Financial Results for the Fiscal Year Ended March 31, 2026 (Japanese GAAP) (Consolidated)

May 15, 2026

Name of Listed Company	SHINAGAWA REFRA 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 +81-03-6265-1600
Scheduled Date of Ordinary General Meeting of Shareholders	June 25, 2026		Scheduled Start Date of Dividend Payments	June 26, 2026
Scheduled Date for Filing of Securities Report	June 22, 2026			

Supplementary documents to explain the financial results prepared: Yes

Financial Results Briefing to be held: Yes (for Institutional Investors)

(rounded down to the nearest million JPY)

1. Consolidated Financial Results for the Fiscal Year Ended March 31, 2026 (April 1, 2025 to March 31, 2026)

(1) Consolidated Operating Results (Percentages indicate year-on-year changes.)

	Net Sales		EBITDA*		Operating Income		Ordinary Income		Net Income Attributable to Owners of the Parent	
Fiscal year ended	Million JPY	%	Million JPY	%	Million JPY	%	Million JPY	%	Million JPY	%
March 31, 2026	177,738	23.4	22,134	23.3	13,609	2.5	15,986	17.1	26,071	166.6
March 31, 2025	144,072	−0.1	17,953	1.5	13,278	−4.4	13,655	−8.4	9,778	−36.0

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

(Note) Comprehensive income: Fiscal year ended March 31, 2026: 33,448Million JPY (246.0%); Fiscal year ended March 31, 2025: 9,668Million JPY (−53.0%)

	Net Income per Share	Diluted Net Income per Share	Return on Equity	Ordinary Income to Total Assets Ratio	Operating Income Margin
Fiscal year ended	JPY	JPY	%	%	%
March 31, 2026	571.45	-	26.6	7.5	7.7
March 31, 2025	214.48	-	11.3	7.8	9.2

(Reference) Equity in earnings of associated companies: Fiscal year ended March 31, 2026: 128Million JPY; Fiscal year ended March 31, 2025: 123Million JPY

(2) Consolidated Financial Position

	Total Assets	Net Assets	Equity Ratio	Net Assets per Share
Fiscal year ended	Million JPY	Million JPY	%	JPY
March 31, 2026	231,818	115,925	46.1	2,343.45
March 31, 2025	195,214	93,828	45.6	1,951.55

(Reference) Shareholders' equity: Fiscal year ended March 31, 2026: 106,939Million JPY; Fiscal year ended March 31, 2025: 88,997Million JPY

(3) Consolidated Cash Flows

	Cash Flows from Operating Activities	Cash Flows from Investing Activities	Cash Flows from Financing Activities	Cash and Cash Equivalents at End of Period
Fiscal year ended	Million JPY	Million JPY	Million JPY	Million JPY
March 31, 2026	13,861	10,785	(26,050)	26,213
March 31, 2025	13,104	(29,834)	21,995	26,629

2. Dividend Status

	Annual Dividends per Share					Total Dividends	Dividend Payout Ratio (Consolidated)	Dividend on Total Assets Ratio (Consolidated)
	End of 1st quarter	End of 2nd quarter	End of 3rd quarter	End of period	Total			
Fiscal year ended	JPY	JPY	JPY	JPY	JPY	Million JPY	%	%
March 31, 2025	-	45.00	-	45.00	90.00	4,104	42.0	4.8
March 31, 2026	-	45.00	-	45.00	90.00	4,106	15.7	4.2
March 31, 2027 (Forecast)	-	-	-	-	95.00		43.4	

(Note 1) Beginning with the fiscal year ending March 31, 2027, the Company will revise its dividend policy from the conventional approach based on the dividend payout ratio to a progressive dividend policy targeting a consolidated dividend on equity (DOE) ratio of 4% or higher.

(Note 2) Regarding the second quarter and year-end dividends for fiscal year ending March 31, 2027 (Forecast), since the consolidated earnings forecast for fiscal year ending March 31, 2027, is prepared only for the full year, and interim and year-end dividends cannot be forecast separately, only the total annual dividend amount is stated.

3. Consolidated Earnings Forecast for the Fiscal Year Ending March 31, 2027 (April 1, 2026 to March 31, 2027)

(Percentages indicate year-on-year changes.)

	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
Full year	189,000	6.3	22,000	-0.6	13,000	-4.5	13,000	-18.7	10,000	-63.6	219.14

* Notes

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

Newly included: 3 companies (Reframax Engenharia S.A., Shinagawa Danieli Advanced Materials S.p.A., Dynamix Casting Fluxes, LLC)

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

(2) 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

(3) Number of shares issued (Common stock)

① Number of shares issued at the end of the period (including treasury shares)	Fiscal year ended March 31, 2026	47,146,830Shares	Fiscal year ended March 31, 2025	47,146,830Shares
② Number of treasury shares at the end of the period	Fiscal year ended March 31, 2026	1,513,710Shares	Fiscal year ended March 31, 2025	1,543,492Shares
③ Average number of shares outstanding during the period	Fiscal year ended March 31, 2026	45,623,721Shares	Fiscal year ended March 31, 2025	45,590,481Shares

(Reference) Summary of Non-Consolidated Results

Non-Consolidated Results for Fiscal Year Ended March 31, 2026 (April 1, 2025 to March 31, 2026)

(1) Non-Consolidated Operating Results (Percentages indicate year-on-year changes.)

