



For 2Q of the Fiscal Year Ending March 2017

SOFT99 corporation

Financial Results Briefing

December 5, 2016

- This presentation and our responses during the subsequent question and answer session includes 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	200 (as of September 30, 2016)
Principal business	Manufacturing and sale of chemical products for car care 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%	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
Arize 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	 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.
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	 Arize Inc.

II: Outline of Consolidated Results

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

- Both net sales and profit increased owing to strong performance of Fine Chemicals and Porous Materials.
- Net profit decreased due to the termination of the impact by gain on sale of investment securities in the previous period and reporting of extraordinary loss as a result of dissolving employees' pension plan.

(In millions of yen)

	2Q of the fiscal year ended March 2016	2Q of the fiscal year ending March 2017	Year-on-year changes	Year-on-year % changes
Net sales	10,971	11,057	+86	+0.8%
Gross profit	3,955	4,068	+113	+2.9%
Gross profit margin	(36.1%)	(36.8%)	(+0.7P)	-
Selling, general and administrative expenses	2,863	2,927	+64	+2.2%
Operating profit	1,091	1,140	+49	+4.5%
Operating profit margin	(10.0%)	(10.3%)	(+0.3P)	-
Ordinary profit	1,200	1,231	+31	+2.6%
Net income before income taxes	1,453	1,115	-338	-23.3%
Net income attributable to shareholders of parent company	954	824	-130	-13.6%

Condensed Consolidated Cash Flow

(Year-on-year comparison)



(In millions of yen)

	2Q of the fiscal year ended March 2016	2Q of the fiscal year ending March 2017
Cash flows from operating activities	1,038	407
Cash flows from investing activities	(7)	(425)
Cash flows from financing activities	20	(257)
Effect of exchange rate changes on cash and cash equivalents	0	(4)
Net increase (decrease) in cash and cash equivalents	1,052	(279)
Cash and cash equivalents at the beginning of the year	12,063	14,049
Cash and cash equivalents at the end of the year	13,115	13,769
Depreciation expense	331	332
Capital expenditures (*)	164	457

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

Condensed Consolidated Balance Sheet

(Year-on-year comparison)



(In millions of yen)

	March 31, 2016	September 30, 2016	Year-on-year changes		March 31, 2016	September 30, 2017	Year-on-year changes
Current Assets	20,909	21,027	+118	Current Liabilities	3,209	2,686	-523
Cash and deposits	14,493	14,206	-287	Accounts payable	1,002	978	-2
Accounts receivable	3,452	3,526	+74	Income taxes payable	628	296	-332
Marketable securities	200	502	+376	Payables and accrued expenses	1,083	1,003	-80
Inventories	2,248	2,375	+127	Others	495	408	-87
Others	514	416	-98	Non-current Liabilities	3,642	3,489	-153
Non-current Assets	28,507	28,279	-228	Total Liabilities	6,851	6,175	-676
Property, plant and equipment	21,723	21,751	+28	Net Assets	42,565	43,131	+566
Intangible assets	154	137	-17	Shareholders' equity	42,358	42,968	+610
Investments and other assets	6,628	6,390	-238	Accumulated other comprehensive income	206	162	-44
Assets	49,417	49,307	-110	Liabilities and Net Assets	49,417	49,307	-110

Consolidated Highlight Financial Indicators

(Year-on-year comparison)



(In millions of yen)

	2Q of the fiscal year ended March 2016	2Q of the fiscal year ending March 2017	Year-on-year changes
Total assets	48,777	49,307	+530
Net assets	42,163	43,131	+968
Equity ratio (%)	86.4%	87.5%	+1.1P
ROA (Ordinary profit/Total assets)	2.4%	2.5%	+0.1P
ROE (Net profit/Net assets)	2.2%	1.9%	-0.3P
Net income per share (yen)	43.83	38.02	-5.81
Dividends per share (yen)	8.50	10.00	+1.5
Dividend payout ratio	19.4%	26.3%	+6.9P

III: Outline of Segment Results

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

- Net sales increased by 16 million yen owing to strong sales of products for professional use and for overseas customers.
- Gross profit increased by 37 million yen owing to expansion in the sales of products for professional use, which carry a high profit margin, as well as improvement in gross profit margin in foreign operations.

(In millions of yen)	2Q of the fiscal year ended March 2016	2Q of the fiscal year ending March 2017	Year-on-year changes	Year-on-year % changes
Net sales	5,365	5,381	+16	+0.3%
(General use: Car-exterior care)	(1,022)	(1,017)	(-5)	(-0.6%)
(General use: Glass care)	(1,727)	(1,679)	(-47)	(-2.8%)
(General use: Repair products)	(1,157)	(1,163)	(+6)	(+0.6%)
(Professional use)	(647)	(686)	(+39)	(+6.1%)
(Home care products, etc.)	(230)	(233)	(+2)	(+1.3%)
(Foreign operations)	(532)	(580)	(+47)	(+8.9%)
(TPMS)	(52)	(49)	(-2)	(-5.6%)
(Others) Note: Includes sales of resin containers	(-5)	(-29)	(-23)	(-417.5%)
Gross profit	2,533	2,570	+37	+1.5%
Gross profit margin (%)	47.2%	47.8%	+0.6P	—
Operating profit	601	611	+10	+1.8%
Operating profit margin (%)	11.2%	11.4%	+0.2P	—

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

- Net sales increased by 148 million yen owing to expansion in domestic sales of both the industrial materials and the consumables.
- Gross profit increased by 89 million yen as a result of cost reduction through the improved utilization of factories.

