

# TOMOKU Co., Ltd.

Financial Results Briefing Materials for the Fiscal Year Ended March 31, 2024

May 30, 2024



TSE Prime  
3946

- 1. Financial Results for the Fiscal Year Ended March 31, 2024**
- 2. Earnings Forecast for the Fiscal Year Ending March 31, 2025**
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**(Reference)**

- (1) Toward Enhancing Corporate Value, (2) ESG Initiatives,**
- (3) Company Overview**



# Financial Results for the Fiscal Year Ended March 31, 2024



# FY3/2024 Financial Highlights: Operating Profit Up 8.1% Year-on-Year to 8,050 Million Yen



**Net sales: 211,500 million yen (-0.6% YoY); operating profit 8,050 million yen (+8.1% YoY); ordinary profit 8,610 million yen (+7.9% YoY)**

**Corrugated Container and Display Carton segment contributed to the increase in profit**

## Corrugated Container and Display Carton

**Net sales 117,900 million yen (+8,000 million yen YoY); segment profit 7,640 million yen (+2,700 million yen YoY)**

**Japan:** Sales volume in our mainstay products for the processed foods sector outperformed the previous year. Price optimization was also successful.

**Overseas:** U.S. subsidiary performed solidly. Foreign exchange (weak yen) contributed to sales growth.

## Housing

**Net sales 54,000 million yen (-8,600 million yen YoY); segment profit 250 million yen (-1,780 million yen YoY)**

**Despite efforts to grow sales by leveraging high external evaluation of our housing business, advertising, and promotions, house sales declined due in part to a decline in macro demand. Both Sweden House and Tamazen posted declines in sales.**

## Transportation and Logistics

**Net sales 39,500 million yen (-700 million yen YoY); segment profit 1,110 million yen (-210 million yen YoY)**

**Decrease in volume for our mainstay products for the beverages sector; increased burden of storage and fuel costs.**

# FY3/2024 Financial Results Summary: Net Sales Flat; Operating Profit Margin Improved to 3.8%.



**Net sales and operating profit: Results fell short of initial plan due to lower demand and higher costs**

**Operating profit margin: Profitability improved due to price optimization and contributions from our overseas business in the Corrugated Container and Display Carton segment**

(Millions of yen)	FY3/2023	Composition Ratio (%)	FY3/2024	Composition Ratio (%)	YoY (%)	Initial Plan Announced 5/9/2023	Most-Recent Plan Announced 1/31/2024
Net sales	212,817	100.0	211,526	100.0	-0.6	235,000	213,000
Cost of sales	179,233	84.2	176,728	83.5	-1.4	-	-
Gross profit	33,583	15.8	34,797	16.5	+3.6	-	-
Selling, general and administrative expenses	26,131	12.3	26,740	12.6	+2.3	-	-
Operating profit	7,452	3.5	8,057	3.8	+8.1	11,500	8,200
Ordinary profit	7,983	3.8	8,614	4.1	+7.9	11,600	8,300
Profit attributable to owners of parent	5,251	2.5	5,308	2.5	+1.1	7,700	5,300

# FY3/2024 Financial Results Summary (First Half and Second Half)



**Net sales and gross profit increased year-on-year due to strong recovery in the second half compared to the previous fiscal year**

(Millions of yen)	FY3/2023				FY3/2024			
	First Half	Composition Ratio (%)	Second Half	Composition Ratio (%)	First Half	Composition Ratio (%)	Second Half	Composition Ratio (%)
Net sales	105,553	100.0	107,264	100.0	102,367	100.0	109,159	100.0
Cost of sales	89,469	84.8	89,764	83.7	86,008	84.0	90,720	83.1
Gross profit	16,083	15.2	17,500	16.3	16,359	16.0	18,438	16.9
Selling, general and administrative expenses	13,241	12.5	12,890	12.0	13,255	12.9	13,485	12.4
Operating profit	2,842	2.7	4,610	4.3	3,103	3.0	4,954	4.5
Ordinary profit	3,644	3.5	4,339	4.0	3,559	3.5	5,055	4.6
Profit attributable to owners of parent	2,369	2.2	2,882	2.7	2,217	2.2	3,091	2.8

# FY3/2024 Performance by Segment

Price optimization in the Corrugated Container and Display Carton segment contributed to overall earnings

The Housing segment faces a challenge in lack of recovery in numbers of units sold

	(Millions of yen)	FY3/2023	FY3/2024	YoY	Major Factors
Corrugated Container and Display Carton	Net sales	109,939	117,965	+7.3%	Japan +7,600 million Overseas +400 million (including exchange rate factor of +1,700 million)
	Segment Profit (Profit Margin)	4,944 (4.5%)	7,649 (6.5%)	+54.7%	
Housing	Net sales	62,637	54,051	-13.7%	Sweden House G (-5,700 million) Tamazen (-2,900 million)
	Segment Profit (Profit Margin)	2,037 (3.3%)	259 (0.5%)	-87.3%	
Transportation and Logistics	Net sales	40,240	39,509	-1.8%	Tohun (-500 million) Other (-200 million)
	Segment Profit (Profit Margin)	1,332 (3.3%)	1,117 (2.8%)	-16.1%	
Total	Net sales	212,817	211,526	-0.6%	

\*Segment profit before eliminations

# FY3/2024 Segment Performance (Second Half; YoY)

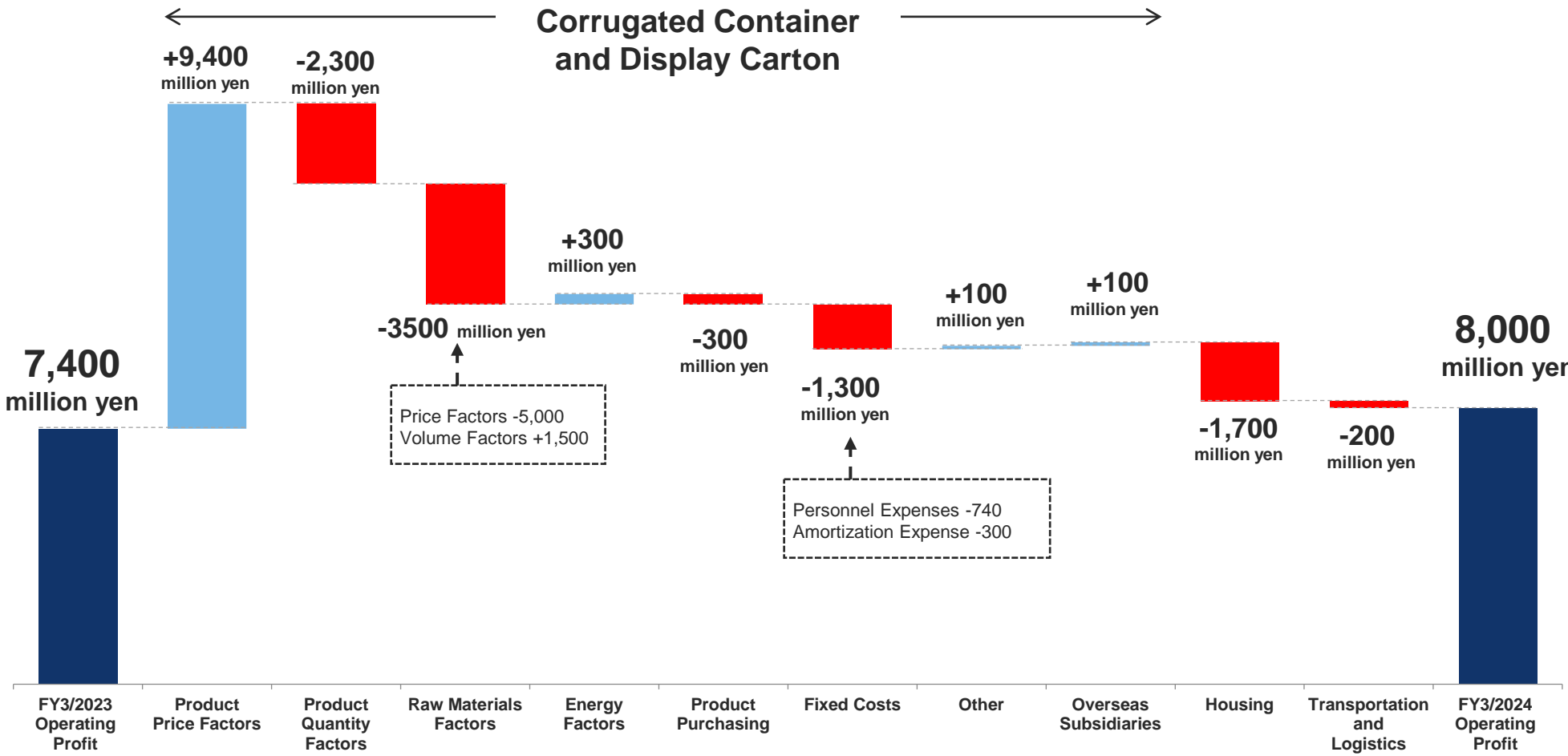
## Sales and profit up in second half due to price optimization in the Corrugated Container and Display Carton segment

(Millions of yen)		FY3/2023				FY3/2024		
		First Half	Composition Ratio (%)	Second Half	Composition Ratio (%)	Second Half	Composition Ratio (%)	YoY
Corrugated Container and Display Carton	Net sales	55,663	52.7	54,276	50.6	58,472	53.6	+ 7.7%
	Segment Profit (Profit Margin)	2,674 4.8%	-	2,270 4.2%	-	3,561 6.1%	-	+ 56.9%
Housing	Net sales	28,031	26.6	34,606	32.3	32,319	29.6	-6.6%
	Segment Profit (Profit Margin)	(563) —	-	2,600 7.5%	-	1,740 5.4%	-	-33.1%
Transportation and Logistics	Net sales	21,858	20.7	18,382	17.1	18,368	16.8	-0.1%
	Segment Profit (Profit Margin)	1,086 5.0%	-	246 1.3%	-	195 1.1%	-	-20.7%
Total	Net sales	105,553	100.0	107,264	100.0	109,159	100.0	+ 1.8%

# Operating Profit Change Factor Analysis (YoY)



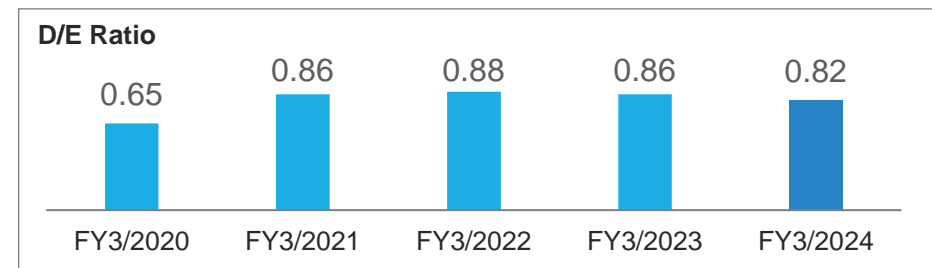
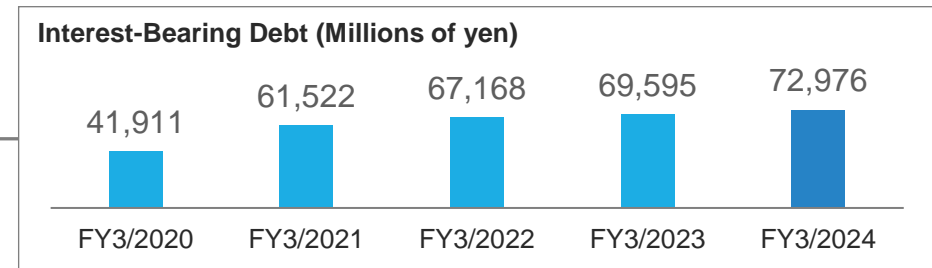
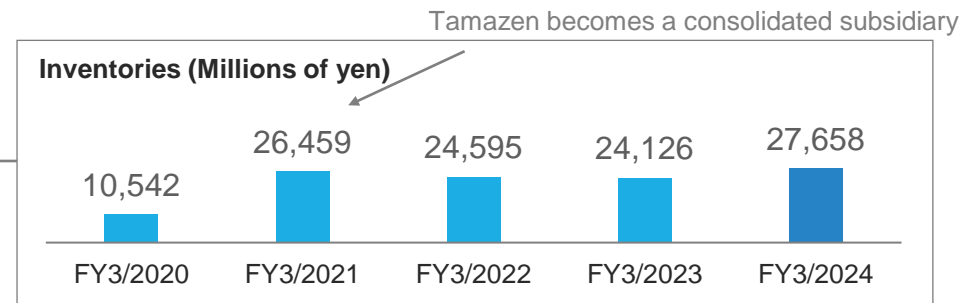
Operating profit increased (+600 million yen) due to price optimization in the Corrugated Container and Display Carton



**Accounts receivable-trade increased with the impact of price hikes in the Corrugated Container and Display Carton segment. Inventories increased due to property inventory in the Housing segment. Interest-bearing debt at the end of the period was approximately 73,000 million yen (D/E ratio of 0.82).**

(Millions of yen)

