KOBELCO
KOBE STEEL GROUP

Designs for Business

FY2024 1st Quarter Financial Results

SHINSHO CORPORATION

Code: 8075

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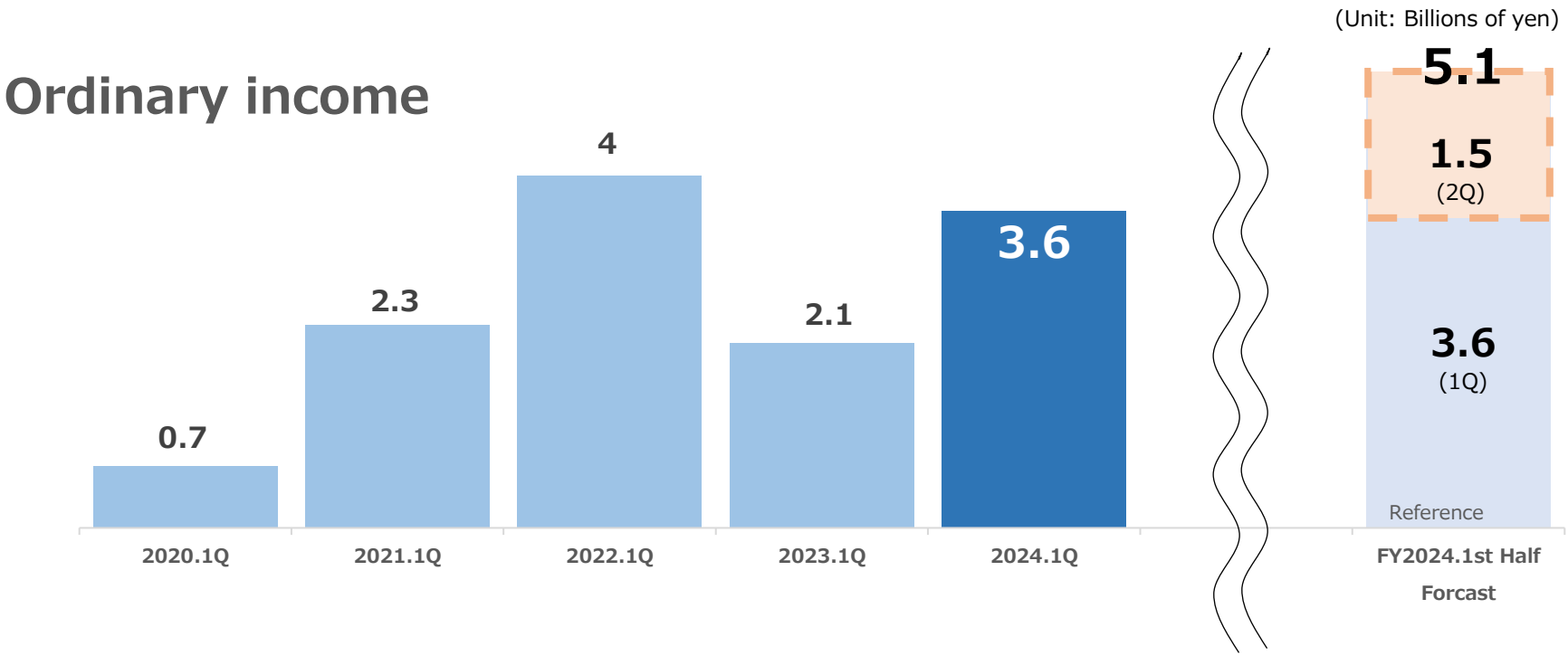
August 6, 2024

Summary of this document

Financial Summary

- ●Ordinary income for the first quarter of FY2024 is 3.6 billion yen .
  - → Iron and Steel unit kept the handling volume despite impacted by lower demand in the construction sector and leveled out of automobile production volume. Increased revenues and income due to price hikes.
  - → Non-Ferrous unit increased handling volume due to mainly handling copper products for terminal connectors and copper tubing for air conditioning. Increase in sales and income.
- ●Ordinary income for FY2024 is expected to be 5.1 billion yen for the first half and 11.0 billion yen for the full year, as initially forecast.

Ordinary income



Profit and Loss for FY2024 1Q

- Net sales increased mainly due to higher transaction volume in Non-Ferrous units, and higher prices in Iron and Steel units.
- Ordinary income was 3.6 billion yen, an increase of 1.4 billion yen Quarter over Quarter.

