

May 10, 2024

Consolidated Financial Results for the Year Ended March 31, 2024(unaudited) [Japanese GAAP]

Company name: **Rengo Co., Ltd.**
 Listing: Tokyo Stock Exchange
 Code No.: 3941 URL: <https://www.rengo.co.jp/>
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 Scheduled date of the ordinary general meeting of shareholders: June 27, 2024
 Scheduled date to file securities report: June 28, 2024
 Scheduled date to commence dividend payments: June 28, 2024
 Preparation of supplementary material on financial results: Yes
 Holding of financial results briefing: Yes (for institutional investors and analysts)

(Amounts are rounded down to the nearest million yen.)

1. Consolidated Financial Results for the Year Ended March 31, 2024 (April 1, 2023 - March 31, 2024)

(1) Consolidated Operating Results

(Percentages indicate changes from the same period of previous fiscal year.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
Year ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
March 31, 2024	900,791	6.5	48,855	88.2	47,984	67.3	33,025	61.7
March 31, 2023	846,080	13.3	25,957	(22.0)	28,682	(21.7)	20,425	(27.5)

Note: Comprehensive income

Year ended March 31, 2024: 60,415 million yen 60.1%

Year ended March 31, 2023: 37,747 million yen 3.7%

	Basic earnings per share	Diluted earnings per share	Return on Shareholders' equity	Ratio of ordinary profit to total assets	Ratio of operating profit to net sales
Year ended	Yen	Yen	%	%	%
March 31, 2024	133.33	—	8.3	4.3	5.4
March 31, 2023	82.47	—	5.7	2.9	3.1

Reference: Share of profit (loss) of entities accounted for using equity method

Year ended March 31, 2024: (1,910) million yen

Year ended March 31, 2023: 1,377 million yen

(2) Consolidated Financial Position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
March 31, 2024	1,172,515	438,978	36.3	1,716.97
March 31, 2023	1,053,138	385,732	35.4	1,505.09

Reference: Shareholders' equity As of March 31, 2024: 425,293 million yen

As of March 31, 2023: 372,795 million yen

(3) Consolidated Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
Year ended	Millions of yen	Millions of yen	Millions of yen	Millions of yen
March 31, 2024	89,628	(76,033)	17,265	103,782
March 31, 2023	46,066	(60,646)	20,023	70,912

2. Cash Dividends

	Annual dividends per share					Total dividends (annual)	Dividend payout ratio (consolidated)	Ratio of dividend payout to net assets (consolidated)
	1Q end	2Q end	3Q end	Fiscal Year-end	Total			
Fiscal year	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
ended March 31, 2023	—	12.00	—	12.00	24.00	5,965	29.1	1.7
ended March 31, 2024	—	12.00	—	18.00	30.00	7,487	22.5	1.9
ending March 31, 2025 (Forecast)	—	15.00	—	15.00	30.00		21.2	

Note: The year-end dividends for the year ended March 31, 2024 include commemorative dividends of 3.0 yen to mark the 115th anniversary of the Company's foundation.

3. Consolidated Financial Forecasts for the Year Ending March 31, 2025 (April 1, 2024 - March 31, 2025)

(Percentages indicate changes from the same period of previous fiscal year.)

	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
2nd Quarter (cumulative)	500,000	10.4	21,000	(18.2)	22,000	(19.9)	17,000	(7.7)	68.63
Full fiscal year	1,000,000	11.0	50,000	2.3	52,000	8.4	35,000	6.0	141.30

4. Notes

(1) Changes in significant subsidiaries during the period

(changes in specified subsidiaries resulting in the change in scope of consolidation): None

New: — (Company name:)

Excluded: — (Company name:)

(2) 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 other than (i) above: None

(iii) Changes in accounting estimates: None

(iv) Restatement: None

(3) Number of issued shares (common shares)

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

As of March 31, 2024 271,056,029 Shares

As of March 31, 2023 271,056,029 Shares

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

As of March 31, 2024 23,355,661 Shares

As of March 31, 2023 23,365,876 Shares

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

Year ended March 31, 2024 247,700,629 Shares

Year ended March 31, 2023 247,679,168 Shares

(Note)The Company has introduced a stock compensation plan using a Trust for Directors and executive officers, and its shares held by the Trust are included in the number of treasury shares.

(1) Non-consolidated Operating Results

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
Year ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
March 31, 2024	363,590	5.7	24,128	184.5	28,305	117.4	18,244	52.5
March 31, 2023	344,086	8.2	8,480	(37.5)	13,021	(29.7)	11,961	(33.4)

(2) Non-consolidated Financial Position

Reference: Shareholders' equity	As of March 31, 2024:	210,478 million yen
	As of March 31, 2023:	191,993 million yen

- * This report is not subject to audit by certified public accountants or audit corporations.
- * Explanation for the appropriate use of financial forecasts and other notes:
Any statement in this document regarding the forecasts is based on the information currently available to the Company and certain assumptions the Company considers reasonable. The actual results may differ significantly from these forecasts due to various factors.
- * This document has been translated from the Japanese original for reference purposes only. In the event of any discrepancy between this translation and the Japanese original, the latter shall prevail.

