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**For the Fiscal Year Ending March 2025**

# ***SOFT99 corporation***

## **2Q Financial Results Briefing**

November 28, 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 ..... 820 (as of September 30, 2024; Consolidated)

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

### History of our principal products

1969  
"HANNERI WAX"



1978  
"BODY PAINT"



1987  
"TINET"



1993  
"GLACO ROLL ON"



1999  
"Plassenu"



1999  
"FUKUPIKA WET"



2003  
"G'zox series"



2006  
"SHAMPOO FOR GLASSES"



\* Plassenu (formerly 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)

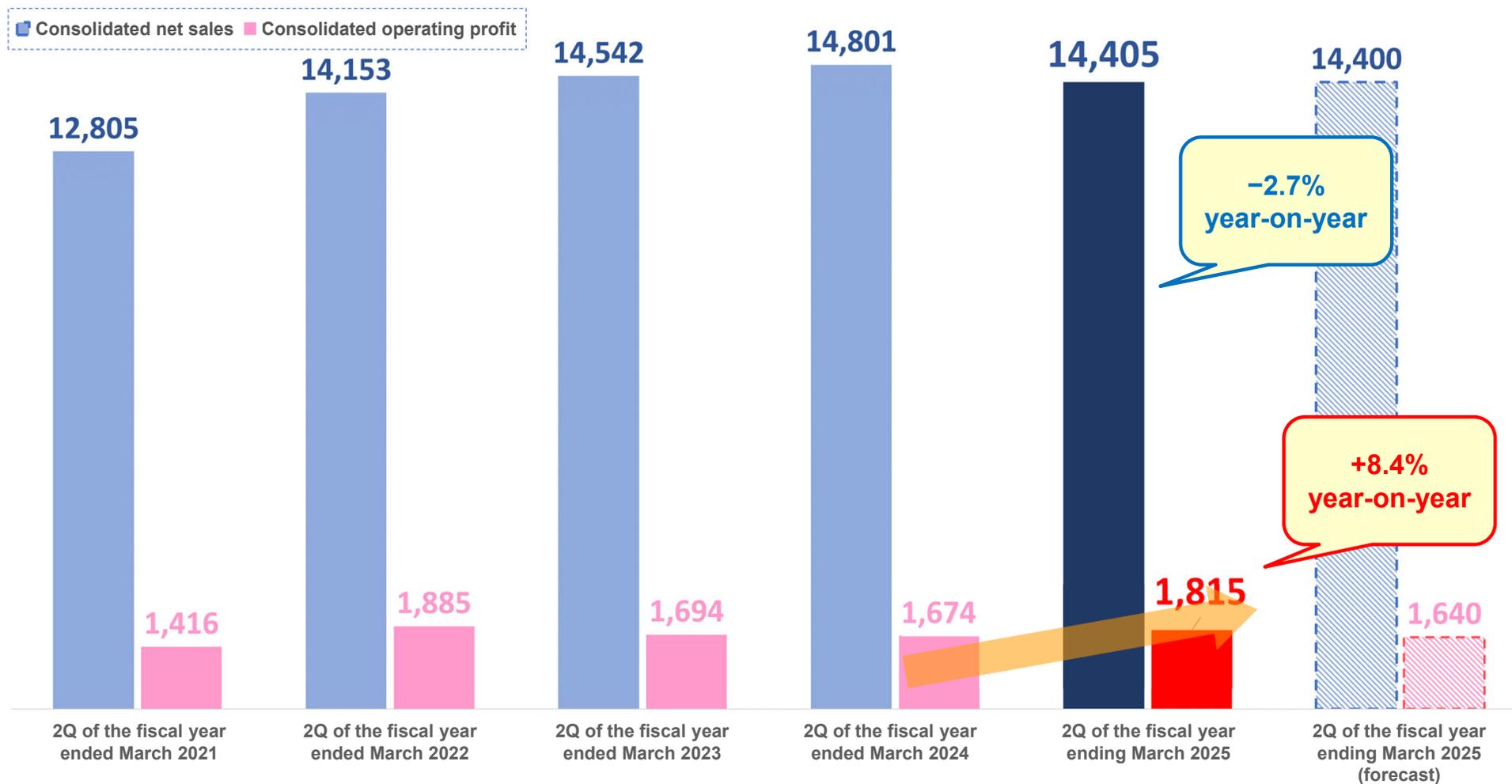
Operating Segments	Subsegments			
<b>① Fine Chemicals</b> <div style="border: 1px dashed red; padding: 5px; margin-top: 10px;">                     Manufacturing and sale of chemical products for car and home care                 </div>	Consumer products (for automobiles)		Core business	
	Professional-use products (for automobiles and other industries)			Expansion of business areas through horizontal development
	Home-care products			
	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 style="border: 1px dashed red; padding: 5px; margin-top: 10px;">                     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	
	Service Incubation (SI) business			

## II: Trends in Financial Results

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

(In millions of yen)

### Changes in Consolidated Profit and Loss (Cumulative) for the Second Quarter (Interim Period)

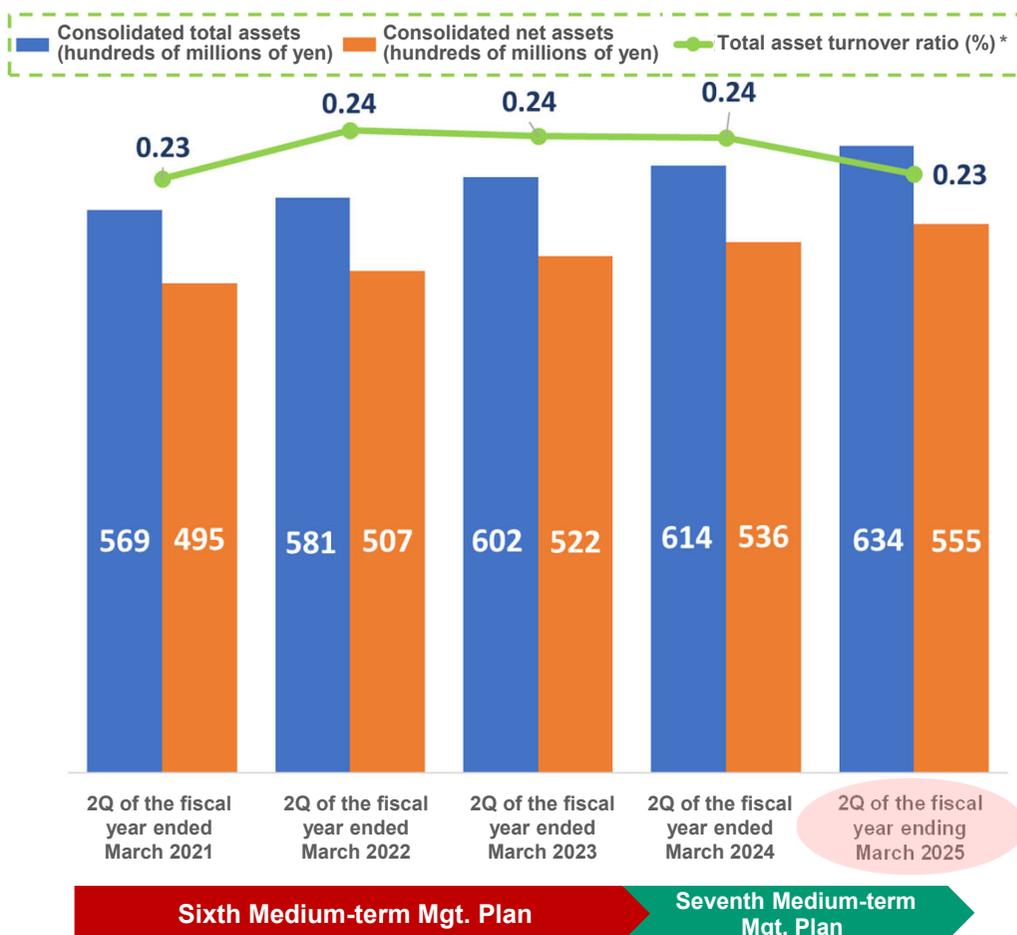


Sixth Medium-term Mgt. Plan "Overtake!!!"

