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To our shareholders:

We would like to extend our sincere gratitude to our shareholders for their continued support. On the occasion of reporting on our Company's 85th fiscal year (from April 1, 2023 to March 31, 2024), I would like to extend a greeting.

The Japanese economy gradually recovered, although business conditions had been at a standstill, as social and economic activities continued to normalize and personal consumption recovered. Meanwhile, uncertainty over the outlook remained as before, due to persistently high raw material and energy prices associated with the prolonged situation in Ukraine, the weakening yen and rising prices amid global fiscal tightening, and the situation in the Middle East.

Domestic demand in the Corrugated Container business fell below the previous year's level due to cooling consumer spending and continued cost-saving efforts, as well as the impact of poor fruit and vegetable crops due to intense heat and lack of rainfall. The Tomoku Group saw an increase in sales volume for processed food, its mainstay business, over the previous year and a slight decrease in overall case sales volume. However, sheet sales volume fell significantly compared to the previous year. Meanwhile, earnings increased due to the penetration of product price adjustments.

In Housing, new housing starts for owned houses and single-family detached homes continued to fall due to soaring material prices, higher energy costs, and inflation. Sweden House Co., Ltd. was awarded the top spot overall in the ORICON Customer Satisfaction Survey in custom-built housing for the tenth consecutive year since the survey began in 2015, thoroughly promoting customer satisfaction and environmental efforts. Meanwhile, Tamazen Co., Ltd. has been working to increase its customer base by constructing its own website, creating TV commercials, and utilizing inserts and billboard advertisements. However, both companies had a decline in the number of units sold due to a decrease in the number of visitors and a cooling of the housing market.

In Transportation and Logistics, we promoted efforts to respond to the 2024 problem facing the logistics industry, such as aggressive hiring activities, creation of comfortable workplaces, and negotiations for appropriate logistics costs. However, the sector saw a decrease in the handling volume of mainstay beverage products, resulting in a decline in vehicle utilization as well as an increase in storage costs due to higher inventory volume, and fuel costs remained high.

As we look to the future, we will establish policies for ESG and SDG initiatives as well as goals for reducing greenhouse gas emissions and work on environmental conservation activities in conjunction with our business activities in order to pass on a livable planet to future generations, based on our philosophy of "Providing value for consumers, enveloping life with sustainability and conservation for our clients and the global environment." We consider investing in human capital a key strategy to realize our medium- to long-term business plan and enhance corporate value, and we are actively promoting its implementation and disclosure.

Regarding the year-end dividend for the fiscal year ended March 31, 2024, based on our policy to pay stable dividends to shareholders, it was resolved at the Board of Directors meeting held on May 17, 2024 to pay a dividend of 35 yen per share with the payment date of June 5, 2024. As a result, the annual dividend will be 70 yen per share including the interim dividend of 35 yen per share paid on December 4, 2023.

To all of our shareholders, we sincerely appreciate your continued understanding, support, and cooperation.

June 2024

Mitsuo Nakahashi, President & Chief Executive Officer

Business Report
(from April 1, 2023 to March 31, 2024)

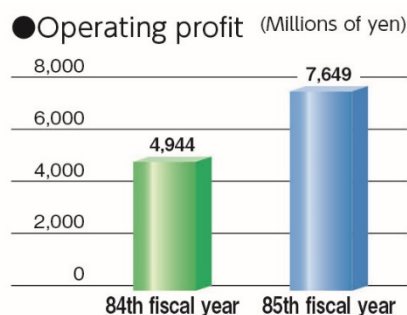
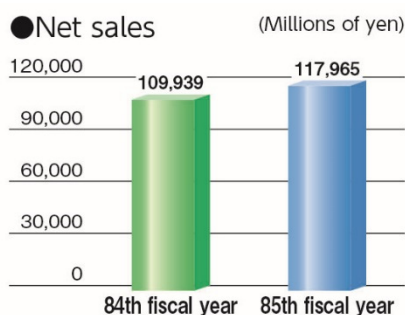
1. Matters Regarding the Current Status of the Corporate Group

(1) Business activities and results

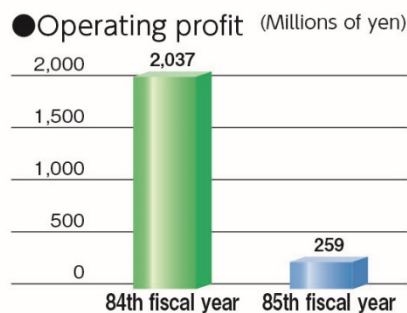
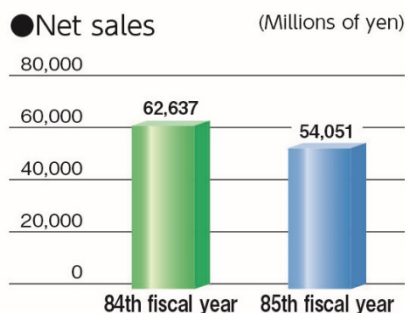
During the current fiscal year, due to the relaxation of restrictions accompanying the reclassification of COVID-19, socioeconomic activities showed signs of normalization and consumer spending picked up, leading to a moderate recovery of the domestic economy despite some stagnation. Meanwhile, the future outlook continues to remain uncertain due to soaring raw material and energy prices accompanying prolonged tensions in Ukraine, the weakening of the yen and inflation amid global monetary tightening, the situation in the Middle East, and other factors.

Under these circumstances, the Group posted consolidated net sales of 211,526 million yen, a decrease of 0.6% from the previous fiscal year, consolidated operating income of 8,057 million yen, an increase of 8.1%, consolidated ordinary profit of 8,614 million yen, an increase of 7.9%, and current net income attributable to parent company's shareholders of 5,308 million yen, an increase of 1.1%.

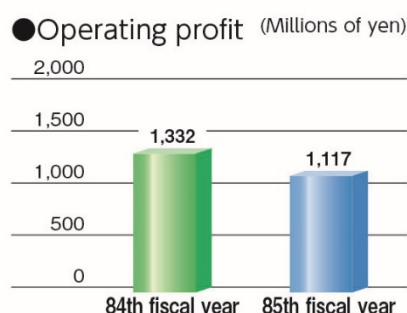
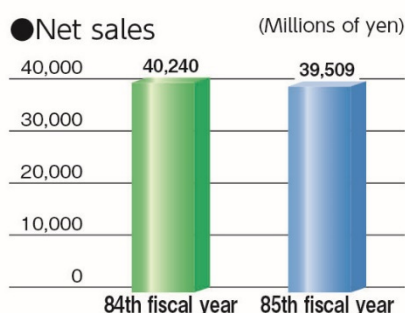
Corrugated Container



Housing



Transportation and Logistics



Corrugated Container

Sales	117,965 million yen (Up 7.3% YoY)
Operating income	7,649 million yen (Up 54.7% YoY)

Net sales ratio

55.8%

Domestic demand in the Corrugated Container business fell below the previous year's level due to cooling consumer spending and continued cost-saving efforts as a result of continued product price increases, particularly in food, as well as the impact of poor fruit and vegetable crops due to intense heat and lack of rainfall.

Domestically, the Corrugated Container sector saw an increase in sales volume for processed food, its mainstay business, over the previous year and a slight decrease in overall case sales volume. However, sheet sales volume fell significantly compared to the previous year. Meanwhile, earnings increased due to the penetration of product price adjustments.

At our corrugated packing factories, Aomori Works relocated to the Aomori Seibu Kogyo Danchi industrial park due to aging, with operations beginning in January 2024. At this and other factories, we have been working to promote the production of high-quality products, strengthen proposals to add value, improve productivity, enhance labor conditions, and foster utilization and training of human resources including diversity initiatives. In addition, we are committed to tackling current issues in the logistics industry by supporting the "White Logistics" movement to enhance the work environment in the industry and improve logistics conditions as a shipper and logistics stakeholder. We continue to invest in environmental initiatives such as completing the introduction of renewable energy in all of our standalone factories in an effort to reduce greenhouse gas emissions.

At our folding carton factories, after increasing production capacity by introducing new equipment, we continue to implement improvements to ensure stable operations, and we have strengthened productivity and our workforce in response to an increase in sales volume.

Overseas, SOUTHLAND BOX COMPANY, a consolidated subsidiary in the U.S., saw an increase in sales volume over the previous year, and profits increased due to ongoing efforts to reduce transportation costs.

As a result, the Corrugated Container sector recorded sales of 117,965 million yen, an increase of 7.3% over the previous year, and operating income of 7,649 million yen, an increase of 54.7%.

Housing

Sales	54,051 million yen (Down 13.7% YoY)
Operating income	259 million yen (Down 87.3% YoY)

Net sales ratio

25.5%

In the Housing market, new housing starts for owned houses and single-family detached homes continued to fall due to soaring material prices, higher energy costs, and inflation.

Amid this environment, Sweden House Co., Ltd. was awarded the top spot overall in the ORICON Customer Satisfaction Survey in custom-built housing for the tenth consecutive year since the survey began in 2015, and the company was also awarded the High Standard Award and Leading Company Award from the Tokyo Eco Builders Award, a new framework recognizing businesses that contribute to realizing net zero emissions by 2050. In addition to thoroughly promoting customer satisfaction and environmental efforts, we have established an employee training center in Ariake, Tokyo and are working to enhance our services and technological capabilities to meet the diverse needs of our customers. Meanwhile, Tamazen Co., Ltd. has been working to increase its customer base by constructing its own website, creating TV commercials, and utilizing inserts and billboard advertisements. However, both companies had a decline in the number of units sold due to a decrease in the number of visitors and a cooling of the housing market.

As a result, the Housing sector recorded sales of 54,051 million yen, a decrease of 13.7% compared to the previous year, and operating income of 259 million yen, a decrease of 87.3%.

