



May 19, 2025

SMS Co., Ltd.

(Company Code: 2175, TSE Prime Market)

<https://global.bm-sms.com/>

<PRESS RELEASE>

Notice regarding Distribution of Dividends from Surplus

SMS Co., Ltd. (the “Company”) hereby announces that, on May 19, 2025, its Board of Directors has resolved to submit a proposal for the distribution of dividends from surplus with a record date set at March 31, 2025 to the 22nd Ordinary General Meeting of Shareholders scheduled to be held on June 20, 2025.

1. Details of Dividends

	Amount resolved	Latest dividend forecast (January 31, 2025)	Dividends paid for the previous fiscal year (year ended March 31, 2024)
Record date	March 31, 2025	March 31, 2025	March 31, 2024
Dividend per share	28.5 yen	28.5 yen	20 yen
Total amount of dividends	2,421 million yen	—	1,734 million yen
Effective date	June 23, 2025	—	June 24, 2024
Source of dividends	Retained earnings	—	Retained earnings

2. Reason

The Company’s basic policy is to pay dividends in line with business results for each fiscal year, with a target consolidated dividend payout ratio of 30%, while prioritizing growth investment and considering the financial conditions.

Based on this policy, the Company has decided to return profits to shareholders in the form of dividends for the fiscal year ended March 31, 2025. Consequently, the Company plans to pay a year-end dividend of 28.5 yen per share for the fiscal year ended March 31, 2025.

Based on the above, the consolidated dividend payout ratio for this fiscal year will be 40.2%.

(Reference)

1. Total Payout Ratio

The Company implement share repurchases flexibly, according to financial conditions and share price levels, and repurchased a total amount of 3,915,046,700 yen of shares during the fiscal year ended March 31, 2025. The total payout ratio for the fiscal year ended March 31, 2025 will be 105.5% after the year-end cash dividend to be implemented upon approval of this proposal, and the said share repurchases.

2. Update of Dividend Policy

The Company's capital policy is focused on achieving continuous growth in EPS while ensuring financial soundness and maintaining higher ROE than our cost of equity.

The Company has updated its dividend policy as disclosed in "Notice Regarding Changes in Dividend Policy (Introduction of Progressive Dividend)" on April 28, 2025. This is based on the judgment that EPS growth is achievable over the medium- to long-term. This policy will be applied from the dividend for the fiscal year ending March 31, 2026.

Dividend Policy

The Company's basic policy for profit distribution is to implement a progressive dividend*, with a target consolidated dividend payout ratio of 30%, while prioritizing growth investment and considering the financial conditions. However, this does not apply in the event of major investment opportunities such as M&A.

* Dividend per share to be maintained or increased compared with the previous fiscal year