
For the Fiscal Year Ending March 2021

SOFT99 corporation

2Q Financial Results Briefing

November 26, 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.

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I: Outline of the Corporate Group

Corporate Profile



SOFT99 corporation

Core business・・・	Manufacturing and sale of chemical products for car and home care Manufacturing and sale of functional precision porous products
Established・・・	October 28, 1954
No. of employees・・・	832 (as of March 31, 2020; Consolidated)
Affiliated companies・・・	11 (Consolidated companies including SOFT99 corporation)

History of our principal products



* Plassenu (former Plassemu) was marketed by Kanebo, Ltd. in 1963 and has been manufactured and sold by the SOFT 99 group since the business transfer in 1999.

Outline of Operating Segments (1)



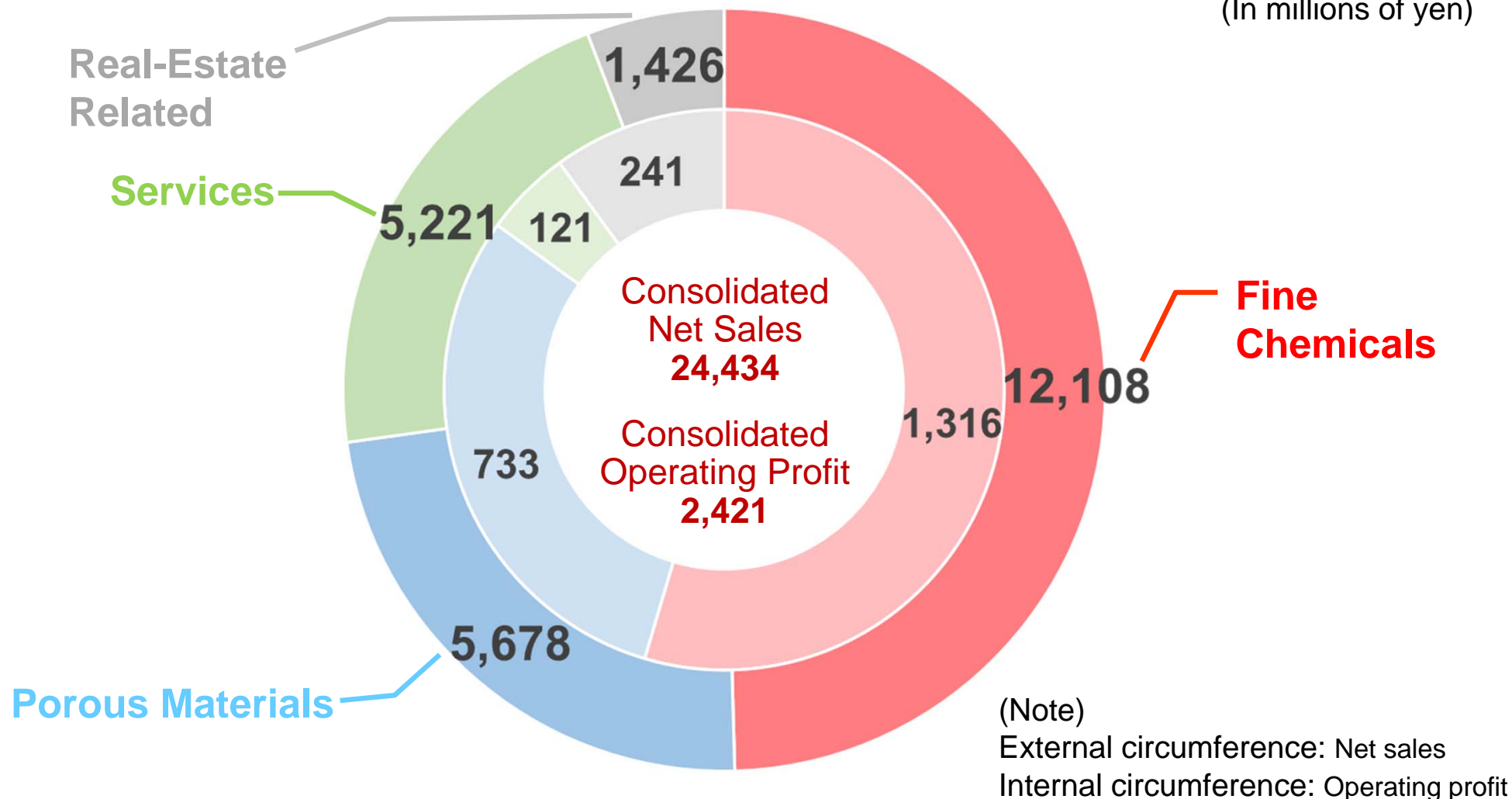
Operating segments	Subsegments	
<p>① Fine Chemicals</p> <p>Manufacturing and sale of chemical products for car and home care</p>	Consumer products (for automobiles)	<p>Inherited business</p>
	Professional-use products (for automobiles and other industries)	
	Home-care products	
	Foreign operations	
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

Outline of Operating Segments (2)



Results by segment for the full fiscal year ended March 2020 (the previous term)

(In millions of yen)



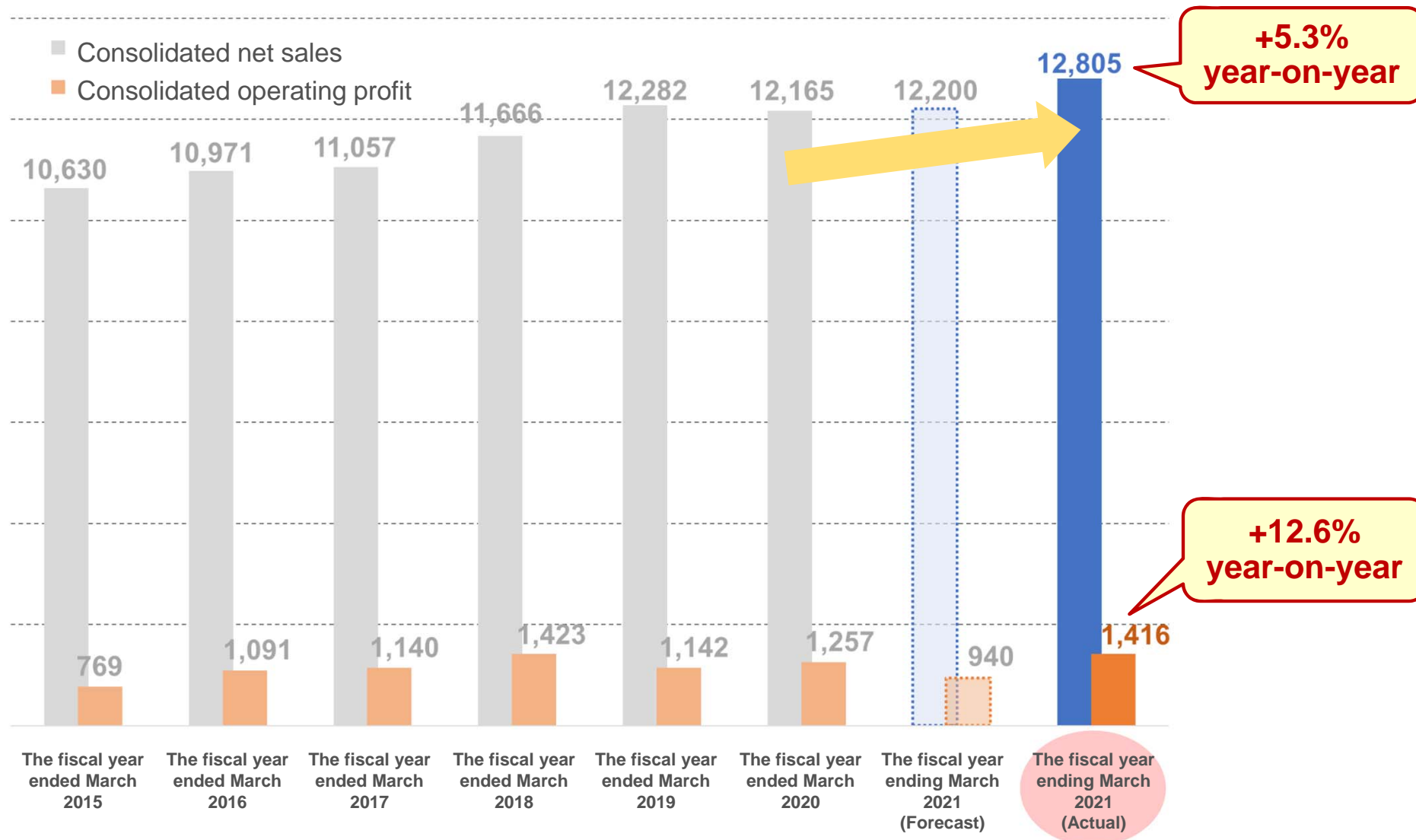
II: Outline of Consolidated Results

(2Q of the fiscal year ending March 2021)

