
For the Fiscal Year Ended March 2023

SOFT99 corporation

Materials for the Financial Results Briefing

May 31, 2023

- 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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Appendix: Numerical Data

I: Corporate Group Outline

I: Corporate Group Outline (Corporate Profile)

SOFT99 corporation

Established October 28, 1954

Core business Manufacturing and sale of chemical products for car and home care

Manufacturing and sale of functional precision porous products

No. of employees 837 (as of March 31, 2023; Consolidated)

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

History of our principal products

1969
"HANNERI WAX"



1978
"BODY PAINT"



1987
"TINET"



1993
"GLACO ROLL ON"



1999
"Plassenu"



1999
"FUKUPIKA WET"



2003
"G'zox series"



2006
"SHAMPOO FOR GLASSES"



* Plassenu (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.

I: Corporate Group Outline (Operating Segments Outline)

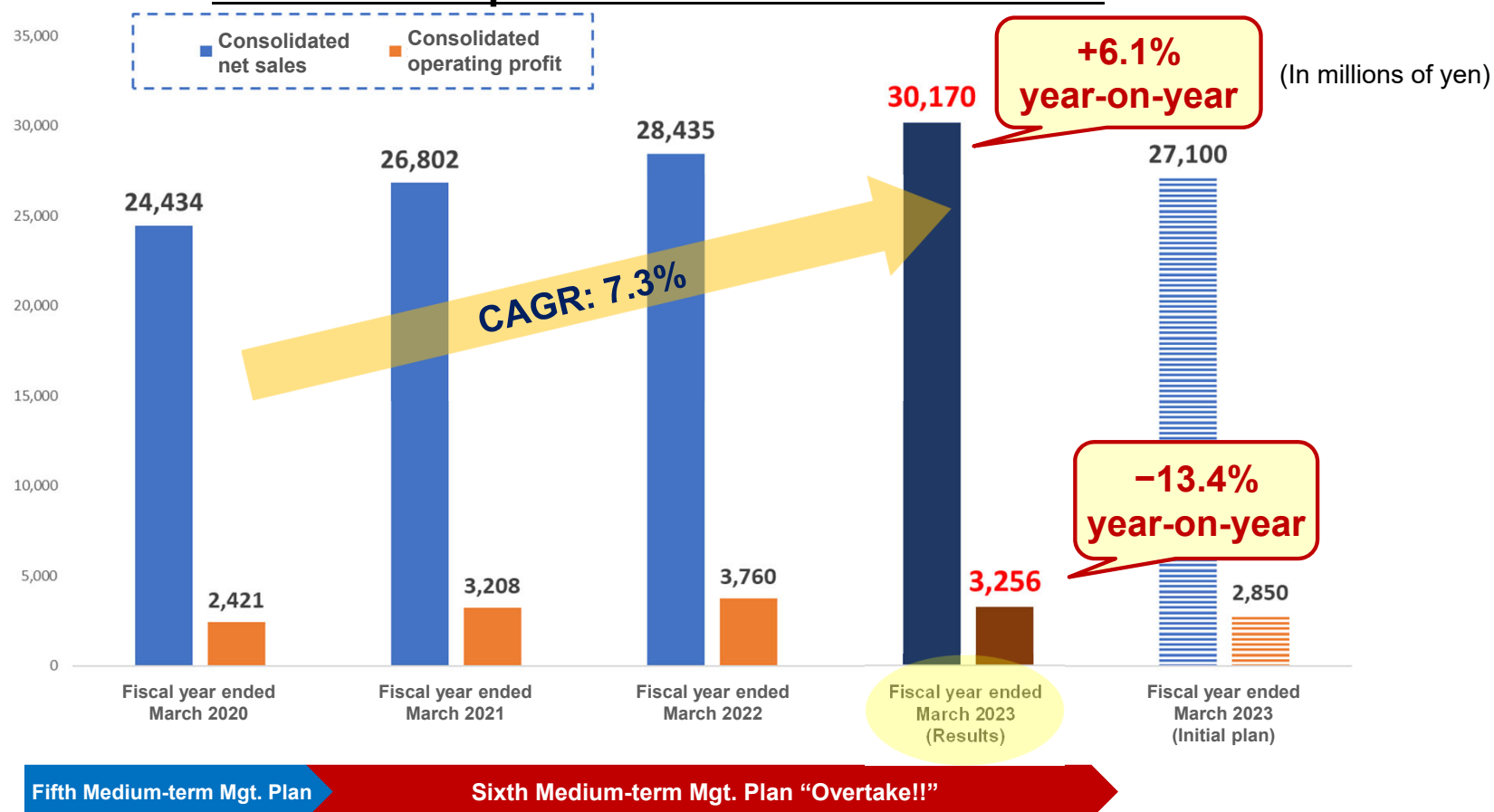
Operating Segments	Subsegments	
<p>① Fine Chemicals</p> <p>Manufacturing and sale of chemical products for car and home care</p>	Consumer products (for automobiles)	Inherited business
	Professional-use products (for automobiles and other industries)	
	Home-care products	
	Foreign operations	
	Planning, 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	
	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: Trend of Financial Results

II: Trend of Financial Results (Consolidated Profit and Loss)

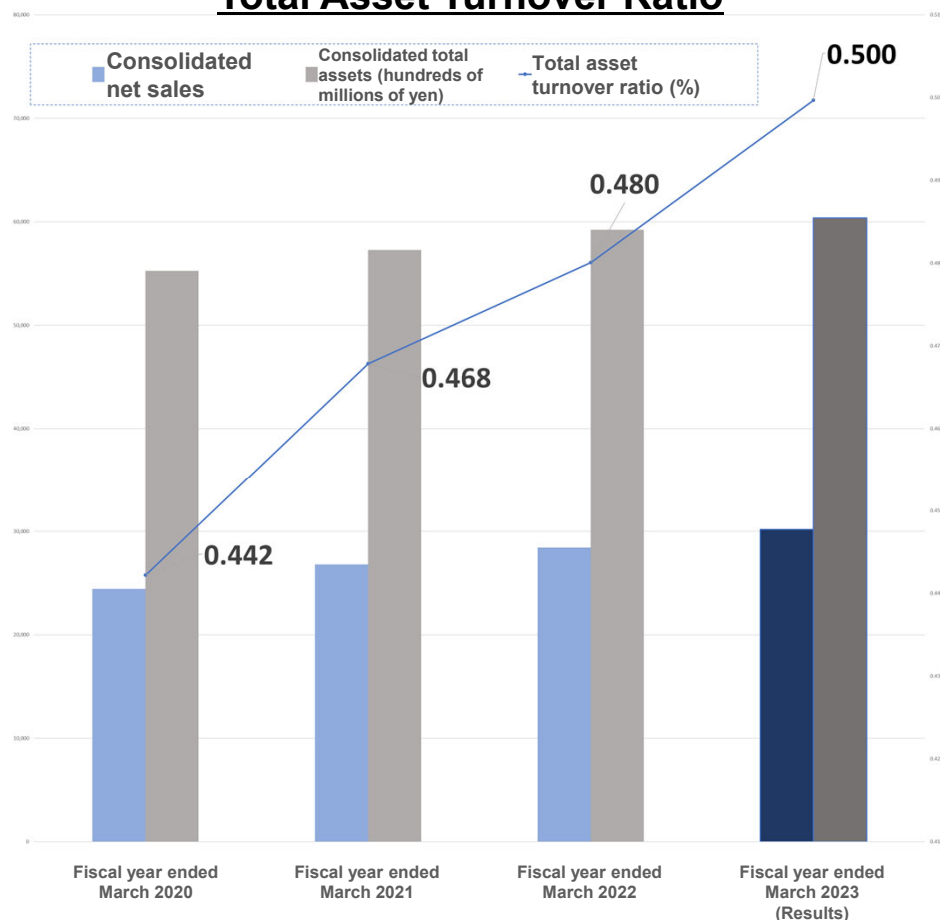
- Consolidated net sales reached a record high in the second year (fiscal year ended March 2022), boosted by special demand related to COVID-19.
- In the final year, while the special demand calmed down, net sales exceeded the initial plan, and net sales CAGR during the plan period (7.3%) also exceeded the target set forth in the Sixth Medium-term Management Plan (2.9%).
- Consolidated operating profit also exceeded the initial plan.

Trend of Group Consolidated Profit and Loss



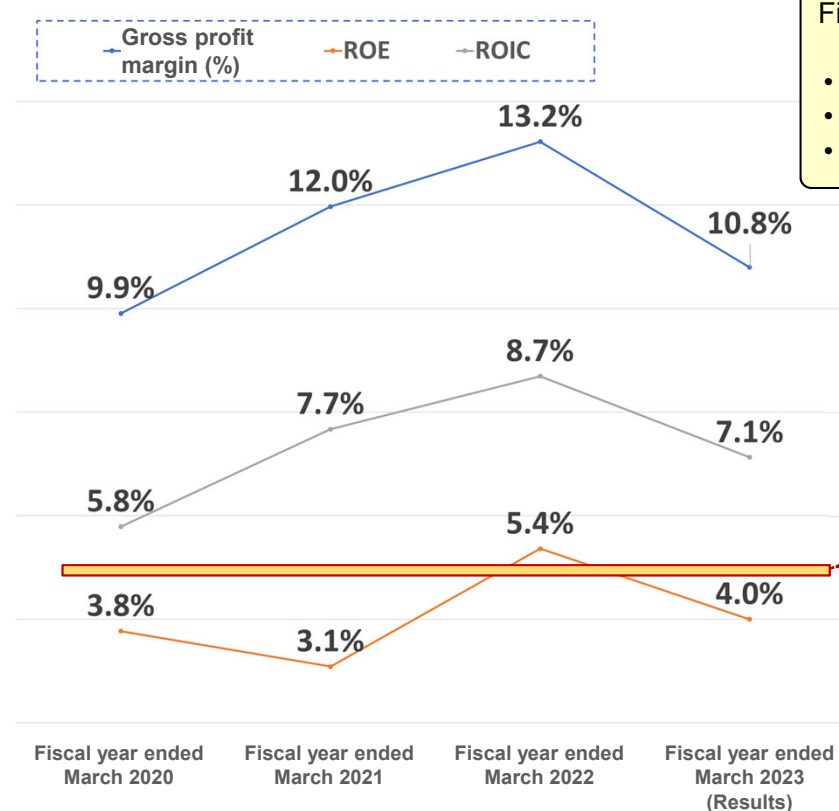
II: Trend of Financial Results (Major Management Indicators)

Total Asset Turnover Ratio



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

Trends of Consolidated Operating Profit Margin, ROE, and ROIC



Capital efficiency indicators of the Sixth Medium-term Management Plan Final targets (initially set)

- Operating profit: 10.5%
- ROE: 4.0%
- ROIC: 6.1%

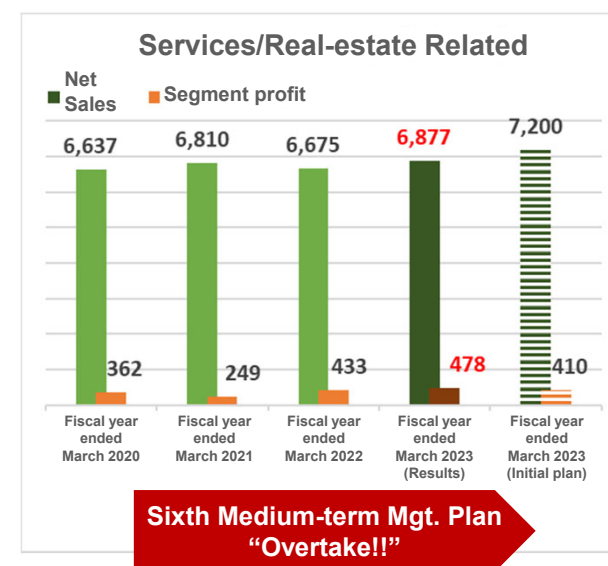
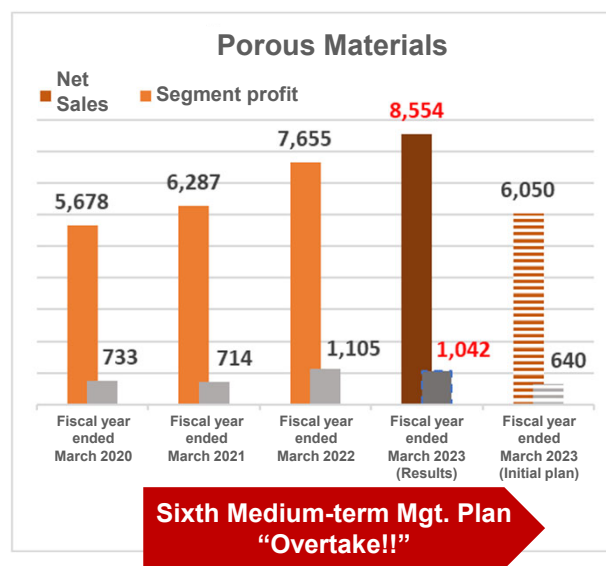
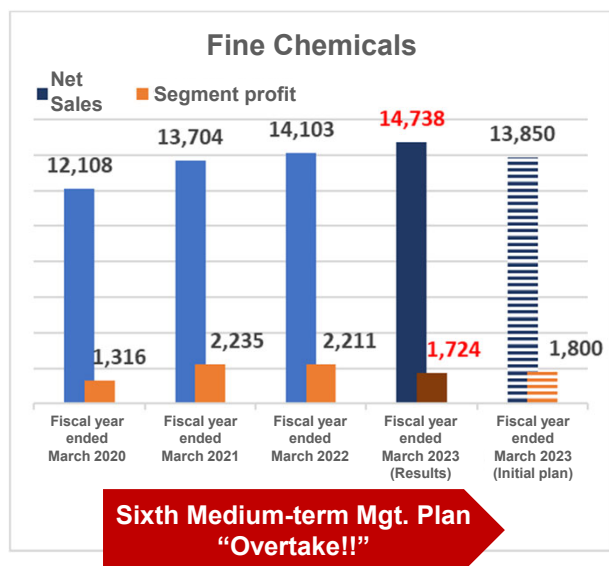
The cost of capital was assumed to be 4.5% to 5.0% in the Sixth Medium-term Management Plan.

