

New possibilities for a bright future



Financial Summary (3Q FY2024)

2/4/2025

Overview of Consolidated Results 3Q FY2024

- As orders in the semiconductor field increase, production capacity is also gradually being increased, with net sales increasing by 14.6% year-on-year
- Ordinary profit increased by 30.3% year-on-year due to increased sales in the highly profitable semiconductor field

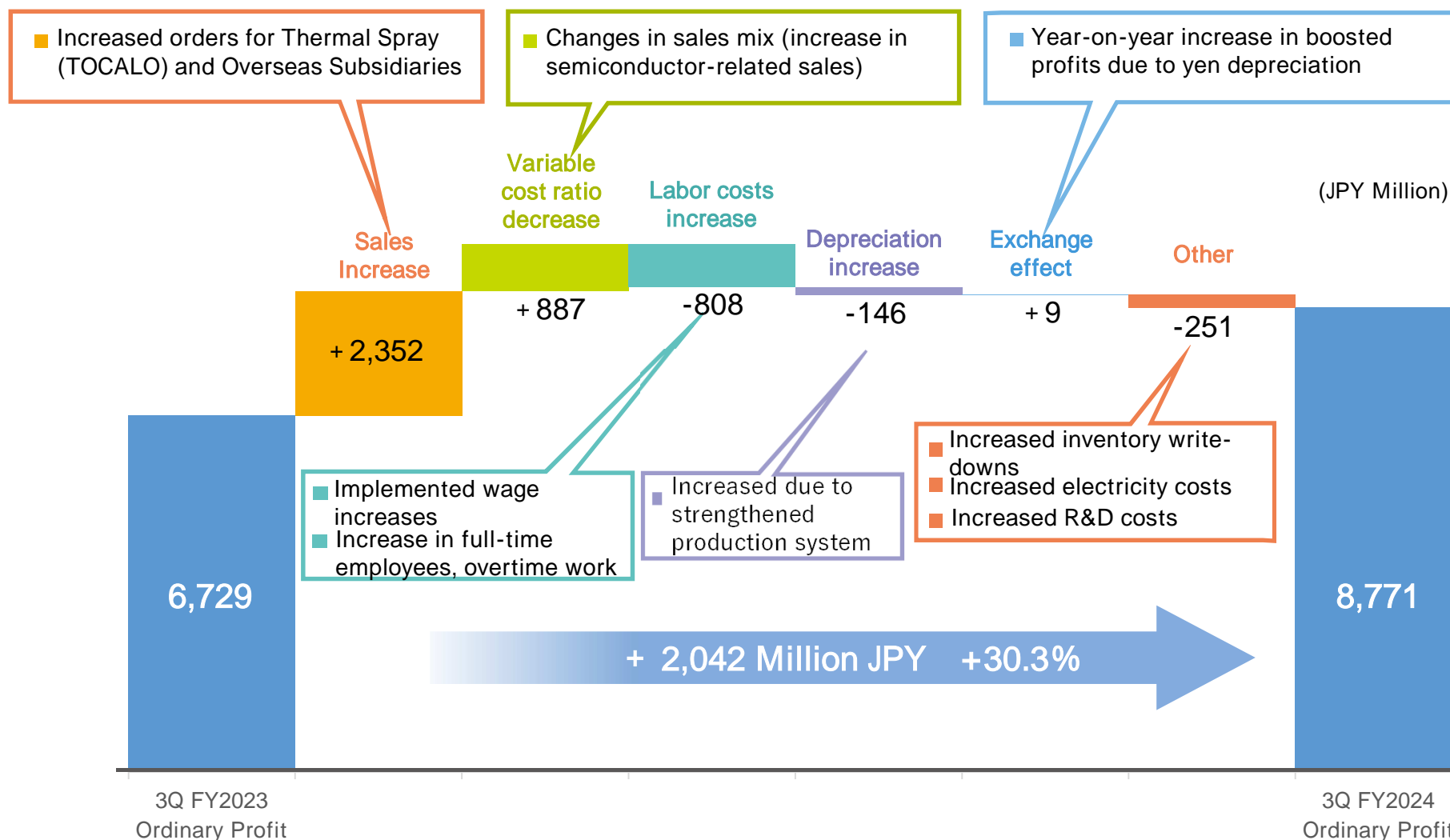
(JPY Million)	3Q FY2023		3Q FY2024		Change	
	Result	Ratio	Result	Ratio	Amount	%
Net Sales	34,804	100.0%	39,903	100.0%	5,098	14.6%
Operating Profit	6,404	18.4%	8,489	21.3%	2,085	32.6%
Ordinary Profit	6,729	19.3%	8,771	22.0%	2,042	30.3%
Net Income Attributable to Owners of Parent	4,280	12.3%	5,781	14.5%	1,501	35.1%
Earnings Per Share (EPS)	71.19JPY	—	97.26JPY	—	26.07JPY	—

