

Translation

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Summary of Consolidated Financial Results for the Three Months Ended June 30, 2021 (Based on Japanese GAAP)

July 30, 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: August 6, 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 three months ended June 30, 2021 (from April 1, 2021 to June 30, 2021)

(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	%
Three months ended June 30, 2021	10,838	2.8	2,547	14.2	3,319	10.0	2,476	12.5
Three months ended June 30, 2020	10,539	12.4	2,230	55.6	3,018	30.0	2,201	22.3

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Three months ended June 30, 2021	28.43		28.29	
Three months ended June 30, 2020	25.28		25.18	

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of June 30, 2021	53,411	25,663	47.5
As of March 31, 2021	49,444	22,658	45.3

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, 2021	–	0.00	–	9.50	9.50
Year ending March 31, 2022	–	–	–	–	–
Year ending March 31, 2022 (Forecast)	–	0.00	–	–	–

3. Forecast of consolidated financial results for the year ending March 31, 2022 (from April 1, 2021 to March 31, 2022)

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	40,043	11.4	6,205	13.4	7,352	10.5	5,281	10.0	60.62

4. Notes

- (1) Changes in significant subsidiaries during the three months ended June 30, 2021
(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: Yes
- 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 June 30, 2021	87,123,600 shares	As of March 31, 2021	87,109,600 shares
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Number of treasury shares at the end of the period

As of June 30, 2021	527 shares	As of March 31, 2021	491 shares
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Average number of shares during the period (cumulative from the beginning of the fiscal year)

Three months ended June 30, 2021	87,123,085 shares	Three months ended June 30, 2020	87,057,488 shares
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Quarterly consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of March 31, 2021	As of June 30, 2021
Assets		
Current assets		
Cash and deposits	10,538	13,448
Accounts receivable - trade	4,933	4,515
Work in process	16	29
Supplies	31	42
Accounts receivable - other	6,324	6,915
Income taxes receivable	598	598
Prepaid expenses	808	862
Other	156	73
Allowance for doubtful accounts	(188)	(191)
Total current assets	23,218	26,295
Non-current assets		
Property, plant and equipment		
Buildings	619	698
Accumulated depreciation	(324)	(351)
Buildings, net	295	347
Tools, furniture and fixtures	792	846
Accumulated depreciation	(552)	(575)
Tools, furniture and fixtures, net	239	270
Machinery, equipment and vehicles	36	38
Accumulated depreciation	(20)	(22)
Machinery, equipment and vehicles, net	16	16
Right-of-use assets	618	675
Accumulated depreciation	(230)	(290)
Right-of-use assets, net	387	384
Total property, plant and equipment	939	1,019
Intangible assets		
Goodwill	8,834	9,205
Software	2,355	2,520
Trademark right	8,621	9,222
Customer-related assets	1,502	1,547
Other	0	0
Total intangible assets	21,313	22,495
Investments and other assets		
Investment securities	1,975	1,545
Deferred tax assets	879	928
Leasehold and guarantee deposits	1,110	1,127
Other	7	–
Total investments and other assets	3,972	3,602
Total non-current assets	26,225	27,116
Total assets	49,444	53,411

(Millions of yen)

	As of March 31, 2021	As of June 30, 2021
Liabilities		
Current liabilities		
Accounts payable - trade	258	211
Current portion of long-term borrowings	2,479	2,094
Accounts payable - other	7,750	8,807
Accrued expenses	438	683
Income taxes payable	374	797
Accrued consumption taxes	505	692
Advances received	869	–
Contract liabilities	–	1,127
Deposits received	147	206
Provision for bonuses	669	308
ProvisionForRepayment	233	–
Lease obligations	115	113
Other	33	309
Total current liabilities	13,875	15,353
Non-current liabilities		
Long-term borrowings	10,644	10,003
Retirement benefit liability	149	163
Deferred tax liabilities	1,830	1,943
Lease obligations	281	282
Other	3	2
Total non-current liabilities	12,909	12,395
Total liabilities	26,785	27,748
Net assets		
Shareholders' equity		
Share capital	2,281	2,289
Capital surplus	85	94
Retained earnings	23,140	24,767
Treasury shares	(0)	(0)
Total shareholders' equity	25,506	27,150
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	0	0
Foreign currency translation adjustment	(3,107)	(1,767)
Total accumulated other comprehensive income	(3,107)	(1,767)
Share acquisition rights	259	280
Total net assets	22,658	25,663
Total liabilities and net assets	49,444	53,411

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

Consolidated statements of income (cumulative)

(Millions of yen)

	Three months ended June 30, 2020	Three months ended June 30, 2021
Net sales	10,539	10,838
Cost of sales	932	949
Gross profit	9,607	9,889
Selling, general and administrative expenses	7,376	7,341
Operating profit	2,230	2,547
Non-operating income		
Share of profit of entities accounted for using equity method	797	806
Other	23	11
Total non-operating income	820	817
Non-operating expenses		
Interest expenses	24	21
Foreign exchange losses	7	20
Other	0	3
Total non-operating expenses	32	45
Ordinary profit	3,018	3,319
Extraordinary income		
Gain on sale of non-current assets	0	0
Total extraordinary income	0	0
Extraordinary losses		
Loss on sale and retirement of non-current assets	44	6
Event cancellation loss	6	-
Total extraordinary losses	51	6
Profit before income taxes	2,966	3,313
Income taxes	765	836
Profit	2,201	2,476
Profit attributable to owners of parent	2,201	2,476

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Three months ended June 30, 2020	Three months ended June 30, 2021
Profit	2,201	2,476
Other comprehensive income		
Valuation difference on available-for-sale securities	(0)	0
Foreign currency translation adjustment	(164)	1,329
Share of other comprehensive income of entities accounted for using equity method	(4)	10
Total other comprehensive income	(169)	1,339
Comprehensive income	2,031	3,816
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,031	3,816
Comprehensive income attributable to non-controlling interests	—	—