

New possibilities for a bright future



Financial Summary (1H FY2025)

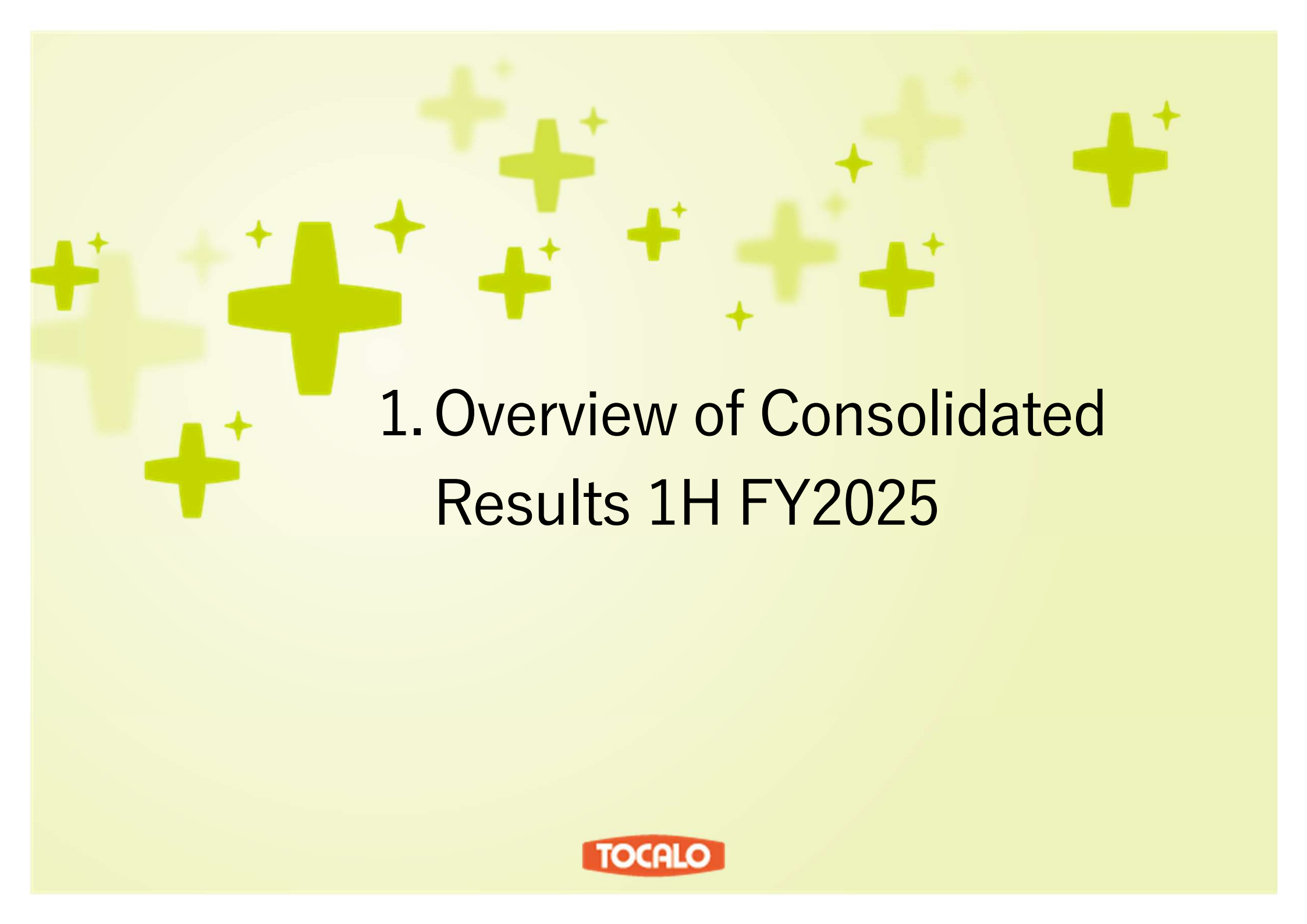
11/13/2025

Kazuya Kobayashi
Representative Director, President and CEO



Content

1. Overview of Consolidated Results 1H FY2025
2. Consolidated Forecast FY2025
3. Progress of Medium-term Management Plan
4. Topics



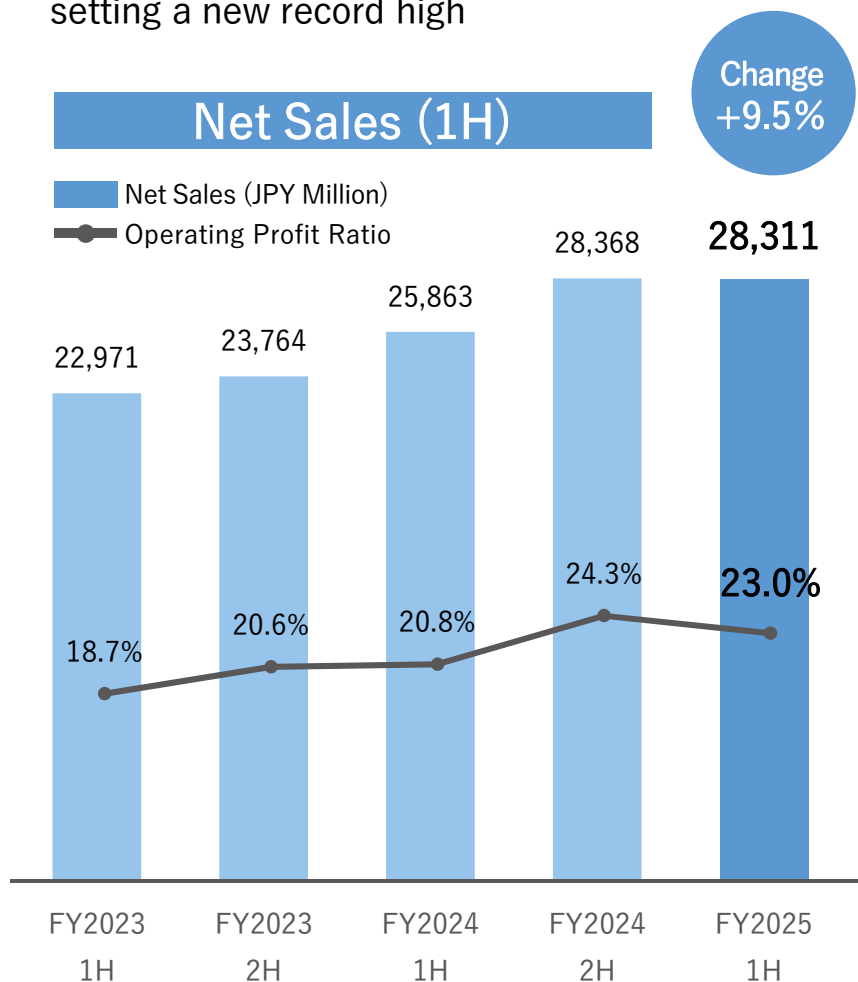
1. Overview of Consolidated Results 1H FY2025

Highlights of Consolidated Results

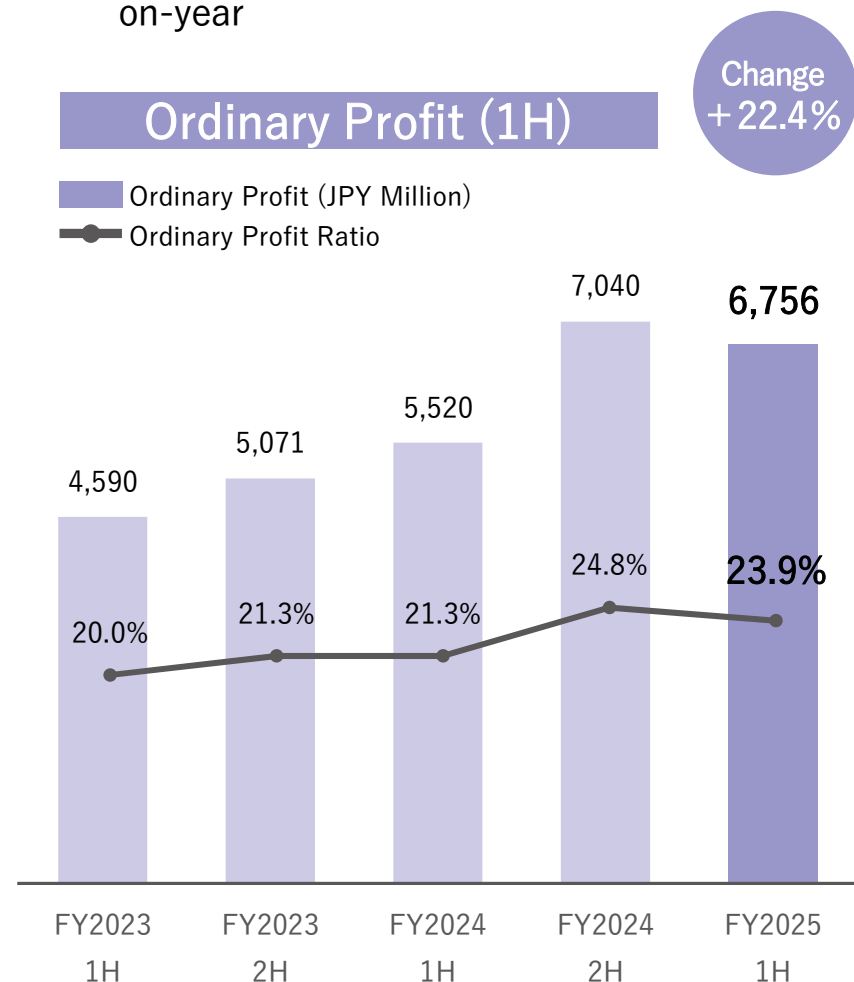
1H FY2025



Net sales remained strong and the first half results of the year exceeded the initial forecasts, setting a new record high



Ordinary profit also reached a record high for the first half, increasing by 22.4% year-on-year



Overview of Consolidated Results

1H FY2025

- Net sales trended strongly, increasing by 9.5% year-on-year
- Ordinary profit also trended strongly in line with the first-half plan, increasing by 22.4% year-on-year

