
For the Fiscal Year Ending March 2022

SOFT99 Corporation

2Q Financial Results Briefing

November 30, 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

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 ...	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 SOFT99 Group since the business transfer in 1999.

Outline of Operating Segments (1)



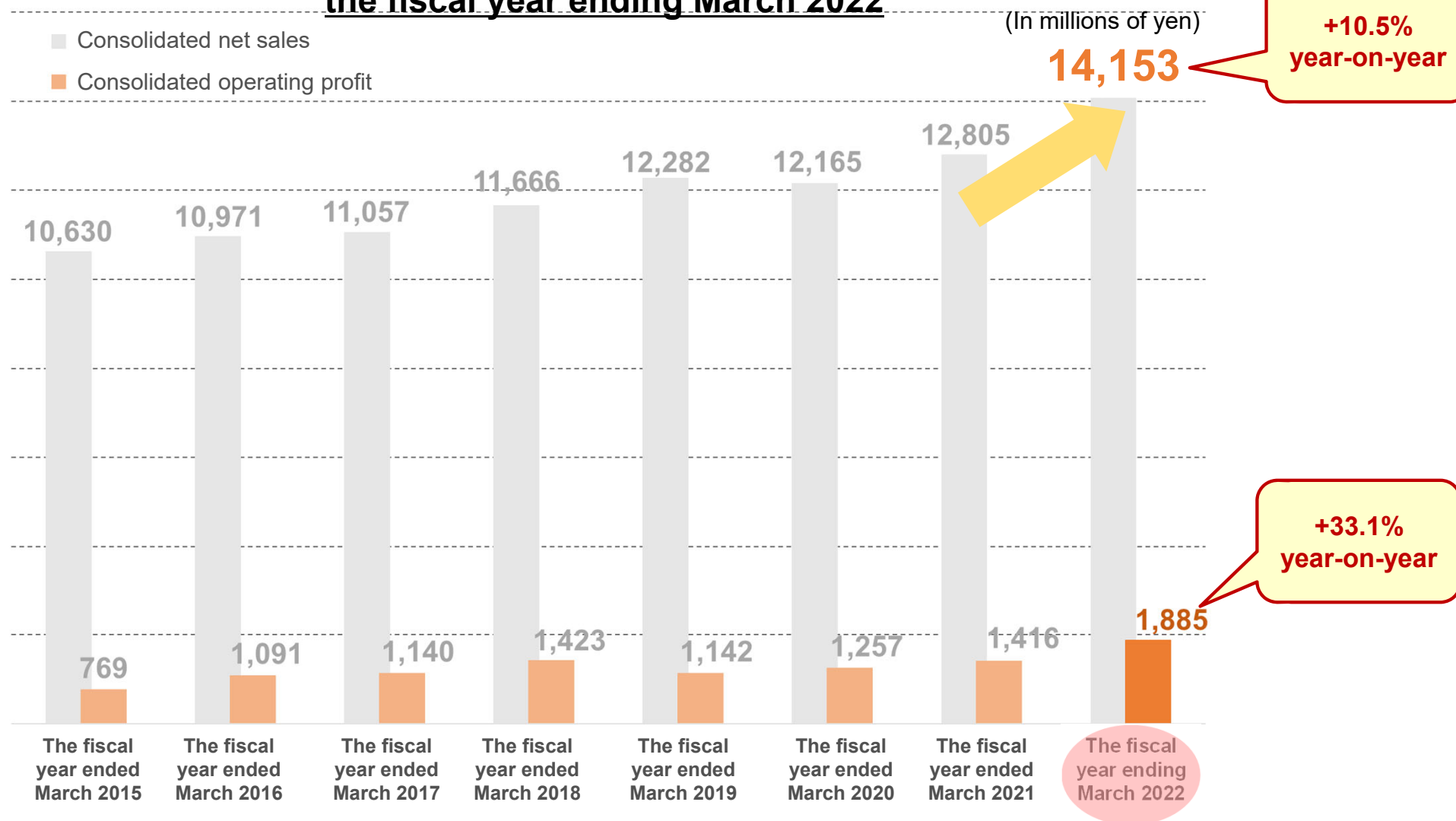
Operating segments	Subsegments	
<p>① Fine Chemicals</p> <p>Manufacturing and sale of chemical products for car and home care</p>	Consumer products (for automobiles)	} Inherited business
	Professional-use products (for automobiles and other industries)	
	Home-care products	
	Foreign operations	
	Planning,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

II: Outline of Consolidated Results

Outline of Consolidated Profit and Loss



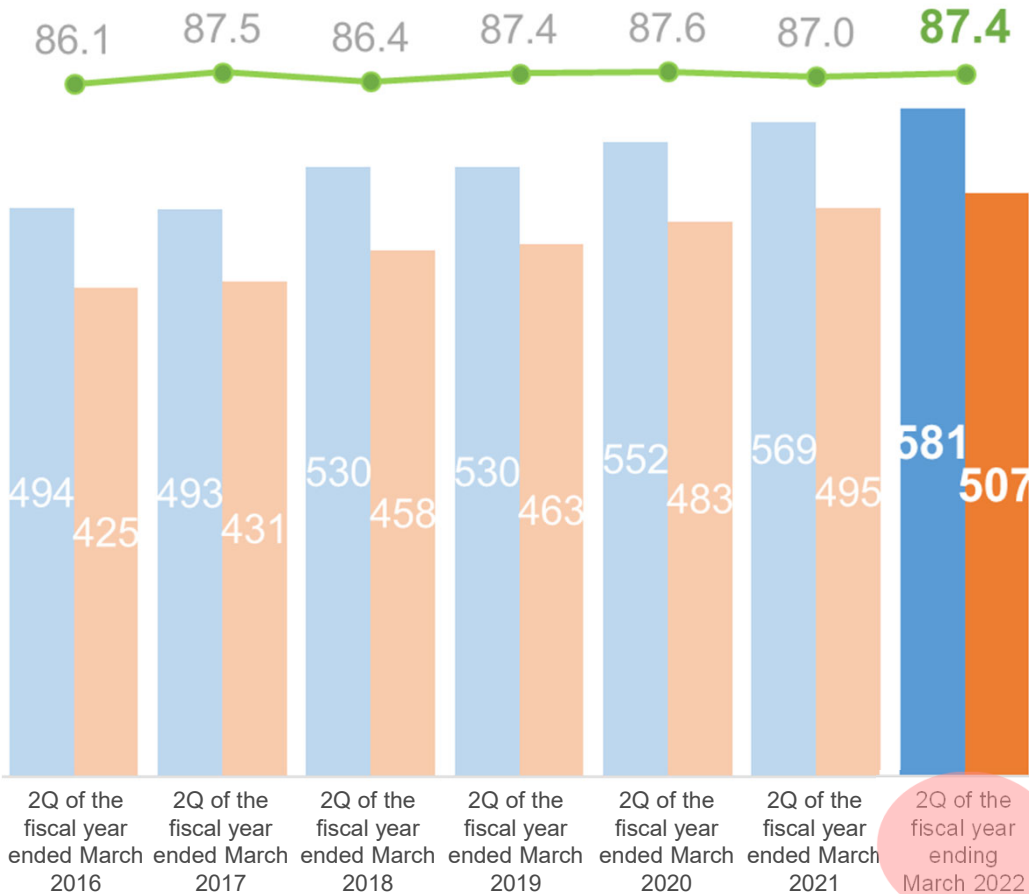
Changes in consolidated profit and loss for the first half of the fiscal year ending March 2022



