

Industrial Equipment Business

While products for the petroleum refining and electric power markets remained sluggish due to the trend toward decarbonization, products for the semiconductor market expanded.

We will work to cultivate new markets and new applications, develop new products, and promote the development of new technologies that can contribute to the reduction of negative impacts on the environment. We will also help create a new society, including existing markets, with infrastructure technology to control fluids, and aim to become a familiar name to all of our customers.

Executive Officer General Manager,
Engineering Headquarters

Masato Wada

Business and Market Environment

This business provides products that control fluids at all kinds of manufacturing sites, including petroleum plants and LNG plants. In particular, along with the design and development of mechanical seals, gland packings, and gaskets targeting the industrial equipment market, we are focusing on the design and development of products targeting the new energy market using hydrogen and ammonia, etc. and the mass production market centered on automobiles, based on our basic policy of pursuing growth markets. In fiscal 2021, the business environment was still affected by the spread of COVID-19, and the market showed signs of instability due to raw material shortages and price hikes with no recovery due to overseas conditions and other factors. Sales of mechanical seals, gland packing, and gaskets were sluggish for products for oil refinery plants and the electric power market due to the ongoing decarbonization trend, while products for automotive applications were affected by the pandemic and

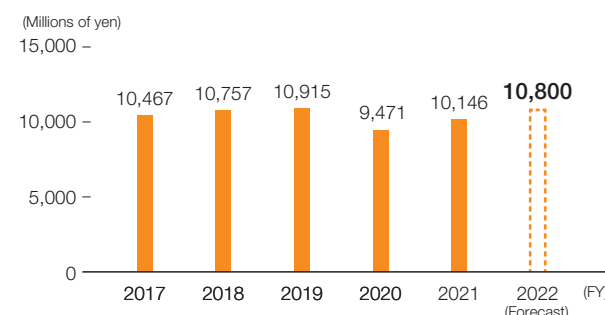
the shortage in semiconductors. Despite this environment, however, sales of products for chemical-related and marine applications in Japan have expanded, while demand for repair parts, including overseas, and products for precision equipment devices related to the semiconductor market have remained strong.



Progress of Medium-Term Management Plan "BTvision22"

With the recent progress of decarbonization in the electric power market, we are developing new products for hydrogen and ammonia power generation, as well as for CO₂ capture facilities in thermal power generation. We will also actively promote the development of new products for hydrogen stations and BEVs (Battery Electric Vehicles) and FCVs (Fuel Cell Vehicles) in order to bring about a decarbonized society. In the water market, we are developing high-load seals with environmentally friendly designs and products for the large water use market. In terms of deepening globalization, we are expanding our production base in China to improve our product supply system for the market there and to strengthen

Sales transition graph



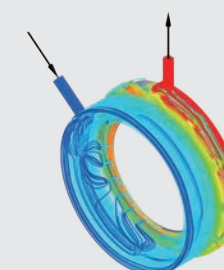
TOPICS



Launch of Pillar Seal Solutions

Effective April 1, 2022, seven of our sales companies were reorganized to form Pillar Seal Solutions Co., Ltd.

From seven sales offices (Chiba, Kawasaki, Chubu, Shiga, Sakai, Okayama, and Yamaguchi), we sell sealing products for industrial machinery and Pilaflon™ (fluorocarbon polymers) products to users in Japan. We also provide consulting services for sealing products, including life extension and safety measures, in addition to mechanical seal repair services, which allows us to serve as a familiar and reliable comprehensive seal manufacturer sales company.



Circulation characteristics analysis of
MS self-circulating flushing water

Newly established IT and DX technology group for the use of new technologies

The IT/DX Technology Group was newly established to respond to the increasing digitalization of society.

From the upstream stage of the product development process, we aim to reduce development costs and shorten development time by optimizing the entire process through analysis (simulation) based on computer-generated models. In addition, through product development, we will update thermal, fluid, and structural analysis technologies and accumulate manufacturing knowledge and data to promote the evolution of IT and DX technologies. Furthermore, we will make steady efforts to develop human resources by practicing both theory and experimentation.

the production responsiveness of the entire Group.

We also plan to strengthen our global responsiveness by dispatching engineers to our overseas bases on a rotating

basis, while at the same time we work to improve customer satisfaction.

Future Tasks and Goals

In addition to products for the semiconductor market, we will work to develop new products that will become further mainstays of our business and to cultivate new markets and new applications in depth. We will also strive to enhance the value of existing products, such as sliding surface non-contact seals (gas seals) with low power consumption, large split seals that have a proven track record in hydroelectric power plants, and the EDP series of highly airtight packing that complies with US environmental regulations. We are proud that our products are highly compatible with ESG/SDGs due to our longstanding strengths in environmental friendliness and high safety performance, and we will continue to aim to be

an indispensable presence in various markets such as energy, infrastructure, and automobiles. We also believe that material development is important for the development of sealing products, and we plan to work hard on the development of our own materials in the newly established Material Development Group in fiscal 2022. We will continue to develop new technologies that help reduce negative impacts on the environment, as well as serve society with our fluid control technologies in the existing market. Through technologies that contribute to carbon neutrality and the SDGs, and by supplying value-added products and support systems, we aim to become a familiar name to all of our customers.

Materialities we focus on

- Development and manufacture of products that enable decarbonization and energy conservation through the use of fluid control technology, etc.
- Development and manufacture of resource-conserving products
- Development and manufacture of products that contribute to the prevention of chemical pollution and the conservation of water resources
- Pursuit of safety and quality assurance of product services

