



For the Fiscal Year Ended March 2019

SOFT99 corporation

The 65th Financial Results Briefing

May 29, 2019

- 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










SOFT99 corporation

| | |
|--------------------|---|
| Establishment | October 28, 1954 |
| Capital | ¥2,310,056,000 |
| Representative | President and CEO Hideaki Tanaka |
| No. of employees | 209 (as of March 31, 2019) |
| Principal business | Manufacturing and sale of chemical products for car and home care |

History of our principal products














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% | Interlocking directors |

Outline of Operating Segments



| Operating segments | Subsegments | Operating companies | |
|----------------------------|--|---|------------------------------------|
| Fine Chemicals | Car care products (general/pro use) |  | SOFT99 corporation |
| | Home care products | | |
| | 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 in all operating segments.
- Profit decreased due to an increase in depreciation expenses associated with capital expenditures and an increase in personnel expenses.

(In millions of yen)

| | March 2018 | March 2019 | Year-on-year changes | Year-on-year % changes |
|---|------------|---------------|----------------------|------------------------|
| Net sales | 23,413 | 24,561 | +1,148 | +4.9% |
| Gross profit | 8,886 | 8,969 | +83 | +0.9% |
| Gross profit margin | 38.0% | 36.5% | -1.4 pt | — |
| Selling, general and administrative expenses | 6,138 | 6,451 | +312 | +5.1% |
| Operating profit | 2,747 | 2,518 | -229 | -8.3% |
| Operating profit margin | 11.7% | 10.3% | -1.4 pt | — |
| Ordinary profit | 2,895 | 2,685 | -209 | -7.2% |
| Net income before income taxes | 2,785 | 2,672 | -113 | -4.1% |
| Net income attributable to shareholders of parent company | 1,919 | 1,861 | -57 | -3.0% |

Condensed Consolidated Cash Flow

(Year-on-year comparison)



(In millions of yen)

| | March 2018 | March 2019 |
|--|------------|---------------|
| Cash flows from operating activities | 2,415 | 2,377 |
| Cash flows from investing activities | -788 | -941 |
| Cash flows from financing activities | -656 | -270 |
| Effect of exchange rate changes on cash and cash equivalents | 1 | -1 |
| Net increase (decrease) in cash and cash equivalents | 972 | 1,165 |
| Cash and cash equivalents at the beginning of the year | 14,680 | 15,653 |
| Cash and cash equivalents at the end of the year | 15,653 | 16,818 |

| | | |
|--------------------------|-----|------------|
| Depreciation expense | 697 | 793 |
| Capital expenditures (*) | 977 | 723 |

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

Condensed Consolidated Balance Sheet

(Year-on-year comparison)



(In millions of yen)

| | March 2018 | March 2019 | Year-on-year changes | | March 2018 | March 2019 | Year-on-year changes |
|-------------------------------|---------------|---------------|-------------------------|--|---------------|---------------|-------------------------|
| Current Assets | 23,548 | 24,777 | +1,229 | Current Liabilities | 3,819 | 3,250 | -569 |
| Cash and deposits | 16,107 | 17,496 | +1,388 | Accounts payable | 1,249 | 1,121 | -127 |
| Accounts receivable | 4,025 | 3,786 | -239 | Income taxes payable | 573 | 323 | -250 |
| Marketable securities | 300 | 200 | -100 | Payables and accrued expenses | 1,182 | 1,200 | +17 |
| Inventories | 2,897 | 3,058 | +161 | Others | 813 | 604 | -209 |
| Others | 217 | 236 | +19 | Non-current Liabilities | 3,417 | 3,610 | +192 |
| Non-current Assets | 29,525 | 29,089 | -436 | Total Liabilities | 7,237 | 6,860 | -377 |
| Property, plant and equipment | 22,397 | 22,268 | -128 | Net Assets | 45,836 | 47,006 | +1,170 |
| Intangible assets | 175 | 162 | -12 | Shareholders' equity | 45,101 | 46,566 | +1,464 |
| Investments and other assets | 6,952 | 6,657 | -294 | Accumulated other comprehensive income | 734 | 440 | -294 |
| Assets | 53,073 | 53,867 | +793 | Liabilities and Net Assets | 53,073 | 53,867 | +793 |

Consolidated Highlight Financial Indicators

(Year-on-year comparison)



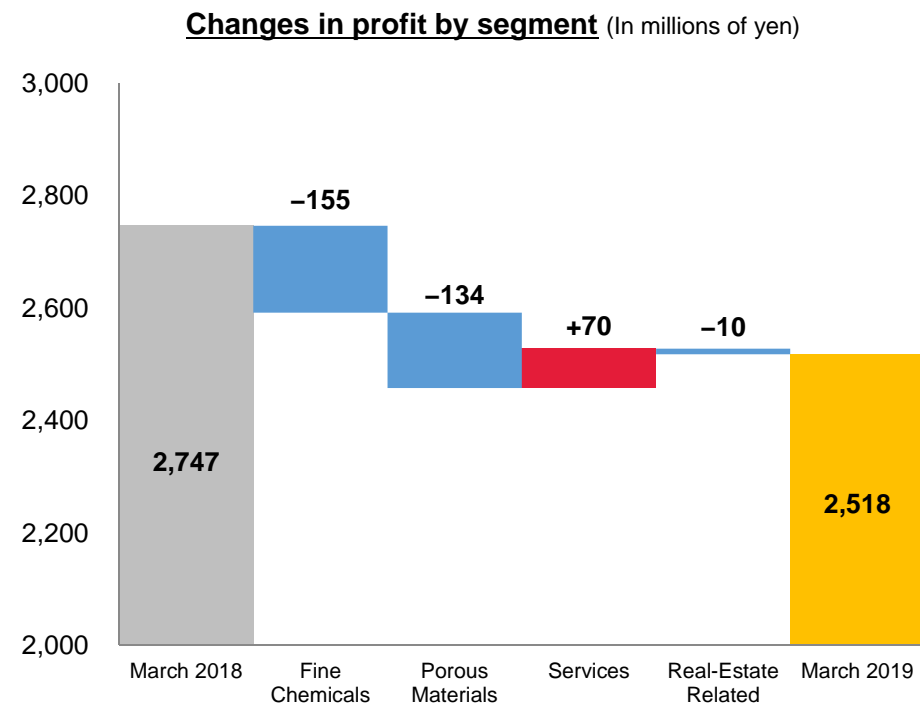
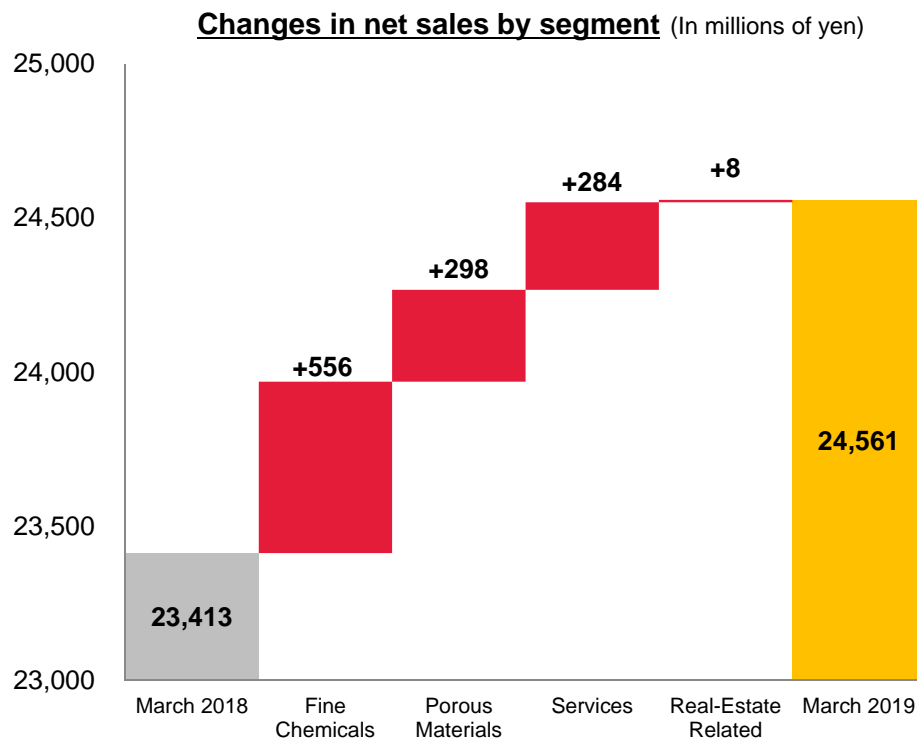
| | March 2018 | March 2019 | Year-on-year changes |
|---|------------|---------------|----------------------|
| Total assets (million yen) | 53,073 | 53,867 | +793 |
| Net assets (million yen) | 45,836 | 47,006 | +1,170 |
| Equity ratio | 86.4% | 87.3% | +0.9 pt |
| ROA (Ordinary profit/Total assets*) | 5.6% | 5.0% | -0.6 pt |
| ROE (Net profit/Net assets*) | 4.3% | 4.0% | -0.3 pt |
| Total asset turnover (Net sales/Total assets) | 0.44 | 0.46 | +0.01 |
| Net income per share (yen) | 88.57 | 85.81 | -2.76 |

