



PILLAR Corporation

Action to Implement Management
that is Conscious of Cost of Capital and Stock Price

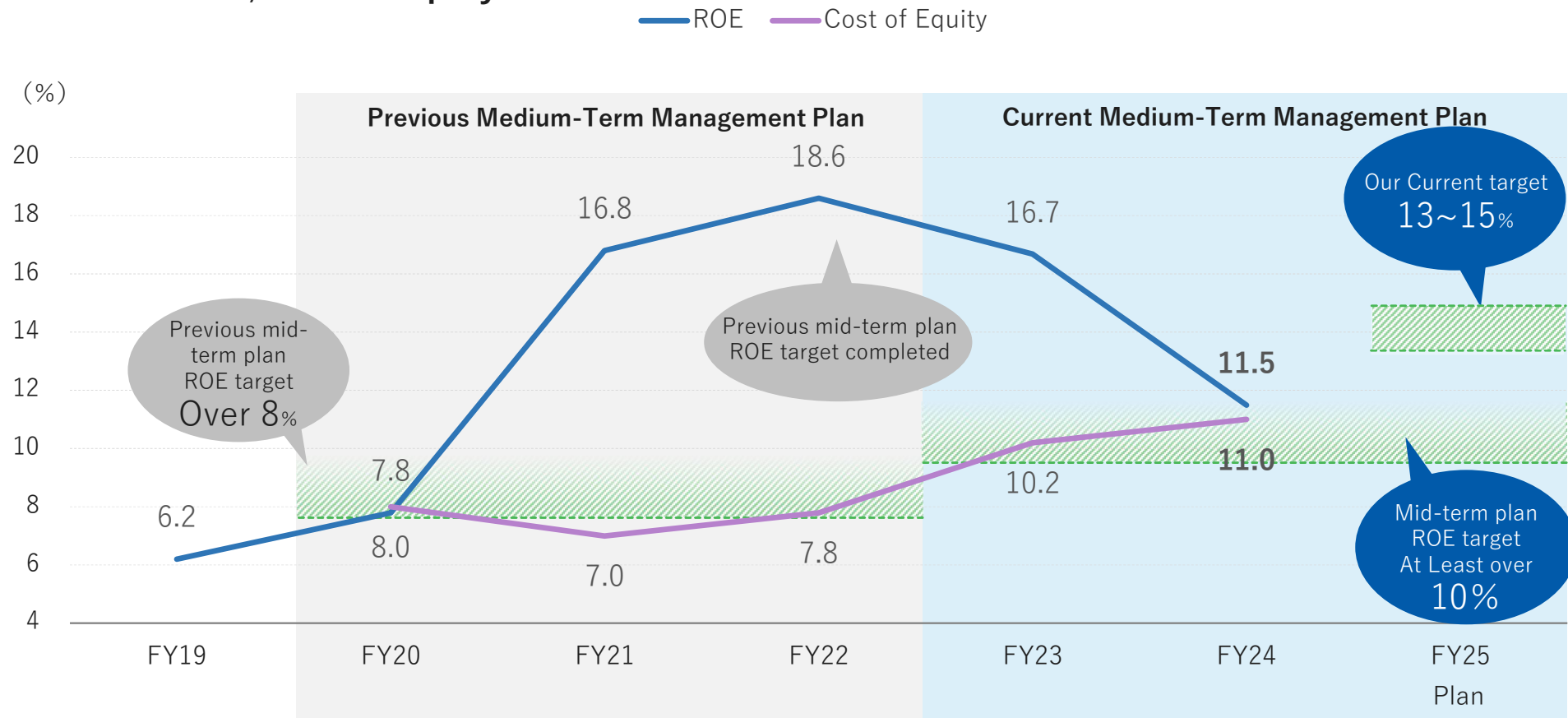
May 14, 2025

Tokyo Stock Exchange
Prime Market
6490

Current Analysis of Cost of Equity

- We acknowledge that our company's usual capital cost is approximately 10%. Currently, our capital cost has temporarily risen to 11% due to an increase in Beta value and the risk-free rate.
- While the ROE fell 5.2 points from 16.7% in FY2023 to 11.5% due to the performance affect in FY2024, the board of directors reaffirmed that the company has secured capital profitability that exceeds the cost of capital.
- Although the ROE target of 10% or more in the mid-term management plan is exceeded, we recognize the need to expand the equity spread and plans to aim for a level of 13-15% for the time being by creating further business profits.

