(TSE Prime Market Code 3433)

New possibilities for a bright future

Financial Summary FY2025 (April 2025 – March 2026)

(5/20/2026)

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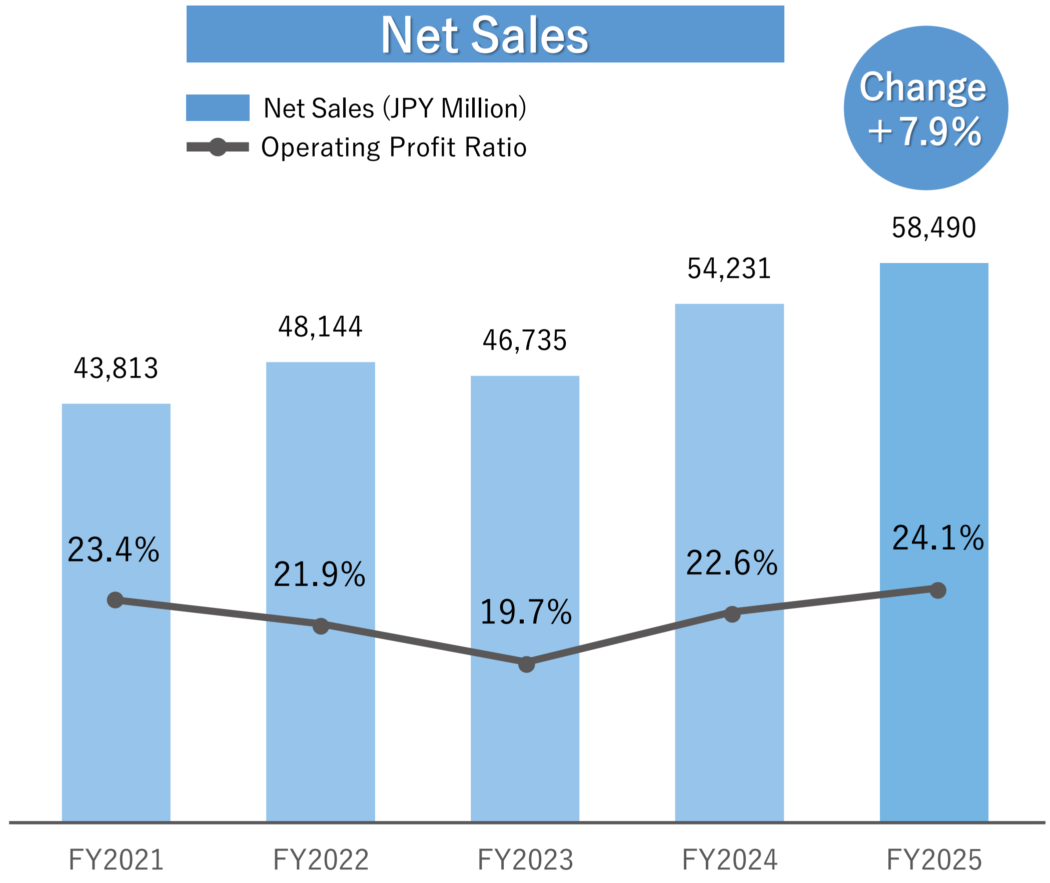
1. Overview of Consolidated Results FY2025

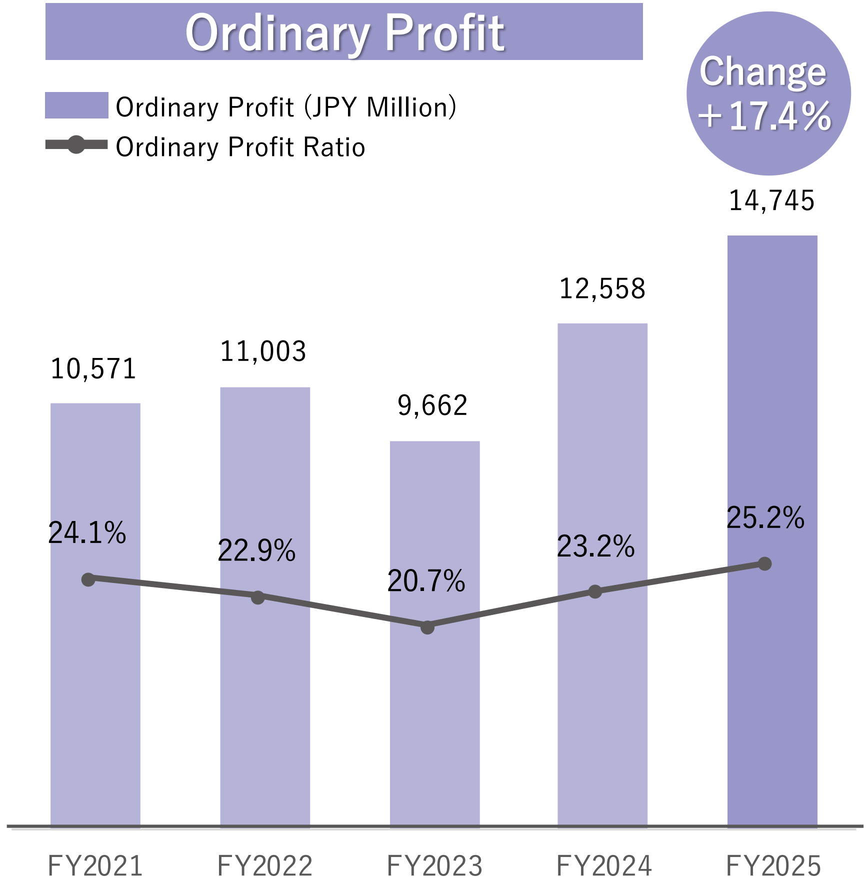
TOCALO

Highlights of Consolidated Results FY2025

POINT Net sales exceeded the level from the Initial Plan, setting a new record high

POINT Ordinary profit also continued to perform well, reaching a new record high.

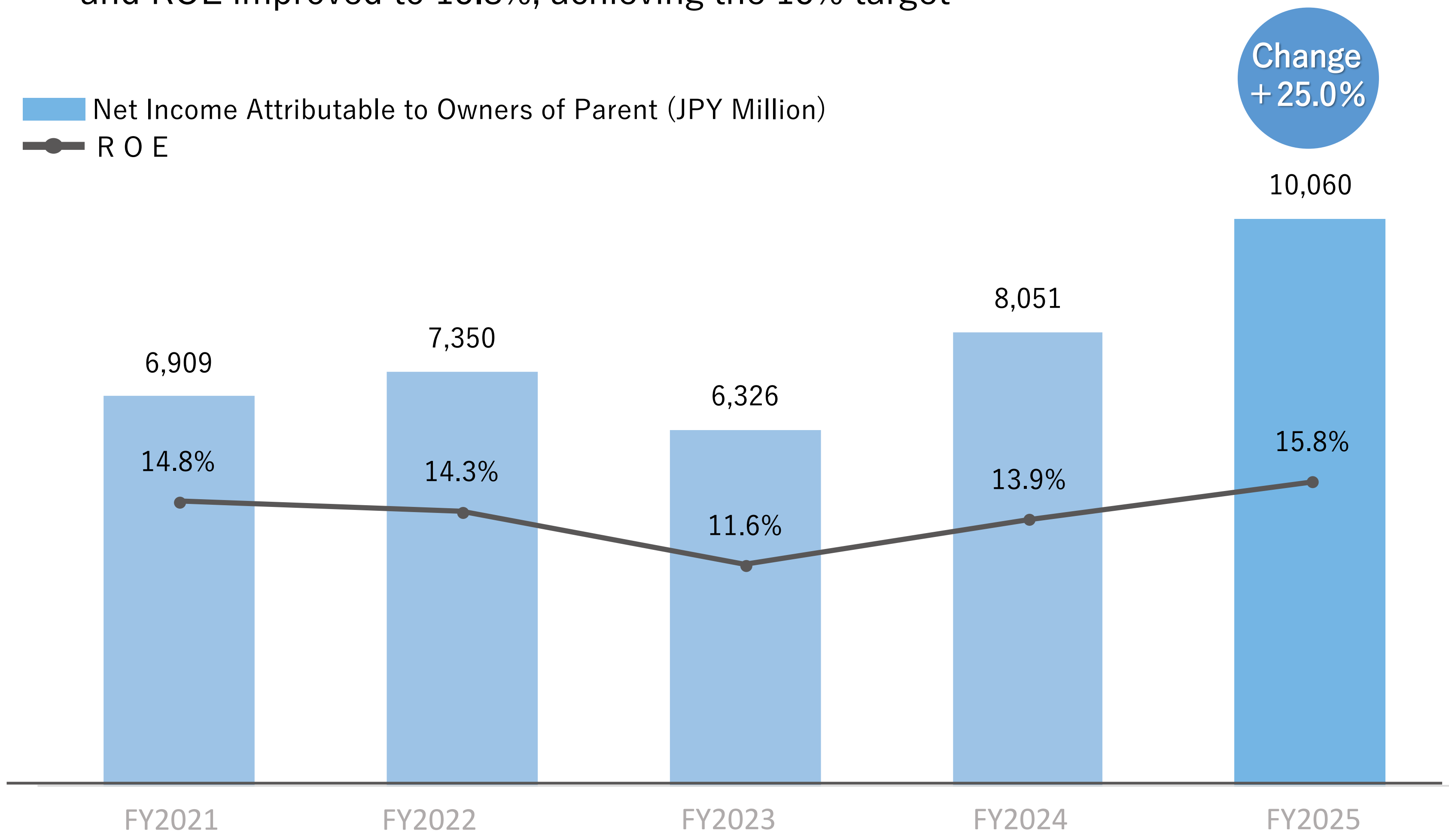




Consolidated Results FY2025
Net Income Attributable to Owners of Parent and ROE

POINT

Net income attributable to owners of parent increased by 25.0% year-on-year, and ROE improved to 15.8%, achieving the 15% target



