



Since
1927

FY ending March 31, 2021

2027

(Ticker code: 7995)

VALQUA, LTD.

▶ Financial Results for the Fiscal Year Ending March 31, 2021

— May 27, 2021 —



Hard & Seal Engineering Service

Tech & Electronics
General Machinery

Transportation System
Chemical & Energy Plant

- * This report contains forecasts and plan numbers which are based on information currently available to the Company on the day this report was created and actual results may differ.
- * The fluctuation rates (%) in this material are calculated using the unit of Yen, to the extent possible, so they may differ from values calculated using the unit of Millions of yen.



- ▶ Fiscal Year Ending March 31, 2021
Consolidated Performance and Business Overview
- ▷ Medium-term Business Plan “NF2022”
- ▷ Fiscal Year Ending March 31, 2022
Forecast and Forward-looking Statements
- ▷ Focusing on the Coming 100th Anniversary



Overview

FY 2021.3

Consolidated Performance
and Business Overview

- ▶ Net sales and operating profit decreased due to the deteriorating business environment and the increased burden of prior investments
- ▶ Orders bottomed out in 3Q and profits recovered significantly in 4Q

	FY2019.3	FY2020.3	FY2021.3 (YoY)
Net Sales	51,243	48,212	44,717 (-7.2%)
Operating Profit	5,609	4,214	3,475 (-17.5%)
Profit Attributable to Owners of Parent	4,087	2,918	3,090 (+5.9%)
Gross Profit Margin	37.3%	37.3%	39.2%
Operating Profit Margin	10.9%	8.7%	7.8%
Profit Ratio	8.0%	6.1%	6.9%
ROE	12.4%	8.8%	9.0%

(Millions of yen)

Main Change Factor in Income Compared with the Previous Fiscal Year

- Gross profit margin increased reflecting changes in the product mix due to increased sales of highly functional seal products for the advanced industrial market (semiconductor-related).
- Sales for machinery market and plant market slowed in the first half of the fiscal year, but recovered in the second half.
- Expenses increased due to prior investments preparing for post-COVID-19.
 - Expansion of bases and systems for Tech Markets
 - IT investment such as reforming the infrastructure system.
 - Enhanced remote work support.
- Gained extraordinary income through sale of stocks.



Consolidated Financial Results by Half-yearly

FY 2021.3

Consolidated Performance
and Business Overview

	3Q-4Q of FY2019.3	1Q-2Q of FY2020.3	3Q-4Q of FY2020.3	1Q-2Q of FY2021.3	3Q-4Q of FY2021.3
Net Sales	25,159	24,915	23,296	21,630	23,086
Gross Profit	9,209	9,447	8,527	8,624	8,893
Selling, General & Administration Expenses	6,806	6,902	6,857	6,938	7,103
Operating Profit	2,402	2,545	1,669	1,685	1,789
Profit Attributable to Owners of Parent	1,733	1,816	1,101	1,803	1,287
Gross Profit Margin	36.6%	37.9%	36.6%	39.9%	38.5%
Operating Profit Margin	9.5%	10.2%	7.2%	7.8%	7.8%
Net Profit Margin	6.9%	7.3%	4.7%	8.3%	5.6%