Trend of ROE, Cost of Equity*

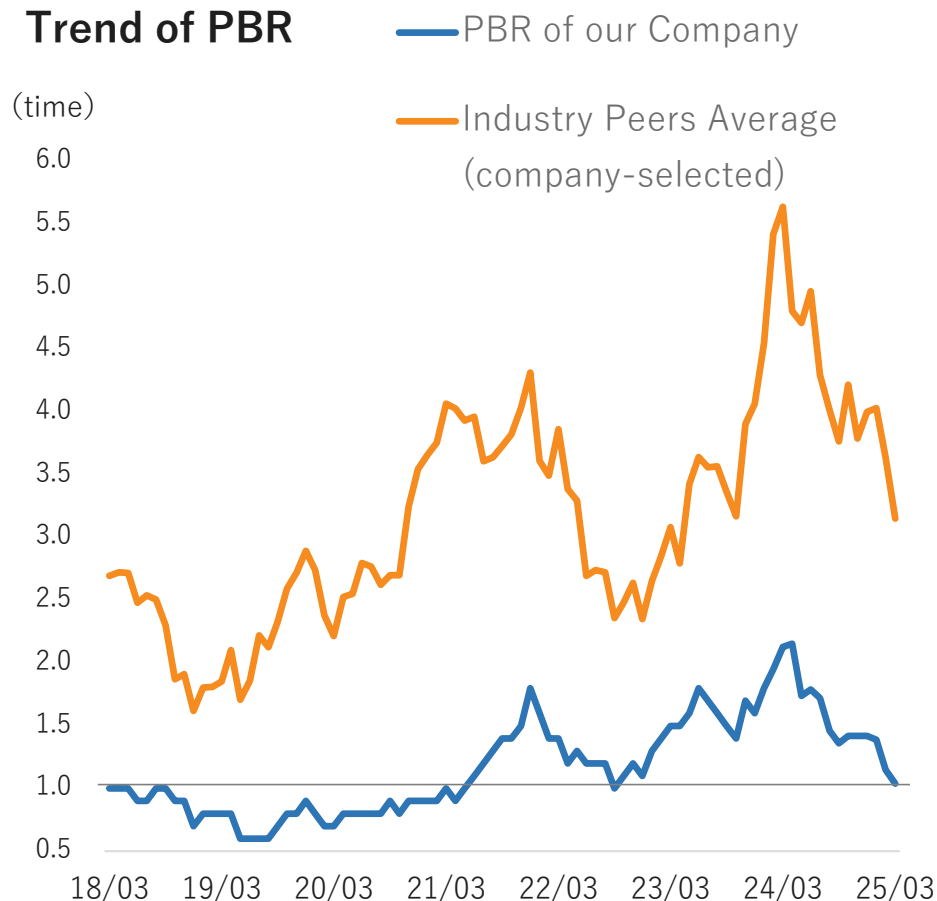


*1 The Cost of Capital is calculated using multiple formula such as the CAPM formula (Risk-free Rate + $\beta \times$ Market Risk Premium)