(see p.4: Change in Ordinary Income by Segment)

- Net income for the quarter was 2.9 billion yen, an increase of 1.6 billion yen from the same period last year

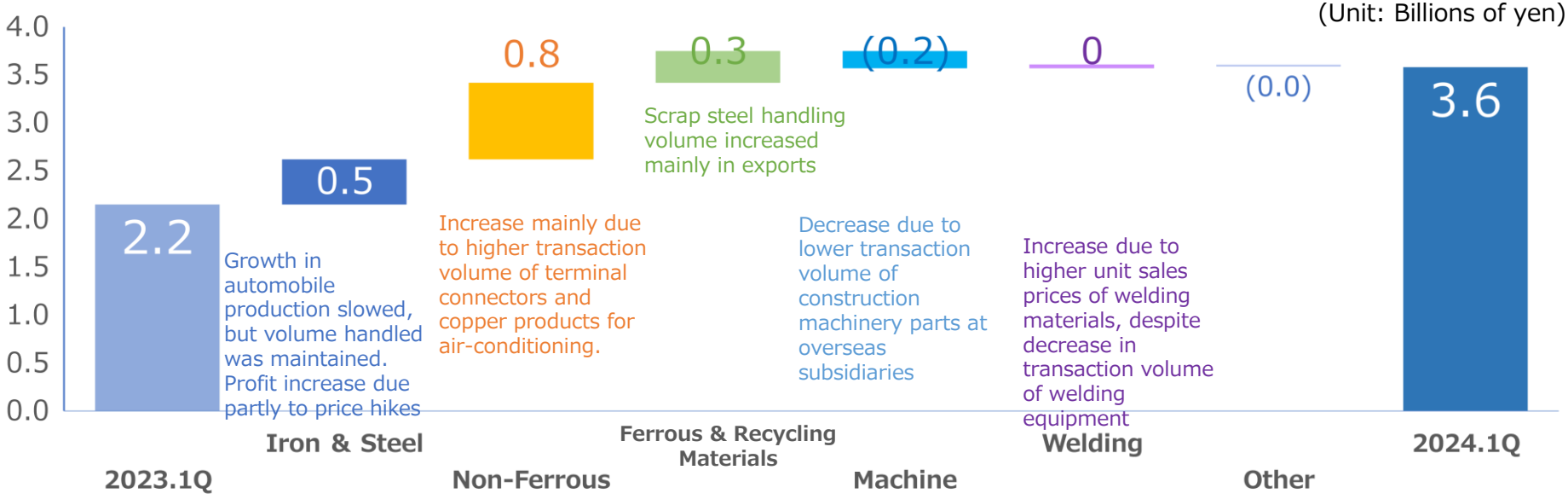
(Unit: Billions of yen)

	FY2023 1Q	FY2024 1Q	Increase/ Decrease	Percentage change (%)
Net sales	136.6	**152.3**	+15.8	+11.5%
Gross profit	8.8	**10.4**	+1.6	+18.1%
SG&A expenses	(6.3)	**(6.7)**	(0.4)	-
Operating income	2.5	**3.7**	+1.2	+47.0%
Ordinary income	2.1	**3.6**	+1.4	+66.7%
Attributable to: Shareholders of the parent company Net income	1.4	**2.9**	+1.6	+115.9%

FY2024 1Q Ordinary Income Change by Unit

		FY2023 1Q	FY2024 1Q	Increase/ Decrease	Percentage change (%)
Metals	Iron & Steel	0.99	**1.46**	+0.47	+47.4%
	Non-Ferrous	0.27	**1.07**	+0.8	+295.9%
	Ferrous & Recycling Materials	0.35	**0.68**	+0.33	+92.8%
	subtotal	1.61	**3.2**	+1.6	+99.1%
Machinery & Welding	Machine	0.42	**0.23**	(0.18)	(43.8)%
	Welding	0.12	**0.16**	+0.04	+36.2%
	subtotal	0.54	**0.4**	(0.14)	(26.1)%
Other		0.0	**(0.02)**	(0.02)	-%.
total amount		2.15	**3.58**	+1.43	66.7%

(Unit: Billions of yen)