* Average of figures at the beginning and the end of the fiscal year.

III: Outline of Segment Results

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

- Net sales increased in all segments.
- Operating profit in segments except for Services decreased due to an increase in personnel expenses, an increase in depreciation expenses associated with capital expenditures, etc.



(Note) Excludes the consolidated adjustment amount

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

- Net sales in the segment as a whole increased, but profit decreased due to a rise in cost rate and increases in freight and personnel expenses, etc.

✓ Sales of repair products, products for professional use and TPMS grew. Started development of electronic devices as a result of M&As.

| (In millions of yen) | March 2018 | March 2019 | Year-on-year changes | Year-on-year % changes |
|--|---------------|---------------|----------------------|------------------------|
| Net sales | 11,437 | 11,993 | +556 | +4.9% |
| General use: Car-exterior care | 1,948 | 1,776 | -171 | -8.8% |
| General use: Glass care | 3,610 | 3,459 | -150 | -4.2% |
| General use: Repair products | 2,194 | 2,264 | +70 | +3.2% |
| Professional use | 1,439 | 1,754 | +314 | +21.9% |
| Home care products, etc. | 589 | 598 | +9 | +1.7% |
| Foreign operations | 1,395 | 1,295 | -99 | -7.2% |
| TPMS: Tire-Pressure Monitoring System | 130 | 160 | +30 | +23.2% |
| Electronic device | — | 525 | +525 | — |
| Others (Includes import sale and sale of resin containers) | 129 | 157 | +28 | +21.7% |
| Gross profit | 5,509 | 5,567 | +57 | +1.0% |
| Gross profit margin | 48.2% | 46.4% | -1.7 pt | |
| Operating profit | 1,423 | 1,267 | -155 | -10.9% |
| Operating profit margin | 12.4% | 10.6% | -1.9 pt | |

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

- Net sales in the segment as a whole increased, but profit decreased due to increases in manpower, capital expenditures, etc., to increase the production capacity.
 - ✓ Regarding industrial materials, net sales of products for semiconductor production and grinding stones for HDD increased.
 - ✓ Regarding consumables, domestic net sales of products for cars increased and the product lineup expanded overseas.

| (In millions of yen) | March 2018 | March 2019 | Year-on-year changes | Year-on-year % changes |
|-------------------------|--------------|--------------|----------------------|------------------------|
| Net sales | 5,461 | 5,760 | +298 | +5.5% |
| Industrial materials | 3,928 | 4,164 | +236 | +6.0% |
| Domestic | 2,098 | 2,122 | +24 | +1.1% |
| Overseas | 1,830 | 2,042 | +212 | +11.6% |
| Consumables | 1,532 | 1,596 | +64 | +4.2% |
| Domestic | 730 | 751 | +20 | +2.8% |
| Overseas | 802 | 845 | +43 | +5.4% |
| Gross profit | 1,837 | 1,746 | -91 | -5.0% |
| Gross profit margin | 33.6% | 30.3% | -3.3 pt | |
| Operating profit | 837 | 702 | -134 | -16.1% |
| Operating profit margin | 15.3% | 12.2% | -3.1 pt | |

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

■ Both net sales and profit increased as a whole.

- ✓ In the auto service business, orders from import car dealers increased. The processing capacity improved as a result of the restructure of each factory.
- ✓ In the driving school business, net sales in large car driving schools increased. In addition, an increase in the number of training sessions contributed to net sales.
- ✓ In the planning and sale of household products business, development of hit products progressed for sales to co-ops that are key customers.

| (In millions of yen) | March 2018 | March 2019 | Year-on-year changes | Year-on-year % changes |
|---|--------------|--------------|----------------------|------------------------|
| Net sales | 5,059 | 5,343 | +284 | +5.6% |
| Auto service | 2,453 | 2,617 | +164 | +6.7% |
| Driving school | 885 | 902 | +17 | +2.0% |
| Planning and sale of household products | 1,720 | 1,823 | +102 | +6.0% |
| Gross profit | 1,241 | 1,354 | +113 | +9.1% |
| Gross profit margin | 24.5% | 25.3% | +0.8 pt | |
| Operating profit | 209 | 280 | +70 | +33.7% |
| Operating profit margin | 4.1% | 5.2% | +1.1 pt | |

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

■ Net sales increased and profit decreased in the segment as a whole.