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

* **ROIC = After-tax operating profit / Invested capital in business**
 • After-tax operating profit = Operating profit × (1 - Effective tax rate of 30%)
 • Invested capital in business = (Current assets - Cash and deposits - Securities) - Current liabilities + (Non-current assets - Corporate bonds held)

II: Trend of Financial Results (Profit and Loss by Segment)

- In the first year, while the Services segment and the Real-estate Related segment struggled due to people staying at home during the COVID-19 pandemic, the Fine Chemicals segment and the Porous Materials segment achieved growth mainly due to a rise in stay-at-home consumption demand.
- In the final year, we struggled in terms of profit mainly in the Fine Chemicals segment due to changes in sales mix resulting from growth in overseas sales and higher raw material cost.



- As stay-at-home consumption demand arising from people's stay-at-home behavior spread to car care, consumer products sales and overseas product sales grew.
- On the other hand, profit fell short of the plan due to changes in sales mix resulting from overseas sales growth and higher raw material cost.

- Shipment of products for industrial materials increased due to increase in demand for semiconductors.
- Aztech joining the Group in 2020 contributed to the growth in net sales.
- Profit also exceeded the plan as plant utilization rate improved.

- The bathhouse business struggled due to requests for voluntary closing of facilities under the coronavirus pandemic.
- The automobile repair and sheet metal business benefited from the increase in demand for sheet metal due to snowfall and the strong performance of the application of coating and films. As a result, profit exceeded the plan.

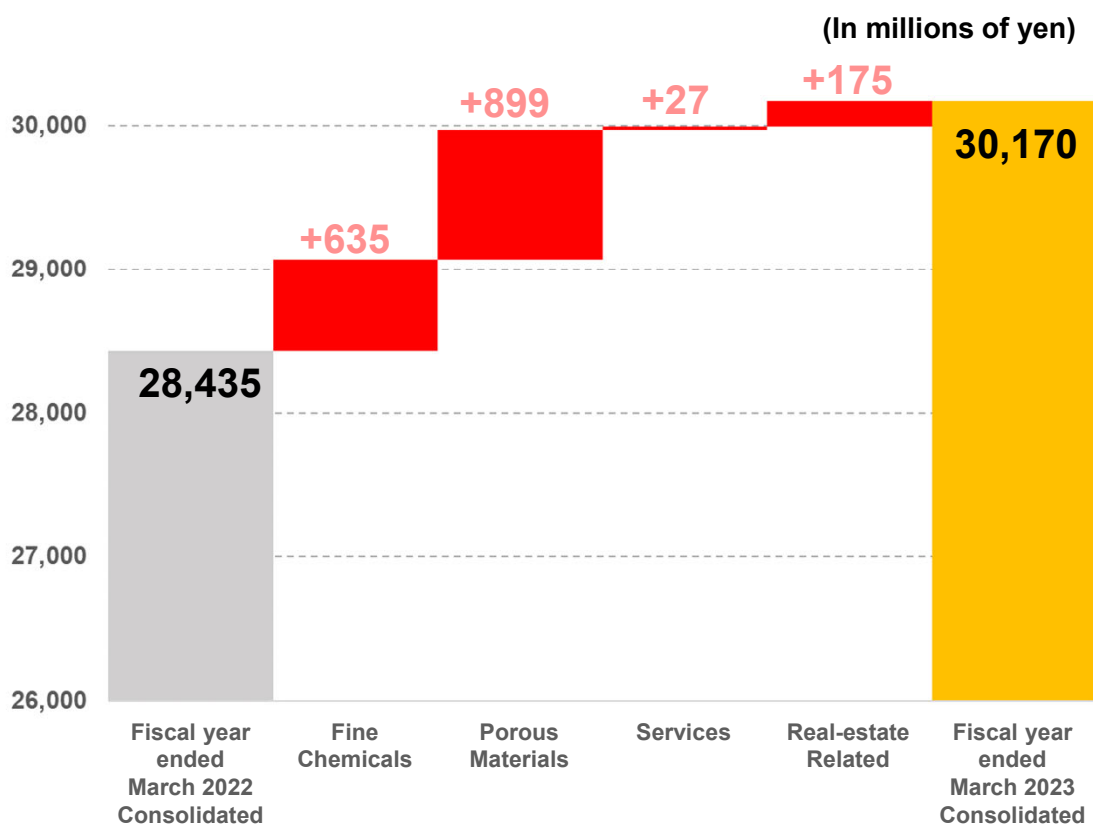
III: Business Outline

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

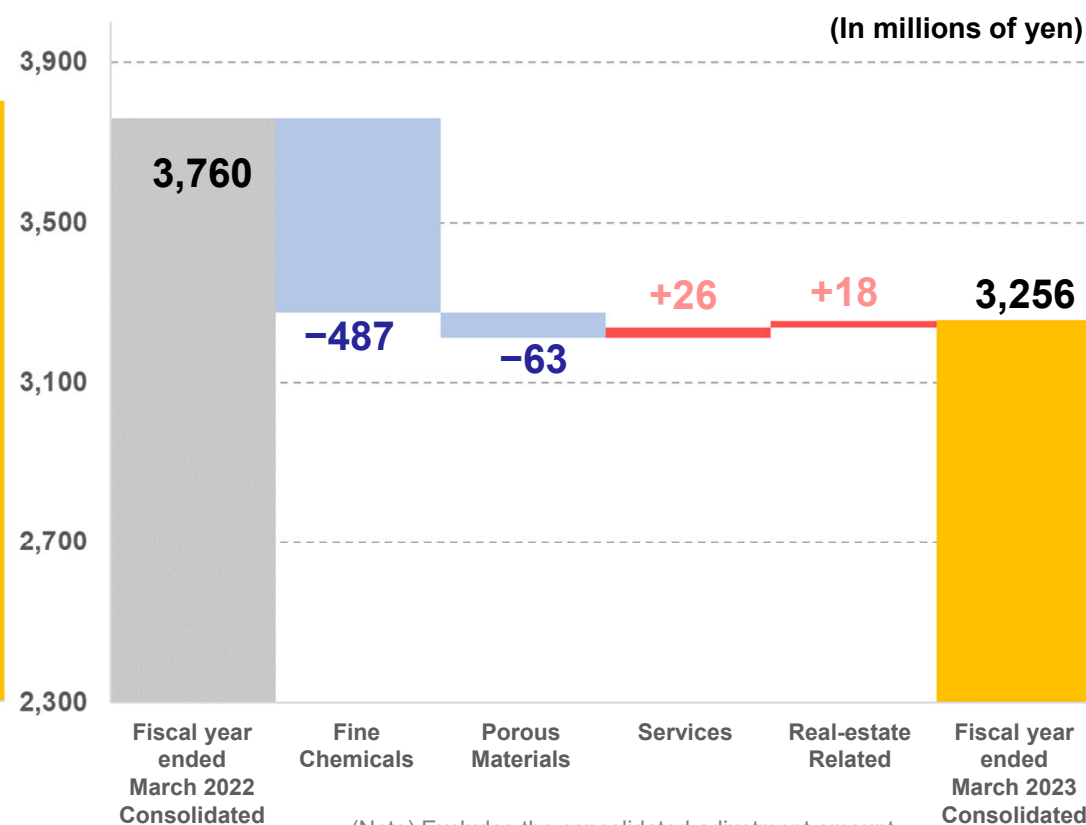


- Net Sales Porous Materials and all other segments achieved growth in sales.
- Segment profit While the Services and Real-estate Related segments secured growth in profit, gross profit margin in the Fine Chemicals segment declined due to changes in sales mix resulting from overseas sales growth. In the Porous Materials segment, profit decreased due to rises in energy prices and raw material cost.

Net Sales by Segment: Year-on-year Changes



Profit by Segment: Year-on-year Changes



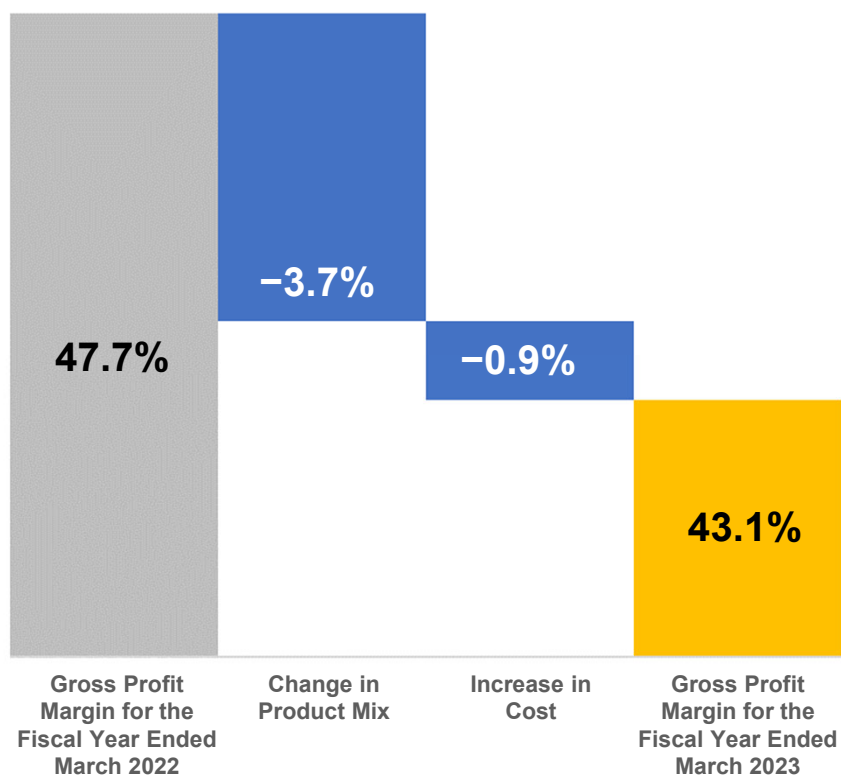
(Note) Excludes the consolidated adjustment amount

III: Business Outline Gross Profit Margin, Variable Factors (Year-on-year Comparison)

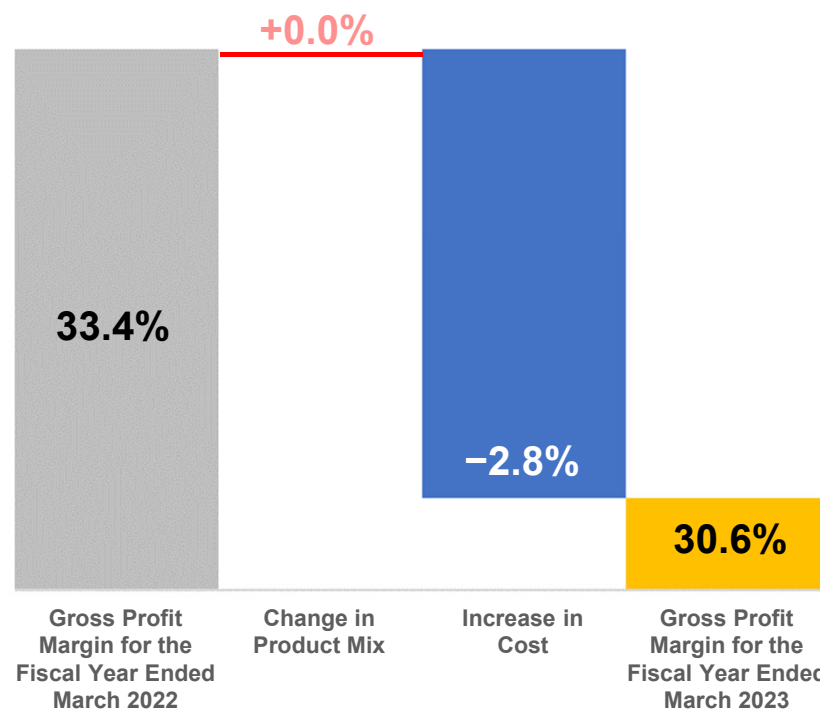


- Fine Chemicals (SOFT99) ··· Profit margin declined due to changes in sales mix resulting from overseas sales growth.
- Porous Materials (Aion) ····· Profit margin declined due to increases in costs resulting from energy price hikes.

