Translation

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Summary of Consolidated Financial Results for the Nine Months Ended December 31, 2022 (Based on Japanese GAAP)

January 31, 2023

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: February 10, 2023

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 nine months ended December 31, 2022 (from April 1, 2022 to December 31, 2022)

(1) Consolidated operating results (cumulative)

Percentages indicate year-on-year changes

	Net sales		Operating pr	ofit	Ordinary pro	ofit	Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Nine months ended December 31, 2022	33,432	18.1	5,043	29.5	6,398	25.0	4,562	25.0
Nine months ended December 31, 2021	28,315	7.4	3,895	21.0	5,119	20.6	3,649	27.2

	Earnings per share	Diluted earnings per share
	Yen	Yen
Nine months ended December 31, 2022	52.35	52.12
Nine months ended December 31, 2021	41.88	41.68

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of December 31, 2022	66,333	38,581	57.5
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	Yen	Yen	Yen	Yen		
Year ended March 31, 2022	-	0.00	_	10.50	10.50		
Year ending March 31, 2023	-	0.00	_				
Year ending March 31, 2023 (Forecast)				-	=		

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

	Nat coles	Net sales Operating profit Ordinary profit Profit attributable to			Operating profit Ordinary profit				Earnings per share
	1 vet sures		operating pr	O11t	Ordinary pro	O11t	owners of pa	rent	Earnings per snare
	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	68.66

4. Notes

(1) Changes in significant subsidiaries during the nine months ended December 31, 2022 (changes in specified subsidiaries resulting in the change in scope of consolidation):

No

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:

Restatement of prior period financial statements:

(4) Number of issued shares (common shares)

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

Total hamsel of issued shares at the end of	the period (merading treat	ary shares)	
As of December 31, 2022	87,151,400 shares	As of March 31, 2022	87,147,800 shares
Number of treasury shares at the end of the	e period		
As of December 31, 2022	641 shares	As of March 31, 2022	561 shares
Average number of shares during the period	d (cumulative from the beg	ginning of the fiscal year)	
Nine months ended December 31, 2022	87,147,977 shares	Nine months ended December 31, 2021	87,126,584 shares

Quarterly consolidated financial statements Consolidated balance sheets

(Millions of yen)

		(Willions of yen)
	As of March 31, 2022	As of December 31, 2022
Assets		
Current assets		
Cash and deposits	14,640	17,394
Accounts receivable - trade	5,842	5,353
Work in process	28	47
Supplies	25	26
Accounts receivable - other	6,757	8,563
Prepaid expenses	665	753
Other	27	89
Allowance for doubtful accounts	(163)	(223
Total current assets	27,823	32,00
Non-current assets		
Property, plant and equipment		
Buildings	746	84:
Accumulated depreciation	(396)	(450
Buildings, net	350	39:
Tools, furniture and fixtures	864	1,064
Accumulated depreciation	(642)	(81
Tools, furniture and fixtures, net	222	24
Machinery, equipment and vehicles	28	33
Accumulated depreciation	(18)	(24
Machinery, equipment and vehicles, net	9	
Right-of-use assets	688	829
Accumulated depreciation	(394)	(520
Right-of-use assets,net	294	30
Total property, plant and equipment	876	95
Intangible assets		
Goodwill	8,907	11,160
Software	3,013	3,87
Trademark right	9,581	12,062
Customer-related assets	1,421	1,550
Other	0	, (
Total intangible assets	22,923	28,660
Investments and other assets		,,
Investment securities	2,825	2,464
Deferred tax assets	975	1,044
Leasehold and guarantee deposits	1,160	1,19
Total investments and other assets	4,962	4,700
Total non-current assets	28,762	34,328
Total assets	56,585	66,333
1 Utal assets	30,383	00,33.

