

**Summary Report of Non-consolidated Financial Results
For the Second Quarter Ended June 30, 2022**

(All financial information has been prepared in accordance with accounting principles generally accepted in Japan.)

Company name: SOFT MAX CO.,LTD Stock exchange listing: Tokyo
 Security Code: 3671 URL: <http://www.s-max.co.jp>
 Representative: Tsutomu Matsushima, President
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(Amounts of less than one million yen are rounded down)

1. Non-consolidated Financial Results for the Second Quarters of fiscal 2022 (From January 1, 2022 to June 30, 2022)

(1) Non-consolidated Operating Results

(% indicates changes from the previous corresponding period)

	Net Sales		Operating profit		Ordinary profit	
	million yen	%	million yen	%	million yen	%
Six Months Ended June 30,2022	1,906	△ 9.7	158	△ 52.6	181	△ 48.7
Six Months Ended June 30,2021	2,111	6.2	335	167.4	354	140.9

	Profit		Profit per Share	Diluted profit per Share
	million yen	%	yen	yen
Six Months Ended June 30,2022	118	△ 49.7	19.89	—
Six Months Ended June 30,2021	236	135.0	39.66	—

(2) Non-consolidated Financial Position

	Total Assets	Net assets	Equity ratio
	million yen	million yen	%
As of June 30, 2022	5,547	2,635	47.5
As of December 31,2021	5,763	2,620	45.5

(Reference) Equity: 2,635 million yen (as of June 30, 2022), 2,620 million yen (as of December 31, 2021)

2. Dividends

	Annual Dividends per share				
	Three Months Ended March 31	Six Months Ended June 30	Nine Months Ended September 30	Year Ended December 31	Total
Year Ended December 31, 2021	yen —	yen 0.00	yen —	yen 20.00	yen 20.00
Year Ended December 31, 2022	—	0.00			
Year Ending December 31, 2022 (Forecast)			—	20.00	20.00

(Note) Revision to the dividend forecast that has disclosed lastly: None

3. Non-consolidated Business Forecast: For the year ending December 31, 2022 (From January 1, 2022 to December 31, 2022)

(% indicates changes from the previous corresponding period)

	Net Sales		Operating profit		Ordinary profit		Profit		Profit per Share
	million yen	%	million yen	%	million yen	%	million yen	%	yen
Year Ending December 31, 2022	4,800	6.9	605	2.6	640	1.6	423	0.1	70.90

(Note) Revision to the business forecast that has disclosed lastly: None

4. Others

(1) Simplified accounting methods and special accounting methods for preparation of the quarterly financial statements: None

(2) Changes in accounting policies and accounting-based estimates, and restatements

① Changes in accounting policies due to revisions in accounting standards, others: Yes

② Changes in accounting policies other than ① above: None

③ Changes in accounting estimates: None

④ Restatement: None

(3) Number of outstanding shares (Common share)

① Number of outstanding shares (Treasury share included)	June 30,2022	5,985,900shares
	December 31,2021	5,968,300shares
② Number of treasury share	June 30,2022	357shares
	December 31,2021	357shares
③ Average number of outstanding shares during the period	June 30,2022	5,973,388shares
	June 30,2021	5,961,817shares

※This financial summary is not subject to audit conducted by certified public accountants or an audit corporation.

※Explanation for appropriate use of financial forecasts and other special notes

The forecasts given in this document are based on the current available information in the company and certain reasonable assumptions to the company. And we don't commit to achieve these forecasting numbers.

Actual results may differ from these forecasts by a variety of reasons.