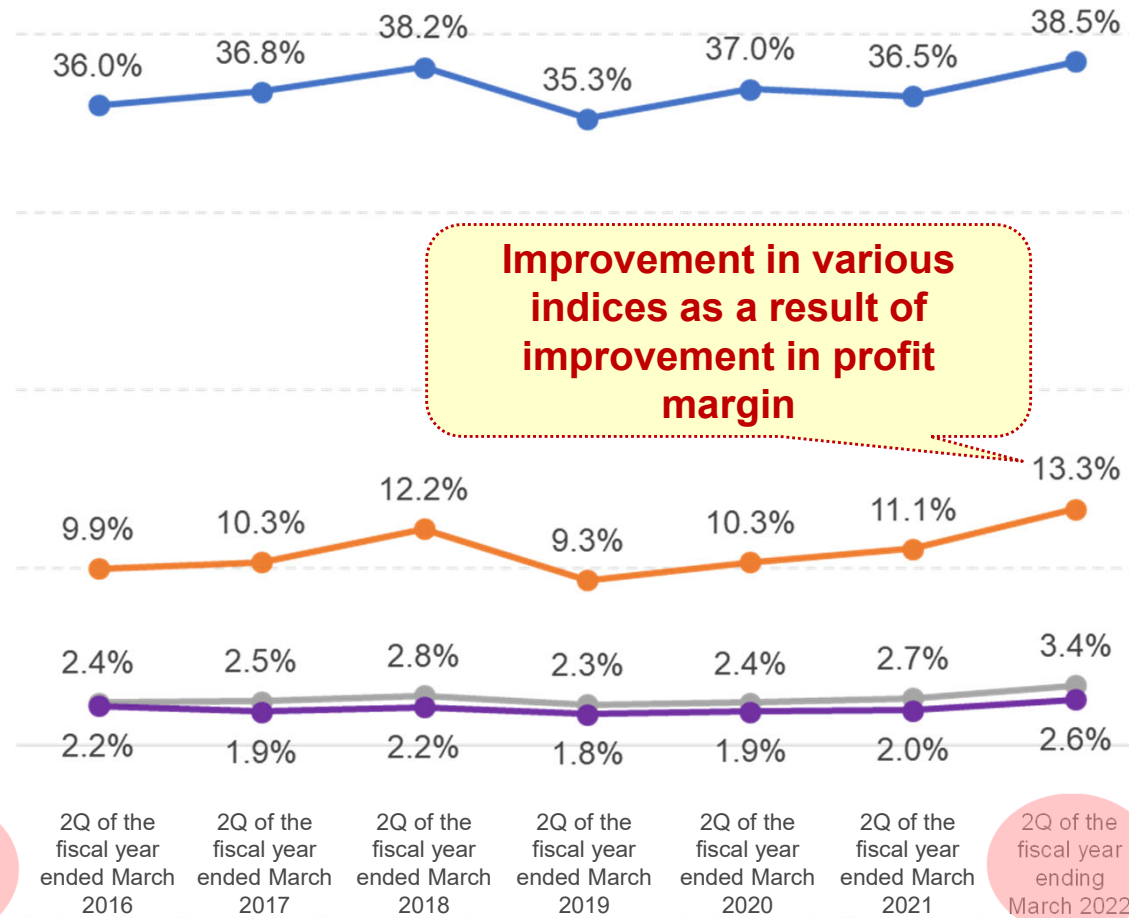
Major Management Indexes



■ 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)



III: Outline of Business

(Fiscal year ending March 2022)

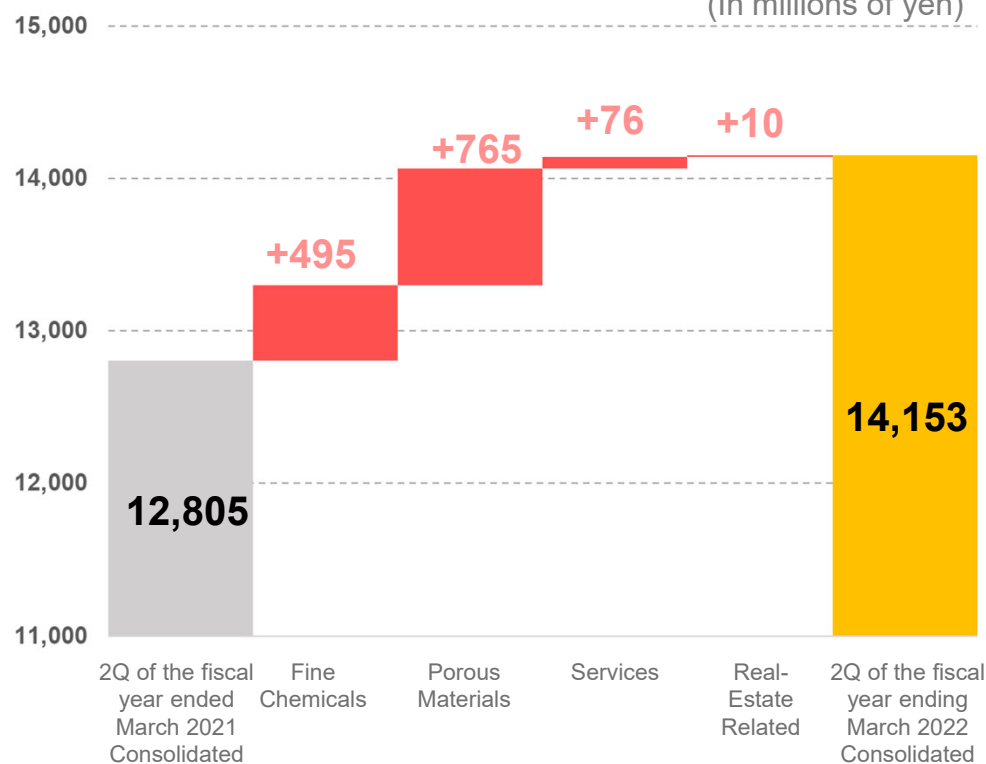
Changes in Profit and Loss by Segment for the First Half of the Fiscal Year Ending March 2022 (Year-on-year Comparison)



- Fine Chemicals ··· Both revenue and profit increased as sales of consumer products and sales in overseas markets, which had declined due to COVID-19, recovered.
- Porous Materials ····· Although expenses increased as well, both revenue and profit increased owing to robust sales.

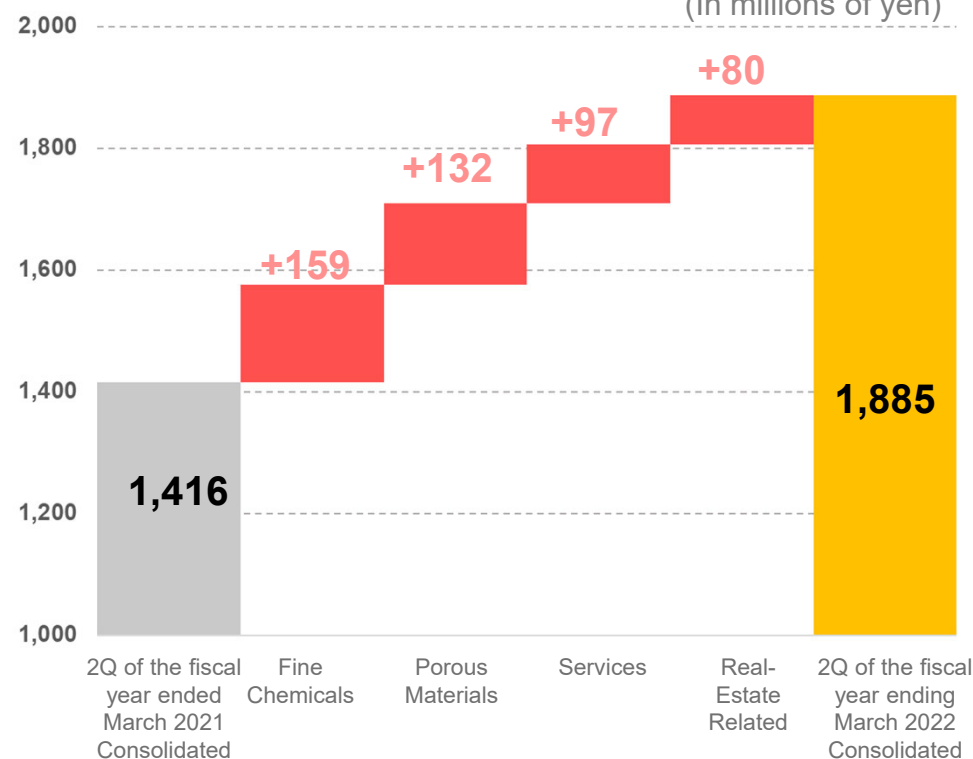
Net sales by segment: year-on-year changes

(In millions of yen)



















Profit by segment: year-on-year changes

(In millions of yen)



(Note) Excludes the consolidated adjustment amount

Impact of COVID-19 (By Segment)

