

Translation

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Summary of Consolidated Financial Results for the Three Months Ended June 30, 2024 (Based on Japanese GAAP)

July 26, 2024

Company name: SMS CO., LTD.
 Stock exchange listing: Tokyo
 Stock code: 2175 URL <https://www.bm-sms.co.jp/>
 Representative: CEO Natsuki Goto
 Inquiries: CFO Masato Sugizaki TEL 03-6721-2400
 Scheduled date to commence dividend payments: –
 Preparation of supplementary material on financial results: Yes
 Holding of financial results meeting: Yes (for institutional investors and analysts)

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the three months ended June 30, 2024 (from April 1, 2024 to June 30, 2024)

(1) Consolidated operating results (cumulative)

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Three months ended June 30, 2024	17,426	14.7	3,000	(19.5)	4,114	(10.7)	3,163	(6.7)
Three months ended June 30, 2023	15,194	21.4	3,729	20.8	4,609	13.9	3,389	13.9

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Three months ended June 30, 2024	36.71		36.70	
Three months ended June 30, 2023	38.89		38.70	

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of June 30, 2024	74,758	45,395	60.3
As of March 31, 2024	72,475	44,284	60.7

2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Year ended March 31, 2024	–	0.00	–	20.00	20.00
Year ending March 31, 2025	–	–	–	–	–
Year ending March 31, 2025 (Forecast)	–	0.00	–	–	–

3. Forecast of consolidated financial results for the year ending March 31, 2025 (from April 1, 2024 to March 31, 2025)

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	65,665	21.7	9,096	10.0	11,002	11.1	8,018	10.9	93.03

4. Notes

- (1) Significant changes in the scope of consolidation during the three months ended June 30, 2024: No
- (2) Application of special accounting methods for preparing quarterly consolidated financial statements: Yes
- (3) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements
- Changes in accounting policies due to revisions to accounting standards and other regulations: No
 - Changes in accounting policies due to other reasons: No
 - Changes in accounting estimates: No
 - Restatement of prior period financial statements: No

(4) Number of issued shares (common shares)

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

As of June 30, 2024	87,561,600 shares	As of March 31, 2024	87,561,600 shares
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Number of treasury shares at the end of the period

As of June 30, 2024	1,644,032 shares	As of March 31, 2024	812,832 shares
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Average number of shares during the period (cumulative from the beginning of the fiscal year)

Three months ended June 30, 2024	86,185,768 shares	Three months ended June 30, 2023	87,154,946 shares
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Quarterly consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of March 31, 2024	As of June 30, 2024
Assets		
Current assets		
Cash and deposits	18,236	18,237
Accounts receivable - trade	8,228	7,815
Work in process	13	23
Supplies	25	31
Accounts receivable - other	10,406	11,878
Prepaid expenses	1,038	1,285
Other	94	134
Allowance for doubtful accounts	(267)	(288)
Total current assets	37,775	39,116
Non-current assets		
Property, plant and equipment		
Buildings	1,131	1,260
Accumulated depreciation	(509)	(550)
Buildings, net	621	710
Tools, furniture and fixtures	1,097	1,190
Accumulated depreciation	(877)	(931)
Tools, furniture and fixtures, net	220	259
Machinery, equipment and vehicles	20	21
Accumulated depreciation	(15)	(16)
Machinery, equipment and vehicles, net	4	4
Right-of-use assets	657	685
Accumulated depreciation	(371)	(423)
Right-of-use assets, net	285	262
Total property, plant and equipment	1,132	1,236
Intangible assets		
Goodwill	9,752	10,089
Software	5,454	5,753
Trademark right	11,814	12,612
Customer-related assets	1,143	1,139
Other	0	0
Total intangible assets	28,165	29,594
Investments and other assets		
Investment securities	2,652	1,978
Deferred tax assets	1,262	1,323
Leasehold and guarantee deposits	1,486	1,508
Total investments and other assets	5,402	4,810
Total non-current assets	34,699	35,641
Total assets	72,475	74,758

(Millions of yen)

	As of March 31, 2024	As of June 30, 2024
Liabilities		
Current liabilities		
Accounts payable - trade	460	360
Current portion of long-term borrowings	1,901	1,901
Accounts payable - other	12,730	13,758
Accrued expenses	1,059	1,512
Income taxes payable	1,344	1,074
Accrued consumption taxes	930	1,035
Contract liabilities	1,205	1,469
Deposits received	183	150
Provision for bonuses	909	479
Lease liabilities	160	155
Other	439	480
Total current liabilities	21,325	22,377
Non-current liabilities		
Long-term borrowings	4,251	4,251
Retirement benefit liability	203	208
Deferred tax liabilities	2,286	2,420
Lease liabilities	121	102
Other	2	2
Total non-current liabilities	6,865	6,985
Total liabilities	28,190	29,362
Net assets		
Shareholders' equity		
Share capital	2,551	2,551
Capital surplus	313	262
Retained earnings	39,111	40,539
Treasury shares	(1,904)	(3,713)
Total shareholders' equity	40,071	39,640
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	322	260
Foreign currency translation adjustment	3,607	5,199
Total accumulated other comprehensive income	3,930	5,460
Share acquisition rights	282	295
Total net assets	44,284	45,395
Total liabilities and net assets	72,475	74,758

Consolidated statements of income (cumulative) and consolidated statements of comprehensive income (cumulative)

Consolidated statements of income (cumulative)

(Millions of yen)

	Three months ended June 30, 2023	Three months ended June 30, 2024
Net sales	15,194	17,426
Cost of sales	1,392	1,596
Gross profit	13,802	15,830
Selling, general and administrative expenses	10,073	12,829
Operating profit	3,729	3,000
Non-operating income		
Share of profit of entities accounted for using equity method	881	1,099
Foreign exchange gains	0	21
Other	14	17
Total non-operating income	897	1,138
Non-operating expenses		
Interest expenses	16	20
Other	0	4
Total non-operating expenses	16	24
Ordinary profit	4,609	4,114
Extraordinary income		
Gain on sale of non-current assets	0	0
Total extraordinary income	0	0
Extraordinary losses		
Loss on sale and retirement of non-current assets	5	4
Loss on withdrawal from business	-	30
Total extraordinary losses	5	34
Profit before income taxes	4,604	4,079
Income taxes	1,214	916
Profit	3,389	3,163
Profit attributable to owners of parent	3,389	3,163

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Three months ended June 30, 2023	Three months ended June 30, 2024
Profit	3,389	3,163
Other comprehensive income		
Foreign currency translation adjustment	135	1,578
Share of other comprehensive income of entities accounted for using equity method	(18)	(48)
Total other comprehensive income	117	1,530
Comprehensive income	3,507	4,693
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	3,507	4,693
Comprehensive income attributable to non-controlling interests	—	—