

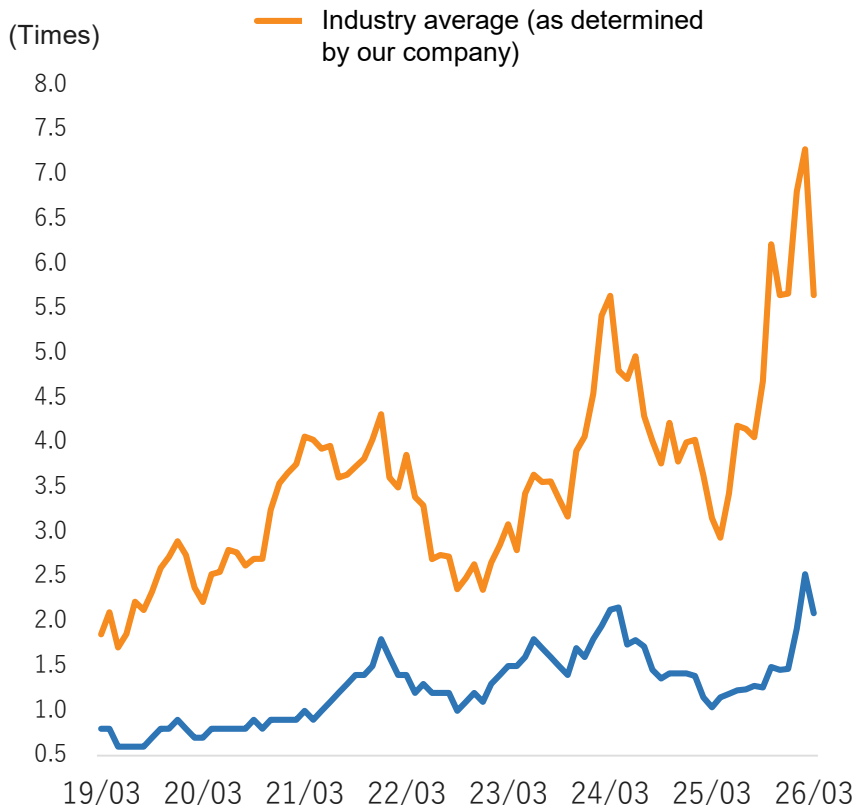
# Action to Implement Management Conscious of Capital Cost and Stock Price

