(TSE Prime Market Code 3433)

New possibilities for a bright future

Financial Results Presentation (1H FY2026)

11/5/2026

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Summary of Consolidated Results 1H FY2026

1H FY2026 Consolidated Financial Results

- Net Sales : 34.5 billion JPY, up 6.2 billion JPY (+22.2%) YoY
- Ordinary Profit : 8.3 billion JPY, up 1.6 billion JPY (+23.8%) YoY
- Net sales and ordinary profit reached record highs on a half-year basis

FY2026 Financial Forecast

- Upward revision of the Aug. 5, 2026 financial forecast
- Net Sales: 73.0 billion JPY, up 4.5 billion JPY (+6.6%) vs. prior
- Ordinary Profit: 17.8 billion JPY, up 1.1 billion JPY (+6.6%) vs. prior

Shareholder Returns

- FY2026 Interim Dividend: 47 JPY
  (+5 JPY vs. initial forecast of 42 JPY, +3 JPY vs. Aug. 2026)
- Full-Year Dividend Forecast: 99 JPY
  (+ 13 JPY vs. initial forecast of 86 JPY, +7 JPY vs. Aug. 2026 92 JPY)
- Payout Ratio : 50.3%, DOE : 8.4% (Forecast)

1. Overview of Consolidated Results 1H FY2026

Highlights of Consolidated Results 1H FY2026

POINT

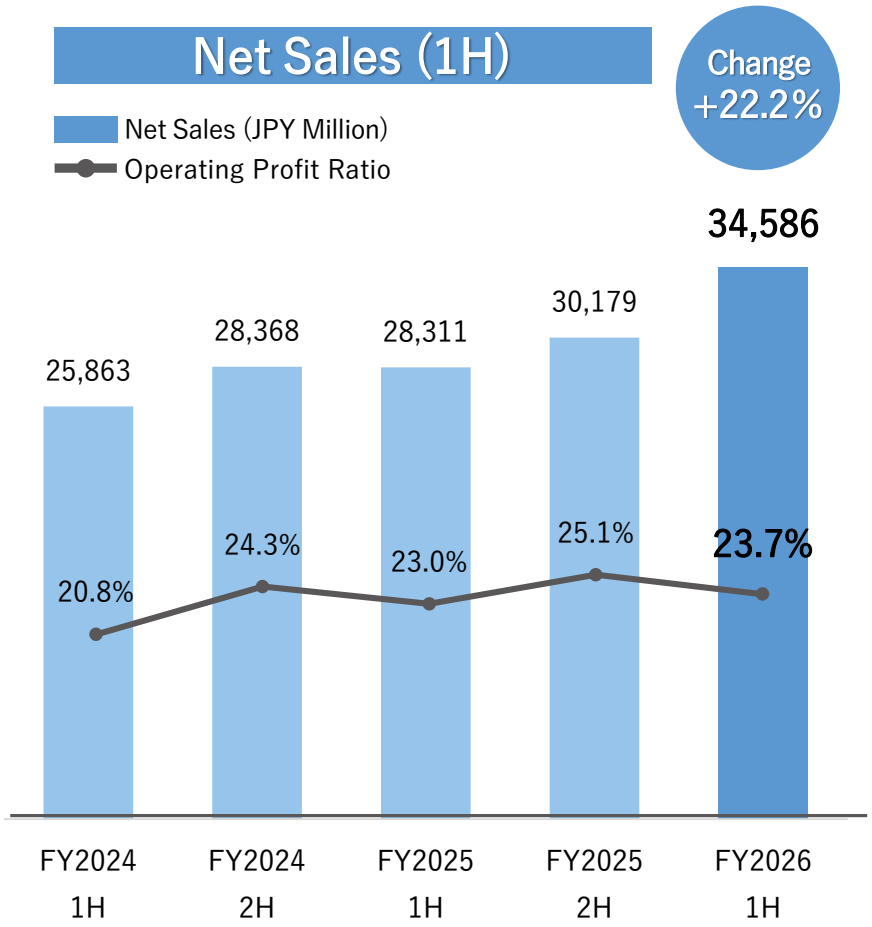
Net sales performed strongly, up ¥6.2 billion YoY, reaching a record high on a half-year basis

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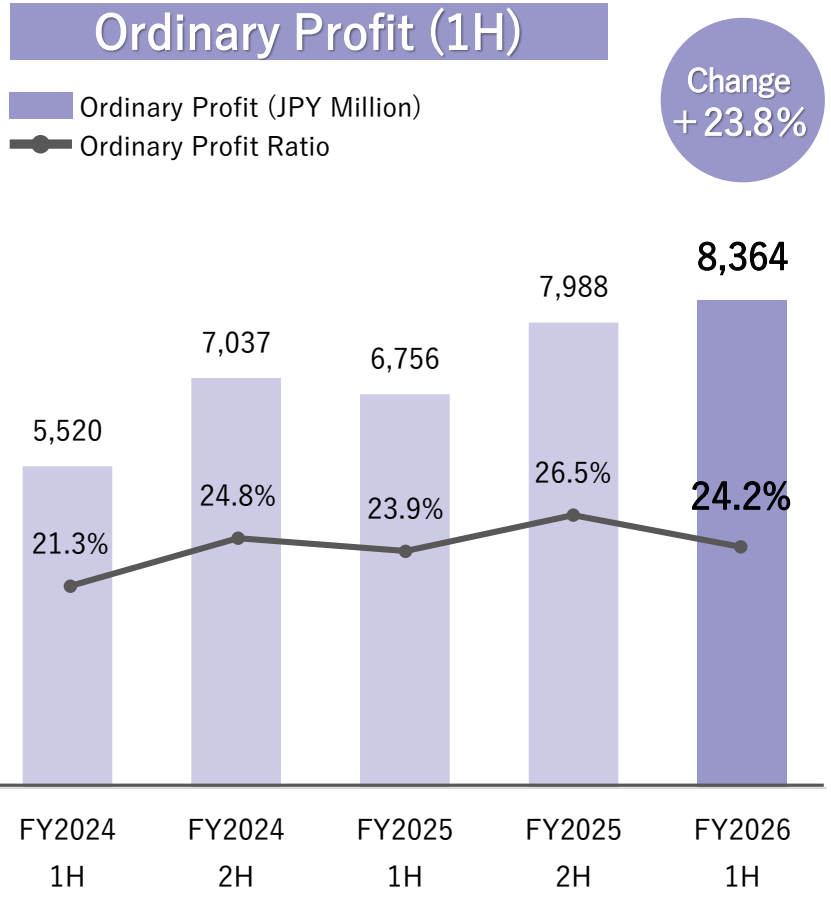
Ordinary profit also reached a record high on a half-year basis

(The decline in ordinary profit margin from the previous 2H was due to the impact of actuarial gains and losses and subsidy income. See next page.)

Net Sales (1H)



Ordinary Profit (1H)



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(Reference) Ordinary Profit on a Substantive Basis

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Earning power on a substantive basis, excluding actuarial gains and losses and subsidy income

(JPY Million)

	1H FY2025	2H FY2025	1H FY2026
Ordinary Profit	6,756	7,988	8,364
Actuarial Gains and Losses	-	662	-
Subsidy Income	286	132	72
Ordinary Profit on a Substantive Basis	6,469	7,193	8,291
Ordinary Profit Margin on a Substantive Basis	22.8%	23.8%	24.0%

Overview of Consolidated Results 1H FY2026

- Both net sales and ordinary profit performed strongly, achieving significant growth of over 20% YoY

(JPY Million)	1H FY2025		1H FY2026		Change	
	Result	Ratio	Result	Ratio	Amount	%
Net Sales	28,311	100.0%	34,586	100.0%	6,275	22.2%
Operating Profit	6,518	23.0%	8,206	23.7%	1,687	25.9%
Ordinary Profit	6,756	23.9%	8,364	24.2%	1,608	23.8%
Net Income Attributable to Owners of Parent	4,427	15.6%	5,509	15.9%	1,082	24.4%
Earnings Per Share (EPS)	74.46JPY	—	92.64JPY	—	18.18JPY	—

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1H FY2026 Net Sales (by Segment)

- Thermal Spray (TOCALO), the largest segment, performed strongly in semiconductors/FPD and industrial parts
- Other Surface Modification, Domestic Subsidiaries, and Overseas Subsidiaries also on a recovery trend

