

July 29, 2025

Consolidated Financial Results for the Three Months Ended June 30, 2025 (Under Japanese GAAP)

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 Listing: Tokyo Stock Exchange
 Securities code: 2175
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 Scheduled date to commence dividend payments: -
 Preparation of supplementary material on financial results: Yes
 Holding of financial results briefing: Yes for institutional investors and analysts

(Yen amounts are rounded down to millions, unless otherwise noted.)

1. Consolidated financial results for the three months ended June 30, 2025 (from April 1, 2025 to June 30, 2025)

(1) Consolidated operating results (cumulative) (Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
Three months ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
June 30, 2025	18,672	7.1	3,616	20.5	4,785	16.3	3,940	24.6
June 30, 2024	17,426	14.7	3,000	(19.5)	4,114	(10.7)	3,163	(6.7)

Note: Comprehensive income For the three months ended June 30, 2025: ¥2,535 million [(46.0)%]
 For the three months ended June 30, 2024: ¥4,693 million [33.8%]

	Basic earnings per share	Diluted earnings per share
Three months ended	Yen	Yen
June 30, 2025	47.17	47.17
June 30, 2024	36.71	36.70

(2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio
As of	Millions of yen	Millions of yen	%
June 30, 2025	72,328	43,897	60.4
March 31, 2025	76,540	47,319	61.5

Reference: Equity
 As of June 30, 2025: ¥43,668 million
 As of March 31, 2025: ¥47,089 million

2. Cash dividends

	Annual dividends per share				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2025	-	0.00	-	28.50	28.50
Fiscal year ending March 31, 2026	-				
Fiscal year ending March 31, 2026 (Forecast)		0.00	-	-	-

Note: Revisions to the forecast of cash dividends most recently announced: None

3. Forecast of consolidated financial results for the fiscal year ending March 31, 2026 (from April 1, 2025 to March 31, 2026)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Fiscal year ending March 31, 2026	67,544	10.8	7,287	15.0	9,468	13.3	7,029	16.1	84.14

Note: Revisions to the earnings forecasts most recently announced: None

* Notes

(1) Significant changes in the scope of consolidation during the period: None

(2) Adoption of accounting treatment specific to the preparation of quarterly consolidated financial statements: Yes

(3) Changes in accounting policies, changes in accounting estimates, and restatement

(i) Changes in accounting policies due to revisions to accounting standards and other regulations: None

(ii) Changes in accounting policies due to other reasons: None

(iii) Changes in accounting estimates: None

(iv) Restatement: None

(4) Number of issued shares (common shares)

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

As of June 30, 2025	87,561,600 shares
As of March 31, 2025	87,561,600 shares

(ii) Number of treasury shares at the end of the period

As of June 30, 2025	5,162,351 shares
As of March 31, 2025	2,599,151 shares

(iii) Average number of shares outstanding during the period (cumulative from the beginning of the fiscal year)

Three months ended June 30, 2025	83,540,249 shares
Three months ended June 30, 2024	86,185,768 shares

* Review of the Japanese-language originals of the attached consolidated quarterly financial statements by certified public accountants or an audit firm: None

* Proper use of earnings forecasts, and other special matters

(Cautions on forward-looking statements, etc.)

Forward-looking statements, such as earnings forecasts, contained in this material are based on information available as of the date of submission and certain assumptions that are judged to be reasonable, and actual results may differ from the forecasts due to various factors.

(Method of accessing supplementary material on financial results)

Supplementary financial results materials are disclosed on TDnet on the same day.

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1. Overview of Operating Results, etc.

(1) Explanation of Operating Results

(i) Consolidated operating results (cumulative)

	Three months ended June 30, 2024	Three months ended June 30, 2025	Change (amount)	Change (percentage)
Net sales	17,426	18,672	1,245	7.1%
Operating profit	3,000	3,616	615	20.5%
Ordinary profit	4,114	4,785	670	16.3%
Profit attributable to owners of parent	3,163	3,940	777	24.6%

(Millions of yen)

The Group's Mission is "to improve the quality of life by providing information infrastructure for an aging society." We regard Medical Care, Elderly/Disability Care, Healthcare, and Senior Life as the business domains required in an aging society and define information infrastructure as a platform to connect those to whom we provide value: end users, professionals, and operators. By building information infrastructure that supports people in an aging society through information, we are working to solve various issues that arise in an aging society and contribute to improving the quality of life.

An unprecedented era of low birth rate, aging and population decline

Japan is entering an era of simultaneous rapid aging and population decline, the likes of which no one has ever experienced. As of January 2025, the number of elderly people aged 65 and over was 36.19 million.*¹ The aging rate, already at 29%, is expected to reach approximately 35% by 2040 when the elderly population approaches its peak of over 39 million. On the other hand, the working-age population aged 15–64, who play a central role in economic activities, continues to drop, and its relative percentage of the population composition is projected to decline from 68% in 2000 to nearly 55% by 2040.*²

Three critical issues faced by an aging society

Against the backdrop of these demographic changes, the state of society, including economic trends, national policies, and people's values, has undergone significant changes, and new issues have emerged that did not exist before. The Group recognizes that there are three important social issues that we need to solve in an aging society.