Transportation and Logistics	Sales	39,509 million yen (Down 1.8% YoY)	Net sales ratio 18.7% 
	Operating income	1,117 million yen (Down 16.1% YoY)	

The Transportation and Logistics sector saw a decrease in the handling volume of mainstay beverage products, resulting in a decline in vehicle utilization as well as an increase in storage costs due to higher inventory volume, and fuel costs remained high.

As a result, the Transportation and Logistics sector recorded sales of 39,509 million yen, a decrease of 1.8% compared to the previous year, and operating income of 1,117 million yen, a decrease of 16.1%.

(2) Capital investments

Total capital investments of the corporate group in this fiscal year came to 10,207 million yen. The main capital investments were for relocating the Aomori Works and for upgrading equipment for quality improvement purposes.

(3) Financing

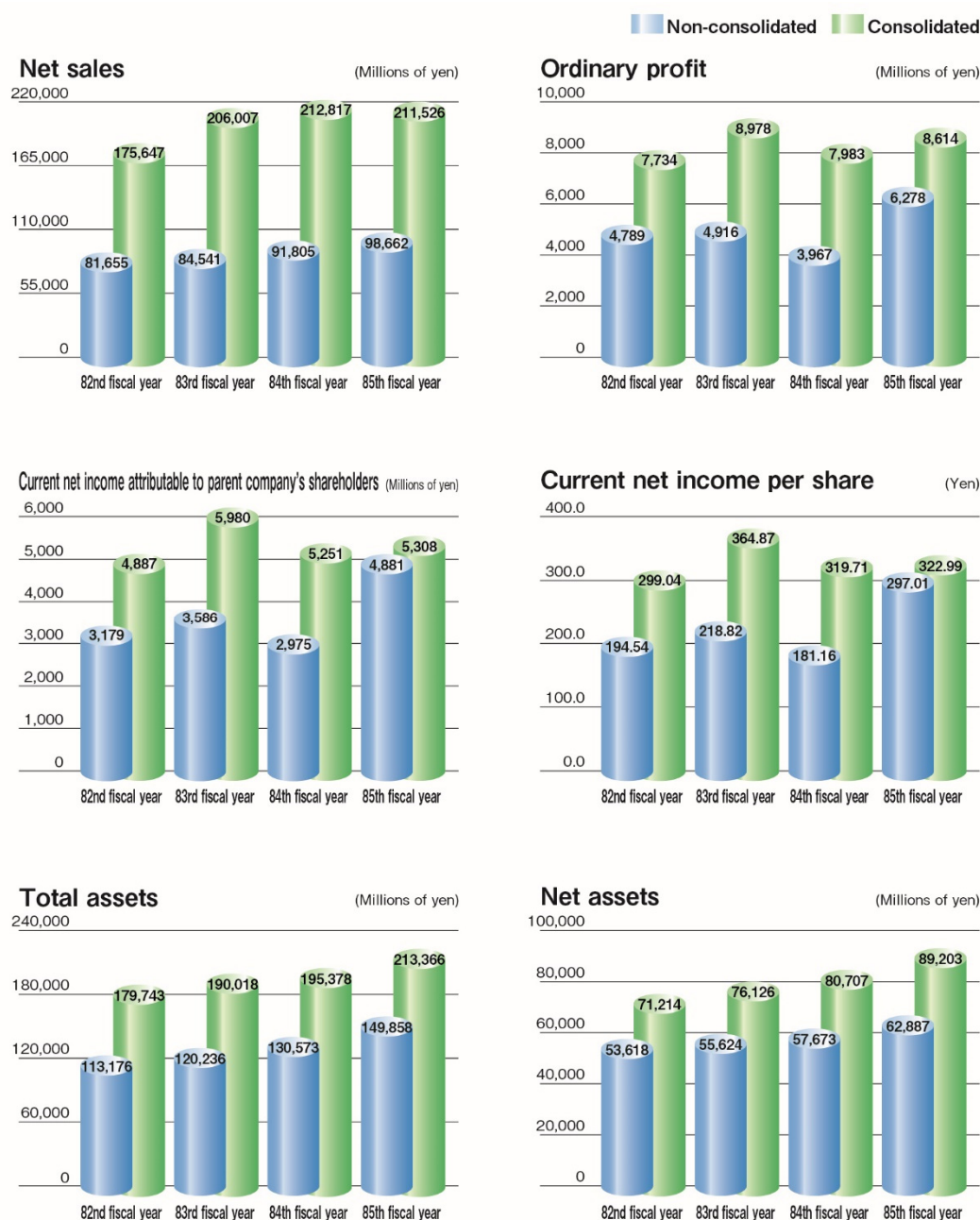
In terms of financing during the fiscal year, we procured 21,400 million yen in long-term borrowings in order to install and upgrade equipment, and to allocate it to the repayment of long-term borrowings. Our long-term borrowing repayments totaled 23,804 million yen.

(4) Trends in assets at the end of and operating results in the (current and) most recent three fiscal years

Category		82nd Term (Fiscal year ended March 31, 2021)	83rd Term (Fiscal year ended March 31, 2022)	84th Term (Fiscal year ended March 31, 2023)	85th Term (Current fiscal year) (Fiscal year ended March 31, 2024)
Sales	(millions of yen)	175,647	206,007	212,817	211,526
Ordinary profit	(millions of yen)	7,734	8,978	7,983	8,614
Current net income attributable to parent company's shareholders	(millions of yen)	4,887	5,980	5,251	5,308
Current net income per share	(yen)	299.04	364.87	319.71	322.99
Total assets	(millions of yen)	179,743	190,018	195,378	213,366
Net assets	(millions of yen)	71,214	76,126	80,707	89,203

Note: Current net income per share is calculated based on the average number of shares outstanding during the period (after the deduction of treasury shares).

Financial highlights (reference information)



(5) Issues to be addressed

The Japanese economy is expected to continue a gradual recovery amid improvements in employment and income conditions. However, as global monetary tightening continues, an overseas economic downturn creates a risk of downward pressure on the Japanese economy, and close attention must be paid to the effects of inflation, the Middle East situation, fluctuations in financial capital markets, and other factors.

Amid this situation, the Group is working on environmental conservation activities in conjunction with our business activities by establishing policies for ESG and SDG initiatives as well as goals for reducing greenhouse gas emissions, in order to pass on a livable planet to future generations based on our philosophy of “Providing value for consumers, enveloping life with sustainability and conservation for our clients and the global environment.”

In the Corrugated Container business, we are strengthening our system for supplying high-quality and high-value-added products in cooperation with our design and folding carton sectors to accurately meet the sophisticated and diversified needs of our customers. This includes expanding sales volume of high-value-added products by beginning full-scale operation of production facilities for our new single-sided cardboard envelopes for EC and establishing a mass-production system as well as utilizing ECowrap, the industry’s first eco-friendly all-paper cushioning material to protect goods from impact during transport without using plastic, which won a WorldStar Award in the 2024 WorldStar Competition held by the World Packaging Organisation. Furthermore, we are working to improve working styles and productivity in line with the times.

At our domestic production factories, we are promoting research and development of production equipment with consideration to the working environment, such as by creating an efficient workflow, reducing physical strain, and providing measures against heat, and we will continue to invest in reducing carbon emissions and ensuring health management. Investing in human capital is a key strategy to realizing our medium- to long-term business plan and enhancing corporate value, and we are actively promoting its implementation and disclosure. In response to raw material prices, which have an uncertain outlook, we are working to improve transaction terms and conditions as well as implement internal improvements, and there is an urgent need to secure human resources and improve working conditions and environments. In addition, because internal efforts alone are not enough to absorb rising costs, we are working to adjust prices to ensure a stable supply of corrugated container and folded carton products.

In the Housing business, we need to continue to pay attention to soaring raw material prices and electricity costs due to the Ukraine situation and other factors. We will promote the achievement of Sweden House Co., Ltd. being awarded the top spot overall in the ORICON Customer Satisfaction Survey in custom-built housing for the tenth consecutive year as well as receiving the High Standard Award and Leading Company Award at the Tokyo Eco Builders Award to enhance our environmentally-friendly brand image and aggressively expand sales activities to younger generations and parenting generations with a strengthened product lineup. In addition, Tamazen Co., Ltd. is working to strengthen its brand and increase the number of new visitors by constructing its own website, utilizing inserts and billboard advertisements, and making use of press releases for social media and news media as well as promoting its top ranking in the ORICON Customer Satisfaction Survey for Tokai design detached home builders for the fourth consecutive year. We will further enhance internal education and training to streamline operations and increase our conversion rate.

In Transportation and Logistics, we expect the environment to become even more challenging, with high energy costs and inflation as well as other current issues in the logistics industry. Amid this situation, we are vigorously pursuing negotiations to optimize logistics costs, strengthening employment activities and enhancing our training programs to help empower women in the workplace and develop human resources. In addition, we will further strengthen our business foundation by implementing human capital management and health management initiatives, such as creating a workplace with easily accessible childcare leave and improving employee satisfaction, and by securing transportation capacity and enhancing logistics quality.

The outlook for consolidated performance for the fiscal year ending March 31, 2025 is expected to be sales of 226,000 million yen, an increase of 6.8% from the previous fiscal year, operating income of 10,300 million yen, an increase of 27.8%, ordinary profit of 10,400 million yen, an increase of 20.7%, and current net income attributable to parent company’s shareholders of 7,000 million yen, an increase of 31.9%.

To all of our shareholders, we sincerely appreciate your continued understanding, support, and cooperation.

(6) Principal parent company and significant subsidiaries**(i) Parent company**

Not applicable.

