

# Consolidated Financial Results

## for the Six Months Ended September 30, 2024(unaudited)

### [Japanese GAAP]

Company name: **Rengo Co., Ltd.**  
 Listing: Tokyo Stock Exchange  
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 Scheduled date to file semi-annual securities report: November 14, 2024  
 Scheduled date to commence dividend payments: December 3, 2024  
 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 Six Months Ended September 30, 2024 (April 1, 2024 - September 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	
Six months ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
September 30, 2024	495,134	9.3	19,798	(22.9)	21,871	(20.4)	18,883	2.6
September 30, 2023	452,874	9.5	25,675	65.3	27,461	53.9	18,409	52.9

Note: Comprehensive income

Six months ended September 30, 2024: 41,556 million yen (3.3%)

Six months ended September 30, 2024: 42,960 million yen 25.3%

	Basic earnings per share	Diluted earnings per share
Six months ended	Yen	Yen
September 30, 2024	76.20	—
September 30, 2023	74.32	—

### (2) Consolidated Financial Position

	Total assets	Net assets	Shareholders' equity ratio
As of	Millions of yen	Millions of yen	%
September 30, 2024	1,246,611	498,427	37.1
March 31, 2024	1,172,515	438,978	36.3

Reference: Shareholders' equity As of September 30, 2024: 462,213 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	—	15.00			
Fiscal year ending March 31, 2025 (Forecast)			—	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
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: 6 companies RM TOHCELLO CO., LTD.

Shikoku Tohcello Co., Ltd.

Siam Tohcello Co., Ltd.

Tohcello Logistics Co., Ltd.

Tri-Wall Brasil LTDA

Hefei Tri-Wall Packaging Technology Co., Ltd.

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 semi-annual 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 September 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 September 30, 2024 23,240,840 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)

Six months ended September 30, 2024 247,802,110 Shares

Six months ended September 30, 2023 247,700,425 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.

\* Semi-annual financial results reports are exempt from review conducted by certified public accountants or an audit firm.

\* 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.

## Table of Contents – Attachments

1. Qualitative Information on Interim Financial Results .....	2
(1) Explanation of Operating Results .....	2
(2) Explanation of Financial Position .....	4
(3) Explanation of Consolidated Financial Forecasts and Other Forward-Looking Information .....	4
2. Interim Consolidated Financial Statements and Principal Notes .....	5
(1) Interim Consolidated Balance Sheets .....	5
(2) Interim Consolidated Statements of Income and Comprehensive Income .....	7
(3) Notes to Interim Consolidated Financial Statements .....	9
(Notes on going concern assumption) .....	9
(Notes in case of significant changes in shareholders' equity) .....	9
(Changes in accounting policies) .....	9
(Business combinations) .....	9
(Segment information, etc.) .....	10

## 1. Qualitative Information on Interim Financial Results

### (1) Explanation of Operating Results

During the interim consolidated period under review, although the Japanese economy was impacted by rising prices and depreciation of the yen, the gradual trend toward recovery continued mainly due to the effect of various government policies, an improvement in the employment and income environment, and a pickup in capital investment.

In such an economic environment, the production volume in the paperboard industry was on par with the previous fiscal year, supported by the economic recovery trend despite some signs of stagnation in personal consumption.

The production volume in the corrugated packaging industry was on par with the previous fiscal year due to firm demand in various fields despite sluggish sales of fruits and vegetables as a result of unfavorable weather conditions.

The production volume in the folding cartons industry was on par with the previous fiscal year due to a rebound in demand associated with the flow of people as well as POP and other display and promotional materials, despite continued contraction in the gift-related market.

The production volume in the flexible packaging industry was higher than in the previous fiscal year due to the recovery of inbound and event demand.

The production volume in the heavy duty packaging industry was lower than in the previous fiscal year due to the decline in petrochemical-related demand.

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.” In this way the Company offers innovative solutions that meet all the packaging needs of various industries.

In addition, the Company continues to push forward with efforts to establish a price system that enables reproduction for corrugated board and folding carton products.

In April of this year, with the aim of bolstering the integrated system in its flexible packaging business, the Rengo Group integrated Sun·Tox Co., Ltd. in Taito-ku, Tokyo, with the packaging solution business of Mitsui Chemicals Tohcello, Inc. in Chiyoda-ku, Tokyo, then established a subsidiary (new company name: RM TOHCELLO CO., LTD.). Additionally, looking to expand into the bio field, Biomaterial in Tokyo Co., Ltd., a bio-venture in Onojo City, Fukuoka, became a subsidiary in April, and Shibata Cardboard Co., Ltd. in Toyohashi City, Aichi became a subsidiary in July, strengthening the corrugated board business.

Overseas, in August, Tri-Wall Limited in Hong Kong made a capital investment in Concept Packaging Group LLC, a heavy duty packaging materials manufacturer in the U.S., further enhancing the Company’s global strategy.