SOFT 99 Product Sales, Gross Profit Margin
Year-on-year Changes



Aion, Gross Profit Margin
Year-on-year Changes



(Note) Calculated before consolidation adjustments

III: Business Outline

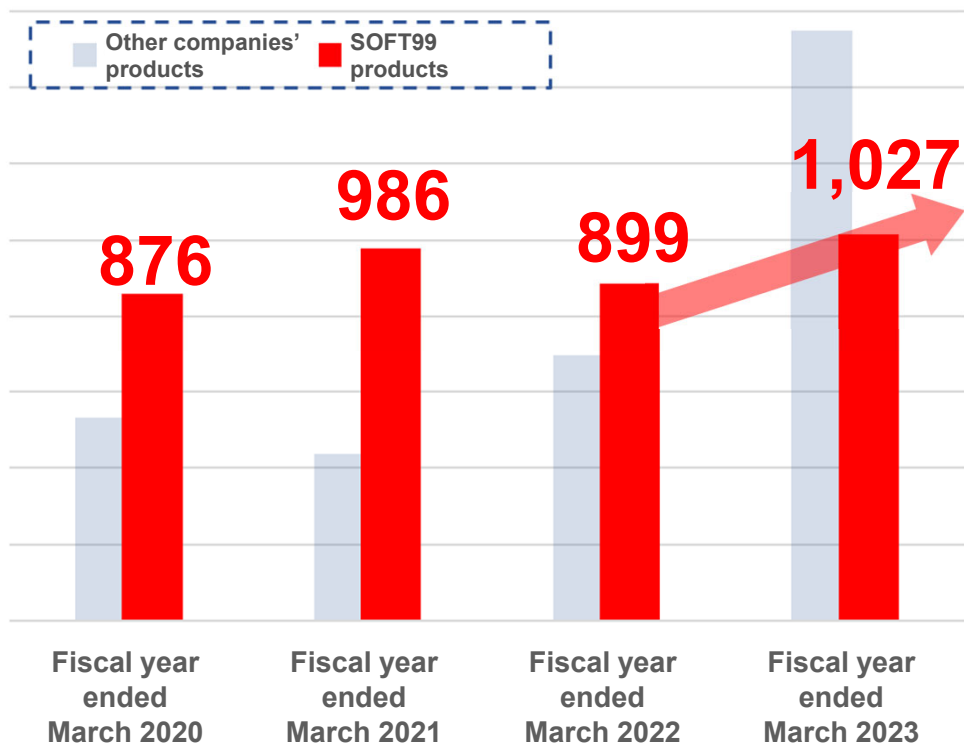
(Fine Chemicals Segment: Overseas Product Sales)



- In the fiscal year ended March 2022, sales decreased due to lockdowns in China. In the fiscal year ended March 2023, sales of SOFT99 products increased as a result of the promotion of localized packaging and the enhancement of destination-specific products.
- In the fiscal year ended March 2023, profit margin of overseas product sales as a whole declined as a result of the increase in sales of other companies' products.

Changes in Sales of SOFT99 Products and Products of Other Companies

* Figures indicate results of SOFT99 products. (In millions of yen)



Fifth Medium-term Mgt. Plan

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

Enhancement of destination-specific products



Promotion of localized packaging



III: Business Outline

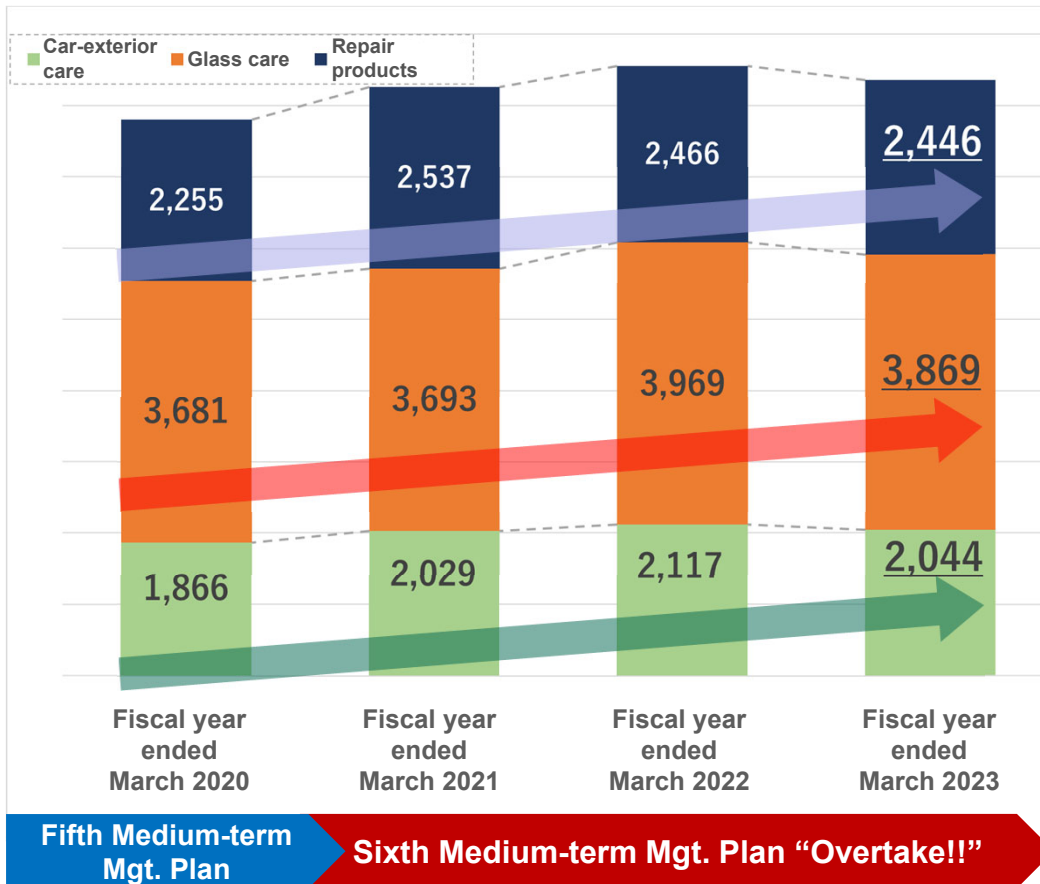
(Fine Chemicals Segment: Consumer Products Sales)



- In the fiscal year ended March 2023, sales decreased as stay-at-home consumption demand wound down. However, sales remained higher than the levels in the final year of the Fifth Medium-term Management Plan (fiscal year ended March 2020) mainly due to strong sales of new products.

Changes in Consumer Products Sales

(In millions of yen)



Strengthened the release of car-exterior care products that propose new car wash styles



Strengthened sales promotion and product releases, including the campaign for the 30th anniversary of the release of the "GLACO" series



Strengthened sales of tire and wheel cleaning products



III: Business Outline

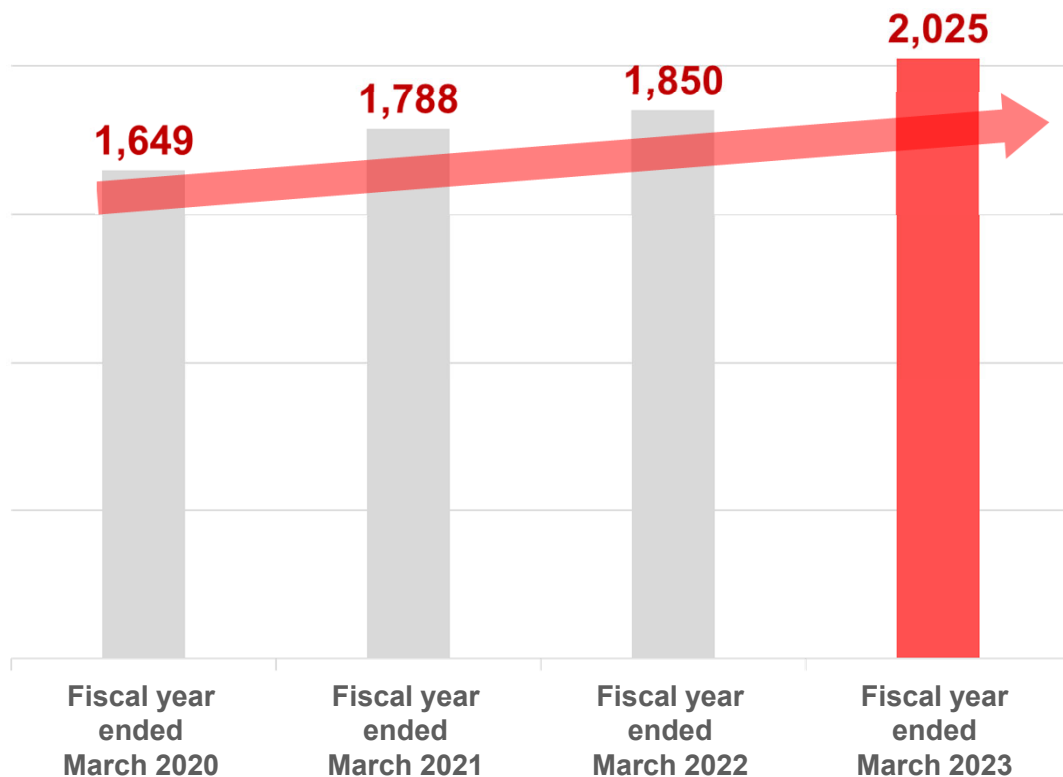
(Fine Chemicals Segment: Professional-use and Home-care Products Sales)

- While the supply of new cars remained unstable, sales increased as we worked with clients to increase the rate of application orders.

- Sales of eyeglass care products were slow but exceeded the results for the fiscal year ended March 2020 due to the expansion of sales locations.

