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KOBELCO
KOBE STEEL GROUP

SHINSHO CORPORATION

FY 2026 1st Quarter Financial Results

Code: 8075

Financial Highlights for the 1st Quarter of FY 2026

SHINSHO CORPORATION

points

[Business Environment]
- Japanese automaker production remained on par with the previous year; while demand for building materials was sluggish, demand for semiconductors and decarbonization-related products remained strong

[Financial Results Summary]
- Revenue and profits increased due to higher sales of automotive aluminum sheets and thick aluminum plates for semiconductor equipment, as well as growth in decarbonization-related equipment and maintenance services
- Although there was a decline in dividend income, core earnings improved across all business units, resulting in an ordinary profit increase of 0.8 billion yen year-on-year and a record-high quarterly operating profit

[Full-year Forecast]
- In light of current demand conditions and steel market trends, the company has revised its full-year earnings and dividend forecasts upward.

(Unit: billion yen)

	FY2025 Q1 ①	FY2026 Q1 ②	Increase/ Decrease ③ = ② − ①	Increase/ Decrease (%) ④ = ③ / ①	FY 2026 Full-Year Forecast Announced May 13, FY2026	FY 2026 Earnings Revision Announced August 6,FY2026	Increase/ Decrease	Revised Increase/ Decrease from Full-Year Forecast Percentage of Completion
Net Sales	147.7	**176.9**	+29.2	+19.8%	686.0	706.0	+20.0	25.1%
Gross Profit	9.0	**11.1**	+2.1	+23.4%	-	-	-	-
SG & A Expenses	6.8	**7.0**	+0.2	+3.5%	-	-	-	-
Operating Profit	2.2	**4.1**	+1.9	+84.1%	12.1	13.5	+1.4	30.3%
Ordinary Profit	2.9	**3.8**	+0.8	+28.3%	11.5	12.5	+1.0	30.2%
(Ordinary Profit Margin %)	(1.99%)	**(2.13%)**	(+0.14%)					
Profit attributable to owners of parent	2.0	**2.5**	+0.5	+26.7%	9.0	9.5	+0.5	26.4%
Full-Year Dividend Forecast	-	**-**	-	-	130 yen	138 yen	+8 yen	-

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FY2026 1st Quarter

Financial Results Summary

FY2026 1st Quarter: Ordinary Profit by Business Unit (Year-over-Year)

SHINSHO CORPORATION

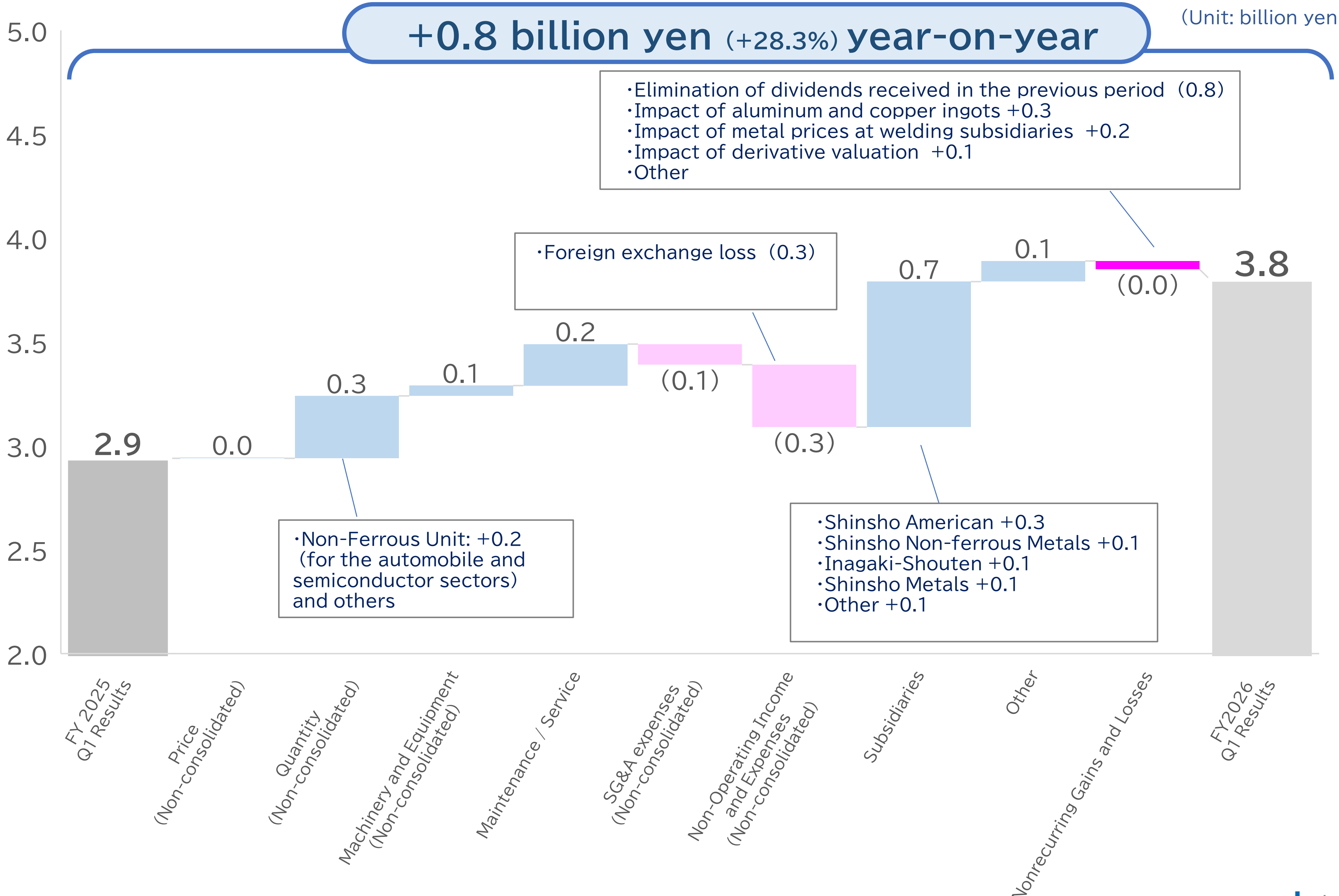
(Unit: billion yen)