3Q FY2024 Net Sales (by Segment)

- Thermal Spray (TOCALO), our largest segment, increased by 16.8% year-on-year due to strong performance in all fields
- Other surface modifications saw decreased revenue due to continued inventory adjustments by customers for agricultural machinery parts
- Overseas subsidiaries performed well, primarily in semiconductor-related areas, and increased by 17.8% year-on-year

(JPY Million)	3Q FY2023		3Q FY2024		Change	
	Result	Ratio	Result	Ratio	Amount	%
Net Sales	34,804	100.0%	39,903	100.0%	5,098	14.6%
■ Thermal Spray (TOCALO)	25,294	72.7%	29,536	74.0%	4,242	16.8%
Semicon & FPD	14,511	41.7%	17,922	44.9%	3,411	23.5%
Industrial Parts	3,743	10.8%	3,780	9.5%	36	1.0%
Iron & Steel	2,563	7.4%	2,939	7.4%	376	14.7%
Others	4,475	12.8%	4,893	12.2%	417	9.3%
■ Other Surface Modif.	2,286	6.6%	2,123	5.4%	-162	-7.1%
■ Domestic Sub.	1,859	5.3%	1,919	4.8%	59	3.2%
■ Overseas Sub.	5,291	15.2%	6,230	15.6%	939	17.8%
Royalty Income	72	0.2%	92	0.2%	19	27.0%

Analysis of Ordinary P/L Change



Segment Information

- Thermal Spray (TOCALO) and Overseas Subsidiaries saw significant increases in profits due to sales growth, primarily in semiconductor-related products
- Domestic subsidiaries and other surface modifications saw decreased profit margins due to weak orders for their main products

(JPY Million)	3Q FY2023		3Q FY2024		Change			
	Net Sales	P/L	Net Sales	P/L	Net Sales		Segment P/L	
					Amount	%	Amount	%
■ Thermal Spray (TOCALO)	25,294	4,693	29,536	6,831	4,242	16.8%	2,138	45.6%
■ Domestic Sub.	1,859	420	1,919	227	59	3.2%	-192	-45.8%
■ Overseas Sub.	5,291	1,378	6,230	1,991	939	17.8%	613	44.5%
■ Other Surface Modif.	2,286	410	2,123	325	-162	-7.1%	-85	-20.8%
Total	34,731	6,903	39,810	9,376	5,078	14.6%	2,473	35.8%

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

Consolidated Forecast FY2024

(Overview of Revisions)



(JPY Million)	FY2024				Increase/decrease vs. October forecast	
	October forecast	Ratio	Revised forecast	Ratio	Amount	%
Net Sales	53,000	100.0%	54,000	100.0%	1,000	1.9%
Thermal Spray (TOCALO)	38,315	72.3%	39,020	72.3%	705	1.8%
Semicon & FPD	23,795	44.9%	24,000	44.4%	205	0.9%
Industrial Parts	4,640	8.8%	5,020	9.3%	380	8.2%
Iron & Steel	3,950	7.5%	3,950	7.3%	0	0.0%
Others	5,930	11.1%	6,050	11.3%	120	2.0%
Other Surface Modif.	2,760	5.2%	2,830	5.2%	70	2.5%
Domestic Sub.	2,775	5.2%	2,670	4.9%	-105	-3.8%
Overseas Sub.	9,000	17.0%	9,330	17.3%	330	3.7%
Royalty Income	150	0.3%	150	0.3%	0	0.0%
Operating Profit	11,500	21.7%	11,500	21.3%	0	0.0%
Ordinary Profit	11,500	21.7%	11,800	21.9%	300	2.6%
Net Income Attributed to Owners of Parent	7,500	14.2%	7,700	14.3%	200	2.7%
Earnings Per Share (EPS)	126.16JPY	—	129.52JPY	—	3.36JPY	—
Return on Equity (ROE)	13.0%	—	13.4%	—	0.4pt	—

