



Since
1927

FY2022.3

2027

May 26, 2022



(Ticker code: 7995)

VALQUA, LTD.

- ▶ Financial Results for the Fiscal Year Ended March 31, 2022
- ▶ Medium-term Business Plan NF2023



Hard & 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.



- ▶ Consolidated Performance and Business Overview of the Fiscal Year Ended March 31, 2022
- ▷ Outline of New Medium-term Business Plan NF2023
- ▷ Forecasts and Plans of the Fiscal Year Ending March 31, 2023

- Business performance expanded due to the improvement of the business environment and the effects of strategies
- Achieved record consolidated performance and achieved the NF2022 management target one year ahead of schedule

	FY3/2020	FY3/2021	FY3/2022 (YoY)
Net Sales	48,212	44,717	53,167 (+18.9%)
Operating Profit	4,214	3,475	6,972 (+100.6%)
Profit Attributable to Owners of Parent	2,918	3,090	4,841 (+56.7%)

Gross Profit Margin	37.3%	39.2%	40.4%
Operating Profit Margin	8.7%	7.8%	13.1%
Net Profit Margin	6.1%	6.9%	9.1%
ROE	8.8%	9.0%	12.8%

(Unit : Millions of yen)

Main Change Factor in Income Compared with the Previous Fiscal Year

- Sales increased due to expanded sales of strategic products (high performance seal products and high performance plastic special tank products).
- Operating profit increased significantly due to increased sales and efficiency measures.
- 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

Consolidated Financial Results by Half yearly

FY3/2022

Consolidated Performance
and Business Overview

	3Q-4Q of FY3/2019	1Q-2Q of FY3.2020	3Q-4Q of FY3/2020	1Q-2Q of FY3/2021	3Q-4Q of FY3/2021	1Q-2Q of FY3/2022	3Q-4Q of FY3/2022
Net Sales	25,159	24,915	23,296	21,630	23,086	24,740	28,426
Gross Profit	9,209	9,447	8,527	8,624	8,893	9,801	11,698
Selling, General & Administration Expenses	6,806	6,902	6,857	6,938	7,103	7,104	7,422
Operating Profit	2,402	2,545	1,669	1,685	1,789	2,696	4,276
Profit Attributable to Owners of Parent	1,733	1,816	1,101	1,803	1,287	1,916	2,924
Gross Profit Margin	36.6%	37.9%	36.6%	39.9%	38.5%	39.6%	41.2%
Operating Profit Margin	9.5%	10.2%	7.2%	7.8%	7.8%	10.9%	15.0%
Net Sales	6.9%	7.3%	4.7%	8.3%	5.6%	7.7%	10.3%

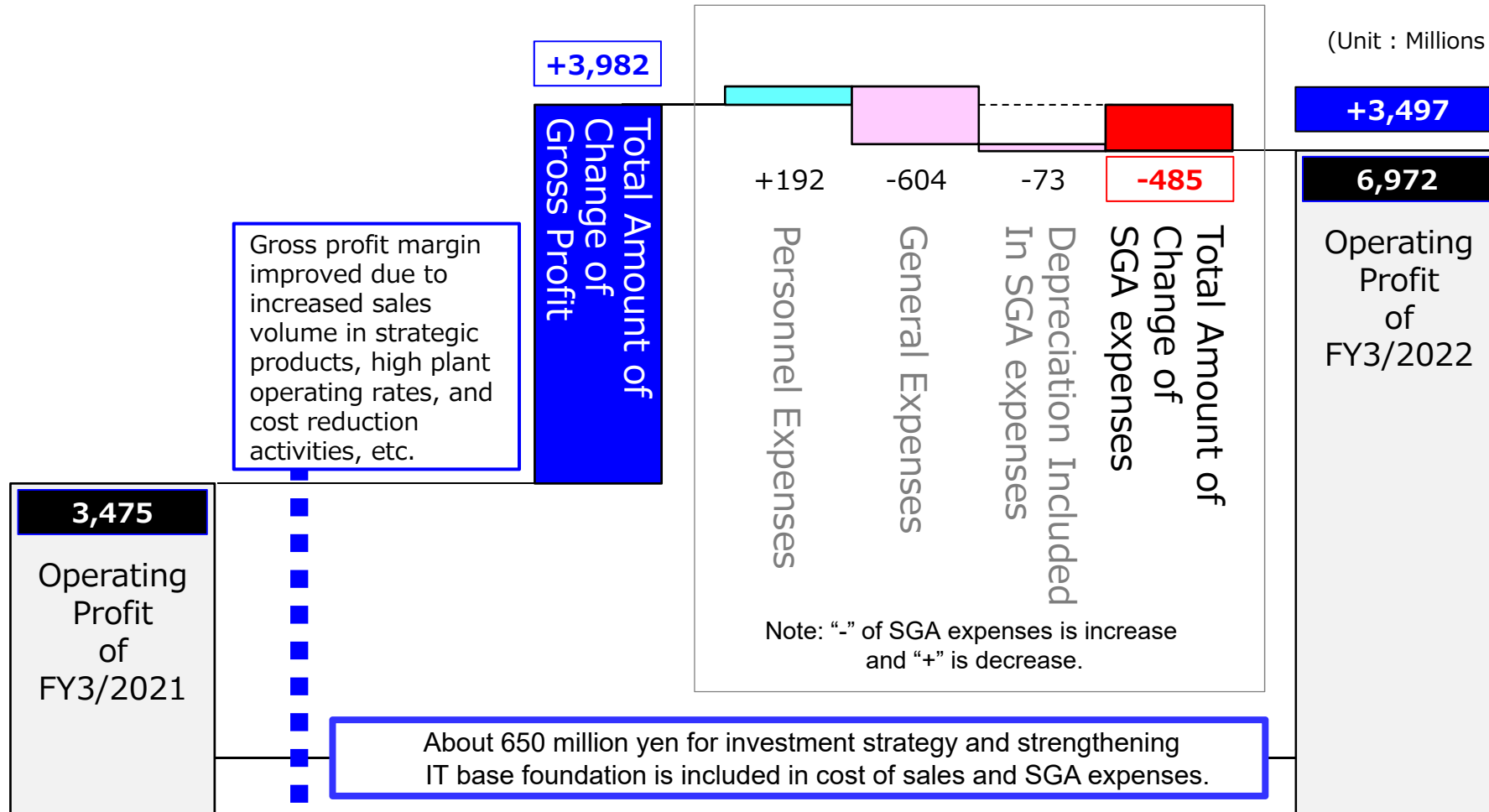
(Unit : Millions of yen)

