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**For the Fiscal Year Ending March 2024**

# ***SOFT99 corporation***

## **2Q Financial Results Briefing**

December 1, 2023

- 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.
- Descriptions and statements based on any of the future projections 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. Such differences could be caused by a variety of factors.

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# I: Corporate Group Outline

# I: Corporate Group Outline (Corporate Profile)

## ***SOFT99 corporation***

Established ..... October 28, 1954

Core business ..... Manufacturing and sale of chemical products for car and home care

Manufacturing and sale of functional precision porous products

No. of employees ..... 840 (as of September 30, 2023; Consolidated)

Affiliated companies ... 10 (Consolidated entities including the Company)

### History of our principal products



\* Plassenu (former Plassemu) was marketed by Kanebo, Ltd. in 1963 and has been manufactured and sold by the SOFT99 Group since the business transfer in 1999.

# I: Corporate Group Outline (Operating Segments Outline)

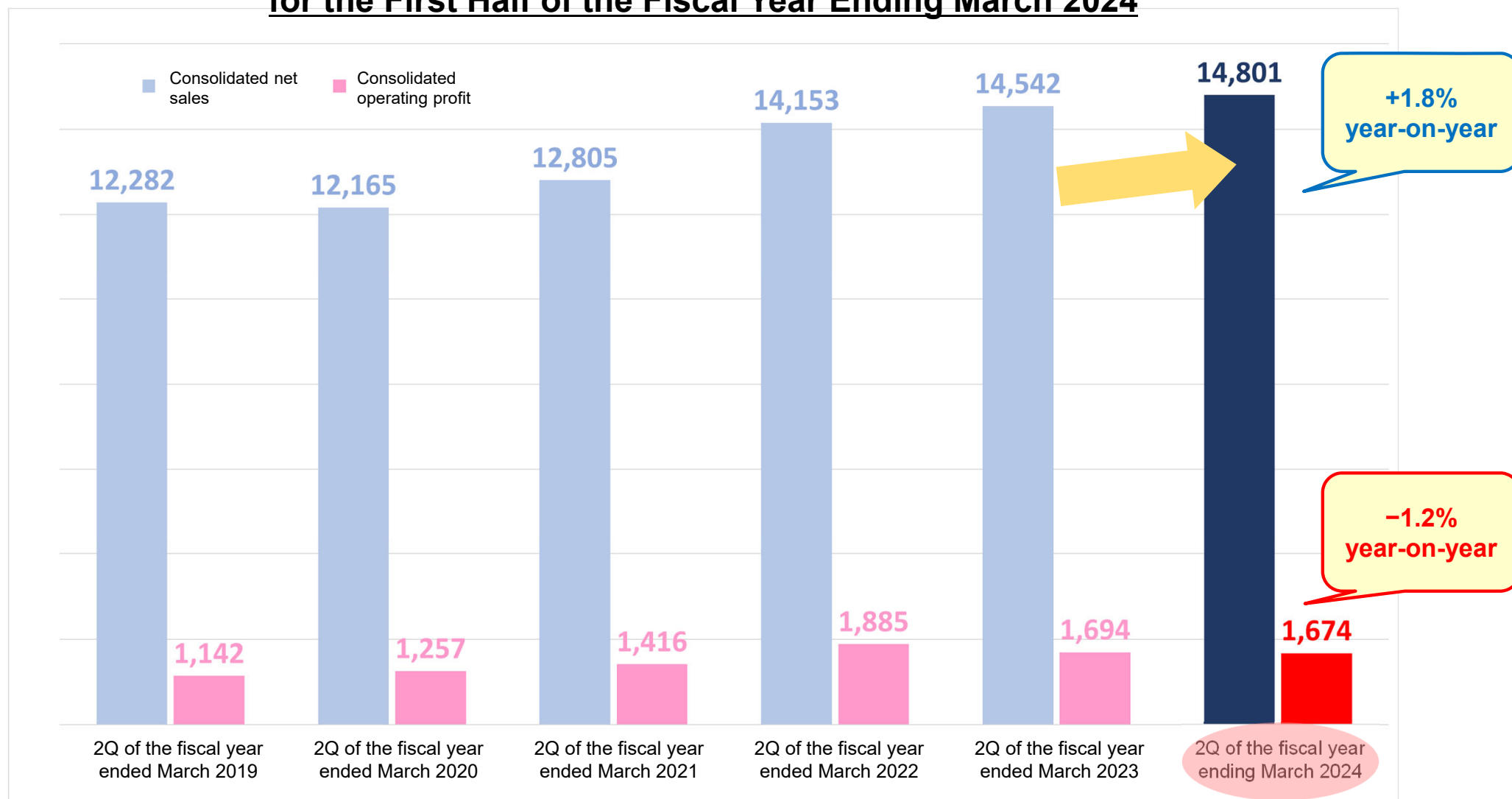
Operating Segments	Subsegments	
<b>① Fine Chemicals</b> <div>Manufacturing and sale of chemical products for car and home care</div>	Consumer products (for automobiles)	Inherited business
	Professional-use products (for automobiles and other industries)	
	Home-care products	Expansion of business areas through horizontal development
	Foreign operations	
	Planning, development, and sale of the Tire-Pressure Monitoring System	
	Development of electronic devices and software	Expansion of business areas through M&A
<b>② Porous Materials</b> <div>Manufacturing and sale of functional precision porous products</div>	Industrial materials (precision cleaning, polishing, and filtering products for high-tech industries) (medical and hygienic products)	
	Consumables (automobiles, kitchen goods, cosmetics, sporting goods, etc.)	
<b>③ Services</b>	Automobile repair and sheet metal	Expansion of business areas through M&A
	Driving lessons	
	Household product planning and sale	
<b>④ Real-estate Related</b>	Real-estate leasing	Monetization of assets
	Bathhouse operation, Support for preventive long-term care	