Overview of Consolidated Results (P/L) FY2025

TOCALO

- Net sales trended strongly, increasing by 7.9% year-on-year
- Ordinary profit also performed well, increasing by 17.4% year-on-year

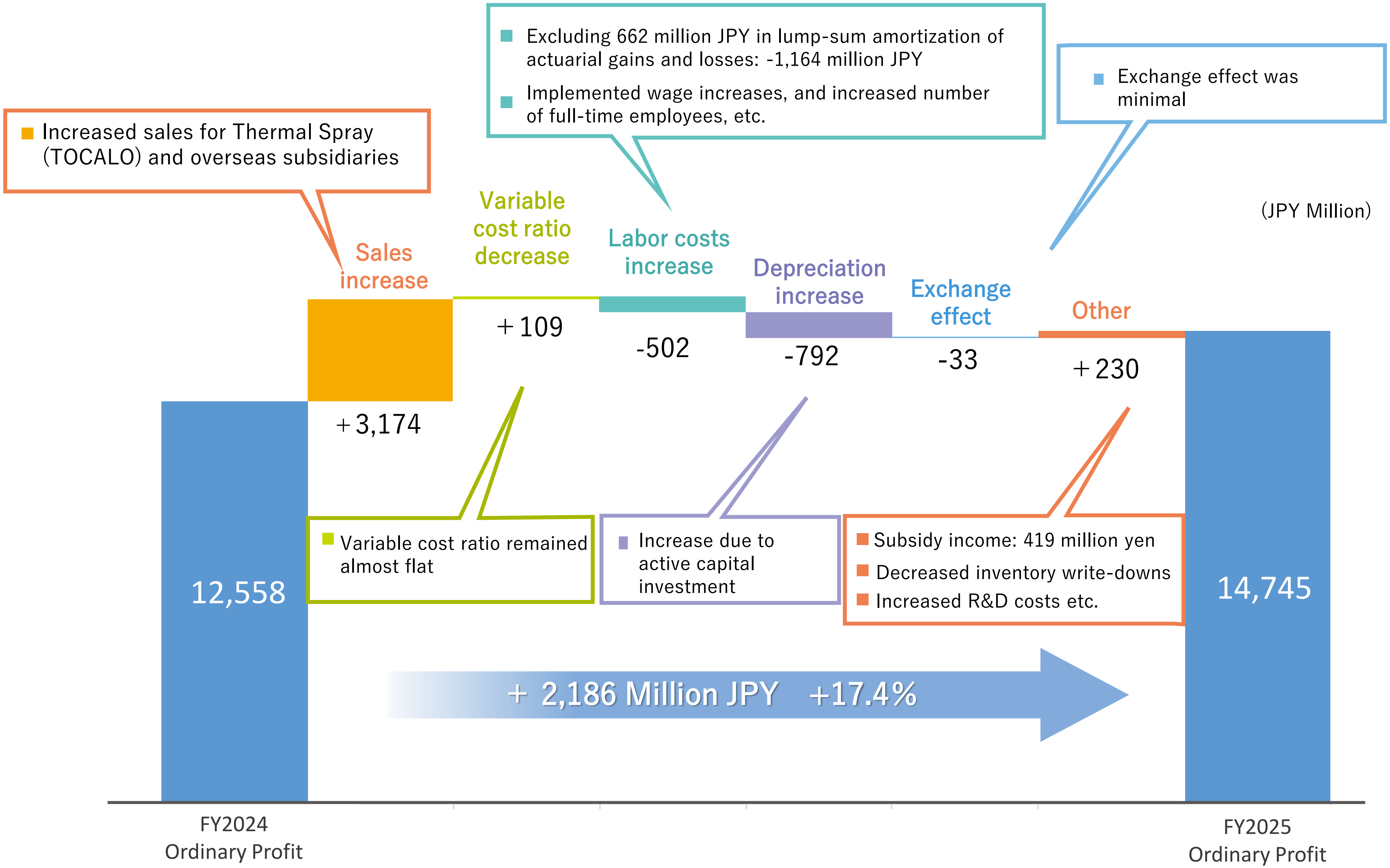
(JPY Million)	FY2024		FY2025		Change	
	Result	Ratio	Result	Ratio	Amount	%
Net Sales	54,231	100.0%	58,490	100.0%	4,259	7.9%
Operating Profit	12,268	22.6%	14,102	24.1%	1,834	15.0%
Ordinary Profit	12,558	23.2%	14,745	25.2%	2,186	17.4%
Net Income Attributable to Owners of Parent	8,051	14.8%	10,060	17.2%	2,009	25.0%
Earnings Per Share (EPS)	135.44JPY	—	169.19JPY	—	33.75JPY	—

FY2025 Net Sales (by Segment)

- Net sales in the Thermal Spray(TOCALO) segment, the largest segment, increased 3.8% year on year; despite a temporary slowdown in semiconductor and FPD growth, the industrial machinery segment was robust.
- Other surface modification decreased by 14.3% year-on-year, affected by continued inventory adjustments for agricultural machinery parts
- Overseas subsidiaries performed well, led by the semiconductor- and iron & steel-related fields, with a 31.7% year-on-year increase

(JPY Million)	FY2024		FY2025		Change	
	Result	Ratio	Result	Ratio	Amount	%
Net Sales	54,231	100.0%	58,490	100.0%	4,259	7.9%
Thermal Spray (TOCALO)	39,213	72.3%	40,709	69.6%	1,496	3.8%
Semicon & FPD	24,114	44.5%	24,813	42.4%	698	2.9%
Industrial Parts	4,872	9.0%	5,652	9.7%	779	16.0%
Iron & Steel	3,927	7.2%	3,963	6.8%	35	0.9%
Others	6,298	11.6%	6,280	10.7%	-17	-0.3%
Other Surface Modif.	2,880	5.3%	2,467	4.2%	-413	-14.3%
Domestic Sub.	2,656	4.9%	2,883	4.9%	227	8.6%
Overseas Sub.	9,319	17.2%	12,269	21.0%	2,949	31.7%
Royalty Income	161	0.3%	160	0.3%	0	-0.4%

Analysis of Ordinary P/L Change



(Reference) Ordinary Profit on a Substantive Basis

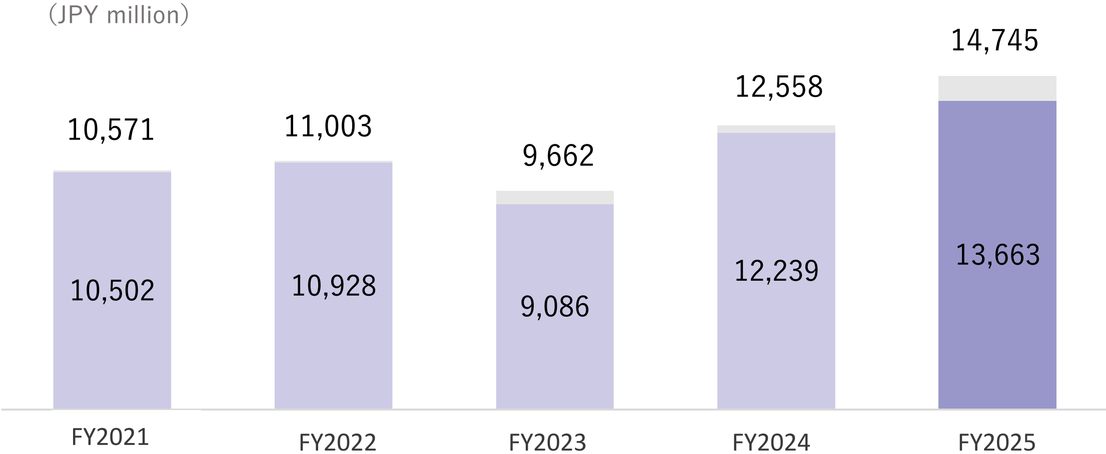
POINT

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

(JPY million)

	FY2021	FY2022	FY2023	FY2024	FY2025
Ordinary Profit	10,571	11,003	9,662	12,558	14,745
Actuarial Gains and Losses	35	64	556	301	662
Subsidy Income	33	10	19	17	419
Ordinary Profit on a Substantive Basis (Excluding actuarial gains and losses and subsidy income)	10,502	10,928	9,086	12,239	13,663

Ordinary Profit on a Substantive Basis
(Excluding actuarial gains and losses and subsidy income)



Actuarial Gains and Losses and Subsidy Income

- **Actuarial Gains and Losses on retirement benefit accounting**
  FY2025 earnings were lifted by positive actuarial gains in retirement benefits, driven by higher interest rates and favorable equity market conditions.