Analysis of Change Factor of Operating Profit

FY3/2022

Consolidated Performance and Business Overview

(Unit : Millions of yen)



Details of Increase in Net Sales	By Market	Tech +5.8 billion yen, Machinery +2.0 billion yen
	By Region	Japan +4.1 billion yen, Overseas +4.3 billion yen

Balance Sheet / Cash Flows

FY3/2022

Consolidated Performance
and Business Overview

Balance Sheet (Summary)

Assets				Liabilities and Net assets			
	End of FY3/2020	End of FY3/2021	End of FY3/2022		End of FY3/2020	End of FY3/2021	End of FY3/2022
Current assets	26,811	29,698	34,935	Current liabilities	10,517	10,764	13,336
Non-current assets	21,317	22,993	25,264	Non-current liabilities	2,680	4,653	5,883
Total assets	48,128	52,691	60,200	Total liabilities	13,197	15,417	19,220
				Total net assets	34,930	37,274	40,979
				Total liabilities and net assets	48,128	52,691	60,200

Cash Flows (Summary)

	FY3/2020	FY3/2021	FY3/2022
Operating CF	5,121	4,586	5,227
Investment CF	-2,799	-2,323	-3,695
Free CF	2,321	2,262	1,532

Equity	33,334	35,647	39,728
Equity Ratio	69.3%	67.7%	66.0%

Interest-Bearing Debt	3,071	4,153	5,173
Net Interest-Bearing Debt	-3,572	-3,946	-2,970
DER	0.09	0.12	0.13

(Unit : Millions of yen)

Sales by Industrial Market / Region

FY3/2022

Consolidated Performance
and Business Overview

Sales by Industrial Market

	FY3/2020	FY3/2021	FY3/2022 (YoY)
Tech Market	15.7 BY	16.5 BY	22.3 BY (+35.2%)
Machinery Market	16.9 BY	14.6 BY	16.6 BY (+13.7%)
Plant Market	15.2 BY	13.3 BY	13.9 BY (+4.5%)

(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

	FY3/2020	FY3/2021	FY3/2022 (YoY)
Japan	33,958	30,483	34,583 (+13.4%)
Sales Ratio	70.4%	68.2%	65.0%
Overseas	14,253	14,233	18,583 (+30.6%)
Sales Ratio	29.6%	31.8%	35.0%
Asia	9,859	9,085	13,530 (+48.9%)
North America	4,233	4,988	4,886 (-2.0%)
Other Area	161	159	167 (+4.9%)

(Unit : Millions of yen)

Results by Segment Seal Products Business

FY3/2022

Consolidated Performance
and Business Overview

- ▶ Growth in both SPE and devices for Tech Market
- ▶ Recovery of the manufacturing industry from COVID-19 led to expand for Machinery Market

Result by Segment	FY3/2020	FY3/2021	FY3/2022 (YoY)
Net Sales	32,071	31,349	34,995 (+11.6%)
Segment Profit	3,360	4,160	5,506 (+32.3%)
Profit Margin	10.5%	13.3%	15.7%

Half yearly	3-4Q of FY3/2020	1-2Q of FY3/2021	3-4Q of FY3/2021	1-2Q of FY3/2022	3-4Q of FY3/2022
Net Sales	15,755	15,398	15,951	16,894	18,100
Segment Profit	1,472	2,095	2,065	2,305	3,201