Assets	FY3/2023	FY3/2024	Change
<b>Current assets</b>	<b>83,628</b>	<b>93,759</b>	<b>10,131</b>
Cash and deposits	15,015	18,125	3,110
Accounts receivable-trade	37,522	39,842	2,320
Inventories	24,126	27,658	3,532
<b>Non-current assets</b>	<b>111,750</b>	<b>119,606</b>	<b>7,856</b>
<b>Property, plant and equipment</b>	<b>94,597</b>	<b>96,350</b>	<b>1,753</b>
Investments and other assets	15,718	22,204	6,486
<b>Total assets</b>	<b>195,378</b>	<b>213,366</b>	<b>17,988</b>
Liabilities and net assets	FY3/2023	FY3/2024	Change
<b>Current liabilities</b>	<b>67,641</b>	<b>66,491</b>	<b>-1,150</b>
Notes and accounts payable-trade	22,793	23,518	725
Short-term borrowings	8,480	13,511	5,031
<b>Current portion of long-term borrowings</b>	<b>23,839</b>	<b>12,110</b>	<b>11,729</b>
<b>Non-current liabilities</b>	<b>47,029</b>	<b>57,671</b>	<b>10,642</b>
<b>Long-term borrowings</b>	<b>37,276</b>	<b>47,355</b>	<b>10,079</b>
<b>Net assets</b>	<b>80,707</b>	<b>89,203</b>	<b>8,496</b>
(Treasury stock)	(4,199)	(4,185)	14
<b>Total liabilities and net assets</b>	<b>195,378</b>	<b>213,366</b>	<b>17,988</b>



**Free cash flow was positive within the scope of operating CF, despite continued investment activities.**

(Millions of yen)	FY3/2023	FY3/2024	Remarks
Cash and cash equivalents, beginning of period	16,568	14,882	
CF from operating activities	7,013	11,116	Loss on reduction of non-current assets +1,291 Insurance proceeds +1,099, etc.
CF from Investing activities	(9,389)	(9,286)	Purchases of property, plant and equipment -7,066 Purchase of shares of subsidiaries -2,260
Free CF	(2,376)	1,830	
CF from investing activities	535	1,049	Net change in short-term borrowings +5,017
Cash and cash equivalents, end of period	14,882	17,992	



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# Earnings Forecast for the Fiscal Year Ending March 31, 2025



# Current Business Environment, Future Outlook: Concerns About Sluggish Personal Consumption due to the Weak Yen and High Prices

	FY3/2024 (Results)	FY3/2025 (Forecast)
Corrugated Container and Display Carton	<p>(Japan)</p> <ul style="list-style-type: none"> <li>Implemented price optimization</li> </ul> <p>(Overseas)</p> <ul style="list-style-type: none"> <li>Established production-ready-to-ship system</li> <li>Grew sales by leveraging the characteristics of new equipment and stable quality</li> <li>Reduced transportation and pallet costs by expanding sales of short-distance transportation</li> <li>Recovery beginning in 2H stemming from local demand</li> </ul>	<p>(Japan)</p> <ul style="list-style-type: none"> <li>Continue to implement price optimization to ensure stable product supply</li> <li>Full-scale operation for single face envelopes used in e-commerce (EC)</li> </ul> <p>(Overseas)</p> <ul style="list-style-type: none"> <li>Costs (wages, etc.) continue to rise</li> <li>Continue to reduce transportation costs</li> <li>Implement price revision to address wage and other cost increases</li> </ul>
Housing	<ul style="list-style-type: none"> <li>Weak homebuying sentiment and continued material cost increases</li> <li>Sweden House: Won the High Standard Award and Leading Company Award at the Tokyo Eco-Builder Awards</li> <li>Sweden House: Ranked No.1 for a 10th-consecutive year in the Custom-Built Housemaker category of the Oricon Customer Satisfaction Survey</li> <li>Tamazen: Ranked No.1 for a fourth-consecutive year in the Oricon Customer Satisfaction Survey Tokai Design Ready-Built House Builder category</li> </ul>	<ul style="list-style-type: none"> <li>Effectively leverage awards won in the previous year in promotions</li> <li>Sweden House: Expand product plans to meet a wide range of customer needs; introduce new ultra-lightweight and highly durable roofing material</li> <li>Tamazen: Respond to diversifying customer needs through the construction and sale of high-quality spec homes as a core business</li> </ul>
Transportation and Logistics	<ul style="list-style-type: none"> <li>Decrease in volume of mainstay products for the beverages sector affected by weak purchasing sentiment</li> <li>One-time expenses increased due to worsening warehouse turnover rate</li> </ul>	<ul style="list-style-type: none"> <li>Signed contracted to provide a storage-type distribution center (DC) for a major retailer</li> <li>Continue aggressively to pursue price shifting</li> </ul>

# FY3/2025 Results Forecast: Projecting Operating Profit to Exceed 10,000 million yen

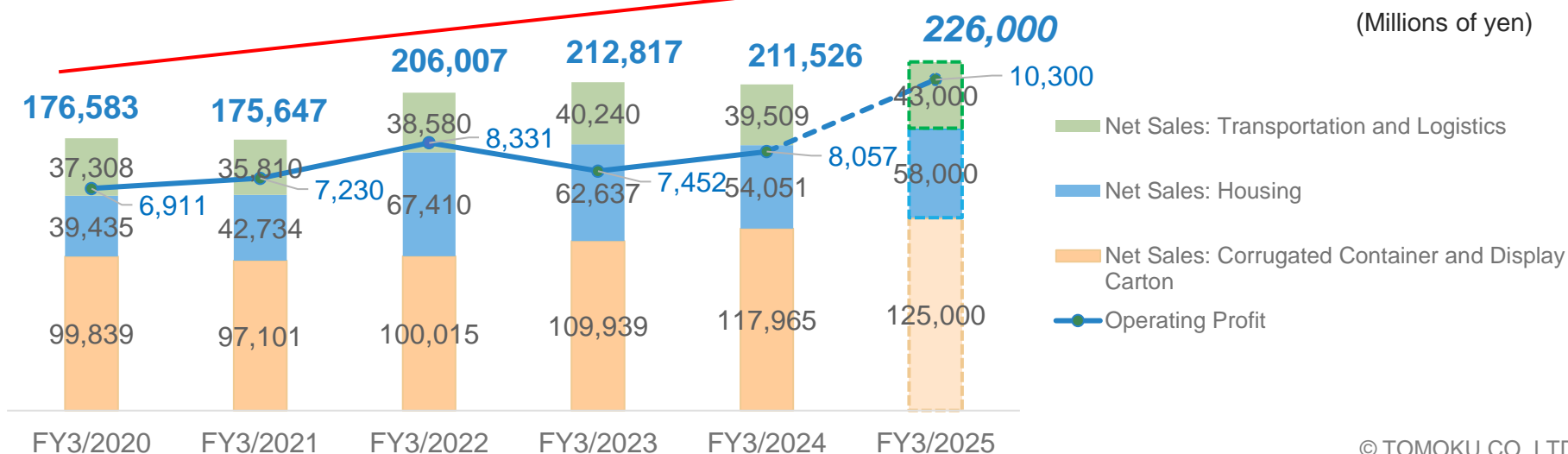
**Net sales 226,000 million yen (+6.8%); operating profit 10,300 million yen (+27.8%)**

**We expect the Corrugated Container and Display Carton, Transportation and Logistics, and Housing segments to reach new highs with price revisions; the first two segments through price revisions and the latter segment on the strength of brand appeal**

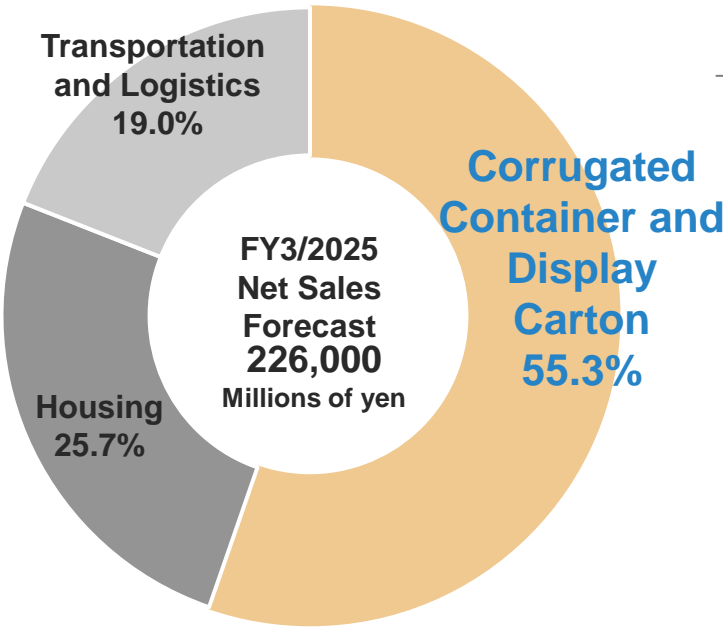
(Millions of yen)	FY3/2024 (Results)	Composition Ratio (%)	FY3/2025 (Plan)	Composition Ratio (%)	YoY (%)
Net sales	211,526	100.0	226,000	100.0	+6.8
Operating profit	8,057	3.8	10,300	4.6	+27.8
Ordinary profit	8,614	4.1	10,400	4.6	+20.7
Profit attributable to owners of parent	5,308	2.5	7,000	3.1	+31.9

<FY3/2020 Results ⇒ FY3/2025 (Forecast) CAGR>

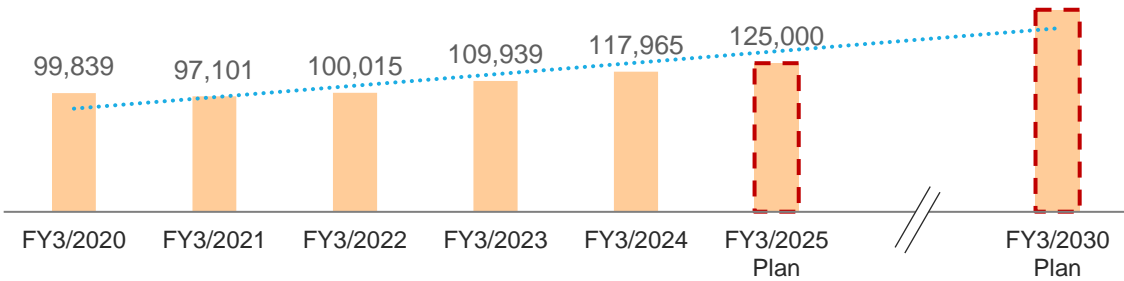
**CAGR (+5.1%)**



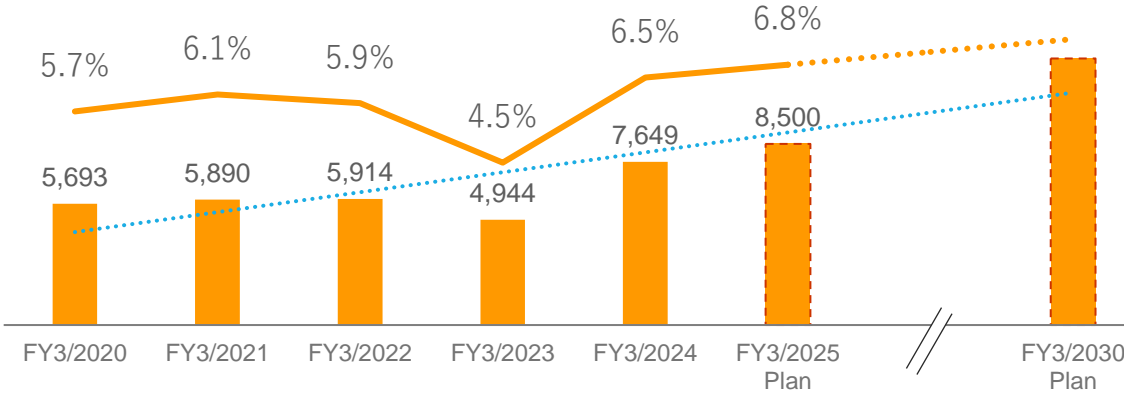
Sales Composition by Segment



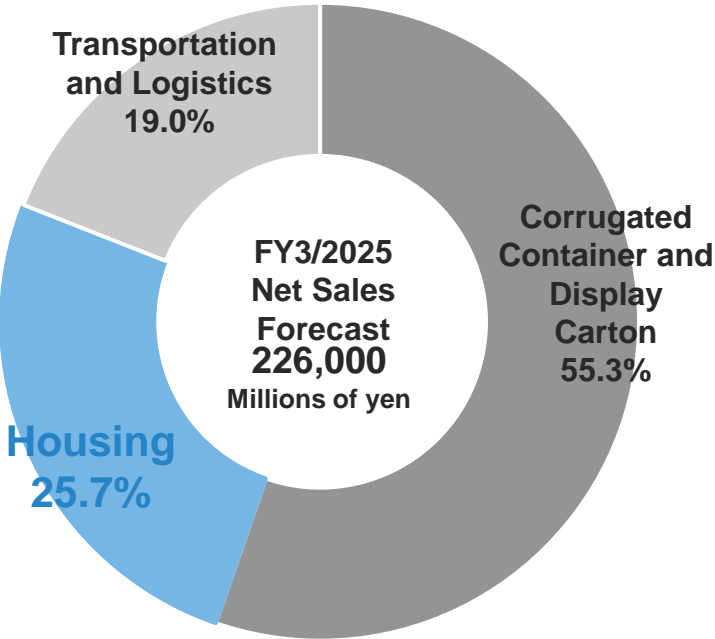
Net Sales (Millions of yen)



