

Iron & Steel Division



Satoshi Nishimura,
Senior Executive Officer,
General Manager of the Iron & Steel Division

Evolving a high-quality and stable supply chain.

The business environment surrounding us is changing at a fast pace, with environmental challenges such as carbon neutrality and the SDGs, changes in demand due to rapid spread of EVs, soaring energy costs, labor shortages, and workstyle reforms. Domestic demand for iron and steel will inevitably shrink. In the overseas market, competition is likely to intensify as more and more products are produced and consumed locally. Under such circumstances, the Iron & Steel Division will make the supply chain more efficient and sophisticated, based on relationships of deep trust with customers. We thus aim to expand the existing business that covers from upstream to downstream of iron and steel distribution. In addition, we will invest in new businesses, expand to new regions, and make a foray into new products, effectively responding to the change of the times.

Business overview

● Using information and added value to support our customers' global manufacturing activities

The ability to gather information and apply manufacturing expertise is essential in creating stable procurement lines, securing product supply, and ensuring product quality around the world. The Iron & Steel Division utilizes the unique global network comprising of Kobe Steel, Ltd., the Kobe Steel Group, and other companies with close working relationships in the Americas, China, Thailand, and beyond to create a procurement and supply system that responds to the product quality and value required by our customers. We also dispatch Shinsho Corporation

employees to local secondary processing manufacturers and partner companies so that they can understand local manufacturing and increase product knowledge in order to improve their information gathering capabilities and added value. In addition, we will develop human resources who can take part in corporate management. The Iron & Steel Division's mission is to look at things from the customer's perspective, then work and propose solutions to satisfy customer requirements and always derive maximum value.

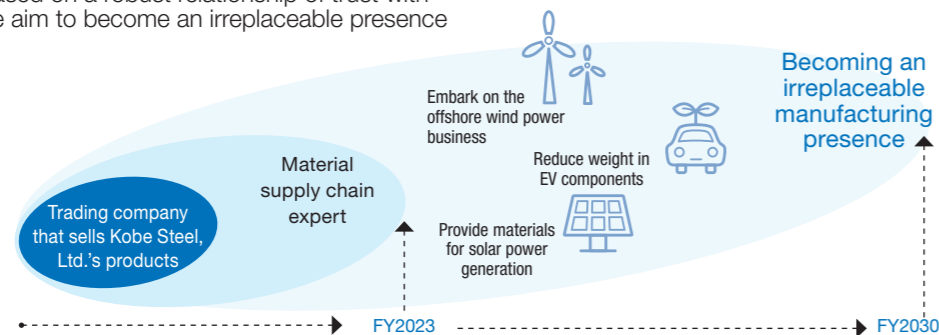
Future vision

● Becoming an irreplaceable manufacturing presence

We will evolve from a distributor of Kobe Steel, Ltd.'s products and become a material supply chain expert (procurement + logistics) in 2023.

By 2030, based on a robust relationship of trust with customers, we aim to become an irreplaceable presence

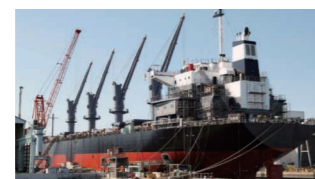
who thinks and acts proactively, in the fields of wire rods, steel plates, automotive parts, construction materials, and titanium stainless materials.



Main products handled by the Division



Wire Rods and Bars
KOBELCO wire rods and bars are used in the automotive industry and other fields. Working with secondary processors, Shinsho provides customers with a reliable supply of high value-added wire rod and bar products.



Steel Plates
Known for its superb processability and weldability, KOBELCO steel plates provide the foundation for a wide range of industries.



Steel Sheets
Kobe Steel produces high-strength steel sheet, another product that Shinsho supplies.



Titanium
Applications for titanium are expanding in many fields. Shinsho supplies KOBELCO titanium products to meet diverse customer needs.

Please visit our website for other products handled by the Division.
https://www.shinsho.co.jp/english/biz/iron_steel.html

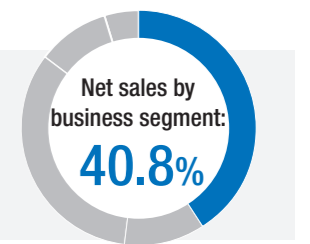


Our strengths, opportunities, and risks

Strengths	Opportunities	Risks
<ul style="list-style-type: none"> ● Stable profits from trading and further profits expected from investments ● Advanced processing and logistics that add high value in the steel supply chain 	<ul style="list-style-type: none"> ● Demand shifting to steel products that take advantage of low-carbon and decarbonizing technologies ● Increase in the handling of components geared toward renewable energy facilities ● Demand for safe and resilient infrastructure to protect against natural disasters (sales expansion of steel and anti-disaster products) 	<ul style="list-style-type: none"> ● Decrease in the use of some steel products due to accelerated EV proliferation ● Replacement of steel with aluminum and other lighter materials ● Increase in logistics and manufacturing costs due to a shift to natural energy associated with decarbonization

FY2022 results

Although automobile production was harmed by the global chip shortage, the impact of COVID-19 pandemic decreased. We saw earnings growth thanks to higher sales prices, despite decline in handling volume of both special steel products and steel plate/sheet materials.

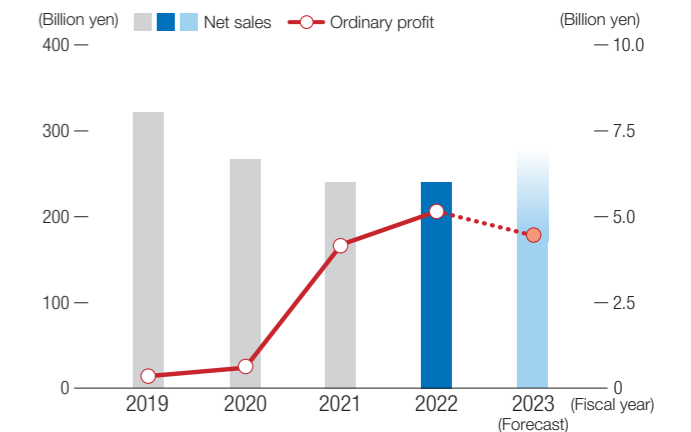


Outlook for the following fiscal year

A number of downside risks to business performance have become evident, such as production trends in the automobile industry, global turmoil caused by Russia's invasion of Ukraine, global COVID-19 pandemic, chronic semiconductor shortages, surging raw material prices, and price hikes on all kinds of products. For FY2023, we will need to meet the demand while keeping a close eye on the situation. Despite the uncertain and unstable business environment, the Iron & Steel Division aims to outperform the FY2021 results.

* The Company has applied the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29), etc. from the beginning of FY2021.

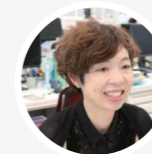
Segment net sales and ordinary profit (consolidated)



Employee Growth Story

Misaki Kotani,
Steel plate & Steel Department
(Joined the Company in FY2009)

I joined Shinsho Corporation because of my interest in companies that handle raw materials. Since around my third year with the Company, instead of viewing work as a task, I have kept in mind to take action after understanding why, or for what purpose, I should carry out the work at hand. I can now stay calm and handle irregular situations and new projects without hassles. When I worked on a large project for the Middle East, I arranged the export and collected the payment under difficult conditions in terms of delivery dates and costs. The client's voice of gratitude made me so happy that I almost forgot the difficulty I had needed to overcome. Going forward, I believe that it will be important to convey to the market what Shinsho Corporation has to offer, and identify new value. Embracing changes without fear, I would like to work together with my colleagues and take on various challenges.



Employee Growth Story

Yuji Kanamori,
Section1 Wire Rod & Wire Department
(Joined the Company in FY2009)

I joined Shinsho Corporation to gain a managerial perspective. I am currently a member of the First Tokyo Wire Rods Group, and mainly sell KOBELCO wire rods for automobile use to domestic and overseas processors. I feel the real pleasure of working for a trading company, instead of a manufacturer, when I connect suppliers and products to meet my clients' needs and develop the closure of a new deal into a continued business relationship. In the future, I would like to take on new challenges of the environment business such as carbon neutrality in the leading countries and areas in this field, and work on a horizontal rollout in Japan and Asia. Simultaneously, I aim to create an organization where members bring in new perspectives and challenging ideas, facilitating the growth of both the Company and individuals.



Ferrous Raw Materials Division



Beyond providing a stable supply of materials indispensable for the production of steel, the Ferrous Raw Materials Division contributes to decarbonization and the creation of a circular society by processing renewable products and fuels.

By strengthening and leveraging the network Shinsho Corporation has built across countries, we will further stabilize the supply of essential resources to Kobe Steel, Ltd. and contribute to the achievement of carbon neutrality through the expansion of the environment business. Aiming for carbon neutrality, the use of renewable energy is becoming increasingly commonplace. Buoyed by this, we plan to set cold iron materials and biomass fuels at the heart of our growth strategy. We will actively invest business resources in those fields, such as making investments in Japan, North America, and Southeast Asia.



Mitsuharu Karikomi,
Officer, General Manager
of the Ferrous Raw Materials Division

Business overview

● Steel resource business and zero-waste business as the driving forces

Steel is economical and easy to process, and an abundant amount of resources exist. It supports the development of industrial society as an important core material.

The Ferrous Raw Materials Division handles ferrous raw materials, which are at the most upstream part of the steel supply chain extending from resources to products. It is therefore essential to build a stable supply network for steel manufacturers. As a member of this network,

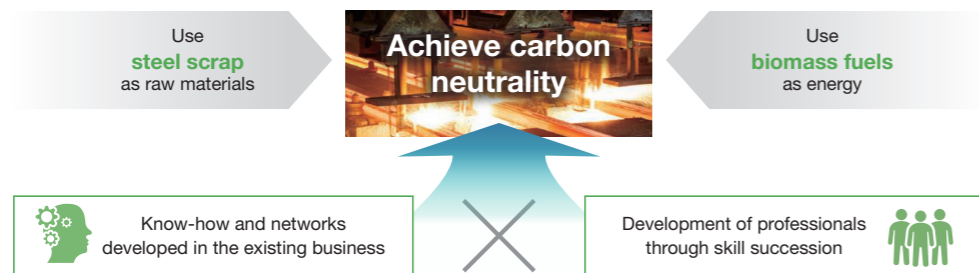
Shinsho Corporation has engaged in the trading business and contributed to Japan's manufacturing based on trusting relationships with manufacturers and suppliers. We are currently working on the new zero-waste business, which can be another driving force along with the existing steel resource business and is in line with the trends of the times, such as cold iron materials and biomass fuels. We will thus contribute to the creation of a social environment.

Future vision

● Taking on the challenge of achieving carbon neutrality

The steel industry has been working to achieve the ambitious goal of carbon neutrality. The Ferrous Raw Materials Division will take on the challenge of achieving carbon neutrality by making a foray into new fields with

growth potential and developing technology and human resources. Specific initiatives include promoting the use of steel scrap as raw materials and biomass fuels as energy.



Main products handled by the Division



Ferrous Raw Materials
Shinsho provides Kobe Steel with a reliable supply of iron ore, coking coal, limestone and other materials used in the steelmaking process.



Biomass Fuels
Shinsho Corporation supplies plant-derived fuels for biomass power plants, which are increasing as a new power source that does not increase CO₂ on the planet.



Recycled Fuels
Shinsho Corporation supplies RPF*, which is solidified industrial waste, as a high-grade fuel for Japanese manufacturers' boilers.
*RPF: Refuse derived paper and plastics densified fuel



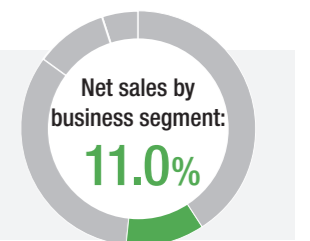
Steel Scrap
Shinsho Corporation sells scrap to Japanese electric furnace manufacturers and also exports scrap from Japan to international electric furnace manufacturers via a trilateral trade agreement.

Our strengths, opportunities, and risks

Strengths	Opportunities	Risks
<ul style="list-style-type: none"> Accumulated knowledge of raw materials and fuels and the ability to build networks Solid trust from manufacturers and suppliers 	<ul style="list-style-type: none"> Increase in the handling volume of steel scrap used as raw materials for electric furnaces Expansion of the handling of biomass fuels that prevent global warming and help create a circular society 	<ul style="list-style-type: none"> Decrease in the use of raw materials for blast furnaces due to a shift to electric furnaces in steelmaking

FY2022 results

Amid brisk crude steel production in Japan, we saw a higher volume of sales, especially to Kobe Steel. Earnings also increased thanks primarily to higher sales prices of the main raw material.

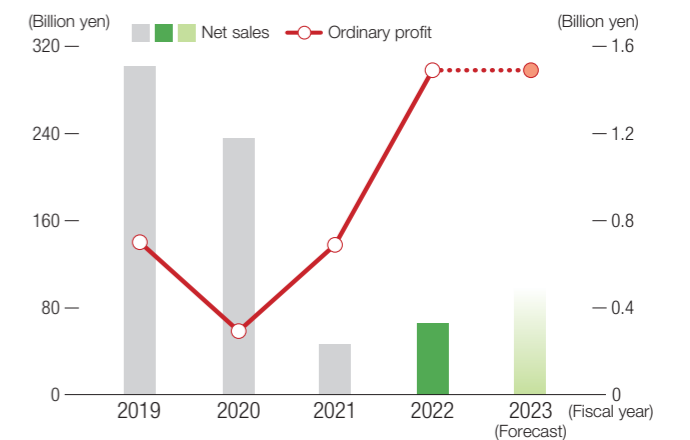


Outlook for the following fiscal year

FY2024 will be the first year of the next Medium Term Management Plan. We will steadily work to expand the handling of environmentally friendly products, including biomass fuels and cold iron materials.

* The Company has applied the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29), etc. from the beginning of FY2021.

Segment net sales and ordinary profit (consolidated)



Employee Growth Story

Takahiro Toki,
Osaka Raw Materials Department
(Joined the Company in FY2006)

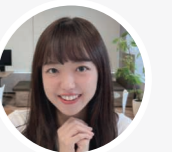
I am currently in charge of distributing steel scrap to Japanese and overseas electric furnace manufacturers. When I was an expatriate in Vietnam, there were no specific tasks associated with Kobe Steel, Ltd. as there were in Japan. I clearly remember being told by my supervisor, "As there are no given tasks, you will achieve nothing unless you find and create work to do." Working overseas was a precious experience where I shaped my values and mindset toward business. To be always willing to take on challenges and keep transforming myself and growing, I am committed to developing junior colleagues within the Company and meeting customer needs outside the Company. I would thus like to be an employee who can keep adding value.



Employee Growth Story

Yu Asakawa,
Tokyo Raw Materials Department
(Joined the Company in FY2020)

In my current job, I handle the process for importing coal, one of the main raw materials of steel. The process includes settling payments, making arrangements for customs clearance, and other tasks. Each product is handled by a different person, and I am in charge of a wide range of tasks, such as negotiating for a concession between conflicting views and perusing contracts written in English. It may take a matter of years to complete a project, and the completion evokes a sense of accomplishment. I made quite a few mistakes and had concerns when I started at the Company, but a senior colleague advised me to think how not to repeat the same mistake. This encouragement has become the foundation of my mindset. Going forward, tasks needed to be done are expected to change in a rapidly changing business environment. I would like to proactively broaden the scope of work I can handle.



Nonferrous Metals Division



Keep creating high added value as a total production group.

The Nonferrous Metals Division will continue with ambitious investments and loans, including exploration of new businesses laid out in the current Medium Term Management Plan. We aim to advance resource recycling business in and beyond the field of nonferrous metals. As for the processing business related to nonferrous metals, which we have expanded in China, ASEAN, and South Korea, we intend to complete investments for capability enhancement of each company by the end of the current Medium Term Management Plan. Against the backdrop of further capability enhancement, we plan to expand the processing business in both Japan and overseas from FY2023 onward, while maintaining and expanding the existing trading business.



