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Stock symbol 5358
May 29, 2020

Notice of Convocation of 130th Ordinary General Meeting of Shareholders

Eishi Iida, President
Isolite Insulating Products Co., Ltd.
3-3-23 Nakanoshima, Kita-ku, Osaka, Japan

To Our Shareholders:

We will be holding the 130th Ordinary General Meeting of Shareholders to be held as indicated below.

In order to prevent the spread of novel Coronavirus infection, you are requested to do your utmost to exercise your voting rights in advance of this General Meeting of Shareholders.

Therefore, I would be grateful if you could review the attached shareholder meeting documents, complete the enclosed "Exercise of Voting Rights" form, indicating your approval or disapproval of the proposals, and send it back to the Company by 5:30 pm on June 24 (Wed), 2020.

Details:

1. Date and time: Thursday, June 25, 2020, 10:00am
2. Place: 3-3-23 Nakanoshima, Kita-ku, Osaka, Japan
Conference Room 1, 4th Floor Nakanoshima Daibiru Building
3. Purposes:
Matters to be reported:
 1. Business Report, Consolidated Financial Statements for the 130th term (from April 1, 2019 to March 31, 2020) and Audit Reports by Accounting Auditors and the Board of Corporate Auditors on the consolidated financial statements.
 2. Financial Statements for the 130th term (from April 1, 2019 to March 31, 2020).Matters to be resolved:
 - Resolution No. 1: Appropriation Plan of Retained Earnings
 - Resolution No. 2: Election of three Directors (Excluding Directors who are Audit and Supervisory Committee members.)
 - Resolution No. 3: Election of three Directors who are Audit and Supervisory Committee members.
 - Resolution No. 4: Deciding of remuneration for the purpose of granting restricted stock to Directors (Excluding Directors who are Audit and Supervisory Committee members and external directors.)

Upon arrival at the meeting, please hand in the enclosed "Exercise of Voting Rights" form at the reception desk. In case of any changes in the information contained in the following business report, consolidated financial statements and financial statements, we will post the changes on our website (<http://www.isolite.co.jp/>).

(Appendix)

Business Report

(April 1, 2019 -March 31, 2020)

1. Brief Business Review of Isolite Group

(1) Business Progress and Results

Overall Performance

In the current consolidated fiscal year, while the world economy slowed due to prolonged US-China trade friction, the Japanese economy remained stable, due in part to a favorable employment and income environment; however, in the second half of the year, there was a downturn due to factors such as natural disasters and deterioration of corporate profits in the manufacturing industry. In addition, recently, the sense of uncertainty is rapidly increasing due to the global spread of novel coronavirus infections.

Mining and manufacturing production has also been sluggish due to the impact of the decrease in exports and the consumption tax hike, and operations at factories have been suspended due to the spread of infectious disease, and all of this has started to have an adverse effect on capital investment sentiment.

Under these circumstances, the Group made its mission to contribute to global environmental conservation, with insulating refractory materials as the key technology, and we have worked on improving our production bases, developing new products that meet market needs, and strengthening our overseas business.

As a result, in the insulation materials-related business, sales to various industrial furnaces remained solid, but the decline in sales of products related to automobiles and semiconductors failed to improve, resulting in sales of 16,129 million yen (down 3.8% year on year) for the current consolidated fiscal year.

On the profit side, the decrease in sales of products related to automobiles and semiconductors was made up for with the increase in sales of insulating refractory-related products; however, operating profit was limited to 2,836 million yen (down 0.5%) and recurring profit, to 2,886 million yen (down 2.0%). Meanwhile, the net profit attributable to parent company shareholders was 1,891 million yen (up 28.2%). In the same period of the previous year, special factors such as the recording of extraordinary losses related to the closure of the raw material sites were included.

Individual Segment's Performance

In the insulation materials-related business, sales of insulation materials-related products, particularly those for various industrial furnaces, remained steady, and particularly sales of Insulating Firebrick increased. On the other hand, the decline in sales of ceramic fiber products for automobiles and semiconductors has continued, resulting in net sales of 14,677 million yen (down 4.6% year on year) for the current consolidated fiscal year.

In other businesses, net sales for the current consolidated fiscal year were 1,452 million yen (up 5.1% year-on-year) due to increased sales of environmental greening products and functional ceramics products.

(2) Investments in Plants and Equipment by Isolite Group

The total amount of capital investment of the Group during the consolidated fiscal year under review was 1,776 million yen. Within the Isolite Group, the main investments were for updating production equipment at the Company and upgrading production equipment at ITM Co., Ltd.

(3) Fund-Raising by Isolite Group

There are no significant fund-raising matters to be reported during the term under review.

(4) Issues to be Addressed by Isolite Group

The Group will strive to further improve management efficiency through the integration of management with its subsidiaries, which is scheduled for October, to secure profits by further strengthening its technological capabilities, sales capabilities, and production bases, and will contribute to energy saving for high-temperature industries and global environmental conservation.

However, the outlook for the future is that it is expected to become even more uncertain, as the spread of novel coronavirus infections is having a wide-ranging adverse impact on the global economy, and there is no clear indication of it subsiding or what the effects of the spread of infection will be.

