

TOMOKU Co., Ltd.

Financial Results Briefing Materials for the First Half of the Fiscal Year Ending March 31, 2025



November 28, 2024



TSE Prime

3946



- 1. Financial Results for the First Half of the Fiscal Year Ending March 31, 2025**
- 2. Earnings Forecast for the Fiscal Year Ending March 31, 2025**
- 3. Growth Strategy and Business Progress**
 - Focus on Second Medium-Term Business Plan -**
- 4. Progress in Initiatives Toward Enhancing Corporate Value**



Innovations in packaging.

Financial Results for the First Half of the Fiscal Year Ending March 31, 2025



TOMOKU

Net Sales: 105,000 million yen (+2.6% YoY)

Operating Profit: 3,140 million yen (+1.4% YoY)

Corrugated Container and Display Carton

Net Sales 60,000 million yen (+0.9% YoY); segment profit 4,050 million yen (-0.9% YoY)

Japan: Mainstay products for the processed foods sector contributed to sales volume. Impact of product price increases was limited.

Overseas: Sales volume in the U.S. and Vietnam were higher year on year due to local demand.

Housing

Net sales 22,600 million yen (+4.1% YoY); segment profit -1,260 million yen (+220 million yen YoY)

The number of homes sold and sales increased year on year as a result of efforts to sell homes matching the diverse needs of customers and raise prices to reasonable levels.

Transportation and Logistics

Net sales 22,300 million yen (+5.9% YoY); segment profit 840 million yen (-8.4% YoY)

Operations at storage distribution center for a major retailer center contributed to sales growth. Increased burden in soaring personnel expenses and costs to prepare for new center operations.

FY3/2025 First Half Summary: Profitability Essentially Level YoY. Operating Profit Margin Was 3.0%.



Net sales fell short of initial plan due to the limited effects of price raises in the Corrugated Container and Display Carton and Transportation and Logistics segments.

Operating profit was nearly in line with expectations. Ordinary profit decreased due to the impact of foreign exchange (strengthening of the yen).

(Millions of yen)	FY3/2024 First Half	Composition Ratio (%)	FY3/2025 First Half	Composition Ratio (%)	YoY (%)	Initial Plan Announced 5/8/2024	Vs. Initial Plan
Net sales	102,367	100.0	105,061	100.0	2.6	108,500	-3,439
Cost of sales	86,008	84.0	88,208	84.0	2.6	-	-
Gross profit	16,359	16.0	16,853	16.0	3.0	-	-
Selling, general and administrative expenses	13,255	12.9	13,706	13.0	3.4	-	-
Operating profit	3,103	3.0	3,147	3.0	1.4	3,200	-53
Ordinary profit	3,559	3.5	3,060	2.9	-14.0	3,300	-240
Profit attributable to owners of parent	2,217	2.2	1,915	1.8	-13.6	2,000	-85

Net sales were approximately 2,600 million yen higher compared to the first half in the previous fiscal year, while operating profit increased 44 million yen. Our profit structure remained unchanged, however.

(Millions of yen)	FY3/2024				FY3/2025		
	First Half	Composition Ratio (%)	Second Half	Composition Ratio (%)	First Half	Composition Ratio (%)	YoY
Net sales	102,367	100.0	109,159	100.0	105,061	100.0	+2,694
Cost of sales	86,008	84.0	90,720	83.1	88,208	84.0	+2,200
Gross profit	16,359	16.0	18,438	16.9	16,853	16.0	+494
Selling, general and administrative expenses	13,255	12.9	13,485	12.4	13,706	13.0	+451
Operating profit	3,103	3.0	4,954	4.5	3,147	3.0	+44
Ordinary profit	3,559	3.5	5,055	4.6	3,060	2.9	-499
Profit attributable to owners of parent	2,217	2.2	3,091	2.8	1,915	1.8	-302