- **Subsidy income**
  Large-scale Growth Investment Subsidy for Labor-saving, etc., aimed at Wage Increases for Mid-size Enterprises and SMEs" (METI), etc.

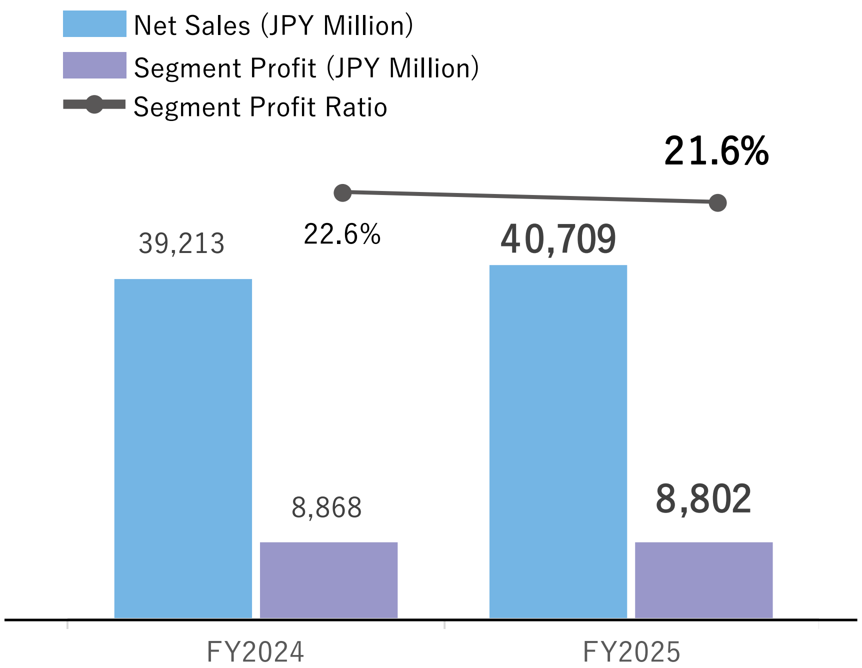
FY2025 Consolidated Results by Segment

Thermal Spray (TOCALO)

Despite a temporary slowdown in semiconductor and FPD growth, the industrial machinery segment was robust, resulting in higher revenue. However, operating profit decreased due to rising fixed costs, such as personnel and depreciation expenses.

YoY Change Ratio

Net Sales ･･･ ･･･ ･･･ +3.8%
Segment Profit ･･･ -0.7%

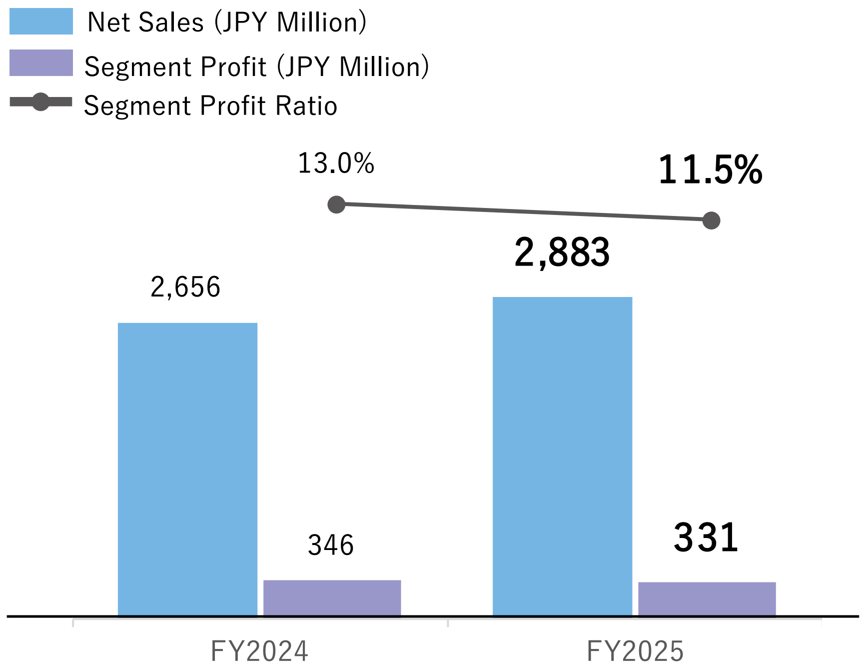


Domestic Sub.

Although cutting tools at Japan Coating Center are on a recovery trend, machining orders at TERADA KOSAKUSHO remain sluggish

YoY Change Ratio

Net Sales ･･･ ･･･ ･･･ +8.6%
Segment Profit ･･･ -4.2%

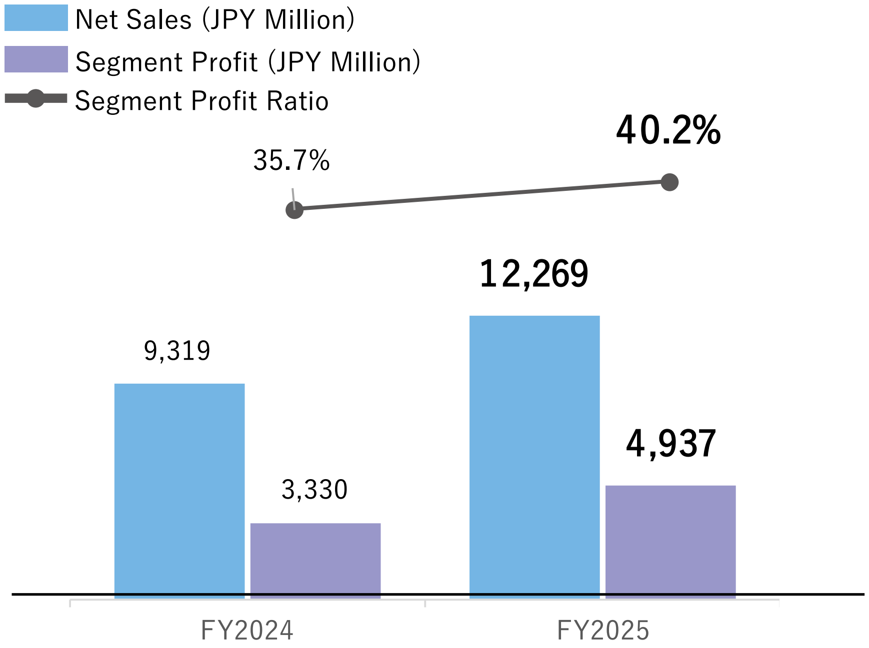


FY2025 Consolidated Results by Segment

Overseas Sub.

Both sales and profits increased due to sales growth in the semiconductor and iron & steel fields

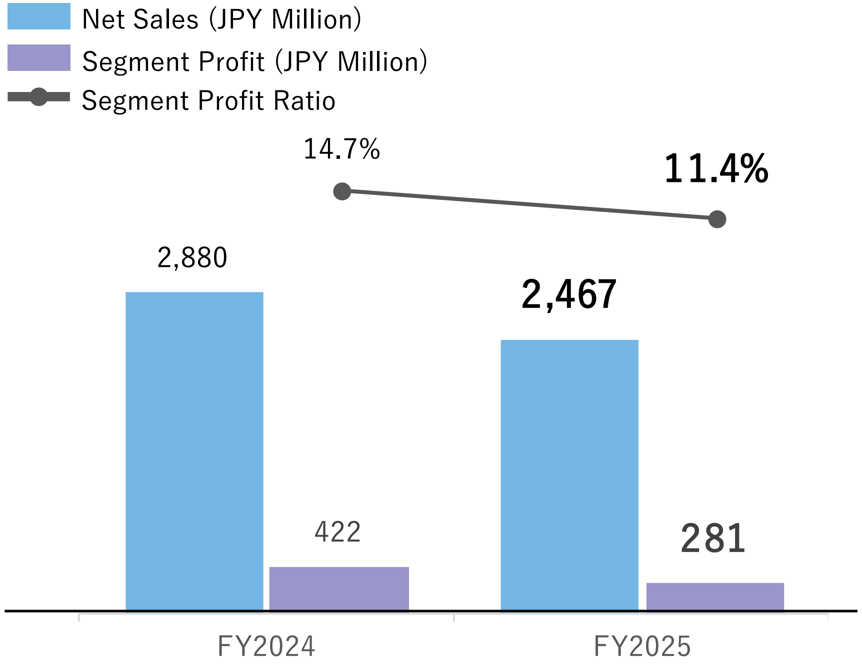
YoY Change Ratio
Net Sales ･･･ ･･･ ･･･ +31.7%
Segment Profit ･･･ +48.2%



Other Surface Modif.

