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To whom it may concern

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Basic Agreement on Joint Venture with Taguchi Metals Corporation

Shinsho Corporation (hereinafter “the Company”) and Taguchi Metals Corporation (hereinafter “Taguchi Metals”) have reached a basic agreement to consider the establishment of a joint venture company to engage in the recycling of non-ferrous metal scrap. The details are as follows.

1. Background and Purpose

In the “Medium Term Management Plan 2026” announced in May 2024, the Company outlined strategic initiatives to build a proprietary supply chain and promote new sustainability-driven businesses (SX). The proposed joint venture represents a key initiative aligned with this strategy.

Traditionally, aluminum recycling has primarily involved downcycling into casting alloys, which tolerate a broader range of impurities. Recycling into wrought alloys requires high-precision sorting, posing significant technical and financial challenges. As a result, commercialization has been limited, with only a few exceptions such as beverage cans.

However, as the global shift toward carbon neutrality by 2050 accelerates, companies are increasingly expected to reduce CO₂ emissions, including Scope 3. This has driven demand for low-carbon aluminum, particularly among rolled product manufacturers. Since Japan’s supply of high-grade aluminum scrap is limited, the effective use of lower-grade scrap—previously underutilized—has become essential for resource efficiency and decarbonization.

In response to these challenges, the company aims to enter the advanced sorting business to recover recyclable wrought alloys from post-consumer recycled (PCR) scrap with state-of-the-art sensor technologies, such as that derived from end-of-life vehicles and home appliances. In near future, the company also plans to expand into the recycling of rare metals.

This initiative is being pursued in partnership with Taguchi Metals, a recycling company established in 1970. By combining Taguchi Metals’ procurement network and sorting expertise with the Company’s knowledge in resource circulation, the joint venture seeks to access markets difficult to enter independently. The structure will enable agile decision-making and support long-term growth through the development and application of new technologies and experiences.

2. Overview of the Joint Venture (planned)

(1) Name	To Be determined
(2) Location	To Be determined (under consideration in the Kanto area)
(3) Representative	To Be determined (to be dispatched from our company)
(4) Business Activities	Advanced sorting of non-ferrous metal scrap, sales of sorted materials
(5) Capital	To Be determined
(6) Establishment Date	Scheduled for April 1, 2026
(7) Equity Ratio	To Be Determined (the Company is expected to hold a majority stake)

3. Overview of Taguchi Metals Corporation

(1) Name	Taguchi Metals Corporation		
(2) Location	Taguchi Building, 1-20-4 Naka-Ochiai, Shinjuku-ku, Tokyo		
(3) Representative	Chairperson: Takeshi TAGUCHI President: Noriaki TAGUCHI		
(4) Business Activities	Recycling of steelmaking raw materials, nonferrous metal materials and waste home appliances		
(5) Capital	20 million yen		
(6) Establishment Date	November 21, 1974 (originally founded as “Taguchi Shoten” in September 1970)		
(7) Fiscal Year-End	August 31		
(8) Major Shareholder	DEN Corporation – 100%		
(9) Shinsho Corporation’s Relationship with Taguchi Metals	Capital ties		Not applicable
	Personal relations		Not applicable
	Business relations		Not applicable
	Related Party Status		Not applicable
(1 0) Taguchi Metals’ financial results and financial condition for the past three years			
Accounting period	Year ended August 31,2022	Year ended August 31,2023	Year ended August 31,2024
Net assets	3,172 million yen	3,129 million yen	3,117 million yen
Total assets	6,168 million yen	6,506 million yen	6,642 million yen
Net sales	11,365 million yen	10,587 million yen	10,861 million yen
Operating income	321 million yen	59 million yen	27 million yen
Ordinary income	351 million yen	139 million yen	21 million yen
Net income	257 million yen	85 million yen	13 million yen

4. Future outlook

The impact of this matter on the Company’s financial results for the fiscal year ending March 2026 is expected to be minimal. However, if any matters requiring disclosure arise, such as the signing of a joint venture agreement or the establishment of the new company, they will be announced promptly.