		Q1 FY2025 Results ①			FY 2026 Q1 Results ②			Year-over-Year Comparison ③ (② - ①)			Comments
		Core Revenue	Non-recurring (*)	Consolidated Ordinary Profit	Core Earnings	Non-recurring (*)	Consolidated Ordinary Profit	Core Earnings	Non-recurring (*)	Consolidated Ordinary Profit	
Metals	Iron & Steel	0.8	0.8	1.6	1.2	0	1.2	+0.4	(0.8)	(0.4)	Profit declined due to the absence of dividends received in the previous period, but the earnings of affiliated companies improved
Metals	Non-Ferrous	0.8	(0.1)	0.7	0.9	0.3	1.2	+0.1	+0.4	+0.5	Profit increased due to growth in automobile aluminum sheet and thick aluminum plates for semiconductor equipment, as well as the impact of metal prices
Metals	Ferrous & Recycling Materials	0.1	(0.1)	0.1	0.1	0.1	0.2	0	+0.2	+0.2	Increased supply and higher prices of raw materials. Demand for scrap iron remains sluggish
Metals	**Subtotal**	**1.8**	**0.6**	**2.4**	**2.2**	**0.4**	**2.7**	**+0.5**	**(0.2)**	**+0.3**	
Machinery & Welding	Machinery	0.5	0	0.5	0.7	0	0.7	+0.2	0	+0.2	Sales of non-standard compressors, refrigeration and heat pump systems, and rolling mill components for the Chinese market increased; some revenue was deferred due to longer delivery times
Machinery & Welding	Welding	0.1	0	0.1	0.3	0.2	0.5	+0.2	+0.2	+0.4	Profit increased due to growth in welding equipment sales and the profitability of affiliated companies
Machinery & Welding	**Subtotal**	**0.6**	**0**	**0.6**	**1.0**	**0.2**	**1.1**	**+0.4**	**+0.2**	**+0.5**	
Other		0	0	(0.1)	0	0	0	0	0	+0.1	
Total		**2.4**	**0.6**	**2.9**	**3.3**	**0.6**	**3.8**	**+0.9**	**0**	**+0.9**	

*Non-recurring: inventory valuation, precious metals, foreign exchange valuation, derivative valuation, goodwill, special dividends, and others

FY2026 1st Quarter Financial Results: Company-wide Ordinary Profit, Year-over-Year