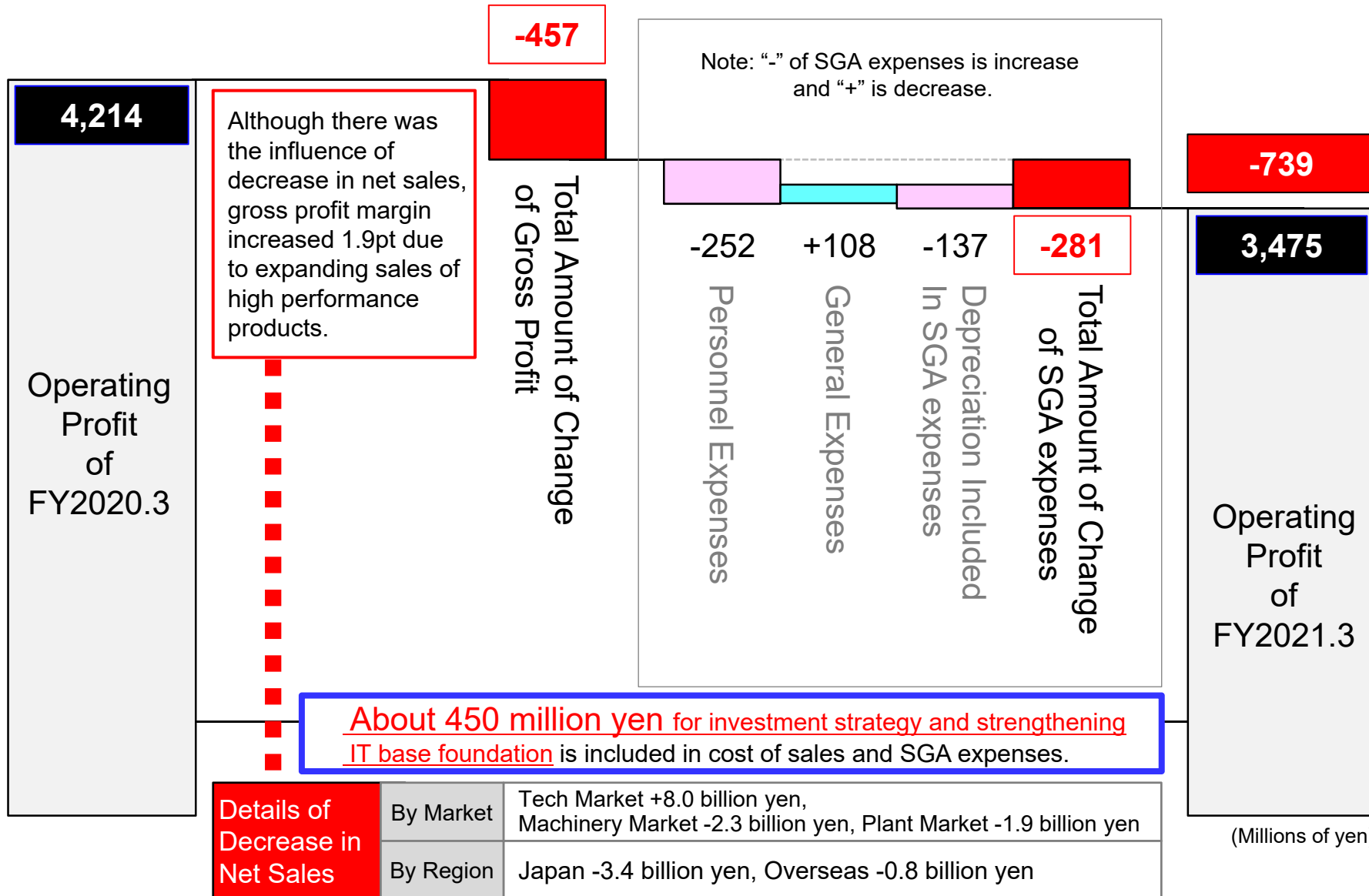
(Millions of yen)



Analysis of Change Factor of Operating Profit

FY 2021.3

Consolidated Performance and Business Overview





Balance Sheet and Cash Flows

FY 2021.3

Consolidated Performance
and Business Overview

Balance Sheet (Summary)

	End of FY2019.3	End of FY2020.3	End of FY2021.3
Total Liabilities	15,157	13,197	15,417
Total Net Assets	34,378	34,930	37,274
Total Liabilities and Net Assets	49,535	48,128	52,691
Equity Capital Ratio	66.2%	69.3%	67.7%
Interest-Bearing Debt	3,744	3,071	4,153
Net Interest-Bearing Debt	-3,364	-3,572	-3,946

(Millions of yen)

Cash Flows (Summary)

	FY2019.3	FY2020.3	FY2021.3
Operating CF	5,362	5,121	4,586
Investment CF	-1,960	-2,799	-2,323
Free CF	3,402	2,321	2,262

(Millions of yen)

Planning active usage towards accomplishing the "NF2022" strategy and achievement of long-term business aim

- ▶ Strengthening supply capacity towards the growing market.
- ▶ Strengthening R&D and expanding business area.
- ▶ Remarkable improvement in production efficiency and quality.
- ▶ Strengthening company resilience being conscious of unpredictable events such as COVID-19.



Sales by Industrial Market/Sales by Region

FY 2021.3

Consolidated Performance
and Business Overview

Sales by Industrial Market

	FY2019.3	FY2020.3	FY2021.3 (YoY)
Tech Market	17.8 BY	15.7 BY	16.5 BY (+5.1%)
Machinery Market	18.1 BY	16.9 BY	14.6 BY (-13.6%)
Plant Market	14.9 BY	15.2 BY	13.3 BY (-12.5%)

(BY=Billions of yen)

- Tech Market : Semiconductor Processing Equipment, Semiconductor Device Maker/Foundries
- Machinery Market : Auto, Mother Machine, Factory Machine, Construction Machine, Heavy Electrical Machine, Vessel, Aircraft
- Plant Market : Petroleum Refining & Chemical, Steel Manufacturing, Electric Power, Plant Construction

(Remarks)

In addition to the above three industrial markets, there are fractions and "Other Market."