	Net Sales		Operating Income		Ordinary Income		Net Income	
Fiscal year ended	Million JPY	%	Million JPY	%	Million JPY	%	Million JPY	%
March 31, 2026	86,957	1.8	7,014	-4.8	10,148	17.1	31,323	318.0
March 31, 2025	85,410	-2.8	7,367	16.4	8,666	2.9	7,493	-33.7

	Net Income per Share	Diluted Net Income per Share
Fiscal year ended	JPY	JPY
March 31, 2026	686.56	-
March 31, 2025	164.38	-

(2) Non-Consolidated Financial Position

	Total Assets	Net Assets	Equity Ratio	Net Assets per Share
Fiscal year ended	Million JPY	Million JPY	%	JPY
March 31, 2026	167,605	98,869	59.0	2,166.61
March 31, 2025	140,862	69,002	49.0	1,513.11

(Reference) Equity Capital	Fiscal year ended March 31, 2026	98,869Million JPY	Fiscal year ended March 31, 2025	69,002Million JPY

* This financial results report is not subject to audit by certified public accountants or audit firms.

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

(Caution regarding future statements)

The forward-looking statements such as earnings forecasts included in this document are based on the information currently available to the Company and on certain assumptions considered reasonable, and the Company makes no representations as to their achievability. Actual results may differ materially from the forecast depending on a range of factors. For the conditions underlying the earnings forecast and notes on the use of earnings forecasts, please refer to "1. Overview of Operating Results, etc. (4) Future Outlook" on P.4 of the attached documents.

(How to obtain the supplementary documents to explain the financial results and details of the financial results briefing)

The supplementary documents to explain the financial results will be posted on our website on Friday, May 15, 2026. In addition, we plan to hold a financial results briefing for institutional investors on Thursday, May 28, 2026.

Table of Contents of Attached Documents

1. Overview of Operating Results, etc.

(1) Overview of Operating Results

The global economy during this consolidated fiscal year remained unstable due to a combination of factors including trends in U.S. trade policy, stagnant domestic demand in China, and heightened tensions in international affairs, particularly in the Middle East. In the Japanese economy, cautious views persisted against a backdrop of exchange rate fluctuations, rising prices, and various risks in international politics and economics. However, overall corporate activity was maintained at a certain level, and the economy continued on a moderate recovery trend. On the other hand, in the steel industry, which is a major end market for the Group, domestic demand for construction and automobiles, as well as export demand, remained sluggish, resulting in overall weak performance. As a result, domestic crude steel production for the full year decreased 3.2% year-on-year to 80.33 million tons.

Under these business conditions, the Group's consolidated operating results by segment for this consolidated fiscal year were as follows.

<Refractory Segment>

Although refractory sales volume decreased due to the decline in domestic crude steel production and low activity levels among some overseas customers, net sales for this consolidated fiscal year were JPY 110,901 million, up 15.7% year-on-year, as a result of the full-year contribution from Gouda Refractories Group B.V. of the Netherlands (hereinafter referred to as "Gouda"), which joined the Group in October 2024. Segment income was JPY 8,575 million, up 11.5% year-on-year. Although amortization of goodwill and other items increased, this was the result of the contribution from Gouda's performance, as well as efforts in existing businesses to expand sales of high value-added products both domestically and overseas, optimize pricing, improve sales mix, and continue cost reductions.

<Insulation Segment>

Despite efforts to expand orders both domestically and overseas, net sales for this consolidated fiscal year were JPY 17,708 million, down 5.7% year-on-year, and segment income was JPY 2,480 million, down 24.1% year-on-year, affected by a temporary decline in domestic renovation projects and delayed recovery in insulation demand in the high value-added product market, particularly for semiconductor manufacturing equipment and lithium-ion batteries.

<Advanced Device & Material Segment>

Although we promoted the expansion of sales of fine ceramics products, sales volume of semiconductor manufacturing equipment-related products decreased due to changes in the timing of investments related to logic semiconductors and foundries, as well as inventory adjustments by customers. As a result, net sales for this consolidated fiscal year were JPY 4,101 million, down 5.5% year-on-year, and segment loss was JPY 115 million (compared to segment income of JPY 170 million in the same period of the previous year).

<Engineering Segment>

As a result of the contribution from the second quarter of the performance of Reframax Engenharia S.A. of Brazil (hereinafter referred to as "Reframax"), which joined the Group in May 2025, net sales for this consolidated fiscal year were JPY 45,856 million, up 78.2% year-on-year, and segment income was JPY 2,714 million, up 68.1% year-on-year.

As a result of the foregoing, the operating results of the Group for this consolidated fiscal year were net sales of JPY 177,738 million, up 23.4% year-on-year. Regarding profit at each level, EBITDA was JPY 22,134 million, up 23.3% year-on-year, operating income was JPY 13,609 million, up 2.5% year-on-year, and ordinary income was JPY 15,986 million, up 17.1% year-on-year, due to the impact of foreign exchange gains. Net income attributable to owners of parent was JPY 26,071 million, up 166.6% year-on-year, as a result of recording gain on sale of fixed assets as extraordinary income, while recording impairment losses at the Ako Plant and two overseas subsidiaries as extraordinary loss.

(2) Overview of Financial Position

Total assets at the end of this consolidated fiscal year increased JPY 36,603 million from the end of the previous consolidated fiscal year to JPY 231,818 million, mainly due to increases in notes, accounts receivable and contract assets, goodwill, other intangible fixed assets, and investment securities.

