



For 2Q of the Fiscal Year Ending March 2019

SOFT99 corporation

Financial Results Briefing

November 28, 2018

- 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 description and statements based on the 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 we assume no obligation to update such description and statements.
- In addition, such description and statements do not constitute a guarantee of future results and actual results may substantively differ from our current expectations. These differences could be caused by many factors.

I: Outline of Corporate Group

Corporate Profile



SOFT99 corporation

Establishment	October 28, 1954
Capital	¥2,310,056,000
Representative	President and CEO Hideaki Tanaka
No. of employees	209 (as of September 30, 2018)
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"



1999
"FUKUPIKA WET"



2003
"G'zox series"












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%	Financial assistance and 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
HANERON Co., Ltd. 	Yao-shi, Osaka	¥33 mil.	100.0%	Concurrent directors

Outline of Operating Segments



Operating segments	Sub segments	Operating companies
Fine Chemicals	Car care products (general/pro use)	 SOFT99 corporation
	Home care products	 SOFT99 corporation
	Foreign operations	 Shanghai SOFT99 Chemical Co., Ltd.
	Import and sale of foreign car care products	 ANTERIA Co., Ltd.
	Planning, development and sale of TPMS	 Orange Japan Inc.
	Electronic device and software development	 HANERON Co., Ltd.
Porous Materials	Industrial materials	 AION Co., Ltd.
	Consumables	
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)



- Net sales increased for all operating segments.
- Profit decreased, mainly due to increases in depreciation accompanying the reinforcement and expansion of equipment and personnel costs.

(In millions of yen)

	2Q of the fiscal year ended March 2018	2Q of the fiscal year ending March 2019	Year-on-year changes	Year-on-year % changes
Net sales	11,666	12,282	+616	+5.3%
Gross profit	4,453	4,333	-120	-2.7%
Gross profit margin	38.2%	35.3%	-2.9 pt	-
Selling, general and administrative expenses	3,029	3,191	+162	+5.3%
Operating profit	1,423	1,142	-281	-19.8%
Operating profit margin	12.2%	9.3%	-2.9 pt	-
Ordinary profit	1,493	1,225	-268	-17.9%
Net income before income taxes	1,498	1,227	-271	-18.1%
Net income attributable to shareholders of parent company	990	831	-159	-16.1%

Condensed Consolidated Cash Flow

(Year-on-year comparison)



(In millions of yen)

	2Q of the fiscal year ended March 2018	2Q of the fiscal year ending March 2019
Cash flows from operating activities	829	511
Cash flows from investing activities	-440	-284
Cash flows from financing activities	-292	-263
Effect of exchange rate changes on cash and cash equivalents	-0	-0
Net increase (decrease) in cash and cash equivalents	96	-37
Cash and cash equivalents at the beginning of the year	14,680	15,653
Cash and cash equivalents at the end of the year	14,777	15,615
Depreciation expense	333	379
Capital expenditures (*)	417	413

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

Condensed Consolidated Balance Sheet

(Year-on-year comparison)



(In millions of yen)

	March 31, 2018	September 30, 2018	Year-on- year changes		March 31, 2018	September 30, 2018	Year-on- year changes
Current Assets	23,548	24,008	+460	Current Liabilities	3,819	3,287	-532
Cash and deposits	16,107	16,186	+79	Accounts payable	1,249	1,067	-182
Accounts receivable	4,025	4,192	+167	Income taxes payable	573	370	-203
Marketable securities	300	300	-0	Payables and accrued expenses	1,182	1,364	+182
Inventories	2,897	3,122	+225	Others	813	485	-328
Others	217	206	-11	Non-current Liabilities	3,417	3,374	-43
Non-current Assets	29,525	28,997	-528	Total Liabilities	7,237	6,662	-575
Property, plant and equipment	22,397	22,294	-103	Net Assets	45,836	46,344	+508
Intangible assets	175	167	-8	Shareholders' equity	45,101	45,721	+620
Investments and other assets	6,952	6,534	-418	Accumulated other comprehensive income	734	622	-112
Assets	53,073	53,006	-67	Liabilities and Net Assets	53,073	53,006	-67

Consolidated Highlight Financial Indicators

(Year-on-year comparison)



	2Q of the fiscal year ended March 2018	2Q of the fiscal year ending March 2019	Year-on-year changes
Total assets (million yen)	52,008	53,006	+998
Net assets (million yen)	45,251	46,344	+1,093
Equity ratio	87.0%	87.4%	+0.4 <i>pt</i>
ROA (Ordinary profit/Total assets*)	2.9%	2.3%	-0.6 <i>pt</i>
ROE (Net profit/Net assets*)	2.2%	1.8%	-0.4 <i>pt</i>
Total asset turnover (Net sales/Total assets)	0.22	0.23	+0.01
Net income per share (yen)	45.64	38.36	-7.28

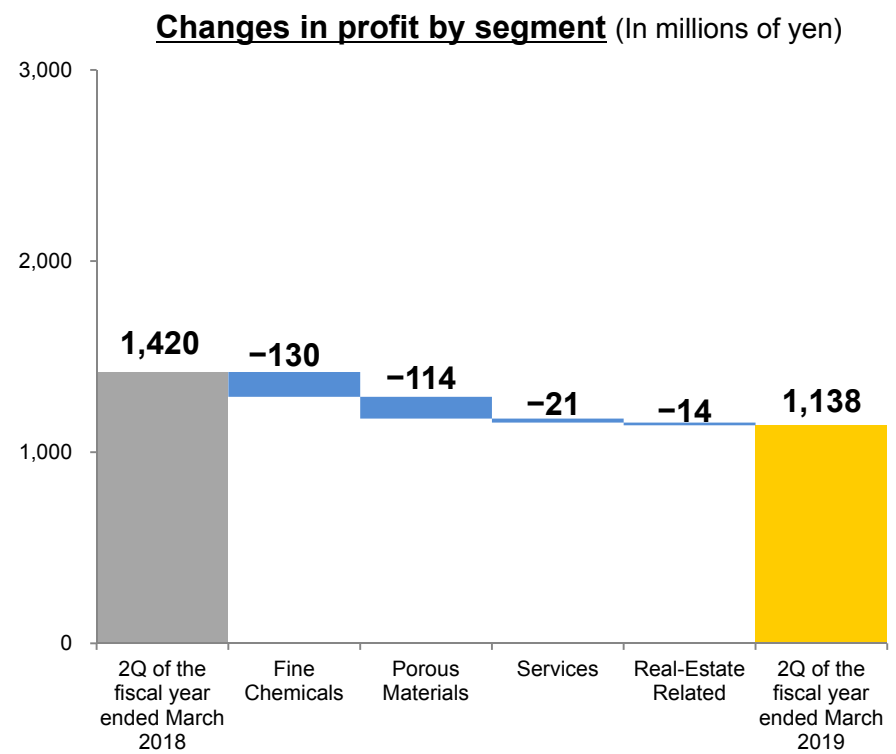
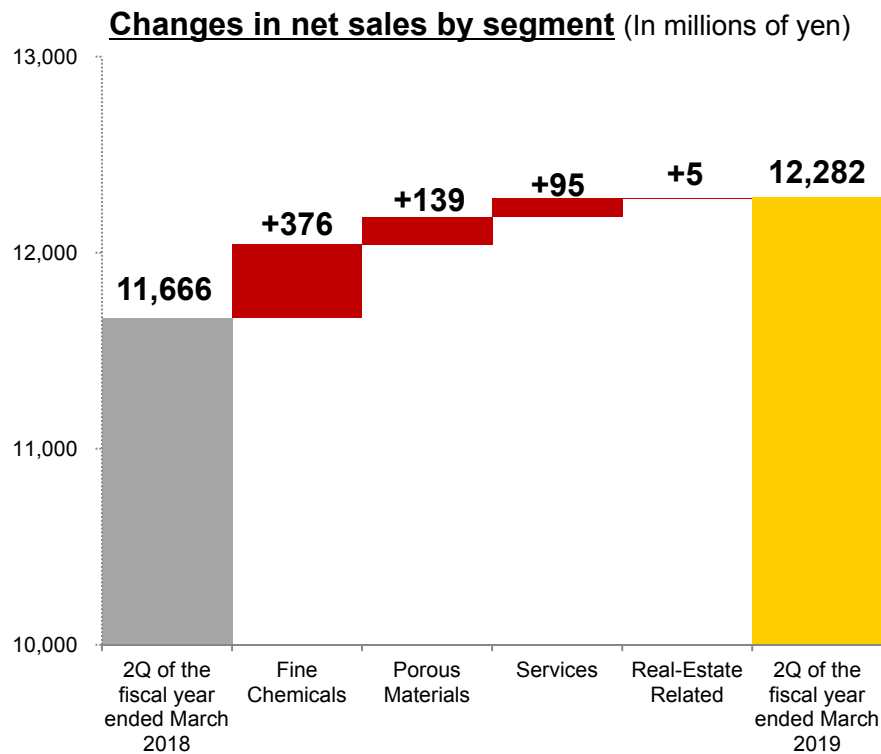
* The amounts of profits are as of 2Q.

