
For the Fiscal Year Ended March 2024

SOFT99 corporation

Materials for the Financial Results Briefing

May 29, 2024

- 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 811 (as of March 31, 2024; Consolidated)

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

History of our principal products



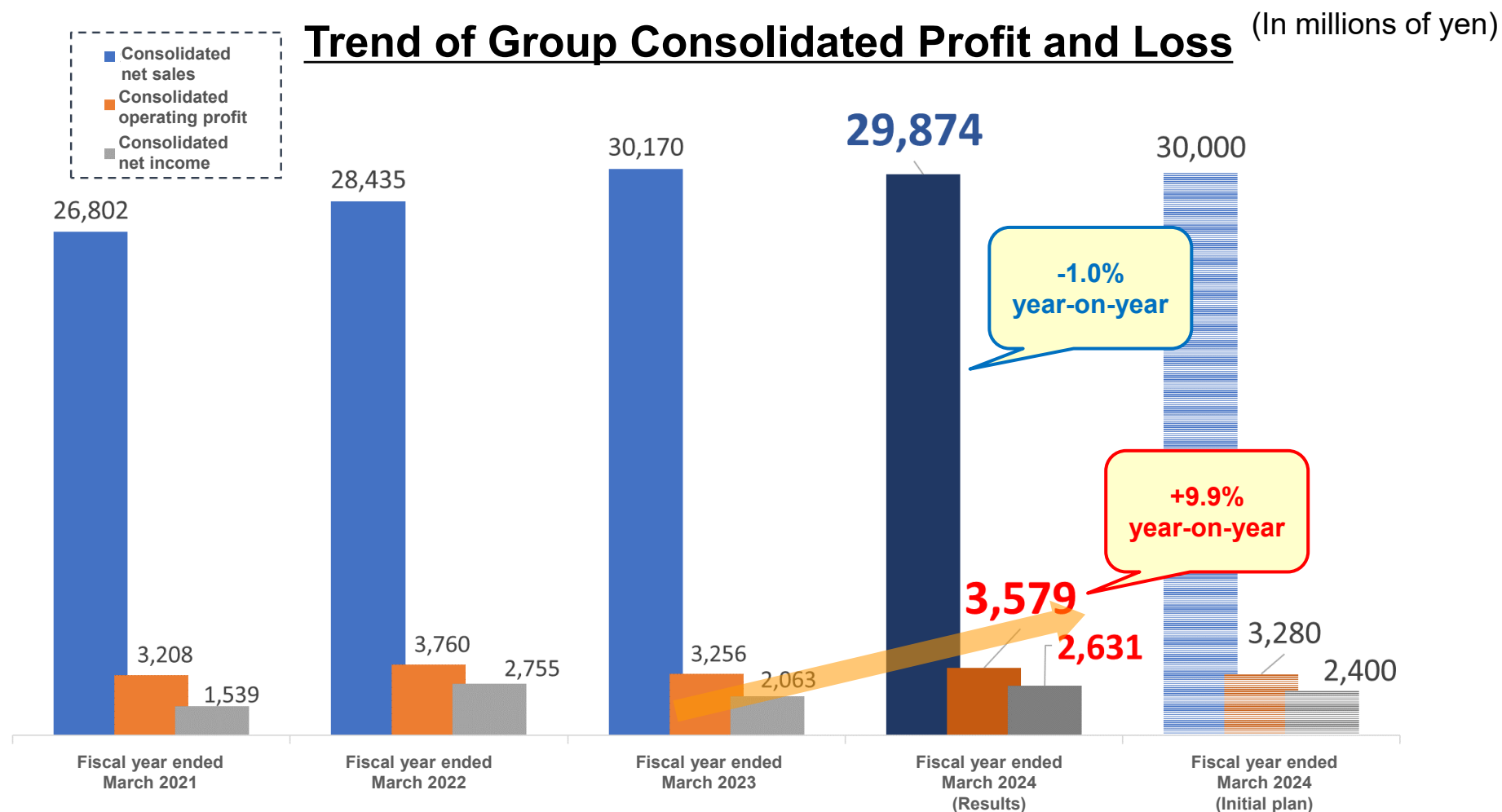
* Plassenu (former Plassemu) was marketed by Kanebo, Ltd. in 1963 and has been manufactured and sold by the SOFT99 Group since the business transfer in 1999.

I: Corporate Group Outline (Operating Segments Outline)

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

II: Trend of Financial Results

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

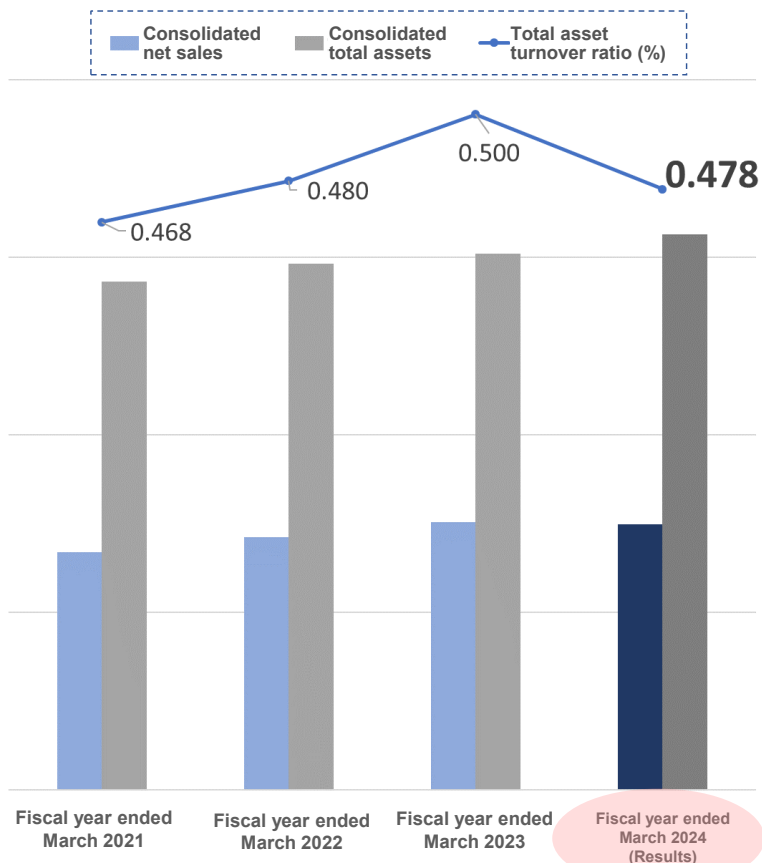


Sixth Medium-term Mgt. Plan "Overtake!!"

Seventh Medium-term Mgt. Plan "Evolve!!"

II: Trend of Financial Results (Major Management Indicators)

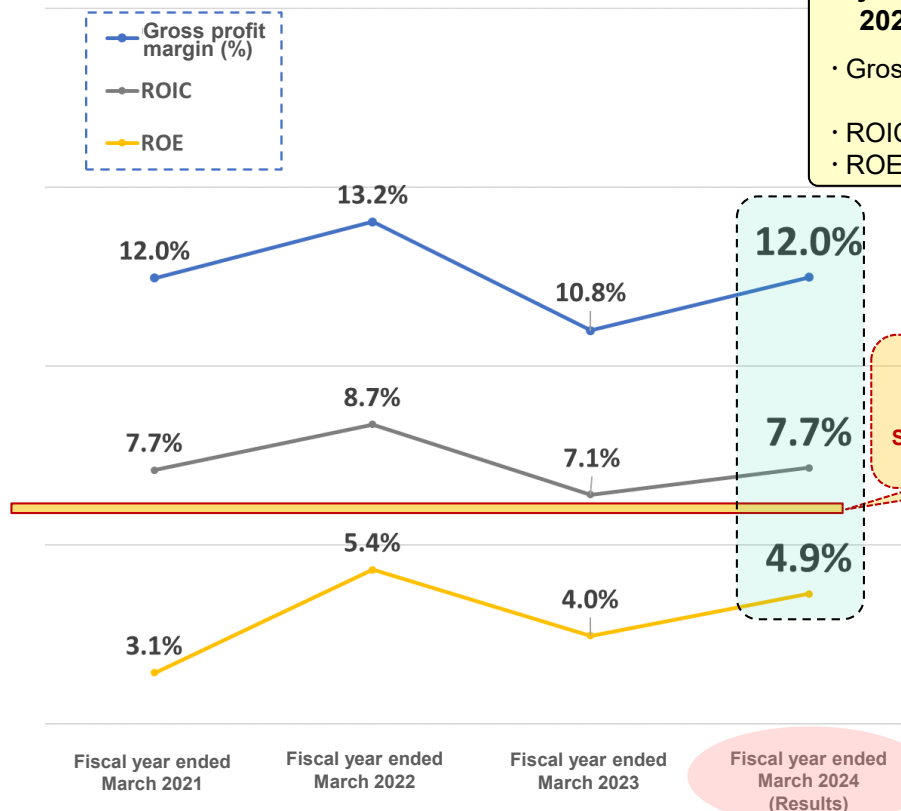
Total Asset Turnover Ratio



Sixth Medium-term Mgt. Plan

Seventh Medium-term Mgt. Plan

Trends of Consolidated Operating Profit Margin, ROE, and ROIC



Capital efficiency index target for fiscal year ended March 2024 (initially set)

- Gross profit margin 10.5%
- ROIC 7.1%
- ROE 4.4%

The cost of capital was assumed to be 5.5% to 6.0% in the Seventh Medium-term Management Plan.