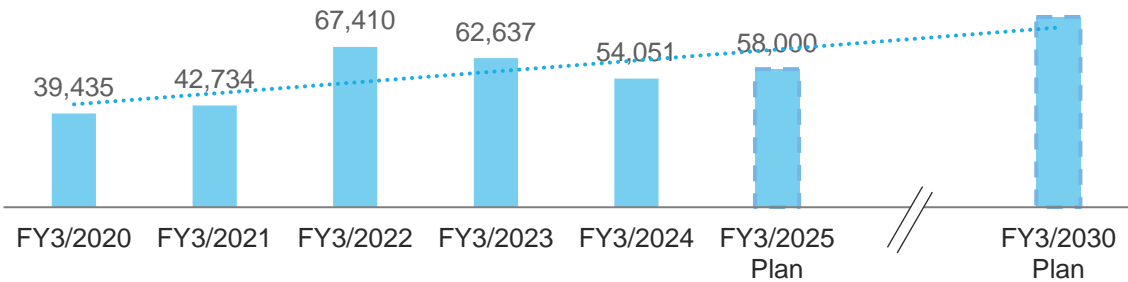
Operating Profit and Operating Profit Margin (Millions of yen)



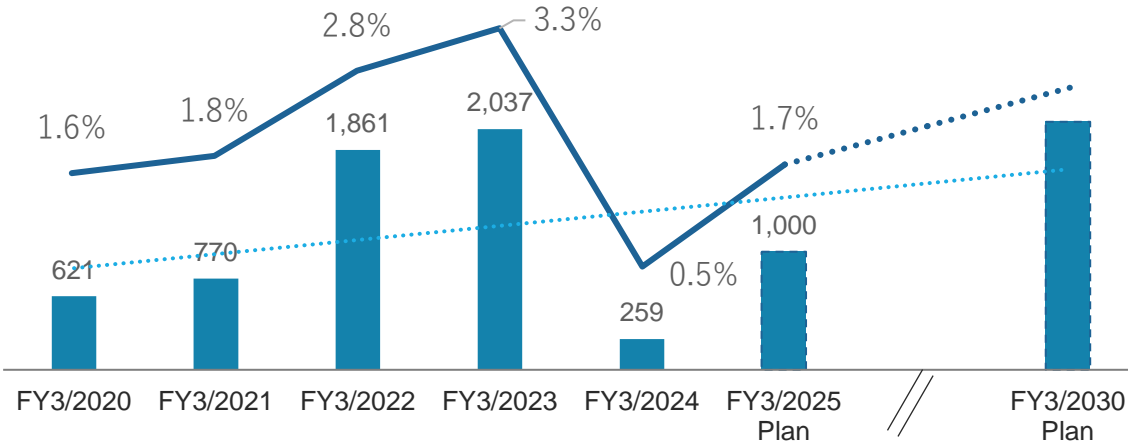
Sales Composition by Segment



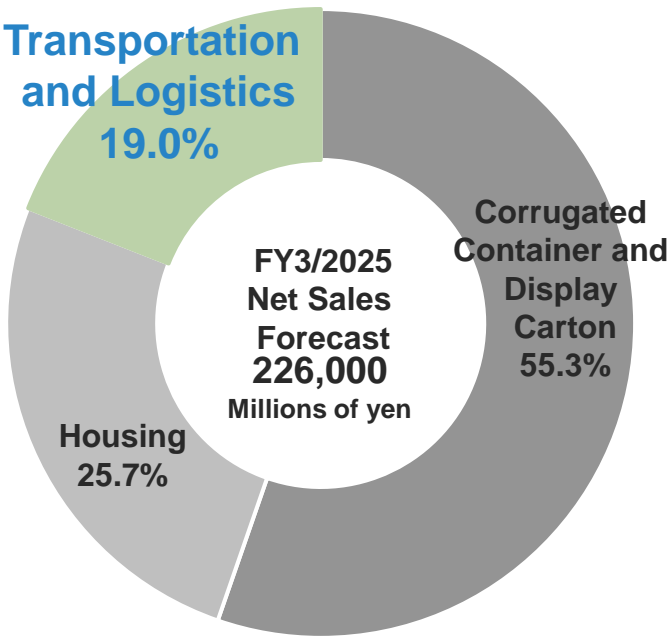
Net Sales (Millions of yen)



Operating Profit and Operating Profit Margin (Millions of yen)

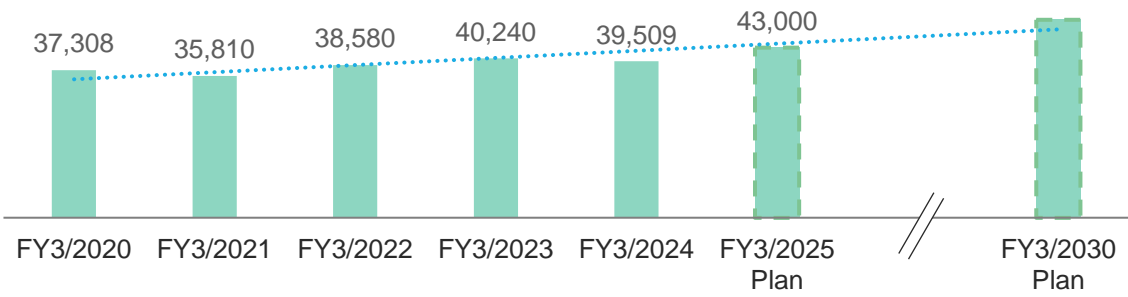


Sales Composition by Segment



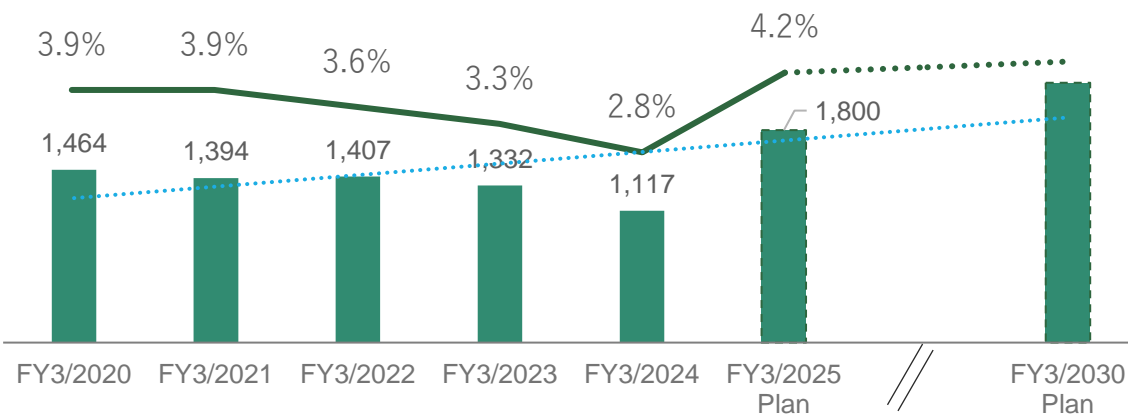
Net Sales

(Millions of yen)



Operating Profit and Operating Profit Margin

(Millions of yen)





## Second Medium-Term Business Plan Progress



# Progress Toward Second Medium-Term Business Plan Targets

**While Corrugated Container and Display Carton has shown a trend toward improved profitability, growth in Housing remains a challenge due to the deteriorating external environment**

**Formulated in May 2022: Confirmation of the Second Medium-Term Business Plan (FY3/2023-FY3/2025)**

	FY3/2023 Results		FY3/2024 Results		FY3/2025 Forecast		Second Plan Final-Year Targets (FY3/2025)				FY3/2025 Forecast vs. Plan Targets
							May 2022 Initial Plan		May 2023 Revised Plan		
Net sales	212,800 million yen	100%	211,500 million yen	100%	226,000 million yen	100%	250,000 million yen	100%	250,000 million yen	100%	-24,000 million yen
Corrugated Container and Display Carton	109,900 million yen	51.7%	118,000 million yen	55.8%	125,000 million yen	55.3%	125,000 million yen	50.0%	132,000 million yen	52.8%	-7,000 million yen
Housing	62,600 million yen	29.4%	54,000 million yen	25.6%	58,000 million yen	25.7%	80,000 million yen	32.0%	73,000 million yen	29.2%	-15,000 million yen
Transportation and Logistics	40,200 million yen	18.9%	39,500 million yen	18.7%	43,000 million yen	19.0%	45,000 million yen	18.0%	45,000 million yen	18.0%	-2,000 million yen
Operating Profit Ratio	3.5%		3.8%		4.6%		5.8%		5.8%		-1.2ppt
Corrugated Container and Display Carton*	4.5%		6.5%		6.8%		7.0%		6.8%		±0.00ppt
Housing*	3.3%		0.5%		1.7%		4.0%		4.5%		-2.8ppt
Transportation and Logistics*	3.3%		2.8%		4.2%		5.0%		5.0%		-0.8ppt
ROE	6.7%		6.3%		7.4%		10.0%		10.0%		-2.6ppt

\*Before Corporate and Eliminations

# Pushing Back Achievement of the Second Medium-Term Business Plan and Long-Term Management Targets by One Year



We decided to push back achievement of the Second Medium-Term Business Plan and Long-Term Management Targets by one year in light of changes in the business environment, including continued weakness in personal consumption and higher-than-expected raw material prices

Second Medium-Term Business Plan: FY3/2025 → FY3/2026

Long-Term Management Goals: FY3/2029 → FY3/2030

## Second Medium-Term Business Plan (FY3/2026)

Net sales	250,000 million yen
(Corrugated Container and Display Carton)	132,000 million yen
(Housing)	73,000 million yen
(Transportation and Logistics)	45,000 million yen
Operating Profit Ratio	5.8%
ROE	10.0% or higher



## Long-Term Management Targets (FY3/2030)

Net sales	300,000 million yen
(Corrugated Container and Display Carton)	170,000 million yen
(Housing)	80,000 million yen
(Transportation and Logistics)	50,000 million yen
ROE	12.0% or higher



No change in numerical targets

No change in medium- to long-term direction for enhancing corporate value

# Second Medium-Term Business Plan Investments (as of FY3/2024)

We invested a total of 22,600 million yen (20,300 million yen in accumulated capital investment + 2,300 million yen in M&A), mainly in the Corrugated Container and Display Carton segment; however, these investments were slower than planned initially



Corrugated Container and Display Carton



Housing



Transportation and Logistics

Capital Investment	Plan Scope			
		40,000 million yen (including overseas)	5,000 million yen	5,000 million yen
		Cumulative total: 17,300 million yen Depreciation: 11,100 million yen	Cumulative total: 1,300 million yen Depreciation: 1,000 million yen	Cumulative total: 1,700 million yen Depreciation: 3,000 million yen
	Results	<ul style="list-style-type: none"><li>Enhanced production capacity Factory site acquisition New factory building State-of-the-art equipment</li><li>Environmental compliance Shifted boiler fuel from heavy oil to gas LED, battery lift</li></ul>	<ul style="list-style-type: none"><li>Model house construction FY3/2023: Tomakomai, Yoshioka, Minoh FY3/2024: Akashi, CIP (Rinku/Hakodate)</li></ul>	<ul style="list-style-type: none"><li>Vehicle additions and replacements</li></ul>
M&A		<ul style="list-style-type: none"><li>Khang Thanh Manufacturing (Vietnam)</li><li>Cosmos Kogyo Co., Ltd. (Japan)</li></ul> <div>(FY3/2024)2,300 million yen</div>		



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## **Initiatives to Enhance Corporate Value**

Engaging in Management That is Conscious of the Cost of Capital and Share Price



**TOMOKU**

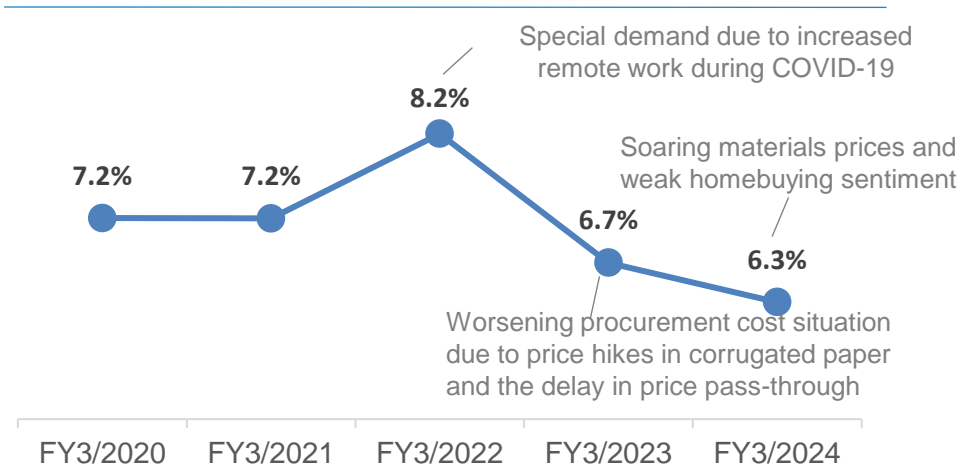
PBR ratio remains well below 1x  
In particular, PER has continued to be low, averaging 5.9x over the past five years

