



For the Fiscal Year Ended March 2020

SOFT99 corporation

Materials for the Financial Results Briefing

May 29, 2020

- These materials include forecasts, expectations, assessments, plans, and strategies concerning the future. The descriptions and statements based on these future projections include product demand fluctuations, economic trends, weather and other risks and uncertainties.
- The descriptions and statements based on any of the future projections that are included in these materials are based on information available when the materials were prepared, and we assume no obligation to update such descriptions and statements.
- In addition, such descriptions and statements do not constitute a guarantee of future results; actual results may substantively differ from our current expectations. These differences could be caused by many factors.

Table of Contents

I: Outline of the Corporate Group P. 3
II: Outline of Consolidated Results P. 7
III: Outline of Segment Results P. 12
IV : New Medium-term Management PlanP. 19
(Same as in the materials disclosed on May 15, 2020)	

I: Outline of the Corporate Group










SOFT99 corporation

Established	October 28, 1954
Capital	¥2,310,056,000
Representative	President and CEO Hideaki Tanaka
No. of employees	215 (as of March 31, 2020; unconsolidated)
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 Ward, Osaka	¥482 mil.	100.0%	Financial assistance and real estate leasing Concurrently appointed directors
ASMO Co., Ltd.		Chuo Ward, Osaka	¥80 mil.	100.0%	Financial assistance and real estate leasing Concurrently appointed directors
Shanghai SOFT99 Chemical Co., Ltd.		Shanghai, People's Republic of China	US\$5,650 k	100.0%	Concurrently appointed directors
SOFT99 autoservice Co., Ltd.		Chuo Ward, Osaka	¥50 mil.	100.0%	Financial assistance and real estate leasing Concurrently appointed directors
KURASHIKIKAKU Co., Ltd.		Koto Ward, Tokyo	¥50 mil.	100.0%	Concurrently appointed directors and real estate leasing
Arise Inc.		Chuo Ward, Osaka	¥50 mil.	100.0%	Financial assistance and real estate leasing Concurrently appointed directors
Orange Japan Inc.		Koto Ward, Tokyo	¥30 mil.	100.0%	Financial assistance and real estate leasing Interlocking directors
ANTERIA Co., Ltd.		Chuo Ward, Osaka	¥10 mil.	100.0%	Financial assistance and real estate leasing
HANERON Co., Ltd.		Yao City, Osaka	¥33 mil.	100.0%	Concurrently appointed directors

(Note) As of March 31, 2020

Outline of Operating Segments



Operating segments	Subsegments	Operating companies
Fine Chemicals	Consumer products (for automobiles)	 SOFT99 corporation
	Professional-use products (for automobiles and other industries)	
	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)

- Sales of Fine Chemicals—SOFT99's key segment—grew, but those for other segments fell, reducing the Company's overall sales.
- In addition to decreased gross profit due to lower sales, increases in selling and administrative expenses for the future reduced the overall profit.

(In millions of yen)

	Fiscal year ended March 2019	Fiscal year ended March 2020	Year-on-year changes	Year-on-year % changes
Net sales	24,561	24,434	-127	-0.5%
Gross profit	8,969	8,946	-22	-0.2%
<i>Gross profit margin</i>	36.5%	36.6%	+0.1 pt	—
Selling, general and administrative expenses	6,451	6,524	+73	+1.1%
Operating profit	2,518	2,421	-96	-3.8%
<i>Operating profit margin</i>	10.3%	9.9%	-0.4 pt	—
Ordinary profit	2,685	2,585	-100	-3.7%
Net income before income taxes	2,672	2,608	-64	-2.4%
Net income attributable to shareholders of parent company	1,861	1,824	-37	-2.0%

Condensed Consolidated Cash Flow

(Year-on-year comparison)



(In millions of yen)

	Fiscal year ended March 2019	Fiscal year ended March 2020
Cash flow from operating activities	2,377	2,606
Cash flow from investing activities	-941	-1,077
Cash flow from financing activities	-270	-563
Effect of exchange rate fluctuations on cash and cash equivalents	-1	-0
Net increase (decrease) in cash and cash equivalents	1,165	964
Cash and cash equivalents at the beginning of the year	15,653	16,818
Cash and cash equivalents at the end of the year	16,818	17,782

Depreciation expense	793	796
Capital expenditures (*)	723	783

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

Condensed Consolidated Balance Sheet

(Year-on-year comparison)



(In millions of yen)

	March 31, 2019	March 31, 2020	Year-on- year changes		March 31, 2019	March 31, 2020	Year-on- year changes
Current Assets	24,777	25,725	+947	Current Liabilities	3,250	3,316	+66
Cash and deposits	17,496	18,274	+778	Accounts payable	1,121	1,109	-12
Accounts receivable	3,786	3,720	-65	Income taxes payable	323	518	+195
Marketable securities	200	200	-0	Payables and accrued expenses	1,317	1,206	-110
Inventories	3,058	3,333	+275	Others	487	481	-5
Others	236	195	-41	Non-current Liabilities	3,610	3,558	-52
Non-current Assets	29,089	29,529	+440	Total Liabilities	6,860	6,874	+14
Property, plant and equipment	22,268	22,214	-53	Net Assets	47,006	48,380	+1,373
Intangible assets	162	199	+36	Shareholders' equity	46,566	47,941	+1,374
Investments and other assets	6,657	7,115	+457	Accumulated other comprehensive income	440	438	-1
Assets	53,867	55,255	+1,388	Liabilities and Net Assets	53,867	55,255	+1,388

Consolidated Highlight Financial Indicators

(Year-on-year comparison)