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1. Overview of Operating Results, etc.

(1) Overview of Operating Results for the Fiscal Year under Review

During the fiscal year ended March 31, 2024, although the Japanese economy faced various issues including rising prices and depreciation of the yen, the gradual trend toward recovery continued due to a pickup in capital investment against a backdrop of increased people flow, exports, and corporate earnings, partly resulting from the transition of COVID-19 to a class 5 infectious disease and the effects of various policies implemented by the Japanese government.

In such an economic environment, the production volume in the paperboard industry fell below the previous fiscal year due to a decline in demand for corrugated packaging, together with sluggish exports.

The production volume in the corrugated packaging industry was lower than in the previous fiscal year. This was because although demand for e-commerce and parcel delivery remained solid, demand remained sluggish in a wide range of fields.

The production volume in the folding cartons industry was on par with the previous fiscal year due to a rebound in demand associated with the flow of people as well as POP and other display and promotional materials, despite continued contraction in the gift-related market.

The production volume in the flexible packaging industry was lower than in the previous fiscal year due to the impact of tendencies toward frugality on account of high prices, although inbound and event demand recovered.

The production volume in the heavy duty packaging industry was lower than in the previous fiscal year. This was because petrochemical-related demand fell on the impact of the slowdown in the global economy, chiefly in China.

Under such circumstances, the Rengo Group worked diligently to expand business and increase earning capacity with strengthened marketing capabilities as well as active capital investment and mergers and acquisitions as “General Packaging Industry (GPI) Rengo.” In this way the Company offers innovative solutions that meet all the packaging needs of various industries, while pushing forward with efforts to establish a price system that enables reproduction.

The Company has been working to revise prices of corrugated board and folding carton products delivered from April 2024 as it has become difficult to cope with changes in cost structures across the entire value chain through in-house efforts alone, such as with rising logistics and labor costs and capital investment for environmental measures and labor environment improvement.

In August 2023, Howa Sangyo Co., Ltd. in Funabashi City, Chiba, integrated and unified the water-based flexo printing businesses of Kinyosha Printing Co., Ltd. in Ota-ku, Tokyo, and Marufuku Co., Ltd. in Hakusan City, Ishikawa, and established a structure to meet diversifying flexible packaging product needs. Then, in October, Fuji-Hoso Shiki Co., Ltd. in Hino-cho, Gamo-gun, Shiga, and Marufuku Co., Ltd. merged (new company name: FUJI-MARUFUKU CO., LTD.) to improve management efficiency and strengthen competitiveness in the folding cartons business. In January 2024, the Company commenced operations at the Ehime Toon Plant (Toon City, Ehime, the new location of the Matsuyama Plant), further strengthening the corrugated board business, and in April, with the aim of bolstering the integrated system in its flexible packaging business, the Rengo Group integrated Sun·Tox Co., Ltd. in Taito-ku, Tokyo, with the packaging solution business of Mitsui Chemicals Tohcello, Inc. in Chiyoda-ku, Tokyo, then established a subsidiary (new company name: RM TOHCELLO CO., LTD.).

In addition, Taiko Paper Mfg., Ltd. in Fuji City, Shizuoka, has begun a review of its business portfolio and, having allied with Biomaterial in Tokyo Co., Ltd., a bio-venture in Onojo City, Fukuoka (becoming a subsidiary in April 2024), and commenced a demo testing service for production of second-generation bio-ethanol, the raw material for sustainable aviation fuel (SAF), which is experiencing rising demand in the international aviation field.

Overseas, in efforts to further expand the heavy duty packaging materials business, in April 2023, TRICOR Packaging & Logistics AG in Germany made the decision to build a new plant with state-of-the-art

technology, and in May, Tri-Wall Limited in Hong Kong began operations at a new company established in China, while in October, it made a subsidiary of Gestora Comercial Internacional, S.L.U., which is centered in Spain and is expanding business to Portugal and Morocco. In addition, in the same month, the Company acquired shares in Velvin Containers Private Limited, a corrugated packaging manufacturer in India (new company name: Velvin Rengo Containers Private Limited), thus further enhancing its global strategy.

Environmental initiatives as part of ESG management are top priority issues for the Rengo Group which advocates “Less is more.” as its key phrase. Toward achieving zero use of coal, the Rengo Group will convert the fuel to LNG at Kanazu Mill in Awara City, Fukui, in 2026, and Marusan Paper Mfg. Co., Ltd. in Minamisoma City, Fukushima, in 2027 to achieve the CO₂ emission reduction target “46% reduction compared to FY2013” by FY2030 (Eco Challenge 2030).