The Group's earnings forecasts for the current consolidated fiscal year are undecided at this point as it is extremely difficult to reasonably estimate the impact of the suspension of operations at our Malaysian subsidiary or the impact of our Chinese subsidiary on earnings. We will disclose them as soon as possible.

(5) Change in Results and Assets

1) Change in results and assets of Isolite Group

Unit: million yen

	127th Term (Apr. 2016 - Mar. 2017)	128th Term (Apr. 2017 - Mar. 2018)	129th Term (Apr. 2018 - Mar. 2019)	130th Term (Current consolidated fiscal year) (Apr. 2019 - Mar. 2020)
Sales	14,566	16,765	16,770	16,129
Recurring Profit	2,086	3,315	2,944	2,886
Current Term Net Profit attributable to parent company shareholders	1,422	2,289	1,474	1,891
Profit per Share	60.41 yen	97.22 yen	62.62 yen	80.36 yen
Total Assets	17,539	19,218	19,142	20,514
Net Assets	9,488	11,897	12,816	14,204

(Notes) 1. Profit per share is calculated based on the average number of outstanding shares during the term after deducting treasury stock.

2. In the 127th term, sales of RCF work environment regulation countermeasure products to domestic companies increased, and recurring profit and net income attributable to parent company shareholders increased.
3. In the 128th term, recurring profit, and net income attributable to parent company shareholders increased due to RCF work environment regulation countermeasure products continuing to grow from the previous term, as well as increased sales of ceramic fiber products for automobiles and semiconductors.
4. In the 129th term, as a result of the impact of increases in raw material and fuel, personnel and transportation costs, recurring profit decreased, and due to the recording of extraordinary losses pertaining to the land for raw materials, net income attributable to parent company shareholders decreased.

2) Change in results and assets of the Company (Isolite only)

Unit: million yen

	127th Term (Apr. 2016 - Mar. 2017)	128th Term (Apr. 2017 - Mar. 2018)	129th Term (Apr. 2018 - Mar. 2019)	130th Term (Current consolidated fiscal year) (Apr. 2019 - Mar. 2020)
Sales	7,724	8,367	9,107	9,198
Recurring Profit	1,072	1,655	1,841	1,712
Net Profit	929	1,338	1,067	1,228
Net Profit per Share	39.45 yen	56.83 yen	45.31 yen	52.21 yen
Total Assets	14,097	14,528	14,705	14,690
Net Assets	8,162	9,424	10,095	10,878

(Note) Profit per share is calculated based on the average number of outstanding shares during the term after deducting treasury stock.

(6) Status of Parent Company and Subsidiary Companies

1) Parent company

The parent company of the Company is Shinagawa Refractories Co., Ltd. who owns 12,919,000 shares of the Company (55.34% of the voting rights). The Company sells insulating refractory materials to the parent company and buys refractory materials from the parent company.

With regard to the buying, etc., of products from the parent company, the general conditions in the market is taken into account when evaluating the price and trading conditions and the decision is made to buy if they are determined to be at the same level as other terms and conditions.

In addition, for the sale of our products, etc., we present our asking prices, taking into account market prices and the total cost, etc., and decide on whether to sell them through discussion.

Our Board of Directors determine their appropriateness and validity after gaining an understanding of these transactions and confirming that they do not harm the interests of the Group.

2) Important subsidiary companies

Company	Capital	% of holdings	Major business
Isolite Kenzai Co., Ltd.	¥70,000,000	100%	Production and sales of laminated wood products
Isolite Life Co., Ltd.	¥10,000,000	100%	Operation of gas station, etc.
ITM Co., Ltd.	¥50,000,000	100%	Production and sales of ceramic fibers
Isolite Insulating Firebrick Sdn. Bhd. (Malaysia)	RM31,500,000	100%	Production and sales of insulating firebricks
Isolite Eastern Union Refractories Co., Ltd. (Taiwan)	NT\$156,000,000	60%	Production and sales of ceramic fibers
Isolite Ceramic Fiber Sdn. Bhd. (Malaysia)	RM3,500,000	100%	Production and sales of ceramic fibers
Suzhou Isolite Eastern Union Ceramic Fiber Co., Ltd.(China)	US\$7,000,000	80%	Production and sales of ceramic fibers
Isolite (Shanghai) Trade Co., Ltd. (China)	¥31,250,000	100%	Sales of insulating firebricks and ceramic fibers
ITM Europe GmbH (Germany)	€25,000	100%	Production and sales of ceramic fibers

(Notes) 1. As listed above, there are nine key subsidiaries under the consolidated group.

2. There are two subsidiaries accounted for under the equity method.

3. At the Board of Directors meeting held on February 18, 2020, the Company resolved to absorb and merge with ITM Co., Ltd., a wholly owned subsidiary of the Company, on October 1, 2020.

4. Isolite Kenzai Co., Ltd. took over the housing equipment business and real estate business of Isolite Life Co., Ltd. via an absorption-type split on April 1, 2020, and Isolite Life Co., Ltd. was dissolved.