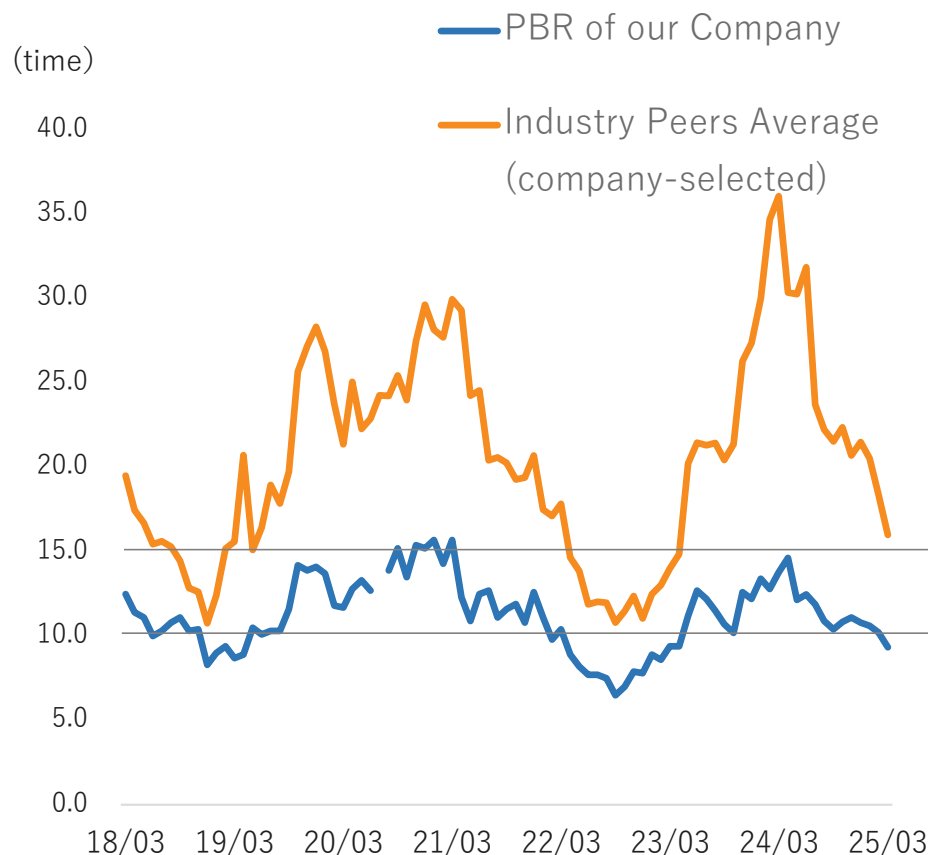
Trends and Analysis of PBR,PER

- The PBR exceeded 1.0x in March 2021 and temporarily rose above 2.0x in March 2024. However, it has recently returned to around 1.0x, primarily due to downward earnings revisions and other related factors.
- Our PER has fluctuated between 10.0x and 15.0x, driven by rising stock prices, but is currently declining due to recent stock price weakness.
- Given that semiconductor-related sales account for approximately 70% of our company's revenue, we recognize that there is potential for our PBR and PER to increase compared to other companies in semiconductor industry.

Trend of PBR



Trend of PER Forecasts*



*The PER is calculated based on our forecast.

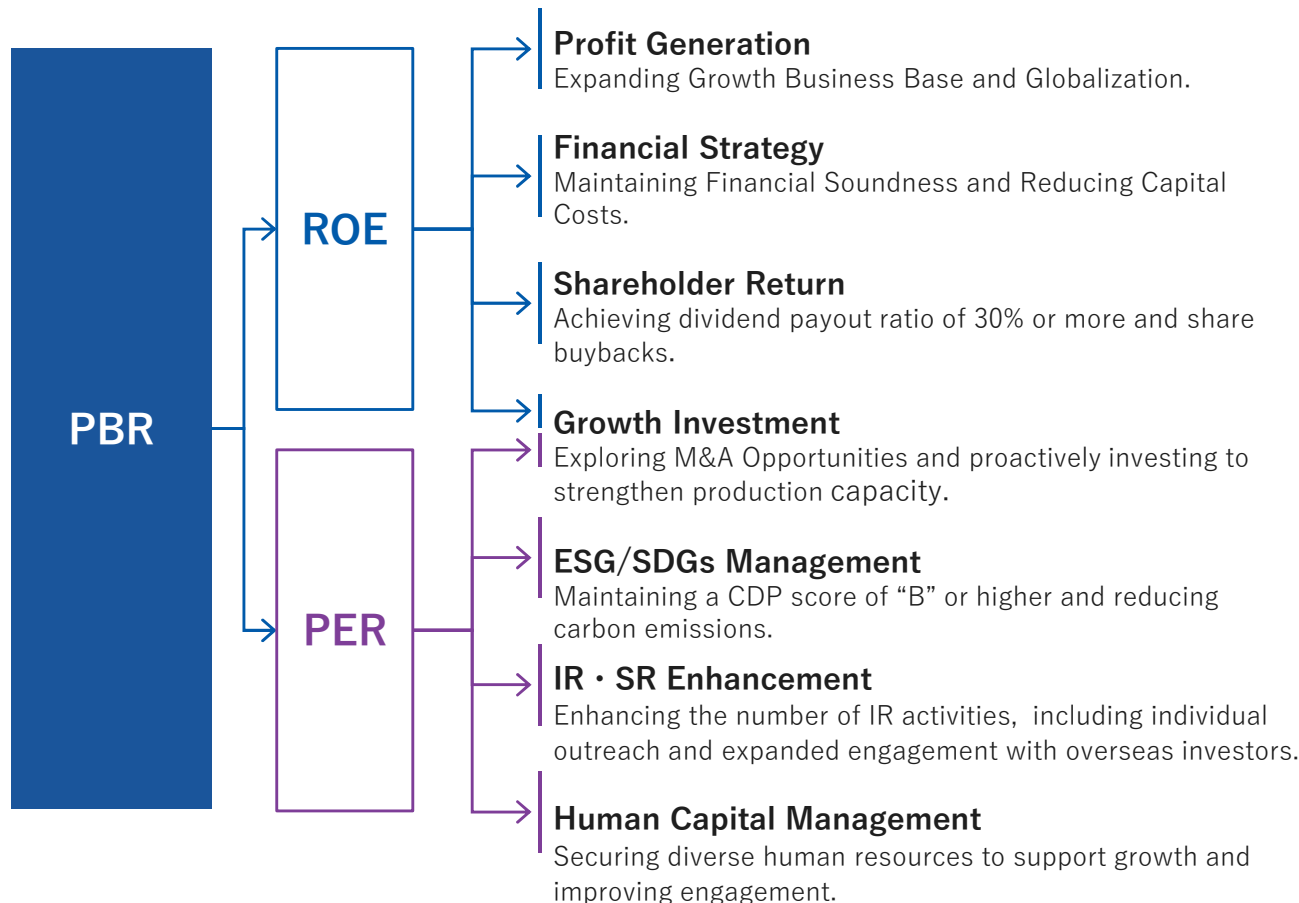
Aiming to maintain an ROE that exceeds the cost of equity

- We acknowledge that improving ROE and investment efficiency are essential to enhancing the corporate value.
- While continuing to grow in our current market, we are taking initiatives on exploring new markets to achieve the goals of our medium-term management plan ,“One2025”.
- While making proactive investment, we aim to uphold a high level of ROE that exceeds the cost of equity.