In addition, the Company became the first Japanese paper manufacturer on the Tokyo Stock Exchange’s Prime Market to obtain approval of a “1.5°C level” Science Based Target (SBT) from the Science Based Targets initiative (SBTi), an international initiative, and was certified that its greenhouse gas reduction targets for 2030 is consistent with the greenhouse gas reduction target required by the Paris Agreement.

As a result, for the fiscal year under review, net sales were ¥900,791 million (106.5% year on year), operating profit was ¥48,855 million (188.2% year on year), ordinary profit was ¥47,984 million (167.3% year on year), and profit attributable to owners of parent was ¥33,025 million (161.7% year on year).

An overview of each segment for the fiscal year under review is as follows.

[Paperboard and Packaging-Related Business]

The Paperboard and Packaging-Related Business reported higher sales and profit due to product price revisions, despite decreased sales volume.

As a result, net sales were ¥510,945 million (105.6% year on year) and operating profit was ¥34,966 million (244.3% year on year).

The production volume of main products was as follows.

(Paperboard products)

Paperboard production volume was 2,427 thousand tons (96.2% year on year) due to a slowdown in corrugated packaging demand.

(Corrugated boards/boxes)

With regard to corrugated boards/boxes, the production volume was 4,217 million square meters (97.3% year on year) in corrugated board, and 3,531 million square meters (97.9% year on year) in corrugated boxes, due to sluggish demand in a wide variety of areas.

[Flexible Packaging-Related Business]

The Flexible Packaging-Related Business reported higher sales and profit on the contribution of product price revisions.

As a result, net sales were ¥121,278 million (105.0% year on year) and operating profit was ¥4,770 million (159.7% year on year).

[Heavy Duty Packaging-Related Business]

In the Heavy Duty Packaging-Related Business, sales and profit decreased, resulting from a decline in petrochemical-related demand.

As a result, net sales were ¥44,348 million (98.4% year on year) and operating profit was ¥906 million (80.6% year on year).

[Overseas Business]

The Overseas Business reported higher sales and profit supported by the increase in the number of consolidated subsidiaries and other factors.

As a result, net sales were ¥189,177 million (113.7% year on year) and operating profit was ¥6,781 million (112.8% year on year).

[Other Businesses]

The Other Business reported decreased sales and profit due to a deterioration in profitability in the transport business.

As a result, net sales were ¥35,041 million (99.1% year on year) and operating profit was ¥1,162 million (87.4% year on year).

(2) Overview of Financial Position for the Fiscal Year under Review

Total assets as of the end of the fiscal year under review were ¥1,172,515 million, an increase of ¥119,377 million from the end of the previous fiscal year. The increase was mainly due to increases in cash and deposits; notes and accounts receivable - trade; and property, plant and equipment.

Total liabilities amounted to ¥733,537 million, an increase of ¥66,132 million from the end of the previous fiscal year. The increase was mainly due to increases in long- and short-term borrowings and notes and accounts payable - trade.

Net assets were ¥438,978 million, an increase of ¥53,246 million from the end of the previous fiscal year. This was due to an increase in retained earnings as a result of reporting profit attributable to owners of parent and an increase in foreign currency translation adjustment resulting from exchange rate fluctuation.

As a result, the shareholders' equity ratio increased by 0.9 percentage points from the end of the previous fiscal year to 36.3%.

(3) Overview of Cash Flows for the Fiscal Year under Review

As of the end of the fiscal year under review, cash and cash equivalents amounted to ¥103,782 million, an increase of ¥32,870 million from the end of the previous fiscal year. The status of cash flows is as follows.

Net cash provided by operating activities amounted to ¥89,628 million, an increase in inflows of ¥43,562 million compared to the previous fiscal year. The main items were profit before income taxes of ¥50,290 million, depreciation of ¥48,761 million, increase in trade receivables of ¥25,297 million, and income taxes paid of ¥8,479 million.

Net cash used in investing activities was ¥76,033 million, an increase in outflows of ¥15,387 million compared to the previous fiscal year. The main items were purchase of property, plant and equipment amounting to ¥63,975 million and a net increase in time deposits amounting to ¥11,988 million.

Net cash flow provided by financing activities was ¥17,265 million, a decrease in inflows of ¥2,758 million compared to the previous fiscal year. The main items were ¥19,897 million in net increases in long- and short-term borrowings, ¥20,000 million in proceeds from issuance of bonds, ¥10,110 million for redemption of bonds, and dividends paid amounting to ¥5,977 million.