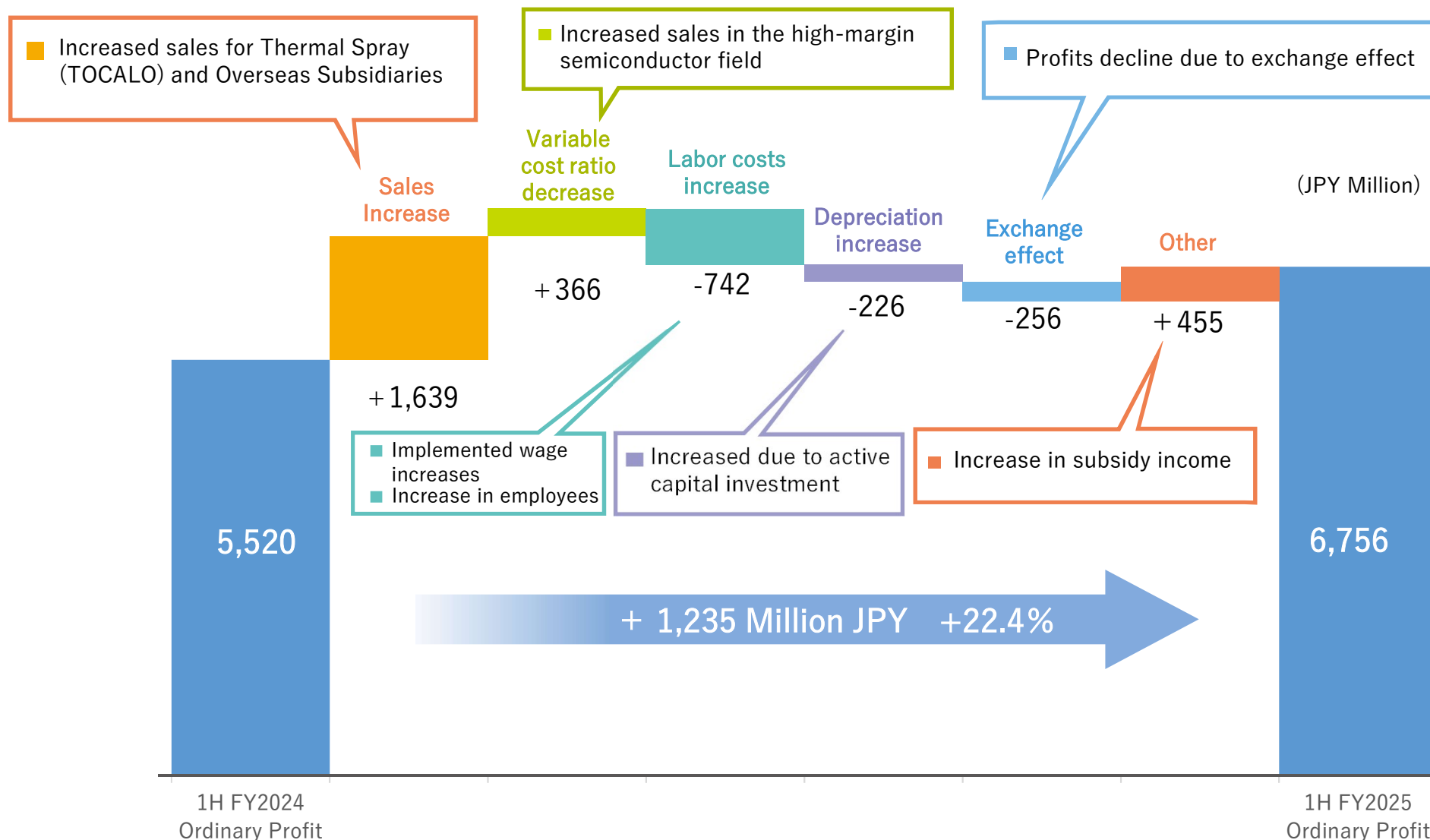
(JPY Million)	1H FY2024		1H FY2025		Change	
	Result	Ratio	Result	Ratio	Amount	%
Net Sales	25,863	100.0%	28,311	100.0%	2,448	9.5%
Operating Profit	5,383	20.8%	6,518	23.0%	1,135	21.1%
Ordinary Profit	5,520	21.3%	6,756	23.9%	1,235	22.4%
Net Income Attributable to Owners of Parent	3,556	13.8%	4,427	15.6%	871	24.5%
Earnings Per Share (EPS)	59.83JPY	—	74.46JPY	—	14.63JPY	—

1H FY2025 Net Sales (by Segment)

- Thermal Spray (TOCALO), the largest segment, saw strong performance in the semiconductor/FPD and industrial parts fields, increasing by 3.3% year-on-year
- Other surface modifications decreased by 11.1% year-on-year due to customer inventory adjustments for agricultural machinery parts
- Overseas subsidiaries performed well, primarily in semiconductor- and iron & steel-related areas, increasing 45.2% year-on-year

(JPY Million)	1H FY2024		1H FY2025		Change	
	Result	Ratio	Result	Ratio	Amount	%
Net Sales	25,863	100.0%	28,311	100.0%	2,448	9.5%
■ Thermal Spray (TOCALO)	19,325	74.7%	19,961	70.5%	635	3.3%
Semicon & FPD	11,395	44.1%	11,989	42.4%	594	5.2%
Industrial Parts	2,370	9.2%	2,655	9.4%	285	12.0%
Iron & Steel	2,029	7.8%	1,974	7.0%	-54	-2.7%
Others	3,530	13.6%	3,341	11.7%	-188	-5.3%
■ Other Surface Modif.	1,381	5.4%	1,228	4.3%	-153	-11.1%
■ Domestic Sub.	1,191	4.6%	1,409	5.0%	217	18.3%
■ Overseas Sub.	3,890	15.0%	5,649	20.0%	1,758	45.2%
Royalty Income	73	0.3%	62	0.2%	-10	-14.8%

Analysis of Ordinary P/L Change



1H FY2025 Consolidated Results by Segment

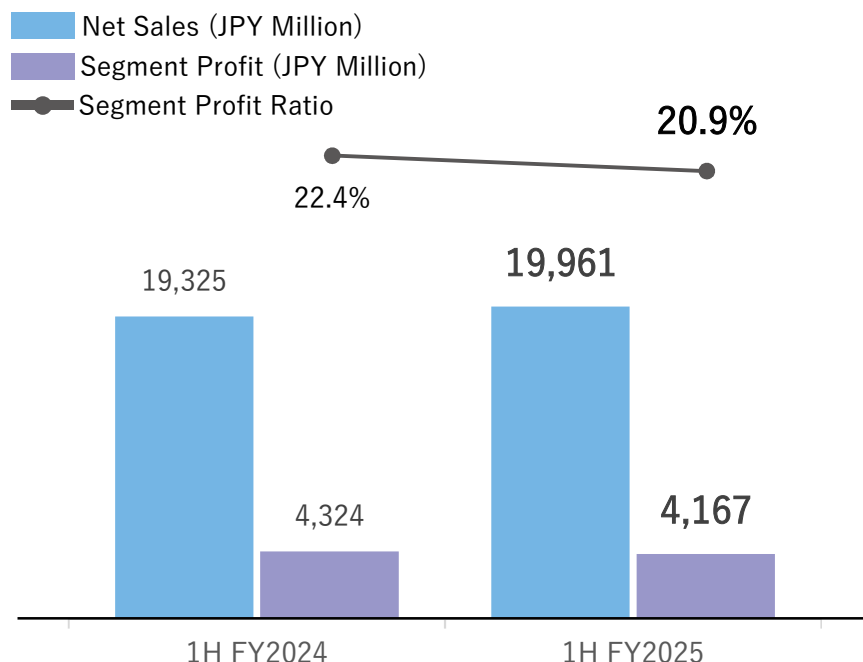


Thermal Spray (TOCALO)

Although the semiconductor/FPD field and industrial parts performed well, higher personnel expenses and other factors resulted in increased sales but decreased profits

YoY Change Ratio

Net Sales.....+3.3%
Segment Profit.....-3.6%

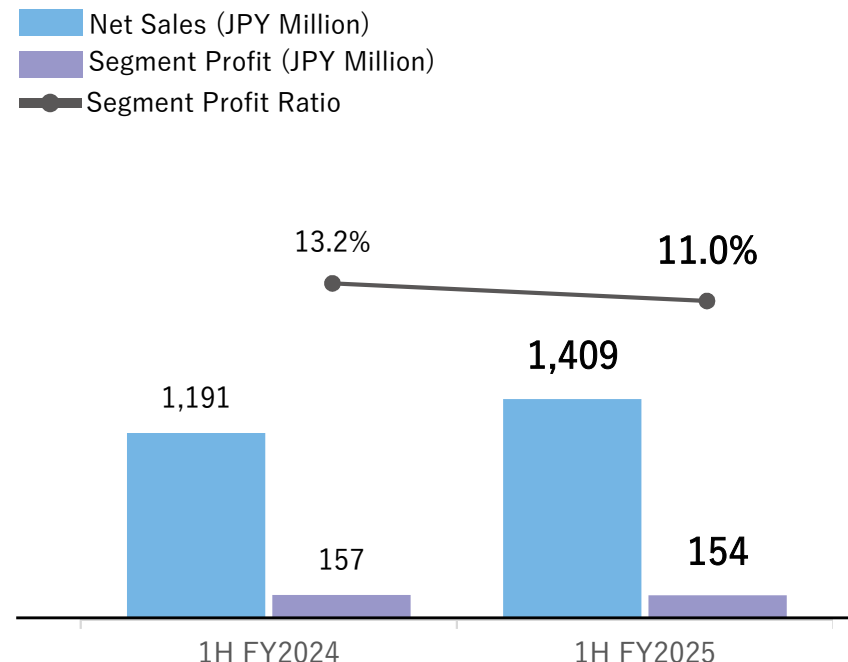


Domestic Sub.

Although results from TERADA KOSAKUSHO were added, JAPAN COATING CENTER's automotive-related business were sluggish, resulting in increased sales but decreased profits

YoY Change Ratio

Net Sales.....+18.3%
Segment Profit.....-1.9%



1H FY2025 Consolidated Results by Segment

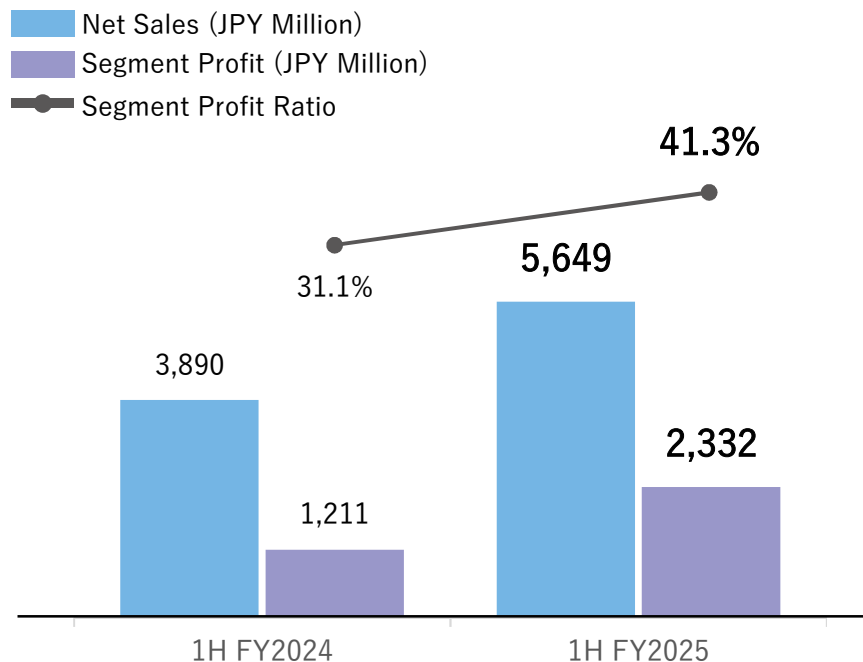


Overseas Sub.

