Consolidated Financial Results

for the 2nd quarter of the year ending March 2026

November 6, 2025

Rengo Co., Ltd.

(TSE: 3941)

We will explain the summary of financial results for the second quarter of the fiscal year ending March 2026 and the full-year forecast.

Consolidated financial results
for the 2nd quarter of the year ending March 2026

Basic Policy on Selection of Accounting Standards

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

1. Overview of financial performance and business environment

Consolidated income statement

(billion yen)

	Apr.-Sept. 2024	Apr.-Sept. 2025	Y/Y (%)	Diff.
Net sales	495.1	497.2	100.4	+ 2.1
Operating profit	19.8	20.0	100.9	+ 0.2
Ordinary profit	21.9	20.0	91.6	- 1.9
Extraordinary gain/loss	3.9	-0.3	-	- 4.2
Profit attributable to owners of parent	18.9	11.0	58.4	- 7.9

Overview of business performance

- Despite increases in fixed costs and logistics expenses, net sales and operating profit increased due to the product price revisions negotiated last year.
- Ordinary profit decreased due to foreign exchange losses from yen appreciation and deterioration in share of profit of entities accounted for using equity method.
- Profit attributable to owners of parent decreased due to the absence of a gain on bargain purchase in line with the new consolidation of RM TOHCELLO in the previous year.
- Progress against the initial forecast is in line.

Main factors underlying extraordinary gain and loss

(billion yen)

	Apr.-Sept. 2024
(Extraordinary gain)	
Gain on bargain purchase	5.4
(Extraordinary loss)	
Loss on sales/retirement of noncurrent assets	0.6
Plant renewal expenses	0.6
Loss on disaster	0.3

	Apr.-Sept. 2025
(Extraordinary gain)	
Subsidy income	0.3
Gain on sales of noncurrent assets	0.1
(Extraordinary loss)	
Loss on sales/retirement of noncurrent assets	0.3
Loss on reduction of noncurrent assets	0.3

First, let us explain the profit and business environment for the second quarter of the fiscal year ending March 2026.

Net sales for this consolidated fiscal year were ¥497.2 billion, representing a year-on-year increase of ¥2.1 billion. The product price revisions implemented last year continued to contribute positively, resulting in an operating profit of ¥20.0 billion, an increase of ¥0.2 billion. However, due to foreign exchange losses from yen appreciation and deterioration in share of profit of entities accounted for using equity method, ordinary profit was ¥2.0 billion, a decrease of ¥1.9 billion.

Profit attributable to owners of the parent was ¥11.0 billion, a decrease of ¥7.9 billion. This decrease was mainly due to the absence of a gain on bargain purchase in line with the acquisition of RM TOHCELLO CO., LTD. recorded in Q1 last year.

Progress against the forecast announced at the beginning of the current fiscal year is generally on track.

Consolidated financial results for the 2nd quarter of the year ending March 2026

2. Segment performance summary

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Q2 / FY2025

Net sales and operating profit by segment

(billion yen)

	Net Sales				Operating profit			
	Apr.-Sept. 2024	**Apr.-Sept. 2025**	Y/Y (%)	Diff.	Apr.-Sept. 2024	**Apr.-Sept. 2025**	Y/Y (%)	Diff.
Paper and Packaging-Related Business	256.4	**259.8**	101.3	+ 3.4	11.9	**12.6**	105.1	+ 0.6
Flexible Packaging-Related Business	89.3	**96.5**	108.1	+ 7.2	2.0	**5.4**	263.1	+ 3.3
Heavy Duty Packaging-Related Business	22.9	**23.3**	101.5	+ 0.4	0.9	**1.1**	125.6	+ 0.2
Overseas Business	109.1	**98.3**	90.1	- 10.8	4.1	**0.1**	3.6	- 3.9
Other Businesses	17.4	**19.3**	110.8	+ 1.9	0.9	**0.8**	92.2	- 0.1
Consolidated total	495.1	**497.2**	100.4	+ 2.1	19.8	**20.0**	100.9	+ 0.2

*Includes inter-segment transaction eliminations in consolidation adjustments. Due to rounding differences, "Diff." figures may not match the calculated values.

Next, we will explain the segment performance.