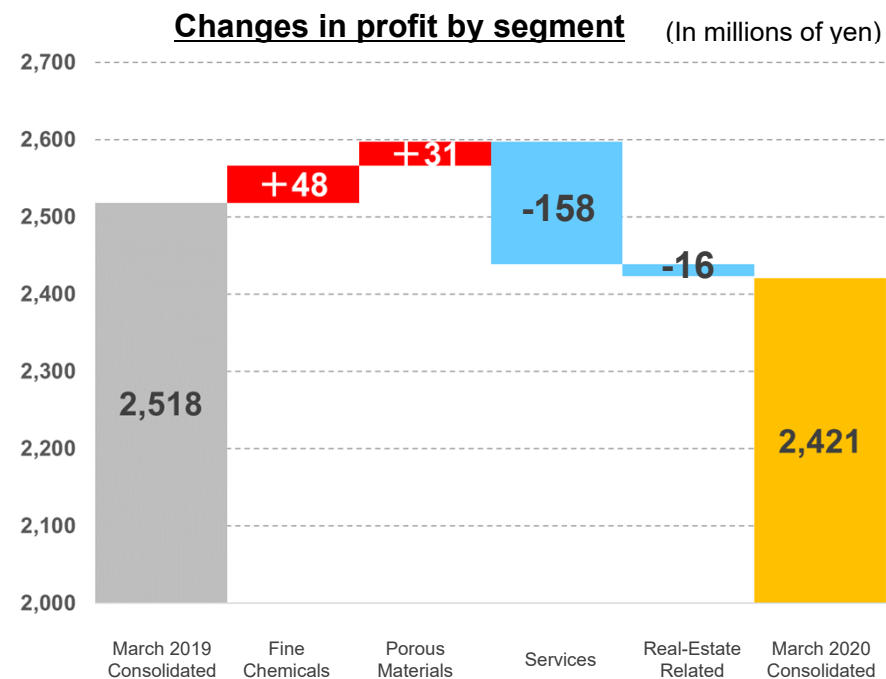
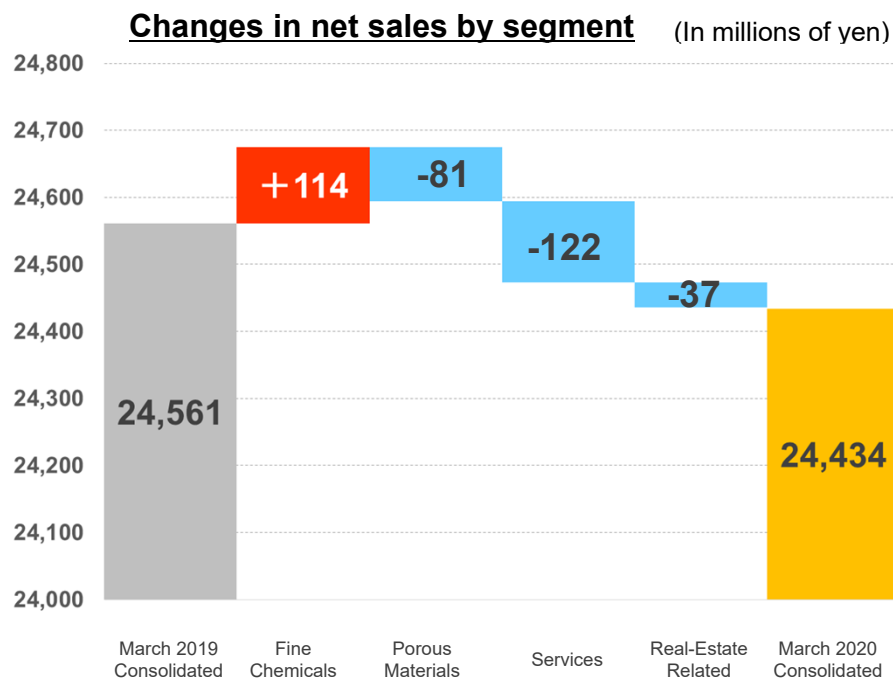
	Fiscal year ended March 2019	Fiscal year ended March 2020	Year-on-year changes
Total assets (million yen)	53,867	55,255	+1,388
Net assets (million yen)	47,006	48,380	+1,373
Equity ratio	87.3%	87.6%	+0.3 pt
ROA (Ordinary profit/Total assets*)	5.0%	4.7%	-0.3 pt
ROE (Net profit/Net assets*)	4.0%	3.8%	-0.2 pt
Total asset turnover (Net sales/Total assets*)	0.46	0.45	-0.01
Net income per share (yen)	85.81	83.74	-2.07

* 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)

- Fine Chemicals—the key segment—saw both sales and profits rise, but the increased sales and profits failed to cover decreases in other segments' sales and profits, reducing the Company's overall sales and profits.



(Note) Excludes the consolidated adjustment amount

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

■ Both net sales and profit increased as a whole.

- ✓ Among the general-use products, sales of new car-exterior care products and glass-care products (wipers) were strong.
- ✓ In the overseas business, sales recovered because sales of products meeting the European chemical substance regulations began.
- ✓ Professional-use products saw OEM sales fall. Sales of other products declined substantially from the effect of returned tire chains due to unprecedentedly warm winter.

(In millions of yen)	Fiscal year ended March 2019	Fiscal year ended March 2020	Year-on-year changes	Year-on-year % changes
Net sales	11,993	12,108	+114	+1.0%
General-use products: Car-exterior care	1,776	1,866	+89	+5.1%
General-use products: Glass care	3,459	3,681	+221	+6.4%
General-use products: Repair products	2,264	2,255	-8	-0.4%
Professional-use products	1,754	1,649	-104	-6.0%
Home-care products, etc.	598	697	+98	+16.6%
Foreign operations	1,295	1,400	+104	+8.1%
TPMS (Tire-Pressure Monitoring System)	160	185	+25	+15.6%
Electronic device and software development	525	563	+38	+7.2%
Others and adjustments	157	-192	-350	-222.6%
Gross profit	5,567	5,624	+56	+1.0%
<i>Gross profit margin</i>	<i>46.4%</i>	<i>46.4%</i>	<i>± 0.0 pt</i>	—
Operating profit	1,267	1,316	+48	-3.8%
<i>Operating profit margin</i>	<i>10.6%</i>	<i>10.9%</i>	<i>+0.3 pt</i>	—

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

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

- ✓ The industrial materials segment remained sluggish due to the slowdown of the semiconductor market that resulted from US-China trade disputes, but overseas sales grew because of customers' requests for larger inventories due to COVID-19 during the fourth quarter.
- ✓ In the consumables segment, while domestic demand remained strong, overseas sales for the USA remained stagnant in terms of overseas markets.
- ✓ Despite the early defraying of expenses for the future, such as growth in personnel and research expenses, operating profit exceeded that for the previous period thanks to the improved operating profit margin.

(In millions of yen)	Fiscal year ended March 2019	Fiscal year ended March 2020	Year-on-year changes	Year-on-year % changes
Net sales	5,760	5,678	-81	-1.4%
Industrial materials	4,164	4,224	+60	+1.4%
Domestic	2,122	2,095	-27	-1.3%
Overseas	2,042	2,129	+87	+4.2%
Consumables	1,596	1,455	-141	-8.8%
Domestic	751	854	+103	+13.7%
Overseas	845	601	-244	-28.9%
Gross profit	1,746	1,829	+83	+4.8%
<i>Gross profit margin</i>	<i>30.3%</i>	<i>32.2%</i>	<i>+1.9 pt</i>	—
Operating profit	702	733	+31	+4.4%
<i>Operating profit margin</i>	<i>12.2%</i>	<i>12.9%</i>	<i>+0.7 pt</i>	—

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

■ Both net sales and profit declined in the segment as a whole.

- ✓ In the auto service business, sales declined because some of the factories suspended operation due to equipment renewal. Also, orders from customers, who had limited orders when there was special demand due to typhoon damage during the previous period, were slow to recover. This was the major reason for the reduced profit.
- ✓ In the driving school business, sales for general training sessions were strong. Sales for training sessions for seniors, etc. were also strong.
- ✓ In the planning and sale of household products, sales for consumer cooperatives and EC grew because consumers voluntarily refrained from going out as COVID-19 spread during the fourth quarter and thereafter.

(In millions of yen)	Fiscal year ended March 2019	Fiscal year ended March 2020	Year-on-year changes	Year-on-year % changes
Net sales	5,343	5,221	-122	-2.3%
Auto service	2,617	2,407	-210	-8.0%
Driving school	902	969	+67	+7.4%
Planning and sale of household products	1,823	1,843	+20	+1.1%
Gross profit	1,354	1,209	-144	-10.7%
<i>Gross profit margin</i>	25.3%	23.2%	-2.1 pt	—
Operating profit	280	121	-158	-56.7%
<i>Operating profit margin</i>	5.2%	2.3%	-2.9 pt	—

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

■ Both net sales and profit declined in the segment as a whole.

- ✓ In the real-estate leasing business, sales grew due to the stable operation of owned properties.
- ✓ Sales for the bathhouse business fell below those for the previous period because the number of users decreased after COVID-19 started to spread in addition to the effects of new bathhouses opened by competitors in the neighborhood.
- ✓ Affected by decreased sales for the bathhouse business, operating profit also declined.

