

# **SMS Co., Ltd.**

(Securities Code: 2175/TSE 1<sup>st</sup> section)

## **Presentation Material for Investors**

Financial Results Summary for  
the Fiscal Year Ended March 31, 2021 (the 18th Fiscal Year)

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April 28, 2021



<b>1</b>	<b>FY03/21 Consolidated Financial Results</b>	<b>P3–P7</b>
<b>2</b>	<b>FY03/22 Forecast</b>	<b>P9–P14</b>
<b>3</b>	<b>References</b>	<b>P16–P88</b>
	<b>Mission and Strategy</b>	<b>P16–P71</b>
	<b>Appendix</b>	<b>P72–P88</b>

<b>1</b>	<b>FY03/21 Consolidated Financial Results</b>	<b>P3–P7</b>
<b>2</b>	<b>FY03/22 Forecast</b>	<b>P9–P14</b>
<b>3</b>	<b>References</b>	<b>P16–P88</b>
	<b>Mission and Strategy</b>	<b>P16–P71</b>
	<b>Appendix</b>	<b>P72–P88</b>

- ✓ Achieved growth in both sales and profits for the 17<sup>th</sup> consecutive year.
- ✓ FY03/21 profits outperformed our forecast, although the COVID-19 impact continued longer than initially expected\*1.

## Consolidated P/L Statement [JPY million]

	FY03/20 Actual	FY03/21 Forecast	FY03/21 Actual	YoY Change	vs. Forecast
Net Sales	35,140	37,436	35,960	+2%	(4%)
Operating Income	4,935	5,028	5,470	+11%	+9%
Ordinary Income	6,355	6,459	6,653	+5%	+3%
Net Income	4,760	4,785	4,800	+1%	+0%

\*1. The FY03/21 guidance had assumed that the COVID-19 pandemic would end by September 2020.

## YoY Comparison of Sales [JPY million]

	FY03/20	FY03/21	YoY Change
<b>Elderly Care Career</b>	<b>10,618</b>	<b>10,950</b>	<b>+ 3%</b>
<b>Medical Care Career</b>	<b>13,218</b>	<b>12,716</b>	<b>(4%)</b>
<b>Total</b>	<b>23,837</b>	<b>23,666</b>	<b>(1%)</b>

## Highlights

- The prolonged COVID-19 pandemic affected the Career Segment more negatively than initially expected\*1.

\*1. The FY03/21 guidance had assumed that the COVID-19 pandemic would end by September 2020.

## YoY Comparison of Sales [JPY million]

	FY03/20	FY03/21	YoY Change
<b>Elderly Care Operators (Kaipoke)</b>	<b>4,894</b>	<b>5,918</b>	<b>+ 21%</b>

## Highlights

- The number of Kaipoke memberships increased steadily.
  - 31,100 service offices (21,250 locations<sup>\*1</sup>) as of April 1, 2021.
  - Annual membership increase: 3,700 service offices (2,400 locations)
- Sales of optional add-ons such as additional tablets and smartphones increased.
- The COVID-19 impact was limited.

\*1. # of locations: the number of elderly care service office locations, # of service offices: the number of elderly care services provided based on the public elderly care insurance scheme e.g. When an operator provides two types of elderly care services, home care support service and home-visit elderly care, at one specific address, the number of locations is counted as one and the number of service offices is counted as two. Kaipoke's subscription fee is charged per membership location. Normally, the number of locations is smaller than the number of service offices.

## YoY Comparison of Sales [JPY million]

	FY03/20	FY03/21	YoY Change
<b>Overseas</b>	<b>5,276</b>	<b>5,147</b>	<b>(2%)</b>

## Highlights

- The sales outperformed our forecast, even though the COVID-19 impact continued longer than initially expected<sup>\*2</sup>.
- The prolonged COVID-19 pandemic caused the cancellation of events for pharmaceutical companies and the postponement of cross-border travels of HCPs<sup>\*3</sup>.
- The COVID-19 pandemic accelerated digital transformation and generated strong demand for our digital services such as online events and eDMs<sup>\*4</sup>.

\*1. MIMS P/L statement is consolidated with a three-month delay and the FY03/21 results are for January to December 2020.

\*2. The FY03/21 guidance had assumed that the COVID-19 pandemic would end by September 2020.

\*3. Healthcare professionals

\*4. Electronic direct mails

# 1 Impact of COVID-19 (FY03/21)

- ✓ The COVID-19 impact remained longer than initially expected in the FY03/21 forecast<sup>\*1 \*2</sup>, mainly affecting the Career Segment.
- ✓ Achieved the FY03/21 profit guidance by controlling costs and promoting online services.

## Impact of COVID-19 (FY03/21)

Segment	Details	Sales Impact [JPY million]
Career	<ul style="list-style-type: none"> <li>• The negative impact on the results was greater than expected.</li> <li>• The RAG<sup>*3</sup> matching activities have been slowly recovering after the COVID-19 impact peaked in May and June 2020.</li> </ul>	<b>Elderly Care:</b> Actual: (1,300) Forecast: (600)  <b>Medical Care:</b> Actual: (1,400) Forecast: (800)
Kaipoke	<ul style="list-style-type: none"> <li>• Actual impact was limited.</li> </ul>	Actual: -- Forecast: (100)
Overseas	<ul style="list-style-type: none"> <li>• The COVID-19 impact on the marketing support services for pharmaceutical and healthcare-related companies, such as the cancellation or postponement of events, was as expected. Strong demand for online events, eDMs<sup>*4</sup> and other digital services outweighed the negative impact.</li> <li>• The impact of travel restrictions remained in Q4, affecting Global Career Business more negatively than expected.</li> </ul>	Actual: (1,500) Forecast: (1,400)
New Businesses	<ul style="list-style-type: none"> <li>• As expected</li> </ul>	Actual: (200) Forecast: (200)
		<b>Total:</b> Actual: (4,400) Forecast: (3,100)

\*1. The FY03/21 guidance had assumed that the COVID-19 pandemic would end by September 2020.

\*2. MIMS P/L statement is consolidated with a three-month delay and the FY03/21 results are for January to December 2020.

\*3. Recruiting Agent service \*4. Electronic direct mails



1

FY03/21 Consolidated Financial Results

P3–P7

2

**FY03/22 Forecast****P9–P14**

3

References

P16–P88

Mission and Strategy

P16–P71

Appendix

P72–P88

- ✓ Expect double-digit growth in both sales and profits.
- ✓ Gradually restart investment in hiring and other strategic areas in order to boost the growth rate from FY03/23 onwards, while assuming that the COVID-19 impact on domestic and global career business continues in FY03/22.

### Consolidated P/L Statement [JPY million]

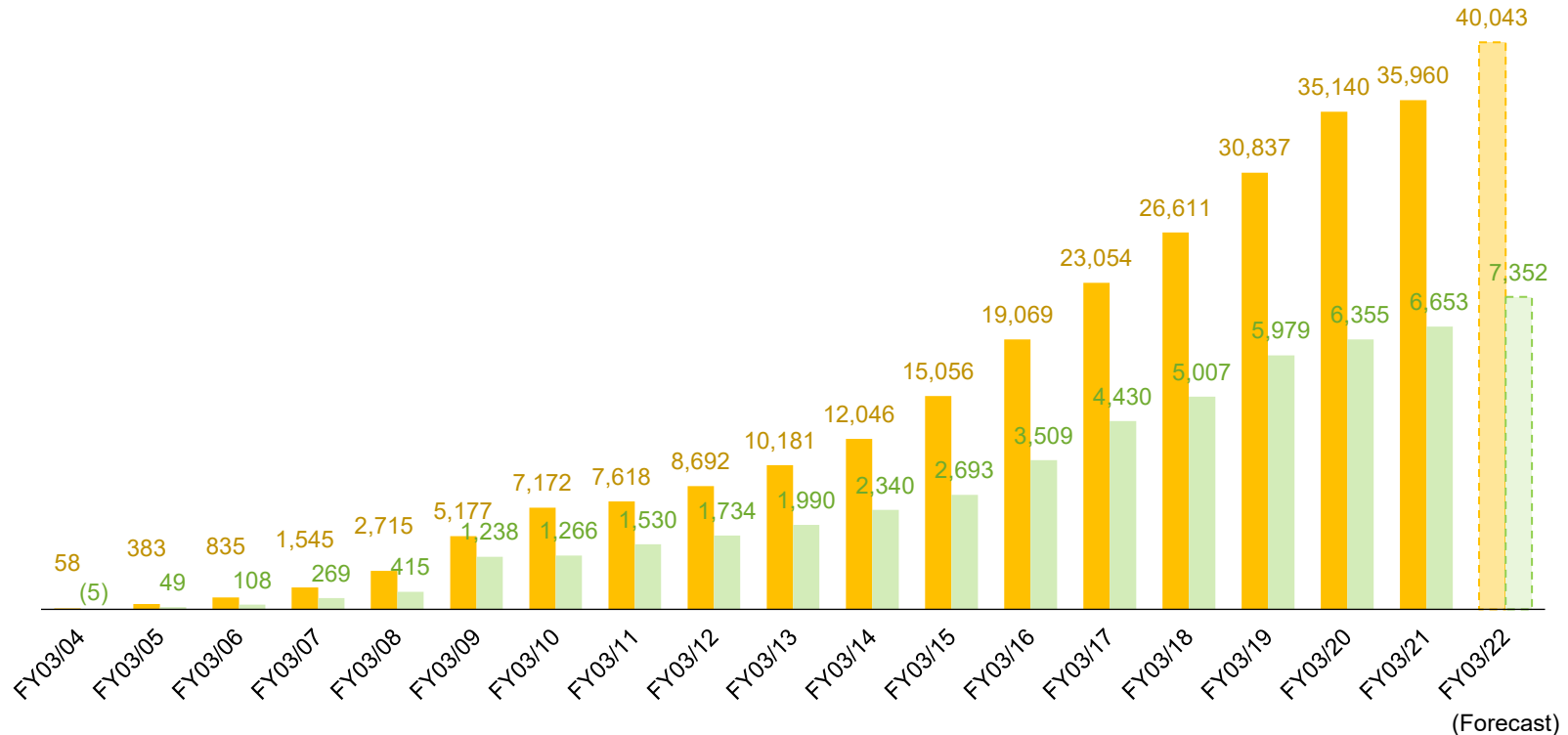
	FY03/21 Actual	FY03/22 Forecast	Difference (Amount)	YoY Change
<b>Net Sales</b>	<b>35,960</b>	<b>40,043</b>	<b>+4,082</b>	<b>+11%</b>
<b>Operating Income</b>	<b>5,470</b>	<b>6,205</b>	<b>+735</b>	<b>+13%</b>
<b>Ordinary Income</b>	<b>6,653</b>	<b>7,352</b>	<b>+699</b>	<b>+11%</b>
<b>Net Income</b>	<b>4,800</b>	<b>5,281</b>	<b>+480</b>	<b>+10%</b>

## 2 Historical Financial Results and FY03/22 Forecast

✓ Expect to achieve growth in both sales and profits for the 18<sup>th</sup> consecutive year since our establishment.

### Trends in net sales and ordinary income [JPY million]

■ Net Sales ■ Ordinary Profit



(Forecast)

### YoY Comparison of Sales [JPY million]

	FY03/21 Actual*1	FY03/22 Forecast	YoY Change
<b>Elderly Care Career</b>	<b>10,948</b>	<b>11,593</b>	<b>+6%</b>
<b>Medical Care Career</b>	<b>12,521</b>	<b>12,781</b>	<b>+2%</b>
<b>Total</b>	<b>23,469</b>	<b>24,375</b>	<b>+4%</b>

### Highlights

- Long-term market prospects remain strong, with the solid demands for elderly care and medical care professionals.
- Assume that the COVID-19 impact continues until the end of FY03/22 and temporarily depress the growth rate\*2.
  - Estimated negative impact on the sales: JPY 800 million for Elderly Care Career, JPY 700 million for Medical Care Career
- Develop the foundation for the stronger growth by gradually resuming active hiring of career partners and other investments.

\*1. The stress check service for elderly care operators and medical institutions was transferred from Career Segment to New Business Segment, and the FY03/21 sales were reclassified accordingly.

\*2. The FY03/22 sales of Elderly Care Career decrease by JPY 400 million due to the termination of temporary staffing service for care workers in August 2020. The FY03/22 sales of Medical Care Career decrease by JPY 300 million due to changes in revenue recognition standards.

### YoY Comparison of Sales [JPY million]

	FY03/21 Actual	FY03/22 Forecast	YoY Change
Elderly Care Operators (Kaipoke)	5,918	7,113	+ 20%

### Highlights

- Long-term market prospects remain strong, backed by a continuous increase in the number of elderly care operators and their needs for management support.
- Expect steady growth by acquiring new customers and increasing the usage of optional add-ons such as tablets and smartphones.
- The COVID-19 impact continues to be limited.

### YoY Comparison of Sales [JPY million]

	FY03/21 Actual	FY03/22 Forecast	YoY Change
<b>Overseas</b>	<b>5,147</b>	<b>6,596</b>	<b>+28%</b>

### Highlights

- Long-term growth potential is huge, with the growing healthcare market in Asia and the increasing demand for HCPs\*<sup>1</sup> across the globe.
- Expect significant growth of medical marketing business\*<sup>2</sup>, by promoting online marketing support services for pharmaceutical and healthcare companies.
  - The demand for digital services outweighs the continued negative impact of COVID-19, such as cancellation of on-site events.
- Expect significant growth of global career business owing to the gradual easing of travel restrictions, etc.
  - Travel restrictions remain to a certain extent, and we assume that the impact continues until the end of FY03/22. The estimated negative impact on the sales is JPY 100 million.

\*1. Healthcare professionals

\*2. Renamed from “pharma marketing business”

The forecast for FY03/22 is formulated based on the COVID-19 impact on each business that could reasonably be expected as of the end of March 2021, and the assumption that the COVID-19 impact on our business continues until the end of March 2022.

If the impact of the COVID-19 on each business becomes significantly worse than the expectation above, our business performance could be further affected.

1

FY03/21 Consolidated Financial Results P3–P7

2

FY03/22 Forecast P9–P14

3

**References P16–P88****Mission and Strategy P16–P71****Appendix P72–P88**

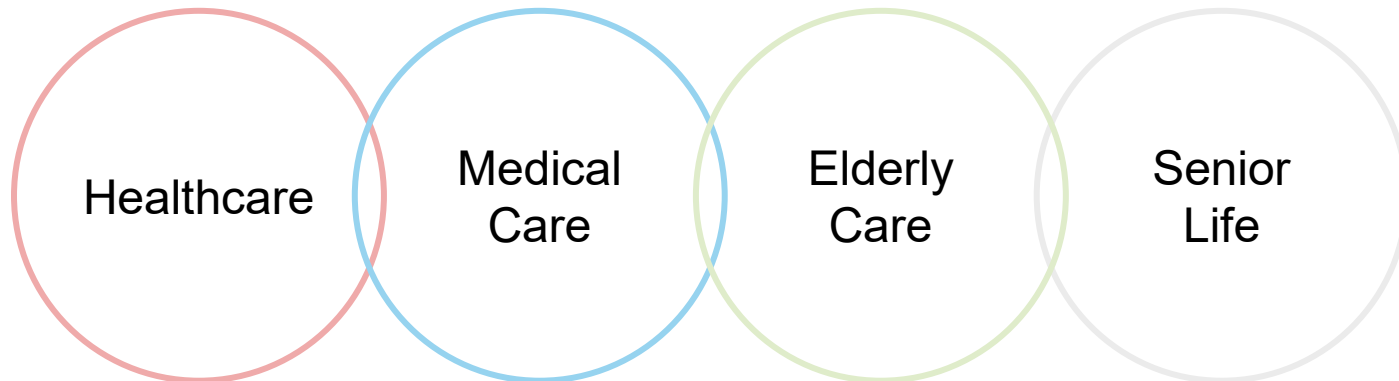


# Mission and Strategy

# Mission

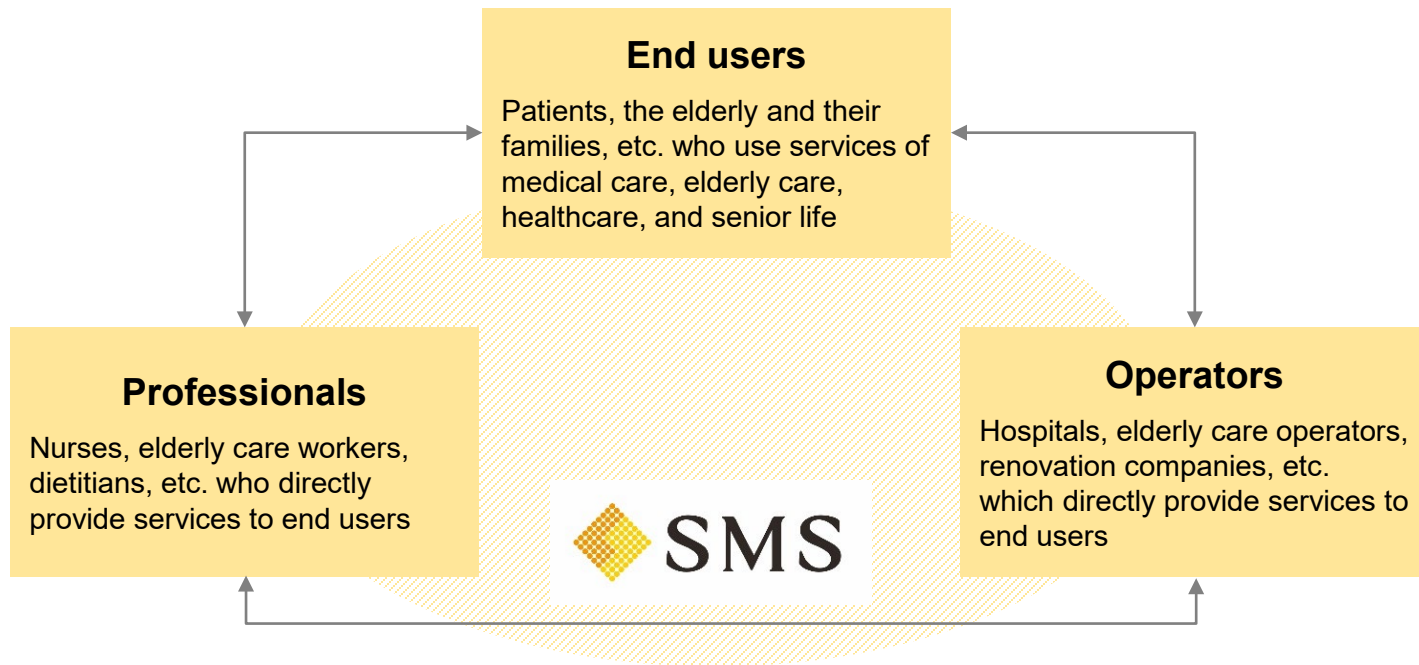
We aim to improve the quality of life  
by providing information infrastructure  
for an aging society.

- ✓ Define our business domains in an aging society as Medical Care, Elderly Care, Healthcare, and Senior Life.



### 3 Information Infrastructure

- ✓ Define information infrastructure as a platform to connect those whom we provide value to: end users such as patients, the elderly and their families; professionals such as nurses and elderly care workers.



### 3 Business Areas

- ✓ Set our business areas based on four domains required for an aging society and three stakeholders which we provide value to.
- ✓ Build the information infrastructure by developing and nurturing businesses in each business area.

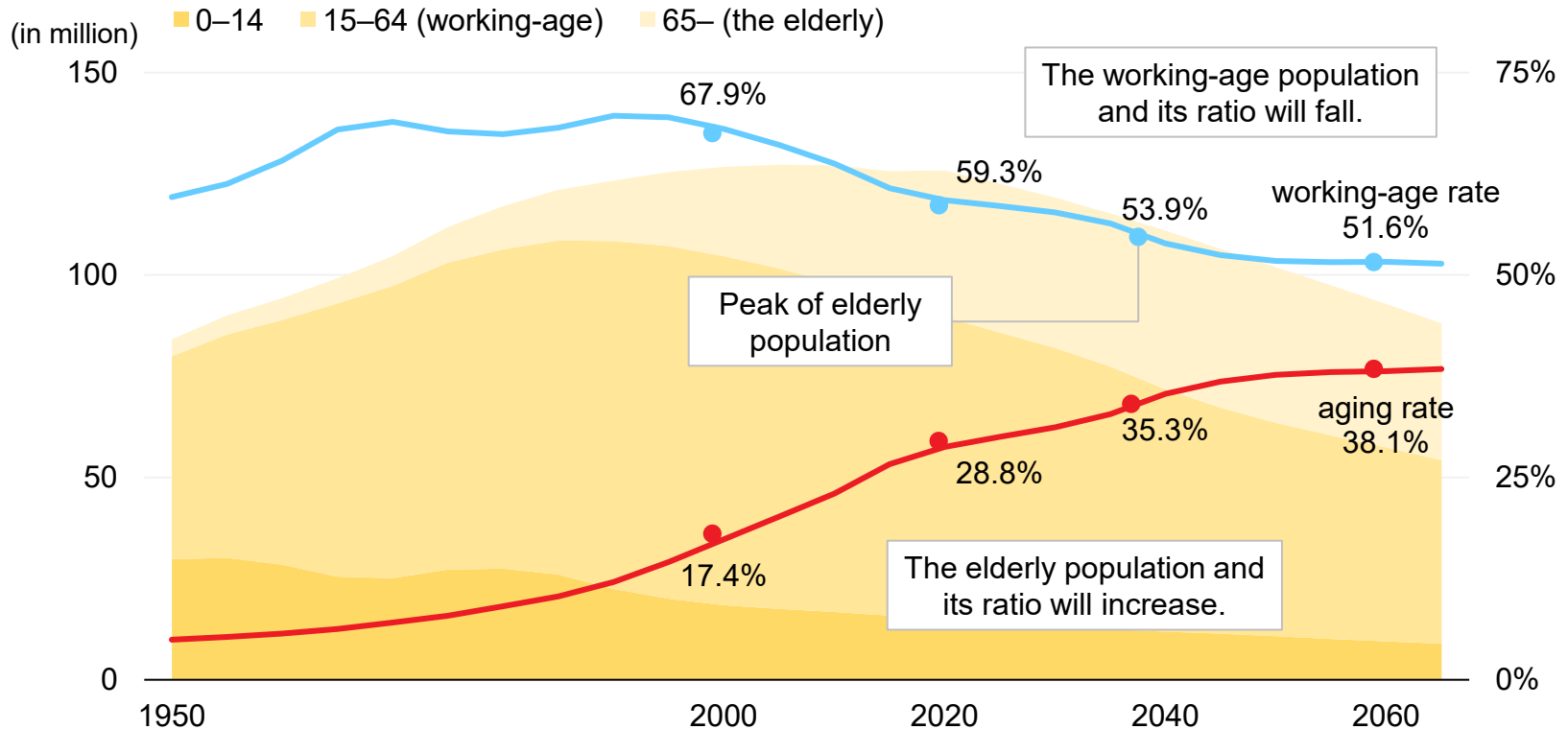
	Healthcare	Medical Care	Elderly Care	Senior Life
Professionals				
Operators				
End users				

**Business Areas**

# Issues in the Aging Society and Our Solutions

- ✓ We are facing rapid aging and population decline simultaneously in Japan.
- ✓ The aging rate is expected to reach about 35% in 2040 when the elderly population will be approaching its peak.
- ✓ The working-age population is declining, and its ratio will drop to nearly 50% by 2040.

### Population trends in Japan\*1



\* 1. MIC, "Census", "Population estimates"

National Institute of Population and Social Security Research "2017 Estimated future population of Japan"



### 3 Three Critical Issues We Face in the Aging Society

- ✓ We are facing three critical issues in the aging society with the low birth rate, aging and population decline.
- ✓ Need to solve these issues in order to improve the quality of life in the aging society.

