

Stock symbol 5358
May 28, 2021

To Our Shareholders:

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

Notice of Convocation of 131st Ordinary General Meeting of Shareholders

We will be holding the 131th Ordinary General Meeting of Shareholders to be held as indicated below.

For our shareholders, in order to prevent the spread of COVID-19 infection, and to ensure the safety of our shareholders, you are requested to do your utmost to exercise your voting rights in advance of this General Meeting of Shareholders, in writing (by post) or online, and regardless of your health condition, we ask that you refrain from coming in person on the day of this General Meeting of Shareholders.

When exercising your voting rights in advance, I would be grateful if you could review the Reference Data for General Meeting of Shareholders described below, refer to the "Guide to Exercise of Voting Rights" from page 2, and exercise your voting rights by 5:20 pm on Thursday, June 24th, 2021.

Details

1. Date and Time: Friday, June 25, 2021 10:00 am
2. Venue: 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 131st term (from April 1, 2020 to March 31, 2021) and Audit Reports by Accounting Auditors and the Audit and Supervisory Committee on the consolidated financial statements.
2. Financial Statements for the 131st term (from April 1, 2020 to March 31, 2021).

Resolutions

- Resolution No. 1: Appropriation plan of retained earnings
Resolution No. 2: Election of three directors (Excluding directors who are Audit and Supervisory Committee members.)

If attending in person on the day, 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 Reference Data for General Meeting of Shareholders business report, consolidated financial statements and financial statements, we will post the changes on our website (<http://www.isolite.co.jp/>)

Business Report

(April 1, 2020
-March 31, 2021)

1. Brief Business Review of Isolite Group

(1) Business Progress and Results

Overall Performance

During the consolidated fiscal year under review, the Japanese economy remained in a severe situation due to the impact of the novel coronavirus pandemic. As a result of the spread of infection, a state of emergency has been declared twice, corporate earnings have been sluggish, personal consumption and the employment and income environment have been deteriorating for a prolonged period, and the future is expected to remain uncertain.

Overseas, there are signs of economic recovery in the United States and China due to governmental economic measures and the rollout of vaccines; however, there are concerns about intensifying friction between the two countries and the spread of virus variants.

Industrial production is showing signs of picking up after significant deterioration, and despite the uncertain outlook, some companies are resuming capital investments that had been postponed.

Under these circumstances, the Group merged with its wholly owned subsidiary ITM Co.,Ltd. on October 1, 2020, and as the new Isolite Insulating Products, we have strived to improve our production base, secure sales and profits, and improve efficiency in all aspects of management, with the mission of contributing to the creation of a sustainable global environment with insulating refractory materials as our key technology.

However, in the insulation materials-related business, sales in China and sales of semiconductor-related products increased from the previous fiscal year, but sales of products for various industrial furnaces and automobile-related products were sluggish compared to the previous fiscal year, resulting in net sales of 13,693 million yen (down 15.1% year on year) for the current consolidated fiscal year.

On the profit side, despite our continued efforts to reduce fixed costs and sales expenses such as transportation costs, the decline in sales had a significant impact, resulting in operating profit of 2,151 million yen (down 24.2% year on year), a recurring profit of 2,352 million yen (down 18.5% year on year), and a current term net profit attributable to parent company stock of 1,599 million yen (down 15.5% year on year). In the previous year, special factors such as extraordinary profit from the selling of stocks of subsidiaries and affiliates were included. In addition, due to the effect of the absorption-type merger with ITM Corporation, a gain on extinguishment of tie-in shares of 1,673 million yen was recorded, resulting in a net income of 2,872 million yen in non-consolidated results.

Individual Segment's Performance

In the insulation materials-related business, net sales for the current consolidated fiscal year were 12,607 million yen (down 14.1% year on year) due to a decrease in sales of insulation materials-related products, mainly for various industrial furnaces, and ceramic fiber products for automotive applications.

In other businesses, sales of construction-related materials increased, but sales of environmental greening products and functional ceramic products decreased, resulting in net sales for the current consolidated fiscal year of 1,085 million yen (down 25.2% year on year).

(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 964 million yen. The main investments were for updating production equipment at the Company and the construction of plant buildings at our overseas subsidiaries.