Sixth Medium-term Mgt. Plan

Seventh Medium-term Mgt. Plan

* ROIC = After-tax operating profit / Invested capital in business

• After-tax operating profit = Operating profit × (1 – Effective tax rate of 30%)

• Invested capital in business =

(Current assets – Cash and deposits – Securities) – Current liabilities + (Non-current assets – Corporate bonds held)

III: Business Outline

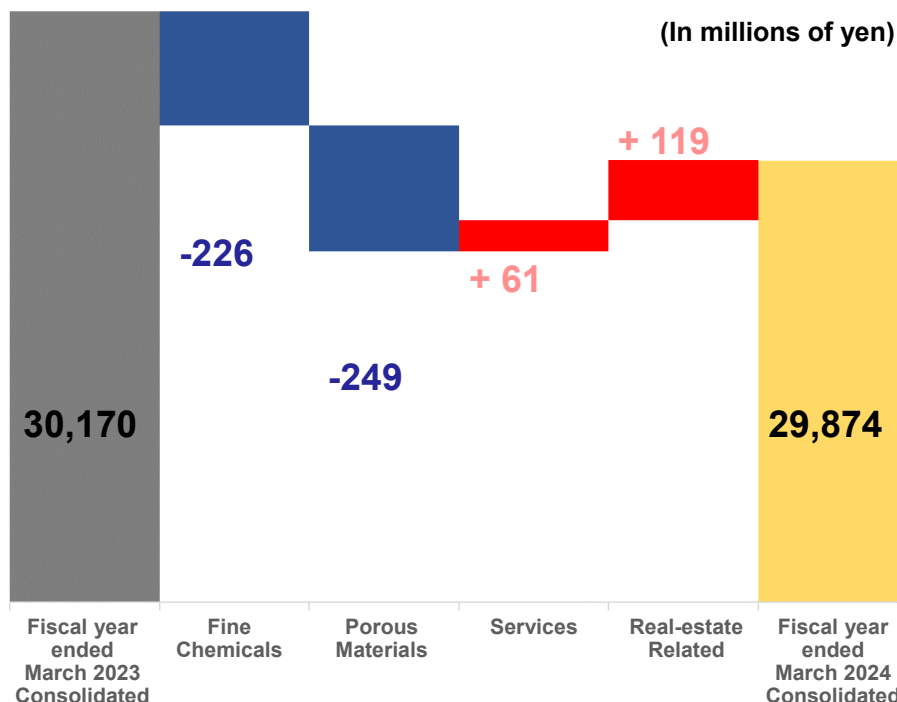
(Fiscal year ended March 2024)

III. Business Outline

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

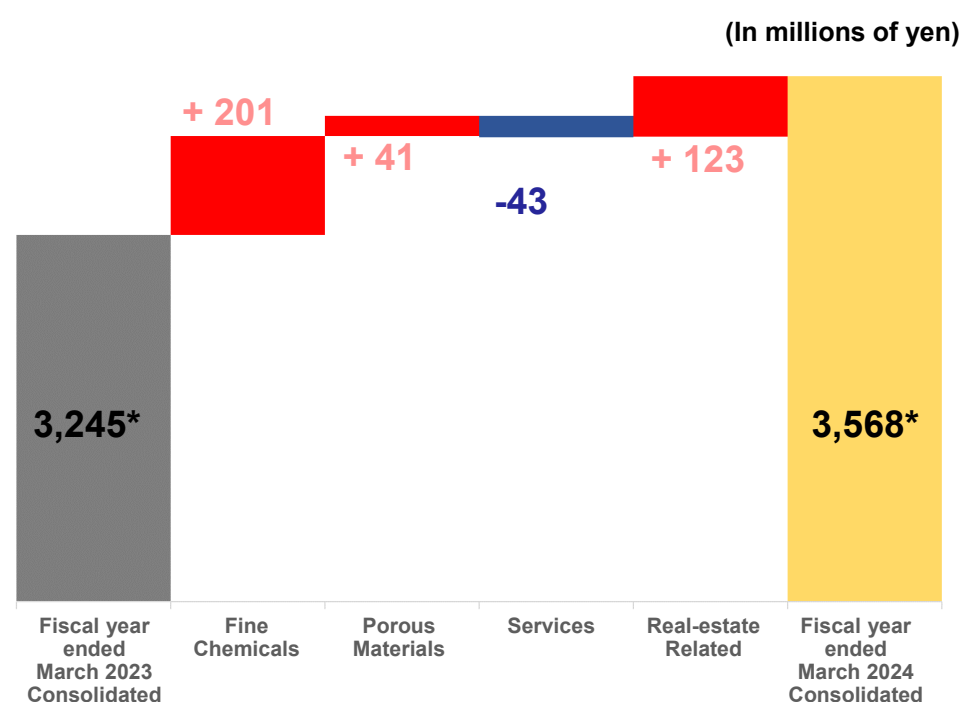


Net Sales by Segment: Year-on-year Changes



- Sales declined as growth in Automobile Repair and Sheet Metal business in the Services Segment and the Bathhouse business in the Real Estate-related Segment failed to offset declines in sales of consumer products and home-care products in the Fine Chemicals Segment, and of industrial materials and semiconductor-related products in the Porous Materials Segment.

Profit by Segment: Year-on-year Changes



*Note: Excludes the consolidated adjustment amount

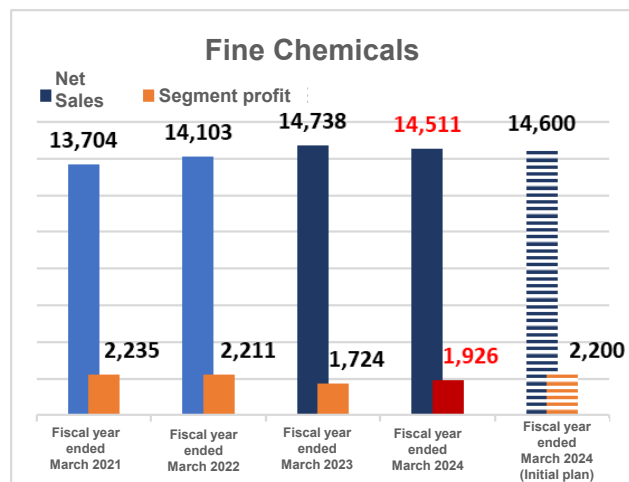
- Profit increased due to an improvement in the cost of sales ratio through price increases in Consumer products and Professional-use products in Fine Chemicals and a reduction in expenses through the revision of advertising strategies. In addition, the Porous Materials business saw the utilization rates at production sites return to normal, causing excess labor costs incurred in the previous fiscal year to decrease, which minimized the deterioration in the cost of sales ratio, and the cost of sales ratio in the Bathhouse business also improved thanks to favorable facility operations.

III. Business Outline (Changes in Profit and Loss by Segment)

Changes in Profit and Loss by Segment

(Note) Segment profit excludes consolidated adjustments

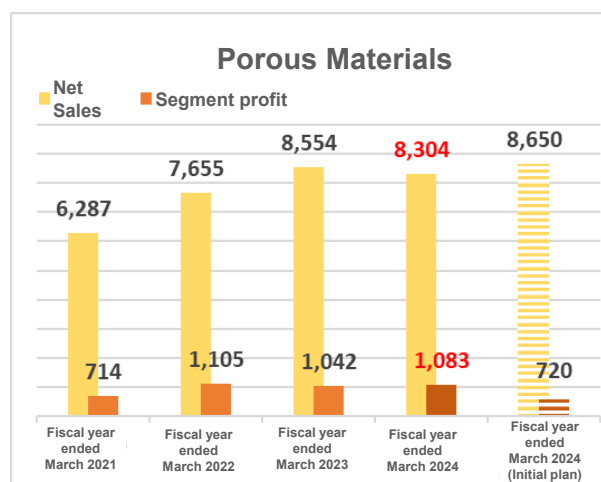
(In millions of yen)



Sixth Medium-term Mgt. Plan "Overtake!!"

Seventh Medium-term Mgt. Plan "Evolve!!"

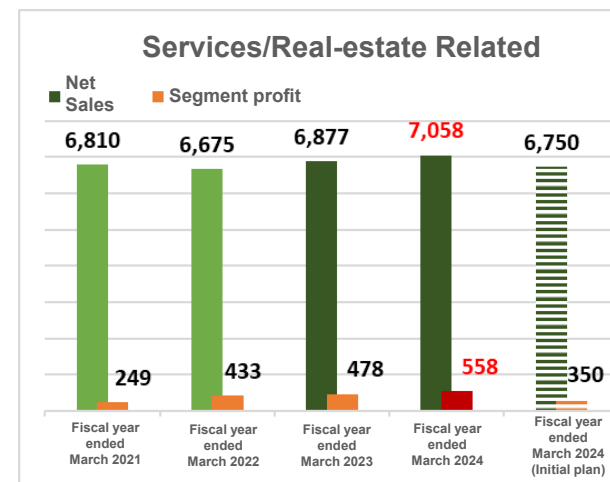
- Sales of professional-use products grew on the back of strong new car sales, while sales of eyeglass care products remained sluggish and consumer products such as windshield care struggled, decreasing year-on-year and falling short of the plan.
- Profit increased year-on-year due to an improvement in the cost ratio through price increases, and a reduction in expenses through the revision of advertising strategies.



