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Designs for Business

Fiscal Year 2024 Financial Results

神鋼商事
SHINSHO CORPORATION
Securities Code: 8075

May 8, 2025

Business Environment in FY2024

- While there were negative factors such as reduced production of Japanese-affiliated automobiles and decreased demand for construction materials and construction machinery in Japan, capital investment in environment-related and manufacturing activities increased, and the semiconductor and air-conditioning fields showed a recovery trend. The raw materials field was affected by falling prices and reduced capacity utilization at overseas investments and business partners.

FY2024 Actual

- Despite a challenging business environment, sales increased year on year to 617.2 billion yen. ordinary profit was 11.8 billion yen. Allowance for doubtful accounts was recorded for overseas investees. Net income (attributable to owners of the parent) was 8.6 billion yen.

Forecast for FY2025

- For the full year, the company forecasts recurring profit of 12 billion yen (+2% YoY) and net income of 9.2 billion yen (+7% YoY). Shareholder return is forecast to be 106 yen, based on the policy of "dividend payout ratio of 30% or more or 100 yen per share, whichever is higher.

	FY 2023 (actual)	FY 2024 (actual)	FY 2025 (forecast)
Net sales	591.4	617.2	637.0
Ordinary Profit	12.8	11.8	12.0
<small>Attributable to: Shareholders of the parent company</small> Net income	9.1	8.6	9.2
ROE	11.5%	9.7%	10.0%
Dividend	105 yen	100 yen	106 yen

*After the 3-for-1 stock split effective April 1, 2025, dividends for fiscal years 2023 and 2024 are adjusted for the three-for-one split.

1. Summary of Consolidated Financial Results for FY2024
2. Forecast of consolidated financial results for FY2025
3. Progress of Mid-term Management Plan

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Statement of income for FY2024

FY2024 Performance Summary

- Net sales increased 25.7 billion yen YoY due to growth in aluminum and copper units; gross profit increased 1.3 billion yen YoY
- Operating income was at the same level as the previous year due to an increase in SG&A expenses. (+0.9 bn yen from the previous announcement)
- Ordinary profit decreased 1.0 billion yen YoY due to provision of allowance for doubtful accounts, etc. (+0.8 bn yen from the previous announcement)
- Net income decreased by 0.5 billion yen YoY due to reduction of strategic shareholdings, etc. (+0.5 bn yen from the previous announcement)
- Dividend of 100 yen per share (after the stock split adjustment), the same amount as the previous fiscal year

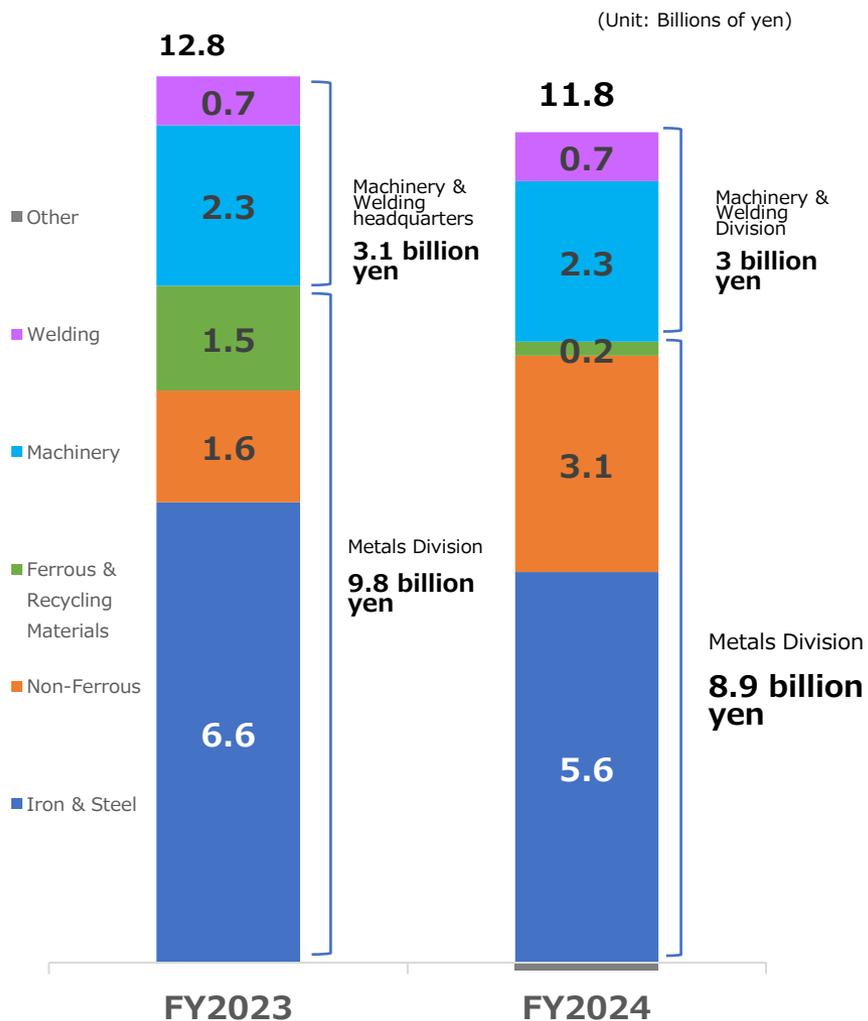
	Fiscal Year 2023 ①	Fiscal Year 2024 ②	Increase/Decrease ③ = ② - ①	Percentage change ④=③/①	Previously announced value ⑤	Previously announced value Increase/decrease ⑥ = ② - ⑤
(Unit: Billions of yen)						
Net sales	591.4	617.2	+25.7	4.4%	623.0	(5.2)
Gross profit	39.1	40.4	+1.3	4.0%	-	-
SG&A expenses	(25.8)	(27.2)	(1.3)	-	-	-
Operating income	13.3	13.2	(0.1)	(0.6%)	12.3	+0.9
Ordinary profit	12.8	11.8	(1.0)	(8.2%)	11.0	+0.8
(ordinary profit ratio %)	2.17%	1.91%	(0.26%)	-	1.77%	0.14%
Attributable to: Shareholders of the parent company						
Net income	9.1	8.6	(0.5)	(6.0%)	8.1	+0.5
per share						
Net income (yen)	345.13 yen	324.24 yen	(20.89 yen)	(6.0%)	306.66 yen	17.58 yen
Dividends (yen)	105 yen	100 yen	-	-	100 yen	-

The net income per share and dividend per share for FY2024 are adjusted for the 3-for-1 stock split effective April 1, 2025.

