
For the Fiscal Year Ended March 2022

SOFT99 corporation

Materials for the Financial Results Briefing

June 1, 2022

- 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

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 March 31, 2022; Consolidated)
Affiliated companies ...	11 (Consolidated entities as of March 31, 2022, including the Company)

* As of April 1, 2022, Arise Inc., which operates a nursing care prevention support business, merged with Asmo Corp.

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.

Operating Segments Outline



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 hygienic products)	Expansion of business areas through M&A
	Consumables (automobiles, kitchen goods, cosmetics, sporting goods, etc.)	
<p>③ Services</p>	Automobile repair and sheet metal	Expansion of business areas through M&A
	Driving lessons	
	Household product planning and sale	
<p>④ Real-estate Related</p>	Real-estate leasing	Monetization of assets
	Bathhouse operation, Support for preventive long-term care	

II: Consolidated and Segment Results Outline

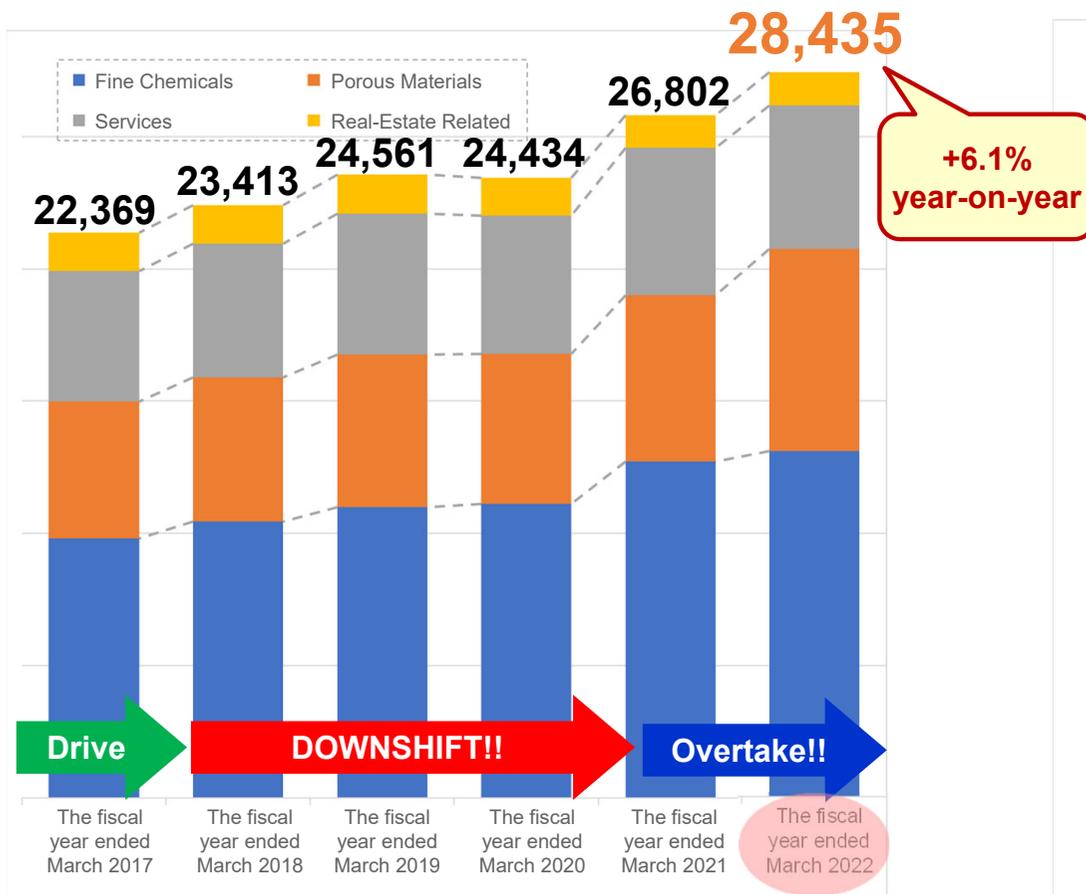
Consolidated Profit and Loss Outline



Changes in Consolidated Profit and Loss for the Fiscal Year Ended March 2022

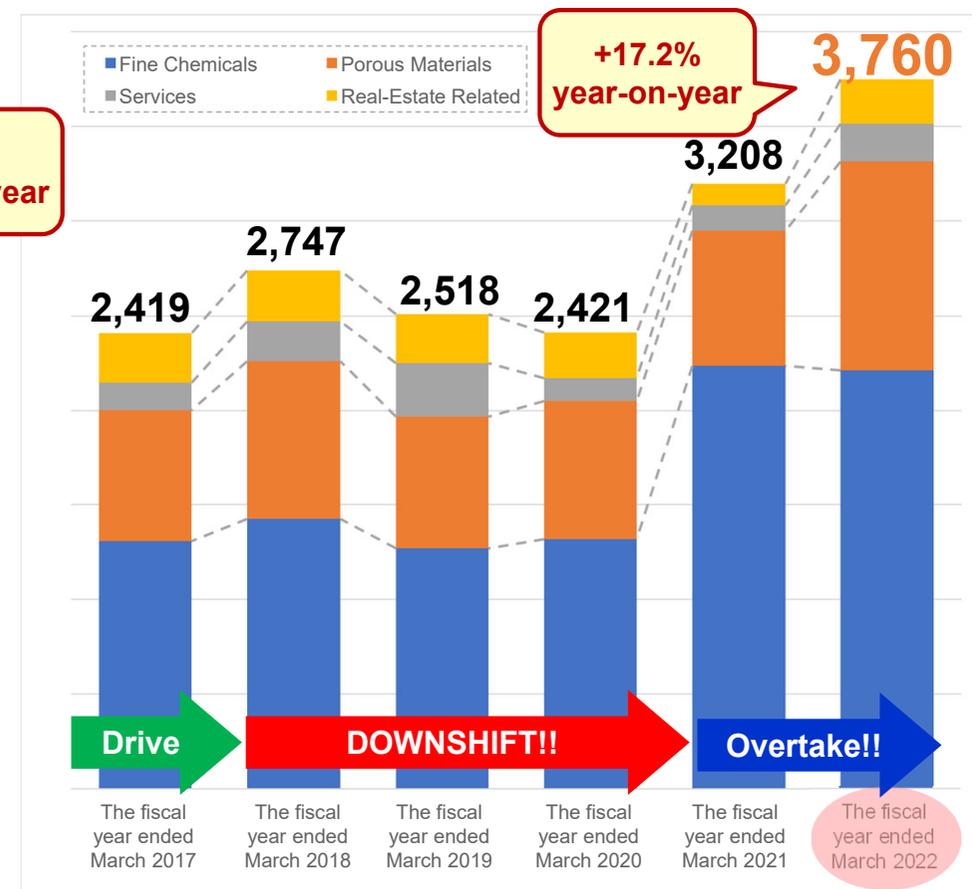
Net Sales

(In millions of yen)



Operating Profit

(In millions of yen)

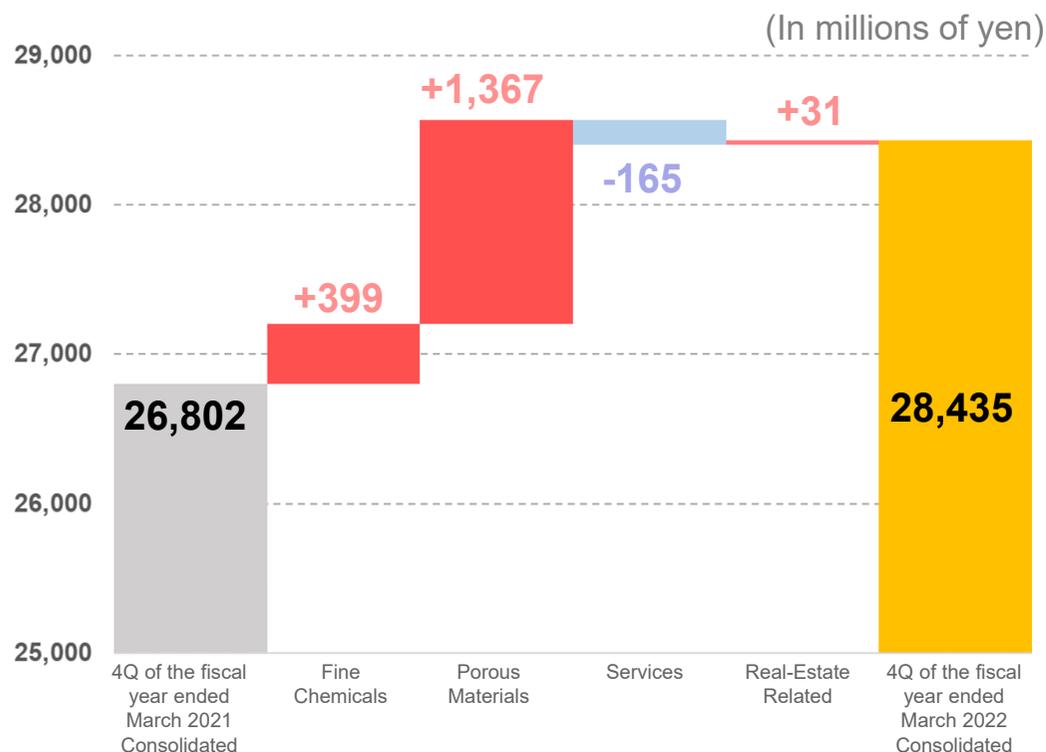


Changes in Profit and Loss by Segment (Year-on-year Comparison)