(JPY Million)	1H FY2025		1H FY2026		Change	
	Result	Ratio	Result	Ratio	Amount	%
Net Sales	28,311	100.0%	34,586	100.0%	6,275	22.2%
Thermal Spray (TOCALO)	19,961	70.5%	25,691	74.3%	5,730	28.7%
Semicon & FPD	11,989	42.4%	17,122	49.5%	5,132	42.8%
Industrial Parts	2,655	9.4%	3,583	10.4%	928	35.0%
Iron & Steel	1,974	7.0%	1,877	5.4%	-97	-4.9%
Others	3,341	11.7%	3,108	9.0%	-233	-7.0%
Other Surface Modif.	1,228	4.3%	1,345	3.9%	117	9.5%
Domestic Sub.	1,409	5.0%	1,555	4.5%	145	10.4%
Overseas Sub.	5,649	20.0%	5,915	17.1%	266	4.7%
Royalty Income	62	0.2%	78	0.2%	15	24.5%

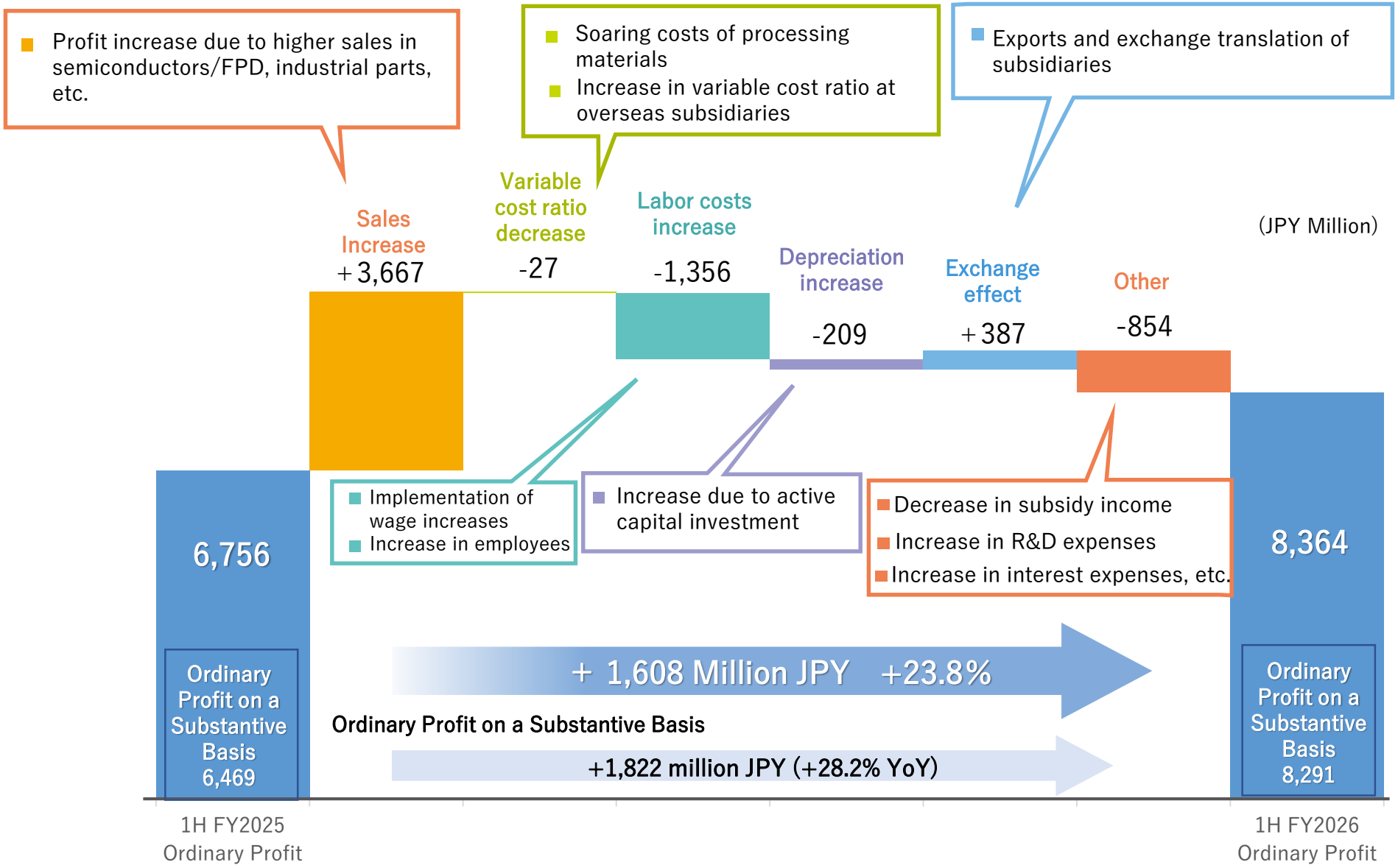
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1H FY2026 Orders Received (by Segment)

- Orders received remained strong, up 39.1% YoY to ¥39.0 billion

(JPY Million)	1H FY2025		1H FY2026		Change	
	Result	Ratio	Result	Ratio	Amount	%
Orders Received	28,105	100.0%	39,092	100.0%	10,986	39.1%
Thermal Spray (TOCALO)	19,546	69.5%	29,959	76.6%	10,412	53.3%
Semicon & FPD	11,857	42.2%	19,934	51.0%	8,076	68.1%
Industrial Parts	2,520	9.0%	4,014	10.3%	1,494	59.3%
Iron & Steel	2,117	7.5%	2,085	5.3%	-31	-1.5%
Others	3,051	10.8%	3,924	10.0%	873	28.6%
Other Surface Modif.	1,216	4.4%	1,470	3.8%	254	20.9%
Domestic Sub.	1,348	4.8%	1,610	4.1%	262	19.5%
Overseas Sub.	5,994	21.3%	6,052	15.5%	57	1.0%

Analysis of Ordinary P/L Change



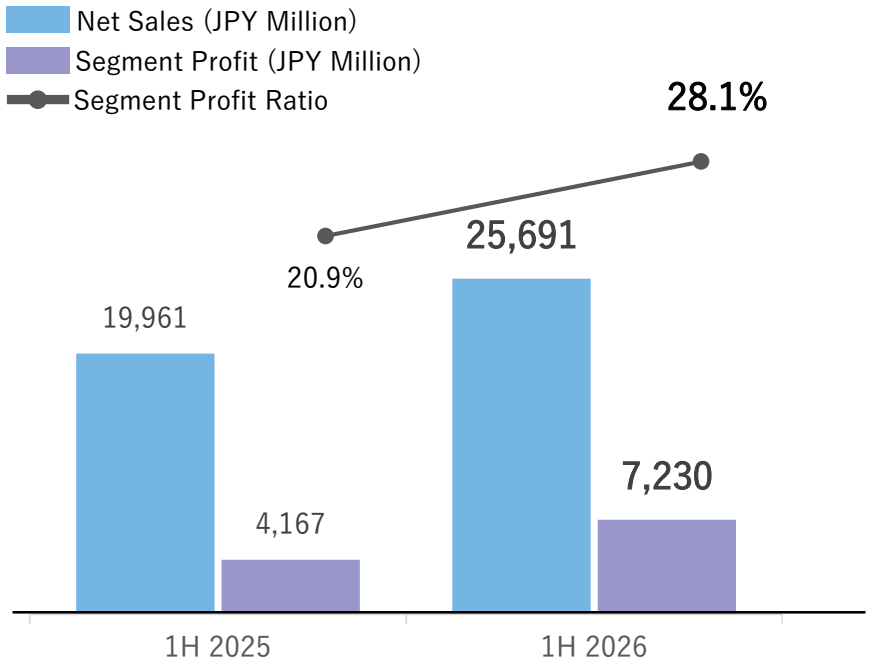
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1H FY2026 Consolidated Results by Segment

Thermal Spray (TOCALO)

Strong performance in semiconductors and FPD and industrial parts led to a significant increase in net sales and profit

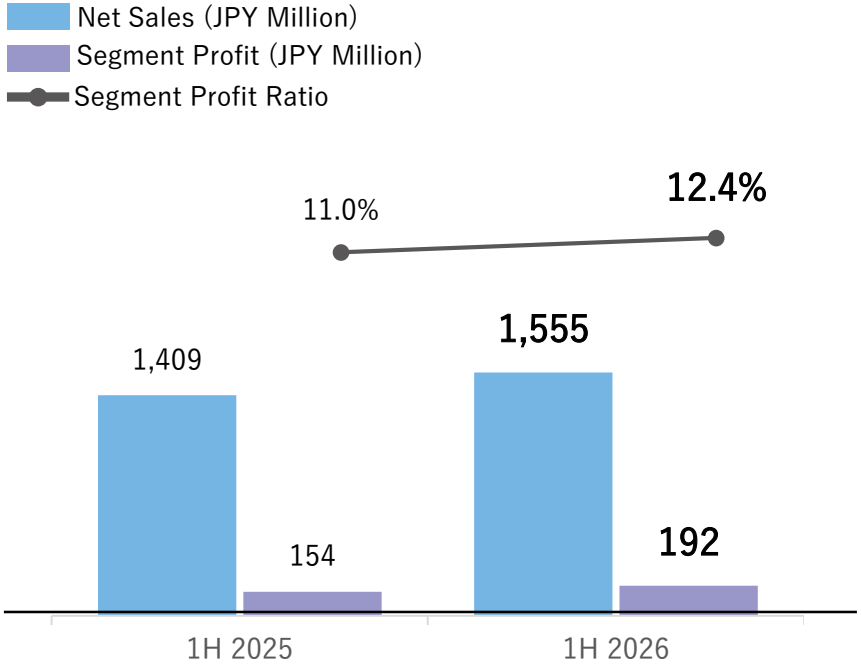
YoY Change Ratio	
Net Sales	+28.7%
Segment Profit	+73.5%



Domestic Sub.