(In millions of yen)	2Q of the fiscal year ended March 2016	2Q of the fiscal year ending March 2017	Year-on-year changes	Year-on-year % changes
Net sales	2,380	2,529	+148	+6.3 %
(Industrial materials)	(1,742)	(1,800)	(+58)	(+3.3%)
(Domestic)	(857)	(932)	(+75)	(+8.8%)
(Overseas)	(885)	(867)	(-18)	(-2.0%)
(Consumables)	(637)	(730)	(+93)	(+14.6%)
(Domestic)	(300)	(367)	(+67)	(+22.2%)
(Overseas)	(337)	(364)	(+27)	(+7.9%)
Gross profit	741	830	+89	+12.1%
Gross profit margin (%)	31.1%	32.8%	+1.7P	—
Operating profit	303	357	+53	+17.6%
Operating profit margin (%)	12.8%	14.1%	+1.4P	—

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

- In the automobile repair and sheet metal business, the decrease in the level of inventories received from insurance agents was offset by a new business to remain unchanged from the previous year, but net sales decreased by 62 million yen as a whole due to the struggle faced by the business of planning and sale of household products to create popular products.
- Gross profit decreased by 13 million yen. Gross profit margin remained unchanged from the previous year owing to cost reduction in the automobile repair and sheet metal business.

(In millions of yen)	2Q of the fiscal year ended March 2016	2Q of the fiscal year ending March 2017	Year-on-year changes	Year-on-year % changes
Net sales	2,494	2,432	-62	-2.5%
(Auto service)	(1,189)	(1,188)	(-1)	(-0.1%)
(Driving school)	(417)	(415)	(-2)	(-0.4%)
(Planning and sale of household products)	(888)	(828)	(-60)	(-6.7%)
Gross profit	535	522	-13	-2.4%
Gross profit margin (%)	21.5%	21.5%	+0.0P	—
Operating profit	58	42	-16	-28.2%
Operating profit margin (%)	2.4%	1.7%	-0.6P	—

Real-Estate Related

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



- Net sales in real-estate leasing business decreased from the previous year due to a decrease in rental revenue from tenants in connection with the reconstruction of distribution warehouse. In the bathhouse business, the number of customers decreased due to equipment failure in certain stores. Net sales in the segment as a whole decreased by 17 million yen.

(In millions of yen)	2Q of the fiscal year ended March 2016	2Q of the fiscal year ending March 2017	Year-on-year changes	Year-on-year % changes
Net sales	730	713	-17	-2.3%
(Real-estate leasing)	(185)	(180)	(-5)	(-2.7%)
(Bathhouse business)	(536)	(511)	(-25)	(-4.7%)
(Support for preventive long-term care)	(8)	(21)	(+13)	(+162.5%)
Gross profit	145	144	-1	-1.0%
Gross profit margin (%)	19.9%	20.2%	+0.3P	-
Operating profit	127	124	-3	-3.0%
Operating profit margin (%)	17.5%	17.4%	-0.1P	-

Segment Information

(Comparison of net sales and operating profit by segment)



(In millions of yen)

Net sales	2Q of the fiscal year ended March 2016	(Composition ratio)	2Q of the fiscal year ending March 2017	(Composition ratio)	Year-on-year changes of composition ratio
Fine chemicals	5,365	(48.9%)	5,381	(48.7%)	-0.2P
Porous materials	2,380	(21.7%)	2,529	(22.9%)	+1.2P
Service and real-estate related	3,225	(29.4%)	3,146	(28.4%)	-1.0P
Total	10,971	(100.0%)	11,057	(100.0%)	-

Operating profit	2Q of the fiscal year ended March 2016	(Composition ratio)	2Q of the fiscal year ending March 2017	(Composition ratio)	Year-on-year changes of composition ratio
Fine chemicals	601	(55.1%)	611	(53.9%)	-1.2P
Porous materials	303	(27.8%)	357	(31.5%)	+3.7P
Service and real-estate related	186	(17.1%)	166	(14.6%)	-2.5P
(*) Total	1,091	(100.0%)	1,140	(100.0%)	-

(*) Total amounts include adjustments.

Policy on return to shareholders

- Our basic policy is to continue stable dividend payment. The target dividend payout ratio is 25% of consolidated net income and target total return ratio is 30% with flexible treasury stock acquisition.
 - ✓ Acquired 57,600 treasury shares for a total cost of 41,312,200 yen between April 1, 2016 and September 1, 2016.
 - ✓ Interim dividend per share is 10.00 yen, up 0.50 yen from the forecast made at the beginning of the period. Forecast for annual dividend is also revised to 10.00 yen (up 0.50 yen).
- Retained profits are planned to be used for investments to expand future business and strengthen management structure.

	2Q of the fiscal year ending March 2017 (Actual)	Fiscal year ending March 2017 (Forecast)	Progress
Net income attributable shareholders of parent company (million yen)	824	1,580	52.15%
Net income per share (yen)	38.02	72.88	52.17%
Annual dividend per share (yen)	(Interim dividend) 10.00	20.00	50.00%
Annual dividend (million yen) <small>Note: Calculated based on the list of shareholders as of end of September 2016</small>	207	414	-
Dividend payout ratio (%) <small>On a consolidated basis. Calculated as annual dividend divided by net income</small>	26.3	26.2	-
Ratio of dividends to net assets (%)	0.5	1.0	-

IV: Progress of Medium-term Management Plan in the Final Fiscal Year

Outline of Medium-term Management Plan



■ Medium-term management plan “SOFT99 Drive” (from April 1, 2014 to March 31, 2017)

Management principle: Lifestyle-creating company

Management vision: Discover future “necessity”

“Necessity” refers to products and services that are not just passing trends but are near the customers at all times as long-term favorites.