Masahito Adachi,
Representative Director, Senior Executive Officer, General Manager of the Nonferrous Metals Division

Business overview

● Total production, from materials to scrap collection

Beginning with Kobe Steel, Ltd., the Nonferrous Metals Division utilizes its domestic and global networks to provide a vast array of nonferrous metal products. We are committed to providing a total production process, from materials, processing, and assembly to the collection of scraps generated in processing. For example, we modularize copper products with resin products, and upgrade aluminum scrap through optical machine

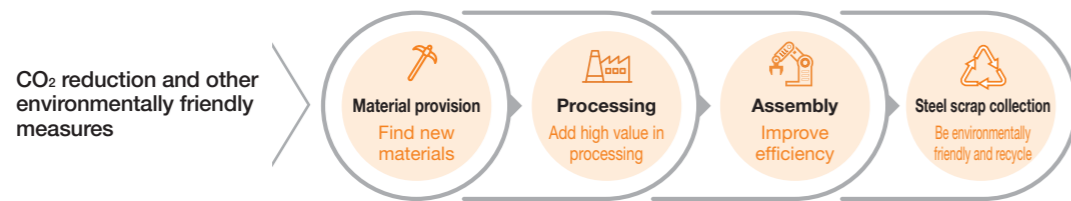
screening. We operate an aluminum coil center that processes automotive parts increasingly in high demand in China and aluminum processing and assembly centers for IT and semiconductors, as well as supervise facility installation. We have also expanded aluminum plate cutting bases to ASEAN. We will continue to offer total production packages, with an eye on the business environment and society in which we operate.

Future vision

● Organization that creates new value

We capitalize on aluminum rolled product, copper sheets, copper tubes, and other competitive products of the Kobelco Group. One of our core businesses is to actively roll out such products in both Japan and overseas. We also aim to shift to a business model that extends beyond the trading of nonferrous materials and takes advantage of a wide range of materials. We seek to expand into new business domains, such as businesses that add high

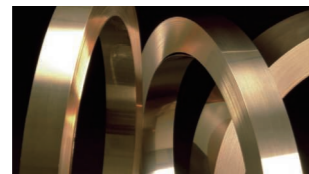
value in processing and environmentally friendly recycling businesses. In the process, we will reduce CO₂ emissions and implement other environmentally friendly policies, as well as roll out business activities based on the SDGs. We aim to be an organization that creates new value, where each employee thinks and expresses their views to discover new materials and explore new business models.



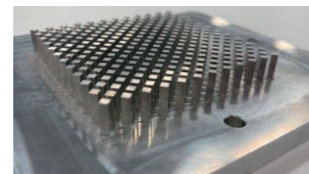
Main products handled by the Division



Chinese Coil Center (Suzhou)
This coil center is dedicated to producing aluminum coils. It meets customer needs using reams of data and an extensive product line ranging from Kobe Steel, Ltd.'s famously high-quality and high-functionality products to products from manufacturers within China.



Copper Strips for Electronics
We supply unique copper strips made using Kobe Steel Ltd.'s technical expertise for use in connectors and terminals in vehicles that assist in miniaturization and multi-polarization as well as for use in power devices that provide both strength and high conductivity in order to contribute to the creation of a carbon neutral society.



IGBT Heat Sinks for Automobiles
Heat sinks are indispensable for managing heat in EVs. We supply semiconductor manufacturers with high quality products by coordinating the supply chain from materials to processing and subassembly.



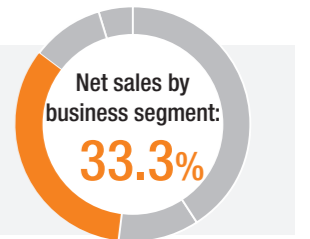
Automobile Panels
An EV's battery weighs more than its engine and aluminum panels contribute to reducing vehicle body weight, which is crucial for extending the range of EVs. Taking advantage of the panels' recyclability, we collect and reuse waste material produced in panel manufacturing to reduce the environmental load.

Our strengths, opportunities, and risks

Strengths	Opportunities	Risks
<ul style="list-style-type: none"> ● Existence of aluminum processing companies ● Abundant business bases in China and Southeast Asia ● High levels of individual employees' expertise ● A wide range of suppliers other than Kobe Steel, Ltd. 	<ul style="list-style-type: none"> ● Expansion of demand for aluminum and copper due to accelerated EV proliferation ● Increase in demand for copper sheets and aluminum plates for equipment, associated with strong demand for semiconductors ● Increase in scrap-related demand stemming from initiatives to achieve carbon neutrality 	<ul style="list-style-type: none"> ● Decrease in market shares for air conditioning fins and copper tubes due to the rise of low-price overseas materials ● Increase in costs due to soaring raw material prices ● Negative impression associated with China and risks in relation to production sites in China (China risk in general, etc.)

FY2022 results

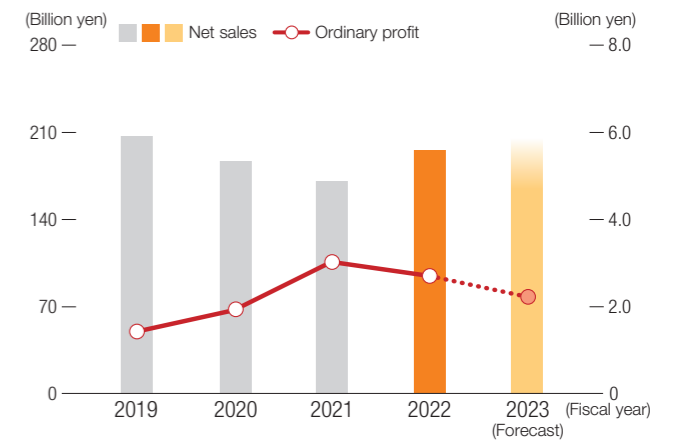
In FY2022, the overall Nonferrous Metals segment recorded revenue and earnings growth. Earnings from copper products increased, buoyed by unprocessed metals despite a decrease in earnings from products for automakers and air conditioner makers. Aluminum products saw brisk demand among automakers and semiconductor manufacturers. Nonferrous raw materials also posted increase due to increased handling volume of secondary aluminum ingots and copper scrap.



Outlook for the following fiscal year

Demand for aluminum parts, as well as materials for terminals and connectors, is expected as global decarbonization initiatives prompt EV market growth. Meanwhile, concerns remain over production decrease due to semiconductor shortages. By 2030, the size of the semiconductor-related market is likely to more than double from FY2021. Markets for aluminum plates for equipment and products made of those plates are also expected to grow. There are, however, uncertainties as well, such as decreases in capital expenditure due to monetary tightening in the United States.

Segment net sales and ordinary profit (consolidated)



* The Company has applied the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29), etc. from the beginning of FY2021.

Employee Growth Story

Natsumi Iba,
Tokyo Aluminum and Copper Group
(Joined the Company in FY2011)



Wishing to engage in the materials business, I decided to join Shinsho Corporation with an eye to handling a variety of products. Before maternity leave, I was in charge of exporting aluminum extrusion products for automotive parts. Having returned to work from childcare leave, I currently sell aluminum plates, extrusions, forgings, etc. in Japan and overseas. When I work on a new business project, a series of negotiations take place with clients from different countries. I feel rewarded when relationships of trust are built in the process and clients find me reliable. It has been 13 years since I joined the Company. I have been able to balance work with childcare and stay with the Company for such long years thanks to a culture where female employees are treated fairly, as well as a pleasant working environment for women.

Employee Growth Story

Sangi Yun,
On secondment to Copper Flat Rolled Products Sales Department, Kobe Steel, Ltd.
(Joined the Company in FY2019)



My decision to join Shinsho Corporation was based on my admiration for trading companies. Having said this, I initially struggled to understand what suppliers and clients are communicating. Senior colleagues advised me to think from the other side's perspective, which made me realize the necessity of working as a coordinator between companies. I am currently on secondment to Kobe Steel, Ltd. and sell semiconductor lead frames and other products to major semiconductor manufacturers in Japan. Installed in cars, white goods, etc., power semiconductors save energy and reduce CO₂ emissions. I find my work highly rewarding as I can feel that it contributes to the SDGs. Going forward, I would like to learn about manufacturing work, as well as costs of manufacturing, and apply the knowledge in tapping into new products and processing functions.



Machinery & Electronics Division



Supporting our customers' manufacturing by providing reliable service.

To achieve the Medium Term Management Plan, our goal is to contribute to customers' stable manufacturing work by expanding the maintenance business and supplying materials via a supply chain comprised of robust domestic and international networks. In FY2023, we will cement our profit base by starting a full-scale operation of the joint venture in India for construction machinery parts manufacturing and creating a global parts supply system. For the non-standard rotator market, which is expected to expand to reduce CO₂, we have set up the Compressor Group, creating a system where machinery sales and after-sales services are handled within the same organization at business bases in Japan. We will press ahead with the achievement of KPIs as the wrap-up of the Medium Term Management Plan, and aim to leap further forward toward the next Medium Term Management Plan.



Shinya Yoshida,
Director, Executive Officer, General Manager
of the Machinery & Electronics Division

Business overview

● Customer support utilizing a global supply chain

Starting with Kobe Steel Group products, the Machinery & Electronics Division selects and supplies customers with the best industrial machinery and electronic information equipment from around the world. Our ability to provide global procurement and proposals comes from our local companies and offices throughout Eastern Asia, Dubai, Europe, the United States, and beyond. Each base works closely with other bases and we create results by using our growing network of import/export businesses and

trilateral businesses. Bolstering our logistics capabilities and expanding local maintenance bases helps us contribute to our customers' stable manufacturing work by providing maintenance and procuring materials via a supply chain comprised of robust domestic and international networks. For example, to support our customers' overseas manufacturing, we establish local manufacturing bases through joint ventures with suppliers and create a highly competitive parts supply system.

Future vision

● Contribution to a digital society

Amongst massive changes in the living environment caused by the rapid advancement of digital technologies, the Machinery & Electronics Division provides a variety of products and services in the industries and sectors of

semiconductors, hard disks, and more. Demand for energy saving increases in a digital society. We will focus on the sale of products equipped with both advanced digital technologies and environmental value.



Main products handled by the Division



Large-size and Standard Compressors
A line-up of turbo-type, screw-type and reciprocating-type large compressors for a wide range of gas, air and steam applications. Standard compressors are largely screw-type, for air compressors and freezers.

Tire and Rubber Machinery
A broad line-up of tire and rubber machinery used for vehicles, construction machinery etc., that includes rubber kneading and tire vulcanizing machinery, and testing equipment.

Arc Ion Plating (AIP) Plant
Equipment acclaimed both in Japan and overseas that includes AIP plant and roll coaters (roll-to-roll coating) for newly developed and high-function materials and other advanced applications.

Vibratory Equipment
Vibratory equipment for a broad spectrum of applications for conveyance, screening, cut-out, feeding, drying, cooling, etc. in many different industrial areas including foodstuffs, chemicals, steel, dock-work, rubber and sugar.

WEB Please visit our website for other products handled by the Division.
<https://www.shinsho.co.jp/english/biz/machinery.html>



Our strengths, opportunities, and risks

Strengths	Opportunities	Risks
<ul style="list-style-type: none"> ● Robust supply chains in Japan and overseas ● Ability to propose CO₂ reduction and hydrogen-related equipment, as well as equipment to help achieve a decarbonized society, in cooperation with Kobe Steel Group companies 	<ul style="list-style-type: none"> ● Increase in demand for environment-related businesses associated with CO₂ reduction and energy-saving trends ● Personnel saving and work style reforms associated with digital transformation 	<ul style="list-style-type: none"> ● Downsizing of coal- and oil-related businesses due to decarbonization ● Economic downturn followed by a decline in businesses' willingness to make investments

FY2022 results

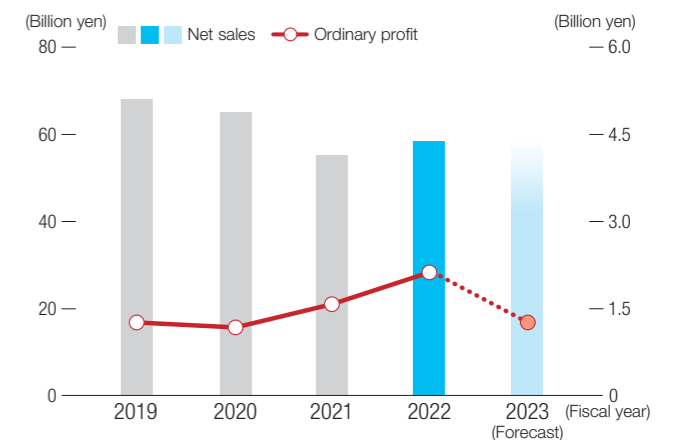
In FY2022, the Machinery & Electronics segment posted earnings growth on a consolidated basis, with strong orders for rotator services and construction machinery parts. Another contributor was a solid revenue growth among overseas subsidiaries and domestic consolidated subsidiaries.



Outlook for the following fiscal year

Orders for machinery products are expected to decrease for battery materials and tire machinery but increase for large-size compressors, vacuum coating equipment, etc. As for information-related products, orders for HD processing and inspection equipment, PC parts, etc. are expected to increase.

Segment net sales and ordinary profit (consolidated)



* The Company has applied the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29), etc. from the beginning of FY2021.

Employee Growth Story

Ryosuke Takahashi,
Compressor Group, Industrial Machinery Department
(Joined the Company in FY2006)

I joined Shinsho Corporation in 2006 as a mid-career recruit. In recent years, I have been working as a sales representative exclusively for compressors. While compressors are machines unfamiliar for most people, they are adopted in an extremely wide range of fields, such as oil, chemical, steel, electricity, gas, and energy. In addition, they constitute key equipment in upstream manufacturing plants. This leaves me with a big mission and responsibility, and I frequently feel rewarded in day-to-day sales activities. In April 2023, a new group was launched to sell the machines to new customers and offer after-sales services following delivery as one organization. To demonstrate the synergy effects of working as a single organization, I would like to keep communicating closely with my colleagues and continue with my sales activities.



Employee Growth Story

Takahiro Komori,
Construction Machinery Parts Group, Kobe Machinery Department
(Joined the Company in FY2016)

After joining Shinsho Corporation in 2016 as a new graduate, I handled a wide range of industrial machinery for waste and water treatment plants. The experience equipped me with the basics of machinery sales, where I need to see the overall operational flow in plants. From 2019, I handled parts (materials for casting and forging, hydraulic parts, etc.) for overseas customers as a Tier 1 supplier for construction machinery vehicles. I learned the QCD philosophy unique to the business for vehicle manufacturers. Since 2020, I have been working on the establishment of a procurement scheme from European and Asian manufacturers of high voltage parts for use in commercial vehicles, in an attempt to capitalize on the spread of xEVs coming from the global trend of decarbonization.



Due to an increase in orders for parts, the Construction Machinery Parts Group was set up in April 2023. I will take this opportunity to find new customers and grow further.

Welding Division



Offering new solutions that integrate IT with a wealth of knowledge on welding.

Welding materials handled by us, mainly the products of Kobe Steel which is the top welding brand, account for about 20% of the domestic market share. In the future, we will cement the position by further enhancing our distribution network spanning various regions in Japan. The business environment surrounding us is facing a significant turning point, characterized by carbon neutrality, transition from fossil fuels, and advancement of EV adoption. We will contribute to the growth of manufacturing companies and achievement of prosperity for our clients and shareholders by exploring and proposing new products, with environment, labor saving, and high quality as the keywords.



Hiroyuki Arizono,
Officer and General Manager of
the Welding Division

Business overview

● Abundant product knowledge and technical capabilities for total solution packages

The Company is a trading company that is proudly the largest handler of the welding materials manufactured by Kobe Steel, Ltd. We use our abundant product knowledge and expertise to offer optimal products and welding solutions to customers in Japan, Thailand and other ASEAN countries, and China.

In recent years, our particular focus has been placed on automation of welding processes through the use of

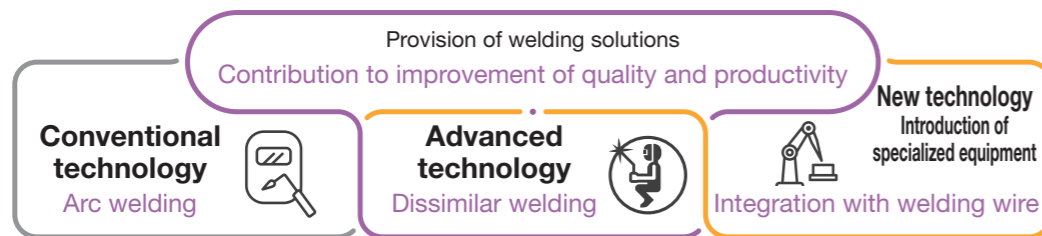
various types of welding robotic systems. Moreover, we focus on the maintenance business of the aforementioned welding machines in Thailand, and have stated to handle used robots to promote recycling. We are thus expanding our business domain overseas to better respond to customers' needs.