See next page for a comparison with cost of capital

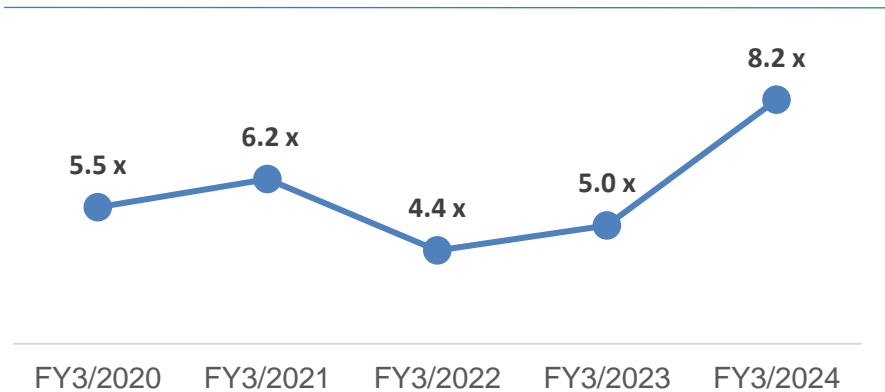
PBR



ROE



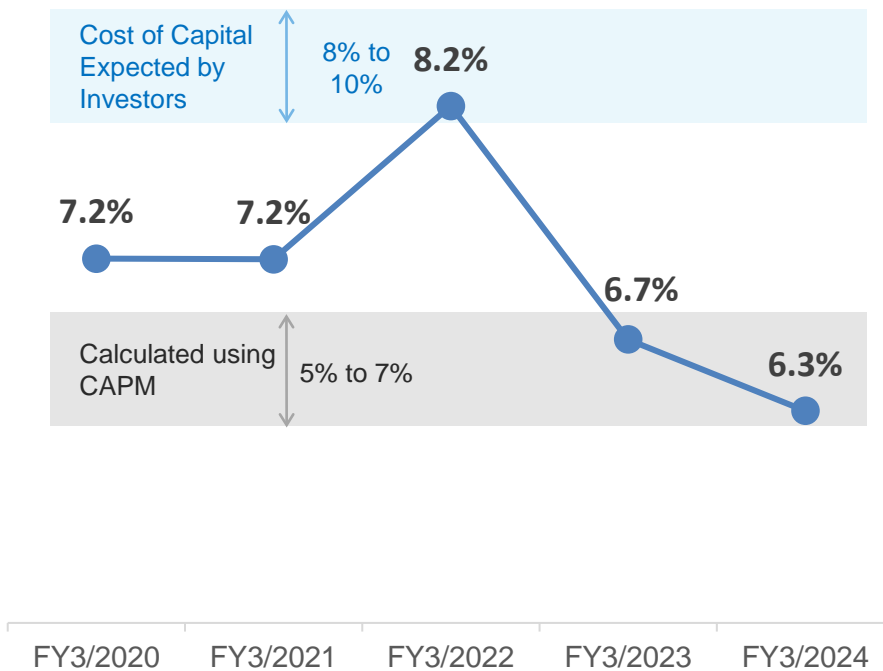
PER



ROE is generally above the estimates calculated by CAPM, but has not reached the level of cost of equity required of the Company as we understood based on dialogue with investors and shareholders

## ROE and Cost of Capital (Concept)

## Cost of Capital Calculation Method



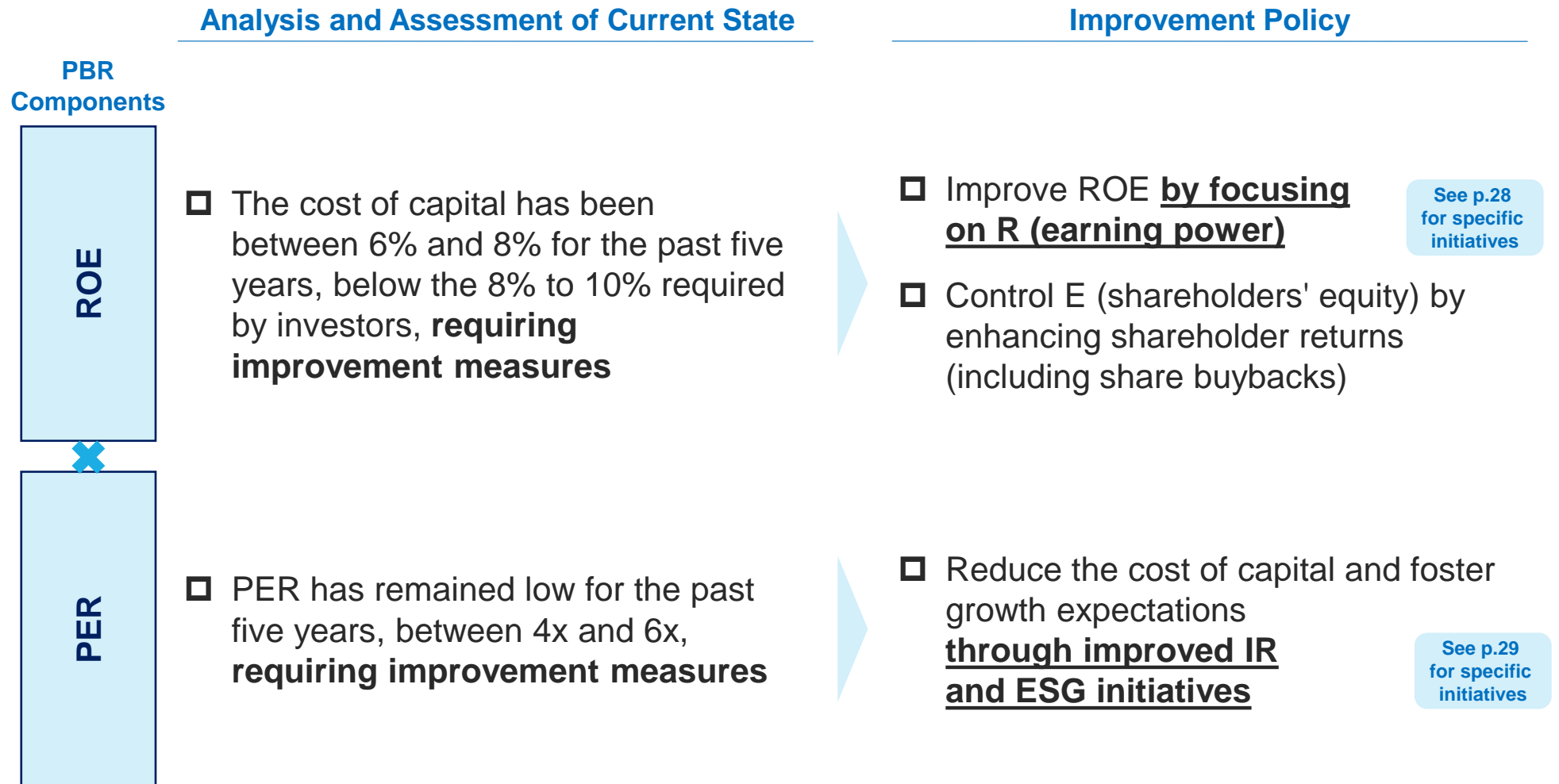
### Discussions with Investors

- In the second half of fiscal 2023, we conducted interviews with several investors and shareholders with whom we have regular contact regarding the cost of capital they expect from the Company
- We learned the expected cost of capital was between 8% and 10%

### CAPM

- CAPM estimates based on our standards indicate a cost of capital of about 5% to 7%
- Results of independent calculations performed by an outside advisor were comparable to these figures

## Improve PBR levels through higher ROE and PER



## Achieve ROE above the cost of capital expected by investors

### Targets

ROE

### Timing

FY3/2026

10.0% or higher

FY3/2030

12.0% or higher

Shareholder  
Returns

- Dividends will be based on an annual dividend of 70 yen per share and progressive increases in line with medium- and long-term profit growth (target payout ratio of approximately 30%)
- We will conduct share buybacks in an opportunistic manner

# Shareholder Returns: Annual Dividend of 90 yen per Share for FY3/2025 (+20 yen vs. the Previous Year)

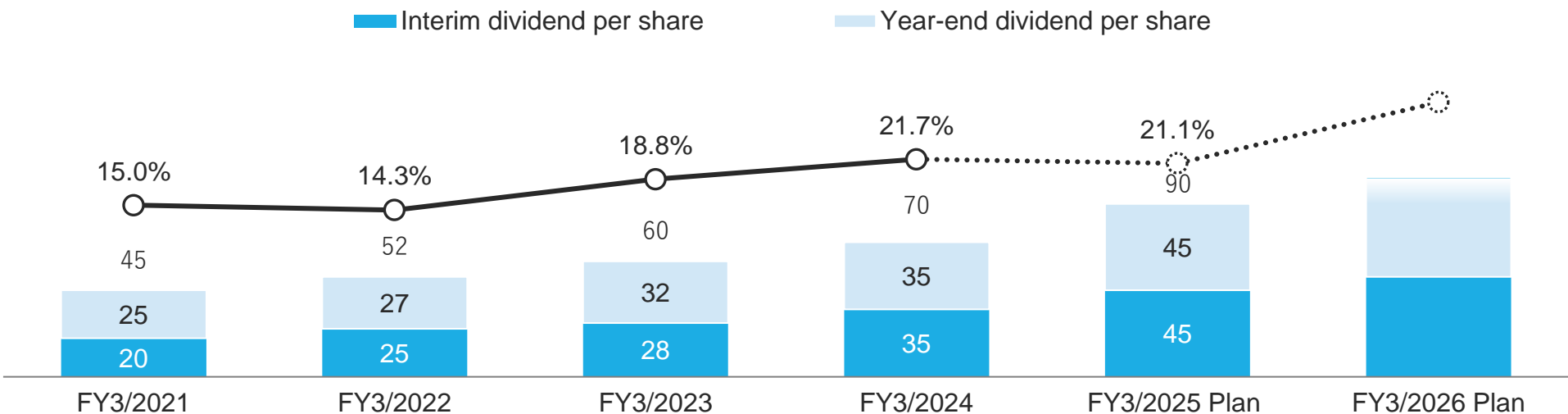


## Policy

- Return profits to shareholders actively assuming operating profit exceeding 10,000 million yen, while maintaining an awareness of M&A and capital investments for medium- to long-term growth
- Increase shareholder returns by setting a standard for dividend payout ratio and adopting a progressive dividend policy

**\*FY3/2024:** Payout ratio 21.7%, annual dividend 70 yen (interim 35 yen + year-end 35 yen)  
(Initial plan: 14.9%)

**\*FY3/2025 (Plan):** Payout ratio 21.1%, annual dividend 90 yen (interim 45 yen + year-end 45 yen)



## Focus on improving profitability by raising prices in the Corrugated Container and Display Carton segment and the Transportation and Logistics segment

### Corrugated Container and Display Carton

Japan

Overseas

- Improve profit margin by raising prices of corrugated container products: Press release issued on March 4, 2024
- Expand facilities for single face envelopes (new high-value-added packaging method)
- Improve working environment and productivity through reorganization, renovation, relocation of Japanese factories, etc.
- Growth investments in high-margin overseas corrugated businesses (U.S., Vietnam)

### Housing

- Reduce costs by expanding in-house production of structural components
- Improve productivity by consolidating the renovation business
- Differentiate from competitors through new product launches: New roofing materials and next-generation solar panels

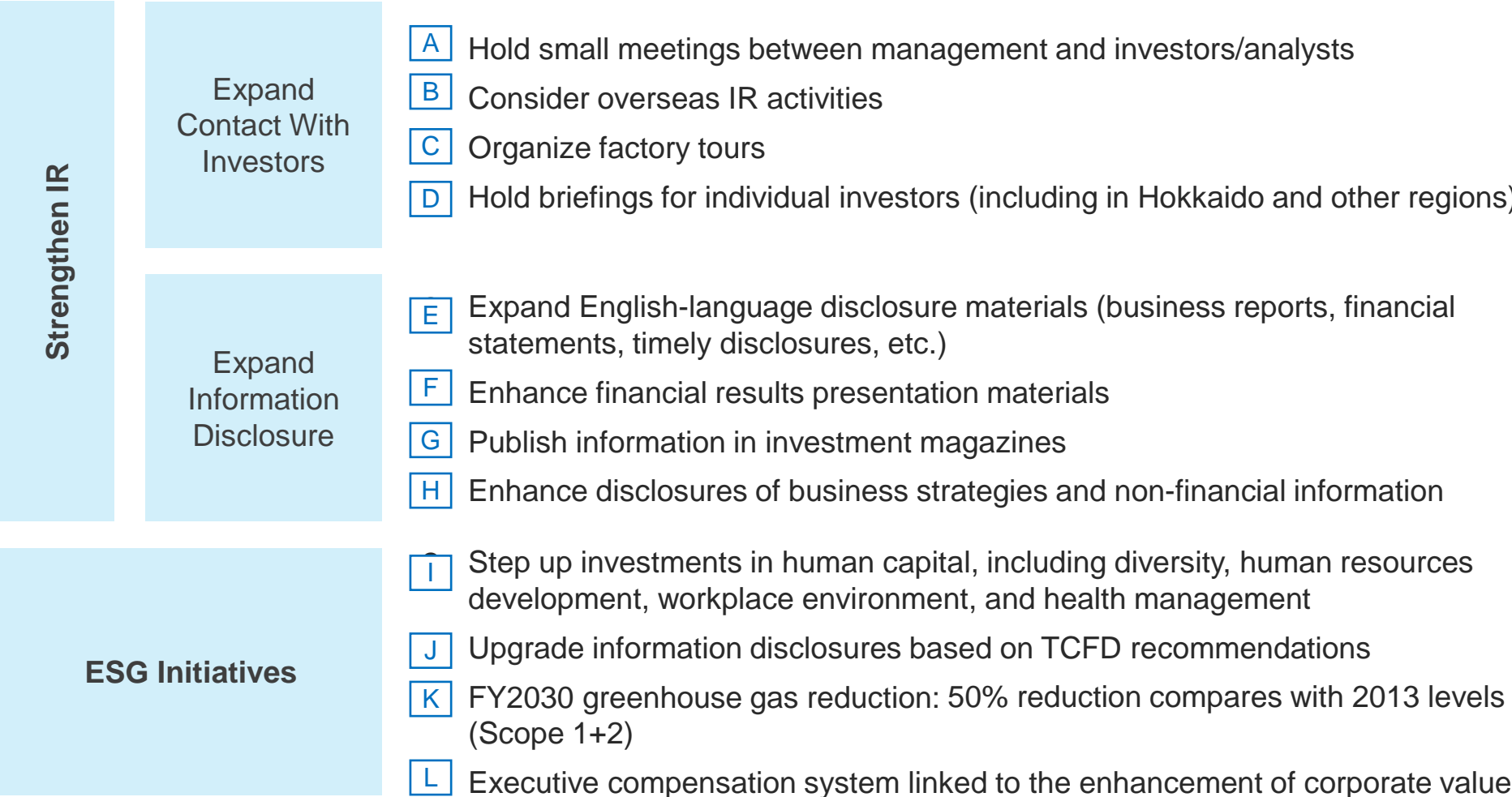
### Transportation and Logistics

- Address the 2024 Problem and improve efficiency through white logistics
  - ⇒ Implement appropriate price increases (secure drivers and appropriate fares)
  - ⇒ White logistics (improve vehicle efficiency by separating freight and labor charges, reducing vehicle waiting time)