Consolidated Forecast FY2024

(Compared to the Previous Period)



(JPY Million)	FY2023		FY2024		Change	
	Result	Ratio	Revised Forecast	Ratio	Amount	%
Net Sales	46,735	100.0%	54,000	100.0%	7,264	15.5%
Thermal Spray (TOCALO)	33,859	72.4%	39,020	72.3%	5,160	15.2%
Semicon & FPD	19,557	41.8%	24,000	44.4%	4,442	22.7%
Industrial Parts	4,923	10.5%	5,020	9.3%	96	2.0%
Iron & Steel	3,651	7.8%	3,950	7.3%	298	8.2%
Others	5,727	12.3%	6,050	11.3%	322	5.6%
Other Surface Modif.	3,019	6.5%	2,830	5.2%	-189	-6.3%
Domestic Sub.	2,457	5.3%	2,670	4.9%	212	8.7%
Overseas Sub.	7,257	15.5%	9,330	17.3%	2,072	28.6%
Royalty Income	141	0.3%	150	0.3%	8	5.7%
Operating Profit	9,197	19.7%	11,500	21.3%	2,302	25.0%
Ordinary Profit	9,662	20.7%	11,800	21.9%	2,137	22.1%
Net Income Attributed to Owners of Parent	6,326	13.5%	7,700	14.3%	1,373	21.7%
Earnings Per Share (EPS)	105.53JPY	—	129.52JPY	—	23.99JPY	—
Return on Equity (ROE)	11.6%	—	13.4%	—	1.8pt	—

3Q FY2024 Progress Rate

(JPY Million)	3Q FY2024		FY2024		Progress Rate
	Result	Ratio	Revised Forecast	Ratio	
Net Sales	39,903	100.0%	54,000	100.0%	73.9%
Thermal Spray (TOCALO)	29,536	74.0%	39,020	72.3%	75.7%
Semicon & FPD	17,922	44.9%	24,000	44.4%	74.7%
Industrial Parts	3,780	9.5%	5,020	9.3%	75.3%
Iron & Steel	2,939	7.4%	3,950	7.3%	74.4%
Others	4,893	12.2%	6,050	11.3%	80.9%
Other Surface Modif.	2,123	5.4%	2,830	5.2%	75.0%
Domestic Sub.	1,919	4.8%	2,670	4.9%	71.9%
Overseas Sub.	6,230	15.6%	9,330	17.3%	66.8%
Royalty Income	92	0.2%	150	0.3%	61.6%
Operating Profit	8,489	21.3%	11,500	21.3%	73.8%
Ordinary Profit	8,771	22.0%	11,800	21.9%	74.3%
Net Income Attributed to Owners of Parent	5,781	14.5%	7,700	14.3%	75.1%
Earnings Per Share (EPS)	97.26JPY	—	129.52JPY	—	75.1%