Outline of Consolidated Profit and Loss



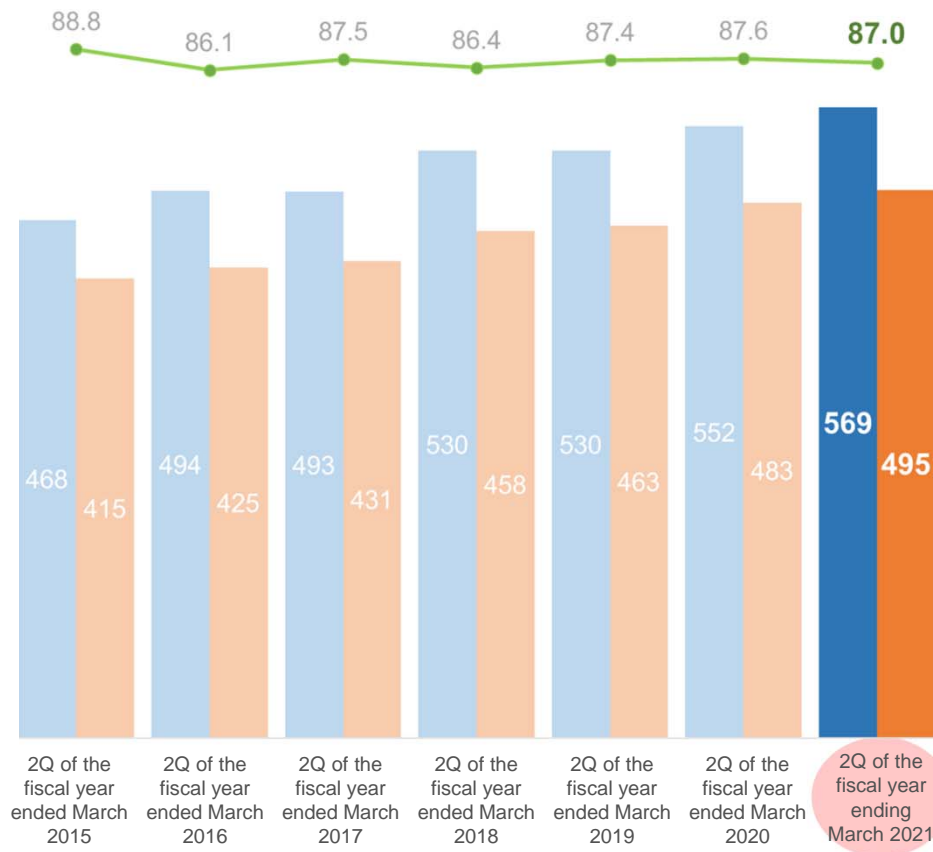
Changes in consolidated profit and loss for the second quarter (In millions of yen)



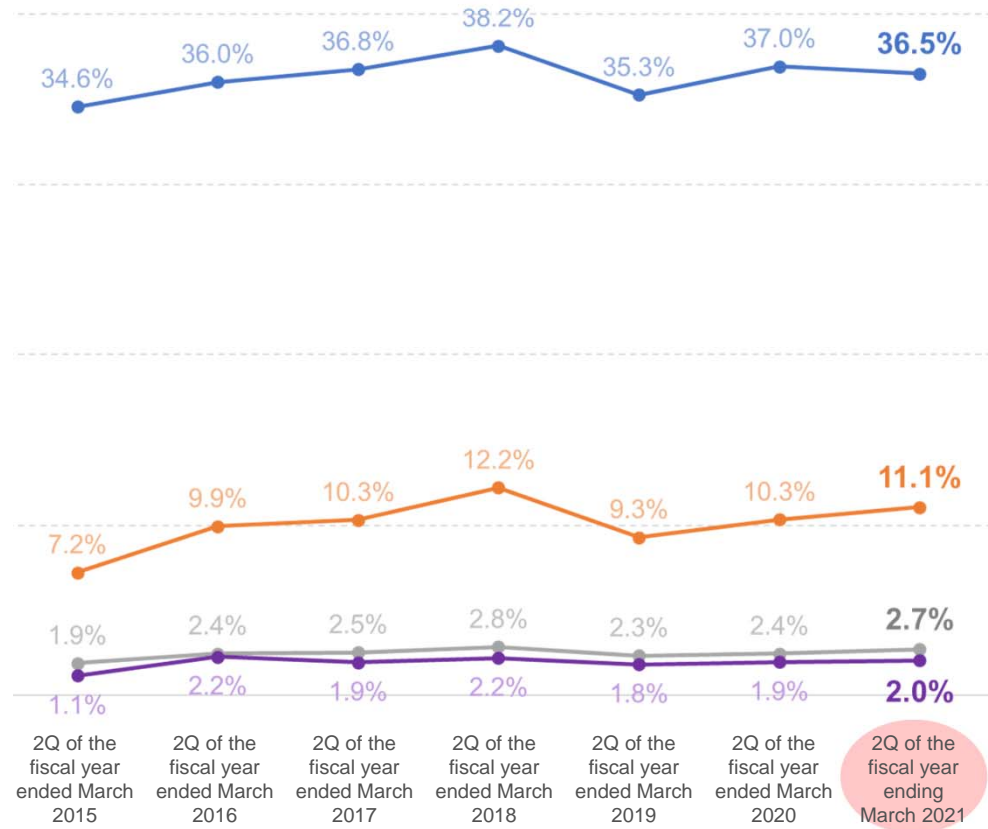
Major Management Indexes



■ Consolidated total assets (hundreds of millions of yen)
■ Consolidated net assets (hundreds of millions of yen)
● Equity ratio (%)



● Gross profit margin
● Operating profit margin
● ROA (2Q) *
● ROE (2Q) *



* ROA and ROE are a reference amount as of the end of the second quarter.
 * The amounts for total assets and net assets are as of the end of the second quarter.

III: Outline of Business

(2Q of the fiscal year ending March 2021)

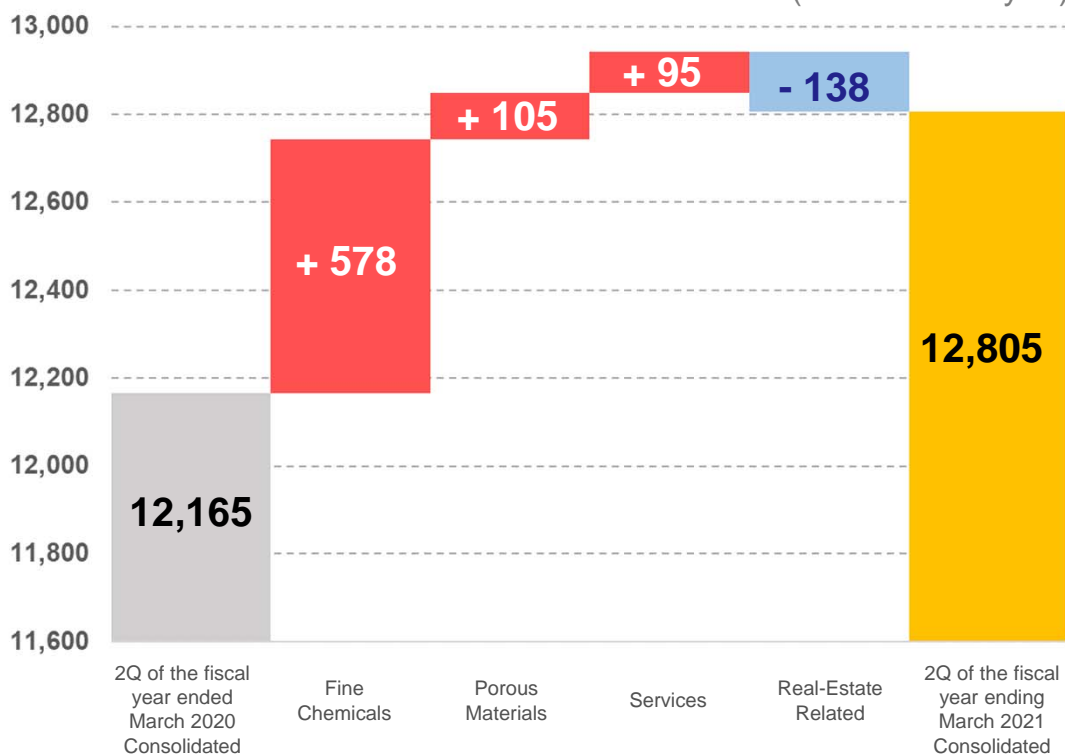
Changes in Profit and Loss by Segment for the First Half of the Fiscal Year Ending March 2021 (Year-on-year Comparison)



- Main segments met the demand brought by people being asked to stay at home and the situation where co-existence with COVID-19 is required.
- Service and real-estate related businesses were negatively affected by the declaration of a state of emergency, etc.