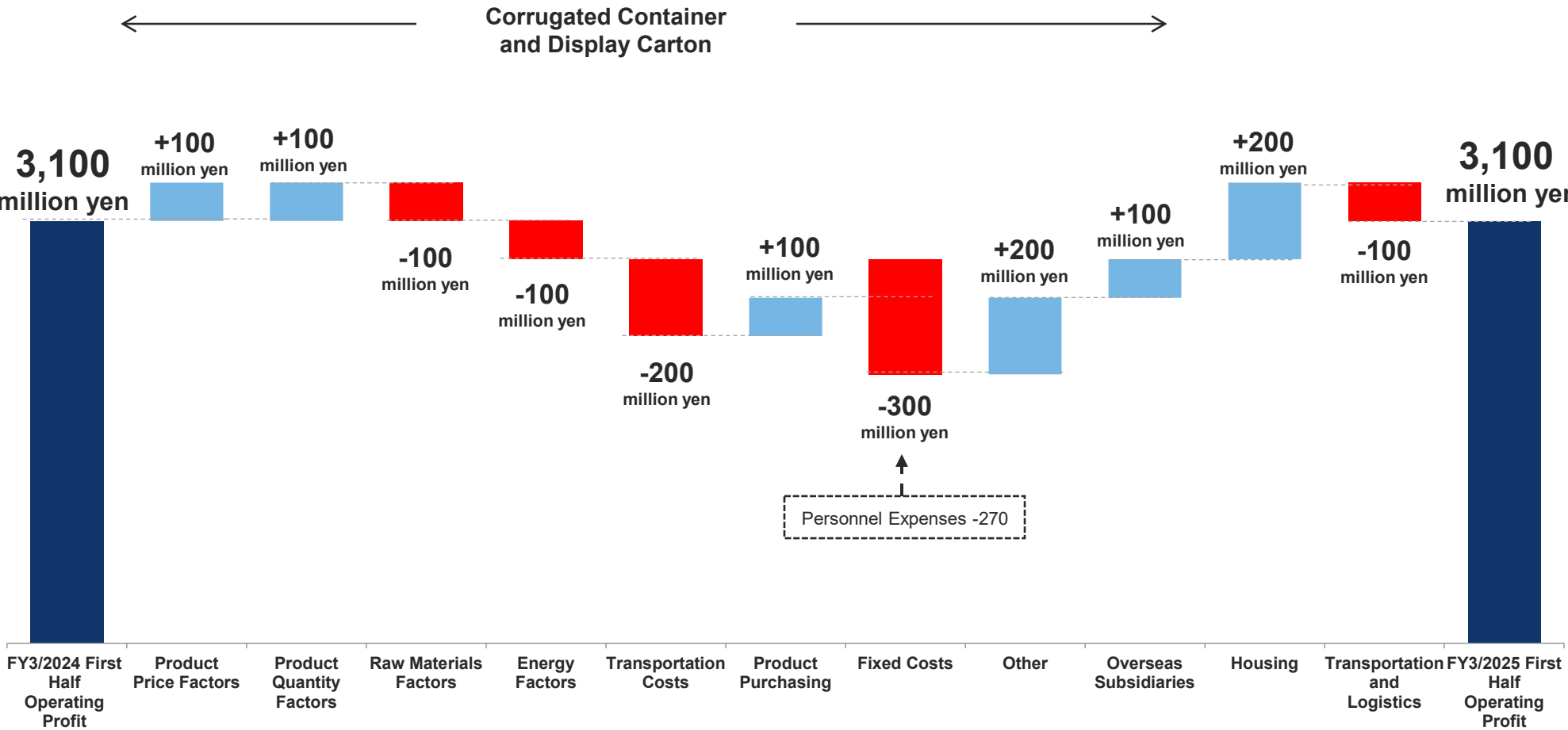
Corrugated Container and Display Carton segment profitability remained unchanged.
The Housing segment deficit narrowed due to increased sales.

(Millions of yen)		FY3/2024				FY3/2025		
		First Half	Composition Ratio (%)	Second Half	Composition Ratio (%)	First Half	Composition Ratio (%)	YoY
Corrugated Container and Display Carton	Net sales	59,493	58.1	58,472	53.6	60,053	57.2	+0.9%
	Segment Profit (Profit Margin)	4,088 (6.9%)	-	3,561 (6.1%)	-	4,051 (6.7%)	-	-0.9%
Housing	Net sales	21,732	21.2	32,319	29.6	22,624	21.5	+4.1%
	Segment Profit (Profit Margin)	(1,481) (-)	-	1,740 (5.4%)	-	(1,266) (-)	-	+215
Transportation and Logistics	Net sales	21,141	20.7	18,368	16.8	22,383	21.3	+5.9%
	Segment Profit (Profit Margin)	922 (4.4%)	-	195 (1.1%)	-	845 (3.8%)	-	-8.4%
Total	Net Sales	102,367	100.0	109,159	100.0	105,061	100.0	+2.6%

Operating Profit Change Factor Analysis (YoY)



Cost increases and profit improvement in the Housing segment and at overseas Corrugated Container and Display Carton subsidiaries roughly balanced (+/- 0.0 million yen YoY)



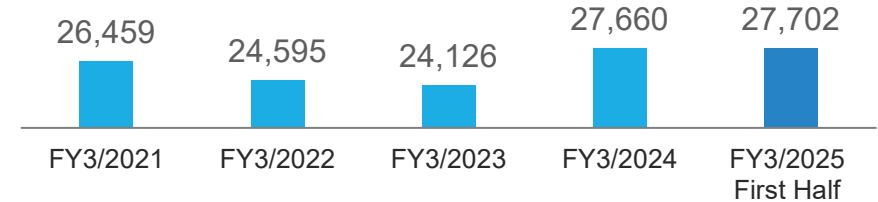
Cash and deposits decreased due to the repayment of borrowings and capital investments.

Interest-bearing debt decreased by 2,000 million yen to 70,800 million yen. D/E ratio traced a declining trend.

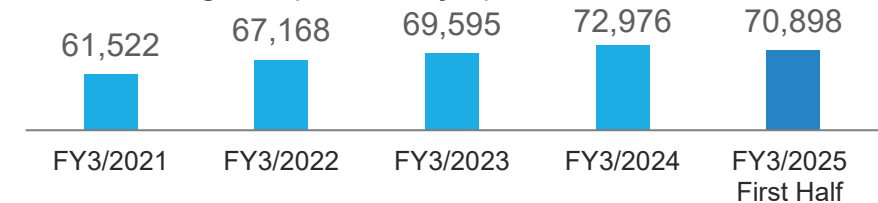
(Millions of yen)

Assets	FY3/2024	FY3/2025 First Half	Change
Current assets	93,759	89,544	-4,215
Cash and deposits	18,125	13,548	-4,577
Accounts receivable-trade	39,842	40,726	884
Inventories	27,660	27,702	42
Non-current assets	119,606	117,817	-1,789
Property, plant and equipment	96,350	94,608	-1,742
Investments and other assets	22,204	22,335	131
Total assets	213,366	207,362	-6,004
Liabilities and net assets	FY3/2024	FY3/2025 First Half	Change
Current liabilities	66,491	61,325	-5,166
Notes and accounts payable-trade	23,518	22,046	-1,472
Short-term borrowings	13,511	13,443	-68
Current portion of long-term borrowings	12,110	10,938	-1,172
Non-current liabilities	57,671	56,370	-1,301
Long-term borrowings	47,355	46,517	-838
Net assets	89,203	89,665	462
(Treasury stock)	(4,185)	(4,145)	40
Total liabilities and net assets	213,366	207,362	-6,004