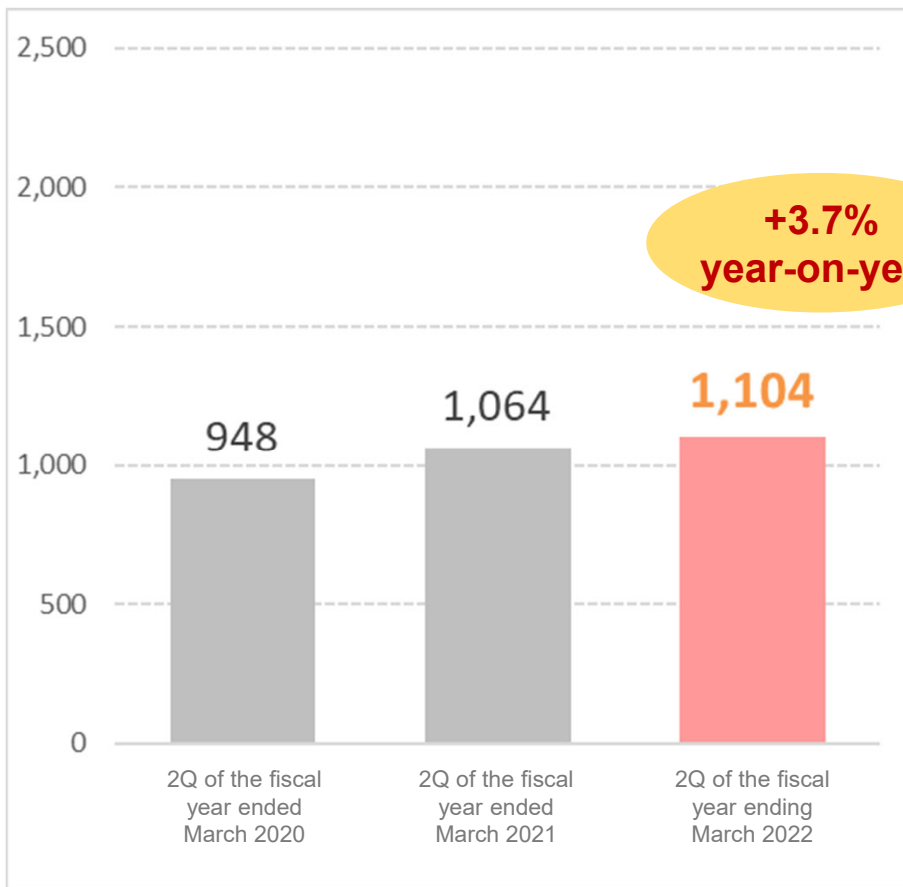
Operating segments	Subsegments	Impact of COVID-19 (Fiscal year ending March 2022)
① Fine Chemicals 	Consumer products (for automobiles)	 • Successful aggressive sales promotion in preparation for the post-COVID-19 world
	Professional-use products (for automobiles and other industries)	 • Increased demand in response to an increase in used car sales
	Home-care products	 • Increased demand from mask wearing becoming normalized
	Foreign operations	 • Accelerated shift to e-commerce for young working adults living at home due to lockdowns
	Planning, development and sale of Tire-Pressure Monitoring System	—
	Electronic device and software development	 • Difficult procurement of raw materials, resulting in decreased shipments
② Porous Materials 	Industrial materials (precision cleaning, polishing and filtering products for high-tech industries) (medical and hygiene products)	 • Increased shipments due to major customers' moving toward securing stock  • Increased demand for semiconductors due to expanding telecommuting, etc.  • Advance into hygiene and medical areas
	Consumables (automobiles, kitchen goods, cosmetics, sports goods, etc.)	—
③ Services 	Automobile repair and sheet metal business	 • Recovery trend due to getting accustomed to COVID-19
	Driving lessons	 • Increased number of university and college students who had the time to acquire a driver's license
	Planning and sale of household products	 • Decreased demand from young working adults living at home
④ Real-Estate Related 	Real-estate leasing	—
	Bathhouse operation Support for preventive long-term care	 • Decreased revenue from the sale of food and drink due to restrictions on operating hours

Fine Chemicals (1/5) Sale of Consumer Products

- Sales increased as a result of more aggressive sales promotion activities in preparation for a decline in consumption by young working adults living at home.

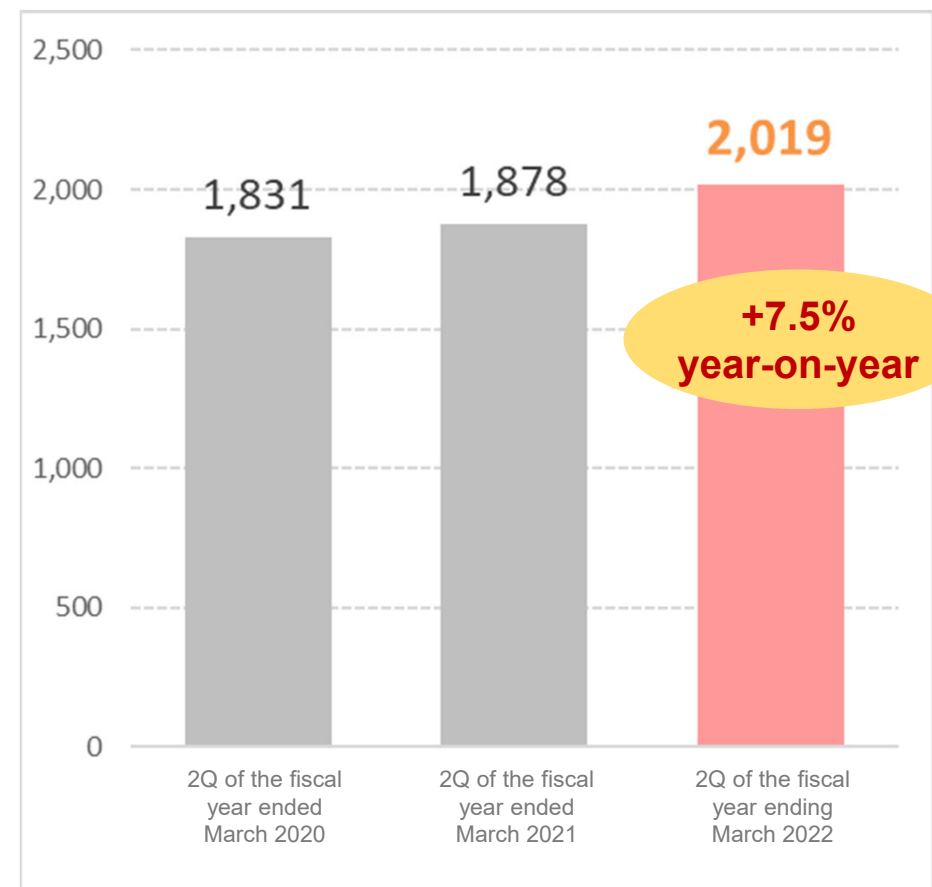
Sales of car body maintenance products (2Q of the fiscal year ending March 2022)

(In millions of yen)



Sales of car glass care products (2Q of the fiscal year ending March 2022)

(In millions of yen)



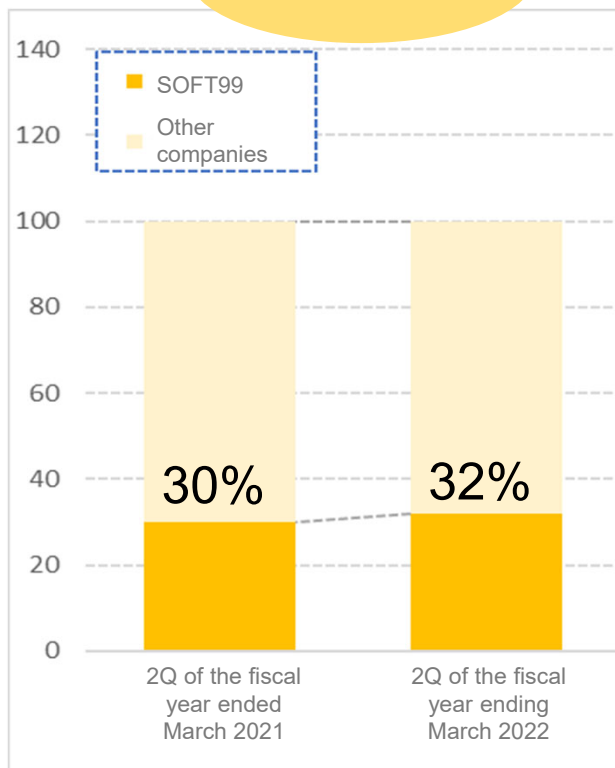
Fine Chemicals (2/5) Sale of Consumer Products (2)

- The market share also increased as a result of more aggressive sales promotion activities in preparation for a decline in consumption by young working adults living at home.

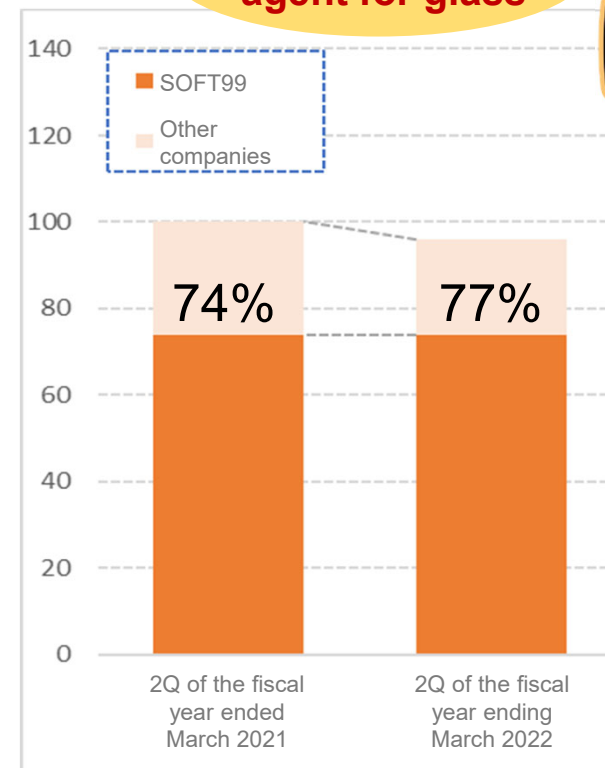
Changes in the market size and share by each category

(The market size represents percentages assuming that the market size in the 2nd quarter of the fiscal year ended March 2021 is 100)

