

Integrated Report 2025

PILLAR Corporation



Re-Born

Returning to the ambitions of our founding Continuing to cultivate value with the desire to take on challenges

In May 2024, the PILLAR GROUP celebrated the 100th anniversary of its founding. To coincide with this significant milestone, we have newly formulated our PILLAR CORE VALUES as a company philosophy for all PILLAR GROUP employees to hold dear. By linking our Motto, Purpose, PILLAR CORE VALUES, and Group Code of Conduct, we will generate value that contributes to the realization of a sustainable society. Fiscal 2025 marks our 101st year, and in order to further develop the image that we have today, which is upheld by the hard work and dedication of our predecessors, we have adopted the slogan “Re-Born and Evolution,” and we will strive for even greater innovation and growth, with the goal of continuing to be a company that is essential for society.



Motto

Quality First

**Cooperation
and Harmony**

**Steady
Research**

Purpose

Creating a future that supports society

CLEAN

SAFETY

FRONTIER

PILLAR CORE VALUES

INTEGRITY

To maintain integrity and uphold high ethical standards in your professional conduct.

INNOVATION

To embrace the challenge of innovation to help create a better future society.

PROGRESS

To pursue continuous improvement and reform to drive real evolution.

HUMAN RESOURCES

To use business activities to develop individuals who possess high levels of expertise, leadership, as well as social skills.

TEAM

To build a team where the wisdom and abilities of diverse colleagues generate synergy.



Group Code of Conduct

The Group Code of Conduct of PILLAR Corporation and its Group companies stipulates important action guidelines to which officers and company employees shall adhere in the conduct of their daily business activities.

Employees have the essential obligation to take the initiative in adhering to this Code of Conduct.

Please refer to our website for details of the Group Code of Conduct.
<https://www.pillar.co.jp/en/about/philosophy/>



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What we intend to convey in this report

This report showcases the business model and competitive edge that the PILLAR GROUP has cultivated in the 100 years since our founding. It has been compiled based on the theme of our earning power, which will be the source of even greater challenges during the next 100 years, for example, those relating to management strategy, ESG management initiatives, and stronger governance.

POINT 01

Under the supervision of top management,
we will **pursue innovation by combining a century of history with the entrepreneurial spirit of a company in its first year.**

► Related content Message from the President  A Record of Growth 

POINT 02

We will **further improve our competitive edge by challenging ourselves to continue the technological innovation** that we have refined for 100 years.

► Related content [Feature] 100 Years of Refining Expertise in Material Development and Extensive Fluid Control Solutions  Our Strengths and Competitive Advantage 

POINT 03

We will link **management strategy with HR strategy** and focus on investing capital in **the source of our earning power.**

► Related content The Source of PILLAR's Competitive Advantage  Message from the Deputy President (Financial Strategy and Human Capital Strategy) 

Editorial Policies

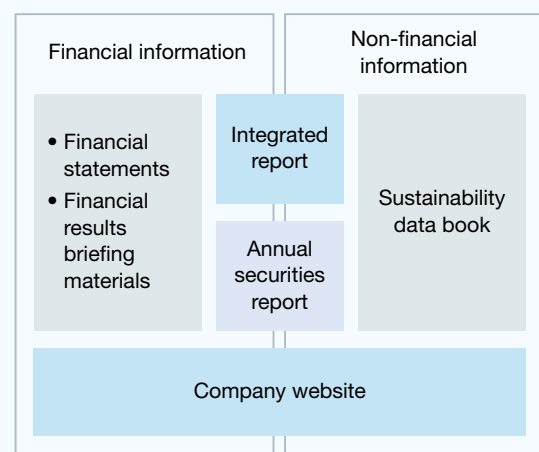
Integrated Report 2025 covers fiscal 2024 (April 2024 to March 2025). Some information postdating April 2025 is also included. The report introduces the Group's environmental and social initiatives, governance and other non-financial areas while also providing some information on its medium- and long-term strategy and financial performance. This report is intended to enhance our communication with stakeholders and further improve the Group's initiatives. This report was edited with reference to the International Integrated Reporting Framework published by the Value Reporting Foundation (VRF) and the Guidance for Collaborative Value Creation formulated by the Ministry of Economy, Trade and Industry in May 2017.

Reporting period:

April 1, 2024 through March 31, 2025

Note: Also includes some information outside of the reporting period.

Reporting scope: PILLAR Corporation and its Group companies



Message from the President

**Beyond the Centennial.
With the entrepreneurial spirit
of our founding year,
we are applying further drive
toward transformation and
growth.**

Y. Inami

President



Q01

It has now been five years since you assumed the role of President. During this time, how have you steered PILLAR GROUP in response to changes in the environment and the trends of the times?

Over the past five years, I have managed the PILLAR GROUP with a constant sense of urgency that unless we responded swiftly to changes in the business environment, we would suffer lost opportunities and risk losing market share.

Today, we face a world of extraordinary volatility: the introduction of U.S. tariff hikes, rising geopolitical risks, and the accelerating pace of technological innovation, including artificial intelligence, have brought about risks that were previously unimaginable. Yet conversely, if we can respond to these changes faster than our competitors, we can secure a competitive edge and capture a first-mover advantage. With this in mind, we are advancing the delegation of authority, based on the belief that our frontline employees, who engage daily with customers and the market, are the most sensitive to change and best positioned to make sound judgments and act quickly. Looking ahead, we will also pursue organizational reforms to further refine our speed by creating a structure

that maximizes the decision-making capabilities of those on the front lines.

As for management strategy, we distinguish between short-term and medium- to long-term perspectives. For example, in the Chinese market, despite risks such as trade tensions with the United States, we are making proactive investments, including expanding sales bases and broadening the range of products manufactured at our production sites in Chuzhou. Over the medium to long term, we believe this approach will strengthen our reputation in the market by building a domestic supply chain in China and realizing local production for local consumption.

In sum, while maintaining firm control over risks, we are committed to executing medium- to long-term growth strategies and boldly taking on new challenges, pursuing a balanced style of management that achieves both.

Q 02

In 2024, PILLAR marked its 100th anniversary. How do you envision the future of PILLAR?

It is remarkable that our Company has survived and grown over the past century thanks to the efforts of our predecessors. Now that we have inherited the baton, our current generation aims to set even more ambitious goals, achieve high growth that surpasses what our predecessors accomplished, and gain acclaim among all stakeholders. In 2025, our 101st year, we intend to further accelerate the Company's transformation and growth.

I believe that qualitative improvement is essential as the foundation for quantitative growth. For example, injection molding, which is a characteristic business model for products in the semiconductor market, becomes more profitable as sales volumes increase. Over the past five years, shipments of our products to the semiconductor market have risen, and profitability has improved significantly. However, from the qualitative perspective of whether we were able to chart a profitability

growth curve unique to us, there is still much we have yet to accomplish, and I strongly feel that we can do more. By raising the level of our organization and the capabilities of our people, myself included, I believe we can achieve profitability in areas where others cannot, and this will continue to be a focus going forward.

As for our vision for the future, while treasuring the assets and competitive advantages accumulated as a century-old company, we aim to achieve quantitative growth underpinned by qualitative enhancement, thereby becoming a company and an organization that is recognized even more highly by third parties. For example, I want our manufacturing and initiatives to serve as a reference for other companies, leading to numerous requests for factory tours and interviews. Our goal is to become a company held in high regard externally, and this is something I frequently share with employees.

[Related content]

[Feature] 100 Years of Refining Expertise in Material Development and Extensive Fluid Control Solutions



[Related content]

A Record of Growth



Q 03

What do you value most in management as you lead PILLAR toward its envisioned future? And how do you view the Company's responsibility to society?

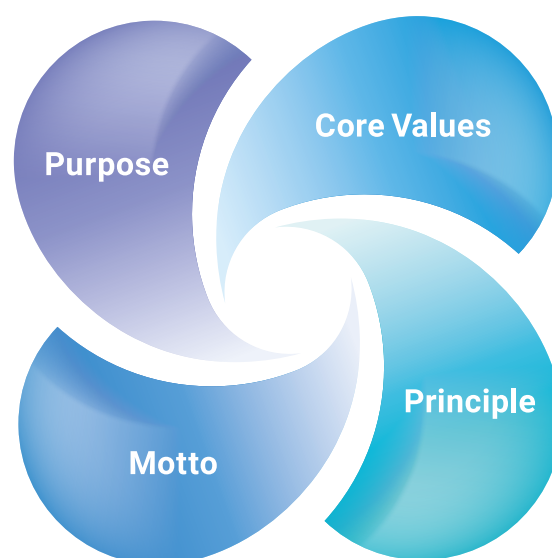
The management policy for fiscal 2025, *Re-Born and Evolution*, reflects what I hold most important. To our employees, I emphasize retaining the entrepreneurial spirit of our founding year. What I mean by this is the determination to constantly challenge ourselves in order to continue growing. While PILLAR has achieved steady growth over the past century, if we become complacent in stability, it will be difficult to generate new challenges. Like a venture company, we must pursue ambitious goals, such as business success and enhancing our corporate brand value, with a spirit of challenge, passion, and energy. One achievement over the past five years is that this kind of spirit has begun to take root within our organization. Moving forward, I want to continue cultivating an atmosphere that nurtures this venture mindset.

Regarding our responsibility to society, we have set forth our purpose as "Creating a future that supports society through clean, safety, and frontier." As a company that provides fluid control devices designed to prevent leakage, we conduct our business with a strong sense of mission.

Moreover, our motto: "Quality First, Cooperation and Harmony, and Steady Research," which embodies the spirit of PILLAR since its founding, serves as a set of behavioral guidelines and values expected of employees in realizing our purpose. In 2024, we also formulated the PILLAR CORE VALUES, which distill the essential values that every member of PILLAR GROUP must uphold as we look ahead to the next 100 years.

As a parts manufacturer, the ways in which our business activities contribute to society are not always immediately visible to employees. That is why, in forums where I engage directly with employees, such as roundtable discussions and company addresses, I consciously weave in the motto, our purpose, and the PILLAR CORE VALUES. In doing so, I strive to instill in employees a deeper understanding of the significance

of our business and the responsibilities we must fulfill to society, and to ensure that these values are reflected in their actions.



[Related content]
Motto / Purpose / PILLAR CORE VALUES



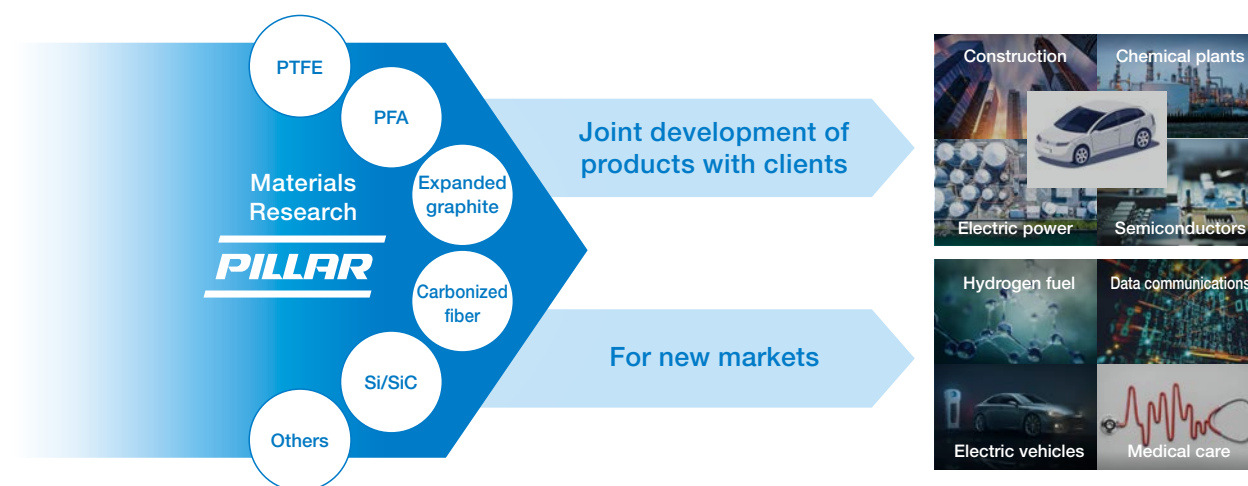
Q 04 Please share with us the competitive advantages and the value provided by PILLAR GROUP, both of which are indispensable for further growth.

The competitive strengths of PILLAR lie in the reliable technology for controlling leakage and the trust of our customers, both cultivated over our 100-year history. By refining proprietary technologies through speedy development and handling a wide range of products, which is centered on fluid control equipment that manages leakage, we have provided value in terms of ensuring safety and productivity in production sites.

In recent years, we have also focused on developing global markets, expanding our network to include global companies. One of our major strengths is that, through these connections with diverse customers and markets worldwide, who themselves possess cutting-edge technologies, we are able to gather a wide array of information and stand in a position to drive innovation precisely as a FRONTIER company.

Furthermore, in providing fluid control equipment, our Company carries out the entire process in-house, from materials through to the

design and manufacturing of finished products. A distinctive competitive advantage of ours resides particularly in the upstream processes, where we have developed proprietary materials technologies through independent research and development. By understanding changes in the market and the needs of leading-edge global customers ahead of competitors, we have earned our customers' trust by creating new technologies and products tailored to various applications, including liquids and gases, high and low temperatures. Moreover, we believe that the history of expanding our business into other fields by leveraging material properties has only been possible thanks to our deep understanding of those properties. Product groups for the semiconductor market, such as fluororesin fittings, as well as seismic isolation products and fluororesin substrates, are examples of this, and we believe there is still much room to expand such initiatives further.



[Related content]
Our Strengths and Competitive Advantage



[Related content]
R&D



Q 05 The PILLAR Group has two core businesses: the electronic equipment business and the industrial equipment business. Could you tell us about the earning power and outlook of each?

In the electronic equipment business, our major strength lies in the trust we have built since the incipient days of the semiconductor market, where we have continued to deliver a stable supply without causing quality issues such as chemical liquid leaks that could lead to serious accidents. Another source of our earning power comes from converting machined parts that require long lead times into injection-molded products, which can be delivered on shorter timelines. By doing so, we help our customers shorten lead times and improve productivity. We intend to continue strengthening these initiatives going forward.

In the industrial equipment business, our earning power is derived from the fact that, as a comprehensive seal manufacturer, we can manufacture and sell all of the key sealing products in-house, including mechanical seals, gland packings, gaskets, and resin seals. Another growth driver is rotary joints (RJ), functional components for semiconductor manufacturing equipment. As semiconductor production

processes evolve rapidly, we differentiate our technologies and products by responding quickly to customer needs and engaging in new development.

In addition, the synergies we are generating with TANKEN SEAL SEIKO CO., LTD. are also contributing to improved profitability. One example of synergy is the in-house production of sliding materials, which are key components of mechanical seals. Sliding materials for mechanical seals typically combine hard materials (SiC) with soft materials (carbon). Our company produces SiC in-house, while TANKEN SEAL SEIKO produces carbon. By supplying these materials to each other, we have achieved complete in-house production, leading to reduced procurement costs. Beyond this, we see potential for further synergies, such as cross-selling in sales and joint product development that combines the technologies of both companies.

[Related content]
Business Model



[Related content]
Segment Overview



Developing products to meet specific needs



Q 06 How do you plan to build a human resources strategy that maintains and strengthens earning power?

I believe human resources are a critical factor in raising the quality of the Company, enhancing the level of the organization, and advancing to the next stage. To further drive the growth of PILLAR GROUP, we aim to increase the ratio of overseas sales, and therefore seek a diverse range of talent; those who can succeed globally, those with strengths in design and production technologies, management personnel, and individuals who can demonstrate leadership at our plants. Looking at the medium- to long-term, we will design a human resources portfolio aligned with the future business portfolio, welcoming people with a venture spirit,

regardless of gender, age, or nationality, and placing them in positions where they can make the best use of their strengths.

To support business expansion, we are also strengthening mid-career hiring. At PILLAR GROUP, we want mid-career employees to quickly adapt and thrive, so we hold an entrance ceremony for them. In that setting, we emphasize: "Do not simply blend into PILLAR's existing culture, but instead bring your past experiences, know-how, and values and *transplant* them here." We believe that such diversity generates a positive cycle and enables us to transform into a stronger Company.

[Related content] Message from the Deputy President (Financial Strategy and Human Capital Strategy)



Q 07 The fiscal year 2024 results showed declines in both revenue and profit. With a challenging business environment expected in 2025 as well, how do you view the current situation, and what growth strategies will you implement?

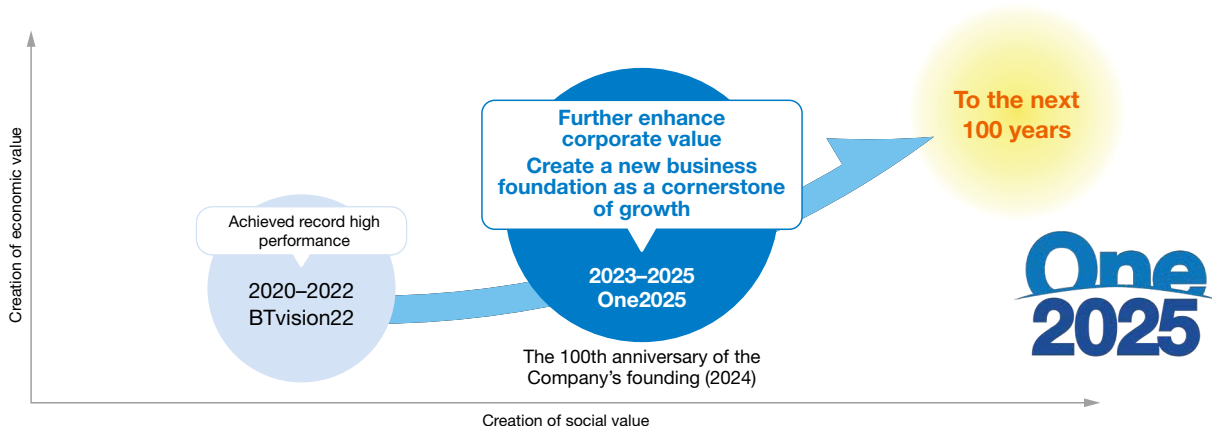
In fiscal year 2024, net sales declined 1.1% year-on-year to ¥57.9 billion, and operating profit decreased 20.2% to ¥11.3 billion. This was due to slower growth in the semiconductor market and prolonged inventory adjustments by our customers. While initiatives such as cost reductions produced some positive effects, they were insufficient to offset the negative factors. We recognize with sincerity that we fell short of meeting our investors' expectations last year.

At the same time, 2024 was a year in which we were able to plant seeds for medium- to long-term growth. We advanced investment plans in the Chinese market, considered ERP system updates, and explored

human resource system reforms, laying the foundation to support future growth.

For fiscal year 2025, we anticipate a continued slowdown in the semiconductor market and a challenging environment. Nevertheless, we continue to dedicate ourselves to fully implementing the initiatives of the Medium-Term Management Plan One2025, while striving toward our targets, such as an ROE of 10% or greater and an operating margin of 17.9%.

In the electronic equipment business, rising geopolitical risks are driving growing local production and consumption needs, particularly in



China. To capture the demand of the rapidly expanding Chinese semiconductor market, we will strengthen our local production and sales systems. Additionally, as European and U.S. semiconductor manufacturers relocate assembly operations to Southeast Asia, our existing presence in that region creates new business opportunities.

In the industrial equipment business, RJ remain a key growth driver. We will strengthen competitiveness, increase global market share, and aim for growth exceeding that of the market itself. We will also expand overseas operations for mechanical seals and gland packings. PILLAR GROUP has differentiated products capable of competing globally, and we will pursue growth by developing effective sales strategies, including

establishing local partners.

We are also focused on creating new businesses and accelerating/strengthening product development. In 2023, we established the Innovation Center at the Sanda Factory, consolidating technological development functions and gathering engineers from all business divisions. This has enabled them to share and leverage technical knowledge and expertise across the Group. Employees working at the Center have reported that active discussions are emerging across departmental boundaries. Moving forward, we aim to further refine our material technologies, which remain a core strength of PILLAR GROUP.

[Related content]
Overview and Progress of the Medium-Term Management Plan



[Related content]
Global Strategy



Q 08 Please explain your cash allocation policy aimed at realizing the ideal vision for PILLAR and enhancing profitability.

Up to now, our Company has maintained steady growth. However, I do not view us as being in a mature stage, but rather in a growth phase where we can achieve even greater leaps forward. To that end, we are pursuing a well-balanced cash allocation strategy that places emphasis on medium- to long-term growth investments. To further strengthen our earning power, we are intensifying capital investment and R&D in the semiconductor market, which remains a key driver of our Group's profitability and is expected to continue growing. These investments are directed toward meeting cutting-edge customer needs. While we do not have a dedicated body such as an investment committee, decisions on investment projects are discussed in Management Meetings and Strategy Meetings that bring together key personnel from sales, technology, production, and other divisions, enabling us to make swift decisions.

In R&D, which is the source of value creation, there are still many initiatives we want to pursue. Securing talent, including engineers, is an urgent issue for strengthening existing businesses and creating new ones. Accordingly, in addition to reinforcing investment in human

resources for R&D, we are working to close time-related gaps by making use of outsourcing and external expertise.

We also continuously consider M&A. Our acquisition of TANKEN SEAL SEIKO is a successful example, as the post-merger integration (PMI) process proceeded smoothly, enabling us to generate synergies quickly and deliver profits above plan from the very first year.

Going forward, we intend to actively pursue M&A that align with our management strategy, such as companies with established track records in target markets, those able to complement our technologies and know-how for business expansion, and those with sales channels or production bases overseas.

Regarding shareholder returns, we are currently targeting a dividend payout ratio of 30% or higher, with the aim of providing stable and continuous dividends. At the same time, we are closely monitoring market trends and listening to shareholder feedback as we actively consider future policies for shareholder initiatives, including reviewing the criteria for dividend payout ratios.

[Related content]
Message from the Deputy President (Financial Strategy and Human Capital Strategy)



We are strengthening growth investment for our Group, which is in a growth phase, and advancing the optimization of cash allocation.



Q 09

Please tell us about your thinking and initiatives regarding sustainability, which serves as the foundation of corporate growth.

The products and services provided by our Group themselves contribute greatly to sustainability and ESG. For example, in manufacturing sites there are many cases in which hazardous fluids are handled. By controlling leakage, we are contributing to safety and environmental protection. At the same time, we consider it important to incorporate the perspectives of sustainability and ESG into the processes by which products and services are created, and we are engaged in such efforts.

In the environmental field, we are promoting decarbonization initiatives that include both mitigation and adaptation to climate change. We are addressing disclosure in accordance with the TCFD and responding to CDP questionnaires, and we are also formulating feasible plans toward achieving carbon neutrality in 2050. In fiscal 2024, we obtained third-party assurance of greenhouse gas emissions data for Scopes 1 to 3 and the related information, thereby improving transparency and reliability. With respect to biodiversity, we have also started preparations for disclosure based on the TNFD disclosure framework.

In the social field, we place particular importance on respect for human rights as part of building a sustainable management foundation.

[Related content]
Sustainability Strategy



[Related content]
Sustainability Strategy: Society



[Related content]
Sustainability Strategy: Environment



We have formulated the Group Human Rights Policy and established a framework for human rights due diligence, and we are engaged in identifying and addressing issues. In addition, in order to further strengthen our system for responding to reports and consultations from employees globally, we have introduced multilingual support in the internal whistleblowing system.

With regard to human capital, from April 2025 we introduced a new system for senior employees, moving away from the uniform re-employment system used previously. By establishing four selectable career courses according to expertise and role after retirement, the system has been changed to one that allows individuals to demonstrate their value and motivation to a greater extent. Through the active utilization of senior employees, we will continue to strengthen our human capital and create social value.

In this way, we recognize initiatives in sustainability and ESG to be investments for the future. In the end, they lead to the reduction of corporate risk and the building of trust with investors, and we believe they also contribute to lowering the cost of equity. We will continue to strengthen sustainability management and ESG management.

Q 10

Please tell us about your approach to and initiatives regarding governance.

As one of the important issues for the next 100 years, we are also working to strengthen governance. Here too, we place importance on diversity, appointing outside directors with varied backgrounds and engaging in lively discussions on a wide range of themes such as growth initiatives, investment strategy, and risk management. We are also increasing personnel in the Internal Audit Office and enhancing process-check functions in order to secure stability and transparency in operations.

To improve the effectiveness of the Board of Directors, we conduct an effectiveness evaluation survey every year. In fiscal 2024, we carried

out an effectiveness evaluation using an external organization, which we do once every three years. As a result, improvements in effectiveness were observed compared with fiscal 2023, and the evaluation of our Board of Directors was generally favorable. With regard to issues identified, such as the frequency of Board meetings and the depth of deliberations, we will pursue improvements, including strengthening discussions at future Board meetings. Looking ahead to the increasingly rapid changes in the internal and external environment, we will further strengthen process-check functions.

[Related content]
Governance that Supports Risk-Taking



Q 11

Finally, do you have a message for shareholders and investors?

We will continue to take on every challenge proactively and boldly, accelerating our growth. The PILLAR GROUP has a solid foundation that supports its growth potential, including a broad network, materials technology, and a diverse range of products. Over these past five years as president, I have developed a renewed awareness of the importance of this foundation. By putting cash and capital to agile use on top of this

foundation, I am convinced that we can achieve high growth and enhanced corporate value that exceed the expectations of our shareholders and investors.

To our shareholders and investors, I would like to ask for even greater expectations and your continued support for the future of the PILLAR GROUP.

100 Years of Refining Expertise in Material Development and Extensive Fluid Control Solutions

Since its founding in 1924, PILLAR has prospered alongside the flourishing of Japanese industry, developing products that anticipate emerging needs. PILLAR's competitive advantages lie in its expertise in material development and extensive fluid control solutions. Through our consistent research and development efforts, we have gained a comprehensive understanding of the properties of a wide variety of materials. Moreover, by manufacturing everything needed in-house, from the raw materials to the final product, we have been able to provide high-quality products to a wide range of markets while supporting society behind the scenes through the control of all types of fluids. We remain committed to taking on these challenges as we continue to hone the unique competitive advantage that PILLAR offers.

» PILLAR's Competitive Advantage 01 Expertise in Material Development

The Product Known as **PILLAR No. 1**: The Crystallization of Ingenuity and Perseverance

01 The Origin of Material Development

An Engineer Awakened to His Mission

Kaju Iwanami, our founder, worked as an engineer on ocean-going vessels, struggling daily with inferior imported gland packing in harsh environments where steam leaks were frequent. In an effort to improve his colleagues' safety and their working environments, he became convinced that his mission was to develop a domestically produced packing that was less likely to leak. This sentiment later led to the company's ethos of solidifying its position as a uniquely necessary enterprise in society.



02 The Pursuit of a Challenge

Fostering a Revolution in Materials

Conventional plant-based materials exhibit limited durability as components of packings, contributing to the problem of shaft damage due to friction. Mr. Iwanami completely changed his approach and came up with the idea of using a low-friction alloy. After a process of trial and error, he devised a composite material processed into a granular alloy of lead, antimony, and tin. This was then blended with graphite and paraffin to form flakes. By pressing these into pillar form and fabricating them into cylinders, the semi-metallic packing known as PILLAR No. 1 came into existence.



PILLAR No. 1

03 Research and Proof-of-Concept

Fostering Expertise in Material Development

Mr. Iwanami did not immediately seek to market this innovation; instead, he conducted repeated field tests on refitted and newly built ships to verify the product's performance. Five years later, in 1924, he was able to establish the PILLAR Packing Factory and begin full-scale commercialization. Mr. Iwanami's passion for material development and his empirical approach to problem-solving have been part of our company's DNA since its founding. Our commitment to solving societal issues by taking on challenges and engaging in research, rather than by simply pursuing product development, lies behind the origin of our material development expertise and represents the very heart of our competitive advantage.



Fluororesin Products

Fluid control technology for hazardous chemicals

Pilaflon™ is our general term for a group of products made from fluororesins, such as polytetrafluoroethylene (PTFE). This product exhibits excellent heat resistance, chemical resistance, and non-stick properties. We offer a variety of gaskets, bearings, and other sealing products that leverage these characteristics in order to provide fluid control solutions across a wide range of industrial sectors. We also handle perfluoroalkoxy alkane (PFA), which exhibits properties comparable to PTFE and can be hot-melt molded into complex shapes. Building on our deep knowledge of fluororesins, we have also succeeded in developing fittings for the semiconductor market.



Fluororesin



Gland Packing (No. 6501L)

Carbon Fiber

Pioneering research that meets the challenge of asbestos replacement

We began researching alternatives to asbestos even before the health hazards of this mineral, the primary material used in gland packings, emerged as a societal issue. By incorporating a carbonized fiber offering improved hardness, self-lubrication properties, and ease of handling (including shape flexibility, chemical resistance, and heat resistance), we succeeded in developing Gland Packing No. 6501L. This product offers excellent sealing performance, can withstand high peripheral speeds, and contributes

minimally to shaft wear. This product has penetrated the market as an asbestos-free substitute material. It remains our flagship packing product, maintaining top sales in the water and seawater markets. This technology will continue to be incorporated into asbestos-free products featuring carbon and carbonized materials.

Silicon Carbide

Research on sliding materials for high-load environments

Silicon carbide (SiC) is second only to diamonds in hardness and exhibits three times the thermal conductivity of iron. We have established an in-house integrated production line that handles everything from mixing and granulating the raw material powder to grinding and polishing in order to produce silicon carbide as a sliding material that stands up to harsh environments. Products made from this material are now used in a wide range of industrial sectors, including petroleum plants, the chemical industry, shipbuilding, power generation, and the steel industry. Moreover, because it has been established as a material that can be used stably in strong acidic and alkaline environments, it has been adopted into a wide range of products, including seal rings for mechanical seals.



SiC sliding material



Gland Packing (EDP15)

Expanded Graphite

An innovative material born from the need to comply with environmental regulations

Expanded graphite exhibits stable sealing performance even in high-temperature and high-pressure environments and has played a significant role in plants where traditional asbestos packing has been difficult to use. Although the technology at the time only allowed expandable graphite to be used in sheet form, we engaged in much trial and error that eventually establish a method of processing this material into a yarn form. This technology accelerated the transition to completely asbestos-free products, which enabled us to establish a new business model based on the development of environment-friendly products.



**PILLAR's
Competitive
Advantage**

02

Extensive Fluid

From Sea to Land

Gasket development

Following the successful launch of our PILLAR No. 1 product, the company turned its attention to accommodating internal combustion engines for non-marine applications, such as those used in automobiles, which were still in their infancy at the time. In 1932, we applied our technology for marine packings to develop metal-jacketed gaskets for use in automobile engines. This crucial component prevents the leakage of explosive gases between engine cylinders and was a strategic product developed in anticipation of future market needs. Initially, demand was low, as gaskets were primarily used as a replacement part. However, their high quality earned the confidence of the market, and they eventually became certified parts for Toyota. Our gaskets are also used in the petroleum refining and chemical industries. In 2003, in response to stricter environmental regulations, we launched PILLAR Techno Black and PILLAR Techno White, high-performance asbestos-free gaskets that have helped to service the growth in demand.



Gaskets



Mechanical seals

Serving the Petrochemical Industry

Development of Japan's first mechanical seal

In the 1950s, as Japan entered a period of rapid economic growth and shifted its energy policy from coal to oil, a need arose for sealing materials that would reduce leakage compared to previous sealing materials used with flammable and toxic liquids. Our company launched a new product development project to replace gland packing. As a result of the combined efforts of all employees, in 1951 we developed Japan's first mechanical seal, which demonstrated high-precision sealing. During the subsequent era of growth in the heavy chemical industries, this product quickly became popular and was adopted for pumps used

in the petrochemical, chemical, and power generation industries. Even today, we continue to develop products that meet diverse needs, maintaining our position as a leader in these industries.

Serving the Semiconductor Industry

Globally renowned fluororesin fittings for chemical piping

In 1984, we entered the semiconductor market with the introduction of fluororesin PILLAR Fitting. Utilizing PFA resin, which combines chemical resistance, heat resistance, and high purity, these fittings earned high praise as innovative products suited to clean manufacturing environments. In 1988, we developed the Super Type PILLAR Fitting, which incorporates a sleeve inserted into the tube. The Super 300 Type PILLAR Fitting (S300) represented a further evolution, achieving improved sealing performance and workability through the adoption of a pin seal structure. Moreover, to accommodate the ongoing miniaturization of semiconductors, the design addressed issues such as reduced pressure loss and improved liquid displacement. The 2002 version, which incorporated multiple improvements, earned the trust of semiconductor fabrication equipment manufacturers worldwide, ultimately capturing the leading share of the global market. As of 2024, the fitting boasts a market share of over 90% for use in wafer cleaning equipment.



Super 300 Type PILLAR Fitting

Control Solutions



Rigid sliding bearings

Serving the Construction Industry

Leveraging our expertise in fluororesins

Our seismically isolated sliding bearings, certified by the Minister of Land, Infrastructure, Transport and Tourism in 2001, incorporate a fluororesin slide material that achieves one of the lowest friction coefficients in the industry. The Great Hanshin-Awaji Earthquake of 1995 sparked growing interest in seismic isolation structures. Much attention was placed on the introduction of sliding bearings, in addition to conventional laminated rubber bearings, to extend the building's long-period ground motion. We

launched the development of an innovative sliding bearing compatible with seismic isolation structures based on our existing UNI-TON™ Bearing. We constructed a full-scale dynamic testing facility and focused on performance evaluation and friction reduction. We eventually succeeded in achieving the target performance through our proprietary PTFE formulation and coating technology. In 2003, we expanded the certification range to a maximum vertical load of 10,000 kilonewtons, leading to increased adoption of this product in high-rise residential buildings, semiconductor fabrication plants, and other structures. As PILLAR became increasingly recognized as a producer of sliding materials, we were able to gather more knowledge of friction coefficients related to building characteristics, which provided important insights for future improvements.

Serving the Medical Industry

Continued development of new markets

The PVC tubing used in hemodialysis offers excellent chemical resistance but poor heat resistance, making it susceptible to damage from hot water during cleaning. In response to requests from medical practitioners for an improved dialysis tubing material, we began offering that industry our PFA tubing, which has a proven track record in the semiconductor industry, as well as our Super 300 Type PILLAR Fitting (S300). PFA tubing offers excellent chemical resistance, heat resistance, and non-stick properties, contributing to improved maintenance and cleanliness. Since its launch in 2010, our sales and technical staff have been present at installation sites and have provided guidance, which has enhanced reliability and gradually increasing market penetration. This tubing is now winning high acclaim, primarily from clinics seeking increased functionality, and is well-established as a maintenance-free product that does not require replacement of the piping components. This initiative has served as a reminder that markets exist outside of the semiconductor industry that are also seeking high-performance products. This success has also provided an opportunity for the development of new applications for our fluororesin products.



PFA tubing

The Ongoing Evolution of PILLAR

Through the initiatives outlined above, we have been able to manufacture products of ever higher quality by producing everything we need in-house, from the raw materials onwards, and by maintaining consistency in our internal production processes. We value the technical expertise that enables us to continue meeting customer needs, an asset that we have built on throughout the 100 years since our founding. We pledge to continue honing our production technologies and promoting research and development as we work to fulfill the emerging needs of the marketplace.

[Related content]
R&D



A Record of Growth

Since our founding in 1924, we have responded to the demands of growth industries by focusing on the development and commercialization of innovative materials while contributing to the emergence of a prosperous society committed to sustainability.

Going forward, we will continue to provide original, high-quality products and services while further improving our fluid control technologies.

