
For the Fiscal Year Ended March 2021

SOFT99 corporation

Materials for the Financial Results Briefing

June 1, 2021

- 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

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 ...	836 (as of March 31, 2021; 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)

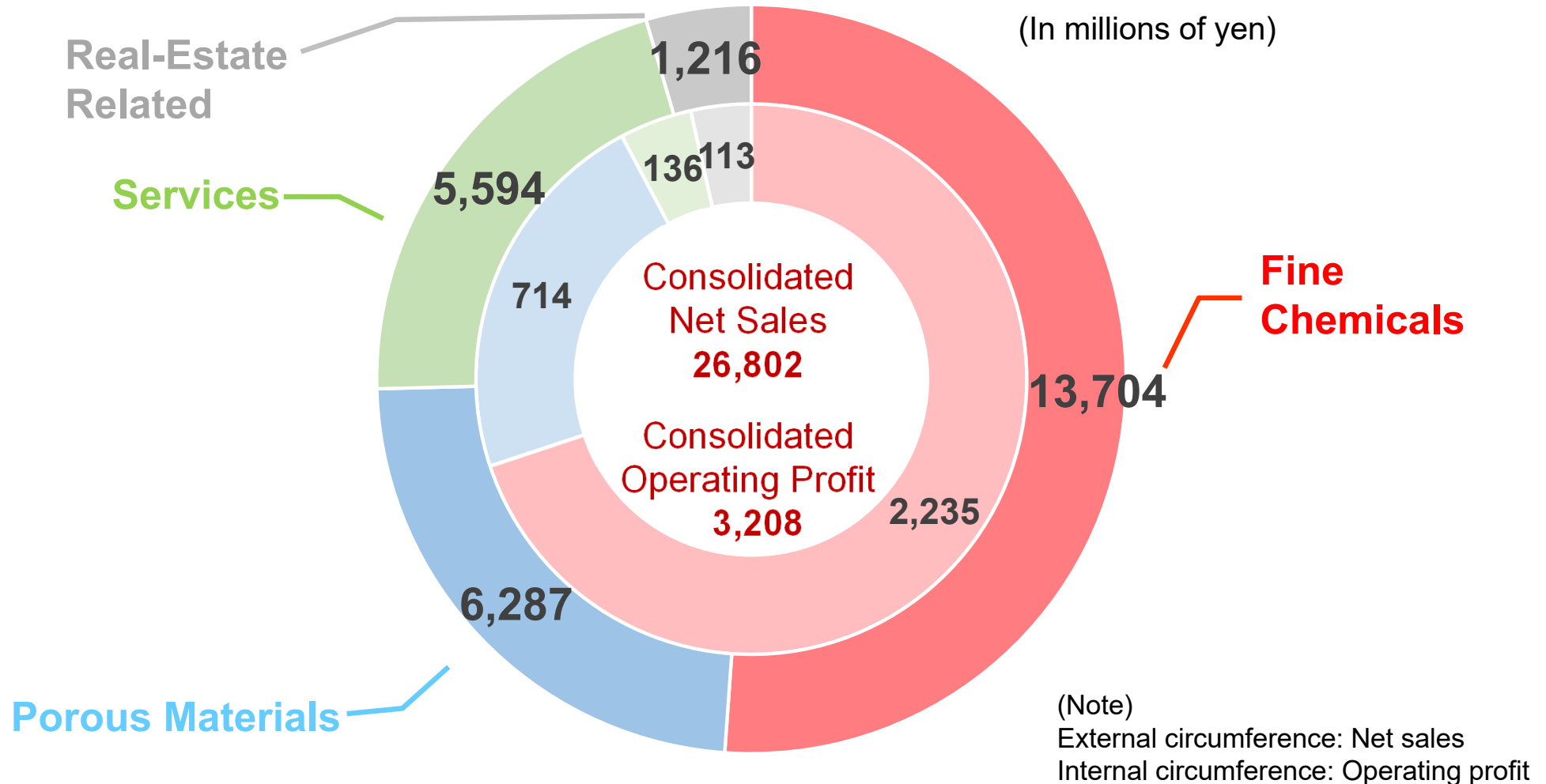


Operating segments	Subsegments	
<p>① Fine Chemicals</p> <p>Manufacturing and sale of chemical products for car and home care</p>	Consumer products (for automobiles)	<p>Inherited business</p>
	Professional-use products (for automobiles and other industries)	
	Home-care products	
	Foreign operations	
	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 and filtering products for high-tech industries) (medical and hygiene products)	<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>Expansion of business areas through M&A</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 2021



