

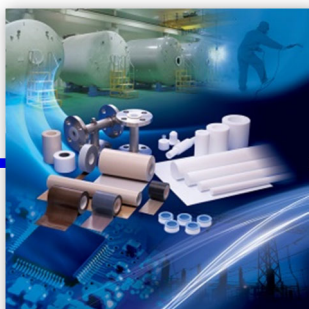


Since  
1927

FY2022.3

2027

November 11, 2021



(Ticker code: 7995)

# VALQUA, LTD.

▶ Financial Results for the Second Quarter of the Fiscal Year Ending March 31, 2022



## *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.



- ▶ **1-2Q (1H) of the Fiscal Year Ending March 31, 2022 Consolidated Performance and Business Overview**
- ▷ 2H of the fiscal Year Ending March 31, 2022 and Full-year Forecast and Forward-looking Statements



## Overview

1-2Q of FY 2022.3

Consolidated Performance  
and Business Overview

- Business performance recovered significantly due to the favorable business environment and the effects of offensive and defensive strategies.
- Full-Year Earnings Forecast (p. 19) and Year-End Dividend Forecast (p. 15) revised upward

	1Q-2Q of FY2020.3	1Q-2Q of FY2021.3	1Q-2Q of FY2022.3 (YoY)	Main Change Factor in Income Compared with the Previous Fiscal Year
Net Sales	24,915	21,630	24,740 (+14.4%)	--Sales increased due to expanded sales of strategic products (high-performance seal products and specialty high performance plastic tank products). --Operating profit increased significantly due to increased sales and efficiency measures.
Operating Profit	2,545	1,685	2,696 (+60.0%)	
Profit Attributable to Owners of Parent	1,816	1,803	1,916 (+6.3%)	
Gross Profit Margin	37.9%	39.9%	39.6%	--Restructuring the Business Structure for "Post-COVID-19" --Continue to invest in corporate infrastructure development ==Development to promote DX ==Reform of domestic sales process and review of bases
Operating Profit Margin	10.2%	7.8%	10.9%	
Net Profit Margin	7.3%	8.3%	7.7%	

(Unit : Millions of yen)



## Consolidated Financial Results by Half yearly

1-2Q of FY 2022.3

Consolidated Performance  
and Business Overview

	1Q-2Q of FY2019.3	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	1Q-2Q of FY2022.3
Net Sales	26,084	25,159	24,915	23,296	21,630	23,086	24,740
Gross Profit	9,884	9,209	9,447	8,527	8,624	8,893	9,801
Selling, General & Administration Expenses	6,677	6,806	6,902	6,857	6,938	7,103	7,104
Operating Profit	3,207	2,402	2,545	1,669	1,685	1,789	2,696
Profit Attributable to Owners of Parent	2,354	1,733	1,816	1,101	1,803	1,287	1,916
Gross Profit Margin	37.9%	36.6%	37.9%	36.6%	39.9%	38.5%	39.6%
Operating Profit Margin	12.3%	9.5%	10.2%	7.2%	7.8%	7.8%	10.9%