Committed to development
since our founding

OUR DNA

1920-

Our founder, Kaju Iwanami, succeeded in developing a highly wear-resistant cylindrical packing for use in ships. In 1924, he launched Nippon Pillar Packing Industries as a private entity, and in 1926 he began full-scale production of industrial-use sealing packings. In 1932, he began production of gaskets for automotive and marine internal combustion engines. In 1948, Mr. Iwanami established Nippon Pillar Packing Co., Ltd., and in 1951, he developed and began production of Japan's first mechanical seal. In 1967, the Sanda Factory was constructed in Sanda, Hyogo Prefecture.

- 1924** Nippon Pillar Packing Industries is established in Nada-ku, Kobe.
- 1926** Our new factory is established in Yodogawa-ku, Osaka to begin full-scale production of industrial leak prevention packings.
- 1930** Our Pillar packing is registered as the company's first utility model patent.
- 1932** Production of gaskets begins.
- 1948** Nippon Pillar Packing Co., Ltd. is established.
- 1951** The Company develops and starts production of Japan's first mechanical seal.
- 1952** Production of fluororesin products begins. (Series name: Pilaflon™)
- 1967** The Sanda Factory in Sanda City, Hyogo Prefecture, is completed.
- 1968** It becomes the industry's first JIS-certified manufacturing facility for spiral-wound gaskets for piping compliant with the JIS B 2404 standard.
- 1970** The Company develops and starts production of carbonized fiber, an innovative new material.
- 1974** 50th anniversary



Founder Kaju Iwanami



Developed and started production of Japan's first mechanical seal (1951)



Completed construction of the Sanda Factory in Sanda, Hyogo, Japan (1967)

Expanding into
the electronics sector
BUSINESS GROWTH

1980-

In 1980, the head office building was constructed. Production of ISO series mechanical seals began the following year. The Company developed a series of new products to meet emerging needs and, in quick succession, started production of fluororesin fittings and expanded graphite braided packing for semiconductor manufacturing equipment. In 1995, the Company obtained ISO certification and established a brand that was soon to earn the confidence of customers.

- 1980** New head office building is completed.
- 1984** The Company's shares are listed as a specially designated share issue on the Second Section of the Osaka Securities Exchange.
- 1989** The Fukuchiyama Factory is completed.
- 1995** The Company's shares are redesignated to the Second Section of the Osaka Securities Exchange.



Started production of ISO series mechanical seals for agitators (1981)



Completed construction of the Fukuchiyama Factory (currently Fukuchiyama Factory No. 1) in Fukuchiyama, Kyoto Prefecture, Japan (1989)

[Sales]

[Major Events]

1980

1985 Plaza Accord
1989 Fall of the Berlin Wall

1990

1991 Collapse of the Japanese economic bubble; Collapse of the Soviet Union
1993 Establishment of the European Union
1999 Creation of the Euro

Strengthening our competitive advantage
through ongoing business development

DRIVE COMPETITIVE ADVANTAGE

In 2002, the Company began production of the Super 300 Type Pillar Fitting, a groundbreaking sealing mechanism that represented an industry first. The following year saw the start of production of Pillar Techno Black No. 2603-EEE, which contributed to the early conversion to asbestos-free sealing products. In 2012, we began production of a novel type of rotary joint for the semiconductor industry.

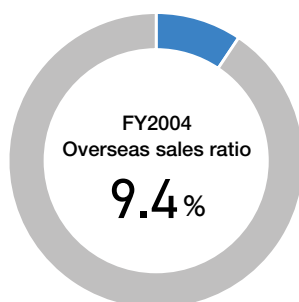
- 2001** The Company's shares are listed on the First Sections of the Tokyo Stock Exchange and Osaka Securities Exchange.
- 2004** Construction of the Kyushu Factory is completed in Koshi, Kumamoto Prefecture.
- 2012** Production of a new type of rotary joint for the semiconductor market begins.
- 2017** The head office is relocated to Nishi-ku, Osaka.



Began production of Super 300 Type Pillar Fitting with a revolutionary sealing mechanism, the first of its kind in the world (2002)



Completed construction of the Kyushu Factory in Koshi, Kumamoto Prefecture, Japan (2004)



Identifying market changes with
the goal of sustainable growth

TOWARD NEXT 100 YEARS

2020-

In preparation for the development of next-generation products and the expansion of the semiconductor market, the Company completed construction of the new Sanda Factory in 2020. We are continuing to transform our business and organizational structure with the aim of further enhancing our corporate value. Moreover, we remain focused on the development of new materials and technologies.

- 2022** The Company's shares are moved to the Prime Market of the Tokyo Stock Exchange.
- 2023** TANKEN SEAL SEIKO CO., LTD. becomes a member of our Group. Construction of Fukuchiyama Factory No. 2 is completed. Construction of the R&D Center at the Sanda Factory is completed.
- 2024** To mark the Company's centennial, the Company is renamed PILLAR.

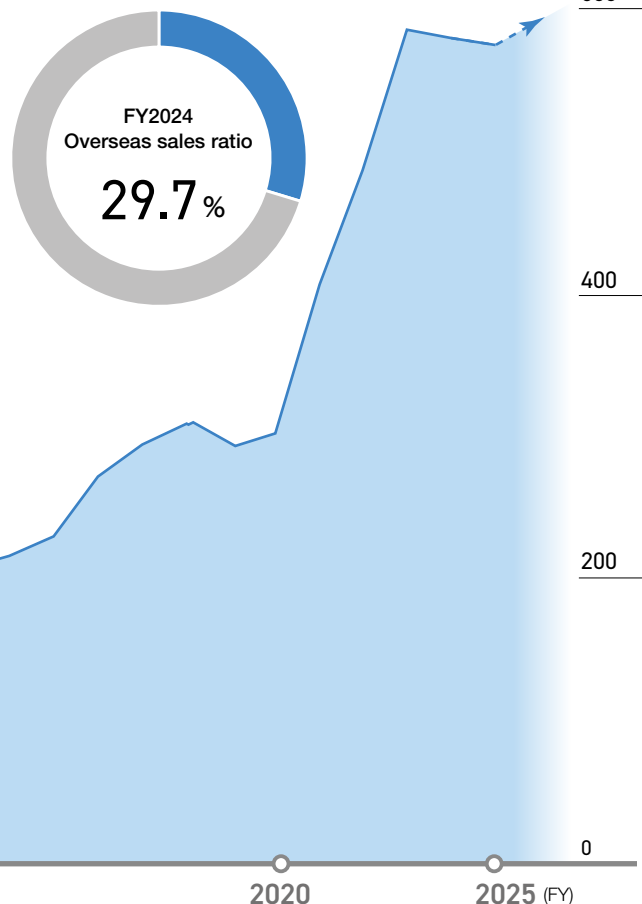


Completed construction of the new Sanda Factory (2020)



TANKEN SEAL SEIKO CO., LTD. became a member of our Group. (2023)

(100 million yen)
600



400

200

0

2000

2010

2020

2025 (FY)

2005 Kyoto Protocol comes into effect.
2008 Lehman Shock

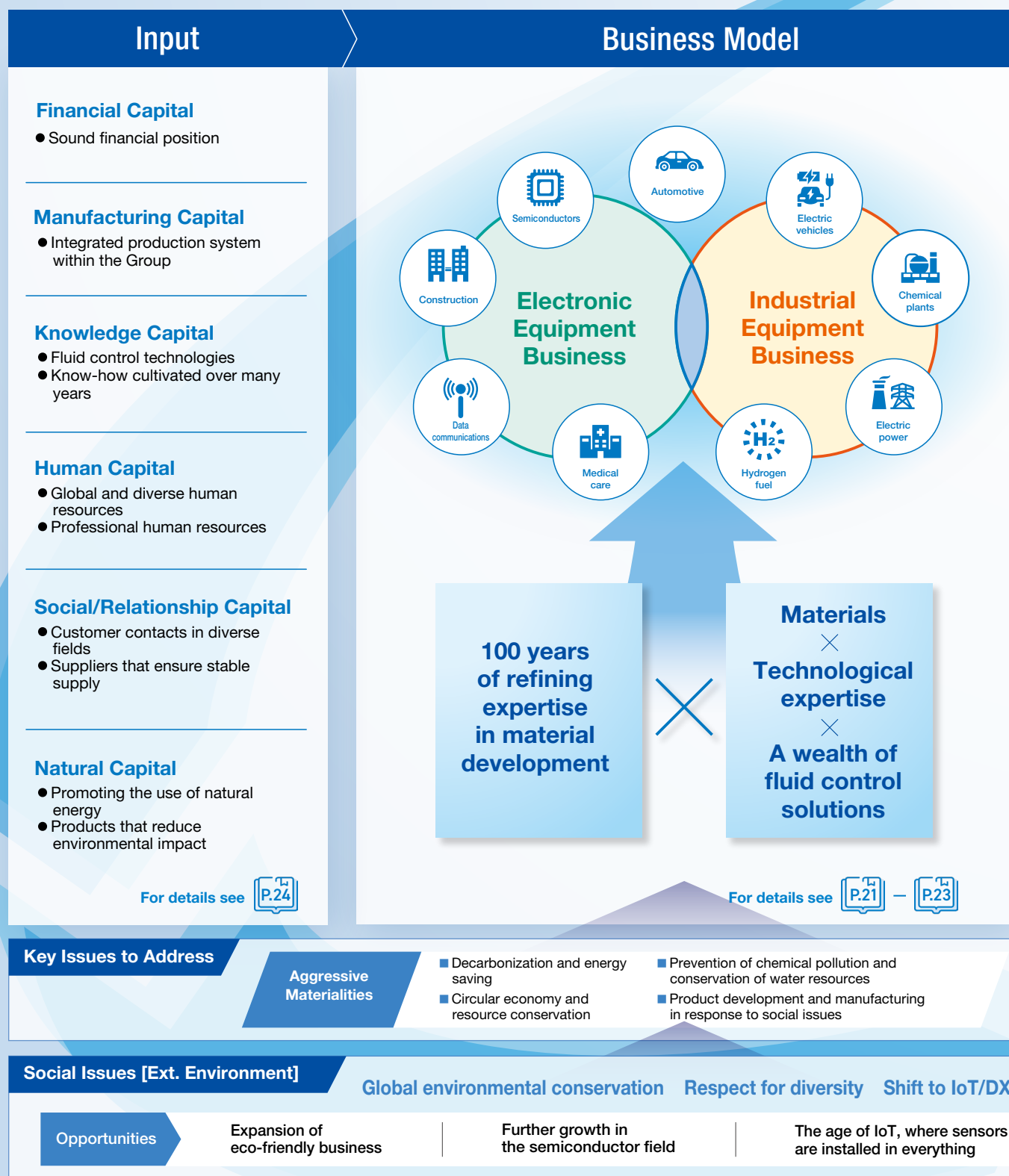
2011 Great East Japan Earthquake
2016 Paris Agreement comes into effect.

2020 Brexit comes into effect. COVID-19 pandemic
2021 The Tokyo Olympic and Paralympic Games are held.

2022 Russian forces invade Ukraine.
2023 The Palestinian-Israeli conflict begins.
2024 The Noto Peninsula is struck by a powerful earthquake.

Value Creation Process

As stated in our Purpose, the PILLAR GROUP is committed to providing value to the world with an awareness of social challenges and our materiality, focusing on our two businesses—electronic equipment and industrial equipment—so that we may create a future that supports society.



The Purpose of the PILLAR GROUP

Creating a future that supports society

CLEAN

SAFETY

FRONTIER

Output

Outcome

Main products

Pilaflon™ (fluororesin product lines)

Fittings, tubes, etc.



Fluororesin
substrates

Seismic
isolators



Mechanical seals



Gland packings



Gaskets



For details see [P.19](#) – [P.20](#)

One2025

FY2024 achievements
(Targets for FY2025)

Sales

57.9 billion yen
(57.5 billion yen)

Operating income

11.3 billion yen
(10.3 billion yen)

ROE

11.5 %
(10% or higher)

Payout ratio

35.1 %
(30% or higher)

Growth investment

Two-year cumulative
25.0 billion yen
(4.0 billion yen)

For details see [P.37](#) – [P.38](#)

Value to society and the environment

- Safety and security in people's lives
- Reduction of environmental impact
- Rapid development of industrial products
- Ensuring the safety and trust of employees and local communities
- Stable job creation
- Highly transparent management
- Increasing the sophistication of semiconductors
- Products and services indispensable for the supply of infrastructure

Value for PILLAR

- Products that contribute to solving social and environmental issues
- Development and manufacturing of products for new markets
- Providing value-added proposals to customers based on technological innovation and intellectual property strategies, etc.
- Realizing improved productivity and lower costs
- Stable return of profits to stakeholders
- Endeavoring to create advanced technology by integrating fluid control technology and IT/DX technology
- Providing solution proposals and products through unique fluid control products
- Improving corporate strength for customers and the market as a whole

Defensive Materialities

- Biodiversity conservation
- Creation of workplaces that enable diverse human resources to grow and succeed

- Living in harmony with the world and society
- Establishing transparent and responsible governance

For details see

[P.25](#) – [P.28](#)

Climate change Human rights issues Labor shortages

Rapid expansion and contraction of market size

Structural changes and tightening of regulations, etc.

Decline in international competitiveness due to emergence of competitors, cost fluctuations, etc.

Risks

For details see

[P.19](#) – [P.20](#)

Creating Value for the Benefit of Humanity and the Environment

We are a manufacturer skilled in the design, development, and manufacture of equipment to control fluids such as water, oil, toxic gases and chemicals, and more.

Our products are used in facilities that are essential to the functioning of daily life.

Moreover, they contribute to environmental preservation, resource conservation, and the protection of lives and property.

Opportunities Available in the PILLAR GROUP'S Business Environment

Expansion of eco-friendly business

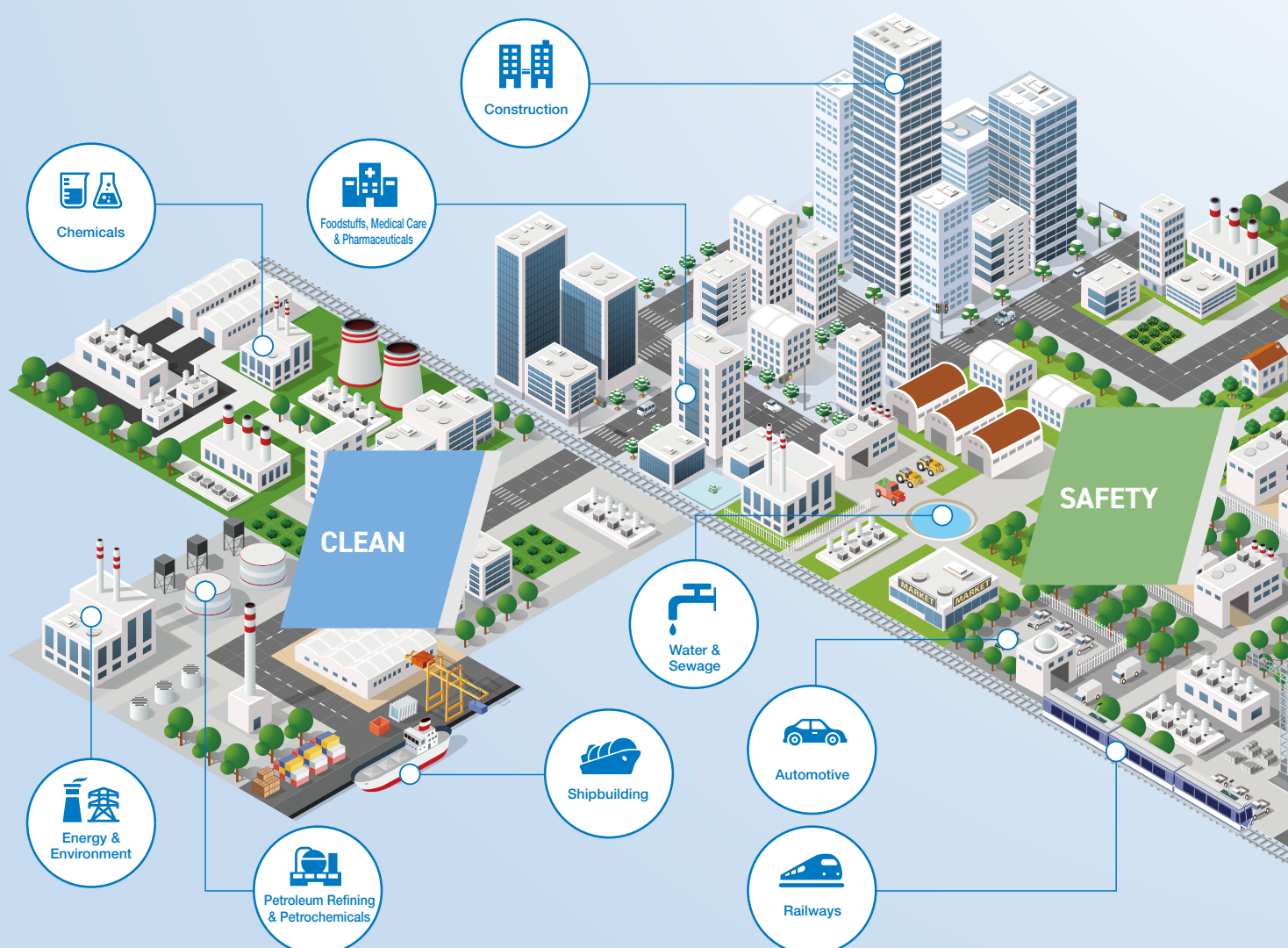
Providing new products to new markets such as batteries for electric vehicles, sealing materials using high performance materials for hydrogen and ammonia, pharmaceuticals, and the food industry

Further growth in the semiconductor field

Providing cleaner, more energy-efficient products that also contribute to protecting the environment

The age of IoT, where sensors are installed in everything

Providing sensing in harsh environments where higher temperatures than ever before and chemical resistance are essential



Risks Present in the PILLAR GROUP'S Business Environment

Rapid expansion and contraction of market size

Opportunity losses due to technological innovation, resource shortages, and other factors resulting from unexpectedly rapid market expansion and contraction in the semiconductor and LCD markets, etc.

Structural changes and tightening of regulations, etc.

Unexpected changes in the political or economic system in the country of operation, as well as increased restrictions on raw materials due to conflicts, natural disasters, infectious diseases, environmental considerations, etc.

Decline in international competitiveness due to emergence of competitors, cost fluctuations, etc.

Decline in international price competitiveness due to the emergence of competitors, with innovative technologies, changes in manufacturing processes, increased infrastructure costs, etc.



Major Products of Our Electronic Equipment Business Segment

Circulation products (Fittings, tubes, and pumps)

Contributing to improved performance through semiconductor miniaturization and integration

By providing chemical solution piping materials for semiconductor and liquid crystal manufacturing equipment, we meet a variety of needs that include safety, cleanliness, and adaptability of pipe size.

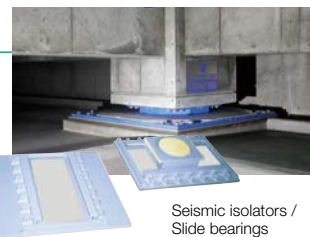


Circulation

Seismic isolators / Slide bearings

Protecting buildings from earthquakes

Our rotating and sliding mechanisms absorb and reduce the forces that act on the supporting structures used in seismically isolated buildings, roofs, and connecting bridges. These innovations contribute to improved earthquake resilience and greater durability of buildings and other structures.



Seismic isolators / Slide bearings

Fluororesin substrates

Contributing to increasingly advanced communications

Thanks to their excellent low electrical loss characteristics in the high frequency bands, these products contribute to improved performance and lower power consumption in millimeter-wave and microwave equipment such as auto collision prevention radar, antennas for 5G/6G mobile base stations, and multilayer boards for high-speed servers used in data centers.



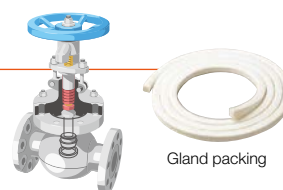
Fluororesin substrates

Major Products of Our Industrial Equipment Business Segment

Gland packings

Enhancing the safety and security of our everyday lives

Our gland packings prevent leakage of internal fluids around rotating or reciprocating shafts, such as valve stems and pump shaft seals.

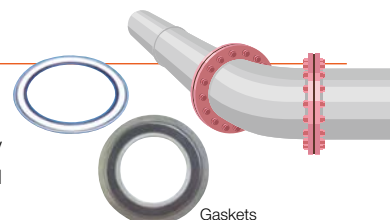


Gland packing

Gaskets

Contributing to safer and more secure equipment applications

These products seal the joints between stationary parts, such as pipe joints and equipment joints as well as joints linking equipment and pipes.



Gaskets

Mechanical seals / Rotating equipment seals

Contributing to safer and more secure plant operation

These products prevent leakage of internal fluids from shaft seals in pumps, agitators, compressors, rotary joints, and a variety of other industrial devices.



TANKEN ABC seal

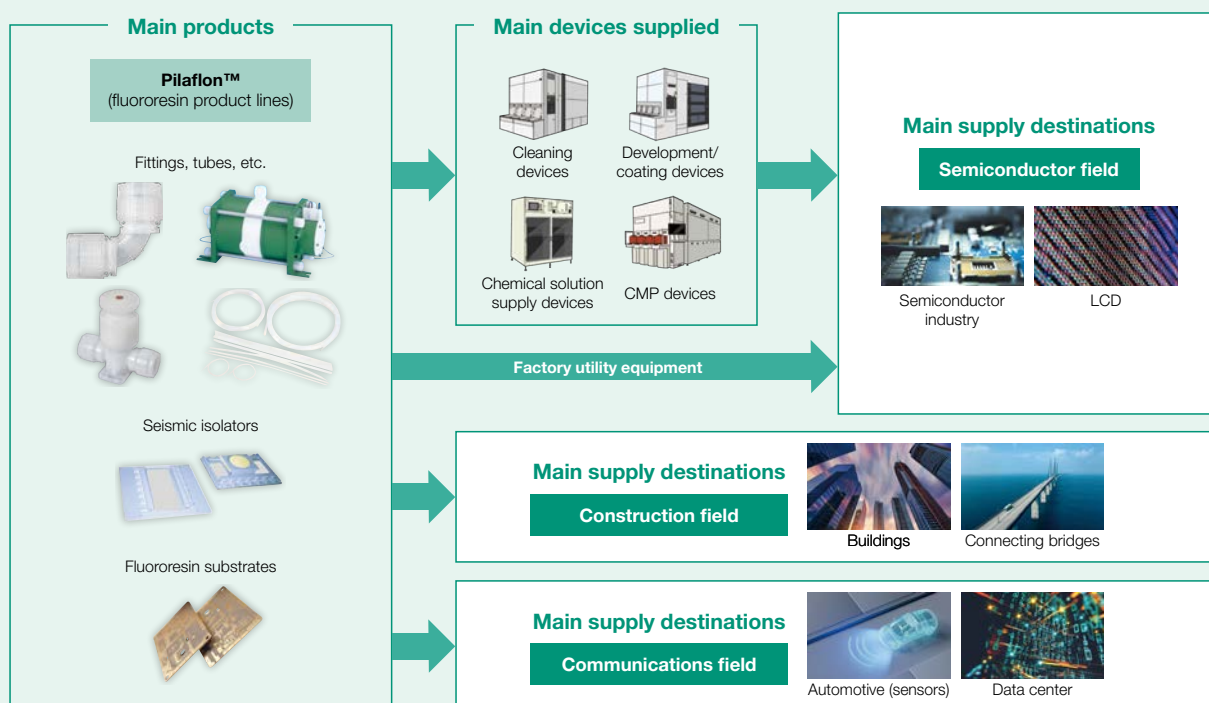
Pillar Phoenix-Seal®

Business Model

During the PILLAR GROUP's 100-year history, through fluid control products with our leak control technologies at their core, we have expanded our markets by continuing to respond to the needs of the times while simultaneously expanding our product lineup. Based on the two segments of our Electronic Equipment and Industrial Equipment businesses, we are currently providing products and services to a wide range of markets.

Electronic Equipment Business

Fluororesins exhibit many desirable characteristics such as chemical stability, low coefficient of friction, and low dielectric constant. Various technologies are used to commercialize fluororesin products and supply them to the semiconductor, construction, and communications markets.



Competitive advantage in the Electronic Equipment Business

High technologies from handling fluororesin for sealing materials and maximizing our materials expertise

Our resin products for the semiconductor market are the result of a technology shift that involved adapting the fluororesin originally used in gland packings and mechanical seals. On the basis of expertise in material technologies that we have independently researched and developed, we produce products that leverage the characteristics of those technologies for use in other industries.

Highly trusted by the market due to no workplace accidents

We have developed and launched products in the semiconductor market by leveraging the characteristics of fluororesin, which has a positive reputation in markets for various industrial equipment. By continuing to provide high-quality products ever since the dawn of semiconductors, we have gained a positive reputation among customers and acquired the No. 1 market share globally in semiconductor cleaning equipment.

Uncovering market needs through direct transactions with major companies in leading-edge markets

We have extensive connections thanks to our direct transactions with major manufacturers of semiconductor fabrication equipment in Japan and overseas. In markets that are constantly changing and always demand a speedy response, while meeting strict customer requirements, the PILLAR GROUP is the first to perceive development trends and needs, and to adopt them as our own technologies.

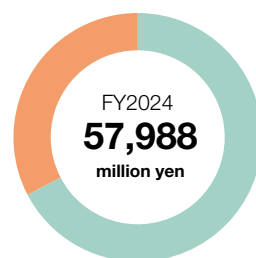
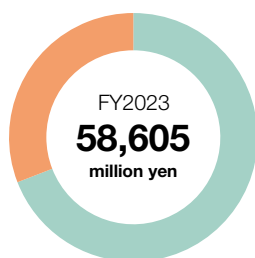
► Trends in sales by segment

Electronic
Equipment
Business

40,475
million yen
69.1%

Industrial
Equipment
Business

18,093
million yen
30.9%



Electronic
Equipment
Business

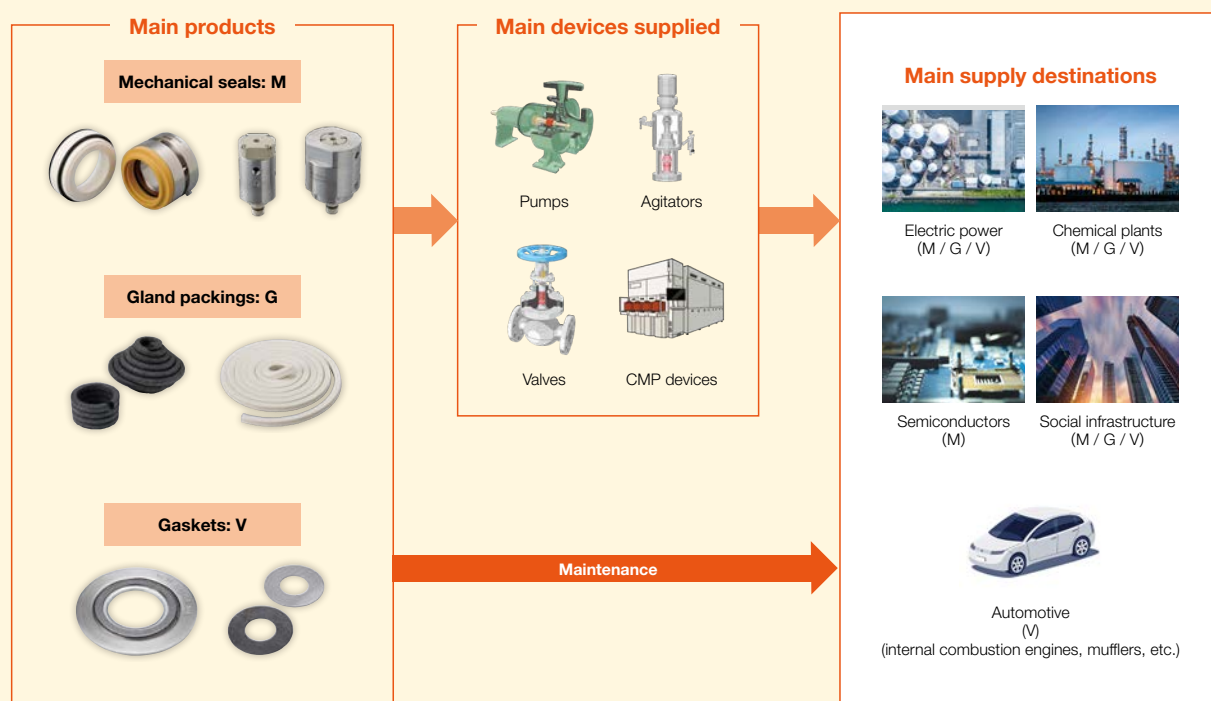
39,034
million yen
67.3%

Industrial
Equipment
Business

18,917
million yen
32.6%

Industrial Equipment Business

We provide sealing parts for controlling various fluids used in plants and equipment in a wide range of industries, including energy, oil refining, chemical, automotive, marine, medical, and food, thereby supporting those industries.



Competitive advantage in the Industrial Equipment Business

A comprehensive seal manufacturer with diverse product lines

Sealing parts for industrial use can be roughly divided into four categories: gland packings, gaskets, mechanical seals, and resin seals. We are unique in Japan as a manufacturer that handles all these categories. For example, we respond to the potential needs of customers who submit inquiries relating to gland packings, and we are the only manufacturer that can undertake proposals for mechanical seals. With a view to the next 100 years, we have assembled a team of engineers at the Sanda Factory R&D Center, on which construction was completed in 2023. Here they will further combine and integrate the PILLAR GROUP's technologies.

Generating momentum in the Industrial Equipment Business through the acquisition of TANKEN SEAL SEIKO

TANKEN SEAL SEIKO, which became a Group company in 2023, has achieved record sales and operating income for two consecutive years. This synergistic effect is due to a complementary relationship in which we quickly combined the main business fields of both companies and the in-house production of parts. Going forward, we will generate more opportunities through reciprocity and cross-selling in the markets in which both companies specialize while further increasing synergistic effects, for example, by developing new products with a fusion of the technologies that each company has cultivated.

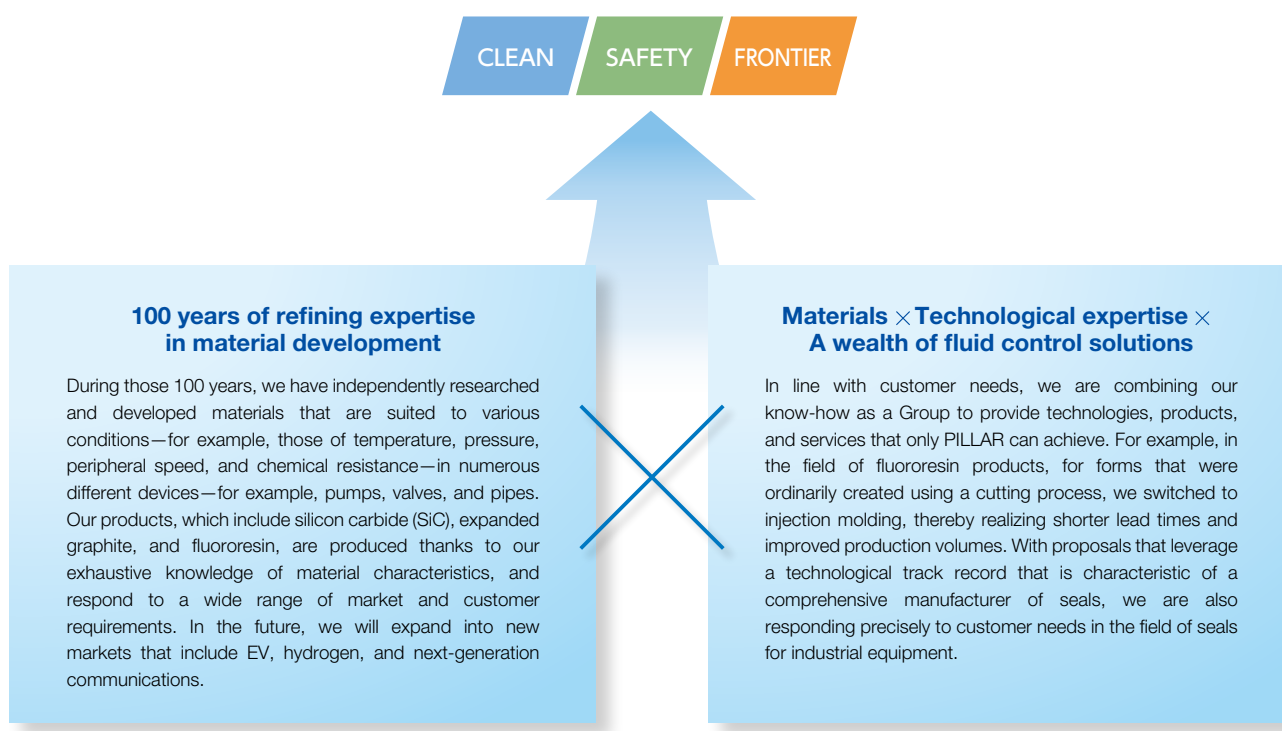
Our Strengths and Competitive Advantage

Strengths as the Cornerstone of the PILLAR Business Model

The PILLAR GROUP contributes to society through the development, manufacture, and sale of sealing parts for industrial use. Our strengths are reliable leak control technologies, accumulated know-how from taking on the challenge of market expansion, and the trust of our customers, all of which have been cultivated over the course of our 100-year history.

The Purpose of the PILLAR GROUP

Creating a future that supports society



The PILLAR GROUP's Competitive Advantage

01 Technical expertise

We are generating new value by combining reliable leak control technologies we have cultivated in various markets and products during our 100-year history. With the aim of generating comprehensive knowledge of a diverse range of technologies, we assembled a team of PILLAR GROUP engineers at the Sanda Factory R&D Center, which began operating in November 2023. In the process of developing new technologies and products, we are utilizing collaboration among industry, government, and academia and IT and DX technologies more than ever before. This is improving our quality, capacity, and speed, and strengthening technological development in each business field.

02 Procurement expertise

Because the PILLAR GROUP uses high-mix, small-lot production, we are building a supply chain through which a variety of parts can be appropriately procured. While seeking to strengthen our engagement with procurement sources, we are also advancing the development of new procurement sources and improving our price negotiation capabilities. In recent years, the whole company has worked together to diversify procurement sources in response to shortages of fluororesin raw materials, and we have sought to tackle such issues by fulfilling our responsibilities as a supplier. Furthermore, we are leveraging the fact that our Group company TANKEN SEAL SEIKO is in the same industry to generate synergy in procurement.

03 Human resources expertise

Diverse human resources are necessary for raising the level of the organization and proceeding to the next stage of its development. We are working on human resources development, for example, by appointing women as general managers and recruiting foreign nationals. We are also enhancing internal training programs and increasing the financial support provided to employees for gaining further qualifications, as we continue to create a structure that encourages employees to actively shape their careers. Furthermore, we are working to design a system that is unique to the PILLAR GROUP and makes the maximum possible use of our employees' abilities, evaluating and rewarding them based on their performance, regardless of age, gender, life experience, or nationality.

The Source of PILLAR's Competitive Advantage

Six Kinds of Capital

We have divided the PILLAR GROUP's diversity of capital into six categories. Each of these is utilized in our business activities, resulting in even greater business expansion and new value creation.