Future vision

● Becoming an irreplaceable manufacturing presence

In our business activities, we aim to achieve the best mix of the business environment surrounding us and economic trends including carbon neutrality and the SDGs. We thus keep developing every day to grow beyond the business mainly handling welding materials and welding-related machines. Without being bound by existing concepts, we

intend to expand our business domain across the entire manufacturing sector. By supporting manufacturing in general as a general trading company for welding, we aim to be a business group that engages in proposal-based sales and contributes to the achievement of prosperity for our clients and shareholders.



Main products handled by the Division



Welding Materials
About 800 types of welding materials of Kobe Steel delivered by the Welding Division are given high marks as technological products.



Welding Equipment
Welding equipment generates the arc necessary for welding. We handle many different types including shielded metal arc welding and CO₂ arc welding kits.



Robotic Welding Systems for Large Pillar Assembly
We provide systems to automate welding processes for the steel pillars and beams used in skyscrapers. The use of robotics systems has enabled to strike balance between ensuring welding quality and improving work efficiency.



Welding Raw Materials
Raw materials such as minerals, various metals, alloys, etc. needed to manufacture welding materials are procured and sold worldwide.

WEB Please visit our website for other products handled by the Division.
<https://www.shinsho.co.jp/english/biz/welding.html>

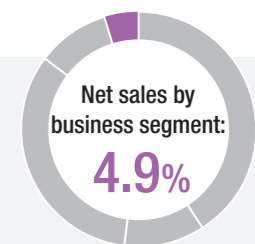


Our strengths, opportunities, and risks

Strengths	Opportunities	Risks
<ul style="list-style-type: none"> ● High levels of trustworthiness and technical capabilities of products handled by the Company ● Robust distribution network in Japan 	<ul style="list-style-type: none"> ● Needs for high-quality manufacturing ● Needs for automation due to labor shortage 	<ul style="list-style-type: none"> ● Heightened awareness of lower prices and costs ● Tightened environmental regulations concerning welding materials

FY2022 results

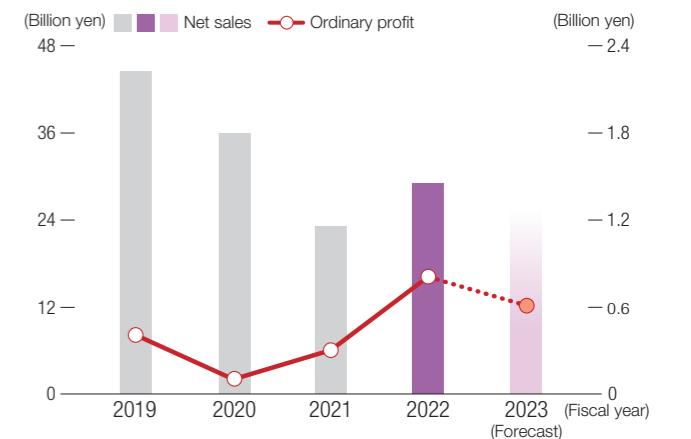
In FY 2022, the Welding segment posted earnings growth with a stable large handling volume of domestic shipbuilding and construction and overseas shipbuilding, along with higher welding material prices.



Outlook for the following fiscal year

At present, the segment is expected to post earnings growth as compared with the previous fiscal year in light of the recent robust condition of the domestic market, although the outlook for the current fiscal year is unclear due to many factors causing uncertainty including the Russia-Ukraine situation, surging prices of various materials, and shortage of semiconductor components.

Segment net sales and ordinary profit (consolidated)



* The Company has applied the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29), etc. from the beginning of FY2021.

Employee Growth Story

Taisuke Mitsui,
On secondment to SC WELDING CORPORATION
(Joined the Company in FY2010)

After joining Shinsho Corporation, I worked for three years in sales of welding materials and machines for leading heavy industry manufacturers. Visiting sites where products handled by us are used and understanding how they are used, as well as occasionally being urged to work harder, laid the foundation for my work now. I then attended a one-year Chinese language training course in Shanghai and worked there for six and a half years, gaining experience in sales for users in the automobile, construction machinery, and shipbuilding industries. It took me a while to get used to different business practices and values, but following through in a huge market through trial and error resulted in building great confidence. I am currently in charge of distribution sales in Japan. As it is mostly new to me, I am learning every day. If I have the opportunity, I would like to work abroad again in the future and work on a new business in that country.



Employee Growth Story

Nobunari Nakamura,
Production Material Group, Welding Division
(Joined the Company in FY2022)

I joined Shinsho Corporation because I was attracted by a global environment where I can do business with overseas clients, a diverse range of products, and employees' personalities. My current job is to purchase raw materials in Japan and overseas and sell them wholesale to manufacturers that produce welding materials, as well as to purchase trailers and recycling materials and sell them wholesale. In my second year at the Company, I had an invaluable experience of going on a business trip to South Korea, where I learned that checking the progress at each step and making sure to inspect products locally are important tasks in overseas transactions. I have been working on the language and other skills to be able to engage in overseas business. My goal is to tap new clients in cooperation with our subsidiaries in China, Southeast Asia, and Europe to expand raw materials sales to welding manufacturers.



Overseas Business Companies

Contribution to Manufacturing Glocally

Iron & Steel Division

① GRAND BLANC PROCESSING, L.L.C.

- Expanding presence in North America by achieving high quality and stable supply through the enhancement of facilities

With Shinsho American Corporation as its main investor, Grand Blanc Processing, established in 1995, undertakes secondary processing of wire rod products, with order books currently swelling for fastener-use materials for Japanese and U.S. auto parts makers. We are actively addressing expanding needs through cooperation with the Kobe Steel Group as production facilities are increased.



Iron & Steel Division

② AIKEN WIRE PROCESSING, L.L.C. (AWP)

- Contributing to higher added value and deeper Group synergy

Aiken Wire Processing (AWP) mainly applies wire drawing processes to Kobe Steel's bearing steel and delivers products to JTEKT, Schaeffler, and other automobile parts manufacturers. Having built a stable supply chain for Shinsho Corporation's bearing steel business in North America, AWP is committed to meeting customer needs.

Facility enhancement in 2022 has enabled drawing of 4–14 mm diameter wires, in addition to continuous drawing of 1.5–4 mm range small diameter wires. As a manufacturer specialized in wire drawing that offers a wide range of services tailored to demand, AWP continues to strive for a sustainable growth.



Iron & Steel Division

③ SHINSHO-MEIHOKU WIRE, INC.

- North American node contributing to just-in-time production

Shinsho-Meihoku Wire serves as a transit warehouse for delivering automobile-related materials to customers just in time. It delivers products processed by Grand Blanc Processing and handled by Shinsho American Corporation to customers, at the timing when they need the products.

Its mission is to respond flexibly to changes in automobile production in North America and supply materials without running out of stock. It works on the frontline, supporting manufacturing while exchanging information with customers every day.



Iron & Steel Division

④ SHINSHO OSAKA SEIKO (NANGTONG) CORPORATION

- Targeting status as a manufacturer of forged parts

Established in 2013 to supply semi-finished differential gears to Ondo Shinsho Precision Engineering (Nantong) located in the same industrial complex, Shinsho Osaka Seiko is a forged parts manufacturer that forms part of a supply chain of the Ondo Group, including exports to Japan and Thailand. In recent years, the company has received an increasing number of orders for cold-headed parts for Japanese automotive parts manufacturers.



Nonferrous Metals Division

⑤ KTN Co., Ltd. ⑥ KTN Metal Vietnam Co., Ltd.

- Established a company doing cutting processing of the aluminum plate and whole sales in February 2023

KTN Co., Ltd. in South Korea, a subsidiary of Shinsho Metals Corporation, has been in the processing business since 2003. KTN has raised its presence in South Korea by accumulating track records through provision of products in preferred sizes within a short delivery time. With an eye to making a foray into the aluminum plate market in the ASEAN region, KTN Metal Vietnam Co., Ltd. was established in 2023 in northern Vietnam, the market which many South Korean conglomerates have entered. KTN aims to boost its competitiveness by taking advantage of the brand name nurtured over time in South Korea.



KTN Metal Vietnam Co., Ltd.

Machinery & Electronics Division

⑦ TRACK DESIGN INDIA PRIVATE LIMITED

- Joint venture to meet India's construction equipment needs

India, which has been growing steadily, is expected to continue its long-term construction investments like mines, building infrastructure, and more. The Machinery & Electronics Division sees the construction equipment needs of this growing industry as a business opportunity. The market tends to be dominated by local manufacturers, however, so we formed a joint venture with the Korean forged parts manufacturer DAECHANG FORGING Co., Ltd. to establish a construction equipment parts manufacturing and sales company at the Mahindra Industrial Park in India. Operations began in September 2023. We will work to improve services for existing customers and reach new customers.



Employee Growth Story

Hiroshi Katayama,

Iron & Steel Division, On secondment to Kobelco Trading (Shanghai) Co., Ltd. (Joined the Company in FY2011)

I am working on the expansion of iron and steel product sales at a subsidiary in China. When I joined Shinsho Corporation, I struggled to demonstrate independence and get the job done. In my late 20s, however, I had a great experience that led to my growth. I was assigned to a group that mainly handles products and trading, where I was able to expand my client's business scale and revenue thanks to the help from my business partners, supervisor, and group members. Going forward, I would like to take the personal relationships I nurtured in China to Southeast Asia and India, and accelerate the purchasing business in China and establish a joint venture with a Chinese company.



Employee Growth Story

Kosei Fujita,

Nonferrous Metals Division, On secondment to VINA WASHIN ALUMINUM CO., LTD. (Joined the Company in FY2015)

I am on secondment to an aluminum extruded shape manufacturer, which is a Vietnamese joint venture funded by Shinsho Corporation. Serving as general manager of Sales Department and Planning Department, I am in charge of planning new sales expansion activities and new investments, as well as managing financial affairs. My job thus involves being a representative and manager in a global workplace environment at an overseas subsidiary. While I fully realize the challenge of working overseas due to the difference of culture and values, I hope to quickly accumulate experience that enables me to play an active role globally and contribute to the advancement of Shinsho Corporation.

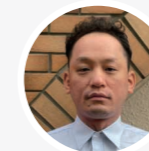


Employee Growth Story

Yasuo Hidaka,

Machinery & Electronics Division, On secondment to Shinsho American Corporation (Joined the Company in FY2011)

I currently engage in sales activities chiefly to locally procure products for the LNG industry and Shinsho Corporation Group's U.S. plants. While a wide range of products are handled in different industries, clean energy and EVs, in particular, are causing significant changes to industries in the United States and transforming the concept of conventional manufacturing. The post-pandemic world is taking a big step forward. I need constant trial and error to build relationships with local, Japanese, and European companies and expand business in the United States, which leads the world economy and gives birth to technologies. It is an exciting experience.



Employee Growth Story

Shun Matsukawa,

Welding Division, On secondment to Thai Escorp Ltd. (Joined the Company in FY2016)

I mainly sell welding materials, welding robots, and other products at a subsidiary in Thailand. The scale of each project varies, as I handle a range of products from one-thousand-yen pliers to robot systems that cost hundreds of millions of yen. Regardless of price or volume involved, I feel most rewarded when I commit to a project and my work is recognized. In addition to constantly thinking through how we can survive in the shrinking iron and steel industry, I would like to think beyond product boundaries and focus on resolving customers' issues while steadily improving my skills.



Domestic Business Companies

Increasing Competitiveness by Enhancing Supply Chain Functions

Iron & Steel Division

SHINSHO STEEL PRODUCTS CORPORATION

▶▶▶ <https://www.shinshosteel.co.jp/>

● Responding to diverse needs quickly with its own supply network

Shinsho Steel Products was established when Shinsho Metal Products Corporation (Osaka), having split off from Shinsho Corporation in 1986, merged with Shinsho Finished Products Corporation (Tokyo) in 2001. In 2021, the year of its 20th anniversary, it merged with the construction steel business division of Shinsho Corporation and made a fresh start as a general trading company of construction materials that handles from steel to secondary and tertiary iron and steel products.

The civil engineering and construction materials business supports social and environmental infrastructure and prevents and mitigates disasters. Meanwhile, the construction steel business supports the development of society by building bridges, office buildings, distribution warehouses, plants, and condominiums. With comprehensive capabilities enhanced by the merger of the two businesses, Shinsho Steel Products strives to further increase the level of customer satisfaction and contributes to the creation of a future society where people can live comfortably and safely.



Iron & Steel Division

MORIMOTO KOSAN CO., LTD.

▶▶▶ <https://morimoto-kosan.co.jp/>

● Aiming to mark the 100th anniversary as a long-established coil center

Morimoto Kosan was established in December 1949, and became a distributor of Kobe Steel, Ltd. in June 1968. Since then, it has sold and processed mainly hot coils and steel plates. It has been a Shinsho Corporation Group company since becoming a wholly owned subsidiary of Shinsho Corporation in 2018.

In making capital investments, it has strived to maintain and improve occupational health and safety, with the help from safety consultants. In addition, updating the sales management system has facilitated prompt and accurate response. As a long-established coil center in the Kansai area and the only hot-rolled coil center in the Kobe Steel Group, Morimoto Kosan is fully committed to responding quickly to requests from customers.



Nonferrous Metals Division

SHINSHO NON-FERROUS METALS CORP.

▶▶▶ <https://www.shinshohitetsu.co.jp/>

● Advancing functions as a stocking and processing center for nonferrous metal products

Established as Shinsho Metal Processing Corp. in 1982 and later merging with Shinsho Nonferrous Metals Corporation which split off from Shinsho Corporation, Shinsho Non-Ferrous Metals made a new start in 1996.

To meet diverse needs for aluminum sheets, plates, rolled copper products, and a range of other processed products, it has a wealth of products in stock. As a processing center, it makes proposals tailored to customer needs by taking advantage of extensive functions including quick delivery and small lot handling.

Sales offices in Tokyo, Osaka, Nagoya, Hiroshima, and Fukuoka help customers with a locally rooted, fine-tuned approach.



Nonferrous Metals Division

SHINSHO METALS CORPORATION

▶▶▶ <https://shinshometals.co.jp/>

● Contributing to overall cost reduction as a supplier of nonferrous metals

In July 2019, Kobelco Tsutsunaka Trading Co., Ltd. merged with Nakayama Corporation and made a fresh start as Shinsho Metals Corporation. It sells aluminum, copper, stainless steel, and other nonferrous metal products in Japan and overseas. It does business with leading nonferrous manufacturers and processing manufacturers. Optimal products are proposed from a range of options, to be used for automobiles and semiconductor manufacturing equipment. In addition to the head office in Tokyo, business bases in Miyagi, Gunma, Nagano, and Kanagawa engage in sales activities close to customers. Overseas subsidiaries in China, Thailand, and Indonesia sell Japanese materials in local areas, as well as export materials from local nonferrous metal manufacturers. Aluminum plate cutting plants in South Korea and Vietnam process and sell products chiefly for the semiconductor and liquid crystal manufacturing equipment industries.



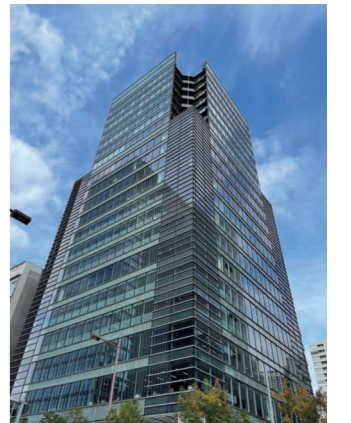
Machinery & Electronics Division

MATSUBO CORPORATION

▶▶▶ <https://www.matsubo.co.jp/en/>

● Contributing to new value creation with a combination of trading company and engineer functions

Matsubo started its business in 1949 in the commercial department of the Matsuzakaya Department Store, with the corporate philosophy of "contributing to society through the development of the Japanese Industrial sector by introducing excellent machinery, equipment, and new technologies from the West and other countries around the world." In 1955, Matsuzaka Trading Co. Ltd., forerunner of Matsubo Corporation, was established. As a trading company specialized in machinery, Matsubo keeps seeking cutting-edge technologies and proposes new products and value. In addition to understanding customer needs and offering technical and product information necessary for satisfying the needs, it has a seamless service structure in place. Its services range from pre-sale services that offer engineering functions to achieve targets, to consulting on facilities and equipment modifications, and after-sales services following equipment delivery. Matsubo is proud to offer products that meet customer needs, including melting furnaces, powder processing equipment, pharmaceutical manufacturing equipment, transportation, and measurement equipment.



