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Shinsho Corporation

FY2025 Financial Results
FY 2026 Forecast

SHINSHO CORPORATION

Code: 8075

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Summary

2025 Financial Results Overview (Year-over-Year)

- ❑ Revenue declined due to a decrease in sales of steel sheets for the construction industry and a drop in steel prices.
- ❑ Ordinary profit amounted to ¥11.0 billion, while profit attributable to owners of parent decreased only ¥0.3 billion owing to gains on sales of strategically held shares.
- ❑ ROE and ROIC deteriorated due to lower profitability, while the equity ratio, an indicator of financial soundness, improved.
- ❑ Decided on business investments in domestic aluminum resource recycling and production of biomass fuel as an alternative to coal.
- ❑ Dividends: 53yen interim dividend and 53yen year-end dividend, for a total of 106yen

Revenue

608.1 ¥ billion

Year-on-year change :
(9.0 billion)

Ordinary Income

11.0 ¥ billion

Year-on-year change :
(0.7 billion)

ROE

8.7 %

Year-on-year change :
(1.0%)

Capital Adequacy Ratio

25.8 %

Year-on-year change :
+2.2%

Operating Profit

11.6 ¥ billion

Year-on-year change :
(1.6 billion)

Net Income Attributable to Owners of Parent Company

8.3 ¥ billion

Year-on-year change :
(0.3 billion)

ROIC

5.1 %

Year-on-year change :
(1.0%)

Dividend

106 yen

FY2026 Forecast Summary

- Global production by Japanese automakers is expected to remain at the previous year's level. Steel prices are expected to rise in the second half of the fiscal year, while aluminum and copper prices are expected to remain at high levels through FY2026. Demand related to semiconductor manufacturing equipment is also expected to recover, resulting in net sales of ¥686 billion, up ¥77.9 billion year on year.
- Ordinary profit is projected to increase by ¥0.5 billion year on year to ¥11.5 billion, driven by strong demand for machinery and equipment related to carbon neutrality among other factors, while Net income is expected to increase by ¥0.7 billion to ¥9.0 billion.
- Dividends, including commemorative dividends, total 130yen per year. (+24 yen from the previous year)

Revenue

686.0 ¥ billion

Year-on-year change :
+77.9 billion

Ordinary Income

11.5 ¥ billion

Year-on-year change :
+0.5 billion

ROE

9.0 %

Year-on-year change :
+0.3%

Capital Adequacy Ratio

26.0 %

Year-on-year change :
+0.2%

Operating Profit

12.1 ¥ billion

Year-on-year change :
+0.5 billion

Net Income Attributable to Owners of Parent Company

9.0 ¥ billion

Year-on-year change :
+0.7 billion

ROIC

5.9 %

Year-on-year change :
+0.8%

Dividend

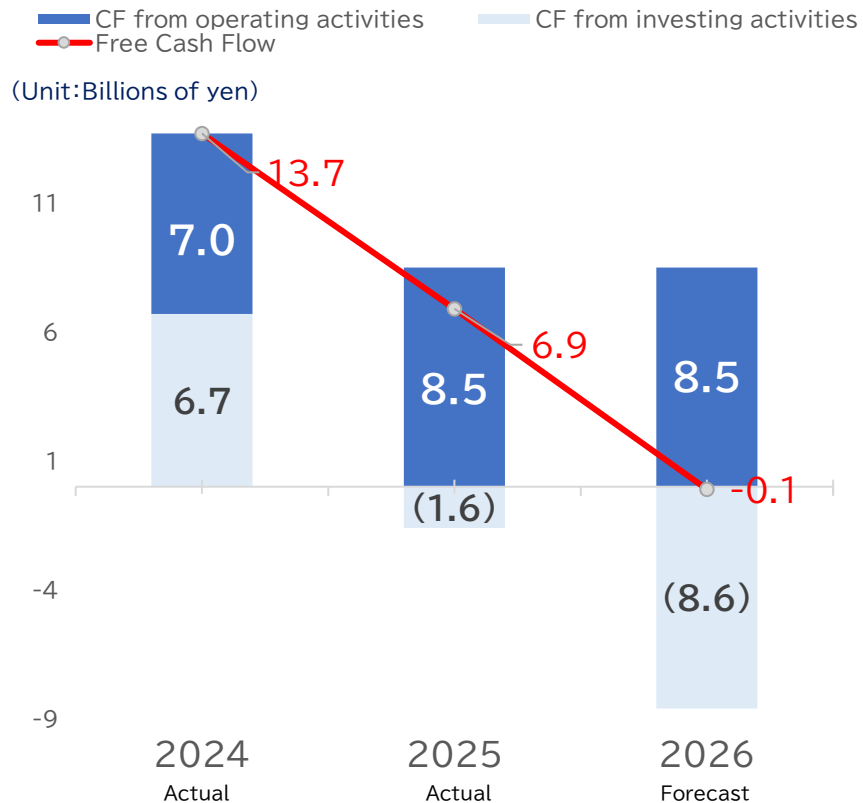
130 yen

※Including a ¥26 commemorative dividend to mark the Company's 80th anniversary

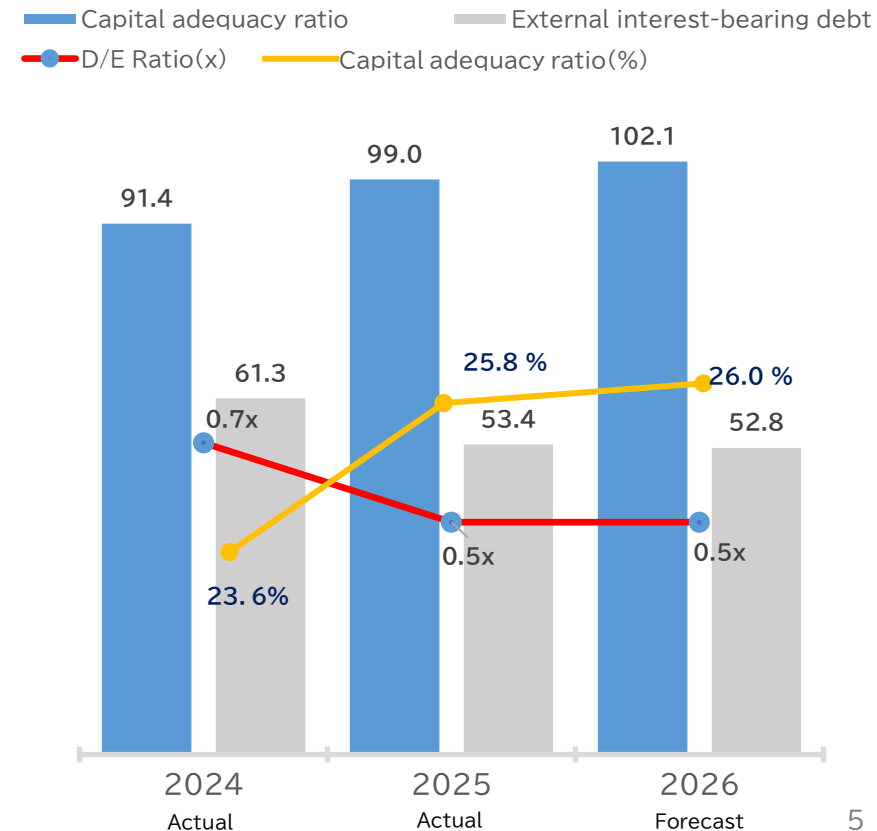
Changes in Equity Ratio and Debt-to-Equity Ratio

- Interest-bearing debt was reduced to ¥53.4 billion through the generation of free cash flow. The D/E ratio improved to 0.5x (net D/E ratio: 0.36x).
- By building up equity and curbing the growth of total assets, the equity ratio improved to 25.8%.