(ii) Significant subsidiaries

Subsidiary	Capital (Millions of yen, unless otherwise stated)	Capital contribution ratio (%)	Principal business activities
Toshin Package Co., Ltd.	80	100.00	Manufacture and sale of corrugated container products
Sendai Shiki Kogyo Co., Ltd.	90	100.00	Manufacture and sale of corrugated container products
Wako Co., Ltd.	10	100.00	Manufacture and sale of corrugated container products
Taiyo Co., Ltd.	60	100.00	Manufacture and sale of corrugated container products
Daiichi Container Co., Ltd.	125	70.00	Manufacture and sale of corrugated container products
Tokachi Package Co., Ltd.	10	70.00	Manufacture and sale of corrugated container products
SOUTHLAND BOX COMPANY	(thousands of U.S. dollars) 5,000	100.00	Manufacture and sale of corrugated container products
TOMOKU VIETNAM CO., LTD.	(billions of Vietnamese dong) 2,008	100.00	Manufacture and sale of corrugated container products
Sweden House Co., Ltd.	400	100.00	Design, building, and sale of imported housing
Tamazen Co., Ltd.	95	100.00	Design, building, and sale of housing
Prime Truss Co., Ltd.	280	*100.00	Manufacture and sale of mainly housing materials
Sweden House Reform Co., Ltd.	20	*100.00	Housing renovations
TOMOKU HUS AB	(thousands of Swedish krona) 32,000	*100.00	Manufacture and sale of housing materials
Hokuyo Koeki Co., Ltd.	30	*100.00	Wholesale of imported housing materials and golf course management
Hokuyo Co., Ltd.	50	100.00	Trading of packaging materials and insurance agency business
Tohun Co., Ltd.	574	100.00	Transportation and warehousing business
Kanto Tohun Co., Ltd.	20	*100.00	Transportation business
Tohun Logitem Co., Ltd.	100	*66.00	Transportation and warehousing business
Hoju Unyu Co., Ltd.	9.5	*100.00	Transportation business

Note: Capital contribution ratio with an asterisk denotes indirectly held shares.

(7) Principal business activities (as of March 31, 2024)

Business Segment	Business Activities
Corrugated Container	Manufacture and sale of corrugated container sheets, containers, and printed cartons
Housing	Manufacture and sale of imported Swedish housing materials Design, building, supervision, and sale of detached homes Housing renovations
Transportation and Logistics	Freight and warehousing businesses

(8) Major offices and production factories (as of March 31, 2024)

The Company	Head Office	Chiyoda-ku, Tokyo
	Works	Tatebayashi (Tatebayashi-shi, Gunma) Iwatsuki (Saitama-shi, Saitama) Atsugi (Atsugi-shi, Kanagawa) Nagano (Chino-shi, Nagano) Sapporo (Otaru-shi, Hokkaido) Osaka (Kadoma-shi, Osaka) Kobe (Kobe-shi, Hyogo) Komaki (Komaki-shi, Aichi) Kyusyu (Kiyama-cho, Saga) Shimizu (Shizuoka-shi, Shizuoka) Hamamatsu (Hamamatsu-shi, Shizuoka) Aomori (Aomori-shi, Aomori) Niigata (Seiro-machi, Niigata) Yamagata (Yamagata-shi, Yamagata) Sendai (Iwanuma-shi, Miyagi) Chiba Folding Carton (Chonan-machi, Chiba) Tomoprest (Meiwa-machi, Gunma)
Sweden House Co., Ltd.	Head Office	Setagaya-ku, Tokyo
	Branches Regional Offices	Hokkaido (Sapporo-shi, Hokkaido) Tohoku (Sendai-shi, Miyagi) Kita-kanto (Saitama-shi, Saitama) Chiba (Funabashi-shi, Chiba) Tokyo (Musashino-shi, Tokyo) Yokohama (Yokohama-shi, Kanagawa) Nagoya (Nagoya-shi, Aichi) Kansai (Kobe-shi, Hyogo) Kyusyu (Fukuoka-shi, Fukuoka)
	Display House	Hokkaido area (10 locations) Tohoku area (1 location) Kanto area (27 locations) Nagoya area (6 locations) Kansai area (5 locations) Chugoku area (2 locations) Kyusyu area (3 locations)
Tohun Co., Ltd.	Head Office	Saitama-shi, Saitama
	Offices	Hokkaido (Otaru-shi, Hokkaido) Tohoku (Tagajo-shi, Miyagi) Kita-kanto No. 1 (Hanyu-shi, Saitama) Kita-kanto No. 2 (Meiwa-machi, Gunma) Kita-kanto No. 3 (Chiyoda-machi, Gunma) Kita-kanto No. 4 (Saitama-shi, Saitama) Minami-Kanto (Atsugi-shi, Kanagawa) Chubu/West Japan (Suita-shi, Osaka)
Hokuyo Co., Ltd.	Head Office	Chiyoda-ku, Tokyo
Tamazen Co., Ltd.	Head Office	Nagoya-shi, Aichi
	Branch	Toyohashi-shi, Aichi
Hokuyo Koeki Co., Ltd.	Head Office	Sapporo-shi, Hokkaido
	Branch	Kawasaki-shi, Kanagawa
Toshin Package Co., Ltd.	Head Office	Kazo-shi, Saitama
	Works	Head Office (Kazo-shi, Saitama) Ohtone (Kazo-shi, Saitama)
SOUTHLAND BOX COMPANY	Head Office / Works	Los Angeles, California, U.S.A.
TOMOKU HUS AB	Head Office / Works	Insjön, Sweden
TOMOKU VIETNAM CO., LTD.	Head Office / Works	Binh Duong Province, Vietnam

(9) Employees (as of March 31, 2024)**(i) Employees of the corporate group**

Business Segment	Number of Employees	YoY Change
Corrugated Container	1,680	+49
Housing	1,162	+2
Transportation and Logistics	914	+13
Company-wide (common)	27	+2
Total	3,783	+66

Note: In addition to the above, 555 casual workers are employed, on average, each year.

(ii) Employees of the Company

Number of Employees	YoY Change	Average Age	Average Years of Service
1,144	+50	38.9	14.2

Note: In addition to the above, 168 casual workers are employed, on average, each year.

(10) Major creditors (as of March 31, 2024)

Creditor	Loan Balance (millions of yen)
MUFG Bank, Ltd.	8,143
Mizuho Bank, Ltd.	7,905
The Norinchukin Bank	3,755
Sumitomo Mitsui Trust Bank, Limited	3,428
Sumitomo Mitsui Banking Corporation	2,600
North Pacific Bank, Ltd.	1,700
Nippon Life Insurance Company	1,000
The Hokkaido Bank, Ltd.	900
The Gamagori Shinkin Bank	451
The Shizuoka Bank, Ltd.	420

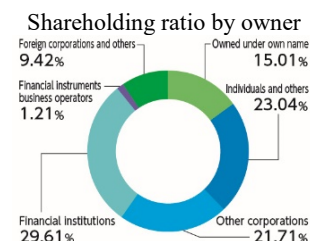
Note: Syndicated loans totaling 40,887 million yen are not included in the above loan balances.

(11) Other important matters regarding the current status of the corporate group

Not applicable.

2. Shares (as of March 31, 2024)

(1) Total number of authorized shares	60,000,000 shares
(2) Total number of issued shares	19,341,568 shares
(3) Number of shareholders	5,602 persons
(4) Major shareholders	



Shareholder	Investment in the Company	
	Number of shares held (thousand shares)	Capital contribution ratio (%)
The Master Trust Bank of Japan, Ltd. (trust account)	1,625	9.88
Custody Bank of Japan, Ltd. (trust account)	1,195	7.27
Marubeni Corporation	923	5.61
Nippon Paper Industries Co., Ltd.	719	4.37
Tomoku Kyoekai	655	3.98
HOKKAN HOLDINGS LIMITED	604	3.67
Tomoku Employee Shareholding Association	591	3.59
Tokushu Tokai Paper Co., Ltd.	540	3.28
Takateru Murakami	399	2.42
Mizuho Bank, Ltd.	388	2.36

Notes: 1. The Company holds 2,903 thousand treasury shares, which are excluded from the above table.
2. The capital contribution ratio is calculated after subtracting the treasury shares.

(5) Shares delivered during the fiscal year to the Company's officers as consideration for the performance of duties

	Number of shares	Number of persons that received shares
Directors (excluding external Directors)	11,300 shares	6 persons

Note: Details of the Company's stock compensation are provided under [(2) Total amount of remuneration for Directors and Audit & Supervisory Board Members] in [4. Matters Regarding Company Officers] of the business report.

3. Share Acquisition Rights

Not applicable.

4. Matters Regarding Company Officers

(1) Directors and Audit & Supervisory Board Members (as of March 31, 2024)

Position in the Company	Name	Responsibilities in the Company and significant concurrent positions
President & Chief Executive Officer	Mitsuo Nakahashi	
Director & Senior Managing Executive Officer	Shoji Hirose	President's Assistant
Director & Senior Managing Executive Officer	Yoshiyuki Kurihara	General Manager of Administration Div. / General Manager of Logistics & Procurement Dept. President of Hokuyo Co., Ltd.
Director & Managing Executive Officer	Takeshi Ariga	General Manager of Production Div.
Director & Managing Executive Officer	Terutaka Fukazawa	General Manager of the Sales Div. / Manager of Tokyo Sales Dept. / Manager of Sales Development Dept.
Director & Managing Executive Officer	Yoshito Yamaguchi	Deputy General Manager of Administration Div. / General Manager of Housing Material Dept.
Director	Toshihiko Nagayasu	Chairman of the Board of NTS Holdings Company, Limited
Director	Mito Shimonaka	Representative Director and Chairman of Heibonsha Ltd.
Director	Tetsuya Kobayashi	
Full-time Audit & Supervisory Board Member	Haruo Haneishi	
Full-time Audit & Supervisory Board Member	Natsuki Tsujino	
Audit & Supervisory Board Member	Shigeki Yagi	Certified Public Accountant
Audit & Supervisory Board Member	Kayoko Kitade	Attorney-at-law

- Notes:
1. Directors Toshihiko Nagayasu, Mito Shimonaka, and Tetsuya Kobayashi are external Directors.
 2. Audit & Supervisory Board Members Shigeki Yagi and Kayoko Kitade are external Audit & Supervisory Board Members.
 3. The Company has designated external Directors Toshihiko Nagayasu, Mito Shimonaka, and Tetsuya Kobayashi as well as external Audit & Supervisory Board Members Shigeki Yagi and Kayoko Kitade as independent directors as stipulated by the Tokyo Stock Exchange, Inc., and has reported this to the exchange.
 4. Audit & Supervisory Board Member Shigeki Yagi holds a certified public accountant qualification and has considerable knowledge in finance and accounting.
 5. Directors and Audit & Supervisory Board Members who resigned during the fiscal year are as follows.