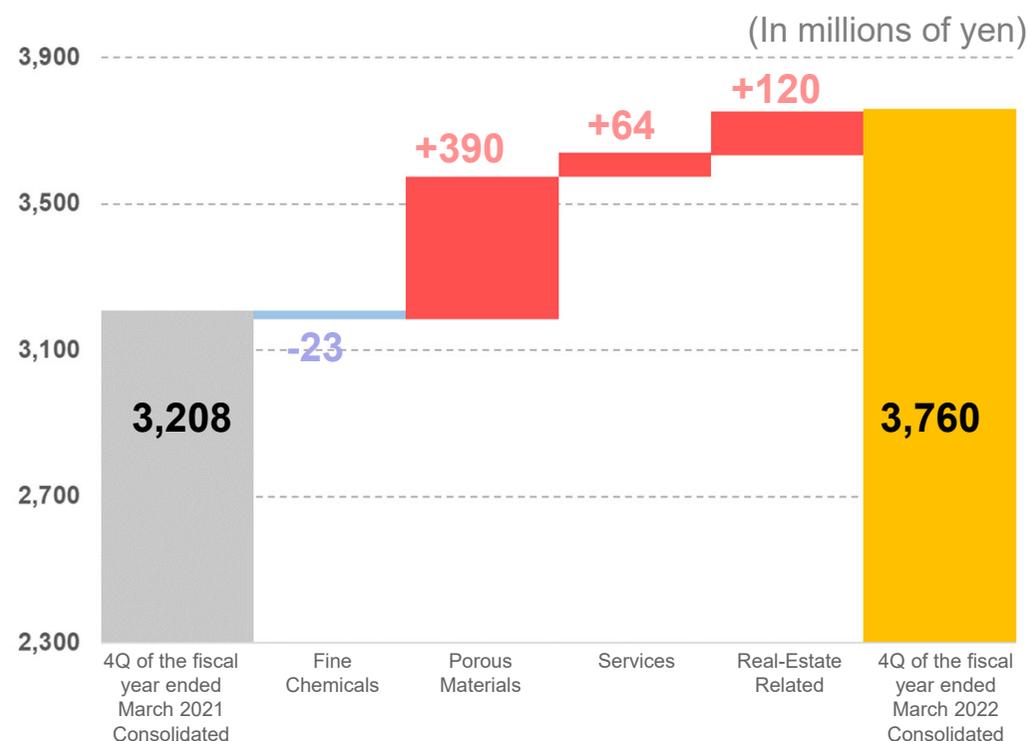


- Fine Chemicals Sales increased due to the growth in sales of consumer products and overseas sales, but operating expenses returned to normal levels as COVID-19 subsided, resulting in a decrease in profit.
- Porous Materials ... Both sales and profit increased due to the contribution of Aztech Co.'s performance throughout the entire period, along with continued robust shipments to the semiconductor business.

Net Sales by Segment: Year-on-year Changes

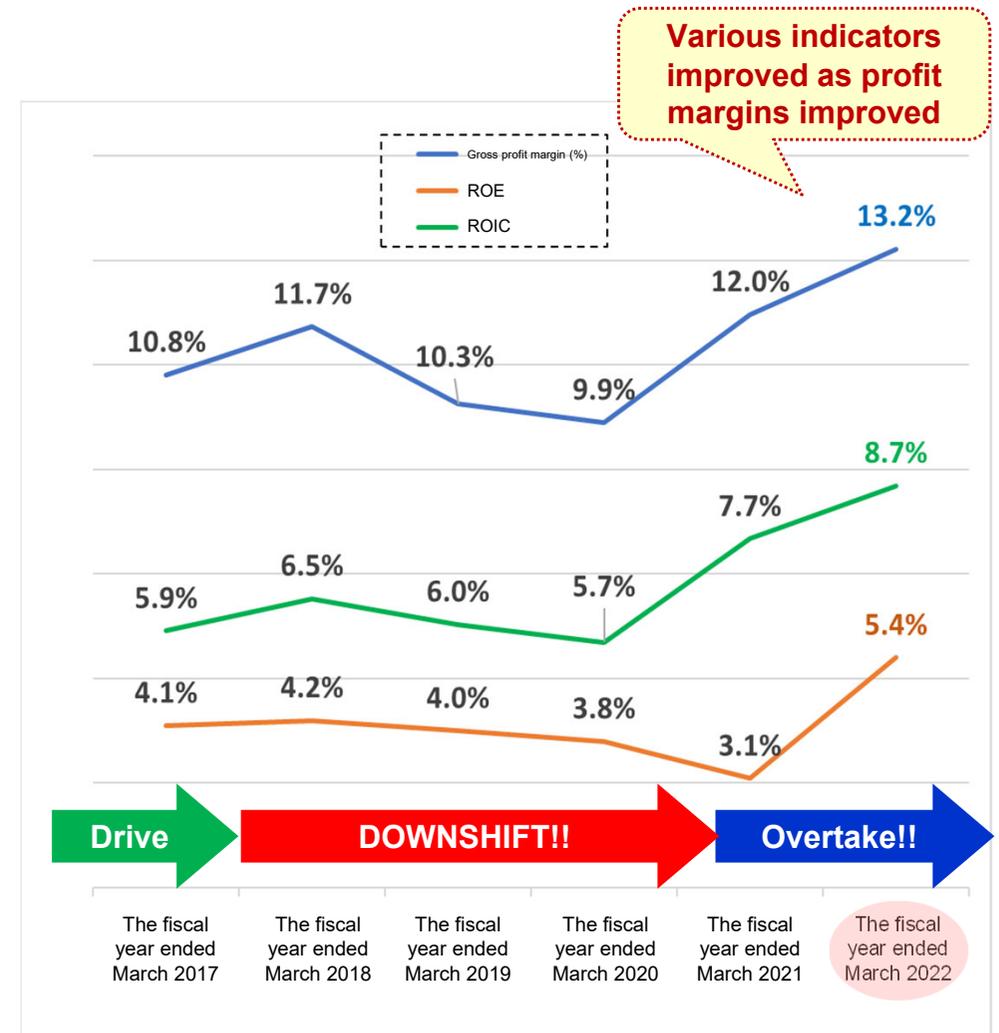
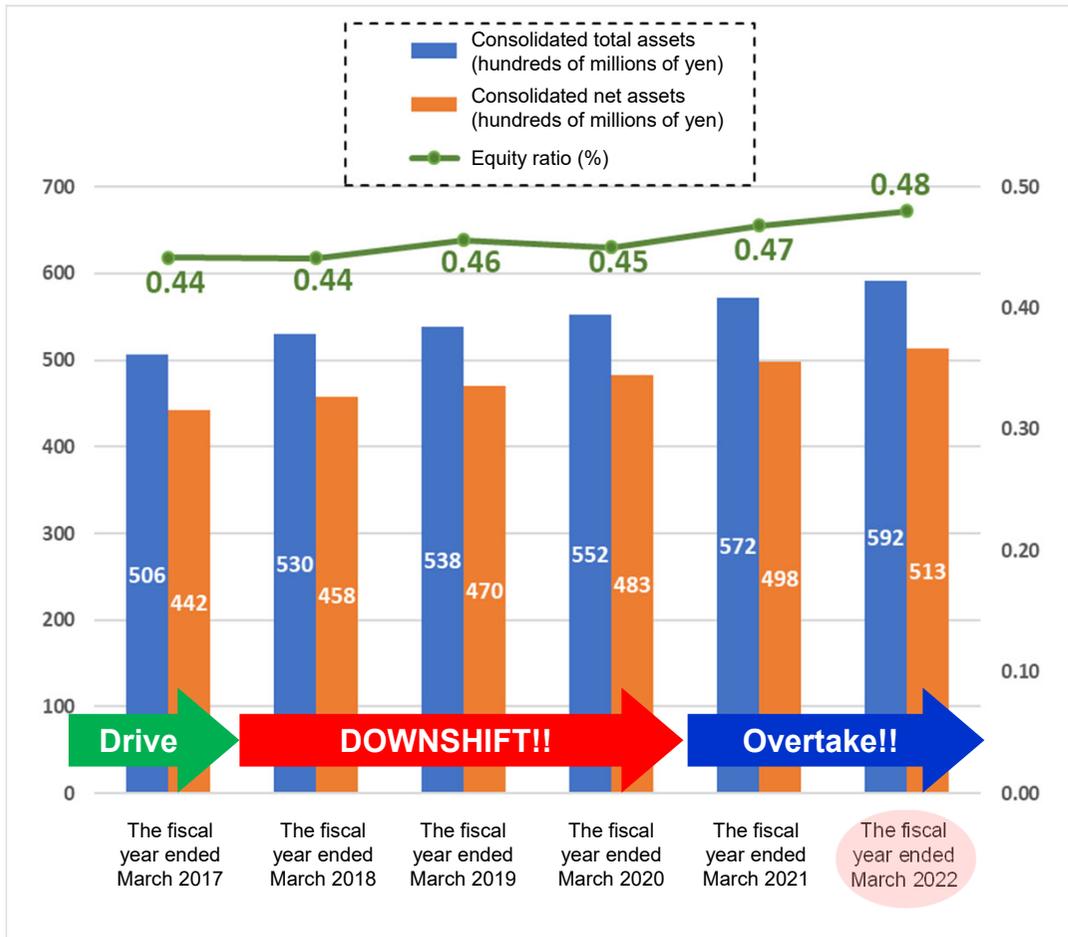