# Improvement Initiatives (2): Reduce the Cost of Capital and Foster Growth Expectations



## Improve our reputation in the stock market through stronger IR and ESG initiatives



## Conduct dialogue with shareholders and investors, mainly through financial results briefings and individual meetings

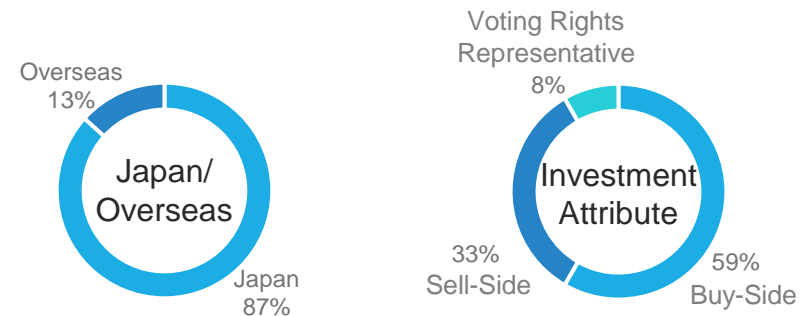
### Dialogue/Interviews

FY3/2024 dialogues and interviews: 26 (with 15 companies)

### Main Company Representative

Financial Results Briefing	Representative Director, President and Chief Executive Officer Director, Senior Managing Executive Officer Director, Managing Executive Officer
Individual Meeting	Director, Senior Managing Executive Officer Director, Managing Executive Officer
General Meeting of Shareholders	All directors and members of the Audit & Supervisory Board
Tomoku Kyoekai	Director, Senior Managing Executive Officer

### Shareholder/Investor Attributes



### Main Topics

- ✓ Group earnings estimates and forecasts
- ✓ External environment and earnings estimates/forecasts by business
- ✓ Factors affecting earnings increase/decrease
- ✓ Second Medium-Term Business Plan progress and future management policies
- ✓ Business portfolio approach
- ✓ Investment policy, including shareholder returns
- ✓ Status of ESG initiatives
- ✓ Expectations for IR activities and expanded information disclosure

**Seek shareholder and investor opinions internally and through the use of outside experts; provide feedback to the Board of Directors.**

## Feedback

### In-House

- Provide feedback to the Board of Directors on comments and requests for improvement obtained from Q2/year-end financial results presentations and individual interviews

### Outside Resources

- During FY3/2024, outside experts conducted interviews with major shareholders and investors, providing feedback on the results to the Board of Directors

## Main Outcomes From Dialogues

### Main Inputs

Requests to provide history and strengths of each business within the Corrugated Container and Display Carton, Housing, and Transportation and Logistics segments.

Requests for enhanced shareholder returns

Requests for More Meetings With Investors

Requests for More Detailed Information Disclosure

### Response/Policy

We disclosed the information on the left in the financial results presentation for Q2, FY3/2024

Policy to introduce progressive dividends and conduct share buybacks opportunistically as described on p. 26 of this presentation

Policy to expand contact with investors as described on p.29 and p.39 of this presentation

Policy to enhance information disclosure as described on p.29 and p.39 of this presentation



## Reference (1) Toward Enhancing Corporate Value



# Corrugated Container and Display Carton Segment Strategy (1)

## Japan: Strengthen Production Systems Through Factory Upgrades and M&A

### New Aomori Plant (relocation)

6,400 million yen investment

Aomori City, Aomori Prefecture  
(Operating since January 2024)

Site area 33,000 m<sup>2</sup>  
Building area 16,900 m<sup>2</sup>



### Converted Cosmos Kogyo Co., Ltd. to Subsidiary

Adjacent to Our Nagano Plant

Chino City, Nagano Prefecture  
(Shares acquired in April 2023)

Site area 9,470 m<sup>2</sup>



### Acquisition of factory site of subsidiary Taiyo Co., Ltd.

Isehara City, Kanagawa Prefecture  
(Acquired in December 2022)

4,300 million yen investment

Site area 20,000 m<sup>2</sup>



# Corrugated Container and Display Carton Segment Strategy (2) Japan: Full-Scale Production of Single Face Envelopes for e-Commerce; New Commercial Products



single face envelope production facility for e-commerce now in full-scale operation; mass-production system in place

First in the industry to be made entirely of paper with no plastic

Developed *ECowrap* cushioning and securing material

Expand sales volume of high-value-added products

Won the WorldStar Award in the 2024 WorldStar Competition sponsored by the World Packaging Organisation\*



Dedicated MFP line for unparalleled labor savings



On-demand inkjet printing



\*World Packaging Organisation

Responding to sophisticated and diversified customer needs

# Corrugated Container and Display Carton Segment Strategy (3) Overseas: Full-Scale Rollout of Display Carton Business, Converting Vietnam and Local Entities to Wholly Owned Subsidiaries



Local display carton manufacturing and sales company (Khang Thanh) converted to wholly owned subsidiary

Rolled out corrugated container and display carton business in Vietnam, strengthening our local business base

We expect demand recovery and further growth in ASEAN the rapidly growing region

## Dong Nai Province, Vietnam

Khang Thanh: Extensive display carton business in Vietnam

Name	Khang Thanh Manufacturing Co., Ltd.
Location	Lot 103/6 Road 5, Amata IP, Bien Hoa City, Dong Nai Province, Vietnam
Business Lines	Display carton manufacturing and sales
Established	March 25, 2005
Net sales	VND263,627 million (¥1,581 million)

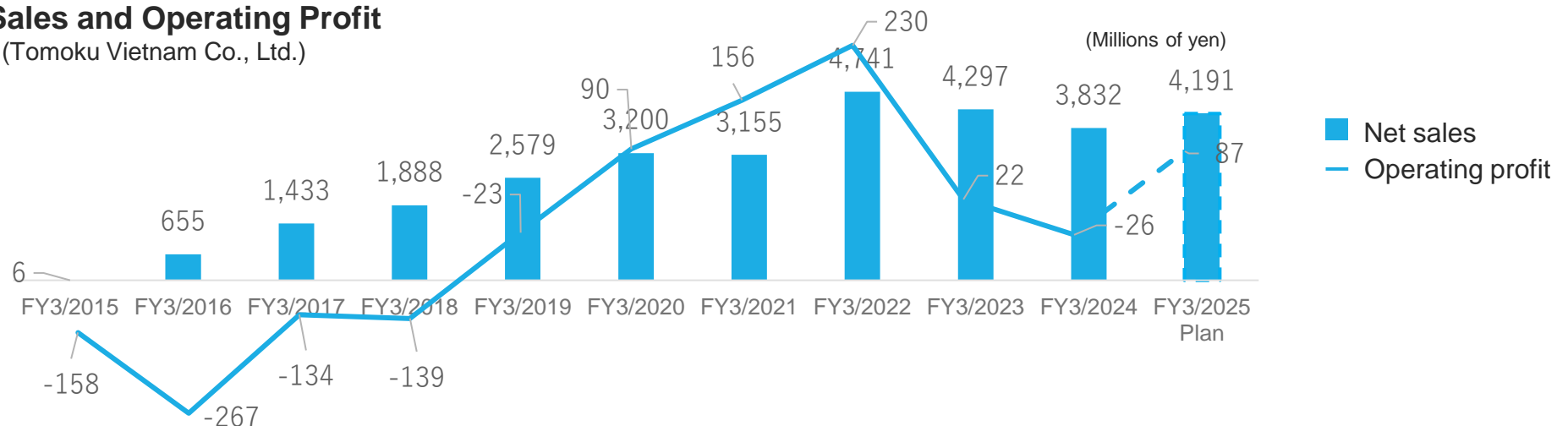


Khang Thanh Manufacturing



## Net Sales and Operating Profit

(Tomoku Vietnam Co., Ltd.)



# Corrugated Container and Display Carton segment Strategy (4) Overseas: Strong Demand in California, U.S.A.

Delve deeper into sales opportunities using new facilities to grow sales overall

The U.S. is the second most attractive market in the world

**California, U.S.A.**

<FY3/2024 Results>

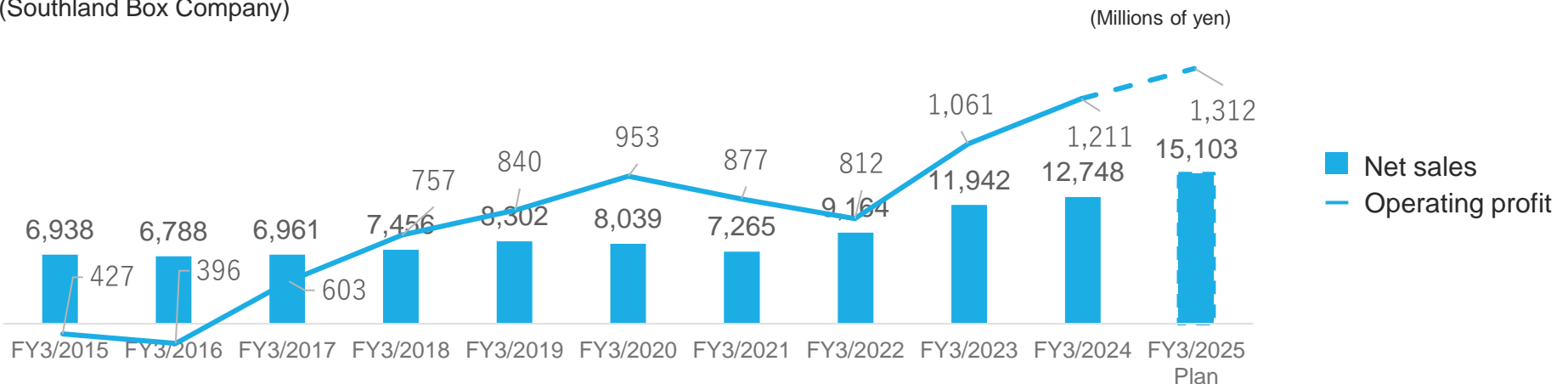
Sales volume : +3.0% (YoY)  
Net sales: +6.7% (YoY)  
Operating profit: +14.1% (YoY)

Southland Box Company  
Completed in December 2021 Production capacity 2x



State-of-the-art equipment (TM450; U.S. specifications)

## Net Sales and Operating Profit (Southland Box Company)



## Strengthen sales capabilities

(Current sales target: Sweden House (1,200 houses or more), Tamazen (400 houses or more))

Continue to step up advertising through the active use of external institutional brand research

### <Sweden House>

Oricon Customer Satisfaction Survey

No. 1 overall for Custom-Built Housemaker for a  
10th consecutive year

Tokyo Eco Builders Award  
High Standard Award and Leading Company Award

### <Tamazen>

Oricon Customer Satisfaction Survey

No.1 in the Tokai Design Ready-Built House  
Builder category for a fourth consecutive year

## Area Strategy

(Example) Sweden House

Raise awareness of the Scandinavian housing concept using satellite model houses

## Reconfirm and Bolster Strengths

(Example) Tamazen: Strengthen land procurement in the Chukyo area (play to strengths in ready-built houses)

Strengthen lineup of ready-built house designs ⇒ Strengthen ready-built

Sweden House: Take advantage of environmentally friendly, high-performance housing to use Tokyo Zero Emission House subsidy for excellent, environmentally friendly housing

## Build on strengths developed with the delivery of support services to beverage manufacturers

Amid a drastically changing industry environment, including the need to respond to the 2024 Problem, we intend to improve profitability through a variety of means to leverage our strengths

- Strengthen profitability by offering reasonable prices through value-added improvements and improved operational efficiency (e.g., white logistics\*)
- Expand into areas outside the beverage sector (e.g., transit (TC) distribution centers)
- Consolidate group operations in under beverage storage distribution centers (DC)
- Expand operations in the Tohoku region
- Also considering M&A targeting operators with special cargo licenses

\*Improve vehicle efficiency by separating loading and unloading charges, reducing vehicle waiting time

## Taking a more proactive approach to IR activities

### To Date

#### Contact With Investors

- ✓ Conducted interviews in response to requests from investors
- ✓ Established the main corporate interaction opportunities (e.g., general meeting of shareholders, financial results briefings)

#### Stance Toward Information Disclosure

- ✓ Disclose information covering main aspects required of a publicly listed company

### Now and the Future

- ✓ Opportunistically and actively create opportunities for interactions with institutional and individual investors, both in Japan and overseas

See p. 29 for specific initiatives

B C D

- ✓ Increase opportunities for interactions between management and investors

A

- ✓ Expand disclosures by answering the questions: (1) What disclosures are required to attract investors? (2) What disclosures do investors want to see?

