

Note : This document has been translated from the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.



Financial Results for the Three Months Ended June 30, 2025 (Japanese GAAP) (Consolidated)

August 8, 2025

Name of Listed Company SHINAGAWA REFRACTORIES CO., LTD. Listed Exchanges: Tokyo, Sapporo
Code Number 5351 URL <https://www.shinagawa.co.jp>
Representative (Job title) President and CEO (Name) Hiroyuki Fujiwara
Person in charge of inquiries (Job title) IR & Public Relations Department (Name) Tsutomu Kariyazaki Tel +81-3-6265-1610
Scheduled Start Date of Dividend Payments: -
Supplementary documents to explain the financial results prepared: Yes
Financial results briefing to be held: None

(rounded down to the nearest million yen)

1. Consolidated Financial Results for the Three Months Ended June 30, 2025 (from April 1, 2025 to June 30, 2025)

(1) Consolidated Operating Results (Cumulative)

(Percentages indicate year-on-year changes)

	Sales		EBITDA *		Operating profit		Ordinary profit		Quarterly net income attributable to owners of the parent	
Three months ended	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Million yen	%
June 30, 2025	38,266	13.0	4,408	11.5	2,890	△5.3	3,095	△14.3	1,757	△39.7
June 30, 2024	33,867	△7.6	3,952	△10.4	3,050	△13.3	3,613	△7.3	2,913	△57.7

*EBITDA = Operating profit+ Depreciation and amortization + Amortization of goodwill

(Note) Comprehensive income For the three months ended June 30, 2025 774 Million yen △82.2% For the three months ended June 30, 2024 4,350 Million yen △48.7%

	Net income per share	Diluted net income per share
Three months ended	Yen	Yen
June 30, 2025	38.54	-
June 30, 2024	63.96	-

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
As of	Million yen	Million yen	%	Yen
June 30, 2025	213,780	93,101	41.1	1,924.48
March 31, 2025	195,214	93,828	45.6	1,951.55

(For reference) Equity capital As of June 30, 2025 87,762 Million yen As of March 31, 2025 88,997 Million yen

2. Dividend Status

	Annual dividends per share				
	End of 1st quarter	End of 2nd quarter	End of 3rd quarter	End of period	Total
Fiscal year ended	Yen	Yen	Yen	Yen	Yen
March 31, 2025	–	45.00	–	45.00	90.00
March 31, 2026	–				
March 31, 2026 (Forecast)		45.00	–	45.00	90.00

(Note) Revision to the forecast of cash dividends most recently announced: None

3. Consolidated earnings forecast for the Fiscal Year Ending March 31, 2026 (from April 1, 2025 to March 31, 2026)

(Percentages indicate increase/decrease compared to the previous period)

	Sales		EBITDA		Operating profit		Ordinary profit		Net income attributable to owners of the parent		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Million yen	%	
Quarter2(cumulative)	83,000	21.6	10,000	22.1	6,000	△5.3	6,000	△10.0	3,500	△28.7	76.75
Full year	176,000	22.2	23,000	28.1	14,500	9.2	14,500	6.2	8,500	△13.1	186.39

(Note) Revision to the earnings forecast most recently announced: Yes

* Notes

(1) Significant changes in the scope of consolidation: Yes

New Company: 1 (Name: Reframax Engenharia Ltda.)

Excluded Company: 1 (Name: Shinagawa Fine Ceramics Co., Ltd.)

(2) Application of special accounting methods for preparing quarterly consolidated financial statements:
None

(3) Changes in accounting policies, changes in accounting estimates and restatements

① Changes in accounting policies due to factors such as revisions of accounting standards: None

② Changes in accounting policies other than ①: None

③ Changes in accounting estimates: None

④ Restatements: None

(4) Number of shares issued (Common stock)

① Number of shares issued at the end of the period (including treasury shares)

Three months ended June 30, 2025	47,146,830shares	Fiscal year ended March 31, 2025	47,146,830shares
-------------------------------------	------------------	-------------------------------------	------------------

② Number of treasury shares at the end of the period

Three months ended June 30, 2025	1,543,572shares	Fiscal year ended March 31, 2025	1,543,492shares
-------------------------------------	-----------------	-------------------------------------	-----------------

③ Average number of shares during the period (quarterly cumulative)

Three months ended June 30, 2025	45,603,283shares	Three months ended June 30, 2024	45,562,890shares
-------------------------------------	------------------	-------------------------------------	------------------

* Review of the quarterly consolidated financial statements by certified public accountants or an audit firm: None

* Explanation regarding the appropriate use of earnings forecasts and other special notes

(Caution regarding future statements)

The performance forecasts and other forward-looking statements in this document are based on information currently available to the company and certain assumptions that we believe to be reasonable. They do not constitute a guarantee that these results will be achieved. Actual performance may differ materially from those projected due to various factors. For information on the conditions underlying the earnings forecasts and precautions to take when using the earnings forecasts, please refer to the attached document on page3 "1. Overview of Business Performance, etc. (3) Explanation of Consolidated Financial Results Forecast and Other Forward-looking Statements. "

(How to obtain the supplementary documents to explain the financial results)

The supplementary documents to explain the financial results will be available on our website on Friday, August 8, 2025.