Car wax



Water repellent agent for glass

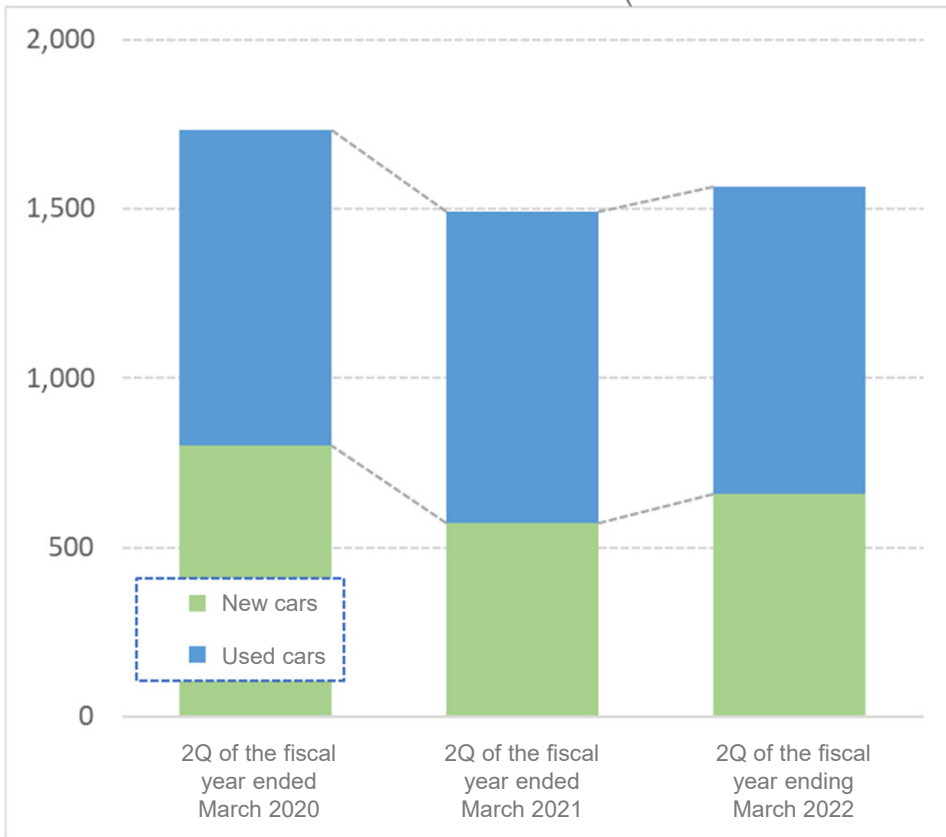


Fine Chemicals (3/5) Professional-use Products



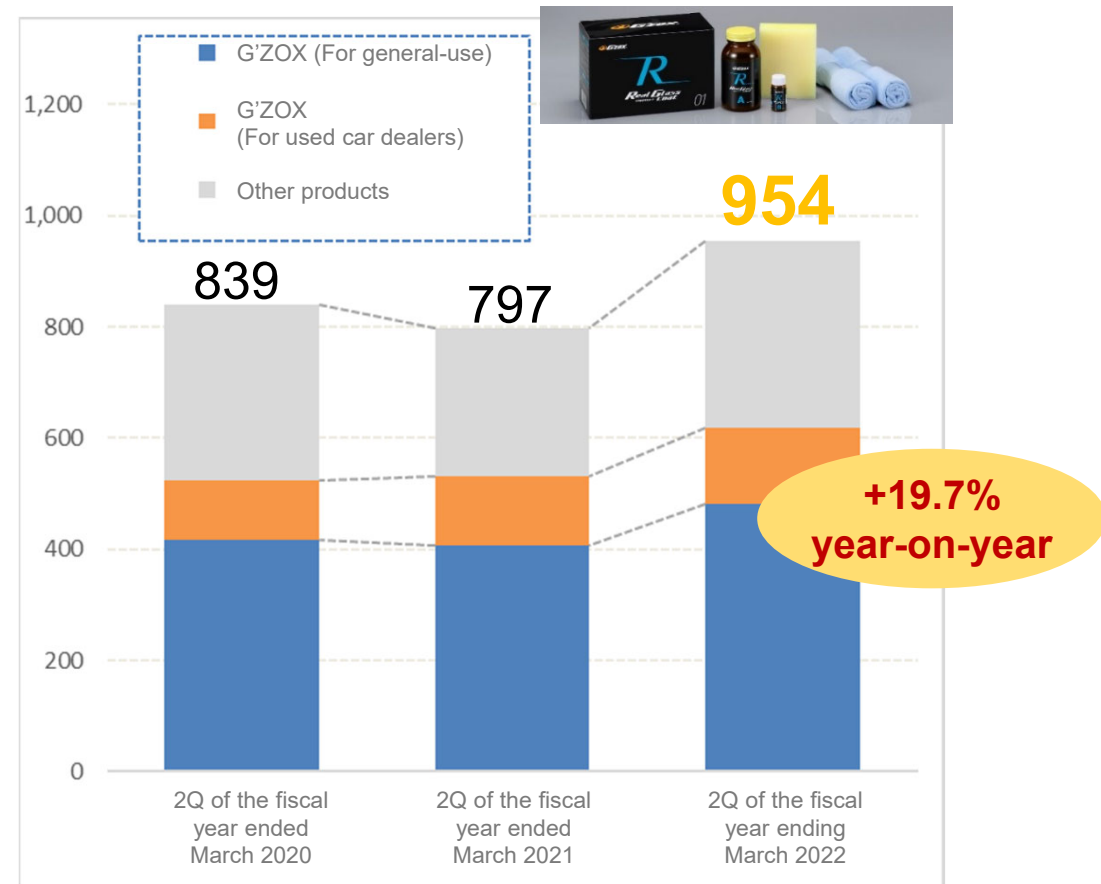
- Sales of coating agents remained steady even though car sales grew at a sluggish pace.

Changes in the number of car sales
(Number of sales of new cars and ordinary used cars)
(Unit: thousand vehicles)



(Processed by SOFT99 based on materials published by the Japan Automobile Dealers Association)
* Excluding sales of light vehicles

Professional-use products:
Net sales for 2Q of the fiscal year ending 2022
(In millions of yen)



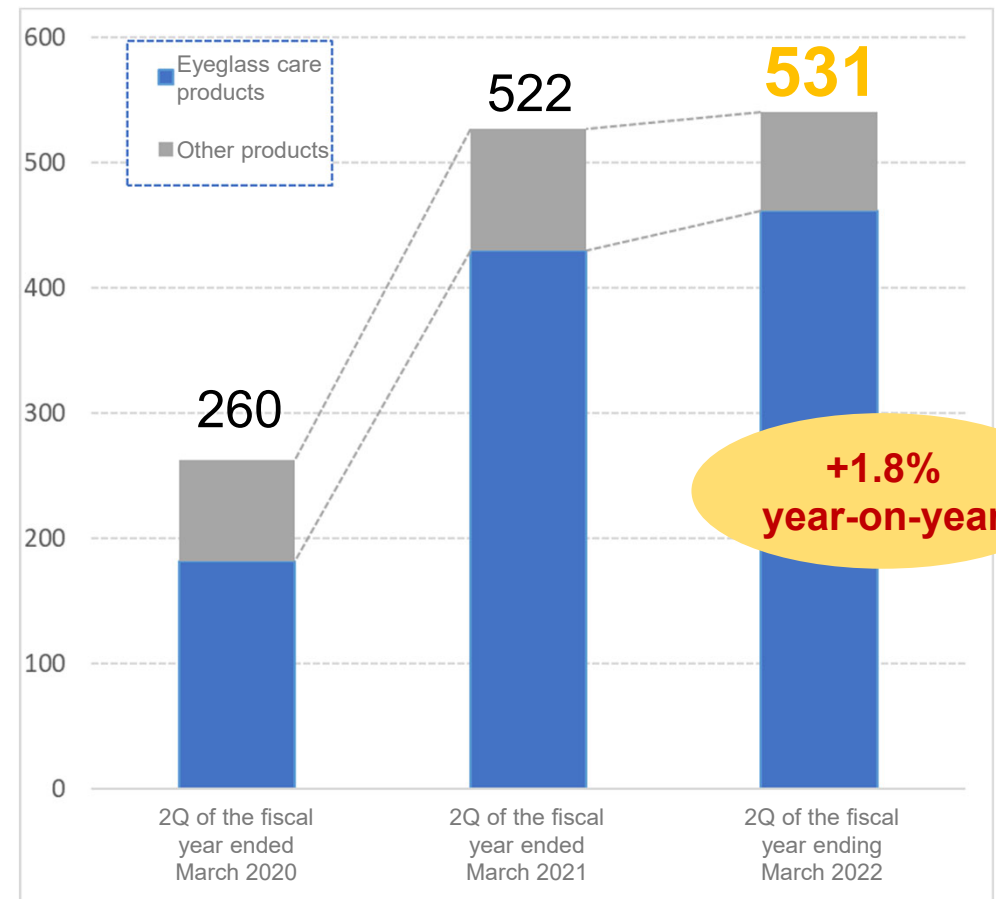
Fine Chemicals (4/5) Home-care Products

- Sales of eyeglass care products remained robust as wearing masks in public became the new normal.



Sales of home-care products
(2Q of the fiscal year ending March 2022)

(In millions of yen)



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



Fine Chemicals (5/5) Overseas Sales



- Although sales were sluggish due to COVID-19, its impact on sales gradually weakened, and overseas sales grew steadily.