(In millions of yen)	Fiscal year ended March 2019	Fiscal year ended March 2020	Year-on-year changes	Year-on-year % changes
Net sales	1,464	1,426	-37	-2.6%
Real-estate leasing	379	387	+8	+2.3%
Bathhouse business	1,033	988	-45	-4.3%
Support for preventive long-term care	51	50	-1	-3.5%
Gross profit	297	284	-13	-4.5%
Gross profit margin	20.3%	19.9%	-0.4 pt	—
Operating profit	258	241	-16	-6.5%
Operating profit margin	17.6%	16.9%	-0.7 pt	—

Segment Information

(Comparison of net sales and operating profit by segment)



(In millions of yen)

Net sales	Fiscal year ended March 2019	Composition ratio	Fiscal year ended March 2020	Composition ratio	Year-on-year changes of composition ratio
Fine Chemicals	11,993	48.8%	12,108	49.6%	+0.8 pt
Porous Materials	5,760	23.3%	5,678	23.2%	-0.1 pt
Services and Real-Estate Related	6,807	27.8%	6,647	27.2%	-0.6 pt
Total	24,561	100.0%	24,434	100.0%	-

Operating profit	Fiscal year ended March 2019	Composition ratio	Fiscal year ended March 2020	Composition ratio	Year-on-year changes of composition ratio
Fine Chemicals	1,267	51.8%	1,316	54.4%	-2.6 pt
Porous Materials	702	30.5%	733	30.3%	+0.2 pt
Services and Real-Estate Related	538	17.4%	363	15.0%	+2.4 pt
(*) Total	2,518	100.0%	2,421	100.0%	-

(*) Total amounts include the consolidated adjustment amount

IV: New Medium-term Management Plan

(Same as in the materials disclosed on May 15, 2020)

[Points to note concerning the assumptions for planning (effects of COVID-19)]

- The spread of COVID-19 is likely to have various positive and negative effects on the Company's business. When it was developed, however, this plan took into account only events whose effects on the performance of the Company had become clear to a certain extent by May 15, 2020 (such as the suspension of some of the SOFT99 Group's businesses and voluntary restraint on its business operations for a certain period of time due to the state of emergency declared by the Japanese government in April 2020).
- The effects of the spread of COVID-19 in Japan and abroad, the prolongation of measures taken to cope with the pandemic, and other factors on the Company's business may change in the future. If major effects on the plan become clear in the future, the Company will inform you of changes in the plan through its website and the Tokyo Stock Exchange's TDnet.



SOFT99 Group

The Sixth Medium-term Management Plan

(From April 2020 to March 2023)



SOFT99 corporation
May 15, 2020

- These materials include forecasts, expectations, assessments, plans, and strategy concerning the future.
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Medium-term Management Plan: Table of Contents



[1] Review of the Previous Medium-term Management Plan.....P. 22

1. Progress of Principal Measures
2. Consolidated Profit and Loss
3. Management Efficiency Indicators
4. Profit and Loss by Segment (1)
5. Profit and Loss by Segment (2)

[2] Management Environment Surrounding the SOFT99 GroupP. 28

1. Target Markets
2. Environmental Changes (1)
3. Environmental Changes (2)

[3] Outline of the Sixth Medium-term Management PlanP. 32

1. Theme and Vision
2. Basic Management Policy
3. Conceptual Diagram of Principal Measures to Take
4. Consolidated Profit and Loss Goals
5. Management Efficiency Indicators
6. Policy on Return to Shareholders

[1] Review of the Previous Medium-term Management Plan



[1] Review of the Previous Medium-term Management Plan (1/6: Progress in Principal Measures)



- The planned “measures for new markets” produced certain results, but overall, the goals were half-way achieved.

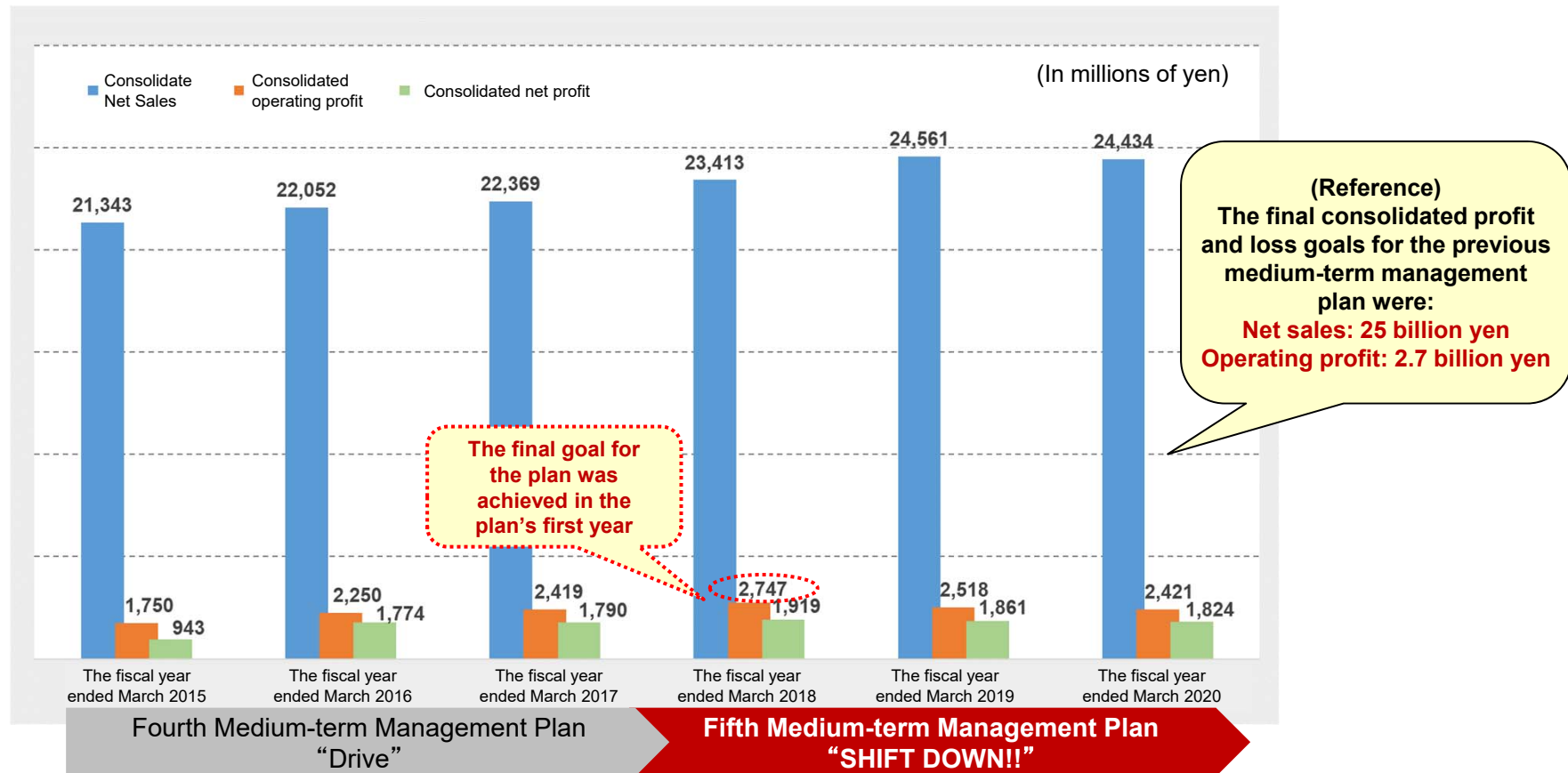
	Basic policy for the previous medium-term plan	Principal measures by business segment (note)	Market environment and the progress of principal measures during the previous medium-term plan	
Automotive field	Realize security, safety, and comfort in the automobiles of the new age	(F) Build the business foundation for overseas sales expansion	○ ○	<ul style="list-style-type: none"> Sales growth in Europe and Russia Foothold gained for increasing sales in South Asia and South America as well
		(F) Redefine the beauty of automobiles in a way that meets changes in the environment surrounding them	△ ○	<ul style="list-style-type: none"> Sales did not increase substantially despite sales efforts in new channels such as the sharing economy Growth in sales of professional-use products in existing fields
		(F) Strengthen the TPMS sales network for trucks and buses, and add TPMS products for passenger cars	× △	<ul style="list-style-type: none"> The number of new models equipped with TPMS increased more slowly than expected Sales of TPMS products added later grew steadily, but sales volumes were not enough
		(S) Develop new services that utilize sheet metal and expertise in driving lessons	△	<ul style="list-style-type: none"> Service development progressed, but commercialization will take more time
Industrial field	Develop new markets that become a pillar of the Company's business	(P) Deploy functional porous bodies to information, environmental and health industries	○ △	<ul style="list-style-type: none"> Sales for the information industry rose due to favorable conditions in the semiconductor market Challenges remain in deployment to environmental and health industries
		(F) Deploy coating products to outdoor structures and the cleaning industry	△	<ul style="list-style-type: none"> Demand was confirmed as the construction of collaboration systems with partner companies progressed, but profits could not be increased during the period.
		(F) Deploy surface modification technology to the printing and adhesives industries	△	<ul style="list-style-type: none"> Demand was confirmed as the construction of collaboration systems with partner companies progressed, but profits could not be increased during the period.
Living field	Establish the Company's presence in this niche market	(F) Explore a new field in the fine chemicals segment that follows products for glasses	△	<ul style="list-style-type: none"> The application of water-repelling technology to other fields progressed, but product categories that became a new pillar of business could not be created.
		(S) Strengthen online sales	○ ×	<ul style="list-style-type: none"> Mail-order sales for consumer cooperatives remained strong. SOFT99's own EC did not grow.
		(F・P・S・R) Improve efficiency by sharing resources within the Group	○	<ul style="list-style-type: none"> The sharing of sales channels between segments helped to increase sales of consumables in the porous materials segment