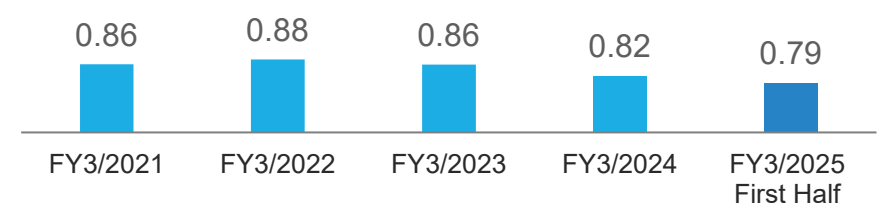
Inventories (Millions of yen)



Interest-Bearing Debt (Millions of yen)



D/E Ratio



Operating cash flow increased with decreases in the size of growth in accounts receivable-trade and inventories; free cash flow improved

(Millions of yen)	FY3/2024 First Half	FY3/2025 First Half	Remarks
Cash and cash equivalents, beginning of period	14,882	17,992	
CF from operating activities	279	2,860	Increase in accounts receivable-trade -956 (-4,867 YoY) Increase in inventories -205 (-3,147 YoY)
CF from Investing activities	(6,270)	(4,744)	Purchases of property, plant and equipment -6,375 (capital investment -2,829; decrease in accounts payable-facilities -3,606)
Free CF	(5,991)	(1,884)	
CF from investing activities	4,123	(2,558)	
Cash and cash equivalents, end of period	13,231	13,415	



Innovations in packaging.

Earnings Forecast for the Fiscal Year Ending March 31, 2025



	FY3/2025 Second Half (Forecast)
Corrugated Container and Display Carton	<p>(Japan)</p> <ul style="list-style-type: none"> • Continue to implement price optimization to ensure stable product supply • Full-scale operation for single face envelopes used in e-commerce <p>(Overseas)</p> <ul style="list-style-type: none"> • Costs (wages, etc.) continue to rise • Expanded sales stemming from local demand
Housing	<ul style="list-style-type: none"> • Effectively leverage awards won in the previous year in promotions • Sweden House: Expand product plans to meet a wide range of customer needs Continue to charge appropriate prices in line with value • Tamazen: Construction and efficient sales of high-quality houses Expand business to promising areas in the Nagoya suburbs
Transportation and Logistics	<ul style="list-style-type: none"> • Continue aggressively to pursue price shifting • Merger of Hoju Transport Co., Ltd. and Kansai Hoju Transport Co., Ltd.

FY3/2025 Forecast: No Change to Full-Year Forecast; Projecting Operating Profit to Exceed 10,000 Million Yen

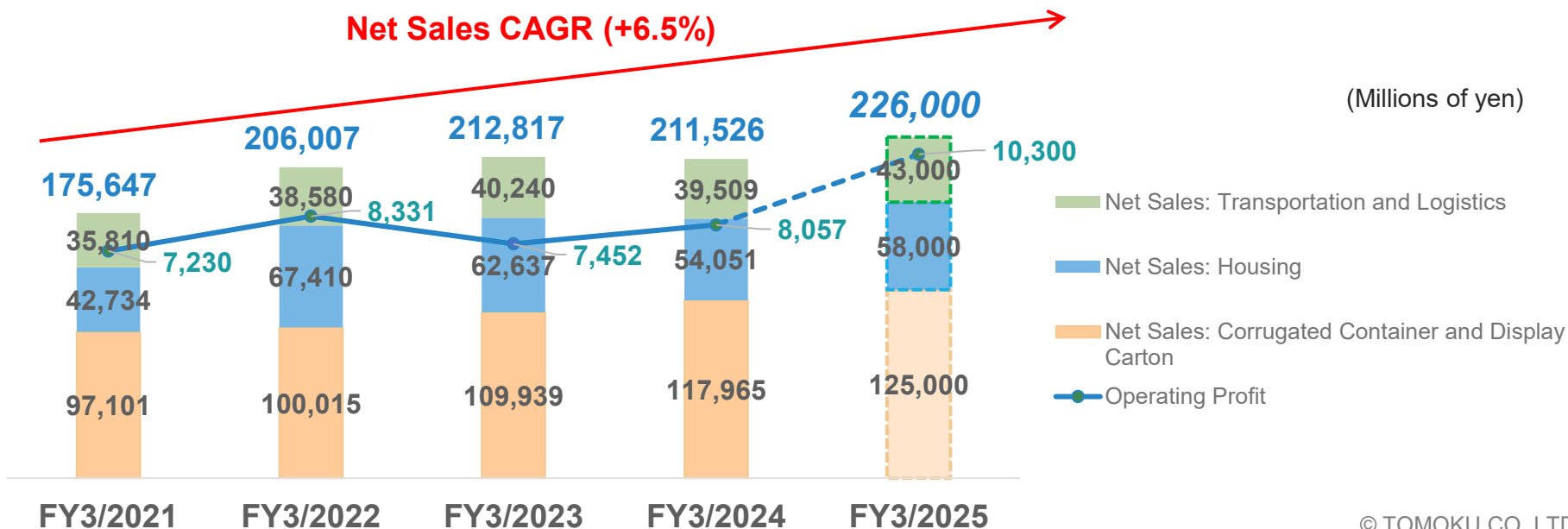
Net sales 226,000 million yen (+6.8%); operating profit 10,300 million yen (+27.8%)