Semiconductor-related and iron & steel-related fields continued to trend strongly, resulting in increased sales and profits

YoY Change Ratio

Net Sales+45.2%
Segment Profit+92.6%

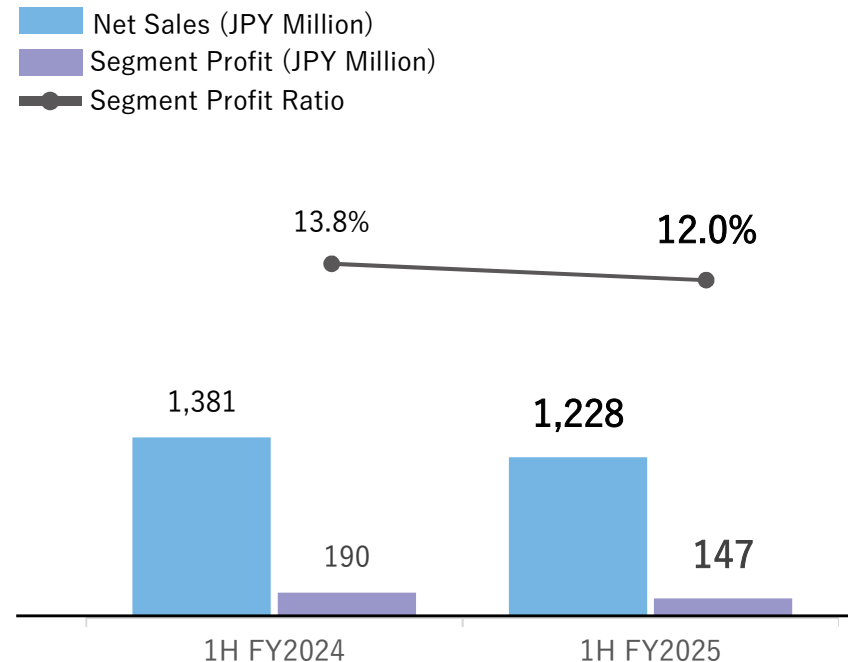


Other Surface Modif.

Orders for agricultural machinery parts declined due to customer inventory adjustments, resulting in decreased sales and profits

YoY Change Ratio

Net Sales-11.1%
Segment Profit-23.0%



Segment Information

(JPY Million)	1H FY2024		1H FY2025		Change			
	Net Sales	P/L	Net Sales	P/L	Net Sales		Segment P/L	
					Amount	%	Amount	%
■ Thermal Spray (TOCALO)	19,325	4,324	19,961	4,167	635	3.3%	-156	-3.6%
■ Domestic Sub.	1,191	157	1,409	154	217	18.3%	-3	-1.9%
■ Overseas Sub.	3,890	1,211	5,649	2,332	1,758	45.2%	1,121	92.6%
■ Other Surface Modif.	1,381	190	1,228	147	-153	-11.1%	-43	-23.0%
Total	25,789	5,884	28,248	6,802	2,459	9.5%	917	15.6%

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

Financial Position

- Total assets increased 2,600 million JPY from the end of the previous period (tangible fixed assets: + 3,400 million JPY)
- Equity ratio increased 0.1 percentage points from the end of the previous fiscal year to 74.3%
- Interest-bearing debt decreased by 600 million JPY from the end of the previous period

(JPY Million)	FY2024		FY2025
	1H	2H	1H
Total Assets	77,701	81,683	84,343
Equity	58,072	60,645	62,645
Equity Ratio	74.7%	74.2%	74.3%
Interest-bearing Debt	4,582	3,796	3,191

Cash Flow

- Free Cash Flow (Operating CF + Investment CF) +1,700 million JPY
- Investment CF/Acquisition of tangible fixed assets
 - Previous term: -2,800 million JPY Current term: -2,500 million JPY
 - Acquisition and share acquisition
 - Previous term: -1,200 million JPY Current term: -100 million JPY
- Financial CF/Dividends paid
 - Previous term: -1,600 million JPY Current term: -2,200 million JPY

(JPY Million)	FY2024 1H	FY2025 1H
Operating CF	2,696	4,470
Investment CF	-3,404	-2,763
Financial CF	-2,546	-3,054
Cash Balance	16,594	16,187



2. Consolidated Forecast FY2025

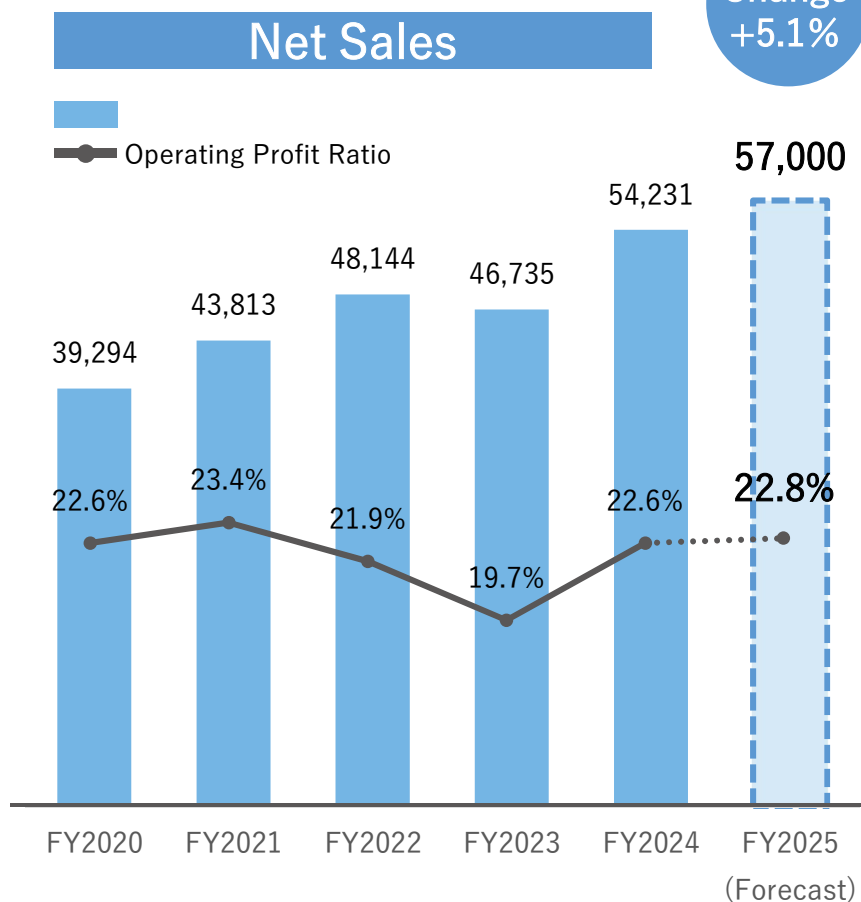
Outlook for Net Sales and Ordinary Profit

[No revisions to the forecast announced on May 9, 2025]



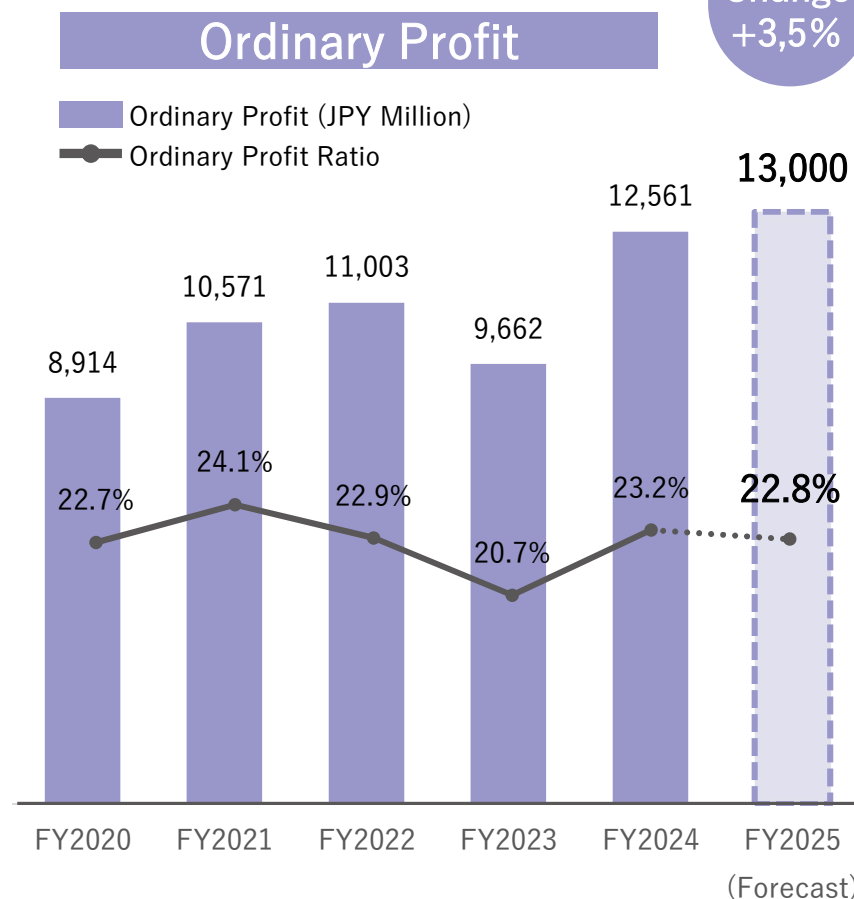
The semiconductor field is expected to remain strong, with net sales projected to reach a record high

