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Sales strategies and front-line capabilities to capture growing markets our lineup for the global competition

Appointment as Representative Director and Senior Managing Executive Officer

Leveraging my unique experience and perspective, working with the President to lead management in a better direction

I was appointed as Representative Director and Senior Managing Executive Officer at our general shareholders' meeting in June, in our 75th year of business. In taking on a much bigger role and duties than ever before, I feel the deep responsibility to commit myself to our employees and their families, along with all of our stakeholders.

President and CEO Kobayashi, whom I have worked with for many decades, was appointed President and CEO, Representative Director in 2023. While he has held roles in our engineering and manufacturing business divisions, my career has been in the sales field. Going forward, we will strive to have more discussion and exchange of opinions in various business scenarios from our

respective viewpoints and positions, as we lead management in a better direction.

Global business expansion

Prioritize securing and nurturing human resources, and further boosting our overseas net sales ratio

TOCALO opened its first overseas business site in 2005, with the establishment of TOCALO & HAN TAI Co., Ltd. in Guangzhou, China. This marked the start of our global expansion. Exactly 20 years have passed since then, and we now have two bases in China, and one each in Taiwan, the USA, Thailand, and Indonesia, creating a network of six sites. Three of these sites handle our mainstay business, in the semiconductor and FPD fields. Overseas, our goal is to find local companies who can become our customers, and we aim to firmly root our subsidiaries in each region, developing deep ties there, and growing as a local business.

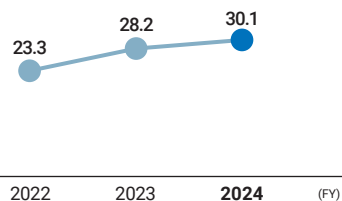
Message from the Senior Managing Executive Officer, Representative Director

Since our founding in 1951, our strength has been in our threefold approach to service, with close cooperation between (1) our R&D division, with analytical capabilities, (2) our production division, with its high-level production capability and advanced quality management, and (3) our sales division, with sales engineers who respond flexibly to customer needs. At our overseas sites, we also prioritize nurturing of human resources to drive the creation of a structure that leverages TOCALO's character.

For this reason, we established our Global experience program in fiscal 2022, still ongoing, which includes language lessons, training with external lecturers, and trial visits to overseas customers. [▶ Page 36](#)

Overseas business is experiencing significant growth, accounting for 30.1% of net sales in fiscal 2024, a 6.8 point increase from fiscal 2022. One reason the overseas business net sales ratio is growing substantially is increasing demand in the semiconductor and FPD fields in China and Taiwan. The global semiconductor market is

Ratio of overseas sales (%)



forecast to grow to be worth around \$1 trillion in 2030. Presently in the USA there is an increasing trend to reverse the off-shoring of manufacturing bases in a wide range of fields, and we anticipate construction and launch of semiconductor-related plants to continue to increase. Going forward, TOCALO's overseas business net sales ratio will likely be led by the USA in addition to China and Taiwan. I believe that securing and nurturing human resources able to flourish in the global market will become increasingly important as a measure to continue further boosting overseas business as a proportion of total net sales.

TOCALO's strengths

Good Service realized by our R&D, manufacturing, and sales divisions

Quality, cost, delivery, and service (QCDS) is an indicator commonly used in the manufacturing front-line. These four aspects are firmly integrated into the work of all TOCALO's business divisions.

Our R&D division carefully analyzes customer feedback to respond to their needs. There is continuous demand for high-level technical capabilities and precise analysis skills, and by sharing these, we are boosting our intellectual capital.

Our production division's strength is its ability to flexibly expand production capacity in response to customer

requirements. For example, even if order volume suddenly doubles, we have in place the facilities and capital to handle it.

The sales engineers of our sales division, who deal directly with customers, work to accurately grasp customer requirements, which they communicate to the production and R&D front-line, cooperating closely with each division to ascertain how to achieve this.

I also worked in the sales division for many years, but I am conscious of the fact that, for my first ten years, I could not fully stand on my own two feet, partly because of my humanities background. I therefore made extra effort to comprehend customer needs. If I was uncertain about any technical or manufacturing aspect, I devised a way to deal with it, sometimes inviting members of the R&D or production division to accompany me on customer visits. Because of such experiences, I am certain that, while the sales division is the customer's contact point, close cooperation with the R&D and production divisions enables us to offer service that satisfies customers, from receiving an order through to delivery and after-sales service.

Promotion of diversity

Creating workplaces where the younger generation can flourish

In order to recruit human resources with high

potential, I believe it is important to further promote diversity. More than anything, creating workplaces where the younger generation can flourish is crucial to the future of TOCALO.

At present, women still account for just 12.5% of our full-time employees, and 17.4% of our overall direct hires. To date, we have organized systems to directly and indirectly assist female employees, including support for their work and child-rearing. Evaluation of these systems has earned us Kurumin Plus certification and Eruboshi certification of the highest three-star level.

Going forward, we will strive to further advance the creation of workplaces where employees feel happy to work for many years, where they feel job satisfaction, and where they can easily work while balancing their jobs with home duties or with child-rearing.