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

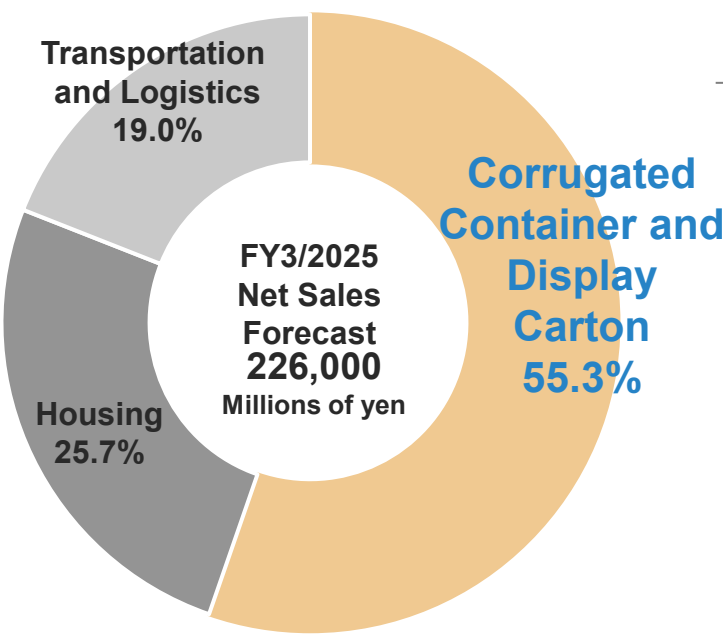
(Millions of yen)	FY3/2024 (Results)	Composition Ratio (%)	FY3/2025 (Plan)	Composition Ratio (%)	YoY (%)
Net sales	211,526	100.0	226,000	100.0	+6.8
Operating profit	8,057	3.8	10,300	4.6	+27.8
Ordinary profit	8,614	4.1	10,400	4.6	+20.7
Profit attributable to owners of parent	5,308	2.5	7,000	3.1	+31.9

<FY3/2021 Results ⇒ FY3/2025 (Forecast) Net Sales CAGR>

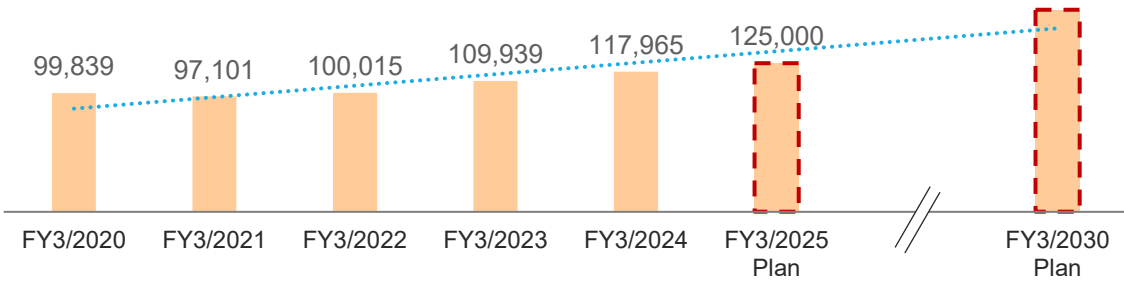
Net Sales CAGR (+6.5%)



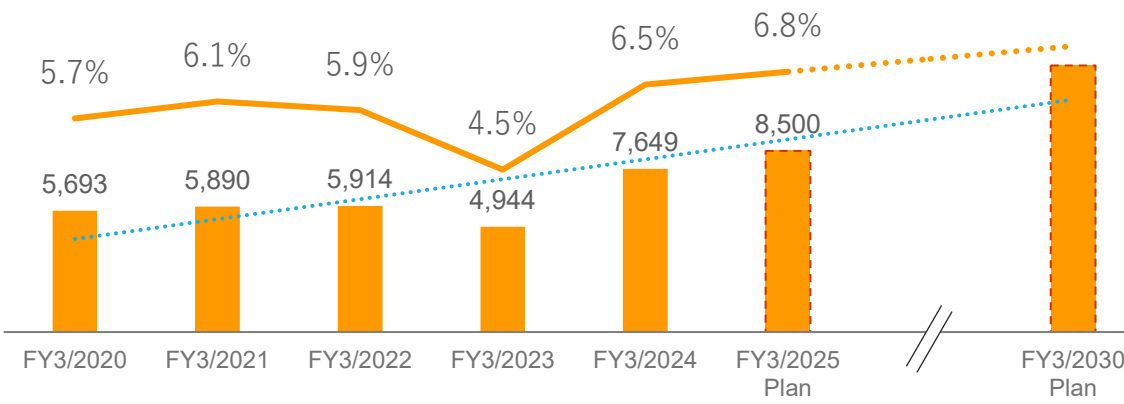
Sales Composition by Segment



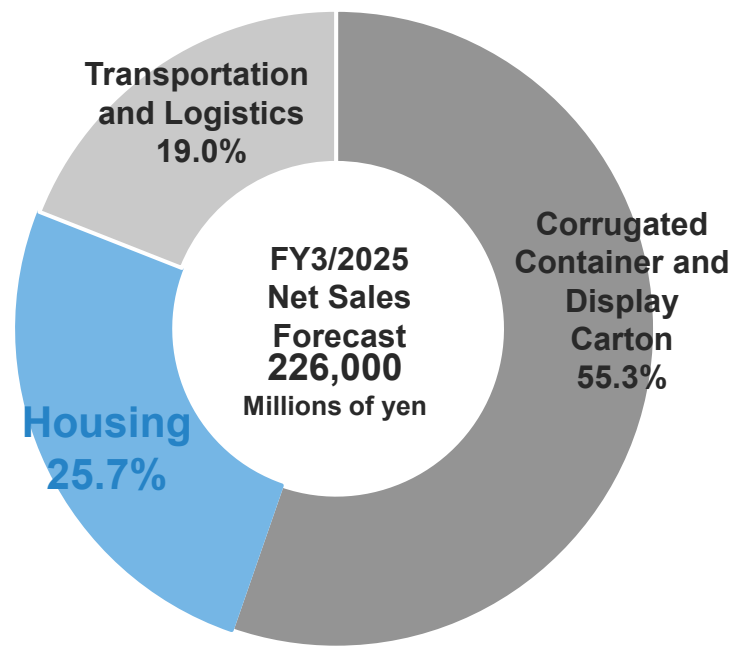
Net Sales (Millions of yen)



