



Consolidated Financial Results and Forecasts

for the year ended March 2025
and the year ending March 2026

May 9, 2025

Rengo Co., Ltd.
(TSE: 3941)

Consolidated financial results for the year ended March 2025

Basic Policy on Selection of Accounting Standards

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

1. Overview of financial performance and business environment

Consolidated income statement

(billion yen)

	FY3/2024	FY3/2025	Y/Y (%)	Diff.
Net sales	900.8	993.3	110.3	+ 92.5
Operating profit	48.9	37.4	76.6	- 11.5
Ordinary profit	48.0	39.2	81.6	- 8.8
Extraordinary gain/loss	2.3	3.6	156.5	+ 1.3
Profit attributable to owners of parent	33.0	29.0	87.7	- 4.0

Main factors underlying extraordinary gain and loss

(billion yen)

	FY3/2024		FY3/2025
(Extraordinary gain)		(Extraordinary gain)	
Gain on sales of investment securities	3.7	Gain on bargain purchase	5.3
Subsidy income	1.3	Gain on sales of investment securities	3.1
		Subsidy income	2.3
(Extraordinary loss)		(Extraordinary loss)	
Loss on sales/retirement of noncurrent assets	1.4	Loss on reduction of noncurrent assets	2.3
Plant renewal expenses	0.7	Loss on sales/retirement of noncurrent assets	1.4
Impairment loss	0.5	Plant renewal expenses	0.9

External environment

- The Japanese economy in FY3/2025 faced various challenges, including rising prices and labor shortages.
- The gradual trend toward recovery continued with improvements in the employment and income environment, increases in inbound demand and a pickup in capital investment, despite some signs of stagnation remaining.

Overview of our group

- The Rengo Group devoted itself to the competition of its medium-term vision, Vision 115, the final year of which was FY 3/2025, and 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.
- We are pushing forward with efforts to establish a sustainable pricing system for:
 - ✓ Corrugated products
 - ✓ Folding carton products
 - ✓ Boxboard.

As it has become difficult to cope with changes in cost structures across the entire value chain through in-house efforts alone, such as increases in logistics costs, personnel expenses, and capital investments for environmental measures and labor environment improvements.

2. Segment performance summary

Paperboard and Packaging-Related Business

- Profit decreased due to higher fixed costs, increased prices for raw materials and fuels, and other factors, despite product price revisions helping realize improved sales.

Flexible Packaging-Related Business

- Achieve higher sales and profits due to product price revisions and an increase in the number of consolidated subsidiaries.

Heavy Duty Packaging-Related Business

- Sales and profit increased due to strong sales of industrial resins.

Overseas Business

- While reporting higher sales supported by an increase in the number of consolidated subsidiaries and other factors, profit decreased due to worsening profitability in the heavy duty packaging business in Europe and other factors.

Other Businesses

- Net sales and profit increased due to the increase in the number of consolidated subsidiaries, improved profitability in the transport business, and other factors.

Net sales and operating profit by segment

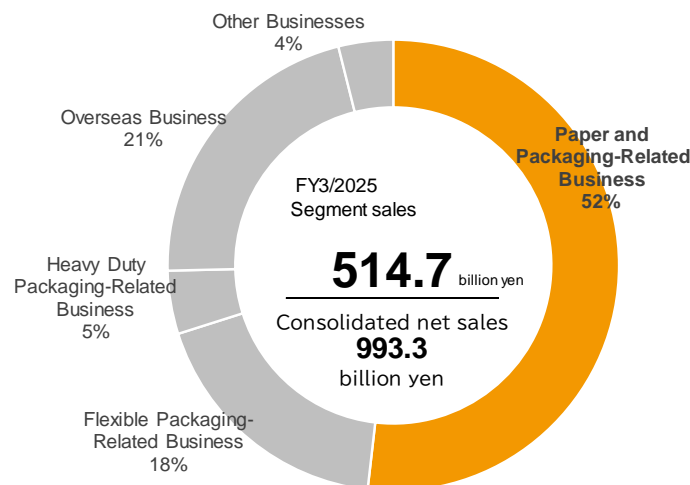
(billion yen)

	Net Sales				Operating profit			
	FY3/2024	FY3/2025	Y/Y (%)	Diff.	FY3/2024	FY3/2025	Y/Y (%)	Diff.
Paper and Packaging-Related Business	510.9	514.7	100.7	+ 3.8	35.0	23.4	67.0	- 11.5
Flexible Packaging-Related Business	121.3	181.6	149.8	+ 60.3	4.8	5.1	106.1	+ 0.3
Heavy Duty Packaging-Related Business	44.3	45.0	101.4	+ 0.6	0.9	1.7	185.9	+ 0.8
Overseas Business	189.2	213.1	112.6	+ 23.9	6.8	4.9	72.7	- 1.9
Other Businesses	35.1	38.9	110.9	+ 3.8	1.4	2.3	159.8	+ 0.9
Consolidated total	900.8	993.3	110.3	+ 92.5	48.9	37.4	76.6	- 11.5

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

3. Overview of Paperboard and Packaging-Related Business

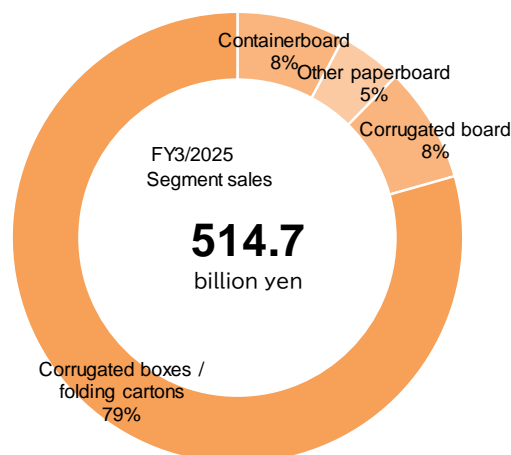
Segment sales composition ratio of total consolidated sales