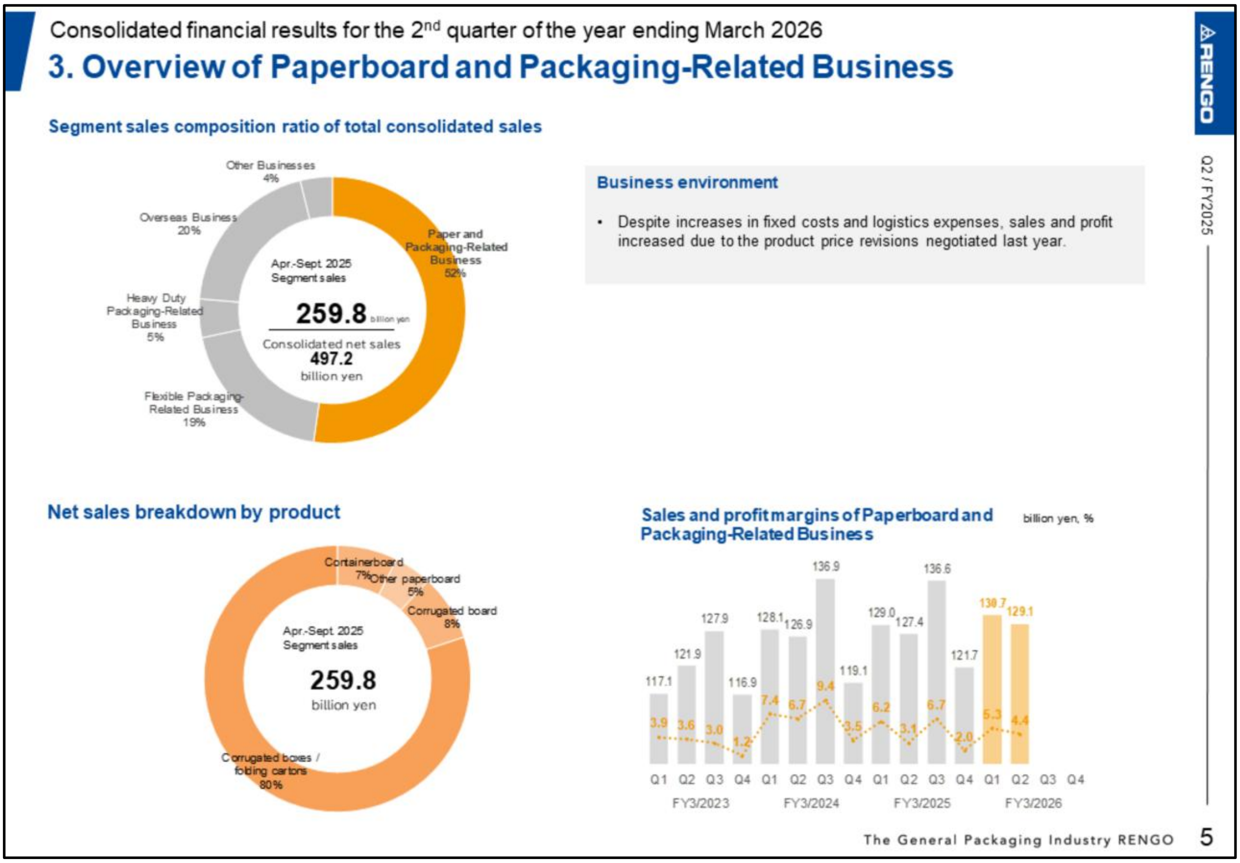
In the Paperboard and Packaging-Related Business, despite increases in fixed costs and logistics expenses, sales and profit increased due to the product price revisions implemented last year. As a result, sales in this segment were ¥259.8 billion, and operating profit was ¥12.6 billion.

In the Flexible Packaging-Related Business, sales and profit increased due to product price revisions and increased sales volume. As a result, sales in this segment were ¥96.5 billion, and operating profit was ¥5.4 billion.

In the Heavy Duty Packaging-Related Business, sales and profit increased due to robustness in the electrical materials sector and product price revisions. As a result, sales in this segment were ¥23.3 billion, and operating profit was ¥1.1 billion.