- ✓ In the real-estate leasing business, net sales increased because the rebuilt branch building was leased to tenants.
- ✓ In the bathhouse business, net sales increased due to efforts made to provide a variety of food and drink menu options and to improve operations.
- ✓ In the support for preventive long-term care, net sales decreased due to a decline in sales capabilities due to labor shortages.

| (In millions of yen) | March 2018 | March 2019 | Year-on-year changes | Year-on-year % changes |
|---------------------------------------|--------------|--------------|----------------------|------------------------|
| Net sales | 1,455 | 1,464 | +8 | +0.6% |
| Real-estate leasing | 374 | 379 | +4 | +1.2% |
| Bathhouse business | 1,028 | 1,033 | +4 | +0.5% |
| Support for preventive long-term care | 52 | 51 | -0 | -0.9% |
| Gross profit | 306 | 297 | -8 | -2.8% |
| Gross profit margin | 21.0% | 20.3% | -0.7 pt | |
| Operating profit | 269 | 258 | -10 | -4.0% |
| Operating profit margin | 18.5% | 17.6% | -0.9 pt | |

Segment Information

(Comparison of net sales and operating profit by segment)



(In millions of yen)

| Net sales | March 2018 | Composition ratio | March 2019 | Composition ratio | Year-on-year changes of composition ratio |
|----------------------------------|------------|-------------------|-------------------|--------------------------|---|
| Fine Chemicals | 11,437 | 48.8% | 11,993 | 48.8% | -0.0 pt |
| Porous Materials | 5,461 | 23.3% | 5,760 | 23.5% | +0.1 pt |
| Services and Real-Estate Related | 6,514 | 27.8% | 6,807 | 27.7% | -0.1 pt |
| Total | 23,413 | 100.0% | 24,561 | 100.0% | — |

| Operating profit | March 2018 | Composition ratio | March 2019 | Composition ratio | Year-on-year changes of composition ratio |
|----------------------------------|------------|-------------------|-------------------|--------------------------|---|
| Fine Chemicals | 1,423 | 51.8% | 1,267 | 50.3% | -1.5 pt |
| Porous Materials | 837 | 30.5% | 702 | 27.9% | -2.6 pt |
| Services and Real-Estate Related | 478 | 17.4% | 538 | 21.4% | +4.0 pt |
| (*) Total | 2,747 | 100.0% | 2,518 | 100.0% | — |

(*) Total amounts include adjustments.

IV: Progress of the Fifth Medium-term Management Plan

Outline of Medium-term Management Plan

- 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 |
|-----------------------------|--|------------------------|---|

| | |
|-----------------------------------|---|
| 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 |
|-----------------------------------|---|

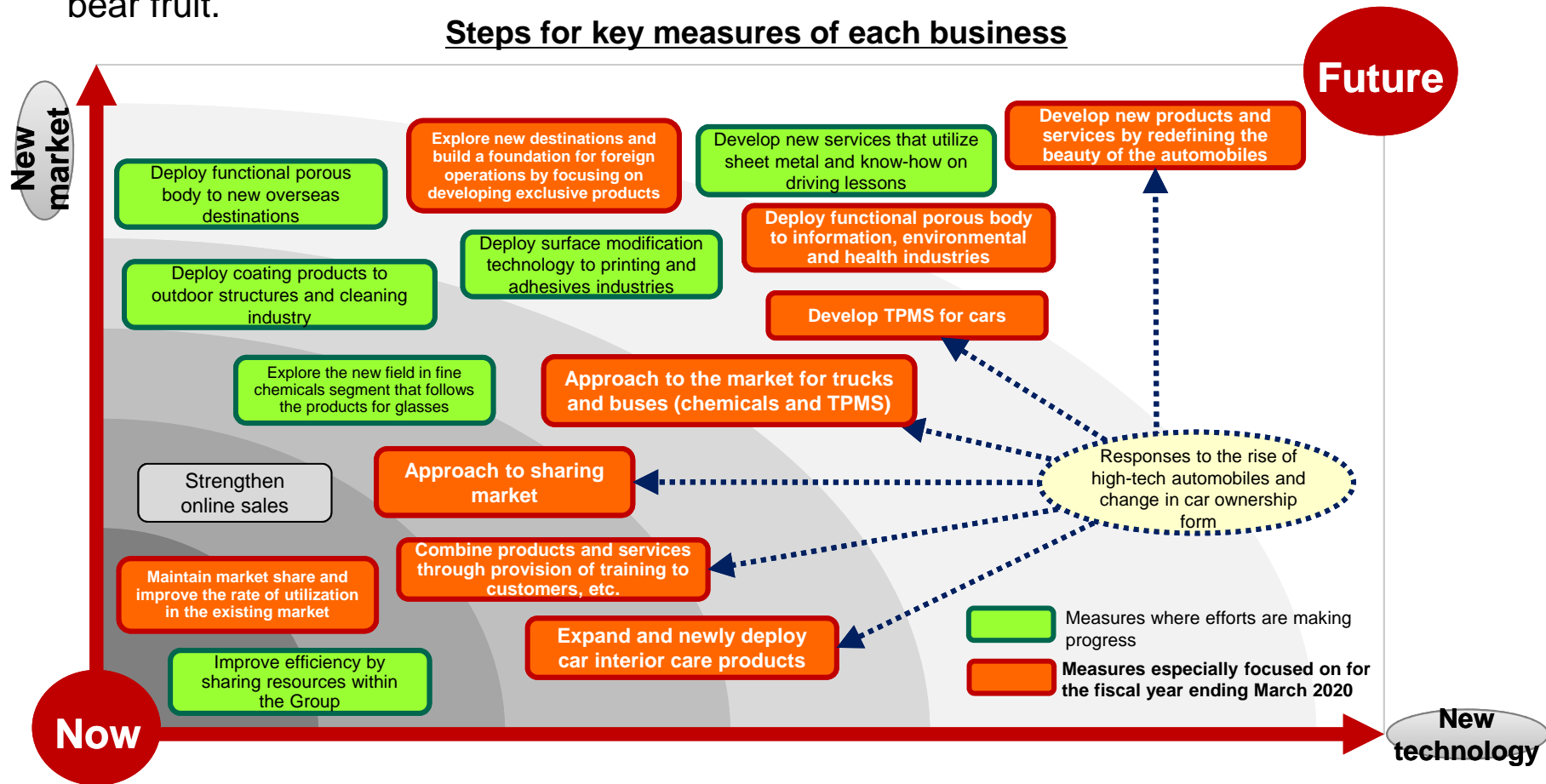
| | |
|--|--|
| Management vision of medium-term plan | <p>[Automotive field]</p> <ul style="list-style-type: none"> ■ <u>Create new connections between human and automobile towards the era of globalization for the automotive industry and the rise of high-tech automobiles</u> <p>[Industrial field]</p> <ul style="list-style-type: none"> ■ <u>Utilize surface modification technology and functional precision porous technology for solving a wide range of problems</u> <p>[Living field]</p> <ul style="list-style-type: none"> ■ <u>Solve small problems and stress in daily life and create a more comfortable living environment</u> |
|--|--|

Overall Progress of the Medium-term Management Plan



- Efforts have been showing progress in a number of measures and some efforts are starting to bear fruit.

