Financial Results Presentation for the Fiscal Year Ended March 31, 2026

May 28, 2026

TSE Ticker Symbol 5351

SHINAGAWA REFRA GROUP

SHINAGAWA REFRA

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I. Summary of FY2025 Financial Results

1. Consolidated Financial Highlights

(Unit : Billion JPY)

	FY2024 [Results]	FY2025 [Results]	YoY
Net Sales	144.0	177.7	+23.4%
EBITDA (EBITDA Margin)	17.9 (12.5%)	22.1 (12.5%)	+23.3% (±0.0pt)
Operating Income (Operating Income Margin)	13.2 (9.2%)	13.6 (7.7%)	+2.5% (−1.6pt)
Ordinary Income	13.6	15.9	+17.1%
Net Income Attributable to Owners of Parent	9.7	26.0	+166.6%

Note 1: In this document, figures for net sales, profits, and other items are rounded down to the nearest JPY 100 million. Profit margins, composition ratios, and year-on-year changes are calculated based on figures rounded to the nearest yen.

Note 2: EBITDA = Operating Income + Depreciation and Amortization + Amortization of Goodwill

- Domestic crude steel production totaled 80.33 million tons, down 3.2% year on year, due mainly to weak demand from the construction and automotive sectors, as well as sluggish export demand.
- In the Refractory Sector, challenging business conditions persisted, with sales volumes declining due to lower domestic crude steel production and sluggish demand in certain overseas markets. In the Insulation Sector and the Advanced Material and Device Sector, demand also remained weak, affected by sluggish customer capital investment and inventory adjustments. Meanwhile, net sales increased significantly, supported by contributions from Gouda Refractories Group B.V. ("Gouda") in the Netherlands and Reframax Engenharia S.A. ("Reframax") in Brazil.
- On the earnings side, although one-time expenses associated with the acquisitions of Dynamix Casting Fluxes, LLC ("Dynamix") and Reframax were recorded, EBITDA increased significantly, supported by contributions from the two overseas subsidiaries as well as expanded sales of high value-added products in both domestic and overseas markets. Despite increases in goodwill amortization from M&A and depreciation expenses associated with the start-up of the new plant at the Ako Plant, operating income increased slightly. Ordinary income increased further, mainly reflecting foreign exchange gains.
- Net income attributable to owners of the parent increased significantly, reflecting a gain on sale of fixed assets, despite impairment losses at the Ako Plant and two overseas subsidiaries.

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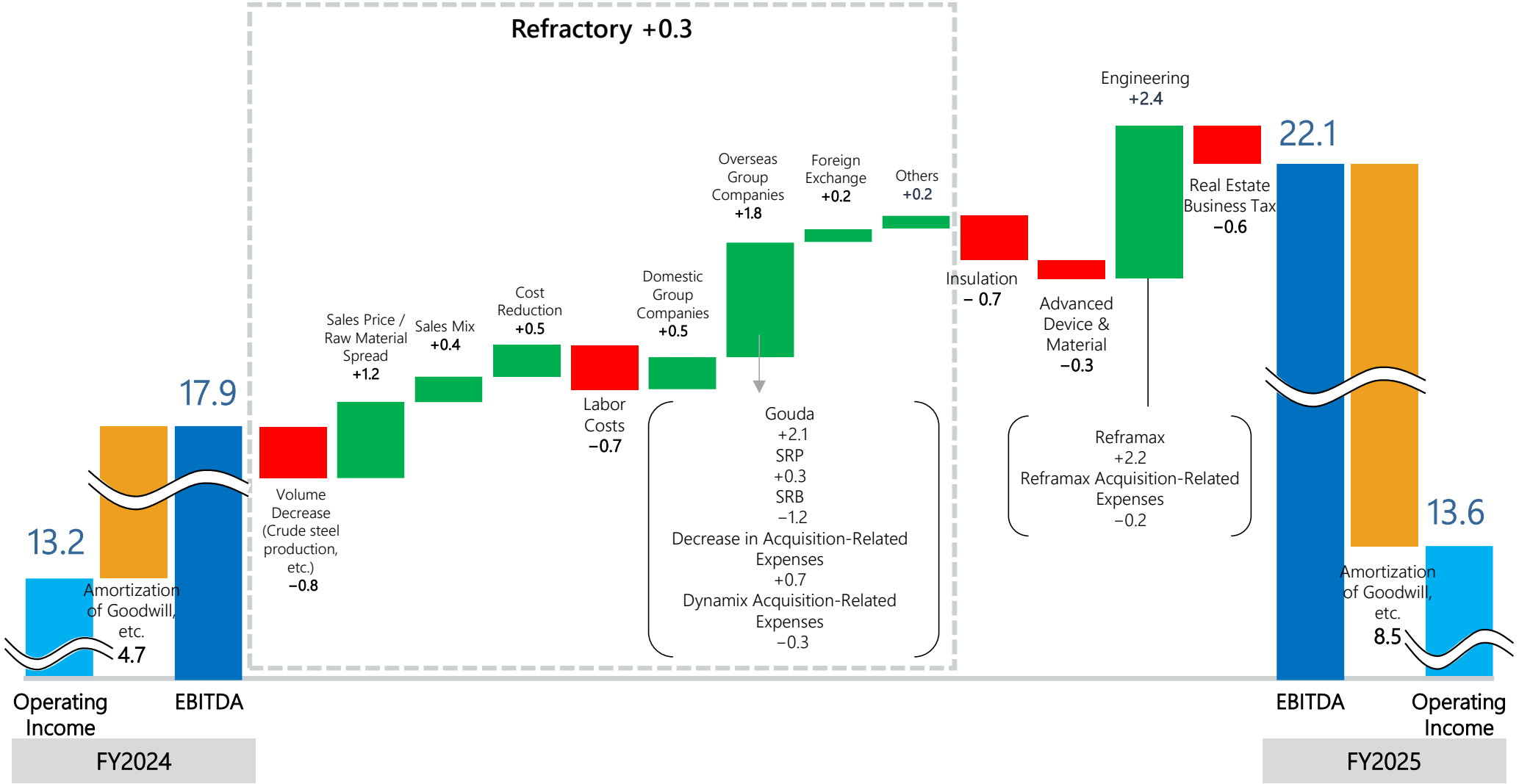
2. Factors Affecting EBITDA and Operating Income

(Unit: Billion JPY)

[Operating Income] Increase +0.3 (13.2 ⇒ 13.6)

[EBITDA] Increase +4.1* (17.9 ⇒ 22.1) * Increase Factors +7.2 / Decrease Factors −3.1



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3. Details of Extraordinary Gain and Losses (1) Gain on Sale of Fixed Assets

Maintaining Financial Soundness Through Asset Sales While Advancing the Growth Strategy

[Purpose of the Asset Transfer]

(1) Strengthen the financial base through the repayment of interest-bearing debt

(2) Secure funds for investments aimed at sustainable growth

[Details and Schedule of the Assets to be Transferred]

	1	2	3	4	5
Asset Details and Location	[Land] 5245-1 Komatsubara 2-chome, Zama City, Kanagawa Prefecture, and others	[Land and Buildings] 5-5-2 Jingumae, Shibuya-ku, Tokyo	[Land and Buildings] 3068-3 Chitosedai 1-chome, Setagaya-ku, Tokyo	[Land and Buildings] 1-11-1 Harigaya, Urawa-ku, Saitama-shi, Saitama Prefecture, Japan (and three other land parcels)	Other locations
Area	Land: 21,868 m^2	Land: 4,059 m^2 Building: 9,962 m^2	Land: 1,477 m^2 Building: 4,124 m^2	Land: 4,139 m^2 Building: 5,680 m^2	—
Gain on Transfer	JPY 4.6 billion	JPY 28.6 billion	JPY 1.0 billion	JPY 1.3 billion	JPY 1.4 billion
	Total: JPY 37.2 billion				
Current Status	Rental Land	Rental Property	Rental Property	Rental Property	—
Contract Conclusion Date	December 19, 2025	December 12, 2025	March 6, 2026	March 6, 2026	—
Property Transfer Date	December 19, 2025	December 19, 2025	March 11, 2026	March 18, 2026	—

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3. Details of Extraordinary Gain and Losses (2) Impairment Losses

While reviewing asset valuations in response to changes in the business environment, we will continue to enhance profitability by strengthening the production and sales capabilities of each business.

[Summary of Impairment Loss]

	1	2	3
Item	Ako Plant	SRB Shinagawa Refratários do Brasil Ltda.	Reframax Reframax Engenharia S.A.
Reasons/ Background	・The operating environment for domestic refractories deteriorated significantly beyond expectations, mainly due to a decline in domestic crude steel production ・Based on the current operating environment, the business plan was conservatively revised and future profitability was reassessed ・However, Operating Cash Flows remain positive	・Inexpensive Chinese steel entered the Brazilian market, reducing the operating levels of the steel industry, the main customers ・Factoring in the decline in refractory demand and based on the current operating environment, future profitability was conservatively revised ・However, the market environment is expected to gradually stabilize against the backdrop of the Brazilian government's trade policies to curb steel imports	・Similar to SRB, the deterioration of the operating environment surrounding the Brazilian iron and steel industry ・Factoring in the decline in customer construction projects and based on the current operating environment, future profitability was conservatively revised ・Similar to SRB, the market environment is expected to gradually stabilize
Impairment Loss Recorded	JPY 4.3 billion	JPY 3.8 billion	JPY 1.4 billion
	Total: JPY 9.7 billion		
Future Measures	・Increase operating rates by strengthening sales expansion activities ・Pursuing cost reduction through improvements in operational efficiency	・Strengthen business expansion outside Brazil and into industries other than iron and steel ・Enhancing profitability through further promotion of global group collaboration	・Strengthen business expansion into fields other than the iron and steel industry in the Americas market ・Creating added value across the group through collaboration with refractories and insulation materials businesses

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4. Net Sales and EBITDA by Business Segment

◆Net Sales (Unit: Billion JPY)

	FY2024 [Results]	FY2025 [Results]	YoY
Refractory Sector	95.8 [65.8]	110.9 [61.8]	+15.7%
Insulation Sector	18.7 [12.9]	17.7 [9.9]	−5.7%
Advanced Device & Material Sector	4.3 [3.0]	4.1 [2.3]	−5.5%
Engineering Sector	25.7 [17.7]	45.8 [25.6]	+78.2%
Other (Real Estate)	0.9 [0.6]	0.7 [0.4]	−16.7%
Total	145.6 [100.0]	179.3 [100.0]	+23.1%
Adjustments	−1.5	−1.5	-
Consolidated Total	144.0	177.7	+23.4%

Note 1: Figures in brackets [ ] represent the composition ratio of net sales by business segment (%). Note 2: Adjustments represent inter-segment sales or transfers.