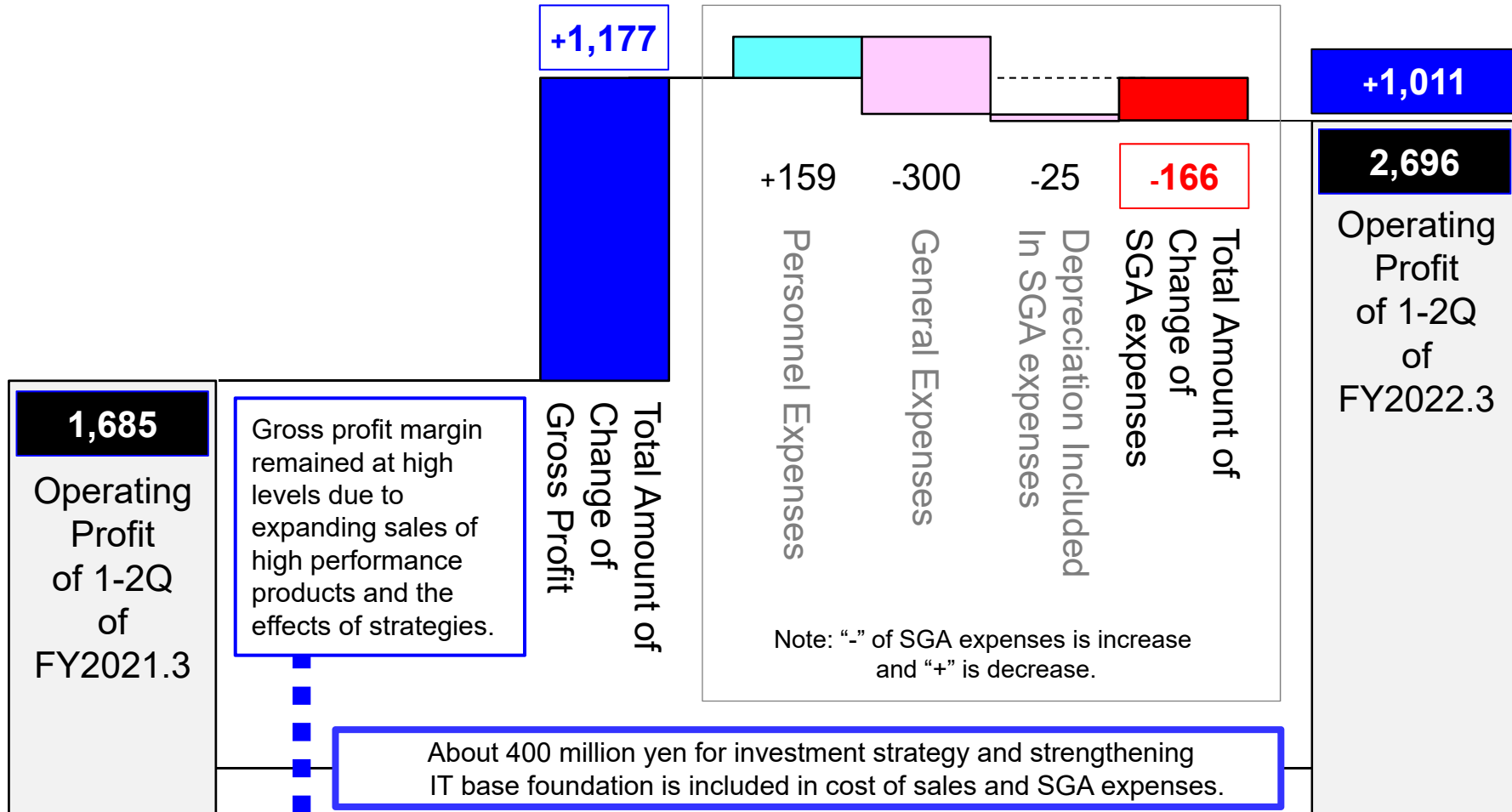
(Millions of yen)



# Analysis of Change Factor of Operating Profit

1-2Q of FY 2022.3

Consolidated Performance and Business Overview



(Millions of yen)

Details of Increase in Net Sales	By Market	Tech +1.8 billion yen, Machinery +1.0 billion yen
	By Region	Japan +1.5 billion yen, Overseas +1.5 billion yen



# Balance Sheet and Cash Flows

1-2Q of FY 2022.3

Consolidated Performance  
and Business Overview

Balance Sheet (Summary)			
	End of FY2020.3	End of FY2021.3	End of 2Q of FY2021.3
Total Liabilities	13,197	15,417	17,936
Total Net Assets	34,930	37,274	39,474
Total Liabilities and Net Assets	48,128	52,691	57,411
Equity Capital Ratio	69.3%	67.7%	65.7%
Interest-Bearing Debt	3,071	4,153	5,172
Net Interest-Bearing Debt	-3,572	-3,946	-2,552