Table of Contents of Attached Documents

1. Overview of Business Performance, etc.	2
(1) Overview of Business Performance for the Current Quarter.....	2
(2) Overview of Financial Position for the Current Quarter.....	2
(3) Explanation of Consolidated Financial Results Forecast and Other Forward-looking Statements...	4
2. Quarterly Consolidated Financial Statements and Major Notes.....	5
(1) Quarterly Consolidated Balance Sheets.....	5
(2) Quarterly Consolidated Statement of Income and Consolidated Statement of Comprehensive Income	7
(3) Notes Regarding Quarterly Consolidated Financial Statements.....	9
(Notes on Segment Information, etc.)	9
(Notes on Significant Changes in Shareholders' Equity)	11
(Notes on Going Concern Assumption)	11
(Notes on Quarterly Consolidated Cash Flow Statements)	11
(Notes on Significant Subsequent Events)	11

1. Overview of Business Performance, etc.

(1) Overview of Business Performance for the Current Quarter

During the first quarter of the current consolidated fiscal year, the global economy remained unstable due to geopolitical risks such as the trend of U.S. trade policy, the stagnation of the Chinese economy, and the situation in the Middle East. Although some caution was expressed about the Japanese economy due to exchange rate fluctuations, price increases, and unstable overseas conditions, the economy as a whole showed a moderate recovery trend, with signs of improvement in corporate earnings. Meanwhile, in the steel industry, the largest customer of refractory materials, domestic crude steel production for the first three months of the fiscal year under review decreased by 5.1% year on year to 20.16 million tons, due to sluggish demand for steel for the domestic automobile and construction industries and for export.

Under these circumstances, the Group's business performance by segment for the first quarter of the current consolidated fiscal year were as follows.

<Refractory Segment>

In addition to a decrease in domestic crude steel production, the sales volume of refractories decreased overseas due to the continued low level of customer activity and the intensified competitive environment. However, the Gouda Refractories Group B. V. (hereinafter referred to as "Gouda"), a Dutch company that joined the Group in October 2024. As a result, sales for the first three months of the fiscal year under review amounted to 26.241 billion yen (up 13.1% year on year). Segment profit increased by 25.1% year-on-year to 2.259 billion yen, despite an increase in amortization of goodwill and other intangible assets, due to the contribution of Gouda's performance, as well as progress in price setting that appropriately reflects changes in raw material costs and cost reduction.

<Insulation Segment>

Despite efforts to expand orders in Japan and overseas, the Group's overseas group companies' business performance deteriorated due to slowing demand in the European and Chinese markets, and sales volume of fire-resistant insulating bricks decreased due to a lull in renovation projects in Japan. As a result, sales for the first three months of the fiscal year under review were 3.889 billion yen (down 6.3% year on year) and segment profit was 518 million yen (down 30.4% year on year).

<Advanced Material & Device Segment>

Although the Group promoted sales expansion of fine ceramics products, sales volume decreased due to the impact of inventory adjustments by customers in addition to the fact that demand for semiconductor manufacturing equipment-related products has not yet started to increase in earnest. As a result, sales for the first three months of the current fiscal year were 963 million yen (down 7.2% year on year) and segment loss was 31 million yen (segment profit was 44 million yen in the same period of the previous fiscal year).

<Engineering Segment>

Sales for the first three months of the fiscal year under review were 7.291 billion yen (up 26.3% year on year), due to recording sales of the progress of large-scale construction projects at steel works. Segment loss was 15 million yen (segment income was 320 million yen in the same period of the previous fiscal year), due to the recording of one time expenses of 400 million yen associated with the acquisition of Reframax Engenharia Ltda. In Brazil.

As a result, the Group's operating results for the first three months of the fiscal year under review were as follows: sales of 38.266 billion yen (up 13.0% year on year); EBITDA of 4.408 billion yen (up 11.5%); operating profit of 2.89 billion yen (down 5.3%); ordinary profit of 3.095 billion yen (down 14.3%); and quarterly net income attributable to owners of the parent of 1.757 billion yen (down 39.7%), as there was no significant gain on sales of non-current assets in the first three months of the fiscal year under review, compared to the first three months of the previous fiscal year.