Profit by Segment: Year-on-year Changes



(Note) Excludes the consolidated adjustment amount

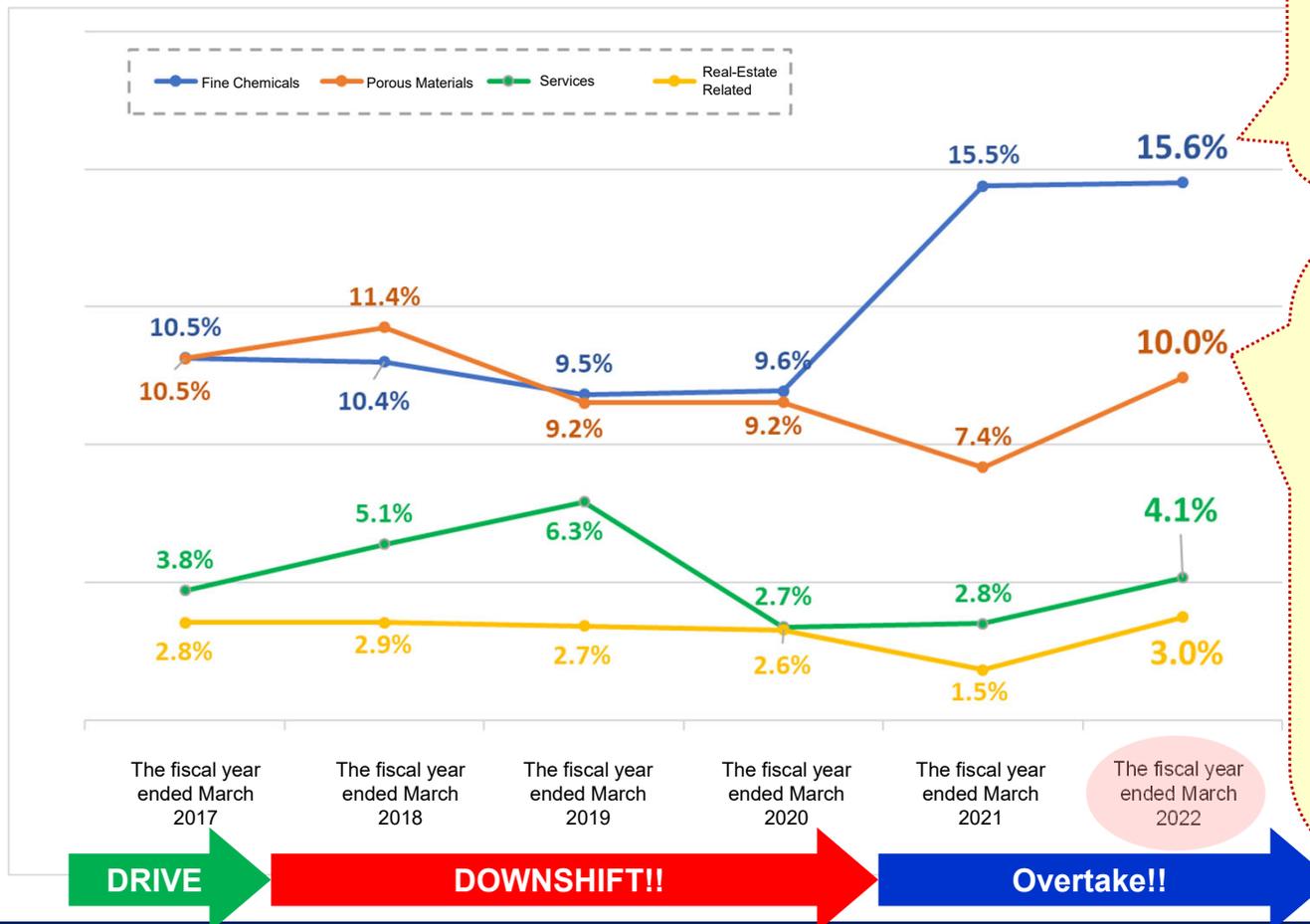
Major Management Indexes (Consolidated)



Major Management Indexes (Segment ROIC)

- Recovery in the fine chemicals and porous materials businesses contributed to overall ROIC improvement.

Segment ROIC



◆ Fine Chemicals

- ✓ ROIC improved as sales of high-margin general-use and professional-use products grew.

◆ Porous Materials

- ✓ The acquisition of Aztech Co. during FY2020 increased assets and had a negative but temporary impact on ROIC.
- ✓ ROIC improved in FY2021 due to robust shipments to the semiconductor industry and the contribution of a full-year's performance from Aztech Co.

III: Business Outline

(Fiscal year ended March 2022)

Fine Chemicals (1/4) Consumer Products Sales



- Despite a decline in repair product sales as the demand from stay-at-home consumption subsided, overall sales increased due to growth in car-exterior and glass care products.



KAMITORE Series



RAIN DROP

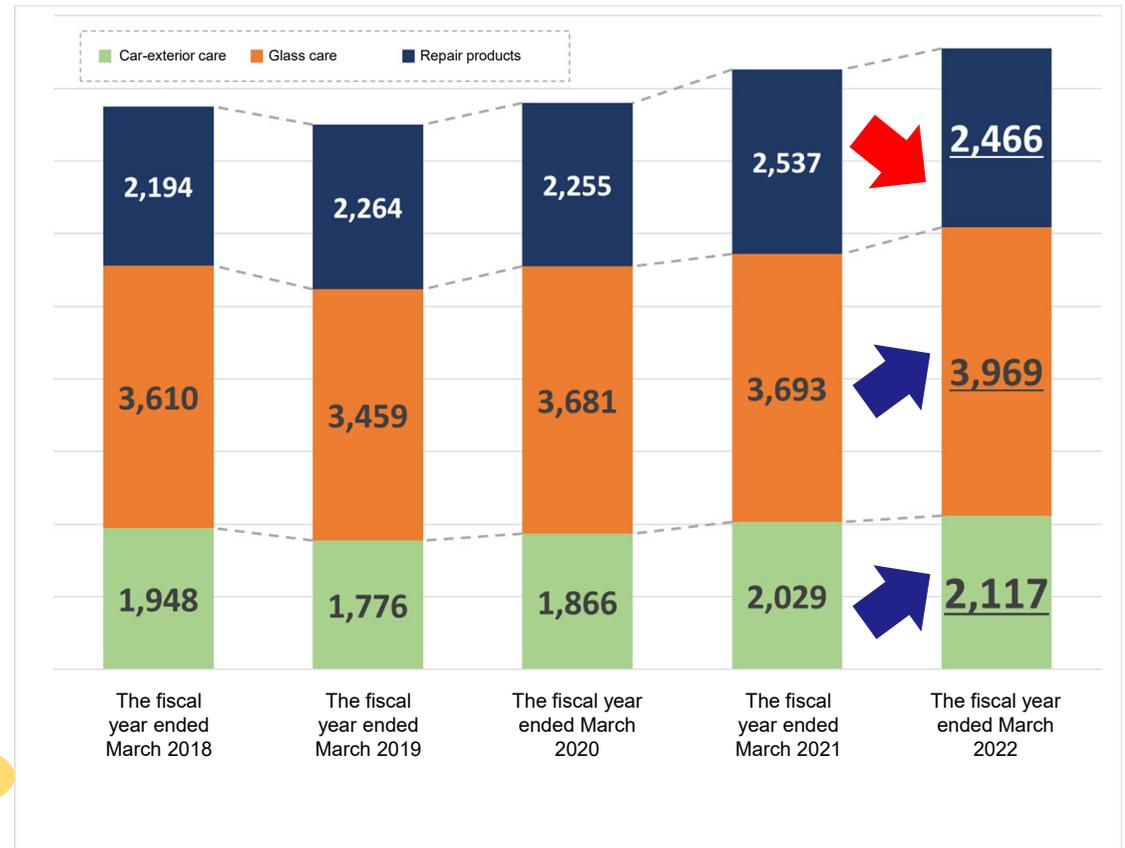


FUKUPIKA GEN5



GLACO ROLL ON GIGAMARU

Consumer Products: Net Sales for the Full Fiscal Year
(In millions of yen)



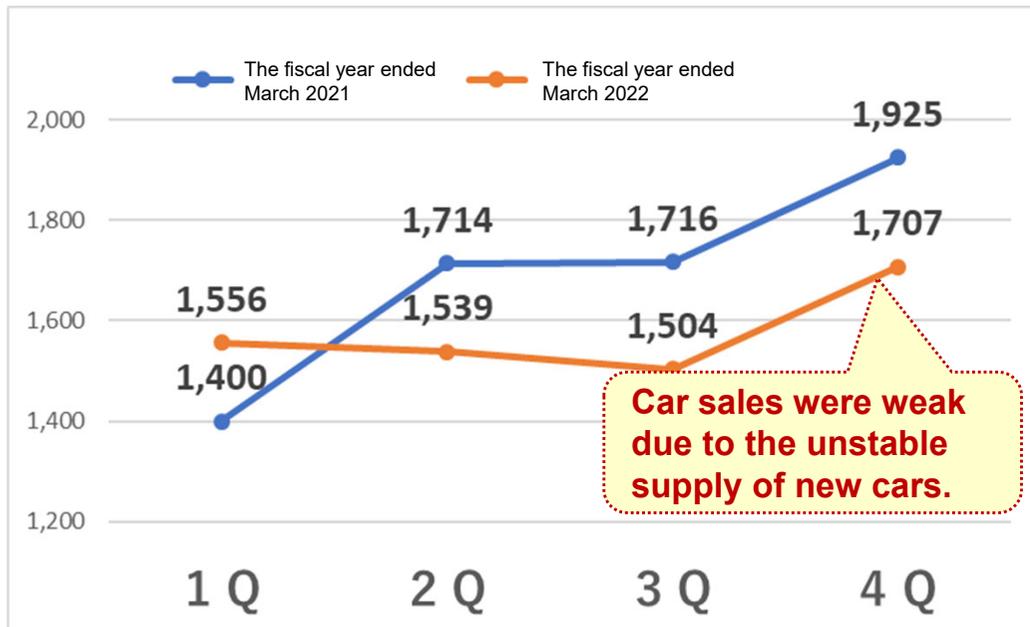
Fine Chemicals (2/4) Professional-use Products



- Despite sluggish car sales, sales increased as the company worked with clients to increase the rate of coating application orders and to boost per unit sales rates.

Changes in the Number of Car Sales

(Number of sales of new cars and ordinary used cars)
(Unit: thousands of vehicles)



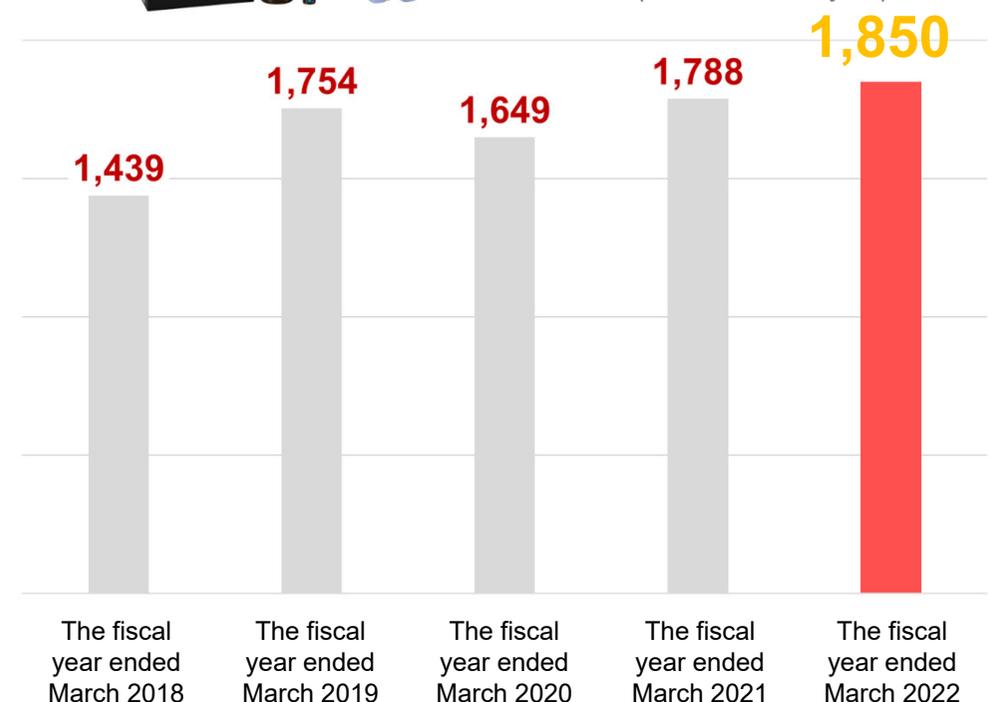
(Processed by SOFT99 based on materials published by the Japan Automobile Dealers Association)

* Excluding sales of light vehicles

Professional-use Products: Net Sales for the Full Fiscal Year



(In millions of yen)



Fine Chemicals (3/4) Home-care Products

- Even after the surge in demand due to COVID-19 subsided, sales remained high due to an increase in the number of retailers selling eyeglass care-related products and sustained sales promotion activities.