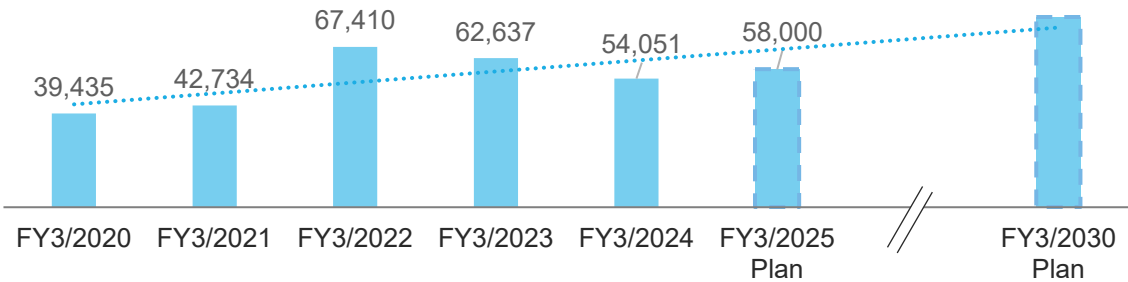
Operating Profit and Operating Profit Margin (Millions of yen)



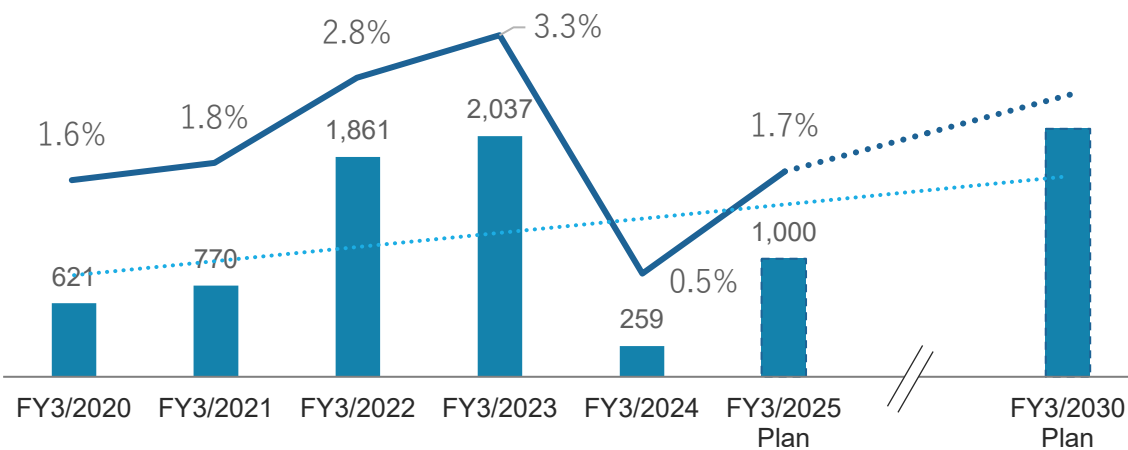
Sales Composition by Segment



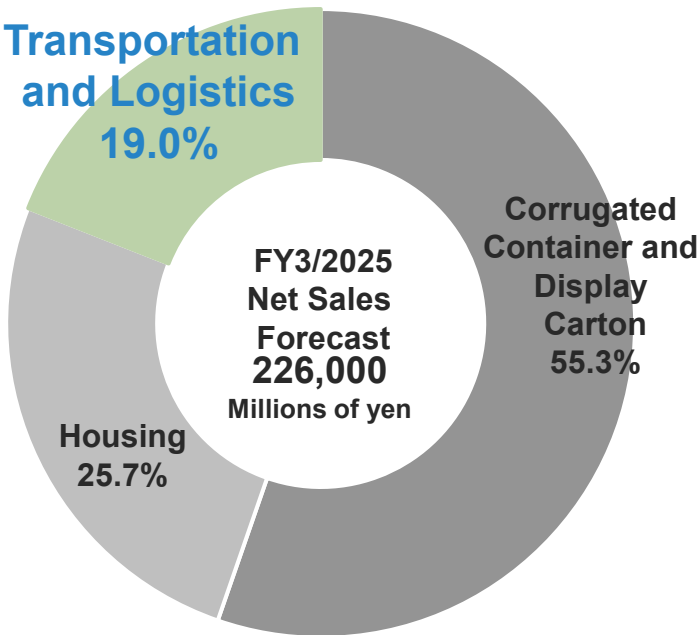
Net Sales (Millions of yen)



Operating Profit and Operating Profit Margin (Millions of yen)

