

VALQUA Corporate Report

Corporate Profile & Sustainability Report 2024-2025



VALQUA Group

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Month and Year of Issue: October 2025



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Corporate Report 2025

Editorial Policy

This Corporate Report contains information about the VALQUA Group's basic thoughts about sustainability, initiatives pertaining to material sustainability issues, and descriptions on corporate information such as management information.

We hope to have all of our stakeholders gain a full understanding of the current VALQUA Group, and comprehension of our Group's intended business and sustainability activities.

This Report is available in printed form, and posted on our website at the same time.

Month and Year of Issue	Issued in October 2025 (Previous Issue in July 2024)
Reporting Period	April 1, 2024 to March 31, 2025 (Some information after April 2025 is also included.)
Responsible Department and Contact Information	General Affairs Planning Section, General Affairs Division, General Affairs Group, VALQUA, LTD. E-mail:csr@valqua.com
Scope of Reporting	VALQUA, LTD. and its 14 consolidated subsidiaries (Percentage of women in management positions is the figure for VALQUA, LTD. alone.)
Reference Guidelines, Etc.	GRI Standards, ISO26000, the UN Global Compact, Sustainable Development Goals (SDGs), and RBA Code of Conduct
Reporting Media	PDF version Summarizes high-priority sustainability related activities in the form of an annual report. https://www.valqua.co.jp/social/report/
	Web edition Exhaustive posting of latest information and additional information on our website. Updated frequently. https://www.valqua.co.jp/social/

Top Message

VALQUA’s Efforts to Cultivate Human Resources to Become a Challenging Company that Challenges the Future and the Unknown and Paves the Way for the Next Generation

1 Promoting “Well-being Management” Based around “THE VALQUA WAY”

Deepening Visionary Management

Toward 2027, the 100th anniversary of our founding, we as the VALQUA Group set our aim to become “A Challenging Company that Challenges the Future and the Unknown.” To realize this vision, we are striving to further deepen visionary management (management based on philosophy), which we have practiced up to now.

Our visionary management is based around the Corporate Philosophy of “THE VALQUA WAY” and, with FY 2024 positioned as the baseline year for “Well-being Management,” we are working to create the “twin wheels of management” unique to VALQUA.

“The VALQUA WAY” provides guidelines that guide the correct behavior and judgment of employees.

For “Well-being Management,” we encourage each and every employee to overcome hardships through challenges and engage in work with a sense of fulfillment and job satisfaction under the slogan of ‘Feeling thrilled, not forced,’ aiming to improve the Well-being of all stakeholders.

In June 2024, COO Toshiharu Takisawa took on the additional role of Chief Well-being Officer (CWO) and is sharing responsibilities with me as the CEO to strive to deepen visionary management under the new management structure.

Through the practice of visionary management, we aim to achieve sound and sustainable growth and improve

Representative Director, Chairman & CEO

Toshikazu Takisawa



corporate value in anticipation of our 100th anniversary and beyond. As a way to achieve this goal, we established the “New Frontier 2026 (NF2026)” Medium-term Business Plan in FY 2024 and are working on it. Under the basic themes of NF2026 including “Develop

human resources,” “Further reform and strengthen the supply chain,” “Monetize new AI/IT Solutions Business,” “Thoroughly prevent technology leakage and identify new areas and technologies,” and “Thorough globalization,” we implement measures for each of them for every fiscal year.

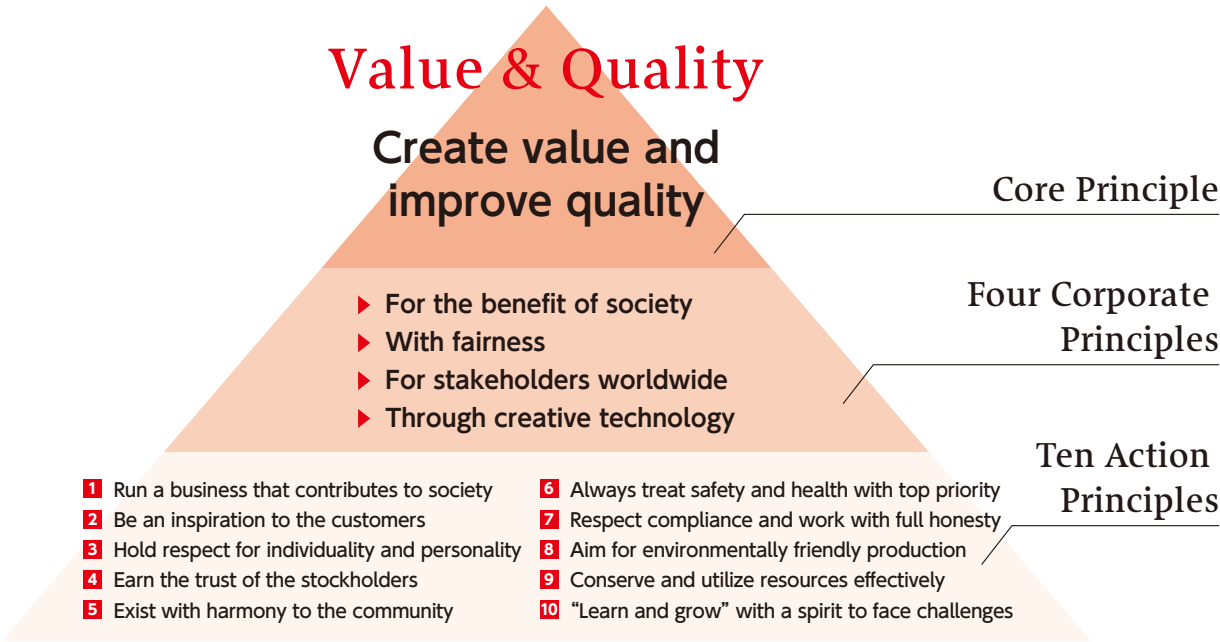
2 Progress of the Medium-Term Business Plan NF2026 and Future Development

In FY 2024, the first year of NF2026, we envisaged an environment of rapid global fragmentation and drastic changes in business models due to digitization. With heightened geopolitical risks, including the movement of the new U.S. administration, the global situation has become even more chaotic. Even in this uncertain environment, our Group actively worked to build the foundation for future growth through R&D, investment in digital product development, and investment in human resources. As a result, despite a decline in sales and profits, the high performance seals business for the semiconductor market is on a recovery path and we can now feel a return to growth.

For one of the basic themes of NF2026, “Further reform and strengthen the supply chain,” we established new production bases in Japan in Tahara City, Aichi Prefecture, and overseas in Vietnam. To “Develop human resources,” as an initiative to promote the Well-being of employees including technicians on worksites, we held the first

“VALQUA Skills Grand Prix” for the purpose of improving skills, which received a great response. As for the theme “Monetize new AI/IT Solutions Business,” we are seeing solution products we have developed, such as the equipment inspection platform MONiPLAT®, steadily growing in the market.

In FY 2025, the second year of NF2026, we will further accelerate our supply chain reform. In Japan, amid the rapid expansion of semiconductor plants, we plan to start production of fluorocarbon lined tanks for semiconductors at our new plant in Tahara City, where strong demand is expected. Overseas, we plan to expand our new manufacturing base in Vietnam and supply high performance seals and high performance plastics products to growing markets such as semiconductors not only in ASEAN but around the world after the start of full-scale operation in FY 2026. We will also aim for business growth as an initiative to “Monetize new AI/IT Solutions Business.”



3 Toward Growth as an H&S Company

Initiatives for the Baseline Year for Digital Innovations

In NF2026, we positioned FY 2024 as the baseline year for digital innovations and focused on the theme “Monetize new AI/IT Solutions Business” as a priority measure.

Since FY 2014, we have been working to advance our reform into an “H&S company,” which creates new customer value in terms of two aspects of hardware products (H) and service products (S). Using the customer base and human resources we have cultivated in the equipment and plant markets as the source of value creation, we are creating new service businesses that utilize digital AI and sensing technologies. In recent years, for strengthening our development structure, we have been working to develop new products and launched them in markets in the two areas of equipment inspection and management services and sales services for hardware products utilizing digital technology.

In the area of equipment safety management services, we developed MONIPLAT®, a cloud service for small- and medium-sized companies that allows easy equipment inspection with smartphones, and released it in April 2023.



Left) Grand Prize in the Business Transformation (BX) Category of the Japan DX Awards 2024

Right) MONIPLAT® commercial started showing in April 2023 (TV Tokyo)

4 For Human Resources Development

Based on Relationships of Trust

In September 2024, an external report revealed that one of our executive officers and employees had inappropriate relationships with certain business partners and were involved in illegal activities. Our Group immediately established a special investigative committee and conducted a thorough investigation with the cooperation of outside experts. The results were compiled into an investigation report and announced externally along with preventive measures. As the top of management, I sincerely apologize for the great inconvenience and concern we have caused our stakeholders. We will strive company-wide to prevent recurrence and restore trust, and will promote honest management.

As a result of this incident, I once again took a deep look at what kind of foundation is necessary for the VALQUA Group to grow in a sound and sustainable way beyond its

As an epoch-making equipment maintenance platform, MONIPLAT® has been installed by a total of 1,400 customers as of June 2025. In 2024, it won a Japan DX Award for its innovativeness. For large-scale plants, we also provide “SPM” (Smart Plant Management), which digitizes maintenance work and contributes to safety at production sites in Japan.

As digital services for sales of hardware products, we offer Material Pro, which covers resin materials, and Quick Value™, a platform offering a lineup of fluorocarbon resin products. With these two services (achieving digitalization of selling things), we provide detailed and thorough solutions that only we can offer.

In addition, we are promoting internal DX, such as improving the efficiency of our plants and R&D sites, to improve our profitability. Going forward, we will continue to cultivate a digital mindset that contributes to the transformation of organizations, processes, and corporate culture/climate by utilizing data and digital technologies without being bound by assumptions or conventions.

100th anniversary. I have been committed to visionary management and have devoted all my energy to sharing the philosophy of “THE VALQUA WAY,” but I feel that we are only halfway there. In these times of rapid change, it is necessary for each and every employee at worksites to understand and share “THE VALQUA WAY” deeply, to use their imagination and creativity to anticipate changes, to judge and act correctly on what needs to be done, and to evolve their work. I intend to continue to deepen dialog with employees and promote autonomous growth through the “CEO Forum to Promote the Permeation of THE VALQUA WAY Throughout the Workforce” and the “CEO Learning (Teaching, Coaching, and Mentoring),” which are my lifework. I will also continue to practice management that believes in worksites and leaves things up to them.

Medium-term Business Plan NF2026

Create Value through the New Frontier 2026 (NF2026) Medium-term Business Plan

Since our founding in 1927, our company has been the “unsung hero” supporting the development of various industries and has grown while meeting the needs of the times.

Under NF2026, our Medium-term Business Plan launched in FY 2024, we have defined products for the semiconductor market and digital solutions as strategic areas for new value creation, and are implementing initiatives to accelerate growth. Regarding products for the semiconductor market, we will contribute to the development of a more affluent and comfortable society by supplying products that are essential to semiconductor production and technological advancement amid the global trend toward IoT and AI. With digital solutions, we are striving to provide our unique solutions and services in order to contribute to solving various social issues, such as labor shortages at production sites in Japan. In this uncertain outlook for the global economy, under our Corporate Philosophy of “THE VALQUA WAY,” we will strive to create new value by contributing to the security and safety of society and transformation.

Progress of NF2026 in FY 2024

In FY 2024, the recovery of semiconductor-related businesses was slower than expected, leaving some issues with the consolidated financial results. On the other hand, the strategic investments for growth and structural reform formulated in the Medium-term Business Plan are making steady progress and the foundation for growth is being laid for our 100th anniversary and beyond. In FY 2024, in particular, we worked to strengthen production capacity for the semiconductor market and constructed our first new domestic plant in 32 years in Tahara City, Aichi Prefecture.

Also, in Vietnam, we are developing and strengthening our production system for high performance seals and high performance plastics products. By steadily advancing these initiatives, we aim to capture the growth of the semiconductor market on a global scale. Regarding digital solutions, a track record of their adoption at maintenance sites is gradually building up, creating new forms of value creation.

In FY 2025, we will put our business on a growth path toward the final year of our Medium-term Business Plan and beyond, while accelerating the implementation of these strategies.

Basic Policy of Medium-term Business Plan (NF2026)

In an environment of rapid global fragmentation and drastic changes in business models due to digitalization, let's strive to create new value for the highest satisfaction of stakeholders from multiple perspectives under “THE VALQUA WAY”!

- 1 Establish a perspective to pursue the essential in a rapidly changing world and develop human resources in line with this.
- 2 Further reform and strengthen the supply chain in response to increasing geopolitical risks.
- 3 Monetize new AI/IT Solutions Business through accelerating digital innovation.
- 4 Thoroughly prevent technology leakage and identify new areas and technologies.
- 5 Thorough globalization through “Think Globally, Act Locally.”

Corporate Image we aim to become in the coming 100th anniversary (2027)
A Challenging Company that Challenges the Future and the Unknown
—To contribute to the richness of human race and global environment—

- ▶ Endless pursuit and monitoring of growth strategy
- ▶ Strengthening management foundation that will solidify company growth
- ▶ Active engagement in “environment, society, and corporate governance” in becoming a better global citizen

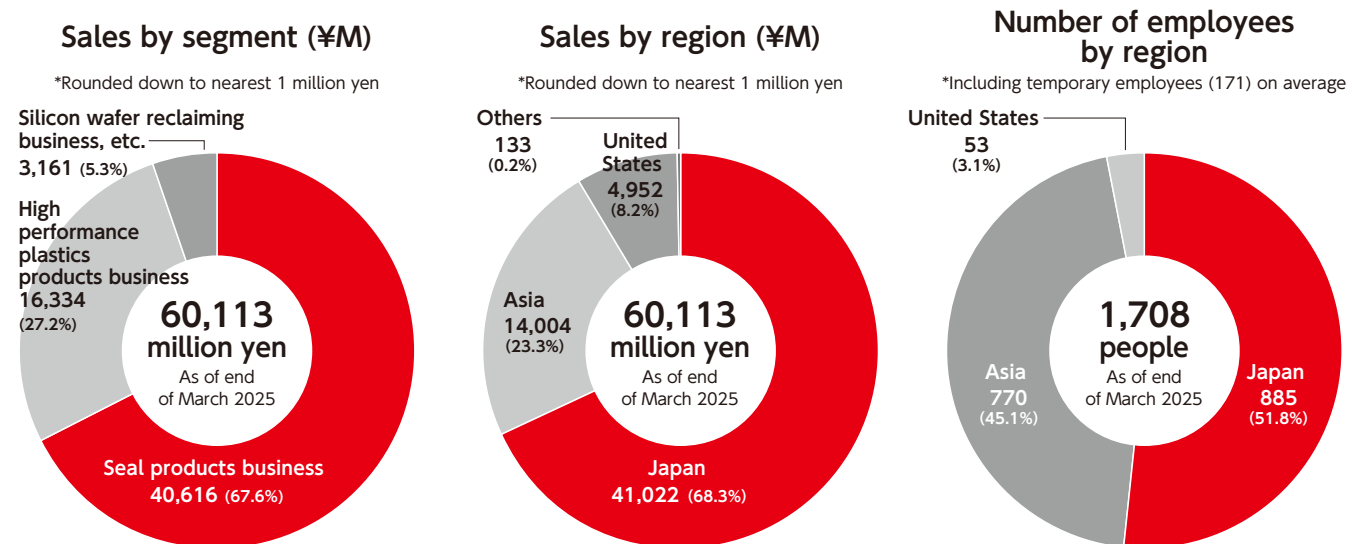
Representative Director,
President
COO & CWO

Toshiharu
Takisawa



With business areas such as the seal products business and high performance plastics products business, the VALQUA Group has global reach.

VALQUA Group Businesses



For other data, visit our website. <https://www.valqua.co.jp/>

Product Lists

Seal products business



Mainly development, production, and sale of seal products for plants and equipment, elastomer products, and automotive part-related seals

The main business line of the VALQUA Group is providing seals for use in piping and equipment in various industries. We provide new customer value for the frontier industry, equipment, and plant markets through DX.



