

## Consolidated Financial Results for the Year Ended March 31, 2023(unaudited) [Japanese GAAP]

Company name: **Rengo Co., Ltd.**  
 Listing: Tokyo Stock Exchange  
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 Scheduled date of the ordinary general meeting of shareholders: June 29, 2023  
 Scheduled date to file securities report: June 30, 2023  
 Scheduled date to commence dividend payments: June 30, 2023  
 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, 2023 (April 1, 2022 – March 31, 2023)

#### (1) Consolidated Operating Results

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

Year ended	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
March 31, 2023	846,080	13.3	25,957	(22.0)	28,682	(21.7)	20,425	(27.5)
March 31, 2022	746,926	9.7	33,279	(16.7)	36,641	(15.2)	28,188	(1.4)

Note: Comprehensive income

Year ended March 31, 2023: 37,747 million yen 3.7%  
 Year ended March 31, 2022: 36,394 million yen (12.6%)

Year ended	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
	Yen	Yen	%	%	%
March 31, 2023	82.47	—	5.7	2.9	3.1
March 31, 2022	113.84	—	8.6	4.1	4.5

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

Year ended March 31, 2023: 1,377 million yen  
 Year ended March 31, 2022: 2,274 million yen

#### (2) Consolidated Financial Position

As of	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
March 31, 2023	1,053,138	385,732	35.4	1,505.09
March 31, 2022	934,345	354,289	36.6	1,380.74

Reference: Shareholders' equity As of March 31, 2023: 372,795 million yen  
 As of March 31, 2022: 341,909 million yen

#### (3) Consolidated Cash Flows

Year ended	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
March 31, 2023	46,066	(60,646)	20,023	70,912
March 31, 2022	57,893	(54,680)	1,860	57,835

## 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, 2022	—	12.00	—	12.00	24.00	5,965	21.1	1.8
ended March 31, 2023	—	12.00	—	12.00	24.00	5,965	29.1	1.7
ending March 31, 2024 (Forecast)	—	12.00	—	12.00	24.00		18.6	

## 3. Consolidated Financial Forecasts for the Year Ending March 31, 2024 (April 1, 2023–March 31, 2024)

(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)	470,000	13.7	26,000	67.4	27,000	51.3	17,000	41.2	68.63
Full fiscal year	930,000	9.9	47,000	81.1	49,000	70.8	32,000	56.7	129.19

## 4. Notes

### (1) Changes in significant subsidiaries during the period

(changes in specified subsidiaries resulting in the change in scope of consolidation): Yes

New: — (Company name: )

Excluded: 1 (Company name: Tri-Wall Holdings Limited )

### (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, 2023 271,056,029 Shares

As of March 31, 2022 271,056,029 Shares

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

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

As of March 31, 2022 23,428,544 Shares

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

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

Year ended March 31, 2022 247,625,761 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.

**(Reference) Summary of Non-consolidated Financial Results for the Year Ended March 31, 2023****(April 1, 2022–March 31, 2023)****(1) Non-consolidated Operating Results**

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

Year ended	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
March 31, 2023	344,086	8.2	8,480	(37.5)	13,021	(29.7)	11,961	(33.4)
March 31, 2022	317,914	(1.0)	13,560	(26.6)	18,509	(18.1)	17,968	9.7

Year ended	Basic earnings per share	Diluted earnings per share
	Yen	Yen
March 31, 2023	48.29	—
March 31, 2022	72.56	—

**(2) Non-consolidated Financial Position**

As of	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
March 31, 2023	647,417	191,993	29.7	775.14
March 31, 2022	592,551	182,623	30.8	737.49

Reference: Shareholders' equity As of March 31, 2023: 191,993 million yen  
As of March 31, 2022: 182,623 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 under review, although the Japanese economy faced various issues including the prolonged COVID-19 pandemic, the surge in global commodity prices following Russia's incursion into Ukraine, the depreciation of the yen, and the securing of a stable supply of energy, there were signs of recovery mainly in personal consumption and capital investment due to the normalization of socioeconomic activity through the transition to a new phase of living with COVID-19, as well as the effect of various policies implemented by the Japanese Government.

In such an economic environment, the production volume in the paperboard industry was lower than in the previous fiscal year, with surging commodity prices causing a slowdown in domestic demand which was further compounded by lackluster exports, despite a robust performance in the first half of the fiscal year.