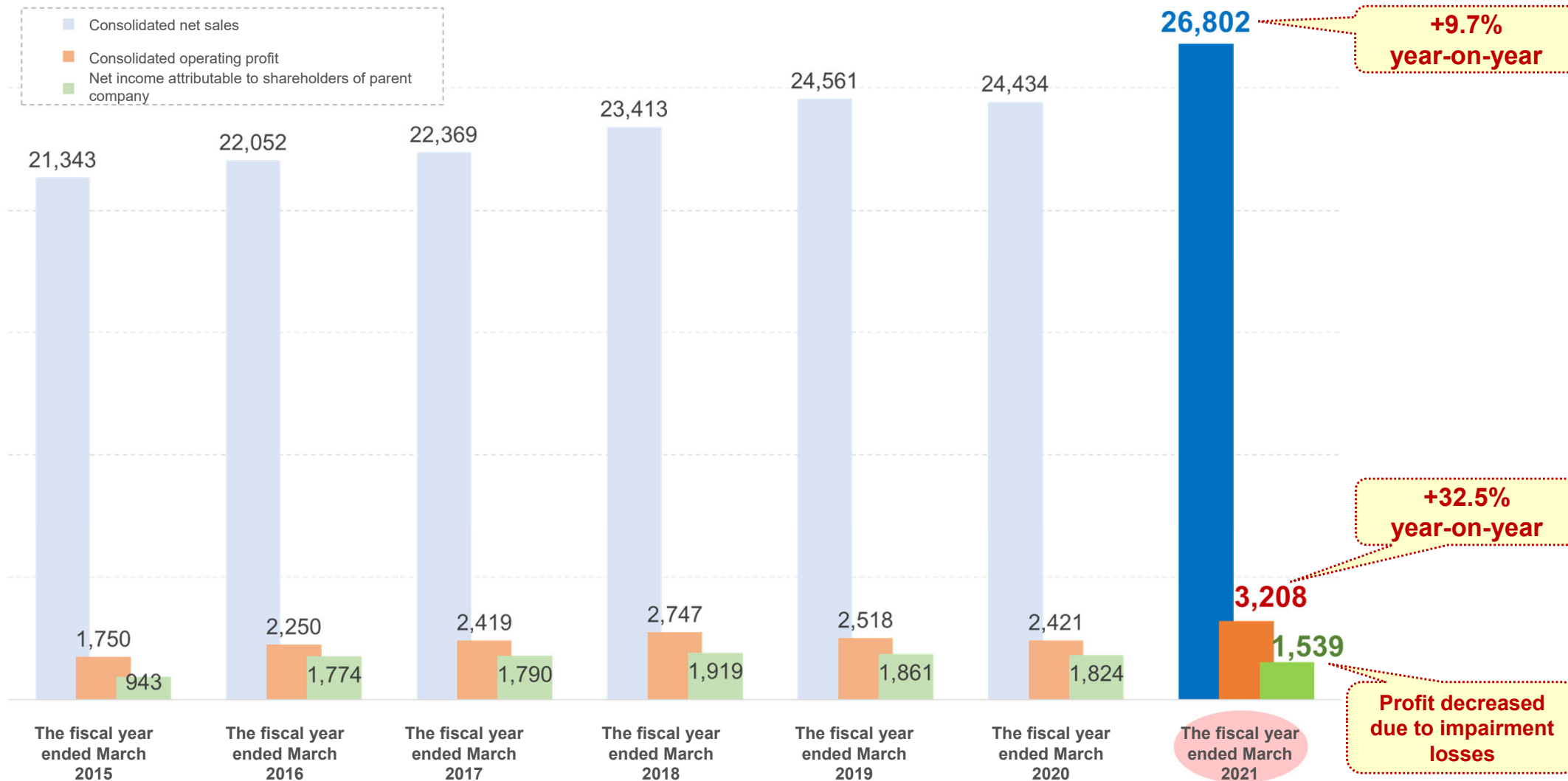
II: Outline of Consolidated Results

Outline of Consolidated Profit and Loss

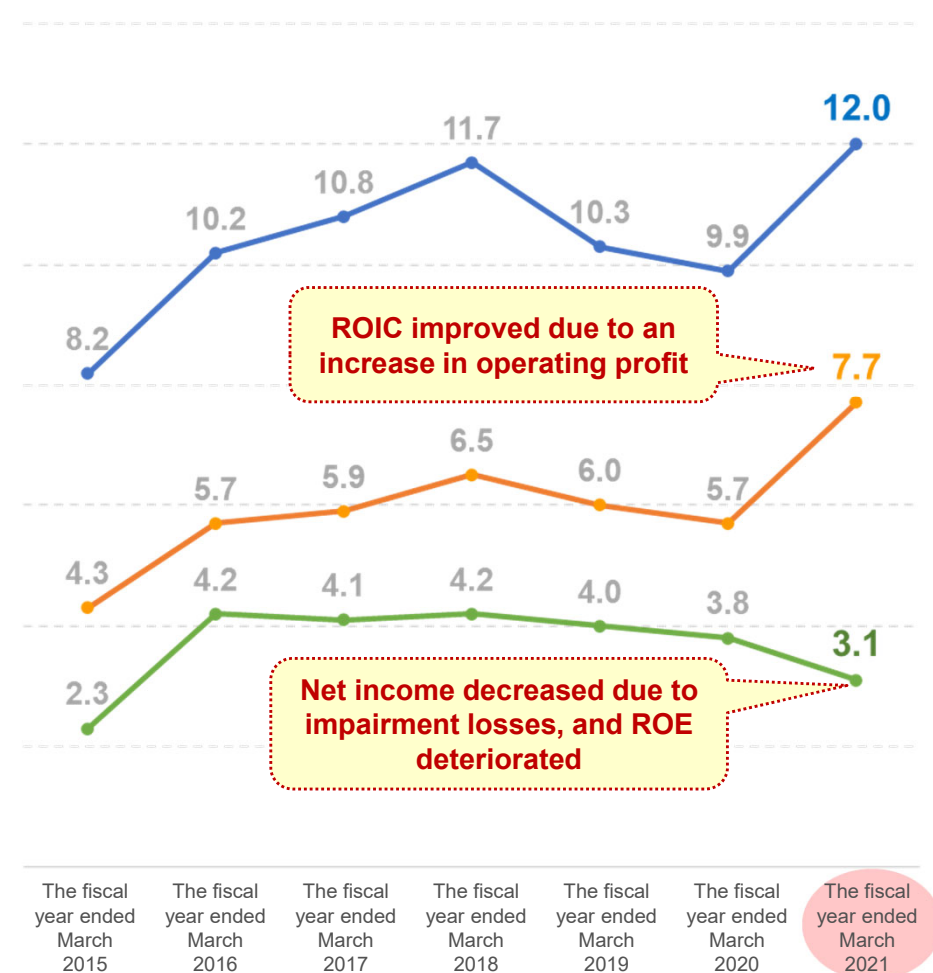
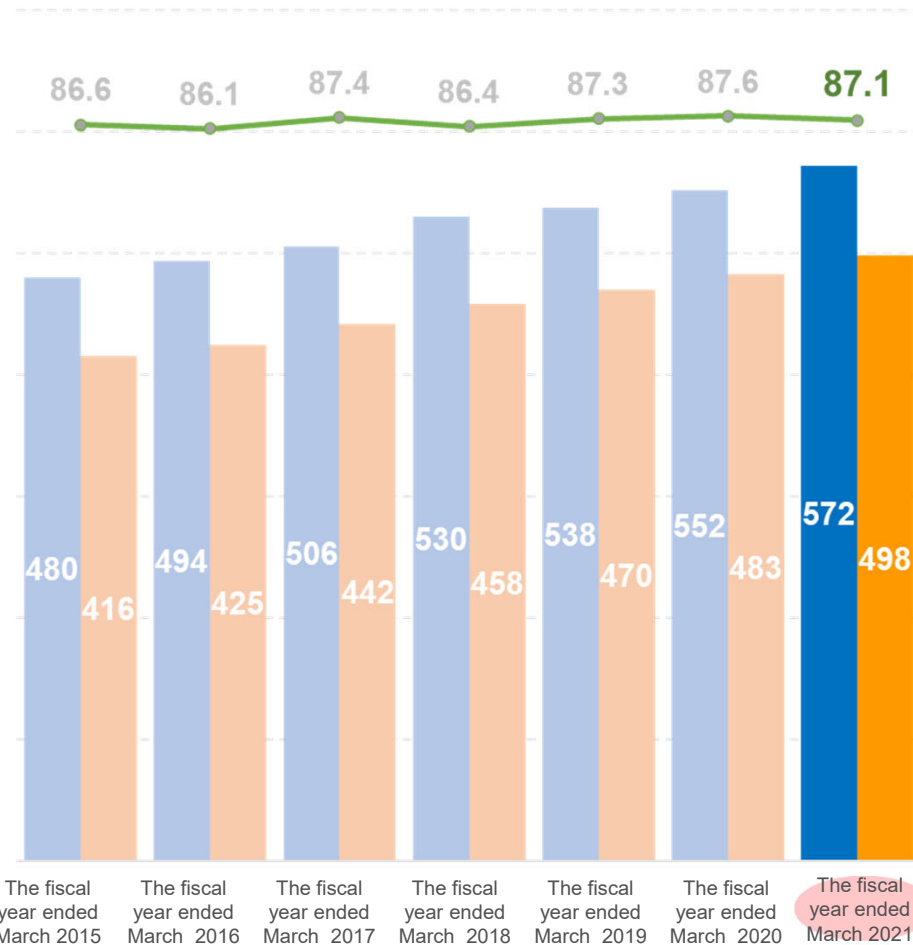
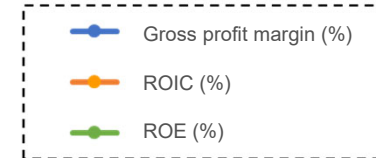
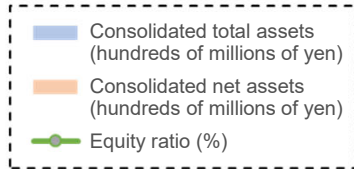


Changes in consolidated profit and loss for the full fiscal year

(In millions of yen)



Major Management Indexes



III: Outline of Business

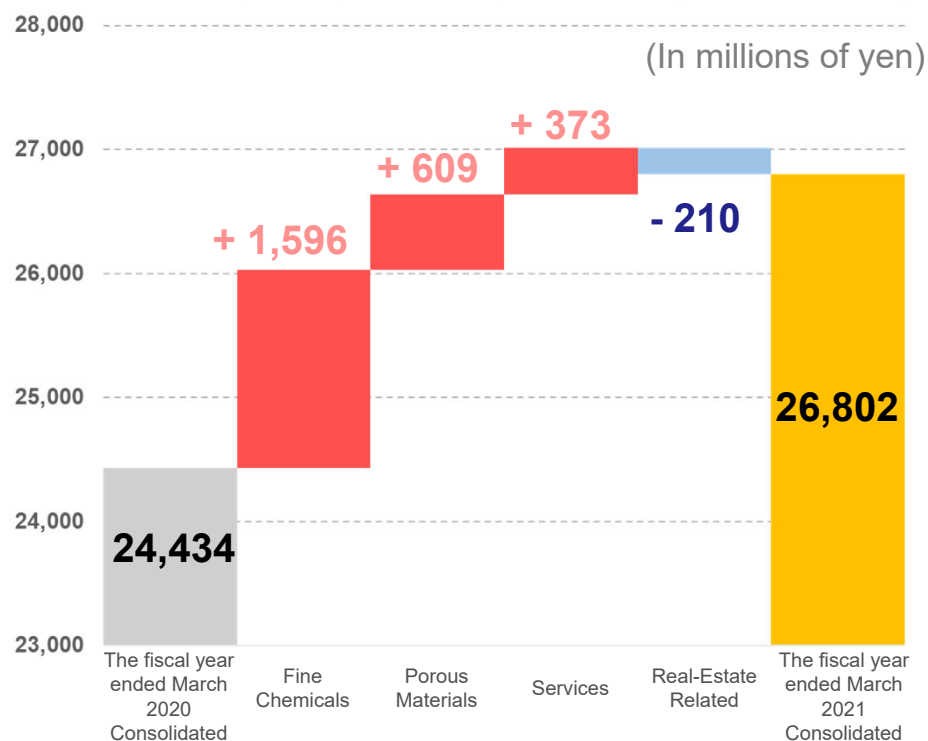
(Fiscal year ended March 2021)

Changes in Profit and Loss by Segment for the Full Fiscal Year Ended March 2021 (Year-on-year Comparison)

