



# **SMS Co., Ltd. (2175 TSE Prime Market)**

## **Earnings Presentation for Investors, Q1 FY03/2025**

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July 26, 2024

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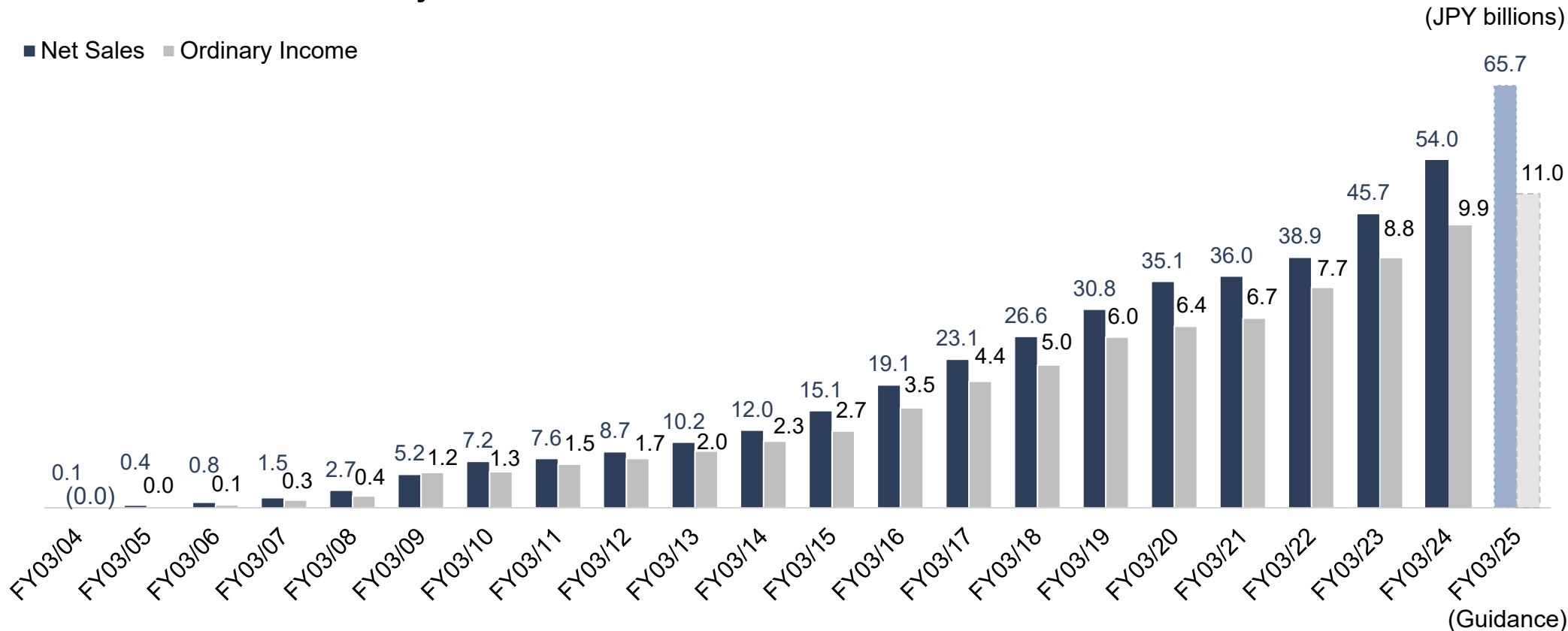
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# 01 **Q1 FY03/2025 Consolidated Financial Results**

# Historical Financial Results and FY03/25 Guidance

Expect to achieve growth in both sales and profits for the 21st consecutive year since our establishment.

## Trends in net sales and ordinary income



# FY03/25 Consolidated Financial Results (Q1)

- Sales increased and profits decreased YoY as originally planned due to the intensive hiring of career partners in April and increased investments in advertising, etc.
- Expect to achieve growth from Q2, as career partners start to contribute to the matching activities and the effects of the investment gradually materialize.

## Q1 FY03/25 [JPY million]

	Q1 FY03/24 Actual	Q1 FY03/25 Actual	YoY Change
Net Sales	15,194	17,426	+15%
Operating Income	3,729	3,000	(20%)
Ordinary Income	4,609	4,114	(11%)
Net Income	3,389	3,163	(7%)

# FY03/25 Career Segment (Q1)

- Grew steadily with strong demand for hiring professionals by medical/elderly care business operators.
- Successfully recruited the majority of the full-year career partner hiring target, mainly in April as originally planned. On the other hand, the temporary burden of onboarding new career partners impacted the operations of existing career partners, resulting in limited sales growth in Q1 as originally estimated.
- Expect to improve growth rate from Q2, as career partners start to contribute to the matching activities and the effects of the investment gradually materialize.

Sales, Q1 FY03/25 [JPY million]

	Q1 FY03/24 Actual	Q1 FY03/25 Actual	YoY Change
Elderly Care Career	4,608	5,526	+20%
Medical Care Career	6,205	6,630	+7%
Total	10,813	12,157	+12%

# FY03/25 Elderly/Disability Care Operators Segment (Kaipoke, Q1)

- The number of Kaipoke memberships increased steadily.
  - 51,950 service offices (29,900 locations)\*<sup>1</sup> as of July 1, 2024
  - Q1 membership increase: 1,550 service offices (750 locations)
- Sales of optional add-ons such as additional tablets and smartphones increased.
- M&A matching business also expanded significantly, contributing to accelerated growth YoY.

Sales, Q1 FY03/25 [JPY million]

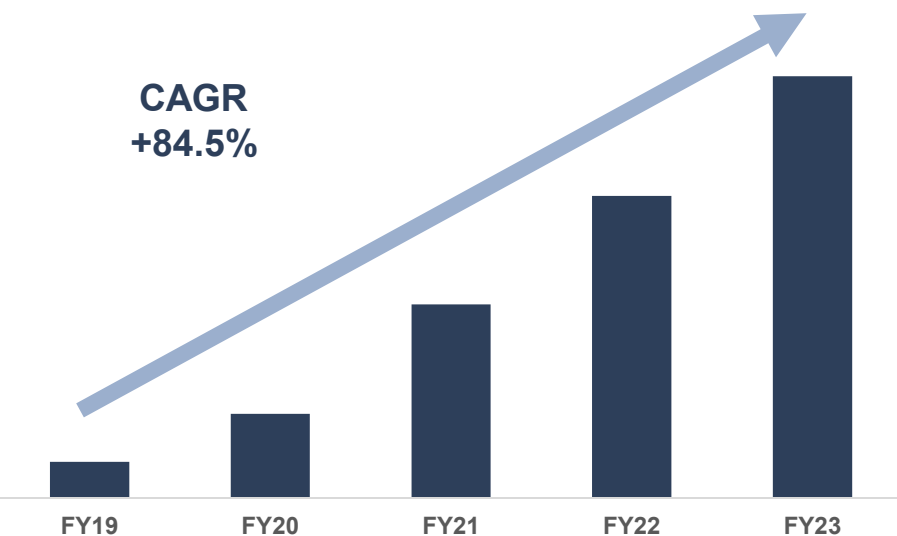
	Q1 FY03/24 Actual	Q1 FY03/25 Actual	YoY Change
Elderly/Disability Care Operators (Kaipoke)	2,277	2,824	+24%

1. # of service offices: the number of elderly care services / welfare services for persons with disabilities provided based on the public insurance scheme  
 # of locations: the number of service office locations  
 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.

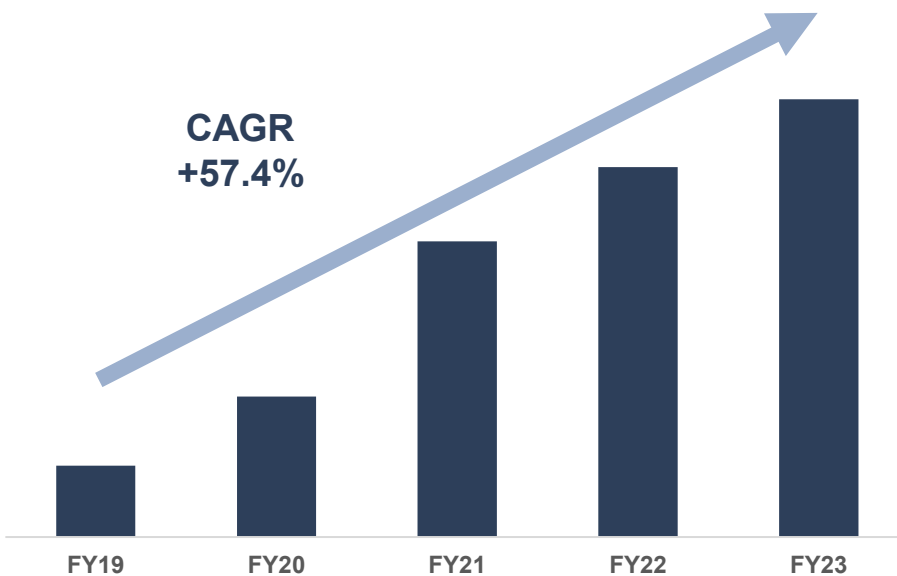
# Supplementary Info: M&A Matching Business

- Started M & A matching services to support business succession of elderly care operators in 2019.
- M&A activity has been increasing in recent years driven by the growing needs for
  - Business succession due to business selection and concentration, lack of successors, etc.
  - Acquisitions to expand market share, enter elderly care business, and secure human resources, etc.
- The expansion of our workforce in FY03/24 is accelerating the revenue growth.

Cumulative status of seller-side consultations



Cumulative status of buyer-side registrations





# FY03/25 Overseas Segment (Q1\*1)

- **Medical Platform Business** grew steadily with the progress in delivering non-digital services such as on-site events.
- **Global Career Business** grew steadily driven by the increasing domestic/cross-border introductions of HCPs \*2 in the countries where we have already operated.

Sales, Q1 FY03/25 [JPY million]

	Q1 FY03/24 Actual	Q1 FY03/25 Actual	YoY Change
Overseas	1,511	1,713	+13%

1. Income statement of MIMS group is consolidated with a three-month delay and the Q1 results are for January to March. (Please refer to p.83)  
 2. Healthcare professionals

# Topic: Share Repurchase Program

Plan to repurchase shares (up to 2 billion yen / 995,500 shares) in order to enable flexible implementation of capital policies in response to changes in the business environment.

## Overview of Share Repurchase announced on July 26, 2024

Total number of shares to be repurchased	995,500 shares <sup>*1, 2</sup> (1.16% of total shares outstanding <sup>*3</sup> )
Aggregate repurchase price	2 billion yen <sup>*1</sup>
Repurchase period	From July 29, 2024 to September 30, 2024
Repurchase method	Market purchase based on a discretionary trading agreement

1. Maximum
2. The total number of shares to be repurchased is calculated based on the aggregate repurchase price of 2 billion yen and the closing price (2,009 yen) on July 25, 2024, which is one business day before the Board resolution, and the number of shares less than one unit is rounded down.
3. Excluding treasury shares

# 02 **References**

# **Mission and Strategy**

# Mission

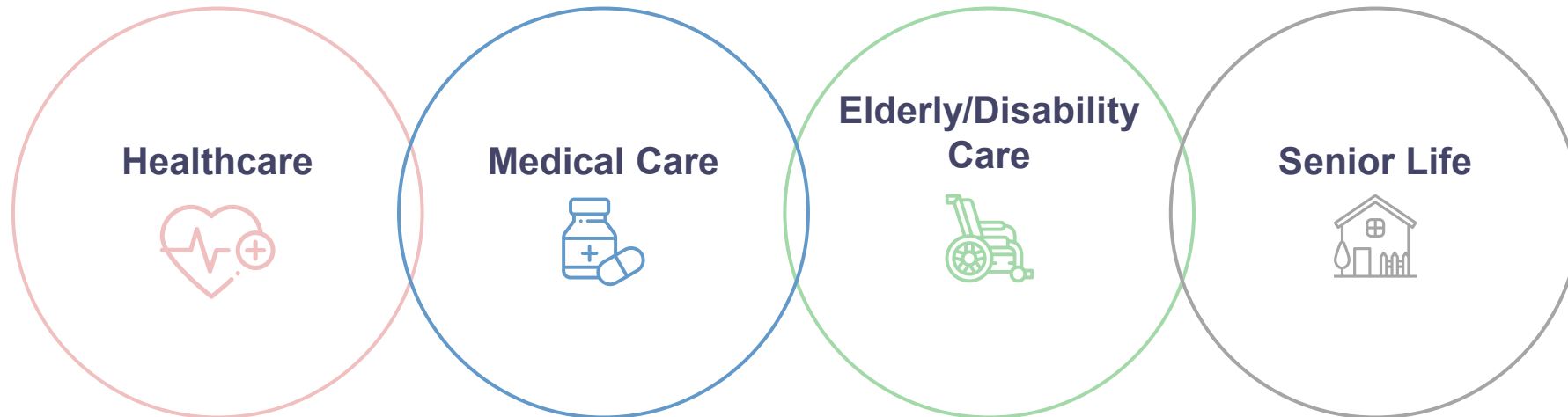
## Group Mission

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**We aim to improve people's quality of life  
by providing information infrastructure  
for an aging society.**