Both sales and profits declined as orders for agricultural machinery parts continued in an inventory adjustment phase

YoY Change Ratio
Net Sales ･･･ ･･･ ･･･ -14.3%
Segment Profit ･･･ -33.4%



Segment Information

(JPY Million)	FY2024		FY2025		Change			
					Net Sales		Segment P/L	
	Net Sales	P/L	Net Sales	P/L	Amount	%	Amount	%
Thermal Spray (TOCALO)	39,213	8,868	40,709	8,802	1,496	3.8%	-65	-0.7%
Domestic Sub.	2,656	346	2,883	331	227	8.6%	-14	-4.2%
Overseas Sub.	9,319	3,330	12,269	4,937	2,949	31.7%	1,606	48.2%
Other Surface Modif.	2,880	422	2,467	281	-413	-14.3%	-141	-33.4%
Total	54,069	12,967	58,329	14,353	4,259	7.9%	1,385	10.7%

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

Financial Position

- Total assets increased 7,600 million JPY from the end of the previous period (tangible fixed assets increased 6,200 million JPY)
- Equity ratio increased 0.6 percentage points from the end of the previous fiscal year to 74.8%
- Interest-bearing debt increased by 3,500 million JPY from the end of the previous period

(JPY Million)	FY2024	FY2025
	4Q	4Q
Total Assets	81,683	89,291
Equity	60,645	66,758
Equity Ratio	74.2%	74.8%
Interest-bearing Debt	3,796	7,359

Cash Flow

- Free Cash Flow (Operating CF + Investment CF) -2,200 million JPY
- Investment CF/Acquisition of tangible fixed assets
  Previous term: -5,500 million JPY　　Current term: -9,700 million JPY
- Financial CF/Dividends paid
  Previous term: -3,400 million JPY　　Current term: -4,400 million JPY

(JPY Million)	FY2024 Full Year	FY2025 Full Year
Operating CF	9,077	7,749
Investment CF	-6,194	-9,963
Financial CF	-5,124	-1,155
Cash Balance	17,591	14,461

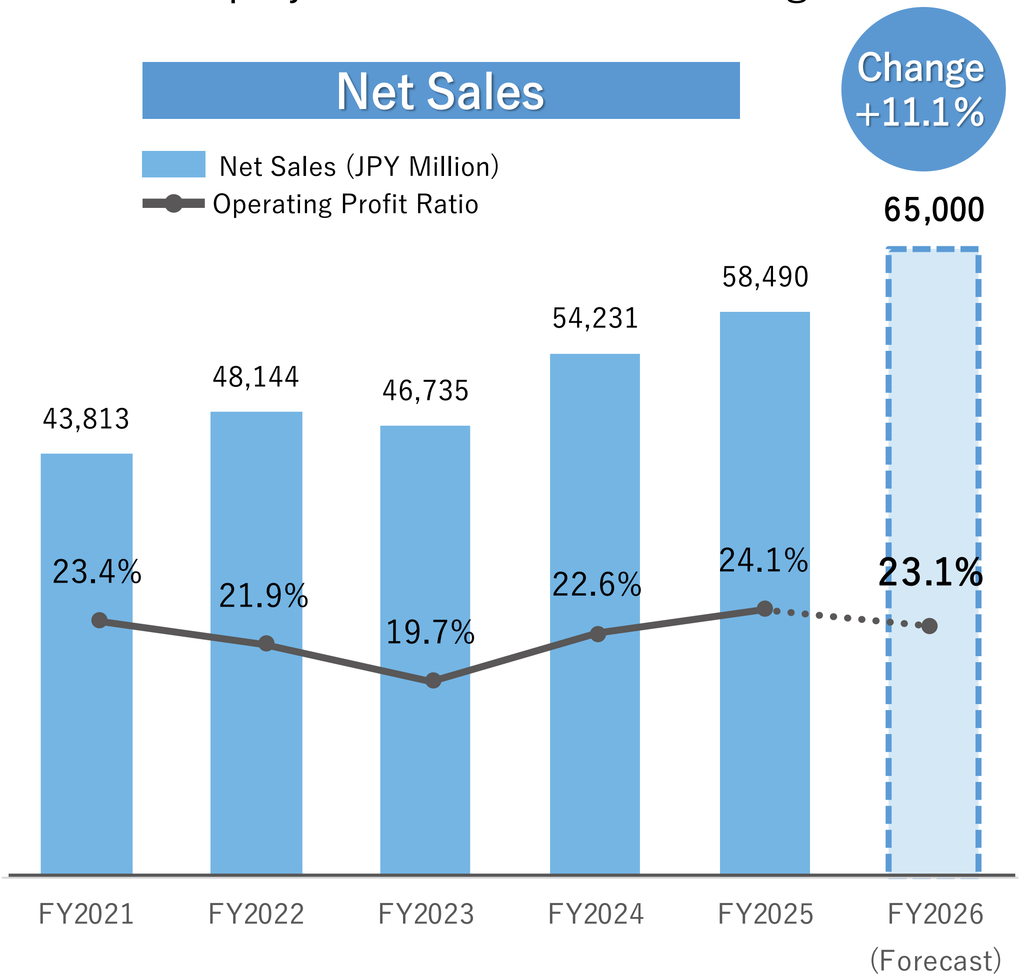
2. Forecast for FY2026

Outlook for Net Sales and Ordinary Profit

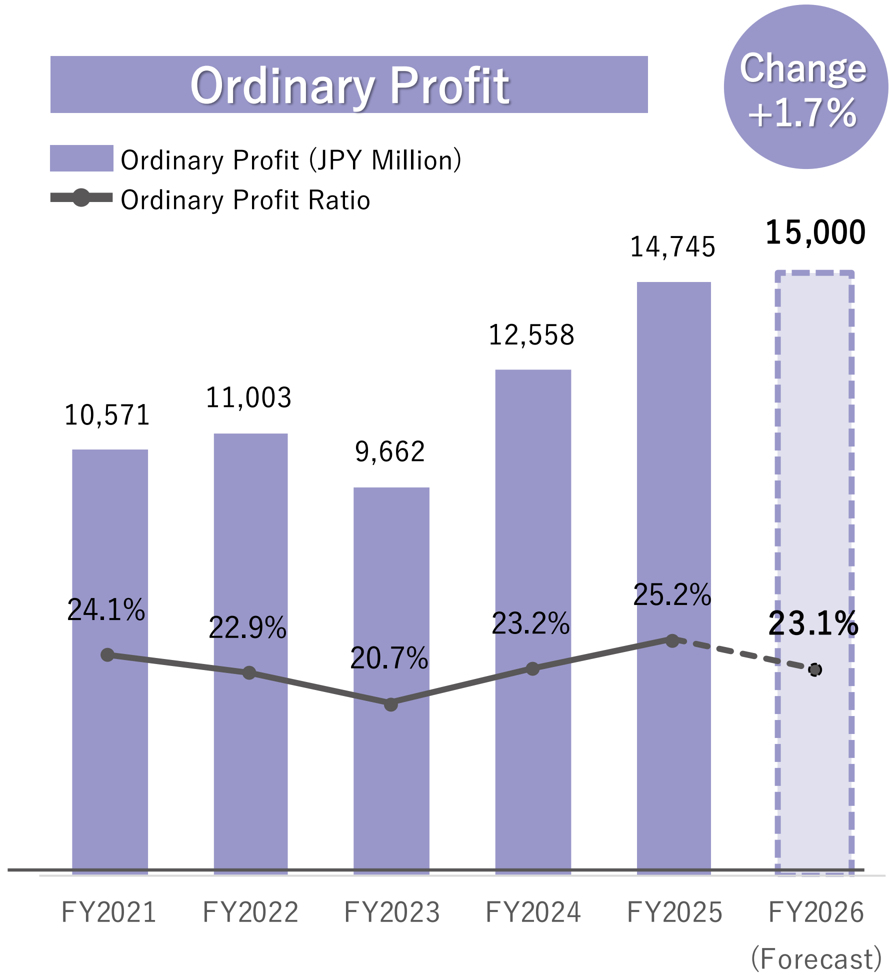
POINT The semiconductor & FPD field is expected to remain strong, with sales projected to reach a record high

