

Translation

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## Summary of Consolidated Financial Results for the Nine Months Ended December 31, 2020 (Based on Japanese GAAP)

January 29, 2021

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 12, 2021  
 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, 2020 (from April 1, 2020 to December 31, 2020)

(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	%
Nine months ended December 31, 2020	26,366	4.2	3,220	54.2	4,245	24.5	2,868	14.0
Nine months ended December 31, 2019	25,300	14.9	2,088	(8.5)	3,410	1.4	2,516	5.3

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Nine months ended December 31, 2020	32.94		32.79	
Nine months ended December 31, 2019	28.92		28.79	

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of December 31, 2020	51,229	20,998	40.5
As of March 31, 2020	50,996	19,398	37.7

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, 2020	–	0.00	–	8.50	8.50
Year ending March 31, 2021	–	0.00	–		
Year ending March 31, 2021 (Forecast)				–	–

3. Forecast of consolidated financial results for the year ending March 31, 2021 (from April 1, 2020 to March 31, 2021)

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	37,436	6.5	5,028	1.9	6,459	1.6	4,785	0.5	54.95

4. Notes

- (1) Changes in significant subsidiaries during the nine months ended December 31, 2020  
(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 December 31, 2020	87,105,600 shares	As of March 31, 2020	87,057,600 shares
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Number of treasury shares at the end of the period

As of December 31, 2020	491 shares	As of March 31, 2020	445 shares
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Average number of shares during the period (cumulative from the beginning of the fiscal year)

Nine months ended December 31, 2020	87,077,811 shares	Nine months ended December 31, 2019	87,025,826 shares
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**Quarterly consolidated financial statements**  
**Consolidated balance sheets**

(Millions of yen)

	As of March 31, 2020	As of December 31, 2020
<b>Assets</b>		
Current assets		
Cash and deposits	11,091	13,303
Accounts receivable - trade	5,213	4,141
Work in process	14	19
Supplies	30	37
Accounts receivable - other	6,183	6,689
Prepaid expenses	664	747
Other	18	60
Allowance for doubtful accounts	(113)	(125)
Total current assets	23,102	24,875
Non-current assets		
Property, plant and equipment		
Buildings	626	620
Accumulated depreciation	(291)	(312)
Buildings, net	335	307
Tools, furniture and fixtures	806	802
Accumulated depreciation	(545)	(542)
Tools, furniture and fixtures, net	261	260
Machinery, equipment and vehicles	37	35
Accumulated depreciation	(17)	(18)
Machinery, equipment and vehicles, net	20	17
Right-of-use assets	481	492
Accumulated depreciation	(91)	(200)
Right-of-use assets, net	389	291
Total property, plant and equipment	1,006	876
Intangible assets		
Goodwill	10,148	9,211
Software	1,637	2,124
Trademark right	9,126	8,813
Customer-related assets	1,825	1,592
Other	0	0
Total intangible assets	22,738	21,740
Investments and other assets		
Investment securities	2,225	1,831
Deferred tax assets	873	920
Leasehold and guarantee deposits	1,039	977
Other	11	8
Total investments and other assets	4,149	3,736
Total non-current assets	27,893	26,354
Total assets	50,996	51,229

(Millions of yen)

	As of March 31, 2020	As of December 31, 2020
<b>Liabilities</b>		
Current liabilities		
Accounts payable - trade	314	259
Current portion of long-term borrowings	2,487	2,479
Accounts payable - other	7,711	8,999
Accrued expenses	451	860
Income taxes payable	534	232
Accrued consumption taxes	536	506
Advances received	725	1,095
Deposits received	84	40
Provision for bonuses	600	373
ProvisionForRepayment	242	205
Lease obligations	112	85
Other	30	32
Total current liabilities	13,831	15,170
Non-current liabilities		
Long-term borrowings	15,144	12,839
Retirement benefit liability	354	115
Deferred tax liabilities	1,994	1,884
Lease obligations	260	214
Other	11	5
Total non-current liabilities	17,766	15,060
Total liabilities	31,597	30,230
<b>Net assets</b>		
Shareholders' equity		
Share capital	2,246	2,277
Capital surplus	51	82
Retained earnings	19,079	21,207
Treasury shares	(0)	(0)
Total shareholders' equity	21,376	23,566
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(0)	(0)
Foreign currency translation adjustment	(2,149)	(2,796)
Total accumulated other comprehensive income	(2,149)	(2,796)
Share acquisition rights	171	228
Total net assets	19,398	20,998
<b>Total liabilities and net assets</b>	<b>50,996</b>	<b>51,229</b>

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

**Consolidated statements of income (cumulative)**

(Millions of yen)

	Nine months ended December 31, 2019	Nine months ended December 31, 2020
Net sales	25,300	26,366
Cost of sales	2,874	2,801
Gross profit	22,426	23,564
Selling, general and administrative expenses	20,337	20,344
Operating profit	2,088	3,220
Non-operating income		
Foreign exchange gains	15	–
Share of profit of entities accounted for using equity method	1,326	1,095
Other	62	68
Total non-operating income	1,403	1,163
Non-operating expenses		
Foreign exchange losses	–	56
Interest expenses	76	70
Other	5	11
Total non-operating expenses	81	138
Ordinary profit	3,410	4,245
Extraordinary income		
Gain on sales of non-current assets	–	0
Total extraordinary income	–	0
Extraordinary losses		
Loss on sales and retirement of non-current assets	11	71
Loss on valuation of investment securities	–	3
Loss on termination of retirement benefit plan	–	121
Event cancellation loss	–	11
Total extraordinary losses	11	207
Profit before income taxes	3,399	4,038
Income taxes	883	1,169
Profit	2,516	2,868
Profit attributable to owners of parent	2,516	2,868

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

(Millions of yen)

	Nine months ended December 31, 2019	Nine months ended December 31, 2020
Profit	2,516	2,868
Other comprehensive income		
Valuation difference on available-for-sale securities	0	(0)
Foreign currency translation adjustment	(632)	(642)
Share of other comprehensive income of entities accounted for using equity method	(4)	(4)
Total other comprehensive income	(637)	(646)
Comprehensive income	1,879	2,221
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,879	2,221
Comprehensive income attributable to non-controlling interests	—	—