(TSE Prime Market Code 3433)

Comprehensive Manufacture of Advanced Coatings

Financial Summary (1H FY2022)

11/9/2022

TOCALO Co., Ltd.

Table of contents

1. Overview of Consolidated Results 1H FY2022

Summary of result 1H FY2022

Highlights

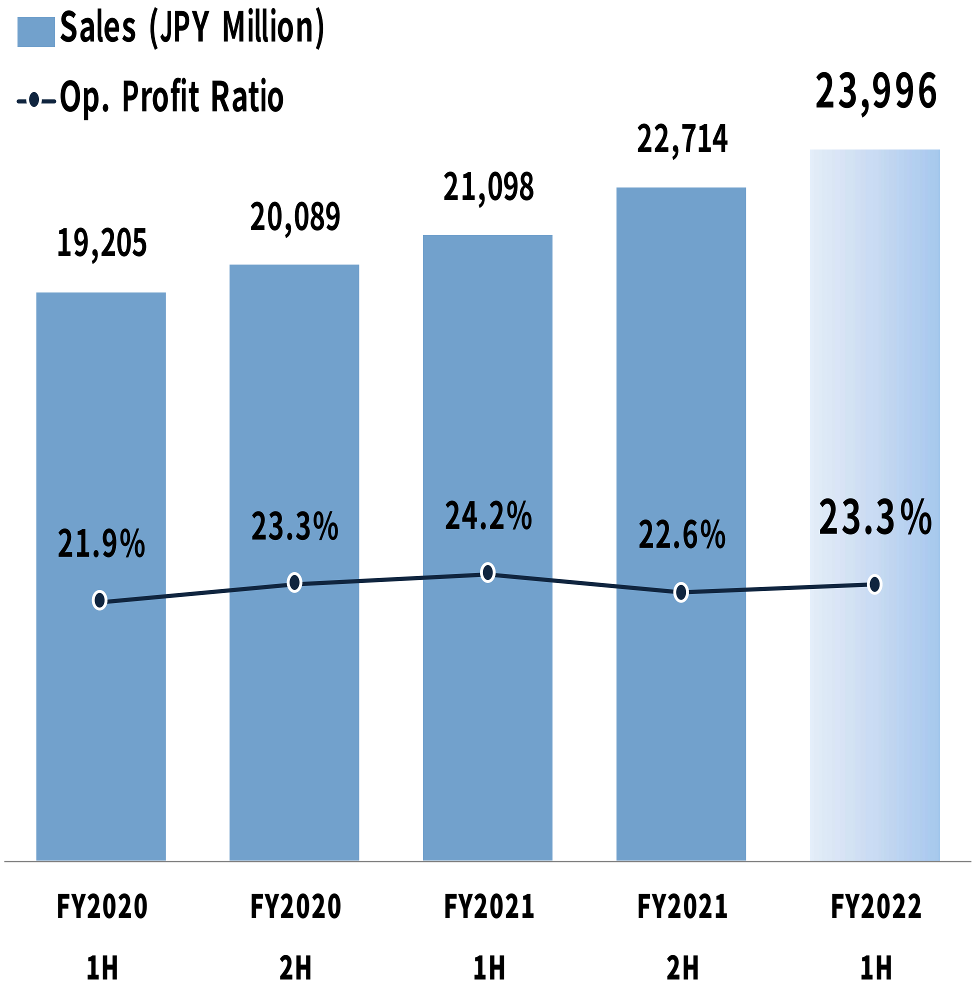
(1) **Sales and profits reached record highs in the first half of the year**
Sales of “Semiconductor･FPD” and “Iron & Steel” increased.
Progress in other areas was generally in line with forecasts.

(2) **Overseas subsidiary sales and profit increased**
Orders related to semiconductors and steel are also strong in China and Taiwan.

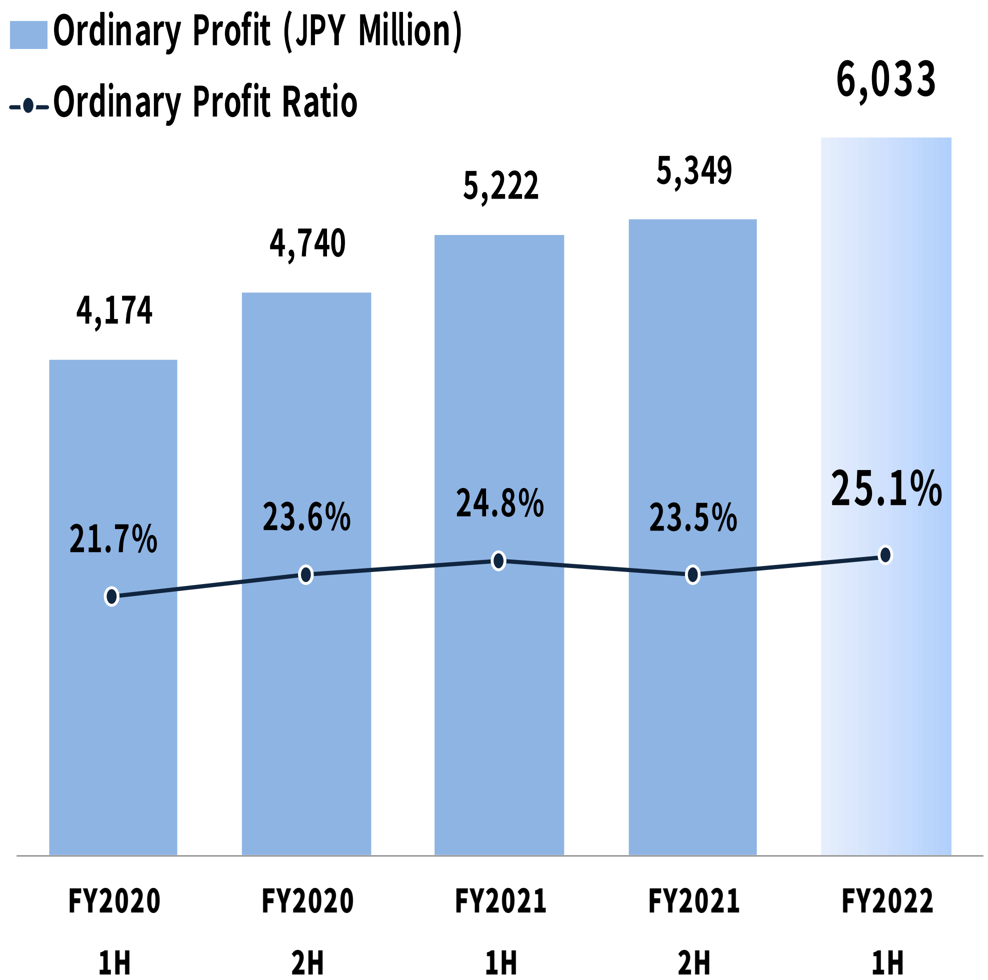
Overview of Consolidated Results 1H FY2022

TOCALO

Sales and Operating Profit Ratio



Ordinary Profit and Ordinary Profit Ratio



(Note) Effective from the FY2021, the classification of Royalty Income has been changed from non-operating income to net sales, and the figures for the previous years have been reclassified to reflect this change.

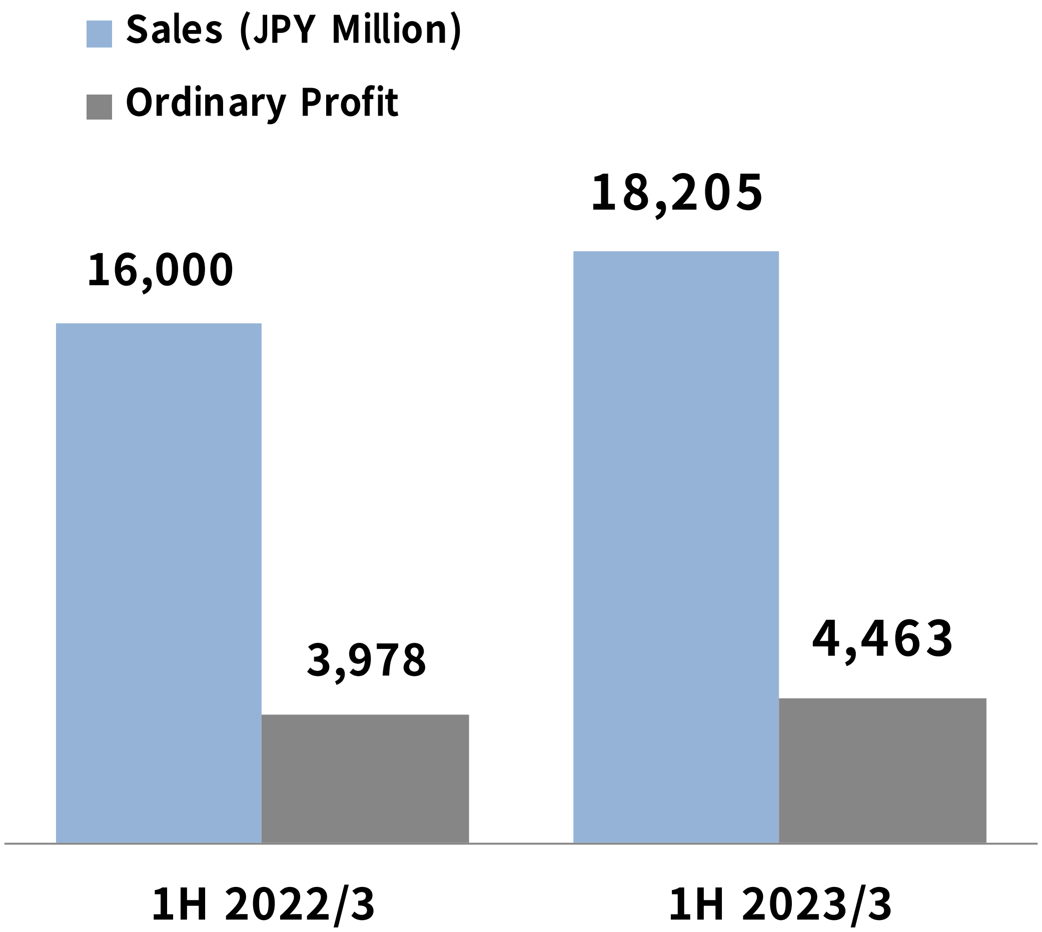
Overview of Consolidated Results 1H FY2022