* Total assets are the average of the beginning and end of the quarter.

III: Outline of Segment Results

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

- Profit increased for all segments.
- Operating profit decreased in all segments, mainly due to an increase in depreciation accompanying capital investment.



(Note) Excludes the consolidated adjustment amount

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

- Although net sales increased in the segment as a whole, profit decreased primarily due to increases in the cost ratios and personnel costs.
 - ✓ Sales of repair products and professional-use products grew. Leveraging an M&A, launched the development of electronic equipment.

(In millions of yen)	2Q of the fiscal year ending March 2018	2Q of the fiscal year ending March 2019	Year-on-year changes	Year-on-year % changes
Net sales	5,719	6,095	+376	+6.6%
General use: Car-exterior care	970	876	-93	-9.6%
General use: Glass care	1,756	1,760	+4	+0.2%
General use: Repair products	1,173	1,251	+77	+6.6%
Professional use	742	869	+127	+17.1%
Home care products, etc.	235	234	-0	-0.3%
Foreign operations	806	765	-41	-5.1%
TPMS: Tire-Pressure Monitoring System	59	64	+5	+9.0%
Electronic equipment	-	304	+304	-
Others (Includes import sale and sale of resin containers)	-24	-32	-8	-33.9%
Gross profit	2,740	2,716	-23	-0.9%
Gross profit margin	47.9%	44.6%	-3.3 pt	-
Operating profit	730	599	-130	-17.9%
Operating profit margin	12.8%	9.8%	-3.0 pt	-

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

- Although net sales increased in the segment as a whole, profit decreased mainly because of a rise in depreciation due to capital investment.
 - ✓ In industrial materials, products for semiconductor production for domestic sales and products for HDD production expanded.
 - ✓ In consumables, sales of automobile products rose in the domestic market.

(In millions of yen)	2Q of the fiscal year ended March 2018	2Q of the fiscal year ending March 2019	Year-on-year changes	Year-on-year % changes
Net sales	2,756	2,896	+139	+5.1%
Industrial materials	2,015	2,102	+87	+4.3%
Domestic	1,064	1,114	+50	+4.7%
Overseas	951	988	+37	+3.9%
Consumables	741	794	+53	+7.2%
Domestic	345	384	+39	+11.3%
Overseas	397	410	+13	+3.3%
Gross profit	963	864	-98	-10.2%
Gross profit margin	34.9%	29.8%	-5.1 <i>pt</i>	-
Operating profit	472	358	-114	-24.3%
Operating profit margin	17.2%	12.4%	-4.8 <i>pt</i>	-

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

- Whereas net sales increased in the segment as a whole, profit fell.
 - ✓ In the automobile repair and sheet metal business, orders from import car dealers increased. The processing capacity of factories improved following revisions to the structures of each factory.
 - ✓ In the driving school business, profit decreased due to a decline in sales in the training business, although the number of lessons for large vehicles rose.
 - ✓ In the planning and sales of household products, the cultivation of hit products progressed in sales to the CO-OP, which is the mainstay.

(In millions of yen)	2Q of the fiscal year ended March 2018	2Q of the fiscal year ending March 2019	Year-on-year changes	Year-on-year % changes
Net sales	2,477	2,572	+95	+3.9%
Auto service	1,210	1,248	+38	+3.2%
Driving school	432	426	-5	-1.3%
Planning and sale of household products	835	897	+62	+7.4%
Gross profit	604	611	+7	+1.2%
Gross profit margin	24.4%	23.8%	-0.6 pt	-
Operating profit	91	69	-21	-23.9%
Operating profit margin	3.7%	2.7%	-1.0 pt	-

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



- Whereas net sales increased in the segment as a whole, profit decreased.
 - ✓ Net sales increased in the real-estate leasing business due to turning branch buildings into tenant properties for leasing after rebuilding.
 - ✓ In the bathhouse business, net sales grew due to the rise in average spending per customer, primarily resulting from the expansion and reinforcement of food and drink menus and operational improvements.
 - ✓ In the support for preventive long-term care business, profits fell primarily because people went out less frequently due to the heat waves and massive typhoons.

(In millions of yen)	2Q of the fiscal year ended March 2018	2Q of the fiscal year ending March 2019	Year-on-year changes	Year-on-year % changes
Net sales	712	717	+5	+0.7%
Real-estate leasing	186	187	+1	+0.5%
Bathhouse business	499	504	+5	1.0%
Support for preventive long-term care	26	25	-1	-4.0%
Gross profit	145	134	-11	-7.9%
Gross profit margin	20.4%	18.7%	-1.8 pt	-
Operating profit	126	111	-14	-11.8%
Operating profit margin	17.7%	15.5%	-2.2 pt	-

Segment Information

(Comparison of net sales and operating profit by segment)



(In millions of yen)

Net sales	2Q of the fiscal year ended March 2018	Composition ratio	2Q of the fiscal year ending March 2019	Composition ratio	Year-on-year changes of composition ratio
Fine Chemicals	5,719	49.0%	6,095	49.6%	+0.6 pt
Porous Materials	2,756	23.6%	2,896	23.6%	+0.0 pt
Services and Real-Estate Related	3,190	27.4%	3,290	26.8%	-0.6 pt
Total	11,666	100.0%	12,282	100.0%	—

Operating profit	2Q of the fiscal year ended March 2018	Composition ratio	2Q of the fiscal year ending March 2019	Composition ratio	Year-on-year changes of composition ratio
Fine Chemicals	730	51.4%	599	52.7%	+1.3 pt
Porous Materials	472	33.3%	358	31.4%	-1.9 pt
Services and Real-Estate Related	217	15.3%	180	15.9%	+0.6 pt
(*) Total	1,423	100.0%	1,142	100.0%	—

(*) Total amounts include adjustments.

