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NOTICE OF THE 126TH ANNUAL GENERAL MEETING OF SHAREHOLDERS

VALQUA, LTD.

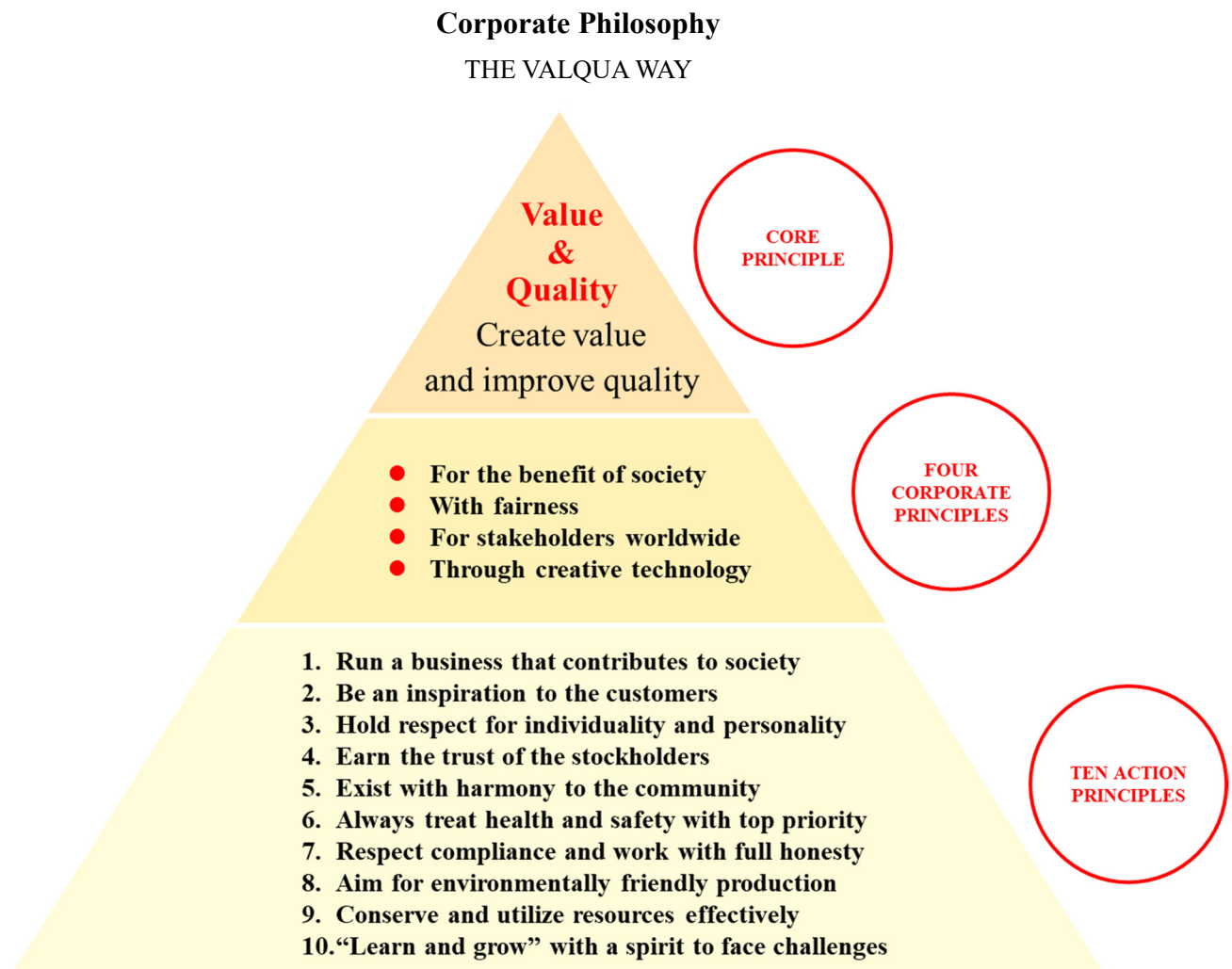
Securities code: 7995

Corporate Image we aim to become in the coming 100th anniversary

A Challenging Company that Challenges the Future and the Unknown

- To contribute to the richness of human race and global environment -

1. Endless pursuit and monitoring of growth strategy
2. Strengthening management foundation that will solidify company growth
3. Undertaking initiatives actively relating to “environment, society, and corporate governance” in becoming a better global citizen



Greetings

We sincerely thank our shareholders for their continued understanding and support of the Group. The Company has decided to hold the 126th Annual General Meeting of Shareholders on Thursday, June 18, 2026. You are cordially invited to attend the meeting.

Under its medium-term management plan, “NF2026,” the Group has promoted the strengthening of its earnings base and growth investment, centered on business for the tech market, while responding flexibly to rapidly changing international conditions and business environments.

The 127th term marks our 100th anniversary. Even in an environment that could be described as a crisis, we will deliver sustainable growth through swift decision-making and execution. At the same time, we will work to create new value for the next 100 years, through management centered on balancing “philosophy” and “profit,” and through improving well-being.

We respectfully ask our shareholders for their continued support.

May 2026

Toshikazu Takisawa

Representative Director, Chairman, CEO & CWO

Toshiharu Takisawa

Representative Director, President, COO, Responsible for H&S Business

Securities code: 7995
(Delivery date: June 2, 2026)
(Start date of providing information in electric format: May 26, 2026)

To our shareholders:

Toshiharu Takisawa
Representative Director and President
VALQUA, LTD.
1-1, Osaki 2-chome, Shinagawa-ku,
Tokyo

Notice of the 126th Annual General Meeting of Shareholders

We hereby notify you that the 126th Annual General Meeting of Shareholders of VALQUA, LTD. (the “Company”) will be held as indicated below.

When the Company convenes a General Meeting of Shareholders, it takes measures for providing information that constitutes the content of reference documents for a General Meeting of Shareholders, etc. in electronic format (matters to be provided in electronic format). As such information is posted on each of the following websites, please access one of the websites to review such information.

[Company’s website]

https://www.valqua.com/ir/meeting_report/

(Please check the “IR (Investor Relations)” and “Meeting of Shareholders” sections through the menu on the Company’s website.)

[Website on which materials for the general meeting of shareholders are posted]

<https://d.sokai.jp/7995/teiji/> (Japanese only)

[Tokyo Stock Exchange website (Search for a listed company)]

<https://www2.jpx.co.jp/tseHpFront/JJK020010Action.do?Show=Show>

(Please access the Tokyo Stock Exchange website above, enter/search “VALQUA” in “Issue name (company name)” or the Company’s securities code “7995” in “Code,” and select “Basic Information” and then “Documents for public inspection/PR information,” and then confirm “Notice of General Shareholders Meeting /Informational Materials for a General Shareholders Meeting” in “Filed information available for public inspection.”)

Institutional investors can utilize the electronic voting platform operated by ICJ, Inc.

1. Date and time	Thursday, June 18, 2026, at 10:00 a.m. (Reception starts at 9:00 a.m.) (JST)
2. Venue	Large Conference Room, Head Office of VALQUA, LTD. 24th Floor, ThinkPark Tower, 1-1, Osaki 2-chome, Shinagawa-ku, Tokyo
3. Purpose of the meeting	Matters to be reported 1. The Business Report and the Consolidated Financial Statements for the 126th fiscal year (from April 1, 2025 to March 31, 2026), and the results of audits of the Consolidated Financial Statements by the Financial Auditor and the Board of Corporate Auditors 2. The Non-consolidated Financial Statements for the 126th fiscal year (from April 1, 2025 to March 31, 2026) Matters to be resolved Proposal No. 1 Appropriation of Surplus Proposal No. 2 Election of one Auditor
4. Matters decided upon convocation (guide on exercise of voting rights)	(1) In the event that the exercise of voting rights document does not indicate approval or disapproval of the proposals, it shall be treated as indicating the intention to approve the proposals. (2) In the event that voting rights are exercised in duplicate, in writing and via the internet, etc., the vote via the internet, etc. shall be treated as valid. (3) In the event that voting rights are exercised multiple times via the internet, etc., only the last vote exercised shall be treated as valid. (4) In the event that voting rights are exercised by proxy on the appointed date, they may be delegated to one other shareholder who possesses voting rights. In such a case, please submit documentation which certifies the proxy rights.

