



For 2Q of the Fiscal Year Ending March 2018

SOFT99 corporation

Financial Results Briefing

November 29, 2017

- This presentation and our responses during the subsequent question and answer session include forecasts, expectations, assessments, plans and strategies concerning the future.
- The description and statements based on these future projections include demand fluctuation of products, economic trends, weather and other risks and uncertainties.
- All the descriptions and statements based on future projections mentioned in this presentation and our responses during the subsequent question and answer session are based on information available on the date of this presentation, and our company and our group companies assume no obligation to update such descriptions and statements.
- In addition, such descriptions and statements do not constitute a guarantee of future results and actual results may substantively differ from the current expectations of our company and our group companies. These differences could be caused by many factors.

I: Outline of Corporate Group

SOFT99 corporation

Establishment	October 28, 1954
Capital	¥2,310,056,000
Representative	President and CEO Hideaki Tanaka
No. of employees	205 (as of September 30, 2017)
Principal business	Manufacturing and sale of chemical products for car and home care

History of our principal products

1969
"HANNERI WAX"



1978
"BODY PAINT"



1987
"TINET"



1993
"GLACO ROLL ON"



1995
"ATELIER 99"











1999
"FUKUPIKA WET"













2006
"SHAMPOO FOR GLASSES"



Subsidiaries and Affiliates

Company name	Location	Stated capital or contribution	Percentage of our ownership of voting rights	Relationship
AION Co., Ltd. 	Chuo-ku, Osaka	¥482 mil.	100.0%	Real estate leasing Interlocking directors
ASMO Co., Ltd. 	Chuo-ku, Osaka	¥80 mil.	100.0%	Financial assistance and real estate leasing Interlocking directors
Shanghai SOFT99 Chemical Co., Ltd. 	Shanghai, People's Republic of China	US\$5,650 k	100.0%	Interlocking directors
SOFT99 autoservice Co., Ltd. 	Chuo-ku, Osaka	¥50 mil.	100.0%	Financial assistance and real estate leasing Interlocking directors
KURASHIKIKAKU Co., Ltd. 	Koto-ku, Tokyo	¥50 mil.	100.0%	Interlocking directors and real estate leasing
Arise Inc. 	Chuo-ku, Osaka	¥50 mil.	100.0%	Financial assistance and real estate leasing Interlocking directors
Orange Japan Inc. 	Koto-ku, Tokyo	¥30 mil.	100.0%	Financial assistance and real estate leasing Interlocking directors
ANTERIA Co., Ltd. 	Chuo-ku, Osaka	¥10 mil.	100.0%	Financial assistance and real estate leasing

Outline of Operating Segments

Fine Chemicals	Car care products (general/pro use)	 SOFT99 corporation	
	Home care products		
	Foreign operations		
	Import and sale of foreign car care products		 Shanghai SOFT99 Chemical Co., Ltd.
	Planning, development and sale of TPMS		 ANTERIA Co., Ltd.
		 Orange Japan Inc.	
Porous Materials	Industrial materials division	 AION Co., Ltd.	
	Consumables division		
Services	Auto service business	 SOFT99 autoservice Co., Ltd.	
	Driving school business	 ASMO Co., Ltd.	
	Planning and sale of household products	 KURASHIKIKAKU Co., Ltd.	
Real-Estate Related	Real-estate leasing business	 SOFT99 corporation	
	Bathhouse business		
	Support for preventative long-term care	 Arise Inc.	

II: Outline of Consolidated Results

Consolidated Results

(Profit and loss: Year-on-year comparison)



- Sales and profits increased owing to strong performance of fine chemicals and porous materials segments.
- Net profit also increased due to operational strength of our business as well as minimal extraordinary loss recorded for the previous fiscal year as a result of dissolving employee pension plan.

(In millions of yen)

	2Q of the fiscal year ended March 2017	2Q of the fiscal year ending March 2018	Year-on-year changes	Year-on-year % changes
Net sales	11,057	11,666	+609	+5.5%
Gross profit	4,068	4,453	+385	+9.5%
Gross profit margin	(36.8%)	(38.2%)	(+1.4P)	—
Selling, general and administrative expenses	2,927	3,029	+102	+3.5%
Operating profit	1,140	1,423	283	+24.8%
Operating profit margin	(10.3%)	(12.2%)	(+.9P)	—
Ordinary profit	1,231	1,493	+262	+21.2%
Net income before income taxes	1,115	1,498	+383	+34.3%
Net income attributable to shareholders of parent company	954	990	+166	+20.1%

Condensed Consolidated Cash Flow

(Year-on-year comparison)



(In millions of yen)

	2Q of the fiscal year ended March 2017	2Q of the fiscal year ending March 2018
Cash flow from operating activities	407	829
Cash flow from investing activities	(425)	(440)
Cash flow from financing activities	(257)	(292)
Effect of exchange rate changes on cash and cash equivalents	(4)	(0)
Net increase (decrease) in cash and cash equivalents	(279)	96
Cash and cash equivalents at beginning of the year	14,049	14,680
Cash and cash equivalents at end of the year	13,769	14,777
Depreciation expense	332	333
Capital expenditures (*)	457	417

(*) Expenditures for purchase of property, plant and equipment

Condensed Consolidated Balance Sheet

(Year-on-year comparison)



(In millions of yen)

	March 31, 2017	September 30, 2017	Year-on- year changes		March 31, 2017	September 30, 2017	Year-on- year changes
Current Assets	21,887	22,746	+859	Current Liabilities	2,771	3,425	+654
Cash and deposits	15,136	15,249	+113	Accounts payable	1,054	1,085	+31
Accounts receivable	3,582	4,104	+522	Income taxes payable	286	533	+247
Marketable securities	602	401	-201	Payables and accrued expenses	1,051	1,163	+112
Inventories	2,189	2,578	+389	Others	379	643	+264
Others	376	412	+36	Non-current Liabilities	3,619	3,462	-157
Non-current Assets	28,782	29,393	+611	Total Liabilities	6,390	6,888	+498
Property, plant and equipment	21,981	22,113	+132	Net Assets	44,279	45,251	+972
Intangible assets	141	135	-6	Shareholders' equity	43,738	44,486	+748
Investments and other assets	6,660	7,143	+483	Accumulated other comprehensive income	540	765	+225
Assets	50,670	52,139	+1,469	Liabilities and Net Assets	50,670	52,139	+1,469

Consolidated Highlight Financial Indicators

(Year-on-year comparison)



(In millions of yen)