溶材本部

SC WELDING CORPORATION

▶▶▶ <http://www.scwel.co.jp/english/index.html>

● Contributing to industrial manufacturing through unparalleled, total welding support

SC Welding is a long-established trading company of welding materials. It became a consolidated subsidiary of Shinsho Corporation in 2016 and marked the 80th anniversary in 2023. It sells Kobe Steel's welding materials and welding-related products to the distribution sector in Japan, as Shinsho Corporation does. In January 2022, it acquired business from another company in the same industry to expand business scale, and increased the number of sales offices in Japan to 10. These developments will drive locally rooted, proposal-based sales activities fine-tuned to each customer and help offer high-quality products that meet customer needs. SC Welding will thus contribute to the growth of manufacturing companies, as well as to the development of society.



Employee Growth Story

Tomoaki Oya,

Corporate Planning Department (Joined the Company in FY2018)



My job includes preparing non-consolidated financial results, ensuring compliance with laws and regulations, and handling international tax affairs. I need to make day-to-day decisions based on not only knowledge on accounting and tax affairs but also business partners' situations and other Departments' perspectives. This makes the job rewarding. I constantly feel that I am in an extremely important position, amid growing calls for detailed disclosure of corporate information.

In terms of organizational structure, I find it necessary to create a system to develop as many employees with accounting knowledge as possible. I would like to be proactive in creating an organization where I can spread accounting knowledge to employees from different groups through training and on other occasions, not to mention develop those assigned to my group.

Implementation of Effective Compliance-related Activities

We are working on the establishment of a system for compliance with laws and regulations and other various initiatives under the “Ethical Code for Shinsho Group Companies.”

Code of conduct

The Company has stipulated in the “Ethical Code for Shinsho Group Companies” that the Group will maintain a high level of corporate ethics and comply with laws and regulations and other social norms as well as the company rules, and formulated basic policies and specific action standards that all the Group officers and employees should observe.

Ethical Code for Shinsho Group Companies			
I Basic policies <ul style="list-style-type: none"> We will maintain a high level of corporate ethics and conduct corporate activities trusted by society. We will comply with laws and regulations and other social norms as well as the company rules, and act fairly and faithfully. 			
II Action standards			
1. Fair transactions	We will comply with social rules and work to maintain and promote fair and free competition.	8. Prohibition of insider trading	We will never engage in any suspected act such as unfair trade of shares.
2. Compliance with international rules	We will work to comply with international rules and respect culture and customs of relevant countries.	9. Promotion of environmental preservation	We will actively address global environmental issues and always pay attention to the natural environment.
3. International cooperation	We commit ourselves to international cooperation and act from an international perspective.	10. Respect for intellectual property rights	We will work to protect and respect intellectual property rights.
4. Security trade control	We will thoroughly implement security trade control and work to maintain international peace and safety.	11. Communication with communities	We will work on social contribution activities as a good corporate citizen.
5. Disclosure of corporate information	We will work to disclose corporate information in a timely and appropriate manner to maintain transparency of management.	12. Respect for human rights	We will respect human rights of others and prohibit any and all sorts of discriminatory treatment.
6. Ensuring trustworthiness of financial reporting	We will work to maintain appropriateness of financial statements and related information and ensure trustworthiness of financial reporting.	13. Prevention of political corruption, etc.	We will never engage in any act that is suspected to be bribery and maintain relationships in moderation with public officials.
7. Thorough management of information	We will strictly manage customer information and other confidential information and will not leak such information to others without a legitimate reason.	14. Confrontation with anti-social forces	We will maintain a resolute attitude toward anti-social forces and organizations.

Compliance Committee

The Company has established the Compliance Committee as an advisory body to the Board of Directors, which discusses and deliberates basic policies, plans, systems, the status of education, and monitoring of matters related to compliance with laws and regulations of the entire

Group on a semi-annual basis and reports the results to the Board of Directors. The Committee is chaired by the President and CEO, and the members consist of officers including Audit & Supervisory Board Members and external attorneys at law.

Education and awareness raising

In order to ensure that the philosophy of the “Ethical Code for Shinsho Group Companies” is thoroughly understood by all employees, the “Compliance Practice Manual” has been delivered to all employees including those of affiliated companies within Japan and overseas. The Manual addresses themes that correspond to each action standard in the Ethical Code, giving easy-to-understand explanations on specific cases. In addition, handheld “Shinsho Group Compliance Cards” are also distributed to employees to ensure their continued awareness of compliance.

Furthermore, for all employees including those of subsidiaries, rank-specific training and various types of training with individual themes have been held face-to-face, through e-learning, or web-based streaming throughout a year since 2003. In addition to the foregoing, in recent years, we have also strengthened the training for

Directors/Audit & Supervisory Board Members and held training sessions in a wide variety of fields including competition law, economic security, customs systems, and human rights on a regular basis.



“Shinsho Group Compliance Practice Manual”: Provided in five languages (Japanese, English, Chinese, Spanish, and Korean)

Whistle-blowing system

The Company has established the Shinsho Group Whistle-blowing Contact Desk to detect any issues such as misconduct that may affect the Company in advance and ensure sound management.

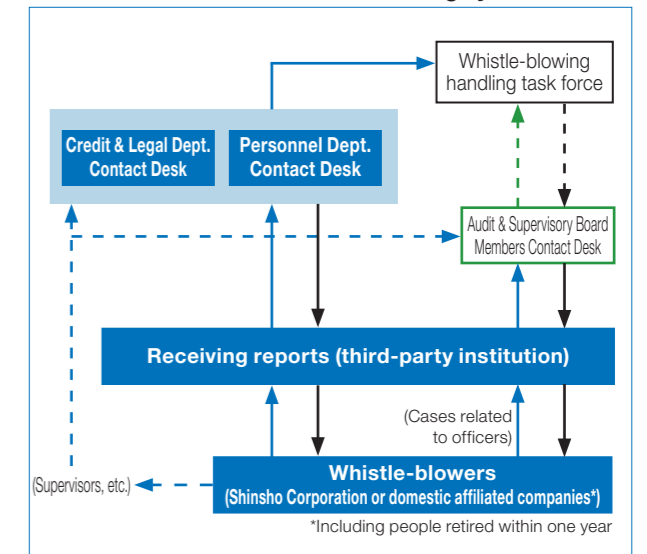
The Company renewed its whistle-blowing system in June 2022 and changed the method of receiving reports to one in which a third-party external vendor centrally receives reports, from a viewpoint of strengthening the way to ensure convenience and anonymity of employees, etc. This change has enabled whistle-blowers to maintain their anonymity as they cannot be identified unless they disclose their information themselves.

In addition, the Company has established three internal desks to handle issues according to the details of reports and respective desks will carry out investigations and communication with whistle-blowers. If a case concerns any Director or officer, the Audit & Supervisory Board Members Contact Desk consisting of Audit & Supervisory Board Members will handle the case to ensure independence from such Director or officer.

The Company’s whistle-blowing system strictly maintains confidentiality so that whistle-blowers will not be treated disadvantageously due to the fact that they have made a report.

Information on the whistle-blowing system is widely notified through various training sessions, pamphlets, cards, etc.

Schematic view of the whistle-blowing system



Prevention of corruption

The “Shinsho Group Bribery Prevention Policy” was formulated in 2020, which prescribes “prohibition of offering of bribe to public officials and business partners” and “prohibition of acceptance of bribe from business partners.” The Company has also notified business

partners of its anti-corruption policy, and requires them to comply with laws, regulations, etc. which prohibit bribery. When engaging with a new business partner, we conduct qualification screening against the business partner using a checklist to assess corruption risk.

Compliance with the Subcontract Act

We have been focusing on compliance with competition laws, the Act against Delay in Payment of Subcontract Proceeds, Etc. to Subcontractors (the “Subcontract Act”) in particular. We regularly confirm the status of compliance with the Subcontract Act through collaboration between persons in charge of promotion of the Subcontract Act in sales departments and persons in charge in legal departments. In addition, we hold level-specific training on the Subcontract Act for all employees including those of subsidiaries in Japan at least once a year to raise the level

of awareness of the Subcontract Act throughout the Group.

In January 2022, we registered ourselves as a company that supports the “Business Partnership Commitment” promoted by the Small and Medium Enterprise Agency under the Ministry of Economy, Trade and Industry. We will adhere to desirable trade practice between large procuring enterprises and subcontractors and actively work to correct trade practice and commercial practice which hinder building of partnerships with business partners.

Security trade control

● Overview of initiatives

From the viewpoint of maintaining international peace and safety, the Company is rigorously working on security trade control based on the Foreign Exchange and Foreign Trade Act to prevent leakage of cargoes or technologies that can be used for military purposes to such entities as nations which engage in development and other similar acts related to weapons of mass destruction and conventional weapons, as well as terrorists.

The Export Control Representative Council, in which the President and CEO has the ultimate responsibility for security trade control and which is chaired by the officer in charge of the Credit & Legal Department, has been established and works to prevent violation of laws and regulations and breach of internal regulations by sharing the latest information on related laws and regulations of various countries and promoting compliance.

The Company has established a voluntary management system related to security trade control required by the Ministry of Economy, Trade and Industry and conducts various measures including building of a transaction screening system for company-wide export control, regular internal audit, and internal education.

● Export Control Representative Council

As an advisory body to the Board of Directors, the Council is comprised of members which include the officer in charge of the Credit & Legal Department who is a chief officer responsible for security trade control, Audit & Supervisory Board Members, members of the Credit & Legal Department, and persons responsible for export control in each sales division, and discusses measures, policies, etc. related to export control operations.

Promotion of Activities in Global Environment

The Company has stipulated in its Basic Policy for Sustainability that “We are contributing to the establishment of the sustainable society that all people desire.” Under the belief that activities friendly to the global environment are demanded for the creation of a sustainable future, we have confirmed that we will commit to such activities conducted on an ongoing basis as material issues. Sales and head office departments have been collaborating to promote operation of the environmental management system (EMS), provision of products and services friendly to the global environment, and initiatives to reduce greenhouse gas.



Basic Environmental Philosophy

Standing our Corporate Philosophy, we deeply recognize that “a strong drive against environmental issues is the most indispensable for the subsistence and activities of the Company” and eventually challenge to realize “sustainable growth,” positioning voluntary and active initiatives toward preservation of the global environment as one of its important management issues.

Environmental Core Values

- 1 Concern for the Environment**
 When pursuing business activity, we will take the preservation of the global environment into account and work to prevent pollution. We will also promote the handling of products that contribute to a better environment both in Japan and abroad.
- 2 Compliance with Environmental Laws and Regulations**
 When pursuing business activity, we will comply with all international treaties related to the environment as well as all related laws and regulations both in Japan and abroad, including voluntary guidelines. We will also adhere to all agreements with stakeholders and work to strengthen mutual understanding and cooperative relationships.
- 3 Efficient Use of Resources and Energy**
 We will contribute to the realization of a circular society through such means as efficiently using and reusing resources and energy, as well as protecting resources.
- 4 Establish and Continuously Improve Our Environmental Management System**
 Based on the environmental policies outlined here, we will establish an environmental management system and work toward continuous improvement through the implementation of a PDCA cycle.
- 5 Disseminate and Publicize Our Environmental Policies**
 We will notify all of our employees about our environmental policies and publicize them outside the Company.

Environmental management system

Environmental audit and ISO 14001 examination

The Company obtained ISO 14001 certification in 2000 and manages its environmental activities based on the certification. The maintenance and operation of the environmental management system are confirmed through the following audit procedures.

● **Internal audit:** Internal auditors who have completed annual internal or external EMS internal auditor training audit all departments (in January through April).

In addition, internal auditors are trained and receive education on a regular basis. In addition to deepening the understanding of ISO standards through their service as internal auditors, internal auditors can gain insights through audit of other departments on how to approach business that they cannot understand through business of their own departments only, or business in other domains, how to handle risks, and other matters. This will help internal

auditors’ their own departments as well.

● **External examination:** Examination by an external certified body conducted after the completion of the internal audit (in May through December). After passing the renewal examination, the whole Company receives an examination for two years as a regular examination. In the third year, the whole Company receives an examination simultaneously as a renewal examination.



ISO 14001 certificate

Status of ISO 14001 certification (FY2022)

The scope of examination for ISO 14001 is as follows.

Shinsho Corporation’s Osaka Head Office, Tokyo Head Office, Nagoya Branch Office, Kyushu Branch Office, Kobe Branch Office, Chugoku Branch, Kakogawa Branch, Shizuoka Branch, Hokuriku Branch, Sapporo Branch and Tokuyama Office.

The Environment Committee confirms every year, by using the “Risk Management Action Plan” and the “Assessment List for Compliance with Related Laws and Regulations (ISO Format),” that subsidiaries in Japan and overseas which have not received examination concerning their status of risk management including the environment by a third-party certification body such as the ISO have implemented risk management including the environment.

System to promote environmental initiatives

The Environment Committee made a transition to the Sustainability Committee on June 24, 2022 and the persons in charge of the sustainability environment are appointed within the Committee. The officer in charge of

the General Affairs Department is a member, and General Manager of the General Affairs Department is the promotion leader.

Compliance with environmental laws and regulations

Each site lists laws and regulations related to their departments’ business in the “Assessment List for Compliance with Related Laws and Regulations” and submits the list to persons in charge of ISO at the beginning of each period. The names of laws and regulations (the Waste Management and Public Cleansing Act, the Act on

Rational Use and Proper Management of Fluorocarbons, the Air Pollution Control Act, etc.) and the compliance processes are described in the list and the progress is checked on a semi-annual basis (at the end of the first and second halves). Persons in charge of ISO verify the lists and submit them to the Sustainability Committee.



Investment in a decarbonization fund

The Company invested in the UMI No. 3 Decarbonization Investment Limited Partnership (UMI Decarbonization Fund) founded by Universal Materials Incubator Co., Ltd.

Through the investment in the UMI Decarbonization Fund, the Company intends to support outstanding technologies and new businesses in the decarbonization field in collaboration with UMI. In addition, we hope to create new businesses of the Company and cooperate with business partners of the Company by participating in creation of innovations beyond the boundaries of industries that UMI aims for.

We will continue to further strengthen our initiatives to mitigate climate change, recognizing that responding to climate change, including decarbonization, is an important management issue.

Obtained a management level B rating for CDP’s Climate Change category

Our environmental actions and disclosure earned us a B score in the Climate Change category from the CDP*, an international non-profit environmental organization that provides an environmental disclosure system.

In the survey, CDP requested disclosure of data related to an environmental impact, risks, and opportunities through its platform, and about 20,000 organizations around the world disclosed data through CDP. The Company obtained the B score, which is called a management level, among the eight-point scale spanning from A to D-.



<Reference>

* CDP (former Carbon Disclosure Project)

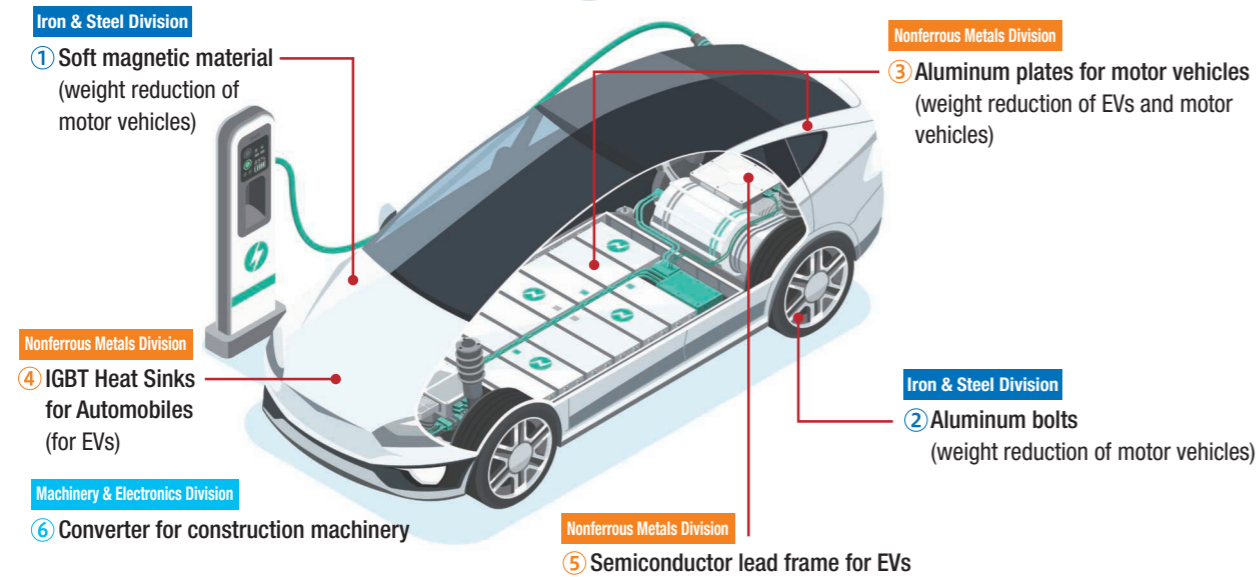
An international non-profit organization (NPO) established in the United Kingdom in 2000. It is an ESG evaluation body which examines and evaluates risks and opportunities related to the three categories, namely Climate Change, Water, and Forests, of companies across the globe and discloses the results, with support of investors, etc. of various countries.