Cash Flows

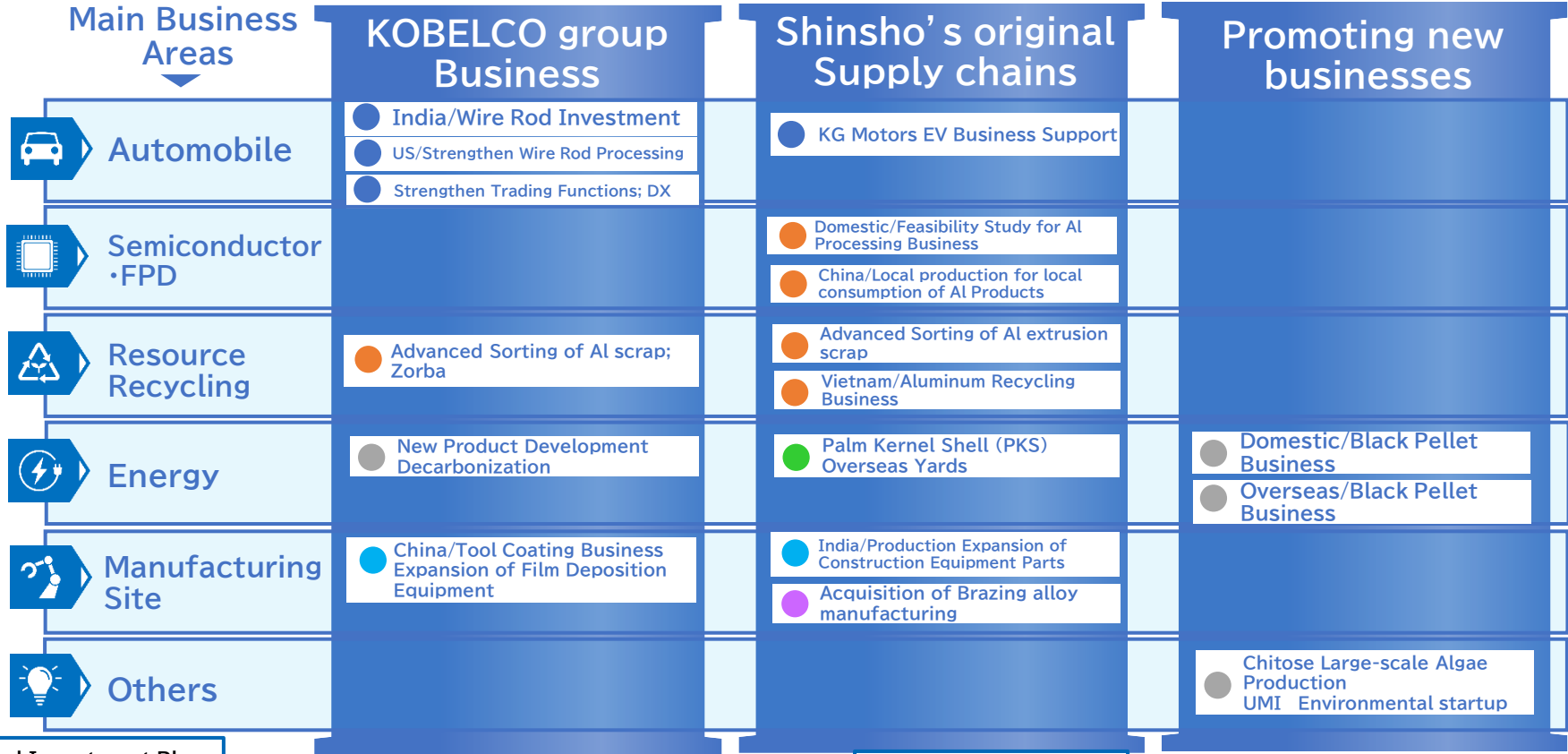


Changes in Shareholders' Equity, Interest-Bearing Debt and D/E Ratio



Progress in Investment and Financing in the Three Core Areas and Growth Sectors

● Iron & Steel Unit ● Non-Ferrous Unit ● Ferrous & Recycling Materials Unit ● Machinery Unit ● Welding Unit ● New Business Promotion dept.



Total Investment Plan for 3 years (FY2024~FY2026)

28.5(¥bn)※1 Decision-making basis

Total Profit Contribution for 3 years ※2 (FY2024~FY2026)

Profit contribution from investments made during the current medium-term plan period

23.0(¥bn)
(Cash out)

11.7(¥bn)
16.8(¥bn)
(Cash out)

Key Decision-Making Criteria Breakdown	
Semiconductor	Timing Shift in Capital Expenditures at KOBELCO PRECISION PARTS(JAPAN) Co., Ltd.
Manufacturing Site	M&A for Construction and Engineering Companies
IT	Core System Renovation Project

3.4(¥bn)
1.5(¥bn)
1.9(¥bn)

3.7(¥bn)
1.8(¥bn)
1.9(¥bn)