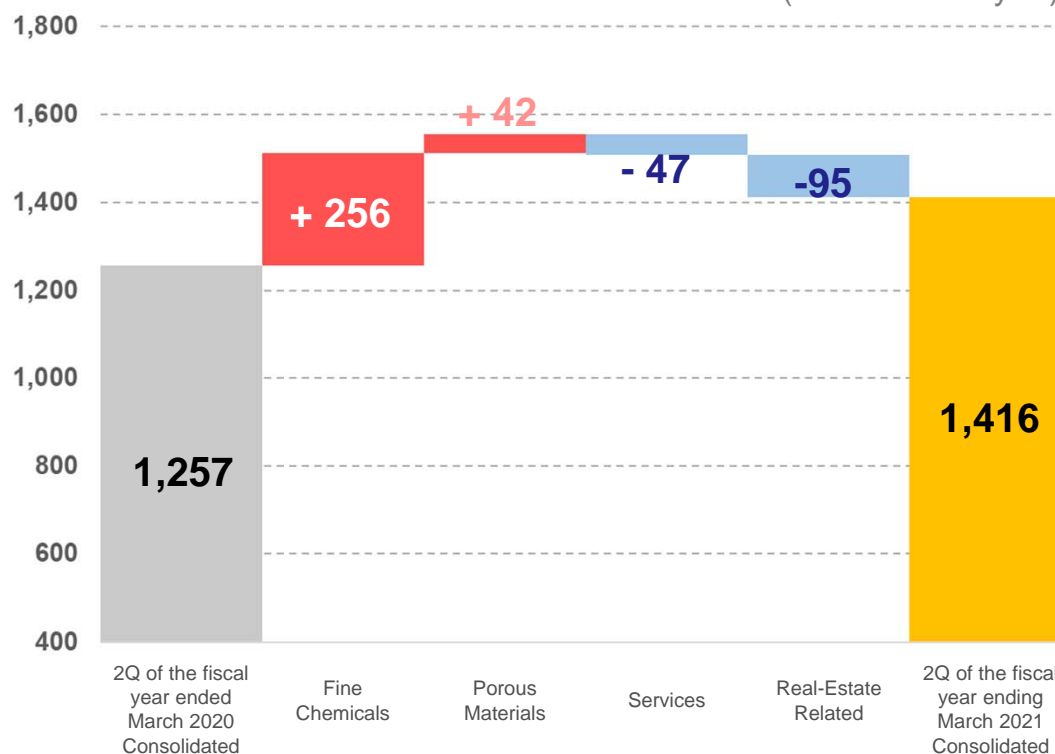
Changes in net sales by segment

(In millions of yen)



Changes in profit by segment















(In millions of yen)



(Note) Excludes the consolidated adjustment amount

Impact of COVID-19 by Segment for the First Half of the Fiscal Year Ending March 2021



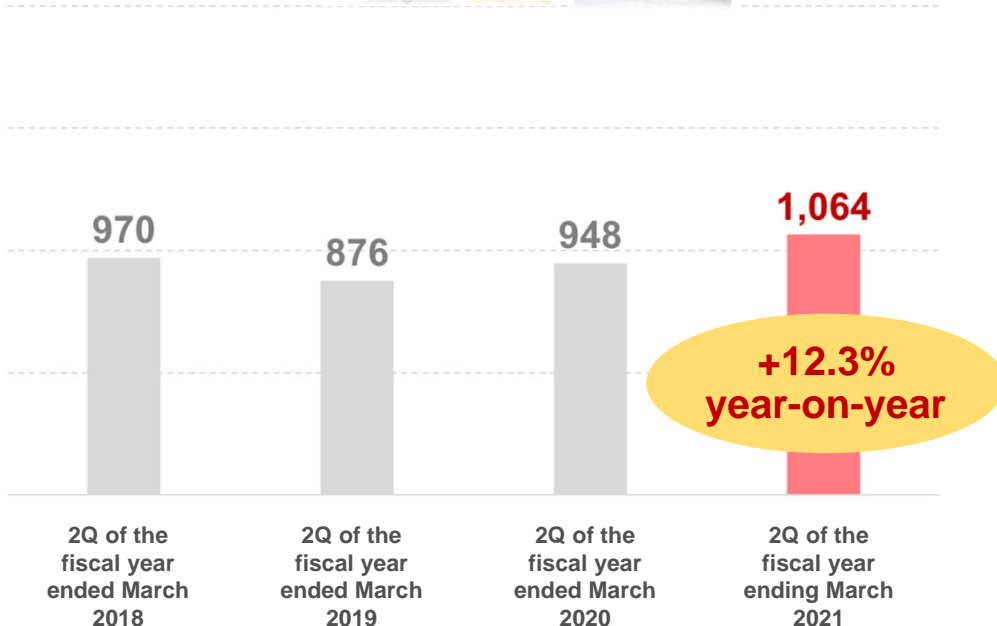
Operating segments	Subsegments	Impact of COVID-19
① Fine Chemicals 	Consumer products (for automobiles)	 · Expanded demand in the form of consumption by people staying at home
	Professional-use products (for automobiles and other industries)	 · Upward trend despite of decreased demand due to sluggish sales of new cars
	Home-care products	 · Increased demand accompanied by usual mask wearing practices
	Foreign operations	 · Upward trend despite of decreased demand in some destinations
	Planning, development and sale of Tire-Pressure Monitoring System	—
	Electronic device and software development	—
② Porous Materials 	Industrial materials (precision cleaning, polishing, filtering, etc. for the high-tech industry)	 · Increased demand for semiconductors due to expanding telecommuting, etc. · Increased shipment due to the major customers' move toward securing stocks
	Consumables (automobiles, kitchen goods, cosmetics, sports goods, etc.)	 · Decreased overseas demand due to COVID-19
③ Services 	Automobile repair and sheet metal business	 · Decreased opportunities to use automobiles due to the request for people to stay at home
	Driving lessons	 · Recovering from suspension of operation in accordance with the declaration of a state of emergency
	Planning and sale of household products	 · Expanded sales due to increased demand for mail order purchases
④ Real-Estate Related 	Real-estate leasing	—
	Bathhouse operation Support for preventive long-term care	 · Temporary suspension of operation in accordance with the declaration of a state of emergency

Fine Chemicals/Consumer Products (1)