Steps for key measures of each business



Progress of Key Measures

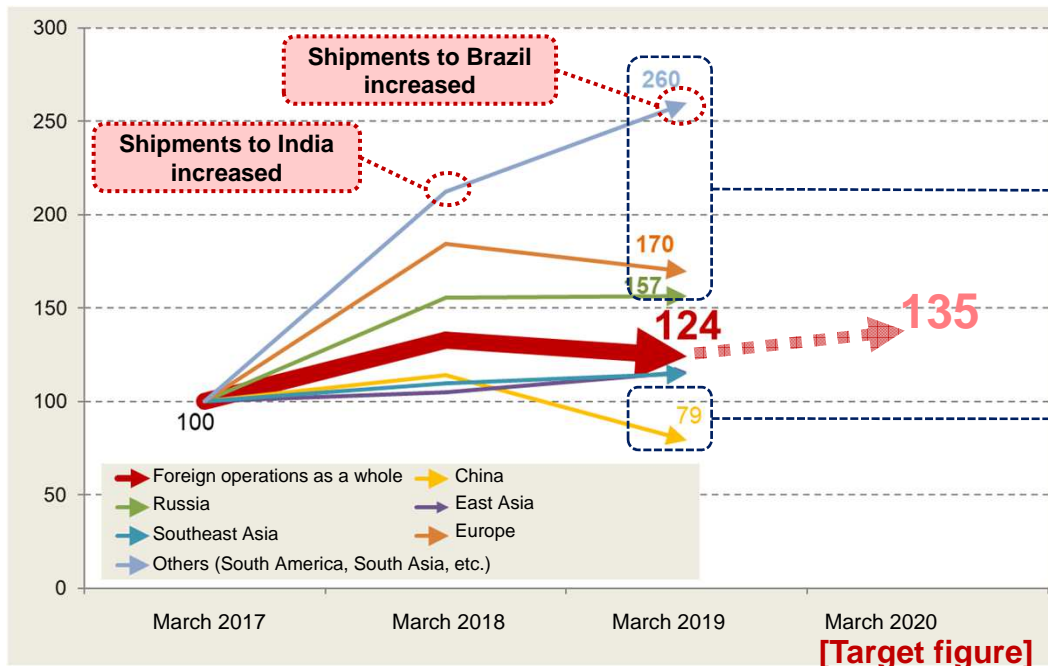
(1/10: Building a foundation for foreign operations)



- [Fine Chemicals] Building a foundation for foreign operations by cultivating new sales areas and enhancing the development of exclusive products.
 - ✓ Concentrate resources on Europe, Russia and South America that have been leading sales in recent years and strive to further expand sales.

Changes in foreign operations' net sales and the target figure

(Presented as indices assuming the results for March 2017 as 100)



* Sales in China include those produced and sold by our local subsidiary in Shanghai.

Goal of the final fiscal year of the medium-term plan

- ✓ Further expand sales to Brazil and Russia where sales have been increasing
- ✓ Regarding sales to Europe, measures for regulations on chemical products have been completed; therefore, shipments are expected to recover.

+

- ✓ Sales to China are expected to recover due to a reduction in channel inventory.

Foreign sales

Aiming for 8% year-on-year increase (35% increase compared to fiscal 2017)

Progress of Key Measures (2/10:

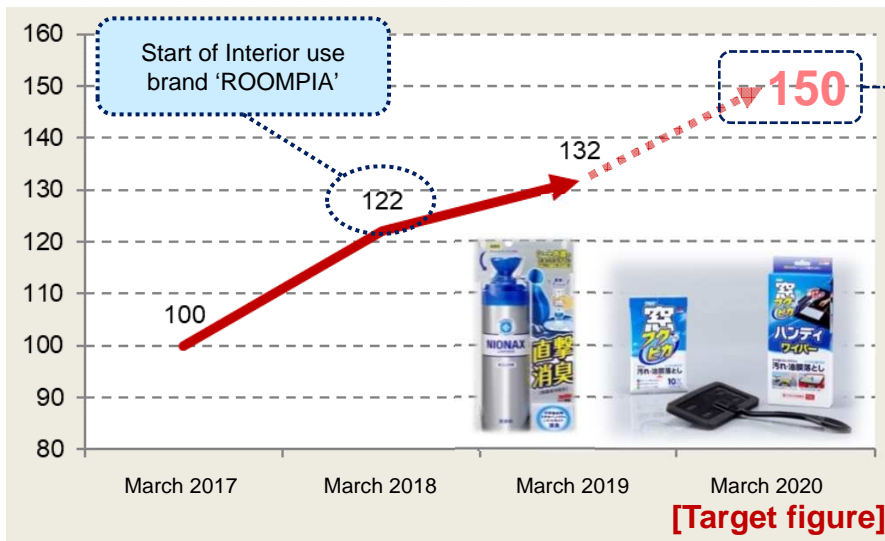
Expand car interior care products/
Redefine the beauty of automobiles)
Approach to sharing market



- [Fine Chemicals] Proposal of new products in line with the changing automobile maintenance market (1)
 - ✓ In response to expansion of car sharing and an increase in high-tech automobiles, the view of the beauty of automobiles has expanded from exterior to interior. Continue to bolster the product lineup of car interior care products.

Changes in net sales of car interior care products and glass cleaner, as well as the target figure

(Presented as indices assuming the results for March 2017 as 100)



- ✓ Launched the car interior care product brand “ROOMPIA” in March 2017.
- ✓ 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.

Goal of the final fiscal year of the medium-term plan

- ✓ Promote sales expansion of ROOMPIA “Leather Barrier,” driving support cushion “Bodydoctor” and antifog liquid “Fukupika Glass Anti-Fog Gel” that can also be used for cleaning car interior windows, which were launched in March 2019.
- ✓ Bolster the product lineup of the ROOMPIA series.



Bodydoctor®



Car interior care products
Aiming for 13% year-on-year increase
(50% increase compared to fiscal 2017)

Progress of Key Measures (3/10:

Redefine the beauty of automobiles
Maintain market share in the existing market



- [Fine Chemicals] Proposal of new products in line with the changing automobile maintenance market (2)
 - ✓ Although the DIY care market is trending downward, car wash products that respond to the need for reducing tedious work and working hours are making steady progress.
 - ✓ Propose products that respond to similar needs in the field of car wash chemical products and promote sales expansion.

Changes in net sales of car wash products and car wash chemical products, as well as the target figure

(Presented as indices assuming the results for March 2017 as 100)



- ✓ The purpose of having a car is changing from a hobby to a means of mobility, and big body cars such as minivans, SUVs and lightweight tall wagons are increasing. In response to such circumstances, the “Max Wash” series, which respond to the need for reducing the time required to wash a car and improving the efficiency, were launched.

Goal of the final fiscal year of the medium-term plan

- ✓ Regain lost ground in the body coating and car shampoo market, with a central focus on the new product “Rain Drop” that enables coating of both body and glass at the same time, as well as “Fukupika Spray” series that are waterless car wash products.



