April 22, 2026

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 regarding misconduct by a former employee of the Company

We hereby announce that it has come to light that a former employee of the Company's Finance and Accounting Division misappropriated Company funds for personal use during their tenure (hereinafter, the "Misconduct").

We deeply regret that such an incident has occurred and sincerely apologize to our shareholders, investors, and all other stakeholders for the inconvenience and concern this matter has caused.

1. Overview of the Misconduct

The Misconduct was discovered at the end of February 2026 during the review process of the organizational structure and business processes for finance and accounting operations, including the development of a digital platform, which has been underway since last year. The incident initially came to light following a report by the former employee's supervisor.

A subsequent internal investigation confirmed that the former employee had, for more than ten years, misappropriated cash by making unauthorized withdrawals and transfers from the Company's bank accounts, and had intentionally falsified accounting documents and other records to conceal these acts. The total amount misappropriated is approximately 224 million yen.

2. Our response

Immediately after confirming the facts described in Section 1 above, the Company established an investigation team that included external experts such as attorneys, certified public accountants, and certified fraud examiners. Together with these experts, the Company conducted interviews with the former employee and multiple other members of the Finance and Accounting Division, performed digital forensic examinations, analyzed accounting data and various supporting documents, and carried out similar investigations at consolidated subsidiaries.

As a result, no involvement by any individuals other than the former employee has been identified, and we have confirmed that no similar incidents have occurred at any other Group companies.

In accordance with internal regulations, the former employee has already been dismissed for cause. The Company will also pursue civil and criminal liability against the individual.

3. Impact on financial results

Given that the impact of the Misconduct on previous-fiscal years consolidated financial statements is limited, the Company does not intend to revise past financial results.

There is no change to the earnings forecast for the fiscal year ending March 2026, which was announced on February 4, 2026. The Comany will disclose the financial results for the fiscal year ending March 2026 as scheduled on May 15.

4. Initiatives to prevent recurrence

The investigation found that the primary causes of the Misconduct were insufficient visibility into certain finance and accounting processes and the long-term concentration of specific tasks in a single individual.

In light of these findings, the Company will implement the following measures to prevent recurrence:

(1) Strengthening controls over finance and accounting operations through the use of digital platforms

By further expanding the use of digital platforms currently being developed for finance and accounting operations, the Company will enhance the visualization and standardization of the entire financial reporting process. In addition, measures such as clarifying roles and authorities related to payment and accounting processes and rotating job assignments will be implemented to eliminate task concentration and strengthen internal controls.

(2) Enhancing the effectiveness of internal audits

To further improve the effectiveness of audits conducted by the internal audit department, the Company will designate finance and accounting areas related to the Misconduct as priority audit areas and conduct risk-based audits. The Company will also continue to review and improve the design and operation of controls related to finance and accounting, with guidance from external experts.

(3) Strengthening management systems across the Group

The Company will also review finance and accounting operations at its domestic and overseas Group companies, further clarify Group-wide rules and management standards, and establish a system to continuously assess and confirm the design and operation of internal controls to ensure that similar incidents do not occur within the Group.

(4) Training and human resource development

The Company will provide group-based training programs for departments responsible for finance and accounting and will promote the development of personnel capable of proactively identifying and responding to fraud risks. These efforts aim to enhance sensitivity to fraud risks and ensure that similar misconduct does not recur.

We will steadily implement these measures to prevent a recurrence of the Misconduct and continuously verify and improve their implementation so as to further strengthen internal controls and restore trust.

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