Current portion of long-term borrowings 1,999 1,99 Accounts payable - other 8,933 10,66 Accrued expenses 577 1,12 Income taxes payable 1,674 66 Accrued consumption taxes 460 57 Contract liabilities 1,004 1,44 Deposits received 169 17 Provision for bonuses 704 55 Lease liabilities 131 17 Other 244 3-7 Total current liabilities 16,207 17,8 Non-current liabilities 16,207 17,8 Non-current liabilities 16,207 17,8 Retirement benefit liability 173 19 Deferred tax liabilities 1,973 2,4 Lease liabilities 185 2 Other 0 10 Total non-current liabilities 26,594 27,7 Net assets 10,387 9,94 Share capital 2,310 2,3 Capital surplus<		As of March 31, 2022	As of December 31, 2022
Accounts payable - trade 307 22 Current portion of long-term borrowings 1,999 1,96 Accounts payable - other 8,933 10,66 Accrued expenses 577 1,17 Income taxes payable 1,674 66 Accrued consumption taxes 460 57 Contract liabilities 1,004 1,44 Deposits received 169 17 Provision for bonuses 704 55 Lease liabilities 131 11 Other 244 32 Total current liabilities 16,207 17,8 Non-current liabilities 16,207 17,8 Non-current liabilities 19,73 2,4 Lease liabilities 1,973 2,4 Lease liabilities 1,973 2,4 Lease liabilities 10,387 9,9 Total non-current liabilities 26,594 27,7 Net assets Share capital 2,310 2,3 Capital surplus 114 11	Liabilities		
Current portion of long-term borrowings 1,999 1,906 Accounts payable - other 8,933 10,66 Accrued expenses 577 1,12 Income taxes payable 1,674 60 Accrued consumption taxes 460 55 Contract liabilities 1,004 1,44 Deposits received 169 17 Provision for bonuses 704 55 Lease liabilities 131 17 Other 244 32 Total current liabilities 16,207 17,8 Non-current liabilities 16,207 17,8 Non-current liabilities 16,207 17,8 Retirement benefit liability 173 19 Deferred tax liabilities 1,973 2,4 Lease liabilities 185 2 Other 0 1 Total non-current liabilities 26,594 27,73 Net assets 10,387 9,96 Share capital 2,310 2,37 Capital surplus	Current liabilities		
Accounts payable - other 8,933 10,66 Accrued expenses 577 1,12 Income taxes payable 1,674 66 Accrued consumption taxes 460 57 Contract liabilities 1,004 1,44 Deposits received 169 17 Provision for bonuses 704 58 Lease liabilities 131 17 Other 244 33 Total current liabilities 16,207 17,8 Non-current liabilities 8,054 7,10 Retirement benefit liability 173 19 Deferred tax liabilities 185 2 Other 0 0 Total non-current liabilities 10,387 9,96 Total liabilities 26,594 27,75 Net assets 10,387 9,96 Share capital 2,310 2,37 Capital surplus 114 11 Retained earnings 27,699 31,36 Treasury shares (1)	Accounts payable - trade	307	270
Accrued expenses 577 1,17 Income taxes payable 1,674 66 Accrued consumption taxes 460 55 Contract liabilities 1,004 1,44 Deposits received 169 17 Provision for bonuses 704 55 Lease liabilities 131 17 Other 244 32 Total current liabilities 16,207 17,8 Non-current liabilities 8,054 7,10 Long-term borrowings 8,054 7,10 Retirement benefit liability 173 19 Deferred tax liabilities 1,973 2,4 Lease liabilities 1,973 2,4 Lease liabilities 10,387 9,9 Total non-current liabilities 10,387 9,9 Total siabilities 26,594 27,7 Net assets Share capital 2,310 2,3 Share capital 2,310 2,3 Capital surplus 114 11 Retaine	Current portion of long-term borrowings	1,999	1,901
Income taxes payable 1,674 66 Accrued consumption taxes 460 57 Contract liabilities 1,004 1,44 Deposits received 169 17 Provision for bonuses 704 55 Lease liabilities 131 17 Other 244 34 Total current liabilities 16,207 17,8 Non-current liabilities 8,054 7,10 Retirement benefit liability 173 19 Deferred tax liabilities 1,973 2,4 Lease liabilities 185 2 Other 0 0 Total non-current liabilities 10,387 9,9 Total sibilities 26,594 27,73 Net assets Share capital 2,310 2,3 Share capital 2,310 2,3 Capital surplus 114 11 Retained earnings 27,699 31,3 Treasury shares (1) 30,123 33,7 Accumulac	Accounts payable - other	8,933	10,646
Accrued consumption taxes 460 55 Contract liabilities 1,004 1,46 Deposits received 169 17 Provision for bonuses 704 55 Lease liabilities 131 17 Other 244 32 Total current liabilities 16,207 17,8 Non-current liabilities 8,054 7,10 Retirement benefit liability 173 19 Deferred tax liabilities 1,973 2,44 Lease liabilities 185 2 Other 0 0 Total non-current liabilities 10,387 9,9- Total liabilities 26,594 27,7- Net assets Share capital 2,310 2,3 Capital surplus 114 11 Retained earnings 27,699 31,3 Treasury shares (1) 30,123 33,7 Accumulated other comprehensive income Valuation difference on available-for-sale securities 567 33 Foreign curre	Accrued expenses	577	1,123
Contract liabilities 1,004 1,44 Deposits received 169 17 Provision for bonuses 704 59 Lease liabilities 131 15 Other 244 34 Total current liabilities 16,207 17,8 Non-current liabilities 8,054 7,10 Retirement benefit liability 173 19 Deferred tax liabilities 1,973 2,44 Lease liabilities 1,973 2,44 Lease liabilities 185 2 Other 0 0 Total non-current liabilities 10,387 9,94 Total liabilities 26,594 27,73 Net assets Share capital 2,310 2,3 Capital surplus 114 11 Retained earnings 27,699 31,3 Treasury shares (1) 1 Total shareholders' equity 30,123 33,7 Accumulated other comprehensive income 567 37 Valuat	Income taxes payable	1,674	600
