RENGO Integrated Report (Separate Volume)

Financial Data

For Year Ended March 31, 2026

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RENGO

Consolidated 11-Year Summary

Rengo Co., Ltd. and Consolidated Subsidiaries
(For the years ended March 31, 2016-2026)

	3/2016	3/2017	3/2018	3/2019	3/2020	3/2021	3/2022	3/2023	3/2024	3/2025	**3/2026**
For the fiscal year (millions of yen):											
Net sales	¥ 532,534	¥ 545,489	¥ 605,712	¥ 653,107	¥ 683,780	¥ 680,714	¥ 746,926	¥ 846,080	¥ 900,791	¥ 993,251	**¥ 1,008,337**
Gross profits	87,288	98,586	99,710	111,197	132,461	133,281	135,716	141,918	175,381	181,790	**188,022**
Operating income	15,727	23,642	17,082	25,292	41,227	39,938	33,279	25,957	48,855	37,408	**37,090**
Profit before income taxes and non-controlling interests	16,268	24,186	23,366	25,075	41,090	41,204	41,437	30,857	50,290	42,788	**42,411**
Profit attributable to owners of parent	9,816	13,876	16,622	17,163	27,790	28,599	28,188	20,425	33,025	28,979	**21,005**
Research and development expenses	1,441	1,448	1,483	1,531	1,593	1,900	2,151	2,066	2,175	3,154	**2,993**
Depreciation and amortization	29,333	29,524	30,776	32,259	35,076	38,114	41,723	44,848	48,761	55,958	**58,985**
Capital expenditures	29,656	30,445	41,527	36,512	38,700	47,143	49,509	58,694	73,833	99,675	**93,626**
EBITDA	46,454	54,372	49,512	59,028	77,662	80,014	77,193	73,560	101,054	97,052	**99,847**
At the fiscal year-end (millions of yen):											
Total assets	¥ 644,690	¥ 704,826	¥ 747,700	¥ 769,355	¥ 820,109	¥ 869,992	¥ 934,345	¥ 1,053,138	¥ 1,172,515	¥ 1,243,116	**¥ 1,313,086**
Working capital	(36,801)	(24,288)	(23,760)	(10,142)	(3,041)	14,229	39,411	45,332	91,916	58,002	**61,512**
Interest-bearing debt	264,728	283,350	287,322	283,071	323,614	330,645	353,415	404,289	437,669	448,529	**483,980**
Net assets	221,733	241,510	262,580	274,697	288,820	324,463	354,289	385,732	438,978	500,244	**528,554**
Equity capital *1	215,962	234,241	255,015	263,948	278,254	313,326	341,909	372,795	425,293	463,968	**489,300**
Per share amounts (yen):											
Basic earnings per share	¥ 39.64	¥ 56.04	¥ 67.14	¥ 69.32	¥ 112.24	¥ 115.51	¥ 113.84	¥ 82.47	¥ 133.33	¥ 116.94	**¥ 84.70**
Diluted earnings per share	—	—	—	—	—	—	—	—	—	—	**—**
Cash dividends applicable to the year	12.00	12.00	12.00	14.00	20.00	24.00	24.00	24.00	30.00	30.00	**40.00**
Net assets per share *2	872.17	946.06	1,029.98	1,066.07	1,123.86	1,265.53	1,380.74	1,505.09	1,716.97	1,872.24	**1,972.64**
Ratio:											
Return on equity (%)	4.5	6.2	6.8	6.6	10.3	9.7	8.6	5.7	8.3	6.5	**4.4**
Return on total assets (%)	1.5	2.1	2.3	2.3	3.5	3.4	3.1	2.1	3.0	2.4	**1.6**
Debt to equity ratio (times)	1.23	1.21	1.13	1.07	1.16	1.06	1.03	1.08	1.03	0.97	**0.99**
Capital adequacy ratio (%)	33.5	33.2	34.1	34.3	33.9	36.0	36.6	35.4	36.3	37.3	**37.3**
Other data:											
Number of shares of common stock (thousand)	271,056	271,056	271,056	271,056	271,056	271,056	271,056	271,056	271,056	271,056	**271,056**
Number of employees	13,999	16,038	16,532	16,968	18,902	19,451	20,141	22,548	23,389	25,011	**25,573**
Share prices (yen):											
High	¥ 619	¥ 717	¥ 968	¥ 1,078	¥ 1,071	¥ 1,012	¥ 990	¥ 928	¥ 1,209	¥ 1,208	**¥ 1,565**
Low	459	546	603	787	660	776	730	688	825	786	**673**

*1 Equity capital = Net assets - Non-controlling interests
*2 The amount of net assets used for calculation of net assets per share is the amount of net assets on the consolidated balance sheets, excluding non-controlling interests.

Management Discussion and Analysis of Financial Condition and Results of Operations

Overview

In FY3/2026, the Rengo Group formulated the medium-term vision Vision120 for the period through FY3/2030 to continue delivering new and greater value into 2050 and beyond as "General Packaging Industry (GPI) Rengo," offering innovative and diverse solutions that meet the packaging needs of all industries, and began Groupwide efforts to establish a stronger value creation foundation.

In addition, in response to changes in the cost structure across the entire value chain, including rising logistics and labor costs, investments in environmental measures, and fair transactions based on our Declaration of Partnership Building, we implemented price revisions for paperboard, corrugated packaging, and folding cartons to ensure a stable supply and maintain product quality.

As part of its M&A and other strategic initiatives, Rengo invested in KINKI DANBORU CO., LTD. (Kusatsu-shi, Shiga Prefecture) in April last year and made Shinko Inc. (Higashimurayama-shi, Tokyo) a subsidiary. We acquired additional shares of Okaji Logistics Co., Ltd. (Kainan-shi, Wakayama Prefecture) in January and Murase Danboru Ltd. (Konan-shi, Aichi Prefecture) in March, thereby strengthening our corrugated packaging business. In April this year, we established a joint venture company (company name: RS Wood Refinery CO., LTD.) with Sumitomo Forestry Co., Ltd. (Chiyoda-ku, Tokyo), and began initiatives aimed at strengthening our raw material procurement structure for wood chips and commercializing second-generation bioethanol. Overseas, in July last year, Tri-Wall Limited acquired a 100% stake in Scart Imballaggi S.r.l., an Italian manufacturer of heavy duty packaging materials. In November, a new TRICOR Packaging & Logistics AG plant in Germany began operations. In addition, a new plant of Fengyuan Tri-Wall Packaging (Shandong) Co., Ltd., established in 2024, also began operations, further enhancing the Rengo Group's global strategy.

At the Expo 2025 Osaka, Kansai, Japan, Rengo supplied paper tubes and recovered paper-based construction materials for Dome C of the BLUE OCEAN DOME (ZERI JAPAN) pavilion, which is themed "Revitalization of the Ocean." We also provided permanent exhibits and conducted other activities showcasing the Rengo Group's initiatives to address ocean-related issues.

Environmental initiatives in ESG management are a top priority for the Group, which advocates "Less is more." as a key concept. To achieve the greenhouse gas emission reduction target of 46% reduction compared to FY3/2014 by FY3/2031, we have further advanced initiatives related to the key issues of addressing climate change, expanding the circular economy, and conserving natural capital.

As a result, net sales were ¥1,008.3 billion, up 1.5% year on year, and profit attributable to owners of parent decreased 27.5% year on year to ¥21.0 billion. Net sales increased due to product price revisions in the Paperboard and Packaging-Related Business and the Flexible Packaging-Related Business. However, profit attributable to owners of parent decreased mainly due to worsening profitability of heavy duty corrugated packaging in the Overseas Business.

As of March 31, 2026, we had 201 consolidated subsidiaries, an increase of five from the end of the previous fiscal year, and 19 affiliates accounted for using the equity method, an increase of one from the end of the previous fiscal year.

Net Sales

Net sales were ¥1,008.3 billion, an increase of ¥15.0 billion from ¥993.3 billion in the previous fiscal year. The net sales increase was due to product price revisions.

In individual segments, net sales from the Paperboard and Packaging-Related Business increased 1.4%, net sales from the Flexible Packaging-Related Business increased 5.5%, net sales from the Heavy Duty Packaging-Related Business increased 3.2%, net sales from the Overseas Business decreased 1.9%, and net sales from Other Businesses increased 1.5%.

Income and Expenses

Operating Expenses and Operating Income

The cost of sales increased ¥8.8 billion from ¥811.5 billion in the previous fiscal year to ¥820.3 billion due primarily to increases in fixed costs such as personnel expenses, as well as in logistics expenses. Selling, general and administrative expenses increased ¥6.5 billion from ¥144.4 billion in the previous fiscal year to ¥150.9 billion due primarily to the same reasons.

As a result, operating income was ¥37.1 billion, a ¥0.3 billion decrease from ¥37.4 billion in the previous fiscal year.

Other Income and Expenses

With regard to the net balance of other income and expenses, net income in the fiscal year under review was ¥5.3 billion, compared to a net income of ¥5.4 billion in the previous fiscal year. The main items included income such as compensation received and gain on sale of investment securities, while expenses included impairment losses and interest expenses.

Income Taxes and Profit Attributable to Non-Controlling Interests

Income taxes increased ¥6.8 billion from ¥12.2 billion in the previous fiscal year to ¥19.0 billion, due to an increase in gain on sale of investment securities as well as other factors. Profit attributable to non-controlling interests was ¥2.4 billion, an increase of ¥0.8 billion from ¥1.6 billion in the previous fiscal year.

Profit Attributable to Owners of Parent

As a result of the above developments, profit attributable to owners of parent was ¥21.0 billion for the fiscal year under review, down ¥8.0 billion from ¥29.0 billion in the previous fiscal year. Basic earnings per share decreased from ¥116.94 in the previous fiscal year to ¥84.70.

Cash dividends applicable to the year were ¥40.0 per share.

Financial Position and Cash Flows

Assets

Total assets were ¥1,313.1 billion, an increase of ¥70.0 billion from ¥1,243.1 billion at the end of the previous fiscal year. The net increase was comprised of a ¥30.6 billion increase in current assets and a ¥39.4 billion increase in non-current assets.

The principal factors were increases in property, plant and equipment and notes and accounts receivable-trade.

Liabilities and Net Assets

Total liabilities amounted to ¥784.5 billion, an increase of ¥41.6 billion from ¥742.9 billion at the end of the previous fiscal year due primarily to increases in bonds and income taxes payable.

Interest-bearing debt stood at ¥484.0 billion, an increase of ¥35.5 billion from ¥448.5 billion at the end of the previous fiscal year.

Net assets were ¥528.6 billion, an increase of ¥28.4 billion compared to ¥500.2 billion at the end of the previous fiscal year due to an increase in retained earnings resulting from the recording of profit attributable to owners of parent, an increase in foreign currency translation adjustment due to exchange rate fluctuations, and other factors.

Cash Flows

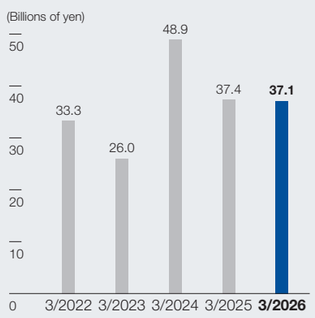
Net cash provided by operating activities amounted to ¥78.2 billion, an increase of ¥1.2 billion from ¥77.0 billion in the previous fiscal year. The main items were profit before income taxes and non-controlling interests of ¥42.4 billion, depreciation and amortization of ¥59.0 billion, and income taxes paid of ¥13.1 billion.

Net cash used in investing activities decreased by ¥26.6 billion from ¥97.3 billion in the previous fiscal year to ¥70.7 billion. The main items were purchase of property, plant and equipment amounting to ¥89.0 billion, proceeds from sale and redemption of investment securities amounting to ¥15.3 billion, and a net decrease in time deposits of ¥7.2 billion.

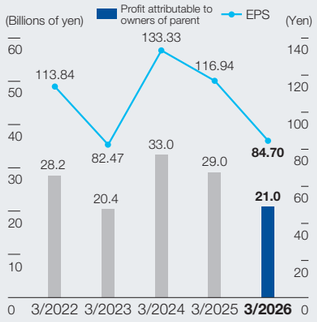
Net cash provided by financing activities was ¥8.8 billion, an increase of ¥23.3 billion from net cash used in financing activities of ¥14.5 billion in the previous fiscal year. The main items were ¥30.1 billion for proceeds from issuance of bonds, ¥8.7 billion for cash dividends paid, ¥7.2 billion for repayments of lease obligations and ¥4.3 billion for a net decrease in long- and short-term borrowings.

As a result, cash and cash equivalents were ¥89.4 billion at the end of the fiscal year under review, an increase of ¥18.8 billion from the previous fiscal year.