Business details

Design, manufacturing, processing, and sale of products made from fibers, fluorocarbon resin, high performance rubber, and other materials to meet the needs of all industries, including industrial equipment, chemicals, machinery, energy, communication equipment, semiconductors, automobiles, and aerospace. Development and sale of software and information systems, related electronic commerce and other services using the Internet, consulting, engineering, and other businesses related to technology and know-how.

High performance
plastics products business



Mainly the development, production,
and sale of fluorocarbon resins
and other high performance plastics products

These products, which take full advantage of the exceptional properties of high performance plastics, are used in many fields, including semiconductor devices and industrial machinery. With strategic products for frontier industries and the plant market as our main axis, we are improving our supply chain to provide value globally.



The history of VALQUA

1927 January	Founded as NIPPON BRAKE LINING SEISAKUSHO in Osaka for the manufacture and sale of brake linings for automobiles and high-speed machinery.
1932 April	Established NIPPON VALQUA INDUSTRIES, LTD. Began producing industrial gaskets.
1941 June	Began manufacturing synthetic rubber gaskets and joint sheets for airplanes.
1952 February	Completed research work on the fabrication of fluorocarbon resin and was the first company to successfully commercialize the product in Japan. Began manufacturing and sales of such resin under the trade name "VALFLON."
1969 July	Established joint venture TAIWAN VALQUA INDUSTRIES, LTD.
1975 September	Listed as a publicly quoted company in the First Section of the Tokyo Stock Exchange.
1988 July	Established joint venture VALQUA INDUSTRIES (THAILAND), LTD.
1993 November	Established Nara Works. Started manufacturing of highly-functional rubber products.
1998 June	Established VALQUA AMERICA, INC.
2000 March	Established joint venture TAIWAN VALQUA ENGINEERING INTERNATIONAL, LTD.
2000 December	Established VALQUA SEAL PRODUCTS (SHANGHAI) CO., LTD.
2002 September	Established VALQUA (SHANGHAI) TRADING CO., LTD.
2004 March	Established VALQUA KOREA CO., LTD.
2006 January	Opened M·R·T Center in Machida, Tokyo.
2008 April	Established VALQUA VIETNAM CO., LTD.
2010 September	Launched enhanced China operations through an operational and capital tie up with Daikin Industries, Ltd.
2017 March	Acquired the present VALQUA NGC, INC. and made it a consolidated subsidiary.
2017 November	Established VALQUA INDUSTRIES SINGAPORE PTE. LTD.
2018 October	Changed company name to VALQUA, LTD.
2022 April	Moved from First Section of Tokyo Stock Exchange to Prime Market.
2025 April	VALQUA MIKAWA FRONTECH Tahara Plant started operations.

VALQUA's Relationship to Society

Our "products & services" play an active role in all sorts of places.

A Medical equipment, automobiles, and aerospace equipment

C Construction machinery

D Transformer

G Rockets and satellites

I Steel production plants

H Semiconductor plants

F Automobiles

E Chemical plants

J Ships

B Communication equipment and mobile phone base stations

A Medical equipment, automobiles, and aerospace equipment

Fluorocarbon resin cut tape

Advanced technology is used to cut fluorocarbon resin tape to produce a product with superior air-tightness, slidability, and electrical insulation.



B Communication equipment and mobile phone base stations

Fluorocarbon resin material

Substrate material with the outstanding electrical characteristics and weather resistance of polytetrafluoroethylene (PTFE) contributes to safe, rapid, high-capacity data communication in antennas and self-driving vehicles.



C Construction machinery

O-ring

These are typical static and dynamic seal products. They accommodate a wide range of industrial needs thanks to the use of rubber material well suited to the application.



Thrust plate

When inserted into the gap in hinged moving parts of excavators, etc., thrust plates play roles such as adjusting the gap, preventing squeaking, and preventing galling.



D Transformer

Processed fluorocarbon resin products

The high electrical insulation performance of these products is used to good advantage in devices that eliminate the effect of lightning and control the amount of power transfers.



E Chemical plants

Fluorocarbon resin lined ball valve

Adoption of highly chemical resistant fluorocarbon resin in all parts that come into contact with fluids gives these valves broad applicability to fluid control.



Fluorocarbon-resin envelop gaskets

Made of highly chemical resistant material, these gaskets prevent liquid chemicals and gasses from leaking through the joints of piping and equipment.



Fluorocarbon resin lined product

These pipes use the characteristics of fluorocarbon resins - chemical resistance and surface smoothness - to ensure the purity of the fluids that pass through them.



F Automobiles

Gasket for automatic transmission (AT)

These are the gaskets used in the hydraulic control device (valve body) that controls the AT. By sealing the oil within the device, they make possible smooth, responsive gear changes.



G Rockets and satellites

Metal hollow O-rings

These are high performance gaskets that can even prevent leakage in outer space. They are used not only in rockets and satellites, but also in equipment that requires high temperatures, high pressure, and high vacuum.



Seal Training Center (STC)

STC shares VALQUA's seal engineering technology with customers, connecting it to safe plant operation and reliable equipment operation. STC also provides a venue for human resources development, with classroom lectures on the selection of seal materials and appropriate methods of use, as well as experience-based training facilities for practical training using a simulation of pipe flanges in actual factory settings.



H Semiconductor plants

Fluorocarbon resin lined tank

Liquid chemical tanks with inner linings consisting of fluorocarbon resin sheets are indispensable in the storage of the ultra-high purity chemicals used in semiconductor manufacture.



Fluorocarbon resin lined ISO container

These containers transport ultra-high purity chemicals essential to the semiconductor manufacturing processes to their destinations while maintaining purity.



High performance elastomer

Products surface-treated with a special low-impurity rubber maintain the clean environment that is indispensable to semiconductor manufacture.



Bonded gate seal

These are high performance elastomer and metal seals with a unitary structure. With high sealability, they are used in transfer gate valves for silicon wafers.



Digital solutions in the maintenance field

MONiPLAT®

Equipment inspection platform that enables integrated management of periodic inspections and equipment condition monitoring. Easy periodic inspections and facilities management with smartphones and PCs.



VALQUA SPM SMART PLANT MANAGEMENT

Centralized management of progress, from routine maintenance to scheduled repair work, of plant maintenance planning, construction, inspection, approval application, data storage, and comparison.

VALQUA SPM

SDM Work Management System

Efficiency of work and inspection improved with the Cloud system



Quick Value™

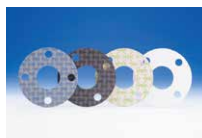
A platform that allows users to request quotes and place orders for fluorocarbon resin and other resin cut products by simply uploading drawings.



I Steel production plants

High performance sheet gasket

Heat resistance has been greatly improved compared to previous products. This product is used in plants as a sealing material for piping flanges through which various fluids flow.



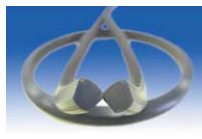
Spiral wound gasket

This high-strength sealing material, made from a combination of metallic materials, supports the safe operation of plants that operate under high temperatures and pressures.



Low friction seal (LFR SEAL®)

This seal material has outstanding slidability and was developed for use in the rotating and oscillating parts of various kinds of production equipment.



J Ships

Gland packing

These are products that prevent leakage from around the working axis, and they are used mainly in rotary pumps and valves that fulfill the function of conveying fluids or blocking their flow.



Challenging the Future and the Unknown / Special Feature 1

Resumption of domestic production of lined tanks contributing to the development of the Japanese semiconductor industry

New environmentally-conscious plant of VALQUA MIKAWA FRONTECH

A major trend now is the return of manufacturing to Japan and the reshoring of the manufacturing industry to avoid business risks stemming from the COVID-19 pandemic, the weak yen issue, and economic security in the wake of Russia's invasion of Ukraine and the U.S.-China confrontation.

As the VALQUA Group reorganizes its strategic supply chain, VALQUA MIKAWA FRONTECH's Tahara Plant is now fully operational. The plant is a new production base for domestic production and development of lined tanks that will support the revival of the semiconductor industry in Japan. VALQUA MIKAWA FRONTECH, a community-based company named after Mikawa, Aichi Prefecture, is a passionate hub where VALQUA's technological capabilities and youthful talents are gathered.



Semiconductor production in Japan and supply chain

Semiconductors are essential components in modern society, used for smartphones, personal computers, and automotive applications, for example, for which technological innovation and market expansion are expected in the future as important infrastructure for the information society. In Japan, one national strategy is to revive the domestic semiconductor industry and strengthen its competitiveness. Domestic production is becoming increasingly important, as exemplified by the start of production in Kumamoto Prefecture by JASM, a subsidiary of TSMC, the world's largest semiconductor foundry.

Against this backdrop, the VALQUA Group made a major decision to build a new plant in Japan for the lined tank business, which had mainly been based overseas. Lined tanks are special tanks essential to semiconductor manufacturing that store high-purity chemicals used in the semiconductor chip production process. VALQUA MIKAWA FRONTECH's Tahara Plant, which is one of the largest lined tank manufacturing facilities in Japan, is an advanced manufacturing base capable of manufacturing in a clean room. It provides stable supply of products with high production efficiency and plays an important role in supporting Japan's semiconductor industry.

VALQUA, a lined tank manufacturer

Since 1972, when VALQUA started production of Japan's first lined tanks, the company has established itself as a pioneer in lined tank manufacturing. In 2000, VALQUA established Taiwan Valqua

Engineering International, Ltd. and has been promoting global expansion while building relationships with global semiconductor customers in Taiwan. The new plant that the Taiwanese Group company started operating in 2021 boasts a site area of approximately 15,000 m² and a total floor space of approximately 6,600 m² and is growing as a core base of the global supply chain.

The Tahara Plant further strengthens its commitment to high quality and employs environmentally-friendly manufacturing methods with reduced environmental burden. The risk of disruption in the supply chain has been reduced by providing an integrated service from manufacturing to repair, legal inspection and predictive maintenance. This has also enabled us to achieve strategic supply chain management. We aim to evolve as a true specialist in lined product manufacturing and continue to lead the world's lined product manufacturing.

To be the World's premier plant

"The construction of the new plant at this time was an opportunity to revive the technological capabilities that were being lost in Japan. We will make the Tahara Plant the world's premier plant, bringing together the wisdom and passion of the specialized engineers of the VALQUA Group to realize a return to Japan," declares President Higashino of VALQUA MIKAWA FRONTECH.

However, there were difficulties in the construction. Section Manager Nishiba of the Production Division and Supervisor Ohashi, who is also qualified as a first-class architect, say that there were a number of hurdles, including the difficulty of complying with laws and regulations regarding hazardous materials and the environment as the site was in a semi-industrial area, and has strong winds in winter, characteristic of this area, hampering construction. After overcoming these difficulties, full-scale operation was finally achieved. Now that construction has been completed, all employees are working as one to energetically pursue the next mission, which is to launch mass production and train engineers.

Features of the Tahara Plant, among Japan's largest

The Tahara Plant is one of the largest advanced manufacturing bases in Japan of the VALQUA Group. The most important feature of this plant is the use of a manufacturing process in a clean room, which thoroughly prevents contamination of fine foreign matter and maximizes product quality. In addition, from the design phase of fluorocarbon resin lined tanks to the integrated production from materials, the latest equipment and production management system have been introduced to achieve high production efficiency. Another feature is the use of manufacturing methods with reduced environmental burden. Through these initiatives, we aim to achieve sustainable manufacturing while simultaneously reducing costs and environmental burden.



Contribution to the local community

On January 1, 2025, VALQUA METAL TECHNOLOGY CO., LTD. changed its name to VALQUA MIKAWA FRONTECH CO., LTD. The addition of the word MIKAWA to the new company name reflects our determination to develop together with the local community of Higashi-Mikawa, Aichi Prefecture. It also carries our strong desire to challenge the world from Mikawa.

We are actively recruiting local human resources to revitalize the local economy and deepen our ties with the local community through participation in local organizations and cooperation in local events. We aim to be trusted by local community members by growing together with the local community and conducting business activities with an eye to the future.

Well-being initiatives

At the Tahara Plant, we are striving to promote well-being with the aim of creating a comfortable environment for employees and visitors. As part of these efforts, we use the Thank You Message Card to express our gratitude on a daily basis to stimulate communication within the workplace. We are fostering a culture of shared gratitude and deepening bonds among employees. In addition, through activities that incorporate ballroom dancing, we are working to refresh the mind and body and promote health, creating a workplace environment that keeps employees smiling.

Furthermore, we express our warm hospitality to visitors with the Welcome Board and Message Card. Through these efforts, we aim to be attractive and pleasant to employees and the local community.

Comments from Mayor of Tahara City

I would like to offer my hearty congratulations on the successful completion of the Tahara Plant. I would also like to express my deep gratitude for choosing Tahara City as the site of your new base.

Your company provides high-quality products for a variety of industries, including semiconductors, and has long been recognized as a player in the world's leading industries. The completion of the new plant is expected to greatly contribute to the promotion of industry and job creation in Tahara City.

Tahara City will continue to do its utmost to support your smooth corporate activities.

Mayor of Tahara City
Masayoshi Yamashita



VOICE Voice of Employees

Production Division
Manufacturing Section Leader **Kenichi Izumihara**

We are in the middle of a very challenging cross-departmental project to launch a plant and we work with mutual help and consideration. I have a one-year-old child and the system of paid leave in 1-hour units helps.



Production Division
Manufacturing Section Chief **Shota Suzuki**

The company events such as barbecues are refreshing. I also want to enjoy ballroom dancing and I voluntarily participate. I was worried because I had never worked in a factory before, but the help of specific guidance from my boss motivates me to lead the sheet team in a better direction.



Production Division
Manufacturing Section **Aoi Kawai**

The environment makes it easy to ask questions to people around you and cover for each other when in trouble. I like the Thank You Message Card, a well-being initiative in which employees express their gratitude to each other every day.



Challenging the Future and the Unknown / Special Feature 2

New “security and safety” of production worksites with digital technology

VALQUA’s new challenge toward becoming an H&S company

The VALQUA Group is making energetic efforts to transform itself into an H&S company that integrates products (hardware) and services, based on the strong desire for “security and safety” that the Group has maintained since its foundation. At the core of these efforts are DX solutions that are deeply rooted in our Corporate Philosophy “THE VALQUA WAY.” We are using the power of digital technology to elevate our missions of “security and safety of society” and “create new value” and expanding the scope of our value provision by developing unique services that contribute to solving customers’ diverse issues.

Executive Officer, Director of Digital Strategy Group **Yusuke Kishita**



Becoming a company that continues to support with knowledge and know-how, not simply selling products

The beginnings of the VALQUA Group’s solution business date back to the late 1990s. At the time, there was growing demand from customers for safer installation and management of our products. In response to this, we established the Seal Training Center (STC), a venue for experience-based training, for which advanced skills of seasoned engineers in the field of seal engineering have been visualized and organized into an educational program. This was the starting point of our service business, which does not only sell goods but also provides value with knowledge and know-how. At the same time as this pursuit for services, we were also paying attention to the changing times of the early days of IT in society. Based on these experiences and pursuit, in 2014, the VALQUA Group clearly declared its intention to transform itself into an H&S company and began full-scale solution development. In 2021, we hired the highest-ranking person in the digital division to further strengthen our structure and accelerate development. Since then, service development has progressed smoothly, and we have commercialized four services, MONiPLAT® and VALQUA SPM in the field of support for manufacturing industry-related equipment, and Quick Value™ and Material Pro in the field of product sales solutions, and started expanding sales. MONiPLAT®, above all, has already achieved significant results, with more than 1,400 customers. In the future, we will enhance our services and strengthen the functions of existing systems to develop them as the pillars of our business.

Taking on the challenge of developing digital services using knowledge from manufacturing sites

The solution business of the VALQUA Group begins with our products and targets two adjacent fields: the field of

support for manufacturing industry-related equipment and the field of sales solutions that digitize product sales.

In the first field of support for manufacturing industry-related equipment, we contribute to the advancement of safety management and maintenance at customers’ plants and factories. By digitizing conventional analog inspection and other tasks, we will significantly improve operational efficiency while ensuring safety and security at worksites. VALQUA SPM, our plant work execution management platform, is a concrete solution. It digitizes work that used to rely on paper and visualizes the progress on the site in real time. This innovation has been highly evaluated and is being introduced as a system for plant work at all of the major oil refineries in Japan, contributing to the drastic upgrading of safety management.