Quarterly Non-consolidated Balance Sheets

	(Thousands of yen)	
	As of December 31, 2021	As of June 30, 2022
	Amount	Amount
Assets		
Current assets		
Cash and deposits	2,761,168	2,655,130
Notes and accounts receivables-trade	936,740	626,162
Merchandise	184	155
Work in process	156,004	316,156
Supplies	620	672
Other	57,140	102,498
Total current assets	<u>3,911,858</u>	<u>3,700,775</u>
Non-current assets		
Property, plant and equipment		
Land	770,309	770,309
Other, net	305,334	301,979
Total property, plant and equipment	<u>1,075,644</u>	<u>1,072,288</u>
Intangible assets		
	36,034	35,553
Investments and other assets		
Investment property, net	577,388	573,837
Other	162,565	165,370
Total investments and other assets	<u>739,954</u>	<u>739,208</u>
Total non-current assets	<u>1,851,632</u>	<u>1,847,050</u>
Total assets	<u>5,763,490</u>	<u>5,547,825</u>
Liabilities		
Current liabilities		
Notes and accounts payables - trade	831,466	733,422
Short-term borrowings	1,150,000	1,150,000
Current portion of long-term borrowings	23,165	18,155
Income taxes payables	150,319	73,200
Other	331,583	274,806
Total current liabilities	<u>2,486,534</u>	<u>2,249,583</u>
Non-current liabilities		
Long-term borrowings	197,100	188,340
Provision for retirement benefits	286,065	295,661
Provision for retirement benefits for directors	140,468	142,996
Other	32,415	35,680
Total non-current liabilities	<u>656,049</u>	<u>662,678</u>
Total liabilities	<u>3,142,583</u>	<u>2,912,261</u>
Net assets		
Shareholders' equity		
Share capital	429,486	437,080
Capital surplus	290,636	298,230
Retained earnings	1,901,078	1,900,546
Treasury shares	(293)	(293)
Total shareholders' equity	<u>2,620,907</u>	<u>2,635,563</u>
Total net assets	<u>2,620,907</u>	<u>2,635,563</u>
Total liabilities and net assets	<u>5,763,490</u>	<u>5,547,825</u>

Quarterly Non-consolidated Quarterly Statements of Income

	(Thousands of yen)	
	Six Months Ended June 30,2021 Amount	Six Months Ended June 30,2022 Amount
Net sales	2,111,641	1,906,852
Cost of sales	1,342,809	1,302,019
Gross profit	768,832	604,833
Selling, general and administrative expenses	433,540	445,871
Operating profit	335,292	158,962
Non-operating income		
Interest and dividend income	133	27
Rental income	37,727	39,164
Other	621	877
Total non-operating income	38,481	40,069
Non-operating expenses		
Interest expenses	3,338	2,397
Rental expenses	15,709	14,665
Other	-	9
Total non-operating expenses	19,047	17,072
Ordinary profit	354,726	181,959
Extraordinary losses		
Loss on sale of non-current assets	8,674	-
Total extraordinary losses	8,674	-
Profit before income taxes	346,051	181,959
Income taxes – current	107,289	66,114
Income taxes – deferred	2,305	(2,981)
Total income taxes	109,595	63,133
Profit	236,456	118,826

Quarterly Non-consolidated Statements of Cash Flows

	Six Months Ended June 30,2021	(Thousands of yen) Six Months Ended June 30,2022
	Amount	Amount
Cash flows from operating activities:		
Profit before income taxes	346,051	181,959
Depreciation	10,883	11,662
Increase (decrease) in provision for retirement benefits	(7,226)	9,596
Increase (decrease) in provision for retirement benefits for directors	627	2,527
Interest and dividend income	(133)	(27)
Interest expenses	3,338	2,397
Rental income	(37,727)	(39,164)
Rental expenses	15,709	14,665
Loss (gain) on sale of non-current assets	8,674	-
Decrease (increase) in trade receivables	180,753	310,577
Decrease (increase) in inventories	53,122	(160,175)
Increase (decrease) in trade payables	(401,473)	(98,044)
Increase (decrease) in accounts payable – other	1,237	13,575
Increase (decrease) in accrued consumption taxes	29,024	(99,462)
Increase (decrease) in advances received	31,551	18,386
Other, net	(5,198)	(21,368)
Subtotal	229,213	147,105
Interest and dividends received	133	27
Interest paid	(3,343)	(2,422)
Income taxes paid	(88,154)	(139,940)
Net cash provided by (used in) operating activities	137,848	4,769
Cash flows from investing activities:		
Payments into time deposits	(912,062)	(967,078)
Proceeds from withdrawal of time deposits	881,991	937,062
Purchase of property, plant and equipment	(12,992)	(9,647)
Proceeds from sale of property, plant and equipment	318	-
Purchase of intangible assets	(6,421)	-
Purchase of investment property	-	(590)
Proceeds from sale of investment property	30,125	-
Proceeds from rental of investment property	30,426	33,500
Other, net	(247)	(80)
Net cash provided by (used in) investing activities	11,138	(6,832)
Cash flows from financing activities:		
Increase (decrease) in short-term borrowings	(300,000)	-
Repayments of long-term borrowings	(13,770)	(13,770)
Repayments of lease obligations	(1,458)	(1,458)
Dividends paid	(71,297)	(118,763)
Net cash provided by (used in) financing activities	(386,525)	(133,991)
Net increase (decrease) in cash and cash equivalents	(237,538)	(136,054)
Cash and cash equivalents at the beginning of period	1,942,669	1,824,106
Cash and cash equivalents at the end of period	1,705,130	1,688,051