Products in compliance with the REACH regulations



Products corresponding to the local language

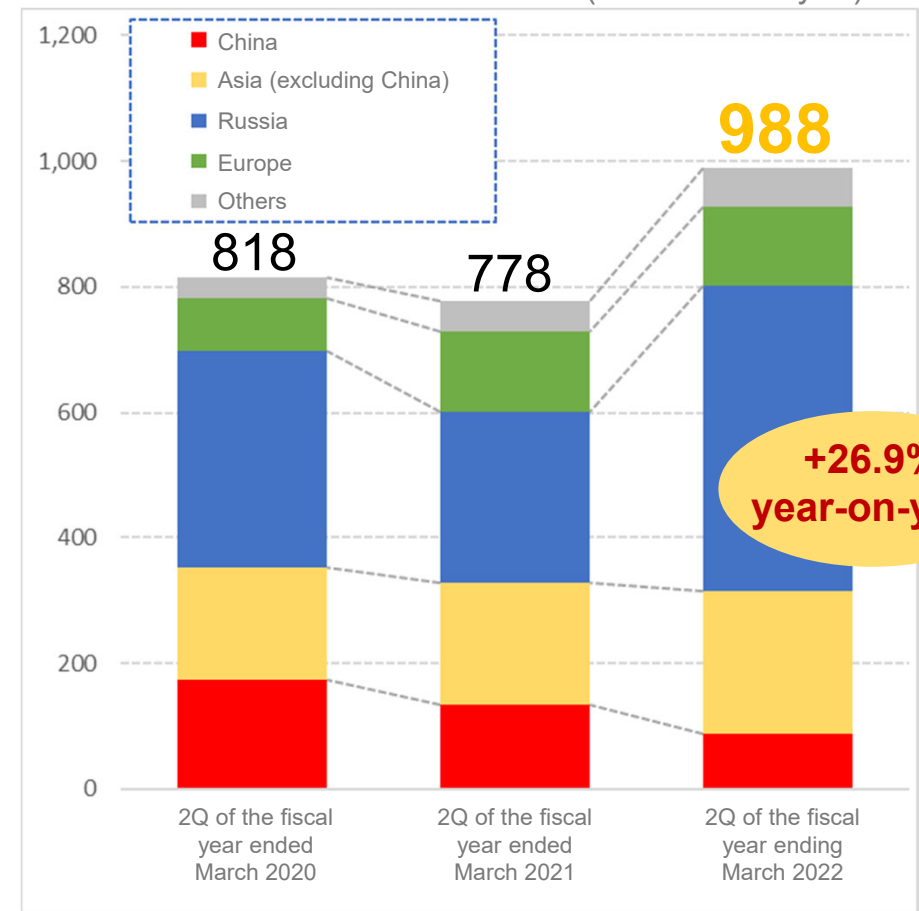


Display of products



Overseas sales for 2Q of the fiscal year ending 2022

(In millions of yen)



+26.9% year-on-year

Porous Materials Industrial Materials

- Increased demand due to the brisk semiconductor-related market and higher-capacity HDDs.
- Increased sales of medical and hygiene products through M&A also made a contribution.



Increased demand for products for manufacturing semiconductors as the need for telecommuting, etc. continues to increase



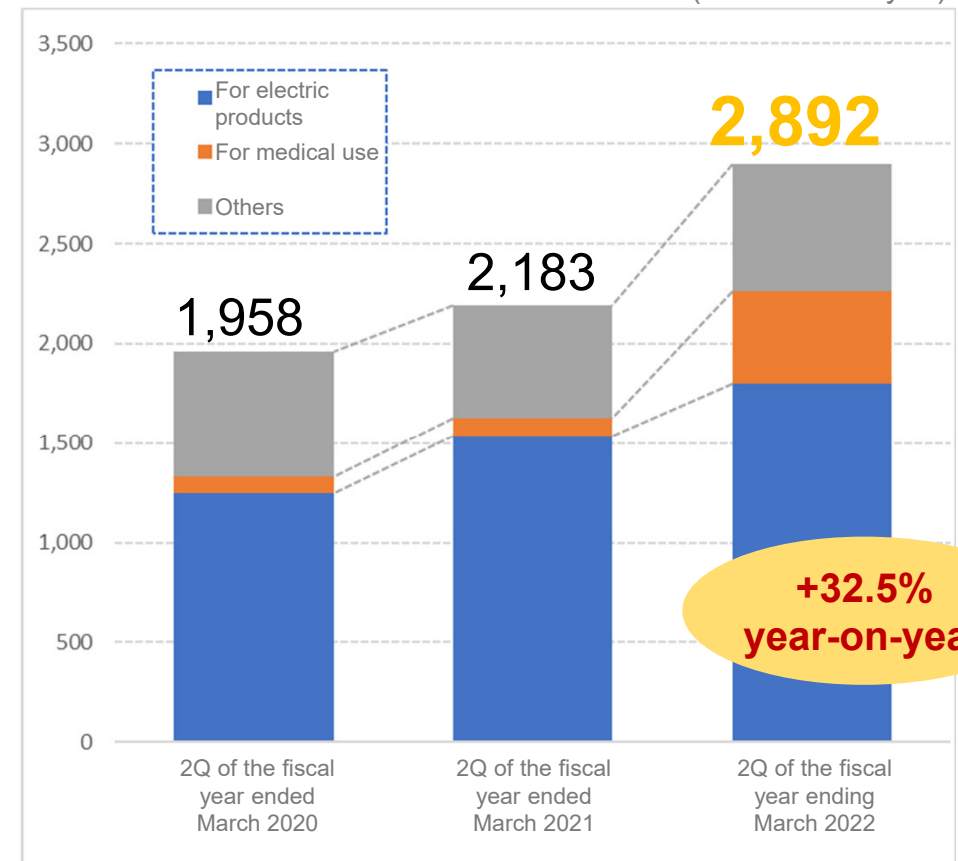
Increased demand for batteries and steady sales of polishing products



Expansion into the medical industry

Industrial materials: Net sales for 2Q of the fiscal year ending 2022

(In millions of yen)



+32.5% year-on-year

* Aztech Co., Ltd. was made into a group company in 2021.

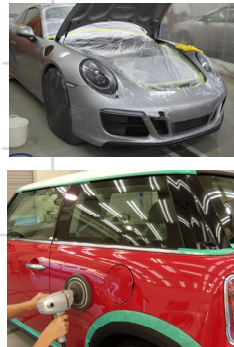
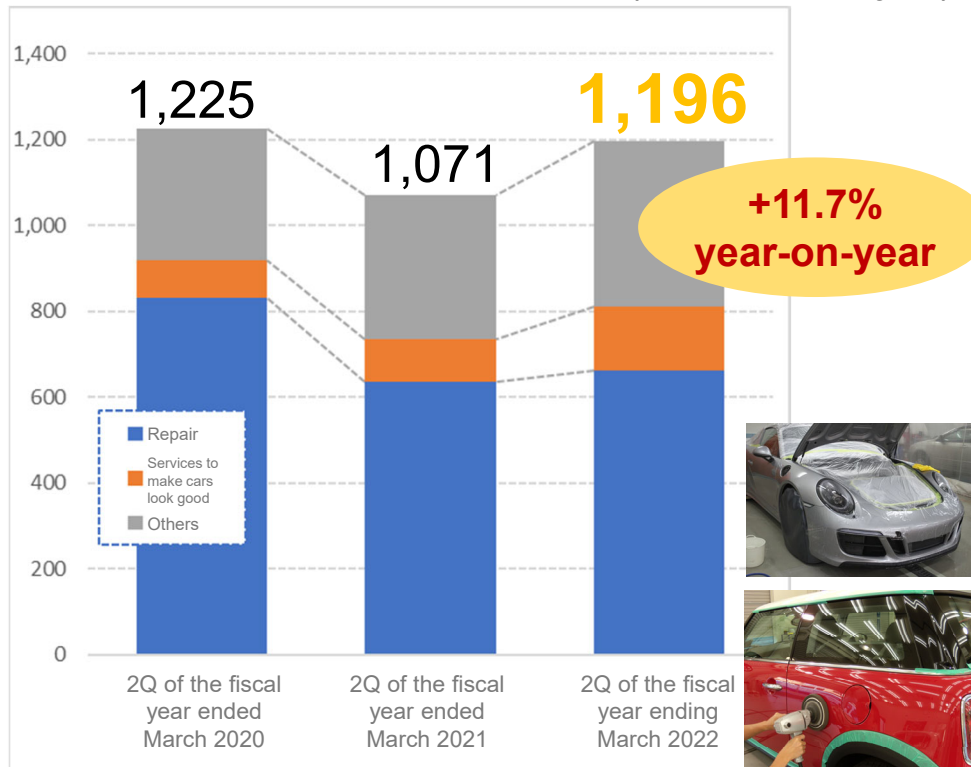
Services: Automobile Sheet Metal and Driving Lesson Businesses



- Demand in both the automobile sheet metal business and the driving lesson business recovered as the use of cars as a safe means of transport increased after COVID-19.