Japan Coating Center was on a recovery track, posting increases in both net sales and profit

YoY Change Ratio	
Net Sales	+10.4%
Segment Profit	+24.5%



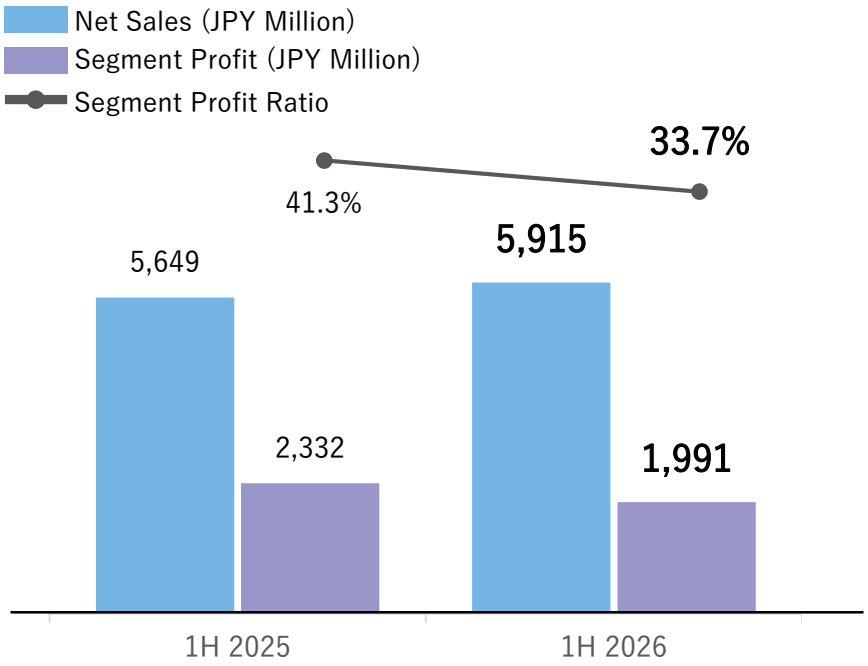
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1H FY2026 Consolidated Results by Segment

Overseas Sub.

While iron & steel-related subsidiaries performed strongly, semiconductor-related subsidiaries posted lower profit, resulting in higher net sales but lower profit

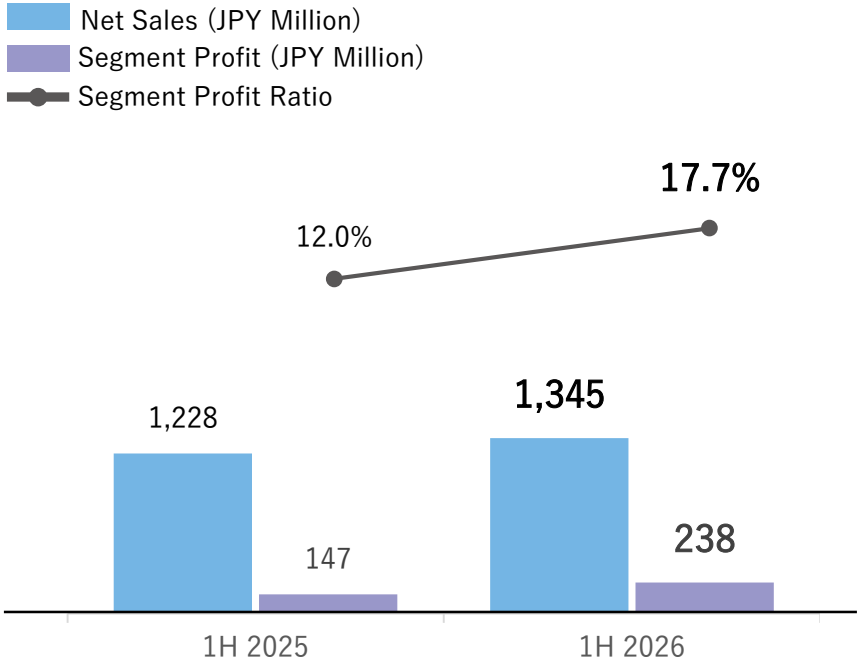
YoY Change Ratio		
	Net Sales	+4.7%
	Segment Profit	-14.6%



Other Surface Modif.

Strong performance in ZAC coating for semiconductors led to increases in both net sales and profit

YoY Change Ratio		
	Net Sales	+9.5%
	Segment Profit	+62.4%



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Segment Information

(JPY Million)	1H FY2025		1H 2026		Change			
					Net Sales		Segment Profit	
	Net Sales	Segment Profit	Net Sales	Segment Profit	Amount	%	Amount	%
Thermal Spray (TOCALO)	19,961	4,167	25,691	7,230	5,730	28.7%	3,062	73.5%
Domestic Sub.	1,409	154	1,555	192	145	10.4%	37	24.5%
Overseas Sub.	5,649	2,332	5,915	1,991	266	4.7%	-340	-14.6%
Other Surface Modif.	1,228	147	1,345	238	117	9.5%	91	62.4%
Total	28,248	6,802	34,508	9,653	6,260	22.2%	2,851	41.9%

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

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Financial Position

- Total assets increased by 8.9 billion JPY from the end of the previous period (Tangible fixed assets: + 2.6 billion JPY)
- Equity ratio decreased by 3.4 percentage points to 71.4% from the end of the previous period
- Interest-bearing debt increased by 3.8 billion JPY from the end of the previous period

(JPY Million)	FY2025		FY2026
	1H-end	2H-end	1H-end
Total Assets	84,343	89,291	98,198
Equity	62,645	66,758	70,065
Equity Ratio	74.3%	74.8%	71.4%
Interest-bearing Debt	3,191	7,359	11,253

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Cash Flow

- Free Cash Flow (Operating CF + Investment CF): -0.9 billion JPY
- Investment CF: Acquisition of tangible fixed assets

  Previous term: 2.5 billion JPY　　Current term: 3.7 billion JPY
- Financial CF: Dividends paid

  Previous term: 2.2 billion JPY　　Current term: 2.8 billion JPY

(JPY Million)	FY 2025 1H	FY2026 1H
Operating CF	4,470	2,716
Investment CF	-2,763	-3,666
Financial CF	-3,054	552
Cash Balance	16,187	14,315

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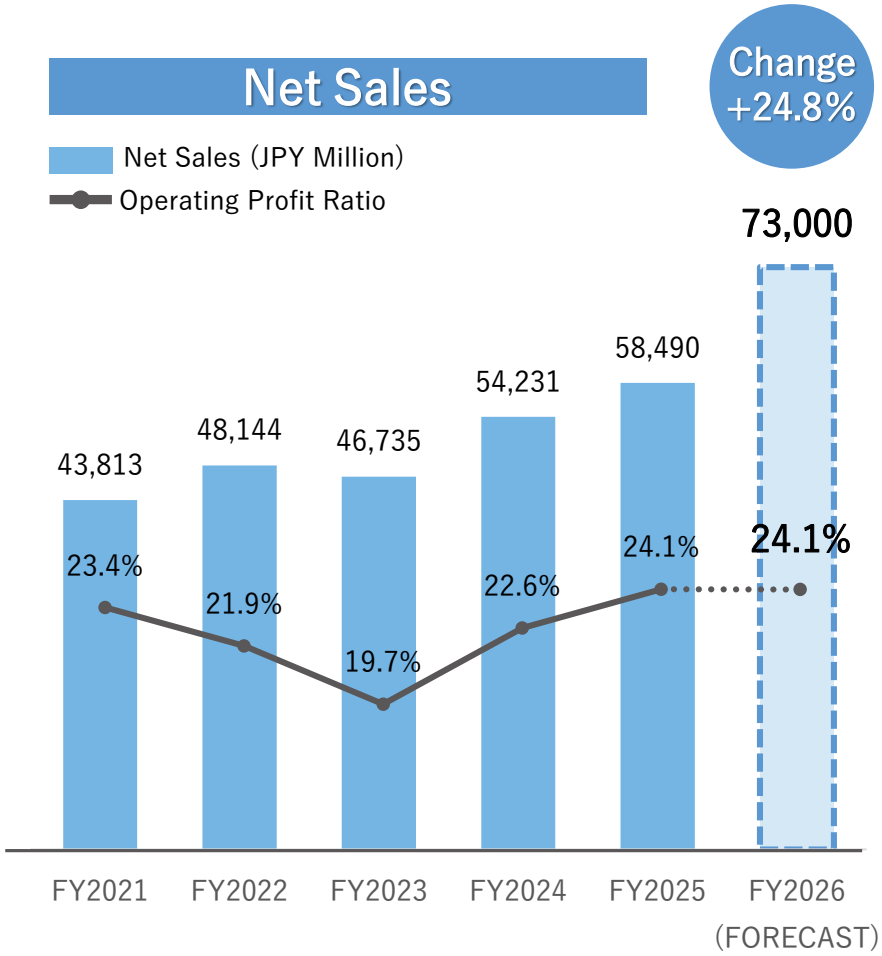
2. Consolidated Forecast FY2026