Profit contribution from investments made between 2021 and 2023

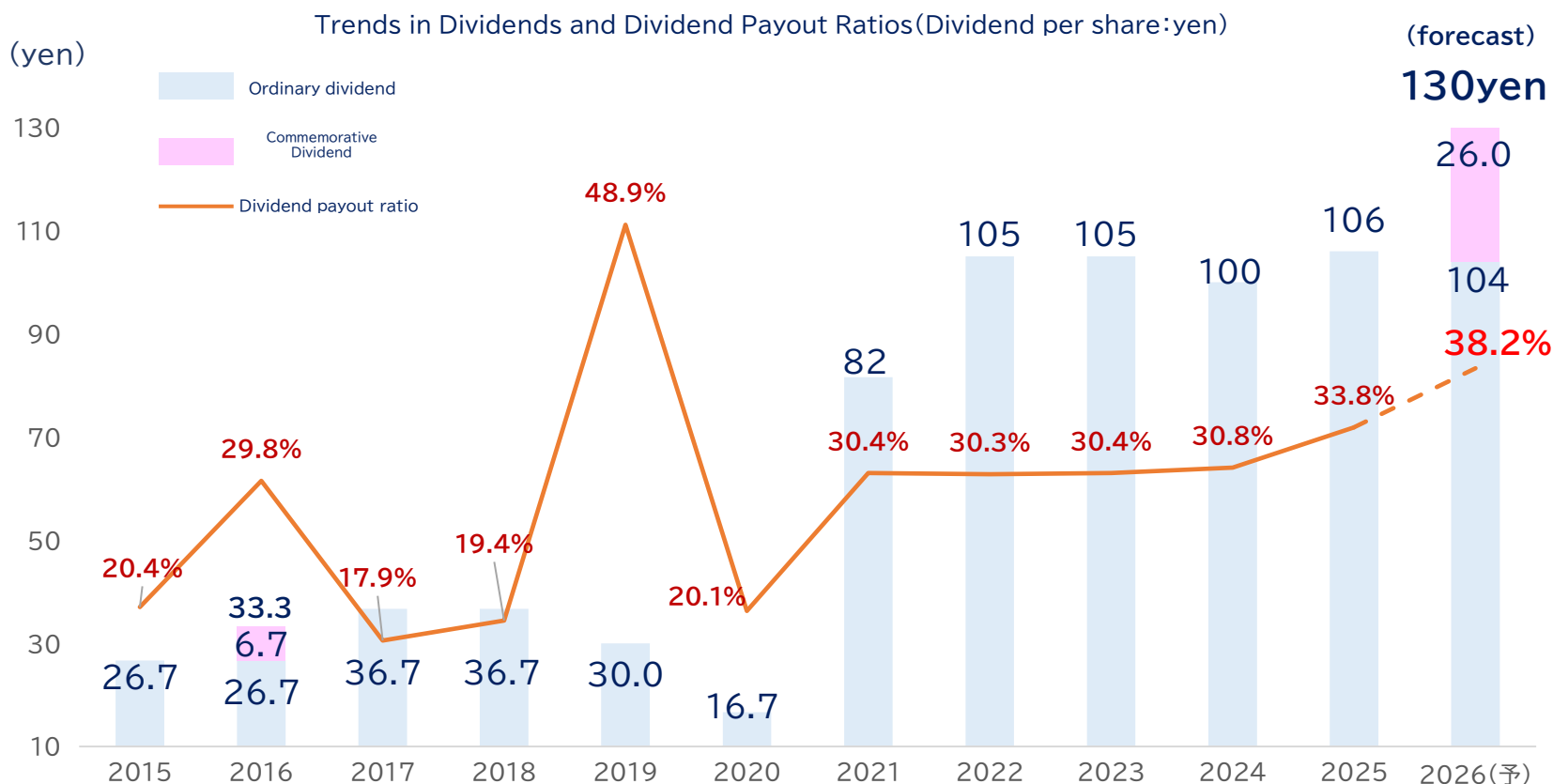
Figures as of the fiscal year ended March 2025

Latest Forecast

(※1) Decision-making basis: Projects for which investment decisions will be made by FY2026, but for which cash outflows will occur in FY2027 or later

(※2) Profit Contribution: Ordinary income of consolidated subsidiaries, equity in earnings of equity-method affiliates, increase in revenue from capital expenditures, etc.

- Our dividend policy is to pay the higher of either a consolidated dividend payout ratio of 30% or a dividend of 100 yen per share.
- To commemorate our 80th anniversary, **the annual dividend for fiscal year 2026 will be 130yen**, consisting of a regular dividend of 104yen and a commemorative dividend of **26yen**. (Interim: 65yen; Year-end: 65yen)



※Effective April 1, 2025, the company implemented a 3-for-1 stock split; therefore, the graphs for the period from 2015 to 2024 have been adjusted to reflect the 3-for-1 split.

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FY2025 Financial
Summary

Statement of income for FY2025

- Capital investment remained robust in the domestic chemical, industrial machinery, and carbon-neutral sectors, leading to increased machinery sales and maintenance services.
- Automobile production remained at the previous year's level; while special steel wire performed well, sales of steel sheets for the construction sector declined. Combined with the impact of falling steel prices, this resulted in a decrease in both revenue and profit.
- Delays in the start of operations at domestic biomass power plants and Australian coal mines
- Non-operating income improved due to a decrease in the allowance for doubtful accounts

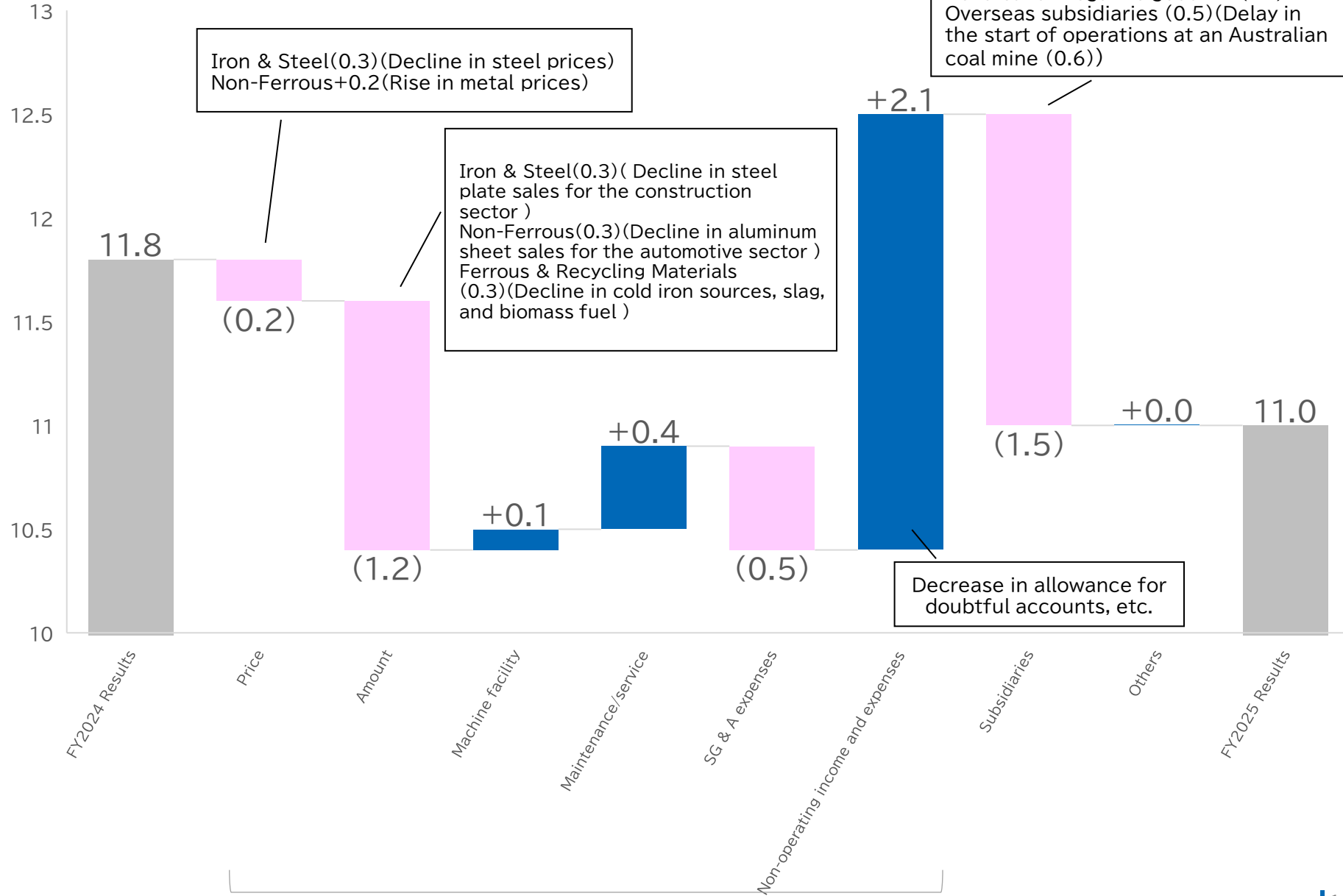
(Unit: Billions of yen)

