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July 31, 2024

Consolidated Financial Results for the Three Months Ended June 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 commence dividend payments: —
 Preparation of supplementary material on financial results: None
 Holding of financial results briefing: None

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

1. Consolidated financial results for the three months ended June 30, 2024 (from April 1, 2024 to June 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	%
Three months ended								
June 30, 2024	49,372	1.6	818	33.1	1,093	1.6	670	13.3
June 30, 2023	48,592	(1.1)	614	—	1,076	129.9	591	55.0

Note: Comprehensive income For the three months ended June 30, 2024: ¥1,022 million [(38.8)%]
 For the three months ended June 30, 2023: ¥1,670 million [74.0%]

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Three months ended		
June 30, 2024	40.81	—
June 30, 2023	36.03	—

(2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio
	Millions of yen	Millions of yen	%
As of			
June 30, 2024	211,713	89,645	42.1
March 31, 2024	213,366	89,203	41.5

Reference: Equity
 As of June 30, 2024: ¥89,049 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	—				
Fiscal year ending March 31, 2025 (Forecast)		45.00	—	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
Six months ending September 30, 2024	108,500	6.0	3,200	3.1	3,300	(7.3)	2,000	(9.8)	121.67
Full year	226,000	6.8	10,300	27.8	10,400	20.7	7,000	31.9	425.83

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 quarterly 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 June 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 June 30, 2024	2,903,254 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)

Three months ended June 30, 2024	16,438,417 shares
Three months ended June 30, 2023	16,428,427 shares

* Review of the Japanese-language originals of the attached consolidated quarterly financial statements by certified public accountants or an audit firm: None

* 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 Current Quarter

In the first quarter of the fiscal year under review, Japan's economy recovered moderately, with signs of improvement in capital investment and production, while consumer prices rose moderately and personal consumption stalled. However, the outlook remained uncertain, with raw material and energy prices remaining high, prices rising due to the depreciation of the yen, and the global situation becoming more tense.

For the first quarter of the fiscal year under review, net sales were 49,372 million yen (up 1.6% year-on-year), operating profit was 818 million yen (up 33.1% year-on-year), ordinary profit was 1,093 million yen (up 1.6% year-on-year), and profit attributable to owners of parent was 670 million yen (up 13.3% year-on-year).

The results of each segment are as follows.

[Corrugated Cardboard]

Domestic demand for corrugated cardboard remained at the same level as the previous year, amid continued price hikes, especially for food products, and signs of stagnation in the improvement of consumer sentiment. In the Group's Domestic Corrugated Cardboard Division, sales of corrugated cardboard for fruits and vegetables and mail-order home delivery decreased year-on-year, while sales for processed foods, a mainstay of the Group, were slightly higher than the previous year, with production volume remaining at the same level as the previous year. In the Overseas Corrugated Cardboard Division, production volume increased year-on-year due to the effects of facility expansion by Southland Box Company in the U.S. and the recovery trend in the Vietnamese economy, resulting in sales in Japan and overseas combined exceeding those of the previous year. In addition, the impact of foreign exchange also contributed positively.

As a result, net sales in the Corrugated Cardboard segment were 30,325 million yen (up 2.2% year-on-year) and operating profit was 1,907 million yen (up 10.1% year-on-year).

[Housing]

In the housing market, the number of new housing starts for owner-occupied houses and single-family houses for sale continued to decline from a year earlier. In the Group's Housing Division, the number of houses sold by both Sweden House Co., Ltd. and Tamazen Co., Ltd. decreased year-on-year due to factors such as rising housing prices against the backdrop of soaring material prices and increased labor costs, although the number of visitors to the exhibition hall increased.

As a result, net sales in the Housing Division were 8,441 million yen (down 3.2% year-on-year). In terms of profits, operating loss was 1,265 million yen (compared to an operating loss of 1,348 million yen in the same period of the previous fiscal year) due to the low ratio of net sales in the first half of the year to annual net sales.

[Transportation and Logistics]

In the Transportation and Logistics Division of the Group, while we continue to optimize logistics costs, we have seen an increase in handling volume due to the establishment of new logistics centers and the delegation of logistics operations, as well as efforts to provide relay transport between the Kanto and Kansai regions through the Chubu area in response to the 2024 logistics problem. In terms of profits, due to factors such as an increase in preparation costs for the operation of new centers, net sales in the Transportation and Logistics Division were 10,604 million yen (up 4.0% year-on-year), while operating profit was 427 million yen (down 2.1% year-on-year).

(2) Summary of Financial Condition for the Current Quarter

Total assets at the end of the first quarter of the consolidated accounting period decreased by ¥1,652 million from the end of the previous fiscal year to ¥211,713 million due to a decrease in cash and deposits, despite increases in notes and accounts receivable-trade, and contract assets, inventories, etc. Liabilities decreased by ¥2,093 million year from the end of the previous fiscal year to ¥122,068 million due to decreases in income taxes payable, provision for bonuses, etc., despite an increase in short-term borrowings. Net assets increased by 441 million yen from the end of the previous fiscal year to 89,645 million yen due to factors such as an increase in foreign currency translation adjustment.

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

Based on the results of the first quarter consolidated cumulative period, the consolidated earnings forecast for the second quarter (cumulative) and the full year has not been changed as we continue to strive to achieve the earnings forecast announced on May 8, 2024.

