(TSE Prime Market Code 3433)

New possibilities for a bright future

Financial Summary FY2024 (April 2024 – March 2025)

(5/20/2025)

Kazuya Kobayashi
President and CEO, Representative Director

TOCALO トーカロ株式会社

Content

Copyright (c) TOCALO Co.,Ltd. All rights reserved.

1. Overview of Consolidated Results FY2024

Highlights of Consolidated Results FY2024

POINT

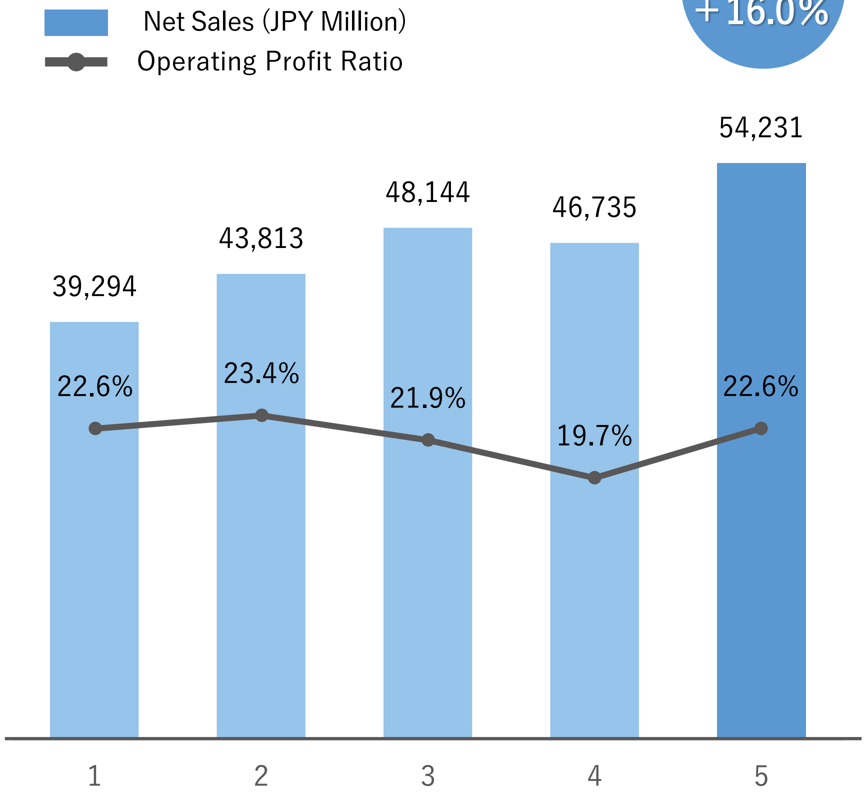
Record-high net sales due to a recovery in the semiconductor field

POINT

Ordinary profit also exceeded the level from two fiscal years ago, setting a new record high

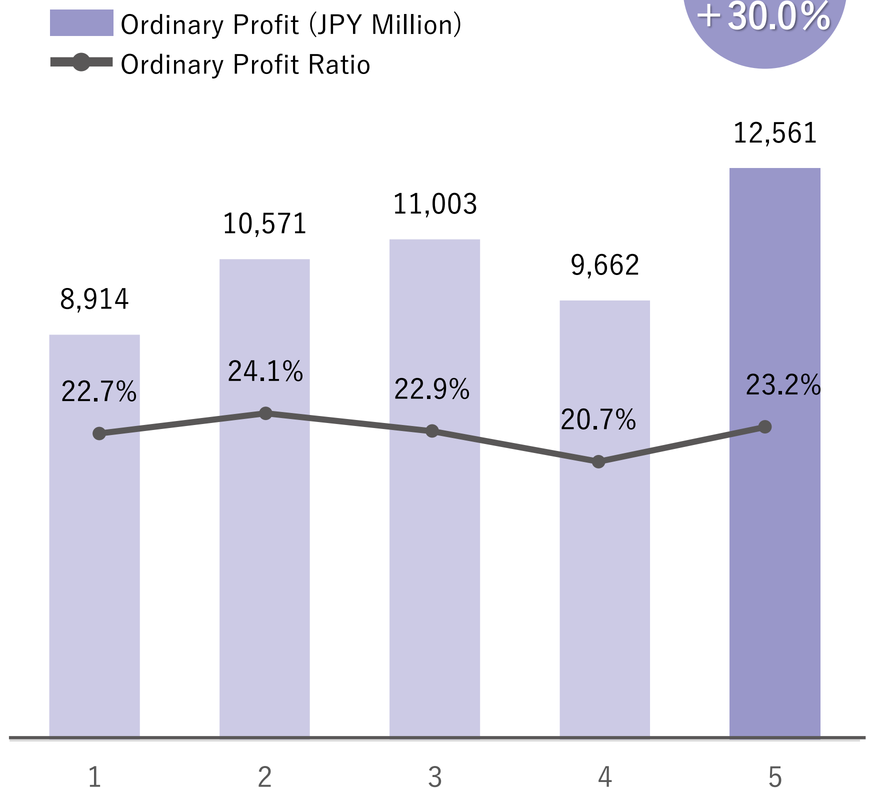
Net Sales

Change
+16.0%



Ordinary Profit

Change
+30.0%

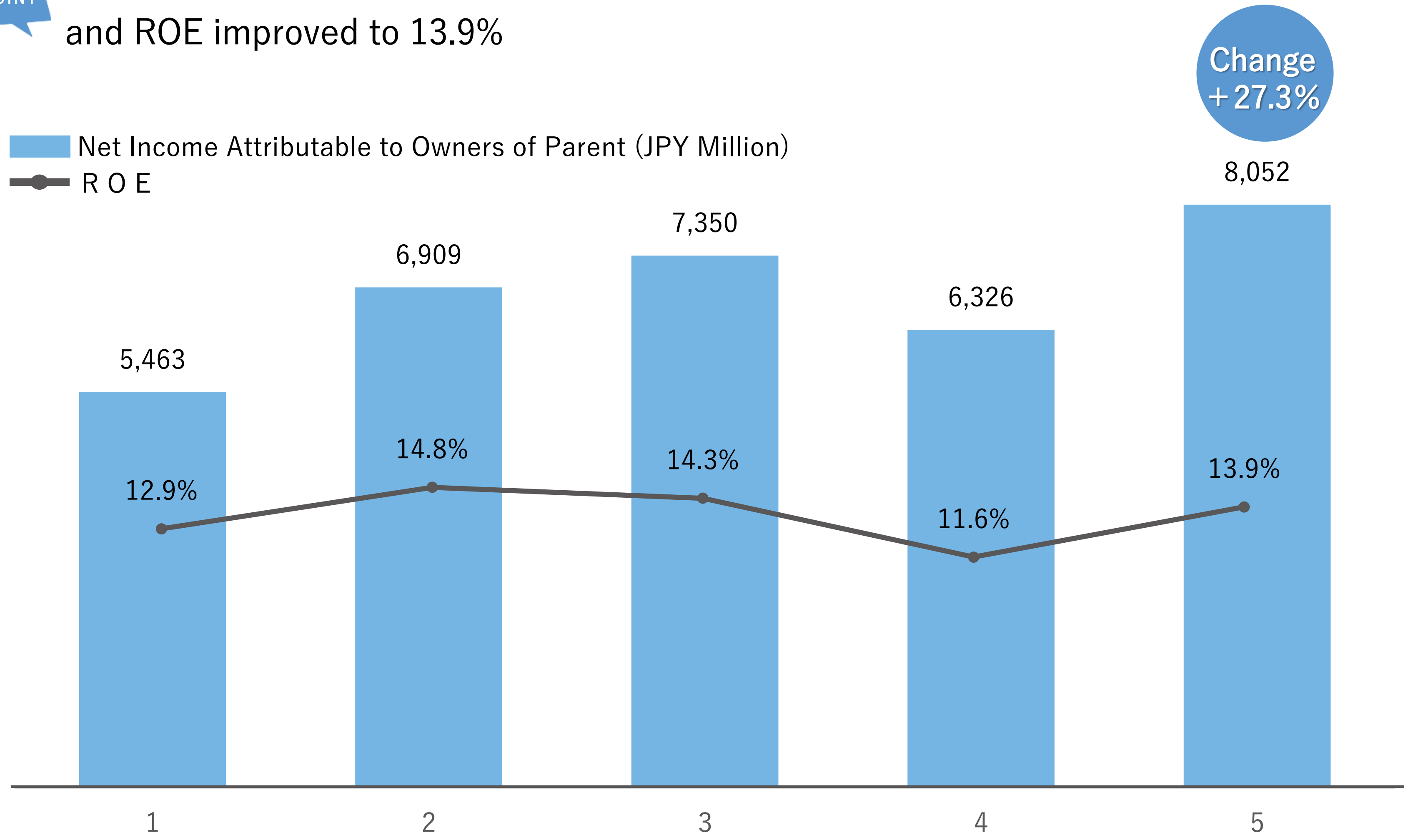


Copyright (c) TOCALO Co.,Ltd. All rights reserved.

Consolidated Results FY2024
Net Income Attributable to Owners of Parent and ROE

POINT

Net income attributable to owners of parent increased by 27.3% year-on-year, and ROE improved to 13.9%



Copyright (c) TOCALO Co.,Ltd. All rights reserved.

Overview of Consolidated Results (P/L) FY2024

- Net sales increased by 16.0% year-on-year due to a rise in orders in the semiconductor field
- Ordinary profit rose by 30.0% year-on-year due to increased sales in the high-margin semiconductor field

(JPY Million)	FY2023		FY2024		Change	
	Result	Ratio	Result	Ratio	Amount	%
Net Sales	46,735	100.0%	54,231	100.0%	7,495	16.0%
Operating Profit	9,197	19.7%	12,271	22.6%	3,074	33.4%
Ordinary Profit	9,662	20.7%	12,561	23.2%	2,898	30.0%
Net Income Attributable to Owners of Parent	6,326	13.5%	8,052	14.8%	1,725	27.3%
Earnings Per Share (EPS)	105.53JPY	—	135.45JPY	—	29.92JPY	—

Copyright (c) TOCALO Co.,Ltd. All rights reserved.

