

Rengo's Group Management Briefing

May 23, 2024

Rengo Co., Ltd.

(TSE: 3941)

Table of contents

Index	Page
Group management	1. Expansion of group management platform 3
	2. Results for FY2023 / Forecast for FY2024 4
	3. Cash flow allocation in FY2024 5
	4. Investment for growth (domestic initiatives) 6
	5. Investment for growth (overseas initiatives) 11
ESG management	6. Environmental initiatives in ESG management 13
	7. Sustainability investment – roadmap to reducing GHG emissions 14
	8. Establishing a sustainable value chain 15
	9. Promoting ESG management with the aim of SDGs 16
Corporate value (CV) creation	10. Toward achieving Vision 115 17
	11. Dividend policy and dialogue policy with stakeholders 18
	12. Virtuous cycle of growth and distribution leading further growth 19

1. Expansion of group management platform

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2. Results for FY2023 / Forecast for FY2024

3. Cash flow allocation in FY2024

4. Investment for growth (domestic initiatives)

5. Investment for growth (overseas initiatives)

“General Packaging Industry” expands its value-added creation base

2014

Shin Nagoya Factory equipped with one of Japan's largest rack-type seismically isolated automated warehouses completed

Marusan Paper's containerboard machine (PM8) completed
Investment in Sun・Tox

2016

Acquisition of Tri-Wall Holdings a subsidiary completed

Kanazu Mill's PM2 conversion to produce both medium and linerboard completed

2018

Acquisition of Toppan Containers (currently RG Containers) shares completed
Acquisition of TRICOR Packaging & Logistics and Gutmann Anlagentechnik completed

2020

Containerboard distribution base Yodogawa Logistics Center commenced
Acquisition of Taiko Paper Mfg. completed and kraft pulp and kraft paper businesses started

2022

Rengo Europe established in Germany
New biomass boiler for power generation installed at Tonegawa Division
Ehime Toon Plant relocated from former Matsuyama Plant, starts operation
Sun・Tox and Mitsui Chemicals Tohcello merged, new company RM TOHCELLO launched

2024

2. Results for FY2023 / Forecast for FY2024

1. Expansion of group management platform
2. **Results for FY2023 / Forecast for FY2024**
3. Cash flow allocation in FY2024
4. Investment for growth (domestic initiatives)
5. Investment for growth (overseas initiatives)

Consolidated results/forecast

(billion yen)		(billion yen)		
	FY2023		FY2024 Forecast	YoY diff
Net sales	900.8		1,000.0	99.2 +11.0%
Operating profit	48.9		50.0	1.1 +2.3%
Ordinary profit	48.0		52.0	4.0 +8.4%
Profit attributable to owners of	33.0		35.0	2.0 +6.0%