Issue 1: Difficulty in sustaining high-quality medical care and elderly/disability care services

While the demand for medical care and elderly/disability care services is increasing as the population ages, the shortage of workers to support these services has become a serious problem due to a decline in the working-age population. According to national estimates, by 2040, an additional 320,000 nurses will be required compared to 2018, and an additional 570,000 care workers will be required compared to 2022.*³ The growing shortage of medical care and elderly/disability care professionals will make it difficult to sustain high-quality medical care and elderly/disability care services.

Issue 2: More severe burden on the working generation

As the elderly population increases, social security expenses that support pensions, medical care, elderly care, and other welfare services are expected to increase to 190 trillion yen in 2040, about 1.6 times the 2018 level.*⁴ On the other hand, due to the decline in the working-age population, we will see shrinking workforces, not only in medical care and elderly/disability care, but in all industries in Japan. The average number of people in the working generation required to support one elderly person is expected to decline from 2.1 in 2018 to 1.6 in 2040, placing an increasingly heavy burden on the working generation.*⁵

Issue 3: Difficulty in solving problems related to living in an aging society

As the population ages, the services required in society are also changing. In an aging society, new needs such as elderly care and end-of-life planning are emerging and the demand for these services is expanding. However, the available information related to living in an aging society is insufficient in terms of quality and quantity, and it is not provided in an organized manner. Furthermore, there are also concerns that the future labor shortage in many industries will result in an inability to adequately supply the services required by an aging society. This will make it difficult for the elderly and their families to solve various life-related problems.

Issues in Japan's aging society and our solutions

In order to solve the three issues facing Japan's aging society through building information infrastructure, the Group has established specific solutions targeting each social issue.

For Issue 1: difficulty in sustaining high-quality medical care and elderly/disability care services, in addition to solving the overwhelming supply-demand gap of medical care and elderly/disability care professionals, it is important to improve the operational efficiency and solve management issues of business operators that provide medical care and elderly/disability care services. Therefore, we believe that the solution is to "solve labor shortages and uneven distribution of medical care and elderly/disability care professionals" and to "improve the management of medical care and elderly/disability care operators."

For Issue 2: more severe burden on the working generation, resulting from increasing social security costs and a decreasing working-age population, we will be able to solve this issue through "increasing the number of healthy people in the work force" by enabling more people to work productively in good health for a long period of time.

For Issue 3: difficulty in solving problems about life in an aging society, our solution is to "provide a variety of options and high-quality decision-making information" by organizing various types of information related to Japan's aging society in an easy-to-understand manner.

Initiatives in each business area

Based on the above issues and their solutions, the Group is working to solve social issues in each business area, aiming to realize our Mission and increase our corporate value over the long term through sustainable growth.

<Career Business>

In the Career Business, we aim to solve the social issue 1: "difficulty in sustaining high-quality medical care and elderly/disability care services," by contributing to "solving labor shortages and uneven distribution of medical care and elderly/disability care professionals" through optimal matching between care professionals and care business operators.

In the medical care field, it is expected that the medical functions required will shift from acute care to chronic and home care as demand expands. As the demand for medical care changes, the supply and demand gap for healthcare professionals is widening. In addition, "uneven distribution among medical care functions" and "uneven distribution among regions" are also becoming major issues. In our Medical Care Career business, we assist professionals in "taking their careers one step forward" throughout their professional lives by providing them with various types of support including support in finding/changing jobs, returning to work and developing their careers. We help operators solve their HR issues, such as recruitment and improvement of working environments. In addition, by appropriately communicating to professionals the appeal of the work styles and careers that they can realize at those operators, we can offer professionals job opportunities at better operators needed by society. We contribute to solving the shortage and uneven distribution of medical care professionals by promoting optimal matching to the medical functions and local operators in demand by society, while supporting professionals to pursue their ideal careers.