Sales by Region

	FY2019.3	FY2020.3	FY2021.3 (YoY)
Japan	36,486	33,958	30,483 (+10.2%)
Sales Ratio	71.2%	70.4%	68.2%
Oversea	14,757	14,253	14,233 (-0.1%)
Sales Ratio	28.8%	29.6%	31.8%
Asia	10,165	9,859	9,085 (-7.8%)
North America	4,410	4,233	4,988 (+17.8%)
Other Area	181	161	159 (-1.0%)

(Millions of yen)



Results by Segment Seal Products Business

FY 2021.3

Consolidated Performance
and Business Overview

- ▶ Sales for Tech Market increased
- ▶ Sales for Machinery and Plant Market recovered in 4Q

Result by Segment	FY2019.3	FY2020.3	FY2021.3 (YoY)
Net Sales	33,593	32,071	31,349 (-2.3%)
Segment Profit	4,447	3,360	4,160 (+23.8%)
Profit Ratio	13.2%	10.5%	13.3%

Half yearly	3-4Q of FY2019.3	1-2Q of FY2020.3	3-4Q of FY2020.3	1-2Q of FY2021.3	3-4Q of FY2021.3
Net Sales	16,459	16,316	15,755	15,398	15,951
Segment Profit	1,825	1,887	1,472	2,095	2,065

Orders Received	16,736	15,490	15,932	15,503	15,947
Term-end Order Backlog	4,232	3,406	3,583	3,688	3,684

	FY2019.3	FY2020.3	FY2021.3 (YoY)
Sales by Industrial Market (Billions of yen)			
Tech Market	9.55	8.85	10.40 (+17.5%)
Machinery Market	14.00	13.40	11.85 (-11.6%)
Plant Market	10.00	9.80	9.05 (-7.7%)

Sales by Region			
Japan	25,356	24,065	22,407 (-6.9%)
Oversea	8,236	8,006	8,942 (+11.7%)
Sales Ratio	24.5%	25.0%	28.5%

(Millions of yen)



Results by Segment High Performance Plastics Products Business

FY 2021.3

Consolidated Performance
and Business Overview

- ▶ Sales for each market decreased due to the postponement of capital investment by customers
- ▶ Orders received recovered in 3-4Q mainly for Tech Market

Result by Segment	FY2019.3	FY2020.3	FY2021.3 (YoY)
Net Sales	14,313	13,089	10,742 (-17.9%)
Segment Profit	777	554	-588 (+→→)
Profit Ratio	5.4%	4.2%	-5.5%

Half yearly	3-4Q of FY2019.3	1-2Q of FY2020.3	3-4Q of FY2020.3	1-2Q of FY2021.3	3-4Q of FY2021.3
Net Sales	7,034	6,865	6,223	4,936	5,805
Segment Profit	363	409	145	-339	-249

Orders Received	7,915	6,814	5,909	4,461	6,841
Term-end Order Backlog	3,601	3,550	3,236	2,762	3,797

	FY2019.3	FY2020.3	FY2021.3 (YoY)
Sales by Industrial Market (Billions of yen)			
Tech Market	5.35	4.20	3.80 (-9.5%)
Machinery Market	4.05	3.50	2.70 (-22.9%)
Plant Market	4.85	5.35	4.20 (-21.5%)

Sales by Region			
Japan	9,561	8,330	6,689 (-19.7%)
Oversea	4,752	4,758	4,053 (-14.8%)
Sales Ratio	33.2%	36.3%	37.7%

(Millions of yen)



Results by Segment Silicon Wafer Reclaim and Other Businesses

FY 2021.3

Consolidated Performance
and Business Overview

- ▶ Although silicon wafer reclaim was profitable, it decreased due to in-house production by some customers
- ▶ Sales of new businesses such as H&S products stagnated due to COVID-19

Result by Segment	FY2019.3	FY2020.3	FY2021.3 (YoY)
Net Sales	1,670	1,733	1,295 (-25.3%)
Segment Profit	170	248	-69 (+→-)
Profit Ratio	10.2%	14.3%	-5.4%

