

Translation

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## Summary of Consolidated Financial Results for the Six Months Ended September 30, 2024 (Based on Japanese GAAP)

October 29, 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 file Semi-annual Securities Report: November 12, 2024  
 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 six months ended September 30, 2024 (from April 1, 2024 to September 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	%
Six months ended September 30, 2024	31,842	15.9	3,574	(24.0)	4,926	(14.7)	3,670	(12.1)
Six months ended September 30, 2023	27,474	17.7	4,701	2.0	5,775	0.3	4,176	1.1

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Six months ended September 30, 2024	42.84		42.83	
Six months ended September 30, 2023	47.81		47.66	

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of September 30, 2024	75,718	45,525	59.7
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				
Year ended March 31, 2024	–	0.00	–	20.00	20.00
Year ending March 31, 2025	–	0.00			
Year ending March 31, 2025 (Forecast)			–	–	–

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	93.59

4. Notes

- (1) Significant changes in the scope of consolidation during the six months ended September 30, 2024: No
- (2) Application of special accounting methods for preparing semi-annual 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 September 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 September 30, 2024	2,599,151 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)

Six months ended September 30, 2024	85,678,059 shares	Six months ended September 30, 2023	87,357,597 shares
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**Semi-annual consolidated financial statements**  
**Consolidated balance sheets**

(Millions of yen)

	As of March 31, 2024	As of September 30, 2024
<b>Assets</b>		
Current assets		
Cash and deposits	18,236	16,551
Accounts receivable - trade	8,228	8,344
Work in process	13	68
Supplies	25	30
Accounts receivable - other	10,406	12,285
Prepaid expenses	1,038	1,262
Other	94	101
Allowance for doubtful accounts	(267)	(295)
Total current assets	37,775	38,347
Non-current assets		
Property, plant and equipment		
Buildings	1,131	1,288
Accumulated depreciation	(509)	(592)
Buildings, net	621	696
Tools, furniture and fixtures	1,097	1,259
Accumulated depreciation	(877)	(998)
Tools, furniture and fixtures, net	220	260
Machinery, equipment and vehicles	20	15
Accumulated depreciation	(15)	(14)
Machinery, equipment and vehicles, net	4	1
Right-of-use assets	657	728
Accumulated depreciation	(371)	(490)
Right-of-use assets, net	285	238
Total property, plant and equipment	1,132	1,196
Intangible assets		
Goodwill	9,752	10,420
Software	5,454	6,141
Trademark right	11,814	13,417
Customer-related assets	1,143	1,125
Other	0	0
Total intangible assets	28,165	31,104
Investments and other assets		
Investment securities	2,652	2,177
Deferred tax assets	1,262	1,368
Leasehold and guarantee deposits	1,486	1,523
Total investments and other assets	5,402	5,069
Total non-current assets	34,699	37,370
Total assets	72,475	75,718

(Millions of yen)

	As of March 31, 2024	As of September 30, 2024
<b>Liabilities</b>		
<b>Current liabilities</b>		
Accounts payable - trade	460	298
Current portion of long-term borrowings	1,901	1,901
Accounts payable - other	12,730	15,247
Accrued expenses	1,059	1,088
Income taxes payable	1,344	1,391
Accrued consumption taxes	930	829
Contract liabilities	1,205	1,520
Deposits received	183	198
Provision for bonuses	909	948
Lease liabilities	160	131
Other	439	465
<b>Total current liabilities</b>	<b>21,325</b>	<b>24,022</b>
<b>Non-current liabilities</b>		
Long-term borrowings	4,251	3,301
Retirement benefit liability	203	210
Deferred tax liabilities	2,286	2,554
Lease liabilities	121	102
Other	2	2
<b>Total non-current liabilities</b>	<b>6,865</b>	<b>6,170</b>
<b>Total liabilities</b>	<b>28,190</b>	<b>30,192</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Share capital	2,551	2,551
Capital surplus	313	262
Retained earnings	39,111	41,046
Treasury shares	(1,904)	(5,713)
<b>Total shareholders' equity</b>	<b>40,071</b>	<b>38,146</b>
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	322	196
Foreign currency translation adjustment	3,607	6,862
<b>Total accumulated other comprehensive income</b>	<b>3,930</b>	<b>7,059</b>
Share acquisition rights	282	319
<b>Total net assets</b>	<b>44,284</b>	<b>45,525</b>
<b>Total liabilities and net assets</b>	<b>72,475</b>	<b>75,718</b>