In the second field of product sales solutions, we aim to provide new value to customers by eliminating inefficiencies in the entire sales process, rather than simple “digitization of selling goods.” We continue to evolve our services to become a reliable partner for our customers by pursuing convenience beyond conventional business practices, such as faster quotation and accurate proposals at the design phase. The development of these solutions is supported by the unique approach of VALQUA. We have four action principles for our team: (1) pursuit of true customer needs; (2) building of long-term relationships of trust with customers; (3) co-creation as “one team” that integrates sales and development; and (4) a continuous improvement cycle based on rapid market launch and customer feedback. Our unwavering strengths include the knowledge we have cultivated over many years as a manufacturer, the high level of development precision achieved through demonstration operations at our own plants, and the drive to innovate by leveraging economies of scale.

MONiPLAT®, born out of on-site issues Creating a system that ensures safety

01 Issues found at manufacturing sites providing the starting point of digital transformation

“Check the temperature of manufacturing equipment several times a day, record it on paper, and store it in a file.”

This scene, witnessed by CDO* Gota Nakazawa, who joined VALQUA, while visiting a production site of a Group company triggered the development of MONiPLAT®. CDO* Nakazawa was keenly aware of the problems with this inefficient, analog equipment maintenance operation. “If this is the case even for VALQUA, a major manufacturer, digitization of equipment maintenance must be progressing very little at manufacturing sites of Japanese small- and medium-sized companies.”

Actual market research revealed that the equipment maintenance products of leading companies in the industry were expensive and the hurdle to their adoption was quite high. At that time, the Digital Development Division was seeking to develop services related to security and safety in the manufacturing industry by combining the trust, quality, and channels cultivated by the VALQUA Group with its own

IT development experience. In that process, we came across materialities in equipment maintenance and came up with an idea that “combining VALQUA and digital in the field of equipment maintenance will contribute to the efficient evolution of the entire Japanese manufacturing industry.”

In this way, VALQUA has begun to take on the challenge of commercializing an equipment maintenance platform that is easy to implement even for small- and medium-sized companies.



02 Development philosophy of identifying essential needs at sites

Deliver defect-free finished products to the market. That was the common sense of manufacturing that has taken root in our company with the focus on hardware. With software, however, continuous improvement is made even after release while listening to customers’ opinions to increase its value. This fundamental difference in the concept was a major barrier to the development of MONiPLAT®.

Accordingly, the team questioned the traditional common sense and debated what it meant to be truly user-first. It is not just listening to what users want but identifying potential needs and bringing out intrinsic ease of use that users themselves are not aware of, without giving too much weight to the developer’s perspective. This “user-first approach with a third-party perspective” became the unwavering core of the MONiPLAT® development team.

03 Development speed generated by a sense of unity that transcends the boundaries of business groups

Our development system consists of the development, design and sales working as “one team” with a small core team at the center and the Digital Strategy Group, and also involving the Business Group. This resulted in a rapid and highly adaptable development process. For VALQUA, which has carefully crafted high-quality hardware products, the unique development style of digital products, which involves quickly launching products to the market and making improvements based on customer feedback to raise the level of perfection, was naturally confusing at first. However,

once the voices of our customers began to reach us directly, the value and speed of the communication dramatically changed the mindset of our employees and accelerated the transformation of the entire organization.

Supported by CEO Takisawa who said, “It is in the national interest to provide security and safety widely,” MONiPLAT® was released in April 2023 after completing initial development in less than two years. Since then, it has continued to evolve to contribute to the maintenance of our customers’ equipment.

Engaged in development

I was involved in a challenging project to realize a service from concept to development and release it in a short period of time. The speed-oriented schedule made internal coordination and liaison with related parties more complicated than expected. With a unified team from the business layer to design, sales, and development built from scratch, we tried to maintain close communication so as to not waver from the overall goals. While there were some issues in the process, in the end, we were able to create an organization that can demonstrate a high level of teamwork.

Development Project Manager
Yusuke Mita



*CDO: Chief Digital Officer

MONiPLAT® Continuing to Evolve with the Voices from Worksites

For many years, VALQUA has maintained physical safety of “not letting liquids or gases leak.” While inheriting this spirit, MONiPLAT® proposes a new form of “security and safety” of “not letting out invisible risks and inefficiencies in operations.” This concept has been supported by many customers and the service has grown to be used by over 1,400 customers as of June 2025. It has received high praise for its uniqueness as a platform for equipment maintenance, as well as convenience of free initial use.

Even after release, we have sincerely listened to customers’ opinions and promptly reflected feedback from the sales team. We keep refining the service by continually improving the user interface, improving performance, and adding new features. The range of solutions has expanded from periodic maintenance (TBM) to condition monitoring and maintenance (CBM). For CBM, in particular, we will start offering this autumn a more advanced predictive management service using sensor information through collaboration with partner companies. By simply connecting various sensors to the equipment, the operating status can be visualized from the cloud anytime, anywhere. It provides intuitive graphs, allowing early detection of signs of abnormality.

Going forward, we will promote the use of AI, expand the scope of application of the collected data, pursue highly competitive services, and continue to work relentlessly work on upgrades.

Comments from Customers



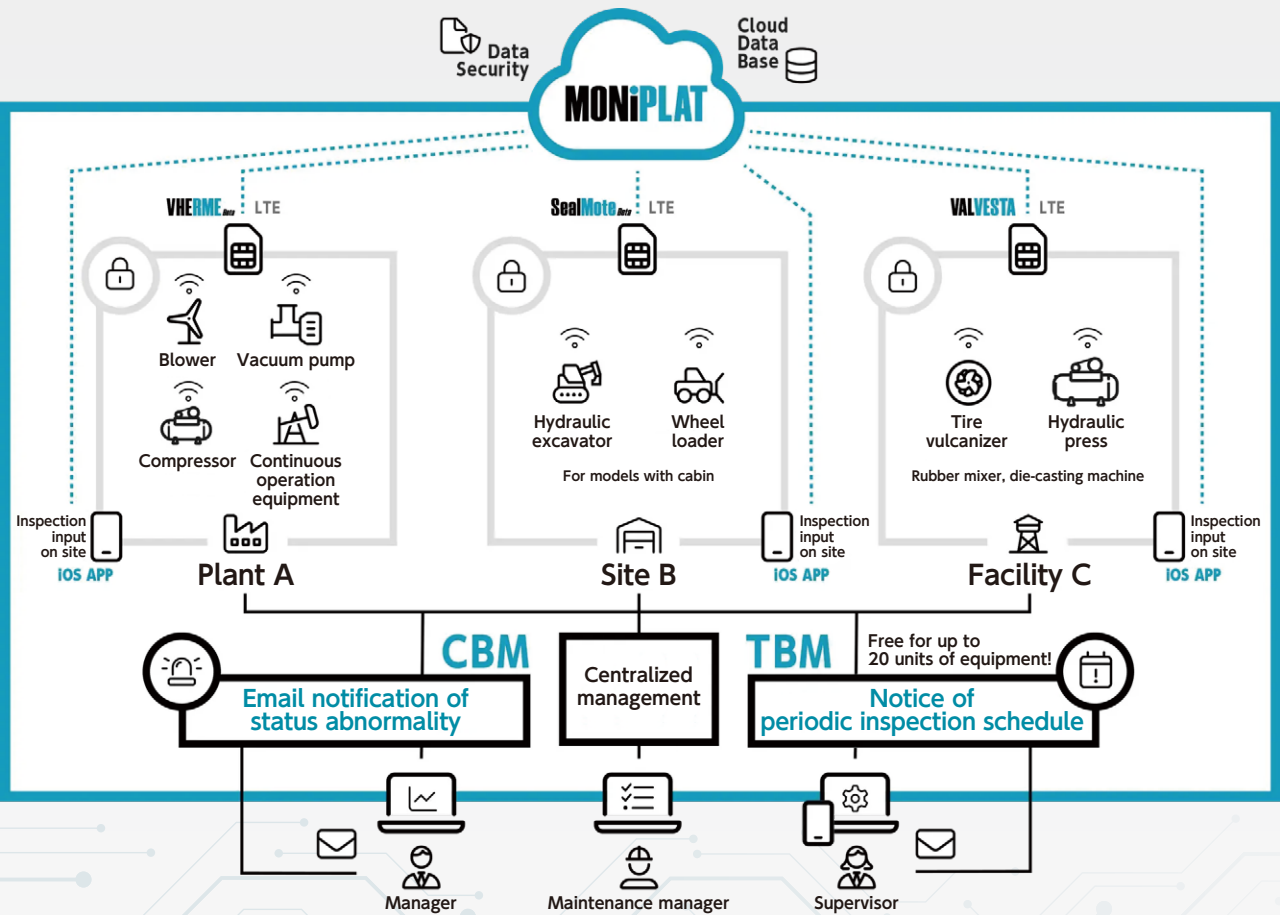
Metal One Sumisho Tubular Products Co., Ltd.
Category of business
Processing and sales of steel pipes, fittings, valves, piping equipment, etc.

With the introduction of MONiPLAT®, we have been able to digitize truck overloading checks, which used to be recorded on paper. Real-time data management has reduced legal violation risks and streamlined the process of checking trucks before they leave. This reduces the burden on both management and on-site operations, leading to improved overall efficiency.



Isolite Insulating Products Co., Ltd.
Category of business
Manufacturing and sales of high-temperature fireproof insulation materials (Ceramic manufacturer)

There were more than 500 units of equipment and devices to be inspected and it was impossible to ascertain abnormalities in real time. Since the introduction of MONiPLAT®, the status and results of inspections have been shared in real time, enabling early detection of abnormalities and immediate feedback to the site. In addition, the generous support system is also attractive, including an equipment registration service and input proxy service for registration of inspection rules.



VALQUA’s Digital Solutions Lineup

Support for manufacturing industry-related equipment



MONiPLAT® is a platform that allows periodic equipment inspections and preventive maintenance management to be conducted using smartphones and tablets. It is a “centralized management” tool for equipment management digital services that aims to break away from analog paper-based inspection work. It focuses on periodic inspections, which are the basis of site management, and can be adopted in any type of industry, from small- and medium-sized companies to large enterprises. It is also a major advantage that there is no initial cost and it can be used for free for up to 20 units of equipment.

We also provide an application that can be used on iPhones or Android smartphones that allows searching for equipment to be inspected, creation of inspection reports, and application for approval in real time. It is also capable of complex and complicated equipment inspection schedule management and provision of reminders of scheduled inspections.

As a growth-oriented service, it is enhanced with available functions added as needed, such as TBM (time-based maintenance) for periodic maintenance and CBM (condition-based maintenance) for condition monitoring and error prediction, to improve convenience.



In order to support stable operation of plants, this solution provides seamless support for all kinds of maintenance operations, from detailed routine maintenance to shutdown maintenance.

For routine maintenance, it uses task management and document management functions to streamline daily inspections and minor repairs, and steadily records and accumulates the status of equipment and work history. In this way, it gathers information that can be utilized in future maintenance plans without overlooking even small events. Shutdown maintenance, on the other hand, uses functions such as project management and progress visualization to comprehensively manage complex processes and improve the accuracy of planning and performance.

The core of this platform is the seamless linkage between routine maintenance and shutdown maintenance. The data obtained in daily operations is utilized in planning shutdown maintenance and, conversely, the knowledge obtained in shutdown maintenance improves the quality of routine maintenance.

Thus, the VALQUA SPM SDM platform contributes to the optimization and improved efficiency of overall plant maintenance operations through the centralization of information and standardization of processes.

Product sales solutions



Quick Value™ is a cloud service that enables users to request quotations and place orders for processed fluorocarbon resin products on a web browser. It links with a network of processing partners that have passed strict quality standards and inspections. When a customer accesses the site and uploads a drawing, quotations and delivery times for each partner are calculated within two hours in principle, and information on the optimal quality, price and delivery time for the geometry in the drawing is provided in one package.

The processing information for the uploaded drawing is analyzed in the system and, after statistics compilation and simulations, it is combined with the plant and processing data (equipment, type of processing, processing man-hour, and delivery date) set for each processing partner to determine whether or not to manufacture the product, and a quotation is automatically created.

By combining drawing data and processing data using an approach based on AI and statistical analysis, the service has consolidated the procurement and quotation of parts, which used to depend on human experience, into a system capable of completing them quickly and accurately.



Material Pro is an EC solution service where the system suggests the optimal size when a customer searches the web for a plastics product offered by VALQUA. In addition to proposing the optimal size that meets the customer’s needs, the service can immediately propose delivery times and prices.

Communication for orders can be completed within the system without the use of email, telephone, fax, etc., and the convenience of managing quotations, order forms, and reordering has also been improved. Time-consuming processes have been shortened and omissions in requests for quotations reduced to improve customer satisfaction.

If a search for a desired material does not provide a perfect hit, the service proposes an alternative. If there is an item in stock at the time of the quotation, it immediately provides a quotation. In this way, the system achieves what the sales people have done up to now, which has successfully reduced errors caused by using various types of communication.

Sustainability management

The VALQUA Group has positioned “sustainability” as a major management issue, and under the Corporate Philosophy of “THE VALQUA WAY,” the Group is steadily executing “VALQUA Sustainable Action” to contribute to the richness of the human race and global environment.

Sustainability for VALQUA

The VALQUA Group considers sustainability to be “realizing sound and sustained growth and a sustainable society under the Corporate Philosophy of ‘THE VALQUA WAY.’”
The VALQUA Group will continue to promote sustainability activities through business activities and pursue “the creation of value and improvement of quality” in order to contribute to the richness of the human race and global environment.

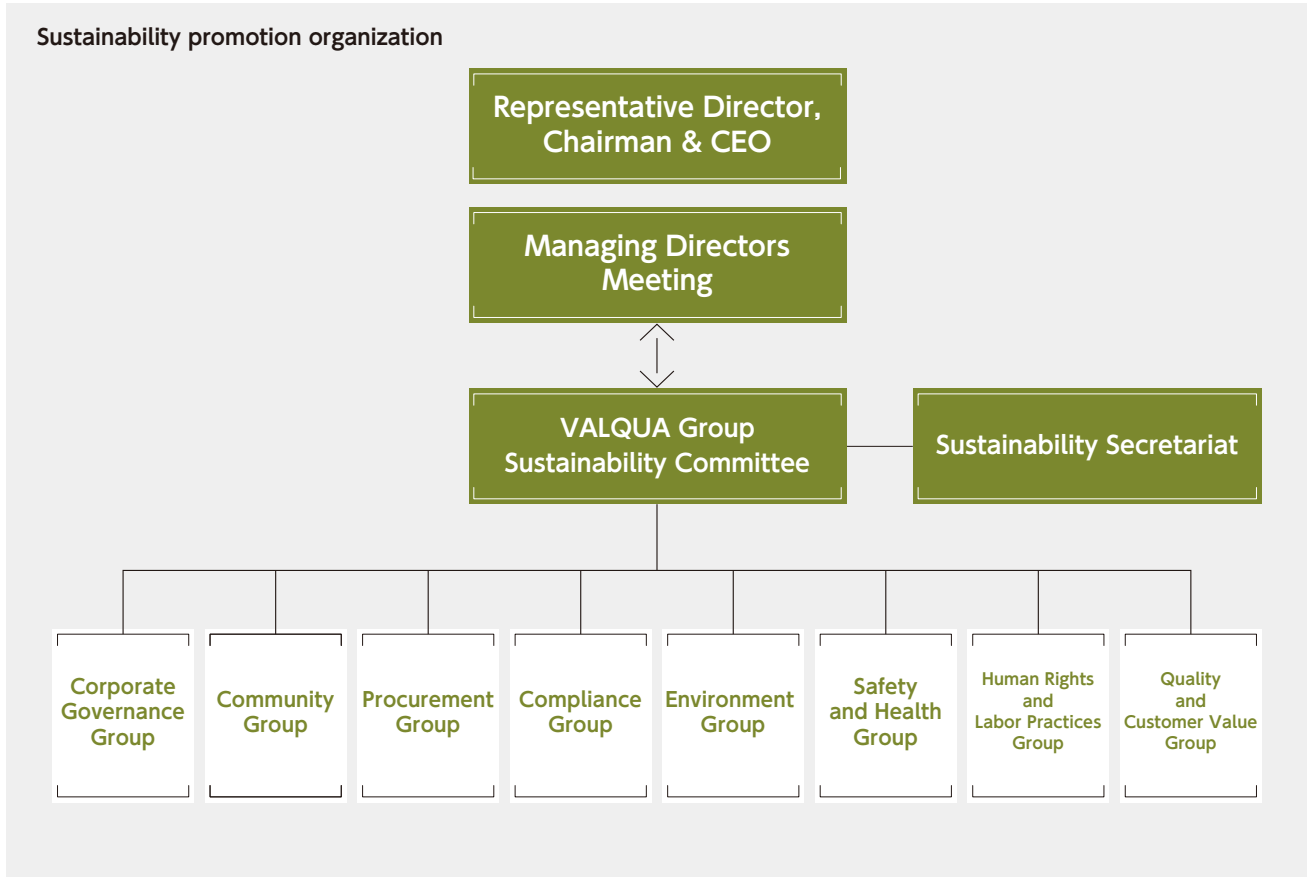
Sustainability promotion organization

The “VALQUA Group Sustainability Committee” is positioned as an important body for discussing the sustainability activities of the entire Group, and is composed of the executive officers of the VALQUA Group. In addition to regular committee meetings, meetings are held as necessary to report the results of annual activities to the Managing Directors Meeting.