◆EBITDA (Unit: Billion JPY)

	FY2024 [Results]	FY2025 [Results]	YoY
Refractory Sector	11.0 [61.5]	14.4 [65.5]	+31.0%
Insulation Sector	4.0 [22.5]	3.2 [14.9]	−18.4%
Advanced Device & Material Sector	0.3 [2.2]	0.1 [0.5]	−73.1%
Engineering Sector	1.7 [10.0]	4.1 [18.9]	+132.4%
Other (Real Estate)	0.6 [3.7]	0.0 [0.3]	−91.2%
Total	17.9 [100.0]	22.0 [100.0]	+23.2%
Adjustments	+0.0	+0.0	-
Consolidated EBITDA	17.9	22.1	+23.3%

Note 1: Figures in brackets [ ] represent the composition ratio of EBITDA by business segment (%). Note 2: Adjustments represent elimination of unrealized profits from inter-segment transactions, etc.

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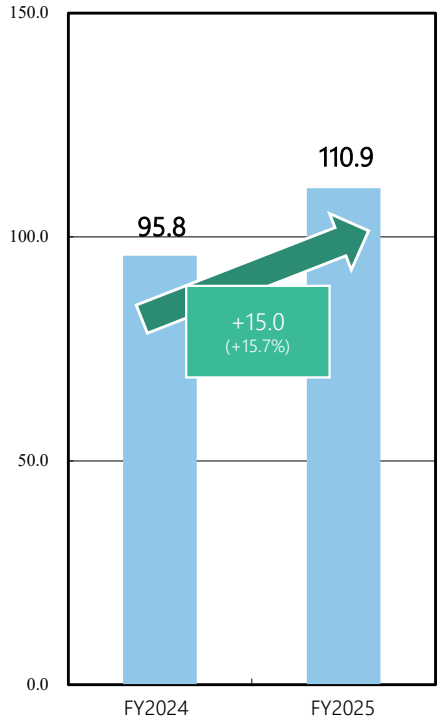
5. Business Segment Overview 1/2

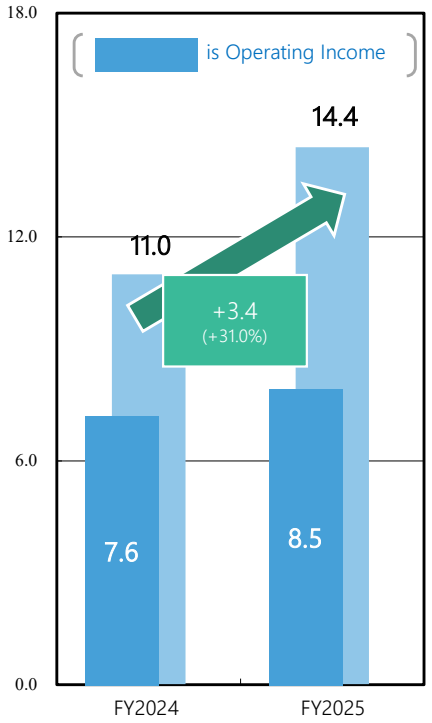
(Unit: Billion JPY)

Refractory Sector

[Net Sales]



[EBITDA, Operating Income]

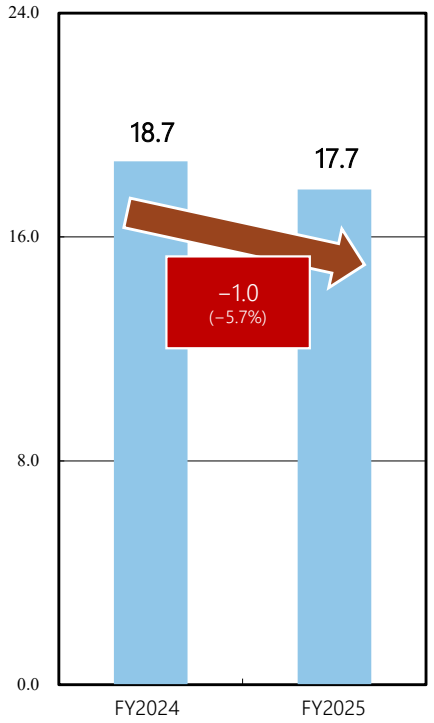


- A challenging operating environment continued, reflecting lower production in the domestic steel industry and sluggish customer demand in Brazil.
- Gouda's results contributed for the full fiscal year.
- Profit improved through expanded sales of high value-added products in domestic and overseas markets, price optimization, an improved sales mix, and cost reductions.

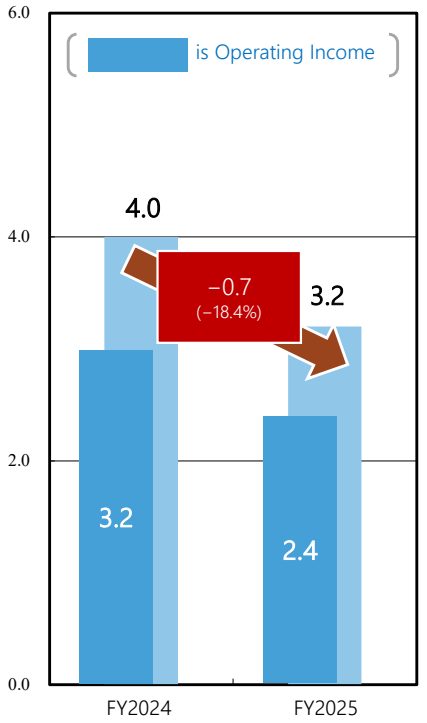
(Unit: Billion JPY)

Insulation Sector

[Net Sales]



[EBITDA, Operating Income]



- Although we worked to expand orders both domestically and overseas, the demand environment remained challenging
- Various equipment renovation projects in the domestic iron and steel and non-ferrous industries declined between product cycles
- Delayed recovery in insulation materials demand in the high value-added products market, mainly for semiconductor manufacturing equipment and lithium-ion batteries

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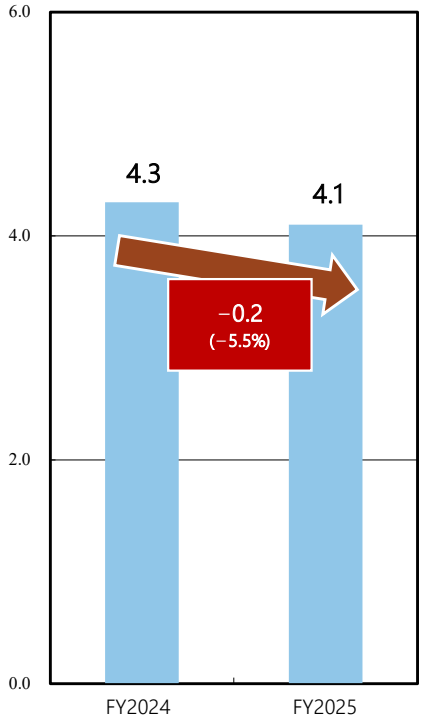
5. Business Segment Overview 2/2

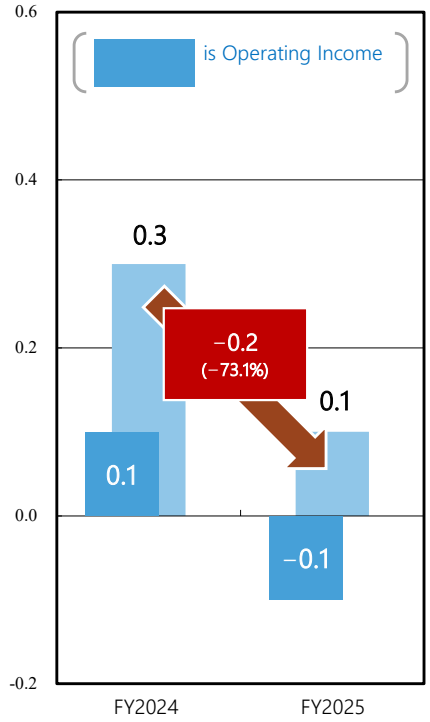
(Unit: Billion JPY)

Advanced Device & Material Sector

[Net Sales]



[EBITDA, Operating Income]

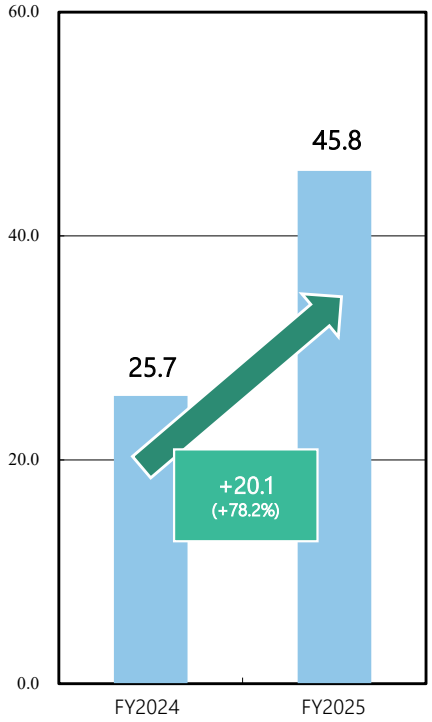


- Changes in investment timing related to logic semiconductors and foundries
- Impact of customer inventory adjustments
- Sales volume decreased due to stagnant demand this period and postponement of demand expansion timing due to the above factors

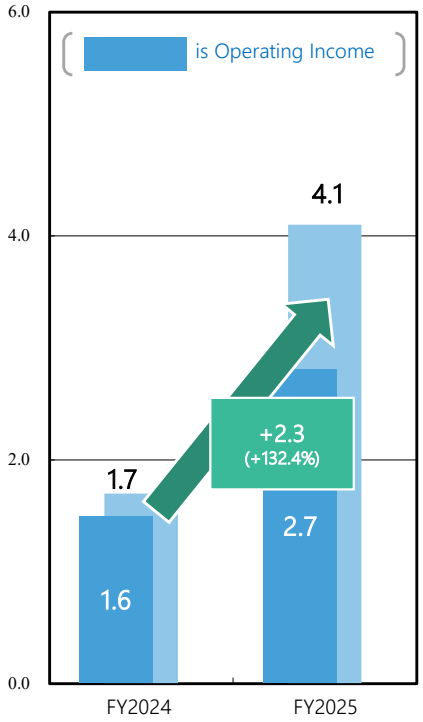
(Unit: Billion JPY)

Engineering Sector

[Net Sales]



[EBITDA, Operating Income]



- Results of Reframax, which newly joined the group, contributed from 2Q
- One-time costs associated with the acquisition of Reframax and goodwill amortization, etc.