Orders Received	15,932	15,503	15,947	17,859	18,962
Term-end Order Backlog	3,583	3,688	3,684	4,649	5,511

	FY3/2020	FY3/2021	FY3/2022 (YoY)
Sales by Industrial Market (Billions of yen)			
Tech Market	8.85 BY	10.40 BY	12.15 BY (+16.8%)
Machinery Market	13.40 BY	11.85 BY	13.55 BY (+14.3%)
Plant Market	9.80 BY	9.05 BY	9.20 BY (+1.7%)

Sales by Region			
Japan	24,065	22,407	24,707 (+10.3%)
Overseas	8,006	8,942	10,287 (+15.0%)
Overseas Sales Ratio	25.0%	28.5%	29.4%

(Unit : Millions of yen)

- ▶ Expansion of Tech Market to domestic SPE and overseas device manufacturers
- ▶ Improved profitability through the increase in operating rates of manufacturing bases and the effects of business structural reforms, etc.

Result by Segment	FY3/2020	FY3/2021	FY3/2022 (YoY)
Net Sales	13,089	10,742	15,088 (+40.5%)
Segment Profit	554	-588	1,372 (--->+)
Profit Margin	4.2%	-5.5%	9.1%

Half yearly	3-4Q of FY3/2020	1-2Q of FY3/2021	3-4Q of FY3/2021	1-2Q of FY3/2022	3-4Q of FY3/2022
Net Sales	6,223	4,936	5,805	6,504	8,584
Segment Profit	145	-339	-249	483	889

Orders Received	5,909	4,461	6,841	8,214	9,665
Term-end Order Backlog	3,236	2,762	3,797	5,506	6,588

	FY3/2020	FY3/2021	FY3/2022 (YoY)
Sales by Industrial Market (Billions of yen)			
Tech Market	4.20 BY	3.80 BY	7.40 BY (+94.5%)
Machinery Market	3.50 BY	2.70 BY	2.95 BY (+9.3%)
Plant Market	5.35 BY	4.20 BY	4.70 BY (+11.9%)

Sales by Region			
Japan	8,330	6,689	8,417 (+25.8%)
Overseas	4,758	4,053	6,671 (+64.6%)
Overseas Sales Ratio	36.3%	37.7%	44.2%

(Unit : Millions of yen)

- ▶ High demand for silicon wafer reclaim business, with revenue from special projects recorded in 4Q
- ▶ Sales of new businesses such as H&S stagnated

Result by Segment	FY3/2020	FY3/2021	FY3/2022 (YoY)
Net Sales	3,051	2,625	3,082 (+17.4%)
Segment Profit	299	-96	93 (-→+)
Profit Margin	9.8%	-3.7%	3.0%

Half yearly	3-4Q of FY3/2020	1-2Q of FY3/2021	3-4Q of FY3/2021	1-2Q of FY3/2022	3-4Q of FY3/2022
Net Sales	1,317	1,295	1,329	1,341	1,741
Segment Profit	51	-69	-26	-91	185

Orders Received	1,219	1,266	1,316	1,496	1,663
Term-end Order Backlog	225	196	183	339	261

	FY3/2020	FY3/2021	FY3/2022 (YoY)
Sales by Industrial Market (Billions of yen)			
Tech Market	2.65 BY	2.30 BY	2.75 BY (+19.6%)
Other Market	0.35 BY	0.25 BY	0.30 BY (+20.0%)

Sales by Region			
Japan	1,562	1,387	1,458 (+5.2%)
Overseas	1,488	1,237	1,623 (+31.2%)
Overseas Sales Ratio	48.8%	47.1%	52.7%

(Unit : Millions of yen)

Results by Segment Quarterly transition

FY3/2022

Consolidated Performance
and Business Overview

		3Q of FY3/2021	4Q of FY3/2021	1Q of FY3/2022	2Q of FY3/2022	3Q of FY3/2022	4Q of FY3/2022
Net Sales	Consolidated	11,117	11,968	12,151	12,588	13,949	14,477
	Seal	7,726	8,224	8,488	8,405	8,801	9,299
	HPP	2,742	3,063	2,994	3,510	4,481	4,102
	SWR & Other	649	680	668	672	666	1,075
Segment Profit	Consolidated	559	1,230	1,157	1,538	1,940	2,335
	Seal	845	1,220	1,027	1,277	1,522	1,678
	HPP	- 290	41	171	311	452	437
	SWR & Other	5	- 32	- 41	- 50	- 34	219
Orders Received	Consolidated	11,092	13,013	14,506	13,063	14,475	15,815
	Seal	7,429	8,518	8,774	9,084	9,288	9,674
	HPP	2,970	3,870	5,015	3,198	4,515	5,150
	SWR & Other	692	624	716	779	672	990
Order Backlog	Consolidated	6,620	7,665	10,020	10,495	11,022	12,360
	Seal	3,390	3,684	3,970	4,649	5,136	5,511
	HPP	2,990	3,797	5,818	5,506	5,539	6,588
	SWR & Other	239	183	231	339	346	261