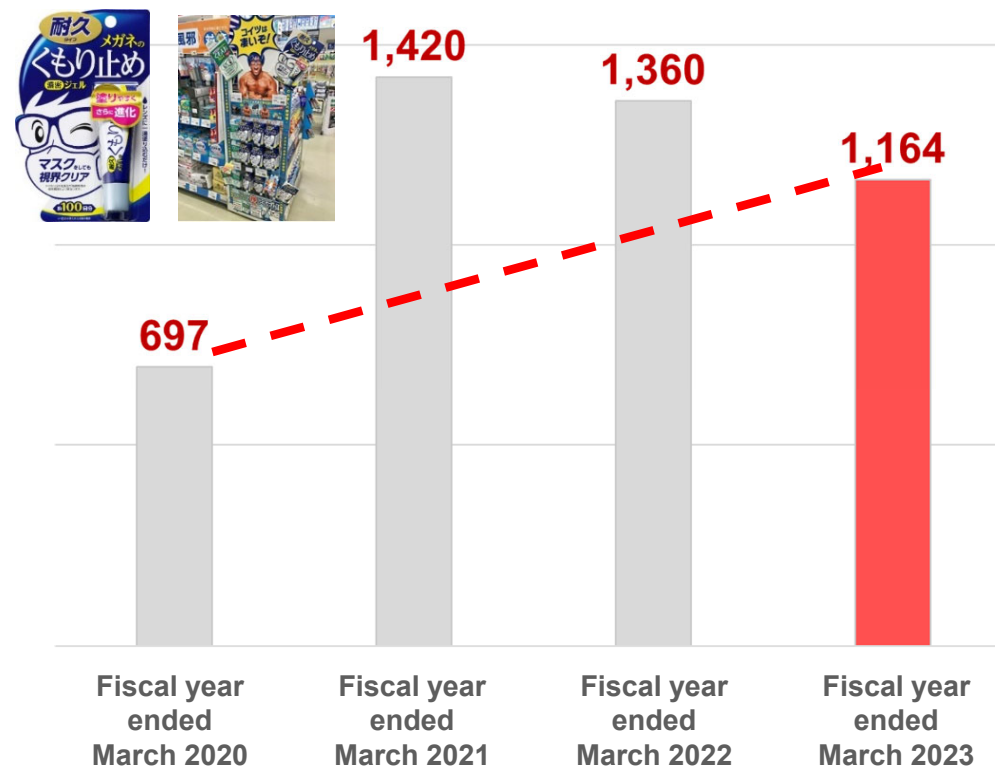
Changes in Professional-use Products Sales

(In millions of yen)



Changes in Home-care Products Sales

(In millions of yen)



Fifth Medium-term Mgt. Plan

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

Fifth Medium-term Mgt. Plan

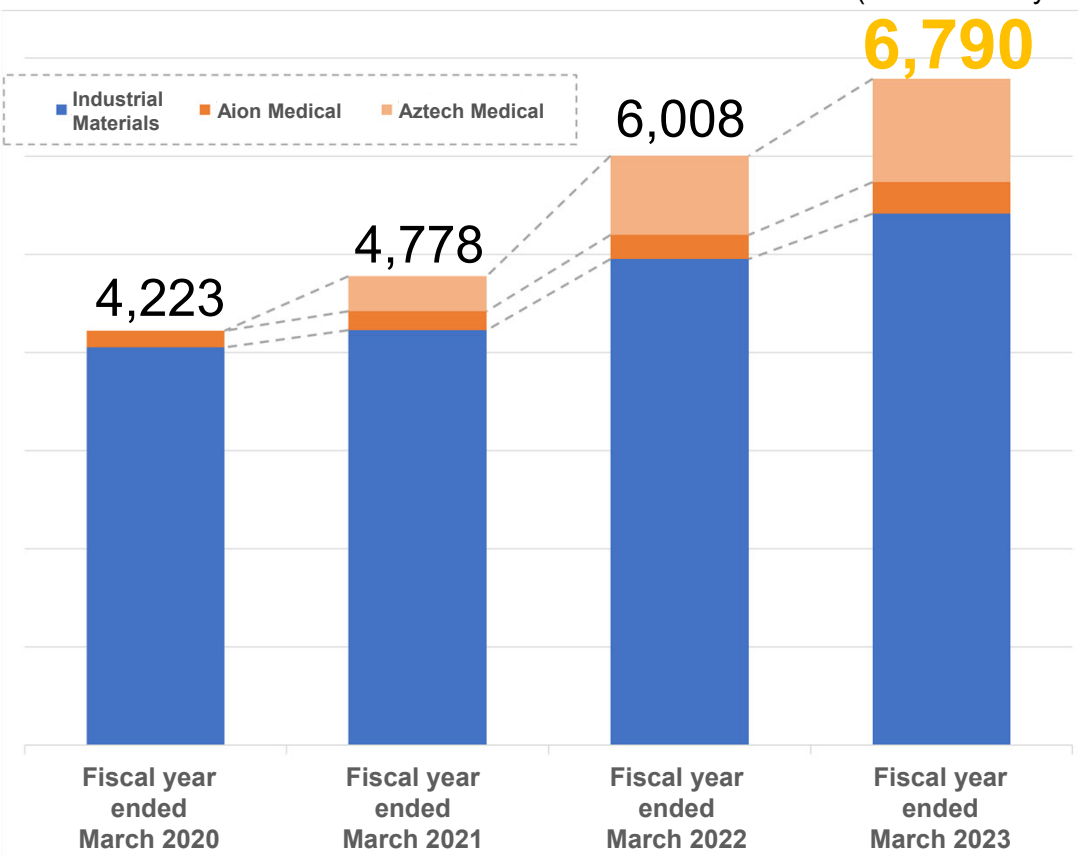
Sixth Medium-term Mgt. Plan "Overtake!!"

III: Business Outline (Porous Materials Segment)

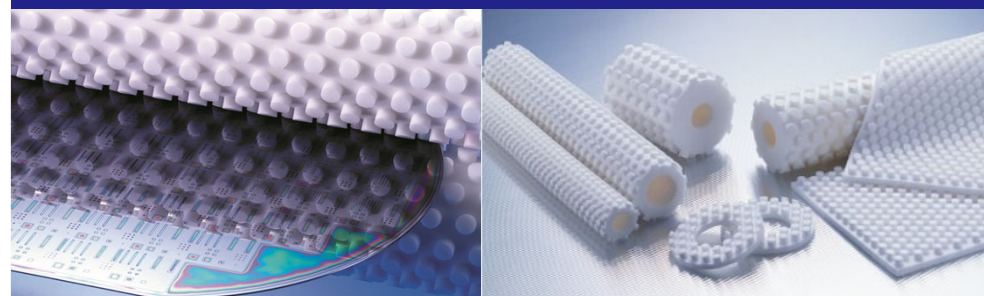
- In industrial materials, the shipment of semiconductor-related materials remain strong. Sales of medical and hygienic products to hospitals also remained firm. However, the medical application of PVA sponge only reached half the target.

Changes in Sales of Industrial Materials

(In millions of yen)



Shipments increased due to strong semiconductor demand



Products for medical applications remained firm



New plant construction to improve the production system



Depreciation of the plant has started in the second half of the fiscal year ended March 2023.

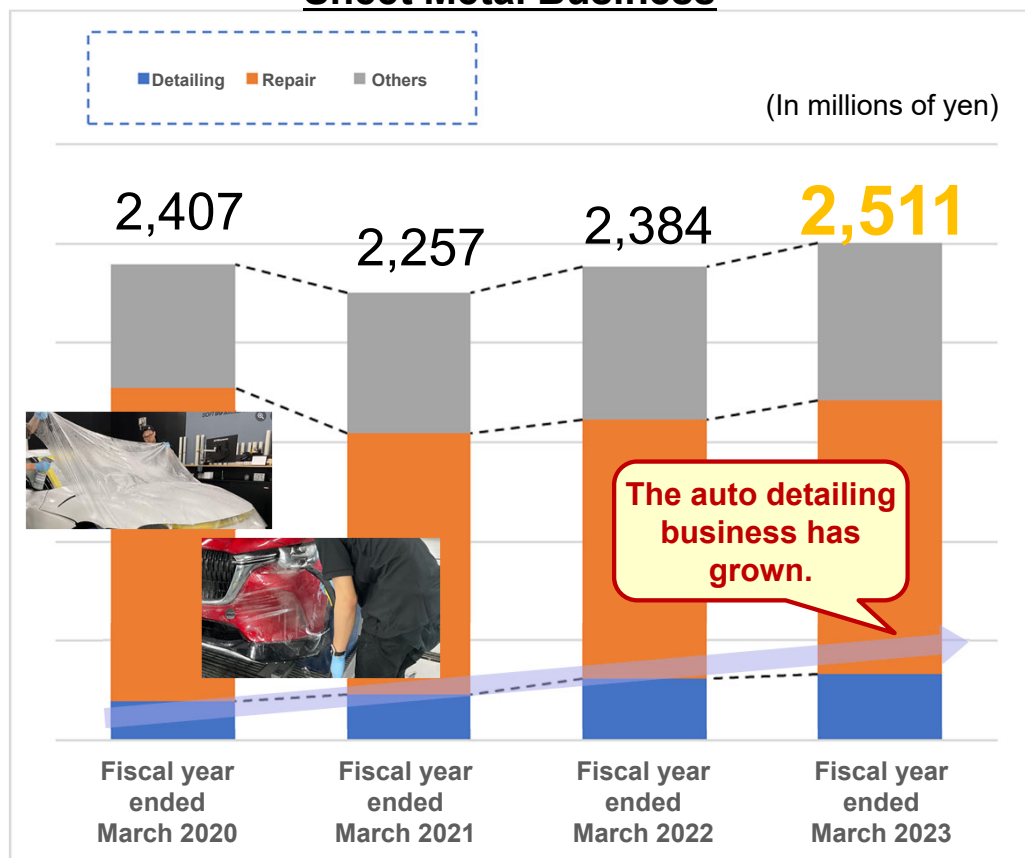
Fifth Medium-term Mgt. Plan

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

III: Business Outline (Services Segment)

- The automobile repair and sheet metal business achieved sales growth due to the recovery in sheet metal demand and strong performance of the business for auto detailing goods, such as films and coating.

Changes in Sales of the Automobile Repair and Sheet Metal Business

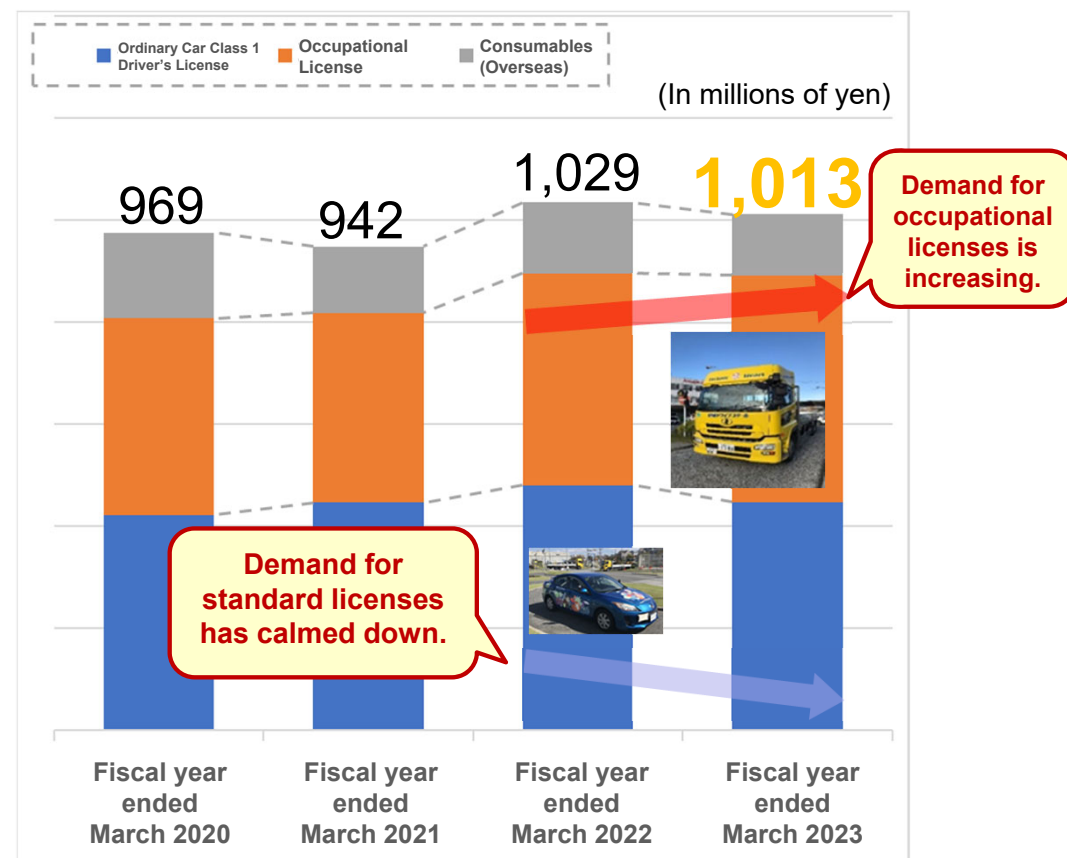


Fifth Medium-term Mgt. Plan

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

- In the driving school business, while the need among students for obtaining standard licenses has calmed down, attendance in occupational license classes remained high.

Changes in Sales of the Driving School Business



Fifth Medium-term Mgt. Plan

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

IV: Seventh Medium-term Management Plan



(1) Environment Surrounding the Group



(1) Environment Surrounding the Group

(Changes in the Environment Caused by COVID-19)

- Changes in the environment caused by COVID-19 had both positive and negative impacts on the Group.
- As the society slowly turns back to normal, some of those changes are expected to become commonplace (established) while others are expected to return to their original state.