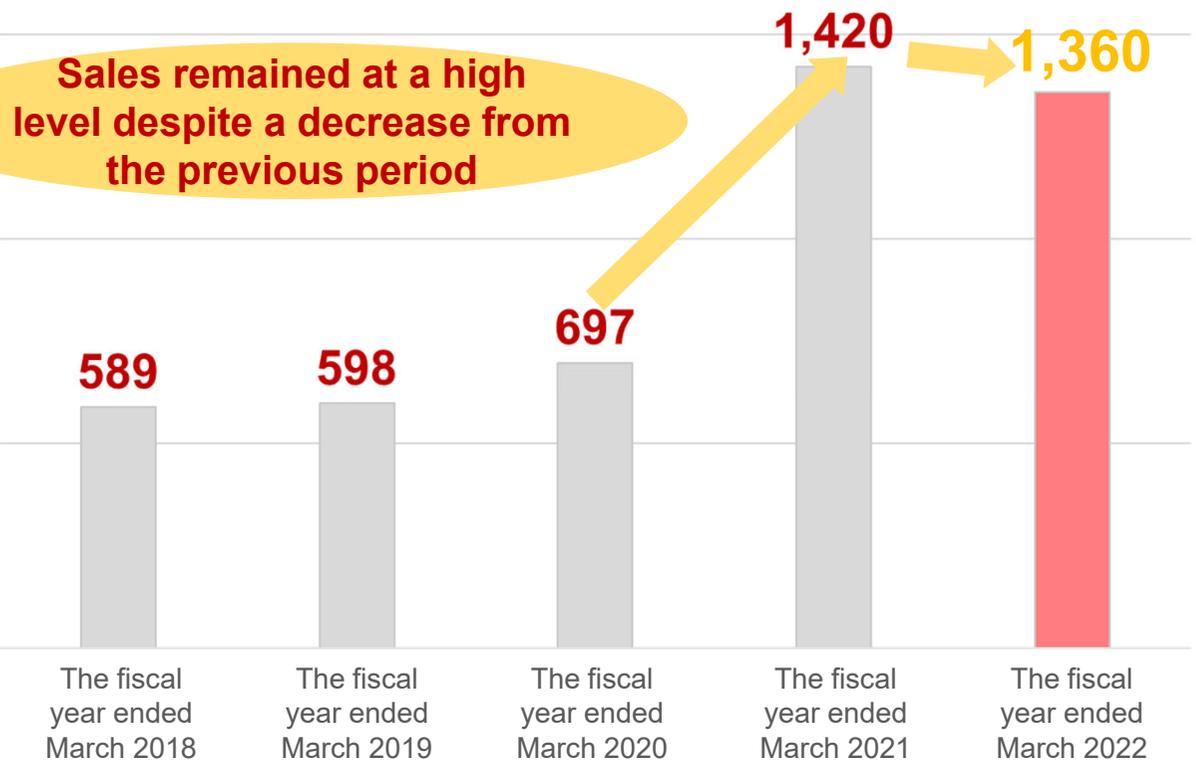


Television advertising



Home-care Products: Net Sales for the Full Fiscal Year

(In millions of yen)



Sales remained at a high level despite a decrease from the previous period



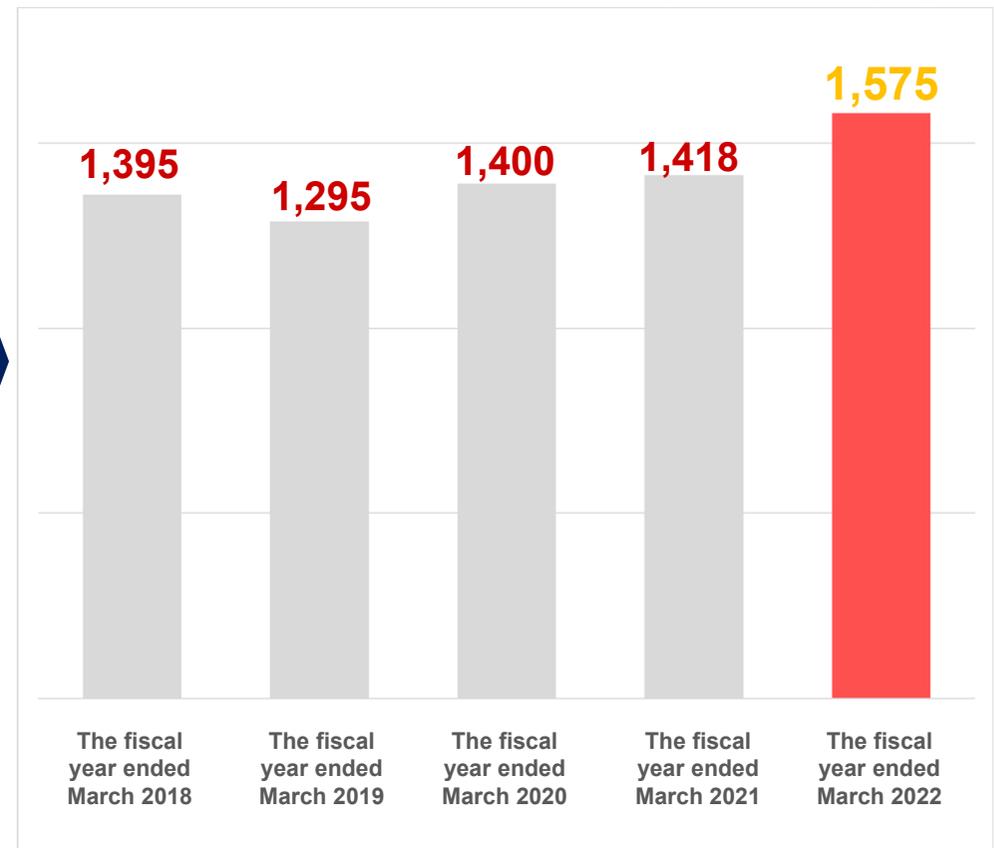
Broad storefront exposure

Fine Chemicals (4/4) Overseas Sales

- Sales struggled in China due to deteriorating corporate performance and delays in shipments caused by challenges in securing transportation in Europe, but they were compensated for by other regions, such as South Korea and Taiwan.

Overseas Sales: Net Sales for the Full Fiscal Year

(In millions of yen)



Promotion of localized packaging

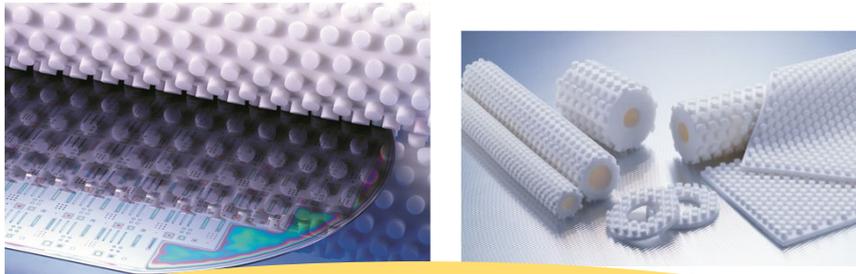


Global shortage of container vessels

Porous Materials (1/2) Industrial Materials

- The semiconductor-related market remained active, and the polishing application for rechargeable batteries was also positive.
- Increased sales of medical and hygienic products to hospitals contributed throughout the year.

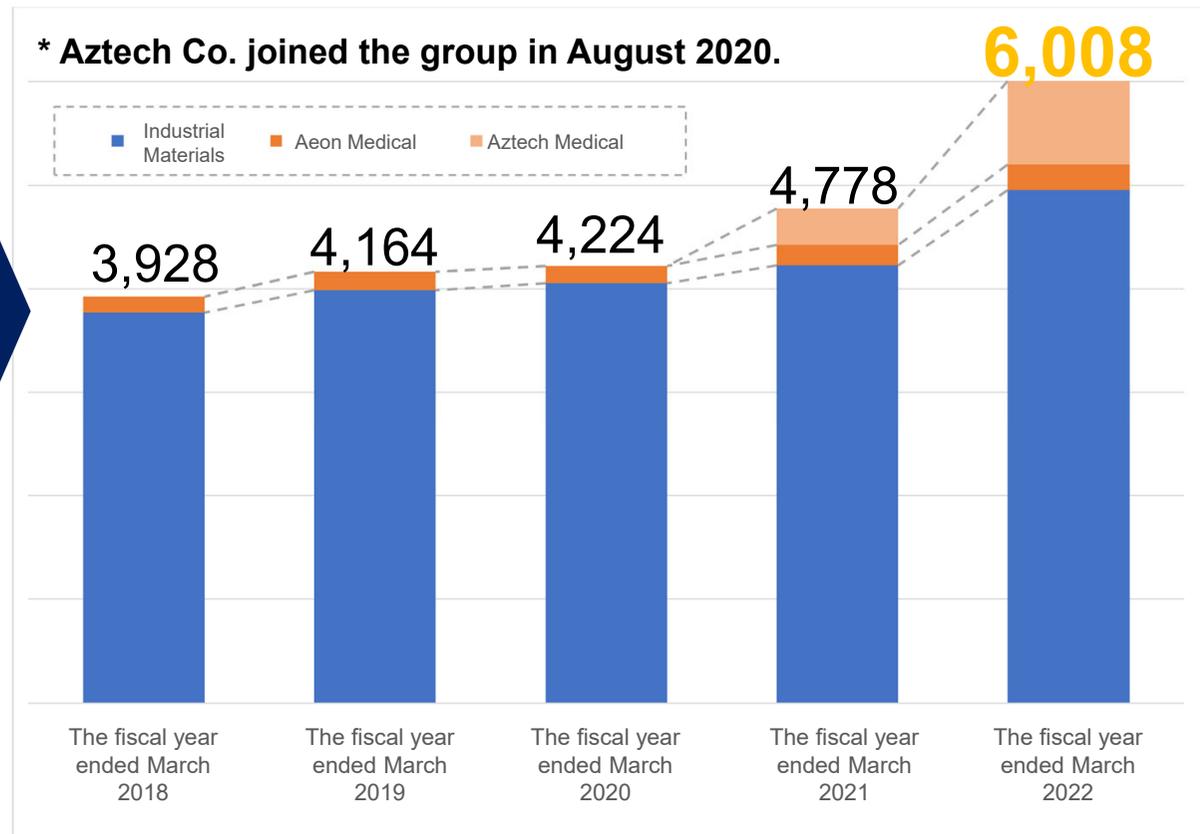
**Industrial Materials:
Net Sales for the Full Fiscal Year**
(In millions of yen)



Shipments increased due to strong semiconductor demand.