## II: Trend of Financial Results

## II: Trend of Financial Results (Changes in Consolidated Profit and Loss)

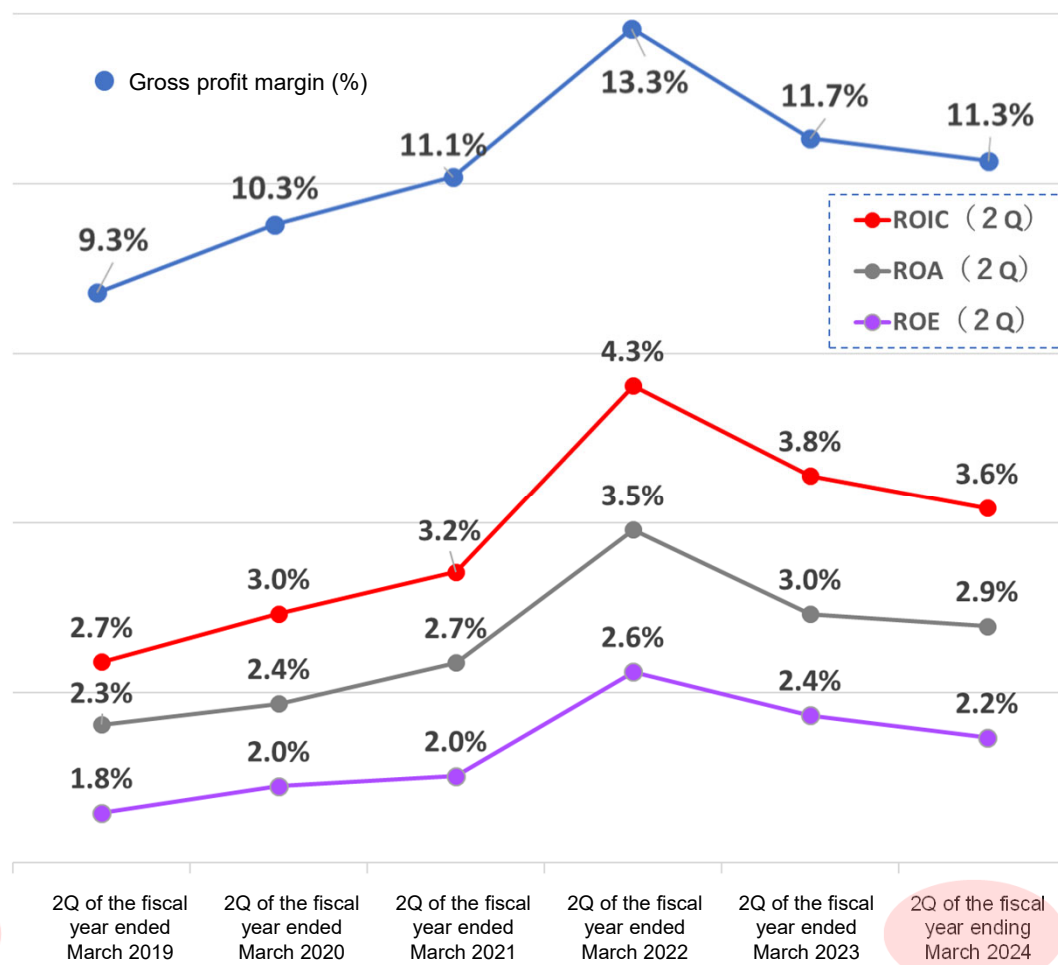
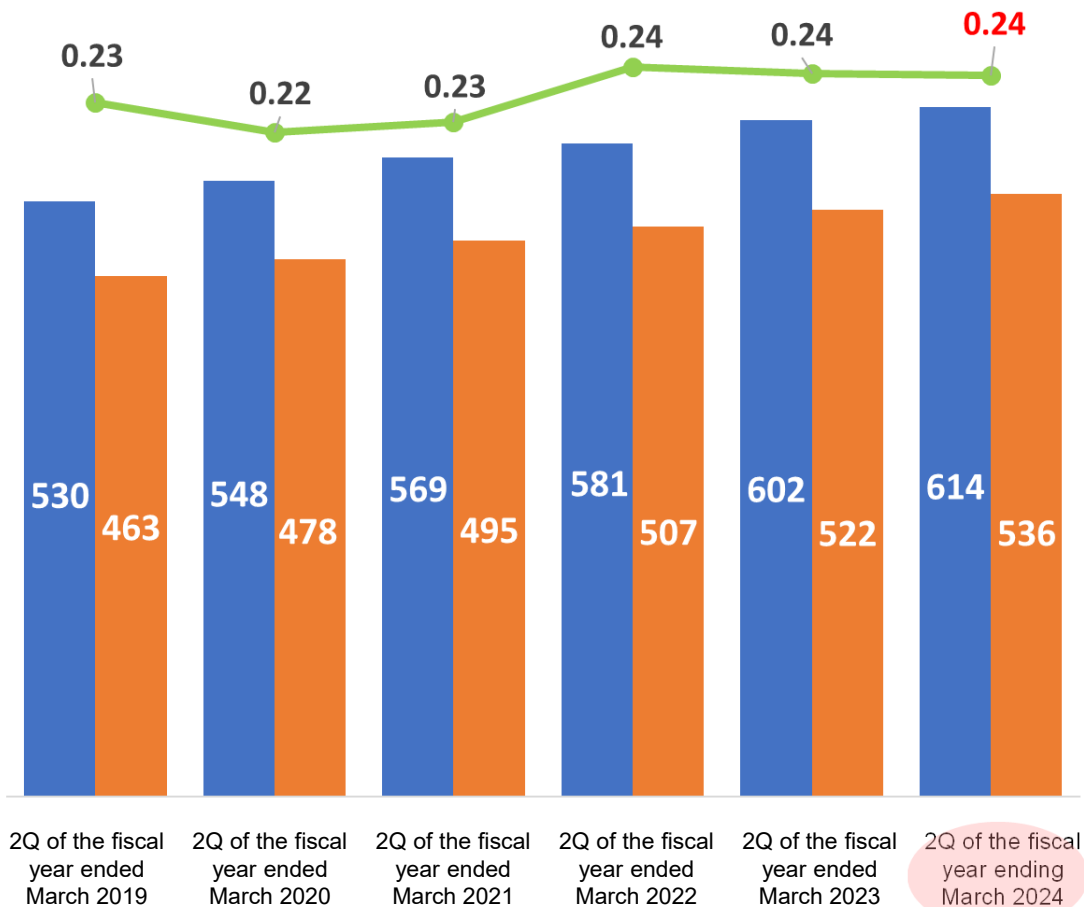
### Changes in Consolidated Profit and Loss for the First Half of the Fiscal Year Ending March 2024

(In millions of yen)



## II: Trend of Financial Results (Major Management Indicators)

■ Consolidated total assets (hundreds of millions of yen)  
■ Consolidated net assets (hundreds of millions of yen)  
● Total asset turnover ratio (%) (First half)



# III: Business Outline

(The First Half of the Fiscal Year Ending March 2024)

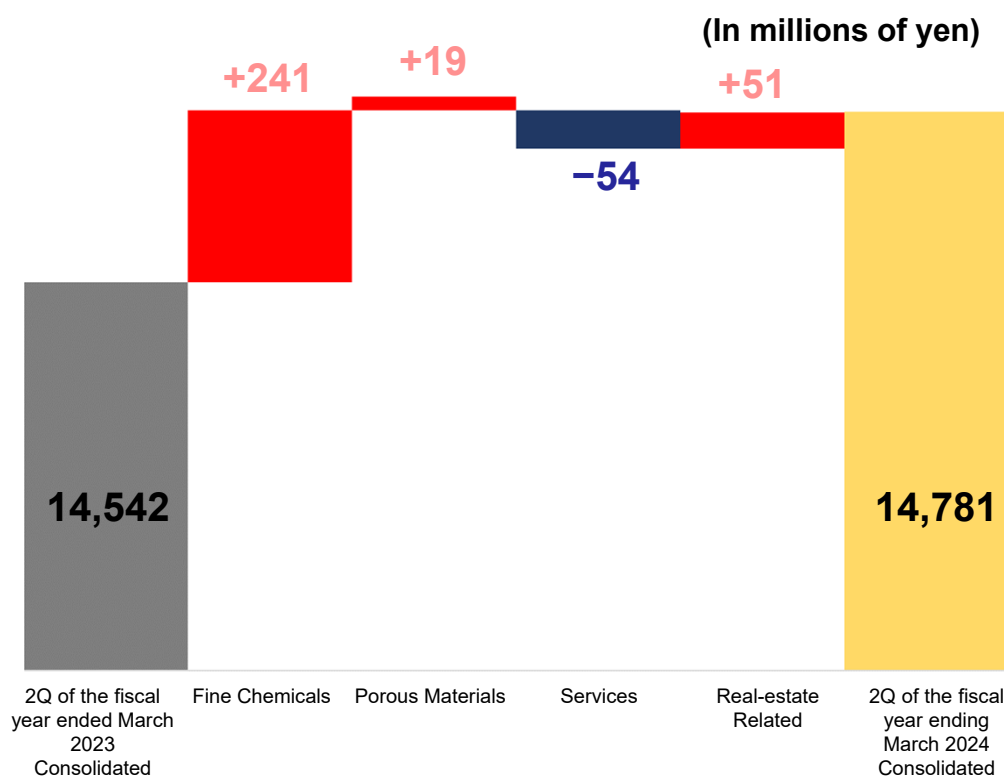
# III: Business Outline

## (Changes in Profit and Loss by Segment Year-on-year Comparison)

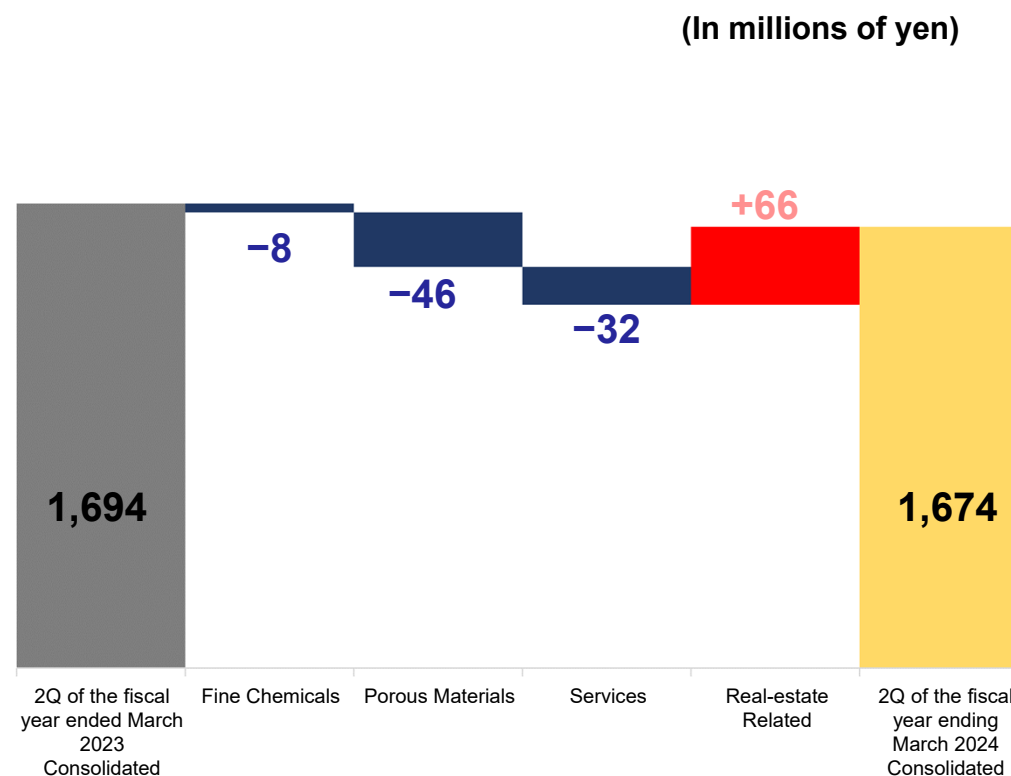


- Sales increased in all segments except the Service segment, but profits decreased mainly due to an increase in depreciation expenses related to constructing a new plant for the Porous Materials segment and a change in the sales mix resulting from growth in overseas sales in the Fine Chemicals segment.