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

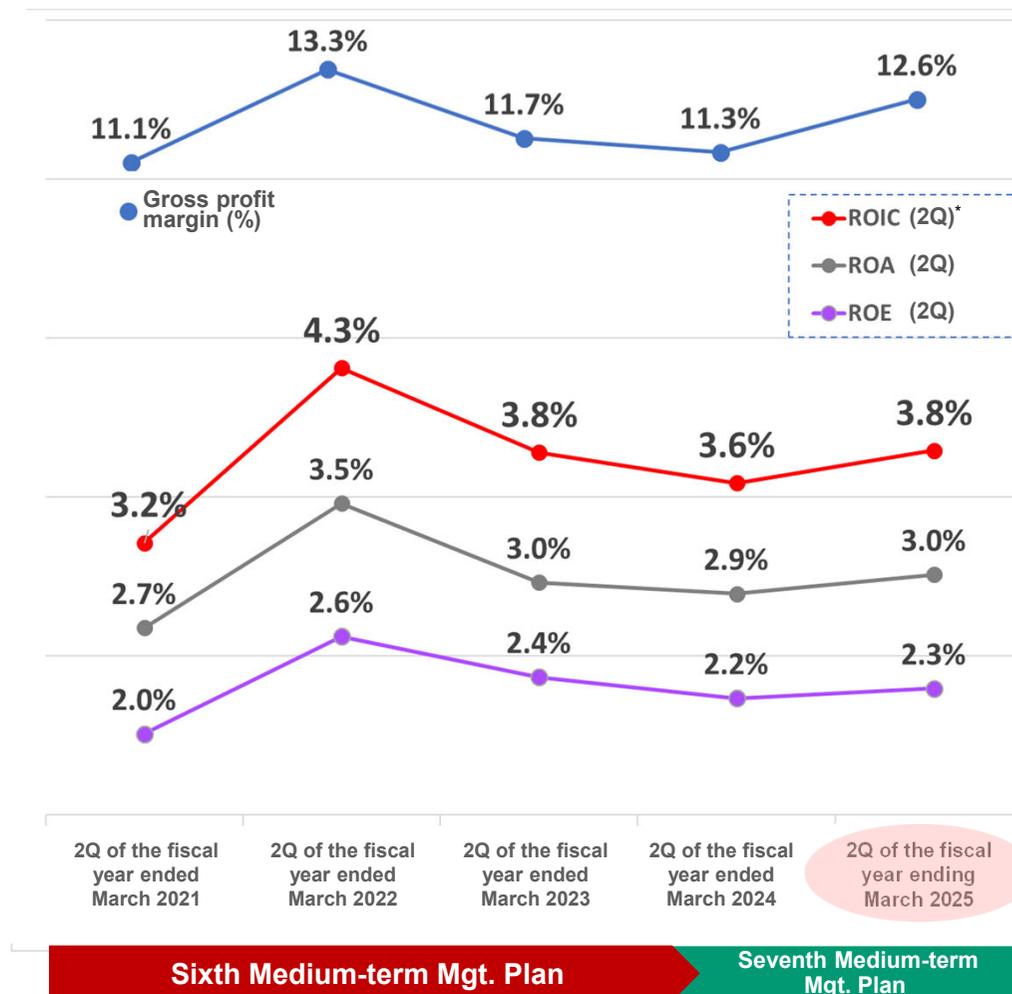
# II: Trends in Financial Results (Major Management Indicators)

## Trends of Total Asset Turnover



\* Total asset turnover is calculated based on first-half consolidated net sales.

## Trends of Consolidated Operating Profit Margin, ROE, and ROIC



\* 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

## (First Half of Fiscal Year Ending March 2025)

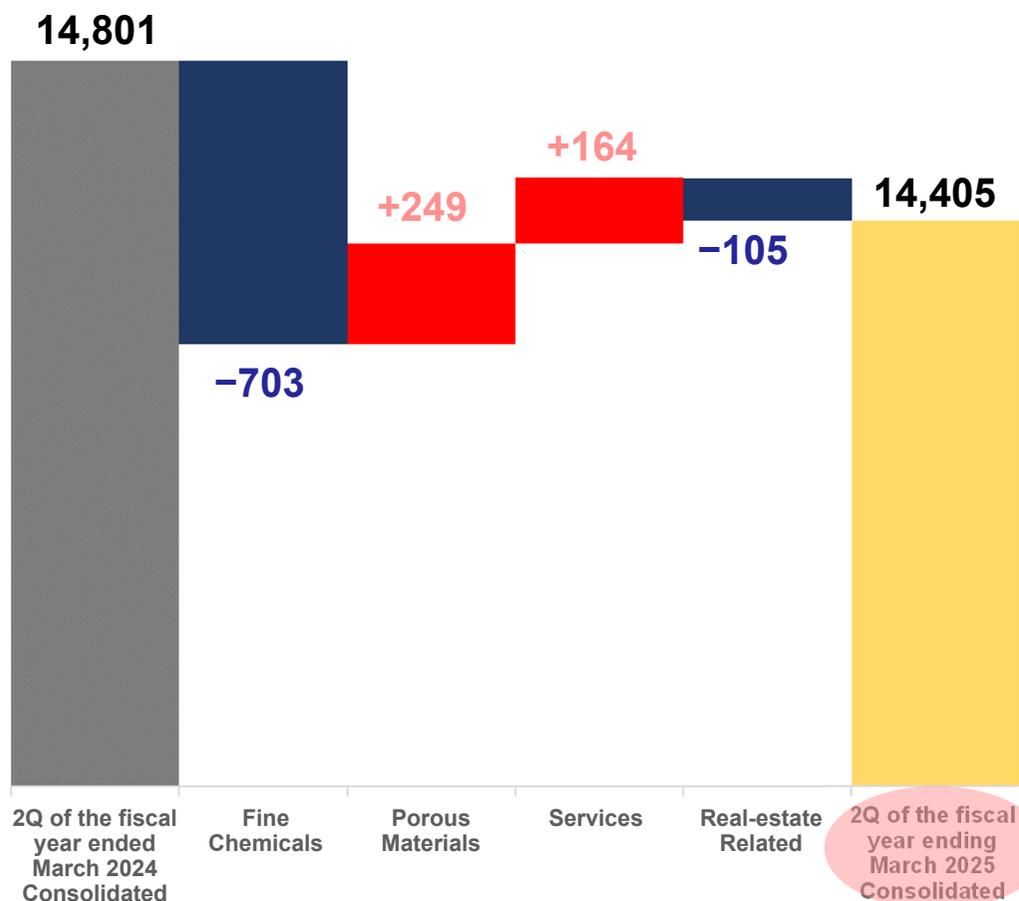
# III. Business Outline

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



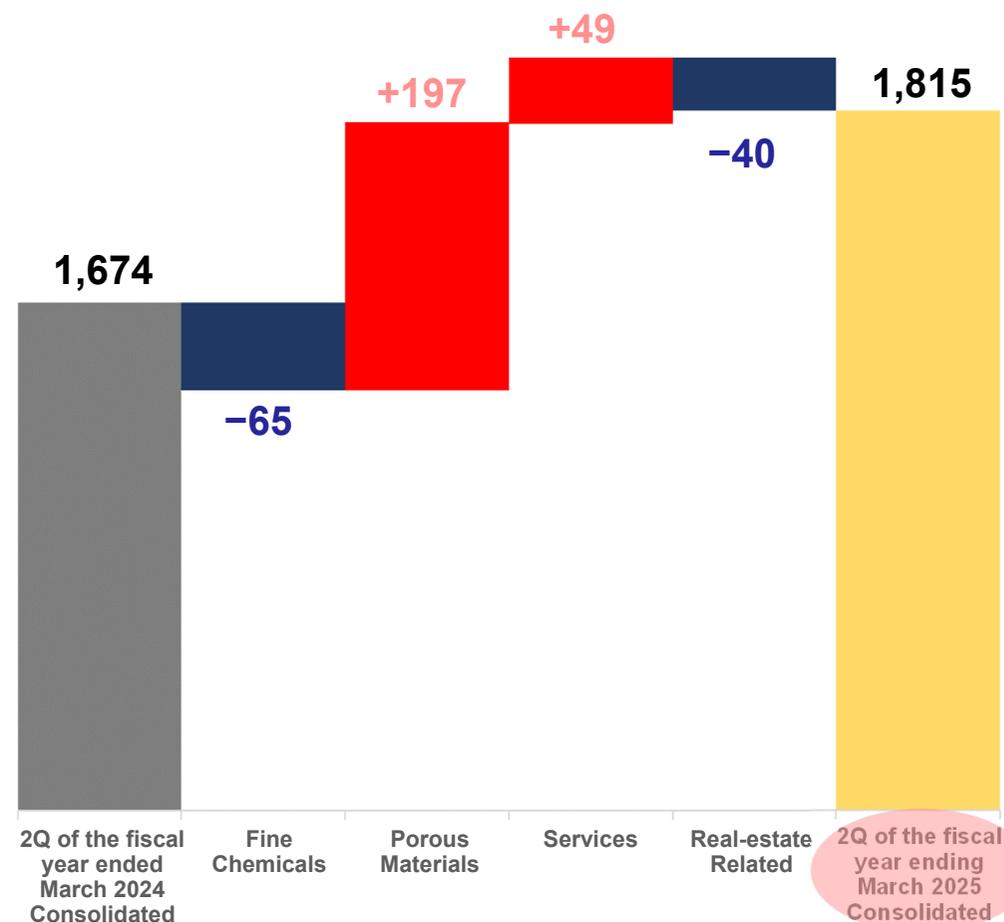
## Net Sales by Segment: Year-on-year Changes