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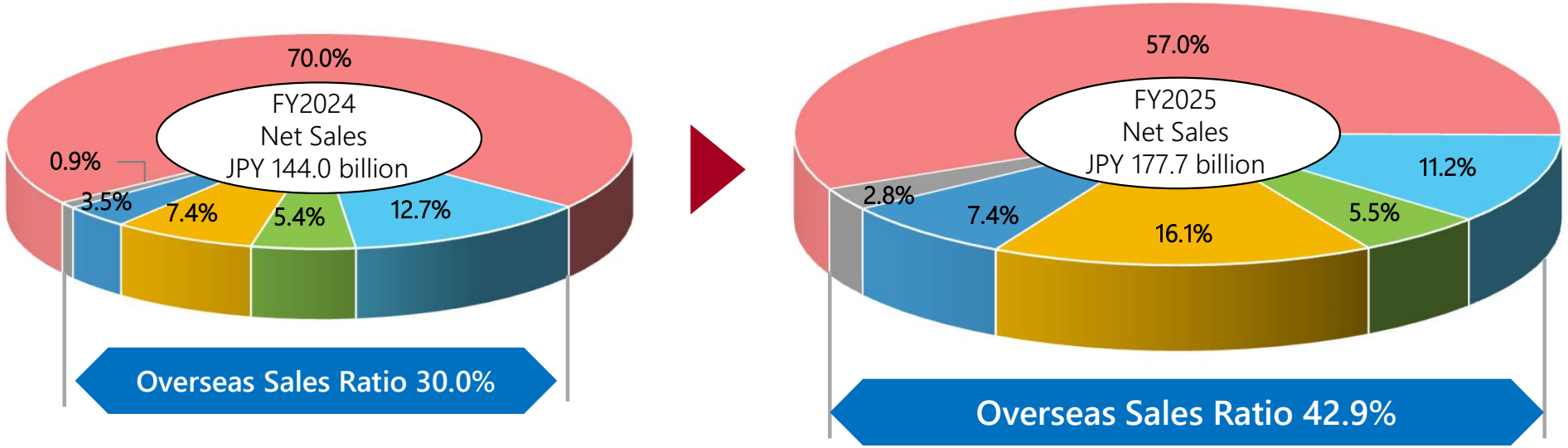
6. Net Sales by Region

(Unit: Billion JPY)

	FY2024		FY2025		YoY
Japan	100.9	[70.0]	101.4	[57.0]	+0.5%
Asia/Oceania	18.3	[12.7]	19.8	[11.2]	+8.5%
North America	7.7	[5.4]	9.6	[5.5]	+24.9%
South America	10.6	[7.4]	28.6	[16.1]	+169.0%
Europe	5.0	[3.5]	13.2	[7.4]	+159.1%
Other overseas	1.3	[0.9]	4.9	[2.8]	+280.2%
Total	144.0	[100.0]	177.7	[100.0]	+23.4%
	Overseas total JPY 43.1 billion (30.0%)		Overseas total JPY 76.3 billion (42.9%)		

Note: Figures in brackets [ ] represent composition ratio of net sales by region (%).)



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7. Key Initiatives for FY2025 1/2

Refractory Sector | Insulation Sector | Advanced Device & Material Sector | Engineering Sector

Strengthening global expansion capabilities through three new M&A and JV

Reframax
(Acquired in May 2025)

Company Name	Reframax Engenharia S.A.
Headquarters	Minas Gerais, Brazil Belo Horizonte
Established	1999
Number of Employees	Approx. 5.3 thousand employees
Details of Business	➢ Engineering business centered on refractory construction and insulation work ➢ Since 2015, service range expanded to include scaffolding work, industrial painting, comprehensive repair of steel structures, civil engineering maintenance, and fireproof coating work
Objectives (Expected Impact)	➢ Expansion of overseas business in the Americas, where stable demand is expected over the medium to long term ➢ Creation of multifaceted group synergies through advanced engineering technologies

SDAN
(Established in September 2025)

Company Name	Shinagawa Danieli Advanced Device and Material S.p.A.
Location	Trieste, Italy
Established	Joint venture established in September 2025
Equity Ownership Percentage	The Company 51%, Danieli* 49%
Objectives (Expected Impact)	➢ Establishment of a manufacturing base in Italy for our high-performance mold flux (mold powder) products (joint venture with Danieli) ➢ Building a product supply system for steelmakers in Europe, the Middle East, and Africa ➢ Planning to construct a new plant in FY2026 to commence operations in the region

* The official name is "Danieli & C. Officine Meccaniche S.p.A." An Italian steelmaking plant manufacturer that holds a high global market share as a market leader in high-speed continuous casting equipment.

Dynamix
(Acquired in March 2026)

Company Name	Dynamix Casting Fluxes, LLC
Location	Huntingdon, Tennessee, USA
Established	Acquired in March 2026
Equity Ownership Percentage	The Company 51%, founders 49%
Details of Business	➢ Development of mold flux business in the United States ➢ Established high technological capabilities and customer base in the field
Objectives (Expected Impact)	➢ Strengthening business foundation and presence in the Americas ➢ Creating synergies with our Group's existing mold flux business and functional refractory business for continuous casting processes

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7. Key Initiatives for FY2025 2/2

Refractory Sector	Insulation Sector	Advanced Device & Material Sector	Engineering Sector

To expand the production base for the Advanced Device & Material Sector business, through a two-plant system with the existing plant in Bizen City, Okayama Prefecture, a new plant was constructed in Setouchi City, Okayama Prefecture.

[New Plant in Setouchi City] ... Site area: 16.87 thousand m²

Note: The new plant is the "Setouchi Plant" and the existing plant is the "Bizen Plant."

[Plant Locations]

- The new plant commenced operations in February 2026.
- The new plant handles the precision processing and inspection processes for fine ceramics products.
- Expand production capacity for fine ceramics products and meet the demand for high-precision processed products with a view toward the semiconductor manufacturing equipment field and aerospace industries.

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II. Performance Outlook for FY2026

1. Outlook for FY2026 (Compared to the Previous Year)

(Unit: Billion JPY)

	FY2025 [Results]	FY2026 [Outlook]	YoY
Net sales	177.7	189.0	+6.3%
EBITDA (EBITDA Margin)	22.1 (12.5%)	22.0 (11.6%)	−0.6% (−0.9pt)
Operating Income (Operating Income Margin)	13.6 (7.7%)	13.0 (6.9%)	−4.5% (−0.8pt)
Ordinary Income	15.9	13.0	−18.7%
Net Income Attributable to Owners of the Parent	26.0	10.0	−61.6%

- In addition to the continuing instability in international politics and economy, supply risks for petroleum-derived raw materials due to the situation in the Middle East are increasing. Based on these factors, the outlook was formulated under conservative assumptions, incorporating the materialization of downside risks such as rising raw material and fuel costs. Domestic crude steel production for FY2026 is assumed to be 78 million tons (down 2.9% compared to the previous year).
- We have formulated a business plan to secure profits even under severe assumptions, and aim to exceed these targets.
- Net sales are expected to increase as Reframax's performance will contribute for the full year, and the newly joined Dynamix will also contribute.
- EBITDA is expected to remain roughly flat despite rising raw material and fuel costs. Operating income is expected to decline due to increased amortization of goodwill and other intangible assets. Ordinary income is expected to decline further, as foreign exchange gains were recorded in FY2025, while we have not incorporated these in the plan for FY2026 at this time. The Company will seek early price pass-through to products and services for the increase in raw material and fuel costs.
- Net income attributable to owners of the parent will decline significantly, mainly because the substantial gain on sale of fixed assets recorded in the previous year is not expected in FY2026.

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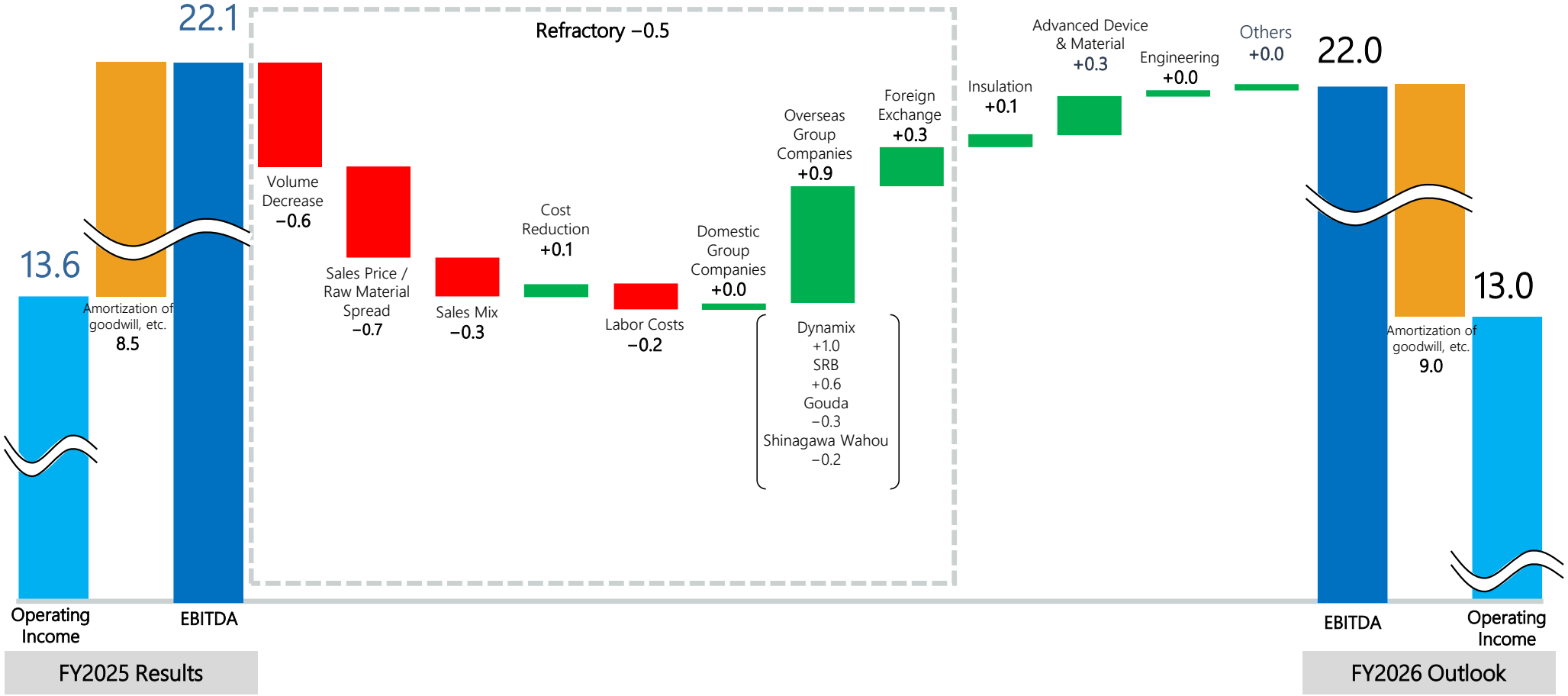
2. Outlook for Factors Affecting EBITDA and Operating Income in FY2026

