

FY2021
Summary of Financial Results for the First Half,
and Full-Year Performance Forecasts

October 29, 2021



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Summary of First Half Results

- The negative impact of COVID-19 persists in domestic and overseas markets, but signs of recovery emerged in US and elsewhere. Profit rose significantly YoY with general increase in sales volume and higher sales prices.
 - Net sales: ¥224.2 bn (See note below)
 - Ordinary income: ¥4.6 bn (YoY increase of ¥2.9 bn, 181.9%)
 - Net income: ¥3.9 bn (YoY increase of ¥3.4 bn, 689.5%)
- Equity ratio was 18.1% (compared to 19.5% at the end of the previous year)
- Dividend
We will pay an interim dividend of ¥85 per share and a full-year dividend of ¥170 per share (compared to ¥15 and ¥50 in same period last year).

* No year-on-year comparison is shown for consolidated net sales because the item complies with the Accounting Standard for Revenue Recognition (ASBJ No. 29), whereas same item for the previous year did not (we applied the standard at the start of FY2021).

Consolidated Profit and Loss Statement

(Monetary amounts other than earnings per share are shown in multiples of ¥100 million)

	H1/20	H1/21	# change	% change
Net sales	3,471	2,242	-	-
Jul 30 forecast		2,380	-	-
Gross profit	120	158	[1]	38
SG&A	(106)	(117)	[2]	(11)
Operating income	14	41	27	195.9 %
Jul 30 forecast		39		
Non-operating income (loss)	2	5	3	
Ordinary income	16	46	29	181.9 %
Jul 30 forecast		41		
Extraordinary income (loss)	(5)	2	[3]	7
Income taxes	(6)	(6)	0	
Net income	5	39	34	689.5 %
Jul 30 forecast		29		
Earnings per share	55.19	435.74		

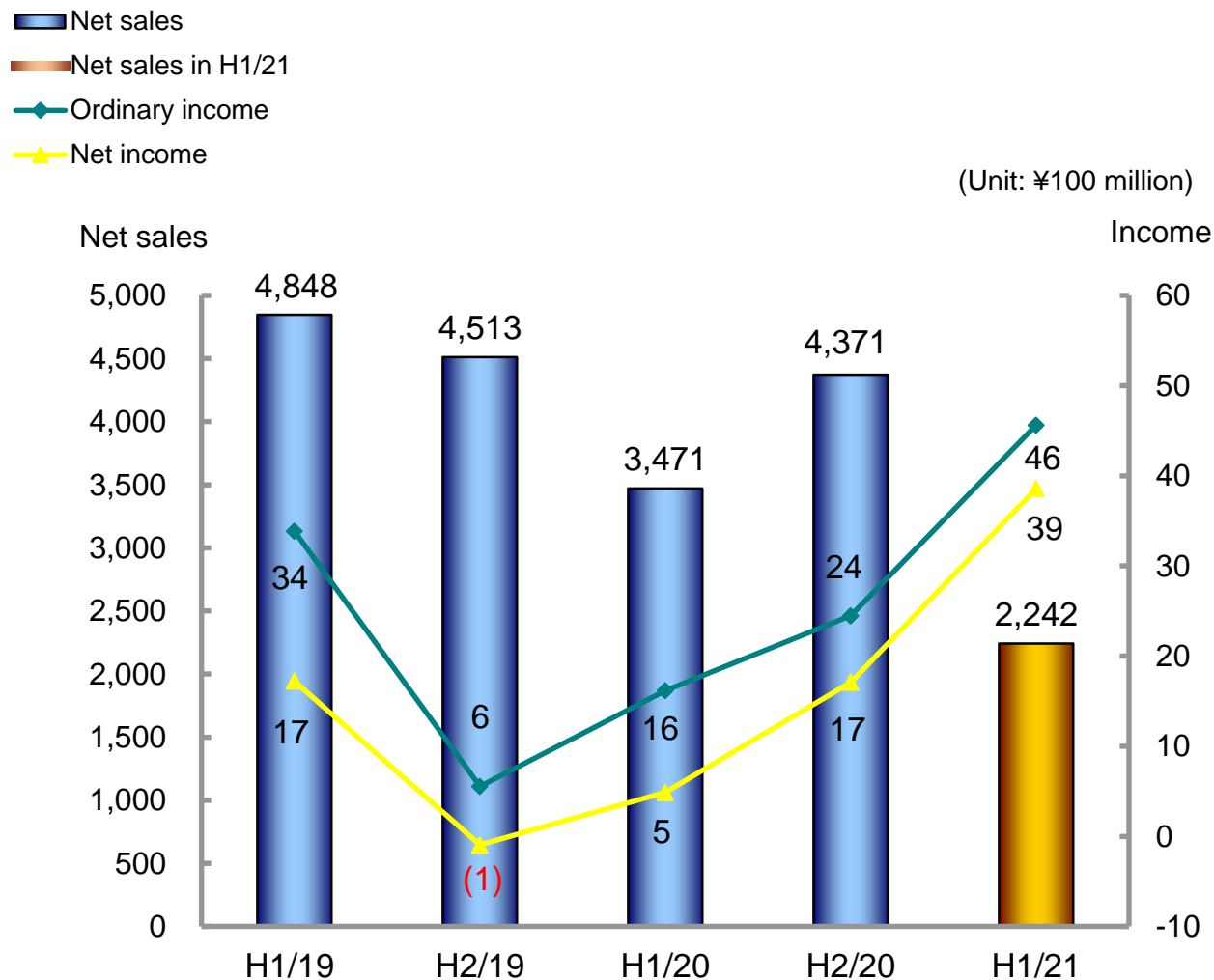
[1] Gross profit	
Non-consolidated	+ 12
▪Iron & Steel	+ 5
▪Ferrous Raw Materials	+ 4
▪Nonferrous Metals	+ 5
▪Machinery & Electronics	- 1
▪Welding	- 1
Overseas subsidiaries	+ 21
Domestic subsidiaries	+ 3
Consolidation adjustments	+ 2
Total	+ 38