Liabilities increased JPY 14,506 million from the end of the previous consolidated fiscal year to JPY 115,892 million, mainly due to an increase in accrued corporate taxes.

Net assets increased JPY 22,096 million from the end of the previous consolidated fiscal year to JPY 115,925 million, mainly due to increases in retained earnings, foreign currency translation adjustments, and non-controlling interests.

(3) Overview of Cash Flows

Cash and cash equivalents at the end of this consolidated fiscal year decreased JPY 416 million from the end of the previous consolidated fiscal year to JPY 26,213 million.

Cash flows during this consolidated fiscal year and the main factors affecting them were as follows.

<Cash flows from operating activities>

Net cash provided by operating activities was JPY 13,861 million, up 5.8% year-on-year. This was mainly the result of increases due to net income before tax adjustments of JPY 43,368 million, impairment loss of JPY 9,716 million, etc., and decreases due to gain on sale of fixed assets of JPY 37,245 million, etc.

<Cash flows from investing activities>

Net cash provided by investing activities was JPY 10,785 million, compared to net cash used of JPY 29,834 million in the previous fiscal year. This was mainly the result of increases due to proceeds from sales of property, plant and equipment of JPY 40,089 million, etc., and decreases due to purchase of shares of subsidiaries resulting in change in scope of consolidation of JPY 19,215 million, purchase of property, plant and equipment of JPY 9,580 million, etc.

<Cash flows from financing activities>

Net cash used in financing activities was JPY 26,050 million, compared to net cash provided of JPY 21,995 million in the previous fiscal year. This was mainly the result of decreases due to net decrease in short-term loans payable of JPY 12,409 million, repayments of long-term loans payable of JPY 10,363 million, etc.

(Reference) Trends in Cash Flow-Related Indicators

	FY2021	FY2022	FY2023	FY2024	FY2025
ROS (%)	9.7	9.2	10.3	9.5	9.0
ROE (%)	8.8	13.0	20.2	11.3	26.6
Equity ratio (%)	50.3	47.3	53.8	45.6	46.1
Market value-based equity ratio (%)	29.6	29.7	56.6	39.6	40.1
Cash flow to interest-bearing debt ratio (years)	2.4	3.3	2.4	4.7	3.2
Interest coverage ratio (times)	99.8	59.4	53.3	26.2	10.6

ROS: Ordinary income/Net sales

ROE: Net income attributable to owners of parent/Equity capital

Equity ratio: Equity capital/Total assets

Market value-based equity ratio: Market capitalization/Total assets

Cash flow to interest-bearing debt ratio: Interest-bearing debt/Cash flow

Interest coverage ratio: Cash flow/Interest payments

(Note 1) All figures are calculated based on consolidated financial figures.

(Note 2) Equity capital for ROE is calculated as the average of equity capital at the beginning and end of the fiscal year.

(Note 3) Market capitalization is calculated based on the number of issued shares excluding treasury stock.

(Note 4) Cash flow uses operating cash flow.

(Note 5) Interest-bearing debt includes all liabilities recorded in the consolidated balance sheets on which the company is paying interest.

(4) Future Outlook

① Business environment and the Group's initiatives

Regarding the business environment for FY2026, both the global economy and the Japanese economy are expected to remain unstable against a backdrop of trends in U.S. trade policy, stagnant domestic demand in China, and the prolonged impact of geopolitical risks. In addition, uncertainty regarding energy resource supply and demand trends is increasing amid heightened tensions in the Middle East. Furthermore, under these circumstances, the outlook for steel demand remains unclear in the iron and steel industry, which is a major customer of the Group, and forecasting crude steel production has become difficult.

Under such business environment, the Group has entered FY2026, the final year of the 6th Mid-Term Management Plan (FY2024-FY2026). Based on four priority policies consisting of "Sector Driven Business Expansion," "Production Optimization in Japan," "Accelerating Global Expansion," and "Promoting Sustainability Management," we will further accelerate our efforts to date and aim to achieve the goals of the 6th Mid-Term Management Plan as an important milestone toward realizing VISION 2030.

Under these policies, the Group will work to expand business and ensure profitability through strengthening competitiveness in each sector and expanding collaboration among group companies. As part of this effort, in addition to strengthening product development that captures market needs, we will pursue thorough cost reductions in production processes and procurement of low-cost raw materials through our global supply chain. We will also work to expand market share in existing fields while promoting expansion into untapped fields. Overseas, with the addition of Reframax, the Group's global network has become even stronger. Through Reframax, which operates engineering businesses in diverse fields primarily in Brazil, we will expand sales of the Group's refractories and insulation materials. Additionally, starting in FY2026, we will launch a functional refractories business for continuous casting at Liaoning Shinagawa Hefeng Metallurgical Materials Co., Ltd., which handles the mold flux business in China. Through this, in addition to business expansion in the Chinese market, we will strengthen global sales of functional refractories for continuous casting, which are high value-added products. Furthermore, in the Advanced Device & Material Sector, we will put the new factory operations on track, reliably capture demand for semiconductor manufacturing equipment-related products where demand recovery is expected, and advance business development into new fields with an eye toward the future.