Industry environment

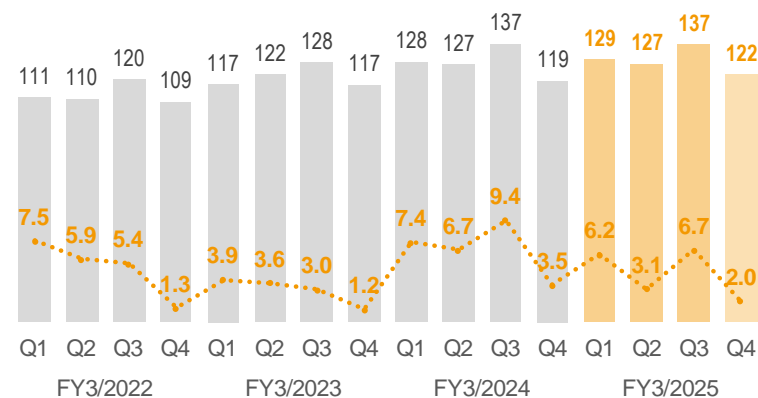
- The production volume in the paperboard industry remained stable compared to the previous fiscal year, supported by steady domestic demand despite sluggish exports.
- The production volume in the corrugated packaging industry remained consistent with the previous fiscal year, driven by strong sales of beverages and other processed food products, despite sluggish demand for fruits and vegetables due to unfavorable weather conditions.
- The production volume in the folding cartons industry remained consistent with the previous fiscal year, driven by strong demand for packaging for souvenirs and regional specialty products, resulting from increased movement of people, despite continued contraction in the gift-related market.

Net sales breakdown by product



Sales and profit margins of Paperboard and Packaging-Related Business

billion yen, %



4. Paperboard and corrugated production volume

Paperboard products

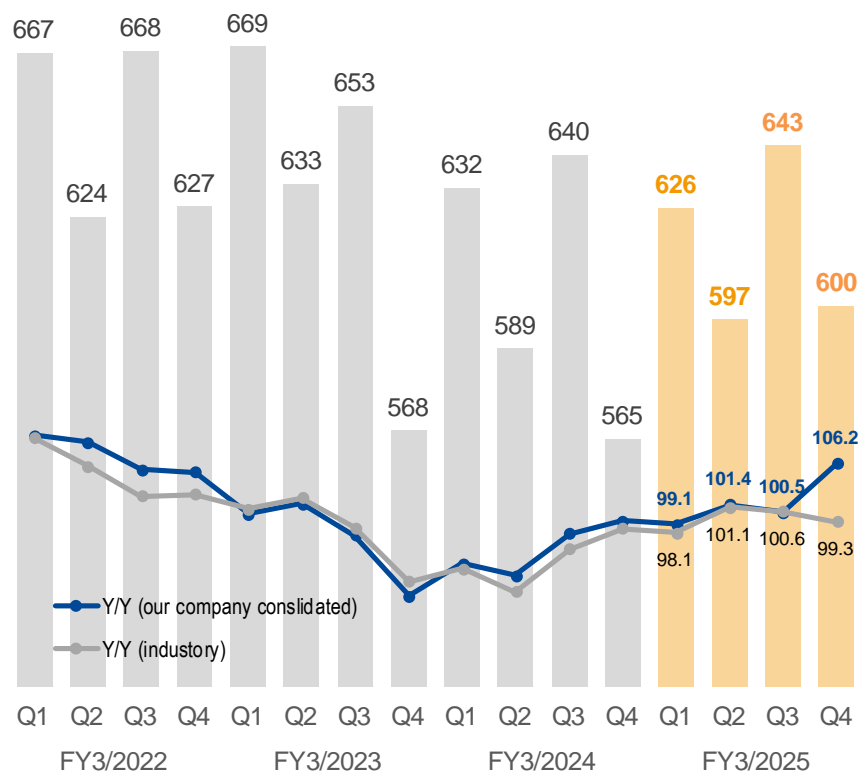
- Paperboard production volume totaled 2,467 thousand tons, representing 101.6% year-on-year growth, supported by steady domestic demand. Of this total, containerboard comprised 2,229 thousand tons, also 101.6% year-on-year.

Corrugated boards/boxes

- The production volume reached 4,226 million square meters for corrugated boards, marking 100.2% year-on-year growth, and 3,581 million square meters for corrugated boxes, marking 101.4% year-on-year growth. This increase was driven by strong sales of beverages and other processed food products, despite sluggish demand for fruits and vegetables due to unfavorable weather conditions.