Name	Date of resignation	Reason for resignation	Position, responsibilities, and significant concurrent position outside the Company at the time of resignation
Hidetoshi Murai	June 23, 2023	Expiration of term	Director President of Sweden House Co., Ltd.
Michio Sato	June 23, 2023	Resigned	Audit & Supervisory Board Member Full-time Audit & Supervisory Board Member of Sweden House Co., Ltd.

6. Changes in positions and responsibilities of Directors during the fiscal year are as follows.

Name	New position or responsibility	Previous position or responsibility	Date of change
Shoji Hirose	Director & Senior Managing Executive Officer President's Assistant	Director, Senior Managing Executive Officer and General Manager of Sales Div. General Director of Tomoku Vietnam Co., Ltd.	June 23, 2023
Yoshiyuki Kurihara	Director, Senior Managing Executive Officer and General Manager of Administration Div. General Manager of Logistics & Procurement Dept. President of Hokuyo Co., Ltd.	Director, Senior Managing Executive Officer and General Manager of Administration Div. General Manager of Logistics & Procurement Dept. and General Manager of Housing Material Dept. President of Hokuyo Co., Ltd.	June 23, 2023
Terutaka Fukazawa	Director, Managing Executive Officer and General Manager of Sales Div. Manager of Tokyo Sales Dept. and Manager of Sales Development Dept.	Director, Managing Executive Officer and Deputy General Manager of Sales Div. Manager of Tokyo Sales Dept. and Manager of Sales Development Dept.	June 23, 2023
Yoshito Yamaguchi	Director, Managing Executive Officer and Deputy General Manager of Administration Div. General Manager of Housing Material Dept.	Director, Managing Executive Officer and Deputy General Manager of Administration Div.	June 23, 2023

(2) Total amount of remuneration for Directors and Audit & Supervisory Board Members

Category	Number of people to be paid	Fixed remuneration (millions of yen)	Director bonuses (millions of yen)	Non-monetary remuneration (millions of yen)	Amount of remuneration (millions of yen)
Director (of which external Directors)	10 [3]	178 [16]	59 [4]	21	260 [20]
Audit & Supervisory Board Member (of which external Audit & Supervisory Board Members)	5 [2]	36 [9]	9 [3]	—	45 [12]
Total	15	214	69	21	305

- Notes:
1. The amount of remuneration for Directors does not include employee salaries and bonuses for Directors who also serve as employees.
 2. The amount of remuneration for Directors was resolved to be 360 million yen or less a year (However, this does not include employee salaries and bonuses for Directors who also serve as employees.), and the amount of remuneration for Audit & Supervisory Board Members was resolved to be 60 million yen or less a year, at the 69th Annual General Meeting of Shareholders held on June 27, 2008. At the same General Meeting of Shareholders, it was resolved to abolish the retirement benefits system for directors and other officers. At the end of the same General Meeting of Shareholders, there were 10 Directors (of which none were external Directors) and 4 Audit & Supervisory Board Members (of which 2 were external Audit & Supervisory Board Members).

Separate from monetary compensation, at the 83rd Annual General Meeting of Shareholders held on June 23, 2022, it was resolved to provide to Directors of the Company (excluding external Directors) monetary compensation claims paid as compensation for Restricted Shares in the amount of within 80 million yen annually, with a maximum of 40,000 shares per year. At the conclusion of the same Annual General Meeting of Shareholders, there were six Directors subject to the resolution.
 3. Individual remuneration of Directors (performance-linked monetary remuneration) is based on the Policy for determining remuneration, using ordinary profit (consolidated 8,614 million yen/non-consolidated 6,278 million yen) as the basis.
 4. Non-monetary remuneration consists of the Company's shares, and the terms and conditions of allotment are as described in "(3) Policy for determining remuneration."
 5. The above number of people to be paid includes one resigned Director and one resigned Audit & Supervisory Board Member at the conclusion of the 84th Annual General Meeting of Shareholders held on June 23, 2023.

(3) Policy for determining remuneration

The Basic Policy on the Remuneration of Directors is comprised of monetary fixed remuneration and officers' bonuses and non-monetary stock remuneration as performance-linked remuneration paid according to the performance in a single fiscal year to function as a sound incentive for sustainable growth. This remuneration is paid at an appropriate level according to the positions and roles of each Director and the Company's performance.

In regards to the calculation method and determination procedures of the fixed remuneration for Directors, remuneration is calculated using the guidelines that determine the standards according to the positions and roles of the Directors. The Board of Directors will pass a resolution based on the report of the remuneration committee chaired by an external Director to ensure objectivity and transparency relating to the determination of remuneration.

We will change to a method to also adjust the amount of remuneration in regards to performance-linked remuneration for Directors according to the degree of achieving the SDGs as a specific ESG issue. This will be a non-financial indicator that strengthens the Group's efforts with a long-term perspective in addition to financial indicators. The Board of Directors will determine the method of calculating that and its results in consultation with the remuneration committee.

Moreover, we are working to enhance our business execution structure and to strengthen the supervisory functions of the Board of Directors. Against that background, the purpose of the stock remuneration is for Directors to share the benefits and risks of stock price fluctuations in the mid- to long-term with shareholders and to elevate their desire to contribute to an increase in the stock price and corporate value more than ever before. Under that aim, we have decided to allot Restricted Shares within the allotment limit determined in advance according to positions and roles as non-monetary stock remuneration for Directors excluding external Directors. The Board of Directors will determine the number of shares to be allotted to each individual in consultation with the remuneration committee. In principle, the Company will lift the Transfer Restrictions on allotted Restricted Shares with a resolution by the Board of Directors when officers retire.

In addition, the Board of Directors has confirmed that the remuneration of the Board of Directors for the current fiscal year is consistent with and in line with the policy for determining remuneration approved by the Board of Directors.

The basic policy of the Company is that the remuneration for Audit & Supervisory Board Members shall be paid at an appropriate level as compensation for the duties of each Audit & Supervisory Board Member. The remuneration for Audit & Supervisory Board Members is determined through discussions with the Audit & Supervisory Board Members within the range of the amount of remuneration based on the resolution at the General Meeting of Shareholders.

(4) Matters regarding outside directors

- (i) Significant concurrent positions as executives at other organizations and relationships between the Company and such other organizations

Director Toshihiko Nagayasu is Chairman of the Board of NTS Holdings Company, Limited. We have no special interest with NTS Holdings Company, Limited.

Director Mito Shimonaka is Representative Director and Chairman of Heibonsha Ltd. We have no special interest with Heibonsha Ltd.

- (ii) Significant concurrent positions as outside directors and other officers at other organizations and relationships between the Company and such other organizations

Director Mito Shimonaka is an external Director of AGS Corporation. We have no special interest with AGS Corporation.

- (iii) Major activities during the fiscal year

<Attendance and remarks at Board of Directors meetings and overview of duties performed with respect to expected role>

Director Toshihiko Nagayasu attended all 13 Board of Directors meetings held during the fiscal year. Mr. Nagayasu has played an important role as Chair of the Board of Directors based on his extensive experience and insight in corporate management. In addition, he plays an important role as Chair of the nomination committee and remuneration committee in deliberating on nominations and remuneration of Directors and Executive Officers and reporting to the Board of Directors.

Director Mito Shimonaka attended 12 of 13 Board of Directors meetings held during the fiscal year. Ms. Shimonaka offers useful remarks in Board of Directors meetings based on her experience and insight from multifaceted viewpoints and unique perspective as a woman and drawing on her practical experience in corporate management. In addition, she plays an important role as a member of the nomination committee in deliberating on nominations of Directors and Executive Officers and reporting to the Board of Directors.

Director Tetsuya Kobayashi attended 12 of 13 Board of Directors meetings held during the fiscal year. Mr. Kobayashi offers useful remarks from multifaceted viewpoints in Board of Directors meetings based on his global knowledge, extensive experience, and broad insight. In addition, he plays an important role as a member of the remuneration committee in deliberating on the remuneration of Directors and Executive Officers and reporting to the Board of Directors.

<Attendance and remarks at meetings of the Board of Directors and Audit & Supervisory Board>

Audit & Supervisory Board Member Shigeki Yagi attended 12 of 13 Board of Directors meetings and 6 of 7 Audit & Supervisory Board meetings held during the fiscal year.

Audit & Supervisory Board Member Kayoko Kitade attended all 13 Board of Directors meetings and 6 of 7 Audit & Supervisory Board meetings held during the fiscal year.

As a certified public accountant and attorney-at-law, Mr. Yagi and Ms. Kitade provide advice and suggestions from their respective professional perspectives to ensure valid and appropriate decision-making at Board of Directors meetings. Similarly, in Audit & Supervisory Board meetings, they actively express their opinions from their professional perspectives.