May 14, 2026

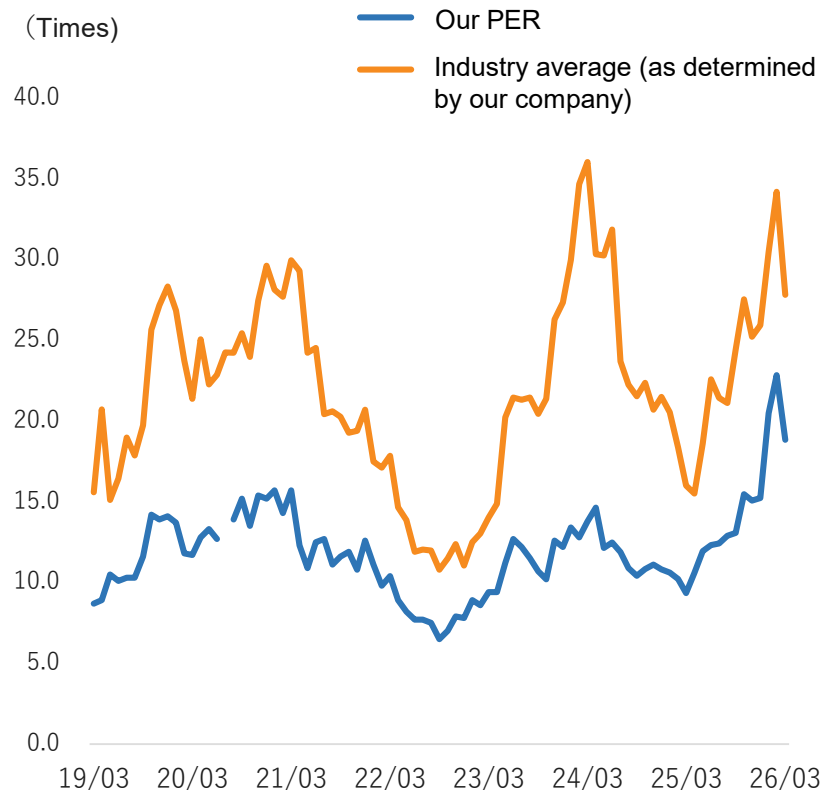
**PILLAR Corporation**

TSE Prime Market : **6490**

## PBR Trends

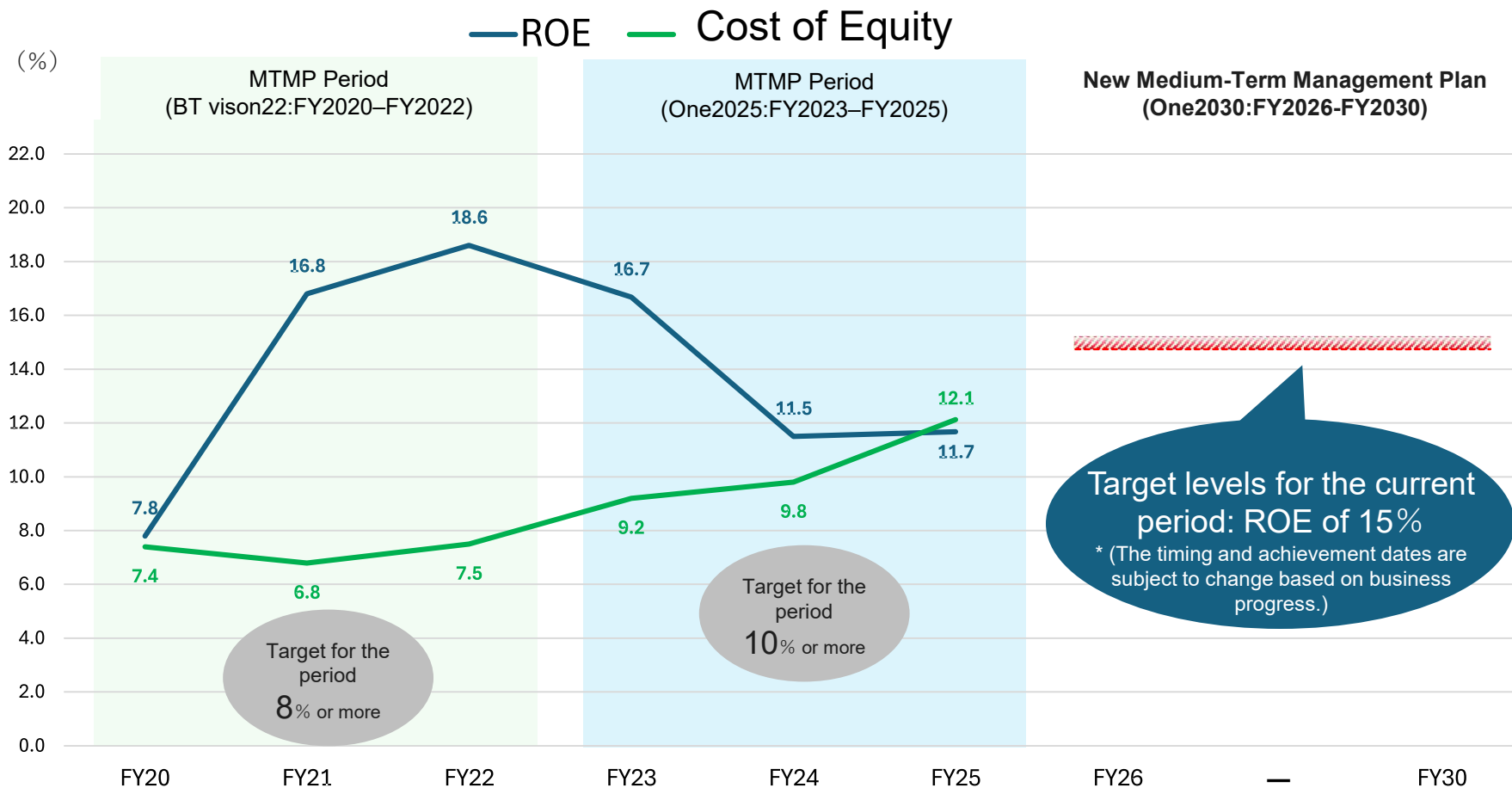


## Trends in forward PER\*



\* Calculated based on our forecast

- PBR is 2.02x and PER is 18.83x, both are currently on an upward trend driven by rising stock prices.
- Compared to peers, both PBR and PER have upside potential; we recognize that there are challenges in terms of the certainty of earnings growth and sustainable profitability.
- We will increase our earning power by expanding into growth markets and reaping the benefits of globalization, thereby improving ROE and PBR.



\*Analysis to be made by calculating multiple metrics, such as CAPM (risk-free rate + beta x risk premium)