Body coating and car shampoo products
Aiming for 10% year-on-year increase
(5% decrease compared to fiscal 2017)

Progress of Key Measures (4/10:

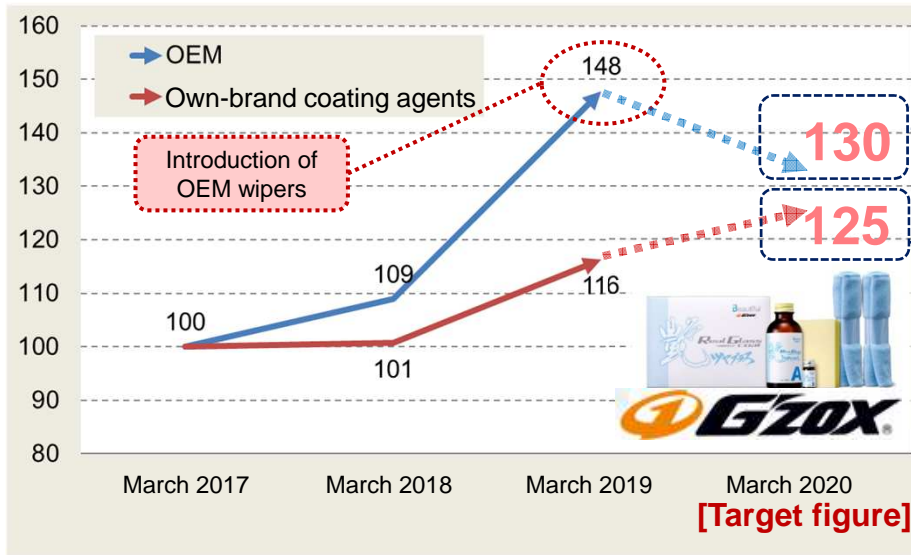
Redefine the beauty of automobiles
Maintain market share in the existing market



- **[Fine Chemicals]** Building the brand and increasing share in the professional-use car body coating market (1)
 - ✓ Bring further high-value-added products of our own brand to the steady professional-use car coating market, and strive to expand sales.

Changes in net sales of coating agent of our own brand and OEM products, as well as the target figure

(Presented as indices assuming the results for March 2017 as 100)



- ✓ From 2018, started to deliver water-repellent wipers, which were mainly for sales at retail stores, to imported car dealers as OEM products.
- ✓ From 2018, started to sell high-value-added coating agent to big used car dealers who are our customers.

Goal of the final fiscal year of the medium-term plan

- ✓ Due to channel inventory adjustments of water-repellent wiper products that were brought to the market in high volume in the previous period, OEM sales for the fiscal year ending March 2020 are expected to decrease compared with the previous period.

- ✓ With respect to the own-brand coating agent "G'ZOX," two new products were added to the high-value-added product "Hi-MOHS COAT" series to promote sales expansion.



Own-brand professional-use coating agent
Aiming for 8% year-on-year increase
(25% increase compared to fiscal 2017)

Progress of Key Measures (5/10):

Redefine the beauty of automobiles/Maintain market share in the existing market)
Combine products and services through provision of training to customers, etc.



- [Fine Chemicals] Building the brand and increasing share in the professional-use car body coating market (2)
 - ✓ Body coating when a new car is purchased is becoming a necessity.
 - ✓ Boost users' confidence by providing highly convenient and transparent services in addition to products, and accelerate the maturation of the market.

Combination of products and services in professional-use car body coating

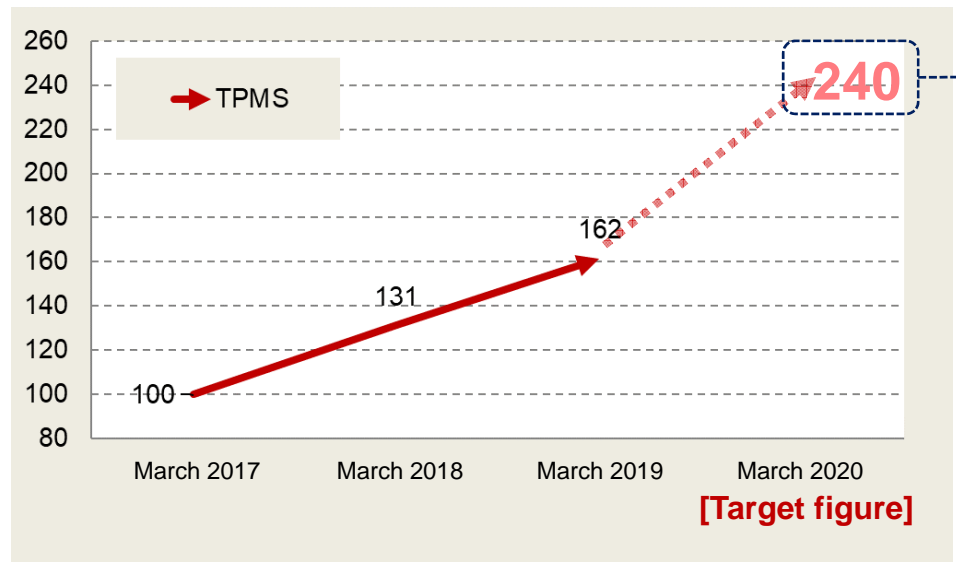
| | Bolstering of core functions | Bolstering of peripheral functions |
|------------------------|--|---|
| Bolstering of products | <p>Bring further highly-functional and high-value-added body coating products to the market</p> <p>Bring high-quality new products required by users to the market under the brand name of "G'ZOX"</p> | <p>Bolstering of one-stop maintenance that combines products other than body coating products</p> <p>Provide a set of various beauty-related products such as glass, light, wheel and wiper under the uniform brand name "G'ZOX"</p> |
| Bolstering of services | <p>Bolstering of training programs for customers (detailing shops)</p> <p>Promote efforts to strive to improve work technology of detailing shops to which users can entrust detailing at ease and to cultivate a network of certified partner shops.</p> | <p>Bolstering of touchpoints with customers by computerizing detailing certificate</p> <p>Computerization of certificate makes it easy to manage. In addition to the development of continuous relations with customers and users, troubles at the time of re-detailing, etc. due to a loss of a certificate can be avoided.</p> |

Progress of Key Measures (6/10: Develop TPMS for cars Approach the truck and bus industry) (chemical-TPMS)



- **[Fine Chemicals]** Expand sales of Tire-Pressure Monitoring System (TPMS)
 - ✓ Intend to develop new products of TPMS for cars with our own-brand and OEM from 2019.
 - ✓ Aim to develop extensively with a view toward developing for special vehicles and light trucks.

Changes in sales of TPMS and the target figure
(Presented as indices assuming the results for March 2017 as 100)



✓ Sales of add-on TPMS for trucks and busses have been increasing steadily, centering on logistics and transportation companies.

Goal of the final fiscal year of the medium-term plan

- ✓ Upgrade and expand products for cars in addition to products for trucks and buses that have been the main products for sale until now. Schedule to launch TPMS with SOFT99 brand in the first half of 2019.
- ✓ Going forward, aim to develop extensively by expanding target vehicles, including sales through OEM channels or sales of sensor for repair.