From “CSR” to “sustainability”

In April 2022, in order to accelerate its sustainability activities, VALQUA expanded its former “CSR” into “sustainability” and strengthened its system, changing the name of the system of promotion from the “VALQUA Group CSR Promotion Committee” to the “VALQUA Group Sustainability Committee.” Moreover, in the future it will pursue the following activities, promoting efforts to realize a sustainable society as “VALQUA Sustainable Action.”

- 1 Rethinking materiality that contributes to sustainability management
- 2 Setting concrete goals and managing progress for each materiality
- 3 Expanded disclosure of the status of sustainability activities that lead to management strategy through sustainability reports, etc.



Defining the sustainability materiality

The VALQUA Group identified materialities that were priorities for both the stakeholders and the Group by extracting social issues relevant to our business activities. We then established targets for each materiality and are working toward them.

Process of defining the sustainability materiality

- STEP 1

Recognition of social issues

We first identified social issues by referring to international standards and guidelines such as the GRI Standards, ISO26000, the UN Global Compact, Sustainable Development Goals (SDGs), and RBA Code of Conduct.
- STEP 2

Identification of stakeholders' priorities

We then identified stakeholders' priorities by analyzing evaluation organizations' surveys and customer questionnaires to index the degree of attention that stakeholders pay to the social issues identified in STEP 1.
- STEP 3

Mapping of social issues and identification of materialities

We then created a matrix chart mapping the social issues identified in STEP 1 with “stakeholders' priorities” identified in STEP 2 on one axis and “VALQUA Group priorities” on the other to extract the items with the highest priority, which we defined as our materialities.
- STEP 4

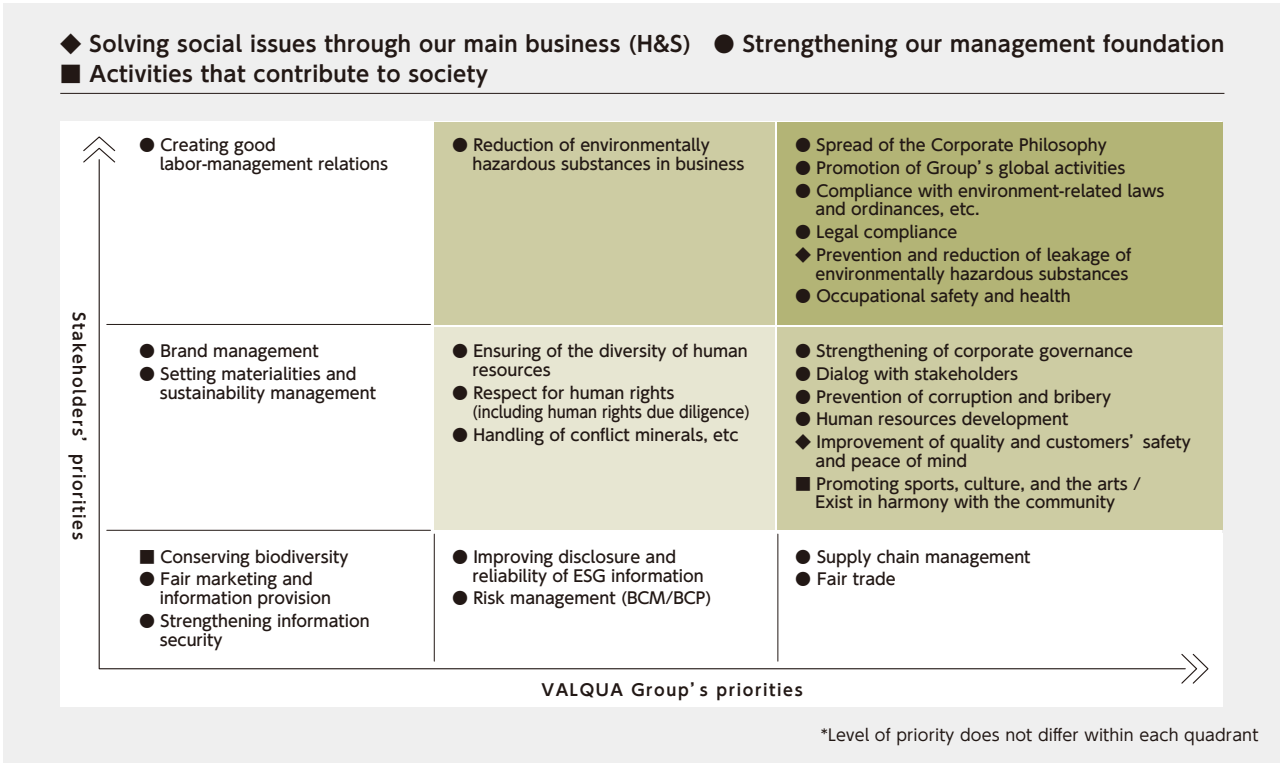
Deciding materialities

The VALQUA Group materialities were decided upon with the approval of the Managing Directors Meeting in FY 2019.
- STEP 5

PDCA management and reassessment of materialities

In April of 2022, the materialities were reassessed from the standpoint of giving greater emphasis to the relationship between management strategy and the business plan. In October of the same year, our efforts in the area of human rights due diligence were intensified by changing two of the materiality themes to “Handling of conflict minerals, etc.” and “Respect for human rights (including human rights due diligence).”

Mapping of social issues



Sustainability materiality

The VALQUA Group has established 16 items of materiality with the 8 priority areas of environment, health and safety, supply chain management, human resources and human rights, customer satisfaction, community, corporate governance, and compliance, and it is promoting concrete and proactive efforts along the lines of the materiality items. In October 2022, to reflect an awareness of human rights due diligence in our activities, we made changes in two materiality themes, specifically, “Handling of conflict minerals, etc.” and “Respect for human rights (including human rights due diligence).”

Philosophy and Policy on SDGs

Under the Corporate Philosophy of “THE VALQUA WAY,” the VALQUA Group is contributing to the realization of the SDGs and a sustainable society by making proactive efforts to address sustainability materialities through business activities.

Offense

Solving social issues through our main business (H&S)

·Efforts to solve social issues through products and services

Defense

Strengthening our management foundation

·Strengthening of governance, eco-friendly business, supply chain management, and HR cultivation, etc.

Activities that contribute to society

·Support for ballroom dancing
·Activities that contribute to the local community

Materiality		Why? For what purpose?	Basic policy	Main efforts	SDGs to which this contributes
Environment	1. Prevention and reduction of leakage of environmentally hazardous substances	To use advanced technology to contribute to the realization of a low-carbon society through products and services that lead to reduction of environmentally hazardous substances	Provide products and technology that contribute to the solution of social issues under the Action Principle of “Aim for environmentally friendly production”	Combatting pollution and other social issues by developing and deploying products and services	
	2. Reduction of environmentally hazardous substances in business	To engage in business activities that minimize deleterious effects on the environment, in order to fulfill our social responsibilities as a manufacturing company	Give consideration to environmental assets in our activities under the Action Principle of “Conserve and utilize resources effectively”	Environmentally hazardous substance reduction	
Safety and health	3. Occupational safety and health	To lead to employee happiness and the development of business by creating an environment that considers safety and health and is easy to work in	Create an environment that is easy to work in under the Action Principle of “Always treat safety and health with top priority”	1) Promote occupational safety and health by training human resources to be safety conscious and making risk assessments more effective 2) Aim for health management. Promote health education for employees, along with healthy habits that improve mental and physical health	
Supply chain management	4. Handling of conflict minerals, etc.	To solve problems that have become more complex with the globalization of the supply chain	Conduct business on the basis of the “Basic Procurement Policy” under the Action Principle of “Aim for environmentally friendly production”	Education and promotion of procurement activities based on CSR Procurement Guidelines	
Human resources and human rights	5. Ensuring of the diversity of human resources	To lead to sound and sustained growth by creating an environment that respects the individuality of diverse human resources and allows them to grow while increasing their own value	Create an environment that respects the diversity, personalities, and individuality of employees and makes it easy for them to demonstrate their abilities under the Action Principle of “Hold respect for individuality and personality”	Promotion of the activities of diverse human resources and promotion of flexible ways of working	
	6. Respect for human rights (including human rights due diligence)	To give full consideration to human rights through enlightenment activities based on the Action Principle of “Hold respect for individuality and personality”	Conduct business activities in line with the “VALQUA Group Basic Policy on Human Rights” under the Action Principle of “Hold respect for individuality and personality”	Enlightenment activities to promote understanding of various international norms for human rights	
	7. Human resources development	To cultivate human resources that can contribute to the expansion of our business	Cultivate human resources that can continue to meet new challenges by thinking for themselves under the Action Principle of “Learn and grow” with a spirit to face challenges”	1) Cultivation of the VALQUA Person 2) Development of core Group managers 3) Development of core base managers 4) HR cultivation for each division and company	
Customer satisfaction	8. Improvement of quality and customers’ safety and peace of mind	To provide peace of mind and satisfaction by solving safety-related problems for customers in Japan and overseas together	Contribute to safety and peace of mind not only for those within our own company but also for customers in Japan and overseas under the Action Principle of “Always treat health and safety with top priority”	1) Information provision and services for product quality management and safe use 2) Deployment of products and services that promote the safety and peace of mind of customers	
Community	9. Promoting sports, culture, and the arts / Exist in harmony with the community	To contribute to the creation of a safe, affluent society where people can have peace of mind through the promotion and support of sports and sustainability activities rooted in the community	Promote and support sports and make social contributions rooted in the community under the Action Principle of “Exist in harmony with the community”	1) Contributing to society through support for the growth of ballroom dancing 2) Contributing to society through greening of area around office buildings and through donations	
Corporate governance	10. Spread of the Corporate Philosophy	To aim for sound and sustained growth through visionary management with the Corporate Philosophy at its center	Aim for sound and sustained growth through visionary management with the Corporate Philosophy of “THE VALQUA WAY” at its center	1) Activities to spread “THE VALQUA WAY” throughout the entire Group 2) Presentations on personal understanding and practice of “THE VALQUA WAY” at each level 3) Activities to recognize visionary management inside and outside of the company	
	11. Strengthening of corporate governance	Because it is important to have an effective decision-making mechanism for fulfilling our social responsibilities in corporate governance	Construct a management system based on “THE VALQUA WAY” and strive to perfect it	Make efforts to strengthen the system of global governance and expand information disclosure	
	12. Promotion of Group’s global activities	To maintain solidarity in business activities throughout the Group as global expansion leads to increases in the number of employees with diverse backgrounds and values	Promote the realization of the Ten Action Principles of “THE VALQUA WAY” throughout the Group and strengthen business continuity to lead to the solution of global social issues	Efforts to promote sustainability activities and upgrade information throughout the entire Group	
Compliance	13. Dialog with stakeholders	To deepen mutual understanding through constructive dialog to increase our corporate value, or to promote the solution of common social issues	Realize the Ten Action Principles of “THE VALQUA WAY” through constructive dialog with various stakeholders, leading to increased corporate value, enhanced business continuity, and solutions for social issues	Constructive dialog with various stakeholders	
	14. Prevention of corruption and bribery	To prevent not only bribery but also actions that raise suspicions	Conduct business on the basis of the “Compliance Handbook” under the Action Principle of “Respect compliance and work with full honesty”	Strengthening of risk compliance, including prevention of corruption and bribery, and efforts to expand information disclosure	
	15. Legal compliance	To promote thorough compliance management in order to fulfill our social responsibility and meet expectations	Conduct business on the basis of the “Compliance Handbook” under the Action Principle of “Respect compliance and work with full honesty”	Efforts to increase the effectiveness of legal compliance and expand disclosure	
	16. Compliance with environment-related laws and ordinances, etc.	To avoid violation of increasingly strict pollution prevention laws, which could adversely impact our business activities	Conduct business on the basis of the “Compliance Handbook” under the Action Principle of “Respect compliance and work with full honesty”	Thoroughgoing environmental risk compliance	

Environment

SDGs to which
this contributes

7

7

Renewable Energy

8

8

Decent Work and Economic Growth

9

9

Industry, Innovation and Infrastructure

12

12

Responsible Consumption and Production

17

17

Partnerships for the Goals

1

Prevention and reduction of leakage
of environmentally hazardous substances

Efforts to prevent and reduce leakage

Efforts to reduce the risk of leakage
from aging facilities

In recent years, the aging of plant facilities in Japan has become a problem, and we hear that more than half of them have been in operation for over 50 years. Due to extended continuous operation periods of plants, regular maintenance opportunities have been reduced and the risk of leakage from aging facilities is increasing. Once a leak occurs, there are concerns for human damage to plant workers and possible impact on neighboring residents and environmental pollution, depending on the substances that leaked. Accordingly, we consider it important to reduce the risk of leakage.

For many years, we have contributed to the safe operation of many plants by providing seal products that prevent leaks. At present, under the corporate slogan “Don’t let safety lapse” announced in April 2023, we are developing services, in addition to seal products, to reduce the risk of leakage with the goal of zero leaks in customer facilities. This fiscal year, as an initiative to reduce the risk of leakage due to flanges in aging facilities, we developed and launched the Flange Health Record, a service for diagnosing the soundness of flanges.

Currently, the soundness of flanges is often checked by plant workers by visual inspection or examination by touch, and human variations in the experience and skills of the workers, etc., sometimes lead to a risk of leakage. On the other hand, strain

measurement by a specialist company is rarely implemented for reasons such as that it takes time to measure and puts pressure on the maintenance process so the number of companies that can handle it is limited. In addition, visual inspection or examination by touch cannot measure the radial strain of the flange or the condition of flaws, which is necessary for damage evaluation, and the risk of leakage due to flanges has not been reduced. The newly launched Flange Health Record is a service that uses a 3D scanner to measure and analyze damage such as circumferential and radial strain and flaws on flanges in a non-personal and quantitative manner. The Flange Health Record uses our proprietary software for point cloud data acquired by a 3D scanner to visually check where abnormal areas such as strains and flaws are generated on the flange. It also graphs individual abnormal areas and determines the quality by threshold comparison, the results of which are provided as a report.

This service enables customers to check the soundness of facilities in a timely manner, which leads to appropriate repairs for reducing leakage. Based on our core seal engineering technology, we will accelerate various initiatives to achieve zero leaks and continue to contribute to solving social issues such as preventing and reducing leaks of environmentally hazardous substances.

Initiatives for a hydrogen society

The VALQUA Group launched “BLISTANCE®,” an elastomer seal material targeting the market for hydrogen, which is expected to become a next-generation energy source, and has been working to continually improve its functions since 2020. “BLISTANCE®” is an epoch-making elastomer product in which the blister phenomenon* does not occur. If a blister forms, the seal may rupture and there is a danger that the hydrogen gas will leak out.

In 2023, we completed development of a product series that can cover a wide range of temperature environments, assuming applicability in fuel cell vehicles (FCVs), which are expected to be used under harsh conditions such as extremely low temperatures and rapid pressure drops, as well as in hydrogen storage tanks and piping around engines. With the material formulation and seal design technologies that are the strengths of the VALQUA Group, we will continue to contribute to a decarbonized society by meeting the needs of the next generation.

