Translation

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Summary of Consolidated Financial Results for the Nine Months Ended December 31, 2023 (Based on Japanese GAAP)

January 31, 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 Quarterly Securities Report: February 13, 2024

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, 2023 (from April 1, 2023 to December 31, 2023)

(1) Consolidated operating results (cumulative)

Percentages indicate year-on-year changes

	Net sales		Operating pr	ofit	Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Nine months ended December 31, 2023	39,357	17.7	4,945	(1.9)	6,171	(3.6)	4,376	(4.1)
Nine months ended December 31, 2022	33,432	18.1	5,043	29.5	6,398	25.0	4,562	25.0

	Earnings per share	Diluted earnings per share
	Yen	Yen
Nine months ended December 31, 2023	50.16	50.02
Nine months ended December 31, 2022	52.35	52.12

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of December 31, 2023	71,090	42,727	59.5
As of March 31, 2023	65,098	38,421	58.3

2. Cash dividends

		Annual dividends per share 1st quarter-end 2nd quarter-end 3rd quarter-end Fiscal year-end Total					
	1st quarter-end						
	Yen	Yen	Yen	Yen	Yen		
Year ended March 31, 2023	-	0.00	_	15.00	15.00		
Year ending March 31, 2024	-	0.00	_				
Year ending March 31, 2024 (Forecast)				20.00	20.00		

3. Forecast of consolidated financial results for the year ending March 31, 2024 (from April 1, 2023 to March 31, 2024)

Percentages indicate year-on-year changes

	Net sales		Operating profit Ordinary 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	54,799	20.0	8,375	15.0	9,960	13.7	7,127	11.3	81.70

4. Notes

(1) Changes in significant subsidiaries during the nine months ended December 31, 2023 (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

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 number of issued shares at the end of the period (including treasury shares)							
As of December 31, 2023	87,561,600 shares	As of March 31, 2023	87,153,500 shares				
Number of treasury shares at the end of the	e period						
As of December 31, 2023	854,332 shares	As of March 31, 2023	641 shares				
Average number of shares during the period (cumulative from the beginning of the fiscal year)							
Nine months ended December 31, 2023	87,235,670 shares	Nine months ended December 31, 2022	87,147,977 shares				

Quarterly consolidated financial statements Consolidated balance sheets

(Millions of yen)

		(Millions of yen)
	As of March 31, 2023	As of December 31, 2023
Assets		
Current assets		
Cash and deposits	16,965	18,151
Accounts receivable - trade	6,510	6,307
Work in process	20	47
Supplies	29	31
Accounts receivable - other	8,440	10,339
Prepaid expenses	793	958
Other	67	85
Allowance for doubtful accounts	(274)	(232
Total current assets	32,552	35,689
Non-current assets		
Property, plant and equipment		
Buildings	845	1,107
Accumulated depreciation	(448)	(519
Buildings, net	397	587
Tools, furniture and fixtures	1,024	1,149
Accumulated depreciation	(802)	(911
Tools, furniture and fixtures, net	222	237
Machinery, equipment and vehicles	30	28
Accumulated depreciation	(23)	(23
Machinery, equipment and vehicles, net	7	4
Right-of-use assets	768	888
Accumulated depreciation	(509)	(686
Right-of-use assets, net	259	202
Total property, plant and equipment	886	1,032
Intangible assets		·
Goodwill	10,029	10,508
Software	4,156	5,220
Trademark right	11,053	12,460
Customer-related assets	1,355	1,286
Other	0	0
Total intangible assets	26,594	29,475
Investments and other assets		· · · · · · · · · · · · · · · · · · ·
Investment securities	2,629	2,225
Deferred tax assets	1,138	1,238
Leasehold and guarantee deposits	1,298	1,428
Total investments and other assets	5,065	4,892
Total non-current assets	32,546	35,400
Total assets	65,098	71,090