[Release scheduled in the first half of 2019*]
Add-ons (syncd to smartphones)



[Under development*]
TPMS for special vehicles



Sale of TPMS
Aiming for 45% year-on-year increase
(140% increase compared to fiscal 2017)

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

Progress of Key Measures

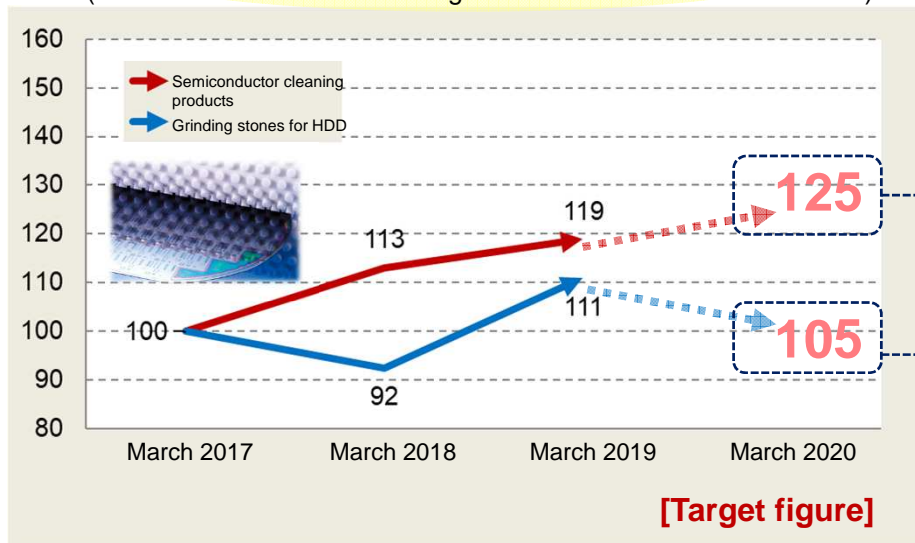
(7/10: Maintain market share in the existing market)



- [Porous Materials] Expand sales in the high-tech market for industrial materials
 - ✓ With the increase in production volume of semiconductor makers, domestic shipments of semiconductor cleaning products expanded in the first half of the fiscal year ended March 2019 and overseas shipments expanded in the second half of the same fiscal year. Shipments of grinding stones for HDD also increased due to the active cloud market.
 - ✓ Sales are not expected to significantly increase in the fiscal year ending March 2020, but the market is expanding in the medium- to long-term, and so high-quality products will continue to be developed.

Changes in sales of products for semiconductor production and grinding stones for HDD, as well as the target figure

(Presented as indices assuming the results for March 2017 as 100)



- ### Goal of the final fiscal year of the medium-term plan
- ✓ Due to the impact of the U.S.-China trade conflict, there is little room for optimism regarding sales at present, but market conditions are expected to gradually recover toward the second half of the year.
 - ✓ Assuming that the market will grow in the medium- and long-term, high-quality cleaning materials required by semiconductor makers will continue to be developed.
 - ✓ Expect negative growth compared to the previous period assuming a wave of demand.

Sale of products for the high-tech market
Aiming for 1% year-on-year increase
(20% increase compared to fiscal 2017)

- ✓ As demand for memory is getting stronger and the IoT market is expanding, semiconductor makers intend to make capital investments, and so sales of semiconductor cleaning-related products are expanding.
- ✓ Due to the increasing demand for cloud servers, sales of grinding stones for HDD are also increasing.

Progress of Key Measures

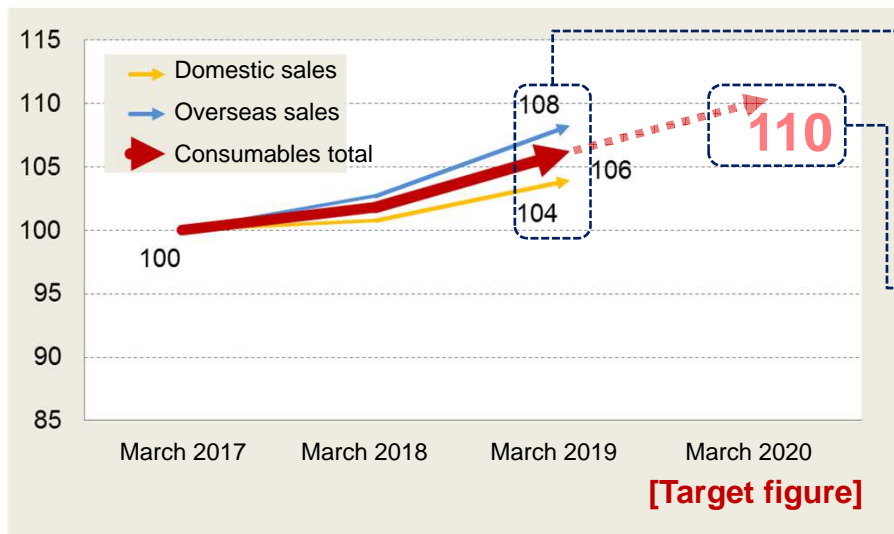
(8/10: Maintain market share in the existing market)



- **[Porous Materials]** Promote expansion of use of PVA products in the field of consumables
 - ✓ Launch new products for car and home care markets, and make efforts to generate synergy with existing products.

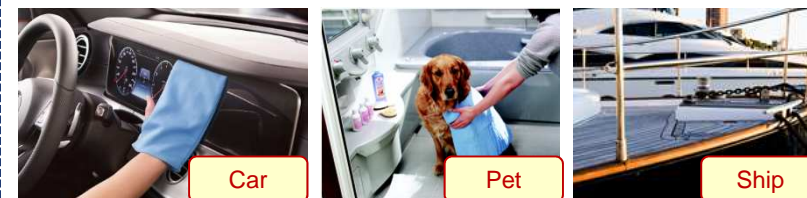
Changes in sales of consumables and the target figure

(Presented as indices assuming the results for March 2017 as 100)



Goal of the final fiscal year of the medium-term plan

- ✓ With regard to overseas sales, shipments to the U.S. are particularly strong.
- ✓ In regard to domestic sales, sales of products for car are increasing through a synergistic effect with fine chemicals.
- ✓ In the fiscal year ending March 2020, we continue to expand sales of products for car and home care in the domestic market and also expand the business with a central focus on developing new use of products for the U.S.



- ✓ In the fiscal year ended March 2018, orders received for semiconductor-related products were significantly more than expected and much production capacity was used for manufacturing industrial materials products, and so production and shipments of consumable products could not keep up with the orders received.
- ✓ For this reason, human and capital investments for boosting production capacity were processed from 2018 ahead of schedule.