Change Factor Compared to Previous Quarter

Orders Received

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

<High Performance Plastics Products Business>
Increased orders due to smooth start-up of new plant in Taiwan

Order Backlog

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

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

* HPP=High Performance Plastics Businesses

* SWR & Other=Silicon Wafer Reclaim and Other Businesses

(Unit : Millions of yen)

Capital Investment / Research & Development / Impact of Material Prices

FY3/2022

Consolidated Performance
and Business Overview

(Unit : Millions of yen)

Capital Investment

- Completed projects
 - Increase production capacity for high performance plastic special tank products
 - ...Completion and operation of new plant in Taiwan
 - Improving the quality of silicon wafer reclaim
- Ongoing projects and construction projects
 - Investment in product sophistication (in all three segments)
 - R&D investment for new business development and DX promotion

Impact of Changes of Material Prices

Increased burden due to price increase of fluorocarbon Resin raw materials and rubber materials (lighter than expected at the beginning of the year)

—
Curb market impact by building up raw material inventories in preparation for higher prices

	FY3/2020	FY3/2021	FY3/2022 (YoY)
Capital Expenditures	2,907	3,500	4,221 (+20.6%)
<Reference> CAPEX (based on construction)	3,281	3,549	1,756 (-50.5%)
Depreciation	2,099	2,466	2,499 (+1.3%)
Research & Development Expenses	1,065	1,006	955 (-5.1%)
Research & Development Expenses Ratio	2.2%	2.2%	1.8%
Impact of Changes of Material Price	-23	-46	273

"0<x" is negative impact.

Influence on Results of FY3/2022

Influence on Company Activities such as Production

- Operating rate at ASEAN production sites decreased due to suspension of employees' attendance
 - ...The impact of lockdown in Shanghai is expected to be reflected in the FY3/2023
- Procurement of raw materials and parts in Japan and overseas slightly worsened in the second half of the FY3/2022
 - ...Some raw materials may be affected by economic sanctions against Russia

Influence on Sales due to Customer Factors

- There was a negative impact on sales to the Machinery Market partly 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 telework

Future Actions: Strengthening Business Continuity

- Maintain production bases with a strong awareness of geopolitical risks
- Promote diversification of raw material suppliers and manufacturing subcontractors
- Introduce a new personnel system with the aim of "creating a new relationships between the Company and its employees" to increase engagement in an environment such as the expansion of COVID-19

Stockholders Return

FY3/2022

Consolidated Performance
and Business Overview

	End of 2Q (Interim) Dividend	Year-end Dividend	Annual Dividend	Treasury Stock Acquisitions	Total Return Ratio
FY3/2021	45.0 yen	50.0 yen	95.0 yen		54.2%
FY3/2022	50.0 yen	75.0 yen	125.0 yen		45.6%
FY3/2023 (Forecasts)	60.0 yen	60.0 yen	120.0 yen		44.2% (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

Consolidated Stockholders Total Return Ratio=
(Total Dividend of Current FY+Treasury Stock Acquisitions Based on Current FY’s Results) ÷Current FY’s Earnings



- ▷ Consolidated Performance and Business Overview of the Fiscal Year Ended March 31, 2022
- ▶ **Outline of New Medium-term Business Plan NF2023**
- ▷ Forecasts and Plans of the Fiscal Year Ending March 31, 2023

Medium-term Management Plan

<<FY3/2023—FY3/2024>>

N^{ew}**F****2023**
rontier

The logo features the word 'New Frontier' in a stylized font. The 'N' and 'F' are large and bold, with 'ew' and 'rontier' in a smaller, lighter font. The '2023' is also large and bold. Below the 'N' and 'F' are two red diagonal bars, and below the 'rontier' are two more red diagonal bars.

Summary of results of Former Medium-term Business Plan NF2022

Announced in
November 2020

	NF2022 Target Value	Results of FY3/2022
	FY3/2023	
Net Sales	55,000	53,167
Operating Profit	5,500	6,972
Profit Attributable to Owners of Parent	3,700	4,841
Operating Profit Margin	10.0%	13.1%
ROE	10.0% or more	12.8%

(Unit : Millions of yen)

- Record high consolidated performance
- Achieved profit targets one year ahead of schedule (FY3/2023→FY3/2022)

- ▶ **Strengthen Strategic Products for Tech Market**
 - Improve product competitiveness
 - Expansion of supply capacity
- ▶ **Promote Business Structural Reforms in High Performance Plastics Products Business**
 - Concentrate management resources on strategic products
 - Slim down the organization
- ▶ **Implement Rationalization and Efficiency Measures**
 - Review domestic and overseas sales systems
 - Introduce new production technology