*Blister phenomenon: a phenomenon in which hydrogen permeates elastomer material in a high-temperature, high-pressure environment and expands and ruptures rubber material when rapid decompression occurs

2

Reduction of environmentally
hazardous substances in business

Addressing climate change: “information disclosure based on TCFD recommendations”

In May 2021, at the same time that it announced its approval of the recommendations of the “Task Force on Climate-related Financial Disclosures” (TCFD*), VALQUA, LTD. joined the “TCFD Consortium” established to promote the recommendations. The VALQUA Group promotes visionary management based on the Corporate Philosophy of “THE VALQUA WAY,” and each employee practices corporate activities with a strong consciousness of the fact that “safety, health, and environment” is an important common theme for all humankind. Moreover, in the long-term management goals that conclude in the 100th anniversary of our founding (2027), VALQUA defined the Corporate Image it aims to become as “A Challenging Company that Challenges the Future and the Unknown —To contribute to the richness of the human race and global environment—” and it is proactively making efforts in the areas of “environment, society, and corporate governance” as a better global citizen as it aims to become a corporation that can contribute to the realization of a sustainable society.

Information disclosure based
on TCFD recommendations

[https://www.valqua.co.jp/
social/environment/](https://www.valqua.co.jp/social/environment/)



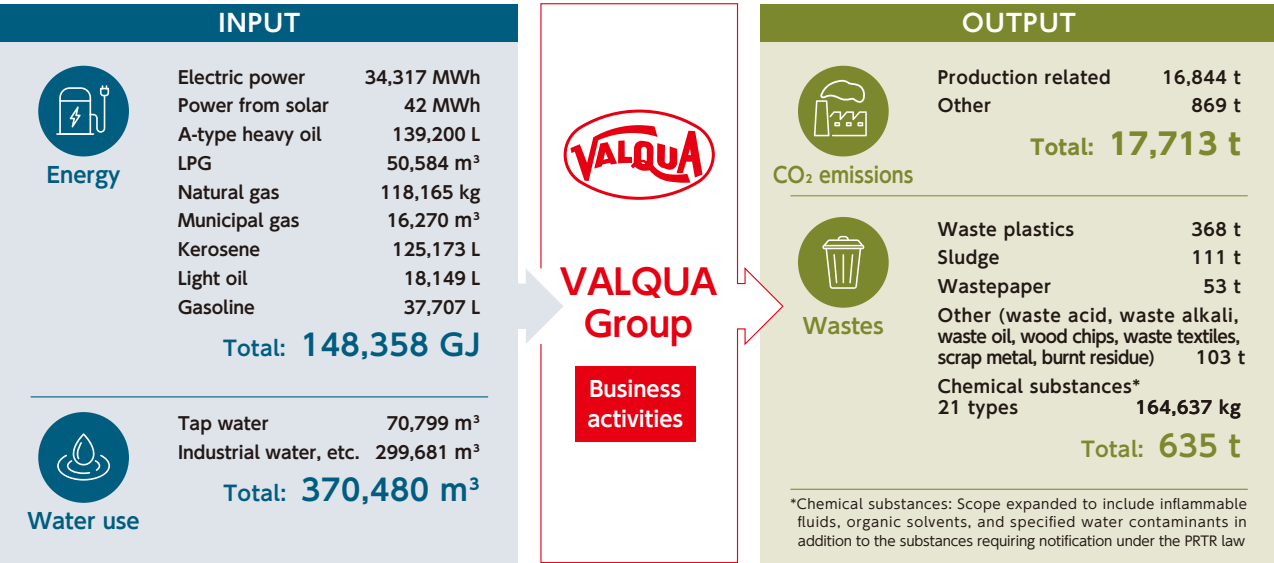
*About the TCFD

<https://www.fsb-tcfd.org>
In response to the demands of G20, recommendations on the disclosure of financial information related to climate were publicly announced in June 2017 by the task force established in December 2015 by the Financial Stability Board (FSB), which comprises the finance-related ministries and central bank of each major country. At present, financial institutions, corporations, and governments all over the world have approved the recommendations of TCFD.

Environmental burden accompanying
business activities in FY 2024

In the VALQUA Group, we get an overall picture of the environmental burden of our business activities by understanding the INPUT, such as the energy and water that goes into business activities, and the OUTPUT, including CO2 emissions from use of energy and the wastes that emerge from production process. A sustainability information collection system has been introduced for swift and accurate collection and central control of information from Group companies, to enable calculation and disclosure with an appropriate greenhouse gas coefficient.

Material flow



Object: VALQUA Group business offices in Japan and overseas (excluding 16 bases with small scale, such as some regional sales offices, representative offices, and overseas sales companies)
Period of tabulation: March 2024 to March 2025

Prevention and reduction of leakage
of environmentally hazardous substances



Reduction of environmentally
hazardous substances in business

Environment

Change in main environmental load

Greenhouse gas emissions (direct emissions)

In FY 2024, the emissions decreased by 338 tons compared to FY 2023 in absolute amount but increased by 0.8% in terms of the basic sales unit.

While a reduction of 561 tons was achieved as a result of improved energy efficiency through temperature control management and the replacement of aging equipment, there was an increase of 223 tons due to construction of a new plant in conjunction with increased production.

We will continue to further improve production efficiency and optimize energy use to reduce emissions.

Greenhouse gas emissions (indirect emissions)

Starting in FY 2014, we began to calculate greenhouse gas emissions for the entire supply chain, and we have now been doing so for 11 years. For details of Scope 3 and other environment-related data, please see our website.

Scope 3
(plan to post data in FY 2024)

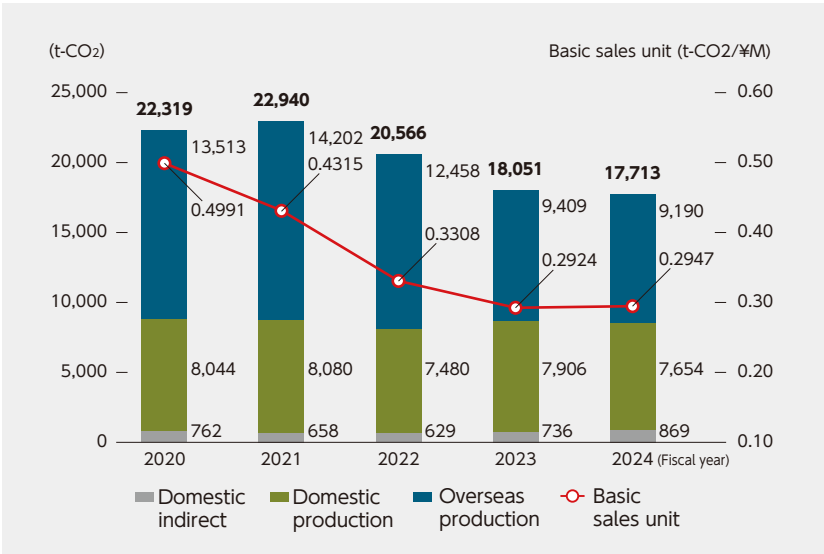
<https://www.valqua.co.jp/social/environment/>



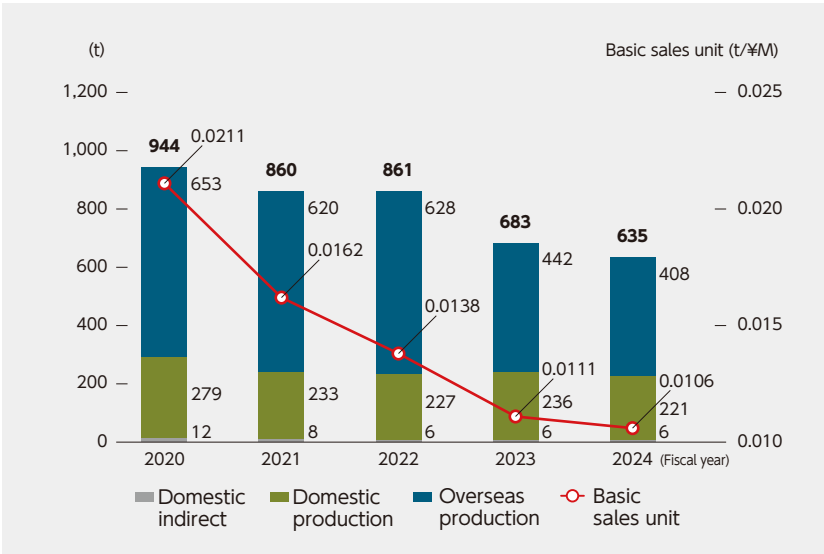
Final disposal volume for wastes

In FY 2024, we achieved a 48-ton reduction from FY 2023 in absolute amount and a 5% reduction in terms of the basic sales unit. A 23-ton reduction was achieved through rationalization and cost reduction activities to improve the defect rate and yield, and another 25-ton reduction was achieved through production adjustments due to the delayed recovery of the semiconductor market.

Change in greenhouse gas emissions (domestic + overseas)



Change in final disposal volume for wastes (domestic + overseas)



*Greenhouse gas emissions are calculated by annually reconfirming the emission factors for each fuel and electric power in the greenhouse gas emission calculation, reporting, and announcement system based on the "Act on Promotion of Global Warming Countermeasures" (Global Warming Act). Scope 1 refers to direct greenhouse gas emissions from the business itself, Scope 2 refers to indirect emissions accompanying the use of electricity, heat, and/or steam supplied by another company, and Scope 3 refers to indirect emissions occurring from the procurement of raw materials through production, sale, and disposal, excluding Scope 1 and Scope 2. Because the provision of information on electric power from each country has become more robust, we started surveying and calculating emission factors for each base in FY 2020.

Safety and health



3 Occupational safety and health

Safe workplace, and mental and physical health

Development of human resources to promote safety and health activities

In order to realize safe and healthy workplaces, we are engaged in developing proactive human resources with safety and health-related qualifications and leaders involved in activities to promote awareness and eliminate of potential risks in the workplace.

Improving the organization and effectiveness of our system for promoting safety and health

To meet the expectations of our stakeholders, we are working to comply with global standards, identify hazards to eliminate potential risks, and striving to maintain and promote the mental and physical health of our employees through mental and physical care intended to foster their well-being.

Management of mental and physical health

https://www.valqua.co.jp/social/safety_health/



Safety and health promotion activities

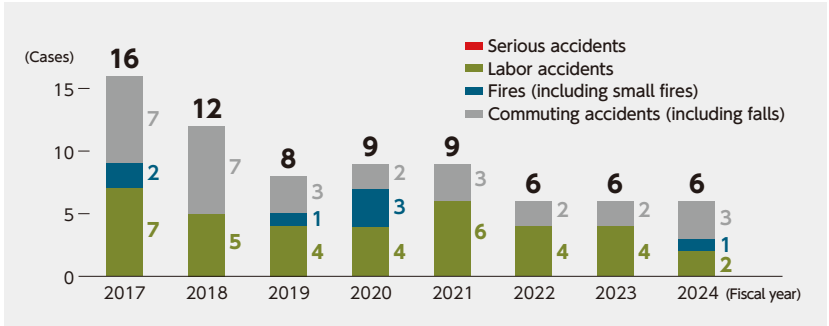
VALQUA Group Safety and Health Day

The VALQUA Group has designated May 18 as "VALQUA Group Safety and Health Day" to improve awareness of safety. We have also set the Safety, Health, and Environment (SHE) Week in July and, as an intensive period, hold group meetings to promote "SHE activities with the participation of all employees" and promote voluntary activities at each site.

Activities that proactively promote safety and health

We are working to maintain a safe work environment by responding preemptively to changes in safety and health risks associated with business changes, revisions to laws and regulations that differ in each country and region, and intensified natural disasters. From the perspective of health management, we are also strengthening crisis management in preparation for health risks such as climate change, infectious diseases, and stress. We

Number of accidents in the entire Group



Status of safety and health activities

- Left) VALQUA VIETNAM: Festival to pray for safety and health at each activity site
- Middle) VALQUA: Dance lesson and stretching to improve health
- Right) TAIWAN VALQUA: Learning the essence of activities in a fun quiz contest on safety, health, and environment



Supply chain management



4 Handling of conflict minerals, etc.

Promotion of CSR procurement

CSR Procurement Guidelines

The VALQUA Group established the “CSR Procurement Guidelines” in 2016 to promote procurement activities that also give consideration to society, the environment, human rights, etc. Based on the Corporate Philosophy of “THE VALQUA WAY” and the “CSR Concepts,” five items have been established as the “Basic Procurement Policy.” These guidelines minimize risk throughout the supply chain and promote sound procurement activities.

Handling of conflict minerals*, etc.

The VALQUA Group considers addressing human rights risks, including the proper handling of conflict minerals, to be its corporate responsibility, and we have established a related policy in the CSR Procurement Guidelines and conduct investigations of procured items. Furthermore, as of FY 2022, we have added cobalt and mica to conflict minerals to reflect an increased awareness of human rights due diligence in our activities. With the movement to expand the range of minerals gaining momentum, we will cooperate with our suppliers to redouble our efforts to avoid involvement in human rights violations.

CSR procurement questionnaire

As one of the activities that promote CSR procurement throughout the entire supply chain, a self-evaluation questionnaire is conducted in order to confirm the status of CSR promotion at each supplier.

In FY 2020, in order to make evaluations of compliance stricter, the number of questions in the questionnaire was increased from 20 to 30, including questions on corporate governance, supply chains, and the environment. We also expanded the scope of the survey to include suppliers other than the main suppliers to which the questionnaire has been administered thus far.

In the future, we will continue to refine the content of the questionnaire in order to further promote CSR activities, and we will continue to strive to collaborate with suppliers and support them in order to realize CSR procurement through individualized support for suppliers.

Basic Procurement Policy,
VALQUA Group
CSR Procurement Guidelines

[https://www.valqua.co.jp/
social/csrprocurement/](https://www.valqua.co.jp/social/csrprocurement/)



Confirmation items in CSR procurement questionnaire (Added cobalt and mica under conflict minerals in FY 2022)

Section	Content of efforts
CSR	- Legal compliance, preventing violations - CSR promotion - Extending to business partners
Corporate governance	- Internal control - Whistle-blowing - Proper import/export
Fair trade	- Preventing corruption (political donations, bribes) - Prevention of abuse of superior bargaining position - Ban on offers/acceptance of improper advantage
Information/security	- Management of intellectual property - Personal/confidential information management - Prevention of attacks on computer networks
Supply chain	- Compliance with laws, regulations, social norms, industry norms and standards - Use of conflict minerals (tantalum, tin, tungsten, gold and its derivatives, cobalt, and mica produced in conflict areas)
Human rights	- Respect for human rights - Prohibition of discrimination
Labor	- Prohibition of discrimination in hiring - Providing equal opportunity for employees - Compliance with prohibitions - Fair application of work hours, breaks, paid leave
Environment	- Management of legally designated chemicals - Management of wastewater, sludge and emissions - Sustainable and efficient utilization of resources - Reduction of greenhouse gas emissions - Green procurement and waste reduction
Safety and health	- Environment in which employees can work safely and in good health - Worker safety - Disaster preparedness - System for handling disasters and accidents
BCP	Business continuity planning efforts

*Conflict minerals: Minerals that provide a source of funding for armed groups that commit human rights violations and corrupt practices in conflict areas

Human resources and human rights



5 Ensuring the diversity of human resources

Creating a workplace environment and various systems

Realization of flexible working styles that allow balancing life events and career

We are pursuing a form of well-being management where employees are able to balance their duties with life events such as childcare/nursing care so that they may work worthwhile jobs and live fulfilling lives. In addition to flex time work systems, paid leave systems that enable taking time off in 1-hour or half-day increments, and systems that enable remote work and side jobs, we are developing new systems such as enterprise-led childcare to support returning to work after maternity leave, introduction of nursing care consultation support and group insurance, and start of a system for postponing transfers for nursing care. We will continue to work on creating environments that enable each and every one of our employees to work to their fullest potentials.

System that supports flexible ways of working

- 2nd job (short work week)
- Remote work system (including allowance)
- Family care leave (continuous for maximum of 3 years)
- System for obtaining paid leave in 1-hour units
- Day off on child's birthday
- Special paid leave for child care
- Shortened work hours for family care (until child reaches 3rd year of elementary school)
- Child-care leave (until child reaches age of 2 years and 6 months)
- Paternity leave system
- Flex time system (core time 1:00 pm - 3:00 pm)
- Shortened work hours for family care
- Career return system

(As of June 30, 2025)

Engagement and well-being

We established the position of CWO* in 2024 to promote the well-being of stakeholders. Since 2020, we have been conducting engagement surveys each year and, based on the results of these surveys, we have considered and implemented measures for the entire Group and each division to create a highly productive and happy workplace. By promoting dialog between superiors and subordinates, such as self-reporting, we foster a sound organizational culture under management based on philosophy while respecting personality and individuality.