3) Other important affiliated company

Company	Capital	% of holdings	Major business
Isolite Fanshin (Taiwan) Co., Ltd.	NT\$24,000,000	50%	Sales of insulating firebricks and ceramic fibers

(7) Main Businesses of Isolite Group (as of March 31, 2020)

Business Segments	Operations
Insulation materials-related business	Production and sales of ceramic fibers, insulating firebricks, materials for IT industry-related equipment, materials for automotive exhaust gas purification systems and monolithic refractory materials and its related products; design and installation of industrial furnaces; sales of fire protection materials.
Other businesses	Manufacture and sales of ceramic filters for high-temperature dust collection Manufacture and sales of high-strength ceramic fiber moldings Production and sales of porous ceramics. Production and sales of laminated-wood products and other building materials Sales of home-use burning appliances. Power generation in photovoltaic power plants, supply of electricity

(8) Main Offices and Plants (as of March 31, 2020)

Isolite Insulating Products Co., Ltd.	Head Office (Kita-ku, Osaka City) Tokyo Branch (Chiyoda-ku, Tokyo) Osaka Branch (Kita-ku, Osaka City) Nagoya Branch (Naka-ku, Nagoya City) Kyushu Sales Office (Kokura, Kita-ku, Kitakyushu City) Hokuriku Sales Office (Nanao City, Ishikawa) Otowa Plant (Toyokawa City, Aichi) Nanao Plant (Nanao City, Ishikawa)
Isolite Kenzai Co., Ltd.	Nanao City, Ishikawa Pref.
Isolite Life Co., Ltd.	Nanao City, Ishikawa Pref.
ITM Co., Ltd.	Kanzakicho, Katorigun, Chiba Pref.
Isolite Insulating Firebrick Sdn. Bhd.	Malaysia
Isolite Eastern Union Refractories Co., Ltd.	Taiwan

Isolite Ceramic Fibers Sdn. Bhd.	Malaysia
Suzhou Isolite Eastern Union Ceramic Fiber Co., Ltd.	China
Isolite (Shanghai) Trade Co., Ltd.	China
ITM Europe GmbH	Germany

(9) Status of Employees (As of March 31, 2020)

1) Isolite Group

Business Segment	Number of Employees
Insulation materials-related business	626
Other businesses	44
Total	670

(Note) Number of employees is the number of working employees, including part-time and does not include temporary employees.

2) Isolite

Number of Employees	Change from previous year	Mean Age	Length of Service
202	+6	42.9	16.0 years

(Note) Number of employees is the number of working employees, including part-time and does not include temporary employees.

(10) Major Lenders (As of March 31, 2020)

Lender	Amount (million yen)
Sumitomo Mitsui Trust Bank, Limited.	580 million yen
Sumitomo Mitsui Banking Corporation	370 million yen

2. Company Overview

(1) Share Overview (As of March 31, 2020)

- | | |
|---|-------------------|
| 1) Total number of authorized shares to be issued | 51,259,000 shares |
| 2) Total number of outstanding shares | 23,606,573 shares |
| 3) Number of shareholders | 4,534 |
| 4) Major Shareholders (top 10) | |

Shareholder	Number of shares	Share Ratio
Shinagawa Refractories Co., Ltd.	12,919,000	55.33%
Nichias Corporation	1,010,000	4.33%
Japan Trustee Services Bank, Ltd. (Trust Account)	760,000	3.26%
The Master Trust Bank of Japan, Ltd. (Trust Account)	584,000	2.50%
Sumitomo Mitsui Trust Bank, Limited	215,000	0.92%
Japan Trustee Services Bank, Ltd. (Trust account 5)	208,000	0.89%
Mitsui Sumitomo Insurance, Limited	191,000	0.82%
Credit Suisse Group AG	186,000	0.80%
UBS AG London A/C IPB Segregated Client Account	176,000	0.76%
Goldman Sachs International	174,000	0.75%

(Note) The shareholding ratio is calculated after deducting treasury stock (255,513 shares).

5) Other important matters regarding shares

To enable flexible execution of capital policies in response to changes in the business environment, we have acquired common shares of treasury stock through a market purchase as follows, in accordance with the provisions of Article 156 of the Companies Act as applied mutatis mutandis pursuant to the provisions of Article 165, Paragraph 3, of the Companies Act.