Automobile sheet metal repair business (2Q of the fiscal year ending March 2022)

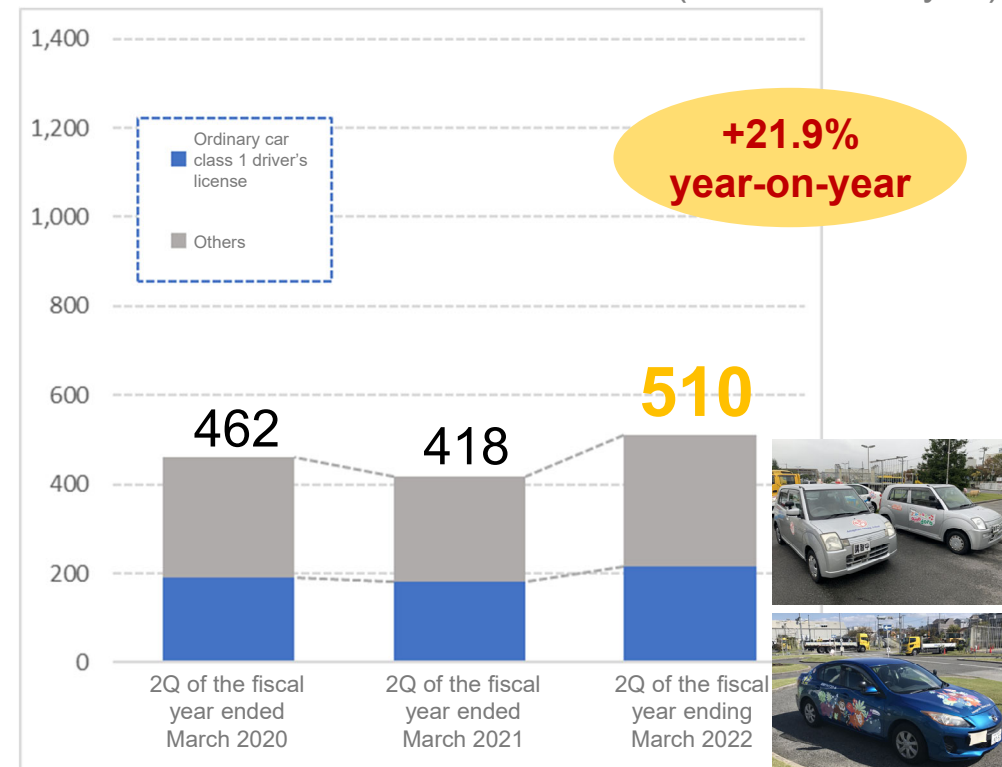
(In millions of yen)



✓ The decreasing trend of demand for automobile sheet metal has weakened.

Sales in the driving lessons business (2Q of the fiscal year ending March 2022)

(In millions of yen)

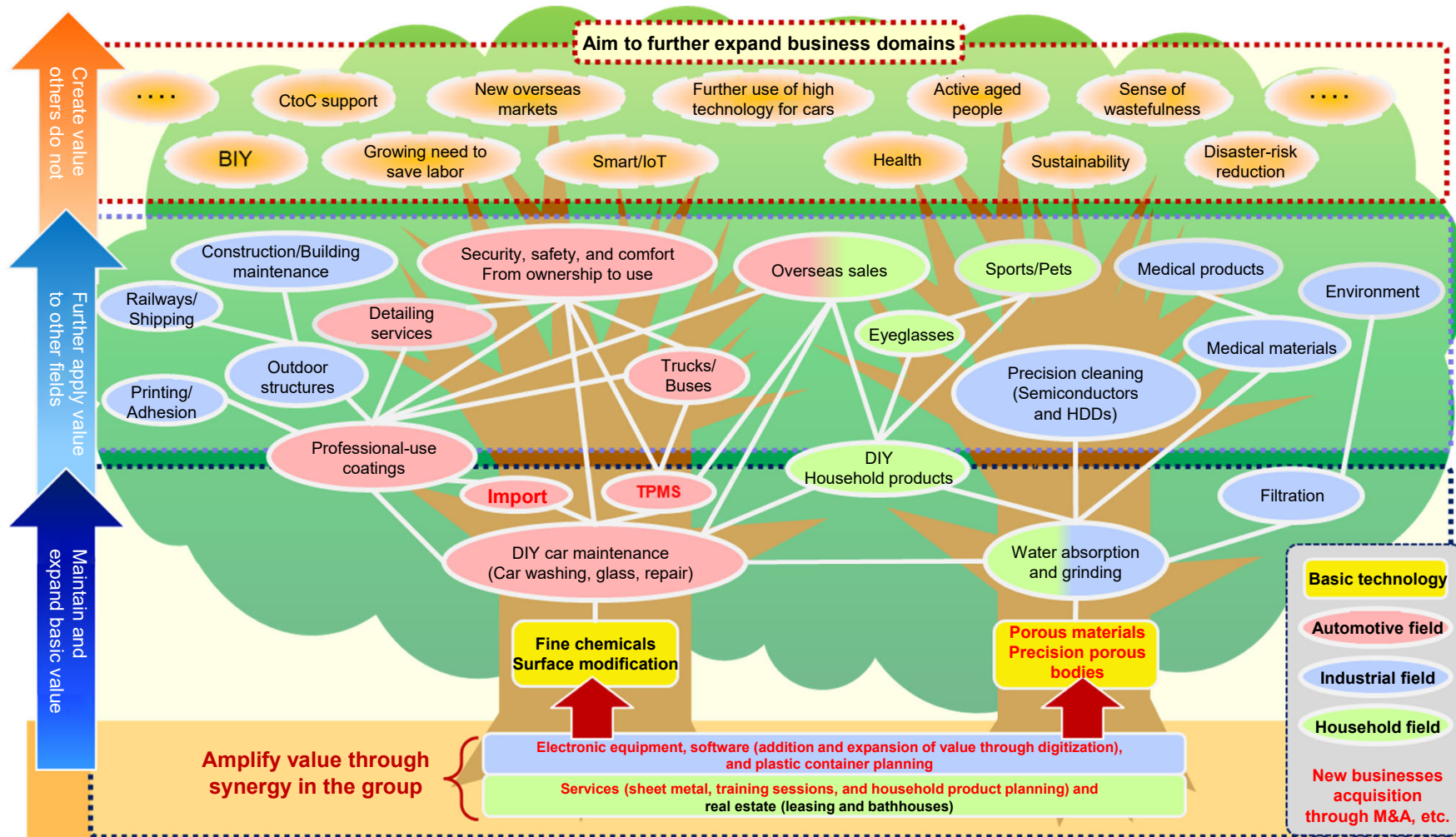


✓ Students taking driving lessons at driving camps increased.

IV: SOFT99's Medium-term Management Plan Initiatives

Outline of the Sixth Medium-term Management Plan (Excerpt from the materials disclosed in May 2020)

- To create new value that others do not, the SOFT99 Group aims to further apply existing technologies and expertise to other fields and expand the business domains by introducing and combining new technologies and know-how.



Future Initiatives: Fine Chemicals (1/2)

- SOFT99 aims for a safe automobile society without accidents by maintaining clean cars.

Promotional events for car washing without water



Enhancement of services to make cars look good: Antibacterial and antiviral treatment, and contamination prevention



Introduction of high-value added coating and development of working partners



Boosting sales of GLACO



Future Initiatives: Fine Chemicals (2/2)



- The TV commercial for the glasses defogger started in November 2021. SOFT99 aims to further expand into the eyeglasses care market and increase its recognition.

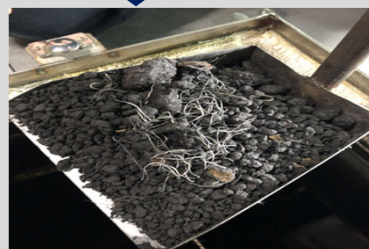


Future Initiatives: Porous Materials (1/2)

Sterilization equipment

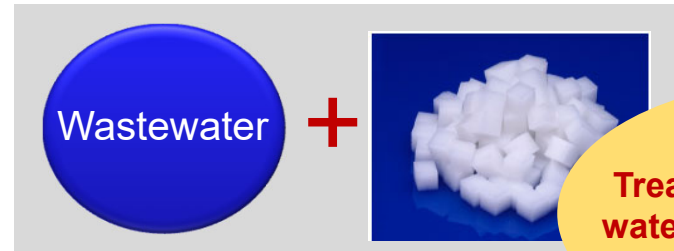


Medical waste coming out of hospitals is also safely reduced to a lower volume

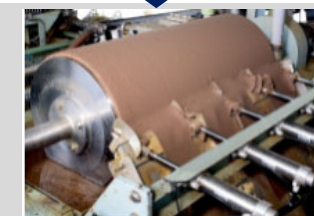
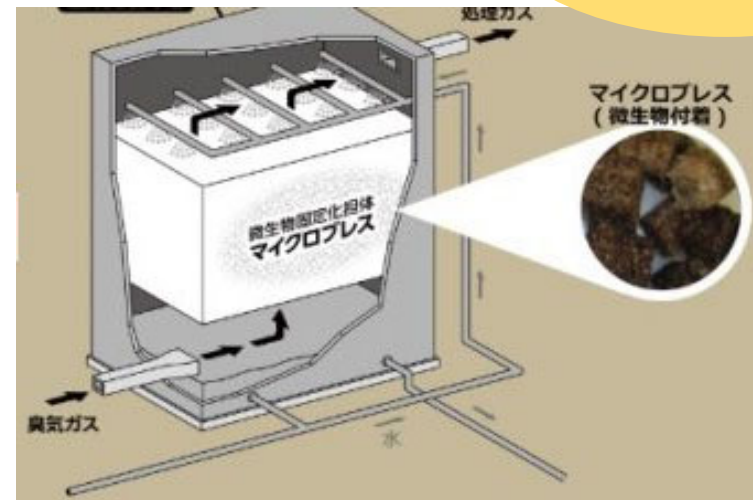


Reduce volume to one fiftieth

Wastewater treatment equipment



Treat wastewater, purify water, and return sewage to nature



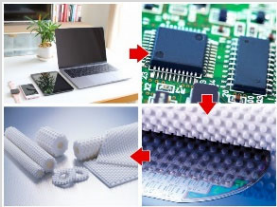
Recycle and reuse wastewater

Future Initiatives: Porous Materials (2/2)

- SOFT99 aims to enforce production capacity by expanding factory buildings and further expanding into medical areas.