**Target levels for the current period: ROE of 15%**  
 \* (The timing and achievement dates are subject to change based on business progress.)

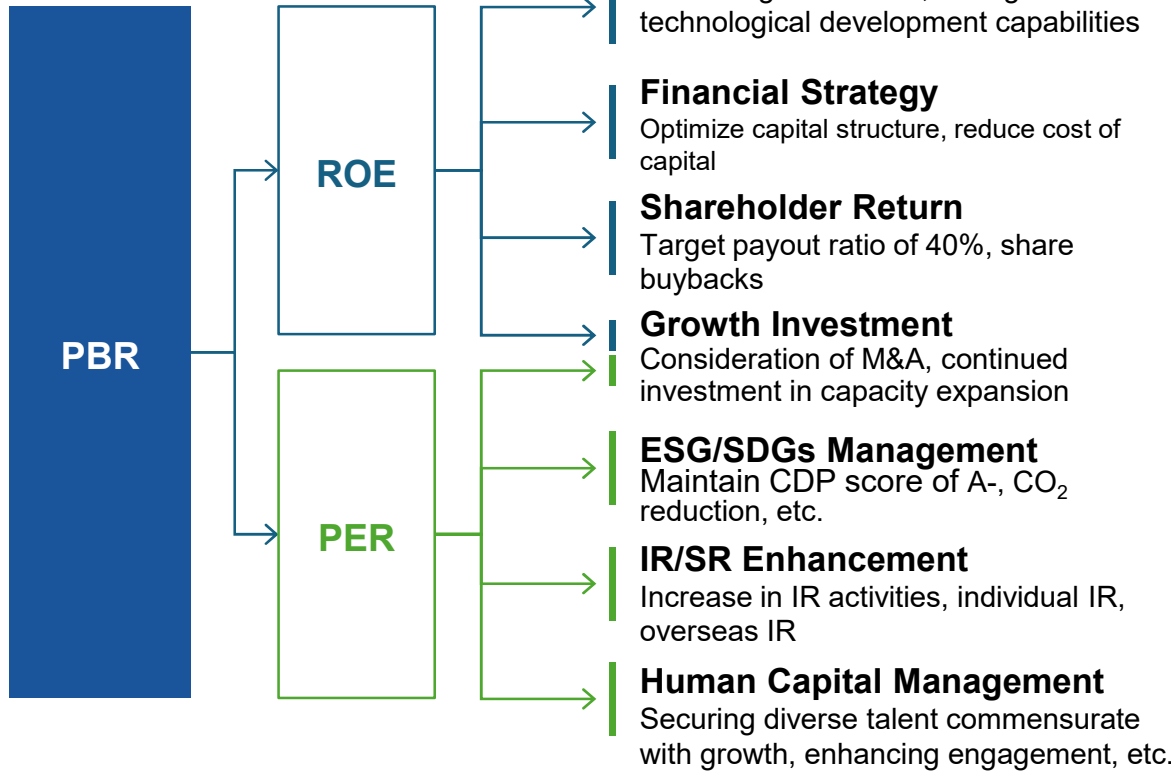
- We recognize that the capital cost has risen to 12.1% due mainly to an increase in beta value, creating an environment that demands higher profitability.
- Although ROE stands at 11.7%, a 0.2 pt incr YoY, it remains below the capital cost. We view sustainable improvement as a challenge.
- We aim to consistently achieve a stable, higher-than-capital cost ROE by strengthening cash flow generation capability and optimizing capital structure.
- With a view toward securing returns above capital cost and on the assumption that business structure, global expansion, and capital policy will advance, we have set a target ROE of 15% for the medium term.