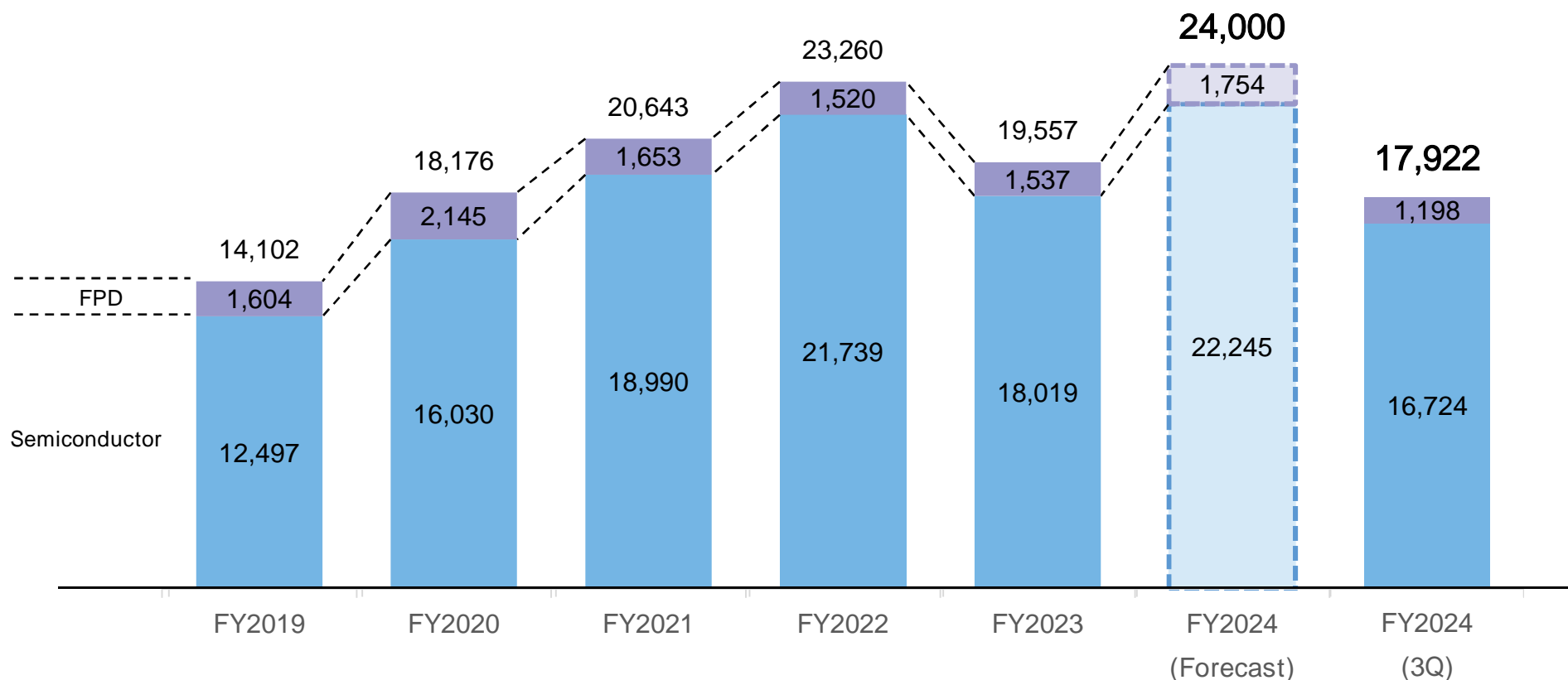
Semiconductor & FPD Net Sales



Inventory adjustments in the semiconductor sector have run their course and orders are recovering
 Cumulative orders for the first nine months totaled 19,364 million yen (up 26.8% year-on-year)

Change
 +22.7%

(JPY Million)