	2Q of the fiscal year ended March 2017	2Q of the fiscal year ending March 2018	Year-on-year changes
Total assets	49,307	52,139	+2,832
Net assets	43,131	45,251	+2,120
Equity ratio (%)	87.5%	86.8%	-0.7Pt
ROA (Ordinary profit/Total assets)	2.5%	2.9%	+0.4Pt
ROE (Net profit/Net assets)	1.9%	2.2%	+0.3Pt
Net income per share (yen)	38.02	45.64	+7.62
Dividends per share (yen)	10.00	11.00	+1.00
Dividend payout ratio	26.3%	24.1%	-2.2Pt

Revision of the Full-year Earnings Forecast



(In millions of yen)

	Disclosed on May 11, 2017 (Initial forecast)	Disclosed on October 31, 2017 (Revised forecast)	Year-on-year changes
Consolidated net sales	22,600	22,950	+350 (+1.5%)
Consolidated operating profit	2,420	2,700	+280 (+11.6%)
Consolidated ordinary profit	2,570	2,850	+280 (+10.9%)
Consolidated net income	1,700	1,900	+200 (+11.8%)

III: Outline of Segment Results

Fine Chemicals (Profit and loss: Year-on-year comparison)

- Net sales increased by 338 million yen due to strong sales of products for general use (glass care), products for professional use and overseas sales.
- Gross profit increased by 170 million yen owing to growth of sales of professional-use products with high profit margins as well as improvement in gross profit margins in foreign operations.

(In millions of yen)	2Q of the fiscal year ended March 2017	2Q of the fiscal year ending March 2018	Year-on-year changes	Year-on-year % changes
Net sales	5,381	5,719	+338	+6.3%
(General use: Car-exterior care)	(1,017)	(970)	(-47)	(-4.6%)
(General use: Glass care)	(1,679)	(1,756)	(+77)	(+4.6%)
(General use: Repair products)	(1,163)	(1,173)	(+10)	(+0.9%)
(Professional use)	(686)	(742)	(+56)	(+8.2%)
(Home care products, etc.)	(233)	(235)	(+2)	(+0.9%)
(Foreign operations)	(580)	(806)	(+226)	(+39.0%)
(TPMS)	(49)	(59)	(+10)	(+20.4%)
(Others) Note: Includes sales of resin containers	(-29)	(-24)	(+5)	(+17.2%)
Gross profit	2,570	2,740	+170	+6.6%
Gross profit margin (%)	47.8%	47.9%	+0.1Pt	—
Operating profit	611	730	+119	+19.5%
Operating profit margin (%)	11.4%	12.8%	+1.4Pt	—

Porous Materials (Profit and loss: Year-on-year comparison)

- Net sales increased by 227 million yen mainly due to growth of sales of industrial materials products for semiconductors.
- Gross profit increased by 133 million yen as improved plant utilization reduced costs.

(In millions of yen)	2Q of the fiscal year ended March 2017	2Q of the fiscal year ending March 2018	Year-on-year changes	Year-on-year % changes
Net sales	2,529	2,756	+227	+9.0%
(Industrial materials)	(1,800)	(2,015)	(+215)	(+11.9%)
(Domestic)	(932)	(1,064)	(+132)	(+14.2%)
(Overseas)	(867)	(951)	(+84)	(+9.7%)
(Consumables)	(730)	(741)	(+11)	(+1.5%)
(Domestic)	(367)	(345)	(-22)	(-6.0%)
(Overseas)	(364)	(397)	(+33)	(+9.1%)
Gross profit	830	963	+133	+16.0%
Gross profit margin (%)	32.8%	34.9%	+2.1Pt	—
Operating profit	357	472	+115	+32.2%
Operating profit margin (%)	14.1%	17.2%	+3.1Pt	—

Services (Profit and loss: Year-on-year comparison)

- In the automobile repair and sheet metal business, new businesses such as coating services were good performers while in the driving school business, corporate sponsored training was on the increase. As a result, net sales in the services segment overall increased by 45 million yen.
- Gross profit increased by 82 million yen.

(In millions of yen)	2Q of the fiscal year ended March 2017	2Q of the fiscal year ending March 2018	Year-on-year changes	Year-on-year % changes
Net sales	2,432	2,477	+45	+1.9%
(Auto service)	(1,188)	(1,210)	(+22)	(+1.9%)
(Driving schools)	(415)	(432)	(+17)	(+4.1%)
(Planning and sale of household products)	(828)	(835)	(+7)	(+0.8%)
Gross profit	522	604	+82	+15.7%
Gross profit margin (%)	21.5%	24.4%	+2.9Pt	—
Operating profit	42	91	+49	+116.7%
Operating profit margin (%)	1.7%	3.7%	+2.0Pt	—

Real-Estate Related (Profit and loss: Year-on-year comparison)



- Net sales fell in the real-estate segment as a whole due to the impact from equipment failures in some stores in the bathhouse business while gross profit increased by 1 million yen owing to lower repair expenses in the real-estate leasing business.

(In millions of yen)	2Q of the fiscal year ended March 2017	2Q of the fiscal year ending March 2018	Year-on-year changes	Year-on-year % changes
Net sales	713	712	-1	-0.1%
(Real-estate leasing)	(180)	(186)	(+6)	(+3.3%)
(Bathhouse business)	(511)	(499)	(-12)	(-2.3%)
(Support for preventive long-term care)	(21)	(26)	(+5)	(+23.8%)
Gross profit	144	145	+1	+0.7%
Gross profit margin (%)	20.2%	20.4%	+0.2Pt	—
Operating profit	124	126	+2	+1.6%
Operating profit margin (%)	17.4%	17.7%	+0.3Pt	—

Segment Information

(Comparison of net sales and operating profit by segment)



(In millions of yen)

Net sales	2Q of the fiscal year ending March 2017	(Composition ratio)	2Q of the fiscal year ending March 2018	(Composition ratio)	Year-on-year changes of composition ratio
Fine Chemicals	5,381	(48.7%)	5,719	(49.0%)	+0.3Pt
Porous Materials	2,529	(22.9%)	2,756	(23.6%)	+0.7Pt
Services and Real-Estate Related	3,146	(28.4%)	3,190	(27.4%)	-10.0Pt
Total	11,057	(100.0%)	11,666	(100.0%)	—

Operating profit	2Q of the fiscal year ending March 2017	(Composition ratio)	2Q of fiscal year ending March 2018	(Composition ratio)	Year-on-year changes of composition ratio
Fine Chemicals	611	(53.9%)	730	(51.4%)	-2.5Pt
Porous Materials	357	(31.5%)	472	(33.3%)	+1.8Pt
Services and Real-Estate Related	166	(14.6%)	217	(15.3%)	+0.7Pt
(*) Total	1,140	(100.0%)	1,423	(100.0%)	—

(*) Total amounts include adjustments.