Issue  
1

Difficulty in sustaining high-quality medical care and elderly care services

Issue  
2

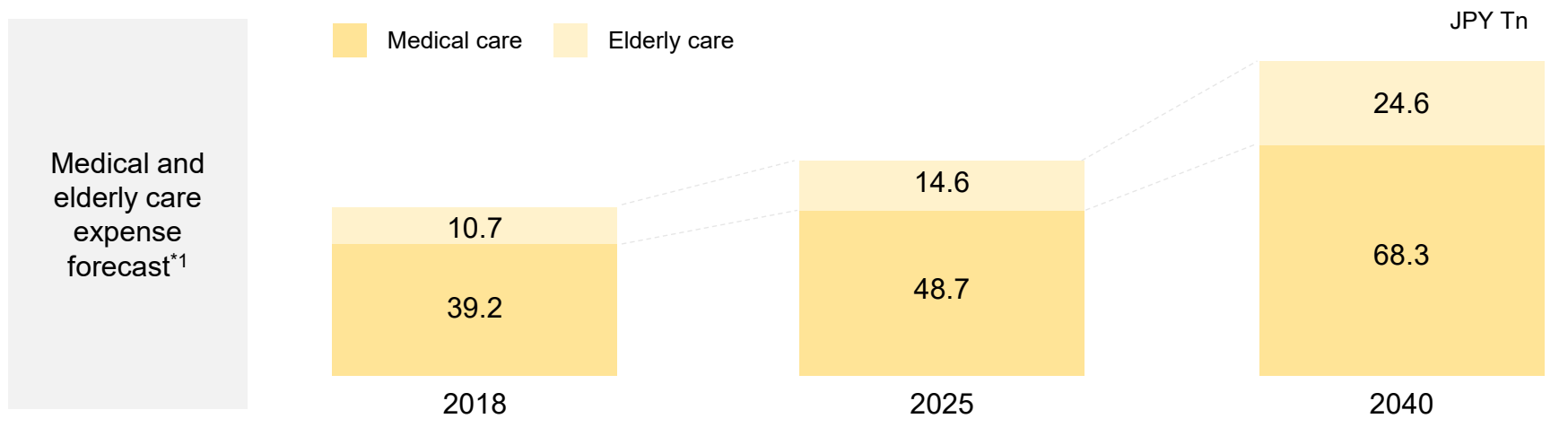
Severe burden on the working generation

Issue  
3

Difficulty in solving problems about life in the aging society

### 3 Issue 1: Difficulty in sustaining high-quality medical care and elderly care services

✓ While demand for medical care and elderly care services is increasing due to the population aging, there is a growing shortage of medical care and elderly care professionals to provide these services, thereby making it difficult to sustain high-quality medical care and elderly care services.



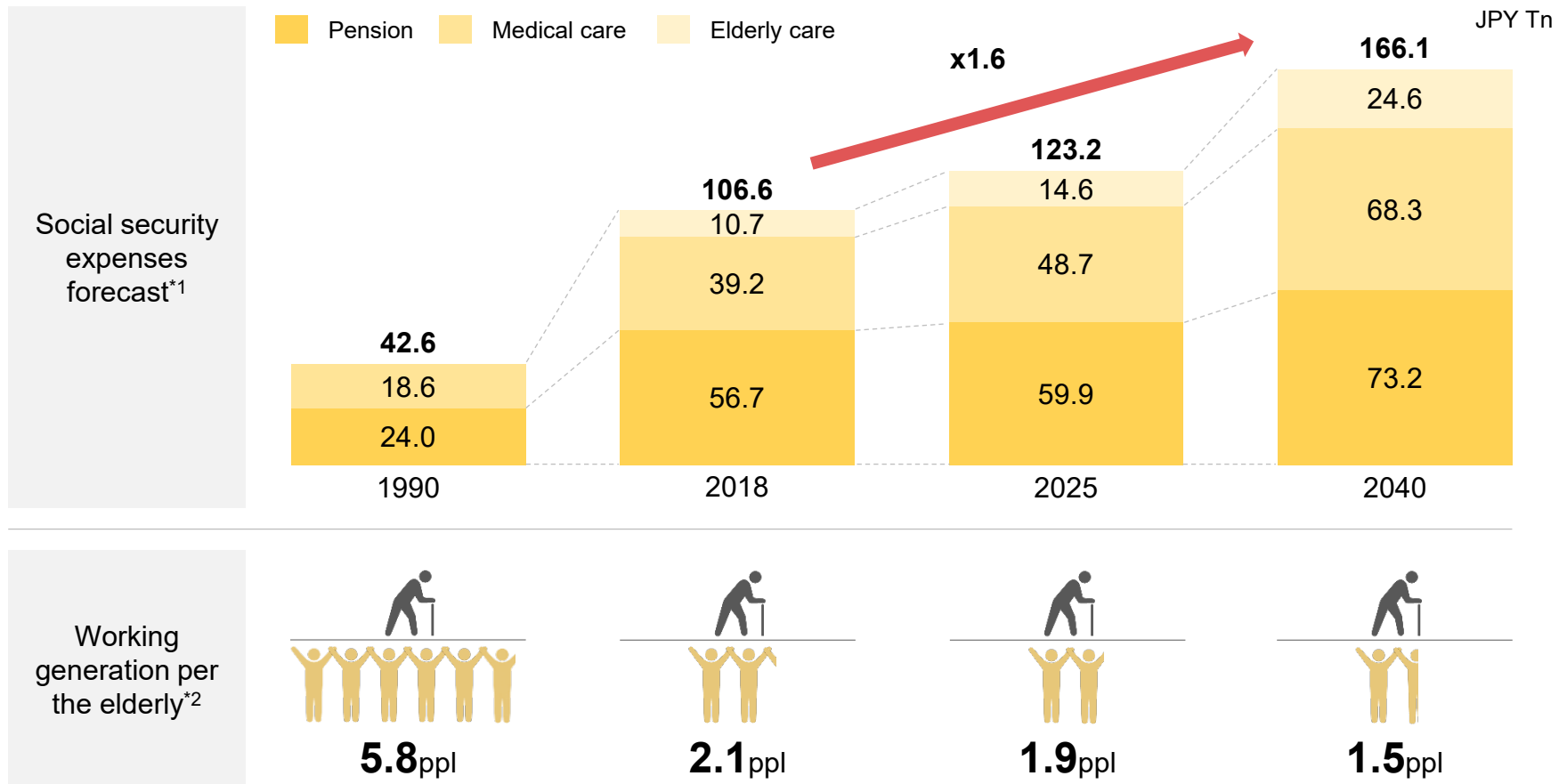
Category	2018	2025	2040
Shortage of Nurses	60–270	→	?
Shortage of elderly care workers	320–430	→	?

\*1. Cabinet Secretariat, CAO, MOF, MHLW, “Future outlook for social security in 2040”

\*2. Nurses: MHLW, “Subcommittee on supply and demand of nursing staff, study group on supply and demand of medical care workers”  
 Care workers: METI, “Report compiled by study group for future supply and demand of elderly care systems”

### 3 Issue 2: Severe burden on the working generation

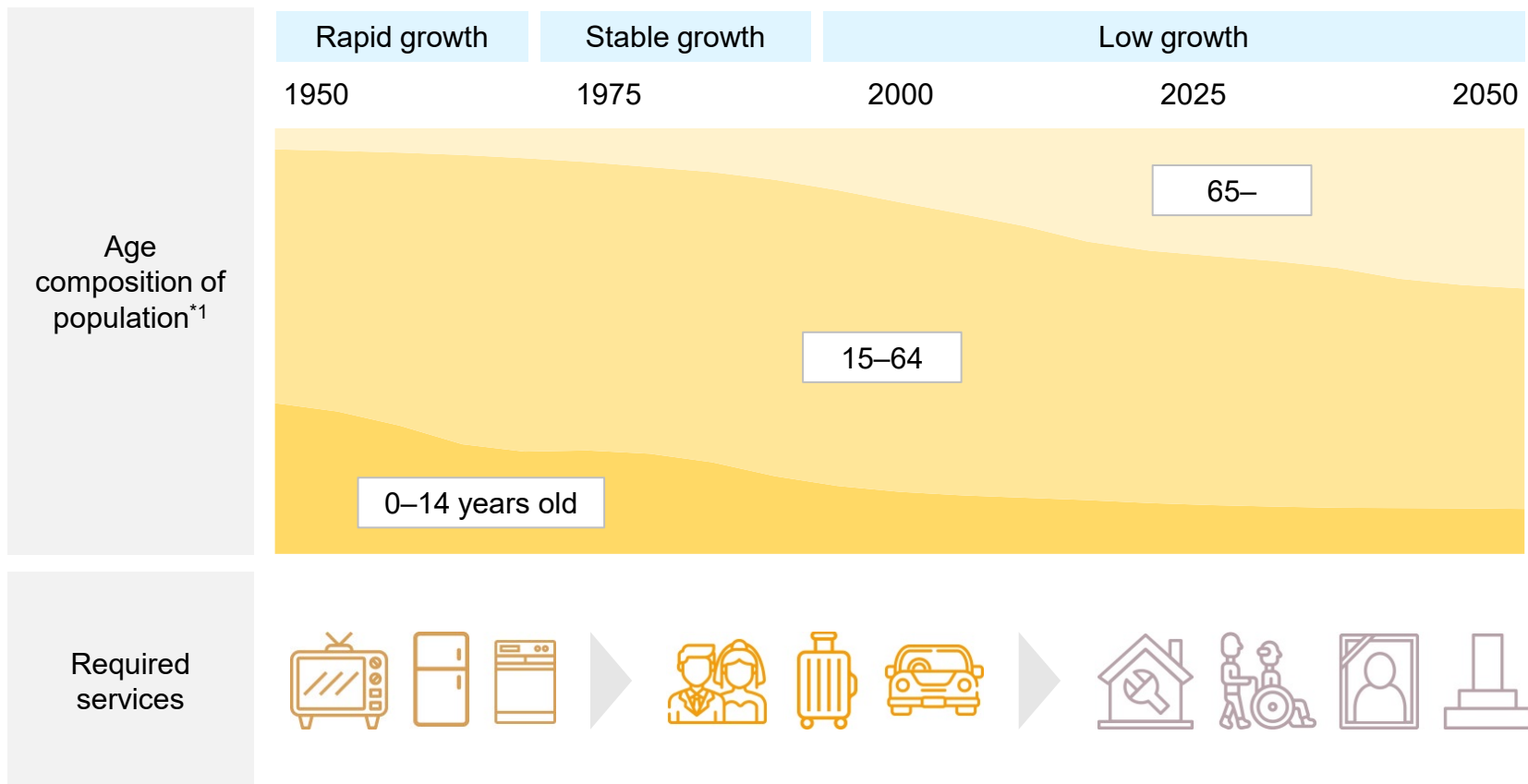
✓ The burden on the working generation will become more serious due to the increasing social security expenses for pensions, medical care, and elderly care, as well as the declining working-age population who cover these expenses.



\*1. MHLW, "Trends in social security benefit costs", Cabinet Secretariat, CAO, MOF, MHLW, "Future outlook for social security in 2040"

\*2. CAO, "2020 White paper on the aging society"

- ✓ While the needs of services required in the aging society is expanding with the population aging, information related to life in the aging society is not sufficient in terms of quality and quantity, and the service supplies will also be in short due to a shortage of workforce.
- ✓ The elderly and their families will have difficulties in solving problems about life in the aging society.

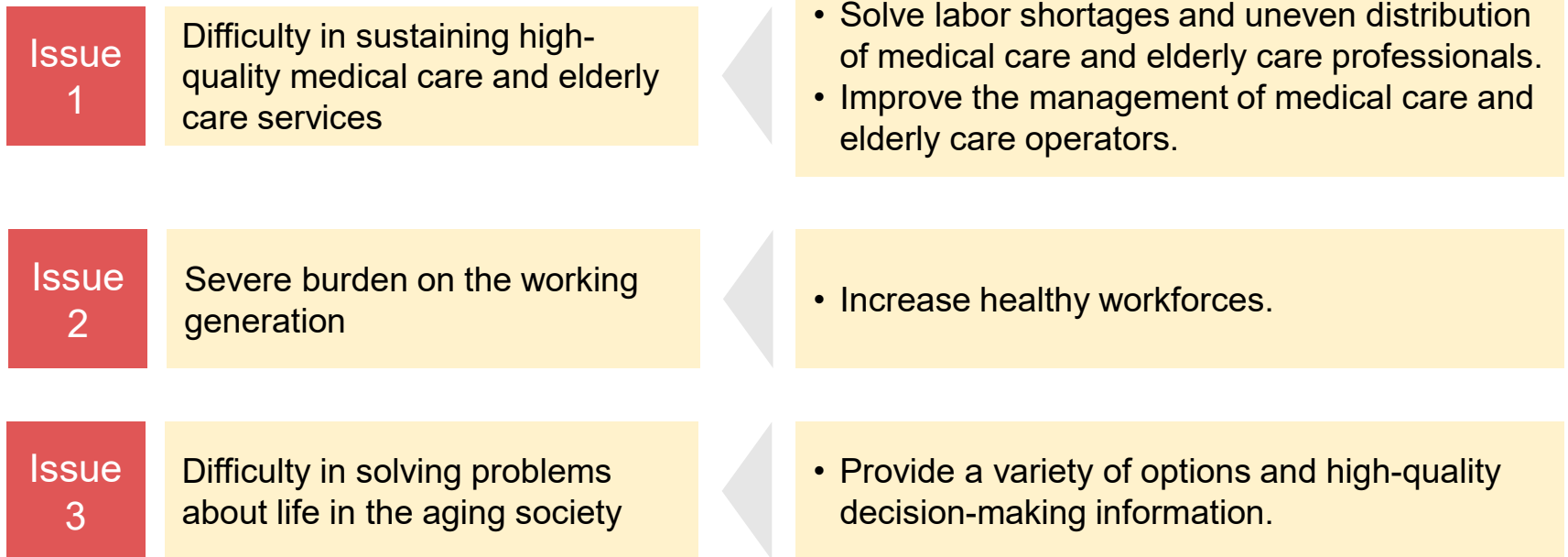


\* 1. CAO, "2020 White paper on the aging society"

- ✓ Address the issues in the aging society by setting concrete solutions for them and building an information infrastructure.

## Social issues in the aging society

## Our Solutions



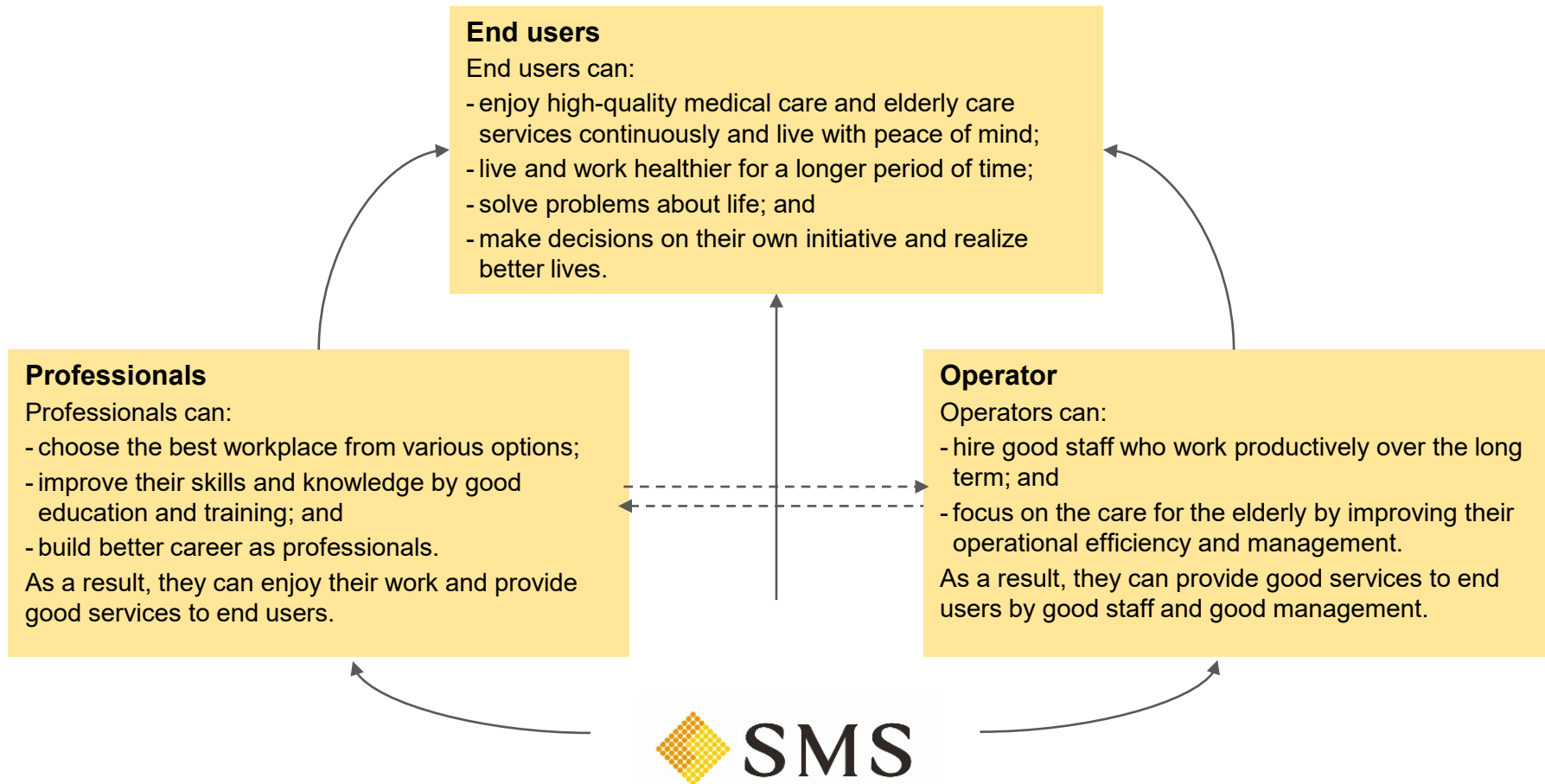
### 3 Strategic Business Areas

- ✓ Aim to solve the three critical issues in the aging society by defining our strategic business areas to address the issues as Career, Elderly Care Operators, Healthcare, and Senior Life, and strategically developing and nurturing businesses.

	Healthcare	Medical Care	Elderly Care	Senior Life
Professionals	<div style="background-color: #f08080; width: 100%; height: 100%; display: flex; align-items: center; justify-content: center;"> <div style="background-color: #c00000; color: white; padding: 5px; margin-bottom: 10px;">Issue 2</div> <div style="text-align: center;"> <p>Healthcare Business</p> </div> </div>	<div style="background-color: #c00000; color: white; padding: 5px; display: inline-block;">Issue 1</div> <div style="margin-left: 10px;"> <p>Career Business</p> </div>		<div style="background-color: #c00000; color: white; padding: 5px; margin-bottom: 10px;">Issue 3</div> <div style="text-align: center;"> <p>Senior Life Business</p> </div>
Operators		<div style="background-color: #c00000; color: white; padding: 5px; display: inline-block;">Issue 1</div> <div style="margin-left: 10px;"> <p>Elderly Care Operators Business</p> </div>		
End users				

### 3 Realization of the Group Mission

- ✓ Contribute to improving the quality of life in the aging society by building an information infrastructure and providing value to end users, professionals, and operators.



# Growth Track



### 3 Growth Track (Business Area)

- ✓ Started our business in Japan from 2003 and have accelerated our overseas expansion since the acquisition of MIMS in 2015.
- ✓ Operate in 17 countries and regions, mainly in Asia and Oceania.



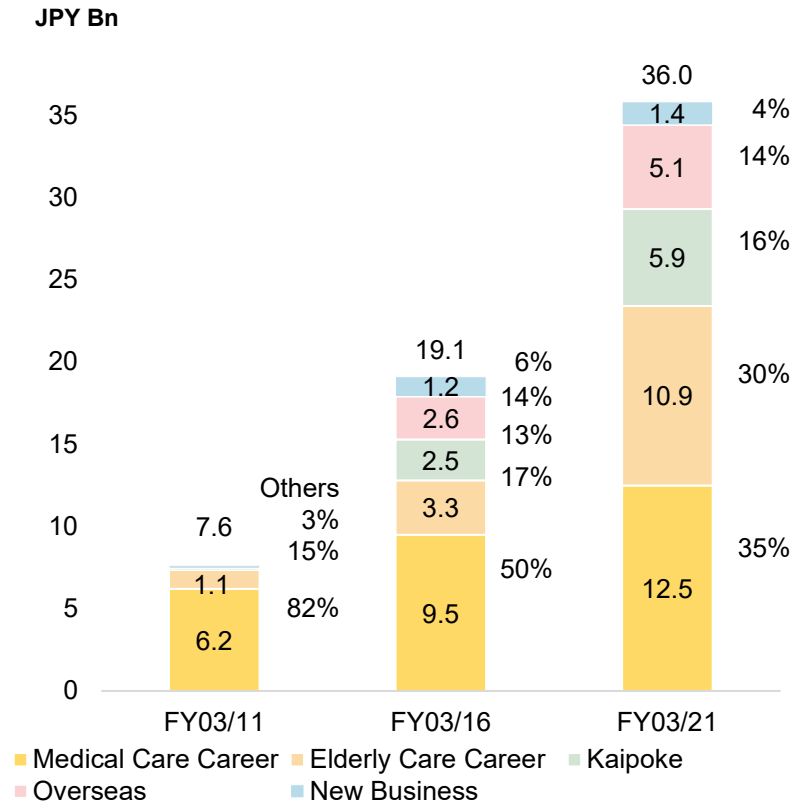
# 3 Growth Track (Business Portfolio)

- ✓ Medical Care Career has been driving our growth since our establishment.
- ✓ Elderly Care Career, Kaipoke and Overseas businesses are growing as the new pillars of our business portfolio.