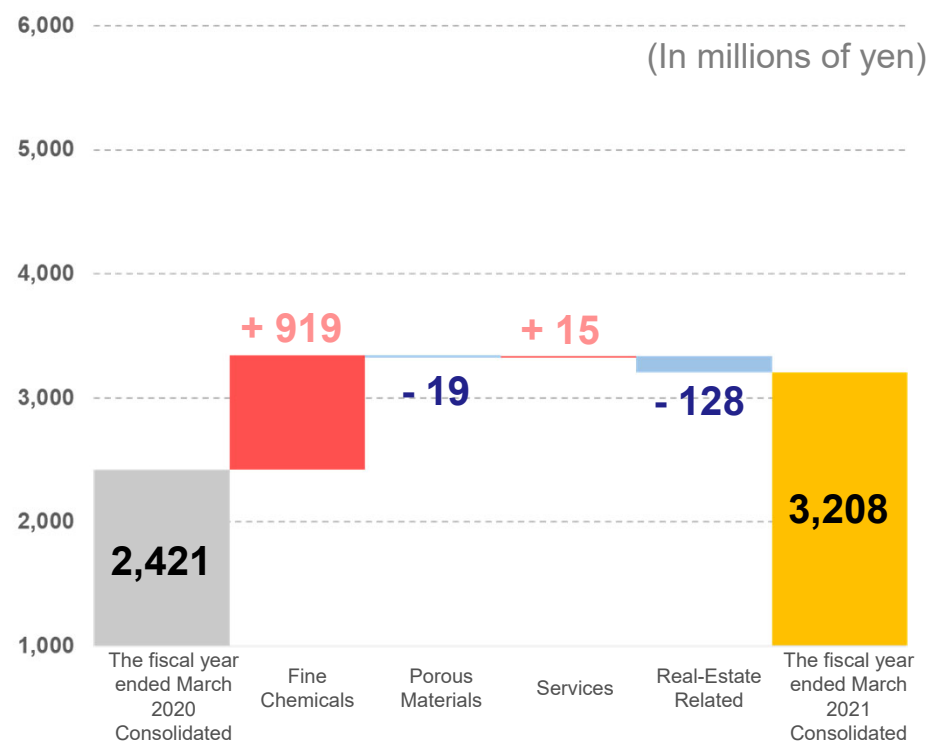


- Fine Chemicals/Services ··· Both revenue and profit increased to meet wide ranging demand arising from COVID-19.
- Porous Materials ····· Although sales were robust, revenue increased while profit decreased due to the amortization of goodwill associated with M&A, etc.
- Real-Estate Related ····· Affected by the request for people to stay at home due to COVID-19, both revenue and profit decreased.

Net sales by segment: year-on-year changes


















Profit by segment: year-on-year changes



(Note) Excludes the consolidated adjustment amount

Impact of COVID-19 (By Segment)

Operating segments	Subsegments	Impact of COVID-19 (Fiscal year ended March 2021)
① Fine Chemicals 	Consumer products (for automobiles)	 Increased demand in line with consumption by young working adults living at home
	Professional-use products (for automobiles and other industries)	 Restoration of private cars and recovery of automobile sales
	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 and filtering products for high-tech industries) (medical and hygiene products)	 Increased shipment due to the major customers' move toward securing stocks  Increased demand for semiconductors due to expanding telecommuting, etc.
	Consumables (automobiles, kitchen goods, cosmetics, sports goods, etc.)	 Domestic sales remained steady despite sales overseas being affected by lockdowns, etc.
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	 Increased number of participants since operations resumed after the request to suspend operations was lifted
	Planning and sale of household products	 Increased mail order sales of products for young working adults living at home
④ Real-Estate Related 	Real-estate leasing	—
	Bathhouse operation Support for preventive long-term care	 Decreased number of customers visiting facilities due to the request for people to stay at home

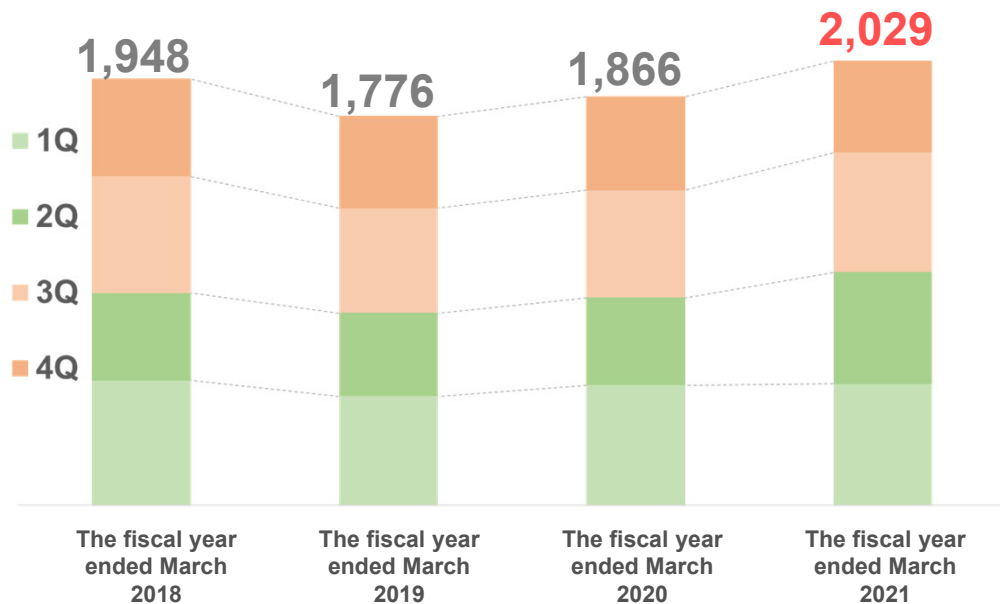
Fine Chemicals (1/3) Sale of Consumer Products

- Growth in the area of DIY automobile maintenance in line with consumption by young working adults living at home

Exterior car care: Net sales for the full fiscal year
(In millions of yen)



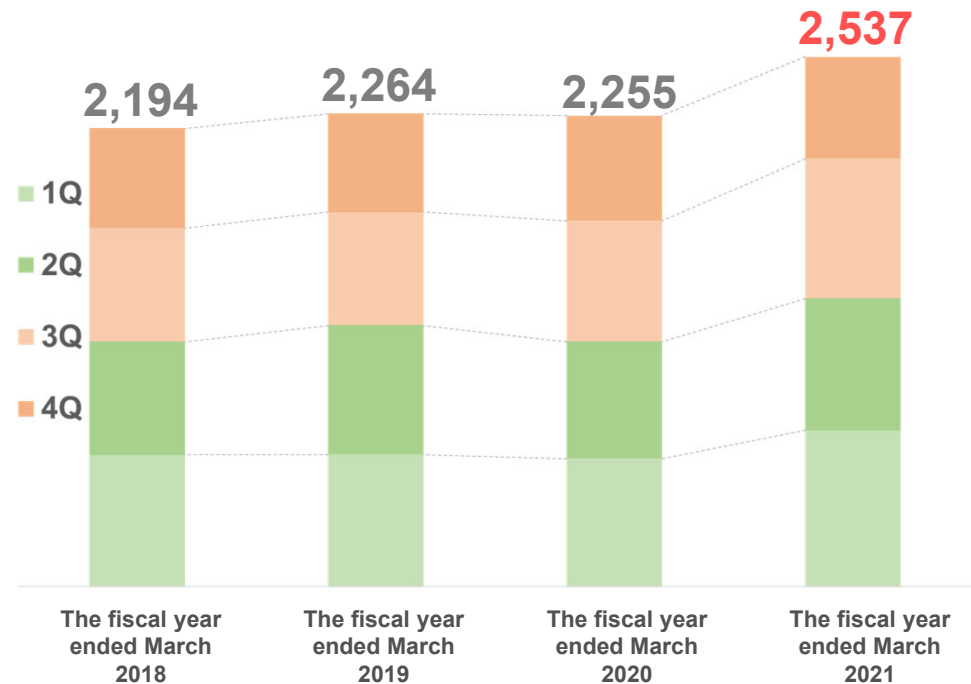
**+8.7%
year-on-year**



Car repair products: Net sales for the full fiscal year
(In millions of yen)



**+12.5%
year-on-year**



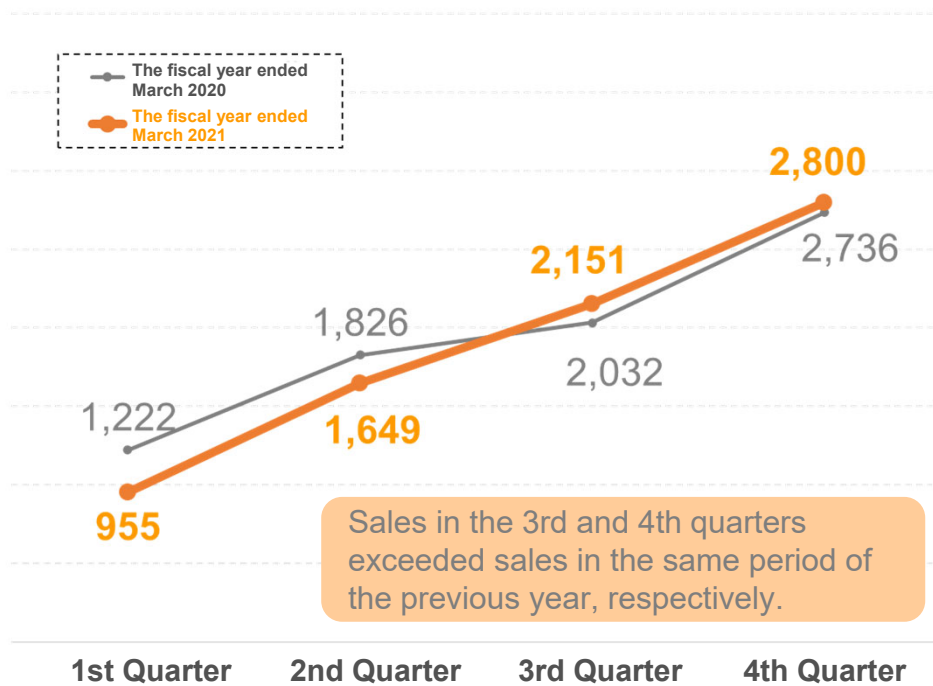
Fine Chemicals (2/3) Professional-use Products



- Increased sales of professional-use coating agents with the rapid recovery in car sales from COVID-19

Changes in the number of car sales

(Total number of sales of new cars and used ordinary cars)
(Unit: thousand vehicles)



Sales in the 3rd and 4th quarters exceeded sales in the same period of the previous year, respectively.