(In millions of yen)



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

(In millions of yen)



\* Note: Excludes the consolidated adjustment amount

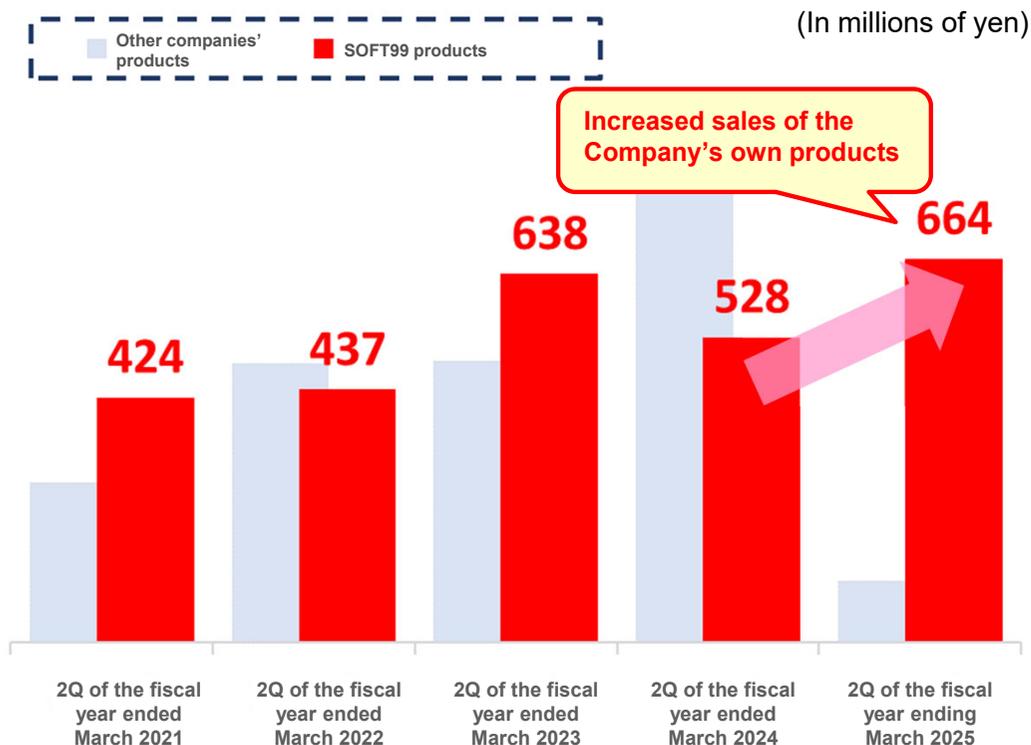
# III. Business Outline

(Profit Margin Improvement: Fine Chemicals—Overseas Product Sales)



- Although sales declined year-on-year due to the withdrawal from intermediary transactions for other companies' products, the profit margin improved due to increased sales of the Company's own products.

## Changes in Sales of SOFT99 Products and Products of Other Companies

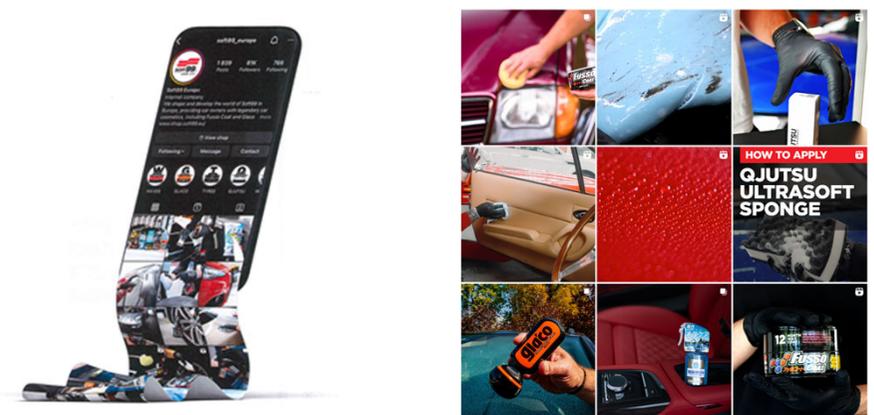


Sixth Medium-term Mgt. Plan "Overtake!!" → Seventh Medium-term Mgt. Plan "Evolve!!"

## Sales of original set products overseas



## Promotion enhancement by using social media in each region



# III. Business Outline

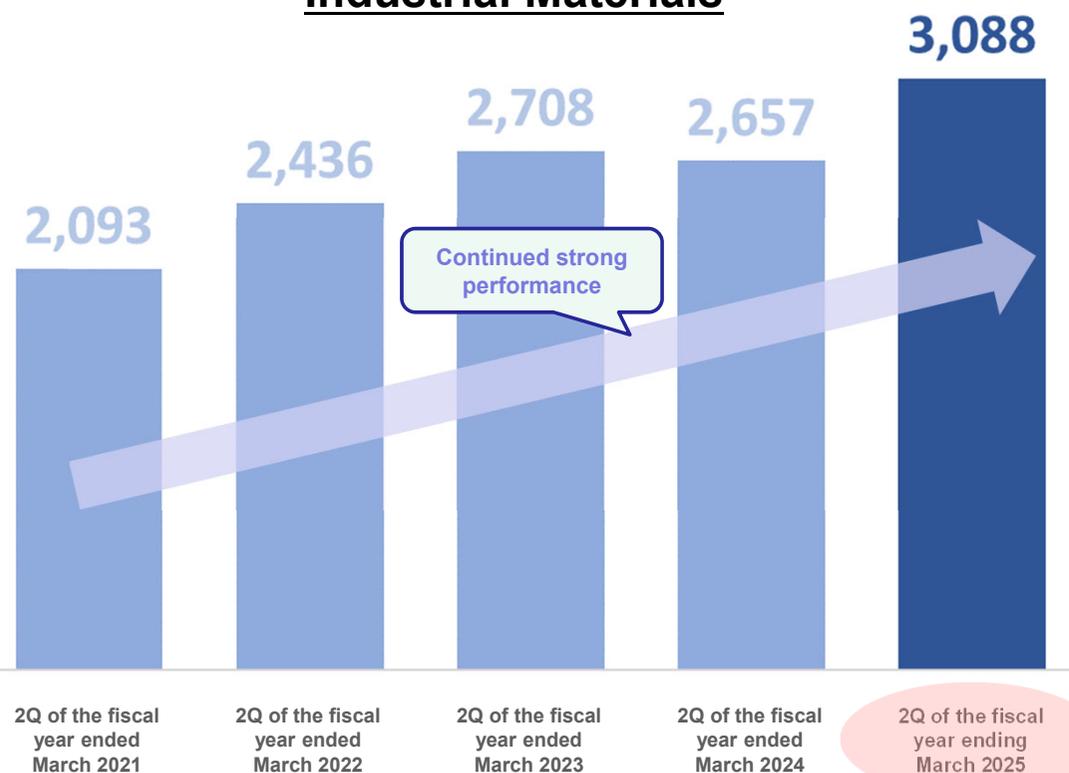
(Profit Margin Improvement: Porous Materials—Industrial Materials)



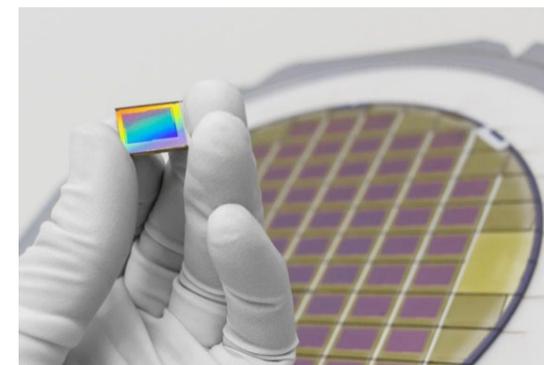
- Sales were strong, particularly in South Korea and Taiwan, due to increased investment in industries related to generative AI, resulting in year-on-year growth.