Outlook for Net Sales and Ordinary Profit

[Further upward revision to the forecast announced on Aug. 5, 2026]

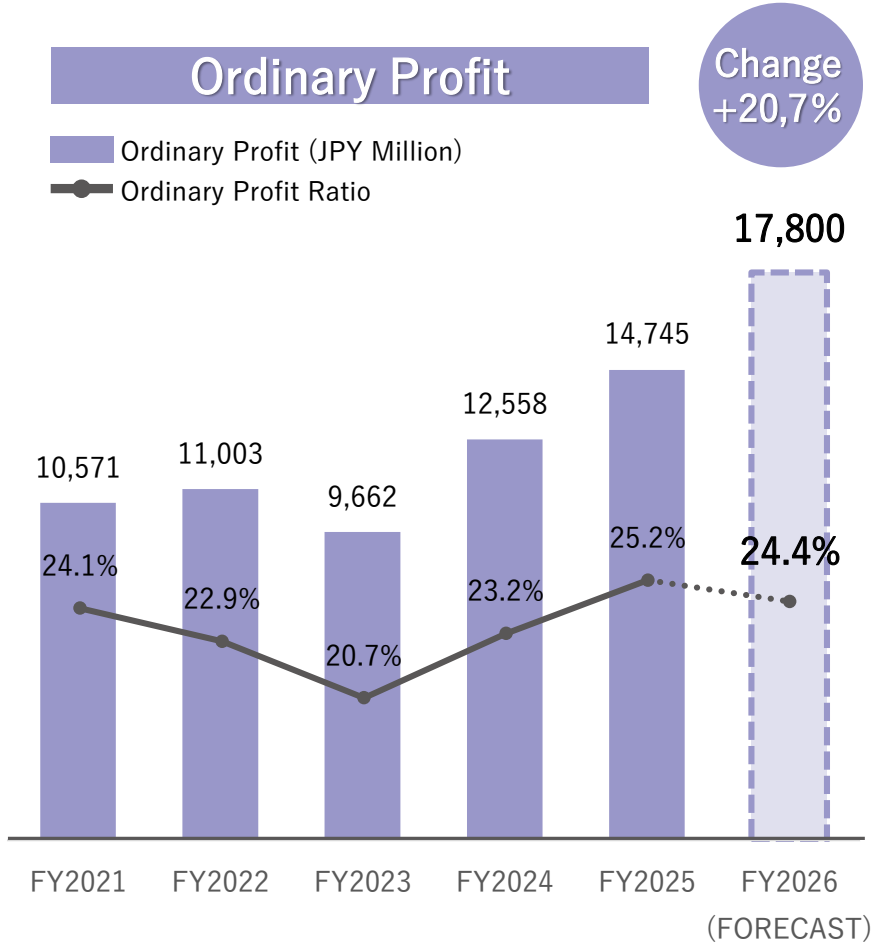
POINT

Net sales expected to reach a record high, driven by the semiconductor field



POINT

Ordinary profit also expected to reach a record high, along with higher sales



(The decline in ordinary profit margin was due to the impact of actuarial gains and losses and subsidy income in the previous period. See p. 5)

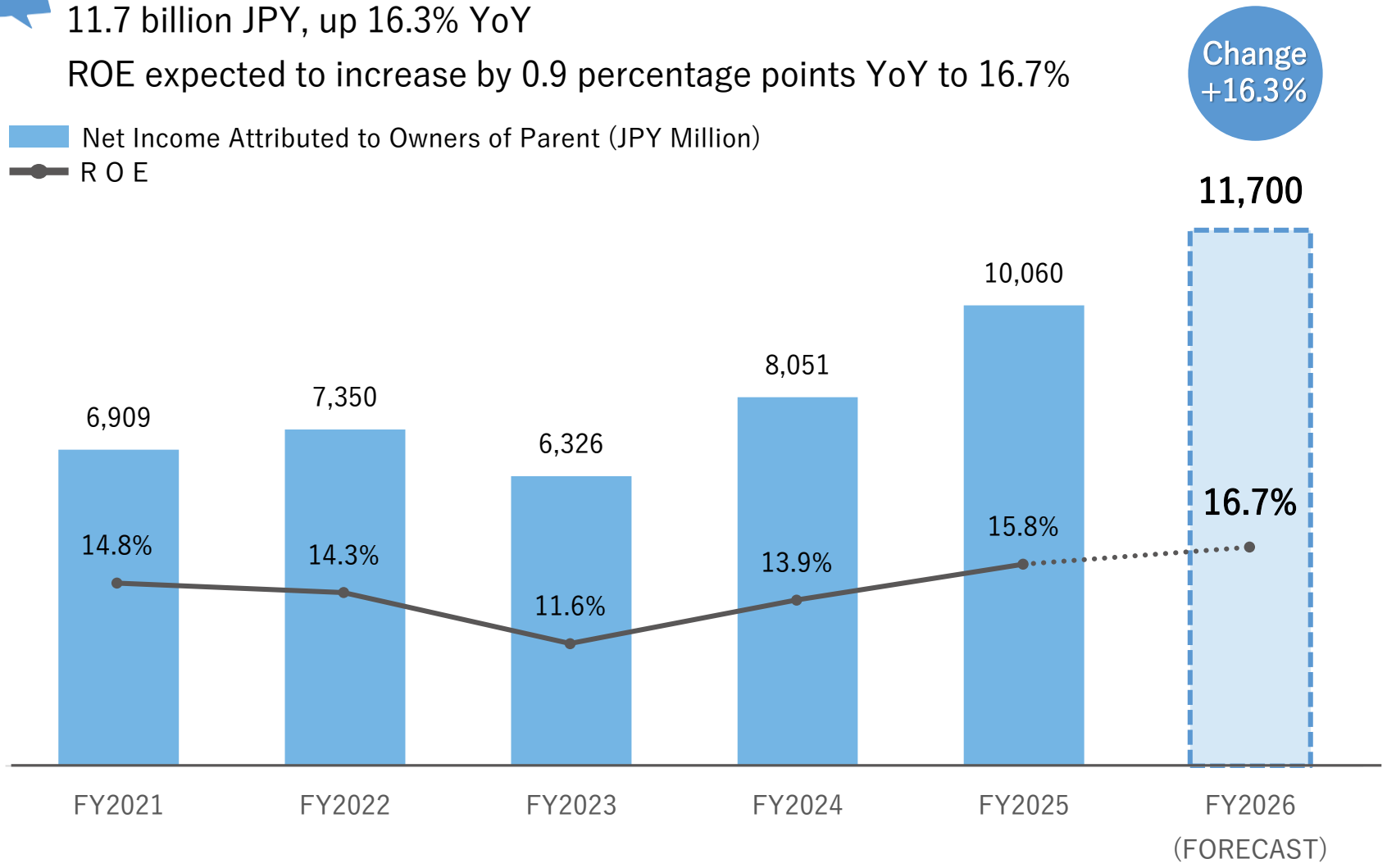
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Outlook for Net Income Attributed to Owners of Parent and ROE

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Net income attributable to owners of parent is forecast to reach 11.7 billion JPY, up 16.3% YoY

ROE expected to increase by 0.9 percentage points YoY to 16.7%



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Consolidated Forecast FY2026 (vs. Prior FY Results)