(FY2024 results)

	Related capital	Advantages	Related content
Financial Capital	• Sound financial position • Maintaining operating income margin • Generating new cash flow • Proactive shareholder returns	• Net assets 73.8 billion yen • Equity ratio 75.3% • Operating income margin 19.5% • Payout ratio 35.1%	 
Manufacturing Capital	• Building an integrated system within the Group • Establishing local production systems outside Japan • Improving productivity by promoting automation and the adoption of IoT • Installing high-standard clean rooms • Safe and environmentally friendly factories	• Domestic production bases 12 production bases • Overseas production bases 5 production bases • Capital expenditure 3.6 billion yen	 
Knowledge Capital	• Sophisticated fluid control technologies • Know-how cultivated during our 100-year history • Technological expertise responding to leading-edge needs • Expertise for developing unknown materials	• R&D expenses 1.7 billion yen • Establishing the R&D Center at the Sanda Factory to enhance product development expertise across the organization	
Human Capital	• Human resources who can understand things from a global perspective • Human resources who can demonstrate high levels of leadership, resolve, and drive • A workplace environment in which human resources with diverse experience and knowledge can play an active role • A workplace environment in which it is possible to work with peace of mind and in good health	• Number of consolidated employees 1,212 • Investment in human resources development per employee 91 thousand yen • Number of global human resources* 98	
Social/ Relationship Capital	• Customer contacts in diverse fields • Suppliers that ensure stable supply • Promoting collaboration among industry, government, and academia • Contributing to local communities	• Sales offices 39 • Number of suppliers 577 • Number of individual IR responses 205	  
Natural Capital	• Promoting the use of natural energy • Products that reduce environmental impact • Conserving the global environment in response to climate change	• CO₂ emissions (Scopes 1+2) 8,651 t-CO₂ • CO₂ emissions (Scope 3) 106,501 t-CO₂ • Solar power generation (selling electricity) 807,648 kWh	

*Number of global human resources = Number of human resources with management experience at overseas bases (Number of human resources with experience at overseas bases primarily through personnel rotation + Number of human resources promoted to management from national staff)

Materialities

The PILLAR GROUP seeks to contribute to a sustainable society through practicing our Motto of “Quality First, Cooperation and Harmony, Steady Research,” and we are advancing initiatives to realize our Purpose of “Clean, Safety, and Frontier” for creating a future that supports society.

As one aspect of this, we have specified the material issues (materialities) that PILLAR must work on as a group that has single-mindedly refined its technologies for controlling fluids.

Materialities for PILLAR

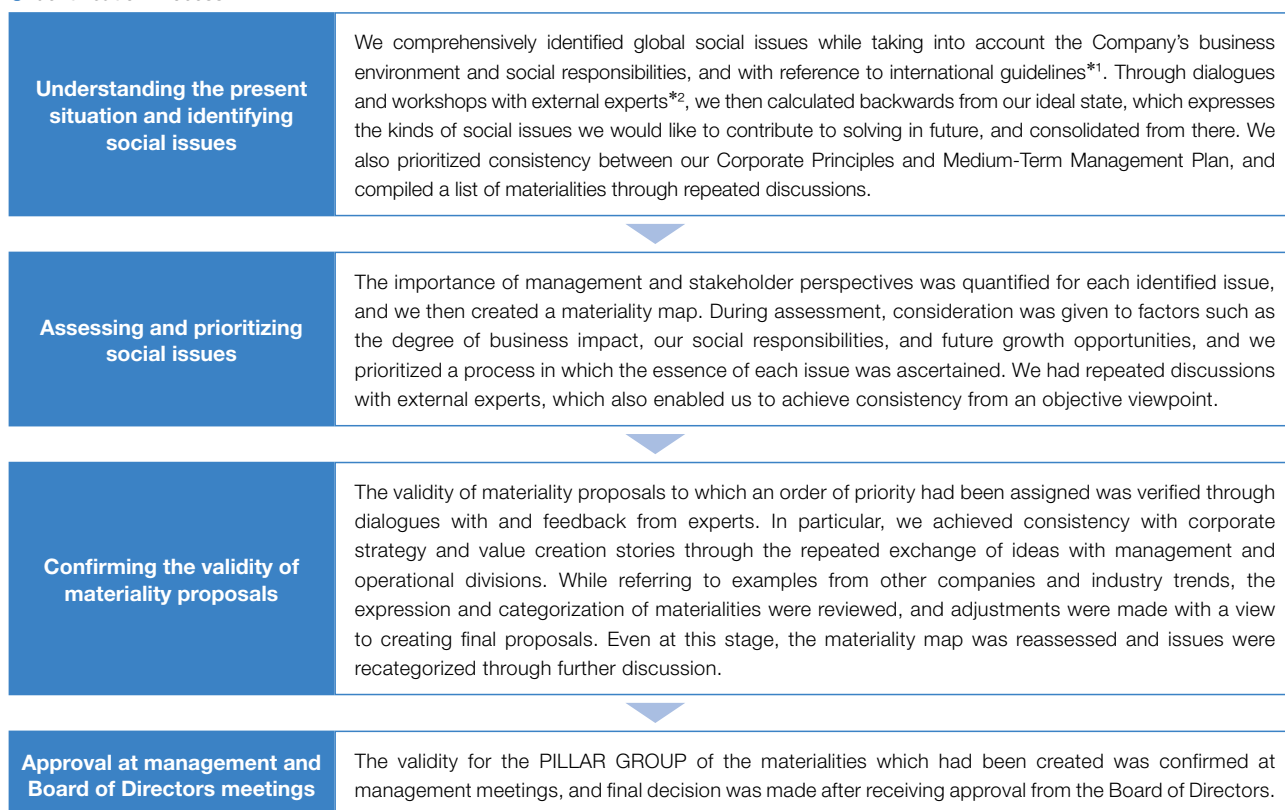
As stated in our Sustainability Policy, in order to contribute to a sustainable society through our business and to realize sustained corporate value, we have identified materialities that the PILLAR GROUP must address.

As guideposts for business promotion and through our business activities as a Group, these issues will serve to generate a positive impact on society and the environment, or to reduce any negative impact that we may have.

The Materiality Identification Process

In 2022, we held training and discussions among management to identify materialities the PILLAR GROUP must give particular priority to addressing among the many that exist in society.

● Identification Process



*1 FTSE, MSCI, GRI standards, ISO 26000, and the 169 SDG targets

*2 Experts active at the forefront in the fields of policy, management, and sustainability

Based on the management environment that surrounds us, changes to global needs in relation to social issues, advice that we receive during our dialogues with stakeholders, and so on, going forward, we will seek to review and reexamine this materiality as appropriate.

List of Materialities

The PILLAR GROUP has identified 21 materialities in eight materiality groups.

Gr. 1: Decarbonization and energy saving

- 1 Development and manufacture of products through the use of fluid control technology and material technology, etc., to enable decarbonization and energy conservation
- 2 Expanding clean energy and energy savings in manufacturing

Gr. 2: Circular economy and resource conservation

- 3 Development and manufacture of sealing products using IT/DX technology and sustainable raw materials
- 4 Development and manufacture of resource-conserving products
- 5 Resource efficiency and sustainability through improved production technology (IT/DX, automation), etc. and 3Rs of waste

Gr. 3: Prevention of chemical pollution and conservation of water resources

- 6 Development and manufacture of products that contribute to the prevention of chemical pollution and the conservation of water resources
- 7 Prevention of chemical pollution in manufacturing and conservation of water resources

Gr. 4: Biodiversity conservation

- 8 Promoting biodiversity conservation at each base

Gr. 5: Product development and manufacturing in response to social issues

- 9 Development and manufacture of products to cope with disasters such as earthquakes and floods
- 10 Development and manufacture of new products by applying technology to meet market needs (sensor business, IoT utilization, etc.)
- 11 Pursuit of safety and quality assurance of product services

Gr. 6: Creation of workplaces that enable diverse human resources to grow and succeed

- 12 Occupational safety and health
- 13 Respecting human rights and promoting diverse human resources and work styles
- 14 Human resources development, recruitment and retention

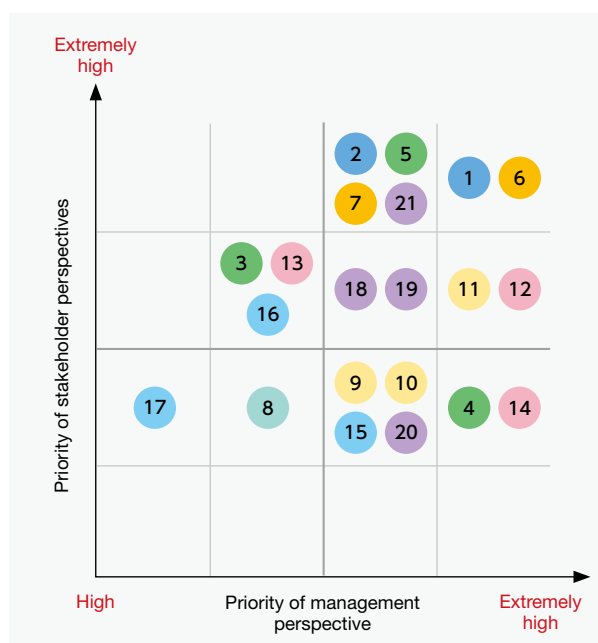
Gr. 7: Living in harmony with the world and society

- 15 Creating innovation through collaboration among industry, government, and academia
- 16 Promoting CSR procurement
- 17 Contribution to regional and community development

Gr. 8: Establishing transparent and responsible governance

- 18 Ensuring board independence and transparency
- 19 Establishing a system for managing potential risks in business activities
- 20 Implementing our corporate principles and integrity
- 21 Corruption prevention

► Materiality Matrix



TOPIC

Initiatives for Familiarization with Materialities

Training for new employees in fiscal 2024 involved group work relating to materialities and SDGs. This gave the employees a real sense that our business content contributes to solving social issues, and enabled them to address these issues in their work.

Feedback from participants

- ▶ "I felt that it is important to think and act based on the fact that SDGs are not just about the Company but also something that directly concerns each and every one of us. Through this PILLAR training, I hope to discover what it is possible for me to do and to become actively involved."
- ▶ "I learned that initiatives for achieving SDGs generate credibility for the Company. With the knowledge that PILLAR is earnestly engaging in its activities based on our Purpose, I would also like to work here with a sense of pride."

Going forward, we will continue with our initiatives for increasing awareness of the PILLAR GROUP's materialities.



Materiality KPIs, Targets, and Achievements

We established KPIs and targets for the eight materiality groups and 21 materialities which had been identified, while linking them with ESG and SDGs. By working to achieve our problem-solving targets, we aim to contribute to a sustainable society through our business activities.

E	S	G	Materiality group	Materialities	KPIs / FY2025 targets
			Gr. 1: Decarbonization and energy saving	① Development and manufacture of products through the use of fluid control technology and material technology, etc., to enable decarbonization and energy conservation	• Sales of 3.1 billion yen for environmental contribution products
				② Expanding clean energy and energy savings in manufacturing	• 25% reduction in company CO ₂ emissions (compared to FY2023)* • Installation of equipment for solar power generation for internal consumption
			Gr. 2: Circular economy and resource conservation	③ Development and manufacture of sealing products using IT/DX technology and sustainable raw materials	• Expand the lineup of environmentally friendly products • Establish technologies for the internal production of recycled resins
				④ Development and manufacture of resource-conserving products	• Market launch of at least three products that contribute to resource conservation by customers
				⑤ Resource efficiency and sustainability through improved production technology (IT/DX, automation), etc. and 3Rs of waste	• Reduce development lead times and improve productivity
			Gr. 3: Prevention of chemical pollution and conservation of water resources	⑥ Development and manufacture of products that contribute to the prevention of chemical pollution and the conservation of water resources	• Develop and manufacture products that contribute to preventing chemical pollution and conserving water resources
				⑦ Prevention of chemical pollution in manufacturing and conservation of water resources	• Abolish three chemical substances specified by the Pollutant Release and Transfer Register (PRTR) Act
			Gr. 4: Biodiversity conservation	⑧ Promoting biodiversity conservation at each base	• Promote nature conservation work
			Gr. 5: Product development and manufacturing in response to social issues	⑨ Development and manufacture of products to cope with disasters such as earthquakes and floods	• Develop seismic isolation products in response to customer BCPs • Deliver to factories, public facilities, and redevelopment projects
				⑩ Development and manufacture of new products by applying technology to meet market needs (sensor business, IoT utilization, etc.)	• Develop new materials and technologies and invest in new products • Begin solutions service using IoT devices for monitoring the state of mechanical seals
				⑪ Pursuit of safety and quality assurance of product services	• Promote work reforms
			Gr. 6: Creation of workplaces that enable diverse human resources to grow and succeed	⑫ Occupational safety and health	• Eliminate occupational accidents (zero lost-time injuries) • Promote health management initiatives
				⑬ Respecting human rights and promoting diverse human resources and work styles	• Ratio of female managers of at least 5% • 100% participation rate of managers in DE&I training programs
				⑭ Human resources development, recruitment and retention	• Investment in human resources development of 95,000 yen per person • At least 30% of new hires to be women
			Gr. 7: Living in harmony with the world and society	⑮ Creating innovation through collaboration among industry, government, and academia	• Establish a working group to promote open innovation, and seek to upgrade core technologies and acquire new technologies
				⑯ Promoting CSR procurement	• Conduct CSR procurement questionnaire • Hold business partner policy briefings
				⑰ Contribution to regional and community development	• Promote activities that contribute to society with a focus on regional communities
			Gr. 8: Establishing transparent and responsible governance	⑱ Ensuring board independence and transparency	• Ensure the independence and transparency of the Board of Directors
				⑲ Establishing a system for managing potential risks in business activities	• Review periodic risk reduction measures
				⑳ Implementing our corporate principles and integrity	• Continue to implement Group Code of Conduct training • Continue to implement training related to various laws and regulations
				㉑ Corruption prevention	• Continue to implement Group Code of Conduct training

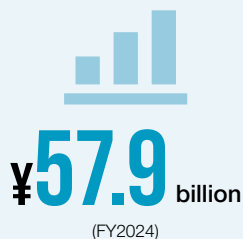
* Reference year was revised in FY2024.

	FY2024 results	Related SDGs	Reference page(s)
	Sales of environmental contribution products of 3.1 billion yen	   	P. 64
	- CO₂ emissions (Scopes 1+2) of 8,651 t-CO₂ (41% reduction compared to FY2023) - Obtained third-party verification - Equipment for solar power generation for internal consumption now operating at five buildings in four factories	   	P. 61–63
	- Developed packings that balance improved performance with environmental contribution by combining different material properties - Manufactured and assessed recycled resins	   	P. 39–44
	Launched two products to market that help customers to conserve resources	    	–
	- Improved productivity by introducing automation and labor-saving equipment (Fukuchiya Factory No. 2) - Promoted reciprocal procurement with TANKEN SEAL SEIKO	  	P. 31–36
	Launched authorized PFAS-free packings to market	      	P. 41
	- Switched lapping oils - Switched to pure water for cleaning processes	    	P. 60
	- Conducted analysis of dependence on and impact of natural capital - Ongoing cooperation with work to conserve cherry blossom trees in Sanda City	 	P. 60
	- Adopted multi-stage sliding bearings capable of withstanding long-period, large-amplitude seismic motion - Manufactured and launched mechanical seals for pumps to combat flooding (seal surfaces divided in two)	   	P. 40
	- Created a prototype mechanical seal with an integral IoT device that monitors the state of the seal - Launched the EcoMA electric power monitoring sensor to market	   	P. 44
	- Promoted work reforms that use generative AI - Improved quality using IT and DX		P. 45
	- No incidents of lost-time injury - Conducted occupational accident training using VR - Certified as an “Excellent Corporation for Health and Productivity Management 2025”	 	P. 55 and 56
	3.9% ratio of female managers - Number of global human resources: 98 people 100% participation rate of managers in DE&I training programs - Began human rights due diligence initiatives	     	P. 51–55
	- Investment in human resources development of 91,000 yen per person 28% ratio of women for new hires	  	P. 51–55
	10 collaborative research projects with industry, government, and academia	  	P. 43 and 44
	83% response rate to CSR procurement questionnaire (subjects: all business partners) 74 companies attended a business partner policy briefing	      	P. 57
	- Sponsored events aimed at regional communities - Continued working to support students and persons with disabilities	  	P. 58
	- Effectiveness of the Board of Directors assessed by an external organization - Held officer training sessions		P. 67–72
	- Held a practice drill hypothesizing a real-life security incident - Strengthened information security	   	P. 73
	100% participation rate in Group Code of Conduct training - Conducted training in security export control and information security (CSIRT)	     	P. 73 and 74
	100% participation rate in Group Code of Conduct training		P. 73 and 74

PILLAR by the Numbers

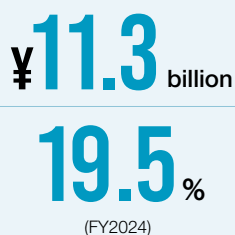
Financial Data

Sales



Demand in the semiconductor market was slow to recover and revenue fell year on year, but sales surpassed 50 billion for the second consecutive year to achieve our second highest figure to date.

Operating income / Operating income margin



Although our operating income margin was lower than the previous year due to increased depreciation and research and development costs accompanying capital expenditure, we have maintained our profit margin at a high level.

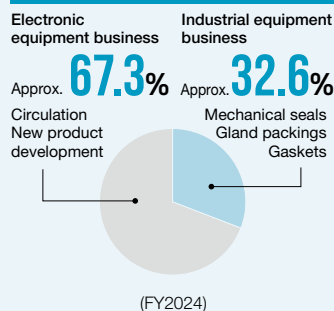
Sales growth rate



(Average annual growth rate: FY2019 to FY2024)

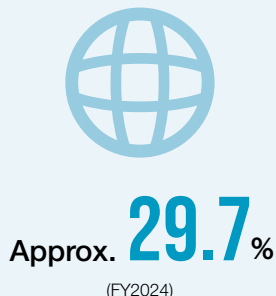
In the past five years, the scale of our business has expanded against a backdrop of M&A and a thriving semiconductor market.

Segment sales



We improved our segment balance by acquiring TANKEN SEAL SEIKO CO., LTD. as a member of the Group.

Overseas sales ratio



We are promoting globalization, for example, by actively investing in the Chinese market.

PILLAR fittings: Global market share



(For semiconductor cleaning equipment)

Our fittings for semiconductor cleaning equipment account for a market share of 90% or more, making them the de facto industry standard.

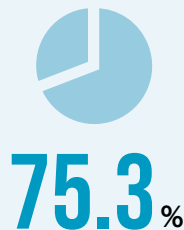
ROE



(As of the end of March 2025)

Although the target for ROE in our medium-term management plan is 10% or higher, our current target is now 13 to 15%.

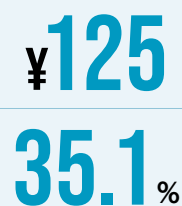
Equity ratio



(As of the end of March 2025)

We are promoting management with an awareness of capital costs and working to achieve stable management.

Dividend per share / Payout ratio



(FY2024)

The goals of our dividend policy are stable and sustainable dividends with a payout ratio of 30% or higher.

Non-Financial Data

Number of overseas bases



11

countries and regions

16

bases

(Overseas Group companies)

Number of employees

Consolidated

1,212

employees

Overseas (nonconsolidated)

193

employees

(Full-time employees only, as of the end of March 2025)

Male-to-female ratio (consolidated)



75:25 %

Number of global human resources

98

employees

(As of the end of March 2025)

We have continued to actively recruit new graduates and mid-career hires, and employee numbers are on an upward trend. We also aim to increase the ratio of women hired to at least 30% in order to promote their active participation.

CO₂ emissions

(Scope 1 + Scope 2)

8,651 t-CO₂

Scope 3

106,501 t-CO₂

(FY2024 results)

CO₂ emissions fell compared to results from the previous year due to the procurement of CO₂-free electric power in Scope 2 and lower Category 2 emissions in Scope 3.

Track record of dialogues with shareholders and investors



232 times

(FY2024 results)

As well as overseas IR activities and factory tours for institutional investors and analysts, we transitioned to live streaming financial results briefings, thereby improving convenience for investors and increasing participation rates.

Number of patents held



1,060

(As of the end of March 2025)

The number of patents held by the Company is increasing each year, both in Japan and overseas.

Percentage of female managers



3.9 %

(FY2024)

With a target of 5% or higher, we are actively promoting hires through leadership training for women and DE&I training.

Male (Female) employees taking childcare leave



75.0 (100) %

(FY2024/nonconsolidated)

By conducting e-learning and proactively speaking with employees, we achieved our target of a 75% uptake of childcare leave a year early.

Investment in human resources development per employee



¥91,000

per person

(FY2024/nonconsolidated)

We are enhancing leadership and management training, with a target of 95,000 yen per person.

*All target figures are for FY2025

Message from the Deputy President

Financial Strategy and Human Capital Strategy

**Assessing demand and proactively investing in overseas operations and human capital
Toward a business portfolio that generates higher profitability**

Strengthening the foundation through proactive growth investments, as we continue to enhance our initiatives on sustainability and ESG, and evolve to become a company supported by our stakeholders.

Katsuhiko Shukunami

Director, Deputy President



Despite a Decline in Revenue and Profit due to Sluggish Performance in the Electronic Equipment-Related Business, the Industrial Equipment-Related Business Achieved Record-High Sales

In the second year of the Medium-Term Management Plan One2025, fiscal 2024 results unfortunately fell short of the planned sales and profits. Net sales were ¥57.9 billion, down 1.1% year on year, while operating profit was ¥11.3 billion, a 20.2% decline.

The primary factor behind the decline in sales was the weak performance of the electronic equipment segment. Although we anticipated a recovery in semiconductor market demand in the second half, it did not materialize as expected. Demand for semiconductor manufacturing equipment in Japan did rise, but the growth was driven mainly by back-end equipment related to generative AI, whereas demand for front-end manufacturing equipment, where we have strengths, remained sluggish. In addition, prolonged adjustments to product inventories that customers had built up in response to raw material shortages from 2021 to 2023 also contributed to slower orders.

Operating profit was further pressured by the heavy depreciation burden from the Fukuchiyama Factory No. 2 and the R&D Center at the Sanda Factory, both constructed in 2023, which raised fixed costs. Expenses related to the Company's 100th-anniversary events also played a part.

By contrast, the industrial equipment segment was driven by TANKEN SEAL SEIKO, which was integrated into the Group in 2023. TANKEN SEAL SEIKO achieved record sales and profits for the second consecutive year. Because we operate in the same industry, our investment decisions aligned well with business growth opportunities and were executed swiftly, producing these strong results.

Overseas sales for fiscal 2024 reached a record high of ¥17.2 billion. The overseas sales ratio of 29.7% was slightly below the previous peak of 31.1% in fiscal 2022, mainly because most of TANKEN SEAL SEIKO's sales are domestic. Excluding TANKEN SEAL SEIKO, however, the overseas sales ratio rises to about 33%, indicating real growth. Looking ahead, we will continue to monitor developments closely, particularly the impact of U.S. tariffs under the Trump administration, on overseas sales.

No Expectation of a Rapid Semiconductor Market Recovery Building Future Profit Growth Through Highly Efficient Production Processes

For fiscal 2025, we anticipate that the recovery in semiconductor market demand will remain slow, and the outlook continues to be challenging. We recognize significant hurdles in achieving the targets of our ongoing Medium-Term Management Plan One2025. While much of this difficulty stems from market conditions, we have been steadily implementing the initiatives set forth in One2025. As a result, we are now positioned not only to increase sales but also to expand profits once semiconductor demand recovers.

In the electronic equipment segment, we have strengthened not only production capacity to keep pace with increased orders once demand rebounds but also advanced production efficiency. At the Fukuchiyama Factory No. 2, we have realized a highly efficient production process by minimizing manpower requirements. Processes such as cleaning, drying, and transport are automated as much as possible, and tasks like product picking, once requiring tens of workers, are now automated through barcode scanning. In the fourth quarter of fiscal 2024, the factory's operating rate remained around 60%,

yet it still secured an operating margin of 20%. As order volumes increase and utilization rises, we expect both sales and profits to grow substantially.

In the industrial equipment segment, we aim to expand sales of rotary joints, functional components for semiconductor manufacturing equipment, and increase our global market share. At the same time, we are focusing on product development for growth fields such as hydrogen, SAF (Sustainable Aviation Fuel), and natural gas: areas that support decarbonization and low-carbon energy. In addition, in Japan, where the declining labor force is driving greater outsourcing of plant maintenance and servicing, we plan to strengthen our maintenance and servicing business within our existing product areas.

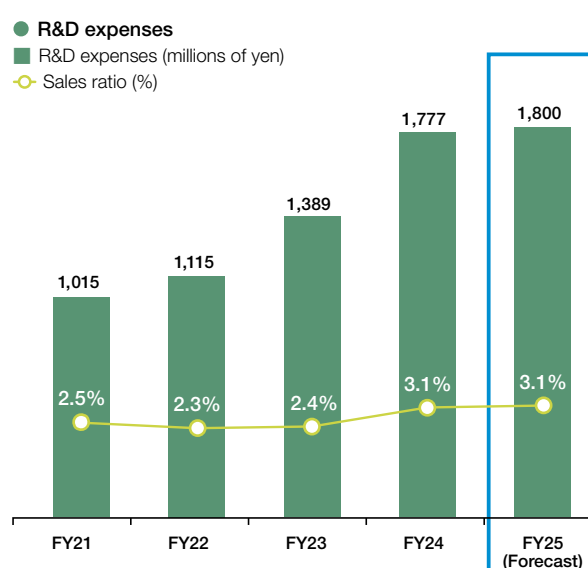
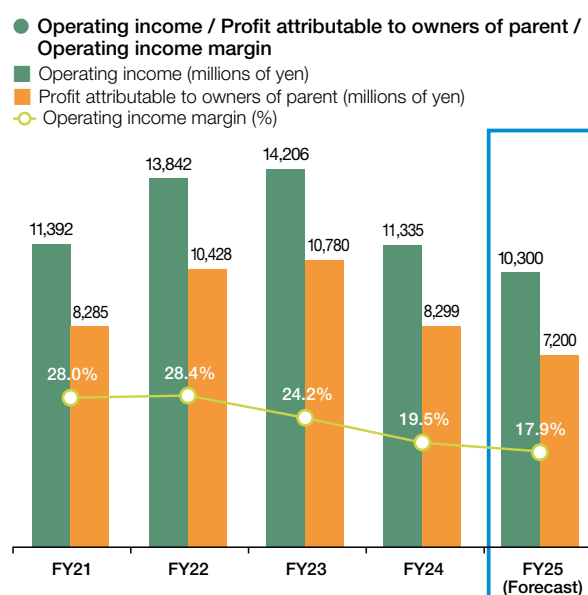
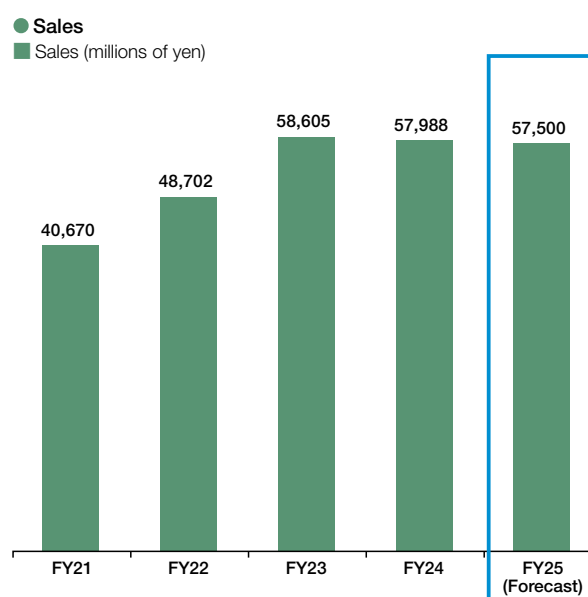
Two Businesses with Growth Potential Expanding Segments While Reviewing Product Lines

Our two business segments, Electronic Equipment and Industrial Equipment, each have strong potential for further growth. While reviewing and refining the product lines where necessary, we aim to expand both segments.

In the next Medium-Term Management Plan, we are considering shifting from the current product-based project team structure to a segment-based team structure, with each team advancing discussions on the business portfolio. We are also planning to update our core system. With the introduction of the new system, we will be able to track costs and profitability by product in greater detail. This will enable us to allocate management resources more effectively to highly competitive areas, thereby driving sustainable business growth and improved profitability.

In the Electronic Equipment segment, we intend to strengthen products for the semiconductor market, which is expected to deliver further growth. In countries and regions where our market share is still limited, we will focus on concentrated sales expansion. In China, we are pursuing local production for local consumption, seeking to expand the market through both production and sales. In addition, we are exploring entry into back-end processes in semiconductor manufacturing as well as applications in other markets that demand clean environments, such as food, healthcare, and pharmaceuticals, by leveraging our strength in clean production.

For the Industrial Equipment segment, we will work to lift overseas sales, which still have significant room for growth. TANKEN SEAL SEIKO possesses mechanical seals that are highly acclaimed overseas. Leveraging our sales network and financial resources, we will aim to further our global expansion by exhibiting at international trade shows in locations such as Shanghai and Hong Kong. We will also focus on expanding overseas sales of rotary joints with the aim of capturing and expanding global market share. Against the backdrop of a paradigm shift driven by the move toward decarbonization, we



are also developing products for new markets such as hydrogen, SAF (Sustainable Aviation Fuel), EVs, and next-generation batteries.

One of our strengths lies in having developed advanced technologies while working with top-tier players in the world's leading-edge markets and addressing unprecedented challenges. We will continue to maintain our technological and product strengths to remain a trusted partner for our customers.

With the completion of the R&D Center at the Sanda Factory, around 200 engineers who had previously been spread across multiple sites are now working under one roof. Under the leadership of the responsible officer, regular meetings are held to encourage the exchange of ideas among engineers, fostering the creation of technological synergies.

From a business portfolio perspective, alongside expanding the two existing segments, we also view as critical the establishment of new businesses that can become the third and fourth pillars. We will continue to invest aggressively in R&D, prioritizing compatibility with our existing products and technologies while pursuing product development for markets such as food, healthcare, pharmaceuticals, hydrogen, SAF, EVs, and next-generation batteries, where we aim to build strong competitiveness. Our goal is to grow these into major product groups and ultimately form a third segment alongside Electronic Equipment and Industrial Equipment. We will also continue to consider M&A opportunities where appropriate, with the aim of buying time for R&D.

Building a Supply Chain That Is Completed Within China

Commencement of Semiconductor-Related Production and Strengthening Sales

Going forward, we will place even greater emphasis on overseas business, focusing particularly on the Chinese market, which is expected to see substantial medium- to long-term growth. By investing in both production and sales, we aim to capture demand.

As part of our efforts to expand business partners, our local sales offices in Shanghai and Beijing are spearheading sales activities directed at Chinese semiconductor manufacturing equipment makers, which were unable to respond adequately during the resin shortage. We have concentrated resources by introducing KPIs, such as *weekly number of new company visits*, as well as dispatching sales and technical support staff from Japan.

Many Chinese semiconductor equipment makers continue to use U.S.-made rotary joints and pumps, and in light of current U.S.–China relations, there is a growing need to diversify purchasing sources and stabilize supply chains. We view this as a business opportunity. Although we face competition from domestic Chinese companies, we have been adopted as a standard supplier by the world's leading

equipment makers with top global market share. Leveraging our brand strength as a provider of indispensable high-quality products for cutting-edge semiconductor manufacturing, we are seeing strong results from our sales efforts. Looking ahead, we are considering further reinforcement of our sales structure, including expanding personnel.

On the production side, we are broadening the product lineup of semiconductor-related items manufactured at our Chuzhou Factory. We are also building a supply chain covering raw material procurement, production, and sales to meet market needs such as stable supply through local production for local consumption, thereby securing demand.

All of these initiatives are being advanced through dedicated projects, with the president himself taking direct command in progress meetings to address challenges across sales, technology, production, human resources, organization, and infrastructure, ensuring prompt and decisive action.

Creating Added Value Through Group Synergies and the Promotion of IT/DX

We are also working to further deepen synergies with TANKEN SEAL SEIKO, which has joined the Group. Since integration, we have pursued joint purchasing of raw materials and intra-Group procurement of sliding materials, critical components of mechanical seals. With our in-house production of SiC sliding materials and TANKEN SEAL SEIKO's in-house production of carbon sliding materials, mutual supply enables us to achieve full in-house production within the Group, thereby enhancing competitiveness. In addition to mechanical seal carbon materials, we are strengthening our carbon business by expanding production capacity for porous carbon products, TANKEN SEAL SEIKO's proprietary offering. To this end, we will invest ¥4.3 billion to construct a new plant.

In the IT/DX field, we are further strengthening our initiatives. The specialist unit established within the Technology Division in 2021 has since been elevated to a full department, expanding its role. We are also placing emphasis on the use of AI. Beyond improving efficiency, we aim to create new value, such as automatically generating the shortest and most optimal production plan after receiving an order. We are encouraging companywide improvement activities to proactively take up such themes.

Cash Allocation Prioritizes Growth Investment Implementation of Largest-Ever Share Buyback of ¥2.0 Billion

Our basic policy for cash allocation is to prioritize investments that contribute to the Company's growth. While we remain mindful of shareholder returns, we do not hesitate to make growth investments when justified.

Under the current Medium-Term Management Plan One2025, we set a target of ¥25.0 billion in growth investment over three years. Investments in fiscal 2023–2024 already reached that level,

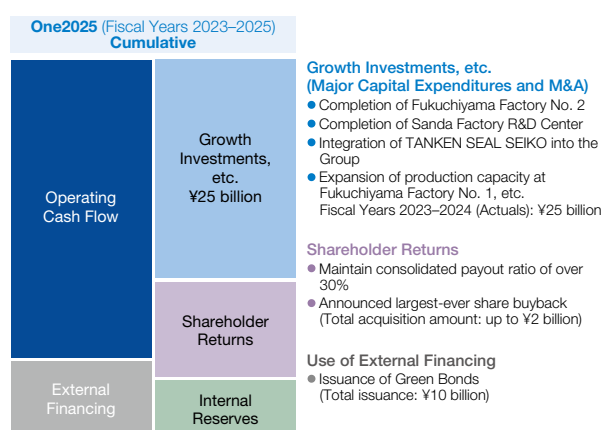
including the integration of TANKEN SEAL SEIKO, construction of the Fukuchiyama Factory No. 2 with the largest-ever investment of ¥11.0 billion, and construction of the R&D Center at the Sanda Factory. For fiscal 2025, we plan an additional ¥4.0 billion in investment, bringing the three-year total to more than ¥29.0 billion. These initiatives will serve as the foundation for our next stage of growth. Although fixed assets will increase, as the operating rates of newly constructed factories rise, profits will expand and corporate value will be created.

At the same time, shareholder returns remain an important priority. While monitoring levels of cash and deposits, we aim for balanced returns. At present, we target a dividend payout ratio of at least 30% as a stable and continuous dividend. However, we will reassess this target as we formulate the next Medium-Term Management Plan, taking into account changes in the external environment. New approaches such as DOE (Dividend on Equity Ratio), progressive dividends, and cumulative dividends are being discussed, and we aim to present a return policy, including KPIs, that will earn shareholder support.

In May 2025, we announced our largest-ever share buyback of ¥2.0 billion. This decision reflects our view that, having reached a pause in growth investments and with some surplus cash on hand, we should return value to shareholders. Going forward, we will continue to examine share buybacks flexibly, balancing them with growth investments.