Policy on return to shareholders

- Our basic policy is to continue stable dividend payments and as a general guide, return 20% of the consolidated operating profit to shareholders.
 - ✓We plan to spend up to 105 million yen to purchase up to 70,000 of our own shares from November 1, 2017 to March 31, 2018.
 - ✓We will pay an interim dividend per share of 11.00 yen as initially projected.
- Retained profits are planned to be used for investments to expand future business and strengthen management structure.

	2Q of the fiscal year ending March 2018 (Actual)	Fiscal year ending March 2018 (Forecast)	Progress
Net income attributable shareholders of parent company (in million yen)	990	1,900	52.10%
Net income per share (yen)	45.64	87.58	52.11%
Annual dividend per share (yen)	(Interim dividend) 11.00	22.00	50.00%
Annual dividend (in million yen) Note: Calculated based on the list of shareholders as of end of September 2017	239	479	—
Dividend payout ratio (%) The ratios are on a consolidated basis and calculated by dividing the dividend amount by net income.	24.1	25.1	—
Ratio of dividends to net assets (%)	0.5	1.1	—

IV: Progress of the Medium-term Management Plan

Outline of Medium-term Management Plan (1/2: Management policies)



■ The Fifth Medium-term Management Plan “SHIFT DOWN!! ”

Management principle: **“Lifestyle-creating company”** Continue to be a “company which creates new lifestyles that prove useful in daily lives.”

Business issues: Aim to improve operating efficiency by making use of surplus funds in order to accommodate environmental changes and further expand our businesses.

Management vision/Basic policies: These are set for each business field via the operating segments.

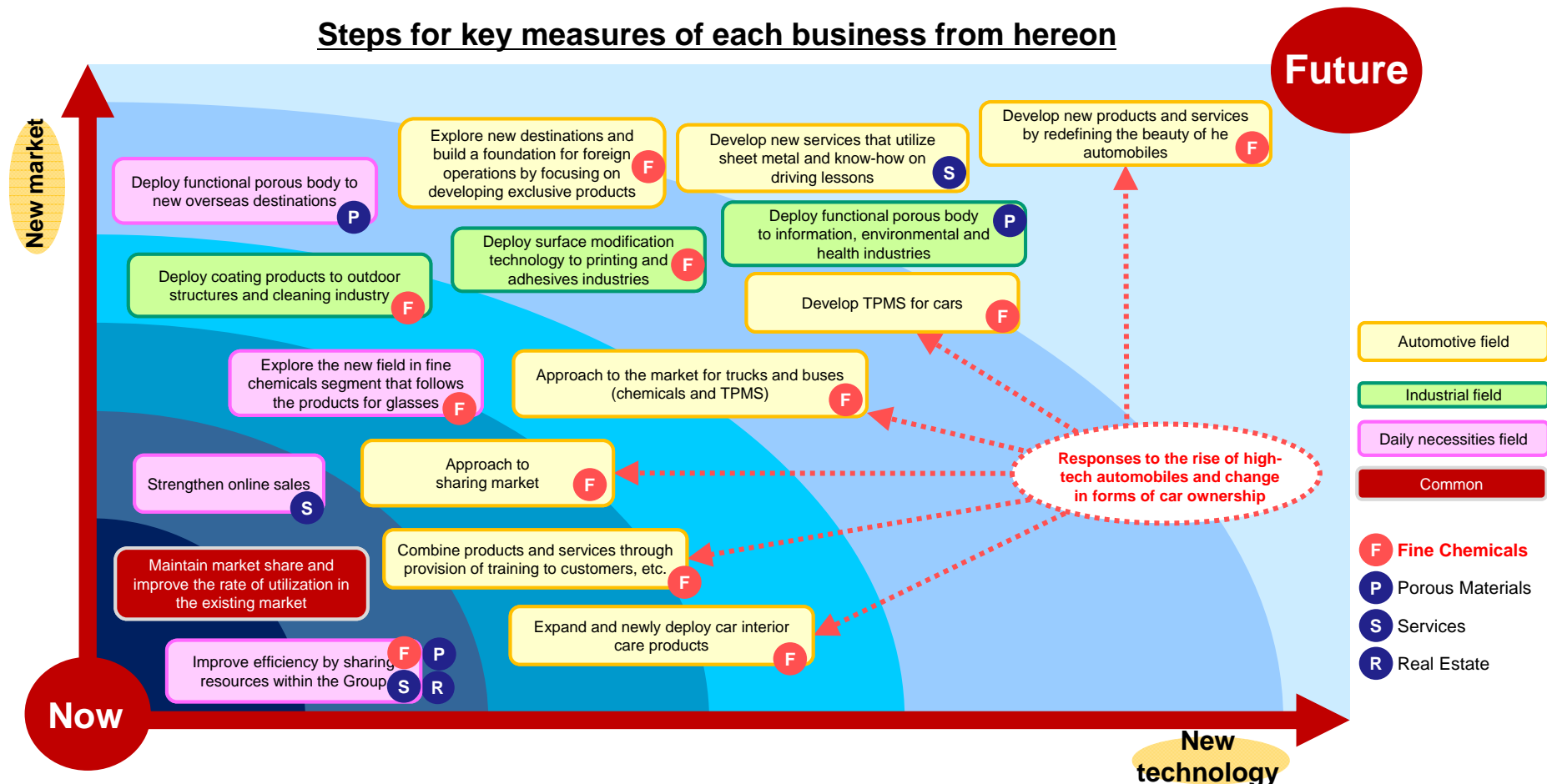
		Fine chemicals segment	Porous materials segment	Service/real-estate segment
Automotive field	Management vision	Forge new bonds between people and automobiles for the coming period of globalization of the automotive industry and rise of high-tech automobiles.		
	Basic management policies	Achieve security, safety and comfort in automobiles in the new era.		
Industrial field	Management vision	Utilize surface modification technology and functional precision porous technology for solving problems in a wide range of industries.		
	Basic management policies	Pioneer and cultivate the next core market.		
Common	Management vision	Solve small problems, relieve stress in daily lives and create a more comfortable living environment.		
	Basic management policies	Establish a presence in niche markets.		

Outline of Medium-term Management Plan (2/2 : Key measures)



- Based on basic management principles, we will gradually launch efforts and initiatives for new markets and technologies mainly in the automotive field of fine chemicals segment.

Steps for key measures of each business from hereon



Main Initiatives in the Automotive Field in the Fine Chemicals Segment (Japan)



■ Promote development of new products and revamp our sales structure in accordance with changes in the automotive-related market.