Change
+5.1%



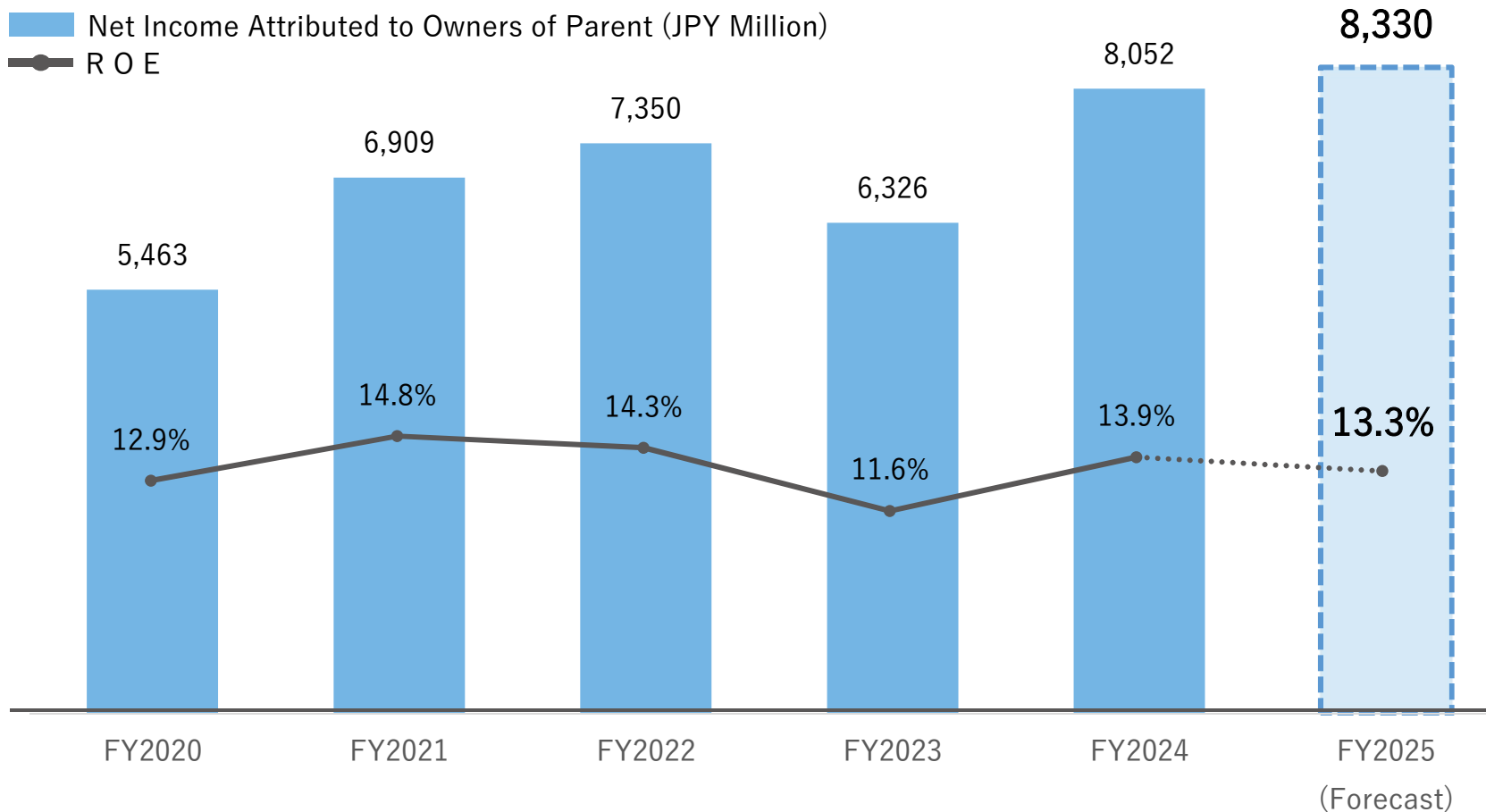
Alongside increasing sales, ordinary profit is also expected to hit a new record high

Change
+3,5%



Outlook for Net Income Attributed to Owners of Parent and ROE

POINT Net income attributable to owners of parent is forecast to increase by 3.5% year-on-year
ROE is forecast to remain almost unchanged at 13.3%



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	12,268	22.6%	13,000	22.8%	731	6.0%
Ordinary Profit	12,558	23.2%	13,000	22.8%	441	3.5%
Net Income Attributed to Owners of Parent	8,051	14.8%	8,330	14.6%	278	3.5%
Earnings Per Share (EPS)	135.44JPY	—	140.08JPY	—	4.64JPY	—
Return on Equity (ROE)	13.9%	—	13.3%	—	-0.6pt	—

1H FY2025 Progress Rate

(JPY Million)	1H FY2025		FY2025		Progress Rate
	Result	Ratio	Forecast	Ratio	
Net Sales	28,311	100.0%	57,000	100.0%	49.7%
<ul style="list-style-type: none"> ■ Thermal Spray (TOCALO) Semicon & FPD Industrial Parts Iron & Steel Others 	19,961	70.5%	39,265	68.9%	50.8%
<ul style="list-style-type: none"> ■ Other Surface Modif. ■ Domestic Sub. ■ Overseas Sub. Royalty Income 	1,228	4.3%	2,474	4.3%	49.6%
	1,409	5.0%	3,088	5.4%	45.6%
	5,649	20.0%	12,013	21.1%	47.0%
	62	0.2%	160	0.3%	39.2%
Operating Profit	6,518	23.0%	13,000	22.8%	50.1%
Ordinary Profit	6,756	23.9%	13,000	22.8%	52.0%
Net Income Attributed to Owners of Parent	4,427	15.6%	8,330	14.6%	53.2%
Earnings Per Share (EPS)	74.46JPY	—	140.08JPY	—	53.2%

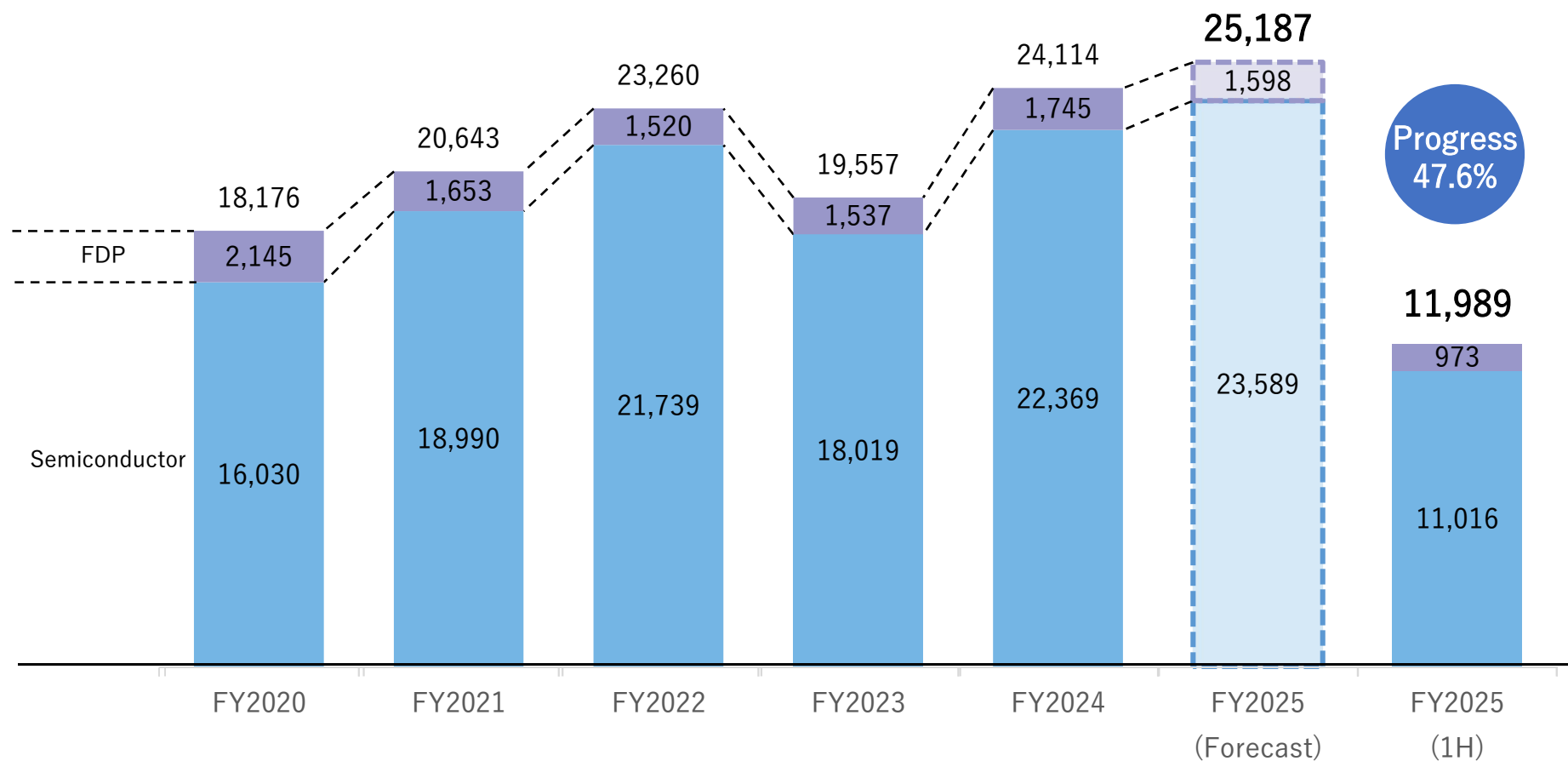
Semiconductor & FPD Net Sales



First-half net sales were 11,989 million JPY (+3.3% year-on-year)

We will continue to closely monitor trends in the semiconductor market going forward

(JPY Million)