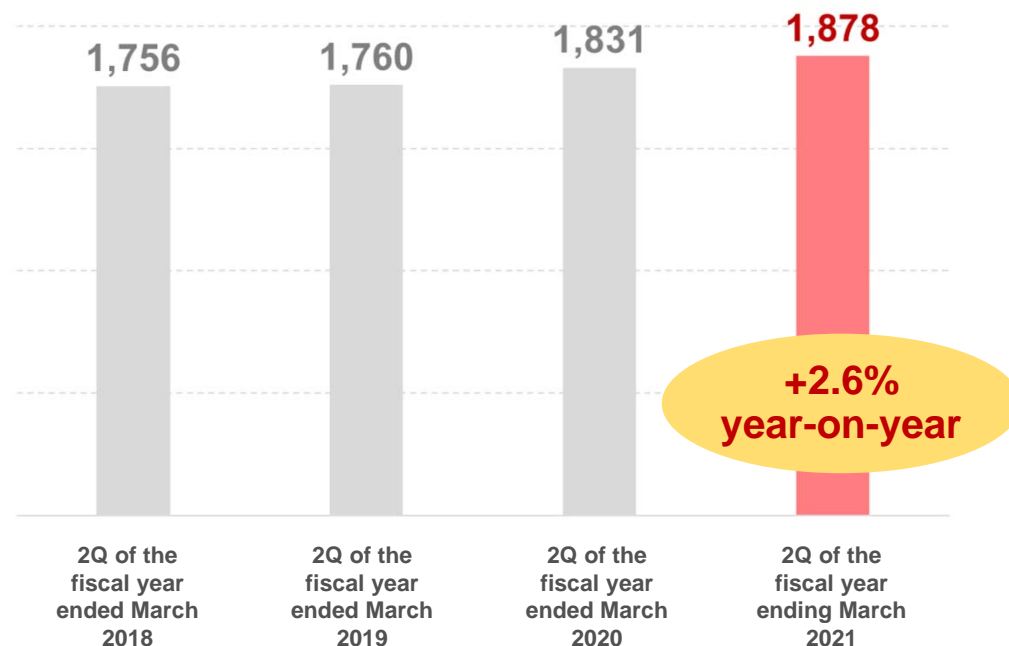
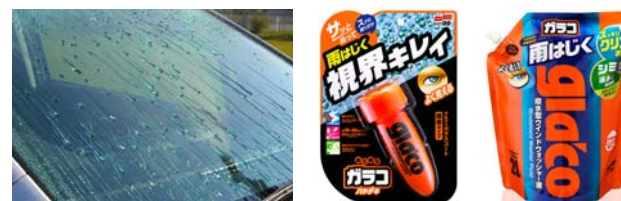


- Sales of DIY car maintenance products expanded as consumption by people staying at home.

Sales of car body maintenance products
(2Q of the fiscal year ending March 2021)
(In millions of yen)



Sales of car glass care products
(2Q of the fiscal year ending March 2021)
(In millions of yen)



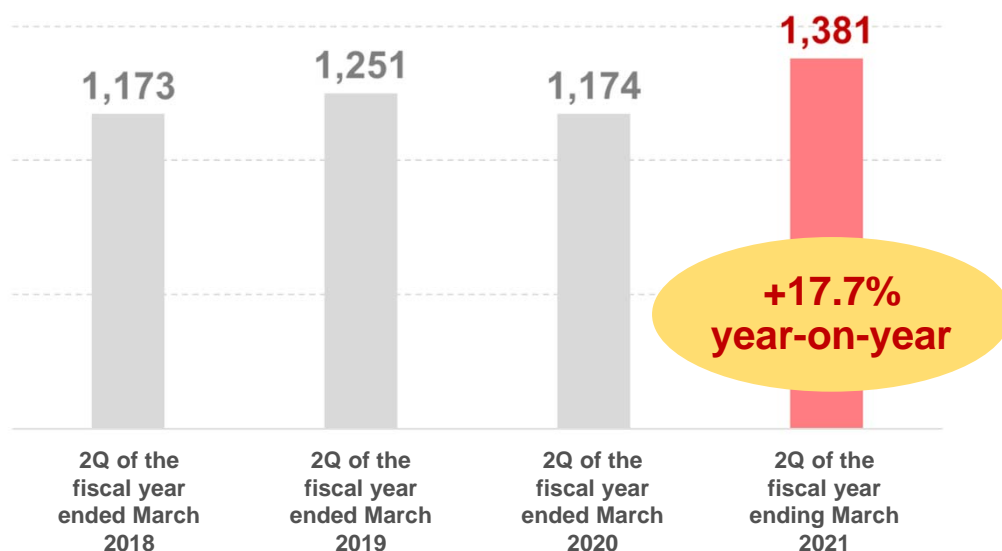
Fine Chemicals/Consumer Products (2)



- Notable expansion was achieved in DIY car repair products that require much time to be used.
- A steady increase was recorded in the number of users of our e-commerce sites dealing with special order repair products.

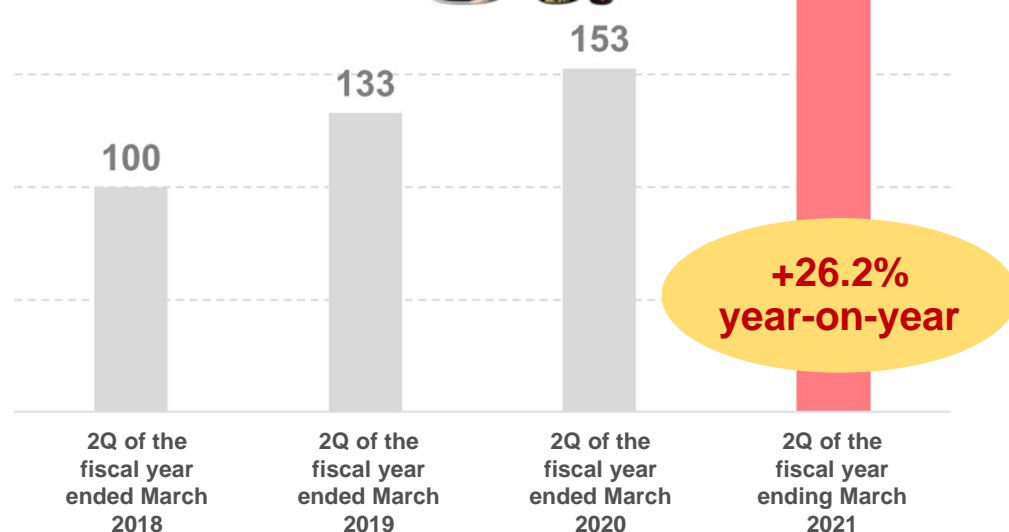
Sales of car repair products (2Q of the fiscal year ending March 2021)

(In millions of yen)



The number of customers purchasing repair products at the SOFT99's e-commerce site

(The amounts are presented as a comparison with the actual amount for the fiscal year ended March 2018 assumed to be 100.)



* Including the number of users of e-commerce sites at Yahoo and Rakuten.

Fine Chemicals/Home-care Products (1)



- Sales of eyeglasses care related products increased accompanied by usual mask wearing practices.

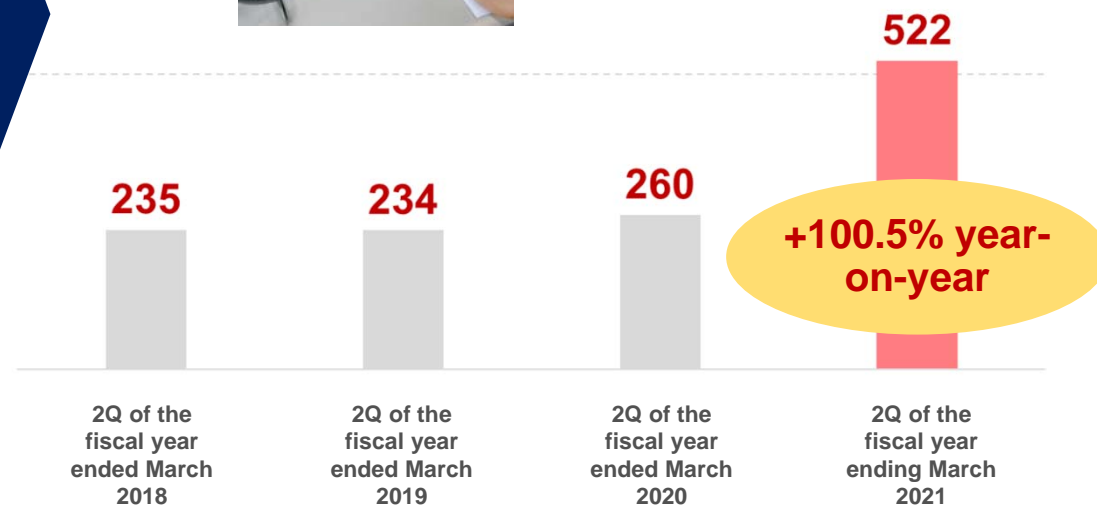


Increased sales of products related to eyeglasses care boosted by expanded demand for sanitization and anti-fogging



Sales of home-care products (2Q of the fiscal year ending March 2021)

(In millions of yen)



Fine Chemicals/Home-care Products (2)



- Developed new products to respond to enhanced hygiene awareness.



