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October 31, 2024

Consolidated Financial Results for the Six Months Ended September 30, 2024 (Under Japanese GAAP)

Company name: TOMOKU CO., LTD.
 Listing: Tokyo Stock Exchange / Sapporo Securities Exchange
 Securities code: 3946
 URL: <https://www.tomoku.co.jp/english/>
 Representative: Mitsuo Nakahashi, Representative Director, President & Chief Executive Officer
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 Scheduled date to file semi-annual securities report: November 8, 2024
 Scheduled date to commence dividend payments: December 4, 2024
 Preparation of supplementary material on financial results: None
 Holding of financial results briefing: Yes (for institutional investors and securities analysts)

(Yen amounts are rounded down to millions, unless otherwise noted.)

1. Consolidated financial results for the six months ended September 30, 2024 (from April 1, 2024 to September 30, 2024)

(1) Consolidated operating results (cumulative)

(Percentages indicate year-on-year changes.)

| | Net sales | | Operating profit | | Ordinary profit | | Profit attributable to owners of parent | |
|--------------------|-----------------|-------|------------------|-----|-----------------|--------|---|--------|
| | Millions of yen | % | Millions of yen | % | Millions of yen | % | Millions of yen | % |
| Six months ended | | | | | | | | |
| September 30, 2024 | 105,061 | 2.6 | 3,147 | 1.4 | 3,060 | (14.0) | 1,915 | (13.6) |
| September 30, 2023 | 102,367 | (3.0) | 3,103 | 9.2 | 3,559 | (2.3) | 2,217 | (6.4) |

Note: Comprehensive income For the six months ended September 30, 2024: ¥963 million [(74.7)%]
 For the six months ended September 30, 2023: ¥3,811 million [16.0%]

| | Basic earnings per share | Diluted earnings per share |
|--------------------|--------------------------|----------------------------|
| Six months ended | Yen | Yen |
| September 30, 2024 | 116.47 | — |
| September 30, 2023 | 134.94 | — |

(2) Consolidated financial position

| | Total assets | Net assets | Equity-to-asset ratio |
|--------------------|-----------------|-----------------|-----------------------|
| As of | Millions of yen | Millions of yen | % |
| September 30, 2024 | 207,362 | 89,665 | 42.9 |
| March 31, 2024 | 213,366 | 89,203 | 41.5 |

Reference: Equity
 As of September 30, 2024: ¥89,041 million
 As of March 31, 2024: ¥88,623 million

2. Cash dividends

| | Annual dividends per share | | | | |
|---|----------------------------|-----------------|-----------------|-----------------|-------|
| | 1st quarter-end | 2nd quarter-end | 3rd quarter-end | Fiscal year-end | Total |
| | Yen | Yen | Yen | Yen | Yen |
| Fiscal year ended March 31, 2024 | — | 35.00 | — | 35.00 | 70.00 |
| Fiscal year ending March 31, 2025 | — | 45.00 | | | |
| Fiscal year ending March 31, 2025 (Forecast) | | | — | 45.00 | 90.00 |

Note: Revisions to the forecast of cash dividends most recently announced: None

3. Consolidated financial results forecast for the fiscal year ending March 31, 2025 (from April 1, 2024 to March 31, 2025)

(Percentages indicate year-on-year changes.)

| | Net sales | | Operating profit | | Ordinary profit | | Profit attributable to owners of parent | | Basic earnings per share |
|-----------|-----------------|-----|------------------|------|-----------------|------|---|------|--------------------------|
| | Millions of yen | % | Millions of yen | % | Millions of yen | % | Millions of yen | % | Yen |
| Full year | 226,000 | 6.8 | 10,300 | 27.8 | 10,400 | 20.7 | 7,000 | 31.9 | 425.31 |

Note: Revision to the financial results forecast most recently announced: None

*Notes

- (1) Significant changes in the scope of consolidation during the period: None
- (2) Adoption of accounting treatment specific to the preparation of semi-annual consolidated financial statements: None
- (3) Changes in accounting policies, changes in accounting estimates, and restatement
 - (i) Changes in accounting policies due to revisions to accounting standards and other regulations: None
 - (ii) Changes in accounting policies due to other reasons: None
 - (iii) Changes in accounting estimates: None
 - (iv) Restatement: None

(4) Number of issued shares (common shares)