Future outlook



Positive factors

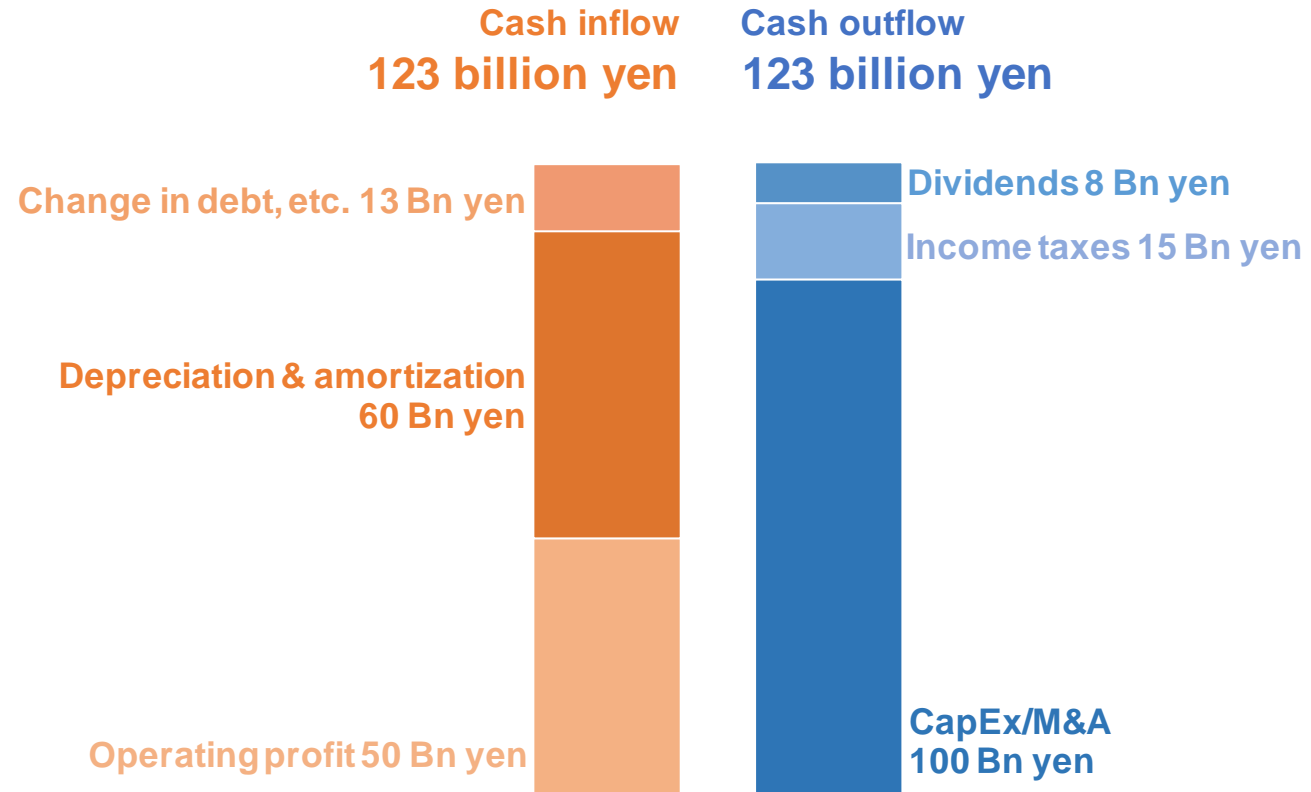
Gradual economic recovery,
New consolidation effects,
Synergy effects from group management,
Price revision effects

Risk factors

Bull raw material and fuel costs,
Prolonged trend of yen depreciation,
Rising logistics costs,
Worsening labor shortage,
Downturn in overseas economies