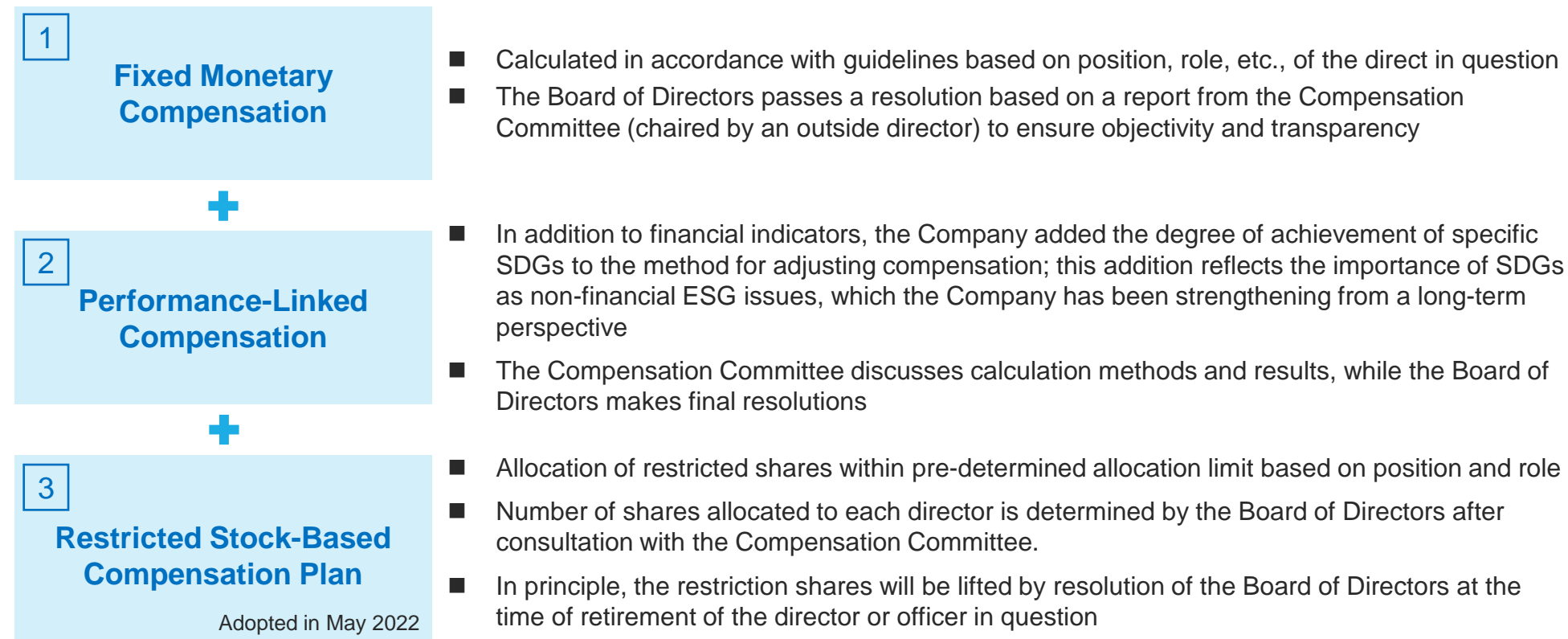
E F G  
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# [Reference] Director Compensation System Linked to the Enhancement of Corporate Value

## Board of Directors meeting held on May 17, 2022, included a resolution to revise the director compensation system

- In addition to existing compensation consisting of (1) fixed monetary compensation and (2) performance-linked compensation, the company added (3) restricted stock-based compensation for directors (excluding outside directors). This restricted stock-based compensation is designed for directors to share the benefits and risks of stock price fluctuations with shareholders, increasing director motivation to contribute to rising stock prices and improving corporate value.
- At a meeting held December 14, 2023, the Company's Board of Directors made executive officers eligible for the restricted stock-based compensation plan.

## Director Compensation System Summary



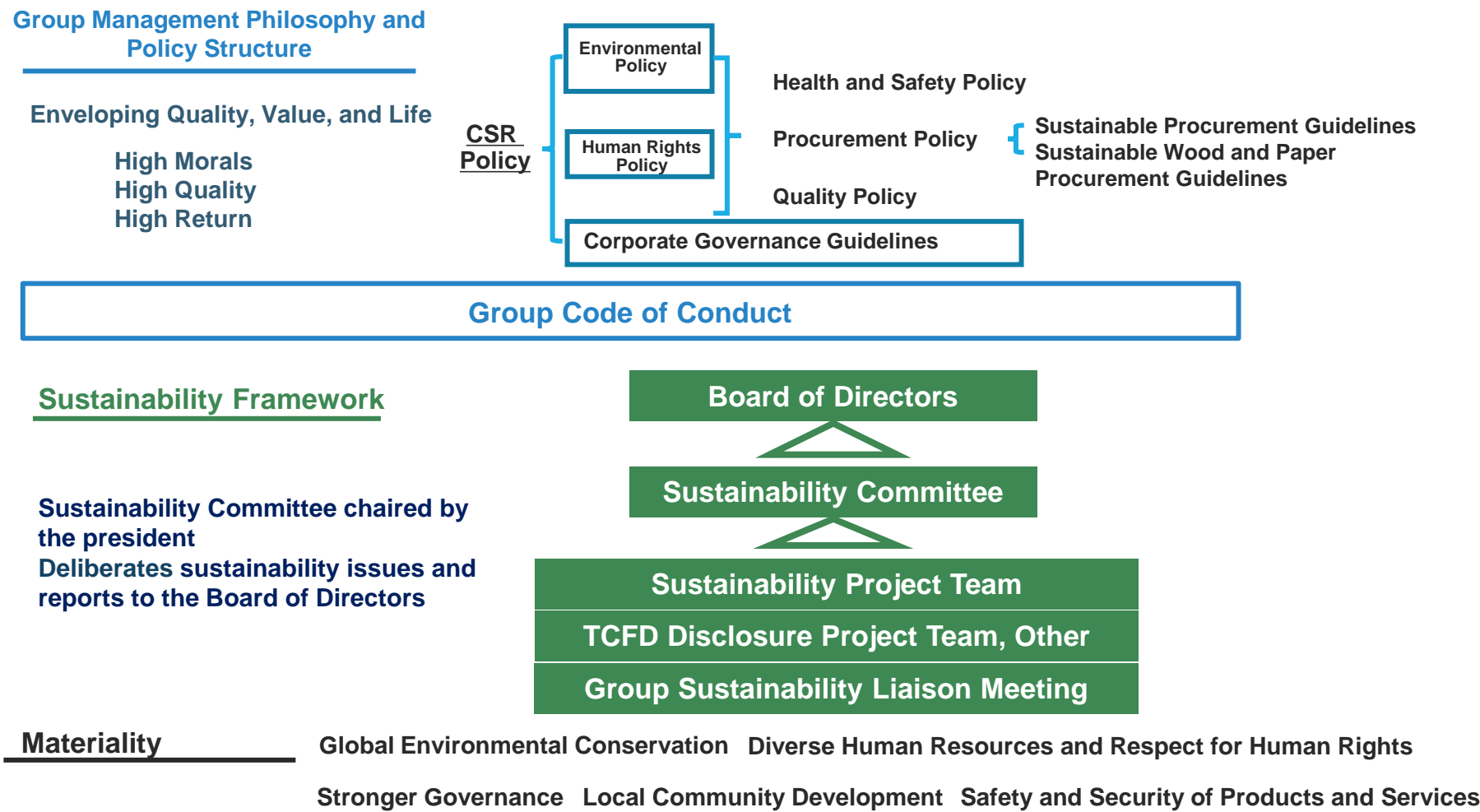


Innovations in packaging.


## Reference (2) ESG Initiatives



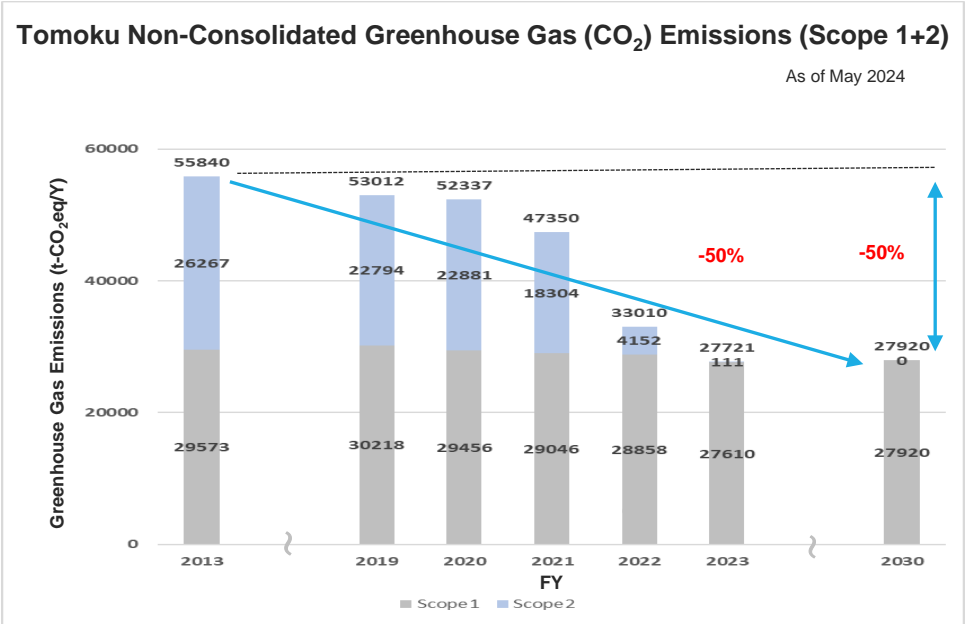
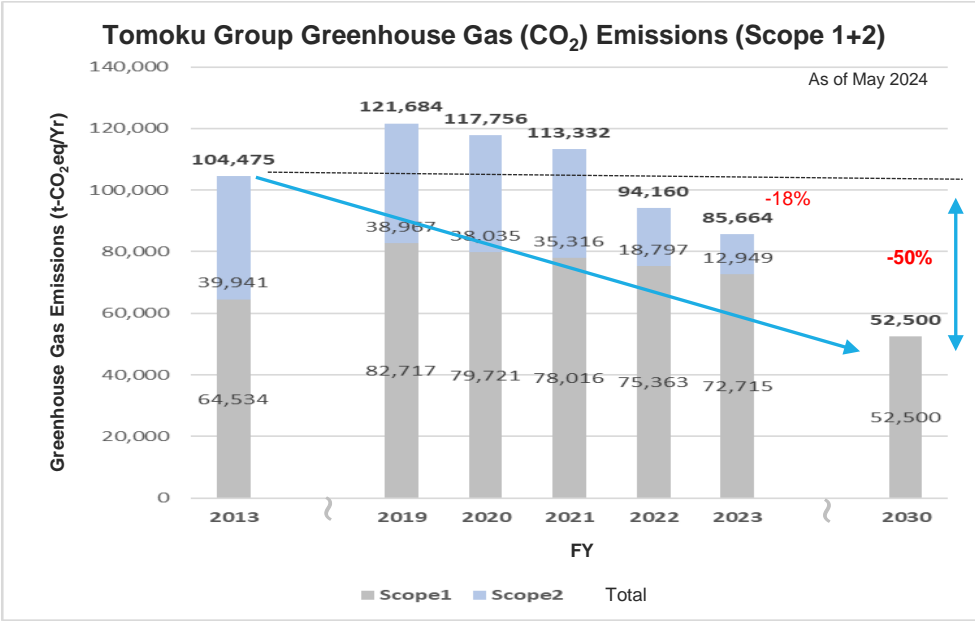
TOMOKU



## Reduce GHG emissions by 50% by 2030 (vs. 2013; Scope 1 +2): Adopt renewable energy, efficiency improvements, and process enhancements

<b>Corrugated Container and Display Carton</b>	<p><b>Target: Production and other facilities</b> Switch all electricity used in operations to renewable energy sources, convert boiler fuel from heavy oil to city gas, convert on-site lifts to battery power, switch to LED lighting</p>
<b>Housing</b>	<p><b>Targets: Sweden House (custom-built houses), Tamazen (ready-built houses)</b> Reduce residential energy consumption by 50% as compared to Japanese Energy-Saving Standards 2016 in terms of CO<sub>2</sub> equivalent</p>  <p><b>Contribute over the medium to long term to environmentally and human-friendly cities that embrace education, medical care, and welfare</b></p> <p><b>Lateral expansion of Sweden Hills (Swedish houses in the suburbs of Sapporo)</b> Absorb CO<sub>2</sub> emissions within the area through forest conservation and afforestation Serve as a model for CO<sub>2</sub> absorption and reduction activities in other future subdivisions</p>
<b>Transportation and Logistics</b>	<p><b>Target: Energy Savings in Warehouse Facilities and Transportation Systems</b> Improve dispatch planning efficiency, improve ratio of vehicles in use, adopt environmentally friendly trucks Green Project activities (e.g., fuel efficiency through energy-efficient driving, no idling, etc.), adopt battery-powered forklifts</p>

## Status of efforts and plans to achieve target of reducing greenhouse gas (GHG) emissions by 50%



### Greenhouse Gas (GHG) Emissions Reduction Initiatives

- Switch all electricity used in operations to renewable energy sources
    - FY3/2022: Adopted at 5 Tomoku factories, Tohun TLP Gunma, and Tohun TLP Sapporo
    - FY3/2023: Adopted at 7 Tomoku factories and 3 Tohun warehouses
    - FY3/2024: Adoption at all 17 Tomoku factories (as of April 2023); planning to expand to group companies
  - Boiler fuel heavy oil ⇒ Convert to gas
    - 13 factories converted to gas
  - LEDs, battery-powered and automated lifts
    - Beginning in April 2021 and rolled out thereafter
  - Percentage of ZEH buildings (new construction)
    - FY3/2024: 47.4% (including franchisee buildings)
  - Primary residential energy consumption
    - FY 3/2022: -38% ⇒ FY 3/2023: -39% ⇒ FY 3/2024: -42%\*1 (average of all properties under construction)
  - New initiatives for next-generation solar power generation
    - Began proof-of-concept tests for the first lightweight, recyclable film-type solar power generation system for residential use
- \*Sweden House results

\*1 (Reduction ratio) BEI = Designed primary energy consumption / Standard primary energy consumption

## Initiatives toward 100% sustainable raw materials

### • Purchase of FSC-certified containerboard

In principle, we purchase FSC-certified\* containerboard; 85% of containerboard purchased in fiscal 2023 was FSC-certified

\*FSC (Forest Stewardship Council) certification: A system that certifies forest management from a wide range of perspectives, including legality, labor and indigenous people's rights, and community relations.