Sixth Medium-term Mgt. Plan "Overtake!!"

Seventh Medium-term Mgt. Plan "Evolve!!"

- Sales of industrial materials were below both the previous year and the plan due to lower shipments for semiconductor-related applications caused by production adjustments by customers and a delay in the acceptance inspection of a large shipment for medical applications.
- Despite an increase in depreciation costs associated with capital investment, profit exceeded both the previous year and the plan due to the normalization of utilization rates at production sites and a reduction in excess labor costs incurred in the previous year. These minimized the deterioration of the cost ratio.



Sixth Medium-term Mgt. Plan "Overtake!!"

Seventh Medium-term Mgt. Plan "Evolve!!"

- Sales both increased year-on-year and exceeded the plan due to an increase in the number of visitors in the Bathhouse business on the back of a recovery in leisure demand and strong sales in the Automobile Repair and Sheet Metal business.
- Strong sales in the Bathhouse business and the Automobile Repair and Sheet Metal business offset the decline in sales to co-ops, increasing overall sales year-on-year and bring them above the plan.

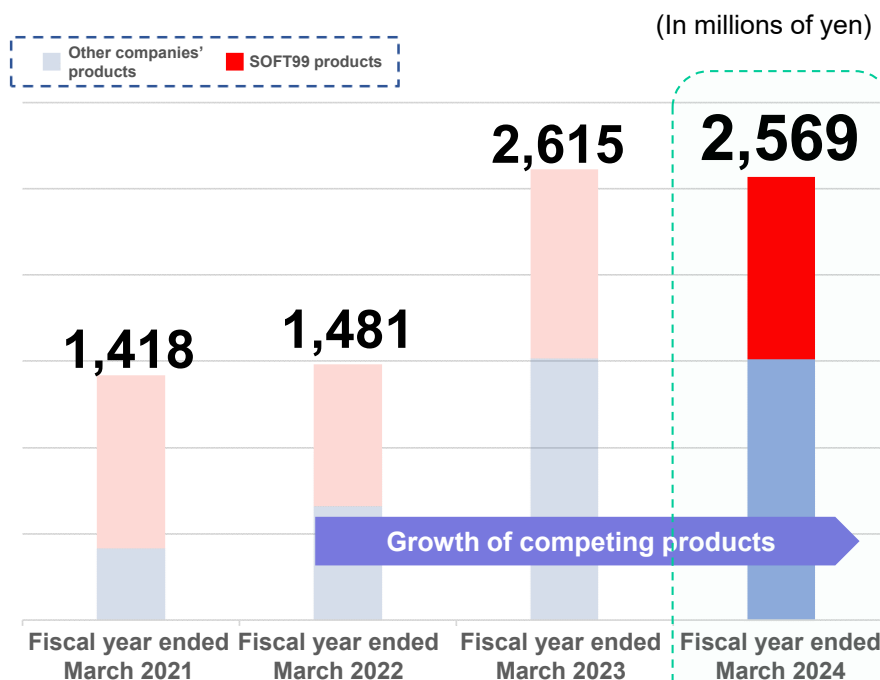
III. Business Outline

(Fine Chemicals: Overseas Product Sales)



- While the success of product development tailored to local needs led to sales growth in the South America and Europe regions, sales in East Asia and Southeast Asia struggled with inventory adjustments, resulting in a year-on-year decline.

Changes in Sales of SOFT99 Products and Products of Other Companies



Sixth Medium-term Mgt. Plan "Overtake!!"

Seventh Medium-term Mgt. Plan "Evolve!!"

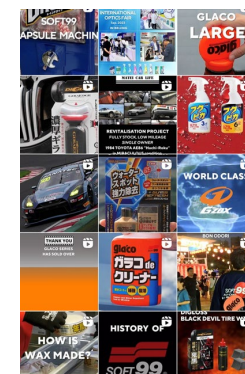
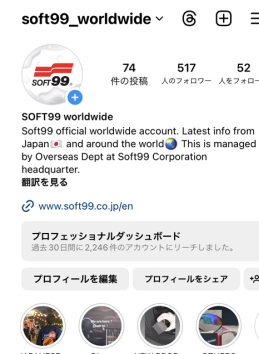
Promote packages with local language labeling that comply with national laws and regulations in the EU



Labeling in local languages



Increase our recognition by using social media in each region



III. Business Outline

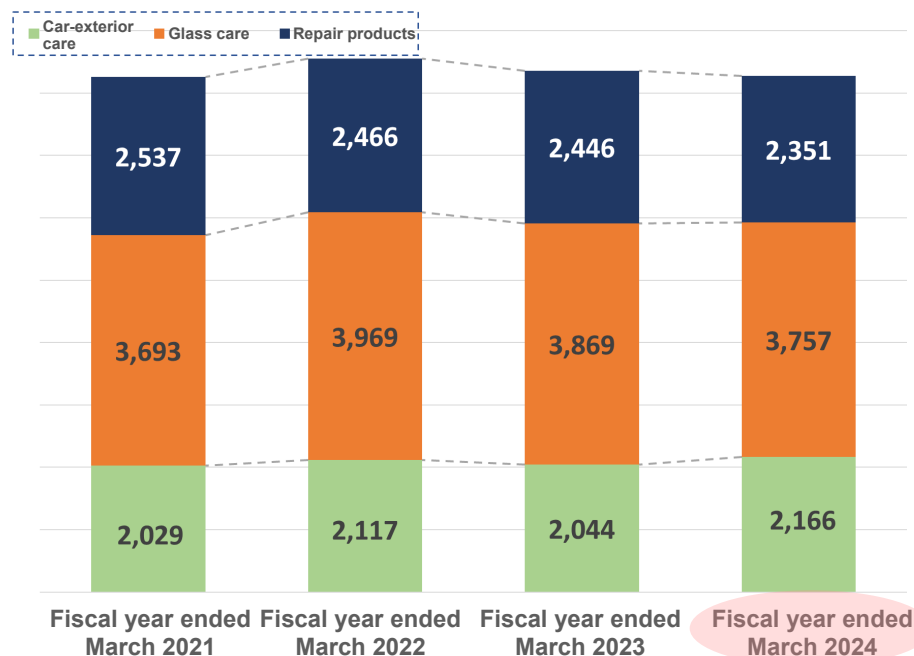
(Fine Chemicals Segment: Consumer Products Sales)

- For car-exterior care products, the launch of Raindrop Tornado Vortex and growth in tire and wheel care products failed to offset the decline in sales of repair products and glass care products, resulting in a year-on-year decline.

Changes in Consumer Products Sales

(In millions of yen)

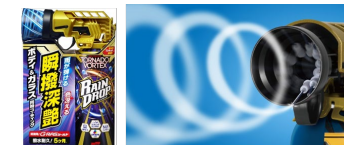
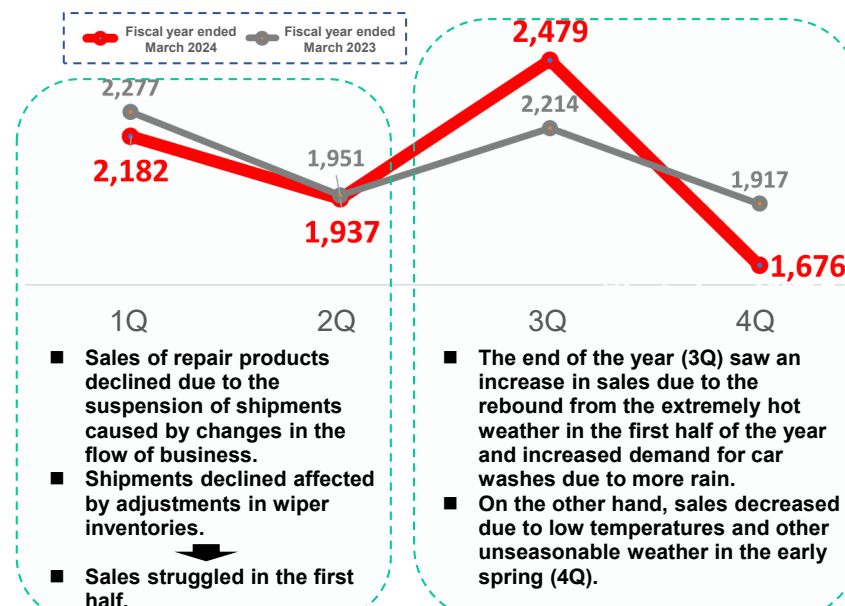
Changes in Yearly Sales of Consumer Products



Sixth Medium-term Mgt. Plan "Overtake!!"

Seventh Medium-term Mgt. Plan "Evolve!!"