Balance Sheet Situation

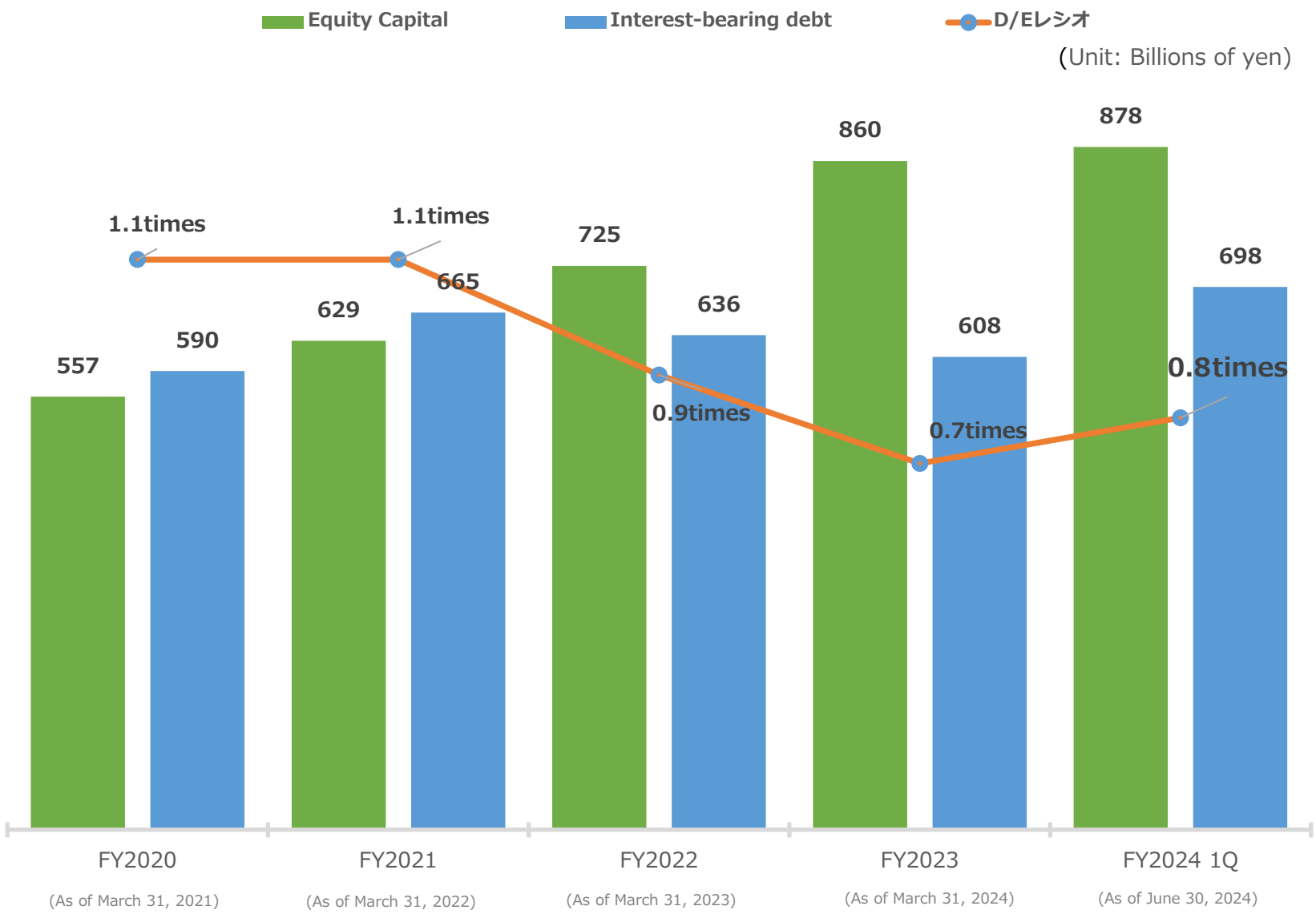
(Unit: Billions of yen)

	March 31, 2024	June 30, 2024	Change
current assets	337.6	363.6	+26.0
fixed assets	58.8	57.6	(1.2)
Breakdown Tangible and intangible fixed assets	11.0	11.3	+0.3
Investments and other assets	47.8	46.3	(1.6)
total assets	396.4	421.2	+24.8
current liabilities	281.0	303.7	+22.8
fixed liabilities	28.0	28.1	
total liabilities	308.9	331.8	+22.9
net worth	86.0	87.8	+1.8
Noncontrolling interest	1.5	1.6	
net assets	87.5	89.4	+1.9

External interest-bearing debt	60.8	69.8	+9.1
Capital adequacy ratio	21.7%	20.8%	(0.9)%
D/E Ratio	0.7 times	0.8 times	+0.1times
Net assets per share	9,770.1yen	9,972.5yen	
Share price at end of period	7,220 yen	7,920 yen	

Balance Sheet (Shareholders' Equity and External Interest-Bearing Debt)

- D/E Ratio : 0.8times (Reference: Net D/E ratio 0.7times)



FY2024 External Environment Assumptions

[Assumption of external environment]

(1) Assumed production volume of Japanese auto manufacturers (including overseas)

- ✓ In FY2023, production in Japan and other regions remained steady, but was sluggish in China.
- ✓ In FY2024, we forecast a slight increase in Japan. In China, a moderate recovery is expected, but the country is expected to continue to struggle in the future.