(JPY Million)	1H 2022/3		1H 2023/3		Change	
	Result	Ratio	Result	Ratio	Amount	%
Net Sales	21,098	100.0%	23,996	100.0%	2,898	13.7%
Thermal Spray	16,000	75.8%	18,205	75.9%	2,205	13.8%
Semicon & FPD	9,938	47.1%	12,100	50.4%	2,162	21.8%
Industrial Parts	1,757	8.3%	1,739	7.2%	△ 17	-1.0%
Iron & Steel	1,623	7.7%	1,775	7.4%	151	9.4%
Others	2,680	12.7%	2,588	10.9%	△ 91	-3.4%
Other Surface Modif.	1,195	5.7%	1,367	5.6%	171	14.4%
Domestic Sub.	1,206	5.7%	1,197	5.0%	△ 9	-0.8%
Overseas Sub.	2,615	12.4%	3,140	13.1%	524	20.0%
Royalty Income	80	0.4%	86	0.4%	6	7.7%
Operating Profit	5,111	24.2%	5,581	23.3%	469	9.2%
Ordinary Profit	5,222	24.8%	6,033	25.1%	810	15.5%
Net income attribute to owners of parent	3,448	16.3%	3,919	16.3%	471	13.7%

Segment Information

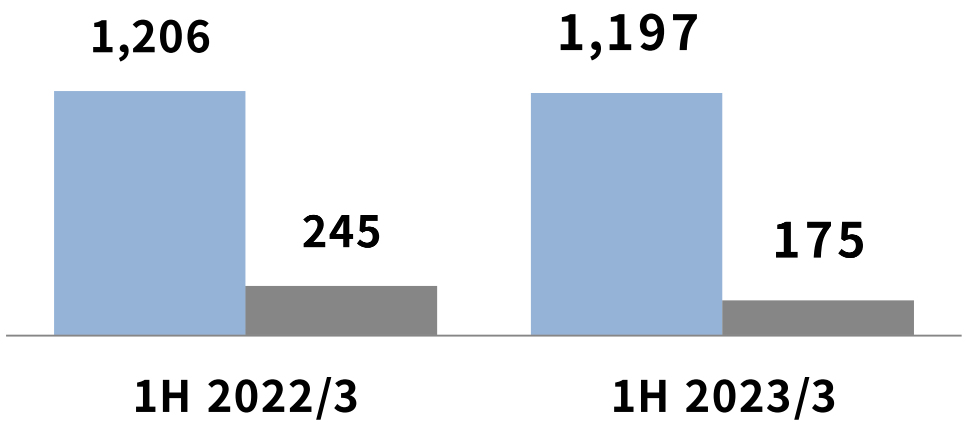
TOCALO

Thermal Spray Tocalo



Slight decrease in sales in Industrial Machinery and Others However, sales and income increased due to growth in semiconductor & FPD and iron and steel fields

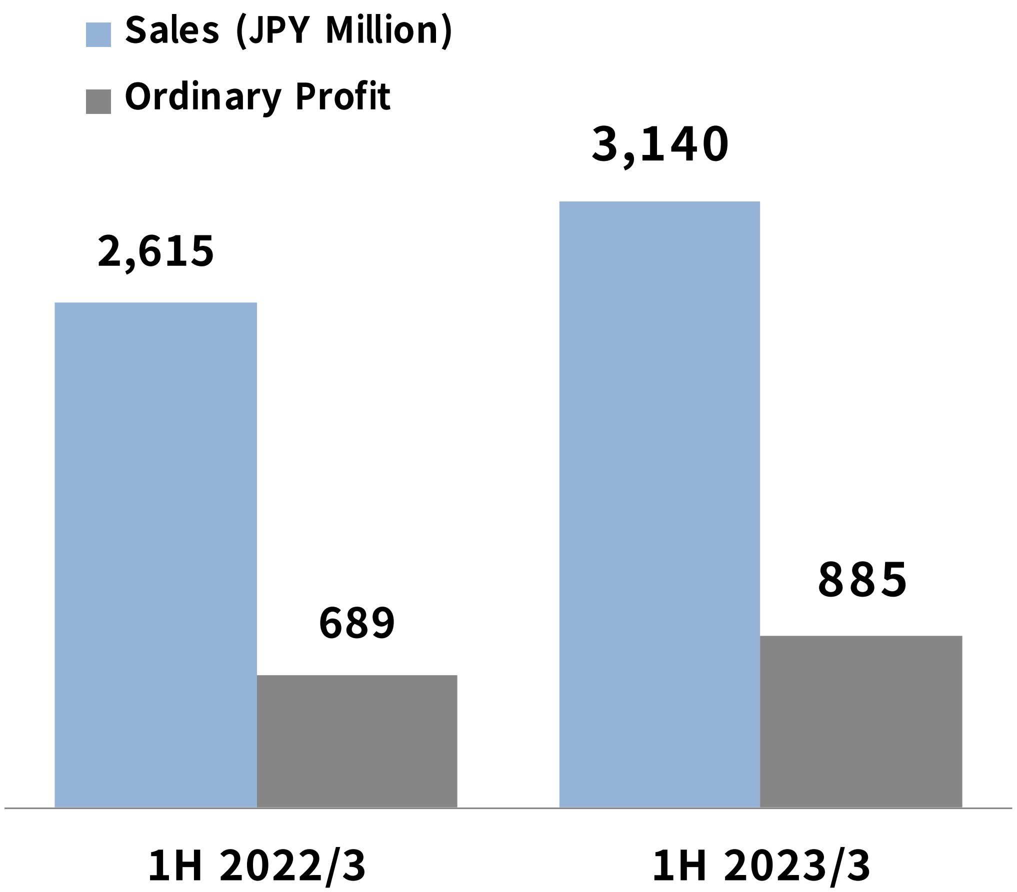
Domestic Subsidiary



Sales and income down due to weak orders for cutting tools, affected by stagnant production at domestic automakers

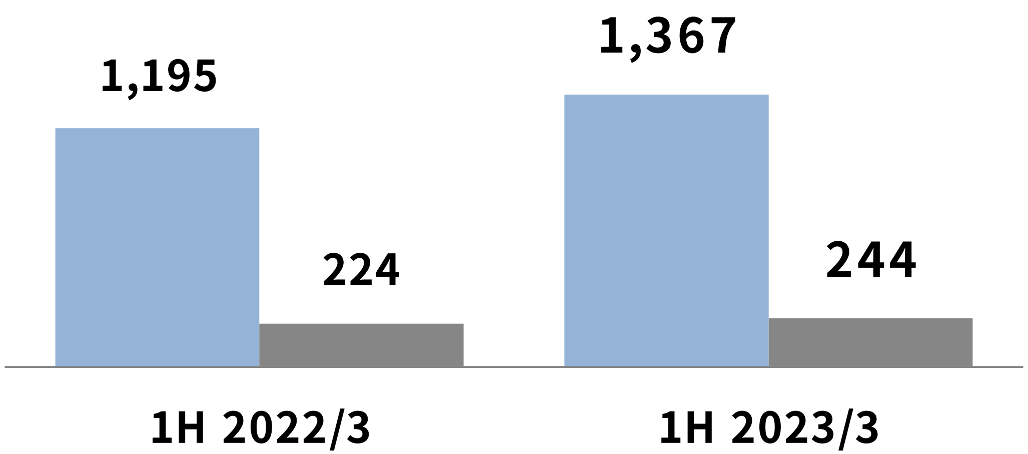
Segment Information

Overseas Subsidiary



Sales and income increased due to strong orders for semiconductor-related products in China and Taiwan, and for steel-related products

Other Surface Modification



Sales and income increased due to an upward trend in orders for agricultural machinery parts, etc.

