June 21, 2024

To Whom It May Concern

Company:	TOCALO Co., Ltd.
Representative:	Kazuya KOBAYASHI, President and Executive Officer (Stock Code: 3433 (Prime Market of Tokyo Stock Exchange))
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Notice Regarding Transfer of Affiliated Company in Thailand (Establishment as a Subsidiary)

TOCALO Co., Ltd. (the Company) hereby announces that at the Board of Directors meeting today, the Board resolved to acquire additional shares in NEIS & TOCALO (Thailand) Co., Ltd. (hereinafter, “N&TT”), an affiliated company (non-equity method affiliate) of the Company in Thailand, and to establish it as a subsidiary of the Company.

As N&TT’s capital is equivalent to more than 10% of the Company’s capital, N&TT will become a specified subsidiary of the Company. The details are as follows.

1. Purpose of share acquisition

Thailand, where leading steel manufacturers are based, is an important market for the Company’s thermal spraying processing business. To acquire a share of the thermal spraying processing market in Thailand, the Company established N&TT as a joint venture with Neis Co., Ltd. (welding-related business) in October 2012, and launched a thermal spraying and welding processing business.

On this occasion, with the aim of expanding the scope of business while focusing N&TT’s management resources on the thermal spraying processing business, the Company has decided to acquire additional shares equivalent to 51% of N&TT’s issued shares held by the joint venture partner, Neis Co., Ltd., and to establish N&TT as a subsidiary of the Company.

2. Overview of the affiliated company to be transferred (N&TT)

(1) Name	NEIS & TOCALO (Thailand) Co., Ltd.
(2) Location	700/436 Moo 7, Bangna-Trad Highway Km.57, Donhuaroh, Muang District, Chonburi, Thailand
(3) Representative (name and designation)	Shinichi KUBO, Managing Director
(4) Business	Thermal spraying and welding processing

(5) Capital	170 million THB (Thai baht)		
(6) Date of establishment	October 2012		
(7) Major shareholders and shareholding ratio	Neis Co., Ltd.: 18.2%, NEIS (Thailand) Co., Ltd.: 32.8%, TOCALO Co., Ltd.: 49.0%		
(8) Relationship with the Company	(Capital relationship) 49.0% owned by the Company; (Personnel relationship) One of the company's Directors serves concurrently as an executive officer of NEIS & TOCALO (Thailand); (Business relationship) No important business transactions.		
(9) Financial position and business performance for the past three years			
Fiscal year	FY12/2021	FY12/2022	FY12/2023
Net assets	151 million THB	156 million THB	158 million THB
Total assets	165 million THB	166 million THB	170 million THB
Net assets per share	893.31 THB	919.44 THB	935.17 THB
Net sales	59 million THB	72 million THB	79 million THB
Operating profit	(0 million THB)	5 million THB	3 million THB
Ordinary profit	(0 million THB)	5 million THB	3 million THB
Net income	(0 million THB)	4 million THB	2 million THB
Earnings per share	(2.98 THB)	26.13 THB	15.73 THB
Dividend per share	—	—	—

3. Overview of the selling shareholders in the share acquisition

(1) Name	Neis Co., Ltd.
(2) Location	20-1 Kitadaimotsucho, Amagasaki, Hyogo Prefecture
(3) Representative (name and designation)	Yoshio SATO, Representative Director
(4) Business	Production and sale of special welding materials, implementation of special welding, etc.
(5) Capital	150 million yen
(6) Date of establishment	January 1948
(7) Relationship with the Company	There are no noteworthy capital, personnel, and business relationships with the Company. This company is not a related party of the Company.

(1) Name	NEIS (Thailand) Co., Ltd.
(2) Location	700/436 Moo 7, Bangna-Trad Highway Km.57, Donhuaroh, Muang District, Chonburi, Thailand
(3) Representative (name and designation)	Tomofumi TAKASUNA, Managing Director
(4) Business	Production and sale of special welding materials

(5) Capital	123 million THB (Thai baht)
(6) Date of establishment	March 2001
(7) Relationship with the Company	There are no noteworthy capital, personnel, and business relationships with the Company. This company is not a related party of the Company.

4. Number of shares to be acquired, acquisition price, and shareholding status before and after the acquisition

(1) Number of shares held before the transfer	83,300 shares (Share of voting rights: 49.0%)
(2) Number of shares to be acquired	86,700 shares (51.0%)
(3) Acquisition price	80 million THB (Thai baht) (Approximately 345 million yen)
(4) Number of shares held after the transfer	170,000 shares (Share of voting rights: 100.0% [including 1.0% indirect ownership])

5. Schedule

(1) Date of resolution by the Board of Directors	June 21, 2024
(2) Contract date	June 24, 2024 (provisional)
(3) Date of execution of share transfer	June 25, 2024 (provisional)

6. Status after share acquisition, and future outlook

Following the share acquisition, N&TT is provisionally scheduled to change its trade name and representative director and increase its capital by 70 million THB (Thai baht) in July 2024. N&TT is also provisionally scheduled to become a non-consolidated subsidiary of the Company, and this shall have no impact on the Company's consolidated and non-consolidated financial results for the fiscal year ending March 2025.