### Net Sales by Segment: Year-on-year Changes



### Profit by Segment: Year-on-year Changes



(Note) Excludes the consolidated adjustment amount

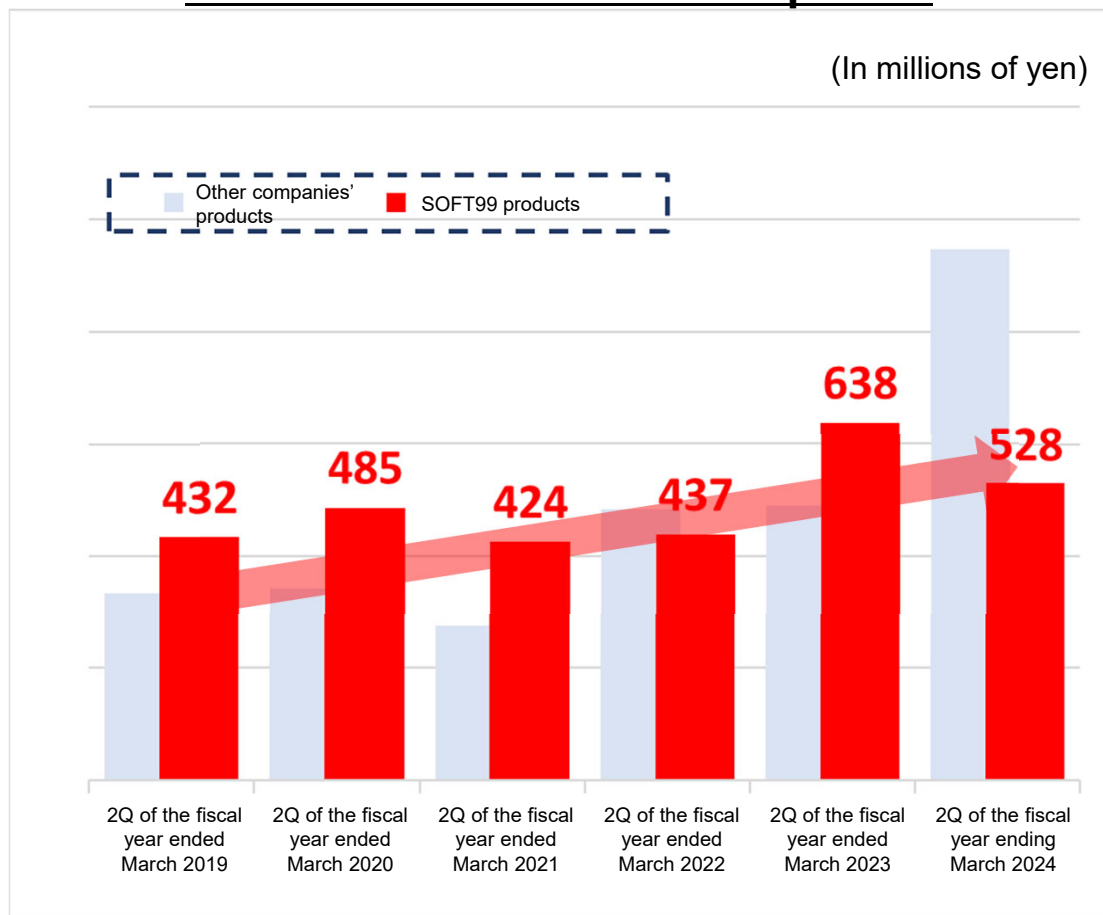
# III: Business Outline

## (Fine Chemicals Segment: Overseas Product Sales)



- Although the Company's own products performed well due to aggressive promotions, the profit margin deteriorated due to increased sales of other companies' products.

### Changes in 2Q Sales of SOFT 99 Products and Products of Other Companies



### Sales of the Rain Drop package were strong in Taiwan



### Aggressive promotions were implemented in various regions



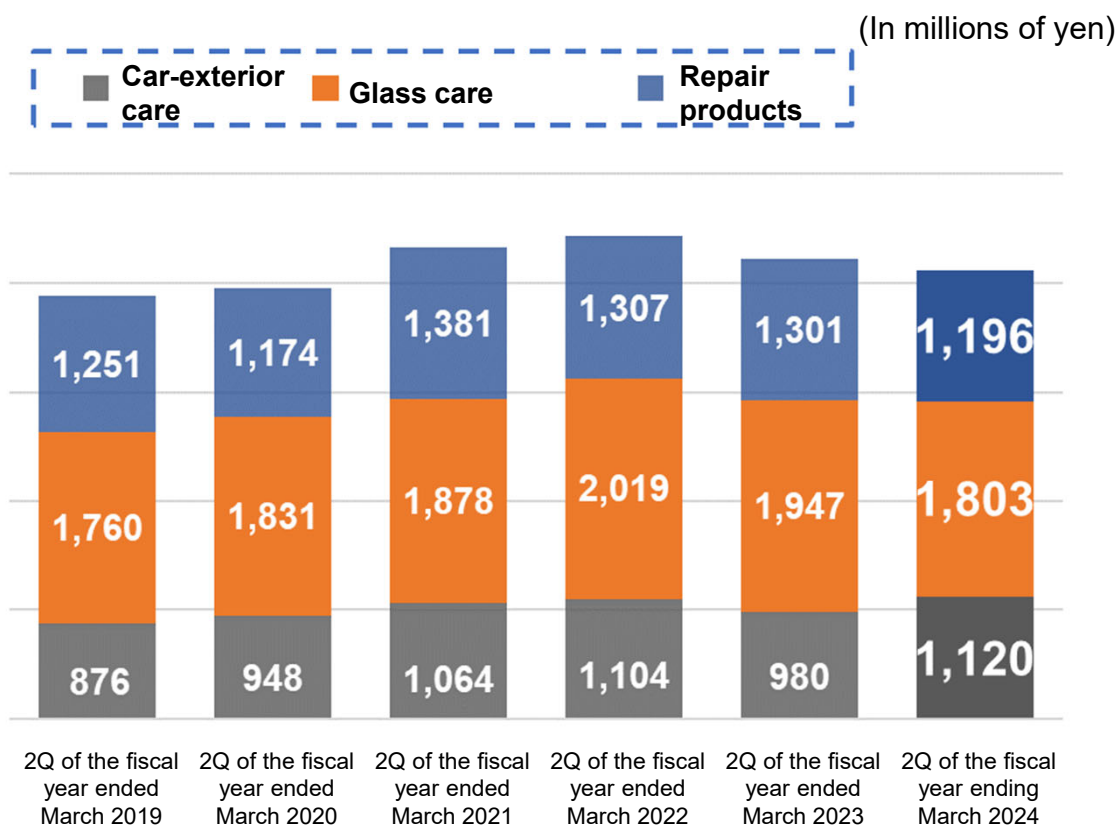
# III: Business Outline

## (Fine Chemicals Segment: Consumer Products Sales)



- Sales of body care products increased due to increased shipments resulting from strengthened sales of tire and wheel cleaning products and the launch of new products that had been postponed.
- As for glass care products, sales of wipers, etc. decreased due to low rainfall.

## Changes in 2Q Sales of Consumer Products



## Expansion of tire and wheel cleaning product lineup



## Launch of Rain Drop Tornado Vortex



# III: Business Outline

## (Fine Chemicals Segment: Professional-use and Home-care Products Sales)

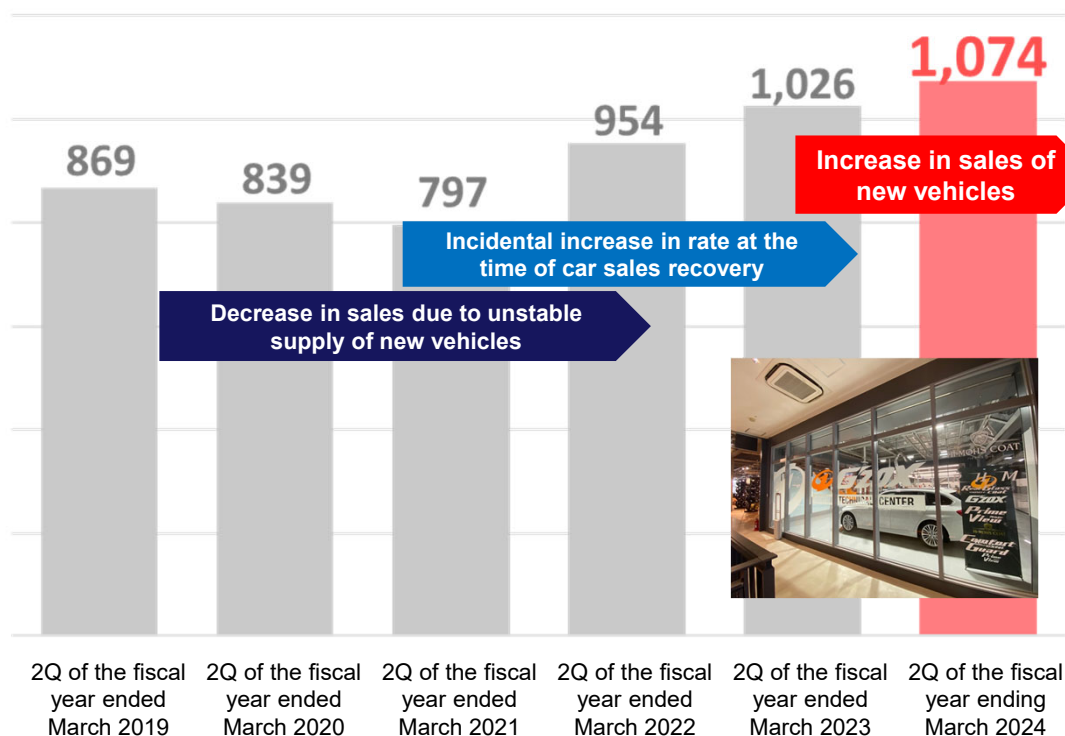


- The number of applications increased due to recovery in new car sales, leading to stronger Company sales.