Marketed CLEANICLE, a new home-use sanitary product brand, in August



Porous Materials/Industrial Materials (1)



- Demand increased due to the brisk semiconductor-related market accompanied by changes in lifestyle.
- Increased demand was partially due to customers move toward securing inventory under the COVID-19 pandemic.

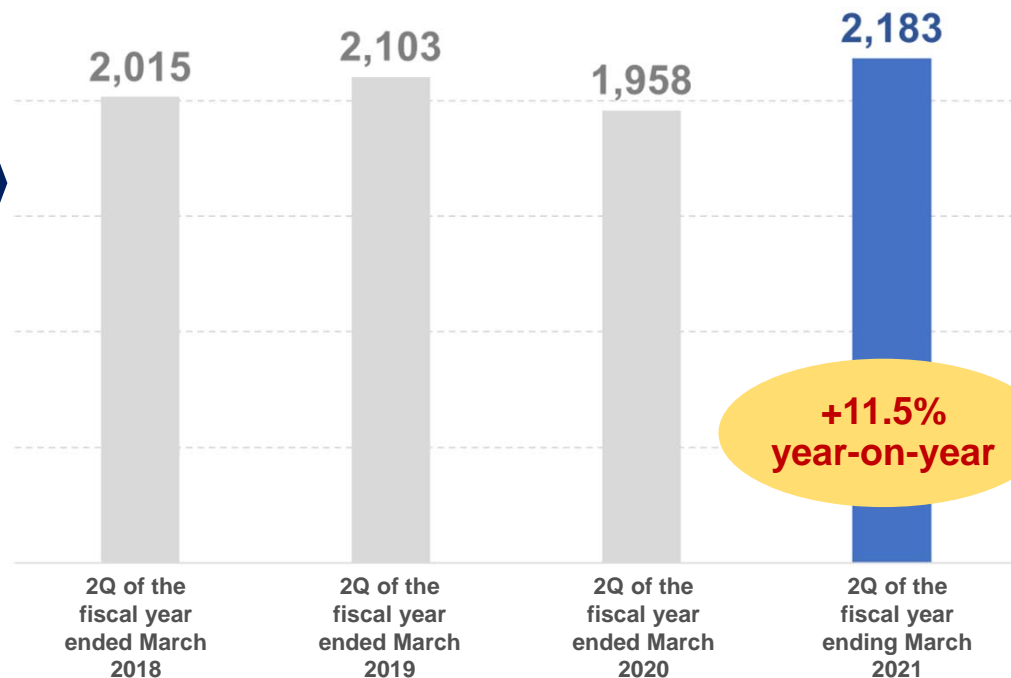
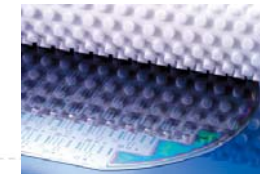


Demand for products used on semiconductor manufacturing lines increased due to expansion in telecommuting and remote learning



Sales of industrial materials (2Q of the fiscal year ending March 2021)

(In millions of yen)



Porous Materials/Industrial Materials (2)



- Made Aztech Co., Ltd., a company engaged in planning and sales of medical and hygienic management products, a subsidiary.
- Aim to develop medical products utilizing our technology for functional precision porous products.



+ Technology for functional precision porous products

Management of floor hygiene



Sanitizing hands before surgery



Support for nursing duties, etc.

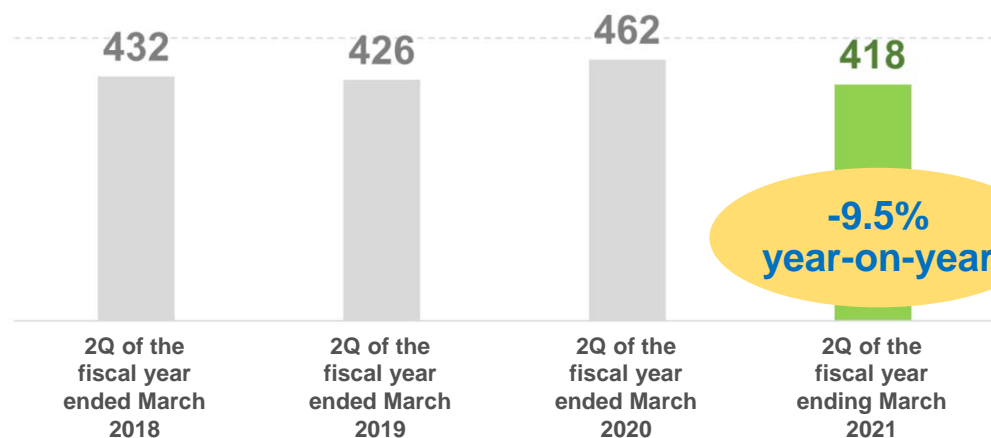


Services/Real-Estate Related (1)

- Sale in shop-visit type business decreased due to the declaration of a state of emergency and the request for people to stay at home.

Sales in driving school business (2Q of the fiscal year ending March 2021)

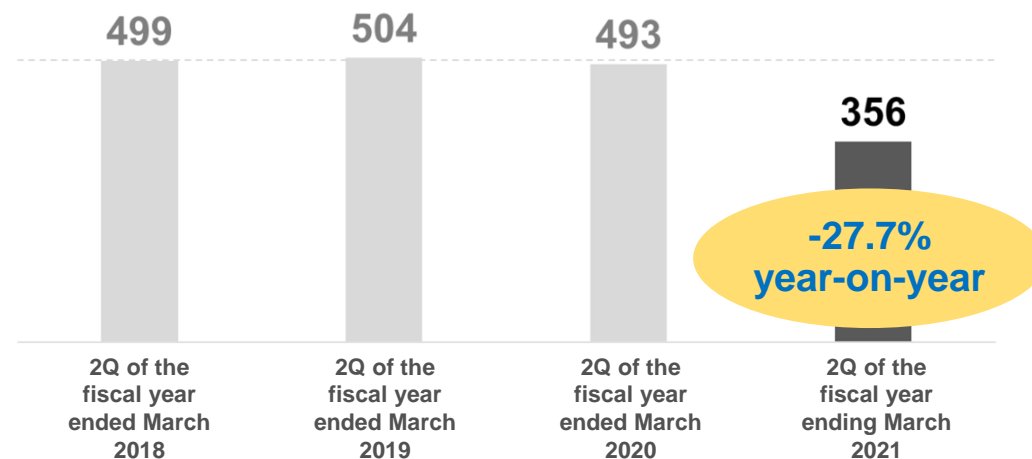
(In millions of yen)



- ✓ Operations were suspended in April and May in accordance with the declaration of a state of emergency.
- ✓ Demand recovered after resuming operations.

Sales in bathhouse business (2Q of the fiscal year ending March 2021)

(In millions of yen)

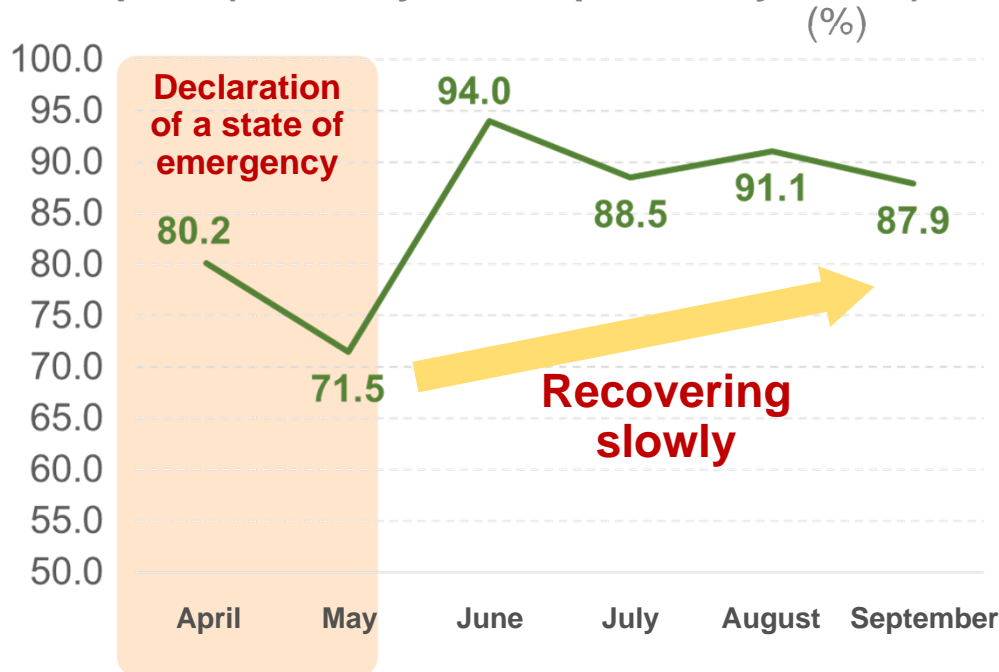


- ✓ Operations were voluntarily suspended in April and May in accordance with the declaration of a state of emergency.
- ✓ It takes time to entice customers to return.