- ◎ When you attend the meeting in person, please present the voting rights exercise form to the receptionist.
- ◎ In the event that any revisions are made to matters to be provided in electronic format, matters before and after revision will be posted on each of the websites mentioned on page 4.
- ◎ For shareholders who have made a request for delivery of documents, we also send a printed copy of documents stating matters to be provided in electronic format. However, in accordance with laws and regulations and the provisions of Article 16 of the Company's Articles of Incorporation, the following matters are excluded.
The Business Report, the Consolidated Financial Statements, and Financial Statements stated in this form are part of the documents that were audited by the Financial Auditors when preparing the financial audit report and by the Auditors when preparing the audit report.
 - 1) "Share acquisition rights, etc. of the Company" of the Business Report
 - 2) The "System for Ensuring the Appropriateness of Operations and Overview of the Operational Status of Said System" of the Business Report
 - 3) The "Consolidated Statement of Changes in Net Assets" and "Notes to the Consolidated Financial Statements" of the Consolidated Financial Statements
 - 4) The "Non-consolidated Statement of Changes in Net Assets" and "Notes to the Non-consolidated Financial Statements" of the Non-consolidated Financial Statements
- ◎ For shareholders who have not made a request for delivery of documents, we send this Notice and Reference Documents for General Meeting of Shareholders.
- ◎ To reduce paper use and promote digitization, we are discontinuing the mailing of the Notice of Resolutions of the General Meeting of Shareholders starting this year and will publish it on our website instead. We appreciate your understanding in this matter.

[Attached document]

Business Report (from April 1, 2025 to March 31, 2026)

1. Status of the corporate group

(1) Progress and results of operations

1) Business overview

During the fiscal year under review, the Group promoted measures to develop production bases and increase capacity in preparation for a recovery in the semiconductor industry and future market expansion, while striving to secure earnings in an increasingly uncertain business environment, from a standpoint of creating new value for the highest satisfaction of stakeholders under our medium-term management plan “New Frontier 2026” (NF2026), which is in its second year.

We deeply apologize for the significant inconvenience and concern caused to stakeholders by the misconduct of former employee of the Company, which we announced on April 22, 2026. We announced the recurrence prevention measures on the same day and are implementing them promptly and thoroughly.

The Group reports the following consolidated results for the fiscal year under review: net sales of ¥58,556 million (2.6% decrease year on year), operating profit of ¥7,100 million (25.3% increase year on year), ordinary profit of ¥7,012 million (16.9% increase year on year), and profit attributable to owners of parent of ¥5,128 million (9.7% increase year on year).

Orders received during the fiscal year under review totaled ¥60,334 million, while order backlog at the end of the fiscal year under review was ¥12,810 million.

2) Overview of business by segment

Net sales by segment of the Group were as follows:

Category	Net sales			
	Current fiscal year	Previous fiscal year	Changes	Changes (%)
	Millions of yen	Millions of yen	Millions of yen	%
Seal Products Business	43,858	40,616	3,241	8.0
High Performance Plastics Products Business	14,697	16,334	(1,636)	(10.0)
Silicon Wafer Reclaim and Other Businesses	—	3,161	(3,161)	—
Total	58,556	60,113	1,557	(2.6)

(Notes) 1. Figures are rounded down to the nearest million.

2. From the fiscal year under review, the Group's reportable segments have been reorganized into two segments: the Seal Products Business and the High Performance Plastics Products Business. In the past, the Group had three reportable segments: the Seal Products Business, the High Performance Plastics Products Business, and the Silicon Wafer Reclaim and Other Businesses.

(2) Capital expenditures

Capital expenditures during the fiscal year under review reached ¥8.5 billion based on completed construction work. The Group primarily invested in constructing new plants and enhancing production capacity domestically and internationally, as well as investing in the infrastructure to support digital solution development.

(3) Financing activities

During the fiscal year under review, the Company raised ¥5.5 billion in total as long-term borrowings in order to make investments in improvement of production capacity, including construction of a new plant, and to maintain persistently high-level inventories. The Company entered into commitment line agreements for a total amount of ¥3.0 billion with the three main banks to efficiently and stably acquire operating funds. As of the end of the fiscal year under review, there were no outstanding borrowings under these agreements.

(4) Business transfers, absorption-type company split, or incorporation-type company split

See “(11) Major businesses (as of March 31, 2026).”

(5) Transfer of business from other companies

Not applicable.

(6) Succession of rights and obligations regarding the business of another corporation, etc. due to absorption-type merger or absorption-type company split

Not applicable.

(7) Acquisition or disposal of another company's shares or other equity or share acquisition rights, etc.

See “(10) Parent company and major subsidiaries, 2) Major subsidiaries.”

(8) Issues to be addressed

As we begin the fiscal year ending March 31, 2027, the international situation, including developments in the Middle East, Ukraine, and East Asia, remains unstable, and uncertainties that could have an impact on the global economy are increasing. Furthermore, in the business environment surrounding the Group, there are concerns regarding the outlook, including shortages of and rising prices for energy and raw materials, labor shortages and rising personnel costs.

Given these business conditions, the Group views the next fiscal year, which marks the 100th anniversary of its founding, not as a milestone but as a starting point on the path toward achieving sustainable value creation over the next 100 years. The three-year medium-term management plan NF2026 expresses our commitment in the following basic policy:

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 glocalization through "Think Globally, Act Locally."

With this policy, we will steadily accelerate these strategies.

<Business deployment>

Regarding the Seal Products Business, we will strive to further strengthen our business foundation by completing the optimization of our product supply system and enhancing production capacity in the tech market, which is expected to experience high growth. With respect to the Plant Equipment market, we will also contribute to improving customer safety through our seal engineering services. We will accelerate the deployment of solutions combining digital technology and AI, and contribute to productivity improvement across industry.

With respect to the High Performance Plastics Products Business, the Company will treat tech markets as our highest-priority area. By promoting strategic resource allocation and supply chain development, we will reliably meet our supply obligations even in the face of rapid changes in demand. We will also accelerate the rationalization of internal business processes through digital tools, building a leaner business structure to further strengthen our profitability.

In response to geopolitical risks, we continue to manage risks arising from volatility in raw materials and energy prices, logistics disruptions, and similar factors, taking into account the potential impact of international uncertainty on our business. We are working to ensure safety stock levels for critical materials, monitor developments across the supply chain, and ensure business continuity.

<Promotion of sustainability activities and strengthening of human resources development>

The Group regards sustainability as a fundamental principle of achieving both sound and sustainable growth of the Group and a sustainable society, based on the corporate philosophy known as "THE VALQUA WAY." Aiming to contribute to the richness of the human race and global environment, we are actively promoting initiatives relating to "environment, society, and corporate governance" in order to realize its desired corporate image as a "better global citizen" as it approaches its 100th anniversary.

We have positioned our initiatives to realize a sustainable society as "VALQUA Sustainable Action" and, through focusing on the following key measures, we will continue to pursue achievement of our core principle of Value (create value) & Quality (improve quality).

1. Review of important issues contributing to sustainability management
2. Establish specific goals for each important issue and manage progress
3. Enhance disclosure of sustainability activities connected to management strategies through the Corporate Report, etc.

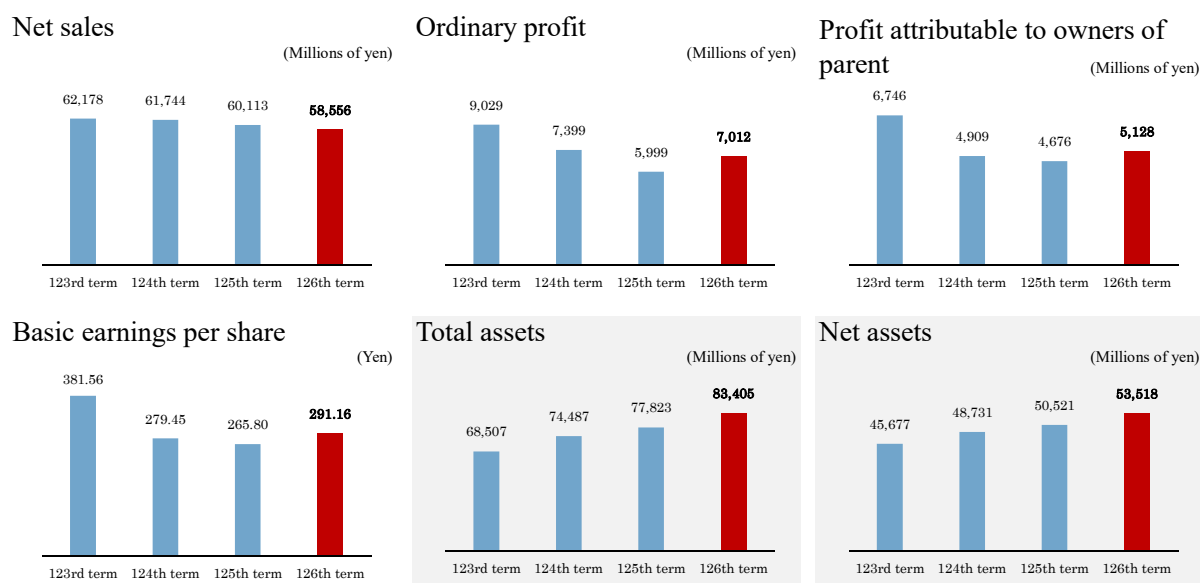
In addition, the Group has consistently positioned human resources as our most important management resource and the source of our competitiveness. Amid unprecedented global change and challenges, the Group is striving to realize "philosophy and profit" with "THE VALQUA WAY" as the cornerstone of its efforts. The Group will also strengthen its visionary management by continuing to promote the instillation of "THE VALQUA WAY" at worksites. We will also advance proactive human resource development focused on the activation of each employee toward the realization of "Well-being management," thereby working to foster VALQUA personnel capable of meeting the demands of the times and fulfilling their social responsibilities.