Cash Flows (Summary)			
	1Q-2Q of FY2020.3	1Q-2Q of FY2021.3	1Q-2Q of FY2022.3 (YoY)
Operating CF	2,349	2,118	1,443
Investment CF	-1,405	-388	-1,916
Free CF	943	1,730	-473

(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.
- ▶ Promoting DX



## Sales by Industrial Market/Sales by Region

1-2Q of FY 2022.3

Consolidated Performance  
and Business Overview

Sales by Industrial Market			
	1Q-2Q of FY2020.3	1Q-2Q of FY2021.3	1Q-2Q of FY2022.3 (YoY)
Tech Market	8.1 BY	8.1 BY	9.9 BY (+22.2%)
Machinery Market	8.5 BY	6.9 BY	7.9 BY (+14.5%)
Plant Market	8.0 BY	6.5 BY	6.7 BY (+3.1%)

(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			
	1Q-2Q of FY2020.3	1Q-2Q of FY2021.3	1Q-2Q of FY2022.3 (YoY)
Japan	17,520	15,045	16,595 (+10.3%)
Sales Ratio	70.3%	69.6%	67.1%
Oversea	7,394	6,585	8,145 (+23.7%)
Sales Ratio	29.7%	30.4%	32.9%
Asia	5,060	4,373	5,642 (+29.0%)
North America	2,259	2,130	2,419 (+13.6%)
Other Area	74	81	82 (+1.4%)

(Millions of yen)



# Results by Segment Seal Products Business

1-2Q of FY 2022.3

Consolidated Performance  
and Business Overview

- ▶ Growth in Tech Market in Japan and overseas
- ▶ Recovery in a wide range of Machinery Market

Result by Segment	1Q-2Q of FY2020.3	1Q-2Q of FY2021.3	1Q-2Q of FY2022.3 (YoY)
Net Sales	16,316	15,398	16,894 (+9.7%)
Segment Profit	1,887	2,095	2,305 (+10.0%)
Profit Margin	11.6%	13.6%	13.6%

Half yearly	1-2Q of FY2020.3	3-4Q of FY2020.3	1-2Q of FY2021.3	3-4Q of FY2021.3	1-2Q of FY2022.3
Net Sales	16,316	15,755	15,398	15,951	16,894
Segment Profit	1,887	1,472	2,095	2,065	2,305

Orders Received	15,490	15,932	15,503	15,947	17,859
Term-end Order Backlog	3,406	3,583	3,688	3,684	4,649

	1Q-2Q of FY2020.3	1Q-2Q of FY2021.3	1Q-2Q of FY2022.3 (YoY)
<b>Sales by Industrial Market (Billions of yen)</b>			
Tech Market	4.45 BY	5.00 BY	5.70 BY (+14.0%)
Machinery Market	6.60 BY	5.45 BY	6.60 BY (+21.1%)
Plant Market	5.20 BY	4.90 BY	4.50 BY (-8.2%)

<b>Sales by Region</b>			
Japan	12,306	11,225	12,033 (+7.2%)
Oversea	4,009	4,173	4,860 (+16.5%)
Sales Ratio	24.6%	27.1%	28.8%

(Millions of yen)





# Results by Segment High Performance Plastics Products Business

1-2Q of FY 2022.3

Consolidated Performance  
and Business Overview

- ▶ Expansion of Tech Market to domestic SPE and overseas device manufacturers
- ▶ Improved profitability through business structural reforms

Result by Segment	1Q-2Q of FY2020.3	1Q-2Q of FY2021.3	1Q-2Q of FY2022.3 (YoY)
Net Sales	6,865	4,936	6,504 (+31.8%)
Segment Profit	409	-339	483 (-->+)
Profit Margin	6.0%	-6.9%	7.4%