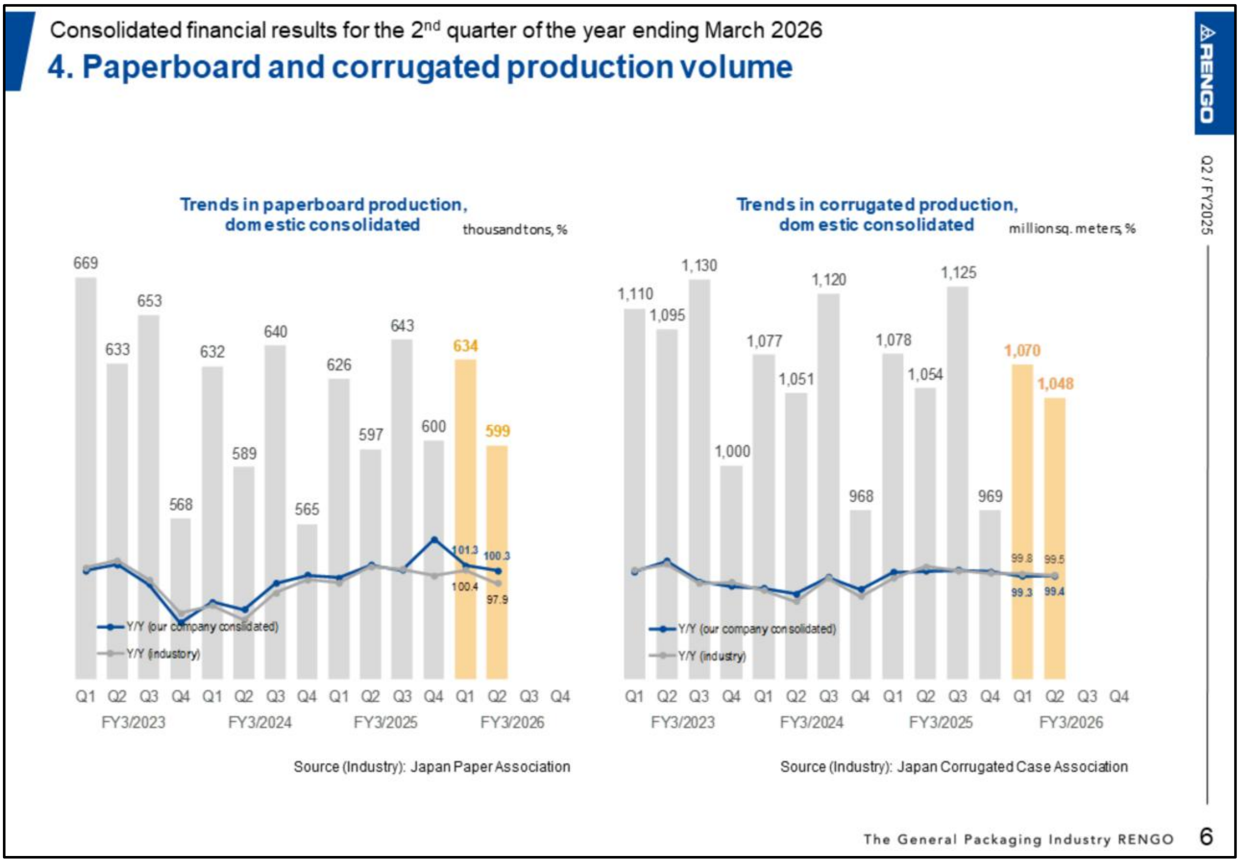
In the Overseas Business, sales and profit decreased due to the deterioration in profitability of heavy-duty corrugated packaging, led by the downturn in the automotive industry in Europe. As a result, sales in this segment were ¥98.3 billion, and operating profit was ¥0.1 billion.

Finally, in Other Businesses, sales increased due to the increase in the number of consolidated subsidiaries, while profit decreased due to rising labor costs in the transportation business. As a result, sales in this segment were ¥19.3 billion, and operating profit was ¥0.8 billion.



Next, we will provide an overview of the Paperboard and Packaging-Related Business.