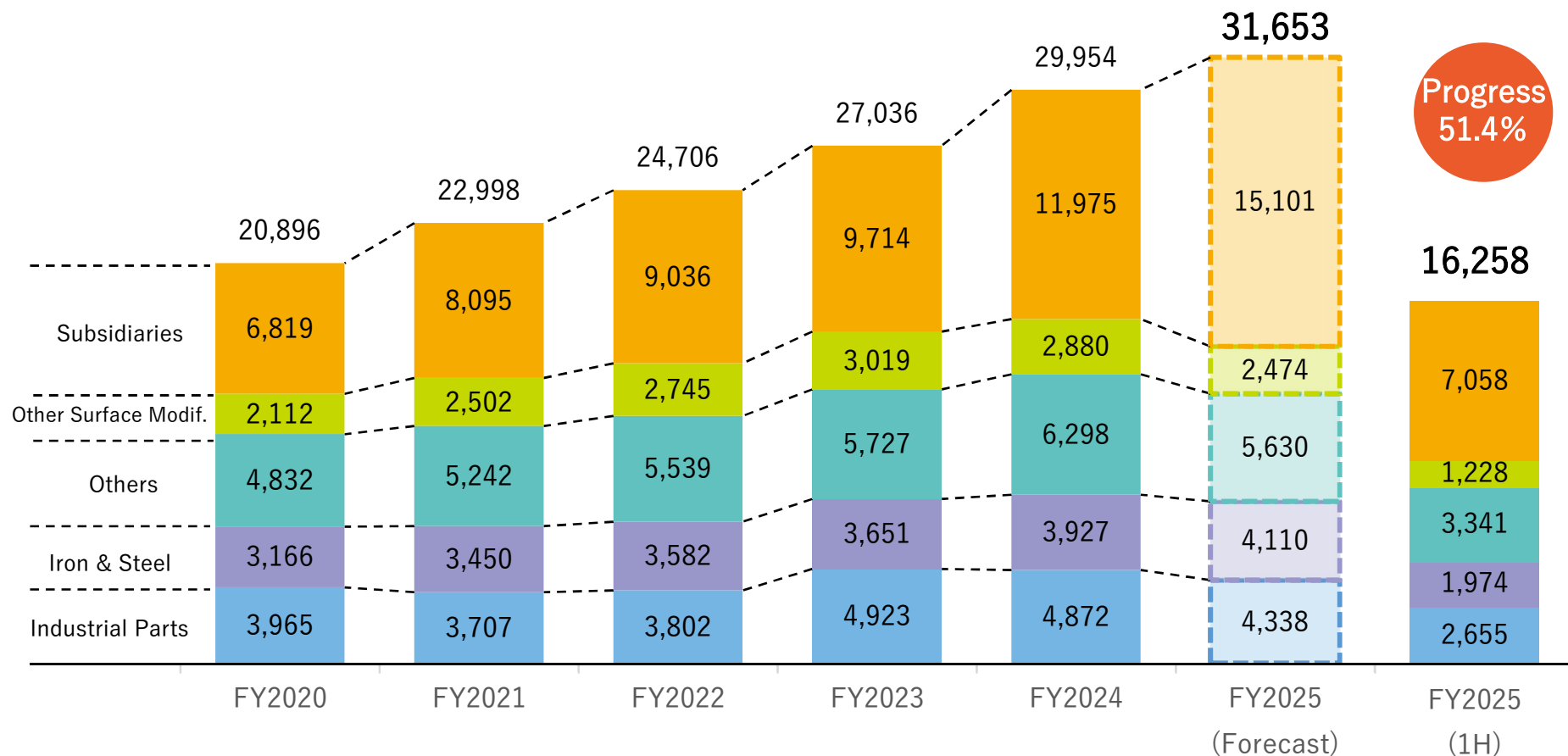
Non-Semiconductor & FPD Net Sales



Net sales outside the semiconductor/FPD field were 16,258 million JPY

Sales are expected to remain stable, primarily in the industrial parts field and for subsidiaries

(JPY Million)



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

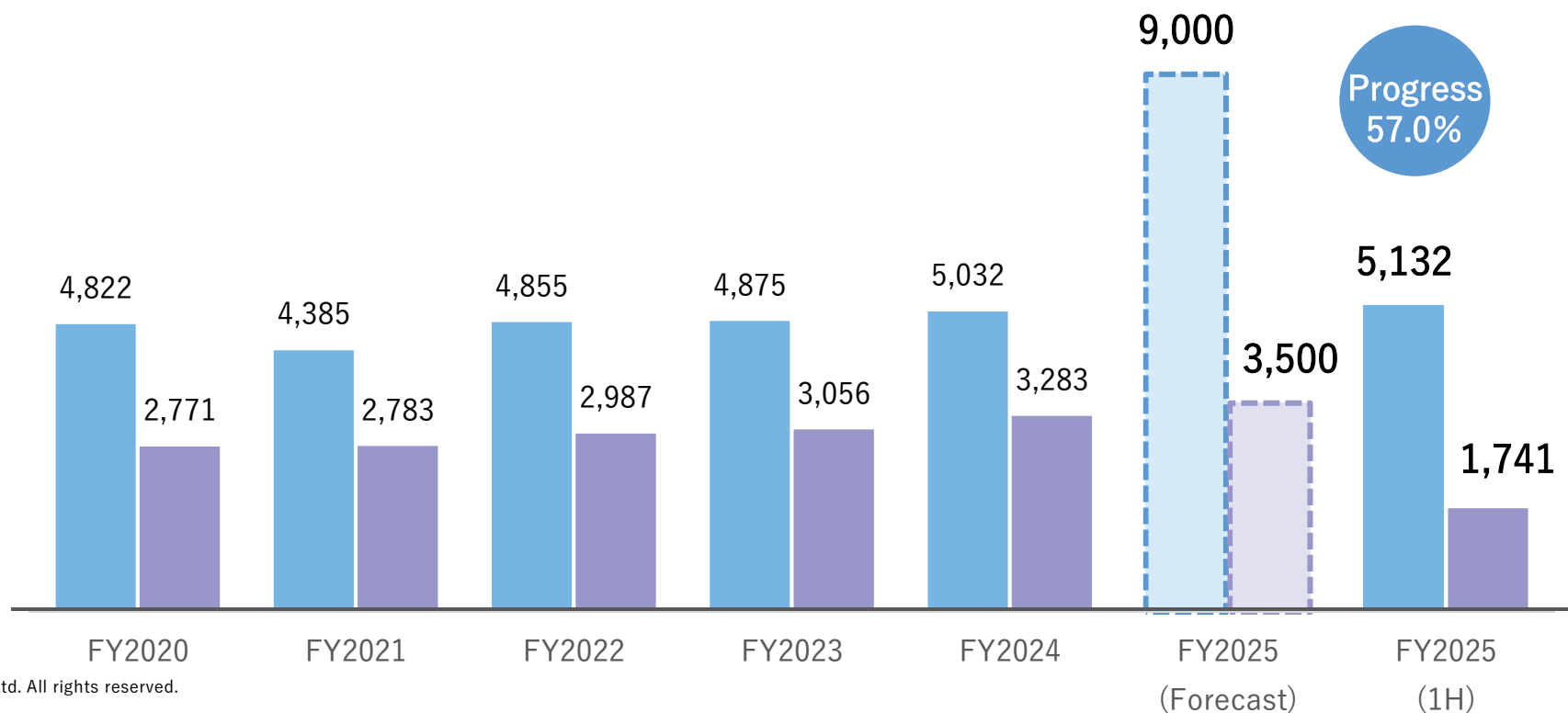
Capital Investment and Depreciation



Planned capex for FY2025: 9,000 million JPY

- Tocalo 7,000 million JPY: Construction of new buildings at the Tokyo and Kitakyushu Plants, increasing production and production efficiency, and strengthening research facilities, etc.
- Domestic Subsidiaries 800 million JPY: Construction of new buildings at TERADA KOSAKUSHO, and increased production capacity at Japan Coating Center
- Overseas Subsidiaries 1,200 million JPY: Launch of new factories at TOCALO & HAN TAI (Kunshan) and at TOCALO & HAN TAI (Taiwan)

■ Capex (JPY Million)
■ Depreciation (JPY Million)