(Processed by SOFT99 based on materials published by the Japan Automobile Dealers Association)

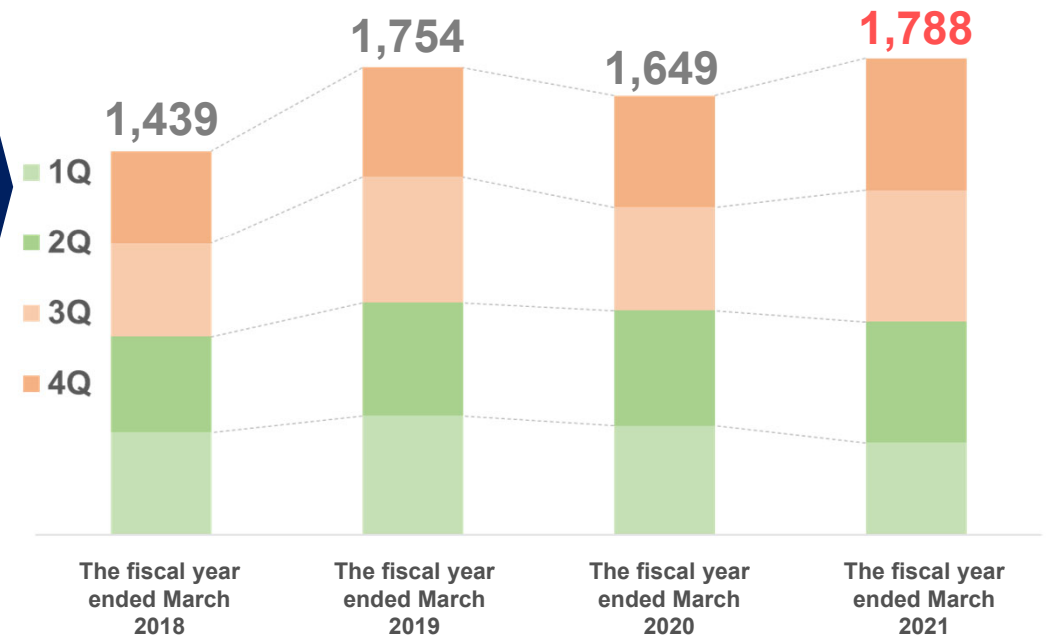
* Excluding sales of light vehicles

Professional-use products: Net sales for the full fiscal year

(In millions of yen)



**+8.4%
year-on-year**



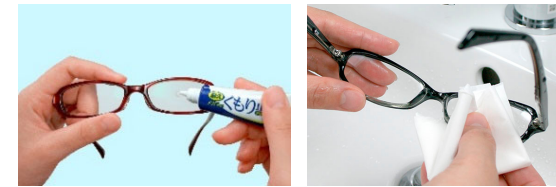
Fine Chemicals (3/3) Home-care Products



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

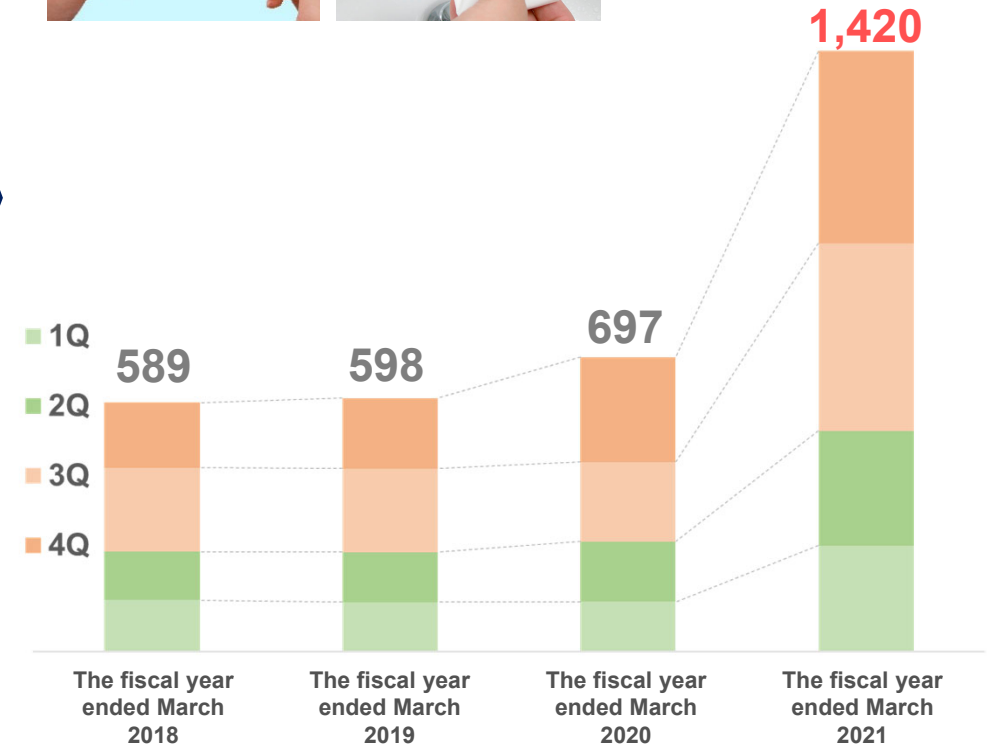
Home-care products: Net sales for the full fiscal year

(In millions of yen)



**+103.7%
year-on-year**

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



Porous Materials Industrial Materials

- Demand increased due to the brisk semiconductor-related market accompanied by changes in lifestyle.
- Increased sales of medical and hygiene products through M&A also made a contribution.



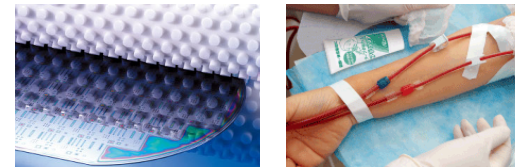
As telecommuting is normalized, demand for products for manufacturing semiconductors is increasing, particularly overseas.



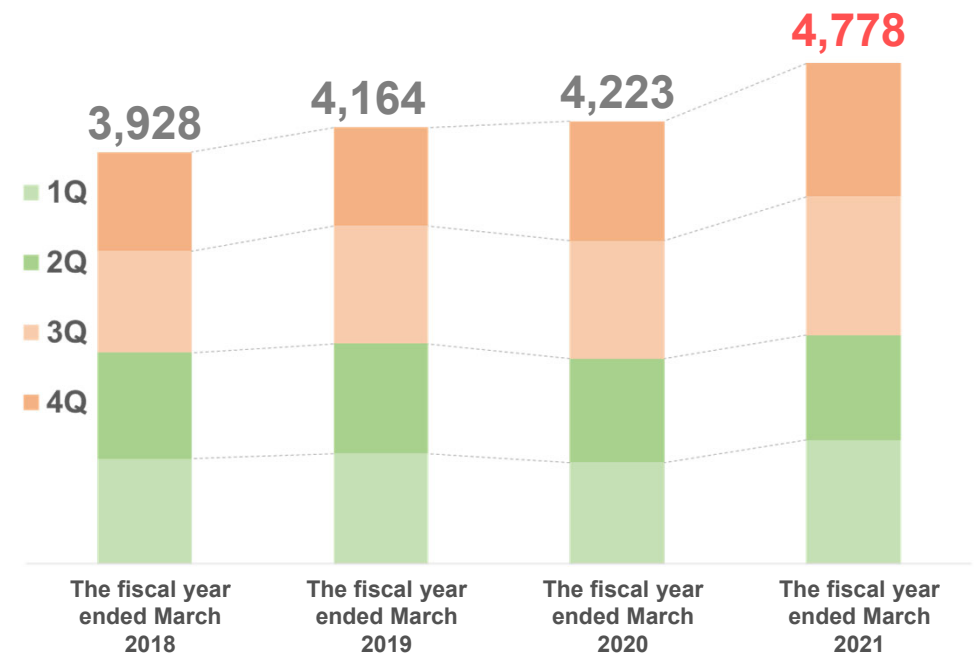
Conduct M&A deals to expand medical fields