Current liabilities		As of March 31, 2023	As of December 31, 2023
Accounts payable - trade 324 271 Current portion of long-term borrowings 1,901 1,901 Accounts payable - other 10,566 12,668 Accrued expenses 682 1,393 Income taxes payable 1,263 612 Accrued consumption taxes 654 741 Contract liabilities 1,073 1,493 Deposits received 180 120 Provision for bonuses 858 696 Lease liabilities 152 134 Other 357 415 Total current liabilities 18,015 20,449 Non-current liabilities 6,153 5,202 Retirement benefit liability 178 198 Deferred tax liabilities 2,208 2,430 Lease liabilities 2,208 2,430 Other - 2 Total non-current liabilities 8,661 7,913 Total sibilities 2,315 2,551 Capital surplus 119 35.6	Liabilities		_
Current portion of long-term borrowings 1,901 1,901 Accounts payable - other 10,566 12,668 Accrued expenses 682 1,393 Income taxes payable 1,263 612 Accrued consumption taxes 654 741 Contract liabilities 1,073 1,493 Deposits received 180 120 Provision for bonuses 858 696 Lease liabilities 152 134 Other 357 415 Total current liabilities 18,015 20,449 Non-current liabilities 6,153 5,202 Retirement benefit liability 178 198 Deferred tax liabilities 2,208 2,430 Lease liabilities 2,208 2,430 Lease liabilities 36,661 7,913 Total non-current liabilities 2,6677 28,362 Net assets Share capital 2,315 2,551 Capital surplus 119 356 Retained earnings 33,190	Current liabilities		
Accounts payable - other 10,566 12,668 Accrued expenses 682 1,393 Income taxes payable 1,263 612 Accrued consumption taxes 654 741 Contract liabilities 1,073 1,493 Deposits received 180 120 Provision for bonuses 858 696 Lease liabilities 152 134 Other 357 415 Total current liabilities 18,015 20,449 Non-current liabilities 6,153 5,202 Retirement benefit liability 178 198 Deferred tax liabilities 2,208 2,430 Lease liabilities 121 79 Other - 2 Total non-current liabilities 8,661 7,913 Total liabilities 2,667 28,362 Net assets Share capital 2,315 2,551 Capital surplus 119 356 Retained earnings 33,190 36,259 <td>Accounts payable - trade</td> <td>324</td> <td>271</td>	Accounts payable - trade	324	271
Accrued expenses 682 1,393 Income taxes payable 1,263 612 Accrued consumption taxes 654 741 Contract liabilities 1,073 1,493 Deposits received 180 120 Provision for bonuses 858 696 Lease liabilities 152 134 Other 357 415 Total current liabilities 18,015 20,449 Non-current liabilities 18,015 20,449 Non-current liabilities 6,153 5,202 Retirement benefit liability 178 198 Deferred tax liabilities 2,208 2,430 Lease liabilities 121 79 Other - 2 Total non-current liabilities 8,661 7,913 Total shareholders' equity 8,661 7,913 Total liabilities 2,315 2,551 Capital surplus 119 356 Retained earnings 33,190 36,259 Treasury sha	Current portion of long-term borrowings	1,901	1,901
Income taxes payable 1,263 612 Accrued consumption taxes 654 741 Contract liabilities 1,073 1,493 Deposits received 180 120 Provision for bonues 858 696 Lease liabilities 152 134 Other 357 415 Total current liabilities 18,015 20,449 Non-current liabilities 6,153 5,202 Retirement benefit liability 178 198 Deferred tax liabilities 2,208 2,430 Lease liabilities 2,208 2,430 Lease liabilities 121 79 Other - 2 Total non-current liabilities 8,661 7,913 Total liabilities 2,677 28,362 Net assets Share capital 2,315 2,551 Capital surplus 119 356 Retained earnings 33,190 36,259 Treasury shares (1) (2,001) Tota	Accounts payable - other	10,566	12,668
Accrued consumption taxes 654 741 Contract liabilities 1,073 1,493 Deposits received 180 120 Provision for bonuses 858 696 Lease liabilities 152 134 Other 357 415 Total current liabilities 18,015 20,449 Non-current liabilities 6,153 5,202 Retirement benefit liability 178 198 Deferred tax liabilities 2,208 2,430 Lease liabilities 121 79 Other - 2 Total non-current liabilities 8,661 7,913 Total bibilities 26,677 28,362 Net assets 8 2,315 2,551 Capital surplus 119 356 Retained carnings 33,190 36,259 Treasury shares (1) (2,001) Total shareholders' equity 35,624 37,165 Accumulated other comprehensive income 395 304	Accrued expenses	682	1,393
Contract liabilities 1,073 1,493 Deposits received 180 120 Provision for bonuses 858 696 Lease liabilities 152 134 Other 357 415 Total current liabilities 18,015 20,449 Non-current liabilities 86,153 5,202 Retirement benefit liability 178 198 Deferred tax liabilities 2,208 2,430 Lease liabilities 2,208 2,430 Cher - 2 Total non-current liabilities 8,661 7,913 Total liabilities 26,677 28,362 Net assets Share capital 2,315 2,551 Capital surplus 119 356 Retained earnings 33,190 36,259 Treasury shares (1) (2,001) Total shareholders' equity 35,624 37,165 Accumulated other comprehensive income 395 304 Foreign currency translation adjustment 1,917	Income taxes payable	1,263	612
Deposits received 180 120 Provision for bonuses 858 696 Lease liabilities 152 134 Other 357 415 Total current liabilities 18,015 20,449 Non-current liabilities 8,015 20,449 Long-term borrowings 6,153 5,202 Retirement benefit liability 178 198 Deferred tax liabilities 2,208 2,430 Lease liabilities 2,208 2,430 Lease liabilities 3661 7,913 Total non-current liabilities 8,661 7,913 Total liabilities 26,677 28,362 Net assets Share capital 2,315 2,551 Capital surplus 119 356 Retained earnings 33,190 36,259 Treasury shares (1) (2,001) Total shareholders' equity 35,624 37,165 Accumulated other comprehensive income 395 304 Foreign currency translation adjustment <	Accrued consumption taxes	654	741