(3) Fund-Raising by Isolite Group

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

(4) Issues to be Addressed by Isolite Group

The fiscal year ending March 31, 2021, was the final year of the medium-term management plan covering the period from fiscal 2018 to fiscal 2020. We were able to see some results with key measures such as "Development and expansion of sales of new products to meet the need of the market" and "Establishment of increased production system of alumina fiber and expansion of sales"; however, we regrettably failed to achieve our numerical targets for fiscal 2020 of 18 billion yen in consolidated net sales and 3.1 billion yen in recurring profit, as a result of the significant slowdown of the global economy due to the impact of the novel coronavirus pandemic and other factors.

Going forward, we will implement various reforms based on the theme of "A run-up to growth through exploitation and exploration" as set forth in the new medium-term management plan covering the period from fiscal 2021 to fiscal 2023, aiming to continuously improve our corporate value and meet the demands of society, including medium- and long-term environmental goals typified by a decarbonized society and contributions to a sustainable society.

In the insulation materials-related business, we will further deepen the cooperation between manufacturing, development, sales, and engineering to achieve "deepening our core insulation business and securing a stable revenue base," and we will work together to achieve customer satisfaction and strengthen our sales capabilities. In addition, we will further strengthen the foundation of our core business by improving quality and productivity and reducing costs through innovations in fiberization technology and production processes.

In other businesses, with the goal of "exploration for and cultivating new business fields and new product markets," we will expand our earnings base by cultivating growth fields, such as electronic components and new energy-related products, with a focus on functional ceramic products, which we have been engaged in for some time.

(5) Change in Results and Assets

1) Change in results and assets of Isolite Group

Classification	128th Term (Apr. 2017 - Mar. 2018)	129th Term (Apr. 2018 - Mar. 2019)	130th Term (Apr. 2019 - Mar. 2020)	131st Term (Current consolidated fiscal year) (Apr. 2020 - Mar. 2021)
Net Sales (million yen)	16,765	16,770	16,129	13,693
Recurring profit (million yen)	3,315	2,944	2,886	2,352
Current term net profit attributable to parent company stock (million yen)	2,289	1,474	1,891	1,599
Profit per share	97.22 yen	62.62 yen	80.36 yen	68.44 yen
Total assets (million yen)	19,218	19,142	20,514	20,536
Net assets (million yen)	11,897	12,816	14,204	15,738

- (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 128th term, recurring profit and current term net profit attributable to parent company stock 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.
3. 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 posting of extraordinary losses pertaining to the land for raw materials, current term net profit attributable to parent company stock has decreased.
4. In the 130th term, sales for various industrial furnaces were strong, but recurring profit decreased due to the lack of improvement in the decline in sales of automotive and semiconductor related products. On the other hand, current term net profit attributable to parent company stock increased due to the posting of extraordinary losses in the previous fiscal year.

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

Classification	128th Term (Apr. 2017 - Mar. 2018)	129th Term (Apr. 2018 - Mar. 2019)	130th Term (Apr. 2019 - Mar. 2020)	131st Term (Current consolidated fiscal year) (Apr. 2020 - Mar. 2021)
Net Sales (million yen)	8,367	9,107	9,198	9,433
Recurring profit (million yen)	1,655	1,841	1,712	1,622
Net income (million yen)	1,338	1,067	1,228	2,872
Profit per share	56.83 yen	45.31 yen	52.21 yen	122.97 yen
Total assets (million yen)	14,528	14,705	14,690	18,138
Net assets (million yen)	9,424	10,095	10,878	13,608

(Note) Profit per share is calculated based on the average total 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 (55.29% 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 of materials, etc., the market is taken into account when evaluating the price and trading conditions of the parent company, 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 commodities, etc., we presented our asking prices, taking into account market prices and the total cost, etc., and decide them through discussion.

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

2) Important subsidiary companies

Company Name	Capital stock	Voting rights ratio	Major business
Isolite Kenzai Co., Ltd.	¥70,000,000	100%	Production and sales of laminated wood products
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 Fibers 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
IIP Europe GmbH (Germany)	€25,000	100%	Production and sales of ceramic fibers

- (Notes) 1. The companies consolidated subsidiaries are the seven companies listed in “Important subsidiary companies” above
2. There are two subsidiaries accounted for under the equity method.
3. The Company absorbed and merged with ITM Company, 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.
5. ITM Europe GmbH changed its name to IIP Europe GmbH on October 1, 2020.