IV: Progress of the Fifth Medium-term Management Plan

Outline of Medium-term Management Plan

(1/2: Themes and vision)



- In this medium-term management plan, major changes in the business environment are treated as opportunities for business expansion and the period subject to this plan is positioned as the preparatory stage for future continuous growth. In addition to promoting projects that began to yield results during the previous medium-term plan, we will also focus on shifting to and creating new markets.

Management principle	<ul style="list-style-type: none"> ■ <u>Lifestyle-creating company</u> <ul style="list-style-type: none"> ✓ Discover “future necessities” ✓ Remains the same as the 3rd medium-term management plan as the consistent management principle of the Group 	Business issues	<ul style="list-style-type: none"> ✓ Respond to changes in business environment ✓ Acceleration of business expansion ✓ Improve operational efficiency through utilization of surplus funds
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Themes of medium-term plan	<ul style="list-style-type: none"> ■ SHIFT DOWN!! <ul style="list-style-type: none"> ✓ <u>Shift to new markets and accelerate more vigorously</u> by shifting down like automobiles ✓ Period: From April 2018 to March 2020
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Management vision of medium-term plan	<ul style="list-style-type: none"> [Automotive field] <ul style="list-style-type: none"> ■ <u>Create new connections between human and automobile towards the era of globalization for the automotive industry and the rise of high-tech automobiles</u> [Industrial field] <ul style="list-style-type: none"> ■ <u>Utilize surface modification technology and functional precision porous technology for solving a wide range of problems</u> [Living field] <ul style="list-style-type: none"> ■ <u>Solve small problems and stress in daily life and create a more comfortable living environment</u>
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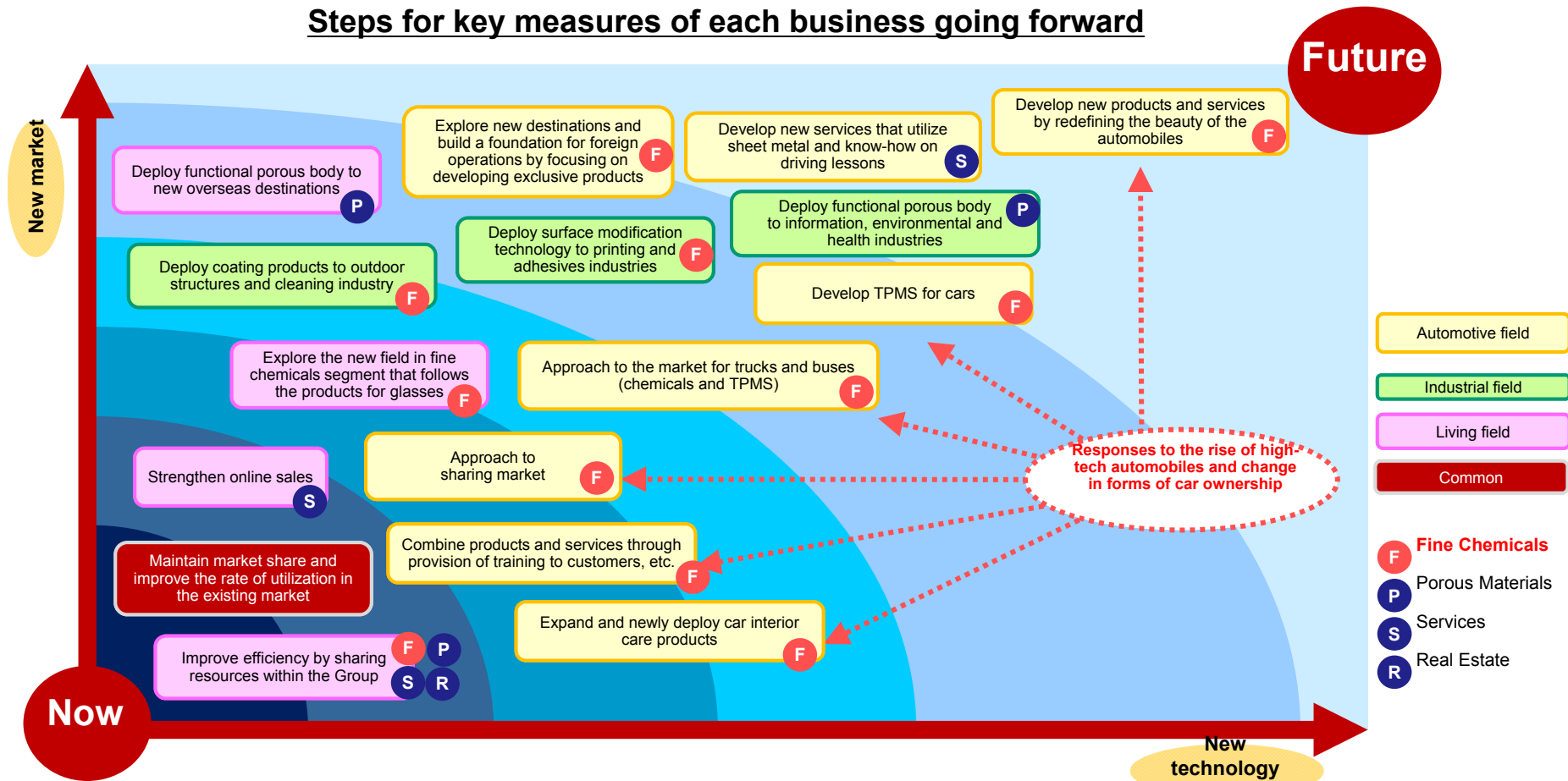
Outline of Medium-term Management Plan