Changes in Quarterly Sales of Consumer Products by Quarter

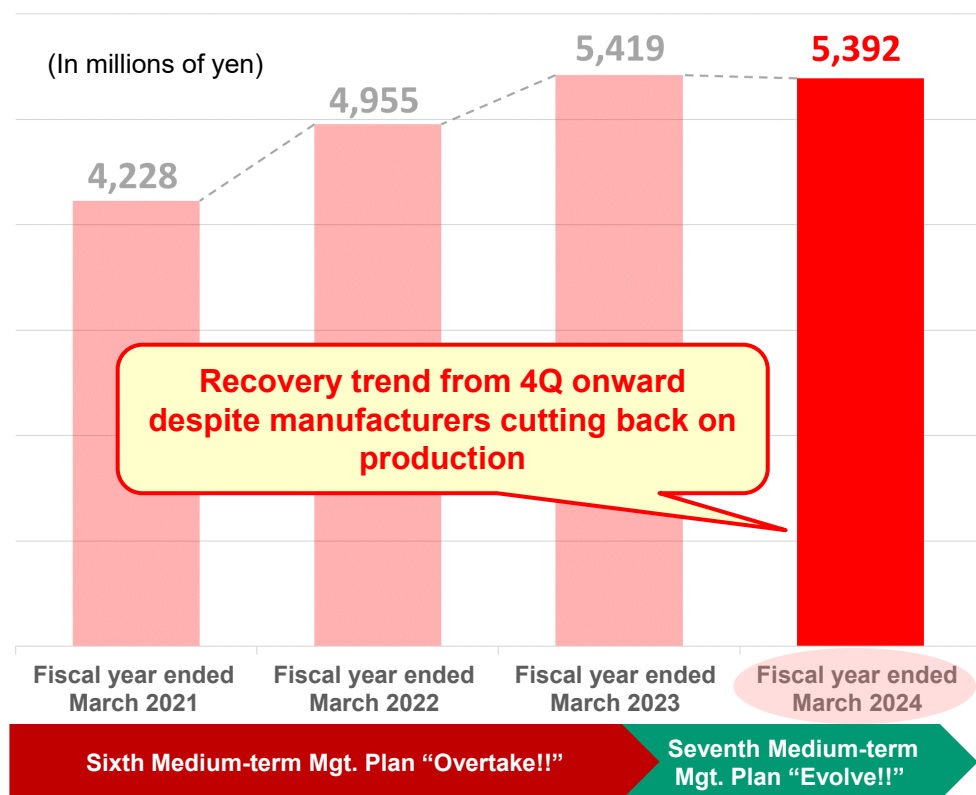


III. Business Outline

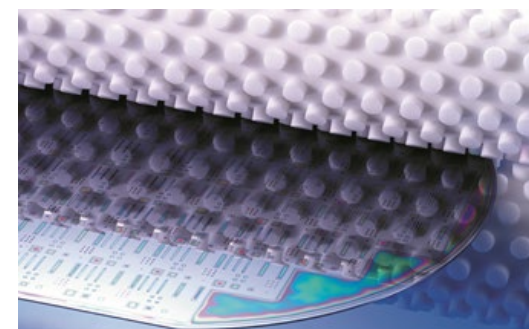
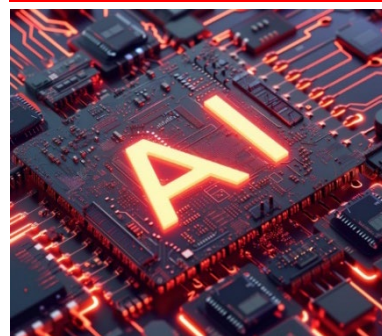
(Porous Materials Segment: Industrial Materials and Digital)

- Although sales for filters and products for printer-related applications remained strong, sales of semiconductors and other digital-related products struggled due manufacturers cutting back on production. The recovery trend seen from the fourth quarter onward was not enough to offset the decline to date, resulting in a year-on-year decline.

Changes in Sales of Industrial Materials



AI-driven demand for semiconductors set Industrial materials on a recovery trend



Promoted capital investment in anticipation of production expansion in focus areas

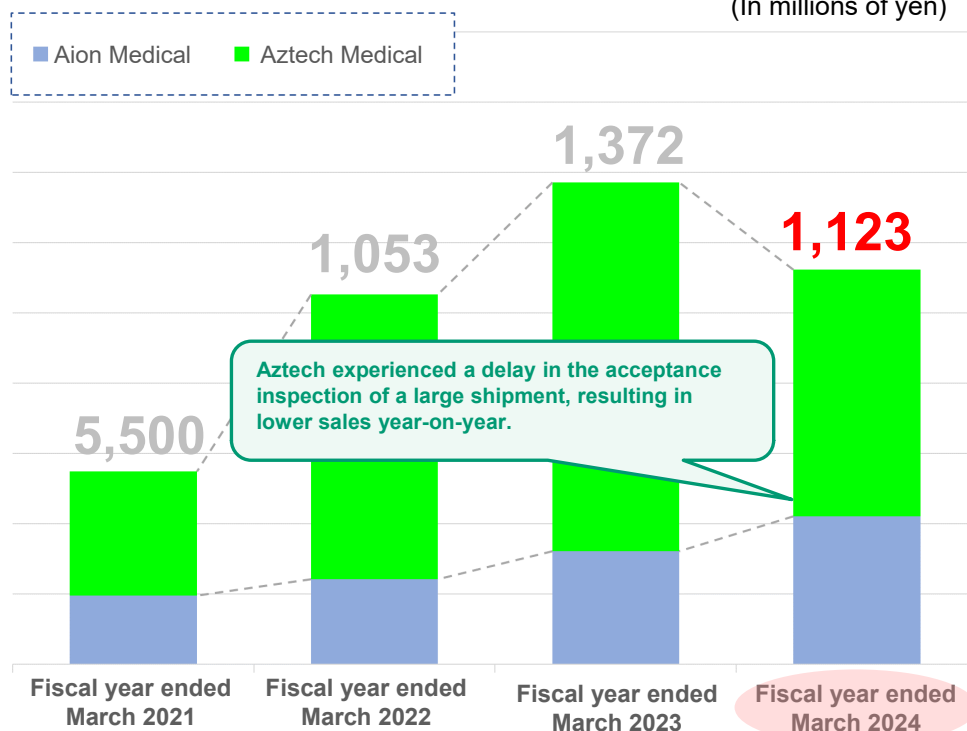


III. Business Outline (Porous Materials Segment: Medical)

- Although the medical application of PVA sponge has been steadily expanding, sales of equipment for medical facilities were pushed back in major projects, resulting in a year-on-year decline.

Changes in Sales of Industrial Materials

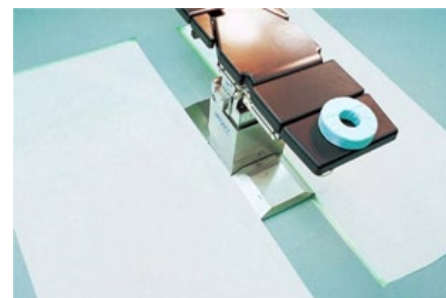
(In millions of yen)



Sixth Medium-term Mgt. Plan "Overtake!!"

Seventh Medium-term Mgt. Plan "Evolve!!"

Aztech: Promote new proposals by utilizing sales channels for medical facilities



Aion: Develop medical applications for PVA sponge and strengthen sales

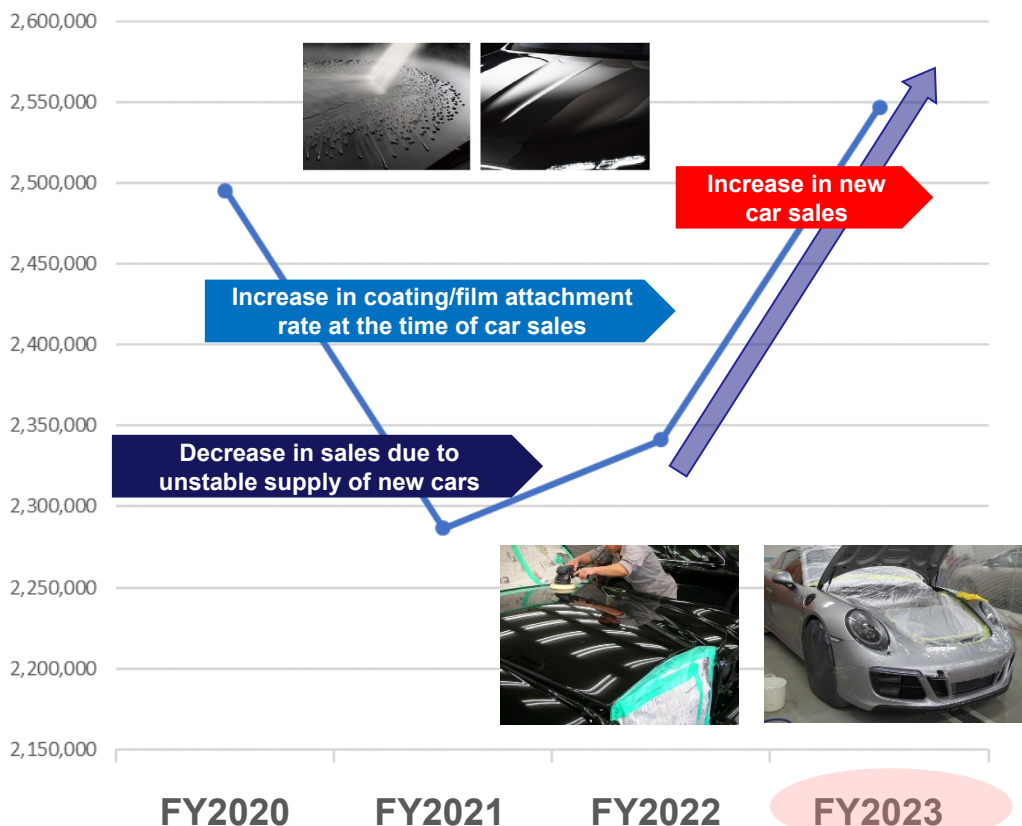


Amedif Oral Care Kit

III. Business Outline (Fine Chemicals—Professional-use and Services—Automobile Repair and Sheet Metal Business)

- Demand for auto detailing goods such as films and coatings, increased on the back of strong new car sales; There was growth in auto detailing goods in Professional-use products in Fine Chemicals and in the Automobile repair and sheet metal business in Services.

