

## Consolidated Financial Results for the Three Months Ended June 30, 2023 (unaudited) [Japanese GAAP]

Company name: **Rengo Co., Ltd.**  
 Listing: Tokyo Stock Exchange  
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 Scheduled date to file quarterly securities report: August 10, 2023  
 Scheduled date to commence dividend payments: -  
 Preparation of supplementary material on quarterly financial results: None  
 Holding of quarterly financial results briefing: None

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

### 1. Consolidated Financial Results for the Three Months Ended June 30, 2023 (April 1, 2023 - June 30, 2023)

#### (1) Consolidated Operating Results (cumulative)

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

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Three months ended June 30, 2023	223,802	11.8	13,586	75.7	14,377	57.7	9,619	47.9
June 30, 2022	200,139	10.7	7,733	(31.3)	9,116	(27.8)	6,503	(47.3)

Note: Comprehensive income

Three months ended June 30, 2023: 21,395 million yen 39.1%

Three months ended June 30, 2022: 15,383 million yen (10.2%)

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Three months ended June 30, 2023	38.84	—
June 30, 2022	26.26	—

#### (2) Consolidated Financial Position

	Total assets	Net assets	Shareholders' equity ratio
	Millions of yen	Millions of yen	%
As of June 30, 2023	1,087,468	403,931	35.9
March 31, 2023	1,053,138	385,732	35.4

Reference: Shareholders' equity As of June 30, 2023: 390,547 million yen

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

### 2. Cash Dividends

	Annual dividends per share				
	1st Quarter-end	2nd Quarter-end	3rd Quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2023	—	12.00	—	12.00	24.00
Fiscal year ending March 31, 2024	—				
Fiscal year ending March 31, 2024 (Forecast)		12.00	—	12.00	24.00

Note: Revisions to the cash dividend forecast from the latest announcement: None

### 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
Six months ending September 30, 2023	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

Note: Revisions to the consolidated financial forecasts from the latest announcement: None

### 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) Adoption of accounting treatment specific to the preparation of quarterly consolidated financial statements: None

#### (3) 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

#### (4) Number of issued shares (common shares)

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

As of June 30, 2023 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 June 30, 2023 23,354,075 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)

Three months ended June 30, 2023 247,699,252 Shares

Three months ended June 30, 2022 247,651,644 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.

\* This report is not subject to quarterly review procedures 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. Qualitative Information on Quarterly Financial Results

### (1) Explanation of Operating Results

During the three months ended June 30, 2023, product price revisions and an increase in the number of consolidated subsidiaries resulted in higher sales and profit.

As a result, net sales were ¥223,802 million (111.8% year on year), operating profit was ¥13,586 million (175.7% year on year), ordinary profit was ¥14,377 million (157.7% year on year), and profit attributable to owners of parent was ¥9,619 million (147.9% year on year).

An overview of each segment for the three months ended June 30, 2023 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 an increase in fixed costs.

As a result, net sales were ¥128,106 million (109.4% year on year) and operating profit was ¥9,486 million (205.1% year on year).

#### [Flexible Packaging-Related Business]

The Flexible Packaging-Related Business reported higher sales and profit due in part to product price revisions.

As a result, net sales were ¥29,939 million (106.1% year on year) and operating profit was ¥1,424 million (160.0% year on year).

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

In the Heavy Duty Packaging-Related Business, sales were on par with the same period of the previous fiscal year, but profit decreased due in part to the increase in fixed costs.

As a result, net sales were ¥10,960 million (100.2% year on year) and operating profit was ¥342 million (71.3% year on year).

#### [Overseas Business]

The Overseas Business reported higher sales and profit supported by the increase in the number of consolidated subsidiaries and brisk automobile-related product orders in Europe.

As a result, net sales were ¥46,628 million (132.0% year on year) and operating profit was ¥2,016 million (144.9% year on year).

#### [Other Businesses]

Sales and profit from the Other Businesses decreased due in part to sluggish demand for paper converting machinery.

As a result, net sales were ¥8,167 million (96.2% year on year) and operating profit was ¥193 million (62.3% year on year).

## (2) Explanation of Financial Position

Total assets as of June 30, 2023 were ¥1,087,468 million, an increase of ¥34,330 million from the end of the previous fiscal year. The increase was mainly due to increases in notes and accounts receivable - trade and an increase in investment securities caused by an increase in share price.