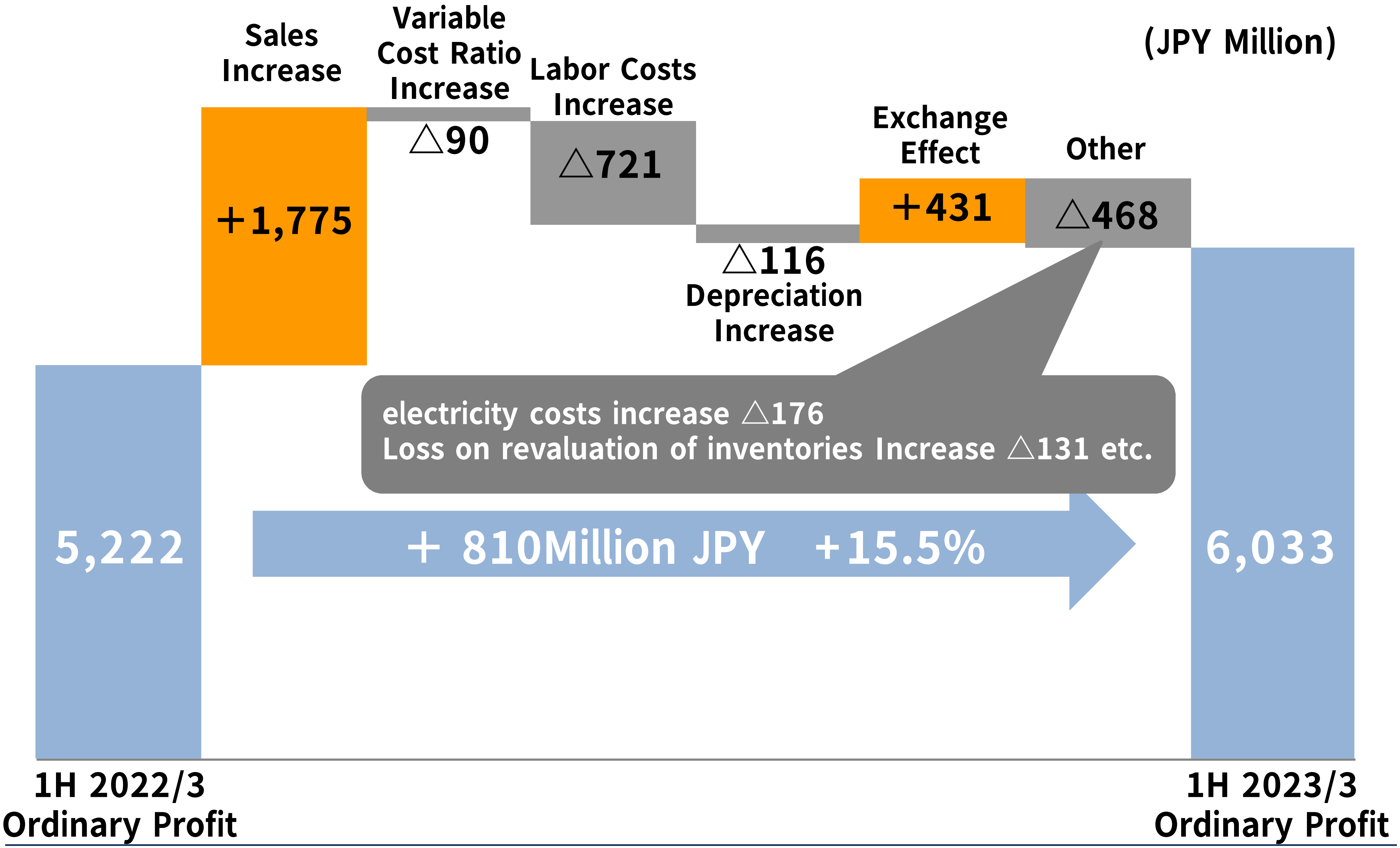
Segment Information

TOCALO

(JPY Million)	1H 2022/3		1H 2023/3		Change			
					Net Sales		Segment P/L	
	Net Sales	P/L	Net Sales	P/L	Amount	%	Amount	%
Thermal Spray TOCALO	16,000	3,978	18,205	4,463	2,205	13.8%	485	12.2%
Domestic Sub.	1,206	245	1,197	175	△ 9	-0.8%	△ 70	-28.7%
Overseas Sub.	2,615	689	3,140	885	524	20.0%	195	28.4%
Other Surface Modif.	1,195	224	1,367	244	171	14.4%	19	8.7%
Total	21,017	5,138	23,909	5,768	2,892	13.8%	630	12.3%

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

Analysis of Ordinary P/L Change



Financial Position

(JPY Million)	FY2021		FY2022
	1H	2H	1H
Total Assets	66,430	69,517	72,454
Equity	46,633	49,099	52,170
Equity Ratio	70.2%	70.6%	72.0%
Interest-bearing debt	5,073	4,249	3,526

- Total assets increased 2,936 million yen from the end of the previous period (current assets increased 3,127 million yen)
- Equity ratio increased 1.4 percentage points from the end of the previous fiscal year to 72.0%
- Interest-bearing debt decreased by 723 million yen from the end of the previous period (no new borrowings)

Cash Flow

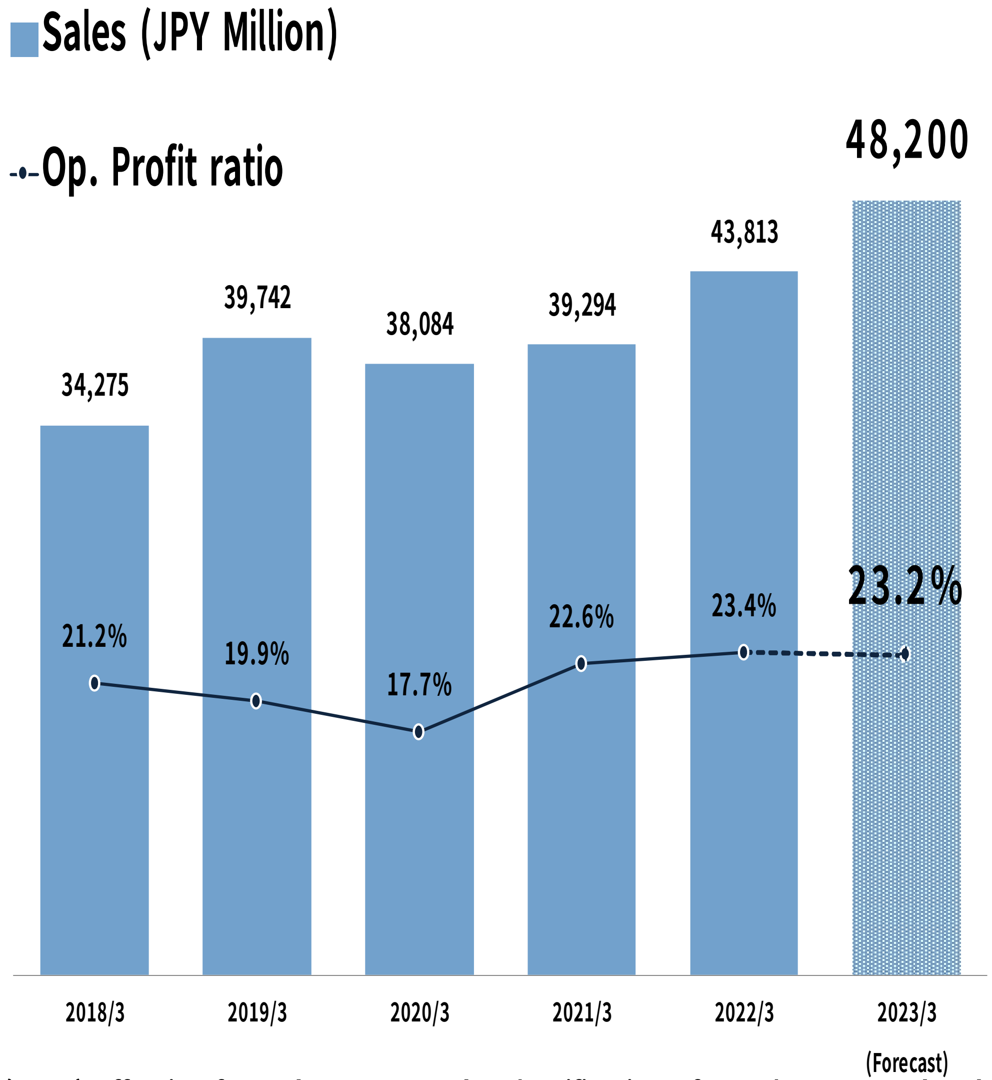
(JPY Million)	FY2021 1H	FY2022 1H
Operating CF	4,706	5,005
Investment CF	△ 1,820	△ 1,353
Financial CF	△ 2,494	△ 2,430
Cash Balance	19,174	20,650

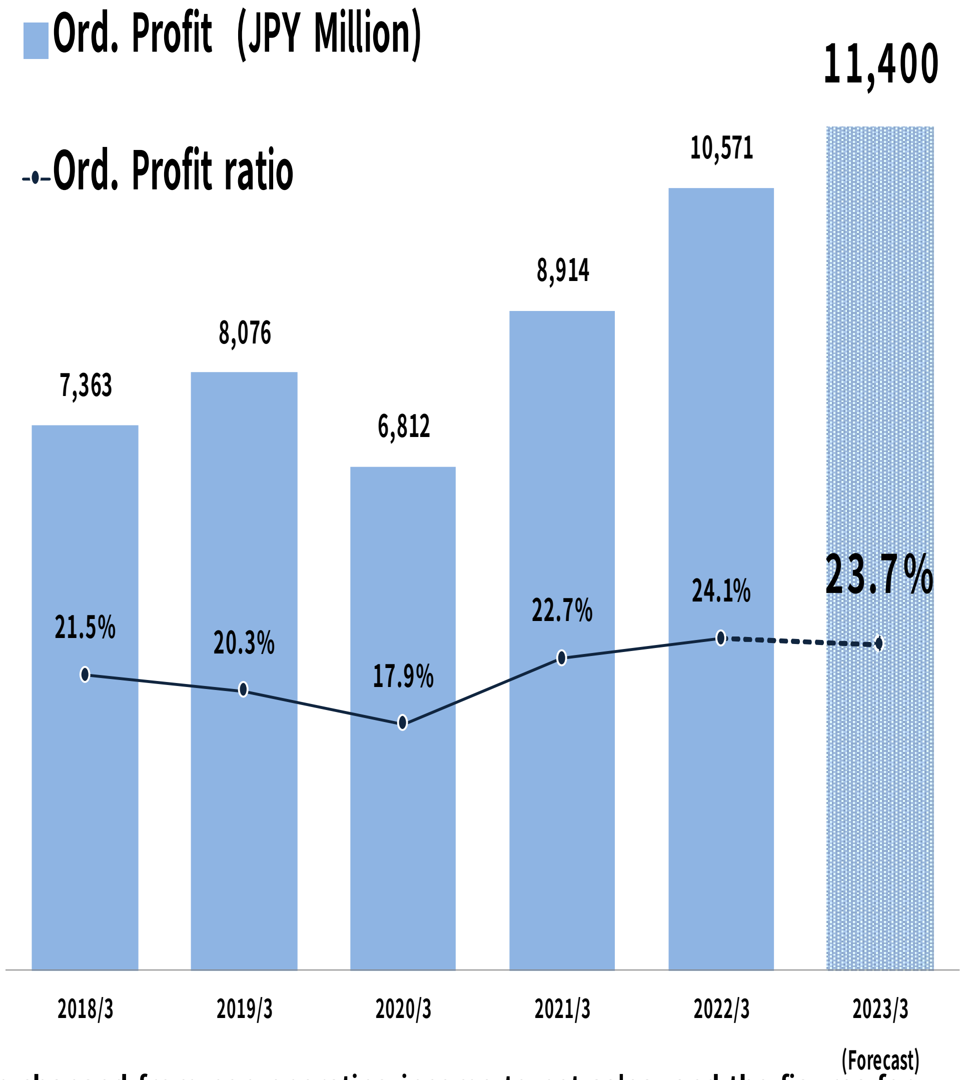
- Free Cash Flow（Operating C F＋Investment C F） +3.6 Billion JPY
- Investment C F／Acquisition of tangible fixed assets
  Previous term：△1.8 Billion JPY　This term：△0. 9 Billion JPY
- Financial C F／Dividends paid　Previous term：△1.3 Billion JPY　This term：△1.5 Billion JPY