Half yearly	3-4Q of FY2019.3	1-2Q of FY2020.3	3-4Q of FY2020.3	1-2Q of FY2021.3	3-4Q of FY2021.3
Net Sales	1,665	1,733	1,317	1,295	1,329
Segment Profit	214	248	51	-69	-26

Orders Received	1,686	1,772	1,219	1,266	1,316
Term-end Order Backlog	284	323	225	196	183

	FY2019.3	FY2020.3	FY2021.3 (YoY)
Sales by Industrial Market(Billions of yen)			
Tech Market	2.90	2.65	2.30 (-13.2%)
Other Market	0.40	0.35	0.25 (-28.6%)

Sales by Region			
Japan	1,567	1,562	1,387 (-11.2%)
Oversea	1,768	1,488	1,237 (-16.9%)
Sales Ratio	53.0%	48.8%	47.1%

(Millions of yen)



Results by Segment

Quarterly Orders Received/Net Sales/Order Backlog

FY 2021.3

Consolidated Performance
and Business Overview

		Q3 of FY2020.3	Q4 of FY2020.3	Q1 of FY2021.3	Q2 of FY2021.3	Q3 of FY2021.3	Q4 of FY2021.3
Orders Received	Consolidated	10,835	12,226	10,475	10,756	11,092	13,013
	Seal	7,654	8,278	7,843	7,660	7,429	8,518
	High Performance Plastics	2,595	3,314	1,957	2,503	2,970	3,870
	SWR & Other	585	634	674	592	692	624
Net Sales	Consolidated	11,645	11,650	10,960	10,670	11,117	11,968
	Seal	7,789	7,966	7,916	7,482	7,726	8,224
	High Performance Plastics	3,192	3,030	2,342	2,593	2,742	3,063
	SWR & Other	663	653	702	593	649	680
Order Backlog	Consolidated	6,469	7,045	6,560	6,646	6,620	7,665
	Seal	3,270	3,583	3,510	3,688	3,390	3,684
	High Performance Plastics	2,953	3,236	2,852	2,762	2,990	3,797
	SWR & Other	244	225	197	196	239	183

Change Factor Compared to Previous Quarter

Orders Received

- <Seal Products Business>
- Machinery and Plant Market recovered
 - Tech Market maintained high level

- <High Performance Plastics Products Business>
- Recovered in three major markets

Order Backlog

<Seal Products Business>
Continued high levels of demand for Tech Markets

<High Performance Plastics Products Business >
Accumulation of large-scale special tank products

*SWR & Other Businesses =Silicon Wafer Reclaim and Other Businesses

(Millions of yen)



Capital Investment/ Research & Development and Others

FY 2021.3

Consolidated Performance
and Business Overview

Capital Investment (projects in construction and in progress)

<Company-wide>

- Reforming the infrastructure system and development of teleworking environment.
- Environment countermeasure of production bases and strengthening automation.

<Seal Products Business>

- Established research & development base for products for Tech Market (US, highly functional seal products).

<High Performance Plastics Products Business>

- Development of supply system for Tech Market and Plant Market Products (Taiwan, special tank products).

Impact of Changes of Material Price

- Reflected price reductions in fluorine resin raw materials despite increases in metal materials

	FY2019.3	FY2020.3	FY2021.3 (YoY)
Capital Expenditures	2,289	2,907	3,500 (+20.4%)
<Reference> CAPEX (based on construction)	3,116	3,281	3,549 (+8.2%)
Depreciation	1,716	2,099	2,466 (+17.5%)
Research & Development Expenses	1,068	1,065	1,006 (-5.6%)
Research & Development Expenses Ratio	2.1%	2.2%	2.2%
Impact of Changes of Material Price	352	-23	-46

(Millions of yen)



▶ Influence on Results of 1-2Q of FY2021.3

Influence on Company Activities such as Production

- Operation rate decreased in certain overseas production base in the 1Q because employees were suspended from going to work.
- No special changes in acquisition situation of materials and parts both in Japan and overseas.
- Promoted teleworking and staggered working hours in all bases in Japan. Accelerated action for work-style reform.
- Prioritized compliance and implemented work-styles fit for each country's situation for overseas bases.

Influence on Sales due to Outside Company Factors

- Negative influence on sales for Machinery Market such as automobiles and industrial machinery.
 - Sales of automobiles recovered from 2Q.
 - Excluding special procurement demands from China sales of industrial machinery significantly decreased.
- There was demand for products in the Tech Market due to a global increase in telework.
 - There was a reactionary fall in certain areas in 2Q.