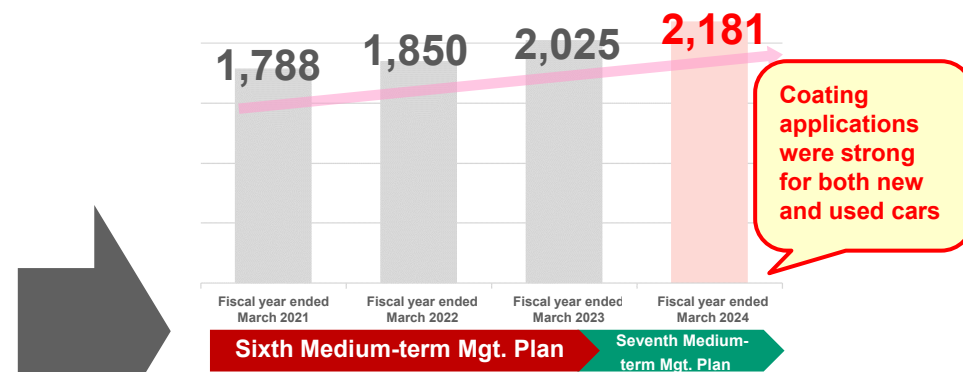
Changes in New Car Sales



Data on new car sales (standard and compact passenger cars) compiled from the Japan Automobile Dealers Association website (<http://www.jada.or.jp/>)

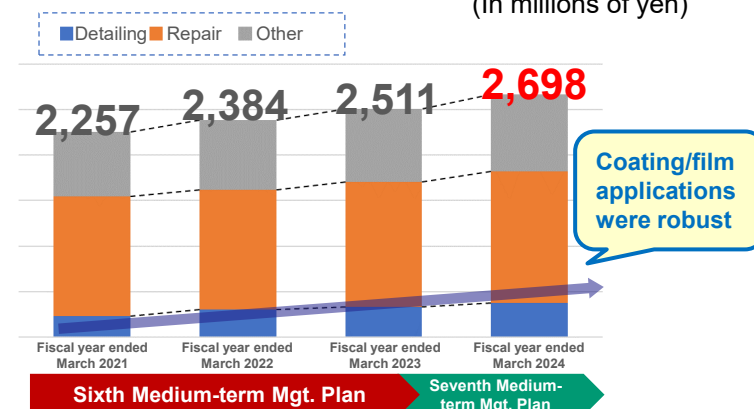
Changes in Professional-use Product Sales

(In millions of yen)



Changes in automobile repair and sheet metal sales

(In millions of yen)



III. Business Outline (Fine Chemicals—Home-care Products and Services—Household Product Planning and Sale Businesses)

- The subsegments experienced rapid growth in demand during the COVID-19 pandemic, but this increased demand subsided with the return to normal daily life.
- Shipments of home-care products slowed due to fewer people wearing masks, but steadily improved from the pre-pandemic level.
- The increased demand in the Household product planning and sale business subsided due to shrinking mail-order demand.

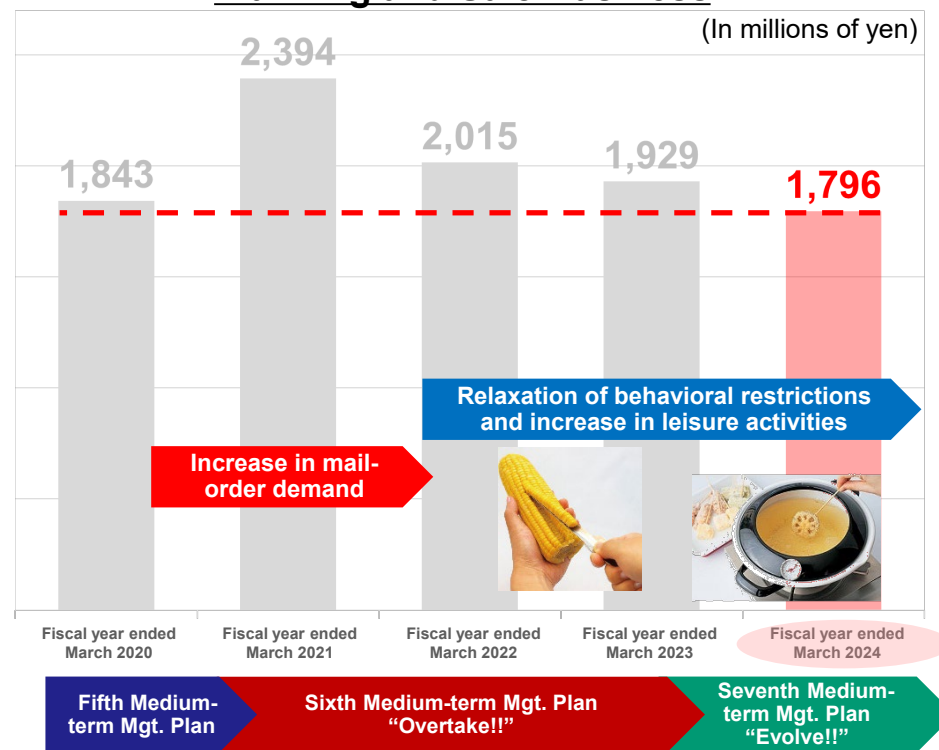
Changes in Home-care Product Sales

(In millions of yen)



Changes in Sales in the Household Product Planning and Sale Business

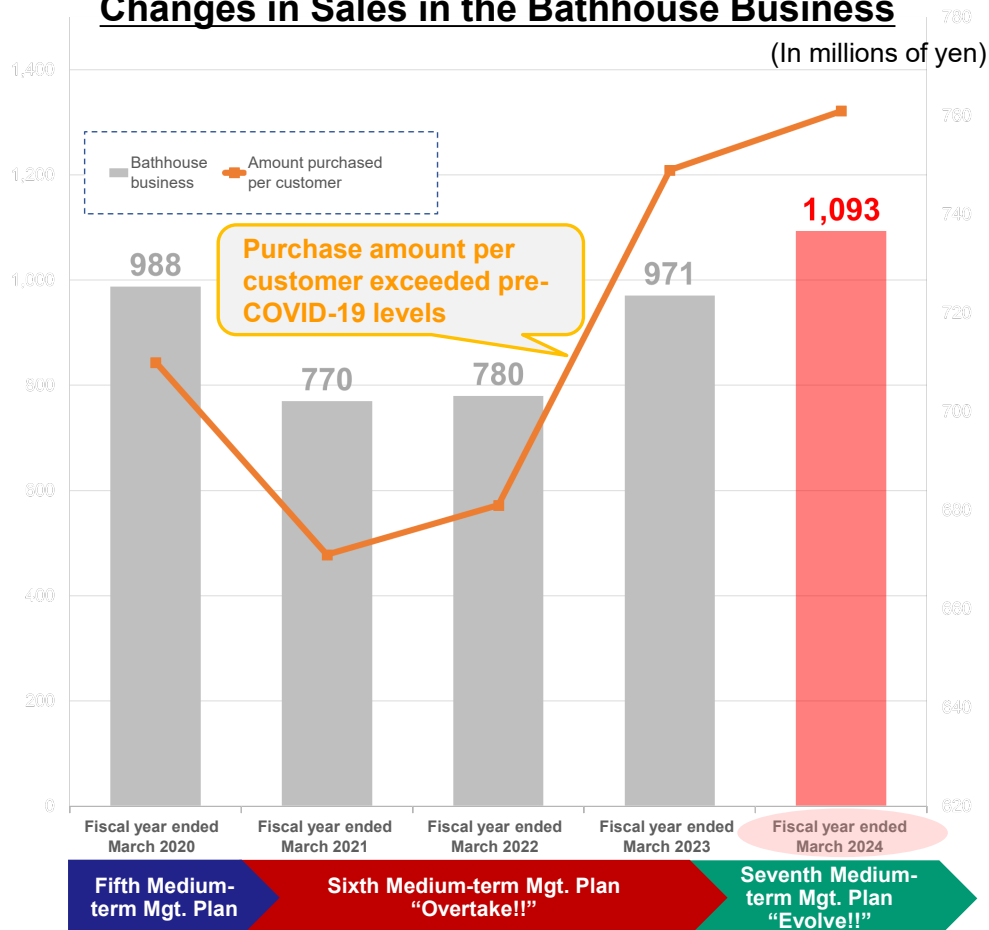
(In millions of yen)



III. Business Outline (Real-estate Related: Bathhouse Business)

- The number of visitors to bathhouse facilities increased due to a recovery in leisure demand. In addition, food and beverage consumption was strong, resulting in an increase year-on-year.