	FY2024 Results ①	FY2025 Results ②	Change ③=②-①	Percentage change ④=③/①	FY2025 Published Figures ⑤	Change ⑥=②-⑤
Net sales	617.2	608.1	(9.0)	(1.5%)	637.0	(28.9)
Gross profit	40.4	39.5	(0.9)	(2.3%)	40.0	(0.5)
SG & A expenses	27.2	27.9	+0.7	2.6%	28.0	+0.1
Operating income	13.2	11.6	(1.6)	(12.5%)	11.9	(0.3)
Ordinary profit	11.8	11.0	(0.7)	(6.3%)	12.0	(1.0)
(ordinary profit ratio %)	1.9%	1.8%	(0.1%)	-	1.9%	-
Attributable to: Shareholders of the parent company	8.6	8.3	(0.3)	(3.2%)	9.2	(0.9)
Net income						
Per share Net income (yen)	324.24 yen	313.65 yen	(10.6 yen)	(3.3%)	348.00 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

2025 Financial Results: Ordinary Income (Year-over-Year)

(Unit: Billions of yen)



FY2025 Reasons for Changes in Ordinary Income by Business Unit (Metals Division Iron & Steel Unit)

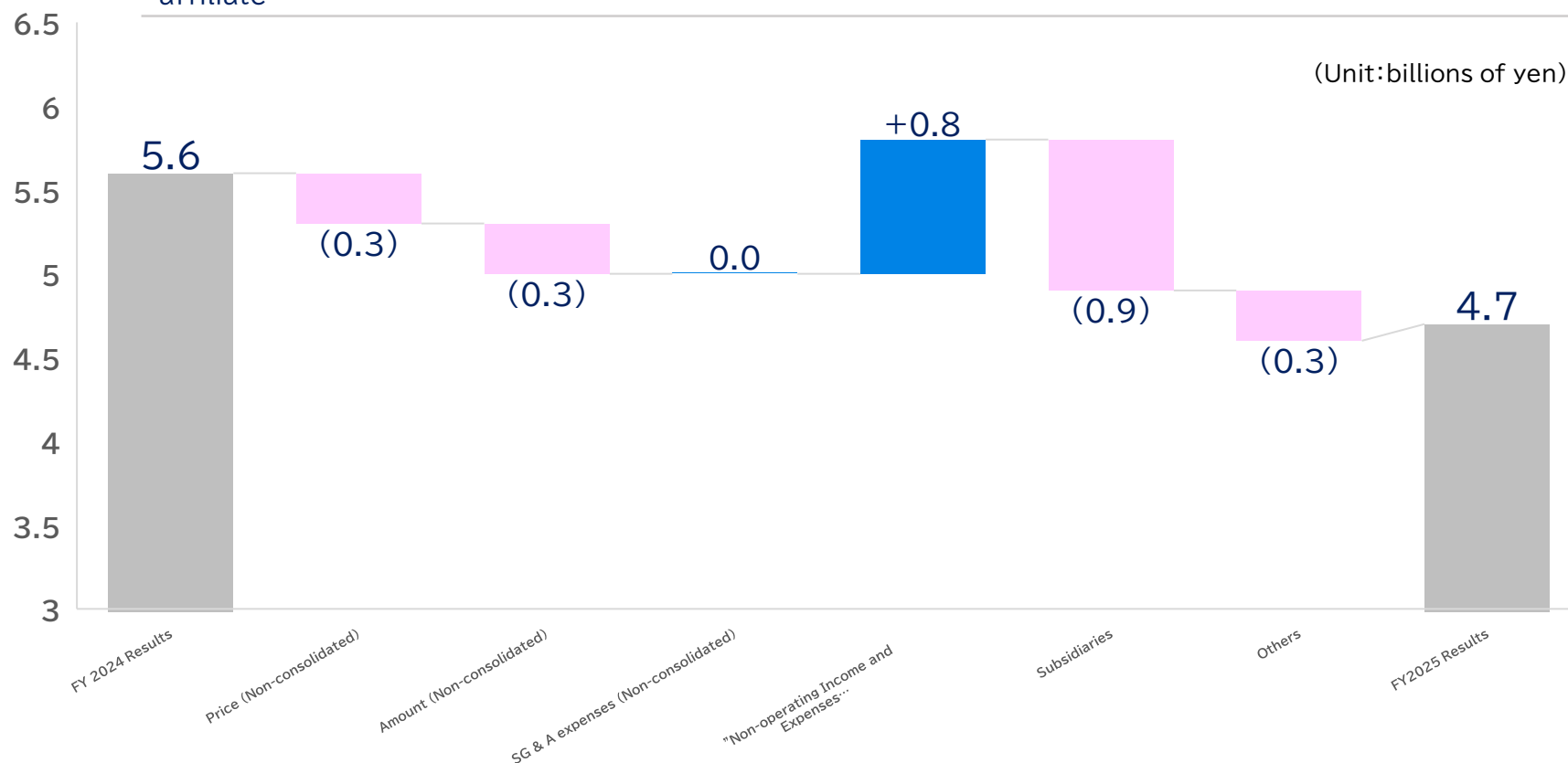
Iron & Steel Unit

Increase/Decrease Factors

【Non-consolidated】 Profit declined due to a decrease in steel sales volume caused by sluggish demand in the building materials sector, compounded by falling steel prices.

Increase in dividends received from investee companies

【Subsidiaries/others】 Profit declined due to the reversal of negative goodwill at an equity-method affiliate



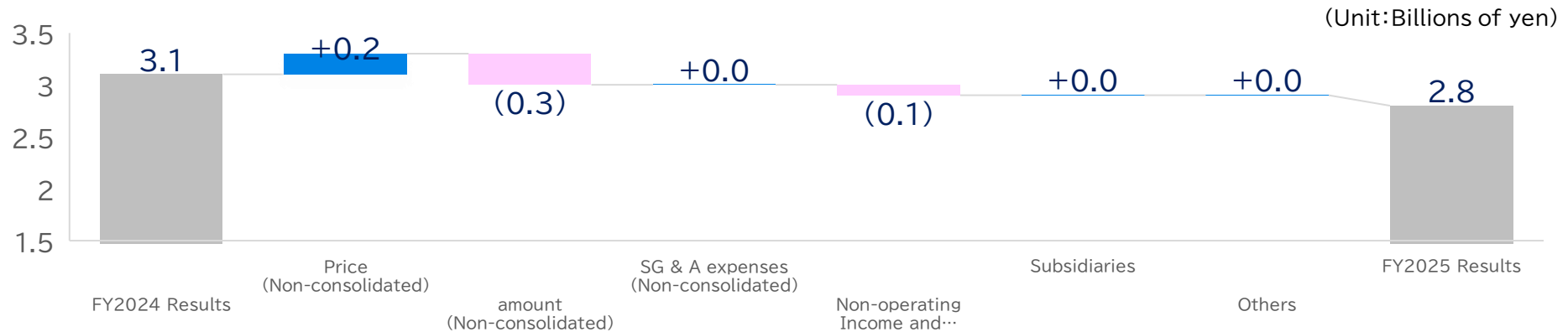
FY2025 Reasons for Changes in Ordinary Income by Business Unit
(Metal Division; Non-Ferrous unit, Ferrous & Recycling Materials)

Non-Ferrous

Increase/Decrease Factors

[Non-consolidated company] Although higher metal prices contributed to increased profits, earnings declined due to factors such as a decrease in the volume of aluminum sheet sold to the automotive sector.