- (i) Total number of issued shares at the end of the period (including treasury shares)

| | |
|--------------------------|-------------------|
| As of September 30, 2024 | 19,341,568 shares |
| As of March 31, 2024 | 19,341,568 shares |

- (ii) Number of treasury shares at the end of the period

| | |
|--------------------------|------------------|
| As of September 30, 2024 | 2,874,618 shares |
| As of March 31, 2024 | 2,903,009 shares |

- (iii) Average number of shares outstanding during the period (cumulative from the beginning of the fiscal year)

| | |
|-------------------------------------|-------------------|
| Six months ended September 30, 2024 | 16,450,365 shares |
| Six months ended September 30, 2023 | 16,432,935 shares |

* Semi-annual financial results reports are exempt from review conducted by certified public accountants or an audit firm.

* Proper use of earnings forecasts, and other special matters

The forward-looking statements in this document are based on information available to the Company as of the date of disclosure of this document, and actual results may differ from these forecasts due to various factors in the future.

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1. Summary of Business Results

(1) Summary of Business Results for the Semi-annual Period

During the semi-annual period under review, Japan's economy saw a moderate recovery trend with signs of a pick-up in private consumption, although some of it remained at a standstill. While the employment and income situation is improving, it still warrants close attention, including downside risks to overseas economies, price rises, developments in the Middle East, and fluctuations in financial and capital markets.

Against this backdrop, the Group's net sales for the semi-annual period under review were 105,061 million yen (up 2.6% year-on-year), operating profit was 3,147 million yen (up 1.4% year-on-year), ordinary profit was 3,060 million yen (down 14.0% year-on-year), and profit attributable to owners of parent was 1,915 million yen (down 13.6% year-on-year).

The results of each segment are as follows.

[Corrugated Cardboard]

Domestic demand for corrugated cardboard was at the same level as the previous year, despite the impact of consumers' desire to save money due to price hikes in products, especially foodstuffs.

In the Group's Domestic Corrugated Cardboard Division, sales volume was slightly higher than in the same period of the previous year, thanks to an increase in our core processed food products. In the Overseas Corrugated Cardboard Division, sales volume increased year-on-year due to local demand in both the U.S. and Vietnam. In terms of production, we have introduced new air-conditioning equipment at our main plants as a countermeasure against extreme heat and are working to improve the working environment and ensure the safety of our employees.

On the other hand, product price increases, which we have been working on since the beginning of the fiscal year, had a limited effect on earnings in the first half of the fiscal year.

As a result, net sales in the Corrugated Cardboard segment were 60,053 million yen (up 0.9% year-on-year), and operating profit was 4,051 million yen (down 0.9% year-on-year).

[Housing]

The number of new housing starts in Japan has been declining since May compared to the same month of the previous year.

In the Group's Housing Division, Sweden House Co., Ltd. has responded to a variety of needs with a product lineup that includes compact houses that are suitable for an aging society and houses that target young people, based on the concept of building high-performance, one-spec houses. Meanwhile, Tamazen Co., Ltd. has strengthened its sales structure and worked to sell houses that match the needs of customers against the backdrop of signs of improvement in buyers' sentiment and an increase in the number of people viewing properties for sale.

As a result, sales performance for both companies exceeded the same period of the previous year, with net sales in the Housing Division reaching 22,624 million yen (up 4.1% year-on-year), and an operating loss of 1,266 million yen (compared to an operating loss of 1,481 million yen in the same period of the previous fiscal year) due to the low ratio of sales in the first half of the year to annual sales.

[Transportation and Logistics]

In the Group's Transportation and Logistics Division, sales were contributed by the operation of a storage-type distribution center for major retail centers and the launch of relay transportation between the Kanto and Kansai regions in the Chubu area. In addition, the volume handled increased due to the impact of the extreme heat and the increase in demand for stockpiles. In terms of earnings, there was a temporary increase in preparation costs due to the operation of the new center.

As a result, net sales in the Transportation and Logistics segment were 22,383 million yen (up 5.9% year-on-year) and operating profit was 845 million yen (down 8.3% year-on-year).

(2) Summary of Financial Condition for the Semi-annual Period

Total assets at the end of the semi-annual period under review decreased by 6,003 million yen from the end of the previous fiscal year to 207,362 million yen due to a decrease in cash and deposits. Liabilities decreased by 6,466 million yen from the end of the previous fiscal year to 117,696 million yen due to decreases in notes and accounts payable-trade, borrowings, and other current liabilities. Net assets increased by 462 million yen from the end of the previous fiscal year to 89,665 million yen due to an increase in retained earnings.