Half yearly	1-2Q of FY2020.3	3-4Q of FY2020.3	1-2Q of FY2021.3	3-4Q of FY2021.3	1-2Q of FY2022.3
Net Sales	6,865	6,223	4,936	5,805	6,504
Segment Profit	409	145	-339	-249	483

Orders Received	6,814	5,909	4,461	6,841	8,214
Term-end Order Backlog	3,550	3,236	2,762	3,797	5,506

	1Q-2Q of FY2020.3	1Q-2Q of FY2021.3	1Q-2Q of FY2022.3 (YoY)
<b>Sales by Industrial Market (Billions of yen)</b>			
Tech Market	2.15 BY	1.90 BY	2.95 BY (+55.3%)
Machinery Market	1.85 BY	1.40 BY	1.30 BY (-7.1%)
Plant Market	2.80 BY	1.60 BY	2.20 BY (+37.5%)

<b>Sales by Region</b>			
Japan	4,420	3,149	3,844 (+22.1%)
Oversea	2,445	1,787	2,660 (+48.9%)
Sales Ratio	35.6%	36.2%	40.9%

(Millions of yen)



# Results by Segment Silicon Wafer Reclaim and Other Businesses

1-2Q of FY 2022.3

Consolidated Performance  
and Business Overview

- ▶ High demand for silicon wafer reclaim business
- ▶ COVID-19 slows sales of H&S and other new businesses

Result by Segment	1Q-2Q of FY2020.3	1Q-2Q of FY2021.3	1Q-2Q of FY2022.3 (YoY)
Net Sales	1,733	1,295	1,341 (+3.5%)
Segment Profit	248	-69	-91 (----)
Profit Margin	14.3%	-5.4%	-6.9%

Half yearly	1-2Q of FY2020.3	3-4Q of FY2020.3	1-2Q of FY2021.3	3-4Q of FY2021.3	1-2Q of FY2022.3
Net Sales	1,733	1,317	1,295	1,329	1,341
Segment Profit	248	51	-69	-26	-91

Orders Received	1,772	1,219	1,266	1,316	1,496
Term-end Order Backlog	323	225	196	183	339

	1Q-2Q of FY2020.3	1Q-2Q of FY2021.3	1Q-2Q of FY2022.3 (YoY)
<b>Sales by Industrial Market (Billions of yen)</b>			
Tech Market	1.45 BY	1.15 BY	1.20 BY (+4.3%)
Other Market	0.20 BY	0.10 BY	0.10 BY (-)

<b>Sales by Region</b>			
Japan	793	670	717 (+6.9%)
Oversea	939	624	623 (-0.2%)
Sales Ratio	54.2%	48.2%	46.5%

(Millions of yen)



# Results by Segment

## Quarterly Orders Received/Net Sales/Order Backlog

1-2Q of FY 2022.3

Consolidated Performance  
and Business Overview

		1Q of FY2021.3	2Q of FY2021.3	3Q of FY2021.3	4Q of FY2021.3	1Q of FY2022.3	2Q of FY2022.3
Orders Received	Consolidated	10,475	10,756	11,092	13,013	14,506	13,063
	Seal	7,843	7,660	7,429	8,518	8,774	9,084
	HPP	1,957	2,503	2,970	3,870	5,015	3,198
	SWR & Other	674	592	692	624	716	779
Net Sales	Consolidated	10,960	10,670	11,117	11,968	12,151	12,588
	Seal	7,916	7,482	7,726	8,224	8,488	8,405
	HPP	2,342	2,593	2,742	3,063	2,994	3,510
	SWR & Other	702	593	649	680	668	672
Order Backlog	Consolidated	6,560	6,646	6,620	7,665	10,020	10,495
	Seal	3,510	3,688	3,390	3,684	3,970	4,649
	HPP	2,852	2,762	2,990	3,797	5,818	5,506
	SWR & Other	197	196	239	183	231	339