Operating Income



Profit Attributable to Owners of Parent and Earnings per Share (EPS)

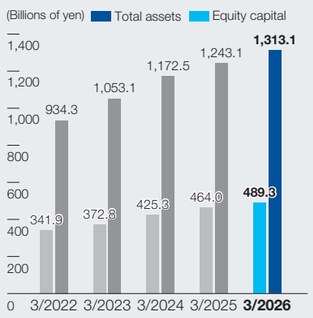


Income and Expenses as a Percentage of Net Sales

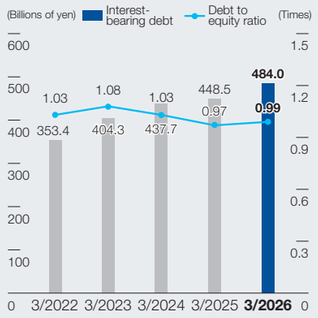
(%)

	3/2024	3/2025	3/2026
Cost of sales	80.5	81.7	81.4
SG&A expenses	14.0	14.5	15.0
Operating income	5.4	3.8	3.7
Profit attributable to owners of parent	3.7	2.9	2.1

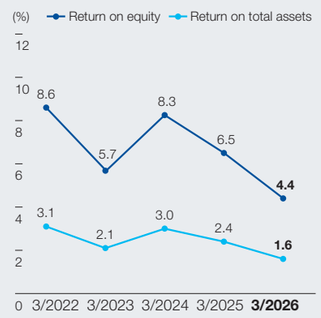
Equity Capital and Total Assets



Interest-Bearing Debt and Debt to Equity Ratio



Return on Equity and Return on Total Assets



Risk Factors

Among the matters relating to the Group's business, accounting, and so on described in this report, the main risks that management recognizes as potentially having a material impact on the Group's consolidated financial position, operating results, and cash flows are set forth below.

Forward-looking statements in this report are based on the Rengo Group's expectations and beliefs as of the end of the consolidated fiscal year under review (March 31, 2026).

1. Product Demand and Market Trends

Paperboard and corrugated packaging, the Group's main products, will be impacted substantially by economic trends in Japan. Factors causing deterioration of market conditions such as a decline in demand due to economic downturn or an intensification of competition may have an impact on the Group's operating results, financial status, and so on.

In response, the Group is working to secure orders for food packaging, demand for which is expected to be stable, and to build good relationships with its customers in various industries to reduce its relative exposure to declining demand in specific industries. By creating even higher-value-added packaging, the Group is taking measures to enhance competitiveness and minimize risks through proactive proposal-based marketing.

2. Purchase of Raw Material and Fuel

The Group uses materials such as old corrugated containers, pulp, and plastic materials as main raw materials, and fuels such as city gas, LNG, and biomass. The prices and procurement stability of these raw materials and fuels will be affected by demand trends in Japan and overseas, as well as by international commodities markets. If fluctuations in the supply-demand balance or disruptions in the supply chain occur, there may be risks of increased costs due to rising purchase prices or difficulties in securing the required quantities, and there may be an impact on the Group's operating results, financial status, and so on.

In response, the Group is working to minimize risks through intensity improvement and fuel diversification by conducting capital investment for raising productivity and conserving resources and energy.

3. Natural Disaster and Pandemic

If the Group's sites and facilities incur extensive damage as a result of a large-scale natural disaster such as an earthquake or typhoon, interruption of business activities may have an impact on the Group's operating results, financial status, and so on.

Furthermore, if the Group is forced to suspend business activities as a result of the large-scale spread of infectious disease, there may be an impact on the Group's operating results, financial status, and so on.

In response, the Group is working to create a structure that can fulfill its supply responsibilities by supplying products from its manufacturing sites located throughout Japan in the event that certain business sites suspend operations.

4. Overseas Business

The Group has positioned China, India, Southeast Asia, Europe, and North America as growth markets and is developing Paperboard and Packaging-Related Business, as well as Flexible Packaging-Related Business, and Heavy Duty Packaging-Related Business in those markets. When developing business in overseas markets, the Group makes investment decisions after thoroughly examining the risks, but overseas business activities are exposed to the risks of exchange rate fluctuations, natural disasters and pandemics, and various other risks unique to each country such as economic and political risks. If these risks materialize, there may be an impact on the Group's operating results, financial status, and so on.

In response, the Group is working to minimize risks while companies of the Group and relevant departments in Rengo gather and share information in a timely manner so that appropriate responses can be made quickly. In the consolidated fiscal year under review, overseas net sales accounted for 21.1% of the Group's total net sales.

5. Changes in Interest Rates

The Group's balance of interest-bearing debt was ¥484.0 billion as of the end of the consolidated fiscal year under review. The Group has taken diligent measures to reduce interest-bearing debt, but is exposed to risks from interest rate fluctuations, and as a result, if market interest rates increase, there may be an impact on the Group's operating results, financial status, and so on.

6. Changes in Share Prices

The Group holds shares, mainly of its business partners, and the prices of marketable shares could decrease as a result of various factors, and this may have an impact on the Group's operating results, financial status, and so on.

The Group's pension assets will be affected by stock price levels, and consequently, the retirement benefit expenses can change.

7. Changes in Currency Exchange Rates

The Group may be affected by exchange rate fluctuations when importing and exporting products, raw materials, and fuel, and there may be an impact on the Group's operating results, financial status, and so on.

8. Business Restructuring

The Group is undergoing a process of business selection and concentration in order to increase corporate value, and the occurrence of temporary losses within that process may have an impact on the Group's operating results, financial status, and so on.

9. Litigation

In the process of conducting ongoing business activities in Japan and other countries, the Group is exposed to risks of litigation arising out of intellectual property, environmental matters, and other issues. Depending on the specific details of litigation, there may be an impact on the Group's operating results, financial status, and so on.

In response, the Group is working to practice compliance management including compliance with laws and regulations, and to minimize risks by conducting rank-specific training and education for officers and employees to raise awareness of compliance.

10. Other Risks

The Group may also be exposed to risks arising from unforeseen circumstances other than those described above. Depending on the nature of such risks, they may have an impact on the Group's operating results, financial status, and so on.

Consolidated Balance Sheets

Rengo Co., Ltd. and Consolidated Subsidiaries
(March 31, 2026 and 2025)

	Millions of yen		Thousands of U.S. dollars (Note 1)
	3/2026	3/2025	3/2026
Assets			
Current assets:			
Cash and deposits (Notes 6, 8 and 10)	**¥ 92,217**	¥ 80,563	$ 579,981
Receivables			
Notes and accounts receivable-trade (Notes 8 and 19)	**282,531**	270,404	1,776,924
Other	**4,212**	4,474	26,490
Allowance for doubtful accounts	**(2,570)**	(1,154)	(16,163)
	284,172	273,725	1,787,245
Inventories (Note 7)	**109,872**	104,674	691,018
Other	**13,848**	10,518	87,094
Total current assets	**500,111**	469,481	3,145,352
Property, plant and equipment (Note 10):			
Buildings and structures	**401,854**	376,177	2,527,383
Machinery, equipment and vehicles	**798,692**	761,529	5,023,220
Land	**155,063**	155,496	975,238
Leased assets	**51,283**	41,232	322,534
Construction in progress	**36,433**	36,219	229,138
Other	**35,468**	33,966	223,069
	1,478,795	1,404,622	9,300,597
Less accumulated depreciation	**(919,220)**	(878,506)	(5,781,257)
Total property, plant and equipment	**559,574**	526,116	3,519,333
Intangible assets:			
Goodwill	**17,829**	26,751	112,132
Other (Note 10)	**19,727**	20,947	124,069
Total intangible assets	**37,557**	47,698	236,207
Investments and other assets:			
Investment securities (Notes 8, 9 and 10)	**167,241**	156,961	1,051,830
Long-term loans receivable	**799**	736	5,025
Net defined benefit asset (Note 14)	**9,612**	8,737	60,452
Deferred tax assets (Note 13)	**2,900**	2,409	18,238
Other (Note 10)	**36,182**	31,886	227,559
Allowance for doubtful accounts	**(893)**	(911)	(5,616)
Total investments and other assets	**215,843**	199,819	1,357,503
Total assets	**1,313,086**	1,243,116	8,258,402

The accompanying notes are an integral part of these statements.

	Millions of yen		Thousands of U.S. dollars (Note 1)
	3/2026	3/2025	3/2026
Liabilities and net assets			
Current liabilities:			
Short-term borrowings and the current portion of long-term debt (Notes 8, 10 and 11)	**¥ 182,747**	¥ 157,777	$ 1,149,352
Lease liabilities (Note 8)	**7,552**	6,191	47,496
Payables			
Notes and accounts payable-trade (Note 10)	**147,709**	155,252	928,987
Other (Note 8)	**29,203**	33,598	183,666
	176,913	188,850	1,112,660
Income taxes payable	**15,133**	8,972	95,176
Provision for directors' bonuses	**486**	471	3,056
Other (Note 19)	**55,765**	49,216	350,723
Total current liabilities	**438,599**	411,479	2,758,484
Non-current liabilities:			
Long-term debt due after one year (Notes 8, 10 and 11)	**275,402**	269,717	1,732,088
Lease liabilities (Note 8)	**18,277**	14,842	114,949
Deferred tax liabilities (Note 13)	**34,303**	31,435	215,742
Provision for directors' retirement benefits	**887**	860	5,578
Provision for share-based remuneration for directors (and other officers)	**1,027**	997	6,459
Provision for plant relocation expenses	**2,377**	—	14,949
Net defined benefit liability (Note 14)	**10,745**	10,661	67,578
Other (Notes 8 and 10)	**2,911**	2,877	18,308
Total non-current liabilities	**345,931**	331,392	2,175,666
Net assets (Note 15):			
Shareholders' equity:			
Capital stock:			
Authorized 800,000,000 shares Issued 271,056,029 shares	**31,066**	31,066	195,383
Capital surplus	**34,995**	34,776	220,094
Retained earnings	**312,904**	300,680	1,967,949
Treasury stock:			
23,012,676 shares (3/2026) and 23,241,683 shares (3/2025)	**(12,260)**	(12,457)	(77,106)
Total shareholders' equity	**366,705**	354,065	2,306,320
Accumulated other comprehensive income:			
Valuation difference on available-for-sale securities	**46,389**	42,210	291,754
Deferred gains or losses on hedges	**0**	—	0
Foreign currency translation adjustment	**65,075**	57,241	409,276
Remeasurements of defined benefit plans	**11,129**	10,451	69,993
Total accumulated other comprehensive income	**122,594**	109,903	771,031
Non-controlling interests	**39,254**	36,276	246,880
Total net assets	**528,554**	500,244	3,324,238
Total liabilities and net assets	**1,313,086**	1,243,116	8,258,402

Consolidated Statements of Income

Rengo Co., Ltd. and Consolidated Subsidiaries
(Fiscal years ended March 31, 2026 and 2025)

	Millions of yen		Thousands of U.S. dollars (Note 1)
	3/2026	3/2025	3/2026
Net sales (Notes 19 and 20)	**¥ 1,008,337**	¥ 993,251	$ 6,341,742
Cost of sales	**820,314**	811,460	5,159,207
Selling, general and administrative expenses (Note 17)	**150,931**	144,382	949,251
Operating income (Note 20)	**37,090**	37,408	233,270
Other income (expenses):			
Interest and dividend income	**3,671**	3,633	23,088
Equity in earnings of affiliates	**1,306**	1,884	8,213
Interest expenses	**(5,556)**	(4,334)	(34,943)
Compensation income	**14,866**	10	93,496
Gain on sale of investment securities	**11,743**	3,065	73,855
Subsidy income	**3,688**	2,338	23,194
Gain on bargain purchase	**—**	5,302	—
Impairment losses (Note 18)	**(19,057)**	(516)	(119,855)
Loss on tax purpose reduction entry of non-current assets	**(3,738)**	(2,354)	(23,509)
Provision for plant relocation expenses	**(2,377)**	—	(14,949)
Other, net	**775**	(3,651)	4,874
Profit before income taxes and non-controlling interests	**42,411**	42,788	266,735
Income taxes (Note 13):			
Income taxes-current	**19,518**	13,082	122,754
Income taxes-deferred	**(503)**	(855)	(3,163)
Total income taxes	**19,014**	12,227	119,584
Profit	**23,396**	30,561	147,144
Profit attributable to non-controlling interests	**2,391**	1,581	15,037
Profit attributable to owners of parent	**21,005**	28,979	132,106

	Yen		U.S. dollars (Note 1)
	3/2026	3/2025	3/2026
Per share data:			
Basic earnings per share	**¥ 84.70**	¥ 116.94	$ 0.53
Diluted earnings per share	**—**	—	—
Cash dividends applicable to the year	**40.00**	30.00	0.25

The accompanying notes are an integral part of these statements.

Consolidated Statements of Comprehensive Income

Rengo Co., Ltd. and Consolidated Subsidiaries
(Fiscal years ended March 31, 2026 and 2025)

	Millions of yen		Thousands of U.S. dollars (Note 1)
	3/2026	3/2025	3/2026
Profit	**¥ 23,396**	¥ 30,561	$ 147,144
Other comprehensive income (Note 16):			
Valuation difference on available-for-sale securities	**4,143**	(2,086)	26,056
Deferred gains or losses on hedges	**0**	—	0
Foreign currency translation adjustment	**7,795**	10,404	49,025
Remeasurements of defined benefit plans	**863**	3,485	5,427
Share of other comprehensive income of entities accounted for using equity method	**507**	5,458	3,188
Total other comprehensive income	**13,310**	17,261	83,710
Comprehensive income	**36,707**	47,822	230,861
(Comprehensive income attributable to)			
Owners of parent	**33,650**	45,414	211,635
Non-controlling interests	**3,056**	2,407	19,220

The accompanying notes are an integral part of these statements.