“Discover” indicates that such products and services are not high-tech products but those supported by customers in their daily lives.

Basic management policies

1

Provide new high-value products and services for mature markets

2

Enter proactively into growing markets and seek to expand businesses

3

Promote accumulation of new technology and service know-how as well as creation of new usage in order to discover future “necessity”

4

Seek to become a corporate group that responds to society's needs and receives due recognition

Market Overview in the Final Fiscal Year



Fine Chemicals

Porous Materials

Domestic

General consumption

The number of customers in retail stores is declining as consumption demand shifts from possession to utilization (services/experience)

Automobile sales

Sales volume of new cars increased except for light vehicles and sales volume of used car also increased year-over-year

High-tech

Semiconductor market is recovering

Overseas

Automobile sales

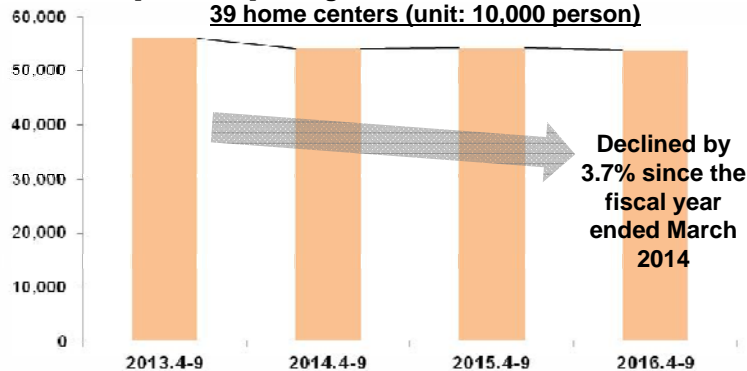
(*) Source: https://www.marklines.com/ja/vehicle_sales/

- ✓China: Strong and increased year-over-year
- ✓Russia: Decreased year-over-year
- ✓South Korea: Decreased year-over-year
- ✓Southeast Asia: Increased year-over-year in Thailand, Indonesia and Singapore, but decreased in Malaysia

High-tech

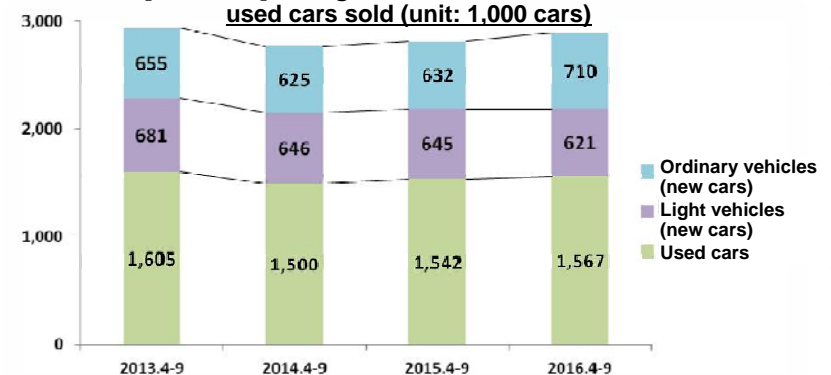
- ✓Sale of products to be used for semiconductors is strong, especially for the U.S. manufacturers
- ✓Sale of HDD remains low due to increasing replacement by SSD

[Domestic] Changes in the number of customers in 39 home centers (unit: 10,000 person)



(*) Source: Website of Japan DIY Industry Association

[Domestic] Changes in the number of new and used cars sold (unit: 1,000 cars)



(*) Source: Website of Japan Automobile Dealers Association

Efforts in the Final Fiscal Year: Mature Market (1)