Operating Segments	Subsegments	Impact of COVID-19 (Sixth Medium-term Management Plan Period)
Fine Chemicals	Consumer products (for automobiles)	Stay-at-home consumption demand spread to car care.
	Professional-use products (for automobiles and other industries)	The lead time from order to delivery was extended for new cars. Demand for used cars grew.
	Home-care products	Demand increased as mask-wearing became a norm.
	Foreign operations	Stay-at-home EC shift progressed under lockdowns.
	Planning, development, and sale of the Tire-Pressure Monitoring System	—
	Development of electronic devices and software	Shipment decreased due to difficulties in the procurement of raw materials.
Porous Materials	Industrial materials (precision cleaning, polishing, and filtering products for high-tech industries) (medical and hygienic products)	Demand for semiconductors increased due to the expansion of teleworking, among other factors.
	Consumables (automobiles, kitchen goods, cosmetics, sporting goods, etc.)	—
Services	Automobile repair and sheet metal	The lead time from acceptance to delivery extended due to unstable supply of automotive parts.
	Driving lessons	There is a greater need among students to obtain standard licenses because their free time increased due to online classes, among other factors.
	Household product planning and sale	Sales increased as we captured online sales demand arising from the need to avoid infection risk from going out.
Real-estate Related	Real-estate leasing	—
	Bathhouse operation, Support for preventive long-term care	Decrease in profit from food and beverages due to sales restrictions and infection risk measures.

As for the impacts shown in red, demand is expected to calm down going forward and return to previous levels.



We need to anticipate changes in the environment as the society turns back to normal after COVID-19.

(1) Environment Surrounding the Group (Social Demand)

- In recent years, companies are required to work on and disclose non-financial initiatives, such as environmental measures and human resource development, in addition to financial results, including operating results. The SOFT99 Group will promote business operations in a way that further enhances corporate value and pursues social missions while continuing existing initiatives at the same time.

Reduce carbon footprint through resource conservation

Reduce package weight

FSC certification for eliminating or reducing plastic

CO₂ emission reduction during transportation

Promotion of modal shift

Promotion of the rationalization of the means of transportation

1 NO POVERTY

2 ZERO HUNGER

3 GOOD HEALTH AND WELL-BEING

4 QUALITY EDUCATION

5 GENDER EQUALITY

6 CLEAN WATER AND SANITATION

7 AFFORDABLE AND CLEAN ENERGY

8 DECENT WORK AND ECONOMIC GROWTH

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

10 REDUCED INEQUALITIES

11 SUSTAINABLE CITIES AND COMMUNITIES

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

13 CLIMATE ACTION

14 LIFE BELOW WATER

15 LIFE ON LAND

16 PEACE, JUSTICE AND STRONG INSTITUTIONS

17 PARTNERSHIPS FOR THE GOALS

Proper use of chemical substances

Responses to chemical substance regulations

New water-based paint booths

CO₂ emission reduction effect

ASMO

Revitalization of human capital

Respect for diversity

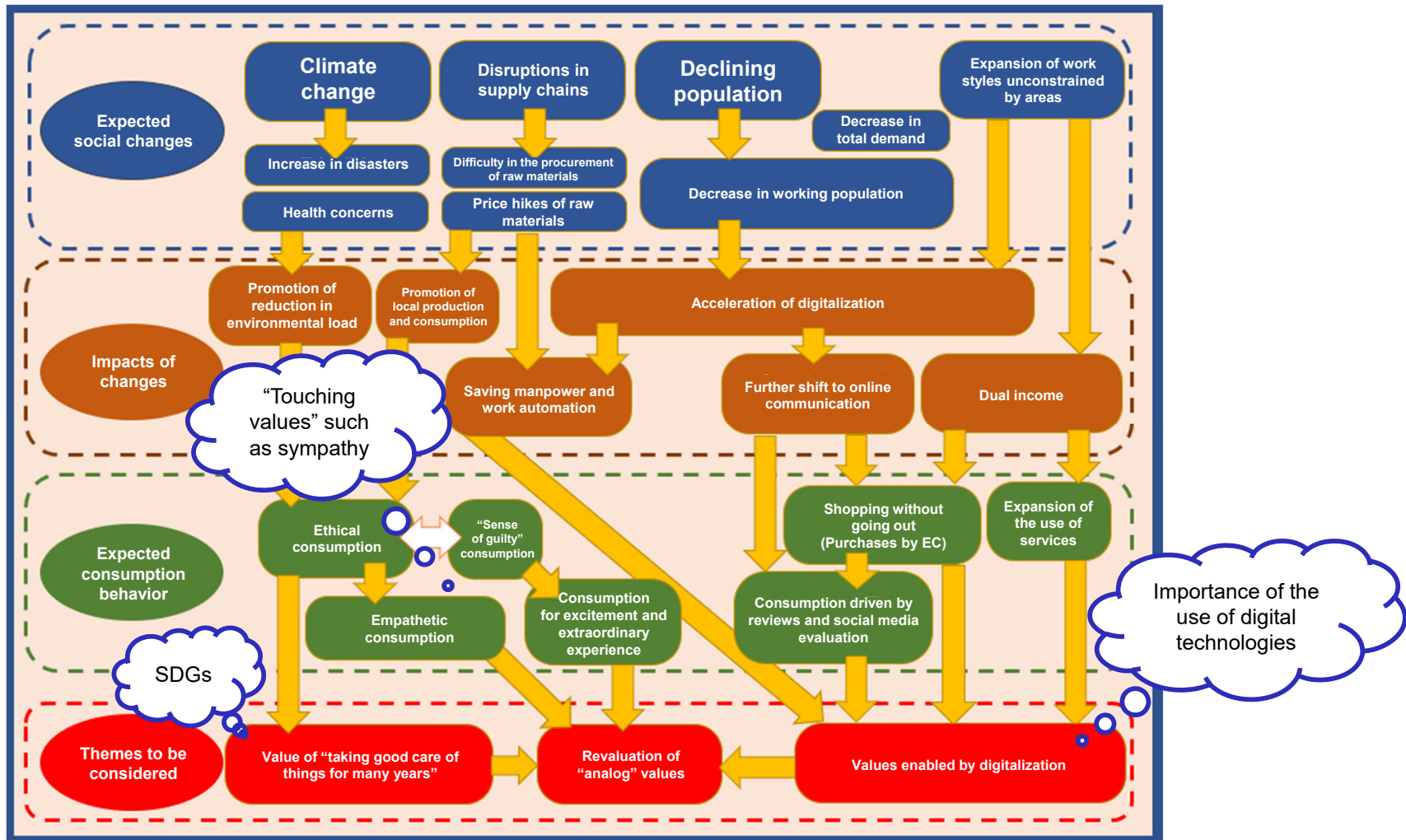
Investments in HR development

Parenting and nursing support

(1) Environment Surrounding the Group

(Expected Social Changes and Consumption Behavior)

- We need to determine the value that the SOFT99 Group should provide by anticipating social changes and their impact on society, as well as resulting consumption behavior.
- As a result of wider acceptance of values provided by the SOFT99 Group to society, we expect the Group to be able to answer social demand, such as SDGs.



(2) Management Philosophy and Plan Themes



(2) Management Philosophy and Plan Themes

- The business environment surrounding the SOFT99 Group continues to change rapidly, such as disruptions in supply chains, climate change, and declining population.
- To resolve new social issues arising from these changes, we need to **evolve** rather than grow, in order to break away from those ideas and behavior that are mere extensions of past experience and progress to a new stage and beyond.
- By evolving, we aim to continue to be **a group that provides values to help resolve social issues**.

Management
philosophy

**Life culture creation company
—Discover future necessities—**

**Unchanged since the Third Medium-term Management
Plan as the universal management philosophy of SOFT99**

Medium-term
plan theme

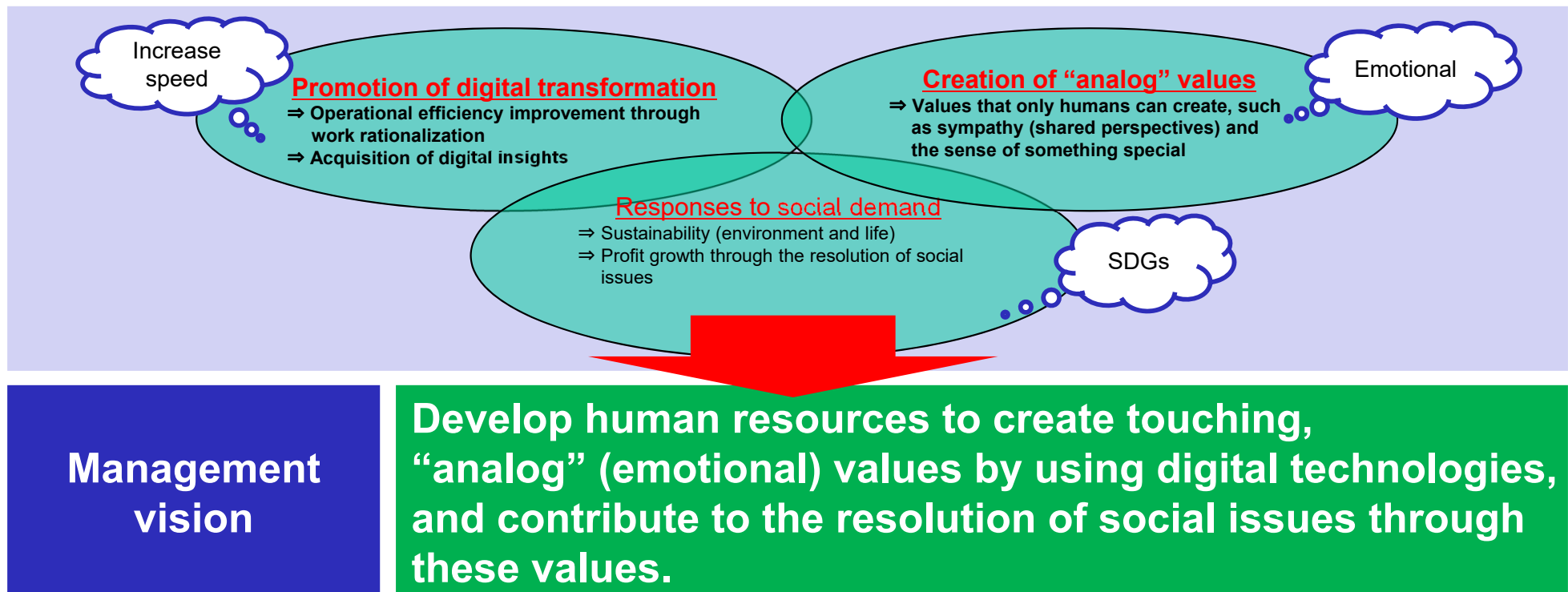
Evolve!!

(3) Management Vision



(3) Management Vision

- It is essential for us to **promote the effective use of digital technologies** in order to improve efficiency, save time, or increase added value.
- On the other hand, as exemplified by double speed consumption, we observe the spread of the idea that saving time through digitalization is good and that spending time is bad.
- However, what is important is **to provide touching, “analog” (emotional) values**. If we can do so, we can create a trend to shift the paradigm to “spending time is good.”
- The SOFT99 Group aims to **provide “analog” values by effectively using the time saved through efficiency improvement by digitalization in combination with the provision of higher value-added products and services enabled by digital technologies**.



(3) Management Vision Focus Area (Analog and Digital)

- While there is no model answer to what “analog” values are, we aim to provide **values that only humans can create** rather than homogeneous values enabled by digital technologies. We regard digital technologies simply as tools to create values.



What are “analog” values for the SOFT99 Group?



What is the effective use of digital technologies for the SOFT99 Group?

Sympathy

Shared perspectives
(Shared perspectives to see values)



Development of a network for profit-sharing

Embed values in life until they become habits

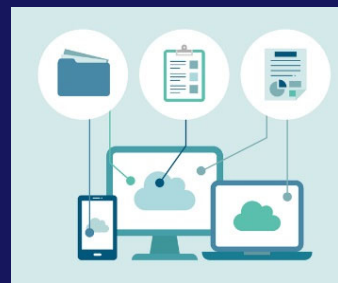
Sense of something special
(Creation of a sense of premium experience)



Exclusive products and services available only in this occasion to achieve one’s “heart’s fulfillment”

Effective use

Increase the added value of products and services



Promote efficiency improvement and time-saving



Providing sympathy, which is a **value that only humans can create**, through the effective use of digital technologies will lead to the evolution of the SOFT99 Group.



