

Translation

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Summary of Consolidated Financial Results for the Year Ended March 31, 2024 (Based on Japanese GAAP)

April 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 of ordinary general meeting of shareholders: June 21, 2024
 Scheduled date to file Securities Report: June 21, 2024
 Scheduled date to commence dividend payments: June 24, 2024
 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 year ended March 31, 2024 (from April 1, 2023 to March 31, 2024)

(1) Consolidated operating results

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	%
Year ended March 31, 2024	53,973	18.2	8,269	13.6	9,901	13.0	7,227	12.8
Year ended March 31, 2023	45,667	17.4	7,279	15.2	8,759	13.4	6,406	18.4

	Earnings per share	Diluted earnings per share	Profit attributable to owners of parent/equity	Ordinary profit/total assets	Operating profit/net sales
	Yen	Yen	%	%	%
Year ended March 31, 2024	82.97	82.75	17.6	14.4	15.3
Year ended March 31, 2023	73.51	73.13	19.0	14.4	15.9

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of March 31, 2024	72,475	44,284	60.7	507.23
As of March 31, 2023	65,098	38,421	58.3	435.29

(3) 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
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Year ended March 31, 2024	9,773	(3,739)	(5,020)	17,365
Year ended March 31, 2023	8,504	(3,763)	(3,043)	16,170

2. Cash dividends

	Annual dividends per share					Total cash dividends (Total)	Dividend payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Year ended March 31, 2023	—	0.00	—	15.00	15.00	1,307	20.4	3.9
Year ended March 31, 2024	—	0.00	—	20.00	20.00	1,734	24.1	4.2
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	92.05

4. Notes

(1) Changes in significant subsidiaries during the year ended March 31, 2024

(changes in specified subsidiaries resulting in the change in scope of consolidation): No

(2) 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

(3) Number of issued shares (common shares)

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

As of March 31, 2024	87,561,600 shares	As of March 31, 2023	87,153,500 shares
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Number of treasury shares at the end of the period

As of March 31, 2024	812,832 shares	As of March 31, 2023	641 shares
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Average number of shares during the period

Year ended March 31, 2024	87,110,295 shares	Year ended March 31, 2023	87,148,889 shares
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Consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of March 31, 2023	As of March 31, 2024
Assets		
Current assets		
Cash and deposits	16,965	18,236
Accounts receivable - trade	6,510	8,228
Work in process	20	13
Supplies	29	25
Accounts receivable - other	8,440	10,406
Prepaid expenses	793	1,038
Other	67	94
Allowance for doubtful accounts	(274)	(267)
Total current assets	32,552	37,775
Non-current assets		
Property, plant and equipment		
Buildings	845	1,131
Accumulated depreciation	(448)	(509)
Buildings, net	397	621
Tools, furniture and fixtures	1,024	1,097
Accumulated depreciation	(802)	(877)
Tools, furniture and fixtures, net	222	220
Machinery, equipment and vehicles	30	20
Accumulated depreciation	(23)	(15)
Machinery, equipment and vehicles, net	7	4
Right-of-use assets	768	657
Accumulated depreciation	(509)	(371)
Right-of-use assets, net	259	285
Total property, plant and equipment	886	1,132
Intangible assets		
Goodwill	10,029	9,752
Software	4,156	5,454
Trademark right	11,053	11,814
Customer-related assets	1,355	1,143
Other	0	0
Total intangible assets	26,594	28,165
Investments and other assets		
Investment securities	2,629	2,652
Deferred tax assets	1,138	1,262
Leasehold and guarantee deposits	1,298	1,486
Total investments and other assets	5,065	5,402
Total non-current assets	32,546	34,699
Total assets	65,098	72,475

(Millions of yen)