- Eyeglass care-related products struggled in the face of a decline in the rate of mask-wearing. The Company focused on creating products in new categories, such as sports accessories during the current term.

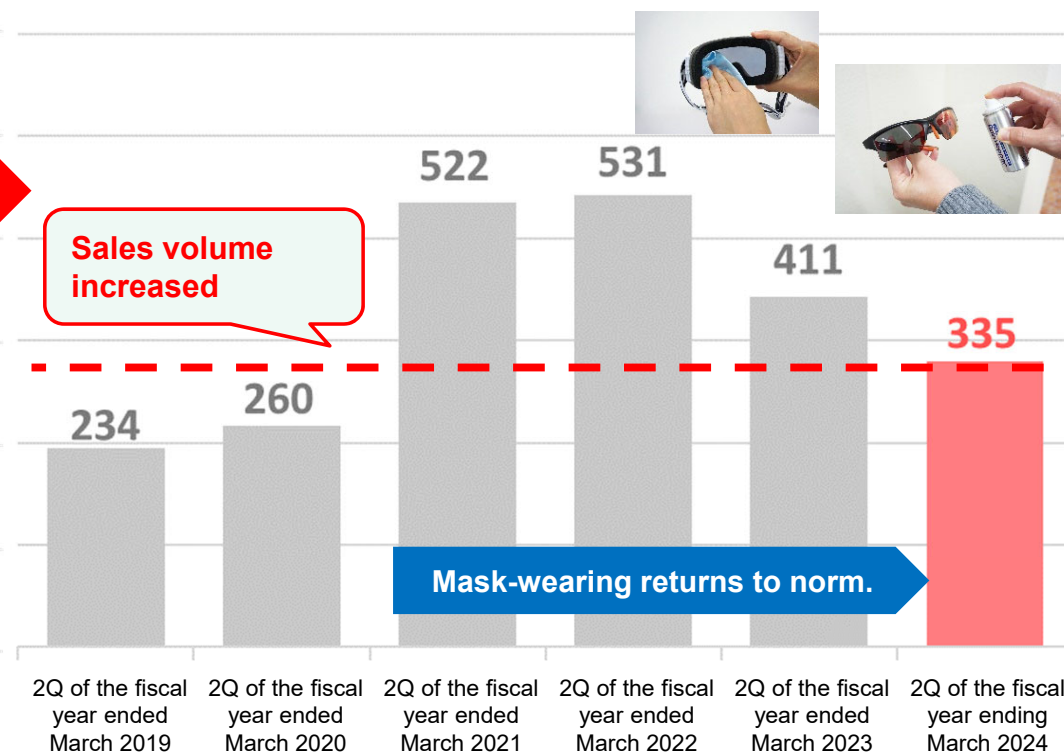
### Changes in 2Q Sales of Professional-use Products

(In millions of yen)



### Changes in 2Q Sales of Home-care Products

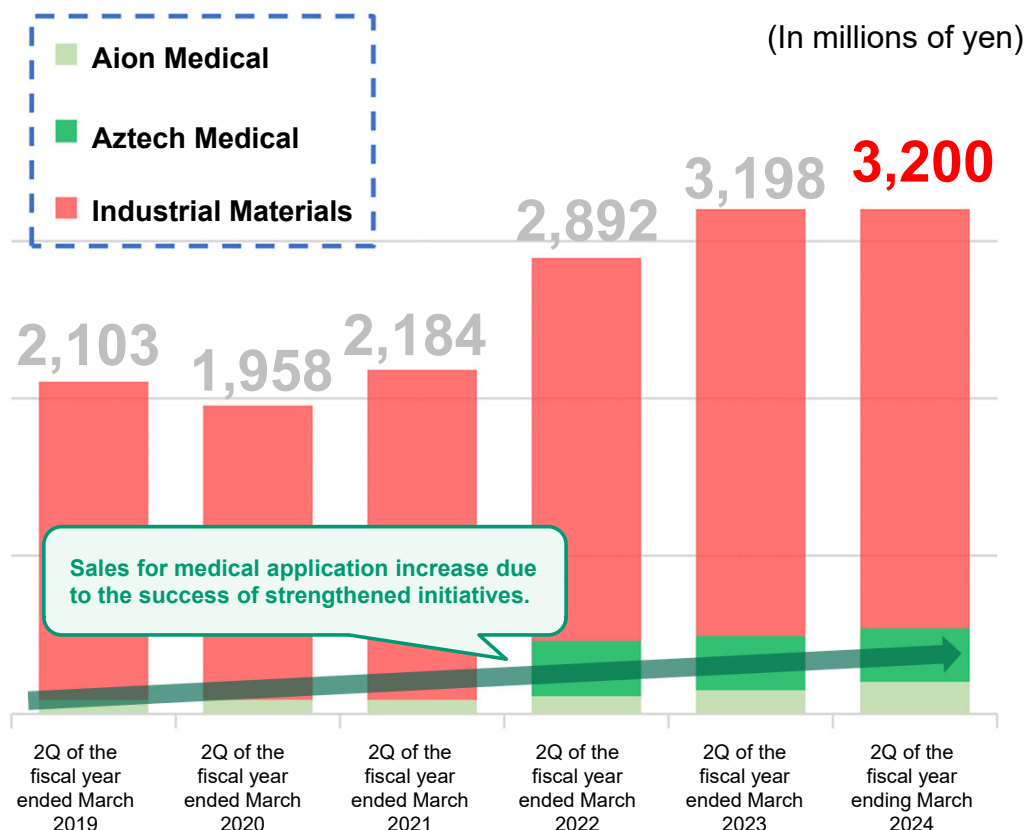
(In millions of yen)



# III: Business Outline (Porous Materials Segment)

- Sales to semiconductor manufacturers, especially overseas manufacturers, struggled, but sales for filter and printer applications remained strong. Sales for medical applications were also strong.

## Changes in 2Q Sales of Industrial Materials



Sales for semiconductor applications struggled overseas, but sales for printer applications were strong



Sales for medical applications remained strong

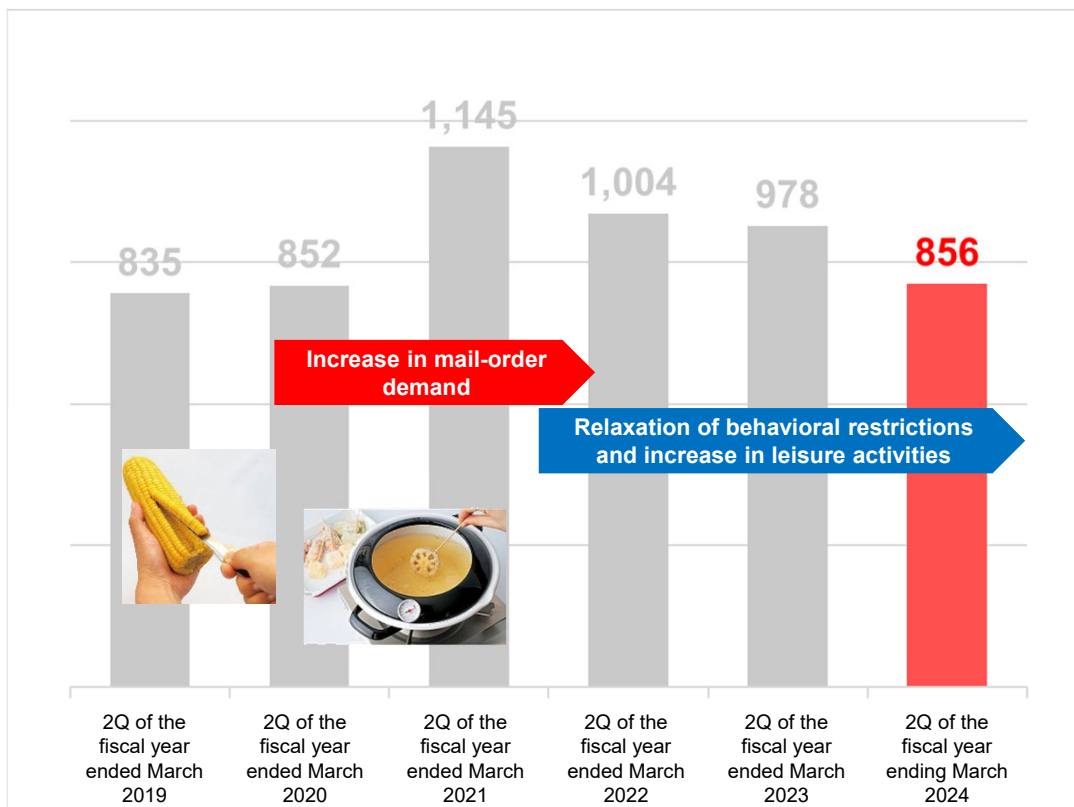


# III: Business Outline (Services and Real-estate Related Segment)

- Special procurement demand has subsided following the shrinkage of mail-order demand. The number of products adopted increased, but the sales volume per item decreased.