### • Supply Chain Management

Conduct self-assessment questionnaire (SAQ) for suppliers regarding legal compliance, environment, human rights, etc.

Conducted SAQ for all suppliers of corrugated container materials in fiscal 2022, next scheduled for fiscal 2024

### • Purchase housing materials that encourage the conservation of forest resources

The Housing segment (Sweden House) is engaging in business that considers the conservation of forest resources

- Panel production and assembly using Nordic timber, a strictly managed forest resource  
⇒ Housing that conserves forest resources, protects ecosystems, and prevents global warming
- Support sustainable forest management under our Wood Procurement Policy
- Create an assessment system based on wood production area and species; procure wood in favor of forest conservation

## Recycling (corrugated cardboard, waste disposal at housing construction sites, etc.)

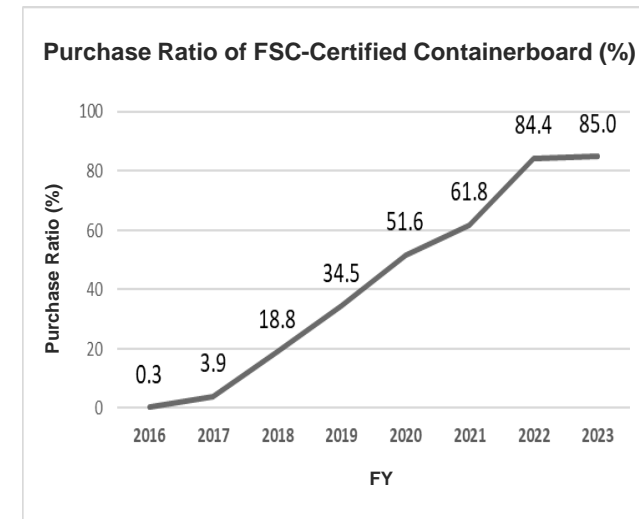
Take the initiative in waste reduction and recycling, recognizing the trend toward circular economies

### • Corrugated Container and Display Carton segment

Recycle 100% of corrugated containerboard scraps into containerboard; achieve 98% recycling mark labeling

### • Housing segment

Improve panels used at housing construction sites to reduce waste



<u>Prevent Global Warming</u>	Greenhouse gas reduction	50% (2030)		
<u>Conserve Biodiversity</u>	Sustainable raw materials	100% (2030)		
<u>Respect Human Rights</u>	Human rights training	100% of Group employees		
	Implement human rights due diligence	100% of Group companies		
<u>Supply Chain*</u>	Conduct supply chain SAQ			
<u>Occupational Health and Safety</u>	Improve workplace environments toward zero accidents	0 workplace accidents		
<u>Diversity &amp; Inclusion*</u>			FY2022 Results	FY2023 Results
	Ratio of female employees 20% (by 2030)		19.1%	19.4%
	Ratio of female managers 10% (by 2030)		2.5%	4.1%
	Male employee parental leave utilization 100%		66.7%	106.3%
	Paid leave utilization 70%		58.8%	55.9%
	Disabled employee employment rate 3.0%		2.3%	2.4%
<u>Local Community Development*</u>	Interact with local residents at all plants; hold plant tours for social and environmental education (aimed at elementary and junior high school students)			

\*Tomoku, non-consolidated

The Tomoku Group endorsed the TCFD in May 2022, disclosing information based on TCFD recommendations since . We understand that climate change is one of the most urgent global environmental issues, and that climate change will have a major impact on the world's economy and society. The Tomoku Group regards climate change as a top management priority. We pursue greenhouse gas emissions reductions and the efficient use of energy. We continue to disclose Group strategies and responses, striving to enhance the quality and quantity of related disclosures.

## Target Businesses and Scenarios

Our scenario analysis addressed our three major businesses in Japan: Corrugated Container and Display Carton, Housing, and Transportation and Logistics. We incorporated two scenarios (1.5°C scenario and 4°C scenario) by referencing the materials published by the International Energy Agency (IEA) and the United Nations Intergovernmental Panel on Climate Change (IPCC) to project our impact as of 2030 and 2050.

## Business Impact by Scenario

We applied the scenarios as of 2030 and 2050 to fiscal 2022 operating profit, assessing the increase or decrease of impact in terms of expenses. Under the 1.5°C scenario, carbon taxes and other government policies will have a significant impact that will increase through 2050. In terms of our businesses, we recognize the risk of cost increases in the Corrugated Container and Display Carton, and Transportation and Logistics segments, which consume large quantities of fossil fuels. We intend to invest in next-generation fossil fuel-free boilers, trucks, and other decarbonizing technologies and infrastructure as these become more widespread in the future. We also consider the potential of supplementing our efforts through the use of carbon credits.

To calculate damages from flooding, storm surge, and business shutdowns, we conducted estimates for 38 domestic locations in the Corrugated Container and Display Carton segment, 76 locations in the Transportation and Logistics segment, and 106 locations in the Housing segment. Under the 4°C scenario for 2050, we recognized the risk of damages to production sites and construction sites, disruption of supply chains and lifelines, and damage to employees due to severe extreme weather events. Risks also include the temporary suspension of production and sales, as well as delays in delivery and construction schedules. Although storm surge damage was minor across all three businesses, flood damage and the resulting suspension of operations were significant in the Corrugated Container and Display Carton segment. We intend to reduce risk by developing and strengthening systems for business continuity. These measures will include strengthening production and logistics backup systems, decentralizing supply chains, ensuring employee safety, improving work environments, and confirming the safety of employees.

## Initiatives to Take Advantage of Opportunities

In the Corrugated Container and Display Carton segment, we anticipate opportunities for increased demand for recyclable and environmentally friendly products as alternative materials in response to regulations on the use of plastics. In the Housing segment, we anticipate opportunities for growth in the housing market for features including high thermal insulation and airtightness, features that encourage less energy consumption. We will take advantage of opportunities in every business, leveraging design and technological innovation.



## Reference (3) Company Overview, Etc.

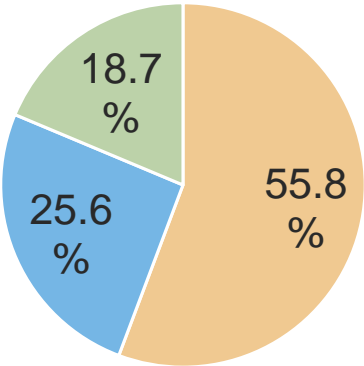


Tomoku consists of the Corrugated Container and Display Carton segment, the Housing segment (Sweden House and Tamazen), and the Transportation and Logistics segment

Company Name	TOMOKU CO.,LTD.	
Business Lines	Corrugated container and display carton, housing, transportation and logistics, etc.	
Location	Marunouchi Mitsui Bldg., 2-2-2 Marunouchi, Chiyoda-ku, Tokyo 100-0005, Japan	
Established	May 27, 1949 Established in Hokkaido as a manufacturer of wooden boxes for canned foods. Subsequently shifted to the Corrugated Container and Display Carton business and expanded throughout Japan	
Representative Director	Mitsuo Nakahashi, Representative Director, President & Chief Executive Officer	
Capital Stock	13,669 million yen (as of March 31, 2024)	
Financial Performance	Net sales 211,526 million yen	Operating profit 8,057 million yen (FY3/2024)
Employees	1,144 (non-consolidated) 3,783 (consolidated) (as of March 31, 2024; excluding temporary employees)	
Securities Code/Listed Market	3946/TSE Prime Market; Sapporo Securities Exchange	
Major Factories	17 locations (including Tatebayashi, Iwatsuki, Atsugi, Sapporo, Kobe, and Komaki)	
Consolidated Subsidiaries 19	Japan 16 (Housing: Sweden House, Tamazen, etc.; Transportation and Logistics; Tohun, Tohun Logitem, etc.) Overseas 3 (Corrugated Container and Display Carton: U.S.A. (Los Angeles), Vietnam (Ho Chi Minh City); Housing: Sweden)	

Every business today began with our former iteration as Toyo Wood Products Co., Ltd., which manufactured and sold wooden boxes for canned food packaging

Sales Composition by Segment  
(FY3/2024)



- Corrugated Container and Display Carton
- Housing
- Transportation and Logistics

<p><b>Corrugated Container and Display Carton</b></p> <p><b>Tomoku</b></p> <p>(Established in 1949)</p>	<p><b>Founded in 1949 as a manufacturer of wooden boxes for canned foods ⇒ Began manufacturing and selling corrugated boxes in 1956</b></p> <ul style="list-style-type: none"><li>• Leading entity procuring and processing containerboard for corrugated container and display carton product manufacturing and distribution</li><li>• Tomoku does not manufacture containerboard in-house</li><li>• We provide high-quality corrugated containers and display cartons using state-of-the-art equipment to meet customer needs</li></ul>
<p><b>Housing</b></p> <p><b>Sweden House</b></p> <p>(Established in 1984)</p>	<p><b>Manufacturer and seller of housing components (floorboards) and prefabricated houses when founded under Toyo Wood Products Co., Ltd.</b></p> <ul style="list-style-type: none"><li>• Sweden House is the mainstay entity of this business, manufacturing high-quality, energy-saving imported wood houses from Scandinavia</li><li>• Tamazen is another entity under this business, manufacturing Tokai-area housing through advanced technology and design capabilities</li></ul>
<p><b>Transportation and Logistics</b></p> <p><b>Tohun</b></p> <p>(Established in 1959)</p>	<p><b>In 1954, the former Toyo Wood Products Co., Ltd. took over the business of Hokkai Canning and Drying Co., Ltd.</b></p> <ul style="list-style-type: none"><li>• Growing through a focus on beverage manufacturers and other general consumer goods manufacturers that use corrugated container and display carton products, supplying corrugated container and display carton boxes and subcontracting product transport on return routes</li><li>• Provides one-stop services for product logistics, emphasizing the perspective of the customer</li></ul>

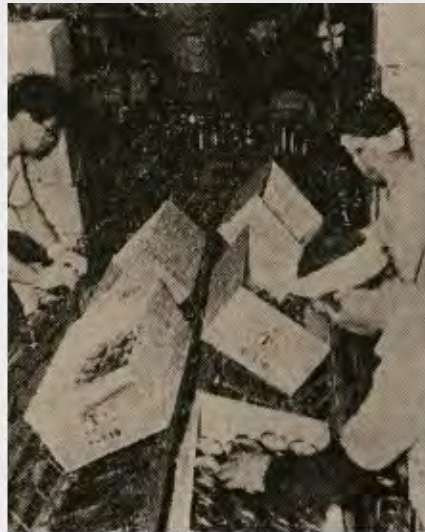
## 1956 The former Toyo Wood Products Co., Ltd. (now Tomoku) begins manufacturing and selling corrugated container and display carton boxes

The company evolved from a business model of selling wooden boxes to the manufacture and sales of corrugated container and display carton products, developing as a specialized processor of raw materials (containerboard for corrugated containers and display cartons) procured from external suppliers

**First location of the former Toyo Wood Products Co., Ltd. (now Tomoku)**  
(Otaru Canal)



**Wooden boxes for canned products**



**First corrugating machine**



## 1946 First panel assembly houses

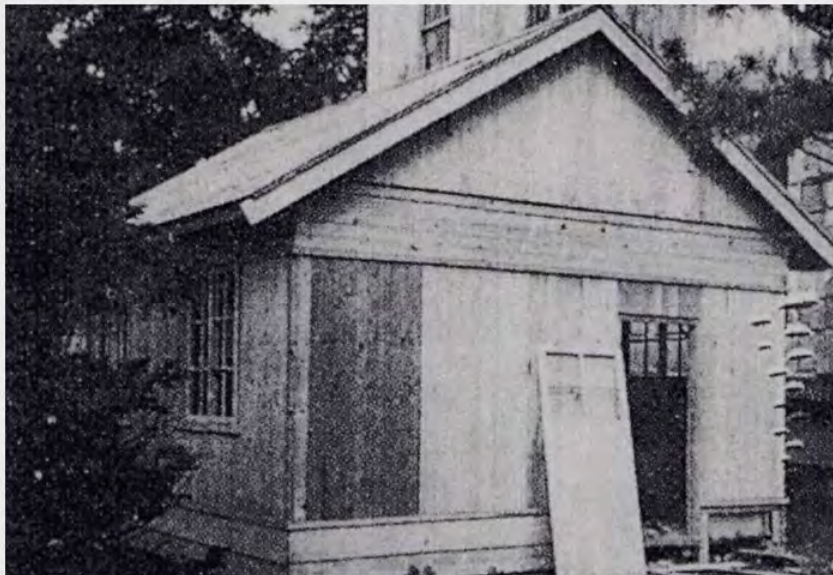
The Otaru factory of Toyo Seikan Co., Ltd., a predecessor of Tomoku, built panel assembly houses for reconstruction housing after the war.