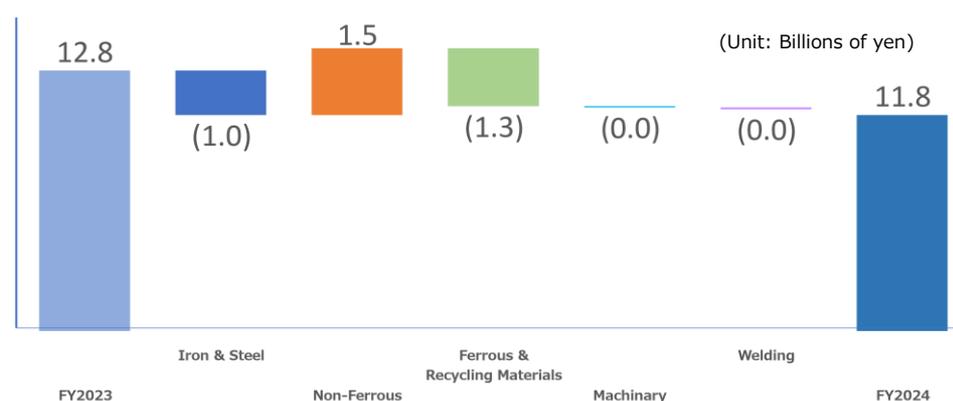
Net income per share before stock split for FY2023 is 1,035.38 yen and dividend per share is 315 yen, and net income per share before stock split for FY2024 is 972.71 yen and dividend per share is 300 yen.

FY2024 Financial Summary YoY Changes/Increase

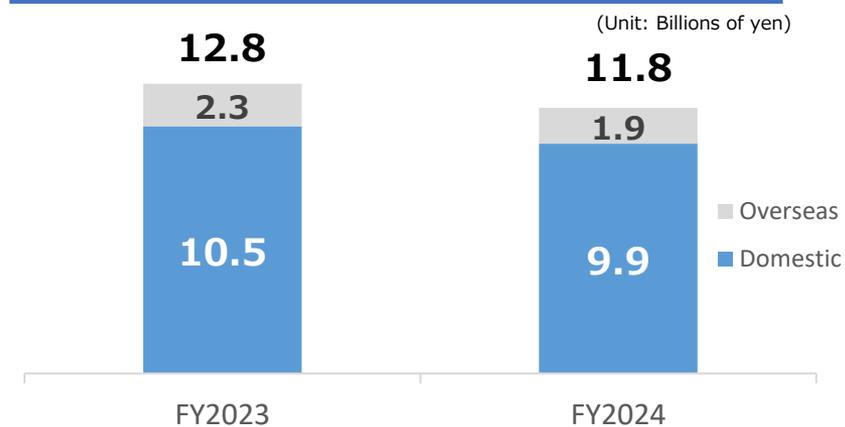
Ordinary profit by Unit Comparison



Ordinary profit by Unit Change



Comparison of ordinary profit by Region

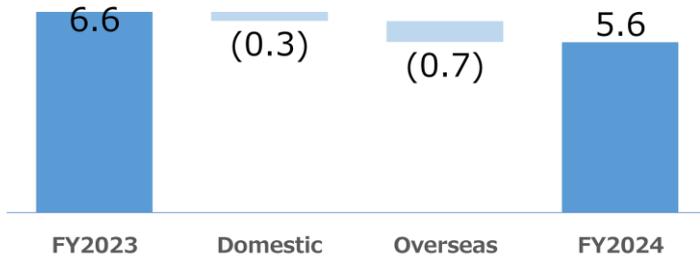


*Equity method income/loss is classified by location.

Ordinary Profit by Unit Change (Metals Division)

(Unit: Billions of yen)

Iron & Steel



Increase/Decrease Factors

In Japan, demand for shipbuilding and construction materials declined, while demand from the Japanese automobile and construction materials industries declined.

Decrease due to increase in volume of semi-finished goods handled and impact of product mix Steel volume handled was 2,499 kt (-2% YoY).

Increase in equity in earnings of affiliates due to conversion of Sanyo Seiki into an affiliate

Overseas] Decrease due partly to the extinguishment of one-time gains in the U.S. in the previous fiscal year.

Non-Ferrous



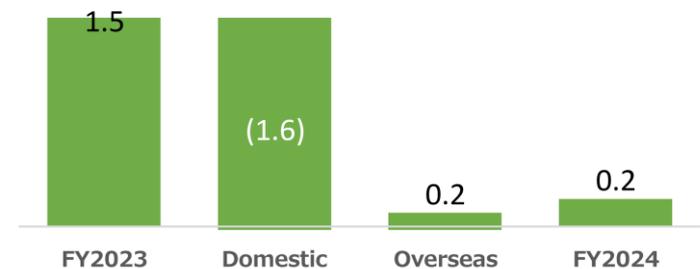
Increase/Decrease Factors

Copper products increased in terminal connectors for automobiles and copper tubes for air-conditioning systems.

Aluminum products: Volume handled for LCD and store sales increased, despite decrease in sales to Japanese auto industry

Inagaki Shoten, which became a subsidiary in FY2023, will contribute to profit increase due to consolidation

Ferrous & Recycling Materials



Increase/Decrease Factors

Prices of main raw materials declined, and the volume of goods handled also decreased slightly.

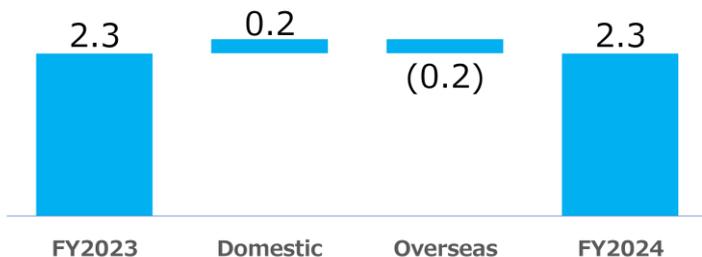
Biomass fuel volume declined due to lower capacity utilization by customers.

Decrease due to allowance for doubtful accounts at overseas investees

Overseas] Increase in volume of overseas cold iron sources handled
Volume handled: 981 thousand tons (25% increase over the previous year)

(Unit: Billions of yen)

Machinery



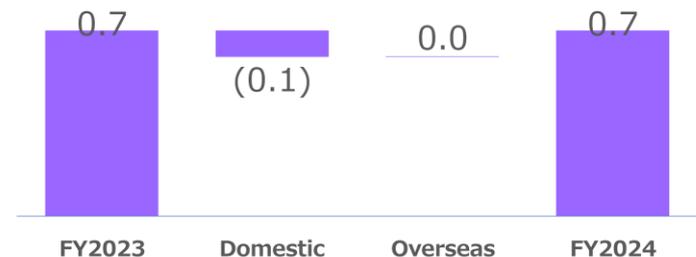
Increase/Decrease Factors

Domestic] Strong sales of compressors, maintenance, and sales to Kobe Steel, Ltd.

