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November 7, 2022

Non-consolidated Financial Results for the Nine Months Ended September 30, 2022 (Under Japanese GAAP)

Company name: SOFT MAX Co., Ltd.
 Listing: Tokyo Stock Exchange
 Securities code: 3671
 URL: <http://www.s-max.co.jp>
 Representative: President Tsutomu Matsushima
 Inquiries: Managing Director Kouichi Hamahira,
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 Scheduled date to file quarterly securities report: November 7, 2022
 Scheduled date to commence dividend payments: —
 Preparation of supplementary material on quarterly financial results: None
 Holding of quarterly financial results briefing: None

(Amounts less than one million yen are rounded down)

1. Non-consolidated financial results for the nine months ended September 30, 2022 (from January 1, 2022 to September 30, 2022)

(1) Non-consolidated operating results (cumulative)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Nine months ended								
September 30, 2022	3,025	0.6	187	△44.1	221	△38.9	143	△40.2
September 30, 2021	3,007	10.4	335	77.4	362	64.3	239	59.5

	Basic earnings per share	Diluted earnings per share
Nine months ended	Yen	Yen
September 30, 2022	23.97	—
September 30, 2021	40.15	—

(2) Non-consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio
As of	Millions of yen	Millions of yen	%
September 30, 2022	5,706	2,659	46.6
December 31, 2021	5,763	2,620	45.5

Reference: Equity

As of September 30, 2022: ¥2,659 million
 As of December 31, 2021: ¥2,620 million

2. Cash dividends

	Annual dividends per share				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended December 31, 2021	—	0.00	—	20.00	20.00
Fiscal year ending December 31, 2022	—	0.00	—		
Fiscal year ending December 31, 2022 (Forecast)				20.00	20.00

Note: Revisions to the forecast of cash dividends most recently announced: None

3. Forecast of Non-consolidated financial results for the year ending December 31, 2022 (from January 1, 2022 to December 31, 2022)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	4,800	6.9	605	2.6	640	1.6	423	0.1	70.90

Note: Revisions to the forecast of Non-consolidated financial results most recently announced: None

* Notes

- (1) Adoption of accounting treatment specific to the preparation of quarterly non-consolidated financial statements: None
- (2) Changes in accounting policies, changes in accounting estimates, and restatement
 - (i) Changes in accounting policies due to revisions to accounting standards and other regulations: Yes
 - (ii) Changes in accounting policies due to other reasons: None
 - (iii) Changes in accounting estimates: None
 - (iv) Restatement: None
- (3) Number of issued shares (common shares)

- (i) Total number of issued shares at the end of the period (including treasury shares)

As of September 30, 2022	5,985,900shares
As of December 31, 2021	5,968,300shares

- (ii) Number of treasury shares at the end of the period

As of September 30, 2022	357shares
As of December 31, 2021	357shares

- (iii) Average number of shares outstanding during the period (cumulative from the beginning of the fiscal year)

Nine months ended September 30, 2022	5,977,484shares
Nine months ended September 30, 2021	5,963,881shares

* Quarterly financial results reports are exempt from quarterly review conducted by certified public accountants or an audit corporation.

* Explanation on appropriate use of results forecasts and other notes

The results forecasts and other forward-looking statements shown in these materials are based on information obtained by the Company at present, and certain assumptions deemed to be reasonable. They are not intended to be a promise by the Company to achieve the results. Furthermore, actual results may vary significantly due to a variety of factors.

Quarterly Non-consolidated Financial Statements
Non-consolidated Balance Sheets

(Thousands of yen)

	As of December 31,2021	As of September 30, 2022
Assets		
Current assets		
Cash and deposits	2,761,168	2,618,470
Notes and accounts receivables-trade	936,740	732,095
Merchandise	184	123
Work in process	156,004	385,939
Supplies	620	673
Other	57,140	108,217
Total current assets	<u>3,911,858</u>	<u>3,845,518</u>
Non-current assets		
Property, plant and equipment		
Land	770,309	770,309
Other, net	305,334	300,446
Total property, plant and equipment	<u>1,075,644</u>	<u>1,070,755</u>
Intangible assets	36,034	35,314
Investments and other assets		
Investment property, net	577,388	571,761
Other	162,565	183,623
Total investments and other assets	<u>739,954</u>	<u>755,384</u>
Total non-current assets	<u>1,851,632</u>	<u>1,861,455</u>
Total assets	<u>5,763,490</u>	<u>5,706,974</u>
Liabilities		
Current liabilities		
Notes and accounts payables - trade	831,466	907,688
Short-term borrowings	1,150,000	1,150,000
Current portion of long-term borrowings	23,165	17,520
Income taxes payables	150,319	—
Provision for bonuses	—	69,000
Other	331,583	238,976
Total current liabilities	<u>2,486,534</u>	<u>2,383,185</u>
Non-current liabilities		
Long-term borrowings	197,100	183,960
Provision for retirement benefits	286,065	300,745
Provision for retirement benefits for directors	140,468	144,133
Other	32,415	34,951
Total non-current liabilities	<u>656,049</u>	<u>663,790</u>
Total liabilities	<u>3,142,583</u>	<u>3,046,975</u>
Net assets		
Shareholders' equity		
Share capital	429,486	437,080
Capital surplus	290,636	298,230
Retained earnings	1,901,078	1,924,981
Treasury shares	(293)	(293)
Total shareholders' equity	<u>2,620,907</u>	<u>2,659,998</u>
Total net assets	<u>2,620,907</u>	<u>2,659,998</u>
Total liabilities and net assets	<u>5,763,490</u>	<u>5,706,974</u>

Non-consolidated Statements of Income(cumulative)

	(Thousands of yen)	
	Nine Months Ended September 30,2021	Nine Months Ended September 30,2022
Net sales	3,007,971	3,025,074
Cost of sales	2,027,233	2,172,925
Gross profit	980,738	852,149
Selling, general and administrative expenses	645,217	664,718
Operating profit	335,520	187,430
Non-operating income		
Interest and dividend income	142	36
Rental income	54,570	59,512
Other	1,370	1,001
Total non-operating income	56,084	60,550
Non-operating expenses		
Interest expenses	4,991	3,539
Rental expenses	23,616	22,702
Other	0	59
Total non-operating expenses	28,608	26,301
Ordinary profit	362,995	221,679
Extraordinary losses		
Loss on sale of non-current assets	8,674	-
Total extraordinary losses	8,674	-
Profit before income taxes	354,321	221,679
Income taxes - current	123,100	99,483
Income taxes - deferred	(8,238)	(21,065)
Total income taxes	114,862	78,418
Profit	239,458	143,261