Acquisition of treasury stock pursuant to a resolution of the Company's Board of Directors at the meeting held on March 5, 2020

- A. Acquisition period: From March 6, 2020 to March 11, 2020
- B. Total number of shares acquired: 200,000 shares (Percentage of share held for the total number of issued shares (excluding treasury stock) 0.85%)
- C. Total share acquisition cost: 99,135,000 yen

(2) Status of Share Warrant

None

(3) Company Executive Officers

1) Directors and Auditors (as of March 31, 2020)

Position	Name	Management Responsibility
Representative Director, President	Eishi Iida	
Executive Director	Tatsuo Sano	In charge of environmental safety measures department, production technology division, quality assurance department, overseas operations and overseas affiliates Chairman of Isolite Insulating Firebrick Sdn. Bhd. Chairman of Isolite Eastern Union Refractories Co., Ltd. Chairman of Isolite Ceramic Fibers Sdn. Bhd.
Director	Toshiaki Hashimoto	GM of Research and Development Group and Furnace Engineering Department and Technology Development Division.
Director	Toshihiro Yamawaki	GM of General Affairs Department and Director of Accounting department, Information systems office and domestic affiliates.
Director	Akihiko Okada	GM of Isolite's production division and Director of Manufacturing Division and Director of Otowa plant
Director	Masami Takahashi	GM of Isolite's sales department, marketing planning division and Director of sales marketing group Suzhou Isolite Eastern Union Ceramic Fiber Co., Ltd., Chairman Isolite (Shanghai) Trade Co., Ltd., Chairman
Director (Permanent Audit and Supervisory Committee member)	Hiroshi Sato	
Director (Audit and Supervisory Committee member)	Nobuhiro Shirae	Head of Shirae Certified Public Accountants Office Representative Member of Kouei Audit Corporation Representative Member of Masters Tax Accountants
Director (Audit and Supervisory Committee member)	Akihiko Ishikawa	Director of Ishikawa Accounting Office

(Notes) 1. Director (auditing committee member) Mr. Nobuhiro Shirae and Director (auditing committee member) Mr. Akihiko Ishikawa are external directors.

2. Isolite has reported to the Tokyo Stock Exchange that Director (auditing committee member) Mr. Nobuhiro Shirae and Director (auditing committee member) Mr. Akihiko Ishikawa are independent directors.

3. In order to enhance information collection and increase the effectiveness of audits through sufficient collaboration with internal audit departments, etc., and to strengthen our audit and supervisory functions,

Mr. Hiroshi Sato has been selected as a full-time audit committee member.

4. Director (auditing committee member) Mr. Nobuhiro Shirae and Director (auditing committee member) Mr. Akihiko Ishikawa are qualified certified public accountants and tax accountants, and they have considerable knowledge of finance and accounting.

Consolidated Balance Sheet

(As of March 31, 2020)

Unit: Million Yen

Assets		Liabilities	
Current Assets	12,344	Current Liabilities	4,457
Cash and deposits	4,794	Bills payable and accounts payable	1,192
Bills receivable and accounts receivable	3,979	Electronically-recorded monetary obligations	273
Electronically-recorded monetary claims	679	Short-term borrowings	496
Finished products	1,617	Provision for income taxes	360
Products in progress	352	Accrued expenses	425
Raw materials and stored items	581	Accrued bonus	394
Other current assets	343	Provision for business structure improvement	175
Allowance for doubtful accounts	Δ3	Other	1,139
Fixed Assets	8,170	Fixed Liabilities	1,853
Tangible Fixed Assets	6,128	Long-term borrowings	771
Buildings & structures	1,320	Allowance for environmental measures	3
Machinery and vehicle equip.	1,247	Allowance for retirement benefits	36
Tools, apparatus and fixtures	144	Allowance for retirement benefits	709
Land	1,666	Guarantee deposits received	192
Construction in progress	1,749	Other	139
Intangible Fixed Assets	138	Total of Liabilities	6,310
Investments/Other Assets	1,902	Net Assets	
Investment in securities	925	Shareholders' Equity	13,672
Long-term loans	250	Capital	3,196
Assets related to retirement benefits	129	Capital surplus	2,254
Deferred tax asset	351	Accumulated earnings	8,331
Other	318	Treasury stock	Δ110
Allowance for doubtful accounts	Δ72	Total of Other Comprehensive Income	Δ86
Total of Assets	20,514	Reserve from securities revaluation	272
		Exchange adjustments	Δ279
		Foreign currency translation adjustment	Δ79
		Non-controlling shareholder equity	617
		Total of Net Assets	14,204
		Total of Liabilities and Net Assets	20,514

(Note) Figures are rounded down to the nearest million yen

Consolidated Profit and Loss Statement

(April 1, 2019 - March 31, 2020)

(Unit: Million Yen)

Item	Amount	
Sales		16,129
Cost of sales		9,842
Gross profit		6,286
Selling and general administrative expenses		3,449
Operating profit		2,836
Non-operating profit		
Interest/dividend received	46	
Rent payment receivable	11	
Equity in earnings of affiliates	32	
Royalties receivable	34	
Other	56	182
Non-operating expenses		
Interest paid	14	
Depreciation of temporarily idling fixed asset	13	
Currency exchange loss	59	
Other	45	132
Recurring Profit		2,886
Extraordinary income		
Gain on sales of investment securities	60	60
Extraordinary losses		
Loss on valuation of investment securities	35	
Business structure improvement costs	192	227
Net income before taxes and other adjustments		2,719
Corporate tax, corporate inhabitant tax and corporate enterprise tax	798	
Corporate tax adjustment	△23	774
Current term net profit		1,945
Current term net profit attributable to non-controlling shareholders		53
Current term net profit attributable to parent company shareholders		1,891

(Note) Figures are rounded down to the nearest million yen.