(Reference) Trend in cash flow indicators

	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Shareholders' equity ratio (%)	33.9	36.0	36.6	35.4	36.3
Shareholders' equity ratio on a market value basis (%)	25.4	27.3	20.7	20.2	24.7
Ratio of cash flow to interest- bearing debt (years)	5.3	5.0	6.1	8.8	4.9
Interest coverage ratio (times)	35.5	38.7	35.8	23.4	27.8

Shareholders' equity ratio: Shareholders' equity / Total assets

Shareholders' equity ratio on a market value basis: Market capitalization / Total assets

Ratio of cash flow to interest-bearing debt: Interest-bearing debt / Operating cash flow

Interest coverage ratio: Operating cash flow / Interest payments

(Notes)

1. Each indicator is calculated using financial figures on a consolidated basis.
2. Market capitalization is calculated as the product of the closing share price at the end of the fiscal year and the total number of issued shares at the end of the fiscal year (excluding treasury shares).
3. Operating cash flow refers to “cash flows from operating activities” on the consolidated statements of cash flows.
4. Interest-bearing debt refers to all liabilities recorded on the consolidated balance sheets on which interest is paid.
5. Interest payments refer to “interest paid” on the consolidated statements of cash flows.

(4) Future Outlook

Although expectations are for an ongoing gradual recovery, combined with the effect of various government policies as the employment and income environment improves, international business conditions may exert downward pressure on the Japanese economy, such as through rising geopolitical risks in the international community, global monetary tightening, and concerns about the future of the Chinese economy.

In view of this outlook, the Rengo Group projects the following financial results for the fiscal year ending March 31, 2025 due to contributions made by price revisions to corrugated packaging and folding carton products, and an increase in consolidated subsidiaries, despite expectations of increases in personnel and logistics expenses, as well as for higher depreciation associated with capital investment for environmental measures and labor environment improvement.

	Fiscal year ended March 31, 2024	Fiscal year ending March 31, 2025 (Forecast)	Year-on-year
Net sales (millions of yen)	900,791	1,000,000	111.0%
Operating profit (millions of yen)	48,855	50,000	102.3%
Ordinary profit (millions of yen)	47,984	52,000	108.4%
Profit attributable to owners of parent (millions of yen)	33,025	35,000	106.0%
Profit per share (yen)	133.33	141.30	7.97 yen
Capital expenditures (millions of yen)	73,833	105,000	142.2%
Depreciation and amortization (millions of yen)	48,761	54,500	111.8%

(5) Basic Policy on the Distribution of Profits and Dividends for the Fiscal Year under Review and the Next Fiscal Year

The Company's basic stance is to maintain continuing, stable dividends, while aiming for a progressive dividend policy to increase dividends in line with profit growth, based on a comprehensive and long-term consideration of factors such as performance trends, financial position, and future business expansion. The Company will retain some profits, utilizing them effectively for capital investment to enhance its competitive strength and fund new investments, including research, development, mergers and acquisitions, in areas where new growth can be expected, aiming to enhance corporate value and establish a foundation for sustainable growth.

Based on this policy, and upon consideration of its financial position and other factors, the Company has decided to increase its ordinary dividend by ¥3 per share, to ¥15 per share.

In addition, on April 12, 2024, the Company celebrated the 115th anniversary of its foundation. The Company would like to take this opportunity to thank shareholders and all stakeholders for their support over the many years. To express our sincere gratitude, the Company will also provide a commemorative dividend of ¥3 to mark the 115th anniversary.

With both the ordinary dividend and the commemorative dividend, the year-end dividend for the fiscal year under review will therefore amount to ¥18 per share.

For the next fiscal year, the Company plans to pay an interim dividend of ¥15 and a year-end dividend of ¥15 for annual dividends of ¥30 per share.

2. Basic Policy on Selection of Accounting Standards

The Rengo Group applies Japanese accounting standards, and will address the application of International Financial Reporting Standards (IFRS) appropriately after taking into consideration various circumstances in Japan and abroad.

3. Consolidated Financial Statements and Principal Notes

(1) Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2023	As of March 31, 2024
Assets		
Current assets		
Cash and deposits	72,532	117,588
Notes and accounts receivable - trade	242,862	271,408
Merchandise and finished goods	43,293	43,668
Work in process	5,980	5,563
Raw materials and supplies	37,980	35,872
Other	11,852	11,078
Allowance for doubtful accounts	(938)	(982)
Total current assets	413,564	484,196
Non-current assets		
Property, plant and equipment		
Buildings and structures	312,926	337,538
Accumulated depreciation	(190,992)	(199,581)
Buildings and structures, net	121,933	137,956
Machinery, equipment and vehicles	646,134	681,054
Accumulated depreciation	(519,417)	(542,226)
Machinery, equipment and vehicles, net	126,716	138,828
Land	132,570	135,892
Leased assets	29,132	34,221
Accumulated depreciation	(12,501)	(16,312)
Leased assets, net	16,631	17,909
Construction in progress	19,077	19,387
Other	26,368	28,099
Accumulated depreciation	(20,334)	(21,606)
Other, net	6,034	6,493
Total property, plant and equipment	422,964	456,467
Intangible assets		
Goodwill	27,215	27,075
Other	21,265	21,333
Total intangible assets	48,480	48,408
Investments and other assets		
Investment securities	138,850	151,144
Long-term loans receivable	548	740
Retirement benefit asset	3,385	5,423
Deferred tax assets	2,234	2,414
Other	24,037	24,628
Allowance for doubtful accounts	(927)	(909)
Total investments and other assets	168,129	183,442
Total non-current assets	639,574	688,318
Total assets	1,053,138	1,172,515

