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August 10, 2023

Non-consolidated Financial Results for the Six Months Ended June 30, 2023 (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 Daisuke Ueda
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 Scheduled date to file quarterly securities report: August 10, 2023
 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 six months ended June 30, 2023 (from January 1, 2023 to June 30, 2023)

(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	%
Six months ended								
June 30, 2023	2,085	9.4	166	4.6	190	4.5	126	6.4
June 30, 2022	1,906	△9.7	158	△52.6	181	△48.7	118	△49.7

	Basic earnings per share	Diluted earnings per share
Six months ended	Yen	Yen
June 30, 2023	21.11	—
June 30, 2022	19.89	—

(2) Non-consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio
As of	Millions of yen	Millions of yen	%
June 30, 2023	5,846	2,893	49.5
December 31, 2022	6,549	2,936	44.8

Reference: Equity
 As of June 30, 2023: ¥2,893 million
 As of December 31, 2022: ¥2,936 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, 2022	—	0.00	—	30.00	30.00
Fiscal year ending December 31, 2023	—	0.00			
Fiscal year ending December 31, 2023 (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, 2023 (from January 1, 2023 to December 31, 2023)

(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	5,000	△1.0	550	0.4	592	0.0	391	△6.8	65.32

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 June 30, 2023	5,999,364shares
As of December 31, 2022	5,985,900shares

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

As of June 30, 2023	357shares
As of December 31, 2022	357shares

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

Six months ended June 30, 2023	5,990,006shares
Six months ended June 30, 2022	5,973,388shares

* 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 31,2022	As of June 30, 2023
Assets		
Current assets		
Cash and deposits	2,851,233	2,992,643
Notes and accounts receivables-trade	1,580,847	630,486
Merchandise	82	53
Work in process	220,868	289,677
Supplies	556	639
Other	71,585	97,240
Total current assets	4,725,175	4,010,740
Non-current assets		
Property, plant and equipment		
Land	770,309	770,309
Other, net	294,093	296,439
Total property, plant and equipment	1,064,402	1,066,748
Intangible assets	35,239	37,650
Investments and other assets		
Investment property, net	569,687	566,126
Other	155,000	165,717
Total investments and other assets	724,688	731,843
Total non-current assets	1,824,330	1,836,242
Total assets	6,549,505	5,846,982
Liabilities		
Current liabilities		
Notes and accounts payables - trade	1,392,434	760,445
Short-term borrowings	1,150,000	1,150,000
Current portion of long-term borrowings	17,520	17,520
Income taxes payables	86,212	85,200
Other	318,888	289,356
Total current liabilities	2,965,055	2,302,522
Non-current liabilities		
Long-term borrowings	179,580	170,820
Provision for retirement benefits	289,252	301,087
Provision for retirement benefits for directors	145,270	147,526
Other	34,222	31,672
Total non-current liabilities	648,325	651,106
Total liabilities	3,613,380	2,953,628
Net assets		
Shareholders' equity		
Share capital	437,080	442,250
Capital surplus	298,230	303,400
Retained earnings	2,201,107	2,147,996
Treasury shares	(293)	(293)
Total shareholders' equity	2,936,124	2,893,354
Total net assets	2,936,124	2,893,354
Total liabilities and net assets	6,549,505	5,846,982

Non-consolidated Statements of Income(cumulative)

(Thousands of yen)

	Six Months Ended June 30,2022	Six Months Ended June 30,2023
Net sales	1,906,852	2,085,556
Cost of sales	1,302,019	1,445,441
Gross profit	604,833	640,115
Selling, general and administrative expenses	445,871	473,807
Operating profit	158,962	166,308
Non-operating income		
Interest and dividend income	27	28
Rental income	39,164	40,521
Other	877	617
Total non-operating income	40,069	41,168
Non-operating expenses		
Interest expenses	2,397	2,283
Rental expenses	14,665	15,091
Other	9	0
Total non-operating expenses	17,072	17,374
Ordinary profit	181,959	190,101
Profit before income taxes	181,959	190,101
Income taxes - current	66,114	74,783
Income taxes - deferred	(2,981)	(11,137)
Total income taxes	63,133	63,646
Profit	118,826	126,455

Quarterly Non-consolidated Statements of Cash Flows

	(Thousands of yen)	
	Six Months Ended June 30,2022	Six Months Ended June 30,2023
	Amount	Amount
Cash flows from operating activities:		
Profit before income taxes	181,959	190,101
Depreciation	11,662	12,609
Increase (decrease) in provision for retirement benefits	9,596	11,834
Increase (decrease) in provision for retirement benefits for directors	2,527	2,256
Interest and dividend income	(27)	(28)
Interest expenses	2,397	2,283
Rental income	(39,164)	(40,521)
Rental expenses	14,665	15,091
Decrease (increase) in trade receivables	310,577	950,361
Decrease (increase) in inventories	(160,175)	(68,863)
Increase (decrease) in trade payables	(98,044)	(631,988)
Increase (decrease) in accounts payable - other	13,575	(12,747)
Increase (decrease) in accrued consumption taxes	(99,462)	(6,198)
Increase (decrease) in advances received	18,386	(9,845)
Other, net	(21,368)	(25,787)
Subtotal	147,105	388,555
Interest and dividends received	27	28
Interest paid	(2,422)	(2,348)
Income taxes paid	(139,940)	(75,048)
Net cash provided by (used in) operating activities	4,769	311,186
Cash flows from investing activities:		
Payments into time deposits	(967,078)	(1,022,074)
Proceeds from withdrawal of time deposits	937,062	992,057
Purchase of property, plant and equipment	(9,647)	(16,297)
Purchase of intangible assets	-	(2,887)
Purchase of investment property	(590)	(550)
Proceeds from sale of investment securities	-	6,024
Proceeds from rental of investment property	33,500	33,431
Other, net	(80)	163
Net cash provided by (used in) investing activities	(6,832)	(10,132)
Cash flows from financing activities:		
Repayments of long-term borrowings	(13,770)	(8,760)
Repayments of lease obligations	(1,458)	(1,458)
Dividends paid	(118,763)	(179,443)
Net cash provided by (used in) financing activities	(133,991)	(189,661)
Net increase (decrease) in cash and cash equivalents	(136,054)	111,392
Cash and cash equivalents at the beginning of period	1,824,106	1,854,155
Cash and cash equivalents at the end of period	1,688,051	1,965,548