Environmental initiatives as part of ESG management are top priority issues for the Rengo Group which advocates “Less is more.” as its key phrase. The Company has made further progress to address key issues, including creating a carbon-free society, creating a recycling-oriented society, and managing water risks, to achieve the greenhouse gas emission reduction target “46% reduction compared to FY2013” by FY2030.

As a result, for the interim consolidated period under review, net sales were ¥495,134 million (109.3% year on year), operating profit was ¥19,798 million (77.1% year on year), ordinary profit was ¥21,871 million (79.6% year on year), and profit attributable to owners of parent was ¥18,883 million (102.6% year on year).

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

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

In the Paperboard and Packaging-Related Business, net sales remained at the same level as the previous fiscal year, but profit decreased mainly due to higher fixed costs.

As a result, net sales were ¥256,437 million (100.6% year on year) and operating profit was ¥11,940

million (66.5% year on year).

The production volume of main products was as follows.

(Paperboard products)

Paperboard production volume was 1,223 thousand tons (100.2% year on year) supported by a recovery in corrugated packaging demand.

(Corrugated boards/boxes)

With regard to corrugated boards/boxes, the production volume was 2,132 million square meters (100.2% year on year) in corrugated boards and 1,806 million square meters (101.1% year on year) in corrugated boxes due to firm demand in various fields.

#### [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 ¥89,270 million (148.0% year on year) and operating profit was ¥2,036 million (89.2% year on year).

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

In the Heavy Duty Packaging-Related Business, sales and profit increased due to strong sales of industrial resins despite a decline in petrochemical-related demand.

As a result, net sales were ¥22,938 million (102.3% year on year) and operating profit was ¥866 million (139.9% year on year).

#### [Overseas Business]

The Overseas Business reported higher sales supported by the increase in the number of consolidated subsidiaries. However, profit decreased mainly due to worsening profitability in the heavy duty packaging business in Europe.

As a result, net sales were ¥109,072 million (111.6% year on year) and operating profit was ¥4,056 million (96.5% year on year).

#### [Other Business]

In the Other Businesses, net sales were on par with the previous fiscal year, but profit increased due to improved profitability in the transport business and other factors.

As a result, net sales were ¥17,415 million (100.0% year on year) and operating profit was ¥694 million (138.2% year on year).

(2) Explanation of Financial Position

Total assets as of September 30, 2024 were ¥1,246,611 million, an increase of ¥74,096 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 ¥748,183 million, an increase of ¥14,646 million from the end of the previous fiscal year. The increase was mainly due to an increase in notes and accounts payable – trade and long- and short-term borrowings.

Net assets were ¥498,427 million, an increase of ¥59,449 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 increased by 0.8 percentage points from the end of the previous fiscal year to 37.1%.

(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. Interim Consolidated Financial Statements and Principal Notes

### (1) Interim Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2024	As of September 30, 2024
<b>Assets</b>		
Current assets		
Cash and deposits	117,588	103,380
Notes and accounts receivable - trade	271,408	286,009
Merchandise and finished goods	43,668	56,385
Work in process	5,563	7,471
Raw materials and supplies	35,872	41,477
Other	11,078	12,895
Allowance for doubtful accounts	(982)	(979)
Total current assets	484,196	506,639
Non-current assets		
Property, plant and equipment		
Buildings and structures	337,538	372,228
Accumulated depreciation	(199,581)	(219,409)
Buildings and structures, net	137,956	152,818
Machinery, equipment and vehicles	681,054	753,805
Accumulated depreciation	(542,226)	(607,496)
Machinery, equipment and vehicles, net	138,828	146,308
Land	135,892	141,503
Leased assets	34,221	39,293
Accumulated depreciation	(16,312)	(20,686)
Leased assets, net	17,909	18,607
Construction in progress	19,387	26,500
Other	28,099	33,087
Accumulated depreciation	(21,606)	(24,880)
Other, net	6,493	8,206
Total property, plant and equipment	456,467	493,944
Intangible assets		
Goodwill	27,075	28,498
Other	21,333	22,456
Total intangible assets	48,408	50,954
Investments and other assets		
Investment securities	151,144	161,315
Long-term loans receivable	740	788
Retirement benefit asset	5,423	5,422
Deferred tax assets	2,414	2,449
Other	24,628	26,021
Allowance for doubtful accounts	(909)	(924)
Total investments and other assets	183,442	195,072
Total non-current assets	688,318	739,971
<b>Total assets</b>	<b>1,172,515</b>	<b>1,246,611</b>

(Millions of yen)