Increase in personnel to strengthen sales and marketing at domestic parent company and subsidiaries (increase in SG&A expenses)

Decrease due to lower sales of construction machinery parts in China and South Korea

Welding



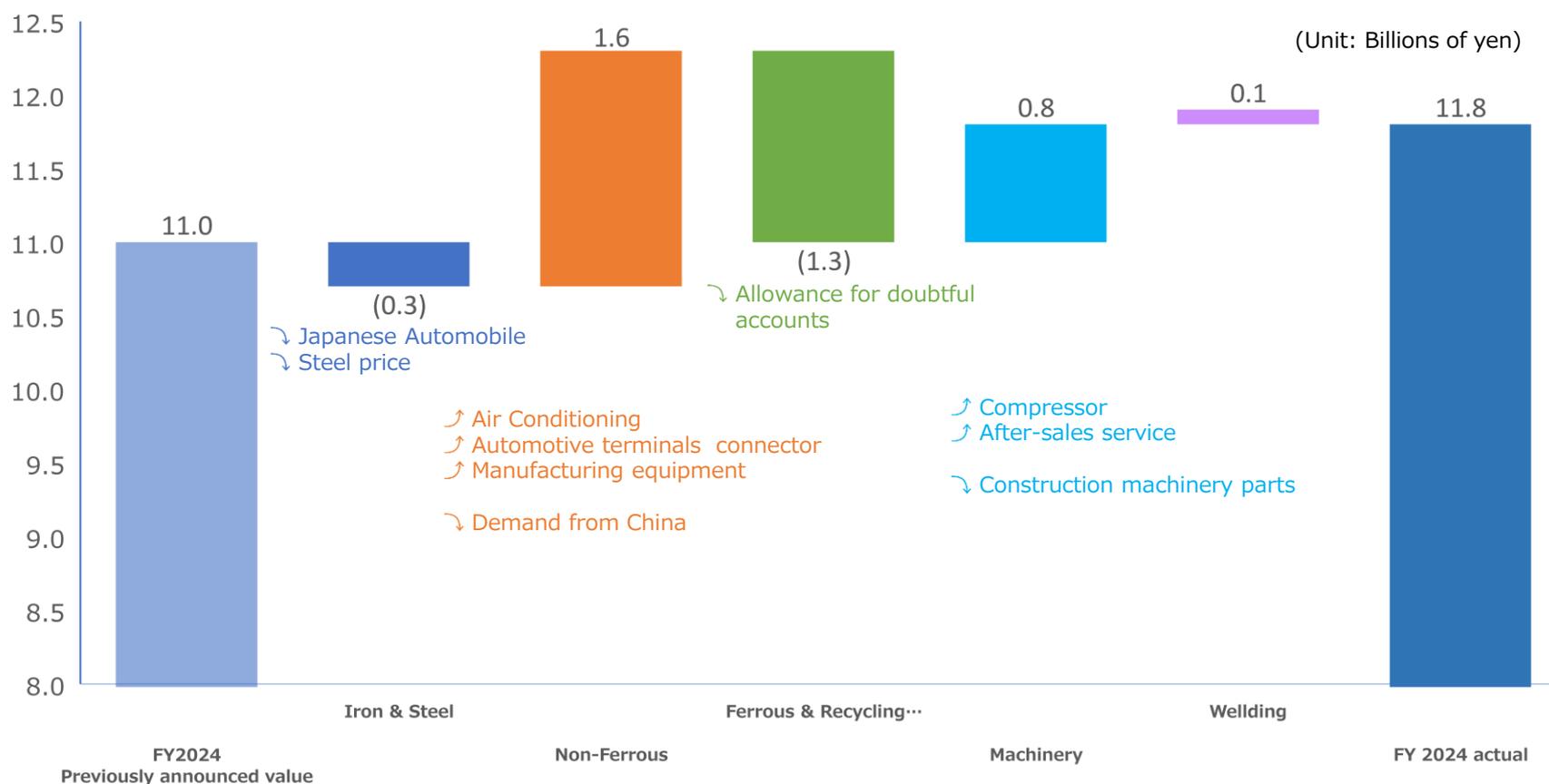
Increase/Decrease Factors

Domestic] Welding material prices rose, but volume declined.

Overseas] Handling of welding robots remained steady.

Reference] Ordinary profit by Unit FY2024 Previous announcement vs.

- Aluminum & Copper Unit: Increase of 1.6 billion yen mainly due to increase in terminal connectors for automobiles and processed aluminum products
- Machinery Unit: Increased by 0.8 billion yen due to increase in compressors and after-sales service, etc.
- Raw materials unit posted a 1.3 billion yen decrease due to allowance for doubtful accounts for overseas business investees and lower capacity utilization of business partners.



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[Prerequisite]

Exchange rate : Assumes **1USD=140** yen.



Field	FY2024 Actual		Assumption for FY2025	
Automobile		Domestic automobile production decreased from the previous year. Particularly large declines in Japanese auto production in China and Thailand		Japanese auto production is expected to remain flat year on year. U.S. Tariff Policy Makes Demand Trends Uncertain
Semiconductor		Strong demand for AI-related products, but weak demand for power semiconductors for automobiles and industrial machinery		The outlook for AI data centers is expected to improve. However, demand for power semiconductors for PCs and automobiles is expected to take time to recover.
Resource recycling		Steel scrap market softening due to lower domestic demand and yen appreciation		Steel scrap soft both domestically and overseas Domestic aluminum scrap is firm due to higher melting and utilization rates
Energy (Biomass)		Growth rate slowed from the previous year due to trouble at a biomass power plant, but increased.		Handling of biomass fuel increased due to the resumption of operations by business partners.

The business environment assumptions are the business environment surrounding the Shinsho Corporation Group and do not necessarily correspond to the general business environment.

[Reference] Impact of the Trump Administration's Tariffs

- The direct impact of the decline in Japanese automobile production for North America on our business results is unclear, and there is a possibility that the global economy, a decline in demand in a wide range of fields, and supply chain disruptions will also have an impact. As it is difficult to predict the scope and scale of this impact at this point, it has not been factored into the 2025 business results forecast announced today.

Earnings Forecast Summary

- Ordinary profit for FY2025 is 12 billion yen.
- Net sales are expected to increase due to an increase in transaction volume in the aluminum and copper units, but the price decline in steel products and the impact of stagnation in Japanese automobile production will have a negative impact on sales.
- Operating income is expected to decrease due to the impact of production, an increase in SG&A expenses, and other factors. On the other hand, non-operating income and expenses are expected to improve,
- The forecasted ordinary profit for 2025 is ¥12.0 billion, up ¥0.2 billion from the same period last year.
- The interim dividend will be 53 yen per share, and the annual dividend will be 106 yen per share. (Dividend payout ratio: 30.4%)

(Unit: Billions of yen)	FY2024 actual	Forecast for FY2025	Increase/Decrease	Percentage change	Main reasons for increase/decrease
Net sales	617.2	637.0	19.8	3.2%	Increase due to higher transaction volume in aluminum and copper units
Operating income	13.3	11.9	(1.3)	(10%)	Declining steel prices and lower demand for Japanese automobiles and Decrease due to increase in SG&A expenses
Ordinary profit	11.8	12.0	0.2	2.0%	Increase due to improvement in non-operating income and expenses
(ordinary profit ratio %)	(1.9%)	(1.9%)	-	-	
Attributable to: Shareholders of the parent company					
Net income	8.6	9.2	0.6	7.4%	
per share Net income (yen)	324.24 yen	348.00 yen	23.76 yen	7.4%	
Dividends (yen)	100 yen	106 yen	6 yen	-	

The net income per share and dividend per share for FY2024 are adjusted for the 3-for-1 stock split effective April 1, 2025.
Net income per share before stock split for FY2024 is 972.71 yen and dividend per share is 300 yen.