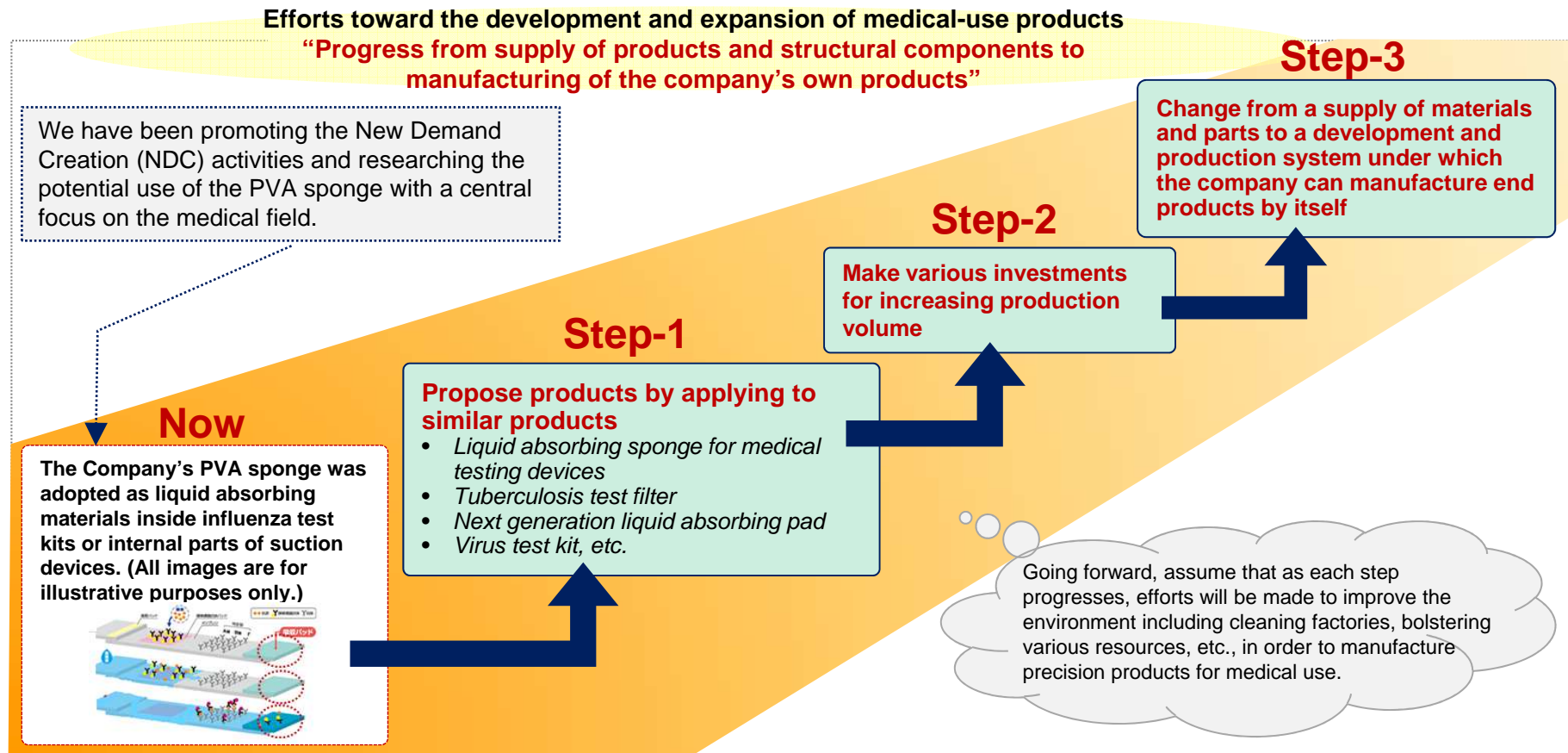
Sale of consumables
Aiming for 4% year-on-year increase
(10% increase compared to fiscal 2017)

Progress of Key Measures (9/10:

Deploy functional porous body to information, environmental and health industries



- [Porous Materials] Aim at establishing a key field for a new business through New Demand Creation activities (1)
 - ✓ Aim to propose products in the medical field derived from existing products and bolster marketing, development and sales resources.
 - ✓ Ultimately, aim at developing and manufacturing end products with higher added value from current supply of structural components.



Progress of Key Measures (10/10: Deploy functional porous body to information, environmental and health industries

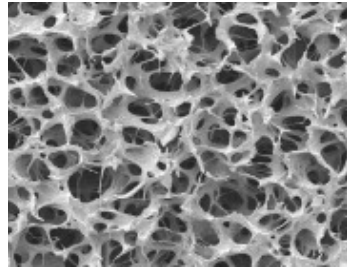


- **[Porous Materials]** Aim at establishing a key field for a new business through New Demand Creation activities (2)
 - ✓ For environmental use, the performance data of catalyst support for waste water treatment is being collected and the development of high-performance carriers is being promoted.

Efforts toward developing and expanding products for environmental use
“Develop a new market by improving product performance in the field of waste water treatment”

(1) [Microbe carrier]

Waste water treatment using PVA sponge or microorganism immobilization carrier for deodorization treatment. It is excellent at resistance to decomposition and it can be used for a long time.



(2) [PC separator]

Continuous vacuum solid-liquid separator used for waste water treatment when grinding metal and glass



[Examples of potential use]

Simple waste water appliance

Metal polluted water treatment

Soil improvement

[Examples of potential use]

Well water/ waste water treatment

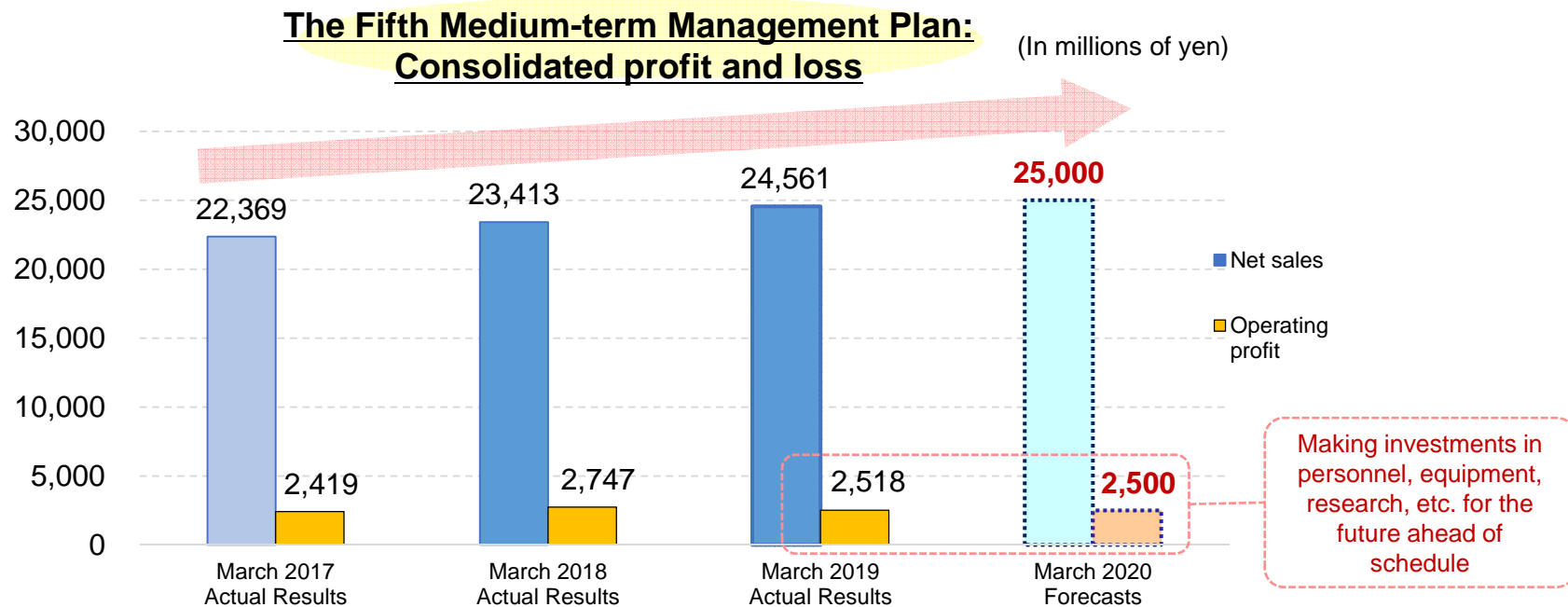
Grinding waste water treatment

Mortar drainage treatment

- ✓ In addition to using for traditional waste water treatment, biological deodorizing and grinding waste water treatment, we are in the process of conducting performance tests using various microorganisms under different environments, aiming at creating added value unique to us and improving performance.
- ✓ We are currently developing high-performance carriers through the industry-university joint research and joint development with cooperative companies.