## Changes in Sales of Industrial Materials

(In millions of yen)



Industrial materials performed well, capturing AI-driven demand for semiconductors



Promoted capital investment in focused areas



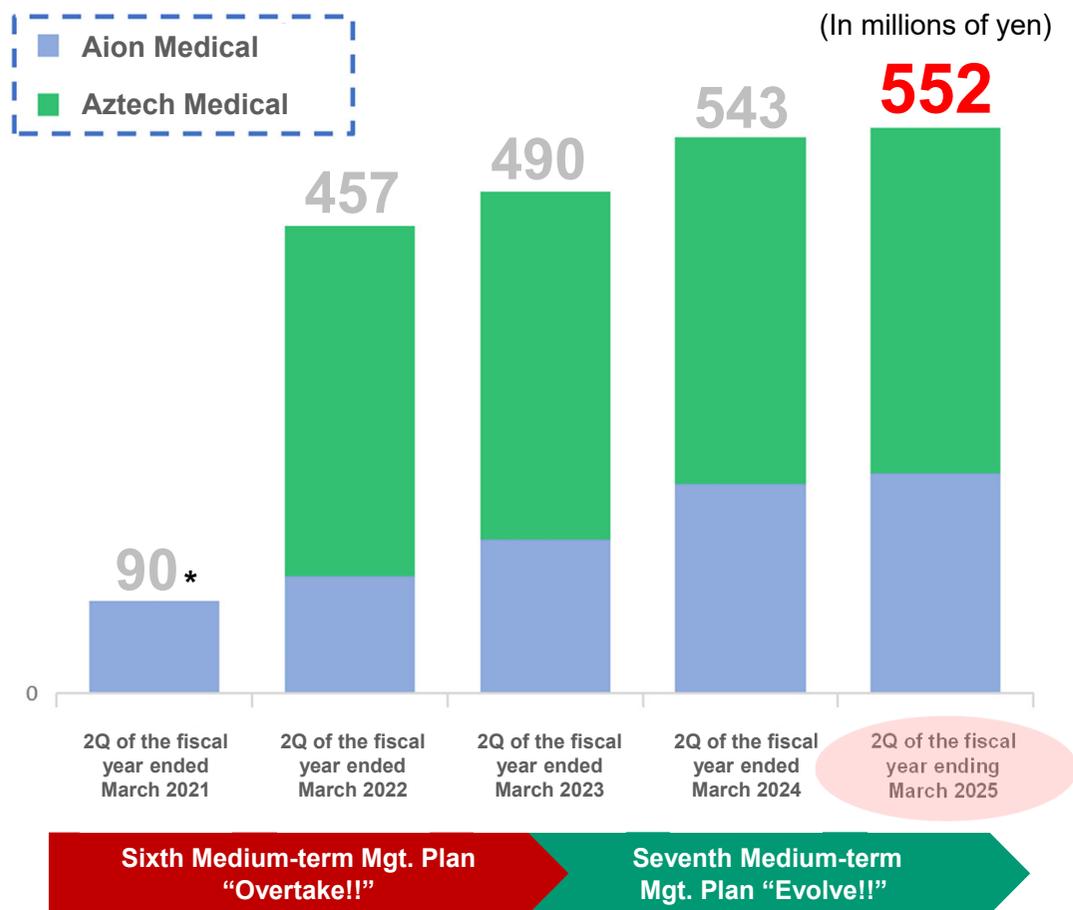
Sixth Medium-term Mgt. Plan "Overtake!!"

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

### III. Business Outline (Porous Materials Segment: Medical)

- Along with increased sales through strengthened efforts in finding new customers, sales of *in-vitro* diagnostic reagent filters and medical liquid applicators remained strong.

#### Industrial Materials and Medical Sales Trends



\* Aztec has been consolidated from 3Q of fiscal year end March 2021.

#### Aztech: Improved proposal activities for medical facilities



#### Aion: Promoted the development of medical applications for PVA sponges



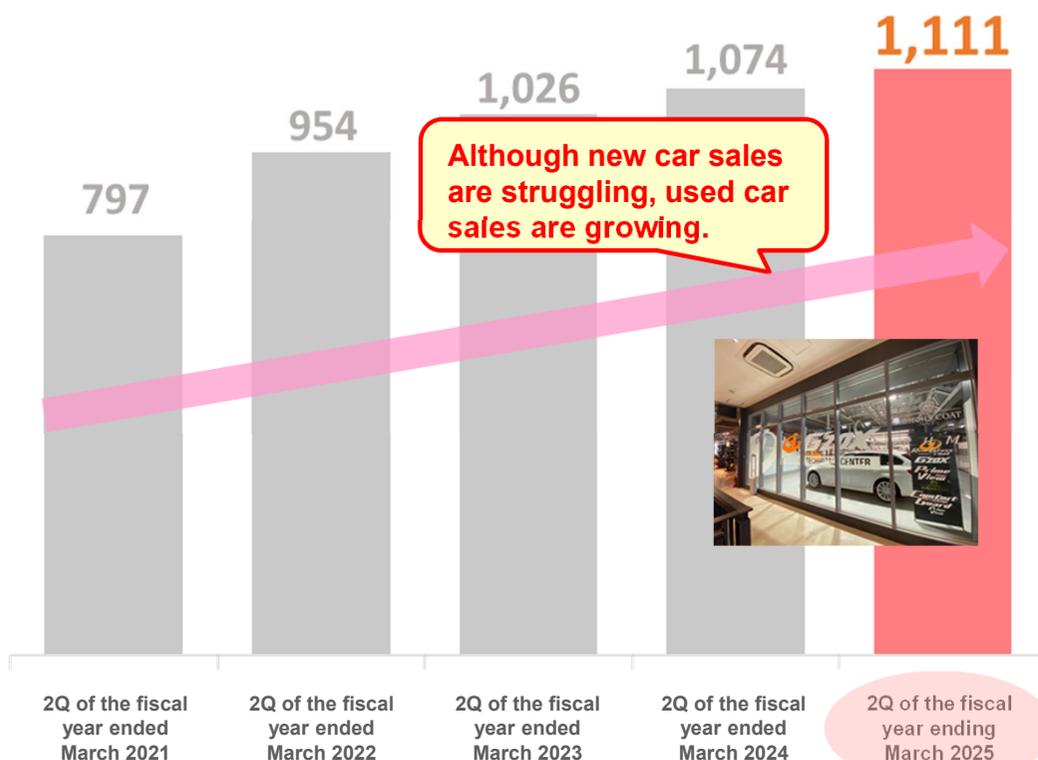
# III. Business Outline (Fine Chemicals—Professional-use and Services—Automobile Repair and Sheet Metal Business)



- Professional-use product sales struggled for new cars due to certification fraud by manufacturers. However, they increased in total due to initiatives to expand sales of products for used cars and non-coating products.
- In automobile repair and sheet metal business, raising charges for labor proved to be effective.

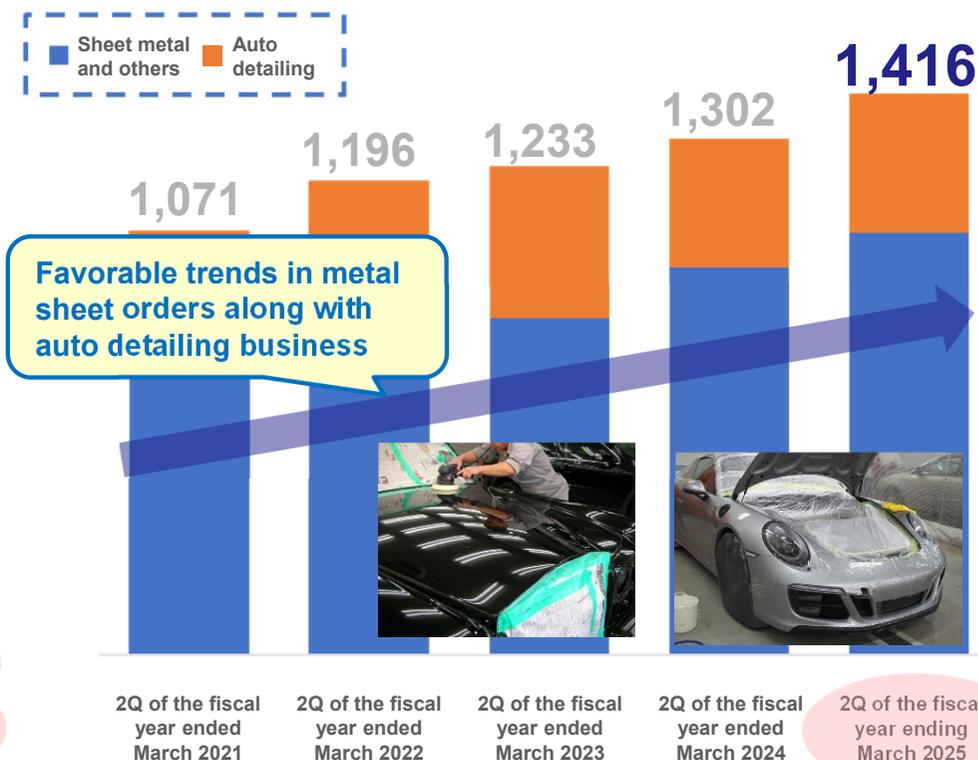
## Changes in Professional-use Product Sales