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

Net Sales



Ordinary Profit

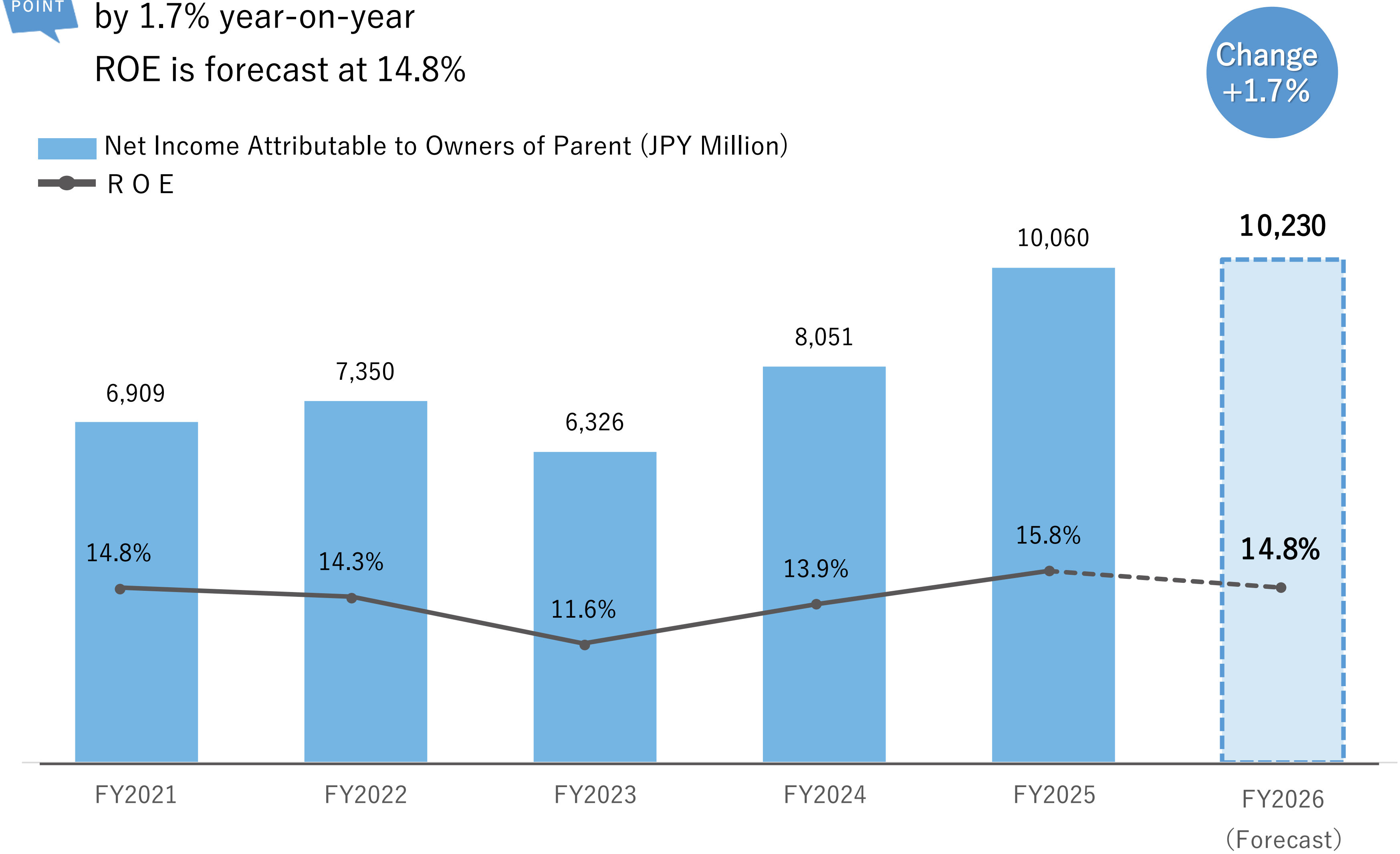


Outlook for Net Income Attributable to Owners of Parent and ROE

POINT

Net income attributable to owners of parent is forecast to increase by 1.7% year-on-year

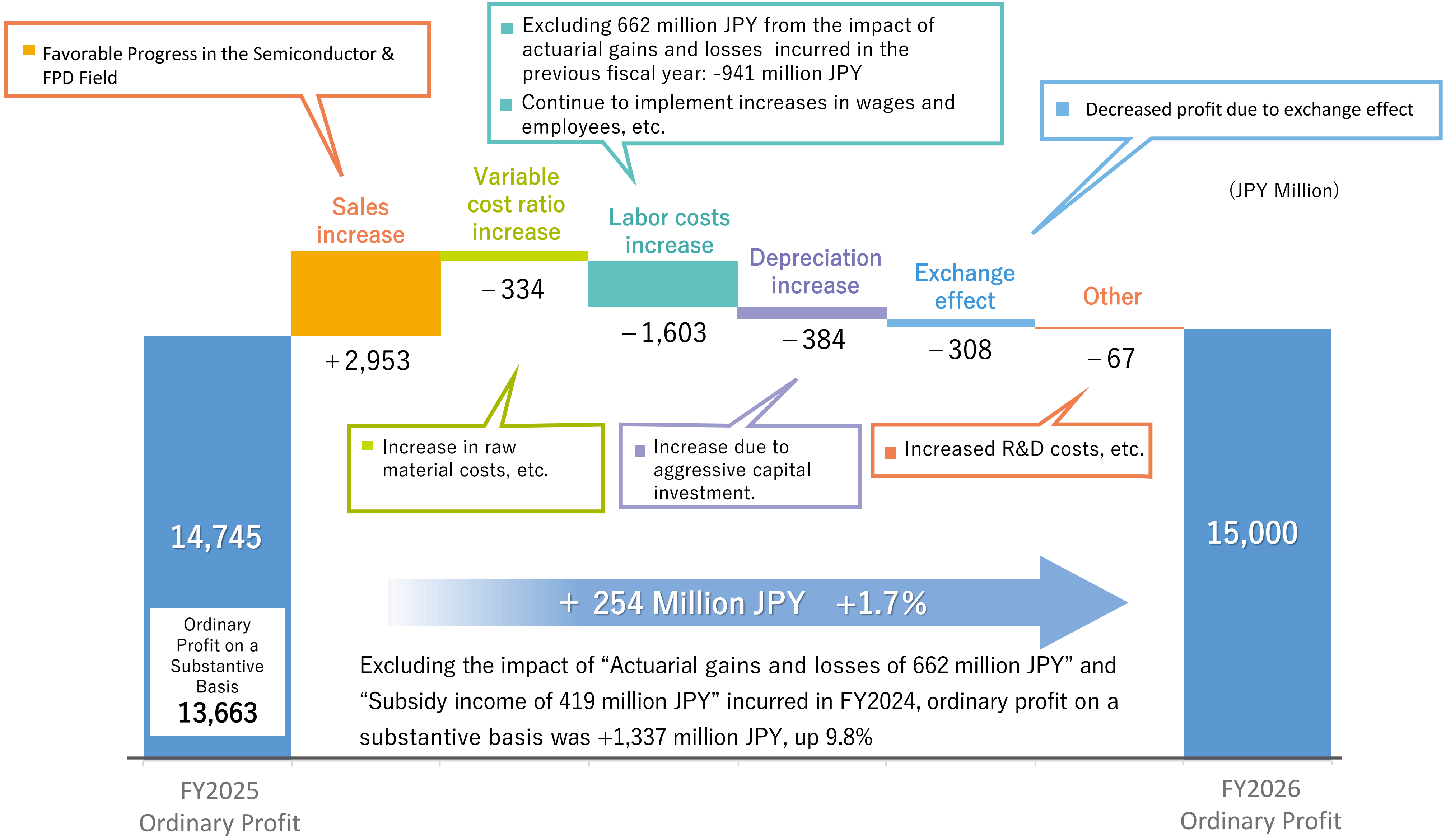
ROE is forecast at 14.8%



Consolidated Forecast FY2026

(JPY Million)	FY2024		FY2025		Change	
	Result	Ratio	Forecast	Ratio	Amount	%
Net Sales	58,490	100.0%	65,000	100.0%	6,509	11.1%
Thermal Spray (TOCALO)	40,709	69.6%	46,291	71.2%	5,581	13.7%
Semicon & FPD	24,813	42.4%	31,000	47.7%	6,186	24.9%
Industrial Parts	5,652	9.7%	5,655	8.7%	2	0.0%
Iron & Steel	3,963	6.8%	3,964	6.1%	0	0.0%
Others	6,280	10.7%	5,671	8.7%	-608	-9.7%
Other Surface Modif.	2,467	4.2%	2,815	4.4%	347	14.1%
Domestic Sub.	2,883	4.9%	3,073	4.7%	189	6.6%
Overseas Sub.	12,269	21.0%	12,637	19.4%	367	3.0%
Royalty Income	160	0.3%	184	0.3%	23	14.5%
Operating Profit	14,102	24.1%	15,000	23.1%	897	6.4%
Ordinary Profit	14,745	25.2%	15,000	23.1%	254	1.7%
Net Income Attributed to Owners of Parent	10,060	17.2%	10,230	15.7%	169	1.7%
Earnings Per Share (EPS)	169.19JPY	—	172.02JPY	—	2.83JPY	—
Return on Equity (ROE)	15.8%	—	14.8%	—	-1.0pt	—