(JPY Million)	FY2025		FY2026		Change	
	Result	Ratio	Forecast	Ratio	Amount	%
Net Sales	58,490	100.0%	73,000	100.0%	14,509	24.8%
Thermal Spray (TOCALO)	40,709	69.6%	53,219	72.9%	12,510	30.7%
Semicon & FPD	24,813	42.4%	36,622	50.2%	11,809	47.6%
Industrial Parts	5,652	9.7%	7,183	9.8%	1,531	27.1%
Iron & Steel	3,963	6.8%	3,877	5.3%	-85	-2.2%
Others	6,280	10.7%	5,536	7.6%	-744	-11.9%
Other Surface Modif.	2,467	4.2%	2,640	3.7%	172	7.0%
Domestic Sub.	2,883	4.9%	3,214	4.4%	331	11.5%
Overseas Sub.	12,269	21.0%	13,754	18.8%	1,485	12.1%
Royalty Income	160	0.3%	170	0.2%	9	5.9%
Operating Profit	14,102	24.1%	17,600	24.1%	3,497	24.8%
Ordinary Profit	14,745	25.2%	17,800	24.4%	3,054	20.7%
Net Income Attributed to Owners of Parent	10,060	17.2%	11,700	16.0%	1,639	16.3%
Earnings Per Share (EPS)	169.19JPY	—	196.72JPY	—	27.53JPY	—
Return on Equity (ROE)	15.8%	—	16.7%	—	0.9pt	—

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Consolidated Forecast FY2026 (vs. Aug. Forecast)

(JPY Million)	FY2026				Change vs. Aug. forecast	
	Aug. forecast	Ratio	Revised forecast	Ratio	Amount	%
Net Sales	68,500	100.0%	73,000	100.0%	4,499	6.6%
Thermal Spray (TOCALO)	50,197	73.3%	53,219	72.9%	3,022	6.0%
Semicon & FPD	34,110	49.8%	36,622	50.2%	2,512	7.4%
Industrial Parts	6,015	8.8%	7,183	9.8%	1,168	19.4%
Iron & Steel	3,951	5.8%	3,877	5.3%	-73	-1.9%
Others	6,121	8.9%	5,536	7.6%	-585	-9.6%
Other Surface Modif.	2,531	3.7%	2,640	3.7%	109	4.3%
Domestic Sub.	3,169	4.6%	3,214	4.4%	45	1.4%
Overseas Sub.	12,451	18.2%	13,754	18.8%	1,303	10.5%
Royalty Income	150	0.2%	170	0.2%	19	12.9%
Operating Profit	16,700	24.4%	17,600	24.1%	900	5.4%
Ordinary Profit	16,700	24.4%	17,800	24.4%	1,100	6.6%
Net Income Attributed to Owners of Parent	10,860	15.9%	11,700	16.0%	840	7.7%
Earnings Per Share (EPS)	182.60JPY	—	196.72JPY	—	14.12JPY	—
Return on Equity (ROE)	15.6%	—	16.7%	—	1.1pt	—

1H FY2026 Progress Rate

(JPY Million)	1H FY2026		FY2026		Progress Rate
	Result	Ratio	Forecast	Ratio	
Net Sales	34,586	100%	73,000	100.0%	47.4%
Thermal Spray (TOCALO)	25,691	74.3%	53,219	72.9%	48.3%
Semicon & FPD	17,122	49.5%	36,622	50.2%	46.8%
Industrial Parts	3,583	10.4%	7,183	9.8%	49.9%
Iron & Steel	1,877	5.4%	3,877	5.3%	48.4%
Others	3,108	9.0%	5,536	7.6%	56.1%
Other Surface Modif.	1,345	3.9%	2,640	3.7%	51.0%
Domestic Sub.	1,555	4.5%	3,214	4.4%	48.4%
Overseas Sub.	5,915	17.1%	13,754	18.8%	43.0%
Royalty Income	78	0.2%	170	0.2%	45.9%
Operating Profit	8,206	23.7%	17,600	24.1%	46.6%
Ordinary Profit	8,364	24.2%	17,800	24.4%	47.0%
Net Income Attributed to Owners of Parent	5,509	15.9%	11,700	16.0%	47.1%
Earnings Per Share (EPS)	92.64JPY	—	196.72JPY	—	47.1%

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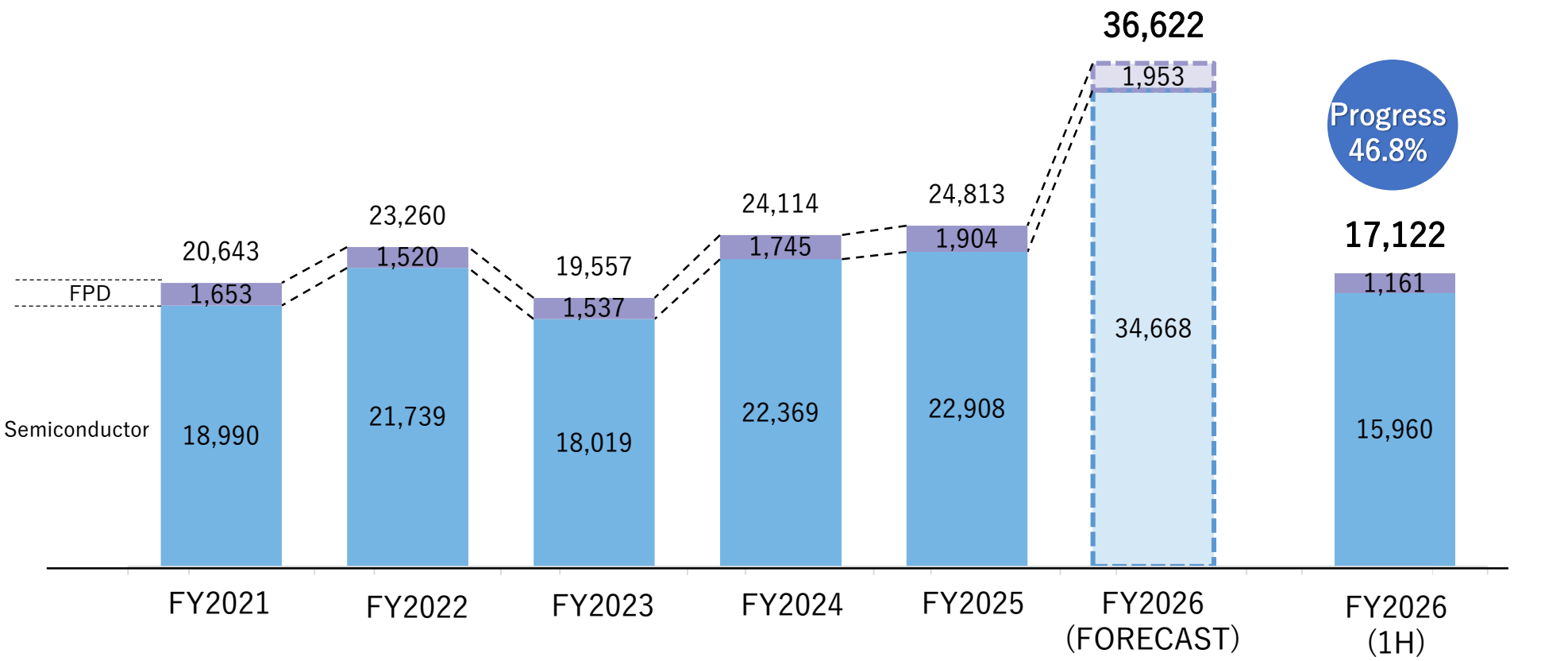
Semiconductor & FPD Net Sales

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First-half net sales reached a record high of ¥17.1 billion

Full-year net sales are forecasted at ¥36.6 billion, up ¥11.8 billion (+47.6%) vs. previous FY results

(JPY Million)