(Unit: Billion JPY)

[Operating Income] Decrease −0.6 (13.6 ⇒ 13.0)

[EBITDA] Decrease −0.1* (22.1 ⇒ 22.0) * Increase Factors +1.7 Decrease Factors −1.8



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3. Outlook for FY2026 by Sector

Net Sales by Sector

For FY2026, although we anticipate a decrease in sales volume due to declining domestic crude steel production, the Refractory Sector and Engineering Sector are expected to see increased revenue due to M&A effects. The Insulation Sector and Advanced Device and Material Sector are also expected to see increased revenue, supported by improving demand conditions.

EBITDA by Sector

For FY2026, in addition to decreased sales volume due to declining domestic crude steel production, the Refractory Sector is expected to see decreased profits as a certain degree of rising raw material and fuel costs have been factored in. On the other hand, the Insulation Sector, Advanced Device and Material Sector, and Engineering Sector are expected to see increased profits.

Operating Income by Sector

For FY2026, as mentioned above, the Refractory Sector is expected to see decreased profits due to the impact of declining sales volume and rising raw material and fuel costs. The Engineering Sector is expected to see decreased profits due to increased amortization of goodwill and other items associated with M&A.
The Insulation Sector is expected to see increased profits.

	Performance Trends during the 6th Mid-Term Management Plan period			
(Unit: Billion JPY)	FY2024 Results	FY2025 Results	FY2026 Outlook	FY2026 Mid-term Plan Targets
Refractory Sector	95.8	110.9	117.1	103.4
Insulation Sector	18.7	17.7	18.5	22.0
Advanced Device & Material Sector	4.3	4.1	4.8	5.4
Engineering Sector	25.7	45.8	50.1	44.9
Refractory Sector	11.0	14.4	13.9	14.3
Insulation Sector	4.0	3.2	3.4	5.1
Advanced Device & Material Sector	0.3	0.1	0.4	0.8
Engineering Sector	1.7	4.1	4.2	4.2
Refractory Sector	7.6	8.5	8.1	11.3
Insulation Sector	3.2	2.4	2.8	4.2
Advanced Device & Material Sector	0.1	△0.1	△0.0	0.4
Engineering Sector	1.6	2.7	2.1	3.7

Note 1: The consolidated performance of the Group includes "Real Estate" and "Consolidation eliminations, etc." in addition to the sector-specific performance shown in the table.
Note 2: In the "VISION 2030 and the 6th Mid-Term Management Plan" announced in May 2024, the consolidated performance targets for FY2026 reflected the performance of "highly feasible M&A and other projects," while these were not incorporated into the FY2026 targets in the "performance by sector." The FY2026 targets in the “Outlook for FY2026 by sector" this time incorporate the performance of the M&A project (Reframax) in the Engineering Sector that was anticipated at that time.

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4. Outlook for FY2026 (Comparison with the Mid-Term Management Plan Targets)

(Unit: Billion JPY)

	Performance Trends during the 6th Mid-Term Management Plan Period				
	FY2024 [Results]	FY2025 [Results]	FY2026 [Outlook]	FY2026 [Mid-Term Plan Targets]	Percentage Change Compared to Mid-Term Plan Targets
Net Sales	144.0	177.7	189.0	180.0	+5.0%
EBITDA (EBITDA Margin)	17.9 (12.5%)	22.1 (12.5%)	22.0 (11.6%)	25.2 (14.0%)	−12.8% (−2.4pt)
Operating Income (Operating Income Margin)	13.2 (9.2%)	13.6 (7.7%)	13.0 (6.9%)	19.8 (11.0%)	−34.3% (−4.1pt)
Ordinary Income	13.6	15.9	13.0	-	-
Net Income Attributable to Owners of the Parent	9.7	26.0	10.0	-	-
ROIC	7.2%	6.4%	5.8%	10.0%	−4.2pt

- The current business environment has deteriorated compared to the assumptions made when formulating the 6th Mid-Term Management Plan. The FY2026 outlook factors in rising raw material and fuel costs and declining domestic crude steel production. Domestic crude steel production is projected at 78 million tons in the current outlook, a 9.3% decrease from the 86 million tons assumed when formulating the mid-term plan.
- Against the mid-term plan targets, while net sales are expected to increase due to M&A effects, EBITDA and operating income are expected to fall short of targets due to decreased refractory sales volume associated with declining domestic crude steel production and rising raw material and fuel costs. The main reason for the widening shortfall in operating income is the advance increase in amortization of goodwill and other items as a result of accelerating M&A execution as part of our growth strategy.
- Furthermore, ROIC is expected to decline due to the advance increase in invested capital associated with M&A and the impact of increased amortization of goodwill and other items.

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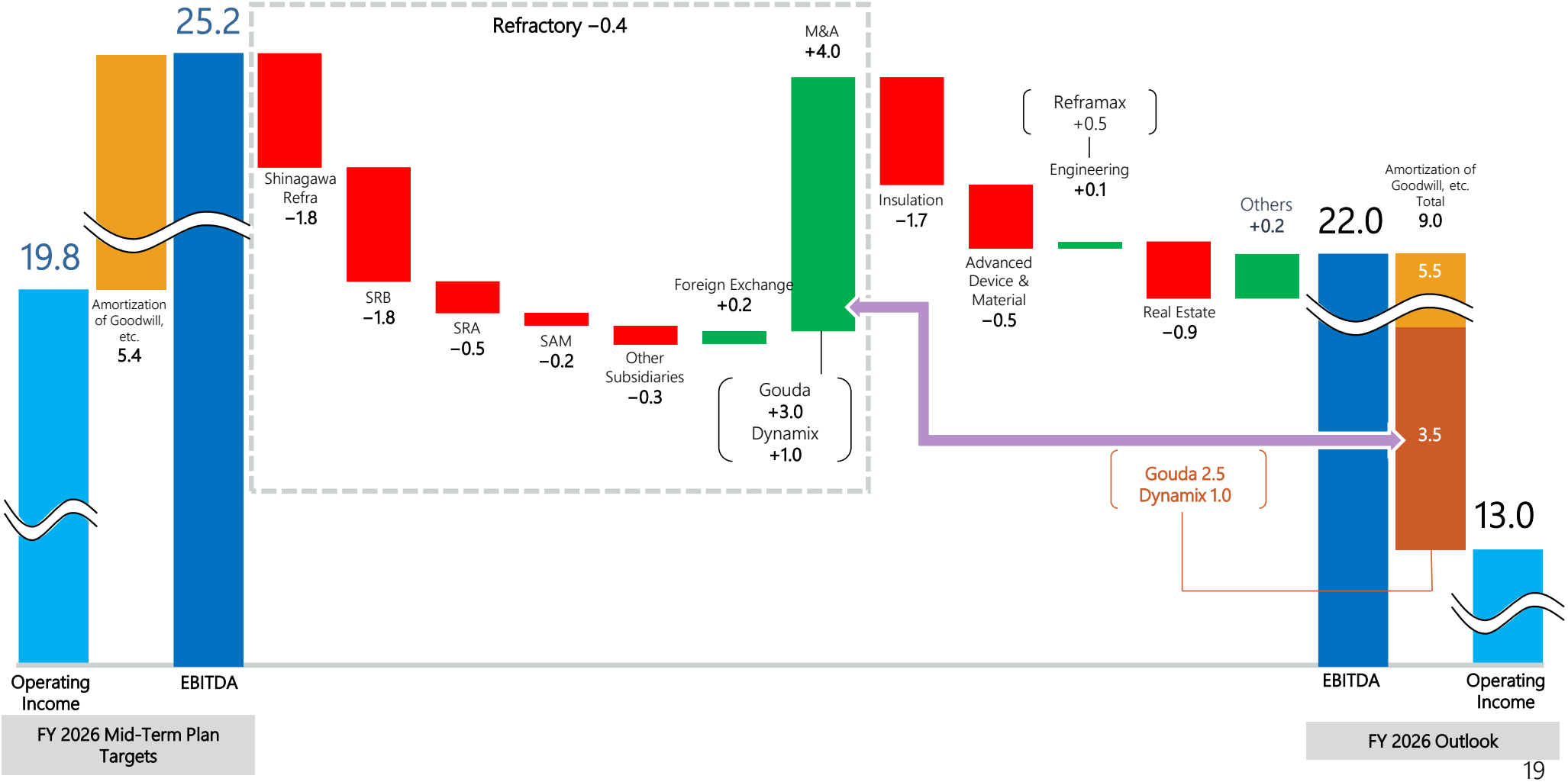
5. Factors Behind Changes in EBITDA and Operating Income in FY 2026 [FY2026 Mid-Term Management Plan Targets vs. Outlook]

(Unit: Billion JPY)

[Operating Income] Decrease from Mid-Term Plan Targets: −6.8 (19.8 ⇒ 13.0)

[EBITDA] Decrease from Mid-Term Plan Targets: −3.2* (25.2 ⇒ 22.0)

*Increase Factors +4.7
Decrease actors −7.9



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III. Management Strategy for FY 2026

1. Basic Policy and Priority Measures for FY 2026

[Basic Policy for FY 2026]

Building on the robust global network established through proactive M&A activities to date, FY2026 will focus on "Strengthening Organic Growth Capabilities"

[Priority Measures for FY 2026]

1

Strengthening Global Group Collaboration

2

Accelerating Global Expansion of the Continuous Casting Functional Materials Business in the Refractory Sector

3

Accelerating Business Expansion into New Fields in the Advanced Device and Material Sector