Industrial materials: Net sales for the full fiscal year

(In millions of yen)



**+13.1%
year-on-year**



Services (1/2) Automobile Sheet Metal Repair



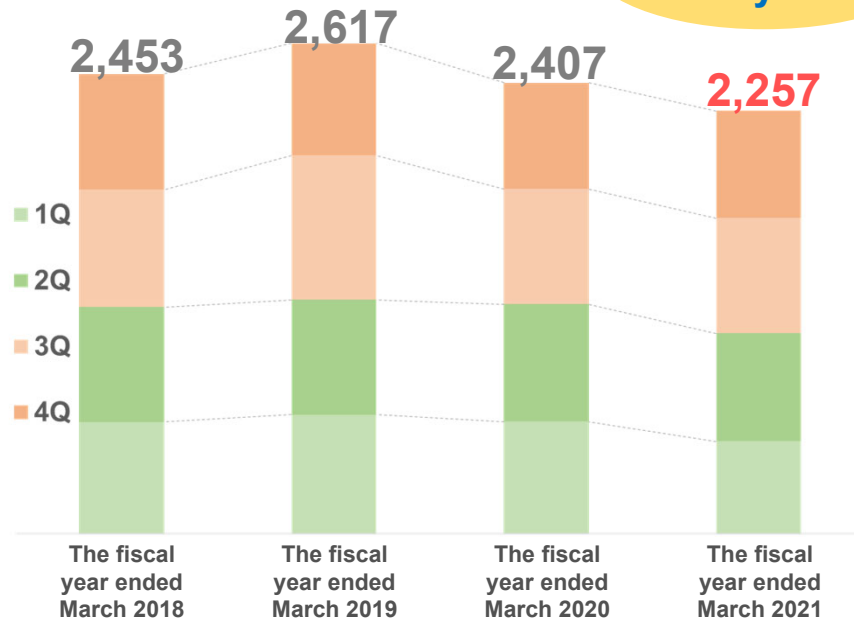
- Revenue decreased for the full fiscal year, but the number of cars delivered is trending back up in keeping with the recovery of automobile sales.

Automobile sheet metal repair business: Net sales for the full fiscal year

(In millions of yen)



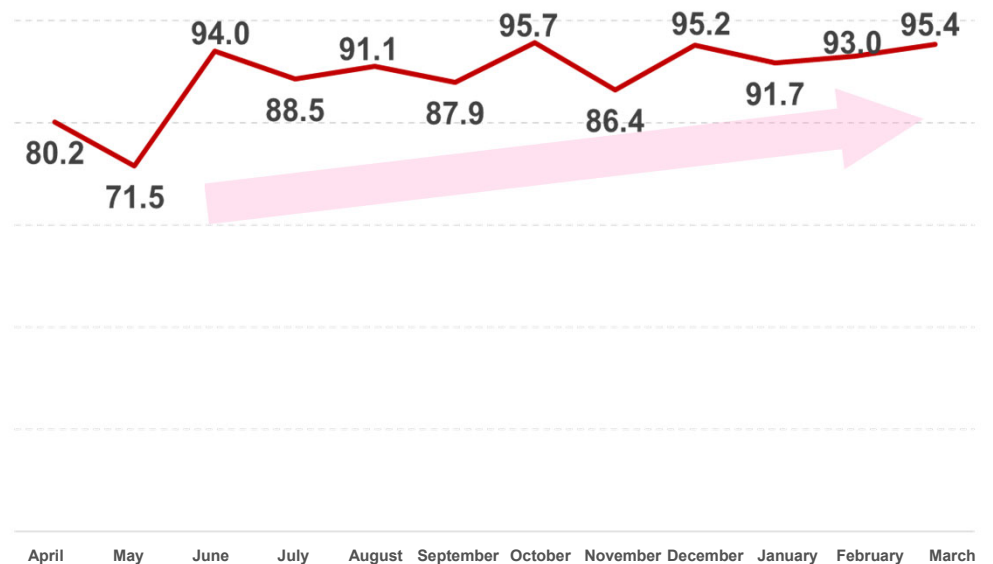
-6.2% year-on-year



- ✓ Decreased demand for sheet metal repairs as opportunities to drive cars lessened due to the request for people to stay at home.
- ✓ Expanded services to make cars look good compounded the recovery in demand for sheet metal repairs in the second half of the fiscal year.

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

(%)



- ✓ The number of cars delivered for sheet metal repairs has gradually recovered after the first state of emergency declared in April 2020.

Services (2/2) Planning and Sale of Household Products

- 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 FY2020

(Year-on-year comparison) (%)



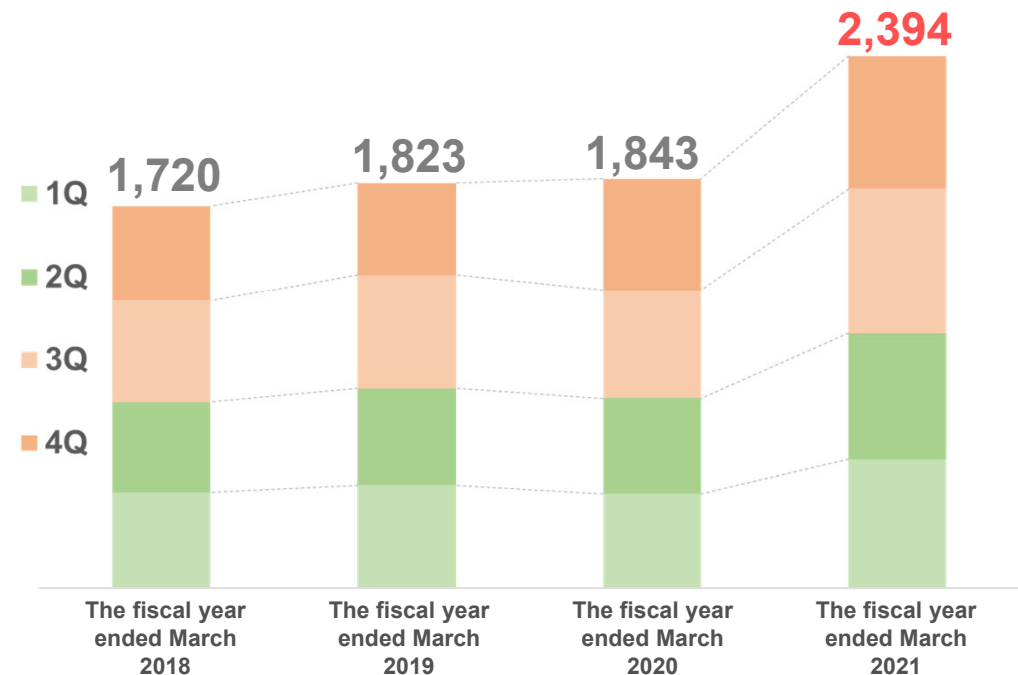
(Materials processed by SOFT99 published on the website of the Japanese Consumers' Co-operative Union.)

Planning and sales of household products: Net sales for the full fiscal year

(In millions of yen)



+29.9% year-on-year

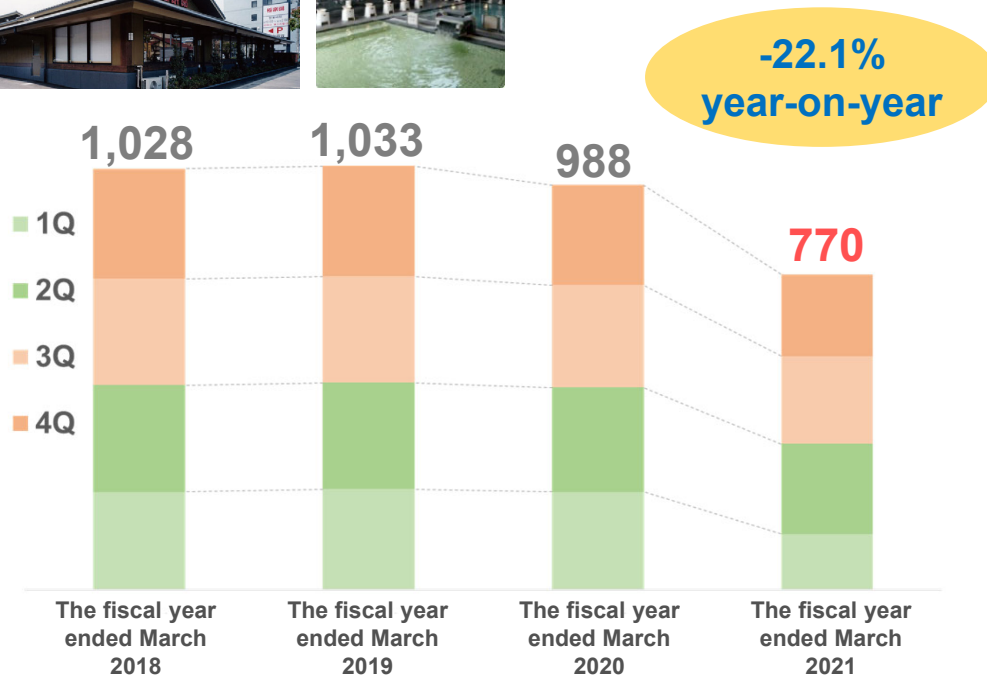


Real-Estate Related Bathhouse Business

- The number of customers visiting facilities decreased due to the voluntary suspension of operations associated with the declaration of a state of emergency and the subsequent request for people to stay at home.
- To deal with the decrease in eating and drinking out, SOFT99 has launched take-out and delivery services.