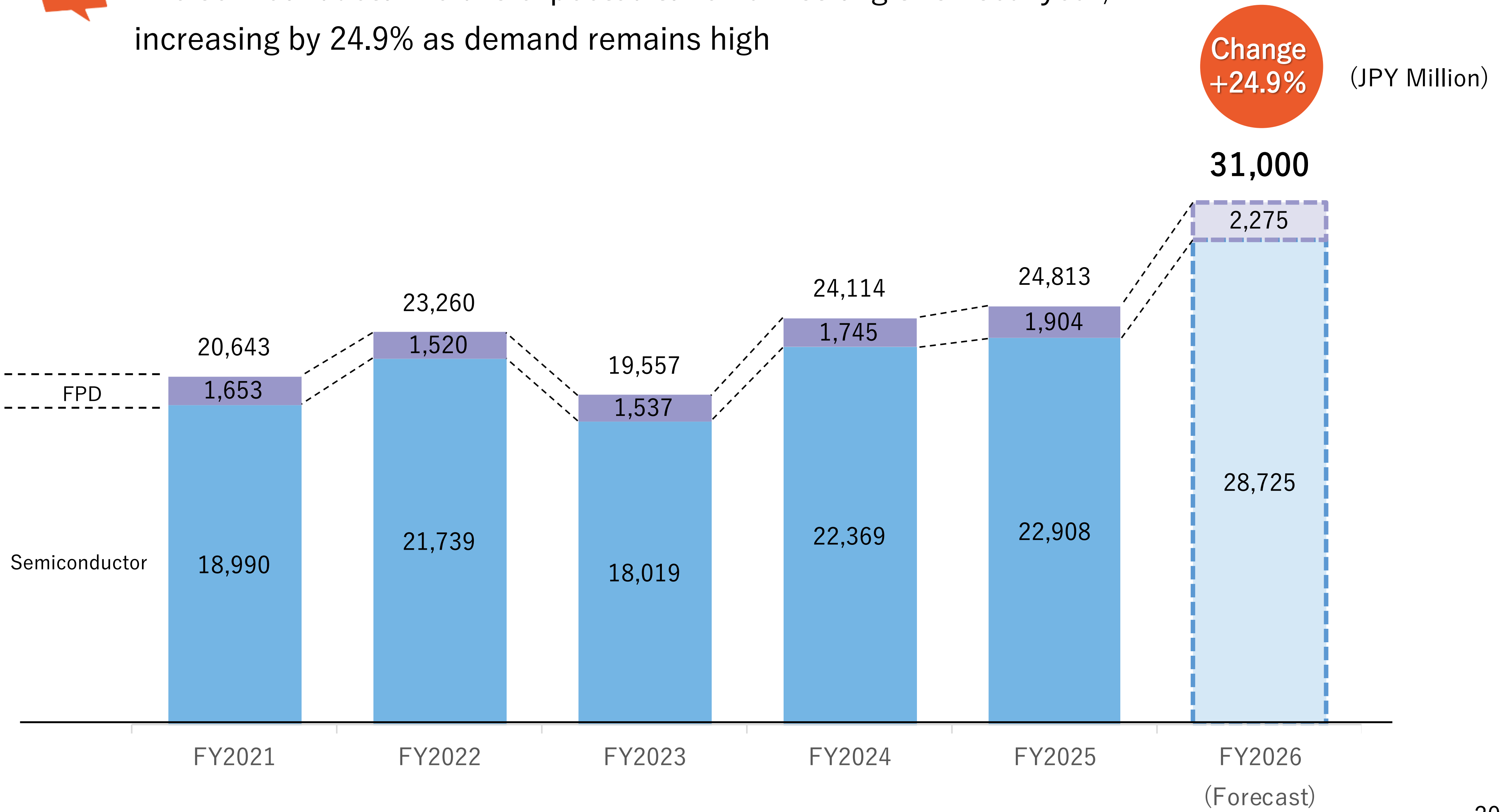
Consolidated Forecast FY2026
Analysis of Ordinary Profit P/L Change



Semiconductor & FPD Net Sales

POINT

The semiconductor field is expected to remain strong this fiscal year, increasing by 24.9% as demand remains high

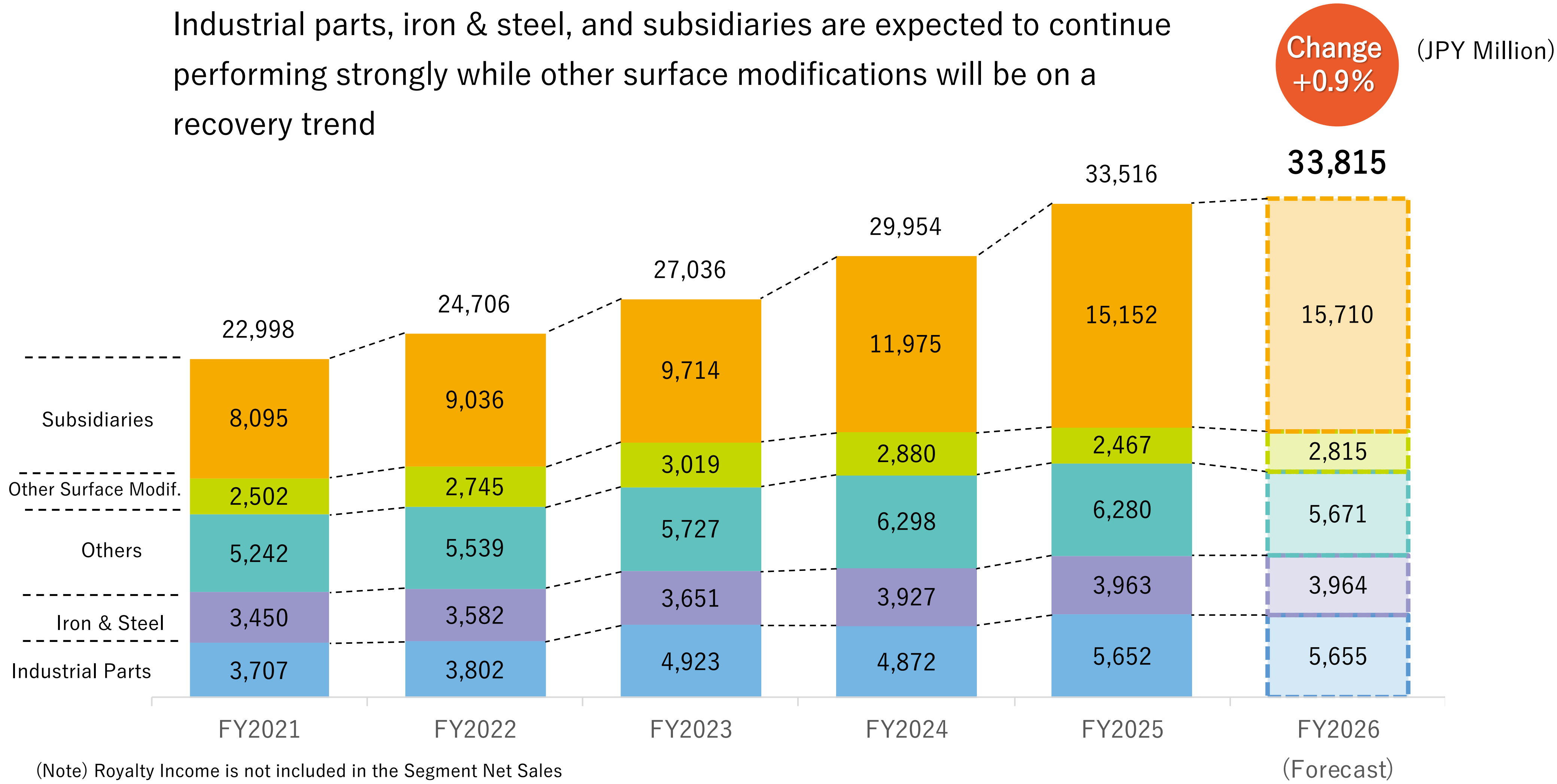


Non-Semiconductor & FPD Net Sales

POINT

Net sales in non-semiconductor & FPD fields are expected to increase by 0.9% compared to the previous fiscal year

Industrial parts, iron & steel, and subsidiaries are expected to continue performing strongly while other surface modifications will be on a recovery trend