Enhancing Information Disclosure to Gain Support for Our Initiatives and Improve ROE Through Both Profit Generation and Capital Efficiency

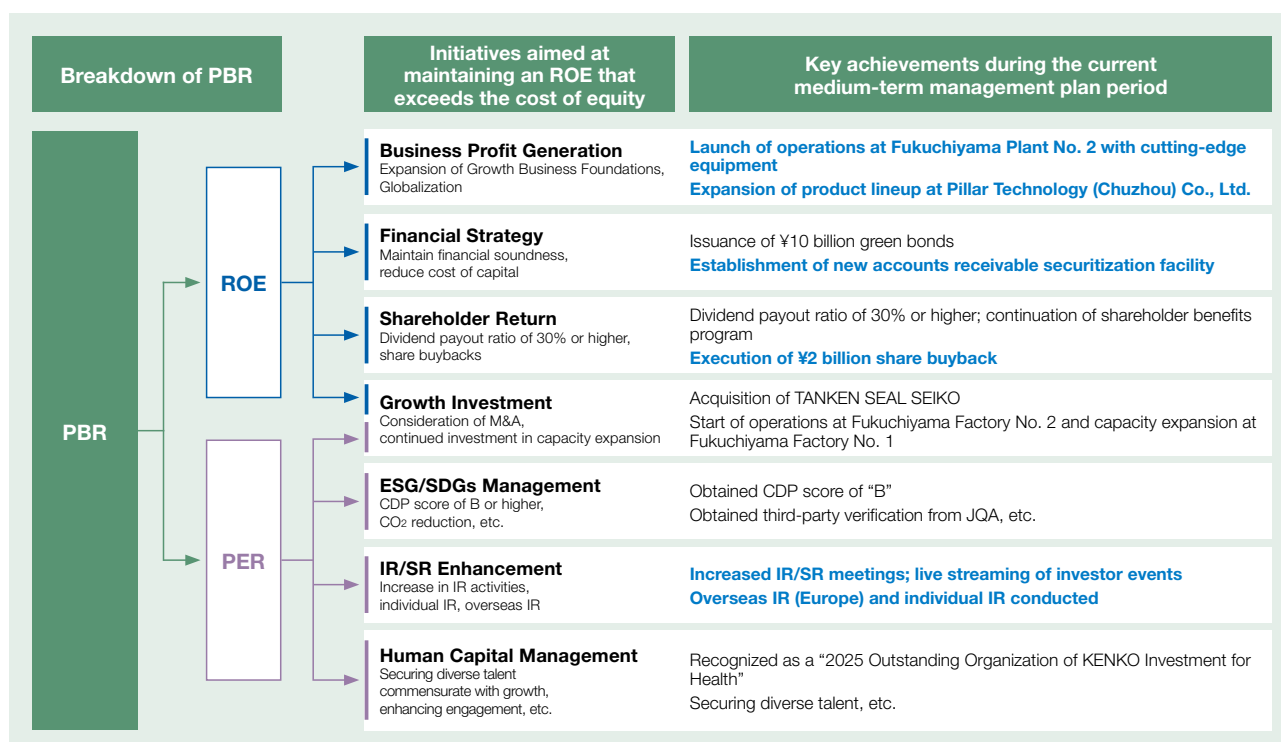
Although our PBR temporarily exceeded 2x in March 2024, it is

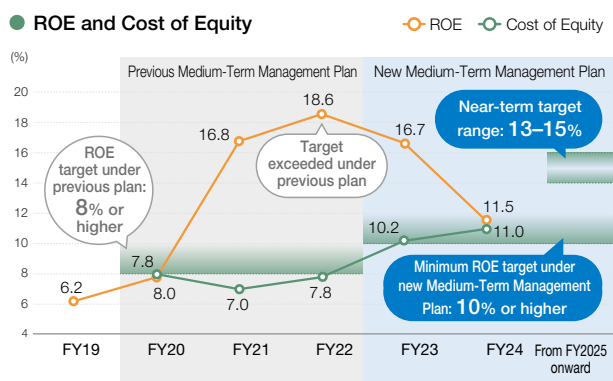


currently hovering around 1x due to declining performance and other factors. Our PER remains around 10x, which is low within the semiconductor industry, leaving considerable room for improvement. We recognize that insufficient information disclosure is a key issue in improving PER. By pursuing initiatives that earn understanding and support, and disclosing them thoroughly, we aim to achieve improvement.

To enhance corporate value, we recognize the importance of both improving ROE through further profit generation and controlling capital costs. ROE for fiscal year 2024 was 11.5%, a decline for the second consecutive year from the peak of 18.6% in fiscal 2022. While the outlook for fiscal 2025 remains challenging, we aim to restore operating profit and improve ROE through the launch of operations at the highly efficient Fukuchiyama Factory No. 2 and the expansion of product lines at the Chuzhou Factory.

In addition, a project to formulate the next Medium-Term Management Plan is underway. Whereas previous plans





covered a three-year period, we are considering shifting toward a longer-term horizon. Discussions are driven to ensure management that reflects shareholder and investor expectations regarding capital costs and stock price. In particular, we place emphasis on securing equity spread, calculated as ROE minus cost of equity, on a stable basis, and are working to strengthen our earning power.

Given the volatility characteristic of the semiconductor-related sector, we are pursuing thorough risk management and aim to control beta value by achieving stable growth in both our electronic equipment and industrial equipment segments, with the goal of earning the long-term support of our shareholders and investors. Our business structure is susceptible to the influence of major customers; however, stable earnings from the industrial equipment segment mitigate overall risk. Furthermore, there is room for improvement in the profitability of the electronic equipment segment, which is expected to contribute to enhanced overall earnings capacity.

Improving total asset turnover is also viewed as a key driver of ROE growth. By utilizing assets more efficiently and maximizing profits, we seek to raise the baseline of ROE. Looking ahead, we will continue to pursue sustained enhancement of corporate value through both profit generation and capital efficiency.

Emphasizing Dialogue with Shareholders and Investors, and Strengthening IR and SR Activities

To raise our visibility and broaden our shareholder and investor base, we regard dialogue with shareholders and investors as a key pillar of management and are actively pursuing this. In fiscal 2024, in addition to IR, we also held SR meetings. Through

exchanges of opinions on ESG-related topics, we received specific feedback on issues such as responses to TCFD and TNFD. These perspectives, which differ from those of conventional IR, have provided valuable input for measures we should take going forward.

For example, in dialogue with shareholders and investors, it was pointed out that our cash conversion cycle is long. In response, we established a new accounts receivable securitization facility in 2025. While it is not easy to shorten collection and payment cycles due to relationships with customers and suppliers, we considered what could be done to improve asset efficiency and decided to introduce the scheme. Similarly, our previously mentioned share buyback reflects investor feedback.

Our IR activities exceed 200 engagements annually, and we are working to increase recognition through live streaming of earnings briefings, small meetings, plant tours, and briefings for individual investors. In addition, our president conducted the Company's first overseas IR event in London, further expanding opportunities for global dialogue.

By incorporating investor feedback into management and clearly demonstrating our stance as a sustainable company, we aim to build long-term trust and support.

Actively Advancing ESG Initiatives with the Aim of Reducing Cost of Capital

We believe that initiatives in ESG support sustained growth and also contribute to lowering the cost of capital. ESG initiatives are an important factor leading to medium- to long-term investment, and to demonstrate that we are a "sustainable company," we are actively implementing measures.

On the environmental front, we are working on formulating a transition plan toward achieving net zero by 2050, obtaining third-party verification for CO₂ emissions and water withdrawals, responding to CDP, and addressing TNFD (Taskforce on Nature-related Financial Disclosures).

On the social front, we are placing particular emphasis on human rights. To ensure that global employees can report and seek consultation with peace of mind, we have multilingualized our internal reporting channels. Across the Group, we are building a framework for human rights due diligence, while also identifying and correcting issues.

These activities are promoted under a structure that includes

Examples of Measures Adopted Based on Dialogue		
IR/SR Enhancement	Renewal of earnings presentation materials; transition to live streaming of earnings briefings for institutional investors	FY2024
ESG	Obtained third-party assurance of greenhouse gas emissions, etc.	FY2024
Capital Strategy	Implemented ¥2.0 billion share buyback to enhance strategic capital policy and shareholder returns	FY2025
Financial Strategy	Established new accounts receivable securitization facility to improve cash conversion cycle and enhance financial efficiency	FY2025

management, with reporting and review conducted by the ESG/SDGs Promotion Committee, chaired by the president, as well as the Board of Directors. Since fiscal 2021, ESG indicators have been incorporated into executive compensation, raising awareness across the Company as a whole.

Enhancing Competitiveness Through a Human Resource Strategy Aligned with Business Strategy

With respect to sustainability and ESG, what we place particular emphasis on is investment in human resources. We believe that without investment in people, the Company cannot sustain itself. By building a human resource portfolio aligned with our business portfolio, we aim to achieve sustained growth and strengthen competitiveness. We regard investment in human capital as a top priority on par with capital investment, and in particular, we are focusing on advancing diversity, a key issue for us, with an emphasis on strengthening the recruitment of non-Japanese personnel. As our global expansion progresses, accepting people with different cultures and values is essential for enhancing flexibility and diversity in our businesses. We are also actively working to create a comfortable working environment, taking into consideration religion and dietary practices, as well as exploring the use of satellite offices.

To ensure that this diverse talent base can thrive over the long term, we are currently developing a new personnel system. The aim is to transition to a framework in which those who take on challenges are fairly evaluated and can independently shape their own careers, thereby fostering an environment where ambitious individuals can flourish. Based on our business strategy, we have also clearly defined the qualities we seek in talent, and we conduct recruitment activities in line with those requirements. This alignment of corporate direction with individual growth strengthens unity and driving force across the organization.

On the development side, in addition to conventional tier-based training, we are systematizing the skills required in each division and formulating annual development plans. In collaboration with external specialist institutions, we support the acquisition of practical skills. Furthermore, we hold global meetings that bring together management, including the chairman and president, and leaders of overseas bases, thereby promoting a deeper understanding of corporate culture.

To advance human capital management, we are making use of engagement surveys and monthly monitoring questionnaires to continuously grasp employee awareness and satisfaction. Based on this data, we are working to improve systems and measures.

Going forward, through a human resource strategy integrated with business strategy, we will continue to strengthen the overall capabilities of the Company and open the way to a sustainable future.

Desired Human Resource Profile

- Individuals who take the Motto and PILLAR CORE VALUES as their guiding principles, who face difficulties and challenges head-on, and who see things through with persistence and integrity.
- Individuals who can identify their own role and that of their division in achieving ambitious goals, while fostering a sense of ownership, awareness of issues, and sense of urgency across the team.
- Individuals who, through their work, are able to hold lofty aspirations and dreams, who continue to grow with strong curiosity in all things, and who keep taking on new challenges without being bound by the past.
- Individuals who always keep their eyes on the future, clarify the tasks that must be addressed now, demonstrate leadership, and lead their teams to the goal (problem solving).

Supporting PILLAR's Sustainability Through Finance to Drive a Growth Strategy That Leverages People

Over the past three years, PILLAR has continued to grow while building the capacity to respond to robust demand. Looking ahead, we will continue to generate a virtuous cycle of business expansion and social contribution, aiming for an even higher stage of development. Recognizing that people are the source of growth, we are constructing a human resource strategy aligned with our business strategy and are actively investing in people through recruitment, development, and other initiatives.

To support these efforts, our financial strategy promotes capital efficiency and funding plans to execute growth strategies, with the goal of maximizing corporate value. We hope that our shareholders and investors will continue to share our vision and extend their support. Going forward, through candid dialogue, we will continue striving for better corporate management.

One 2025

Please refer to the Company website for the four "Ones" that represent our basic philosophy

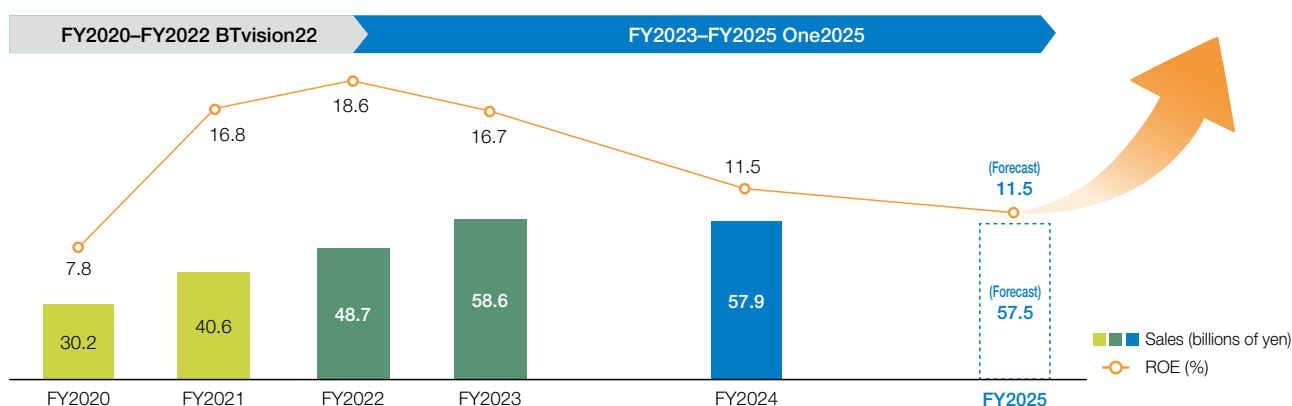


Overview and Progress of the Medium-Term Management Plan

Based on our Medium-Term Management Plan One2025 (One Two Zero Two Five), which was formulated in April 2023, we are promoting business innovation and organizational transformation to further enhance corporate value.

Positioning of One2025

Under One2025, which marks the centennial of the Company's founding, our Group aims to further enhance its corporate value (defined as economic value × social value). We seek to create economic value as we contribute to the emergence of a sustainable society, while laying the foundations for our success in the next 100 years.



FY2025 Targets (FY2024 Results)

Sales	Operating income	Operating income ratio	ROE	Payout ratio	Growth investment
57.5 billion yen (57.9 billion yen)	10.3 billion yen (11.3 billion yen)	17.9% (19.5%)	10% or higher (11.5%)	30% or higher (35.1%)	4.0 billion yen (Two-year cumulative: 25 billion yen)

One2025 Basic Policies (Company-wide)

In 2024, as we celebrate the 100th anniversary of our founding and while looking ahead to the next 100 years, based on the following five basic policies, we are promoting business innovation and organizational transformation that will further enhance corporate value.

01

Evolution of core businesses

In addition to further strengthening of core business areas, further increase economic value to offer through growth achieved by the area expansion leveraging our core technologies and evolution not subject to the market conditions.

02

Strengthening of global competitive edge

Develop highly unique fundamental technology and strengthen responsiveness to area characteristics, thereby expanding our global share.

03

Creation of a new business foundation

In the semiconductor market and growth markets such as hydrogen and ammonia, create a new business foundation with our unique technologies and through M&A and collaboration among industry, government, and academia.

04

Development of sustainable management

Further develop sustainable management through investment in human resources and DX utilization that contributes to productivity improvement, as well as ESG measures.

05

Financial strategies that support growth

Enhance cash flow generation capability and pursue financial strategies to drive investment in further growth aiming at a payout ratio of 30% or more.

Outline of Progress with One2025 Business Strategy

		Main priority targets	Main achievements until second year
01	Evolverment of core businesses	- Augment production facilities to reliably respond to demand - Expand market share based on our unique technological superiority - Improve the generation of profits by strengthening peripheral services	- Improved productivity by completing construction of our Fukuchiyama Factory No. 2 and operating an automated production line - Began construction to increase the capacity of our Fukuchiyama Factory No. 1 - Promoted cross-selling and reciprocal procurement with TANKEN SEAL SEIKO - The decision was made to construct the Ima Factory, with the goal of doubling production capacity for carbon materials - Undertook the production and assessment of recycled materials, with the objective of stable product supplies
02	Strengthening of global competitive edge	- Improve access to overseas markets through core product development - Invest in products that meet locally required specifications - Strengthen our global supply chain	- Promoted multiple measures with the aim of increasing our overseas sales ratio - Increased the volume of items produced at Pillar Technology (Chuzhou) Co., Ltd. - Opened our Beijing Office and expanded the scale of PILLAR Shanghai - Conducted PR for the expansion of sales of carbon materials, with a focus on the Chinese market
03	Creation of a new business foundation	- Enhance the development of environmental contribution products - Develop new markets with superior materials and technologies as a focal point - Generate profits, for example, through modular products	- Completed construction of the Sanda Factory R&D Center and assembled a team of engineers - Developed and launched to market our electric power monitoring sensor, and launched our maintenance support business - Developed and launched to market authorized PFAS-free packings - Continued to conduct customer tests of new products for the hydrogen and next-generation battery markets
04	Development of sustainable management	- Achieve a ratio of female managers of at least 5% - Achieve a ratio of male employees taking childcare leave of at least 75% - Reduce Scope 1 and 2 CO₂ emissions by at least 25% compared to FY2023^{*1} - Acquire and maintain a CDP score of B or higher ^{*1} While incorporating the concept of a path to reduction based on scientific evidence (science-based target (SBT)), the reference year has been changed from FY2013 to FY2023.	- Increased the ratio of female managers (first year: 3.3% → second year: 3.9%) - Achieved a 75% ratio of male employees taking childcare leave - Reestablished our human resources strategy, including policy, strategy, principal KPIs, and specific measures - Reduced Scope 1 and 2 CO₂ emissions by approximately 40% compared to FY2023 - Continued to improve our CDP score (B- → B) - Acquired third-party verification, for example, of greenhouse gas emissions - Switched to environmentally friendly cleaning methods that do not use organic solvents - Expanded TCFD disclosure and began our Taskforce on Nature-related Financial Disclosures (TNFD) response
05	Financial strategies that support growth	- Attain a payout ratio of at least 30% - Promote financial strategy that leads to growth	- Issued green bonds (10 billion yen) - Acquired treasury stock - Achieved and maintained a payout ratio of more than 30% (first year: 34.4% → second year: 35.1%) - Set a new framework for liquidity of accounts receivable

Targets and Achievements of the Medium-Term Management Plan

Although both revenue and profits with the Industrial Equipment Business are forecast to increase in fiscal 2025, which is the final year of One2025, we have revised forecasts downward because market conditions for the Electronic Equipment Business have been slower to recover than anticipated when the plan was formulated. As a countermeasure going forward, in preparation for a recovery in the semiconductor market due to the popularization of DX, generative AI, and so on, we are steadily implementing measures to reliably capture

the recovery in demand, for example, by expanding production capacity and improving productivity at the newly established Fukuchiyama Factory No. 2, and by strengthening our manufacturing and sales structure in China.

Regarding ROE and payout ratio, we will promote initiatives for achieving our initial targets. Furthermore, although we have already achieved our targets for growth investment, we are planning 4,000 million yen of investment in fiscal 2025.

Consolidated						
(Millions of yen)	BTvision22	One2025				
	① FY2022 results	FY2023 results	FY2024 results	② Revised FY2025 targets	③ Change (amount) (②-①)	Change (%) (③÷①)
Sales	48,702	58,605	57,988	57,500	8,798	18.1
Operating income	13,842	14,206	11,335	10,300	-3,542	-25.6
Operating income ratio	28.4%	24.2%	19.5%	17.9%	-10.5 P	—
ROE	18.6%	16.7%	11.5%	10% or higher *	—	—
Payout ratio	30.0%	34.4%	35.1%	30% or higher	—	—
Growth investment	(Three-year cumulative) 3,715	21,415	3,671	4,000	—	—
By Segment						
Electronic Equipment Business						
Sales	36,819	40,475	39,034	36,800	-19	-0.1
Operating income	11,759	11,255	8,810	7,300	-4,459	-37.9
Industrial Equipment Business						
Sales	11,844	18,093	18,917	20,700	8,856	74.8
Operating income	2,059	2,928	2,501	3,000	941	45.7

* Although our target is 10% or more, at present, we are aiming for a level of 13–15% based on rising capital costs

Segment Overview

Electronic Equipment Business

Driving sustainable growth amid an uncertain economic environment by strengthening our production system and developing new markets

By focusing on our Fukuchiyama Factory, which has succeeded in increasing its production volume and improving productivity, we are boosting our competitiveness by providing a consistent supply of high-quality products. Moreover, we are pursuing sustainable growth by seizing business opportunities in the Chinese market on the foundation of our strengthened production and sales systems.

Masaru Fujiwara

Managing Executive Officer
Responsible for Production and Production Technology
General Manager of Fukuchiyama Factory



Business Overview

Our Electronic Equipment Business encompasses a wide range of products that take advantage of the beneficial properties of fluororesins, which include cleanliness and resistance to chemicals, heat, and abrasion. Our core products are leak-proof chemical piping components used in cleaning processes, which include fittings, tubes, pumps, and valves for the semiconductor market. Our products have been recognized as the de facto standard choice for semiconductor cleaning equipment. We support the production of the high-performance semiconductors that are essential for today's pivotal digital technological innovations, as typified by AI, IoT, and 5G; moreover, we believe our corporate social responsibility in the areas of product performance and

supply systems is significant.

More recently, we have continued to expand our business into other areas by leveraging the advantageous properties of fluororesins. We offer a diverse range of products that include sliding bearings and slide supports used in seismic isolation devices for buildings and bridges; fluororesin substrates used in automobile collision prevention sensors; and power-monitoring sensors that contribute to energy efficiency by supporting the visualization of power consumption.

We continue to contribute to society through these products, each of which helps to underpin our social infrastructure.

Progress Report on “One2025,” Our Medium-Term Management Plan

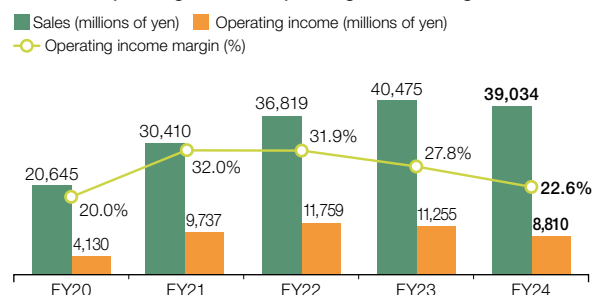
In fiscal 2024, our sales revenue decreased 3.6% year-on-year to ¥39.0 billion, marking the first decrease in revenue since fiscal 2019. While we had anticipated a recovery in the second half of the year, orders were sluggish due to a lack of progress in reviving semiconductor demand for smartphones, PCs, and automotive applications. Moreover, the prolonged inventory adjustments of products held by our customers negatively affected performance.

Operating profit totaled ¥8.8 billion, representing a significant year-on-year decrease of 21.7%. Despite efforts to reduce costs, we were unable to offset the increased burden of equipment depreciation at Fukuchiyama Factory No. 2 and other facilities due to reduced capacity utilization rates stemming from a decline in orders.

During the period of our current medium-term management plan, we have strengthened our foundation in order to further improve our competitiveness, including investments at Fukuchiyama Factory No. 2 and the Chinese market. We expect profit margins to improve significantly if the capacity utilization rate of Fukuchiyama Factory No. 2,

known for its high productivity, rises in line with an increase in orders. Additionally, in an effort to capture new markets, we are developing differentiated products such as fluororesin alternatives and high-purity products, as well as products aimed at the new markets of healthcare and pharmaceuticals.

● Sales / Operating income / Operating income margin



● Results for the Fiscal Year Ended March 31, 2025

Strengthening the foundation for further improving our competitiveness	Strengthening existing markets and products	Developing new businesses
- Construction work to expand capacity at Fukuchiyama Factory No. 1 commenced. - Automated production lines at Fukuchiyama Factory No. 2 begin operation for improved productivity.	- Pillar Technology (Chuzhou) Co., Ltd. further expands manufacturing of products for the semiconductor market. - China: New customers acquired in the semiconductor market. - Completed transition to environment-friendly cleaning methods employing no organic solvents.	- Developed and introduced a power monitoring sensor and launched a maintenance support business. - Engaged in product development and public relations in preparation for entering the medical care and pharmaceutical markets and other new markets.

Outlook and Growth Strategy

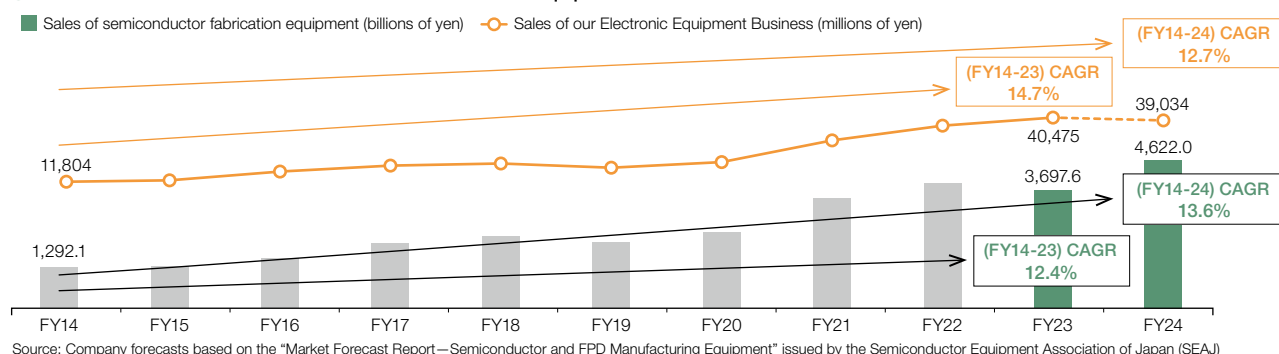
We expect the business environment for fiscal 2025 to remain uncertain due to the impact of U.S. tariffs as well as the imposition of more stringent regulations. We therefore forecast a challenging environment for both sales and profit.

On the other hand, we expect a recovery in demand for our core products, such as fittings and pumps, used in semiconductor manufacturing equipment and infrastructure; we also expect an increase in demand due to wider adoption of the digital transformation and generative AI. To ensure that we capture this demand, we established Fukuchiyama Factory No. 2 and expanded the capacity of Fukuchiyama Factory No. 1, thereby increasing production volume and improving productivity. Furthermore, as part of our business expansion

measures in the Chinese market, which is expected to experience significant growth, we are accelerating our efforts to expand the scope of our production and our sales centers with the aim of supporting local production for local consumption.

Furthermore, we are working to achieve in-house recycling of fluororesins. Given the past difficulty in procuring fluororesin, we have introduced a new line of recycled materials with the aim of initiating in-house production and mass production. We also aim to establish a business model that accommodates the reuse of waste fluororesins both inside and outside the Company. With this business model, we are committed to creating an “eco-cycle” and contributing to SDG management among our customers and within our own company.

Sales Trends in the Market for Semiconductor Fabrication Equipment and Sales Revenue of Our Main Business



Future Action Plan

Strengthening the foundation for further improving our competitiveness	Strengthening existing markets and products	Developing new businesses
- Continue developing fluororesin alternative products. - Evaluate, verify, and operate automated assembly and inspection equipment. - Establish in-house production of recycled materials.	- Strengthen new customer development in the Chinese market. - Establish new cleaning methods and develop differentiated products offering higher levels of cleanliness. - Expand business with existing customers in Japan and internationally through measures such as expanded product lines and shortened lead times.	- Continue developing fluororesin substrates for 5G base stations and data centers while exploring expansion into markets outside Japan. - Consider utilizing IT and the digital transformation to expand the packaging business.

TOPIC

New Seismic Isolation System Under Joint Development Earns the Engineering Award of the Japan Society of Seismic Isolation.

We engaged in a joint project to develop the Triple Frictional Sliding Bearing (TSB), a multi-stage sliding bearing that integrates our own planar sliding bearing with a spherical sliding bearing produced by another company.

This product is an innovative seismic isolation system offering the largest displacement available in Japan. It accommodates a maximum displacement more than twice that of conventional systems in order to accommodate the large amplitudes expected from a Nankai Trough

earthquake.

The system was delivered to the Chitahanto Medical Center in Aichi Prefecture, our joint development partner, in 2023, before the medical center was completed in 2024 as a disaster response base hospital. Furthermore, in acknowledgment of this joint achievement, we were recognized with an Engineering Award at the 26th Award Presentations of the Japan Society of Seismic Isolation.



TSB Sliding Bearing



Chitahanto Medical Center



Segment Overview

Industrial Equipment Business

Addressing societal issues and accelerating sustainable growth through product evolution and entering new markets

We aim to contribute to the emergence of a decarbonized society while strengthening our competitiveness through innovative technology and market growth. Moreover, by expanding our collaboration with TANKEN SEAL SEIKO CO., LTD., we will accelerate our efforts to strengthen our product development capabilities and improve our profitability.

Toyokazu Serita

Managing Executive Officer
General Manager of Sales Headquarters



Business Overview

Our Industrial Equipment Business provides sealing products such as gaskets, gland packings, and mechanical seals. These products are used to control a wide variety of fluids used in plants and equipment across a wide array of industrial sectors. These industries include energy production, oil refining, chemical processing, automaking, shipbuilding, the environment, water supply and sewerage facilities, medical care, and food processing.

Our sealing products demonstrate stable sealing performance even under harsh operating conditions typified by high temperatures, high pressures, and corrosive environments. They are used in critical equipment at petrochemical plants and power plants both in Japan and

around the world, their high quality and superior sealing performance contributing to the emergence of a cleaner and safer society.

We specialize in custom-designed and customized solutions, designing and offering the optimal sealing technology that only a comprehensive seal manufacturer can provide to address the challenges our customers are facing. These products clearly enhance the safety and efficiency of our customers' facility operations and support the stable operation of our social infrastructure. We are contributing to society through these products, each of which plays an important role in ensuring the safety and security of society.

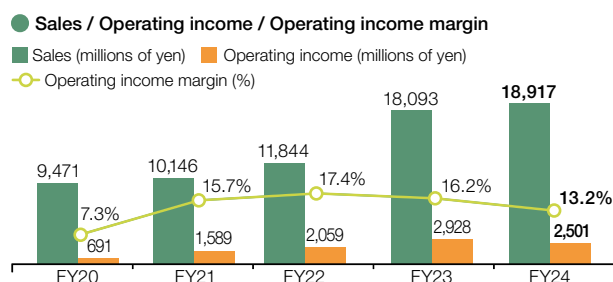
Progress Report on "One2025," Our Medium-Term Management Plan

Sales for fiscal 2024 are expected to reach 18.9 billion yen, up 4.6% from the previous year, marking our third consecutive year of record-high sales. This is primarily due to the strong performance of TANKEN SEAL SEIKO CO., LTD., which joined our Group in 2023, in addition to solid sales of replacement parts for the petroleum market.

Operating income totaled 2.5 billion yen, down 14.6% from the previous year. This was primarily due to a sluggish recovery in orders for rotary joints for chemical mechanical polishing (CMP) equipment, a highly profitable product segment.

Under our current medium-term management plan, we aim to capture and further expand our global market share for rotary joints for CMP equipment and win large-scale repair projects outside Japan for general mechanical seals. To leverage synergies with TANKEN SEAL SEIKO, our first step is to strengthen our profitable domestic

replacement parts and maintenance businesses. Additionally, we are focusing on the development of sealing materials for the clean energy market as part of our contribution to decarbonization initiatives.



Results for the Fiscal Year Ended March 31, 2025

Strengthening the foundation for further improving our competitiveness	Strengthening existing markets and products	Developing new businesses
- Promoted cross-selling and mutual procurement with TANKEN SEAL SEIKO CO., LTD. - Undertook a sweeping review of production processes and promoted efforts to reduce manufacturing costs. - Accelerated development by updating our technological systems.	- Established a rotary joint production system at Pillar Technology (Chuzhou) Co., Ltd. - Completed prototypes and evaluations of IoT devices for monitoring the status of mechanical seals. - Introduced a public relations initiative to expand sales of porous carbon, primarily in the Chinese market.	- Completed mass-production trials of mechanical seals equipped with IoT devices to enable monitoring of various conditions. - Developed and marketed a specific PFAS-free packing. - Continued to undertake market research for new products targeting the hydrogen and next-generation battery markets. - Developed a new eco-friendly packing that offers improved sealing performance by combining varied materials.

Outlook and Growth Strategy

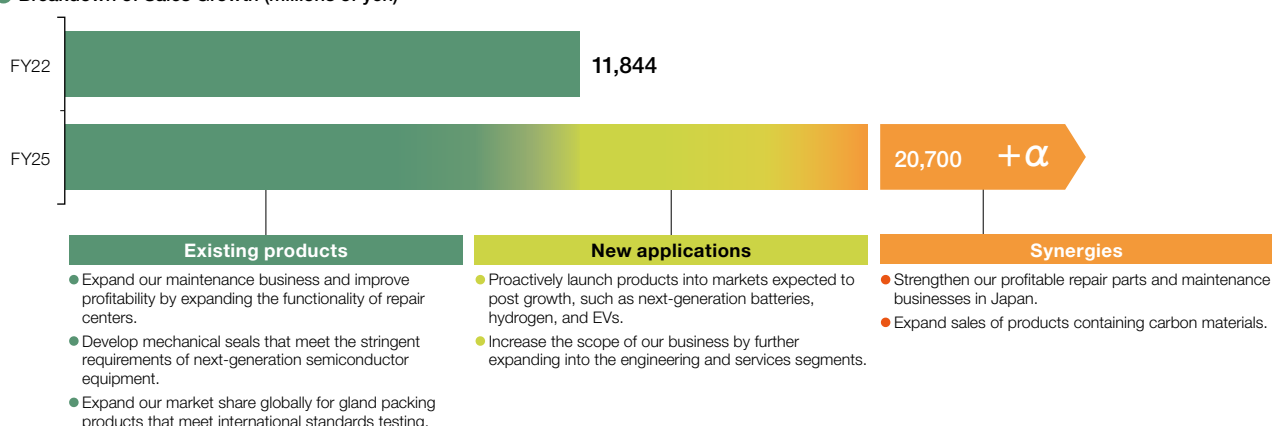
For fiscal 2025, we forecast increases in revenue and profit arising from a recovery in demand for rotary joints for semiconductor cleaning equipment, the acquisition of large repair projects outside Japan, and continued strong performance for TANKEN SEAL SEIKO. In particular, for rotary joints for CMP equipment, we are focusing on a variety of measures that include a strengthening of our sales promotion efforts for equipment manufacturers outside Japan and establishing a mass production system at Pillar Technology (Chuzhou) Co., Ltd. in China to expand our global market share.

Looking to TANKEN SEAL SEIKO, we will continue to take steps to strengthen the company. We will develop and expand sales of porous carbon pads and other distinctive carbon products and will establish a new factory to increase our production capacity for carbon materials.

We are continuing to focus on themes and initiatives related to collaboration in fields such as technology, sales, and production in order to take advantage of further synergies.

In terms of developing new markets and applications, we are working to expand sales in the clean energy market, which is attracting attention as a means of contributing to the emergence of a decarbonized society. Using our unique material development technology, we have been able to differentiate ourselves from our competitors by providing high-performance sealing products that contribute to enhanced environmental performance in the existing energy market. At the same time, we are also addressing new energy applications utilizing hydrogen, ammonia, and sustainable aviation fuel (SAF), thereby contributing to the health of the global environment.

Breakdown of Sales Growth (millions of yen)



Future Action Plan

Strengthening the foundation for further improving our competitiveness	Strengthening existing markets and products	Developing new businesses
- To focus on maximizing synergies with TANKEN SEAL SEIKO CO., LTD. - To further reform and streamline production processes by introducing automated equipment and systems - To further improve the functionality of technical systems in addition to automated design	- To establish a rotary joint mass production system at Pillar Technology (Chuzhou) Co., Ltd. - To expand sales of porous carbon products in the Chinese market - To pursue globalization, focusing on expanding sales of environment-friendly packing in the European and North American markets	- To introduce mechanical seals for IoT devices and launch status monitoring services - To research customer needs in the new energy market and propose solutions - To utilize injection molding technology to produce fittings for the hydrogen market

TOPIC

Construction of the New Ina Factory at TANKEN SEAL SEIKO

Since joining the PILLAR GROUP in 2023, TANKEN SEAL SEIKO has strived to expand its global sales channels and improve productivity with the aim of creating synergies. In addition to its mainstay sliding materials for seal products, the company is anticipating an increase in orders for carbon products in growing markets. Therefore, the company has decided to establish a new factory with the aim of doubling its carbon material production capacity in order to establish a stable production system commensurate with demand.