3. Cash flow allocation in FY2024

Cash inflow/outflow balance

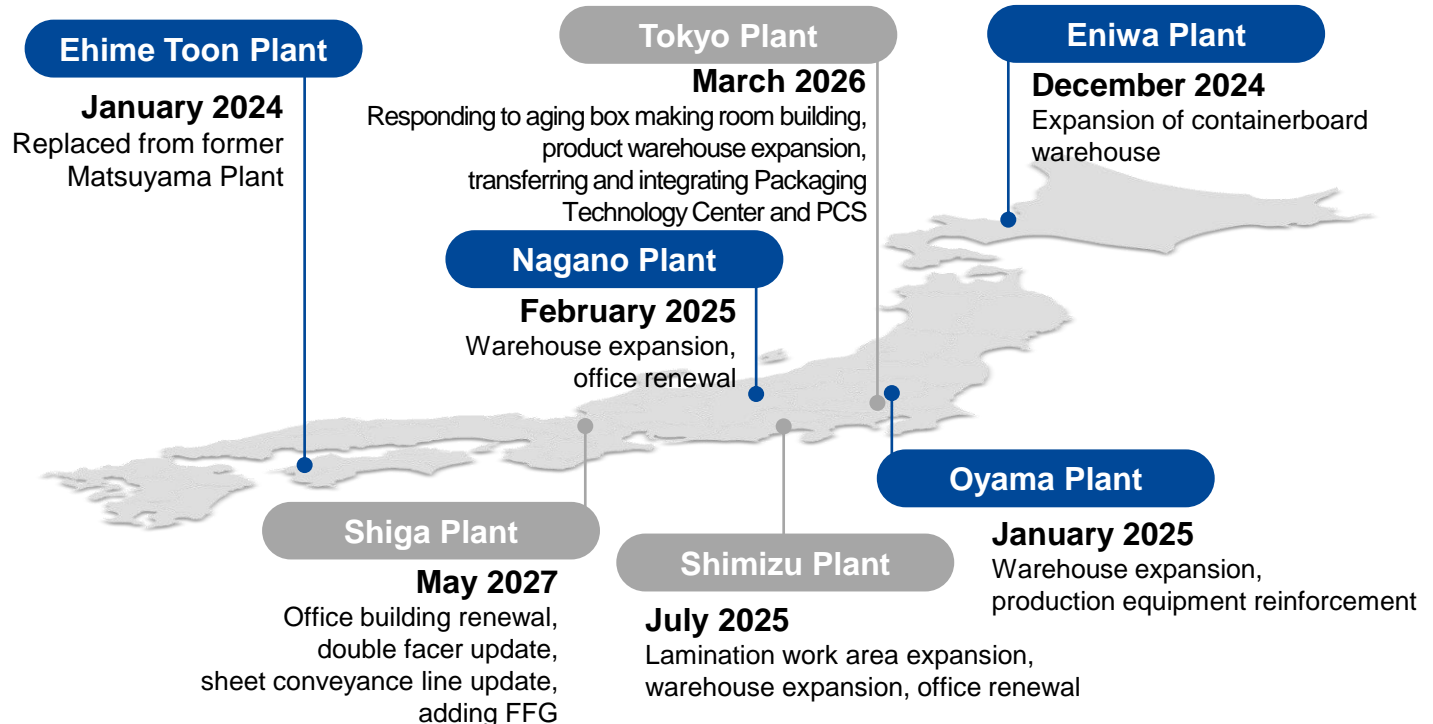


- While fixed costs and other costs increase, profits expected to improve due to a gradual recovery in demand
- Gain medium- to long-term competitive advantage through renewal of aging facilities, human capital investments, DX, M&A, and sustainability investments

4. Investment for growth (domestic initiatives)

New construction/renewal of directly managed corrugated plants

- Scheduled to be completed by 2024
- Scheduled to be completed after 2025



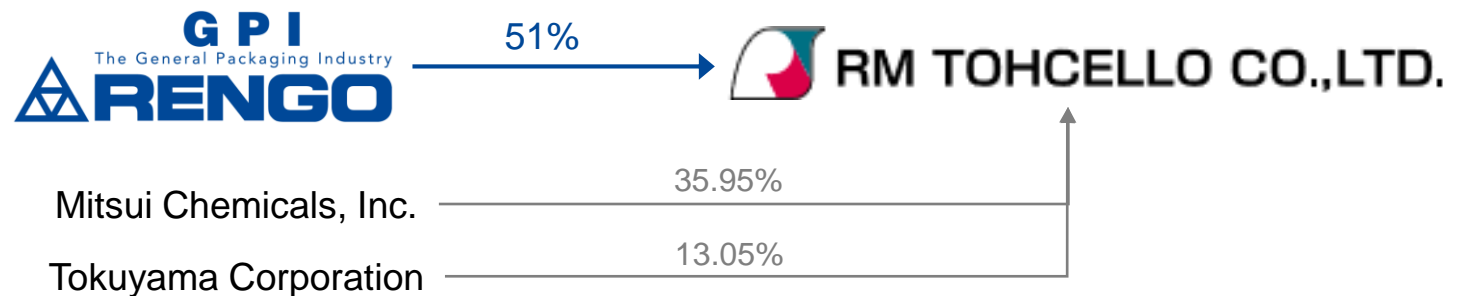
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1. Expansion of group management platform
2. Results for FY2023 / Forecast for FY2024
3. Cash flow allocation in FY2024
4. **Investment for growth (domestic initiatives)**
5. Investment for growth (overseas initiatives)

New company RM TOHCELLO launched

April 1, 2024 Sun・Tox and Mitsui Chemicals Tohcello merge to form a new company RM TOHCELLO

Enhancing the Group's supply system and strengthening development capabilities as a front runner in polyolefin films and foam sheets



Overview of RM TOHCELLO Co., Ltd.