Trends in paperboard production,
domestic consolidated

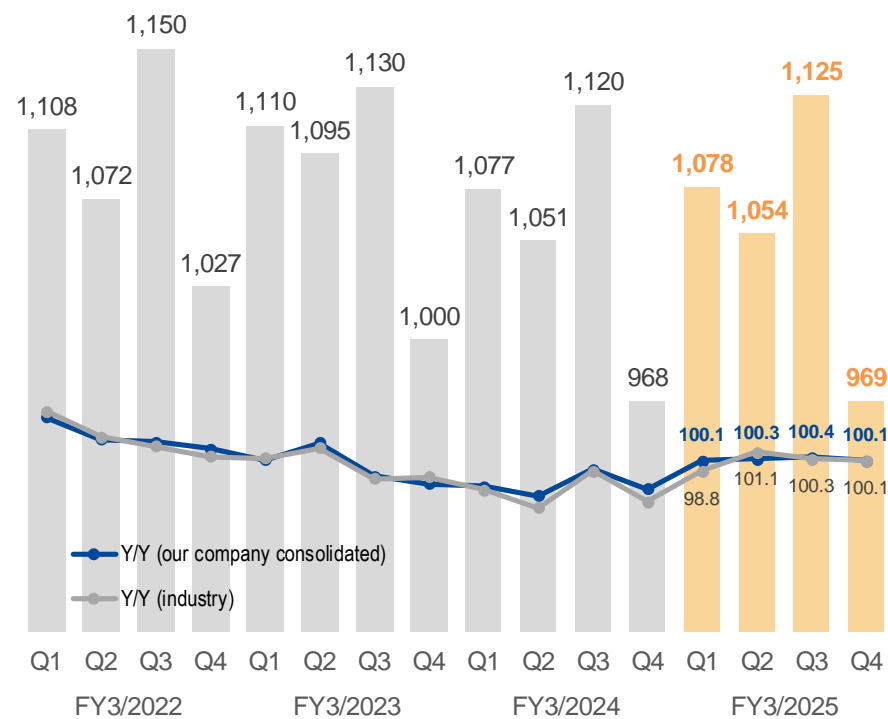
thousand tons, %



Source (Industry): Japan Paper Association

Trends in corrugated production,
domestic consolidated

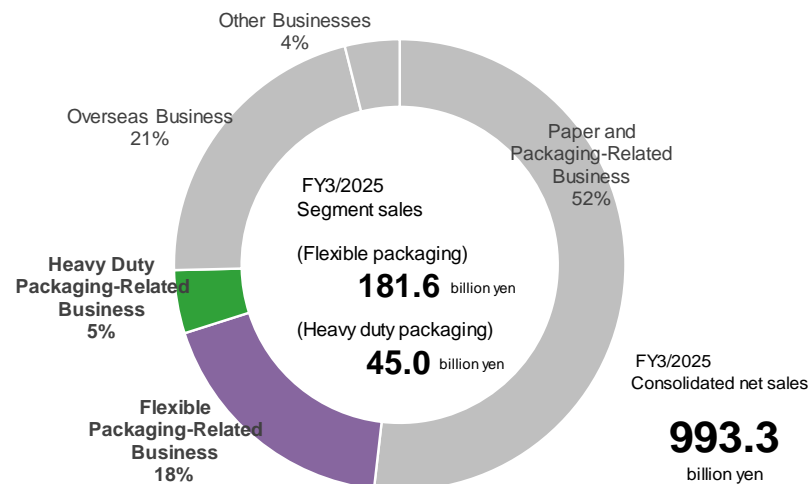
million sq. meters, %



Source (Industry): Japan Corrugated Case Association

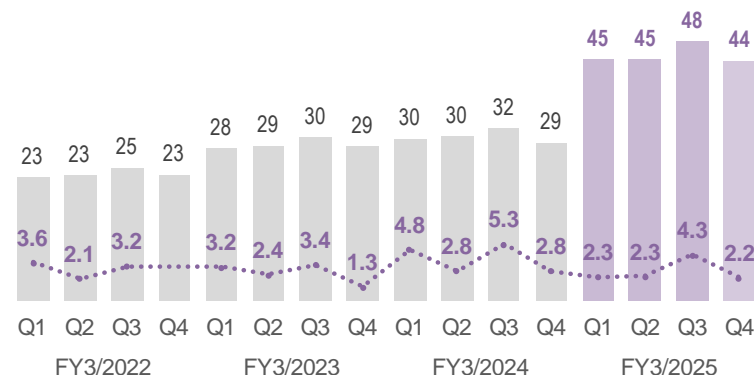
5. Overview of Flexible and Heavy Duty Packaging-Related Business

Segment sales composition ratio of total consolidated sales



Sales and profit margins of Flexible Packaging-Related Business

billion yen, %



Industry environment of flexible packaging

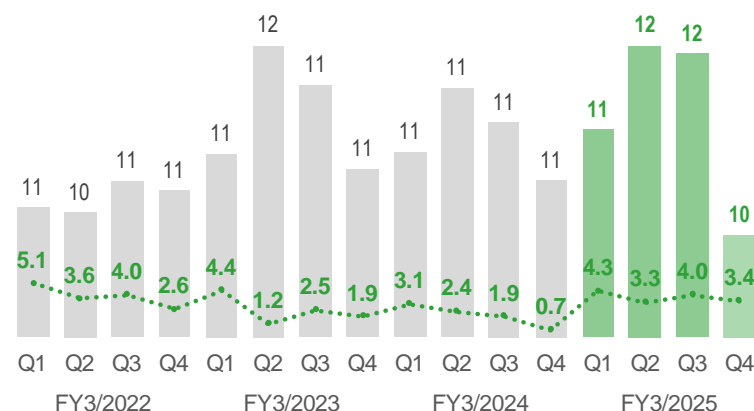
- The production volume in the flexible packaging industry exceeded that of the previous fiscal year, driven by increased inbound demand and signs of recovery in personal consumption during the latter half of the year.
- In April 2024, with the aim of bolstering the integrated system in its flexible packaging business, our group integrated Sun-Tox Co., Ltd. in Taito-ku, Tokyo, with the packaging solution business of Mitsui Chemicals Tohcello, Inc. in Chiyoda-ku, Tokyo, and then established a new subsidiary called RM TOHCELLO CO., LTD. in Chiyoda-ku, Tokyo.

Industry environment of heavy duty packaging

- 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.

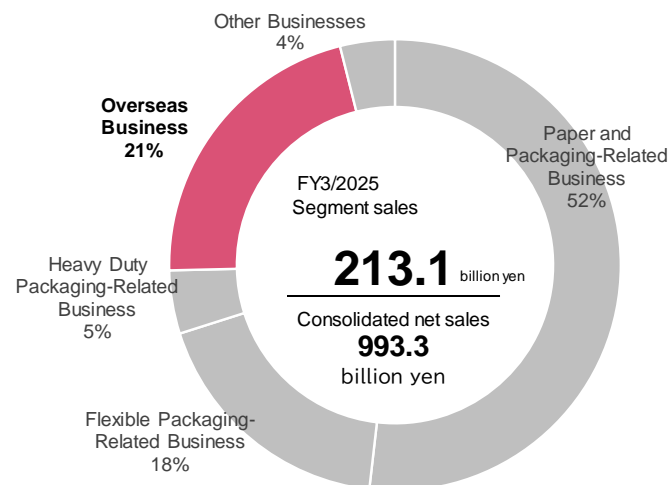
Sales and profit margin of Heavy Duty Packaging-Related Business

billion yen, %



6. Overview of Overseas Business

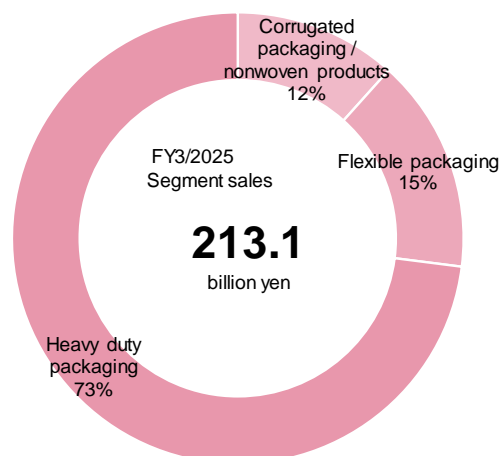
Segment sales composition ratio of total consolidated sales