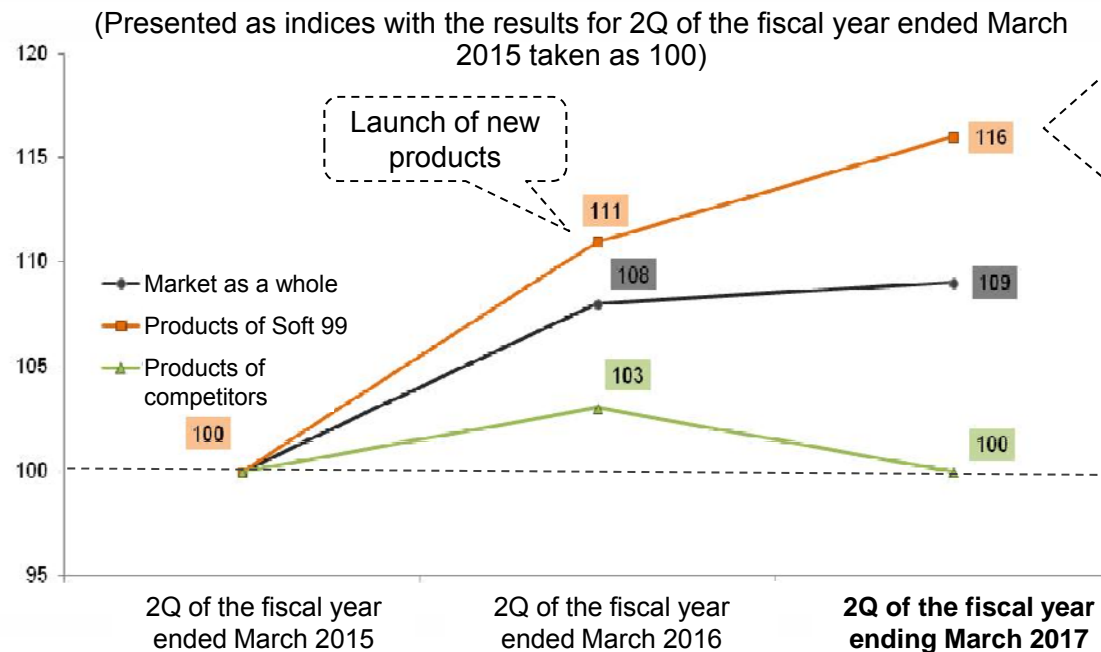


■ Fine Chemicals—Sale of products for general consumers

In the 25th anniversary of the launch of Glaco, a glass water-repellent agent, we made efforts to carry out advertising and sales promotion activities in order to further strengthen its sales and achieve wider recognition.



Changes in sales volume of water-repellent agent and windshield washer fluid



Nationwide campaign using Glaco wagon

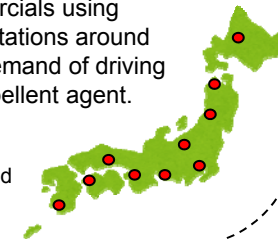
In an effort to achieve wider recognition from consumers who are not familiar with the water-repellent agent, we drove the wagon between service areas around Japan.



Radio commercials

We broadcasted radio commercials using regional dialects in FM radio stations around Japan, in order to stimulate demand of driving consumers for glass water-repellent agent.

Regions where radio commercials are broadcasted (10 radio stations in total) ▶



(*) Source: INTAGE SRI research for glass-care market (glass water-repellent agent and windshield washer fluid) – Total sales amount and market share between April 2014 and September 2016

Efforts in the Final Fiscal Year: Mature Market (2)

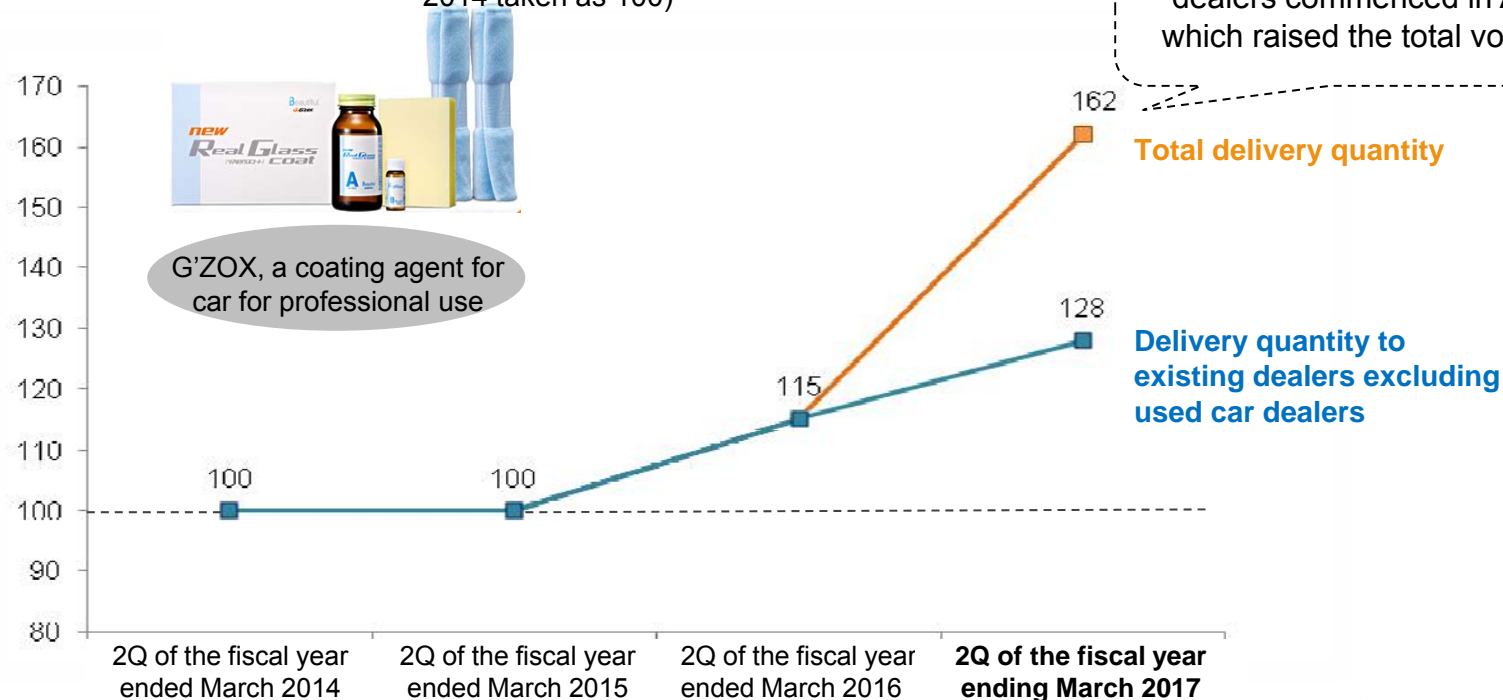


■ Fine Chemicals—Sale of products for professional use

Sale of the in-house brand coating agent “G’ZOX” expanded after it was introduced to major used car dealers.