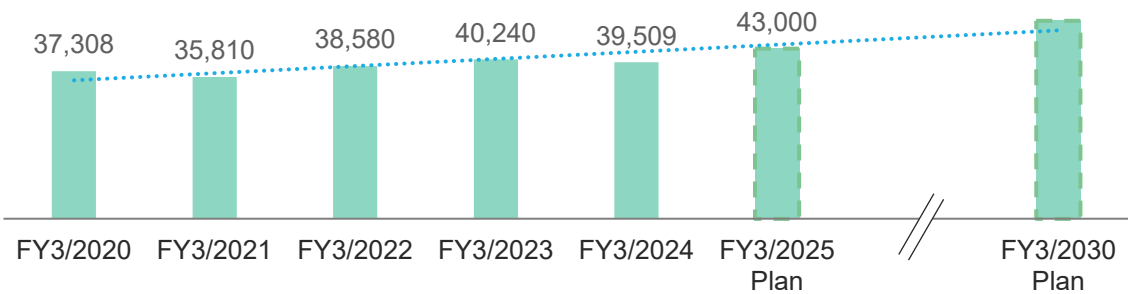


Sales Composition by Segment



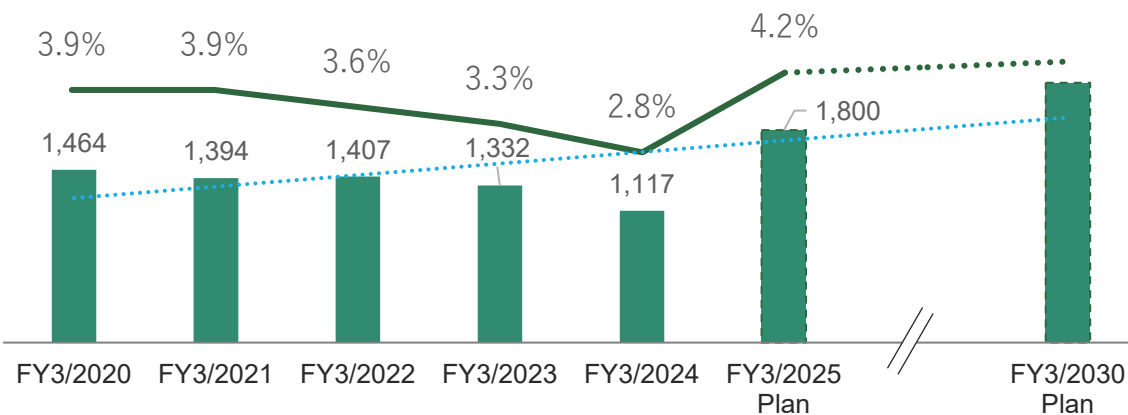
Net Sales

(Millions of yen)



Operating Profit and Operating Profit Margin

(Millions of yen)





Growth Strategy and Business Progress - Focus on Second Medium-Term Business Plan -



Leading Corrugated Container and Display Carton Processing Specialist (Net Sales Basis)

Distinct position as a corrugated container and display carton processing specialist. Our Transportation and Logistics segment carrying food and beverages packed inside our own corrugated containers is strong and serves a number of leading customers.

Unique, Hybrid Entity Consisting of Corrugated Container and Display Carton, Housing, and Transportation and Logistics Segments

Began as a manufacturer and seller of wooden boxes for canned products; evolved into the three main businesses we operate today.

Expansion from boxes and wood

- Boxes → box manufacturing → corrugated container and display carton manufacturing
- Box transportation → truck transportation
- Wood → high-quality wooden houses → Sweden House

Stable, Sustainable Sales and Profit Growth from a Foundation of Three Businesses

FY3/2021 - FY3/2025 (Forecast)

Net sales CAGR +6.5%; operating profit CAGR +9.3%

Looking to achieve record profits in FY3/2025

Second Medium-Term Business Plan (~ FY3/2026) and Long-Term Management Goals (~ FY3/2030)



Medium- to Long-Term Numerical Targets: We made a decision at the beginning of the fiscal year to postpone targets by one year; however, the pace of growth has not changed significantly

(Background) Deteriorating business environment due to continued weakness in consumer spending and higher-than-expected raw materials prices

Second Medium-Term Business Plan: Final Year

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

Further Growth



Long-Term Management Targets: Final Year

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

Net Sales 5-Year CAGR Forecast +6.5%
Operating Profit 5-Year CAGR Forecast +9.3%

Second Medium-Term Business Plan Investments (as of September 2024)

We invested a total of 25,700 million yen (23,200 million yen in accumulated capital investment + 2,500 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
	Results	<div>Cumulative: 19,100 million yen Depreciation: 13,900 million yen</div> <div><ul style="list-style-type: none">Enhanced production capacity Factory site acquisition New factory building State-of-the-art equipmentEnvironmental compliance Shifted boiler fuel from heavy oil to gas LED, battery lift</div>	<div>Cumulative: 1,800 million yen Depreciation: 1,300 million yen</div> <div><ul style="list-style-type: none">Model house construction FY3/2023: Tomakomai, Yoshioka, Minoh FY3/2024: Akashi, in progress (Rinku/Hakodate) FY3/2025: Rinku, Hakodate, Oita, Nagasaki</div>	<div>Cumulative: 2,300 million yen Depreciation: 3,700 million yen</div> <div><ul style="list-style-type: none">Vehicle additions and replacements</div>
M&A	Plan Scope	20,000 million yen		
	Results	<div><ul style="list-style-type: none">Khang Thanh Manufacturing (Vietnam)Cosmos Kogyo Co., Ltd. (Japan)Daiwadanboru Co., Ltd. (Japan)<div>2,500 million yen</div></div>		

Aomori Works: Began operations in January. Strengthened BCP measures.
Daiwadanboru: Made subsidiary. Long history and record of success as a corrugated carton sheet specialist in Chiba.