\* We understand that in fiscal 2025, semiconductor-related stocks attracted increasing attention from the market, pushing up the beta value of our company with its high sales ratio in the semiconductor sector.

## Breakdown of PBR

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

## Key Achievements of One2025 (FY2023–FY2025)



Launch of operations at Fukuchiyama Factory No. 2 with cutting-edge equipment, Start of operations at Pillar Technology (Chuzhou) New Factory, Expansion into Malaysia to build a foundation for future growth

Issuance of 10 billion yen green bonds  
Establishment of new accounts receivable securitization facility

Maintained a payout ratio of 30% or higher  
Share buyback of approx. 2 billion yen

Acquisition of TANKEN SEAL SEIKO  
Start of operations at Fukuchiyama Factory No. 2

Earned CDP score of “Climate Change: A-”  
Obtained third-party verification from JQA, Review of ICP prices, etc.

Increased IR/SR consultations, live streaming of investor events, oversea IR (UK, Singapore) and individual IR conducted

Recognized as an outstanding organization of KENKO Investment for Health (White 500) by achieving DE&I and KPI targets, including the percentage of female managers

- We recognize that expanding into non-cyclical growth markets and optimizing capital structure are essential for further increase in our corporate value.
- Leverage the overseas bases established during the previous medium-term management plan for moving to a phase to reliably benefit from globalization.
- Enhance cash flow generation capabilities to increase ROE and PBR by balancing growth investments and shareholder return.

## [Business Aspect]

### ◆ Key drivers of business growth

- Sales expansion of high-value-added products.
- China strategy execution and early launch of production in Malaysia to make a contribution to earnings.
- Productivity improvement and controlled fixed costs.

### ➡ Improve profitability through business growth

## [Financial and Capital Policy Aspect]

### ◆ Optimizing capital allocation with a focus on growth investments

- Raise the payout ratio target to 40%.
- Flexibly consider share buybacks while maintaining a balance with growth investments.

### ➡ Enhance corporate value sustainably over the medium- to long-term

## [Qualitative Aspect]

### ◆ Strengthening market confidence and our organizational foundation

- Deepen understanding of our business through IR/SR activities, enhance risk disclosure, and ramp up overseas IR efforts.
- Secure talent and achieve sustainable growth by improving employee engagement through a new human resources system.

### ➡ Stabilize capital cost

For risks arising from the nature of our business, we are working to stabilize capital cost through a three-tiered approach, with a focus on promoting better understanding of growth potential and the sustainability of earnings.

- [1] Strengthen IR/SR activities and visualize business risks to promote better understanding of our future outlook**
- [2] Reduce cross-shareholdings to improve capital efficiency and management transparency**
- [3] Optimize capital structure and consider flexible share buybacks**

## Examples of Initiatives in FY2025

<b>IR/SR enhancement</b>	Proactive IR: Number of individual IR activities: 202 times
<b>Cross-shareholdings</b>	Promoting cross-shareholdings reduction: 5 stocks, book value of approx. 400 million yen (market value equivalent to 1.2 billion yen)
<b>Treasury stock</b>	Largest-ever share buyback: Approx. 2 billion yen

### TOPICS in FY2025 IR/SR Activities

- ▶ Simultaneous release of full texts (scripts) used for earnings briefings in both Japanese and English for overseas or busy investors who find it difficult to watch Japanese-language videos.
- ▶ In addition to last year's event in London, our President himself conducted an IR event in Singapore as part of our expanded overseas IR activities.
- ▶ SR (Shareholder Relations) consultations were held for the second consecutive year to enable two-way dialogue, including exchanges of views on disclosure and integrated reports.