[Subsidiaries] Profit decline due to a decrease in semiconductor-related business

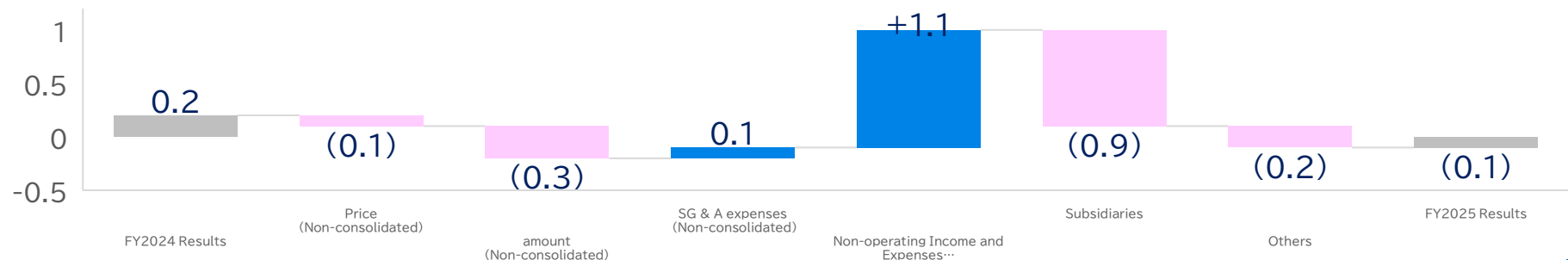


Ferrous & Recycling Materials

Increase/Decrease Factors

[Non-consolidated company] Although there was an impact from a decline in biomass fuel handling due to reduced operations at business partners, profits increased due to a decrease in the allowance for doubtful accounts.

[Subsidiaries] Decline in profits due to delays in the start of operations at Australian coal mines and the absence of one-time gains from the previous fiscal year



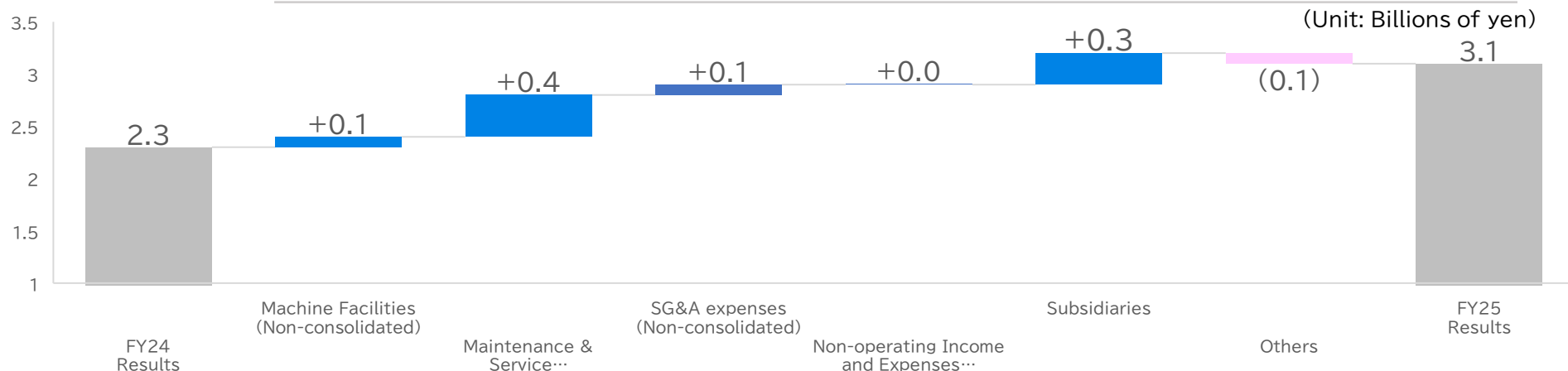
FY2025 Reasons for Changes in Ordinary Income by Business Unit (Machinery & Welding Division)

Machinery

Increase/Decrease Factors

【Non-consolidated company】 In addition to sales of machinery such as heat pumps and non-standard compressors, maintenance and service operations are also performing well.

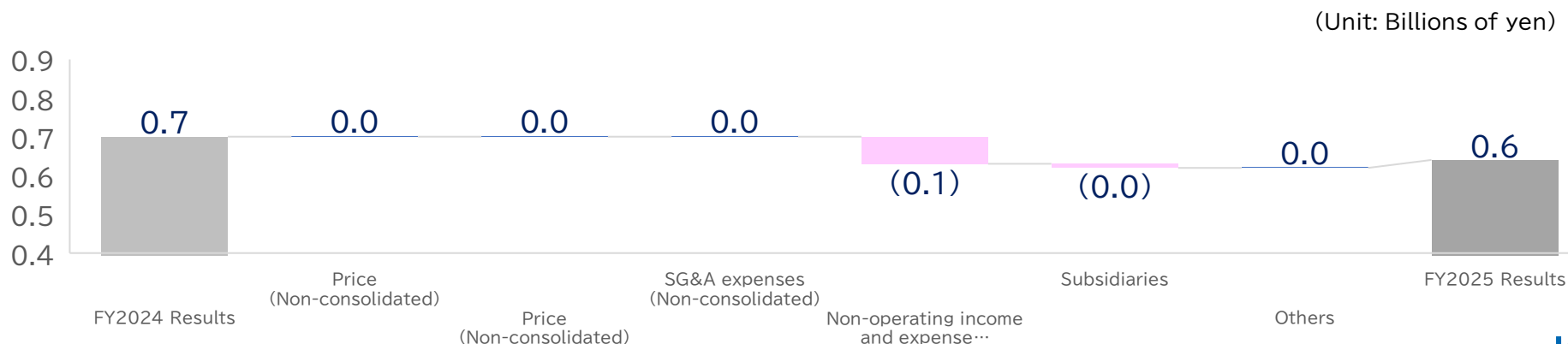
【Subsidiaries】 In addition to strong order intake at our domestic subsidiary Matsubo Corp, profits in the construction machinery parts business in China increased.