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2. Sector Policies

Refractory Sector

(1) Expansion of sales to customers other than blast furnace operators
- Expanding sales expansion in the electric furnace, non-ferrous metals, and industrial furnace sectors

(2) Expansion of business in global markets
- Strengthening penetration of the South American market
- Expanding sales in the Chinese market
- Accelerating the global expansion of the continuous casting functional materials business

(3) Development of high-value-added products
- Supporting high-grade steel production processes using large-scale electric furnaces
- Expanding the product portfolio utilizing green raw materials

Insulation Sector

(1) Development of new growth areas
- Fireproofing and joint materials for construction applications
- Expanding into growth areas, including stationary energy storage systems and jigs for firing electronic components

(2) Strengthening production and supply capabilities from a long-term perspective
- Semiconductor diffusion furnaces, aircraft engine casting jigs, and microporous products
- Automation and digital transformation (DX), as well as global technical exchange and talent development

(3) Strengthening collaboration with Shinagawa Refra Group companies
- Enhancing networks with overseas group companies
- Establishing a global supply framework for the petrochemical and non-ferrous sectors

Engineering Sector

(1) Boosting earnings by cultivating new customers and markets
- Expanding into non-ferrous metals and industrial furnace sectors through collaboration with each sector
- Attaining new customers through comprehensive capabilities, including high-quality, high-efficiency construction

(2) Sustainable growth through enhanced collaboration and global expansion
- Creating synergies with each sector and with Reframax

(3) Contributing to sustainability initiatives
- Providing optimal solutions for new process development
- Expanding refractories recycling business and strengthening circular economy models

Advanced Device & Material Sector

(1) Business expansion related to semiconductor manufacturing equipment
- Expansion of market share for fine ceramics products related to semiconductor manufacturing equipment
- Expansion of business areas for Com Innovation

(2) Strengthening sales to new growth areas
- Entry into next-generation energy, aerospace, and other fields

(3) Strengthening production and supply systems and cost competitiveness
- Full operation of the new plantresponsible for precision processing and precision inspection processes
- Establishing a supply structure for growth areas

Under these sector policies, in FY2026 we will prioritize "organic growth of each sector" and "expansion of group synergies"

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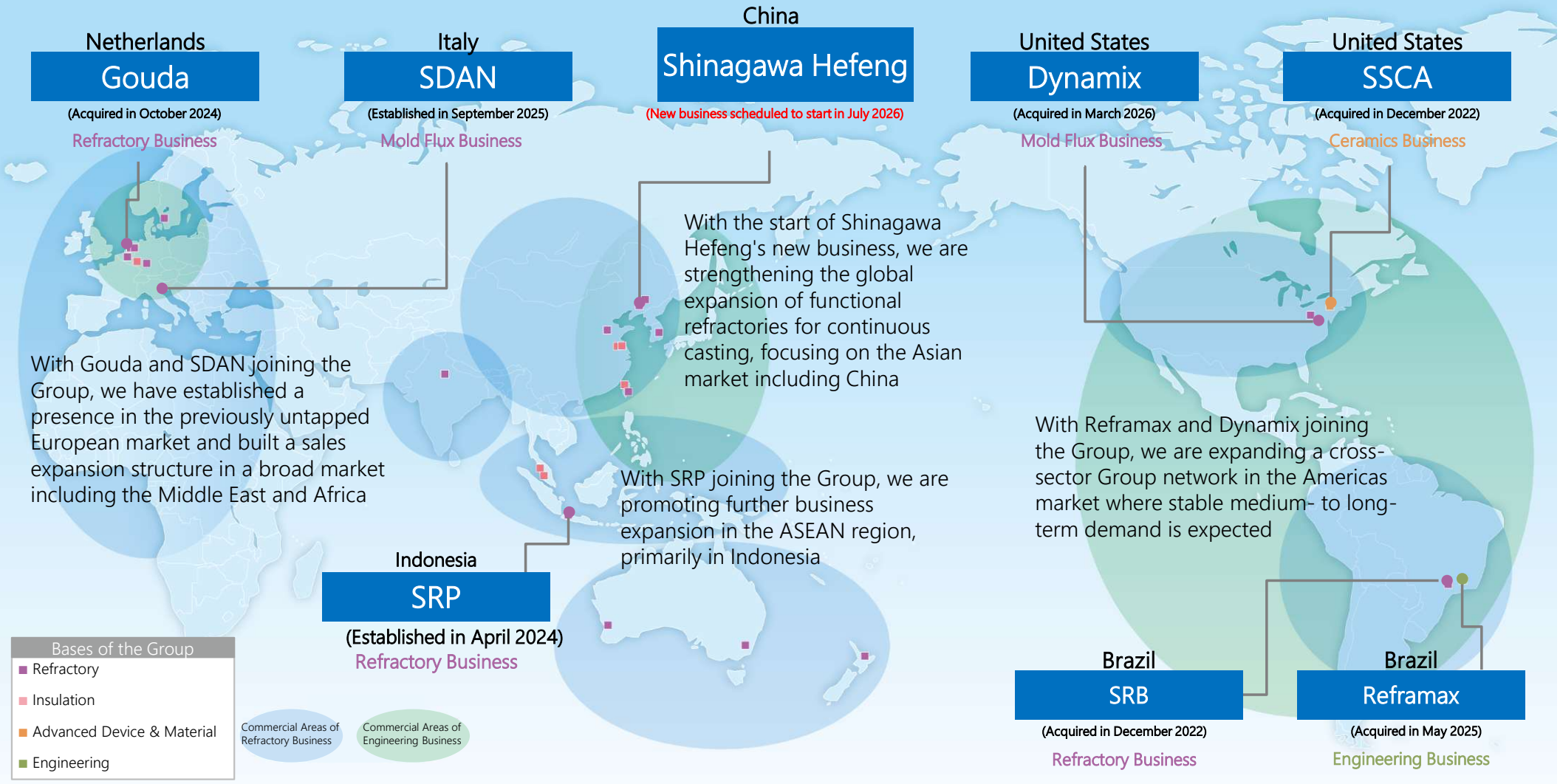
Priority Measure 1

Expanding Global Group Collaboration 1/4

Strengthened the global network supporting global Group collaboration through strategic M&A activities since 2022



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Priority Measure 1

Expanding Global Group Collaboration 2/4

Expanding cross-sector Group collaboration by utilizing the robust global network

GOUDA × ISOLITE

Sales of ISOLITE products in Europe

GOUDA × SRP

*Establishing GOUDA sales base in Indonesia

Sales of GOUDA products in Southeast Asia

SSCA × Group

*Global sales of high ceramics

Collaboration in North America

SAM × REFRAMAX

*Proposing construction services to untapped markets

Sales of ISOLITE products in the Middle East

GOUDA × ISOLITE

*Saudi Petrochemical Exhibition

Collaboration in Brazil ①

GOUDA × REFRAMAX × SRB

*Entering the petrochemical industry

Utilizing Brazilian-developed products in Australia

SRA × SRB

Collaboration in Brazil ②

SK × REFRAMAX × SRB

*Proposing ladle monolithic solutions to untapped markets

Refractory Sector

Insulation Sector

Advanced Device and Material Sector

Engineering Sector

[Global Partners]

SAINT-GOBAIN

DANIELI

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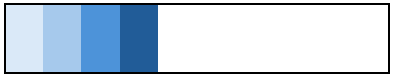
Priority Measure 1

Expanding Global Group Collaboration 3/4

Various Group collaboration measures are steadily progressing on a global scale

Measures	Overview of Measures	Current Number of Measures	Implementation Status (Progress) *	Current Estimated Final Effect (Sales/Profit) Through 2035
Creation of New Businesses	Launching new businesses by utilizing the network	12 measures	Approximately 30%	JPY 13.0 billion / JPY 1.5 billion
Cultivation of New Markets (Customers)	Entering new markets by utilizing Group companies	8 measures	Approximately 20%	JPY 6.0 billion / JPY 1.0 billion
Expansion of Earnings Opportunities through Network Utilization	Creating new earnings opportunities through product supply and horizontal deployment of technologies	8 measures	Approximately 40% 	JPY 1.8 billion / JPY 0.7 billion
Cost Reduction	Optimizing operations by utilizing Group knowledge	5 measures	Approximately 20%	NA / JPY 0.9 billion

(Total: 33 measures)

(Total: Approximately JPY 21.0 billion / Approximately JPY 4.0 billion)

* Progress indicates the degree of advancement of each project and differs from the figures incorporated in the FY 2026 sales plan.