Changes in Sales in the Bathhouse Business



Strengthening promotional events



The Amagasaki bathhouse closed on March 31, 2024. The plan is to transform it into a facility with integrated resorts and inbound demand in mind



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

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

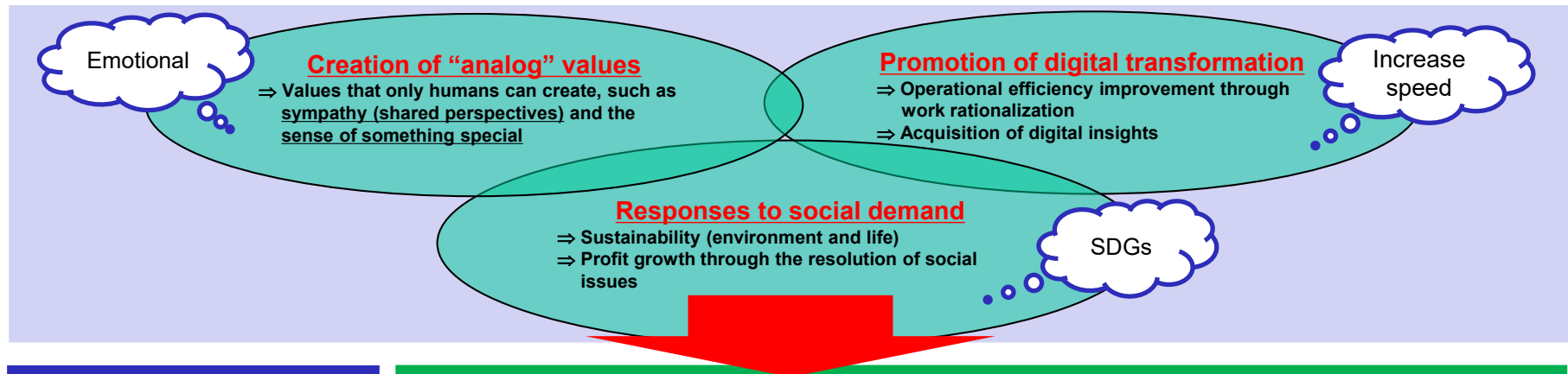
(Theme and Vision of the Seventh Medium-term Management Plan)

Management philosophy

Life culture creation company
—Discover future necessities—

Medium-term plan theme

Evolve!!



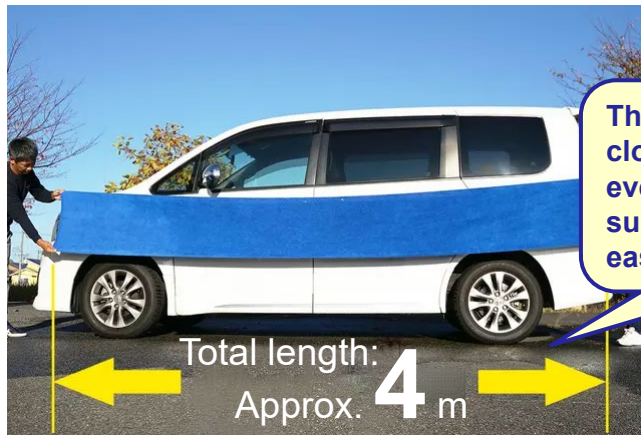
Management vision

Develop human resources to create touching, “analog” (emotional) 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)

- Promote the development of products that make users want to use them thanks to their unprecedented performance and visual impact. After trial sales through crowd-funding, the products will be mass-produced.

Ultra Dekamax Hyper Long Cloth



This huge 4-meter cloth makes wiping even tall vehicles such as minivans easy.

Total length:
Approx. **4 m**



Tire and Wheel Care Oku-Arao



The 57-centimeter long brush not only reaches the surface of the wheel, but also goes deep inside to remove dirt.



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

- Promote localization strategies that meet the needs of each region to expand sales
 - Expand sales by customizing set products and product capacity according to local needs
 - Partnered with a European distributor to produce a promotional video for glaco to increase brand awareness in the region.



Product containers
are filled locally



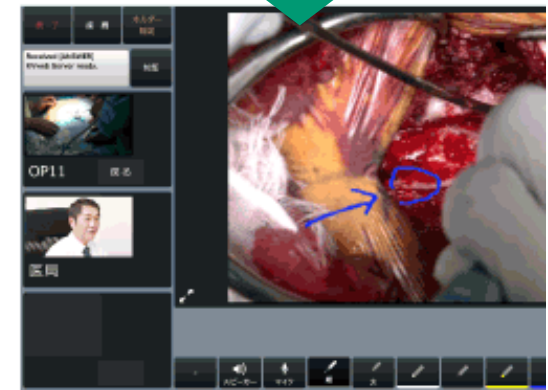
Quote: Instagram soft99_europe
<https://www.instagram.com/p/C6MDxLotzMu/>

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

- Aztech launched AZ connect, a proprietary surgical video recording and management system.

- Surgery is recorded in real time for sharing with external parties.
- Text and other information can be superimposed directly on the video in real time, facilitating precise instructions and explanations.

Camera for surgery

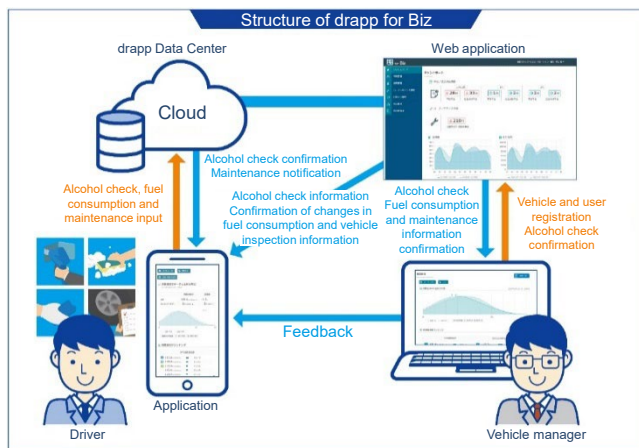


IV: Initiatives based on the Seventh Medium-term Management Plan (Sustainability 1/3)

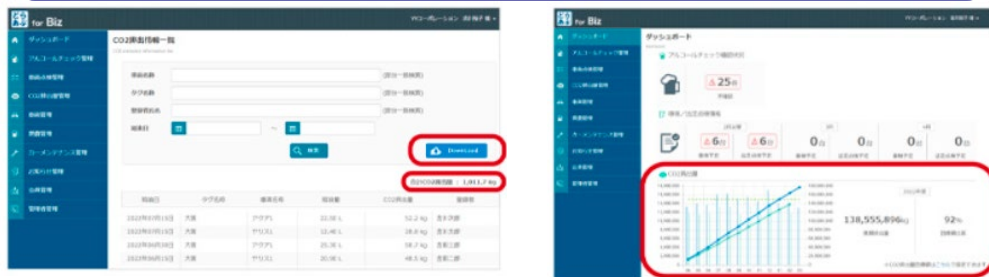
- Deployment of “drapp for Biz,” a vehicle management cloud service that has a feature for managing CO₂ emissions



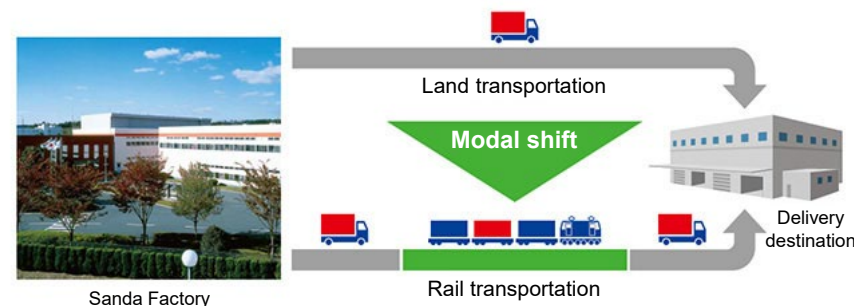
“drapp for Biz”



- CO₂ emissions can be monitored and targets managed.
- CO₂ emission reporting on per-individual and per-department basis.



- Promoting a modal shift in response to Japan’s 2024 imposition of overtime limits for truck drivers



Striving to reduce CO₂ emissions

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

- Promote plastic waste reduction by developing packages that avoid blister packaging and packing materials.

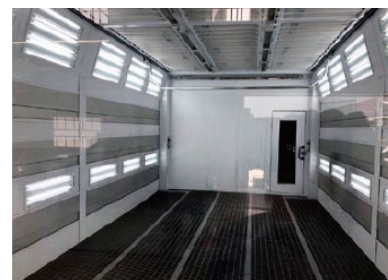


- Reduce environmental impact by using chemicals appropriately.