Consolidated Statements of Changes in Net Assets

Rengo Co., Ltd. and Consolidated Subsidiaries
(Fiscal years ended March 31, 2026 and 2025)

	Thousands	Millions of yen									
	Number of shares of common stock	Capital stock	Capital surplus	Retained earnings	Treasury stock	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Non-controlling interests	Total
Balance at March 31, 2024	271,056	¥ 31,066	¥ 33,663	¥ 279,627	¥ (12,556)	¥ 44,310	¥ —	¥ 41,976	¥ 7,204	¥ 13,684	¥ 438,978
Dividends from surplus				(8,235)							(8,235)
Profit attributable to owners of parent				28,979							28,979
Purchase of treasury stock					(1)						(1)
Disposal of treasury stock			0		100						100
Other			1,113	308							1,421
Net changes in items other than shareholders' equity						(2,100)		15,264	3,247	22,591	39,002
Balance at March 31, 2025	271,056	31,066	34,776	300,680	(12,457)	42,210	—	57,241	10,451	36,276	500,244
Dividends from surplus				(8,734)							(8,734)
Profit attributable to owners of parent				21,005							21,005
Purchase of treasury stock					(1)						(1)
Disposal of treasury stock			0		199						199
Other			218	(45)							172
Net changes in items other than shareholders' equity						4,179	0	7,834	677	2,978	15,669
Balance at March 31, 2026	**271,056**	**31,066**	**34,995**	**312,904**	**(12,260)**	**46,389**	**0**	**65,075**	**11,129**	**39,254**	**528,554**

	Thousands of U.S. dollars (Note 1)									
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Non-controlling interests	Total
Balance at March 31, 2025	$ 195,383	$ 218,716	$ 1,891,069	$ (78,345)	$ 265,471	$ —	$ 360,006	$ 65,729	$ 228,150	$ 3,146,188
Dividends from surplus			(54,930)							(54,930)
Profit attributable to owners of parent			132,106							132,106
Purchase of treasury stock				(6)						(6)
Disposal of treasury stock		0		1,251						1,251
Other		1,371	(283)							1,081
Net changes in items other than shareholders' equity					26,283	0	49,270	4,257	18,729	98,547
Balance at March 31, 2026	**195,383**	**220,094**	**1,967,949**	**(77,106)**	**291,754**	**0**	**409,276**	**69,993**	**246,880**	**3,324,238**

The accompanying notes are an integral part of these statements.

Consolidated Statements of Cash Flows

Rengo Co., Ltd. and Consolidated Subsidiaries
(Fiscal years ended March 31, 2026 and 2025)

	Millions of yen		Thousands of U.S. dollars (Note 1)
	3/2026	3/2025	3/2026
Net cash provided by (used in) operating activities:			
Profit before income taxes and non-controlling interests	**¥ 42,411**	¥ 42,788	$ 266,735
Depreciation and amortization	**58,985**	55,958	370,974
Impairment loss	**19,057**	571	119,855
Amortization of goodwill	**3,769**	3,668	23,704
Gain on bargain purchase	**—**	(5,302)	—
Compensation income	**(14,866)**	(10)	(93,496)
Increase (decrease) in provision for directors' retirement benefits	**26**	69	163
Increase (decrease) in net defined benefit liability	**(114)**	(3,640)	(716)
Interest and dividend income	**(3,671)**	(3,633)	(23,088)
Interest expenses	**5,556**	4,334	34,943
Equity in (earnings) losses of affiliates	**(1,306)**	(1,884)	(8,213)
Loss (gain) on sale of investment securities	**(11,754)**	(3,065)	(73,924)
Loss (gain) on valuation of investment securities	**1,606**	419	10,100
Loss (gain) on sale of property, plant and equipment	**(373)**	(222)	(2,345)
Loss on retirement of property, plant and equipment	**1,082**	1,769	6,805
Decrease (increase) in notes and accounts receivable-trade	**(7,107)**	24,117	(44,698)
Decrease (increase) in inventories	**(3,023)**	(6,119)	(19,012)
Increase (decrease) in notes and accounts payable-trade	**(10,573)**	(10,351)	(66,496)
Other, net	**989**	(4,044)	6,220
Subtotal	**80,693**	95,420	507,503
Interest and dividend income received	**5,544**	5,700	34,867
Proceeds from compensation	**10,462**	10	65,798
Interest expenses paid	**(5,480)**	(4,334)	(34,465)
Income taxes paid	**(13,054)**	(19,787)	(82,100)
Net cash provided by (used in) operating activities	**78,164**	77,008	491,597
Net cash provided by (used in) investing activities:			
Net decrease (increase) in time deposits	**7,162**	4,583	45,044
Purchase of property, plant and equipment	**(88,970)**	(96,121)	(559,559)
Proceeds from sale of property, plant and equipment	**3,108**	1,441	19,547
Purchase of intangible assets	**(1,882)**	(2,187)	(11,836)
Purchase of investment securities	**(605)**	(272)	(3,805)
Proceeds from sale and redemption of investment securities	**15,349**	4,436	96,534
Purchase of shares of subsidiaries and associates	**(4,140)**	(2,182)	(26,037)
Purchase of investments in capital of subsidiaries and associates	**(51)**	(2,522)	(320)
Net decrease (increase) in short-term loans receivable	**(2,234)**	(1,231)	(14,050)
Payments of long-term loans receivable	**(145)**	(102)	(911)
Collection of long-term loans receivable	**91**	105	572
Subsidies received	**6,935**	4,114	43,616
Proceeds from purchase of shares of subsidiaries resulting in change in scope of consolidation	**—**	316	—
Purchase of shares of subsidiaries resulting in change in scope of consolidation (Note 6)	**—**	(7,546)	—
Purchase of investment in capital of subsidiaries resulting in change in scope of consolidation	**(6,243)**	—	(39,264)
Other, net	**885**	(115)	5,566
Net cash provided by (used in) investing activities	**(70,739)**	(97,283)	(444,899)
Net cash provided by (used in) financing activities:			
Net increase (decrease) in short-term loans payable	**(9,547)**	2,357	(60,044)
Proceeds from long-term loans payable	**55,752**	39,206	350,641
Repayment of long-term loans payable	**(50,465)**	(35,763)	(317,389)
Proceeds from issuance of bonds	**30,100**	—	189,308
Redemption of bonds	**(55)**	(5,010)	(345)
Purchase of treasury stock	**(1)**	(1)	(6)
Proceeds from sale of treasury stock	**199**	100	1,251
Cash dividends paid	**(8,734)**	(8,235)	(54,930)
Repayments of lease obligations	**(7,173)**	(6,350)	(45,113)
Other, net	**(1,305)**	(788)	(8,207)
Net cash provided by (used in) financing activities	**8,769**	(14,485)	55,150
Effect of exchange rate change on cash and cash equivalents	**2,642**	3,014	16,616
Net increase (decrease) in cash and cash equivalents	**18,837**	(31,745)	118,471
Cash and cash equivalents at beginning of year	**70,551**	103,782	443,716
Increase in cash and cash equivalents resulting from inclusion of subsidiaries in consolidation	**—**	308	—
Decrease in cash and cash equivalents resulting from exclusion of subsidiaries from consolidation	**—**	(1,794)	—
Cash and cash equivalents at end of year (Note 6)	**89,388**	70,551	562,188

The accompanying notes are an integral part of these statements.

Notes to the Consolidated Financial Statements

Rengo Co., Ltd. and Consolidated Subsidiaries

1. BASIS OF PRESENTING THE CONSOLIDATED FINANCIAL STATEMENTS

The accompanying consolidated financial statements of Rengo Co., Ltd. (the "Company") and its consolidated subsidiaries (together, the "Companies") have been prepared in accordance with the provisions set forth in the Japanese Financial Instruments and Exchange Law and its related accounting regulations and in conformity with accounting principles generally accepted in Japan ("Japanese GAAP"), which are different in certain respects as to application and disclosure requirements from International Financial Reporting Standards.

The accompanying consolidated financial statements have been restructured and translated into English (with some expanded disclosure) from the consolidated financial statements of the Company prepared in accordance with Japanese GAAP and filed with the appropriate Local Finance Bureau of the Ministry of Finance as required by the Japanese Financial Instruments and Exchange Law. Certain supplementary information included in the statutory Japanese language consolidated financial statements, but not required for fair presentation, is not presented in the accompanying consolidated financial statements.

The translations of the Japanese yen amounts into U.S. dollar amounts are included solely for the convenience of readers outside Japan, using the prevailing exchange rate at March 31, 2026, which was ¥159 to U.S. $1.00. The translations should not be construed as representations that the Japanese yen amounts have been, could have been or could in the future be converted into U.S. dollars at this or any other rate of exchange.

The amounts for each account and the sum of the accounts are translated from Japanese yen into U.S. dollars separately. Therefore, the total amount for each account after translation does not equal the translated amount for the sum of the accounts.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(1) Consolidation

The accompanying consolidated financial statements include the accounts of the Company and its 201 (196 in FY2024 ended March 31, 2025) significant subsidiaries over which the Company has power of control through majority voting rights or existence of certain other conditions evidencing control by the Company. There are 149 subsidiaries consolidated on the basis of fiscal years ending on December 31, which differs from the date of the Company. However, necessary adjustments have been made if the effect of the difference is material.

Investments in 19 (18 in FY2024 ended March 31, 2025) unconsolidated subsidiaries and affiliates over which the Company has the ability to exercise significant influence over operating and financial policies are accounted for the equity method and, accordingly, stated at cost adjusted for the equity in the undistributed earnings and losses from the date of acquisition.

For the purposes of preparing the consolidated financial statements, all significant intercompany transactions, account balances and unrealized profits among the Companies have been eliminated, and the portion attributable to non-controlling interests is charged or credited to non-controlling interests.

In the elimination of investments in subsidiaries, the assets and liabilities of the subsidiaries, including the portion attributable to non-controlling interests, are evaluated based on the fair value at the time the Company acquired control of the subsidiaries. Goodwill is amortized on a straight-line basis over the period in which the economic benefits are expected to be realized. However, if the economic benefits are not expected to be realized in the future, goodwill is fully expensed. Negative goodwill acquired prior to March 31, 2010 is amortized on a straight-line basis continuously.

(2) Translation of Foreign Currencies

A. Translation of Foreign Currencies Receivables and Payables

Receivables and payables denominated in foreign currencies are translated into Japanese yen at the fiscal year-end rates.

B. Translation of Foreign Currency Financial Statements

The balance sheets of consolidated overseas subsidiaries are translated into Japanese yen at fiscal year-end rates except for shareholders' equity accounts, which are translated at historical rates. The income statements of the consolidated overseas subsidiaries are translated at the average exchange rates except for transactions with the Company, which are translated at rates used by the Company.

Differences arising from the application of the processes stated above are presented separately in the consolidated financial statements in "Foreign currency translation adjustment" and "Non-controlling interests."

(3) Allowance for Doubtful Accounts

The allowance for doubtful accounts is provided for possible losses on unrecoverable receivables. The Companies provide the allowance for doubtful accounts for normal receivables based on the historical rate of loss and for specific doubtful accounts based on an individual evaluation.

(4) Securities

Held-to-maturity debt securities are stated at amortized cost. Equity securities issued by subsidiaries and affiliated companies which are not consolidated or accounted for using the equity method, are stated at moving-average cost. Available-for-sale securities other than equity securities without market prices are stated at fair market value. Unrealized gains and unrealized losses on these securities are reported net of applicable income taxes as a separate component of net assets. Realized gains and losses on the sale of such securities are computed using moving average cost. Available-for-sale securities which are equity securities without market prices are stated at moving average cost.

If the market value of held-to-maturity debt securities, equity securities issued by unconsolidated subsidiaries and affiliated companies or available-for-sale securities other than equity securities without market prices declines significantly and is not expected to recover, such securities are stated at fair market value, and the difference between the fair market value and the carrying amount is recognized as loss in the period of the decline. If the net asset value of equity securities issued by unconsolidated subsidiaries and affiliated companies without market prices or available-for-sale securities which are equity securities without market prices declines significantly, such securities should be written down to net asset value with a corresponding charge in the statement of income. In these cases, such fair market value or the net asset value will be the carrying amount of the securities at the beginning of the next fiscal year.

(5) Inventories

Raw materials are stated mainly at the lower of cost determined by the moving average method or net realizable value. Other inventories are stated mainly at the lower of cost determined by the average method or net realizable value.

(6) Property, Plant and Equipment (Except Lease Assets)

Property, plant and equipment are carried at cost. Depreciation is computed mainly by the declining balance method over the estimated useful life of the assets in accordance with the Corporation Tax Law of Japan. Buildings acquired after March 31, 1998 and facilities attached to buildings and structures acquired after March 31, 2016 are depreciated by the straight-line method.

(7) Intangible Assets (Except Lease Assets)

The Companies include internal use software in other intangible assets and amortize it using the straight-line method over the estimated useful life of 5 years.

Other intangible assets are mainly amortized using the straight-line method over the estimated useful life in accordance with the Corporation Tax Law of Japan.

(8) Lease Assets

Property, plant and equipment capitalized under finance lease arrangements without the transfer of ownership of the assets are depreciated over the lease term of the respective assets with the residual book value as zero.

Foreign consolidated subsidiaries that have prepared their financial statements in accordance with International Financial Reporting Standards (IFRSs) have adopted IFRS 16 Leases. According to IFRS 16, all lease arrangements are recorded in principle as assets and liabilities on the balance sheet. Capitalized right-of-use assets are depreciated by the straight-line method.

(9) Deferred Assets

All expenses of bond issuance cost are expensed when incurred.

(10) Provision for Directors' Bonuses

The Companies provide for directors' and audit & supervisory board members' bonuses applicable to the current fiscal year based on the projected amounts of payment.

(11) Provision for Directors' Retirement Benefits

Certain domestic consolidated subsidiaries pay lump-sum retirement benefits to directors and audit & supervisory board members. In accordance with internal rules, those subsidiaries provide the amounts that would be required if all the directors and audit & supervisory board members retired at the balance sheet date.