### Change Factor Compared to Previous Quarter

#### Orders Received

<Seal Products Business>  
Continued high level of demand for the Tech Market

<High Performance Plastics Products Business>  
Rebound from large projects for the Tech Market and Plant Market

#### Order Backlog

<Seal Products Business>  
Continued high level of demand for the Tech Market

< High Performance Plastics Products Business>  
Reflecting large orders for special tank products

\* HPP=High Performance Plastics Businesses  
\* SWR & Other=Silicon Wafer Reclaim and Other Businesses

(Millions of yen)



# Capital Investment/ Research & Development and Others

1-2Q of FY 2022.3

Consolidated Performance  
and Business Overview

## Capital Investment (projects in construction and in progress)

- Promotion of development for acceleration of DX
- Environmental measures at production sites and enhancement of automation
- Equipment installation for expansion of R&D
- Investment in product sophistication (in all three segments)

## Impact of Changes of Material Price

Increased burden due to price increase of fluoroplastic raw materials  
(lighter than expected at the beginning of the year)

	1Q-2Q of FY2020.3	1Q-2Q of FY2021.3	1Q-2Q of FY2022.3 (YoY)
Capital Expenditures	1,301	2,649	1,449 (-45.3%)
<Reference> CAPEX (based on construction)	2,144	2,446	799 (-67.3%)
Depreciation	1,040	1,237	1,236 (-0.0%)
Research & Development Expenses	540	438	476 (+8.7%)
Research & Development Expenses Ratio	2.2%	2.0%	1.9%
Impact of Changes of Material Price	-3		54

(Millions of yen)



## Impact of the Spread of the COVID-19

1-2Q of FY 2022.3

Consolidated Performance  
and Business Overview

### Influence on Results of 1Q-2Q of FY2022.3

#### Influence on Company Activities such as Production

- Operating rates at ASEAN production sites due to suspension of employees' attendance
- There were no particular changes in the procurement of raw materials and parts in Japan and overseas
- Continued remote work and staggered working hours at all domestic sites
- Working according to local conditions at overseas sites

#### Influence on Sales due to Outside Company Factors

- There was a slight negative impact on sales to the Machinery Market due to problems in the supply chain on the customer side (parts shortage)
- Demand continued in the Tech Market against the background of the global increase in remote work

### Strengthening Business Continuity with the Post-COVID-19 Outlook

- Increase engagement in remote work systems and expand measures related to communication activation
- Further increase flexibility and mobility of production systems
- Further promote diversification of raw material suppliers



## Efforts to Create Value

1-2Q of FY 2022.3

Consolidated Performance  
and Business Overview

Received an award from Lam Research Corp.,  
a U.S. semiconductor production equipment  
manufacturer

- Received the 2021 Supplier Excellence Award 2021  
"General Excellence"
- Highly evaluated for development and customer response capabilities

CEO Toshikazu Takisawa  
holding the trophy



New Plant in Taiwan, New Core Base for  
Strategic Product  
“Special Fluorocarbon Plastic Tank”

- Manufacturing the “World's Cleanest Tank”
- Meeting global demand for semiconductors and high-purity chemicals

Capital and Business Alliance with CONNECTEC JAPAN Corp.  
Started joint development of semiconductor packaging technology



# Stockholders Return

1-2Q of FY 2022.3

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	95.0 yen		54.2%
<b>FY2022.3</b>	50.0 yen	55.0 yen (Forecast)	105.0 yen (Forecast)	—	50.1% (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

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



- ▷ 1-2Q (1H) of the Fiscal Year Ending March 31, 2022 Consolidated Performance and Business Overview
- ▶ 2H of the fiscal Year Ending March 31, 2022 and Full-year Forecast and Forward-looking Statements





