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October 31, 2024

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

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

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

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

(1) Consolidated operating results (cumulative)

(Percentages indicate year-on-year changes.)

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

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

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

(2) Consolidated financial position

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

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

2. Cash dividends

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

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

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

(Percentages indicate year-on-year changes.)

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

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

*Notes

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

(4) Number of issued shares (common shares)

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

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

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

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

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

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

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

* Proper use of earnings forecasts, and other special matters

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

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1. Summary of Business Results

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

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

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

The results of each segment are as follows.

[Corrugated Cardboard]

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

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

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

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

[Housing]

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

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

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

[Transportation and Logistics]

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

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

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

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

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

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

2. Semi-annual Consolidated Financial Statements and Principal Notes

(1) Semi-annual Consolidated Balance Sheets

(Millions of yen)

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

(Millions of yen)

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

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

(Millions of yen)

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

Semi-annual Consolidated Statements of Comprehensive Income

(Millions of yen)

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

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

(Notes on Premise of Going Concern)

None

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

None

(Segment Information, etc.)

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

Information on net sales and profit or loss by reportable segment

(Millions of yen)

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

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

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

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

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

Information on net sales and profit or loss by reportable segment

(Millions of yen)

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

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

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

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