Head office	7 Kanda Mitoshiro-cho, Chiyoda-ku, Tokyo, JAPAN
Capital stock	3,450 million yen
Business scope	Manufacturing and sales of packaging films and form molded sheets
Subsidiaries	Shikoku Tohcello Co., Ltd. (Tokushima Prefecture) Tohcello Logistics Co., Ltd. (Tochigi Prefecture) Tohcello Slitter Co., Ltd. (Tochigi Prefecture) Siam Tohcello Co., Ltd. (Thailand)

4. Investment for growth (domestic initiatives)

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Strengthening value chain of flexible/heavy duty packaging-related businesses

- ▶ New company RM TOHCELLO launched in April 2024, strengthening the Group's all-in-one system integrating both films and packaging products



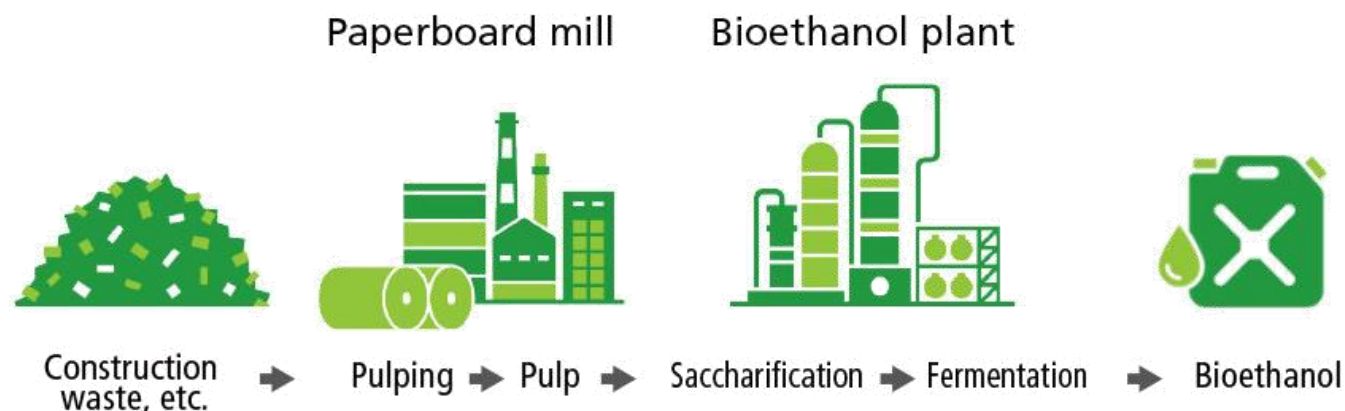
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Second-generation bioethanol production demonstration project in Taiko Paper Mfg.

In partnership with Biomaterial in Tokyo Co., Ltd., a subsidiary since April 2024, commercialization plan of second-generation bioethanol as a raw material for SAF (sustainable aviation fuel) started

Aiming to produce 20,000 kl/year of bioethanol by using unused biomass resources such as construction waste materials



Business portfolio restructuring

Shutdown of deteriorating No. 1 and No. 2 paperboard machine (special paper, kraft paper) to consolidate production to No. 5 and No. 6 paper machines (kraft paper, etc.) following to upgrading No.5

4. Investment for growth (domestic initiatives)

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Renewal of Takefu Plant

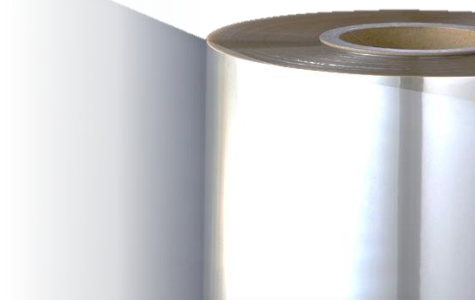
Deteriorating cellophane manufacturing equipment gradually to be updated to improve quality by adding a film forming machine which meets the growing need for biodegradable materials from an environmental perspective