## Changes in 2Q Sales in the Household Product Planning and Sale Business

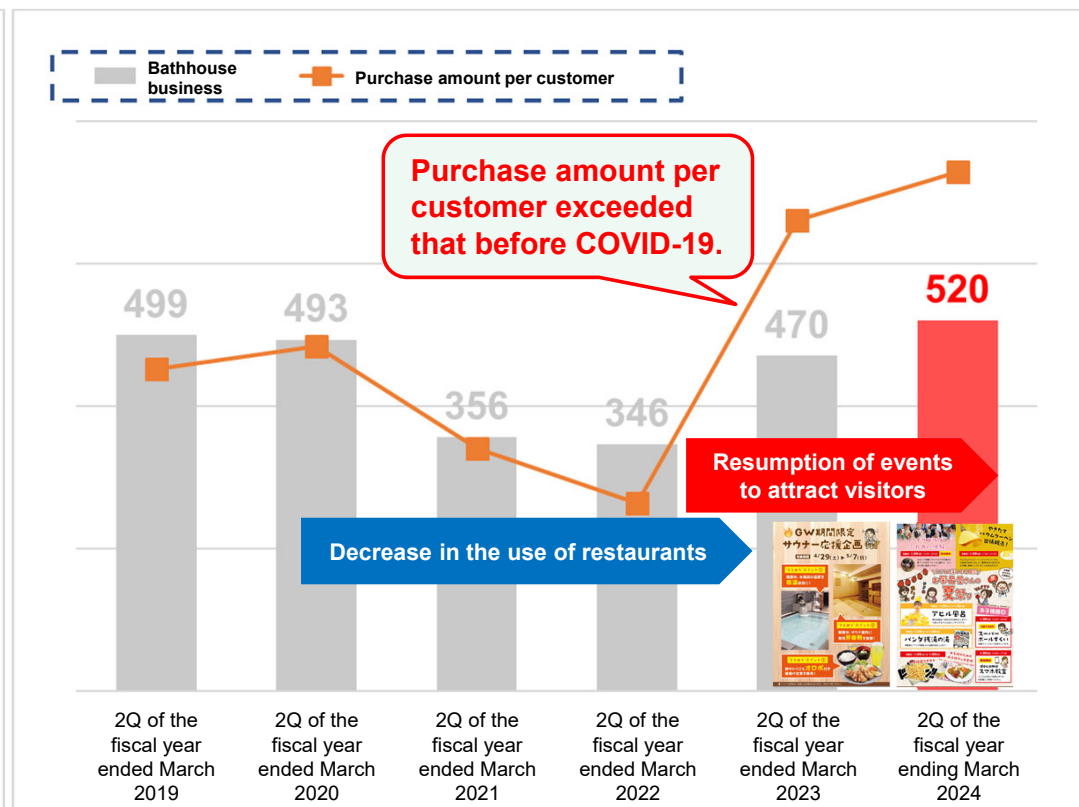
(In millions of yen)



- With the lifting of behavioral restrictions, events to attract visitors resumed, which increased the number of visitors and correspondingly the previously sluggish use of restaurants recovered.

## Changes in 2Q Sales in the Hot Spa Business

(In millions of yen)



## IV: Initiatives based on the Seventh Medium-term Management Plan

## IV: Initiatives based on the Seventh Medium-term Management Plan (Theme and Vision of the Seventh Medium-term Management Plan)

Management  
philosophy

Lifestyle Creation Company  
—Discover future necessities—

Medium-term  
plan theme

Evolve!!

Increase  
speed

Promotion of digital transformation

- ⇒ Operational efficiency improvement through work rationalization
- ⇒ Acquisition of digital insights

Creation of “analog” values

- ⇒ Values that only humans can create, such as sympathy (shared perspectives) and the sense of something special

Emotional

Responses to social demand

- ⇒ Sustainability (environment and life)
- ⇒ Profit growth through the resolution of social issues

SDGs

Management  
vision

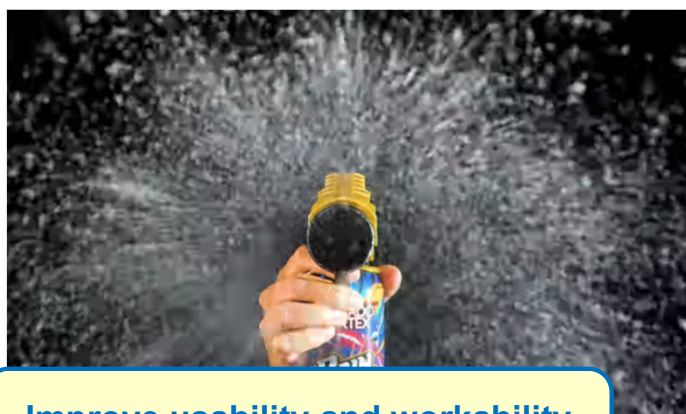
Develop human resources to create emotionally engaging “analog” values by using digital technologies, and contribute to the resolution of social issues through these values.

## IV: Initiatives based on the Seventh Medium-term Management Plan (Fine Chemicals: Analog values)



- In addition to high performance, the unique appearance and impactful marketing imagery, such as visible “dirt rising to the surface,” are intended to attract users and win their support.

### Rain Drop Tornado Vortex



Improve usability and workability with an eye-catching tornado jet



Super-penetrating bubbling effect brings dirt to the surface and makes it easy to remove

### DX Super Combination Box for Tire Care



The toy-like packaging is full of playfulness

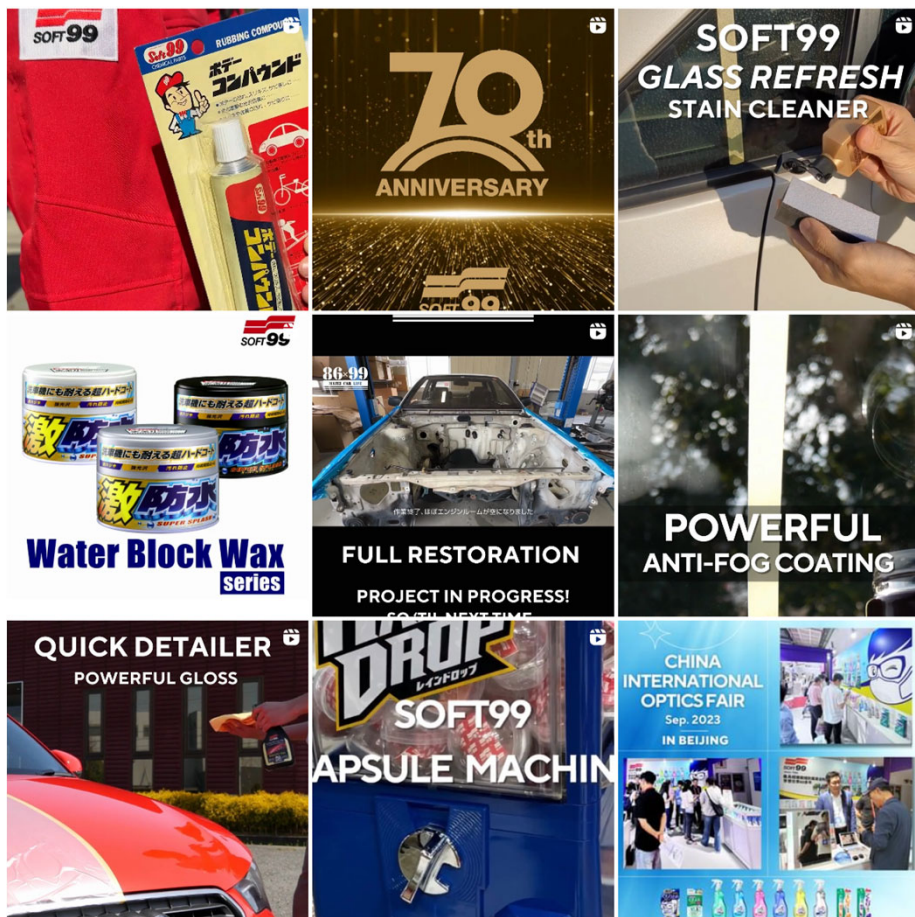


## IV: Initiatives based on the Seventh Medium-term Management Plan (Fine Chemicals Overseas)

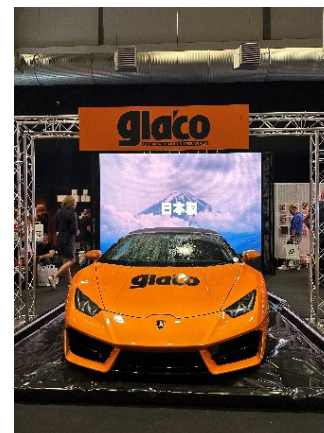


- Increase recognition overseas through active participation in local exhibitions and increased direct communication with users via social media