(Millions of yen)

	As of March 31, 2023	As of March 31, 2024
Liabilities		
Current liabilities		
Notes and accounts payable - trade	143,950	152,857
Short-term borrowings	134,539	131,820
Current portion of bonds payable	10,110	5,010
Lease liabilities	4,761	5,512
Accrued expenses	33,728	37,786
Income taxes payable	5,058	13,958
Provision for bonuses for directors (and other officers)	274	440
Other	35,809	44,895
Total current liabilities	368,231	392,280
Non-current liabilities		
Bonds payable	80,065	95,055
Long-term borrowings	162,774	188,061
Lease liabilities	12,027	12,209
Deferred tax liabilities	25,793	30,258
Provision for retirement benefits for directors (and other officers)	812	784
Provision for share awards for directors (and other officers)	599	800
Factory move cost reserve	363	-
Retirement benefit liability	13,542	10,928
Other	3,195	3,159
Total non-current liabilities	299,174	341,257
Total liabilities	667,405	733,537
Net assets		
Shareholders' equity		
Share capital	31,066	31,066
Capital surplus	33,597	33,663
Retained earnings	252,677	279,627
Treasury shares	(12,167)	(12,556)
Total shareholders' equity	305,174	331,801
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	35,467	44,310
Foreign currency translation adjustment	28,325	41,976
Remeasurements of defined benefit plans	3,827	7,204
Total accumulated other comprehensive income	67,621	93,491
Non-controlling interests	12,937	13,684
Total net assets	385,732	438,978
Total liabilities and net assets	1,053,138	1,172,515

(2) Consolidated Statements of Income and Comprehensive Income
Consolidated Statements of Income

(Millions of yen)

	For the fiscal year ended March 31, 2023	For the fiscal year ended March 31, 2024
Net sales	846,080	900,791
Cost of sales	704,161	725,409
Gross profit	141,918	175,381
Selling, general and administrative expenses		
Freight and packing costs	28,162	28,860
Salaries and allowances	35,271	38,978
Amortization of goodwill	2,753	3,437
Other	49,772	55,249
Total selling, general and administrative expenses	115,962	126,526
Operating profit	25,957	48,855
Non-operating income		
Interest income	220	561
Dividend income	2,116	2,293
Share of profit of entities accounted for using equity method	1,377	-
Other	3,370	4,085
Total non-operating income	7,085	6,940
Non-operating expenses		
Interest expenses	2,078	3,254
Salaries paid to dispatched employees	810	853
Share of loss of entities accounted for using equity method	-	1,910
Other	1,472	1,793
Total non-operating expenses	4,361	7,812
Ordinary profit	28,682	47,984
Extraordinary income		
Gain on sale of investment securities	804	3,681
Subsidy income	32	1,320
Other	7,001	681
Total extraordinary income	7,838	5,683
Extraordinary losses		
Loss on sale and retirement of non-current assets	922	1,365
Renewal expenses of plants	670	686
Impairment losses	508	518
Other	3,560	806
Total extraordinary losses	5,662	3,377
Profit before income taxes	30,857	50,290
Income taxes - current	10,337	17,988
Income taxes - deferred	(858)	(1,855)
Total income taxes	9,479	16,133
Profit	21,378	34,156
Profit attributable to non-controlling interests	952	1,130
Profit attributable to owners of parent	20,425	33,025

Consolidated Statements of Comprehensive Income

(Millions of yen)

	For the fiscal year ended March 31, 2023	For the fiscal year ended March 31, 2024
Profit	21,378	34,156
Other comprehensive income		
Valuation difference on available-for-sale securities	3,639	8,899
Foreign currency translation adjustment	9,065	9,653
Remeasurements of defined benefit plans, net of tax	(196)	3,357
Share of other comprehensive income of entities accounted for using equity method	3,860	4,347
Total other comprehensive income	16,369	26,258
Comprehensive income	37,747	60,415
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	36,562	58,891
Comprehensive income attributable to non-controlling interests	1,185	1,523

(3) Consolidated Statements of Changes in Equity

Fiscal year ended March 31, 2023 (from April 1, 2022 to March 31, 2023)

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	31,066	33,358	238,185	(12,218)	290,392
Changes during period					
Dividends of surplus			(5,965)		(5,965)
Profit attributable to owners of parent			20,425		20,425
Purchase of treasury shares				(1)	(1)
Disposal of treasury shares		0		53	53
Other		238	32		270
Net changes in items other than shareholders' equity					
Total changes during period	-	238	14,492	51	14,781
Balance at end of period	31,066	33,597	252,677	(12,167)	305,174