▶ Influence on Results of 3-4Q of FY2021.3

Influence on Sales due to Outside Company Factors

- The impact on all three major markets is almost gone.
 - The Tech Market remained at a high level against the backdrop of robust demand for semiconductors and capital investment.
 - The Machinery Market recovered due to demand for automobiles and general industry machines.
 - The Plant Market bottomed out due to delayed projects due to customer circumstances.



Stockholders Return

FY 2021.3

Consolidated Performance
and Business Overview

	End of 2Q (Interim) Dividend	Year-end Dividend	Annual Dividend	Treasury Stock Acquisitions	Total Return Ratio
FY2020.3	50.0 yen	50.0 yen	100.0 yen		60.3%
FY2021.3	45.0 yen	50.0 yen (Forecast)	95.0 yen (Forecast)		54.2% (Forecast)
FY2022.3 (Forecast)	50.0 yen	50.0 yen	100.0 yen	—	67.8% (Only Dividend Forecast)

Set the total amount of dividend and treasury stock acquisitions as a “Stockholders Return,” aim for 50% “Total Return Ratio” (total return amount ratio to profit attributable to owners of parent), and implement stockholders return with the below items in consideration.

- Need for capital investment, research & development investment as well as investment strategy for future maximization of enterprise value.
- Importance of creating the Company’s base foundation such as strengthening risk management system and expansion of personnel development as well as preparation for change of business environment.

Our Group adopts the following standard for consolidated stockholders total return ratio

$$\text{Consolidated Stockholders Total Return Ratio} = \frac{\text{(Total Dividend of Current FY + Treasury Stock Acquisitions Based on Current FY's Results)}}{\text{Current FY's Earnings}}$$



- ▷ Fiscal Year Ending March 31, 2021
Consolidated Performance and Business Overview
- ▶ **Medium-term Business Plan “NF2022”**
- ▷ Fiscal Year Ending March 31, 2022
Forecast and Forward-looking Statements
- ▷ Focusing on the Coming 100th Anniversary



Reform for the
Coming 100th Year

- Establishing a system that can resist environment change
- Acquiring value creation capacity that will work in the next age

▶ NF(New Frontier)2022 ◀

We will become one as a Group and work on reconstructing the Company's base foundation under "THE VALQUA WAY" to implement further sound and sustainable growth of the Company beyond the 100th anniversary and into the next age.



We will improve and continue part of strategies from the previous medium-term plan "NV·S8" and will build up cases of success facing challenges in "NF2022."



1. Expanding profitability of existing business area and acquisition of new business area by selection and concentration

- Implement concentrated investment on strategy for growing market.
- Acquire new business opportunity through penetration of H&S* concept.

*Hard & Seal engineering service

2. Strong Implementation of Open Innovation (Accelerate Partnership, M&A and such)

- Strengthen development capabilities of new fields and new products without being influenced by old viewpoints.

3. Accelerate Aggressive Investment (Research Development and Personnel Development)

- Improve value creation capacity by expansion of R&D and valuing each employee as “human capital.”

4. Thoroughly utilize IT to improve efficiency of all divisions and improving customer service

- Improve product quality by work quality of the new infrastructure system and new production technique.

5. Implement dynamic measures that will lead to active global human resources

- Promote borderless human resource by making Group managers multinational.



Respond to the movement of the industrial map influenced by the spread of the COVID-19 and changes in Japan-Foreign Countries, US-China relations flexibly and dynamically.



As the first step to achieving the long-term management target, work on recovering operating profit margin to 10% and becoming a resilient company

(Millions of yen)

	Final FY of “NV・S8”	Final FY of “NF2022”	
	FY2020.3	FY2023.3	% Change
Net Sales	48,212	55,000	+14.1%
Operating Profit	4,214	5,500	+30.5%
Profit Attributable to Owners of Parent	2,918	3,700	+26.8%
Operating Profit Margin	8.7%	10.0%	+1.3pt
ROE	8.8%	More than 10.0%	More than +1.2pt

Important factors and issues for achievement

- ▶ Expansion of sales for strategic market.
- ▶ Contribution to results with H&S concept products.
- ▶ Creation of new value by strengthening R&D and implementing M&A.
- ▶ Swift response towards business environment change post COVID-19.
- ▶ Swift implementation of “selection and concentration” without sanctuaries.