Welding

Increase/Decrease Factors

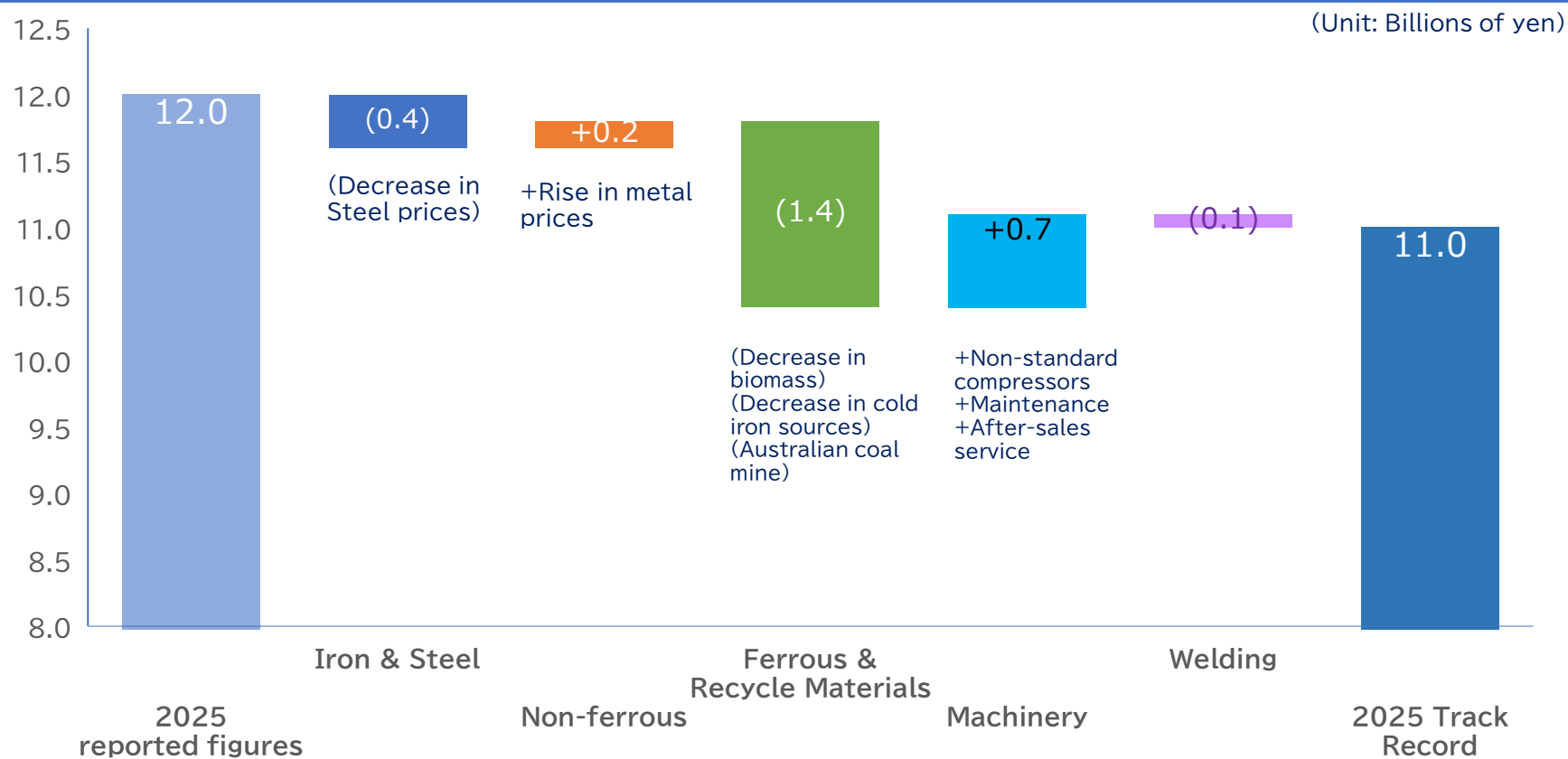
【Non-consolidated company】 Although prices for welding materials have risen, sales volumes have declined.



Ordinary Profit by Unit FY 2025 Forecast vs FY 2025 Results

【 Main Factors Contributing to the Change 】

- ❑ Iron & Steel unit: Profit declines due to lower sales volume and falling prices of steel sheets for construction
- ❑ Ferrous & Recycling Materials unit: Profit decline due to delays in the restart of biomass power plants and Australian coal mines
- ❑ Machinery unit: Profit increased as the company handled more non-standard compressors and maintenance services, driven by strong demand resulting from carbon neutrality initiatives



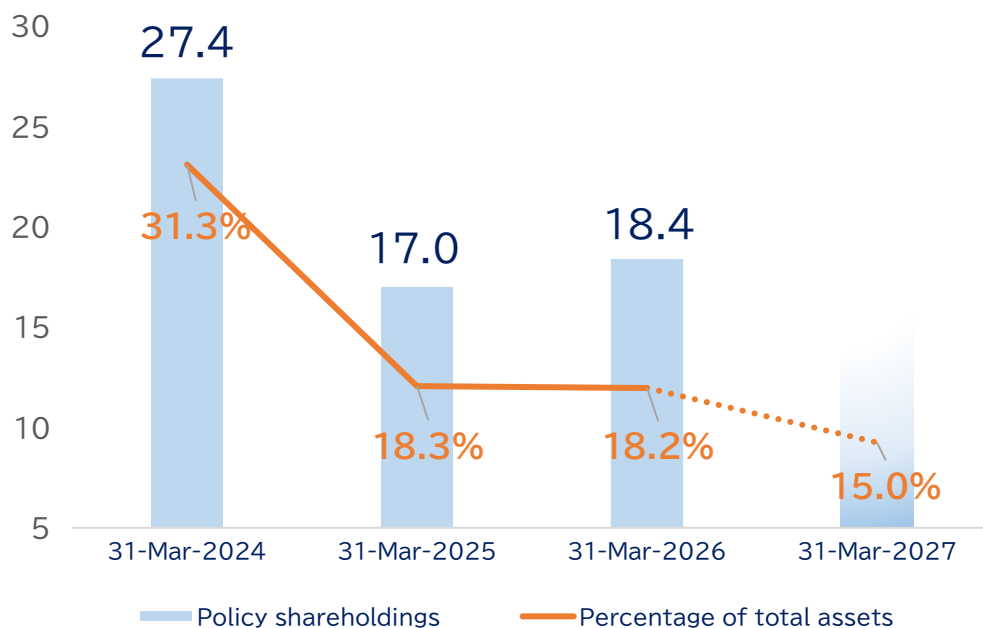
Status of the Reduction of Policy Shareholders

[Reduction Policy] We aim to reduce the ratio of strategic holdings to consolidated net assets to 15% or less by the fiscal year ending March 2027, and ultimately to 10% or less. We will utilize the funds generated from this reduction for growth investments and other purposes.

- ❑ In fiscal year 2025, we sold 4 stocks for ¥2.4 billion.
- ❑ The ratio of holdings to consolidated net assets is 18.2%

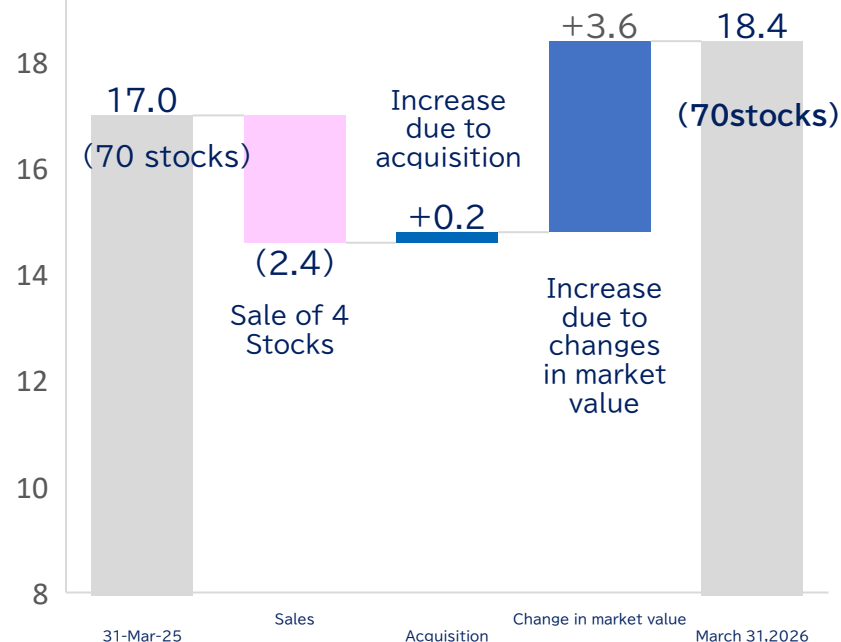
Value of Policy shareholdings
Ratio of Policy shareholdings to Consolidated Net Assets