(In millions of yen)



## Changes in Automobile Repair and Sheet Metal Sales

(In millions of yen)



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

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

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

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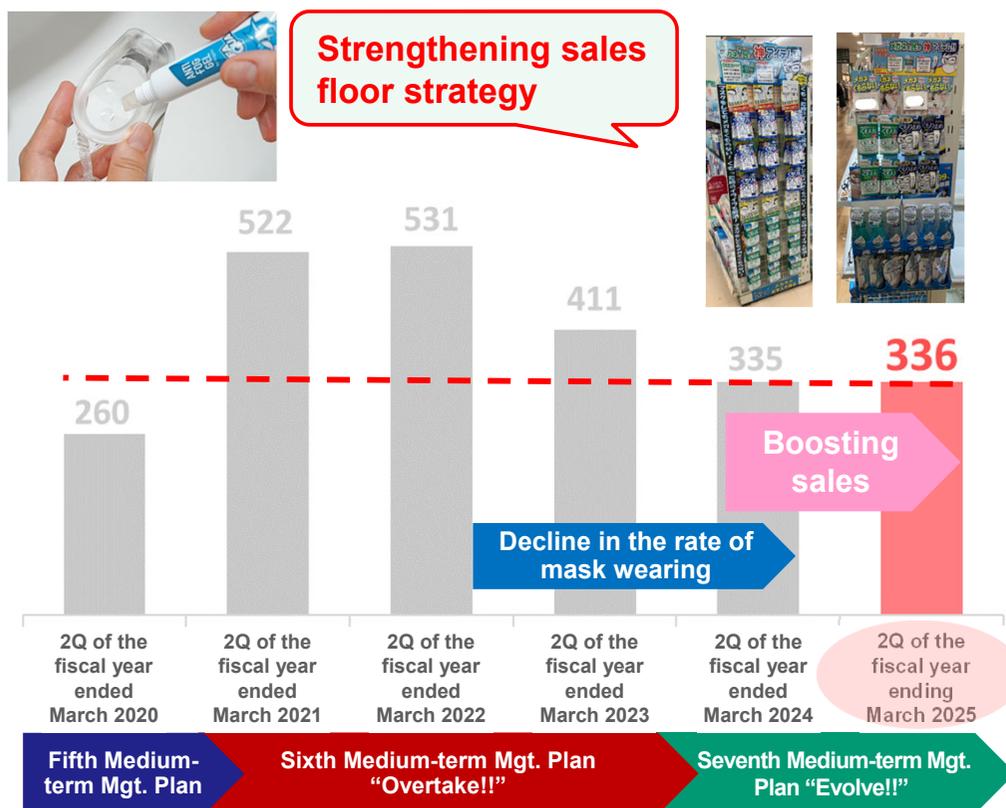
# III. Business Outline (Fine Chemicals—Home-care Products and Services—Household Product Planning and Sale Businesses)



- Although eyeglass care products continued to struggle due to the end of special demand caused by widespread use of face masks, sales increased year-on-year due to enhanced sales floor renewals and the development of new sales channels.

## Changes in Home-care Product Sales

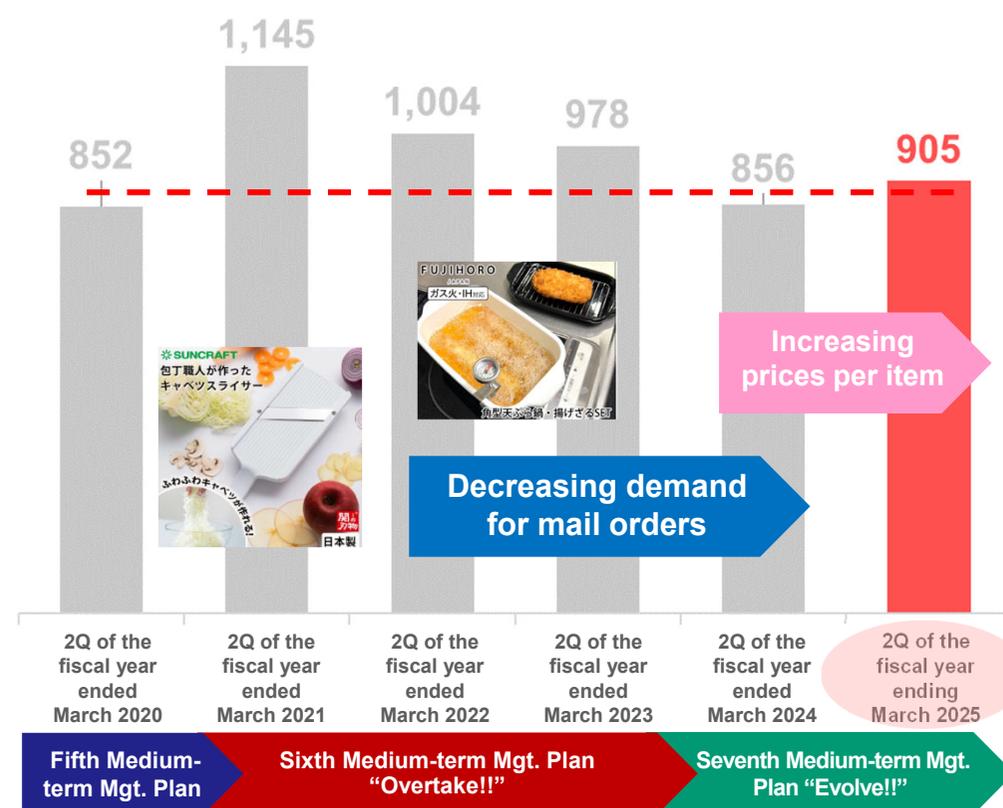
(In millions of yen)



- Although the adoption of new items continued to decline, the selling prices per item increased, driving year-on-year sales growth.

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

(In millions of yen)



# III. Business Outline

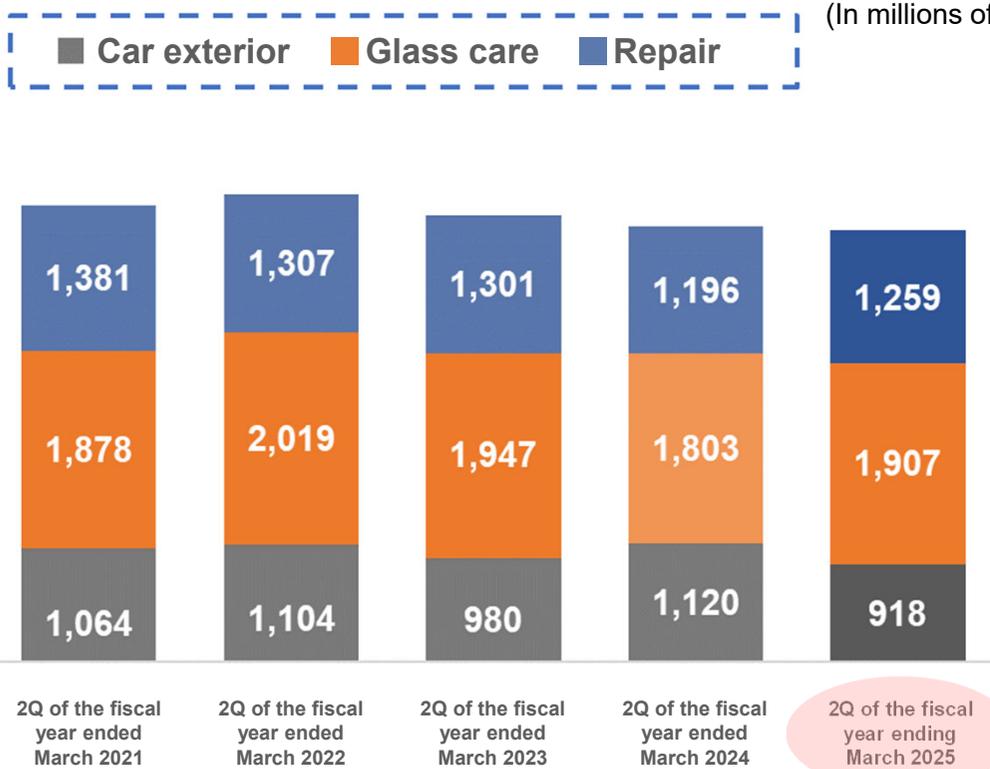
## (Fine Chemicals: Consumer Products Sales)



- Sales of glass care and repair products remained strong, but sales of tire and wheel care products, which had been heavily promoted last year, slowed down this fiscal year, resulting in a year-on-year sales decline.