*CWO: Chief Well-being Officer

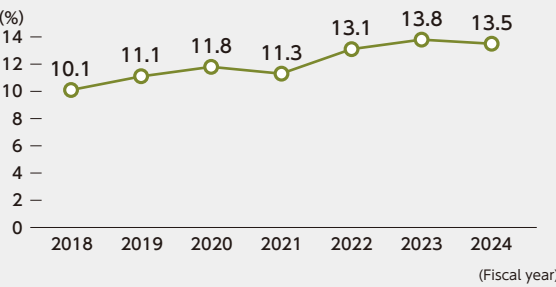
Creating an environment in which employees can be active regardless of gender or age

We work to promote further innovations by hiring personnel regardless of gender, age, or work history in order to incorporate more diverse perspectives.

We have reformed our personnel system to support the advancement of human resources with the right people in the right positions. For example, we offer a “grade-skipping exam” system, which enables employees to become managers more quickly regardless of how many years they have been with the company or their age, and a second career system that allows employees with motivation, ability, and skills to be continuously appointed to positions even after they turn 60 years old.

Percentage of women in management positions

Target: 15% by FY 2027



Human resources and human rights

6 Respect for human rights
(including human rights due diligence)

Respect for human rights

The VALQUA Group established the “VALQUA Group Basic Policy on Human Rights” in March of 2017 on the basis of the United Nations Global Compact. In response to increasing societal demands to respect human rights, such as the Ministry of Economy, Trade and Industry publishing the “Guidelines on Respecting Human Rights in Responsible Supply Chains” in September of 2022, we have revised this policy as of August 2023.

In accordance with this policy, each year we conduct human rights surveys at each Group company and at suppliers to

make the Basic Policy on Human Rights known and check the degree to which it is understood throughout the Group, and to check the status of human rights-related initiatives. The results are analyzed and, while providing support so that each Group company can autonomously ascertain, prevent, and handle human rights problems, we promote taking action to further improve awareness of human rights.

Furthermore, we at the VALQUA Group are making voluntary efforts to maintain and improve consciousness of human rights by giving out our



VALQUA Group
Basic Policy on Human Rights

[https://www.valqua.co.jp/
social/human_resources/](https://www.valqua.co.jp/social/human_resources/)

Compliance Handbook and participating in study groups and external training in each Group company.

7 Human resources development

Human resources development

Based on our Core Principle of “Value & Quality (create value and improve quality),” we aim to promote business while committing ourselves to “doing the right thing.” To this end, we provide job rotation, on-the-job training, and various other training programs to work on human resources development that trains employees to think about what they should do and exercise leadership in raising corporate value.

In addition to a self-selection training program that enables all employees to select the learning they need, we also provide level-specific training for promoted persons and managers, skill training for global human resources in preparation for the launch of a new plant, and selective training for the development of the next generation of management to help foster endeavoring mindsets and positive attitudes to endure hardship even in the face of today’s rapidly changing global conditions. We also support sound and sustained growth and commit ourselves to developing human resources that can fully capitalize on their own strengths and contribute to the “richness of the human race and global environment.”

Target management and HR evaluation mechanism

We believe that effective target management and HR evaluation are essential for promoting employee growth and improving organizational capabilities. At VALQUA, employees’ own goals are set based on the strategies of the company and division to clarify issues and areas for improvement through evaluations and applying them to the next goals. This leads to

human resources development for sustained growth of the VALQUA Group.

Profile of the Ideal Human Resource

- A person who empathizes with our Corporate Philosophy, “THE VALQUA WAY”
- Acts and makes decisions from a global perspective
- Strongly committed to learning and growth, and can continue to take on new challenges while thinking for him/herself
- Capable of speedy judgment and action. Can boldly meet challenges in anticipation of changing times and reforms

A wide variety of training programs

HR cultivation for globalization	Development of Group managers
Level-specific training	Occupation-specific training
Self-study	OJT

Customer satisfaction

8 Improvement of quality and customers’ safety and peace of mind



Quality assurance system and policy

In the VALQUA Group, we have organized a “Group Quality Assurance Committee” to construct a global quality system integrating the entire Group. Mainly drawn from the Quality Assurance Division, the Committee consists of responsible persons from each quality-related unit, such as the Production and Procurement Group and the business divisions that exercise control over the production and sales affiliates in Japan and overseas. The Committee increases the effectiveness of the entire Group by issuing instructions for the concrete deployment of its decisions and taking responsibility for their daily execution.

Moreover, the organization, as well as each employee of the company, engages in quality improvement activities by establishing concrete goals on the basis of the “Quality Policy.” This provides the basis for complying with related legal regulations and providing safe products and services with the assurance that quality will meet the demands of the customers.

Enhancing seal training for plant safety and security

The VALQUA Group has not only provided seal products, but has also worked to contribute to safety and security through seal training services so that accidents involving leakage of hazardous fluids can be reduced as much as possible through appropriate handling. In response to requests from customers for training in remote locations and with large groups of people, we have expanded our lineup to meet customer needs, including mobile seal training and rental of training equipment, and the number of training sessions taken is increasing. We will continue to expand our services and contribute to the safety and security of our customers with the goal of eliminating plant accidents.

Challenges facing the manufacturing industry and responding to changes

In the manufacturing industry, with changes in social conditions and the business environment, maintenance issues such as labor shortages and aging of equipment have become manifest, and there is a growing need to realize safety and security in an efficient and integrated manner. In addition, to maintain competitiveness, it is urgent to optimize equipment operations and promote DX by utilizing data. As a pioneer in seal engineering, the VALQUA Group has provided products that prevent gas and liquid leaks, and has strived to contribute to safe operation of many businesses. To provide even greater safety and security, we are working to develop equipment management systems that utilize digital technology.

MONiPLAT® equipment inspection DX platform

Regular inspections and maintenance work are essential for safe operation and management of manufacturing equipment, but conventional paper check sheets posed issues such as recording errors, transcription errors, and complicated checking work. MONiPLAT®, the VALQUA Group’s equipment inspection platform, uses smart devices to improve work efficiency and management levels through application-based inspections. By centrally managing data on the cloud, inspection information from multiple locations can be shared in real time, enabling integrated monitoring of equipment conditions. In addition, the email notification function prevents inspection omissions to support reliable inspection and contributes to a longer service life of the equipment. In the future, we will expand options to improve overall equipment management efficiency, such as addition of analog meter digital meter reading and CBM solutions, and provide solutions that contribute to the evolution of equipment management and improvement of operational efficiency while promoting the commercialization of remote monitoring.

Quality Policy, Quality Management System

[https://www.valqua.co.jp/
social/safety_quality/](https://www.valqua.co.jp/social/safety_quality/)

VALQUA technical journal “VALQUA Technology News”

[https://www.valqua.co.jp/
tech/technical/](https://www.valqua.co.jp/tech/technical/)

New Gaskets and Gasketing Technology

[https://www.valqua.co.jp/
technical/gasket-introduction/](https://www.valqua.co.jp/technical/gasket-introduction/)

The industry’s first “gasket manual,” which provides easy-to-understand explanations of the technological basics of gaskets, bolting, and flange joints

MONiPLAT®

<https://moniplat.valqua.co.jp/>

*To use MONiPLAT® for free, visit our website.

Challenging the Future and the Unknown / Special Feature 3

Realizing “THE VALQUA WAY” on a global basis

VALQUA Skills Grand Prix



Established in 2024, the VALQUA Skills Grand Prix is an event in which excellent technicians selected from the VALQUA Group’s worldwide production bases compete in their specialized fields. Through the entire process, from the preparation stage of the event to the actual competition and follow-up, we strive to pass on, improve, and share skills and develop human resources with high skill levels.

For supporting the growth of each employee

Based on its Corporate Philosophy “THE VALQUA WAY (T.V.W.),” the VALQUA Group aims to contribute to society and achieve sustainable growth. As part of these efforts to that end, we place particular emphasis on human resources development. The VALQUA Skills Grand Prix is held as part of our human resources development and is positioned as an initiative to support the growth of each and every employee. It provides an occasion and opportunity for employees to compete with each other in the skills they have developed in their daily work and to grow while inspiring each other.

The VALQUA Group is moving ahead with passing on skills and developing human resources based on the belief that it is people who support and further develop technology as it evolves. The well-being management promoted by the Group aims to promote corporate growth by providing an environment that supports employee learning and challenges and respects personality and individuality.

Through the VALQUA Skills Grand Prix, we will strive to put this philosophy into practice and improve our on-site capabilities in order to develop human resources who will open up the future.

VALQUA Skills Grand Prix 2024 overview

The first VALQUA Skills Grand Prix was held on May 16, 2024, at TAIWAN VALQUA ENGINEERING INTERNATIONAL in Kaohsiung, Taiwan. It was the first large-scale event in the VALQUA Group held mainly by the production department of a site outside Japan. Twenty-eight technicians from six countries and regions (Japan, Korea, Taiwan, the United States, Thailand, and Vietnam) participated in the following four events.

Special skills	High performance seal products visual inspection	Participants compete in terms of their ability to discover and detect defects in high performance seal products for the semiconductor market.
	PFA welding	Participants in this category compete in terms of their ability of PFA welding of sheets in a tank.
General skills	Bolts tightening	Participants compete against each other in terms of speed in tightening a specified number of bolts, which are in joints in factory piping, up to a prescribed pressure.
	Forklift operation	Participants with qualifications compete against each other to see who can most safely, accurately, and efficiently operate a forklift within a designated course.

The progress of the competition was streamed online to participating countries and regions in real time. As the competition attracted a great deal of interest all over the world, each event was held with a mixture of tension and exhilaration. Through this competition, the exchange between technicians deepened and the sense of unity of the Group was further strengthened. As an activity that puts the “well-being management” promoted by the VALQUA Group into practice, the competition turned out to be a meaningful one that contributed to the improvement of employee engagement and provided an opportunity for both the management and employees to reaffirm the importance of passing on skills.

VALQUA Skills Grand Prix 2024 Report

At TAIWAN VALQUA ENGINEERING INTERNATIONAL, the employees with the flexible, tolerant, and enthusiastic nature of the Taiwanese were united in their efforts to welcome the participants including the 28 technicians who won the preliminary rounds from around the world, to ensure the success of the VALQUA Skills Grand Prix. We worked hard to make everyone feel comfortable, safe, and secure, and ensure that they would return home with good memories.

The local staff worked together with the Japanese staff in Taiwan for about six months to prepare for the competition. There were various difficulties before the competition. In particular, some staff members in charge of web streaming fell ill, which required hasty reassignment but, thanks to the cooperation of staff from both Taiwan and Japan, we were able to overcome the difficulties and the competition went smoothly without a hitch in the end. Through this event, TAIWAN VALQUA ENGINEERING INTERNATIONAL gained experience in overcoming issues one by one and I feel that we were able to improve the

vitality and engagement of our organization as part of the well-being management. Cooperation with the Japanese staff helped us share the good points of each other and gave me a real feeling of development through cross-cultural exchange.

Overall, there were still a lot of issues, which almost disheartened me, but I was saved by the words of thanks from the participants and felt a sense of accomplishment. Now I am deeply grateful for the opportunity.



Taiwan operation staff
Section Manager Fu Zong Ying
Vice President Huang Wei Kai
Deputy Manager Lu Chen Hsien

Comments from the winners

High performance seal products visual inspection

 VALQUA KOREA
Lee Juho
Inspection Team,
Quality Control Division



I am a quiet person by nature but, since I participated in the Grand Prix I have been more active in speaking out and working positively, and communicating more with my colleagues. In addition, I had a good time at the Grand Prix, getting to know the overseas Group employees. I would like to participate again if I have a chance.

Comments from the winners

PFA welding

 TAIWAN VALQUA ENGINEERING INTERNATIONAL
Chang Yu Yuan
Lined Product Manufacturing
Section Unit 3 (Supervisor),
Manufacturing Division



I have a real feeling that my confidence and sense of responsibility have increased since I participated in the Skills Grand Prix. Now I can coach my juniors and follow up in the team with a positive mindset. In April 2025, I was promoted to Supervisor of the Lined Product Manufacturing Unit. I will continue to strive to become an exemplary leader by promoting technical training and the development of young people.

COLUMN

VALQUA Skills Grand Prix Executive Director

Senior Executive Officer
Director of Production and Procurement Group
Katsutoshi Fuseya



The Skills Grand Prix is divided into two categories: special skills and general skills. Selected technicians from all over the world compete in the skills they have developed in their daily work. It provides an opportunity for employees to demonstrate the skills they have developed through their own efforts and gain high recognition. It also enables the Group as a whole to share the excellent skills and talents possessed by each base. The main competition will bring together the representatives

who have won the preliminaries at each of the production bases of the global VALQUA Group. It is also expected that the participants interacting and inspiring each other will provide a new opportunity to pursue further improvement of well-being management and skills while recognizing differences in the technical levels of each base. In particular, passing on and developing special skills such as fluorocarbon resin (PFA) welding and high performance seal (HPS) products visual inspection are materiality issues for advancing technological innovation and human resources development, and are essential for improving efficiency and increasing production capacity. We believe that human resources development through this competition will provide solutions to these issues and lead to the development of people who can demonstrate corporate value through imagination and creation while pursuing the essence in a rapidly changing business environment.

Company Name	Main Products	Market	Competing Event			
			High performance seal products visual inspection	PFA welding	Bolts tightening	Forklift operation
 VALQUA SEAL SOLUTIONS	High performance seal products	Semiconductor manufacturing industry	●		●	
 KYUSHU VALQUA	Fluoroelastomer	Semiconductor manufacturing industry	●		●	●
 VALQUA MIKAWA FRONTech	Fluorocarbon resin lined products/ Metal and semi-metal gaskets	Semiconductor manufacturing industry/ Electrical and electronic equipment industry		●	●	●
 VALQUA KOREA	High performance seal products	Semiconductor manufacturing industry	●		●	●
 TAIWAN VALQUA ENGINEERING INTERNATIONAL	Fluorocarbon resin lined products	Semiconductor manufacturing industry		●	●	●
 VALQUA NGC	Fluorocarbon resin lined products	Semiconductor manufacturing industry		●	●	●
 VALQUA INDUSTRIES (THAILAND)	Joint sheets	Power plant industry			●	●
 VALQUA VIETNAM	Fluorine-based high performance sheet spiral wound gaskets	Power plant industry			●	●

Community



Promoting sports, culture, and the arts, promoting mental and physical health among employees, existing in harmony with the community

Promotion and support for sports

Unmistakable results of efforts to promote “show dancing” and initiatives for the future

For many years, the VALQUA Group has been involved in promoting and supporting sports to promote health and enrich people’s lives. Since 2014, we have been supporting the spread and development of ballroom dancing, which is loved by everyone, regardless of age or physical ability.

In FY 2024, as support for a new dance genre, we cosponsored the Japan International Ballet Festival (held in December) hosted by the Japan International Ballet Association.

By supporting ballet as a comprehensive art form consisting of dance, music, and art, we will support many talented people and work to popularize dance and promote art and culture.

In addition, the “VALQUA Cup,” a top ballroom dance competition in Japan held every November, held its 10th commemorative event as the “VALQUA Cup Japan Open Show Dance Championships,” a competition featuring show dancing co-hosted by the VALQUA Group and TV TOKYO. Many spectators were excited by the definite potential of a more story-oriented and artistic show dance.



2024 VALQUA Cup Japan Open Show Dance Championships

Promotion of culture and the arts

The Kokoro no Gekijo (Theater of Hearts), sponsored by the Performing Arts Center and the Shiki Theatre Company and supported by the Agency for Cultural Affairs, is a project that aims to create opportunities for children, who are the future of Japan, to experience art and enrich their

minds, and to realize a better society. In support of this initiative, the VALQUA Group co-sponsored performances in Aichi, Osaka, Nara, and Fukuoka Prefectures, which are closely related to us with our production and sales bases located.



Promoting mental and physical health among employees

In order to promote interest in ballroom dancing as well as the mental and physical health of employees, we hold inhouse dance classes during lunch once a week at our domestic and overseas bases of operation.