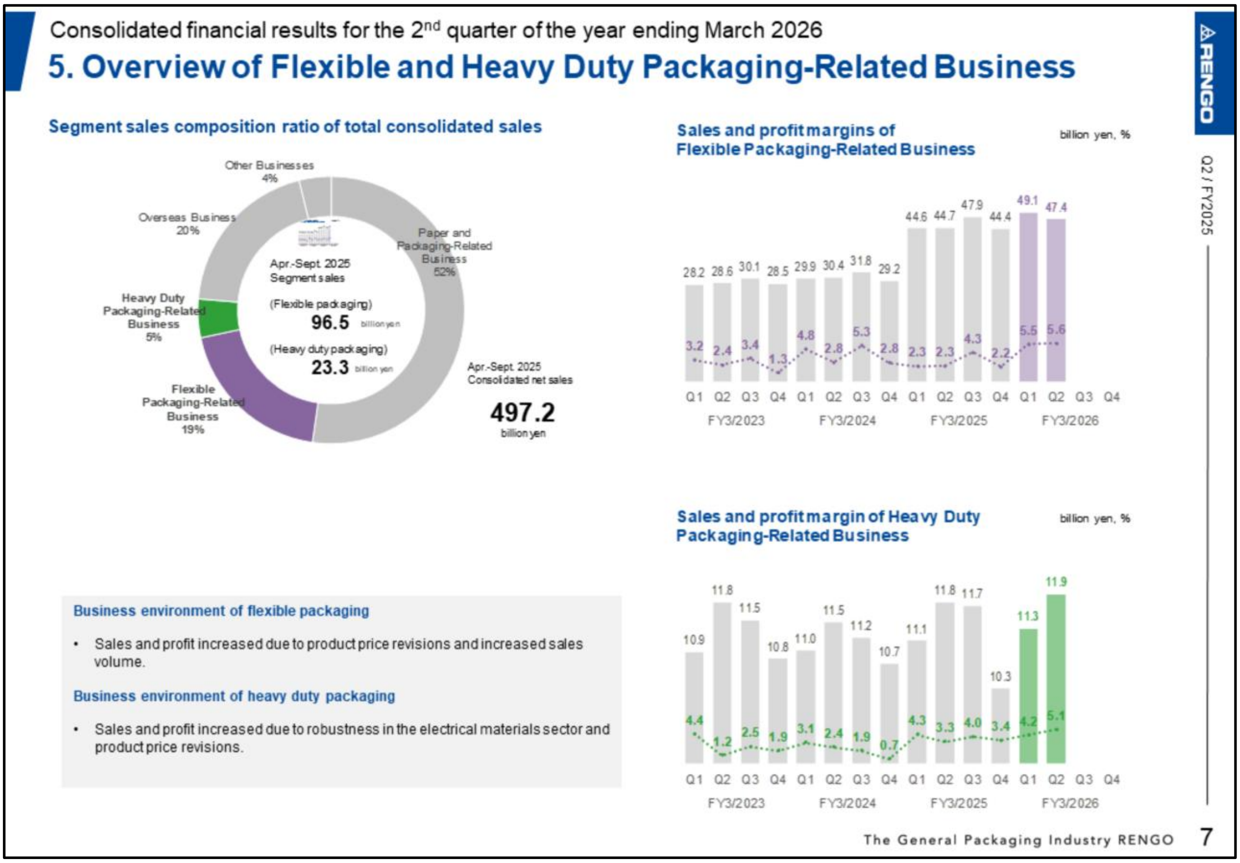
Sales in this segment were ¥259.8 billion, accounting for 52% of the total consolidated sales. The breakdown of sales includes 8% from corrugated board and 80% from corrugated boxes and folding cartons, with a total of 88% derived from corrugated packaging and folding carton products.



Next, we will explain the production volume of paperboard products and corrugated products.

For paperboard products, our group's domestic production volume for the second quarter was 599 thousand tons, representing a year-on-year increase of 0.3%. Of this total, containerboard comprised 541 thousand tons, up 0.5% year-on-year. The industry's overall paperboard production volume was 2,774 thousand tons, a decrease of 2.1%, with containerboard at 2,274 thousand tons, down 1.7% year-on-year.

Similarly, for corrugated products, our group's domestic production volume of corrugated board was 1,048 million square meters, representing a year-on-year decrease of 0.6%, and corrugated boxes were 895 million square meters, up 0.4% year-on-year. The industry's overall production volume of corrugated board was 3,479 million square meters, a year-on-year decrease of 0.5%.



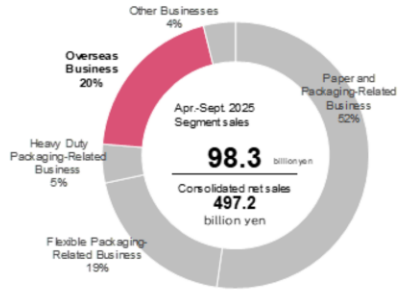
Next, we will provide an overview of the Flexible Packaging-Related Business and Heavy Duty Packaging-Related Business.

