

Translation

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## Summary of Consolidated Financial Results for the Three Months Ended June 30, 2022 (Based on Japanese GAAP)

July 29, 2022

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 file Quarterly Securities Report: August 10, 2022  
 Scheduled date to commence dividend payments: –  
 Preparation of supplementary material on quarterly financial results: Yes  
 Holding of quarterly 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, 2022 (from April 1, 2022 to June 30, 2022)

(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, 2022	12,517	15.5	3,086	21.2	4,046	21.9	2,975	20.1
Three months ended June 30, 2021	10,838	2.8	2,547	14.2	3,319	10.0	2,476	12.5

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Three months ended June 30, 2022	34.14		33.99	
Three months ended June 30, 2021	28.43		28.29	

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of June 30, 2022	60,789	33,440	54.4
As of March 31, 2022	56,585	29,991	52.4

2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen				
Year ended March 31, 2022	–	0.00	–	10.50	10.50
Year ending March 31, 2023	–	–	–	–	–
Year ending March 31, 2023 (Forecast)	–	0.00	–	–	–

3. Forecast of consolidated financial results for the year ending March 31, 2023 (from April 1, 2022 to March 31, 2023)

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	46,063	18.4	7,238	14.6	8,499	10.0	5,984	10.6	68.67

4. Notes

- (1) Changes in significant subsidiaries during the three months ended June 30, 2022  
(changes in specified subsidiaries resulting in the change in scope of consolidation): 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, 2022	87,147,800 shares	As of March 31, 2022	87,147,800 shares
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Number of treasury shares at the end of the period

As of June 30, 2022	561 shares	As of March 31, 2022	561 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, 2022	87,147,239 shares	Three months ended June 30, 2021	87,123,085 shares
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**Quarterly consolidated financial statements**  
**Consolidated balance sheets**

(Millions of yen)

	As of March 31, 2022	As of June 30, 2022
<b>Assets</b>		
Current assets		
Cash and deposits	14,640	17,607
Accounts receivable - trade	5,842	5,186
Work in process	28	26
Supplies	25	29
Accounts receivable - other	6,757	7,732
Prepaid expenses	665	875
Other	27	38
Allowance for doubtful accounts	(163)	(171)
Total current assets	27,823	31,323
Non-current assets		
Property, plant and equipment		
Buildings	746	786
Accumulated depreciation	(396)	(421)
Buildings, net	350	365
Tools, furniture and fixtures	864	917
Accumulated depreciation	(642)	(691)
Tools, furniture and fixtures, net	222	225
Machinery, equipment and vehicles	28	30
Accumulated depreciation	(18)	(20)
Machinery, equipment and vehicles, net	9	9
Right-of-use assets	688	734
Accumulated depreciation	(394)	(455)
Right-of-use assets, net	294	278
Total property, plant and equipment	876	879
Intangible assets		
Goodwill	8,907	9,243
Software	3,013	3,265
Trademark right	9,581	10,195
Customer-related assets	1,421	1,447
Other	0	0
Total intangible assets	22,923	24,151
Investments and other assets		
Investment securities	2,825	2,247
Deferred tax assets	975	993
Leasehold and guarantee deposits	1,160	1,193
Total investments and other assets	4,962	4,434
Total non-current assets	28,762	29,465
Total assets	56,585	60,789

(Millions of yen)

	As of March 31, 2022	As of June 30, 2022
<b>Liabilities</b>		
Current liabilities		
Accounts payable - trade	307	232
Current portion of long-term borrowings	1,999	1,953
Accounts payable - other	8,933	9,986
Accrued expenses	577	797
Income taxes payable	1,674	911
Accrued consumption taxes	460	776
Contract liabilities	1,004	1,196
Deposits received	169	229
Provision for bonuses	704	350
Lease liabilities	131	116
Other	244	283
Total current liabilities	16,207	16,834
Non-current liabilities		
Long-term borrowings	8,054	8,054
Retirement benefit liability	173	189
Deferred tax liabilities	1,973	2,084
Lease liabilities	185	185
Other	0	0
Total non-current liabilities	10,387	10,514
Total liabilities	26,594	27,348
<b>Net assets</b>		
Shareholders' equity		
Share capital	2,310	2,310
Capital surplus	114	114
Retained earnings	27,699	29,759
Treasury shares	(1)	(1)
Total shareholders' equity	30,123	32,183
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	567	590
Foreign currency translation adjustment	(1,052)	290
Total accumulated other comprehensive income	(484)	881
Share acquisition rights	352	376
Total net assets	29,991	33,440
<b>Total liabilities and net assets</b>	<b>56,585</b>	<b>60,789</b>

**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, 2021	Three months ended June 30, 2022
Net sales	10,838	12,517
Cost of sales	949	1,157
Gross profit	9,889	11,360
Selling, general and administrative expenses	7,341	8,273
Operating profit	2,547	3,086
Non-operating income		
Share of profit of entities accounted for using equity method	806	954
Foreign exchange gains	–	11
Other	11	14
Total non-operating income	817	980
Non-operating expenses		
Interest expenses	21	18
Foreign exchange losses	20	–
Other	3	2
Total non-operating expenses	45	20
Ordinary profit	3,319	4,046
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	6	4
Loss on sale of investment securities	–	1
Loss of reversal of foreign currency translation adjustment	–	33
Total extraordinary losses	6	39
Profit before income taxes	3,313	4,007
Income taxes	836	1,032
Profit	2,476	2,975
Profit attributable to owners of parent	2,476	2,975

**Consolidated statements of comprehensive income (cumulative)**

(Millions of yen)

	Three months ended June 30, 2021	Three months ended June 30, 2022
Profit	2,476	2,975
Other comprehensive income		
Valuation difference on available-for-sale securities	0	0
Foreign currency translation adjustment	1,329	1,325
Share of other comprehensive income of entities accounted for using equity method	10	40
Total other comprehensive income	1,339	1,366
Comprehensive income	3,816	4,341
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	3,816	4,341
Comprehensive income attributable to non-controlling interests	—	—