	Actual results for FY2022	Actual results for FY2023	Forecast for FY2024
Percentage change from the previous year (including overseas)	+1%	+5%	+1%

(2) Semiconductor Market Forecast

- ✓ Demand related to semiconductor equipment in Japan was sluggish in 2023, but is expected to be on a recovery track starting in 2024.

[Prerequisite]

exchange rate

- ✓ Assume 1USD=135 yen.

No change since the announcement on May 9, 2024

Forecast for FY2024

- Although sales are expected to increase due to high steel prices and an increase in the volume of steel products handled, selling, general and administrative (SG&A) expenses are expected to increase significantly due to an increase in personnel expenses and marketing activities expenses.

(Unit: Billions of yen)

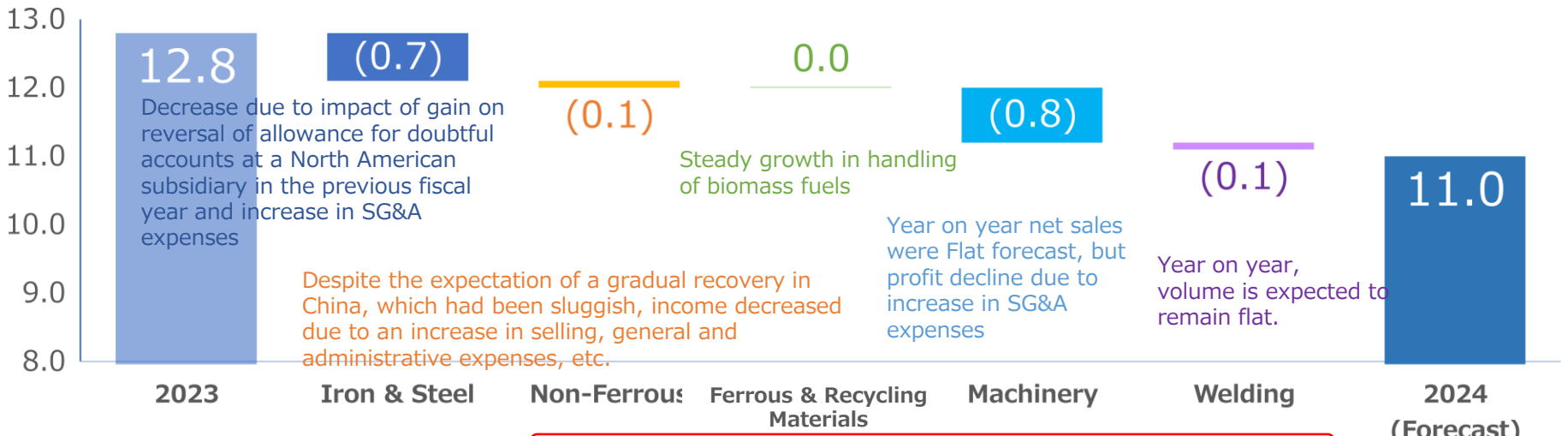
	Fiscal Year 2023	Fiscal Year 2024	Compared to the previous fiscal year Increase/decrease	Compared to the previous fiscal year Percentage change
Net sales	591.4	**623.0**	+31.6	+5.3%
Operating income	13.3	**10.7**	(2.6)	(19.5)%
Ordinary income	12.8	**11.0**	(1.8)	(14.2)%
Attributable to: Shareholders of the parent company Net income	9.1	**8.1**	(1.0)	(11.1)%
per share Net income	1,035.4 yen	**920.0 yen**	(115.4) yen	(11.1)%
Dividends (yen)	315.0 yen	**300 yen**		-

No change since the announcement on May 9, 2024

FY2024 Forecast Ordinary Income Increase/Decrease by Unit

(Unit: Billions of yen)

		FY2023 Actual	FY2024 Forecast	Increase/ Decrease	Percentage change (%)
Metals	Iron & Steel	6.6	**5.9**	(0.7)	(11.1)%
	Non-Ferrous	1.6	**1.5**	(0.1)	(8.3)%
	Ferrous & Recycling Materials	1.5	**1.5**	(0.0)	(0.9)%
	subtotal	9.7	**8.9**	(0.8)	
Machinery & Welding	Machine	2.3	**1.5**	(0.8)	(35.1)%
	Welding	0.7	**0.6**	(0.1)	(19.4)%
	subtotal	3.0	**2.1**	(0.9)	
Other		(0.0)	**0.0**	0.0	-
total amount		12.8	**11.0**	(1.8)	(14.2)%