Takefu Plant

The new film forming machine scheduled to start operation at the end of **2026**

Production capacity to increase **60%** compared to the current level



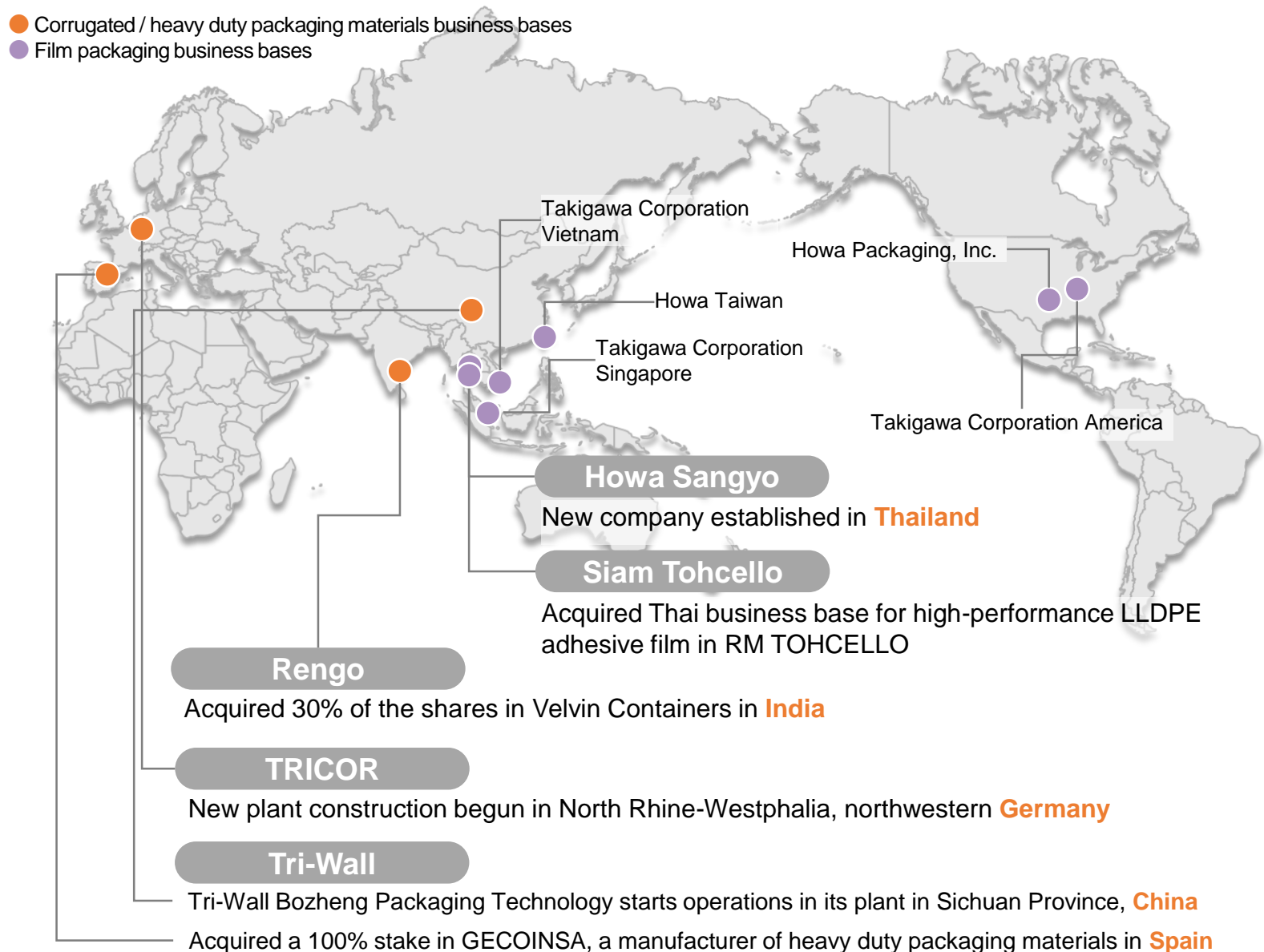
Cellophane

Overview of Takefu Plant

Location	39-1-2 Kamimakara-cho, Echizen-shi, Fukui Prefecture, Japan
Products	Cellophane, coated film, dyed film, viscose-processed paper, porous cellulose particles (Viscopearl), etc.
Boiler fuel	Liquefied natural gas (LNG)