## Business Areas

- Medical Care Career**
  - Recruiting service for medical care professionals
- Elderly Care Career**
  - Recruiting service for elderly care professionals
- Kaipoke**
  - Management support platform for elderly care operators
- Overseas Business (MIMS)**
  - Marketing support service for medical/healthcare-related companies
  - Clinical decision support
  - Domestic/cross-border recruiting service of HCPs\*1
- New Business**
  - Developing new businesses mainly in Healthcare and Senior Life domains

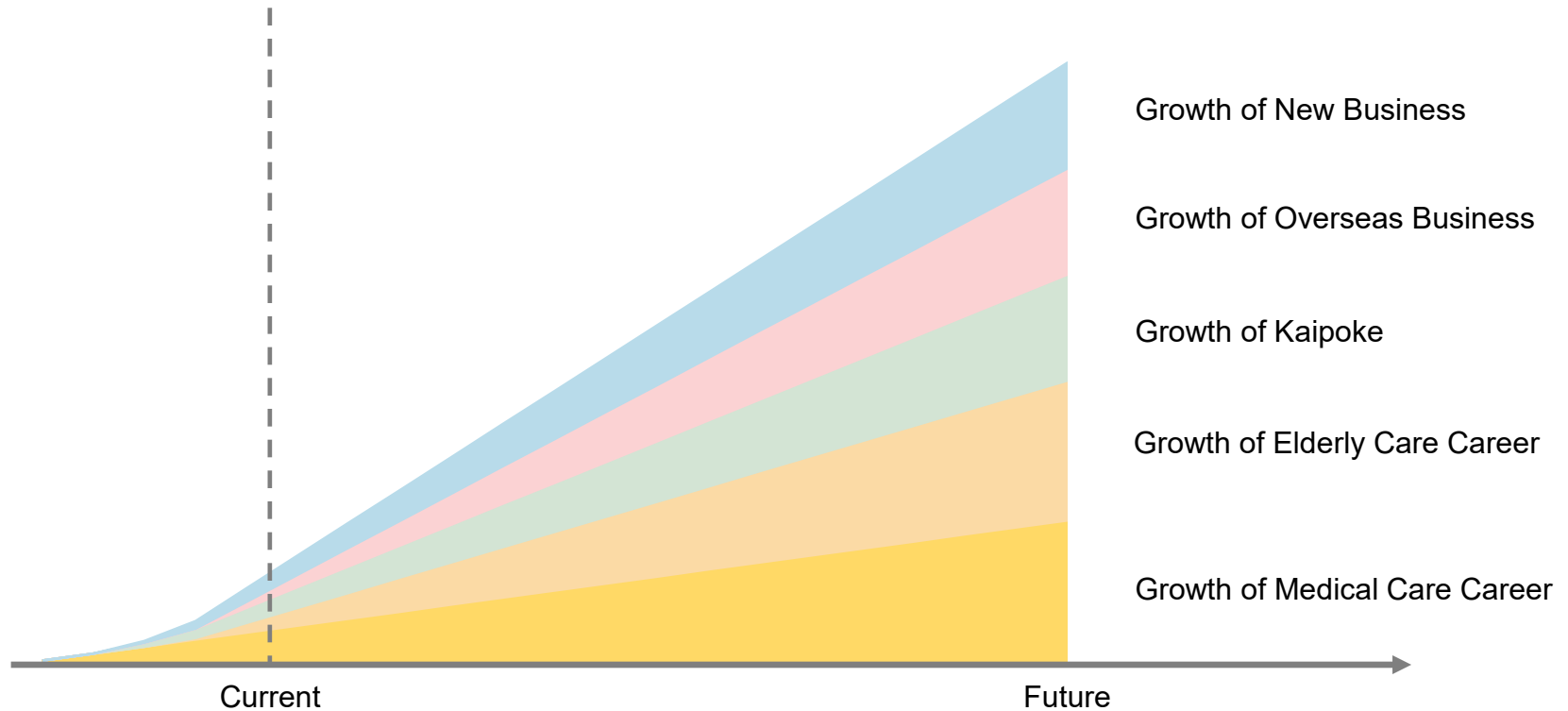
## Breakdown of Net Sales



\*1. Healthcare professionals

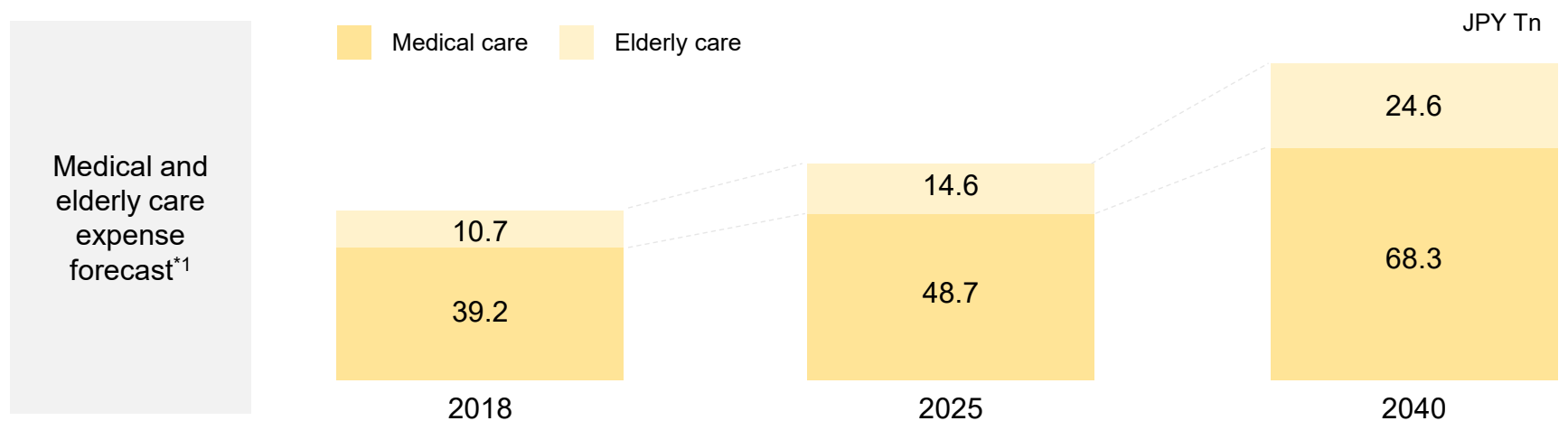
### 3 Growth Scenario

- ✓ On top of the solid expansion of Career Business, we accelerate the growth of Kaipoke and Overseas Business.
- ✓ Actively develop new businesses, mainly in healthcare and senior life domains, to create next pillars of our businesses, which will further drive our long-term growth.



# Career Strategy

- ✓ While demand for medical care and elderly care services is increasing due to the population aging, there is a growing shortage of medical care and elderly care professionals to provide these services, thereby making it difficult to sustain high-quality medical care and elderly care services.



Shortage of medical and elderly care professionals\*2

Category	Current Shortage (in thousand)	2040 Shortage (in thousand)
Shortage of Nurses	60–270	?
Shortage of elderly care workers	320–430	?

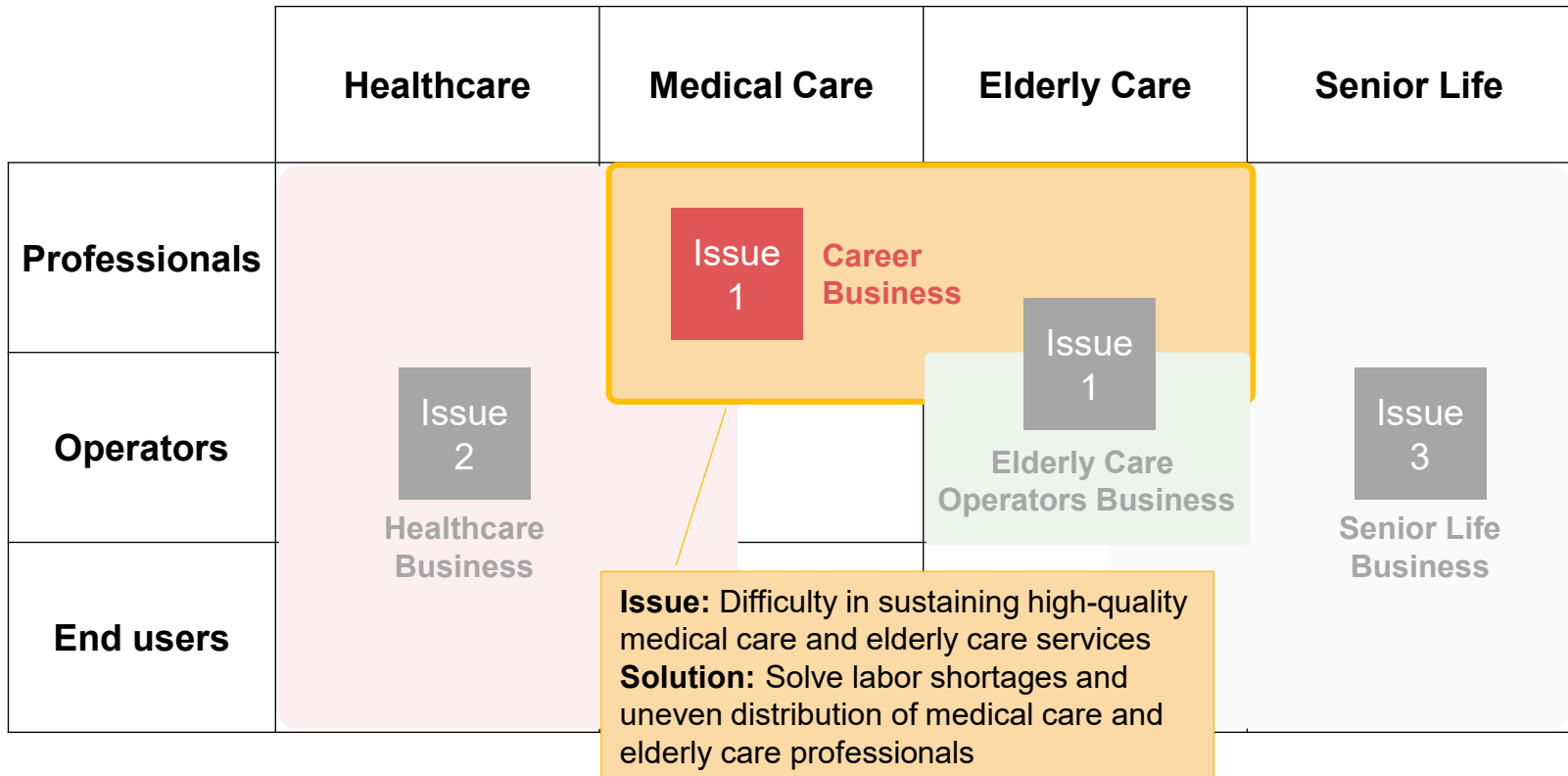
in thousand

\*1. Cabinet Secretariat, CAO, MOF, MHLW, “Future outlook for social security in 2040”

\*2. Nurses: MHLW, “Subcommittee on supply and demand of nursing staff, study group on supply and demand of medical care workers”  
Care workers: METI, “Report compiled by study group for future supply and demand of elderly care systems”

### 3 Solution for Issue 1 in Career Business

- ✓ Contribute to solving the social issue “Difficulty in sustaining high-quality medical care and elderly care services” by solving labor shortages and uneven workforce distribution through optimized matching of professionals and operators.

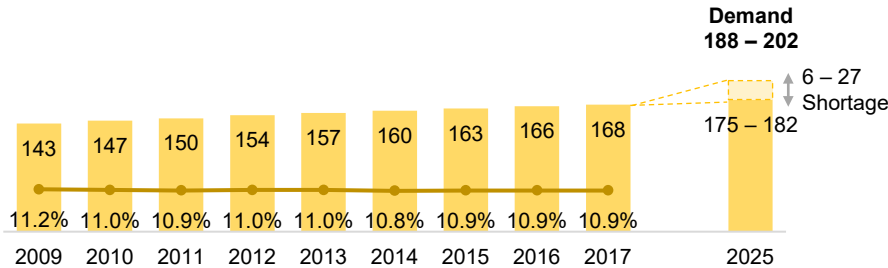


# 3 Shortage of Professionals

- ✓ Labor shortage continues to be a serious issue despite the increasing numbers of nurses and elderly care workers.
- ✓ The labor shortage of care workers is particularly severe, with a projected shortage of 690,000 to 790,000 professionals in 2035.

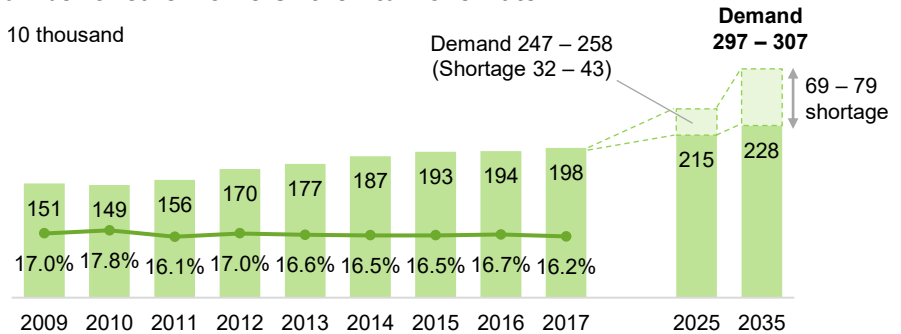
**Number of nurses / their turnover rate\*1**

in 10 thousand

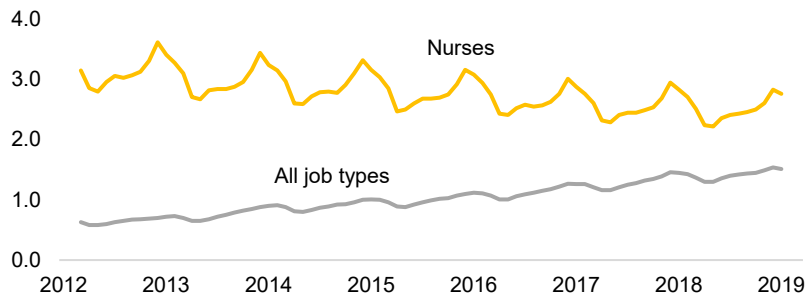


**Number of care workers / their turnover rate\*2**

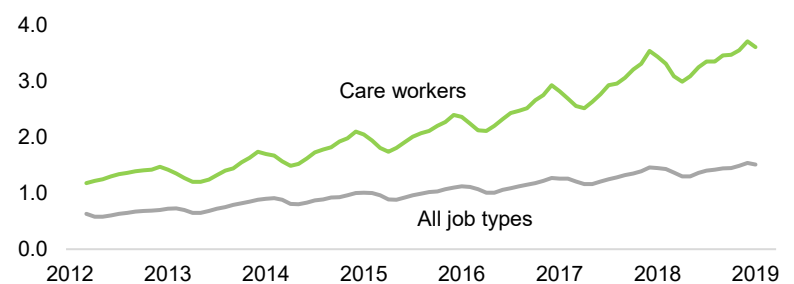
in 10 thousand



**Jobs-to-applicants ratio of nurses\*3**



**Jobs-to-applicants ratio of care workers\*3**



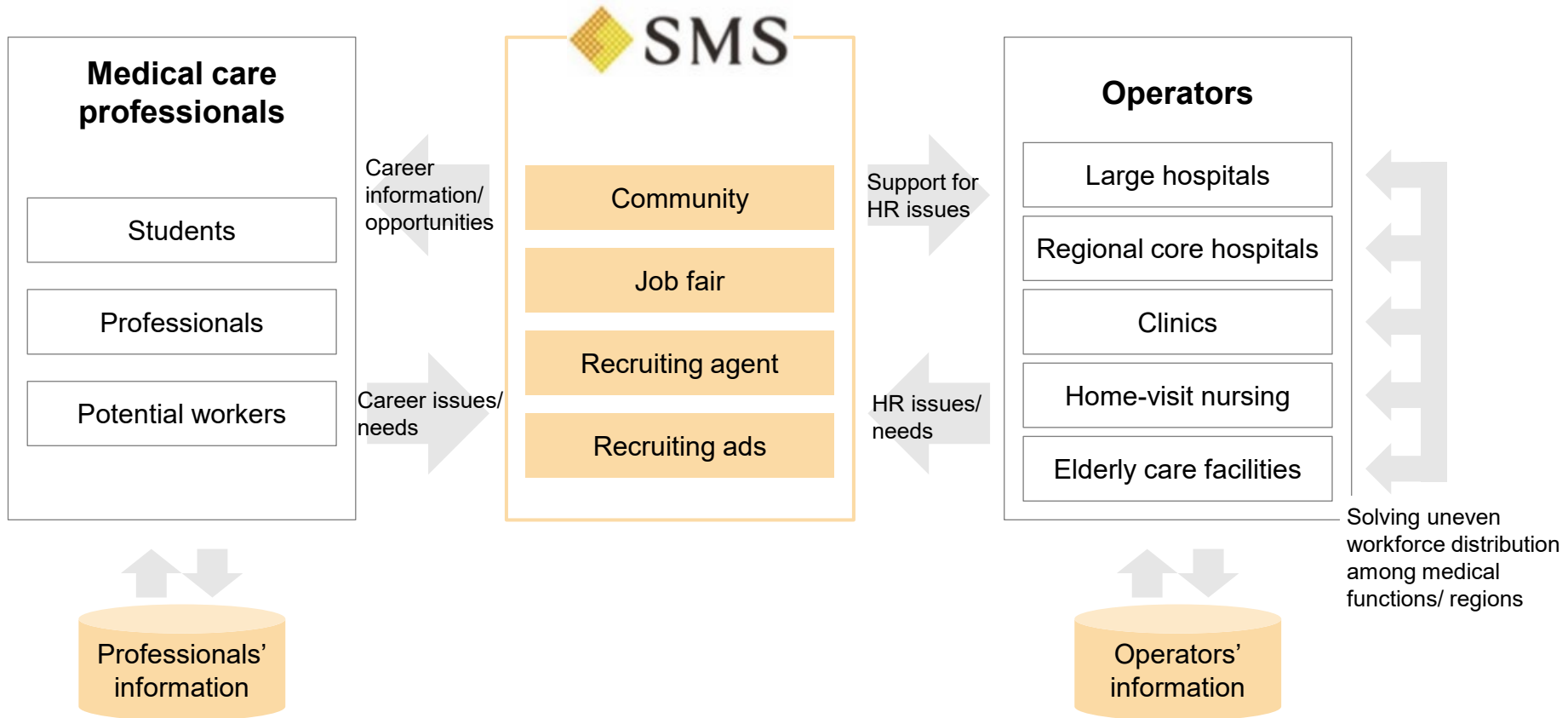
\* 1. Japanese Nursing Association, Number of nurses in 2017 - SMS estimate, Number of nurses in 2025 – METI  
 \* 2. Number of elderly care workers - MHLW, Number in 2025/2035 - METI, Turnover rate - Care Work Foundation  
 \* 3. MHLW

We aim to contribute to sustaining high-quality medical care and elderly care services by solving labor shortages and uneven workforce distribution.



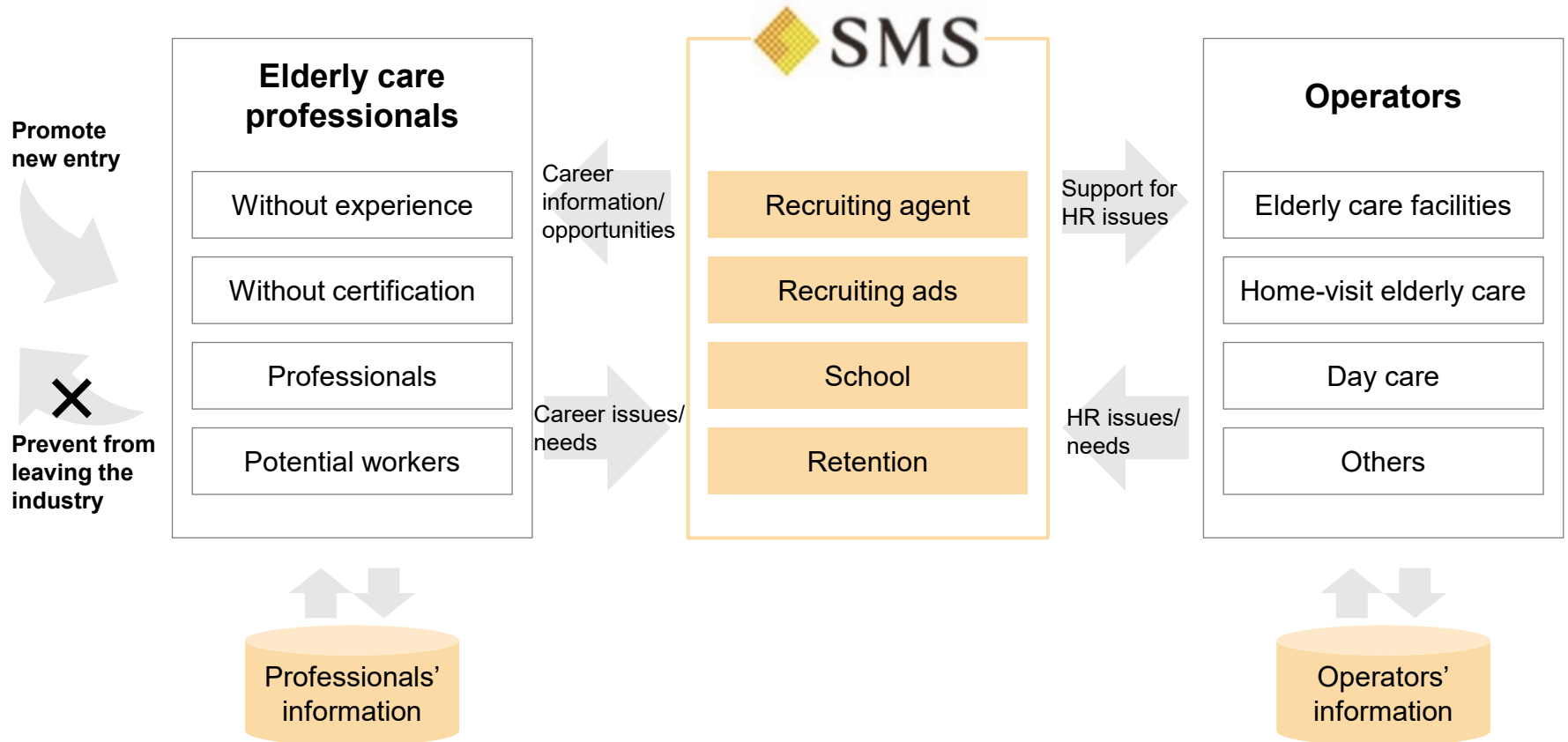
### 3 Strategy of Medical Care Career

- ✓ Provide various supports for professionals to pursue their ideal career throughout their professional lives, including supports in: finding/changing jobs, returning to work, and developing their career.
- ✓ Promote optimal matching between professionals and operators in order to solve uneven workforce distribution among medical functions and regions.



### 3 Strategy of Elderly Care Career

- ✓ Promote new entry from outside the industry through helping new entrants obtain a qualification and find a good job at a good operator.
- ✓ Prevent turnover to outside the industry through enhancing the work environment of operators and optimizing matching between professionals and operators.

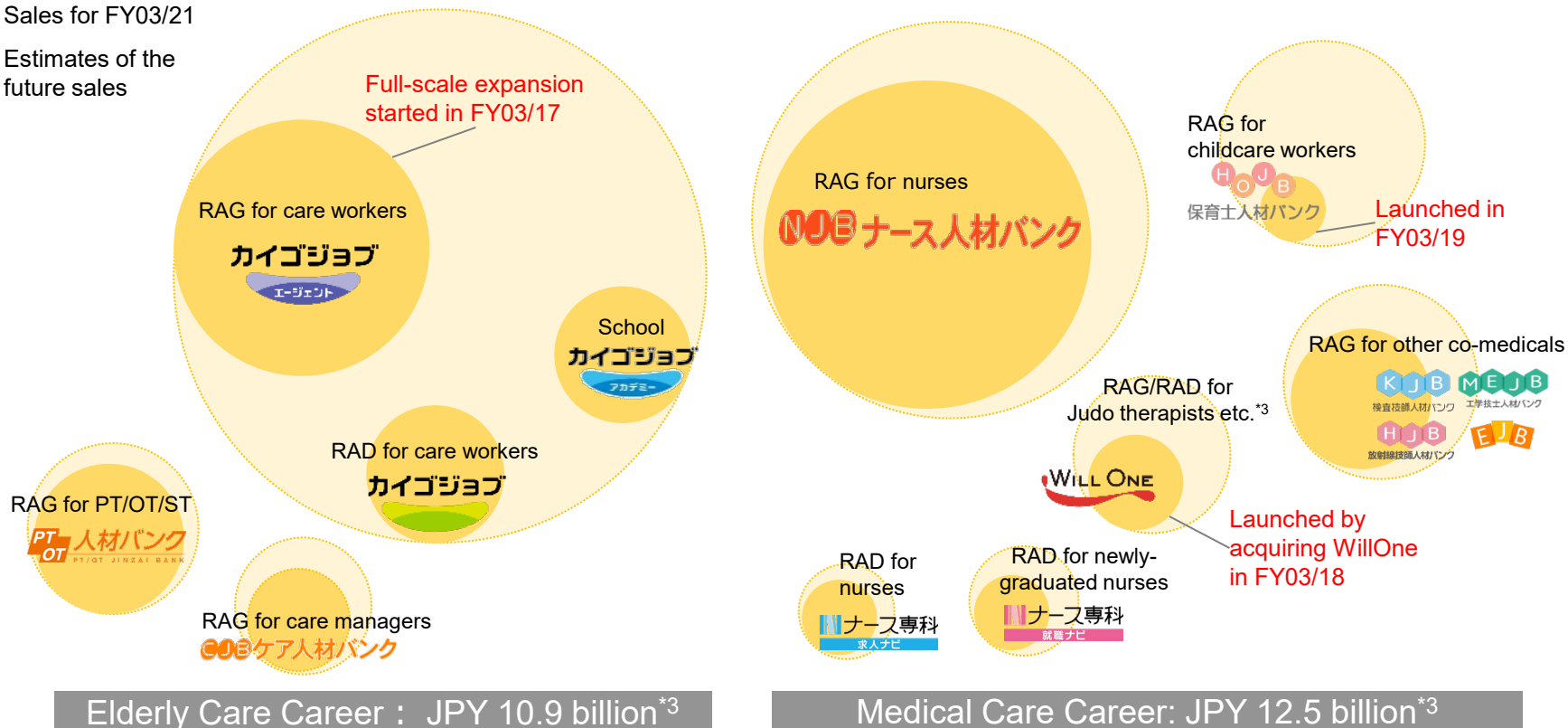


# 3 Growth Scenario

- ✓ The Career Segment has huge growth opportunities.
- ✓ In addition to the market share expansion of existing services such as RAG for nurses, services for elderly care workers with serious labour shortages and services for newly-covered occupations such as childcare workers drive the growth.