■ FY3/2021 and FY3/2022

NF2022

- Achievement of management targets
- Steady progress in key strategies

■ FY3/2023 and FY3/2024

NF2023

Maximize existing value and gain new value creation capacity

“Protect Growth”

Make bold investments for sustainable profit growth in the future

▶ **Deepen NF2022**

- Further expand business in strategic markets
- Carry out business structural reforms

▶ **Accession of Strategies**

- Enter into new areas through M&A, DX, etc.
- Reform supply chain in response to increased risks

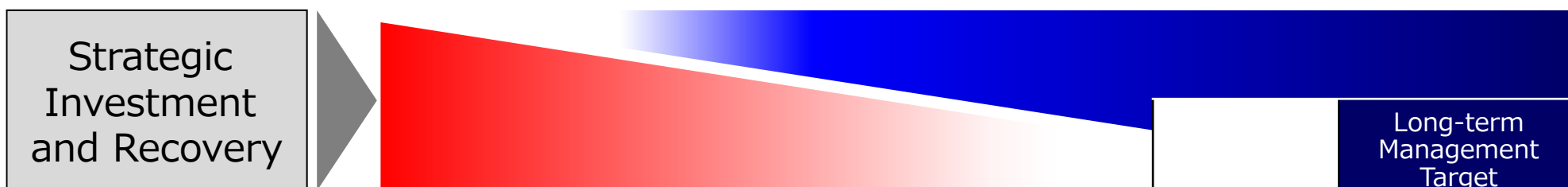
■ FY3/2025 ▶ FY3/2027 (100th anniversary of VALQUA)

Become a “company that continues to create new value”

NF2023 Positioning



FY3/2021・FY3/2022	FY3/2023	FY3/2024	FY3/2025	FY3/2026	FY3/2027
NF2022	NF2023				100th anniversary



Making Achievement of Long-term Management Target More Reliable

	Long-term Management Target
Net sales	80 billion yen
ROE	15% or more

In a rapidly changing global situation, we will uphold our customers' trust according to THE VALQUA WAY, aiming to become a company that continues to create new value through both Hardware and Services (H&S).

1. Participate in new materials, markets, and businesses by accelerating bold M&As and business alliances
2. Resolutely conduct supply chain reform in respond to expanding geopolitical risk
3. Establish AI/IT solutions business that can generate continuous customer value
4. Accelerate R&D and human resource development for expanding into new business areas
5. Strengthen existing businesses by increasing capital investment and enhancing sales channels

Numerical Management Targets

		NF2023				
		FY3/2023		FY3/2024		
		Forecasts	YoY	Target	vs FY3/2022	YoY
	The last year of NF2022					
	FY3/2022					
Net Sales	53,167	56,000	+5.3%	70,000	+31.7%	+25.0%
Operating Profit	6,972	6,500	-6.8%	7,500	+7.6%	+15.4%
Profit Attributable to Owners of Parent	4,841	4,800	-0.8%	5,000	+3.3%	+4.2%
Operating Profit Margin	13.1%	11.6%	-1.5pt	10.7%	-2.4pt	-0.9pt
ROE	12.8%	12.1%	-0.7pt	12.0%	-0.8pt	-0.1pt

(Unit : Millions of yen)

1 . Participate in new materials, markets, and businesses by accelerating bold M&As and business alliances

- ▶ Enter into high-growth materials area such as heat conductive materials and hydrogen seals
- ▶ Develop products that comply with environmental regulations in the semiconductor market
- ▶ Capture new technologies and market development in the sensing / IoT area

2 . Resolutely conduct supply chain reform in response to expanding geopolitical risk

- ▶ Supply chain restructuring in strategic products
- ▶ Strengthen the supply chain in response to geopolitical risks

3 . Establish AI/IT solutions business that can generate continuous customer value

- ▶ Network business development in resin materials and processed products
- ▶ New business development based on AI (plant maintenance progress management, remote monitoring solution of facilities and equipment)
- ▶ Accelerate development by introducing Materials Informatics (MI)

4 . Accelerate R&D and human resource development for expanding into new business areas

- ▶ Upgrade the development execution process and introduce a new organizational structure
- ▶ Expansion of the R&D system including acquisition of external technologies and human resources

5. Strengthen existing businesses by increasing capital investment and enhancing sales channels

- ▶ Strengthen domestic sales network through the advanced use of distributors
- ▶ Establish bases to strengthen contact with semiconductor manufacturing equipment manufacturers
- ▶ Expand Strategic Product's production capacity for a growing market

1. Participate in new materials, markets, and businesses by accelerating bold M&As and business alliances
2. Resolutely conduct supply chain reform in respond to expanding geopolitical risk
3. Establish AI/IT solutions business that can generate continuous customer value
4. Accelerate R&D and human resource development for expanding into new business areas
5. Strengthen existing businesses by increasing capital investment and enhancing sales channels

Two years total
Plan to invest
15 billion yen

M&A
Investment limit
8 billion yen
(All areas total)

Strengthen High performance seal product's Manufacturing, Sales and Technical Capabilities

- Manufacturing: Capacity improvement at production sites (Japan and Korea)
- Sales: Increase personnel (Japan and US), establish a new base (US)
- Technology: Expand capacity at R&D sites (US)

Expand Special Fluorocarbon Plastic Tank Products

- "Re-enhancement" of supply capacity
- Expansion of life diagnosis and maintenance services



Special Fluorocarbon Plastic Tank
(final inspection process before shipment)

Implement flexible and rapid expansion measures in response to changes in customer production bases, market growth, raw material supply conditions, etc., including the silicon wafer reclaim business.