Changes in delivery quantity of coating agent products
under the in-house brand

(Presented as indices with the results for 2Q of the fiscal year ended March 2014 taken as 100)



Efforts in the Final Fiscal Year: Mature Market (3)

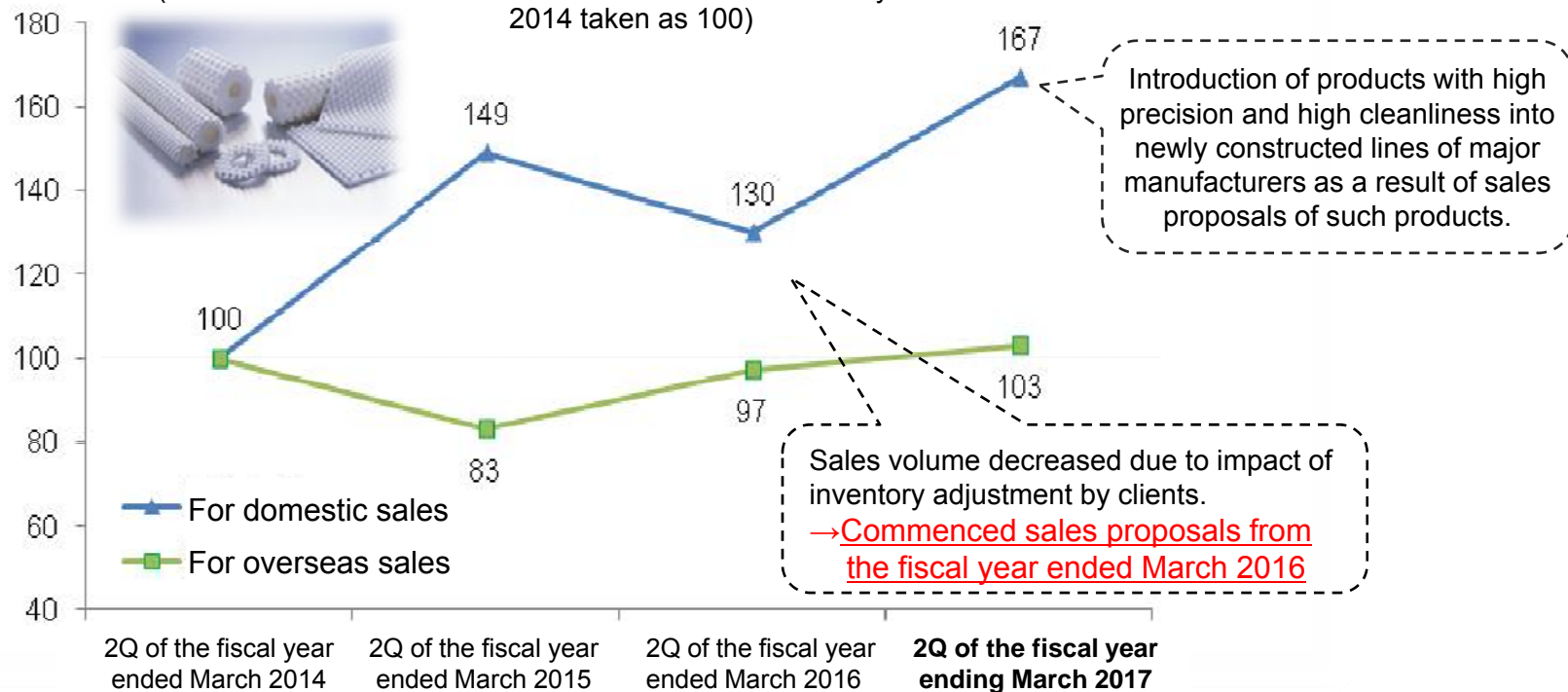


■ Porous Materials—Industrial materials field

In domestic sales, net sales increased owing to increase in delivery quantity of products to be used for semiconductors.

Changes in net sales of products for semiconductor use

(Presented as indices with the results for 2Q of the fiscal year ended March 2014 taken as 100)