Forecast for FY2025 Priority Initiatives

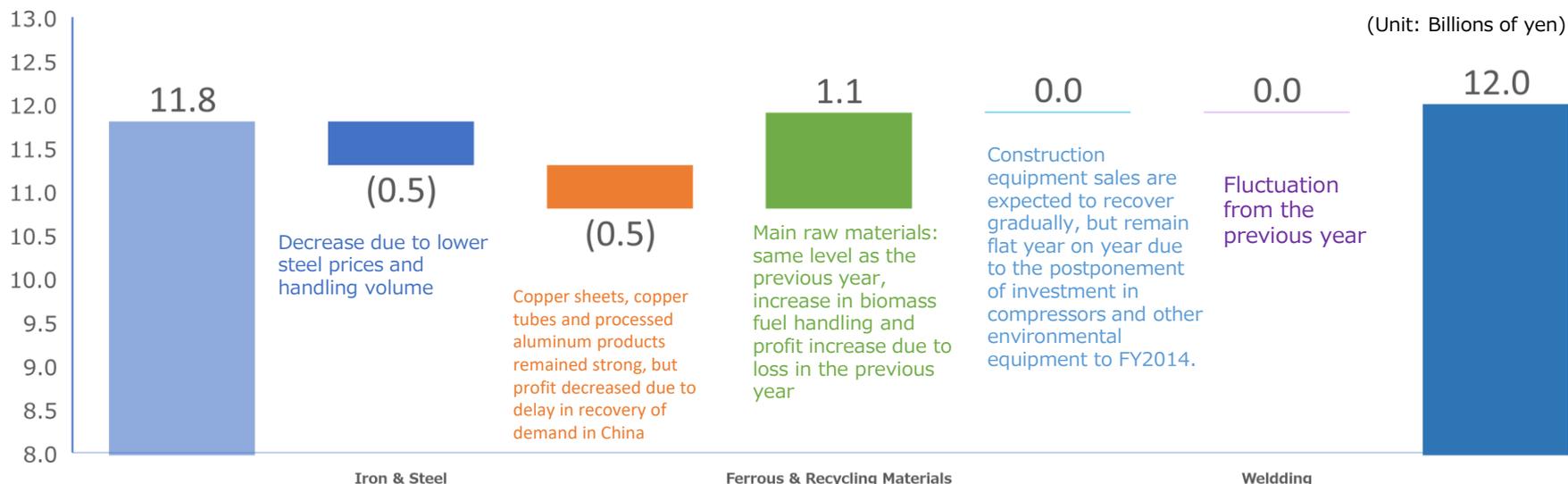
field	Three Pillars			Priority approach
	Kobelco Group business	original supply chain	SX	
Automobile	● Supply Chain enhancement			Strengthening the supply chain centered on secondary processing GBP in North America Building a supply chain in the Indian market
Semiconductor	● Semiconductor Production Equipment Components Business			By commercializing aluminum processing for semiconductor manufacturing equipment centered on Shinsho Precision Equipment Co., Ltd., established in fiscal 2024, we will expand our product lineup.
Resource recycling	● Resource recycling business			Expanding horizontal recycling through the strengthening of automotive panels and the commercialization of aluminum chassis scrap upgrading, while also considering expansion into PCR* business areas to strengthen domestic resource recycling business.
Energy	● Development of new biomass fuel products	● Biomass fuel Expansion of fee handling	● Development of new biomass fuel products	Diversify the supply chain by expanding biomass fuel sources and enhancing functionality, and participate in the semi-carbonized pellet business to expand global biomass fuel handling.
Manufacturing Site	● ● Provide value-added products and services			Expand customer value and strengthen profitability by expanding the range of products offered through a wider network of procurement partners, while strengthening maintenance and engineering capabilities.
Other	● TRACK Design India (TDI) Expansion of handling			Starting in fiscal 2025, we will begin full localization (local procurement, production, and sales) in India and expand our handling of construction machinery parts in the Indian market.
DX	● ● ● ● ● Supply Chain DX			Promote productivity improvements and database creation through DX both domestically and internationally, enhance customer satisfaction, and strengthen competitiveness. Also, begin initiatives to upgrade core systems.

● Iron & Steel, ● Non-Ferrous, ● Ferrous & Recycling Materials, ● Machinery, ● Welding, ● New Business Promotion Office

*PCR: Post Consumer Recycle, which refers to recycling products and materials that have been discarded by consumers after use and then collected and reused.