<Strengthening the enforcement and penetration of corporate ethics>

As announced on April 22, 2026, with respect to the misconduct by a former employee of the Company, the Company implemented an investigation with a team that includes external experts. Based on the results of this investigation, the Company has further scrutinized the cause, and has formulated measures to prevent recurrence and is implementing these measures.

We will steadily strengthen governance through measures such as enhancing the control of financial and accounting operations within the Group and improving the effectiveness of internal audits as part of our recurrence prevention strategies.

(9) Summary of assets and profit or loss



Category		123rd term (Fiscal year ended March 31, 2023)	124th term (Fiscal year ended March 31, 2024)	125th term (Fiscal year ended March 31, 2025)	126th term (Fiscal year ended March 31, 2026)
Net sales	(Millions of yen)	62,178	61,744	60,113	58,556
Ordinary profit	(Millions of yen)	9,029	7,399	5,999	7,012
Profit attributable to owners of parent	(Millions of yen)	6,746	4,909	4,676	5,128
Basic earnings per share	(Yen)	381.56	279.45	265.80	291.16
Total assets	(Millions of yen)	68,507	74,487	77,823	83,405
Net assets	(Millions of yen)	45,677	48,731	50,521	53,518
Net assets per share	(Yen)	2,575.01	2,742.82	2,869.23	3,035.13

- (Notes)
- Figures are rounded down to the nearest million.
 - Basic earnings per share are calculated based on the average total number of issued shares, excluding treasury shares, during the term.
 - Net assets per share are calculated based on the total number of issued shares excluding treasury shares at the end of the term.
 - The situation in the current fiscal year is as described in “Progress and results of operations” in Section (1) above.

(10) Parent company and major subsidiaries

1) Relationship with the parent company

Not applicable.

2) Major subsidiaries

Company name	Share capital	Company's shareholding ratio	Major businesses
VALQUA TECHNO CO., LTD.	¥30 million	100%	Product sales within each business
VALQUA SEAL SOLUTIONS CO., LTD.	¥90 million	100%	Manufacturing of seal products
KYUSHU VALQUA CO., LTD.	¥30 million	100%	Manufacturing of seal products, and solar power generation business
VALQUA MIKAWA FRONTTECH CO., LTD.	¥33 million	100%	Manufacturing of seal products and high performance plastic products
VALQUA TORQUE SYSTEM CO., LTD.	¥100 million	100%	Sales of seal products
VALQUA NGC, INC.	US\$2,437 thousand	100%	Manufacturing and sales of high performance plastic products
VALQUA AMERICA, INC.	US\$1,260 thousand	100%	Product sales within each business
VALQUA (SHANGHAI) TRADING CO., LTD.	RMB1,655 thousand	100%	Product sales within each business
VALQUA KOREA CO., LTD.	KRW10,859 million	100%	Manufacturing of seal products and product sales within each business
TAIWAN VALQUA ENGINEERING INTERNATIONAL, LTD.	NT\$100 million	100%	Manufacturing of seal products and high performance plastic products and product sales within each business
VALQUA VIETNAM CO., LTD.	US\$3,000 thousand	100%	Manufacturing of seal products and product sales within each business
VALQUA ADVANCED VIETNAM CO., LTD.	US\$6,300 thousand	100%	Manufacturing of seal products and high performance plastic products and product sales within each business
VALQUA INDUSTRIES (THAILAND), LTD.	THB126 million	95.3%	Manufacturing of seal products and product sales within each business
VALQUA INDUSTRIES SINGAPORE PTE. LTD.	US\$2,500 thousand	100%	Product sales within each business

(Notes) 1. As of March 31, 2026, the Company has 14 consolidated subsidiaries listed above.

2. VALQUA TORQUE SYSTEM CO., LTD. was included in the scope of consolidation because the Company acquired all of its shares as of July 31, 2025.
3. VALQUA NGC, INC. is currently in the process of liquidation.
4. VALQUA SES CO., LTD. was removed from the scope of consolidation due to the completion of liquidation.
5. VALQUA SEAL (SHANGHAI) TRADING CO., LTD. was removed from the scope of consolidation because the Company transferred all of its equity in investment as of December 10, 2025.
6. VALQUA (SHANGHAI) TRADING CO., LTD. resolved to dissolve and liquidate on February 9, 2026 and commenced relevant procedures on the same day.
7. VALQUA VIETNAM CO., LTD. transferred its new-plant business to the newly established VALQUA ADVANCED VIETNAM CO., LTD. through a company split.

(11) Major businesses (as of March 31, 2026)

Business division	Main products and businesses
Seal Products Business	Plant, equipment, and piping gaskets Equipment gland packing Various rubber products (O-rings, etc.) for industrial and transportation equipment Rubber molded products for semiconductor manufacturing equipment Automobile parts Plant construction management and education services Facilities management and maintenance management services
High Performance Plastics Products Business	Fluorocarbon materials (sheets, rods, etc.) Fluorocarbon molded products Fluorocarbon film and tape products Fluorocarbon lining products and related services

- (Notes) 1. On December 10, 2025, the Company transferred the equity in investment of VALQUA SEAL (SHANGHAI) TRADING CO., LTD. that constitutes the Seal Products Business. However, the financial results of VALQUA SEAL (SHANGHAI) TRADING CO., LTD. for the fiscal year under review is recorded up to December 31, 2025.
2. The Company transferred all of the shares of VALQUA FFT INC. that constitutes the Silicon Wafer Reclaim and Other Businesses, on March 21, 2025, and accordingly changed its business divisions from the 126th fiscal year. Other products and businesses that had been included in Silicon Wafer Reclaim and Other Businesses have been reclassified under the Seal Products Business.

(12) Major sales office and plants (as of March 31, 2026)

Domestic

Company name	Name	Location
VALQUA, LTD.	Head office MRT Center Nara Office Osaka Sales Office Nagoya Sales Office Kitakyusyu Sales Office	Shinagawa-ku, Tokyo Machida-shi, Tokyo Gojo-shi, Nara Osaka-shi, Osaka Nagoya-shi, Aichi Kitakyushu-shi, Fukuoka
VALQUA TECHNO CO., LTD.	Head office	Shinagawa-ku, Tokyo
VALQUA SEAL SOLUTIONS CO., LTD.	Head office	Gojo-shi, Nara
KYUSHU VALQUA CO., LTD.	Head office	Iizuka-shi, Fukuoka
VALQUA MIKAWA FRONTECH CO., LTD.	Head office Plant	Shinshiro-shi, Aichi Tahara-shi, Aichi
VALQUA TORQUE SYSTEM CO., LTD.	Head office	Obu-shi, Aichi

Overseas

Company name	Country name	Location
VALQUA NGC, INC.	United States	Houston, Texas
VALQUA AMERICA, INC.	United States	Sunnyvale, California
VALQUA (SHANGHAI) TRADING CO., LTD.	China	Shanghai
VALQUA KOREA CO., LTD.	South Korea	Seoul
TAIWAN VALQUA ENGINEERING INTERNATIONAL, LTD.	Taiwan	Kaohsiung
VALQUA VIETNAM CO., LTD.	Vietnam	Hai Duong Province
VALQUA ADVANCED VIETNAM CO., LTD.	Vietnam	Hai Duong Province
VALQUA INDUSTRIES (THAILAND), LTD.	Thailand	Samut Prakan
VALQUA INDUSTRIES SINGAPORE PTE. LTD.	Singapore	Singapore

- (Note) VALQUA SEAL (SHANGHAI) TRADING CO., LTD. was removed from the scope of consolidation because the Company transferred all of its equity in investment as of December 10, 2025.