Industrial materials: Respond to demand and expand into the electric area

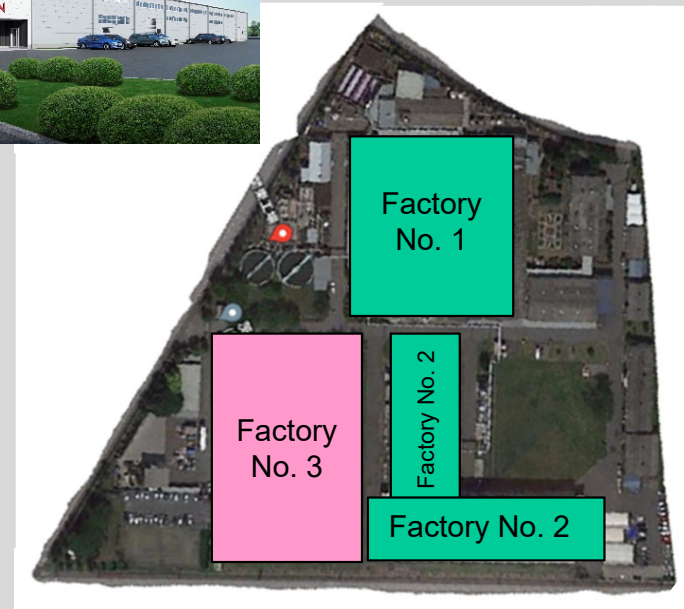
Factory utilization neared the maximum level due to more-than-expected expansion of demand for semiconductors.



Responding to the current demand by increasing the number of staff and operating days.



Built Factory Building No. 3 in the AION Kanto Factory in Koga City, Ibaraki Prefecture (Scheduled to be completed in 2022)



Industrial materials: Promote further expansion into medical areas

Acquired a manufacturing and distribution license for general medical devices (Class I).



Made Aztech Co., Ltd., which distributes hygiene products to hospitals, into a subsidiary and expanded distribution channels in medical areas.

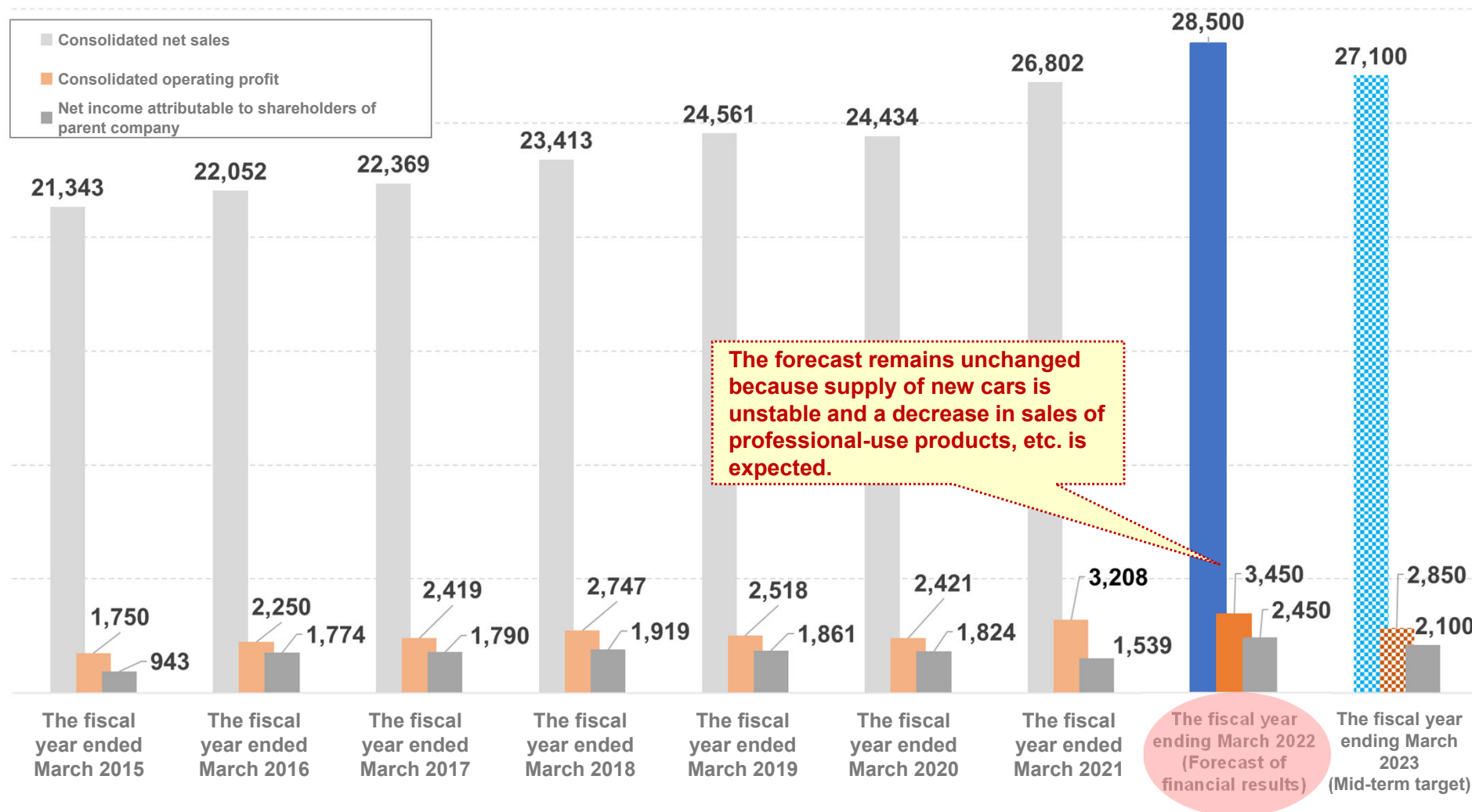


V: Forecast of Annual Financial Results and Dividend

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 promoting sales of products in response to COVID-19.

