Manufacturing Capital Supports Growth

Establishing technological, development, and production systems through timely capital investments

By renovating the Sanda Factory and constructing the Fukuchiyama Second Factory and the Sanda Innovation Center, we are renewing our production system and constructing systems designed to increase production; moreover, we are strengthening our engineering and development divisions and enhancing our training facilities. In addition, as we construct new factories, we are incorporating environment-friendly solutions such as the Comprehensive Assessment System for Built Environment Efficiency (CASBEE).

Director, Senior Executive Officer **Ikuo Hoshikawa**

Strengths 1

A Mother Factory That Provides Fluid Control Technology

As our main factory, the Sanda Factory plays the role of a mother factory. It is responsible for producing sealing products for the industrial equipment market. These products include mechanical seals, gland packings, and gaskets. The factory also incorporates a research and development department.

In March 2020, the factory was reopened as a state-of-the-art factory following extensive renovation work intended to improve productivity through a rationalized layout; expanded automation and mechanization; and the introduction of IoT. As part of this renovation, efforts were made to improve the working environment and safety; to implement a business continuity plan; and to improve visitors' sense of trust and security through the addition of a technology training center, analysis center, and showroom.

Looking to research and development, the Innovation Center, which will bring together engineers from the Sanda Factory, is scheduled to be completed in October 2023. We intend to strengthen our product development capabilities by combining, fusing, and integrating technologies across our organization. Furthermore, with an eye to markets of the future, we will promote initiatives targeting advanced technologies by strengthening collaboration among industry, government, and academia while focusing on the pursuit of innovations.

Strengths 2

An Agile Global Production System That Responds Quickly to Emerging Market Trends

Expanding production facilities to meet shifting demand

In order to respond to the ongoing increase in demand for products in the electronic equipment market, the Fukuchiyama Second Factory is scheduled for completion in September 2023. The factory is intended to increase production capacity by up to 80%; strengthen cost competitiveness through the construction of a new production system; comply with customers' stringent quality requirements; and highlight our technology through its open concept design. It features an expansion zone capable of accommodating three more factories of the same size. We plan to use this space to expand our production capacity with a flexible approach.

Moreover, this factory features an environment-friendly design, as it will incorporate solar power generation and energy-efficient equipment.

Illustration of completed Fukuchiyama Second Factory

Maintaining local production systems outside Japan

We are strengthening our facilities in the U.S.A. and China, where the market for products in the electronic equipment business segment is expected to expand. In the United States, we have set up a simple laboratory at our Fremont Office to accommodate the development needs of semiconductor equipment manufacturers. We also intend to expand the warehouse space to meet growing demand.

In China, Pillar Technology (Chuzhou) Co., Ltd. has adopted the model of local production for local consumption in response to the demand for products for the electronic equipment market. By increasing the number of items produced and strengthening its production system, it is expanding its product lines as well as the quantities produced.

Pillar Technology (Chuzhou) Co., Ltd.

Nippon Pillar Corporation of America, Fremont Office

Strengths 3

Advanced Production Facilities and Equipment

Promoting automation and the adoption of IoT

The Sanda Factory has introduced innovations such as automated guided vehicles (AGVs), automated guided forklifts (AGFs), radio frequency identification (RFID), and management systems employing short-range wireless communication with IC tags.

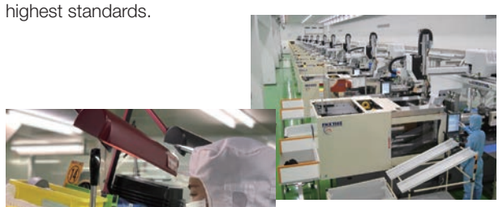
By utilizing these improvements, we aim not only to reduce work loads but also to eliminate human error, reduce walking distances, and improve productivity while minimizing lead times through unmanned operation.

Automated guided vehicle

High-standard clean room

At the Fukuchiyama Factory, we have introduced a large-scale industrial clean room, which is a space intended to minimize airborne microparticles and microorganisms to a level of cleanliness that attains a specific standard in order to prevent contamination of surfaces with impurities and dust.

Even fine dust remaining on the surface of electronic components presents a risk of malfunction. It is therefore extremely important to eliminate dust and other fine particles by employing high-performance filters and by eliminating static electricity. We will continue to meet the future needs of the market by equipping our facilities with clean rooms to meet the highest standards.



Clean room

A facility that enhances the peace of mind and security of visitors

The technology training center at the Sanda Factory has prepared training programs not only for our employees, but also for our sales partners and partner companies. We have provided samples of pumps, valves, and other machines that enable visitors to expand their knowledge of our products through hands-on training while learning how to incorporate them in their operations.

Our showroom is also available for customers who visit our factory. Here, they can gain more detailed information about our Company. We have also designed visual presentations for greater ease of understanding. By introducing applications in which our products are actually used as well as cutaway displays that clarify the structure of our products, we are creating opportunities for greater business development.

Technology training center

Showroom

Safe and environment-friendly design

As a safety measure against earthquakes, we have adopted seismic isolators of our own design at the new Sanda Factory, Fukuchiyama Factory, and Kyushu Factory.

We are also working to obtain certification under the Comprehensive Assessment System for Built Environment Efficiency (CASBEE) for our environment-friendly designs. Both the new Sanda Factory and the Sanda Innovation Center have acquired CASBEE-A certification, while the Fukuchiyama Second Factory has applied for CASBEE certification.

In addition to acquiring these CASBEE certifications, we are adopting eco-friendly measures such as low-carbon enzymatic construction material (ECM) concrete and cubicles incorporating soybean oil.

Sanda Factory

Seismic isolator / Slide bearing