Provision for bonuses 858 696 Lease liabilities 152 134 Other 357 415 Total current liabilities 18,015 20,449 Non-current liabilities 357 415 Long-term borrowings 6,153 5,202 Retirement benefit liability 178 198 Deferred tax liabilities 2,208 2,430 Lease liabilities 121 79 Other - 2 2 Total non-current liabilities 8,661 7,913 36 Total liabilities 26,677 28,362 28,362 Net assets Share capital 2,315 2,551 2,551 Capital surplus 119 356 36,259 36,259 36,259 37,165 36,259 37,165 36,259 37,165 36,264 37,165 37,165 36,264 37,165 36,264 37,165 36,264 37,165 36,279 37,165 36,279 37,165 36,279 37,165	Contract liabilities	1,073	1,493
Lease liabilities 152 134 Other 357 415 Total current liabilities 18,015 20,449 Non-current liabilities 8 20,449 Long-term borrowings 6,153 5,202 Retirement benefit liability 178 198 Deferred tax liabilities 2,208 2,430 Lease liabilities 121 79 Other - 2 Total non-current liabilities 8,661 7,913 Total liabilities 26,677 28,362 Net assets 26,677 28,362 Net assets 119 356 Retained carnings 33,190 36,259 Treasury shares (1) (2,001) Total shareholders' equity 35,624 37,165 Accumulated other comprehensive income 395 304 Foreign currency translation adjustment 1,917 4,838 Total accumulated other comprehensive income 2,312 5,143 Share acquisition rights 484	Deposits received	180	120
Other 357 415 Total current liabilities 18,015 20,449 Non-current liabilities 20,249 Long-term borrowings 6,153 5,202 Retirement benefit liability 178 198 Deferred tax liabilities 2,208 2,430 Lease liabilities 121 79 Other - 2 Total non-current liabilities 8,661 7,913 Total liabilities 26,677 28,362 Net assets Share capital 2,315 2,551 Capital surplus 119 356 Retained earnings 33,190 36,259 Treasury shares (1) (2,001) Total shareholders' equity 35,624 37,165 Accumulated other comprehensive income 395 304 Foreign currency translation adjustment 1,917 4,838 Total accumulated other comprehensive income 2,312 5,143 Share acquisition rights 484 418 Total non-currency translation adjustment	Provision for bonuses	858	696
Total current liabilities 18,015 20,449 Non-current liabilities	Lease liabilities	152	134
Non-current liabilities 6,153 5,202 Retirement benefit liability 178 198 Deferred tax liabilities 2,208 2,430 Lease liabilities 121 79 Other - 2 Total non-current liabilities 8,661 7,913 Total liabilities 26,677 28,362 Net assets Share capital 2,315 2,551 Capital surplus 119 356 Retained earnings 33,190 36,259 Treasury shares (1) (2,001) Total shareholders' equity 35,624 37,165 Accumulated other comprehensive income 395 304 Foreign currency translation adjustment 1,917 4,838 Total accumulated other comprehensive income 2,312 5,143 Share acquisition rights 484 418 Total net assets 38,421 42,727	Other	357	415
Long-term borrowings 6,153 5,202 Retirement benefit liability 178 198 Deferred tax liabilities 2,208 2,430 Lease liabilities 121 79 Other - 2 Total non-current liabilities 8,661 7,913 Total liabilities 26,677 28,362 Net assets Share capital 2,315 2,551 Capital surplus 119 356 Retained earnings 33,190 36,259 Treasury shares (1) (2,001) Total shareholders' equity 35,624 37,165 Accumulated other comprehensive income 395 304 Foreign currency translation adjustment 1,917 4,838 Total accumulated other comprehensive income 2,312 5,143 Share acquisition rights 484 418 Total net assets 38,421 42,727	Total current liabilities	18,015	20,449
Retirement benefit liability 178 198 Deferred tax liabilities 2,208 2,430 Lease liabilities 121 79 Other - 2 Total non-current liabilities 8,661 7,913 Total liabilities 26,677 28,362 Net assets Shareholders' equity Share capital 2,315 2,551 Capital surplus 119 356 Retained earnings 33,190 36,259 Treasury shares (1) (2,001) Total shareholders' equity 35,624 37,165 Accumulated other comprehensive income 395 304 Foreign currency translation adjustment 1,917 4,838 Total accumulated other comprehensive income 2,312 5,143 Share acquisition rights 484 418 Total net assets 38,421 42,727	Non-current liabilities		
Deferred tax liabilities 2,208 2,430 Lease liabilities 121 79 Other - 2 Total non-current liabilities 8,661 7,913 Total liabilities 26,677 28,362 Net assets 3 2,315 2,551 Share capital 2,315 2,551 2,551 2,551 Capital surplus 119 356 35,624 37,165 Retained earnings 33,190 36,259 36,259 36,259 37,165 Accumulated other comprehensive income (1) (2,001) 37,165 36,24 37,165 Accumulated other comprehensive income 395 304 30,259 304 30,259 <t< td=""><td>Long-term borrowings</td><td>6,153</td><td>5,202</td></t<>	Long-term borrowings	6,153	5,202
Lease liabilities 121 79 Other - 2 Total non-current liabilities 8,661 7,913 Total liabilities 26,677 28,362 Net assets Shareholders' equity Share capital 2,315 2,551 Capital surplus 119 356 Retained earnings 33,190 36,259 Treasury shares (1) (2,001) Total shareholders' equity 35,624 37,165 Accumulated other comprehensive income 395 304 Foreign currency translation adjustment 1,917 4,838 Total accumulated other comprehensive income 2,312 5,143 Share acquisition rights 484 418 Total net assets 38,421 42,727	Retirement benefit liability	178	198