- (1) [Automotive field] Develop new products tailored to changes in users' preference.
- (2) [Automotive field] Eliminate the boundary between products for general consumers and professional-use products and provide all products in a wide range of business categories.
- (3) [Automotive field] Propose combining products and services consistent with client retailers' service enhancement policies.

(1) Development of new products and services by redefining the beauty of automobiles



- Develop "waterless car wash" products amidst decline in car wash locations
- Propose improving the application process for professional-use coatings

(1) Expansion and new development of car interior care products



- Provide new brands for car interior cleaning such as multi-purpose car interior cleaners and seat stain-resistant coatings with sterilization and deodorizing effects.

(2)(3) Combination of products and services such as providing training to customers



- Propose a package offering professional-use glass coatings and wiper sales for volume sales dealers.
- Propose sales of water repellent wipers to import car dealers

(2) Approach to the sharing market



- Propose improving vehicle maintenance quality and streamlining car sharing and rental car business operations etc.

Major Achievements in the Automotive Field in the Fine Chemicals Segment (Japan 1/2: Water repellent wipers)

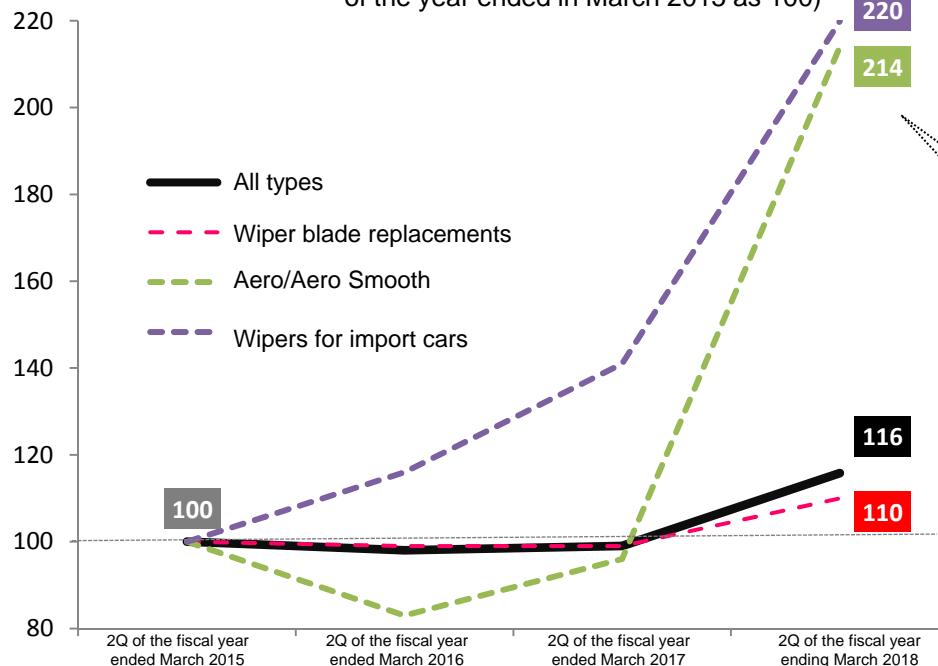


■ Promote cross-selling of products for general and professional use and expand sales by sharing sales channels

- (1) Sell wiper blades as replacement blades to resolve noise issues with wipers at import car dealers.
- (2) Propose raising average spending per customer by bundling/packaging application services for professional-use glass coatings and increasing sales of water repellent wipers at stores specializing in automotive products.

Trends in shipment quantities of water repellent wipers (*)

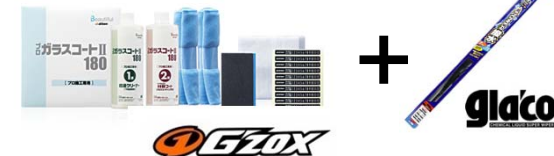
(Presented as indices with the results for the 2Q of the year ended in March 2015 as 100)



(1) Sales rose as an increasing number of import car dealers started to provide services to replace wiper blades to resolve wiper noise issues.



(2) More volume retailers (stores specializing in automotive products) started to sell wipers and application services for professional-use repellent glass coating as a package.



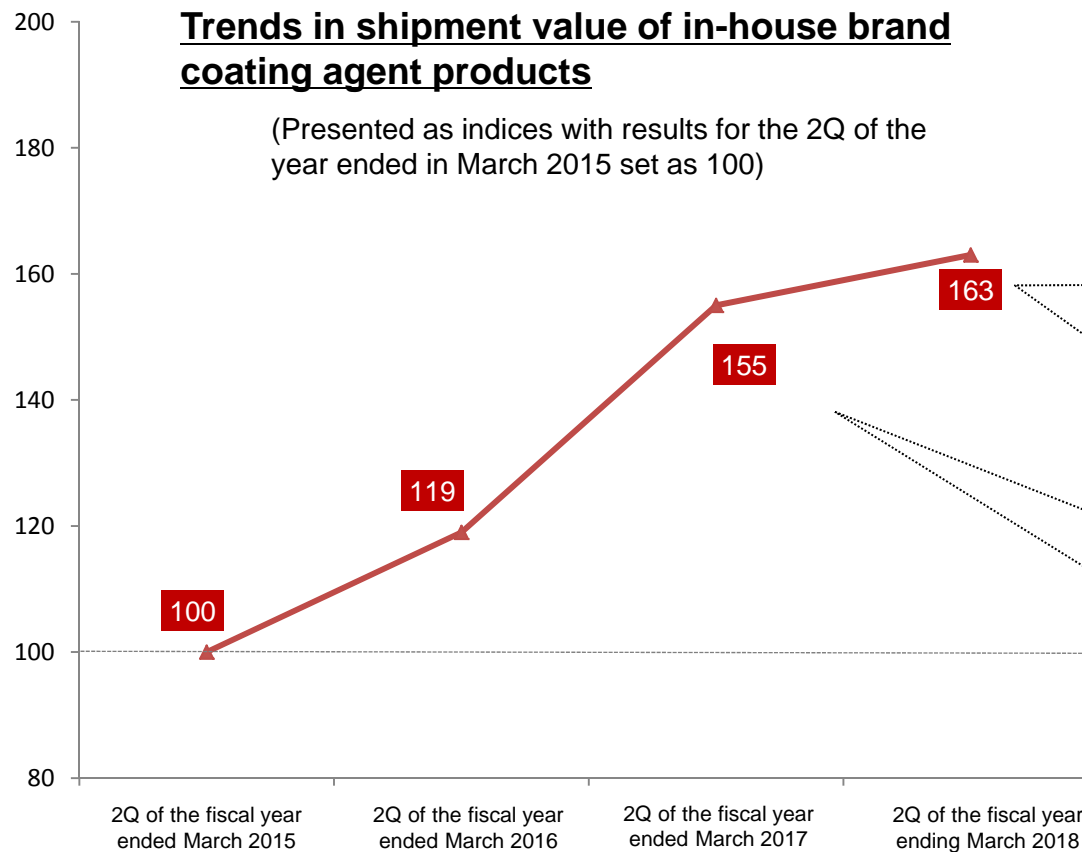
(*) Excluding the graphite ultra vision series

Major Achievements in the Automotive Field in the Fine Chemicals Segment (Japan 2/2: Professional-use coatings)



■ Expansion of sales by proposing high-value-added products

- (1) Sales of high-grade coating agents to paint wholesalers and stores specializing in applying coatings increased.
- (2) Delivery of products to used car dealers which began in earnest since the previous fiscal year remained stable.