2．Consolidated Forecast FY2022

Consolidated Forcast FY2022

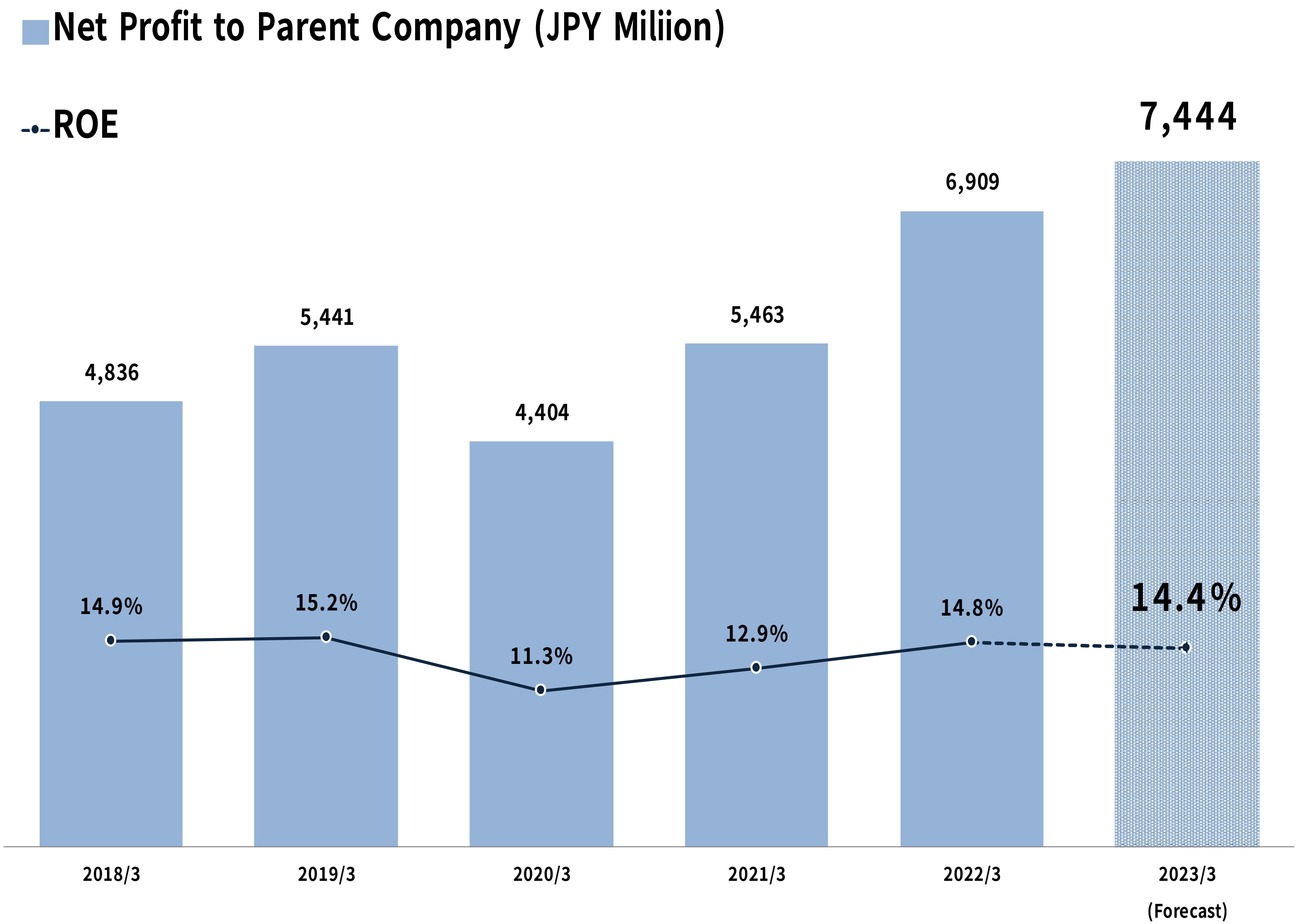
No change from the previous forecast (7/29/2022)





(Note) Effective from the FY2021, the classification of Royalty Income has been changed from non-operating income to net sales, and the figures for the previous years have been reclassified to reflect this change.

Consolidated Forcast FY2022



Consolidated Forcast FY2022

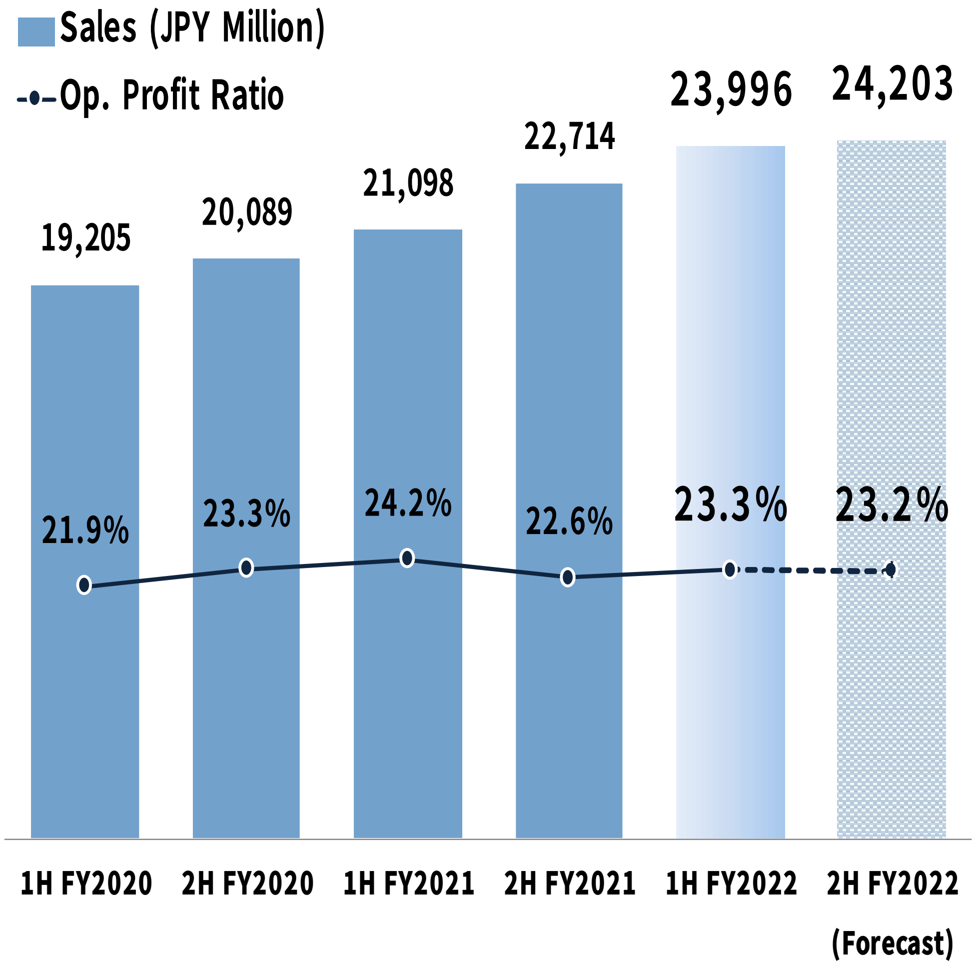
(JPY Million)	FY2021		FY2022		Change	
	Result	Ratio	Forecast (7/29/2022)	Ratio	Amount	%
Net Sales	43,813	100.0%	48,200	100.0%	4,386	10.0%
Thermal Spray	33,043	75.4%	36,788	76.3%	3,744	11.3%
Semicon & FPD	20,643	47.1%	23,968	49.7%	3,324	16.1%
Industrial Parts	3,707	8.5%	3,819	7.9%	111	3.0%
Iron & Steel	3,450	7.9%	3,639	7.5%	188	5.5%
Others	5,242	11.9%	5,362	11.2%	119	2.3%
Other Surface Modif.	2,502	5.7%	2,638	5.5%	135	5.4%
Domestic Sub.	2,399	5.5%	2,457	5.1%	57	2.4%
Overseas Sub.	5,695	13.0%	6,137	12.7%	441	7.7%
Royalty Income	171	0.4%	180	0.4%	8	5.2%
Operating Profit	10,255	23.4%	11,200	23.2%	944	9.2%
Ordinary Profit	10,571	24.1%	11,400	23.7%	828	7.8%
Net income attribute to owners parent	6,909	15.8%	7,444	15.4%	534	7.7%

1H FY2022 Progress Rate

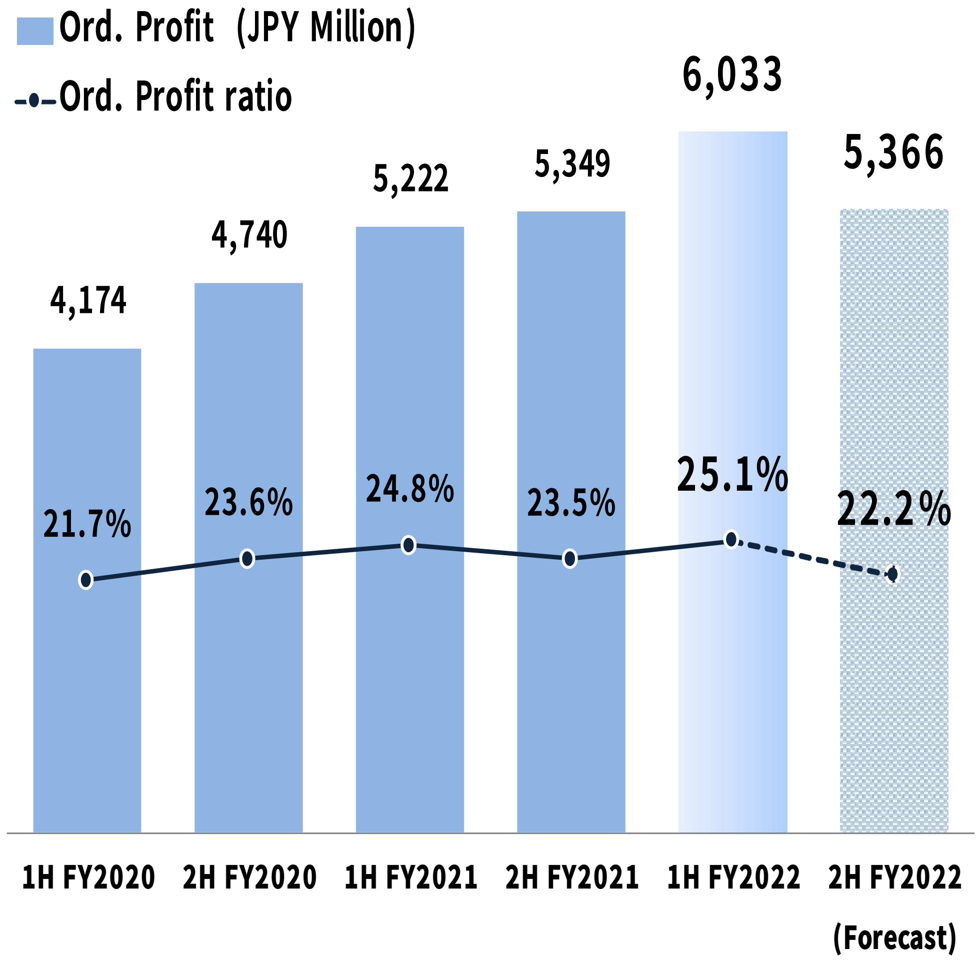
(JPY Million)	1H FY2022		FY2022		Progress
	Result	Ratio	Forecast	Ratio	Rate
Net Sales	23,996	100.0%	48,200	100.0%	49.8%
Thermal Spray	18,205	75.9%	36,788	76.3%	49.5%
Semicon & FPD	12,100	50.4%	23,968	49.7%	50.5%
Industrial Parts	1,739	7.2%	3,819	7.9%	45.6%
Iron & Steel	1,775	7.4%	3,639	7.5%	48.8%
Others	2,588	10.9%	5,362	11.2%	48.3%
Other Surface Modif.	1,367	5.6%	2,638	5.5%	51.8%
Domestic Sub.	1,197	5.0%	2,457	5.1%	48.7%
Overseas Sub.	3,140	13.1%	6,137	12.7%	51.2%
Royalty Income	86	0.4%	180	0.4%	48.3%
Operating Profit	5,581	23.3%	11,200	23.2%	49.8%
Ordinary Profit	6,033	25.1%	11,400	23.7%	52.9%
Net income attribute to owners of parent	3,919	16.3%	7,444	15.4%	52.7%