(Note) (F) Fine Chemicals (P) Porous Materials (S) Services (R) Real-Estate Related

[1] Review of the Previous Medium-term Management Plan (2/6: Progress in Principal Measures)



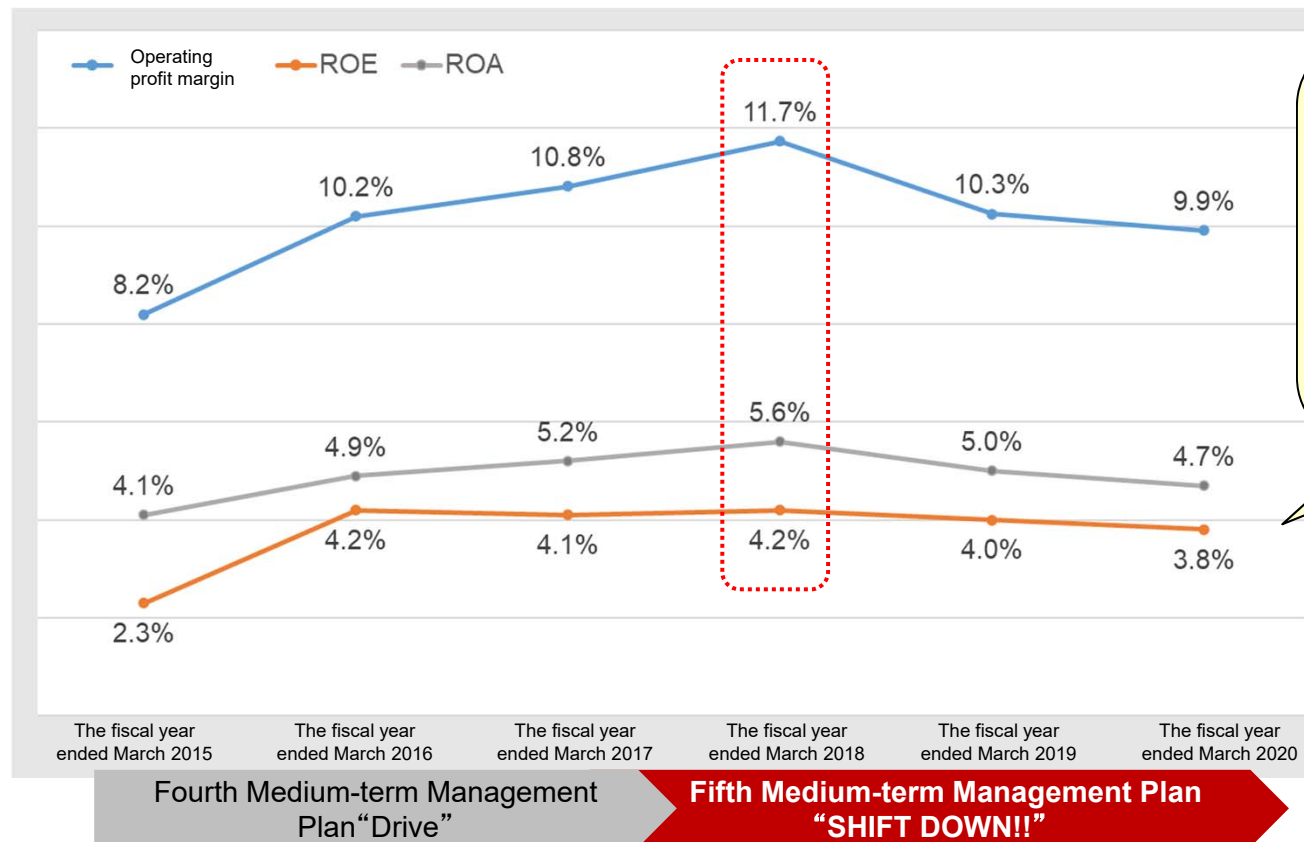
- The sales goal of 25 billion yen for the last year of the Fifth medium-term plan was not achieved (The achievement ratio was 97.7%).
- The operating profit goal of 2.7 billion yen for the last year of the Fifth medium-term plan was achieved in the term to March 2018. In the term to March 2019 and thereafter, operating profit decreased due to factors such as personnel increases to reinforce production capacity and bringing forward investments for the future earlier than initially planned.



[1] Review of the Previous Medium-term Management Plan (3/6: Progress in Principal Measures)



- The final goal set for each indicator in the plan was achieved in the plan's first year (term to March 2018).
- In the term to March 2019 and thereafter, each indicator declined as operating profit fell.



(Reference)
The final goals for management efficiency indicators in the previous medium-term management plan are:
Operating profit margin: 10.8%
ROA: 5.2%
ROE: 4.0%

(*) ROE = Net profit ÷ Average amount of net assets during the term
ROA = Ordinary profit ÷ Average amount of total assets during the term

[1] Review of the Previous Medium-term Management Plan (4/6: Progress in Principal Measures)



- Fine Chemicals drove the expansion of sales volumes (including the start of new businesses through M&A).
- After reaching 2.7 billion yen (the previous medium-term plan's final goal) in the first year of the Plan, operating profit remained at almost the same level as for the final year of the 2015 - 2017. This was mainly due to securing personnel for the future and that various investments made earlier than initially planned.

(In millions of yen)

	Net sales			Operating profit		
Operating segments	Fourth Medium-term Management Plan March 2017	Fifth Medium-term Management Plan March 2020	Year-on-year changes	Fourth Medium-term Management Plan March 2017	Fifth Medium-term Management Plan March 2020	Year-on-year changes
Fine Chemicals	10,806	12,108	+1,302	1,305	1,316	+11
Porous Materials	5,178	5,678	+500	698	733	+35
Services	4,942	5,221	+279	144	121	-23
Real-Estate Related	1,441	1,426	-15	261	241	-20
(Adjustments)	—	—	—	9	8	-1
Total	22,369	24,434	+2,065	2,419	2,421	+2

[1] Review of the Previous Medium-term Management Plan (5/6: Progress in Principal Measures)



- The previous medium-term management plan considered fine chemicals and porous materials as growth drivers. In these two segments, while the creation of new businesses through development of new products and services was half-way achieved, sale of products and services in existing fields remained strong.