# Recognizing Business Environment (Change from 1H)

▶ 2H (3-4Q) of  
FY 2022.3

	Environment Recognition	Influence on Results
Tech Market	<ul style="list-style-type: none"><li>• Semiconductor manufacturing equipment shipments and semiconductor device production volumes remain high</li><li>• Active movements to expand semiconductor production capacity</li></ul>	<ul style="list-style-type: none"><li>➡ Seal Products</li><li>➡ High Performance Plastics</li><li>➡ SWR &amp; Other</li></ul>
Machinery Market	<ul style="list-style-type: none"><li>• Demand for automobiles, general industrial equipment, and infrastructure-related equipment will continue to recover, but the effects of shortages of semiconductors and various parts will be prolonged</li></ul>	<ul style="list-style-type: none"><li>➡ Seal Products</li><li>➡ High Performance Plastics</li></ul>
Plant Market	<ul style="list-style-type: none"><li>• Demand for daily inspections remained firm, demand for scheduled repairs for next spring will be generated ahead of time</li><li>• Capital investment in high-performance chemicals such as for semiconductors and batteries will remain high</li></ul>	<ul style="list-style-type: none"><li>➡ Seal products</li><li>➡ High Performance Plastics</li></ul>

Risk factors include COVID-19 re-expansion, US-China issues, shortages of goods, and raw material prices



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

- 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.

**“Protect”**  
Improved  
profitability

- Accelerate business structural reforms
  - Continued restructuring of domestic sales structure.
  - Narrowing down the supply chain and product lineup.



# Full-Year Earnings Forecast Revised Upward on Basis of 1H Earnings Level and Business Environment Outlook

		Prior Forecast	Revised Forecast
	FY2021.3	FY2022.3 (YoY)	FY2022.3 (YoY)
Net Sales	44,717	48,500 (+8.5%)	51,800 (+15.8%)
Operating Profit	3,475	4,000 (+15.1%)	5,500 (+58.3%)
Net Profit	3,090	2,600 (-15.9%)	3,700 (+19.7%)
Operating Profit Margin	7.8%	8.2%	10.6%
ROE	9.0%	7.3%	10.1%

(Millions of yen)

**One year ahead of schedule**

**Operating profit and net profit are expected to reach the NF2022 target**

**Review of target values and strategies for NF2022**



# Details of Revised Forecast

▶ 2H (3-4Q) of FY 2022.3

Sales by Industrial Market			
	FY2021.3	<Prior> FY2022.3 (YoY)	<Revised> FY2022.3 (YoY)
Tech Market	16.5 BY	18.3 BY (+10.9%)	21.1 BY (+27.9%)
Machinery Market	14.6 BY	15.5 BY (+6.2%)	16.4 BY (+12.3%)
Plant Market	13.3 BY	14.2 BY (+6.8%)	14.1 BY (+6.0%)

(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%)	34,100 (+11.9%)
Sales Ratio	68.2%	65.7%	65.8%
Oversea	14,233	16,650 (+17.0%)	17,700 (+24.4%)
Sales Ratio	31.8%	34.3%	34.2%

Sales & Profit by Segment				
		FY2021.3	<Prior> FY2022.3 (YoY)	<Revised> FY2022.3 (YoY)
Seal Products Business	Net Sales	31,349	32,000 (+2.1%)	34,900 (+11.3%)
	Segment Profit	4,160	3,600 (-13.5%)	4,500 (+8.2%)
	Profit Ratio	13.3%	11.3%	12.9%
High Performance Plastics Products Business	Net Sales	10,742	13,300 (+23.8%)	13,700 (+27.5%)
	Segment Profit	-588	300 (-→+)	900 (-→+)
	Profit Ratio	-5.5%	2.3%	6.6%
SWR & Other Businesses	Net Sales	2,625	3,200 (+21.9%)	3,200 (+21.9%)
	Segment Profit	-96	100 (-→+)	100 (-→+)
	Profit Ratio	-3.7%	3.1%	3.1%

(Millions of yen)