By undertaking the construction of this new factory, the company will advance carbon research and development as well as product manufacturing, thus contributing to the local community in Ina.



Ina Factory of TANKEN SEAL SEIKO
(scheduled for completion in January 2027)

R&D

With the evolution of our core technologies and the increasing sophistication of our fundamental technologies—all of which are focused on our key concepts of “Clean, Safety, and Frontier”—we are creating unique value by building on the digital transformation as we remain committed to our goal of “Creating a future that supports society.”

Masato Wada

Director, Senior Executive Officer



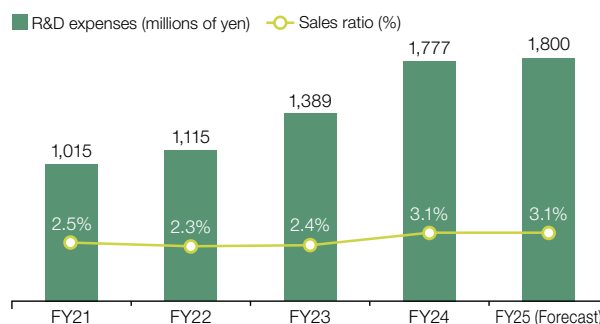
PILLAR Corporation's Core Technologies and R&D Concepts

Since our founding, we have employed our fluid control technology and material development capabilities to explore previously unknown materials and conduct research and development of the latest technologies, thereby creating value and developing applications that reflect market trends and address societal issues. Our core technologies—which include sealing, material engineering, mechanical engineering, injection molding, analysis, and mold design—support the evolution of the core technologies of our Electronic Equipment Business and Industrial Equipment Business. The core technologies of our Electronic Equipment Business—which encompass resin sealing, fluororesin injection molding, microanalysis, and computer-aided engineering (CAE)—enable us to develop products for the semiconductor market, which demands very high levels of cleanliness. Additionally, the core technologies of our Industrial Equipment segment include tribology, material formulation, and CAE, which are used to develop products for the power and petrochemical markets.

All of these core technologies, which continue to evolve in each of our business segments, are fully shared through regular personnel rotations among these various businesses. By combining our core technologies and adopting the breakthroughs afforded by the digital

transformation, we are creating value and accelerating the evolution of these technologies while promoting a variety of initiatives. In order to respond to the rapid changes occurring in the world, we are appropriately reviewing our development portfolio to strike a balance between research and development and product development, even as we continue to acquire new technologies and strengthen our existing ones. In short, we are advancing technological development with a view to the short term as well as to the medium and long terms.

● R&D expenses



Engineers assembled at the Sanda Factory's R&D Center

In October 2023, we completed construction of our R&D Center within the Sanda Factory; in November 2024, the technical departments responsible for producing our pumps and fittings in Fukuchiyama were relocated here, which has enabled our engineers to collaborate with greater ease.

This R&D Center is positioned as a hub for spurring innovation and strengthening our technological expertise through the combination and fusion of our proprietary technologies while enhancing collaboration among industry, government, and academia in the area of product development.

Some have commented that the consolidation of our engineers from our various businesses at the R&D Center has deepened their knowledge of our internal products and proprietary technologies while broadening their perspectives.

At the same time, this initiative has developed ideas and created

value through active communication among young engineers from other businesses and across departments through technical exchange meetings; expanded knowledge and created synergies through co-creation; and stimulated technical discussions with lecturers from universities and other companies.



Collaborative Development with TANKEN SEAL SEIKO

As one of the synergies derived from the incorporation of TANKEN SEAL SEIKO's technologies, we are promoting collaborative innovation and are developing highly functional new products that fuse the strengths of both companies in the form of carbon technology and non-contact sealing technology.

PILLAR's forte, non-contact sealing technology, is employed to create a fluid film when gas is supplied. This provides high sealing performance despite the non-contact nature of the seal and is therefore widely used in compressors and cleanrooms where preventing contamination with wear particles is a priority. However, with the expansion of the carbon-neutral product market in recent years, the need to accommodate even higher load conditions and reduce the amount of gas supplied have become significant challenges.

To help overcome these market challenges, we are leveraging TANKEN SEAL SEIKO's strengths in carbon technology to incorporate porous carbon—which forms a thin, uniform, and stable fluid film—into our seal designs to develop products that can withstand loads that are 1.5 times higher than conventional conditions, thus reducing the gas supply volume by 90%. Furthermore, through the fusion of our respective technologies, we are expanding our support for liquid supply for compressors, where purity concerns due to gas contamination have arisen, thereby contributing to great energy efficiency through enhanced sealing technology for the greater benefit of society.



Porous Carbon

Efforts Aimed at the Semiconductor Market

In recent years, the increasing miniaturization and throughput of semiconductors have expanded the need for higher-purity chemicals used in cleaning processes as well as finer filter pore diameters. As a result, problems such as fluid electrostatic charging, part damage, and wafer defects are becoming more apparent, and demands for static elimination from charged fluids continue to grow. In order to bring new value to the market through the expertise and technology we have cultivated over many years in the market for fluororesin materials, we have developed S300 conductive fittings that incorporate a fluororesin material blended with special fillers.

Our conductive fittings benefit from our in-house trace analysis technology to achieve a balance between cleanliness and excellent conductivity. This innovation helps to reduce the risk of production loss due to malfunctions in our customers' manufacturing equipment while contributing to a clean and safe production environment.



Conductive fittings

Initiatives Supporting the Market for Carbon-Neutral Products

As the shift toward a decarbonized society progresses and a variety of related initiatives are being implemented around the world, we are developing products incorporating our accumulated expertise in technologies focused on materials, fluid control, and resin molding. As we develop products for the hydrogen market, which is expected to serve as a next-generation energy source, we are constructing the necessary evaluation facilities. In so doing, we have introduced test facilities and analytical equipment capable of conducting evaluations in a hydrogen atmosphere. Moreover, we are working to elucidate tribochemical reactions in sliding parts, an initiative that holds the

promise of creating value in this market.

Additionally, we are advancing the development of products for electrolysis systems that produce green hydrogen without emitting CO₂ during the manufacturing process. We are also focused on products for EVs and FCVs, thereby contributing to the emergence of a society committed to carbon neutrality.



Equipment for testing friction and wear in a hydrogen atmosphere

TOPIC

Development of the EcoMA Power Monitoring Sensor

One aspect of our fluororesin processing technology operations is our fluororesin printed circuit board materials business. As one application of this material, we have developed a power monitoring sensor capable of withstanding harsh environments thanks to the innate heat resistance and weather resistance of fluororesins. A notable feature of this device is its ease of installation: it can be installed without turning off the power supply simply by attaching the included voltage and current probes to the power lines in the distribution panel. Because it incorporates the Sigfox wireless standard, power data can be instantly stored in the cloud simply by turning on the power.

Power consumption data can also be visualized through a dedicated web application server, allowing users to view graphs of power consumption over a day, a week, or other predetermined period, thus enabling easy comparison of the data with records from other devices or across different periods.

As demand for energy-efficient equipment increases in the quest for carbon neutrality, we hope to take on the challenge of creating a service-based business model that provides energy-saving solutions through the visualization of power consumption.



DX Strategy, Quality Assurance, and Intellectual Property Strategy

The PILLAR GROUP promotes strategy that involves IT, DX, quality assurance, and intellectual property, creating value that enables us to contribute to the realization of a sustainable society through our innovative technologies.

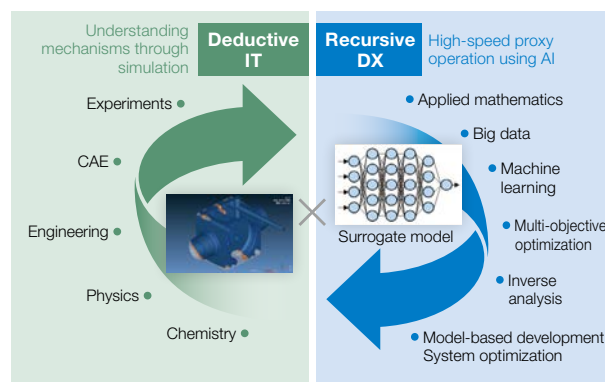
PILLAR's Concept of IT and DX

In order to generate innovative products, technologies, and services, in 2021, we established a new full-time group to begin the full-scale introduction of IT and DX. This group was upgraded as the IT & DX Development Department in April 2024, when we created a structure that further accelerates the company-wide introduction of IT and DX. As a bridge that links all operational divisions, the department aims to have IT and DX take root in the workplace by collaborating with those divisions.

Value creation that directly links with product development is a prerequisite for IT and DX in the PILLAR GROUP. IT is a deductive approach typified by engineering simulation, while DX is a recursive approach based on utilizing data. By creating a fusion of the two, we are realizing so-called 'front loading,' which is a design and development process that makes reworking less likely.

When developing new products, we are advancing reforms to a research and development process that uses model-based development, while endeavoring to achieve lower costs, better performance, and the creation of intellectual property. In a production

context, we are taking advantage of AI to eliminate individualization and promote labor-saving, and advancing a wide range of initiatives such as the automated design of molded products, the auto-tuning of molding machines, and automated quality assessment.



DX Human Resources Development

The PILLAR GROUP is developing DX human resources through real-life business practices such as developing new products and utilizing AI in production contexts. Based on the core technologies in which they specialize, all employees are learning new IT and DX skills out of necessity. They get a real sense of growing these technical skills whenever they overcome a challenge in the workplace, and accumulating results on a monthly and even weekly basis naturally fosters confidence and an attitude of enjoying challenges.

With a view to developing human resources with high levels of expertise in IT and DX, we aim to enhance their knowledge by collaborating with specialist departments and external experts. We also continue to send employees to specialized universities.



Interview

Yoshiki Fujita Mechanical Seal Development Group, 2nd Engineering Dept.

Right now, I am engaged in the development of new mechanical seal products and technologies. I studied at the Shiga University Graduate School of Data Science in order to make development and design work from the use and application of data more efficient and sophisticated, and to promote technological development that supports customer DX. Being allowed to study at graduate school was a valuable opportunity that enabled me to learn many things, from fundamental theories in fields relating to data analytics—for example, statistical and image analysis—to methods adaptable to business practice, such as decision-making

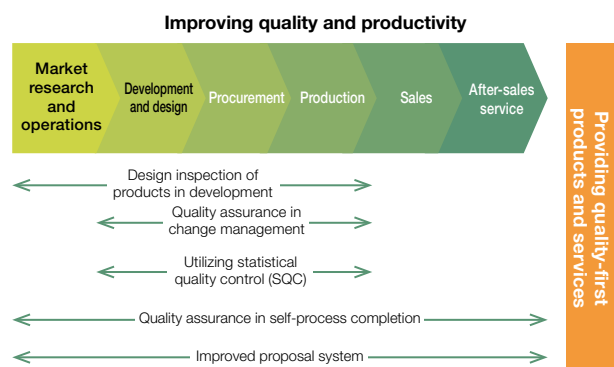
support based on data analytics and value generation using actual data. I am currently using the knowledge that I acquired to work on the generation of new solutions for predicting faults in mechanical seals, which are key components in the rotating equipment that helps support societal infrastructure. In the future, my goal is to deliver products and services that can meet customer expectations.



Our Approach to Quality

When it comes to acquiring and maintaining the trust of our customers, the PILLAR GROUP recognizes that securing product quality is one of the issues to which we must give the highest priority. Based on our ISO 9001 quality management system, we will cater to the quality and standards required by each country and industry, while implementing the plan-do-check-act (PDCA) cycle in our quality control activities.

In order to realize the quality demanded at every stage from product development to design, production, sales, and after-sales service, all our internal quality assurance bodies cooperate with each other in unison, with the aim of delivering quality that meets the requirements of the times, and based on our Motto of "Quality First."



Quality Policy

〈Fundamental Policy〉

In accordance with mentality of "Quality First," which is one of the three promises in our Motto, the PILLAR GROUP will contribute to the creation of a better society by providing the high-quality products and services that customers expect.

(1) Customer-Focused Approach

PILLAR achieves customer satisfaction through everyone in the organization behaving as professionals with integrity and high ethical standards, and by continually providing superior, stable quality.

(2) Quality Assurance Through Self-Process Completion

PILLAR promotes activities that ensure quality across all business processes by completing the required quality in each of those processes.

(3) Global Quality

PILLAR establishes systems to provide quality that is appropriate for complying with the various requirements of the global market.

(4) Continuous Improvement

PILLAR sets quality targets and indicators for improving quality, and achieves continuous improvement through an accumulation of remedial measures, innovations, and reforms.

(5) Communication with Stakeholders

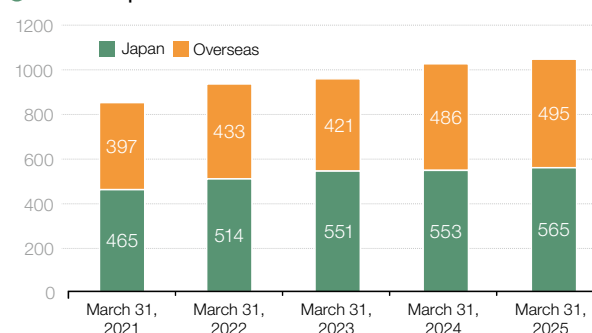
PILLAR discloses information regarding its product quality in a timely and appropriate manner, and responds to the expectations of its stakeholders.

Intellectual Property Activities

The PILLAR GROUP places importance on value creation through technological innovation, and we are working to safeguard and utilize intellectual property. Starting at the Sanda Factory R&D Center, we are promoting technological development and endeavoring to provide customers with added value. We are also appropriately protecting the intellectual property that arises from the creation of new technologies and products in our Electronic Equipment and Industrial Equipment businesses.

Furthermore, we regard intellectual property activities as fundamental to the undertaking of sound business practice, and our Group Code of Conduct focuses on acquiring the Group's intellectual property rights and respecting the intellectual property rights of other companies. It also clarifies our stance of not unfairly violating those rights or imitating those companies' products or services, and aims to increase employee awareness.

Number of patents held



Intellectual Property Education for Employees

The PILLAR GROUP conducts training on an ongoing basis, inviting experts such as external patent attorneys and speakers who work for the Company in the field of intellectual property. This training enables developers and engineers to deepen their understanding of intellectual property and utilize that knowledge in their work. A wide range of content based on business practice is featured in the training, including the fundamentals of intellectual property, an overview of the patent system, and surveys.

Through workshops aimed at management and conducted by

renowned external lecturers active at the forefront of the field, we are also implementing company-wide initiatives to promote the utilization of intellectual property. Among other things, the aim of these workshops is to share expertise relating to intellectual property strategy.

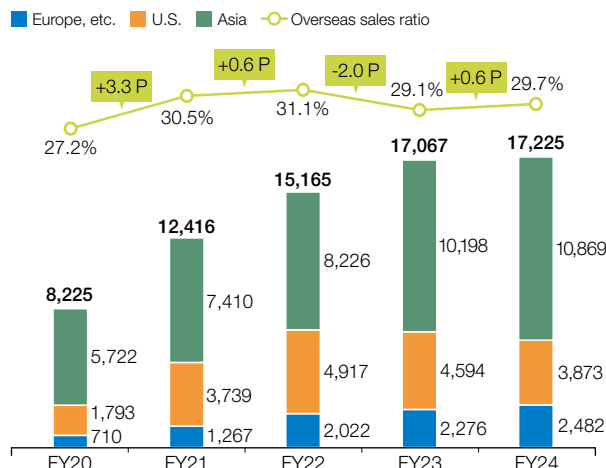
Moreover, by internally and appropriately managing and sharing materials relating to intellectual property information and procedures, we are establishing an environment that allows developers and engineers to quickly and accurately access the information they need.

Global Strategy

The PILLAR GROUP has 16 overseas bases in 11 countries, for example, in the United States, the Middle East, Europe, and Asia, including in China.

Expanding our business activities overseas is one of the key strategies in our Medium-Term Management Plan One2025, and by developing products that leverage our highly original fundamental technologies in line with the characteristics of each region, we aim to strengthen our competitiveness in global markets and increase our product market share. By reacting flexibly with an awareness of changes to the global business environment, we are carefully coordinating with our overseas bases and promoting greater responsiveness in order to swiftly address market changes from various perspectives, for example, the expansion of business domains and reexamination of the supply chain. The Group is working in unison to advance initiatives relating to various challenges that include addressing the shift of the supply chain to Southeast Asia by major semiconductor manufacturers, measures to combat additional tariffs from the United States, and market growth in countries such as India.

● Overseas sales (millions of yen)

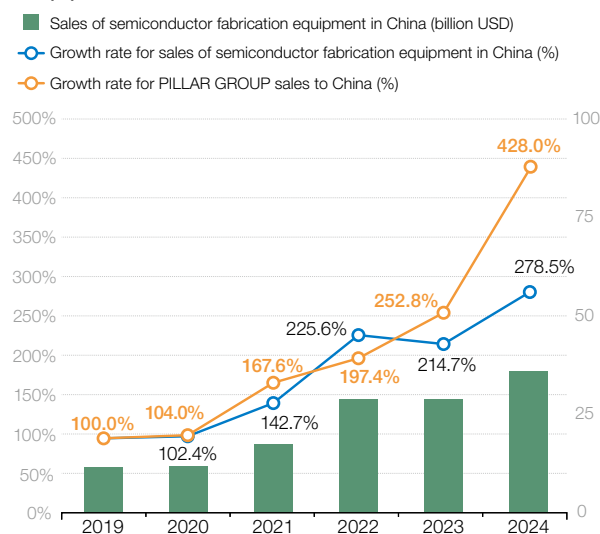


Overview of Market Strategy in China

At present, we are particularly focused on the Chinese market. Due to long-term antagonism between the United States and China, the Chinese government is hastening the development of its own semiconductor supply chain, and has declared its intention to reinforce domestic semiconductor production capacity. There are ongoing plans to build multiple semiconductor factories, so the PILLAR GROUP, which supplies the high-performance connectors and tubes that are essential for manufacturing semiconductors, regards this as a significant business opportunity.

Both directly and indirectly, PILLAR's products are utilized in China by numerous manufacturers of devices and semiconductor fabrication equipment. With the aim of expanding our share of the Chinese market, in which further growth can be anticipated, we will build a system that responds to local needs by strengthening our manufacturing and sales structure and evolving local production and consumption.

● Trends in the Chinese market for semiconductor fabrication equipment and PILLAR GROUP sales to the Chinese market



Source: '2024 Year-End Equipment Forecast by Region,' SEMI

Outlook (Challenges and Prospects)

In our Electronic Equipment Business, we are expanding the range of products that we produce, particularly for the semiconductor market. We are also endeavoring to increase customer satisfaction by completing our supply chain in China, which involves everything from procuring materials to manufacturing and sales.

In our Industrial Equipment Business, we have added TANKEN SEAL SEIKO products to PILLAR GROUP sales channels, thereby expanding sales in the Chinese market. Furthermore, we are introducing rotary joints for chemical mechanical polishing (CMP) equipment to CMP manufacturers in China, with the aim of increasing sales.



Broadening the Range of Products Produced at Pillar Technology (Chuzhou) Co., Ltd.

Our creation of a full-scale production system in China dates back to 2003, when Suzhou Pillar Industry Co., Ltd. (now Pillar Technology (Chuzhou) Co., Ltd.) was established in Suzhou, Jiangsu Province.

This began with the manufacture of gland packings and mechanical seals, and since then, we have expanded the scale of production as sales in the Chinese market have increased.

In order to further increase our market share, in May 2021 we established Pillar Technology (Chuzhou) Co., Ltd. in Chuzhou, Anhui Province, where we started manufacturing products for the semiconductor market.

While continuing to expand the range of products that are produced at this factory, we have newly begun to produce connectors and rotary joints for CMP equipment, and we are making progress with local production and consumption.



Super 300 Type
PILLAR Fitting

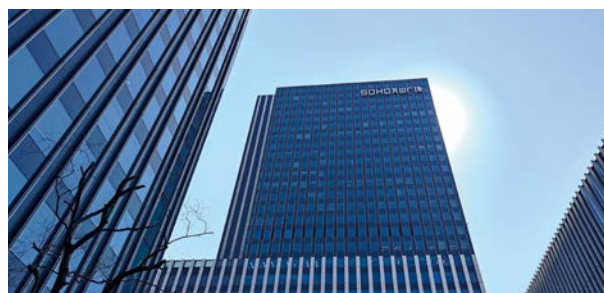


Rotary joints

Strengthening Sales at PILLAR Shanghai Co., Ltd. and its Beijing Office

In 2007, we established Shanghai Pillar Trading Co., Ltd. (now PILLAR Shanghai Co., Ltd.) in China. Then in July 2023, we also opened an office in Beijing. At present, our sales activities are undertaken based on this two-location structure. In February 2025, the Shanghai base was relocated due to an increase in the number of personnel, and the office itself was enlarged. We are also reviewing our organizational structure to further increase sales, and our goal is to promote greater operational efficiency.

The market in China is significant for the PILLAR GROUP in both the electronic equipment and industrial equipment segments, so we are considering the possibility of prioritizing investment there in future.



The new Shanghai office

TOPIC

Training in Japan for Local Staff from Overseas Bases

As we aim to increase our share of the global market, we believe that developing global human resources that include local staff members is an essential issue. As such, we are conducting training at our bases in Japan to improve engagement with local staff from overseas locations.

During an itinerary that lasted four nights and five days from October 28 to November 1 in fiscal 2024, seven staff members who are employed at locations in China and Taiwan visited Japan to participate in training at three locations: our Head Office, Sanda Factory, and Fukuchiyama Factory. The objectives of this training included more widespread understanding of our corporate principles, learning about standards of conduct, acquiring product knowledge, practicing product assembly, and building relationships with related departments.

The training was an opportunity that enabled PILLAR to directly convey to local staff its level of commitment to overseas businesses. There was also a real sense that the training boosted motivation and engagement, for example, when fellow participants exchanged their views about improving day-to-day operations while they were eating dinner together.

We will continue to position the development of human

resources as a key management issue, and to work on strengthening cooperation with overseas bases and supporting employees' growth.



A product explanation in the exhibition room
(Fukuchiyama Factory)

Sustainability Strategy

We are strengthening our initiatives to contribute to a sustainable society through our business and to realize sustained improvement in corporate value. We believe that for the PILLAR GROUP, working on sustainability strengthens value creation, growth, human resources, and risk management, as well as linking with societal benefits such as environmental conservation, community coexistence, and solving social problems.

Sustainability Policy

In accordance with the Corporate Principles and PILLAR CORE VALUES of the PILLAR GROUP, we will contribute to the realization of a society committed to sustainability through our business and achieve sustainable enhancement of corporate value.

(1) Contribution to the global environment through business

We will contribute to the creation of a flourishing global environment by being a source of innovative, high-quality products for society. We will also strive to reduce emissions of substances with environmental impacts in the course of business activities.

(2) Responsibility and contribution to society

As a corporate citizen, we will contribute to the resolution of social issues. We will also aim to be an enterprise that continues to earn trust through dialogue with all stakeholders.

(3) Strengthening of corporate governance

We will establish a robust corporate governance system to ensure compliance with the Group Code of Conduct and laws and regulations as the starting point of our business activities and to promote sound and transparent management.

Sustainability Promotion System

Basic policy and important matters related to sustainability are determined by the ESG/SDGs Promotion Committee, which is a decision-making body for social issues being tackled by the Company and is chaired by the President. The ESG/SDGs Promotion Committee regularly reports to the Board of Directors, and a system is in place to ensure appropriate supervision by that Board of Directors. The committee reports on matters such as the policies, activity plans, and initiatives of all committees involved in sustainability, namely, the CSR Committee, Decarbonization and Global Environment Committee, and Risk Management Committee.

● Sustainability Promotion System



ESG/SDGs Promotion Committee

The Committee is chaired by the President and is established as a higher-level organization related to sustainability. In principle, the Committee meets quarterly to determine company-wide action policies and monitor the activities of each committee. The matters deliberated by the Committee are also regularly reported to the Board of Directors.

Decarbonization and Global Environment Committee

This Committee was established to promote and appropriately control and supervise activities for decarbonization and environmental conservation in our business. In addition to ISO 14001 compliance, we have set annual targets for climate change, water resource conservation, and waste reduction, and are working on reduction activities.

CSR Committee

In order to retain the trust of society, we have established this system to plan activities related to solving social issues and contributing to local communities, as well as to monitor the results of these activities.

Risk Management Committee

In order to minimize increasingly diverse risks, the Committee identifies, analyzes, and evaluates material risks at the Company, formulates risk countermeasures, and examines countermeasures and preventive measures against recurrence of material risks as they materialize.

Stakeholder Engagement

The PILLAR GROUP will respond swiftly to changes in the business climate and bring about market and social development through our ability to see beyond the changes and take bold action.

And as a good corporate citizen, we are committed to contributing to the development of local communities and continuing to provide products that make our customers happy.

Therefore, we will strive to maintain and develop sound relationships with our stakeholders through open and fair communication with society at all times.



● Efforts at Stakeholder Engagements

Stakeholders	Main responsibilities	Primary opportunities for dialogue	Related website
Customers	High quality Safety Aftersales service Fair prices Innovation	- Customer request cards - Customer satisfaction survey - Disclosure of information on our website - Inquiry form on our website	Product information 
Business partners	Fair and transparent transactions CSR procurement	- Procurement policy briefing - CSR Procurement Guidelines - CSR procurement questionnaire	Purchasing information 
Employees	Respecting human rights Diversity Safe and comfortable work environment Health management	- In-house magazine, intranet - Interviews - Whistleblower hotline - Stress checks - Engagement survey - Rank-specific training - Health and Safety Committee - Labor-management talks	Social and human resources initiatives  
Shareholders/ Investors	Corporate value enhancement Appropriate stock price Timely and appropriate supply of information Shareholder returns	- General meeting of shareholders - Financial results briefing - One-on-one, small meetings - Briefings for individual investors - Shareholder newsletters and integrated reports - Supply of information through IR information pages - Supply of information to ESG evaluation organizations	IR information 
Local communities	Respect for local culture and customs Consideration for the local environment Improvement of the educational environment Creation of employment	- Social contribution activities - Career education - Internships - Factory tours	Main social contribution activities  
Global environment	Global environmental conservation	- Development of energy-saving and carbon-neutral products - Environmental considerations at the manufacturing stage - Compliance with environmental laws and regulations - Environmental education	Environmental initiatives  

Society

Group Human Rights Policy

Based on the concept that unprecedented new ideas are created by a diversity of values, we respect the diversity of our human resources, and based on the Group Code of Conduct, we established the Group Human Rights Policy in order to clearly define our approach to human rights when conducting business in countries and regions around the

world.

For more information, including the full text of the Group Human Rights Policy, please visit our website.
<https://www.pillar.co.jp/en/sustainability/human-right/>



Human Rights Management System

We have adopted and are working on respect for human rights as one of the materialities that the PILLAR GROUP must address. Human rights risks are identified and reported to the Risk Management Committee, which cooperates with related divisions to plan and implement countermeasures.

A whistleblower system has been introduced for the early detection of misconduct, including violations of laws and internal regulations. Alongside a unified internal hotline for all employees in Japan and overseas (including affiliates and temporary employees), we have established and are operating an external hotline for direct consultation

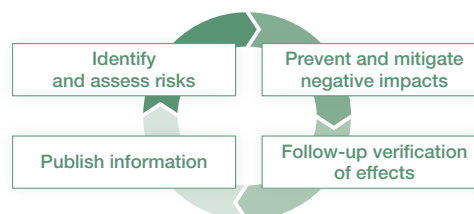
with legal advisors.

In order to increase awareness and understanding of the internal hotline, it is featured on the top page of our intranet together with a flow diagram showing how response is coordinated, and in a pocket-sized leaflet that is distributed to new employees. We promptly respond to any violation of laws and regulations or to any incident that violates corporate ethics by convening the Corporate Ethics Committee.

In fiscal 2024, there were two whistleblower cases, both of which were handled appropriately.

Implementing the Human Rights Due Diligence Process

The PILLAR GROUP detects and assesses any risks that have a negative impact on human rights, and we are building and continually implementing a human rights due diligence mechanism to monitor and improve the effects of these initiatives. We will review and improve the management of this mechanism as appropriate, while endeavoring to strengthen our initiatives for respecting human rights.



Initiatives for Employees

We give the highest priority to ensuring the safety and health of our employees in all our business activities and processes, including the use and disposal of products, parts, and materials, and we are committed to building a workplace environment in which all employees can work with peace of mind. For this reason, every year we conduct e-learning education and questionnaires, with the objective of evaluating the situation regarding understanding and awareness of human rights and compliance. This enables us to see whether violations of human

rights have occurred and to assess measures for more thorough compliance, and is reflected in activities to raise employee awareness, in training, and so on.

In fiscal 2024, training was conducted for all employees (including affiliates and temporary employees) in Japan and overseas. Participants who answered fewer than 80% of test questions correctly retaken the training, which seeks to make the understanding of human rights more widespread.

Initiatives for Suppliers

In order to realize a sustainable society, it is necessary not just for the PILLAR GROUP but also the entire supply chain to respond to demands from society, and we are working on this together with our suppliers. Based on the PILLAR Basic Procurement Policy, we have formulated our PILLAR CSR Procurement Guidelines as guidelines for suppliers.

Our annual CSR procurement questionnaire always contains questions relating to human rights, and enables us to track the status of supplier initiatives. Going forward, we will endeavor to reduce human rights risks throughout the supply chain via ongoing questionnaires and dialogues with our suppliers.

Human Capital (HR Strategy)

Basic Personnel Policy—Our Organizational and Human Resources Ideal Based on a Long-Term Management Vision

The Group has contributed to the creation of a sustainable and prosperous society. Human resources are indispensable to achieving such a society. Therefore, we have positioned human resources as our most critical management capital, and have defined our Human Resources Vision as follows. This defines the organizational culture and

human resources ideal to be achieved by 2030. The personnel department believes that its long-term and most important mission is to stand between management and employees and implement various measures so that this desired image becomes the ideal image for employees.

Human Resources Vision Linked to Management Strategy—Efforts to Achieve the Ideal State of People and Organizations

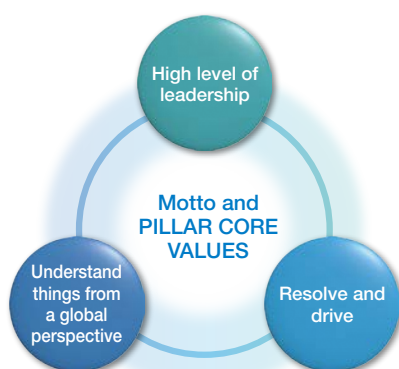
The Organizational Culture We Aspire for	• An organization that can continue to devise ways to make a broader contribution to society through business from a global perspective, and with the spirit of the Company's founding as its starting point. • An organization that discards the notion of separate optimization and allows free, vigorous, and creative discussion, always with the goal of total optimization in mind • An organization that actively promotes diversity and accepts a variety of ideas and perspectives • An organization that can innovate (transform) to surpass competitors with its diversity of thought and challenging spirit • An organization that provides highly motivated individuals with opportunities to grow both personally and professionally • An organization that values team harmony, while recognizing those who demonstrate advanced abilities and produce results
The Human Talent We Seek	• People who can face up to difficulties and challenges independently and accomplish things with integrity, with our Motto and PILLAR CORE VALUES as action guidelines • People who can identify their own department's and their own role in achieving high goals, and who can elevate the entire team's sense of involvement, awareness of problems, and sense of urgency • People who have high aspirations and dreams through their work • People who have strong curiosity about everything and continue to grow and take up new challenges, not being bound by the past • People who can always look ahead, identify issues that need to be done right away, demonstrate leadership, and lead the team to its goal (problem-solving)

Human Resources Development Policy / Internal Environment Development Policy

Our human resources development policy is to develop human resources who have a proper understanding of our Motto and PILLAR CORE VALUES, who understand things from a global perspective, and who can demonstrate a high level of leadership, resolve, and drive. Moreover, we have established an internal environmental development

policy and are carrying out individual measures to create a workplace environment in which human resources with diverse experience and knowledge can play an active role while exercising their individuality, and work both at ease and in good health.

Human Resources Development Policy



Internal Environment Development Policy



Human Resources Strategy in the Medium-Term Management Plan, One2025

Under the Medium-Term Management Plan, it is essential that we improve the linkage between management strategy and human resources strategy in order to attain further growth. In other words, to accomplish our management targets, we will build a human resources portfolio that asks what kinds of people are needed, how many, and in what timeframe, and recruiting and educating those human resources is important for achieving this.

We will constantly monitor the linkage between management strategy and human resources strategy, and reflect this in our human resources policies to ensure that they function properly. In fiscal 2024, we were able to make improvements with all our KPIs. Toward accomplishing our Medium-Term Management Plan, we will steadily mark each milestone while taking into account changes to the environment, and invest in human capital so that employees can feel fulfilled and comfortable in their work.

► Securing Diverse Human Resources

As part of the Medium-Term Management Plan, we are rapidly advancing the expansion of our businesses in Japan and overseas, for example, by opening new bases. In order to take on the challenge of achieving a *Clean* environment and expanding into the *Frontier* that develops the leading edge of the industry, we are addressing new technologies such as next-generation batteries and hydrogen, while actively sending employees to universities, conducting collaborative research, and so on. We believe that securing diverse human resources is fundamental to generating new ideas, and we will continue to secure such resources and develop an environment to facilitate this.

► Professional and Global Human Resources Development

For us to enhance our organizational capabilities, it is very important that we have professionals who follow a path in their areas of individual specialism, and who grow with a sense of curiosity and a desire to improve while assimilating the latest expertise. The PILLAR GROUP is implementing a variety of measures, such as creating an educational system to help employees acquire specialized skills and study independently, and enhancing qualification allowances for those with professional certifications. In recent years, we have boosted qualification allowances relating to AI and IT to increase our future competitiveness in digital technologies, and the number of employees who hold such certifications is steadily growing.

Developing the human resources who will support the strengthening of our global competitive edge, which is one of our management strategies, is also a key theme, and we continue to recruit employees

► Fostering a Culture of Transformation

The culture of transformation that is our goal involves an organizational culture in which every employee autonomously takes on challenges and leads transformation. However, this is meaningless if it results in employees sacrificing their health or personal lives. In order to support employees in taking on challenges, we aim to be a company that helps them improve their health and lead fulfilling personal lives to an even greater extent than before, while promoting measures for health management and work-life balance (for example, by reducing overtime and encouraging them to take consecutive holidays).