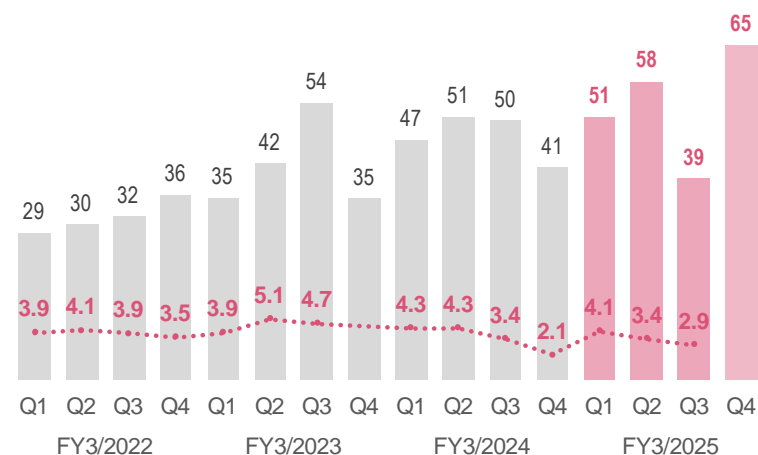
Initiatives in Overseas Business

- In August 2024, 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.
- In December 2024, the acquisition of Pronk India, located in India.
- In March 2025, the acquisition of equity in Pronk Dubai, located in the United Arab Emirates.

Net sales breakdown by product



Sales and profit margin of Overseas Business



7. Overseas sales by region and product



(billion yen, %)

	FY3/2024		FY3/2025			FY3/2024		FY3/2025	
	Net sales	Composition ratio	Net sales	Composition ratio		Net sales	Composition ratio	Net sales	Composition ratio
Europe	93.9	49.6	97.1	45.6	America	13.6	7.2	19.1	9.0
Corrugated packaging	-		-		Corrugated packaging	3.4		4.0	
Flexible packaging	0.5		0.6		Flexible packaging	3.6		6.5	
Heavy duty packaging	93.4		96.5		Heavy duty packaging	6.7		8.6	
China	57.9	30.6	63.7	29.9	Others	2.2	1.2	3.4	1.6
Corrugated/Nonwoven products	16.1		16.9		Corrugated packaging	0.0		-	
Flexible packaging	18.4		19.6		Flexible packaging	0.4		0.6	
Heavy duty packaging	23.4		27.2		Heavy duty packaging	1.8		2.9	
Asia excluding China	21.5	11.4	29.8	14.0					
Corrugated packaging	3.2		3.9						
Flexible packaging	2.7		5.5						
Heavy duty packaging	15.6		20.4						
					Overseas Business total	189.2		213.1	

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

(billion yen)			
Previous operating profit	48.9		
		Paperboard and Packaging-Related Business	
Fixed costs	- 6.5	Personnel expenses -4.6 Other costs -1.9	-11.5 billion yen
Raw material costs	- 4.7	OCC -4.7	
Energy/other costs	- 3.6	City gas -0.2 LNG -0.2 Coal +0.1 Freight -2.7 Electricity price, etc. -0.6	
Depreciation / amortization	- 2.8		
Prices	+ 3.4	Corrugated products +4 Product mix -0.6	
Volume	+ 1.8	Paperboard +1 Corrugated products +0.8	
Cost reduction	+ 0.9		
Subtotal	37.4		
		Flexible / Heavy Duty / Overseas / Others	
Flexible packaging	+ 0.3	Volume / prices +2.4 Variable costs -0.3 Fixed costs, etc. -2.1 New consolidation +0.3	+0.0 billion yen
Heavy duty packaging	+ 0.8	Volume / prices +0.9 Variable costs -0.1	
Overseas business	- 1.8	Flexible packaging +1.7 Heavy duty packaging -3.5	
Other businesses, etc.	+ 0.7		
Current operating profit	37.4		

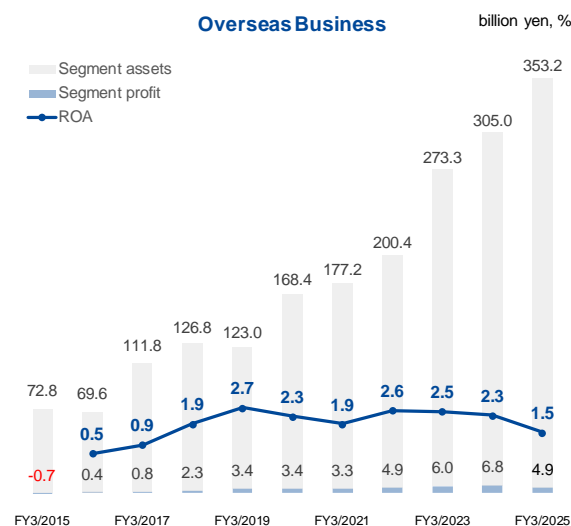
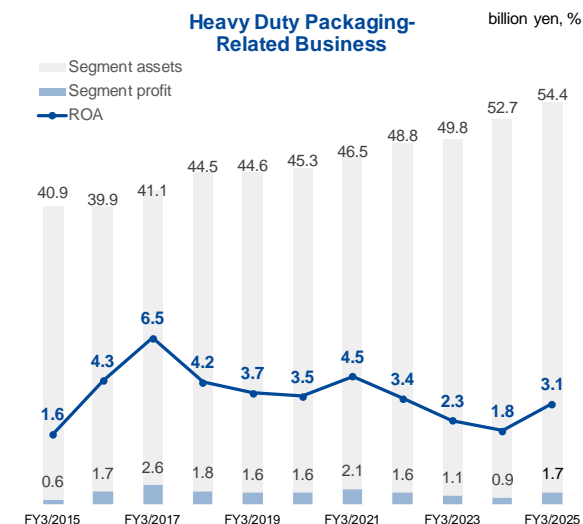
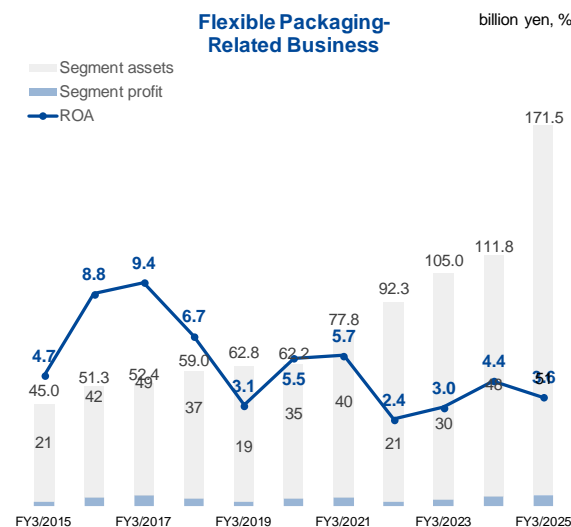
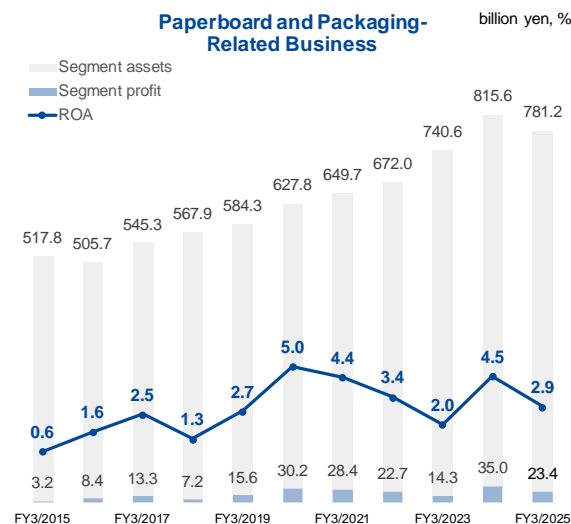
Key information on factors affecting changes in operating profit