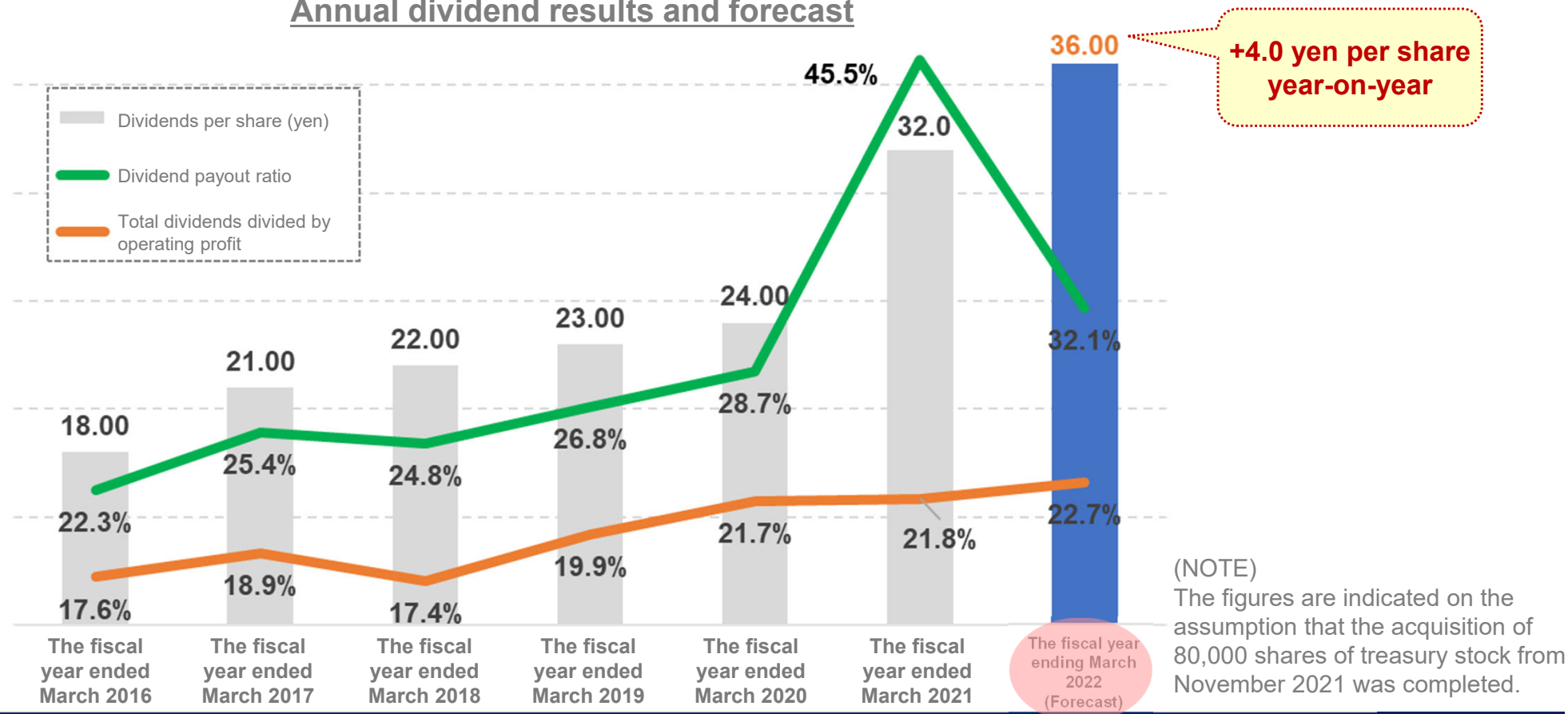


Forecast of Annual Dividend for the Fiscal Year Ending March 2022



- The dividend for the fiscal year ending March 2022 is expected to be 36.0 yen per share (+4.0 yen per share year-on-year) due to an increased year-end and interim dividend of 2.0 yen per share, respectively.
- 80,000 shares of treasury stocks are scheduled to be acquired in the fiscal year ending March 2022.

Annual dividend results and forecast



Appendix: Numerical Data

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



(In millions of yen)

	March 31, 2021	September 30, 2021	Year-on-year changes		March 31, 2021	September 30, 2021	Year-on-year changes
Current Assets	27,950	28,421	+471	Current Liabilities	4,229	4,081	-148
Cash and deposits	19,170	18,822	-347	Accounts payable	1,363	1,342	-21
Accounts receivable	3,795	3,999	+204	Income taxes payable	783	643	-140
Marketable securities	601	701	+99	Payables and accrued expenses	1,434	1,257	-176
Inventories	3,436	3,807	+370	Others	648	837	+189
Others	946	1,091	+144	Non-current Liabilities	3,181	3,265	+84
Non-current Assets	29,336	29,716	+380	Total Liabilities	7,411	7,347	-64
Property, plant and equipment	20,916	21,372	+456	Net Assets	49,874	50,789	+915
Intangible assets	797	708	-89	Shareholders' equity	49,479	50,321	+841
Investments and other assets	7,622	7,635	+13	Accumulated other comprehensive income	395	468	+73
Assets	57,286	58,137	+851	Liabilities and Net Assets	57,286	58,137	+851

Consolidated Results

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



(In millions of yen)

	First half of the fiscal year ended March 2021	First half of the fiscal year ending March 2022	Year-on-year changes	Year-on-year % changes
Net sales	12,805	14,153	+1,348	+10.5%
Gross profit	4,679	5,451	+771	+16.5%
Gross profit margin	36.5%	38.5%	+2.0 pt	—
Selling, general and administrative expenses	3,262	3,565	+302	+9.3%
Operating profit	1,416	1,885	+469	+33.1%
Operating profit margin	11.1%	13.3%	+2.3 pt	—
Ordinary profit	1,523	1,986	+462	+30.4%
Net income before income taxes	1,524	1,986	+462	+30.4%
Net income attributable to shareholders of parent company	995	1,332	+337	+33.9%

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



(In millions of yen)

	First half of the fiscal year ended March 2021	First half of the fiscal year ending March 2022
Cash flow from operating activities	+1,067	+999
Cash flow from investing activities	-1,265	-707
Cash flow from financing activities	-278	-522
Effect of exchange rate fluctuations on cash and cash equivalents	-0	+0
Net increase (decrease) in cash and cash equivalents	-477	-228
Cash and cash equivalents at the beginning of the year	17,782	18,649
Cash and cash equivalents at the end of the year	17,305	18,421

Depreciation expense	373	364
Capital expenditures (*)	280	782

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

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



	First half of the fiscal year ended March 2021	First half of the fiscal year ending March 2022	Year-on-year changes
Total assets (million yen)	56,902	58,137	+1,235
Net assets (million yen)	49,507	50,789	+1,282
Equity ratio	87.0%	87.4%	+0.4 pt
ROA (Ordinary profit / Total assets*)	2.7%	3.4%	+0.7 pt
ROE (Net profit / Net assets*)	2.0%	2.6%	+0.6 pt
Total asset turnover (Net sales / Total assets*)	0.23	0.24	+0.02
Net income per share (yen)	45.56	61.05	+15.49

* 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)	First half of the fiscal year	First half of the fiscal year	Year-on-year changes	Year-on-year % changes
	ended March 2021	ending March 2022		
Net sales	6,720	7,215	+495	+7.4%
General-use products: Car-exterior care	1,064	1,104	+39	+3.7%
General-use products: Glass care	1,878	2,019	+140	+7.5%
General-use products: Repair products	1,381	1,307	-74	-5.4%
Professional-use products	797	954	+157	+19.7%
Home-care products, etc.	522	531	+9	+1.8%
Foreign operations	778	988	+209	+26.9%
TPMS (Tire-Pressure Monitoring System)	90	114	+24	+27.2%
Electronic device and software development	304	231	-73	-24.0%
Others and adjustments	-98	-36	+61	- 62.9%
Gross profit	3,173	3,373	+199	+6.3%
Gross profit margin	47.2%	46.7%	-0.5 pt	—
Operating profit	994	1,154	+159	+16.1%
Operating profit margin	14.8%	16.0%	+1.2 pt	—

Porous Materials

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



(In millions of yen)		First half of the fiscal year ended March 2021	First half of the fiscal year ending March 2022	Year-on-year changes	Year-on-year % changes
Net sales		2,874	3,640	+765	+26.6%
	Industrial materials	2,183	2,892	+708	+32.5%
	Domestic	980	1,442	+462	+47.2%
	Overseas	1,203	1,449	+246	+20.5%
	Consumables	691	748	+56	+8.2%
	Domestic	447	419	-27	-6.2%
	Overseas	244	328	+84	+34.6%
Gross profit		904	1,282	+377	+41.7%
	Gross profit margin	31.5%	35.2%	+3.7 pt	—
Operating profit		397	530	+132	+33.3%
	Operating profit margin	13.8%	14.6%	+0.7 pt	—

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

(In millions of yen)	First half of the fiscal year ended March 2021	First half of the fiscal year ending March 2022	Year-on-year changes	Year-on-year % changes
Net sales	2,635	2,712	+76	+2.9%
Automobile repair and sheet metal	1,071	1,196	+125	+11.7%
Driving school	418	510	+91	+21.9%
Planning and sale of household products	1,145	1,004	-140	-12.3%
Gross profit	555	671	+115	+20.8%
Gross profit margin	21.1%	24.7%	+3.7 pt	—
Operating profit	-0	97	+97	—
Operating profit margin	-0.0%	3.6%	+3.6 pt	—

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



(In millions of yen)	First half of the fiscal year ended March 2021	First half of the fiscal year ending March 2022	Year-on-year changes	Year-on-year % changes
Net sales	574	584	+10	+1.8%
Real-estate leasing	198	216	+18	+9.2%
Bathhouse business	356	346	-10	-2.9%
Support for preventive long-term care	19	22	+2	+12.3%
Gross profit	54	124	+69	+128.8%
Gross profit margin	9.4%	21.2%	+11.8 pt	—
Operating profit	20	101	+80	+393.0%
Operating profit margin	3.5%	17.3%	+13.8 pt	—

Segment Information

(Comparison of Net Sales and Operating Profit by Segment)



(In millions of yen)

Net sales	First half of the fiscal year ended March 2021	Composition ratio	First half of the fiscal year ending March 2022	Composition ratio	Year-on-year changes of composition ratio
Fine Chemicals	6,720	52.5%	7,215	51.0%	-1.5 pt
Porous Materials	2,874	22.4%	3,640	25.7%	+3.3 pt
Services and Real-Estate Related	3,210	25.1%	3,297	23.3%	-1.8 pt
Total	12,805	100.0%	14,153	100.0%	—

Operating profit	First half of the fiscal year ended March 2021	Composition ratio	First half of the fiscal year ending March 2022	Composition ratio	Year-on-year changes of composition ratio
Fine Chemicals	994	70.2%	1,154	21.2%	-49.0 pt
Porous Materials	397	28.0%	530	9.7%	-18.3 pt
Services and Real-Estate Related	20	1.4%	198	3.6%	+2.2 pt
(*) Total	1,416	100.0%	5,451	100.0%	—

(*) Total amounts include the consolidated adjustment amount.

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INNOVATION

~ Discover future necessities ~