### Track Record of Dialogues with Shareholders and Investors in FY2025

Financial results briefings (Live streaming on the day of earnings release)	2
Individual consultations with institutional investors / analysts (Japan/overseas)	202
Small meetings hosted by securities firms	10
Overseas IR activities (UK, Singapore)	2
SR consultations	7
Factory tours for institutional investors / analysts	3
Company briefings for individual investors (incl. webcasting)	6

## China: Start of Operations at Our Pillar Technology (Chuzhou) New Factory (January 2026)

### Measures to expand business profits

- 1) Increase production capacity  
→ Increase production capacity and productivity through production facility expansion ⇒ Cost reduction
- 2) Expand product lineup  
→ Establish a production system for rotary joints for CMP equipment and start production ⇒ Sales growth
- 3) Integrate Local Procurement, Production, and Sales  
→ Promote local production for local consumption within China to drastically shorten lead time and improve cost competitiveness ⇒ Profit growth



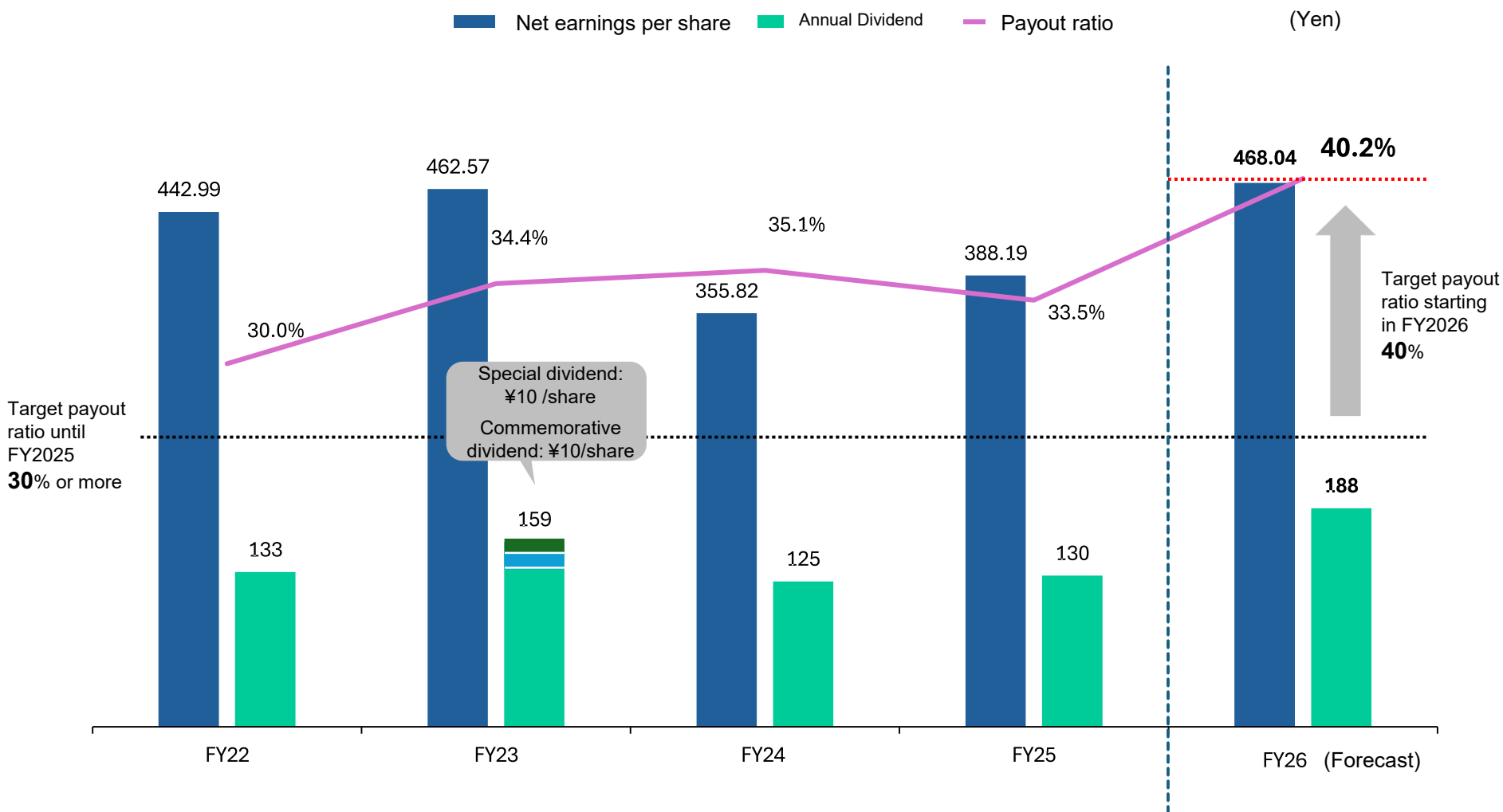
**S i t e   A r e a** 26,700 m<sup>2</sup>