Tech Market
Net sales

FY3/2022
22.3
billion yen



FY3/2024
31.0
billion yen

Expanding Customer Base with "Zero Marginal Cost"

- Product sales by web platform
 - ... Reduction of man-hours in all processes in "Estimate → Order → Manufacturing → Delivery → Accounting"
 - ... Strengthening of capacity to respond to demand for small lots
 - ... Possible to develop new customers effectively utilizing human resources



Dedicated website for functional resin materials that has begun operation

Commercialization of H&S Projects by Developing AI Solutions

- Development of "Maintenance Solutions beyond Hardware"
 - ... Acceleration of development based on capital and business alliance with AI venture company Ridge-i (fusion of VALQUA's knowledge and AI)



Remote monitoring platform under development

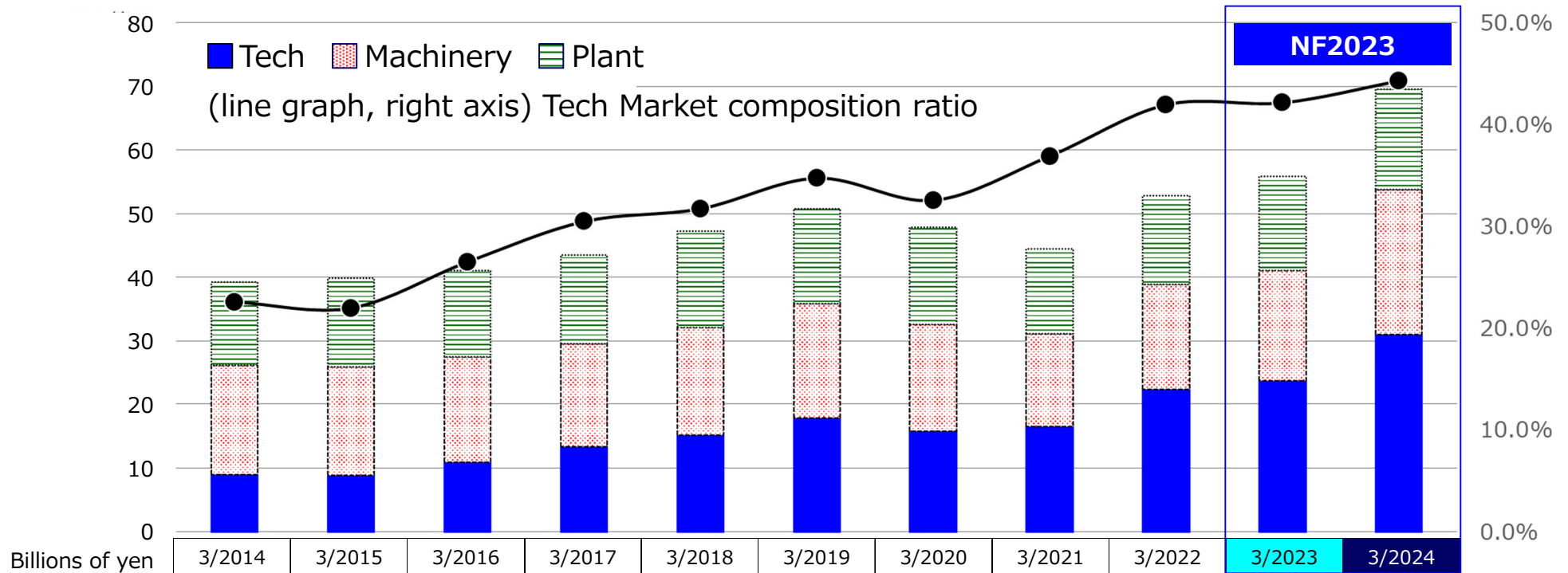
H&S Business
• New Businesses
Net Sales

FY3/2022
0.2
billion yen



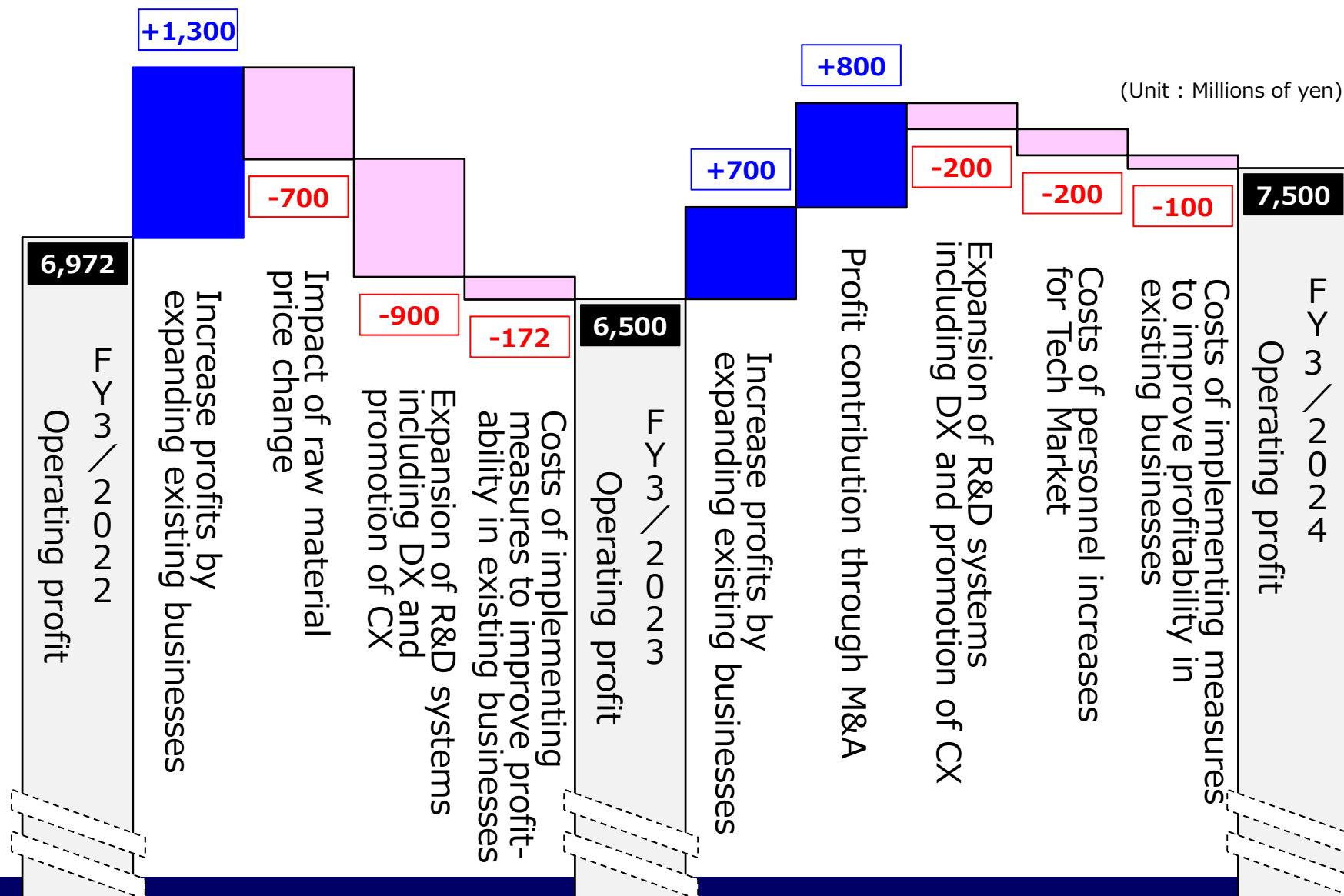
FY3/2024
1 or more
billion yen

Sales Composition by Industrial market



- Tech Market sales ratio exceeds 40% every fiscal year
- H&S business and new business sales expand for each market