Aztech's sales contributed throughout the period.



Porous Materials (2/2) Consumables

- Although domestic sales saw a decline due to the combination of stay-at-home consumption and weak demand for athletic goods, overseas sales increased due to recoveries in destination markets, which offset the decline in domestic sales.

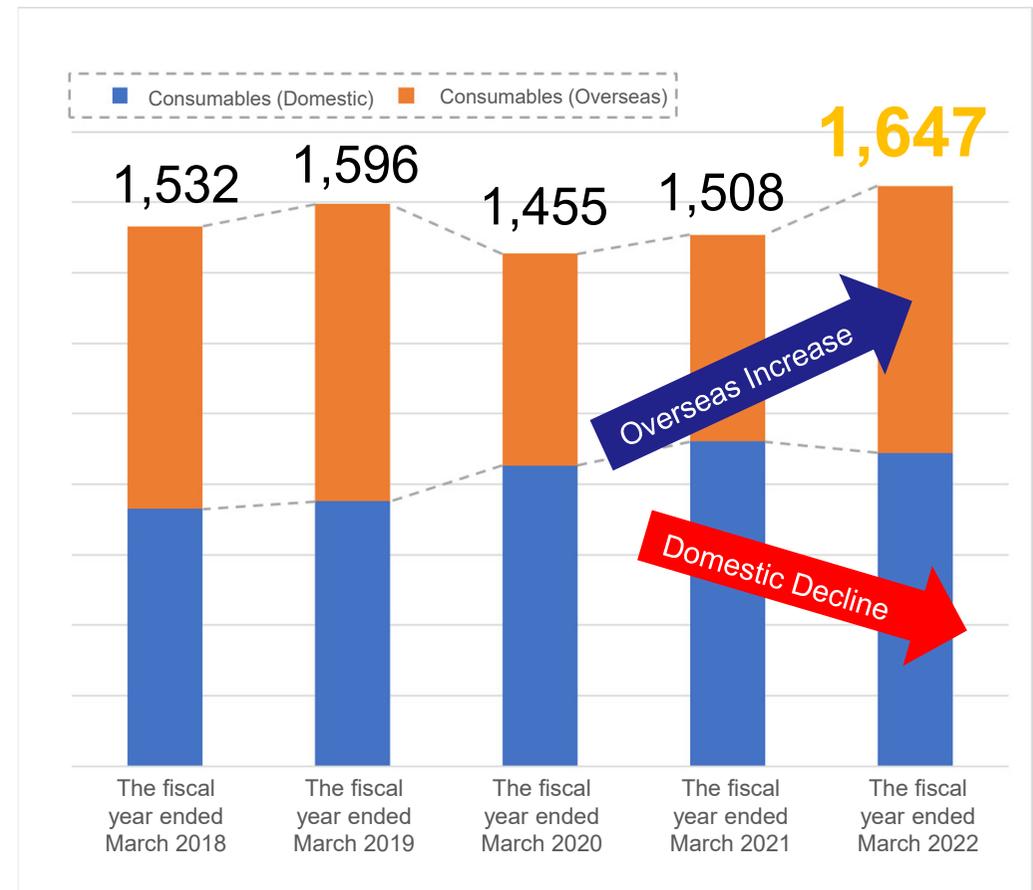
Consumables: Net Sales for the Full Fiscal Year
(In millions of yen)



Overseas shipments expanded due to market recoveries in major destinations



The domestic market saw a decline in shipments of athletic products due to sports competitions being canceled



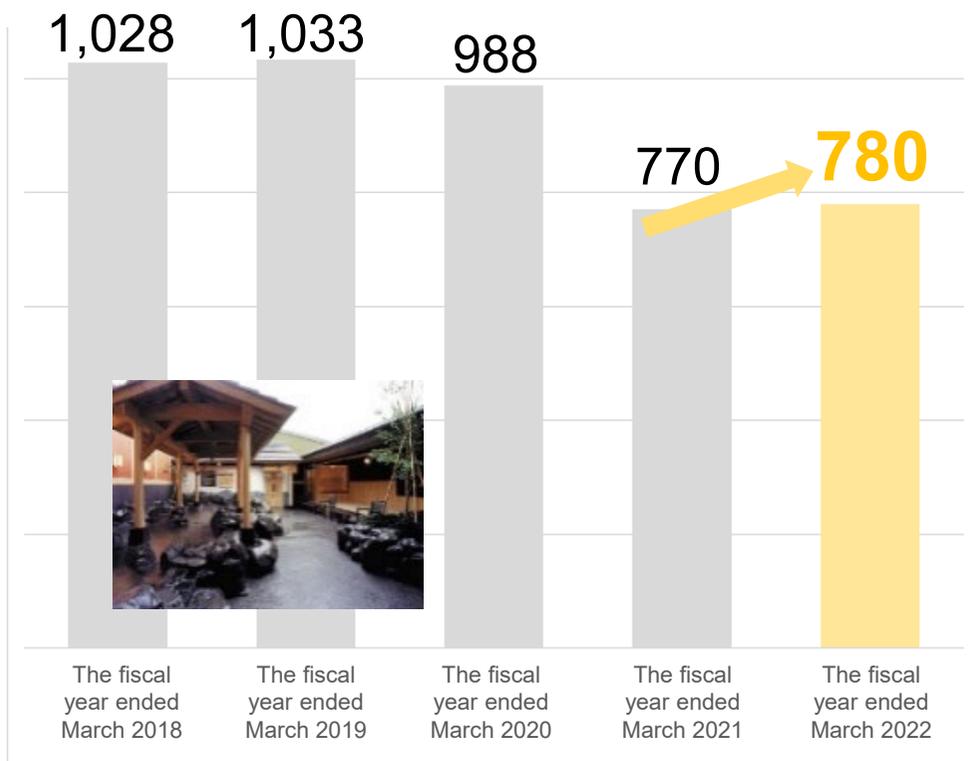
Services and Real-estate Related (1/2)

Bathhouse and Driving School Businesses



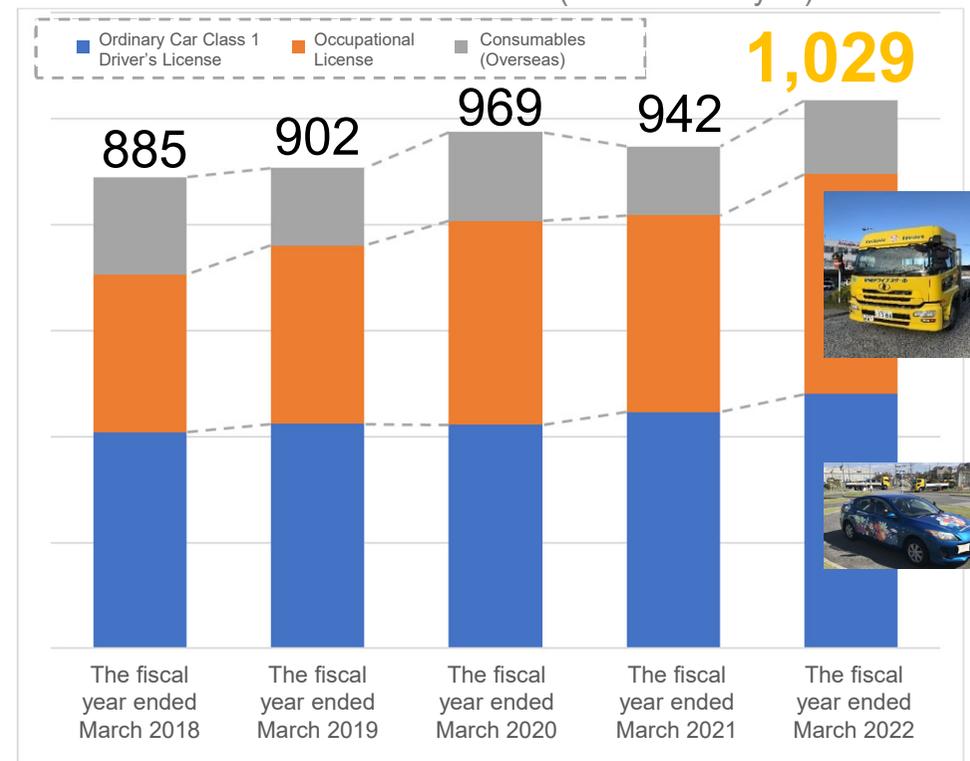
- Despite intermittent requests for voluntary closings in the bathhouse business, the number of visitors has been recovering.
- There were no requests for voluntary closings in the driving school business, and attendance in the standard and occupational license classes remained high.

Bathhouse Business:
Net Sales for the Full Fiscal Year
 (In millions of yen)



✓ Food and beverage business continues to face challenges, but the number of visitors is recovering.

Driving Lesson Business:
Net Sales for the Full Fiscal Year
 (In millions of yen)



✓ The number of student applicants for admission continued to trend higher.