	As of March 31, 2023	As of March 31, 2024
Liabilities		
Current liabilities		
Accounts payable - trade	324	460
Current portion of long-term borrowings	1,901	1,901
Accounts payable - other	10,566	12,730
Accrued expenses	682	1,059
Income taxes payable	1,263	1,344
Accrued consumption taxes	654	930
Contract liabilities	1,073	1,205
Deposits received	180	183
Provision for bonuses	858	909
Lease liabilities	152	160
Other	357	439
Total current liabilities	18,015	21,325
Non-current liabilities		
Long-term borrowings	6,153	4,251
Retirement benefit liability	178	203
Deferred tax liabilities	2,208	2,286
Lease liabilities	121	121
Other	—	2
Total non-current liabilities	8,661	6,865
Total liabilities	26,677	28,190
Net assets		
Shareholders' equity		
Share capital	2,315	2,551
Capital surplus	119	313
Retained earnings	33,190	39,111
Treasury shares	(1)	(1,904)
Total shareholders' equity	35,624	40,071
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	395	322
Foreign currency translation adjustment	1,917	3,607
Total accumulated other comprehensive income	2,312	3,930
Share acquisition rights	484	282
Total net assets	38,421	44,284
Total liabilities and net assets	65,098	72,475

Consolidated statements of income and consolidated statements of comprehensive income
Consolidated statements of income

(Millions of yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Net sales	45,667	53,973
Cost of sales	5,566	6,430
Gross profit	40,100	47,543
Selling, general and administrative expenses	32,820	39,273
Operating profit	7,279	8,269
Non-operating income		
Interest income	17	38
Share of profit of entities accounted for using equity method	1,526	1,683
Other	70	56
Total non-operating income	1,615	1,778
Non-operating expenses		
Foreign exchange losses	59	66
Interest expenses	69	66
Other	6	13
Total non-operating expenses	135	146
Ordinary profit	8,759	9,901
Extraordinary income		
Gain on sale of non-current assets	0	2
Gain on reversal of foreign currency translation adjustments	50	–
Total extraordinary income	51	2
Extraordinary losses		
Loss on sale and retirement of non-current assets	13	161
Loss on sale of investment securities	1	–
Loss on valuation of investment securities	0	–
Total extraordinary losses	15	161
Profit before income taxes	8,795	9,742
Income taxes - current	2,575	2,687
Income taxes - deferred	(186)	(172)
Total income taxes	2,389	2,514
Profit	6,406	7,227
Profit attributable to non-controlling interests	–	–
Profit attributable to owners of parent	6,406	7,227

Consolidated statements of comprehensive income

(Millions of yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Profit	6,406	7,227
Other comprehensive income		
Valuation difference on available-for-sale securities	(0)	–
Foreign currency translation adjustment	2,945	1,681
Share of other comprehensive income of entities accounted for using equity method	(147)	(64)
Total other comprehensive income	2,797	1,617
Comprehensive income	9,203	8,845
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	9,203	8,845
Comprehensive income attributable to non-controlling interests	–	–

Consolidated statements of changes in equity

Fiscal year ended March 31, 2023

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	2,310	114	27,699	(1)	30,123
Changes during period					
Issuance of new shares	4	4	–	–	9
Dividends of surplus	–	–	(915)	–	(915)
Profit attributable to owners of parent	–	–	6,406	–	6,406
Purchase of treasury shares	–	–	–	(0)	(0)
Net changes in items other than shareholders' equity	–	–	–	–	–
Total changes during period	4	4	5,491	(0)	5,500
Balance at end of period	2,315	119	33,190	(1)	35,624

	Accumulated other comprehensive income			Share acquisition rights	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income		
Balance at beginning of period	567	(1,052)	(484)	352	29,991
Changes during period					
Issuance of new shares	–	–	–	–	9
Dividends of surplus	–	–	–	–	(915)
Profit attributable to owners of parent	–	–	–	–	6,406
Purchase of treasury shares	–	–	–	–	(0)
Net changes in items other than shareholders' equity	(171)	2,969	2,797	131	2,929
Total changes during period	(171)	2,969	2,797	131	8,430
Balance at end of period	395	1,917	2,312	484	38,421