Concern for the environment

Environmentally friendly products/Efficient use of resources and energy

It designates “Electrification and weight reduction of motor vehicles” and “resource recycling businesses” as the priority areas, and develops diverse initiatives in each segment.

~ Electrification and weight reduction of motor vehicles ~



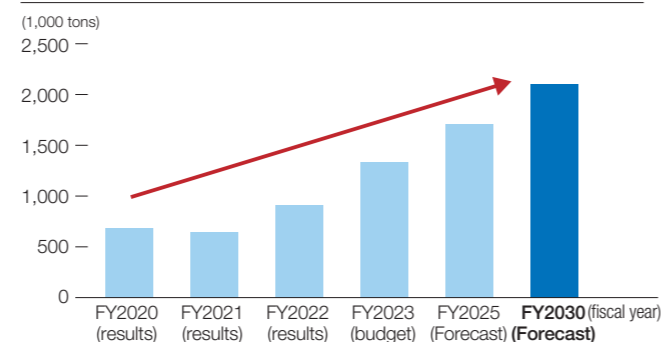
	Description
Weight reduction of EVs and automobiles	① Handle steel materials with an outstanding magnetic feature (soft magnetic iron) produced by Kobe Steel. Contribute to improvement of functions to control electromagnetic parts, size and weight reduction and reduction of power consumption.
	② Export and sell wires for aluminum bolts used for engines and transmissions to Europe. Contribute to extension of the cruising distance through weight reduction, as aluminum weighs about one-third of iron.
	③ Suzhou Shinko-Shoji Material processes and sells outer panels of EVs and materials for outer frames of battery cases for EVs in China, where EVs are growing rapidly.
	④ Heat sinks, indispensable for EVs. Offer high quality products to semiconductor manufacturers, after processing and assembling materials. *IGBT: Insulated Gate Bipolar Transistor
	⑤ Sell lead frames used for semiconductors for xEVs to resin mold manufacturers, and which in turn sell them to semiconductor manufacturers.
	⑥ [Construction machinery EVs] Handle equipment (DC-DC converter) that converts high-voltage current into low-voltage current in batteries mounted on EVs.

Developments related to environmental-friendly products

To date, Shinsho Corporation has worked with recycled raw materials and fuels like steel scrap, RPF*, wood shavings, and more to help create a circular society. We will expand our handling of biomass fuels like palm kernel shells (PKS) and wood pellets in order to contribute to Japan's renewable energy policies.

*RPF: Refuse derived paper and plastics densified Fuel

Achievements and future vision of environmental-friendly products (Steel scrap, biomass fuels, etc.)



~ Resource recycling businesses ~



	Description
Resource recycling businesses	⑦ Handle KOBEMAG®, galvanized steel sheets with high corrosion resistance produced by Kobe Steel as materials for mount systems that support solar panels.
	⑧ Have concluded long-term fuel supply contracts with three biomass power generation stations in Japan, supplying biomass fuels.
	⑨ Collect scrap metal such as iron and aluminum and sell iron to electric furnace manufacturers in Japan and overseas countries, and aluminum to melting furnace manufacturers in Japan. Contribute to resource recycling society.
	⑩ Purchase aluminum scrap from automakers, pulverize and select them at plants cooperating with the Company, and sell them to rolled aluminum manufacturers. The rolled aluminum manufacturers in turn sell them to automakers, thereby creating a closed loop.
	⑪ Sell inverter compressors, inverter freezers, heat pumps to contribute to cost reduction through energy saving as well as reduction of CO ₂ emissions.
	⑫ Pulverize welding material spools (welding material rolling table) used for welding at shipyards, and form and reuse them. Realize horizontal recycling.

New initiatives in the agricultural field

In December 2022, the Nonferrous Metals Division invested in Crop Development by Photo-Transforming & Photosynthesis Corporation, which possesses technologies related to the Korean ginseng short-term cultivation promotion system. Previously, cultivation of Korean ginseng required five years, and repeated cultivation was not possible. However, by using technologies of said company, Korean ginseng can be cultivated in short cycles (about two to three years) in artificial soil and in a manner that is completely pesticide free.

This initiative is an environmentally friendly activity, which is an issue for the Company, and leads to longer healthy life expectancy and sound and healthy way of living. Taking this initiative as an opportunity, the Company intends to step into the agricultural field, which is a new domain for us.

Korean ginseng cultivation fields under solar power panels



Experimental equipment for the Korean ginseng short-term cultivation promotion

Response to climate change

We understand that actions to address climate change are an important management issue and we work continuously to contribute to society in terms of climate change leveraging our abilities as a trading company, in addition to the reduction of the CO₂ emissions of the entire Group.

TCFD's disclosure recommendations and related initiatives

1. Governance structure

The Company established the Sustainability Committee headed by the President and CEO in April 2022.

To address environmental problems including climate change, which is one of the important management issues faced by the Group, the Committee meets twice a year, deliberates and formulates basic policies, important items, etc., and monitors the progress of initiatives in cooperation with the Risk Management Committee which is mainly in charge of the identification and assessment of risks.

Results are regularly reported to the Board of Directors for the management and supervision of the reported activities.

2. Strategy and scenario analysis

The Company analyzed and assessed risks and opportunities related to the impact of climate change on the Group's business activities based on the 2°C scenario and the 4°C scenario provided by the TCFD, and sorted out countermeasures as described below.

The Company reviews the scenario analysis on a regular basis to work to improve the resilience of the Group against climate change.

<Risk analysis and countermeasures>

Category	Risk factor	Impact on business				Measures addressing risk		
		Details	Financial impact					
			Revenue	Cost of sales	Gross profit			
Transition risks	Policies and regulations	Rising purchase prices due to progress in the pricing of GHG emissions, including carbon taxes	—	↑	↓	<ul style="list-style-type: none"> Reduction of the CO₂ emissions of supply chains in collaboration with suppliers Transition to handling environment-friendly products and equipment Transition to supplying raw materials that supports ironmaking methods with lower CO₂ emissions Initiatives for the introduction of renewable energy 		
		Decrease in the transaction volume of non-energy-saving conventional products	↓	—	↓			
		Decrease in the transaction volume of coal and other products with the following entities that emit large amounts of CO ₂ : Materials manufacturers, Blast furnace manufacturers, Power plants	↓	—	↓			
		Rising purchase prices due to increased costs associated with the energy transition for decarbonization	—	↑	↓			
	Technology	Replacement of existing products/services with low-carbon options	Decrease in transactions of non-energy-saving conventional products	↓	—		↓	<ul style="list-style-type: none"> Shift to transactions of environment-friendly materials Product development based on new technologies and research into market trends
		Upfront expenses associated with the transition to low-carbon technologies	Decrease in transactions of steel products due to the transition to EVs and light-weight vehicles	↓	—		↓	
			Increase in additional expenses incurred by manufacturing subsidiaries and others for the introduction of new technologies	—	↑		↓	
	Market	Change in consumers' behavior	Decrease in transactions of non-energy-saving products and products with high environmental burdens	↓	—		↓	<ul style="list-style-type: none"> Transition through the promotion of co-firing using biomass fuels and the shift to biomass fuels Expansion of sales of steel products for parts other than engines Support for research that contributes to the reduction of emissions from entire raw materials value chains
			Decrease in transactions of coal and other fossil fuels due to decreasing demand	↓	—		↓	
Decrease in transactions of internal combustion vehicle parts and manufacturing equipment			↓	—	↓			

<Opportunity analysis and countermeasures>

Category	Opportunity factor	Impact on business			
		Details	Financial impact		
			Revenue	Cost of sales	Gross profit
Products and services	Development and expansion of low-carbon products and services	Increase in transactions of scrap for electric furnaces and fuels for biomass power generation	↑	—	↑
		Participation in businesses that include processes whose CO ₂ emissions can be reduced	↑	—	↑
		Increase in transactions of environmental-friendly products	↑	—	↑
		Increase in transactions of recycled raw materials (various scrap, slag, and RPF)	↑	—	↑
		Increase in demand for copper and aluminum products for use with batteries in association with electrification	↑	—	↑
Market	Access to new markets	Increase in transactions of new parts and new materials due to the popularization of EV vehicles, including battery materials for EVs, magnets and other motor-related devices, and secondary materials	↑	—	↑
		Increase in transactions of environment-friendly, energy-saving and highly efficient machinery and equipment	↑	—	↑

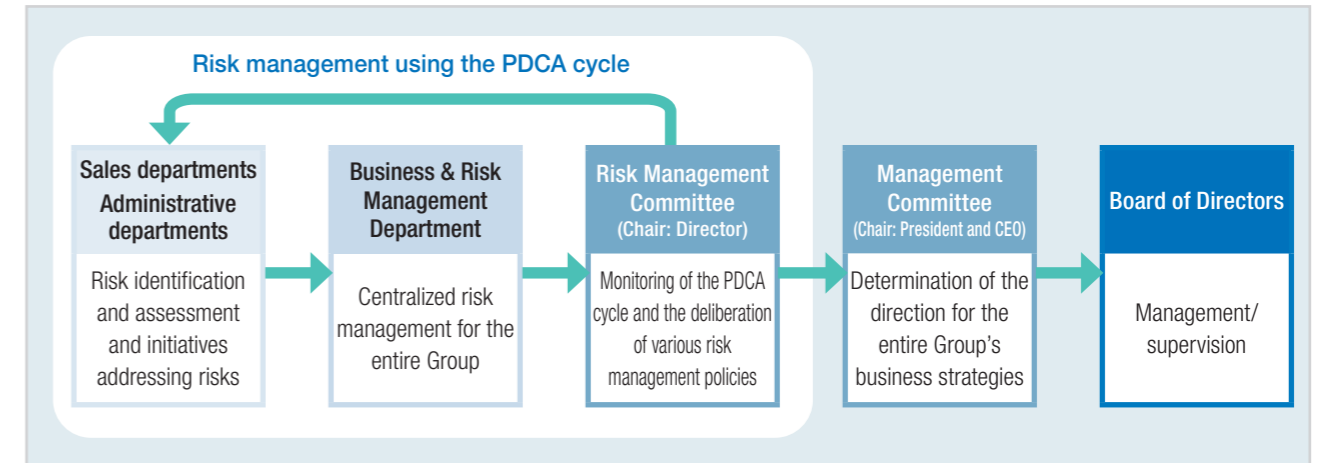
3. Risk management

Regarding climate-related risks, which we believe affect the business continuity of the entire Group, the PDCA cycle is followed for the identification, assessment, and creation of initiatives to address risks based on the risk action plans prepared by each department. The status of operations is centrally managed by the Business & Risk Management Department.

In addition, the Risk Management Committee monitors the status of operation of the PDCA cycle, discusses an

array of measures and policies for the appropriate management of risk. The Committee submits the results to the Management Committee which discusses the direction for management such as business strategies, for deliberation to enhance the risk management system of the entire Group.

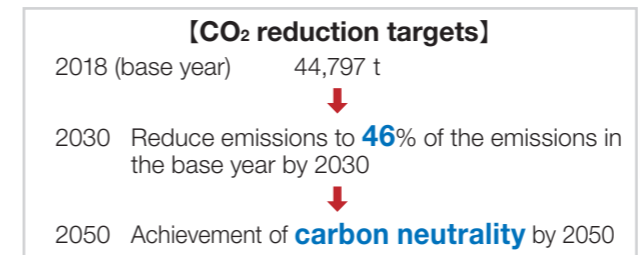
The Management Committee reports the issues that it determines to be important regarding management strategies to the Board of Directors.



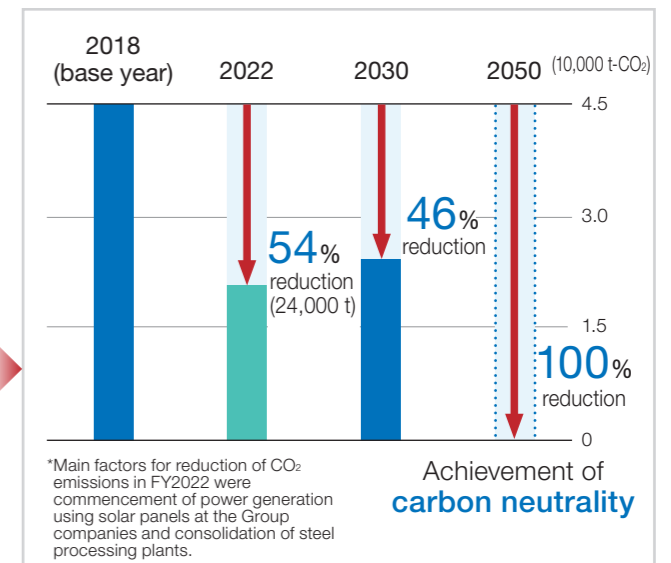
4. Metrics and targets

Initiatives to reduce CO₂ emissions

For the initiatives being taken by the Group to reduce CO₂ emissions, we have set the following long-term targets based on the CO₂ emissions in FY2018 (Scopes 1 and 2) and have decided to promote the introduction of green energy.



Going forward, we will consider the disclosure of the supply chain emissions (Scope 3).



*Main factors for reduction of CO₂ emissions in FY2022 were commencement of power generation using solar panels at the Group companies and consolidation of steel processing plants.

Employee Growth Story

Hiroki Kobayashi

Planning & Administration Department, Ferrous Raw Materials Division (Joined the Company in FY2017)

When I was in charge of sales, I was scolded for not asking reasons, merely acting as a mere communicator between a supplier and a customer. Based on this experience, I'm now engaged in my duties while being conscious about eliciting information that would satisfy requestors. Currently, I am involved in operations to manage interests in a ferroalloy plant in Malaysia and a coal mine in Australia in which our Division has invested, and also operations to investigate and consider new investees. There are projects that are showing gradual progress, and I hope to establish new businesses by accumulating knowledge. The Ferrous Raw Materials Division handles biomass fuels and steel scrap, which are expected to contribute to the carbon neutrality. I think we can contribute significantly to Japan's initiatives toward decarbonization by increasing the handling volume of these materials and recycling them. In the future, I hope to create an export business through which we can stably supply biomass fuels for steel manufacturing from our Southeast Asian sites.



Efforts Focused on Ensuring Diversity of Human Resources

The Company works on various measures based on a belief that it is important to create new value and a competitive edge through active participation by human resources with diverse values and ideas. Led by the Diversity Promotion Project Team established in October 2022, the Company is pushing ahead with its efforts to foster a culture in which employees' individual characteristics and abilities can be fully demonstrated.