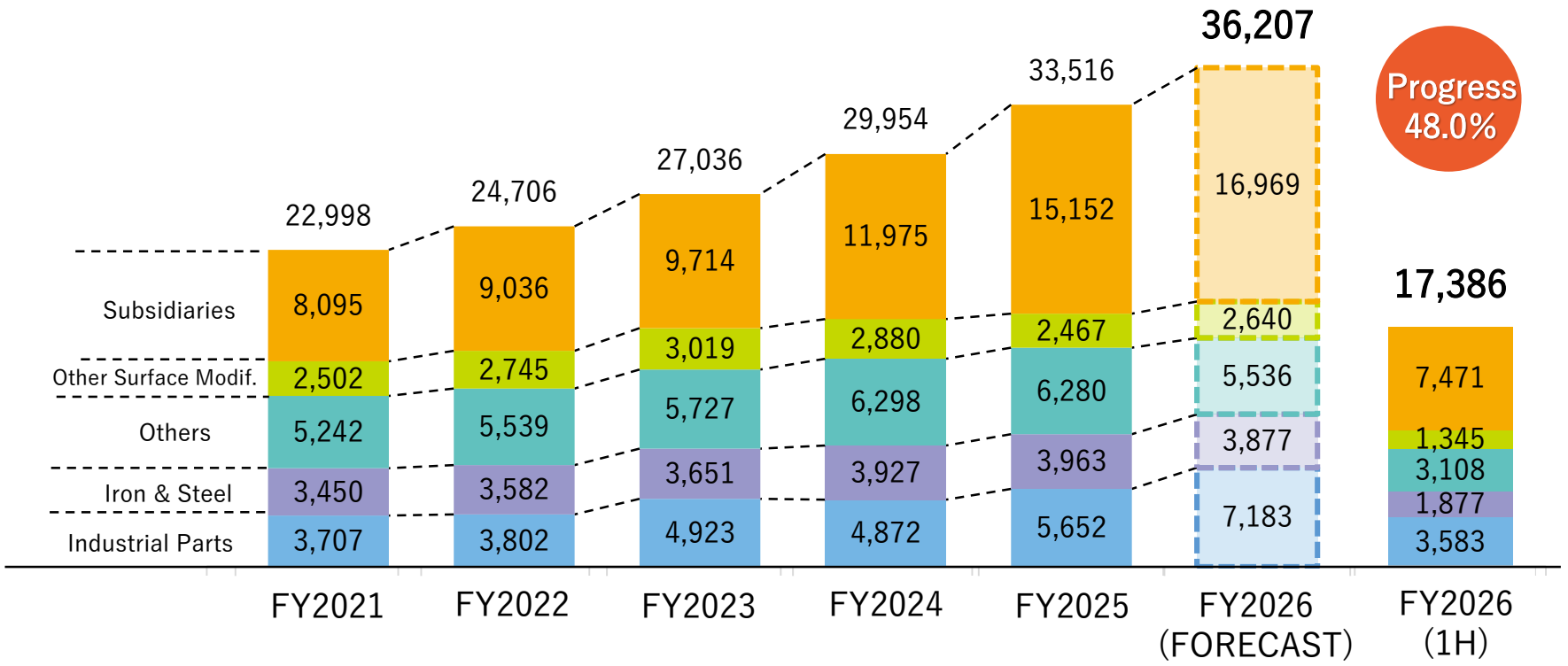
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Non-Semiconductor & FPD Net Sales

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1H net sales excluding the semiconductor and FPD sectors also performed strongly at ¥17.3 billion
Expected to remain steady going forward, driven mainly by industrial parts and subsidiaries

(JPY Million)



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

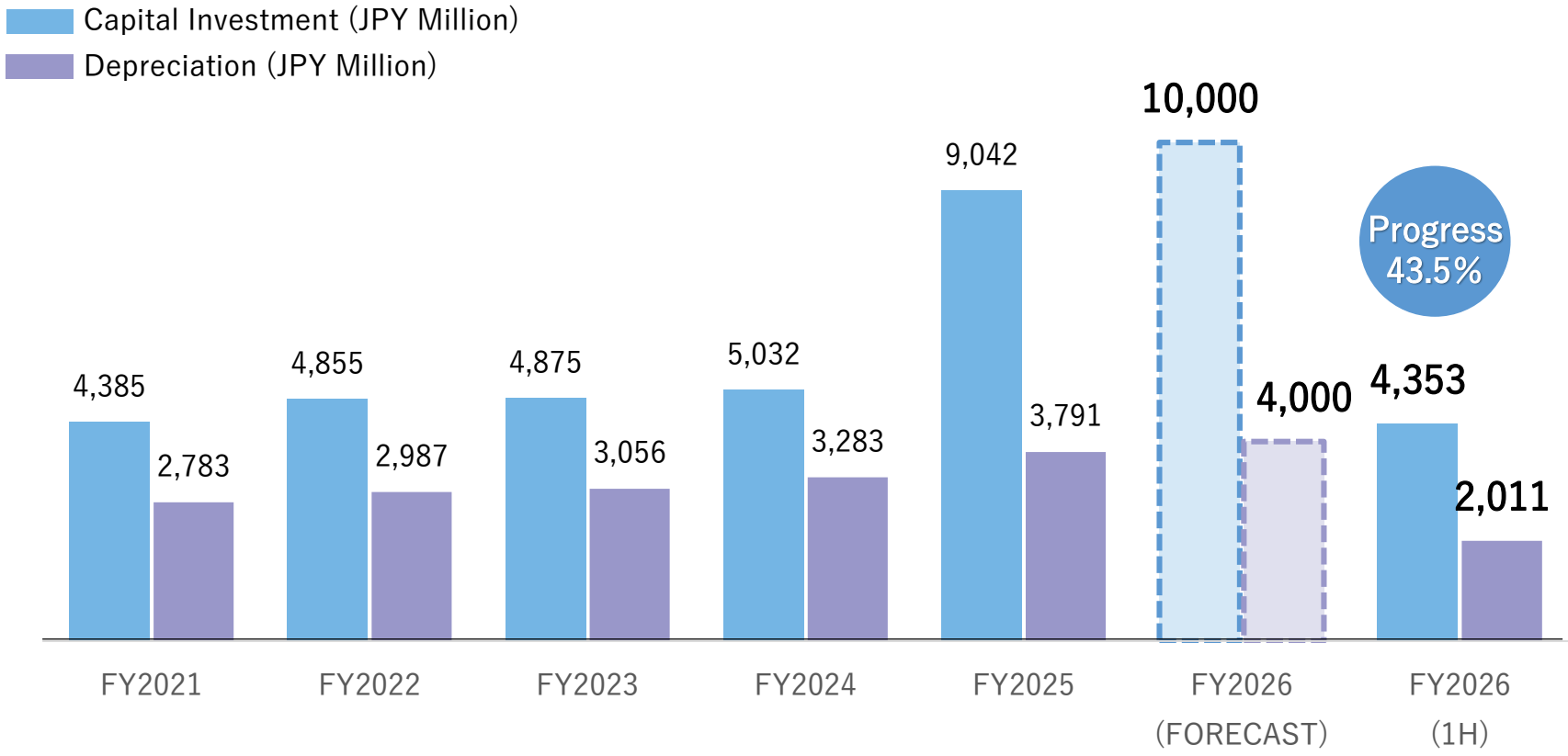
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Capital Investment and Depreciation (Unchanged from initial forecast)

POINT

Planned Capital Investment for FY2026: 10.0 billion JPY

- TOCALO 8.0 billion JPY: Construction of new buildings and introduction of production equipment at the Tokyo No.2 and Kitakyushu Plants, as well as research facilities, etc.
- Domestic Subsidiaries 0.7 billion JPY: Construction of new buildings at TERADA KOSAKUSHO, and expansion of production capacity at Japan Coating Center, etc.
- Overseas Subsidiaries 1.3 billion JPY: Construction of a new plant at TOCALO USA-Arizona, etc.