**T o t a l   F a c t o r y   A r e a** 17,400 m<sup>2</sup>

### **P r o d u c t i o n   I t e m s**

- ✓ Fluorocarbon polymers fittings and piping for the semiconductor market
- ✓ Mechanical seals (rotary joints) for precision machinery/equipment
- ✓ Gland packings, gaskets, mechanical seals, etc.

## Raise the target payout ratio to 40%



# Appendix



■ Sales   
 ■ Operating income   
 — Overseas sales ratio

**Sales: 100.0 billion yen**  
**Operating income: 25.0 billion yen**  
**Overseas sales ratio: 50.0% or more**



**Sales: 58.0 billion yen**  
**Operating income: 12.0 billion yen**  
**Overseas sales ratio: 36.0%**



**Sales: 48.7 billion yen**  
**Operating income: 13.8 billion yen**  
**Overseas sales ratio: 31.1%**

## Basic Policies

Further progress in resin business for the semiconductor market

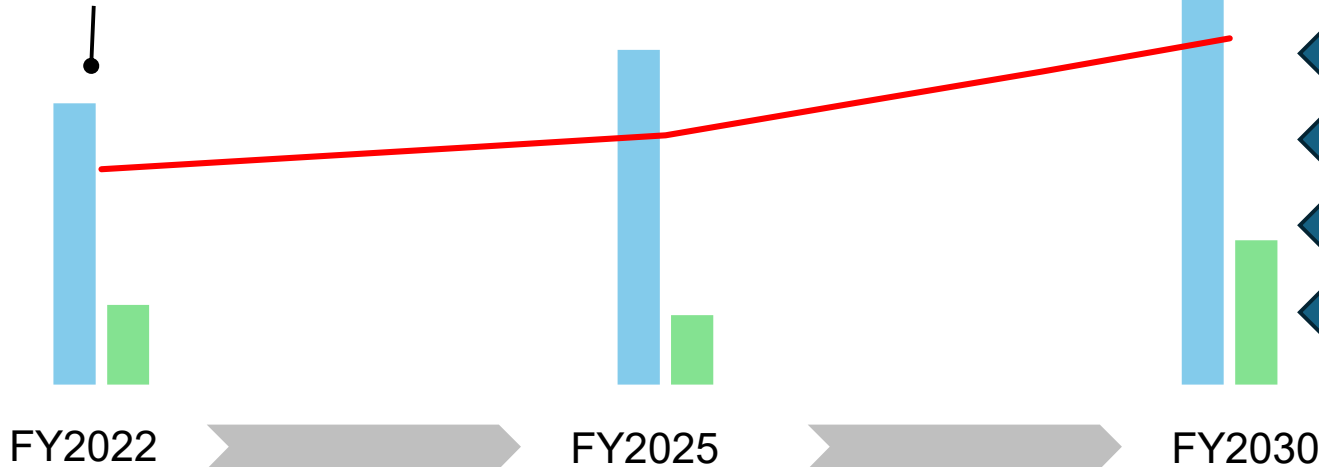
Evolving the top niche in the industrial equipment business

Becoming a truly global business

Establishing unique competitive advantage with IT/DX technologies

Aggressive sustainable management

Financial policy leading to enhanced corporate value



For details on initiatives in accordance with the new Medium-Term Management Plan, please refer to the attached Medium-Term Management Plan Presentation Materials.  
 URL : <https://www.pillar.co.jp/ja/ir/management/vision/>