② Full-year earnings outlook

In the fiscal year ending March 31, 2027, continued instability in the global political and economic environment, as well as supply risks for petroleum-derived raw materials arising from the situation in the Middle East, are expected to persist. The full-year earnings forecast for the fiscal year ending March 31, 2027, has been prepared based on conservative assumptions, taking into account the possibility that some of these downside risks may materialize. The Group has formulated its business plan with the aim of ensuring stable profitability even under these challenging conditions, and will strive to execute it steadily. Based on the above assessment of the business environment and the Group's planning policy, the Company currently forecasts consolidated results for the fiscal year ending March 31, 2027 as follows: net sales of JPY 189.0 billion, EBITDA of JPY 22.0 billion, operating income of JPY 13.0 billion, ordinary income of JPY 13.0 billion, and net income attributable to owners of the parent of JPY 10.0 billion. Net income attributable to owners of the parent is expected to decrease significantly compared with the fiscal year ended March 31, 2026; however, this is due to the absence in the fiscal year ending March 31, 2027 of a significant amount of extraordinary income recorded in the previous fiscal year in connection with the sale of fixed assets.

(5) Basic Policy on Profit Distribution and Dividends for the Current and Next Fiscal Years

① Year-end dividend for the current fiscal year

The year-end dividend for the current fiscal year is planned to be JPY 45 per share. As an interim dividend of JPY 45 per share has been paid, the annual dividend will be JPY 90 per share, resulting in a dividend payout ratio of 15.7%. Although we recorded substantial extraordinary income from the sale of fixed assets during the current fiscal year, the proceeds from this sale are planned to be allocated to repayment of interest-bearing debt and investment funds for sustainable growth, and therefore the dividend payout ratio for the current fiscal year is below the 40% target stated in our dividend policy.

② Changes to dividend policy and dividend forecast for the next fiscal year

The Company has adopted a dividend policy with a target payout ratio of 40% in order to enhance returns to its shareholders. On the other hand, in recent years, amortization of goodwill has increased due to active M&A activities, widening the gap between EBITDA, which represents cash-generating capacity, and operating income. In addition, net income has fluctuated significantly due to asset sales and other measures undertaken to secure funds for growth. As a result, using a payout ratio based on accounting profit as the sole basis for dividend decisions is not necessarily appropriate.

In light of this situation, starting from the fiscal year ending March 31, 2027, we will change from the previous policy targeting dividend payout ratio to a policy targeting a consolidated dividend on equity ratio (DOE) of 4% or more and implementing progressive dividends. Under this policy, we will further promote management that is conscious of the cost of shareholders' equity and achieve more stable and sustainable shareholder returns.

Based on the above policy, we plan an annual dividend of JPY 95 for the fiscal year ending March 31, 2027.

2. Basic Approach to the Selection of Accounting Standards

The Group prepares its consolidated financial statements in accordance with the "Regulations Concerning the Terminology, Forms, and Preparation Methods of Consolidated Financial Statements (excluding Part 5 and Part 6)" (Ministry of Finance Ordinance No. 28 of 1976) to ensure comparability between companies and over time.

Regarding the application of International Financial Reporting Standards, our policy is to respond appropriately while considering domestic and international circumstances.

3. Consolidated Financial Statements and Major Notes

(1) Consolidated Balance Sheets

(Unit: Million JPY)

	As of March 31, 2025	As of March 31, 2026
Assets		
Current assets		
Cash and deposits	23,024	21,355
Notes, accounts receivable and contract assets	39,208	49,781
Electronically recorded monetary claims	4,372	4,598
Securities	3,713	5,243
Goods and products	14,554	15,206
Products in progress	6,125	4,958
Raw materials and supplies	13,509	13,471
Other area	2,496	2,817
Allowance for doubtful accounts	(40)	(56)
Total current assets	106,964	117,376
Noncurrent assets		
Tangible fixed assets		
Buildings and structures	37,054	32,041
Accumulated depreciation and amortization	(23,485)	(21,105)
Buildings and structures (Net)	13,568	10,936
Machinery, equipment, and vehicles	76,741	81,830
Accumulated depreciation and amortization	(60,018)	(65,861)
Machinery, equipment, and vehicles (Net)	16,722	15,969
Land	9,449	8,781
Leased assets	4,672	5,919
Accumulated depreciation and amortization	(245)	(894)
Lease assets, net	4,427	5,024
Construction in progress	1,405	4,720
Other area	4,512	5,075
Accumulated depreciation and amortization	(3,448)	(3,572)
Other (Net)	1,063	1,502
Total tangible assets	46,637	46,935
Intangible fixed assets		
Goodwill	14,957	28,139
Other area	13,125	20,926
Total intangible fixed assets	28,082	49,065
Investments and other assets		
Investment securities	9,222	12,983
Deferred tax assets	657	560
Assets for retirement benefits	2,536	3,124
Other area	1,236	1,906
Allowance for doubtful accounts	(123)	(135)
Total investments and other assets	13,529	18,439
Total noncurrent assets	88,249	114,441
Total assets	195,214	231,818

(Unit: Million JPY)