Mr. Yagi, as a member of the nomination committee, and Ms. Kitade, as a member of the remuneration committee, play an important role in deliberating on the nomination and remuneration of Directors and Executive Officers and reporting to the Board of Directors.

In addition, they offer comments to the Board of Directors meetings on the establishment, enhancement, and enforcement of the compliance system across the entire Group.

(iv) Overview of the contents of the limited liability agreement

Based on Articles 25 and 35 of the Company's Articles of Incorporation, the Company has entered into agreements with Toshihiko Nagayasu, Mito Shimonaka, Tetsuya Kobayashi, Shigeki Yagi, and Kayoko Kitade limiting their liability for damages under Article 427, Paragraph 1 of the Companies Act to the extent allowed by laws and regulations.

(5) Summary of directors and officers liability insurance policy

To secure excellent human resources and support proactive and decisive business decisions for corporate growth, the Company entered into a directors and officers liability insurance policy with an insurance company. A summary of the agreement is as follows.

(i) Scope of insured

Directors, Audit & Supervisory Board Members, and Executive Officers of the Company

(ii) Summary of contents of insurance agreement

a. Actual premium share of insured

Premiums are paid in full by the Company, and the insured does not pay any premiums.

b. Summary of insured accidents subject to coverage

The insurance provides indemnification for damages that may arise from the responsibilities borne by insured directors and other officers in the execution of their duties or from claims related to the pursuit of said responsibilities. However, there are certain exemption clauses, such as when an insured person commits an act while recognizing it is an act in violation of laws and ordinances.

c. Measures to ensure the propriety of the duties of directors and other officers

The insurance agreement has a deductible provision and does not cover losses up to the amount of the deductible.

5. Accounting Auditor

(1) Name Ernst & Young ShinNihon LLC

(2) Amount of remuneration

Category	Payment amount (millions of yen)
Amount of remuneration for the accounting auditor for the fiscal year	42
Total of money and other economic benefits to be paid by the Company and its subsidiaries to the accounting auditor	107

Notes:

1. The audit agreement between the Company and the accounting auditor does not distinguish between remuneration for audits performed under the Companies Act and remuneration for audits performed under the Financial Instruments and Exchange Act and such amounts cannot be practically separated. Accordingly, the amount of remuneration to be paid to the accounting auditor for the fiscal year, as shown above, is the total amount.
2. The Company's Audit & Supervisory Board checked the audit plans, audits undertaken, audit hours, and remuneration for audits from past years, and also examined the appropriateness of the accounting auditor's audit plan, its content, estimated audit hours, and remuneration for this fiscal year. Based on this review, it approved the payment of remuneration to the accounting auditor pursuant to Article 399, Paragraph 1 of the Companies Act.
3. The financial statements (including documents of an equivalent nature) of some of the Company's principal subsidiaries have been audited by a certified public accountant or accounting firm (including those overseas with equivalent qualifications) other than the Company's accounting auditor in accordance with the provisions of the Companies Act or the Financial Instruments and Exchange Act (including foreign laws and regulations corresponding to these laws).

(3) Non-auditing services

Not applicable.

(4) Policy on decisions of dismissal or non-reappointment of accounting auditor

If the Audit & Supervisory Board has determined it to be necessary, for example, when it is deemed difficult for the accounting auditor to fulfill their duties properly, the Board of Directors shall include in the agenda of the General Meeting of Shareholders the dismissal or non-reappointment of the accounting auditor based on a resolution of the Audit & Supervisory Board.

Also, if it can be concluded that the accounting auditor falls under the items prescribed in Article 340, Paragraph 1 of the Companies Act, the Audit & Supervisory Board shall, based on the agreement of all Audit & Supervisory Board Members, dismiss the accounting auditor. In this case, one of the members nominated by the Audit & Supervisory Board shall report on the accounting auditor's dismissal and the reasons thereof at the first General Meeting of Shareholders convened after the dismissal.

6. System to Ensure the Appropriateness of Operations and Its Operational Status

Overview of system to ensure the appropriateness of operations

(1) System to ensure that execution of duties of Directors and employees complies with laws and regulations, and the Company's Articles of Incorporation

- (i) The Company has established an Internal Control Office to achieve the objectives of internal control, namely, the effectiveness and efficiency of operations, the reliability of financial reports, compliance with laws and regulations related to our business activities, and the safeguarding of assets.
- (ii) The Internal Control Office has developed, and reviews when necessary, the Company's Management Philosophy and Code of Conduct, various regulations and manuals, and job descriptions, so that the Directors and employees can execute their duties in compliance with laws and regulations and the Company's Articles of Incorporation.
- (iii) The Internal Audit Department carries out internal control audits and compliance audits to verify legal and regulatory compliance and then reports its findings to the president and the members of the Audit & Supervisory Board.
- (iv) The Legal Affairs/Compliance Office serves as the point of contact for internal whistleblowing submitted by employees and others. Also, an external lawyer designated by the Company shall serve as the point of contact for external whistleblowing.
- (v) The Company has established regulations concerning the basic policy of having no dealings whatsoever with antisocial forces, which we make sure is well understood by the Company and its subsidiaries. We maintain a firm stance against antisocial forces and take a systematic approach to dealing with them.

(2) Systems for retaining and managing information regarding the execution of duties by Directors

The Company has a system in place whereby information concerning the execution of duties with respect to the approvals by Directors and the establishment/administration of internal controls is recorded and saved in documents and the like, which can then be accessed by the Directors and Audit & Supervisory Board Members when needed.

(3) Regulations and other systems for the management of risk of loss

As the person responsible for risk management, the president issues instructions to the Internal Control Office and other relevant departments to oversee and manage the risks of the corporate group, including its subsidiaries, in accordance with the Risk Management Policy. The president identifies and assesses various risks mainly pertaining to financial and information security, compliance, product quality, the environment, and natural disasters, and adopts the necessary measures for avoiding such risks or mitigating their impact. In addition, the president reviews the Company's organizations, as well as regulations and manuals, in response to the emergence of risks.

(4) System to ensure efficient execution of duties by Directors

The Board of Directors has developed, and continues to review, the Company's Approval Regulations, Organizational Regulations, and Job Description Regulations, among other policies, and by doing so, clearly articulates the division of duties and purview of Directors. The Board of Directors also works to facilitate smooth reporting, communication, and consultation between Directors on a day-to-day basis.

(5) System to ensure the properness of operations by the corporate group comprised of the Company and its subsidiaries

- (i) System for directors of subsidiaries to report to the Company
The Company periodically requests reports from our subsidiaries regarding their earnings, financial position, and other important business matters.
The directors responsible for subsidiary operations, as well as department heads and factory managers, have a thorough understanding of the nature of such operations. They therefore deliver appropriate instructions, report to the president and the Board of Directors when necessary, and follow the necessary procedures, including approvals.
- (ii) System for efficient business execution by subsidiary directors
The Company makes an effort to ensure the consistency of the regulations and manuals of our subsidiaries, taking into account the nature and scale of their business operations. Also, through various meeting bodies, we have established a framework under which business operations are carried out appropriately and uniformly across the corporate group.

- (iii) System to ensure that the operations of subsidiary directors and employees comply with laws and regulations
The Company provides guidance by way of audits, meetings, notices, and other means to ensure that the operations of the Company's subsidiaries are being carried out properly and in compliance with laws, regulations, and the Company's Articles of Incorporation. We also have a system in place that guarantees the credibility of consolidated financial statements and other financial reports.
- (6) System to ensure audits are conducted efficiently by Audit & Supervisory Board Members**
 - (i) Employees appointed to assist with duties
If the Audit & Supervisory Board Members have requested the placement of employees to assist with their duties, the Company will appoint employees exclusively for that purpose after consulting with the Audit & Supervisory Board.
During the period that said employees are engaged in such duties, they shall follow the instructions and orders of the Audit & Supervisory Board Members. Their performance assessment, transfer, and benefits shall be decided by way of consultation between the Audit & Supervisory Board and the Board of Directors.
 - (ii) System for reporting to Audit & Supervisory Board Members
The Internal Control Office and Audit Department regularly, or when deemed necessary, report on the establishment/operational status of internal controls and the results of internal audits to the Audit & Supervisory Board Members.
Employees of the Company, as well as directors and employees of subsidiaries, can report to the members of the Audit & Supervisory Board when it is deemed necessary to do so.
We have established regulations and the like to make sure that any employee or director/employee of a subsidiary that reports to a member of the Audit & Supervisory Board is not treated unfairly simply for the reason of making such a report.
 - (iii) Other systems to ensure audits are conducted efficiently by Audit & Supervisory Board Members
In addition to the meetings of the Board of Directors, the members of the Audit & Supervisory Board also attend Executive Board meetings comprising Directors and executive officers to hear about specific policies and reports on business administration.
Meetings for exchanging opinions and presenting reports between the president and the Audit & Supervisory Board Members are set up on a regular or ad hoc basis. In addition, meetings between the Audit & Supervisory Board Members and subsidiary auditors and audit department heads are held regularly as part of our group-wide audit framework.
 - (iv) Audit expenses and other costs
The Company processes the expense claims submitted by the members of the Audit & Supervisory Board in connection with the execution of their duties, unless it has been demonstrated that an expense claim is not required for the execution of duties by the members of the Audit & Supervisory Board.

[Overview of operational status of system to ensure the properness of operations]

(1) Internal controls

The Audit Department and Legal Affairs/Compliance Office conduct internal audits of the Company's departments based on an annual audit plan. The results are reported to the president, the full-time Audit & Supervisory Board Members, and the Internal Control Office.

The establishment and operational status of internal controls pertaining to financial reports for the Company and group companies are evaluated in accordance with the Internal Control Regulations.

(2) Compliance system

New hires, mid-career employees, and newly appointed managers are obligated to attend compliance training for the purpose of deepening their understanding of the Tomoku Group Code of Conduct and Compliance Regulations.