(12) Provision for Share-Based Remuneration for Directors (And Other Officers)

Provision for share-based remuneration for directors (and other officers) is provided in accordance with internal rules at the estimated amount of the obligation to deliver shares to directors and other officers of the Company.

(13) Provision for Plant Relocation Expenses

A provision for plant relocation expenses is recognized at the estimated amount of possible losses arising from the relocation of the plant.

(14) Net Defined Benefit Liability

When calculating retirement benefit obligations, a benefit formula basis is used to distribute the estimated amount of retirement benefits into the period up to the end of the current fiscal year.

The Companies provide for employees' severance and retirement benefits based on the estimated amounts of projected benefit obligation and the fair value of the plan assets at the end of the fiscal year. Differences generated from changes in actuarial assumptions are amortized for the subsequent fiscal years on a straight-line basis over mainly 13 years, which is shorter than the average remaining service periods of the employees. Prior service costs are amortized as incurred over certain periods (10 years), which is shorter than the average remaining service periods of the employees.

(15) Reclassifications

Certain reclassifications of the financial statements for FY2024 ended March 31, 2025 have been made to conform to the presentation for the fiscal year ended March 31, 2026.

(16) Earnings Per Share

Basic earnings per share is based on the weighted average number of shares of common stock outstanding during the fiscal year.

Diluted earnings per share for FY2025 and FY2024 ended March 31, 2026 and 2025 are not disclosed because there were no outstanding dilutive potential common stock equivalents.

Cash dividends per share represent actual amounts applicable to the respective fiscal years.

(17) Accounting Policy for Recognition of Significant Revenues and Expenses

The Companies principally manufacture and sell paperboard products and operate in the packaging-related business, flexible packaging-related business, heavy duty packaging-related business, overseas business and other businesses. Revenue from the sale of products is recognized when they are delivered to customers because the Companies believe that the customers obtain control of the products and the performance obligation is satisfied at the time of delivery of the products. Revenue is measured at amounts less discounts, rebates, etc.

Revenue for products sold for which the Companies are determined to be acting as an agent is recognized at the net amount of consideration less payments to suppliers.

In addition, the Companies do not recognize as revenue the consideration received from suppliers for transactions in which the Companies supply raw materials for a fee, buy back the processed products and then sell them to third parties.

The promised amount of consideration does not contain a significant financial component as it is paid approximately within three months from the time the performance obligation is satisfied.

3. SIGNIFICANT ACCOUNTING ESTIMATES

The Company calculates amount of accounting estimates rationally based on information available when preparing the consolidated financial statements. The following items are accounting estimates that were recorded in the consolidated financial statements for the current fiscal year that could have a significant impact on the consolidated financial statements for the following fiscal year.

Impairment of Non-current Assets

A. Carrying amounts in the current year's consolidated financial statements

With respect to TRICOR Packaging & Logistics AG, a consolidated subsidiary included in overseas business, profitability in its heavy-duty corrugated board business in Europe has deteriorated, primarily due to the prolonged downturn in the European automotive industry in recent years, and its performance has fallen below the original business plan. Accordingly, the business plan was revised and an impairment test was performed. As a result, it was determined that the recoverable amount of its non-current assets, including goodwill, was significantly lower than their carrying amount, and impairment losses of ¥18,910 million (U.S. $118,930 thousand) (comprising ¥9,167 million (U.S. $57,654 thousand) for property, plant and equipment, ¥9,013 million (U.S. $56,685 thousand) for goodwill, and ¥729 million (U.S. $4,584 thousand) for other intangible assets) were recognized as other expenses.

As a result, the carrying amount of its non-current assets amounted to ¥42,943 million (U.S. $270,081 thousand) (property, plant and equipment: ¥39,776 million (U.S. $250,163 thousand); goodwill: nil; other intangible assets: ¥3,167 million (U.S. $19,918 thousand)). The carrying amount of its non-current assets at the end of the previous fiscal year was ¥50,645 million (property, plant and equipment: ¥35,780 million; goodwill: ¥10,660 million; other intangible assets: ¥4,205 million).

B. Other information that assists users of the consolidated financial statements in understanding the nature of the estimates

Foreign consolidated subsidiaries that have adopted IFRSs conduct impairment tests for groups of cash-generating units to which goodwill is allocated not only when there is an indication of impairment, but also annually. When the recoverable amount is less than the carrying amount, the carrying amount is reduced to the recoverable amount, and the excess of the decrease over the amount previously amortized under J-GAAP is recognized as an impairment loss.

The recoverable amount of TRICOR Packaging & Logistics AG was determined based on value in use. The future cash flows used to measure the value in use were estimated based on the business plan of TRICOR Packaging & Logistics AG and a terminal growth rate for periods thereafter, which incorporates assumptions regarding an increase in sales volume resulting from expansion of sales in Germany and surrounding countries. Because these plans are subject to uncertainty, management's judgments used in developing these assumptions could significantly affect the estimates of future cash flows.

4. CHANGE IN ACCOUNTING POLICIES

(Change in translation method for revenues and expenses of overseas subsidiaries and affiliates)

Revenues and expenses of overseas subsidiaries and affiliates were previously translated into Japanese yen at the spot exchange rate prevailing at the balance sheet date of each subsidiary or affiliate. However, effective from the beginning of the current fiscal year, the Group changed the method of translating revenues and expenses into Japanese yen to use the average exchange rate during the period.

This change has been made in light of the recent significant volatility in foreign exchange rates and the increasing significance of the revenues and operating results of overseas businesses as the Group's international business expands. The change is intended to mitigate the impact of temporary fluctuations in exchange rates on periodic profit or loss and to more appropriately reflect the operating results of overseas subsidiaries and affiliates in the Consolidated Financial Statements.

As the effect of this change is immaterial, retrospective application has not been undertaken.

5. ISSUED BUT NOT YET ADOPTED ACCOUNTING STANDARDS AND OTHERS

Accounting Standard for Leases, etc.
-Accounting Standard for Leases (ASBJ Statement No. 34, September 13, 2024)
-Implementation Guidance on Accounting Standard for Leases (ASBJ Guidance No. 33, September 13, 2024)

(1) Summary

The above standard and guidance stipulate the treatment of recognizing assets and liabilities for all leases executed by lessees, in the same manner as international accounting standards.

(2) Effective date

Effective from the beginning of the fiscal year ending March 31, 2028.

(3) Effects of the application of the standards

The Companies are currently in the process of determining the effects of these new standards on the consolidated financial statements.

Accounting Standard for Subsequent Events, etc.
-Accounting Standard for Subsequent Events (ASBJ Statement No. 41, January 9, 2026)
-Implementation Guidance on Accounting Standard for Subsequent Events (ASBJ Implementation Guidance No. 35, January 9, 2026)

(1) Summary

The Accounting Standard for Subsequent Events and related guidance were developed with the primary objective of establishing a comprehensive accounting standard addressing the definition, accounting treatment, and disclosures of subsequent events, as a priority matter. The basic policy was to substantially carry forward the accounting guidance set forth in "Practical Guidance No. 1 on Audit Considerations for Subsequent Events" (Audit Standard Committee Statement No. 560) issued by the Japanese Institute of Certified Public Accountants to the Accounting Standards Board of Japan. In doing so, the standard revises wording, clarifies the evaluation period for subsequent events, and newly requires disclosure regarding the approval of the issuance of financial statements, thereby prescribing the accounting treatment and disclosures related to subsequent events.

(2) Effective date

Effective from the beginning of the fiscal year ending March 31, 2028.

6. CASH FLOW STATEMENTS

(1) Cash and Cash Equivalents

Cash and cash equivalents comprised cash on hand, bank deposits that were withdrawable on demand and short-term highly liquid investments due within three months at date of purchase and substantially free from any price fluctuation risk.

Reconciliations of cash and deposits shown in the consolidated balance sheets and cash and cash equivalents shown in the consolidated statements of cash flows as of March 31, 2026 and 2025 were as follows:

	Millions of yen		Thousands of U.S. dollars
	3/2026	3/2025	3/2026
Cash and deposits	**¥ 92,217**	¥ 80,563	$ 579,981
Less: Time deposits with maturities exceeding three months	**(2,828)**	(10,012)	(17,786)
Cash and cash equivalents	**89,388**	70,551	562,188

(2) Purchases of Newly Consolidated Subsidiary

A breakdown of the assets and liabilities at the beginning of consolidation of Mitsui Chemicals Tohcello, Inc., which was acquired by the Company in the fiscal year ended March 2025, the consideration paid for the acquisition and the cash flow from the purchase of shares of subsidiaries resulting in a change in the scope of consolidation are as follows:

	Millions of yen
Current assets	**¥ 38,212**
Non-current assets	**24,005**
Current liabilities	**(19,922)**
Non-current liabilities	**(3,897)**
Non-controlling interests	**(21,134)**
Gain on bargain purchase	**(5,302)**
Others (Note)	**(1,031)**
Consideration paid for acquisition	**10,929**
Cash and cash equivalents of the consolidated subsidiary	**(3,625)**
Purchase of shares of subsidiaries resulting in change in scope of consolidation	**(7,303)**

(Note) Others are due to fluctuations in capital surplus, etc. arising from the merger of Mitsui Chemicals Tohcello, Inc. and Sun Tox Co., Ltd., conducted prior to the acquisition by the Company.

7. INVENTORIES

Inventories at March 31, 2026 and 2025 were as follows:

	Millions of yen		Thousands of U.S. dollars
	3/2026	3/2025	3/2026
Merchandise and finished goods	**¥ 57,297**	¥ 56,066	**$ 360,358**
Work in process	**7,252**	7,341	**45,610**
Raw materials and supplies	**45,322**	41,266	**285,044**
Total	**109,872**	104,674	**691,018**

8. FINANCIAL INSTRUMENTS

(1) Status of Financial Instruments

A. Policies for using financial instruments

The Companies set up the fund management plan based on the plan for capital expenditures and investments and procure the necessary long-term funds by borrowing from banks and issuing corporate bonds. The Companies raise short-term working capital for the ordinary business activities by bank loans and manage temporary surplus funds through financial assets that have a high level of safety. The Company and certain consolidated subsidiaries utilize derivative financial instruments to hedge interest rate fluctuation risk on long-term borrowings and foreign currency exchange rate fluctuation risk arising from export and import transactions denominated in foreign currencies and do not enter into derivative transactions for speculative purposes or with the high level of leveraged effect.

B. Details of financial instruments and associated risk and the risk management system

Notes and accounts receivable arising from operations are exposed to the credit risk of customers. The Companies set a credit limit for such business partners and manage the outstanding balances under credit management rules.

Investment securities are primarily the stocks of companies with which the Companies have business relationships and are exposed to market price fluctuation risk. The Companies periodically evaluate the fair value of these securities and monitor the issuing company and review its policies for holding stocks.

Trade notes and accounts payable are due within one year.

In addition, certain receivables and payables are denominated in foreign currencies and exposed to the risk of exchange rate fluctuations. The Company and certain subsidiaries use forward foreign exchange contracts to hedge the risk of such exchange rate fluctuations.

The Companies generally raise the working capital required for business transactions through short-term loans and procure long-term funds required for capital expenditure, investment and loans receivable through long-term loans and bond issuances.

The derivative transactions are executed and managed by the Finance and Accounting Group in accordance with its established policies. In using derivative transactions, the Companies mitigate counterparty risk by conducting transactions with highly creditworthy financial institutions.

The Companies manage liquidity risk associated with trade payable and fund procurement (payment default risk) by creating and updating monthly cash flow plans as needed.

C. Supplemental information on fair values

The fair value of financial instruments is based on market prices or estimates of fair value for instruments for which market prices are not available. Estimates of fair value are subject to fluctuation because they employ variable factors and assumptions.

(2) Fair Values of Financial Instruments

The book value, the fair value and any differences of the financial instruments presented in the consolidated balance sheets as of March 31, 2026 and 2025 are set forth in the tables below.

	Millions of yen						Thousands of U.S. dollars		
	3/2026			3/2025			3/2026		
	Book value	Fair value	Difference	Book value	Fair value	Difference	Book value	Fair value	Difference
Investment securities									
Available-for-sale securities	**¥ 106,399**	**¥ 106,399**	**¥ —**	¥ 99,028	¥ 99,028	¥ —	$ 669,176	$ 669,176	$ —
Equity securities issued by affiliated companies	**17,482**	**7,450**	**(10,031)**	18,540	6,970	(11,570)	109,949	46,855	(63,088)
Total assets	**123,881**	**113,849**	**(10,031)**	117,569	105,998	(11,570)	779,125	716,031	(63,088)
Current portion of bonds	**30,000**	**29,772**	**(228)**	55	54	(0)	188,679	187,245	(1,433)
Bonds payable	**95,100**	**90,167**	**(4,932)**	95,000	91,562	(3,438)	598,113	567,088	(31,018)
Long-term loans payable (including current portion)	**256,857**	**249,442**	**(7,415)**	247,416	243,160	(4,255)	1,615,452	1,568,817	(46,635)
Total liabilities	**381,957**	**369,381**	**(12,576)**	342,471	334,777	(7,693)	2,402,245	2,323,150	(79,094)
Derivative transactions*3									
Hedge accounting not applied	**1**	**1**	**—**	2	2	—	6	6	—
Hedge accounting applied	**1**	**1**	**—**	—	—	—	6	6	—
Total derivative transactions	**2**	**2**	**—**	2	2	—	12	12	—

*1 "Cash and deposits", "Notes and accounts receivable-trade", "Notes and accounts payable-trade", "Short-term borrowings (excluding current portion of long-term loans payable)" are not included in the table above because the book value and the fair value of these items are essentially equivalent as they are either cash or items to be settled in the short term.