## Details of Revised Forecast (Half yearly)

▶ 2H (3-4Q) of  
FY 2022.3

### Revised forecast assumptions

- The exchange rate is 1\$=110 yen for the full-year
- The impact of the rise in raw material prices is expected to be 200 million yen for the full-year

### Sales by Industrial Market

	1H FY2022.3	2H FY2022.3 (Changes)
Tech Market	9.9 BY	11.2 BY (+13.1%)
Machinery Market	7.9 BY	8.5 BY (+7.6%)
Plant Market	6.7 BY	7.4 BY (+10.4%)

### Sales by Region

Japan	16,595	17,505 (+5.5%)
Sales Ratio	67.1%	64.7%
Oversea	8,145	9,555 (+17.3%)
Sales Ratio	32.9%	35.3%

### Sales & Profit by Segment

		1H FY2022.3	2H FY2022.3 (Changes)
Seal Products Business	Net Sales	16,894	18,006 (+6.6%)
	Segment Profit	2,305	2,195 (-4.8%)
	Profit Ratio	13.6%	12.2%
High Performance Plastics Products Business	Net Sales	6,504	7,196 (+10.6%)
	Segment Profit	483	417 (-13.7%)
	Profit Ratio	7.4%	5.8%
SWR & Other Businesses	Net Sales	1,341	1,859 (+38.6%)
	Segment Profit	-91	191 (-->+)
	Profit Ratio	-6.9%	10.3%

### Consolidated

	1H FY2022.3	2H FY2022.3 (Changes)
Net Sales	24,740	27,060 (+9.4%)
Operating Profit	2,696	2,804 (+4.0%)
Net Profit	1,916	1,784 (-6.9%)
Operating Profit Margin	10.9%	10.4%

(Millions of yen)



## <References>

- ▶ Medium-term Business Plan  
“NF2022”
- ▷ Focusing on the Coming  
100<sup>th</sup> Anniversary



Reform for the  
Coming 100<sup>th</sup> 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 100<sup>th</sup> 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	<b>48,212</b>	<b>55,000</b>	<b>+14.1%</b>
Operating Profit	<b>4,214</b>	<b>5,500</b>	<b>+30.5%</b>
Profit Attributable to Owners of Parent	<b>2,918</b>	<b>3,700</b>	<b>+26.8%</b>
Operating Profit Margin	<b>8.7%</b>	<b>10.0%</b>	<b>+1.3pt</b>
ROE	<b>8.8%</b>	<b>More than 10.0%</b>	<b>More than +1.2pt</b>

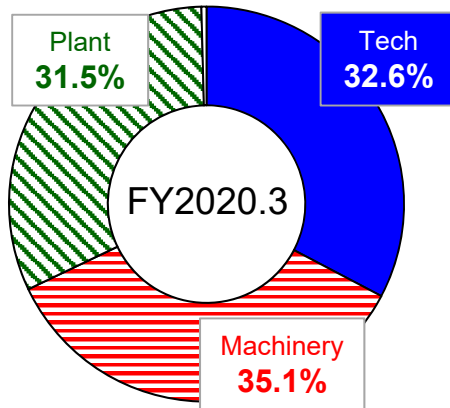
**Important factors and issues for achievement**

- ▶ 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.