As compliance is a focal point of audits, the Legal Affairs/Compliance Office inspects whether the Company is complying with laws, regulations, the Company's Articles of Incorporation, internal regulations, and other policies. It also checks whether operations are being carried out appropriately and efficiently, and whether employees have a thorough understanding of management policies. Measures for improvement are implemented as needed.

(3) Risk management system

Our policy on risk management is to identify risks that could have a significant impact on the Group and take measures to avoid or mitigate losses.

There were no major accidents, disasters, or misconduct incidents during the current fiscal year.

(4) Execution of duties by Directors

The Board of Directors convened 13 meetings during the fiscal year to make decisions on important matters prescribed in the Company's Approval Regulations and the Regulations of the Board of Directors, as well as to report on the execution of duties by directors. Audit & Supervisory Board Members attended the meetings of the Board of Directors to monitor agenda item discussions and decision making. Efforts were also made to facilitate smooth reporting, communication, and consultation between Directors on a day-to-day basis.

(5) Management of group companies

In terms of the administration of group companies, we obtain the necessary approvals for the execution of subsidiary operations based mainly on the Affiliated Company Management Regulations.

During the fiscal year, three Group Meetings were held. We periodically receive reports from our subsidiaries regarding their earnings, financial position, and other important business matters.

(6) Execution of duties by Audit & Supervisory Board Members

In addition to the meetings of the Board of Directors, the members of the Audit & Supervisory Board also attend Executive Board meetings comprising Directors and executive officers to hear about specific policies and reports on business administration, and to confirm the appropriateness of business execution by the Directors and executive officers.

During the fiscal year, the Audit & Supervisory Board convened seven meetings. Furthermore, the Audit & Supervisory Board conducts group-wide cross-functional audits mainly by meeting with the president, group auditors, and the head of the Audit Department, through review sessions with the accounting auditor, and by setting up opportunities for information exchange with the Internal Audit Department and outside auditors.

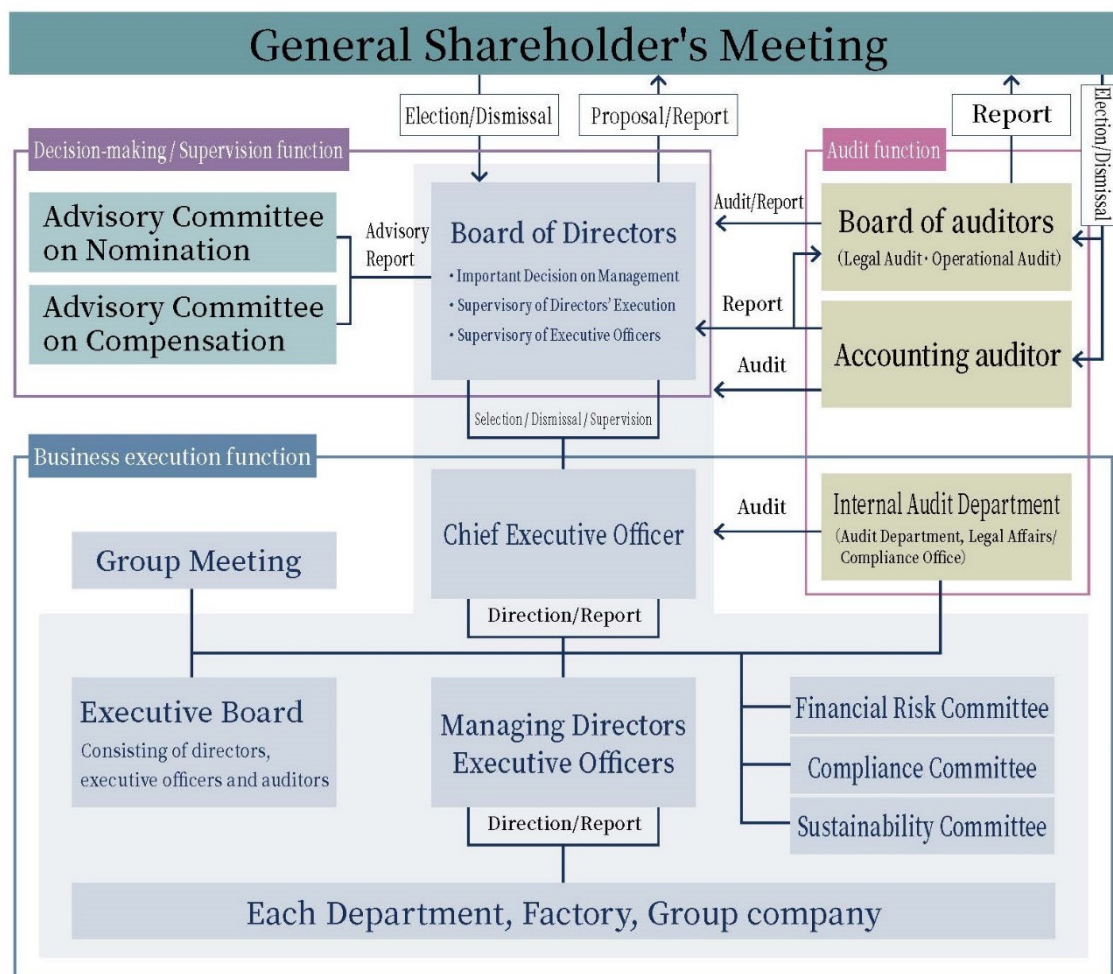
7. Policy on Decisions on Dividends and Other Appropriation of Surplus

Our basic policy is to pay stable dividends to shareholders. When distributing surplus funds, we aim to strike a balance between enhancing our internal reserves from a long-term perspective to maximize corporate value through investments and the like and to continually secure dividends for shareholders.

For this fiscal year, a year-end dividend of 35 yen per share will be paid to shareholders in accordance with a resolution of the Board of Directors. Combined with the interim dividend of 35 yen per share that was distributed on December 4, 2023, the annual dividend amount comes to 70 yen per share.

<Reference>

Organization Chart of Corporate Governance



<Remarks>

The business report is presented according to the following.

- (1) Amounts stated have been rounded down to the nearest unit.
- (2) The number of shares have been rounded down to the nearest thousand.
- (3) The capital contribution ratios for the principal parent company and significant subsidiaries have been rounded to the third decimal place. The year-on-year rate of change, average age, and average length of service have been rounded to the second decimal place. The average number of casual workers has been rounded to the first decimal place.
- (4) Current net income per share and capital contribution ratios related to shares have been rounded down to the third decimal place.

Consolidated Financial Statements

Consolidated Balance Sheet

(millions of yen)

Category	Current fiscal year (As of March 31, 2024)	Previous fiscal year (Reference) (As of March 31, 2023)	Category	Current fiscal year (As of March 31, 2024)	Previous fiscal year (Reference) (As of March 31, 2023)
(Assets)	213,366	195,378	(Liabilities)	124,162	114,671
Current assets	93,759	83,628	Current liabilities	66,491	67,641
Cash and deposits	18,125	15,015	Notes and accounts payable	23,518	22,793
Notes receivable, accounts receivable, and contract assets	31,222	30,055	Short-term borrowings	13,511	8,480
Electronic records receivable	8,620	7,467	Current maturities of long-term borrowings	12,110	23,839
Inventories	27,660	24,128	Income taxes payable	1,958	991
Other	8,143	6,986	Provision for bonuses	2,059	1,998
Allowance for doubtful accounts	(12)	(24)	Provision for directors' bonuses	107	99
			Provision for warranties for completed construction	192	221
Non-current assets	119,606	111,750	Other	13,033	9,217
Property, plant, and equipment	96,350	94,597	Non-current liabilities	57,671	47,029
Buildings and structures	36,263	33,962	Long-term borrowings	47,355	37,276
Machinery, equipment, and vehicles	19,885	17,528	Deferred tax liabilities	4,526	3,300
Land	36,830	38,609	Provision for retirement benefits for directors and other officers	—	432
Construction in progress	586	1,535	Retirement benefit liability	3,083	3,435
Other	2,785	2,961	Other	2,706	2,584
Intangible assets	1,051	1,433			
Investments and other assets	22,204	15,718	(Net assets)	89,203	80,707
Investment securities	12,047	7,634	Shareholders' equity	79,858	75,629
Long-term loans receivable	76	106	Share capital	13,669	13,669
Deferred tax assets	1,415	2,093	Capital surplus	11,284	11,276
Retirement benefit asset	5,461	2,729	Retained earnings	59,090	54,882
Other	3,500	3,600	Treasury stock	(4,185)	(4,199)
Allowance for doubtful accounts	(298)	(445)	Accumulated other comprehensive income	8,765	4,567
			Valuation difference on available-for-sale securities	4,178	2,711
			Foreign currency translation adjustment	1,909	981
			Remeasurements of defined benefit plans	2,677	875
			Non-controlling interests	579	509
Total assets	213,366	195,378	Total liabilities and net assets	213,366	195,378

Consolidated Profit and Loss Statement

(millions of yen)

Category	Current fiscal year (from April 1, 2023 to March 31, 2024)	Previous fiscal year (Reference) (from April 1, 2022 to March 31, 2023)
Net sales	211,526	212,817
Cost of sales	176,728	179,233
Gross profit	34,797	33,583
Selling, general, and administrative expenses	26,740	26,131
Operating profit	8,057	7,452
Non-operating income	1,385	1,375
Interest and dividend income	274	249
Miscellaneous income	1,110	1,126
Non-operating expenses	827	843
Interest expenses	428	487
Miscellaneous losses	399	355
Ordinary profit	8,614	7,983
Extraordinary income	1,691	34
Gain on sales of non-current assets	1,251	—
Gain on insurance adjustment	439	—
Gain on sales of investment securities	—	34
Extraordinary losses	1,599	162
Loss on reduction of non-current assets	1,291	—
Loss on disposal of non-current assets	302	161
Impairment losses	5	1
Other	0	—
Profit before income taxes	8,705	7,856
Income taxes - current	2,906	2,301
Income taxes - deferred	426	254
Profit	5,372	5,299
Profit attributable to non-controlling interests	64	48
Profit attributable to parent company's shareholders	5,308	5,251