In the elderly/disability care field, as the number of elderly people increases, the number of people requiring elderly care in their daily lives is expected to increase, and it is certain that the overwhelming shortage of professionals will continue long term. According to national estimates, an additional 250,000 care workers will be required in 2026 compared to 2022, and this number is expected to increase to 570,000 by 2040.^{*3} In our Elderly Care Career business, we are working to increase the number of new workers entering the elderly/disability care industry, while at the same time encouraging professionals to stay in the industry and reducing the number of people leaving the industry, which will lead to solving the overwhelming shortage of elderly/disability care professionals. We provide support for inexperienced people at our school to obtain certification and encourage people from outside the industry to start their careers in the elderly/disability care field by supporting them in getting jobs at operators that offer good working and training environments even for those with no experience. In addition, following employment, we provide a retention support service to help workers overcome their worries and concerns at the workplace, thereby preventing them from retiring from the industry early. In addition, we promote optimal matching between job seekers and elderly/disability care operators so that elderly care professionals can work with a sense of job satisfaction by making use of their skills and experience. We also contribute to encouraging professionals to stay in the industry and reducing the number of people leaving the industry by helping operators solve their HR issues, such as recruitment and improvement of working environments which will lead to realizing better working environments for them.

We will continue to maximize the value we provide to professionals and operators and achieve sustainable growth over the long term, aiming to solving the shortage and uneven distribution of medical care and elderly/disability care professionals.

<Elderly/Disability Care Operators Business>

In the Elderly/Disability Care Operators Business, we aim to solve the social issue 1: "difficulty in sustaining high-quality medical care and elderly/disability care services," by contributing to "improving the management of elderly/disability care operators" through

the provision of Kaipoke, a subscription-based management support platform for elderly/disability care operators. There are approximately 260,000 elderly care offices*⁶ nationwide, more than 80% of which are corporations operating one or two offices*⁷, and many of them are facing management issues due to their small scale. In addition to a large amount of time spent on indirect work such as document preparation, there are business and management problems such as a labor shortage due to difficulty in hiring staff, low purchasing power, and cash-flow issues, making it difficult to fully focus on the care for the elderly, and this is a common concern among elderly care operators. In addition, the number of users of welfare services for persons with disabilities is increasing year by year due to the growing social awareness toward disabilities and easier access to diagnosis. Accordingly, the number of service offices providing welfare services for persons with disabilities has been continuously increasing, but they face the same management issues as elderly care operators. Kaipoke provides comprehensive support for the management of elderly/disability care operators, working to improve their management and service quality, with more than 40 services that support operations, recruitment, purchasing, finance, back office, M&A, etc., on top of the insurance claim service that is essential for elderly/disability care operations, through a one-stop platform.

We will maximize the value provided by our management support platform through expanding our operator coverage to a wider range of elderly/disability care service types, increasing the number of customers, developing new services, promoting these services to our customers and analyzing/leveraging accumulated data on elderly/disability care operators, thereby achieving sustainable growth over the long term.

<New Business>

In the New Business (Healthcare), we aim to solve the social issue 2: "more severe burden on the working generation," by contributing to "increasing the number of healthy people in the work force" through the provision of a platform that supports health and productivity management of companies. Due to a decline in the working-age population, Japan is expected to face a labor shortage in all industries in the future. Moreover, among the working generation, there are many patients/potential patients with lifestyle related diseases, which often progress to critical illnesses such as diabetes and dementia. Mental disorders caused by overworking or stress in the workplace are also serious, and the number of patients receiving medical treatment for depression and other mood disorders has been on the rise in recent years. In order to halt this decline in the work force and increase its productivity, it is essential for people to be able to work healthily for a long period of time. The Japanese government is focusing on measures to prevent lifestyle-related diseases and improve mental health. In particular, the government is actively promoting policies to promote the spread of "health and productivity management," in which companies work to improve the health of employees and their families. The Group will contribute to improving the health of their employees and their families by developing a health and productivity management platform, which provides companies and health insurance associations with evidence-based digital health services*⁸ that utilize the capabilities of healthcare professionals, such as doctors, nurses, and dietitians. Leveraging the Group's strengths in healthcare professional networks, ICT capabilities, and proven results from verification projects conducted with ministries and national agencies, we offer effective solutions with a reasonable price, such as our Remote Specific Health Guidance Service for health insurance associations and our Remote Industrial Health Service for companies.

We will maximize the value provided by the health and productivity management support platform through increasing the number of clients and users of our services, developing services necessary for health and productivity management, improving the quality of services through hiring/training healthcare professionals and analyzing/leveraging accumulated data, thereby achieving sustainable growth over the long term.

In the New Business (Senior Life), we aim to solve the social issue 3: "difficulty in solving problems related to living in an aging society," by "providing a variety of options and high-quality decision-making information" through the development of a problem-solving platform that connects people with concerns and needs related to living to consultation services and services that help solve those concerns and needs. In our web community for people struggling with elderly care, we provide support in solving various problems centering on elderly care through interaction among members and advice from specialists. We also provide comprehensive support in solving all the problems faced by end users by connecting people who have clear needs relating to housing, food, end-of-life planning, etc. to services introducing business operators.

We will maximize the value provided by the problem-solving platform through enhancing the value of a web community for people struggling with elderly care as a comprehensive consultation desk for elderly care, expanding the coverage of categories specific to an aging society / the range of services within each category, increasing the number of business partners that provide solutions to problems and helping business operators achieve better management, thereby achieving accelerated growth.