## Current and future sales by service\*1

- : Sales for FY03/21
- : Estimates of the future sales

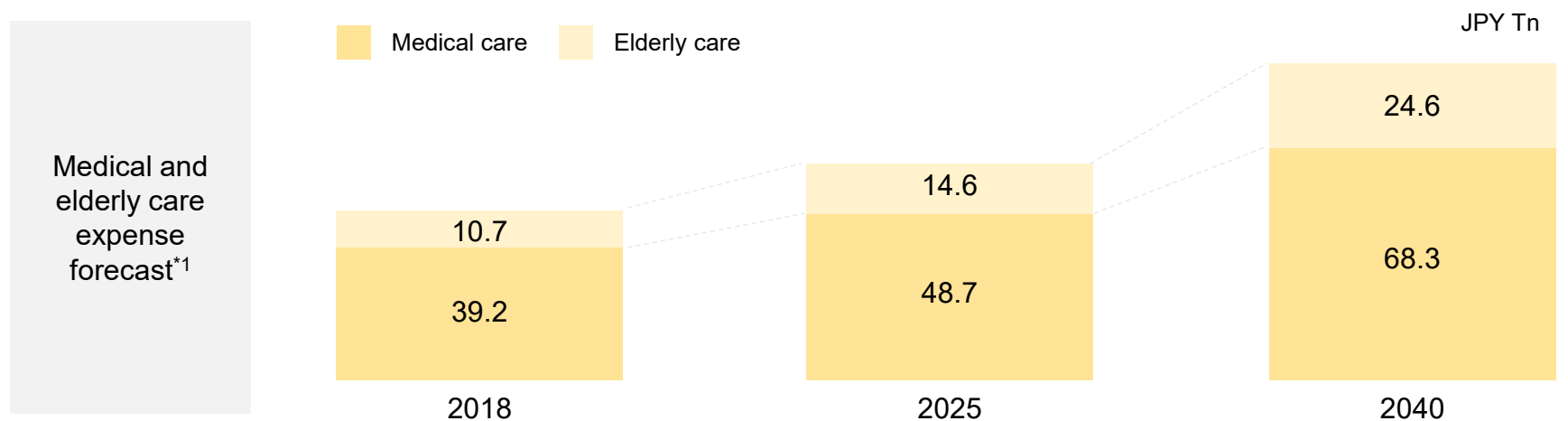


\*1. Career businesses for doctors and pharmacists are operated by M3 Career, Inc., a JV between M3, Inc.(51%) and SMS (49%).

\*2. RAG: Recruiting Agent service RAD: Recruiting Ads service \*3. Sales for FY03/21

# Elderly Care Operators (Kaipoke) Strategy

- ✓ While demand for medical care and elderly care services is increasing due to the population aging, there is a growing shortage of medical care and elderly care professionals to provide these services, thereby making it difficult to sustain high-quality medical care and elderly care services.



Shortage of medical and elderly care professionals\*2

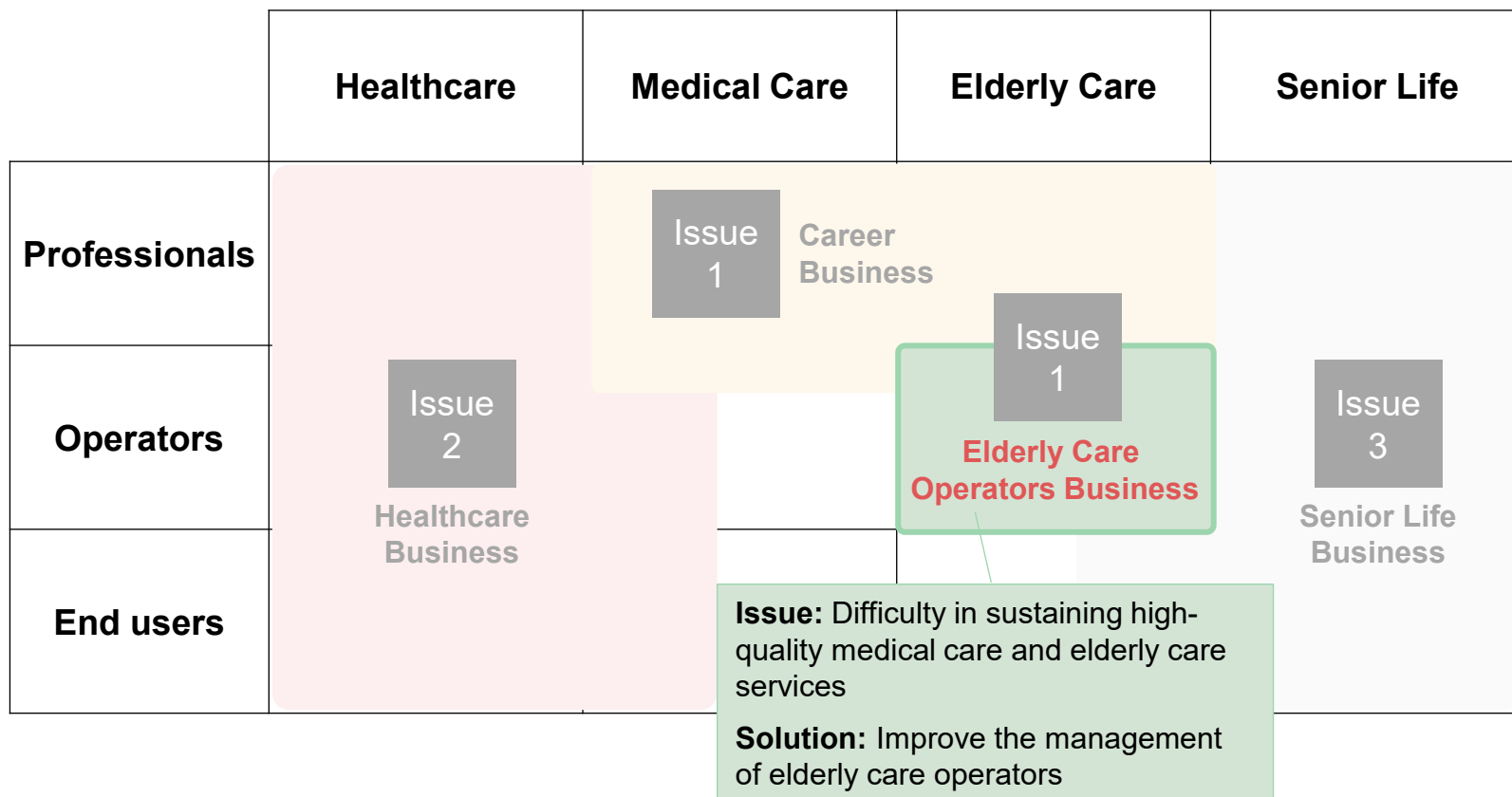
Category	Current Shortage	2040 Shortage	Unit
Shortage of Nurses	60–270	?	in thousand
Shortage of elderly care workers	320–430	?	in thousand

\*1. Cabinet Secretariat, CAO, MOF, MHLW, “Future outlook for social security in 2040”

\*2. Nurses: MHLW, “Subcommittee on supply and demand of nursing staff, study group on supply and demand of medical care workers”  
Care workers: METI, “Report compiled by study group for future supply and demand of elderly care systems”

### 3 Solution for Issue 1 in Elderly Care Operators Business

- ✓ Contribute to solving the social issue “Difficulty in sustaining high-quality medical care and elderly care services” by improving the management of elderly care operators through a management support platform “Kaipoke”.

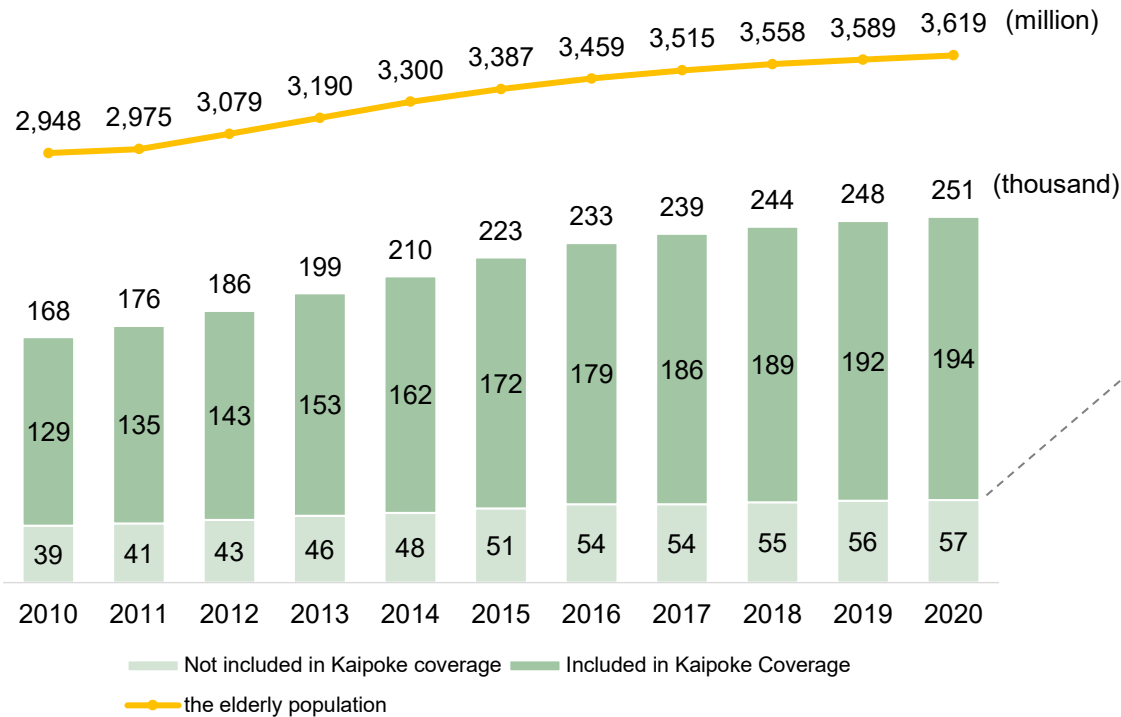


### 3 Situation Surrounding Elderly Care Providers

✓ As the population ages, the number of elderly care providers continues to increase, reaching approximately 250,000 offices.

#### The number of elderly care service offices and the elderly population\*1

# of elderly care service offices CAGR: 4%



#### Operators that Kaipoke covers\*2

- In-home care support
- Home-visit elderly care
- Day care
- Home-visit nursing
- Outpatient rehabilitation etc.

#### Operators that Kaipoke does not cover\*2

- Commuting care for elderly with dementia
- Short stay
- Daily life care for elderly in specific facilities
- Small-sized multifunctional in-home care
- Facilities etc.

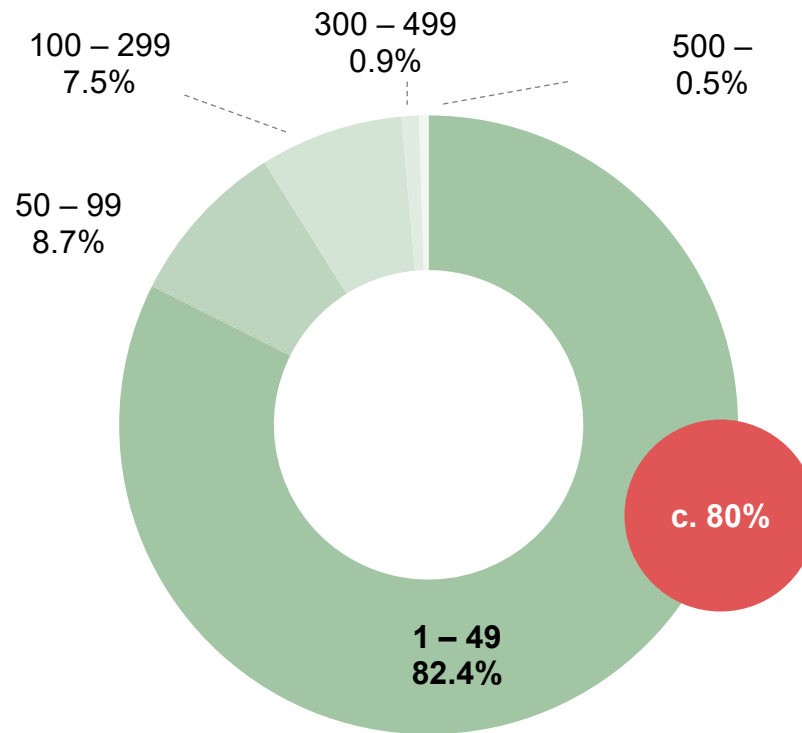
\*1. Sources : Number of elderly care service offices – MHLW; The elderly population – MIC

\*2. As of Mar. 2021

### 3 Situation Surrounding Elderly Care Providers

- ✓ 80% of elderly care operators are small corporations with under 50 employees.
- ✓ It is difficult for these operators to focus on the care for the elderly due to various operational/management issues such as a lot of indirect works including document preparation, insufficient manpower, low purchasing power, and cash-flow issues.

#### Scale of elderly care Operators\*1



\* 1. Survey by the Company

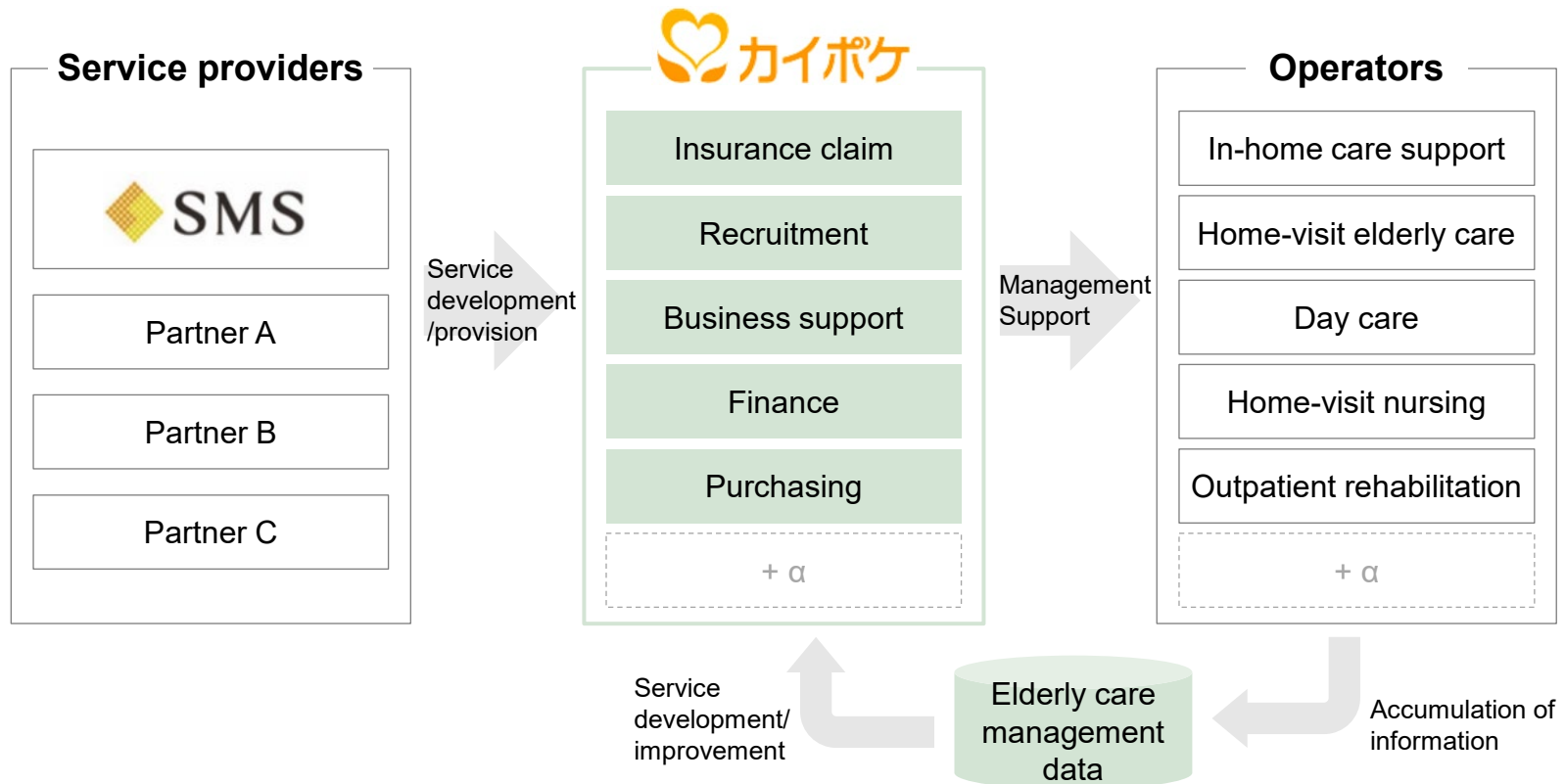


We aim to contribute to sustaining high-quality elderly care services by improving the management and the service quality of elderly care operators.

### 3 Management Support Platform

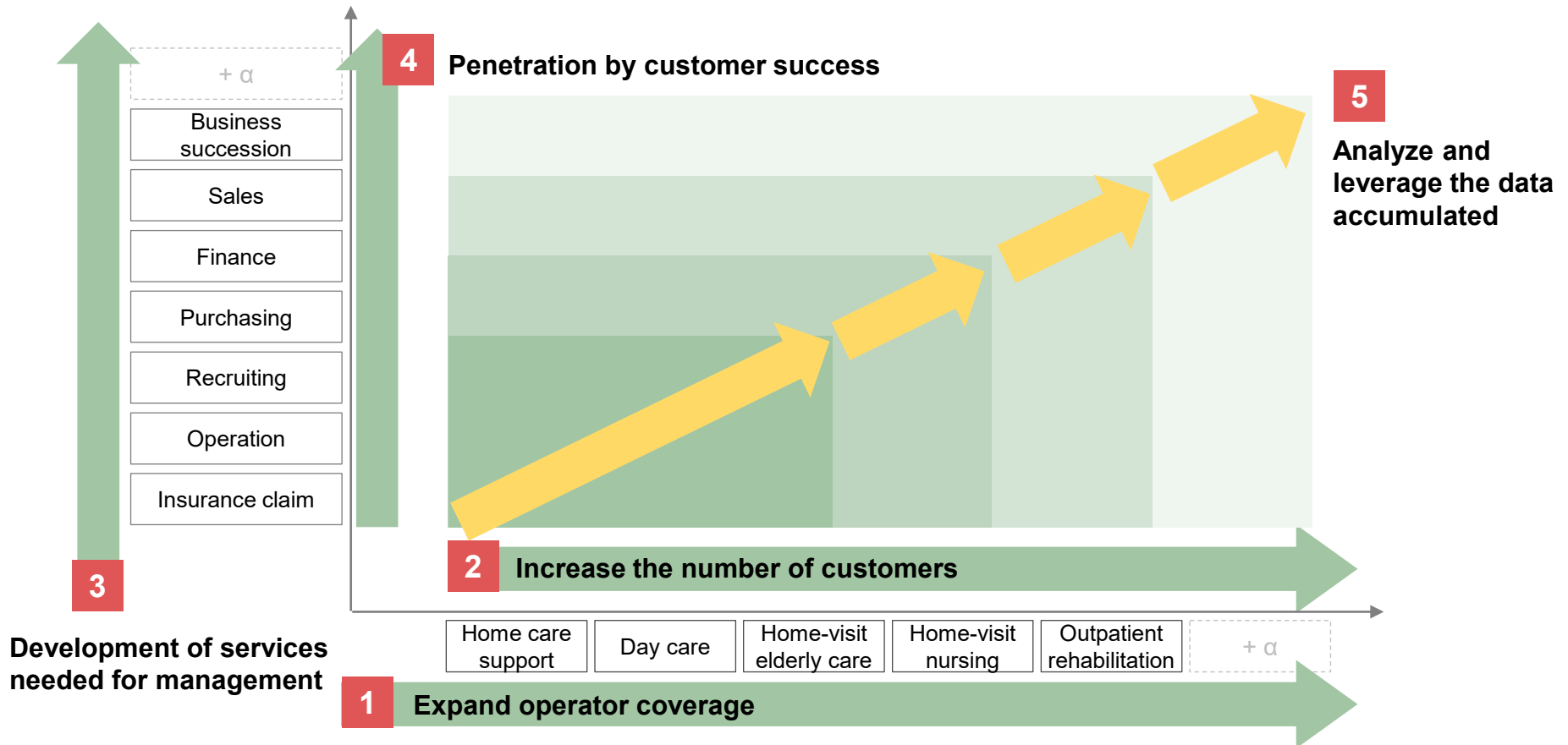
- ✓ Kaipoke is a management support platform provided in the form of SaaS, which realizes one-stop support for the management of elderly care operators.
- ✓ Offer more than 40 services that support operations, recruitment, purchasing, finance, sales, M&A, etc., as well as the insurance claim service that is essential for elderly care operations.

#### Management support platform



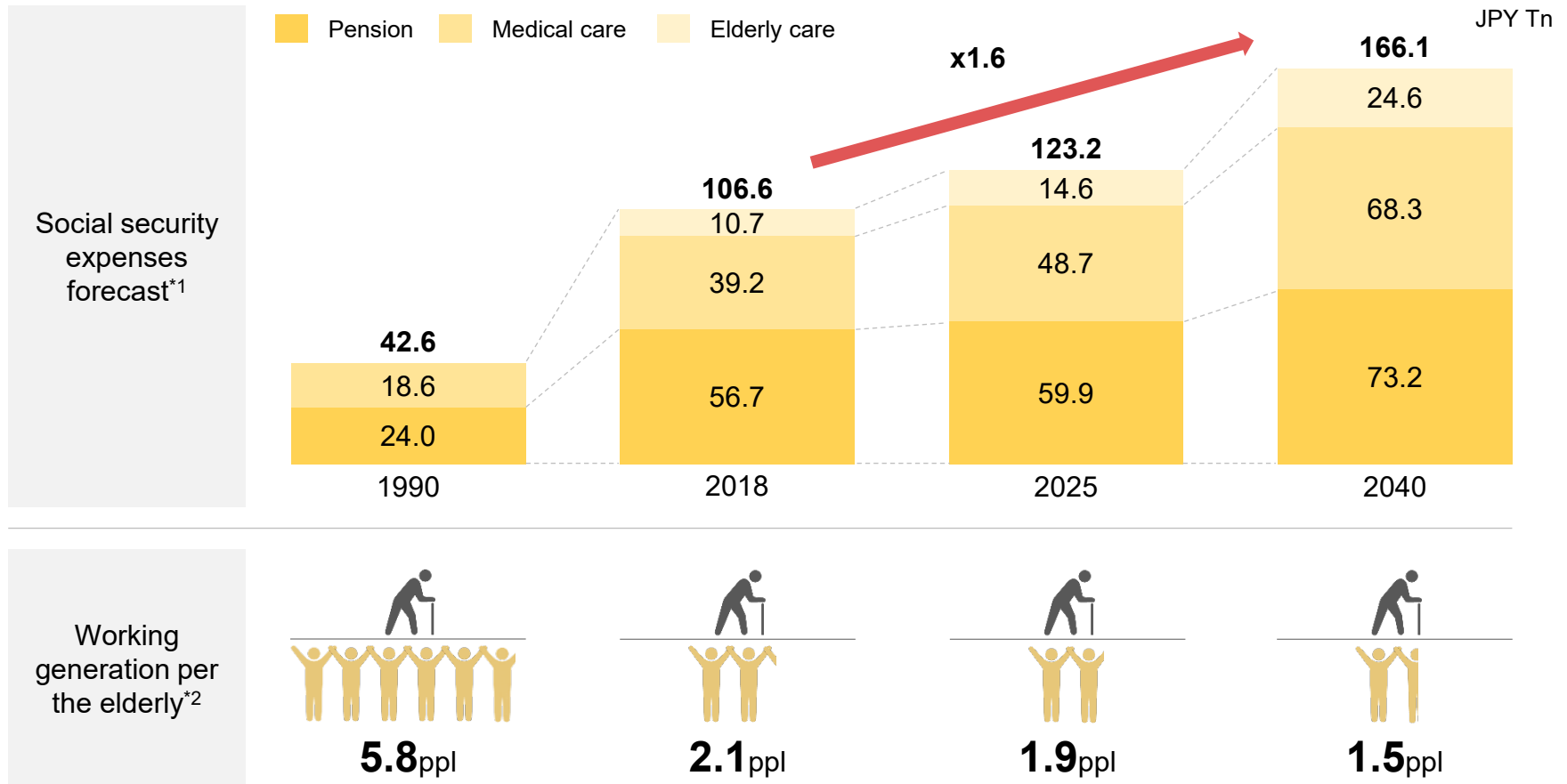
# 3 Strategy of Kaipoke

✓ Maximize the value as a management support platform by 1 – 5 below.