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Priority Measure 1

Expanding Global Group Collaboration 4/4

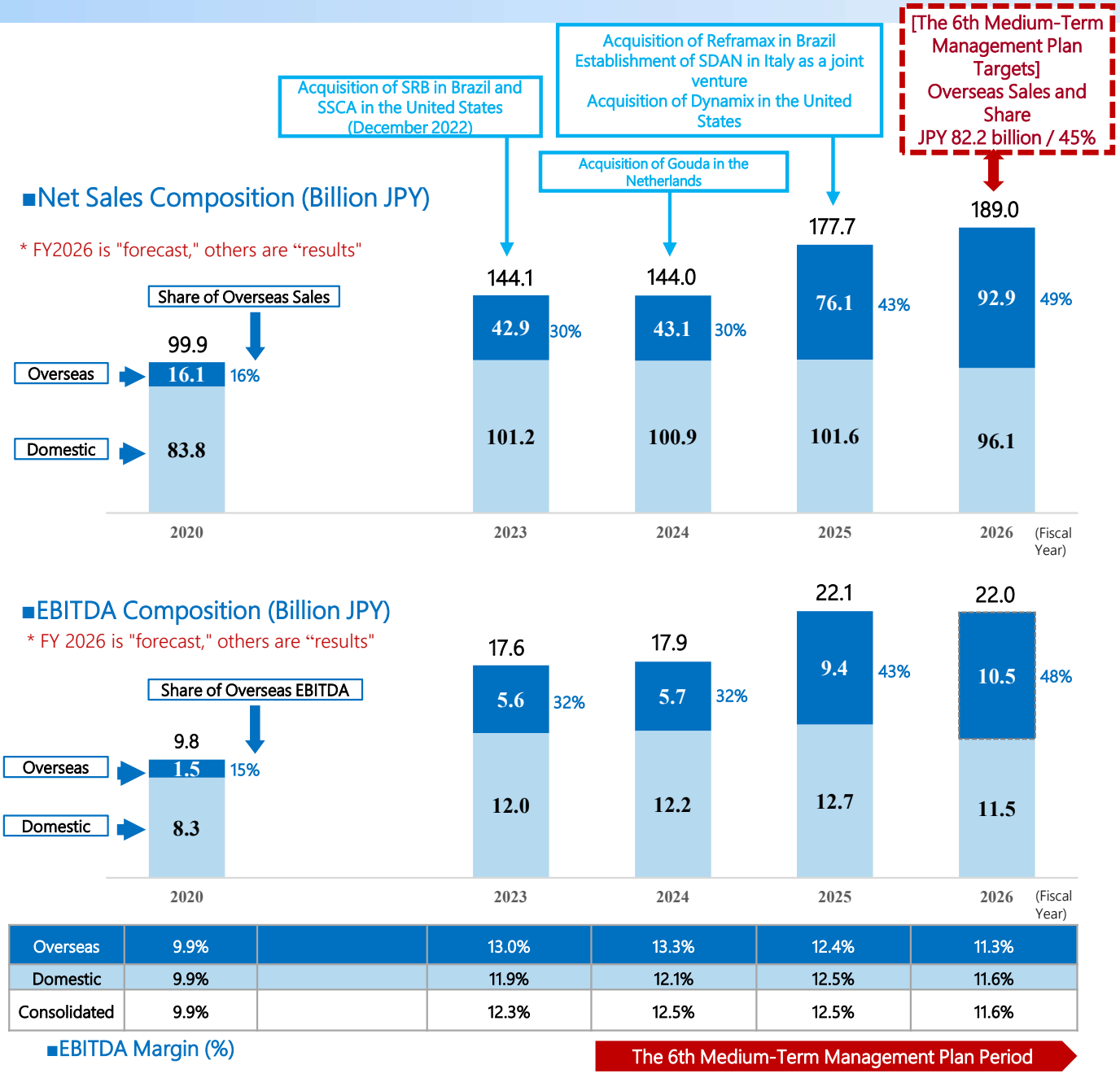
Starting from the 5th Medium-Term Management Plan, we accelerated global expansion through aggressive M&A.

In FY2026, we will strengthen earning power by focusing on "organic growth."

Over the medium to long term, we will continue to pursue M&A and JVs.

FY2026 Forecast

- Overseas sales and shares are expected to exceed the 6th Medium-Term Management Plan targets, reaching JPY 92.9 billion and 49%
- Overseas EBITDA and shares are expected to reach JPY 10.5 billion and 48%
- As a result, from FY2027 onward, the overseas ratio will account for more than half of both net sales and EBITDA
- EBITDA margin remains at around 12% for both domestic and overseas operations



Overseas	9.9%		13.0%	13.3%	12.4%	11.3%
Domestic	9.9%		11.9%	12.1%	12.5%	11.6%
Consolidated	9.9%		12.3%	12.5%	12.5%	11.6%

■EBITDA Margin (%)

The 6th Medium-Term Management Plan Period

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Priority Measure 2

Accelerating Global Expansion of Functional Materials for Continuous Casting Business in the Refractory Sector 1/3

Accelerating global expansion in the high-value-added functional materials for continuous casting field by leveraging technologies cultivated in Japan

[Functional Materials for Continuous Casting Business Targeting Medium- to Long-Term Expansion]

Mold Flux Business
(Mold flux for continuous casting)

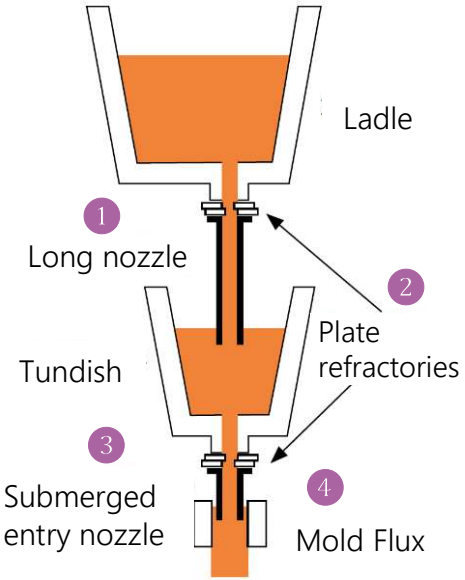
+

Functional Refractories Business
(Nozzles for continuous casting)

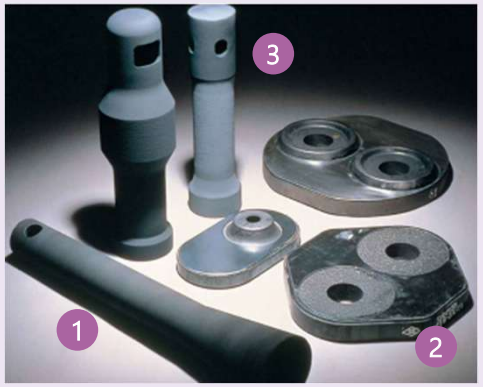
▼Mold Flux

High-value-added materials that perform critical functions such as heat retention, oxidation prevention, and lubrication in the continuous casting process that forms molten steel into slabs

Continuous casting equipment at steel mills



▼Functional Refractories



High-value-added products in the form of plates and nozzles that perform critical functions such as flow control of molten steel, oxidation prevention, and stable supply

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Priority Measure 2

Accelerating Global Expansion of Functional Materials for Continuous Casting Business in the Refractory Sector 2/3

Looking ahead to medium- to long-term expansion of the functional materials for continuous casting business, we will expand manufacturing and sales structures at overseas bases in FY2026

	Mold Flux Business	Functional Refractories Business
Business Development to Date	The mold flux business operates in 3 countries—Japan, China, and the U.S.—with 4 business bases ⇒Evolved alongside Japan's high-grade steel manufacturing technology and earned strong trust from customers in Japan, China, and the U.S. as products essential for high-grade steel manufacturing	In 2008, established Shinagawa Hefeng, a joint venture company in China that manufactures and sells mold flux for continuous casting ⇒The mold flux business has earned high recognition in the Asian market, including China, and has steadily expanded over 16 years
Main Measures for FY2026	Acquisition of Dynamix in the U.S. and construction of a new plant by SDAN in Italy during FY 2026 ⇒Strengthening the mold flux business in the U.S. and local expansion in the European market	Shinagawa Hefeng plans to complete a new plant in July 2026 and start a new functional refractories business ⇒Accelerating global expansion by leveraging the customer base established through the mold flux business and technical synergies in the continuous casting field

■Development of Mold Flux Business

Business Start	Company name/Base	Location
1961	Shinagawa Refra (Hinase Plant)	Okayama, Japan
1997	Shenyang Shinagawa	Liaoning, China
2006	SAM	Ohio, U.S.
2008	Shinagawa Hefeng	Liaoning, China
2026	SDAN	Trieste, Italy
2026	Dynamix	Tennessee, U.S.

Conceptual image of the new plant (Functional Refractories Business)

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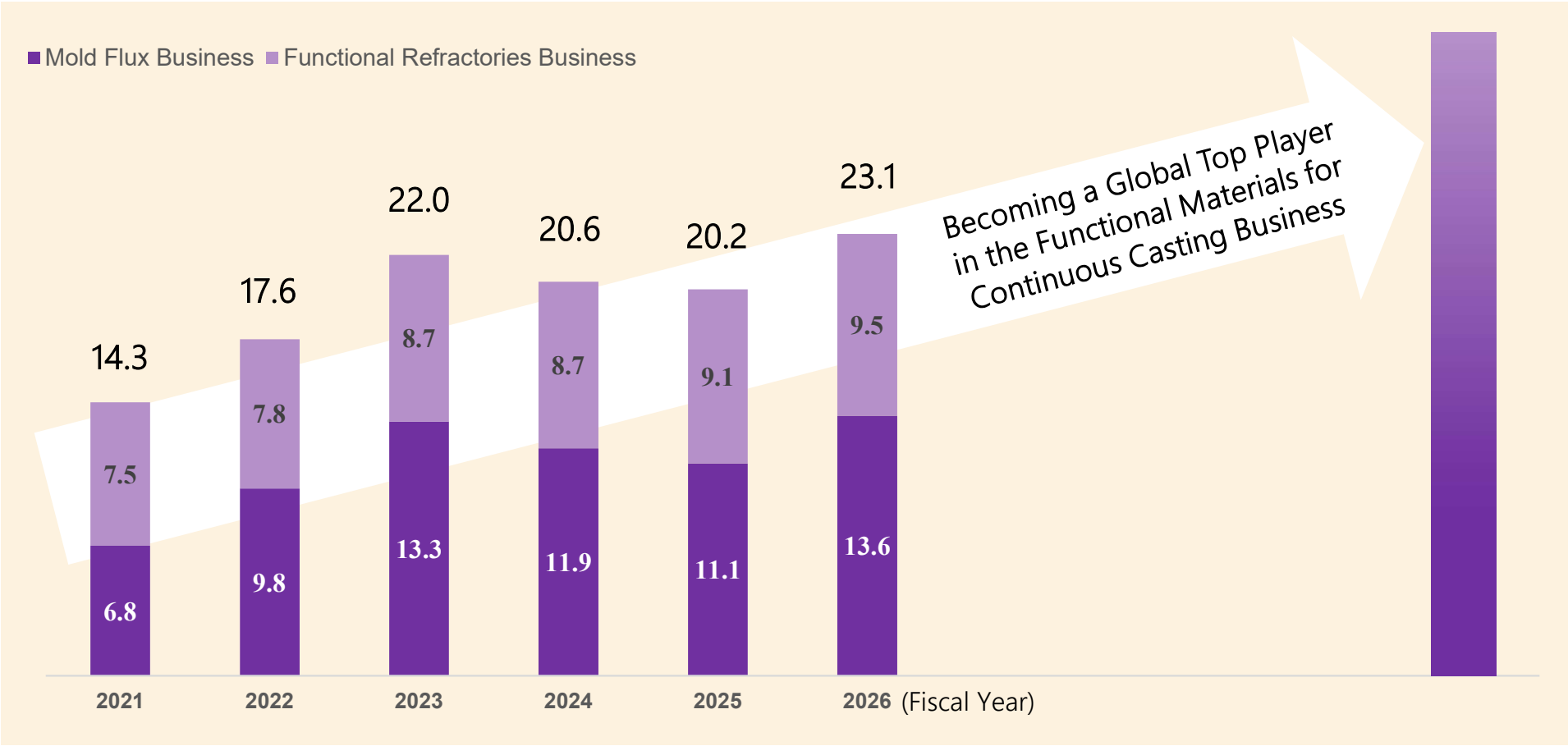
Priority Measure 2

Accelerating Global Expansion of Functional Materials for Continuous Casting Business in the Refractory Sector 3/3

- Technical synergies between mold flux and functional refractories for continuous casting
- Collaboration among global bases

→ Expanding sales in global markets

■Net Sales Trends of Functional Materials for Continuous Casting Business (Billion JPY)



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Priority Measure 3

Accelerating Business Expansion into New Fields in the Advanced Device & Material Sector

Strengthen responsiveness to customer needs and expand-market presence in new growth fields and semiconductor manufacturing equipment field.