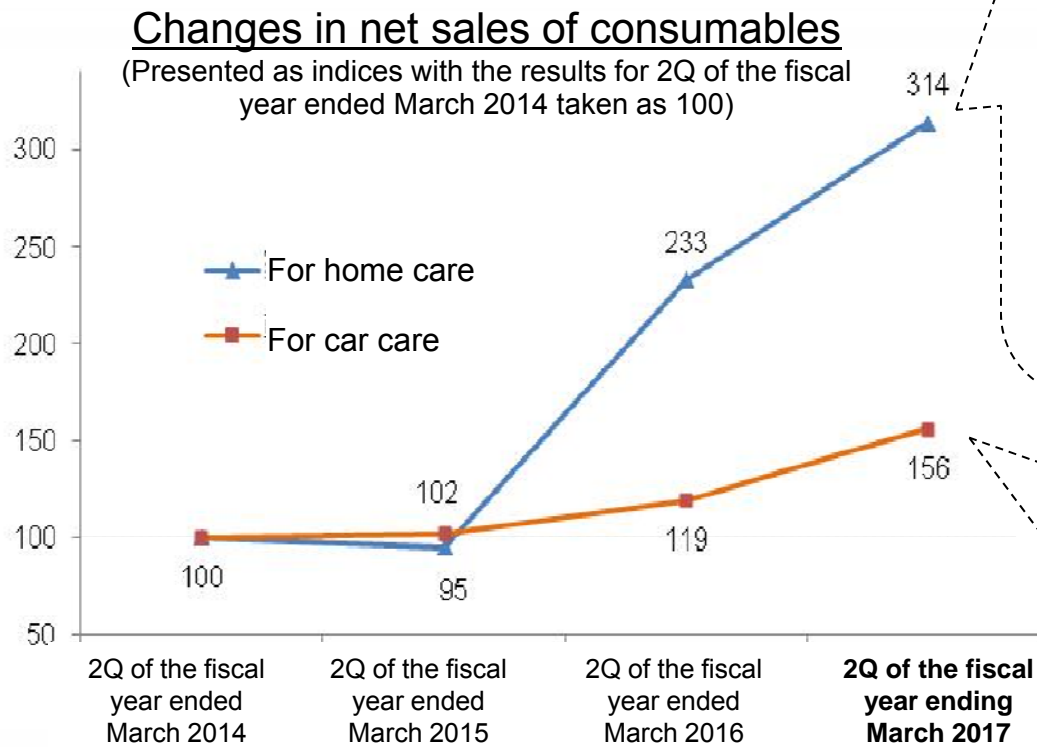


Efforts in the Final Fiscal Year: Mature Market (4)



■ Porous Materials—Consumables field

For domestic sales, sales volume of water-absorbing products increased.



Home care products

➤ Recognition increased after the product was mentioned in TV programs in August and September in the previous year. The number of retail stores selling the product increased.

We succeeded in stimulating demand for cleaning and removal of spots by taking advantage of the water-absorbing ability of sponges.



Car care products

➤ Sales volume increased by expanding sales areas through cooperation with the fine chemicals segment.



Efforts in the Final Fiscal Year: Growing Market (1)-1

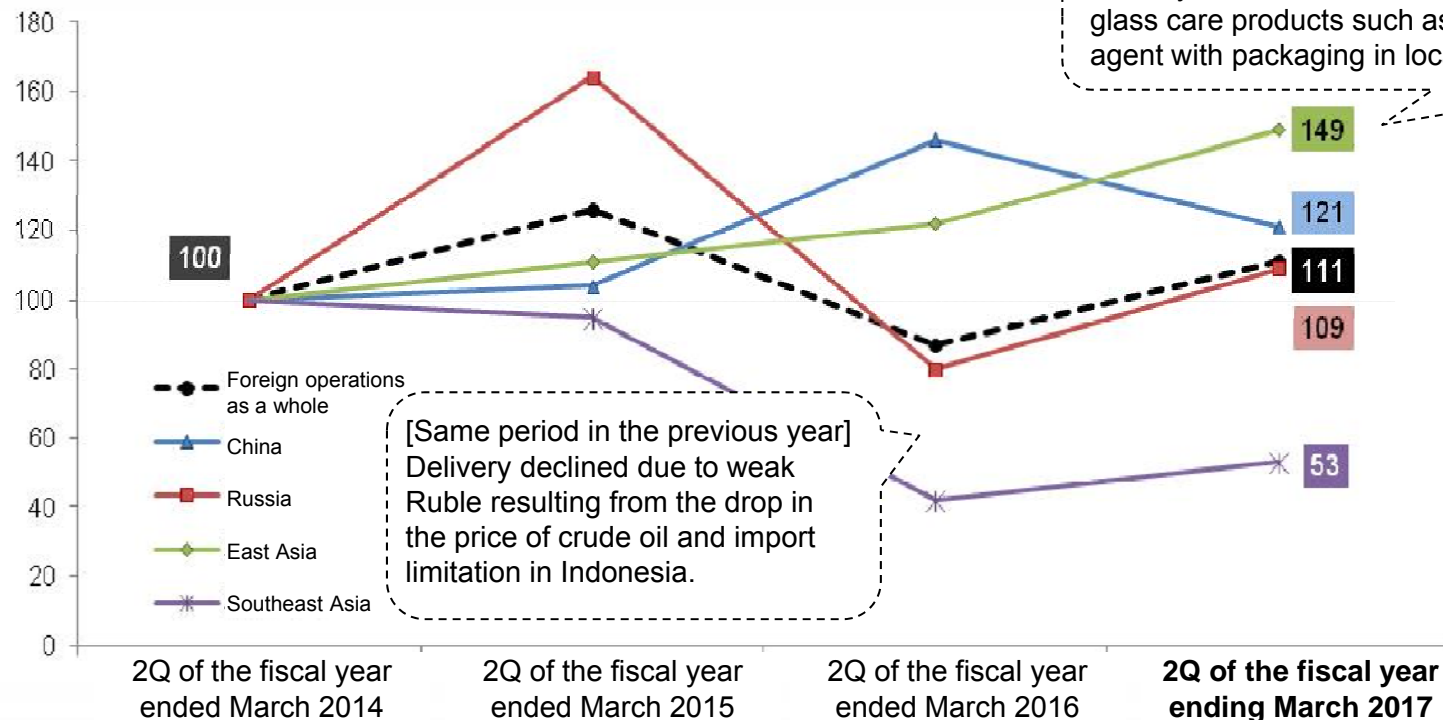


■ Fine Chemicals—Foreign operations

Delivery to Russia has recovered while delivery to East Asia has increased steadily.