# New Business (Healthcare) Strategy

✓ The burden on the working generation will become more serious due to the increasing social security expenses for pensions, medical care, and elderly care, as well as the declining working-age population who cover these expenses.

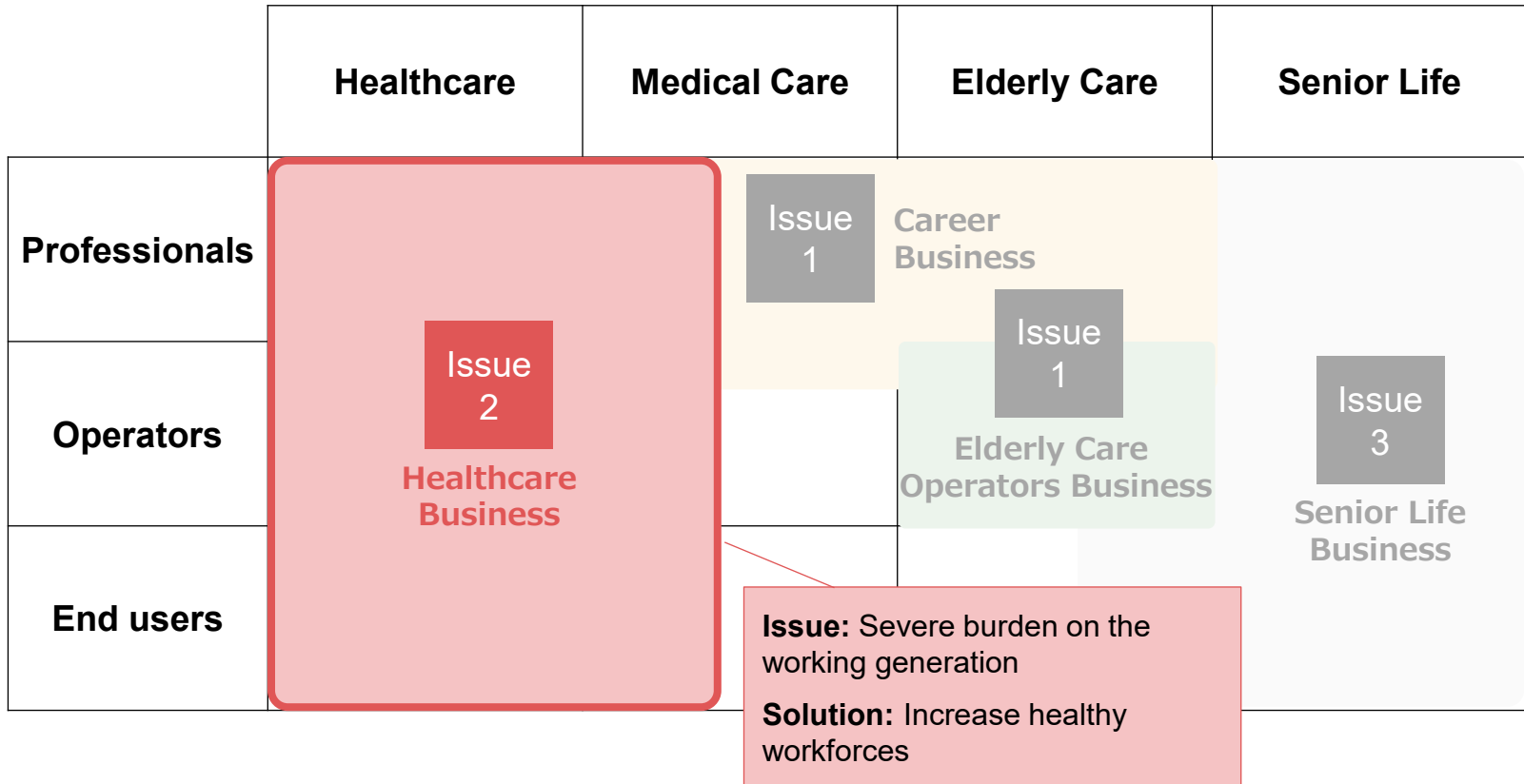


\*1. MHLW, "Trends in social security benefit costs", Cabinet Secretariat, CAO, MOF, MHLW, "Future outlook for social security in 2040"

\*2. CAO, "2020 White paper on the aging society"

### 3 Solution for Issue 2 in Healthcare Business

- ✓ Contribute to solving the social issue “Severe burden on the working generation” by increasing healthy workforces through a platform that supports “health and productivity management” of companies.



- ✓ Many workers have lifestyle-related diseases or risk of them, which may cause critical illnesses such as diabetes.
- ✓ Mental disorders caused by overwork or workplace stress are increasing in recent years.
- ✓ The government encourages “health and productivity management” in which companies promote the health of employees and their families.

### Physical disorder

#### ◆ Risk of lifestyle-related diseases

Number of recipients of specific health guidance<sup>\*2</sup>

Approx. **5.1** million ppl

\* 40 – 74 years old

#### ◆ Lifestyle-related diseases

Number of diabetics<sup>\*3</sup>

Approx. **3.29** million

Number of hypertensive patients<sup>\*3</sup>

Approx. **9.94** million

### Mental disorder

Number of patients with mood disorders<sup>\*3</sup>

Approx. **1.28** million

\* 1. Quality of life

\* 2. MHLW, "2018 Implementation of specified health checkups and specific health guidance"

\* 3. MHLW, "2017 Patient survey"

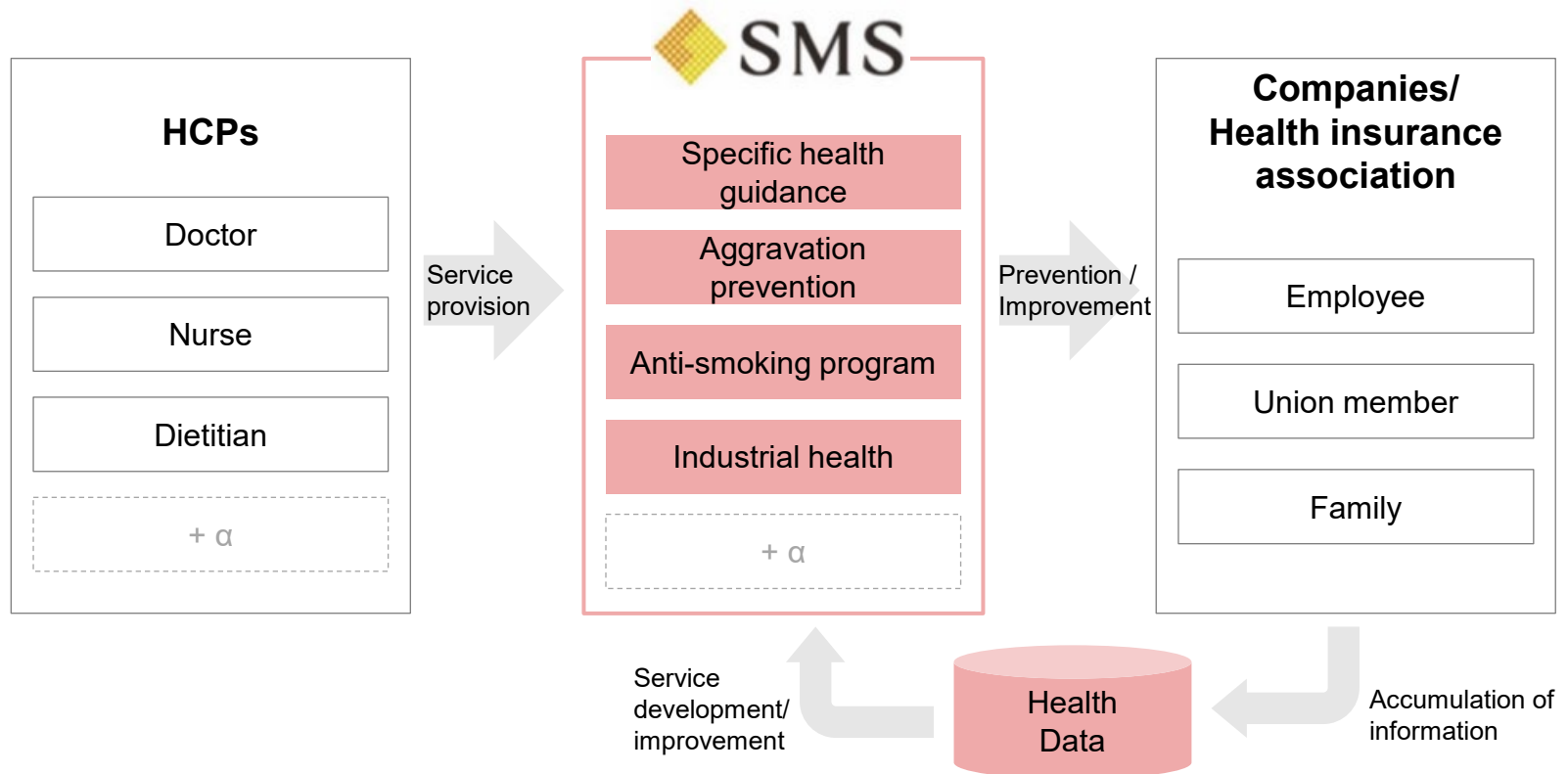
We aim to contribute to improving QOL\*<sup>1</sup> and increasing the number of healthy workforces by preventing and improving lifestyle-related diseases and mental disorders.

\* 1. Quality of life



- ✓ Provide digital health services\*<sup>1</sup> to companies and health insurance associations.
- ✓ The services are based on scientific evidences and provided by seasoned healthcare professionals (HCPs) including doctors, nurses, and dieticians

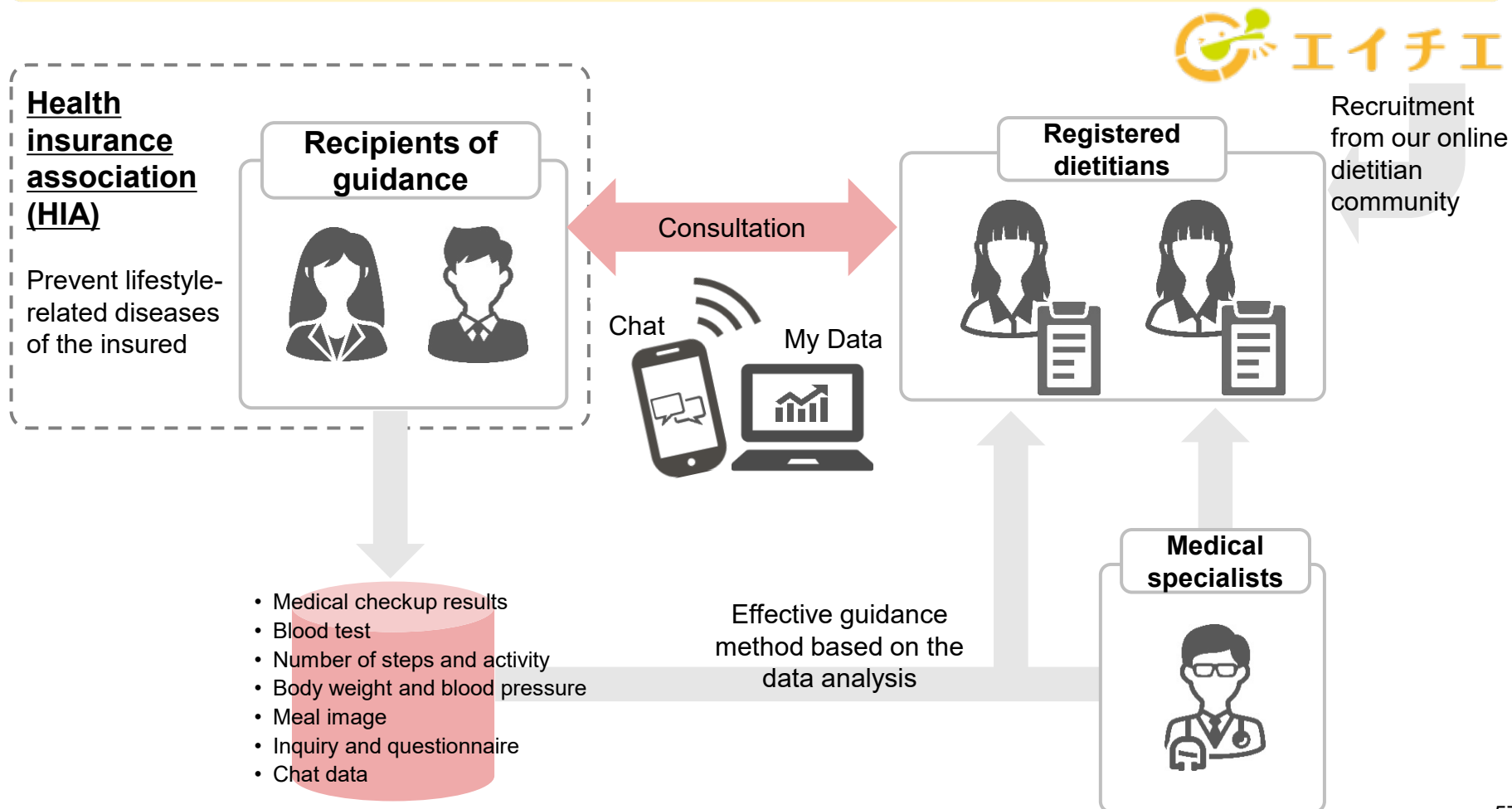
## Health and Productivity Management Support Platform



\* 1. Digital Health : To improve 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.

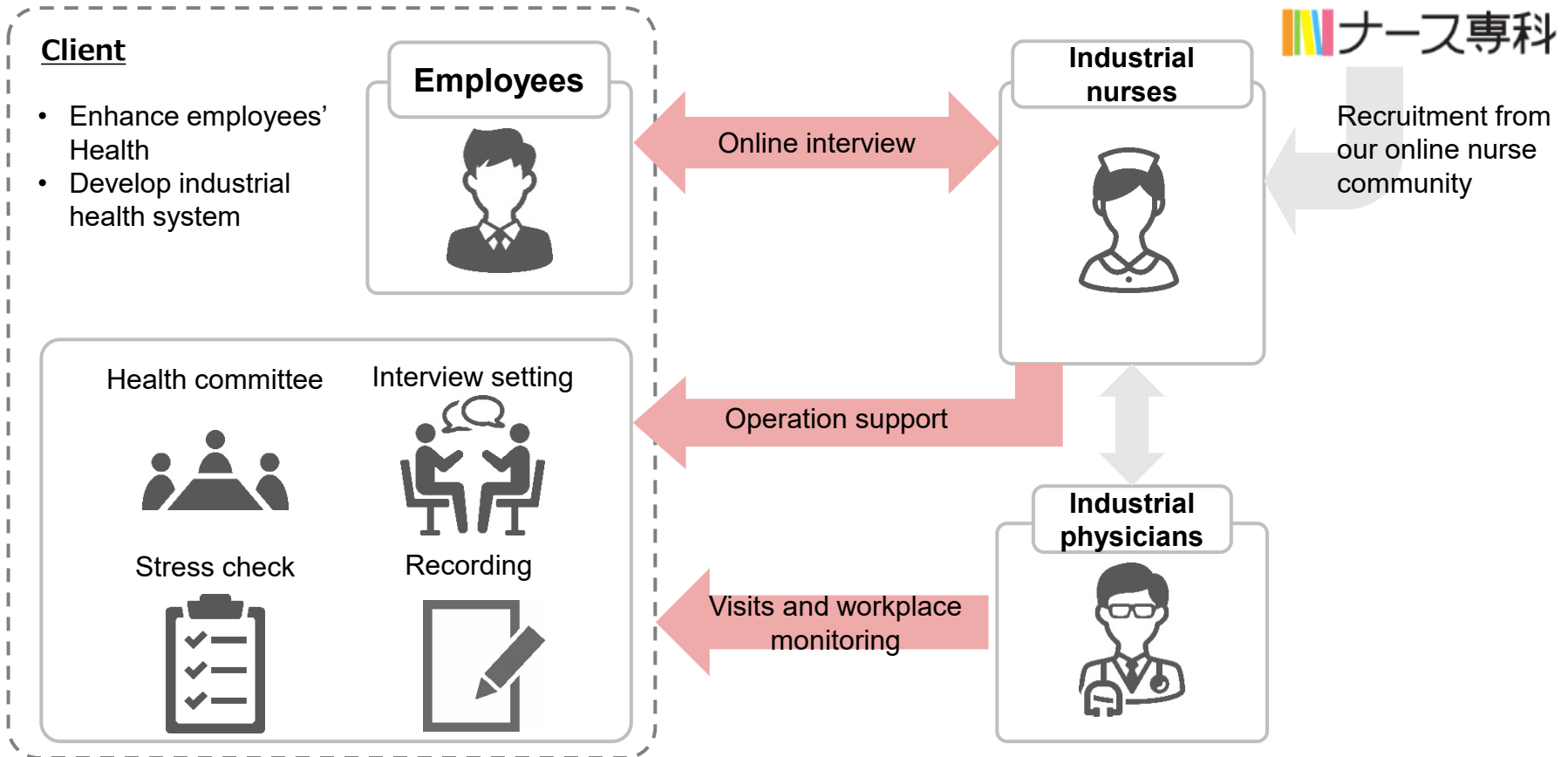
### 3 Remote Health Guidance Service

- ✓ Provide health guidance service for HIAs\*<sup>1</sup> aiming to prevent lifestyle-related diseases of employees and their families. The service is provided by registered dietitians and based on the results of verification projects conducted with MHLW.
- ✓ Remote service using smartphones enables frequent and continuous intervention.



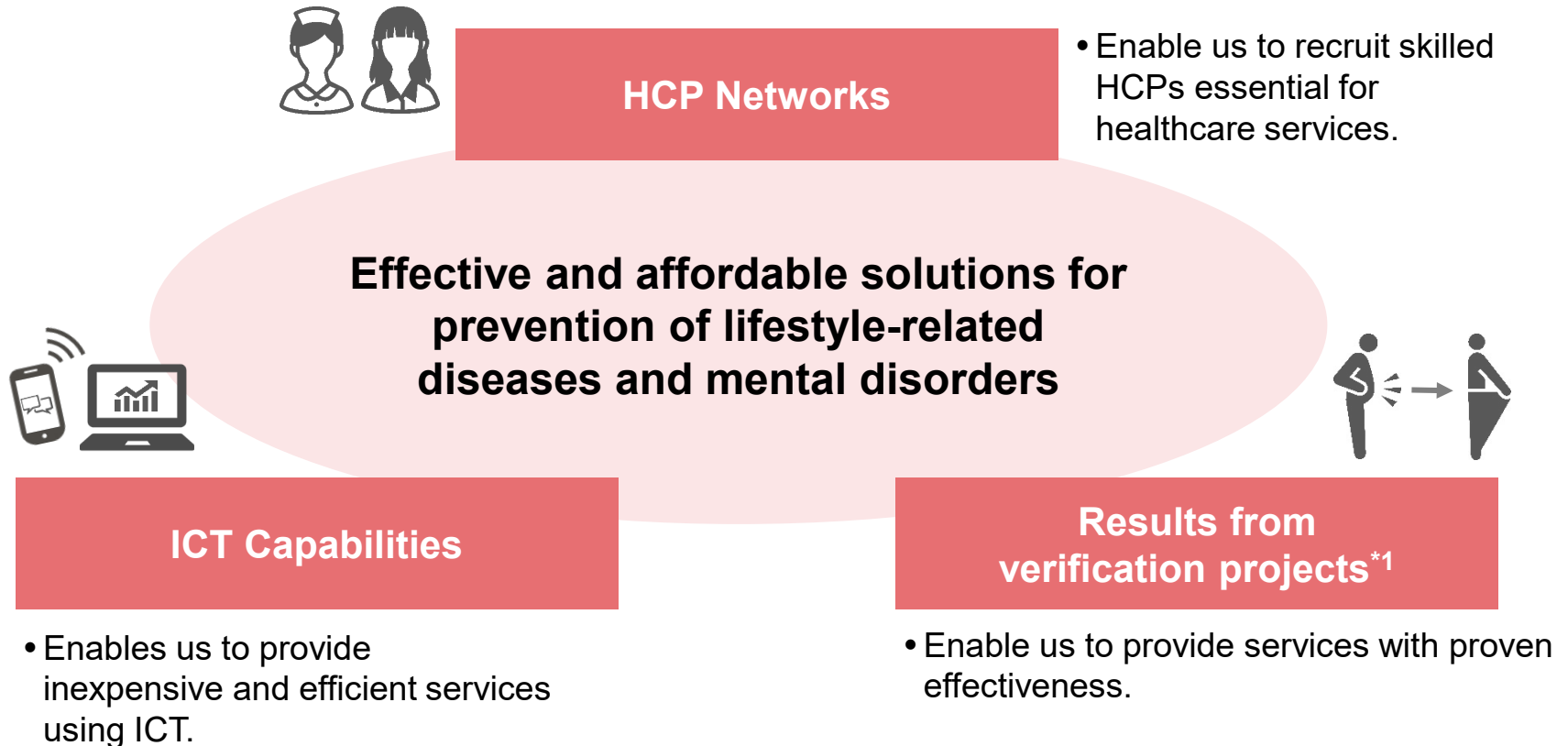
### 3 Remote Industrial Health Service

- ✓ Provide comprehensive services related to industrial health for client companies, which includes industrial physicians' visits, stress checks, and establishment/operation of health committees.
- ✓ Reduce the workload of HR and realize effective mental care through the service provided by the two-person system of an industrial physician and an industrial nurse.



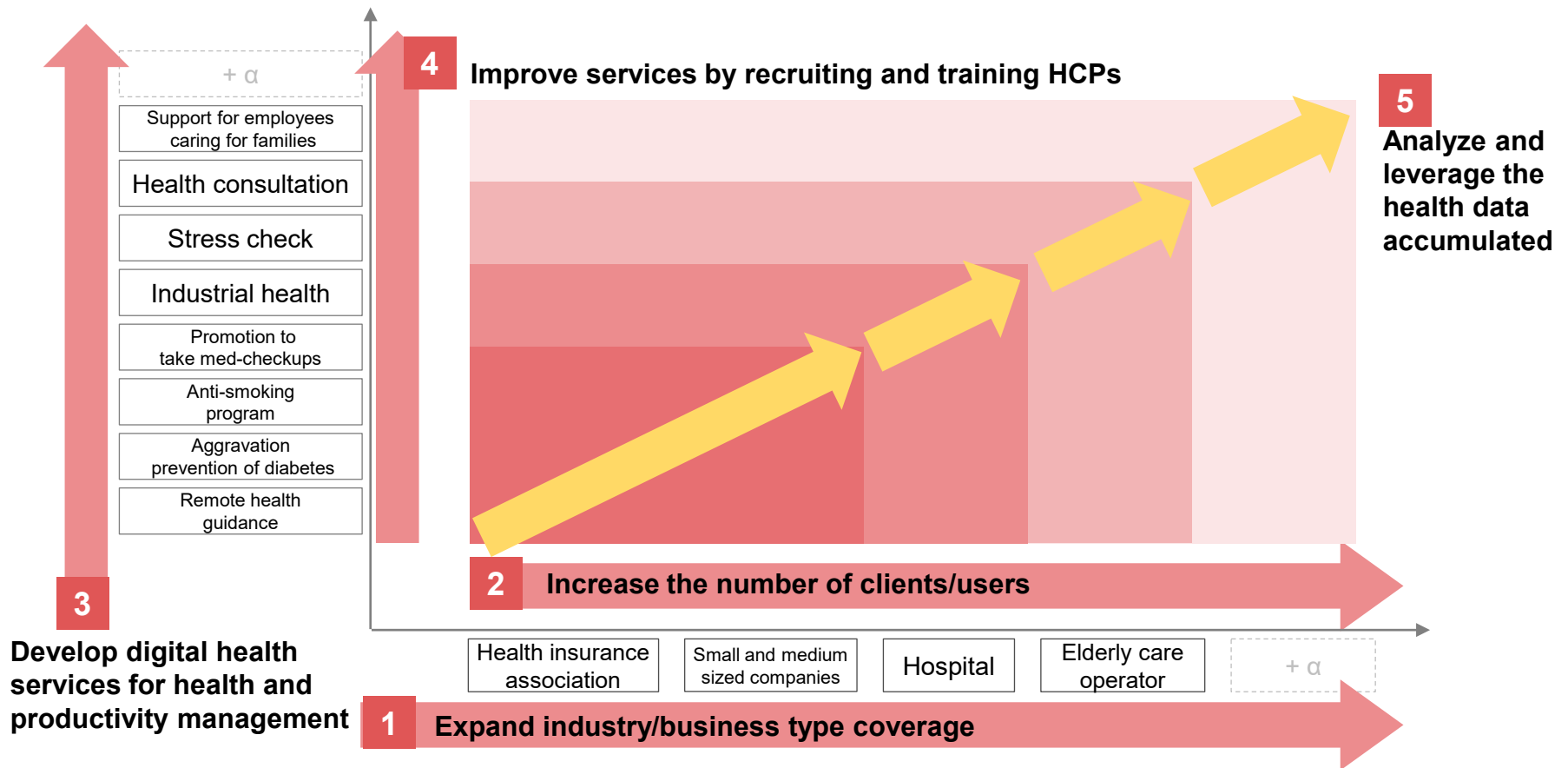
### 3 Our Strength

- ✓ Leveraging our strengths in healthcare professional (HCP) networks, ICT capabilities, and proven results from verification projects conducted with ministries and national agencies, we offer effective solutions with a reasonable price for prevention of lifestyle-related diseases and mental disorders.



