

Parent Factories that Underpin Our Business

Manufacturing Capital Supports Growth

Strengthening technological, development, and production systems through proactive capital investments

By renovating the Sanda Factory and constructing the Fukuchiyama Factory No. 2 and the R&D Center at the Sanda Factory, we are renewing our production system and building systems designed to increase production. Moreover, we are strengthening our engineering and development divisions and enhancing our training facilities. As we construct such new factories, we have also received high ratings from the Comprehensive Assessment System for Built Environment Efficiency (CASBEE) for incorporating environmentally friendly solutions in their design.

Sanda Factory, a Parent Factory That Provides Fluid Control Technology

As our main factory, the Sanda Factory plays the role of a parent 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, it was reopened as a state-of-the-art factory following extensive renovation work.



Sanda Factory

Concepts

- Improve productivity through a rationalized layout, expanded automation and mechanization, and the introduction of IoT.
- Improve the working environment, safety, and BCP effectiveness.
- Improve visitors' sense of trust and security through the addition of a technology training center, analysis center, and showroom.

R&D Center at the Sanda Factory

In October 2023, construction was completed at the Sanda Factory on our R&D Center, which is a base for strengthening product development capabilities and generating innovation by combining and fusing together PILLAR's technologies, and by collaborating among industry, government, and academia.

Having acquired CASBEE rank A certification, we have installed equipment for solar power generation for internal consumption on the roof, thereby making the center more environmentally friendly.

The center consists of three floors—the product development floor, the office floor, and the R&D floor—and is intended to generate and utilize comprehensive knowledge by bringing together a diverse range of engineers from the Sanda Factory.



R&D Center at the Sanda Factory

Concept

- A place for the speedy creation of innovative products
- A place for the sustainable development of new materials, technologies, and processing methods

TOPIC

Issuing Green Bonds

As a means of obtaining capital for allocation to business that functions to improve the environment, in December 2023, the Company issued green bonds for the first time.

In a financing context, we are disseminating our ESG management initiatives and endeavoring to strengthen our engagement with stakeholders, with the aim of realizing a sustainable society.

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| Name: | First unsecured corporate bond |
| Total amount of corporate bonds: | 10 billion yen |
| Use of capital: | <ul style="list-style-type: none"> • Construction capital for the Fukuchiyama Factory No. 2 (has CASBEE rank S certification) • Construction capital for the R&D Center at the Sanda Factory (has CASBEE rank A certification) |

Acquiring New Key Technologies

When TANKEN SEAL SEIKO CO., LTD. was founded in 1955, it achieved successful domestic production of carbon rings, which are the principal component of mechanical seals. It has developed since then with mechanical seals and carbon technologies as its core technologies.

With the addition of TANKEN SEAL SEIKO to the PILLAR GROUP in April 2023, we acquired new key technologies. Thanks to this, the Group now has the material technologies of silicon carbide (SiC) and carbon, sliding materials that can be described as the heart of mechanical seals. In the process, we have become a seal manufacturer capable of producing both technologies in house.

Furthermore, with porous carbon, a product developed by



TANKEN SEAL SEIKO Head Office/Keihin Sales Branch

TANKEN SEAL SEIKO, we intend to promote further research and development in the Group as a whole, and to strengthen sales by expanding our markets, increasing sales channels, and so on.

Fukuchiyama Factory No. 2

In September 2023, we completed construction of our Fukuchiyama Factory No. 2 in response to even greater demand for products aimed at the electronic equipment-related market.

By designing the factory to be environmentally friendly, we acquired CASBEE rank S certification. The roof of the building is scheduled to be fitted with equipment for solar power generation for internal consumption.

Furthermore, we own enough land on the same site for further expansion, with space for the construction of three more factory buildings on a similar scale. Going forward, our plan is to augment the factory with a flexible approach.



Fukuchiyama Factory No. 2

Concepts

- Significant increase in production capacity (up to an 80% increase)
- Stronger cost competitiveness through constructing a new production system
- Complies with customers' stringent quality requirements
- Highlights our technology through its open concept design

Large-Scale Industrial Clean Rooms

At the Fukuchiyama Office and Kyushu Factory, we have introduced large-scale industrial clean rooms (spaces intended to minimize airborne microparticles and microorganisms to a level of cleanliness that attains a specific standard in order to prevent the contamination of surfaces with impurities and dust).

At PILLAR, the cleanliness in our clean rooms is monitored and constantly maintained at an appropriate level.

Furthermore, at the Fukuchiyama Factory No. 2, we have adopted a downflow system that emits clean air from the ceiling and draws it away through the floor. This system provides stable, high levels of cleanliness. Going forward, we will continue to respond to cleanliness needs in the market.



Clean room