Changes in net sales by overseas areas

(Presented as indices with the results for 2Q of the fiscal year ended March 2014 taken as 100)



Efforts in the Final Fiscal Year: Growing Market (1)-2

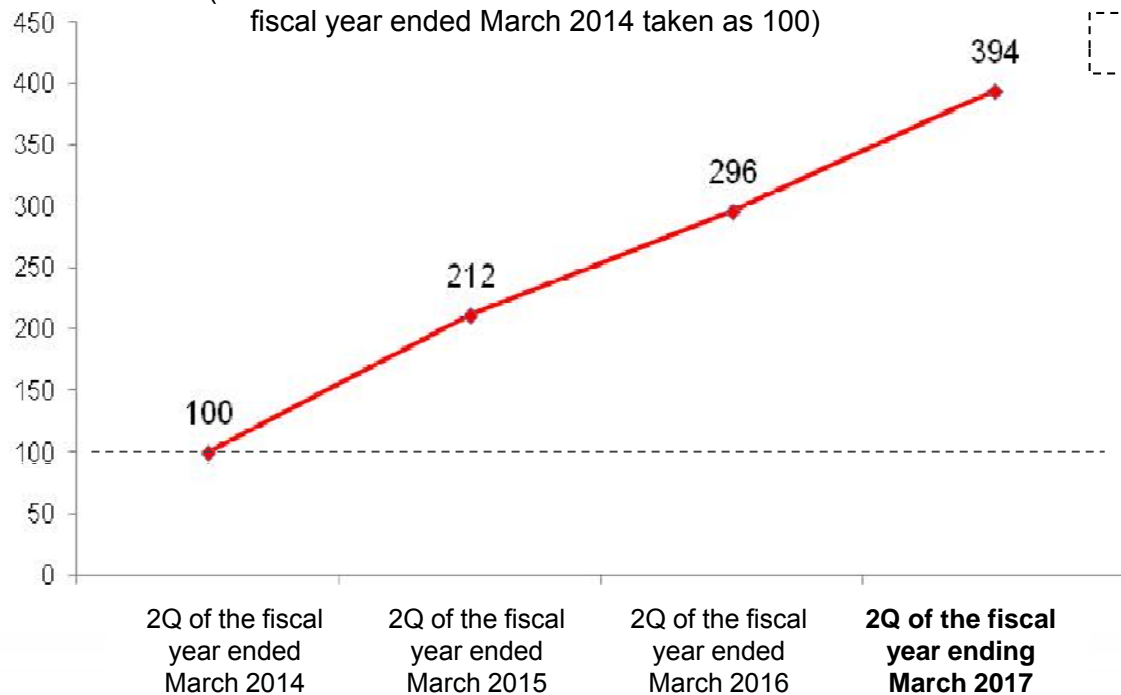


■ Fine Chemicals—Foreign operations

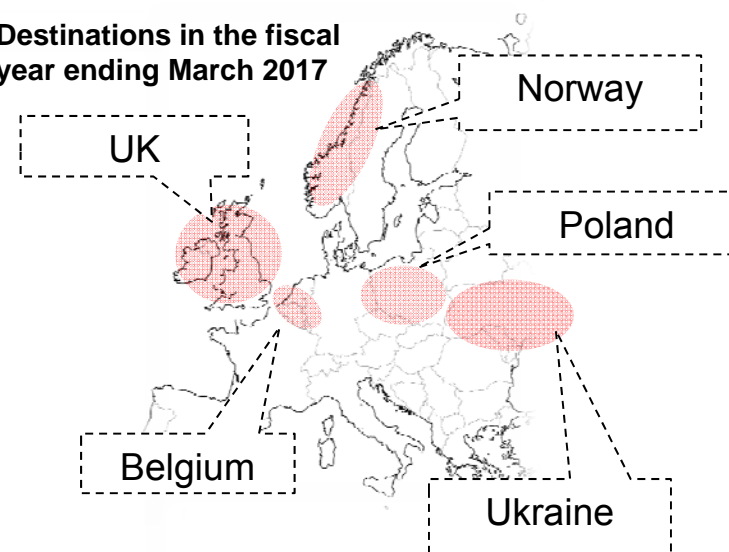
Delivery to Europe steadily increased in addition to increased sales to main destinations.

Changes in net sales for Europe

(Presented as indices with the results for 2Q of the fiscal year ended March 2014 taken as 100)



Destinations in the fiscal year ending March 2017



Main products delivered are car care products for general consumers such as solid wax product “Fusso Coat 12 Months Wax”

Progress in the Final Fiscal Year

(1) Profit and Loss



- Rate of progress of net sales and operating profit for the second quarter are 49.4% and 51.5%, respectively, against the earnings forecast for the full year.