(3) Explanation of Consolidated Financial Results Forecast and Other Forward-Looking Statements

Based on the results of the semi-annual period under review, the consolidated earnings forecast for the full year has not been changed as we continue to strive to achieve the earnings forecast announced on May 8, 2024.

2. Semi-annual Consolidated Financial Statements and Principal Notes

(1) Semi-annual Consolidated Balance Sheets

(Millions of yen)

| | As of March 31, 2024 | As of September 30, 2024 |
|--|----------------------|--------------------------|
| Assets | | |
| Current assets | | |
| Cash and deposits | 18,125 | 13,548 |
| Notes and accounts receivable - trade, and contract assets | 31,222 | 31,368 |
| Electronically recorded monetary claims - operating | 8,620 | 9,358 |
| Inventories | 27,660 | 27,702 |
| Other | 8,143 | 7,576 |
| Allowance for doubtful accounts | (12) | (9) |
| Total current assets | 93,759 | 89,544 |
| Non-current assets | | |
| Property, plant and equipment | | |
| Buildings and structures, net | 36,263 | 35,334 |
| Machinery, equipment and vehicles, net | 19,885 | 18,271 |
| Land | 36,830 | 36,918 |
| Other, net | 3,371 | 4,084 |
| Total property, plant and equipment | 96,350 | 94,608 |
| Intangible assets | 1,051 | 873 |
| Investments and other assets | | |
| Investment securities | 12,047 | 11,769 |
| Other | 10,455 | 10,818 |
| Allowance for doubtful accounts | (298) | (252) |
| Total investments and other assets | 22,204 | 22,335 |
| Total non-current assets | 119,606 | 117,817 |
| Total assets | 213,366 | 207,362 |

(Millions of yen)

| | As of March 31, 2024 | As of September 30, 2024 |
|---|----------------------|--------------------------|
| Liabilities | | |
| Current liabilities | | |
| Notes and accounts payable - trade | 23,518 | 22,046 |
| Short-term borrowings | 13,511 | 13,443 |
| Current portion of long-term borrowings | 12,110 | 10,938 |
| Income taxes payable | 1,958 | 1,402 |
| Provision for bonuses | 2,059 | 1,978 |
| Other provisions | 300 | 191 |
| Other | 13,033 | 11,324 |
| Total current liabilities | 66,491 | 61,325 |
| Non-current liabilities | | |
| Long-term borrowings | 47,355 | 46,517 |
| Retirement benefit liability | 3,083 | 3,006 |
| Other | 7,232 | 6,845 |
| Total non-current liabilities | 57,671 | 56,370 |
| Total liabilities | 124,162 | 117,696 |
| Net assets | | |
| Shareholders' equity | | |
| Share capital | 13,669 | 13,669 |
| Capital surplus | 11,284 | 11,086 |
| Retained earnings | 59,090 | 60,667 |
| Treasury shares | (4,185) | (4,145) |
| Total shareholders' equity | 79,858 | 81,278 |
| Accumulated other comprehensive income | | |
| Valuation difference on available-for-sale securities | 4,178 | 3,819 |
| Foreign currency translation adjustment | 1,909 | 1,429 |
| Remeasurements of defined benefit plans | 2,677 | 2,515 |
| Total accumulated other comprehensive income | 8,765 | 7,763 |
| Non-controlling interests | 579 | 624 |
| Total net assets | 89,203 | 89,665 |
| Total liabilities and net assets | 213,366 | 207,362 |

(2) Semi-annual Consolidated Statements of Income and Comprehensive Income
Semi-annual Consolidated Statements of Income

(Millions of yen)