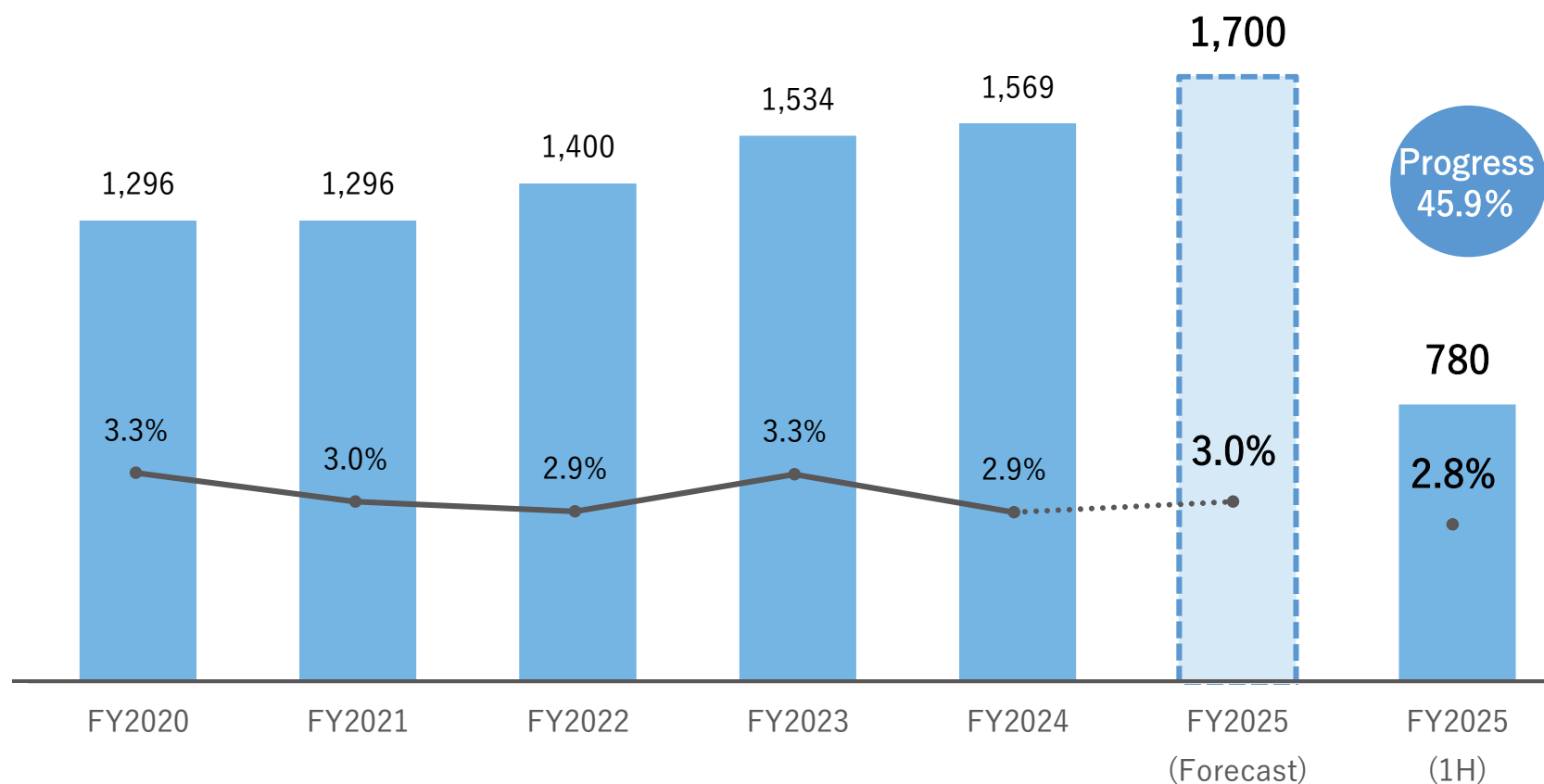


R&D Expenses



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

■ R&D Expenses (JPY Million)
 ● R&D Expense Ratio



Forecast 2H FY2025



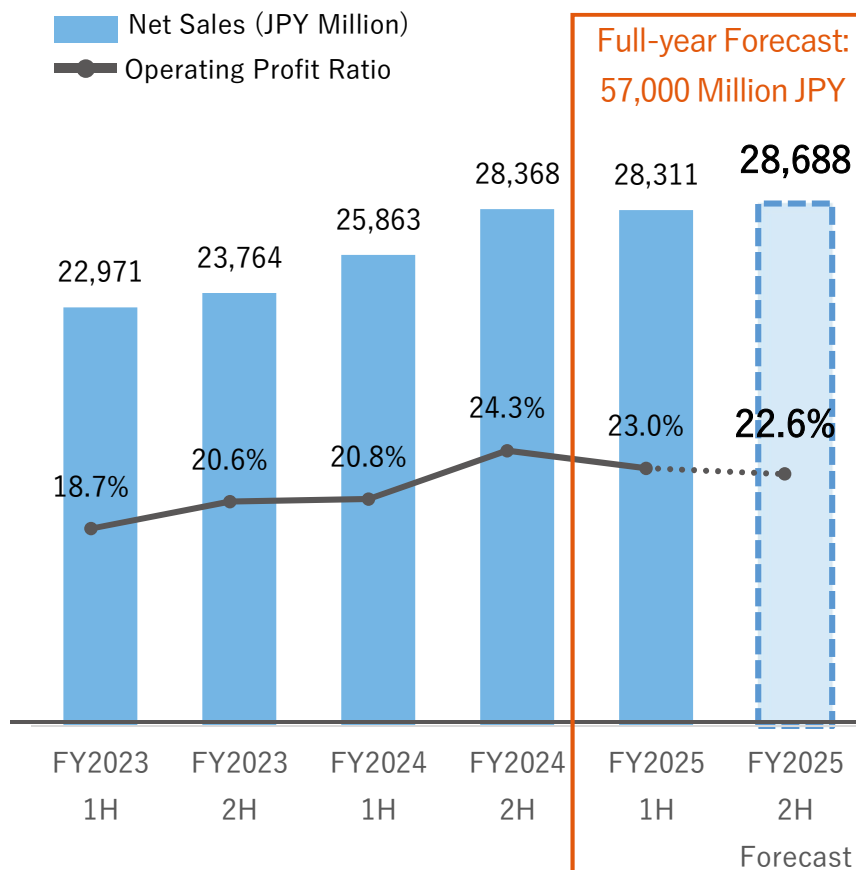
Solid orders are expected, mainly in semiconductor- and industrial parts-related areas and at overseas subsidiaries



Ordinary profit is also expected to perform well, with full-year ordinary profit forecast to reach 13,000 million JPY

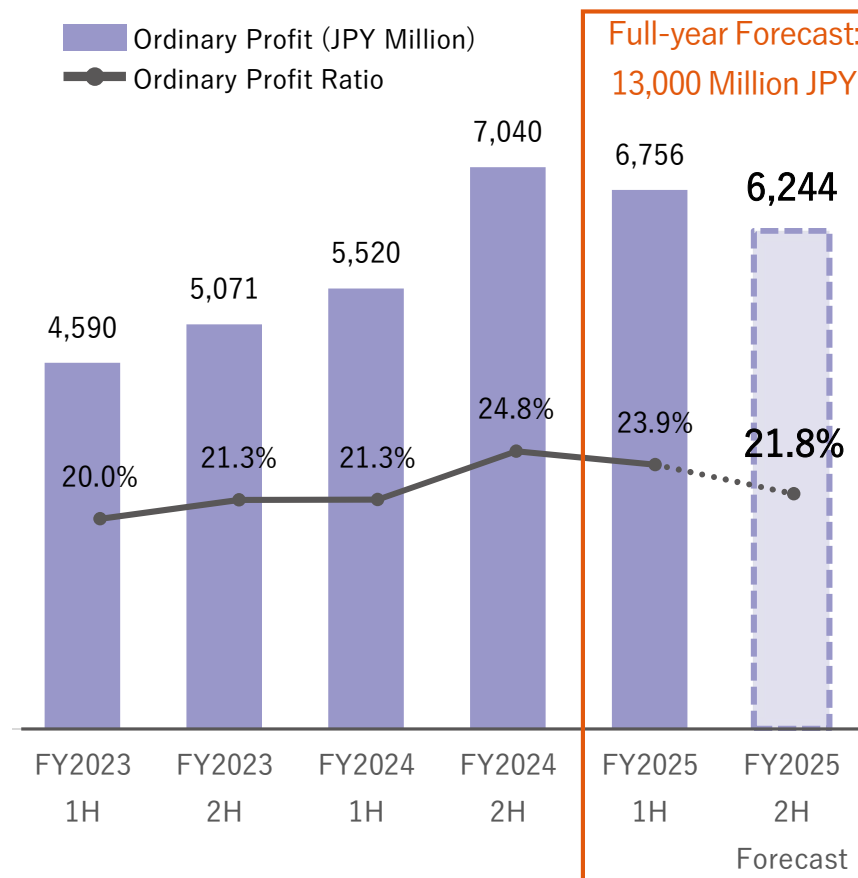
Net Sales (2H)

Net Sales (JPY Million)
Operating Profit Ratio



Ordinary Profit (2H)

Ordinary Profit (JPY Million)
Ordinary Profit Ratio



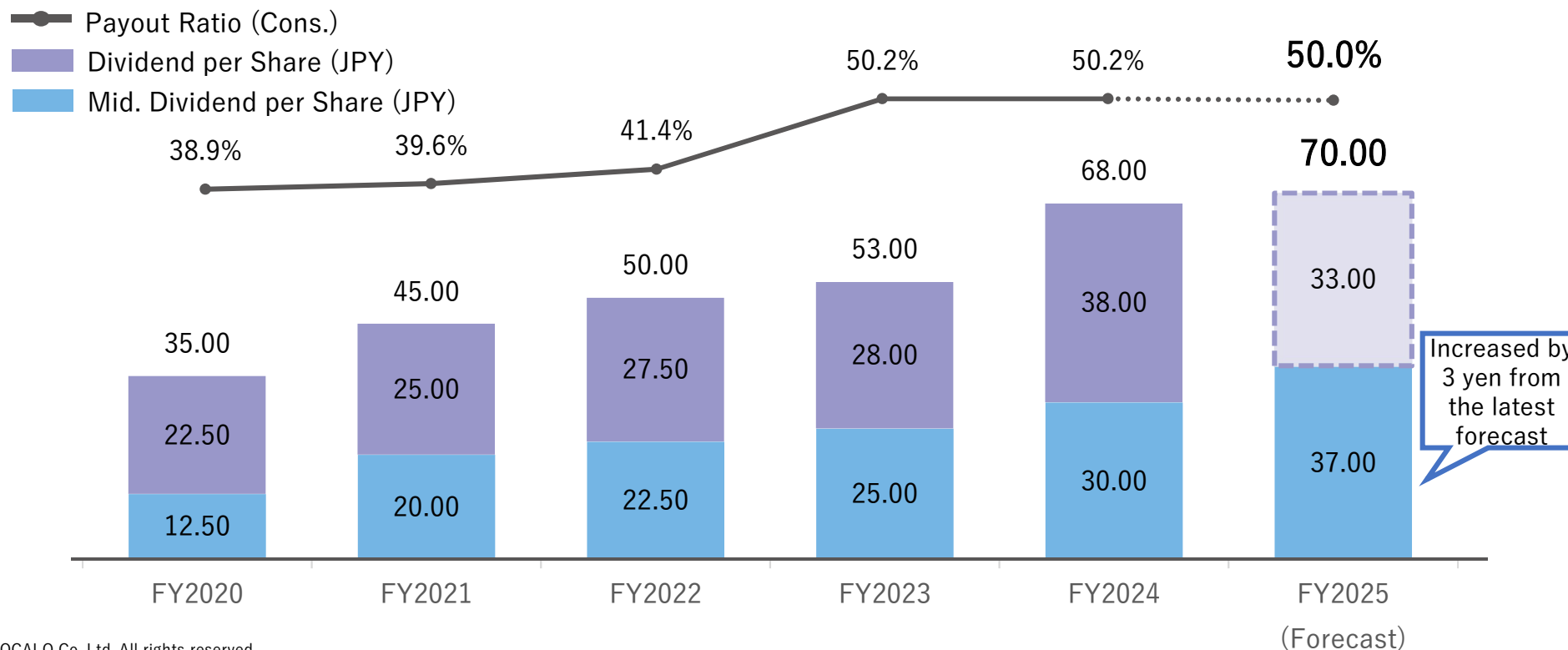
Dividends



The interim dividend will be increased by 3 JPY, from the projected 34 JPY to 37 JPY
 The annual dividend for FY2025 is scheduled to be 70 JPY (a dividend payout ratio of 50.0%)

Shareholder Return Policy

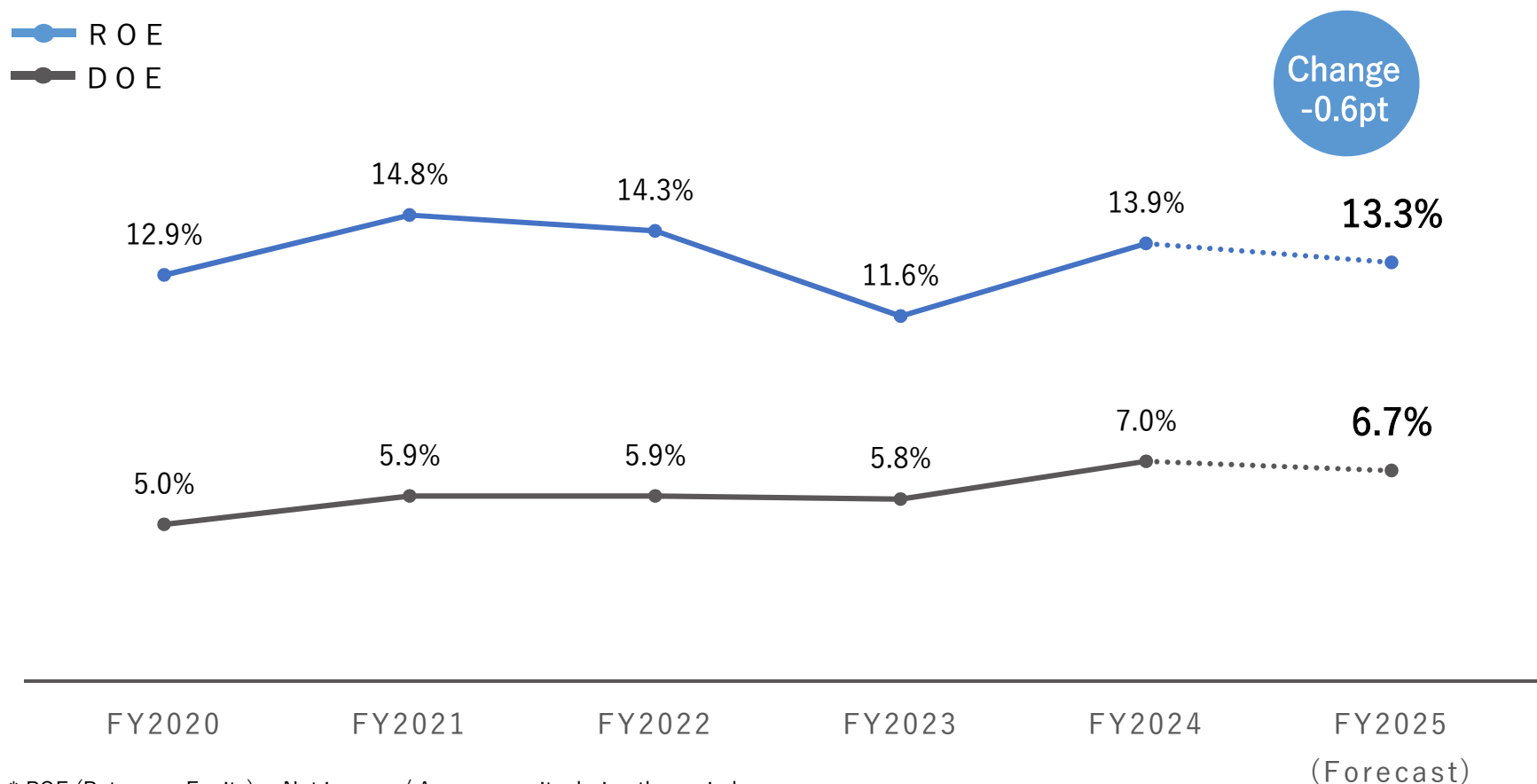
- We are targeting a consolidated dividend payout ratio of around 50%, and a dividend on equity (DOE) ratio of at least 5%
- Acquisition of treasury stock will also be flexibly conducted, taking into consideration the business environment and the company's financial situation