The company was one of the first to use prefabrication production methods, and became a pioneer in today's standardized housing industry.

## 1984 Establishment of Sweden House

## 2021 Acquisition of Tokai-region based housing company Tamazen as a wholly owned subsidiary.

Prefabricated house



Swedish experimental house  
(Ishikari-gun, Hokkaido)



### 1954 The former Toyo Wood Products Co., Ltd. (now Tomoku) takes over the transportation business of Hokkai Canning and Drying Co., Ltd., establishing the Transportation segment

Canned crab, salmon, and other canned products were growing rapidly at the time in Hokkaido

Hokkai Canning and Drying manufactured cans, while Tomoku manufactured wooden boxes to hold the cans. The Transportation segment was responsible for transporting raw materials and products. In 1959, the Transportation segment was split off and reorganized as Toyo Transportation Co., Ltd. The business continues to this day.



Transportation segment



Trucks used when the business was founded



Labeling after inspection



## Purpose

**Contribute to the Sustainable Growth of Society  
Through Packaging and  
Packaging Innovations**

**We will enhance corporate value and improve the environment through a focus on energy-saving Corrugated Container and Display Carton and Housing (Sweden House)**

## Mission

We package our customers' valuable products, provide packaging value for consumers, and offer packaging for more abundant lifestyles and the delivery of important goods

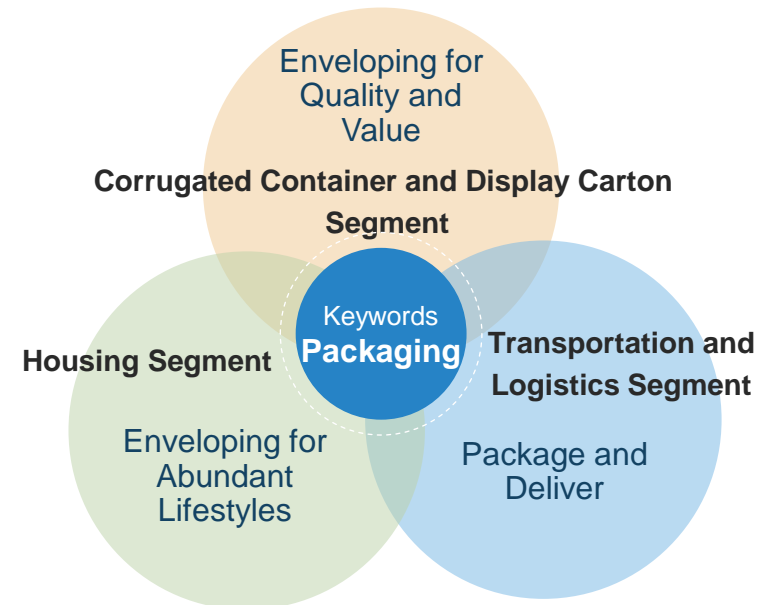
## Vision

- We allocate management resources optimally across the three businesses of Corrugated Container and Display Carton, Housing, and Transportation and Logistics under the concept of packaging to increase added value and conduct **environmentally friendly, high-quality management**.
- We contribute to the sustainable growth of society through **environmentally friendly**, highly ethical business activities and a strong sense of responsibility.
- We build new businesses and enhance corporate value.

## Long-Term Management Targets (FY3/2030)

**Net Sales**      **Over 300 billion yen**  
**ROE**            **12%**

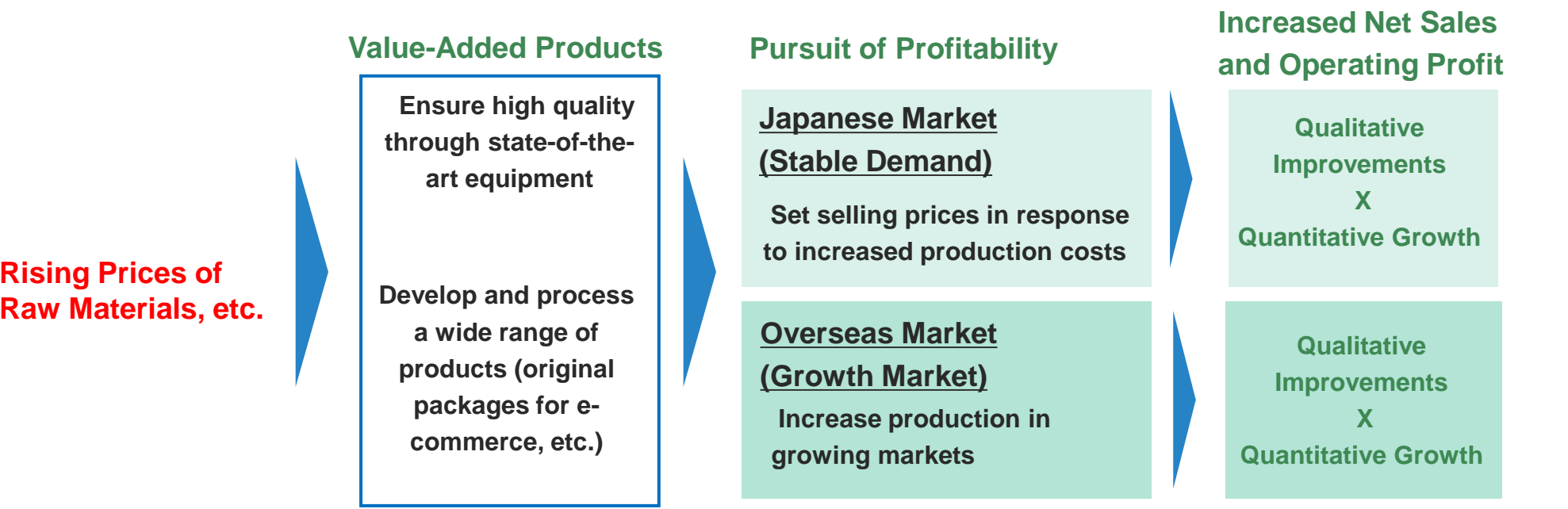
Everyday packaging ⇒ **Sustainable societal growth**



Branding: No. 1 Corrugated Container and Display Carton Processing Specialist = No. 1 in Corrugated Container and Display Carton Processing Capability

Expecting a steady increase in demand for Corrugated Container and Display Carton as a recyclable material for transportation

Rising raw material and energy costs passed on through price increases

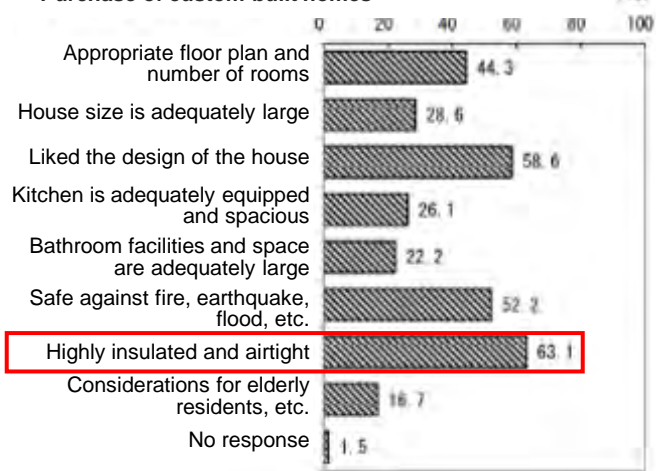


# Sweden House Has Been the Choice for 40 Years for Highly Insulated, Airtight, Energy-Saving Houses

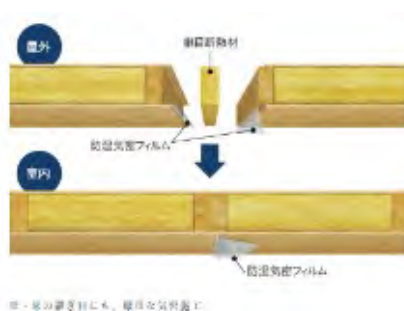
## High insulation effectiveness that significantly outperforms the latest energy conservation standards

- Wooden sash triple-glazed windows offering high thermal insulation are standard in all houses
- Boasts an energy-savings effect of 28% in electricity consumption compared with nationally determined energy-efficient housing (2016)
  - \*All-electric houses with a total floor area of 120 m<sup>2</sup> (in six regions)
- 24-hour heat exchange ventilation system replaces the air in the entire house once every two hours
- Monobox<sup>®</sup> structure offers high strength by accepting and dispersing seismic shaking on the surface
- High performance warranty program for all houses (secure performance warranty assuring thermal insulation and measuring airtight performance)
- 50-year after-sales maintenance service offering free periodic checkups

Reasons for Equipment Selection (Multiple Answers)  
Purchase of custom-built homes



According to a survey by the Housing Bureau of the Ministry of Land, Infrastructure, Transport and Tourism, the most common reason for selection **(63.1%) was the highly insulated, highly airtight features**



※、窓の開口部にも、確かな気密施工



※、窓の開口部にも、確かな気密施工



「3層ガラス」上の空気層に、アルミの断熱材を

Source: 2021 Housing Market Trend Survey Report, Housing Bureau, Ministry of Land, Infrastructure, Transport and Tourism

## Sweden House received the High Standard and Leading Company awards in the Tokyo Eco-Builders Award, a new program contributing to zero emissions by 2050

### ◆Award details and highlights (Sweden House)

- **High Standard Award:** Heat insulation and energy-saving performance category; installation of renewable energy equipment category <<Winner in both categories>>
- **Leading Company Award :** Heat insulation and energy-saving performance category; installation of renewable energy equipment category <<Winner in both categories>>

High Standard Award:

Eligible for all operators who have achieved standards defined under the reporting system prior to the start of the program.

**Leading Company Award:**

**Special recognition given only to those companies engaging in particularly advanced measures to achieve standards defined under the reporting system and to pursue environmentally friendly housing**



# Tamazen: Leveraging Conditional Building Lot Sales to Acquire Land in Advance and Attract Customers as Quickly as Possible

## An evolution in business style to attract more orders for new houses

### Acquire land in advance to sell houses → Conditional building lot sales

#### (Benefits)

- Identify potential customers quickly and begin construction in line with customer requests
- Shorten the cycle from land acquisition to sale and delivery (within one year); maintain modern feeling of properties and reduce interest expenses

### New house exhibition areas in Nagoya City and vicinity to advertise conditional building lot sales

- Stimulate demand by advertising flagship models
- High technology and design capabilities  
Reaffirm Tamazen Quality to the public



## Tohun TLP Sapporo Center (opened November 2021 in Hokkaido)

Began operations of a cooperative center with customer (beverage manufacturers) to handle a wide range of cargo

⇒ Led directly to an increase in cargo volume for the Transportation and Logistics segment (strengthened business) via enhanced relationships with beverage manufacturers



Office building built to Sweden House specifications



Proposed a **cooperative logistics center** to maintain and strengthen relationships with customers

### Customer Benefit

Secure Corrugated Container and Display Carton boxes and the means of transportation (trucks) via a one-stop service

More customers are considering cooperative logistics centers  
Currently: 8 companies in Sapporo;  
11 companies in Gunma

## Reducing environmental impact (e.g., use of EV trucks) and shifting prices to secure drivers and chartered trucks(or vehicles)



### Toward Strengthening Profitability

- Harden business resilience to climate change and economic trends

Increase volume related to beverages (business mainstay) and diversify business fields to include processed foods

- Enhance value-added services to increase unit price

Build wholly owned offices in key areas and strengthen network

Leverage M&A to expand the range of transportation services offered

### Addressing the 2024 Problem

- Improve working conditions

Leverage stronger profitability for improved wages

- Improve transportation system efficiency

Adopt articulated trucks, more efficient relay transportation (re-examine current situation), etc.

# Disclaimer

**These materials include forward-looking statements of prospects based on current plans, assumptions, estimates, and projections regarding business and industry trends.**

**These forward-looking statements are subject to various risks and uncertainties. Known risks, unknown risks, uncertainties, and other factors may cause financial performance to differ materially from those presented in forward-looking statements. We make no guarantees that the statements and forecasts in forward-looking statements are accurate. Financial performance may differ significantly from these forward-looking statements.**

**The forward-looking statements in this document made by the Company as of May 2024 are based on information available as of May 2024. The Company is not responsible for updating or modifying any forward-looking statements to reflect future events or circumstances.**

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