(2) Overview of Financial Position for the Current Quarter

Total assets at the end of the first quarter of the current fiscal year increased by 18.565 billion yen from the end of the previous fiscal year to 213.78 billion yen, mainly due to an increase in "notes and accounts receivable - trade and contract assets" and "goodwill."

Liabilities increased by 19.292 billion yen from the end of the previous fiscal year to 120.678

billion yen, mainly due to an increase in short-term borrowings.

Net assets decreased by 726 million yen from the end of the previous fiscal year to 93.101 billion yen, mainly due to a decrease in foreign currency translation adjustments.

(3) Explanation of Consolidated Financial Results Forecast and Other Forward-looking Statements

"With respect to the consolidated earnings forecast for the fiscal year ending March 31, 2026, the Company has revised upward the consolidated earnings forecast for the first half of the fiscal year ending March 31, 2025, which was announced in the "Financial Results for the Fiscal Year Ended March 31, 2025" on May 15, to sales of 83 billion yen (previously announced value of 81 billion yen, percentage change of 2.5%), EBITDA of 10.0 billion yen (previously announced value of 9.5 billion yen, percentage change of 5.3%), operating profit of 6.0 billion yen (previously announced value of 5.0 billion yen, percentage change of 20.0%), ordinary profit of 6.0 billion yen (previously announced value of 5.0 billion yen, percentage change of 20.0%), and interim net income attributable to the owners of the parent of 3.5 billion yen (previously announced value of 3.0 billion yen, percentage change of 16.7%), respectively, due to the expected effects of increased sales and cost reduction in the refractory segment and an increase in construction projects in the engineering segment."

In addition, in accordance with the revision of the consolidated earnings forecast for the first half of the fiscal year, the Company has revised upward its consolidated earnings forecasts for the full fiscal year, including sales of 176 billion yen (previously announced value of 174 billion yen, change rate of 1.1%), EBITDA of 23 billion yen (previously announced value of 22.5 billion yen, change rate of 2.2%), operating profit of 14.5 billion yen (previously announced value of 13.5 billion yen, change rate of 7.4%), ordinary profit of 14.5 billion yen (previously announced value of 13.5 billion yen, change rate of 7.4%), and net income attributable to the owners of the parent of 8.5 billion yen (previously announced value of 8 billion yen, change rate of 6.3%).

The annual dividend forecast announced on May 15, 2025 remains unchanged.

2. Quarterly Consolidated Financial Statements and Major Notes

(1) Quarterly Consolidated Balance Sheets

(Unit: million yen)

	As of March 31, 2025	As of June 30, 2025
Assets		
Current assets		
Cash and deposits	23,024	20,973
Notes, accounts receivable and contract assets	39,208	43,300
Electronically-recorded monetary claims	4,372	4,144
Securities	3,713	5,180
Goods and products	14,554	14,877
Products in progress	6,125	6,481
Raw materials and supplies	13,509	13,497
Other	2,496	3,106
Allowance for doubtful accounts	△40	△46
Total current assets	106,964	111,515
Fixed assets		
Tangible fixed assets		
Buildings and structures (Net)	13,568	13,386
Machinery, equipment, and vehicles (Net)	16,722	17,474
Land	9,449	9,433
Other (Net)	6,896	7,406
Total tangible assets	46,637	47,701
Intangible fixed assets		
Goodwill	14,957	28,322
Other	13,125	12,665
Total intangible fixed assets	28,082	40,988
Investments and other assets		
Investment securities	9,222	9,303
Deferred tax assets	657	568
Other	3,772	3,827
Allowance for doubtful accounts	△123	△124
Total investments and other assets	13,529	13,575
Total fixed assets	88,249	102,265
Total assets	195,214	213,780

(Unit: million yen)

	As of March 31, 2025	As of June 30, 2025
Liabilities		
Current liabilities		
Notes payable and accounts payable	20,671	20,623
Electronically record liabilities	1,332	1,625
Short-term borrowing	24,854	42,535
Accrued corporate taxes	770	897
Bonus reserves	1,728	857
Environmental measures reserves	74	67
Disaster loss reserves	251	171
Other reserves	180	99
Other	8,093	10,281
Total current liabilities	57,957	77,158
Non-current liabilities		
Long-term borrowings	32,602	32,695
Retirement benefit liabilities	804	814
Other reserves	265	217
Other	9,756	9,792
Total non-current liabilities	43,429	43,519
Total liabilities	101,386	120,678
Net assets		
Shareholders' equity		
Capital stock	3,300	3,300
Capital surplus	466	466
Retained earnings	80,264	79,969
Treasury stock	△2,432	△2,432
Total shareholders' equity	81,597	81,303
Other comprehensive income		
Unrealized gains on other securities	3,827	3,759
Deferred hedge gains or losses	42	8
Foreign currency translation adjustments	3,071	2,247
Adjustments for retirement benefits	458	443
Total other comprehensive income	7,399	6,458
Non-controlling interests	4,830	5,338
Total net assets	93,828	93,101
Total liabilities and net assets	195,214	213,780