Forecast 2H FY2022

Sales and Operating Profit Ratio



Ordinary Profit and Ordinary Profit Ratio

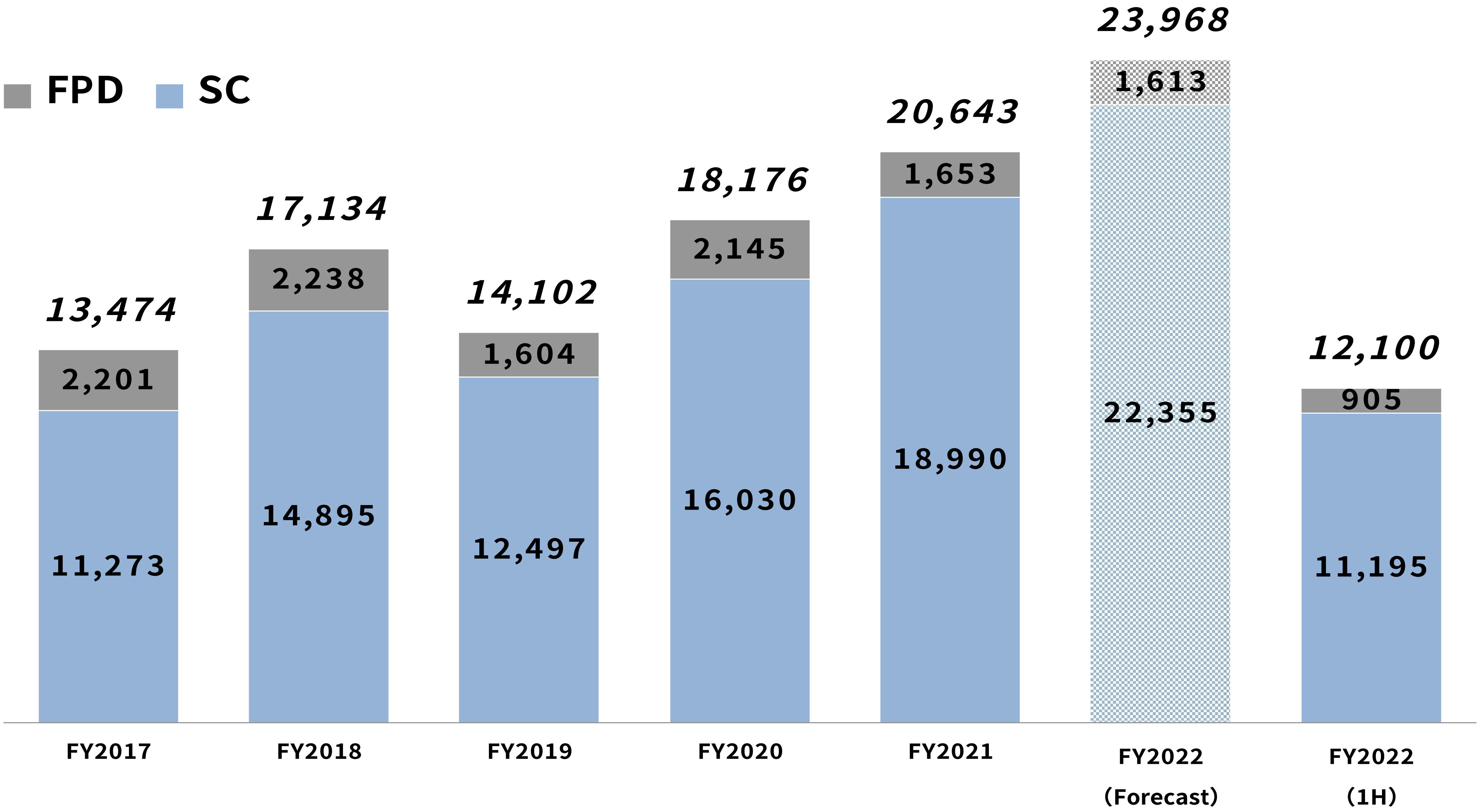


(Note) Effective from the FY2021, the classification of Royalty Income has been changed from non-operating income to net sales, and the figures for the previous years have been reclassified to reflect this change.

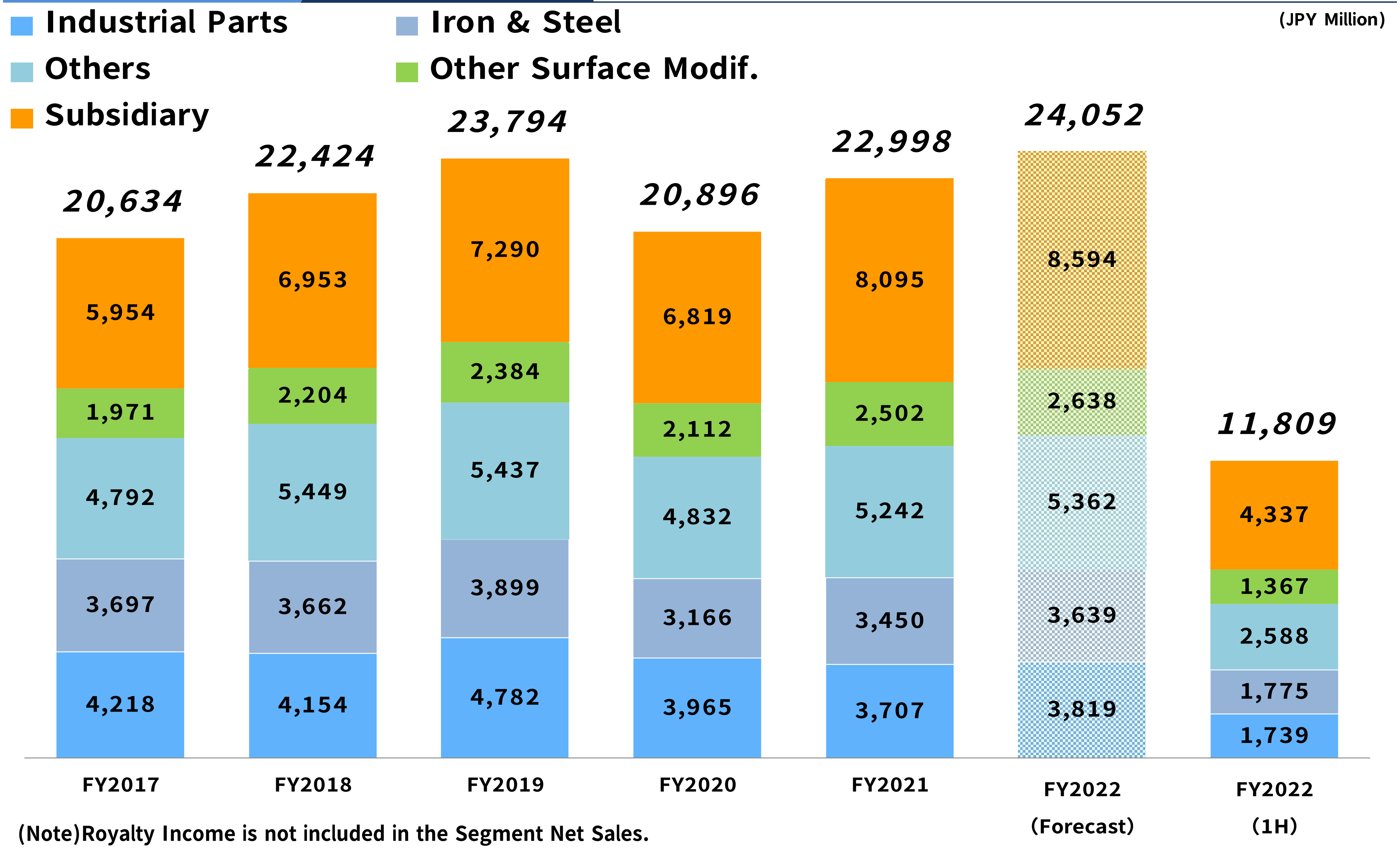
SC & FPD Net Sales

(JPY Million)

Thermal Spray(TOCALO)