(3) Management Vision

Focus Area (Business Areas to be Strengthened)

- The Seventh Medium-term Management Plan has identified three focus areas for us to evolve in addition to the expansion of existing areas.
- We will work to achieve business growth by creating “analog” values that have never been seen before by using digital technologies to support them.

Diversification of delivery method of values
(Fine Chemicals)
(Services and Real-estate Related)

Effective use of digital technologies

サブス99
LIMITED

* Subscription of car wash products

宅配サポート付きトランクルーム
every-two
everytime everywhere everyone

* Self-storage with home delivery support

Service enhancement and menu creation



Strengthen overseas expansion
(Fine Chemicals)

Build overseas production capabilities



Enhance destination-specific products and localized packaging



Further enhancement in the medical field
(Porous Materials)

Expand the medical applications of PVA products



Explore new businesses



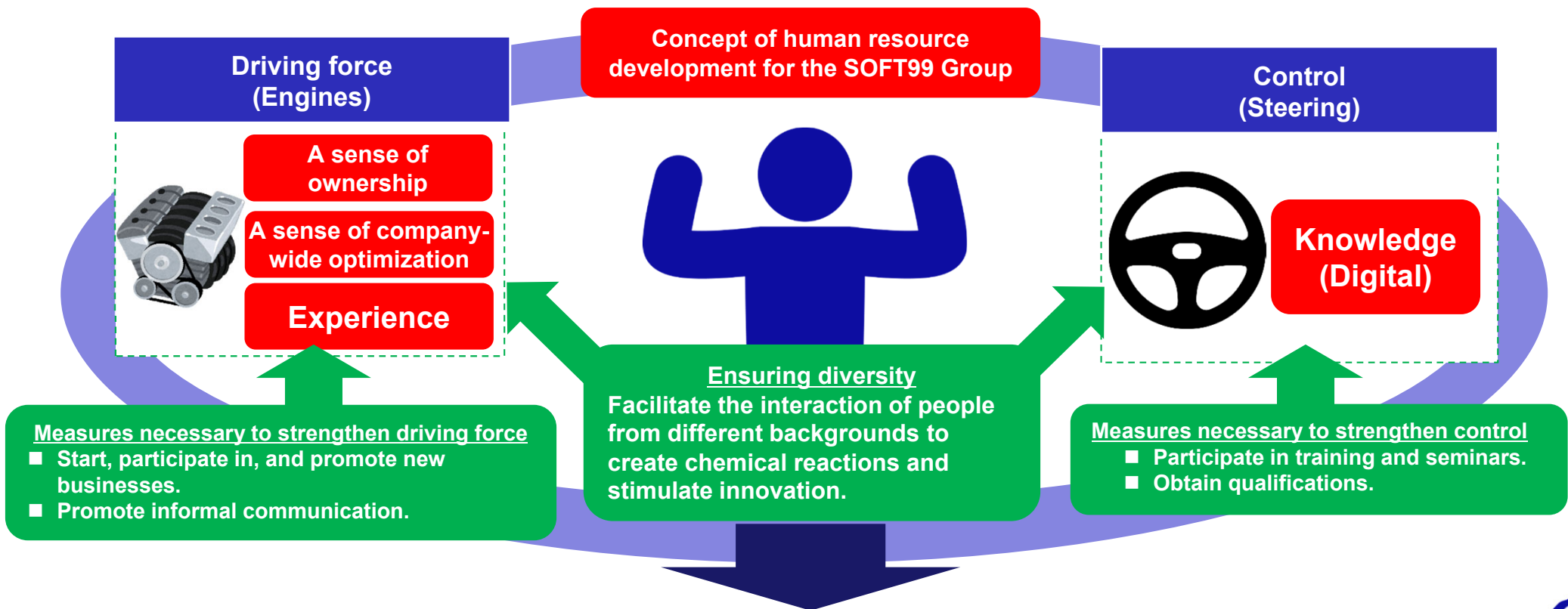
We will work to achieve profit growth by enhancing added value through the effective use of digital technologies in combination with aggressive capital investment.

(3) Management Vision

Focus Area (HR Development and Implementation Measures)



- The growth of our people is essential for us to realize profit growth (creation of “analog” values) and sustainability. Amidst rising social demand for human capital enhancement, we clarify the concept of human resource development for the Group.



By implementing these measures to strengthen driving force and control, we will develop human resources who can take control and steer in the right direction by working as an engine by themselves rather than being towed by somebody else.



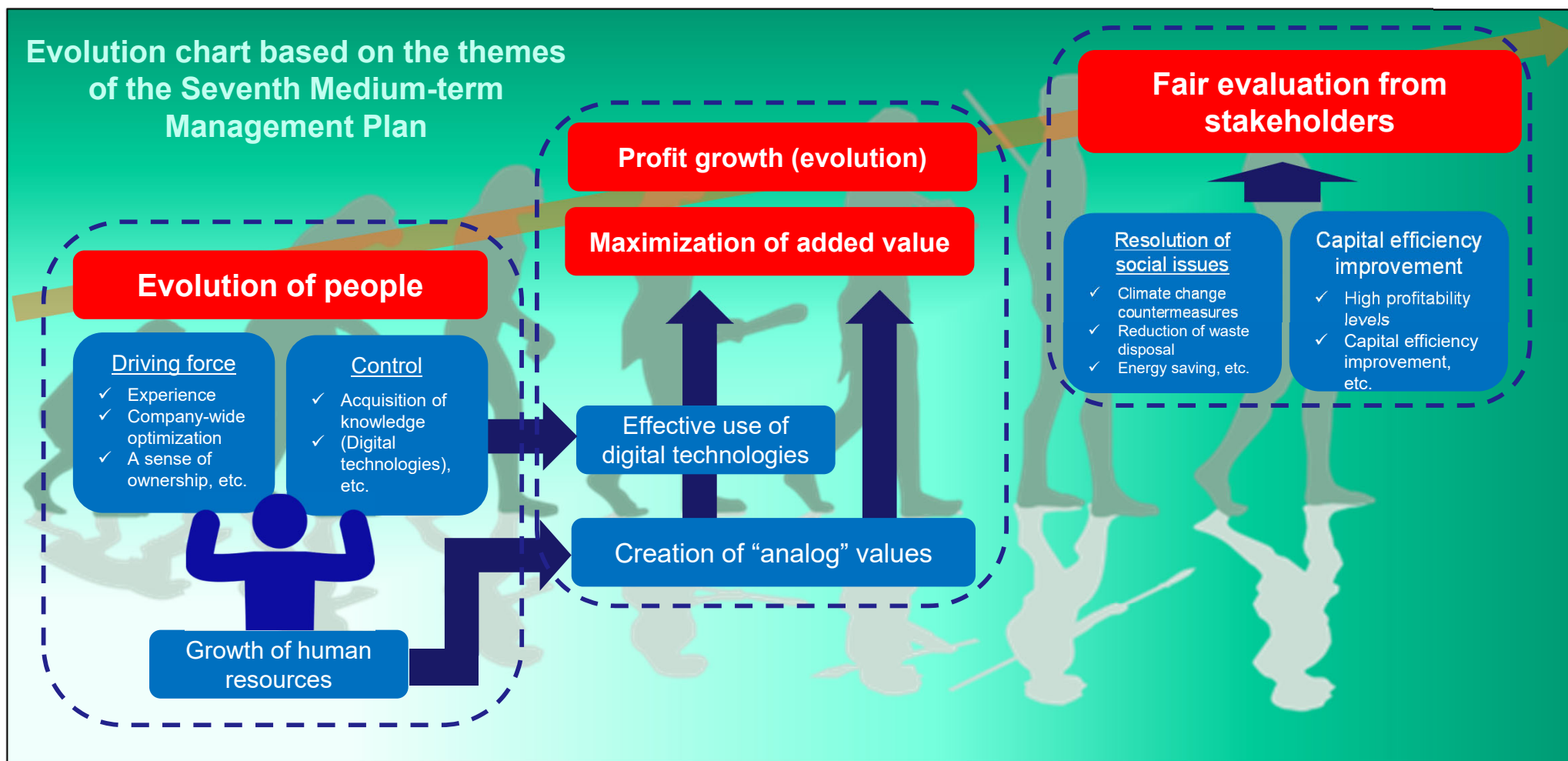
(3) Management Vision Focus Area (Responses to Social Goals)

- Based on the SOFT99 Group Corporate Governance Policy, we aim to ensure that our business operations will contribute to the resolution of social issues from the following two perspectives: (i) values provided through the use of products and services and (ii) values created through the improvement of the production processes of products and services.

	Social issues	Values provided by the SOFT99 Group	Main expected business activities		
Values provided through the use of products and services	Reduction of energy consumption and waste disposal	Taking good care of things for a long time	Segment: Services Category: Extension of the useful life of cars Automobile repair and sheet metal business	Segment: Fine Category: Extension of the useful life of cars Consumer products sales	Segment: Fine Category: Extension of the useful life of buildings and facilities Consumer products sales
	Increasing hygiene demand	Clean and comfortable	Segment: Fine Category: Auto-interior antibacterial and antiviral products Professional-use products sales (automobiles)	Segment: Fine Category: Antibacterial and antiviral products for use in facilities Professional-use products sales (new businesses)	Segment: Porous Category: Wastewater treatment Industrial materials
	Population aging, disaster reduction, prevention of traffic accidents	Safe and secure	Services Category: Prevention of traffic accidents Driving school business	Segment: Fine Category: Prevention of traffic accidents TPMS business	Segment: Porous Category: Aging population Medical
	Climate change countermeasures	Reduction of carbon sources by saving resources	Segment: Fine Category: Resource saving for containers Panax business	Segment: Fine Category: Labor saving in production logistics Consumer products and professional-use products sales	Segment: Porous Category: Reduction of medical waste Medical
			Water pollution Health consideration	Appropriate use of chemical substances	Segment: Fine and Porous Product production in general

(3) Management Vision Fair Evaluation from Stakeholders

- The SOFT99 Group will promote **profit growth** by creating “analog” values and increasing added value through the growth of human resources to achieve business scale growth while improving management efficiency, thereby aiming to receive **fair evaluation from stakeholders**.



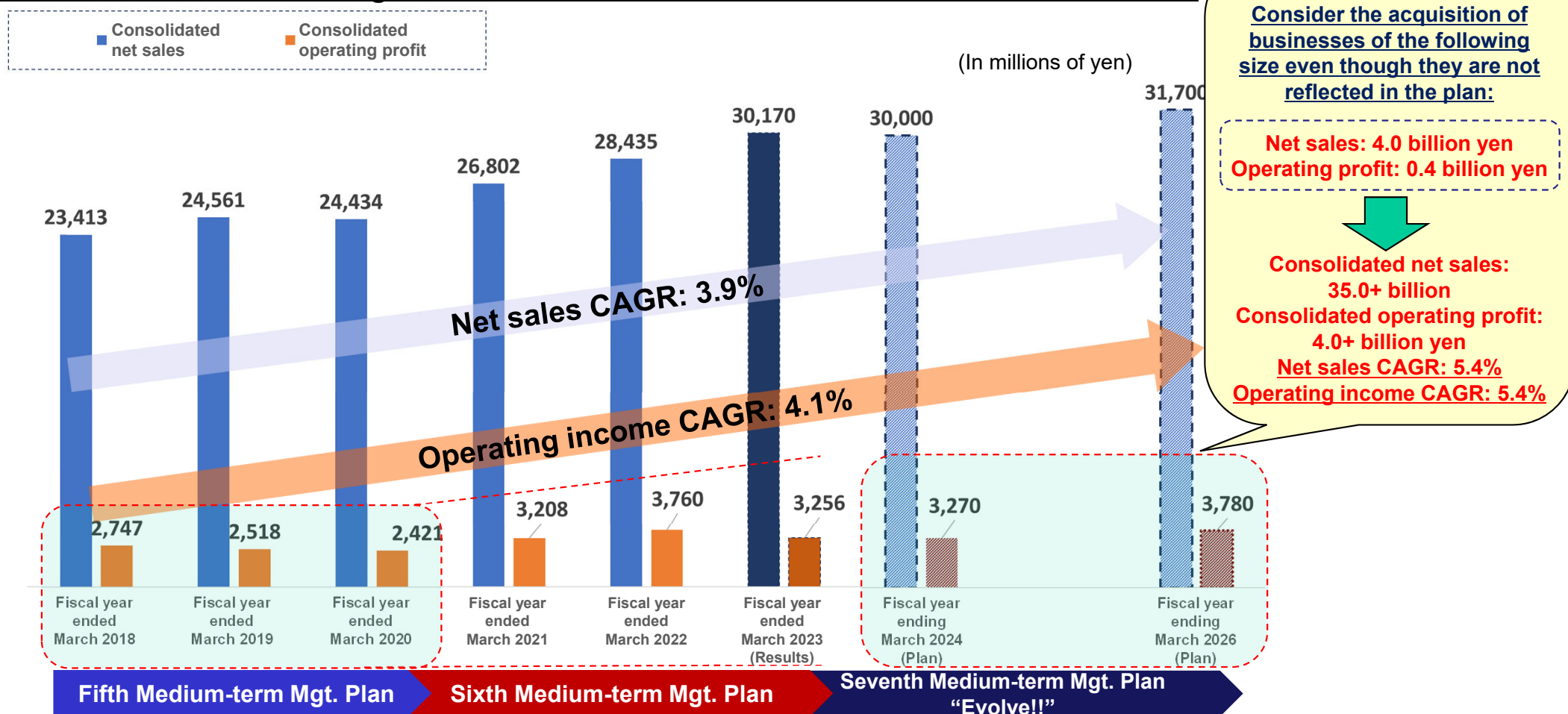
(4) Numerical Targets



(4) Numerical Targets (Consolidated Numerical Targets)

- Consolidated operating profit target: 3,780 million yen (+520 million yen from FY ended March 2023, operating profit margin: 11.9%)
- Consolidated net sales target: 31.7 billion yen (+1.53 billion yen from FY ended March 2023)
- Under the Seventh Medium-term Management Plan, we aim to achieve operating profit growth by increasing added value even in the absence of the special demand received during the Sixth Medium-term Management Plan period.