(Unit; Billions of yen)



Change in the Total Value of Policy Shareholdings for Fiscal Year 2025

(Unit Billions of yen)



*As of March 31, 2026: Deemed holding balance: None

Balance Sheet Status

(Compared to the Previous Period)

(Unit:billions of yen)	End of March 2025 (FY 2024)	End of March 2026 (FY 2025)	Increase Decrease
Current assets	337.5	330.2	(7.3)
Fixed assets	49.3	53.4	+4.1
Breakdown: Tangible and intangible fixed assets	10.7	11.2	+0.5
Investments and other assets	38.7	42.2	+3.6
Total assets	386.9	383.6	(3.2)
Current liabilities	272.2	257.4	(14.8)
Fixed liabilities	21.7	25.3	+3.6
Total liabilities	293.9	282.6	(11.3)
Equity	91.4	99.0	7.5
Non-controlling interest	0.15	0.2	0.5
Net assets	93.0	101.0	8.0
External interest-bearing debt	61.3	53.4	(7.9)
Equity Ratio	23.6%	25.8%	2.2%
D/E ratio	0.7 times	0.5 times	(0.1times)
Net assets per share(※)	3,461.4 yen	3,746.0 yen	
Closing Stock Price(※)	1,914 yen	2,292 yen	
PBR	0.55 times	0.61 times	

*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.

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FY 2026 Earning
Forecast

【Prerequisite】

Exchange rate: Assume 1USD=145 yen

※ Foreign exchange sensitivity: ±40 million yen per 1 yen exchange rate fluctuation



Field	Assumption for FY2026	
Automobile		Japanese automakers' production is expected to remain flat year-over-year
Semiconductor		Sales of products for AI, data centers, and semiconductor manufacturing equipment are strong Sales of copper products for automotive power semiconductors remain weak
Resource recycling		Cold iron sources supply remains low both domestically and internationally Domestic aluminum scrap is expected to be affected by soaring metal prices
Energy (Biomass)		Handling of biomass fuel has increased due to the resumption of operations at our business partners

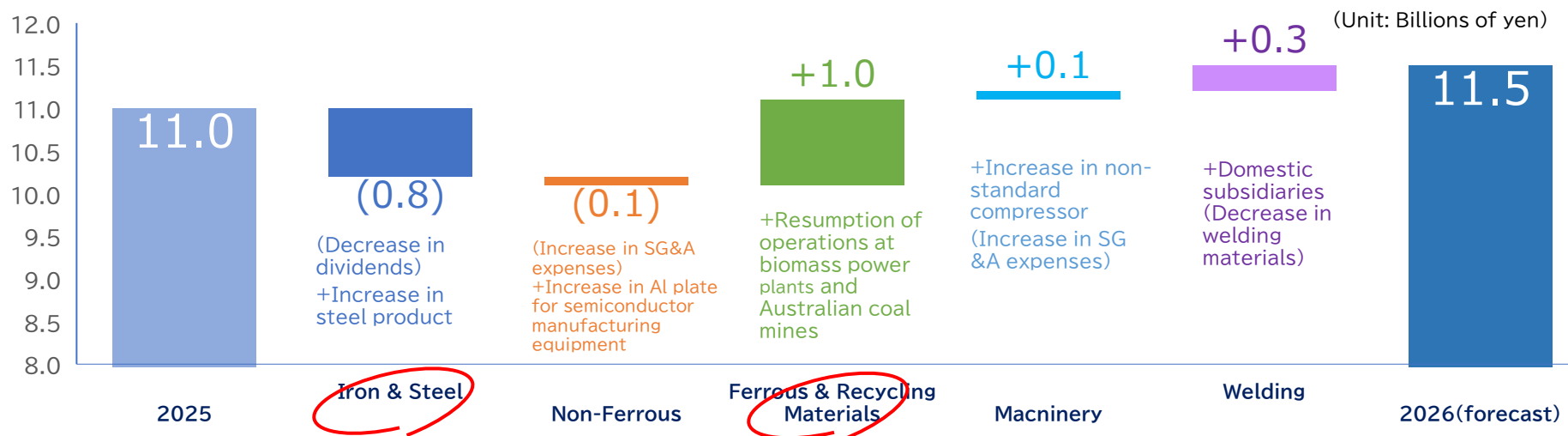
The business environment assumptions are the business environment surrounding the Shinsho Corporation Group and do not necessarily correspond to the general business environment

【Reference】 Impact of the Situation in the Middle East on Business Performance

While disruptions in the crude oil and naphtha supply chains and rising ocean freight rates could potentially affect production and costs, we have not identified any events at this time that would have a material impact on our business performance.

FY 2026 Forecast Ordinary Profit Increase/Decrease by Unit

(Unit: Billions of yen)		FY 2025	FY 2026	Increase/decrease	Percentage change
Metals	Iron & Steel	4.7	3.9	(0.8)	(17.7%)
	Non-Ferrous	2.8	2.7	(0.1)	(4.8%)
	Ferrous & Recycling Materials	(0.1)	0.9	+1.0	—
	Subtotal	7.5	7.5	(0.0)	(0.2%)
Machinery & Welding	Machinery	3.1	3.1	+0.1	+1.8%
	Welding	0.6	0.9	+0.3	+41.1%
	Subtotal	3.7	4.0	+0.3	+8.6%
Other	(0.2)	0.0	+0.2	—	
Total Amount	11.0	11.5	+0.5	+4.3%	



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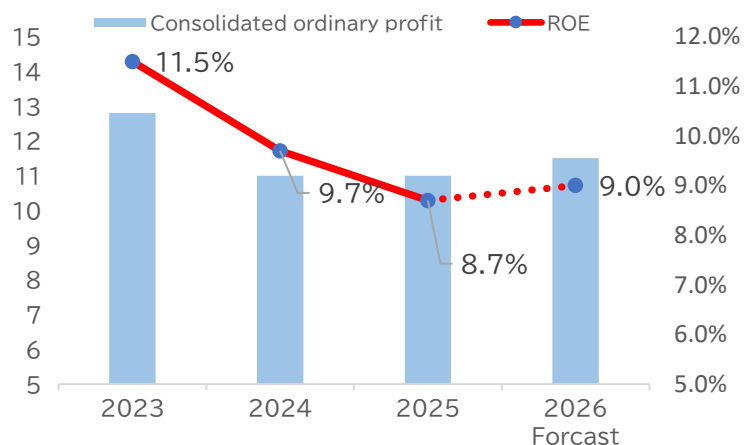
Progress of the Medium-Term
Management plan