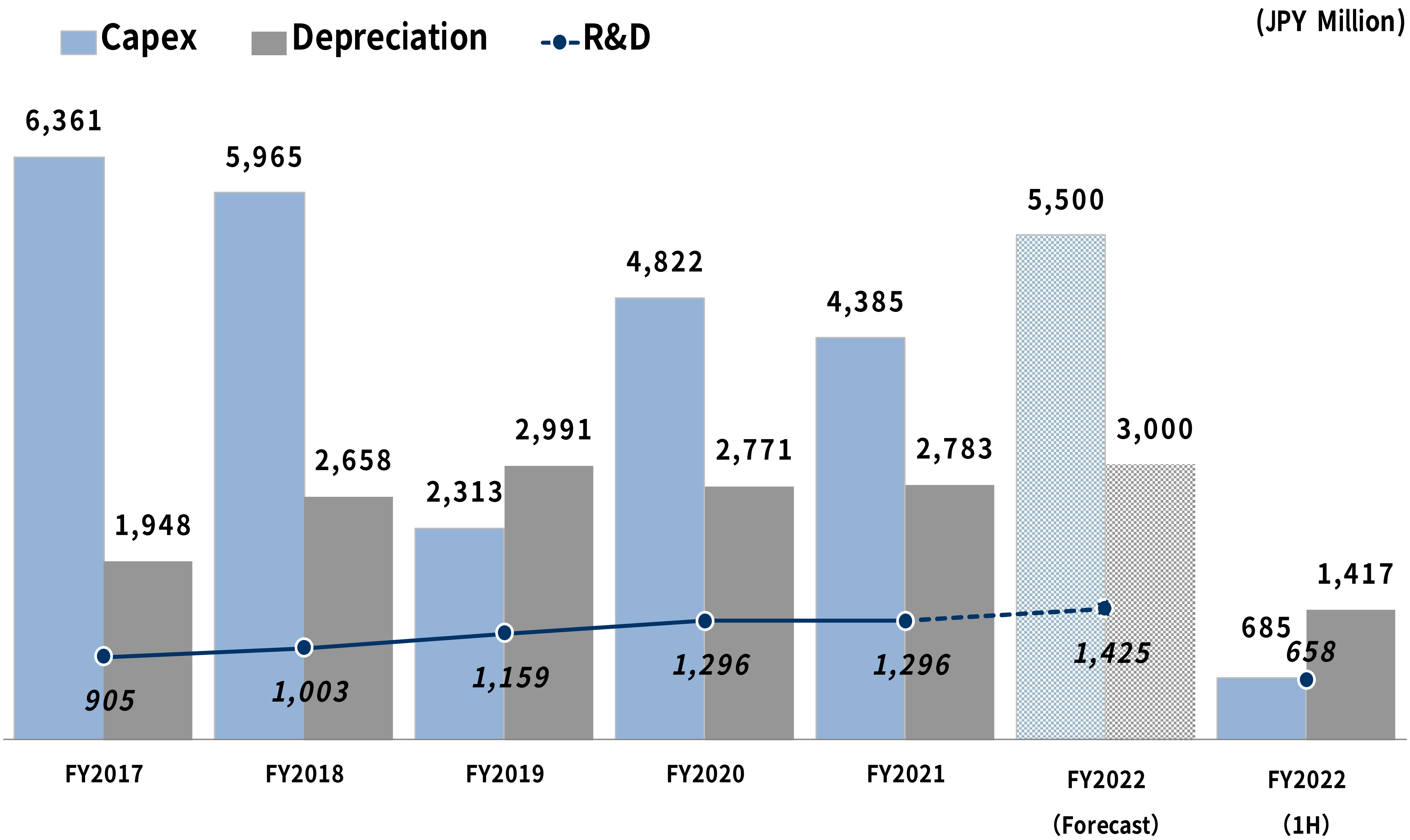


Non-SC & FPD Net Sales



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

Capex • Depreciation • R&D Expenses



Capital Investment Plan

TOCALO

FY2022 Estimated Amount 5,500Million JPY

(No change from initial plan)

TOCALO

Mainly Tokyo・Akashi・Kitakyushu

Production capacity expansion, etc. 3,500million JPY

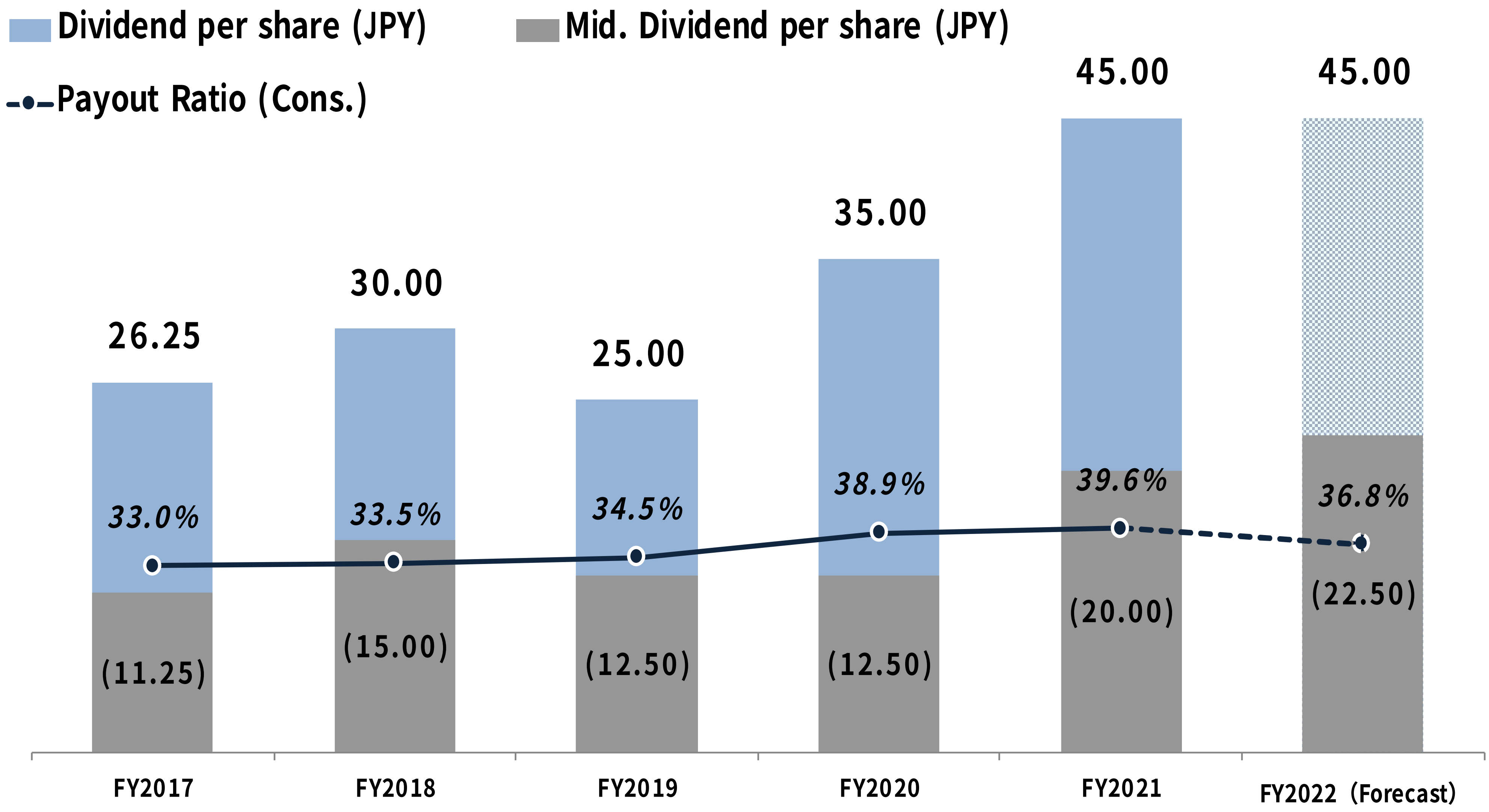
Domestic Subsidiary

Production capacity expansion, etc. 200million JPY

Overseas Subsidiary

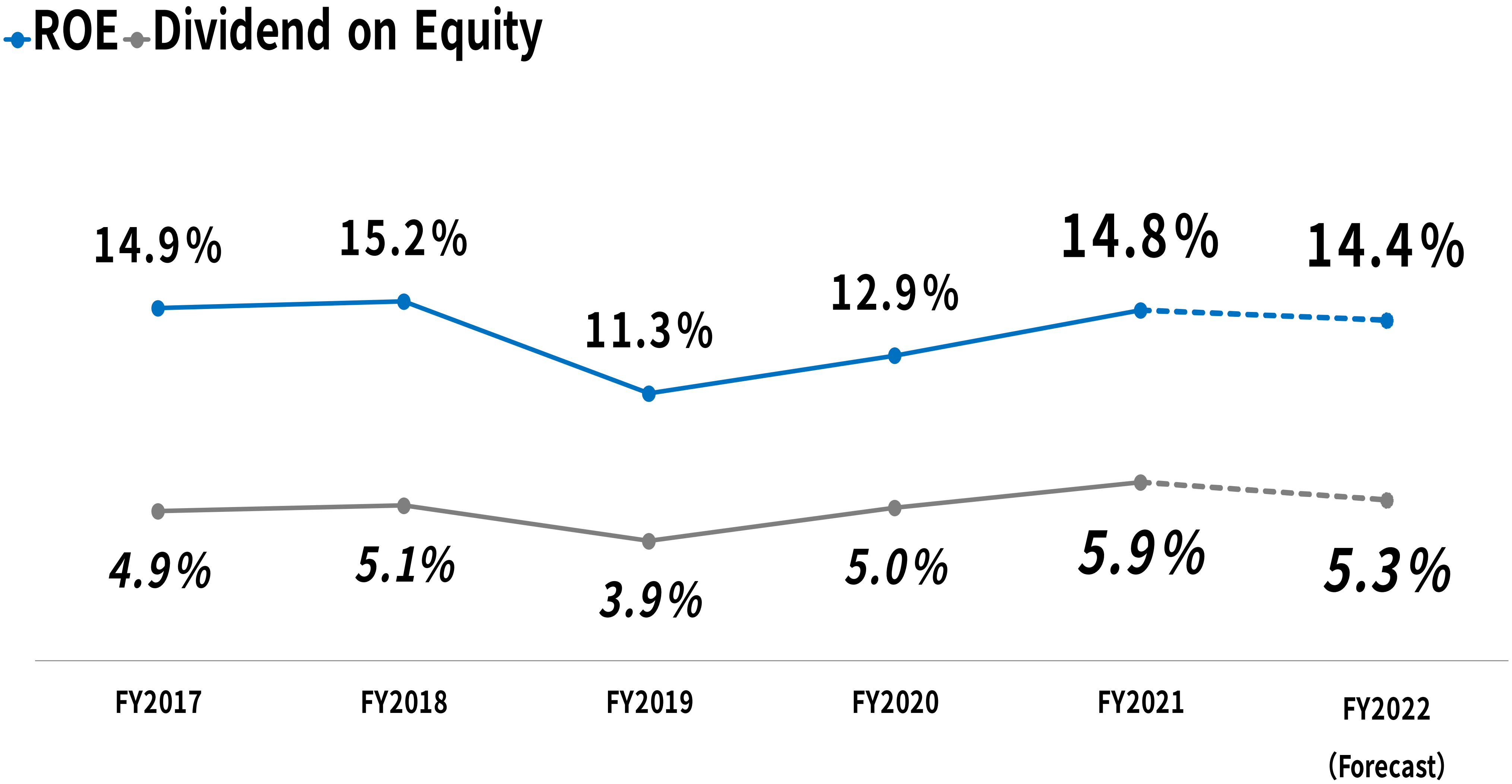
New plant construction in Taiwan etc. 1,800million JPY