3) Other important affiliated company

Company Name	Capital stock	Voting rights ratio	Major business
Isolite Fanshin (Taiwan) Co., Ltd. (Taiwan)	NT\$24,000,000	50%	Sales of insulating firebricks and ceramic fibers
ITM-UNIFRAX K.K.	¥50,000,000	50%	Production and sales of ceramic fibers

(7) Main Businesses of Isolite Group (as of March 31, 2021)

Business segments	Details
Insulation materials-related business	Production and sales of ceramic fibers Production and sales of insulating firebricks Production and sales of IT industry-related equipment and materials Production and sales of materials for automotive exhaust gas purification systems Production and sales of monolithic refractory materials and 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 (as of March 31, 2021)

Isolite Insulating Products Co., Ltd.	Head Office (Kita-ku, Osaka City) Tokyo Sales Office (Chiyoda-ku, Tokyo) Osaka Sales Office (Kita-ku, Osaka City) Nagoya Sales Office (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) ITM Division Head Office, Kozaki Plant (Kozaki-cho, Katori-gun, Chiba)
Isolite Kenzai Co., Ltd.	Nanao City, Ishikawa
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
IIP Europe GmbH	Germany

- (Notes) 1. The Company absorbed and merged with ITM Company, a wholly owned subsidiary of the Company, on October 1, 2020.
2. 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. ITM Europe GmbH changed its name to IIP Europe GmbH on October 1, 2020.

(9) Status of Employment (As of March 31, 2021)

1) Isolite Group

Business segments	Number of employees
Insulation materials-related business	616
Other businesses	39
Total	655

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

2) Isolite Insulating Products

Number of employees	Change from previous year	Mean age	Length of service
317	+115	43.0	15.7 years

- (Note) 1. Number of employees is the number of working employees, including part-time, and does not include temporary employees.
2. The increase in the number of employees by 115 compared to the end of the previous fiscal year is due to the merger with ITM Corporation on October 1, 2020.

(10) Major Lenders (As of March 31, 2021)

Lender	Amount
The Sumitomo Trust and Banking Company, Limited.	390 million yen
Sumitomo Mitsui Banking Corporation	200 million yen

2. Company Overview

(1) Share Overview (As of March 31, 2021)

- 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 4,951
 4) Major Shareholders (top 10)

Shareholder	Number of shares	Share ratio
Shinagawa Refractories Co., Ltd.	12,919,000	55.28%
Nichias Corporation	1,010,000	4.32%
GOLDMAN SACHS & CO.REG	600,000	2.57%
The Master Trust Bank of Japan, Ltd. (Trust Account)	590,000	2.53%
Custody Bank of Japan, Ltd. (Trust account)	327,000	1.40%
Goldman Sachs International	256,000	1.10%
The Sumitomo Trust and Banking Company, Limited.	215,000	0.92%
Mitsui Sumitomo Insurance Company, Limited	191,000	0.82%
UBS AG LONDON A/CIPB SEGREGATED CLIENT ACCOUNT	179,000	0.77%
Hiroshi Kubota	159,000	0.68%

(Note) The share ratio is calculated after deducting treasury stock (236,903 shares).

5) Status of shares issued to directors as remuneration for the execution of duties during the current fiscal year

	No. of shares	Number of directors issued to
Directors (Excluding directors who are Audit and Supervisory Committee members)	8,219	3

Based on the resolution at the 130th Ordinary General Meeting of Shareholders, held on June 25, 2020, the Company introduced a system of stock-based compensation with restrictions on transfer. In response to this, the Board of Directors resolved at its meeting, held on June 25, 2020, to dispose of treasury stock as stock-based compensation with restrictions on transfer, and on July 22, 2020, the Company disposed of 8,219 shares of treasury stock to three directors (excluding directors who are Audit and Supervisory Committee members.).

(2) Status of Share Warrant

None

(3) Company Executive Officers

1) Directors and Auditors (as of March 31, 2021)

Position	Name	Management responsibility
Representative Director President and CEO	Eishi Iida	
Director Senior Managing Executive Officer	Tatsuo Sano	In charge of engineering management, Global Operations, overseas affiliates, Quality Assurance Department, and Health, Safety and Environment Department Chairman, Isolite Insulating Firebrick Sdn. Bhd. Chairman, Isolite Eastern Union Refractories Co., Ltd. Chairman, Isolite Ceramic Fibers Sdn. Bhd.
Director Executive Officer	Toshihiro Yamawaki	Management headquarters, in charge of domestic affiliates and general manager of management headquarters
Director (Permanent Audit and Supervisory Committee member)	Hiroshi Sato	
Director (Audit and Supervisory Committee member)	Nobuhiro Shirae	Director of Shirae Accounting 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 (Audit and Supervisory Committee member) Mr. Nobuhiro Shirae and Director (Audit and Supervisory Committee member) Mr. Akihiko Ishikawa are external directors.
2. The Company has reported to the Tokyo Stock Exchange that Director (Audit and Supervisory Committee member) Mr. Nobuhiro Shirae and Director (Audit and Supervisory Committee member) Mr. Akihiko Ishikawa are external 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 and Supervisory Committee member.
4. Director (Audit and Supervisory Committee member) Mr. Nobuhiro Shirae and Director (Audit and Supervisory 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, 2021)