	As of March 31, 2025	As of March 31, 2026
Liabilities		
Current liabilities		
Notes payable and accounts payable	20,671	19,361
Electronically record liabilities	1,332	1,414
Short-term borrowing	24,854	16,622
Obligations under finance leases	367	489
Accounts payable	1,975	3,122
Accrued expenses	3,134	3,656
Accrued corporate taxes	770	14,937
Accrued consumption tax	538	1,268
Bonus reserves	1,728	2,061
Environmental measures reserves	74	-
Disaster loss reserves	251	58
Provision for directors' bonuses	180	292
Other area	2,077	3,460
Total current liabilities	57,957	66,746
Non-current liabilities		
Long-term borrowings	32,602	22,391
Obligations under finance leases	4,093	4,699
Deferred tax liabilities	5,102	8,043
Directors' and statutory auditors' retirement benefits	265	221
Environmental measures reserves	0	-
Retirement benefit liabilities	804	817
Long-term guarantee deposited	281	57
Other area	279	12,915
Total non-current liabilities	43,429	49,146
Total liabilities	101,386	115,892
Net assets		
Shareholders' equity		
Capital stock	3,300	3,300
Capital surplus	466	-
Retained earnings	80,264	91,737
Treasury stock	(2,432)	(2,385)
Total shareholders' equity	81,597	92,652
Other comprehensive income		
Unrealized gains on other securities	3,827	6,220
Deferred gains or losses on hedges	42	283
Foreign currency translation adjustments	3,071	7,049
Adjustments for retirement benefits	458	734
Total other comprehensive income	7,399	14,287
Non-controlling interests	4,830	8,985
Total net assets	93,828	115,925
Total liabilities and net assets	195,214	231,818

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

(Consolidated Statement of Income)

(Unit: Million JPY)

	Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2026
Net sales	144,072	177,738
Cost of sales	108,928	134,748
Gross profit	35,143	42,990
Selling, general and administrative expenses	21,865	29,380
Operating income	13,278	13,609
Non-operating income		
Interest income	372	680
Dividend income	341	361
Equity method investment income	123	128
Foreign exchange gains	-	2,216
Other area	455	508
Total non-operating income	1,292	3,894
Non-operating expenses		
Interest expense	477	1,342
Foreign exchange losses	70	-
Syndicated loan fees	255	-
Other area	112	175
Total non-operating expenses	915	1,518
Ordinary income	13,655	15,986
Extraordinary income		
Gain on sale of fixed assets	769	37,245
Gain on sales of investment securities	614	-
Gain from changes in retirement benefit scheme	237	-
Government subsidies	182	240
Other area	32	101
Total extraordinary income	1,836	37,587
Extraordinary loss		
Loss on disposal of fixed assets	111	202
Loss on reduction of fixed assets	182	205
Impairment loss	220	9,716
Provision of allowance for doubtful accounts	-	34
Disaster losses	101	10
Environmental expenses	27	34
Other area	7	-
Total extraordinary losses	651	10,205
Net income before tax adjustments	14,840	43,368
Corporate tax, resident tax, and business tax	4,290	17,203
Corporate tax adjustments	434	(60)
Total corporate tax, etc.	4,725	17,143
Net income	10,115	26,225
Net income attributable to non-controlling interests	337	153
Net income attributable to owners of parent	9,778	26,071

(Consolidated Statement of Comprehensive Income)

(Unit: Million JPY)

	Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2026
Net income	10,115	26,225
Other comprehensive income		
Unrealized gains on other securities	(207)	2,398
Deferred gains or losses on hedges	36	240
Foreign currency translation adjustments	(490)	4,291
Adjustments for retirement benefits	206	286
Amount equivalent to equity method affiliates	8	5
Total other comprehensive income	(446)	7,223
Comprehensive Income	9,668	33,448
(Breakdown)		
Comprehensive income attributable to owners of parent	9,185	32,959
Comprehensive income attributable to non-controlling interests	483	489

(3) Consolidated Statement of Changes in Net Assets

Previous fiscal year (From April 1, 2024 to March 31, 2025)

(Unit: Million JPY)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at beginning of the period	3,300	450	74,178	(2,496)	75,432
Changes during the period					
Dividends from retained earnings			(3,692)		(3,692)
Net income attributable to owners of parent			9,778		9,778
Acquisition of treasury stock				(0)	(0)
Disposal of treasury stock		16		63	79
Net changes in items other than shareholders' equity					
Total changes during the period	-	16	6,085	63	6,165
Balance at ending of the period	3,300	466	80,264	(2,432)	81,597

	Other comprehensive income					Non-controlling interests	Total net assets
	Unrealized gains on other securities	Deferred gains or losses on hedges	Foreign currency translation adjustments	Accumulated adjustments for retirement benefits	Total accumulated other comprehensive income		
Balance at beginning of the period	4,034	5	3,696	256	7,992	3,542	86,967
Changes during the period							
Dividends from retained earnings							(3,692)
Net income attributable to owners of parent							9,778
Acquisition of treasury stock							(0)
Disposal of treasury stock							79
Net changes in items other than shareholders' equity	(206)	36	(625)	202	(592)	1,288	695
Total changes during the period	(206)	36	(625)	202	(592)	1,288	6,861
Balance at ending of the period	3,827	42	3,071	458	7,399	4,830	93,828

Current fiscal year (From April 1, 2025 to March 31, 2026)

(Unit: Million JPY)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at beginning of the period	3,300	466	80,264	(2,432)	81,597
Changes during the period					
Dividends from retained earnings			(4,105)		(4,105)
Net income attributable to owners of parent			26,071		26,071
Acquisition of treasury stock				(0)	(0)
Disposal of treasury stock		1		47	48
Changes in put option liabilities related to non-controlling interests, etc.		(10,960)			(10,960)
Transfer of negative balance of other capital surplus		10,491	(10,491)		-
Net changes in items other than shareholders' equity					
Total changes during the period	-	(466)	11,473	46	11,054
Balance at ending of the period	3,300	-	91,737	(2,385)	92,652