Changes in net sales (by sub-segment for fine chemicals and porous materials)

		Fifth Medium-term Management Plan "SHIFT DOWN!!"				
(In millions of yen)		Fiscal year ended March 2017	Fiscal year ended March 2018	Fiscal year ended March 2019	Fiscal year ended March 2020	2020—2017
General-use: Car-exterior care		1,938	1,948	1,776	1,866	-72
General-use: Glass care		3,452	3,610	3,459	3,681	+229
General-use: Repair products		2,185	2,194	2,264	2,255	+70
Sales of professional-use products		1,431	1,439	1,754	1,649	+218
Home-care products, etc.		581	589	598	697	+116
Foreign operations		1,050	1,395	1,295	1,400	+350
Planning and sale of TPMS		99	130	160	185	+86
Electronic device and software		—	—	525	564	+564
Others and adjustments		67	129	157	-192	-259
Total for fine chemicals		10,803	11,434	11,988	12,105	+1,302
Industrial materials	(Domestic)	1,876	2,098	2,122	2,095	+219
	(Exports)	1,792	1,830	2,042	2,129	+337
Consumables	(Domestic)	703	730	751	854	+150
	(Exports)	807	802	845	601	-206
Total for porous materials		5,179	5,460	5,760	5,679	+500

[2] Management Environment Surrounding the SOFT99 Group



SOFT99 6th Mid-Term Business Plan

[2] Management Environment Surrounding the SOFT99 Group (1/3: Target Markets)



- The target markets of SOFT99's business segments are classified into three categories: automotive, industrial, and lifestyle.
- Up to now, the Company has viewed sales of general-use products in the automotive field of the Fine Chemicals segment and those of consumables in the lifestyle field of the porous materials segment as basic businesses. It has worked to expand its business domains and business lines by advancing into neighboring fields through the application of these technologies to related fields and effective use of M&As.

Categories of products and services provided by the SOFT99 Group

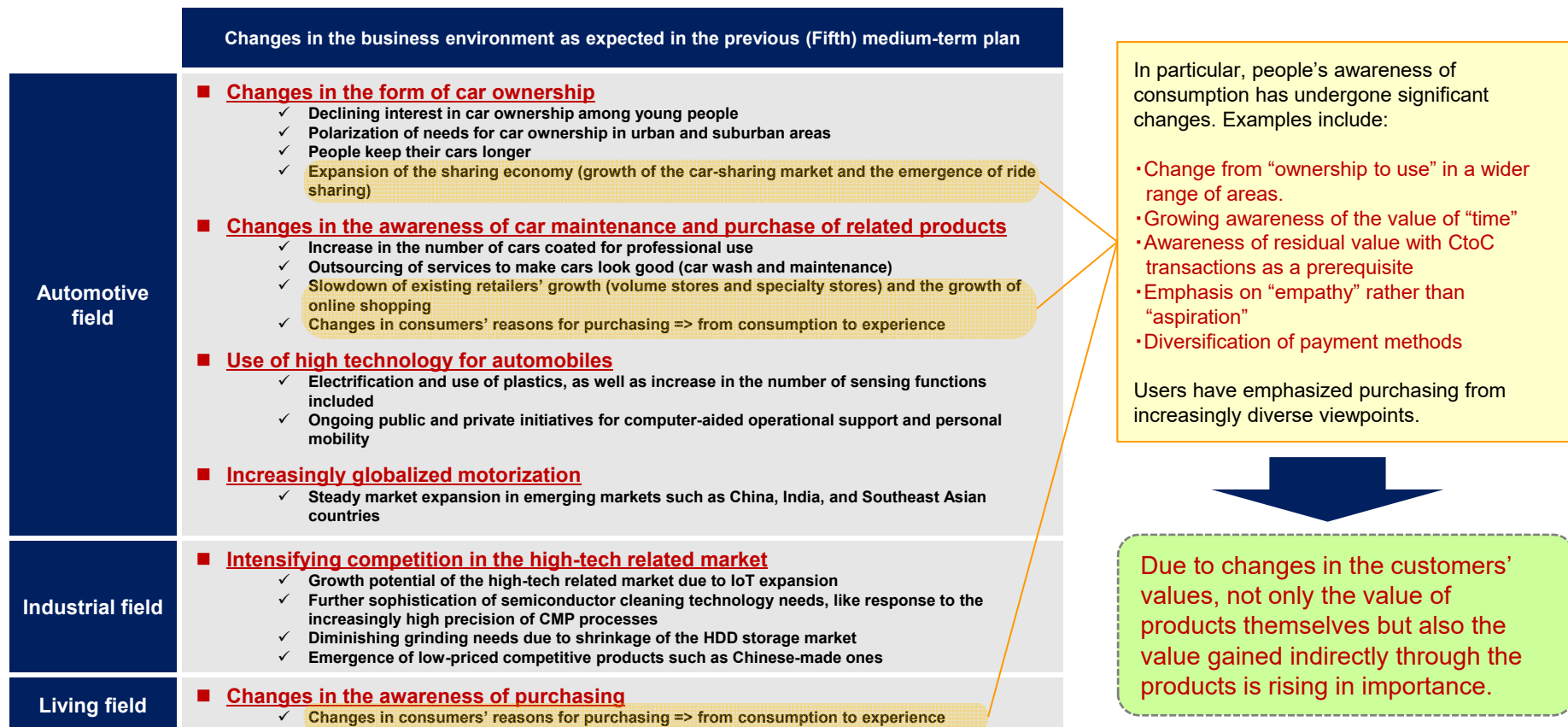
		Operating segments			
		Fine Chemicals	Porous Materials	Services	Real-Estate Related
Target markets	Automotive field	★ <u>Sales of general-use products</u> ✓ Sales of professional-use products ✓ Foreign operations ✓ Planning, and sale of TPMS ✓ Import and sales of automotive products ✓ Planning and sale of packages	✓ Functional porous bodies such as PVA (Consumables)	✓ Automotive sheet metal maintenance ✓ Driving lessons	—
	Industrial field	✓ Surface modification technology and products ✓ Electronic device and software development	✓ Functional porous bodies such as PVA ✓ (Industrial materials)	—	—
	Living field	✓ Home-care products, Planning and sales of packages	★ <u>Functional porous bodies such as PVA (Consumables)</u>	✓ Planning and sale of household products	✓ Real-estate leasing ✓ Bathhouse operation ✓ Support for preventive long-term care

(Note) ...Current core businesses whose sales are large

[2] Management Environment Surrounding the SOFT99 Group (2/3: Environmental Changes (1))



- The environmental changes expected in target markets in the previous medium-term plan took place, though not rapidly.
- Because of particularly significant changes in the awareness of users about consumption in recent years, meanwhile, there is a growing need to not only strengthen the functions of products alone as done in the past, but also to provide comprehensive value, including ways to provide value and methods of payment.