Results of
 Fiscal year ended
 March 2021

- Promotion of selection and concentration
 - Increase the number of strategic products for the Tech Market adopted by semiconductor manufacturing equipment manufacturers and increase production and R&D bases.
 - Began restructuring business foundations to improve profitability by strengthening products and systems for specific customers and narrowing down low-profit products.
 - Reorganization of sales bases in Japan using SOHO and such.
- Response to work style reform
 - Rapid development of teleworking system (infrastructure and system).

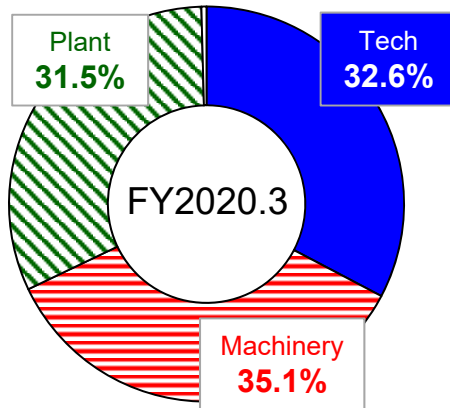
Plans for
 Fiscal year ending
 March 2022
 Fiscal year ending
 March 2023

- Expand performance in new business areas
 - Performance of new products based on the H&S concept.
 - Expansion of open innovation.
 - Realization of M&A and alliance projects.
- Accelerating business restructuring
 - Improve business profitability through greater selection and concentration by thorough implementation.
 - Increase efficiency by promoting DX.
 - Promotion of revitalization through review of the "company" (organization and human resources).
 - ▶ Changing from "Monouri" to "Kotouri" ▶ Changing from Seniority to Merit-based (To sell experience rather than material)



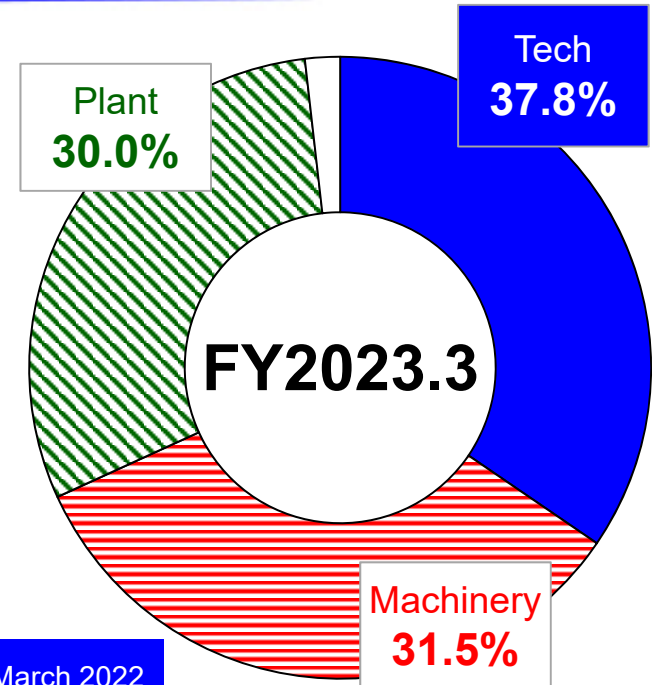
Final FY of "NV S8" Sales by Industrial Market	
Tech	15.7
Machinery	16.9
Plant	15.2
Other	0.2

(Billions of yen)



Final FY of "NF2022" Sales by Industrial Market	
Tech	20.8
Machinery	17.3
Plant	16.5
Other	0.4

(Billions of yen)



Net Sales for Tech Market FY2021

16.5 Billion Yen ▶▶▶ Increase in strategic effects after the fiscal year ending March 2022

Strategic Product (1)

High performance seal products for Tech Market

- In progress Expansion of products for semiconductor production equipment (genuine parts).
- Execute Full-scale operation of R&D bases in the U.S. and manufacturing bases in China.

Strategic Product (2)

High performance plastics products (special tank) for Tech and Plant Market

- Start Expansion of Taiwan production bases
- Execute Reorganization of U.S. bases
- In progress Improve enterprise value by related service such as life diagnosis



- ▷ Fiscal Year Ending March 31, 2021
Consolidated Performance and Business Overview
- ▷ Medium-term Business Plan “NF2022”
- ▷ Fiscal Year Ending March 31, 2022
Forecast and Forward-looking Statements**
- ▷ Focusing on the Coming 100th Anniversary



Recognizing Business Environment (Change from FY2021.3)