Consolidated Statement of Changes in Net Assets
(from April 1, 2023 to March 31, 2024)

(millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance as of April 1, 2023	13,669	11,276	54,882	(4,199)	75,629
Changes during the consolidated fiscal year					
Dividends of surplus			(1,101)		(1,101)
Profit attributable to parent company's shareholders			5,308		5,308
Purchase of treasury stock				(2)	(2)
Restricted stock compensation		7		16	23
Net changes in items other than shareholders' equity during the consolidated fiscal year					
Total changes during the consolidated fiscal year	—	7	4,207	13	4,228
Balance as of March 31, 2024	13,669	11,284	59,090	(4,185)	79,858

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance as of April 1, 2023	2,711	981	875	4,567	509	80,707
Changes during the consolidated fiscal year						
Dividends of surplus						(1,101)
Profit attributable to parent company's shareholders						5,308
Purchase of treasury stock						(2)
Restricted stock compensation						23
Net changes in items other than shareholders' equity during the consolidated fiscal year	1,467	928	1,802	4,198	69	4,267
Total changes during the consolidated fiscal year	1,467	928	1,802	4,198	69	8,496
Balance as of March 31, 2024	4,178	1,909	2,677	8,765	579	89,203

Non-consolidated Financial Statements

Non-consolidated Balance Sheet

(millions of yen)

Category	Current fiscal year (As of March 31, 2024)	Previous fiscal year (Reference) (As of March 31, 2023)	Category	Current fiscal year (As of March 31, 2024)	Previous fiscal year (Reference) (As of March 31, 2023)
(Assets)	149,858	130,573	(Liabilities)	86,971	72,900
Current assets	59,312	47,302	Current liabilities	42,914	40,853
Cash and deposits	4,404	1,200	Accounts payable - trade	15,170	14,578
Notes receivable - trade	2,346	3,049	Short-term borrowings	8,611	2,715
Accounts receivable - trade	20,219	18,402	Current maturities of long-term borrowings	9,875	18,475
Electronic records receivable	8,103	6,840	Accounts payable - other	4,840	2,137
Lease receivable	619	732	Accrued expenses	1,781	1,626
Merchandise and finished goods	2,824	3,008	Income taxes payable	1,395	293
Semi-finished goods and work in process	95	89	Provision for bonuses	846	779
Raw materials and supplies	1,808	1,711	Provision for directors' bonuses	69	53
Short-term loans receivable	12,438	5,131	Other	324	195
Accounts receivable	6,404	6,836	Non-current liabilities	44,057	32,047
Other	51	304	Long-term borrowings	41,512	29,987
Allowance for doubtful accounts	(5)	(4)	Deferred tax liabilities	2,487	1,972
Non-current assets	90,546	83,271	Other	57	87
Property, plant, and equipment	45,444	41,649			
Buildings	15,099	12,657			
Structures	438	292	(Net assets)	62,887	57,673
Machinery and equipment	9,964	7,488	Shareholders' equity	58,915	55,113
Vehicles and transportation equipment	59	49	Share capital	13,669	13,669
Tools, equipment, and fixtures	991	998	Capital surplus	11,179	11,172
Land	18,852	18,931	Legal capital surplus	11,138	11,138
Construction in progress	38	1,231	Other capital surplus	41	34
Intangible assets	27	28	Retained earnings	38,295	34,514
Investments and other assets	45,074	41,593	Legal retained earnings	1,364	1,364
Investment securities	8,653	6,629	Other retained earnings	36,930	33,149
Shares of subsidiaries and associates	13,026	10,740	Reserve for advanced depreciation of non-current assets	2,062	2,119
Long-term loans receivable	20,301	21,229	Retained earnings brought forward	34,867	31,029
Distressed receivables	16	147	Treasury stock	(4,229)	(4,243)
Guarantee deposits	327	332	Valuation and translation adjustments	3,971	2,559
Prepaid pension cost	1,663	1,536	Valuation difference on available-for-sale securities	3,971	2,559
Other	1,185	1,224			
Allowance for doubtful accounts	(100)	(248)			
Total assets	149,858	130,573	Total liabilities and net assets	149,858	130,573

Profit and Loss Statement

(millions of yen)

Category	Current fiscal year (from April 1, 2023 to March 31, 2024)	Previous fiscal year (Reference) (from April 1, 2022 to March 31, 2023)
Net sales	98,662	91,805
Cost of sales	82,538	78,297
Gross profit	16,123	13,507
Selling, general, and administrative expenses	11,326	10,978
Operating profit	4,797	2,529
Non-operating income	2,094	2,002
Interest and dividend income	1,555	1,422
Miscellaneous income	539	579
Non-operating expenses	612	563
Interest expenses	159	116
Miscellaneous losses	453	446
Ordinary profit	6,278	3,967
Extraordinary income	544	34
Gain on insurance adjustment	439	—
Gain on sales of non-current assets	105	—
Gain on sales of investment securities	—	34
Extraordinary losses	253	52
Loss on disposal of non-current assets	252	51
Impairment losses	1	1
Other	0	—
Profit before income taxes	6,569	3,950
Income taxes - current	1,770	980
Income taxes - deferred	(81)	(5)
Profit	4,881	2,975

Non-consolidated Statement of Changes in Net Assets
(from April 1, 2023 to March 31, 2024)

(millions of yen)

	Shareholders' equity							
	Share capital	Capital surplus			Retained earnings			
		Legal capital surplus	Other capital surplus	Total capital surplus	Legal retained earnings	Other retained earnings		Total retained earnings
						Reserve for advanced depreciation of non-current assets	Retained earnings brought forward	
Balance as of April 1, 2023	13,669	11,138	34	11,172	1,364	2,119	31,029	34,514
Changes during the fiscal year								
Reversal of reserve for advanced depreciation of non-current assets						(56)	56	–
Dividends of surplus							(1,101)	(1,101)
Profit							4,881	4,881
Purchase of treasury stock								
Restricted stock compensation			7	7				
Net changes in items other than shareholders' equity during the fiscal year								
Total changes during the fiscal year	–	–	7	7	–	(56)	3,837	3,780
Balance as of March 31, 2024	13,669	11,138	41	11,179	1,364	2,062	34,867	38,295

	Shareholders' equity		Valuation and translation adjustments		Total net assets
	Treasury stock	Total shareholders' equity	Valuation difference on available-for-sale securities	Total valuation and translation adjustments	
Balance as of April 1, 2023	(4,243)	55,113	2,559	2,559	57,673
Changes during the fiscal year					
Reversal of reserve for advanced depreciation of non-current assets		–			–
Dividends of surplus		(1,101)			(1,101)
Profit		4,881			4,881
Purchase of treasury stock	(2)	(2)			(2)
Restricted stock compensation	16	23			23
Net changes in items other than shareholders' equity during the fiscal year			1,412	1,412	1,412
Total changes during the fiscal year	13	3,801	1,412	1,412	5,214
Balance as of March 31, 2024	(4,229)	58,915	3,971	3,971	62,887

This is the English translation of the audit report on consolidated financial statements which was originally issued in Japanese.

Audit Report

Audit Report on the Consolidated Financial Statements (Translation)

Independent Auditor's Report (Translation)

May 15, 2024

To: Board of Directors, Tomoku Co., Ltd.

Tokyo Office
Ernst & Young ShinNihon LLC
Teruyasu Omote
Certified Public Accountant
Designated Engagement Partner
Hiroyuki Saito
Certified Public Accountant
Designated Engagement Partner

Audit Opinion

Pursuant to Article 444, Paragraph 4 of the Companies Act, we have audited the consolidated financial statements of Tomoku Co., Ltd., which comprise the consolidated balance sheet, the consolidated profit and loss statement, the consolidated statement of changes in net assets and the notes to the consolidated financial statements applicable to the fiscal year from April 1, 2023 through March 31, 2024.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position and results of operations of the Group, which consisted of Tomoku Co., Ltd. and its consolidated subsidiaries, applicable to the fiscal year ended March 31, 2024 in accordance with accounting principles generally accepted in Japan.

Basis for Audit Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company and its consolidated subsidiaries in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The other information comprises the business report and its supplementary schedules. Management is responsible for the preparation and presentation of the other information. Audit & Supervisory Board Members and the Audit & Supervisory Board are responsible for overseeing the Directors' performance of duties within the maintenance and operation of the financial reporting process for the other information.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of Management, Audit & Supervisory Board Members and the Audit & Supervisory Board for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in Japan, this includes the maintenance and operation

of internal control deemed necessary by management for the preparation and fair presentation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing whether it is appropriate to prepare the consolidated financial statements with the assumption of the Group's ability to continue as a going concern and disclosing, as required by accounting principles generally accepted in Japan, matters related to going concern.

Audit & Supervisory Board Members and the Audit & Supervisory Board are responsible for overseeing the Directors' performance of duties within the maintenance and operation of the financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our responsibilities are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion on the consolidated financial statements based on our audit from an independent point of view. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of users of these consolidated financial statements.

In accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit process to perform the following:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. Design and perform audit procedures responsive to those risks. Selecting audit procedures to be applied is at the discretion of the auditor. Obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- Consider, in making those risk assessments, internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, while the purpose of the audit of the consolidated financial statements is not expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used by management and their method of application, as well as the reasonableness of accounting estimates by management and related notes thereto.
- Conclude on the appropriateness of management's use of the going concern basis for preparing the consolidated financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the notes to the consolidated financial statements or, if the notes to the consolidated financial statements on material uncertainty are inadequate, to express a qualified opinion with exceptions on the consolidated financial statements. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate whether the presentation of the consolidated financial statements and the notes thereto are in accordance with accounting standards generally accepted in Japan, as well as evaluate the overall presentation, structure and content of the consolidated financial statements, including the related notes thereto, and whether the consolidated financial statements fairly represent the underlying transactions and accounting events.
- Obtain sufficient and appropriate audit evidence regarding the financial information of the Company and its consolidated subsidiaries to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the consolidated financial statements. We remain solely responsible for our audit opinion.

We report to the Audit & Supervisory Board Members and the Audit & Supervisory Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit process, and other matters required by auditing standards.

We also provide Audit & Supervisory Board Members and the Audit & Supervisory Board with a statement that we have complied with the ethical requirements in Japan regarding independence that are relevant to our audit of the financial statements, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, any measures taken to eliminate obstruction factors to independence or any safeguards applied to reduce obstruction factors to a tolerable level.

Conflicts of Interest

We or engagement partners have no interests in the Company and its consolidated subsidiaries, which should be stated in compliance with the Certified Public Accountants Act.

Independent Auditor's Report (Translation)

May 15, 2024

To: Board of Directors, Tomoku Co., Ltd.

Tokyo Office
Ernst & Young ShinNihon LLC
Teruyasu Omote
Certified Public Accountant
Designated Engagement Partner
Hiroyuki Saito
Certified Public Accountant
Designated Engagement Partner

Audit Opinion

Pursuant to Article 436, Paragraph 2, item (i) of the Companies Act, we have audited the accompanying non-consolidated financial statements, which comprise the non-consolidated balance sheet, the non-consolidated profit and loss statement, the non-consolidated statement of changes in net assets, the notes to the non-consolidated financial statements and the related supplemental schedules (collectively, "non-consolidated financial statements, etc.") of Tomoku Co., Ltd. (the "Company") applicable to the 85th fiscal year from April 1, 2023 to March 31, 2024.

In our opinion, the non-consolidated financial statements, etc. referred to above present fairly, in all material respects, the financial position and results of operations of the Company, applicable to the fiscal year ended March 31, 2024, in accordance with accounting principles generally accepted in Japan.

Basis for Audit Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Non-consolidated Financial Statements, Etc. section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the non-consolidated financial statements, etc. in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The other information comprises the business report and its supplementary schedules. Management is responsible for the preparation and presentation of the other information. Audit & Supervisory Board Members and the Audit & Supervisory Board are responsible for overseeing the Directors' performance of duties within the maintenance and operation of the financial reporting process for the other information.

Our opinion on the non-consolidated financial statements, etc. does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the non-consolidated financial statements, etc., our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the non-consolidated financial statements, etc. or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of Management, Audit & Supervisory Board Members and the Audit & Supervisory Board for the Non-consolidated Financial Statements, Etc.

Management is responsible for the preparation and fair presentation of the non-consolidated financial statements, etc. in accordance with accounting principles generally accepted in Japan, this includes the maintenance and operation of such internal control as management determines is necessary to enable the preparation and fair presentation of non-consolidated financial statements, etc. that are free from material misstatement, whether due to fraud or error.

In preparing the non-consolidated financial statements, etc., management is responsible for assessing whether it is appropriate to prepare the non-consolidated financial statements, etc. with the assumption of the Company's ability to continue as a going concern and disclosing, as required by accounting principles generally accepted in Japan, matters related to going concern.

Audit & Supervisory Board Members and the Audit & Supervisory Board are responsible for overseeing the Directors' performance of duties within the maintenance and operation of the financial reporting process.

Auditor's Responsibilities for the Audit of the Non-consolidated Financial Statements, Etc.

Our responsibilities are to obtain reasonable assurance about whether the non-consolidated financial statements, etc. as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion on the non-consolidated financial statements, etc. based on our audit from an independent point of view. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate they could reasonably be expected to influence the decisions of users taken on the basis of the non-consolidated financial statements, etc.

In accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit process to perform the following:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. Design and perform audit procedures responsive to those risks. Selecting audit procedures to be applied is at the discretion of the auditor. Obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- Consider, in making those risk assessments, internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, while the purpose of the audit of the non-consolidated financial statements, etc. is not expressing an opinion on the effectiveness of the internal control.
- Evaluate the appropriateness of accounting policies used by management and their method of application, as well as the reasonableness of accounting estimates by management and related notes thereto.
- Conclude on the appropriateness of management's use of the going concern basis for preparing the non-consolidated financial statements, etc. and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related notes to the non-consolidated financial statements, etc. or, if the notes to the non-consolidated financial statements, etc. on material uncertainty are inadequate, to express a qualified opinion with exceptions on the non-consolidated financial statements, etc. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate whether the presentation of the non-consolidated financial statements, etc. and the notes thereto are in accordance with accounting standards generally accepted in Japan, as well as evaluate the overall presentation, structure and content of the non-consolidated financial statements, etc., including the related notes thereto, and whether the non-consolidated financial statements, etc. fairly represent the underlying transactions and accounting events.

We report to the Audit & Supervisory Board Members and the Audit & Supervisory Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit process, and other matters required by auditing standards.

We also provide Audit & Supervisory Board Members and the Audit & Supervisory Board with a statement that we have complied with the ethical requirements in Japan regarding independence that are relevant to our audit of the financial statements, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, any measures taken to eliminate obstruction factors to independence or any safeguards applied to reduce obstruction factors to a tolerable level.

Conflicts of Interest

Our firm and the designated engagement partners have no interest in the Company which should be disclosed in accordance with the Certified Public Accountants Act.

Audit Report of the Audit & Supervisory Board

Audit Report

The Audit & Supervisory Board, having received audit reports from each auditor on the business performance of the Company's directors during the 85th fiscal year from April 1, 2023 through March 31, 2024, and, as a result of discussion, does hereby report the audit report as follows.

1. Auditing methods and content of audits by Audit & Supervisory Board Members and the Audit & Supervisory Board
 - (1) In addition to formulating an audit policy and the division of audit duties and receiving reports concerning the status and results of audits conducted by each auditor, the Audit & Supervisory Board received reports from the directors and the accounting auditor on the performance of their duties and sought explanations when necessary.
 - (2) Each auditor, in accordance with the standards of the Audit & Supervisory Board, audit policy, and the division of roles formulated by the Audit & Supervisory Board, sought to facilitate mutual understanding with the directors, the Internal Audit Department, and other employees, and endeavored to gather information and improve the audit environment. Audits were conducted based on the following methods.
 - (i) Each auditor attended meetings of the Board of Directors and other important meetings, received reports from the directors and other employees regarding the performance of their duties, and when deemed necessary, sought explanations, perused important documents including those subject to executive approval, and conducted examinations of the conditions of business and assets at the head office and other principal business sites. With respect to subsidiaries, the auditors sought to facilitate mutual understanding and exchange of information with the directors and company auditors of subsidiaries, and when necessary, received reports from subsidiaries regarding their business operations.
 - (ii) The auditors periodically received reports from the directors and employees, sought explanations when required, and expressed their opinions regarding a resolution of the Board of Directors passed in accordance with the provisions of Paragraphs 1 and 3 of Article 100 of the Ordinance for Enforcement of the Companies Act, which stipulates the establishment of a system that ensures the performance of the duties of the directors, as stated in the business report, is compliant with relevant laws and regulations and the Company's articles of incorporation, and that other affairs of the Company and the corporate group comprising its subsidiaries are conducted in an appropriate manner, and that the establishment and operational status of the Company's internal control system is in accordance with that resolution.
 - (iii) The auditors monitored and examined the independence of the accounting auditor and the appropriateness of audits conducted, received reports from the accounting auditor concerning the performance of their duties, and also requested explanations when necessary. The auditors received notice from the accounting auditor that the system to ensure the appropriateness of duties performed by the accounting auditor (set forth under Article 131 of the Ordinance for Corporate Accounting) is in accordance with audit quality control standards (Business Accounting Council) and requested their explanations when necessary.

Based on the above methods, an examination was carried out with respect to the Company's business reports and supplementary schedules, financial statements and supplementary schedules (balance sheet, profit and loss statement, statement of changes in net assets, and notes to non-consolidated financial statements), as well as consolidated financial statements (consolidated balance sheet, consolidated statement of income, consolidated statement of changes in net assets, and notes to the consolidated financial statements) for the fiscal year.

2. Results of audit
 - (1) Results of audit of business report
 - (i) The contents of the business report and its supplementary schedules fairly present the position of the Company pursuant to laws and regulations and the Company's articles of incorporation.
 - (ii) With regard to the performance of the duties of the directors, no unfair conduct, or any material breach of laws, regulations, or the Company's articles of incorporation has been found.
 - (iii) The details of resolutions approved by the Board of Directors concerning the internal control system are proper and fair. In addition, with regard to the content of the business report concerning the internal control

system and the performance of the duties of the directors, nothing has been found that would necessitate comment.

(2) Results of audit of financial statements and the accompanying supplementary schedules

We confirm that the audit method employed by the accounting auditor, Ernst & Young ShinNihon LLC, and the results thereof are proper and fair.

(3) Results of audit of consolidated financial statements

We confirm that the audit method employed by the accounting auditor, Ernst & Young ShinNihon LLC, and the results thereof are proper and fair.

May 15, 2024

Audit & Supervisory Board of Tomoku Co., Ltd.

Haruo Haneishi, Full-time Audit & Supervisory Board
Member

Natsuki Tsujino, Full-time Audit & Supervisory Board
Member

Shigeki Yagi, External Audit & Supervisory Board Member

Kayoko Kitade, External Audit & Supervisory Board Member