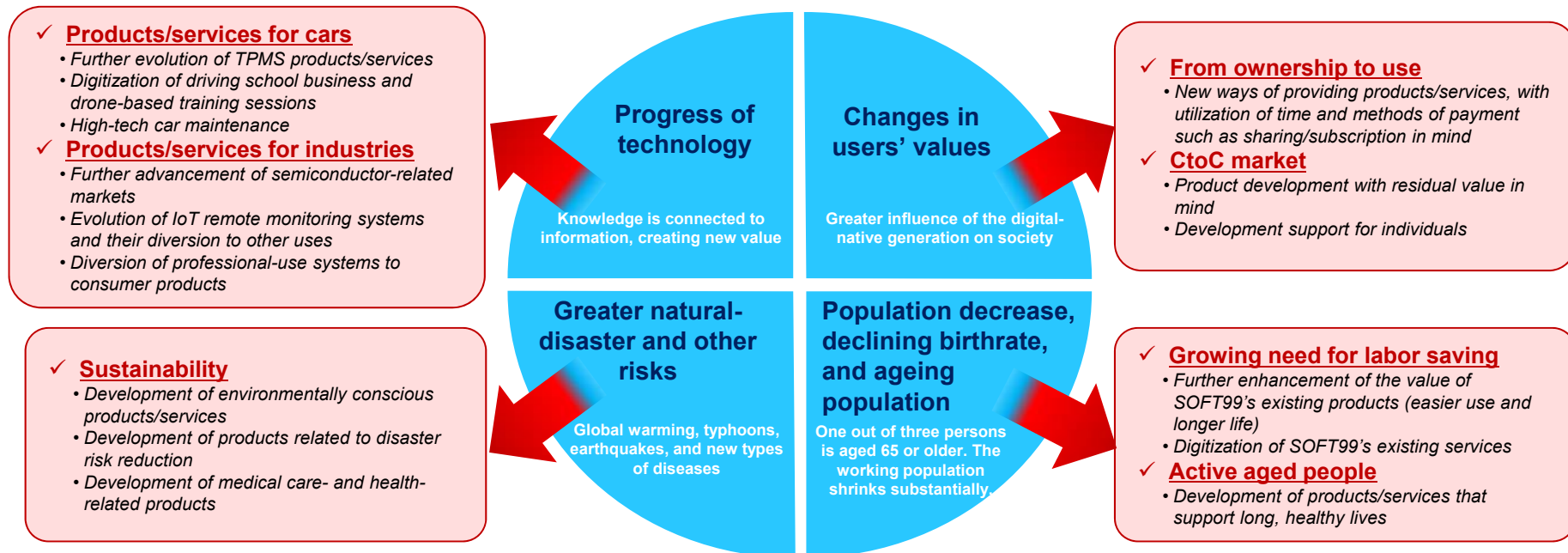


[2] Management Environment Surrounding the SOFT99 Group (3/3: Environmental Changes (1))



- In addition to changes in customers' values, a wider range of greater social changes and challenges is expected in the future. Examples include technological progress as typified by IoT, AI, and digital transformation, the arrival of a society where the birthrate is declining and the population is rapidly aging, natural disaster risks, and the SDGs set for 2030.
- SOFT99 considers such a wide range of social changes as great opportunities to further expand its business domains.

Business opportunities expected in the future (examples)



III: Outline of the Sixth Medium-term Management Plan



SOFT99 6th Mid-Term Business Plan

[3] Outline of the Sixth Medium-term Management Plan

(1/7: Theme and Vision)



- In addition to continuing to develop new products and services as the previous Plan did, the new medium-term management plan considers future social changes as new opportunities to expand the business domains under the theme “Overtake customer changes!!”
- As well as applying existing technologies and expertise to other fields, the Company aims to create new value and new businesses that others do not by introducing new technologies and know-how.

Management principle

■ Lifestyle-creating company

- ✓ Discover “future necessities”
- ✓ Remains the same as the 3rd medium-term management plan as the Group’s consistent management principle

Business issues

- ✓ Address tasks that were left unachieved in the Fifth medium-term plan
- ✓ Respond to changes in consumers’ awareness
- ✓ Further meet social demands (challenges)
⇒ *Health, the environment, sustainability, etc.*

Themes of the medium-term plan

■ Overtake customer changes!!

- ✓ Period: From April 2020 to March 2023
- ✓ Aim to maintain the momentum built by the Fifth medium-term plan “SHIFT DOWN!!,” and expand the business domains and business lines by creating value that anticipates customer (user) changes

Management vision of the medium-term plan

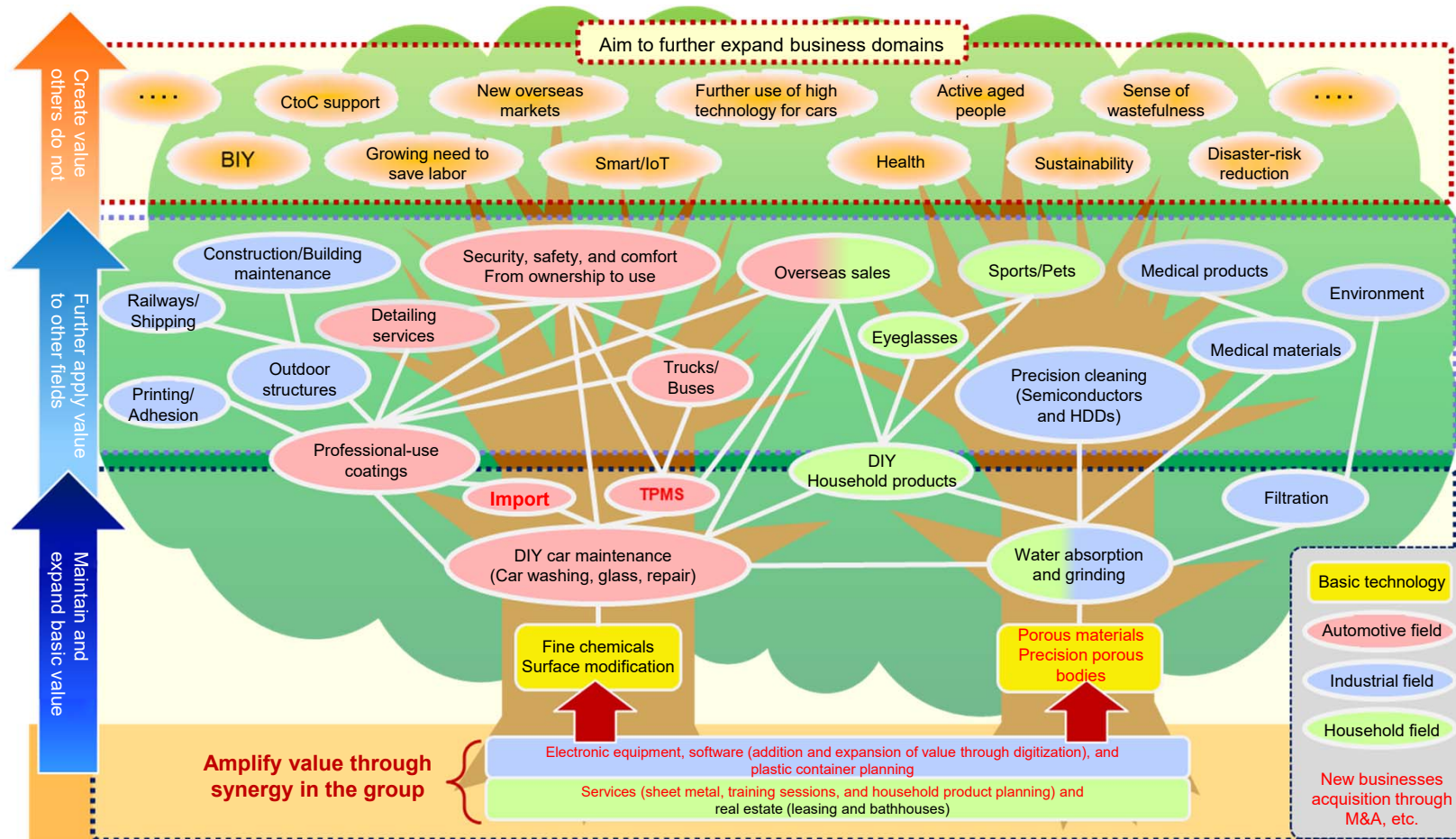
■ Develop and commercialize products and services others do not as to meet a wider range of social challenges (business opportunities)

- ✓ As well as the new initiatives already launched by the SOFT99 Group as it considers social goals such as the SDGs and new social challenges that are expected to emerge in the future as new business opportunities, the Company aims to apply its expertise to a wider range of other fields than before to develop new products and services.