			FY3/2024	FY3/2025	Y/Y (%)	Diff.
Production	Containerboard	1,000 tons	2,194	2,229	101.6	+ 35
	Corrugated board	million sqm	4,217	4,226	100.2	+ 9
Raw material and fuel price-related	OCC ⁽¹⁾	JPY/kg	18 and up	18 and up	100.0	Flat
	Dubai crude oil	USD/bbl	82.6		96.2	- 3.2
	Annual impact of \$1 fluctuation*		0.2 bn. yen	0.2 bn. yen	-	-
	Foreign exchange	JPY/USD	144.6	152.5	105.5	+ 7.9
Annual impact of 1 yen fluctuation (benefit from yen appreciation)			0.2 bn. yen	0.2 bn. yen	-	-
Product price-related	Containerboard ⁽²⁾ (Grade D medium)	JPY/kg	from 96 to 98	from 96 to 98	100.0	Flat
	Corrugated board ⁽²⁾ (C'5)	JPY/sqm	from 81 to 82	from 81 to 82	100.0	Flat

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

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

9. Trends in assets, profit, and ROA by segment



Paperboard and Packaging-Related Business

- Profitability is highly volatile, making enhancement and stabilization primary concerns.

Flexible Packaging-Related Business

- Similar to the Paperboard and Packaging-Related Business, enhancing and stabilizing profitability remain key issues.

Heavy Duty Packaging-Related Business

- ROA has halted its downward trend since FY3/2021 (4.5%), with the immediate objective being to continue improvements.

Overseas Business

- Segment assets have expanded to ¥353.2 billion due to growth investments.
- Goodwill amortization affects financial performance, and improving the profitability following the establishment of a growth foundation remains a challenge.

10. Cash flows

Operating CF: 77 billion yen (Y/Y -12.6 billion yen)

(Main components)

Profit before income taxes: ¥42.8 billion, Depreciation: ¥56.0 billion, Income taxes paid: ¥19.8 billion

Investing CF: -97.3 billion yen (Y/Y -21.3 billion yen)

(Main components)

Expenditure for acquisition of property, plant and equipment: ¥96.1 billion, Expenditure for acquisition of subsidiary shares resulting in change in scope of consolidation: ¥7.5 billion, Net increase in time deposits: ¥4.6 billion

Financing CF: -14.5 billion yen (Y/Y -31.8 billion yen)

(Main components)

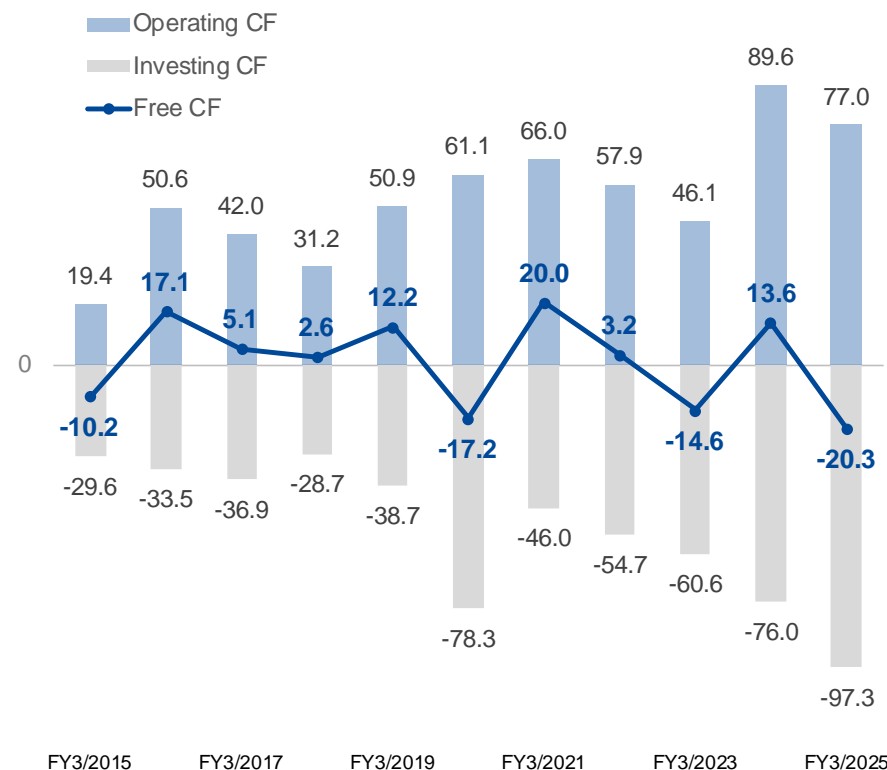
Net increase in long- and short-term borrowings: ¥5.8 billion, Expenditure for redemption of bonds: ¥5.0 billion, Dividends paid: ¥8.2 billion, Expenditure for repayment of lease liabilities: ¥6.4 billion