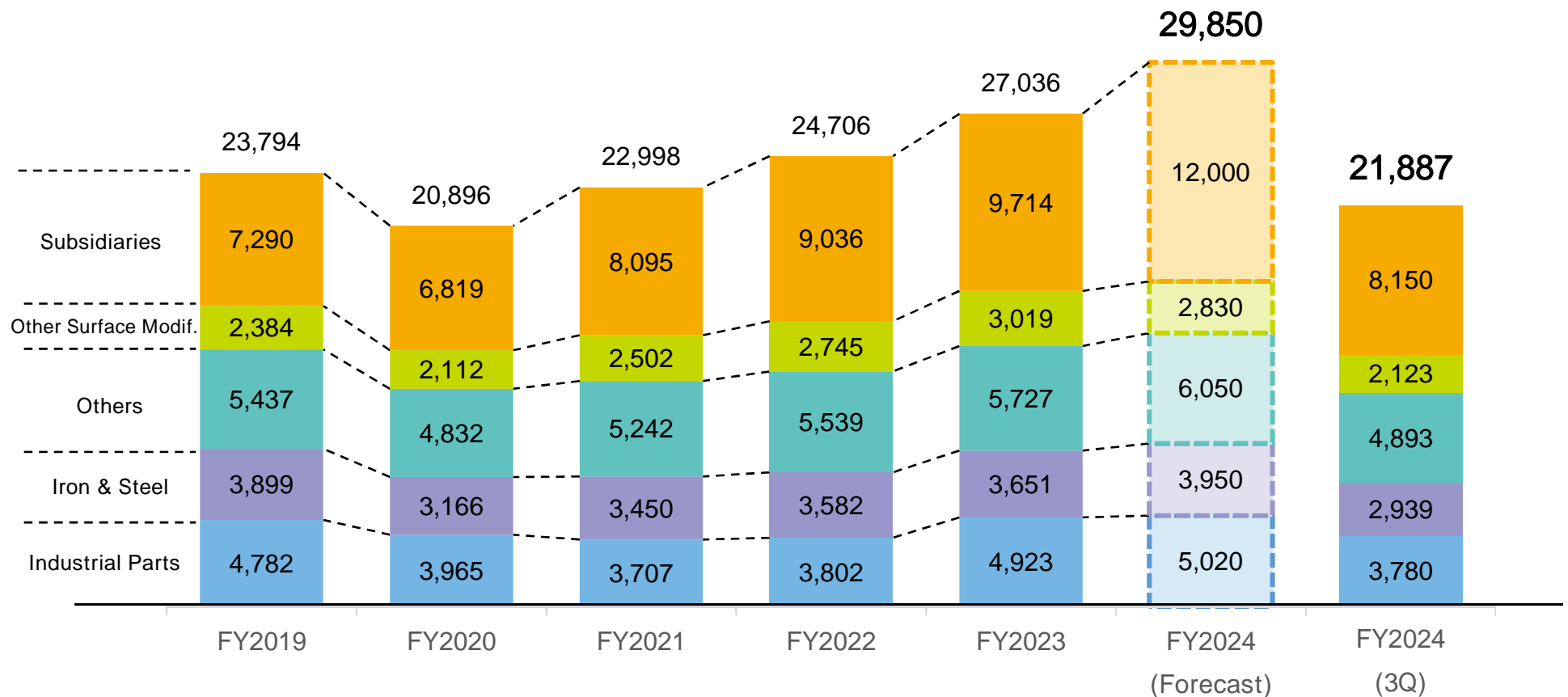


Non-Semiconductor & FPD Net Sales

POINT Net sales in non-semiconductor & FPD fields are expected to increase by 10.4% compared to the previous fiscal year
Subsidiaries showed significant growth, mainly in the field of semiconductors

Change
+10.4%

(JPY Million)



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

Financial Position

- Total assets remained flat compared to the end of the previous period (cash and deposits: - 3,100 million JPY, accounts receivable: +1,000 million JPY, fixed assets: +1,900 million JPY)
- Equity ratio increased by 3.0 points from the end of the previous period to 74.2%
- Interest-bearing debt decreased by 800 million JPY from the end of the previous period

(JPY Million)	FY2023		FY2024
	3Q	2H	3Q
Total Assets	72,337	77,940	77,950
Equity	53,533	55,460	57,835
Equity Ratio	74.0%	71.2%	74.2%
Interest-bearing Debt	2,182	5,002	4,179