Consolidated statement of shareholders' equity

(April 1, 2019 - March 31, 2020)

Unit: Million Yen

	Shareholders' Equity				
	Capital	Capital surplus	Retained earnings	Treasury stock	Total shareholder equity
Balance at the beginning of current period	3,196	2,254	6,746	△11	12,186
Change during the consolidated fiscal year					
Dividends from surplus			△306		△306
Current term net profit attributable to parent company stock			1,891		1,891
Acquisition of treasury stock				△99	△99
Net change during the consolidated fiscal year for items other than shareholder equity [net]					
Total change during the consolidated fiscal year	-	-	1,585	△99	1,486
Balance at the end of current period	3,196	2,254	8,331	△110	13,672

	Accumulated amount for other comprehensive income				Non-Controlling shareholder equity	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency conversion adjustments	Adjusted accumulated amount for retirement benefits	Total accumulated amount for other comprehensive income		
Balance at the beginning of current period	313	△272	△17	23	606	12,806
Change during the consolidated fiscal year						
Dividends from surplus						△306
Current term net profit attributable to parent company stock						1,891
Acquisition of treasury stock						△99
Net change during the consolidated fiscal year for items other than shareholder equity [net]	△40	△6	△62	△110	11	△98
Total change during the consolidated fiscal year	△40	△6	△62	△110	11	1,387
Balance at the end of current period	272	△279	△79	△86	617	14,204

(Note) Figures are rounded down to the nearest million yen.

Company Balance Sheet (Isolite)

(As of March 31, 2020)

Unit: Million Yen

Assets		Liabilities	
Current Assets	7,128	Current Liabilities	2,435
Cash and deposits	1,561	Bills payable	98
Bills receivable	997	Electronically-recorded monetary obligations	215
Electronically-recorded monetary claims	272	Accounts payable	676
Accounts receivable	2,179	Long-term borrowings due within one year	480
Finished products	791	Accounts payable-other	91
Property for sale	227	Provision for income taxes	193
Products in progress	55	Consumption tax payable	54
Materials and supplies	171	Accrued expenses	211
Short-term loan	763	Accrued bonus	181
Other current assets	112	Provision for business structure improvement	175
Allowance for doubtful accounts	△4	Other	56
Fixed Assets	7,561	Fixed Liabilities	1,376
Tangible Fixed Assets	2,549	Long-term borrowings	770
Buildings	576	Allowance for environmental measures	3
Structures	34	Allowance for retirement benefits	315
Machinery and equipment	530	Guarantee deposits received	180
Vehicles	0	Other	106
Tools, apparatus and fixtures	50		
Land	1,328	Total of Liabilities	3,811
Construction in progress	28		
Intangible Fixed Assets	39	Net Assets	
Software	31	Shareholders' Equity	10,606
Other	8	Capital	3,196
Investments/Other Assets	4,972	Capital surplus	2,254
Investment in securities	746	Capital surplus reserve	904
Stock of affiliated companies	3,197	Other capital surplus	1,350
Investments in affiliated companies	757	Accumulated earnings	5,265
Long-term prepaid expenses	15	Accumulated Earnings	5,265
Prepaid pension cost	82	Other accumulated earnings	5,265
Deferred tax asset	107	Treasury stock	△110
Other investments	112	Valuation and translation adjustments, etc.	271
Allowance for doubtful accounts	△47	Other gains from appreciation of securities	271
		Total of Net Assets	10,878
Total of Assets	14,690	Total of Liabilities and Net Assets	14,690

(Note) Figures are rounded down to the nearest million yen.

Company Profit and Loss Statement (Isolite)

(April 1, 2019 - March 31, 2020)

Unit: Million Yen

Item	Amount	
Sales		9,198
Cost of sales		5,943
Gross profit		3,254
Selling and general administrative expenses		2,067
Operating profit		1,187
Non-operating profit		
Interest/dividend received	566	
Others	63	629
Non-operating expenses		
Interest paid	11	
Depreciation of temporarily idling fixed asset	13	
Currency exchange loss	40	
Other expenses	38	104
Recurring Profit		1,712
Extraordinary income		
Gain on sales of investment securities	83	83
Extraordinary losses		
Loss on valuation of investment securities	35	
Business structure improvement costs	235	270
Net Income Before Taxes and Other Adjustments		1,524
Corporate tax, corporate inhabitant tax and corporate enterprise tax	323	
Adjustment of income taxes	Δ27	296
Current Term Net Profit		1,228

(Note) Figures are rounded down to the nearest million yen.