At the head office, we are working to make the dance classes even easier to participate in by incorporating healthy exercises. Participants practice very hard to show off their dance skills during our

annual Christmas events. This year, as a new attempt, we held a competition between dance teams from various countries and regions, which livened up the event even more.

We also offer these ballroom classes at overseas bases of operation, such as in Taiwan and Vietnam, to help employees have fun while they try to refresh themselves mentally or get some much-needed exercise.



Dance performance by members of the head office dance class

Exist in harmony with the community

We at the VALQUA Group are always thinking about what we can do to build a more prosperous future for the people of the world based on the Action Principle of “Exist in harmony with the community,” which is part of the Corporate Philosophy of “THE VALQUA WAY,” and every year we hold a “Local Community Thanksgiving Day” to conduct volunteer activities rooted in the local community.

Employees and their families from offices, sales bases, and factories at Group companies throughout the world participate.

During FY 2024, each base of operation found ingenious ways to conduct volunteer activities that contribute to their local communities.

VALQUA INDUSTRIES (THAILAND): Clean Our Beach activity

At VALQUA INDUSTRIES (THAILAND), we visited Hua Hin Beach on our first company trip. The employees and their families had a great time together, but the event was not limited to the trip alone. Based on “Exist in harmony with the community,” one of the Action Principles of THE VALQUA WAY, we conducted a cleanup activity with the hope of “bringing this beautiful Hua Hin Beach to the next generation.”



Let’s make it a beautiful beach for the next generation!

VALQUA VIETNAM: Cleanup and flower planting activities at a kindergarten

We cleaned a kindergarten and planted flowers in a cheerful and fun atmosphere, expressing our gratitude for the support of the local community.

We received many words of joy and appreciation from kindergarten teachers and staff, and we reaffirmed our sense of responsibility as a member of the local community and served as an example of a company that is loved.



Joined by 164 people including employees and their children



Children enjoyed flower planting with smiles

Corporate governance

10 Spread of the Corporate Philosophy



Activities to promote understanding of “THE VALQUA WAY” and put it into practice

Start of activities to promote understanding of “OUR VALQUA WAY” and put it into practice

At the VALQUA Group, the Corporate Philosophy common to our Group, “THE VALQUA WAY,” forms the foundation for our daily activities as our compass and code of conduct. Each employee of the VALQUA Group where we have a presence determines how the mental outlook of the Group is relevant to their own work and brings a consciousness of problem identification and solutions to their work in a way that leads to improvements and reforms in the work itself.

Moreover, in order to further spread “THE VALQUA WAY,” we hold the Practice Presentation annually as a place for sharing our activities throughout the year.

This Practice Presentation is a forum to present how each employee has translated “THE VALQUA WAY” down to the level of their own work. After the preliminary presentations held in Japan and overseas at each level of the hierarchy, the company-wide competition of representatives who were selected at the preliminary presentations is held every January. The 17th competition was held in FY 2024.

In FY 2024, under our “New Frontier 2026” (NF2026) Medium-term Business Plan, we held the first presentation with the theme of “OUR VALQUA WAY,” as an opportunity to report on activities by groups and teams that are based on trust and remain aware of and respect the idea that “our strengths are our power,” to further advance visionary management.

CEO Takisawa, who considers deeply instilling “THE VALQUA WAY” in all Group employees to be indispensable to ensuring “sound and sustained growth,” began traveling to each region in FY 2019 to hold the “CEO Forum to Promote the Permeation of THE VALQUA WAY Throughout the Workforce” for managers. In FY 2024, he held the forum in Vietnam.

In order to realize the “Value & Quality (create value and improve quality)” that is the Core Principle represented by our corporate name, the VALQUA Group promotes mutual understanding through a company-wide “THE VALQUA WAY” competition, which focuses on the strengths of each employee. Furthermore, we will take the things we have learned through the unprecedentedly harsh environment of the past few years to become “A Challenging Company that Challenges the Future and the Unknown” to contribute to the richness of the human race and global environment. To achieve this goal, we foster an endeavoring spirit to pioneer into the future and a positive attitude that always stands stalwart against adversity and aim to create the greatest team in the world in which the strengths of each individual are maximized and an organization where each and every employee has confidence, all in the interest of supporting the happiness and sound growth of everyone

involved. As part of this, we also place emphasis on teamwork-oriented “OUR VALQUA WAY” activities.

The entire VALQUA Group will continue to promote visionary management resolutely.



Top) Company-wide “THE VALQUA WAY” competition presentation General Employee Category First Place: Keisuke Tominaga, VALQUA SEAL SOLUTIONS
Middle) FY 2024 Company-wide “THE VALQUA WAY” competition award ceremony
Bottom) CEO Forum to Promote the Permeation of THE VALQUA WAY Throughout the Workforce held in October 2024 (Held in Vietnam)

11 Corporate governance

Corporate governance

Basic philosophy

As a pioneer in seal engineering, the VALQUA Group has constructed a management system for transparent, fair, rapid, and bold decision-making in order to increase its corporate value through sustained growth of the corporation under the Corporate Philosophy of “THE VALQUA WAY,” and it continually pursues optimal corporate governance and strives to perfect it.

Status of corporate governance

In order to respond rapidly and unerringly to sudden changes in the business environment, we have established an agile group management organization that introduces an executive officer system and separates the roles of directors from those of executive officers. Moreover, we have auditors, including one attorney and one certified public accountant, who audit the execution of business by the directors and executive officers, fulfilling supervisory and auditing functions highly specialized to management.

Further, we have established a Nomination and Compensation Advisory Committee in order to enhance the fairness, transparency, and objectivity of procedures related to the nomination and compensation

of directors, and to ensure thorough corporate governance. This Committee is comprised of directors who have been selected via resolution by the Board of Directors, and a majority of these directors are independent outside directors.

Internal Audit Division

An Internal Audit Division independent of the operating divisions under the direct jurisdiction of the Board of Directors has been established to perform internal audits of all of the Group’s business activities. Based on the annual auditing plan, the Internal Audit Division conducts audits from a broad range of perspectives, including internal control, compliance, and risk management, and performs evaluations and makes proposals.

Composition of Board of Directors and Board of Auditors (as of June 30, 2025)	
Directors	6 (5 men and 1 woman) Including 3 outside directors (2 men and 1 woman)
Auditors	3 (3 men) Including 2 outside auditors (2 men)

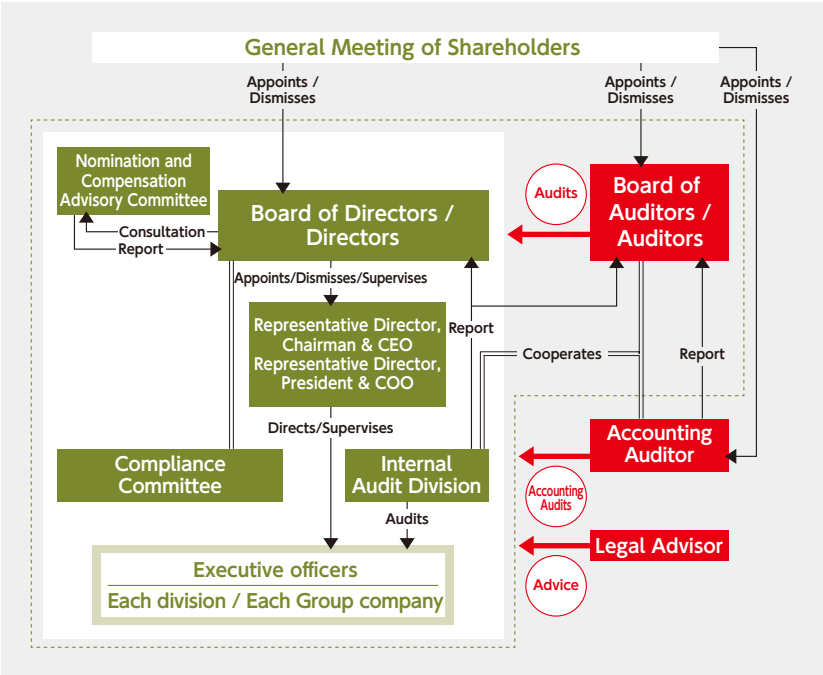
Internal control system

Ensuring the transparency and reliability of business

We are striving to improve and promote our internal control system by constructing highly transparent business processes and an appropriate risk management system. A “Basic Philosophy regarding the Internal Control System” was adopted by the Board of Directors, which is reviewed as necessary in order to respond to changes in the external and internal environments. Moreover, to comply with the internal control reporting system for making financial reports based on the Financial Instruments and Exchange Act, we have constructed an internal control system and maintain, evaluate, and improve internal rules and regulations and business processes.

As part of this, our financial reports are disclosed after receiving the unqualified opinion of an auditing corporation on the internal control system reports describing the validity of the financial reports, and we are continuing to make efforts to ensure the reliability of the financial reports.

Corporate governance organization chart



Corporate governance

12 Promotion of Group's global activities

Safe workplace, and mental and physical health

Promotion of sustainability activities

The VALQUA Group has taken concerted action on the part of Group companies in Japan and overseas to promote "activities revolving around the concept of an H&S business," "support for sports," "Local Community Thanksgiving Day," and other activities based on the Corporate Philosophy of "THE VALQUA WAY."

Since 2021, we have been strengthening our efforts to contribute to the SDGs by promoting activities with three axes, adding "activities that contribute to society" to our offense ("solving social problems through our main business (H&S)") and our defense ("strengthening our management foundation").

Furthermore, in response to social demands for efforts to address human rights issues, we have revised the VALQUA Group Basic Policy on Human Rights, and as part of our efforts to establish and conduct human rights due diligence, we have decided on the targets and methodologies for surveys of our suppliers, and are implementing such surveys. In the future, we will come together as a Group to promote sustainability activities toward the solution of various social issues, and we are making efforts to disclose those activities.

Promotion of SHE activities

The VALQUA Group centrally manages activities related to safety, health, and environment as SHE activities and, under the SHE Committee with the Chief Executive Officer as Committee Chairperson, the SHE promotion councils of business sites in Japan and overseas work as one to create safe workplaces, promote employee health, and conduct environmental conservation activities. In these activities, employees in the Group share a sense of unity and develop activities that suit the culture of each business site. For example, they share best practices at meetings between sites and understand the status of each other's activities to reflect them in their own activities.

Promotion system for safety, health, and environment (SHE) related activities

https://www.valqua.co.jp/social/safety_health_environment/



13 Dialog with stakeholders

To achieve sound and sustained growth, the VALQUA Group aims to build relationships of trust through communication with all of our stakeholders under "THE VALQUA WAY" while continuously enhancing our corporate value.

Stakeholders	Engagement with stakeholders
Business partners (suppliers)	The VALQUA Group promotes fair and impartial CSR procurement based on legal compliance, concern for the environment, and mutual trust.
National governments and local governments	The VALQUA Group complies with laws and regulations and appropriately discloses information.
Local communities	Aiming for a symbiosis with local communities and, by extension, the global community, the VALQUA Group strives to reduce our environmental burden and contribute to society.

Compliance



14 Prevention of corruption and bribery

Risk management

Basic philosophy

In order to maintain relationships of trust with stakeholders and stably continue to do business, the VALQUA Group has constructed a management system that can accurately assess and control diversifying risk and its impact.

We have been aiming for the reconstruction of our business foundation by increasing profits in existing business areas through selection and concentration and acquiring new business areas. Moreover, we have been working to enhance risk management and autonomous compliance at the level of organizational units.

Risk management system

The VALQUA Group has established the "Risk Management Committee" to strengthen risk management. The Committee centrally manages the risks that the Group incurs in the course of doing business, which are becoming more diverse with the rapid changes in the business environment in Japan and overseas and the expansion of the Group's business area.

To enable us to swiftly gain control and respond as a Group to events that threaten the continuity of business, such as major natural disasters, we created a Business Continuity Plan (BCP) Manual and began implementing it in 2020.

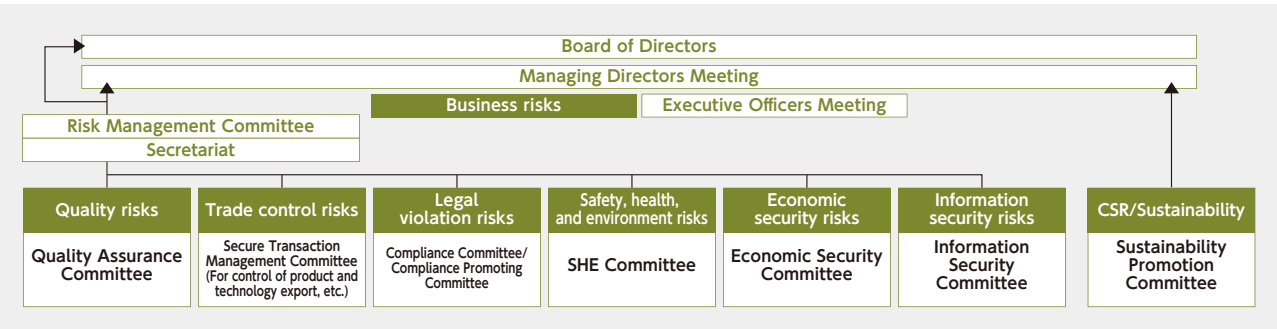
Legal compliance in Group companies in Japan and overseas

In order to ensure legal compliance throughout the entire Group, the VALQUA Group conducts surveys of related laws, not only within Japan, but also as they apply to our Group companies overseas, while receiving support from law offices, consultants, and services that provide legal information, so that its business practices will be in compliance with the law. The entire Group maintains complete readiness to comply with laws and ordinances that greatly differ in content in each country and region.

Management of intellectual property rights

The Intellectual Property Division appropriately protects the value created by corporate activities and supports the provision of products and services that lead to solutions to customer's problems. It also maintains internal rules and systems that respect the intellectual property rights of others, conducting exhaustive surveys at each stage of research and development to ensure that our company's products and services do not infringe upon the intellectual property rights of third parties. Under a system of cooperation between the Intellectual Property Division and the R&D Division, these surveys are conducted globally to ensure that intellectual property rights are respected not only in Japan but overseas as well.

Risk management system (as of April 1, 2025)



Prevention of corruption

Thorough prevention of bribery

The VALQUA Group ensures that all employees are thoroughly aware of the importance of preventing bribery, and has established the matters described on the right in our "VALQUA Group Basic Policy and Bribery Prevention" in order to appropriately respond to domestic and international bribery regulations. All Group company employees are expected to adhere to the Basic Policy, as well as bribery prevention-related laws, regulations, guidelines, and

other similar provisions applicable to each of the countries and regions in which we do business.

General prohibition of bribery and facilitation payments to public officials, etc.
Preliminary investigations when hiring agencies, etc.
Preparation and maintenance of accounting records
Notifications and reporting when faced with violations, etc.

Compliance

15 / Legal compliance

Compliance

Basic philosophy

Under its Corporate Philosophy “THE VALQUA WAY,” the VALQUA Group positions compliance as a fundamental management issue and promotes management based on this philosophy.

However, in 2024, there was a serious violation of compliance involving some executive officers and senior employees, which resulted in loss of the trust of stakeholders built over the years.

Recognizing this corruption incident as a lesson for future development, we have designated November 14 as Compliance Day. Based on our strong determination not to let such irregularities occur ever again, we will implement thorough measures to prevent the recurrence and promote corporate culture reform.

We believe that, based on “THE VALQUA WAY,” each and every employee should think about what is right and develop the ability to make their own decisions, which will lead to essential compliance.

Compliance Handbook

The Compliance Handbook, which has been translated into six languages (Japanese, English, Simplified Chinese, Korean, Thai, and Vietnamese), is being rolled out throughout the Group in Japan and overseas. The aim is to ensure that compliance is not merely a matter of observing rules, but is firmly established as practical action in daily business operations, and that all Group employees fully understand its importance and reflect it in their actions as business guidelines. We also issued publications for specific levels of the hierarchy: “Action Handbook for the Prevention of Harassment” for managers and leaders and “Corporate Management and Compliance – Management Responsibilities and Important Issues for Directors and Officers” for directors and officers.