Breakdown of PBR

Initiatives aimed at maintaining an ROE that exceeds the cost of equity

Major results during the current mid-term plan.



The Fukuchiyama 2nd Factory has started operating cutting-edge equipment. Additionally, The Chuzhou Factory in China will expand its production items.

Issued 10 billion yen in green bonds
Establish a new accounts receivable liquidation framework.

Maintained a dividend payout ratio of 30% or more, Ensuring continued shareholder benefits.
Implementing a 2 billion yen stock buyback.

Acquired Tanken Seal Seiko.
The Fukuchiyama 2nd Factory has commenced full operation.
Expanding capacity at Fukuchiyama 1st Factory.

Maintained a CDP score of “B”.
Obtained JQA third-party verification, etc.

Increased IR/SR interviews, investor live broadcasts.
Implemented overseas IR and individual IR.

Certified as “2025 Health and Productivity Management Excellent Corporation”
Securing diverse human resources, etc.

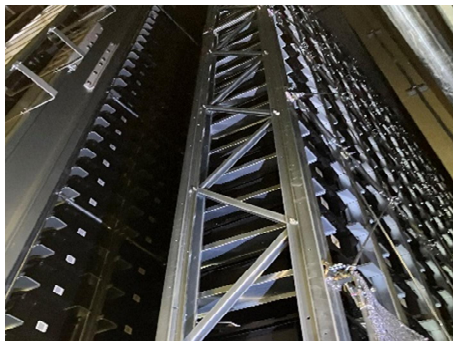
Examples of initiatives to generate business profits

- With the full-scale operation of the Fukuchiyama 2nd Factory, production capacity has increased significantly. The introduction of cutting-edge automation and labor-saving equipment has further improved productivity and strengthened cost competitiveness.
- At our Chuzhou Factory in China, in addition to conventional industrial equipment products, we have begun producing fluoro resin products for semiconductor market as well as building a supply chain network in China from "raw material procurement to production to sales" to strengthen our business in China.

Fukuchiyama 2nd Factory (Commenced in Sep. 2023)



CASBEE® Awarded "S" rank (Excellent)



Fukuchiyama 2nd factory
Implemented an automated warehouse

Chuzhou Factory in Anhui Province, China



Expanded production items at Chuzhou Factory



Super 300 Fittings



Mechanical seals for precision tool
(Rotary joint : RJ)

Enhance IR/SR, Capital Strategy (Shareholder return plan), Financial Strategy

- **Enhance IR/SR activities**
Strengthening IR/SR activities with an emphasis on constructive dialogue with investors to increase awareness of the company and expand the investor base.
- **Consideration of Capital strategy (shareholder return plan) • Financial strategy**
Planning to implement "share buyback" and "establishment of new account receivable liquidation framework" through dialogue with investors.

Examples of measures taken based on dialogue

IR/SR Enhancement	Financial results briefing materials have been updated, and briefings for institutional investors have transitioned to a live-streaming format.	FY24
ESG	Acquired third-party verification for greenhouse gas emissions, etc.	FY24
Capital Strategy	A share buyback of ¥2 billion is planned as part of our strategic capital policy to strengthen shareholder returns.	FY25
Financial Strategy	Establishing a new accounts receivable liquidation framework aimed at improving the cash conversion cycle (CCC)* and enhancing financial efficiency.	FY25

FY2024 IR/SR Activity TOPICS

- ▶ Shifted financial results briefings for institutional investors from traditional in-person meetings to live streaming, enhancing convenience and increasing participation.
- ▶ Commenced simultaneous disclosure of financial results briefing materials in both Japanese and English.
- ▶ Held our first overseas IR roadshow in London, led by the CEO.
- ▶ Launched SR (shareholder relations) interviews and engaged in constructive dialogue with shareholders.

FY2024 Shareholder/Investor Dialogues

Financial Results Briefing (CEO and Executive Officers)	2 times
Individual meetings with institutional investors and analysts (domestic and international)	205 times
Small meeting hosted by Securities companies	9 times
Overseas IR Activities(Europe)	1 time
SR Meeting	7 times
Factory tours for institutional investors and analysts	2 times
Company information session for individual investors	6 times

*CCC : Cash conversion cycle. Calculated as "Inventory turnover period + Accounts receivable turnover period - Accounts payable turnover period".