5. Investment for growth (overseas initiatives)

1. Expansion of group management platform
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3. Cash flow allocation in FY2024
4. Investment for growth (domestic initiatives)
5. **Investment for growth (overseas initiatives)**



5. Investment for growth (overseas initiatives)

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TRICOR constructs new plant in Germany

Location	Gocher Grenzweg, 47574 Goch, Germany
Products	Heavy duty corrugated board/boxes
Scheduled for completion	2025



Velvin Rengo Containers* constructs new plant in India

*Rengo's investment ratio = 30%

Location	Cheyyar, Tamil Nadu (95 km southwest of Chennai) SIPCOT (State Industries Promotion Corporation of Tamil Nadu Ltd) Industrial Park
Products	Corrugated products
Date of operation started	March 2024



6. Environmental initiatives in ESG management

“Less is more.”

- 6. Environmental initiatives in ESG management
- 7. Sustainability investment – roadmap to reducing GHG emissions
- 8. Establishing a sustainable value chain
- 9. Promoting ESG management with the aim of SDGs

GHG emissions reduction target

Planned environmental investment of
approximately **70 billion yen**
to steadily achieve target

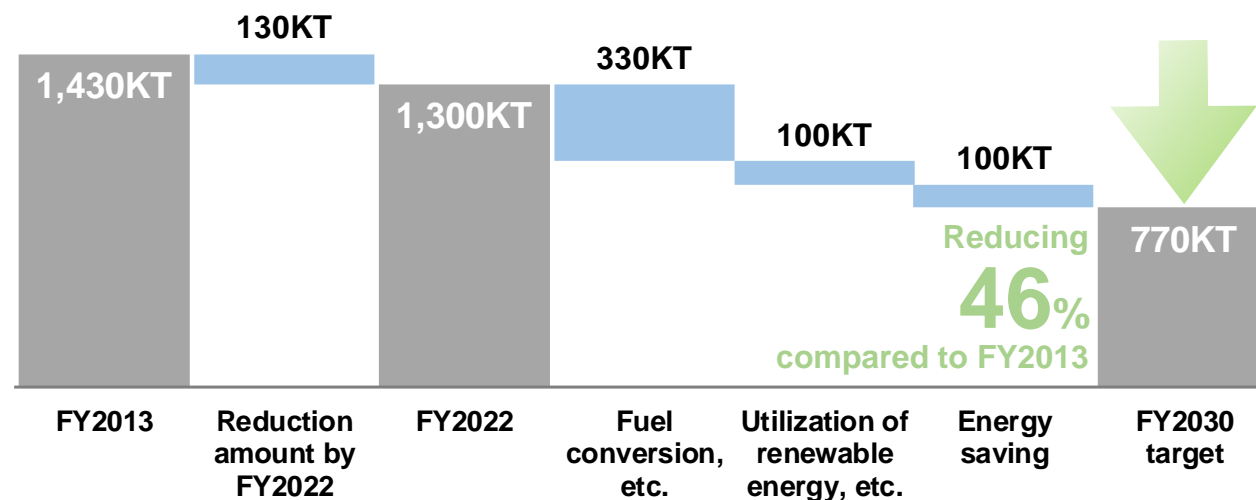
FY2030

46% reduction
compared to FY2013

- ▶ Creating greater value with less resources - "**Less is more.**" is the key phrase for environmental management and packaging manufacturing, aiming to achieve the targets of "Eco Challenge 2030" so that realize a sustainable society and further improve the Group's value

7. Sustainability investment – roadmap to reducing GHG emissions

Gases subject to reduction: GHG emissions (adjusted emissions based on the Act on Promotion of Global Warming Countermeasures)
Scope of coverage: Rengo and domestic consolidated subsidiaries (as of March 31, 2023)



Key investments leading to emissions reductions

Completion (planned) year	Bases/equipment	Possible reduction amount	Investment amount (billion yen)**
2022	Biomass boiler, Tonegawa Div.	90 KT	9.0
2023	Gas engine, Tonegawa Div.	9 KT	3.5
2024	No.5 machine modification, Taiko Paper Mfg	20 KT	6.5
2025	Fuel conversion from coal to LNG, Kanazu Mill	130 KT	9.5
2026	No.2 biomass boiler, Yashio Mill	25 KT	9.0
	Fuel conversion from coal to LNG, Marusan Paper Mfg.	48 KT	9.5
2027	Bioethanol production equipment, Taiko Paper Mfg.	9 KT	15.5

Biomass boiler at Tonegawa Div.