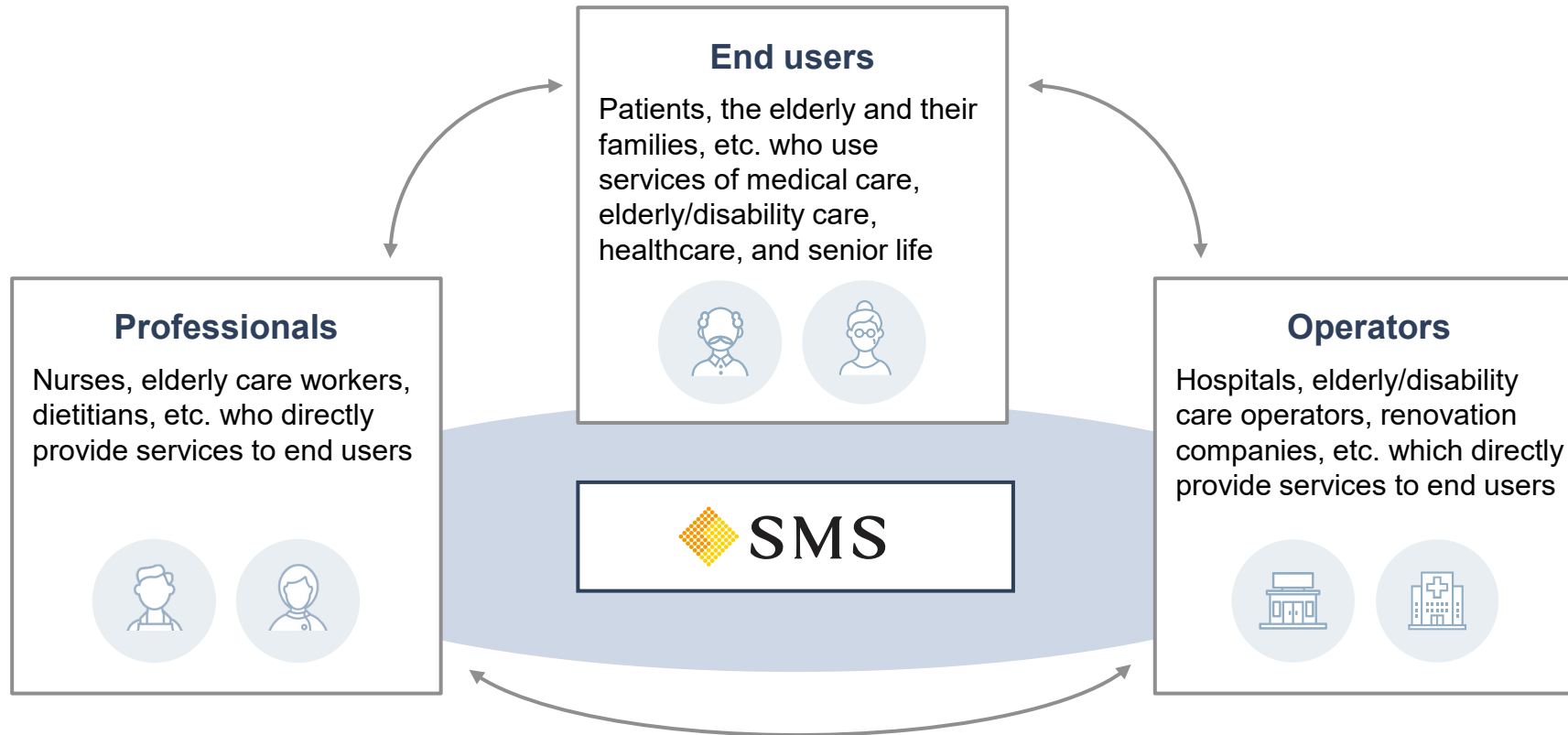
# Aging Society

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



# Information Infrastructure








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





# Business Areas

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

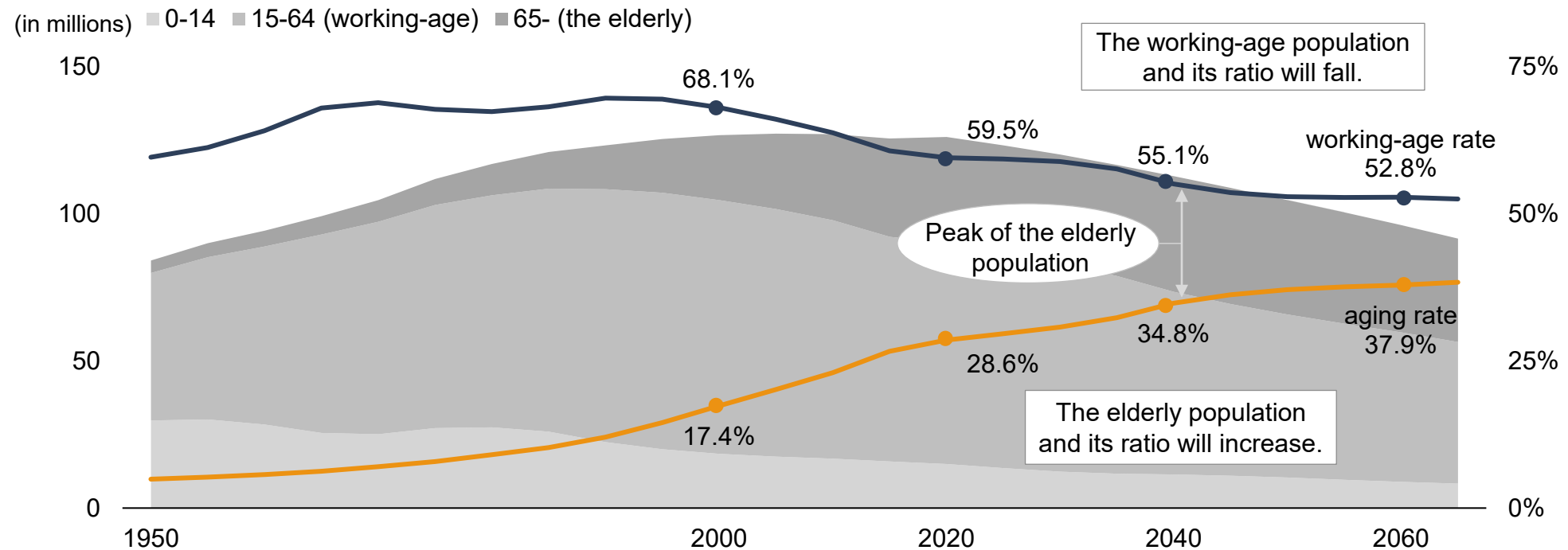
	Healthcare 	Medical Care 	Elderly/Disability Care 	Senior Life 
Professionals 				
Operators 		Business Areas		
End users 				

# **Issues in an Aging Society and Our Solutions**

# An Unprecedented Era of Low Birth Rate, Aging and Population Decline

- We are facing rapid aging and population decline simultaneously in Japan.
- The aging rate is expected to reach approximately 35% by 2040 when the elderly population approaches its peak.
- The working-age population is declining, and its ratio will drop to nearly 55% by 2040.

## Population trends in Japan\*1



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

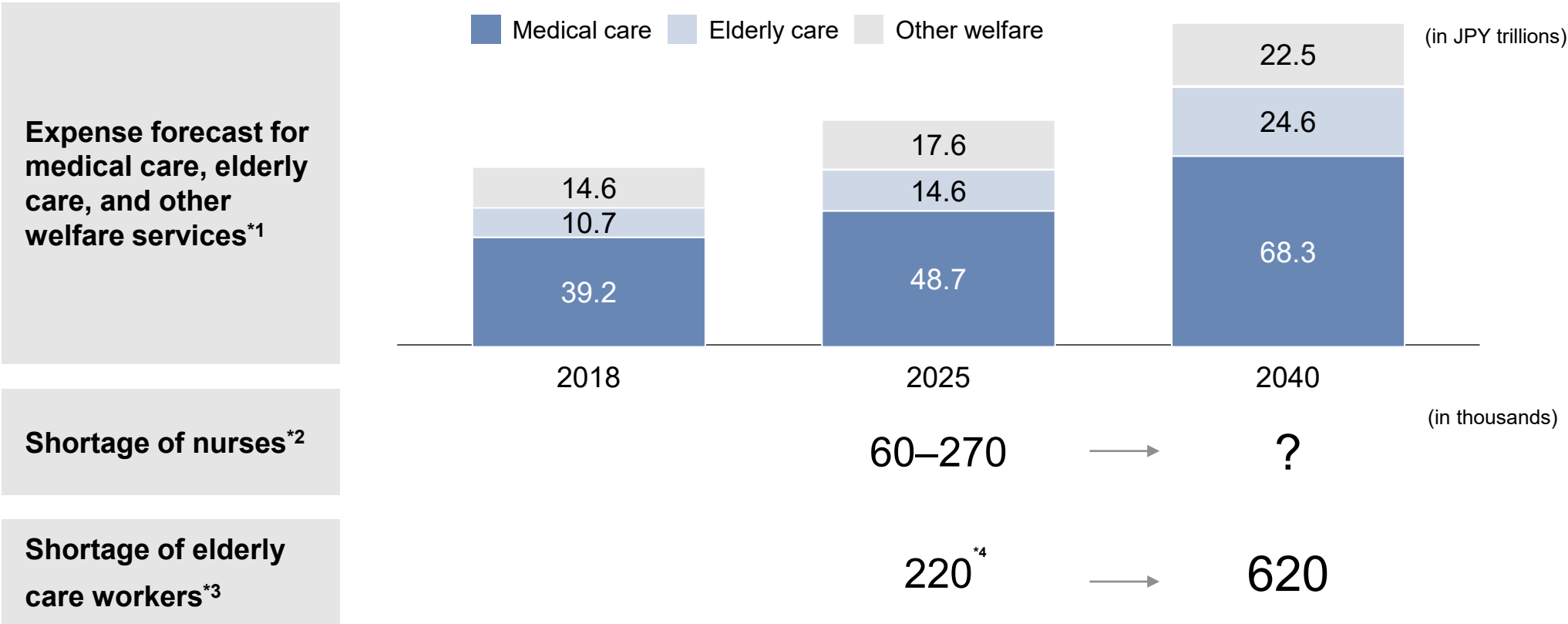
# Three Critical Issues Faced by an Aging Society

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

Issue 1	Difficulty in sustaining high-quality medical care and elderly/disability care services
Issue 2	More severe burden on the working generation
Issue 3	Difficulty in solving problems related to living in an aging society

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

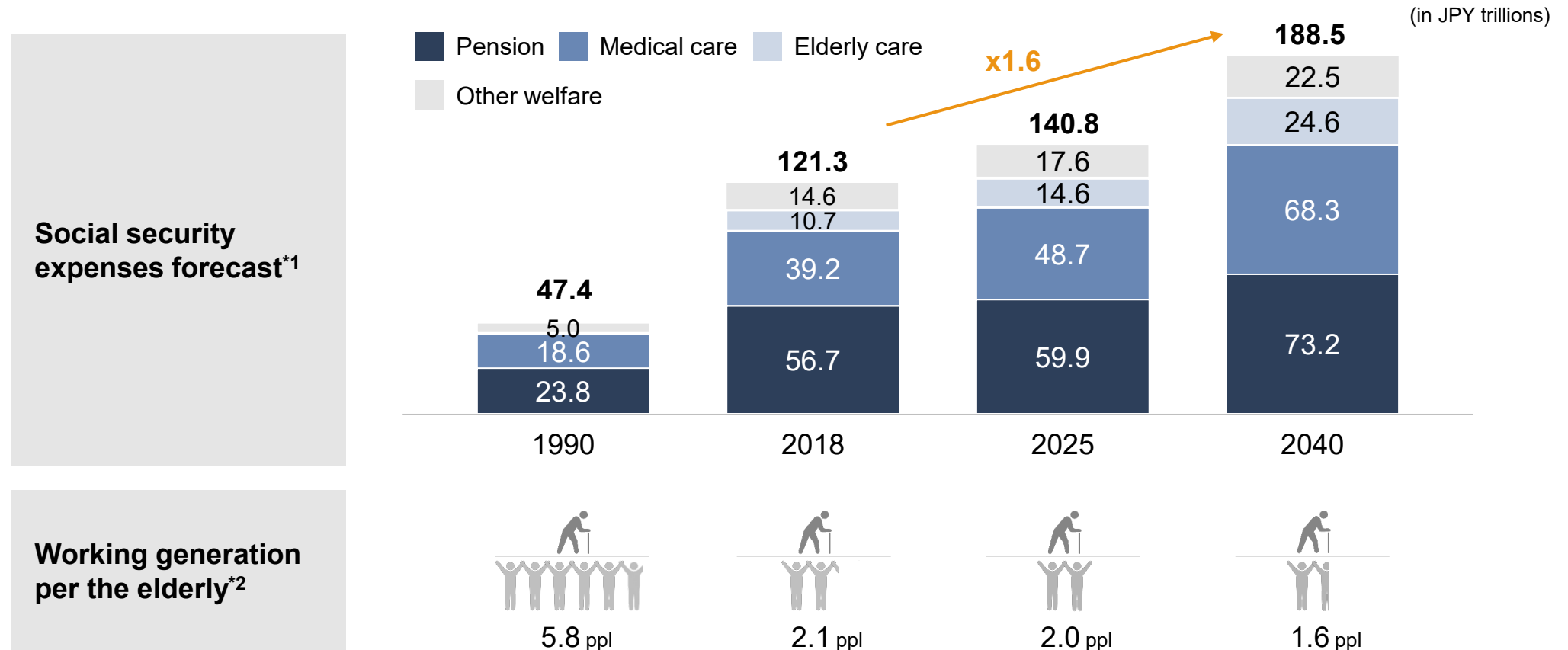
While the demand for medical care and elderly/disability care services is increasing due to the population aging, a growing shortage of medical care and elderly care professionals is making it difficult to sustain high-quality medical care and elderly/disability care services.



1. Cabinet Secretariat, CAO, MOF, MHLW, "Future outlook for social security in 2040"  
 2. MHLW, "Subcommittee on supply and demand of nursing staff, study group on supply and demand of medical care workers"  
 3. MHLW, "Required number of elderly care staff based on the 9th plan for long-term care insurance"  
 4. Number of shortages as of 2026

## Issue 2: More 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, elderly care, and other welfare services, as well as the declining working-age population who cover these expenses.

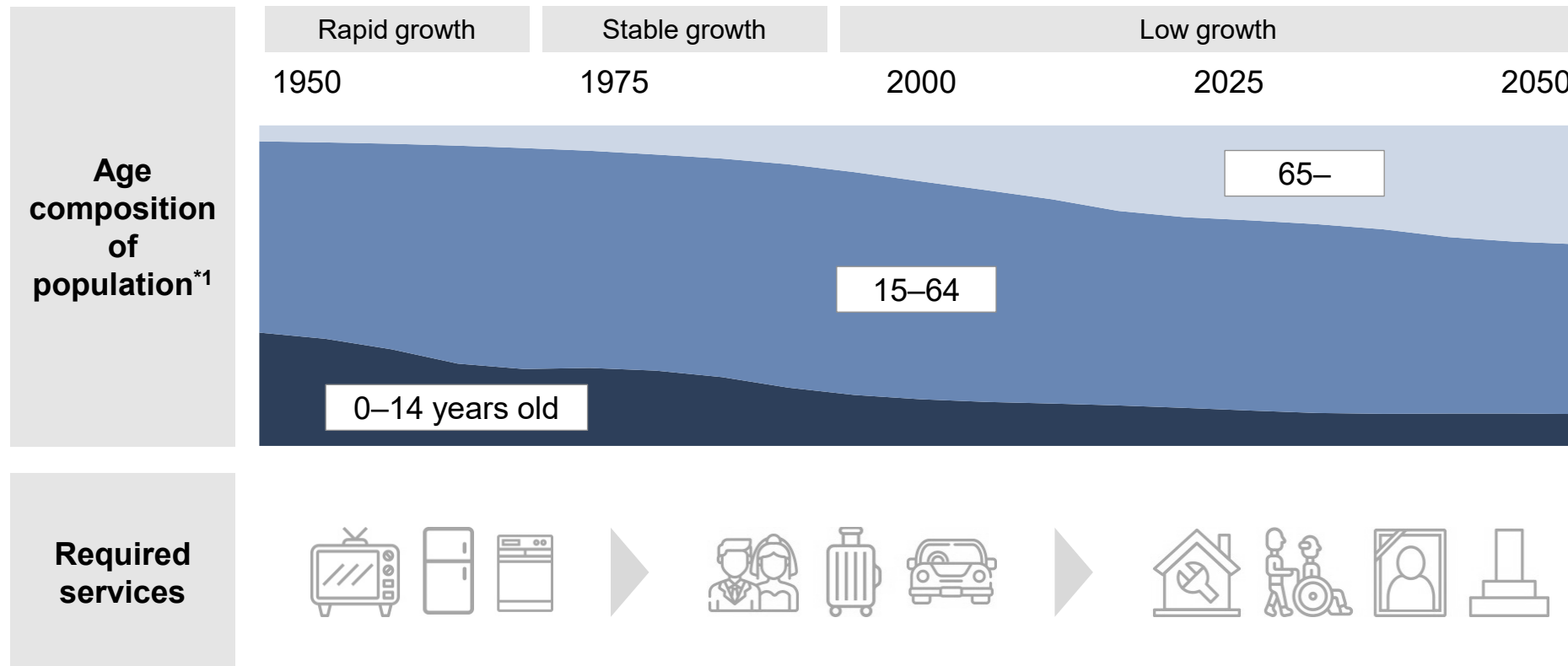


1. MHLW, "Trends in Social Security Benefits", Cabinet Secretariat, CAO, MOF, MHLW, "Future outlook for social security in 2040"