(13) Employees (as of March 31, 2026)

1) Employees of the Group

Number of employees	Change from the end of previous fiscal year
1,582 (183)	Increase of 46 (increase of 12)

- (Notes) 1. The number of employees excludes employees transferred from a Group company to an outside Group company, and includes employees transferred from an outside Group company to a Group company, and the number of temporary employees is indicated in parentheses as the average number of employed persons during the year.
2. The number of employees increased by 46 compared to the end of the previous fiscal year, primarily due to the acquisition of all the shares in VALQUA TORQUE SYSTEM CO., LTD., which has been included in the scope of consolidation.

2) Employees of the Company

Number of employees	Change from the end of previous fiscal year	Average age	Average length of service
424 (102)	Decrease of 2 (increase of 1)	47.1 years old	17.7 years

- (Note) The number of employees excludes employees transferred from the Company to an outside company, and includes employees transferred from an outside company to the Company, and the number of temporary employees is indicated in parentheses as the average number of employed persons during the year.

We deploy the right personnel in the right positions regardless of age or career background and promote the advancement of senior workers, which results in a slightly high average age of employees.

(14) Major lenders (as of March 31, 2026)

Lender	Outstanding borrowings
	Millions of yen
Sumitomo Mitsui Banking Corporation	8,966
Mizuho Bank, Ltd.	2,551
Sumitomo Mitsui Trust Bank, Limited	1,925
Japan Bank for International Cooperation	1,455

- (Notes) 1. Figures are rounded down to the nearest million.
2. The Company entered into commitment line agreements for a total amount of ¥3.0 billion with the main banks to efficiently and stably acquire operating funds.

2. Shares of the Company (as of March 31, 2026)

- (1) Total number of authorized shares: 68,000,000 shares
(2) Total number of issued shares: 18,688,733 shares
(3) Number of shareholders: 38,027
(4) Major shareholders (top 10)

Shareholder name	Number of shares held	Ratio of shares held
	Thousands of shares	%
The Master Trust Bank of Japan, Ltd. (Trust Account)	2,383	13.52
Custody Bank of Japan, Ltd. (Trust Account)	1,422	8.07
STATE STREET BANK AND TRUST COMPANY 505001	1,386	7.87
Valqua Tokyo Kyoeikai	610	3.46
Sumitomo Mitsui Banking Corporation	537	3.05
Toshikazu Takisawa	406	2.31
Sumitomo Mitsui Trust Bank, Limited	400	2.27
Daikin Industries, Ltd.	285	1.62
Valqua Osaka Kyoeikai	284	1.61
Shiiko Takisawa	243	1.38

(Note) The Company holds 1,062 thousand treasury shares but is not included in the list of major shareholders shown above.

The ratio of shares held is calculated by deducting treasury shares.

- (5) Status of the shares granted to the Company's officers as consideration for the execution of duties during the fiscal year ended March 31, 2026

	Number of shares	Number of grantees
Directors (excluding outside Directors)	13,100	3
Outside Director	—	—
Auditors	—	—

(Note) The content of share-based remuneration of the Company is described in "3. (4) Remuneration, etc. for Directors and Auditors."

3. Officers

- (1) Directors and Auditors (as of March 31, 2026)

Position in the Company	Name	Responsibility in the Company and significant concurrent positions outside the Company
Representative Director and Chairman	Toshikazu Takisawa	CEO & CWO
Representative Director and President	Toshiharu Takisawa	COO, Responsible for H&S Business
Director and Vice President	Gota Nakazawa	CFO & CDO
Outside Director	Manabu Narita	Outside Director of Nippon Chemiphar Co., Ltd. Director and Chairman of GINSEN CO., LTD.
Outside Director	Mikiko Saito	Representative Director and CEO of SMO Inc. Outside Director of HIDAY HIDAKA Corp. Outside Director of THE TOWA BANK, LTD.
Outside Director	Hiroya Kutsuzawa	
Standing Auditor	Akio Ko	
Outside Auditor	Hidenori Takahashi	Certified Public Accountant (Hidenori Takahashi Certified Public Accountant Office)
Outside Auditor	Iwao Toigawa	Attorney at law (Hibiya T&Y Law Office) Outside Director (Audit & Supervisory Committee Member) of NIHON NOHYAKU CO., LTD

- (Notes)
1. Directors Manabu Narita, Mikiko Saito, and Hiroya Kutsuzawa are outside Directors. Moreover, Auditors Hidenori Takahashi and Iwao Toigawa are outside Auditors.
 2. Standing Auditor Akio Ko was previously involved in the operations of the Company's finance division for many years and possesses considerable knowledge about corporate finance and accounting.
 3. Outside Auditor Hidenori Takahashi is a licensed Certified Public Accountant and possesses considerable knowledge about corporate finance and accounting.
 4. Outside Auditor Iwao Toigawa is a licensed attorney at law and possesses considerable knowledge about corporate legal affairs.
 5. The Company has submitted notification to the Tokyo Stock Exchange that outside Directors Manabu Narita, Mikiko Saito, and Hiroya Kutsuzawa as well as outside Auditors Hidenori Takahashi and Iwao Toigawa have been designated as independent officers as provided for by the aforementioned exchange.
 6. Director Gota Nakazawa resigned the position of Director of TORANOTEC Ltd. effective February 12, 2026. He was reassigned to Executive Vice President, CFO, CDO and CRO effective April 1, 2026.
 7. Outside Director Manabu Narita assumed the office of outside Director of Nippon Chemiphar Co., Ltd. effective June 19, 2025. He resigned the position of President of GINSEN CO., LTD. effective June 26, 2025, and assumed the office of Director and Chairman.
 8. Outside Director Mikiko Saito assumed the office of outside Director at HIDAY HIDAKA Corp. effective May 27, 2025, and outside Director at THE TOWA BANK, LTD. effective June 26, 2025, respectively.
 9. Outside Auditor Hidenori Takahashi resigned the position of outside Director at PENTA-OCEAN CONSTRUCTION CO., LTD. effective June 24, 2025.
 10. Outside Auditor Iwao Toigawa is scheduled to resign the position of outside Director (Audit & Supervisory Committee Member) of NIHON NOHYAKU CO., LTD. effective June 17, 2026.

<Reference> Executive Officers (excluding Executive Officers who also serve as Directors)
(as of April 1, 2026)

Position in the Company	Name	Responsibility in the Company
Managing Executive Officer	Yoshiaki Tsubakiyama	Executive in Charge of Administration Division, Corporate Philosophy and Human Resources Development
Managing Executive Officer	Daisuke Kanda	Director of High Performance Plastics and Products Group
Senior Executive Officer	Tadashi Ogawa	Chairman Secretary
Senior Executive Officer	Katsutoshi Fuseya	Director of Production and Procurement Group
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	General Manager of General Affairs Group
Executive Officer	Ryota Murakami	CSO, Quality Assurance and Environmental Management
Executive Officer	Masaaki Nose	General Manager of Corporate Research and Development Institute, Intellectual Property
Executive Officer	Naohiko Tsutsumi	General Manager of Corporate Planning Group, 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
Executive Officer	Yusuke Kishita	Director of Digital Strategy Group
Executive Officer	Naoyuki Tani	Compliance, General Manager of Legal Group

CEO: Chief Executive Officer
COO: Chief Operating Officer
CWO: Chief Well-being Officer
CFO: Chief Financial Officer
CDO: Chief Digital Officer
CRO: Chief Risk Officer
CSO: Chief Security Officer

(2) Summary of details of limited liability agreements

Outside Directors Manabu Narita, Mikiko Saito, and Hiroya Kutsuzawa as well as outside Auditors Hidenori Takahashi and Iwao Toigawa have entered into agreements with the Company that limit liability for damages under Article 423, Paragraph (1) of the Companies Act in accordance with Article 427, Paragraph (1) of the Companies Act, and the maximum amount of damages under these agreements is the minimum liability amount provided for under laws and regulations.

(3) Summary of directors and officers liability insurance policy

The Company and an insurance company have entered into a directors and officers liability insurance policy under Article 430-3, Paragraph (1) of the Companies Act, appointing as the insured persons Directors, Auditors and Executive Officers (including those who are in the position during the fiscal year ended March 31, 2026) of the Company and its subsidiaries listed in “1. (10) Parent company and major subsidiaries,” and the Company bears the total amount of premium.

The summary of the insurance policy is as follows. Based on it, the insurance company compensates for any damage that may be incurred while the insureds bear liability related to the execution of their duties or receive a claim pursuing such liability, and the policy is renewed every year.