Seventh Medium-term Management Plan “Evolve!!” Consolidated Profit and Loss Plan



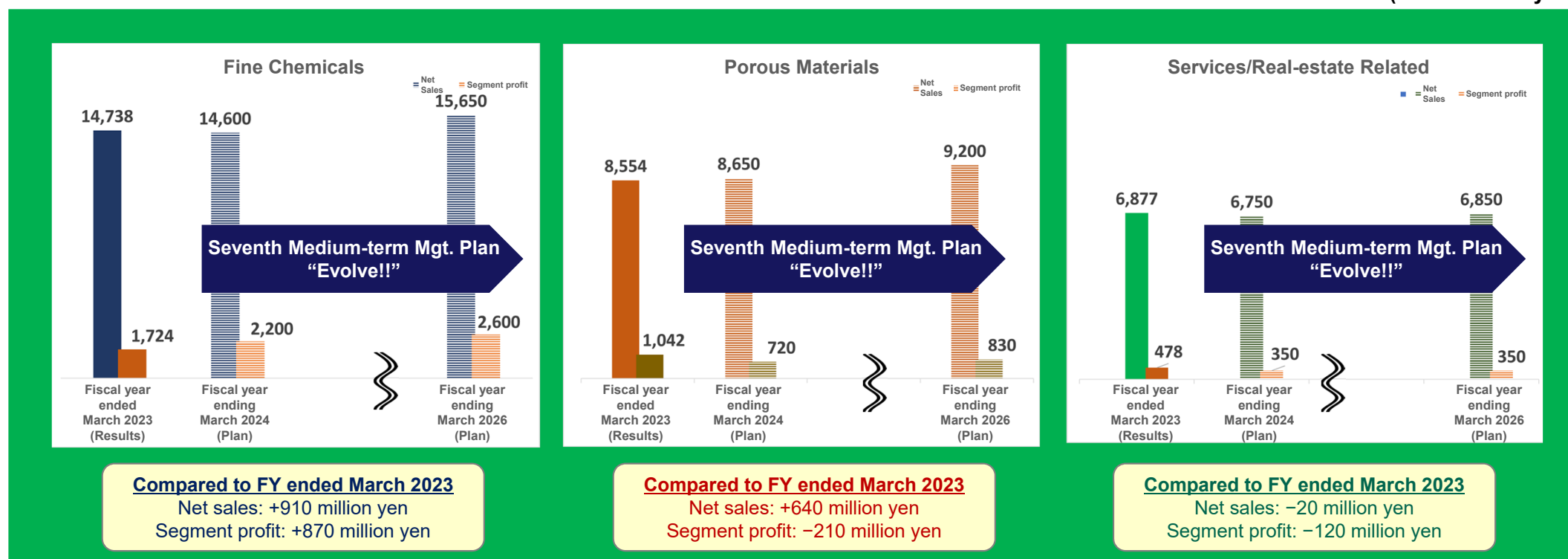
(4) Numerical Targets (Numerical Targets by Segment)

■ As in the Sixth Medium-term Management Plan, we position the Fine Chemicals segment as a growth driver for the next three years.

- ✓ FC Plans to increase both net sales and profit by enhancing services and providing new values in addition to product sales.
- ✓ PM Profit is expected to decrease as we predict increases in costs due to the enhancement of production facilities and workforce.
- ✓ S, RE ... As we plan to undertake new and replacement investments in real estate in anticipation of integrated resorts and Expo 2025 Osaka, profit is expected to decrease in the final year of the Seventh Medium-term Management Plan.

Seventh Medium-term Management Plan “Evolve!!” Profit and Loss Plan by Segment

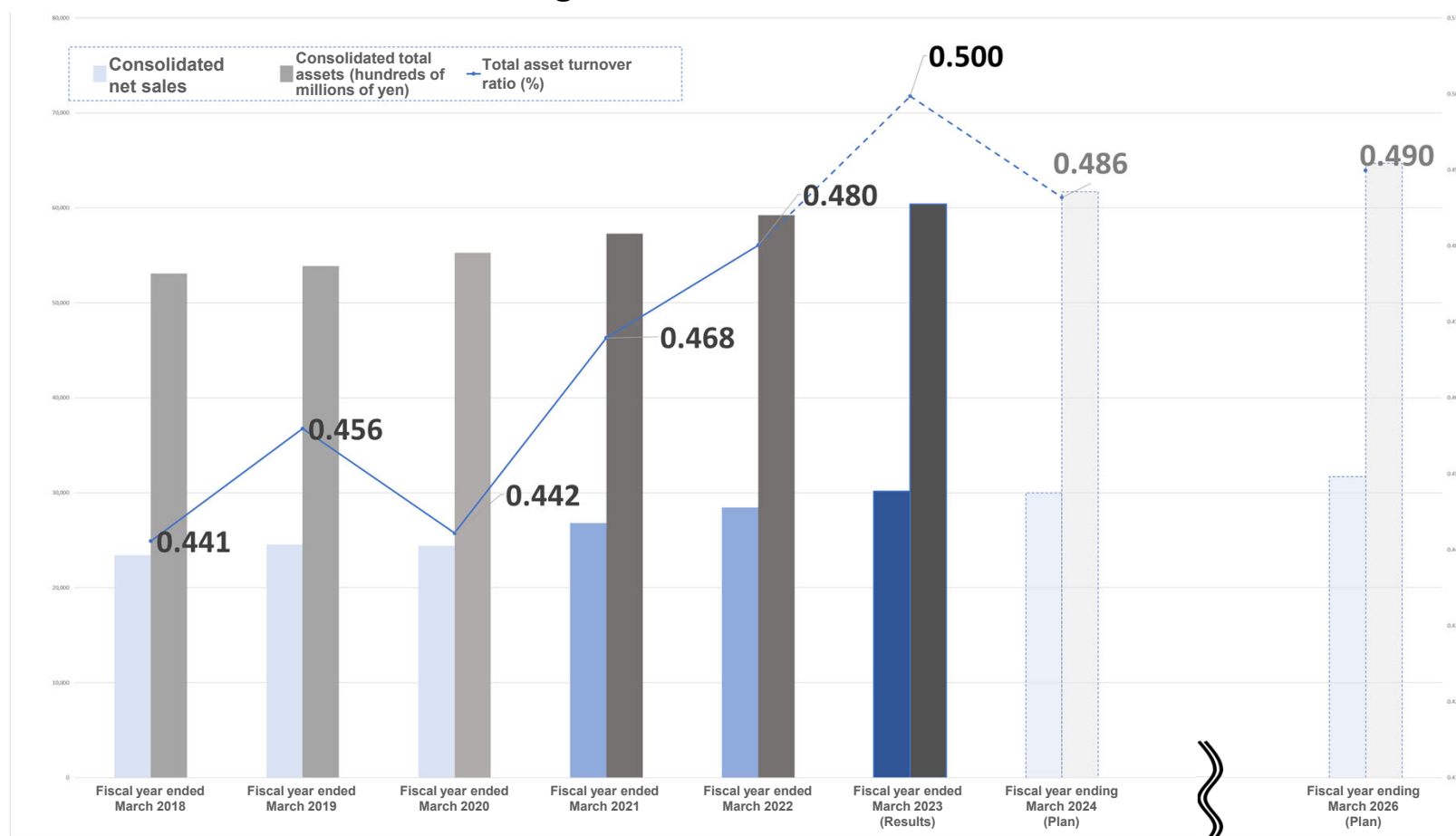
(In millions of yen)



(4) Numerical Targets (Total Assets Turnover Ratio Trend)

- The total assets turnover ratio continues to be flat as total assets increase. Although it rose to 0.5 for the fiscal year ended March 2023, the speed of expanding business scale while securing profit will continue to be an issue.

Seventh Medium-term Management Plan “Evolve!!” Total Assets Turnover Ratio



- ✓ The total assets turnover ratio has improved compared to past Medium-term Management Plans and has risen to 0.5 for the fiscal year ended March 2023.
- ✓ We aim to maintain the total assets turnover ratio above 0.5 on a permanent basis by working to increase the speed of expanding business scale while improving capital efficiency.

Fifth Medium-term Mgt. Plan Sixth Medium-term Mgt. Plan Seventh Medium-term Mgt. Plan “Evolve!!”

(5) Shareholders Return Measures, Capital Expenditure, and Efficiency Indicators



Shareholder Return Measures

- As in the Sixth Medium-term Management Plan, our shareholder return policy is to pay stable and continuous dividends at about 25% of consolidated operating profit.
- While adhering to the policy, we plan to pay a commemorative dividend equivalent to 7% (+3 yen) to commemorate the start of the 70th term and the Seventh Medium-term Management Plan, in addition to an ordinary dividend of 38.0 yen (interim dividend of 19.0 yen and year-end dividend of 19.0 yen) for the fiscal year ending March 2024, totaling 41.0 yen (interim dividend of 20.0 yen and year-end dividend of 21.0 yen) per share.
- We also plan to purchase our own shares worth around 700 million yen during the Seventh Medium-term Management Plan period to enhance shareholder return.

70th term and 7th Medium-term Management Plan Implement return measures related the number “7”

70th Term: Additional dividend equivalent to 7% (plan)
(Plan to pay a commemorative dividend of 3.0 yen for the full year [interim dividend of 1.0 yen and year-end dividend of 2.0 yen])

Plan to purchase own shares worth around 700 million yen during the 7th Medium-term Management Plan period
(Scheduled purchase equivalent to around 200 million yen during the fiscal year ending March 2024)

In millions of yen	Fiscal year ended March 2018	Fiscal year ended March 2019	Fiscal year ended March 2020	Fiscal year ended March 2021	Fiscal year ended March 2022	Fiscal year ended March 2023 (Results)	Fiscal year ending March 2024 (Plan)
Consolidated operating income	2,747	2,518	2,421	3,208	3,760	3,256	3,270
Dividend per share (yen)	22.0	23.0	24.0	32.0	36.0	37.5*	41.0
Purchase amount of own shares	128	222	—	222	237	—	200
Total shareholder return amount	606	724	526	773	1,021	819*	1,101

* Dividend figures are as currently planned and subject to change.