SHINSHO CORPORATION



Balance Sheet Status

SHINSHO CORPORATION

(Unit: billion yen)	End of March FY2025	End of June FY2026	Increase/Decrease
Current assets	330.2	349.9	+19.7
Fixed assets	53.4	56.6	+3.2
Breakdown: Tangible and intangible fixed assets	11.2	11.5	+0.3
Investments and other assets	42.2	45.1	+2.8
Total assets	383.6	406.4	+22.8
Current liabilities	257.4	277.8	+20.4
Fixed liabilities	25.3	24.3	(1.0)
Total liabilities	282.6	302.1	+19.4
Equity	99.0	102.3	+3.3
Non-controlling interest	2.0	2.1	+0.1
Net assets	101.0	104.4	+3.3

External Interest-Bearing Debt	53.4	58.1	+4.7
Equity Ratio	25.8%	25.2%	(0.6%)
D/E Ratio	0.5 times	0.6 times	+0.0 times
Net Assets per Share	3,746.0 yen	3,870.2 yen	
Closing Stock Price	2,292 yen	2,395 yen	
PBR	0.61 times	0.62 times	

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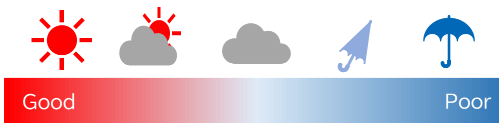
FY 2026 Earnings Forecast

FY2026 Earnings Forecast and Business Environment

- ✓ Demand for semiconductor-related products remains strong
- ✓ Growth in decarbonization-related equipment and maintenance services
- ✓ Steel prices are holding at levels higher than initially anticipated
- ✓ Yen weaker than assumed

→ Full-year earnings are expected to exceed initial projections



Field	FY2026: Initial Projections		Current Business Environment	
Automobile		Production of Japanese-brand automobiles is expected to remain flat year-over-year		Japanese automaker production is projected to remain flat Steel prices are expected to rise
Semiconductors		Products for AI, data centers, and semiconductor manufacturing equipment are performing well Copper products for automotive power semiconductors remain sluggish		Products for AI, data centers, and semiconductor manufacturing equipment remain strong Copper products for power semiconductors are showing signs of recovery
Resource Recycling		Metallics remained weak in both domestic and overseas markets. Domestic aluminum scrap is expected to be affected by soaring metal prices		Metallics business remained sluggish in both domestic and overseas markets. Domestic aluminum scrap: Metal prices remained high in Q1
Energy (Biomass)		Handling of biomass fuel increased due to the resumption of operations at client facilities		Handling of biomass fuel increased as clients resumed operations

* The business environment assessment refers to the environment surrounding the Shinsho Group and does not necessarily correspond to the general business environment.

FY 2026 Earnings Forecast: Change in Ordinary Profit by Unit

SHINSHO CORPORATION

(Unit: billion yen)		FY 2025	FY 2026 Full-Year Forecast Announced May 13, 2026	FY 2026 Earnings Revision Announced on August 6, FY2026	Previously Announced Earnings Revision Increase/ Decrease	Increase/ Decrease (%)
Metals	Iron & Steel	4.7	3.9	4.0	+0.1	+2.6%
	Non-Ferrous	2.8	2.7	3.2	+0.5	+18.5%
	Ferrous & Recycling Materials	(0.1)	0.9	0.9	–	—
	Subtotal	7.5	7.5	8.1	+0.6	+8.0%
Machinery & Welding	Machinery	3.1	3.1	3.5	+0.4	+12.9%
	Welding	0.6	0.9	1.2	+0.3	+33.3%
	Subtotal	3.7	4.0	4.7	+0.7	+17.5%
Other		(0.2)	0	(0.3)	(0.3)	—
Total		**11.0**	**11.5**	**12.5**	**+1.0**	**+8.7%**

Shareholder Returns: Dividend History
(Reprinted: No change from the initial forecast)

