



May 14, 2025

To All Concerned,

Company Name	VALQUA, LTD.
Representative Name	Toshiharu Takisawa, Representative Director, President and COO (Code: 7995, TSE Prime Market)
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### **Notice Concerning the Progress of Recurrence Prevention Measures (Second Report)**

As described in the "Notice Concerning the Formulation of Recurrence Prevention Measures" dated November 27, 2024 (original documents in Japanese), VALQUA has formulated and announced recurrence prevention measures based on the recommendations of the Special Investigation Committee. We are writing to report as follows on the current progress of measures to prevent recurrence.

We sincerely apologize to our shareholders, investors, and other stakeholders for the significant inconvenience and concern we have caused. As a result of the efforts described below, we have determined that the significant omissions requiring disclosure as described in the internal control reports for the previous fiscal years disclosed on November 14, 2024 (original documents in Japanese) have been corrected. However, we will continue to make efforts to reform the corporate culture and strengthen governance as measures to prevent recurrence in order to restore trust. We appreciate your understanding.

We have disclosed the history of this matter as follows.

- "Notice Concerning the Formulation of Recurrence Prevention Measures" dated November 27, 2024  
<https://ssl4.eir-parts.net/doc/7995/tdnet/2534495/00.pdf> (original documents in Japanese)
- "Notice Concerning the Progress of Recurrence Prevention Measures" dated February 26, 2025  
<https://ssl4.eir-parts.net/doc/7995/tdnet/2573401/00.pdf> (original documents in Japanese)

Notice

#### **[Progress of Recurrence Prevention Measures (outline)]**

##### **(1) Commitment of top management and executive management to prevent recurrence**

As a precondition for implementing measures to prevent recurrence, top management continuously conveys to the company their determination to improve the corporate culture through messages at various times, such as at the beginning of the fiscal year. In addition, in April 2025, we published a message from top management in the Compliance Handbook, which serves as the VALQUA's guidelines for implementing compliance. The message included our determination to ensure that no wrongdoing will occur again, and our commitment to thorough preventive measures and improving the corporate culture. We disseminated this message throughout the company. Top management and executive management will continue to take the lead in efforts to prevent recurrence.

**(2) Enhancement of compliance awareness**

In December 2024, we conducted compliance training for internal directors and all executive officers in light of the recent compliance incident. We also provided compliance training to four new executive officers who took office in April 2025. In addition, we plan to improve the effectiveness of compliance training and awareness surveys for senior management and general employees and conduct them multiple times during fiscal 2025.

**(3) Promotion of human resource mobility**

In February 2025, we established and put into operation the "Rules for the Rotation of Senior Management Personnel." In accordance with these regulations, we will regularly mobilize senior management personnel to enhance the transparency and flexibility of the organization and create an environment in which compliance incidents are unlikely to occur.

**(4) Enhancement of internal controls and internal control systems**

To enhance the checks and balances and control functions of appropriate organizations, we reviewed the regulations on authority related to expenses, including research and development expenses and entertainment expenses, in February 2025. We introduced the new regulations in March 2025.

**(5) Enhancement of the operation of the whistle-blowing system and improvement of reliability and safety**

We have introduced an internal leniency system that allows personnel involved in compliance incidents to voluntarily report or cooperate in investigations so as to receive reduced or waived disciplinary action in light of their circumstances. The system was launched in February 2025 to encourage voluntary reporting and to detect and grasp information related to compliance incidents at an early stage.

In addition, in April 2025, we established regulations for the involvement of outside officers in important whistle-blowing activities. We have developed a system that enables whistle-blowers to use the whistle-blowing system with greater peace of mind.

**(6) Maintenance of healthy business relationships with business partners**

To maintain a healthy business relationship, we have decided to conduct a questionnaire survey on compliance with partner companies on a regular basis. We have completed it for the activities conducted in fiscal 2024 and confirmed that there were no compliance incidents. We will continue to conduct the survey annually.

We have also established a system to periodically inform partner companies of the points of contact for reporting compliance incidents in order to detect them early.

**(7) Reforming the corporate culture**

Through the above efforts, we will continue to strengthen our governance structure by creating a climate in which personnel can feel safe and comfortable in pointing out wrongdoings and by establishing an open work environment in which each employee can express his or her opinions and ideas.

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