(million yen)

Assets		Liabilities	
Current assets	11,691	Current liabilities	3,423
Cash and deposits	3,857	Bills payable and accounts payable	828
Bills receivable and accounts receivable	3,758	Electronically-recorded monetary obligations	297
Electronically-recorded monetary claims	1,036	Short-term borrowings	580
Finished products	1,673	Provision for corporate taxes	307
Products in progress	442	Accrued expenses	420
Materials and supplies	630	Accrued bonus	369
Other	297	Provision for business structure improvement	168
Allowance for doubtful accounts	△5	Other	450
Fixed assets	8,845	Fixed liabilities	1,374
Tangible fixed assets	6,521	Long-term borrowings	400
Buildings & structures	1,537	Allowance for retirement benefits	4
Machinery and vehicle equip.	1,325	Debt related to retirement benefits	652
Tools, apparatus and fixtures	173	Guarantee deposits received	193
Land	1,669	Other	124
Construction in progress	1,814	Total Liabilities	4,798
Intangible fixed assets	273	Net Assets	
Investments/other assets	2,050	Shareholders' equity	14,900
Investment in securities	1,218	Capital stock	3,196
Long-term loans	220	Capital surplus	2,255
Assets related to retirement benefits	221	Retained earnings	9,551
Deferred tax asset	164	Treasury stock	△102
Other	299	Accumulated amount for other comprehensive income	175
Allowance for doubtful accounts	△73	Valuation difference on available-for-sale securities	493
		Foreign currency conversion adjustments	△334
		Adjusted accumulated amount for retirement benefits	15
		Non-controlling shareholder equity	661
		Total net assets	15,738
Total assets	20,536	Total liabilities and net assets	20,536

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

Consolidated Profit and Loss Statement

(April 1, 2020
-March 31, 2021)

(million yen)

Item	Amount	
Net Sales		13,693
Cost of sales		8,254
Gross profit		5,438
Sales and general administrative expenses		3,286
Operating profit		2,151
Non-operating profit		
Interest/dividend received	51	
Rent payment receivable	10	
Equity in earnings of affiliates	24	
Royalties received	47	
Subsidy income	70	
Currency exchange profit	10	
Other	48	262
Non-operating expenses		
Interest paid	9	
Depreciation of temporarily idling fixed asset	13	
Loss on retirement of noncurrent assets	9	
Other	28	62
Recurring profit		2,352
Extraordinary income		
Subsidy income due to the novel coronavirus pandemic	10	10
Extraordinary losses		
Loss due to the novel coronavirus pandemic	11	
Business structure improvement costs	7	18
Current net profit before taxes		2,344
Corporate tax, corporate inhabitant tax and corporate enterprise tax	628	
Adjustment of corporate taxes	58	686
Net income		1,657
Current term net profit attributable to non-controlling shareholders		58
Current term net profit attributable to parent company stock		1,599

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

Consolidated statement of shareholders' equity

(April 1, 2020
-March 31, 2021)

(million yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at the beginning of current term	3,196	2,254	8,331	△110	13,672
Change during the consolidated fiscal year					
Dividends from surplus			△373		△373
Current term net profit attributable to parent company stock			1,599		1,599
Disposition of treasury stock		0		8	8
Change in scope of consolidation			△6		△6
Net change during the consolidated fiscal year for items other than shareholders' equity [net]					
Total change during the consolidated fiscal year	-	0	1,219	8	1,227
Balance at the end of current term	3,196	2,255	9,551	△102	14,900

	Accumulated amount for other comprehensive income				Non-controlling shareholder equity	Net assets Total
	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 term	272	△279	△79	△86	617	14,204
Change during the consolidated fiscal year						
Dividends from surplus						△373
Current term net profit attributable to parent company stock						1,599
Disposition of treasury stock						8
Change in scope of consolidation						△6
Net change during the consolidated fiscal year for items other than shareholders' equity [net]	220	△54	95	262	44	306
Total change during the consolidated fiscal year	220	△54	95	262	44	1,534
Balance at the end of current term	493	△334	15	175	661	15,738