(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 going forward



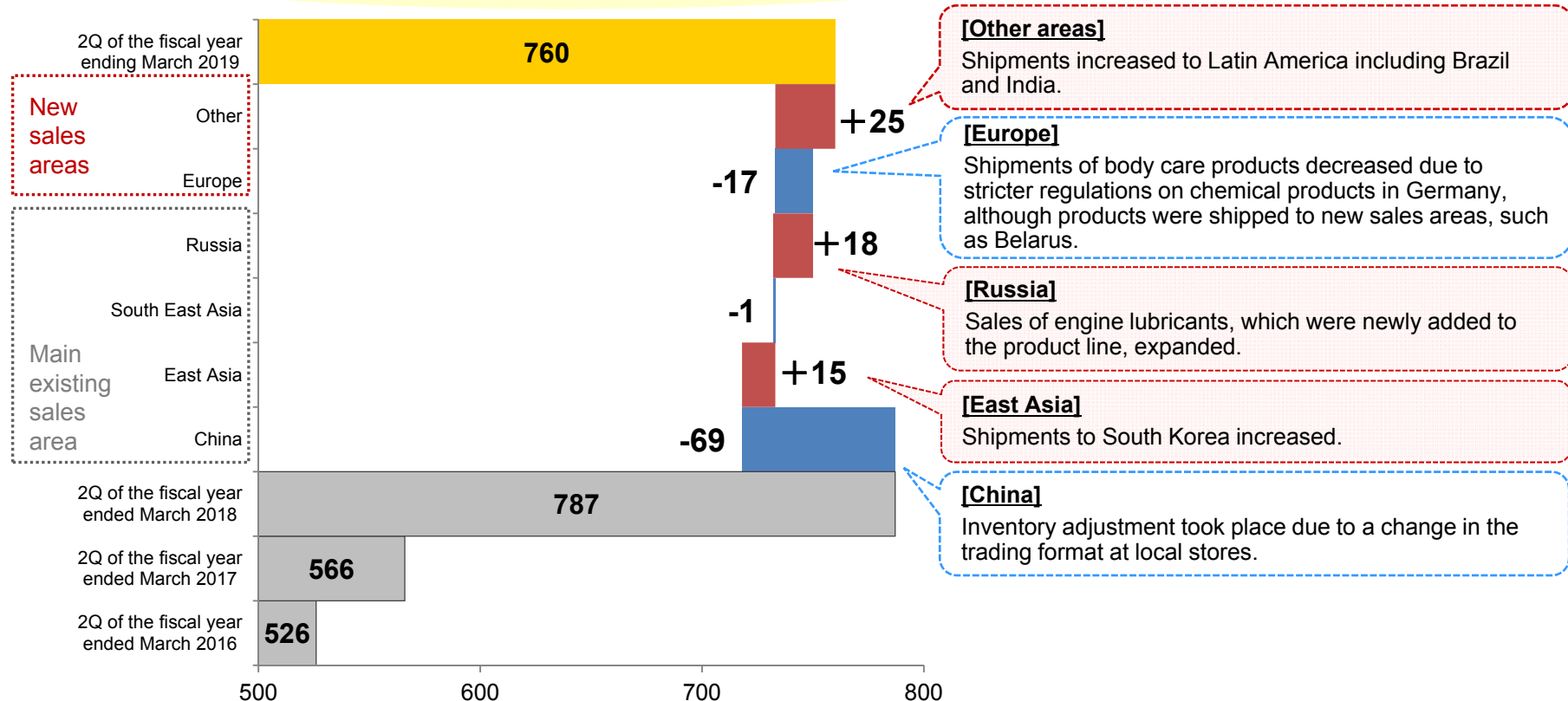
Key Results

(1/5: Building a foundation for foreign operations)



- **[Fine Chemicals]** Building a foundation for foreign operations by cultivating new sales areas and enhancing the development of exclusive products.
 - ✓ Cultivation of new sales areas and reinforced provision of professional-use products offset the falls in existing sales areas.
 - ✓ It is becoming possible to secure sales stably through expanding sales in new sales areas.

Year-on-year changes in sales of foreign operations (quarterly comparison)
(In millions of yen)



Key Results

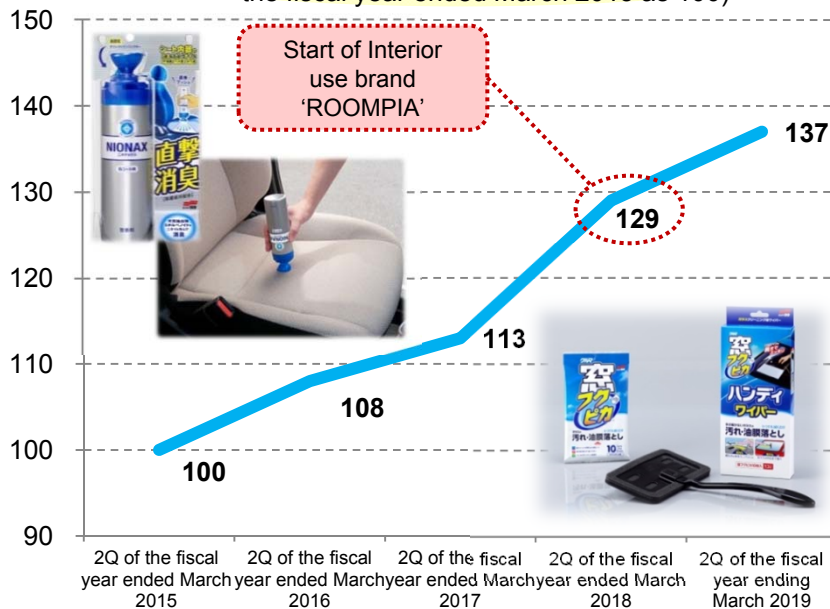
(2/5: Expansion and Reinforcement and New Development of Car Interior Products/Redefinition of Beauty of Automobiles)



- [Fine Chemicals] Start providing products that meet changing consumer needs.
 - ✓ Sales increased of new chemical products for car interior use that were launched in this term and of glass cleaners that can be used to clean the insides of windows.
 - ✓ The launches of new products that make car washing more efficient boosted sales of car-wash products.

Changes in sales volume of car-interior products and glass cleaners

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



- (1) Interior-use brand product "ROOMPIA" was launched in March 2017.
- (2) In the window Fuku Pika series, supplementary products, such as "HANDY WIPER," with which users can also clean the inside of windshields easily, also sold steadily.

Changes in sales volume of car wash products

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



Amid the shifting of the role of cars from a hobby to a transport method, the "Max Wash" series was launched, which can satisfy the need for a shorter time spent on and higher efficiency in car washing alongside the rises in the numbers of minivans, SUVs and small high-room wagons.

Key Results

(3/5: Maintaining market share in the existing market (1))

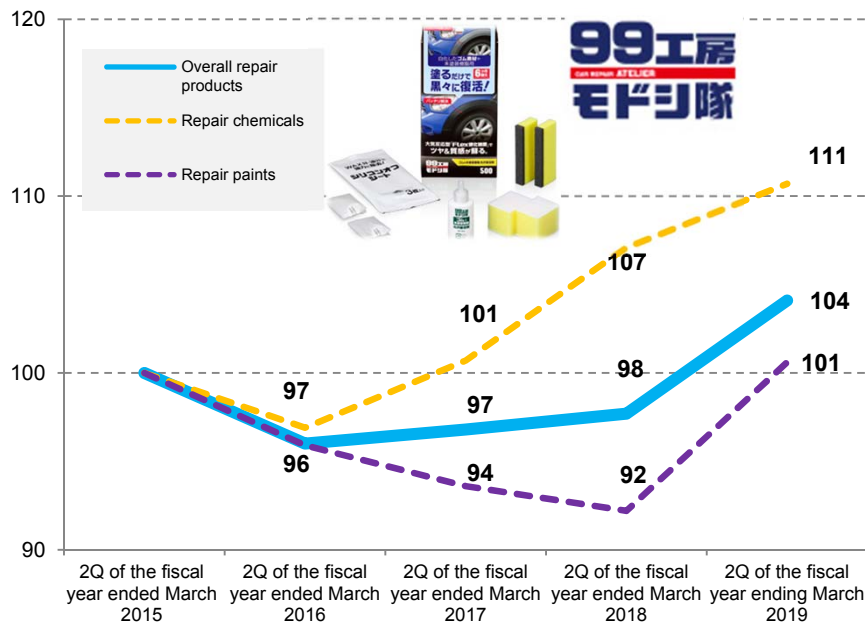


■ [Fine Chemicals] Maintaining market shares in the repair and glass care markets.

- ✓ In repair products, sales of quick-fix chemical products increased. Additionally, sales through online sales channels grew steadily.
- ✓ The awareness of and the need for water-repellant glass cleaners increased, mainly due to the massive typhoons, so sales of the 'Glaco' series grew.