Services/Real-Estate Related (2)

- Demand for repair and sheet metal decreased due to a decrease in opportunities to use automobiles accompanied by the request for people to stay at home.

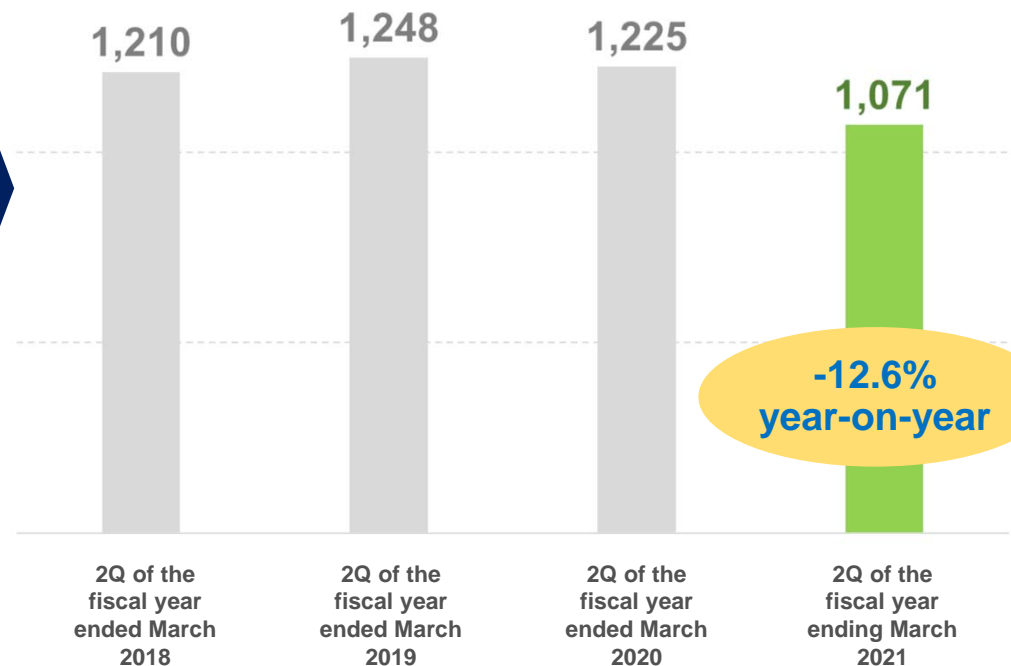
The number of cars delivered for sheet metal repairs (Year-on-year comparison by month)



Sales in automobile repair and sheet metal business (2Q of the fiscal year ending March 2021)



(In millions of yen)

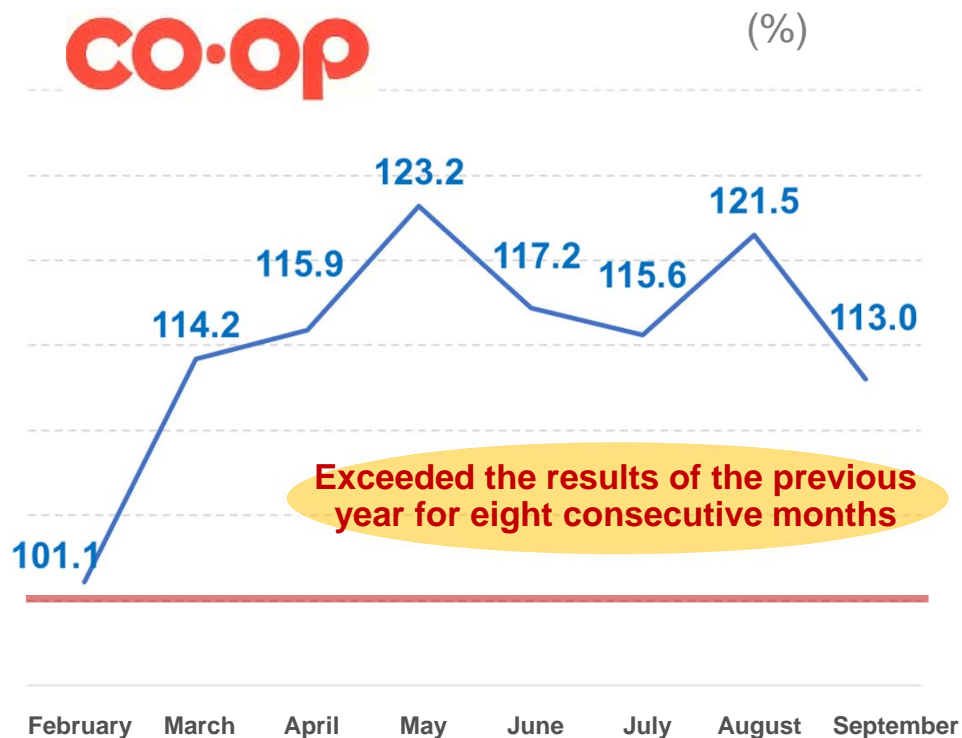


- ✓ The request for people to stay at home reduced use of automobiles, which resulted in decreased demand for repair.
- ✓ Procurement of repair parts faced difficulty due to confusion in distribution brought about by the COVID-19 outbreak.
- ✓ Demand for repairs has been recovering gradually after the lifting of the declaration of a state of emergency.

Services/Real-Estate Related (3)

- The demand associated with people staying at home increased planning and sales of household products for Co-op stores and e-commerce sites.

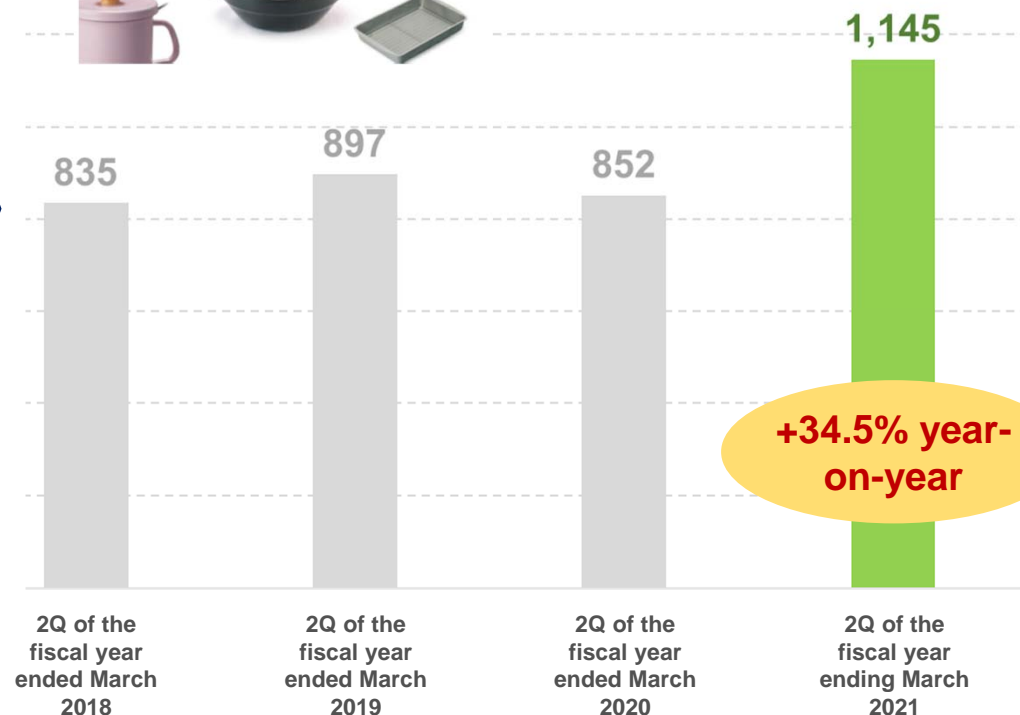
The amount delivered and supplied amount by Co-op in 2020
(Year-on-year comparison)



(Materials processed by SOFT99 published on the website of the Japanese Consumers' Co-operative Union.)