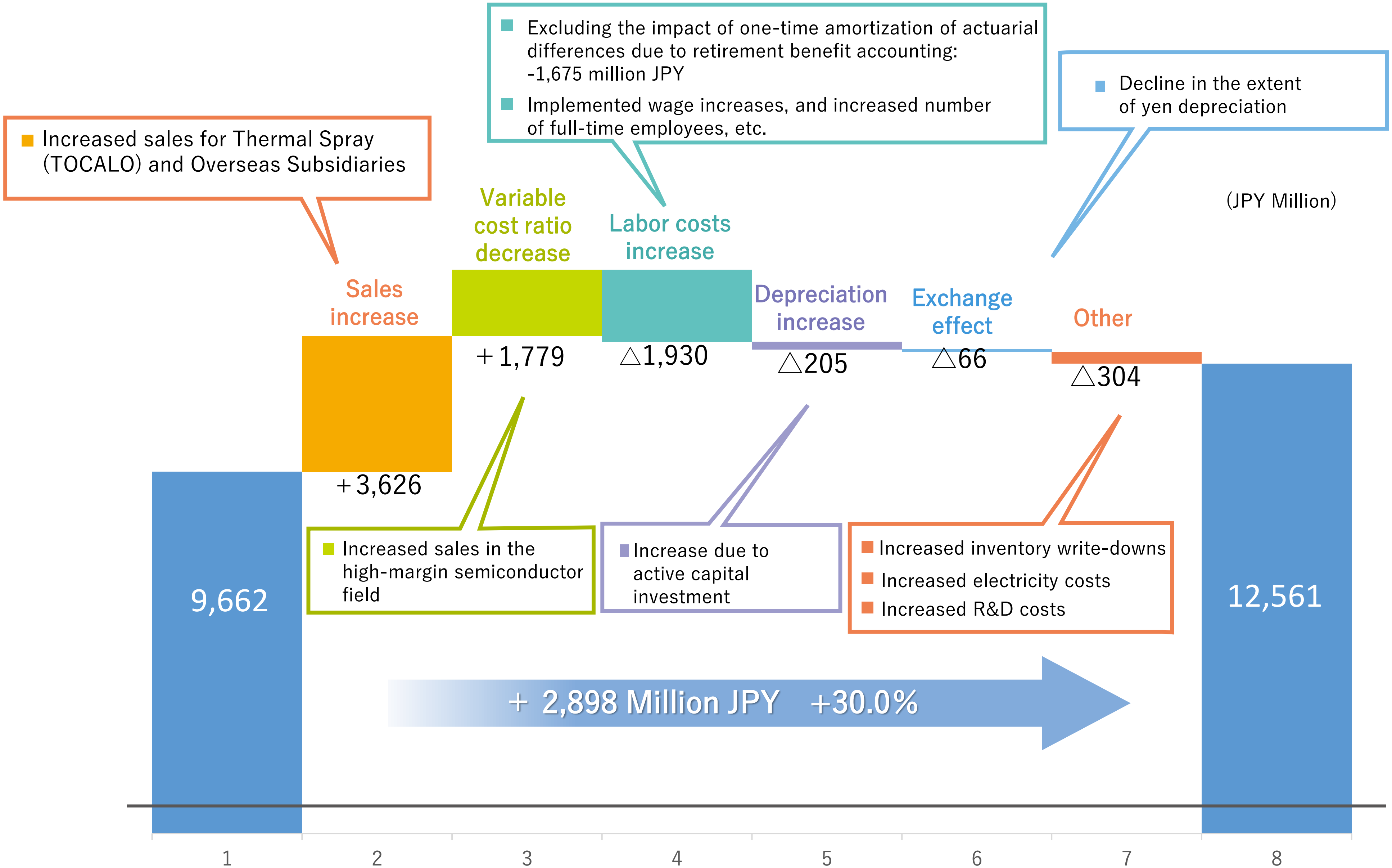
FY2024 Net Sales (by Segment)

- Thermal Spray (TOCALO), the largest segment, drove net sales with a 15.8% increase year-on-year
- Overseas subsidiaries also performed well, with a 28.4% increase

(JPY Million)	FY2023		FY2024		Change	
	Result	Ratio	Result	Ratio	Amount	%
Net Sales	46,735	100.0%	54,231	100.0%	7,495	16.0%
Thermal Spray (TOCALO)	33,859	72.4%	39,213	72.3%	5,354	15.8%
Semicon & FPD	19,557	41.8%	24,114	44.5%	4,557	23.3%
Industrial Parts	4,923	10.5%	4,872	9.0%	-51	-1.0%
Iron & Steel	3,651	7.8%	3,927	7.2%	276	7.6%
Others	5,727	12.3%	6,298	11.6%	571	10.0%
Other Surface Modif.	3,019	6.5%	2,880	5.3%	-138	-4.6%
Domestic Sub.	2,457	5.3%	2,656	4.9%	198	8.1%
Overseas Sub.	7,257	15.5%	9,319	17.2%	2,061	28.4%
Royalty Income	141	0.3%	161	0.3%	19	13.7%

Copyright (c) TOCALO Co.,Ltd. All rights reserved.

Analysis of Ordinary P/L Change



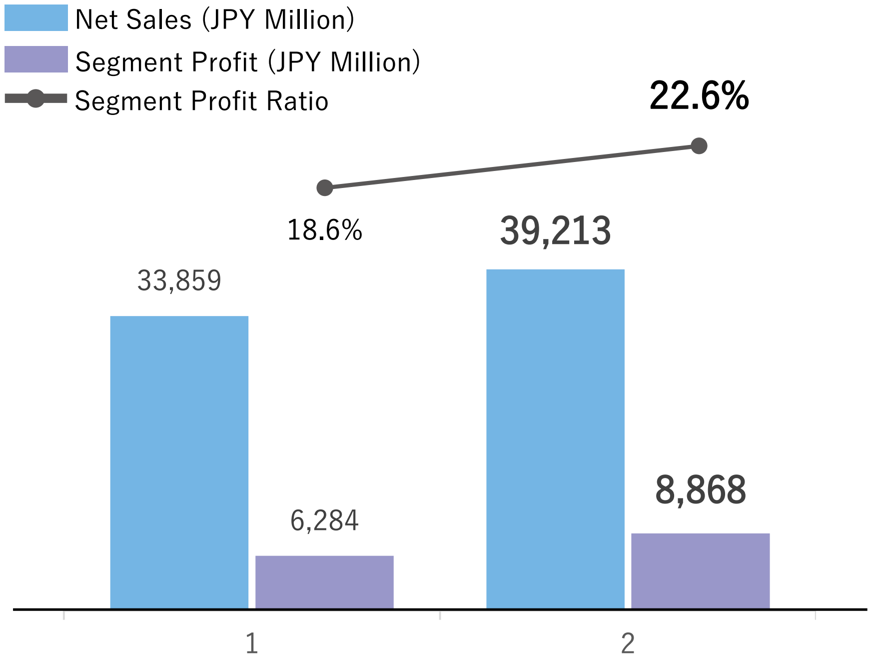
Copyright (c) TOCALO Co.,Ltd. All rights reserved.

FY2024 Consolidated Results by Segment

Thermal Spray (TOCALO)

Both sales and profits increased due to the recovery in the semiconductor field, along with strong performance in the iron & steel and other fields

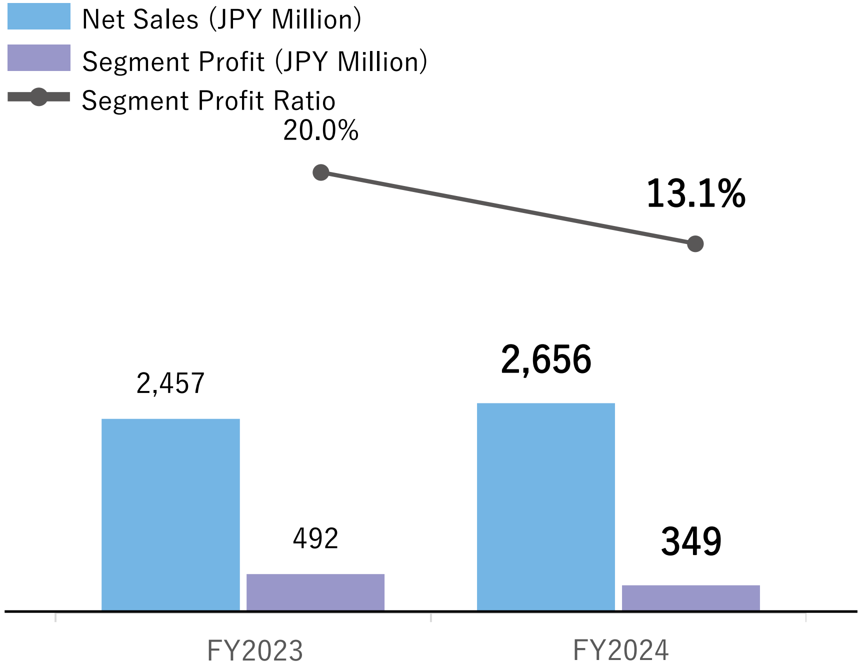
YoY Change Ratio
Net Sales ··· ··· ··· +15.8%
Segment Profit ··· +41.1%



Domestic Sub.

Although consolidating TERADA KOSAKUSHO contributed to higher sales, profits decreased due to sluggish sales of cutting tools at Japan Coating Center

YoY Change Ratio
Net Sales ··· ··· ··· +8.1%
Segment Profit ··· -29.1%



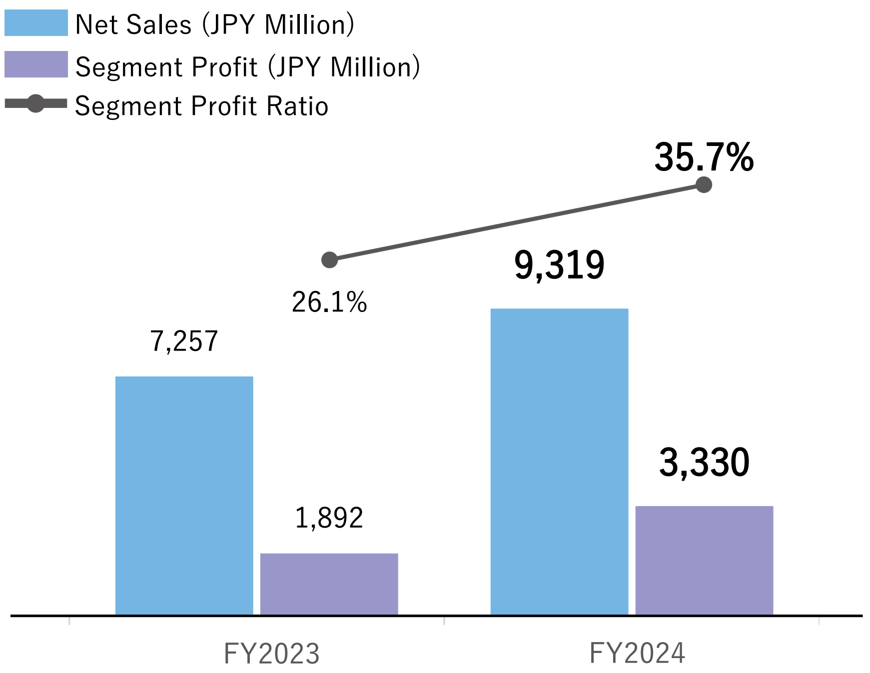
Copyright (c) TOCALO Co.,Ltd. All rights reserved.

FY2024 Consolidated Results by Segment

Overseas Sub.

Both sales and profits increased due to sales growth in the semiconductor and iron & steel fields

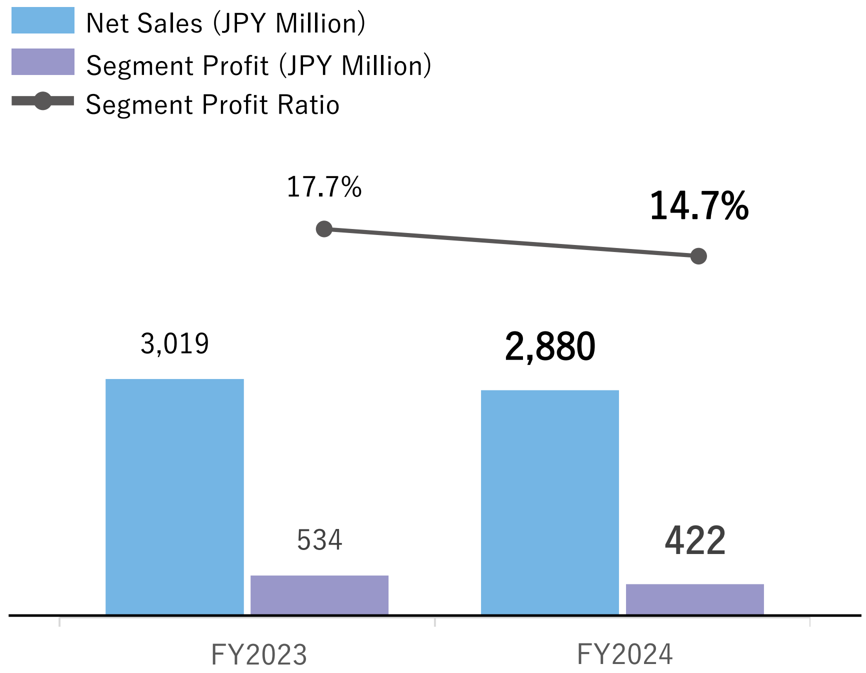
YoY Change Ratio
Net Sales ··· ··· ··· +28.4%
Segment Profit ··· +76.0%



Other Surface Modif.