Services and Real-estate Related (2/2)

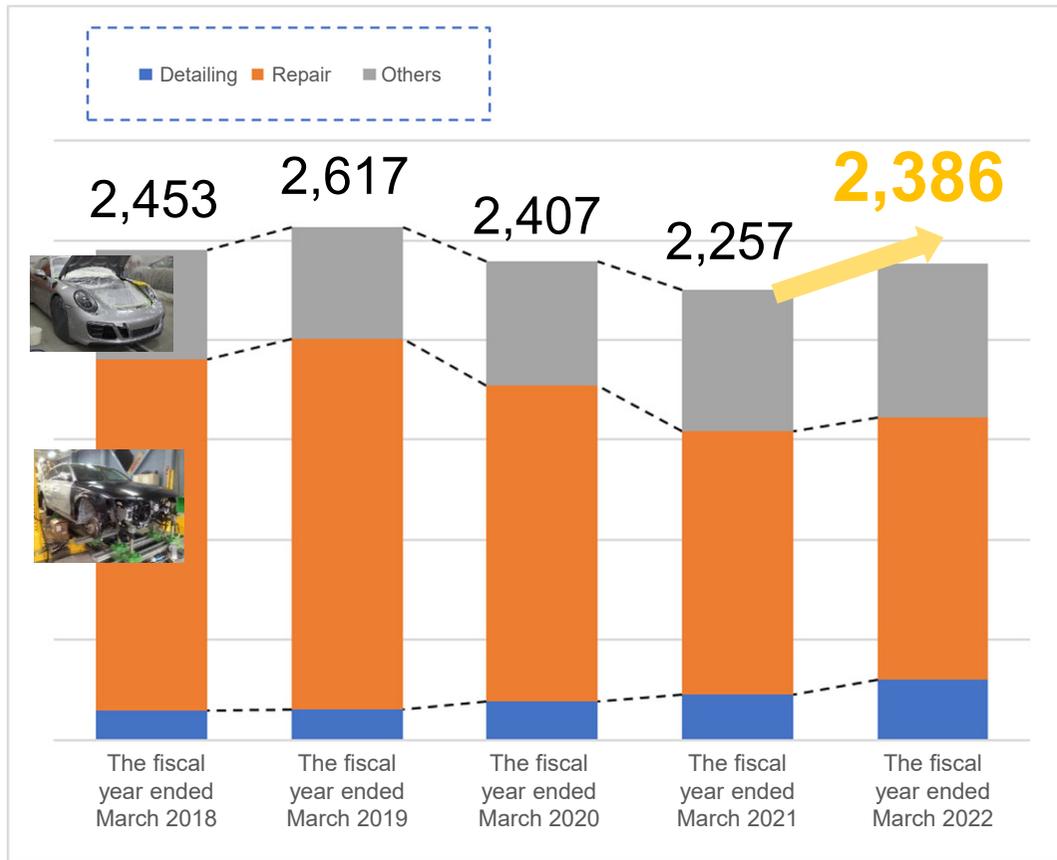
Sheet Metal and Household Product Planning and Sale Businesses



- Demand in the automobile maintenance and sheet metal business for auto detailing goods, such as films and coating, was strong.
- The household product planning and sale business, which was strong in the previous period, struggled during the current period due to converging demand in the mail-order business.

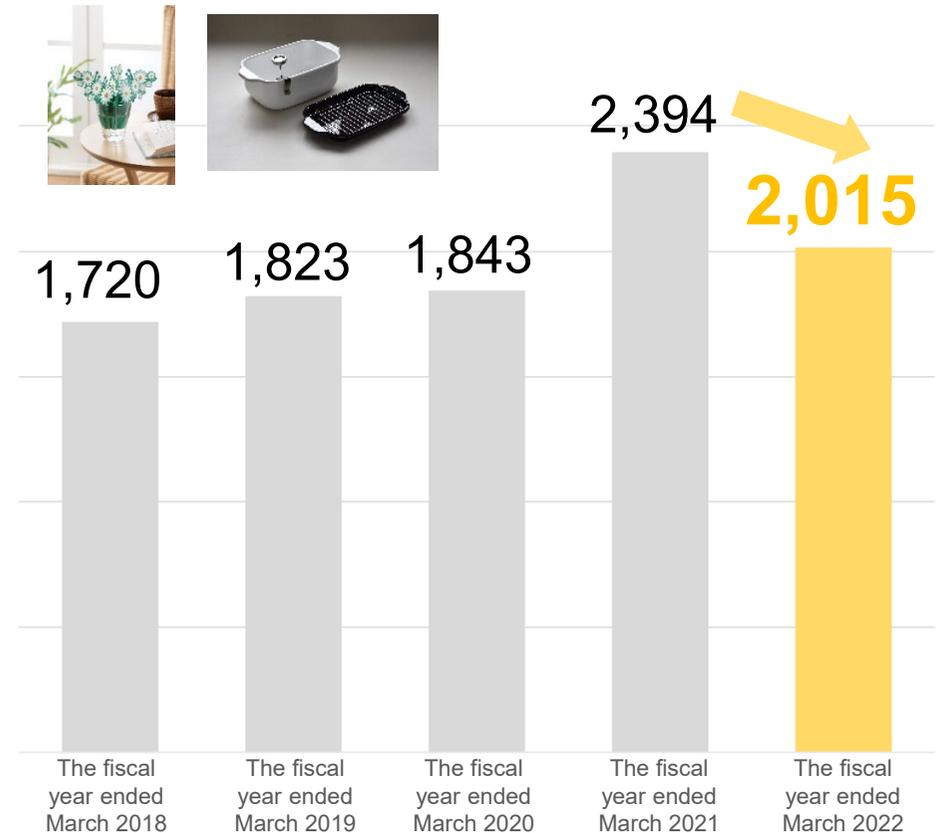
Automobile Sheet Metal Repair Business: Net Sales for the Full Fiscal Year

(In millions of yen)



Household Product Planning and Sale Business: Net Sales for the Full Fiscal Year

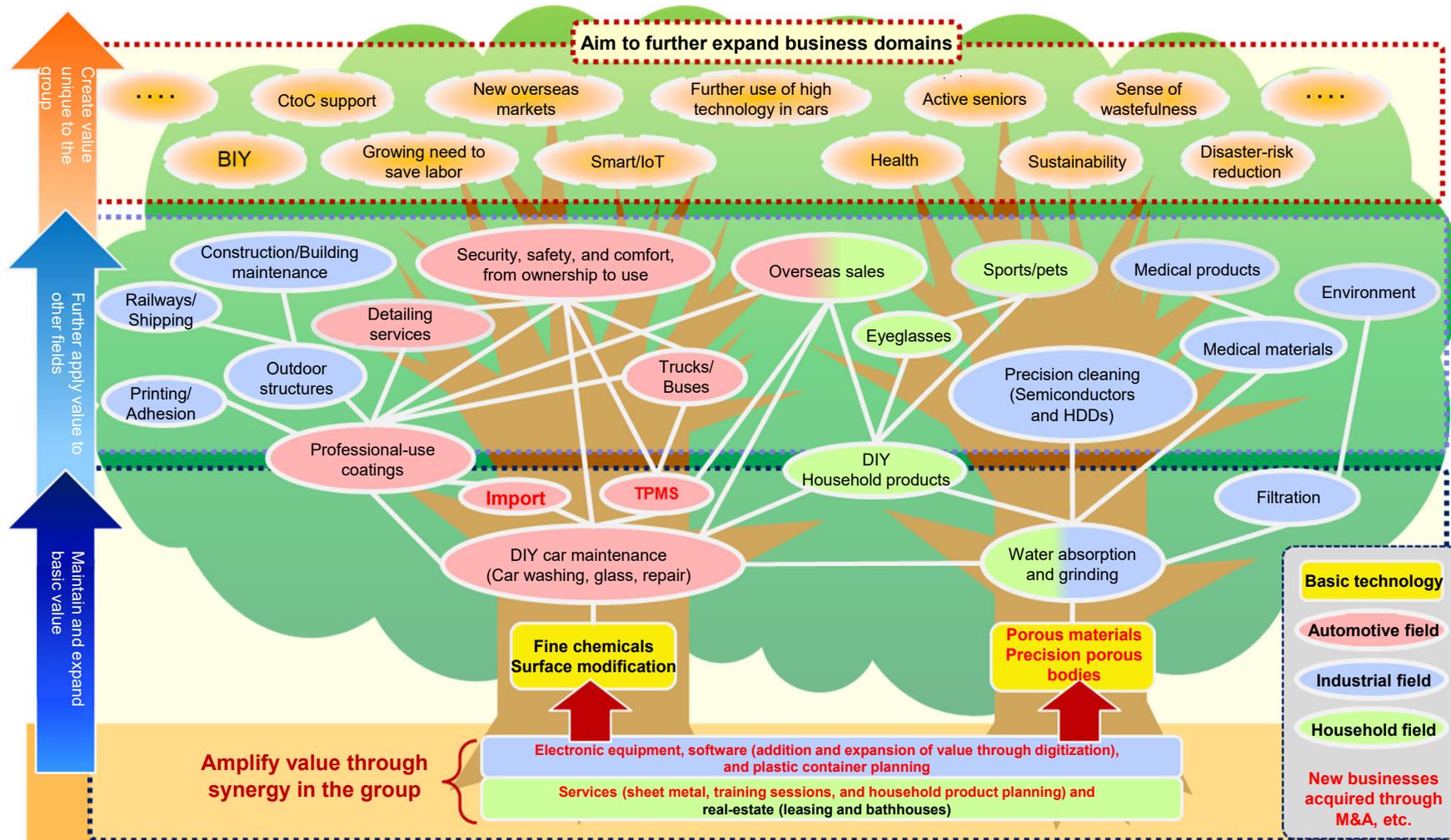
(In millions of yen)



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 unique to the group, the SOFT99 Group aims to further apply existing technologies and expertise to other fields and expand its business domains by introducing and combining new technologies and know-how.



Future Initiatives: Delivery of New Value through the Combination of Products + Services



- Enhancement of auto-interior detailing products and services, such as antibacterial and antiviral coating.
- Reinforce proposals for coating options through cross-selling.

Enhance auto-interior detailing products for professional use



SOFT99 corporation

Develop and commercialize auto-interior detailing service



Auto-detailing expertise



SOFT99 autoservice

Propose coating options to auto parts retailers



Future Initiatives: Promotion of DX (1/2)

- Aim to enhance user convenience by supporting the digitization of customer relationship management and utilization of apps.

Digitize customer relationship management

Maintenance & Repair Shops

- Promotion of visits to shops through automated maintenance notifications
- No need to maintain and manage paper work certifications



G'ZOX Work Certificate Digitization System

Insurance Companies Sheet Metal Shops

- Enhanced reliability of work certificates
- Streamlined paperwork for insurance coverage



Customers

- Prevention of insurance coverage lapses caused by maintenance problems
- Enhanced management of maintenance schedule through apps ("DoraApp" may be utilized for those who opt for this service.)