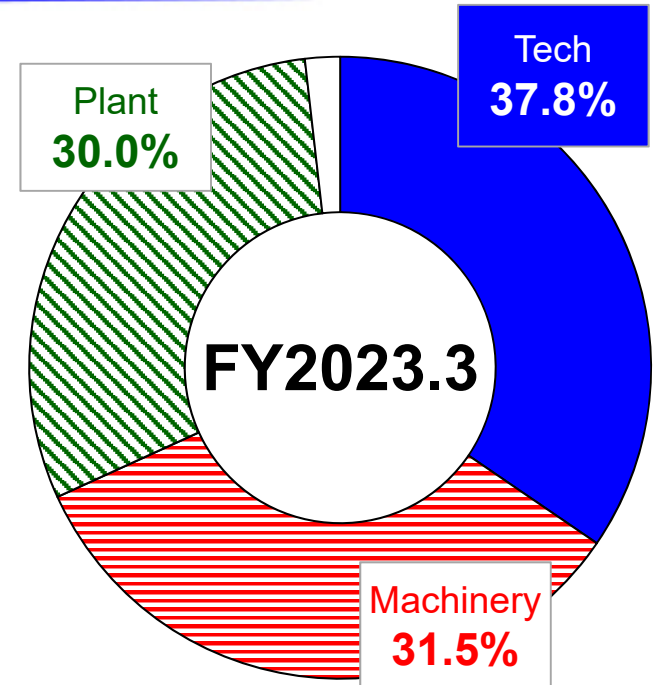
Final FY of "NV S8" Sales by Industrial Market	
Tech	15.7
Machinery	16.9
Plant	15.2
Other	0.2

(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**

15.7 billion yen **▶▶▶ 20.8 billion yen**

**Strategic Product (1)**

**High performance seal products for Tech Market**

- Increase in market share in the US ▶ Established an exclusive R&D base
- Expansion of production capacity ▶ Full operation of base in China and upgrading other bases

**Strategic Product (2)**

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

- Respond to increase in demand in US, China, and Taiwan
  - ▶ Capacity increase of core base
- Improve enterprise value by related service such as life diagnosis

R&D Strategy  
for Long-term  
Value Creation

Additional investment in management resource of R&D

- Increase Research & Development Expenses to around an annual rate of 20% (introduction of AI, strengthening system and such).

Promote Open Innovation

- Accelerate and expand area of development process through usage of external technology.

Construction of Next Generation R&D Infrastructure

- Establish global development base and an innovation center.

Target and  
Individual  
Strategy

Core Business Area

- Strengthening development of performance seal products for new generation semiconductor processing equipment.
- Expansion of H&S\* products that contributes to safe operation of customers such as prediction and maintenance. \*Hard & Seal engineering service
- Expansion of exclusive products for the new energy market.
- Implement advanced environmental response (revising materials used and others).

New Business Area

- Accelerate development to new business area with H&S products.
- Expand business area by fusing with new development technology such as sensing (healthcare, environment, and information communication).

Example of New  
Development Technology



“Valqua’s predictive maintenance system” based on the H&S concept

We will aim for 20% for sales ratio of new products in FY2027.3 by increasing R&D theme, shortening development speed, and expansion of market share and business (Around 7% in FY2020.3)



### Responding to Work-style Reform

- Introducing company-wide teleworking.
- Improving employee motivation by reforming personnel and evaluation system.

**▶ Working towards FY2027.3**

### **Growth of Company and Employee through Engagement**

### Implementing Business Reform

- Implement investment of management resource for strategic products and distinguish low profit products.
- Focus on improving efficiency by optimum arrangement of bases and improvement of quality of indirect sales network.

**▶ Working towards FY2027.3**

### **Improve Business Competitiveness by Focusing on “Selection and Concentration”**

### Promoting adoption of IT and automation

- Improve efficiency and security by reforming infrastructure.
- Eradicate human error by introducing AI in the SGA, production, and quality management process.

**▶ Working towards FY2027.3**

### **Strengthen Risk Resilience by Improving Efficiency and Security**

Promote a strategy that anticipates future sustainable growth and maximization of corporate value

(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.



(Millions of yen)

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

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



## <References>

- ▷ Medium-term Business Plan  
“NF2022”
- ▶ **Focusing on the Coming  
100<sup>th</sup> Anniversary**

**Focusing on the Coming 100<sup>th</sup> Anniversary**  
**- Corporate Image We Aim for -**



Corporate Image we aim to become in the coming 100<sup>th</sup> 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 100<sup>th</sup> Anniversary - Long-term Management Target -



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

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

▶ 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.





# 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