Both sales and profits declined as orders for agricultural machinery parts entered an inventory adjustment phase

YoY Change Ratio
Net Sales ··· ··· ··· -4.6%
Segment Profit ··· -21.0%



Copyright (c) TOCALO Co.,Ltd. All rights reserved.

Segment Information

(JPY Million)	FY2023		FY2024		Change			
					Net Sales		Segment P/L	
	Net Sales	P/L	Net Sales	P/L	Amount	%	Amount	%
Thermal Spray (TOCALO)	33,859	6,284	39,213	8,868	5,354	15.8%	2,583	41.1%
Domestic Sub.	2,457	492	2,656	349	198	8.1%	-143	-29.1%
Overseas Sub.	7,257	1,892	9,319	3,330	2,061	28.4%	1,438	76.0%
Other Surface Modif.	3,019	534	2,880	422	-138	-4.6%	-112	-21.0%
Total	46,593	9,204	54,069	12,970	7,476	16.0%	3,765	40.9%

(Note) Royalty Income is not included in the Segment Net Sales

Copyright (c) TOCALO Co.,Ltd. All rights reserved.

Financial Position

- Total assets increased 3,700 million JPY from the end of the previous period (tangible fixed assets increased 2,300 million JPY)
- Equity ratio increased 3.1 percentage points from the end of the previous fiscal year to 74.3%
- Interest-bearing debt decreased by 1,200 million JPY from the end of the previous period

(JPY Million)	FY2023	FY2024
	2H	2H
Total Assets	77,940	81,676
Equity	55,460	60,646
Equity Ratio	71.2%	74.3%
Interest-bearing Debt	5,002	3,796

Copyright (c) TOCALO Co.,Ltd. All rights reserved.

Cash Flow

- Free Cash Flow (Operating CF + Investment CF) +2,800 million JPY
- Investment CF/Acquisition of tangible fixed assets

  Previous term: -4,700 million JPY　　Current term: -5,500 million JPY
- Financial CF/Dividends paid

  Previous term: -3,100 million JPY　　Current term: -3,400 million JPY

  Acquisition and disposal of treasury shares

  Previous term: -2,000 million JPY　　Current term: —

(JPY Million)	FY2023 Full year	FY2024 Full year
Operating CF	7,877	9,077
Investment CF	-4,634	-6,194
Financial CF	-3,241	-5,124
Cash Balance	19,656	17,591

Copyright (c) TOCALO Co.,Ltd. All rights reserved.

2. Forecast for FY2025

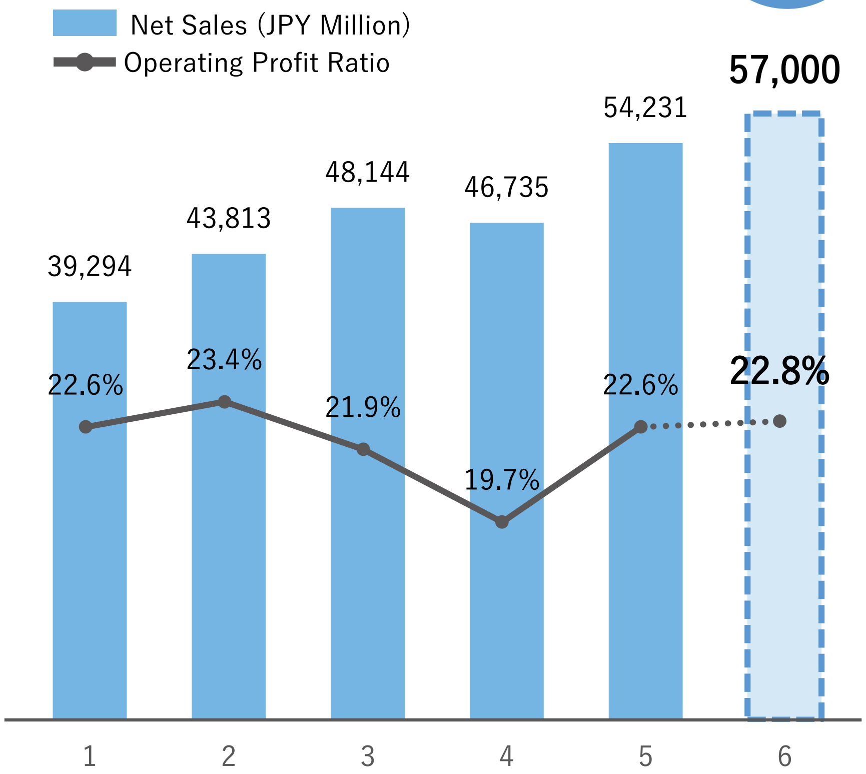
Outlook for Net Sales and Ordinary Profit

POINT

The semiconductor field is expected to remain strong, with net sales projected to reach a record high

Net Sales

Change +5.1%

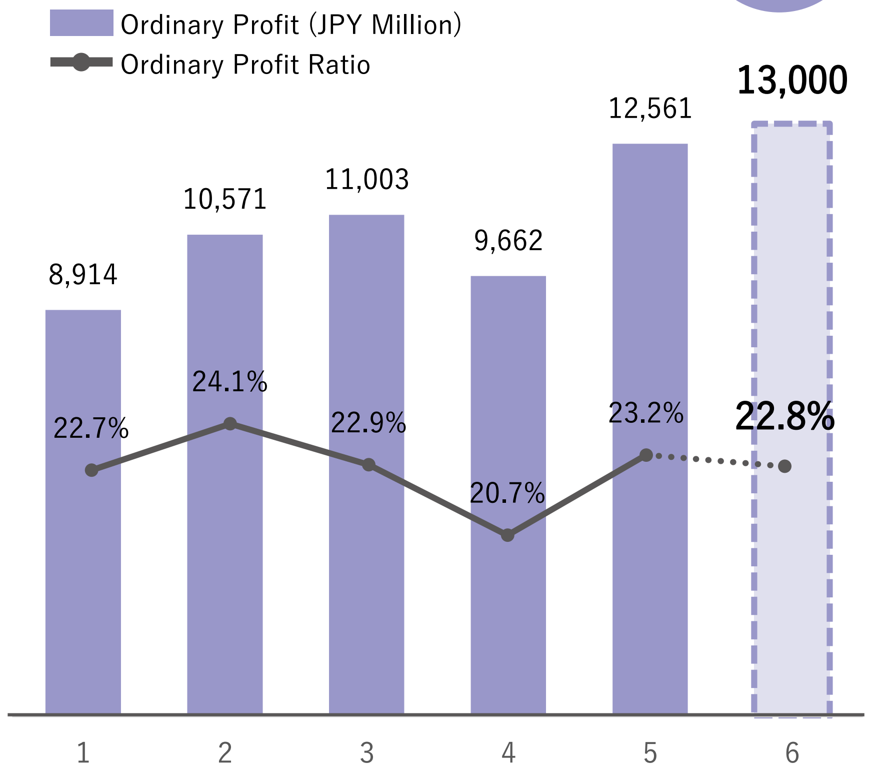


POINT

Alongside increasing sales, ordinary profit is also expected to hit a new record high

Ordinary Profit

Change +3.5%



Copyright (c) TOCALO Co.,Ltd. All rights reserved.

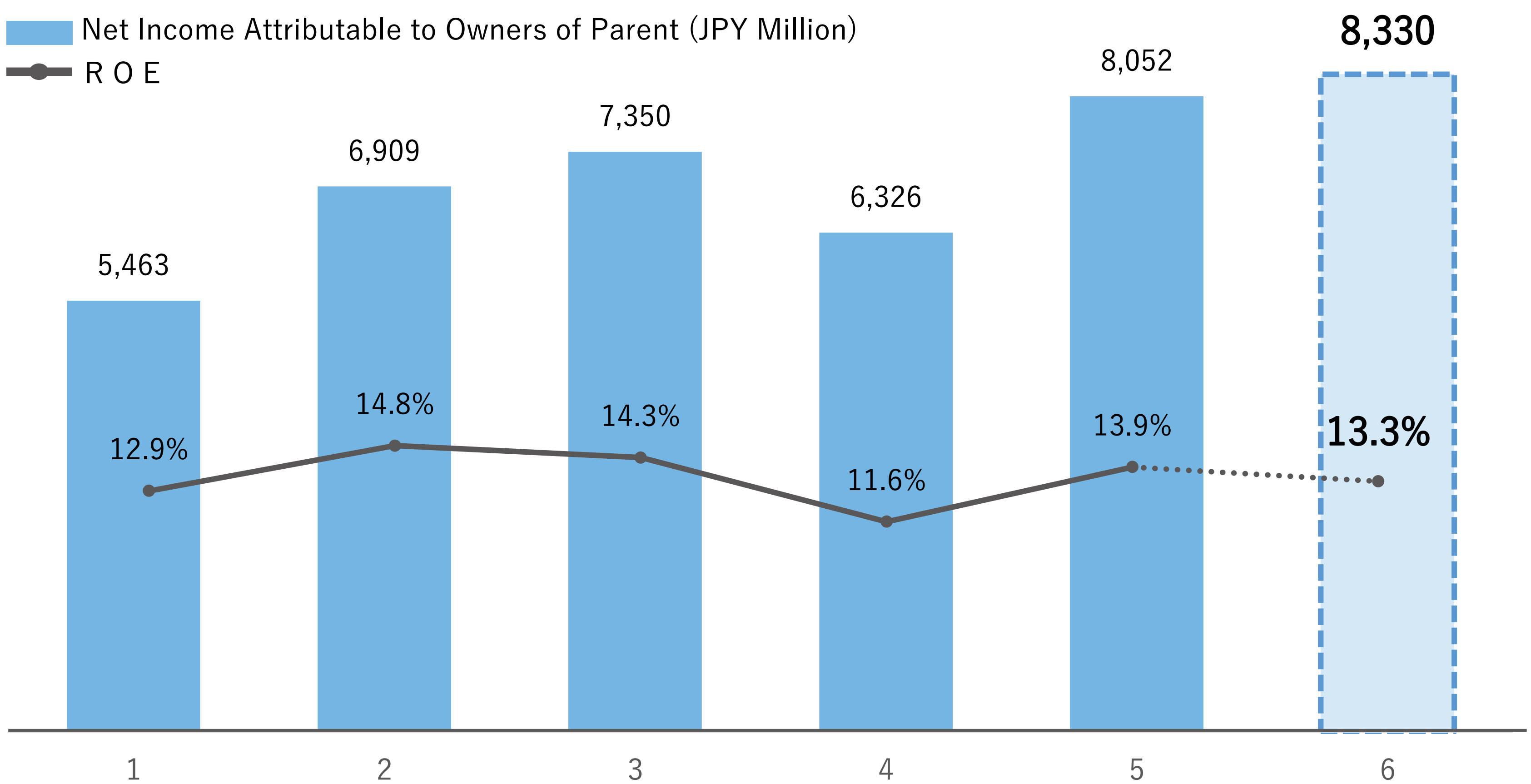
Outlook for Net Income Attributable to Owners of Parent and ROE

POINT

Net income attributable to owners of parent is forecast to increase by 3.4% year-on-year