FY2030 Targets

● Women employees

- ① Ratio of women in career-track positions and women who desire to change their course to area-limited career-track positions among regular recruits of each year
At least 40% on an ongoing basis
(55.5% as of the fiscal year ended March 31, 2022)
- ② Ratio of women in managerial positions: at least 10%
(2.4% as at the end of the fiscal year ended March 31, 2022)
- ③ Ratio of women in career-track positions: at least 20%
(11.2% as at the end of the fiscal year ended March 31, 2022)

● Global human resources

- ① Allow locally-hired staff of overseas subsidiaries to work at the head office to develop executive candidates
- ② Transfer locally hired staff between overseas subsidiaries to support business originated from overseas sites
- ③ Hire non-Japanese mid-career recruits

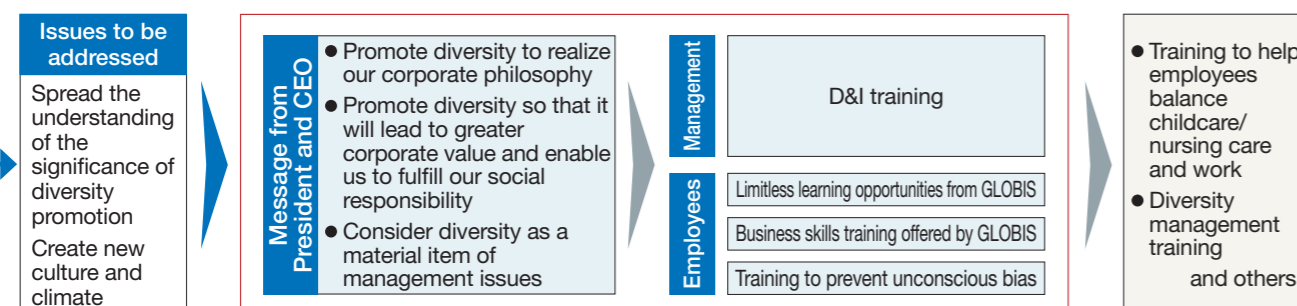
Overview of diversity initiatives

The Company places diversity promotion among the material items in the management issues. Based on the interviews with our employees and with other companies in the same industry, we sorted out issues to be

addressed and put together measures to be taken and their priority order. We are currently at Stage 1, introducing measures to spread and deepen understanding of diversity through increased and ongoing communication.

	In FY2022 and thereafter	In FY2024 and thereafter
	Stage 1	Stage 2
Issues to be addressed	Spread the understanding of the significance of diversity promotion Create new culture and climate	Improve the system and environment to help employees balance childcare/nursing care and work Stimulate internal and external communication
Measures	● Communication ● Training	● Communication ● Training ● Environment ● System
Scheduled events	● Luncheon sessions to understand diversity ● Social gatherings among specialized trading companies in the same industry and projects ● Distribution of GLOBIS's enlightenment videos ● Training to prevent unconscious bias	● Socializing events for employees (e.g. a round-table talk for mothers and fathers) ● Internal point system ● Training to help employees balance childcare/nursing care and work ● Diversity management training ● Proposal for a flexible personnel system ● Support systems targeting employees on childcare leave and departments they belong to ● Interview with overseas subsidiaries and preparation to receive locally-hired staff at head offices
		Stage 3
		Create new values (innovation)
		● Communication ● System ● Environment
		● External socializing opportunities on D&I (including affiliated companies) ● Work style reforms, etc. ● Promotion of overseas hiring Promotion of training and internal job transfer of locally-hired staff Promotion of cooperation with affiliated companies Obtaining social certifications (Currently working to obtain Kurumin certification from the Ministry of Health, Labour and Welfare)

Now focusing on Stage 1



Securing and developing diverse human resource

● Initiatives to promote the advancement of women

Reflecting its efforts to leverage diversity, the Company strives to respect humanity, and to maintain and improve comfortable work environments. While doing this, it aims to respond to various needs and generate new value. These efforts also include promoting the advancement of women and initiatives to achieve work-life balance, which are positioned as issues of key importance. The Act on the Promotion of Women's Active Engagement in Professional Life, enforced from April 1, 2016, is the basis for the formulation of the Company's action plan. In addition to the initiatives and activities to date, we will promote action to an even further extent.

From a perspective of the advancement of women, the Company abolished previous restrictions on appointment to managerial positions depending on the professional groups at the time of joining the Company, and revised the personnel system in FY2022 to allow employees to change their courses to aim for a career path to a managerial position or to an area-limited career-track position after joining the Company. This revision has led to an increase in the percentages of women in career-track positions and managerial positions. Going forward, we will implement various initiatives while continuing activities to appoint women to managerial positions and create an environment where they can work with enthusiasm.

	Item	Purpose
Action plan based on the Act on the Promotion of Women's Active Engagement in Professional Life (For the period until March 31, 2026) Ratio of women in career-track positions and women who desire to change their course to area-limited career-track positions among regular recruits of each year At least 40% on an ongoing basis Ratio of women in managerial positions*1 At least 10% Ratio of women in career-track positions*2 At least 20%	<ul style="list-style-type: none"> ● Setting target rates for hiring and appointment ● Making it possible to take leave flexibly ● System for change of professional groups ● Flextime work system ● Work from home system 	<ul style="list-style-type: none"> ● To strengthen recruitment and promote participation ● To enhance retention ● To expand areas of responsibility and create growth opportunities ● To promote autonomous work styles ● To take lifestyles into consideration

*1 Ratio of women among all employees in managerial positions as of the end of March of each year
*2 Ratio of women among all employees in career-track positions and area-limited career-track positions as of the end of March of each year

Employee Growth Story

Ayano Okubo
Finance Department (Joined the Company in FY2013)

My job is to negotiate lending conditions with banks to borrow from them working funds necessary for operational activities and investment funds necessary for new business projects. What I find interesting about the job of Finance Department is that I can have a bird's-eye view, from the perspective of finance, of what the Company as a whole is thinking about its future business and what it is planning to do. The Department deals with money, so accuracy is of utmost importance in our job. I am keenly aware of the ways to treat documents, observing established procedures, and trying to improve efficiency using macros and automation. Being a trading company, we are constantly in need of working funds. I will do my best to improve my knowledge of finance so that we will be able to watch the market closely and source funds efficiently.



● Initiatives to support employees with childcare

We are working to establish a working environment that is friendly to all employees, allowing them to balance work and childcare.

	Target	Initiatives
Action plan based on the Act on Advancement of Measures to Support Raising Next-Generation Children (for the period until March 31, 2024)	1. Promotion of male employees taking childcare leave Percentage of eligible male employees taking childcare leave: 10% or higher	Actual percentage in the fiscal year ended March 31, 2023: 15.4% <ul style="list-style-type: none"> ● Notification during the training of managerial employees ● Individual notices for eligible employees and their supervisors (explanation in interviews, written provision of system information) ● Meeting with eligible employees regarding the use of the systems (regardless of whether they use the systems)
	2. Notification regarding various systems related to supporting the development of the next generation	<ul style="list-style-type: none"> ● Notification of systems and introduction of examples through the Intranet and the Company's in-house magazine
	3. Promotion of diverse and flexible workstyles	<ul style="list-style-type: none"> ● Implementation of balanced career development training (target: managerial employees who are raising children) ● Implementation of diversity management training (target: managerial employees)

Creation of Foundation and System to Support Realization of Personal Growth

People have been the Company's assets since the foundation. Under the 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," we have set the prosperity of everyone, including our employees, as our foundation.

In addition, we believe that "companies cannot grow without growth of individuals," and therefore, have systems of training and skill development which allow employees to maintain their basic motivation to develop themselves (goals) and promote their proactive learning.

Development of human resources

The Company is working to develop human resources in a way that supports each and every employee to respond to changes in the external environment and maintain an attitude to take on challenges based on their own will to realize an ideal form of the manufacturing industry. From a perspective of responding to changes in the external environment, we offer training courses in which employees can proactively choose the skills they wish to develop and the timing of their development. Training programs include the one to help employees balance childcare/nursing care and work, which is aimed at fostering an understanding of various needs of stakeholders.

As part of our measures to encourage challenges, we have also established a framework where "people who learn and act on their own" are highly recognized, and thereby intend to support active learning of employees.

Amount of the investment in human resource development in FY2022
Up **126** million yen from the previous year

Direction of new development systems	Training contents and systems
A system in which people can play an active role according to "individual characteristics and attributes"	Global training, training to prevent unconscious bias
Development of oneself aligning with changes in the world and society	Training to help employees balance childcare/nursing care and work
A system in which goals can be updated in line with personal improvement	Role understanding training, subordinates management training, and evaluators training
A system in which employees can confirm the progress of each other on a regular basis	Review and follow-up training and introduction of skill testing
A system in which employees can take a position after understanding appropriate role expectations and required knowledge	Pre-deployment training for overseas assignments
A lineup of courses employees can choose when they like	Optional skill training and limitless learning opportunities from GLOBIS
A system in which efforts of people who learn and act are spotted and recognized	Linkage with evaluation items and selection of management personnel

Global human resources

The Company is working actively to expand business overseas, and thus, places importance on the development of global human resources. We believe that it is essential to strengthen the language competency and the ability to understand and adapt to different cultures to create new value, and therefore, we have introduced various training programs for young employees. For example, now that restrictions on movement imposed during the spread of COVID-19 are lifted and ground has been laid for overseas trips, we invited employees who wish to go abroad to learn business skills in preparation for the creation of new values to apply for overseas dispatch training, and selected two employees in FY2023.

Aiming to develop people who can play active roles on the global stage, we have also started offering EF English Live programs to employees. We are providing practical support to ensure effective learning, including by receiving feedback from learners and giving support for future learning via online follow-up sessions held at the end of the first three months since the beginning of the program.

We believe that it is essential to strengthen the language competency and the ability to understand and adapt to different cultures to create new value, and therefore, we will continue exploring ways to improve and increase training programs.

Employee Growth Story

Kazuhiro Kanai
General Affairs Department
(Joined the Company in FY2003)



During my four years of assignment in the U.S., I was mainly in charge of financing, human resources, and management of Group companies. When I was encountered with one incident after another that would never have occurred if you were working in Japan, I studied local laws, rules, and customs in my own way. In the course of communicating with the lawyer and the persons concerned, my nerves turned into steel. While collaborating with the head office, I came in contact with people with whom I had had no connection and was able to build an internal network. I fondly remember working together with the president and the HR manager of SHINSHO AMERICAN CORP. to host various events aimed at building relationship of trust with the locally-hired staff, through which we were able to gradually develop a sense of solidarity.

My current job of IR/SR is to have an in-depth understanding of the Company and communicate it to people outside of the Company in an easy-to-understand way. In terms of knowing about the Company, I value my experience of having taken charge of the whole administrative work while in the U.S. I'd like to make every effort to make the Company even better by voicing out my honest opinion rather than trying to surmise the thoughts and feelings of others too much.

Promotion of health management

Believing that it is an important duty of a company to maintain and promote the health of its employees, the Company established the "Health and Productivity Management Declaration" in 2022. We are taking proactive steps to manage employee health, including by increasing the screening items of regular health checkups available to all employees and appointing industrial physicians and public health care nurses, with opportunities made for employees who request to consult about the results of medical examinations and other matters.

<Mental and physical health>

- **Upgrading of health checkups**
Cancer screening (upper endoscopy, tumor marker tests, abdominal ultrasonography, etc.)
Complete medical checkup at ages 35, 40, 45 and 50
Benefits for gynecological screenings, dental checkup
- **Promotion of non-smoking**
Benefits for smoking cessation program, free distribution of nicotine patches, closing of smoking lounges
- **Measures against infectious diseases**
Encouragement of hand washing, benefits for influenza vaccination
Encouragement of working from home and remote meetings
- **Mental healthcare**
Provision of counselling to new graduates and mid-career hires, etc.
Provision of training based on the results of organization analysis conducted following employee stress check
Provision of e-learning programs to all employees

In addition, given the transformation to the economy and industrial structure of recent years, there has been an increasing rate of workers who feel worried, anxious or stressed about their jobs or career lifestyle, which is said to be leading to a rising trend of emotional disorders. Shinsho has established a system where employees can consult with mental health experts such as clinical psychologists, about their worries and concerns in the workplace and in their private lives, and we also provide support for the mental health management of our employees.

<Creating a comfortable working environment>

- **Various working styles**
Utilization of flextime system and work from home system, introduction of annual paid leave available in hourly increments, introduction of a no-dress-code system
- **Prevention of long working hours**
Keep track of time-in/time-out and manage overtime hours using a working management system (Employee and his/her supervisor will be notified when overtime hours exceed a certain threshold.)
- **Promoting the use of paid leave**
Encouragement to take leave for refreshment, establishment of recommended paid vacation days
Internal announcement of the target number of annual paid leave days to be taken (FY2022 result: 14.9 days)

Health-related data (FY2022)

- ① Regular health checkup attendance rate **100%**
- ② Stress check attendance rate **93.5%**
- ③ Smoking rate **25.5%**
- ④ Those maintaining desirable weight **67.1%**
- ⑤ Those who habitually exercise **21.4%**
- ⑥ Those getting enough sleep **54.3%**

* ① and ② covers all employees, while ③ through to ⑥ are figures for those aged 40 or older but below 75 who are eligible for specific health checkups. Calculated excluding those on overseas assignment and on leave of absence (childcare leave, maternity leave). ④ represents those with BMI below 25 being defined as maintaining desirable weight. ⑤ represents those who engage in physical exercise daily for at least 30 minutes being defined as exercising habitually.



Received certification under the Certified Health & Productivity Management Outstanding Organizations Recognition Program 2023

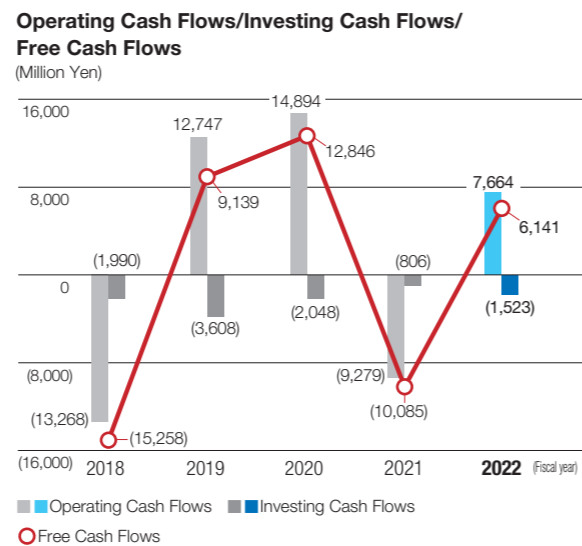
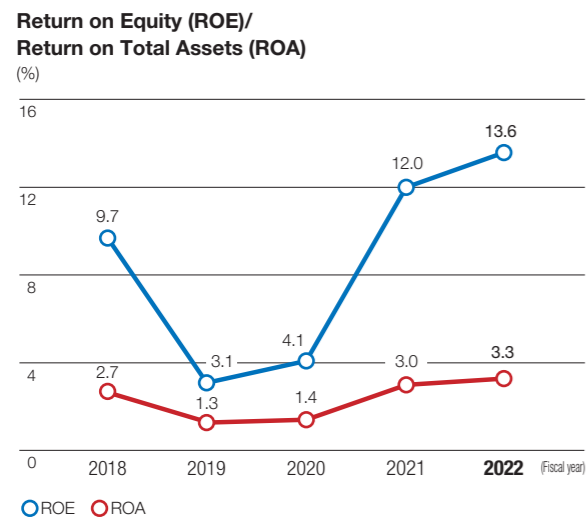
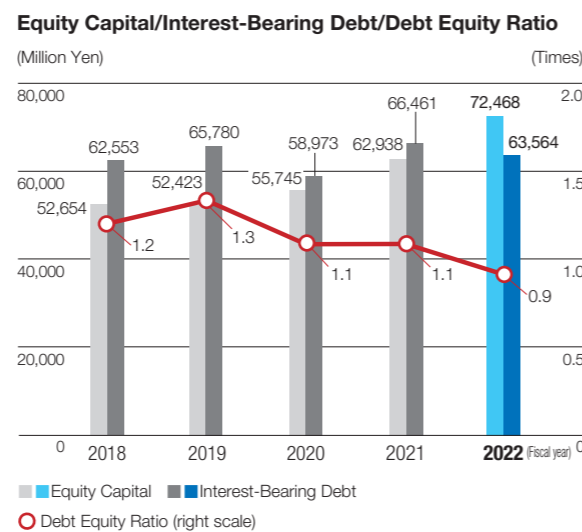
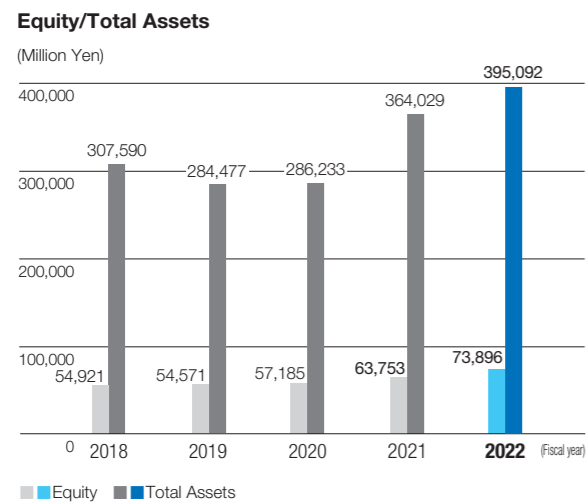
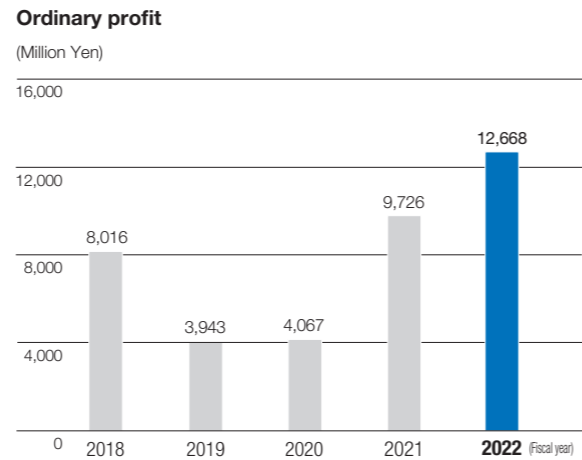
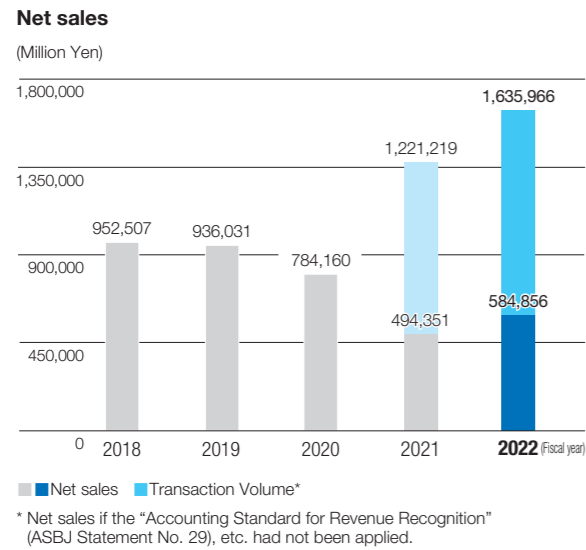
The Company was certified as a recognized organization under the 2023 program (large enterprise category) of the Certified Health & Productivity Management Outstanding Organizations Recognition Program by the Ministry of Economy, Trade and Industry and the Nippon Kenko Kaigi.