[2] SG&A	
Increase in personnel expenses	- 4
Increase in transportation expenses	- 2
Increase in depreciation expenses	- 1

[3] Extraordinary income/loss	
H1/20: Loss on valuation of investment securities	- 5
H1/21: Gain on negative goodwill	+ 2

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Multiyear Comparisons of Consolidated Net Sales and Income

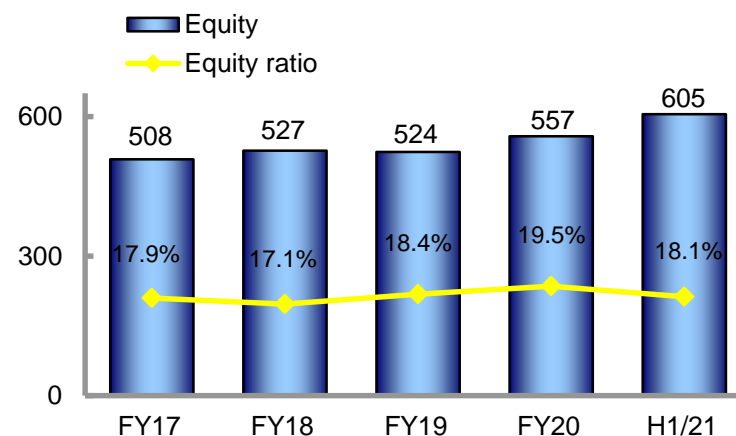


* No year-on-year comparison is shown for consolidated net sales because the item complies with the Accounting Standard for Revenue Recognition (ASBJ No. 29), whereas same item for the previous year did not (we applied the standard at the start of FY2021).

Consolidated Balance Sheet

(Monetary amounts other than earnings per share are shown in multiples of ¥100 million)

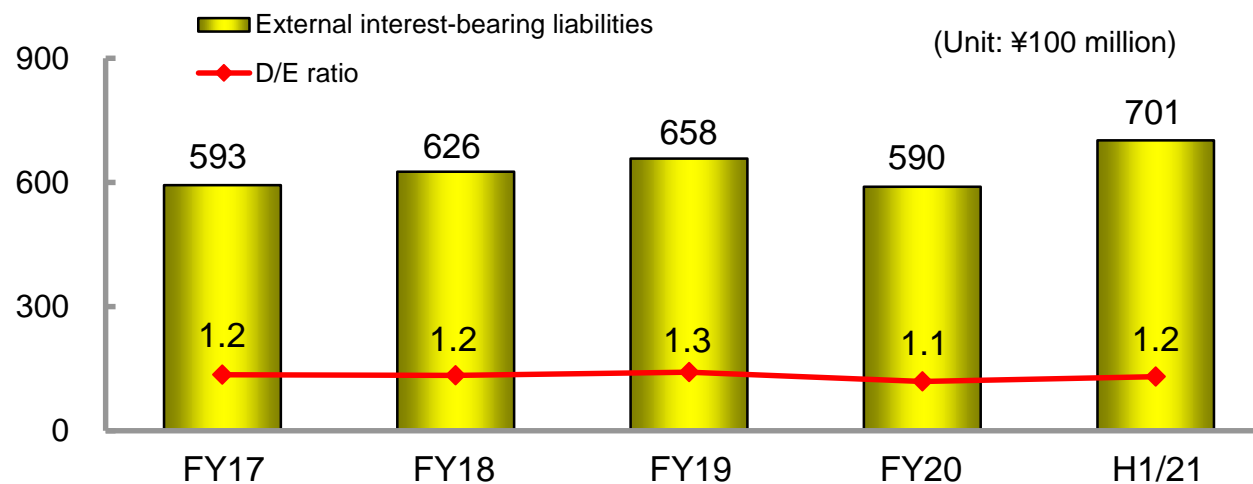
	'20	H1/21	YoY change	Main factors of change
Current assets	2,401	2,867	465	Trade receivables +186, Inventories +101, Advance payments +164
Non-current assets	461	478	17	
Tangible/intangible fixed assets	88	93	5	Buildings and structures +5
Investments and other assets	373	385	12	Investment securities +5, long-term loans receivable +1
Total assets	2,862	3,345	482	
Current liabilities	2,023	2,479	456	Trade payable +123, short-term loans payable +133, deposits received +146
Non-current liabilities	268	243	(25)	Long-term loans payable -22
Total liabilities	2,290	2,722	431	
Equity	557	605	48	Retained earnings +35, valuation/translation adjustment +12
Non-controlling interests	14	18	3	
Net assets	572	623	51	
External interest-bearing liabilities	590	701	112	
Equity ratio	19.5%	18.1%	(1.4%)	
D/E ratio	1.1	1.2	0.1	
Net assets per share	5,920.3	6,832.9		