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

Balance Sheet

(As of March 31, 2021)

(million yen)

Assets		Liabilities	
Current assets	9,936	Current liabilities	3,364
Cash and deposits	2,363	Bills payable	14
Bills receivable	951	Electronically-recorded monetary obligations	286
Electronically-recorded monetary claims	882	Accounts payable	1,144
Accounts receivable	2,810	Short-term borrowings	200
Finished products	1,088	Long-term borrowings due within one year	370
Property for sale	209	Arrears	213
Products in progress	346	Provision for corporate taxes	253
Materials and supplies	269	Consumption tax payable	29
Short-term loan	769	Accrued expenses	300
Other	250	Accrued bonus	283
Allowance for doubtful accounts	△5	Provision for business structure improvement	168
Fixed assets	8,202	Other	98
Tangible fixed assets	4,917	Fixed liabilities	1,165
Buildings	1,045	Long-term borrowings	400
Structures	79	Allowance for retirement benefits	506
Machinery and equipment	953	Guarantee deposits received	182
Vehicles	0	Other	76
Tools, apparatus and fixtures	105	Total Liabilities	4,529
Land	1,328	Net Assets	
Construction in progress	1,404	Shareholders' equity	13,114
Intangible fixed assets	202	Capital stock	3,196
Software	39	Capital surplus	2,255
Other	163	Capital surplus reserve	904
Investments/other assets	3,082	Other capital surplus	1,351
Investment in securities	1,120	Retained earnings	7,765
Shares of affiliate companies	653	Other retained earnings	7,765
Investments in affiliated companies	761	Retained earnings brought forward	7,765
Long-term loans	220	Treasury stock	△102
Long-term prepaid expenses	10	Valuation and translation adjustments, etc.	493
Prepaid pension cost	165	Valuation difference on available-for-sale securities	493
Deferred tax asset	80	Total net assets	13,608
Other	72	Total liabilities and net assets	18,138
Allowance for doubtful accounts	△2		
Total assets	18,138		

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

Profit and Loss Statement

(April 1, 2020
-March 31, 2021)

(million yen)

Item	Amount	
Net Sales		9,433
Cost of sales		5,975
Gross profit		3,457
Sales and general administrative expenses		2,296
Operating profit		1,161
Non-operating profit		
Interest/dividend received	340	
Currency exchange profit	23	
Royalties received	54	
Subsidy income	62	
Other	45	526
Non-operating expenses		
Interest paid	8	
Depreciation of temporarily idling fixed asset	13	
Other	42	65
Recurring profit		1,622
Extraordinary income		
Gain on extinguishment of tie-in shares	1,673	1,673
Extraordinary losses		
Business structure improvement costs	7	7
Net income before taxes and other adjustments		3,287
Corporate tax, corporate inhabitant tax and corporate enterprise tax	385	
Adjustment of corporate taxes	28	414
Net income		2,872

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

Statement of changes in shareholders' equity

(April 1, 2020
-March 31, 2021)

(million yen)

	Shareholders' equity							Total shareholders' equity
	Capital stock	Capital surplus			Retained earnings		Treasury stock	
		Capital surplus reserve	Other capital surplus	Total capital surplus	Other retained earnings Retained earnings brought forward	Total retained earnings		
Balance at the beginning of current term	3,196	904	1,350	2,254	5,265	5,265	△110	10,606
Change during the fiscal year								
Dividends from surplus					△373	△373		△373
Net income					2,872	2,872		2,872
Disposition of treasury stock			0	0			8	8
Change during the fiscal year for items other than shareholder's equity [net]								
Total change during the fiscal year	-	-	0	0	2,499	2,499	8	2,507
Balance at the end of current term	3,196	904	1,351	2,255	7,765	7,765	△102	13,114

	Valuation and translation adjustments, etc.		Total net assets
	Valuation difference on available-for-sale securities	Total valuation and translation adjustments	
Balance at the beginning of current term	271	271	10,878
Change during the fiscal year			
Dividends from surplus			△373
Net income			2,872
Disposition of treasury stock			8
Change during the fiscal year for items other than shareholder's equity [net]	221	221	221
Total change during the fiscal year	221	221	2,729
Balance at the end of current term	493	493	13,608

(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 12 yen per share of company's common stock

In this case, the total dividend will be 280,436,040 yen

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

It shall be on June 28, 2021

Resolution No. 2: Election of three directors (Excluding directors who are Audit and Supervisory Committee members.)