Sales in the Flexible Packaging-Related Business were ¥96.5 billion, accounting for 19% of the total consolidated net sales. In the flexible packaging industry, while there was a trend of reduced consumption of non-essential goods and efforts towards environmentally friendly reduction and lightweighting, demand for daily necessities was robust. Our group saw an increase in sales volume, recovering from the previous year's sluggish production due to raw material procurement delays.

Sales in the Heavy Duty Packaging-Related Business were ¥23.3 billion, accounting for 5% of the total consolidated net sales. In the heavy-duty packaging industry, demand from agriculture and petrochemicals decreased, leading to a decline in production volume compared to the previous year, while our group experienced robust performance in the electrical materials sector.

6. Overview of Overseas Business

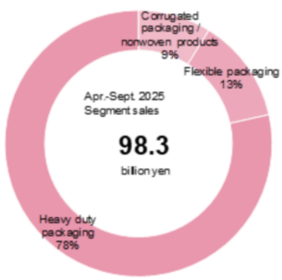
Segment sales composition ratio of total consolidated sales



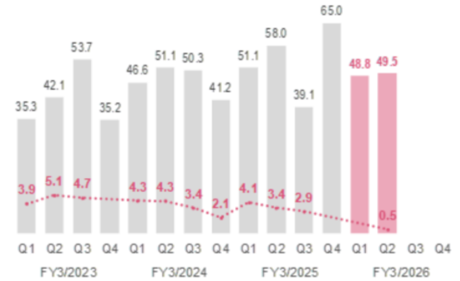
Business environment

- Sales and profit decreased due to the deterioration in profitability of heavy-duty corrugated packaging, led by the downturn in the automotive industry in Europe.

Net sales breakdown by product



Sales and profit margin of Overseas Business billion yen, %



Next, we will provide an overview of the Overseas Business.

Sales in this segment were ¥98.3 billion, accounting for 20% of the total consolidated net sales. The breakdown of sales shows that heavy-duty packaging accounts for approximately 80%, followed by flexible packaging, corrugated packaging and nonwoven products.

In this segment, the downturn in the automotive industry in Europe significantly impacted the performance of the heavy-duty corrugated business, including TRICOR, leading to a substantial decrease in profit.

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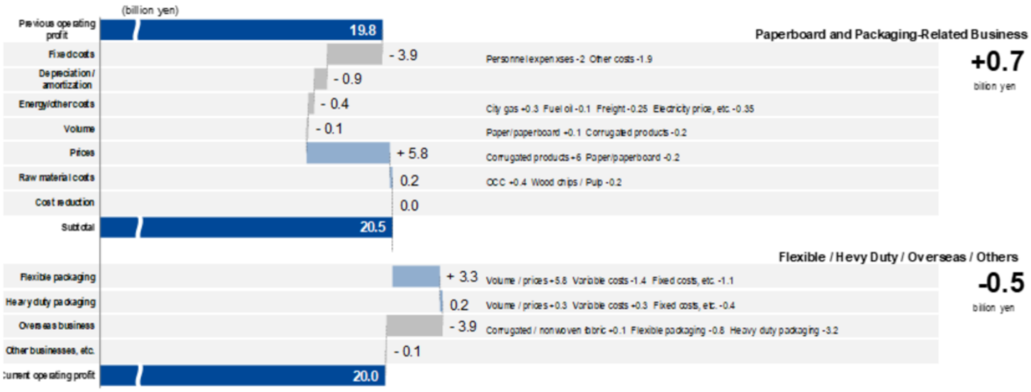
7. Factors for increase/decrease in operating profit (Y/Y differences)



Key information on factors affecting changes in operating profit

			Apr.-Sept. 2024	Apr.-Sept. 2025	Y/Y (%)	Diff.
Production	Continerboard	1,000 tons	1,105	1,113	100.7	+ 8
	Corrugated board	million sqm	2,132	2,118	99.3	- 14
Raw material and fuel price-related	OCC(1)	JPY/kg	18 and up	18 and up	100.0	Flat
	Dubai crude oil	USD/bbl	83.1	68.6	82.6	- 14.5
		Annual impact of $1 fluctuation*	0.2 bn. yen	0.2 bn. yen	-	-
	Foreign exchange	JPY/USD	152.5	146.0	95.7	- 6.5
	Annual impact of 1 yen fluctuation (benefit from yen appreciation)		0.2 bn. yen	0.2 bn. yen	-	-
Product price-related	Containerboard(2) (Grade D medium)	JPY/kg	from 96 to 98	from 96 to 98	100.0	Flat
	Corrugated board(2) (C'5)	JPY/sqm	from 81 to 82	from 81 to 82	100.0	Flat

Source: (1) Paper Recycling Promotion Center (Recovered paper wholesaler's store price)
(2) Nikkei Inc.

