The Value Creation Process of Nippon Pillar Packing

As stated in our Purpose, the Nippon Pillar Packing 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.

Business Model Input The Purpose of the Nippon Pillar Packing Group Creating a future that supports society lanufacturing Capital **CLEAN** SAFETY **FRONTIER** Electronic Industrial **Knowledge Capital Equipment Business Equipment Business** Know-how cultivated over Human Capital Global and diverse human Expanding the market as a comprehensive manufacturer of fluid control-related seals, we currently contribute to a wide range of cial/Relationship Capital fields by developing our sealing and material technologies. The Strengths of the Nippon Pillar Packing Group Comprehensive **Natural Capital** manufacturer of fluid seals **Diversified markets** for fittings, mechanical seals refining fluid according to the gland packings, gaskets, and control technology needs of the times related devices For details see P13 - P14

Basic Policies (Company-wide Policies)

- **Evolvement of** core businesses
- Strengthening of competitive edge
- Creation of a new business foundation
- Development of management
- **Financial** strategies that support growth

Output

One 2025

(Targets for FY2025 final year)

Sales 66.0 billion yen

Operating income 17.0 billion yen

10% or higher

Payout ratio 30.0 % or higher

Capital expenditure 25.0 billion yen (Three-year cumulative)

For details see P15 - P16

Outcome

Value to society and the environment

- Safety and security in people's lives
- Rapid development of industrial products in
- Ensuring the safety and trust of employees and local communities
- Stable job creation
- Increasing the sophistication of semiconductors to support the growth of the

Value for Nippon Pillar Packing

Key Issues to Address

Aggressive Materialities

■ Decarbonization and energy

resource conservation

- Prevention of chemical pollution and ■ Circular economy and
 - conservation of water resources
 - Product development and manufacturing in response to social issues

Defensive Materialities

■ Biodiversity conservation

Climate change Human rights issues Labor shortages

- 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

Social Issues [External Environment]

Global environmental conservation Respect for diversity Shift to IoT/DX

Opportunities

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

Further growth in the semiconductor field

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

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

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.

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