Dividends



Dividend per share (JPY)
Mid. Dividend per share (JPY)
Payout Ratio (Cons.)
26.25
30.00
25.00
35.00
45.00
45.00
33.0%
33.5%
34.5%
38.9%
39.6%
36.8%
(11.25)
(15.00)
(12.50)
(12.50)
(20.00)
(22.50)
FY2017
FY2018
FY2019
FY2020
FY2021
FY2022 (Forecast)

ROE • Dividend on Equity



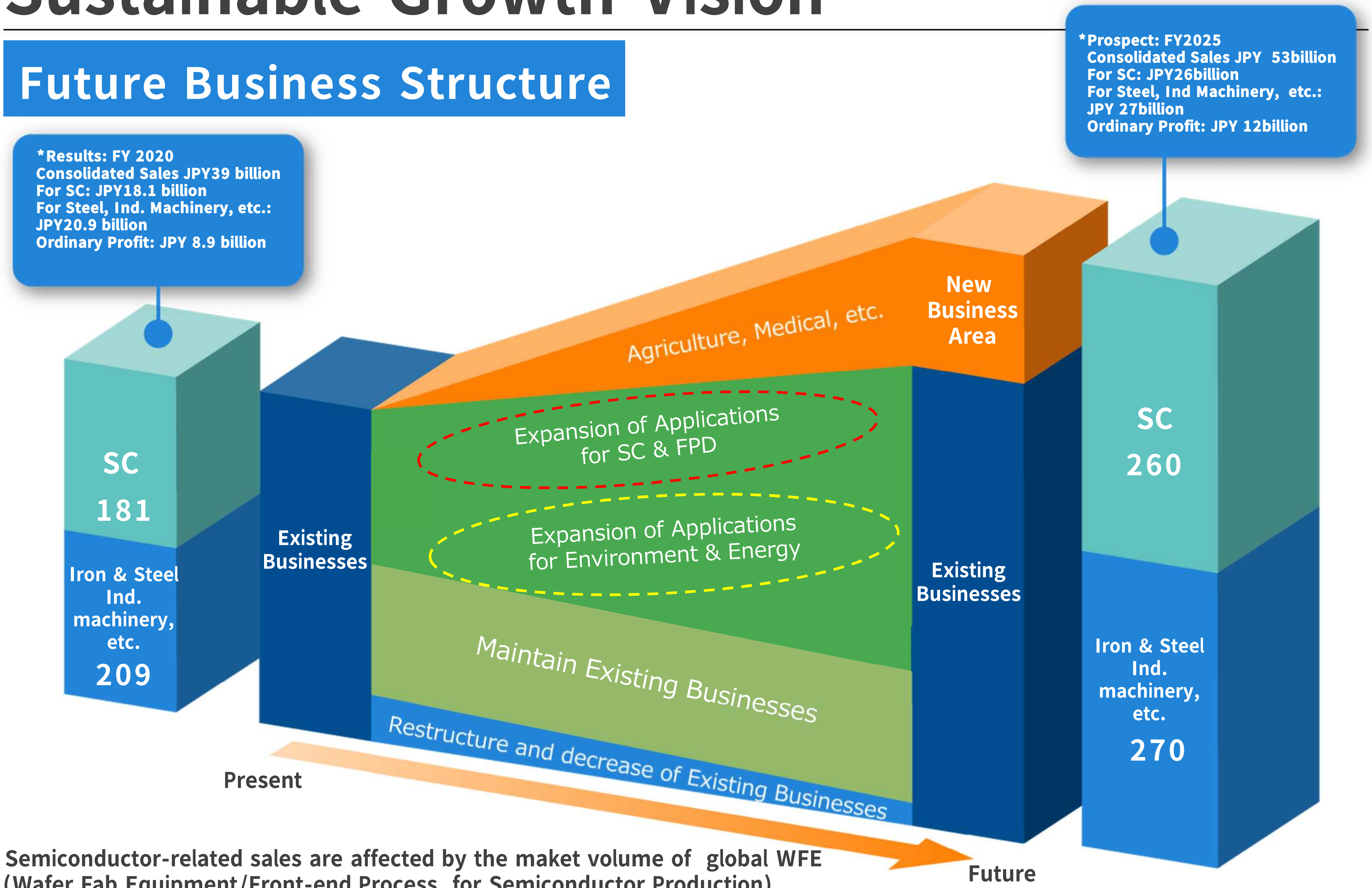
ROE ＝ Net income attribute to owners of parent/Average Equity during the period

Dividend on Equity ＝ Dividend per share/Average Net assets per share during the period

3． Progress of Medium-term Management Plan

Sustainable Growth Vision

Future Business Structure

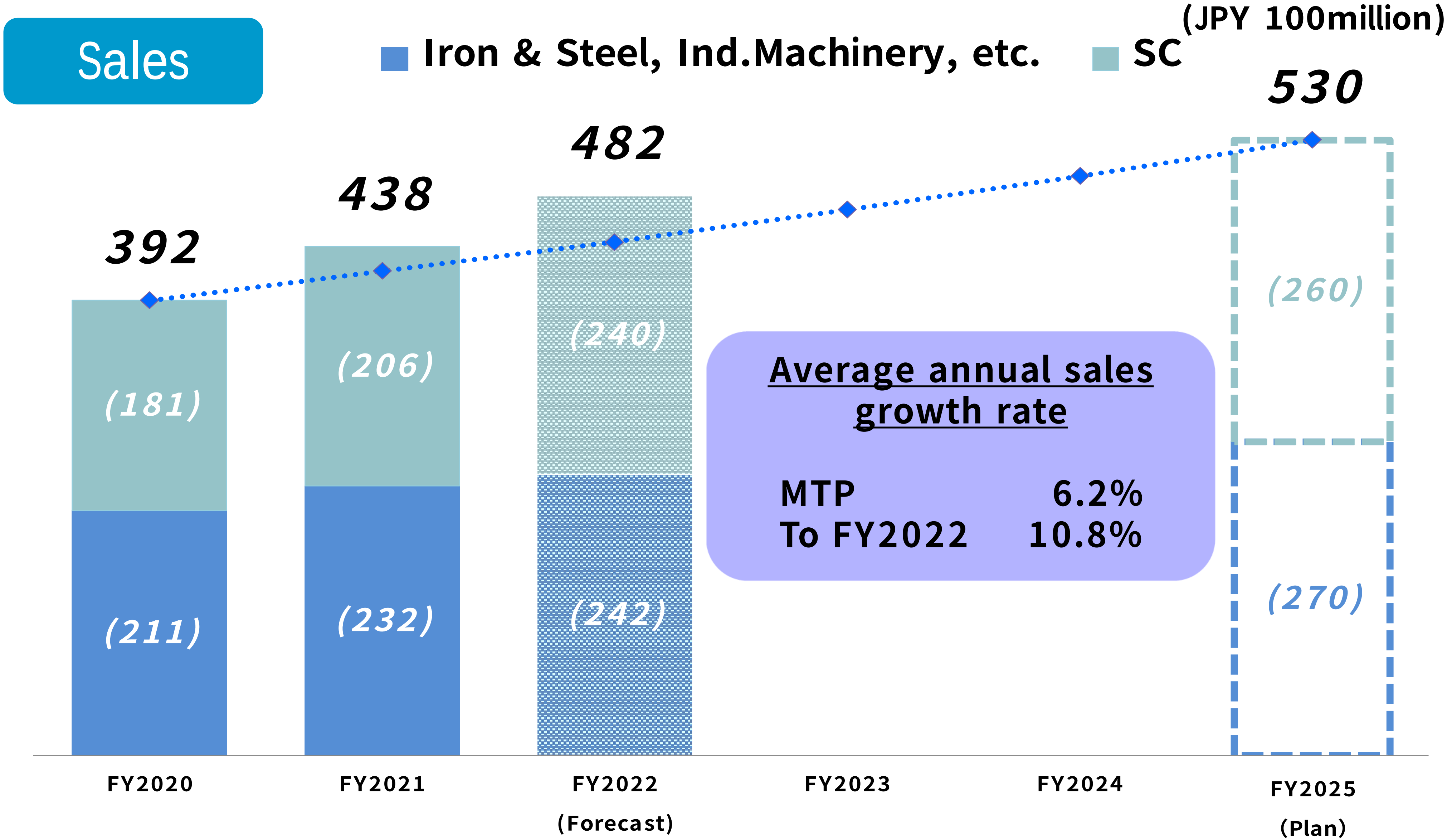


(*) Semiconductor-related sales are affected by the maket volume of global WFE (Wafer Fab Equipment/Front-end Process for Semiconductor Production)

TOCALO

Progress of Medium-term Management Plan

TOCALO



(Note) Effective from the FY2021, the classification of Royalty Income has been changed from non-operating income to net sales, 200 million yen of Royalty income for FY2020 is included in net sales of Iron & Steel, Ind. Machinery, etc.