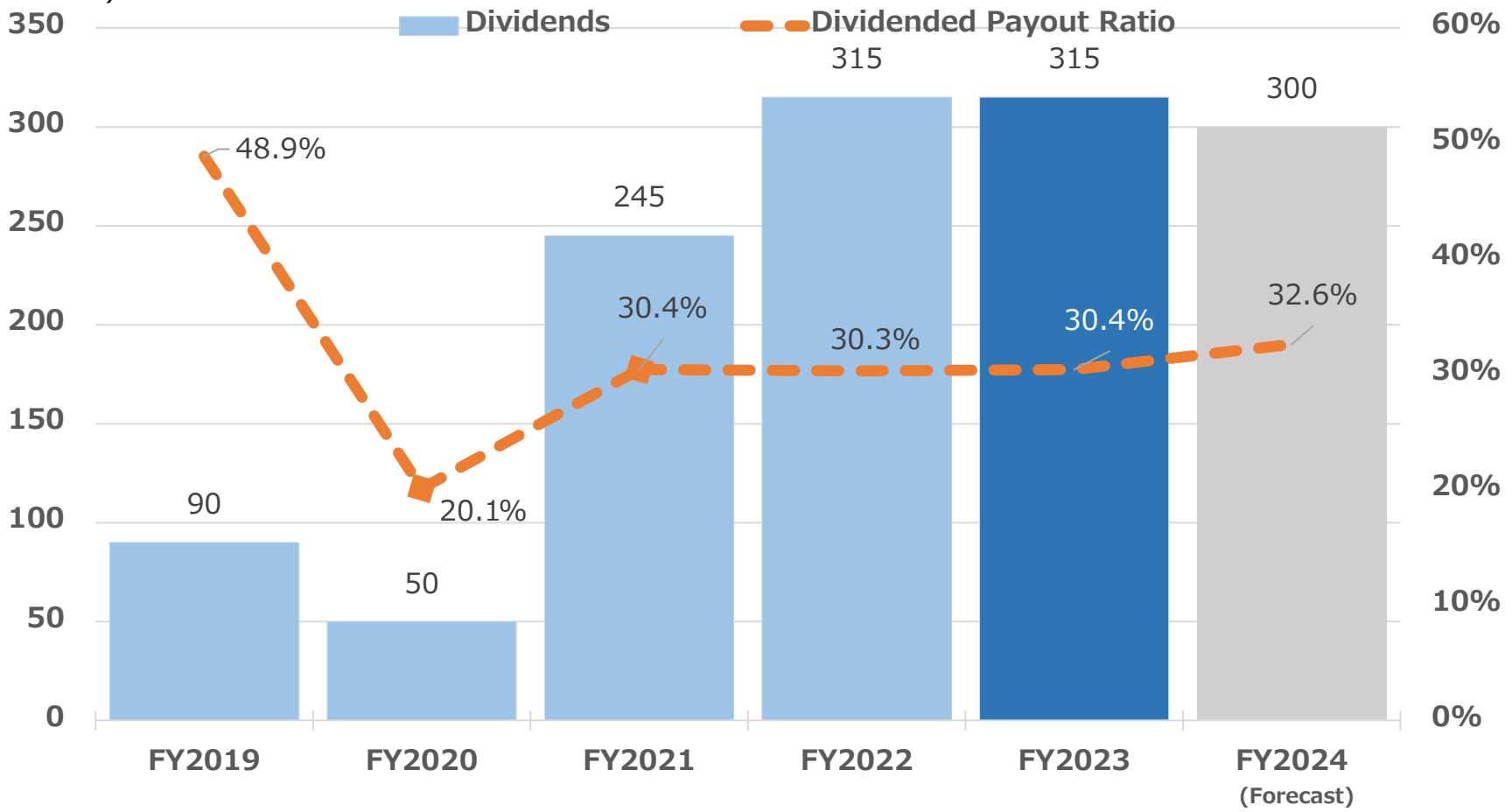


No change since the announcement on May 9, 2024

Dividend Trends and Forecasts

- The dividend policy **under the Midterm Corporate Strategy 2026 is to maintain a** consolidated dividend payout ratio of 30% or more, or a dividend per share of common stock. The dividend shall be 300 yen, whichever is higher.
- The annual dividend forecast for FY2024 is 300 yen based on the above policy

(Unit: Yen)



No change since the announcement on May 9, 2024