[3] Outline of the Sixth Medium-term Management Plan (2/7: Basic Management Policy)



- To create new value that others do not, the SOFT99 Group aims to further apply existing technologies and expertise to other fields and expand the business domains by introducing and combining new technologies and know-how.

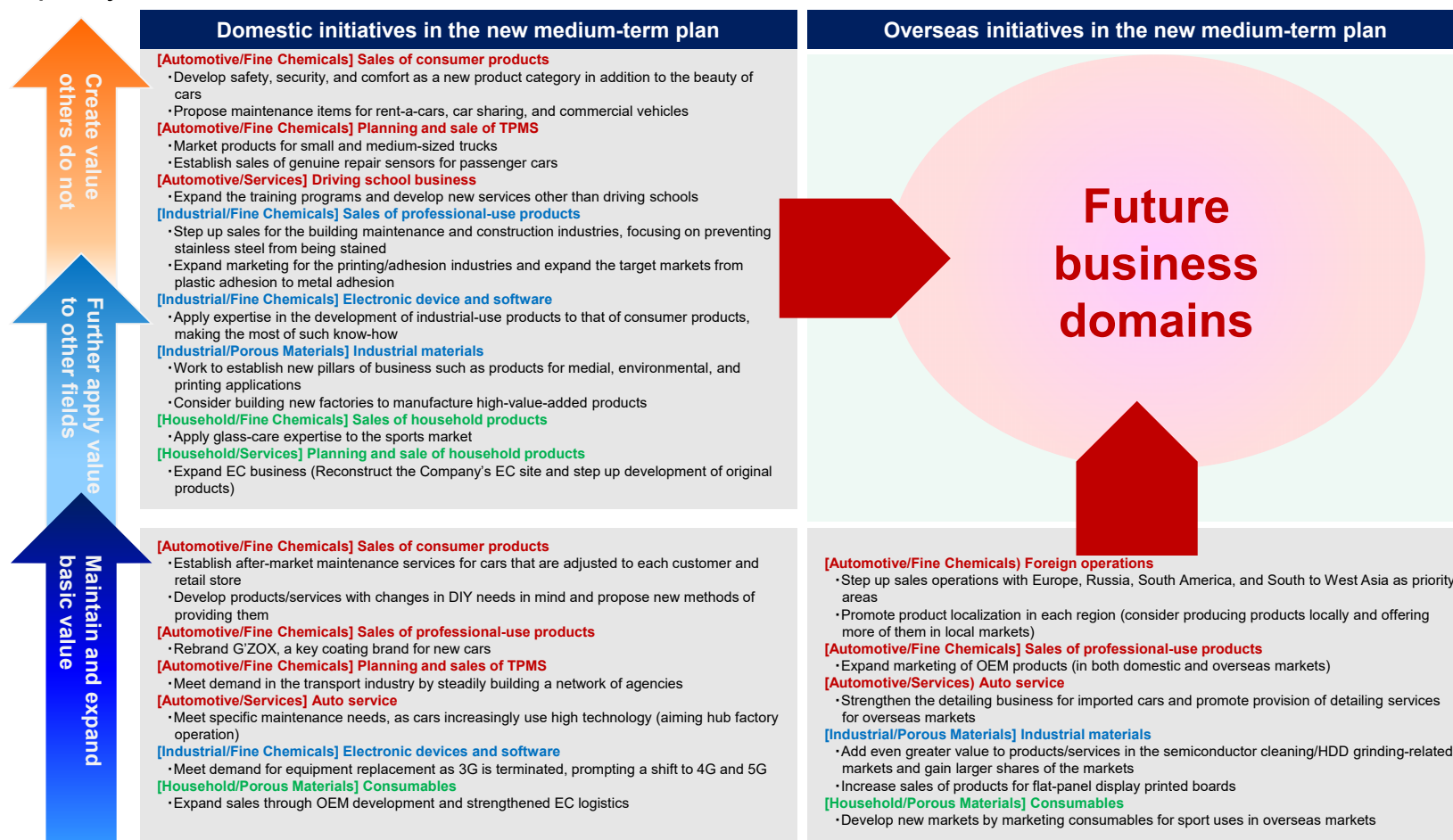


[3] Outline of the Sixth Medium-term Management Plan

(3/7: Conceptual Diagram of Principal Measures to Take)



- The Company will endeavor to expand business in each segment/field in line with the basic management policy

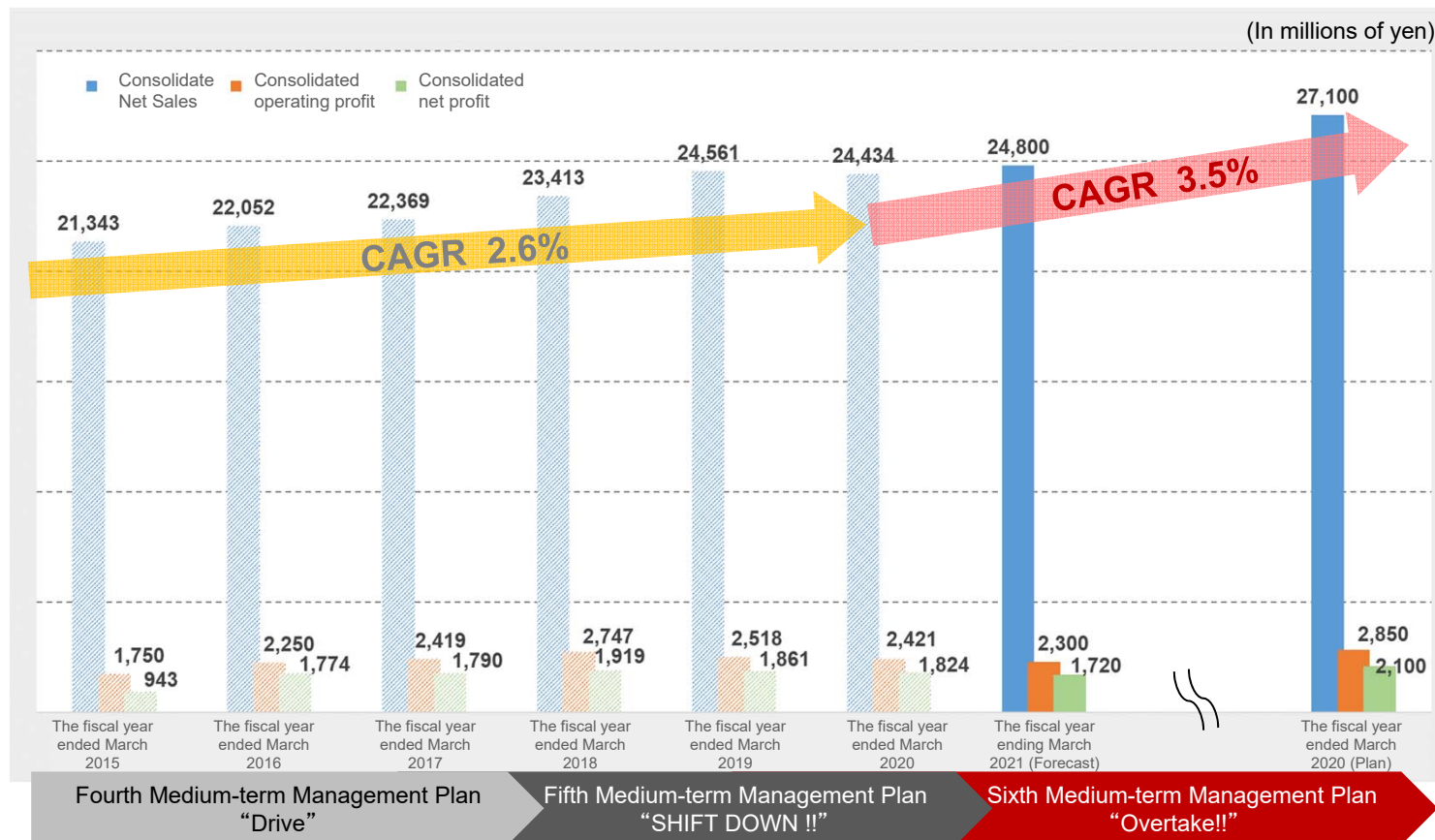


[3] Outline of the Sixth Medium-term Management Plan

(4/7: Consolidated Profit and Loss Goals)



- Goals for the last year of the medium-term plan: 27.1 billion yen in consolidated net sales (average annual growth rate: 3.5%) and 2.8 billion yen in consolidated operating profit
- In the first year of the Plan, lower profit is expected because it is projected that expenses such as depreciation associated with sales promotions, research, and information system investments will grow. Also, COVID-19 is likely to result in suspension of some business operations in the service- and real estate-related segments.