Changes in sales volume of repair products

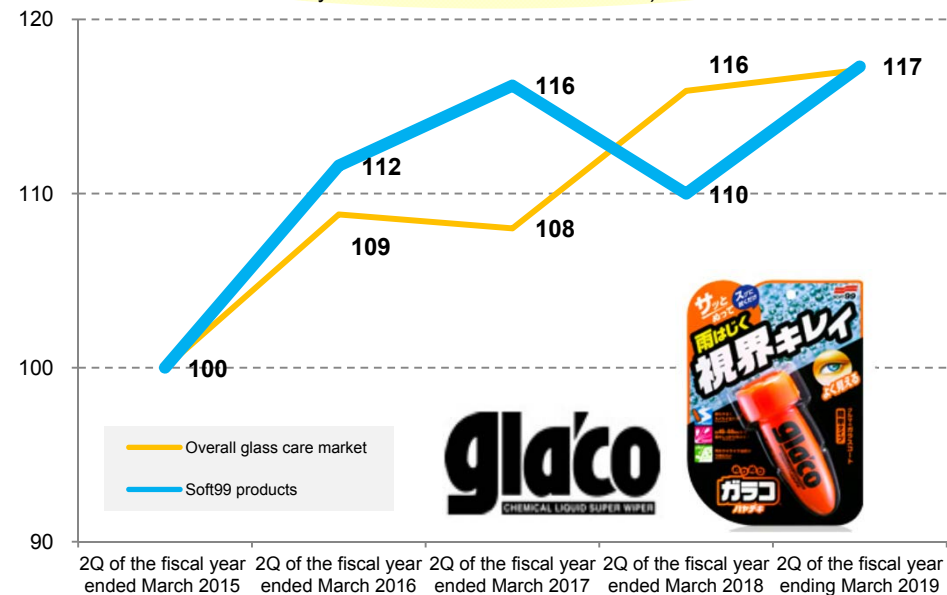
(Presented as indices assuming the results for the 2Q of the fiscal year ended March 2015 as 100)



Sales were strong of the repair chemical product '99 Car Repair Atelier' series, which repairs aged and damaged parts of old cars, alongside the extension of car product lives.

Changes in sales volume of glass care products (excluding wipers)

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



* Source: Intage SRI glass care market (water repellent for glass, window washer fluid and glass cleaners)
Modified by Soft99 based on the sales amount from April 2014 to September 2018.

Sales promotional campaigns were carried out, and stores were designed to appeal to drivers about the importance of safe driving in rainy conditions.

Key Results

(4/5: Maintaining market share in the existing market (2))

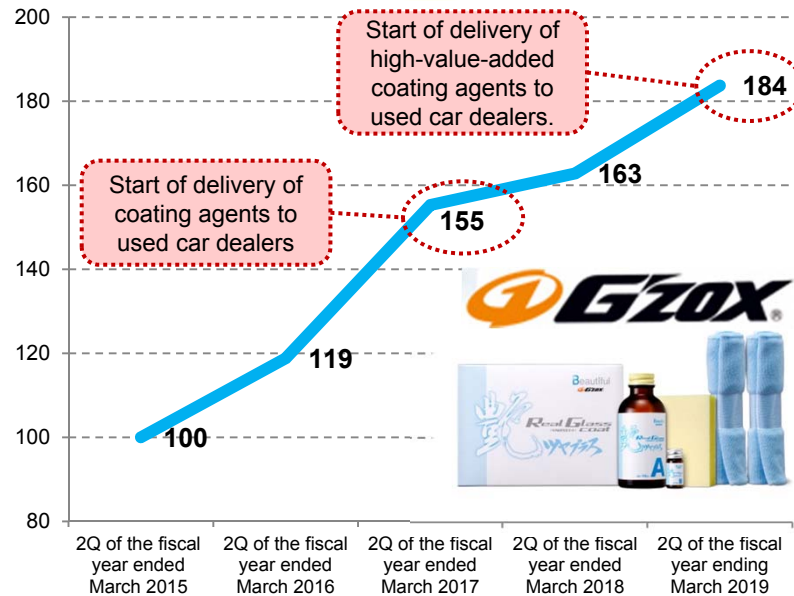


■ [Fine Chemicals] Expanding sales of professional-use products

- ✓ Sales rose, as high-value-added products started being provided to used car dealers.
- ✓ Started delivering wipers as OEM products for imported car dealers, although the products had been mostly sold at retailers.

Changes in sales volumes of own-brand coating agents

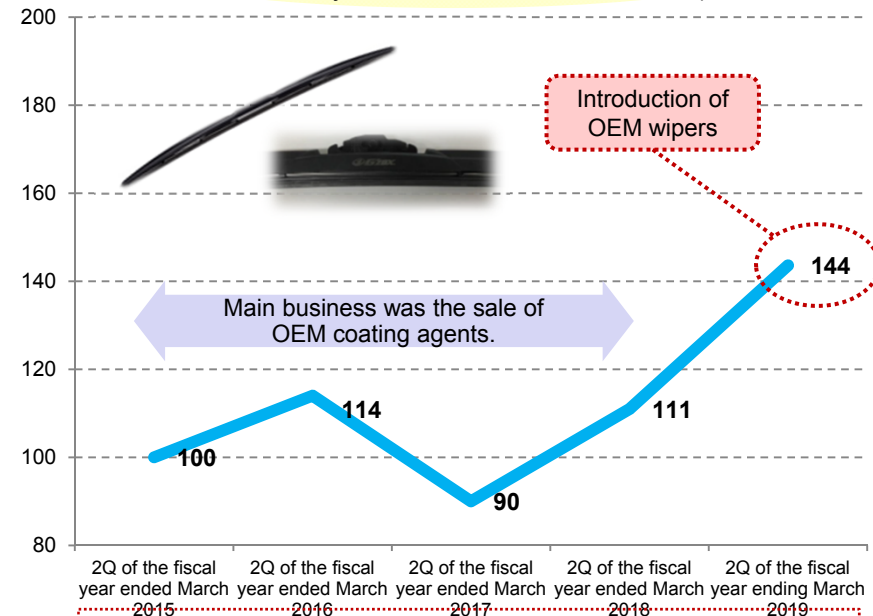
(Presented as indices assuming the results for the 2Q of the fiscal year ended March 2015 as 100)



Sales of high-value-added coating agents were started to major used car dealers as business partners in the fiscal year ending March 2019.

Changes in sales volumes of OEM products

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



Delivery of water repellent wipers were started to import car dealers as OEM products in April 2018, although the products had been sold mostly at retailers.