January 2024	New Aomori Works (relocation)	6,400 million yen investment	Running smoothly as of the first half of the year
Aomori City, Aomori Prefecture	Site area 33,500 m ² Building area 16,900 m ²		



September 2024
200 million yen investment

Acquisition of shares of Daiwadanboru Co., Ltd. (converted to subsidiary)

Noda City, Chiba Prefecture
Established in September 1953
Site area 3,000 m²

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



Expand sales volume of high-value-added products



Dedicated MFP line for unparalleled labor savings



On-demand inkjet printing

Our Quick-Stack Tray, developed in-house, has become a highly regarded product for environmental friendliness and convenience



Winner of the Japan Packaging Contest 2024 and the Good Design Award 2024



- Easy to assemble
- Highly productive, reasonable cost
- Stackable, easy to display in stores



Responding to sophisticated and diversified customer needs

Corrugated Container and Display Carton Segment Strategy (3) Overseas: Full-Scale Rollout of Display Carton Business by Making Local Vietnam Entity Into a Wholly Owned Subsidiary

Converted local display carton manufacturing and sales company (Khang Thanh Manufacturing) to wholly owned subsidiary

Rolled out corrugated container and display carton business in Vietnam

Strengthened our local business base

Expecting demand recovery and further growth in the rapidly growing ASEAN region



Khang Thanh Manufacturing

Vietnam

<FY3/2025 First Half Results>

Sales volume : +10.2% (YoY)

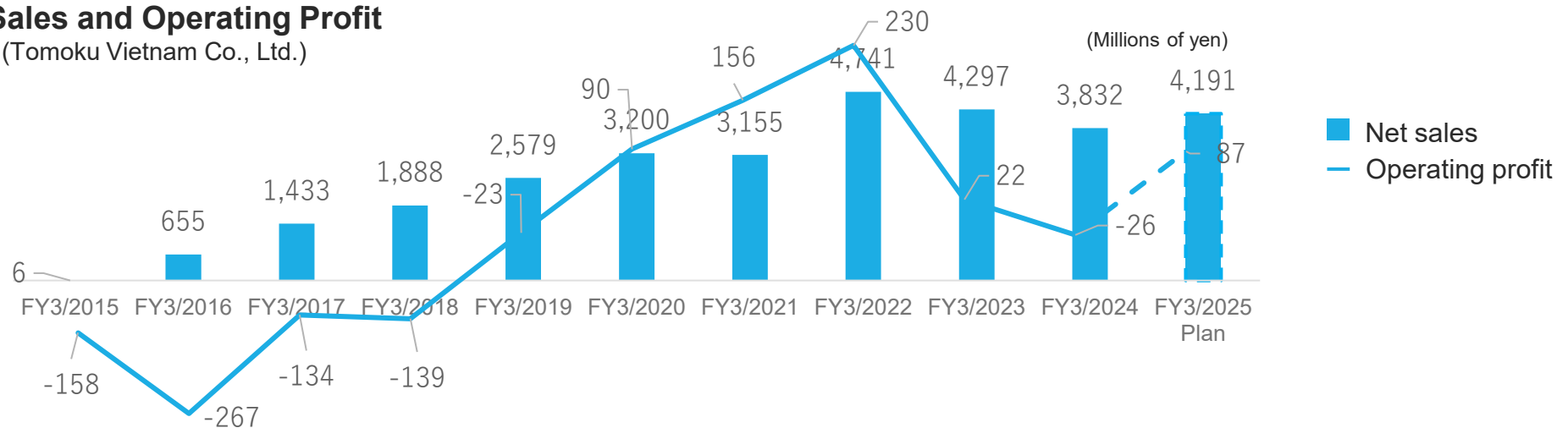
Net sales: -2.6% (YoY)

Operating profit: +40 million yen (YoY)



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.

Expand sales by making use of new equipment

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

California, U.S.A.

<FY3/2025 First Half Results>

Sales volume : +6.4% (YoY)
Net sales: +3.0% (YoY)
Operating profit: +20.2% (YoY)

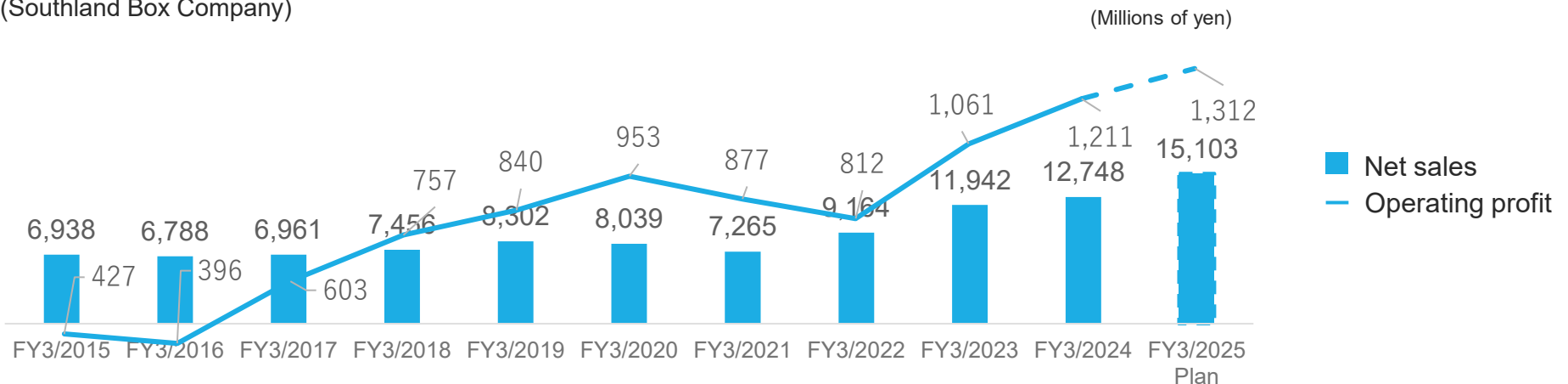
Southland Box Company
Opened in December 2021

Production capacity 2x



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

Net Sales and Operating Profit (Southland Box Company)



Housing Segment Strategy (1): Implement Brand Strategy Consistently as a High-Value-Added Provider and Respond to Diversifying Needs

Sweden House Strengths:

High-value-added housing offering brand value, as well as high functionality, high quality, and energy-saving