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

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

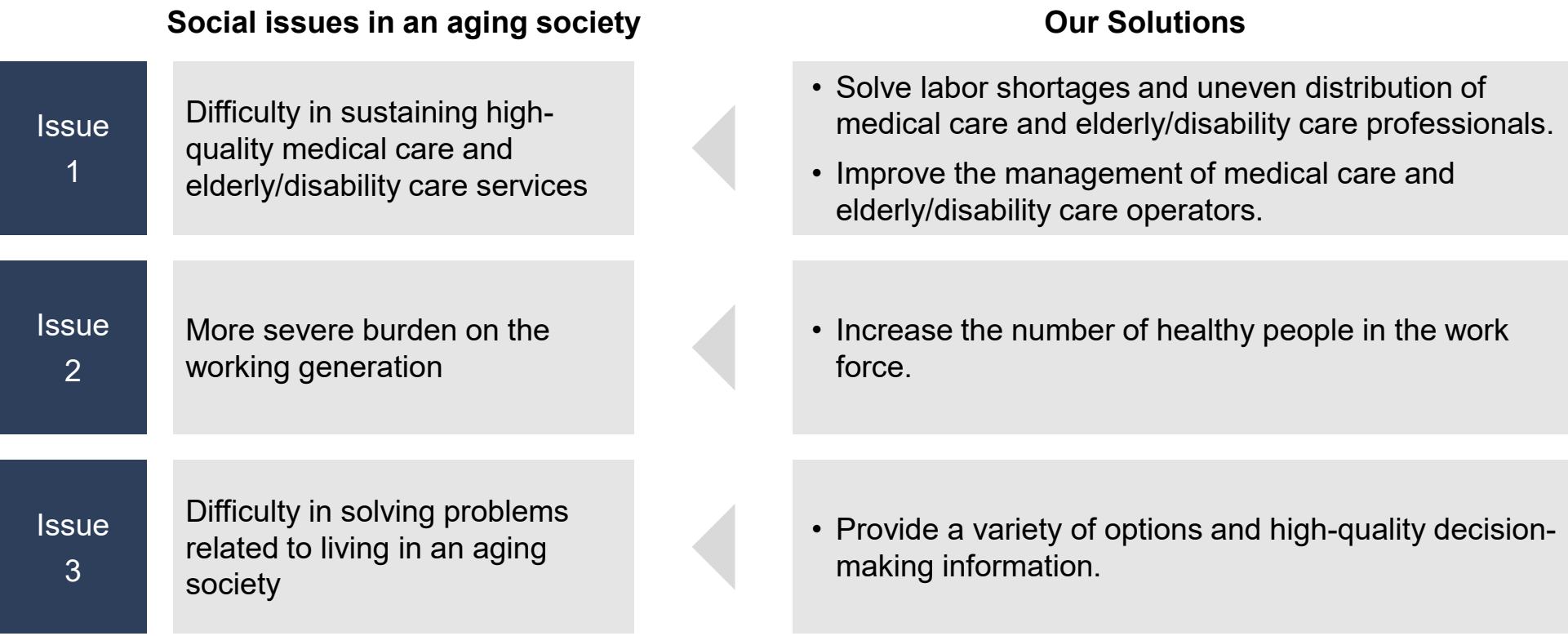
- While services required in society are changing and expanding with the population aging, information related to living in an aging society is insufficient in terms of quality and quantity, and the future labor shortage will result in an inability to adequately supply such services.
- The elderly and their families will have difficulties in solving life-related problems in an aging society.



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

# Our Solutions for Issues in an Aging Society








Address the social issues in an aging society by establishing specific solutions targeting each social issue and building information infrastructure.





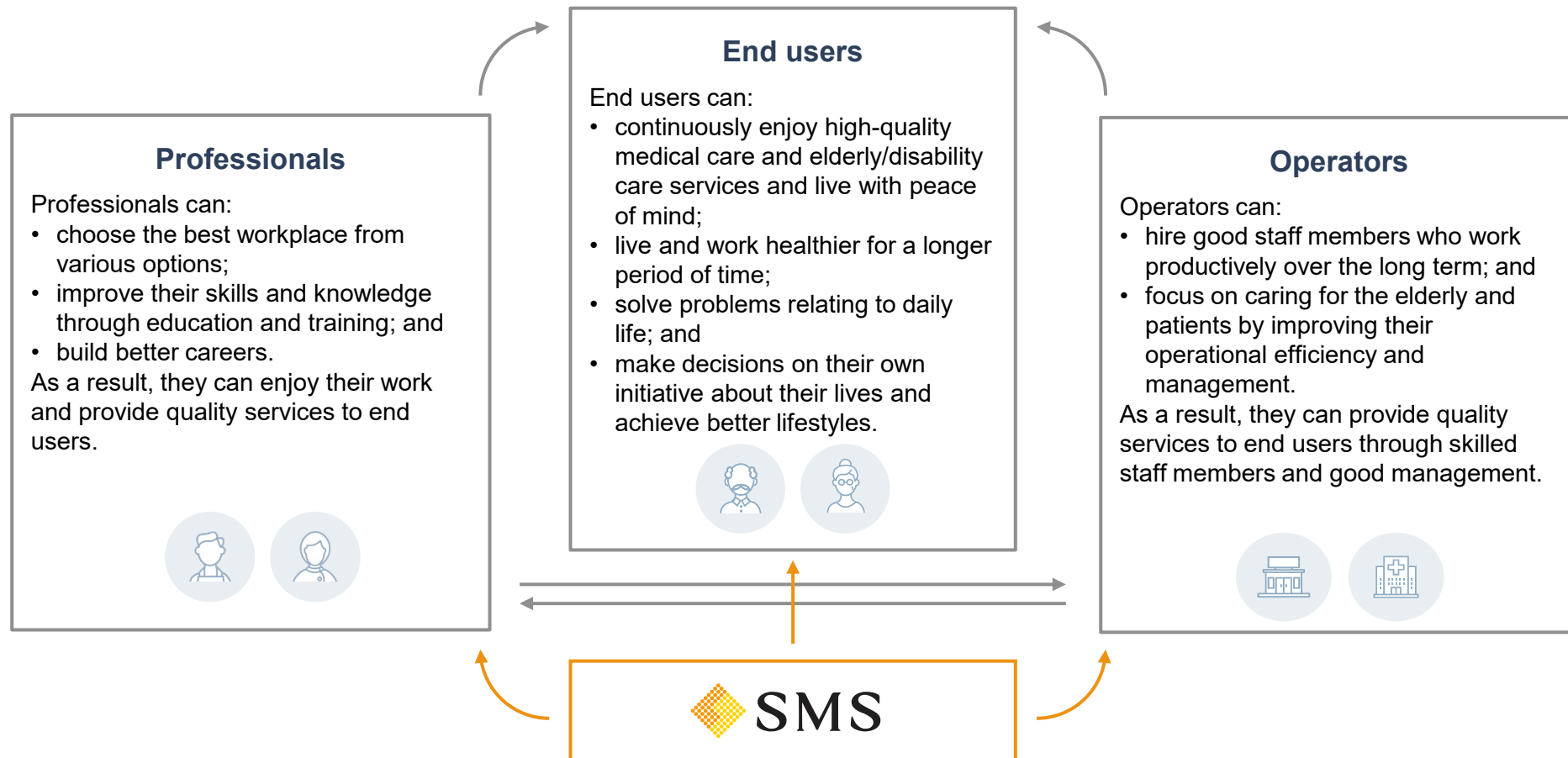
# Strategic Business Areas

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

	Healthcare 	Medical Care 	Elderly/Disability Care 	Senior Life 
Professionals 	Healthcare Business Issue 2	Career Business Issue 1		Senior Life Business Issue 3
Operators 		Elderly/Disability Care Operators Business Issue 1		
End users 				

# Realization of the Group Mission

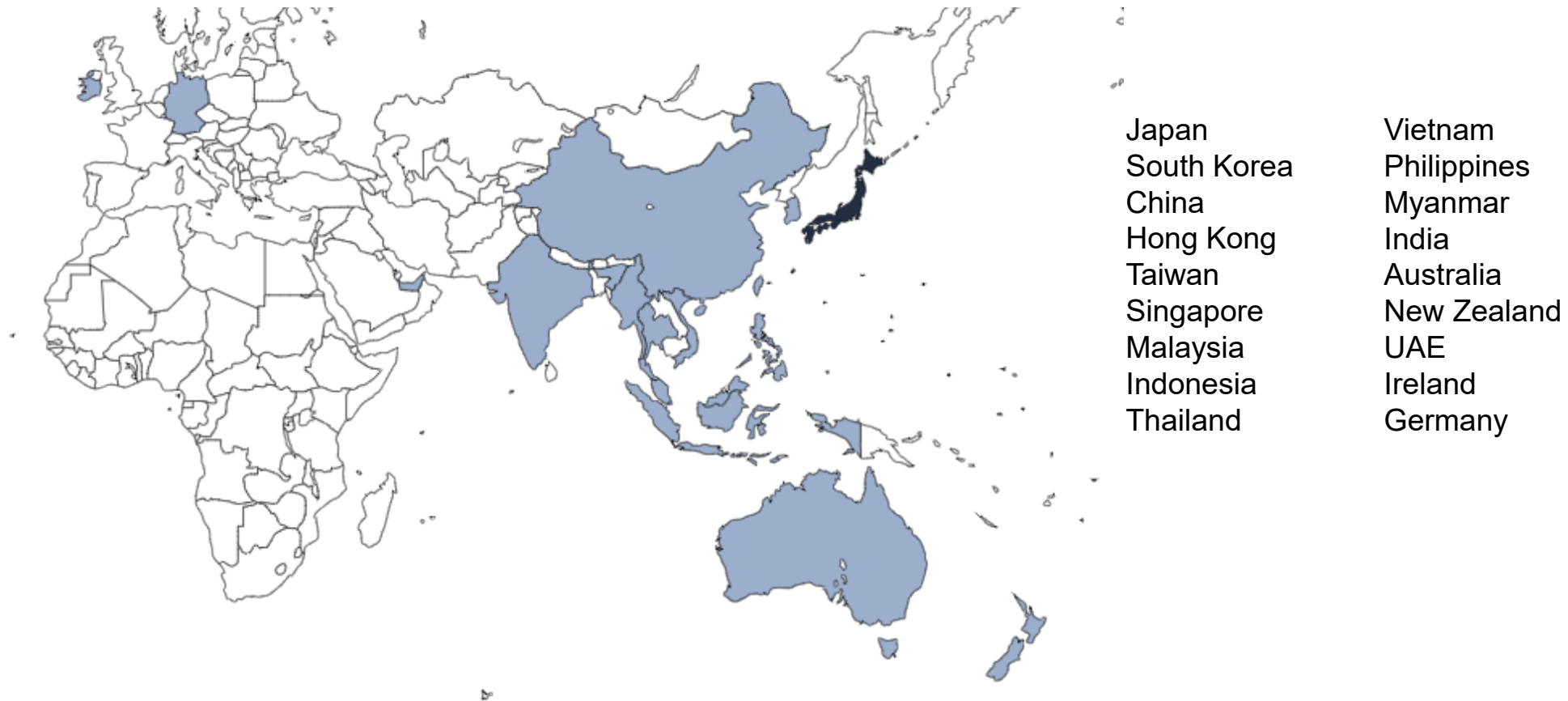
Contribute to improving people's quality of life in an aging society by building information infrastructure and providing value to end users, professionals, and operators.



# Growth Track

# Location

- Started our business in Japan in 2003 and have accelerated our overseas expansion since the acquisition of MIMS group in 2015.
- Have offices in 18 countries and regions, mainly in Japan and APAC.



# Business Portfolio

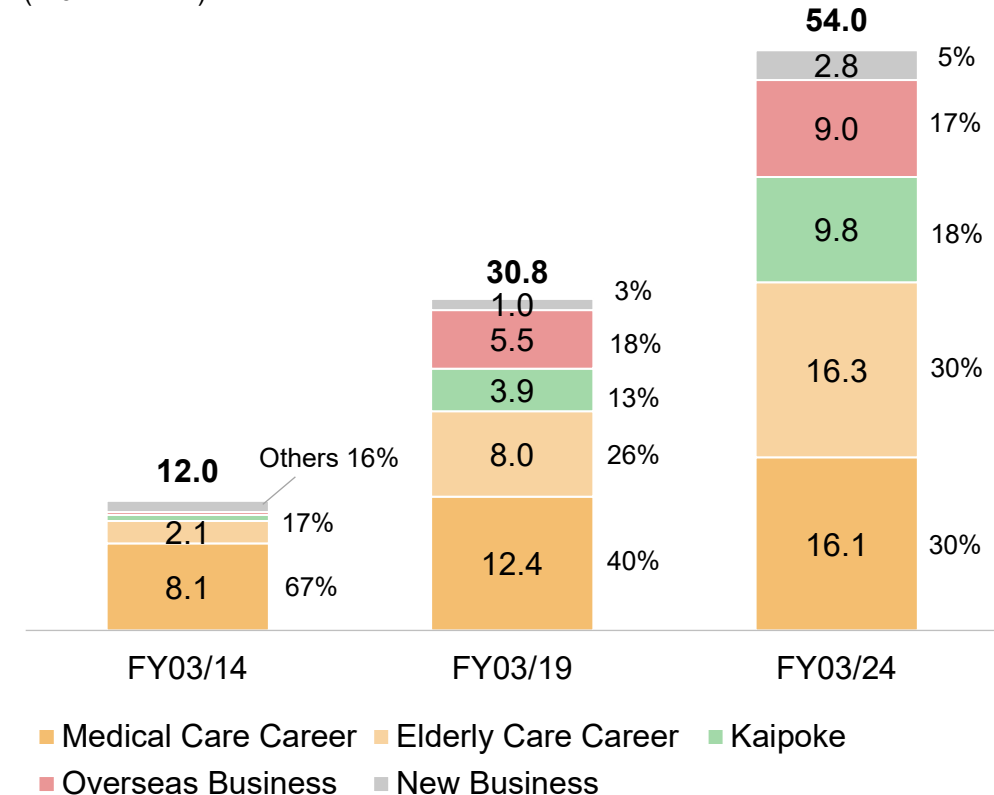
- Medical Care Career has been driving our growth since our establishment.
- Elderly Care Career, Kaipoke and Overseas business are growing as the new pillars of our business portfolio.