(4) Remuneration, etc. for Directors and Auditors

1) Total amount of remuneration, etc. for the fiscal year ended March 31, 2026

Category	Total amount of remuneration, etc. (millions of yen)	Total amount of remuneration, etc. by type (millions of yen)			Number of applicable officers
		Fixed remuneration	Performance-based remuneration, etc.	Non-monetary remuneration, etc.	
Directors (included outside Directors)	408 (36)	286 (36)	80 (-)	41 (-)	8 (4)
Auditors (included outside Auditors)	38 (20)	38 (20)	-	-	3 (2)
Total (included outside Directors and outside Auditors)	447 (57)	325 (57)	80 (-)	41 (-)	11 (6)

- (Notes)
1. The table above includes two Directors (including one outside Director) who resigned at the end of the 125th Annual General Meeting of Shareholders held on June 25, 2025.
 2. The total amount of remuneration, etc. for Directors does not include the employee salaries for employees who also serve as Director.
 3. Performance-based remuneration etc. for Directors should motivate Directors to perform their duties fully. To evaluate company performance comprehensively and adequately, we consider important management indicators related to performance, including operating profit, profit and ROE. The actual results are described in “1 (9) Summary of assets and profit or loss,” “Consolidated Financial Statements,” “Non-consolidated Financial Statements,” etc.
 4. Non-monetary remuneration, etc. for Directors is remuneration related to restricted shares, and the amount recorded as expenses for the fiscal year under review is shown. In addition, the conditions, etc. of the allotment are stated in “3. (4) 2) Policy for decisions on the content of remuneration, etc. for officers” and the allotment status of the fiscal year ended March 31, 2026 is listed in “2. (5) Status of the shares granted to the Company’s officers as consideration for the execution of duties during the fiscal year ended March 31, 2026.”
 5. At the 118th Annual General Meeting of Shareholders held on June 20, 2018, it was resolved that the amount of remuneration, etc. for Directors will be ¥500 million or less per year (for outside Directors: ¥60 million or less per year). (The employee salaries for employees who also serve as Directors are not included.) There were six Directors (including three outside Directors) at the end of the Annual General Meeting of Shareholders.
In addition, at the 119th Annual General Meeting of Shareholders held on June 20, 2019, it was resolved that the total number of restricted shares allotted in each fiscal year would be 30,000 shares or less within the maximum amount of remuneration per year stated above as remuneration, etc. related to restricted shares for Directors (excluding outside Directors). There were four Directors (excluding outside Directors) at the end of the Annual General Meeting of Shareholders.
 6. At the 118th Annual General Meeting of Shareholders held on June 20, 2018, the amount of remuneration, etc. for Auditors was resolved to be ¥100 million or less per year. There were four Auditors at the end of the Annual General Meeting of Shareholders (which includes three outside Auditors).
 7. The Board of Directors entrusts the determination of the concrete amount of fixed remuneration (fixed amount remuneration) and performance-based remuneration (bonus for officers) for each Director to the Representative Director, Chairman and CEO, Toshikazu Takisawa. The reason for the entrustment is that the Company judged that it is adequate to assign the duty to evaluate each Director while taking into account the Company’s overall performance, etc. to the Representative Director, Chairman and CEO.
 8. As for individual remuneration, etc. for Directors in the fiscal year ended March 31, 2026, Representative Director, Chairman and CEO, who is entrusted by the Board of Directors, decided the details of fixed remuneration (fixed amount remuneration) and performance-based remuneration (bonus for officers) within the maximum amount of remuneration approved at the Annual General Meeting of Shareholders, based on “3. (4) 2) Policy for decisions on the content of remuneration, etc. for officers.” Non-monetary remuneration (remuneration related to restricted shares) was determined based on the resolution of the Board of Directors meeting. Since individual remuneration, etc. for Directors are decided with the procedure, the Board of Directors assesses that the content is in line with the policy.

2) Policy for decisions on the content of remuneration, etc. for officers

At the Board of Director meeting held on February 24, 2021, the Company resolved the policy for deciding remuneration, etc. for Directors.

The policy for decisions on the content of individual remuneration, etc. for Directors is as follows:

a) Basic policy

The Company considers that the role of the officers is to improve its corporate value based on the group-wide management policy and strategies. We position the remuneration for Directors as an incentive, and offer a level of remuneration which is adequate for the role, responsibilities and performance of Director as the basic policy. To be more specific, it consists of fixed remuneration (remuneration of determined amount), performance-based remuneration (officer's bonus) and non-monetary remuneration (remuneration related to restricted shares). However, to outside Directors, we provide only fixed remuneration (remuneration of determined amount) based on consideration of their duties.

b) Policy for fixed remuneration (fixed amount remuneration) (including the policy for the timing of provision and conditions)

Fixed remuneration (fixed amount remuneration) for Directors shall be monthly remuneration, consisting of monthly basic remuneration and fixed-amount remuneration determined based on whether a Director has representation rights or not, their position (Chairman or President), and whether they are full-time or part-time personnel. (Moreover, when a Director concurrently serves as Executive Officer, the fixed remuneration is determined separately from remuneration for officers.) This is decided based on their position and basic amount for the group considering the years of service, contribution, experience, specialties, etc.

c) Policy for performance-based remuneration (bonus for officers) (including the policy for the timing of provision and conditions)

Performance-based remuneration (bonus for officers) should motivate Directors to perform their duties fully and is provided at fixed times of the year. To be more specific, we consider important business-related management indicators, including operating profit, profit and ROE, to evaluate corporate performance comprehensively and appropriately. As for individual performance-based remuneration (bonus for officers), after calculating a base amount which has the ratio of fixed remuneration (fixed amount remuneration) and performance-based remuneration (bonus for officers) as specified e) below, we shall decide the payment amount to be within the range of 0 to 150% of the base amount based on the performance level and the status of each Director's execution of priority measures, etc. in the fiscal year ended March 31, 2026.

d) Policy for non-monetary remuneration (remuneration related to restricted shares) (including the policy for the timing of provision and conditions)

Non-monetary remuneration for Directors (remuneration related to restricted shares) is designed to have our Directors share the merits and risks of fluctuations in the stock price with shareholders, and improve their motivation to contribute to stock price increases and the improvement of corporate value. We calculate the number of allotted shares having a fixed remuneration (fixed amount remuneration) (for employees who also serve as Directors, the employee salaries shall be included) as a base amount after giving consideration to job position. In accordance with the regulations for the remuneration related to restricted shares, the number of allotted shares shall be determined at the Board of Directors meeting, and provided at fixed times of the year. In addition, when the transfer restriction of a share allotment agreement with restriction on transfer between the Company and Directors has not been lifted until the maturity of transfer restriction period (the period which should 30 years or over and defined by the Board of Directors) or a person who resigned from the post of the Company's Director, employee, etc. or left the Company prior to the first Annual General Meeting of Shareholders after the start of the transfer restriction period, the Company is entitled to receive restricted shares free of charge.

e) Policy for the ratio of remuneration, etc.

The ratio of remuneration for Directors other than outside Directors by type shall be set in a way that functions as a sound incentive for the Company's sustainable growth. To be more specific, the

Company uses the standard ratio of fixed remuneration (fixed amount remuneration), performance-based remuneration (bonus for officers) and non-monetary remuneration (remuneration related to restricted shares) of 7:2:1 as a guide, and determines the actual amount while taking into account the job position and level of remuneration.

f) Matters related to the entrustment of decisions on remuneration, etc.

Among the components of individual remuneration, etc. for Directors, as for fixed remuneration (fixed amount remuneration) and performance-based remuneration (bonus for officers), the Company entrusts the determination of concrete details to the Representative Director and Chairman based on the resolution of the Board of Directors meeting. The scope of such authority is determination of the concrete allotment to each Director, based on the assumption that it should be within the maximum amount of remuneration approved at the Annual General Meeting of Shareholders and comply with the policy stated above and the regulations for remuneration for officers. As for non-monetary remuneration (remuneration related to restricted shares) of individual remuneration, etc. for Directors, the amount shall be determined at the Board of Directors meeting within the maximum amount of remuneration approved at the Annual General Meeting of Shareholders based on the regulations for the remuneration related to restricted shares.

(5) Matters regarding outside Directors and outside Auditors

1) Significant concurrent positions and relationship with the Company of outside Directors and outside Auditors

Outside Director Manabu Narita concurrently serves as outside Director of Nippon Chemiphar Co., Ltd. and the Director and Chairman of GINSEN CO., LTD. The Company has no business relations with Nippon Chemiphar Co., Ltd. The Company has business relations with GINSEN CO., LTD. However, the volume of transactions is minimal.

Outside Director Mikiko Saito concurrently serves as the Representative Director and CEO of SMO Inc., an outside Director of HIDAY HIDAKA Corp., and an outside Director of THE TOWA BANK, LTD. The Company has no business relations with SMO Inc., HIDAY HIDAKA Corp. or THE TOWA BANK, LTD.

