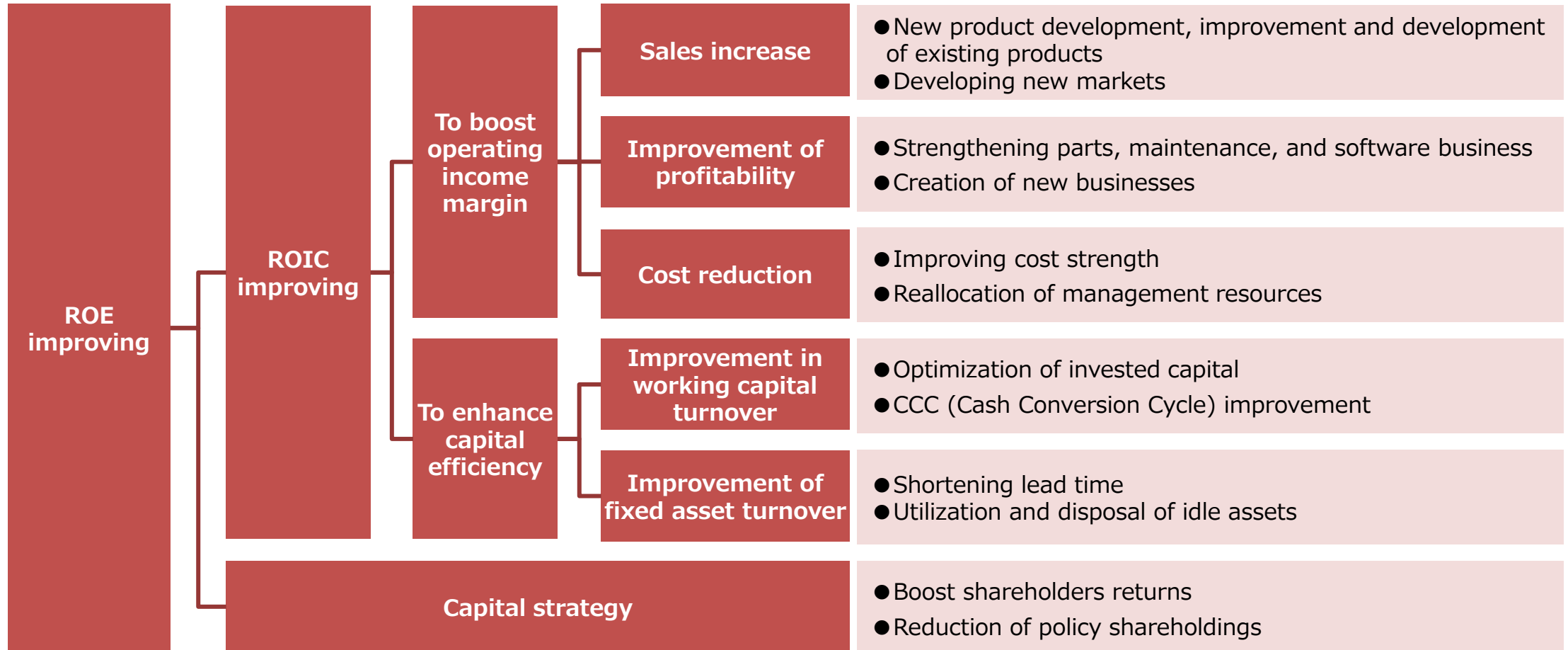
### Capital efficiency and Improvement of corporate value

- Measures to "realize management that is conscious of the cost of capital and stock price"
- Strengthening governance

- ▶ Securing and training of human resources through the new employee treatment system renewed in the previous medium-term plan
- ▶ Develop "human resources who take on challenges and grow" by instilling HISAKA MIND (corporate motto, creed, five principles, and action guidelines)
- ▶ Strengthen the implementation of various measures through enhanced KPI management → See P23
- ▶ Strengthening core systems and enhancing design and development capabilities through AI utilization
- ▶ See press release entitled "Responses to Realize Management with an Awareness of Capital Costs and Stock Prices (Progress Report)" (disclosed on May 15, 2026)
- ▶ Promote autonomous management of Group companies by strengthening governance and management systems

# Challenge2028 Strengthening Foundation

To improve ROE, we will strive to achieve management indicators by setting KPIs for each business division and Group company using the ROIC tree as a common language within the company.



