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February 13, 2023

## Non-consolidated Financial Results for the Fiscal Year Ended December 31, 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  
 Telephone: 099-226-1222  
 Scheduled date of annual general meeting of shareholders: March 27, 2023  
 Scheduled date to commence dividend payments: March 28, 2023  
 Scheduled date to file annual securities report: March 28, 2023  
 Preparation of supplementary material on financial results: None  
 Holding of financial results briefing: None

(Yen amounts are rounded down to millions, unless otherwise noted.)

### 1. Non-consolidated financial results for the fiscal year ended December 31, 2022 (from January 1, 2022 to December 31, 2022)

#### (1) Non-consolidated operating results

(Percentages indicate year-on-year changes.)

Fiscal year ended	Net sales		Operating profit		Ordinary profit		Profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
December 31, 2022	5,050	12.5	547	△7.1	592	△6.0	419	△0.7
December 31, 2021	4,489	11.6	589	32.3	630	29.1	422	26.2

Fiscal year ended	Basic earnings per share	Diluted earnings per share	Return on equity	Ratio of ordinary profit to total assets	Ratio of operating profit to net sales
	Yen	Yen	%	%	%
December 31, 2022	70.14	—	15.1	9.6	10.8
December 31, 2021	70.84	—	17.3	11.0	13.1

Reference: Share of profit (loss) of entities accounted for using equity method  
 For the fiscal year ended December 31, 2022: ¥— million  
 For the fiscal year ended December 31, 2021: ¥— million

#### (2) Non-consolidated financial position

As of	Total assets	Net assets	Equity-to-asset ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
December 31, 2022	6,549	2,936	44.8	490.54
December 31, 2021	5,763	2,620	45.5	439.16

Reference: Equity  
 As of December 31, 2022: ¥2,936 million  
 As of December 31, 2021: ¥2,620 million

### (3) Non-consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
Fiscal year ended	Millions of yen	Millions of yen	Millions of yen	Millions of yen
December 31, 2022	179	△4	△144	1,854
December 31, 2021	284	△1	△401	1,824

### 2. Cash dividends

	Annual dividends per share					Total cash dividends (Total)	Payout ratio	Ratio of dividends to net assets
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Fiscal year ended December 31, 2021	—	0.00	—	20.00	20.00	119	28.2	4.9
Fiscal year ended December 31, 2022	—	0.00	—	30.00	30.00	179	42.8	6.5
Fiscal year ending December 31, 2023 (Forecast)	—	0.00	—	20.00	20.00		30.6	

Detail of dividends per share in year ended December 31, 2022:

Ordinary dividend: 20.00 yen Commemorative dividend: 10.00 yen

### 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
Six months ending June 30, 2023	1,970	3.3	121	△23.9	142	△22.0	94	△20.9	15.70
Full year	5,000	△1.0	550	0.4	592	0.0	391	△6.8	65.32

**\* Notes**

(1) 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

(2) Number of issued shares (common shares)

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

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

(iii) Average number of shares outstanding during the period

Fiscal year ended December 31, 2022	5,979,515shares
Fiscal year ended December 31, 2021	5,964,905shares

\* Financial results reports are exempt from audit conducted by certified public accountants or an audit corporation.

\* Proper use of earnings forecasts, and other special matters

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 December 31,2022
<b>Assets</b>		
Current assets		
Cash and deposits	2,761,168	2,851,233
Notes and accounts receivables-trade	936,740	1,580,847
Merchandise	184	82
Work in process	156,004	220,868
Supplies	620	556
Prepaid expenses	55,612	64,852
Other	1,528	6,733
Total current assets	<u>3,911,858</u>	<u>4,725,175</u>
Non-current assets		
Property, plant and equipment		
Land	770,309	770,309
Other, net	305,334	294,093
Total property, plant and equipment	<u>1,075,644</u>	<u>1,064,402</u>
Intangible assets	36,034	35,239
Investments and other assets		
Investment property, net	577,388	569,687
Other	162,565	155,000
Total investments and other assets	<u>739,954</u>	<u>724,688</u>
Total non-current assets	<u>1,851,632</u>	<u>1,824,330</u>
Total assets	<u>5,763,490</u>	<u>6,549,505</u>
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payables - trade	831,466	1,392,434
Short-term borrowings	1,150,000	1,150,000
Current portion of long-term borrowings	23,165	17,520
Payables under fluidity lease receivables	2,916	2,916
Accounts payables - other	158,182	186,903
Accrued expenses	672	853
Income taxes payables	150,319	86,212
Other	169,812	128,215
Total current liabilities	<u>2,486,534</u>	<u>2,965,055</u>
Non-current liabilities		
Long-term borrowings	197,100	179,580
Provision for retirement benefits	286,065	289,252
Provision for retirement benefits for directors	140,468	145,270
Long-term payables under fluidity lease receivables	7,603	4,687
Other	24,812	29,535
Total non-current liabilities	<u>656,049</u>	<u>648,325</u>
Total liabilities	<u>3,142,583</u>	<u>3,613,380</u>
<b>Net assets</b>		
Shareholders' equity		
Share capital	429,486	437,080
Capital surplus	290,636	298,230
Retained earnings	1,901,078	2,201,107
Treasury shares	(293)	(293)
Total shareholders' equity	<u>2,620,907</u>	<u>2,936,124</u>
Total net assets	<u>2,620,907</u>	<u>2,936,124</u>
Total liabilities and net assets	<u>5,763,490</u>	<u>6,549,505</u>