Other – 2 Total non-current liabilities 8,661 7,913 Total liabilities 26,677 28,362 Net assets Shareholders' equity 3 Share capital 2,315 2,551 Capital surplus 119 356 Retained earnings 33,190 36,259 Treasury shares (1) (2,001) Total shareholders' equity 35,624 37,165 Accumulated other comprehensive income 395 304 Foreign currency translation adjustment 1,917 4,838 Total accumulated other comprehensive income 2,312 5,143 Share acquisition rights 484 418 Total net assets 38,421 42,727	Deferred tax liabilities	2,208	2,430
Total non-current liabilities 8,661 7,913 Total liabilities 26,677 28,362 Net assets Share holders' equity 2,315 2,551 Capital surplus 119 356 Retained earnings 33,190 36,259 Treasury shares (1) (2,001) Total shareholders' equity 35,624 37,165 Accumulated other comprehensive income 395 304 Foreign currency translation adjustment 1,917 4,838 Total accumulated other comprehensive income 2,312 5,143 Share acquisition rights 484 418 Total net assets 38,421 42,727	Lease liabilities	121	79
Total liabilities 26,677 28,362 Net assets Share cholders' equity 356 2,315 2,551 Capital surplus 119 356 36,259 33,190 36,259 Treasury shares (1) (2,001) 700	Other	_	2
Net assets Share holders' equity Share capital 2,315 2,551 Capital surplus 119 356 Retained earnings 33,190 36,259 Treasury shares (1) (2,001) Total shareholders' equity 35,624 37,165 Accumulated other comprehensive income 395 304 Foreign currency translation adjustment 1,917 4,838 Total accumulated other comprehensive income 2,312 5,143 Share acquisition rights 484 418 Total net assets 38,421 42,727	Total non-current liabilities	8,661	7,913
Shareholders' equity 2,315 2,551 Capital surplus 119 356 Retained earnings 33,190 36,259 Treasury shares (1) (2,001) Total shareholders' equity 35,624 37,165 Accumulated other comprehensive income 395 304 Foreign currency translation adjustment 1,917 4,838 Total accumulated other comprehensive income 2,312 5,143 Share acquisition rights 484 418 Total net assets 38,421 42,727	Total liabilities	26,677	28,362
Share capital 2,315 2,551 Capital surplus 119 356 Retained earnings 33,190 36,259 Treasury shares (1) (2,001) Total shareholders' equity 35,624 37,165 Accumulated other comprehensive income 395 304 Foreign currency translation adjustment 1,917 4,838 Total accumulated other comprehensive income 2,312 5,143 Share acquisition rights 484 418 Total net assets 38,421 42,727	Net assets		
Capital surplus 119 356 Retained earnings 33,190 36,259 Treasury shares (1) (2,001) Total shareholders' equity 35,624 37,165 Accumulated other comprehensive income 395 304 Foreign currency translation adjustment 1,917 4,838 Total accumulated other comprehensive income 2,312 5,143 Share acquisition rights 484 418 Total net assets 38,421 42,727	Shareholders' equity		
Retained earnings 33,190 36,259 Treasury shares (1) (2,001) Total shareholders' equity 35,624 37,165 Accumulated other comprehensive income 395 304 Foreign currency translation adjustment 1,917 4,838 Total accumulated other comprehensive income 2,312 5,143 Share acquisition rights 484 418 Total net assets 38,421 42,727	Share capital	2,315	2,551
Treasury shares (1) (2,001) Total shareholders' equity 35,624 37,165 Accumulated other comprehensive income 395 304 Valuation difference on available-for-sale securities 1,917 4,838 Foreign currency translation adjustment 1,917 4,838 Total accumulated other comprehensive income 2,312 5,143 Share acquisition rights 484 418 Total net assets 38,421 42,727	Capital surplus	119	356
Total shareholders' equity 35,624 37,165 Accumulated other comprehensive income 395 304 Valuation difference on available-for-sale securities 395 304 Foreign currency translation adjustment 1,917 4,838 Total accumulated other comprehensive income 2,312 5,143 Share acquisition rights 484 418 Total net assets 38,421 42,727	Retained earnings	33,190	36,259
Accumulated other comprehensive income Valuation difference on available-for-sale securities Foreign currency translation adjustment Total accumulated other comprehensive income Share acquisition rights Total net assets 395 304 4,838 2,312 5,143 Share acquisition rights 484 418 Total net assets	Treasury shares	(1)	(2,001)
Valuation difference on available-for-sale securities395304Foreign currency translation adjustment1,9174,838Total accumulated other comprehensive income2,3125,143Share acquisition rights484418Total net assets38,42142,727	Total shareholders' equity	35,624	37,165
Foreign currency translation adjustment 1,917 4,838 Total accumulated other comprehensive income 2,312 5,143 Share acquisition rights 484 418 Total net assets 38,421 42,727	Accumulated other comprehensive income		
Total accumulated other comprehensive income2,3125,143Share acquisition rights484418Total net assets38,42142,727	Valuation difference on available-for-sale securities	395	304
Share acquisition rights 484 418 Total net assets 38,421 42,727	Foreign currency translation adjustment	1,917	4,838
Total net assets 38,421 42,727	Total accumulated other comprehensive income	2,312	5,143
Total net assets 38,421 42,727	Share acquisition rights	484	418
		38,421	42,727