	FY3/2024	FY3/2025	Diff.
(billion yen)			
[1] Net cash provided by (used in) operating activities	89.6	77.0	- 12.6
[2] Net cash provided by (used in) investing activities	- 76.0	- 97.3	- 21.3
[3] Free cash flow (= [1]+[2])	13.6	- 20.3	- 33.9
[4] Net cash provided by (used in) financing activities	17.3	- 14.5	- 31.8
[5] Exchange rate changes	1.9	3.0	+1.1
[6] Change in cash and cash equivalents (= [3]+[4]+[5])	32.8	- 31.7	- 64.5
[7] Cash and cash equivalents at beginning of period	70.9	103.8	+32.9
[8] Increase/decrease due to change in scope of consolidation	0.1	- 1.5	- 1.6
[9] Cash and cash equivalents at end of period (= [6]+[7]+[8])	103.8	70.6	- 33.2

Free CF: -20.3 billion yen (Y/Y -33.9 billion yen)

Free cash flow decreased by ¥33.9 billion due to a reduction in cash inflows from operating activities and an increase in cash outflows from investing activities.

Changes in free cash flow billion yen



Full-year forecast for the year ending March 2026

Disclaimer

- The description of the business plan and the financial forecasts is based on the information currently available. Any forward looking information is not a guarantee of future performance.

1. Summary of financial indicators

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

2. Outlook for profit and business environment

Consolidated income statement

(billion yen)

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

Outlook for external environment

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

Outlook for our group

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

3. Performance forecast by segment

Net sales and operating profit by segment

(billion yen)

	Net Sales				Operating profit			
	FY3/2025 results	FY3/2026 forecasts	Y/Y (%)	Diff.	FY3/2025 results	FY3/2026 forecasts	Y/Y (%)	Diff.
Paper and Packaging-Related Business	514.7	516.0	100.2	+ 1.3	23.4	28.3	120.7	+ 4.9
Flexible Packaging-Related Business	181.6	193.0	106.3	+ 11.4	5.1	6.2	122.5	+ 1.1
Heavy Duty Packaging-Related Business	45.0	47.9	106.5	+ 2.9	1.7	2.3	136.6	+ 0.6
Overseas Business	213.1	208.7	97.9	- 4.4	4.9	1.9	38.5	- 3.0
Other Businesses	38.9	39.4	101.4	+ 0.5	2.3	1.3	56.8	- 1.0
Consolidated total	993.3	1,005.0	101.2	+ 11.7	37.4	40.0	106.9	+ 2.6

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

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

(billion yen)			
Previous operating profit	37.4		
Paperboard and Packaging-Related Business			
Fixed costs	- 7.0	Personnel expenses -5 Other costs -2	+4.9 billion yen
Depreciation / amortization	- 2.2		
Energy/other costs	- 0.3	City gas +0.5 Coal +0.9 Fuel oil +0.4 Freight -2 Electricity price, etc. -0.1	
Prices	+ 9.6	Corrugated products +11 Product mix -1.4	
Volume	+ 3.7	Paperboard +1.6 Corrugated products +2.1	
Raw material costs	+ 0.9	OCC +0.9	
Cost reduction	+ 0.2		
Subtotal	42.3		
Flexible / Heavy Duty / Overseas / Others			
Flexible packaging	+ 1.1		-2.3 billion yen
Heavy duty packaging	+ 0.6		
Overseas business	- 3.0	Corrugated / nonwoven fabric +0.7 Flexible packaging -0.4 Heavy duty packaging -3.3	
Other businesses, etc.	- 1.0		
Current operating profit	40.0		

Key assumptions regarding major factors affecting operating profit

		FY3/2026 forecasts
Production	Containerboard	Y/Y 101.7%
	Corrugated board	Y/Y 102.1%
Raw material and fuel price-related	Purchase price of OCC	Generally flat from the previous year
	Dubai crude oil	70.0 (Decrease by \$9.4)
	*Annual impact of \$1 fluctuation	0.2 bn. yen
Foreign exchange		145.0 (Appreciation of JPY by 7.5 yen)
	Annual impact of 1 yen fluctuation (benefit from yen appreciation)	0.2 bn. yen
Product price-related	Containerboard	Generally flat from the previous year
	Corrugated board	Slight increase from the previous year

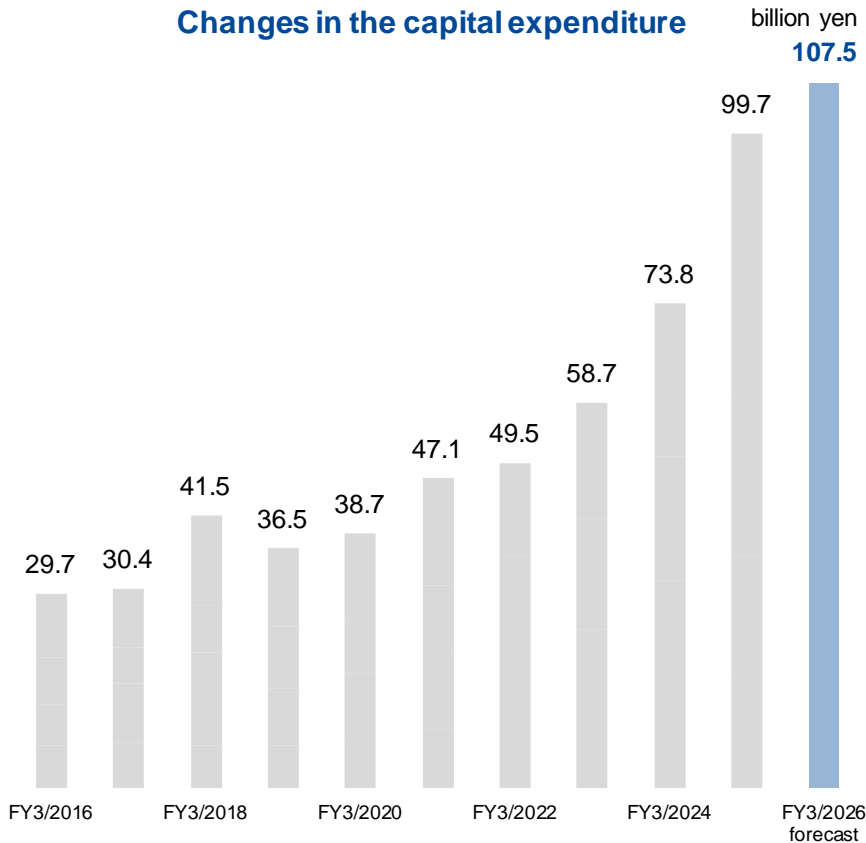
* Crude oil price changes impact profit or loss after around six months.