Deposits received 169 17 Provision for bonuses 704 59 Lease liabilities 131 12 Other 244 33 Total current liabilities 16,207 17,8 Non-current liabilities 8,054 7,10 Retirement benefit liability 173 19 Deferred tax liabilities 1,973 2,42 Lease liabilities 185 2 Other 0 0 Total non-current liabilities 10,387 9,94 Total liabilities 26,594 27,73 Net assets Shareholders' equity 114 1 Share capital 2,310 2,3 Capital surplus 114 1 Retained earnings 27,699 31,34 Treasury shares (1) 1 Total shareholders' equity 30,123 33,7' Accumulated other comprehensive income 567 33 Valuation difference on available-for-sale securities 567 33	Accrued consumption taxes	460	570
Provision for bonuses 704 59 Lease liabilities 131 17 Other 244 34 Total current liabilities 16,207 17,8 Non-current liabilities 16,207 17,8 Long-term borrowings 8,054 7,10 Retirement benefit liability 173 19 Deferred tax liabilities 1,973 2,42 Lease liabilities 185 2 Other 0 0 Total non-current liabilities 10,387 9,94 Total liabilities 26,594 27,75 Net assets Shareholders' equity 2,310 2,37 Share capital 2,310 2,33 Capital surplus 114 11 Retained carnings 27,699 31,34 Treasury shares (1) 1 Total shareholders' equity 30,123 33,7 Accumulated other comprehensive income 567 37 Valuation difference on available-for-sale securities 567 37<	Contract liabilities	1,004	1,462
Lease liabilities 131 12 Other 244 32 Total current liabilities 16,207 17,8 Non-current liabilities 8,054 7,10 Long-term borrowings 8,054 7,10 Retirement benefit liability 173 19 Deferred tax liabilities 1,973 2,42 Lease liabilities 185 2 Other 0	Deposits received	169	175
Other 244 33 Total current liabilities 16,207 17,8 Non-current liabilities 20 17,10 Long-term borrowings 8,054 7,10 Retirement benefit liability 173 19 Deferred tax liabilities 1,973 2,42 Lease liabilities 185 2 Other 0 2 Total non-current liabilities 10,387 9,94 Total liabilities 26,594 27,73 Net assets Shareholders' equity 26,594 27,73 Net assets Share capital 2,310 2,31 Capital surplus 114 11 Retained earnings 27,699 31,34 Treasury shares (1) 1 Total shareholders' equity 30,123 33,7 Accumulated other comprehensive income 567 37 Valuation difference on available-for-sale securities 567 37 Foreign currency translation adjustment (1,052) 3,9 Total acc	Provision for bonuses	704	592
Total current liabilities 16,207 17,8 Non-current liabilities 8,054 7,10 Long-term borrowings 8,054 7,10 Retirement benefit liability 173 19 Deferred tax liabilities 1,973 2,42 Lease liabilities 185 2 Other 0 0 Total non-current liabilities 10,387 9,94 Total liabilities 26,594 27,75 Net assets Shareholders' equity 2,310 2,3 Share capital 2,310 2,3 Capital surplus 114 11 Retained earnings 27,699 31,3 Treasury shares (1) 1 Total shareholders' equity 30,123 33,7 Accumulated other comprehensive income 567 3' Valuation difference on available-for-sale securities 567 3' Foreign currency translation adjustment (1,052) 3,9' Total accumulated other comprehensive income (484) 4,3'	Lease liabilities	131	120
Non-current liabilities	Other	244	347
Long-term borrowings 8,054 7,10 Retirement benefit liability 173 19 Deferred tax liabilities 1,973 2,42 Lease liabilities 185 2 Other 0 0 Total non-current liabilities 10,387 9,94 Total liabilities 26,594 27,73 Net assets Shareholders' equity 2,310 2,31 Share capital 2,310 2,31 Capital surplus 114 1 Retained earnings 27,699 31,34 Treasury shares (1) 1 Total shareholders' equity 30,123 33,77 Accumulated other comprehensive income 567 37 Valuation difference on available-for-sale securities 567 37 Foreign currency translation adjustment (1,052) 3,90 Total accumulated other comprehensive income (484) 4,35	Total current liabilities	16,207	17,811
Retirement benefit liability 173 19 Deferred tax liabilities 1,973 2,42 Lease liabilities 185 2 Other 0	Non-current liabilities		
Deferred tax liabilities 1,973 2,42 Lease liabilities 185 2 Other 0 0 Total non-current liabilities 10,387 9,94 Total liabilities 26,594 27,73 Net assets Shareholders' equity 2,310 2,31 Share capital 2,310 2,31 Capital surplus 114 11 Retained earnings 27,699 31,34 Treasury shares (1) 1 Total shareholders' equity 30,123 33,7 Accumulated other comprehensive income 567 3 Valuation difference on available-for-sale securities 567 3 Foreign currency translation adjustment (1,052) 3,9 Total accumulated other comprehensive income (484) 4,3	Long-term borrowings	8,054	7,103
Lease liabilities 185 2 mode Other 0 0 Total non-current liabilities 10,387 9,94 Total liabilities 26,594 27,75 Net assets Shareholders' equity 2,310 2,31 Share capital 2,310 2,31 Capital surplus 114 11 Retained earnings 27,699 31,34 Treasury shares (1) 11 Total shareholders' equity 30,123 33,77 Accumulated other comprehensive income 567 37 Valuation difference on available-for-sale securities 567 37 Foreign currency translation adjustment (1,052) 3,97 Total accumulated other comprehensive income (484) 4,33	Retirement benefit liability	173	198