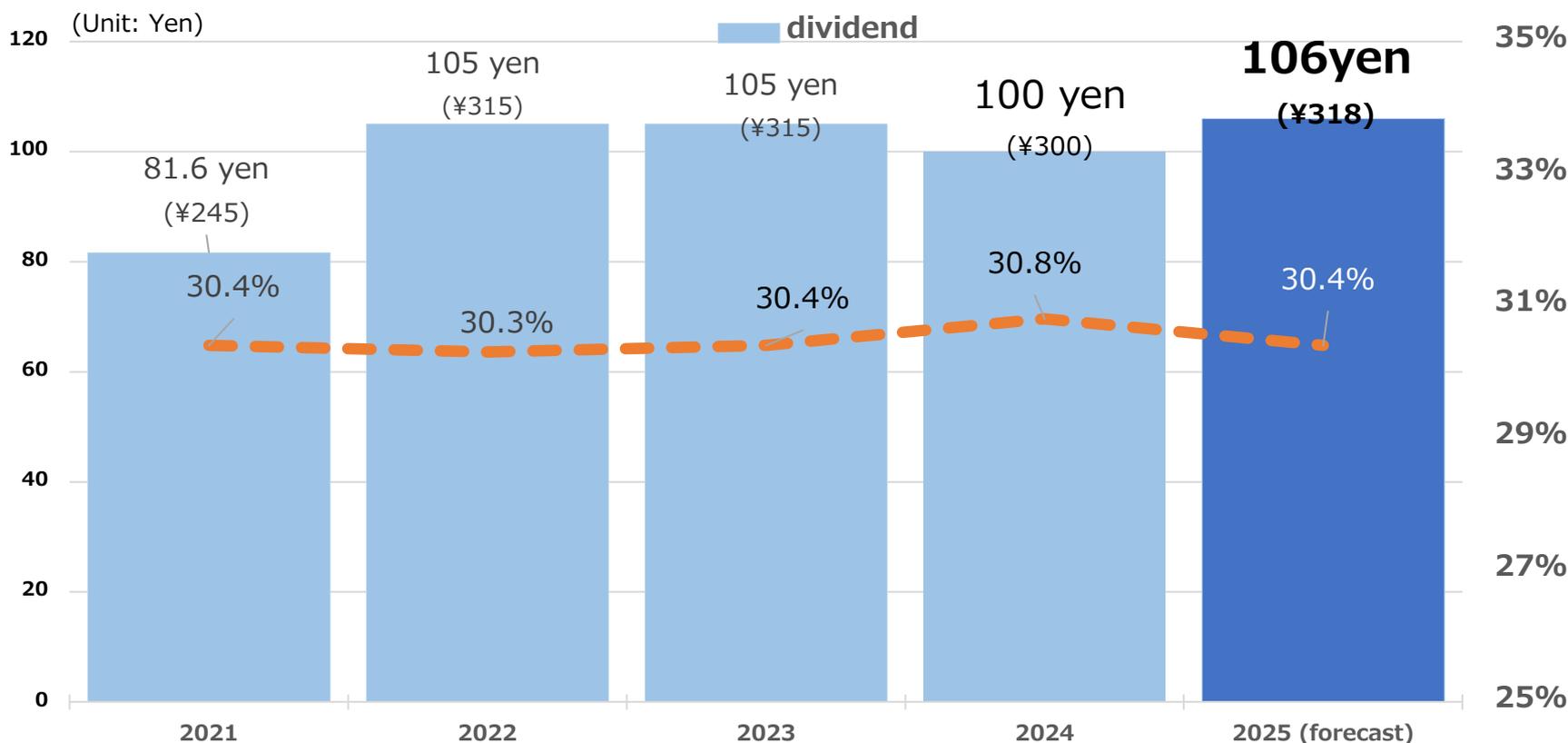
FY2025 Forecast ordinary profit Increase/Decrease by Unit

(Unit: Billions of yen)		FY 2024	Forecast for FY2025	Increase/decrease	Percentage change
Metals	Iron & Steel	5.6	5.1	(0.5)	(9.0%)
	Non-Ferrous	3.1	2.6	(0.5)	(16.0%)
	Ferrous & Recycling Materials	0.2	1.3	+1.1	648.6%
	subtotal	8.9	9.0	+0.1	1.5%
Machinery & Welding	Machinery	2.3	2.3	0	0.6%
	Welding	0.7	0.7	0	(0.5%)
	subtotal	3.0	3.0	0	0.4%
Other		(0.1)	0.0	+0.1	
Total Amount		11.8	12.0	+0.2	2.0%



Dividend forecast for FY2025

- The dividend policy in the "[Midterm Corporate Strategy 2026](#)" is "a consolidated dividend payout ratio of 30% or more or a dividend of 100 yen per share, whichever is higher."
- We conducted a **3-for-1 stock split with** a record date of March 31, 2025 (effective April 1, 2025). Therefore, the dividend forecast for FY2025 is a dividend of **106 yen** per share based on a consolidated payout ratio of at least 30%.



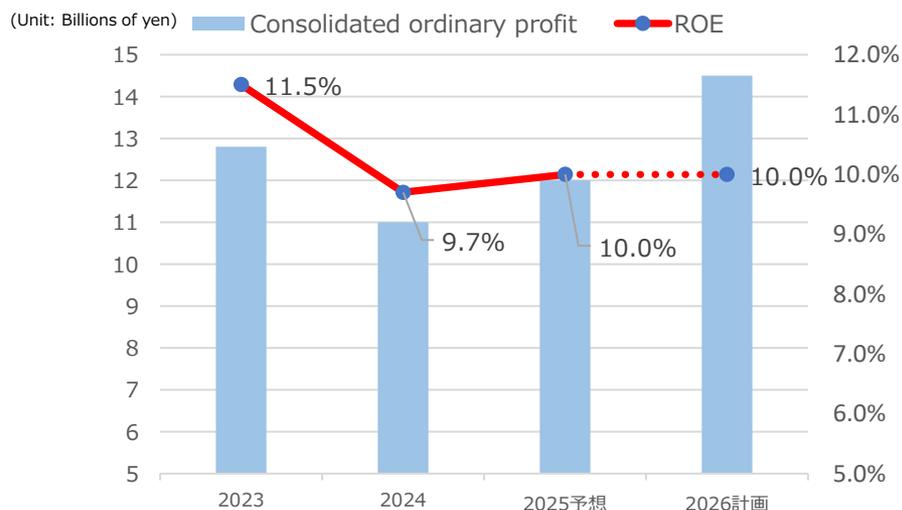
*April 1, 2025 was the effective date of the 3-for-1 stock split, and the graphs for 2021 through 2024 are adjusted for the 3-for-1 split. Figures in parentheses for 2021 through 2025 are before stock split adjustment.

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- 3. Progress of Mid-term Management Plan**

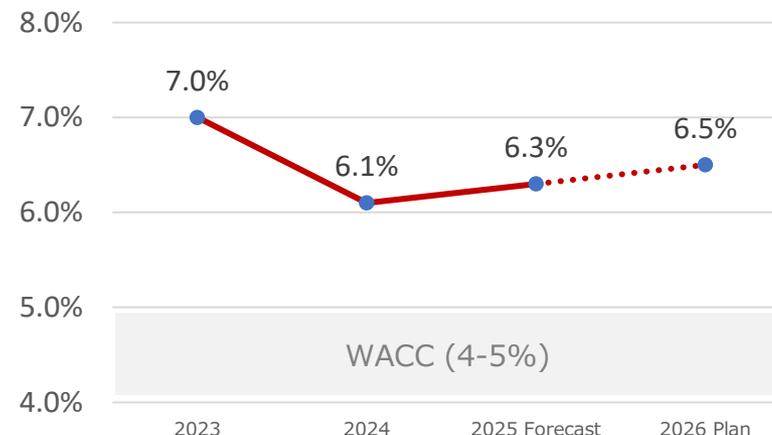
Progress of mid-term management plan Progress of KGI and target figures

	First year			Second Year		Final
	FY 2023	FY 2024		FY2025		FY 2026
	Actual	Actual	Change from previous period	Forecast	Change from previous period	Plan
Consolidated ordinary profit	12.8	11.8	1.0	12.0	+0.2	14.5
ROE	11.5%	9.7%	(1.8%)	10.0%	+0.3	10.0% or more
ROIC	7.0%	6.1%	(0.9%)	6.3%	+0.2	6.5%
Capital adequacy ratio	21.7%	23.6%	+1.9%	24.6%	+1.0%	21% or more
External interest-bearing debt	60.6	61.3	+0.5	(Optimize funding with a target D/E ratio of 0.7x or less)		
D/E Ratio	0.7 times	0.7 times	-	0.6 times	(0.1x)	0.7 times or less