Key Results

(5/5: Maintaining market share in the existing market (3))

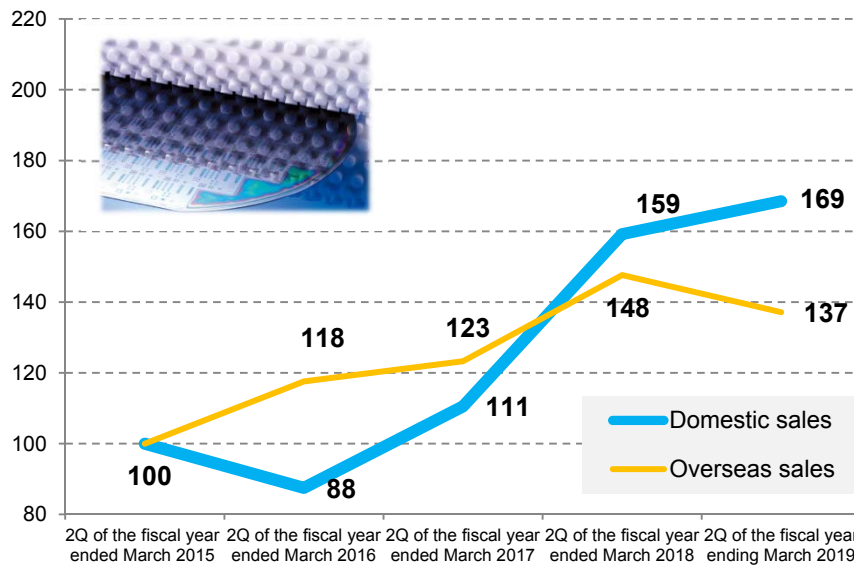


■ [Porous Materials] Expanding sales of industrial materials

- ✓ Domestically, following robust demand for capital investment in the semiconductor market, the shipment volume increased to domestic semiconductor producing equipment manufacturers.
- ✓ Overseas, the shipment volume expanded of grinding stones that are used in the hard disk drive manufacturing process.

Changes in sales volumes of products for manufacturing semiconductors

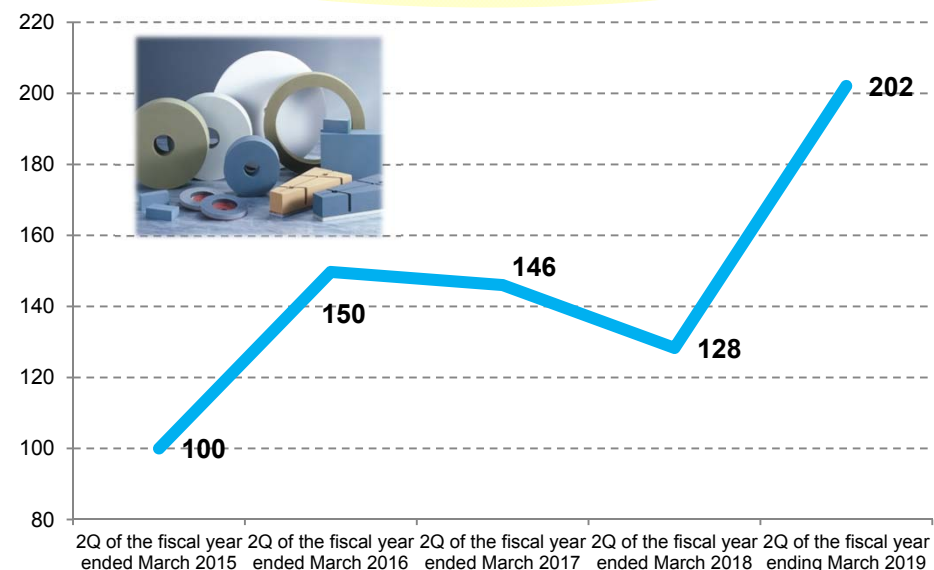
(Presented as indices assuming the results for the 2Q of the fiscal year ended March 2015 as 100)



With the progress being made in the development of IoT, autonomous driving and other technologies, semiconductor manufacturers in various countries conducted capital investment and started increasing production. Sales of cleaning materials that are adopted as genuine parts by domestic semiconductor producing equipment makers remained strong.

Changes in sales volumes of grinding stones for hard disk drives

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



As demand for cloud servers has expanded recently, production of applicable aluminum hard disks increased. Along with this trend, sales rose of our grinding stones for hard disks.

Measures in Progress

(1/5: Expand application of TPMS to passenger cars
Approach the truck and bus industry (chemical-TPMS))



- **[Fine Chemicals]** Expanding sales of TPMS for passenger cars and applying the system to new industries.
 - ✓ Scheduled to develop new TPMS for passenger cars (providing add-on products, as well as genuine sensor repair and replacement products)
 - ✓ In TPMS for trucks and buses, applications for special vehicles in various industries and light trucks are also under consideration.

Efforts to reinforce the product line of TPMS for passenger cars.

[Existing product]
Add-ons (sports type)



[Under development*]

Add-ons (synced to smartphones)

Soft99 vehicle information management app



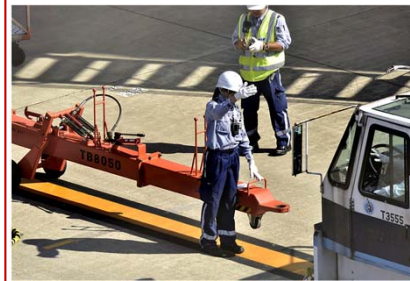
[Under development*]

Genuine TPMS repair and replacement type



Efforts to broaden application of TPMS to trucks and buses.

[Under development*]
TPMS for special vehicles, light trucks, etc.



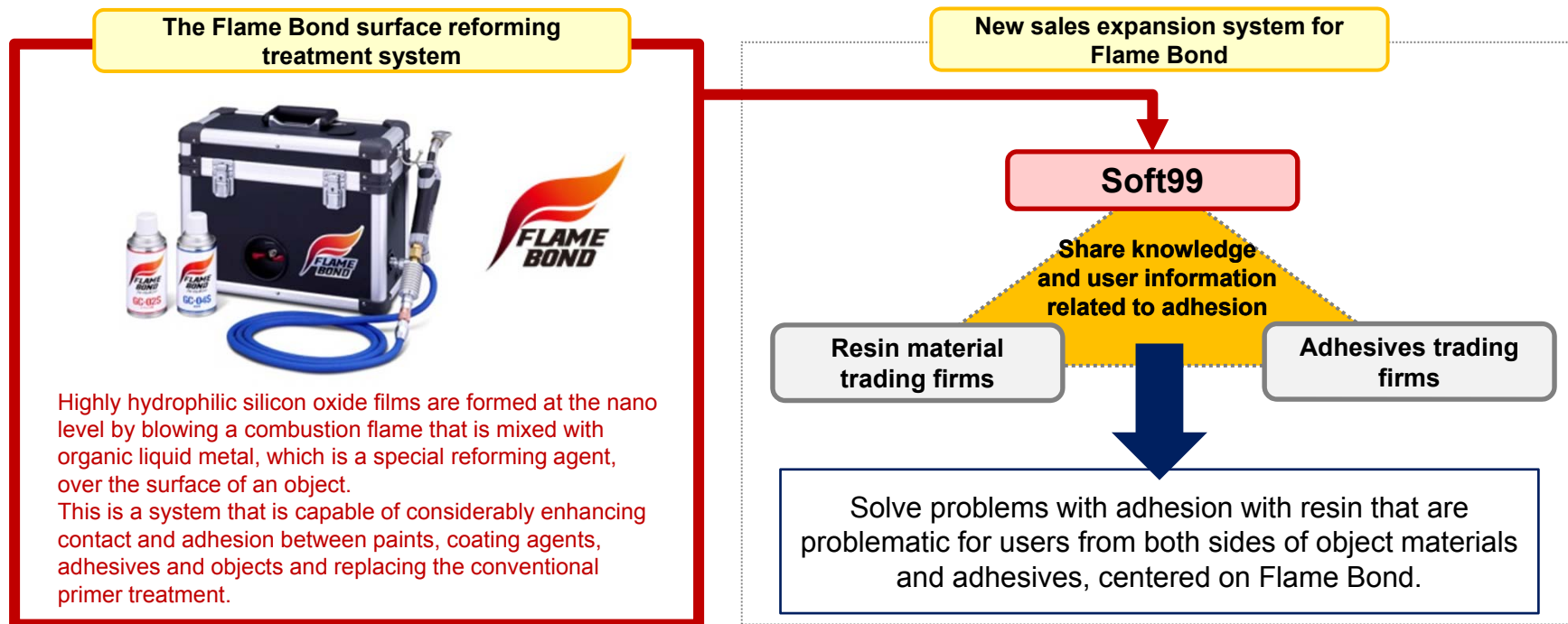
* The product images above are simulations at present only and do not guarantee the appearance or performance of the final products.