Other 0 Total non-current liabilities 10,387 9,94 Total liabilities 26,594 27,75 Net assets Shareholders' equity 2,310 2,31 Capital surplus 114 11 Retained earnings 27,699 31,34 Treasury shares (1) 11 Total shareholders' equity 30,123 33,77 Accumulated other comprehensive income 567 37 Valuation difference on available-for-sale securities 567 37 Foreign currency translation adjustment (1,052) 3,97 Total accumulated other comprehensive income (484) 4,33	Deferred tax liabilities	1,973	2,428
Total non-current liabilities 10,387 9,94 Total liabilities 26,594 27,75 Net assets Shareholders' equity 2,310 2,31 Capital surplus 114 15 Retained earnings 27,699 31,34 Treasury shares (1) (1) Total shareholders' equity 30,123 33,77 Accumulated other comprehensive income 567 37 Valuation difference on available-for-sale securities 567 37 Foreign currency translation adjustment (1,052) 3,97 Total accumulated other comprehensive income (484) 4,35	Lease liabilities	185	210
Total liabilities 26,594 27,75 Net assets Shareholders' equity Share capital 2,310 2,31 Capital surplus 114 15 Retained earnings 27,699 31,34 Treasury shares (1) Total shareholders' equity 30,123 33,77 Accumulated other comprehensive income Valuation difference on available-for-sale securities 567 37 Foreign currency translation adjustment (1,052) 3,97 Total accumulated other comprehensive income (484) 4,35	Other	0	0
Net assets Shareholders' equity Share capital 2,310 2,31 Capital surplus 114 11 Retained earnings 27,699 31,34 Treasury shares (1) Total shareholders' equity 30,123 33,77 Accumulated other comprehensive income Valuation difference on available-for-sale securities 567 37 Foreign currency translation adjustment (1,052) 3,97 Total accumulated other comprehensive income	Total non-current liabilities	10,387	9,941
Shareholders' equity 2,310 2,31 Capital surplus 114 11 Retained earnings 27,699 31,34 Treasury shares (1) Total shareholders' equity 30,123 33,77 Accumulated other comprehensive income 567 37 Valuation difference on available-for-sale securities 567 37 Foreign currency translation adjustment (1,052) 3,97 Total accumulated other comprehensive income (484) 4,35	Total liabilities	26,594	27,752
Share capital 2,310 2,310 Capital surplus 114 11 Retained earnings 27,699 31,34 Treasury shares (1) Total shareholders' equity 30,123 33,77 Accumulated other comprehensive income Valuation difference on available-for-sale securities 567 37 Foreign currency translation adjustment (1,052) 3,97 Total accumulated other comprehensive income	Net assets		
Capital surplus 114 11 Retained earnings 27,699 31,34 Treasury shares (1) 30,123 33,77 Accumulated other comprehensive income Valuation difference on available-for-sale securities 567 37 Foreign currency translation adjustment (1,052) 3,97 Total accumulated other comprehensive income (484) 4,35	Shareholders' equity		
Retained earnings 27,699 31,34 Treasury shares (1) Total shareholders' equity 30,123 33,77 Accumulated other comprehensive income Valuation difference on available-for-sale securities 567 37 Foreign currency translation adjustment (1,052) 3,97 Total accumulated other comprehensive income (484) 4,35	Share capital	2,310	2,313
Treasury shares (1) Total shareholders' equity 30,123 33,7' Accumulated other comprehensive income Valuation difference on available-for-sale securities 567 3' Foreign currency translation adjustment (1,052) 3,9' Total accumulated other comprehensive income (484) 4,3:	Capital surplus	114	118
Total shareholders' equity Accumulated other comprehensive income Valuation difference on available-for-sale securities Foreign currency translation adjustment Total accumulated other comprehensive income 30,123 33,77 37 47 47 47 484) 435	Retained earnings	27,699	31,346
Accumulated other comprehensive income Valuation difference on available-for-sale securities Foreign currency translation adjustment (1,052) Total accumulated other comprehensive income (484) 4,33	Treasury shares	(1)	(1)
Accumulated other comprehensive income Valuation difference on available-for-sale securities Foreign currency translation adjustment (1,052) Total accumulated other comprehensive income (484) 4,33	Total shareholders' equity	30,123	33,776
Valuation difference on available-for-sale securities56737Foreign currency translation adjustment(1,052)3,97Total accumulated other comprehensive income(484)4,35	Accumulated other comprehensive income		
Total accumulated other comprehensive income (484) 4,33		567	377
<u> </u>	Foreign currency translation adjustment	(1,052)	3,976
Share acquisition rights 352 45	Total accumulated other comprehensive income	(484)	4,354
	Share acquisition rights	352	450
		29,991	38,581
			66,333