(1)

Sales of high-grade coating agent "Hi-MOHS COAT" increased.



(2)

Deliveries of "New Real Glass Coat S" started to major used car dealers.

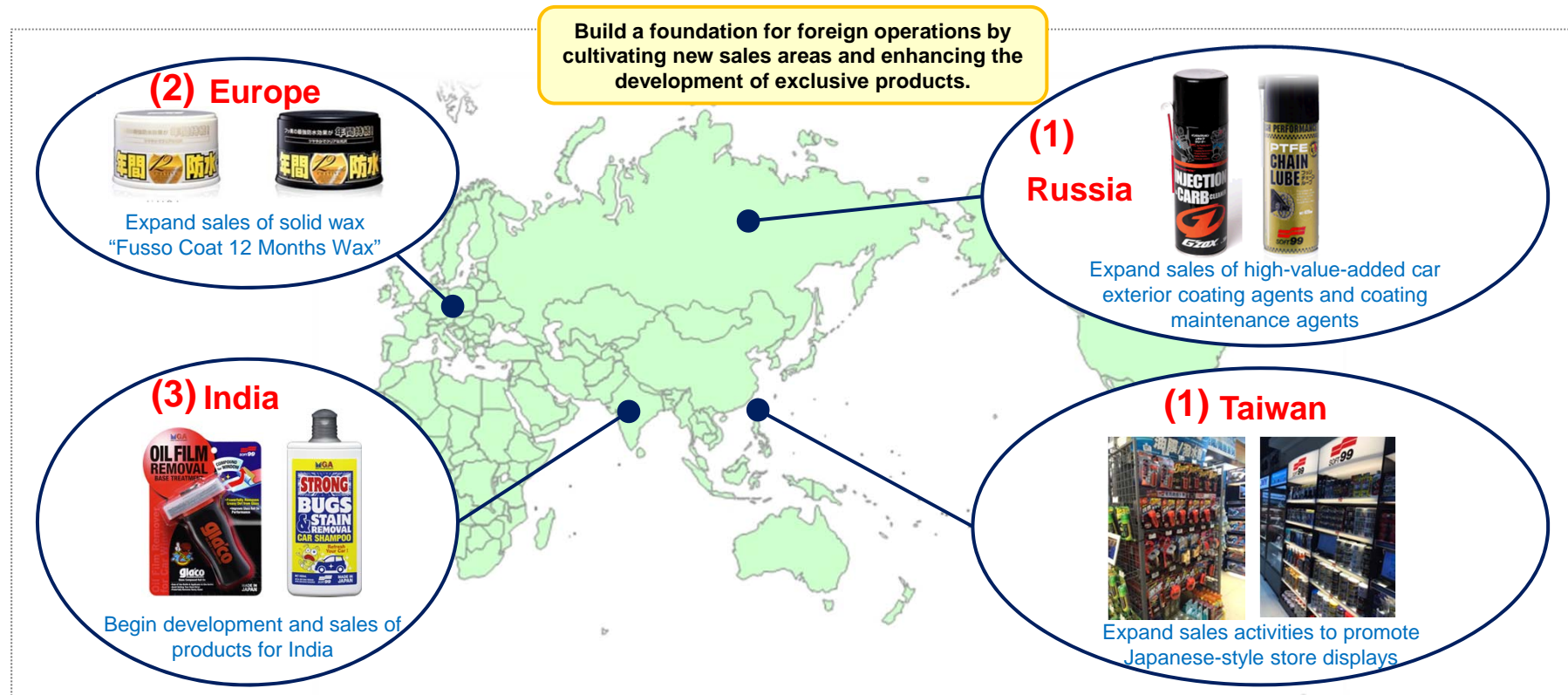


Main Initiatives in the Automotive Field in the Fine Chemicals Segment (Overseas)



■ Promote product development and sales promotion activities to expand sales in new sales destinations.

- (1) [Automotive field] Enhance sales at existing sales destinations (Russia/East Asia)
- (2) [Automotive field] Enhance sales in the European market where our products have gained a foothold.
- (3) [Automotive field] Begin rolling out products for India.



Major Achievements in the Automotive Field in the Fine Chemicals Segment (Overseas)