Consolidated ordinary profit and ROE



Changes in ROIC



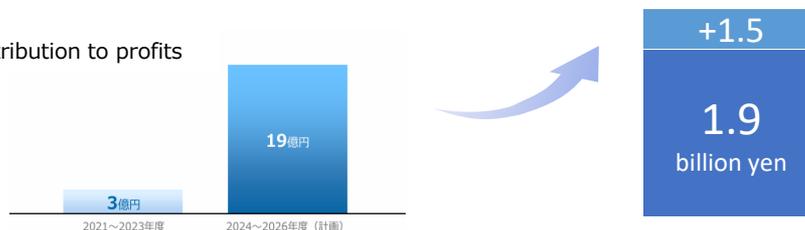
Medium-Term Management Plan Progress Investment Results and Future Investment Plans

- Actual investment in FY2024 is 2.0 billion yen compared to the investment plan of 23.0 billion yen in the current mid-term plan due to timing delays and other factors.
- Steady implementation of growth strategy with 7.7 billion yen of specific projects planned for FY2025
- Profit contribution from investments during the current mid-term plan period is expected to be about 1.5 billion yen.

Investment	Three Pillars (Upper row: actual results for FY2012, lower row: main plans for FY2013 and FY2014)			Fiscal year 2024 Investment Performance	2025 forecast
	Kobelco Group business	Original supply chain	SX		
Automobile	● Additional investment in Sanyo Seiki, etc.			Approx. 2 billion yen	Approx. 7.7 billion yen
	● Capital expenditures, supply chain DX	● Warehouse automation system			
Semiconductor		● Established Shinsho Seimitsu and made capital investments in operating companies.			
		● Shinsho Precision Equipment Investment			
Resource recycling		● Investment in aluminum recycling business			
Energy	● Participation in black pellet business	● Biomass business investment	● Participation in black pellet business		
Manufacturing Site		● Business Investment			
Other		● Capital investment, ● TDI, Japan Granulator M&A			
		● Capital investment, ● Reinforcement of welding trading company functions	● Additional investment in funds		

● Iron & Steel, ● Non-Ferrous, ● Ferrous & Recycling Materials, ● Machinery, ● Welding, ● New Business Promotion Office

contribution to profits



Profit contribution from **investments during the current mid-term plan period.** + Approx. 1.5 billion yen accumulation

Profit contribution from investments in 21-23 years
1.9 billion yen (no change from the figures announced in the mid-term plan)

(*)Profit contribution: ordinary profit of consolidated subsidiaries, equity in earnings of affiliates accounted for by the equity method, increased earnings due to capital investment, etc.

FY2024 Status of Reduction of Policy Shareholdings

In the current fiscal year, 5 issues were reduced by 10.4 billion yen.

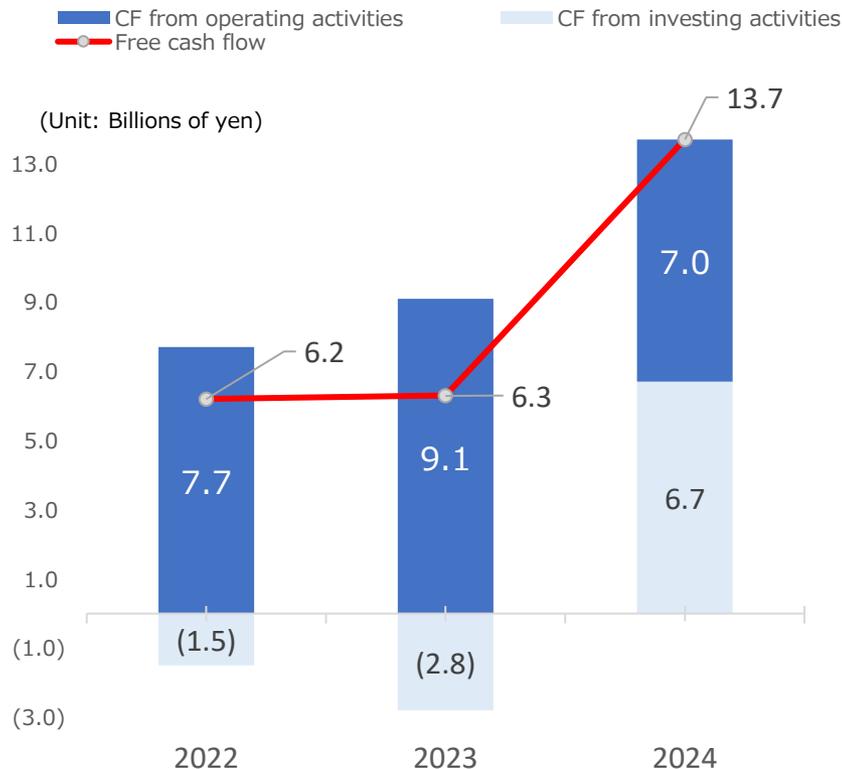
The ratio of consolidated net assets to total assets declined to 18.3%.

We will continue to examine the purpose and effects of holding these assets and reduce them from the viewpoint of capital efficiency.

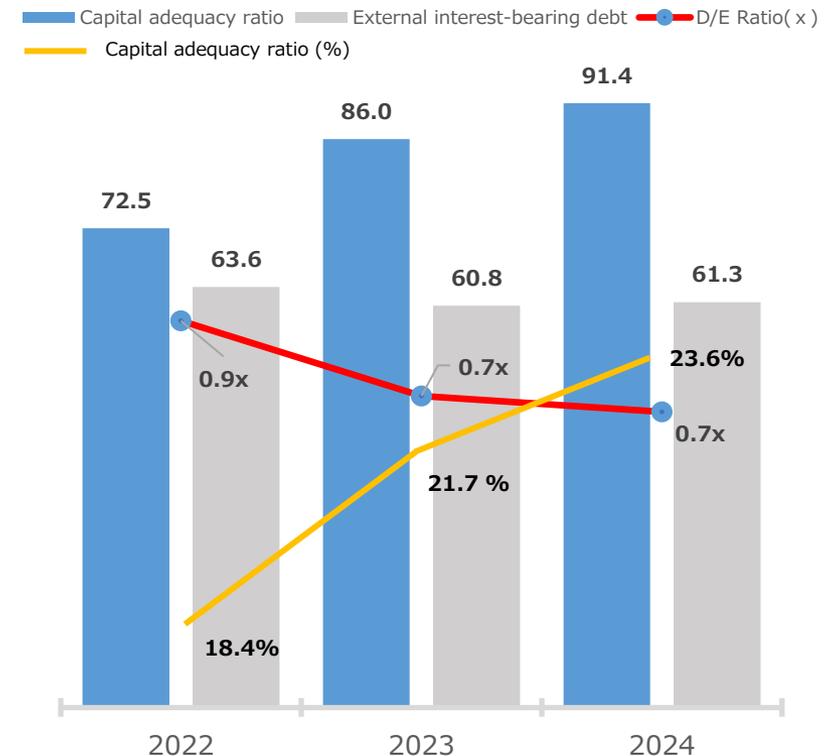
	March 31, 2024		As of March 31, 2025
of balance held Consolidated Net Assets Ratio	31.3% (%)		18.3%
balance (of a stock) held	27.4 billion yen		17.0 billion yen
Number of stocks held	75 Issues		70 Issues