* Crude oil price changes impact profit or loss after around six months.

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Next, we will explain the factors for increase and decrease in operating profit.

First, in the Paperboard and Packaging-Related Business, there was an increase in profit of ¥0.7 billion. The total decrease factors amounted to ¥5.3 billion, with the breakdown as follows: an increase in fixed costs of ¥3.9 billion, depreciation/amortization of ¥0.9 billion, a rise in the energy and other costs, including freight costs, of ¥0.4 billion, and the volume of ¥0.1 billion. On the other hand, the increase factors totaled ¥6.0 billion, with the breakdown as follows: the prices of ¥5.8 billion and the raw material costs of ¥0.2 billion. The segment profit resulted in a net increase of ¥0.7 billion.
For segments other than the Paperboard and Packaging-Related Business, there was an increase in profit of ¥3.3 billion in the Flexible Packaging-Related Business, and ¥0.2 billion in the Heavy Duty Packaging-Related Business. However, there was a decrease in profit of ¥3.9 billion in the Overseas Business, with a breakdown of a ¥0.1 billion increase in corrugated packaging and nonwoven fabric, a ¥0.8 billion decrease in flexible packaging, and a ¥3.2 billion decrease in heavy duty packaging, and a decrease of ¥0.1 billion in Other Businesses, totaling a negative ¥0.5 billion.

As a result, the overall operating profit increased by ¥0.2 billion. In the Overseas Business, which experienced a significant decrease in profit, the corrugated and nonwoven subsidiaries saw an increase in profit due to improved performance at Wuxi Rengo Packaging Co., Ltd. However, the flexible packaging subsidiaries experienced a decrease in profit due to the deconsolidation of Takigawa Corporation Singapore. The heavy duty packaging subsidiaries saw a decrease in profit due to the deterioration in profitability of heavy duty corrugated packaging, impacted by the downturn in the automotive industry in Europe.

For key information on factors affecting changes in operating profit, including the production volume of containerboard and corrugated board, raw material and fuel price-related, and product price-related market conditions, please refer to the table below.

Consolidated financial results for the 2nd quarter of the year ending March 2026

8. Trends in capital expenditures and depreciation

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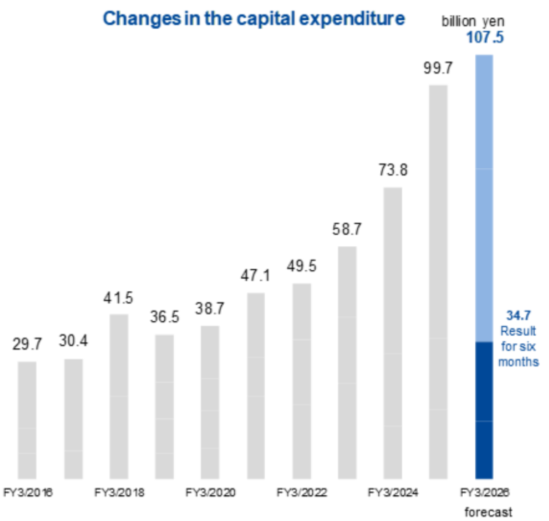
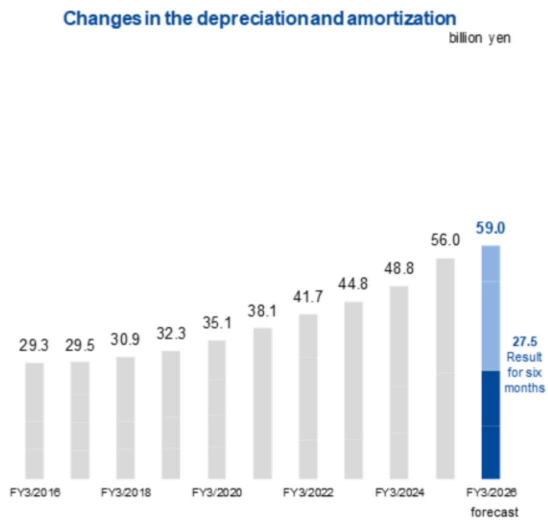
Major investments completed / planned for completion this fiscal year