<Overseas Business>

In the Overseas Business (Medical Platform Business), we aim to solve the social issue: "low availability of medicines and medical devices, and inadequate quality of medical care in APAC," by "improving the availability and safety of medical care" through

building a medical platform optimized for APAC that connects healthcare professionals and medical-related companies. We support the marketing activities of medical-related companies such as pharmaceutical companies around the world by utilizing the Group's membership base of healthcare professionals in APAC. We contribute to supporting more effective and efficient marketing activities for medical-related companies by identifying, creating, organizing, and localizing valuable information and providing it to healthcare professionals, thereby expanding and enhancing the engagement of the membership bases of healthcare professionals.

We will maximize the value provided by the medical platform through expanding the scope of our services to a broader range of industries/business types, increasing the number of clients, expanding the types of information provided to healthcare professionals and increasing its quality/quantity, expanding the membership bases of healthcare professionals, enhancing their engagement, and analyzing/leveraging accumulated data, thereby achieving sustainable growth over the long term.

In the Overseas Business (Global Career Business), we aim to solve the social issue: "shortage and uneven distribution of healthcare professionals around the world" in the midst of increasing global needs for medical care services due to economic and population growth, by building an HCP (healthcare professional) supply platform that connects healthcare institutions and healthcare professionals around the world. We will contribute to improving the quality of medical care around the world by promoting optimal matching cross-borderly and domestically according to the supply and demand situation of healthcare professionals and healthcare institutions in each country.

We will maximize the value provided by the HCP (healthcare professional) supply platform through expanding our operating countries, increasing the number of clients within these countries, increasing the number of countries / healthcare professionals we provide employment support, and increasing the volume of optimized matching between healthcare institutions and healthcare professionals, thereby achieving sustainable growth over the long term.

The Group will contribute to solving social issues by capturing various business opportunities arising from the expanding market and creating a range of new services both domestically and internationally and achieve sustainable growth over the long term.

The Group's operating results for the three months ended June 30, 2025, are as follows.

Net sales amounted to 18,672 million yen (up 7.1% year-on-year) due to the expansion of the Career Business and the Kaipoke Business, etc.

Operating profit amounted to 3,616 million yen (up 20.5% year-on-year), as we limited expense growth by factors such as the reduced hiring of career partners, in line with our initial plan.

Ordinary profit amounted to 4,785 million yen (up 16.3% year-on-year).

Profit attributable to owners of parent amounted to 3,940 million yen (up 24.6% year-on-year).

*1. MIC, "Population estimates"

2. National Institute of Population and Social Security Research "2023 Estimated future population of Japan"

3. Nurses : MHLW, "Status of securing nurses and other nursing staff"

Elderly care workers: MHLW, "Required number of elderly care staff based on the 9th plan for long-term care insurance"

4. Cabinet Secretariat, CAO, MOF, MHLW, "Future outlook for social security in 2040"

The amount is the total of pensions, medical care, and elderly care.

5. MIC "Census", "Population estimates", National Institute of Population and Social Security Research "2023 Estimated future population of Japan"

6. MHLW, "Statistics of Long-term Care Benefit Expenditures" (March 2024)

7. MHLW, "Long-Term Care Information Publication System", "Information Provision System for residences with health and welfare services"

Compiled based on information as of January 2025

8. Digital Health: Improving the effects of medical care and healthcare by utilizing the latest digital health technologies such as AI, ICT, IoT, wearable devices, and big data analysis.

(ii) Overview by each business area

The Group discloses four business areas: Career Business, Elderly/Disability Care Operators Business, Overseas Business, and New Business. The Career Business is further divided into Elderly Care Career and Medical Care Career.

<Net sales by business area>

Sales by business area						(Millions of yen)
Business area		Three months ended June 30, 2024	Three months ended June 30, 2025	Change (amount)	Change (percentage)	
Career Business		12,157	13,069	911	7.5%	
	Elderly Care Career	5,526	6,144	618	11.2%	
	Medical Care Career	6,630	6,924	293	4.4%	
Elderly/Disability Care Operators Business		2,824	3,222	397	14.1%	
Overseas Business		1,713	1,535	(177)	(10.4%)	
New Business		730	844	113	15.6%	
Total		17,426	18,672	1,245	7.1%	

<Career Business>

In the Career Business, both Elderly Care Career and Medical Care Career grew with strong demand for hiring professionals by medical/elderly care business operators. We implemented measures to raise awareness of our services for nurses (e.g. commercials, offline events) from April to May. While a slowdown in job seekers' motivation to change jobs continues in some occupations, the environment for attracting job seekers is improving due to eased competition.

As a result, net sales in the Career Business for the three months ended June 30, 2025, amounted to 13,069 million yen (up 7.5% year-on-year).