Analysis of Change Factor of Operating Profit



Plans Balance Sheet / Cash Flows

Balance Sheet (End of NF2022)			
FY3/2022			
Current assets	349	Current liabilities	133
		Non-current liabilities	58
Non-current assets	252	Total liabilities	192
		Total net assets	409
Total assets	602	Total liabilities and net assets	602
Interest-Bearing Debt	51	Equity	397
Net Interest-Bearing Debt	-29	Equity Ratio	66.0%
DER	0.13		

Balance Sheet (End of NF2023)			
FY3/2024			
Current assets	520	Current liabilities	280
		Non-current liabilities	170
Non-current assets	380	Total liabilities	450
		Total net assets	450
Total assets	900	Total liabilities and net assets	900
Interest-Bearing Debt	220	Equity	440
Net Interest-Bearing Debt	110	Equity Ratio	48.9%
DER	0.50		

<unit:Billions of yen>

Cash Flows (Total of NF2022)	
Operating CF	98
Investment CF	-60
Free CF	38

Cash Flows (Total of NF2022)	
Operating CF	150
Investment CF	-190
Free CF	-40

	Last year of NF2022	Last year of NF2023	
	FY3/2022	FY3/2024	
		Plans	Changes
Sales by Industrial Market			
Tech Market	22.3 BY	31.0 BY	+39.0%
Machinery Market	16.6 BY	22.8 BY	+37.3%
Plant Market	13.9 BY	15.8 BY	+13.7%