\*For capital strategy, please refer to "Measures for Managing with the Cost of Capital and Stock Price in Mind (Progress Report)" disclosed on May 15, 2026.

# Challenge2028 Financial Targets

## FY2025 → FY2028

### Orders received

42.5 billion yen → **54.0 billion yen**

### Operating Profitability

7.4% → **9.1%**

### sales

44.8 billion yen → **55.0 billion yen**

### ROIC

3.4% → **5.5%**

### Income from Operations

3.3 billion yen → **5.0 billion yen**

### ROE

5.6% → **7.0%**

# Challenge2028 Financial Targets

(Millions of yen)

	G-20 The final year of the plan	G-23 The final year of the plan	Challenge2028 The final year of the plan	Rate of Change ( B-A / A )
	FY2022 Autual	FY2025 Actual( A )	FY2028 Plan( B )	
Orders received	34,621	42,591	54,000	26.8%
Net sales	34,074	44,890	55,000	22.5%
Operating profit	1,912	3,303	5,000	51.3%
Profit Margin	5.6%	7.4%	9.1%	+ 1.7pt
Ordinary profit	2,392	3,620	5,300	46.4%
Profit attributable to owners of parent	2,040	3,449	4,200	21.7%
R O A	3.5%	4.4%	6.8%	+ 2.4pt
R O E	3.7%	5.6%	7.0%	+ 1.4pt
R O I C	2.4%	3.4%	5.5%	+ 2.1pt

# Challenge2028 Financial Targets (by Segment)

(Millions of yen)

	FY2025		FY2028		Compared to FY2025 Results	
	Results	Composition ratio	Plan	Composition ratio	Change	Rate of change
Heat Exchanger Segment	17,193	40.4%	22,270	41.2%	5,077	29.5%
Process Engineering Segment	20,000	46.9%	25,000	46.3%	5,000	25.0%
Valve Segment	5,324	12.5%	6,700	12.4%	1,376	25.8%
Other	72	0.2%	30	0.1%	▲ 42	▲ 58.3%
<b>Orders received</b>	<b>42,591</b>	<b>100.0%</b>	<b>54,000</b>	<b>100.0%</b>	<b>11,409</b>	<b>26.8%</b>
Heat Exchanger Segment	17,229	38.4%	23,470	42.7%	6,241	36.2%
Process Engineering Segment	22,405	49.9%	25,000	45.4%	2,595	11.6%
Valve Segment	5,183	11.5%	6,500	11.8%	1,317	25.4%
Other	72	0.2%	30	0.1%	▲ 42	▲ 58.3%
<b>Net Sales</b>	<b>44,890</b>	<b>100.0%</b>	<b>55,000</b>	<b>100.0%</b>	<b>10,110</b>	<b>22.5%</b>
Heat Exchanger Segment	988	27.9%	2,550	49.0%	1,562	158.1%
Process Engineering Segment	2,129	60.2%	1,940	37.3%	▲ 189	▲ 8.9%
Valve Segment	366	10.4%	700	13.5%	334	91.3%
Other	52	1.5%	10	0.2%	▲ 42	▲ 80.8%
Subtotal	3,537	100.0%	5,200	100.0%	1,663	47.0%
Adjustment amount	▲ 234	—	▲ 200	—	34	—
<b>Operating profit</b>	<b>3,303</b>	<b>—</b>	<b>5,000</b>	<b>—</b>	<b>1,697</b>	<b>51.4%</b>

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# HISAKA WORKS, LTD.

## Origin of the company name

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

## Origin of logo mark

The design is a combination of the Japanese character “**日**” which stands for Japan, and “**S**” for stainless steel. The circular design signifies maturity, reflecting our aspiration from both our employees and products to grow and evolve with rich human qualities.

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