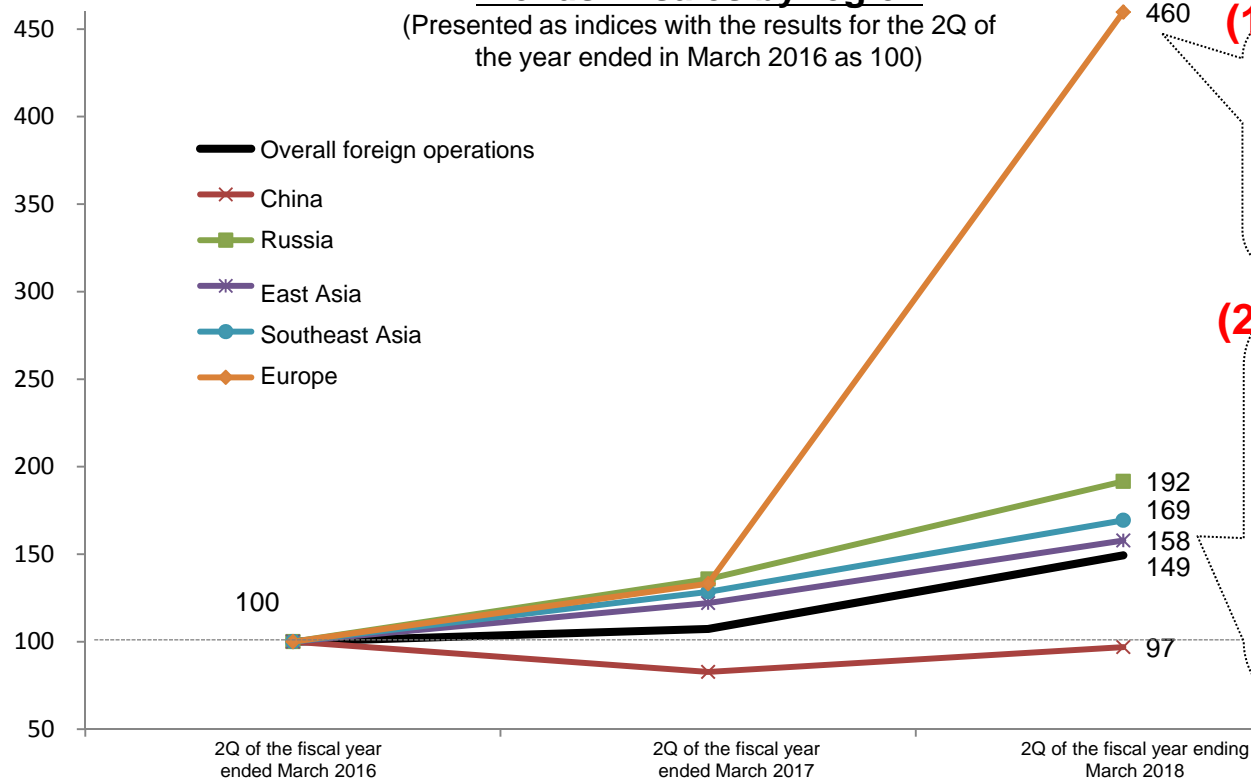


■ Cultivation of existing markets

- (1) Sales of products, especially car-exterior care products for general consumers, increased in Europe. Sales in other regions also exceeded the previous fiscal year's levels.
- (2) Local sales activities which include the proposal of store displays as a new initiative in East Asia yielded favorable results.

Trends in sales by region

(Presented as indices with the results for the 2Q of the year ended in March 2016 as 100)



(1) Sales of car-exterior care products especially the solid wax "Fusso Coat 12 Months Wax," increased.

(2) Sales activities to promote Japanese-style store displays were implemented in Taiwan and Korea.

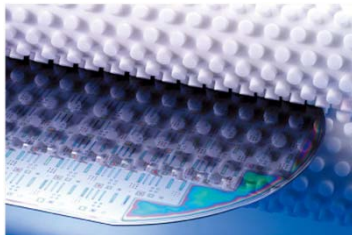
Main Initiatives in the Porous Materials Segment

■ Initiatives for accommodating new technologies and exploring new markets

- (1) [Industrial field] Improvement of semiconductor cleaning technology for manufacturing processes for higher-density semiconductors
- (2) [Industrial field] Application of products for medical use and development of products for printers
- (3) [Living field] Proposal for reintroducing existing products as new products for kitchen areas and introduction of existing products in overseas markets

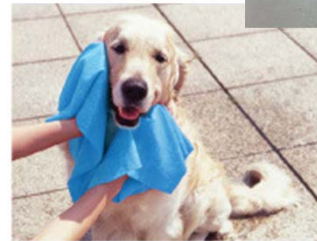
Application of functional porous units for information, environmental and health industries

(1)(2)



- [Industrial] Promote actions to accommodate higher-density semiconductors
- [Industrial] Propose water stop valve components for liquid absorption devices as new products for medical use following up from the influenza test kit
- [Industrial] New proposal for ink absorption components for printers

(3)



- [Daily needs] Respond to needs for water absorption in kitchen areas and removing condensation
- [Daily needs] Respond to need for sponges for pets and ships/vessels overseas

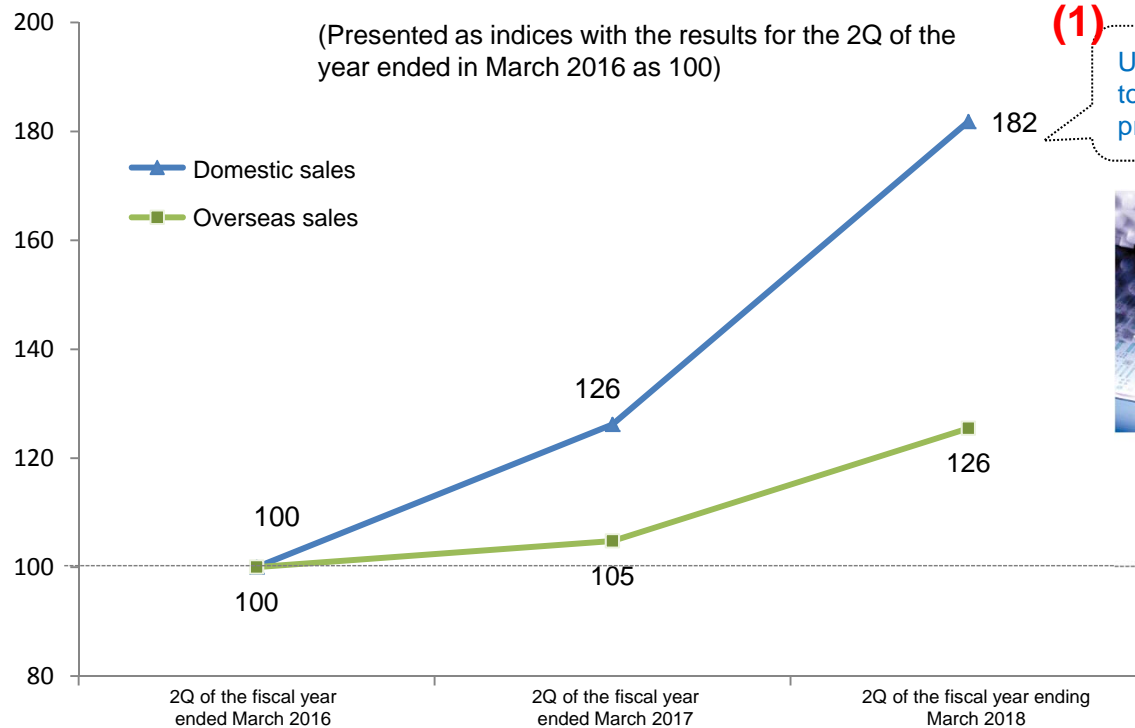
Major Achievements in the Industrial Field in the Porous Materials Segment (1/2: Semiconductor cleaning)



■ Expansion of sales in the brisk semiconductor market

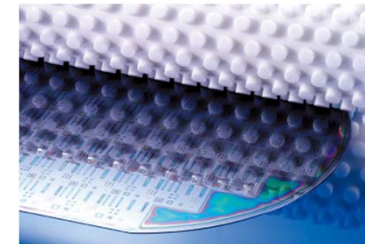
- (1) In Japan, the amount of cleaning materials used increased as the semiconductor manufacturing volume rose and manufacturing facilities at clients expanded due to strong demand for semiconductors.
- (2) Shipment volumes of foreign semiconductor makers also increased.