2. Quarterly Consolidated Financial Statements and Principal Notes

(1) Quarterly Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2024	As of June 30, 2024
Assets		
Current assets		
Cash and deposits	18,125	12,525
Notes and accounts receivable - trade, and contract assets	31,222	33,257
Electronically recorded monetary claims - operating	8,620	9,026
Inventories	27,660	29,902
Other	8,143	6,995
Allowance for doubtful accounts	(12)	(12)
Total current assets	93,759	91,695
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	36,263	36,278
Machinery, equipment and vehicles, net	19,885	19,588
Land	36,830	37,267
Other, net	3,371	3,546
Total property, plant and equipment	96,350	96,680
Intangible assets	1,051	958
Investments and other assets		
Investment securities	12,047	11,841
Other	10,455	10,804
Allowance for doubtful accounts	(298)	(267)
Total investments and other assets	22,204	22,379
Total non-current assets	119,606	120,018
Total assets	213,366	211,713

(Millions of yen)

	As of March 31, 2024	As of June 30, 2024
Liabilities		
Current liabilities		
Notes and accounts payable - trade	23,518	21,905
Short-term borrowings	13,511	15,725
Current portion of long-term borrowings	12,110	13,139
Income taxes payable	1,958	351
Provision for bonuses	2,059	1,007
Other provisions	300	188
Other	13,033	13,598
Total current liabilities	66,491	65,917
Non-current liabilities		
Long-term borrowings	47,355	45,696
Retirement benefit liability	3,083	3,072
Other	7,232	7,382
Total non-current liabilities	57,671	56,151
Total liabilities	124,162	122,068
Net assets		
Shareholders' equity		
Share capital	13,669	13,669
Capital surplus	11,284	11,047
Retained earnings	59,090	59,421
Treasury shares	(4,185)	(4,186)
Total shareholders' equity	79,858	79,952
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	4,178	4,025
Foreign currency translation adjustment	1,909	2,473
Remeasurements of defined benefit plans	2,677	2,596
Total accumulated other comprehensive income	8,765	9,096
Non-controlling interests	579	595
Total net assets	89,203	89,645
Total liabilities and net assets	213,366	211,713

(2) Quarterly Consolidated Statements of Income and Comprehensive Income
Quarterly Consolidated Statements of Income
First Quarter Consolidated Cumulative Period

(Millions of yen)

	Three months ended June 30, 2023	Three months ended June 30, 2024
Net sales	48,592	49,372
Cost of sales	41,363	41,524
Gross profit	7,229	7,847
Selling, general and administrative expenses	6,614	7,029
Operating profit	614	818
Non-operating income		
Interest and dividend income	107	130
Foreign exchange gains	333	165
Miscellaneous income	173	135
Total non-operating income	614	431
Non-operating expenses		
Interest expenses	108	120
Miscellaneous losses	44	34
Total non-operating expenses	152	155
Ordinary profit	1,076	1,093
Extraordinary losses		
Loss on disposal of non-current assets	35	8
Impairment losses	5	7
Other	0	–
Total extraordinary losses	40	16
Profit before income taxes	1,036	1,077
Income taxes - current	379	302
Income taxes - deferred	56	86
Total income taxes	436	389
Profit	599	688
Profit attributable to non-controlling interests	8	17
Profit attributable to owners of parent	591	670

Quarterly Consolidated Statements of Comprehensive Income
 First Quarter Consolidated Cumulative Period

(Millions of yen)

	Three months ended June 30, 2023	Three months ended June 30, 2024
Profit	599	688
Other comprehensive income		
Valuation difference on available-for-sale securities	484	(149)
Foreign currency translation adjustment	625	564
Remeasurements of defined benefit plans, net of tax	(38)	(81)
Total other comprehensive income	1,070	334
Comprehensive income	1,670	1,022
(Comprehensive income attributable to)		
Comprehensive income attributable to owners of parent	1,657	1,001
Comprehensive income attributable to non-controlling interests	13	20

(3) Notes on the quarterly consolidated financial statements

(Segment information, etc.)

I. Three months ended June 30, 2023 (from April 1, 2023 to June 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	29,667	8,724	10,200	48,592	—	48,592
Intersegment sales or transfers	12	3	1,404	1,419	(1,419)	—
Total	29,679	8,727	11,604	50,012	(1,419)	48,592
Segment profit (loss)	1,733	(1,348)	436	821	(206)	614

(Notes) 1. The adjustment amount for segment profit of (206) million yen includes elimination of intersegment transactions of 35 million yen, and corporate expenses not allocated to reportable segments of (242) 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. Three months ended June 30, 2024 (from April 1, 2024 to June 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	30,325	8,441	10,604	49,372	—	49,372
Intersegment sales or transfers	16	3	1,511	1,531	(1,531)	—
Total	30,342	8,445	12,115	50,903	(1,531)	49,372
Segment profit (loss)	1,907	(1,265)	427	1,069	(251)	818

(Notes) 1. The adjustment amount for segment profit of (251) million yen includes elimination of intersegment transactions of 34 million yen, and corporate expenses not allocated to reportable segments of (285) 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.

(Notes on significant changes in the amount of shareholders' equity)

None

(Notes on premise of going concern)

None

(Notes on Statement of Cash Flows)

The Company has not prepared a consolidated quarterly statement of cash flows for the three months ended June 30, 2024. Depreciation and amortization (including amortization related to intangible assets excluding goodwill) for the three months ended June 30, 2024 is as follows.

	Previous term (From April 1, 2023 to June 30, 2023) (million yen)	Current term (From April 1, 2024 to June 30, 2024) (million yen)
Depreciation and amortization	1,785	1,920