*2 Equity securities without market prices are not included in investment securities. The carrying amounts of those financial instruments are as follows:

	Millions of yen		Thousands of U.S. dollars
	3/2026	3/2025	3/2026
Available-for-sale securities	**¥ 2,438**	¥ 2,312	$ 15,333
Equity securities issued by unconsolidated subsidiaries and associates	**40,921**	37,079	257,364

*3 Amounts shown are net of assets and liabilities derived from derivative transactions. Net liability items in the total are shown in parentheses.

(Note (1)) The redemption schedule for receivables and marketable securities with maturities subsequent to March 31, 2026 and 2025 was as follows:

	Millions of yen			
	3/2026			
	Within one year	Over one year but within five years	Over five years but within ten years	Over ten years
Cash and deposits	**¥ 92,217**	**¥ —**	**¥ —**	**¥ —**
Notes and accounts receivable-trade	**282,531**	**—**	**—**	**—**
Investment securities				
Available-for-sale securities	**—**	**—**	**—**	**120**
Total	**374,748**	**—**	**—**	**120**

	Millions of yen			
	3/2025			
	Within one year	Over one year but within five years	Over five years but within ten years	Over ten years
Cash and deposits	¥ 80,563	¥ —	¥ —	¥ —
Notes and accounts receivable-trade	270,404	—	—	—
Investment securities				
Available-for-sale securities	—	—	—	120
Total	350,968	—	—	120

	Thousands of U.S. dollars			
	3/2026			
	Within one year	Over one year but within five years	Over five years but within ten years	Over ten years
Cash and deposits	$ 579,981	$ —	$ —	$ —
Notes and accounts receivable-trade	1,776,924	—	—	—
Investment securities				
Available-for-sale securities	—	—	—	754
Total	2,356,905	—	—	754

(Note (2)) The repayment schedule of long-term debt, lease debt and others subsequent to March 31, 2026 and 2025 was as follows:

	Millions of yen					
	3/2026					
	Within one year	Over one year but within two years	Over two years but within three years	Over three years but within four years	Over four years but within five years	Over five years
Short-term borrowings	**¥ 76,192**	**¥ —**	**¥ —**	**¥ —**	**¥ —**	**¥ —**
Long-term debt	**106,555**	**64,076**	**57,982**	**42,306**	**44,369**	**66,667**
Lease debt	**7,552**	**5,647**	**5,235**	**3,081**	**2,145**	**2,167**
Total	**190,300**	**69,723**	**63,218**	**45,388**	**46,514**	**68,834**

	Millions of yen					
	3/2025					
	Within one year	Over one year but within two years	Over two years but within three years	Over three years but within four years	Over four years but within five years	Over five years
Short-term borrowings	¥ 85,023	¥ —	¥ —	¥ —	¥ —	¥ —
Long-term debt	72,753	67,138	59,843	49,375	33,281	60,077
Lease debt	6,191	5,011	4,097	3,085	1,222	1,426
Others	0	—	—	—	—	—
Total	163,968	72,149	63,941	52,461	34,504	61,504

	Thousands of U.S. dollars					
	3/2026					
	Within one year	Over one year but within two years	Over two years but within three years	Over three years but within four years	Over four years but within five years	Over five years
Short-term borrowings	$ 479,194	$ —	$ —	$ —	$ —	$ —
Long-term debt	670,157	402,993	364,666	266,075	279,050	419,289
Lease debt	47,496	35,515	32,924	19,377	13,490	13,628
Total	1,196,855	438,509	397,597	285,459	292,540	432,918

(3) Fair value information of financial instruments by level of inputs

Based on the observability and the significance of the inputs used in measuring fair values, fair value information of financial instruments is presented by categorizing fair values into the following three levels:
Level 1 fair value: the fair value measured by quoted prices of identical assets or liabilities in active markets.
Level 2 fair value: the fair value measured using observable inputs other than Level 1.
Level 3 fair value: the fair value measured using unobservable inputs.

When multiple inputs of different categories are used in measuring fair value, the Company classified the fair value into a category to which the lowest priority is given.

A. Financial instruments measured at fair values in the consolidated balance sheets

	Millions of yen			
	3/2026			
	fair values			
Classification	Level1	Level2	Level3	Total
Investment securities				
Available-for-sale securities				
Securities	**¥ 106,399**	**¥ —**	**¥ —**	**¥ 106,399**
Derivative transactions				
Hedge accounting not applied	**—**	**1**	**—**	**1**
Hedge accounting applied	**—**	**1**	**—**	**1**
Total assets	**106,399**	**2**	**—**	**106,402**

	Millions of yen			
	3/2025			
	fair values			
Classification	Level1	Level2	Level3	Total
Investment securities				
Available-for-sale securities				
Securities	¥ 99,028	¥ —	¥ —	¥ 99,028
Derivative transactions				
Hedge accounting not applied	—	2	—	2
Total assets	99,028	2	—	99,030

	Thousands of U.S. dollars			
	3/2026			
	fair values			
Classification	Level1	Level2	Level3	Total
Investment securities				
Available-for-sale securities				
Securities	$ 669,176	$ —	$ —	$ 669,176
Derivative transactions				
Hedge accounting not applied	—	6	—	6
Hedge accounting applied	—	6	—	6
Total assets	669,176	12	—	669,194

B. Financial instruments other than those measured at fair values in the consolidated balance sheets

	Millions of yen			
	3/2026			
	fair values			
Classification	Level1	Level2	Level3	Total
Investment securities				
Equity securities issued by affiliated companies	**¥ 7,450**	**¥ —**	**¥ —**	**¥ 7,450**
Total assets	**7,450**	**—**	**—**	**7,450**
Current portion of bonds	**—**	**29,772**	**—**	**29,772**
Bonds payable	**—**	**90,167**	**—**	**90,167**
Long-term loans payable (including current portion)	**—**	**249,442**	**—**	**249,442**
Total liabilities	**—**	**369,381**	**—**	**369,381**

	Millions of yen			
	3/2025			
	fair values			
Classification	Level1	Level2	Level3	Total
Investment securities				
Equity securities issued by affiliated companies	¥ 6,970	¥ —	¥ —	¥ 6,970
Total assets	6,970	—	—	6,970
Current portion of bonds	—	54	—	54
Bonds payable	—	91,562	—	91,562
Long-term loans payable (including current portion)	—	243,160	—	243,160
Total liabilities	—	334,777	—	334,777

	Thousands of U.S. dollars			
	3/2026			
	fair values			
Classification	Level1	Level2	Level3	Total
Investment securities				
Equity securities issued by affiliated companies	$ 46,855	$ —	$ —	$ 46,855
Total assets	46,855	—	—	46,855
Current portion of bonds	—	187,245	—	187,245
Bonds payable	—	567,088	—	567,088
Long-term loans payable (including current portion)	—	1,568,817	—	1,568,817
Total liabilities	—	2,323,150	—	2,323,150

(Note) Valuation techniques and inputs used in measuring fair values

Investment securities

Listed equity securities are measured using quoted prices. Fair value of listed equity securities are classified as level 1 fair value, because they are exchanged in active markets.

Current portion of bonds and Bonds payable

The fair value of bonds is based on market prices for those with market prices, and the fair value of those without market prices is measured by the discounted present value of the total amount of principal and interest using interest rates for the remaining period of the bonds payable adjusted by credit risks. Fair value of bonds is classified as Level 2 fair value.

Long-term loans payable (including current portion)

The carrying amount of long-term loans payable with floating interest rates approximates their fair value because the fair value reflects market interest rates in a short period of time and the Company's credit status has not changed significantly since the loans were borrowed. Those with fixed interest rates are measured by the discounted present value of the total amount of principal and interest using interest rates for the remaining period of the bonds payable adjusted by credit risks. Fair value of long-term loans payable is classified as Level 2 fair value.

Derivative transactions

The fair value of derivative transactions is calculated based on the discounted cash flow method using observable inputs such as exchange rates and is classified as Level 2 fair value.

9. INFORMATION ON SECURITIES

(1) Acquisition Costs and Book Values (Fair Values) of Available-for-Sale Securities with Available Fair Values

The following table summarizes acquisition costs and book values (fair values) of available-for-sale securities with available fair values as of March 31, 2026 and 2025.

	Millions of yen						Thousands of U.S. dollars		
	3/2026			3/2025			3/2026		
	Book value	Acquisition cost	Difference	Book value	Acquisition cost	Difference	Book value	Acquisition cost	Difference
Securities with book values (fair values) exceeding acquisition costs:									
Equity securities	**¥ 106,003**	**¥ 35,745**	**¥ 70,258**	¥ 95,699	¥ 31,278	¥ 64,421	$ 666,685	$ 224,811	$ 441,874
Bonds	**—**	**—**	**—**	—	—	—	—	—	—
Others	**—**	**—**	**—**	—	—	—	—	—	—
	106,003	**35,745**	**70,258**	95,699	31,278	64,421	666,685	224,811	441,874
Securities with book values (fair values) not exceeding acquisition costs:									
Equity securities	**395**	**477**	**(81)**	3,328	3,701	(372)	2,484	3,000	(509)
Bonds	**—**	**—**	**—**	—	—	—	—	—	—
Others	**—**	**—**	**—**	—	—	—	—	—	—
	395	**477**	**(81)**	3,328	3,701	(372)	2,484	3,000	(509)
Total	**106,399**	**36,222**	**70,176**	99,028	34,979	64,048	669,176	227,811	441,358

(2) Sales of Available-for-Sale Securities

Proceeds from sales of available-for-sale securities in FY2025 and FY2024 ended March 31, 2026 and 2025 amounted to ¥15,349 million (U.S. $96,534 thousand) and ¥4,436 million, respectively. The related gains for FY2025 and FY2024 ended March 31, 2026 and 2025 amounted to ¥11,754 million (U.S. $73,924 thousand) and ¥3,065 million, respectively.

10. ASSETS PLEDGED AS COLLATERAL

Assets pledged as collateral including factory foundation for short-term borrowings and the current portion of long-term debt of ¥1,067 million (U.S. $6,710 thousand), long-term debt of ¥2,313 million (U.S. $14,547 thousand), accounts payable-trade of ¥473 million (U.S. $2,974 thousand) and others of ¥1,061 million (U.S. $6,672 thousand) at March 31, 2026 are summarized as follows:

	Millions of yen	Thousands of U.S. dollars
Cash and deposits	**¥ 75**	$ 471
Buildings and structures	**14,215**	89,402
Machinery, equipment and vehicles	**18,463**	116,119
Land	**32,824**	206,440
Investment securities	**2,358**	14,830
Other	**543**	3,415
Total	**68,480**	430,691

11. SHORT-TERM BORROWINGS AND LONG-TERM DEBT

Short-term borrowings and the current portion of long-term debt at March 31, 2026 and 2025 consisted of the following:

	Millions of yen		Thousands of U.S. dollars	Weighted average interest rate
	3/2026	3/2025	3/2026	3/2026
Short-term borrowings	**¥ 76,192**	¥ 85,023	$ 479,194	1.47%
Current portion of long-term debt	**106,555**	72,753	670,157	1.73
Total	**182,747**	157,777	1,149,352	—

Long-term debt at March 31, 2026 and 2025 was as follows:

	Millions of yen		Thousands of U.S. dollars
	3/2026	3/2025	3/2026
Loans mainly from banks and insurance companies			
(3/2026: due in 12/2035, with interest rates ranging from 0.2% to 13.75%, 3/2025: due in 9/2038, with interest rates ranging from 0.19% to 7.3%)	**¥ 256,857**	¥ 247,416	$ 1,615,452
Issued by Rengo Co., Ltd.			
Unsecured 0.390% straight bonds, due December 2026	**10,000**	10,000	62,893
Unsecured 0.210% straight bonds, due December 2026	**10,000**	10,000	62,893
Unsecured 0.160% straight bonds, due December 2026	**10,000**	10,000	62,893
Unsecured 0.410% straight bonds, due December 2027	**5,000**	5,000	31,446
Unsecured 0.539% straight bonds, due December 2027	**10,000**	10,000	62,893
Unsecured 0.415% straight bonds, due December 2028	**10,000**	10,000	62,893
Unsecured 0.300% straight bonds, due December 2029	**10,000**	10,000	62,893
Unsecured 0.310% straight bonds, due December 2031	**10,000**	10,000	62,893
Unsecured 0.728% straight bonds, due December 2028	**10,000**	10,000	62,893
Unsecured 1.344% straight bonds, due December 2033	**10,000**	10,000	62,893
Unsecured 1.413% straight bonds, due September 2030	**10,000**	—	62,893
Unsecured 1.699% straight bonds, due September 2032	**10,000**	—	62,893
Unsecured 2.101% straight bonds, due September 2035	**10,000**	—	62,893
Issued by Hiropax Co., Ltd.			
Unsecured 0.210% straight bonds, due September 2025	**—**	5	—
Unsecured 0.525% straight bonds, due March 2026	**—**	50	—
Issued by Asahi Danboru Co.Ltd.			
Unsecured 1.010% straight bonds, due June 2030	**100**	—	628
	381,957	342,471	2,402,245
Less current portion	**(106,555)**	(72,753)	(670,157)
	275,402	269,717	1,732,088

The aggregate annual maturities of long-term debt at March 31, 2026 were as follows:

Fiscal years ending March 31	Millions of yen	Thousands of U.S. dollars
3/2027	**¥ 106,555**	$ 670,157
3/2028	**64,076**	402,993
3/2029	**57,982**	364,666
3/2030	**42,306**	266,075
3/2031 and thereafter	**111,036**	698,339
Total	**381,957**	2,402,245

12. LEASES

Operating leases

(As a lessee)

The future minimum lease payments under noncancelable operating leases

	Millions of yen		Thousands of U.S. dollars
	3/2026	3/2025	3/2026
Due within one year	**¥ 1,795**	¥ 1,752	$ 11,289
Due after one year	**13,561**	13,162	85,289
Total	**15,356**	14,914	96,578

13. INCOME TAXES

At March 31, 2026 and 2025, significant components of deferred tax assets and liabilities were as follows:

	Millions of yen		Thousands of U.S. dollars
	3/2026	3/2025	3/2026
Deferred tax assets:			
Carryforward tax loss (Note (2))	**¥ 15,948**	¥ 11,569	$ 100,301
Net defined benefit liability	**1,151**	1,542	7,238
Accrued bonuses	**4,243**	3,996	26,685
Write-down of golf club memberships	**468**	470	2,943
Provision for directors' retirement benefits	**296**	363	1,861
Loss on valuation of investment securities	**2,121**	1,680	13,339
Allowance for doubtful accounts	**748**	341	4,704
Unrealized gain on sale of property, plant and equipment eliminated on consolidation	**324**	335	2,037
Accrued enterprise taxes	**932**	578	5,861
Impairment losses	**3,139**	1,005	19,742
Other	**4,165**	3,764	26,194
Subtotal deferred tax assets	**33,540**	25,648	210,943
Valuation reserve for carryforward tax loss (Note (2))	**(15,259)**	(11,218)	(95,968)
Valuation reserve for deductible temporary differences	**(5,258)**	(4,488)	(33,069)
Subtotal valuation reserve (Note (1))	**(20,517)**	(15,707)	(129,037)
Total deferred tax assets	**13,022**	9,941	81,899
Deferred tax liabilities:			
Valuation difference on available-for-sale securities	**(21,819)**	(19,941)	(137,226)
Deferred gain tax treatment of property	**(6,561)**	(4,279)	(41,264)
Non-current assets revaluation difference, net of taxes unrealized gain	**(9,771)**	(10,090)	(61,452)
Trademark rights	**(1,408)**	(1,729)	(8,855)
Customer relationships	**(2,229)**	(2,235)	(14,018)
Other	**(2,634)**	(689)	(16,566)
Total deferred tax liabilities	**(44,425)**	(38,967)	(279,402)
Net deferred tax assets (liabilities)	**(31,403)**	(29,026)	(197,503)

(Note (1)) Increase in valuation reserve by ¥4,810 million (U.S. $30,251 thousand) was caused mainly by increase in valuation reserve for the carryforward tax loss of existing consolidated subsidiaries by ¥4,041 million (U.S. $25,415 thousand).

(Note (2)) Carryforward tax loss and its deferred tax assets by expiration periods

	Millions of yen						
	3/2026						
	Within one year	Over one year but within two years	Over two years but within three years	Over three years but within four years	Over four years but within five years	Over five years	Total
Carryforward tax loss*	**¥ 514**	**¥ 272**	**¥ 730**	**¥ 896**	**¥ 1,172**	**¥ 12,361**	**¥ 15,948**
Valuation reserve	**(514)**	**(272)**	**(691)**	**(846)**	**(1,115)**	**(11,818)**	**(15,259)**
Net deferred tax assets	**0**	**—**	**39**	**49**	**57**	**542**	**688**

	Millions of yen						
	3/2025						
	Within one year	Over one year but within two years	Over two years but within three years	Over three years but within four years	Over four years but within five years	Over five years	Total
Carryforward tax loss*	¥ 149	¥ 678	¥ 207	¥ 629	¥ 990	¥ 8,915	¥ 11,569
Valuation reserve	(149)	(673)	(171)	(586)	(952)	(8,684)	(11,218)
Net deferred tax assets	0	4	35	43	37	230	351

	Thousands of U.S. dollars						
	3/2026						
	Within one year	Over one year but within two years	Over two years but within three years	Over three years but within four years	Over four years but within five years	Over five years	Total
Carryforward tax loss*	$ 3,232	$ 1,710	$ 4,591	$ 5,635	$ 7,371	$ 77,742	$ 100,301
Valuation reserve	(3,232)	(1,710)	(4,345)	(5,320)	(7,012)	(74,327)	(95,968)
Net deferred tax assets	0	—	245	308	358	3,408	4,327

* Carryforward tax loss shown in the above table is calculated by multiplying the statutory tax rate.

At March 31, 2026 and 2025, the reconciliation of the aggregate statutory income tax rate to the effective income tax rate was as follows:

	3/2026	3/2025
Statutory tax rate	**30.4%**	30.4%
Effect of:		
Tax deductions	**(3.7)**	(3.7)
Non-deductible items such as entertainment expenses	**2.4**	4.1
Non-taxable items such as dividends received	**0.1**	(1.2)
Per capita inhabitants' taxes	**0.7**	0.7
Adjustments of deferred tax for enacted changes in tax rates	**—**	0.4
Equity in earnings of affiliates	**(0.9)**	(1.3)
Valuation reserve	**10.4**	2.8
Amortization of goodwill	**2.7**	2.6
Impairment of goodwill	**4.8**	—
Gain on bargain purchase	**—**	(3.8)
Difference in tax rates from those of Parent Company	**0.7**	(2.1)
Other	**(2.8)**	(0.4)
Effective tax rate	**44.8**	28.6

14. RETIREMENT BENEFITS

Net defined benefit asset and net defined benefit liability included in the consolidated balance sheets as of March 31, 2026 and 2025 and retirement benefit expenses in the consolidated statements of income for FY2025 and FY2024 ended March 31, 2026 and 2025, consisted of the following:

(1) Defined Benefit Plans

A. Movement in retirement benefit obligations, except plans that applied the simplified method

	Millions of yen		Thousands of U.S. dollars
	3/2026	3/2025	3/2026
Balance at April 1, 2025 and 2024	**¥ 54,796**	¥ 54,070	$ 344,628
Service cost	**2,845**	3,211	17,893
Interest cost	**946**	481	5,949
Actuarial loss (gain)	**(1,853)**	(6,393)	(11,654)
Benefits paid	**(1,778)**	(2,808)	(11,182)
Past service cost	**8**	—	50
Increase accompanying new additions to the scope of consolidation	**—**	6,106	—
Other	**(10)**	128	(62)
Balance at March 31, 2026 and 2025	**54,954**	54,796	345,622

B. Movement in plan assets, except plans that applied the simplified method

	Millions of yen		Thousands of U.S. dollars
	3/2026	3/2025	3/2026
Balance at April 1, 2025 and 2024	**¥ 59,046**	¥ 54,008	$ 371,358
Expected return on plan assets	**895**	859	5,628
Actuarial loss (gain)	**2,885**	35	18,144
Contributions paid by the employer	**2,104**	2,055	13,232
Benefits paid	**(870)**	(1,710)	(5,471)
Increase accompanying new additions to the scope of consolidation	**—**	3,768	—
Partial refund from the retirement benefit trust	**(3,307)**	—	(20,798)
Other	**(25)**	28	(157)
Balance at March 31, 2026 and 2025	**60,729**	59,046	381,943

C. Movement in liability for retirement benefits on defined benefit plans applying the simplified method

	Millions of yen		Thousands of U.S. dollars
	3/2026	3/2025	3/2026
Balance at April 1, 2025 and 2024	**¥ 6,172**	¥ 5,444	$ 38,817
Retirement benefit expenses	**990**	857	6,226
Benefits paid	**(390)**	(314)	(2,452)
Contributions paid by the employer	**(160)**	(167)	(1,006)
Increase accompanying new additions to the scope of consolidation	**341**	369	2,144
Other	**(46)**	(14)	(289)
Balance at March 31, 2026 and 2025	**6,907**	6,172	43,440

D. Reconciliation from retirement benefit obligations and plan assets to liability (asset) for retirement benefits

	Millions of yen		Thousands of U.S. dollars
	3/2026	3/2025	3/2026
Funded retirement benefit obligations	**¥ 54,873**	¥ 54,003	$ 345,113
Plan assets	**(63,215)**	(61,311)	(397,578)
	(8,342)	(7,308)	(52,465)
Unfunded retirement benefit obligations	**9,474**	9,231	59,584
Total net liability for retirement benefits at March 31, 2026 and 2025	**1,132**	1,923	7,119
Net defined benefit liability	**10,745**	10,661	67,578
Net defined benefit asset	**(9,612)**	(8,737)	(60,452)
Total net liability for retirement benefits at March 31, 2026 and 2025	**1,132**	1,923	7,119

E. Retirement benefit expenses

	Millions of yen		Thousands of U.S. dollars
	3/2026	3/2025	3/2026
Service cost	**¥ 2,845**	¥ 3,211	$ 17,893
Interest cost	**946**	481	5,949
Expected return on plan assets	**(895)**	(859)	(5,628)
Amortization of net unrecognized actuarial differences	**(1,671)**	(1,204)	(10,509)
Amortization of past service cost	**(49)**	(58)	(308)
Retirement benefit expenses applying for simplified method	**990**	857	6,226
Total retirement benefit expenses for FY2025 and FY2024 ended March 31, 2026 and 2025	**2,164**	2,428	13,610
Gain on retirement benefit trust	**2,816**	—	17,710

F. Remeasurements of defined benefit plans

	Millions of yen		Thousands of U.S. dollars
	3/2026	3/2025	3/2026
Past service cost	**¥ (58)**	¥ (58)	$ (364)
Actuarial gains and losses	**1,340**	5,224	8,427
Total remeasurements of defined benefit plans for FY2025 and FY2024 ended March 31, 2026 and 2025	**1,282**	5,165	8,062

G. Accumulated adjustments for retirement benefit

	Millions of yen		Thousands of U.S. dollars
	3/2026	3/2025	3/2026
Past service cost that are yet to be recognized	**¥ 216**	¥ 275	$ 1,358
Actuarial gains and losses that are yet to be recognized	**16,563**	15,223	104,169
Total balance at March 31, 2026 and 2025	**16,780**	15,498	105,534

H. Plan assets

(a) Plan assets comprise

	3/2026	3/2025
Bonds	**37%**	34%
General account	**29**	29
Equity securities	**28**	32
Other	**6**	5
Total	**100**	100

(b) Long-term expected rate of return

Current and target asset allocations, historical and expected returns on various categories of plan assets have been considered in determining the long-term expected rate of return.

I. Actuarial assumptions

The principal actuarial assumptions

	3/2026	3/2025
Discount rate	**mainly 1.8%**	mainly 1.8%
Long-term expected rate of return	**mainly 1.5%**	mainly 1.5%

(Note) The expected rate of salary increase is not presented because the Companies do not generally use it in actuarial calculations for their retirement benefit plans.

(2) Defined Contribution Plan

Required contribution for defined contribution plans by consolidated subsidiaries in FY2025 and FY2024 ended March 31, 2026 and 2025 amounted to ¥550 million (U.S. $3,459 thousand) and ¥555 million, respectively.

(3) Multi-Employer Pension Plans

Required contributions to corporate pension fund system of the multi-employer pension plans which were treated the same as defined contribution plans for FY2025 and FY2024 ended March 31, 2026 and 2025 amounted to ¥53 million (U.S. $333 thousand) and ¥51 million, respectively.

A. The savings situation of the whole system

	Millions of yen		Thousands of U.S. dollars
	3/2026 (As of March 31, 2025)	3/2025 (As of March 31, 2024)	3/2026 (As of March 31, 2025)
Plan assets	**¥ 20,211**	¥ 19,377	$ 127,113
Net total actuarial obligations under pension funding programs and minimum actuarial reserve	**15,205**	15,614	95,628
Total balance	**5,005**	3,763	31,477

B. The ratio of the Companies' contributions to the multi-employer pension plans against total contributions

For FY2025 ended March 31, 2026 corresponding to the fiscal year ended March 31, 2026: 3.6%

For FY2024 ended March 31, 2025 corresponding to the fiscal year ended March 31, 2025: 3.7%

C. Supplemental information

The main factors of the total balance of A mentioned above are past service cost under pension funding programs, general reserve and surplus or deficiency. Past service cost under pension funding programs for FY2025 and FY2024 ended March 31, 2026 and 2025 amounted to -¥892 million (-U.S. $5,610 thousand) and -¥3,476 million, respectively. General reserve for FY2025 and FY2024 ended March 31, 2026 and 2025 amounted to ¥5,185 million (U.S. $32,610 thousand) and ¥6,297 million, respectively. Surplus or deficiency for FY2025 and FY2024 ended March 31, 2026 and 2025 amounted to ¥713 million (U.S. $4,484 thousand) and ¥942 million, respectively.

In addition, the ratio in B mentioned above does not accord with the real burden on the Companies' ratio.

15. NET ASSETS

Under the Japanese Corporate Law ("the Law"), the entire amount paid for new shares is required to be designated as common stock. However, a company may, by a resolution of the Board of Directors, designate an amount not exceeding one half of the price of the new shares as additional paid-in capital, which is included in capital surplus.

Under the Law, in cases in which a dividend distribution of surplus is made, the smaller of an amount equal to 10% of the dividend or the excess, if any, of 25% of common stock over the total of additional paid-in capital and legal earnings reserve must be set aside as additional paid-in capital or legal earnings reserve. Legal earnings reserve is included in retained earnings in the accompanying consolidated balance sheets.