(2) Quarterly Consolidated Statement of Income and Consolidated Statement of Comprehensive Income
(Quarterly Consolidated Statement of Income)

(Unit: million yen)

	First quarter of the previous consolidated fiscal year (From April 1, 2024 To June 30, 2024)	First quarter of the current consolidated fiscal year (From April 1, 2025 To June 30, 2025)
Sales	33,867	38,266
Cost of sales	25,991	28,611
Gross profit	7,875	9,655
Selling, general and administrative expenses	4,824	6,764
Operating profit	3,050	2,890
Non-operating income		
Interest income	65	125
Dividend income	166	182
Equity method investment income	33	31
Foreign exchange gains	267	62
Subsidy income	3	0
Other	105	85
Total non-operating income	641	487
Non-operating expenses		
Interest expense	59	245
Other	20	36
Total non-operating expenses	79	282
Ordinary profit	3,613	3,095
Extraordinary income		
Gain on sale of fixed assets	759	-
Gain on sales of investment securities	0	-
Government subsidies	-	180
Total extraordinary income	759	180
Extraordinary loss		
Loss on disposal of fixed assets	12	10
Loss on reduction of fixed assets	-	159
Disaster losses	7	14
Total extraordinary losses	19	184
Net income before tax adjustments	4,353	3,091
Corporate tax, resident tax, and business tax	800	870
Corporate tax adjustments	561	326
Total corporate tax, etc.	1,361	1,197
Net income	2,991	1,894
Net income attributable to non-controlling interests	77	136
Profit attributable to owners of parent	2,913	1,757

(Quarterly Consolidated Statement of Comprehensive Income)

(Unit: million yen)

	First quarter of the previous consolidated fiscal year (From April 1, 2024 To June 30, 2024)	First quarter of the current consolidated fiscal year (From April 1, 2025 To June 30, 2025)
Net income	2,991	1,894
Other comprehensive income		
Unrealized gains on other securities	333	△70
Deferred gains or losses on hedges	1	△33
Foreign currency translation adjustments	1,017	△991
Adjustments for retirement benefits	0	△15
Amount equivalent to equity method affiliates	5	△8
Total other comprehensive income	1,359	△1,119
Comprehensive income	4,350	774
(Breakdown)		
Comprehensive income attributable to owners of parent	4,209	817
Comprehensive income attributable to non- controlling interests	141	△43

(3) Notes Regarding Quarterly Consolidated Financial Statements

(Notes on Segment Information, etc.)

I. First quarter of the previous fiscal year (from April 1, 2024 to June 30, 2024)

1. Information on sales and profit or loss by reportable segment

(Unit: million yen)

	Reportable segment					Other (Note 1)	Total	Adjustme nt Amount (Note 2)	Amount recorded in the quarterly consolidat ed statement of income (Note 3)
	Refracto ry	Insulati on	Advanced Material & Device	Engineer ing	Total				
Sales									
Sales to external customers	23,166	3,776	1,009	5,689	33,641	226	33,867	-	33,867
Internal sales or transfers	29	376	28	83	518	0	519	△519	-
Total	23,195	4,152	1,038	5,772	34,159	227	34,386	△519	33,867
Segment profit	1,805	744	44	320	2,915	144	3,059	△9	3,050

(Note)

1. The "Other" category consists of business segments not included in the reportable segments and consists of the real estate rental business."
2. The negative adjustment of △9 million in segment income represents the elimination of unrealized inter-segment profits.
3. Segment profit is adjusted with operating profit in the quarterly consolidated statement of income.