Statement of changes in net assets

(April 1, 2019 - March 31, 2020)

Unit: Million Yen

	Shareholders' Equity							
	Capital stock	Capital surplus			Retained earnings		Treasury stock	Total shareholder equity
		Capital reserves	Other capital surplus	Capital surplus total	Other retained earnings Retained earnings brought forward	Total retained earnings		
Balance at the beginning of current period	3,196	904	1,350	2,254	4,343	4,343	△11	9,783
Change during the fiscal year								
Dividends from surplus					△306	△306		△306
Net income					1,228	1,228		1,228
Acquisition of treasury stock							△99	△99
Change during the fiscal year for items other than shareholder equity [net]								
Total change during the fiscal year	-	-	-	-	922	922	△99	823
Balance at the end of current period	3,196	904	1,350	2,254	5,265	5,265	△110	10,606

	Valuation and translation adjustments, etc.		Total of Net Assets
	Valuation difference on available-for-sale securities	Total valuation and translation adjustments	
Balance at the beginning of current period	311	311	10,095
Change during the fiscal year			
Dividends from surplus			△306
Net income			1,228
Acquisition of treasury stock			△99
Change during the fiscal year for items other than shareholder equity [net]	△39	△39	△39
Total change during the fiscal year	△39	△39	783
Balance at the end of current period	271	271	10,878

(Note) Figures are rounded down to the nearest million yen.

Reference Data for General Meeting of Shareholders

Resolution No. 1: Appropriation Plan of Retained Earnings

For the year-end dividend for the current fiscal year, having taken into consideration the business results for the current fiscal year as well as future business development, etc., we would like it to be as follows.

(1) Type of dividend property

The dividend shall be monetary.

(2) The matters regarding the assignment of the dividend property and the total amount

We would like the dividend to be 10 yen per share of company's common stock

In this case, the total dividend will be 233,510,600 yen.

(3) The date on which such distribution of dividend of surplus takes effect.

It shall be on June 26, 2020

Resolution No. 2:

Election of three Directors (Excluding Directors who are Audit and Supervisory Committee members.)

The term of office of all six Directors (Excluding Directors who are Audit and Supervisory Committee members. The same shall apply hereinafter in this resolution.) shall expire at the conclusion of this General Meeting of Shareholders.

For this reason, in order to optimize the management structure for the introduction of the executive officer system, we request the reduction of the number of Directors by three and the election of three Directors.

With regard to this resolution, the Audit Committee considers it appropriate to appoint each of the director candidates as Directors.

The director candidates are as follows.

Candidate No.	Name (Date of birth)	Biography, status and responsibilities within the Company (Status of important concurrent positions)	The number of company shares owned
1	Eishi Iida (Born August 25, 1955)	<p>April 1981 Joined Shinagawa Shirorenga Co., Ltd. (Now Shinagawa Refractories Co., Ltd.)</p> <p>April 2009 Director of the Yumoto plant of the above</p> <p>October 2009 Executive director of Shinagawa Refractories Co., Ltd., and director of Yumoto plant</p> <p>June 2012 Executive Vice President of the company and director of Yumoto plant</p> <p>June 2013 Representative Executive Officer of the company and director of Okayama plant</p> <p>April 2014 Representative Executive Officer of the company and director of West Japan plant</p> <p>April 2018 Consulting Director of Isolite's Sales Department</p> <p>June 2018 Isolite's President and Representative Director (current position)</p>	5,900 shares
<p>Reason for being a candidate for the Board of Directors</p> <p>Mr. Eishi Iida has been involved with the work of the technology development division and manufacturing division at Shinagawa Refractories for many years, and has a wealth of insight, experience and achievements as a manager, and we have determined that he would serve to strengthen Isolite's management structure. So, we request that he be re-elected as a Director.</p>			
2	Tatsuo Sano (Born November 10, 1954)	<p>April 1977 Joined Isolite Babcock Refractories Co., Ltd. (now Isolite Insulating Products Co., Ltd.)</p> <p>April 2007 GM of Isolite' insulating fire brick business</p> <p>June 2009 GM of Isolite's ceramic fiber business division</p> <p>April 2011 GM of Isolite's production division and Director of Otowa plant</p> <p>June 2014 Managing Director of Isolite's production division</p> <p>April 2019 In charge of Isolite's Executive director environmental safety measures department, production technology division, quality assurance department, overseas operations department and overseas affiliates (current position)</p> <p>(Status of important concurrent positions)</p> <ul style="list-style-type: none"> • Chairman of Isolite Insulating Firebrick Sdn. Bhd. • Chairman of Isolite Eastern Union Refractories Co., Ltd. • Chairman of Isolite Ceramic Fibers Sdn. Bhd. 	22,400 shares
<p>Reason for being a candidate for the Board of Directors</p> <p>Mr. Tatsuo Sano has extensive experience at our production departments, both in Japan and overseas and is currently overseeing our domestic plants, as well as playing an important role in assisting the representative director as managing director. So, we request that he be elected to continue on as a Director.</p>			
	Toshihiro Yamawaki (Born October 13, 1954)	<p>April 1977 Joined Kawasaki Rozai Co., Ltd. (Now Shinagawa Refractories Co., Ltd.)</p> <p>July 2008 GM of the company's planning department and accounting office</p> <p>October 2009 GM of Accounting Department of Shinagawa Refractories Co., Ltd.</p> <p>June 2012 Executive director of the company's accounting department</p> <p>April 2014 Consulting GM of Isolite's general affairs department and GM of accounting department</p> <p>June 2014 In charge of Isolite's general affairs department (current position), accounting department (current position), information systems department (current position), environmental safety measures department, domestic affiliates (current position) and general affairs department (current position), head of accounting department</p>	16,900 shares
<p>Reason for being a candidate for the Board of Directors</p> <p>Mr. Toshihiro Yamawaki has a strong track record spanning the general affairs, personnel, accounting, finance and administration departments in general, and he has played an important role in strengthening our management system. So, we request that he be elected to continue on as a Director.</p>			

(Notes) 1. There are no particular conflicts of interest between each candidate and the Company.