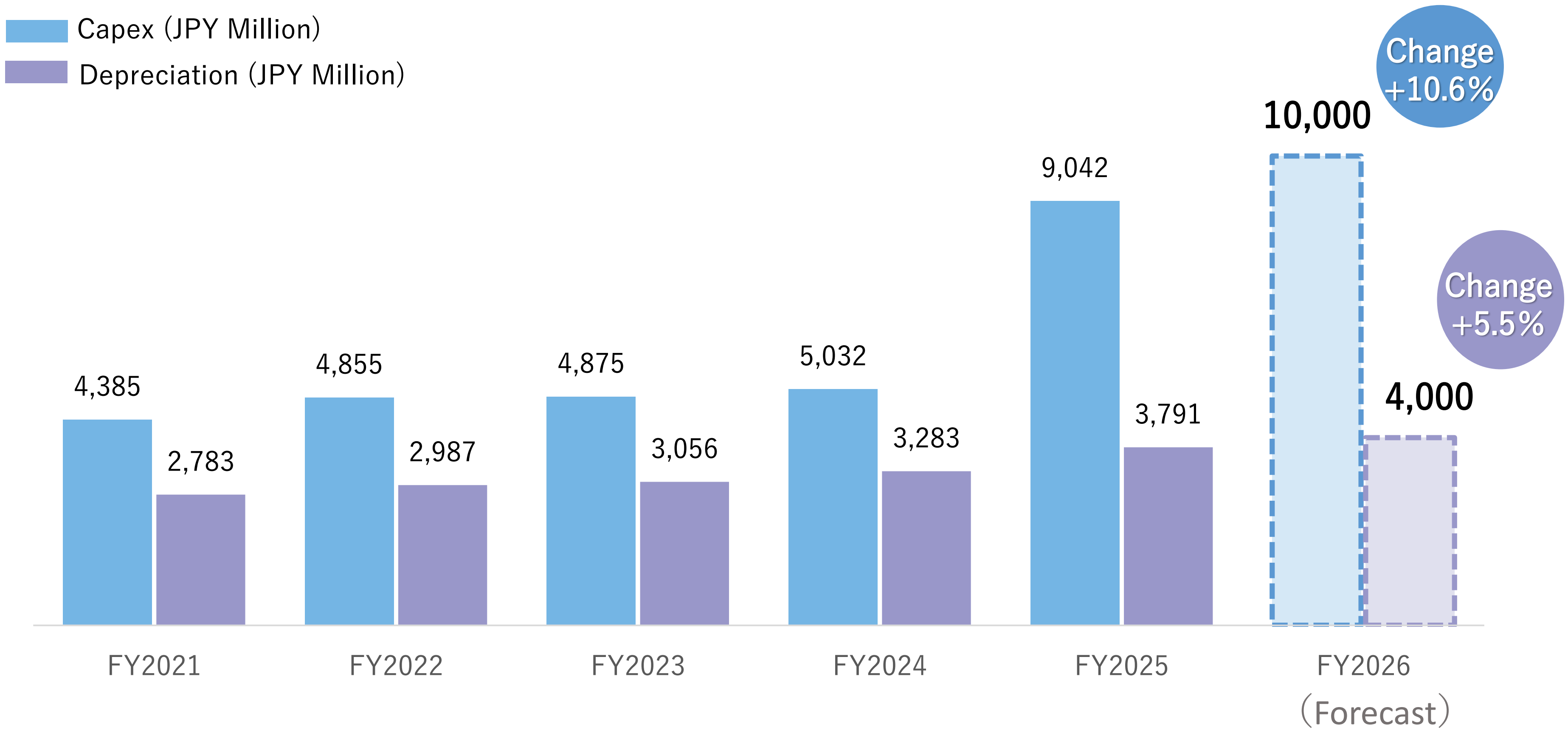
(Note) Royalty Income is not included in the Segment Net Sales

Capital Investment and Depreciation

POINT

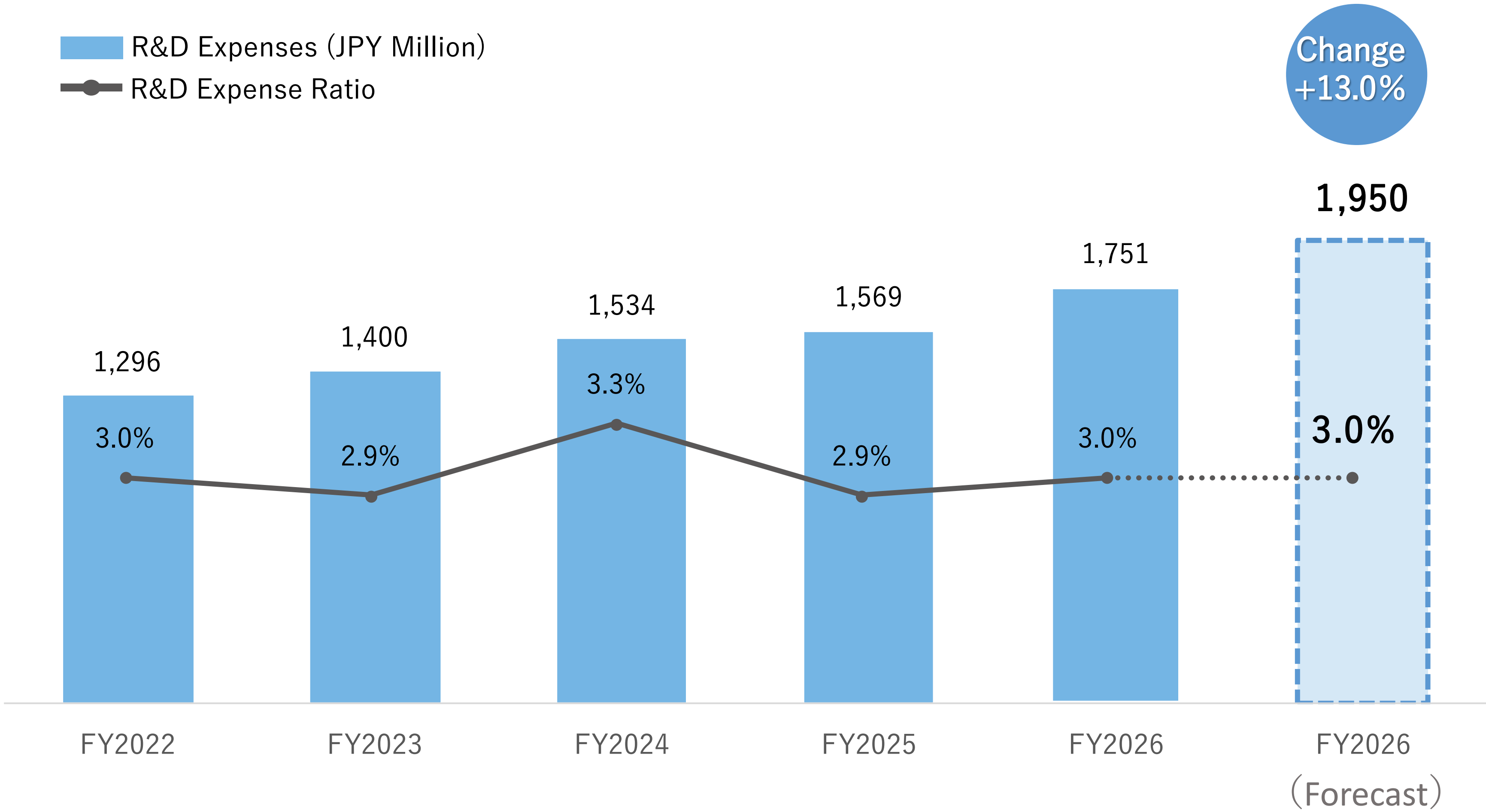
Planned capex for FY2026: 10,000 million JPY

- TOCALO 8,000 million JPY: Construction of new buildings at the Tokyo No.2 and Kitakyushu plants, Installation of production equipment, R&D facilities, etc.
- Domestic Subsidiaries 700 million JPY: Construction of new buildings at TERADA KOSAKUSHO, and increased production capacity at Japan Coating Center, etc.
- Overseas subsidiaries: 1,300 million JPY: Launch of new plants at TOCALO USA-Arizona LLC etc.