Trends in sales of semiconductor cleaning products



(1)

Usage of our company products increased due to increased production volume and expanded production facilities at domestic clients.



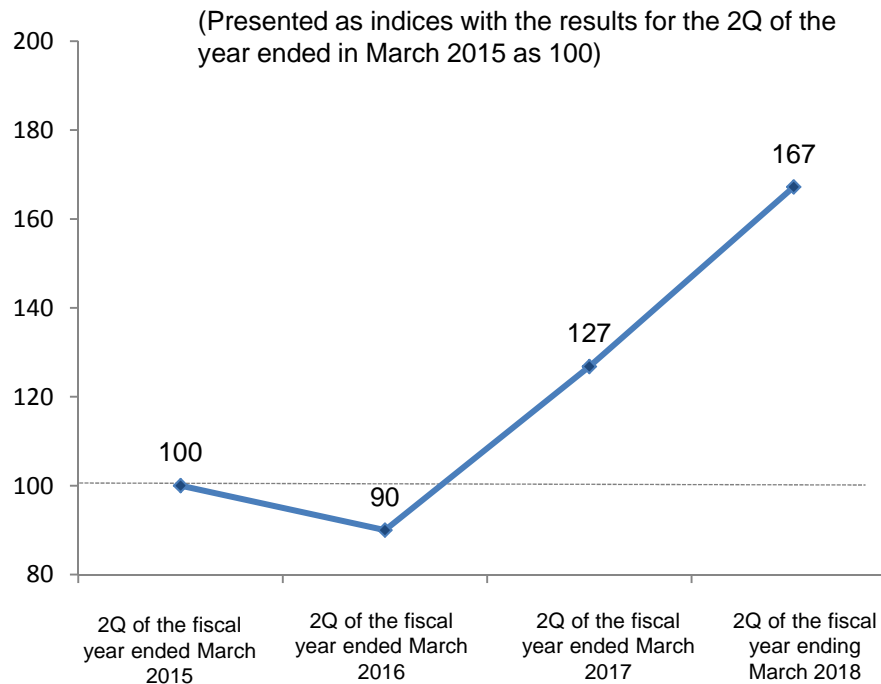
Major Achievements in the Industrial Field in the Porous Materials Segment (2/2: Medical-use products/ Printers)



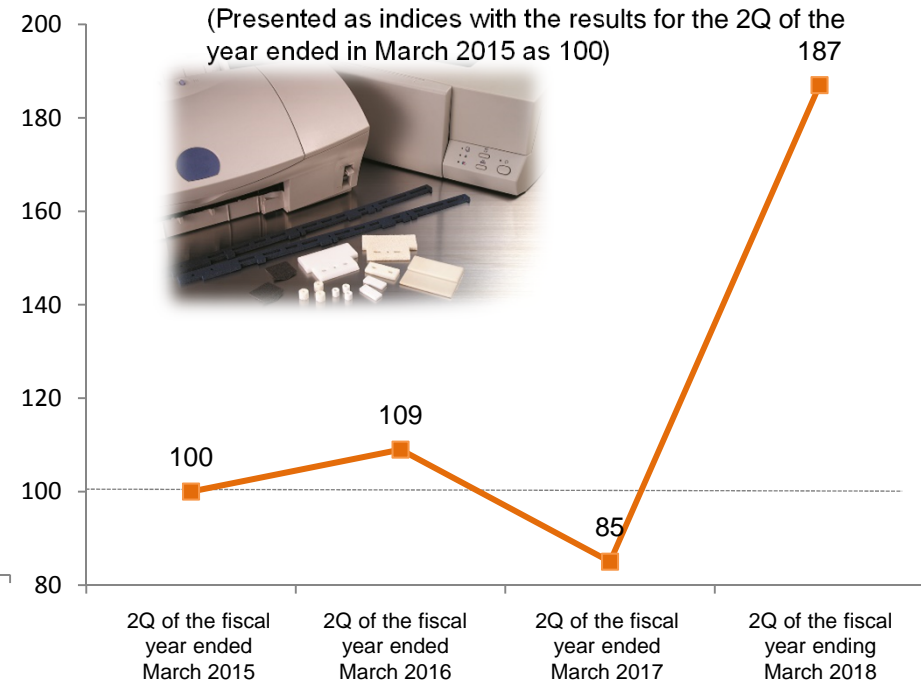
■ Promotion of NDC (New Demand Creation) activities

- (1) Our medical-use products have recently gained a foothold after our products were adopted as components in influenza test kits. Another product was adopted as water stop valve components for liquid absorption devices, thus expanding use of our products in medical settings.
- (2) Sales increased as our newly developed ink absorption components for printers were adopted by a major printer maker for its new products.