The production volume in the corrugated packaging industry was on par with the previous fiscal year due to favorable demand for products for foods, e-commerce and parcel delivery, offsetting a decline in sales for electrical appliances and machinery.

The production volume in the folding cartons industry was higher than in the previous fiscal year due to strong sales of processed foods for individuals.

The production volume in the flexible packaging industry was higher than in the previous fiscal year supported by robust demand mainly for foods, despite a movement to reduce plastics.

The production volume in the heavy duty packaging industry was lower than in the previous fiscal year due to a decline in petrochemical-related demand affected by the slowdown in the global economy.

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," offering innovative solutions that meet all the packaging needs of various industries.

In addition, in response to the worldwide surge in raw material and fuel prices and other issues, the Rengo Group has been revising the prices of various products including containerboard, paperboard, corrugated board, cellophane, polypropylene film, and flexible packaging since 2021. However, as it has become extremely difficult to absorb the further rising costs caused by even higher resource prices against the backdrop of the Russia-Ukraine situation and other matters, as well as by the depreciation of the yen, the Rengo Group continued to push forward with efforts to establish a price system that enables reproduction.

In June 2022, the Rengo Group made equity participation in FCL Co., Ltd., an industrial machinery manufacturer in Nagakute City, Aichi, to improve the capability to develop facilities that support the Group's production technology. In July, the Rengo Group established a new plant for Viscopearl<sup>®</sup>, biodegradable spherical cellulose beads which are made from wood pulp within the Kanazu Mill in Awara City, Fukui, to contribute to solving the problem of ocean pollution caused by plastic waste. In September, the Rengo Group made Marufuku Co., Ltd. in Hakusan City, Ishikawa a subsidiary to expand and strengthen our folding cartons and flexible packaging businesses. In October, the Rengo Group went on to commence construction of the Ehime Toon Plant in Toon City, Ehime, which will be the new location for the current Matsuyama Plant in Matsuyama City, Ehime, aiming to begin operation in January 2024, and in February 2023, it acquired Nitto Danboru Co., Ltd. in Okegawa City, Saitama, as a subsidiary to strengthen the corrugated board business.

Overseas, in May 2022, the Rengo Group established Rengo Europe GmbH in Germany to further focus on business development in Europe. In June, the Rengo Group made THIMM Packaging Systems GmbH & Co.KG, a German heavy-duty packaging materials manufacturer, a subsidiary (new company name: TRICOR Packaging Systems GmbH) through Rengo Europe GmbH and TRICOR Packaging & Logistics AG in Germany. Meanwhile, Tri-Wall Limited in Hong Kong made a U.K. corrugated board manufacturer a subsidiary in August and acquired a business of a U.S. heavy-duty packaging materials manufacturer in September. As exemplified by the foregoing, the Rengo Group further enhanced its heavy-duty packaging materials business which is promoting expansion on a global scale.

Environmental initiatives as part of ESG management are top priority issues for the Rengo Group which advocates “Less is more.” as its key phrase. In August 2022, the Rengo Group renewed the biomass incinerator at the Amagasaki Mill in Amagasaki City, Hyogo, to reduce its use of city gas, and in October, it commenced the operation of a biomass boiler for power generation at Tonegawa Division in Bando City, Ibaraki, as the second boiler following one at Yashio Mill in Yashio City, Saitama, to achieve the CO<sub>2</sub> emission reduction target “46% reduction compared to FY2013” by FY2030 (Eco Challenge 2030).

As a result, for the fiscal year under review, net sales were ¥846,080 million (113.3% year on year), operating profit was ¥25,957 million (78.0% year on year), ordinary profit was ¥28,682 million (78.3% year on year), and profit attributable to owners of parent was ¥20,425 million (72.5% year on year).

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

#### [Paperboard and Packaging-Related Business]

In the Paperboard and Packaging-Related Business, sales increased due to product price revisions, but profit decreased because of the impact of the rise in fuel and recovered paper prices.

As a result, net sales were ¥483,851 million (107.8% year on year) and operating profit was ¥14,314 million (63.2% year on year).

The production volume of main products was as follows.

(Paperboard products)

The paperboard production volume was 2,523 thousand tons (97.6% year on year) due to the impact of a slowdown in domestic demand and lackluster exports.