ROE is forecast to remain almost unchanged at 13.3%

Change +3.4%



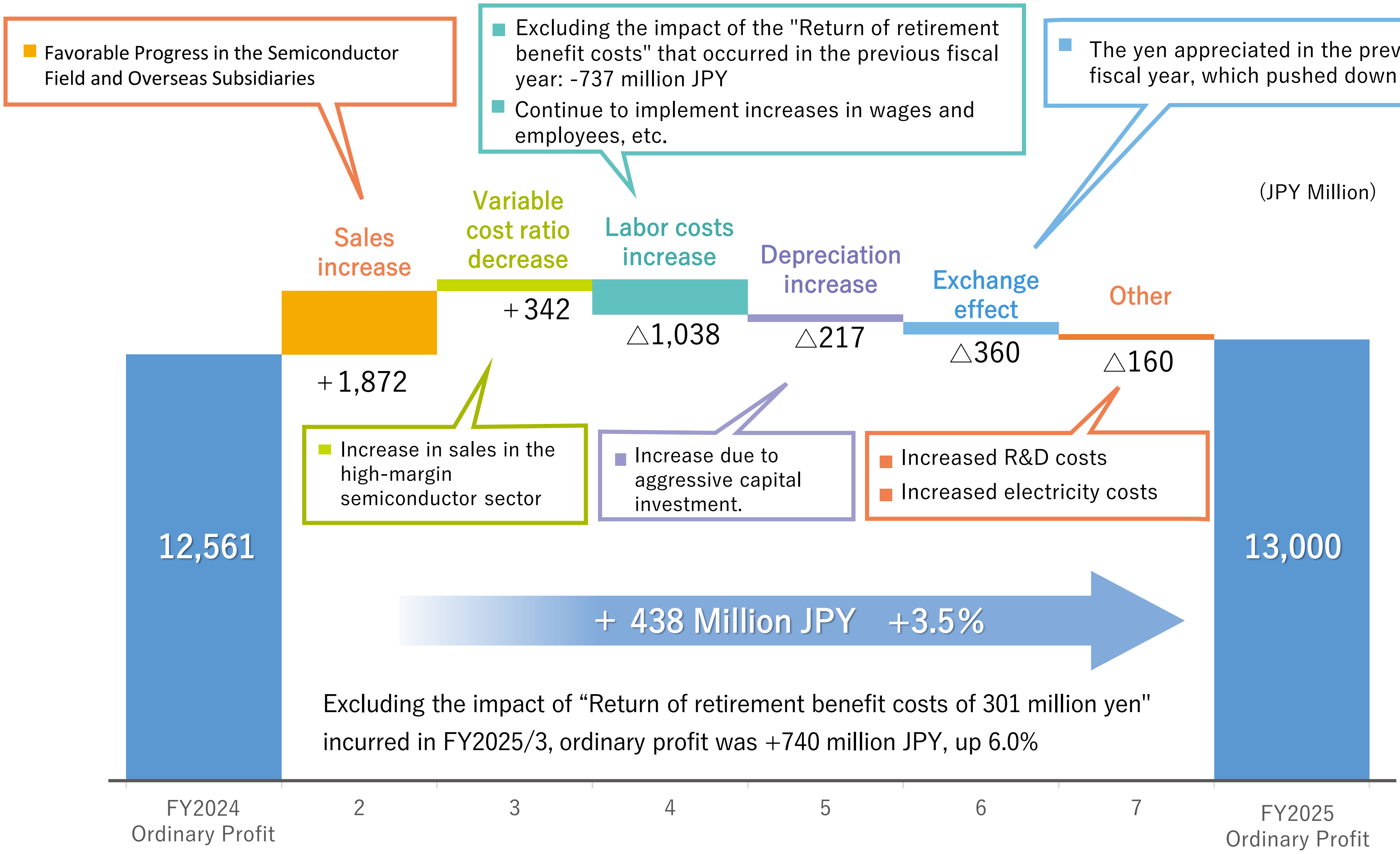
Copyright (c) TOCALO Co.,Ltd. All rights reserved.

Consolidated Forecast FY2025

(JPY Million)	FY2024		FY2025		Change	
	Result	Ratio	Forecast	Ratio	Amount	%
Net Sales	54,231	100.0%	57,000	100.0%	2,768	5.1%
Thermal Spray (TOCALO)	39,213	72.3%	39,265	68.9%	51	0.1%
Semicon & FPD	24,114	44.5%	25,187	44.2%	1,072	4.4%
Industrial Parts	4,872	9.0%	4,338	7.6%	-534	-11.0%
Iron & Steel	3,927	7.2%	4,110	7.2%	182	4.6%
Others	6,298	11.6%	5,630	9.9%	-668	-10.6%
Other Surface Modif.	2,880	5.3%	2,474	4.3%	-406	-14.1%
Domestic Sub.	2,656	4.9%	3,088	5.4%	431	16.3%
Overseas Sub.	9,319	17.2%	12,013	21.1%	2,693	28.9%
Royalty Income	161	0.3%	160	0.3%	-1	-0.8%
Operating Profit	12,271	22.6%	13,000	22.8%	728	5.9%
Ordinary Profit	12,561	23.2%	13,000	22.8%	438	3.5%
Net Income Attributed to Owners of Parent	8,052	14.8%	8,330	14.6%	277	3.4%
Earnings Per Share (EPS)	135.45JPY	—	140.11JPY	—	4.66JPY	—
Return on Equity (ROE)	13.9%	—	13.3%	—	-0.6pt	—

Copyright (c) TOCALO Co.,Ltd. All rights reserved.

Consolidated Forecast FY2025
Analysis of Ordinary Profit P/L Change



Copyright (c) TOCALO Co.,Ltd. All rights reserved.

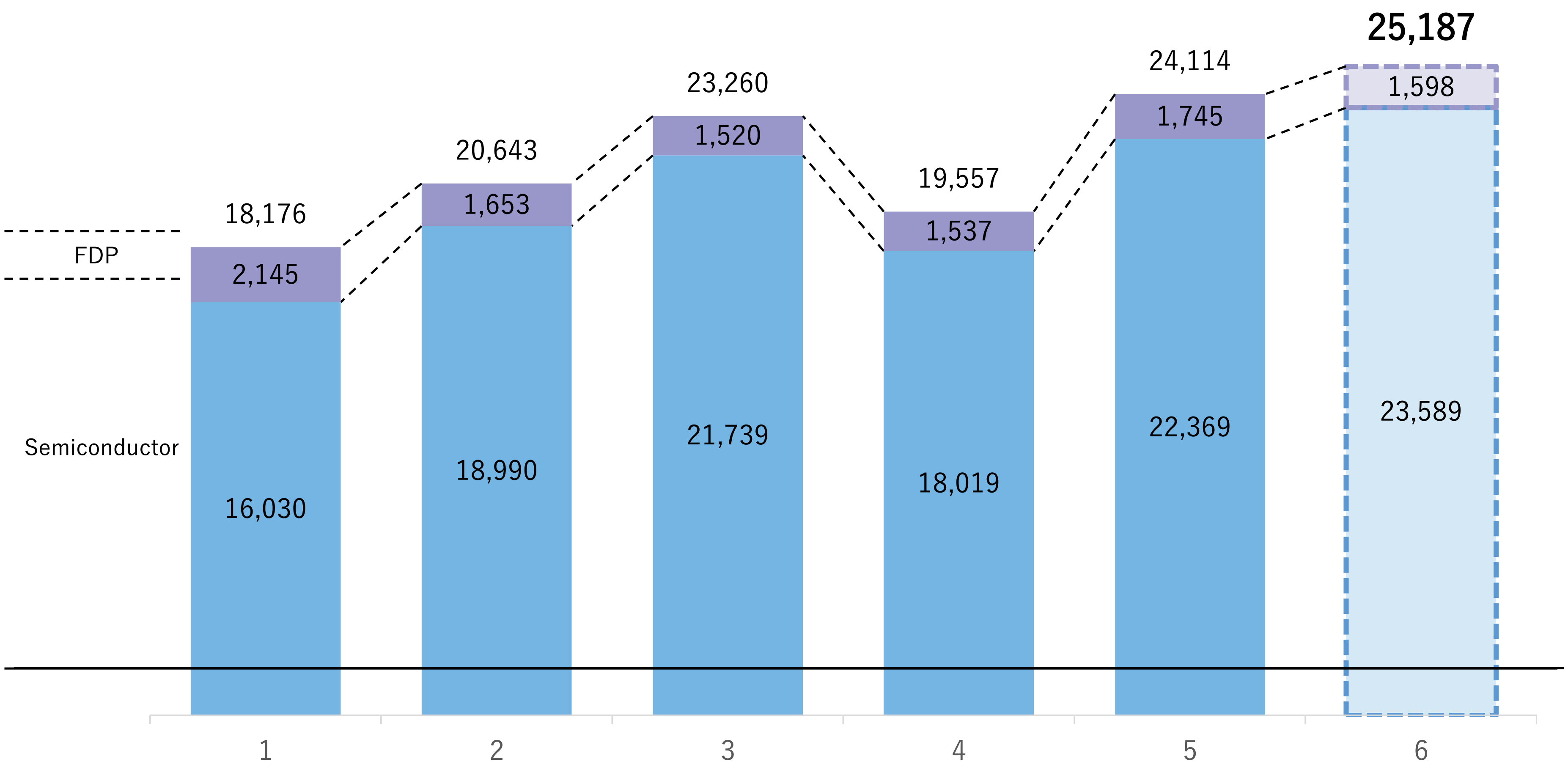
Semiconductor & FPD Net Sales

POINT

The semiconductor field is expected to remain strong this fiscal year, as demand remains high

Change +4.4%

(JPY Million)



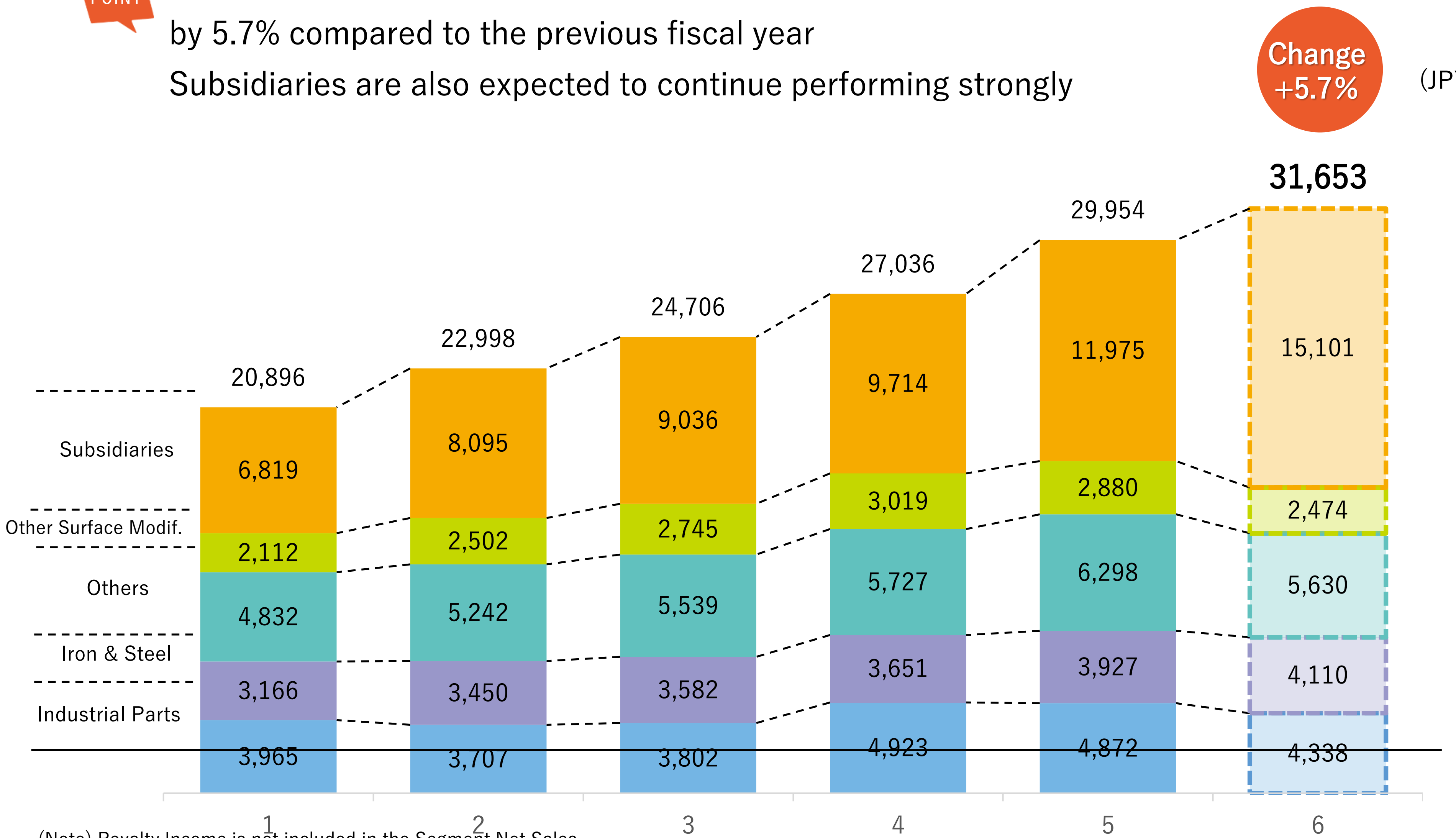
Copyright (c) TOCALO Co.,Ltd. All rights reserved.

