

SMS Co., Ltd.

(Securities Code: 2175/TSE 1st section)

Presentation Material for Investors

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

April 28, 2021



1

FY03/21 Consolidated Financial Results

P3-P7

2

FY03/22 Forecast

P9-P14

1

FY03/21 Consolidated Financial Results

P3-P7

2

FY03/22 Forecast

P9-P14

- ✓ Achieved growth in both sales and profits for the 17th 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
Elderly Care Career	10,618	10,950	+ 3%
Medical Care Career	13,218	12,716	(4%)
Total	23,837	23,666	(1%)

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
Elderly Care Operators (Kaipoke)	4,894	5,918	+ 21%

Highlights

- The number of Kaipoke memberships increased steadily.
 - 31,100 service offices (21,250 locations*¹) 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
Overseas	5,276	5,147	(2%)

Highlights

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

*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^{*1} ^{*2}, 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"> • The negative impact on the results was greater than expected. • The RAG^{*3} matching activities have been slowly recovering after the COVID-19 impact peaked in May and June 2020. 	Elderly Care: Actual: (1,300) Forecast: (600) Medical Care: Actual: (1,400) Forecast: (800)
Kaipoke	<ul style="list-style-type: none"> • Actual impact was limited. 	Actual: -- Forecast: (100)
Overseas	<ul style="list-style-type: none"> • 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^{*4} and other digital services outweighed the negative impact. • The impact of travel restrictions remained in Q4, affecting Global Career Business more negatively than expected. 	Actual: (1,500) Forecast: (1,400)
New Businesses	<ul style="list-style-type: none"> • As expected 	Actual: (200) Forecast: (200)
		Total: 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

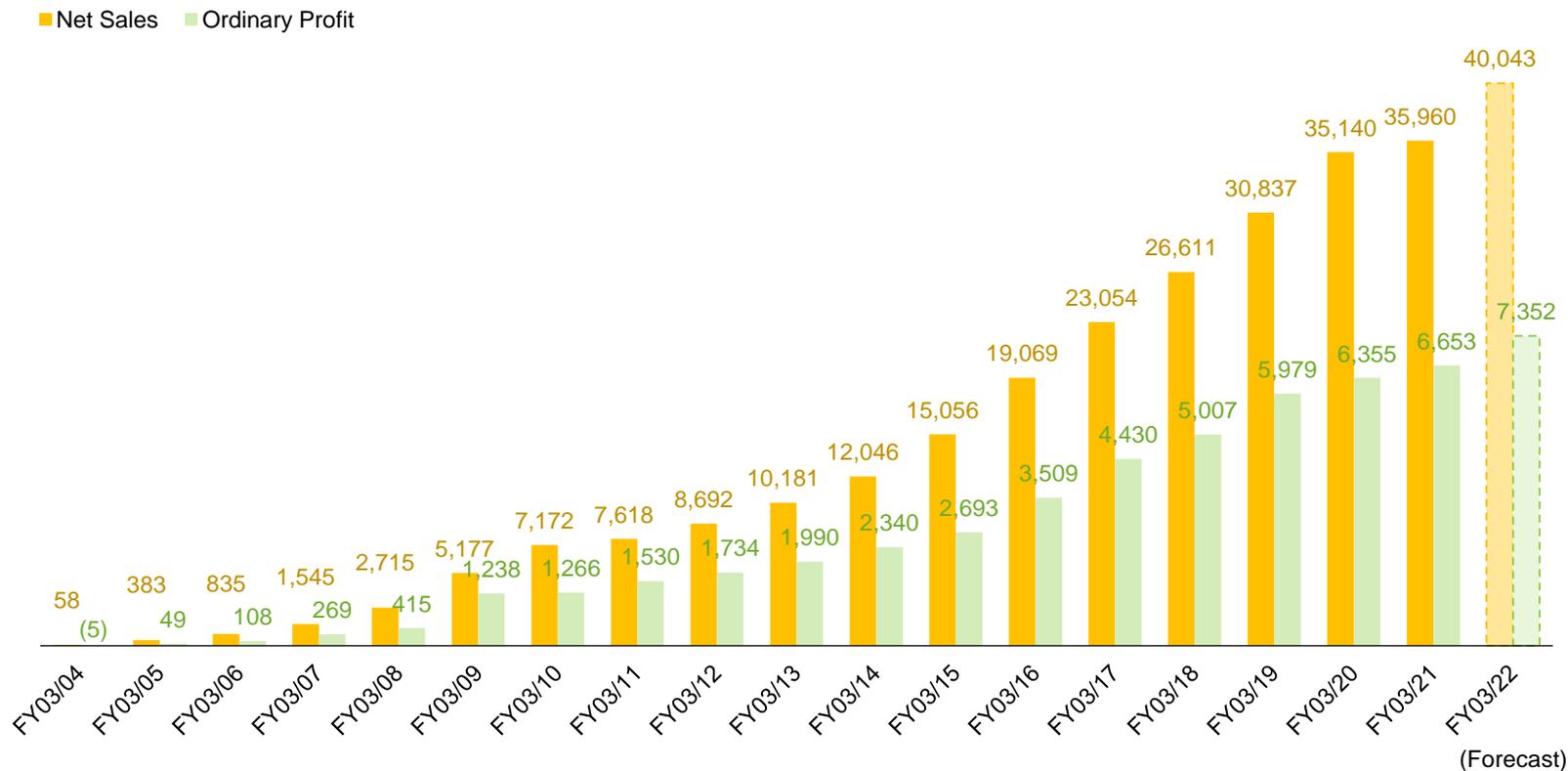
- ✓ Expect double-digit growth in both sales and profits.
- ✓ Gradually restart investment in hiring and other strategic areas in order to boost the growth rate from FY03/23 onwards, while assuming that the COVID-19 impact on domestic and global career business continues in FY03/22.

Consolidated P/L Statement [JPY million]

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

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

Trends in net sales and ordinary income [JPY million]



YoY Comparison of Sales [JPY million]

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

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
Overseas	5,147	6,596	+28%

Highlights

- Long-term growth potential is huge, with the growing healthcare market in Asia and the increasing demand for HCPs*¹ across the globe.
- Expect significant growth of medical marketing business*², 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. Former “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.