



June 2, 2025

Company Name Shinagawa Refractories Co., Ltd.  
Name of Hiroyuki Fujiwara  
Representative President and CEO  
(Securities code: 5351; Prime Market of the Tokyo Stock Exchange /  
Main Market of the Sapporo Securities Exchange)  
Inquiries Tsutomu Kariyazaki  
IR and PR Dept.  
(TEL: +81-3-6265-1614)

## **(Update on disclosed matter) Notice Regarding the Promotion of Global Business through Share Acquisition in Brazilian Engineering Company**

Shinagawa Refractories Co., Ltd. (the “Company”) announced on March 19, 2025, that it had entered into an agreement to acquire 60% of the issued shares of Reframax Engenharia Ltda. (“Reframax”) from three individuals who are members of the founding family (the “Founding Family Individual Shareholders”) through a newly established Brazilian subsidiary of the Company. Reframax is a Brazil-based engineering company specializing in installation and other engineering services for refractories used in a wide variety of end-markets. The Company hereby announces that the share acquisition was completed on May 30, 2025, as follows.

### **1. Purpose of the Transaction**

In its 6th Mid-Term Management Plan, the Company set out the key strategic priorities for the periods FY2024 to FY2026 as it works towards the realization of its Vision 2030. The strategic priorities identified for the 6th Mid-Term Management Plan included further sector driven business expansion, production optimization in Japan, acceleration of global expansion, and further promotion of sustainability initiatives.

Following the establishment of a new company in Indonesia in July 2024, acquisition of Gouda Refractories in October 2024 and establishment of a new company in China in December 2024, the Company continues to deepen cooperation with local partners overseas and strengthen its business through strategic and synergistic international M&A in each business sector, and has been looking for attractive opportunities to acquire businesses which will help its engineering business achieve business expansion into attractive high-growth overseas markets.

Reframax provides refractory installation services across diverse industries, including steel, non-ferrous metals, chemicals, petrochemicals, and paper. In addition to refractory construction and installation, Reframax offers electrical and mechanical engineering, civil engineering, industrial painting, and insulation services. Reframax operates in seven countries, with 21 locations, and has established a market presence in Brazil and South America.

This acquisition enhances the Company’s presence in the Americas, aligning with its Vision 2030 strategy for global expansion. The Company and Reframax will mutually share their expertise on steel-related refractory installation and construction management to improve operational capabilities and drive further growth. Additionally, the collaboration will strengthen the Company’s global reach and reinforce its workforce through talent exchange and enhanced service offerings.

With the increasing labor shortage in Japan, this acquisition bolsters the Company’s capacity to deliver high-quality, rapid refractory installation and related services to customers worldwide. Together with Reframax, the Company will accelerate its engineering sector expansion, maintain strong cash flow generation, and sustain long-term investments for continued corporate growth.

Through this transaction, the Company has acquired a controlling stake in Reframax. However, Reframax's existing management team will continue to lead the company post transaction, with oversight and strategic input from a newly constituted board of directors comprising representatives from both the Company and the Founding Family. This new joint management and governance structure will ensure that Reframax maintains its market position and outstanding customer service in the South American refractories engineering market, whilst simultaneously leveraging on the engineering expertise and operational knowhow that the Company has developed through its long-standing presence in the Japanese market.

This acquisition greatly accelerates the realization of the Company’s Vision 2030 and represents the next stage of the global expansion of its engineering business, following the acquisition of a leading presence in the engineering services for refractories in Europe and the Middle East through Gouda Refractories, acquired by the Company in October 2024.

## 2. Method for Acquisition of Shares

The Company acquired 60% of Reframax's shares from the Founding Family Individual Shareholders through a newly established Brazilian subsidiary, in an all-cash transaction, using the method outlined below.

The funds for the share acquisition were sourced through new borrowings from financial institutions. Meanwhile, the Company is divesting non-core assets, including holdings in listed shares and real estate, to secure capital for growth investments, and maintain a sound financial position.

### (i) Establishment of a Brazilian subsidiary:

The Company has established Shinagawa Engineering Brazil Holding Ltda. ("SEBH") as a wholly owned subsidiary in Brazil, which will serve as the investment vehicle for this share acquisition.

### (ii) Loan for Share Acquisition to SEBH

Prior to the effective date of the share acquisition, the Company extended a loan to SEBH in an amount equivalent to the consideration for the acquisition of Reframax shares.

### (iii) Acquisition of Reframax shares by SEBH

SEBH acquired 60% of the outstanding shares of Reframax from the Founding Family Individual Shareholders, thereby making Reframax a consolidated subsidiary of the Company through SEBH.