Outside Auditor Hidenori Takahashi is a Certified Public Accountant (Hidenori Takahashi Certified Public Accountant Office). The Company has no business relations with Hidenori Takahashi Certified Public Accountant Office.

Outside Auditor Iwao Toigawa is an attorney at law (Hibiya T&Y Law Office) and serves as outside Director (Audit & Supervisory Committee Member) of NIHON NOHYAKU CO., LTD. The Company has no business relations with Hibiya T&Y Law Office or NIHON NOHYAKU CO., LTD.

2) Major activities in the fiscal year ended March 31, 2026

Category	Name	Summary of activities and duties performed with respect to the role expected of outside Directors
Outside Director	Manabu Narita	He attended 11 out of 12 Board of Directors meetings held following his assumption of office on June 25, 2025, made appropriate remarks required for the deliberation of proposals from the viewpoint of business judgment-related supervision and advice as an expert of management, and served to secure the validity and adequateness of decision-making properly. He also served as a member of the Nomination and Remuneration Advisory Committee and made remarks from an independent and objective standpoint.
Outside Director	Mikiko Saito	She attended all 15 of Board of Directors meetings, made appropriate remarks required for the deliberation of proposals from the viewpoint of business judgment-related supervision and advice as an expert of management, and served to secure the validity and adequateness of decision-making properly. She also served as a member of the Nomination and Remuneration Advisory Committee and made remarks from an independent and objective standpoint.
Outside Director	Hiroya Kutsuzawa	He attended all 15 of Board of Directors meetings, made appropriate remarks required for the deliberation of proposals from the viewpoint of business judgment-related supervision and advice as an expert of management, and served to secure the validity and adequateness of decision-making properly. He also served as a member of the Nomination and Remuneration Advisory Committee and made remarks from an independent and objective standpoint.
Outside Auditor	Hidenori Takahashi	He attended all 15 of Board of Directors meetings and all 14 of Board of Corporate Auditors, and he made appropriate remarks required for the deliberation of proposals primarily from his expert viewpoint as a Certified Public Accountant.
Outside Auditor	Iwao Toigawa	He attended all 15 of Board of Directors meetings and all 14 of the Board of Corporate Auditors, and he made appropriate remarks required for the deliberation of proposals primarily from his expert viewpoint as an attorney at law.

4. Financial Auditor

- (1) Name of Financial Auditor Ernst & Young ShinNihon LLC
- (2) Audit fees, etc. for Financial Auditor for the fiscal year ended March 31, 2026
 - 1) Audit fees for Financial Auditor for the fiscal year ended March 31, 2026: ¥64 million
 - 2) Total amount of cash and other compensation payable by the Company and its subsidiaries: ¥64 million

(Notes) 1. The amount of audit fees for audit services under the Companies Act and audit services under the Financial Instruments and Exchange Act are not clearly segregated in the auditing agreement between the Company and the Financial Auditor. As it is impracticable to segregate them, the audit fee amount for the fiscal year under review indicates the total amount.

- 2. In addition to the above, the Company paid ¥7 million in additional audit fee relating to the previous fiscal year.
- 3. The Board of Corporate Auditors agreed on the amount of the audit fees for the Financial Auditor etc. after performing the required verification of the details of the Financial Auditor's audit plan and whether or not the Financial Auditor's performance and the basis of calculation for the audit fee estimate were appropriate.
- 4. Certain consolidated subsidiaries of the Company are audited by Certified Public Accountants (or auditing firms) other than the Company's Financial Auditor.

- (3) Description of non-auditing services

Not applicable.

- (4) Policy for decisions on dismissal and non-reappointment of Financial Auditor

In the event that there is an impediment to the execution of a Financial Auditor's duties and it is deemed necessary to do so, the Board of Corporate Auditors shall decide on the details of a proposal to dismiss or non-reappointment the Financial Auditor to be submitted to the General Meeting of Shareholders. Moreover, if the Board of Corporate Auditors determines that the Financial Auditor is subject to any of the items under Article 340, Paragraph (1) of the Companies Act, the Financial Auditor shall be dismissed based on the consent of all Auditors.

Consolidated Financial Statements

Consolidated balance sheet (as of March 31, 2026)

(Millions of yen)

Item	Amount
Assets	83,405
Current assets	47,970
Cash and deposits	7,915
Notes receivable - trade	337
Electronically recorded monetary claims - operating	3,793
Accounts receivable - trade	12,348
Contract assets	131
Merchandise and finished goods	6,910
Work in process	1,300
Raw materials and supplies	12,663
Accounts receivable - other	861
Other	1,870
Allowance for doubtful accounts	(160)
Non-current assets	35,435
Property, plant and equipment	23,579
Buildings and structures	10,139
Machinery, equipment and vehicles	4,151
Tools, furniture and fixtures	1,456
Land	4,237
Leased assets	672
Construction in progress	2,921
Intangible assets	3,872
Software	1,280
Goodwill	783
Customer-related intangible assets	1,283
Other	524
Investments and other assets	7,983
Investment securities	4,189
Deferred tax assets	213
Retirement benefit asset	2,745
Other	1,082
Allowance for doubtful accounts	(247)
Total assets	83,405

Item	Amount
Liabilities	29,887
Current liabilities	15,824
Notes and accounts payable - trade	5,049
Electronically recorded obligations - operating	725
Short-term borrowings	3,646
Current portion of long-term borrowings	1,135
Lease liabilities	165
Income taxes payable	901
Contract liabilities	34
Provision for bonuses	695
Provision for bonuses for directors (and other officers)	80
Other	3,389
Non-current liabilities	14,063
Long-term borrowings	11,483
Lease liabilities	557
Deferred tax liabilities	1,380
Retirement benefit liability	249
Other	391
Net assets	53,518
Shareholders' equity	48,820
Share capital	13,957
Capital surplus	4,792
Retained earnings	31,932
Treasury shares	(1,861)
Accumulated other comprehensive income	4,659
Valuation difference on available-for-sale securities	1,483
Foreign currency translation adjustment	2,805
Remeasurements of defined benefit plans	370
Non-controlling interests	38
Total liabilities and net assets	83,405

Consolidated statement of income (from April 1, 2025 to March 31, 2026)

(Millions of yen)

Item	Amount	
Net sales		58,556
Cost of sales		33,571
Gross profit		24,984
Selling, general and administrative expenses		17,883
Operating profit		7,100
Non-operating income		
Interest income	31	
Dividend income	61	
Rental income from facilities	275	
Share of profit of entities accounted for using equity method	18	
Foreign exchange gains	31	
Other	164	582
Non-operating expenses		
Interest expenses	261	
Loss on sale of receivables	30	
Rental expenses on facilities	265	
Other	113	671
Ordinary profit		7,012
Extraordinary income		
Gain on sale of non-current assets	47	
Gain on sales of investments in capital of subsidiaries and associates	83	130
Extraordinary losses		
Loss on sale of non-current assets	8	
Loss on abandonment of non-current assets	33	
Business restructuring expenses	345	388
Profit before income taxes		6,755
Income taxes - current	1,422	
Income taxes - deferred	202	1,625
Profit		5,129
Profit attributable to non-controlling interests		1
Profit attributable to owners of parent		5,128

Non-consolidated Financial Statements

Non-consolidated balance sheet (as of March 31, 2026)

(Millions of yen)

Item	Amount
Assets	59,562
Current assets	34,785
Cash and deposits	4,585
Notes receivable - trade	27
Electronically recorded monetary claims - operating	3,374
Accounts receivable - trade	8,205
Merchandise	3,018
Raw materials	10,424
Supplies	2
Prepaid expenses	466
Short-term loans receivable	1,858
Accounts receivable - other	2,677
Other	146
Allowance for doubtful accounts	(1)
Non-current assets	24,776
Property, plant and equipment	7,143
Buildings	1,665
Structures	46
Machinery and equipment	173
Vehicles	2
Tools, furniture and fixtures	654
Land	3,363
Leased assets	9
Construction in progress	1,228
Intangible assets	1,118
Software	1,103
Telephone subscription right	14
Investments and other assets	16,514
Investment securities	3,778
Shares of subsidiaries and associates	5,381
Investments in capital of subsidiaries and associates	1,273
Long-term loans receivable	3,915
Leasehold and guarantee deposits	447
Prepaid pension costs	2,056
Other	334
Allowance for doubtful accounts	(673)
Total assets	59,562