Sales in the sector for planning and sale of household products
(2Q of the fiscal year ending March 2021)

(In millions of yen)

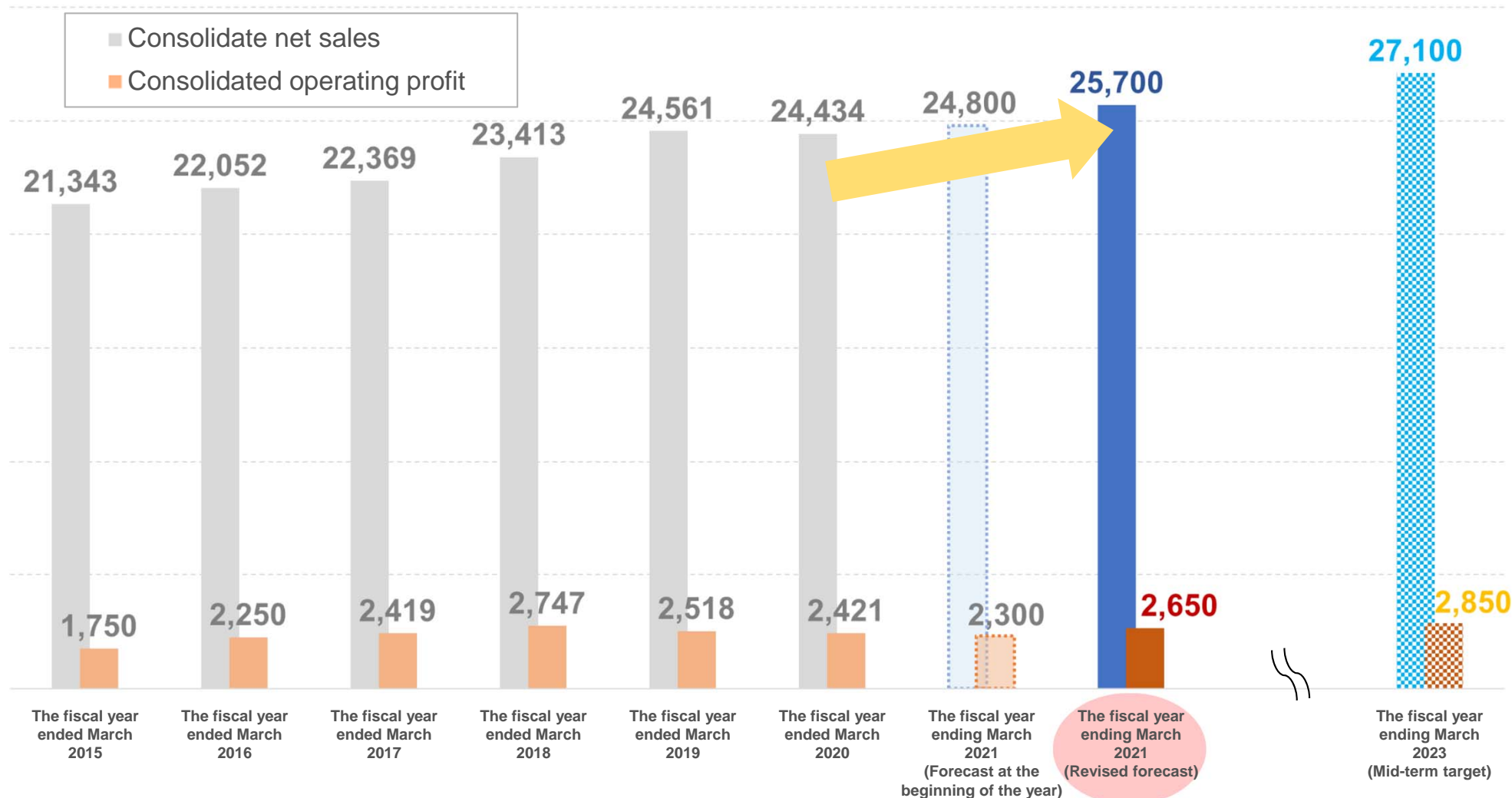


IV: Forecast of Annual Financial Results and Dividend

Forecast of Annual Financial Results



- Net sales and operating profit were revised upward to 25.7 billion and 2.65 billion, respectively.

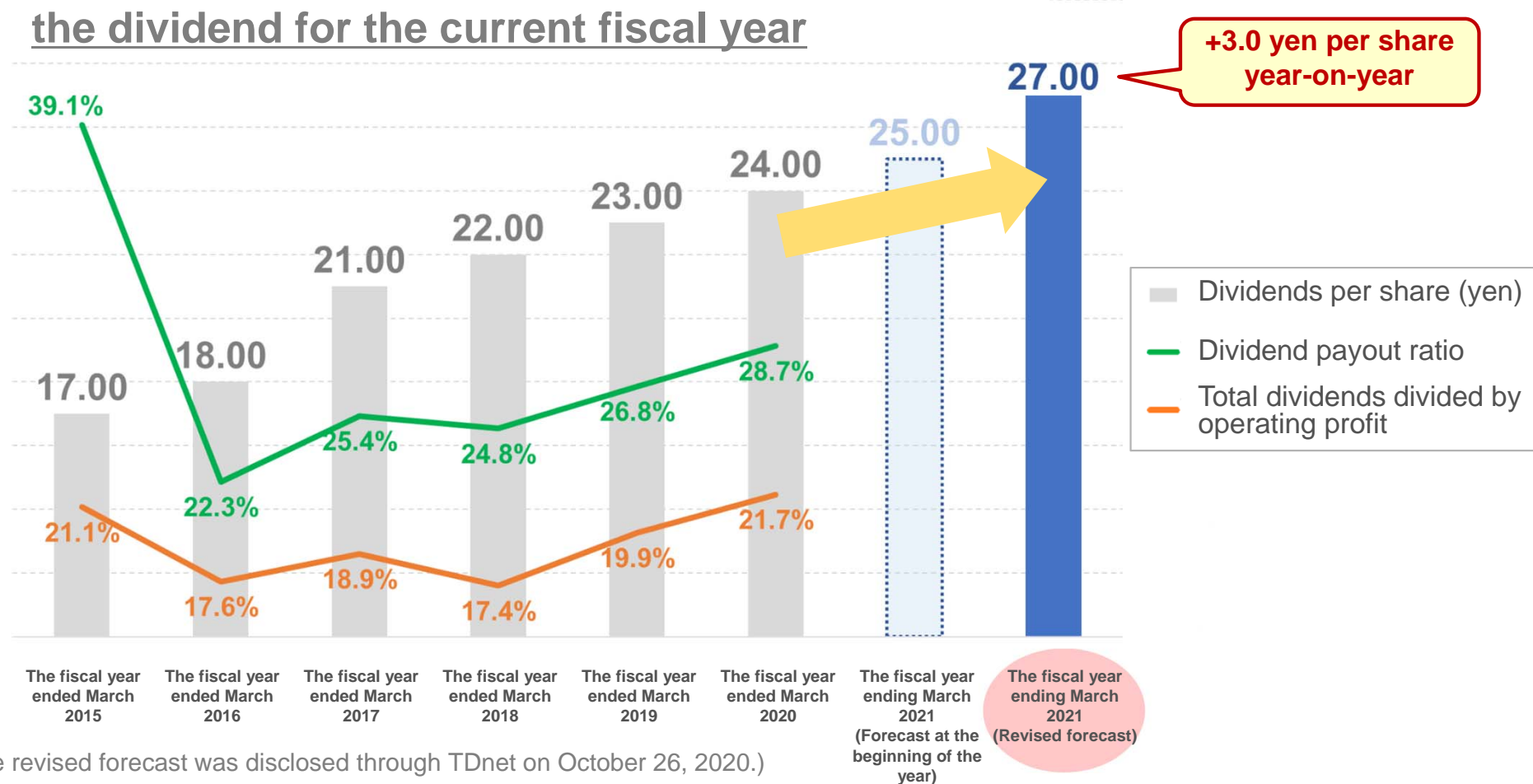


(The revised forecast was disclosed through TDnet on October 26, 2020.)