Use apps to manage information



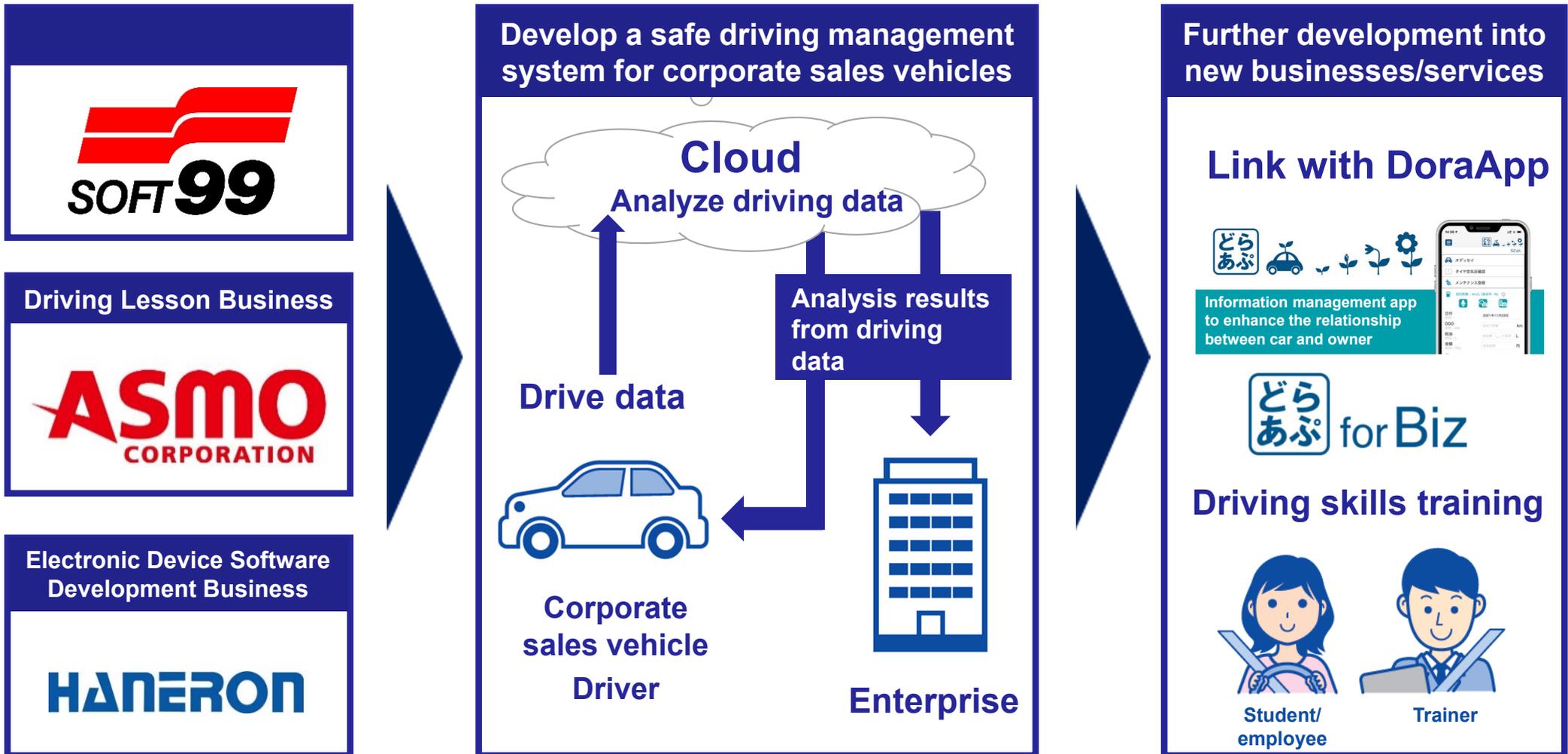
Information management app to enhance the relationship between car and owner



Speech and image recognition

Future Initiatives: Promotion of DX (2/2)

- Aim to develop and commercialize a safe driving management system for corporate clients through intra-group synergies.



Future Initiatives: Further Enhancement in the Medical Field

- Promote the development and sales of new products for the medical field by AION and AZTECH

AION Co., Ltd.
Development of Industrial Materials



Acquire manufacturing and marketing permit for Class I general medical device products



Increase manufacturing capacity through development of a new production facility



Utilize sales channels for medical facilities



AZTECH Co., Ltd.
Development and Sale of Medical and Hygienic Products



Promote the development and sale of new products for the medical field



Future Initiatives: Sustainability Initiatives



- “Organize” and “redefine” sustainability initiatives which were established long ago

Reduce carbon footprint through resource conservation



FSC Certified

Proper use of chemical substances



Develop products to reduce usage of hazardous materials (xylene and ethylbenzene free)



Microplastic free (AUTOSOL line of products)



SOFT99 Group Charter of Corporate Conduct

Corporate Governance Policy



SUSTAINABLE DEVELOPMENT GOALS

世界を変えるための17の目標

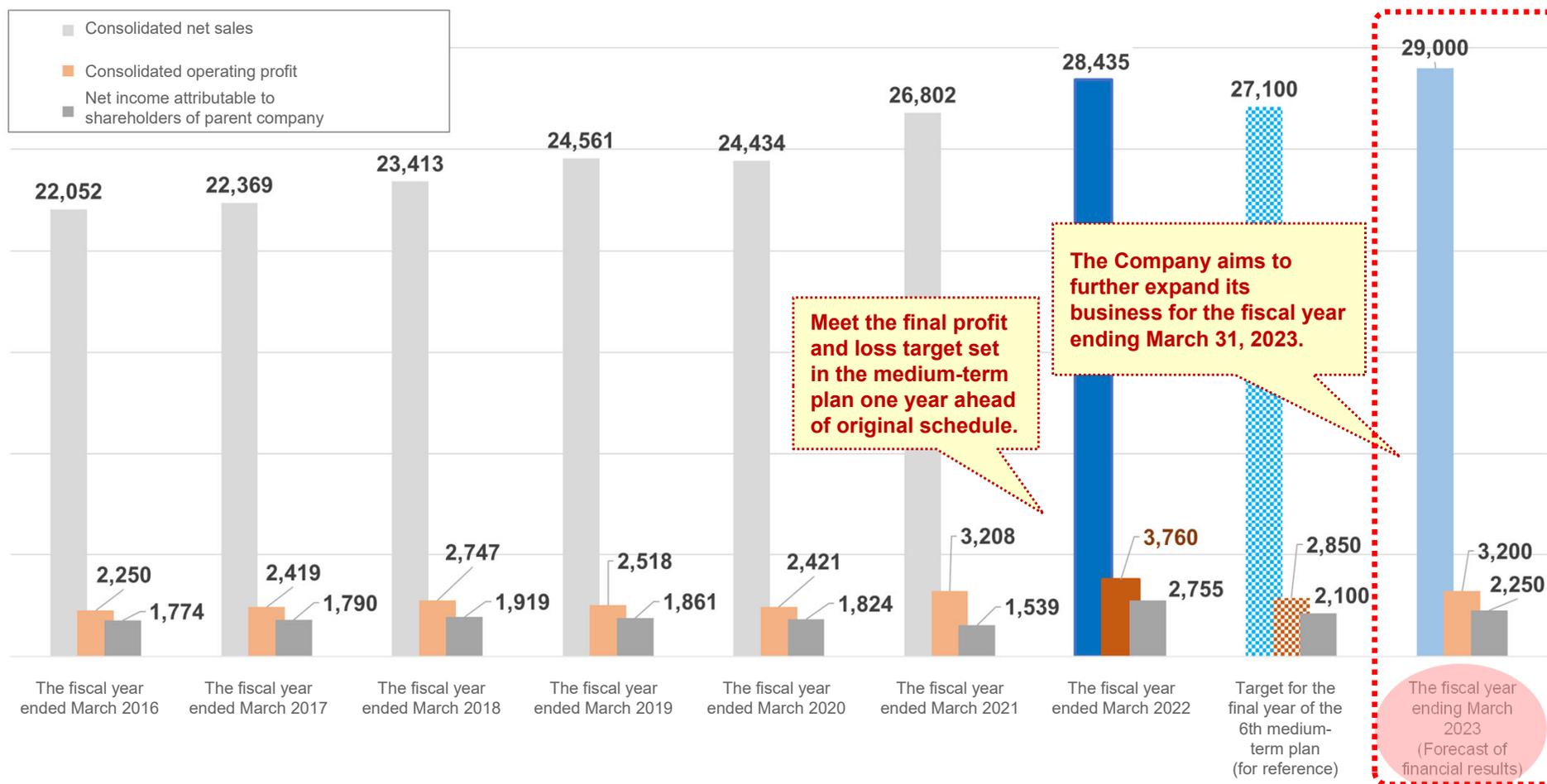


V: Annual Financial Results and Dividend Forecast

Financial Results Forecast for the Fiscal Year Ending March 2023



- In addition to maintaining demand for products and services that expanded due to COVID-19, and through the advancement of measures initially envisioned in the medium-term plan, the forecast for FY2022, the final year of the medium-term plan, exceeds original estimates.