## Business Areas

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

## Breakdown of Net Sales

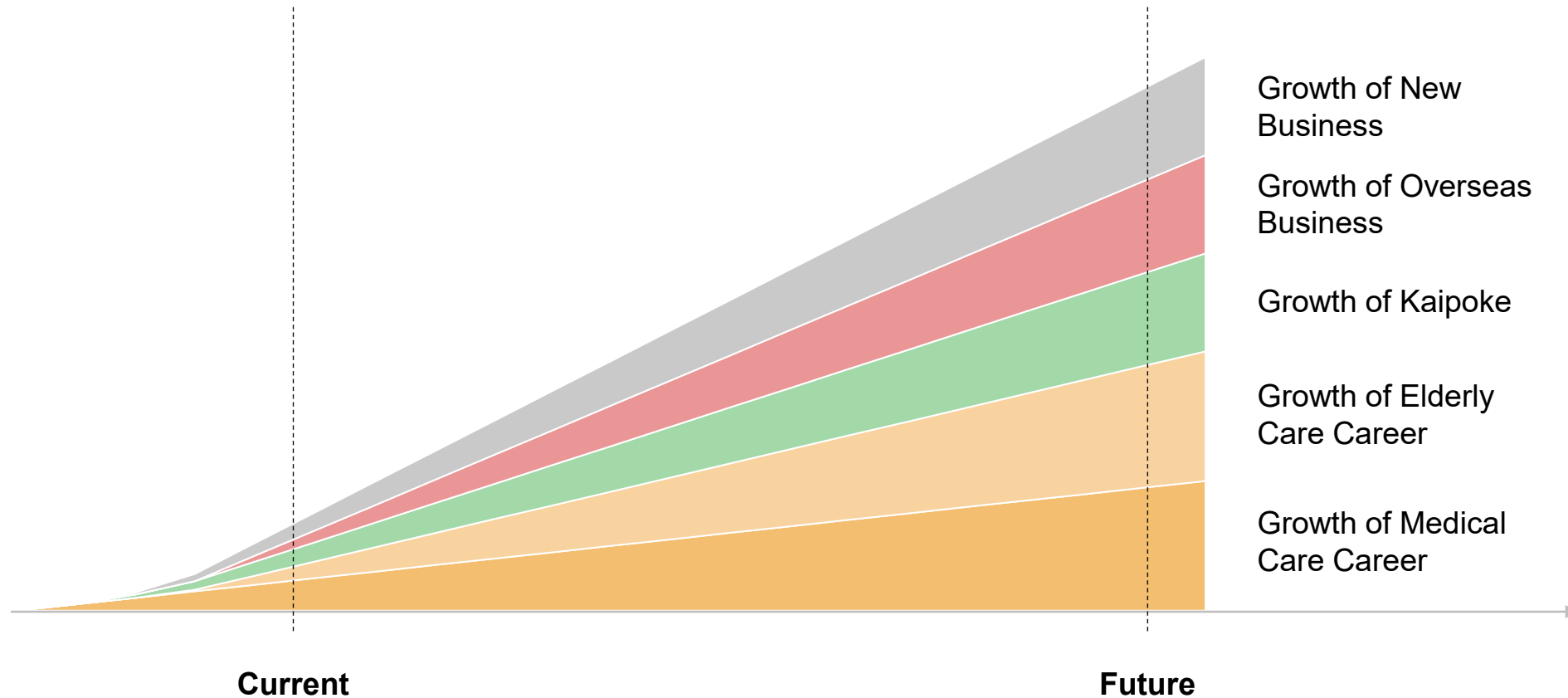
(in JPY billions)



1. Healthcare professionals

# Growth Scenario

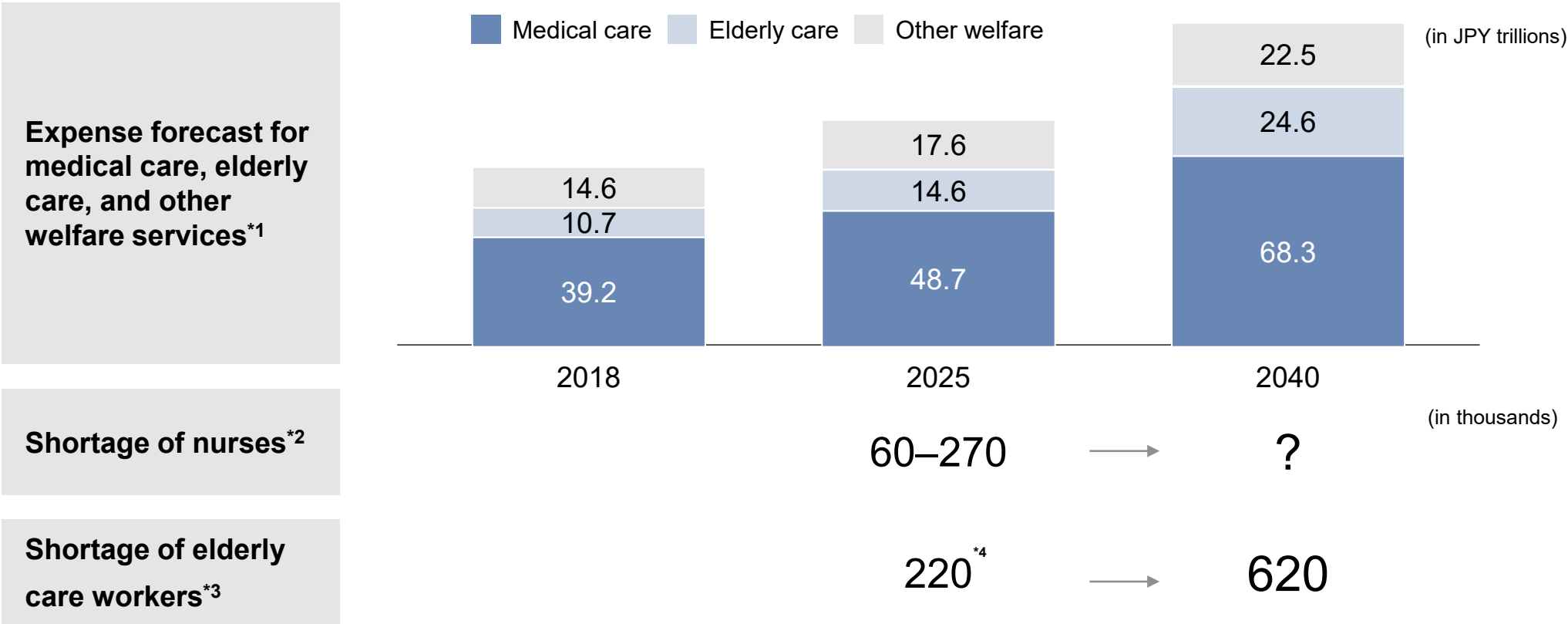
- On top of the solid expansion of Career Business, we accelerate the growth of Kaipoke and Overseas Business.
- Actively develop new businesses, mainly in healthcare and senior life domains, to create next pillars of our businesses, which will further drive our long-term growth.



# Career Strategy

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

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

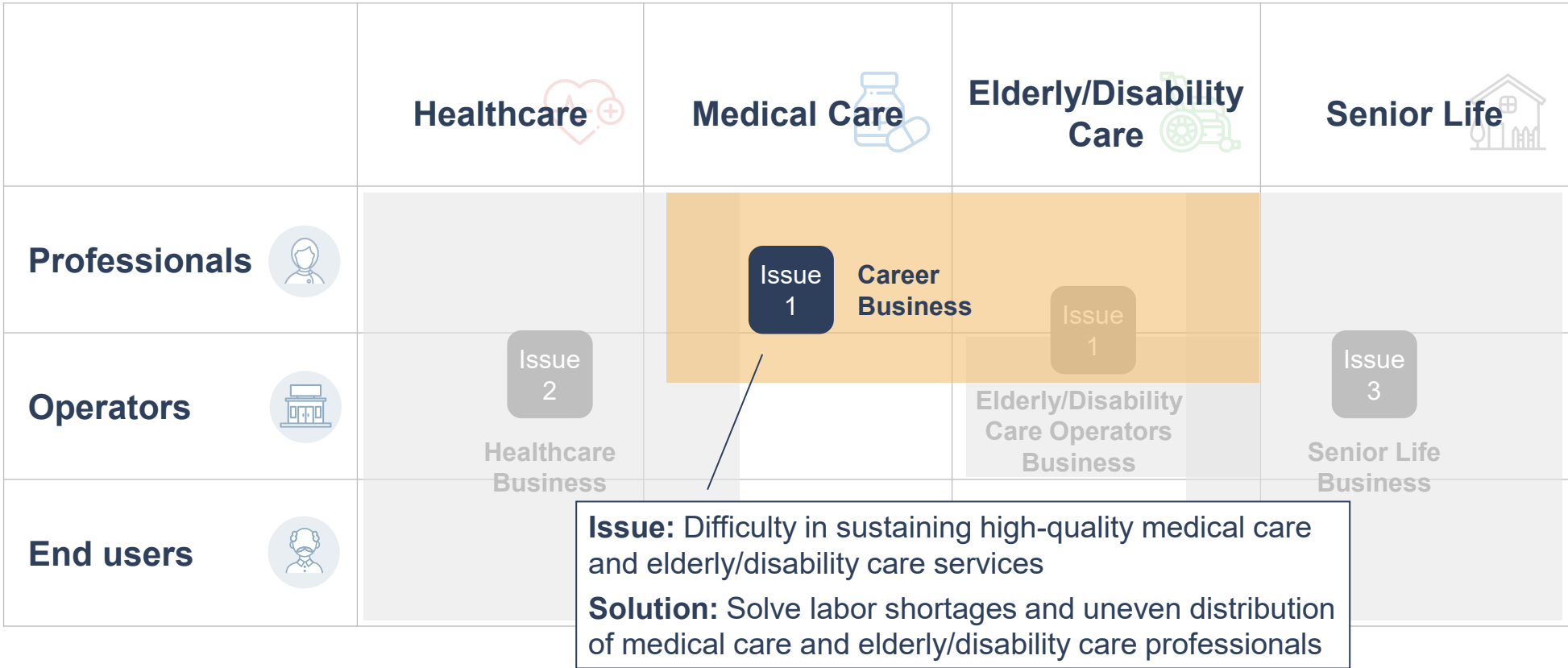


1. Cabinet Secretariat, CAO, MOF, MHLW, "Future outlook for social security in 2040"  
 2. MHLW, "Subcommittee on supply and demand of nursing staff, study group on supply and demand of medical care workers"  
 3. MHLW, "Required number of elderly care staff based on the 9th plan for long-term care insurance"  
 4. Number of shortages as of 2026



# Solution for Issue 1 in Career Business

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

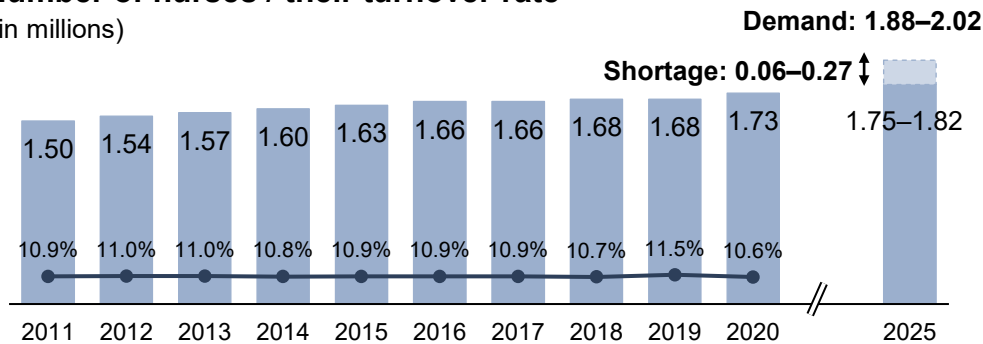


# Shortage of Professionals

- 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 620,000 professionals in 2040.

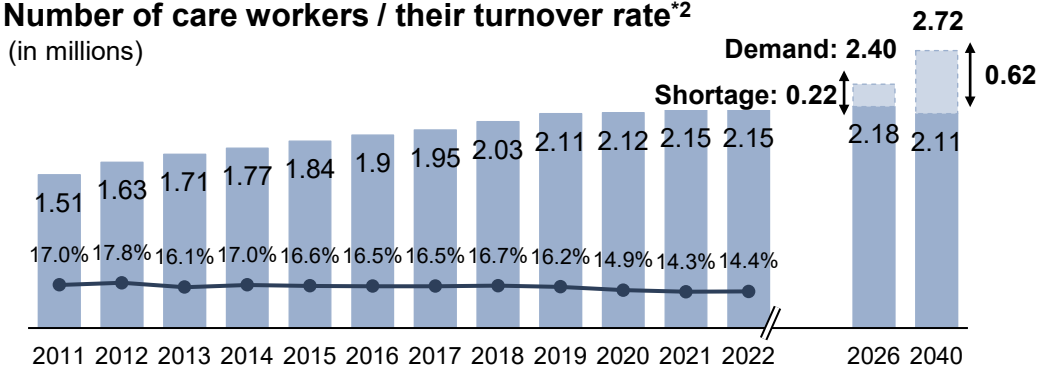
**Number of nurses / their turnover rate\*1**

(in millions)

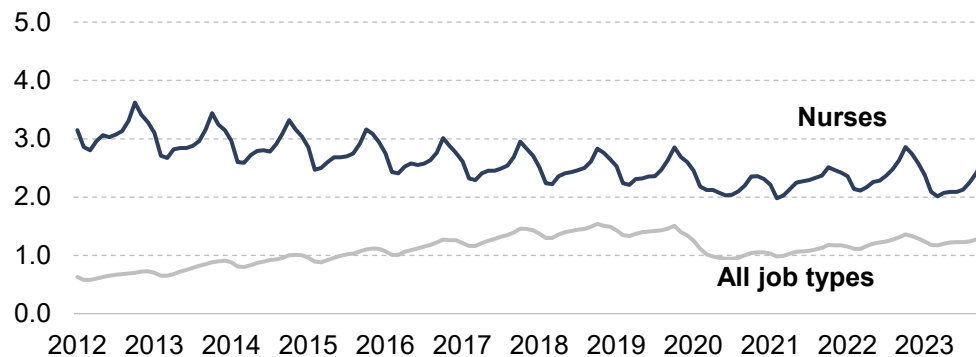


**Number of care workers / their turnover rate\*2**

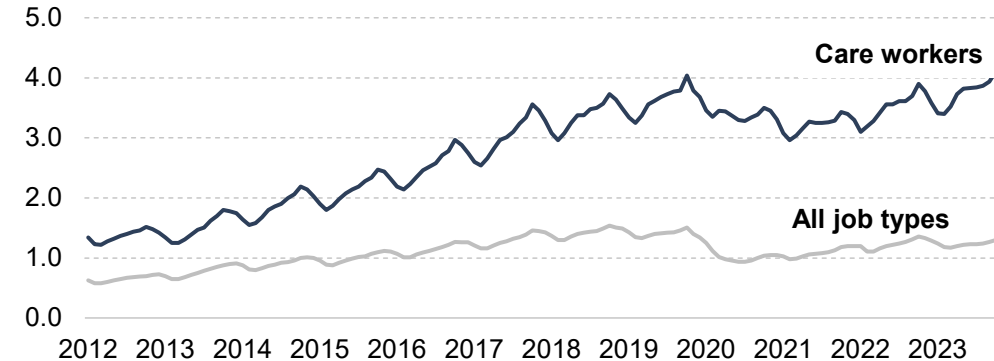
(in millions)