(Corrugated boards/boxes)

With regard to corrugated boards/boxes, the production volume was 4,336 million square meters (99.5% year on year) in corrugated board, and 3,607 million square meters (100.4% year on year) in corrugated boxes, supported by firm demand for foods, e-commerce, and parcel delivery.

#### [Flexible Packaging-Related Business]

The Flexible Packaging-Related Business reported higher sales and profit due to product price revisions and an increase in the number of consolidated subsidiaries.

As a result, net sales were ¥115,512 million (122.9% year on year) and operating profit was ¥2,987 million (144.7% year on year).

#### [Heavy Duty Packaging-Related Business]

In the Heavy Duty Packaging-Related Business, sales increased due to product price revisions, but profit decreased because of the impact of the rise in raw material prices.

As a result, net sales were ¥45,059 million (106.3% year on year) and operating profit was ¥1,124 million (69.3% year on year).

#### [Overseas Business]

The Overseas Business reported higher sales and profit supported by the increase in the number of consolidated subsidiaries and price revisions promoted in Europe.

As a result, net sales were ¥166,312 million (131.5% year on year) and operating profit was ¥6,009 million (123.1% year on year).

#### [Other Businesses]

Sales from other businesses were on par with the previous fiscal year. Profit, however, decreased because of the rise in raw materials and fuel prices.

As a result, net sales were ¥35,345 million (100.4% year on year) and operating profit was ¥1,330 million (68.5% 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 ¥1,053,138 million, an increase of ¥118,793 million from the end of the previous fiscal year. The increase was mainly due to increases in notes and accounts receivable - trade; property, plant and equipment; and intangible assets.

Total liabilities amounted to ¥667,405 million, an increase of ¥87,349 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 ¥385,732 million, an increase of ¥31,443 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 as a result of exchange rate fluctuation.

As a result, the shareholders' equity ratio stood at 35.4%, down 1.2 percentage points from the end of the previous fiscal year.

## (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 ¥70,912 million, an increase of ¥13,077 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 ¥46,066 million, a decrease of ¥11,827 million compared to the previous fiscal year. The main items were profit before income taxes of ¥30,857 million, depreciation of ¥44,848 million, increase in trade receivables of ¥16,808 million, and income taxes paid of ¥12,250 million.

Net cash used in investing activities was ¥60,646 million, an increase of ¥5,966 million compared to the previous fiscal year. The main items were purchase of property, plant and equipment amounting to ¥42,611 million and purchase of investment in capital of subsidiaries resulting change in scope of consolidation amounting to ¥14,138 million.

Net cash flow provided by financing activities was ¥20,023 million, an increase of ¥18,163 million compared to the previous fiscal year. The main items were ¥26,333 million in net increases in long- and short-term borrowings, ¥10,000 million in proceeds from issuance of bonds, ¥5,087 million for redemption of bonds, and dividends paid amounting to ¥5,965 million.

### (Reference) Trend in cash flow indicators

	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Shareholders' equity ratio (%)	34.3	33.9	36.0	36.6	35.4
Shareholders' equity ratio on a market value basis (%)	33.4	25.4	27.3	20.7	20.2
Ratio of cash flow to interest-bearing debt (years)	5.6	5.3	5.0	6.1	7.0
Interest coverage ratio (times)	32.8	35.5	38.7	35.8	29.4

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 a recovery in domestic demand is expected due to the normalization of socioeconomic activity combined with the effect of various government policies, there remains the risk that the Japanese economy will be negatively affected by a downturn in business conditions overseas amid rising uncertainty due to the prolonged Russia-Ukraine situation, as well as the continuation of monetary tightening around the world.

In view of this outlook, the Rengo Group forecasts the following financial results for the fiscal year ending March 31, 2024, despite an expected increase in personnel expenses, depreciation and amortization, thanks to the product price revisions implemented since last year and the contribution of consolidated subsidiaries.