Item	Amount
Liabilities	21,107
Current liabilities	13,222
Electronically recorded obligations - operating	666
Accounts payable - trade	5,209
Short-term borrowings	1,150
Current portion of long-term borrowings	464
Lease liabilities	3
Accounts payable - other	1,129
Income taxes payable	101
Accrued consumption taxes	316
Accrued expenses	89
Deposits received	3,007
Provision for bonuses	341
Provision for bonuses for directors (and other officers)	80
Other	665
Non-current liabilities	7,884
Long-term borrowings	7,206
Lease liabilities	8
Deferred tax liabilities	387
Asset retirement obligations	176
Other	105
Net assets	38,455
Shareholders' equity	36,996
Share capital	13,957
Capital surplus	4,454
Legal capital surplus	4,197
Other capital surplus	256
Retained earnings	20,435
Other retained earnings	20,435
Retained earnings brought forward	20,435
Treasury shares	(1,851)
Valuation and translation adjustments	1,458
Valuation difference on available-for-sale securities	1,458
Total liabilities and net assets	59,562

Non-consolidated statement of income (from April 1, 2025 to March 31, 2026)

(Millions of yen)

Item	Amount	
Net sales		40,300
Cost of sales		26,062
Gross profit		14,238
Selling, general and administrative expenses		12,757
Operating profit		1,481
Non-operating income		
Interest and dividend income	5,185	
Other	805	5,991
Non-operating expenses		
Interest expenses	268	
Other	452	720
Ordinary profit		6,751
Extraordinary income		
Gain on sale of non-current assets	11	
Gain on liquidation of subsidiaries and associates	895	907
Extraordinary losses		
Loss on abandonment of non-current assets	31	
Loss on sales of investments in capital of subsidiaries and associates	463	494
Profit before income taxes		7,163
Income taxes - current	72	
Income taxes - deferred	250	322
Profit		6,841

Audit Reports

Audit Report on the Consolidated Financial Statements

Translation

Independent Auditor's Report

May 14, 2026

The Board of Directors VALQUA, LTD.

Ernst & Young ShinNihon LLC
Tokyo, Japan

Naoki Kuramochi
Designated Engagement Partner
Certified Public Accountant

Kosuke Kawabata
Designated Engagement Partner
Certified Public Accountant

Opinion

Pursuant to Article 444, Paragraph (4) of the Companies Act, we have audited the accompanying consolidated financial statements, which comprise the consolidated balance sheet, the consolidated statement of income, the consolidated statement of changes in net assets, and notes to the consolidated financial statements of VALQUA, LTD. and its consolidated subsidiaries (the "Group") applicable to the fiscal year from April 1, 2025 to March 31, 2026.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position and results of operations of the Group applicable to the fiscal year ended March 31, 2026, in accordance with accounting principles generally accepted in Japan.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Japan (including requirements applicable to audits of financial statements of public interest entities), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The other information comprises the information included in the Company's Business Report and its supplementary schedules. Management is responsible for preparation and disclosure of the other information. The Corporate Auditor and the Board of Corporate Auditors are responsible for overseeing the execution of duties by the Directors pertaining to the establishment and operation of the Group's reporting process of the other information.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with

the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report with respect to the other information.

Responsibilities of Management, the Corporate Auditor and the Board of Corporate Auditors for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern and disclosing, as required by accounting principles generally accepted in Japan, matters related to going concern.

The Corporate Auditor and the Board of Corporate Auditors are responsible for overseeing the execution of duties by the Directors pertaining to the establishment and operation of the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit.

- We also: Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, for which the selection and application of audit procedures is at the discretion of the auditor, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- Consider internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances for our risk assessments, while the purpose of the audit of the consolidated financial statements is not expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation in accordance with accounting principles generally accepted in Japan.
- Plan and conduct an audit the consolidated financial statements to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group, providing the basis for expressing an opinion on the consolidated financial statements. We are responsible for the direction, supervision and examination of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Corporate Auditor and the Board of Corporate Auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Corporate Auditor and the Board of Corporate Auditors with a statement that we have complied with the ethical requirements regarding independence that are relevant to our audit of the financial statements in Japan, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, any countermeasures taken to eliminate obstacles or safeguards put in place to reduce obstacles to acceptable levels.

Interest Required to Be Disclosed by the Certified Public Accountants Act of Japan

Our firm and its designated engagement partners do not have any interest in the Group which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

Note to Readers of Independent Auditor's Report

This is an English translation of the Independent Auditor's Report as required by the Companies Act of Japan for the convenience of readers.

Audit Report on the Non-consolidated Financial Statements

Translation

Independent Auditor's Report

May 14, 2026

The Board of Directors VALQUA, LTD.

Ernst & Young ShinNihon LLC
Tokyo, Japan

Naoki Kuramochi
Designated Engagement Partner
Certified Public Accountant

Kosuke Kawabata
Designated Engagement Partner
Certified Public Accountant

Opinion

Pursuant to Article 436, Paragraph (2), Item (i) of the Companies Act, we have audited the accompanying non-consolidated financial statements, which comprise the non-consolidated balance sheet, the non-consolidated statement of income, the non-consolidated statement of changes in net assets, notes to the non-consolidated financial statements, and their supplementary schedules (hereinafter referred to as “non-consolidated financial statements”) of VALQUA, LTD. (the “Company”) applicable to the fiscal year from April 1, 2025 to March 31, 2026.

In our opinion, the accompanying non-consolidated financial statements present fairly, in all material respects, the non-consolidated financial position and results of operations of the Company applicable to the fiscal year ended March 31, 2026, in accordance with accounting principles generally accepted in Japan.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Non-Consolidated Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Japan (including requirements applicable to audits of financial statements of public interest entities), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The other information comprises the information included in the Company's Business Report and its supplementary schedules. Management is responsible for preparation and disclosure of the other information. The Corporate Auditor and the Board of Corporate Auditors are responsible for overseeing the execution of duties by the Directors pertaining to the establishment and operation of the Company's reporting process of the other information.

Our opinion on the non-consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the non-consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the non-consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report with respect to the other information.

Responsibilities of Management, the Corporate Auditor and the Board of Corporate Auditors for the Non-Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these non-consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of non-consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the non-consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern and disclosing, as required by accounting principles generally accepted in Japan, matters related to going concern.

The Corporate Auditor and the Board of Corporate Auditors are responsible for overseeing the execution of duties by the Directors pertaining to the establishment and operation of the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Non-Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the non-consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate they could reasonably be expected to influence the economic decisions of users taken on the basis of these non-consolidated financial statements.

As part of an audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit.

- We also: Identify and assess the risks of material misstatement of the non-consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, for which the selection and application of audit procedures is at the discretion of the auditor, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- Consider internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances for our risk assessments, while the purpose of the audit of the non-consolidated financial statements is not expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the non-consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the non-consolidated financial statements, including the disclosures, and whether the non-consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation in accordance with accounting principles generally accepted in Japan.

We communicate with the Corporate Auditor and the Board of Corporate Auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Corporate Auditor and the Board of Corporate Auditors with a statement that we have complied with the ethical requirements regarding independence that are relevant to our audit of the financial statements in Japan, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, any countermeasures taken to eliminate obstacles or safeguards put in place to reduce obstacles to acceptable levels.

Interest Required to Be Disclosed by the Certified Public Accountants Act of Japan

Our firm and its designated engagement partners do not have any interest in the Company which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

Note to Readers of Independent Auditor's Report

This is an English translation of the Independent Auditor's Report as required by the Companies Act of Japan for the convenience of readers.

Audit Report of Board of Corporate Auditors

Audit Report

Regarding the performance of duties by the Directors for the 126th fiscal year from April 1, 2025 to March 31, 2026, the Board of Corporate Auditors has prepared this Audit Report upon deliberation based on the audit reports prepared by each Auditor and hereby reports as follows:

1. Auditing Methods Employed by the Auditors and the Board of Corporate Auditors and Details of Such Audit
 - (1) We established auditing policies, allocation of duties and other relevant matters, and received reports from each Auditor regarding their execution of audits and results thereof, as well as reports from the Directors, other relevant personnel, and the Financial Auditor regarding performance of their duties, and sought explanations as necessary.
 - (2) Each Auditor complied with the auditing standards of Auditors established by the Board of Corporate Auditors, followed the auditing policies, allocation of duties, and other relevant matters, communicated with Directors, Internal Audit Division and other employees, made efforts to establish the environment for collecting information and auditing, and conducted the audit by the following methods.
 - 1) Each Auditor participated in the meetings of the Board of Directors and other important meetings, received reports from Directors, employees and others regarding performance of their duties, sought explanations as necessary, examined important authorized documents and associated information, and studied the operations and financial position at the headquarters and principal offices. With respect to subsidiaries, we communicated and exchanged information with Directors and Auditors of subsidiaries, and received business reports from subsidiaries as necessary.
 - 2) We periodically received reports from Directors, employees and others, requested explanations as necessary, and expressed opinions, regarding the resolution of the Board of Directors on the establishment of following systems (Internal Control System) and the status of operation of the organized system based on such resolution, both of which are described in the Business Report; i) the system for ensuring that the performance of duties by the Directors conforms to the applicable laws and regulations and Articles of Incorporation, and ii) the system stipulated in Article 100, Paragraphs (1) and (3) of the Regulation for Enforcement of the Companies Act, which are necessary for ensuring the appropriateness of operations within the business group composed of the Company and its subsidiaries.