Fiscal year ended March 31, 2024

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	2,315	119	33,190	(1)	35,624
Changes during period					
Issuance of new shares	236	236	–	–	473
Dividends of surplus	–	–	(1,307)	–	(1,307)
Profit attributable to owners of parent	–	–	7,227	–	7,227
Purchase of treasury shares	–	–	–	(2,000)	(2,000)
Disposal of treasury shares	–	(43)	–	97	53
Net changes in items other than shareholders' equity	–	–	–	–	–
Total changes during period	236	193	5,920	(1,902)	4,447
Balance at end of period	2,551	313	39,111	(1,904)	40,071

	Accumulated other comprehensive income			Share acquisition rights	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income		
Balance at beginning of period	395	1,917	2,312	484	38,421
Changes during period					
Issuance of new shares	–	–	–	–	473
Dividends of surplus	–	–	–	–	(1,307)
Profit attributable to owners of parent	–	–	–	–	7,227
Purchase of treasury shares	–	–	–	–	(2,000)
Disposal of treasury shares	–	–	–	–	53
Net changes in items other than shareholders' equity	(73)	1,690	1,617	(201)	1,415
Total changes during period	(73)	1,690	1,617	(201)	5,863
Balance at end of period	322	3,607	3,930	282	44,284

Consolidated statements of cash flows

(Millions of yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Cash flows from operating activities		
Profit before income taxes	8,795	9,742
Depreciation	1,977	2,410
Amortization of goodwill	919	1,046
Loss (gain) on sale and retirement of non-current assets	12	159
Loss (gain) on sale of investment securities	1	–
Loss (gain) on valuation of investment securities	0	–
Share-based payment expenses	126	(34)
Gain(Loss) on reversal of foreign currency translation adjustments	(50)	–
Share of loss (profit) of entities accounted for using equity method	45	(87)
Increase (decrease) in allowance for doubtful accounts	93	(14)
Increase (decrease) in provision for bonuses	106	25
Increase (decrease) in retirement benefit liability	(18)	12
Foreign exchange losses (gains)	59	66
Interest expenses	69	66
Decrease (increase) in trade receivables	(324)	(1,568)
Increase (decrease) in accrued consumption taxes	179	267
Decrease (increase) in accounts receivable - other	(1,649)	(1,947)
Decrease (increase) in prepaid expenses	(114)	(237)
Increase (decrease) in contract liabilities	(60)	72
Increase (decrease) in accounts payable - other	1,523	2,158
Other, net	(105)	304
Subtotal	11,586	12,441
Interest and dividends received	22	39
Interest paid	(70)	(68)
Income taxes paid	(3,034)	(2,639)
Net cash provided by (used in) operating activities	8,504	9,773
Cash flows from investing activities		
Payments into time deposits	(459)	(217)
Proceeds from withdrawal of time deposits	227	188
Purchase of property, plant and equipment	(286)	(446)
Purchase of intangible assets	(2,628)	(3,266)
Proceeds from sale of investment securities	0	–
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(618)	–
Other, net	0	2
Net cash provided by (used in) investing activities	(3,763)	(3,739)

(Millions of yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Cash flows from financing activities		
Repayments of long-term borrowings	(2,013)	(1,901)
Repayments of lease liabilities	(128)	(171)
Proceeds from issuance of share acquisition rights	6	5
Proceeds from issuance of shares resulting from exercise of share acquisition rights	8	304
Purchase of treasury shares	(0)	(2,000)
Proceeds from disposal of treasury shares	–	50
Dividends paid	(915)	(1,307)
Net cash provided by (used in) financing activities	(3,043)	(5,020)
Effect of exchange rate change on cash and cash equivalents	345	182
Net increase (decrease) in cash and cash equivalents	2,043	1,195
Cash and cash equivalents at beginning of period	14,126	16,170
Cash and cash equivalents at end of period	16,170	17,365