Capital Investment and Depreciation

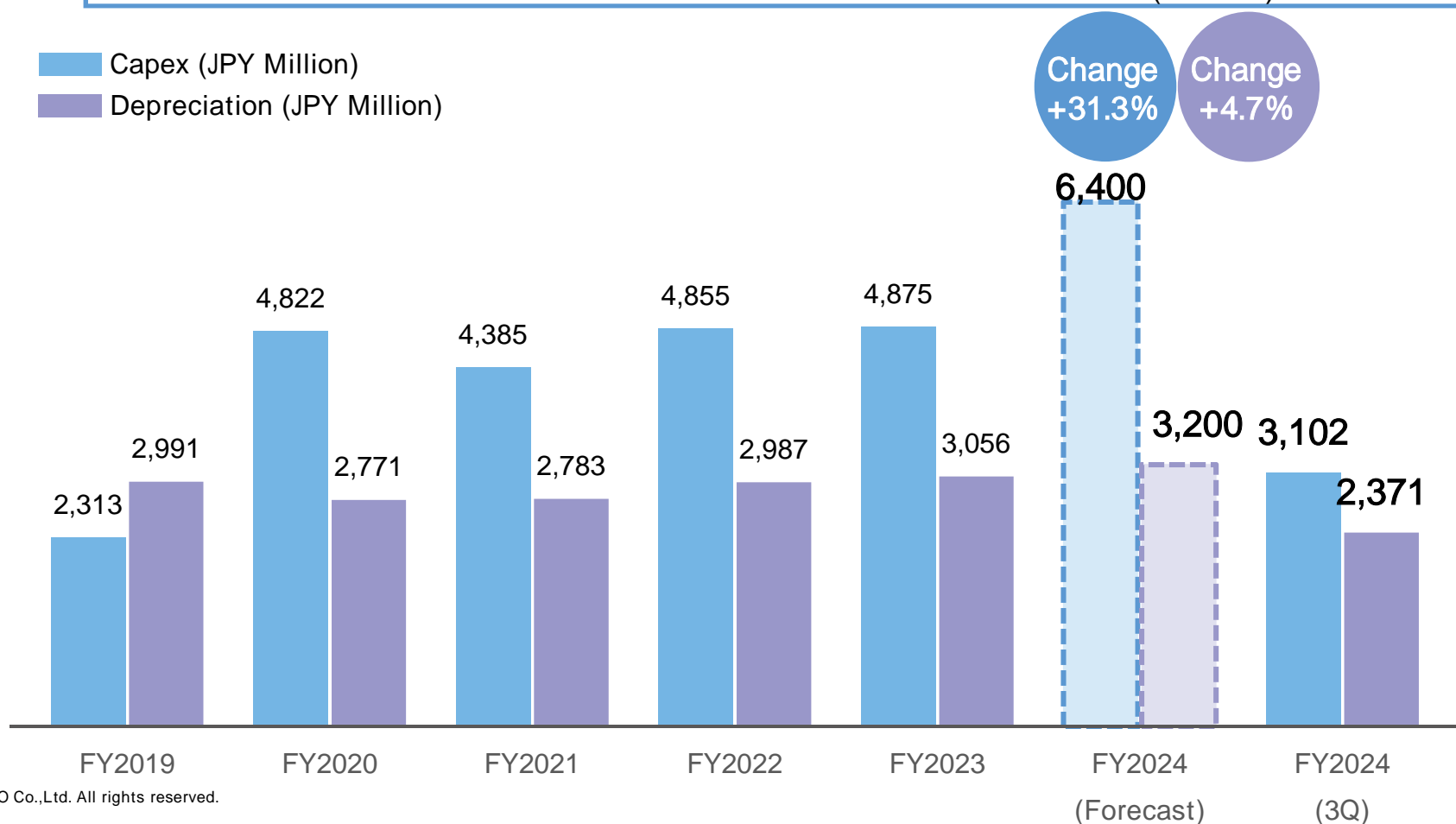
Planned capex for FY2024: 6,400 Million JPY



- Tocalo 5,000 million JPY: Construction of new buildings at the Kobe Plant, increasing production and production efficiency, and strengthening research facilities, etc.
- Domestic Subsidiaries 400 million JPY: Increasing production capacity, etc.
- Overseas Subsidiaries 1,000 million JPY: Launch of new factories at TOCALO & HAN TAI (Kunshan) and at TOCALO & HAN TAI (Taiwan)