Additional paid-in capital and legal earnings reserve may not be distributed as dividends. Under the Law, all additional paid-in capital and all legal earnings reserve may be transferred to other capital surplus and retained earnings, respectively, which are potentially available for dividends.

The maximum amount that the Company can distribute as dividends is calculated based on the non-consolidated financial statements of the Company in accordance with the Law.

16. COMPREHENSIVE INCOME STATEMENTS

At March 31, 2026 and 2025, amounts reclassified to profit (loss) in the current period that were recognized in other comprehensive income in the current or previous periods, Income taxes for each component of other comprehensive income were as follows:

	Millions of yen		Thousands of U.S. dollars
	3/2026	3/2025	3/2026
Valuation difference on available-for-sale securities			
Increase (decrease) during the fiscal year	**¥ 22,191**	¥ 825	$ 139,566
Reclassification adjustments for losses realized in profit	**(11,741)**	(3,060)	(73,842)
Amount before income taxes	**10,450**	(2,235)	65,723
Income taxes	**(6,306)**	149	(39,660)
Subtotal, net of tax amount	**4,143**	(2,086)	26,056
Deferred gains or losses on hedges			
Increase (decrease) during the fiscal year	**1**	—	6
Income taxes	**(0)**	—	0
Subtotal, net of tax amount	**0**	—	0
Foreign currency translation adjustment			
Increase (decrease) during the fiscal year	**7,795**	12,273	49,025
Reclassification adjustments for losses realized in profit	**—**	(1,869)	—
Subtotal, net of tax amount	**7,795**	10,404	49,025
Remeasurements of defined benefit plans			
Increase (decrease) during the fiscal year	**4,738**	6,428	29,798
Reclassification adjustments for losses realized in profit	**(3,456)**	(1,263)	(21,735)
Amount before income taxes	**1,282**	5,165	8,062
Income taxes	**(418)**	(1,679)	(2,628)
Subtotal, net of tax amount	**863**	3,485	5,427
Share of other comprehensive income of entities accounted for using equity method			
Increase (decrease) during the fiscal year	**507**	5,458	3,188
Total other comprehensive income	**13,310**	17,261	83,710

17. RESEARCH AND DEVELOPMENT EXPENSES

Research and development expenses are included in "General and administrative expenses" and are charged to income as incurred. The aggregate amounts of research and development expenses charged to income were ¥2,993 million (U.S. $18,823 thousand) and ¥3,154 million for FY2025 and FY2024 ended March 31, 2026 and 2025, respectively.

18. IMPAIRMENT LOSSES

For FY2025 ended March 31, 2026, the breakdown of the impairment losses was as follows:

Place	Use	Type of assets	Millions of yen	Thousands of U.S. dollars
Bavaria, Germany, and others	Business assets	Buildings and structures	**¥ 4,706**	$ 29,597
		Machinery, equipment and vehicles	**3,833**	24,106
		Land	**629**	3,955
		Leased assets	**9**	56
		Goodwill	**9,013**	56,685
		Other	**730**	4,591
		Total	**18,923**	119,012
Tokushima City, Tokushima, and others	Assets scheduled for disposal	Buildings and structures	**7**	44
		Machinery, equipment and vehicles	**10**	62
		Land	**115**	723
		Other	**0**	0
		Total	**133**	836

The Company grouped business assets by business units based on management accounting classifications, and grouped idle assets, leased assets and assets scheduled for disposal by property units.

Business assets: The Company recognized impairment losses by reducing the carrying amount of the assets to their recoverable amount as the expected profitability of the assets declined and their recoverability deteriorated. The recoverable amount was measured based on value in use, and the value in use was measured using discount rate, principally 12.5%.

Assets scheduled for disposal: The Company recognized impairment losses by reducing the carrying amount of the assets to their recoverable amount following the decision to discontinue the operation of the production facilities and sell the assets. The recoverable amounts were measured based on net selling price estimated from expected disposal proceeds, and assets for which disposal was not considered feasible were valued at zero.

19. REVENUE RECOGNITION

(1) Information of disaggregation of revenue from contracts with customers

Millions of yen

	3/2026						
	Reportable segments						
	Paperboard and Packaging-Related Business	Flexible Packaging-Related Business	Heavy Duty Packaging-Related Business	Overseas Business	Subtotal	Other Businesses*	Total
Japan	**¥ 521,441**	**¥ 184,861**	**¥ 44,122**	**¥ 6,210**	**¥ 756,634**	**¥ 37,938**	**¥ 794,573**
Asia	**428**	**2,871**	**1,974**	**83,105**	**88,380**	**233**	**88,613**
Europe	**—**	**3,675**	**49**	**98,560**	**102,285**	**—**	**102,285**
Other	**—**	**121**	**273**	**21,216**	**21,611**	**—**	**21,611**
Information of disaggregation of revenue from contracts with customers	**521,869**	**191,529**	**46,419**	**209,092**	**968,911**	**38,171**	**1,007,083**
Other revenue	**—**	**—**	**—**	**—**	**—**	**1,253**	**1,253**
Sales to third parties	**521,869**	**191,529**	**46,419**	**209,092**	**968,911**	**39,425**	**1,008,337**

Millions of yen

	2025/3						
	Reportable segments						
	Paperboard and Packaging-Related Business	Flexible Packaging-Related Business	Heavy Duty Packaging-Related Business	Overseas Business	Subtotal	Other Businesses*	Total
Japan	¥ 514,297	¥ 176,869	¥ 42,776	¥ 4,726	¥ 738,669	¥ 37,380	¥ 776,049
Asia	422	2,381	1,897	88,757	93,459	237	93,696
Europe	—	2,068	49	97,094	99,213	—	99,213
Other	—	294	253	22,515	23,064	1	23,065
Information of disaggregation of revenue from contracts with customers	514,720	181,614	44,977	213,094	954,406	37,618	992,025
Other revenue	—	—	—	—	—	1,225	1,225
Sales to third parties	514,720	181,614	44,977	213,094	954,406	38,844	993,251

Thousands of U.S. dollars

	3/2026						
	Reportable segments						
	Paperboard and Packaging-Related Business	Flexible Packaging-Related Business	Heavy Duty Packaging-Related Business	Overseas Business	Subtotal	Other Businesses*	Total
Japan	$ 3,279,503	$ 1,162,647	$ 277,496	$ 39,056	$ 4,758,704	$ 238,603	$ 4,997,314
Asia	2,691	18,056	12,415	522,672	555,849	1,465	557,314
Europe	—	23,113	308	619,874	643,301	—	643,301
Other	—	761	1,716	133,433	135,918	—	135,918
Information of disaggregation of revenue from contracts with customers	3,282,194	1,204,584	291,943	1,315,044	6,093,779	240,069	6,333,855
Other revenue	—	—	—	—	—	7,880	7,880
Sales to third parties	3,282,194	1,204,584	291,943	1,315,044	6,093,779	247,955	6,341,742

* "Other Businesses" are the 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) Information that provides a basis for understanding of revenue from contracts with customers

The basis for understanding revenue is described in "2. Summary of Significant Accounting Policies, (17) Accounting policy for recognition of significant revenues and expenses".

(3) Information about the relationship between the satisfaction of performance obligations under contracts with customers and cash flows from such contracts, and the amount and timing of revenue expected to be recognized from contracts with customers that existed at the end of the current fiscal year and are expected to be recognized in the following fiscal year

A. Balance of receivables and contract liabilities arising from contracts with customers

Balance of receivables and contract liabilities arising from contracts with customers are as follows

	Millions of yen		Thousands of U.S. dollars
	3/2026	3/2025	3/2026
Notes receivable-trade	**¥ 5,827**	¥ 9,843	$ 36,647
Accounts receivable-trade	**276,658**	259,796	1,739,987
Receivables arising from contracts with customers	**282,486**	269,640	1,776,641
Contract liabilities	**911**	106	5,729

B. Transaction price allocated to remaining performance obligations

The description of the total transaction price allocated to the remaining performance obligations and the period over which revenue is expected to be recognized is omitted, since the initially expected contractual period with customers is due within one year.

20. SEGMENT INFORMATION

(1) Segment Information

A. 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, corrugated boxes and kraft pulp 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.

B. Method of calculating sales, profit or loss, assets and other material items by reportable segment

The accounting policies for business segments reported are generally the same as on those described in "2. Summary of Significant Accounting Policies". Figures for reportable segment income are based on operating income. Internal transactions are based on the current market prices.

C. Information on sales, profit or loss, assets and other material items by reportable segment

Information by segment for FY2025 and FY2024 ended March 31, 2026 and 2025 were as follows:

	Millions of yen							
	3/2026							
	Reportable segments							
	Paperboard and Packaging-Related Business	Flexible Packaging-Related Business	Heavy Duty Packaging-Related Business	Overseas Business	Subtotal	Other Businesses*1	Adjustments*2	Total*3
Sales to third parties	**¥ 521,869**	**¥ 191,529**	**¥ 46,419**	**¥ 209,092**	**¥ 968,911**	**¥ 39,425**	**¥ —**	**¥ 1,008,337**
Intersegment sales and transfers	**2,405**	**588**	**4,129**	**11,322**	**18,445**	**34,016**	**(52,461)**	**—**
Total sales	**524,275**	**192,118**	**50,548**	**220,414**	**987,356**	**73,441**	**(52,461)**	**1,008,337**
Segment profit or loss	**25,676**	**9,372**	**1,897**	**(1,628)**	**35,318**	**1,367**	**404**	**37,090**
Segment assets	**829,833**	**186,389**	**60,410**	**355,840**	**1,432,474**	**47,281**	**(166,669)**	**1,313,086**
Other items								
Depreciation and amortization	**33,058**	**6,859**	**1,435**	**15,939**	**57,292**	**1,646**	**(93)**	**58,846**
Amortization of goodwill	**110**	**64**	**—**	**3,555**	**3,729**	**42**	**—**	**3,771**
Investment in equity method affiliates	**808**	**—**	**—**	**65,391**	**66,199**	**1,368**	**—**	**67,568**
Increase in property, plant and equipment and intangible assets	**50,729**	**10,861**	**1,114**	**27,938**	**90,645**	**3,043**	**(62)**	**93,626**

	Millions of yen							
	3/2025							
	Reportable segments							
	Paperboard and Packaging-Related Business	Flexible Packaging-Related Business	Heavy Duty Packaging-Related Business	Overseas Business	Subtotal	Other Businesses*1	Adjustments*2	Total*3
Sales to third parties	¥ 514,720	¥ 181,614	¥ 44,977	¥ 213,094	¥ 954,406	¥ 38,844	¥ —	¥ 993,251
Intersegment sales and transfers	2,425	738	4,212	8,791	16,167	33,566	(49,734)	—
Total sales	517,145	182,352	49,190	221,886	970,574	72,411	(49,734)	993,251
Segment profit	23,443	5,062	1,684	4,931	35,122	1,963	322	37,408
Segment assets	781,227	171,494	54,405	353,183	1,360,311	46,600	(163,795)	1,243,116
Other items								
Depreciation and amortization	31,203	7,148	1,394	14,601	54,348	1,520	(90)	55,778
Amortization of goodwill	218	128	34	3,261	3,643	42	—	3,685
Investment in equity method affiliates	776	—	—	65,595	66,372	1,221	—	67,593
Increase in property, plant and equipment and intangible assets	63,127	8,450	881	25,686	98,147	1,762	(234)	99,675

	Thousands of U.S. dollars							
	3/2026							
	Reportable segments							
	Paperboard and Packaging-Related Business	Flexible Packaging-Related Business	Heavy Duty Packaging-Related Business	Overseas Business	Subtotal	Other Businesses*1	Adjustments*2	Total*3
Sales to third parties	$ 3,282,194	$ 1,204,584	$ 291,943	$ 1,315,044	$ 6,093,779	$ 247,955	$ —	$ 6,341,742
Intersegment sales and transfers	15,125	3,698	25,968	71,207	116,006	213,937	(329,943)	—
Total sales	3,297,327	1,208,289	317,911	1,386,251	6,209,786	461,893	(329,943)	6,341,742
Segment profit or loss	161,484	58,943	11,930	(10,238)	222,125	8,597	2,540	233,270
Segment assets	5,219,075	1,172,257	379,937	2,237,987	9,009,270	297,364	(1,048,232)	8,258,402
Other items								
Depreciation and amortization	207,911	43,138	9,025	100,245	360,327	10,352	(584)	370,100
Amortization of goodwill	691	402	—	22,358	23,452	264	—	23,716
Investment in equity method affiliates	5,081	—	—	411,264	416,345	8,603	—	424,955
Increase in property, plant and equipment and intangible assets	319,050	68,308	7,006	175,710	570,094	19,138	(389)	588,842

*1 "Other Businesses" are the 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 "Adjustments" were as follows:

(a) The adjustments of segment profit or loss of ¥404 million (U.S. $2,540 thousand) and ¥322 million for FY2025 and FY2024 ended March 31, 2026 and 2025, respectively, were from the elimination of intersegment transactions.

(b) The adjustments of segment assets of -¥166,669 million (-U.S. $1,048,232 thousand) and -¥163,795 million for FY2025 and FY2024 ended March 31, 2026 and 2025, respectively, were from the elimination of intersegment transactions.

(c) The adjustments of depreciation and amortization of -¥93 million (-U.S. $584 thousand) and -¥90 million for FY2025 and FY2024 ended March 31, 2026 and 2025, respectively, were from the elimination of intersegment transactions.

(d) The adjustments of increases in property, plant and equipment, and intangible assets of -¥62 million (-U.S. $389 thousand) and -¥234 million for FY2025 and FY2024 ended March 31, 2026 and 2025, respectively, were from the elimination of intersegment transactions.