	Fiscal year ended March 31, 2023	Fiscal year ending March 31, 2024 (Forecast)	Year-on-year
Net sales (millions of yen)	846,080	930,000	109.9%
Operating profit (millions of yen)	25,957	47,000	181.1%
Ordinary profit (millions of yen)	28,682	49,000	170.8%
Profit attributable to owners of parent (millions of yen)	20,425	32,000	156.7%
Profit per share (yen)	82.47	129.19	46.72 yen
Capital expenditures (millions of yen)	58,694	80,000	136.3%
Depreciation and amortization (millions of yen)	44,848	49,500	110.4%

#### (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 policy is to maintain continuing, stable dividends 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 on a dividend of 12 yen per share for the fiscal year under review.

For the next fiscal year, the Company plans to pay an interim dividend of 12 yen and a year-end dividend of 12 yen for annual dividends of 24 yen 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, 2022	As of March 31, 2023
<b>Assets</b>		
Current assets		
Cash and deposits	60,308	72,532
Notes and accounts receivable - trade	214,656	242,862
Merchandise and finished goods	32,063	43,293
Work in process	5,117	5,980
Raw materials and supplies	29,056	37,980
Other	9,702	11,852
Allowance for doubtful accounts	(691)	(938)
Total current assets	350,213	413,564
Non-current assets		
Property, plant and equipment		
Buildings and structures	296,063	312,926
Accumulated depreciation	(180,695)	(190,992)
Buildings and structures, net	115,368	121,933
Machinery, equipment and vehicles	605,807	646,134
Accumulated depreciation	(489,908)	(519,417)
Machinery, equipment and vehicles, net	115,899	126,716
Land	125,462	132,570
Leased assets	17,960	29,132
Accumulated depreciation	(8,100)	(12,501)
Leased assets, net	9,859	16,631
Construction in progress	12,269	19,077
Other	24,384	26,368
Accumulated depreciation	(19,210)	(20,334)
Other, net	5,174	6,034
Total property, plant and equipment	384,032	422,964
Intangible assets		
Goodwill	18,806	27,215
Other	16,109	21,265
Total intangible assets	34,915	48,480
Investments and other assets		
Investment securities	139,366	138,850
Long-term loans receivable	575	548
Retirement benefit asset	3,168	3,385
Deferred tax assets	2,023	2,234
Other	21,162	24,037
Allowance for doubtful accounts	(1,114)	(927)
Total investments and other assets	165,183	168,129
Total non-current assets	584,131	639,574
<b>Total assets</b>	<b>934,345</b>	<b>1,053,138</b>

(Millions of yen)

	As of March 31, 2022	As of March 31, 2023
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	129,484	143,950
Short-term borrowings	114,096	134,539
Current portion of bonds payable	5,061	10,110
Lease liabilities	3,333	4,761
Accrued expenses	28,811	33,728
Income taxes payable	6,183	5,058
Provision for bonuses for directors (and other officers)	239	274
Other	23,591	35,809
<b>Total current liabilities</b>	<b>310,802</b>	<b>368,231</b>
Non-current liabilities		
Bonds payable	80,000	80,065
Long-term borrowings	143,641	162,774
Lease liabilities	7,258	12,027
Deferred tax liabilities	21,379	25,793
Provision for retirement benefits for directors (and other officers)	649	812
Provision for share awards for directors (and other officers)	409	599
Factory move cost reserve	-	363
Retirement benefit liability	13,070	13,542
Other	2,844	3,195
<b>Total non-current liabilities</b>	<b>269,254</b>	<b>299,174</b>
<b>Total liabilities</b>	<b>580,056</b>	<b>667,405</b>
Net assets		
Shareholders' equity		
Share capital	31,066	31,066
Capital surplus	33,358	33,597
Retained earnings	238,185	252,667
Treasury shares	(12,218)	(12,167)
<b>Total shareholders' equity</b>	<b>290,392</b>	<b>305,174</b>
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	31,739	35,467
Foreign currency translation adjustment	15,830	28,325
Remeasurements of defined benefit plans	3,946	3,827
<b>Total accumulated other comprehensive income</b>	<b>51,516</b>	<b>67,621</b>
Non-controlling interests	12,379	12,937
<b>Total net assets</b>	<b>354,289</b>	<b>385,732</b>
<b>Total liabilities and net assets</b>	<b>934,345</b>	<b>1,053,138</b>

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

(Millions of yen)