Financial Results Forecast (1/2: Consolidated profit and loss)

- With regard to the forecast of financial results for the full fiscal year ending March 2020, which is the final fiscal year of the current Medium-term Management Plan (three-year plan), consolidated net sales are expected to be 25 billion yen and consolidated operating profit is expected to be 2.5 billion yen.
 - ✓ Operating profit is expected to be the same as the previous fiscal year due to increases in capital expenditures for the future, expenses related to personnel and R&D, as well as investment expenses associated with information systems for improving the operational efficiency.



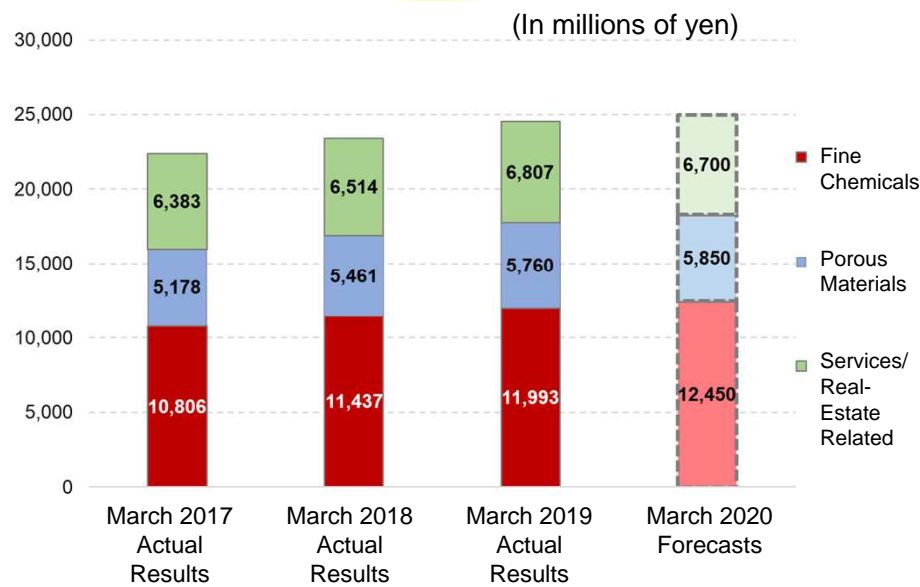
The Fifth Medium-term Management Plan "SHIFT DOWN!!"

Financial Results Forecast

(2/2: Reference: Profit and loss by segment)

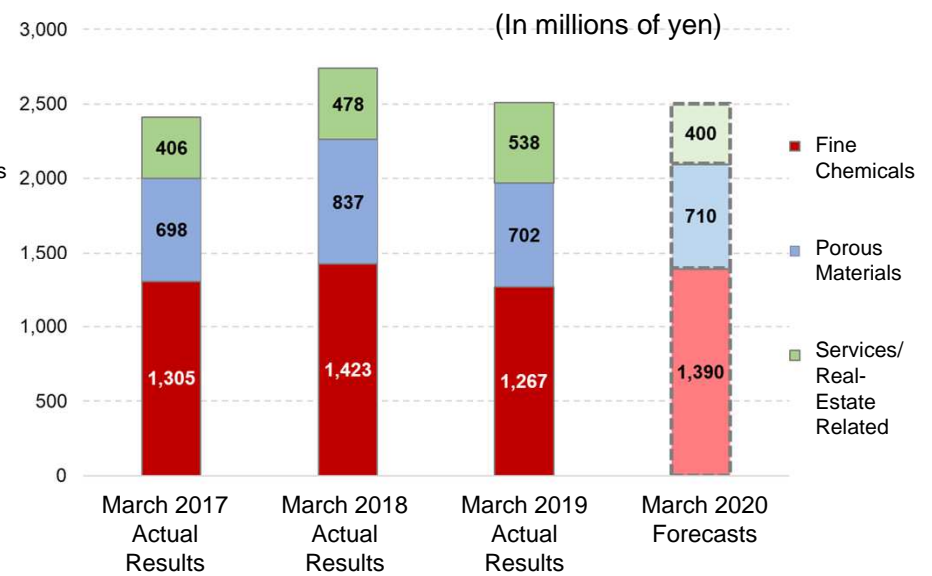


**The Fifth Medium-term Management Plan:
Changes in net sales by segment**



The Fifth Medium-term Management Plan "SHIFT DOWN!!"

**The Fifth Medium-term Management Plan:
Changes in profit by segment**



The Fifth Medium-term Management Plan "SHIFT DOWN!!"

Policy on Return to Shareholders

- With regard to return to shareholders, our basic policy is to continue stable dividends and the threshold of the return to shareholders is “20% of operating profit” from the fiscal year ended March 2018.
- We plan to use retained profits as investments to expand future business and strengthen management structure.

Dividend payments and forecasts

| | Fiscal year ended March 2018 (Actual) | Fiscal year ended March 2019 (Actual/Forecast) | Fiscal year ending March 2020 (Forecast) |
|---|---|--|--|
| Consolidated operating profit (in million yen) | 2,747 | 2,518 | 2,500 |
| Consolidated net profit (in million yen) | 1,919 | 1,861 | 1,820 |
| Total dividends (in million yen) | 478 | 502 | (*2) 520 |
| Interim dividends per share (yen) | 11.0 | 11.0 | 12.0 |
| Year-end dividends per share (yen) | 11.0 | 12.0 | 12.0 |
| Annual dividends per share (yen) | 22.0 | 23.0 | 24.0 |
| Total dividends divided by operating profit | (*1) 17.4% | 19.9% | 20.8% |
| (Reference) Dividend payout ratio | 24.8% | 26.8% | 28.6% |

*1: Return to shareholders related to the acquisition of treasury shares is not included.

If the acquisition of treasury shares of 93 million yen that was resolved during the period is included, the total return to shareholders divided by operating profit for the fiscal year ended March 2018 equals 20.8%.

*2: The figure was temporarily calculated using the average number of shares during the fiscal year ended March 2019 and it is not a fixed amount.

Thank you very much for
your attention.