Measures in Progress

(2/5: Application of surface reforming technologies to printing and adhesive industries)



- [Fine Chemicals] Efforts to expand sales of the Flame Bond surface reforming treatment system
 - ✓ For the printing industry, efforts with professional printer manufacturers and others have started delivering a certain level of results.
 - ✓ A system for meeting customers' adhesion-related needs is being established in collaboration with adhesives and resin material trading firms for the current year.
 - ✓ Going forward, the aim is to solve various problems related to hard-to-bond or hard-to-print materials, such as PP and PE, in a broad and efficient manner with an awareness that our efforts alone cannot solve the problems.



Measures in Progress

(3/5: Application of functional porous units for information, environmental and health industries)



- [Porous Materials] Aiming to establish a field that can become a business pillar to follow on from products for high-tech industries.
 - ✓ For environmental use, the performance data of catalyst support for waste water treatment is being collected and the development of high-performance carriers is being promoted.
 - ✓ For medical use, the aim is to propose products through horizontal development from existing products and strengthen resources for marketing, development and sales activities.

Efforts to broaden the application of products for environmental use

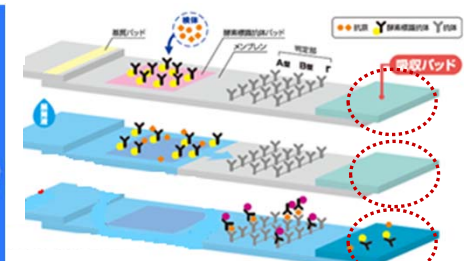


▲ **Microbe carrier**
Carriers for microorganism immobilization for waste water treatment and deodorizing treatment using PVA sponges.

▲ **PC separator**
Vacuum solid-liquid separators that are used for decontamination and other purposes by municipalities.

Performance tests are conducted using diverse microbes and under various conditions. To further enhance functions, the development of high-performance carriers is ongoing through academic and industrial joint studies and joint development with third parties.

Efforts to broaden the application of products for medical use



▲ PVA sponges are adopted as cleaning materials for hospital clean rooms, etc.

▲ PVA sponges are adopted as liquid absorption materials inside influenza test kits. (The image is for illustrative purposes)

In addition to currently providing materials for influenza test kits and liquid-absorption pots, resources have been strengthened for marketing, development and sales activities for the medical industry with the aim of opening-up the market through new product development and the cultivation of new users based on the horizontal development of products.

Measures in Progress

(4/5: Expansion of functional porous materials into new overseas area)



■ [Porous Materials] Expanding applications of PVA products and sales areas

- ✓ In the US, a main sales area, sales promotion was strengthened toward promoting new applications, such as for pets and ships.
- ✓ In new sales areas, the provision of both industrial and home care products is ongoing in a way that meets local needs.

Efforts in the US, an existing sales area



Ascertained a recent increase in needs for pets and ships in the US, where chamois cloths for cars account for the majority of sales. Will continue to participate in exhibitions for pet goods and strengthen local sales promotion.

Efforts in new sales areas

[Korea]
Offering colored and printed chamois cloths for sports that meet local needs.

[Qatar]
Offering chamois cloths for cars.

[Indonesia, the Philippines and Thailand]
Offering materials for printers.

[Australia]
Offering chamois cloths for ships.

Measures in Progress

(5/5: Develop new services by leveraging expertise in sheet metals and lessons in driving schools.)
Redefine the beauty of automobiles.



■ [Fine Chemicals/Services] New proposals by leveraging digital technologies

- ✓ Promote the development of new products and services by leveraging sensing (measurement control) technologies and digitizing knowledge in the existing service business.
- ✓ Develop new products and services for the beauty of automobiles that reflect changes in car ownership and utilization.

Synergy with the electronic device and software development technology of our new group company, HANERON, Co., Ltd.

- Information communication technology
- Measurement control technology
- Embedded software technology
- Development of various applications

Leverage sensing technologies at the sites of production and services.



Digitize and share professional knowledge.



The new beauty of automobiles that reflects changes in the forms of car ownership.