** Approximate total amount before subsidy deduction as of May 2024

8. Establishing a sustainable value chain

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- ▶ Establishing a **value chain** that secures sustainable and stable supply of products through the system which integrates containerboard and corrugated packaging, as well as film and flexible packaging

9. Promoting ESG management with the aim of SDGs

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Digital transformation (DX)



Environmental impact reduction



Diversity and inclusion (D&I)



Appropriate transactions



Legal compliance

**SUSTAINABLE
DEVELOPMENT
GOALS**

**Fulfill our corporate
social responsibility
in our business
activities**

- ▶ We will fulfill our corporate social responsibility in our business activities by further advancing **ESG management**, including **environmental** impact reduction, promoting **D&I** (diversity and inclusion), conducting appropriate transactions, and **legal compliance**, while keeping an eye on the **SDGs** and proactively working on **DX**.

10. Toward achieving Vision 115

- 10. Toward achieving Vision 115
- 11. Dividend policy and dialogue policy with stakeholders
- 12. Virtuous cycle of growth and distribution leading further growth



- ▶ With the aim of becoming the world's best general packaging manufacturer group as a “**packaging provider**,” toward achieving the Vision 115 medium-term vision ending in FY2024 which marks the 115th anniversary of the Company's founding, we are striving to ensure the desirable scale and profitability for each core business within our hexagonal business structure.

11. Dividend policy and dialogue policy with stakeholders

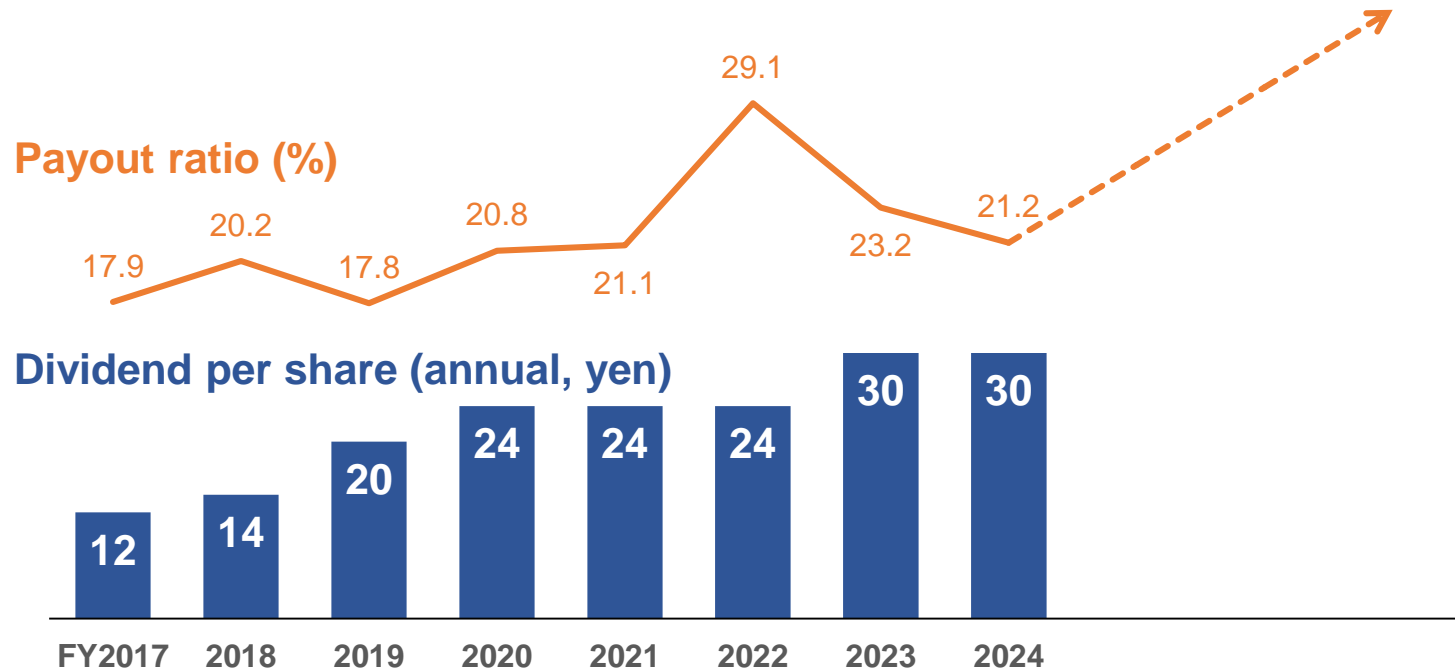
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Dividend policy