We have also set about reviewing our personnel system so that employees consider their careers autonomously and achieve their

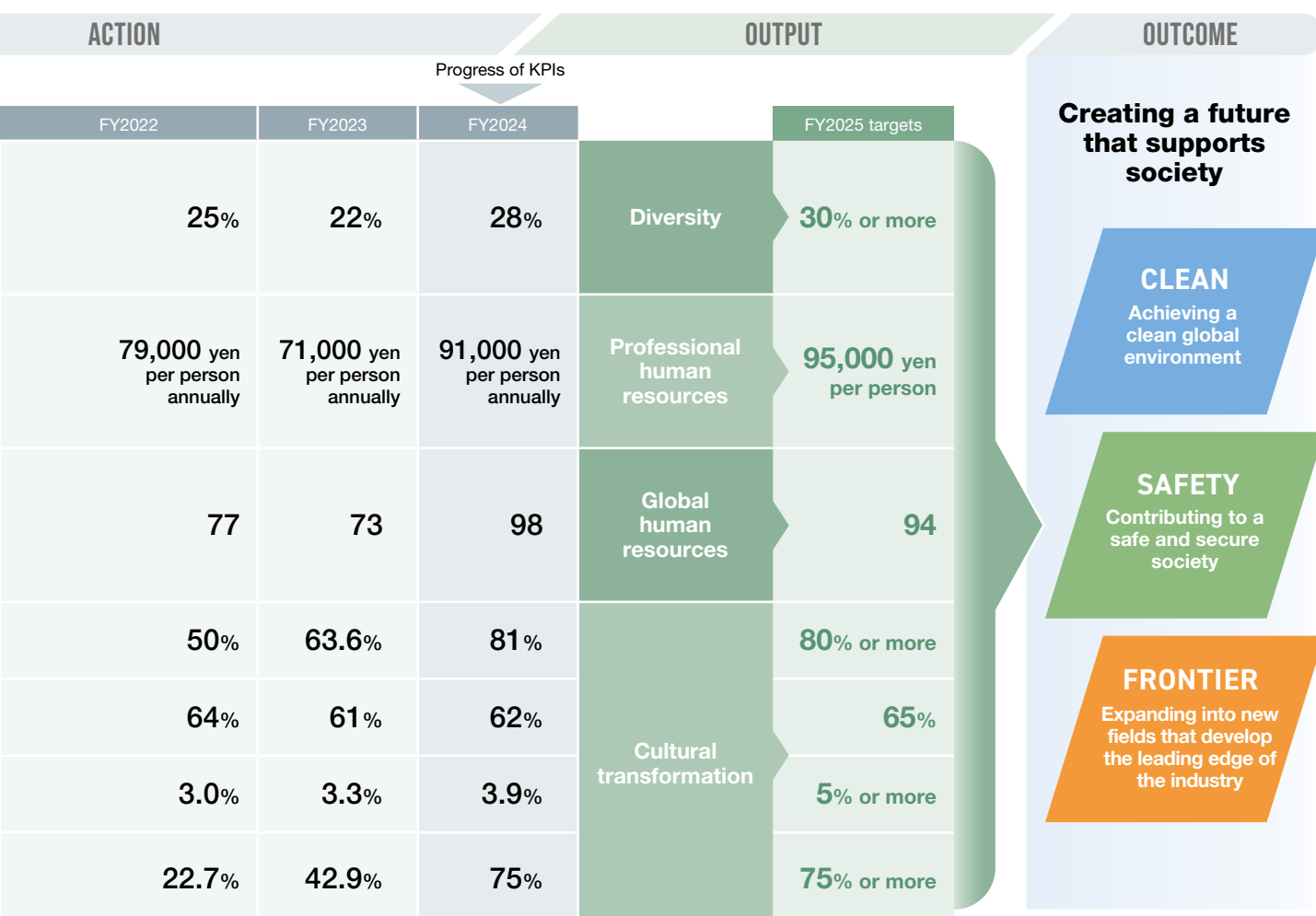
STRATEGY		KPIs
Human Resources Strategy		
Diverse human resources to support sustainable organizational growth	Implementing measures to secure diverse human resources	Percentage of new hires that are women (nonconsolidated)
	Improvement of leadership and management skills	Amount invested in human resources development per person (nonconsolidated)
	Talent management	Number of global human resources (all corporations)*
	Increased engagement	Secondary health checkup rate (nonconsolidated)
		Engagement score (nonconsolidated)
Diversity, Equity & Inclusion (DE&I)		Ratio of female managers (nonconsolidated)
		Percentage of male employees taking childcare leave (nonconsolidated)

with superior communication skills that are backed up by an understanding of different cultures. Foreign languages, risk management, and the management of different cultures are things that cannot be learned without actually working overseas, and we intend to create even more opportunities for the planned rotation of personnel with our overseas bases. At the same time, we are also strategically promoting national staff to management positions.

career goals, and to create an environment that enables them to grow. We are uncovering problem points in the current system and undertaking repeated discussions with a view to finding solutions. Going forward, we will update our personnel mechanism so that diverse human resources master their individual specialisms and the organization itself can also grow.

Human resources management initiatives
<https://www.pillar.co.jp/en/sustainability/hr-management/>





*Number of global human resources = Number of human resources with management experience at overseas bases (number of human resources with experience at overseas bases primarily through personnel rotation + number of human resources promoted to management from national staff)

*Engagement score = Ratio of positive responses to the items 'Motivation,' 'Rewarding,' and 'Pride' in the employee engagement survey.

TOPIC

Alumni and Referral Recruitment

Employees with a thorough understanding of our philosophy and businesses, and organizational capabilities that correspond with our vector are both essential for the ongoing growth and development of the Group. We are now introducing mechanisms in which people who have been employed by PILLAR in the past are once more welcomed as colleagues (alumni recruitment), and candidates for recruitment such as friends and acquaintances are referred to us by Group employees (referral recruitment). Since these mechanisms were introduced two years ago, 13 people have already joined us based on referrals and are successfully working within the Group.

We have created a page on our website about alumni and referral recruitment. (Japanese only)
<https://www.pillar.jp/>



Diversity, Equity & Inclusion (DE&I)

We are committed to promoting diversity, and we aim to realize a fair workplace environment by taking maximum advantage of diversity to stimulate new value creation and innovation.

We also continue to conduct diversity and inclusion training, the objectives of which are to propagate awareness and promote diversity management in the Group as a whole. In fiscal 2024, we conducted an entry-level equity e-learning course for managers. Participants in this training learned about everything from the fundamentals of diversity, equity, and inclusion to the importance of equity (fairness), the relationships between majorities and minorities, noticing inequalities, and the three practical steps of noticing differences, looking at situations from the other person's standpoint, and taking action. We will continue to respect diversity and aim for sustainable corporate growth by creating more opportunities for women than ever before, developing new products that take advantage of ideas generated by different values through the active promotion of foreign-national human resources, and developing internal systems that allow people with disabilities to play an active role.

In fiscal 2024, our ratio of female managers was 3.9%. We aim to increase this to 5% by fiscal 2025 and 10% by fiscal 2030, thereby creating opportunities for women to play an even more active role. With this in mind, we are successfully creating such opportunities, and encouraging participation in leadership training and career development support programs aimed at female leadership candidates. To support male participation in childcare, we are also working on measures to encourage men to take childcare leave, and in fiscal 2024, 75% of male employees who were entitled to do so took childcare leave. Going forward, we will promote awareness of our DE&I systems through e-learning and other means, thereby fostering a workplace environment that is supportive of childcare.

For more information on our diversity management policy, please visit our website.
<https://www.pillar.co.jp/en/sustainability/diversity/>



Women's Roundtable Discussion

In promoting diversity management, we held a roundtable discussion with female employees and Outside Director Kyoko Kobayashi as part of an initiative that aims for the active participation of a diverse range of employees. Through this initiative, the participants were given the chance to envisage their future career plans by sharing and considering how to handle their current issues and concerns with a female director.

The discussion involved an honest exchange of ideas that included the experiences of Ms. Kobayashi herself and covered topics such as household chores, childcare, how the Company is organized, careers, and the development of skills. For example, after one participant described how grateful she would be if there was a system for taking paid leave on an hourly basis to attend school events such as open days, this system was launched in 2024.

We believe that opportunities for mutual understanding that arise from dialogues between the Company and its employees provide hints for creating new systems and improve employee engagement based

on the insights of both parties, and we intend to initiate further dialogues in future.



"2025 Outstanding Organization of KENKO Investment for Health" Certification

We have formulated a Health Management Declaration in order to achieve organizational revitalization and sustainable corporate value enhancement through the safe and healthy work of a diverse range of human resources. With the aim of raising health awareness among employees and their families and encouraging them to work in good mental and physical health, we have enhanced measures such as the establishment of a health management promotion system, mental health care, secondary health checkups, and a work-life balance. The Ministry of Economy, Trade and Industry and the Japan Health Council jointly implements a certification system for corporations with excellent health and productivity management, and in recognition of these efforts, we were certified for the third consecutive year as a 2025 Outstanding Organization of KENKO Investment for Health in the large

corporation category for being a "corporation that takes a strategic approach to employee health management from a business perspective."



Initiatives Relating to Global Health Problems

As the PILLAR GROUP's global development progresses, we are strengthening our health management systems for employees working overseas. For employees who are posted overseas, in addition to undergoing a health check before leaving Japan, they receive vaccinations to prevent the risk of contracting infectious diseases at their destination and education to reinforce their understanding of health risks. While they are overseas, they receive a health check at least once a year, and we have established a system in which the

results are reported to the General Manager of the General Affairs & Personnel Department, thereby enabling us to assess their health and swiftly respond on an ongoing basis. These measures also apply to family members who have relocated with an employee, and all the resulting costs are covered by PILLAR. As such, we are enhancing working environments overseas and supporting sustainable growth for the Company by comprehensively supporting the safety and security of employees and their families.

Occupational Health and Safety

We believe that the health and safety of our employees is an unparalleled value. To ensure a safe and comfortable work environment, we have committed to eliminating occupational accidents in our Group Code of Conduct and to complying with all applicable laws and regulations as well as internal rules such as the Health and Safety Management Regulations and Various Work Procedures.

The Health and Safety Committee was established to ensure employee safety and promote the maintenance of health. The Committee formulates annual policies and activity plans related to health and safety, and meets monthly.

In addition, we continue to implement hazard prediction activities and have the President visit and inspect each factory. Each factory also issues a publication called Health and Safety News, which increases awareness of safety among employees and is distributed via highly visible locations. Moreover, Health and Safety Committee members conduct on-site inspections to assess hazard levels in the workplace. Priority is given to workplaces with high hazard levels in order to analyze the causes of possible hazards and implement effective hazard source control measures, thereby preventing occupational accidents from occurring or recurring.

TOPIC

Conducting Hazard Experience Training with VR

We are now conducting hazard experience training using virtual reality (VR). In addition to modules such as those relating to being caught in drill machines or receiving electric shocks from electric panels, this training covers experiences that could happen to anyone, such as falling down a flight of stairs. All employees working at factories participate in the training, which is conducted on an ongoing basis.

Among other things, participants have told us that the training motivated them to think about hazardous locations on site, and it has led to greater safety awareness. Going forward, we will further increase awareness of health and safety among employees, not just through lectures but also simulated experiences.



Key Initiatives in Fiscal 2024

- Health and safety activities at each operational base
- Safety meetings with partner companies
- Displaying health and safety leaflets from partner companies
- Activities for identifying minor incidents with the participation of all related parties
- Safety lectures by managers

Fiscal 2024 Targets and Results

Lost-time injuries / injuries with no lost time

FY2024 target

0

FY2024 results

Lost-time injuries: 0

Injuries with no lost time: 3

Promoting CSR Procurement

In order to continue fair and transparent transactions with our suppliers and to carry out our purchasing activities, we have established our “Basic Procurement Policy” and are striving to realize fair business activities.

In consideration of the expansion of ESG-related investments and global procurement, supply chain management is an important issue both for companies and our stakeholders, and the issues that surround it include the environment, human rights, quality, business practices, and disaster response. In order to appropriately address these issues, we have established and are implementing the PILLAR CSR Procurement Guidelines, a group procurement policy that outlines our CSR Procurement Standard. We recognize that social issues such as conflict minerals and violations of fundamental human rights pose serious problems in our supply chain, and we do not purchase any mineral or textile raw materials of concern.

Furthermore, among measures relating to supplier engagement for the smooth undertaking of procurement activities, we are promoting CSR procurement by conducting a business partner policy briefing and a CSR procurement questionnaire, and publishing and collecting certificates of receipt/questionnaires to confirm understanding and endorsement of the Company's green procurement policy when initiating transactions with new purchasers.

Purchasing information (PILLAR Basic Procurement Policy)
<https://www.pillar.co.jp/en/about/purchasing/>



Basic Procurement Policy

1. Compliance

We shall comply with all relevant laws and regulations as well as social norms both domestically and internationally.

2. Human rights

We shall respect human rights in all our corporate operations.

3. Environmental protection

We shall contribute to protection of the global environment through our purchasing operations.

4. Fair and equitable trading opportunities

We shall provide fair and equitable trading opportunities according to the principles of free competition both domestically and internationally.

5. Partnerships

We shall endeavor to establish bonds of trust and strengthen our relationships with our business partners in a spirit of shared prosperity.

6. Health and safety

We shall strive to prevent accidents and minimize the spread of infectious diseases while building a workplace environment in which all employees can work with greater peace of mind.

7. Rejection of anti-social forces

We shall reject any and all associations with anti-social forces and organizations.

PILLAR CSR Procurement Guidelines

<https://media.nippon-pillar.com/assets/pdf/3151460b1ce07e1c45721d69b79faa8441ccb27e.pdf>



Business Partner Policy Briefing

The Group holds a business partner policy briefing at the start of each fiscal year. 74 companies participated during fiscal 2024, with the majority being direct suppliers of materials. At the briefings, as well as communicating information about our operations—for example,

explaining procurement policy and initiatives in each of our businesses—we also share information about data security and carbon neutrality, and encourage business partners to respond to social issues.

CSR Procurement Questionnaire

We conduct an annual questionnaire on CSR procurement to understand the status of our suppliers' CSR activity systems, compliance with laws and regulations, human rights, and environmental conservation. In fiscal 2023, 109 major suppliers representing approximately 95% of our transaction value responded to this questionnaire, making for a 100% response rate, while in fiscal 2024, the questionnaire was on a much larger scale and targeted all 577 of our supplier companies. Because the questionnaire did not relate to

transaction values, the response rate was 83%, that is, 477 companies.

Having analyzed and evaluated the results of the questionnaire, we are working to raise the standard of supplier initiatives overall and reduce the number of companies with lower scores. Particularly with suppliers for whom improvement was judged as being necessary, we are supporting that improvement by visiting them in person and engaging in discussions.

Declaration of Partnership Building

The PILLAR GROUP has endorsed the aims of the Future Partnership Building Promotion Council, and in May 2024, we announced our participation in the Declaration of Partnership Building, which is promoted by the Cabinet Office, the Ministry of Economy, Trade and Industry, and the Small and Medium Enterprise Agency.



Social Contribution Activities

We are promoting social contribution activities that anticipate the future with the aim of realizing a sustainable society. By collaborating with local communities, taking the environment into consideration, and supporting the next generation, we place importance on an attitude of making progress with society while fulfilling our responsibilities as a company.

► Supporting the Promotion of Community Sports

Sponsoring Marathon Races (Sanda International Masters Marathon, Fukuchiyama Marathon, Tambasasayama ABC Marathon)

As part of corporate social responsibility (CSR) and health management, we are actively sponsoring marathon races with the goal of interacting with local communities and promoting the health of our employees.

In fiscal 2024 we sponsored three marathon races: the Sanda International Masters Marathon, the Fukuchiyama Marathon, and the Tambasasayama ABC Marathon. In addition to participating as runners, PILLAR GROUP employees worked as volunteers and assisted in organizing these races. PILLAR booths were also set up at each venue to provide a context for interaction with local residents, thereby strengthening our connections with communities and allowing us to help generate excitement at the races.

Going forward, we will continue our CSR activities and health management initiatives as a way of coexisting with local communities and promoting our employees' health.



► International Contribution

Participating in Donation Activities Such as Furugi de Vaccine

With the objectives of the effective utilization of resources and international contribution, we participated in the Furugi de Vaccine project for collecting unwanted items by donating used clothing, including company uniforms and employees' clothes. As well as leading to the provision of polio vaccines, these donations help create jobs for workers in developing countries and for people with disabilities in Japan.

Via NPOs, we are also donating used books and postage stamps, which contribute to the formation of a recycling-oriented society. Through activities such as these, we are continuing with our efforts to realize a decarbonized, sustainable society.



► Community Contribution

PILLAR Dining at The University of Fukuchiyama

In April 2025, we concluded a naming rights agreement with the University of Fukuchiyama for its university cafeteria. In line with this, a sign displaying our company logo has been installed at the cafeteria, which is now called PILLAR Dining.

Along with supporting a local university as part of our community contribution activities, the goals of this agreement are to boost recognition of the PILLAR brand and promote the hiring of local students. Going forward, we will value our community links and develop initiatives for realizing a sustainable society.



► Educating the Next Generation

Factory Tours and Internships

We regularly organize factory tours at our Sanda Factory, Fukuchiyama Factories, and Kyushu Factory. During fiscal 2024, around 360 school staff members and students visited these factories. They saw large-scale injection molding machines, seismic isolators, and other equipment that they do not have the chance to see in their everyday school lives. We received a great deal of interest and positive feedback from the participants.

As a company, organizing factory tours and internships has also provided us with numerous insights.



Please refer to the Company website for our main social contribution activities.

<https://www.pillar.co.jp/en/sustainability/csr/>



Environment

Environmental Policy

Basic Policy

Recognizing that environmental issues are a challenge common to all humankind, the PILLAR GROUP is aware of its social responsibility as a corporation, and as a good corporate citizen, we are actively working to preserve the global environment. We will also contribute to the development of local communities, aiming for the sustainable development of society and the Company.

(1) Compliance with Laws and Regulations

We will establish and comply with voluntary standards that take into account not only domestic and international environmental laws and regulations but also social demands.

(2) Development of Products Contributing to Environmental Protection

We will develop technologies and products that contribute to the realization of a sustainable society through not only performance improvement but also environmental protection as a manufacturer of fluid control-related equipment.

(3) Promotion of Decarbonization and Environmental Conservation in Business Activities

We will strive to reduce waste emissions and protect the global environment through resource circulation while promoting carbon-neutral activities, such as energy conservation.

(4) Continuous Improvement Activities

We will recognize the environmental impact of our business activities and continuously improve our environmental management system.

(5) Collaboration and Cooperation with Stakeholders

We will develop environmental conservation activities in collaboration and cooperation with stakeholders to meet societal expectations.

Structure for Promoting Environmental Conservation Measures

We have created an environmental management system (EMS) headed by the executive officer responsible for the environment and overseen by the Decarbonization and Global Environment Committee. Through Environmental Management Committees established at both our Sanda and Fukuchiyama factories, we are working to reduce the environmental impact of our business activities and develop environmental contribution products. These initiatives are reported to the ESG/SDGs Promotion Committee to enhance the effectiveness of each committee, and management reviews are conducted at the Management Meeting and meetings of other bodies to ensure continuous improvement. Additionally, in order to respond to situations in which environmental risks could significantly affect lives, property, and the living environment, we regularly conduct emergency response drills, organized by the Disaster Prevention and Pollution Prevention Subcommittee. Every year, we conduct large-scale earthquake evacuation drills for all employees at our head office, Sanda Factory, Fukuchiyama Factory, and other factories. We have also introduced a safety confirmation system as a means of communicating between employees and the Company in the event of a large-scale earthquake or other wide-area disaster. We will continue to review and improve our business continuity plan (BCP) through periodic drills.

● EMS acquisition at production bases (FY2024)

	Number of factories: a	Number of factories with EMS: b	Acquisition rate (%): b/a
Separate	4	3	75
Consolidated in Japan and overseas	9	0	0
Group overall	13	3	23



*Bases with EMS

Sanda Factory: Acquired September 1999
 Fukuchiyama Factory No. 1: Acquired September 2002
 Fukuchiyama Factory No. 2: Acquired August 2024

Environmental Audit

We have undergone an external ISO 14001:2015 audit to verify that the environmental management system is operating properly and that continuous improvements are being implemented. No non-conformities were noted in the audit results for fiscal 2024, and among other things, we were recognized for switching to EVs for commuter buses and

displaying information about environmental impact facilities for use in emergencies. In addition, the Sanda Factory and Fukuchiyama Factory conduct internal environmental audits every year for all departments to confirm their environmental initiatives and to continuously improve their environmental management systems.

Circular Economy and Resource Conservation

► Product Repair

We contribute to the circular economy by providing aftersales service even after the delivery of our products. Mechanical seals used in the industrial equipment-related market and bellows pumps employed in the electronic equipment-related market can be used just like new

products by repairing or replacing only key parts. By repairing products and allowing customers to use them longer, we contribute to the effective use of resources.

► Waste Reduction and Recycling

In addition to reducing the amount of general and industrial waste generated in our business operations, we are working to promote recycling through ongoing communication with vendors. In fiscal 2024, our efforts to promote the recycling of resins, scrap pallets, and

corrugated cardboard resulted in a recycling rate of 72.9%. We will continue to promote waste reduction and recycling initiatives to make effective use of limited resources.

► Compliance with Measures for Laws, Regulations, and Other Obligations

We always obtain the most up-to-date information to ensure we comply with environmental laws, agreed values of municipalities, etc., clearly setting out all compliance requirements in the "Environmental laws, regulations, and other requirements list." We also conduct regular

surveillance and measurement to ensure scheduled reporting and recordkeeping to prevent violations of laws and regulations and contamination of the local environment, as well as to improve matters of concern and to maintain and preserve the environment.

Prevention of Chemical Pollution and Conservation of Water Resources

► Water Consumption Reduction Activities

We are working to reduce our water consumption in response to the growing risk of water shortages worldwide. In fiscal 2024, our volume of water withdrawal decreased by 3.3% from the previous year to 114,000 m³, thanks to our promotion of water conservation and recycling activities.

90% or more of our water consumption is at production bases, and

the effective management and use of water resources is a key issue in our production activities. In 2025, we plan to reduce water consumption by 8% year on year with measures such as managing the concentration of cooling water and reusing wastewater at our major production bases in Sanda, Fukuchiyama, and Kyushu.

► Response to Toxic Substances (PRTR Law)

Under the provisions of the Pollutant Release and Transfer Register (PRTR), which requires companies to manage specified chemical substances that have an environmental impact, we notify the competent authorities every year regarding these substances. We also have an

ongoing program of considering switching to non-specified alternatives and cutting usage, emission, and transfer of specified substances. In our Medium-Term Management Plan One2025, we have set the goal of completely eliminating the use of the three substances.

● Substances Subject to Notification under the PRTR Law (nonconsolidated)

(kg)

Name of substance	Control number	FY2020			FY2021			FY2022			FY2023			FY2024		
		Amount used	Atmospheric emissions	Waste transfer	Amount used	Atmospheric emissions	Waste transfer	Amount used	Atmospheric emissions	Waste transfer	Amount used	Atmospheric emissions	Waste transfer	Amount used	Atmospheric emissions	Waste transfer
Xylene*1	80	1,432	7	12	—	5	17	1,211	6	18	1,212	12	2	1,485	25	3.7
Chromium and trivalent chromium compounds	87	2,650	0	1,700	2,895	0	2,001	3,583	0	2,388	3,152	0	2,205	2,787	0	1,951
Dichloromethane (Methylene chloride)	186	57,700	53,000	4,700	109,100	104,000	5,100	114,200	109,200	5,000	82,175	78,340	3,835	49,300	40,225	4,300
Trimethylbenzene*1	691	1,651	8	13	1,002	5	19	1,598	8	23	2,220	22	3	2,717	40	6.7
Others*2	580 585	—	—	—	—	—	—	—	—	—	4,676	1	168	1,540	0	0

· Listed here are substances for which the amount used is 1,000 kg or more annually.

· Substances subject to notification have been added to the report from FY2024, and we have submitted notification regarding two of these new substances.

*1 Kerosene fuel consumed by combustion is not included in the amounts of emissions and transfer.

*2 Other substance names are as follows.

580: Alpha-alkyl-omega-hydroxypoly(oxyethylene) (Limited to substances with alkyl group carbon numbers of 9 through 11 and mixtures thereof, and substances with a number-average molecular weight of less than 1,000)

585: Alpha-(isocyanatobenzyl)-omega-(isocyanatophenyl)poly([isocyanatophenylene]methylene)

Biodiversity Conservation

We see the conservation of biodiversity as one of our materialities, and we are always considerate of biodiversity conservation and the natural environment.

For the second successive year following fiscal 2023, in fiscal 2024, PILLAR Corporation sponsored "Sanda Sakura Monogatari" ("Sanda Cherry Blossom Story"), which is an initiative with which Sanda City

works to conserve cherry blossom trees that line the Muko River and yamazakura (Japanese mountain cherry trees) that grow wild in the surrounding mountains and forests.

We also undertake regular cleaning work around all our business locations and contribute to environmental conservation in local communities.

Information Disclosure Based on the TCFD Recommendations



As the role of companies in mitigating and adapting to climate change becomes increasingly important, and as demand for decarbonization and carbon neutrality increases in the marketplace, we intend to further increase our contribution to the decarbonization of markets and society

► Governance and Risk Management

The Group has established the ESG/SDGs Promotion Committee as an organization for addressing issues relating to sustainability. Regarding climate change, basic policy and goals formulated by the Decarbonization and Global Environment Committee, which is a lower level organization, are being deliberated, and we are monitoring our progress toward achieving those goals.

Climate-related risk management is focused around the Decarbonization and Global Environment Committee, which reports quarterly to the ESG/SDGs Promotion Committee.

Overall, integrated risk management is overseen by the Risk

through our technologies and products. In fiscal 2024, we adopted the approach of the Science Based Targets initiative (SBTi) and reviewed our medium- to long-term targets.

Management Committee, which builds and operates a company-wide risk management system that also covers climate-related risks. These two committees coordinate closely with each other, with the aim of making our response to climate change more effective.

The content of deliberations at each committee is reported to the Board of Directors twice yearly, and a governance system is in place to ensure appropriate supervision by the Board of Directors.

For more information on other governance structures and risk management, please visit our website.

► Strategy

When identifying climate-change risks and opportunities that impact the Group's businesses, strategy, and finances, we established ① a 1.5–2°C temperature-rise worldview in which decarbonization progresses and ② a 3–4°C temperature-rise worldview in which global

warming progresses, then identified and consolidated climate-related drivers in each scenario with which the degree of impact on the Group is expected to be significant.

■ Risks and opportunities expected to be significant in the following scenarios

■ 1.5–2°C scenario ■ 3–4°C scenario

■ Time horizon (timing of occurrence/realization)

Short term: within 3 years, Medium term: over 3 years to 10 years,

Long term: over 10 years

	Risk	Time horizon	Risk reduction
Policies/Regulations	Carbon pricing based on the Company's own GHG emissions	Medium term	Reduce GHG emissions by promoting energy conservation and energy creation initiatives
Markets	Decrease in demand for fluid control equipment in the power and energy markets due to the shift away from fossil fuels	Medium to long term	Keep a close eye on the trends of energy shift and EV shift, and strategically respond to them
	Decrease in demand for fluid control equipment for vehicles with internal combustion engines	Short to medium term	
Technology	Intensify competition in the development of technologies and products for a decarbonized society	Medium term	Accelerate R&D of technologies and products that reduce environmental impact, such as energy saving, resource saving, and space saving
Weather, climate and environmental changes	Flooding in and around the Company's main locations	Short term	Promote disaster prevention measures at high-risk sites, strengthen coordination among sites, and review and strengthen BCPs

	Opportunity	Time horizon	Opportunity capture measures
Markets	Increase in demand for semiconductor-related products due to digital transformation (DX) and other developments aimed at increasing the efficiency of socioeconomic activities	Short term	Keep a close eye on technological innovations and market trends in the information, communication, and control markets, and launching new products in a timely manner
	Increase in demand for fluid control equipment in the clean energy market, including hydrogen, ammonia, and biomass fuels	Medium to long term	Identify needs and promoting market development in the clean energy fluid handling market
	Increase in demand for semiconductor-related products due to the increase in solar power generation and the spread of distributed power sources	Short term	Stably supply semiconductor and LCD related products for the electric power market based on the expansion of the renewable energy market and the transition to a distributed energy society
	Increase in demand for semiconductor-related products due to the increase in onboard semiconductors and devices for EVs and self-driving cars	Short term	Identify needs and promote market development associated with the shift to mobility
Technology	Increase in demand for fluid control equipment that contributes to CO ₂ transport/transfer and fluid control	Medium term	Accelerate research and development of CCUS up to the commercial stage and participate in demonstration tests, etc.
Weather, climate and environmental changes	Increase in demand for drainage equipment and pump-related products	Short term	Expand businesses that solve societal issues
	Increase in demand for products related to seawater desalination and purification	Long term	

Scenario Analysis

Among the climate risks and opportunities that were identified, we used the World Energy Outlook 2022—which was issued by the International Energy Agency (IEA)—and various other parameters to conduct scenario analysis of ① the impact of the shift to EVs on products for the automotive market and ② the impact of the shift to clean energy on products for the petroleum refining and chemical markets, while also taking into account their impact on future business for the Company (financial impact, etc.) and their relevance to business strategy.

The results of this analysis enabled us to recognize that the shift

to EV and clean energy has a significant impact on the Company's products. However, we also came to understand that actively promoting our response to climate change can lessen this impact and lead to generating and expanding sales opportunities in new markets.

In response to the anticipated risks and opportunities, we are developing new products and improving the performance of existing ones. By also strengthening our relationships with business partners, we are making the Company more resilient to climate change.

► Indicators and Targets

Greenhouse gases

CO₂ Emission Reduction Targets (Consolidated / Scope 1+2) (compared to FY2023)

FY2025	FY2030	FY2050
Reduced by at least 25%	Reduced by at least 50%	Virtually zero

With a view to mitigating climate change, the Group is actively working to reduce greenhouse gas emissions, for example, through energy-saving activities and through in-house power generation from solar power facilities on Company-owned sites.

We reviewed our goals during fiscal 2024 and formulated more effective reduction plans. During this review, we changed the reference year from fiscal 2013 to fiscal 2023 and adopted the approach of the

Science Based Targets initiative (SBTi).

We are also making the disclosure of sustainability information more reliable and incentivizing management to promote climate change measures, for example, by including the acquisition of third-party verification in some environmental performance indicators and incorporating ESG indicators into our remuneration system for directors.

Detailed information based on the Task Force on Climate Related Financial Disclosures (TCFD) is also featured on our website.

<https://www.pillar.co.jp/en/sustainability/tcfd/>

PILLAR Information Disclosure Based on the TCFD Recommendations



Initiatives for a Decarbonized Society

Based on the PILLAR Group Environmental Policy, we recognize that environmental issues such as climate change are a challenge common to all humankind. We are also aware of our social responsibilities as a corporation, and as a good corporate citizen, we are actively working to preserve the global environment.

Particularly by contributing to reduced CO₂ emissions from our business activities, and via our products and services, to reduced greenhouse gas (GHG) emissions from society as a whole, we are aiming for the sustainable development of society and the Company, and for the realization of a decarbonized society.

► Transition Planning for a Decarbonized Society

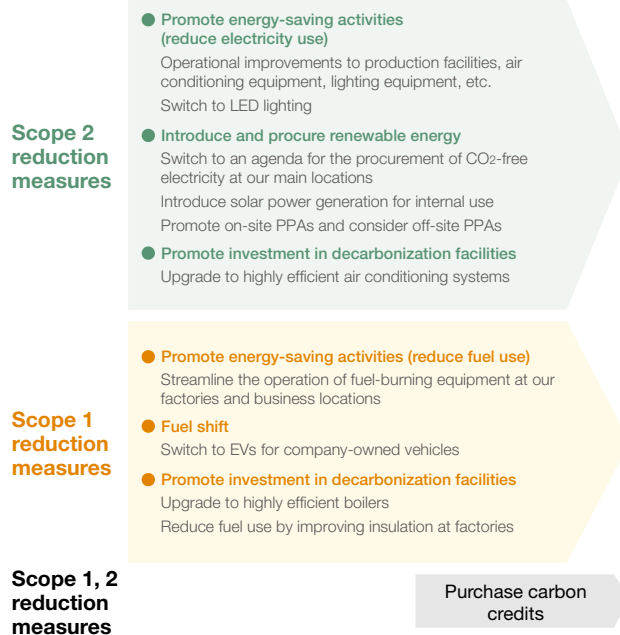
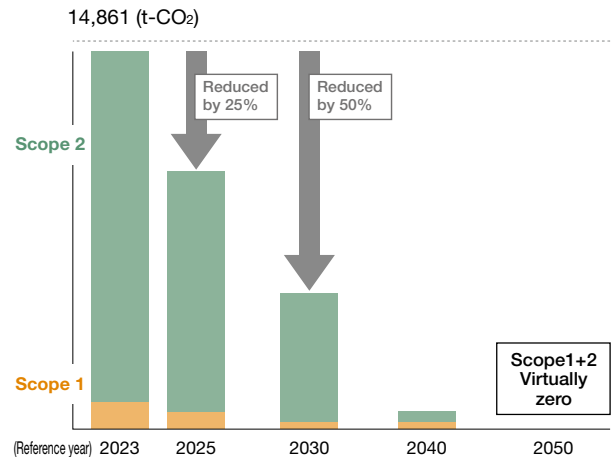
— Road Map for Achieving Carbon Neutrality

We are planning specific measures in accordance with short-, medium-, and long-term timelines for achieving virtually zero CO₂ emissions by 2050. In addition to ongoing initiatives such as energy-saving activities and the upgrading of facilities, our aim is to reliably reduce emissions through a phased approach that includes expanding the introduction of renewable energy, switching away from fossil fuels, and ultimately utilizing carbon credits.

— Current Progress (Scope 1 + 2)

The PILLAR GROUP's CO₂ emissions (Scope 1 and Scope 2) in fiscal 2024 were 8,651 t-CO₂. We have been steadily implementing carbon-neutral measures at all business sites, for example, energy saving, enhancing solar power generation for internal use, and increasing procurement amounts for CO₂-free electric power.

In fiscal 2024, we began the full-scale operation of solar power generation for internal use at two new locations, our Fukuchiyama Factory No. 2 and NP Kogyo, thereby increasing the ratio of renewable energy that we use.



► Specific Initiatives for Decarbonization

— Energy-Saving Activities

The PILLAR GROUP is actively promoting energy-saving activities with the aim of optimizing energy use and reducing energy wastage at all business sites. We are implementing a wide range of measures, from day-to-day energy-saving activities such as operational improvements

— Introducing Renewable Energy

As an important step toward reducing CO₂ emissions, we are actively advancing the introduction of renewable energy. We have installed and are operating solar power generation for internal use in five buildings at four factories, including our Sanda and Fukuchiyama factories. We

— Internal Carbon Price System

At the PILLAR GROUP, we are introducing an internal carbon price system with the objectives of promoting low-carbon investment and strengthening our response to climate change risks.

Having set a carbon price of 9,200 yen/t-CO₂ (as of October 2021), we visualized the future costs associated with CO₂ emissions in the decision-making process for facilities investment and business

at production facilities, upgrading to highly efficient equipment, switching to LED lighting, and the optimized operation of air conditioning equipment, to medium- and long-term initiatives associated with investing in facilities.

have also extended our adoption of an agenda for the procurement of CO₂-free electricity, and we are seeking to increase the ratio of renewable energy that we use.

planning. With this system, we are encouraging decisions to invest in energy-saving facilities and renewable energy equipment, and promoting decarbonization from a medium- to long-term perspective. Going forward, we will set an appropriate carbon price and operate the system while closely monitoring carbon price trends in Japan and overseas.

► Initiatives Throughout the Supply Chain

— Calculation and Reduction of Scope 3 Emissions

In addition to the Group's direct (Scope 1) and indirect (Scope 2) emissions, we are advancing the calculation and management of emissions throughout the supply chain (Scope 3).

Our Scope 3 emissions in fiscal 2024 were 106,501 t-CO₂, which is a 28% reduction on the previous fiscal year. This was thanks to a significant reduction in Category 2 emissions during fiscal 2024, when there were no large-scale investment projects as there had been in fiscal 2023, for example, in consumables and fixed assets relating to

new factory construction.

Because Category 1 (purchased goods and services) accounts for about 77% of Scope 3 emissions overall, we believe that reducing emissions by collaborating with our suppliers is a key challenge.

Going forward, we will improve the accuracy of calculation and take steps to reduce emissions, thereby promoting decarbonization throughout the supply chain.

— Collaborating with Stakeholders

At the PILLAR GROUP, we believe it is essential to work on tackling the problem of climate change across the entire supply chain. We are engaged in dialogues and collaborations with various stakeholders

such as customers, suppliers, and local communities, and we will coordinate with these stakeholders with the goal of achieving virtually zero CO₂ emissions by fiscal 2050.