Capital Expenditure (by Segment)

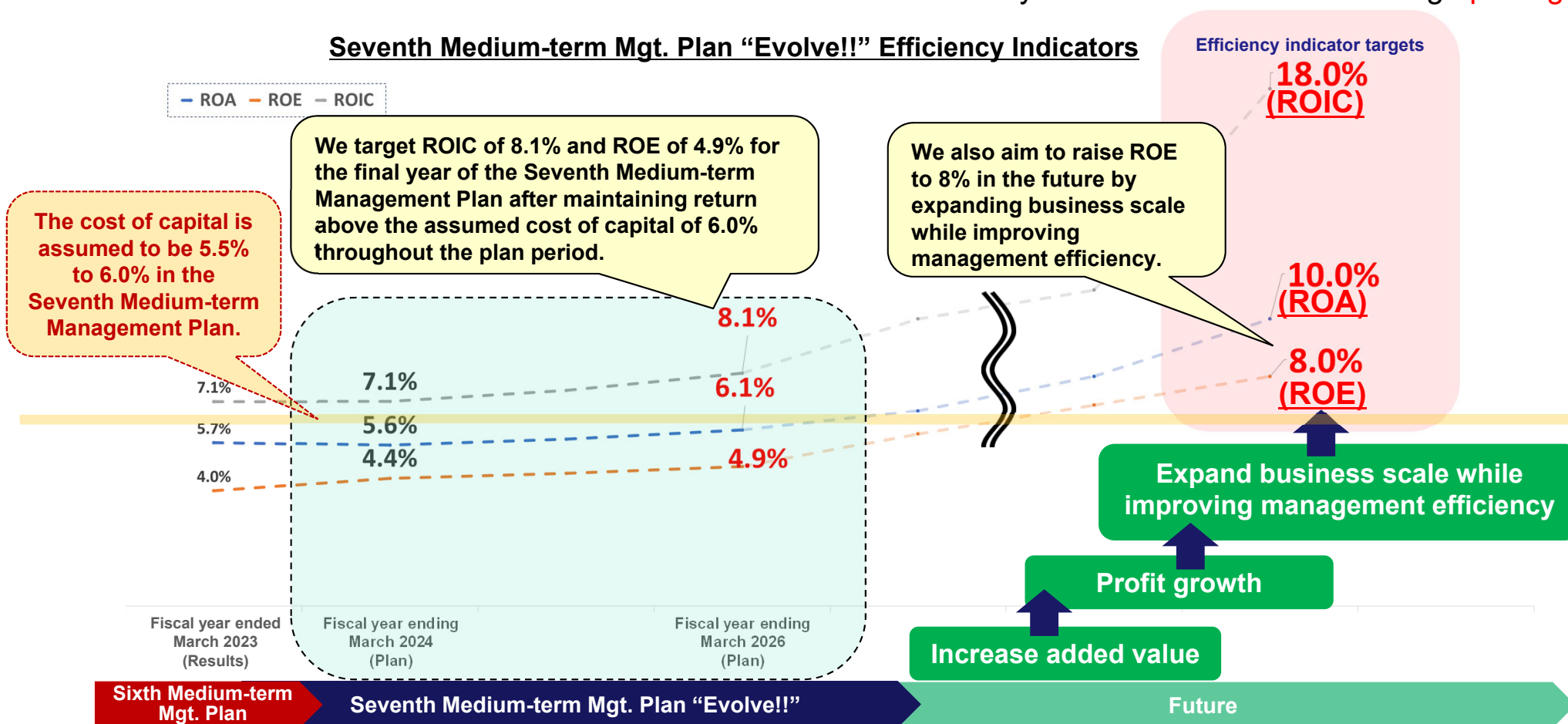
- Capital expenditure of **5.0 billion yen** is planned for the entire Group during the Seventh Medium-term Management Plan period.
- We mainly plan to invest 400 million yen over the next three years in digital technologies (investment in the new backbone system) in the field of SOFT99 products sales in the Fine Chemicals segment and approximately 200 million yen for the construction of a production plant overseas.
- In the Porous Materials segment, we plan to invest approximately 600 million yen for the introduction of production facilities at the plant completed in August 2022.

In millions of yen	Capital expenditure for the fiscal year ending March 2024 (Plan)	Total capital expenditure during the Seventh Medium-term Management Plan period (Plan)	Outline of capital expenditure during the Seventh Medium-term Management Plan period
Fine Chemicals	800	1,800	<ul style="list-style-type: none"> ■ SOFT99 products sales: 400 million yen for the investment in the new backbone system ■ Overseas product sales: 200 million yen for the construction of a production plant
Porous Materials	900	2,050	<ul style="list-style-type: none"> ■ Introduction of production facilities at the new plant: 600 million yen ■ Production facility replacement and enhancement: 1,200 million yen
Services and Real-estate Related	100	1,150	<ul style="list-style-type: none"> ■ Repair and replacement investments in real estate facilities ■ Capital expenditure in anticipation of Expo 2025 Osaka, Kansai and integrated resorts
Group total	1,800	5,000	Stimulate profit growth through aggressive capital investment in combination with shareholder returns

Efficiency Indicators (ROA, ROE, and ROIC)

- We will continue to use ROIC, which was adopted for the first time in the Sixth Medium-term Management Plan, as an efficiency indicator for business operations in the Seventh Medium-term Management Plan.
- We aim to receive **fair evaluation from stakeholders** in terms of efficiency indicators in the future through **profit growth**.

Seventh Medium-term Mgt. Plan “Evolve!!” Efficiency Indicators



* **ROIC = After-tax operating profit / Invested capital in business**

- After-tax operating profit = Operating profit × (1 - Effective tax rate of 30%)
- Invested capital in business = (Current assets - Cash and deposits - Securities) - Current liabilities + (Non-current assets - Corporate bonds, etc. held)

* **We assume the cost of capital to be equal to WACC and CAPM (because our interest-bearing debt is virtually zero).**

Appendix: Numerical Data

Condensed Consolidated Balance Sheet

(Year-on-year Comparison)



(In millions of yen)

	March 31, 2022	March 31, 2023	Year- on-year change		March 31, 2022	March 31, 2023	Year- on-year change
Current assets	29,330	29,990	+659	Current liabilities	4,643	4,176	-466
Cash and deposits	20,197	20,124	-72	Accounts payable	1,390	1,595	+204
Accounts receivable	4,562	4,705	+142	Income taxes payable	658	466	-191
Marketable securities	300	0	-300	Payables and accrued expenses	1,820	1,417	-402
Inventories	3,988	4,364	+376	Others (Including long-term debt)	773	696	-77
Others	283	796	+513	Non-current liabilities	3,196	3,428	+232
Non-current assets	29,900	30,386	+486	Total liabilities	7,839	7,604	-234
Property, plant and equipment	22,049	22,675	+625	Net assets	51,391	52,772	+1,380
Intangible assets	639	342	-297	Shareholders' equity	51,176	52,475	+1,299
Investments and other assets	7,210	7,368	+158	Accumulated other comprehensive income	431	594	+162
Assets	59,231	60,377	+1,146	Liabilities and net assets	59,231	60,377	+1,146

Consolidated Results

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



(In millions of yen)

	Fiscal year ended March 2022	Fiscal year ended March 2023	Year-on-year change	Year-on-year % change
Net sales	28,435	30,170	+1,734	+6.1%
Gross profit	10,946	10,611	-335	-3.1%
Gross profit margin	38.5%	35.2%	-3.3 pt	—
Selling, general and administrative expenses	7,186	7,354	+168	+2.3%
Operating profit	3,760	3,256	-504	-13.4%
Operating profit margin	13.2%	10.8%	-3.4 pt	—
Ordinary profit	3,962	3,440	-521	-13.2%
Net income before income taxes	3,956	3,083	-873	-22.1%
Net income attributable to shareholders of parent company	2,755	2,063	-691	-25.1%

Condensed Consolidated Cash Flow

(Year-on-year Comparison)



(In millions of yen)

	Fiscal year ended March 2022	Fiscal year ended March 2023
Cash flow from operating activities	3,090	2,619
Cash flow from investing activities	-736	-2,176
Cash flow from financing activities	-1,120	-516
Effect of exchange rate fluctuations on cash and cash equivalents	2	1
Net increase (decrease) in cash and cash equivalents	1,236	-72
Cash and cash equivalents at the beginning of the year	18,649	19,885
Cash and cash equivalents at the end of the year	19,885	19,813
Depreciation expense	765	802
Capital expenditures (*)	1,332	1,960

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

Consolidated Highlight Financial Indicators

(Year-on-year Comparison)



(In millions of yen)

	Fiscal year ended March 2022	Fiscal year ended March 2023	Year-on-year change
Total assets (million yen)	59,231	60,377	+1,146
Net assets (million yen)	51,391	52,772	+1,380
Equity ratio	86.8%	87.4%	+0.6 pt
ROA (Ordinary profit/Total assets*)	6.7%	5.8%	-1.0 pt
ROE (Net profit/Net assets*)	5.4%	4.0%	-1.4 pt
Total asset turnover (Net sales/Total assets*)	0.48	0.50	+0.02
Net income per share (yen)	126.38	95.11	-31.27

* Each profit is as of the end of the fiscal year ended March 2023.

* The amounts for total assets and net assets are as of the end of the fiscal year ended March 2023.

Fine Chemicals

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



(In millions of yen)		Fiscal year ended March 2022	Fiscal year ended March 2023	Year-on-year change	Year-on-year % change
Net sales		14,103	14,738	+634	+4.5%
	General-use products: Car-exterior care	2,117	2,044	-72	-3.4%
	General-use products: Glass care	3,969	3,869	-100	-2.5%
	General-use products: Repair products	2,466	2,446	-19	-0.8%
	Professional-use products	1,850	2,025	+175	+9.5%
	Home-care products, etc.	1,360	1,164	-196	-14.4%
	Foreign operations	1,575	2,615	+1,039	+66.0%
	TPMS (Tire-pressure Monitoring System)	217	161	-56	-25.9%
	Electronic device and software development	570	633	+63	+11.1%
	Others and adjustments	-24	-222	-198	—
Gross profit		6,674	6,286	-388	-5.8%
	Gross profit margin	47.3%	42.7%	-4.7 pt	—
Operating profit		2,211	1,724	-487	-22.0%
	Operating profit margin	15.7%	11.7%	-4.0 pt	—

Porous Materials

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



(In millions of yen)	Fiscal year ended March 2022	Fiscal year ended March 2023	Year-on-year change	Year-on-year % change
Net sales	7,655	8,554	+899	+11.7%
Industrial materials	6,008	6,790	+783	+13.0%
Domestic	3,046	3,245	+199	+6.5%
Overseas	2,961	3,546	+585	+19.7%
Consumables	1,647	1,762	+115	+7.0%
Domestic	889	961	+72	+8.1%
Overseas	758	801	+43	+5.6%
Gross profit	2,668	2,678	+9	+0.4%
Gross profit margin	34.9%	31.3%	-3.6 pt	—
Operating profit	1,105	1,042	-63	-5.7%
Operating profit margin	14.4%	12.2%	-2.2 pt	—

Services

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



(In millions of yen)	Fiscal year ended March 2022	Fiscal year ended March 2023	Year-on-year change	Year-on-year % change
Net sales	5,428	5,455	+26	+0.5%
Automobile repair and sheet metal	2,384	2,511	+126	+5.3%
Driving school	1,029	1,013	-15	-1.5%
Household product planning and sale	2,015	1,929	-85	-4.2%
Gross profit	1,331	1,351	+20	+1.5%
Gross profit margin	24.5%	24.8%	+0.3 pt	—
Operating profit	200	226	+26	+13.0%
Operating profit margin	3.7%	4.2%	+0.5 pt	—

Real-estate Related

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



(In millions of yen)		Fiscal year ended March 2022	Fiscal year ended March 2023	Year-on-year change	Year-on-year % change
Net sales		1,247	1,422	+174	+14.0%
	Real-estate leasing	428	414	-13	-3.2%
	Bathhouse business	780	971	+190	+24.4%
	Support for preventive long-term care	38	36	-2	-5.4%
Gross profit		271	294	+22	+8.1%
	Gross profit margin	21.8%	20.7%	-1.1 pt	—
Operating profit		233	251	+18	+7.8%
	Operating profit margin	18.7%	17.7%	-1.0 pt	—

Segment Information

(Comparison of Net Sales and Operating Profit by Segment)



(In millions of yen)

Net sales	Fiscal year ended March 2022	Composition ratio	Fiscal year ended March 2023	Composition ratio	Year-on-year change of composition ratio
Fine Chemicals	14,103	49.6%	14,738	48.8%	-0.7 pt
Porous Materials	7,655	26.9%	8,554	28.4%	+1.4 pt
Services and Real-estate Related	6,675	23.5%	6,877	22.8%	-0.7 pt
Total	28,435	100.0%	30,170	100.0%	—

Operating profit	Fiscal year ended March 2022	Composition ratio	Fiscal year ended March 2023	Composition ratio	Year-on-year change of composition ratio
Fine Chemicals	2,211	58.8%	1,724	53.1%	-5.8 pt
Porous Materials	1,105	29.5%	1,042	32.1%	+2.6 pt
Services and Real-estate Related	433	11.6%	478	14.8%	+3.1 pt
Total	3,760	100.0%	3,256	100.0%	—

(*) Total amounts include the consolidated adjustment amount.

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