- High quality, environmentally friendly wooden houses that are highly insulated and airtight
- Strong reputation and brand value

Ranked No.1 overall for a 10th-consecutive year in the Custom-Built Housemaker category of the Oricon Customer Satisfaction Survey

(ranked No. 1 in 13 categories for a fourth consecutive year, including price reasonableness, design, and housing performance)

Tokyo Eco Builders Award: Leading Company Award



Medium- to Long-Term Business Strategy

- Appeal to consumers seeking high quality housing with high asset value (our strength), offered at reasonable prices
- Expand customized housing and product lines to meet changing social structures, as well as diversifying needs and tastes



Standardized Housing for Young People
SAKITATE



100-Year House
MAKI II



Compact Housing for Small Families
Lagom kubisk



Strengthen Organizational Structure for Support
(Standardize Back Office Functions, Including Group Procurement Function Integration)

Tamazen Strengths:

Ability to acquire land in the Chukyo area and leverage design capacity as a weapon in providing ready-built houses

(Oricon Customer Satisfaction Survey: No.1 in the Tokai Design Ready-Built House Builder for four consecutive years)

The External Environment

Weak housing demand

New housing starts (houses for sale) continue to decline (as of September 2024)

However, our sales results began to recover in the first half of the year (+5% YoY)

Medium- to Long-Term Business Strategy

- **Leverage design and brand capabilities as a weapon to secure reasonable selling prices**
- **Improve sales techniques**

Pursue efficient sales

(increase the asset turnover rate for houses by, for example, strengthening sales of conditional building lots)

- **Expand sales area**

Expand sales to promising areas in the suburbs of Nagoya (Ichinomiya City, Nishi Mikawa, etc.)

Strengths: Customer-focused delivery support services for corrugated container and display carton users (e.g., beverage manufacturers)

- Efficient transportation and storage operations offering corrugated containers and display cartons and packaged product delivery as a set
- Maintain close contact with customers to respond quickly to their needs and requests, creating a high level of satisfaction



Business base-building initiatives

- Enhance efficiencies ahead of the 2024 Problem
(restructure delivery system to reduce overtime and improve truck utilization)
- Steady progress in reducing environmental impact (battery-powered lifts, LED lighting, motion sensor lights, etc.)



Medium- to Long-Term Business Strategy

- Expand products and customer base (specialty beverage makers, non-beverage)
- Strengthen delivery bases and network to expand business
- Increase social presence as a distribution center for goods in times of disaster





Innovations in packaging.

Progress in Initiatives Toward Enhancing Corporate Value

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



TOMOKU

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

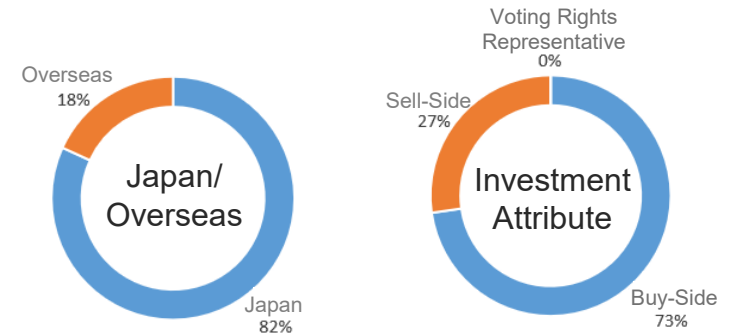
Dialogue/Interviews

FY3/2025 First Half dialogues and interviews: 12 (with 11 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 Kyoeikai	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

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

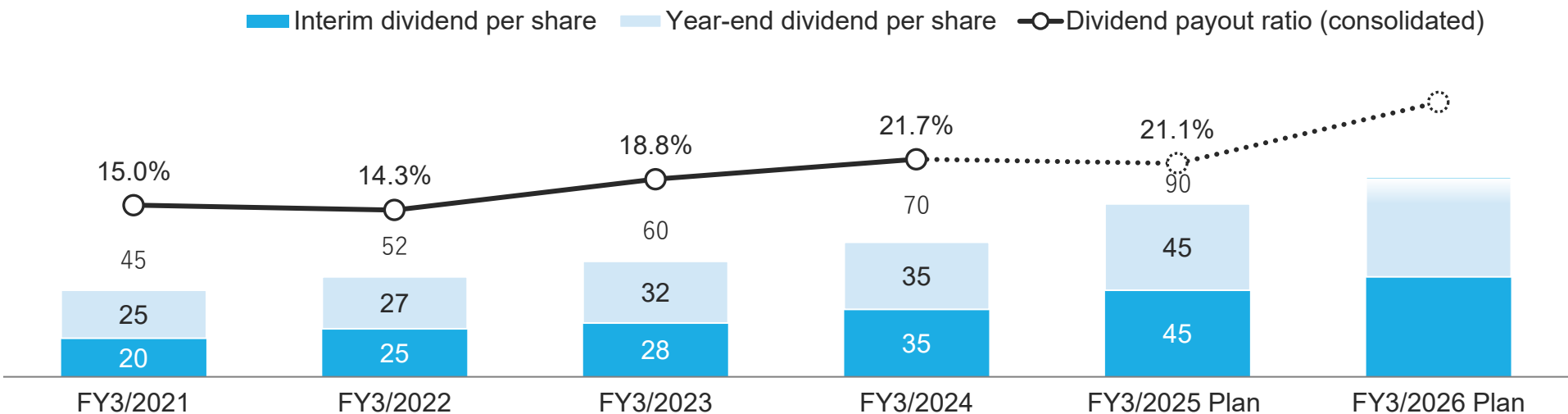


Policy

- 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)



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 November 2024 are based on information available as of November 2024. The Company is not responsible for updating or modifying any forward-looking statements to reflect future events or circumstances.

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