We offer various schemes ranging from regular health checkups, benefits for cancer and gynecological screenings to mental healthcare services for employees, and also work on initiatives such as work style reforms, diversity initiatives, and more. Aiming to provide a workplace where all employees are mentally and physically fit and work energetically, we will continue to practice the health and productivity management.



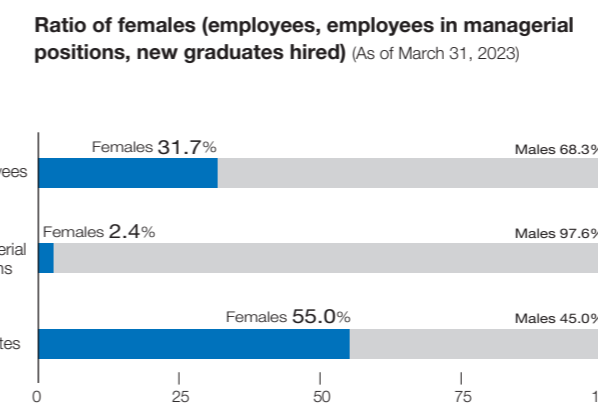
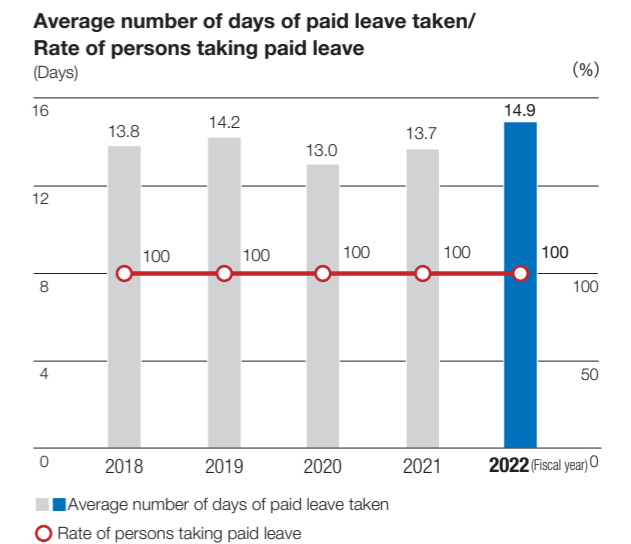
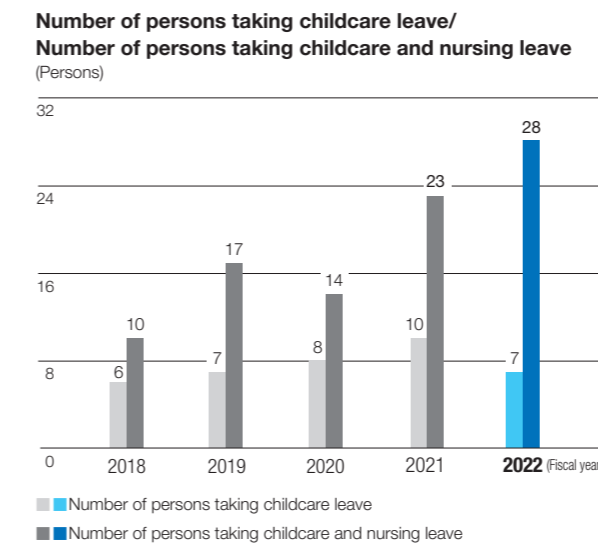
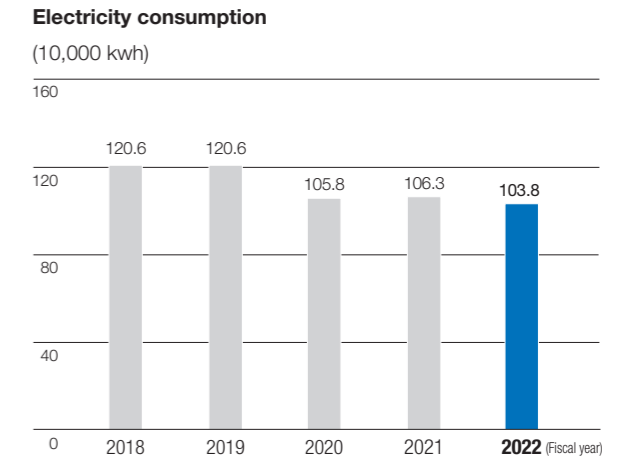
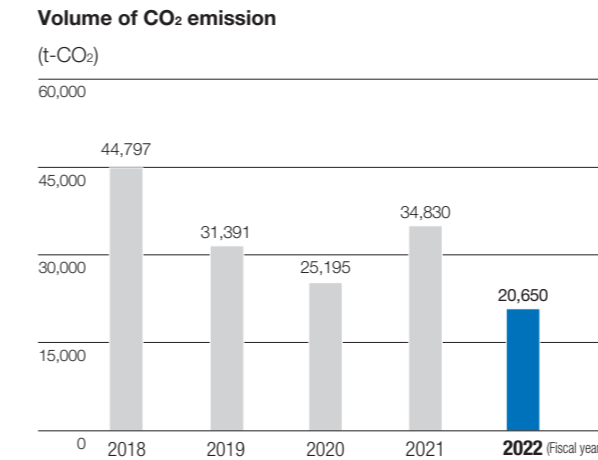
2023
健康経営優良法人
Health and productivity

Financial



Non-Financial

Scope of data: CO₂ emissions are for the consolidated; other figures are for Shinsho Corporation (Non-consolidated).



Financial wellness

To mitigate employees' future anxiety and provide an environment in which they can work with a sense of security, we offer training programs on asset management and other programs as part of employee benefits. We will continue to support our employees' asset formation.

Major initiatives:

- Asset building schemes (housing scheme, pension scheme, general scheme)
- Loan programs (housing loan, welfare loan)
- Employees' Shareholding Association
- Collective insurance (Kobelco Group)
- Corporate pension plan (defined contribution pension plan)
- Employee benefits (recreation resorts, company-owned flats, dormitories for unmarried employees, and various menu items offered by Benefit Station)

Financial and Non-Financial Data for Eleven Fiscal Years

(Million Yen)

	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022
Fiscal Years											
Net sales	769,660	840,945	870,407	791,342	769,481	929,467	952,507	936,031	784,160	494,351	584,856
Operating income	5,455	5,736	6,788	5,831	4,819	8,119	7,922	4,829	4,454	10,054	13,459
Ordinary profit	4,860	5,318	6,575	5,908	5,248	8,624	8,016	3,943	4,067	9,726	12,668
Net income attributable to shareholders of the parent	1,880	3,160	3,974	3,480	2,970	5,449	5,019	1,629	2,198	7,136	9,196
Cash flows from operating activities	3,592	3,728	(1,701)	(2,337)	5,875	199	(13,268)	12,747	14,894	(9,279)	7,664
Cash flows from investing activities	(4,311)	(4,017)	(1,632)	(3,429)	(1,318)	(680)	(1,990)	(3,608)	(2,048)	(806)	(1,523)
Cash flows from financing activities	1,335	(2,708)	5,122	4,568	(4,575)	2,840	2,104	1,977	(6,825)	4,068	(9,188)
Fiscal Years ended March 31											
Total assets	214,206	232,318	259,786	245,594	257,510	283,672	307,590	284,477	286,233	364,029	395,092
Equity	31,479	37,537	45,692	45,250	47,682	53,725	54,921	54,571	57,185	63,753	73,896
Equity capital	29,738	35,379	42,489	42,092	45,264	50,838	52,654	52,423	55,745	62,938	72,468
Interest-bearing debt	49,274	48,330	54,409	59,290	54,972	59,311	62,553	65,780	58,973	66,461	63,564
Information per Share*1 (Yen)											
Net income	212.36	356.86	448.84	393.04	335.43	615.47	566.81	184.03	248.24	805.91	1,042.65
Equity	3,358.36	3,995.32	4,798.41	4,753.62	5,112.18	5,741.27	5,946.33	5,920.30	6,295.46	7,107.83	8,235.14
Dividends	60.00	60.00	80.00	80.00	100.00	110.00	110.00	90.00	50.00	245.00	315.00
Financial Indicators											
Return on Equity (ROE) (%)	6.7	9.7	10.2	8.2	6.8	11.3	9.7	3.1	4.1	12.0	13.6
Return on Total Assets (ROA) (%)	2.2	2.4	2.7	2.3	2.1	3.2	2.7	1.3	1.4	3.0	3.3
Operating Income on Net Sales (%)	0.7	0.7	0.8	0.7	0.6	0.9	0.8	0.5	0.6	2.0	2.3
Capital Ratio (%)	13.9	15.2	16.4	17.1	17.6	17.9	17.1	18.4	19.5	17.3	18.3
Interest-Bearing Debt Ratio (Times)	1.7	1.4	1.3	1.4	1.2	1.2	1.2	1.3	1.1	1.1	0.9
Non-Financial Information											
Volume of consolidated CO ₂ emission (t-CO ₂)	—	—	—	—	—	—	44,797	31,391	25,195	34,830	20,650
Non-consolidated electricity consumption (10,000 kwh)	126.0	128.0	124.2	125.9	126.6	125.6	120.6	120.6	105.8	106.3	103.8
Number of consolidated employees (Persons)	1,286	1,349	1,390	1,508	1,556	1,628	1,684	1,660	1,664	1,497	1,404
Number of non-consolidated employees*2 (Persons)	515	515	500	517	513	526	525	524	512	498	561
of which, males (Persons)	321	315	305	309	313	315	319	319	308	302	383
of which, females (Persons)	194	200	195	208	200	211	206	205	204	196	178
of which, foreign nationals (Persons)	10	15	15	17	20	20	24	25	19	21	18
Ratio of women in managerial positions (non-consolidated employees) (%)	1.3	1.3	1.3	1.2	1.2	1.2	1.2	1.8	2.6	3.3	2.4
Ratio of women in career-track positions (non-consolidated employees) (%)	8.9	9.5	9.5	9.4	8.4	7.8	7.7	6.9	7.2	7.2	11.2
Employment rate of persons with disabilities (non-consolidated employees) (%)	1.6	2.1	2.3	1.9	1.9	1.6	1.2	1.4	1.7	1.2	1.6
Number of new graduates hired (non-consolidated) (Persons)	35	32	22	31	28	25	26	25	28	11	17
of which, males (Persons)	19	15	10	20	18	16	19	15	17	6	8
of which, females (Persons)	16	17	12	11	10	9	7	10	11	5	9
Number of persons taking childcare leave (non-consolidated) (Persons)	2	1	4	4	5	6	6	7	8	10	7
Number of persons taking childcare and nursing leave (non-consolidated) (Persons)	—	—	5	5	6	11	10	17	14	23	28
Average number of days of paid leave taken (non-consolidated) (Days)	—	—	9.8	9.7	12.3	12.4	13.8	14.2	13.0	13.7	14.9
Rate of persons taking paid leave (non-consolidated) (%)	—	—	98.7	99.3	100	100	100	100	100	100	100

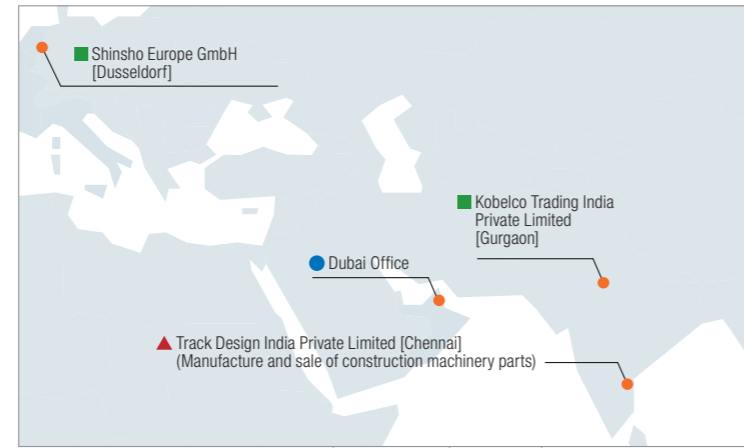
*1 Since the Company implemented a reverse stock split of 10 shares of common shares into 1 share effective as of October 1, 2016, information per share is calculated on the assumption that the reverse stock split was implemented at the beginning of FY2011.

*2 Figures for FY2021 and earlier are the number of employees actually working. Figures for FY2022 onwards represent the number of persons employed by the Company.