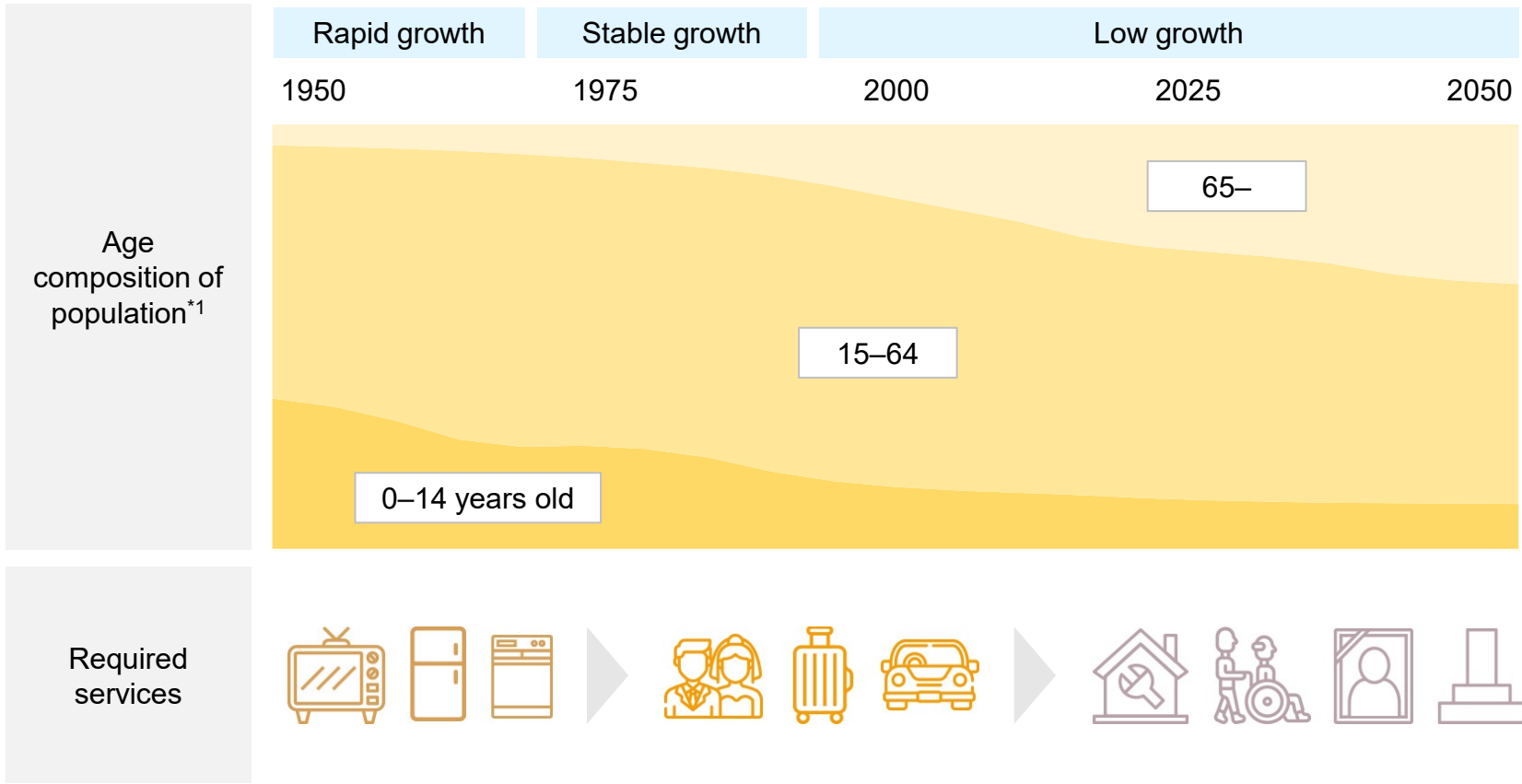
\* 1. Joint project with MHLW, METI, and national hospitals

✓ Maximize the value as a health and productivity management support platform by **1** – **5** below.



# New Business (Senior Life) Strategy

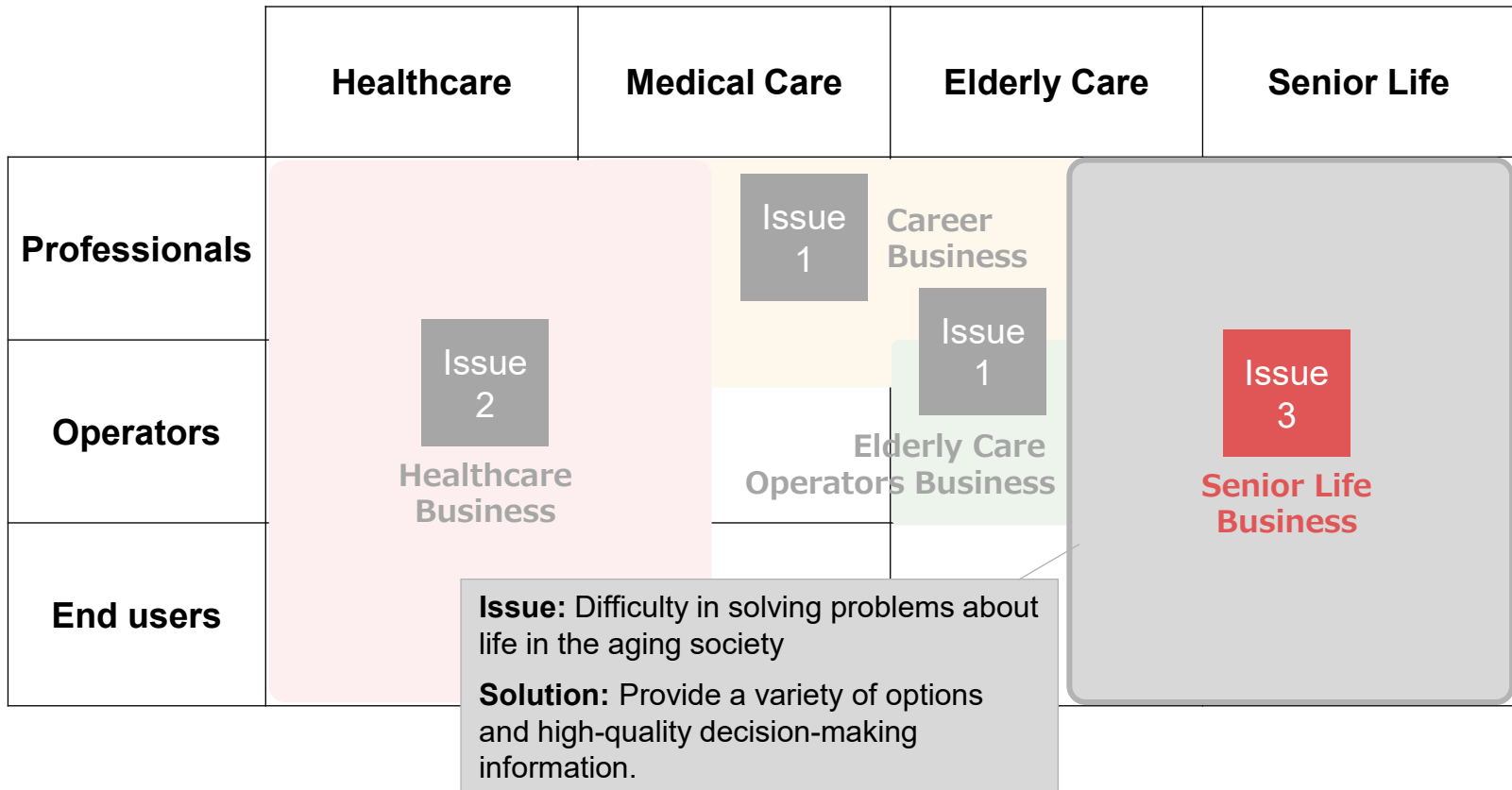
- ✓ While the needs of services required in the aging society is expanding with the population aging, information related to life in the aging society is not sufficient in terms of quality and quantity, and the service supplies will also be in short due to a shortage of workforce.
- ✓ The elderly and their families will have difficulties in solving problems about life in the aging society.



\* 1. CAO, "2020 White paper on the aging society"

### 3 Solution for Issue 3 in Senior Life Business

- ✓ Contribute to solving the social issue “Difficulty in solving problems about life in the aging society” by developing a platform that connects people who have some worries or problems about life, with advisors and solution services.



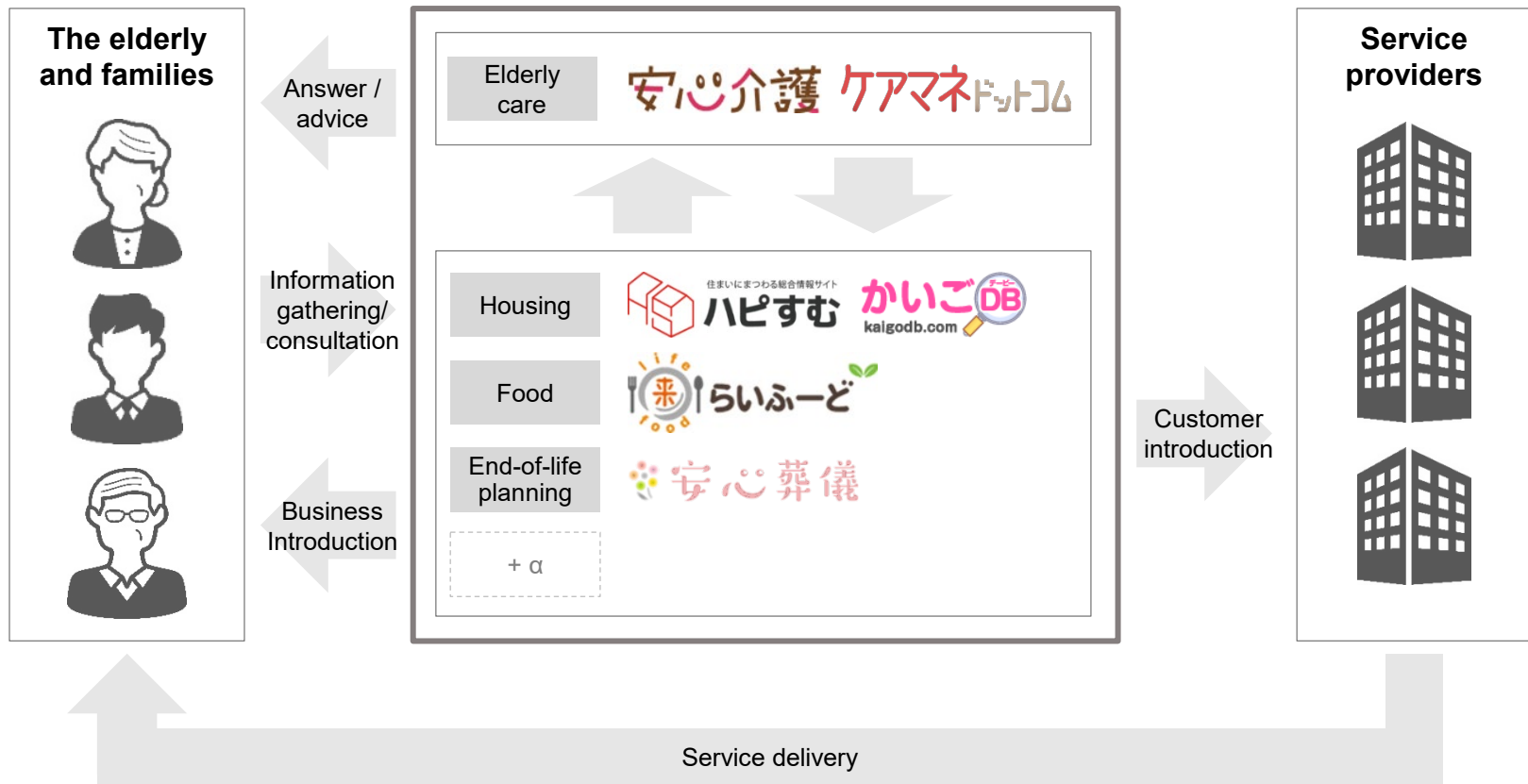


We aim to contribute to the better lives of people by offering a wide range of choices and information related to life in the aging society.

### 3 Problem-solving Platform

- ✓ Help to solve a variety of problems, mainly related to elderly care, through communication among those who have similar problems and advices from professionals.
- ✓ Introduce service providers to solve problems related to specific areas such as housing, food, and end-of-life planning.

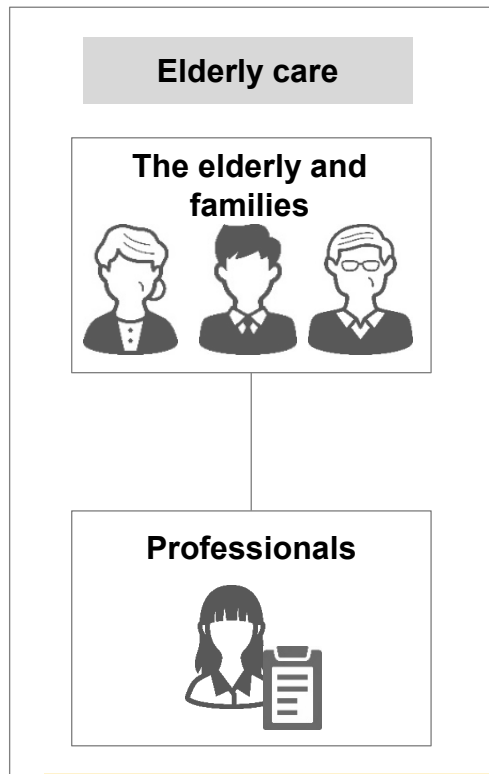
#### Problem-Solving Platform



# 3 Strategy of Senior Life Business

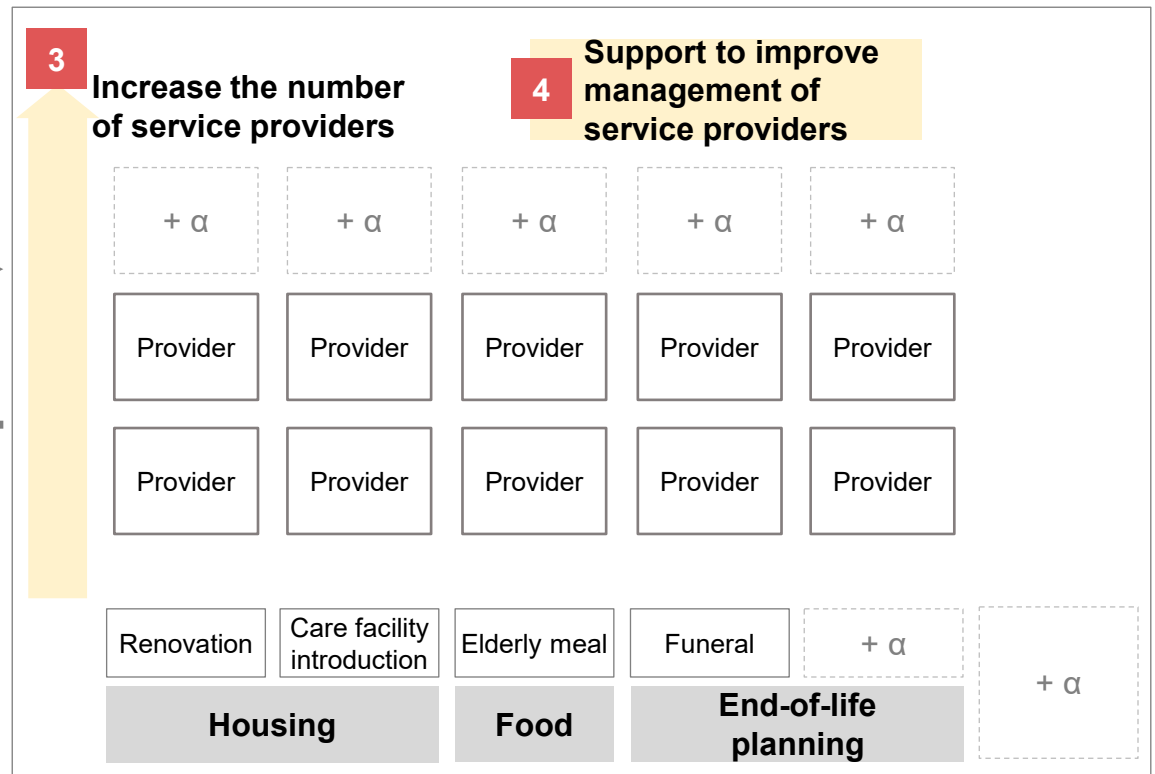
✓ Maximize the value as a problem-solving platform by 1 – 4 below.

Variety of problems mainly related to elderly care



**1** Increase the value as a comprehensive consultation desk for elderly care

Problems related to specific areas

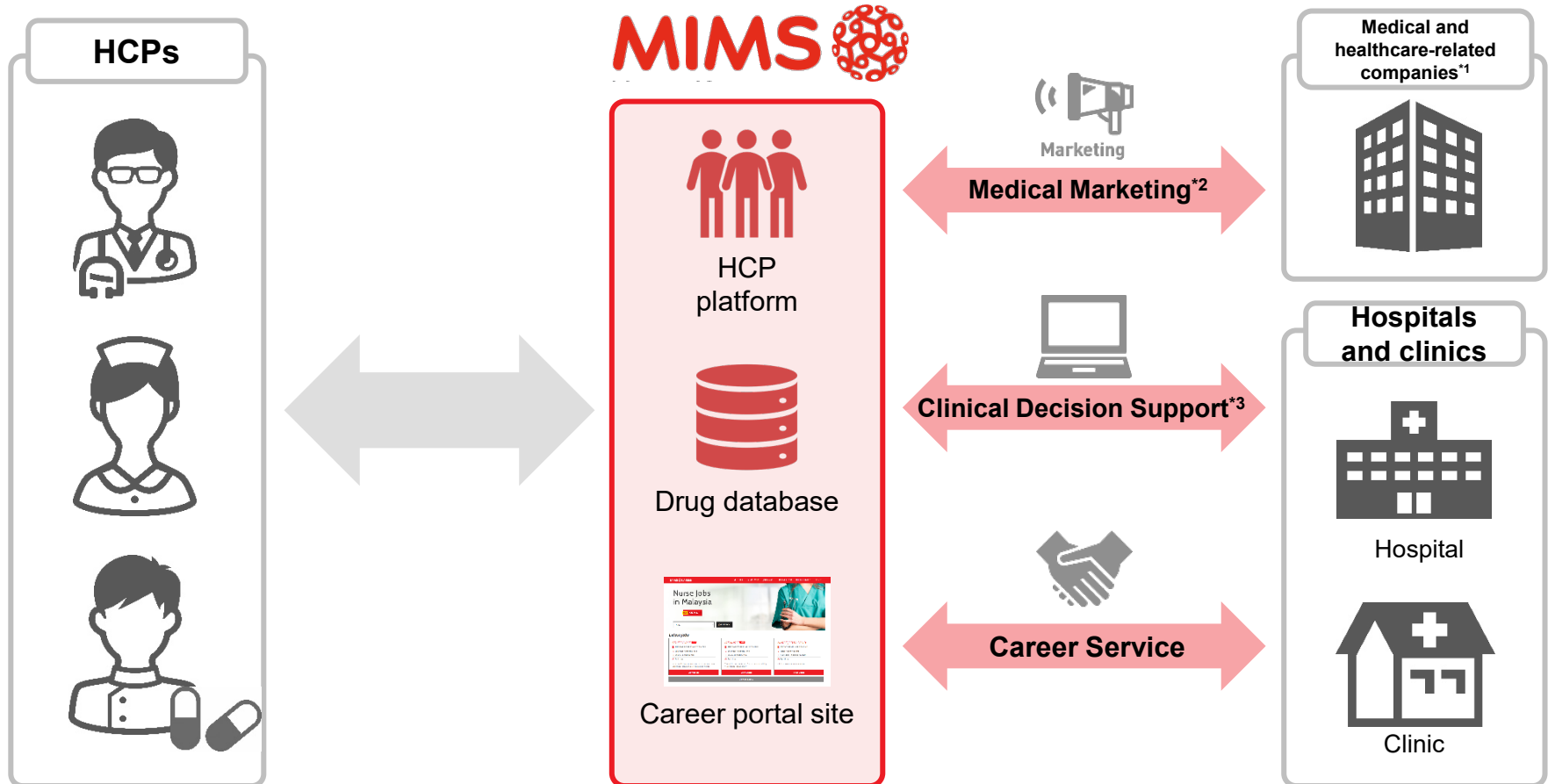


**2** Expand category coverage

# Overseas Strategy

### 3 Strategy of Overseas Business 1/3

✓ Overseas businesses are built on the strengths of MIMS, which include its overwhelming brand value in Asia and Oceania, enormous membership base of healthcare professionals (HCPs), and strong relationships with medical and healthcare-related companies and hospitals.