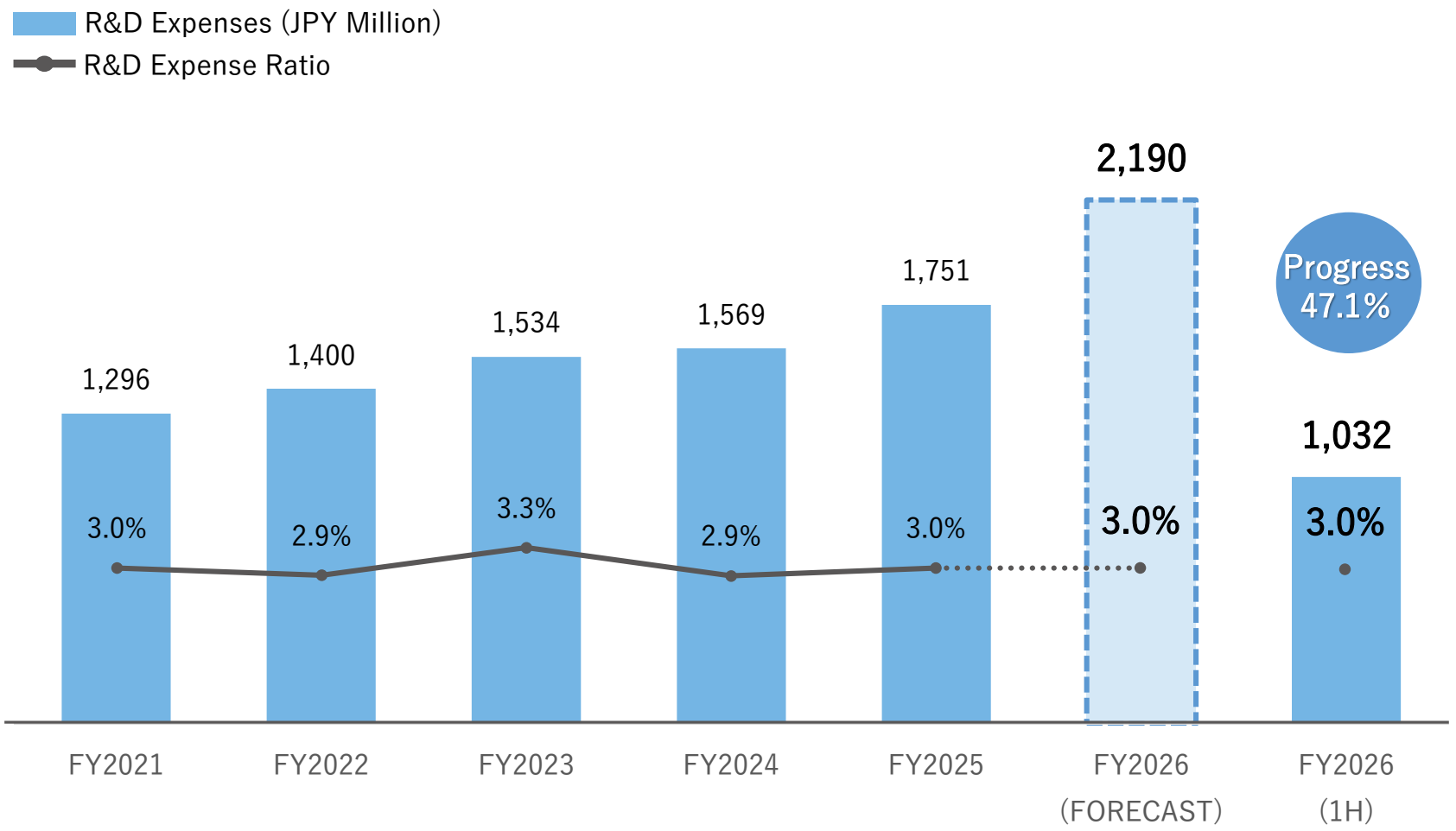


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R&D Expenses

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Maintain R&D expenses at around 3% of consolidated net sales and actively pursue development investments



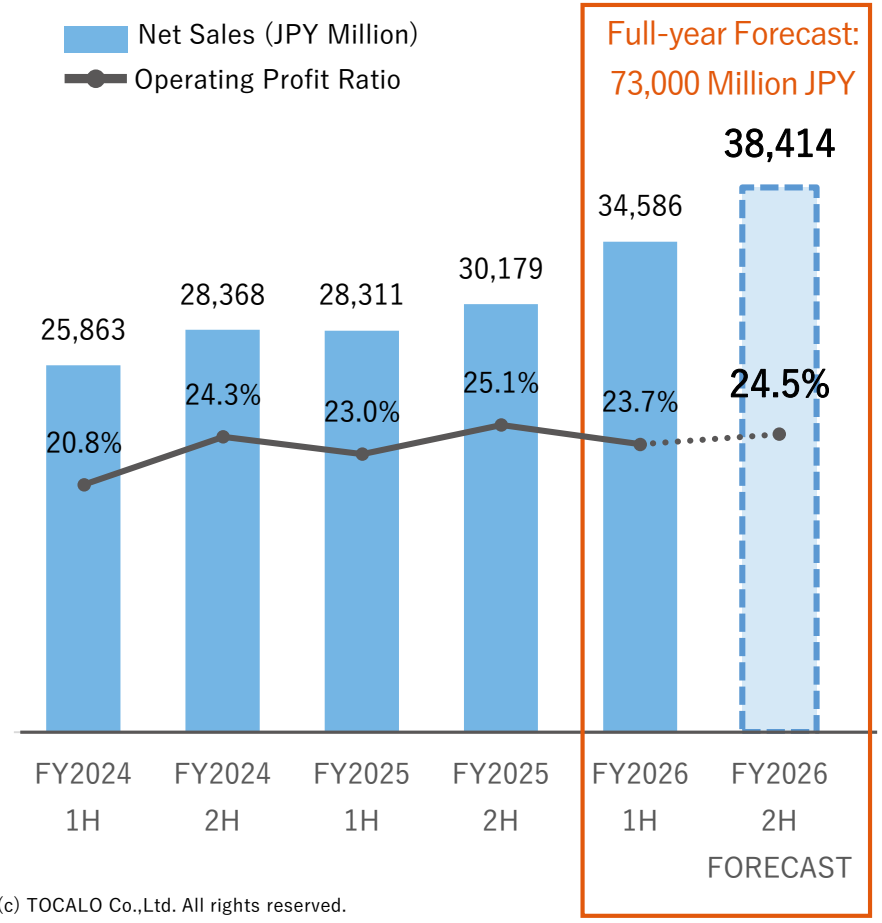
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2H FY2026 Forecast

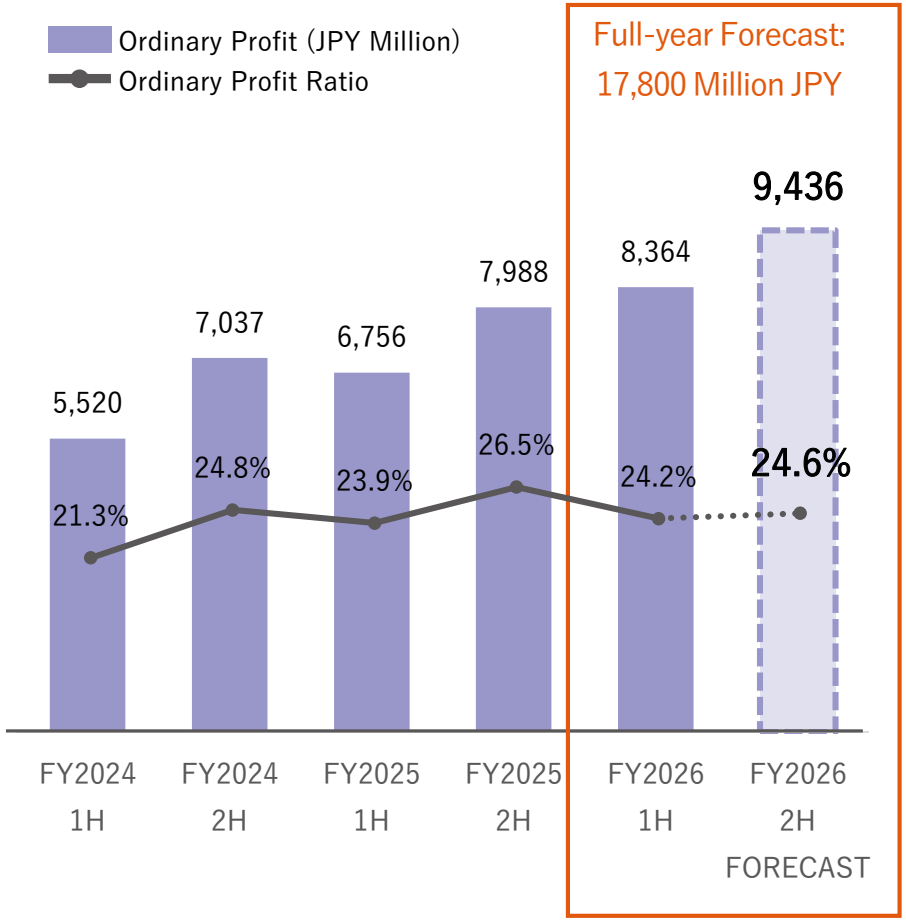
POINT Net sales are expected to remain strong, driven primarily by the semiconductors and industrial parts

POINT Ordinary profit is also expected to remain strong and achieve the full-year forecast of 17.8 billion JPY

Net Sales (2H)



Ordinary Profit (2H)