Forecast of Annual Dividend

- Increased the interim dividend by 1.5 yen per share year-on-year.
- Revised the forecast of the annual dividend upward by 3.0 yen per share year-on-year.

Changes in the annual dividend results and the forecast of the dividend for the current fiscal year



Appendix: Numerical Data

(2Q of the fiscal year ending March 2021)

Condensed Consolidated Balance Sheet (Year-on-year Comparison)



(In millions of yen)

	March 31, 2020	September 30, 2020	Year-on- year changes		March 31, 2020	September 30, 2020	Year-on- year changes
Current Assets	25,725	26,234	+ 509	Current Liabilities	3,316	3,694	+ 378
Cash and deposits	18,274	17,833	- 441	Accounts payable	1,109	1,351	+ 241
Accounts receivable	3,720	4,477	+ 756	Income taxes payable	518	561	+ 42
Marketable securities	200	300	+ 99	Payables and accrued expenses	1,206	1,230	+ 24
Inventories	3,333	3,429	+ 95	Others	481	551	+ 69
Others	195	193	- 1	Non-current Liabilities	3,558	3,699	+ 141
Non-current Assets	29,529	30,667	+ 1,137	Total Liabilities	6,874	7,394	+ 519
Property, plant and equipment	22,214	22,149	- 65	Net Assets	48,380	49,507	+ 1,127
Intangible assets	199	873	+ 674	Shareholders' equity	47,941	48,718	+ 777
Investments and other assets	7,115	7,644	+ 528	Accumulated other comprehensive income	438	788	+ 349
Assets	55,255	56,902	+ 1,646	Liabilities and Net Assets	55,255	56,902	+ 1,646

Consolidated Results

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



(In millions of yen)

	2Q of the fiscal year ended March 2020	2Q of the fiscal year ending March 2021	Year-on-year changes	Year-on-year % changes	
Net sales	12,165	12,805	+ 639	+ 5.3%	
Gross profit	4,496	4,679	+ 183	4.1%	
	Gross profit margin	37.0%	36.5%	- 0.5 pt	—
Selling, general and administrative expenses	3,238	3,262	+ 24	+ 0.8%	
Operating profit	1,257	1,416	+ 158	+ 12.6%	
	Operating profit margin	10.3%	11.1%	+ 0.8 pt	—
Ordinary profit	1,335	1,523	+ 187	+ 14.0%	
Net income before income taxes	1,342	1,524	+ 181	+ 13.6%	
Net income attributable to shareholders of parent company	933	995	+ 61	+ 6.6%	

Condensed Consolidated Cash Flow (Year-on-year Comparison)



(In millions of yen)

	2Q of the fiscal year ended March 2020	2Q of the fiscal year ending March 2021
Cash flow from operating activities	1,043	1,067
Cash flow from investing activities	- 520	- 1,265
Cash flow from financing activities	- 262	- 278
Effect of exchange rate fluctuations on cash and cash equivalents	- 0	- 0
Net increase (decrease) in cash and cash equivalents	259	- 477
Cash and cash equivalents at the beginning of the year	16,818	17,782
Cash and cash equivalents at the end of the year	17,077	17,305

Depreciation expense	381	373
Capital expenditures (*)	368	280

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

Consolidated Highlight Financial Indicators (Year-on-year Comparison)



	2Q of the fiscal year ended March 2020	2Q of the fiscal year ending March 2021	Year-on-year changes
Total assets (million yen)	54,833	56,902	+ 2,068
Net assets (million yen)	47,860	49,507	+ 1,647
Equity ratio	87.3%	87.0%	- 0.3 pt
ROA (Ordinary profit / Total assets*)	2.4%	2.7%	+ 0.3 pt
ROE (Net profit / Net assets*)	1.9%	2.0%	+ 0.1 pt
Total asset turnover (Net sales / Total assets*)	0.22	0.23	+ 0.01
Net income per share (yen)	42.89	45.56	+ 2.67

* Each profit is the cumulative amount as of the end of the second quarter.

* The amounts for total assets and net assets are as of September 30.

Fine Chemicals

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



(In millions of yen)	2Q of the fiscal year ended March 2020	2Q of the fiscal year ending March 2021	Year-on-year changes	Year-on-year % changes
Net sales	6,142	6,720	577	+9.4%
General-use products: Car-exterior care	948	1,064	+ 116	+12.3%
General-use products: Glass care	1,831	1,878	+ 47	+ 2.6%
General-use products: Repair products	1,174	1,381	+ 207	+ 17.7%
Professional-use products	839	797	- 42	- 5.0%
Home-care products, etc.	260	522	+ 261	+ 100.5%
Foreign operations	818	778	- 39	- 4.8%
TPMS (Tire-Pressure Monitoring System)	101	90	- 11	- 11.6%
Electronic device and software development	261	304	+ 43	+ 16.8%
Others and adjustments	- 92	- 98	- 5	5.2%
Gross profit	2,876	3,173	+ 296	+ 10.3%
Gross profit margin	46.8%	47.2%	+ 0.4 pt	—
Operating profit	738	994	+ 256	+ 34.7%
Operating profit margin	12.0%	14.8%	+ 2.8 pt	—

Porous Materials

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



(In millions of yen)	2Q of the fiscal year ended March 2020	2Q of the fiscal year ending March 2021	Year-on-year changes	Year-on-year % changes
Net sales	2,769	2,874	+ 105	+ 3.8%
Industrial materials	1,958	2,183	+ 226	+ 11.5%
Domestic	1,013	980	- 33	- 3.2%
Overseas	945	1,203	+ 259	+ 27.4%
Consumables	810	691	- 119	- 14.7%
Domestic	444	447	+ 3	+ 0.8%
Overseas	366	244	- 122	- 33.4%
Gross profit	894	904	+ 10	+ 1.1%
Gross profit margin	32.3%	31.5%	- 0.8 pt	—
Operating profit	355	397	+ 42	+ 11.9%
Operating profit margin	12.8%	13.8%	+ 1.0 pt	—

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



(In millions of yen)	2Q of the fiscal year ended March 2020	2Q of the fiscal year ending March 2021	Year-on-year changes	Year-on-year % changes
Net sales	2,540	2,635	+ 95	+ 3.7%
Automobile repair and sheet metal	1,225	1,071	- 154	- 12.6%
Driving school	462	418	- 43	- 9.5%
Planning and sale of household products	852	1,145	+ 294	+ 34.5%
Gross profit	594	555	- 38	- 6.5%
Gross profit margin	23.4%	21.1%	- 2.3 pt	—
Operating profit	47	- 0	- 47	- 100.3%
Operating profit margin	1.9%	—	—	—

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



(In millions of yen)	2Q of the fiscal year ended March 2020	2Q of the fiscal year ending March 2021	Year-on-year changes	Year-on-year % changes
Net sales	712	574	- 138	- 19.4%
Real-estate leasing	193	198	+ 4	+ 2.5%
Bathhouse business	493	356	- 136	- 27.7%
Support for preventive long-term care	26	20	- 6	- 23.9%
Gross profit	136	54	- 82	- 60.3%
Gross profit margin	19.1%	9.4%	- 9.7 pt	—
Operating profit	115	20	- 96	- 82.4%
Operating profit margin	16.2%	3.6%	- 12.6 pt	—

Segment Information

(Comparison of Net Sales and Operating Profit by Segment)



(In millions of yen)

Net sales	2Q of the fiscal year ended March 2020	Composition ratio	2Q of the fiscal year ending March 2021	Composition ratio	Year-on-year changes of composition ratio
Fine Chemicals	6,142	50.5%	6,720	52.5%	+ 2.0 pt
Porous Materials	2,769	22.8%	2,874	22.4%	- 0.4 pt
Services and Real-Estate Related	3,253	26.7%	3,210	25.1%	- 1.6 pt
Total	12,165	100.0%	12,805	100.0%	—

Operating profit	2Q of the fiscal year ended March 2020	Composition ratio	2Q of the fiscal year ending March 2021	Composition ratio	Year-on-year changes of composition ratio
Fine Chemicals	738	58.7%	994	70.2%	+ 11.5 pt
Porous Materials	355	28.2%	397	28.2%	± 0.0 pt
Services and Real-Estate Related	162	12.9%	20	1.6%	- 11.3 pt
(*) Total	1,257	100.0%	1,416	100.0%	—

(*) Total amounts include the consolidated adjustment amount

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