



February 18, 2020

To all shareholders

Company Name: Isolite Insulating Products Co., Ltd.

Representative: Eishi Iida, President

(Stock symbol 5358 Tokyo Stock Exchange 1st Section)

Contact person: Toshihiro Yamawaki, Director, Manager of General Affairs Department

(TEL 06-7711-5801)

Notice of Merger of Consolidated Subsidiary

Notice is hereby given that the Company has resolved to merge its wholly owned subsidiary ITM Co., Ltd. with effect from October 1, 2020 at the Board of Directors meeting held today. As this merger is a simple and informal merger of a consolidated subsidiary which is a wholly owned subsidiary of the Company, some of the disclosures and details have been omitted.

Details

1. Purpose of the merger

The Group is expanding its fire-resistant insulation materials-related businesses globally. On this occasion, we have decided to merge ITM Co., Ltd. in order to achieve future business growth by concentrating all human resources, equipment, technology, funds, and other management resources to maximize the synergy between the two companies and realize more efficient business operations.

2. Summary of the merger

(1) Date of the merger

February 18, 2020 - Board of Directors approved the merger agreement

February 18, 2020 - Conclusion of merger agreement

As this merger is a simple merger as prescribed in Article 796 Paragraph 2 of the Companies Act and an informal merger as prescribed in Article 784 Paragraph 1 of the Companies Act, it shall be executed without having to obtain approval from the general meeting of shareholders regarding a merger agreement between the merging and merged companies.

(2) Merger method

ITM Co., Ltd. will be dissolved after it has been merged with the Company as the merging company.

(3) Details of the allocation pertaining to the merger

As this is a merger with a wholly owned subsidiary, no new shares will be issued nor will any monetary consideration etc. be paid.

(4) Handling of share warrants and warrant bonds associated with the merger

Not applicable.

3. Overview of the merger company

(1) Trade name	Isolite Insulating Products Co., Ltd. (merging company)	ITM Co., Ltd. (merged company)
(2) Business	Manufacture and sales of heat-resistant insulation bricks and heat-resistant insulation fibers, and design and construction of various kilns	Manufacture and sales of heat-resistant insulation fibers
(3) Date of establishment	Nov 25, 1927	Apr 1, 2005
(4) Address of main office	3-3-23 Nakanoshima, Kita-ku, Osaka	20-8 Takeda, Kouzaki-machi, Katori, Chiba
(5) Name of representative	Eishi Iida	Shigeo Endo
(6) Capital	3,197 mil yen	50 mil yen
(7) No. of outstanding shares	23,606,573 shares	100 shares
(8) Accounting period	March 31	March 31
(9) No. of employees	196	114
(10) Major shareholders and shareholding ratio	Shinagawa Refractories Co., Ltd 54.86% Nichias Corporation 4.29% The Nomura Trust and Banking Co., Ltd. (Trust Account) 1.60% The Master Trust Bank of Japan, Ltd. (Trust Account) 1.15% Japan Trustee Service Trust and Banking Co., Ltd. (Trust Account) 1.05%	Isolite Insulating Products Co., Ltd. 100%
(11) Financial status and operating performance in the last business year (As of March 31, 2019)		
Net assets	12,816 mil yen (consolidated)	3,570 mil yen
Total assets	19,142 mil yen (consolidated)	5,221 mil yen
Net assets per share	518.46 yen (consolidated)	52,208,232 yen
Sales	16,770 mil yen (consolidated)	5,111 mil yen
Operating profit	2,850 mil yen (consolidated)	1,073 mil yen
Recurring Profit	2,944 mil yen (consolidated)	1,274 mil yen
Current term net profit attributable to parent company shareholders	1,474 mil yen (consolidated)	918 mil yen
Current term net profit per share	62.62 yen (consolidated)	9,184,079 yen

4. Post-merger situation

There is no change in the company's trade name, location, representative's title and name, business description, capital and closing period as a result of this merger.

5. Impact on business performance

Since this merger is a merger with a consolidated subsidiary which is a wholly owned subsidiary of the Company, the impact on the consolidated financial results is minor.

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