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



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



1. Number of nurses/their turnover rate: Japanese Nursing Association "Nursing Statistics", Forecasted number of nurses in 2025: MHLW, "Subcommittee on supply and demand of nursing staff, study group on supply and demand of medical care workers"
2. Number of elderly care workers: MHLW, "Required number of elderly care staff based on the 9th plan for long-term care insurance", Turnover rate: Care Work Foundation "Care Work Survey"
3. MHLW, "Employment referrals for general workers"

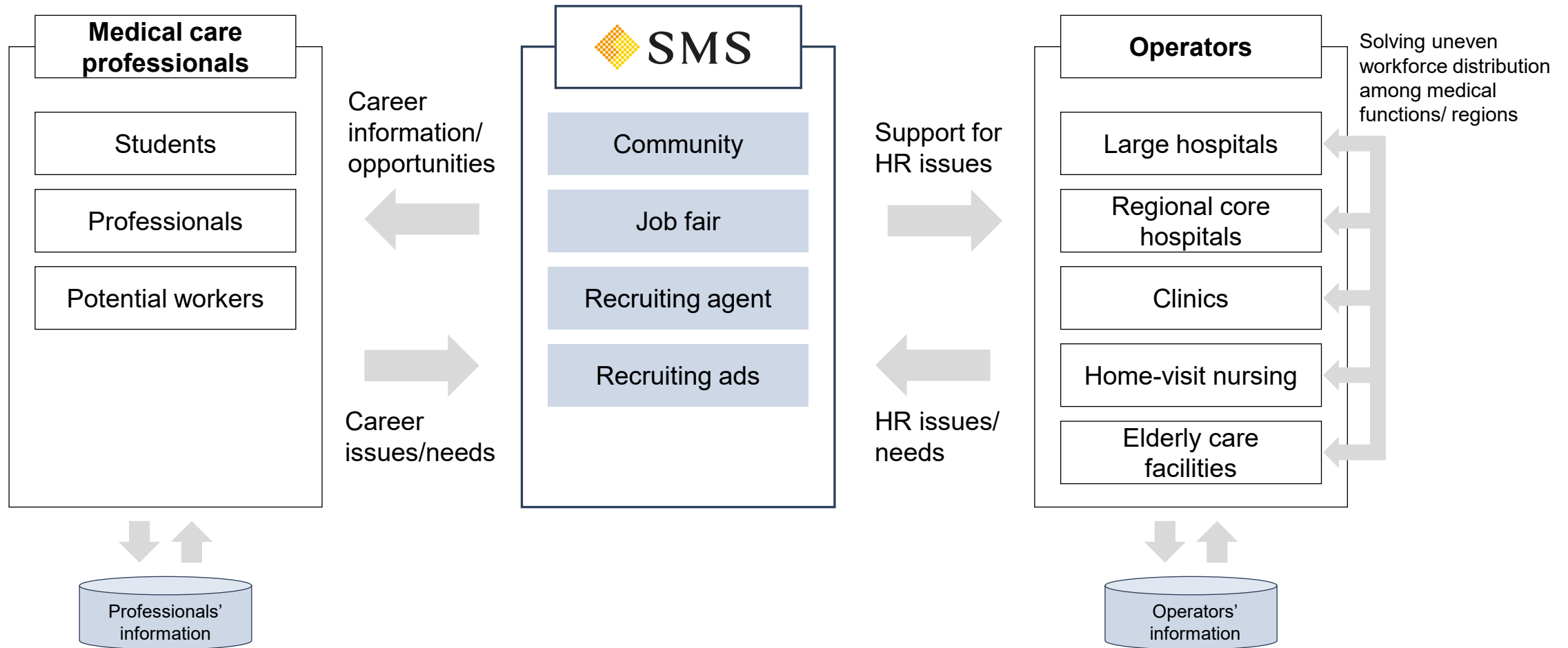
# Mission of Career Business

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

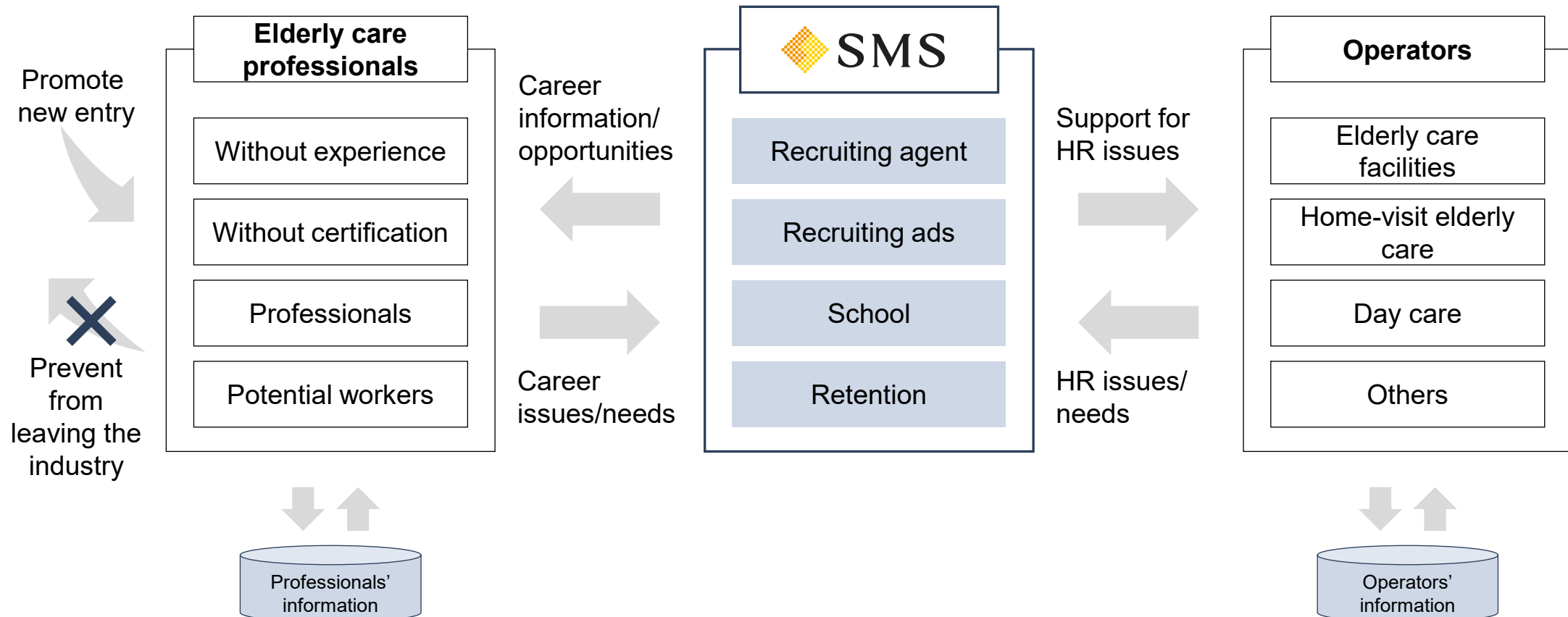
# Strategy of Medical Care Career

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



# Strategy of Elderly Care Career

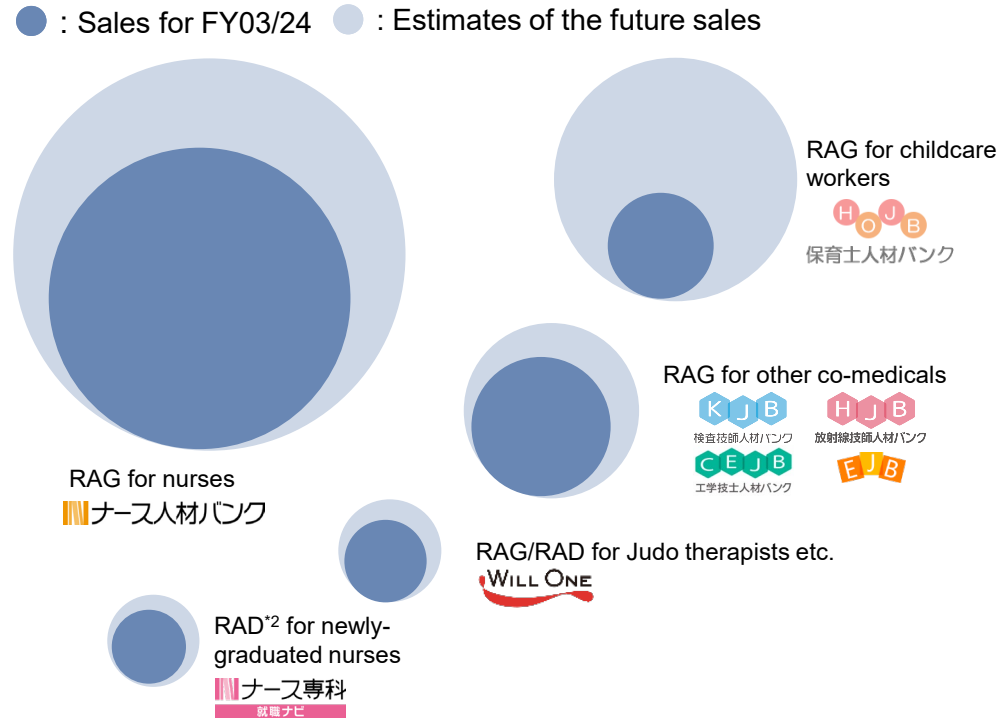
- Promote new entry from outside the industry through helping new entrants obtain a qualification and find a good job at a good operator.
- Prevent turnover to outside the industry through enhancing working environments of operators and optimizing matching between professionals and operators.



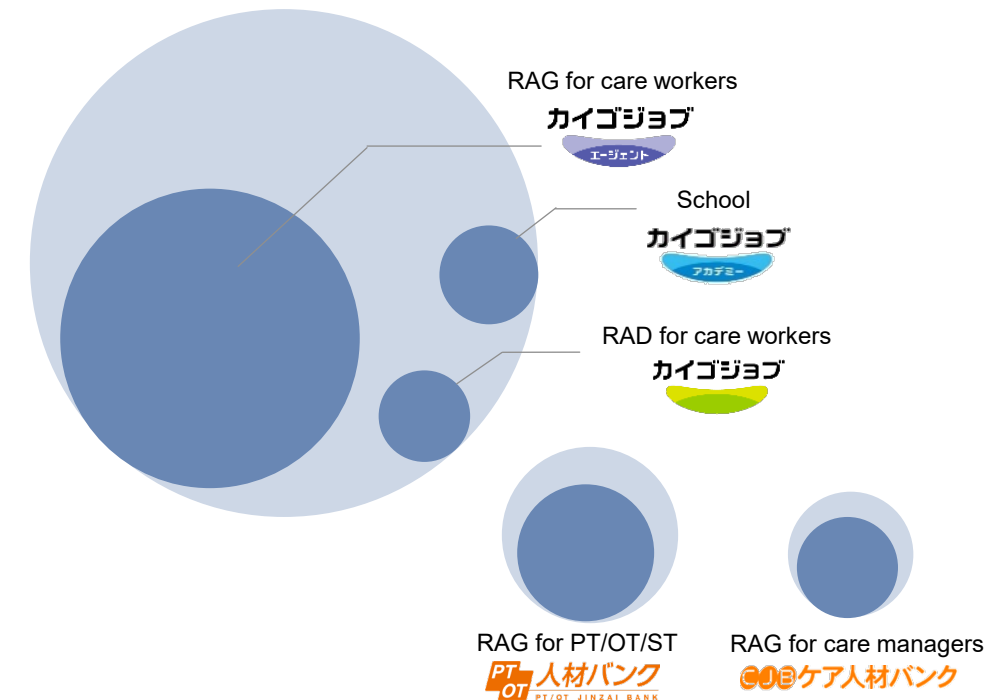
# Growth Scenario

- The Career Segment has huge growth opportunities.
- In addition to the market share expansion of existing services such as RAG\*<sup>1</sup> for nurses, services for elderly care workers with serious labor shortages and services for newly-covered occupations such as childcare workers drive the growth.

## Sales of Medical Care Career: JPY 16.1 billion\*<sup>3</sup>\*<sup>4</sup>



## Sales of Elderly Care Career: JPY 16.3 billion\*<sup>4</sup>

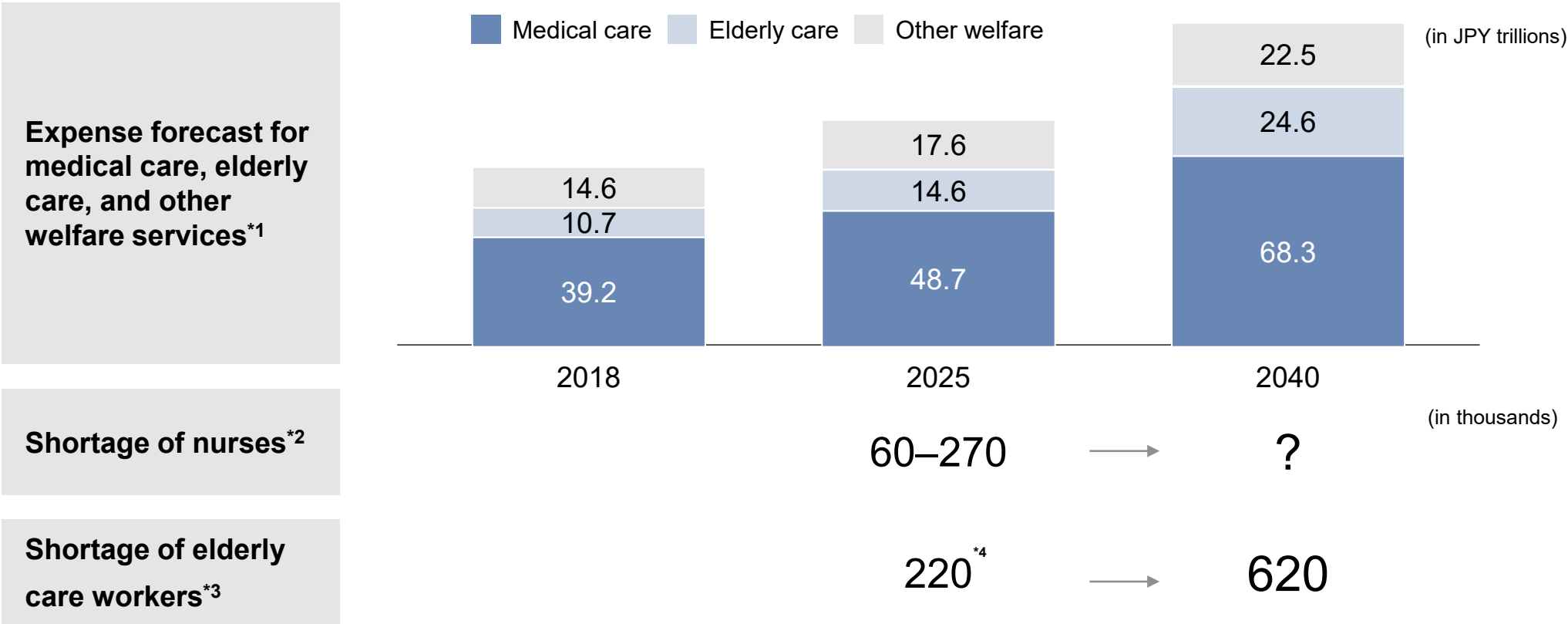


1. RAG: Recruiting Agent service
2. RAD: Recruiting Ads service
3. Career businesses for doctors and pharmacists are operated by M3 Career, Inc., a JV between M3, Inc.(51%) and SMS (49%).
4. Sales for FY03/24