2. Over the past five years, Mr. Eishi Iida has been an executive officer of the Company's parent company,

Shinagawa Refractories Co., Ltd., and his position and responsibilities are as listed above.

Resolution No. 3:

Election of three Directors who are Audit and Supervisory Committee members

The term of office of all three Directors who are Audit and Supervisory Committee members shall expire at the conclusion of this General Meeting of Shareholders.

For this reason, we request the election of three Directors who are Audit and Supervisory Committee members.

With regard to this proposal, the approval of the Audit and Supervisory Committee has been obtained.

The candidates for Directors who are Audit and Supervisory Committee members are as follows.

Candidate No.	Name (Date of birth)	Biography, status and responsibilities within t Company (Status of important concurrent positions)	The number of company shares owned
1	Hiroshi Sato (Born on July 2, 1958)	April 1982 Joined Isolite Babcock Refractories Co., Ltd. (now Isolite Insulating Products Co., Ltd.)	1,100 shares
		April 2003 Acting Director of Isolite's Otowa Plant October 2009 Isolite Eastern Union Refractories Co., Ltd., General Manager April 2016 Director of Isolite's Nanao Plant June 2018 Isolite director (Full-time Audit and Supervisory Committee member) (Current position)	
Reason for being a candidate for the Board of Directors who is an Audit and Supervisory Committee member. It has been determined that Mr. Hiroshi Sato can appropriately oversee the management of the Isolite Group as a whole with his objective perspective and proposals, based on the experience he has cultivated in the accounting sector, so we request that he be elected as a director who is an Audit and Supervisory Committee member.			
2	Nobuhiro Shirae (Born on October 18, 1965)	September 1990 Joined Chuo Shinkou Audit Corporation March 1994 Registered as certified public accountant July 1995 Established Shirae Accounting Office November 1995 Registered as certified tax accountant June 2006 Isolite external auditor June 2015 Isolite external director June 2016 Isolite external director (Audit and Supervisory Committee member) (Current position)	10,400 shares
		(Status of important concurrent positions) Director of Shirae Accounting Office Representative Member of Kouei Audit Corporation Representative Member of Masters Tax Accountants	
Reason for being a candidate for an external director who is an Audit and Supervisory Committee member. Mr. Nobuhiro Shirae has a specialist perspective of finance and accounting, cultivated over his career as a certified public accountant, and he has appropriately carried out his responsibilities as an Isolite external director and external auditor. We hope for his continued contribution to the management and auditing of the Company, so we request that he be elected to continue on as an external director and external auditor who is an Audit and Supervisory Committee member.			
3	Akihiko Ishikawa (Born on December 22, 1968)	December 1995 Joined Kitahama Accounting Office April 1999 Registered as certified public accountant, established Ishikawa Accounting Office June 1999 Registered as certified tax accountant June 2015 Isolite external auditor June 2016 Isolite external director (Audit and Supervisory Committee member) (Current position)	6,100 shares
		(Status of important concurrent positions) Director of Ishikawa Accounting Office	
Reason for being a candidate for an external director who is an Audit and Supervisory Committee member. Mr. Akihiko Ishikawa has a specialist perspective of finance and accounting, cultivated over his career as a certified public accountant, and he has appropriately carried out his responsibilities as an Isolite external director and external auditor. We hope for his continued contribution to the management and auditing of the Company, so we request that he be elected to continue on as an external director and external auditor who is an Audit and Supervisory Committee member.			

(Notes) 1. There are no particular conflicts of interest between each candidate and the Company.

2. Mr. Nobuhiro Shirae and Mr. Akihiko Ishikawa are external director candidates.
3. Mr. Nobuhiro Shirae is currently an external director who is a member of the Audit and Supervisory Committee of the Company, his term of office as an external director is five years at the end of this General Meeting, and his term of office as an external director who is also a member of the Audit and Supervisory Committee is four years.
4. Mr. Akihiko Ishikawa is currently an external director who is a member of the Audit and Supervisory Committee of the Company, his term of office as an external director is four years at the end of this General Meeting.
5. The Company has designated Mr. Nobuhiro Shirae and Mr. Akihiko Ishikawa as independent officers pursuant to the regulations of the Tokyo Stock Exchange, and has notified the Exchange of the fact. If their elections are approved, they will both continue to serve as independent directors.
6. Pursuant to the provisions of Article 427, Paragraph 1 of the Companies Act, the Company has concluded agreements with Mr. Hiroshi Sato, Mr. Nobuhiro Shirae and Mr. Akihiko Ishikawa, limiting their liabilities for damages to the extent permitted by Article 423, Paragraph 1 of the Companies Act. If the elections of Hiroshi Sato, Nobuhiro Shirae and Akihiko Ishikawa are approved, the Company will continue its agreements with each of them. The maximum amount of liability under the agreement shall be the amount prescribed by laws and regulations.