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	31,739	15,830	3,946	51,516	12,379	354,289
Changes during period						
Dividends of surplus						(5,965)
Profit attributable to owners of parent						20,425
Purchase of treasury shares						(1)
Disposal of treasury shares						53
Other						270
Net changes in items other than shareholders' equity	3,727	12,495	(119)	16,104	557	16,661
Total changes during period	3,727	12,495	(119)	16,104	557	31,443
Balance at end of period	35,467	28,325	3,827	67,621	12,937	385,732

Fiscal year ended March 31, 2024 (from April 1, 2023 to March 31, 2024)

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	31,066	33,597	252,677	(12,167)	305,174
Changes during period					
Dividends of surplus			(5,977)		(5,977)
Profit attributable to owners of parent			33,025		33,025
Purchase of treasury shares				(910)	(910)
Disposal of treasury shares		396		521	918
Other		(330)	(98)		(428)
Net changes in items other than shareholders' equity					
Total changes during period	-	66	26,949	(388)	26,627
Balance at end of period	31,066	33,663	279,627	(12,556)	331,801

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	35,467	28,325	3,827	67,621	12,937	385,732
Changes during period						
Dividends of surplus						(5,977)
Profit attributable to owners of parent						33,025
Purchase of treasury shares						(910)
Disposal of treasury shares						918
Other						(428)
Net changes in items other than shareholders' equity	8,842	13,651	3,376	25,870	747	26,618
Total changes during period	8,842	13,651	3,376	25,870	747	53,245
Balance at end of period	44,310	41,976	7,204	93,491	13,684	438,978

(4) Consolidated Statements of Cash Flows

(Millions of yen)

	For the fiscal year ended March 31, 2023	For the fiscal year ended March 31, 2024
Cash flows from operating activities		
Profit before income taxes	30,857	50,290
Depreciation	44,848	48,761
Impairment losses	508	518
Amortization of goodwill	2,733	3,420
Increase (decrease) in provision for retirement benefits for directors (and other officers)	(5)	(28)
Increase (decrease) in provision for share awards for directors (and other officers)	189	200
Increase (decrease) in retirement benefit liability	(163)	(1,364)
Interest and dividend income	(2,337)	(2,855)
Interest expenses	2,078	3,254
Share of loss (profit) of entities accounted for using equity method	(1,377)	1,910
Loss (gain) on sale of investment securities	(803)	(3,675)
Loss (gain) on valuation of investment securities	343	158
Loss (gain) on sale of property, plant and equipment	(3,076)	(304)
Loss on retirement of property, plant and equipment	1,176	1,621
Decrease (increase) in trade receivables	(16,808)	(25,297)
Decrease (increase) in inventories	(12,511)	3,671
Increase (decrease) in trade payables	8,640	6,376
Other, net	2,385	10,360
Subtotal	56,679	97,018
Interest and dividends received	3,608	4,318
Interest paid	(1,972)	(3,228)
Income taxes paid	(12,250)	(8,479)
Net cash provided by (used in) operating activities	46,066	89,628
Cash flows from investing activities		
Net decrease (increase) in time deposits	1,718	(11,988)
Purchase of property, plant and equipment	(42,611)	(63,975)
Proceeds from sale of property, plant and equipment	3,263	845
Purchase of intangible assets	(1,584)	(1,060)
Purchase of investment securities	(506)	(475)
Proceeds from sale and redemption of investment securities	2,100	4,864
Purchase of shares of subsidiaries and associates	(3,713)	(2,012)
Net decrease (increase) in short-term loans receivable	(546)	(108)
Long-term loan advances	(23)	(323)
Proceeds from collection of long-term loans receivable	104	84
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(4,723)	-
Purchase of investment in capital of subsidiaries resulting change in scope of consolidation	(14,138)	(1,882)
Other, net	14	0
Net cash provided by (used in) investing activities	(60,646)	(76,033)

(Millions of yen)

	For the fiscal year ended March 31, 2023	For the fiscal year ended March 31, 2024
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	2,591	(6,397)
Proceeds from long-term borrowings	59,583	63,851
Repayments of long-term borrowings	(35,841)	(37,557)
Proceeds from issuance of bonds	10,000	20,000
Redemption of bonds	(5,087)	(10,110)
Purchase of treasury shares	(1)	(910)
Proceeds from sale of treasury shares	53	918
Dividends paid	(5,965)	(5,977)
Repayments of lease liabilities	(4,845)	(5,558)
Other, net	(463)	(992)
Net cash provided by (used in) financing activities	20,023	17,265
Effect of exchange rate change on cash and cash equivalents	2,463	1,934
Net increase (decrease) in cash and cash equivalents	7,906	32,795
Cash and cash equivalents at beginning of period	57,835	70,912
Increase in cash and cash equivalents resulting from inclusion of subsidiaries in consolidation	5,171	74
Cash and cash equivalents at end of period	70,912	103,782

(5) Notes to Consolidated Financial Statements

(Notes on going concern assumption)

Not applicable.