5. Trends in capital expenditures and depreciation

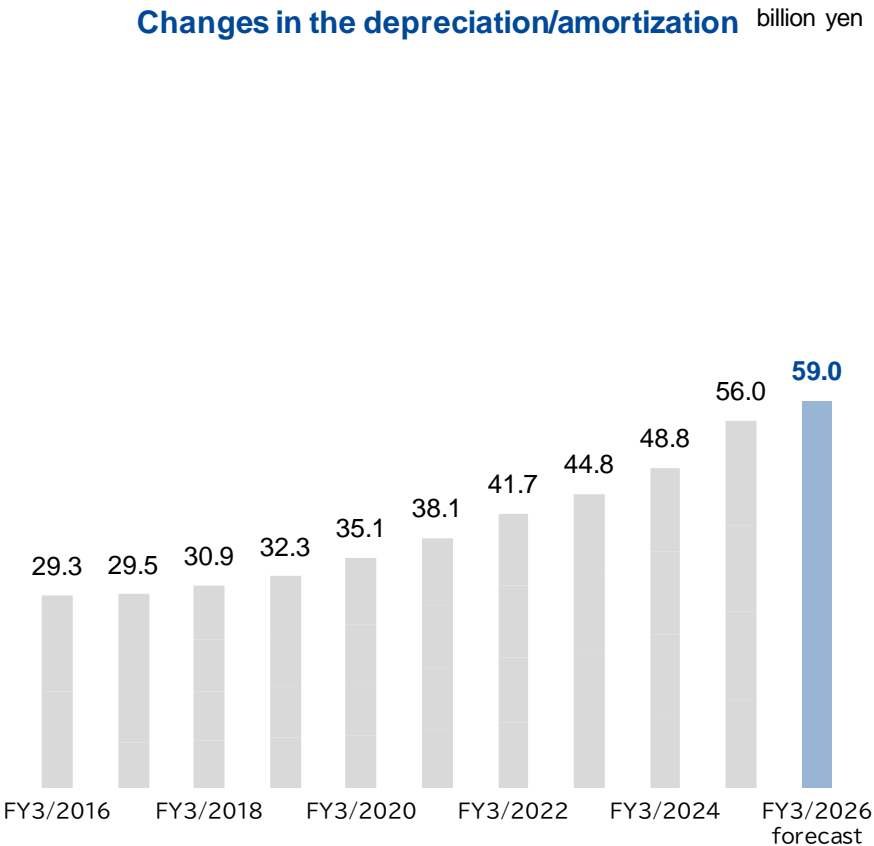
Major capital investments planned for completion this fiscal year

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

Changes in the capital expenditure billion yen



Changes in the depreciation/amortization billion yen



6. Profitability and Financial Soundness

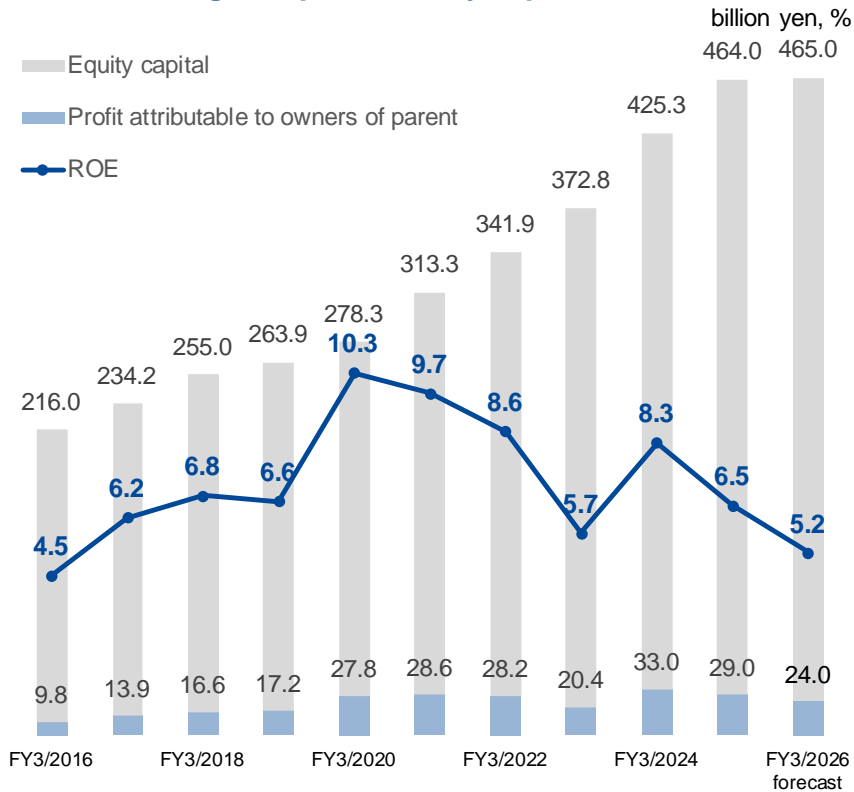
ROE

- The current fiscal year is projected at 5.2%, 1.3 percentage points lower than the previous year.