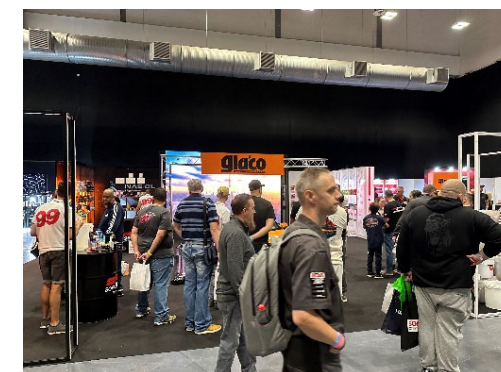
**Spreading information world-wide  
through social media**



**Support for local distributors  
exhibiting at trade shows**



**#Waxstock April 2023**



**#AUTOMECH June 2023**



## IV: Initiatives based on the Seventh Medium-term Management Plan (Porous Materials, Medical)

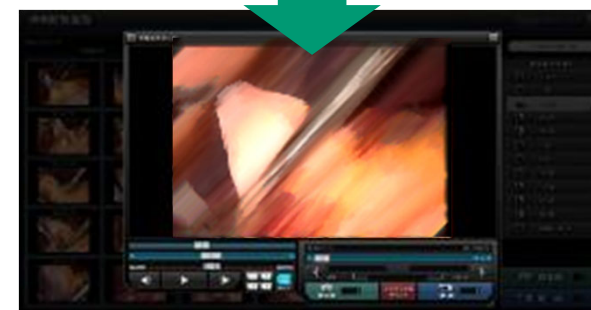
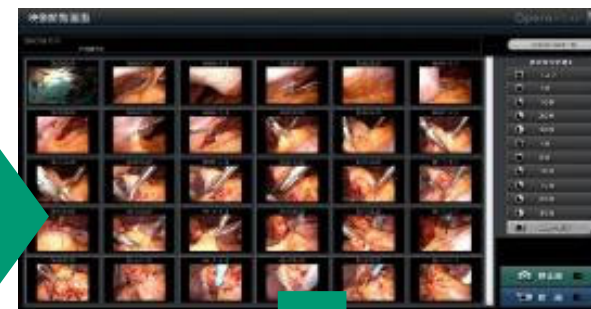


- Strengthen sales of Opera Vision, a surgical video recording and management system, by utilizing Aztech's sales channels



Record video during surgery and share with external parties

Camera for surgery



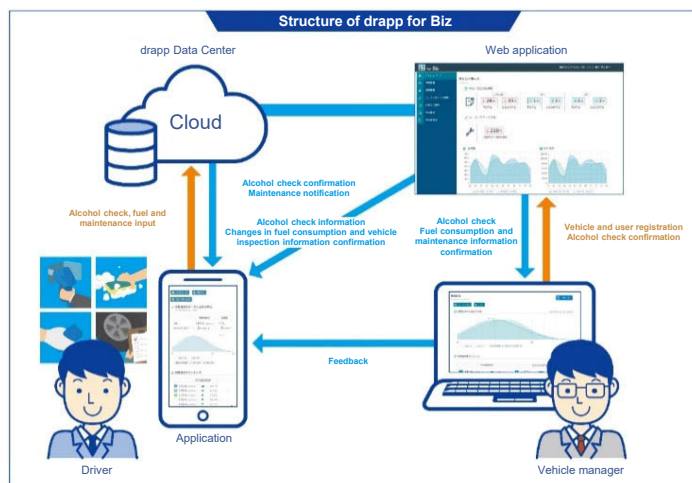
Text and other information can be superimposed directly on the video in real-time, enabling accurate instructions and explanations. It is expected to be used in relatively isolated areas, such as remote islands.

## IV: Initiatives based on the Seventh Medium-term Management Plan (Sustainability 1/3)



- Deployment of “drapp for Biz”, a vehicle management cloud service, with CO<sub>2</sub> emission management functions

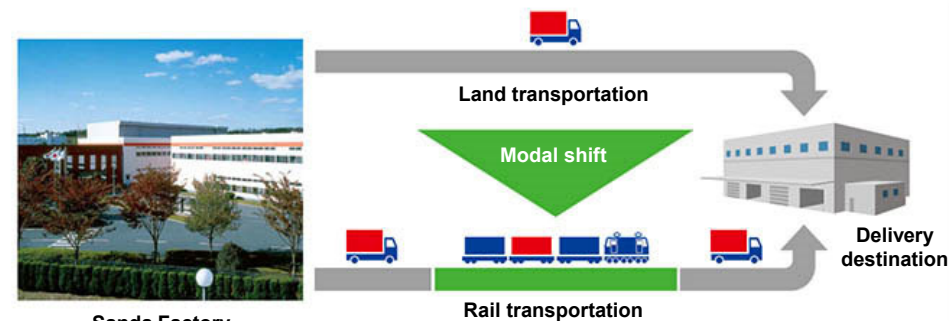
**どらあぷ**  
“drapp for Biz”  
An app-based  
driving-management  
system



- CO<sub>2</sub> emissions can be monitored, and targets can be managed.
- CO<sub>2</sub> emission reports are broken down by individual and department



- Promoting a modal shift



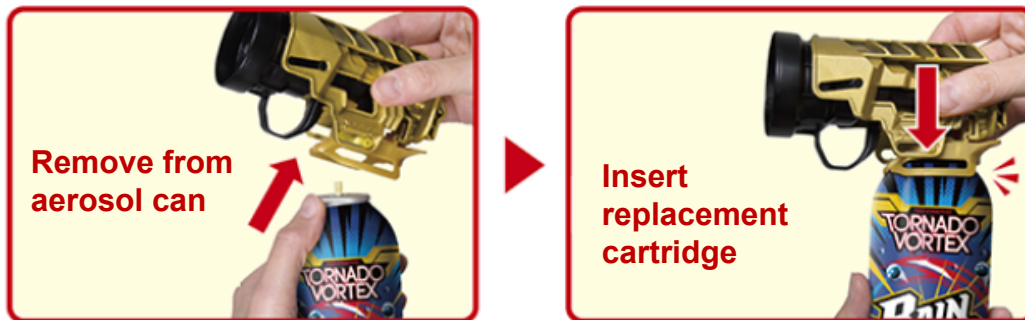
**Reduction of CO<sub>2</sub> emissions by 75%**

\* This is one example of our potential initiatives with partner companies.

## IV: Initiatives based on the Seventh Medium-term Management Plan (Sustainability 2/3)



- Promote reduction of plastic waste by adopting reusable spray heads and pouch packages.



Regular product

Rain Drop  
Tornado Vortex  
300 ml



Replacement product

Rain Drop  
Tornado Vortex  
Cartridge 380 ml



Reduce plastic  
usage by 80%

- Reduce environmental impact through appropriate use of chemical substances.