### Changes in Consumer Products Sales

(In millions of yen)



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

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

### Sales of the "ALAUNEN" series begin



Providing an exciting car wash experience

### Launch of new vending machine sales system, "Car Wash 365"

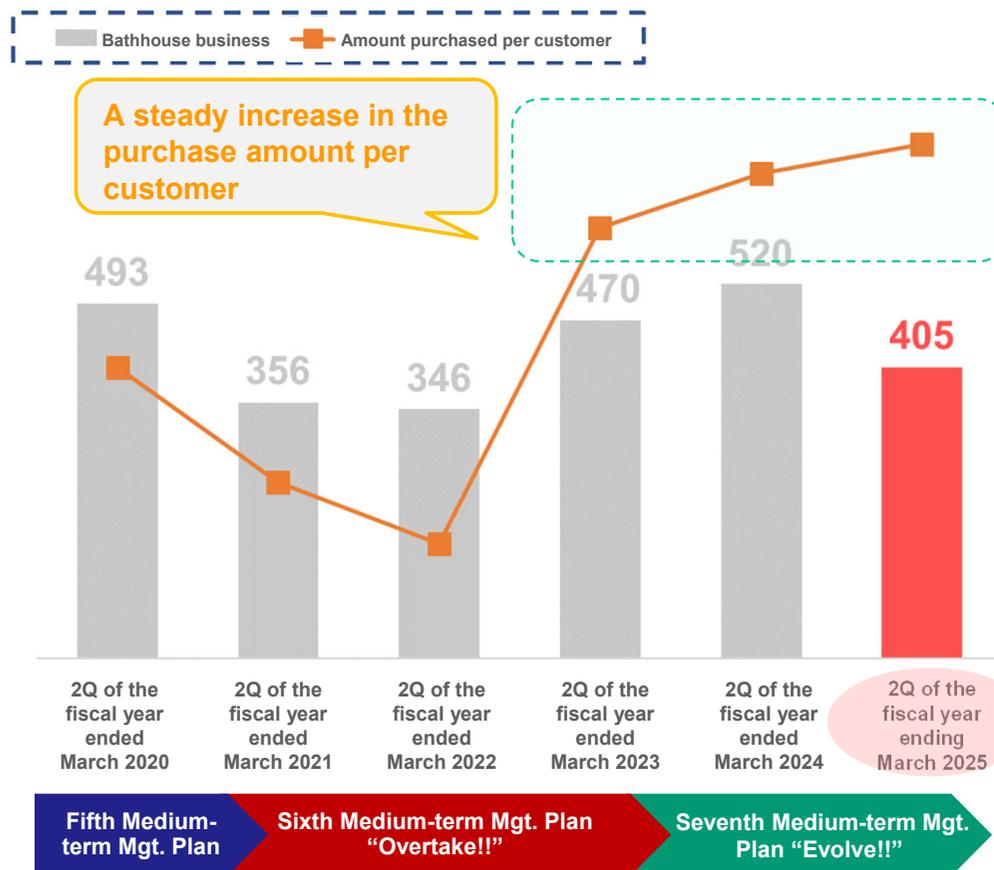


# III. Business Outline (Real-estate Related: SI Business)

- Although the purchase amount per customer at existing stores rose due to strengthening promotional events and a recovery in leisure demand, sales decreased year-on-year due to the closure of one store at the end of the previous fiscal year in order to construct a new facility.

## Changes in Sales in the SI Business (Bathhouse Operation)

(In millions of yen)



Holding events in collaboration with local PR characters attracted more customers



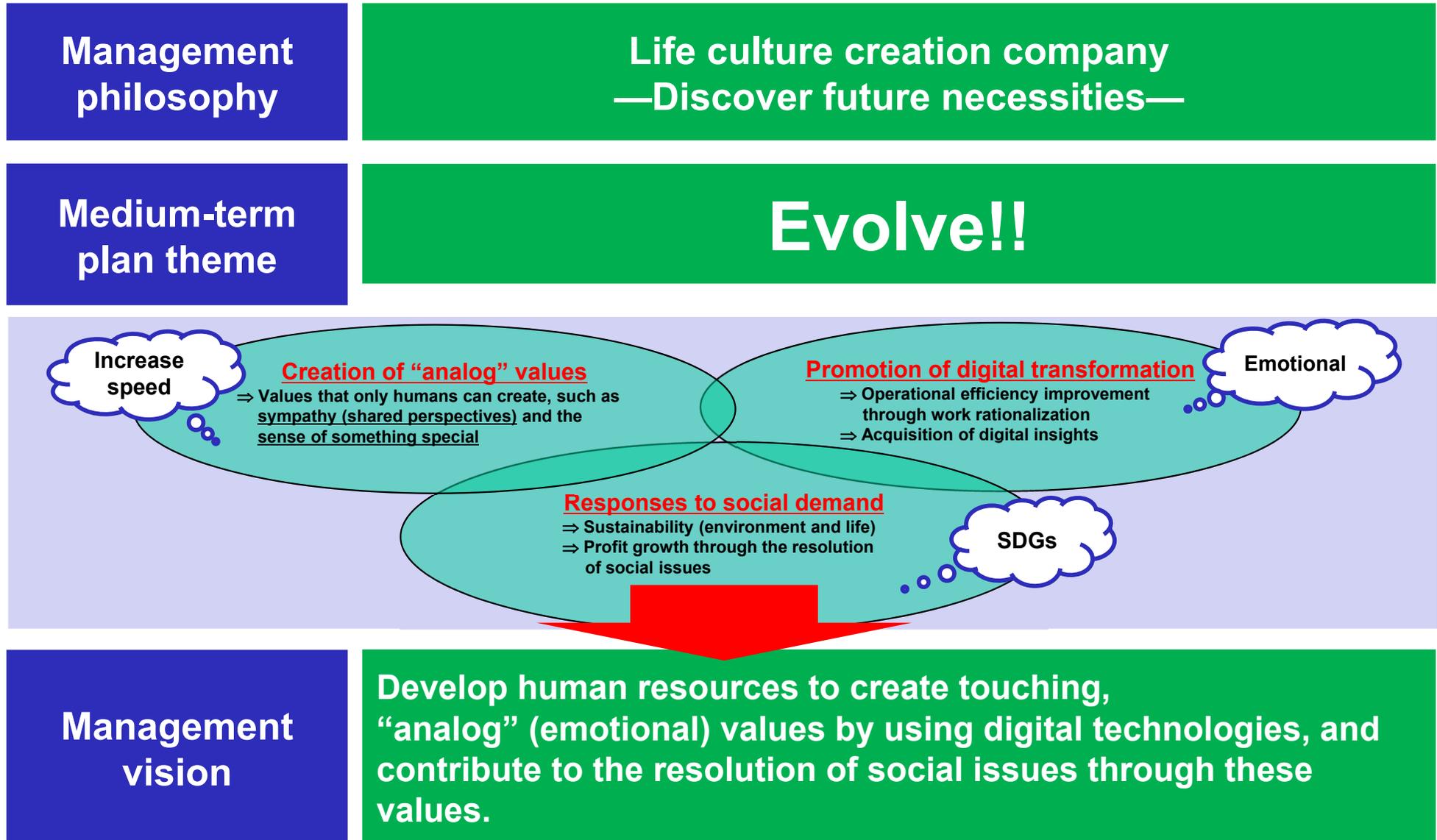
The Amagasaki bathhouse closed on March 31, 2024. The plan is to transform it into a facility with integrated resorts and inbound demand in mind.



# 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)



# IV: Initiatives Based on the Seventh Medium-term Management Plan (Fine Chemicals: “Analog” Values)



- Utilizing our knowledge of automotive coatings, we have developed a coating system for sports bicycles, which have become increasingly popular in recent years.
- We held application training sessions for bicycle dealers. By requiring the dealers to complete training courses and attain a specified number of application achievements for certification, we guaranteed application quality and maximized coating effects.

