

August 1, 2024

## Consolidated Financial Results for the Three Months Ended June 30, 2024(unaudited) [Japanese GAAP]

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

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

### 1. Consolidated Financial Results for the Three Months Ended June 30, 2024 (April 1, 2024 - June 30, 2024)

#### (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, 2024	244,515	9.3	12,118	(10.8)	13,261	(7.8)	13,998	45.5
June 30, 2023	223,802	11.8	13,586	75.7	14,377	57.7	9,619	47.9

Note: Comprehensive income Three months ended June 30, 2024: 26,226 million yen 22.6%  
 Three months ended June 30, 2023: 21,395 million yen 39.1%

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Three months ended June 30, 2024	56.49	—
June 30, 2023	38.84	—

#### (2) Consolidated Financial Position

	Total assets	Net assets	Shareholders' equity ratio
	Millions of yen	Millions of yen	%
As of June 30, 2024	1,233,540	483,228	36.3
March 31, 2024	1,172,515	438,978	36.3

Reference: Shareholders' equity As of June 30, 2024: 447,823 million yen  
 As of March 31, 2024: 425,293 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, 2024	—	12.00	—	18.00	30.00
Fiscal year ending March 31, 2025	—				
Fiscal year ending March 31, 2025 (Forecast)		15.00	—	15.00	30.00

Note: 1. Revisions to the cash dividend forecast from the latest announcement: None  
 2. The year-end dividends for the year ended March 31, 2024 include commemorative dividends of 3.0 yen to mark the 115th anniversary of the Company's foundation.

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

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

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
2nd Quarter (cumulative)	500,000	10.4	21,000	(18.2)	22,000	(19.9)	17,000	(7.7)	68.60
Full fiscal year	1,000,000	11.0	50,000	2.3	52,000	8.4	35,000	6.0	141.23

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

### 4. Notes

(1) Significant changes in the scope of consolidation during the period: Yes

Newly included: 5 companies RM TOHCELLO CO., LTD.  
Shikoku Tohcello Co., Ltd.  
Siam Tohcello Co., Ltd.  
Tohcello Logistics Co., Ltd.  
Tri-Wall Brasil LTDA

Excluded: 3 companies Sun·Tox Co., Ltd.  
Nitto Shiki Kogyo Co., Ltd.  
Tachikawa Danboru Kogyo Co., Ltd.

(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: Yes

(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, 2024 271,056,029 Shares

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

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

As of June 30, 2024 23,240,236 Shares

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

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

Three months ended June 30, 2024 247,788,855 Shares

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

\* Review of the Japanese-language originals of the attached consolidated quarterly financial statements by certified public accountants or an audit firm: None

\* 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, 2024, net sales increased supported by the increase in the number of consolidated subsidiaries, while operating profit and ordinary profit decreased mainly due to higher fixed costs. Profit attributable to owners of parent increased as a result of recognizing gain on bargain purchase following the inclusion of new subsidiaries in consolidation.

As a result, net sales were ¥ 244,515 million (109.3% year on year), operating profit was ¥12,118 million (89.2% year on year), ordinary profit was ¥13,261 million (92.2% year on year), and profit attributable to owners of parent was ¥13,998 million (145.5% year on year).

An overview of each segment for the three months ended June 30, 2024 is as follows.

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

The Paperboard and Packaging-Related Business reported higher sales owing to increased sales volume, but profit decreased mainly due to higher fixed costs.

As a result, net sales were ¥129,009 million (100.7% year on year) and operating profit was ¥8,052 million (84.9% year on year).

#### [Flexible Packaging-Related Business]

The Flexible Packaging-Related Business reported higher sales supported by the increase in the number of consolidated subsidiaries, while profit decreased mainly due to higher fixed costs.

As a result, net sales were ¥44,613 million (149.0% year on year) and operating profit was ¥1,015 million (71.3% year on year).

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

In the Heavy Duty Packaging-Related Business, sales and profit increased, resulting from a recovery in demand for industrial resins.

As a result, net sales were ¥11,135 million (101.6% year on year) and operating profit was ¥481 million (140.6% year on year).

#### [Overseas Business]

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

As a result, net sales were ¥51,088 million (109.6% year on year) and operating profit was ¥ 2,085 million (103.4% year on year).

#### [Other Businesses]

In the Other Businesses, sales and profit increased due to improved profitability in the transport business and other factors.

As a result, net sales were ¥8,667 million (106.1% year on year) and operating profit was ¥382 million (197.9% year on year).

(2) Explanation of Financial Position

Total assets as of June 30, 2024 were ¥1,233,540 million, an increase of ¥61,025 million from the end of the previous fiscal year. The increase was mainly due to increases in notes and accounts receivable - trade and property, plant and equipment following the inclusion of RM TOHCELLO CO., LTD. and its subsidiaries in the scope of consolidation.

Total liabilities amounted to ¥750,311 million, an increase of ¥16,774 million from the end of the previous fiscal year. The increase was mainly due to an increase in notes and accounts payable - trade.