— Dialogues and Collaborations with Suppliers

In order to work throughout the supply chain in response to the demand for realizing a sustainable society, we have established and are operating the PILLAR CSR Procurement Guidelines, which streamline the Group's procurement.

We have also highlighted items related to environmental conservation, which include activities for achieving CO₂ reduction targets, so that we can also work in cooperation with suppliers to tackle the problem of climate change.

Specifically, at annual policy briefings for suppliers, we summarize the climate change problem, explain the Group's initiatives to address it, and provide details of calculating Scope 1, 2, and 3 emissions. We also endeavor to improve understanding of climate change and GHG calculation. With our annual CSR procurement questionnaire, which is conducted to assess the situation regarding initiatives at all our suppliers, we have been confirming and tracking the status of their efforts to reduce greenhouse gas emissions since fiscal 2021.

► Policy Engagement

— Activities via Industry Organizations

The PILLAR GROUP is in the Japan Society of Industrial Machinery Manufacturers (JSIM), whose member companies manufacture industrial machinery used primarily in factories. JSIM proposed a target for fiscal 2030 of reducing CO₂ emissions from domestic manufacturing by 10% compared to fiscal 2013, and achieved a 21.3% reduction in the ten years from fiscal 2013 ('Environmental Activities Report 2023,' JSIM). In order to contribute to measures that will combat global warming on a worldwide scale in future, it has adopted policies for advancing proactive energy-saving activities and the utilization of renewable energy.

As a JSIM member company, we cooperate with regular surveys

conducted by its Environment Committee. We also provide environmental data relating to energy consumption, CO₂ emissions, and so on, and information about initiatives for reducing such emissions. We actively participate in other activities organized by the JSIM Environment Committee, and assist in promoting initiatives to reduce the environmental impact of the industry as a whole. In particular, our ambitious goal of reducing CO₂ emissions by at least 50% by fiscal 2030 compared to fiscal 2023 exceeds the JSIM's own targets, and we are sharing information about this as an example of a progressive initiative within the industry.

► Products and Technologies that Contribute to Realizing a Decarbonized Society

— Development and Sales Targets for Environmental Contribution Products

The Group is committed to expanding the development and sales of environmental contribution products to meet societal needs for energy conservation and the utilization of clean energy. Sales of these products in fiscal 2024 were 3.1 billion yen, and we achieved this fiscal 2025 KPI

ahead of schedule. We are committed to achieving this KPI again during fiscal 2025, and we will develop our activities to further expand sales, with the aim of reaching 6 billion yen by fiscal 2030.

— Introducing Our Key Environmental Contribution Products

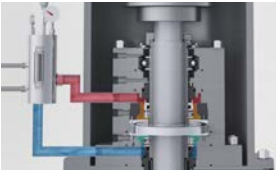
The PILLAR GROUP has two environmental contribution product groups: energy saving and carbon neutral.

Our range of energy-saving contribution products contributes to reducing the energy needed for devices and equipment by adopting PILLAR products such as those with low pressure loss, low torque, and low power consumption. Our range of carbon-neutral contribution products are incorporated in devices and equipment that contribute to realizing a carbon-neutral society, for example, emerging energy

sources, batteries, and EVs. We are promoting product development with an awareness of market needs and environmental issues, and expanding our lineup of environmental contribution products.

In future, by further promoting technological innovation and accelerating the development and launch to market of products with greater environmental performance, we will strengthen our initiatives toward realizing a decarbonized society.

● Examples of Environmental Contribution Products

Product	Characteristics
Sweep Elbow 	Circulation product This elbow fitting with a round flow path employs the sealing structure of our S300-type fitting, which is trusted and has a proven track record. The round flow path reduces pipe resistance, thereby contributing to environmentally friendly equipment design. For example, the Sweep Elbow fitting with an 8 mm inner diameter reduces pressure loss by approximately 60% (actual PILLAR measurement values) compared with our existing products.
EDP® Packing 	Gland packing This product achieves high airtightness due to its packing structure and lubricant for preventing liquid penetration. It contributes to the environment by conforming to requirements for compatibility with global standard values such as ISO 15848-1 (international standard) and API 622 (industry standard). *EDP = Emission Defense Packing
Gas seal 	Mechanical seal Normally, sliding surfaces are sealed through direct contact, whereas this mechanical seal has a structure that enables sealing in a state in which the sliding surfaces are raised in micron-level increments. The seal sliding surfaces are noncontact, so they also grant an energy-saving effect through low power consumption. Furthermore, this product has a long operating life due to there being little damage to the seal end surface, and contributes to the environment by not utilizing liquid sealants or buffers.
PSCC 	Mechanical seal Until recently, in the operation of mechanical seals for agitators, the supply of liquid sealant or lubricant (sealant circulating and cooling) was undertaken using an auxiliary circulation device (pressure unit). However, PILLAR has developed this unique, new-concept system, which circulates sealant via an internal pumping function. By eliminating the need for a pressure unit, this contributes to energy saving and resource conservation, for example, with a 14 metric ton reduction in annual CO₂ emissions and a 70% reduction in the space required for installation (PILLAR estimates). *PSCC = PILLAR Sealant Circulating & Cooling System

► Disclosing Climate-Related Information with the CDP

The PILLAR GROUP is appropriately assessing and managing risks and opportunities related to climate change, and as well as reflecting these in management strategy, we believe it is important to disclose information to our stakeholders in a highly transparent way. By disclosing information based on Taskforce on Nature-related Financial Disclosures (TCFD) recommendations and responding to the Carbon Disclosure Project (CDP), we are actively disseminating our climate

change initiatives and encouraging dialogues with stakeholders.

In fiscal 2024, we disclosed information via the CDP questionnaire and received a B score (management level) in the fields of both climate change and water security. Going forward, we will continue to make our initiatives related to climate change and the conservation of water resources more sophisticated, to strengthen their disclosure, and to further improve the disclosure of environmental information.

This and further information about PILLAR's initiatives for a decarbonized society can also be seen on our website.

<https://www.pillar.co.jp/en/sustainability/decarbonization/>

PILLAR initiatives for a decarbonized society



Messages from the Outside Directors

In a wide range of fields, outside directors with extensive experience and broad insight bring important external perspectives to the governance of the Group. Featured below are messages from our outside directors.



Yoshinori Suzuki

Outside Director

Reflections as We Look Toward the Next 100 Years

Outside Director Junichi Komamura was a figure overflowing with vitality who led us forward. Upon receiving the sudden news of his passing, I extend my heartfelt condolences, while also taking on the remaining responsibilities he carried as a member of both the Remuneration Advisory Committee and the Nomination Advisory Committee.

The relationship between a company and its employees is built on the delegation of work that supports employees' aspirations, such as the urge to grow as a professional and the desire to contribute to society, together with compensation that motivates them to pursue new challenges. This relationship will remain unchanged going into the future.

As we look toward the next 100 years, I believe it is time to return to the facts that got us started: a company is its people, human resources are the only true differentiator of a company, and the growth of people leads to the growth of departments and of the company. From this foundation, we should reconstruct our philosophy regarding compensation and human resources. Through a series of discussions in both advisory committees, I believe we have been able to take a step toward proposals that will shape the future of our compensation and HR philosophies.

The compensation philosophy we should strive for is one built on three integrated elements: first, a compensation system that stimulates the desire to take on challenges, even when compared with peer companies; second, the sharing of concrete goals aimed at enhancing the value of both employees and the Company; and third, an evaluation system that is mutually acceptable and reasonable. Social infrastructure is undergoing rapid innovation, while the globalization of the business environment is also changing significantly, and the skills required of companies and employees are becoming more advanced every day. We want to pursue a compensation and HR philosophy that enables both the Company and its employees to continue challenging themselves toward self-growth.



Haruhiko Maki

Outside Director

Toward Further Growth Through the Realization of Our Purpose

I was recently appointed as an outside director. I spent about 40 years working at a chemical company, mainly engaged in the production and technological development of functional films used in electronic devices such as smartphones. The three points I valued most in that work were: ensuring safety, consideration for the environment, and the implementation of advanced technologies. A serious commitment to safety unquestionably improves quality and productivity. Consideration for the environment can now be said to be central to corporate activity. And without the implementation of ever-evolving advanced technologies, new competitiveness cannot be created. These three points happen to align perfectly with the Purpose that the Company aspires to.

The Company has continued to grow dramatically, powered by timely investment decisions and by the market trust earned through our core fluid control technologies, celebrating its 100th anniversary last year. Looking ahead to the next 100 years, we are moving forward with transformation under the theme of *Re-Born and Evolution*, aiming for even greater growth. In the short term, the challenge lies in improving and streamlining on-site operations; in the medium to long term, it lies in making investment decisions that anticipate market changes, developing new fields where our core technologies can be applied, and securing and fostering the talent to support our businesses.

In the Board of Directors, I hope to draw on the experience I have cultivated in manufacturing settings to contribute opinions that will drive the Company's further growth.



Kazumitsu Takaya

Outside Director
(Audit & Supervisory Committee member)

Utilization of IT/DX and IT Governance

In fiscal 2023, our new Medium-Term Management Plan One2025 was launched, which newly added investment in human resources and the use of DX (digital transformation) to our ESG initiatives.

At the meetings of the Board of Directors in fiscal 2024, reports were presented on these initiatives. I understand that the strategic utilization of IT systems and the promotion of DX are recognized as essential to enhancing corporate value and maintaining and strengthening competitiveness. Since DX entails transforming operations themselves, as well as organizations, processes, corporate culture, and climate, I expect that our initiatives will go beyond the level of simply IT-enabling business functions.

As IT utilization advances, responding to information security risks is becoming increasingly important. This requires establishing and executing IT policies aligned with management strategy, along with building the necessary organizational structures. The foundation of these efforts is IT governance, which constitutes a vital framework that underpins corporate reliability and sustainability.

Moreover, with the disclosure standards for sustainability set to be announced in 2025, the mandatory and accelerated disclosure of both financial and non-financial information is progressing, and companies are being required to demonstrate even greater transparency and accountability. To respond appropriately to these social demands, I intend to pay close attention to advancing the effective utilization of IT and DX, together with strengthening the IT governance that supports them.



Kyoko Kobayashi

Outside Director
(Audit & Supervisory Committee member)

Offering Candid Opinions from an External Perspective for Sound Management Decisions

The Company marked its 100th anniversary in 2024 and is striving for further evolution and growth. As part of these efforts, in fiscal 2024 the establishment of a new plant in Ina City, Nagano Prefecture, by our subsidiary TANKEN SEAL SEIKO was decided, and the matter was brought before the Board of Directors.

In reviewing the plan, I felt that certain aspects reflected a divergence between the subsidiary's intentions and what would constitute overall optimization from the parent company's perspective. When I raised this concern, other outside directors also expressed similar views, encouraging further deliberation to ensure the plan would serve the interests of the Group as a whole.

In this way, when multiple directors share their views, discussions deepen and issues can be examined from multiple angles. At our Board meetings, the chair conducts proceedings in a way that makes it easy for each director to speak, which allows for candid opinions to be exchanged. At the same time, through the discussions regarding the Ina Factory, I came to feel that in offering comments, it is important not only to raise concerns but also to present a desirable direction upon considering various factors.

I will continue to refine my ability to contribute constructive input, and I will endeavor to offer candid opinions so that the Company can make sound management decisions.

Corporate Governance

Basic Approach

Customer satisfaction is the fundamental starting point for the Group's corporate activities, and earning the esteem and trust of our customers makes it possible to achieve sustained growth and profits. The Group recognizes corporate governance as an important task for management in realizing its basic policy of connecting this customer satisfaction to greater corporate value, and to the satisfaction of shareholders and other stakeholders. We believe it is also important to establish

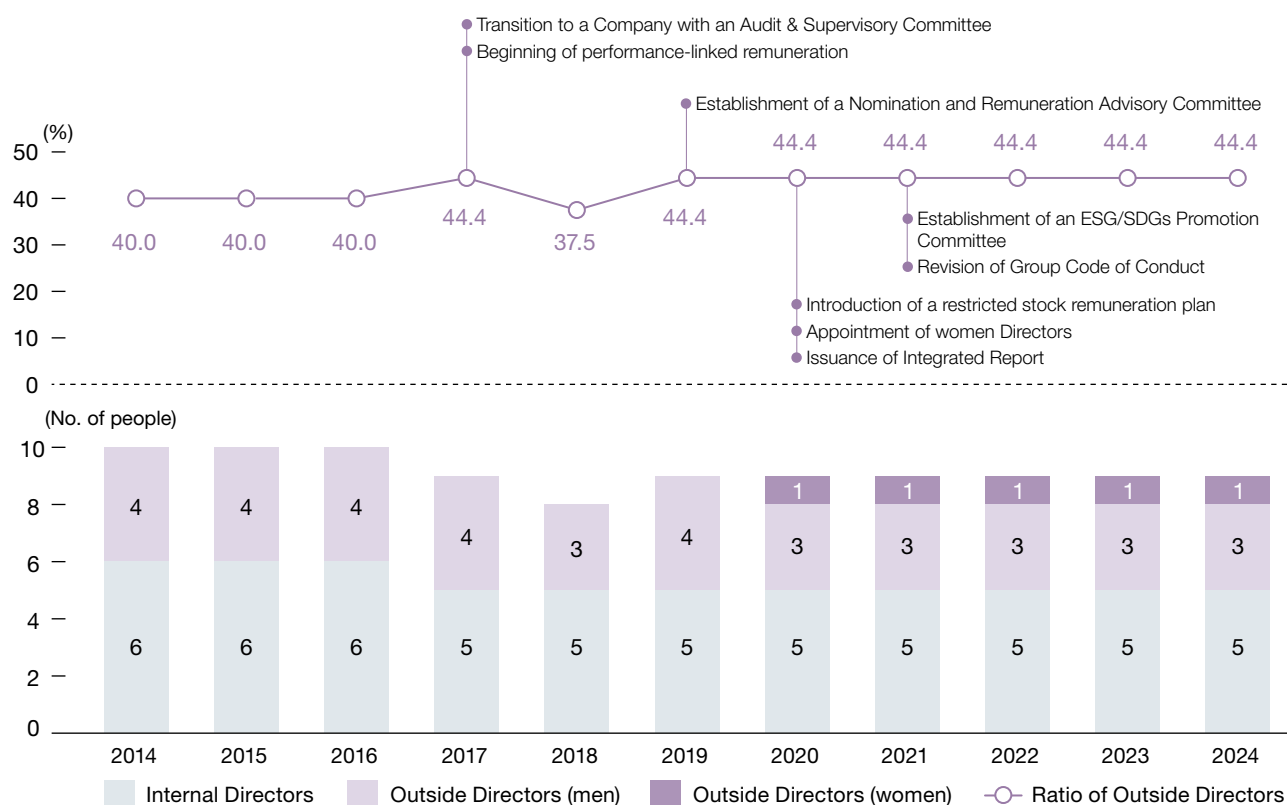
management organizations and internal controls so that sound, highly transparent decision-making can be swiftly carried out.

Corporate governance fundamentally is not only compliance with laws and regulations but also consists of promoting business activities that respect corporate ethics, morality, and fairness and developing smooth, disciplined and cooperative relationships with all stakeholders.

Governance Summary

Format of governance organization Company with an Audit & Supervisory Committee	Advisory body to Board of Directors Independent committees	Number of directors (excluding directors who are Audit & Supervisory Committee members) 6 (including 2 outside directors)
Number of directors who are Audit & Supervisory Committee members 3 (including 2 outside directors)	Number of independent directors (including Audit & Supervisory Committee members) 4	Number of Board of Directors meetings in fiscal 2024 7
Term of office for directors 1 year (excluding directors who are Audit & Supervisory Committee members)	Performance-linked remuneration Provided	Takeover defense measures Implemented

Transition of Corporate Governance





Kazumitsu Takaya

Kyoko Kobayashi

Tomonobu Yoshida

Katsuhiko Shukunami

Yoshinobu Iwanami

Kiyohisa Iwanami

Masato Wada

Yoshinori Suzuki

Haruhiko Maki

Officer Profiles and Reasons for Appointment

*Numbers for years in office are correct as of the end of the 2025 General Meeting of Shareholders

Kiyohisa Iwanami

Chairman & CEO

[Number of years as a Director: 46]

Aug. 1978 Joined the Company
Director
Feb. 1985 Managing Director
Aug. 1987 Executive Vice President
Jun. 1989 President
Jun. 2007 President and Executive Officer
Jun. 2020 Chairman & CEO (to present)

Reasons for appointment

Mr. Kiyohisa Iwanami, who has been in charge of the management of the Group as a Representative Director of the Company for many years, continues to serve as a Director in consideration of his accomplishments in serving as the driving force of the entire Group by demonstrating his leadership, as well as his significant insight, achievements, capabilities, and wealth of experience concerning management.

Yoshinobu Iwanami

President

[Number of years as a Director: 13]

Jun. 2010 Joined the Company
Executive Officer
Jun. 2012 Director
Jun. 2014 Managing Executive Officer
Jun. 2018 Senior Executive Officer
General Manager, Sales Headquarters
Jun. 2020 President (to present)
President and Executive Officer (to present)

Reasons for appointment

Mr. Yoshinobu Iwanami, who has been in charge of the management of the Company and demonstrated strong leadership as President of the Company, continues to serve as a Director in consideration of his wealth of experience and broad insight in the Sales Division in Japan and abroad and his expertise in corporate management in general, among other factors.

Katsuhiko Shukunami

Director, Deputy President

[Number of years as a Director: 11]

May 2014 Joined the Company
General Manager, Corporate Planning Department
Jun. 2014 Director (to present)
Executive Officer
Jun. 2016 Managing Executive Officer
Mar. 2017 General Manager, Security Trade Control Department
General Manager, Information System Department
Jun. 2018 General Manager, Administration Headquarters (to present)
Jun. 2020 Senior Executive Officer
Apr. 2025 Executive Vice President and Executive Officer of the Company (to present)

Reasons for appointment

Mr. Katsuhiko Shukunami has demonstrated leadership in areas such as corporate planning, accounting & finance, general affairs, and personnel as General Manager of Administration Headquarters. He continues to serve as a Director in consideration of his substantial accomplishments and his wealth of knowledge based on past experience.

New appointment

Masato Wada

Director, Senior Executive Officer

Apr. 1989 Joined the Company
Mar. 2015 General Manager of Sanda Engineering Dept., Engineering Headquarters of the Company
Jun. 2018 Executive Officer of the Company
General Manager of 2nd Sales Dept., Sales Headquarters of the Company
Apr. 2020 General Manager of Engineering Headquarters of the Company
Apr. 2023 Managing Executive Officer of the Company
Representative Director and President of TANKEN SEAL SEIKO CO., LTD.
Apr. 2025 Senior Executive Officer of the Company (to present)
In charge of Technological Development and Quality Assurance of the Company (to present)
General Manager of Sanda Factory of the Company (to present)
Jun. 2025 Director (to present)

Reasons for appointment

Mr. Masato Wada newly serves as a Director in consideration of his achievements and his wealth of experience and insight, having engaged in important roles such as developing new products and strengthening the sales force, mainly in the Technological Development Division.

Outside

Independent

Yoshinori Suzuki

Outside Director

[Number of years as a Director: 6]

Apr. 1975 Joined OMRON Tateisi Electronics Co. (now OMRON Corporation)
Jun. 2003 Executive Officer
Jun. 2006 Managing Executive Officer
Apr. 2013 Senior Managing Executive Officer
Jun. 2013 CFO and Senior Managing Director
Apr. 2014 Visiting Professor, Doshisha Business School
Apr. 2014 Representative Director, Vice President and CFO, OMRON Corporation
Jun. 2019 Outside Director of the Company (to present)

Reasons for appointment

Mr. Yoshinori Suzuki has a wealth of knowledge and experience and broad insight, which he has gained throughout his career as a management executive of business corporations. Mr. Suzuki continues to serve as an Outside Director because the Company considers that, by leveraging such knowledge, experience, and insight, he will be able to duly oversee the management of the Company as an independent director while also providing objective and useful advice and proposals.

New appointment

Outside

Independent

Haruhiko Maki

Outside Director

Apr. 1982 Joined Kaneka Corporation (current KANEKA CORPORATION)
Nov. 2008 General Manager of Shiga Manufacturing Site
Apr. 2013 Executive Officer, General Manager of Electrical & Electronic Materials Division
Mar. 2016 Executive Officer, General Manager of Shiga Manufacturing Site
Apr. 2020 Managing Executive Officer, General Manager of Shiga Manufacturing Site
Apr. 2022 Advisor of Shiga Manufacturing Site
Oct. 2023 Representative Director of MAKI Corporation (to present)
Jun. 2024 Outside Director of E-ThermoGentek Co., Ltd. (to present)
Jun. 2025 Outside Director of the Company (to present)

Reasons for appointment

Mr. Haruhiko Maki has a wealth of knowledge and experience and broad insight, which he has gained throughout his career as a director and a strategic consultant in the production divisions, etc. of business corporations. Mr. Maki newly serves as an Outside Director because the Company considers that, by leveraging such knowledge, experience, and insight, he will be able to duly oversee the management of the Company as an independent director while also providing objective and useful advice and proposals.

Tomonobu Yoshida

Director (Audit & Supervisory Committee member)

[Number of years as a Director: 1]

Aug. 2014 Joined the Company
Apr. 2018 General Manager, Fukuchiyama Production Department
Apr. 2021 General Manager, Internal Audit Office
Apr. 2024 General Manager, General Affairs & Personnel Department
Jun. 2024 Director (Full-Time Audit & Supervisory Committee member) (to present)

Reasons for appointment

Mr. Tomonobu Yoshida is mainly engaged in overall production and internal audits and has a wealth of operational knowledge and experience in compliance and internal control. Mr. Yoshida continues to serve as a Director who is an Audit & Supervisory Committee member because the Company considers that he has the ability to properly fulfill his duties in these roles based on his wealth of knowledge and experience.

Outside Independent

Kazumitsu Takaya

Outside Director (Audit & Supervisory Committee member)

[Number of years as a Director: 6]

Mar. 1989 Registered as a certified public accountant
Aug. 1992 Registered as a certified public tax accountant
Mar. 2004 Established Takaya CPA Office
Dec. 2004 Representative Partner, Nexus Audit Corporation (to present)
Jun. 2016 Outside Director, HIRANO TECSEED Co., Ltd. (Audit & Supervisory Committee member)
Jun. 2019 Outside Director of the Company (Audit & Supervisory Committee member) (to present)

Reasons for appointment

Mr. Kazumitsu Takaya has a high level of expertise and broad experience in finance and accounting as a certified public accountant. Mr. Takaya continues to serve as an Outside Director who is an Audit & Supervisory Committee member because the Company considers that he will be able to duly audit the execution of the management of the Company from his professional standpoint, while also providing objective and useful advice and proposals that contribute to transparent management.

Outside Independent

Kyoko Kobayashi

Outside Director (Audit & Supervisory Committee member)

[Number of years as a Director: 4]

Apr. 1999 Registered as an attorney at law
Joined Irokawa Law Office (currently Irokawa Legal Professional Corporation)
Sep. 2009 Seconded to Legal Affairs Office, Sharp Corporation
Sep. 2014 Returned to Irokawa Law Office
Jan. 2018 Partner at Irokawa Law Office
Feb. 2018 Outside Auditor of Kawakami Paint Manufacturing Co., Ltd. (to present)
Jan. 2020 Partner of Irokawa Legal Professional Corporation
Jun. 2020 Outside Director of Mitsubishi Logisnext Co., Ltd. (to present)
Jun. 2021 Outside Director of the Company (Audit & Supervisory Committee member) (to present)
Jan. 2025 Irokawa Legal Professional Corporation (to present)

Reasons for appointment

Ms. Kyoko Kobayashi has a wealth of achievements and insight primarily as a lawyer in corporate law, as well as experience of working at a listed company. Ms. Kobayashi continues to serve as an Outside Director who is an Audit & Supervisory Committee member because the Company considers that she will be able to duly audit the execution of the management of the Company from her professional standpoint, while also providing objective and useful advice and proposals that contribute to improving corporate governance.

► Executive Officers (Excluding Directors)

Toyokazu Serita	Managing Executive Officer	Sales Headquarters	Masanobu Ono	Executive Officer	Production Headquarters
Masaru Fujiwara	Managing Executive Officer	Production and Production Technology, Fukuchiyama Factory	Yutaka Miyamoto	Executive Officer	Process Dept. and Seismic Isolation Headquarters
Kazukiyo Teshima	Executive Officer	Engineering Headquarters	Yoshihiro Ito	Executive Officer	President, TANKEN SEAL SEIKO CO., LTD
Tomotaka Nakagami	Executive Officer	Chairman, TANKEN SEAL SEIKO CO., LTD.	Takashi Terasawa	Executive Officer	Administration Headquarters, Next Gen System Project Dept.

Executive Skills Matrix

While taking into account the management environment and issues with which the Company is confronted, we have categorized the skills that Directors must possess into the following three strategic perspectives.

① Management perspective	Maximizing corporate value and building a sound business foundation	Corporate management; Legal affairs / Compliance; Finance / Accounting
② Business perspective	Securing the source of competitiveness and generating customer value	Production / Technological development; Sales / Marketing
③ Market perspective	Addressing environmental issues and accomplishing our social responsibilities	Environment / Sustainability

	Name	External	Corporate management	Production / Technological development	Sales / Marketing	Finance / Accounting	Legal affairs / Compliance	Environment / Sustainability	No. of times attended/No. of meetings held (FY2024)			
									Board of Directors	Nomination Advisory Committee	Remuneration Advisory Committee	Audit & Supervisory Committee
Directors	Kiyohisa Iwanami		●	●	●		●	●	7/7	2/2	2/2	—
	Yoshinobu Iwanami		●	●	●		●	●	7/7	—	—	—
	Katsuhiko Shukunami		●	●		●	●	●	7/7	—	—	—
	Masato Wada		●	●				●	—	—	—	—
	Yoshinori Suzuki	●	●		●	●		●	7/7	—	2/2	—
	Junichi Komamura	●	●	●	●		●		4/5*1	1/1		
	Haruhiko Maki	●	●	●				●	—	—	—	—
	Tomonobu Yoshida			●			●		6/6*2	—	—	8/8*3
Directors who are Audit & Supervisory Committee members	Kazuhiro Maruoka					●	●		1/1*4			4/4*5
	Kazumitsu Takaya	●				●			7/7	—	2/2	12/12
	Kyoko Kobayashi	●					●		7/7	2/2	—	12/12

*1 Mr. Junichi Komamura passed away on December 18, 2024, so his attendance only applies to Board of Directors meetings held in the period until that date.

*2 The attendance, etc. of Mr. Tomonobu Yoshida only applies to Board of Directors meetings held subsequent to his appointment as a Director (Audit & Supervisory Committee member) at the 76th Ordinary General Meeting of Shareholders on June 25, 2024.

*3 The attendance record of Mr. Tomonobu Yoshida applies to the period subsequent to his appointment as a Director who is an Audit & Supervisory Committee member on June 25, 2024.

*4 The attendance of Mr. Kazuhiro Maruoka only applies to Board of Directors meetings held in the period until his resignation from the position of Director (Audit & Supervisory Committee member), which took effect at the end of the 76th Ordinary General Meeting of Shareholders on June 25, 2024.

*5 The attendance record of Mr. Kazuhiro Maruoka applies to Audit & Supervisory Committee meetings held until June 25, 2024.

Primary Initiatives of the Board of Directors in Fiscal 2024

During fiscal 2024, the Board of Directors discussed matters such as the progress of our Medium-Term Management Plan One2025, investment strategies that include the construction of a new TANKEN SEAL SEIKO factory, and ESG initiatives.

► Principal Items Discussed by the Board of Directors in Fiscal 2024

- Reported progress of the Medium-Term Management Plan One2025.
- Discussed changes to the Company's name, logo, and management philosophy.
- Discussed the formulation of fiscal 2025 management policy.
- Deliberated various investment strategies (investment in new facilities, etc.).
- Formulated activity plans relating to sustainability management and reported on initiatives. (Expanding information disclosure based on TCFD recommendations, activities to reduce CO₂ emissions, initiatives for human capital management, etc.)
- Assessed the effectiveness of the Board of Directors and followed up on that assessment.

Assessing the Effectiveness of the Board of Directors

In order to further improve the effectiveness of the Board of Directors, in fiscal 2024, each director responded to a questionnaire regarding issues such as the composition and operation of the Board of Directors, management strategy and business strategy, corporate ethics and risk/crisis management, performance monitoring and management assessment, and dialogues with shareholders and other stakeholders. The effectiveness of the Board of Directors was also analyzed and assessed, with the results being shared and discussed at Board of Directors meetings.

When implementing these measures in fiscal 2025, we elicited honest opinions from Board members, and utilized an external

organization for the design and analytical evaluation of the questionnaire, thereby providing a more objective assessment.

As a consequence, the Company's Board of Directors received a positive assessment overall, for example, due to the fact that its effectiveness has noticeably improved compared to the fiscal 2024 results. In particular, it was confirmed that the Board is composed of Directors who ensure the necessary skills and diversity, based on factors such as PILLAR's management strategy.

At the same time, some responses asked for more frequent Board of Directors meetings, more time for deliberation, and more substantial discussion of management strategy, business strategy, and so on, so these will be considered as future themes.

In order to further invigorate deliberations, in October 2024, opportunities were also provided to hold a Board of Directors meeting and factory inspection at TANKEN SEAL SEIKO, which became a group company in 2023, and to have heads of operational divisions report on the status of their efforts for priority measures. Going forward, we will seek further improvement for achieving more substantial deliberations, for example, by continuing to hold Board of Directors meetings and inspections at our key bases.

► Questionnaire Content

- Composition and operation of the Board of Directors
- Management strategy and business strategy
- Corporate ethics and risk/crisis management
- Performance monitoring and management assessment
- Dialogues with shareholders, etc.

Nomination of Candidates for Board of Directors

The appointment of directors will be considered in light of the scale of the Company's business, the human talent capable of adequately fulfilling their roles and responsibilities toward achieving the Medium-Term Management Plan One2025, and the diversity of Company directors. In nominating directors, the Board of Directors selects individuals with diverse perspectives, work experience, and a high level of skills sufficient to supervise and audit the execution of business operations, and nominates those individuals after deliberation by the Nomination Advisory Committee, a voluntary committee, and, for directors who are Audit & Supervisory Committee members, after obtaining the consent of the Audit & Supervisory Committee, they are each nominated by the Board of Directors and elected at the General Meeting of Shareholders. In dismissing a director, the Board of Directors will decide on the dismissal of a director upon deliberation by the voluntary Nomination Advisory Committee when circumstances make it difficult for that director to

execute their duties, and with the consent of the Audit & Supervisory Committee when that director is a member of the Audit & Supervisory Committee.

In appointing outside directors, in accordance with the Corporate Governance Code (Principle 4-9) and the independence standards stipulated by financial instruments exchanges, and with the consent of the Audit & Supervisory Committee and approval of the Board of Directors of the Company, for the purpose of clarifying the criteria to ensure the independence of independent outside directors, the Company has established the "Criteria for Determining the Independence of Independent Outside Directors." The Company will consider an outside director or candidate for outside director to be sufficiently independent if, as a result of the Company's investigation to the extent reasonably possible, it is determined that the outside director or candidate for outside director satisfies all the requirements listed on the following page.

[Criteria for Determining the Independence of Independent Outside Directors]

1. The person is not currently an executive officer of the Company or its affiliates (below "Company Group") and has never been an executive officer of the Company Group in the past.
2. An outside director who is a member of the Audit & Supervisory Committee must never have been a director or an accounting advisor (or an employee who should perform the duties of an accounting advisor if the accounting advisor is a juridical person) who does not execute operations for the Company Group.
3. None of the following applies at present or in the past three years:
 - (1) A person who is not a relative within the second degree of kinship of an accounting advisor, executive officer, corporate officer, manager, or other significant employee (below "director, etc.") of the Company Group.
 - (2) Not be a major shareholder of the Company (directly or indirectly holding 10% or more of the voting rights) or a director, etc. thereof, or a director, etc. of a company in which the Company Group is a major shareholder.
 - (3) Not be a director, etc. of a company that is a major business partner of the Company Group (a company whose payments or receipts from transactions with the Company Group account for 2% or more of actual consolidated sales of the Company Group or our business partners' group).
 - (4) Must not have received donations of 10 million yen or more from the Company Group in the current fiscal year.
 - (5) Not be a lawyer, certified public accountant, or professional service provider such as a consultant that receives more than 10 million yen in remuneration from the Company Group in the current fiscal year, other than remuneration as a director or corporate auditor.
 - (6) There must be no relationship of "reciprocal appointment of outside officers" between the company to which the individual belongs as a director, etc., and the Company Group.

Officer Remuneration

The remuneration of our senior management and directors is linked to our business performance and corporate value. The purpose of the remuneration is to further raise morale and motivation to continuously improve business performance and corporate value over the medium to long term, and to secure outstanding human talent to improve corporate governance through the proper supervision and auditing of the execution of business operations. Thus, the Company has established an equitable remuneration level and remuneration system commensurate with the duties of each employee.

Remuneration for senior management and directors (excluding outside directors and directors who are members of the Audit & Supervisory Committee) consists of fixed remuneration, performance-linked remuneration, and restricted stock remuneration. The amount of compensation is determined by the Board of Directors after deliberation by the Remuneration Advisory Committee, a voluntary committee comprised of a majority of independent outside directors, within the amount resolved at the General Meeting of Shareholders.

For outside directors (directors who are not members of the Audit & Supervisory Committee and those who are members of the Audit & Supervisory Committee), the amount of their remuneration is determined at the time of their invitation, together with the nature of their work. Since they are in a position independent of the execution of operations, performance-linked remuneration and restricted stock remuneration are not paid to them. In addition, the remuneration of directors who are members of the Audit & Supervisory Committee is determined through discussions by the Audit & Supervisory Committee.

The fixed remuneration ranges from 50% to 60% of the cash

remuneration corresponding to the position, with the higher the position, the lower the percentage of the fixed remuneration.

The indicators used for performance-linked remuneration are consolidated sales as an indicator of business scale, consolidated operating income as an indicator of sustained improvement in corporate value, consolidated operating margin as a gauge of management efficiency, ROE as an indicator of capital efficiency, and ESG indicators. These are weighted according to each position, with the addition of stock price levels as a KPI from fiscal 2025. Consolidated sales and consolidated operating income are assessed by comparison with the previous year. Furthermore, consolidated operating income and ROE are assessed by setting standard values and upper and lower limit values.

ESG indicators are assessed on a four-level scale based on a comprehensive evaluation of external assessments and the Company's own efforts to address ESG items. Stock prices are assessed with a relative comparison of PILLAR's stock price and the Nikkei 225.

For the fiscal year ended March 31, 2024, consolidated sales were 120.3% of the previous year's level, and similarly, consolidated operating income was 102.6% of the previous year's level.

The consolidated operating margin was 135.6% and ROE was assessed at 200.0%.

We have evaluated ESG indicators according to their ranks by employing our CDP questionnaire score, and 110% was applied as our assessment having scored a B in 2024. The newly added stock price resulted in an assessment of 118.2%.

Officer classification	Total amount of remuneration, etc. (millions of yen)	Total amount of remuneration, etc. by type (millions of yen)				Number of officers
		Fixed remuneration	Performance-linked remuneration	Retirement bonuses	Non-monetary remuneration	
Directors (excluding Audit & Supervisory Committee members and outside directors)	231	63	118	—	49	4
Directors (Audit & Supervisory Committee members) (excluding outside directors)	8	8	—	—	—	2
Outside officers	19	19	—	—	—	4

Note: The breakdown of the total amount of non-monetary remunerations for directors (excluding Audit & Supervisory Committee members and outside directors) is the amount of restricted stock remuneration recorded as an expense for the current fiscal year of 49 million yen.