Guarantee of application quality through the certification system

Horizontal development of automotive coatings

Issuing certifications to stores that have completed the training course



velogue



# IV: Initiatives Based on the Seventh Medium-term Management Plan (Fine Chemicals: Digital Utilization)

- The SOFT99 Group's first directly managed car washing station opened in Higashi Osaka City! The plan is to expand the business through franchise development.

## Developed a smartphone cashless system

Developed a cashless system that charges users a usage fee based on the time they lock and unlock a car wash booth using a smartphone app

HANERON

In-washing station management system



Smartphone app



System for managing the locking and unlocking of booth gates



## Brand name: ALAUDAY



Grand Opening on November 20, 2024

# IV: Initiatives Based on the Seventh Medium-term Management Plan (Sustainability 1/2)



- We concluded a support agreement for disaster events with the Japan Car Sharing Association to ensure smooth recovery in disaster-stricken areas.

## Japan Car Sharing Association



We are working to create a mobility resilience system that will allow people to move by car without any problems during disasters.



## Conclusion ceremony



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



- Based on its management vision, the SOFT99 Group advocates and promotes efforts to take good, long-term care of things.

**Sending our thoughts to those who take good care of their cars and continue to drive them for many years**

**Registered for “TEAM EXPO 2025” Program: Co-Creation Challenges**

まていな人々へのインタビュー



くるままでいらいふ



- Fine Chemicals Segment: Development and sales of electronic devices and software
- Porous Materials Segment: Co-sponsorship of products as a supplier in Aion

Instagram



**CO<sub>2</sub> sensor**



**Cool-to-the-touch products**



# V: Annual Financial Results and Dividend Forecast

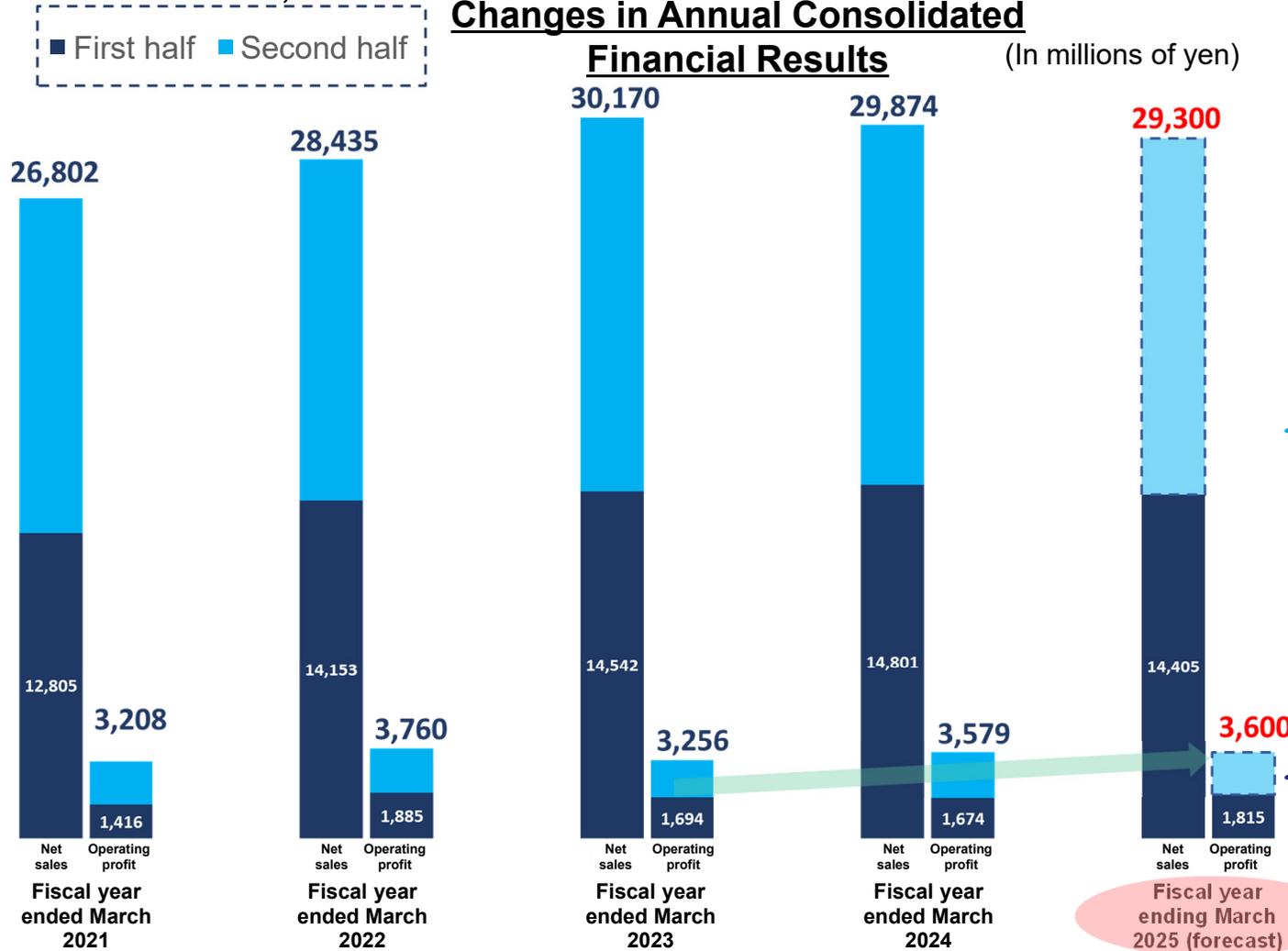
# V: Annual Financial Results and Dividend Forecast

## (Annual Financial Results)



- The Company is maintaining its annual financial results forecast for the fiscal year ending March 31, 2025.

### Changes in Annual Consolidated Financial Results (In millions of yen)



◆ Net sales forecast (second half)  
Expected continuous sales decline due to the withdrawal from intermediary transactions for other companies' products in overseas sales and the closure of the bathhouse

◆ Operating profit forecast (second half)  
Expected depreciation expense increase due to the running of a new core IT system and the beginning operation of car washing stations



# V: Annual Financial Results and Dividend Forecast

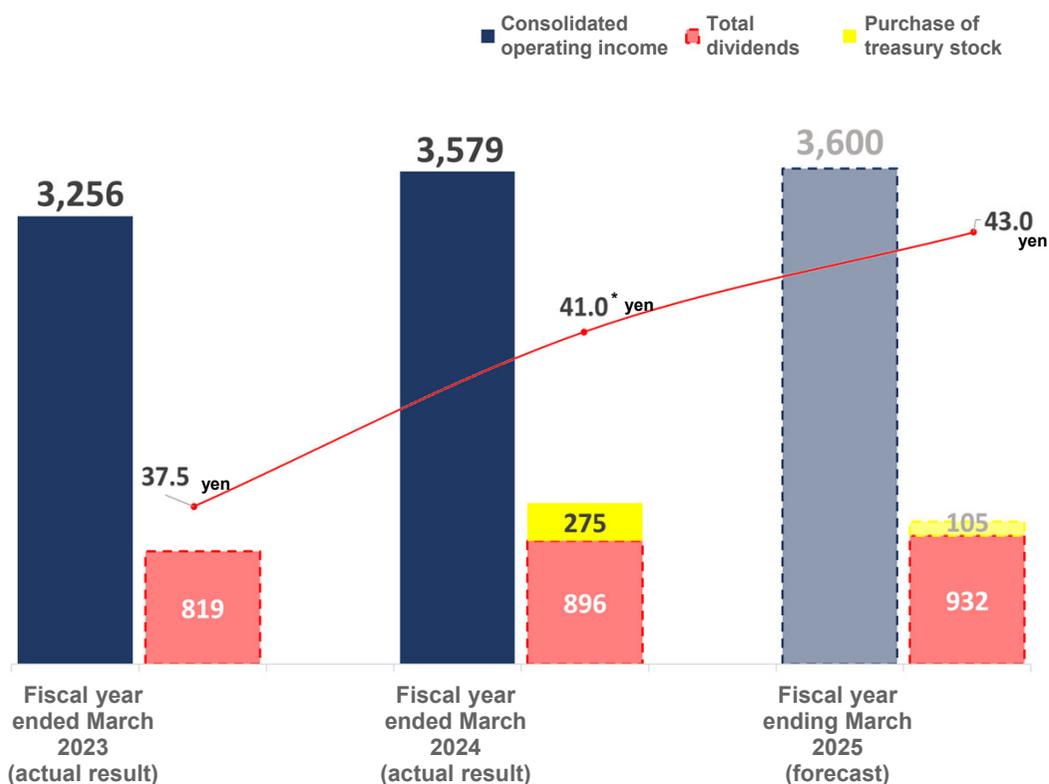
## (Full-year Dividend Forecast and Total Amount of Shareholder Return)



- The Company announced its revised dividend forecast on September 20. The interim dividend increased from 21 yen to 21.5 yen and the year-end dividend increased from 21 yen to 21.5 yen, resulting in a total full-year dividend increase of 1 yen.
- In addition, the Company will also carry out a share buyback in accordance with the 7th Medium-term Management Plan.
- As of the end of September 2024, the status of purchase of own shares in the fiscal year ending March 31, 2025 was 105 million yen.