(BY=Billions of yen)

Sales by Region			
Japan	34,583	46,900	+35.6%
Overseas	18,583	23,100	+24.3%
Overseas Sales Ratio	35.0%	33.0%	-2.0pt

		Last year of NF2022	Last year of NF2023	
		FY3/2022	FY3/2024	
			Plans	Changes
Sales & Profit by Segment				
Seal Products Business	Net Sales	34,995	42,700	+22.0%
	Segment Profit	5,506	6,000	+9.0%

High Performance Plastics Products Business	Net Sales	15,088	16,800	+11.3%
	Segment Profit	1,372	1,400	+2.0%

SWR & Other Businesses	Net Sales	3,082	10,500	+240.7%
	Segment Profit	93	100	+7.5%

(Unit : Millions of yen)



-
- ▷ Consolidated Performance and Business Overview of the Fiscal Year Ended March 31, 2022
 - ▷ Outline of New Medium-term Business Plan NF2023
 - ▶ **Forecasts and Plans of the Fiscal Year Ending March 31, 2023**

Business Environment Recognition (Changes from FY3/2022)

FY3/2023

Forecasts

Despite brisk demand, many factors remain unclear

	Environmental Recognition	Influence on Results
Tech Market	<ul style="list-style-type: none"> • Production facilities for semiconductor devices will continue to operate at full capacity. • Although the semiconductor capex is expected to be high, there is a risk of reviewing the plan. 	<ul style="list-style-type: none"> ➡ Seal ➡ HPP ➡ SWR and Other
Machinery Market	<ul style="list-style-type: none"> • There are concerns about production stagnation in general industrial equipment and automobiles due to shortage of semiconductors and parts. 	<ul style="list-style-type: none"> ➡ Seal ➡ HPP
Plant Market	<ul style="list-style-type: none"> • Increase in large-scale maintenance projects in Japan. • Investment in production facilities for high-performance materials remain strong. 	<ul style="list-style-type: none"> ➡ Seal ➡ HPP

* HPP=High Performance Plastics Businesses

* SWR & Other=Silicon Wafer Reclaim and Other Businesses

Consolidated Financial Results Forecast

FY3/2023

Forecasts

■ ■ In FY3/2023, there are more uncertainties than the previous FY ■ ■

- Impact of Russia's invasion of Ukraine (further deterioration of relations between Russia and other countries)
- Further increase in material price and distribution costs
- Rapid fluctuations in foreign exchange rates
- Further deterioration of the supply-demand balance for semiconductors and various parts
- Prolonged lockdown in China, etc., and re-expansion of COVID-19

	FY3/2022	FY3/2023 (YoY)
Net Sales	53,167	56,000 (+5.3%)
Operating Profit	6,972	6,500 (-6.8%)
Profit Attributable to Owners of Parent	4,841	4,800 (-0.8%)
Operating Profit Margin	13.1%	11.6%
ROE	12.8%	12.1%

(Unit : Millions of yen)

Development Assumptions

- Based on the business conditions in the 4Q, FY3/2022, taking business risks to some extent into consideration
- The forecast exchange rate is US\$1=120 yen
- Negative impact on operating profit due to raw material price change is assumed to be 0.7 billion yen.

Capital and R&D Investment Plan

	FY3/2022	FY3/2023
Capital Expenditures	4,221	4,400
Depreciation	2,499	2,600
Research & Development Expenses	955	1,000

Plans

Sales by Industrial Market / Region and Segment

(Sale and Profit)

FY3/2023

Forecasts

	FY3/2022	FY3/2023	
		Plans	YoY
Sales by Industrial Market			
Tech Market	22.3 BY	23.6 BY	+5.8%
Machinery Market	16.6 BY	17.5 BY	+5.4%
Plant Market	13.9 BY	14.8 BY	+6.5%

(BY=Billions of yen)

Sales by Region			
Japan	34,583	36,200	+4.7%
Overseas	18,583	19,800	+6.5%
Overseas Sales Ratio	35.0%	35.4%	+0.4Pts

		FY3/2022	FY3/2023	
			Plans	YoY
Sales & Profit by Segment				
Seal Products Business	Net Sales	34,995	36,500	+4.3%
	Segment Profit	5,506	5,400	-1.9%

High Performance Plastics Products Business	Net Sales	15,088	16,500	+9.4%
	Segment Profit	1,372	1,300	-5.2%

SWR & Other Businesses	Net Sales	3,082	3,000	-2.7%
	Segment Profit	93	-200	+→-

(Unit : Millions of yen)

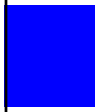
 Focusing on the Coming 100th Anniversary
- Corporate Image We Aim for -

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.

	FY3/2020	FY3/2027	Change
Net Sales	48.2 billion yen	80.0 billion yen	65.9%
ROE	8.8%	15.0%	+6.2pt





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