- Implemented ROIC management for each transaction and promoted **improvement** activities such as reducing receivables and inventories in **low ROIC businesses**
- **Secured funds for new investments and loans of 7.7 billion yen in FY2025** by **generating stable operating CF** and **reducing policy shareholdings**
- Maintain **D/E ratio** below the target of **0.7x** (NET D/E ratio: 0.44x)
- **Capital adequacy ratio** improved to **23.6%** Financial soundness improved

Cash Flows



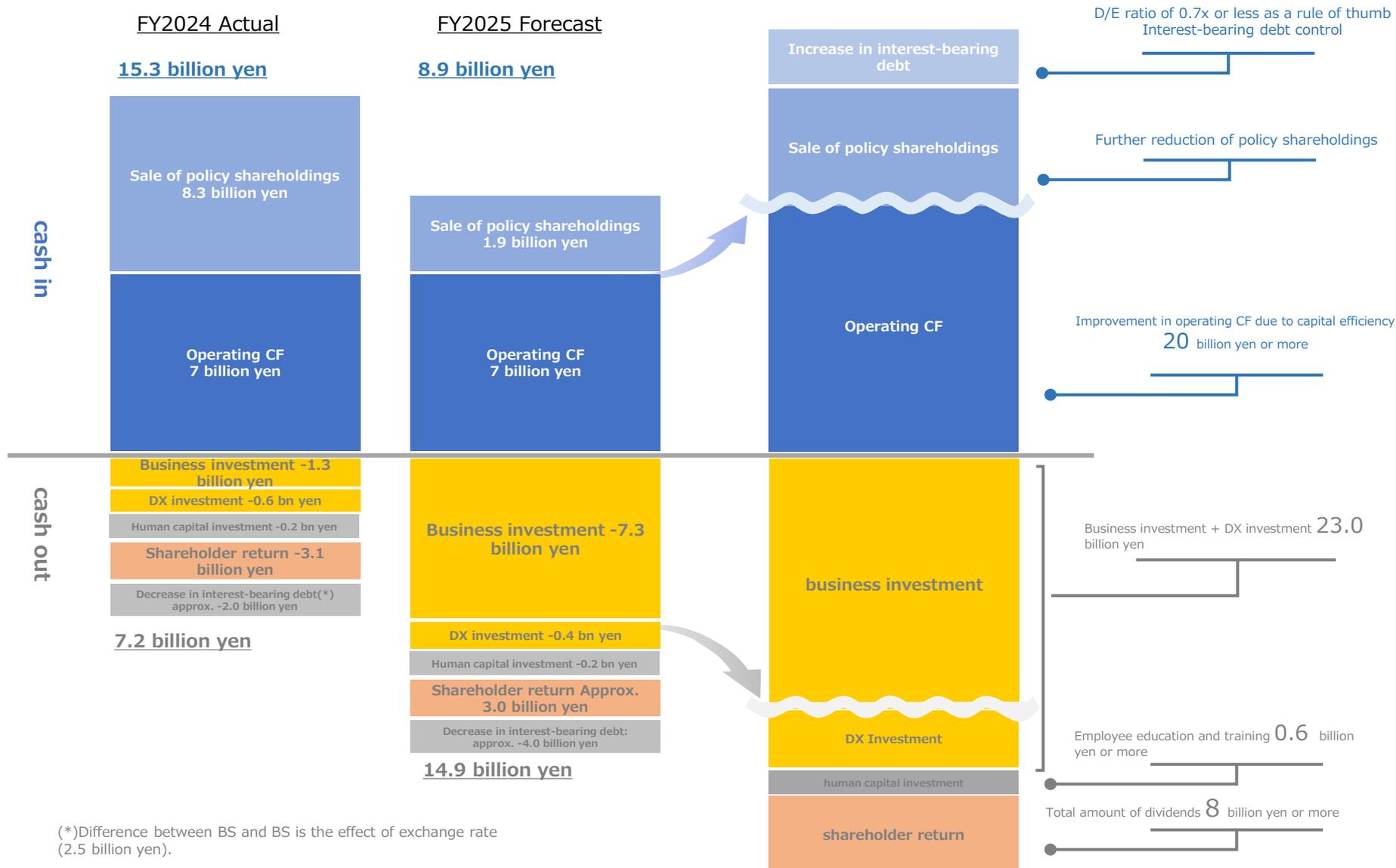
Changes in Shareholders' Equity, Interest-Bearing Debt, and D/E Ratio



Progress of Mid-term Management Plan Cash Allocation

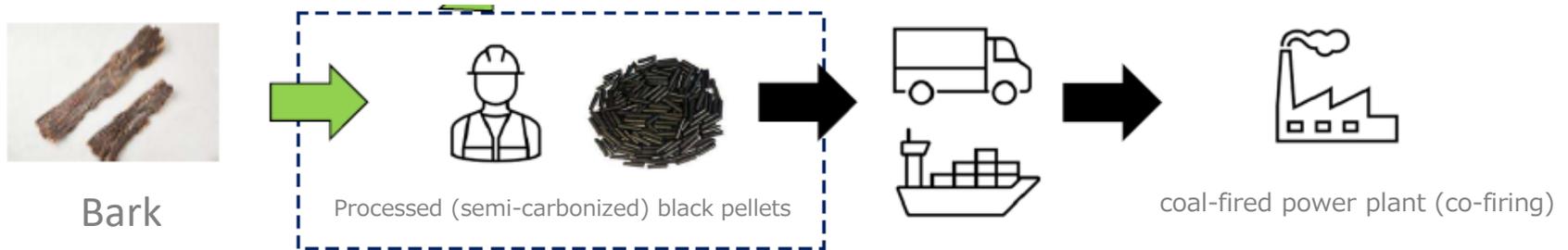
Cash Allocation (Image Diagram)

2024-2026 Cumulative Plan



(*)Difference between BS and BS is the effect of exchange rate (2.5 billion yen).