ROE and Dividend on Equity




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)



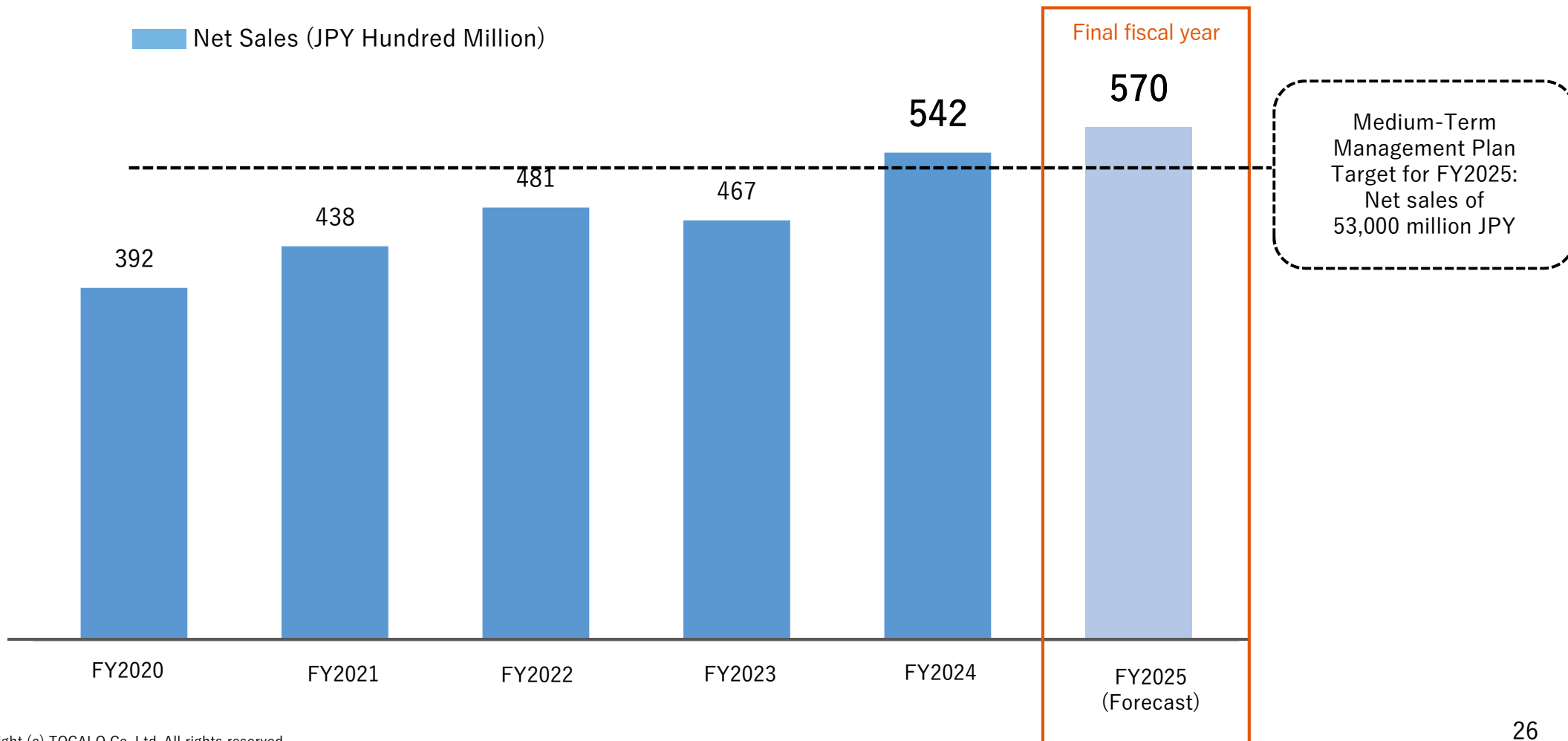
3. Progress of Medium-term Management Plan

Progress of Medium-term Management Plan (Net Sales)



Net sales reached the planned 53,000 million JPY one year ahead of schedule, and for FY2025, the final year of the plan, we plan to set a new record with a forecast of 57,000 million JPY

The next Medium-Term Management Plan is scheduled to be announced at the financial results briefing for FY2025 (in May 2026)

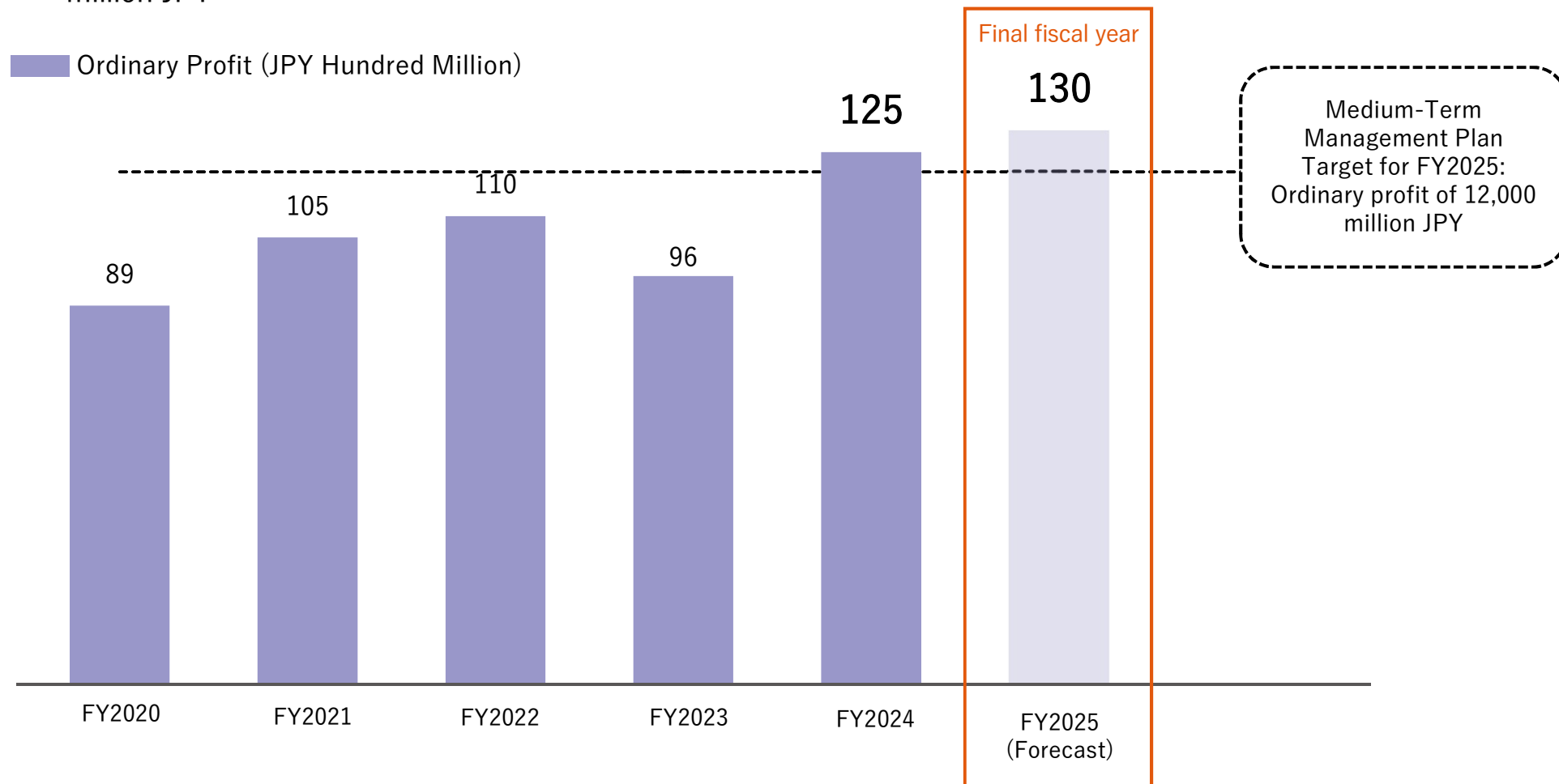


Progress of Medium-term Management Plan (Ordinary Profit)



Ordinary profit for FY2025 was also achieved one year ahead of plan

For FY2025, the final year of the plan, we plan to set a new record with a forecast of 13,000 million JPY



4. Topics

Strengthening production capacity in the semiconductor and FPD fields

POINT Expanding production capacity at two sites in Japan and two sites overseas

① Construction of two new TOCALO semiconductor plants

- Tokyo Plant Gyoda Workshop
<Schedule>
August 2025: Construction began
End of 2027: Operations begin (planned)

- Kitakyushu Plant
<Schedule>
July 2025: Construction began
May 2027: Operations begin (planned)

<Rendering of the new plants>



Tokyo Plant



Kitakyushu Plant

② Completion of a new plant for TOCALO & HAN TAI TW CO., LTD

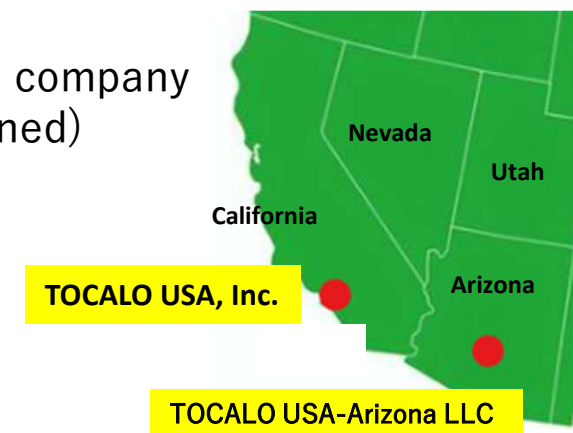
<Schedule>
August 2025: Plant completion



③ Established a Company in Arizona, USA

Company name: TOCALO USA-Arizona LLC

<Schedule>
September 2025: Established company
2027: Operations begin (planned)



Strengthening production capacity in general industrial fields as well!