(1) Trends in sales of products for medical use



(2) Trends in sales of products for ink absorption

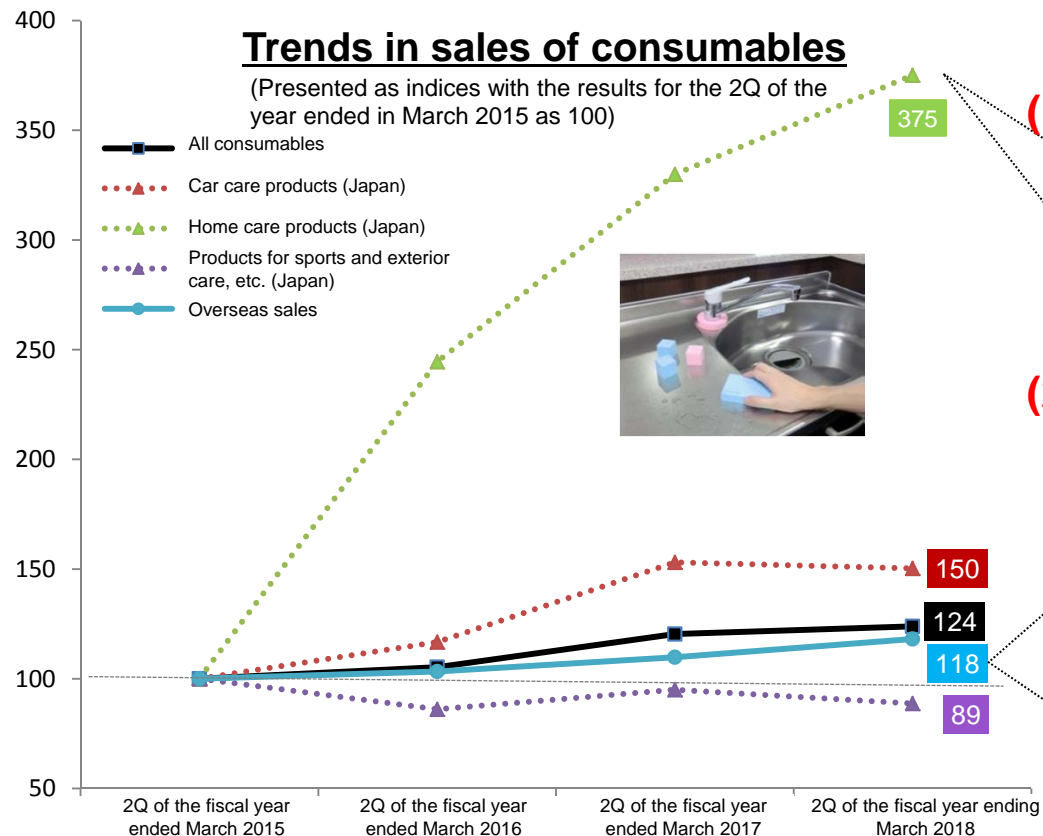


Major Achievements in the Automotive/ Living Fields in the Porous Materials Segment



■ Steadily progressing actions to correspond to needs

- (1) In the domestic market, sales areas for our products at retailers have been maintained or expanded due to the continuous introduction of new products.
- (2) Overseas, product needs for new uses such as pets and ships are expanding in the U.S.



(1) [Japan: Home care products]
Since the fiscal year ended in March 2016, we succeeded in awakening potential needs for water absorption in kitchen areas and removing condensation after our products were introduced on a TV show. Since then, an increasing number of retailers have started to carry our products as we continuously introduce new products in a variety of shapes for various situations in our lives in addition to block-shaped absorption sponges. We were also able to secure sales regions for our products.

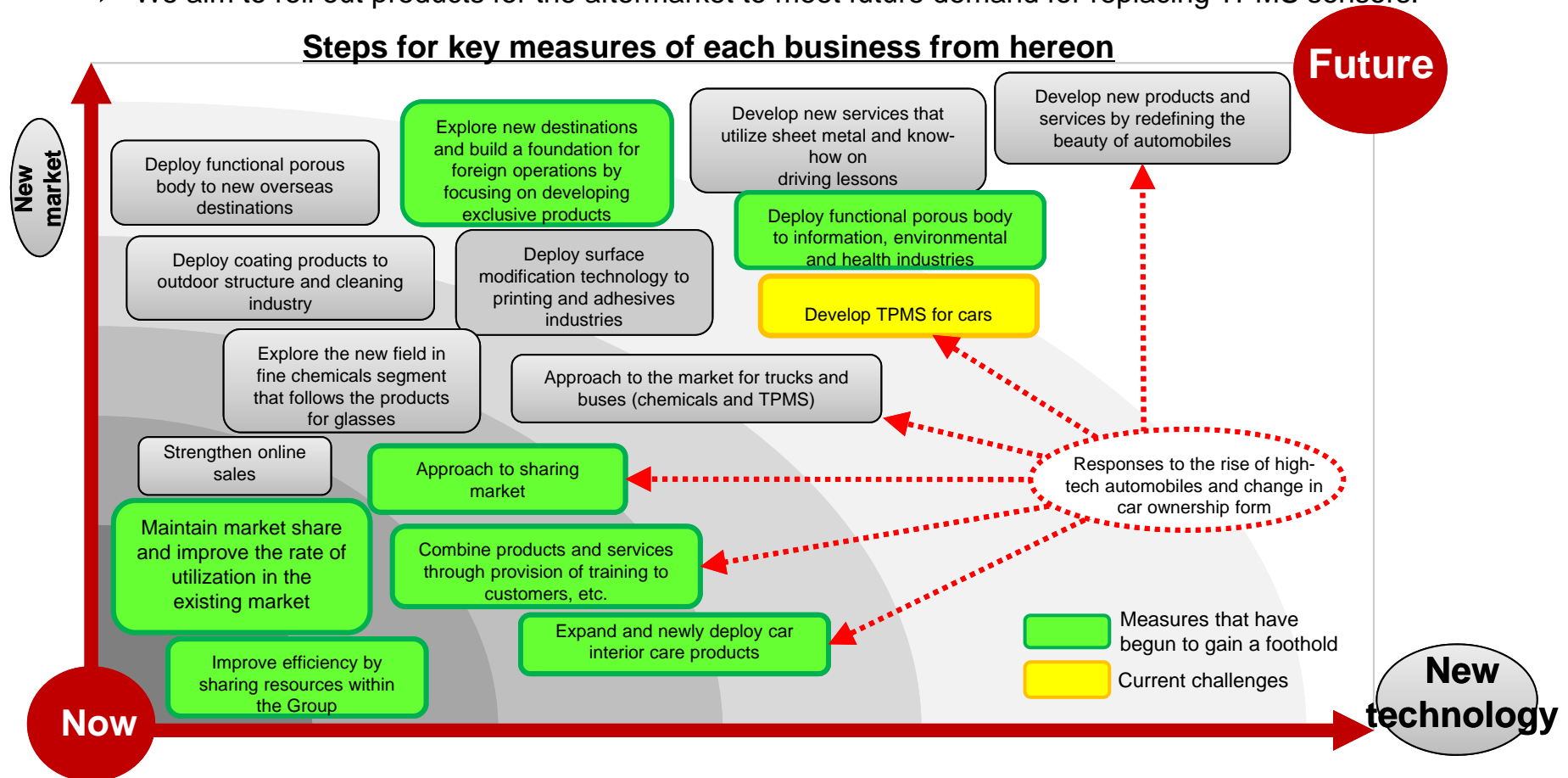
(2) [Overseas]
We had favorable shipment volume to major sales destinations such as the U.S. and Indonesia. In the U.S., sales of products for pets and ships in addition to chamois cloths for cars are increasing.



Overall Progress of Medium-term Management Plan and Current Challenges



- A challenge we are currently facing is the expansion of sales of tire pressure monitoring systems (TPMS) amid expectations for an increase in installations of TPMS in new vehicles
 - ⇒ We aim to roll out products for the aftermarket to meet future demand for replacing TPMS sensors.



Thank you very much for
your attention.