### Changes in Full-year Dividend Results and Dividend Forecast

(In millions of yen)



In millions of yen	Fiscal year ended March 2023 (Results)	Fiscal year ended March 2024 (Results)	Fiscal year ending March 2025 (Forecast)
Consolidated operating profit	3,256	3,579	3,600
Dividend per share (yen)	37.5	41.0	43.0
Purchase amount of own shares	—	275	105
<b>Total shareholder return amount</b>	<b>819</b>	<b>1,171</b>	<b>1,037</b>

\* Including commemorative dividend of 3 yen

SEEK OUT  
**INNOVATION**

—Discover future necessities—



# Appendix: Numerical Data

# Condensed Consolidated Balance Sheet

## (Year-on-year Comparison)



(In millions of yen)

	March 31, 2024	2Q of the fiscal year ending March 2025	Year-on- year change		March 31, 2024	2Q of the fiscal year ending March 2025	Year-on- year change
<b>Current assets</b>	<b>31,673</b>	<b>31,513</b>	<b>-159</b>	<b>Current liabilities</b>	<b>4,328</b>	<b>4,125</b>	<b>-202</b>
Cash and deposits	21,468	21,201	-266	Accounts payable	1,379	1,370	-9
Accounts receivable	4,869	4,913	+43	Income taxes payable	709	669	-40
Marketable securities	300	100	-199	Payables and accrued expenses	1,449	1,307	-141
Inventories	4,579	4,773	+194	Others (Including long-term debt)	789	777	-11
Others	454	524	+69	<b>Non-current liabilities</b>	<b>3,587</b>	<b>3,695</b>	<b>+107</b>
<b>Non-current assets</b>	<b>30,869</b>	<b>31,901</b>	<b>+1,031</b>	<b>Total liabilities</b>	<b>7,915</b>	<b>7,820</b>	<b>-94</b>
Property, plant and equipment	22,542	22,580	+37	<b>Net assets</b>	<b>54,627</b>	<b>55,594</b>	<b>+966</b>
Intangible assets	679	951	+271	Shareholders' equity	54,053	54,803	+750
Investments and other assets	7,648	8,370	+721	Accumulated other comprehensive income	574	790	+215
<b>Assets</b>	<b>62,542</b>	<b>63,415</b>	<b>+872</b>	<b>Liabilities and net assets</b>	<b>62,542</b>	<b>63,415</b>	<b>+872</b>

# Condensed Consolidated Cash Flow

## (Year-on-year Comparison)



(In millions of yen)

	2Q of the fiscal year ended March 2024	2Q of the fiscal year ending March 2025
Cash flow from operating activities	1,289	1,442
Cash flow from investing activities	-396	-1,125
Cash flow from financing activities	-533	-598
Effect of exchange rate fluctuations on cash and cash equivalents	1	4
Net increase (decrease) in cash and cash equivalents	360	-277
Cash and cash equivalents at the beginning of the year	19,813	21,244
Cash and cash equivalents at the end of the year	20,174	20,966
Depreciation expense	440	436
Capital expenditures (*)	458	587

(\*) 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 2024	2Q of the fiscal year ending March 2025	Year-on-year change
Total assets (million yen)	61,468	63,415	+1,946
Net assets (million yen)	53,656	55,594	+1,937
Equity ratio	87.3%	87.7%	+0.4 pt
ROA (Ordinary profit / Total assets*)	2.9%	3.0%	+0.1 pt
ROE (Net profit / Net assets*)	2.2%	2.3%	+0.1 pt
Total asset turnover (Net sales / Total assets*)	0.24	0.23	-0.1 pt
Interim net income per share (yen)	55.26	59.23	+3.97

\* Each consolidated profit is as of the end of the second quarter of the fiscal year ending March 31, 2025.

\* The amounts of total assets and net assets are as of the end of the second quarter of the fiscal year ending March 31, 2025.

# Fine Chemicals

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



(In millions of yen)		2Q of the fiscal year ended March 2024	2Q of the fiscal year ending March 2025	Year-on-year change	Year-on-year % change
Net sales		7,354	6,651	-703	-9.6%
	General-use products: Car-exterior care	1,120	918	-202	-18.1%
	General-use products: Glass care	1,803	1,907	+103	+5.7%
	General-use products: Repair products	1,196	1,259	+63	+5.3%
	Professional-use products	1,074	1,111	+37	+3.5%
	Home-care products, etc.	335	336	+1	+0.4%
	Foreign operations	1,474	800	-674	-45.8%
	TPMS (Tire-pressure Monitoring System)	103	108	+4	+4.2%
	Electronic device and software development	299	299	-0	-0.2%
	Others and adjustments	-54	-90	-36	—
Gross profit		3,181	3,189	+8	+0.3%
	Gross profit margin	43.3%	48.0%	+4.7 pt	—
Operating profit		943	877	-65	-7.0%
	Operating profit margin	12.8%	13.2%	+0.4 pt	—

# Porous Materials

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



(In millions of yen)		2Q of the fiscal year ended March 2024	2Q of the fiscal year ending March 2025	Year-on-year change	Year-on-year % change
Net sales		4,057	4,306	+249	+6.1%
	Industrial materials	3,200	3,641	+441	+13.8%
	Domestic	1,010	1,084	+74	+7.3%
	Overseas	1,647	2,004	+358	+21.7%
	Medical	543	552	+9	+1.7%
	Consumables	857	665	-192	-22.4%
	Domestic	565	457	-108	-19.1%
	Overseas	292	208	-84	-28.8%
Gross profit		1,245	1,433	+188	+15.2%
	Gross profit margin	30.7%	33.3%	+2.6 pt	—
Operating profit		491	689	+197	+40.2%
	Operating profit margin	12.1%	16.0%	+3.9 pt	—

# Services

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



(In millions of yen)		2Q of the fiscal year ended March 2024	2Q of the fiscal year ending March 2025	Year-on-year change	Year-on-year % change
Net sales		2,653	2,817	+164	+6.2%
	Automobile repair and sheet metal	1,302	1,416	+114	+8.8%
	Driving school	494	495	+0	+0.2%
	Household product planning and sale	856	905	+49	+5.8%
Gross profit		612	690	+78	+12.8%
	Gross profit margin	23.1%	24.5%	+1.4 pt	—
Operating profit		55	104	+49	+89.7%
	Operating profit margin	2.1%	3.7%	+1.6 pt	—

# Real-estate Related

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



(In millions of yen)		2Q of the fiscal year ended March 2024	2Q of the fiscal year ending March 2025	Year-on-year change	Year-on-year % change
Net sales		735	630	-105	-14.4%
	Real-estate leasing	195	202	+6	+3.3%
	Bathhouse business	520	405	-115	-22.1%
	Support for preventive long-term care	19	22	+2	+14.5%
Gross profit		190	147	-42	-22.4%
	Gross profit margin	25.9%	23.4%	-2.5 pt	—
Operating profit		179	138	-40	-22.6%
	Operating profit margin	24.3%	22.0%	-2.3 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 2024	Composition ratio	2Q of the fiscal year ending March 2025	Composition ratio	Year-on-year change of composition ratio
Fine Chemicals	7,354	49.7%	6,651	46.2%	-3.5 pt
Porous Materials	4,057	27.4%	4,306	29.9%	+2.5 pt
Services and Real-estate Related	3,389	22.9%	3,447	23.9%	+1.0 pt
Total	14,801	100.0%	14,405	100.0%	—

<b>Operating profit</b>	2Q of the fiscal year ended March 2024	Composition ratio	2Q of the fiscal year ending March 2025	Composition ratio	Year-on-year change of composition ratio
Fine Chemicals	943	56.5%	877	48.5%	-8.0 pt
Porous Materials	491	29.4%	689	38.1%	+8.6 pt
Services and Real-estate Related	234	13.9%	243	13.4%	-0.6 pt
Total*	1,673	100.0%	1,815	100.0%	—

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