Further expansion of production systems at the Nagoya Plant and group companies

① Construction of a new plant building at the Nagoya Plant

October 2025: Acquisition of land for a new plant site in Chita City, Aichi Prefecture

Purpose: Expansion of production capacity to prepare for increased demand in the industrial parts and iron & steel fields, in addition to growth in aircraft-related business

Location: Chita City, Aichi Prefecture (a subdivided lot within a land readjustment project)

Site area: 17,033.35 m²

Zoning: Industrial zone

<Scheduled (planned)>

Transfer of ownership: April 2026

Start of construction: April 2026

Plant completion: October 2027



② Construction of a fourth plant for TERADA KOSAKUSHO

Purpose: Expansion of production capacity

<Scheduled>

October 2025: Start of construction

April 2026: Plant completion (planned)

Equipment to be installed:
Horizontal machining center



③ Construction of TOCALO Surface Technology (Thailand) plant

Purpose: Plant relocation

<Scheduled>

Plant completion: July 2025

Operations begin: February 2026 (planned)



More sophisticated manufacturing processes

POINT Becoming more sophisticated through high-precision equipment and robots

① Introduction of high-precision optical processing machines

<Evolution toward microfabrication technology for functional coatings>

- Supports further miniaturization of semiconductor chips
- Expands applications across a wide range of fields, such as molds for precision electronic components

High-precision optical processing machine

Enables ultra-precise sub-micron processing through non-contact 3D measurement

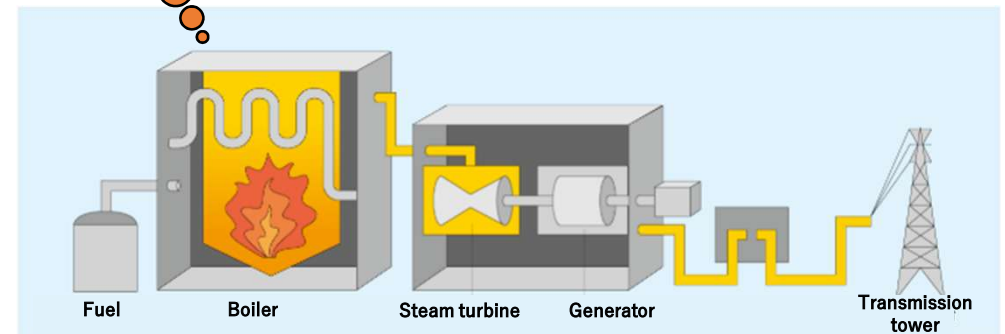
* 1 micron = 1/1000 of 1 mm (0.001 mm)



TOCALO high-function coatings × Microfabrication technology

By leveraging our accumulated data and know-how, we can achieve surface topography microfabrication in addition to high-function coatings

② Successful robotization of on-site work inside power plant boilers



- Improved worker safety
- Enables the formation of uniform and stable coatings
- Cost reductions

Sustainability (1)



TOCALO initiatives to reduce environmental impact

<We have begun studying a path to carbon neutrality by 2040>

- ◇ All group companies (incl. non-consolidated companies): Calculate greenhouse gas emissions (Scope 1, 2, 3)
- ◇ Obtain third-party verification (Thermal Spray TOCALO)
 - <Ensures data transparency and reliability>
 - Greenhouse gas emissions (Scope 1, 2, 3)
 - Water usage
 - Industrial waste emissions

◇ Initiatives to reduce environmental impact (on-site examples)

① Plastic waste recycling (Tokyo Plant)

Issue: Disposal of plastic waste with a high CO₂ emission factor
 Initiative: Reuse 88% of waste through material recycling*
 Effect: Reduced CO₂ emissions

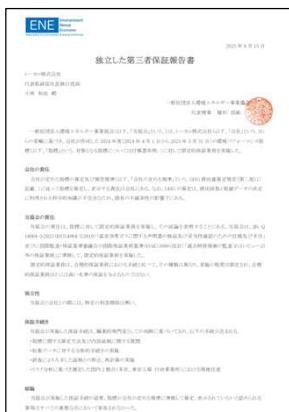
② Reducing waste oil from semiconductor grinding processes (Akashi Plant)

Issue: Generated large volumes of waste oil
 Initiative: Reduce emissions by 95%, from 360 t/year to 18 t/year
 Effect: Lowered environmental impact through waste oil reduction

③ Water reuse (Kobe Plant)

Issue: Large volumes of water consumed for cooling and cleaning
 Initiative: Store in underground tanks and reuse in cleaning baths
 Effect: Reduced water usage

*Material recycling: A method of reusing waste as the original material.



項目	数量	単位
温室効果ガス	1,246	t-CO ₂ e
Scope 1	1,246	t-CO ₂ e
Scope 2	0	t-CO ₂ e
Scope 3	0	t-CO ₂ e
合計	1,246	t-CO ₂ e
削減率	95%	%
削減目標	18	t-CO ₂ e
削減実績	18	t-CO ₂ e
削減率	95%	%

Sustainability (2)

POINT Strengthening "Risk Management" and "Human Capital"

① Obtained ISO/IEC 27001:2022 certification at the Nagoya Plant

What is ISO/IEC 27001:2022

International standard for information security management systems (ISMS).

<Overview>

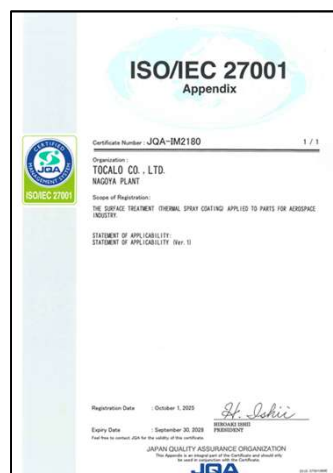
Standard: ISO/IEC 27001:2022

Registration Number: JQA-IM2180

Certification Body: Japan Quality Assurance Organization (JQA)

Registered Organization: TOCALO Co., Ltd., Nagoya Plant

Scope of Activities: Surface treatment (thermal spraying) of aerospace industry parts



② Obtained "Platinum Kurumin" certification

After obtaining "Kurumin" certification in 2023 and further strengthening our initiatives, we acquired the higher-tier special certification, "Platinum Kurumin."



What is "Platinum Kurumin" certification:

Based on the Act on Advancement of Measures to Support Raising Next-Generation Children, companies that formulate and execute a General Employer Action Plan and meet certain criteria can receive "Kurumin" certification from the Minister of Health, Labour and Welfare. Among "Kurumin"-certified companies, those that implement initiatives at an even higher level and meet specified requirements can receive the special "Platinum Kurumin" certification.

Publication of the Integrated Report 2025



Our vision of "Good Service"

We published our "Integrated Report 2025" on August 29, 2025.



Message from the Senior Managing Executive Officer, Representative Director



Message from the Senior Managing Executive Officer, Director, Vice President of Administrative Headquarters

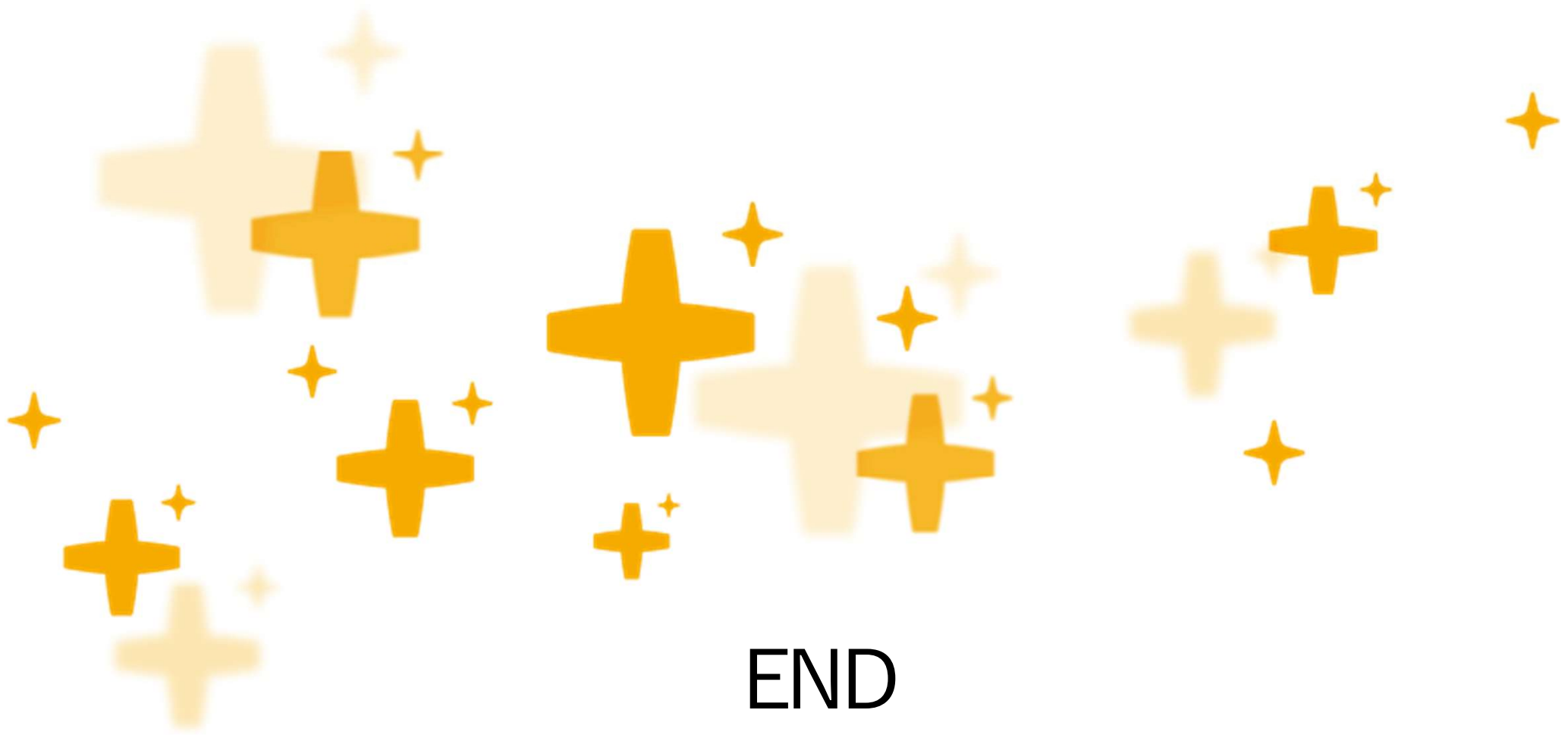


Message from the President and CEO



Round-table discussion between our officers responsible for development, production, sales, and plants





END

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	140.08JPY
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) 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.

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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