Net assets were ¥483,228 million, an increase of ¥44,250 million from the end of the previous fiscal year. This was primarily due to an increase in non-controlling interests resulting from the inclusion of RM TOHCELLO CO., LTD. and its subsidiaries in the scope of consolidation, an increase in retained earnings as a result of reporting profit attributable to owners of parent, and an increase in foreign currency translation adjustment resulting from the weaker yen.

As a result, the shareholders' equity ratio remained unchanged from the previous fiscal year at 36.3%.

(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 10, 2024 have not been revised.

## 2. Quarterly Consolidated Financial Statements and Principal Notes

### (1) Quarterly Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2024	As of June 30, 2024
<b>Assets</b>		
Current assets		
Cash and deposits	117,588	96,162
Notes and accounts receivable - trade	271,408	296,791
Merchandise and finished goods	43,668	54,791
Work in process	5,563	7,037
Raw materials and supplies	35,872	39,605
Other	11,078	12,081
Allowance for doubtful accounts	(982)	(943)
Total current assets	484,196	505,526
Non-current assets		
Property, plant and equipment		
Buildings and structures	337,538	364,650
Accumulated depreciation	(199,581)	(215,984)
Buildings and structures, net	137,956	148,665
Machinery, equipment and vehicles	681,054	744,840
Accumulated depreciation	(542,226)	(598,643)
Machinery, equipment and vehicles, net	138,828	146,196
Land	135,892	141,125
Leased assets	34,221	37,245
Accumulated depreciation	(16,312)	(19,368)
Leased assets, net	17,909	17,877
Construction in progress	19,387	23,622
Other	28,099	31,501
Accumulated depreciation	(21,606)	(24,302)
Other, net	6,493	7,199
Total property, plant and equipment	456,467	484,687
Intangible assets		
Goodwill	27,075	27,693
Other	21,333	22,209
Total intangible assets	48,408	49,902
Investments and other assets		
Investment securities	151,144	160,804
Long-term loans receivable	740	806
Retirement benefit asset	5,423	5,450
Deferred tax assets	2,414	2,058
Other	24,628	25,229
Allowance for doubtful accounts	(909)	(926)
Total investments and other assets	183,442	193,423
Total non-current assets	688,318	728,013
Total assets	1,172,515	1,233,540

(Millions of yen)

	As of March 31, 2024	As of June 30, 2024
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	152,857	166,985
Short-term borrowings	131,820	137,485
Current portion of bonds payable	5,010	5,010
Lease liabilities	5,512	5,961
Accrued expenses	37,786	35,443
Income taxes payable	13,958	4,680
Provision for bonuses for directors (and other officers)	440	-
Other	44,895	51,652
<b>Total current liabilities</b>	<b>392,280</b>	<b>407,219</b>
Non-current liabilities		
Bonds payable	95,055	95,055
Long-term borrowings	188,061	184,407
Lease liabilities	12,209	12,039
Deferred tax liabilities	30,258	32,849
Provision for retirement benefits for directors (and other officers)	784	792
Provision for share awards for directors (and other officers)	800	864
Retirement benefit liability	10,928	13,855
Other	3,159	3,229
<b>Total non-current liabilities</b>	<b>341,257</b>	<b>343,092</b>
<b>Total liabilities</b>	<b>733,537</b>	<b>750,311</b>
<b>Net assets</b>		
Shareholders' equity		
Share capital	31,066	31,066
Capital surplus	33,663	34,638
Retained earnings	279,627	289,433
Treasury shares	(12,556)	(12,456)
<b>Total shareholders' equity</b>	<b>331,801</b>	<b>342,682</b>
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	44,310	47,175
Deferred gains or losses on hedges	-	1
Foreign currency translation adjustment	41,976	51,004
Remeasurements of defined benefit plans	7,204	6,960
<b>Total accumulated other comprehensive income</b>	<b>93,491</b>	<b>105,141</b>
Non-controlling interests	13,684	35,404
<b>Total net assets</b>	<b>438,978</b>	<b>483,228</b>
<b>Total liabilities and net assets</b>	<b>1,172,515</b>	<b>1,233,540</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, 2023	For the three months ended June 30, 2024
Net sales	223,802	244,515
Cost of sales	179,869	197,340
Gross profit	43,932	47,175
Selling, general and administrative expenses		
Freight and packing costs	7,064	8,063
Salaries and allowances	9,271	10,827
Amortization of goodwill	817	910
Other	13,191	15,255
Total selling, general and administrative expenses	30,345	35,057
Operating profit	13,586	12,118
Non-operating income		
Interest income	54	156
Dividend income	968	928
Share of profit of entities accounted for using equity method	170	692
Other	964	1,241
Total non-operating income	2,158	3,018
Non-operating expenses		
Interest expenses	725	962
Other	642	912
Total non-operating expenses	1,368	1,875
Ordinary profit	14,377	13,261
Extraordinary income		
Gain on bargain purchase	-	5,448
Other	386	353
Total extraordinary income	386	5,801
Extraordinary losses		
Loss on disaster	20	288
Loss on sale and retirement of non-current assets	163	285
Other	89	474
Total extraordinary losses	273	1,048
Profit before income taxes	14,489	18,014
Income taxes - current	3,941	2,545
Income taxes - deferred	661	1,258
Total income taxes	4,603	3,803
Profit	9,886	14,210
Profit attributable to non-controlling interests	266	212
Profit attributable to owners of parent	9,619	13,998