[3] Outline of the Sixth Medium-term Management Plan (5/7: Consolidated Profit and Loss Goals by Segment)



- The new medium-term management plan positions the fine chemicals segment as a growth driver.
- In the porous materials segment, projects such as investing in human resources and research, and building new factories, are being considered for future business expansion. It is expected that implementing these projects will cause the operating profit to fall compared to the previous medium-term plan.

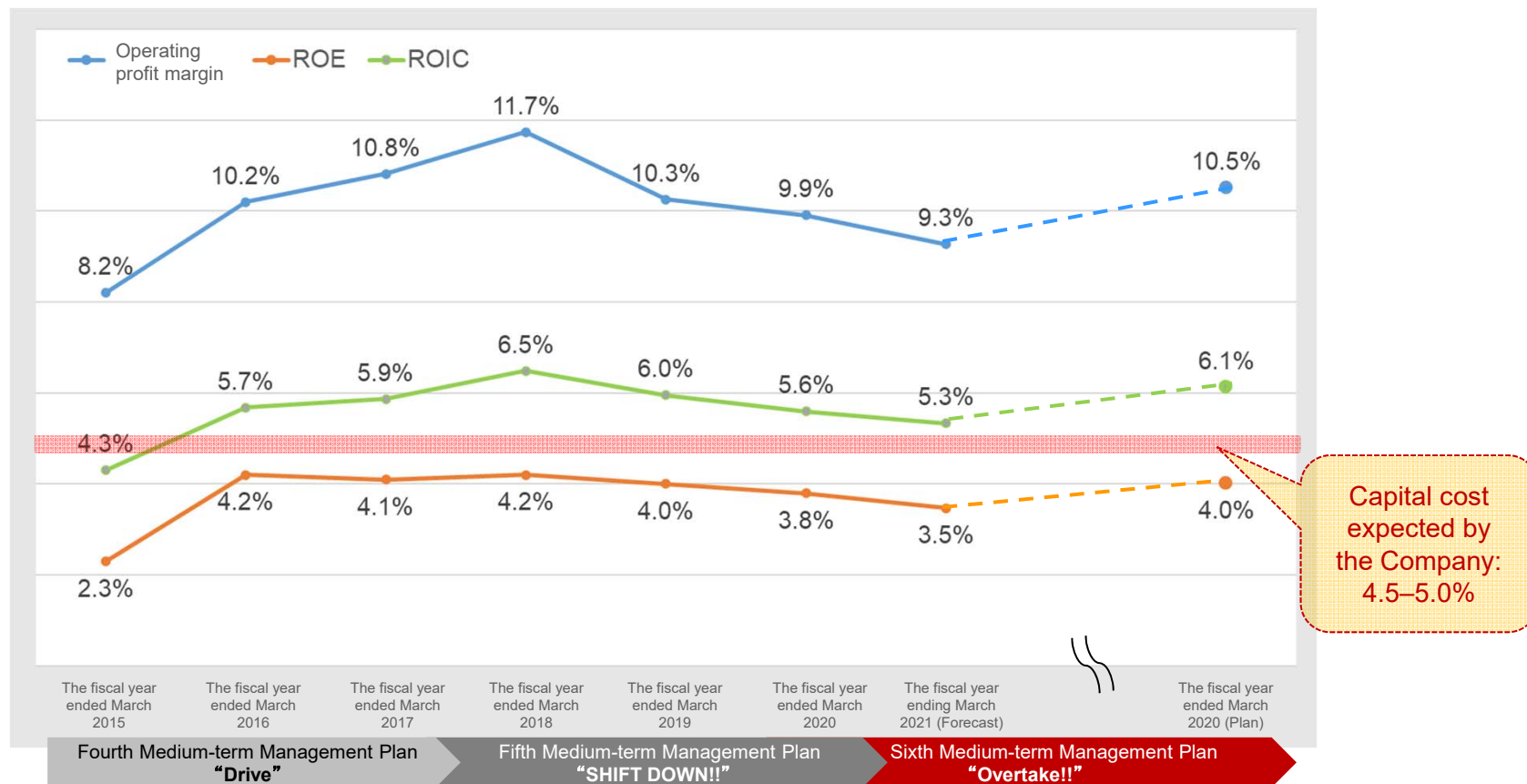
(In millions of yen)

	Net sales			Operating profit		
Operating segments	Fifth Medium-term Management Plan March 2020	Sixth Medium-term Management Plan March 2023	Year-on-year changes	Fifth Medium-term Management Plan	Sixth Medium-term Management Plan March 2023	Year-on-year changes
Fine Chemicals	12,108	13,850	+1,741	1,316	1,800	+483
Porous Materials	5,678	6,050	+371	733	640	-93
Services and Real-Estate Related	6,647	7,200	+552	363	410	+46
(Adjustments)	—	—	—	8	—	-8
Total	24,434	27,100	+2,666	2,421	2,850	+428

[3] Outline of the Sixth Medium-term Management Plan (6/7: Management Efficiency Indicators)



- Starting from the new medium-term management plan, return on invested capital (ROIC) will be set as an indicator of business administration efficiency.
- SOFT99's capital cost is expected to be in the range of 4.5–5.0%.



* ROIC = Operating profit after tax ÷ Capital invested in business

(3) Outline of the Sixth Medium-term Management Plan (7/7: Policy on Return to Shareholders)



- Regarding return to shareholders, the Company's basic policy is to continue the stable payout of dividends
- Starting from the term to March 2021, the return rate will be reviewed again, with the guideline being to return 25% of the consolidated operating profit to shareholders.
(Reference: In the previous medium-term plan, the policy was to return 20% of the consolidated operating profit to shareholders)
- We plan to use retained profits for investment to expand future business and strengthen the management structure.

Changes in the dividends actually paid and dividend forecasts

	Fiscal year ended March 2015	Fiscal year ended March 2016	Fiscal year ended March 2017	Fiscal year ended March 2018	Fiscal year ended March 2019	Fiscal year ended March 2020 (Forecast)	Fiscal year ending March 2021 (Forecast)
Consolidated operating profit (in millions of yen)	1,750	2,250	2,419	2,747	2,518	2,421	2,300
Consolidated net profit (in millions of yen)	943	1,774	1,790	1,919	1,861	1,824	1,720
Total dividends (in millions of yen)	370	395	458	478	502	526	550
Annual dividends per share (yen)	17.00	18.00	21.00	22.00	23.00	24.00	25.00
Dividend payout ratio	39.1%	22.3%	25.4%	24.8%	26.8%	28.7%	32.0%
Total dividends divided by operating profit	21.1%	17.6%	18.9%	17.4%	19.9%	21.7%	23.9%

SEEK OUT INNOVATION

～ Discover future necessities ～