Consolidated Cash Flows

(Unit: ¥100 million)

	H1/20	H1/21	YoY change
Cash flows from operating activities	+35	(102)	(137)
Cash flows from investment activities	(7)	+1	+8
Free cash flow	+28	(101)	(129)
Cash flows from financial activities	+12	+93	+82
Total cash flows	+40	(8)	(48)



Performance by Segment in First Half

(Unit: ¥100 million)

		H1/20	H1/21	# change	% change	Breakdown for sales and income
Iron & Steel	Sales	1,176	901	-	-	<ul style="list-style-type: none"> ● Steel plates and sheet materials Volume & prices up for domestic sales. Volume down, prices up for export sales ● Wire rod products Volume & prices up for domestic and export sales
	Segment income	4	25	20	474.9%	
Ferrous Raw Materials	Sales	984	198	-	-	<ul style="list-style-type: none"> ● Ferrous raw material imports Volume & prices up ● Cold iron materials Volume down, prices up
	Segment income	1	0	(1)	(92.9%)	
Nonferrous Metals	Sales	799	811	-	-	<ul style="list-style-type: none"> ● Copper, aluminum products Volume up among lead frames for terminal connectors and copper tubes for air-con units, automotive copper extrusion materials / sheets / strips, aluminum sheets for air-con fins ● Nonferrous raw materials Volume up among copper & aluminum scrap
	Segment income	5	17	12	247.5%	
Machinery & Electronics	Sales	333	223	-	-	<ul style="list-style-type: none"> ● Machinery products Volume up among battery materials and components for construction machinery Volume down among rolling mills, large compressors, vacuum deposition apparatus ● Information-related products Volume up among PC components. Volume down among semiconductor devices
	Segment income	6	3	(3)	(47.4%)	
Welding	Sales	178	107	-	-	<ul style="list-style-type: none"> ● Welding materials Volume up among materials for automotive and construction machinery Volume down for export sales of materials for chemical engineering and shipbuilding ● Welding-related equipment: Volume down among welding robots ● Materials for production: Volume down among raw welding materials
	Segment income	0	1	1	245.3%	
Adjustment	Sales	1	1	-	-	
	Segment income	(0)	(0)	0	-	
Consolidation	Net sales	3,471	2,242	-	-	
	Ordinary income	16	46	29	181.9%	

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Full-Year Consolidated Forecasts

(Unit: ¥100 million)	FY2020	FY2021 forecast	# change	% change
Net sales	7,842	4,590	–	–
Operating income	45	86	41	93.1%
Ordinary income	41	82	41	101.6%
Net income	22	64	42	191.2%
Net income per share	248.24	722.77		
Dividend per share	Interim: 15, Year-end: 35	Interim: 85, Year-end: 85	* As announced on Oct 29	
Dividend payout ratio	20.1 %	23.5 %		

Segment forecasts

(Unit: ¥100 million)	FY2020		FY2021 forecast		# change	
	Net sales	Ordinary (segment) income	Net sales	Ordinary (segment) income	Net sales	Ordinary (segment) income
Iron & Steel	2,642	6	1,810	36	–	30
Ferrous Raw Materials	2,335	3	450	4	–	1
Nonferrous Metals	1,856	19	1,600	28	–	9
Machinery & Electronics	648	12	530	11	–	(1)
Welding	358	1	200	3	–	2
Consolidated	7,842	41	4,590	82	–	41

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The forecasts for FY2021 are based on information available at the time of release. Actual performance may differ from what these forecasts suggested owing to a myriad of uncertain factors.