



October 1, 2020
SMS Co., Ltd.
(Company Code: 2175, TSE 1st Section)
<https://www.bm-sms.co.jp/en/>

<PRESS RELEASE>

Notice of Absorption-Type Merger (Simplified Merger and Short Form Merger) of Wholly-Owned Subsidiaries

SMS Co., Ltd. (the "Company") hereby announces that, on October 1, 2020, its Board of Directors has resolved to merge its wholly-owned subsidiaries, SMS Career Co., Ltd. ("SMSC"), Zweig Co., Ltd. ("Zweig"), and WorkAmbitious Co., Ltd. ("WorkAmbitious") into the Company through an absorption-type merger (the "Merger"), effective as of January 1, 2021. Please note that the disclosed items and details are partially omitted because the Merger is a simplified merger of the Company's wholly-owned subsidiaries.

1. Purpose of the Merger

With the Group mission of "We aim to improve the quality of life by providing information infrastructure for aging society," the Company provides more than 40 services in Elderly Care, Medical Care, Healthcare, and Senior Life domains in Japan and abroad, including career business like recruiting agent, management support platform for elderly care operators (Kaipoke) and drug information service in Asia-Oceania.

Since its establishment, the Company marked rises in sales and profits for 16 consecutive years. To achieve the Group mission, however, we need to continue to grow the existing businesses and develop new businesses for further business expansion.

In advancing the above strategy, the Company believes that it is important to further promote synergies among businesses within the SMS Group, while strengthening its business foundation and pursuing greater efficiency by consolidating management resources. Therefore, the Company decided on the Merger of three subsidiaries (SMSC, Zweig, and WorkAmbitious) that provide career-related services in the Elderly Care and Medical Care domains, into the Company.

2. Summary of the Merger

(1) Timeline

Merger resolution by the Board of Directors:	October 1, 2020
Date of the Merger agreement:	October 1, 2020
Date of the Merger (the effective date):	January 1, 2021 (planned)

(Note 1) According to simplified merger rules in Company Law article 796 clause 2, the Company

is proceeding with the Merger without receiving approval at the General Shareholders Meeting.

(Note 2) According to short form merger rules in Company Law article 784 clause 1, SMSC, Zweig, and WorkAmbitious are proceeding with the Merger without receiving approval at the General Shareholders Meeting of each company.

(2) Merger method

The Company will be the surviving company under absorption-type merger. SMSC, Zweig, and WorkAmbitious will be dissolved.

(3) Details of allotment related to the Merger

Since this will be a merger of wholly-owned subsidiaries, there will be no issuance of new shares, no increase in shareholders' equity, and no payment for the Merger.

(4) Treatment of stock acquisition rights and bonds with stock acquisition rights of the absorbed companies

Not applicable.

3. Overview of the companies involved in the Merger

(1) Surviving company (as of March 31, 2020)

① Company name	SMS Co., Ltd.	
② Address	2-11-1, Shibakoen, Minato-ku, Tokyo	
③ Representative	Natsuki Goto, Representative Director & CEO	
④ Main business	Recruiting agent, recruiting advertisement, management support platform	
⑤ Capital	2,246 million yen	
⑥ Founded	April 4, 2003	
⑦ Shares outstanding	87,057,600 shares	
⑧ Fiscal year-end	March 31	
⑨ Major shareholders and percentage of shares held	MORO, LLC	18.06%
	Japan Trustee Services Bank, Ltd. (Trust Account)	7.97%
	The Master Trust Bank of Japan, Ltd. (Trust Account)	7.28%
	AS ONE Corporation	2.76%
	The Dai-ichi Life Insurance Company, Limited	2.71%
⑩ Latest FY financial position and results of operation (consolidated) (Fiscal year ended March, 2020)		
Total equity (Net assets)	19,398 million yen	
Total assets	50,996 million yen	

Net assets per share	220.86 yen
Net sales	35,140 million yen
Operating income	4,935 million yen
Ordinary income	6,355 million yen
Net income attributable to owners of the parent (Net income)	4,760 million yen
Net income per share	54.69 yen

(2) Dissolving companies (as of March 31, 2020)

① Company name	SMS Career Co., Ltd.	Zweig Co., Ltd.	WorkAmbitious Co., Ltd.
② Address	2-11-1, Shibakoen, Minato-ku, Tokyo	1-2-13, Kitasaiwai, Nishi-ku, Yokohama-shi, Kanagawa	2-1-23, Sonezaki Shinchi, Kita-ku, Osaka-shi, Osaka
③ Representative	Toshihito Nagai, Representative Director & President	Yuichiro Shiozaki, Representative Director & President	Yuichiro Shiozaki, Representative Director & President
④ Main business	Recruiting agent, recruiting advertisement	Qualification school	Qualification school
⑤ Capital	100 million yen	10 million yen	6 million yen
⑥ Founded	January 5, 2015	July 17, 2003	February 24, 2009
⑦ Shares outstanding	20,000 shares	300 shares	120 shares
⑧ Fiscal year-end	March 31	March 31	March 31
⑨ Major shareholders and percentage of shares held	SMS Co., Ltd. 100%	SMS Co., Ltd. 100%	SMS Co., Ltd. 100%
⑩ Latest FY financial position and results of operation (Fiscal year ended March, 2020)			
Total equity (Net assets)	4,383 million yen	75 million yen	35 million yen
Total assets	7,688 million yen	110 million yen	78 million yen

Net assets per share	219,190.78 yen	252,391.23 yen	292,293.81 yen
Net sales	21,023 million yen	103 million yen	172 million yen
Operating income	4,769 million yen	76 million yen	56 million yen
Ordinary income	4,779 million yen	76 million yen	55 million yen
Net income	3,287 million yen	50 million yen	35 million yen
Net income per share	164,378.30 yen	168,437.48 yen	296,512.23 yen

4. Post-merger details

The Merger will cause no change in the name or address of the Company, the title, position or name of its representative, or its main business, capital or fiscal year-end.

5. Impact on business performance

The Merger is a merger between the Company and its consolidated subsidiaries and therefore it will not affect the Company's consolidated earnings.

(Reference) Consolidated earnings forecast for the current fiscal year (announced on April 30, 2020) and actual results for the previous fiscal year

(million yen)

	Net sales	Operating income	Ordinary income	Net income
Forecast for FY Ending March, 2021	37,436	5,028	6,459	4,785
Results for FY Ended March, 2020	35,140	4,935	6,355	4,760