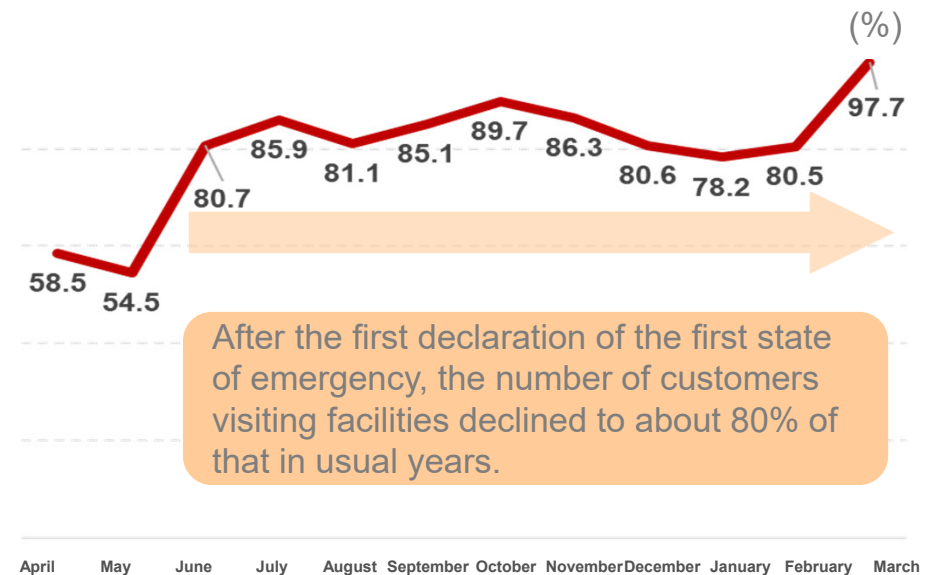
Bathhouse business: Net sales for the full fiscal year

(In millions of yen)



- ✓ Decreases in the number of customers visiting facilities, especially families, is affecting the sale of food and drink, etc.

Bathhouse business: The number of customers visiting facilities (Year-on-year comparison by month)



After the first declaration of the first state of emergency, the number of customers visiting facilities declined to about 80% of that in usual years.

- ✓ Since a rebound of the number of customers visiting facilities will take time, SOFT99 has launched take-out and delivery services.

IV: Changes in the Business Environment and SOFT99's Initiatives

Changes in the Business Environment due to COVID-19 (1/2)

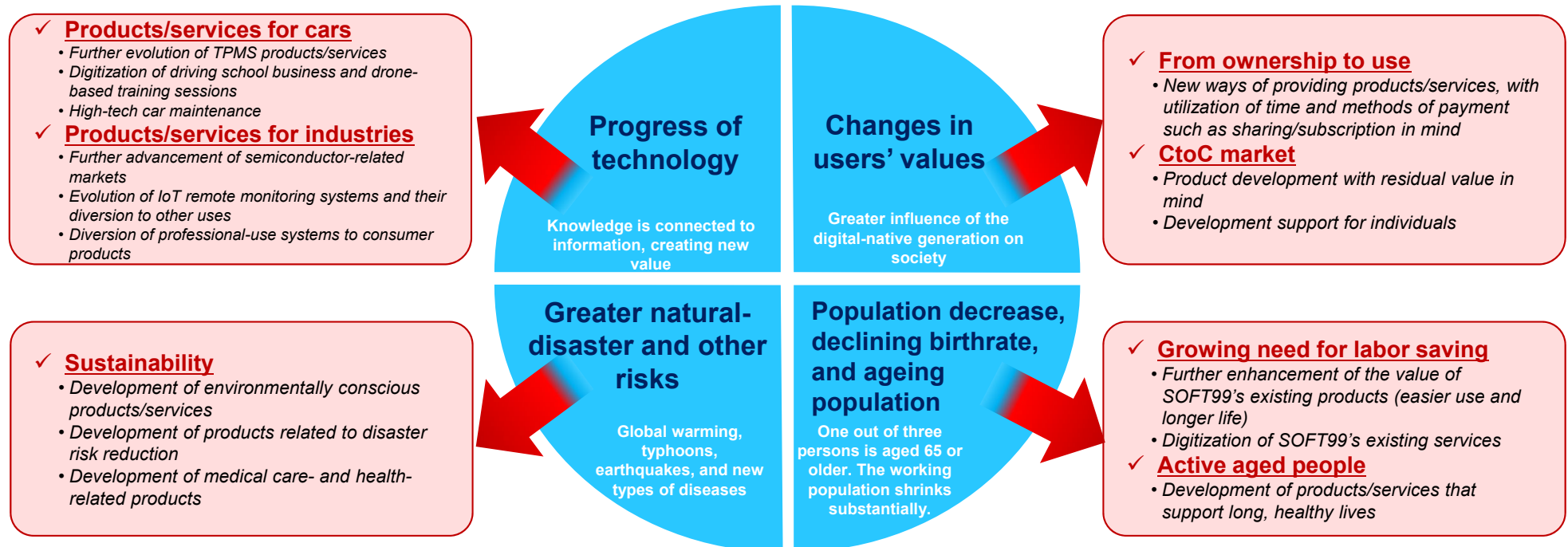


- With regard to the business environment assumed in the Sixth Medium-term Management Plan, some circumstances have changed due to COVID-19.
- SOFT99 will flexibly take the opportunities of the changes which have brought expansion in demand, aiming to continue and expand them going forward.

Originally assumed changes to the environment surrounding SOFT99 (excerpts)		Further changes in the environment due to COVID-19
Social environment	Evolution of technology	<ul style="list-style-type: none"> • Faster-than-expected expansion of an online and cashless economy in a wide range of social activities
	Heightened awareness of sustainability	<ul style="list-style-type: none"> • Prevention of infection is a top priority (request for people to stay at home, hygiene management and social distancing) • On the other hand, vulnerability of supply chains in providing products became evident.
Business environment surrounding SOFT99	Polarization of needs for car ownership in urban and suburban areas	<ul style="list-style-type: none"> • Valuations of suburban residences have increased as telecommuting has been normalized. • Necessity of owning a private car for suburban life
	Expansion of the sharing economy (car sharing and ride sharing)	<ul style="list-style-type: none"> • Reevaluation of private cars as a safe means of transport
	Outsourcing of services to make cars look good	<ul style="list-style-type: none"> • Increased demand for DIY car maintenance products from young working adults living at home
	Changes in consumer awareness: from consumption to experience	<ul style="list-style-type: none"> • Good opportunities for businesses that sell products • On the other hand, the environment is difficult for some businesses that provide services.

- SOFT99 recognizes fundamental social issues as an important opportunity to expand its business domain going forward, regardless of COVID-19.
- SOFT99 will continue to promote the development of products and services that create “future necessities.”

Business opportunities expected in the future (examples)



Initiatives during the Previous Period to Respond to Changes in the Business Environment (1/4)



■ Proposed car care products that anticipate changes in markets and users

Proposed products and services that looked ahead to changes in needs for DIY car care products



Developed safety, security and comfort as a new product category



Rebranded the G'ZOX coating brand for new cars



Initiatives during the Previous Period to Respond to Changes in the Business Environment (2/4)

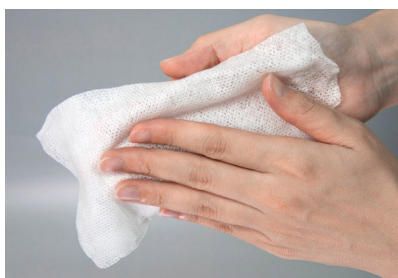


- SOFT99 has launched “CLEANICLE,” a new brand for home-use hygiene management, against a backdrop of shortages in product supply to the sanitary product market due to COVID-19.