2. Information on impairment loss on non-current assets and goodwill, etc. by reportable segment
Not applicable

II. First quarter of the current fiscal year (from April 1, 2025 to June 30, 2025)

1. Information on sales and profit or loss by reportable segment

(Unit: million yen)

	Reportable segment					Other (Note 1)	Total	Adjustme nt Amount (Note 2)	Amount recorded in the quarterly consolidat ed statement of income (Note 3)
	Refracto ry	Insulati on	Advanced Material & Device	Engineer ing	Total				
Sales									
Sales to external customers	26,217	3,609	963	7,246	38,036	229	38,266	-	38,266
Internal sales or transfers	23	280	-	45	348	0	349	△349	-
Total	26,241	3,889	963	7,291	38,385	230	38,616	△349	38,266
Segment profit Segment loss	2,259	518	△31	△15	2,730	147	2,878	11	2,890

(Note)

1. The "Other" category consists of business segments not included in the reportable segments and consists of the real estate rental business."
2. The adjustment amount of 11 million yen for segment income (loss) is the elimination of unrealized

profit related to inter-segment transactions.

3. Segment profit or loss is adjusted with operating profit in the quarterly consolidated statement of income.

2. Information on impairment loss on non-current assets and goodwill, etc. by reportable segment
(Material Changes in the Amount of Goodwill)

Goodwill in Engineering increased by 13.861 billion yen due to the inclusion of Reframax Engenharia Ltda. in the scope of consolidation during the first three months of the fiscal year under review. The amount of goodwill is a provisional amount calculated because the allocation of acquisition costs was not completed at the end of the first quarter of the current consolidated fiscal year.

(Notes on Significant Changes in Shareholders' Equity)

Not applicable

(Notes on Going Concern Assumption)

Not applicable

(Notes on Quarterly Consolidated Cash Flow Statements)

No quarterly consolidated statements of cash flows are prepared for the first quarter of the current consolidated fiscal year. Depreciation expenses (including amortization expenses for intangible fixed assets excluding goodwill) for the first quarter of the current fiscal year Amortization of goodwill is as follows.

	First quarter of the previous consolidated fiscal year (From April 1, 2024 To June 30, 2024)	First quarter of the current consolidated fiscal year (From April 1, 2025 To June 30, 2025)
Depreciation	845 million yen	1.271 billion yen
Amortization of goodwill	56	246

(Notes on Significant Subsequent Events)

(Disposal of Treasury Shares as Restricted Stock Compensation)

"At the Board of Directors meeting held on June 26, 2025, the Company resolved to dispose of treasury shares (hereinafter referred to as the "Disposal of Treasury Shares") as restricted stock compensation." The company resolved to dispose of treasury stock as follows.

1. Summary of the Disposal

(1) Payment date	July 25, 2025
(2) Type and number of shares to be disposed	29,882 shares of common stock of the Company
(3) Disposal value	1,626 yen per share
(4) Total disposal value	48,588,132 yen
(5) Allottee	Directors of the Company (excluding Directors who are Audit and Supervisory Committee Members and Outside Directors, and including two persons who have retired)) 5 persons 29,882 shares
(6) Others	With respect to the disposal of treasury shares to two retirees, the Company has submitted a securities notice in accordance with the Financial Instruments and Exchange Act.

2. Purpose and Reasons for the Disposal

At the Board of Directors meeting held on May 11, 2023, the Company announced that the Company's directors (excluding directors who are Audit and Supervisory Committee members and outside directors, hereinafter referred to as "Eligible Directors"). In addition to providing incentives to enhance the Company's corporate value and promoting further value sharing with shareholders, the Company has established a post-delivery performance-linked stock-based compensation plan (performance-share unit system) (hereinafter referred to as the "Plan"). It was resolved to introduce it.

At the 189th Ordinary General Meeting of Shareholders held on June 29, 2023 The period determined by the Board of Directors of the Company based on the Plan (hereinafter referred to as the "Valuation Period") The valuation period for the Disposal of Treasury Shares is one fiscal year from April 1, 2024 to March 31, 2025. (ii) the Eligible Directors will be issued or disposed of common stock of the Company in the number calculated in accordance with the percentage of achievement of the performance numerical standards set by the Board of Directors of the Company in the Eligible Directors' Meeting (hereinafter referred to as the "Meeting"); The total number of the Company's

common shares to be issued or disposed of under the above resolution shall be 40,000 shares or less per year (*), the amount of monetary compensation claims to be paid shall be 80 million yen or less per year, and (iii) the transfer restriction period of the restricted shares shall be from the date of delivery of the restricted shares to the date when the Eligible Director loses his / her position as the Company's Director or other position determined by the Board of Directors.

As the valuation period for the Disposal of Treasury Shares has ended, the Company has granted a total of 29,882 shares of the Company's common stock to the five Eligible Directors as consideration for the execution of their duties as Directors based on the results of the performance during the valuation period, based on the resolution of the Board of Directors meeting held on June 26, 2025.

(*) Up to 200,000 shares per year after the stock split on October 1, 2023