	Other comprehensive income					Non-controlling interests	Total net assets
	Unrealized gains on other securities	Deferred gains or losses on hedges	Foreign currency translation adjustments	Accumulated adjustments for retirement benefits	Total accumulated other comprehensive income		
Balance at beginning of the period	3,827	42	3,071	458	7,399	4,830	93,828
Changes during the period							
Dividends from retained earnings							(4,105)
Net income attributable to owners of parent							26,071
Acquisition of treasury stock							(0)
Disposal of treasury stock							48
Changes in put option liabilities related to non-controlling interests, etc.							(10,960)
Transfer of negative balance of other capital surplus							-
Net changes in items other than shareholders' equity	2,392	240	3,977	276	6,887	4,155	11,042
Total changes during the period	2,392	240	3,977	276	6,887	4,155	22,096
Balance at ending of the period	6,220	283	7,049	734	14,287	8,985	115,925

(4) Consolidated Statements of Cash Flows

(Unit: Million JPY)

	Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2026
Cash flows from operating activities		
Net income before tax adjustments	14,840	43,368
Depreciation and amortization	4,246	7,131
Impairment loss	220	9,716
Amortization of goodwill	428	1,393
Increase (decrease) in allowance for doubtful accounts	(9)	15
Increase (decrease) in provision for directors' retirement benefits	30	(45)
Increase (decrease) in retirement benefit liabilities	(1,059)	422
Decrease (increase) in assets for retirement benefits	720	(587)
Increase (decrease) in allowance for bonuses	8	252
Interest and dividend income	(713)	(1,080)
Interest expense	477	1,342
Equity in earnings of affiliates	(123)	(128)
Loss (gain) on sales of fixed assets	(769)	(37,245)
Loss (gain) on disposal of fixed assets	111	267
Loss (gain) on sales and valuation of investment securities	(614)	-
Government subsidies	(182)	(240)
Loss on reduction of fixed assets	182	205
Disaster losses	101	10
Decrease (increase) in trade receivables	3,756	(6,099)
Decrease (increase) in inventories	950	1,922
Increase (decrease) in trade payables	477	(2,755)
Increase (decrease) in accrued consumption tax	(896)	705
Increase (decrease) in accounts payable	(619)	434
Increase (decrease) in accrued expenses	4	(282)
Increase (decrease) in advances received	(50)	(54)
Other	(703)	(827)
Subtotal	20,816	17,842
Interest and dividends income received	750	1,080
Interest expenses paid	(500)	(1,310)
Payments for loss on disaster	(102)	(53)
Income taxes paid or refund (Parentheses indicate payment)	(7,860)	(3,696)
Cash flows from operating activities	13,104	13,861

(Unit: Million JPY)

	Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2026
Cash flows from investing activities		
Decrease (increase) in time deposits	(31)	29
Purchase of property, plant and equipment	(5,793)	(9,580)
Proceeds from sales of property, plant and equipment	817	40,089
Payments for retirement of property, plant and equipment	(55)	(93)
Purchase of intangible assets	(790)	(608)
Proceeds from sales of investment securities	951	0
Repayments of guarantee deposits received	(197)	(243)
Subsidies received	182	240
Payments for environmental expenses	(399)	-
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(24,331)	(19,215)
Other	(186)	166
Cash flows from investing activities	(29,834)	10,785
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	2,395	(12,409)
Proceeds from long-term loans payable	27,321	857
Repayments of long-term loans payable	(3,750)	(10,363)
Cash dividends paid	(3,692)	(4,105)
Dividends paid to non-controlling interests	(122)	(177)
Purchase of treasury shares	(0)	(0)
Other	(156)	149
Cash flows from financing activities	21,995	(26,050)
Effect of exchange rate changes on cash and cash equivalents	59	986
Net increase (decrease) in cash and cash equivalents	5,323	(416)
Cash and cash equivalents at beginning of period	21,305	26,629
Cash and cash equivalents at end of period	26,629	26,213

(5) Notes to Consolidated Financial Statements

(Notes to Going Concern Assumption)

There are no applicable matters.

(Notes to Segment Information, etc.)

[Segment Information]

1. Overview of reportable segments

The Company's reportable segments are those for which separate financial information is available and are regularly reviewed by the Board of Directors in order to decide how resources are allocated and to assess performance.

The Group's business consists of segments classified by products and services provided, with four reportable segments: "Refractory," "Insulation," "Advanced Device & Material," and "Engineering."

The "Refractory" segment manufactures and sells shaped refractories, monolithic refractories, mold powder, calcined lime, chemical products, etc. The "Insulation" segment manufactures and sells insulation firebricks, ceramic fiber, etc. The "Advanced Device & Material" segment manufactures and sells fine ceramics, inorganic paints and inorganic adhesives, etc. The "Engineering" segment performs furnace construction work for blast furnaces, converters, incinerators, etc., and designs and constructs industrial furnaces.

2. Methods of measurement for the amounts of sales, profit or loss, assets, liabilities and other items for each reportable segment

The accounting policies of the reported business segments are in accordance with the accounting policies adopted to prepare the consolidated financial statements.