R&D Expenses

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



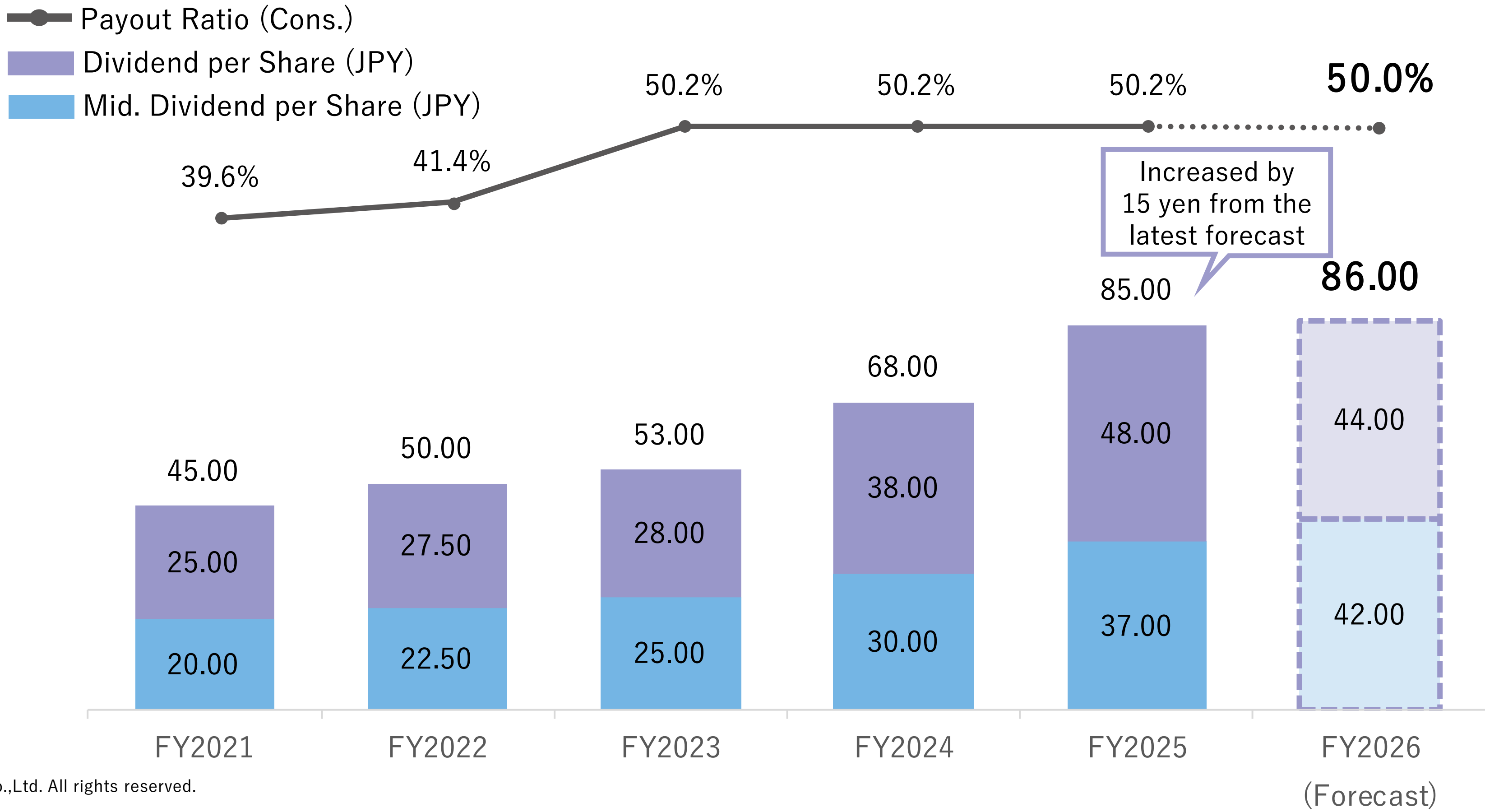
Dividends

POINT

Due to higher revenue, the annual dividend for FY2026 is scheduled to be increased to 86 JPY per share

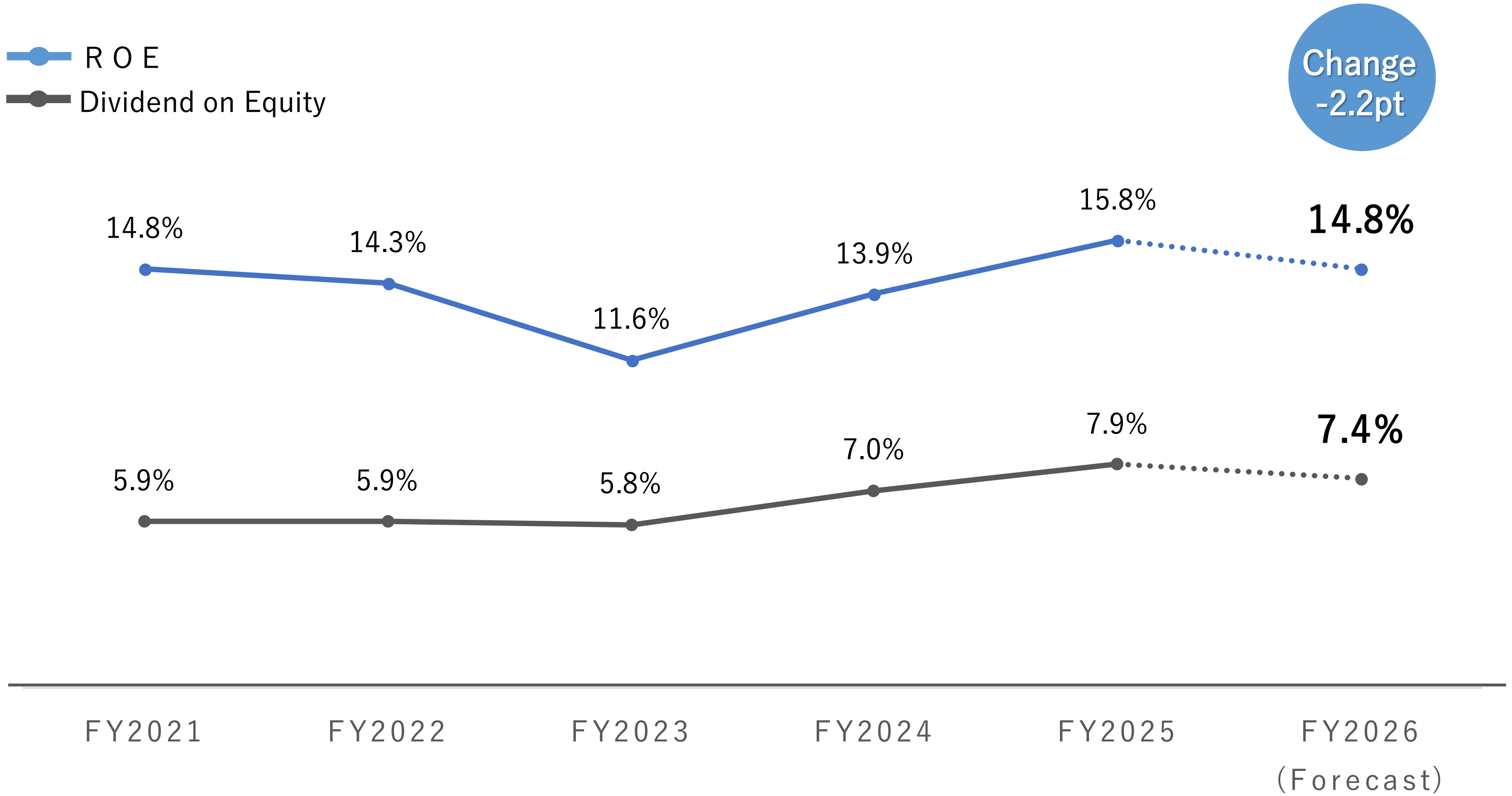
Shareholder Return Policy

- 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 DOE

POINT Although ROE* is expected to slightly decline to 14.8%, missing the target of 15%, DOE* is projected to reach 7.4%, 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)

Thank you for your attention.

Financial Highlights

(JPY Million)	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	65,000
Operating Profit	10,255	10,558	9,197	12,268	14,102	15,000
Ordinary Profit	10,571	11,003	9,662	12,558	14,745	15,000
Ordinary Profit Ratio	24.1%	22.9%	20.7%	23.2%	25.2%	23.1%
Net Income Attributed to Owners of Parent	6,909	7,350	6,326	8,051	10,060	10,230
Earnings Per Share (EPS)	113.62JPY	120.83JPY	105.53JPY	135.44JPY	169.19JPY	172.02JPY
Total Assets	69,517	74,263	77,940	81,683	89,291	97,000
Equity	49,099	53,839	55,460	60,645	66,758	71,700
Equity Ratio	70.6%	72.5%	71.2%	74.2%	74.8%	74.0%
Return on Equity (ROE)	14.8%	14.3%	11.6%	13.9%	15.8%	14.8%
Return on Assets (ROA)	15.8%	15.3%	12.7%	15.7%	17.2%	16.1%
Return on Invested Capital (ROIC)	13.0%	12.5%	10.2%	12.7%	13.1%	12.0%

(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
Figures for FY2024 have been revised to reflect the finalization of provisional accounting treatment for business combinations in 1H of FY2025.

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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