Total liabilities amounted to ¥683,536 million, an increase of ¥16,131 million from the end of the previous fiscal year. The increase was mainly due to an increase in long- and short-term borrowings.

Net assets were ¥403,931 million, an increase of ¥18,199 million from the end of the previous fiscal year. This was due in part to an increase in valuation difference on available-for-sale securities in line with an increase in share price and an increase in retained earnings as a result of reporting profit attributable to owners of parent.

As a result, the shareholders' equity ratio increased by 0.5 percentage points from the end of the previous fiscal year to 35.9%.

## (3) Explanation of Consolidated Financial Forecasts and Other Forward-Looking Information

In light of a number of uncertainties at the moment, the consolidated financial forecasts announced on May 12, 2023 have not been revised.

## 2. Quarterly Consolidated Financial Statements and Principal Notes

### (1) Quarterly Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2023	As of June 30, 2023
<b>Assets</b>		
Current assets		
Cash and deposits	72,532	77,908
Notes and accounts receivable - trade	242,862	256,857
Merchandise and finished goods	43,293	46,772
Work in process	5,980	6,219
Raw materials and supplies	37,980	36,474
Other	11,852	10,468
Allowance for doubtful accounts	(938)	(989)
Total current assets	413,564	433,712
Non-current assets		
Property, plant and equipment		
Buildings and structures	312,926	314,978
Accumulated depreciation	(190,992)	(192,711)
Buildings and structures, net	121,933	122,266
Machinery, equipment and vehicles	646,134	648,581
Accumulated depreciation	(519,417)	(522,842)
Machinery, equipment and vehicles, net	126,716	125,738
Land	132,570	133,945
Leased assets	29,132	32,041
Accumulated depreciation	(12,501)	(14,950)
Leased assets, net	16,631	17,090
Construction in progress	19,077	21,858
Other	26,368	26,752
Accumulated depreciation	(20,334)	(20,508)
Other, net	6,034	6,243
Total property, plant and equipment	422,964	427,144
Intangible assets		
Goodwill	27,215	26,559
Other	21,265	20,746
Total intangible assets	48,480	47,306
Investments and other assets		
Investment securities	138,850	150,211
Long-term loans receivable	548	567
Retirement benefit asset	3,385	3,379
Deferred tax assets	2,234	1,856
Other	24,037	24,220
Allowance for doubtful accounts	(927)	(930)
Total investments and other assets	168,129	179,305
Total non-current assets	639,574	653,756
Total assets	1,053,138	1,087,468

(Millions of yen)

	As of March 31, 2023	As of June 30, 2023
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	143,950	141,458
Short-term borrowings	134,539	136,689
Current portion of bonds payable	10,110	10,110
Lease liabilities	4,761	5,409
Accrued expenses	33,728	29,787
Income taxes payable	5,058	4,168
Provision for bonuses for directors (and other officers)	274	-
Other	35,809	34,238
<b>Total current liabilities</b>	<b>368,231</b>	<b>361,862</b>
Non-current liabilities		
Bonds payable	80,065	80,065
Long-term borrowings	162,774	181,430
Lease liabilities	12,027	12,102
Deferred tax liabilities	25,793	29,329
Provision for retirement benefits for directors (and other officers)	812	748
Provision for share awards for directors (and other officers)	599	662
Factory move cost reserve	363	360
Retirement benefit liability	13,542	13,776
Other	3,195	3,199
<b>Total non-current liabilities</b>	<b>299,174</b>	<b>321,674</b>
<b>Total liabilities</b>	<b>667,405</b>	<b>683,536</b>
Net assets		
Shareholders' equity		
Share capital	31,066	31,066
Capital surplus	33,597	33,497
Retained earnings	252,677	259,333
Treasury shares	(12,167)	(12,157)
<b>Total shareholders' equity</b>	<b>305,174</b>	<b>311,739</b>
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	35,467	42,624
Deferred gains or losses on hedges	-	9
Foreign currency translation adjustment	28,325	32,474
Remeasurements of defined benefit plans	3,827	3,698
<b>Total accumulated other comprehensive income</b>	<b>67,621</b>	<b>78,807</b>
Non-controlling interests	12,937	13,384
<b>Total net assets</b>	<b>385,732</b>	<b>403,931</b>
<b>Total liabilities and net assets</b>	<b>1,053,138</b>	<b>1,087,468</b>