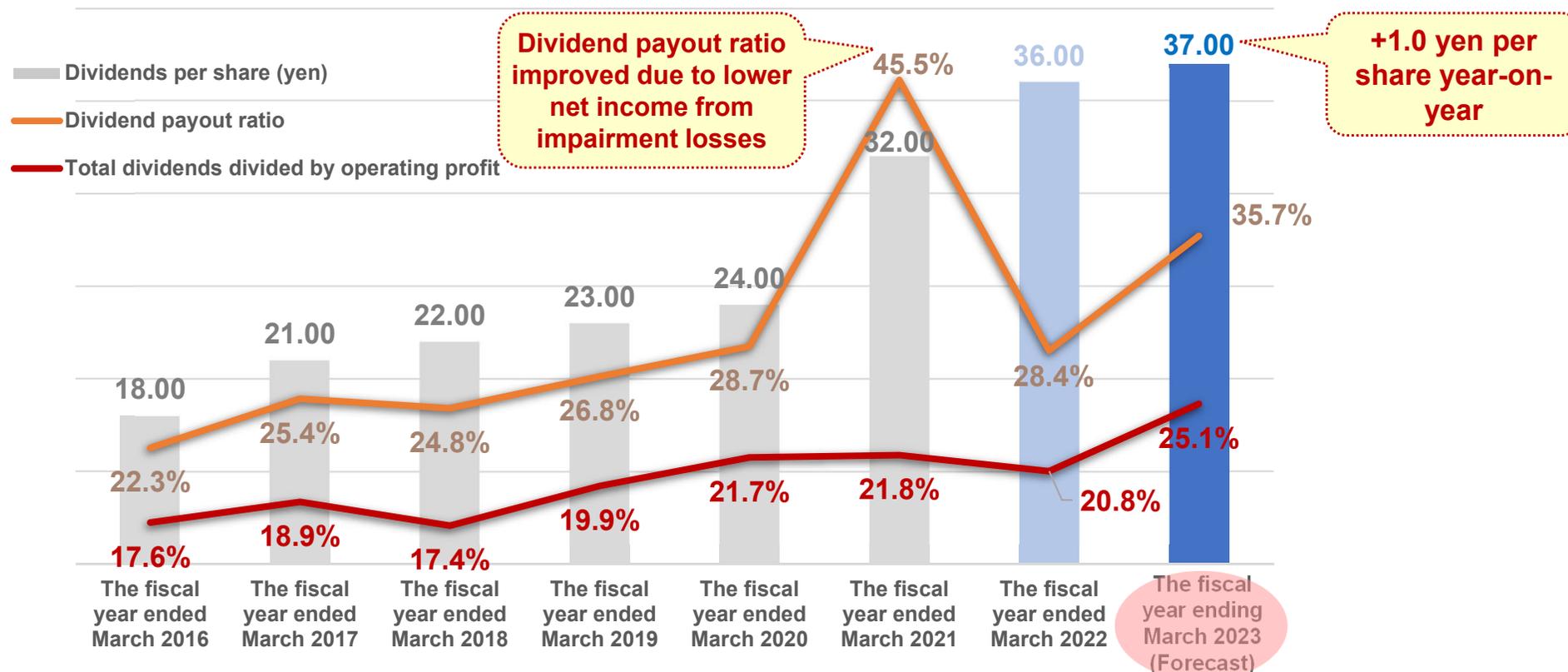


Annual Dividend Forecast for the Fiscal Year Ending March 2023 (Shareholder Return)



- Dividends for the fiscal year ending March 31, 2022, will be 36.0 yen and 18.0 yen per share for the interim and year-end dividends, respectively. In addition, the Company will execute a share repurchase. (140,000 shares/176 million yen)
- The dividend for the fiscal year ending March 31, 2023, is expected to be 37.0 yen per share (+1.0 yen per share year-on-year) due to an increase of 0.5 yen per share in both the year-end and the interim dividend.

Annual Dividend Results and Forecast



Appendix: Numerical Data

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



(In millions of yen)

	March 31, 2021	March 31, 2022	Year-on- year change		March 31, 2021	March 31, 2022	Year-on- year change
Current assets	27,950	29,330	+1,380	Current liabilities	4,229	4,643	+413
Cash and deposits	19,170	20,197	+1,027	Accounts payable	1,363	1,390	+26
Accounts receivable	4,541	4,562	+20	Income taxes payable	783	658	-125
Marketable securities	601	300	-301	Payables and accrued expenses	1,434	1,820	+385
Inventories	3,436	3,988	+551	Others (Including long-term debt)	648	773	+125
Others	200	283	+82	Non-current liabilities	3,181	3,196	+14
Non-current assets	29,336	29,900	+564	Total liabilities	7,411	7,839	+427
Property, plant and equipment	20,916	22,049	+1,133	Net assets	49,874	51,391	+1,517
Intangible assets	797	639	-157	Shareholders' equity	49,479	51,176	+1,696
Investments and other assets	7,622	7,210	-411	Accumulated other comprehensive income	395	215	-179
Assets	57,286	59,231	+1,944	Liabilities and net assets	57,286	59,231	+1,944

Consolidated Results

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



(In millions of yen)

	Fiscal year ended March 2021	Fiscal year ended March 2022	Year-on-year change	Year-on-year % change
Net sales	26,802	28,435	+1,632	+6.1%
Gross profit	9,963	10,946	+983	+9.9%
<div style="border-left: 1px dashed black; padding-left: 10px;">Gross profit margin</div>	37.2%	38.5%	+1.3 pt	—
Selling, general and administrative expenses	6,754	7,186	+431	+6.4%
Operating profit	3,208	3,760	+551	+17.2%
<div style="border-left: 1px dashed black; padding-left: 10px;">Operating profit margin</div>	12.0%	13.2%	+1.2 pt	—
Ordinary profit	3,408	3,962	+554	+16.3%
Net income before income taxes	2,171	3,956	+1,784	+82.2%
Net income attributable to shareholders of parent company	1,539	2,755	+1,215	+78.9%

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



(In millions of yen)

	Fiscal year ended March 2021	Fiscal year ended March 2022
Cash flow from operating activities	+3,215	+3,090
Cash flow from investing activities	-1,698	-736
Cash flow from financing activities	-650	-1,120
Effect of exchange rate fluctuations on cash and cash equivalents	+0	+2
Net increase (decrease) in cash and cash equivalents	+867	+1,236
Cash and cash equivalents at the beginning of the year	17,782	18,649
Cash and cash equivalents at the end of the year	18,649	19,885

Depreciation expense	784	765
Capital expenditures (*)	605	1,332

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

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



	Fiscal year ended March 2021	Fiscal year ended March 2022	Year-on-year change
Total assets (million yen)	57,286	59,231	+1,944
Net assets (million yen)	49,874	51,391	+1,517
Equity ratio	87.1%	86.8%	-0.3 pt
ROA (Ordinary profit/Total assets*)	5.9%	6.7%	+0.8 pt
ROE (Net profit/Net assets*)	3.1%	5.4%	+2.3 pt
Total asset turnover (Net sales/Total assets*)	0.47	0.48	+0.01
Net income per share (yen)	70.44	126.38	+55.94

* Each profit is as of the end of the fiscal year ended March 2022.

* The amounts for total assets and net assets are as of the end of the fiscal year ended March 2022.

Fine Chemicals

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



(In millions of yen)	Fiscal year ended March 2021	Fiscal year ended March 2022	Year-on-year change	Year-on-year % change
Net sales	13,704	14,103	+399	+2.9%
General-use products: Car-exterior care	2,029	2,117	+87	+4.3%
General-use products: Glass care	3,693	3,969	+276	+7.5%
General-use products: Repair products	2,537	2,466	-71	-2.8%
Professional-use products	1,788	1,850	+62	+3.5%
Home-care products, etc.	1,420	1,360	-59	-4.2%
Foreign operations	1,418	1,575	+157	+11.1%
TPMS (Tire-pressure Monitoring System)	186	217	+31	+16.9%
Electronic device and software development	589	570	-19	-3.3%
Others and adjustments	40	-24	-64	-159.2%
Gross profit	6,518	6,674	+156	+2.4%
Gross profit margin	47.6%	47.3%	-0.2 pt	—
Operating profit	2,235	2,211	-23	-1.1%
Operating profit margin	16.3%	15.7%	-0.6 pt	—

Porous Materials

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



(In millions of yen)		Fiscal year ended March 2021	Fiscal year ended March 2022	Year-on-year change	Year-on-year % change
Net sales		6,287	7,655	+1,367	+21.8%
	Industrial materials	4,778	6,008	+1,230	+25.7%
	Domestic	2,355	3,046	+691	+29.3%
	Overseas	2,423	2,961	+539	+22.2%
	Consumables	1,508	1,647	+139	+9.2%
	Domestic	921	889	-32	-3.5%
	Overseas	587	758	+171	+29.2%
Gross profit		2,002	2,668	+666	+33.3%
	Gross profit margin	31.8%	34.9%	+3.1 pt	—
Operating profit		714	1,105	+390	+54.7%
	Operating profit margin	11.4%	14.4%	+3.0 pt	—

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



(In millions of yen)	Fiscal year ended March 2021	Fiscal year ended March 2022	Year-on-year change	Year-on-year % change
Net sales	5,594	5,428	-165	-3.0%
Automobile repair and sheet metal	2,257	2,384	+127	+5.6%
Driving school	942	1,029	+86	+9.2%
Household product planning and sale	2,394	2,015	-379	-15.8%
Gross profit	1,281	1,331	+49	+3.9%
Gross profit margin	22.9%	24.5%	+1.6 pt	—
Operating profit	136	200	+64	+47.0%
Operating profit margin	2.4%	3.7%	+1.3 pt	—

Real-estate Related (Profit and Loss: Year-on-year Comparison)



(In millions of yen)	Fiscal year ended March 2021	Fiscal year ended March 2022	Year-on-year change	Year-on-year % change
Net sales	1,216	1,247	+31	+2.6%
Real-estate leasing	403	428	+24	+6.1%
Bathhouse business	770	780	+9	+1.3%
Support for preventive long-term care	42	38	-3	-8.1%
Gross profit	162	271	+109	+67.3%
Gross profit margin	13.4%	21.8%	+8.4 pt	—
Operating profit	113	233	+120	+106.4%
Operating profit margin	9.3%	18.7%	+9.4 pt	—

Segment Information

(Comparison of Net Sales and Operating Profit by Segment)



(In millions of yen)

Net sales	Fiscal year ended March 2021	Composition ratio	Fiscal year ended March 2022	Composition ratio	Year-on-year change of composition ratio
Fine Chemicals	13,704	51.1%	14,103	49.6%	-1.5 pt
Porous Materials	6,287	23.5%	7,655	26.9%	+3.4 pt
Services and Real-estate Related	6,811	25.4%	6,676	23.5%	-1.9 pt
Total	26,802	100.0%	28,435	100.0%	—

Operating profit	Fiscal year ended March 2021	Composition ratio	Fiscal year ended March 2022	Composition ratio	Year-on-year change of composition ratio
Fine Chemicals	2,235	69.8%	2,211	59.0%	-10.8 pt
Porous Materials	714	22.3%	1,105	29.5%	+7.2 pt
Services and Real-estate Related	249	7.9%	433	11.5%	+3.6 pt
(*) Total	3,208	100.0%	3,760	100.0%	—

(*) Total amounts include the consolidated adjustment amount.

SEEK OUT
INNOVATION

~ Discover future necessities ~