Disinfectant for furniture
“ALCOHOL GEL”



Hand and skin sanitizer
“WET SHEET”



Disinfectant liquid spray for masks
“SHAMPOO for MASKS”



Initiatives during the Previous Period to Respond to Changes in the Business Environment (3/4)



- SOFT99 has launched an antifouling coating agent for equipment which has antibacterial and antiviral functions.
- SOFT99 promoted the creation of a new market for hygiene management in a wide range of facilities.

Started provision of antibacterial coating agent to major cleaning companies through OEM



SOFT99's antiviral coating agent has been adopted to maintain facilities at international airports



Initiatives during the Previous Period to Respond to Changes in the Business Environment (4/4)

- SOFT99 promoted sales of medical products and hygiene management products to medical providers.
- SOFT99 aimed to further expand into medical areas in the porous materials business.

Started providing sponge materials for PCR test kits



Started sales of medical and hygiene products to hospitals by making Aztech Co., Ltd. a subsidiary



AZTECH *We offer you everything from A to Z*

fabless manufacturer of medical and hygienic management products

専用クロス

SOLSIPA TW-160

ソルパ

A collage of medical and hygiene products including a syringe, a hospital bed, a person receiving a blood transfusion, a hand sanitizer bottle, a box of SOLSPA disinfectant, a medical device, and various tubes and connectors.

Future Policy Initiatives to Respond to Changes in the Business Environment

- While taking up the current demand from the return to private cars as its main business, SOFT99 will promote efforts to strike a balance with the social issue of sustainability.

Present environment

“Return to private cars”
as a reevaluation of suburban life
due to the normalization of
telecommuting and the need for
safe transport



Social issues for the future

SUSTAINABLE DEVELOPMENT GOALS

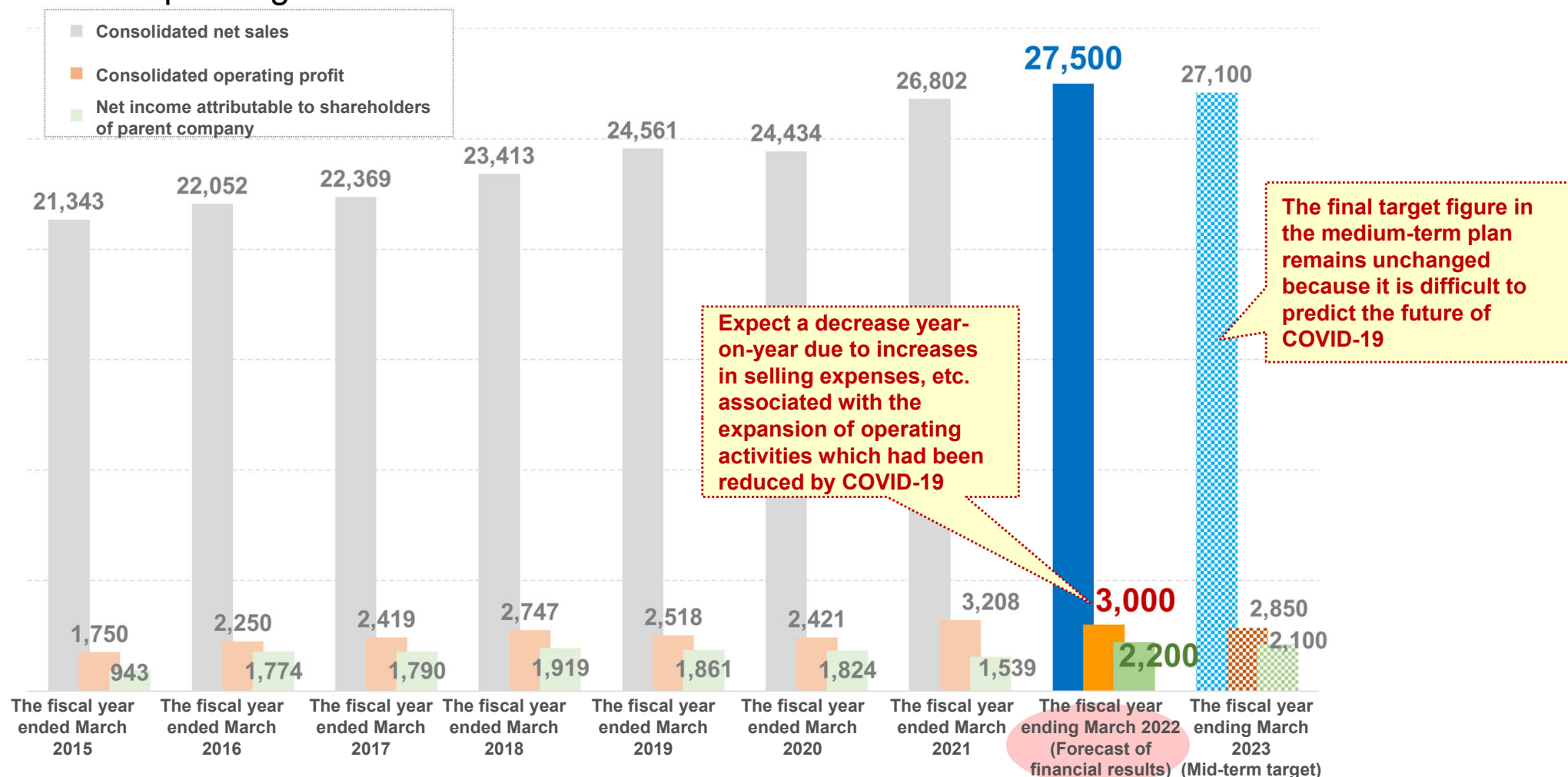


V: Forecast of Annual Financial Results and Dividend

Forecast of Financial Results for the Fiscal Year Ending March 2022



- SOFT99 aims to achieve the net profit target set in the Sixth Medium-term Management Plan one year ahead of schedule by maintaining the expanded demand in the wake of COVID-19 and further expanding sales.