<Elderly/Disability Care Operators Business>

In the Elderly/Disability Care Operators Business, Kaipoke, a management support platform for elderly/disability care operators, grew steadily. In addition to the expansion in the number of memberships, the increased usage of optional add-ons (factoring, tablets, smartphones, etc.), the M&A matching business, and the recruiting agent service for persons with disabilities also contributed to growth.

As a result, net sales in the Elderly/Disability Care Operators Business for the three months ended June 30, 2025, amounted to 3,222 million yen (up 14.1% year-on-year).

<Overseas Business>

In the Overseas Business, Medical Platform Business grew steadily while the impact of factors such as temporary reductions in marketing budgets by some customers continued.

Sales of Global Career Business decreased YoY, mainly due to a high base of comparison from the first quarter of the fiscal year ended March 31, 2025, which saw a large number of healthcare professionals starting work on-site, and concerns over the Middle East situation affecting cross-border travel of healthcare professionals.

As a result, net sales in the Overseas Business for the three months ended June 30, 2025, amounted to 1,535 million yen (down 10.4% year-on-year).

<New Business>

In the New Business, development and improvement of new services progressed, centering on services such as remote health guidance service and industrial health service using ICT in the Healthcare Business, and information service on renovation operators and funeral agency introduction service in the Senior Life Business.

As a result, net sales in the New Business for the three months ended June 30, 2025, amounted to 844 million yen (up 15.6% year-on-year).

(2) Explanation of Financial Position

Total assets as of June 30, 2025, amounted to 72,328 million yen (decreased by 4,211 million yen from the end of the previous fiscal year). This was mainly due to an increase in accounts receivable - other resulting from an increase in the number of operators using Kaipoke factoring service, offset by a decrease in cash and deposits caused by the repurchase of shares and a decrease in goodwill and trademark right, etc. resulting from fluctuations in foreign exchange rates.

Total liabilities as of June 30, 2025, amounted to 28,431 million yen (decreased by 790 million yen from the end of the previous fiscal year). This was mainly due to a decrease in accounts payable - other, resulting from the optimization of funding costs as the transaction volume of Kaipoke's factoring service increased.

Net assets as of June 30, 2025, amounted to 43,897 million yen (decreased by 3,421 million yen from the end of the previous fiscal year). This was mainly due to an increase in retained earnings attributable to the recording of quarterly net profit attributable to owners of parent, offset by a decrease in shareholders' equity due to the repurchase of shares and a decrease in foreign currency translation adjustment resulting from fluctuations in foreign exchange rates.

(3) Explanation of Consolidated Financial Results Forecast and Other Forward-looking Information

The consolidated financial results for the three months ended June 30, 2025 have been progressing in line with the consolidated financial results forecast for the fiscal year ending March 31, 2026, which was announced on April 28, 2025. This forecast remains unchanged at present.

2. Quarterly Consolidated Financial Statements and Primary Notes

(1) Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2025	As of June 30, 2025
Assets		
Current assets		
Cash and deposits	16,175	13,014
Accounts receivable - trade	8,887	8,055
Work in process	89	61
Supplies	28	30
Accounts receivable - other	12,516	13,957
Prepaid expenses	1,285	1,432
Other	46	511
Allowance for doubtful accounts	(366)	(350)
Total current assets	38,664	36,713
Non-current assets		
Property, plant and equipment		
Buildings	1,295	1,355
Accumulated depreciation	(641)	(655)
Buildings, net	654	700
Tools, furniture and fixtures	1,193	1,170
Accumulated depreciation	(978)	(973)
Tools, furniture and fixtures, net	215	197
Machinery, equipment and vehicles	13	12
Accumulated depreciation	(12)	(11)
Machinery, equipment and vehicles, net	0	0
Right-of-use assets	872	827
Accumulated depreciation	(554)	(572)
Right-of-use assets, net	317	254
Total property, plant and equipment	1,187	1,153
Intangible assets		
Goodwill	9,701	8,974
Software	7,028	7,208
Trademark right	13,176	12,455
Customer-related assets	935	803
Other	0	0
Total intangible assets	30,841	29,441
Investments and other assets		
Investment securities	2,875	2,032
Deferred tax assets	1,437	1,462
Leasehold and guarantee deposits	1,533	1,524
Total investments and other assets	5,846	5,020
Total non-current assets	37,876	35,615
Total assets	76,540	72,328

