

## Messages from the Outside Directors

Outside Director  
**Yoshinori  
Suzuki**



### On the path to sustainable growth and higher corporate value

PILLAR's market capitalization, as a measure of corporate value, has grown more than fourfold over the past four years thanks to continuing organizational innovation, the development of the Company's employees, and support from partner companies and society at large. It is a testament to the Company's strength in its centennial year.

Fiscal 2023 was a year of proactive investment aimed at further growth to enhance corporate value. The acquisition of TANKEN SEAL SEIKO CO., LTD. has been especially notable and worth watching.

I have learned a few important things from nearly a dozen M&A deals I have been involved with over the years in Japan and overseas. One is that in deciding to acquire a company, it is crucial to assess the validity, importance, and feasibility of the synergies that the deal can create. The bulk of the target company's value above its book value, the "goodwill," is largely based on the anticipated synergies. After a series of discussions and Q&A sessions held at the Board meetings to scrutinize the validity, feasibility, monetary valuation, and risks associated with the goodwill, I ultimately supported the transaction. I concluded that it was a challenge worth pursuing, one that would likely enhance the Company's market differentiation and competitive positioning, which are essential for future profits.

I am sure that this synergy will be realized through the evolution into a group driven by the satisfaction of personal growth and the passion to achieve ambitious goals. The next two years will be especially critical, and I intend to remain engaged with the Board to ensure this success.

Outside Director  
**Junichi  
Komamura**



### The backbone of a 100-year company intent on further growth

PILLAR has grown as a company by refining its core fluid control technologies and broadening its business scope to meet market needs time and again, reaching its 100th anniversary in 2024. In fiscal 2023, I worked with the Board of Directors to ensure that the sustainability of growth, along with social accountability and engagement, stayed on the directors' radar as the Company reached new milestones.

Fiscal 2023 was characterized by proactive investment, unprecedented in recent years, to build toward the goals in the Medium-Term Management Plan, One2025. Each initiative was discussed thoroughly and all were deemed highly effective engagements that will have a positive impact on the Company's future. I was particularly interested in the completion of the Fukuchiyama Factory No. 2 and the R&D Center at the Sanda Factory, and their associated investments. To meet the anticipated recovery in semiconductor demand, I believe it is essential to strengthen both production capacity and developmental capabilities (such as productivity improvements and technological innovation) while addressing related challenges.

I make a point of giving practical, executable advice based on my experience, and in these matters, I felt that my words were taken in, judging from the reaction of the executive team.

As the Company pursues further growth in line with the One2025 plan, I will continue to offer constructive input to ensure that the large-scale investments made in fiscal 2023 contribute to an early improvement in profitability, keeping in mind the expansion of overseas operations, while seeking ways to deal with potential obstacles.

Outside Director  
(Audit & Supervisory  
Committee member)  
**Kazumitsu  
Takaya**



### Further expansion of sustainable operations through DX

One key issue for the company is implementing sustainability-oriented leadership in the bid to achieve sustainable growth and improve corporate value over the medium to long term.

I recall clearly from board meeting discussions in fiscal 2023 how the Medium-Term Management Plan One2025, which launched during this fiscal year, gave a big boost to efforts along this orientation.

The plan incorporates ESG measures from the previous Medium-Term Management Plan (BTvision22), supplemented by investments in human capital and the implementation of a digital transformation (DX) initiative.

I think the emphasis on DX should be commended, as it had not been a significant topic of discussion in previous years. Highlighting it as a key theme is a step in the right direction.

More than merely computerizing operations, the Company is discussing how to leverage data and digital technologies to adapt to rapid changes in the business environment. The aim is to transform not only products, services, and business models based on the needs of customers and society but also to reshape operations, the organizational structure, processes, and corporate culture to establish a competitive advantage.

With my qualification as a Certified Information Systems Auditor (CISA), I hope to bring my experience and knowledge to these discussions.

Outside Director  
(Audit & Supervisory  
Committee member)  
**Kyoko  
Kobayashi**



### Straightforward expression of outside perspectives healthy for management

The Company is focusing on expanding beyond its founding roots and core business to develop new businesses. During the Board meetings in fiscal 2023, we discussed several investment proposals. I believe that one of the Board's key responsibilities is to examine the risks associated with these investments, evaluate risk mitigation measures, and determine whether the importance of the investment outweighs the potential risks.

Each proposal is already subjected to thorough internal analysis. During Board meetings, the outside directors ask questions and the executives explain matters; this provides an opportunity to examine investments from an outside perspective. As a lawyer, I have seen many kinds of problems and failures in business. From a risk management standpoint, I always take into account pessimistic scenarios, examining and discussing them from various angles to ensure that the Company avoids such outcomes.

Outside directors are not constrained by their position within the Company. When I identify an issue or think the Company needs to take action on something, I express my opinion honestly to the executives and will continue to do so in the future.

In addition, in fiscal 2023 I attended a candid roundtable discussion with female employees, where I learned directly about their current situation. To ensure an encouraging environment for female employees to thrive, I will share their views at Board meetings.