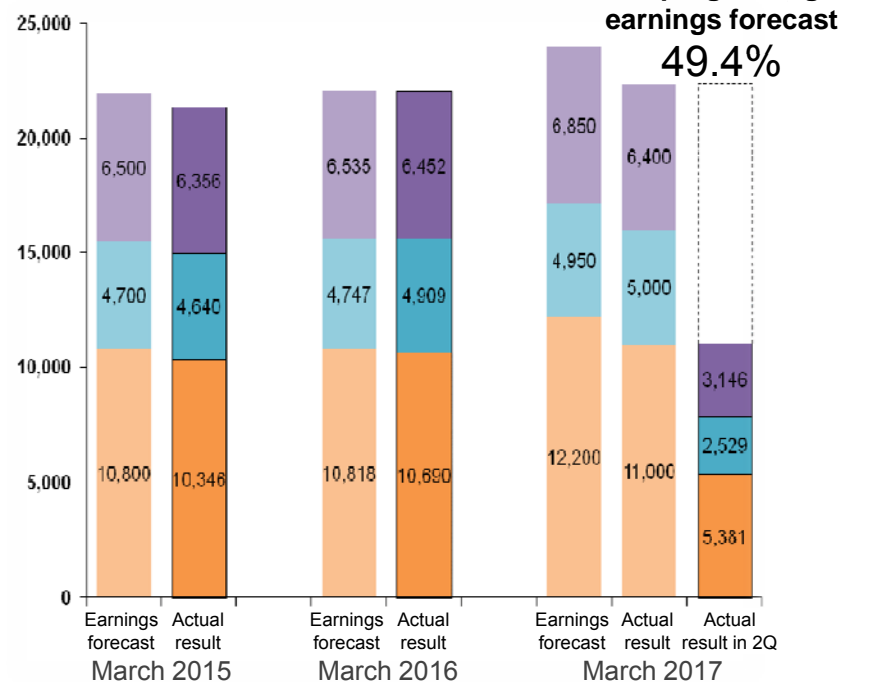
Net sales

Fine chemicals 48.9%
Porous materials 50.6%
Service/real estate 49.2%

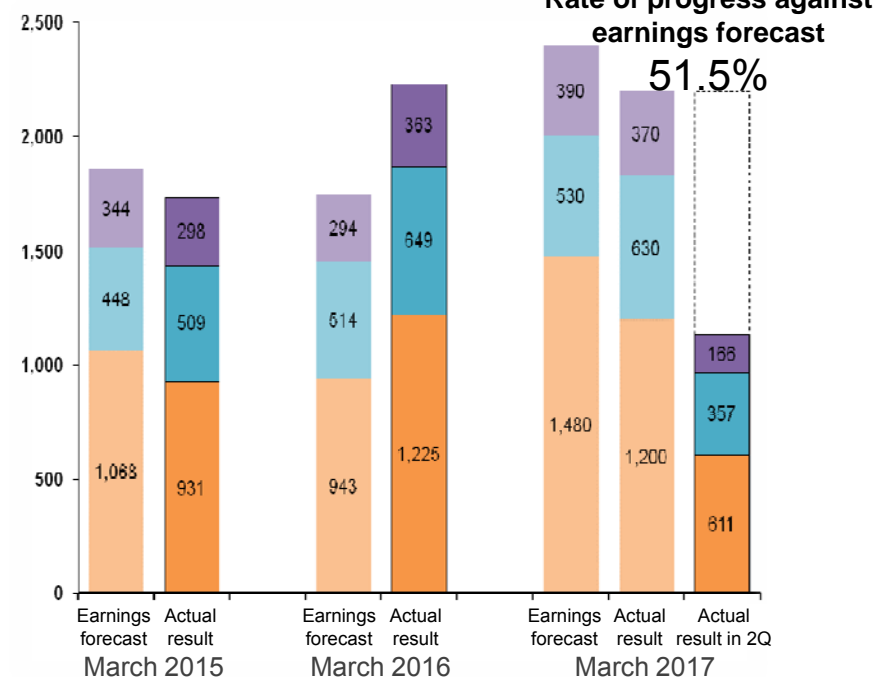
Operating profit

Fine chemicals 50.1%
Porous materials 56.7%
Service/real estate 44.9%

(In millions of yen)



(In millions of yen)



Progress in the Final Fiscal Year (2) By Market

Mature market		Circumstances up to the first half of the final fiscal year	
Fine chemicals Domestic market	Year 1	<ul style="list-style-type: none"> ➢ Sales of products for general consumers were difficult due to inability to launch products that meet consumers' needs in the market. ➢ TPMS business commenced in January 2015. 	
	Year 2	<ul style="list-style-type: none"> ➢ Sales of products for general consumers increased owing to the focus on the sales of glass care products and the launch of such new products. ➢ Sales of products for professional use and home care products increased as a result of successfully finding new dealers. 	
	Year 3	<ul style="list-style-type: none"> ➢ Sales of products for professional use and home care products continued to be strong owing to increasing promotion of both products to major dealers. 	
Porous materials Existing field (Domestic and overseas)	Year 1	<ul style="list-style-type: none"> ➢ In the industrial materials field, orders for products to be used for semiconductors decreased, due to the effect of inventory adjustment resulting from increasing competition between manufacturers. 	
	Year 2	<ul style="list-style-type: none"> ➢ In the industrial materials field, sales proposals for products with high precision and high cleanliness to be used for semiconductors commenced. ➢ In the consumables field, the number of retail dealers increased owing to increased recognition and stimulated demand for water-absorbing products for home care. 	
	Year 3	<ul style="list-style-type: none"> ➢ Sales of industrial materials increased as a result of sales proposals that commenced in the previous period. 	
Growing market		Circumstances up to the first half of the final fiscal year	
Fine chemicals Overseas market	Year 1	<ul style="list-style-type: none"> ➢ Sales increased, especially in Russia and Asian countries, as a result of launching products packaged in local languages. 	
	Year 2	<ul style="list-style-type: none"> ➢ Delivery to Russia and Southeast Asia, which are main destinations, decreased due to deterioration in the economic environment. 	
	Year 3	<ul style="list-style-type: none"> ➢ Sales of localized products for East Asia expanded in addition to the recovery of the economic environment in Russia and Southeast Asia. 	
Porous materials New field (Domestic and overseas)	Year 2	<ul style="list-style-type: none"> ➢ NDC (New Demand Creation) activities commenced. ➢ New initiative for the sales of products for medical use commenced and the products were adopted as parts for an influenza test kit. 	
	Year 3	<ul style="list-style-type: none"> ➢ Application of products for medical use expanded as a result of cross-sectional promotional activities. 	

Future issues

Changes in circumstances surrounding automobiles

Increase in users of car sharing and rental vehicles

Evolution of automated driving

Development of new energy vehicles

Emergence of personal mobility

Purpose of vehicles will shift from “possession” to “utilization,” which may change the historical relationship between drivers and vehicles where “drivers clean vehicles.”

Issues for our Group

Development of new products and services in response to changes in habits for car decoration

Thank you very much for
your attention.