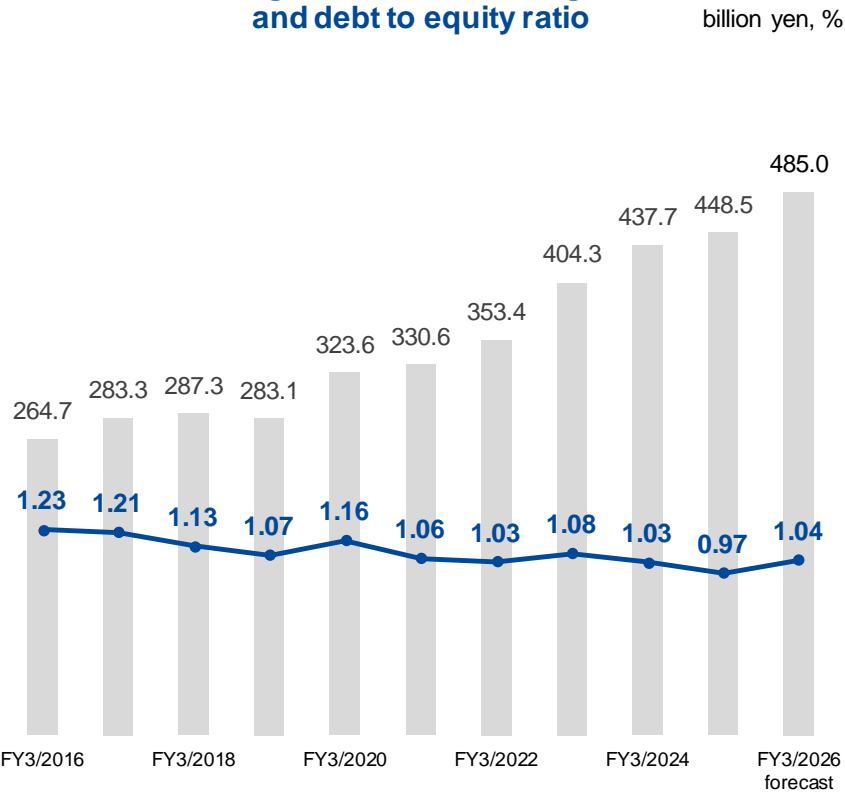
D/E Ratio

- The current fiscal year is expected to maintain a level below the financial soundness benchmark of 1.5 times, with a ratio of 1.04 times.

Changes in profit, equity capital, and ROE



Changes in interest-bearing debt and debt to equity ratio



7. Shareholder Returns

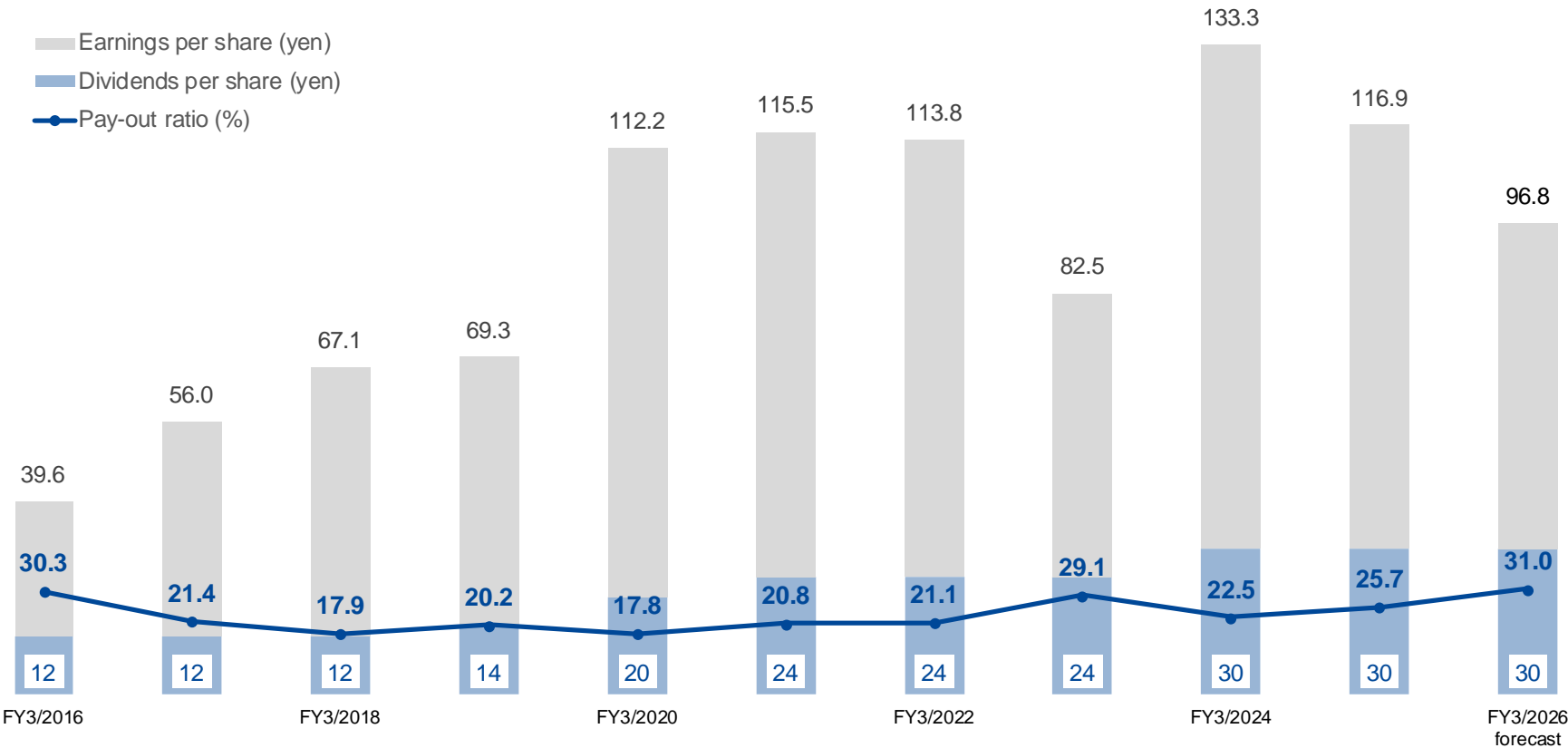
Basic Policy

- Our progressive dividend policy aims to increase dividends in line with profit growth while maintaining continuous and stable dividends, considering performance trends, financial position, and future business expansion comprehensively and over the long term.

Current Fiscal Year Plan

- An interim dividend of ¥15, a year-end dividend of ¥15, totaling ¥30 annually, with a projected payout ratio of 31.0%.

Changes in EPS and dividends



Rengo Co., Ltd.

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