Progressive dividends that aim to increase payouts in line with profit growth while maintaining continuous and stable payments with comprehensive and long-term consideration of performance trend, financial conditions, future business development, and other factors



Dialogue policy

Working to improve corporate value sustainably through **constructive dialogue** with stakeholders

12. Virtuous cycle of growth and distribution leading further growth

10. Toward achieving Vision
115

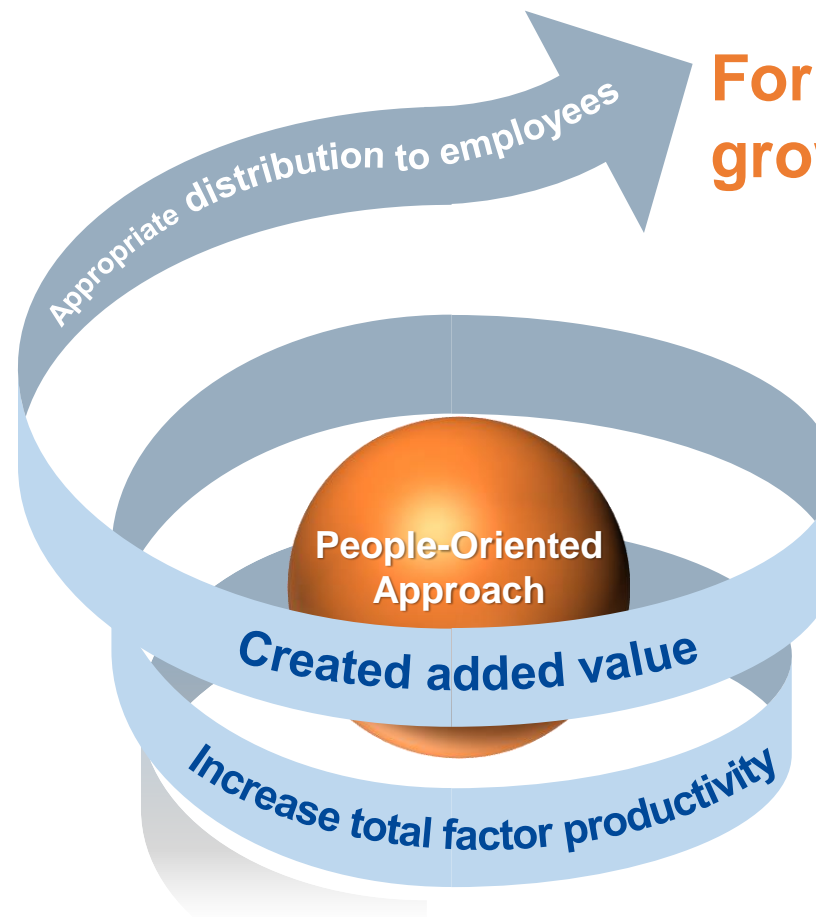
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Labor's share and shareholder returns

(million yen)

	FY2013	FY2023	Change
Labor's share (personnel expenses)	92,328	163,774	+77.4%
Shareholder returns (dividends)	2,973	5,977	+101.1%



**For the continuous
growth**

Virtuous cycle of
growth and
distribution



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The General Packaging Industry RENG0



The description of the business plan and the financial forecasts is based on the information currently available.
Any forward-looking information is not a guarantee of future performance.