FY 2022.3
Forecast and Plan

Recovery from COVID-19 may begin, but uncertainties remain

	Environment Recognition	Influence on Results
Tech Market	<ul style="list-style-type: none"> Production facilities of semiconductor devices in Japan, the United States, Taiwan, and South Korea continued to operate at full capacity and “exceeded numbers before COVID-19.” Semiconductor equipment investment remained at a high level. 	<ul style="list-style-type: none"> Seal Products Business High Performance Plastics Products Business Other Businesses
Machinery Market	<ul style="list-style-type: none"> General industry machinery production will recover, but sustainability is a concern. Automobile production will recover strongly despite concerns about semiconductors. Infrastructure is expected to expand in transmission and distribution and communications. 	<ul style="list-style-type: none"> Seal products business High Performance Plastics Products Business
Plant Market	<ul style="list-style-type: none"> The number of large-scale maintenance projects in Japan has slightly decreased. Investment in advanced and efficient plants was partially realized. Investment in production facilities for highly functional materials was steady. 	<ul style="list-style-type: none"> Seal products business High Performance Plastics Products Business

Although manufacturing production remains on a recovery track, the situation remains unpredictable



Implement measures in line with the strategy to maximize corporate value in the future while monitoring the convergence of COVID-19 and changes in the business environment

“Attack”
By improving
and expanding
business

“Protect”
Improved
profitability

- Strengthen R&D and production systems for strategic products
 - Launch of new products for semiconductor manufacturing equipment through the use of new R&D sites in U.S. (highly functional seal products).
 - Strengthen capacity to respond to strong demand by increasing production capacity at Taiwan base (high performance plastics products (special tank) .
- Promote CX Corporate Transformation centered on DX Digital Transformation
 - Work style reform and strengthening response to remote work.
 - Implement personnel system reforms in response to changes in the external environment.
 - Digitalization of production, sales and corporate operations.
- Accelerate business structural reforms
 - Continued restructuring of domestic sales structure.
 - Narrowing down the supply chain and product lineup.



Consolidated Financial Results Forecast

FY 2022.3
Forecast and Plan

There are many uncertainties in the fiscal year ending March 2022. Changes in circumstances may cause discrepancies between forecasts and plans and actual performance.

- COVID-19 infection
- Diplomatic and trade relations between Japan and neighboring countries and between the United States and China
- Semiconductor investment in East Asia including Japan and the United States
- Progress in efficiency measures such as digitalization and business structure reform of the Company

	FY2021.3	Forecast for FY2022.3 (YoY)
Net Sales	44,717	48,500 (+8.5%)
Operating Profit	3,475	4,000 (+15.1%)
Profit Attributable to Owners of Parent	3,090	2,600 (-15.9%)
Operating Profit Margin	7.8%	8.2%
ROE	9.0%	7.3%

(Millions of yen)

Development Assumptions
<ul style="list-style-type: none"> • Based on the business conditions in 4Q of the FY2021.3, taking business risks to some extent into consideration. • Forecast and plan exchange rate US \$ 1 = 105 yen. • Shareholders' equity used in calculation of forecast ROE is as the end of FY2021.3 March 31, figures do not include changes due to the implementation of structural reforms in FY2022.3.

Capital and R&D Investment Plan		
	FY2021.3	Plan for FY2022.3 (YoY)
Capital Expenditures	3,549	2,600 (-26.7%)
Depreciation	2,466	2,700 (+9.5%)
Research & Development Expenses	1,006	1,100 (+9.3%)

(Millions of yen)



Details of Forecast

FY 2022.3
Forecast and Plan

Sales by Industrial Market

	FY2021.3	Plan for FY2022.3 (YoY)
Tech Market	16.5 BY	18.3 BY (+10.9%)
Machinery Market	14.6 BY	15.5 BY (+6.2%)
Plant Market	13.3 BY	14.2 BY (+6.8%)

(Remarks)
The combination of fields that don't fall under the above is "Other Market."