- Rengo Co., Ltd. Tokyo Plant: Expansion of factory building, etc.
- Rengo Co., Ltd. Kanazu Mill: Fuel conversion (introduction of gas cogeneration system)
- Rengo Co., Ltd. corrugated / folding cartons plants: Heat countermeasures (Phase 3)
- Rengo Co., Ltd. Shimizu Plant: Renovation and facility enhancement
- TRICOR Packaging & Logistics AG: Construction of Goch Plant





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Next, we will explain the trends in capital expenditure and depreciation.

Regarding the total amount of capital expenditures, we forecast ¥107.5 billion for the full year, with actual spending of ¥34.7 billion for the cumulative six months of the second quarter.

Major capital investments for this fiscal year include the expansion of the plant building at the Tokyo Plant, which began in 2021, and the fuel conversion, introduction of a gas cogeneration system at the Kanazu Mill, which started in 2023 and is scheduled for completion in January 2026. Additionally, TRICOR has completed the construction of the new Goch Plant, which began in 2023, and has commenced operations in July.

Regarding depreciation and amortization, we forecast ¥59.0 billion for the full year, with a total of ¥27.5 billion recorded for the cumulative six months of the second quarter.

This concludes the overview of the second quarter of the fiscal year ending March 2026.

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Q2 / FY2025

There are no revisions from the most recently disclosed performance forecast.

Full-year forecast
for the year ending March 2026

Disclaimer

- 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.

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We have not changed the full-year forecast for the fiscal year ending March 2026 from the performance forecast announced on May 9.

If it becomes necessary to revise the performance forecast based on future business trends, we will promptly disclose any changes.

Full-year forecast for the year ending March 2026

1. Summary of financial indicators

	FY3/2025 results	FY3/2026 forecasts	Y/Y (%)	Difference
Consolidated Balance Sheets				
Equity capital	464.0 bl. Yen	**465.0** bl. Yen	100.2	+1.0 bl. Yen
Interest bearing debt	448.5	**485.0**	108.1	+36.5
Total assets	1,243.1	**1,306.0**	105.1	+62.9
Debt to equity ratio	1.0 x	**1.0** x		
Net debt to equity ratio	0.8 x	**0.8** x		
Shareholders' equity ratio	37.3 %	**35.6** %		
Consolidated Statements of Income				
Net sales	993.3 bl. Yen	**1,005.0** bl. Yen	101.2	+11.7 bl. Yen
Operating profit	37.4	**40.0**	106.9	+2.6
Ordinary profit	39.2	**40.0**	102.1	+0.8
Profit attributable to owners of parent	29.0	**24.0**	82.8	-5.0
Depreciation and amortization	56.0	**59.0**	105.4	+3.0
EBITDA	97.1	**102.9**	106.0	+5.8
Financial KPI				
ROE	6.5 %	**5.2** %		
Net debt to EBITDA ratio	3.8 x	**3.9** x		

2. Outlook for profit and business environment

Consolidated income statement

(billion yen)