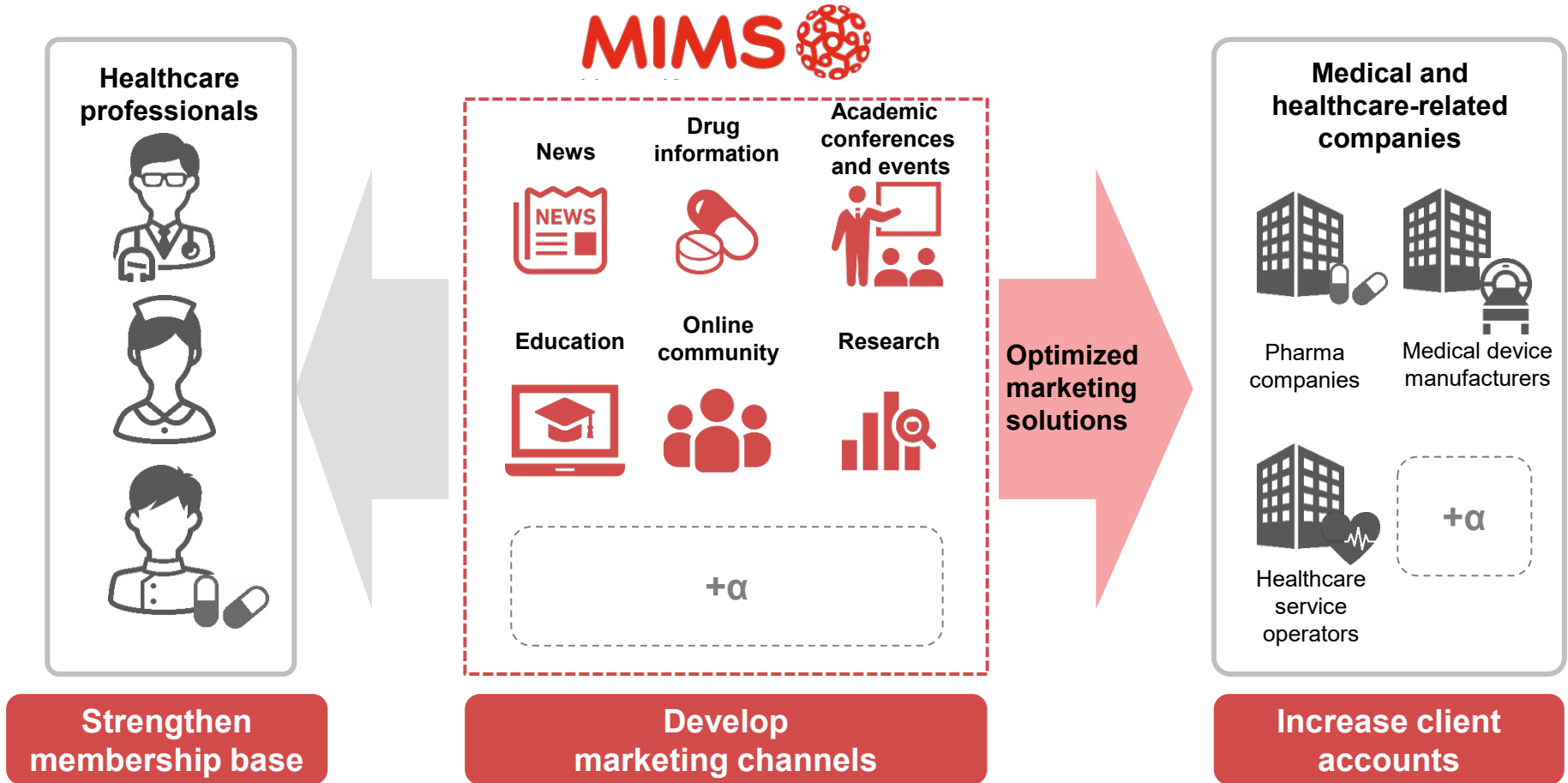


\*1. Include pharmaceutical companies, medical equipment manufacturers, healthcare-related service providers

\*2. Renamed from Pharma Marketing \*3. Renamed from Healthcare Data

# 3 Strategy of Overseas Business 2/3 (Medical Marketing\*1)

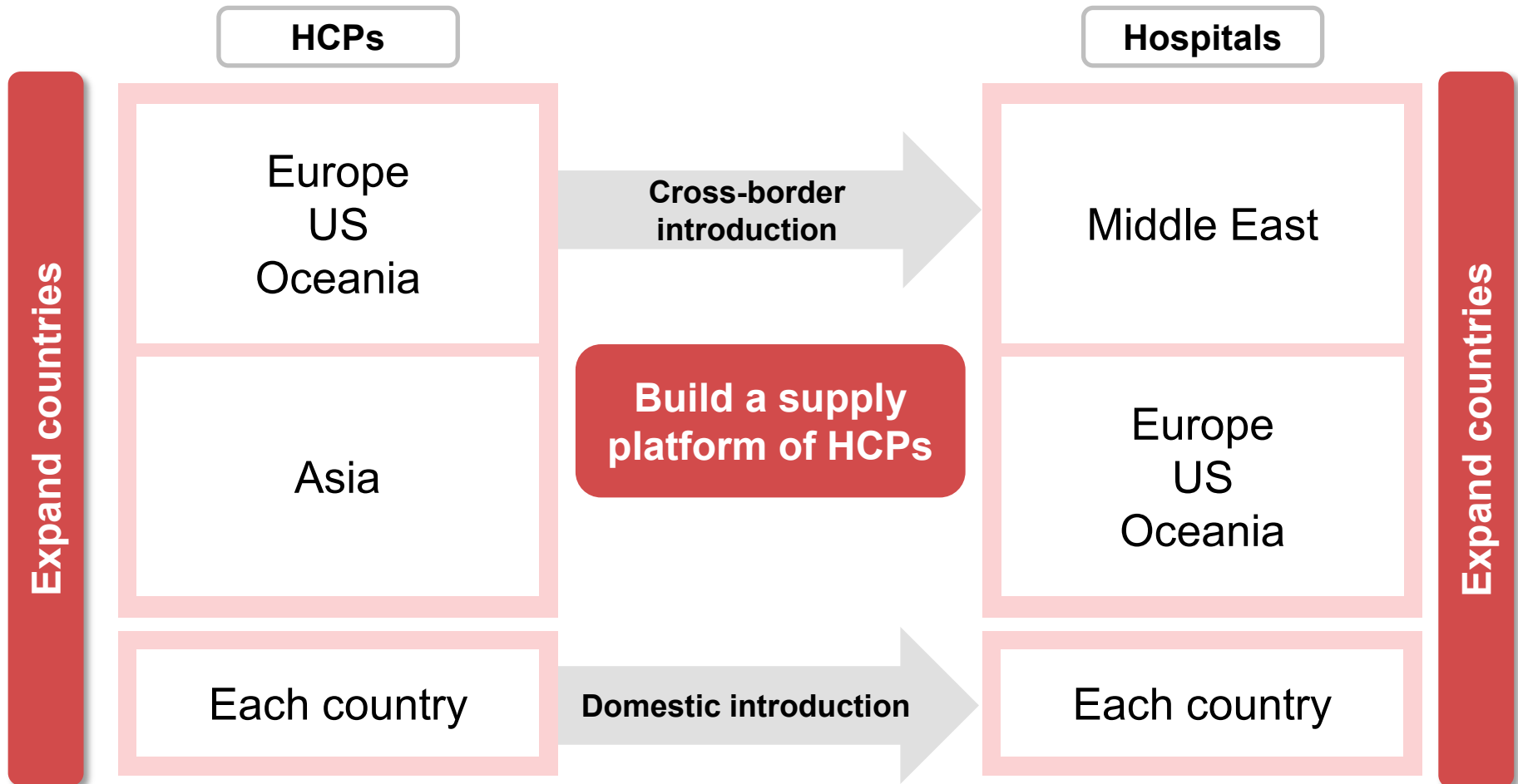
✓ Maximize the value as a marketing platform and provide optimized solutions to meet customer needs by strengthening the membership base, increasing client accounts and developing marketing channels.



\* 1. Renamed from Pharma Marketing

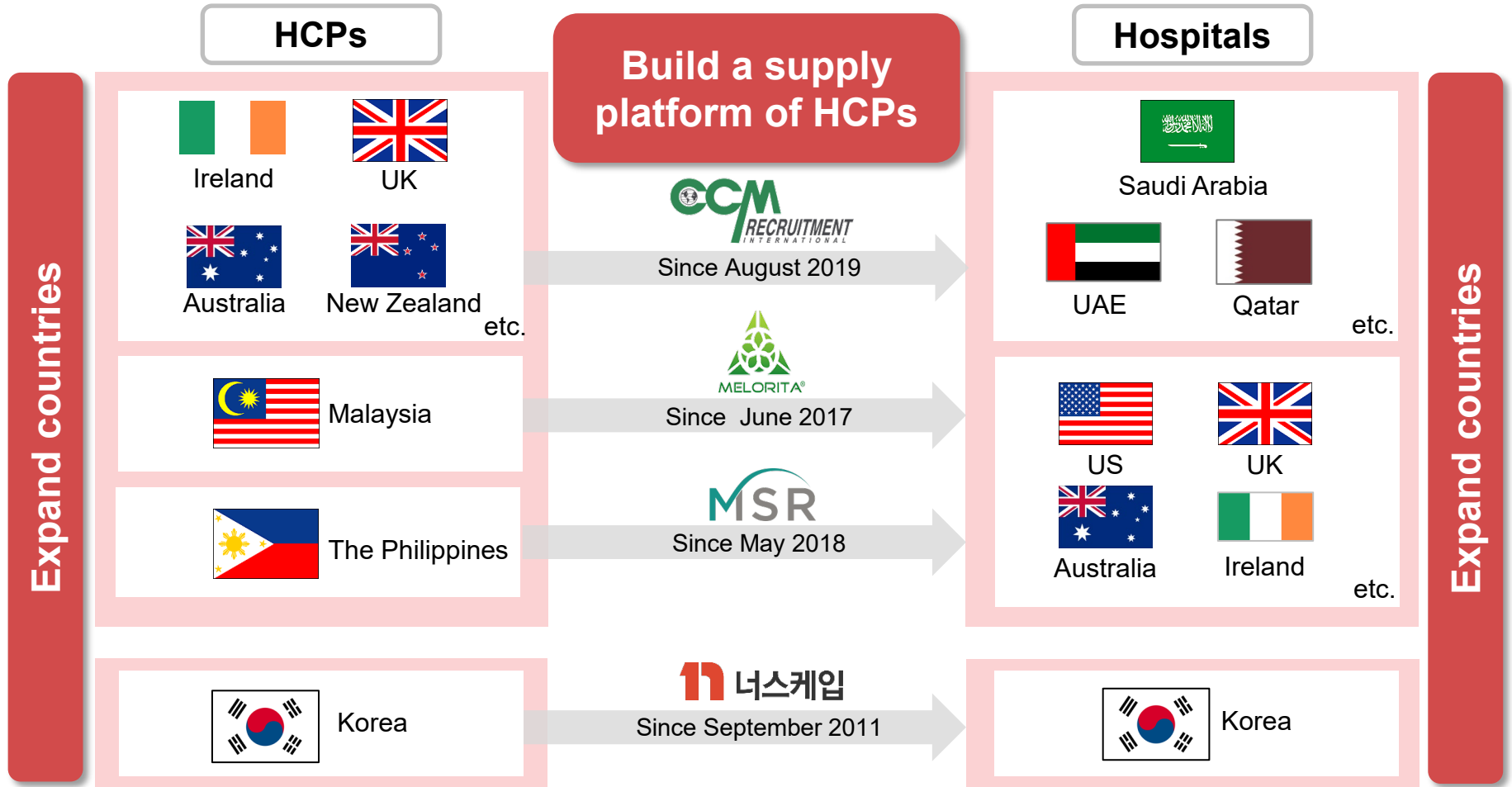
### 3 Strategy of Overseas Business 3/3 (Global Career)

- ✓ Establish No.1 position as a global recruiting agency for healthcare professionals (HCPs) by expanding countries for sourcing HCPs and acquiring job orders.
- ✓ Build a supply platform of HCPs for both domestic/cross-border introductions.



### 3 Progress in Global Career

✓ Have made steady progress, as laid out in our strategy, expanding countries to Malaysia in 2017, the Philippines in 2018, and Ireland and Australia in 2019.



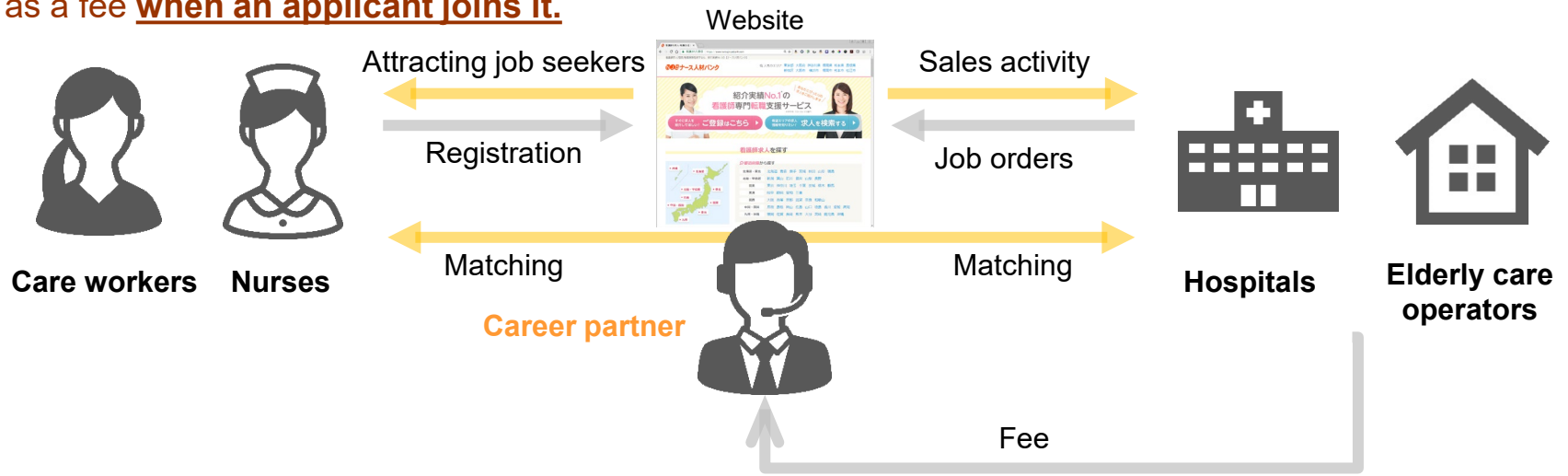


# Appendix

# 3 Business Model of Career Business

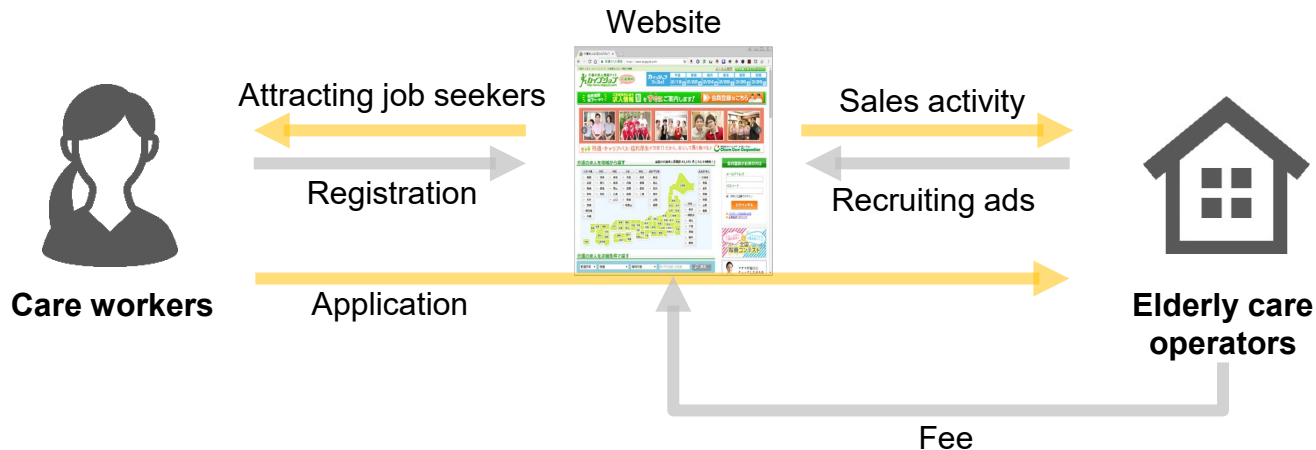
## Business model of Recruiting Agent

Receive a certain percentage of an annual salary from a hiring business operator as a fee when an applicant joins it.



## Business model of Recruiting Ads

Receive a fee for each application for a job or a fee for a successful hiring via our Recruiting Ads website.





## Subscription-based management support platform providing more than 40 services as a package\*1

Insurance Claim

Elderly care operators can claim for the reimbursement of insurance efficiently.

Recruitment

Provide SMS's industry-leading Recruiting Ads service "Kaigo Job" for free.\*2

Sales Support

Offer a function to prepare sales leaflets and a list of care managers who are the sales targets of elderly care operators.

Operation Improvement

Provide one iPad for free to enable care workers to complete documentations at their customer sites.

Opening Support

Support procedures needed to open an elderly care business such as application for designation, financing, finding office properties and market research.

Finance

Provide factoring services to improve operators' cash flows.

Purchasing

Elderly care operators can procure various equipments and supplies, such as rental smartphones, in an easy and inexpensive way.

M&A

Supporting the succession of elderly care operators

\*1. Additional payments are required for the use of two or more iPads, factoring, etc.

\*2. Charged for some types of occupations.

## MIMS group global coverage



## MIMS group profile



Founded	1963
Business	<ul style="list-style-type: none"><li>· Medical Marketing</li><li>· Clinical Decision Support</li><li>· Career Service</li></ul>
Global coverage	17 countries and regions mainly in Asia and Oceania
Number of memberships	2.80 million
Acquisition date	Oct. 7, 2015

### 3 Strengths of MIMS

- ✓ Strengths of MIMS group include its overwhelming brand value in Asia and Oceania, strong membership base of healthcare professionals (HCPs), and business relationships with pharmaceutical companies.

#### 1. Overwhelming brand value

- 50 years of history
- Utilized by healthcare institutions/HCPs to get drug information on a daily basis



#### 2. Strong membership base of HCPs

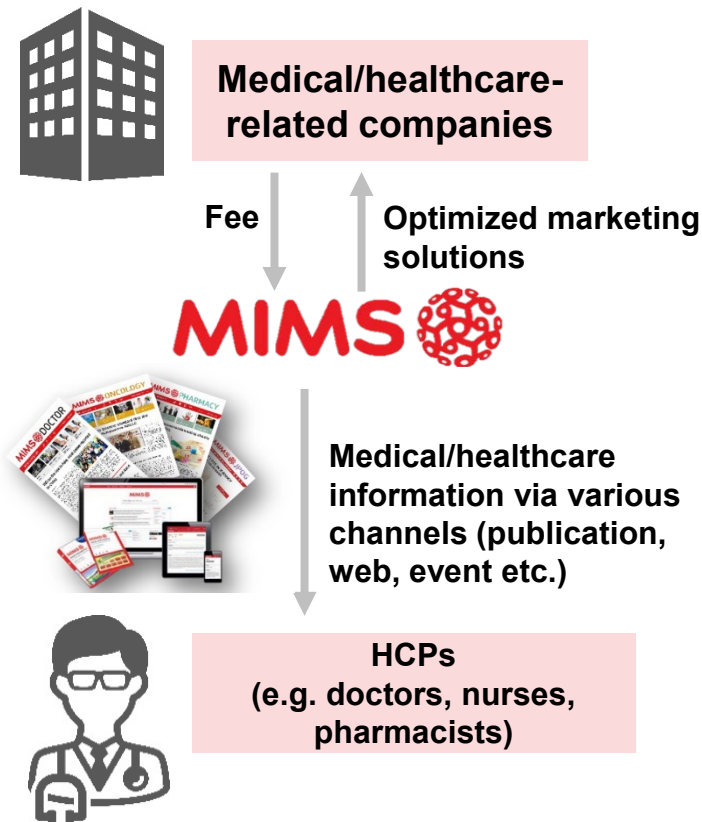
- 2.80 million HCP memberships

#### 3. Business relationships with pharma companies

- Most manufacturers of new drugs in the region post information of their drugs on MIMS's database

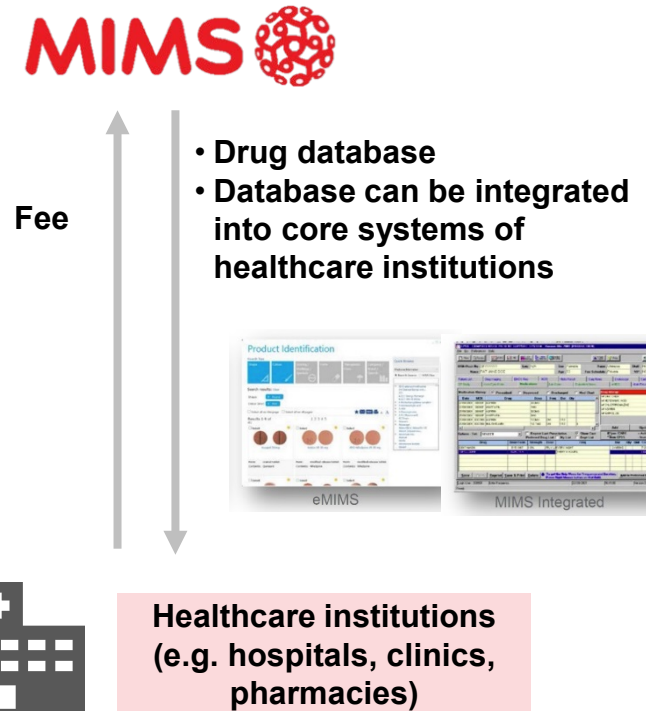
## Medical Marketing \*1

Support marketing activities of medical/healthcare-related companies\*3



## Clinical Decision Support \*2

Provide a drug database for prescription error checks in healthcare institutions



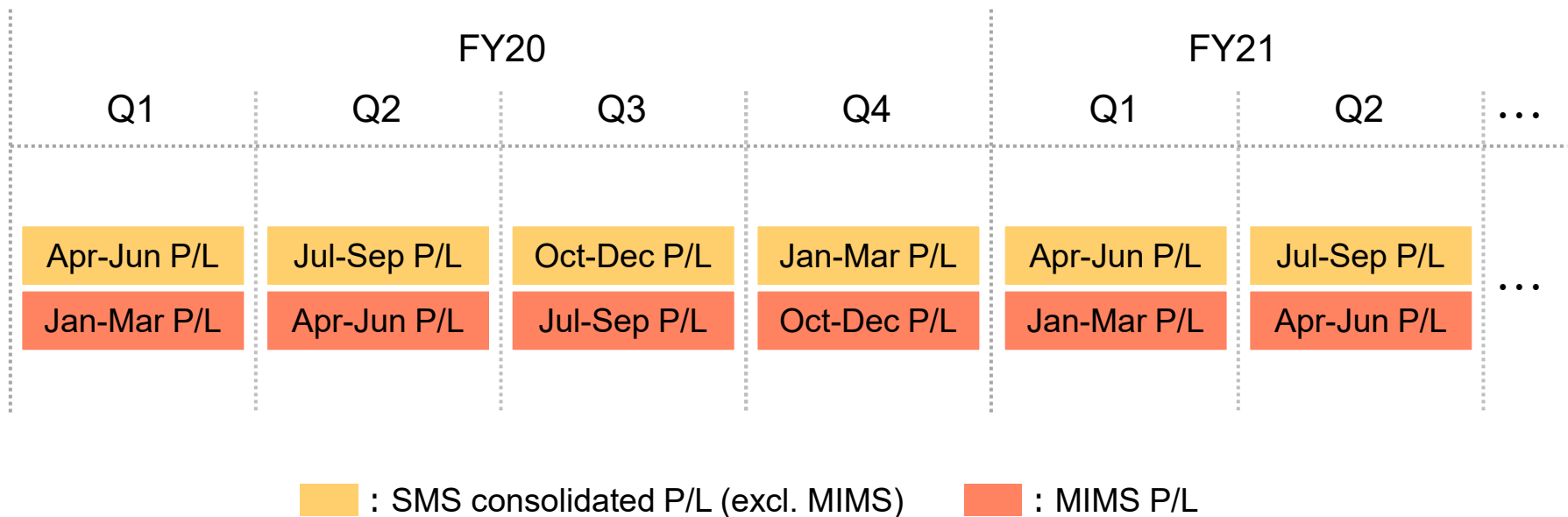
\*1. Renamed from Pharma Marketing \*2. Renamed from Healthcare Data

\*3. Operators such as pharmaceutical companies, medical device manufacturers and healthcare service operators

### 3 Consolidation of MIMS Financial Results

- ✓ MIMS P/L statement is consolidated to SMS P/L statement following a time lag of three months.

#### Illustration of MIMS P/L Consolidation to SMS Consolidated P/L (excl. MIMS) \*1



\*1. Q1-Q4 presented above are those of the fiscal year of SMS. SMS fiscal year ends in March, while MIMS fiscal year ends in December.

Sub-Segment	Category	Services				
Elderly Care Career	Services for care workers	RAD <sup>*3</sup> for care workers <b>カイゴジョブ</b>	RAG <sup>*3</sup> for care workers <b>カイゴジョブ</b> エージェント	Temporary staffing for care workers <b>カイゴジョブ</b> パートナース	Elderly care certification course <b>カイゴジョブ</b> アカデミー	Certification course information 
	Others	RAG <sup>*3</sup> for PT/OT/ST <b>PT/OT 人材バンク</b> PT/OT JINZAI BANK	RAG <sup>*3</sup> for care managers <b>COBケア人材バンク</b>			
Medical Care Career	RAG <sup>*3</sup> services	RAG <sup>*3</sup> for nurses <b>NJB ナース人材バンク</b>	RAG <sup>*3</sup> for dietitians <b>EJB</b>	RAG <sup>*3</sup> for radiological technologists <b>HJB</b> 放射線技師人材バンク	RAG <sup>*3</sup> for medical technologists <b>KJB</b> 検査技師人材バンク	RAG <sup>*3</sup> for clinical engineers <b>MEJB</b> 工学技士人材バンク
	Others	RAG <sup>*3</sup> for childcare workers <b>HOJB</b> 保育士人材バンク	RAG <sup>*3</sup> for Judo therapists etc. <b>WILL ONE</b> AGENT	Scholarship information portal <b>看護奨学金Navi</b>	Web community for nurses and nurse students <b>ナース専科</b>	RAD <sup>*3</sup> for Judo therapists etc. 新たな人生の一步に最高のノートを <b>JOB NOTE</b>
		RAD <sup>*3</sup> for nurses <b>ナース専科</b> 求人ナビ	RAD <sup>*3</sup> for newly-graduated nurses <b>ナース専科</b> 就職ナビ			
		National examination reference book for Judo therapists etc. <b>国試黒本</b>	HR solution for hospitals <b>SOL</b> ソリューション			

\*1. As of Apr. 2021

\*2. Career businesses for doctors and pharmacists are operated by M3 Career, Inc., a JV between M3, Inc.(51%) and SMS (49%).