	For the fiscal year ended March 31, 2022	For the fiscal year ended March 31, 2023
Net sales	746,926	846,080
Cost of sales	611,210	704,161
Gross profit	135,716	141,918
Selling, general and administrative expenses		
Freight and packing costs	25,190	28,162
Salaries and allowances	31,691	35,271
Amortization of goodwill	2,190	2,753
Other	43,364	49,772
Total selling, general and administrative expenses	102,436	115,961
Operating profit	33,279	25,957
Non-operating income		
Interest income	187	220
Dividend income	1,970	2,116
Share of profit of entities accounted for using equity method	2,274	1,377
Other	2,710	3,370
Total non-operating income	7,143	7,085
Non-operating expenses		
Interest expenses	1,605	2,078
Salaries paid to dispatched employees	665	810
Other	1,510	1,472
Total non-operating expenses	3,781	4,361
Ordinary profit	36,641	28,682
Extraordinary income		
Compensation income	-	3,325
Gain on sale of non-current assets	4,564	3,106
Gain on sale of investment securities	2,209	804
Other	2,201	602
Total extraordinary income	8,975	7,838
Extraordinary losses		
Loss on tax purpose reduction entry of non-current assets	911	2,000
Loss on sale and retirement of non-current assets	610	922
Renewal expenses of plants	105	670
Loss on disaster	711	582
Other	1,840	1,486
Total extraordinary losses	4,180	5,662
Profit before income taxes	41,437	30,857
Income taxes - current	12,167	10,337
Income taxes - deferred	34	(858)
Total income taxes	12,202	9,479
Profit	29,234	21,378
Profit attributable to non-controlling interests	1,045	952
Profit attributable to owners of parent	28,188	20,425

## Consolidated Statements of Comprehensive Income

(Millions of yen)

	For the fiscal year ended March 31, 2022	For the fiscal year ended March 31, 2023
Profit	29,234	21,378
Other comprehensive income		
Valuation difference on available-for-sale securities	(4,372)	3,639
Foreign currency translation adjustment	7,793	9,065
Remeasurements of defined benefit plans, net of tax	209	(196)
Share of other comprehensive income of entities accounted for using equity method	3,528	3,860
Total other comprehensive income	7,159	16,369
Comprehensive income	36,394	37,747
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	34,865	36,562
Comprehensive income attributable to non-controlling interests	1,528	1,185

## (3) Consolidated Statements of Changes in Equity

Fiscal year ended March 31, 2022 (from April 1, 2021 to March 31, 2022)

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	31,066	33,731	215,899	(12,253)	268,443
Changes during period					
Dividends of surplus			(5,965)		(5,965)
Profit attributable to owners of parent			28,188		28,188
Purchase of treasury shares				(1)	(1)
Disposal of treasury shares		0		36	36
Other		(372)	63		(309)
Net changes in items other than shareholders' equity					
Total changes during period	-	(372)	22,286	34	21,948
Balance at end of period	31,066	33,358	238,185	(12,218)	290,392

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedge	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	35,787	0	5,394	3,701	44,883	11,136	324,463
Changes during period							
Dividends of surplus							(5,965)
Profit attributable to owners of parent							28,188
Purchase of treasury shares							(1)
Disposal of treasury shares							36
Other							(309)
Net changes in items other than shareholders' equity	(4,047)	(0)	10,435	245	6,633	1,243	7,877
Total changes during period	(4,047)	(0)	10,435	245	6,633	1,243	29,825
Balance at end of period	31,739	-	15,830	3,946	51,516	12,379	354,289

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

## (4) Consolidated Statements of Cash Flows

(Millions of yen)