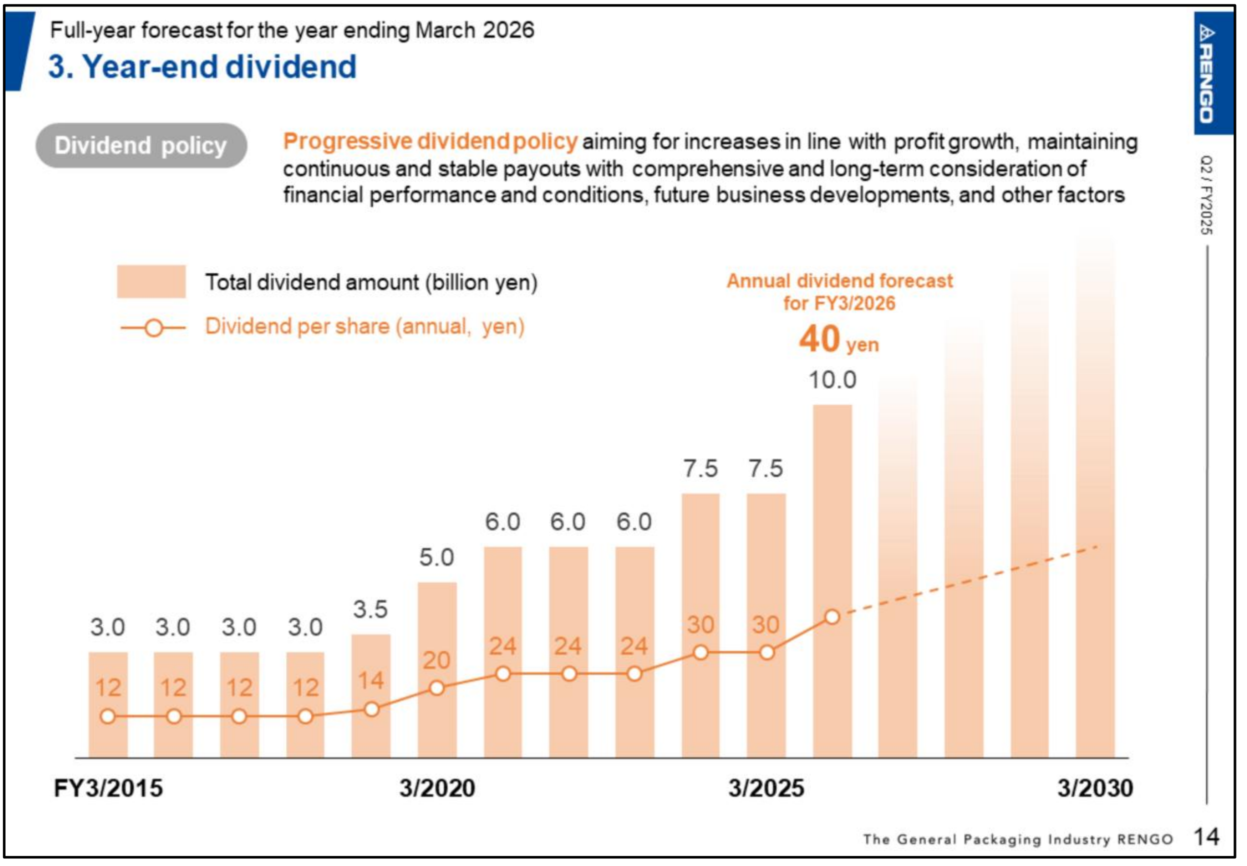
	FY3/2025 results	FY3/2026 forecasts	Y/Y (%)	Diff.
Net sales	993.3	1,005.0	101.2	+ 11.7
Operating profit	37.4	40.0	106.9	+ 2.6
Ordinary profit	39.2	40.0	102.1	+ 0.8
Profit attributable to owners of parent	29.0	24.0	82.8	- 5.0

Outlook for external environment

- The Japanese economy is expected to be supported by gradual recovery due to improvements in employment and income conditions, as well as the effects of various policies.
- However, there are increasing downside risks to the economy due to the impact of U.S. trade policies.
- Continued price increases also pose a risk to the economy by affecting personal consumption.

Outlook for our group

- Increases in logistics and labor costs, as well as higher depreciation expenses due to capital investments for environmental measures and labor environment improvements.
- Worsening profitability in the heavy duty packaging business due to the economic downturn in Europe.
- Product price revisions completed last year are expected to contribute positively.



Finally, let us explain our dividend policy.

Our company adopts a progressive dividend policy that aims for increased dividends in line with profit growth, while maintaining continuous and stable payouts with comprehensively and long-term consideration of financial performance and conditions, future business developments, and other factors.

For the fiscal year ending March 2026, the annual dividend is planned to increase by ¥10 per share compared to the previous year, reaching ¥40 per share, in line with the dividend level set forth in our mid-term vision Vision120.

Additionally, by the final year of the vision, the fiscal year ending March 2030, we are committed to ensuring a dividend of at least ¥60 per share. We also plan to reduce cross-shareholdings by ¥25.0 billion by the fiscal year ending March 2030, and aim to proceed with divestment as early as possible.

This concludes our explanation of the financial results for the second quarter and the full-year forecast for the fiscal year ending March 2026.

Rengo Co., Ltd.

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