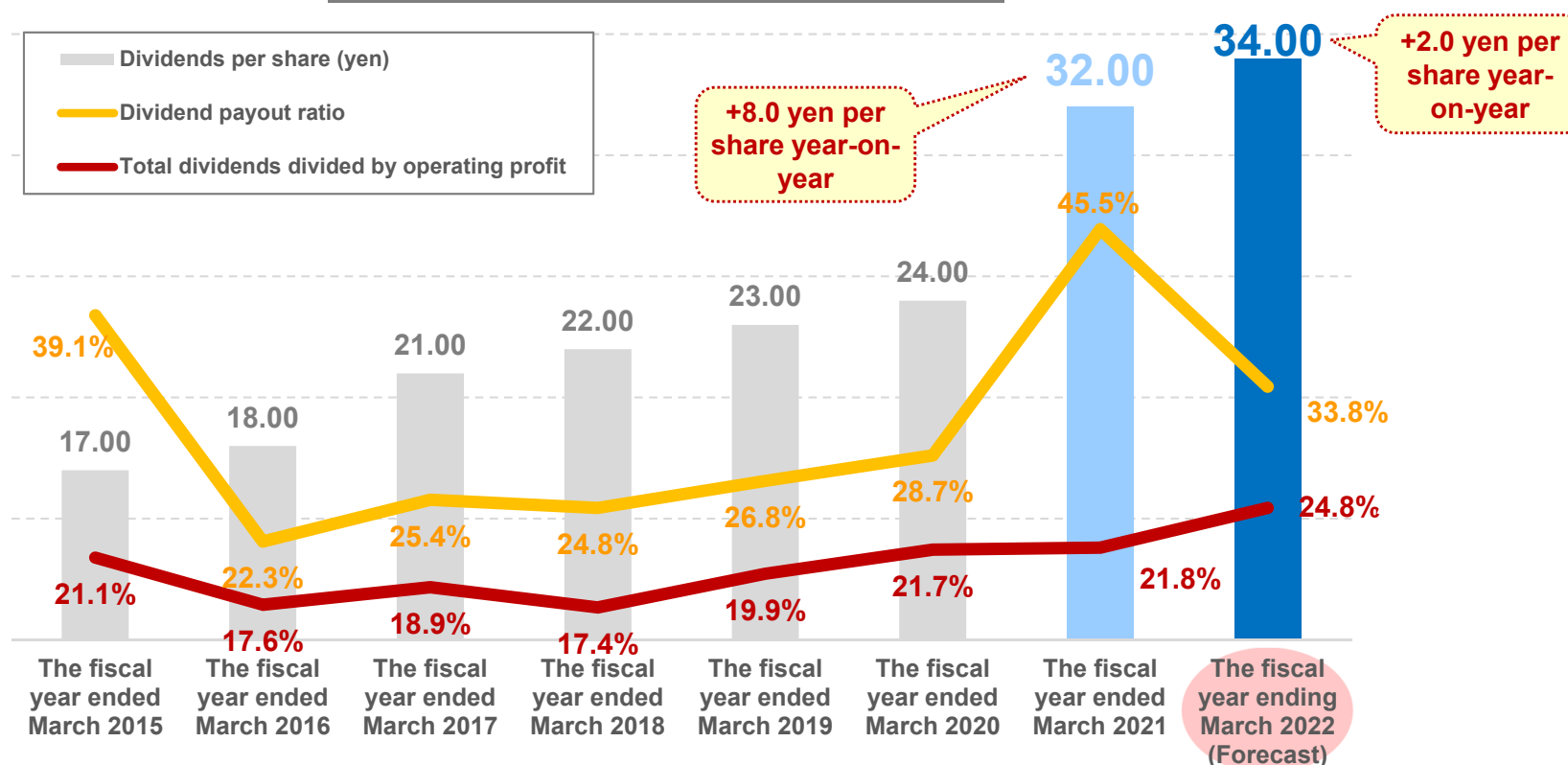


Forecast of Annual Dividend for the Fiscal Year Ending March 2022



- The dividend for the fiscal year ended March 2021 is expected to be 32.0 yen per share (+8.0 yen per share year-on-year) due to an increased year-end dividend of 3.5 yen per share and a special dividend of 1.5 yen per share.
- Dividends for the fiscal year ending March 2022 are forecast to be 17.0 yen per share for both the year-end and interim dividends, and the annual dividend to be 34.0 yen per share.

Annual dividend results and forecast



Appendix: Numerical Data

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



(In millions of yen)

	March 31, 2020	March 31, 2021	Year-on- year changes		March 31, 2020	March 31, 2021	Year-on- year changes
Current Assets	25,725	27,950	+2,224	Current Liabilities	3,316	4,229	+913
Cash and deposits	18,274	19,170	+895	Accounts payable	1,109	1,363	+254
Accounts receivable	3,720	4,541	+820	Income taxes payable	518	783	+264
Marketable securities	200	601	+400	Payables and accrued expenses	1,206	1,434	+227
Inventories	3,333	3,436	+102	Others	481	601	+119
Others	195	200	+4	Non-current Liabilities	3,558	3,181	-376
Non-current Assets	29,529	29,336	-193	Total Liabilities	6,874	7,411	+536
Property, plant and equipment	22,214	20,916	-1,298	Net Assets	48,380	49,874	+1,494
Intangible assets	199	797	+598	Shareholders' equity	47,941	49,479	+1,538
Investments and other assets	7,115	7,622	+506	Accumulated other comprehensive income	438	395	-43
Assets	55,255	57,286	+2,031	Liabilities and Net Assets	55,255	57,286	+2,031

Consolidated Results

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



(In millions of yen)

	Fiscal year ended March 2020	Fiscal year ended March 2021	Year-on-year changes	Year-on-year % changes
Net sales	24,434	26,802	+2,368	+9.7%
Gross profit	8,946	9,963	+1,016	+11.4%
<div style="border-left: 1px dashed black; padding-left: 10px;">Gross profit margin</div>	36.6%	37.2%	+0.6 pt	—
Selling, general and administrative expenses	6,524	6,754	+229	+3.5%
Operating profit	2,421	3,208	+786	+32.5%
<div style="border-left: 1px dashed black; padding-left: 10px;">Operating profit margin</div>	9.9%	12.0%	+2.1 pt	—
Ordinary profit	2,585	3,408	+823	+31.8%
Net income before income taxes	2,608	2,171	-437	-16.7%
Net income attributable to shareholders of parent company	1,824	1,539	-284	-15.6%

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



(In millions of yen)

	Fiscal year ended March 2020	Fiscal year ended March 2021
Cash flow from operating activities	+2,606	+3,215
Cash flow from investing activities	-1,077	-1,698
Cash flow from financing activities	-563	-650
Effect of exchange rate fluctuations on cash and cash equivalents	-0	+0
Net increase (decrease) in cash and cash equivalents	+964	+867
Cash and cash equivalents at the beginning of the year	16,818	17,782
Cash and cash equivalents at the end of the year	17,782	18,649

Depreciation expense	796	784
Capital expenditures (*)	783	605

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

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



	Fiscal year ended March 2020	Fiscal year ended March 2021	Year-on-year changes
Total assets (million yen)	55,255	57,286	+2,031
Net assets (million yen)	48,380	49,874	+1,494
Equity ratio	87.6%	87.1%	-0.5 pt
ROA (Ordinary profit / Total assets*)	4.7%	5.9%	+1.2 pt
ROE (Net profit / Net assets*)	3.8%	3.1%	-0.7 pt
Total asset turnover (Net sales / Total assets*)	0.44	0.47	+0.03
Net income per share (yen)	83.74	70.44	-13.30

* Each profit is as of the end of the fiscal year ended March 2021.

* The amounts for total assets and net assets are as of the end of the fiscal year ended March 2021.

Fine Chemicals

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



(In millions of yen)	Fiscal year ended March 2020	Fiscal year ended March 2021	Year-on-year changes	Year-on-year % changes
Net sales	12,108	13,704	+1,596	+13.2%
General-use products: Car-exterior care	1,866	2,029	+162	+8.7%
General-use products: Glass care	3,681	3,693	+11	+0.3%
General-use products: Repair products	2,255	2,537	+282	+12.5%
Professional-use products	1,649	1,788	+138	+8.4%
Home-care products, etc.	697	1,420	+723	+103.7%
Foreign operations	1,400	1,418	+17	+1.3%
TPMS (Tire-Pressure Monitoring System)	185	186	+0	+0.3%
Electronic device and software development	564	589	+25	+4.4%
Others and adjustments	-192	40	+232	—
Gross profit	5,624	6,518	+894	+15.9%
Gross profit margin	46.4%	47.6%	+1.2 pt	—
Operating profit	1,316	2,235	+918	+69.8%
Operating profit margin	10.9%	16.3%	+5.4 pt	—

Porous Materials

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



(In millions of yen)		Fiscal year ended March 2020	Fiscal year ended March 2021	Year-on-year changes	Year-on-year % changes
Net sales		5,678	6,287	+608	10.7%
	Industrial materials	4,223	4,778	+555	13.1%
	Domestic	2,094	2,355	+260	12.5%
	Overseas	2,129	2,423	+294	13.8%
	Consumables	1,454	1,508	+54	3.7%
	Domestic	853	921	+68	7.9%
	Overseas	601	587	-14	-2.3%
Gross profit		1,829	2,002	+173	9.5%
	Gross profit margin	32.2%	31.8%	-0.4 pt	—
Operating profit		733	714	-19	-2.6%
	Operating profit margin	12.9%	11.4%	-1.6 pt	—

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



(In millions of yen)	Fiscal year ended March 2020	Fiscal year ended March 2021	Year-on-year changes	Year-on-year % changes
Net sales	5,221	5,594	+373	+7.2%
Automobile repair and sheet metal	2,407	2,257	-150	-6.2%
Driving school	969	942	-27	-2.8%
Planning and sale of household products	1,843	2,394	+551	+29.9%
Gross profit	1,209	1,281	+72	+6.0%
Gross profit margin	23.2%	22.9%	-0.3 pt	—
Operating profit	121	136	+15	+12.4%
Operating profit margin	2.3%	2.4%	+0.1 pt	—

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



(In millions of yen)	Fiscal year ended March 2020	Fiscal year ended March 2021	Year-on-year changes	Year-on-year % changes
Net sales	1,426	1,216	-210	-14.7%
Real-estate leasing	387	403	+16	+4.1%
Bathhouse business	988	770	-218	-22.1%
Support for preventive long-term care	50	42	-8	-16.0%
Gross profit	284	162	-122	-42.9%
Gross profit margin	19.9%	13.4%	-6.6 pt	—
Operating profit	241	113	-128	-53.2%
Operating profit margin	16.9%	9.3%	-7.6 pt	—

Segment Information

(Comparison of Net Sales and Operating Profit by Segment)



(In millions of yen)

Net sales	Fiscal year ended March 2020	Composition ratio	Fiscal year ended March 2021	Composition ratio	Year-on-year changes of composition ratio
Fine Chemicals	12,108	49.6%	13,704	51.1%	+1.6 pt
Porous Materials	5,678	23.2%	6,287	23.5%	+0.2 pt
Services and Real-Estate Related	6,647	27.2%	6,811	25.4%	-1.8 pt
Total	24,434	100.0%	26,802	100.0%	—

Operating profit	Fiscal year ended March 2020	Composition ratio	Fiscal year ended March 2021	Composition ratio	Year-on-year changes of composition ratio
Fine Chemicals	1,316	54.4%	2,235	69.7%	+15.3 pt
Porous Materials	733	30.3%	714	22.3%	-8.0 pt
Services and Real-Estate Related	363	15.0%	249	7.8%	-7.2 pt
(*) Total	2,421	100.0%	3,208	100.0%	—

(*) Total amounts include the consolidated adjustment amount.

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