Risk Management

Risk Management

In order to minimize increasingly diverse risks, we are working to strengthen risk management as part of our internal controls. The Risk Management Committee is the driving organization to build a framework that systematically analyzes and assesses material risks, implements measures to mitigate them, and shifts the focus to activities to continuously improve.

Through this Committee, the Company identifies, analyzes, and assesses the material risks associated with its business activities, and formulates and reviews countermeasures against these risks after confirming the status of countermeasures against these risks, such as

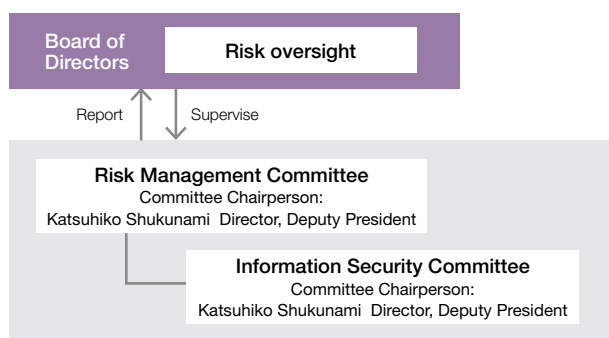
avoidance, mitigation, relocation, and retention. In the event that a risk materializes despite the implementation of a variety of countermeasures, we will take appropriate action to quickly resolve the problem in cooperation with the concerned divisions, and will strive to identify the cause of the problem and formulate and implement measures to prevent its recurrence.

For more information about our risk management policy, please visit our website.

<https://www.pillar.co.jp/en/sustainability/risk-management/>



Risk Management Promotion System



Major Risk Factors

Risk type	Risk factor
External environmental risks	(1) Quality
	(2) Market fluctuations
	(3) Fluctuations in financial and stock markets and economic conditions
	(4) Overseas production and sales systems and foreign exchange trends
Resource and infrastructure risks	(5) Procurement of raw materials and price trends
Human resources risk	(6) Information security
Legal risks	(7) Human resources
Natural disaster and other risks	(8) Violation of laws and regulations
Other risks	(9) Natural disasters, etc.
	(10) Other risks

Information Security Literacy

In recent years, with frequent server attacks that use ransomware, targeted emails, and so on, the PILLAR GROUP has come to regard protecting information assets and increasing awareness of security among employees as important management issues.

As a part of our response, we have established an internal security portal, and we continue to disseminate the latest information about threats, countermeasures, and training content. As a result, we have established an environment in which employees are more security conscious in their everyday work and can take the appropriate action.

With the aim of increasing awareness and improving literacy in regard to information security, we also conduct regular training that anticipates targeted email attacks. In this training, practical scenarios are used that enable employees to respond appropriately to various situations, thereby improving their ability to handle such attacks. We are educating and enlightening all employees on an ongoing basis so they have a deeper understanding of the importance of information security and can act with a greater awareness of security in their everyday work.

Building and Operating an Information Security Management System

The PILLAR GROUP has established an Information Security Committee and a Computer Security Incident Response Team (CSIRT), which are cooperating with each other to build a company-wide security system. The Committee is responsible for formulating and integrating policy, while the CSIRT handles practicalities such as initial response in the event of a security incident, analyzing the causes, and preventing its recurrence. We are also committed to enhancing security throughout

the supply chain, and as well as requesting that our main business partners undertake comprehensive security measures, we will endeavor to reduce risks by monitoring the implementation of such measures and providing support where appropriate. Going forward, we will promote more sophisticated information security and stronger systems in order to respond to societal needs.

Compliance, Corruption Prevention, and IR/SR Activities

Compliance

The Group has established the Group Code of Conduct as a set of especially important guidelines for directors and employees in their daily work to ensure compliance with laws and regulations and to improve ethical business conduct. All employees can remind themselves of these guidelines via our internal website (in both Japanese and English). We also allow employees to become better acquainted with the guidelines by posting them on our intranet, through annual e-learning programs for all employees (including affiliates and temporary employees) in Japan and overseas, and in various in-house training programs.

The Company manages its subsidiaries through procedures such as approvals, decisions, and reports from those subsidiaries in accordance with the Affiliate Management Rules. The Company also respects the autonomy of each subsidiary as an independent company and fully discusses important management issues that may arise among Group companies. In addition, the Internal Audit Office

periodically conducts internal audits of each subsidiary.

For our overseas subsidiaries, we have also prepared a Management Book that summarizes guidelines and past examples to prevent management risks that may occur at overseas locations and minimize damage when risks become apparent, and we are working to ensure that all employees are familiar with the contents of this book.

A whistleblower system has been introduced for the early detection of misconduct, including violations of laws and internal regulations. Alongside a unified internal hotline for all Group employees and directors in Japan and overseas, we have established and are operating an external hotline for direct consultation with a legal advisor. In the case of any violation of laws and regulations or any event that violates corporate ethics, the Company responds promptly through convening the Corporate Ethics Committee. In fiscal 2024, there were two whistleblower cases, all of which were handled appropriately.

Corruption Prevention

The Group recognizes corruption as the use of entrusted power, whether monetary or non-monetary, for personal gain. We do not engage in any form of corruption, including payment of rewards to public officials or employees of other companies, excessive entertainment, bribery like giving or receiving of gifts, embezzlement, money laundering, or insider trading, or any other form of corruption.

We also respect and comply with the relevant laws and regulations of all countries and regions in which the Group operates.

In fiscal 2024, there were no reports in the Group of serious violations of laws and regulations, including those related to corruption prevention.

Our IR/SR Activities

We conduct semi-annual financial results briefings for institutional investors and analysts with the basic approach of having the Company president himself provides the explanation. In addition, we hold small meetings and engage in one-on-one dialogue to help our clients better understand our business. We also hold company information sessions for individual investors, both online and in person.

The Company's website contains financial statements, annual securities reports, and timely disclosure materials, as well as materials related to financial results and company presentations, and also contains videos. We are working to enhance the content of our website by creating a page for individual investors who are unfamiliar with the

Company, and disclosing information in English for overseas investors. We also provide videos of our General Meeting of Shareholders.

Furthermore, in fiscal 2024, as support for shareholders, we began shareholder relations (SR) consultations and held constructive dialogues with shareholders. Going forward, we will conduct proactive dialogues with investors and reflect the results in Company policy by strengthening IR and SR.

For more information on investor relations, please visit our website.
<https://www.pillar.co.jp/en/ir/>



► Fiscal 2024 IR/SR Activity Topics

- Moving financial results briefings for institutional investors from traditional venues to live streaming in order to improve convenience for investors and increase participation rates
- Starting the simultaneous release of Japanese and English versions of financial results briefing materials
- Conducting the first overseas IR by the Company President (London, UK)
- Initiating SR consultations and holding constructive dialogues with shareholders

Track Record of Dialogues with Shareholders and Investors in FY2024

Financial results briefings (President / Chief Officers)	2
Individual consultations with institutional investors / analysts (Japan/overseas)	205
Small meetings hosted by securities firms	9
Overseas IR activities (Europe)	1
SR consultations	7
Factory tours for institutional investors / analysts	2
Company briefings for individual investors	6

Financial and Non-Financial Summaries

► Financial Summaries

	2014	2015	2016	2017
Consolidated statement of income:				
Sales (consolidated)	21,675	22,960	27,225	29,461
Japan	17,647	19,156	22,416	23,124
Asia	2,862	2,565	3,172	4,528
Others	1,165	1,238	1,637	1,809
Overseas sales ratio (%)	18.6	16.6	17.7	21.5
Sales (nonconsolidated)	20,359	21,665	25,803	28,091
Operating income	3,226	3,469	5,166	5,161
Operating income margin (%)	14.9	15.1	19.0	17.5
Ordinary income	3,447	3,493	5,255	5,156
Profit before income taxes	3,124	3,595	4,609	5,014
Profit attributable to owners of parent	1,986	2,397	3,204	3,422
Cash flow from operating activities	2,957	3,074	3,220	3,752
Cash flow from investing activities	(1,378)	(3,230)	(2,363)	(3,244)
Cash flow from financing activities	(839)	(1,145)	813	(1,455)
Cash and cash equivalents	12,561	11,132	12,729	11,813
Capital expenditure	1,703	1,475	4,189	3,008
Depreciation	954	940	1,022	1,397
Consolidated statement of financial position:				
Total assets	41,466	42,164	49,347	51,539
Property, plant and equipment	11,510	13,901	15,493	18,107
Interest-bearing debt*1	855	539	2,147	1,609
Net assets	33,099	33,905	36,740	39,834
Per-share indicators:				
Profit (yen)	80	97	131	140
Net assets (yen)	1,338	1,387	1,503	1,629
Dividend (yen)	20.00	28.00	34.00	36.00
Management indicators:				
Equity ratio (%)	79.8	80.4	74.5	77.3
ROA (%)	4.9	5.7	7.0	6.8
ROE (%)	6.2	7.2	9.1	8.9
Payout ratio (%)	24.9	28.8	25.9	25.7

*1 Excluding lease obligations

							(Millions of yen)
2018	2019	2020	2021	2022	2023	2024	
30,963	29,213	30,200	40,670	48,702	58,605	57,988	Feature
23,904	21,427	21,975	28,254	33,537	41,538	40,762	
4,345	5,316	5,721	7,410	8,225	10,197	10,869	
2,713	2,470	2,504	5,005	6,939	6,869	6,356	
22.8	26.7	27.2	30.5	31.1	29.1	29.7	
28,987	26,592	28,368	38,207	45,162	49,046	47,341	Our Value Creation
5,126	3,683	4,847	11,392	13,842	14,206	11,335	
16.6	12.6	16.1	28.0	28.4	24.2	19.5	
5,227	3,725	5,094	11,821	14,136	15,098	11,474	
5,456	3,653	4,837	11,822	14,587	15,024	11,977	
3,719	2,635	3,445	8,285	10,428	10,780	8,299	Growth Strategy
5,035	4,064	5,676	11,950	6,058	5,640	14,184	
(3,902)	(2,950)	(3,705)	(1,551)	(573)	(16,197)	(6,807)	
(1,493)	(1,862)	(2,238)	(1,711)	(2,790)	5,323	(3,959)	
11,582	10,798	10,517	19,809	22,284	17,878	21,883	
5,110	3,531	972	992	1,751	15,115	3,671	Governance
1,718	1,822	2,056	1,991	1,954	2,652	3,338	
52,972	53,190	54,949	64,991	72,492	98,835	98,055	
20,266	21,971	20,669	20,272	21,124	34,384	34,147	
1,082	693	254	350	1,350	12,125	11,825	
42,169	43,010	45,776	52,658	59,368	69,949	73,858	Data
152	109	145	350	442	462	355	
1,725	1,781	1,937	2,227	2,548	3,001	3,165	
45.00	40.00	50.00	106.00	133.00	159.00	125.00	
79.6	80.9	83.3	81.0	81.9	70.8	75.3	
7.1	5.0	6.4	13.8	15.2	12.6	8.4	
9.1	6.2	7.8	16.8	18.6	16.7	11.5	
29.6	36.8	34.6	30.3	30.0	34.4	35.1	

Message

Feature

Our Value Creation

Growth Strategy

Governance

Data

► Non-Financial Summaries

	2018	2019	2020	2021	2022	2023	2024
CO ₂ emissions (Scopes 1+2) (t-CO ₂)* ¹	12,644	10,777	10,785	12,897	10,899	14,861	8,651
CO ₂ emissions (Scope 1) (t-CO ₂)* ¹	917	932	818	807	910	815	825
CO ₂ emissions (Scope 2) (t-CO ₂)* ¹	11,726	9,845	9,967	12,090	9,989	14,046	7,826
CO ₂ emissions per unit of sales (t-CO ₂ /100 million yen)* ¹	40.9	36.9	35.7	31.8	22.4	25.4	14.9
(Reference) CO ₂ emissions of nonconsolidated subsidiaries (Scope 1+2) (t-CO ₂)	10	8	21	34	139	136	141
CO ₂ emissions (Scope 3) (t-CO ₂)* ³	—	—	—	68,424	84,586	149,077	106,501
Total energy consumption (kl)* ^{1, 2}	7,322	7,487	7,652	8,197	8,478	9,719	10,716
Of which, electricity (kl)* ^{1, 2}	6,969	7,138	7,340	7,877	8,103	9,400	10,387
Of which, gas (kl)* ^{1, 2}	138	137	146	137	140	81	85
Of which, fuel (kl)* ^{1, 2}	215	212	166	183	235	238	243
Energy emissions per unit of sales (kl/100 million yen)* ^{1, 2}	23.7	25.6	25.3	20.2	17.4	16.6	18.5
Solar power generation (kWh)	851,256	795,782	847,206	782,897	842,271	835,986	807,648
Water intake (thousand m ³)* ⁴	132	144	140	117	122	118	114
Waste generated (t)	778.4	709.7	687.3	884.0	904.3	847.6	1,217.4
Volume sold (t)	403.7	336.9	334.5	435.1	439.7	399.3	407.7
Volume recycled (t)	195.4	198.2	172.6	206.5	215.6	208.3	520.7
Volume disposed (t)	179.4	174.5	180.2	242.3	249.1	239.9	288.9
Recycling rate (%)	77.0	75.4	73.8	72.6	72.5	71.7	76.3
Full-time employees (consolidated basis)	797	809	759	832	867	1,132	1,212
Temporary employees including contract and part-time workers (consolidated basis)	170	167	175	178	171	196	212
Full-time employees (nonconsolidated basis)	531	535	541	551	564	607	635
Male employees (nonconsolidated basis)	429	434	438	442	449	481	498
Female employees (nonconsolidated basis)	102	101	103	109	115	126	137
Overseas employees	120	132	87	127	136	156	193
Average age (years)	39.2	39.6	39.6	40.2	40.6	40.6	40.3
Male (years)	39.5	39.8	39.8	40.4	40.8	41.1	40.8
Female (years)	38.0	38.9	39.2	39.5	39.7	39.0	38.5
Average length of service (years)	15.1	15.4	15.3	15.6	15.2	14.5	14.0
Male (years)	15.2	15.4	15.2	15.7	15.3	14.6	14.3
Female (years)	15.1	15.3	15.7	15.5	15.0	13.9	12.9
Ratio of female managers (nonconsolidated basis) (%)	0.0	1.6	2.5	2.2	3.0	3.3	3.9
Ratio of employees with disabilities (%)	1.40	1.40	1.78	1.69	2.54	2.59	2.61
Ratio of foreign national employees (%)	0.6	0.4	0.4	0.4	0.8	0.9	1.4
Paid annual leave usage rate (%)	75.7	70.5	60.3	65.0	72.5	66.6	69.9
Childcare leave usage rate among female employees (%)	83.3	100	100	100	100	100.0	100.0
Childcare leave usage rate among male employees (%)	4.3	0.0	13.6	0.0	22.7	42.9	75.0
Number of new graduates hired (nonconsolidated basis) (full-time employees)	17	18	22	18	13	19	25
Ratio of women (%)	29.4	5.6	18.2	27.8	15.4	31.6	32.0
Number of mid-career hires (nonconsolidated basis) (full-time employees)	14	8	13	10	40	50	39
Ratio of women (%)	21.4	25.0	15.4	50.0	27.5	18.0	25.6
Consolidated employee turnover rate (%)* ⁵	4.0	3.9	2.4	3.3	5.2	3.3	4.2
Nonconsolidated employee turnover rate (%)* ⁵	4.3	3.3	2.3	2.7	4.6	3.7	4.4
Investment in human resources development per employee (nonconsolidated basis) (thousand yen)	—	53	37	64	79	71	91
Number of lost time injuries	0	0	0	0	2	1	0
Number of non-lost time injuries	4	7	7	3	3	3	3

*1 The calculation method was revised for fiscal 2022.

Scope: Parent company and domestic and overseas consolidated companies; Period: April–March. However, PILLAR Kyusyu Corporation and NP Sangyo Corporation are included in the scope of calculation because they are closely related to the main business.

TANKEN SEAL SEIKO CO., LTD. has been added from FY2023.

Emission factors: List of Calculation Methods and Emission Factors in the Calculation, Reporting, and Publication System by the Ministry of the Environment, Emission Factors by Electric Utility by the Ministry of the Environment, and CO₂ Emissions From Fuel_2013 by the IEA

World Energy Outlook 2016 by the IEA and IGES List of Grid Emission Factors, version 11.5

*2 Crude oil equivalent

*3 Scope: Parent company and domestic and overseas consolidated companies; Period: April–March.

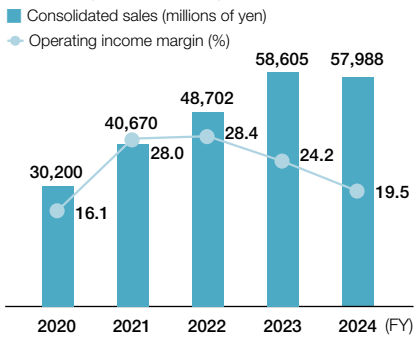
*4 Scope: Parent company and domestic consolidated companies; Period: April–March. However, PILLAR Kyusyu Corporation and NP Sangyo Corporation are included in the scope of calculation because they are closely related to the main business.

Emission factors: 'Emissions Unit Database for Calculating Organizational Greenhouse Gas Emissions, Etc. via the Supply Chain,' Ministry of the Environment; 'LCI Database,' IDEA

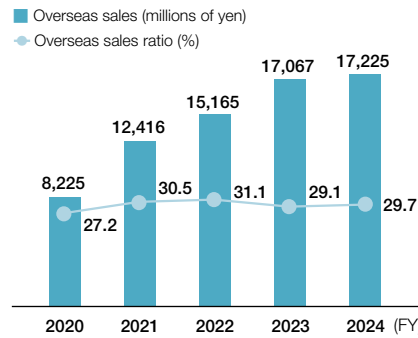
*5 Full-time employees only; excluding those reaching mandatory retirement age

Financial Indicators

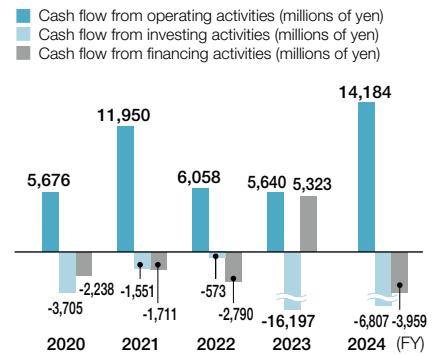
Consolidated sales / Operating income margin



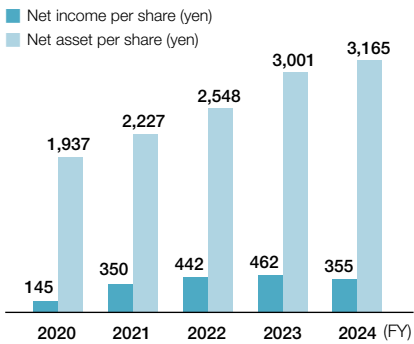
Overseas sales / Overseas sales ratio



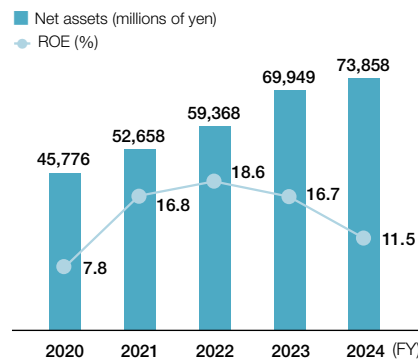
Cash flow



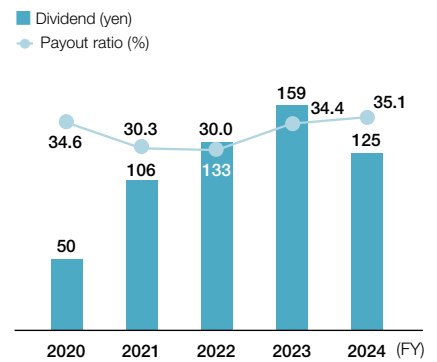
Net income per share / Net asset per share



Net assets / ROE

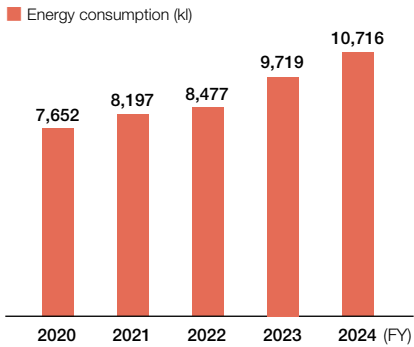


Dividend / Payout ratio

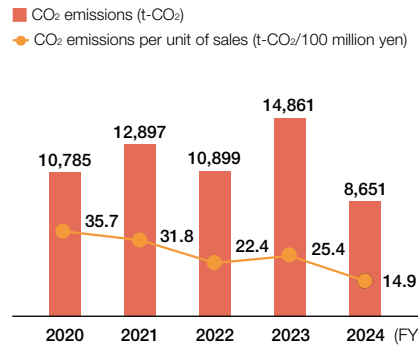


Non-Financial Indicators

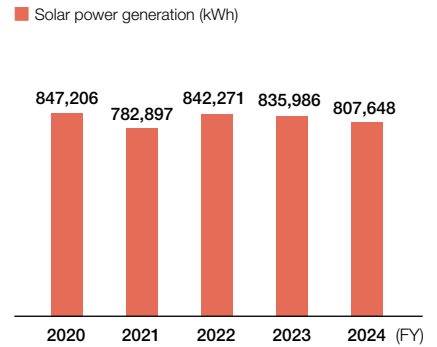
Energy consumption



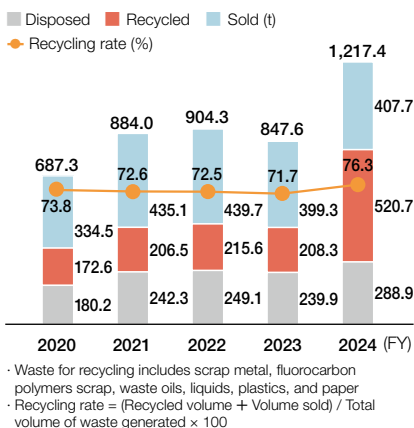
CO₂ emissions (Scopes 1 + 2)



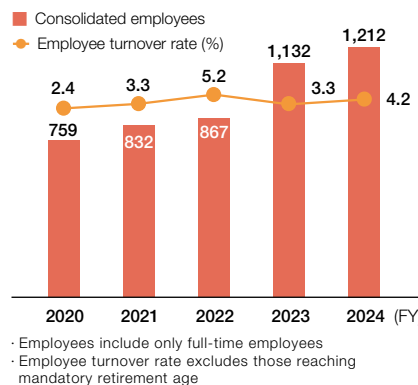
Solar power generation



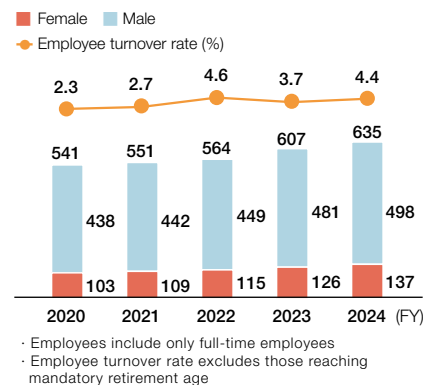
Waste generated / Recycling rate



Consolidated employees / Employee turnover rate

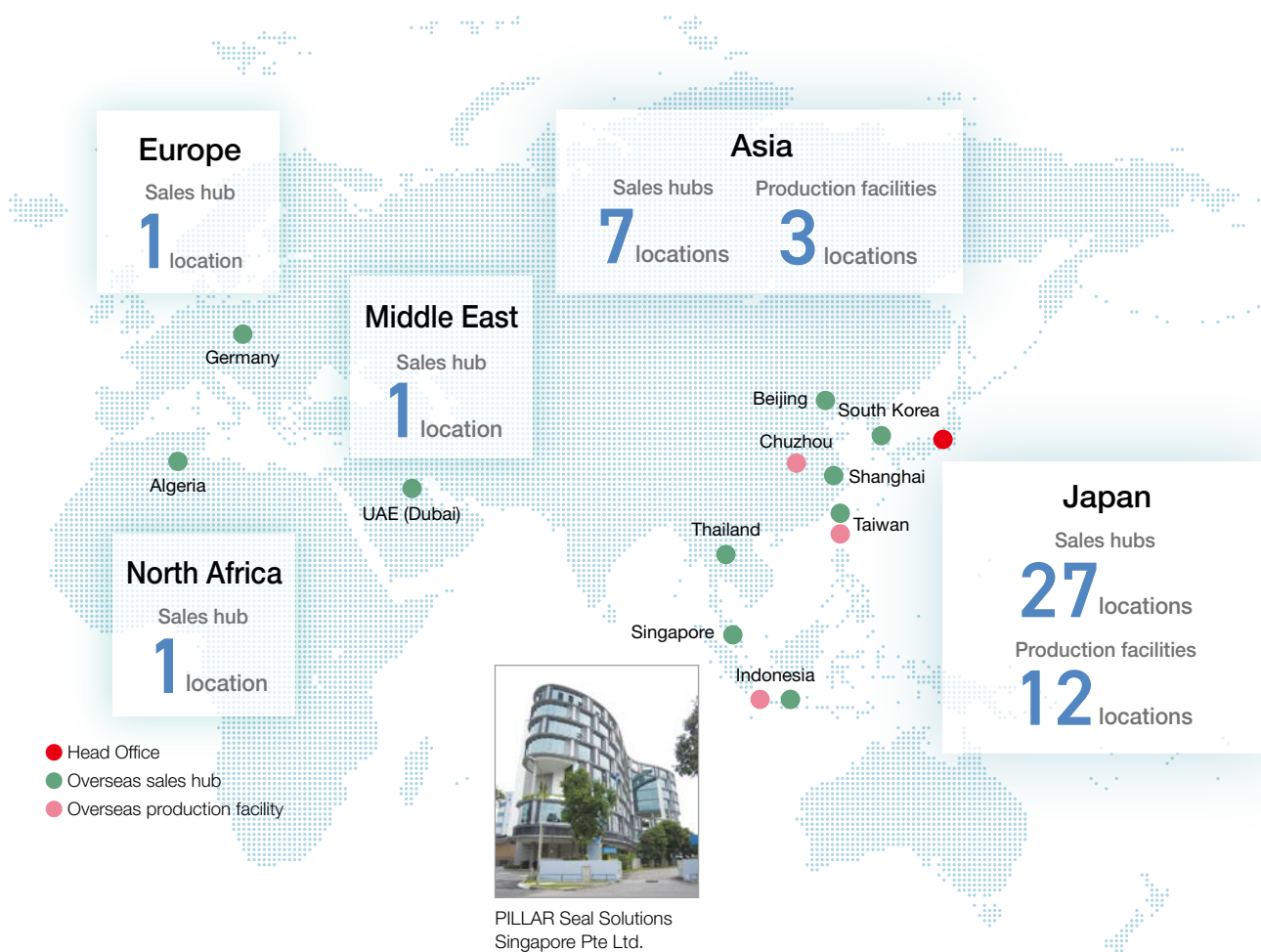


Nonconsolidated employees (male and female) / Employee turnover rate



Group Network

The PILLAR GROUP is operating in 12 countries and regions around the world, including Japan.



► History of our expansion into markets outside Japan

1980	Korea Pillar Packing Co., Ltd. (currently PILLAR Korea Co., Ltd.) is established.
1993	Nippon Pillar Singapore Pte Ltd. (currently PILLAR Seal Solutions Singapore Pte Ltd.) as a sales hub for Southeast Asia is established.
1999	Nippon Pillar Corporation of America (currently PILLAR America Inc.) in the U.S.A. is established.
2001	Taiwan Pillar Industry Co., Ltd. (currently PILLAR Taiwan Co., Ltd.) in Taiwan is established.
2003	Suzhou Pillar Industry Co., Ltd. in China is established.
2007	Shanghai Pillar Trading Co., Ltd. (currently PILLAR Shanghai Co., Ltd.) in China is established.
2010	Nippon Pillar Packing Co., Ltd. Alger Liaison Office in Algeria is established.
2015	Nippon Pillar Middle East FZCO (currently PILLAR Seal Solutions Middle East FZCO) in the UAE is established. Nippon Pillar (Thailand) Co., Ltd. (currently PILLAR Seal Solutions (Thailand) Co., Ltd.) in Thailand is established.
2016	NPK Fluid Control Systems Mexico S.A. de C.V. (currently PILLAR Seal Solutions Mexico S.A. de C.V.) in Mexico is established.
2018	Nippon Pillar Europe GmbH (currently PILLAR Europe GmbH) in Germany is established.
2019	PT. Nippon Pillar Manufacturing Indonesia (currently PT. PILLAR Manufacturing Indonesia) and PT. Nippon Pillar Indonesia (currently PT. PILLAR Seal Solutions Indonesia) in Indonesia are established. A production facility in Nippon Pillar Corporation of America Houston Office (currently PILLAR America Inc. Houston Office) is added.
2020	Pillar Technology (Chuzhou) Co., Ltd. in China is established.
2021	Operation of Pillar Technology (Chuzhou) Co., Ltd. begins.
2023	Beijing Office of Shanghai Pillar Trading Co., Ltd. (currently PILLAR Shanghai Co., Ltd.) opens.



Company Information

► Company Profile (As of March 31, 2025)

Company name	PILLAR Corporation
Head Office address	7-1, Shinmachi 1-chome, Nishi-ku, Osaka 550-0013, Japan
Establishment	1924
Representative	Yoshinobu Iwanami, President
Capital	¥4,966 million
Listed stock exchange	Tokyo Stock Exchange Prime Market
Number of employees	1,212 (consolidated, as of March 31, 2025)
Main products	Pilaflon™ products (fluorocarbon polymers products), mechanical seal products, gland packings and gasket products
URL	https://www.pillar.co.jp/en/

External Evaluations

ISO Certification

In 1995, the Group became the first domestic seal manufacturer to obtain ISO 9001 certification for its quality management system. The current certifying body is the Japan Quality Assurance Organization, while accreditation is provided by JAB (in Japan) and UKAS (the UK). The head office and the Sanda and Fukuchiyama Factories have obtained ISO 9001 certification.



JQA-QMA16224



MS CM009

IATF Certification

In 2019, products for automotive use produced at the following factory have obtained IATF 16949 certification, an international quality management system standard for the automobile industry. IATF 16949 was developed by Western automobile manufacturers and automobile industry-related organizations to prevent defects, reduce inconsistency and waste in the supply chain, and bring about continuous improvement by standardizing requirements for parts manufacturers. Based on ISO 9001, this quality management system incorporates a large number of unique requirements.



IATF Certificate No.0363056

Registered site: PILLAR Corporation Sanda Factory

Scope of certification: Design and manufacturing of gaskets, packing, exhaust system molded products, and fluorocarbon resin substrate

ESG-Related External Assessments

We have been assessed by an externally based ESG evaluation organization and have been selected as a member of the ESG Index.



**FTSE Blossom
Japan Sector
Relative Index**

Awarded “B” CDP Score

We disclosed information through the CDP questionnaire in fiscal 2024 and received a B score (climate change and water security).



Declaration of Partnership Building

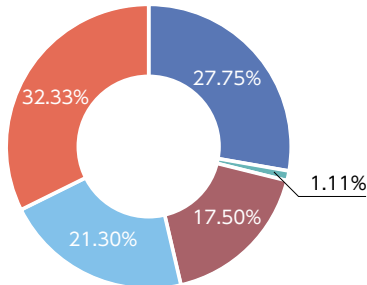
The PILLAR GROUP has endorsed the aims of the Future Partnership Building Promotion Council, and in May 2024, we announced our participation in the Declaration of Partnership Building, which is promoted by the Cabinet Office, the Ministry of Economy, Trade and Industry, and the Small and Medium Enterprise Agency.



Status of Shares (As of March 31, 2025)

Total number of shares authorized to be issued	80,000,000 shares
Total number of shares issued	25,042,406 shares
Number of shareholders	16,709 shareholders

Distribution of Shares by Shareholder



Classification	Number of shareholders (individuals)	Number of shares held (units)	Ratio (%)
Financial institutions	36	69,331	27.75
Financial instruments firms	29	2,782	1.11
Other corporations	198	43,740	17.50
Foreign corporations, etc.	192	53,226	21.30
Individuals and others	16,254	80,798	32.33
Total	16,709	249,877	100.00

*Share numbers are listed in units of 100 shares.

*Among 1,710,224 shares of treasury stock, 17,102 units are included in "Individuals and others" and 24 shares are included in "Status of unit odd-lot shares" (54,706 units). All 1,710,224 shares of treasury stock are actually held by the Company.

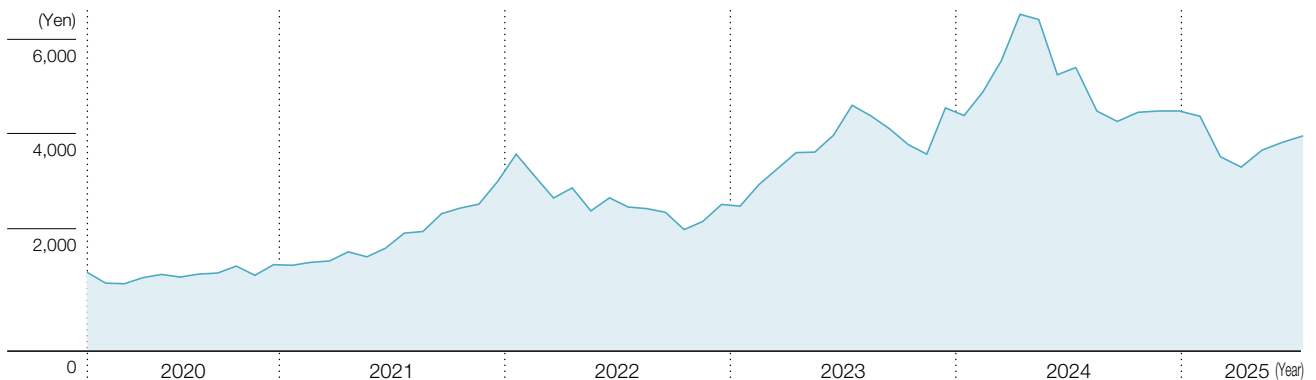
Major Shareholders

Name	Number of shares held (1,000)	Percentage of shares held (%)
The Master Trust Bank of Japan, Ltd. (Trust account)	2,771	11.88
PILLAR Corporation Client Stock Ownership	1,248	5.35
Custody Bank of Japan, Ltd. (Trust account)	1,225	5.25
Rockwave	1,020	4.37
Kiyohisa Iwanami	749	3.21
MSIP CLIENT SECURITIES	716	3.07
Meiji Yasuda Life Insurance Company	700	3.00
Sumitomo Mitsui Banking Corporation	692	2.97
Mizuho Bank, Ltd.	592	2.54
MLI FOR CLIENT GENERAL OMNI NON COLLATERAL NON TREATY-PB	498	2.14

*The Company holds 1,710,224 shares of treasury stock, but is excluded from the above list of major shareholders.

*Shareholding ratio is calculated excluding treasury stock.

Stock Price Trend



Integrated Report 2025 Questionnaire

Thank you very much for reading the PILLAR GROUP Integrated Report 2025.

We would like to ask for your views in order to make future reports easier to read and to present information as effectively as possible. As such, we will be very grateful if you can respond to our questionnaire via the QR code or link on the right. The results of this questionnaire will be extremely useful for PILLAR's future corporate activities and to further improve the content of our integrated reports.

Questionnaire



<https://forms.office.com/r/EXRjH2IBHq>



PILLAR Corporation

August 2025