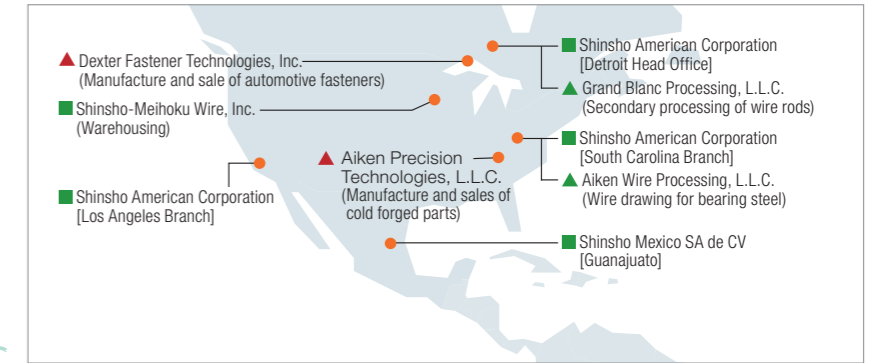
<Overseas Networks>

- Overseas representative offices
- Major subsidiaries (Sales bases)
- ▲ Major subsidiaries (Processing and manufacturing bases)
- ▲ Major affiliated companies (Processing and manufacturing bases)

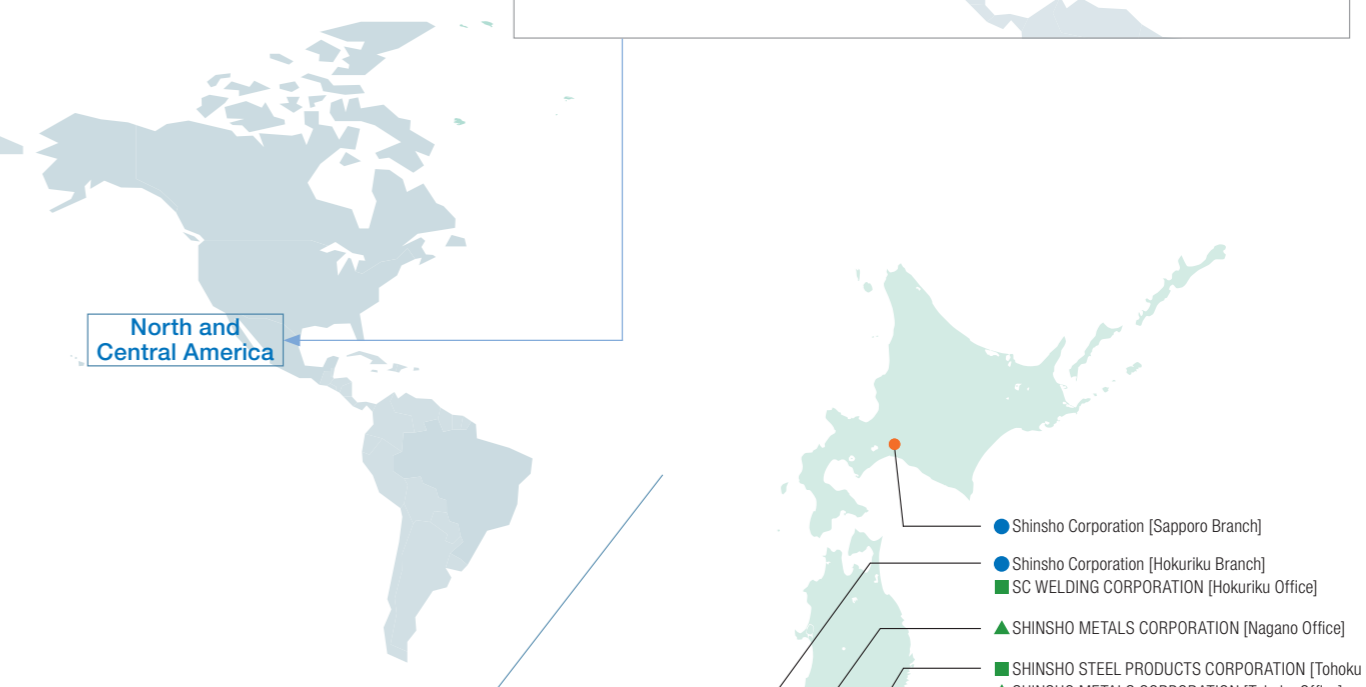
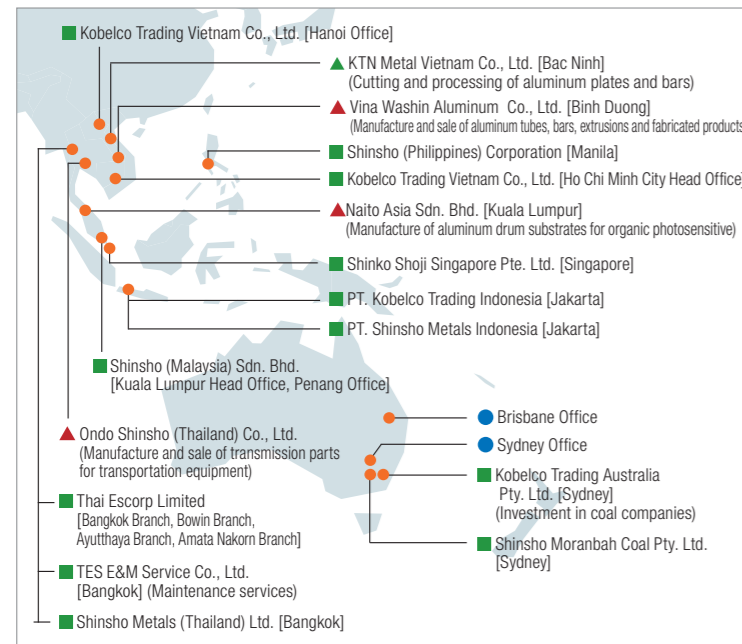
Europe, Middle East and India



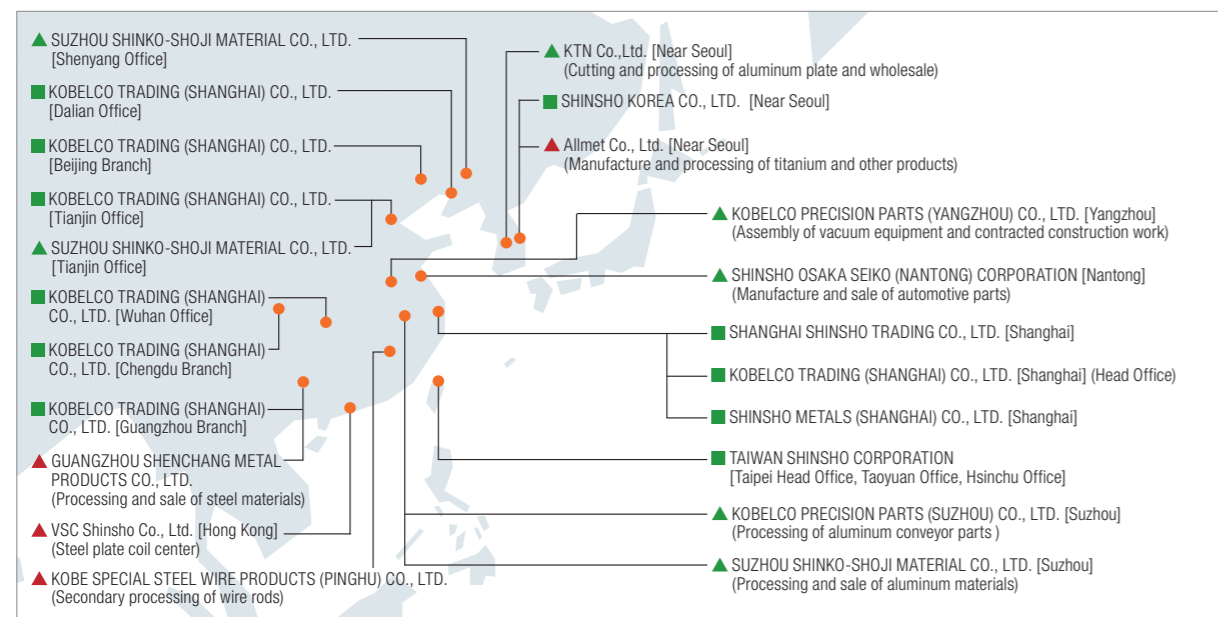
North and Central America



ASEAN and Australia

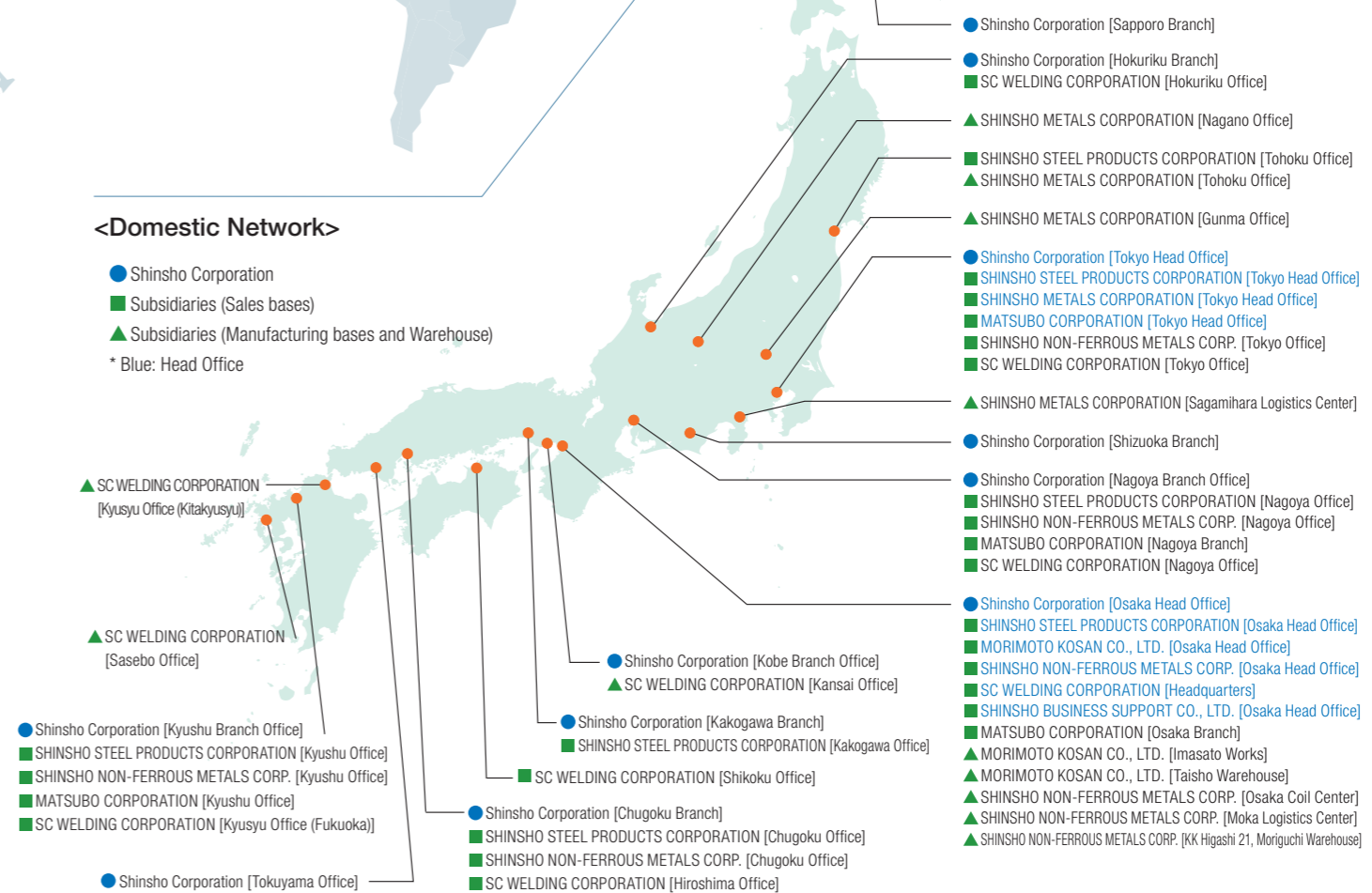


East Asia



<Domestic Network>

- Shinsho Corporation
- Subsidiaries (Sales bases)
- ▲ Subsidiaries (Manufacturing bases and Warehouse)
- * Blue: Head Office

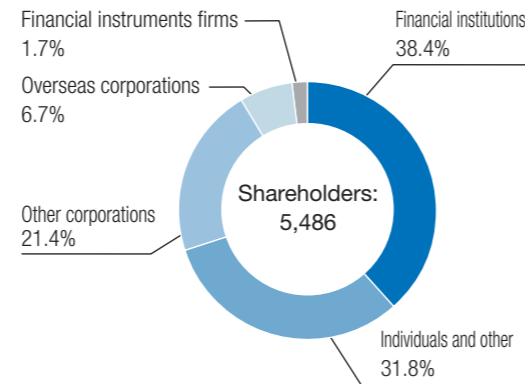


Stock Information

(As of March 31, 2023)

Stock Code	8075
Listing	Tokyo Stock Exchange Prime Market
Total number of shares authorized	27,000,000 shares
Total number of shares outstanding	8,855,524 shares (excluding 5,038 shares of treasury stock)
Number of shares per trading unit	100
Total number of shareholders	5,486
Base Date	March 31
Shareholder Registry Administrator	Mitsubishi UFJ Trust and Banking Corporation

Composition of shareholders by type

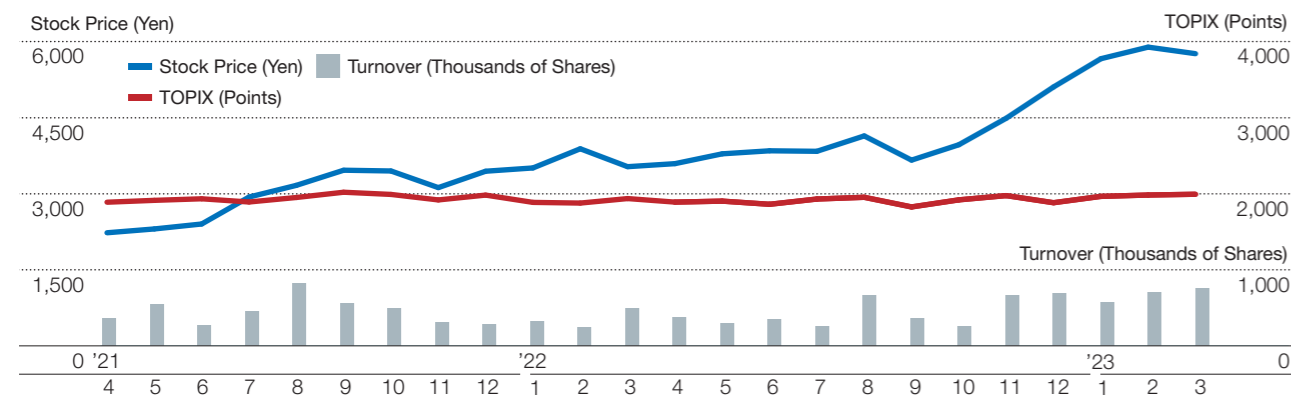


Major shareholders

Name	Number of shares held (thousand shares)	Ownership ratio (%)
Mizuho Trust & Banking Co., Ltd. (Kobe Steel, Ltd. Retirement Benefit Trust Account)	1,906	21.53
Kobe Steel, Ltd.	1,179	13.32
Shinsho Client Shareholding Association	805	9.10
The Master Trust Bank of Japan, Ltd. (Trust account)	620	7.01
Shinsho Employees' Shareholding Association	226	2.56
Custody Bank of Japan, Ltd. (Trust account)	187	2.11
SINFONIA TECHNOLOGY CO., LTD.	150	1.69
DFA INTL SMALL CAP VALUE PORTFOLIO	121	1.37
MUFG Bank, Ltd.	109	1.23
Tojiro Ashida	104	1.18

*The Company holds 5,038 shares of treasury stock but is excluded from the above major shareholders.

Stock prices and turnover

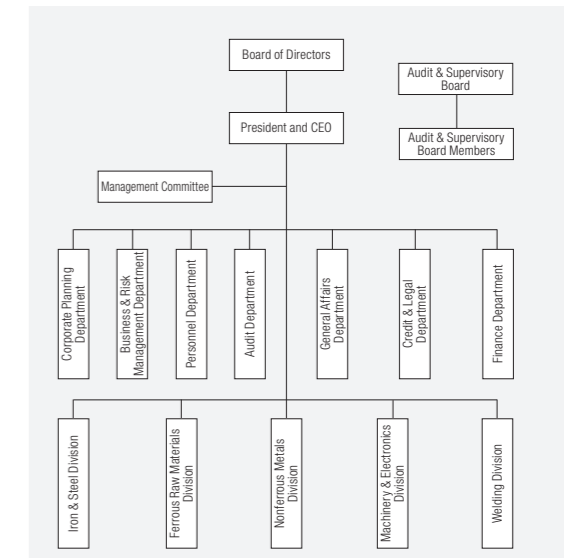


Company Profile

(As of March 31, 2023)

Name	Shinsho Corporation
Established	November 12, 1946
Paid-in Capital	¥5,650.28 million
Main Business Lines	Import/export and trading of products such as iron and steel, raw materials, nonferrous metals, machinery, information industry and welding
Employees	[Consolidated] 1,404; [Non-Consolidated] 561
Head Offices	Osaka: Yodoyabashi Square, 6-18, Kitahama 2-Chome, Chuo-ku, Osaka, 541-8557, Japan Tokyo: Museum Tower Kyobashi, 7-2, Kyobashi 1-chome, Chuo-ku, Tokyo, 104-8389, Japan URL: https://www.shinsho.co.jp/english/

Organization



Editorial Postscript

Integrated Report 2023, which is the second integrated report that we have issued, focuses on the expanded disclosure of non-financial information, in addition to the Group's strategies to enhance corporate value over the medium- to long-term as we set out on our journey in the second founding, as well as the issues that we recognize.

The report includes some new sections such as the "Employee Growth Story," in which our employees working actively in Japan and abroad talk about what they find rewarding about their job and what they aspire to achieve in the future, and the "Interview with Outside Directors," in which the directors discuss issues to be addressed in order to enhance our corporate value.

We hope that this Integrated Report will help deepen our stakeholders' understanding of our Group.

We will continue to make improvements to this report in terms of readability and content.

For more information, please contact

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Shinsho Corporation

<https://www.shinsho.co.jp/english/>