# **Elderly/Disability Care Operators (Kaipoke) Strategy**

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

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

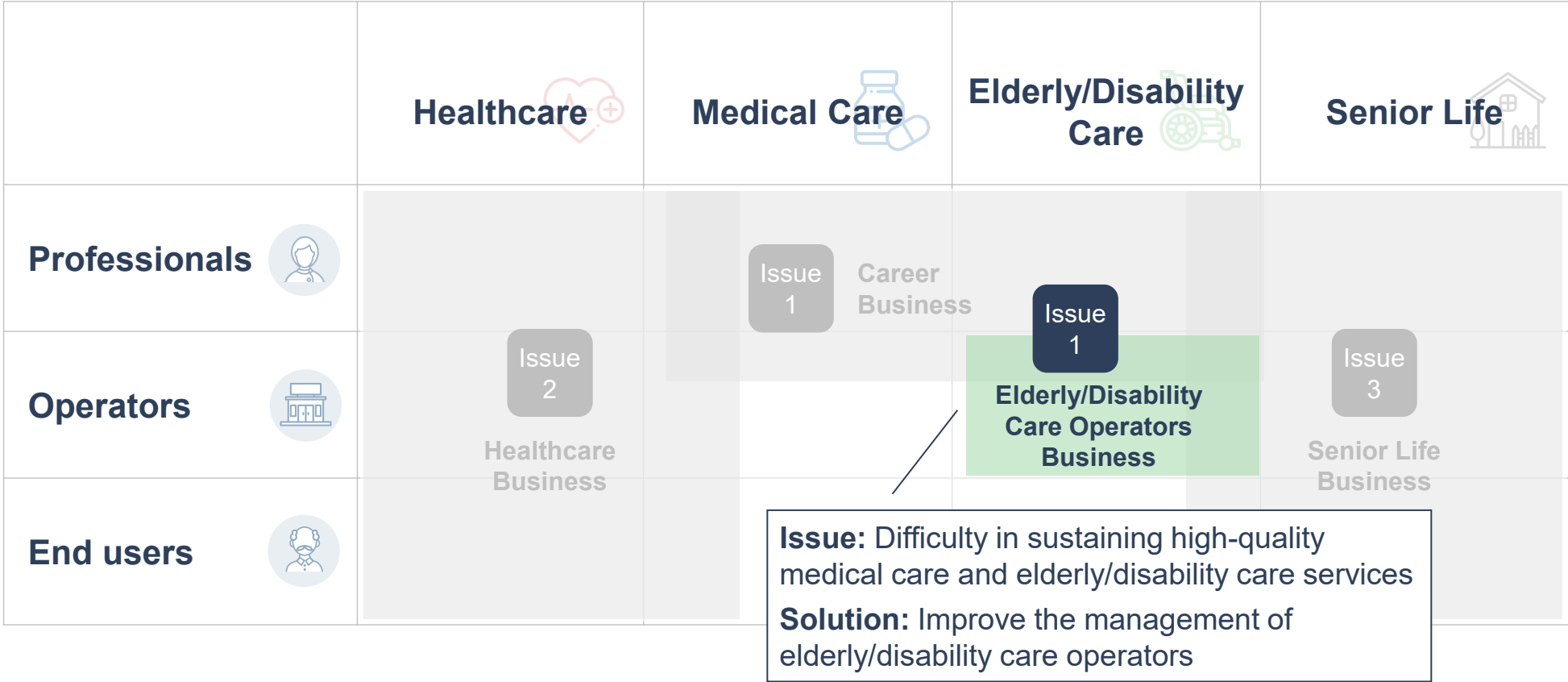


1. Cabinet Secretariat, CAO, MOF, MHLW, "Future outlook for social security in 2040"  
 2. MHLW, "Subcommittee on supply and demand of nursing staff, study group on supply and demand of medical care workers"  
 3. MHLW, "Required number of elderly care staff based on the 9th plan for long-term care insurance"  
 4. Number of shortages as of 2026



# Solution for Issue 1 in Elderly/Disability Care Operators Business

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



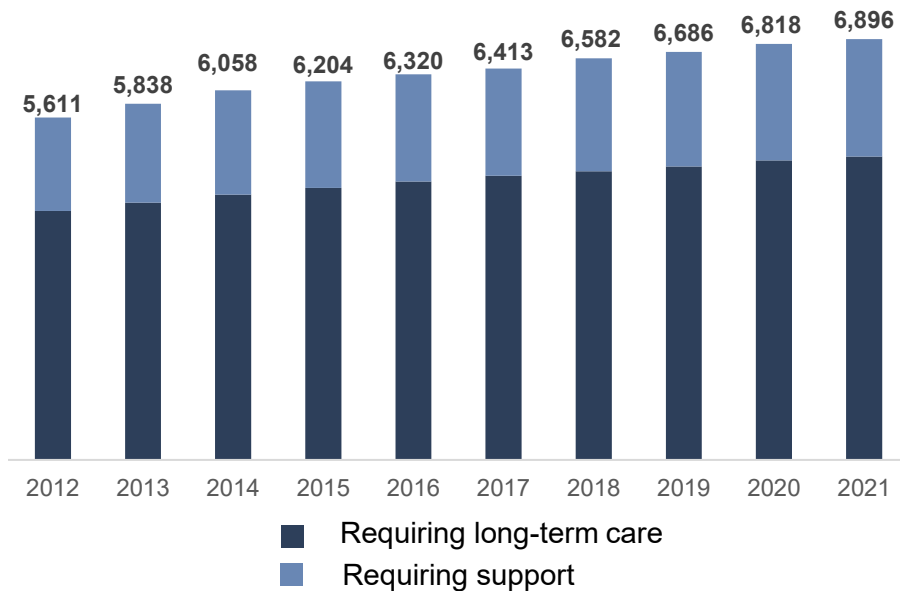
# Business Environment of Elderly Care Services

As the population ages, the number of elderly care operators continues to increase, amounting to 260,000 offices.

## Number of people certified for long-term care/support need\*<sup>1</sup>

(in thousands)

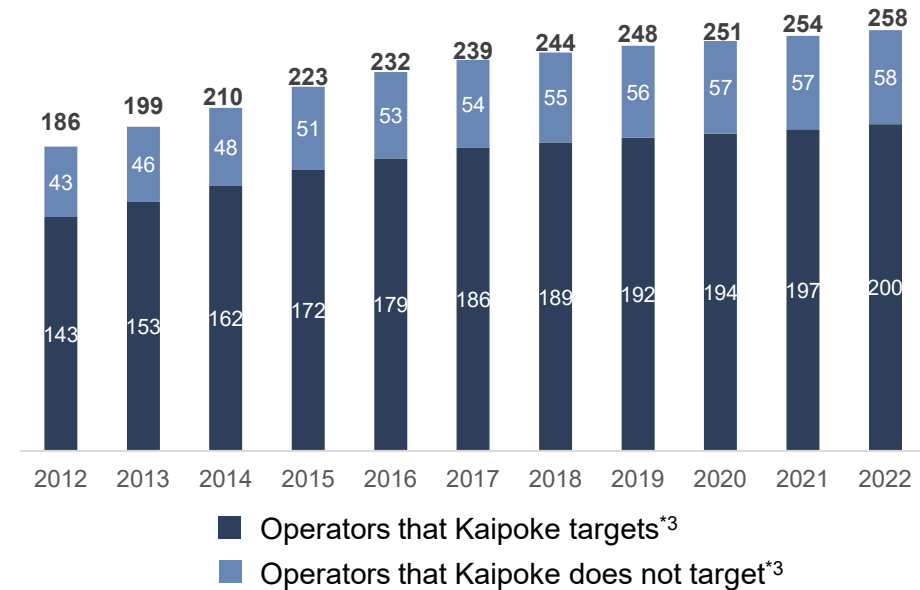
Average annual rate of increase: 2.3%



## Number of elderly care service offices\*<sup>2</sup>

(in thousands)

Average annual rate of increase: 3.3%



1. MHLW, "Report on Long-Term Care Insurance"

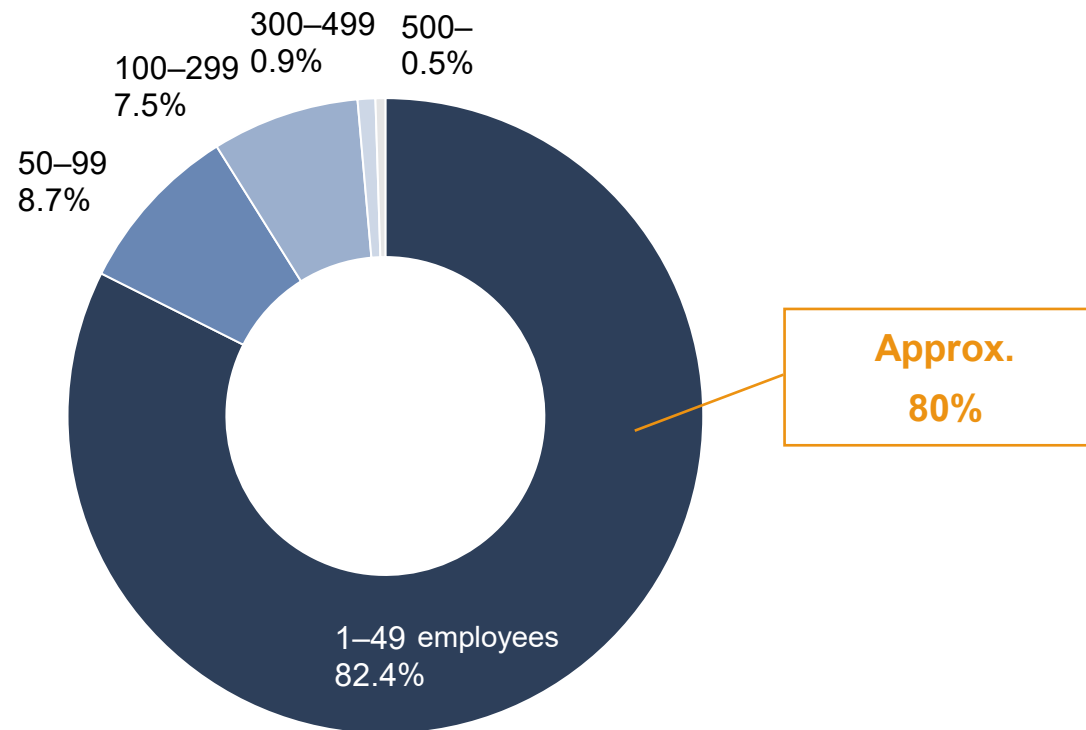
2. MHLW, "Statistics of Long-term Care Benefit Expenditures" (March of each year)

3. Kaipoke targets in-home services such as in-home care support, home-visit elderly care, day care, home-visit nursing, and outpatient rehabilitation, etc., and does not target facility services such as commuting care for elderly with dementia, short stay, daily life care for elderly in specific facilities, and small-sized multifunctional inhome care, etc.

# Business Environment of Elderly Care Services

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

Size of elderly care operators\*1



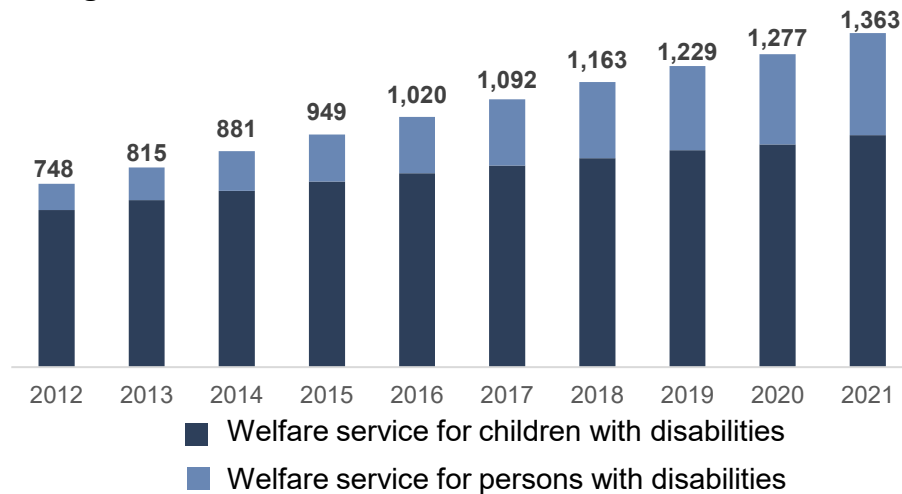
# Business Environment of Disability Welfare Services

The number of users of welfare services for persons with disabilities is on the rise due to better understanding of disabilities and easier access to diagnosis, and the number of service offices is continuously increasing.

**Number of users of welfare services for persons with disabilities and for children with disabilities (average per month)\*<sup>1</sup>**

(in thousands)

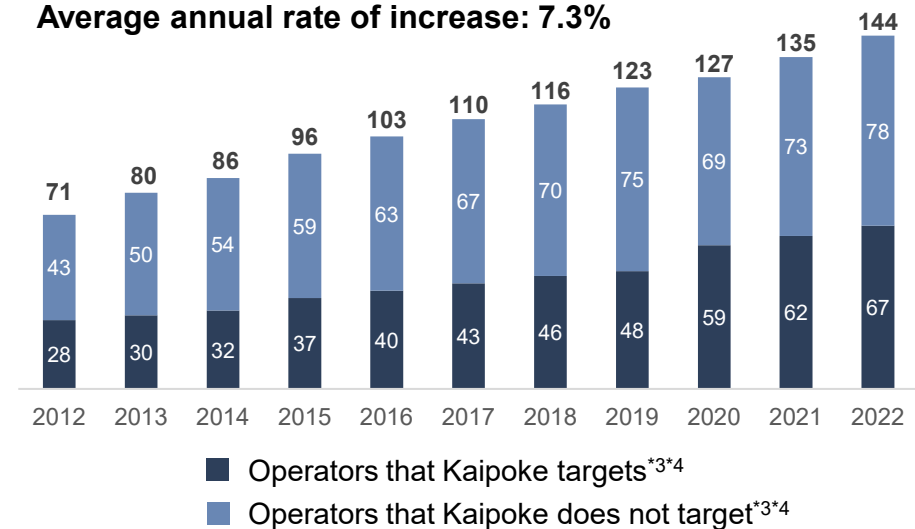
**Average annual rate of increase: 6.9%**



**Number of welfare service offices for persons with disabilities\*<sup>2</sup>**

(in thousands)

**Average annual rate of increase: 7.3%**



1. MHLW, "Statistical Information on Welfare for Persons with Disabilities: Status of Use of Welfare Services for Persons with Disabilities, etc."
2. MHLW, "Statistical Information on Welfare for Persons with Disabilities: Status of Use of Welfare Services for Persons with Disabilities, etc.", "Recent Trends in the Field of Welfare for Persons with Disabilities"
3. Kaipoke targets child development support, after-school day services, in-home nursing care, visiting care for persons with severe disabilities, companion support, and activity support. Employment transition support and employment continuation support (Type A/B) are targeted by the user attraction support service, but are counted as not targeted by Kaipoke.
4. For companion support and activity support are targeted by Kaipoke, but the number of individual offices is unknown prior to FY 2019, so they are not targeted until 2019 and are counted as targeted starting in 2020.

