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## Notice Concerning Recording of Impairment Loss and Revision to Consolidated Earnings Forecast

April 16, 2026

To Whom It May Concern:

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Shinagawa Refra (hereinafter “the Company”) hereby announces that it will record impairment losses related to the Company and its consolidated subsidiaries for the fiscal year ending March 31, 2026. In connection with the recording of such impairment losses, the Company has revised the consolidated earnings forecast for the fiscal year ending March 31, 2026, which was announced on February 5, 2026, as follows.

### 1. Recording of Impairment Loss

#### (1) Ako Plant

The Company decided in the fiscal year ended March 31, 2020, to consolidate its production facilities for monolithic refractories in the western Japan region at the Ako Plant and commenced operation of the new plant in the fiscal year ended March 31, 2025. In the fiscal year ending March 31, 2026, although the facilities were generally operating as planned, the domestic refractory business environment deteriorated significantly compared to initial expectations, primarily due to a decline in domestic crude steel production, resulting in production and sales volumes at the Ako Plant falling short of plan. Based on the above, the Company conservatively revised its business plan after taking into account the risk of a decline in refractory demand and, as a result of reassessing future profitability, will record an impairment loss of approximately JPY 4.3 billion on the subject assets.

As the Ako Plant continues to generate positive operating cash flow, the Company will continue to promote greater efficiency through further production consolidation, while maintaining and expanding production volumes through sales expansion efforts, and will continue operating the plant.

#### (2) Shinagawa Refratários do Brasil Ltda. (hereinafter “SRB”)

The Company’s refractory business in Brazil has grown by serving the Brazilian steel industry as its primary customer base. However, due to steel overproduction in China and the impact of protectionist trade measures in the steel sector in various countries, low-priced Chinese steel products have flowed into the Brazilian market. As a result, SRB’s major customers have been forced to lower their operating levels, which has resulted in a decline in demand for refractories, an indispensable material in the steelmaking process.

Based on these business conditions, the Company conservatively revised SRB's business plan and reassessed future profitability, and as a result, will record an impairment loss of approximately JPY 3.9 billion on goodwill and fixed assets.

In Brazil, there have also been moves to curb imports of steel, and the Company expects that, over the medium-to-the-long term, the market across the Americas will stabilize. The Company will continue to strengthen its business development outside Brazil and in sectors other than the iron and steel industry, while further promoting global collaboration within the Group, with the aim of enhancing SRB’s profitability.

#### (3) Reframax Engenharia S.A. (hereinafter “Reframax”)

Reframax became a consolidated subsidiary of the Company in May 2025 and is responsible for the engineering business primarily engaged in refractory installation within the Group. Similar to SRB, Reframax has been affected by the deteriorating business environment

surrounding the Brazilian steel industry. As a result of conducting an impairment test based on International Financial Reporting Standards (IFRS) using future plans that incorporate the current business environment, the Company will record an impairment loss of approximately JPY 1.5 billion on goodwill.

In the engineering business, the Company will further strengthen its business development in non-steel-related sectors in the Americas market, where stable growth is expected over the medium to long term. Through collaboration across the Group, including not only the refractory business led by SRB but also the insulation materials business, the Company aims to create added value on a group-wide basis and thereby contribute to the sustainable enhancement of the Group's overall profitability.

(Reference) Forecast of Extraordinary Income and Losses for the Fiscal Year Ending March 31, 2026

The forecast of extraordinary income and losses for the fiscal year ending March 31, 2026, including the aforementioned extraordinary losses, is as follows.

	Items Included in This Announcement			Sale of Real Estate	Total
	Ako Plant	SRB	Reframax		
Extraordinary Income and Losses	(¥4.3 billion)	(¥3.9 billion)	(¥1.5 billion)	¥36.6 billion	¥26.9 billion

Note 1: Amounts are rounded to the nearest JPY 0.1 billion.

Note 2: Figures in parentheses indicate negative amounts.

Note 3: The amount for the sale of real estate includes the amounts of transactions disclosed on November 11, 2025, December 11, 2025, and March 5, 2026.

Additionally, as disclosed in the notice entitled “(Update on Previously Disclosed Matters) Notice Regarding the Compulsory Land Acquisition and Relocation of the Kwinana Plant of Our Australian Subsidiary, Shinagawa Refractories Australasia Pty Ltd,” dated April 8, 2026, the gain on sale of fixed assets of approximately JPY 3.7 billion will be reflected in extraordinary income in the first quarter of the fiscal year ending March 31, 2027.

2. Revision to Consolidated Earnings Forecast (Full Year)

Revision to Consolidated Earnings Forecast for the Fiscal Year Ending March 31, 2026 (April 1, 2025, to March 31, 2026)

	Net Sales	EBITDA	Operating Income	Ordinary Income	Net Income Attributable to Owners of the Parent	Net Income per Share
	(Million JPY)	(Million JPY)	(Million JPY)	(Million JPY)	(Million JPY)	(JPY)
Previous Forecast (A)	176,000	21,500	13,000	14,900	31,000	679.33
Revised Forecast (B)	176,000	21,500	13,000	14,900	26,000	569.76
Change (B-A)	0	0	0	0	(5,000)	(109.57)
Change (%)	0	0	0	0	(16.1)	-
(Reference) Consolidated Results for FY Ended March 31, 2025	144,072	17,953	13,278	13,655	9,778	214.48

Note: Figures in parentheses indicate negative amounts.

<Reasons for the Revision>

With respect to the fiscal year ending March 31, 2026, there has been no change from the previous forecast for net sales, EBITDA, operating income, and ordinary income. On the other hand, as described above, net income attributable to owners of the parent is expected to fall below the previous forecast due to the recording of impairment losses at the Ako Plant and Brazilian consolidated subsidiaries SRB and Reframax.

The annual dividend forecast of JPY 90.00 per share announced on May 15, 2025, remains unchanged.

### 3. Future Outlook

The impairment losses described above resulted from a review of asset valuations in light of changes in the business environment, and there has been no change to the Group's medium to long term business strategy. The Company will continue to focus on improving the profitability of each business and strengthening its business foundations.