Segment profit is operating income. Intersegment internal revenue and transfers are based on prevailing market prices.

3. Information on sales, profit or loss, assets, liabilities and other items for each reportable segment

Previous fiscal year (From April 1, 2024, to March 31, 2025)

(Unit: Million JPY)

	Reportable Segment					Other (Note 1)	Total	Adjustments (Note 2)	Amounts recorded in consolidated financial statements (Note 3)
	Refractory	Insulation	Advanced Device & Material	Engineering	Subtotal				
Net sales									
Sales to external customers	95,768	17,674	4,218	25,510	143,171	901	144,072	-	144,072
Internal sales or transfers	96	1,105	121	220	1,543	3	1,547	(1,547)	-
Subtotal	95,864	18,779	4,340	25,730	144,714	904	145,619	(1,547)	144,072
Segment income	7,694	3,267	170	1,614	12,747	548	13,295	(17)	13,278
Segment assets	141,347	29,481	3,507	11,667	186,002	3,394	189,397	5,817	195,214
Other items									
Depreciation (Note 4)	2,997	767	128	176	4,070	122	4,192	54	4,246
Amortization of goodwill	329	-	99	-	428	-	428	-	428
Increase in property, plant and equipment, and intangible assets (Notes 4, 5)	4,611	988	175	173	5,948	76	6,025	459	6,484

(Note) 1. The "Other" category is a business segment not included in reportable segments, which is the real estate leasing business.

2. Adjustments are as follows.

(1) The adjustment of segment income of JPY 17 million in the negative mainly consisted of the elimination of unrealized profits on intersegment transactions, etc.

(2) The adjustment of segment assets of JPY5,817 million includes surplus funds (cash and securities), long-term investment funds (investment securities) and assets in administrative departments of the Company.

(3) Adjustments for other items relate to assets belonging to administrative departments.

3. Segment income is adjusted with operating income in the consolidated financial statements.

4. Depreciation and increase in property, plant and equipment, and intangible assets include long-term prepaid expenses and

their amortization.

5. Increase in property, plant and equipment, and intangible assets does not include increases due to newly consolidated subsidiaries.

Current fiscal year (From April 1, 2025 to March 31, 2026)

(Unit: Million JPY)

	Reportable Segment					Other (Note 1)	Total	Adjustments (Note 2)	Amounts recorded in consolidated financial statements (Note 3)
	Refractory	Insulation	Advanced Device & Material	Engineering	Subtotal				
Net sales									
Sales to external customers	110,803	16,418	4,098	45,668	176,988	750	177,738	-	177,738
Internal sales or transfers	97	1,290	3	187	1,578	3	1,582	(1,582)	-
Subtotal	110,901	17,708	4,101	45,856	178,567	753	179,321	(1,582)	177,738
Segment income or loss	8,575	2,480	(115)	2,714	13,655	(39)	13,615	(5)	13,609
Segment assets	165,004	29,303	4,565	41,045	239,918	530	240,449	(8,631)	231,818
Other items									
Depreciation (Note 4)	4,967	813	123	1,053	6,958	98	7,057	74	7,131
Amortization of goodwill	898	-	99	395	1,393	-	1,393	-	1,393
Increase in property, plant and equipment, and intangible assets (Notes 4, 5)	5,922	972	1,898	639	9,432	62	9,495	539	10,034

(Note) 1. The "Other" category is a business segment not included in reportable segments, which is the real estate leasing business.

2. Adjustments are as follows.

(1) The adjustment of segment income or loss of JPY 5 million in the negative mainly consisted of the elimination of unrealized profit on intersegment transactions, etc.

(2) The adjustment of segment assets of JPY8,631 million in the negative includes surplus funds (cash and securities), long-term investment funds (investment securities) and assets in administrative departments of the Company.

(3) Adjustments for other items relate to assets belonging to administrative departments.

3. Segment income or loss is adjusted with operating income in the consolidated financial statements.

4. Depreciation and increase in property, plant and equipment, and intangible assets include long-term prepaid expenses and their amortization.

5. Increase in property, plant and equipment, and intangible assets does not include increases due to newly consolidated subsidiaries.

[Related Information]

Previous fiscal year (From April 1, 2024 to March 31, 2025)

Information by Region

Net sales

(Unit: Million JPY)

Japan	Asia-Oceania	North America	South America (of which Brazil)	Europe	Other overseas	Total
100,917	18,308	7,764	10,683 (10,566)	5,095	1,303	144,072

(Note) 1. Net sales are classified by country or region based on the location of customers.

2. Major countries belonging to each category are as follows.

Asia-Oceania: China, South Korea, Taiwan, Australia, New Zealand, Indonesia

North America: United States, Canada

South America: Brazil

Europe: Netherlands, Poland, Germany

Other overseas: Saudi Arabia, etc.

Current fiscal year (From April 1, 2025 to March 31, 2026)

Information by Region

Net sales

(Unit: Million JPY)

Japan	Asia-Oceania	North America	South America (of which Brazil)	Europe	Other overseas	Total
101,420	19,857	9,699	28,602 (28,421)	13,201	4,956	177,738

(Note) 1. Net sales are classified by country or region based on the location of customers.

2. Major countries belonging to each category are as follows.

Asia-Oceania: China, South Korea, Taiwan, Australia, New Zealand, Indonesia

North America: United States, Canada

South America: Brazil

Europe: Netherlands, Poland, Germany

Other overseas: Saudi Arabia, etc.

