

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.

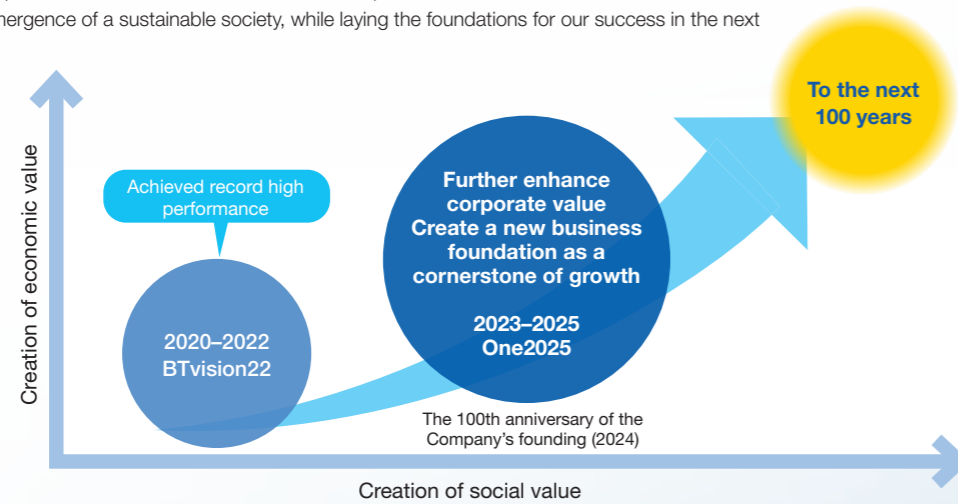


Please refer to the Company website for the four "Ones" that represent our basic philosophy

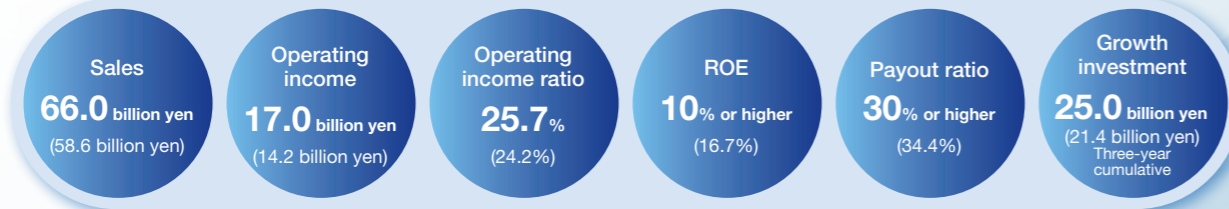


Positioning of One2025

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 (FY2023 Results)



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.

- 1 Evolvement 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 evolvement not subject to the market conditions.
- 2 Strengthening of global competitive edge**
Develop highly unique fundamental technology and strengthen responsiveness to area characteristics, thereby expanding our global share.
- 3 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.
- 4 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.
- 5 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

- 1 Evolvement of core businesses**
Production capacity has increased thanks to the completion of our Fukuchiyama Factory No. 2, which is now in operation.
We have expanded our business scale with the acquisition of TANKEN SEAL SEIKO CO., LTD. by the Group.
- 2 Strengthening of global competitive edge**
The volume of items produced at Pillar Technology (Chuzhou) Co., Ltd. has increased.
We have opened an office in Beijing as a new sales base.
- 3 Creation of a new business foundation**
Completing construction of the R&D Center at the Sanda Factory has brought together the knowledge and expertise of the Group.
We have undertaken market research, product development, and PR targeted toward the markets for hydrogen, EVs, next-generation batteries, medical care, and pharmaceuticals.
- 4 Development of sustainable management**
We have reestablished human resources strategy, including policy, principal KPIs, and specific measures.
Our response to climate change has become more sophisticated, for example, with a higher CDP score (B- to B) and by expanding TCFD disclosure.
- 5 Financial strategies that support growth**
We have initiated large-scale investment in growth, for example, with the Fukuchiyama Factory No. 2, the R&D Center at the Sanda Factory, and the acquisition of TANKEN SEAL SEIKO.
We issued green bonds as a first-time initiative for the Company.

Targets and Achievements of the Medium-Term Management Plan

In fiscal 2023, we were able to make a positive start to the One2025 plan in its first year, with record highs for both sales and operating income. There have been some concerns, such as the burden of depreciation from the construction of new factories and a lower income ratio due to rising material prices, but thanks to increased sales, a favorable exchange rate, passing along costs to customers in some product prices, and so on, we are pushing toward the accomplishment of our plans.

Consolidated (Millions of yen)

	BTvision22	One2025			FY2023 results
	FY2022 results	FY2025 targets	Change (amount)	Change (%)	
Sales	48,702	66,000	17,298	35.5	58,605
Operating income	13,842	17,000	3,158	22.8	14,206
Operating income ratio	28.4%	25.7%	- 2.7P	-	24.2%
ROE	18.6%	10% or higher	-	-	16.7%
Payout ratio	30.0%	30% or higher	-	-	34.4%
Growth investment	(Three-year cumulative) 3,715	(Three-year cumulative) 25,000	21,285	672.9	21,415

By Segment

	BTvision22	One2025	Change (amount)	Change (%)	FY2023 results
Electronic Equipment Business					
Sales	36,819	48,000	11,181	30.3	40,475
Operating income	11,759	14,500	2,741	23.3	11,255
Industrial Equipment Business					
Sales	11,844	18,000	6,156	51.9	18,093
Operating income	2,059	2,500	441	21.4	2,928

Development of Sustainable Management

The Group is contributing to a sustainable society through our business and strengthening our initiatives for realizing sustained improvement in corporate value.

Sustainability Policy

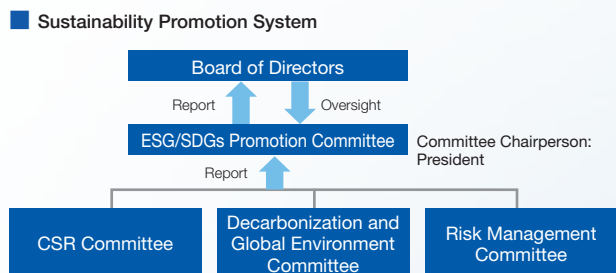
In accordance with the Corporate Principles and PILLAR CORE VALUES of the PILLAR GROUP, we will contribute to the realization of a society committed to sustainability through our business and achieve sustainable enhancement of corporate value.

(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



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.

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.

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.

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.

One2025 Non-Financial Priority Targets

Priority Targets Environmental Protection

- 1** Reducing Scope 1 and Scope 2 greenhouse gas emissions by 25% compared with fiscal 2013
- 2** Abolishing the use of three of the chemical substances specified by the Pollutant Release and Transfer Register (PRTR) Act
- 3** Obtaining and maintaining at least CDP score "B"

Priority Targets Ensuring Active Participation of Human Resources and Growth of Our Organization

- 4** Achieving at least 5% for the percentage of female managers
- 5** Achieving at least 75% for the percentage of male employees taking childcare leave
- 6** Increasing the amount invested in human resources development per person by 20%
- 7** Implementing management training related to various human resources utilization
- 8** Implementing training for mastering the use of practical tools to cultivate human resources for digital transformation (DX)
- 9** Utilizing digital tools to inherit professional skills and to master advanced skills efficiently