	For the fiscal year ended March 31, 2022	For the fiscal year ended March 31, 2023
<b>Cash flows from operating activities</b>		
Profit before income taxes	41,437	30,857
Depreciation	41,723	44,848
Impairment losses	81	508
Amortization of goodwill	2,170	2,733
Increase (decrease) in provision for retirement benefits for directors (and other officers)	(196)	(5)
Increase (decrease) in provision for share awards for directors (and other officers)	201	189
Increase (decrease) in retirement benefit liability	492	(163)
Interest and dividend income	(2,157)	(2,337)
Interest expenses	1,605	2,078
Share of loss (profit) of entities accounted for using equity method	(2,274)	(1,377)
Loss (gain) on sale of investment securities	(1,598)	(803)
Loss (gain) on valuation of investment securities	102	343
Loss (gain) on sale of property, plant and equipment	(4,410)	(3,076)
Loss on retirement of property, plant and equipment	836	1,176
Decrease (increase) in trade receivables	(12,421)	(16,808)
Decrease (increase) in inventories	(10,298)	(12,511)
Increase (decrease) in trade payables	15,160	8,640
Other, net	(336)	2,385
Subtotal	70,118	56,679
Interest and dividends received	3,254	3,608
Interest paid	(1,618)	(1,972)
Income taxes paid	(13,859)	(12,250)
Net cash provided by (used in) operating activities	57,893	46,066
<b>Cash flows from investing activities</b>		
Net decrease (increase) in time deposits	16	1,718
Purchase of property, plant and equipment	(46,216)	(42,611)
Proceeds from sale of property, plant and equipment	381	3,263
Purchase of intangible assets	(1,739)	(1,584)
Purchase of investment securities	(527)	(506)
Proceeds from sale and redemption of investment securities	6,583	2,100
Purchase of shares of subsidiaries and associates	(12,741)	(3,713)
Net decrease (increase) in short-term loans receivable	(0)	(546)
Long-term loan advances	(118)	(23)
Proceeds from collection of long-term loans receivable	224	104
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(551)	(4,723)
Purchase of investment in capital of subsidiaries resulting change in scope of consolidation	-	(14,138)
Other, net	10	14
Net cash provided by (used in) investing activities	(54,680)	(60,646)

(Millions of yen)

	For the fiscal year ended March 31, 2022	For the fiscal year ended March 31, 2023
<b>Cash flows from financing activities</b>		
Net increase (decrease) in short-term borrowings	(4,735)	2,591
Proceeds from long-term borrowings	36,459	59,583
Repayments of long-term borrowings	(29,171)	(35,841)
Proceeds from issuance of bonds	20,000	10,000
Redemption of bonds	(10,302)	(5,087)
Purchase of treasury shares	(1)	(1)
Proceeds from sale of treasury shares	36	53
Dividends paid	(5,965)	(5,965)
Repayments of lease liabilities	(3,358)	(4,845)
Other, net	(1,099)	(463)
Net cash provided by (used in) financing activities	1,860	20,023
Effect of exchange rate change on cash and cash equivalents	1,707	2,463
Net increase (decrease) in cash and cash equivalents	6,781	7,906
Cash and cash equivalents at beginning of period	50,099	57,835
Increase in cash and cash equivalents resulting from inclusion of subsidiaries in consolidation	953	5,171
Cash and cash equivalents at end of period	57,835	70,912



## (5) Notes to Consolidated Financial Statements

(Notes on going concern assumption)

Not applicable.

(Business combinations, etc.)

Business combination through acquisition

### 1. Summary of the combination

#### (1) Name and main business of the company acquired

Name: THIMM Packaging Systems GmbH & Co.KG

Business: Manufacturing and sales of heavy-duty packaging materials (corrugated boards, wood packaging and pallets, pulp-based and plastic-based packaging materials, etc.)

#### (2) Reason for the combination

The addition of THIMM Packaging Systems GmbH & Co.KG will help the Rengo Group expand its product portfolio and enhance supply system in order to respond quickly to various needs for packaging in the heavy-duty packaging industry in Germany and surrounding areas.

#### (3) Date of the combination

June 30, 2022

#### (4) Legal form of the combination

Acquisition of equity shares for cash consideration

#### (5) Post-combination name of the acquired company

TRICOR Packaging Systems GmbH

#### (6) Percentage of voting rights acquired

100%

#### (7) Basis for determining acquiring company

Rengo Europe GmbH, a subsidiary of the Company, and TRICOR Packaging & Logistics AG, a consolidated subsidiary of the Company, acquired the equity in consideration of cash.