(Additional information)

(Impairment loss on equity-method associates)

United Pulp and Paper Co., Inc., in which the Company made a capital investment in September 2020 to make it an equity-method associate, has revised its future business plan as its sales volume has fallen below initial projections due to the slowdown of the Chinese economy. Accordingly, as a result of examining the recoverable amount of the Company's investment in the equity-method associate, an impairment loss of ¥3,887 million was recorded as share of loss of entities accounted for using equity method (non-operating expenses). The recoverable amount was measured by the net realizable value calculated based on the income approach.

(Segment information, etc.)

[Segment information]

1. Overview of reportable segments

The Company's reportable segments are the business units for which separate financial information is available and which are periodically reviewed by the Board of Directors for the purposes of monitoring to determine the allocation of business resources and evaluate business performance.

To fulfill the multiple needs of packaging as "General Packaging Industry (GPI)," the Companies expanded the business field into flexible packaging and heavy duty packaging also overseas, and had been making plans for a comprehensive strategy about products in each business fields, in addition to the integrated production from paperboard to corrugated boxes. The Company has designated four reportable segments, which are the "Paperboard and Packaging-Related Business," "Flexible Packaging-Related Business," "Heavy Duty Packaging-Related Business," and "Overseas Business" segments, based on the business field.

The "Paperboard and Packaging-Related Business" segment includes manufacturing and sales of paperboard, corrugated board, and corrugated boxes domestically. The "Flexible Packaging-Related Business" segment includes manufacturing and sales of flexible packaging and cellophane domestically. The "Heavy Duty Packaging-Related Business" segment includes manufacturing and sales of heavy duty packaging products domestically. The "Overseas Business" segment includes manufacturing and sales of paperboard, corrugated board, corrugated boxes, flexible packaging, heavy duty packaging and nonwoven products in overseas operations.

2. Method of calculating sales, profit or loss, assets and other material items by reportable segment

Figures for reportable segment income are based on operating income. Internal transactions are based on the current market prices.

3. Information on sales, profit or loss, assets and other material items by reportable segment
For the fiscal year ended March 31, 2023 (from April 1, 2022 to March 31, 2023)

(Millions of yen)

	Reportable segment					Other Businesses *1	Adjustments *2	Total *3
	Paperboard and Packaging-Related Business	Flexible Packaging-Related Business	Heavy Duty Packaging-Related Business	Overseas Business	Subtotal			
Sales								
Sales to third parties	483,851	115,512	45,059	166,312	810,734	35,345	-	846,080
Intersegment sales and transfers	2,255	670	2,878	6,664	12,468	28,036	(40,504)	-
Total sales	486,107	116,182	47,937	172,976	823,202	63,382	(40,504)	846,080
Segment profit	14,314	2,987	1,124	6,009	24,435	1,330	191	25,957
Segment assets	740,638	105,048	49,841	273,279	1,168,807	39,077	(154,746)	1,053,138
Other items								
Depreciation and amortization	27,440	4,826	1,412	9,825	43,505	1,333	(63)	44,774
Amortization of goodwill	265	165	69	2,252	2,753	-	-	2,753
Investment in equity method associates	739	-	-	56,644	57,383	1,018	-	58,402
Increase in property, plant and equipment and intangible assets	39,064	4,101	1,598	12,149	56,913	1,851	(70)	58,694

*1 "Other Businesses" are businesses which are not included in reportable segments and include domestic manufacturing and sales of nonwoven products, paper packaging machinery and other businesses such as transport, insurance agency, leasing and real estate.

*2 "Adjustments" were as follows:

- (1) The adjustment of segment profit of ¥191 million was from the elimination of intersegment transactions.
- (2) The adjustment of segment assets of ¥(154,746) million was from the elimination of intersegment transactions.
- (3) The adjustment of depreciation and amortization of ¥(63) million was from the elimination of intersegment transactions.
- (4) The adjustments of increase in property, plant and equipment, and intangible assets of ¥(70) million were from the elimination of intersegment transactions.

*3 The segment profit was reconciled with operating profit in the consolidated statements of income.