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

(2) Related Information

A. Products and Services

Sales to third parties	Millions of yen		Thousands of U.S. dollars
	3/2026	3/2025	3/2026
Paperboard	**¥ 62,956**	¥ 63,594	$ 395,949
Corrugated board	**43,041**	43,505	270,698
Corrugated boxes	**405,313**	398,573	2,549,138
Flexible packaging and cellophane	**214,134**	206,744	1,346,754
Other	**282,890**	280,833	1,779,182
Total	**1,008,337**	993,251	6,341,742

B. Geographical Segments

(a) Sales	Millions of yen		Thousands of U.S. dollars
	3/2026	3/2025	3/2026
Japan	**¥ 795,826**	¥ 777,275	$ 5,005,194
Asia	**88,613**	93,696	557,314
Europe	**102,285**	99,213	643,301
Other	**21,611**	23,065	135,918
Total	**1,008,337**	993,251	6,341,742

(b) Property, plant and equipment	Millions of yen		Thousands of U.S. dollars
	3/2026	3/2025	3/2026
Japan	**¥ 446,091**	¥ 425,494	$ 2,805,603
Asia	**33,929**	30,088	213,389
Europe	**65,623**	57,704	412,723
Other	**13,929**	12,829	87,603
Total	**559,574**	526,116	3,519,333

C. Major Customers

There were no specific customers whose sales exceeded 10% of the total sales in the consolidated statements of income for FY2025 and FY2024 ended March 31, 2026 and 2025. Therefore, information regarding such major customers was not required to be disclosed.

(3) Information on Impairment Losses of Non-Current Assets by Reportable Segments

Millions of yen

	3/2026							
	Reportable segments							
	Paperboard and Packaging-Related Business	Flexible Packaging-Related Business	Heavy Duty Packaging-Related Business	Overseas Business	Subtotal	Other Businesses	Adjustments	Total
Impairment losses	**¥ 136**	**¥ 9**	**¥ —**	**¥ 18,910**	**¥ 19,057**	**¥ —**	**¥ —**	**¥ 19,057**

Millions of yen

	3/2025							
	Reportable segments							
	Paperboard and Packaging-Related Business	Flexible Packaging-Related Business	Heavy Duty Packaging-Related Business	Overseas Business	Subtotal	Other Businesses	Adjustments	Total
Impairment losses	¥ 551	¥ —	¥ —	¥ —	¥ 551	¥20	¥ —	¥ 571

Thousands of U.S. dollars

	3/2026							
	Reportable segments							
	Paperboard and Packaging-Related Business	Flexible Packaging-Related Business	Heavy Duty Packaging-Related Business	Overseas Business	Subtotal	Other Businesses	Adjustments	Total
Impairment losses	$ 855	$ 56	$—	$ 118,930	$ 119,855	$—	$—	$119,855

"Other Businesses" are the 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.

(4) Information on Amortization of Goodwill and Unamortized Balance by Reportable Segment

	Millions of yen							
	3/2026							
	Reportable segments							
	Paperboard and Packaging-Related Business	Flexible Packaging-Related Business	Heavy Duty Packaging-Related Business	Overseas Business	Subtotal	Other Businesses	Adjustments	Total
Goodwill								
Amortized for the period	**¥ 110**	**¥ 64**	**¥ —**	**¥ 3,555**	**¥ 3,729**	**¥ 42**	**¥ —**	**¥ 3,771**
Balance at end of period	**213**	**—**	**—**	**17,510**	**17,724**	**105**	**—**	**17,829**
Negative goodwill								
Amortized for the period	**0**	**1**	**—**	**—**	**2**	**—**	**—**	**2**
Balance at end of period	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**

	Millions of yen							
	3/2025							
	Reportable segments							
	Paperboard and Packaging-Related Business	Flexible Packaging-Related Business	Heavy Duty Packaging-Related Business	Overseas Business	Subtotal	Other Businesses	Adjustments	Total
Goodwill								
Amortized for the period	¥ 218	¥ 128	¥ 34	¥ 3,261	¥ 3,643	¥42	¥ —	¥ 3,685
Balance at end of period	323	64	—	26,218	26,605	147	—	26,753
Negative goodwill								
Amortized for the period	15	1	—	—	16	—	—	16
Balance at end of period	0	1	—	—	2	—	—	2

	Thousands of U.S. dollars							
	2026/3							
	Reportable segments							
	Paperboard and Packaging-Related Business	Flexible Packaging-Related Business	Heavy Duty Packaging-Related Business	Overseas Business	Subtotal	Other Businesses	Adjustments	Total
Goodwill								
Amortized for the period	$ 691	$ 402	$ —	$ 22,358	$ 23,452	$ 264	$ —	$ 23,716
Balance at end of period	1,339	—	—	110,125	111,471	660	—	112,132
Negative goodwill								
Amortized for the period	0	6	—	—	12	—	—	12
Balance at end of period	—	—	—	—	—	—	—	—

"Other Businesses" are the 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.

21. RELATED PARTY INFORMATION

There were no Significant transactions of the Company with related party for FY2025 ended March 31, 2026
There were no Significant transactions of the Company with related party for FY2024 ended March 31, 2025

22. ADDITIONAL INFORMATION

(Stock compensation plan)

Based on the resolution of the General Meeting of Shareholders held on June 26, 2020, the Company introduced a Stock Compensation Plan using a trust for Directors, excluding Outside Directors, to increase Directors' motivation to contribute to improving the Company's mid- to long-term performance and increasing its corporate value by making a clearer link between the compensation provided to Directors and the Company's share value and sharing with stockholders the benefits and risks associated with share price fluctuations.

The Company also introduced the same compensation plan as above for the executive officers of the Company.

Additionally, at the board of directors meeting held on February 26, 2026, it was resolved to continue this plan and extend the applicable period through FY2028.

(1) Overview of Transactions

The Plan is a stock compensation plan under which shares of the Company will be acquired through a trust (hereinafter the trust established by the Plan shall be referred to as the "Trust") using money contributed by the Company as a source, and the Company's shares equivalent to the number of points awarded by the Company to each Director, etc., will be delivered to each Director, etc., through the Trust. In principle, the Company's shares will be delivered to Directors, etc., upon their retirement.

The accounting method regarding the Plan complies with the "Practical Solution on Transactions for Delivering the Company's Own Stock to Employees, etc., Through Trusts" (ASBJ Practical Issues Task Force No.30, March 26, 2015).

(2) The Company's shares remaining in the Trust

The Company's shares remaining in the Trust are posted as treasury stock as part of net assets based on the book value, excluding amounts for incidental expenses. The corresponding treasury stock book value and number of shares at the end of the fiscal year was ¥1,319 million (U.S. $8,295 thousand) and 1,526,500 shares, whereas ¥1,518 million and 1,757,200 shares at the end of the previous fiscal year.

23. SUBSEQUENT EVENTS

(1) Appropriation of Non-Consolidated Retained Earnings

At the Board of Directors meeting held on May 14, 2026, the Company resolved the following year-end appropriation of non-consolidated retained earnings:

	Millions of yen	Thousands of U.S. dollars
Year-end cash dividends (¥20.00 = U.S. $0.12 per share)	**¥ 4,991**	**$ 31,389**

The above mentioned appropriation has not been reflected in the consolidated financial statements as of March 31, 2026. Such appropriations are recognized in the period in which they are approved.

(Note) The total amount of dividends determined by the resolution of the Board of Directors held on May 14, 2026 includes dividends of ¥30 million (U.S. $188 thousand) which is paid for the Company's shares held by the Trust related to the Stock Compensation Plan.

(2) Acquisition of Treasury Stock

At a meeting of the Board of Directors held on May 14, 2026, the Company resolved to acquire its own shares pursuant to Article 459, Paragraph 1, Item 1 of the Companies Act and the provisions of its Articles of Incorporation.

The maximum number of shares to be acquired is 25,000,000 shares, and the maximum aggregate acquisition cost is JPY 25,000 million (U.S.$ 157,232 thousand). The acquisition period is from May 15, 2026 to January 29, 2027.

The purpose of the share repurchase is to improve capital efficiency and enhance shareholder returns.

Independent Auditor's Report

To the Board of Directors of Rengo Co., Ltd.:

Opinion
We have audited the accompanying consolidated financial statements of Rengo Co., Ltd. ("the Company") and its consolidated subsidiaries (collectively referred to as "the Group"), which comprise the consolidated balance sheets as at March 31, 2026 and 2025 , the consolidated statements of income and comprehensive income, changes in net assets and cash flows for the years then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at March 31, 2026 and 2025 , and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with accounting principles generally accepted in Japan.

Basis for Opinion
We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements of public interest entities in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters
Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Reasonableness of the estimate of the recoverable amount in measuring impairment losses on non-current assets, including goodwill, of TRICOR Packaging & Logistics AG	
The key audit matter	**How the matter was addressed in our audit**
Impairment losses of JPY 19,057 million were recognized in the Consolidated Statement of Income of Rengo Co., Ltd. As described in Note 3 "Significant Accounting Estimates" and Note 18 "Impairment Losses," this amount includes impairment losses of JPY 18,910 million relating to non-current assets, including goodwill, of TRICOR Packaging & Logistics AG, a consolidated subsidiary included in the Overseas Business. Tri-Wall Limited, the parent company of TRICOR Packaging & Logistics AG, applies International Financial Reporting Standards. For groups of cash-generating units that include goodwill, impairment tests are performed annually and whenever there is an indication of impairment. When the recoverable amount is less than the carrying amount, the carrying amount is reduced to the recoverable amount, and the resulting decrease is recognized as an impairment loss. The recoverable amount is the higher of value in use and fair value less costs of disposal. During the current fiscal year, Tri-Wall Limited performed an impairment test on the goodwill of TRICOR Packaging & Logistics AG and recognized impairment losses on non-current assets, including goodwill, as the recoverable amount determined based on value in use was below the carrying amount. The future cash flows used in measuring value in use are estimated based on the business plan prepared by management and the terminal growth rate for the periods thereafter. The assumptions underlying the plan, including increases in sales volume driven by business expansion in Germany and neighboring countries, involve uncertainty, and management's judgment significantly affects the estimate of future cash flows. Furthermore, the estimate of the discount rate used in measuring value in use requires a high level of expertise in valuation, particularly in selecting the appropriate valuation methodology and input data. Based on the above, we determined that the reasonableness of the estimate of the recoverable amount in measuring impairment losses on non-current assets, including goodwill, of TRICOR Packaging & Logistics AG is of particular importance in the audit of the consolidated financial statements for the current fiscal year and constitutes a key audit matter.	In order to assess the reasonableness of the estimate of the recoverable amount in measuring impairment losses on non-current assets, including goodwill, of TRICOR Packaging & Logistics AG, we performed the following primary audit procedures. In performing these procedures, we involved the auditors of Tri-Wall Limited and directed, supervised, and reviewed their work. (1) Assessment of the reasonableness of future cash flows In order to assess the appropriateness of key assumptions adopted by management in preparing TRICOR Packaging & Logistics AG's business plan, which was used as the basis for estimating future cash flows, we: • assessed the reasonableness of management's past estimates by comparing prior-year business plans with actual results; • assessed the reasonableness of the assumptions regarding increases in sales volume driven by business expansion in Germany and neighboring countries by obtaining an understanding of key initiatives and recent order trends and by comparing the sales volume growth assumptions with external market forecasts. (2) Assessment of the reasonableness of the discount rate With the involvement of valuation specialists from the network firm of the auditor of Tri-Wall Limited, we: • assessed the reasonableness of the discount rate by comparing it with an independently estimated discount rate developed by the specialists using market data and assumptions.

Other Information
The other information comprises the information included in the Integrated Report, but does not include the consolidated financial statements and our auditor's report thereon. The other information is expected to be made available to us after the date of this auditor's report.Management is responsible for the other information. Corporate auditors and the board of corporate auditors are responsible for overseeing the directors' performance of their duties with regard to the design, implementation and maintenance of the reporting process for the other information.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

Responsibilities of Management and Corporate Auditors and the Board of Corporate Auditors for the Consolidated Financial Statements
Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern in accordance with accounting principles generally accepted in Japan and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Corporate auditors and the board of corporate auditors are responsible for overseeing the directors' performance of their duties with regard to the design, implementation and maintenance of the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements
Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in Japan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of our audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, while the objective of the audit is not to express an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate whether the presentation and disclosures in the consolidated financial statements are in accordance with accounting standards generally accepted in Japan, the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purpose of the group audit. We remain solely responsible for our audit opinion.

We communicate with corporate auditors and the board of corporate auditors regarding, among other matters, the planned scope and timing of the audit, significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide corporate auditors and the board of corporate auditors with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with corporate auditors and the board of corporate auditors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Fee-related Information
Fees paid or payable to our firm and to other firms within the same network as our firm for audit and non-audit services provided to the Company and its subsidiaries for the current year are 480 million yen and 76 million yen, respectively.

Convenience Translation
The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2026 are presented solely for convenience. Our audit also included the translation of yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note 1 to the consolidated financial statements.

Interest required to be disclosed by the Certified Public Accountants Act of Japan
We do not have any interest in the Group which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

Koji Narumoto	Designated Engagement Partner	Certified Public Accountant
Seiko Ohashi	Designated Engagement Partner	Certified Public Accountant
Satoshi Suzuki	Designated Engagement Partner	Certified Public Accountant

Osaka Office, Japan
July 10, 2026

KPMG AZSA LLC

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