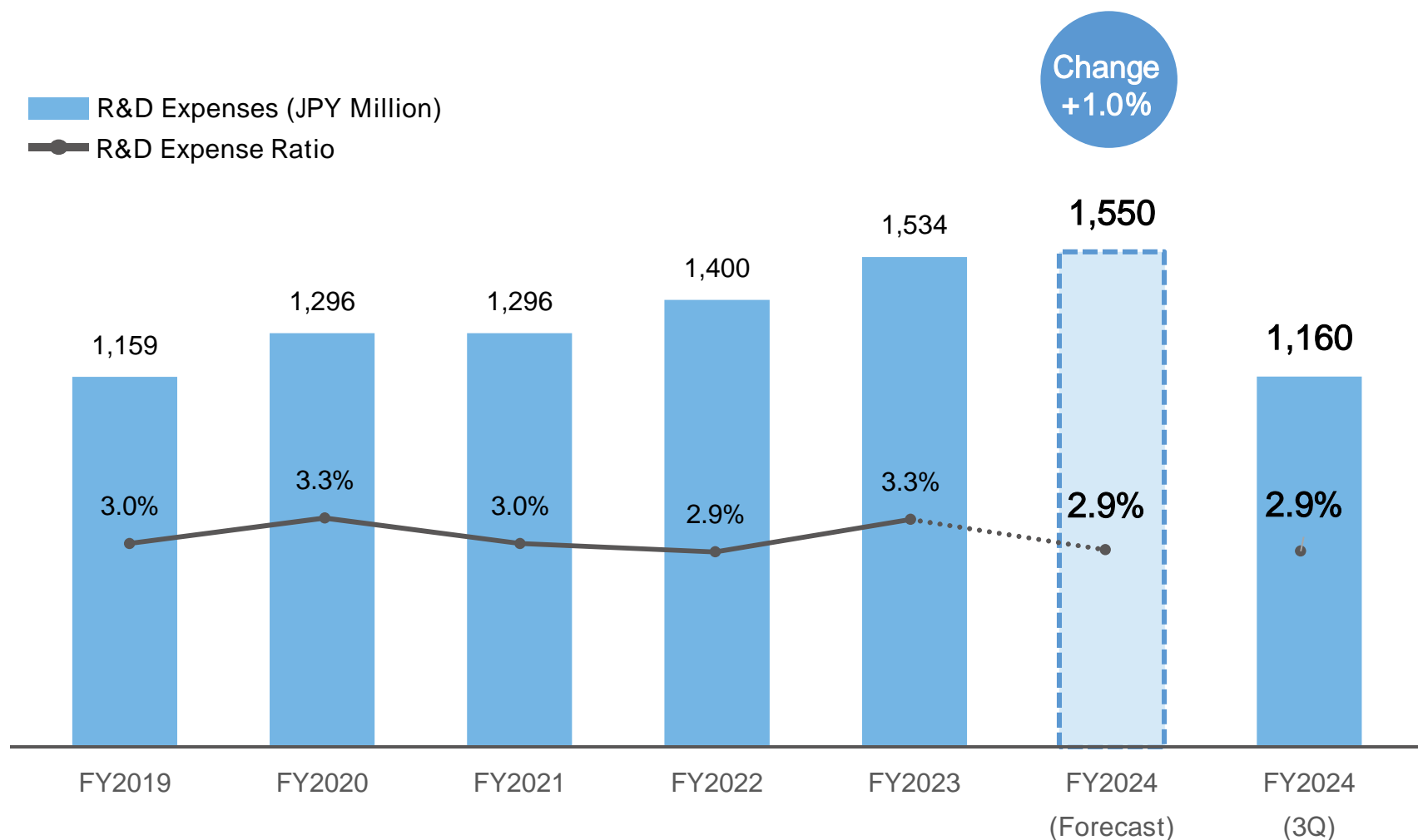
Capex (JPY Million)

Depreciation (JPY Million)