Sales of products for consumer and professional use
Response anticipating future regulations
on organofluorine compounds



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



Regular product



Liquid Compound
Trial Set ECO

* Actual size comparison



Reduce the use of
packaging materials by
directly labelling the
shipping package



SOFT99 autoservice

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



- Based on its management vision, the SOFT99 Group advocates and promotes efforts to take good, long-term care of things.
- Focusing on people who have cherished and driven their cars for a long time, we convey the owners' thoughts and feelings.
- Carry out a project to restore a 40-year-old car to make it as good as new.

Episode 1: The Monk's Toyota Crown



We are sharing information on the process of restoring everything from the exterior to the engine.

Episode 2: Hinako & Her Dad's Nissan 300ZX

くるままでいらいふ



V: Annual Financial Results and Dividend Forecast

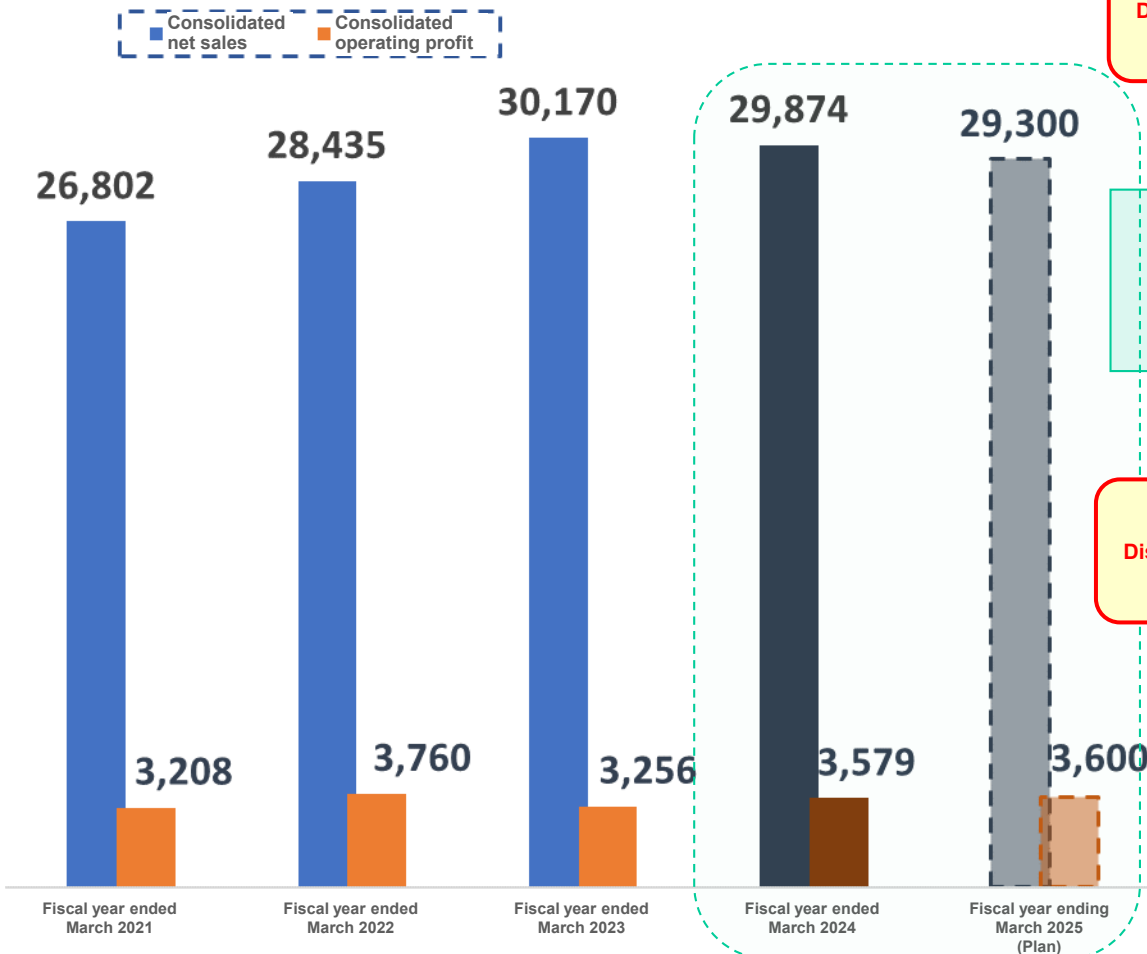
V: Annual Financial Results and Dividend Forecast

(Annual Financial Results 1/2)



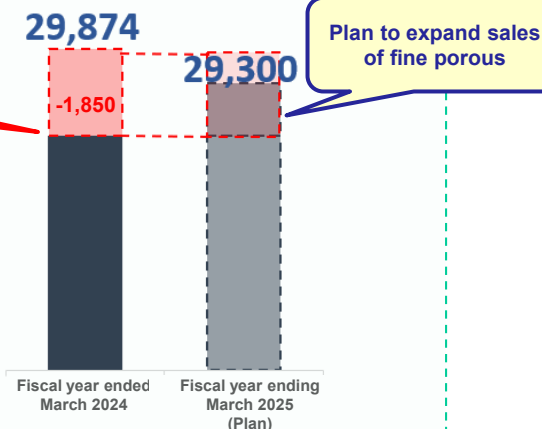
Changes in consolidated financial results

(In millions of yen)



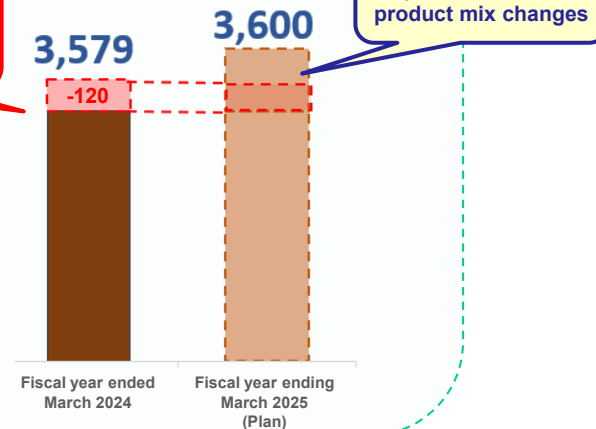
Consolidated net sales forecast

(In millions of yen)



Consolidated operating profit forecast

(In millions of yen)



V: Annual Financial Results and Dividend Forecast

(Annual Financial Results 2/2)



- Aim to expand profitable businesses by expanding Consumer and Professional-use products in Fine Chemicals, and Industrial materials and medical products in Porous Materials.

Fine Chemicals



Professional-use: Expand product lineup and strengthen services

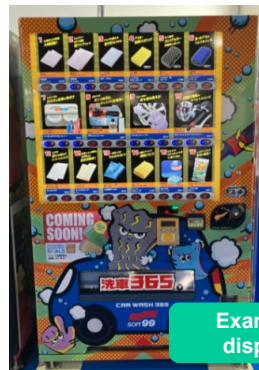
**G'ZOX
Guard Glaze**



Consumer Products: Build sales channels in new areas



Enhance online shopping



Example display

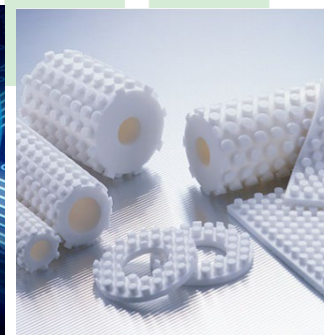
**Strengthen sales proposals that contribute to solving labor shortages.
Vending machine for car wash products**



Porous Materials



Industrial materials: Capture demand for semiconductors for AI and generative AI



Medical: Expand sales by pursuing synergies between Aztech and Aion



V: Annual Financial Results and Dividend Forecast

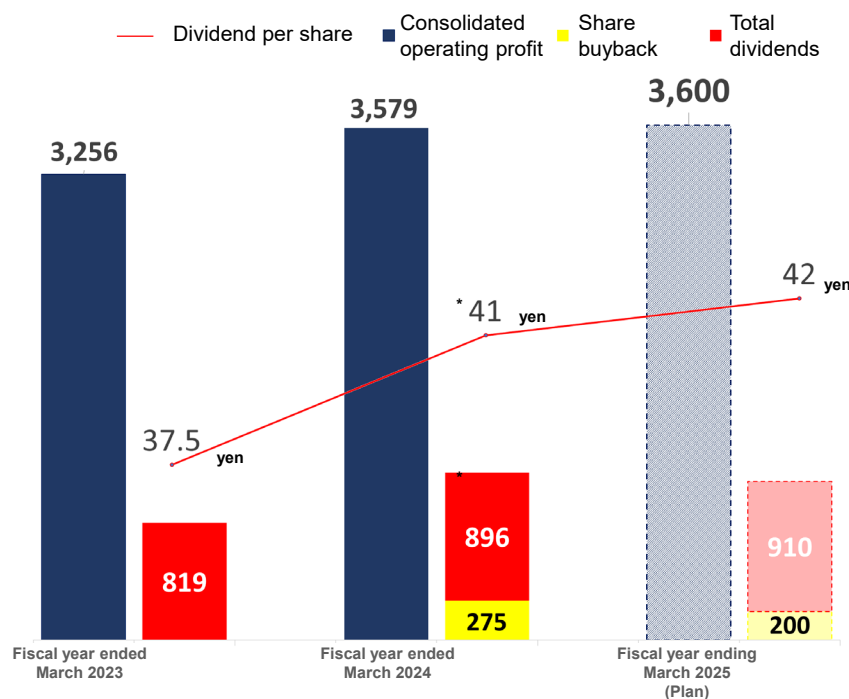
(Full-Year Dividend Forecast and Total Amount of Shareholder Return)



- Dividends for the fiscal year ending March 31, 2025 are expected to be 21.0 yen per share for the interim and 21.0 yen per share for the year-end, totaling 42.0 yen per share for the full year, which is an increase of 1 yen from the previous year.
- In addition, the Company will also carry out a share buyback in accordance with the 7th Medium-term Management Plan. (2nd year of the plan: approx. 200 million yen)
- In terms of shareholder return, the Company expects to achieve a 30.9% return on operating profit and a 34.4% dividend payout ratio.