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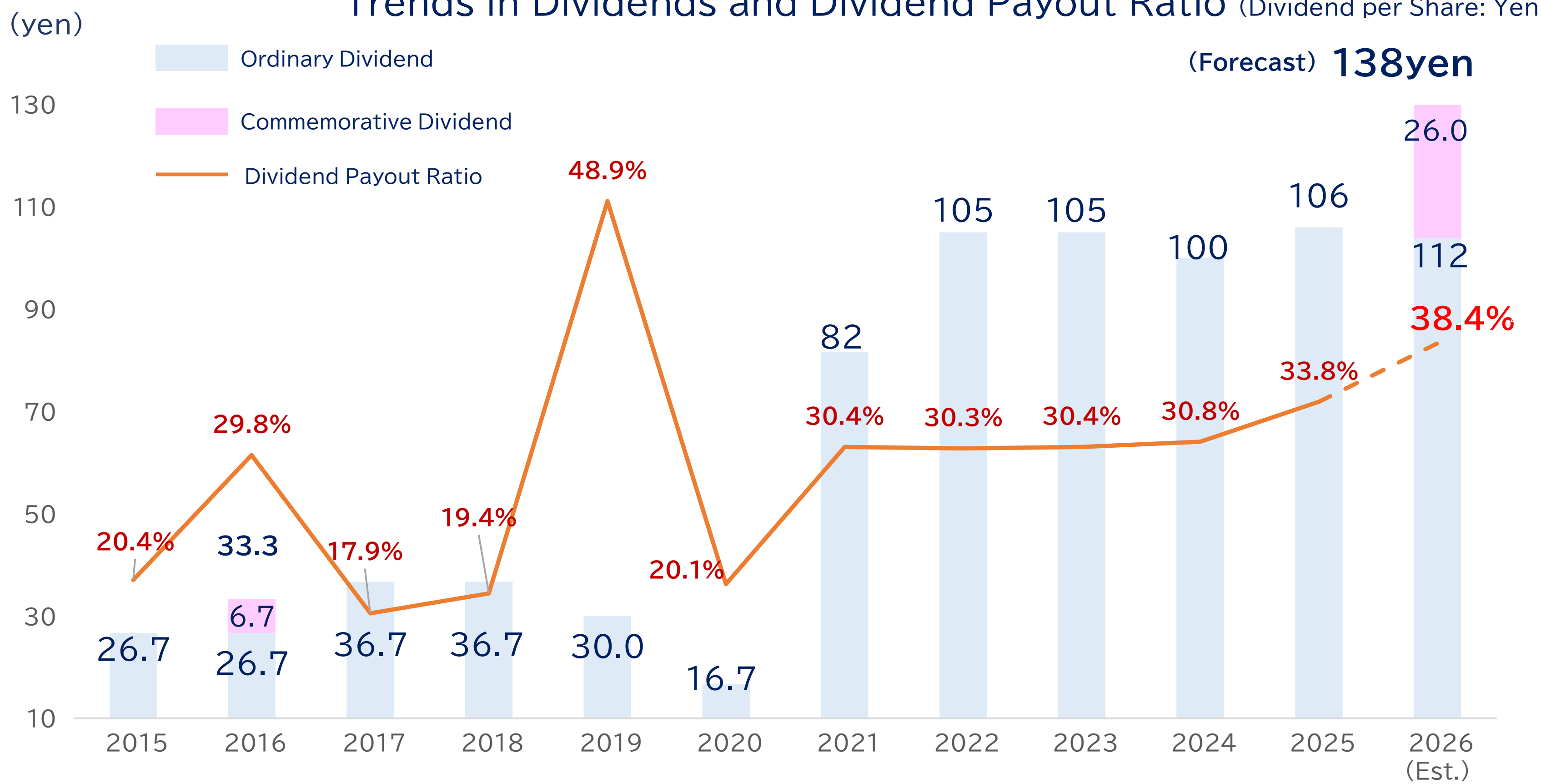
- Our dividend policy is to pay "the higher of a consolidated dividend payout ratio of 30% or more, or a dividend of 100 yen per share."
- For FY2026, we plan to pay an annual dividend of 138 yen per share, consisting of an ordinary dividend of 112 yen per share, an increase of 8 yen from the previous forecast, and a commemorative dividend of 26 yen per share to mark our 80th anniversary .
  (69 yen at the interim period and 69 yen at the fiscal year-end)

Trends in Dividends and Dividend Payout Ratio (Dividend per Share: Yen)



*Effective April 1, 2025, a 3-for-1 stock split was implemented; the graphs for 2015–2024 have been adjusted to reflect this split.