	As of March 31, 2025	As of June 30, 2025
Liabilities		
Current liabilities		
Accounts payable - trade	423	331
Short-term borrowings	3,500	3,400
Current portion of long-term borrowings	1,901	1,901
Accounts payable - other	11,875	11,023
Accrued expenses	861	1,244
Income taxes payable	1,295	1,124
Accrued consumption taxes	824	1,126
Contract liabilities	1,483	1,784
Deposits received	184	300
Provision for bonuses	1,042	522
Lease liabilities	128	84
Other	469	526
Total current liabilities	23,990	23,370
Non-current liabilities		
Long-term borrowings	2,350	2,350
Retirement benefit liability	236	230
Deferred tax liabilities	2,467	2,312
Lease liabilities	174	165
Other	2	2
Total non-current liabilities	5,231	5,061
Total liabilities	29,221	28,431
Net assets		
Shareholders' equity		
Share capital	2,551	2,551
Capital surplus	262	261
Retained earnings	43,430	44,949
Treasury shares	(5,713)	(9,247)
Total shareholders' equity	40,531	38,515
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	229	230
Foreign currency translation adjustment	6,328	4,922
Total accumulated other comprehensive income	6,558	5,152
Share acquisition rights	229	229
Total net assets	47,319	43,897
Total liabilities and net assets	76,540	72,328

(2) 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, 2024	Three months ended June 30, 2025
Net sales	17,426	18,672
Cost of sales	1,596	1,736
Gross profit	15,830	16,936
Selling, general and administrative expenses	* 12,829	* 13,319
Operating profit	3,000	3,616
Non-operating income		
Share of profit of entities accounted for using equity method	1,099	1,231
Foreign exchange gains	21	-
Other	17	11
Total non-operating income	1,138	1,243
Non-operating expenses		
Foreign exchange losses	-	34
Interest expenses	20	32
Other	4	8
Total non-operating expenses	24	75
Ordinary profit	4,114	4,785
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	4	-
Loss on withdrawal from business	30	-
Total extraordinary losses	34	-
Profit before income taxes	4,079	4,785
Income taxes	916	844
Profit	3,163	3,940
Profit attributable to owners of parent	3,163	3,940

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Three months ended June 30, 2024	Three months ended June 30, 2025
Profit	3,163	3,940
Other comprehensive income		
Foreign currency translation adjustment	1,578	(1,390)
Share of other comprehensive income of entities accounted for using equity method	(48)	(15)
Total other comprehensive income	1,530	(1,405)
Comprehensive income	4,693	2,535
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	4,693	2,535
Comprehensive income attributable to non-controlling interests	-	-

(3) Notes to Quarterly Consolidated Financial Statements

(Going concern assumption)

None to report

(Special accounting methods for preparing quarterly consolidated financial statements)

Tax expenses are calculated as follows, with the exception of certain consolidated subsidiaries:

The effective tax rate after the application of tax effect accounting is reasonably estimated for profit before income taxes for the consolidated fiscal year, including the three months ended June 30, 2025. Tax expenses are calculated by multiplying profit before income taxes by this estimated effective tax rate. Income taxes-deferred are included in income taxes.

(Significant changes in shareholders' equity)

None to report

(For quarterly consolidated balance sheets)

None to report

(For quarterly consolidated statements of income)

* Major items and amounts included in selling, general and administrative expenses are as follows:

	(Millions of yen)	
	Three months ended	Three months ended
	June 30, 2024	June 30, 2025
Salaries and allowance	4,581	4,658
Advertising expenses	3,101	3,620
Business consignment expenses	855	905
Amortization of goodwill	274	242
Depreciation	654	829
Legal welfare expenses	761	796
Rents	551	576
Provision for bonuses	412	438
Retirement benefit expenses	8	6
Provision of allowance for doubtful accounts	34	19

(For quarterly consolidated statements of cash flows)

Consolidated statements of cash flows have not been prepared for the three months ended June 30, 2025. Depreciation (including amortization related to intangible assets excluding goodwill) and amortization of goodwill for the three months ended June 30 are as follows:

	(Millions of yen)	
	Three months ended	Three months ended
	June 30, 2024	June 30, 2025
Depreciation	654	829
Amortization of goodwill	274	242

(Segment information, etc.)

[Segment information]

The business of the Company and its consolidated subsidiaries is a single business that aims to build an information infrastructure for an aging society and ancillary operations. Therefore, there are no segments subject to disclosure, so the descriptions are omitted.

(Significant subsequent events)

The Company resolved to issue Share Acquisition Rights to its directors and employees at its Board of Directors' meeting held on July 7, 2025 and issued them on July 24, 2025.