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

**Consolidated statements of income (cumulative)**

(Millions of yen)

	Six months ended September 30, 2023	Six months ended September 30, 2024
Net sales	27,474	31,842
Cost of sales	2,965	3,380
Gross profit	24,508	28,461
Selling, general and administrative expenses	19,807	24,886
Operating profit	4,701	3,574
Non-operating income		
Share of profit of entities accounted for using equity method	1,098	1,359
Other	28	60
Total non-operating income	1,126	1,419
Non-operating expenses		
Foreign exchange losses	18	15
Interest expenses	33	43
Other	0	8
Total non-operating expenses	52	68
Ordinary profit	5,775	4,926
Extraordinary income		
Gain on sale of non-current assets	1	0
Total extraordinary income	1	0
Extraordinary losses		
Loss on sale and retirement of non-current assets	9	25
Loss on withdrawal from business	–	38
Total extraordinary losses	9	64
Profit before income taxes	5,767	4,862
Income taxes	1,591	1,191
Profit	4,176	3,670
Profit attributable to owners of parent	4,176	3,670

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

(Millions of yen)

	Six months ended September 30, 2023	Six months ended September 30, 2024
Profit	4,176	3,670
Other comprehensive income		
Foreign currency translation adjustment	2,175	3,239
Share of other comprehensive income of entities accounted for using equity method	(46)	(110)
Total other comprehensive income	2,128	3,129
Comprehensive income	6,304	6,799
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	6,304	6,799
Comprehensive income attributable to non-controlling interests	—	—

## Consolidated statements of cash flows

(Millions of yen)

	Six months ended September 30, 2023	Six months ended September 30, 2024
Cash flows from operating activities		
Profit before income taxes	5,767	4,862
Depreciation	1,115	1,327
Amortization of goodwill	509	564
Loss (gain) on sale and retirement of non-current assets	8	25
Share of loss (profit) of entities accounted for using equity method	496	365
Increase (decrease) in allowance for doubtful accounts	(49)	8
Increase (decrease) in provision for bonuses	(58)	(0)
Increase (decrease) in retirement benefit liability	6	(19)
Foreign exchange losses (gains)	18	15
Interest expenses	33	43
Decrease (increase) in trade receivables	(316)	230
Increase (decrease) in accrued consumption taxes	155	(126)
Decrease (increase) in accounts receivable - other	(1,357)	(1,826)
Decrease (increase) in prepaid expenses	(157)	(193)
Increase (decrease) in contract liabilities	309	175
Increase (decrease) in accounts payable - other	1,883	2,512
Other, net	380	(419)
Subtotal	8,744	7,547
Interest and dividends received	17	28
Interest paid	(34)	(46)
Income taxes refund (paid)	(1,505)	(1,145)
Net cash provided by (used in) operating activities	7,222	6,384
Cash flows from investing activities		
Payments into time deposits	(52)	(9)
Proceeds from withdrawal of time deposits	182	–
Purchase of property, plant and equipment	(365)	(209)
Purchase of intangible assets	(1,554)	(1,666)
Other, net	1	0
Net cash provided by (used in) investing activities	(1,788)	(1,885)
Cash flows from financing activities		
Repayments of long-term borrowings	(950)	(950)
Repayments of lease liabilities	(78)	(77)
Proceeds from issuance of share acquisition rights	5	6
Proceeds from issuance of shares resulting from exercise of share acquisition rights	304	–
Purchase of treasury shares	(0)	(3,915)
Proceeds from disposal of treasury shares	–	54
Dividends paid	(1,306)	(1,734)
Net cash provided by (used in) financing activities	(2,027)	(6,617)
Effect of exchange rate change on cash and cash equivalents	214	354
Net increase (decrease) in cash and cash equivalents	3,621	(1,763)
Cash and cash equivalents at beginning of period	16,170	17,365
Cash and cash equivalents at end of period	19,791	15,601