\*3. RAD: Recruiting ads service RAG: Recruiting agent service

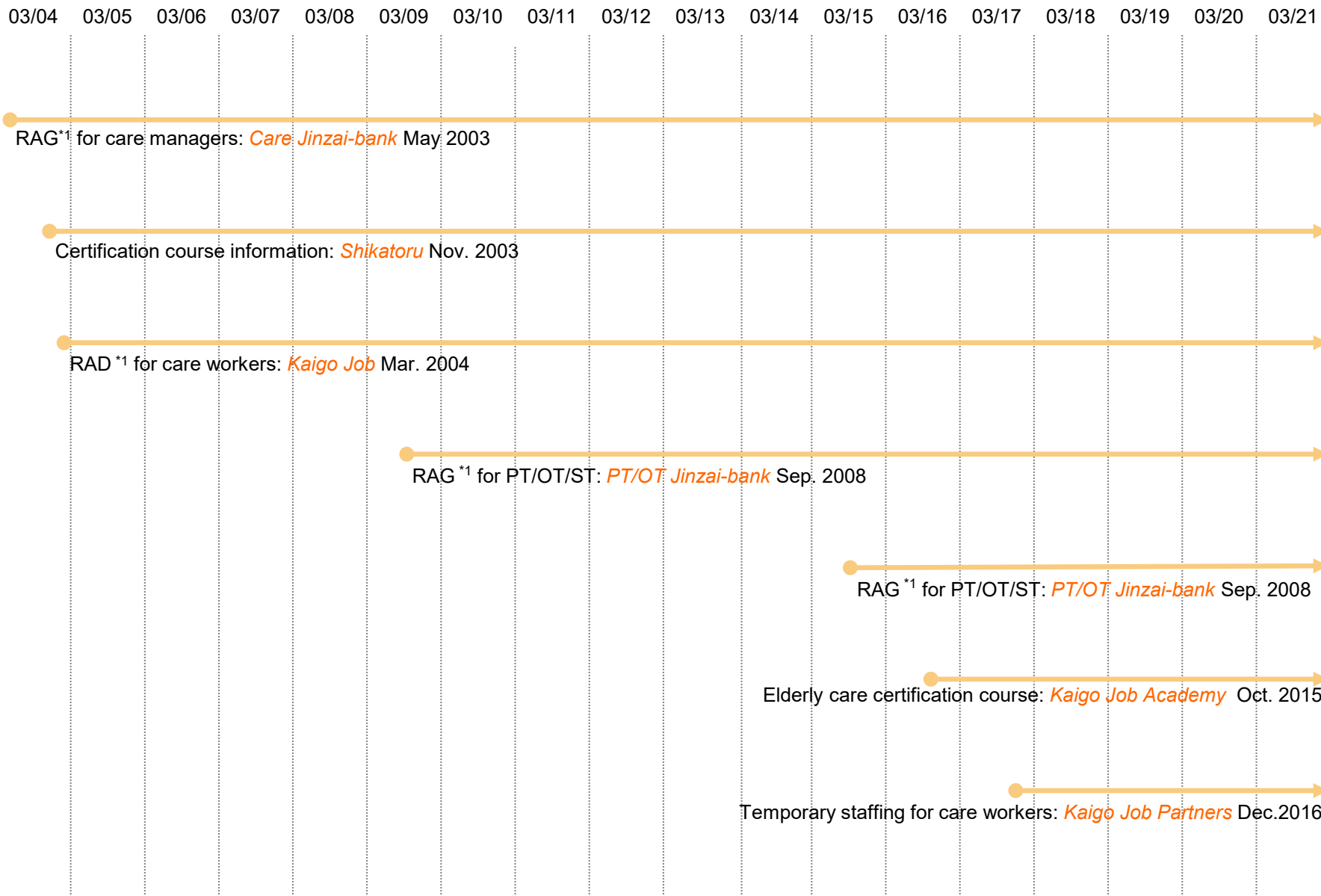


Segment	Services				
Kaipoke	Management support platform for elderly care operators 	Information portal for management of elderly care operators 	Research and information on the aging society 高齢社会ラボ		
Overseas	Drug information service for healthcare professionals and institutions 	Cross-border RAG <sup>2</sup> for healthcare professionals (Malaysia, Philippines, Ireland, UK, etc.) 	Career related service for nurses (South Korea) 	Medical ad services (Philippines, Indonesia, Malaysia)	
New Business (Healthcare)	Preventive solution of lifestyle diseases 	Health guidance solution 	Personalized anti-smoking solution パーソナライズ 禁煙指導サービス	Remote industrial health service 	Information portal of dementia 認知症ねっと Solution for dementia prevention 認トレ Habituation support of dementia prevention チャレンジ
New Business (Senior life)	Web community for people caring for their families 	Home-delivered meals search site 	Information portal of housing for the elderly 	Housing renovation operators search site 	Information portal of funeral companies 
	Web community for care managers 				

\* 1. As of April 2021

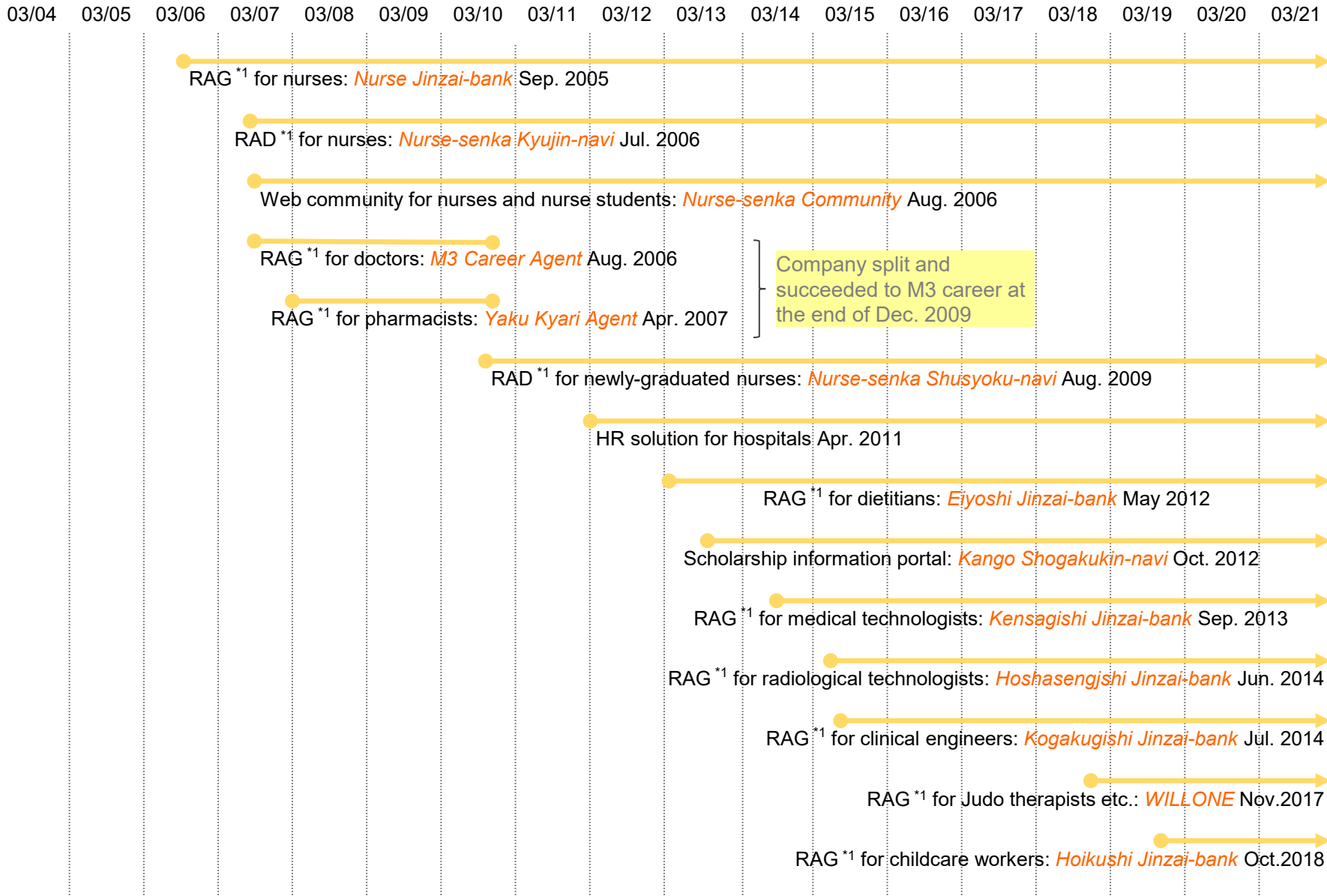
### 3 History of Service Launches 1/5

Elderly Care Career



# 3 History of Service Launches 2/5

Medical Care Career



Company split and succeeded to M3 career at the end of Dec. 2009

\*1. RAD: Recruiting ads service RAG: Recruiting agent service

# 3 History of Service Launches 3/5



03/04 03/05 03/06 03/07 03/08 03/09 03/10 03/11 03/12 03/13 03/14 03/15 03/16 03/17 03/18 03/19 03/20 03/21

Elderly Care Operators

Management support service for elderly care operators: *Kaipoke* Jul. 2006

Research and information on elderly society : *Korei Shakai Labo* Nov. 2020

Information portal for management of elderly care operators: *Kaigo Keiei.com* Dec. 2020

Overseas

(South Korea) Career related service for nurses: *Nurscape* Sep. 2011

Medical ad services Jan. 2015

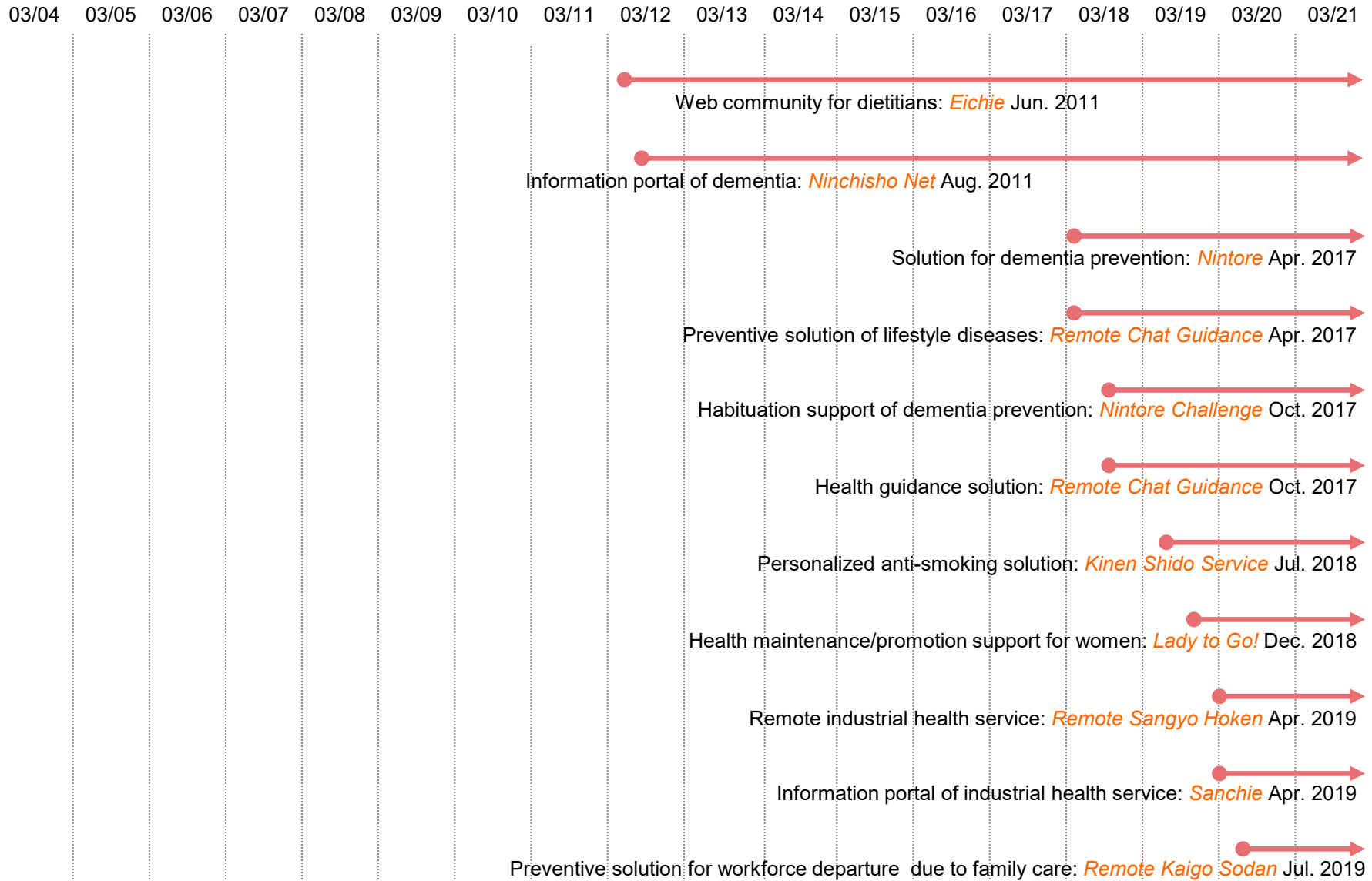
Drug information service for healthcare professionals and institutions: *MIMS* Oct. 2015

Cross-border RAG\*1 for Healthcare Professionals Jun. 2017

# 3 History of Service Launches 4/5



New Business (healthcare)



### 3 History of Service Launches 5/5

New Business (Senior Life)

03/04 03/05 03/06 03/07 03/08 03/09 03/10 03/11 03/12 03/13 03/14 03/15 03/16 03/17 03/18 03/19 03/20 03/21

Web community for care managers: *Care Mane.com* Sep. 2006

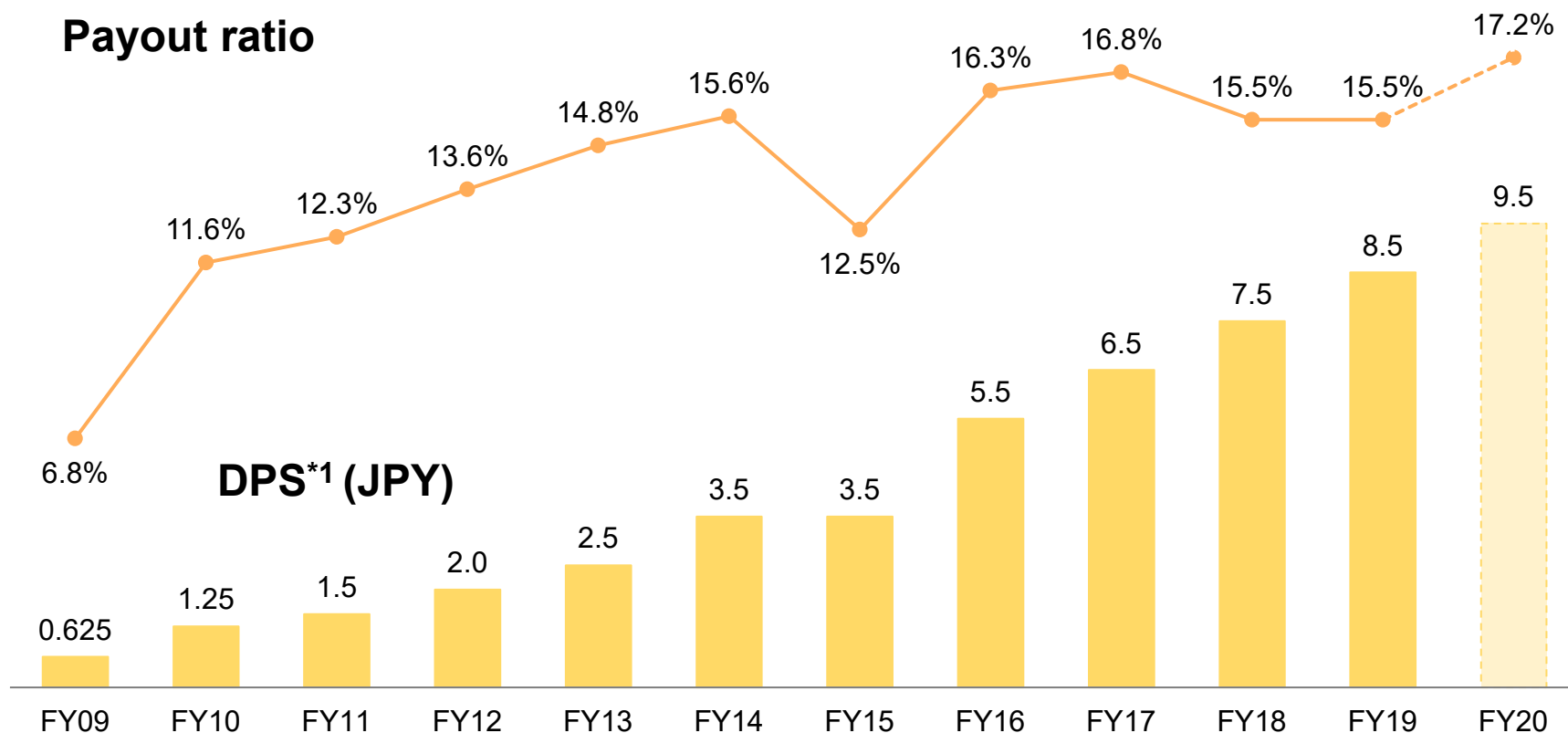
Web community for people caring for their families: *Anshin Kaigo* Jun. 2009

Information portal of housing for the elderly: *Kaigo:DB* Jul. 2006

Home-delivered meal search site: *Lifood* Nov. 2013

Housing renovation operators search site: *Hapisumu* Apr. 2016

Information of funeral companies: *Anshin Sougi* Mar. 2018



\*1. Past stock splits are taken into account for the DPS calculation.

# 3 Historical Financial Results



(JPY million)

	FY03	FY04	FY05	FY06	FY07	FY08	FY09	FY10	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20	
Net Sales	58	383	835	1,545	2,715	5,177	7,172	7,618	8,692	10,181	12,046	15,056	19,069	23,054	26,611	30,836	35,140	35,960	
Operating Income	(5)	52	109	269	426	1,230	1,261	1,480	1,519	1,570	1,730	2,079	2,756	3,646	4,021	4,743	4,935	5,470	
Ordinary Income	(5)	49	108	269	415	1,238	1,266	1,530	1,734	1,990	2,340	2,693	3,509	4,430	5,007	5,979	6,355	6,653	
Net Income	(5)	31	63	157	244	719	717	876	1,004	1,226	1,380	1,824	2,265	2,801	3,361	4,216	4,760	4,800	
EPS*1 (JPY)	(5.8)	1.8	1.5	2.2	3.3	9.2	9.2	11.1	12.2	14.9	16.8	22.4	27.9	33.7	38.7	48.5	54.7	55.1	
Total Assets	59	357	566	1,016	1,806	3,118	3,645	4,672	5,716	6,948	8,406	11,421	41,689	43,231	46,087	47,467	50,996	49,444	
Liabilities	55	166	196	489	822	1,410	1,266	1,430	1,579	1,794	2,331	4,497	28,532	21,648	22,446	31,928	31,597	26,785	
Net Assets	4	190	369	527	983	1,708	2,379	3,242	4,136	5,153	6,074	6,923	13,157	21,583	23,641	15,539	19,398	22,658	
Equity Ratio (%)	7.5	53.3	65.3	51.9	54.4	54.8	65.2	69.2	72.3	74.1	71.5	59.7	20.5	39.6	41.8	32.4	37.7	45.3	
ROE (%)	(124.9)	31.8	22.8	35.1	32.3	53.4	35.1	31.2	27.3	26.4	24.7	28.4	29.5	21.8	18.5	24.4	27.5	23.1	
DPS*1 (JPY)	-	-	-	-	-	0.625	0.625	1.25	1.5	2	2.5	3.5	3.5	5.5	6.5	7.5	8.5	9.5	
Dividend Payout Ratio (%)	-	-	-	-	-	6.8	6.8	11.6	12.3	13.6	14.8	15.6	12.5	16.3	16.8	15.5	15.5	17.2	
TSR*1*2 (%)	-	-	-	-	-	-	-	-	-	-	-	177.1	514.5	1,150.3	1,057.5	682.8	402.3	263.6	317.8

\*1. Past stock splits are taken into account for the EPS, DPS and TSR calculations.

\*2. (Ending share price of the fiscal year + Total dividends paid over 5 years) / Ending share price 5 fiscal years ago



### 3 Number of Employees and Shareholder Composition

#### Number of Employees

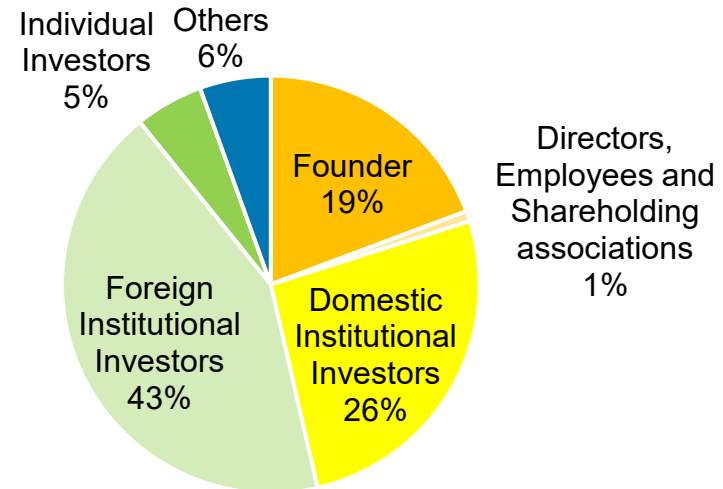
As of March 31, 2021 :

<b>Employees (consolidated)</b>	<b>3,001</b>
Japan	2,163
Overseas	838

#### Shareholder Composition\*1

As of March 31, 2021:

Number of shareholders 7,234



\*1. Pie chart shows the ratio of number of stocks held by each category.

These materials contain forward-looking statements, including estimates, projections, and statements related to the business operations of SMS Co., Ltd. (hereinafter, “the Company”) based on current expectations and assumptions in light of the information available to the Company as of March 31, 2021. These forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties and other factors that may cause the Company’s actual results, performance, achievements or financial position to be materially different from any future results, performance, achievements or financial position expressed or implied by these forward-looking statements. These factors include, but are not limited to:

changes in economic conditions, market demand, and the competitive environment affecting Japan, Asia and other markets in which the Company operates;

- reliance on digital and information technology, including with respect to the handling of elderly care, medical care and other client information and operation of the Company’s online community services;
- inability to effectively execute M&A/business alliance and overseas expansion strategies;
- changes in the laws, regulations and government policies in the markets in which the Company operates, particularly relating to employment placement, elderly care and medical care;
- any damage to the brand image;
- risk of infringing intellectual property rights;
- fluctuations in currency exchange rates, particularly with respect to the value of the Japanese yen, the US dollar, the Singapore dollar, the Hong Kong dollar and the Australian dollar; and
- risk of impairment losses, particularly with respect to goodwill, trademark right and customer-related assets recognized in connection of the acquisition of Medica Asia (Holdco) Limited in October 2015.

A discussion of these and other factors which may affect the Company’s actual results, performance, achievements or financial position is described in “Business Risks” contained in the Company’s corporate website\*1.

We do not intend, and disclaim any duty, to update or revise any forward-looking statements contained in these materials to reflect new information, future events or otherwise. We caution you not to place undue reliance on any forward-looking statements contained in these materials.

\*1. <https://www.bm-sms.co.jp/en/ir/policy/risk/>

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