Sales of products for general and commercial use:  
Promote substitution to comply with PFAS regulations



Automobile repair and sheet metal business:  
Promote use of water-based paints



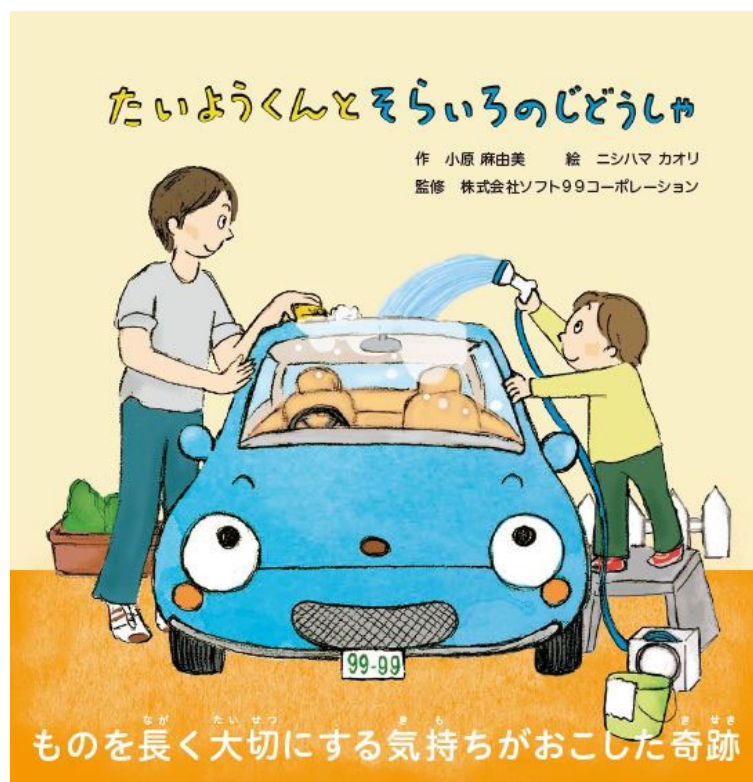
SOFT99 autoservice

## IV: Initiatives based on the Seventh Medium-term Management Plan (Sustainability 3/3)



- Based on its management vision, the Company intends to communicate our philosophy to taking good, long-term care of things, promoted by the SOFT99 Group.
  - We produced a picture book with the hope of conveying the precious value of taking good care of things to children, who will lead the future, and donated copies to kindergartens, nursery schools and libraries throughout Japan. We also distributed it to our shareholders as an interim special benefit.
  - Register for the TEAM EXPO 2025 Program Co-Creation Challenge
  - Communicate information on car care as well our desire to take good care of things for a long time.

### A Boy Named Taiyo and the Sky-Blue Car



TEAM  
EXPO  
2025

つくろう。みんなで。  
“共創プログラム”



車を長く大切に乗り続ける“くるままでいらいふ”の啓発を推進します。

共創チャレンジ 2023.08.25

☆ 5



#### 法人

チーム名 ソフト99広報部 “くるままでいらいふ”チャレンジ

共創メンバー 株式会社ソフト99コーポレーション広報部

主な活動地域 日本

活動テーマ 安全・防犯、セキュリティ/ものづくり、サービス/環境、エネルギー/循環型社会、サキュラーエコノミー/モビリティ、交通/

# **V: Annual Financial Results and Dividend Forecast**

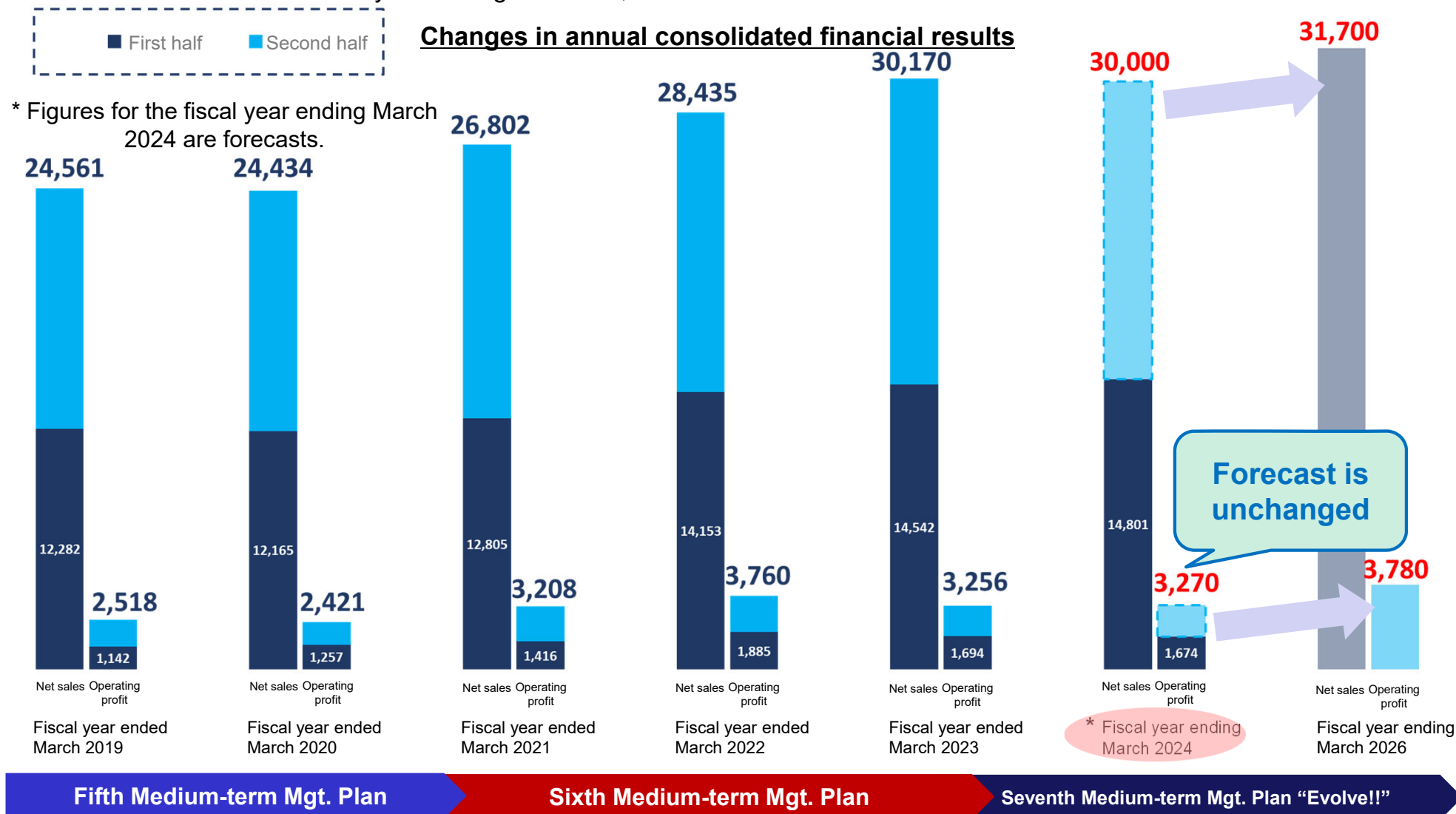
# V: Annual Financial Results and Dividend Forecast

## (Annual Financial Results)



- Despite a year-on-year increase in sales and decrease in profit, the Company is maintaining its annual financial results forecast for the fiscal year ending March 31, 2024.

(In millions of yen)



# V: Annual Financial Results and Dividend Forecast

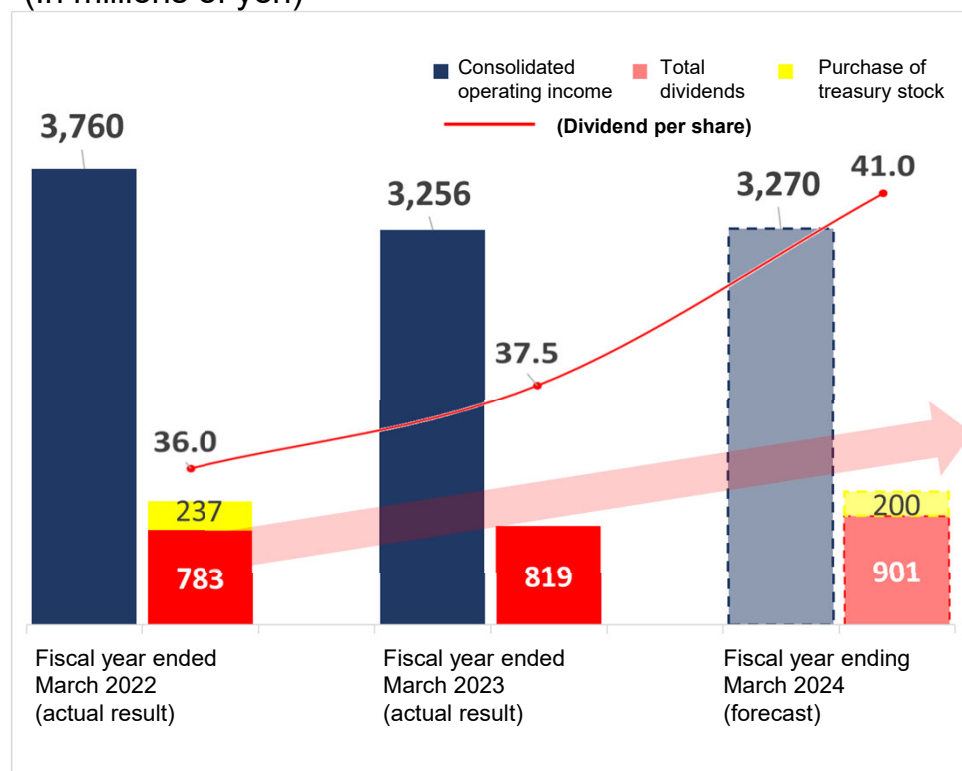
## (Annual Dividend Forecast and Total Amount of Shareholder Return)