As for internal controls over financial reporting, reports made by Directors, etc. and Ernst & Young ShinNihon LLC about the status of assessment and audit of said internal controls were provided to Auditors, who asked for explanations as necessary.

Regarding the misconduct involving former employee of the Company, the Directors established an investigation team, including external experts such as attorneys at law, certified public accountants, and certified fraud examiners. We received explanations from the Directors stating that they had investigated the root cause, formulated measures to prevent recurrence, and were working to ensure the proper implementation of internal control systems. We verified these explanations through Q&A sessions and by reviewing relevant evidence. We also confirmed the Board's oversight of this matter.

- 3) We monitored and verified whether the Financial Auditor maintained their independence and implemented appropriate audits, and we received reports from the Financial Auditor regarding the performance of their duties and sought explanations as necessary. In addition, we received notice from the Financial Auditor that “System for ensuring that duties are performed appropriately” (matters set forth in each item of Article 131 of the Regulation on Corporate Accounting) is organized in accordance with the “Quality Control Standard for Audit” (Business Accounting Council) and other relevant standards, and sought explanations as necessary.

Based on the above methods, we examined the Business Report and its supplementary schedules, the non-consolidated financial statements (the non-consolidated balance sheet, the non-consolidated statement of income, the non-consolidated statement of changes in net assets, and notes to the non-consolidated financial statements) and their supplementary schedules as well as the consolidated financial statements (the consolidated balance sheet, the consolidated statement of income, the consolidated statement of changes in net assets, and notes to the consolidated financial statements) applicable to the fiscal year.

2. Audit Results

(1) Results of Audit of Business Report, etc.

- 1) The Board of Corporate Auditors confirms that the Business Report and its supplementary schedules conformed to the applicable laws and regulations, and the Articles of Incorporation, and that they accurately present the situation of the Company.
- 2) With respect to the performance of duties by Directors, the Board of Corporate Auditors found no improper acts or important violation of applicable laws and regulations or the Articles of Incorporation.
- 3) We confirm that the content of the resolution of the Board of Directors regarding the Internal Control System is proper. In addition, we have found no matters on which to remark in regard to the description of the Business Report and the execution of duties by the Directors regarding the Internal Control System, including internal controls over financial reporting.

Regarding the implementation of the recurrence prevention measures related to the misconduct, we will continue to monitor and verify the progress going forward.

(2) Results of Audit of the Non-consolidated Financial Statements and their Supplementary Schedules

The Board of Corporate Auditors confirms that the methods used and results achieved by the Financial Auditor, Ernst & Young ShinNihon LLC, are fair and adequate.

(3) Results of Audit of the Consolidated Financial Statements

The Board of Corporate Auditors confirms that the methods used and results achieved by the Financial Auditor, Ernst & Young ShinNihon LLC, are fair and adequate.

May 14, 2026

Board of Corporate Auditors of VALQUA, LTD.

Standing Auditor	Akio Ko	(Seal)
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Outside Auditor	Hidenori Takahashi	(Seal)
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Outside Auditor	Iwao Toigawa	(Seal)
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Reference Documents for General Meeting of Shareholders

Proposals and Reference Information

Proposal No. 1 Appropriation of Surplus

The Company has given consideration to matters including the business performance of the fiscal year and future business development, and it proposes to pay year-end dividends as follows.

- (1) Type of dividend property

To be paid in cash.

- (2) Allotment of dividend property to shareholders and their aggregate amount

¥75 per common share of the Company

Total: ¥1,321,993,050

(Note) As the Company has already paid an interim dividend of ¥75 per share, the annual dividend for the fiscal year will be ¥150 per share.

- (3) Effective date of dividends of surplus

June 19, 2026

Proposal No. 2 Election of One Auditor

The terms of office of Auditor Hidenori Takahashi will expire at the conclusion of this annual general meeting of shareholders. Accordingly, the Company proposes the election of one Auditor. The Proposal has been approved by the Board of Corporate Auditors.

The candidate for Auditor is as follows:

Name		Current position in the Company	Attendance
Hidenori Takahashi	☐ Reelection	Outside Auditor	Board of Directors meetings
	☐ Outside		15/15 times (100%)
	☐ Independent		Board of Corporate Auditors meetings 14/14 times (100%)

	Name (Date of birth)	Career summary, position in the Company, and significant concurrent positions outside the Company	Number of the Company's common shares owned
Reelection Outside Independent	Hidenori Takahashi (August 26, 1951) Tenure as Outside Auditor: 8 years Number of Board of Directors meetings attended: 15/15 times (100%) Number of Board of Corporate Auditors meetings attended: 14/14 times (100%)	Aug. 1982 Registered as a Certified Public Accountant Aug. 1991 Representative Partner of Century Audit Corporation (currently Ernst & Young ShinNihon LLC) June 2006 Executive Director of Shin Nihon & Co. (currently Ernst & Young ShinNihon LLC) Aug. 2008 Senior Executive Board Member of Shin Nihon & Co. (currently Ernst & Young ShinNihon LLC) July 2010 Chief Executive of The Japanese Institute of Certified Public Accountants July 2014 Opened Hidenori Takahashi Certified Public Accountant Office Certified Public Accountant (current position) June 2017 Outside Director of PENTA-OCEAN CONSTRUCTION CO., LTD. June 2018 Outside Auditor of the Company (current position)	6,800
Reasons for nomination as candidate for outside Auditor The Company proposes the election of Hidenori Takahashi as outside Auditor of the Company, who is a Certified Public Accountant, based on determination that he can provide advice and supervision from a corporate accounting expert's standpoint.			

- (Notes)
- There are no special interests between the Auditor candidate and the Company.
 - Hidenori Takahashi was engaged in executing business for Shin Nihon & Co. (currently Ernst & Young ShinNihon LLC), the Company's Independent Auditor, but retired from the auditing company in June 2014.
 - Hidenori Takahashi is a candidate for outside Auditor. The reason for nominating as candidate for outside Auditor and reasons for determining that he is capable of appropriately fulfilling his duties are described under "Reasons for nomination as candidate for outside Auditor" above.
 - The Company has submitted notification to the Tokyo Stock Exchange that Hidenori Takahashi has been designated as an independent officer as provided for by the aforementioned exchange. If the reelection of the candidate is approved, he will remain an independent officer.
 - Hidenori Takahashi is currently an outside Auditor of the Company, and he will have served as an Auditor for eight years at the conclusion of this annual general meeting of shareholders.
 - The Company has entered into a limited liability agreement with outside Auditor candidate Hidenori Takahashi. The maximum amount of liability for damages under the relevant agreement is the minimum liability amount provided for under laws and regulations. If his reelection is approved, the Company plans to continue the relevant agreement.
 - The Company and an insurance company have entered into a directors and officers liability insurance policy as provided for in Article 430-3, Paragraph (1) of the Companies Act, and a summary of the policy is described in "3. (3) Summary of directors and officers liability insurance policy." A candidate for Auditor is included in the insured persons of the insurance policy once the election is approved. The Company plans to maintain the insurance policy at the next time of renewal.

(Reference)

The Company's Directors and Auditors shall be composed of persons with a high level of expertise and experience in various fields related to corporate management.

The expertise and experience of each Director and Auditor if Proposal No. 2 is approved as originally proposed will be as follows.

Name			Corporate Management, Management Strategy	Finance, Accounting	Legal, Risk Management	ESG	Manufacturing	Sales, Marketing	HR, HR Development	Global	Technology
Director	Toshikazu Takisawa		●	●	●	●	●	●	●		●
	Toshiharu Takisawa		●	●		●		●		●	
	Gota Nakazawa		●	●	●	●					●
	Manabu Narita	Outside	●	●	●	●		●			
	Mikiko Saito	Outside	●		●	●		●	●		
	Hiroya Kutsuzawa	Outside	●	●		●			●	●	●
Auditor	Akio Ko			●	●						
	Hidenori Takahashi	Outside	●	●	●	●					
	Iwao Toigawa	Outside			●				●		

*The above table does not show all the expertise and experience possessed by each individual.