Main Targets for the 7th Medium-Term Management Plan Period

New Growth Fields

(Aerospace, energy-related, and others)

[Issues for Capturing This Field]

- Gathering technology-related information and strengthening product development to capture new markets
- Establishing production infrastructure during the 6th Medium-Term Management Plan period

⇒ Considering further growth investments in the 7th Medium-Term Management Plan as well

[Major Product Development During the 6th Medium-Term Management Plan Period]

- Special deposition materials for aircraft components
- Special heat-resistant ceramics for the aerospace industry
- Components related to battery manufacturing such as lithium-ion batteries
- Fine ceramic nozzles for high-performance metal manufacturing
- High-performance fine ceramic paints and adhesives, etc.

Semiconductor Manufacturing Equipment Field

[Strategic Points]

Fine Ceramics Business Division

- Strengthening and expanding production infrastructure for business expansion
- Steadily capturing demand for fine ceramics products in this field, which is expected to grow over the medium to long term
- Entering new product areas through technical collaboration with Kom Innovation

Close technical cooperation

Kom Innovation

- Handles assembly and inspection business for semiconductor manufacturing equipment, etc.

Aiming for dramatic growth of the Advanced Device & Material Sector centered on the domestic fine ceramics business

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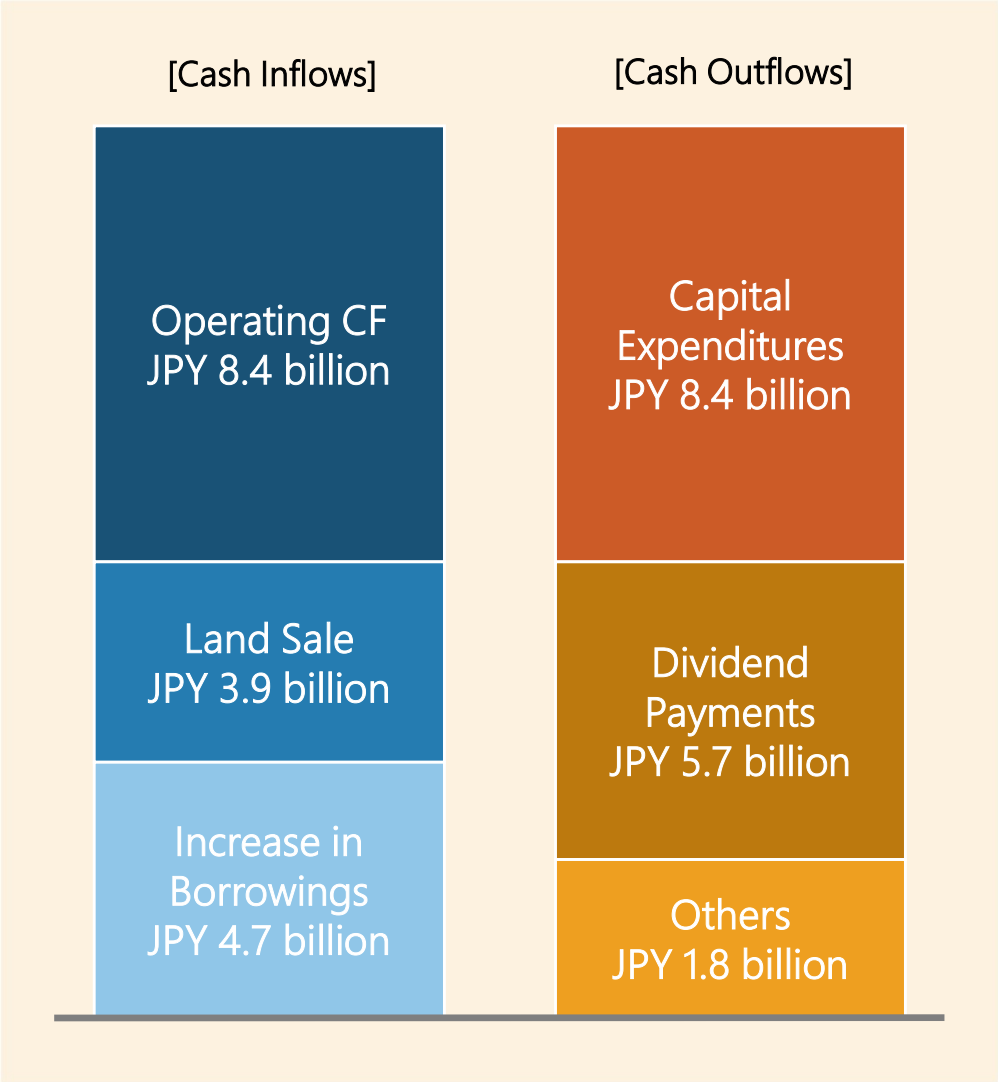
3. Financial and Capital Strategy (1) Capital Allocation

■FY2026 Cash Inflows and Outflows (Forecast)



[Main Points of FY2026 Cash Inflows and Outflows]

- Operating cash flow decreased from JPY 13.8 billion in the previous year to JPY 8.4 billion, due to increased tax payments related to gains on sale of fixed assets such as land in the previous year
  → Tax payments will be funded by borrowings and funds on hand

- Capital expenditure spending is JPY 8.4 billion, decreased from JPY 9.5 billion in the previous year
  *Large-scale business investments are not included in the plan

- Dividends are planned at JPY 95 annually, an increase of JPY 5 per share

■Trends in Interest-bearing Debt Related Indicators

	FY2024 Results	FY2025 Results	FY2026 Forecast
Net Debt	JPY 35.1 billion	JPY 17.6 billion	JPY 26.0 billion
D/E Ratio (Net)	0.43	0.19	0.27
DEBT/EBITDA Ratio	2.0	0.8	1.2

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4. Financial and Capital Strategy (2) Shareholder Returns

Changed to a policy of implementing progressive dividends based on DOE of 4% or more

[Change in Dividend Policy]

Until FY2023 Based on dividend payout ratio of 30%

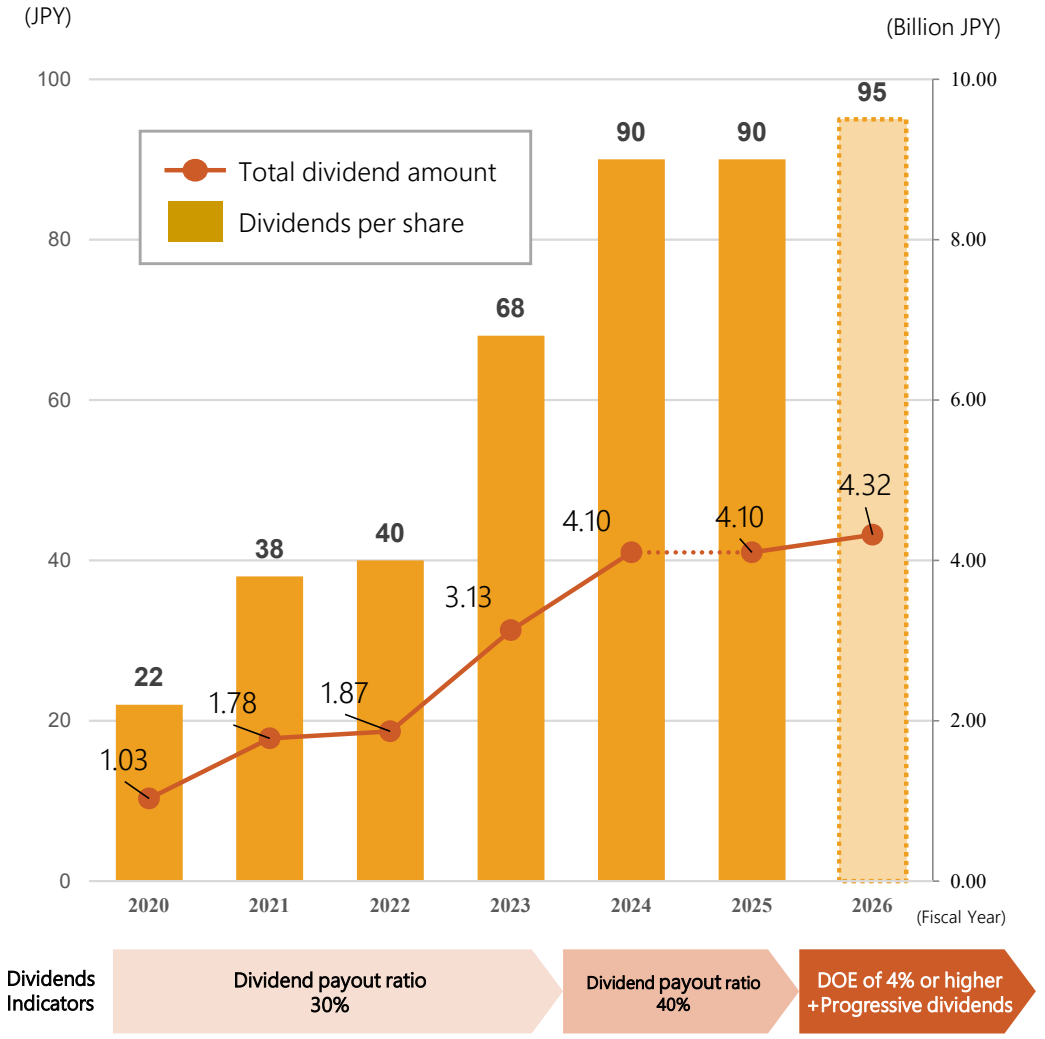
FY2024 onwards Based on dividend payout ratio of 40%

FY2026 onwards DOE (Dividends on Equity) of 4% or more, implementing progressive dividends