[Information on impairment loss on fixed assets by reportable segment]

Previous fiscal year (From April 1, 2024 to March 31, 2025)

(Unit: Million JPY)

	Refractory	Insulation	Advanced Device & Material	Engineering	Other	Corporate and elimination	Total
Impairment loss	-	-	-	-	-	220	220

Current fiscal year (From April 1, 2025 to March 31, 2026)

(Unit: Million JPY)

	Refractory	Insulation	Advanced Device & Material	Engineering	Other	Corporate and elimination	Total
Impairment loss	8,234	-	-	1,482	-	-	9,716

[Information on amortization of goodwill and unamortized balance by reportable segment]

Previous fiscal year (From April 1, 2024 to March 31, 2025)

(Unit: Million JPY)

	Refractory	Insulation	Advanced Device & Material	Engineering	Other	Corporate and elimination	Total
Amortization for the period	329	-	99	-	-	-	428
Balance at ending of the period	14,559	-	397	-	-	-	14,957

(Note) In the current fiscal year, goodwill in “Refractory" increased by JPY 13,662 million due to the inclusion of Gouda Refractories Group B.V. in the scope of consolidation.

Current fiscal year (From April 1, 2025 to March 31, 2026)

(Unit: Million JPY)

	Refractory	Insulation	Advanced Device & Material	Engineering	Other	Corporate and elimination	Total
Amortization for the period	898	-	99	395	-	-	1,393
Balance at ending of the period	19,838	-	298	8,002	-	-	28,139

(Note) In the current fiscal year, goodwill in "Engineering" increased by JPY 9,131 million due to the inclusion of Reframax Engenharia S.A. in the scope of consolidation. Additionally, in the current fiscal year, goodwill in "Refractory" increased by JPY 5,476 million due to the inclusion of Dynamix Casting Fluxes, LLC in the scope of consolidation.

(Notes to Per Share Information)

	Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2026
Net assets per share	JPY 1,951.55	JPY 2,343.45
Net income per share	JPY 214.48	JPY 571.45

(Note) 1. Diluted net income per share is not disclosed because there are no potential shares.

2. The basis for calculating net income per share is as follows.

	Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2026
Net income attributable to owners of parent	JPY 9,778 million	JPY 26,071 million
Amounts not attributable to common shareholders	-	-
Net income attributable to owners of parent related to common stock	JPY 9,778 million	JPY 26,071 million
Average number of common shares outstanding during the period	45,590,481 shares	45,623,721 shares

(Notes to Significant Subsequent Events)

(Compulsory Land Acquisition and Relocation of Our Consolidated Subsidiary's Plant)

At a Board of Directors meeting held on February 19, 2026, the Company resolved to conclude an agreement with the government authorities of Western Australia (hereinafter, "WA") concerning the compulsory land acquisition and relocation of the Kwinana plant owned by our consolidated subsidiary, Shinagawa Refractories Australasia Pty Ltd (hereinafter, "SRA"), and subsequently concluded the agreement on March 2, 2026.

1. Background

WA has decided to construct a new container port in the Kwinana area, and since SRA's Kwinana plant is located on land designated for road construction directly connected to this port, the WA government requested the relocation of the plant. In response to this request, the Company reached an agreement with the WA government to relocate the Kwinana plant to the nearby Orion Industrial Park and hand over the currently owned land, completing the handover (hereinafter, "the Handover") on March 4, 2026.

2. Details

(1) Outline of the Agreement

Based on the state's Land Administration Act 1997, WA will acquire the land owned by SRA, and SRA will be entitled to claim compensation for this compulsory land acquisition and plant relocation. Even after the land acquisition, SRA will lease the same land and will be able to continue operating the current plant for approximately two and a half years.

(2) Details of Assets Transferred

Description and Location of Assets	Compensation Amount	Gain on Transfer
Lot 34 Beard Street, Naval Base, Kwinana WA, Australia (Land 28,405㎡)	AUD 35.7 million (approximately JPY 3,897 million)	AUD 34.0 million (approximately JPY 3,712 million)

(Note) 1. The compensation amount and gain on transfer have been translated using an average exchange rate of AUD 1 = JPY 109.04 for the period from January to March 2026.

2. The gain on transfer is an estimated amount calculated as the compensation to be received from the WA government less the book value and estimated costs associated with the transfer.

(3) Transferee of Assets

Main Roads Western Australia (Western Australian Road Authority)

(4) Impact on Financial Results

As a result of the compulsory land acquisition, a gain on sale of fixed assets of approximately JPY 3,712 million is expected to be recorded as extraordinary income in the consolidated financial results for the first quarter of the fiscal year ending March 2027. Since the consolidated fiscal year of the said consolidated subsidiary, which will be reflected in our consolidated fiscal year ending March 2027, is the period from January 1, 2026, to December 31, 2026, the impact of the Handover on consolidated profit and loss will be reflected in the fiscal year ending March 2027.

3. Future Outlook

Regarding the relocation site for the Kwinana plant, land has already been secured, and a land purchase agreement was concluded on April 13, 2026. Subsequently, while construction of the new plant will proceed from 2026 to 2028, the current Kwinana plant will continue operations as usual. The new plant is scheduled to commence operations around September 2028, and accordingly, the Kwinana plant is expected to close around the same time.