Reporting, consultation, and notification system

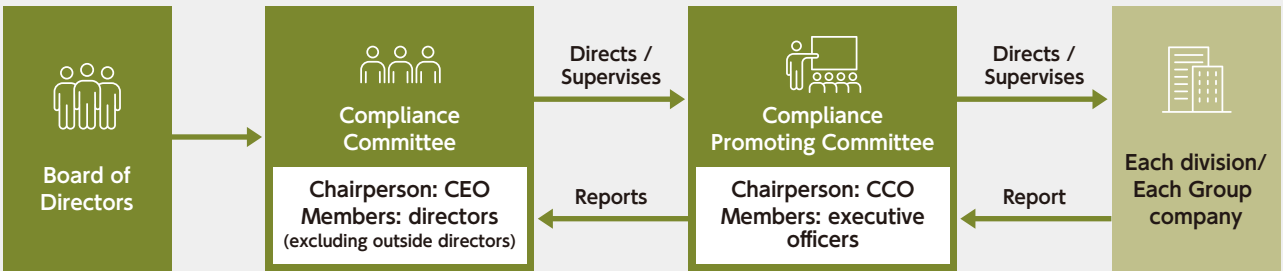
As a mechanism whereby all Group employees and board members can engage in reporting, consultation, and notification related to laws and internal regulations, we have established several lines of communication: (1) opinion boxes, (2) internal consultation liaisons, (3) Direct Line to CEO, (4) External Corporate Ethics Hotline (in six languages), and (5) external attorneys. These are operated independently of the usual chain of command. Any cases that have been reported to, consulted on, or notified to us through this system will be handled in accordance with the “Internal Reporting Regulations,” and the results will be given as feedback to the reporting/consulting/notifying parties unless the contact of the user of the line of communication is unknown. Individual privacy will be respected throughout the operation of this system, and care will be taken to ensure that the reporting/consulting/notifying parties are not disadvantaged.

In addition, in April 2025, to improve the reliability of the lines of communication, a system was established and put into operation whereby outside officers (outside directors and outside auditors) are involved in reporting, consultation and notification.

In addition to the operation of these lines of communication, we established an internal leniency system* to encourage voluntary reporting, detection and ascertaining of information on irregularities as quickly as possible, and correct them as soon as possible. We reviewed the reporting, consultation, and notification system to make it easier for officers and employees of the entire Group to use.

*A system whereby disciplinary action can be reduced or waived in the event of voluntary reporting or cooperation with an investigation in light of the manner and circumstances of the case

Compliance system



16 / Compliance with environment-related laws and ordinances, etc.

Environmental risk management

Framework for activity

The VALQUA Group centralizes the promotion of environment-related policies, activity plans, and activity advancement through the Group’s Safety, Health, and Environment (SHE) Committee, of which the CEO is the chairperson.

As recent years have seen environmental regulations strengthened around the world, the Group is enhancing its measures to improve our ability to comply with these environmental regulations. In spite of this, we have been able to maintain our record of zero violations of environmental laws for another year at our production companies in Japan and overseas.

In response to the trend toward stricter regulation of the chemical substances involved in our products, we are proactively working to stay ahead of new regulations by reducing the amount of chemical substances used in our manufacturing processes and reducing the health risks to workers.

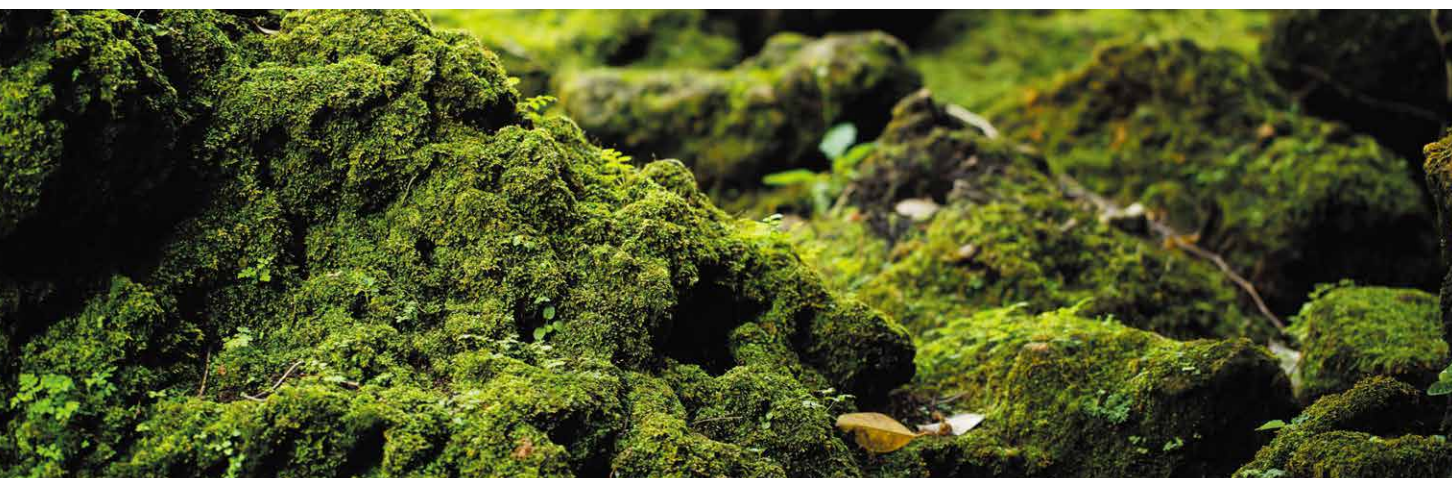
In FY 2024, we started environmental patrols and near-miss reports at production and development sites under the Group SHE promotion system. By listing risks that could lead to violations of environmental laws and regulations in advance and conducting regular on-site patrols, we are working to nip those risks in the bud and raise the environmental awareness of all employees.

Maintenance, operation, and management of the legal compliance systems for each production affiliate

Domestic and overseas production companies in the Group manage environmental laws and regulations through the ISO 14001 system.

Furthermore, to ensure compliance with ever-changing laws, corporate departments receive support from legal information service companies in the relevant countries and regions. In particular, in overseas countries where laws and regulations are ambiguous or there is a marked trend toward stricter regulations, we contract with local consulting firms and law offices with expertise in the environmental field to strengthen daily legal management both in Japan and overseas.

In addition, in-house legal training is provided to managers of production companies in charge of environmental laws and regulations in an effort to improve their management capabilities.



Company Overview

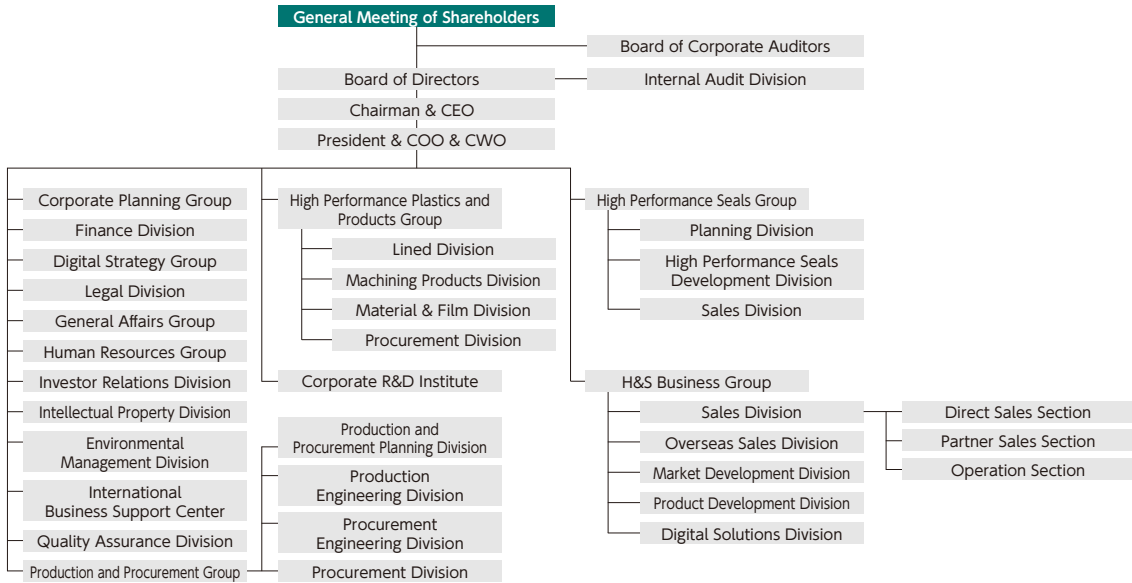
Trade name	VALQUA, LTD.
Head office	ThinkPark Tower 24F, 2-1-1 Osaki, Shinagawa-ku, Tokyo 141-6024 JAPAN
Founded	January 21, 1927
Established	April 8, 1932
Capital	Approximately 13,957 million yen (as of March 31, 2025)
Number of employees	426 (Group employees: 1,536, as of March 31, 2025)
Business details	◆ Design, manufacturing, processing, and sale of products made from fibers, fluorocarbon resin, high performance rubber, and other materials to meet the needs of all industries, including industrial equipment, chemicals, machinery, energy, communication equipment, semiconductors, automobiles, and aerospace. ◆ Development and sale of software and information systems, related electronic commerce and other services using the Internet, consulting, engineering, and other businesses related to technology and know-how.
Group locations	◆ Head office: Tokyo (Shinagawa-ku) ◆ Sales offices: Nagoya, Hikone, Osaka, Kitakyushu, Kumamoto ◆ Research centers: Nara, Tokyo (Machida City) ◆ Group companies in Japan: 5 companies (Tokyo, Aichi, Nara, Fukuoka) ◆ Group companies overseas: 9 companies (China, Taiwan, Thailand, South Korea, Singapore, U.S., Vietnam) (as of March 31, 2025)
Fiscal year-end	March

List of Officers

Position	Name	Role
Representative Director, Chairman	Toshikazu Takisawa	CEO
Representative Director, President	Toshiharu Takisawa	COO & CWO
Director, Executive Vice President	Gota Nakazawa	CFO & CDO
Outside Director	Manabu Narita	
Outside Director	Mikiko Saito	
Outside Director	Hiroya Kutsuzawa	
Standing Auditor	Akio Kou	
Outside Auditor	Hidenori Takahashi	
Outside Auditor	Iwao Toigawa	
Managing Executive Officer	Yoshiaki Tsubakiyama	General Manager of General Affairs Group, Responsible for Corporate Philosophy
Managing Executive Officer	Daisuke Kanda	Director of High Performance Plastics and Products Group
Senior Executive Officer	Tadashi Ogawa	Chairman Secretary
Senior Executive Officer	Mamiko Yatabe	CCO, Responsible for Legal and Environmental Management
Senior Executive Officer	Katsutoshi Fuseya	Director of Production and Procurement Group, General Manager of Production Procurement Planning Division, and Safety Officer
Senior Executive Officer	Mikihito Ono	Director of H&S Business Group
Senior Executive Officer	Takahiro Kawakami	Director of High Performance Seals Group
Executive Officer	Atsushi Nobe	Deputy Director of High Performance Plastics and Products Group, President of TAIWAN VALQUA ENGINEERING INTERNATIONAL, LTD.
Executive Officer	Masahiro Imai	Deputy Director of H&S Business Group, General Manager of Sales Division
Executive Officer	Sadayuki Kadowaki	General Manager of Finance Division
Executive Officer	Ryota Murakami	Deputy Director of H&S Business Group, President of VALQUA VIETNAM CO., LTD.
Executive Officer	Masaaki Nose	General Manager of Corporate R&D Institute, Responsible for Intellectual Property and Quality Assurance
Executive Officer	Naohiko Tsutsumi	General Manager of Corporate Planning Group, Responsible for Investor Relations and International Business Support
Executive Officer	Kimihiro Murai	Deputy Director of High Performance Seals Group
Executive Officer	Yuko Kishi	General Manager of Human Resources Group, Responsible for Human Resources Development
Executive Officer	Yusuke Kishita	Director of Digital Strategy Group

As of June 25, 2025

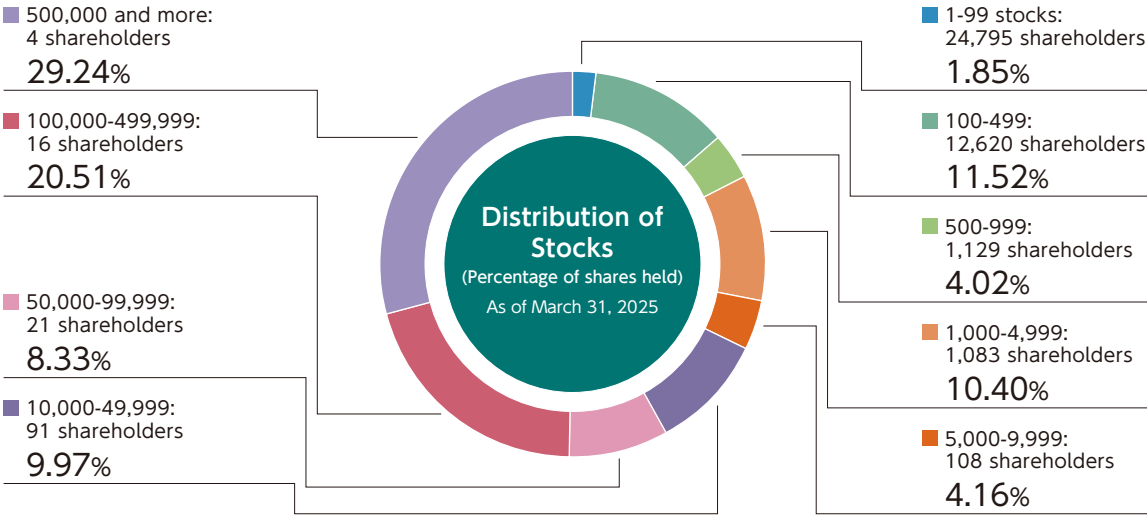
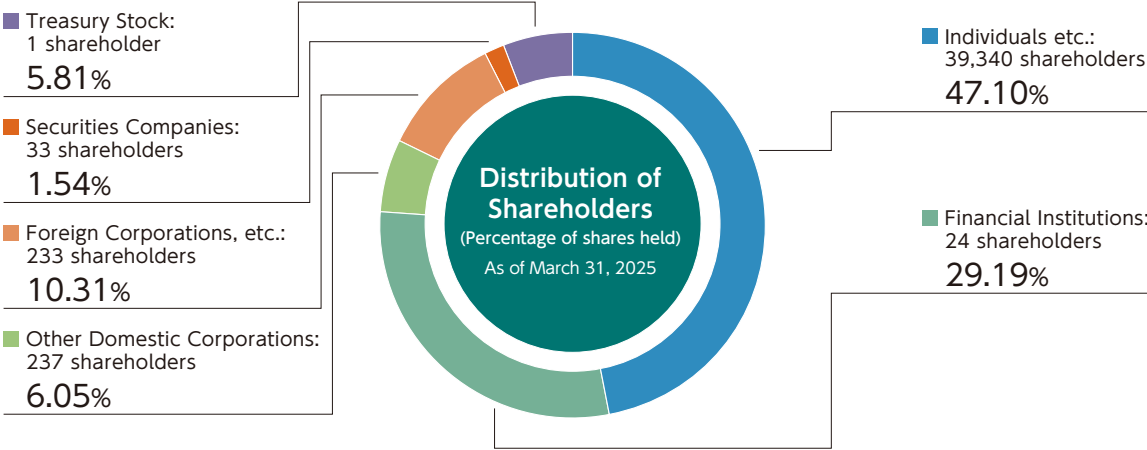
Organizational Chart



As of June 25, 2025

Stock Information

Total number of authorized shares	Total number of issued shares	Number of shareholders
68,000,000 shares	18,688,733 shares	39,868
		As of March 31, 2025



Order	Shareholder name	Number of shares held (Thousands of shares)	Percentage of shares held (%)
1	The Master Trust Bank of Japan, Ltd. (Trust Account)	2,623	14.91
2	Custody Bank of Japan, Ltd. (Trust Account)	1,398	7.95
3	Valqua Tokyo Kyoeikai	586	3.33
4	Sumitomo Mitsui Banking Corporation	537	3.06
5	Sumitomo Mitsui Trust Bank, Limited	400	2.27
6	Toshikazu Takisawa	398	2.27
7	Keiichiro Nakayama	320	1.82
8	Daikin Industries, Ltd.	285	1.62
9	Valqua Osaka Kyoeikai	274	1.56
10	Shiiko Takisawa	243	1.38

*Our company, which holds 1,086,000 shares of treasury stock, is excluded from the above list of major shareholders. The percentage of shares held is calculated with treasury stock deducted.

Major Shareholders