- In recent years, EBITDA, which indicates cash generation capability, has increased due to the effects of proactive M&A
- On the other hand, with the implementation of M&A, goodwill amortization has increased, widening the gap between EBITDA and operating income
- In addition, net income has fluctuated significantly due to asset sales for securing growth funds
- When determining dividends, using a payout ratio based on accounting profit as a benchmark is not necessarily appropriate
- From FY2026, we will change our policy to implement progressive dividends based on DOE of 4% or higher

[FY2026 Dividend (per share) Forecast: JPY 95]

■Trends in Dividends per Share and Total Dividend Amounts



Note: Annual dividends per share are amounts considering the stock split (effective October 1, 2023. 1 share split into 5 shares)

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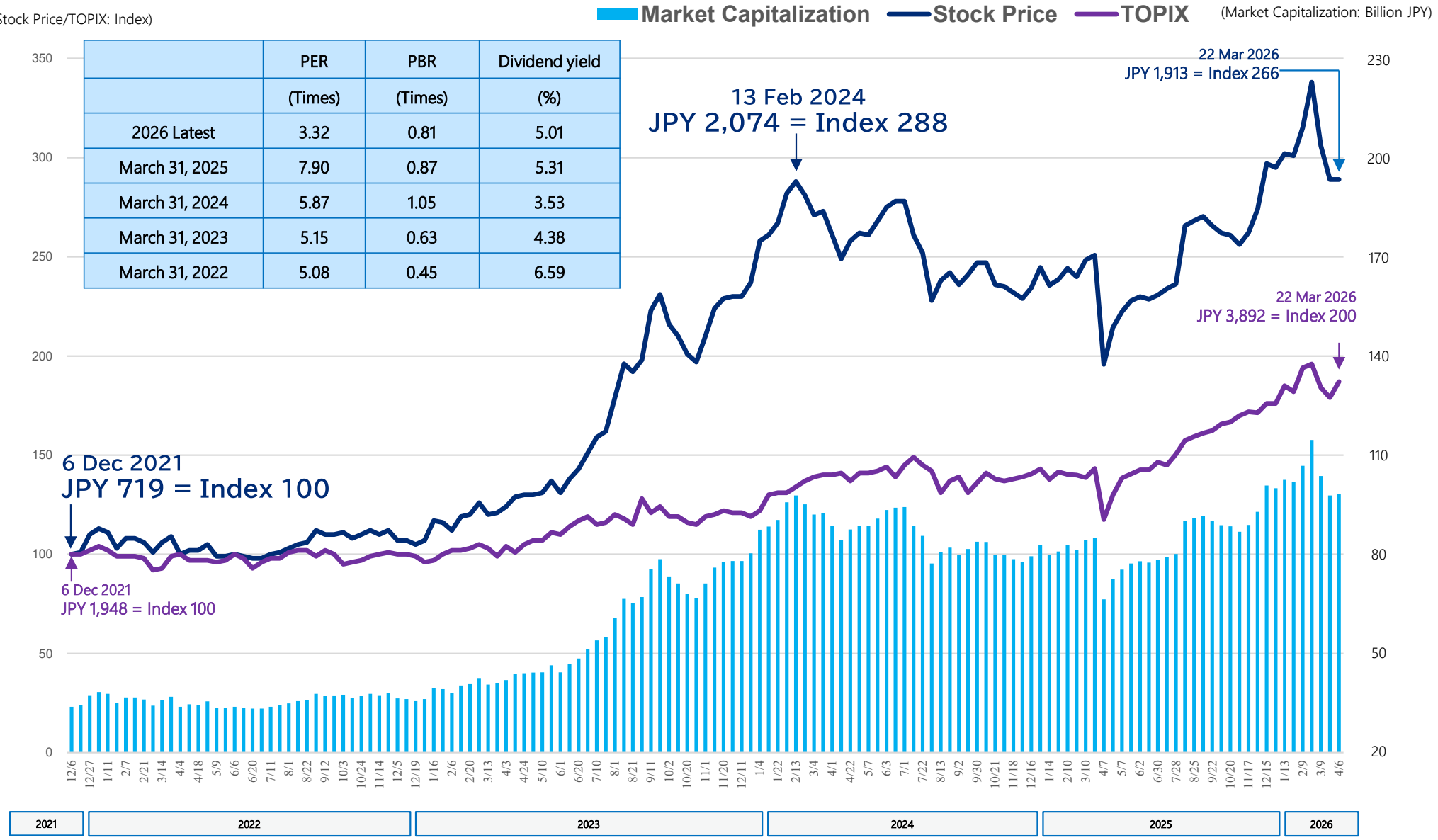
[For Reference] Trends in Stock Price and Market Capitalization

(Stock Price/TOPIX: Index)

(Market Capitalization: Billion JPY)

	PER	PBR	Dividend yield
	(Times)	(Times)	(%)
2026 Latest	3.32	0.81	5.01
March 31, 2025	7.90	0.87	5.31
March 31, 2024	5.87	1.05	3.53
March 31, 2023	5.15	0.63	4.38
March 31, 2022	5.08	0.45	6.59



Note 1: Stock prices are shown after the stock split (Effective date of stock split: October 1, 2023) Note 2: Market capitalization = Number of shares issued (including treasury stock) × Stock price

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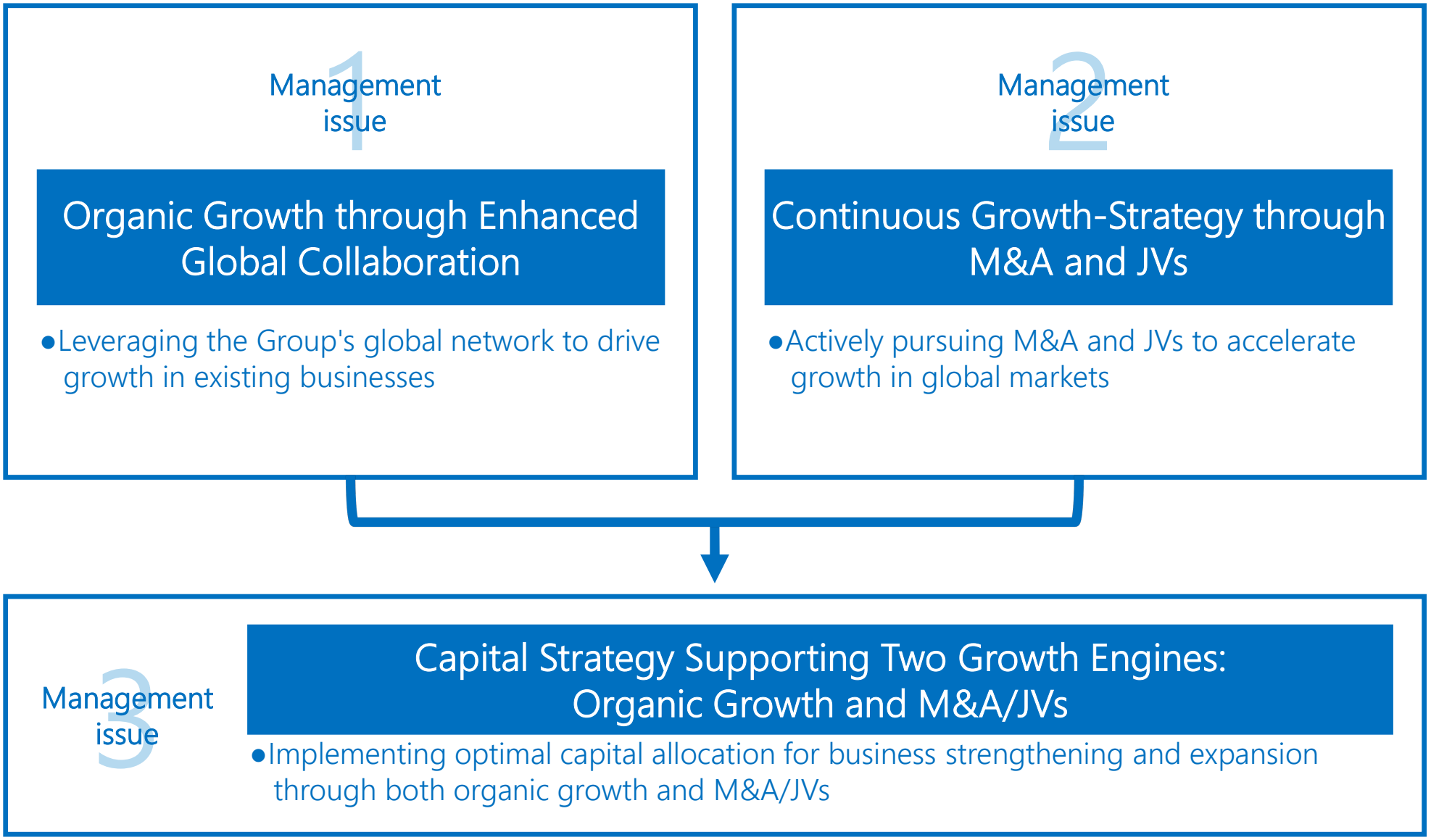
IV. Onward to the Next Mid-Term Management Plan

1. Key Management Issues for the Group



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2. Toward the Realization of "VISION 2030"

The 7th Mid-Term Management Plan

- The current business environment has become even more challenging compared to initial assumptions
- Under such circumstances, we will respond swiftly and flexibly in our management
- Based on the business environment, we will adjust our management strategy and formulate a new growth scenario toward the realization of "VISION 2030"

VISION 2030

Qualitative Targets (Vision)

Towards a Shinagawa Refra Group that is not limited to Japan, refractories, or iron & steel

Global
×
Expansion into growth areas
×
Sustainability

Financial Targets (FY2030)

Net Sales	JPY 240.0 billion
EBITDA Margin	16%
Operating Income Ratio	12%
ROIC	10%
Overseas Sales Ratio	50%

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3. Direction for Formulating the 7th Mid-Term Management Plan

Direction for Formulating the 7th Mid-Term Management Plan

(1) Business growth through enhancement of competitiveness

- Expansion of sales domestically and internationally
- Strengthening product development that captures market needs
- Optimization of global production system based on changes in demand structure
- Thorough cost reduction in production processes

(2) Optimization of global procurement and supply system

- Procurement of low-cost raw materials through global supply chain

(3) Promotion of growth investment

- Consideration of new M&A and JVs in global markets

(4) Strengthening competitiveness through utilization of digital technology

- Improving efficiency and strengthening collaboration in development, production, and engineering through DX promotion

(5) Strengthening group management and capital efficiency

- Expansion of group collaboration across sectors
- Improvement of ROIC

In the 7th Mid-Term Management Plan, we will consider specific measures for each sector and common departments based on these directions

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