- Dividends, including the 70th anniversary commemorative dividend, for the fiscal year ending March 31, 2024 are an interim dividend of 20.0 yen per share and a year-end dividend of 21.0 yen per share, totaling 41.0 yen for the full year.
- Breakdown: Interim: ordinary dividend 19.0 yen, commemorative dividend 1.0 yen  
Year-end: ordinary dividend 19.0 yen, commemorative dividend 2.0 yen
- In addition to the special dividend, the company repurchased its own shares in the first half of the fiscal year ending March 2024 (Number of shares acquired in the first half: 60,000 shares, Total acquisition cost: 80,157 thousand yen)

### Changes in Full-Year Dividend Actual Results and Dividend Forecast

(In millions of yen)



In millions of yen	Fiscal year ended March 2022 (Results)	Fiscal year ended March 2023 (Results)	Fiscal year ending March 2024 (Forecast)
Consolidated operating income	3,760	3,256	3,270
Dividend per share (yen)	36.0	37.5	41.0
Purchase amount of own shares	237	—	200
Total shareholder return amount	1,021	819	1,101

# Appendix: Numerical Data

# Condensed Consolidated Balance Sheet

## (Year-on-year Comparison)



(In millions of yen)

	March 31, 2023	2Q of the fiscal year ending March 2024	Year-on- year change		March 31, 2023	2Q of the fiscal year ending March 2024	Year-on- year change
Current assets	29,990	30,898	+907	Current liabilities	4,176	4,346	+169
Cash and deposits	20,124	20,393	+268	Accounts payable	1,595	1,406	-188
Accounts receivable	4,705	4,995	+290	Income taxes payable	466	584	+117
Marketable securities	0	300	+300	Payables and accrued expenses	1,417	1,612	+194
Inventories	4,364	4,712	+347	Others (Including long-term debt)	696	743	+46
Others	796	497	-299	Non-current liabilities	3,428	3,465	+37
Non-current assets	30,386	30,570	+183	Total liabilities	7,604	7,811	+207
Property, plant and equipment	22,675	22,687	+12	Net assets	52,772	53,656	+884
Intangible assets	342	609	+266	Shareholders' equity	52,475	53,217	+742
Investments and other assets	7,368	7,273	-95	Accumulated other comprehensive income	297	439	+142
Assets	60,377	61,468	+1,091	Liabilities and net assets	60,377	61,468	+1,091

# Consolidated Results

## (Profit and Loss: Year-on-year Comparison)



(In millions of yen)

	2Q of the fiscal year ended March 2023	2Q of the fiscal year ending March 2024	Year-on-year change	Year-on-year % change
Net sales	14,542	14,801	+258	+1.8%
Gross profit	5,267	5,229	-38	-0.7%
Gross profit margin	36.2%	35.3%	-0.9 pt	—
Selling, general and administrative expenses	3,572	3,554	-17	-0.5%
Operating profit	1,694	1,674	-20	-1.2%
Operating profit margin	11.7%	11.3%	-0.4 pt	—
Ordinary profit	1,784	1,778	-5	-0.3%
Net income before income taxes	1,777	1,772	-4	-0.3%
Net income attributable to shareholders of parent company	1,237	1,199	-37	-3.0%

# Condensed Consolidated Cash Flow

## (Year-on-year Comparison)



(In millions of yen)

	2Q of the fiscal year ended March 2023	2Q of the fiscal year ending March 2024
Cash flow from operating activities	900	1,289
Cash flow from investing activities	-915	-396
Cash flow from financing activities	-414	-533
Effect of exchange rate fluctuations on cash and cash equivalents	3	1
Net increase (decrease) in cash and cash equivalents	-425	360
Cash and cash equivalents at the beginning of the year	19,885	19,813
Cash and cash equivalents at the end of the year	19,459	20,174
Depreciation expense	373	440
Capital expenditures (*)	860	458

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

# Consolidated Highlight Financial Indicators

## (Year-on-year Comparison)



(In millions of yen)

	2Q of the fiscal year ended March 2023	2Q of the fiscal year ending March 2024	Year-on-year change
Total assets (million yen)	60,211	61,468	+1,257
Net assets (million yen)	52,241	53,656	+1,415
Equity ratio	86.8%	87.3%	+0.5 pt
ROA (Ordinary profit/Total assets*)	3.0%	2.9%	-0.1 pt
ROE (Net profit/Net assets*)	2.4%	2.2%	-0.2 pt
Total asset turnover (Net sales/Total assets*)	0.24	0.24	±0 pt
Net income per share (yen)	57.03	55.26	-1.77

\* Each consolidated profit is as of the end of the second quarter of the fiscal year ending March 31, 2024

\* The amounts of total assets and net assets are as of the end of the second quarter of the fiscal year ending March 31, 2024.

# Fine Chemicals

## (Profit and Loss: Year-on-year Comparison)



(In millions of yen)		2Q of the fiscal year ended March 2023	2Q of the fiscal year ending March 2024	Year-on-year change	Year-on-year % change
Net sales		7,112	7,354	+241	+3.4%
	General-use products: Car-exterior care	980	1,120	+139	+14.2%
	General-use products: Glass care	1,947	1,803	-143	-7.4%
	General-use products: Repair products	1,301	1,196	-105	-8.1%
	Professional-use products	1,026	1,074	+48	+4.7%
	Home-care products, etc.	411	335	-75	-18.4%
	Foreign operations	1,109	1,474	+365	+32.9%
	TPMS (Tire-pressure Monitoring System)	68	103	+35	+52.1%
	Electronic device and software development	314	299	-14	-4.6%
	Others and adjustments	-46	-54	-8	—
Gross profit		3,181	3,150	-30	-1.0%
	Gross profit margin	44.7%	42.8%	-1.9 pt	—
Operating profit		952	943	-8	-0.9%
	Operating profit margin	13.4%	12.8%	-0.6 pt	—

# Porous Materials

## (Profit and Loss: Year-on-year Comparison)



(In millions of yen)			2Q of the fiscal year ended March 2023	2Q of the fiscal year ending March 2024	Year-on-year change	Year-on-year % change		
Net sales			4,038	4,057	+19	+0.5%		
			Industrial materials		3,198	3,200	+2	+0.1%
				Domestic	963	1,010	+47	+4.9%
				Overseas	1,746	1,647	−99	−5.7%
				Medical	490	543	+54	+10.9%
			Consumables		840	857	+17	+2.0%
				Domestic	476	565	+89	+18.7%
				Overseas	364	292	−72	−19.7%
			Gross profit			1,340	1,245	−95
Gross profit margin			33.2%	30.7%	−2.5 pt	—		
Operating profit			538	491	−46	−8.7%		
Operating profit margin			13.3%	12.1%	−1.2 pt	—		

# Services

## (Profit and Loss: Year-on-year Comparison)



(In millions of yen)		2Q of the fiscal year ended March 2023	2Q of the fiscal year ending March 2024	Year-on-year change	Year-on-year % change
Net sales		2,707	2,653	-54	-2.0%
	Automobile repair and sheet metal	1,233	1,302	+69	+5.6%
	Driving school	495	494	-0	-0.1%
	Household product planning and sale	978	856	-122	-12.5%
Gross profit		645	612	-33	-5.2%
Gross profit margin		23.8%	23.1%	-0.7 pt	—
Operating profit		87	55	-32	-37.1%
Operating profit margin		3.2%	2.1%	-1.1 pt	—

# Real-estate Related

## (Profit and Loss: Year-on-year Comparison)



(In millions of yen)		2Q of the fiscal year ended March 2023	2Q of the fiscal year ending March 2024	Year-on-year change	Year-on-year % change
Net sales		684	735	+51	+7.5%
	Real-estate leasing	195	195	-0	-0.1%
	Bathhouse business	470	520	+50	+10.7%
	Support for preventive long-term care	17	19	+1	+7.6%
Gross profit		130	190	+59	+45.7%
Gross profit margin		19.1%	25.9%	+6.8 pt	—
Operating profit		112	179	+66	+59.3%
Operating profit margin		16.4%	24.3%	+7.9 pt	—

# Segment Information

## (Comparison of Net Sales and Operating Profit by Segment)



(In millions of yen)

<b>Net sales</b>	2Q of the fiscal year ended March 2023	Composition ratio	2Q of the fiscal year ending March 2024	Composition ratio	Year-on-year change of composition ratio
Fine Chemicals	7,112	48.9%	7,354	49.7%	+0.7 pt
Porous Materials	4,038	27.8%	4,057	27.4%	-0.3 pt
Services and Real-estate Related	3,391	23.3%	3,389	22.9%	-0.4 pt
Total	14,542	100.0%	14,801	100.0%	—

<b>Operating profit</b>	2Q of the fiscal year ended March 2023	Composition ratio	2Q of the fiscal year ending March 2024	Composition ratio	Year-on-year change of composition ratio
Fine Chemicals	952	56.3%	943	56.5%	+0.2 pt
Porous Materials	538	31.9%	491	29.5%	-2.5 pt
Services and Real-estate Related	199	11.8%	234	14.0%	+2.1 pt
Total	1,694	100.0%	1,674	100.0%	—

(\*) Total amounts include the consolidated adjustment amount.

# SEEK OUT **INNOVATION**

～ Discover future necessities ～