### 2. Period for financial results of the acquired company included in the Consolidated Financial Statements

From July 1, 2022 to December 31, 2022

### 3. Acquisition cost and type of consideration paid

Consideration paid for acquisition	Cash	€101 million [14,484 million yen]
Acquisition cost		€101 million [14,484 million yen]

### 4. Details and amounts of major expenses associated with the acquisition

Advisory fees, etc.: 147 million yen

### 5. Amount, cause of occurrence, method and period of amortization of goodwill arising from the acquisition

#### (1) Amount of goodwill

6,427 million yen

#### (2) Cause of occurrence

Excess earning capacity expected in future business development

#### (3) Method and period of amortization

Amortized on a straight-line basis over a period of 15 years

6. Amounts and details of assets acquired and liabilities assumed on the date of the business combination

Current assets	8,329 million yen
Non-current assets	11,857 million yen
<u>Total assets</u>	<u>20,186 million yen</u>
Current liabilities	6,413 million yen
Non-current liabilities	5,716 million yen
<u>Total liabilities</u>	<u>12,129 million yen</u>

7. Amounts allocated to intangible assets other than goodwill and disaggregation and amortization period of these amounts by class

<u>Class</u>	<u>Amount</u>	<u>Amortization period</u>
Customer-related intangible assets	3,465 million yen	Generally 10 years

8. Estimate of the amount of impact of the business combination on the consolidated statements of income for the fiscal year under review if the business combination were completed at the beginning of the fiscal year, and method used to calculate this amount

Net sales	15,129 million yen
Operating profit	487 million yen
Ordinary profit	464 million yen
Profit attributable to owners of parent	360 million yen

(Method used to calculate the estimate)

The amount of impact was estimated as the difference between net sales and profit data calculated as if the business combination were completed at the beginning of the fiscal year and net sales and profit data on the consolidated statements of income of the acquired company. This was adjusted by the amount of amortization applicable if the goodwill, etc. recognized at the time of the business combination had occurred at the beginning of the fiscal year under review.

These notes have not been audited by the Company's independent auditor.

(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, 2022 (from April 1, 2021 to March 31, 2022)

(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	448,838	93,979	42,380	126,518	711,716	35,210	-	746,926
Intersegment sales and transfers	2,664	478	3,386	4,135	10,664	27,242	(37,906)	-
Total sales	451,502	94,458	45,766	130,653	722,380	62,452	(37,906)	746,926
Segment profit	22,657	2,064	1,621	4,880	31,223	1,943	112	33,279
Segment assets	672,007	92,315	48,790	200,441	1,013,554	39,754	(118,963)	934,345
Other items								
Depreciation and amortization	27,156	4,190	1,352	7,697	40,396	1,328	(64)	41,660
Amortization of goodwill	259	165	69	1,696	2,190	-	-	2,190
Investment in equity method affiliates	717	-	-	50,160	50,878	978	-	51,856
Increase in property, plant and equipment and intangible assets	35,781	5,733	1,341	5,233	48,088	1,527	(107)	49,509

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

\*2 “Adjustments” were as follows:

- (1) The adjustment of segment profits of ¥112 million was from the elimination of intersegment transactions.
- (2) The adjustment of segment assets of ¥(118,963) million was from the elimination of intersegment transactions.
- (3) The adjustment of depreciation and amortization of ¥(64) million was from the elimination of intersegment transactions.
- (4) The adjustments of increase in property, plant and equipment, and intangible assets of ¥(107) million were from the elimination of intersegment transactions.

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

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 affiliates	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 converting machinery and other businesses such as transport, insurance agency, leasing and real estate.

\*2 “Adjustments” were as follows:

- (1) The adjustment of segment profits 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 quarterly 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.

	For the fiscal year ended March 31, 2022	For the fiscal year ended March 31, 2023
(1) Net assets per share (yen)	1,380.74	1,505.09
(Basis for calculation)		
Total net assets on the consolidated balance sheets (millions of yen)	354,289	385,732
Total net assets relating to common shares (millions of yen)	341,909	372,795
Main differences		
Non-controlling interests (millions of yen)	12,379	12,937
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)	23,428	23,365
Number of common shares used to calculate net assets per share (thousand shares)	247,627	247,690

	For the fiscal year ended March 31, 2022	For the fiscal year ended March 31, 2023
(2) Basic earnings per share (yen)	113.84	82.47
(Basis for calculation)		
Profit attributable to owners of parent (millions of yen)	28,188	20,425
Profit attributable to owners of parent relating to common shares (millions of yen)	28,188	20,425
Average number of common shares outstanding during the period (thousand shares)	247,625	247,679

- (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 (945 thousand shares and 880 thousand shares for the fiscal years ended March 31, 2022 and 2023, 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 (947 thousand shares and 892 thousand shares for the fiscal years ended March 31, 2022 and 2023, 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)

Not applicable.