Quarterly Consolidated Statements of Comprehensive Income

Three Months Ended June 30

(Millions of yen)

	For the three months ended June 30, 2023	For the three months ended June 30, 2024
Profit	9,886	14,210
Other comprehensive income		
Valuation difference on available-for-sale securities	7,244	2,946
Deferred gains or losses on hedges	9	1
Foreign currency translation adjustment	2,577	7,038
Remeasurements of defined benefit plans, net of tax	(130)	(251)
Share of other comprehensive income of entities accounted for using equity method	1,807	2,280
Total other comprehensive income	11,508	12,016
Comprehensive income	21,395	26,226
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	20,807	25,647
Comprehensive income attributable to non-controlling interests	588	579

### (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.

(Changes in accounting policies)

(Notes regarding changes in accounting policies)

(Application of "Accounting Standard for Current Income Taxes," etc.)

The Rengo Group has applied the "Accounting Standard for Current Income Taxes" (ASBJ Statement No. 27, October 28, 2022; hereinafter the "2022 Revised Accounting Standard") and other standards from the beginning of the first quarter of the fiscal year under review. This does not affect the quarterly consolidated financial statements.

Regarding the revision to accounting classification of income taxes (taxation on other comprehensive income), the Rengo Group follows the transitional treatment stipulated in the proviso to Paragraph 20-3 of the 2022 Revised Accounting Standard and the transitional treatment stipulated in the proviso to Paragraph 65-2 (2) of the "Guidance on Accounting Standard for Tax Effect Accounting" (ASBJ Guidance No. 28, October 28, 2022; hereinafter the "2022 Revised Guidance").

(Business combinations)

Business combination through acquisition

#### 1. Summary of the combination

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

Name: Mitsui Chemicals Tohcello, Inc.

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

##### (2) Reason for the combination

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

##### (3) Date of the combination

April 1, 2024

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

Acquisition of equity shares for cash consideration

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

RM TOHCELLO CO., LTD.

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

51.0%

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

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

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

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

3. Principal acquisition related expenses

Advisory fees, etc.: ¥305 million

4. Amount and cause of gain on bargain purchase arising from the acquisition

(1) Amount of gain on bargain purchase

¥5,448 million

As the allocation of acquisition cost has not been completed, the amount of gain on bargain purchase is a provisionally calculated amount.

(2) Cause

Because the fair value of net assets of the acquired company at the time of the business combination exceeded the acquisition cost, the difference is recorded as gain on bargain purchase.

(Segment information, etc.)

(Segment information)

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 packaging 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.

For the three months ended June 30, 2024 (from April 1, 2024 to June 30, 2024)

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	129,009	44,613	11,135	51,088	235,847	8,667	—	244,515
Intersegment sales and transfers	577	161	1,035	1,462	3,237	8,403	(11,641)	—
Total sales	129,587	44,775	12,170	52,551	239,085	17,071	(11,641)	244,515
Segment profit	8,052	1,015	481	2,085	11,635	382	100	12,118

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

\*2 The adjustment of segment profit of ¥100 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 assets by reportable segment

(Significant increase in assets due to acquisition of subsidiaries)

As the Rengo Group acquired shares of Mitsui Chemicals Tohcello, Inc. (new company name: RM TOHCELLO CO., LTD.) and included the company and its subsidiaries in the scope of consolidation during the first quarter of the fiscal year under review, the segment assets of “Flexible Packaging-Related Business” for the first quarter of the fiscal year under review increased by ¥52,750 million from the end of the previous fiscal year.

As the allocation of acquisition cost has not been completed, the amount of segment assets is a provisionally calculated amount.

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

(Significant gain on bargain purchase)

As the Rengo Group acquired shares of Mitsui Chemicals Tohcello, Inc. (new company name: RM TOHCELLO CO., LTD.) and included the company and its subsidiaries in the scope of consolidation during the first quarter of the fiscal year under review, gain on bargain purchase of ¥5,448 million was recognized in the “Flexible Packaging-Related Business” segment.

As the allocation of acquisition cost has not been completed, the amount of gain on bargain purchase is a provisionally calculated amount. In addition, gain on bargain purchase is not included in segment profit in the above table as it is an extraordinary income item.

(Notes regarding statements of cash flows)

Quarterly consolidated statements of cash flows were not prepared for the three months ended June 30, 2024. Depreciation (including amortization of intangible assets other than goodwill), amortization of goodwill, and amortization of negative goodwill for the three months ended June 30 are as follows.

	(Millions of yen)	
	For the three months ended June 30, 2023	For the three months ended June 30, 2024
Depreciation	11,358	13,290
Amortization of goodwill	817	910
Amortization of negative goodwill	4	4