Sales by Region

Japan	30,483	31,850 (+4.5%)
Sales Ratio	68.2%	65.7%
Oversea	14,233	16,650 (+17.0%)
Sales Ratio	31.8%	34.3%

Sales & Profit by Segment

		FY2021.3	Plan for FY2022.3 (YoY)
Seal Products Business	Net Sales	31,349	32,000 (+2.1%)
	Segment Profit	4,160	3,600 (-13.5%)
	Profit Ratio	13.3%	11.3%
High Performance Plastics Products Business	Net Sales	10,742	13,300 (+23.8%)
	Segment Profit	-588	300 (-→+)
	Profit Ratio	-5.5%	2.3%
SWR & Other Businesses	Net Sales	2,625	3,200 (+21.9%)
	Segment Profit	-96	100 (-→+)
	Profit Ratio	-3.7%	3.1%

(Millions of yen)



- ▷ Fiscal Year Ending March 31, 2021
Consolidated Performance and Business Overview
- ▷ Medium-term Business Plan “NF2022”
- ▷ Fiscal Year Ending March 31, 2022
Forecast and Forward-looking Statements
- ▶ **Focusing on the Coming 100th Anniversary**

Focusing on the Coming 100th Anniversary
- Corporate Image We Aim for -



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. Active engagement in “environment, society, and corporate governance” in becoming a better global citizen.

Focusing on the Coming 100th Anniversary - Long-term Management Target -



▶ Setting high level targets that cannot be reached without a challenge

▶ Ambitious development towards new business and fields.

▶ Active implementation of M&A and Partnership.

▶ Pursuit of best balance of capital efficiency and financial solvency.

▶ Practicing corporate activities that is strongly conscious of SDGs.

	FY2020.3	FY2027.3	Change Average Annual Change
Net Sales	48.2 billion yen	80.0 billion yen	65.9% 7.5%
ROE	8.8%	15.0%	+6.2pt +0.9pt



Management Target and Planning Target Value (1) Sales by Industrial Market/Sales by Region



(Billions of yen)

	Final FY of "NV S8"	Final FY of "NF2022"	
	FY2020.3	FY2023	% Change
Tech Market	15.7	20.8	+32.5%
Machinery Market	16.9	17.3	+2.4%
Plant Market	15.2	16.5	+8.6%

- Tech Market : Semiconductor Processing Equipment, Semiconductor Device Maker/Foundries
- Machinery Market : Auto, Mother Machine, Factory Machine, Construction Machine, Heavy Electrical Machine, Vessel, Aircraft
- Plant Market : Petroleum Refining & Chemical, Steel Manufacturing, Electric Power, Plant Construction

(Remarks)

In addition to the above three industrial markets, the combination of fields that don't fall under the above is "Other Market."

(Millions of yen)

	Final FY of "NV S8"	Final FY of "NF2022"	
	FY2020.3	FY2023	% Change
Japan	33,958	37,000	+9.0%
Sales Ratio	70.4%	67.3%	-3.1pt
Oversea	14,254	18,000	+26.3%
Sales Ratio	29.6%	32.7%	+3.1pt

Net sales for oversea has not been set since change in the customer's supply chain is assumed.

Management Target and Planning Target Value (2) Sales & Profit by Segment/Capital Investment



(Millions of yen)

		Final FY of “NV・S8”	Final FY of “NF2022”	
		FY2020.3	FY2023.3	% Change
Seal Products Business	Net Sales	32,071	36,200	+12.9%
	Segment Profit	3,360	4,500	+34.0%
High Performance Plastics Products Business	Net Sales	13,089	15,400	+17.7%
	Segment Profit	554	1,000	+80.5%
SWR & Other Businesses	Net Sales	3,051	3,400	+11.4%
	Segment Profit	299	0	—

	2 Years Total of “NV・S8”	3 Years Total of “NF2022”
Capital Expenditures (based on construction)	6.4 billion yen	12.0 billion yen

Main Investment Projects

<Production Related>

- Capacity increase and upgrading production capacity of strategic products
 - ... High performance seal products (Japan, China, and Korea)
 - ... High performance plastic special tank products (Taiwan)

<R&D>

- Newly establish exclusive R&D base for strategic products
 - ... High performance seal products (US)

<Creating Base Foundation>

- Reforming the infrastructure system
- Development of teleworking system
- Strengthening information security



THE VALQUA WAY

Value & Quality
(Create value and improve quality)

CORE PRINCIPLE

- **For the benefit of society**
- **With fairness**
- **For stakeholders worldwide**
- **Through creative technology**

FOUR CORPORATE PRINCIPLES

- (1) **Run a business that contributes to society**
- (2) **Be an inspiration to the customers**
- (3) **Hold respect for individuality and personality**
- (4) **Earn the trust of the stockholders**
- (5) **Exist with harmony to the community**
- (6) **Always treat health and safety with top priority**
- (7) **Respect compliance and work with full honesty**
- (8) **Aim for environmentally friendly production**
- (9) **Conserve and utilize resources effectively**
- (10) **“Learn and grow” with a spirit to face challenges**

TEN ACTION PRINCIPLES