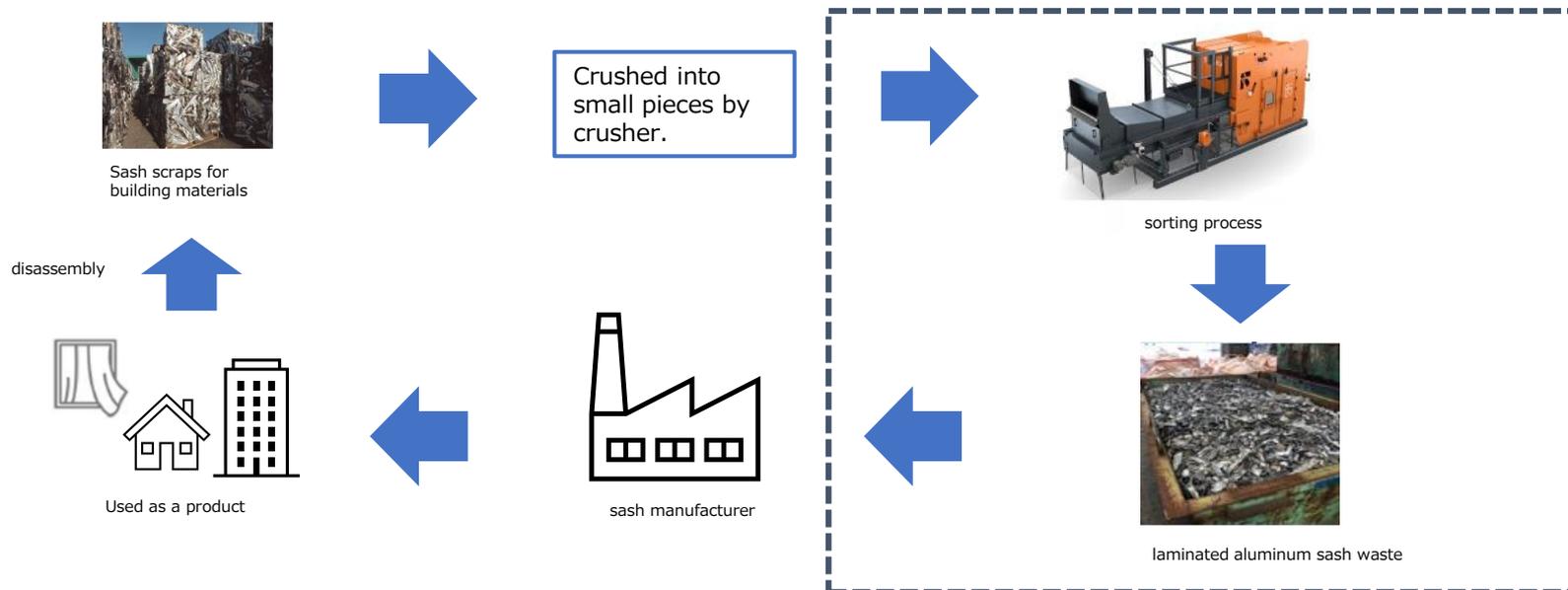
- Participation in "wood black bark pellets" business to diversify biomass fuel supply chain
- Invested in Local Energy System Corporation and launched BBP production business at Saijo Pellet Mill.
- BBP is a high value-added biomass fuel that burns at high calories as an alternative to coal through heat treatment (semi-carbonization)
- Co-firing with coal at coal-fired power plants is possible without large capital investment, contributing to the reduction of CO2 emissions.
- Seeking to commercialize in new areas in the future



👉 Key Point!

- Effective use of environmental resources and revitalization of the domestic forestry industry through the use of bark that used to be discarded
- BBP is a carbon-neutral fuel, contributing to the reduction of CO2 emissions by replacing coal
- Utilize know-how as a trading company that has traditionally handled biomass fuels such as PKS and wood pellets.
- Contribute to solving non-fossil fuel issues through the SX business in our medium-term management plan

- Decided to invest in an upgraded recycling business of aluminum sash scraps for building materials with a partner company
- Highly sorted by automatic machines to improve the horizontal recycling rate of "sash to sash."
- Demand for recycled raw materials is increasing due to the rising rate of domestic use, promoting resource recycling within the region.



👉 Key Point!

- Automated, advanced sorting and upgrading of sash waste for building materials to achieve horizontal recycling (sash to sash)
- Diversify business models by establishing the "original supply chain" of the medium-term management plan, and respond to the challenges of domestic circulation
- We have established a partnership with [Kuruma Shoji, a](#) metal recycling company in Hokuriku, to promote resource recycling in the region.

In addition to promoting sustainable corporate activities through ESG initiatives, we will strengthen our attractive growth story and logic for creating new value through our efforts to address important issues, thereby enhancing our momentum for further growth and advancing the transformation to high-quality management.



Key Point!

- The Sustainability Management Div plans and oversees the Group's policies and activities.
- Establishment of subcommittees and working groups (WG) composed of members from across the company

Reference] Balance Sheet Status in FY2024

(Unit: Billions of yen)	March 31, 2023 (March 2024)	March 31, 2024 (March 2025)	Increase Decrease
Current assets	337.6	337.5	(0)
Fixed assets	58.8	49.3	(9.5)
Breakdown Tangible and intangible fixed assets	11.0	10.7	(0.3)
Investments and other assets	47.8	38.7	(9.2)
Total assets	396.4	386.9	(9.5)
Current liabilities	281.0	272.2	(8.8)
Fixed liabilities	28.0	21.7	(6.3)
Total liabilities	308.9	293.9	(15.0)
Net worth	86.0	91.4	5.5
Noncontrolling interest	1.5	1.5	0
Net assets	87.5	93.0	5.5
External interest-bearing debt	60.8	61.3	0.5
Capital adequacy ratio	21.7%	23.6% (%)	+1.9%
D/E Ratio	0.7 times	0.7 times	-
Net assets per share (*)	3,256.7 yen	3,461.4 yen	
Share price at end of period (*)	2,407 yen	1,914 yen	
PBR	0.74 times	0.55x	

*After the three-for-one stock split effective April 1, 2025, net assets per share and the share price at the end of the fiscal year are shown after adjusting for the three-for-one split.
Net assets per share before stock split adjustment for FY2023 is 9,770.1 yen and the share price at the end of the period is 7,220 yen.

Corporate Philosophy

“Integrity” is Shinsho Corporation’s company motto.
We are committed toward securing prosperity for our clients
and shareholders through the creation of new values.

The forecasts and forward-looking statements contained in this document are based on information available to the Company at the time of preparation and are subject to risks and uncertainties that could cause actual results to differ materially from those projected.

They are not disclosure materials, but rather judgments made by the Company based on information that is currently predictable, and the Company does not guarantee their accuracy or completeness. The forward-looking statements may differ materially from the forecasts described herein due to a variety of factors, and are subject to uncertainties. Therefore, please refrain from making investment decisions based solely on this document.

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