Non-Semiconductor & FPD Net Sales

POINT

Net sales in non-semiconductor & FPD fields are expected to increase by 5.7% compared to the previous fiscal year

Subsidiaries are also expected to continue performing strongly



(Note) Royalty Income is not included in the Segment Net Sales

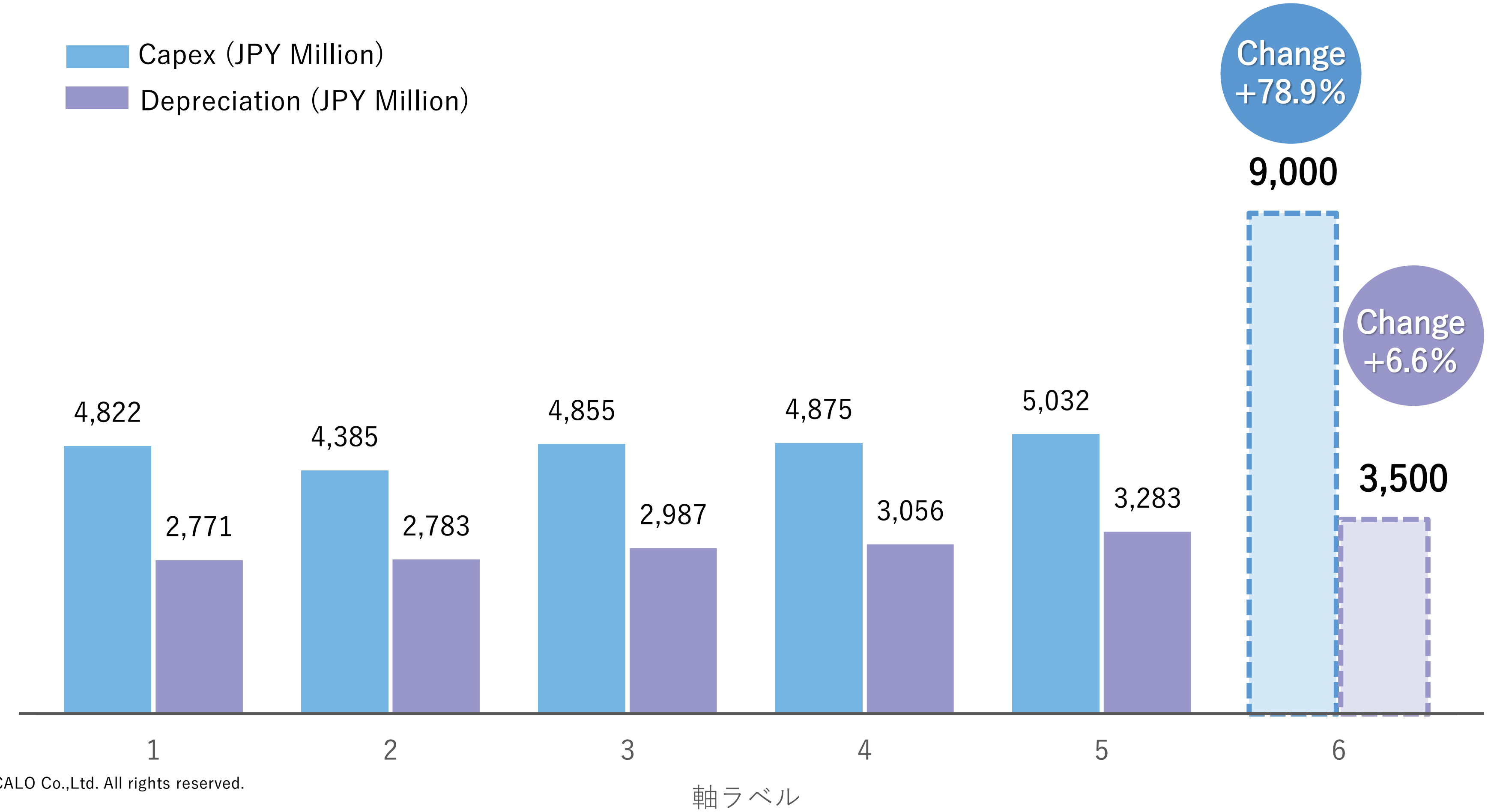
Copyright (c) TOCALO Co.,Ltd. All rights reserved.

Capital Investment and Depreciation

POINT

Planned capex for FY2025: 9,000 million JPY

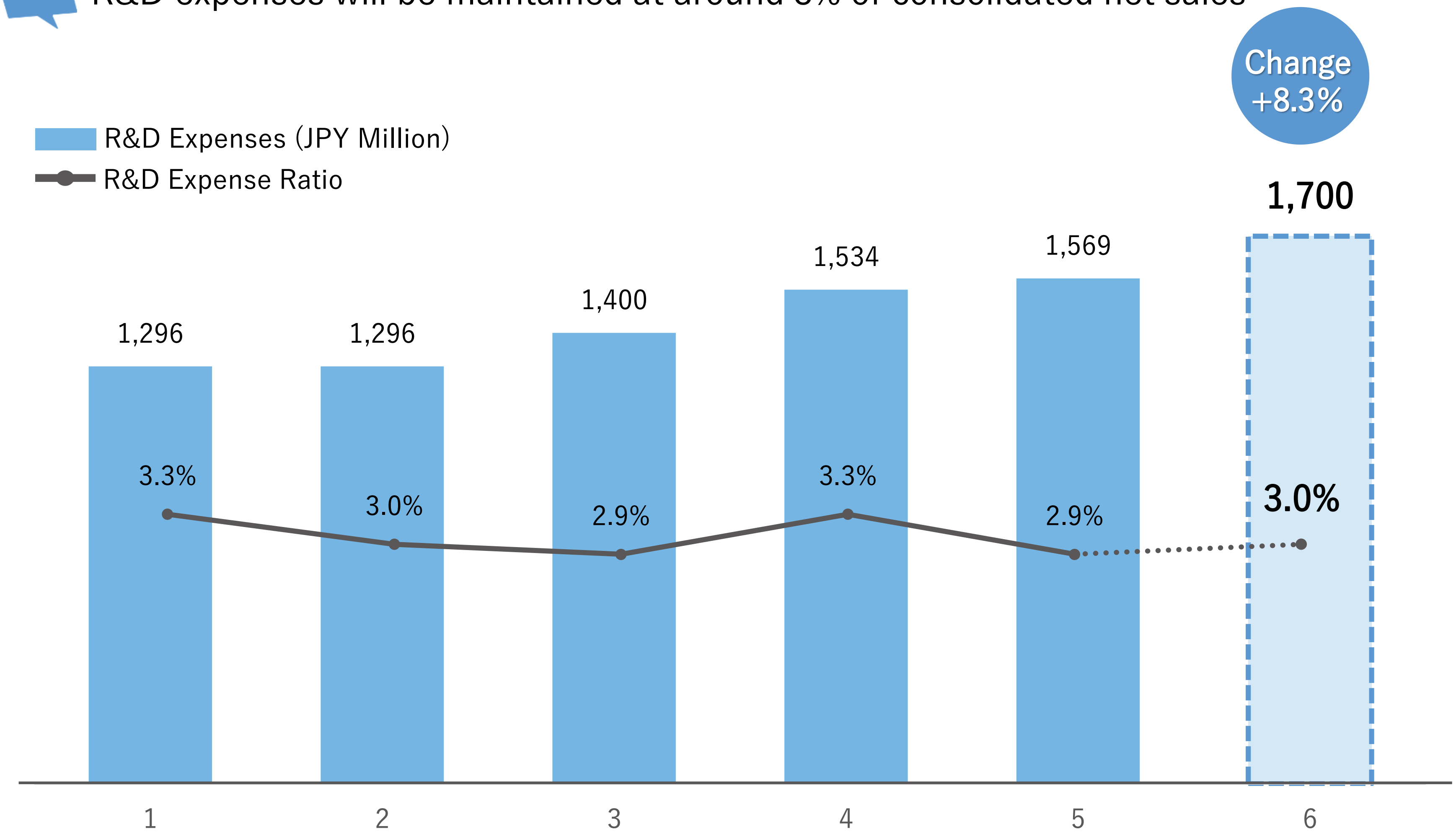
- Tocalo 7,000 million JPY: Construction of new buildings at the Tokyo and Kitakyushu plants, capacity expansion and production efficiency, and research facilities, etc.
- Domestic Subsidiaries 800 million JPY: Construction of new buildings at TERADA KOSAKUSHO, and increased production capacity at Japan Coating Center, etc.
- Overseas subsidiaries: 1,200 million JPY: Launch of new plants at TOCALO & HANTAI (KUNSHAN) and at TOCALO & HAN TAI TW



Copyright (c) TOCALO Co.,Ltd. All rights reserved.

R&D Expenses

POINT R&D expenses will be maintained at around 3% of consolidated net sales



Copyright (c) TOCALO Co.,Ltd. All rights reserved.