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, 2022	December 31, 2023
Net sales	33,432	39,357
Cost of sales	3,920	4,625
Gross profit	29,512	34,731
Selling, general and administrative expenses	24,469	29,785
Operating profit	5,043	4,945
Non-operating income		
Share of profit of entities accounted for using equity method	1,363	1,264
Other	48	58
Total non-operating income	1,411	1,323
Non-operating expenses		
Foreign exchange losses	0	43
Interest expenses	52	49
Other	2	5
Total non-operating expenses	55	98
Ordinary profit	6,398	6,171
Extraordinary income		
Gain on sale of non-current assets	0	1
Total extraordinary income	0	1
Extraordinary losses		
Loss on sale and retirement of non-current assets	12	38
Loss on sale of investment securities	1	-
Loss of reversal of foreign currency translation adjustment	33	=
Total extraordinary losses	47	38
Profit before income taxes	6,351	6,133
Income taxes	1,789	1,757
Profit	4,562	4,376
Profit attributable to owners of parent	4,562	4,376

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

		(infilitelia of juli)	
	Nine months ended	Nine months ended	
	December 31, 2022	December 31, 2023	
Profit	4,562	4,376	
Other comprehensive income			
Valuation difference on available-for-sale securities	0	-	
Foreign currency translation adjustment	4,989	2,903	
Share of other comprehensive income of entities accounted	(150)	(72)	
for using equity method	(150)	(73)	
Total other comprehensive income	4,838	2,830	
Comprehensive income	9,401	7,206	
Comprehensive income attributable to			
Comprehensive income attributable to owners of parent	9,401	7,206	
Comprehensive income attributable to non-controlling			
interests	_	_	