	As of March 31, 2024	As of September 30, 2024
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	152,857	162,003
Short-term borrowings	131,820	141,314
Current portion of bonds payable	5,010	5,010
Lease liabilities	5,512	6,108
Accrued expenses	37,786	40,512
Income taxes payable	13,958	8,536
Provision for bonuses for directors (and other officers)	440	-
Other	44,895	40,420
Total current liabilities	392,280	403,907
Non-current liabilities		
Bonds payable	95,055	95,050
Long-term borrowings	188,061	186,958
Lease liabilities	12,209	12,681
Deferred tax liabilities	30,258	31,054
Provision for retirement benefits for directors (and other officers)	784	788
Provision for share awards for directors (and other officers)	800	929
Retirement benefit liability	10,928	13,977
Other	3,159	2,836
Total non-current liabilities	341,257	344,275
Total liabilities	733,537	748,183
<b>Net assets</b>		
Shareholders' equity		
Share capital	31,066	31,066
Capital surplus	33,663	34,621
Retained earnings	279,627	294,324
Treasury shares	(12,556)	(12,457)
Total shareholders' equity	331,801	347,555
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	44,310	45,420
Deferred gains or losses on hedges	-	(0)
Foreign currency translation adjustment	41,976	62,500
Remeasurements of defined benefit plans	7,204	6,737
Total accumulated other comprehensive income	93,491	114,658
Non-controlling interests	13,684	36,213
Total net assets	438,978	498,427
Total liabilities and net assets	1,172,515	1,246,611



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

### Interim Consolidated Statements of Income

Six Months Ended September 30

(Millions of yen)

	For the six months ended September 30, 2023	For the six months ended September 30, 2024
Net sales	452,874	495,134
Cost of sales	364,823	403,529
Gross profit	88,051	91,604
Selling, general and administrative expenses		
Freight and packing costs	14,407	16,357
Salaries and allowances	19,147	22,333
Amortization of goodwill	1,759	1,914
Other	27,062	31,199
Total selling, general and administrative expenses	62,376	71,805
Operating profit	25,675	19,798
Non-operating income		
Interest income	150	487
Dividend income	1,231	1,318
Share of profit of entities accounted for using equity method	1,162	1,605
Other	1,975	2,597
Total non-operating income	4,518	6,009
Non-operating expenses		
Interest expenses	1,541	2,024
Other	1,191	1,912
Total non-operating expenses	2,732	3,936
Ordinary profit	27,461	21,871
Extraordinary income		
Gain on bargain purchase	-	5,448
Other	462	466
Total extraordinary income	462	5,915
Extraordinary losses		
Loss on sale and retirement of non-current assets	494	604
Renewal expenses of plants	105	569
Other	89	850
Total extraordinary losses	689	2,025
Profit before income taxes	27,234	25,761
Income taxes - current	9,520	6,576
Income taxes - deferred	(1,249)	(482)
Total income taxes	8,270	6,094
Profit	18,964	19,667
Profit attributable to non-controlling interests	555	784
Profit attributable to owners of parent	18,409	18,883

# Interim Consolidated Statements of Comprehensive Income

Six Months Ended September 30

(Millions of yen)

	For the six months ended September 30, 2023	For the six months ended September 30, 2024
Profit	18,964	19,667
Other comprehensive income		
Valuation difference on available-for-sale securities	7,684	1,145
Deferred gains or losses on hedges	2	(0)
Foreign currency translation adjustment	11,328	16,161
Remeasurements of defined benefit plans, net of tax	(278)	(470)
Share of other comprehensive income of entities accounted for using equity method	5,260	5,052
Total other comprehensive income	23,996	21,889
Comprehensive income	42,960	41,556
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	41,902	40,055
Comprehensive income attributable to non-controlling interests	1,058	1,501

### (3) Notes to Interim 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 interim consolidated period under review. This does not affect the interim 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 six months ended September 30, 2023 (from April 1, 2023 to September 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	255,001	60,311	22,422	97,723	435,459	17,415	—	452,874
Intersegment sales and transfers	1,317	307	1,681	2,880	6,187	13,918	(20,105)	—
Total sales	256,319	60,618	24,103	100,604	441,646	31,333	(20,105)	452,874
Segment profit	17,956	2,282	619	4,201	25,059	502	113	25,675

\*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 ¥113 million was from the elimination of intersegment transactions.

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

For the six months ended September 30, 2024 (from April 1, 2024 to September 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	256,437	89,270	22,938	109,072	477,718	17,415	—	495,134
Intersegment sales and transfers	1,285	396	1,760	4,192	7,635	16,653	(24,289)	—
Total sales	257,722	89,667	24,699	113,265	485,354	34,068	(24,289)	495,134
Segment profit	11,940	2,036	866	4,056	18,900	694	204	19,798

\*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 ¥204 million was from the elimination of intersegment transactions.

\*3 The segment profit was reconciled with operating profit in the interim 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 interim consolidated period under review, the segment assets of “Flexible Packaging-Related Business” for the interim consolidated period under review increased by ¥48,373 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 interim consolidated period 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.