R&D Expenses

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



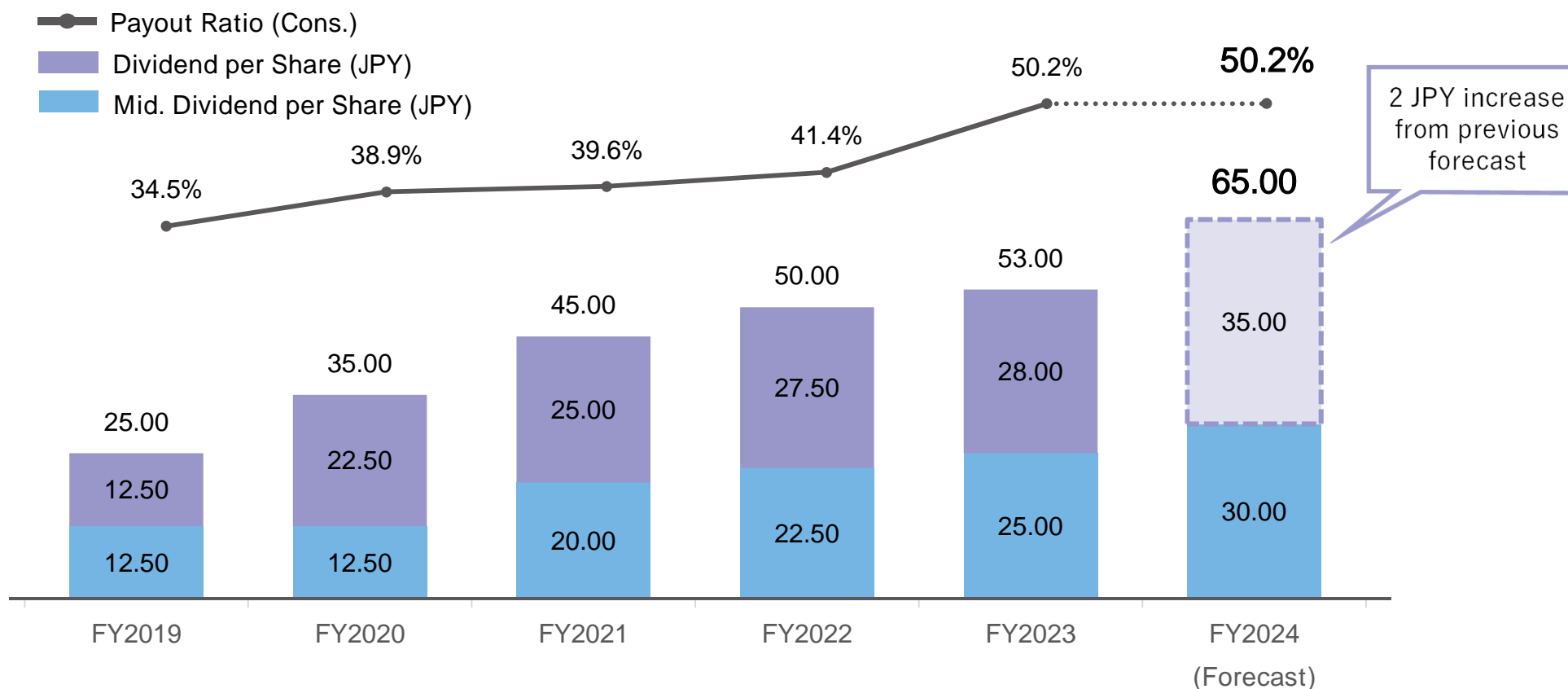
Dividends



An annual dividend of 65 JPY is planned for FY2024 (a dividend payout ratio of 50.2%), an increase of 2 JPY from the previous forecast

Shareholder Return Policy

- Aiming for a consolidated dividend payout ratio of approximately 50% and minimum dividend on equity (DOE) of 5%
- Flexibly implement acquisition of outstanding company shares while taking into account the business environment and the Company's financial position



Financial Highlights

(Million JPY)	FY2019 Result	FY2020 Result	FY2021 Result	FY2022 Result	FY2023 Result	FY2024 Forecast
Orders Received	38,011	39,021	45,394	48,419	47,505	—
Backlog of Orders	6,195	6,143	7,896	8,349	9,260	—
Net Sales	38,084	39,294	43,813	48,144	46,735	54,000
Operating Profit	6,727	8,890	10,255	10,558	9,197	11,500
Ordinary Profit	6,812	8,914	10,571	11,003	9,662	11,800
Ordinary Profit Ratio	17.9%	22.7%	24.1%	22.9%	20.7%	21.9%
Net Income Attributed to Owners of Parent	4,404	5,463	6,909	7,350	6,326	7,700
Earnings Per Share (EPS)	72.45JPY	89.86JPY	113.62JPY	120.83JPY	105.53JPY	129.52JPY
Total Assets	61,122	64,183	69,517	74,263	77,940	82,900
Equity	40,263	44,201	49,099	53,839	55,460	59,700
Equity Ratio	65.9%	68.9%	70.6%	72.5%	71.2%	72.0%
Return on Equity (ROE)	11.3%	12.9%	14.8%	14.3%	11.6%	13.4%
Return on Assets (ROA)	11.5%	14.2%	15.8%	15.3%	12.7%	14.7%
Return on Invested Capital (ROIC)	9.8%	11.9%	13.0%	12.5%	10.2%	11.9%

(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

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