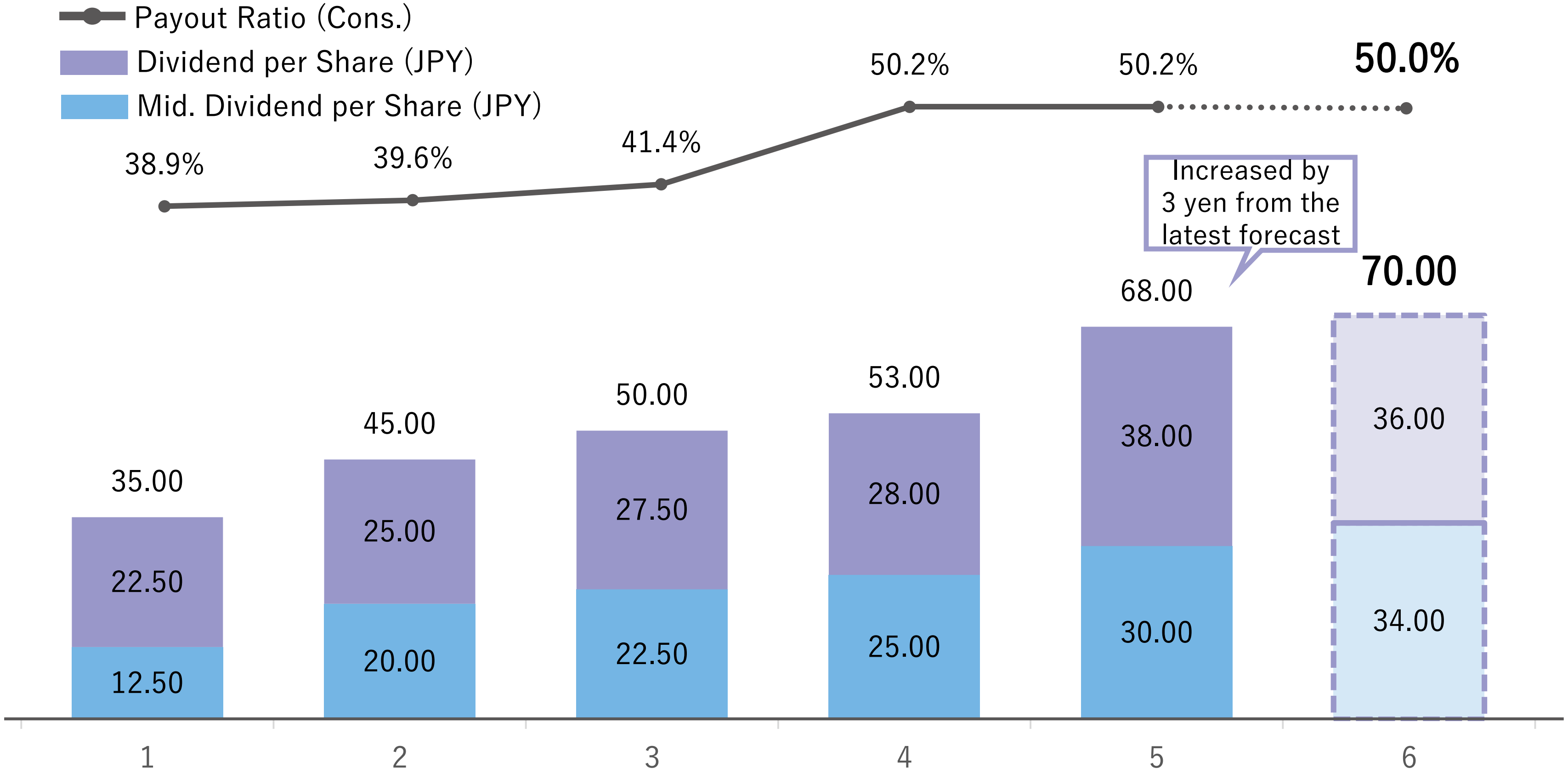
Dividends

POINT

Due to higher revenue, the annual dividend for FY2025 is scheduled to be increased to 70 JPY per share

Shareholder Return Policy

- We are targeting a consolidated dividend payout ratio of around 50%, and a dividend on equity (DOE) ratio of at least 5%
- Acquisition of treasury stock will also be flexibly conducted, taking into consideration the business environment and the company's financial situation

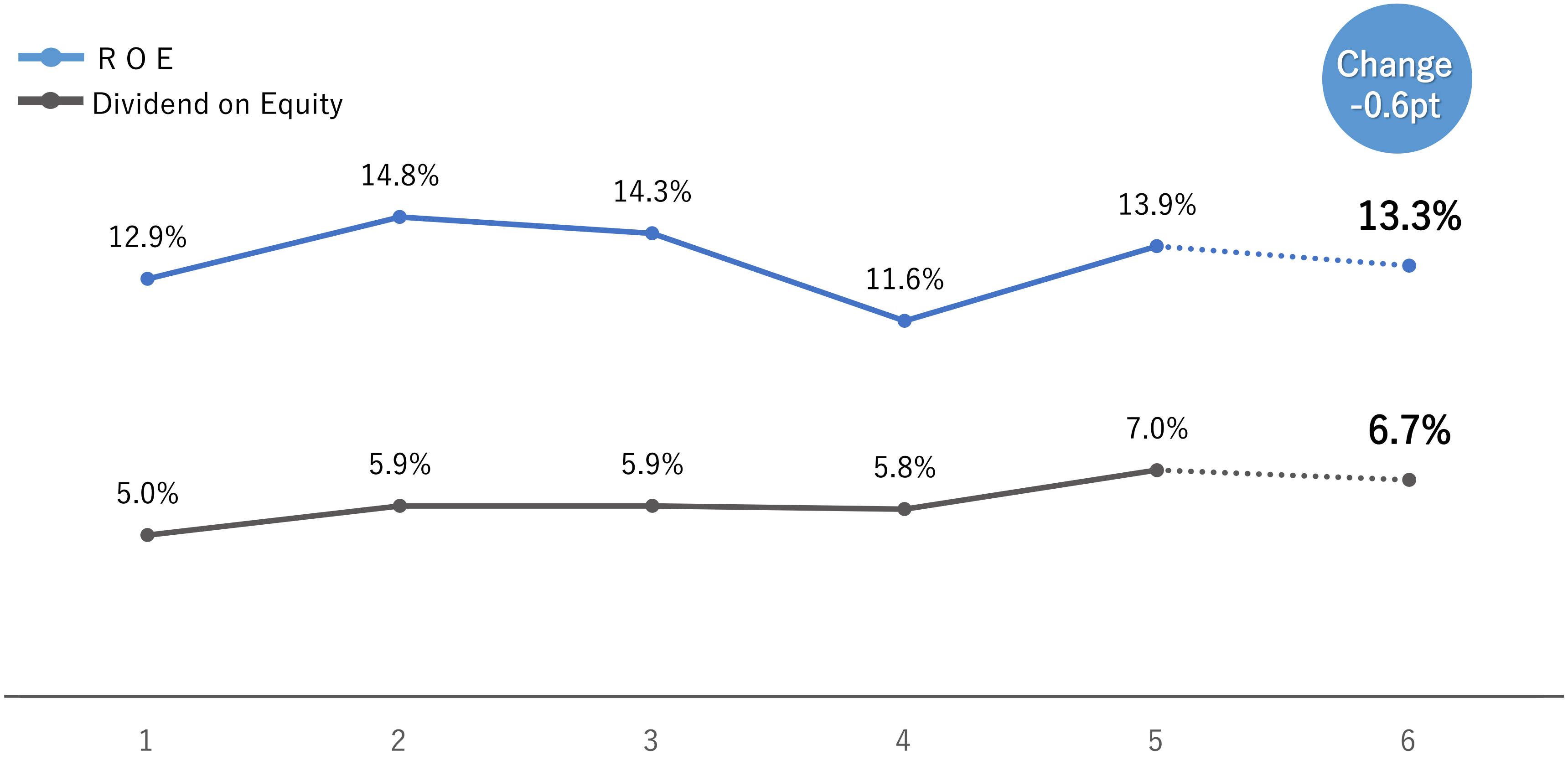


Copyright (c) TOCALO Co.,Ltd. All rights reserved.

ROE and DOE

POINT

Although ROE* is expected to slightly decline to 13.3%, DOE* is projected to reach 6.7%, exceeding the target of 5%



* ROE (Return on Equity) = Net income / Average equity during the period

* DOE (Dividend on Equity) = Dividend per share / Average net assets per share during the period (= ROE × Dividend payout ratio)

Copyright (c) TOCALO Co.,Ltd. All rights reserved.

3. Topics

① Received the Environmental Excellence Award from Tokyo Electron Ltd.
② Building a supply chain that contributes to a sustainable society
③ Initiatives for safety and health
④ Construction of new plant buildings to support future growth
⑤ Selected for the Growth Investment Subsidy by the Ministry of Economy, Trade and Industry

① Received the Environmental Excellence Award from Tokyo Electron Ltd.

We were honored with the Environmental Partner Award at the TEL Partners Day hosted by Tokyo Electron Ltd.

Reason for the award:

Our technology, which reduces CO_2 emissions during part manufacturing processes, was recognized for making significant contribution to Tokyo Electron's efforts to achieve net zero, and we were one of four Tokyo Electron partner companies selected from all partner companies to receive the award.

Going forward, we will continue to take on the challenge of developing innovative technologies and creating new value as a trusted partner to our customers.

② Building a supply chain that contributes to a sustainable society

Held a Partner Appreciation Event

Purpose: Expressing gratitude to business partners and strengthening relationships
Locations: Held at all business sites
No. of participating companies: 95 in total

Established the Sustainable Procurement Guidelines (August 2024)

Content of the Guidelines

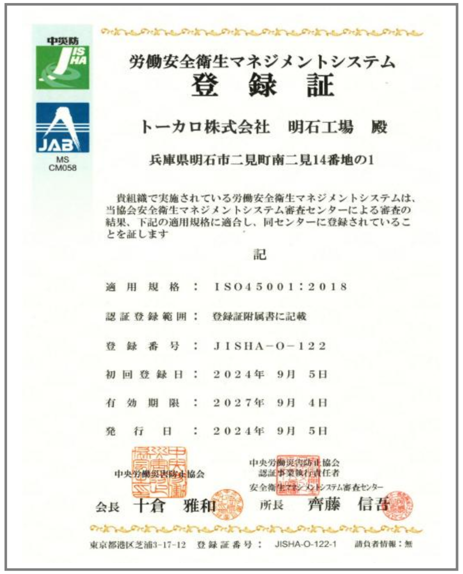
1. Legal compliance and respect for international codes
2. Human rights/labor
3. Health and safety
4. Environment
5. Fair trading/ethics
6. Safety/quality
7. Information security
8. Business continuity plan

③ Initiatives for safety and health

All of our plants and offices have acquired ISO45001/JISQ45100 certification

All of our plants and offices have acquired certification for the ISO 45001 international standard and the JIS Q 45100 Japanese Industrial Standard for occupational health and safety management systems.

Our safety and health policy is based on the principle that “safety takes precedence over everything.”, and we will strive to create a bright and rewarding workplace for safety and the health of all employees.


中災防 JISHA
JAB MS CM058

労働安全衛生マネジメントシステム
登　録　証

トーカロ株式会社　明石工場　殿

兵庫県明石市二見町南二見14番地の1

貴組織で実施されている労働安全衛生マネジメントシステムは、当協会安全衛生マネジメントシステム審査センターによる審査の結果、下記の適用規格に適合し、同センターに登録されていることを証します

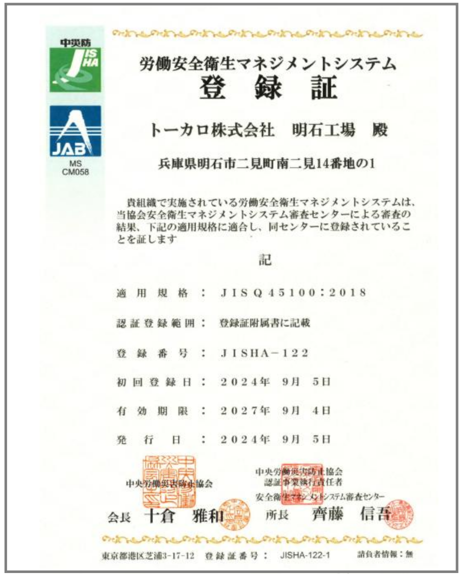
記

適用規格：ＩＳＯ４５００１：２０１８
認証登録範囲：登録証附属書に記載
登録番号：ＪＩＳＨＡ－Ｏ－１２２
初回登録日：２０２４年　９月　５日
有効期限：２０２７年　９月　４日
発行日：２０２４年　９月　５日

中央労働災害防止協会
会長　十倉　雅和

中央労働災害防止協会
認証事業執行責任者
安全衛生マネジメントシステム審査センター
所長　齊藤　信吾

東京都港区芝浦3-17-12　登録証番号：　JISHA-O-122-1　請負者情報：無


中災防 JISHA
JAB MS CM058

労働安全衛生マネジメントシステム
登　録　証

トーカロ株式会社　明石工場　殿

兵庫県明石市二見町南二見14番地の1

貴組織で実施されている労働安全衛生マネジメントシステムは、当協会安全衛生マネジメントシステム審査センターによる審査の結果、下記の適用規格に適合し、同センターに登録されていることを証します

記

適用規格：ＪＩＳＱ４５１００：２０１８
認証登録範囲：登録証附属書に記載
登録番号：ＪＩＳＨＡ－１２２
初回登録日：２０２４年　９月　５日
有効期限：２０２７年　９月　４日
発行日：２０２４年　９月　５日

中央労働災害防止協会
会長　十倉　雅和

中央労働災害防止協会
認証事業執行責任者
安全衛生マネジメントシステム審査センター
所長　齊藤　信吾

東京都港区芝浦3-17-12　登録証番号：　JISHA-122-1　請負者情報：無

④ Construction of new plant buildings to support future growth

May 2025: Completion of Kobe Plant No. 2

Purpose: To handle new orders in the semiconductor and medical fields, increase production, and improve production efficiency
Location: 1-16-5 Mitsugaoka, Nishi-ku, Kobe City
Plant overview: 3 floors, total floor area of 3,120 m^2 (building area: 1,270 m^2)
Construction cost: Approx. 1.3 billion JPY (excluding production equipment)

July 2025: Scheduled Start of Construction of New Building at Kitakyushu Plant

Purpose: To strengthen production capacity for surface treatment of semiconductor manufacturing equipment components
Location: 10-8, 10-9 Torigoemachi, Kanda-machi, Miyako-gun, Fukuoka Prefecture
Building area: Approx. 1,984 m^2; total floor area: Approx. 6,994 m^2
Construction cost: Approx. 3.2 billion JPY (excl. production equipment)
Start of operations: Scheduled for May 2027

August 2025: Scheduled Start of Construction of New Building at Tokyo Plant Gyoda Workshop

Purpose: To strengthen production capacity for surface treatment of semiconductor manufacturing equipment components
Location: 631-13 Toyotomicho, Funabashi City, Chiba Prefecture
Building area: Approx. 3,734 m^2; total floor area: Approx. 14,201 m^2
Construction cost: Approx. JPY 6.7 billion (excluding production equipment)
Start of operations: Scheduled for end of 2027

⑤ Selected for the Growth Investment Subsidy by the Ministry of Economy, Trade and Industry

We applied for the "Large-Scale Growth Investment Subsidy for Labor-Saving Measures to Support Wage Increases at Medium-Sized and Small Enterprises" by the Ministry of Economy, Trade and Industry. Our growth investment plan was highly evaluated and selected for the subsidy.