Changes in Full-Year Dividend Results and Dividend Forecast

(In millions of yen)



In millions of yen	Fiscal year ended March 2023	Fiscal year ended March 2024	Fiscal year ending March 2025 (Forecast)
Consolidated operating profit	3,256	3,579	3,600
Net income	2,063	2,631	2,650
Shareholder return/operating profit ratio*	25.2%	32.7%	30.9%
Dividend payout ratio	39.7%	34.1%	34.4%

* Shareholder return/operating profit ratio:
consolidated operating profit / (total dividends + share buyback)

SEEK OUT **INNOVATION**

—Discover future necessities—



Appendix: Numerical Data

Condensed Consolidated Balance Sheet

(Year-on-year Comparison)



(In millions of yen)

	March 31, 2023	March 31, 2024	Year-on- year change		March 31, 2023	March 31, 2024	Year-on- year change
Current assets	29,990	31,673	+1,682	Current liabilities	4,176	4,328	+151
Cash and deposits	20,124	21,468	+1,344	Accounts payable	1,595	1,379	-215
Accounts receivable	4,705	4,869	+164	Income taxes payable	466	709	+243
Marketable securities	0	300	+300	Payables and accrued expenses	1,417	1,449	+31
Inventories	4,364	4,579	+214	Others (Including long-term debt)	696	789	+92
Others	796	454	-341	Non-current liabilities	3,428	3,587	+158
Non-current assets	30,386	30,869	+483	Total liabilities	7,604	7,915	+310
Property, plant and equipment	22,675	22,542	-132	Net assets	52,772	54,627	+1,855
Intangible assets	342	679	+336	Shareholders' equity	52,475	54,053	+1,577
Investments and other assets	7,368	7,648	+279	Accumulated other comprehensive income	594	1,149	+555
Assets	60,377	62,542	+2,165	Liabilities and net assets	60,377	62,542	+2,165

Consolidated Results

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



(In millions of yen)

	Fiscal year ended March 2023	Fiscal year ended March 2024	Year-on-year change	Year-on-year % change
Net sales	30,170	29,874	-295	-1.0%
Gross profit	10,611	10,677	+66	+0.6%
Gross profit margin	35.2%	35.7%	+0.5 pt	—
Selling, general and administrative expenses	7,354	7,098	-256	-3.5%
Operating profit	3,256	3,579	+323	+9.9%
Operating profit margin	10.8%	12.0%	+1.2 pt	—
Ordinary profit	3,440	3,782	+341	+9.9%
Net income before income taxes	3,083	3,782	+699	+22.7%
Net income attributable to shareholders of parent company	2,063	2,631	+567	+27.5%

Condensed Consolidated Cash Flow

(Year-on-year Comparison)



(In millions of yen)

	Fiscal year ended March 2023	Fiscal year ended March 2024
Cash flow from operating activities	2,619	3,772
Cash flow from investing activities	-2,176	-1,137
Cash flow from financing activities	-516	-1,205
Effect of exchange rate fluctuations on cash and cash equivalents	1	1
Net increase (decrease) in cash and cash equivalents	-72	1,430
Cash and cash equivalents at the beginning of the year	19,885	19,813
Cash and cash equivalents at the end of the year	19,813	21,244
Depreciation expense	802	969
Capital expenditures (*)	1,960	758

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

Consolidated Highlight Financial Indicators

(Year-on-year Comparison)



(In millions of yen)

	Fiscal year ended March 2023	Fiscal year ended March 2024	Year-on-year change
Total assets (million yen)	60,377	62,542	+2,165
Net assets (million yen)	52,772	54,627	+1,855
Equity ratio	87.4%	87.3%	-0.1 pt
ROA (Ordinary profit / Total assets)	5.8%	6.2%	+0.4 pt
ROE (Net profit / Net assets)	4.0%	4.9%	+0.9 pt
Total asset turnover (Net sales / Total assets)	0.5	0.48	-0.02
Net income per share (yen)	95.11	121.41	+26.30

Fine Chemicals

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



(In millions of yen)		Fiscal year ended March 2023	Fiscal year ended March 2024	Year-on-year change	Year-on-year % change
Net sales		14,738	14,511	-226	-1.5%
	General-use products: Car-exterior care	2,044	2,166	+121	+5.9%
	General-use products: Glass care	3,869	3,757	-111	-2.9%
	General-use products: Repair products	2,446	2,351	-95	-3.9%
	Professional-use products	2,025	2,181	+155	+7.7%
	Home-care products, etc.	1,164	824	-340	-29.2%
	Foreign operations	2,615	2,569	-45	-1.7%
	TPMS (Tire-pressure Monitoring System)	161	238	+77	+48.0%
	Electronic device and software development	633	657	+23	+3.7%
	Others and adjustments	-222	-234	-11	—
Gross profit		6,286	6,391	+104	+1.7%
	Gross profit margin	42.7%	44.0%	+1.4 pt	—
Operating profit		1,724	1,926	+201	+11.7%
	Operating profit margin	11.7%	13.3%	+1.6 pt	—

Porous Materials

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



(In millions of yen)			Fiscal year ended March 2023	Fiscal year ended March 2024	Year-on-year change	Year-on-year % change
Net sales			8,554	8,304	-249	-2.9%
	Industrial materials		6,791	6,515	-276	-4.1%
		Domestic	1,960	2,044	+84	+4.3%
		Overseas	3,454	3,348	-106	-3.1%
		Medical	1,377	1,123	-254	-18.4%
	Consumables		1,762	1,790	+28	+1.6%
		Domestic	962	1,099	+138	+14.3%
		Overseas	801	690	-110	-13.8%
Gross profit			2,678	2,616	-62	-2.3%
Gross profit margin			31.3%	31.5%	+0.2 pt	—
Operating profit			1,042	1,083	+41	+3.9%
Operating profit margin			12.2%	13.0%	+0.8 pt	—

Services

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



(In millions of yen)		Fiscal year ended March 2023	Fiscal year ended March 2024	Year-on-year change	Year-on-year % change
Net sales		5,455	5,516	+61	+1.1%
	Automobile repair and sheet metal	2,511	2,698	+186	+7.4%
	Driving school	1,013	1,021	+7	+0.7%
	Household product planning and sale	1,929	1,796	-133	-6.9%
Gross profit		1,351	1,295	-56	-4.2%
Gross profit margin		24.8%	23.5%	-1.3 pt	—
Operating profit		226	183	-43	-19.2%
Operating profit margin		4.2%	3.3%	-0.8 pt	—

Real-estate Related

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



(In millions of yen)		Fiscal year ended March 2023	Fiscal year ended March 2024	Year-on-year change	Year-on-year % change
Net sales		1,422	1,542	+119	+8.4%
	Real-estate leasing	414	411	-3	-0.7%
	Bathhouse business	971	1,093	+122	+12.6%
	Support for preventive long-term care	36	37	+0	+1.1%
Gross profit		294	374	+80	+27.4%
Gross profit margin		20.7%	24.3%	+3.6 pt	—
Operating profit		251	375	+123	+49.2%
Operating profit margin		17.7%	24.3%	+6.7 pt	—

Segment Information

(Comparison of Net Sales and Operating Profit by Segment)



(In millions of yen)

Net sales	Fiscal year ended March 2023	Composition ratio	Fiscal year ended March 2024	Composition ratio	Year-on-year change of composition ratio
Fine Chemicals	14,738	48.9%	14,511	48.5%	−0.4 pt
Porous Materials	8,554	28.4%	8,304	27.8%	−0.6 pt
Services and Real-estate Related	6,877	22.8%	7,058	23.7%	+0.9 pt
Total	30,170	100.0%	29,874	100.0%	—

Operating profit	Fiscal year ended March 2023	Composition ratio	Fiscal year ended March 2024	Composition ratio	Year-on-year change of composition ratio
Fine Chemicals	1,724	53.0%	1,926	53.9%	+0.9 pt
Porous Materials	1,042	32.1%	1,083	30.4%	−1.7 pt
Services and Real-estate Related	478	14.8%	558	15.7%	+0.9 pt
Total	3,256	100.0%	3,579	100.0%	—

(*) Total amounts include the consolidated adjustment amount.