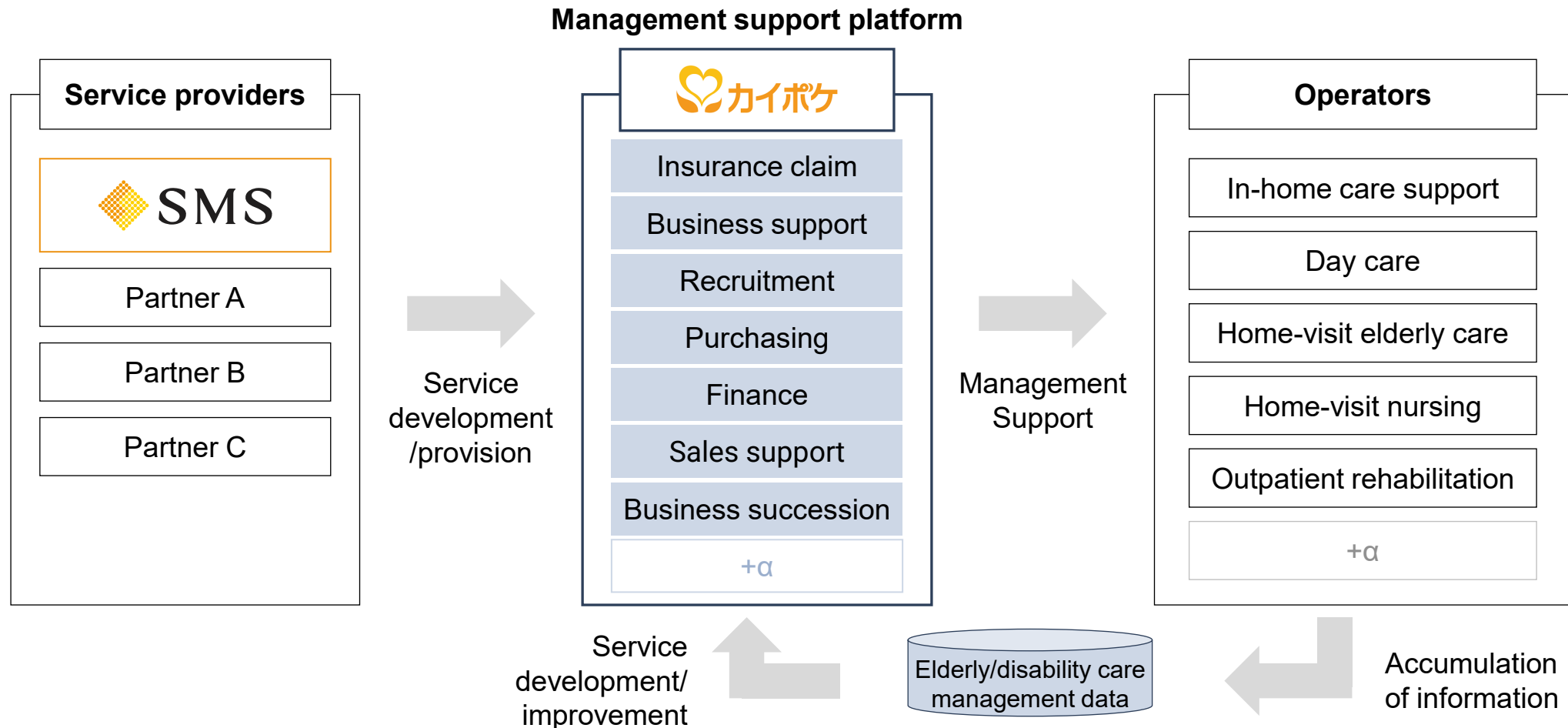
## **Mission of Elderly/Disability Care Operators Business (Kaipoke)**

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

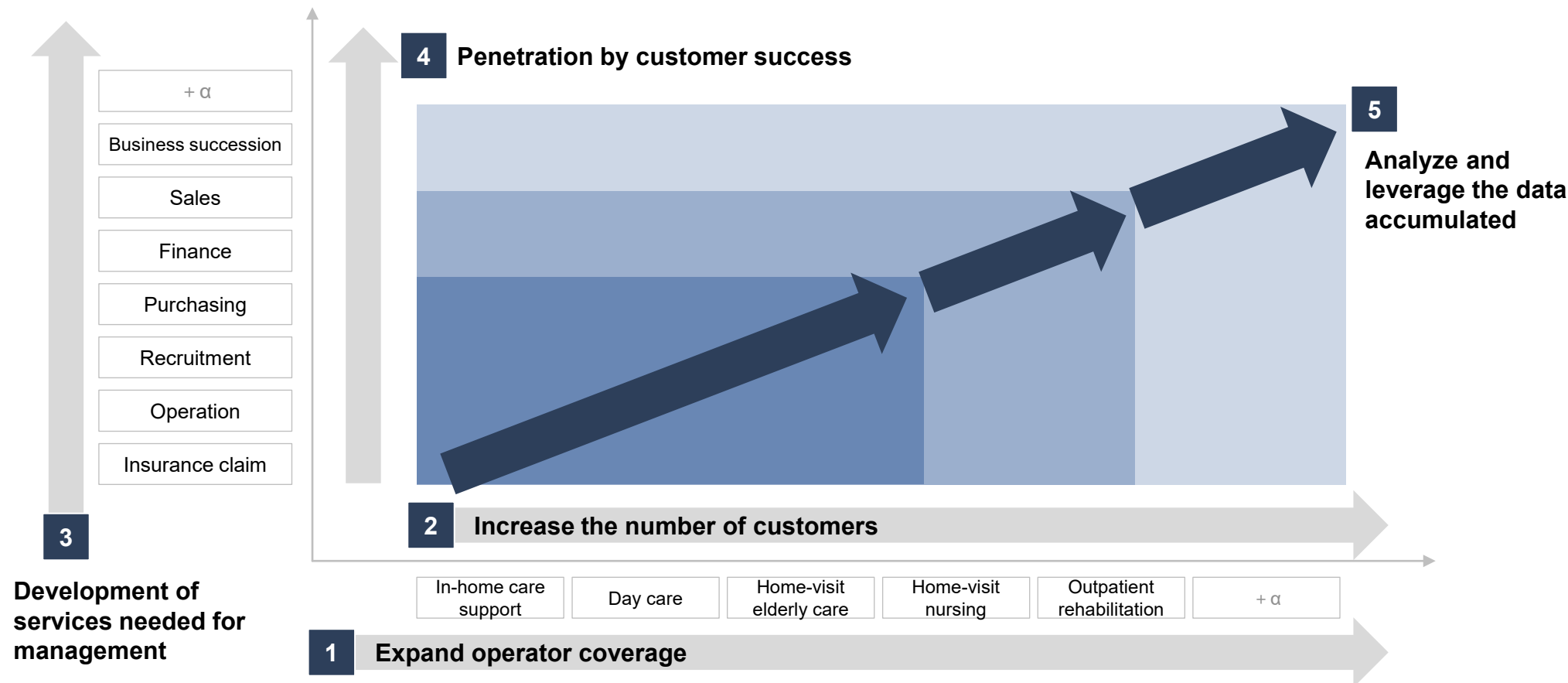
# Management Support Platform

- Kaipoke is a management support platform provided in the form of SaaS, which realizes one-stop support for the management of elderly/disability care operators.
- Offer more than 40 services that support operations, recruitment, purchasing, finance, sales, M&A (Business succession), etc., on top of the insurance claim service that is essential for elderly/disability care operations.



# Strategy of Kaipoke

Maximize the value as a management support platform by No. 1 – 5 below.

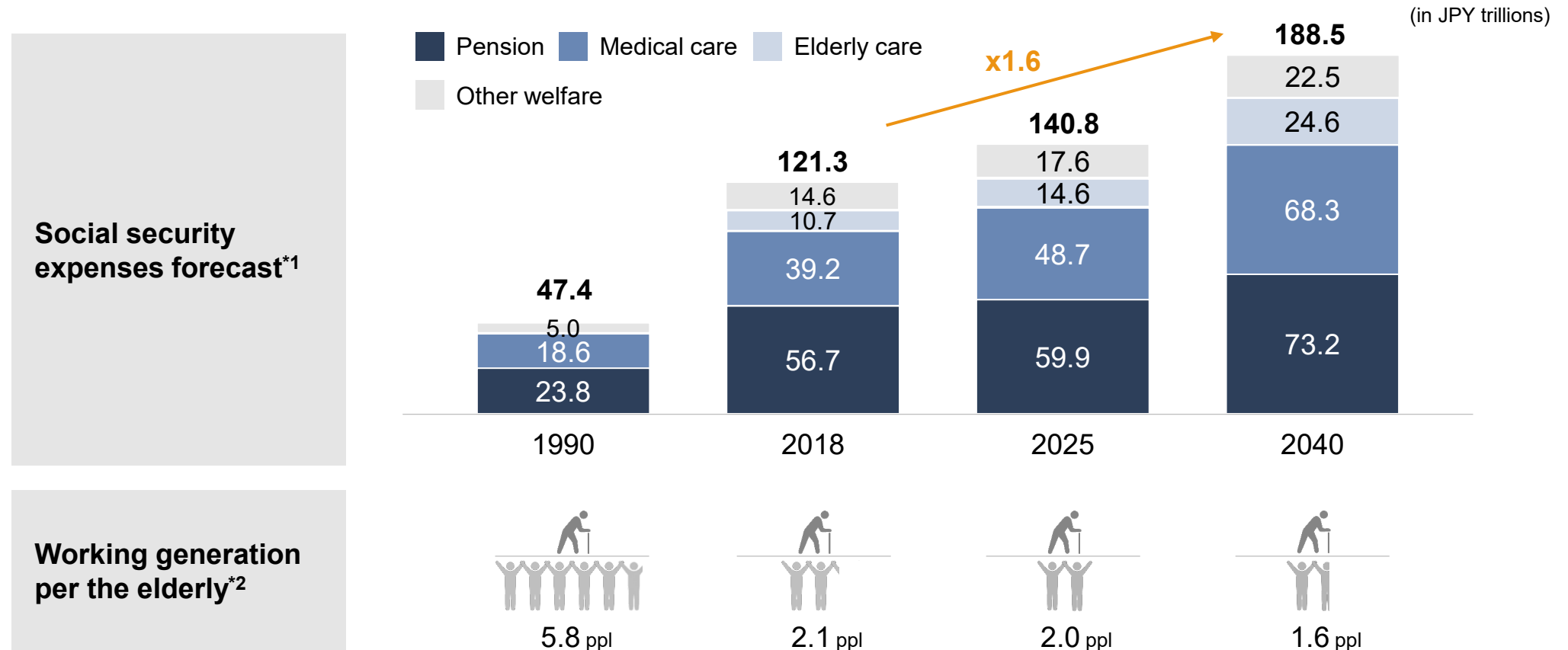


# **New Business (Healthcare) Strategy**



# Issue 2: More severe burden on the working generation (Repost)

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










1. MHLW, "Trends in Social Security Benefits", Cabinet Secretariat, CAO, MOF, MHLW, "Future outlook for social security in 2040"

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

# Solution for Issue 2 in Healthcare Business

Contribute to solving the social issue “more severe burden on the working generation” by increasing the number of healthy people in the work force through a platform that supports “health and productivity management” of companies.

	Healthcare 	Medical Care 	Elderly/Disability Care 	Senior Life 
Professionals 	<div>Issue 2</div> <div>Healthcare Business</div>	<div>Issue 1</div> <div>Career Business</div>	<div>Issue 1</div> <div>Elderly/Disability Care Operators Business</div>	
Operators 				<div>Issue 3</div> <div>Senior Life Business</div>
End users 		<div>Issue: More severe burden on the working generation</div> <div>Solution: Increase the number of healthy people in the work force</div>		

# Declining QOL\*<sup>1</sup> and Productivity Caused by Physical/Mental Disorders

- Among the working generation, there are many patients/potential patients with life-style related diseases, which often progress to critical illnesses such as diabetes.
- Mental disorders caused by overworking or workplace stress are increasing in recent years.
- The government encourages “health and productivity management,” in which companies work to improve the health of employees and their families.

Physical disorder		Mental disorder
<b>Risk of lifestyle-related diseases</b>	<b>Lifestyle-related diseases</b>	
Number of recipients of specific health guidance* <sup>2</sup>	Number of diabetics* <sup>3</sup>	Number of patients with mood disorders* <sup>3</sup>
Approx. <b>5.12</b> million	Approx. <b>5.79</b> million	Approx. <b>1.72</b> million
	Number of hypertensive patients* <sup>3</sup>	
	Approx. <b>15.11</b> million	

1. Quality of life  
 2. Subjects are 40 – 74 years old. MHLW, "2022 Implementation of specified health checkups and specific health guidance"  
 3. MHLW, "2020 Patient survey"