SMS Co., Ltd. No. 21 Share Acquisition Rights

Date of Resolution	July 7, 2025
Number of Share Acquisition Rights (units)	2,370
Number of Treasury Share Acquisition Rights (units)	—
Class of shares underlying Share Acquisition Rights	Common stock
Number of shares underlying Share Acquisition Rights (shares) (Note 1)	237,000
Amount to be paid upon the exercise of Share Acquisition Rights (yen) (Note 2)	1,462.5
Exercise period of Share Acquisition Rights	From July 1, 2028 to June 30, 2033
Issue price and amount to be incorporated into stated capital for shares issued upon exercise of Share Acquisition Rights (yen) (Note 3)	Issue price 1,462.5 Amount to be incorporated into stated capital 731.25
Conditions for exercising Share Acquisition Rights	(Note 4)
Matters on acquisition of Share Acquisition Rights through transfer	Acquiring the Share Acquisition Rights through transfer shall require approval through a resolution by the Company's Board of Directors.
Treatment of Share Acquisition Rights upon corporate reorganization	(Note 5)

(Note 1) If the Company has, subsequent to the allotment date of the Share Acquisition Rights, conducted a stock split (including, hereinafter, gratis allotment of the Company's common stock) or reverse stock split, the Number of Shares Granted shall be adjusted using the formula shown below; provided that such adjustment shall be made only for the number of shares underlying the unexercised Share Acquisition Rights at that point in time, and any fraction less than one share resulting from the adjustment shall be rounded down to the nearest whole number:

$$\frac{\text{Adjusted Number of Shares Granted}}{\text{Number of Shares Granted before adjustment}} = \text{Split (or reverse split) ratio}$$

(Note 2) If the Company has, subsequent to the allotment date of the Share Acquisition Rights, effected a stock split or reverse stock split, the Exercise Price shall be adjusted using the following formula, and any fraction less than one yen resulting from the adjustment shall be rounded up to the nearest yen:

$$\text{Adjusted Exercise Price} = \text{Exercise Price before adjustment} \times \frac{1}{\text{Split (or reverse split) ratio}}$$

If the Company has, subsequent to the allotment date of the Share Acquisition Rights, issued new shares or disposed treasury shares at a price below the market value (meaning a price that is particularly low compared to a fair issue price) of the common stock of the Company (excluding the cases of the issuance of new shares or the disposal of treasury shares due to the exercise of the Share Acquisition Rights, and the transfer of treasury shares through share exchange), the Exercise Price shall be adjusted using the following formula. Any fraction less than one yen resulting from the adjustment shall be rounded up to the nearest yen:

$$\frac{\text{Adjusted Exercise Price}}{\text{Exercise Price before adjustment}} = \frac{\text{Number of shares outstanding} + \frac{\text{Number of new shares issued} \times \text{Amount to be paid in per share}}{\text{Market price per share before issuance of new shares}}}{\text{Number of shares outstanding} + \text{Number of new shares issued}}$$

(Note 3) The maximum amount of increase in capital stock and capital surplus per Share Acquisition Right shall be the sum of the amount to be paid at the time of exercise (1,462.5 yen per share, 100 shares underlying each Share Acquisition Right) and the book value per Share Acquisition Right at the time of exercise (47,200 yen per Share Acquisition Right). The amount to be incorporated into stated capital shall be one-half of the maximum amount of increase in capital stock and capital surplus calculated in accordance with Article 17, Paragraph 1 of the Ordinance on Accounting of Companies. Any fraction less than one yen resulting from the calculation shall be rounded up to the nearest yen.

(Note 4) Conditions for exercising Share Acquisition Rights

- 1) If the amount of the adjusted operating income in the fiscal year ending March 2028 has exceeded each of the

levels stated in (a) to (d) below, a share acquisition right holder may exercise the number of the Share Acquisition Rights equivalent to each predetermined rate of the Share Acquisition Rights allotted to each holder (the “Exercisable Rate”).

- (a) When the adjusted operating income has exceeded 8,355 million yen, the Exercisable Rate shall be 20%
- (b) When the adjusted operating income has exceeded 8,937 million yen, the Exercisable Rate shall be 50%
- (c) When the adjusted operating income has exceeded 9,547 million yen, the Exercisable Rate shall be 70%
- (d) When the adjusted operating income has exceeded 10,847 million yen, the Exercisable Rate shall be 100%

In determining the values of the adjusted operating income above, the amount calculated below shall be used as a reference value. It is the amount obtained by adding stock-based compensation expenses in the notes to the consolidated financial statements in the Company’s annual securities report for the relevant fiscal year, to operating income of the consolidated statement of income in the said report. In case where any indicator used as a reference value should be changed or modified due to the change in the accounting standards and other reasons, the Company shall separately establish an applicable indicator as a reference value through a resolution at a Board of Directors’ meeting. In case where there is a fractional number of less than one in the exercisable Share Acquisition Rights, the number shall be truncated.