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

Consolidated statements of income (cumulative)

		(Millions of yen)
	Nine months ended	Nine months ended
	December 31, 2021	December 31, 2022
Net sales	28,315	33,432
Cost of sales	3,184	3,920
Gross profit	25,130	29,512
Selling, general and administrative expenses	21,235	24,469
Operating profit	3,895	5,043
Non-operating income		
Share of profit of entities accounted for using equity method	1,312	1,363
Other	36	48
Total non-operating income	1,348	1,411
Non-operating expenses		
Foreign exchange losses	51	0
Interest expenses	62	52
Other	10	2
Total non-operating expenses	124	55
Ordinary profit	5,119	6,398
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	15	12
Loss on sale of investment securities	=	1
Loss of reversal of foreign currency translation adjustment	_	33
Total extraordinary losses	15	47
Profit before income taxes	5,105	6,351
Income taxes	1,456	1,789
Profit	3,649	4,562
Profit attributable to owners of parent	3,649	4,562

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Nine months ended	Nine months ended	
	December 31, 2021	December 31, 2022	
Profit	3,649	4,562	
Other comprehensive income			
Valuation difference on available-for-sale securities	0	0	
Foreign currency translation adjustment	1,472	4,989	
Share of other comprehensive income of entities accounted	510	(150)	
for using equity method	310	(150)	
Total other comprehensive income	1,982	4,838	
Comprehensive income	5,631	9,401	
Comprehensive income attributable to			
Comprehensive income attributable to owners of parent	5,631	9,401	
Comprehensive income attributable to non-controlling			
interests	_	_	