| | Six months ended September 30, 2023 | Six months ended September 30, 2024 |
|--|--|--|
| Net sales | 102,367 | 105,061 |
| Cost of sales | 86,008 | 88,208 |
| Gross profit | 16,359 | 16,853 |
| Selling, general and administrative expenses | 13,255 | 13,706 |
| Operating profit | 3,103 | 3,147 |
| Non-operating income | | |
| Interest and dividend income | 142 | 171 |
| Purchase discounts | 111 | 114 |
| Miscellaneous income | 573 | 176 |
| Total non-operating income | 828 | 462 |
| Non-operating expenses | | |
| Interest expenses | 219 | 247 |
| Foreign exchange losses | – | 156 |
| Miscellaneous losses | 154 | 145 |
| Total non-operating expenses | 373 | 549 |
| Ordinary profit | 3,559 | 3,060 |
| Extraordinary losses | | |
| Loss on disposal of non-current assets | 42 | 19 |
| Impairment losses | 5 | 7 |
| Other | 0 | – |
| Total extraordinary losses | 48 | 27 |
| Profit before income taxes | 3,510 | 3,032 |
| Income taxes - current | 1,551 | 1,295 |
| Income taxes - deferred | (290) | (224) |
| Total income taxes | 1,260 | 1,070 |
| Profit | 2,250 | 1,962 |
| Profit attributable to non-controlling interests | 32 | 46 |
| Profit attributable to owners of parent | 2,217 | 1,915 |

Semi-annual Consolidated Statements of Comprehensive Income

(Millions of yen)

| | Six months ended September 30, 2023 | Six months ended September 30, 2024 |
|--|--|--|
| Profit | 2,250 | 1,962 |
| Other comprehensive income | | |
| Valuation difference on available-for-sale securities | 799 | (356) |
| Foreign currency translation adjustment | 838 | (480) |
| Remeasurements of defined benefit plans, net of tax | (77) | (162) |
| Total other comprehensive income | 1,561 | (998) |
| Comprehensive income | 3,811 | 963 |
| (Comprehensive income attributable to) | | |
| Comprehensive income attributable to owners of parent | 3,772 | 914 |
| Comprehensive income attributable to non-controlling interests | 38 | 49 |

(3) Notes on the Semi-annual Consolidated Financial Statements

(Notes on Premise of Going Concern)

None

(Notes on Significant Changes in the Amount of Shareholders' Equity)

None

(Segment Information, etc.)

I .Six months ended September 30, 2023 (from April 1, 2023 to September 30, 2023)

Information on net sales and profit or loss by reportable segment

(Millions of yen)

| | Reportable segments | | | | Adjustments (Note 1) | Amount recorded in Consolidated Statements of Income (Note 2) |
|------------------------------------|-------------------------|---------|---------------------------------|---------|-------------------------|--|
| | Corrugated Cardboard | Housing | Transportation and Logistics | Total | | |
| Net sales | | | | | | |
| Net sales to external customers | 59,493 | 21,732 | 21,141 | 102,367 | — | 102,367 |
| Intersegment sales or transfers | 31 | 10 | 2,822 | 2,863 | (2,863) | — |
| Total | 59,524 | 21,742 | 23,963 | 105,230 | (2,863) | 102,367 |
| Segment profit (loss) | 4,088 | (1,481) | 922 | 3,528 | (425) | 3,103 |

(Notes) 1. The adjustment amount for segment profit of (425) million yen includes elimination of intersegment transactions of 69 million yen, and corporate expenses not allocated to reportable segments of (495) million yen.

Corporate expenses are mainly general and administrative expenses that are not attributable to reportable segments.

2. Segment income (loss) is adjusted to reflect operating profit as recorded in the quarterly consolidated income statement.

II. Six months ended September 30, 2024 (from April 1, 2024 to September 30, 2024)

Information on net sales and profit or loss by reportable segment

(Millions of yen)

| | Reportable segments | | | | Adjustments (Note 1) | Amount recorded in Consolidated Statements of Income (Note 2) |
|------------------------------------|-------------------------|---------|---------------------------------|---------|-------------------------|--|
| | Corrugated Cardboard | Housing | Transportation and Logistics | Total | | |
| Net sales | | | | | | |
| Net sales to external customers | 60,053 | 22,624 | 22,383 | 105,061 | — | 105,061 |
| Intersegment sales or transfers | 38 | 5 | 3,068 | 3,112 | (3,112) | — |
| Total | 60,091 | 22,629 | 25,452 | 108,174 | (3,112) | 105,061 |
| Segment profit (loss) | 4,051 | (1,266) | 845 | 3,630 | (482) | 3,147 |

(Notes) 1. The adjustment amount for segment profit of (482) million yen includes elimination of intersegment transactions of 72 million yen, and corporate expenses not allocated to reportable segments of (555) million yen.

Corporate expenses are mainly general and administrative expenses that are not attributable to reportable segments.

2. Segment income (loss) is adjusted to reflect operating profit as recorded in the quarterly consolidated income statement.