## 3. Overview of the Subsidiary Subject to Change

### (i) About Reframax

|                              |  |   |                   |                   |
|------------------------------|--|---|-------------------|-------------------|
| About Reframax               |  |   |                   |                   |
| (1)                          | Name   | Reframax Engenharia Ltda.   |                   |                   |
| (2)                          | Location   | Rua Bernardo Figueiredo, 33, Bairro Serra, Belo Horizonte, Minas Gerais, Brazil   |                   |                   |
| (3)                          | Name and Title of Representative   | Renato Vieira Ribeiro De Souza (Director)   |                   |                   |
| (4)                          | Description of Business  | Refractory construction and installation, electrical and mechanical engineering, civil engineering, industrial painting, and insulation services  |                   |                   |
| (5)                          | Amount of Capital  | BRL 26.8 million (as of December 31, 2024)  |                   |                   |
| (6)                          | Date of Establishment  | December 12, 2004   |                   |                   |
| (7)                          | Major Shareholders and Ownership Ratio   | The Founding Family Individual Shareholders 100.0%<br>(Note 1)  |                   |                   |
| (8)                          | Relationship between the Company   | The Company has entered into a basic agreement for construction work with Reframax and has placed orders for construction work to Reframax. This agreement is specific to a particular project and does not constitute an ongoing business relationship. There are no other capital, personnel, or business relationships, or related parties that should be disclosed. |                   |                   |
| (9)                          | Operating Results and Financial Position for the Past Three Years<br>(Unit: BRL Million, otherwise noted) (Note 2) |   |                   |                   |
| Fiscal year-end              |  | December 31, 2022   | December 31, 2023 | December 31, 2024 |
| Net Assets                   |  | 28.333  | 55.453            | 67.810            |
| Total Assets                 |  | 139.407   | 237.697           | 290.883           |
| Net Assets Per Share (BRL)   |  | 1.1   | 2.2               | 2.5               |
| Gross Revenue                |  | 604.210   | 760.027           | 919.396           |
| Operating Income             |  | 58.506  | 99.873            | 100.799           |
| Earnings Before Income Taxes |  | 53.878  | 97.621            | 99.175            |
| Net Profit                   |  | 35.702  | 65.766            | 67.076            |
| Net Profit Per Share (BRL)   |  | 1.4   | 2.6               | 2.5               |
| Dividend Per Share (BRL)     |  | 1.2   | 1.4               | 1.9               |

(Note 1) As of the date of execution of the share acquisition agreement, 100% of Reframax's shares were held by Alpaca Participações Ltda., a holding company wholly owned by the Founding Family Individual Shareholders. However, pursuant to the corporate reorganization, all shares of Reframax were held directly by the founding family's individual shareholders.

(Note 2) Exchange rate : 1 BRL = 25.6 yen

#### 4. Overview of the Counterparty to the Share Transfer

|     |                                  |  |
|-----|----------------------------------|--|
| (1) | Name                             | The Founding Family Individual Shareholders  |
| (2) | Location                         | Minas Gerais, Brazil   |
| (3) | Relationship between the Company | There are no capital, personnel, or business relationships, or related parties that should be disclosed. |

#### 5. Number of Shares Acquired, Acquisition Price, and Shareholding Before and After Acquisition

|     |  |  |
|-----|--|--|
| (1) | Number of Shares Held Before the Share transfer          | 0 Shares (Ratio of shares held: 0.0%)<br>(Number of voting rights: 0)<br>(Ratio of voting rights held: 0.0%)   |
| (2) | Number of Shares Transferred                             | 16,053,409   |
| (3) | Transfer Price (Note 1)                                  | BRL 600 million<br>(Refers to 60% of the Enterprise Value of BRL 1,000 million)  |
| (4) | Number of Shares Owned After the Share Transfer (Note 2) | 16,053,409 shares (Ratio of shares held: 60.0%)<br>(Number of voting rights: 16,053,409)<br>(Ratio of voting rights held: 60.0%)   |
| (5) | Impact of the Acquisition on the Company                 | As this transaction constitutes the acquisition of a majority of the issued shares, Reframax will become subject to consolidation under the Company's consolidated financial statements. |

(Note 1) The acquisition price will be adjusted based on the amount of Reframax's assets and liabilities at the time of closing of the share transfer. Advisory fees of approximately 600 million yen are not included in the acquisition price.

(Note 2) The share acquisition was carried out primarily by SEBH, and therefore the number of shares owned after the share transfer represents the number of shares owned by SEBH.

#### 6. Schedule

|     |  |                |
|-----|--|----------------|
| (1) | Date of Resolution by the Board of Directors       | March 19, 2025 |
| (2) | Date of Conclusion of the Share Purchase Agreement | March 19, 2025 |
| (3) | Execution Date of the Share Transfer               | May 30, 2025   |

#### 7. Outlook

The Transaction is expected to contribute to the Company's consolidated performance over the medium to long term. Any matters requiring disclosure in the future will be promptly announced as required.

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