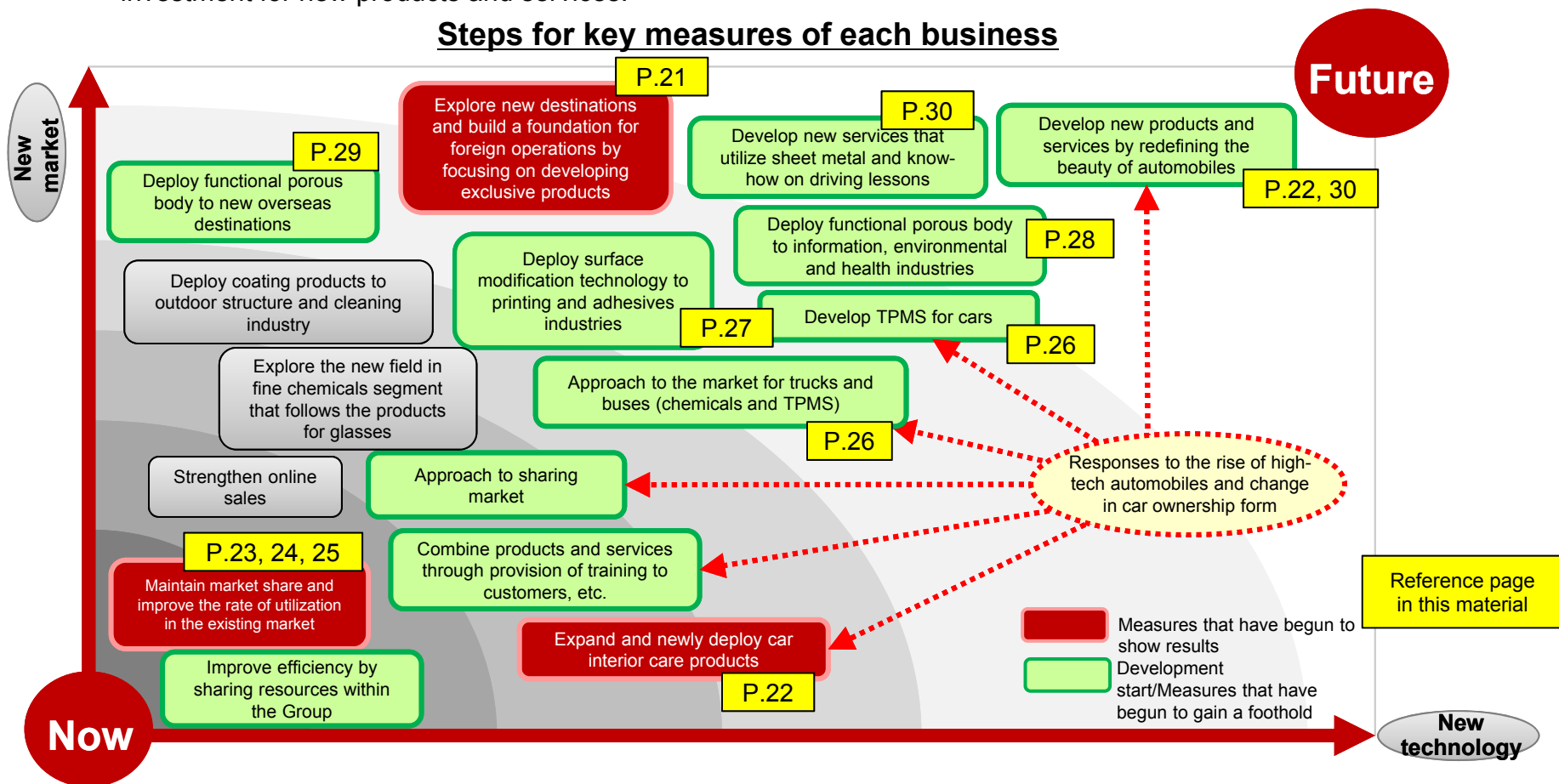


Overall Progress of the Medium-term Management Plan



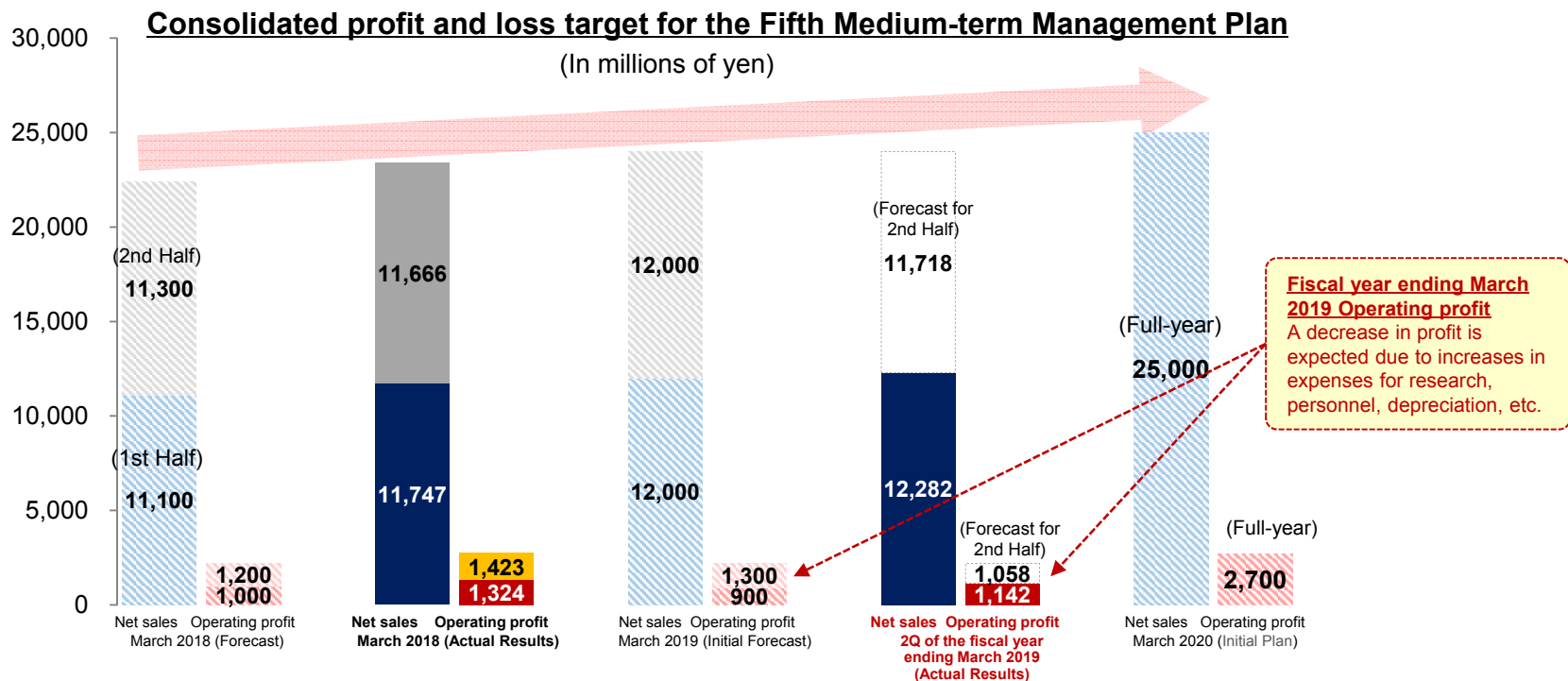
- Responses to the rise of high-tech automobiles and change in car ownership form are priorities
 - ✓ Utilize the know-how of the newly acquired electronic device development company and expand research investment for new products and services.

Steps for key measures of each business



Progress of the Profit and Loss Plan

- In fiscal year under review (ended March 2019), an increase in net sales and a decrease in profit are expected, due to developing new products and services and taking steps to expand and reinforce production facilities toward the future with the aim of taking up the challenge of entering new markets.
 - ✓ In the second quarter under review, net sales increased and profit decreased year-on-year. Compared to the forecast, operating profit grew to exceed the forecast.
 - ✓ The above was mainly because the recording of expenses, such as R&D expenses and sales promotion expenses, was moved back. Therefore, we have maintained the forecasts at the start of the year (consolidated net sales of 24 billion yen and consolidated operating profit of 2.2 billion yen) as the full-year forecasts for the current fiscal year.



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

Policy on Returns to Shareholders

- With continuously paying stable dividends as our basic policy for returns to shareholders, we have used ‘20% of operating profit’ as the guideline for returns to shareholders from the year ended March 2018.
- We plan to use retained earnings for investments in business expansion in the future and to strengthen the management structure.

Dividend payments and forecasts

	Fiscal year ended March 2017 (Actual)	Fiscal year ended March 2018 (Actual)	Fiscal year ending March 2019 (Actual/Forecast)
Consolidated operating profit (in million yen)	2,419	2,747	2,200
Consolidated net profit (in million yen)	1,790	1,919	1,600
Total dividends (in million yen)	458	478	488
Interim dividends per share (yen)	10.0	11.0	11.0
Year-end dividends per share (yen)	11.0	11.0	11.5
Annual dividends per share (yen)	21.0	22.0	22.5
Total dividends divided by operating profit	18.9%	* 17.4%	22.2%
(Reference) Dividend payout ratio	25.4%	24.8%	30.5%

We revised the forecast for year-end dividends on October 31, 2018. The dividend was increased from 11.0 yen per share, the forecast at the start of the year, to 11.5 yen per share, an increase of 0.5 yen per share.

* Excluding returns to shareholders by purchases of treasury shares.

* When the purchase of treasury shares of 93 million yen that was conducted during the year is included, the ratio of total dividends to operating profit in the fiscal year ended March 2018 is 20.8%.

Thank you very much for
your attention.