**Non-consolidated Statements of Income(cumulative)**

(Thousands of yen)

	Fiscal year Ended December 31,2021	Fiscal year Ended December 31,2022
Net sales	4,489,245	5,050,266
Cost of sales	3,037,329	3,607,981
Gross profit	1,451,916	1,442,285
Selling, general and administrative expenses	862,386	894,713
Operating profit	589,529	547,571
Non-operating income		
Interest and dividend income	142	36
Rental income	71,964	79,892
Other	5,346	1,105
Total non-operating income	77,454	81,034
Non-operating expenses		
Interest expenses	6,399	4,709
Rental expenses	29,912	30,984
Other	14	59
Total non-operating expenses	36,326	35,753
Ordinary profit	630,657	592,852
Extraordinary income		
Gain on sale of shares of subsidiaries and associates	—	10,000
Total extraordinary income	—	10,000
Extraordinary losses		
Loss on sale of non-current assets	8,674	—
Loss on sale of investment securities	—	7,733
Total extraordinary losses	8,674	7,733
Profit before income taxes	621,982	595,119
Income taxes - current	214,274	182,059
Income taxes - deferred	(14,838)	(6,327)
Total income taxes	199,435	175,731
Profit	422,546	419,387

## Quarterly Non-consolidated Statements of Cash Flows

(Thousands of yen)

	Fiscal year Ended December 31,2021	Fiscal year Ended December 31,2022
	Amount	Amount
<b>Cash flows from operating activities:</b>		
Profit before income taxes	621,982	595,119
Depreciation	23,717	24,261
Increase (decrease) in provision for retirement benefits	(7,225)	3,187
Increase (decrease) in provision for retirement benefits for	2,700	4,801
Interest and dividend income	(142)	(36)
Interest expenses	6,399	4,709
Rental income	(71,964)	(79,892)
Rental expenses	29,912	30,984
Loss (gain) on sale of non-current assets	8,674	-
Loss (gain) on sale of investment securities	-	7,733
Loss (gain) on sale of shares of subsidiaries and associates	-	(10,000)
Decrease (increase) in trade receivables	(348,917)	(644,107)
Decrease (increase) in inventories	187,324	(64,698)
Increase (decrease) in trade payables	(69,816)	560,968
Increase (decrease) in accounts payable - other	2,669	28,215
Increase (decrease) in accrued consumption taxes	70,215	(75,510)
Increase (decrease) in advances received	(8,926)	31,606
Other, net	8,881	11,824
Subtotal	455,486	429,166
Interest and dividends received	142	36
Interest paid	(6,648)	(4,700)
Income taxes paid	(164,683)	(244,771)
Net cash provided by (used in) operating activities	284,297	179,730
<b>Cash flows from investing activities:</b>		
Payments into time deposits	(942,062)	(997,078)
Proceeds from withdrawal of time deposits	881,991	937,062
Proceeds from sale of shares of subsidiaries and associates	-	10,000
Purchase of property, plant and equipment	(17,650)	(15,772)
Purchase of intangible assets	(6,922)	(162)
Purchase of investment property	-	(590)
Proceeds from sale of investment property	30,125	-
Proceeds from rental of investment property	52,688	62,170
Other, net	823	(377)
Net cash provided by (used in) investing activities	(1,006)	(4,747)
<b>Cash flows from financing activities:</b>		
Repayments of long-term borrowings	(327,540)	(23,165)
Repayments of lease obligations	(2,916)	(2,916)
Dividends paid	(71,398)	(118,852)
Net cash provided by (used in) financing activities	(401,854)	(144,933)
Net increase (decrease) in cash and cash equivalents	(118,563)	30,049
Cash and cash equivalents at the beginning of period	1,942,669	1,824,106
Cash and cash equivalents at the end of period	1,824,106	1,854,155