Progress of Medium-term Management Plan

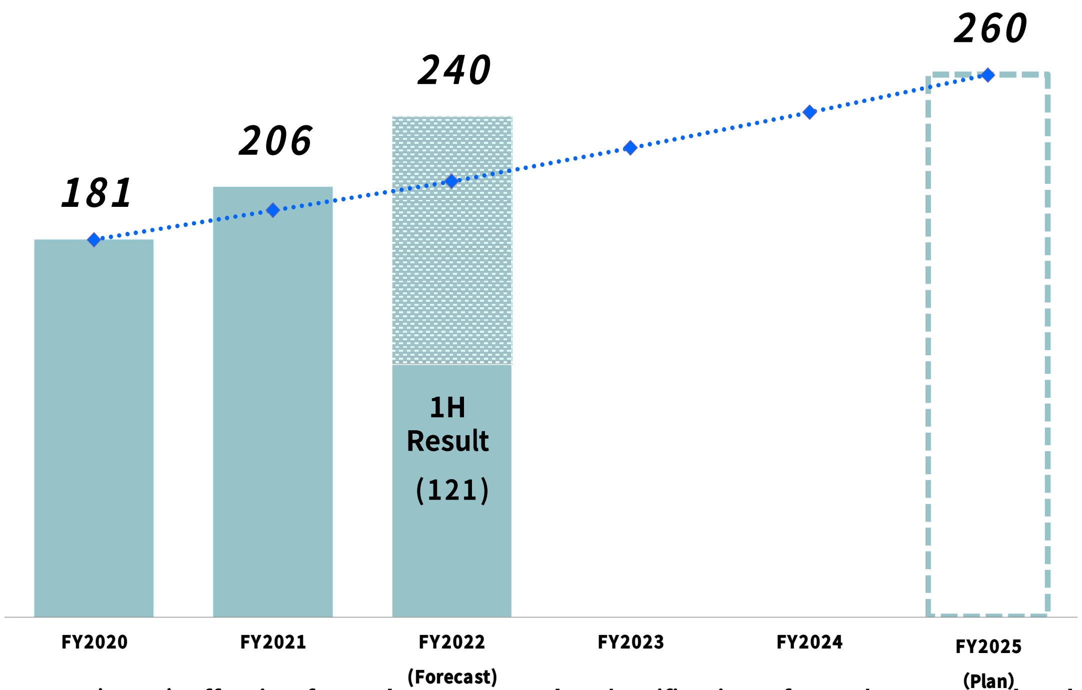
TOCALO

Sales of Semi-con

Average annual sales growth rate

MTP	7.4%
To FY2022	14.8%

(JPY 100million)

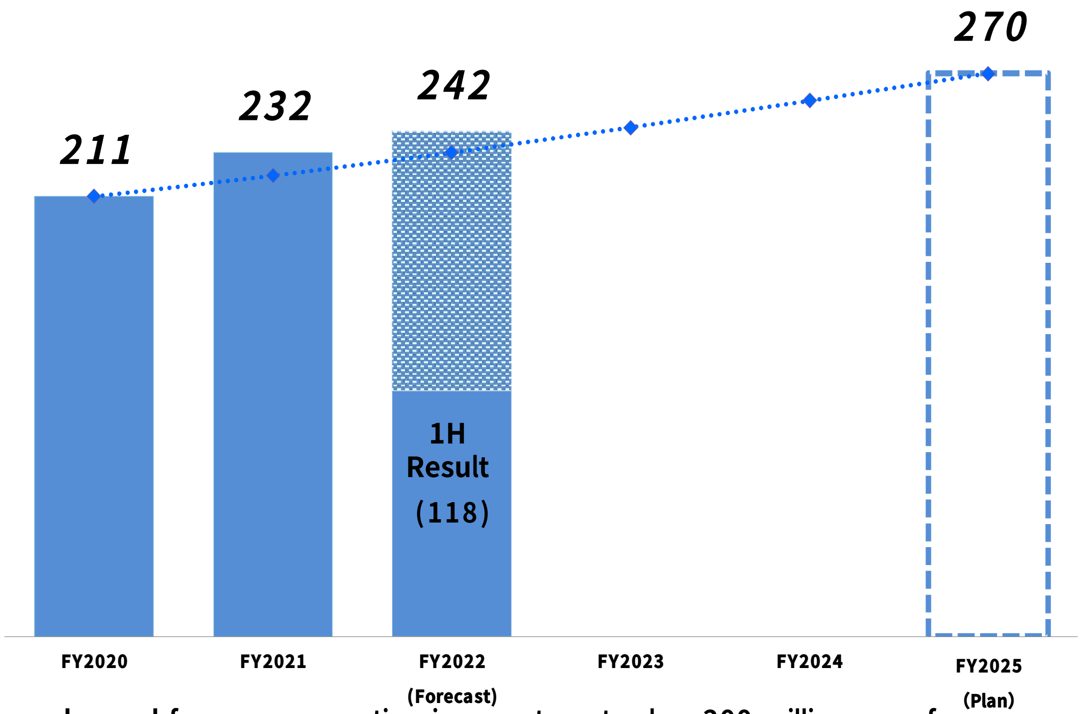


Sales of Iron & Steel, Ind. machinery

Average annual sales growth rate

MTP	5.0%
To FY2022	7.1%

(JPY 100million)

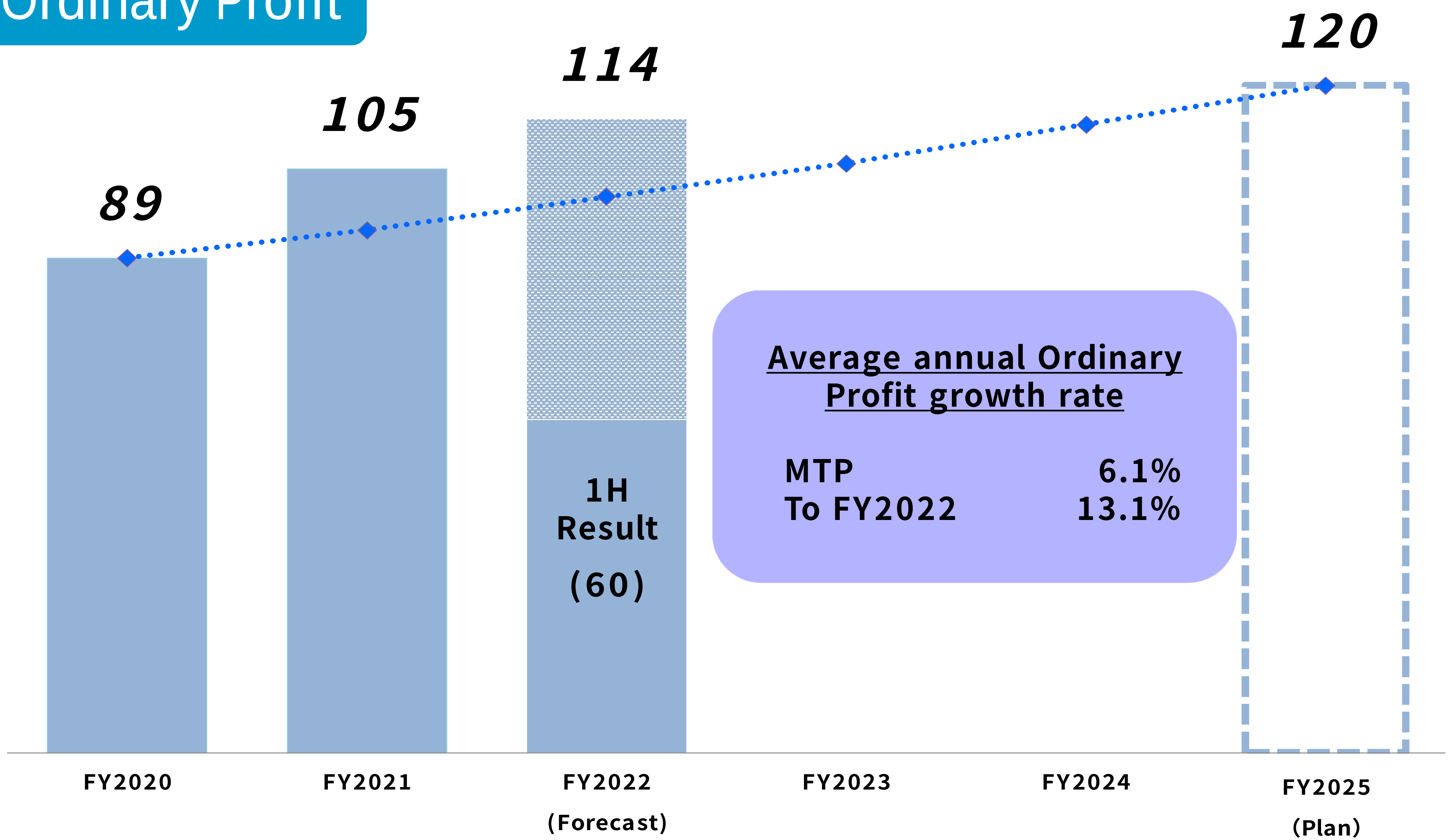


(Note) Effective from the FY2021, the classification of Royalty Income has been changed from non-operating income to net sales, 200 million yen of Royalty income for FY2020 is included in net sales of Iron & Steel, Ind. Machinery, etc.

Progress of Medium-term Management Plan

Ordinary Profit

(JPY 100million)



Average annual Ordinary Profit growth rate

MTP	6.1%
To FY2022	13.1%

Financial Highlights

(JPY Million)	FY2017 Result	FY2018 Result	FY2019 Result	FY2020 Result	FY2021 Result	FY2022 Forecast
Orders received	36,851	38,915	38,011	39,021	45,394	-
Backlog of Orders	6,725	6,081	6,195	6,143	7,896	-
Net Sales	34,275	39,742	38,084	39,294	43,813	48,200
Operating Profit	7,270	7,905	6,727	8,890	10,255	11,200
Ordinary Profit	7,363	8,076	6,812	8,914	10,571	11,400
Ordinary Profit Ratio	21.5%	20.3%	17.9%	22.7%	24.1%	23.7%
Net income attribute to owners of parent	4,836	5,441	4,404	5,463	6,909	7,444
Earnings Per Share（EPS）	79.56	89.51	72.45	89.86	113.62	122.36
Total Assets	52,664	57,278	61,122	64,183	69,517	75,452
Equity	34,174	37,559	40,263	44,201	49,099	54,325
Equity ratio	64.9%	65.6%	65.9%	68.9%	70.6%	72.0%
Return on Equity（ROE）	14.9%	15.2%	11.3%	12.9%	14.8%	14.4%
Return on Asset（ROA）	15.2%	14.7%	11.5%	14.2%	15.8%	15.7%
Return on Invested Capital（ROIC）	13.6%	13.3%	9.8%	11.9%	13.0%	13.2%

ROE＝Net income attributable to owners of parent/Average Equity during the period、ROA＝Ordinary Profit/Average Total Assets during the period

ROIC (Return On Invested Capital)＝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.

注意事項

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