Continued investment for foundation consolidation and growth in line with our growth scenario to 2030

FY2024 results and FY2025 forecast

Continuing steady and deliberate investment to realize our medium- and long-term "ideal form"

I find it sobering to be appointed as Senior Managing Executive Officer. Since joining the company in 2016, my career path has led me from the role of Accounting Division manager, to Director, and then to Managing Executive Officer. I will leverage this experience to support President and CEO Kobayashi under the new administration and contribute to the company's development.

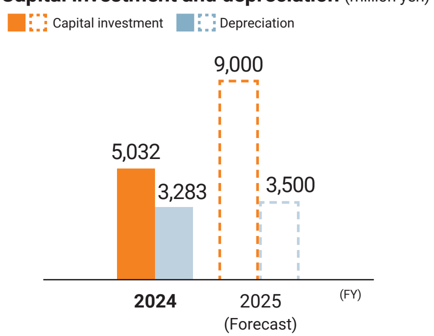
Fiscal 2024 saw a significant rise in income and profit as a result of growing demand in the semiconductor and FPD field both in Japan and overseas. Environmental and energy and other fields also made favorable progress, enabling us to achieve record net sales and ordinary profit.

In our mainstay field of semiconductors and FPD, satisfactory demand is forecast to continue from the latter half of fiscal 2025 through fiscal 2026 and beyond. It is also believed that high demand will continue on a global scale also in carbon-neutral related business. We will also endeavor to expand orders and net sales from a medium- to long-term perspective, through to 2030 and 2040, in the industrial machinery and energy-related fields.

As one aspect of its medium- to long-term strategies, from fiscal 2025, TOCALO commenced construction of new buildings at our Kitakyushu and Tokyo plants, and is engaged in proactive capital investment for further growth. Although it is impossible to avoid a rise in fixed costs and depreciation costs associated with capital investment, we position this investment as necessary for medium- to long-term foundation consolidation and growth. Over the past roughly 10 years, TOCALO has continued to operate essentially debt-free, but going forward, we will leverage debt including bank loans to conduct stable financial operations while maintaining a high-level ROE.

In the manufacturing front-line, we are advancing automation or semi-automation as much as possible for the expansion of orders and net sales, while aiming for operational efficiency. Also, in regards to information security, we will not spare the necessary investment required to deal with the stiff global competition going forward. As one part of this, we established the Information Security Office this April. Furthermore, enhancement of our business continuity plan (BCP) is also essential, in readiness for large-scale natural disasters or accidents. Were we to neglect this, should some kind of accident occur, it could lead to significant losses that could rock the company. It is also essential for the safety of our employees and local communities, and we will therefore also proactively advance foundation-building investment. Thus I believe that the most important point for us is to maintain and strengthen our supply chain. Going forward, we intend to continue initiatives aimed at sustainable growth in partnership with our suppliers, who support our day-to-day production activities.

Capital investment and depreciation (million yen)



Human resources strategy

Using our Global experience program to invigorate human resource exchange in Japan and abroad

Presently, alongside of capital investment, TOCALO is focusing on investment in people from a medium- to long-term perspective. This will allow us to secure more, and enhance the quality of, human resources. We are of course driving recruitment both of new graduates and mid-term hires, along with training of employees, and we must further facilitate human resource exchange across the entire Group.

For example, Japan Coating Center, a 100% subsidiary since 2004, which possesses achievements and expertise in surface treatment technologies. TERADA KOSAKUSHO, which became a Group company in August 2024, has high-level machinery processing technologies as a machine tool and precision parts manufacturer. It is essential that we operate as one Group, with interaction of people at our heart. Going forward, we must further boost flexible human resource exchange between our sites in Japan and overseas.

We launched our Global experience program in fiscal 2022 aimed at nurturing human resources to support this global expansion in the medium- to long-term. Thus far, we have had 40 participants in the three years of the program. We intend to make further capital investment in our managers and other eager employees, with our eyes fixed five and 10 years from now. Also, in our manufacturing and quality management divisions, we are systematically nurturing human resources equipped with the skills to play an active role abroad, dispatching them to overseas offices and so on, and will continue strategic and proactive development of global human resources going forward.

One important aspect of investment in people is the advancement of diversity. Until now, we have driven the creation of employee-friendly workplaces, but our policy now is to make further efforts in the coming five years to create workplaces that offer job satisfaction, where people can find a sense of reward in their employment. Job satisfaction and a rewarding feeling differ between individuals. Through discussion between management and the front-line, we aim to create workplaces that offer greater satisfaction.

Future prospects

Continuing long-term growth, aiming to be a company that contributes broadly to society

We are also taking measures to quickly grasp and respond to risks associated with enlargement of our business scale. TOCALO Group auditors share information quarterly, and in addition, our Risk Management Committee and Compliance Committee hold meetings to check the current circumstances and issues faced by the Group as a whole. We do not merely look as each Group company's achievements, but also have systems in place to consider less-obvious potential risks, to immediately respond if issues arise. With the expansion of our business, we undertake thorough risk management, through our Global Business Headquarters, governing overseas business sites, and our Corporate Planning Division for Japanese sites.

A saying often quoted in management policy are the words of Edo period shogunate retainer and agriculturalist Sontoku Ninomiya: "One who anticipates the distant future will plant a cedar sapling for one hundred years from now." This teaches us that one who plants a sapling now anticipating one hundred years into the future will enjoy abundance. Similarly, TOCALO will continue to grow with the aim of being a 100-year company. Here, I introduced our forecast future short-term results and investment strategy, together with our human resource strategy and improved performance from a medium- to long-term perspective. By steadily and deliberately implementing these strategies, we will further enhance our corporate value and social contribution.