Resolution No. 4:

Deciding of remuneration for the purpose of granting restricted stock to Directors (Excluding Directors who are Audit and Supervisory Committee members and external directors.)

At the 126th Ordinary General Meeting of Shareholders held on June 28, 2016, approval was received for remuneration for Directors of the Company (excluding Directors who are Audit and Supervisory Committee members) of up to 156 million yen per year (excluding employee salaries); however, this time, with the aim of giving Directors an incentive to continuously improve the corporate value of the Company, and promoting further sharing of value between Directors and shareholders, we request the approval of payment of remuneration in order to newly grant restricted stock, within the abovementioned remuneration framework, to the Directors of the Company.

The amount of remuneration for the purpose of granting restricted stock to Directors of the Company (excluding Directors who are Audit and Supervisory Committee members and external directors; hereinafter, "applicable directors") pursuant to this resolution, considered reasonable based on the above aims, should be within 16 million yen per annum. The specific allocations to each applicable director shall be decided by the Board of Directors.

The current number of Directors (excluding Directors who are Audit and Supervisory Committee members) are six; however, if Resolution 2 is approved as originally proposed, the number of Directors (excluding Directors who are Audit and Supervisory Committee members) will be three.

In addition, applicable directors shall pay all monetary receivables arising from this proposal as property contributed in kind based on a resolution of the Board of Directors of the Company, and be issued with or dispose of common stock of the Company, and the total number of shares of the Company's common stock thereby issued or disposed of shall be not more than 40,000 shares per year (However, if the Company's common stock is split (This includes the Company's common stock allotted without charge.) or consolidated after the date when this proposal was approved, or it is otherwise becomes necessary to adjust the total number of the Company's common stock to be issued or disposed of as restricted stock, the total number will be adjusted within a reasonable range.), and the amount to be paid per share shall be determined by the Board of Directors within a range that is not particularly advantageous to applicable directors, based on the closing price of the Company's common stock on the Tokyo Stock Exchange on the business day prior to each resolution of the Board of Directors (If the transaction is not closed on the same day, then the closing price of the most recent trading day preceding it.). In addition, upon the issuance or disposal of the Company's common stock under this system, the Company shall conclude a restricted stock allocation agreement (hereinafter referred to as an "allocation agreement") with applicable directors, including an overview and the details.

- (1) Applicable directors shall not transfer, set as security interests, or otherwise dispose of (hereinafter referred to as "transfer restrictions") the Company's common stock allocated to them under the allocation agreement (hereinafter referred to as "the allocated shares") during the period from the date of issuance of restricted stock to the date on which they lose either their status as a Director of the Company or other status specified by the Company's Board of Directors (hereinafter referred to as "transfer restriction period").
- (2) If an applicable director loses either status in (1) above prior to the expiration of the period specified separately by the Company's Board of Directors (hereinafter referred to as the "term of service"), the Company will naturally acquire the allocated shares, without charge, unless the Company's Board of Directors acknowledges that there are justifiable grounds.

- (3) The Company will release the transfer restrictions for all allocated shares at the time of expiration of the transfer restriction period, subject to the condition that the applicable director continues to maintain the status as Company director, or other status specified by the Company's Board of Directors, during the term of service. However, if an applicable director loses either status in (1) above prior to the expiration of the term of service for a reason acknowledged by the Company's Board of Directors as being reasonable in (2) above, the number of the allocated shares to be released from transfer restriction and the timing of release of the transfer restriction shall be reasonably adjusted as necessary.
- (4) When the transfer restriction period expires, the Company will naturally acquire the allocated shares for which the transfer restrictions have not been released under the provisions of (3) above, without charge.
- (5) In cases where a proposal for approval of a merger agreement where the Company is to be the disappearing company, a share exchange agreement, where the Company is to be a wholly-owned subsidiary, a share transfer plan or other matters related to reorganization is approved by a General Meeting of Shareholders of the Company (or a meeting of the Board of Directors of the Company, if the approval of a General Meeting of Shareholders of the Company is not required for the reorganization, etc.) during the transfer restriction period, the transfer restrictions will be released for a reasonably determined number of the allocated shares prior to the effective date of the reorganization, etc., by a resolution of the Board of Directors of the Company.
- (6) In the case prescribed in (5) above, allocated shares for which the transfer restrictions have not been released immediately after the transfer restrictions have been released under the provisions of (5) above will naturally be acquired by the Company without charge.
- (7) The contents of the allotment agreement shall include the methods of declaration of intention and notification in the allotment agreement, the method of revision of the allotment agreement and other matters specified by the Board of Directors.

(Reference)

Provided that this proposal is approved, the Company plans to grant restricted stock similar to the abovementioned restricted stock to executive officers of the Company (subject to the future introduction of an executive officer system in the Company).