Subsidy overview

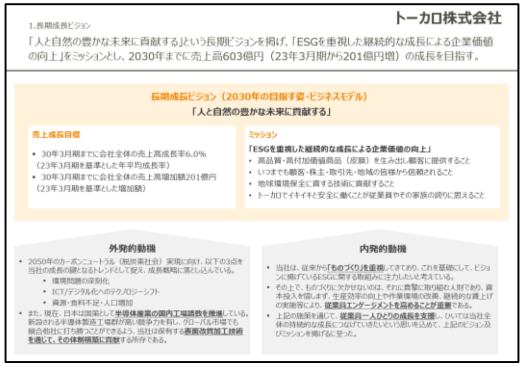
1. Subsidy project period: November 1, 2024 – End of December 2026
2. Eligible investment amount: 11.1 billion JPY (approved investment amount)
3. Approved subsidy amount: 3.7 billion JPY (one-third of the investment amount)

Capital investment details

With a focus on expanding the semiconductor and FPD fields, we will carry out three-pronged capital investment:

1. Construction of new plants
   In response to growing demand in the semiconductor field, we will build new factory buildings at existing sites (Tokyo Plant Suzumi Workshop and Kitakyushu Plant)
2. Introduction of advanced equipment at existing plants
   We will introduce production equipment to realize automation and labor-savings, increase order capacity, and enhance functionality
3. Introduction of research equipment for advanced technology development
   At the Thermal Spraying Technology R&D Laboratories, we will introduce equipment to develop advanced technologies aimed at new business areas, with a focus on responding to "miniaturization technologies" in the semiconductor field

Published on the METI Subsidized Projects website

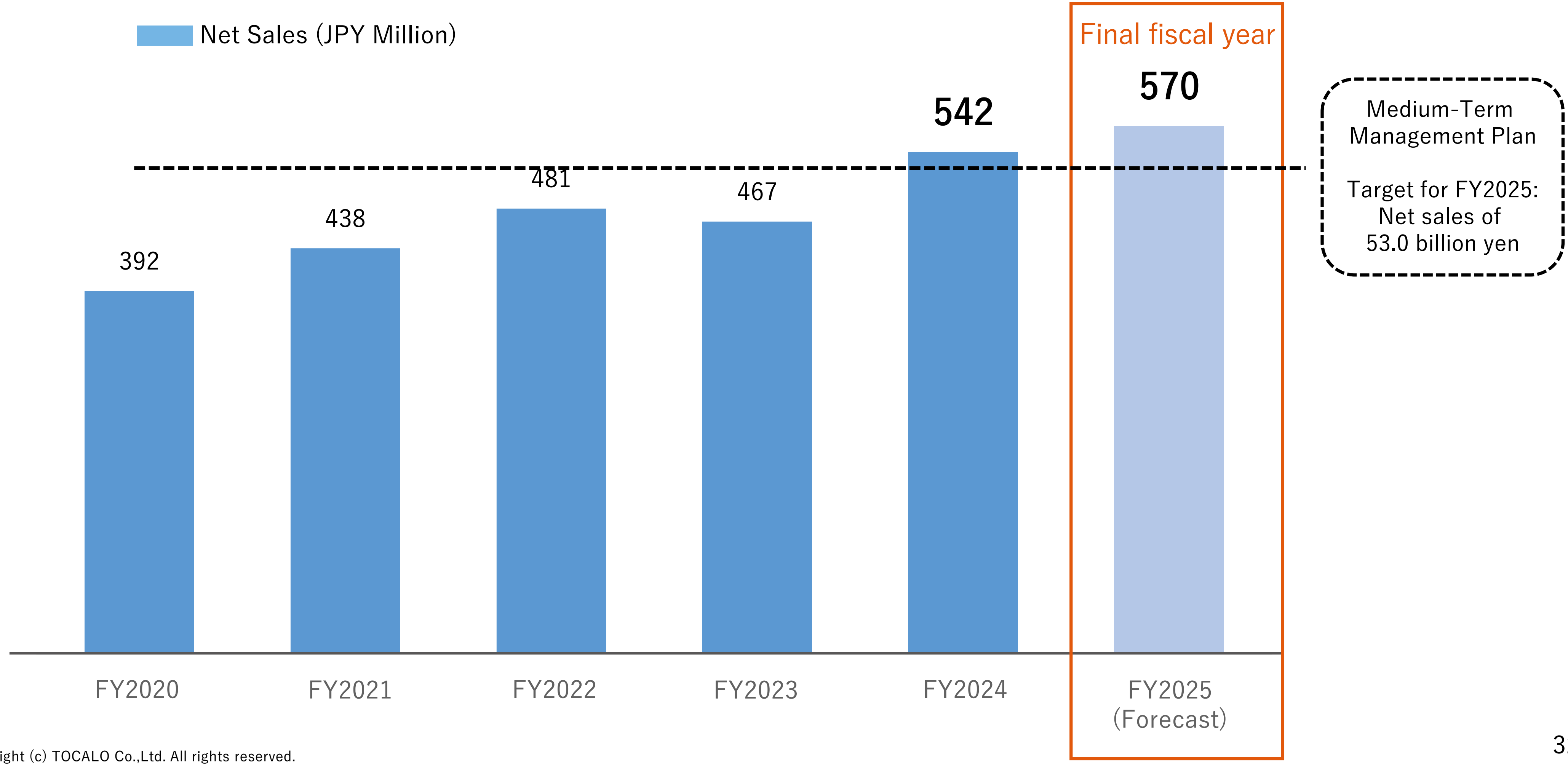


4. Progress of Medium-term Management Plan

Progress of Medium-term Management Plan (Net Sales)

POINT

Net sales reached the planned 53.0 billion JPY one year ahead of schedule, and for FY2025, the final fiscal year of the plan, we are aiming to set a new record with a forecast of 57.0 billion JPY

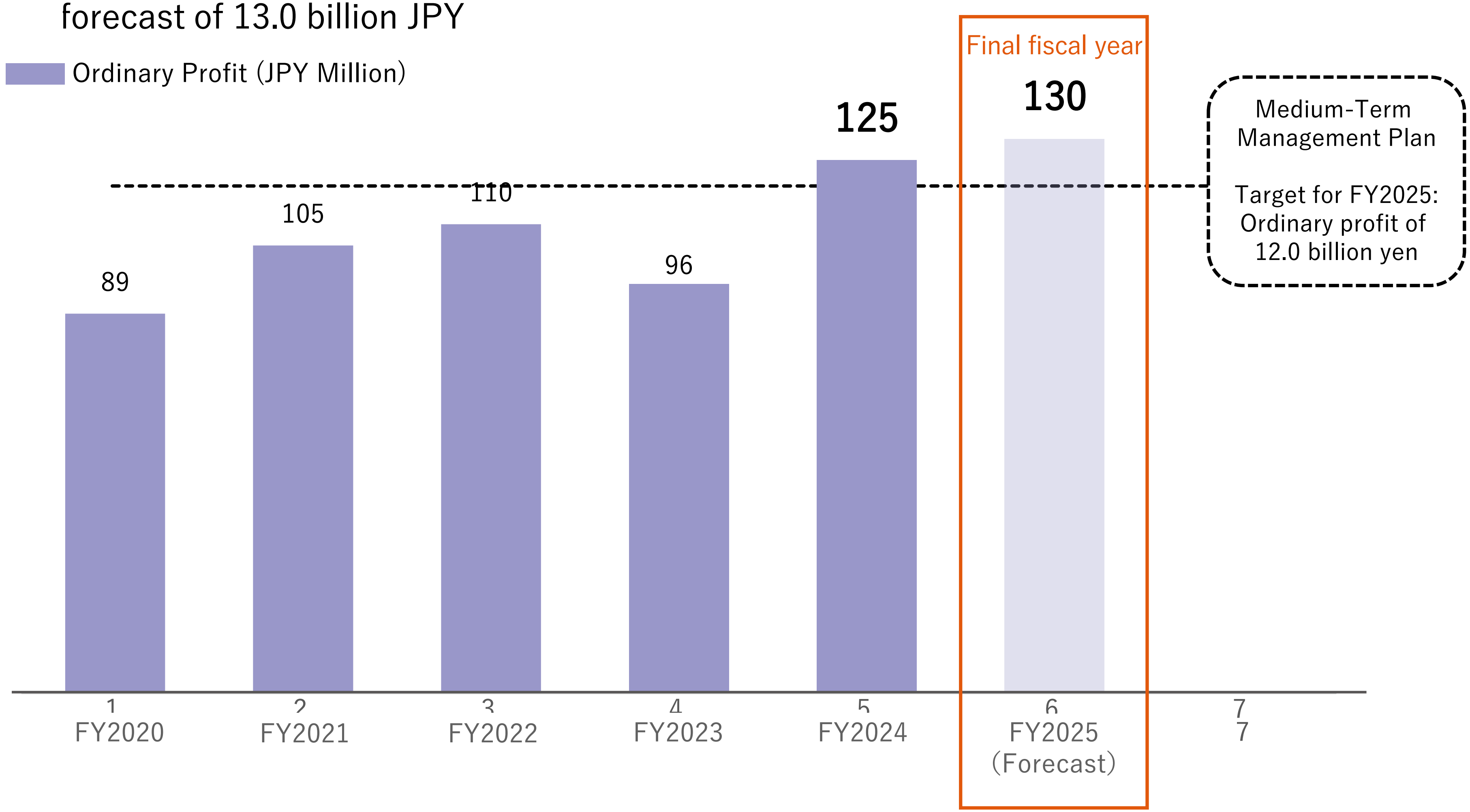


Copyright (c) TOCALO Co.,Ltd. All rights reserved.

Progress of Medium-term Management Plan (Ordinary Profit)

POINT

Our ordinary profit goal was also achieved one year ahead of the plan, so for FY2025, the final year of the plan, we are aiming to set a new record with a forecast of 13.0 billion JPY



Copyright (c) TOCALO Co.,Ltd. All rights reserved.