The term of office of all three 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, we are requesting the election of three directors.

With regard to this resolution, the Audit and Supervisory 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 company's Yumoto plant</p> <p>January 2009 Executive officer of Shinagawa Refractories Co., Ltd. and director of Yumoto plant</p> <p>June 2012 Managing executive officer of the company and director of Yumoto plant</p> <p>June 2013 Representative managing executive officer of the company and director of Okayama plant</p> <p>April 2014 Representative managing executive officer of the company and director of West Japan plant</p> <p>April 2018 Consulting Director of Isolite's Sales and Marketing Group</p> <p>June 2018 Representative Director and CEO of the Company</p> <p>June 2020 President and Representative Director of the Company (current position)</p>	13,300
<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 department and manufacturing department at Shinagawa Refractories Co., Ltd. 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>			

Candidate No.	Name (Date of birth)	Biography, status and responsibilities within the Company (Status of important concurrent positions)	The number of company shares owned
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 Director of the Company's insulating firebrick business</p> <p>June 2009 Director of the Company, GM of ceramic fiber business department</p> <p>April 2011 Director of the Company, GM of Isolite's Manufacturing Group and Director of Otowa plant</p> <p>June 2014 Executive director of the Company, GM of Isolite's Manufacturing Group</p> <p>June 2020 Executive director and senior executive officer of the Company, in charge of engineering management, Global Operations, overseas affiliates, Quality Assurance Department and Health, Safety and Environment Department (current position)</p> <p>(Status of important concurrent positions)</p> <ul style="list-style-type: none"> • Chairman, Isolite Insulating Firebrick Sdn. Bhd. • Chairman, Isolite Eastern Union Refractories Co., Ltd. • Chairman, Isolite Ceramic Fibers Sdn. Bhd. 	25,700
Reason for being a candidate for the board of directors			
Mr. Tatsuo Sano, has extensive experience at our production departments, both in Japan and overseas, and is currently overseeing our Engineering Services Department, as well as playing an important role in assisting the representative director as executive director and senior executive officer, so we request that he be elected to continue on as a director.			
*3	Ken Katoh (Born August 24, 1958)	<p>April 1981 Joined Shinagawa Shirorenga Co., Ltd. (Now Shinagawa Refractories Co., Ltd.)</p> <p>June 2007 GM of the company's general affairs department and GM of real estate department</p> <p>January 2009 GM of Shinagawa Refractories Co., Ltd.</p> <p>June 2012 Executive director of the company and GM of general affairs department</p> <p>April 2014 Managing executive officer of the company and GM of general affairs department</p> <p>April 2016 Managing executive officer of the company in charge of management department and domestic affiliates</p> <p>June 2016 department and domestic affiliates</p> <p>April 2020 Representative managing executive officer of the company in charge of management department and domestic affiliates</p> <p>Representative managing executive officer of the company in charge of management department (current position)</p>	—
Reason for being a candidate for the board of directors			
Mr. Ken Katoh has been involved with the work of the general affairs department, accounting department, and procurement department at Shinagawa Refractories Co., Ltd. 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 appointed as a director.			

(Note) 1. * indicates a candidate for new director appointment.

2. There are no particular conflicts of interest between each candidate and the Company.
3. Over the past ten years, both Mr. Eishi Iida and Mr. Ken Katoh have been executive officers of the Company's parent company, Shinagawa Refractories Co., Ltd., and their positions and responsibilities are as listed above.
4. The Company has concluded a liability insurance contract for directors and officers, which outlines the following contents and is scheduled to be renewed in September 2021. Mr. Eishi Iida and Mr. Tatsuo Sano are already insured under the insurance policy and will continue to be insured after their appointment. Mr. Ken Katoh will be newly insured under the insurance policy after his appointment.

- Actual share of premiums paid by the insured

The Company will pay all insurance premiums, including those of the options, and the insured will not pay any actual insurance premiums.

- Outline of the insurance accidents covered

This policy, together with options, covers damages that may result from the insured officer, etc., assuming responsibility for his/her duties or receiving a claim related to the pursuit of such responsibilities. However, there are certain exemptions, such as when an act is committed in the knowledge that it is in violation of laws and regulations.