For the fiscal year ended March 31, 2024 (from April 1, 2023 to March 31, 2024)

(Millions of yen)

	Reportable segment					Other Businesses *1	Adjustments *2	Total *3
	Paperboard and Packaging-Related Business	Flexible Packaging-Related Business	Heavy Duty Packaging-Related Business	Overseas Business	Subtotal			
Sales								
Sales to third parties	510,945	121,278	44,348	189,177	865,749	35,041	-	900,791
Intersegment sales and transfers	2,657	528	3,355	5,615	12,156	28,068	(40,224)	-
Total sales	513,602	121,806	47,704	194,792	877,906	63,110	(40,224)	900,791
Segment profit	34,966	4,770	906	6,781	47,425	1,162	267	48,855
Segment assets	815,618	111,762	52,714	305,046	1,285,142	41,604	(154,231)	1,172,515
Other items								
Depreciation and amortization	28,487	4,873	1,604	12,457	47,423	1,354	(72)	48,705
Amortization of goodwill	342	165	69	2,859	3,437	-	-	3,437
Investment in equity method associates	753	-	-	57,552	58,305	1,126	-	59,432
Increase in property, plant and equipment and intangible assets	48,963	4,984	1,820	17,062	72,832	1,115	(114)	73,833

*1 "Other Businesses" are businesses which are not included in reportable segments and include domestic manufacturing and sales of nonwoven products, paper packaging machinery and other businesses such as transport, insurance agency, leasing and real estate.

*2 "Adjustments" were as follows:

- (1) The adjustment of segment profit of ¥267 million was from the elimination of intersegment transactions.
- (2) The adjustment of segment assets of ¥(154,231) million was from the elimination of intersegment transactions.
- (3) The adjustment of depreciation and amortization of ¥(72) million was from the elimination of intersegment transactions.
- (4) The adjustments of increase in property, plant and equipment, and intangible assets of ¥(114) million were from the elimination of intersegment transactions.

*3 The segment profit was reconciled with operating profit in the consolidated statements of income.

(Per share information)

Net assets per share and the basis of calculation thereof and basic earnings per share and the basis of calculation thereof are shown below.

	As of March 31, 2023	As of March 31, 2024
(1) Net assets per share (yen)	1,505.09	1,716.97
(Basis for calculation)		
Total net assets on the consolidated balance sheets (millions of yen)	385,732	438,978
Total net assets relating to common shares (millions of yen)	372,795	425,293
Main differences		
Non-controlling interests (millions of yen)	12,937	13,684
Total number of issued shares that are common shares (thousand shares)	271,056	271,056
Number of treasury shares that are common shares (thousand shares)	23,365	23,355
Number of common shares used to calculate net assets per share (thousand shares)	247,690	247,700

	For the fiscal year ended March 31, 2023	For the fiscal year ended March 31, 2024
(2) Basic earnings per share (yen)	82.47	133.33
(Basis for calculation)		
Profit attributable to owners of parent (millions of yen)	20,425	33,025
Profit attributable to owners of parent relating to common shares (millions of yen)	20,425	33,025
Average number of common shares outstanding during the period (thousand shares)	247,679	247,700

- (Notes) 1. Diluted earnings per share is not presented for the fiscal year under review as there are no dilutive shares.
2. Shares of the Company held in the trust account for the Stock Compensation Plan are included in the number of treasury shares (880 thousand shares and 1,873 thousand shares for the fiscal years ended March 31, 2023 and 2024, respectively) that are deducted from the total number of issued shares at the end of the fiscal year for the purposes of calculating net assets per share. Shares of the Company held in the trust account for the Stock Compensation Plan are included in the number of treasury shares (892 thousand shares and 1,539 thousand shares for the fiscal years ended March 31, 2023 and 2024, respectively) that are deducted from the average number of shares outstanding during the period for the purposes of calculating basic earnings per share.

(Significant subsequent events)

Business combination through acquisition

1. Summary of the combination

(1) Name and business of the company acquired

Name: Mitsui Chemicals Tohcello, Inc.

Business: Manufacturing and sales of packaging-use polyolefin film and foam-molded sheets

(2) Reason for the combination

By making a subsidiary of the Company through after the management integration of Sun·Tox Co., Ltd. and Mitsui Chemicals Tohcello, Inc., the Rengo Group will respond flexibly to changes in the business environment surrounding the plastic packaging materials industry, promote high profitability in the polyolefin film and foamed sheets business, accelerate the development of environment-friendly new products and expand overseas business, which will lead to achieving its sustainable growth strategy.

(3) Date of the combination

April 1, 2024

(4) Legal form of the combination

Acquisition of equity shares for cash consideration

(5) Post-combination name of the acquired company

RM TOHCELLO CO., LTD.

(6) Percentage of voting rights acquired

51.0%

(7) Basis for determining acquiring company

The Company acquired shares of Mitsui Chemicals Tohcello, Inc. from Mitsui Chemicals, Inc. so that the Company will own 51.0% of voting rights of the acquired company after Mitsui Chemicals Tohcello, Inc. absorbed Sun·Tox Co., Ltd.

2. Acquisition cost and type of consideration paid

Consideration paid for acquisition	Cash	¥10,929 million
Acquisition cost		¥10,929 million

3. Principal acquisition related expenses

Advisory fees, etc.: ¥305 million

4. Amount, cause and amortization of goodwill arising from the acquisition

Not finalized at this time.

5. Details of the assets acquired and the liabilities assumed at the date of the business combination

Not finalized at this time.