Progress of the Medium-Term Management Plan: Progress of KGI and target figures

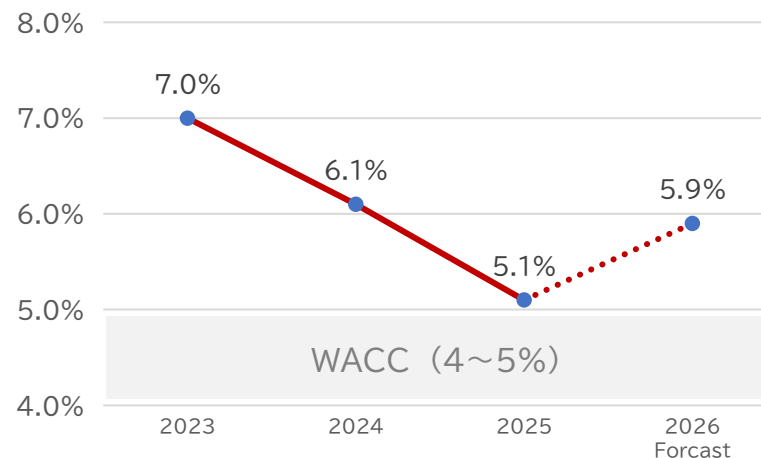
	First year		Second year		Final	
	FY 2023	FY 2024	FY 2025	FY 2026		
	Actual	Actual	Actual	Initial plan	Forecast	
Consolidated Ordinary profit	12.8(¥bn)	11.8(¥bn)	11.0(¥bn)	14.5(¥bn)	11.5(¥bn)	
ROE	11.5%	9.7%	8.7%	10.0% or more	9.0%	
ROIC	7.0%	6.1%	5.1%	6.5%	5.9%	
Capital adequacy ratio	21.7%	23.6%	25.8%	21% or more	26.0%	
External interest-bearing debt	60.6(¥bn)	61.3(¥bn)	53.4(¥bn)	(Optimize funding with a target D/E ratio of 0.7x or less)		
D/E Ratio	0.7 times	0.7 times	0.5times	0.7 times or less		

Consolidated ordinary profit and ROE

(Unit: Billions of yen)

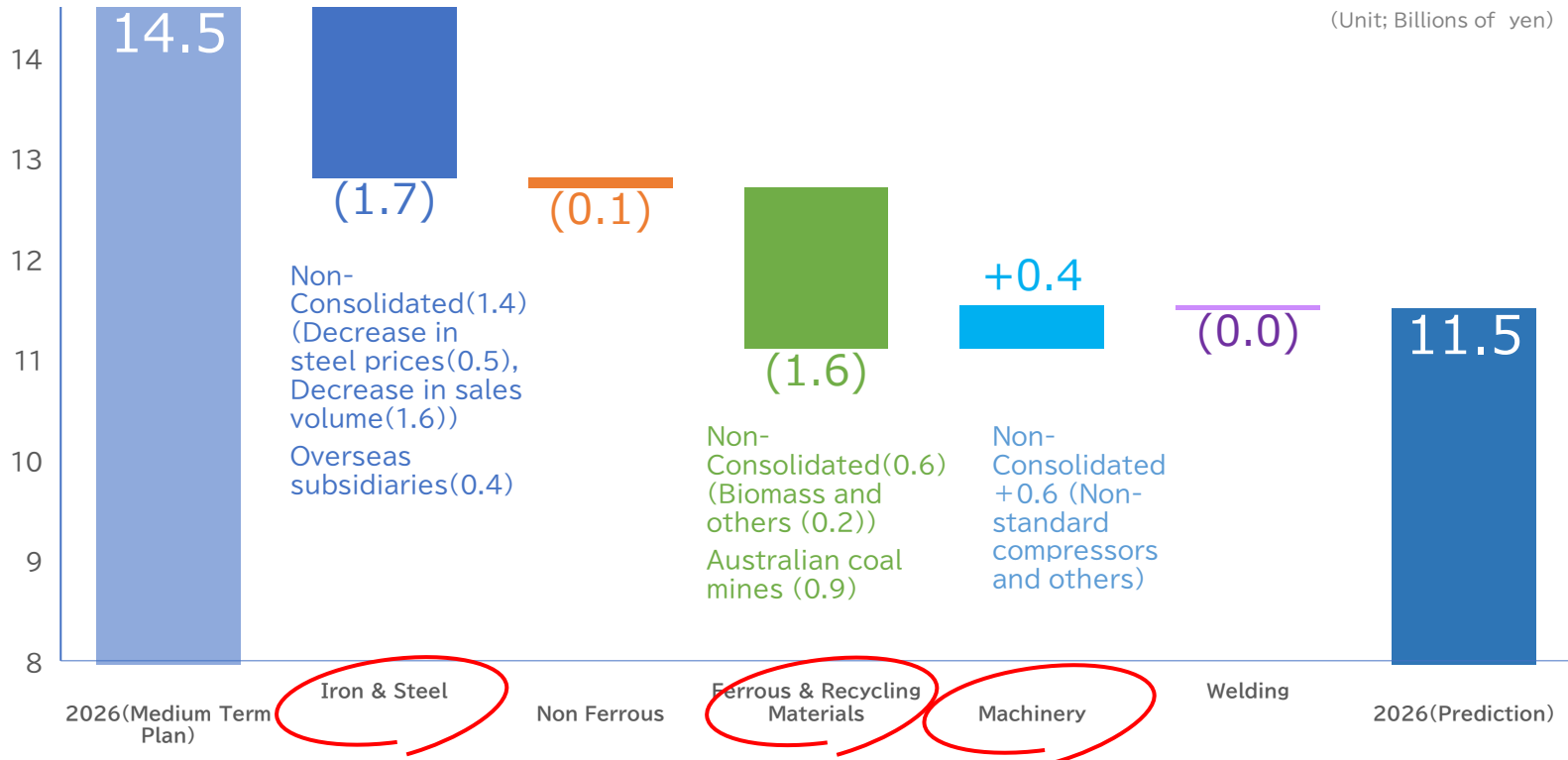


Changes in ROIC



Progress on the Medium-Term Management Plan: Differences from FY2026 Forecasts

- The variance between the FY2026 Medium-Term Management Plan and the FY2026 forecast is primarily attributable to the Iron & Steel and Ferrous & Recycling Materials unit
- In the Iron & Steel unit, profits declined primarily due to falling steel prices and decreased sales of steel sheets to Japanese automakers and the construction sector
- In the Ferrous & Recycling Materials unit, profits declined due to the suspension of operations at a client's biomass power plant and poor performance at an Australian coal mine
- In the Machinery unit, profits increased as the growing focus on carbon neutrality led to an increase in the handling of decarbonization-related equipment, such as non-standard compressors and heat pumps



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.*

Our Purpose

*To take on change, starting with ourselves.
To create, connect, and unlock the inherent
value within people.
To create an exciting future.*

The earnings forecasts and forward-looking statements contained in this document are not disclosure materials under the Financial Instruments and Exchange Act; they are based on the Company’s judgment using information available at the time of preparation, and we do not guarantee their accuracy or completeness. Furthermore, actual results may differ significantly from the forecasts described herein due to various factors, and they involve uncertainties. Investors are advised not to rely solely on this material in making investment decisions. The Company assumes no responsibility for any damages arising from the use of this material.

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