- 2) A Share Acquisition Rights holder does not need to be a director or an employee of the Company at the time of exercise of the Share Acquisition Rights. Except when the Board of Directors of the Company separately approves, a Share Acquisition Rights holder may not exercise the Share Acquisition Rights in cases where the holder is removed from his/her position or receives disciplinary dismissal, or when there is a case that falls upon any of the items stipulated in the agreement on allotment of the Share Acquisition Rights that the exercise of the Share Acquisition Rights shall not be appropriate.
- 3) Heirs of a share acquisition right holder may not exercise the Share Acquisition Rights.
- 4) In the event that the exercise of Share Acquisition Rights causes the number of outstanding shares of the Company to exceed its total number of authorized shares, said Share Acquisition Rights may not be exercised.
- 5) Share Acquisition Rights constituting less than one unit may not be exercised.

(Note 5) In the event that the Company has carried out a merger (limited to a case where the Company will be extinguished as a result of the merger), absorption-type company split, incorporation-type company split, share exchange, or share transfer (collectively, the “Corporate Reorganization”), Share Acquisition Rights of the company that falls under any of sub-items (a) to (e) in Article 236, Paragraph 1, Item 8 of the Companies Act (the “Surviving Company”) shall be delivered to a holder of the remaining Share Acquisition Rights on the date when the Corporate Reorganization comes into effect (the “Remaining Share Acquisition Rights”), in accordance with the terms and conditions set out below, provided, however, that the foregoing shall apply only to cases where the delivery of the Surviving Company’s Share Acquisition Rights, in accordance with the terms and conditions set out below, has been stipulated in the absorption-type merger agreement, consolidation-type merger agreement, absorption-type company split agreement, incorporation-type company split plan, share exchange agreement, or share transfer plan, and in that case the Remaining Share Acquisition Rights shall be extinguished and the Surviving Company shall issue new Share Acquisition Rights.

- 1) Number of Share Acquisition Rights of the Surviving Company to be delivered
Said number shall be the same as the number of the Share Acquisition Rights owned by each holder of the Share Acquisition Rights.
- 2) Class of shares of the Surviving Company underlying Share Acquisition Rights
Such shares shall be the Surviving Company’s common stock.
- 3) Number of shares of the Surviving Company underlying Share Acquisition Rights
The number shall be determined in accordance with (Note 1), taking into account the terms and conditions of the Corporate Reorganization, etc.
- 4) Value of property to be contributed upon exercise of Share Acquisition Rights
The value of property to be contributed upon exercise of each share acquisition right to be delivered shall be determined by multiplying the number of shares of the Surviving Company underlying the said Share Acquisition Rights to be calculated according to 3) of (Note 5) by the post-corporate reorganization Exercise Price obtained through the adjustment of the Exercise Price in accordance with (Note 2), taking into account the terms and conditions of the Corporate Reorganization, etc.
- 5) Period during which Share Acquisition Rights may be exercised
The period shall commence either on the first day of the Exercise Period of the Remaining Share Acquisition Rights stipulated in the table above or on the day on which the Corporate Reorganization comes into effect, whichever comes later, and shall end on the last day of the Exercise Period of the Remaining Share Acquisition Rights stipulated in the table above.
- 6) Matters concerning increases in stated capital and legal capital surplus in the event of shares being issued upon exercise of Share Acquisition Rights
These shall be determined in accordance with (a) and (b) below.
 - (a) In the event of shares being issued upon exercise of the Share Acquisition Rights, an increase in the amount of stated capital shall be one-half of the maximum amount of increase in capital, etc., calculated in accordance with Article 17, Paragraph 1 of the Ordinance on Accounting of Companies. Any fraction less than one yen resulting from the calculation shall be rounded up to the nearest yen.
 - (b) In the event of shares being issued upon exercise of the Share Acquisition Rights, an increase in the amount of legal capital surplus shall be the amount obtained by subtracting the increase in capital in the above (a)

- from the maximum amount of increase in capital, etc. stated in the above (a).
- 7) Restriction on acquisition of Share Acquisition Rights through transfer
Restriction on acquisition through transfer shall require approval through a resolution of the Board of Directors of the Surviving Company.
 - 8) Other conditions for exercising Share Acquisition Rights
These shall be determined in accordance with (Note 4).
 - 9) Grounds and conditions for acquisition of Share Acquisition Rights
These shall be determined in accordance with (a) and (b) below.
 - (a) In the event that the Company's General Meeting of Shareholders has approved (or, that the Company's Board of Directors has resolved to approve, due to no approval required from the General Meeting of Shareholders) a merger agreement under which the Company will be extinguished, a split agreement or plan under which the Company will be split, or a share exchange agreement or share transfer plan under which the Company will become a wholly-owned subsidiary, the Company may acquire the entire amount of the Share Acquisition Rights gratis on or after the date specified separately by its Board of Directors.
 - (b) In the event that a holder of the Share Acquisition Rights becomes unable to exercise his/her Share Acquisition Rights due to (Note 4), prior to his/her exercising the right for the Share Acquisition Rights, the Company may acquire such Share Acquisition Rights gratis.
 - 10) Other terms and conditions shall be determined in accordance with the terms and conditions applied in the Surviving Company.