(2) Quarterly Consolidated Statements of Income and Comprehensive Income  
Quarterly Consolidated Statements of Income  
Three Months Ended June 30

(Millions of yen)

	For the three months ended June 30, 2022	For the three months ended June 30, 2023
Net sales	200,139	223,802
Cost of sales	165,234	179,869
Gross profit	34,905	43,932
Selling, general and administrative expenses		
Freight and packing costs	6,907	7,064
Salaries and allowances	8,349	9,271
Amortization of goodwill	583	817
Other	11,331	13,191
Total selling, general and administrative expenses	27,171	30,345
Operating profit	7,733	13,586
Non-operating income		
Interest income	48	54
Dividend income	925	968
Share of profit of entities accounted for using equity method	95	170
Other	1,255	964
Total non-operating income	2,325	2,158
Non-operating expenses		
Interest expenses	420	725
Other	522	642
Total non-operating expenses	943	1,368
Ordinary profit	9,116	14,377
Extraordinary income		
Gain on sale of non-current assets	23	227
Insurance claim income	-	145
Compensation income	3,301	13
Other	777	-
Total extraordinary income	4,101	386
Extraordinary losses		
Loss on sale and retirement of non-current assets	60	163
Loss on tax purpose reduction entry of non-current assets	1,966	1
Other	1,131	108
Total extraordinary losses	3,157	273
Profit before income taxes	10,060	14,489
Income taxes - current	2,924	3,941
Income taxes - deferred	343	661
Total income taxes	3,268	4,603
Profit	6,792	9,886
Profit attributable to non-controlling interests	289	266
Profit attributable to owners of parent	6,503	9,619



Quarterly Consolidated Statements of Comprehensive Income

Three Months Ended June 30

(Millions of yen)

	For the three months ended June 30, 2022	For the three months ended June 30, 2023
Profit	6,792	9,886
Other comprehensive income		
Valuation difference on available-for-sale securities	75	7,244
Deferred gains or losses on hedges	-	9
Foreign currency translation adjustment	5,715	2,577
Remeasurements of defined benefit plans, net of tax	(170)	(130)
Share of other comprehensive income of entities accounted for using equity method	2,970	1,807
Total other comprehensive income	8,591	11,508
Comprehensive income	15,383	21,395
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	14,774	20,807
Comprehensive income attributable to non-controlling interests	608	588

### (3) Notes to Quarterly Consolidated Financial Statements

(Notes on going concern assumption)

Not applicable.

(Notes in case of significant changes in shareholders' equity)

Not applicable.

(Segment information, etc.)

(Segment information)

For the three months ended June 30, 2022 (from April 1, 2022 to June 30, 2022)

#### 1. Information on sales and profit or loss by reportable segment

(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	117,145	28,221	10,941	35,337	191,645	8,493	—	200,139
Intersegment sales and transfers	450	183	986	1,308	2,927	7,061	(9,989)	—
Total sales	117,595	28,404	11,927	36,645	194,573	15,555	(9,989)	200,139
Segment profit	4,626	890	480	1,391	7,388	310	33	7,733

\*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 The adjustment of segment profit of ¥33 million was from the elimination of intersegment transactions.

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

#### 2. Information on impairment loss of non-current assets or goodwill, etc. by reportable segment

(Significant change in the amount of goodwill)

In the "Overseas Business," as the Rengo Group acquired equity of THIMM Packaging Systems GmbH & Co.KG (new company name: TRICOR Packaging Systems GmbH) and included the company and its subsidiaries in the scope of consolidation during the three months ended June 30, 2022, the amount of goodwill had been calculated on a tentative basis. The allocation of the acquisition cost was completed at the end of the previous fiscal year, therefore the amount of goodwill is recorded as ¥6,427 million.

For the three months ended June 30, 2023 (from April 1, 2023 to June 30, 2023)

Information on sales and profit or loss by reportable segment

(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	128,106	29,939	10,960	46,628	215,634	8,167	—	223,802
Intersegment sales and transfers	742	205	828	1,282	3,058	7,017	(10,076)	—
Total sales	128,849	30,144	11,789	47,910	218,693	15,185	(10,076)	223,802
Segment profit	9,486	1,424	342	2,016	13,270	193	122	13,586

\*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 The adjustment of segment profit of ¥122 million was from the elimination of intersegment transactions.

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