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

SHINSHO CORPORATION

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

Main Business Areas	KOBELCO group Business	Shinsho's original Supply chains	Promoting new businesses
Automobile	Completed: India/Wire Rod Investment US/Strengthen Wire Rod Processing Strengthen Trading Functions; DX	KG Motors EV Business Support	
Semiconductor ·FPD		Domestic/Feasibility Study for Al Processing Business China/Local production for local consumption of Al Products	
Resource Recycling	Decided: Advanced Sorting of Al scrap; Zorba	In operation: Advanced Sorting of Al extrusion scrap Vietnam/Aluminum Recycling Business	
Energy	New Product Development Decarbonization	In operation: Palm Kernel Shell (PKS) Overseas Yards	Currently in trial operation: Domestic/Black Pellet Business Overseas/Black Pellet Business
Manufacturing Site	In operation: China/Tool Coating Business Expansion of Film Deposition Equipment	In operation: India/Production Expansion of Construction Equipment Parts Completed: India/Production Expansion of Construction Equipment Parts Retail Restructuring	
Others			Chitose Large-scale Algae Production UMI Environmental startup

Coal Substitute Fuel Manufacturing Business (Black Pellet Business)

SHINSHO CORPORATION

Japan's first Black Bark Pellet (BBP) manufacturing plant was completed in Saijo City, Ehime Prefecture

- On July 15, 2026, a completion ceremony was held for the Local Energy System/Saijo Plant, in which our company has invested
- Commercial operation is scheduled to begin in October, marking the social implementation of a purely domestically produced, locally sourced and consumed biomass fuel into society

Business Overview

Company Name	Local Energy Systems Co., Ltd.
Headquarters Address	Osaka City, Osaka Prefecture
Shareholders	Kumagai Gumi Co., Ltd. Shinsho Corporation Kiyomoto Co., Ltd.
Plant Name	Saijo Plant
Location	Saijo City, Ehime Prefecture
Completion	July 2026
Commercial Operation	Scheduled for October 2026
Site Area	12,000 m^2
Product	Black bark pellets
Annual Production Capacity	30,000 mt
Raw Material	Bark

(Local Energy System Saijo Plant)

(Scenes from the completion ceremony)

Realizing a Society Based on the Recycling of Aluminum Resources

SHINSHO CORPORATION

8 companies and organizations from industry, government, and academia—including our company—have begun research and development on advanced sorting and pretreatment technologies for aluminum scrap as part of a project selected by NEDO

•Develop advanced sorting technologies aimed at achieving an aluminum rolled product recovery rate of over 80% by FY 2028, thereby expanding the domestic recycling of aluminum scrap

[Overview of the NEDO-Approved Project]

Project Name	Project for the Development of Aluminum Recycled Ingot Manufacturing Technology
Project Period	FY 2026–FY 2028
Research Content	① Separation from Resin (Development of Pulsed Current Separation Technology) ② Separation from Casting Materials (Development of Advanced Sorting Using AI) ③ Separation by Alloy Type (Development of Advanced Sorting Using Feedback Control)
Website	Decision on the Implementation Structure for the "Aluminum Recycled Ingot Manufacturing Technology Development Project" | Open Call | NEDO

[Roles of Each Company and Organization]

Category	Companies and Organizations	Main Implementation Details
Recycling Industry (Recyclers)	Cyclers Co., Ltd., Asahi Seiren Co., Ltd., etc.	Raw material procurement,crushing, sorting tests, etc.
Downstream Industry (Rolling and Extrusion Manufacturers)	UACJ Corporation, Kobe Steel, Ltd., Sankyo Tateyama Inc., our company, etc.	Alloy composition calculations, equipment development, evaluation of recycled ingots evaluation, molten metal quality evaluation, etc.
Academia	Waseda University, etc.	Basic technology development, etc.
Industry Associations	Japan Aluminum Association, etc.	LCA (Environmental Impact) Assessment, Planning, etc.

Newly Identified Materiality

In May 2026, we identified new material issues—key challenges that our Group will prioritize—with the aim of achieving sustainable growth in corporate value by balancing "social value" and "economic value"

Environment

Transition to sustainable resource use

We will circulate recycled materials as usable resources to reduce environmental impact and achieve sustainable resource use

Address climate change

Promoting the decarbonization of the supply chain and strengthening climate change countermeasures through our business operations

Social

Create socially valuable products and services through innovation

Generating economic value and sustainable growth through innovations that solve social challenges

Build a resilient supply chain

Enhancing competitiveness by building supply chains capable of adapting to change and managing risks

Develop diverse human resources who embrace change

Fostering a corporate culture that embraces change and creating an environment where everyone can thrive

Governance

Pursue effective governance and high-quality management

Striving to improve the quality of management based on strengthened governance through deterrence and dialogue

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

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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