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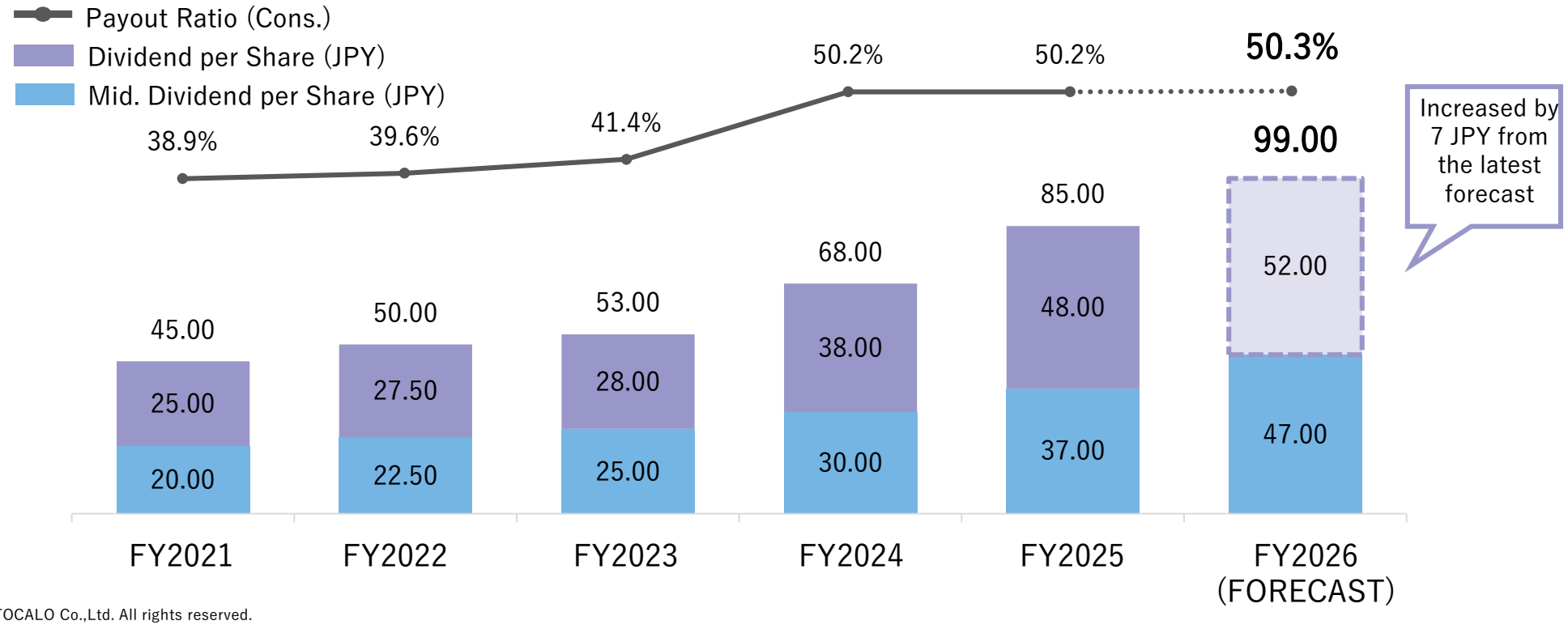
Dividends

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For FY ending March 2027, the interim dividend is set at ¥47 (+¥5 vs. initial forecast, +¥3 vs. Aug. forecast), and the annual dividend is planned to be raised to ¥99 (+¥13 vs. initial forecast, +¥7 vs. Aug. forecast)

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

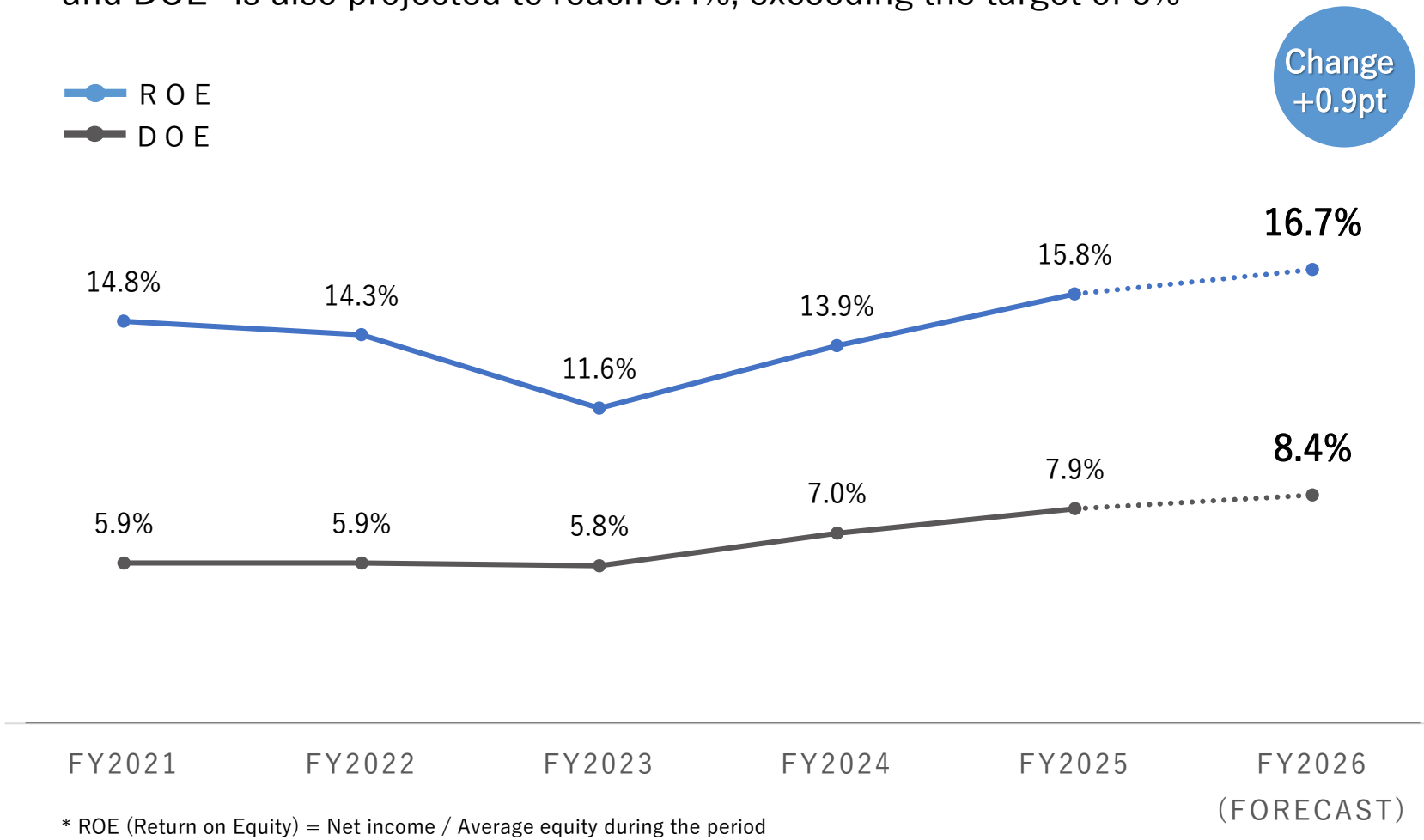


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ROE and Dividend on Equity

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ROE* is expected to reach 16.7%, up 0.9 percentage points YoY,
and DOE* is also projected to reach 8.4%, 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)

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Financial Highlights

(Million JPY)	Fy2021 Result	FY2022 Result	FY2023 Result	FY2024 Result	FY2025 Result	FY2026 Forecast
Orders Received	45,394	48,419	47,505	56,159	61,823	—
Backlog of Orders	7,896	8,349	9,260	11,349	14,843	—
Net Sales	43,813	48,144	46,735	54,231	58,490	73,000
Operating Profit	10,255	10,558	9,197	12,268	14,102	17,600
Ordinary Profit	10,571	11,003	9,662	12,558	14,745	17,800
Ordinary Profit Ratio	24.1%	22.9%	20.7%	23.2%	25.2%	24.4%
Net Income Attributed to Owners of Parent	6,909	7,350	6,326	8,051	10,060	11,700
Earnings Per Share (EPS)	113.62JPY	120.83JPY	105.53JPY	135.44JPY	169.19JPY	196.72JPY
Total Assets	69,517	74,263	77,940	81,683	89,291	107,300
Equity	49,099	53,839	55,460	60,645	66,758	73,400
Equity Ratio	70.6%	72.5%	71.2%	74.2%	74.8%	68.4%
Return on Equity (ROE)	14.8%	14.3%	11.6%	13.9%	15.8%	16.7%
Return on Assets (ROA)	15.8%	15.3%	12.7%	15.7%	17.2%	18.1%
Return on Invested Capital (ROIC)	13.0%	12.5%	10.2%	12.7%	13.1%	14.0%

(Note) 1 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
2 The finalization of provisional accounting treatment related to business combinations was completed during the interim consolidated accounting period for the fiscal year ending March 31,2026. Figures as of the fiscal year ended March 31,2025, reflect the details of this finalized provisional accounting treatment.

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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.
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