On the Formulation of the Medium-Term Management Plan（Net Sales Growth Image Toward 2030）

TOCALO

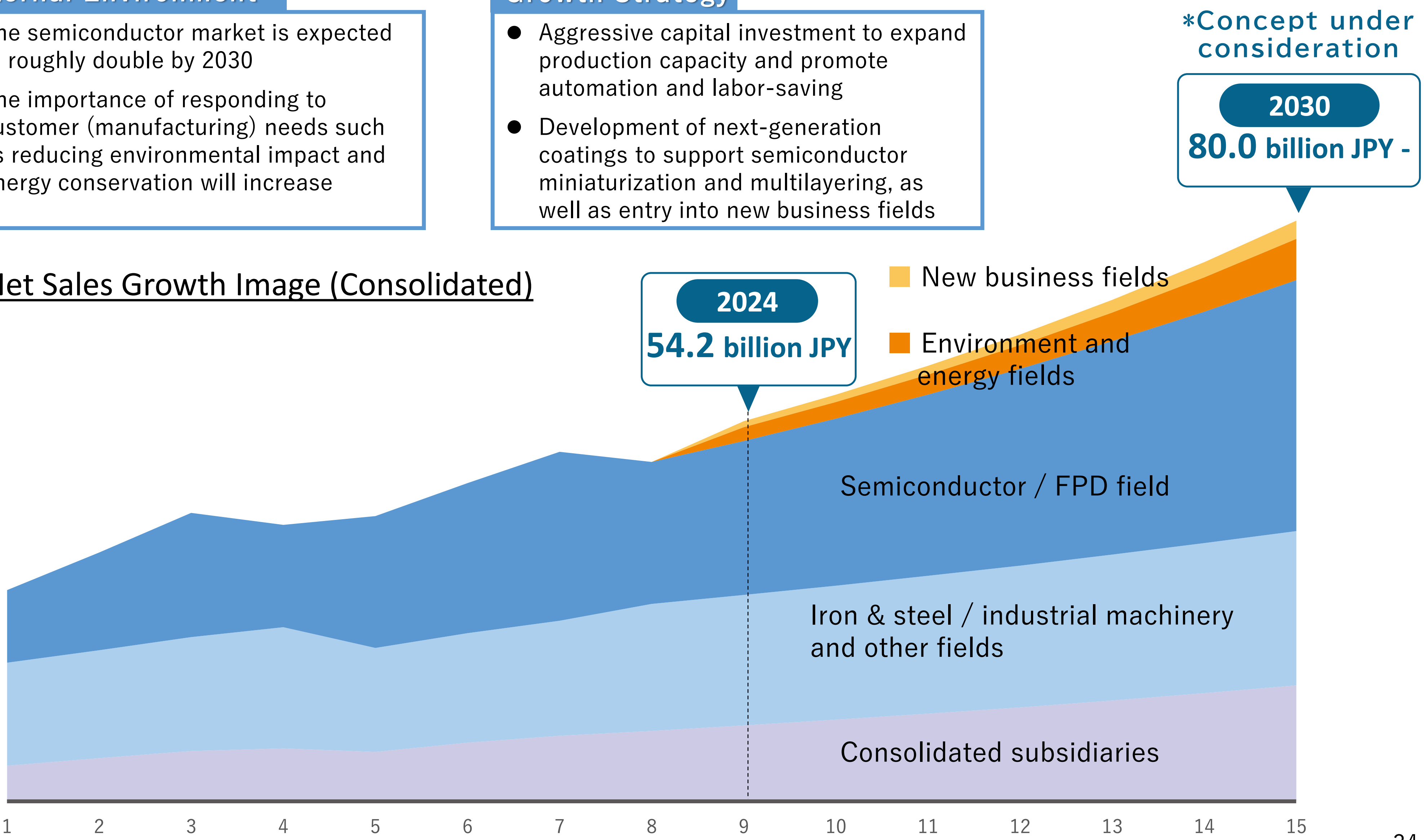
External Environment

- The semiconductor market is expected to roughly double by 2030
- The importance of responding to customer (manufacturing) needs such as reducing environmental impact and energy conservation will increase

Growth Strategy

- Aggressive capital investment to expand production capacity and promote automation and labor-saving
- Development of next-generation coatings to support semiconductor miniaturization and multilayering, as well as entry into new business fields

Net Sales Growth Image (Consolidated)



Copyright (c) TOCALO Co.,Ltd. All rights reserved.

Thank you for your attention.

Financial Highlights

(Million JPY)	FY2020 Result	FY2021 Result	FY2022 Result	FY2023 Result	FY2024 Result	FY2025 Forecast
Orders Received	39,021	45,394	48,419	47,505	56,159	—
Backlog of Orders	6,143	7,896	8,349	9,260	11,349	—
Net Sales	39,294	43,813	48,144	46,735	54,231	57,000
Operating Profit	8,890	10,255	10,558	9,197	12,271	13,000
Ordinary Profit	8,914	10,571	11,003	9,662	12,561	13,000
Ordinary Profit Ratio	22.7%	24.1%	22.9%	20.7%	23.2%	22.8%
Net Income Attributed to Owners of Parent	5,463	6,909	7,350	6,326	8,052	8,330
Earnings Per Share (EPS)	89.86JPY	113.62JPY	120.83JPY	105.53JPY	135.45JPY	140.11JPY
Total Assets	64,183	69,517	74,263	77,940	81,676	89,900
Equity	44,201	49,099	53,839	55,460	60,646	64,700
Equity Ratio	68.9%	70.6%	72.5%	71.2%	74.3%	72.0%
Return on Equity (ROE)	12.9%	14.8%	14.3%	11.6%	13.9%	13.3%
Return on Assets (ROA)	14.2%	15.8%	15.3%	12.7%	15.7%	15.2%
Return on Invested Capital (ROIC)	11.9%	13.0%	12.5%	10.2%	12.7%	12.6%

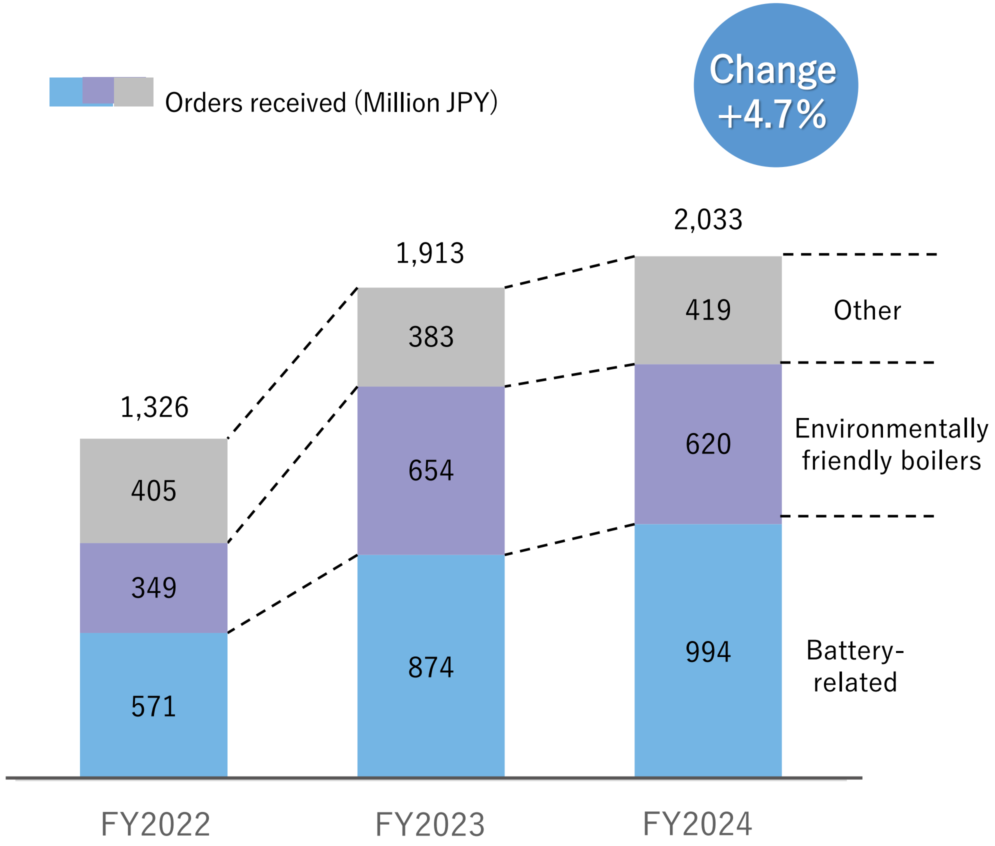
(Note) ROE＝Net income attribute to owners of parent ÷ Average Equity during the period.
ROA＝Ordinary Profit ÷ Average Total Assets during the period.
ROIC＝Operating Profit after tax ÷ Average Invested Capital during the period.
Effective from the FY2021, the classification of Royalty Income has been changed from non-operating income to Net Sales

Copyright (c) TOCALO Co.,Ltd. All rights reserved.

(Reference)
Order Trends in the Environmental Field

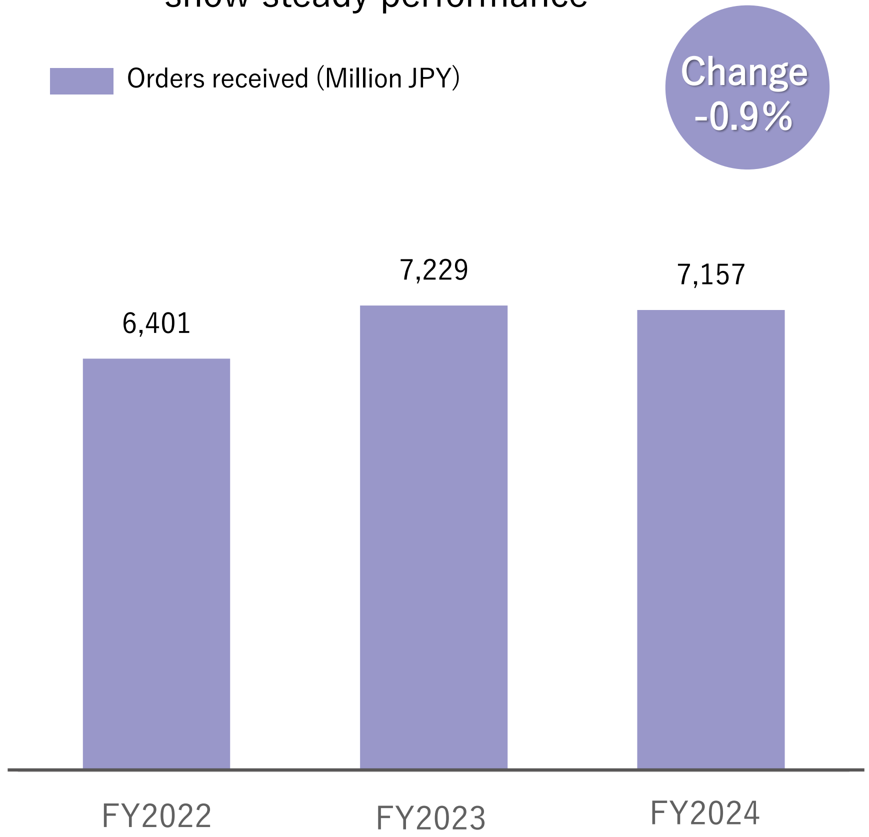
Environmental Energy Equipment

POINT Processing for battery-related equipment grew significantly



Repairs/Remanufactured Products

POINT Processing for repairing and remanufacturing customer equipment and parts continued to show steady performance



Copyright (c) TOCALO Co.,Ltd. All rights reserved.

Notes

The financial forecasts and estimates in this Financial Summary are based on information available to the Company at the time of report issuance and certain assumptions judged to be reasonable by the Company, and therefore are not guarantees of future performance. Consequently, actual results may differ substantially from those described in this Financial Summary.

Contact

TOCALO Co., LTD
Corporate Planning Division
TEL: +81-78-303-3433

Copyright (c) TOCALO Co.,Ltd. All rights reserved.