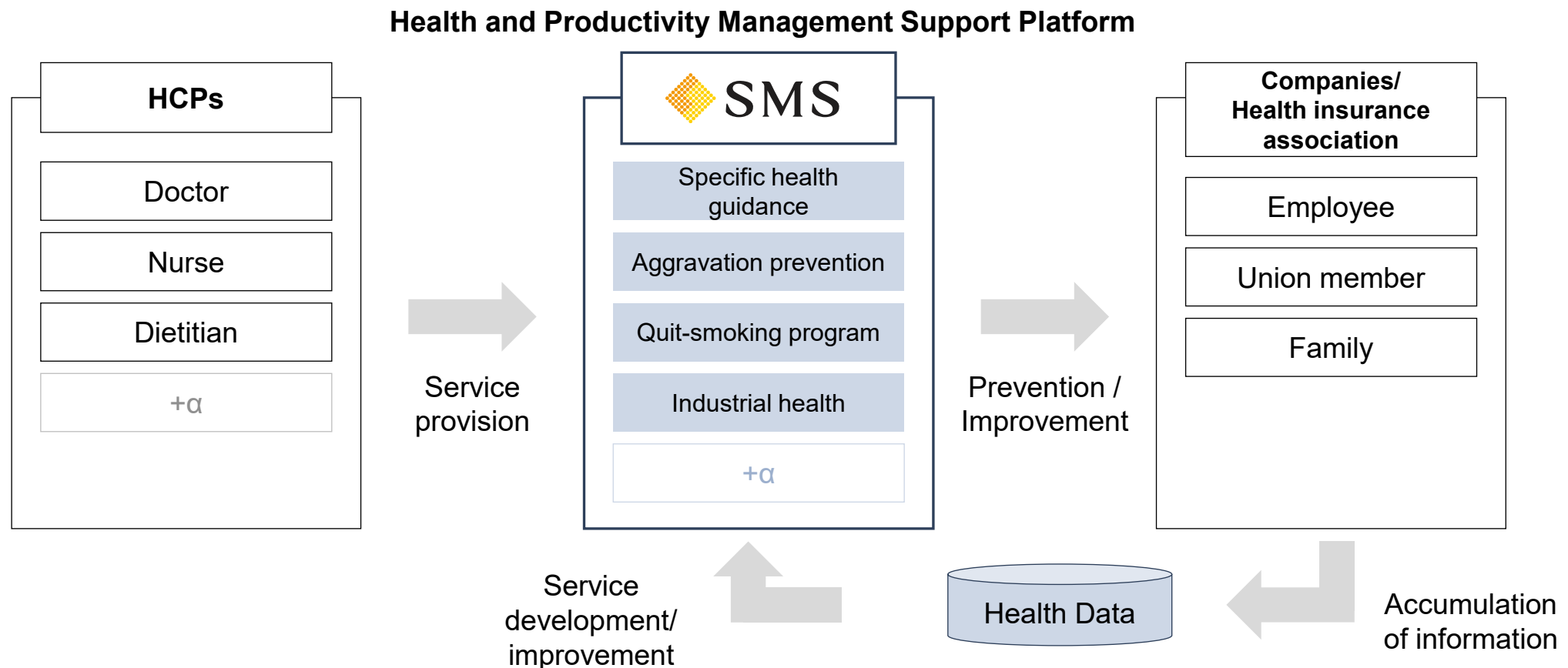
# Mission of Healthcare Business

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

# Health and Productivity Management Support Platform

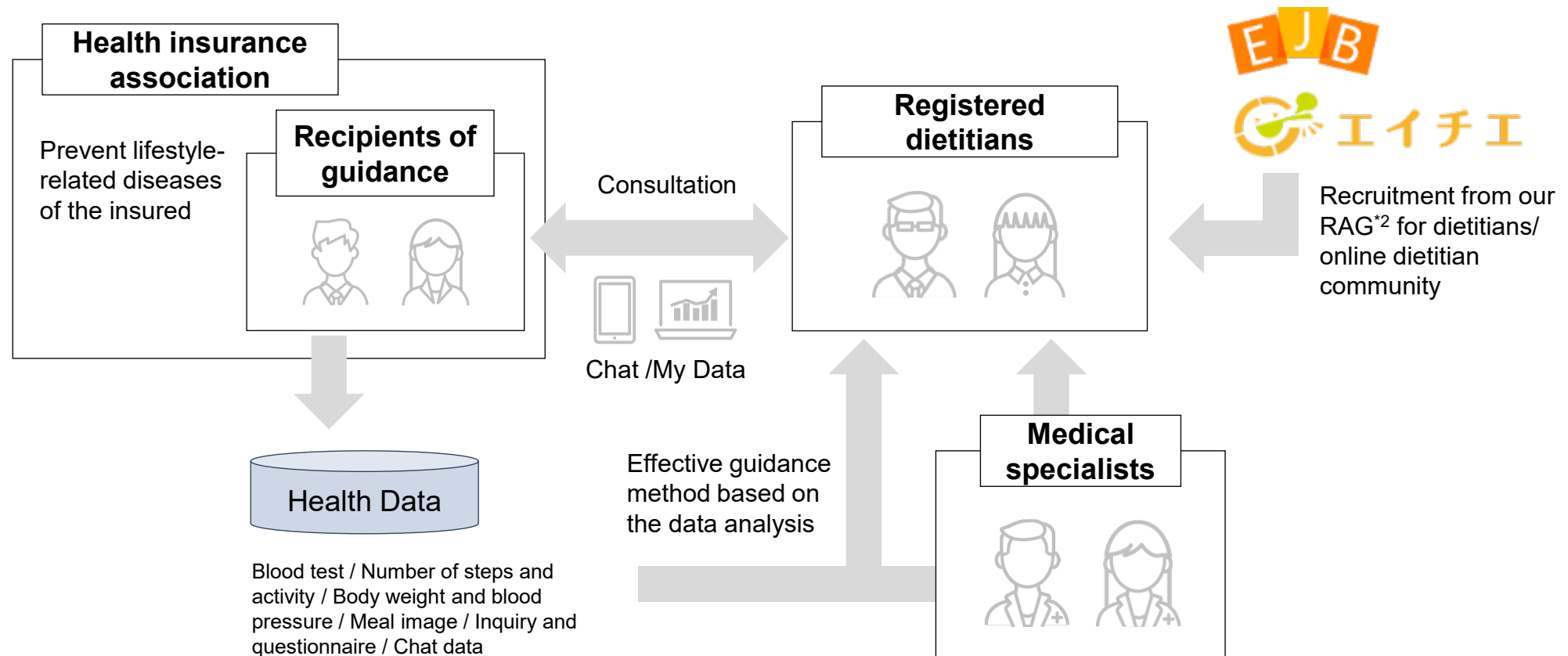
- Provide digital health services\*1 for companies and health insurance associations.
- The services are based on scientific evidences and provided by seasoned healthcare professionals (HCPs) including doctors, nurses, and dietitians.



1. 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.

# Remote Health Guidance Service

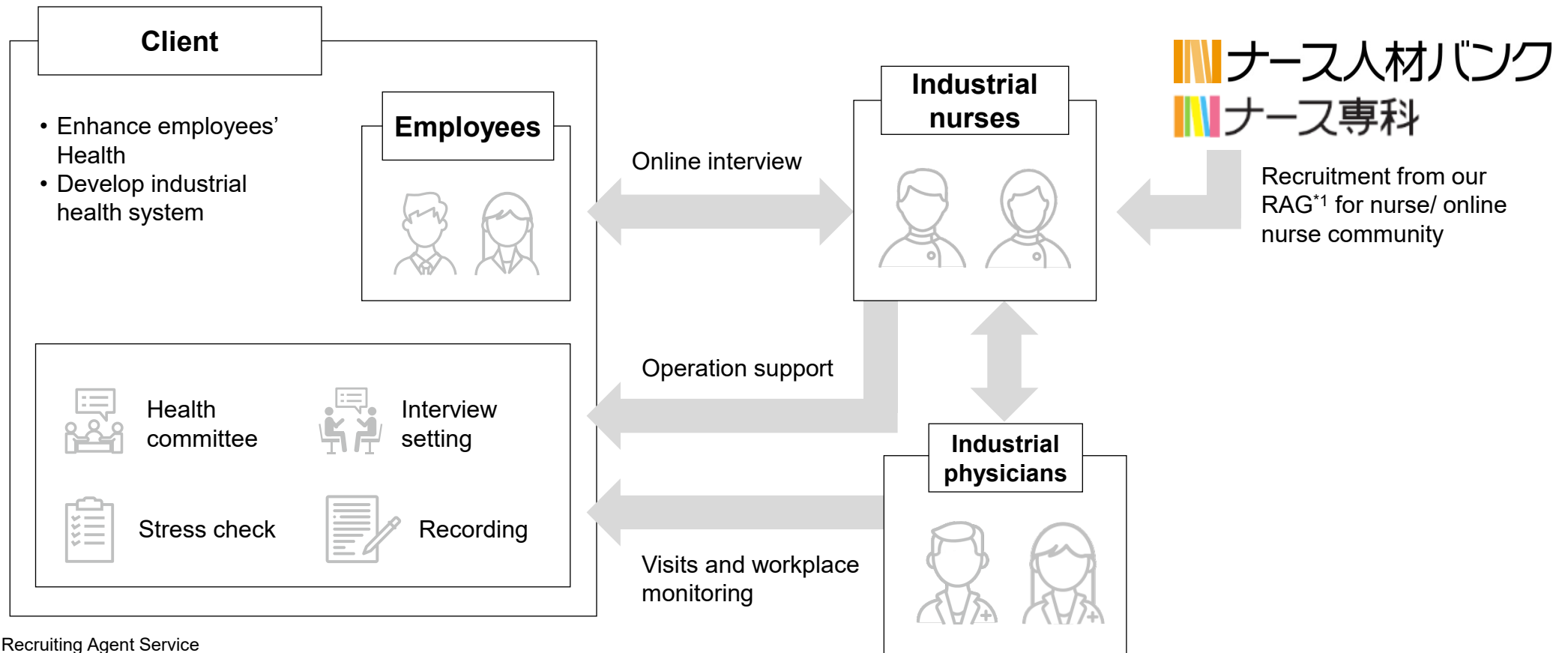
- Provide specific health guidance service for HIAs<sup>\*1</sup> aiming to prevent lifestyle-related diseases of employees and their families. The service is provided by registered dietitians and based on the results of verification projects conducted with MHLW.
- Remote service using smartphones enables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



1. Health insurance association  
2. Recruiting Agent service

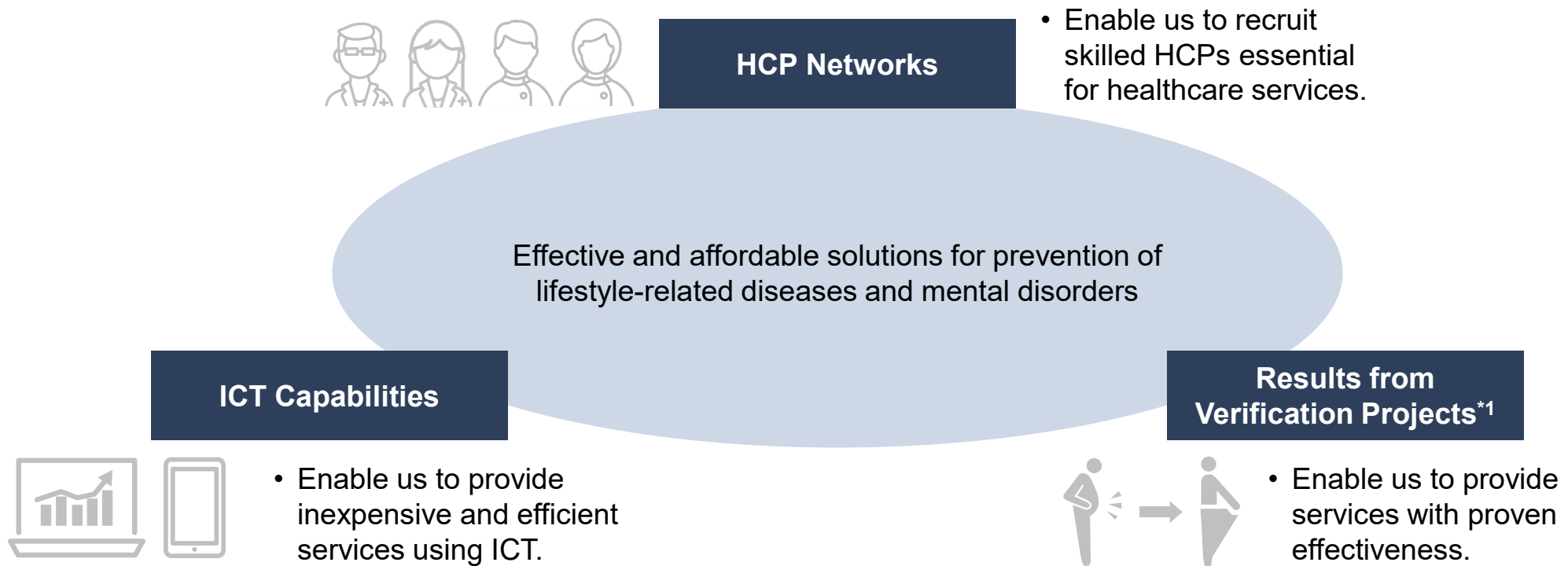
# Remote Industrial Health Service

- Provide comprehensive support for industrial health operations in the human resources and labor departments of companies, including visits by industrial physicians, stress checks, and the establishment and 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.



# 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.

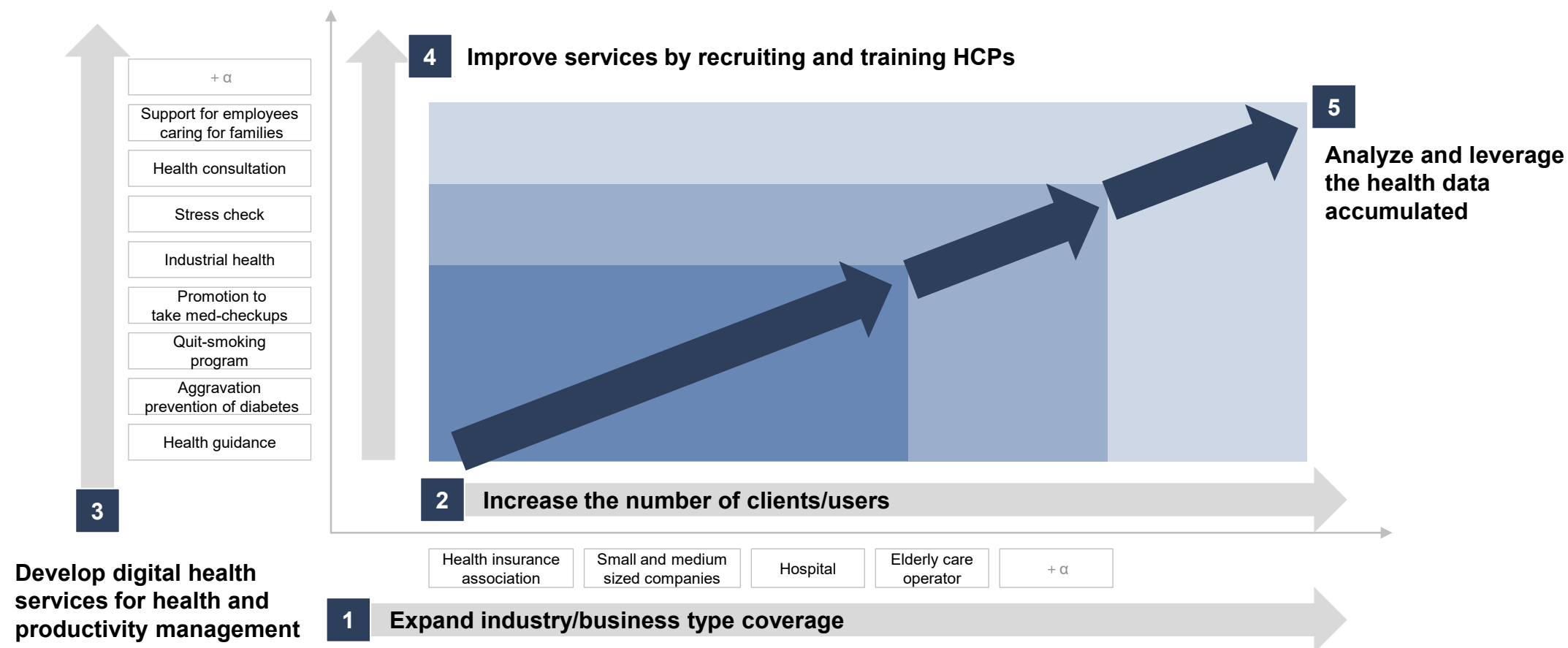


1. Joint project with MHLW, METI, and national hospitals



# Strategy of Healthcare Business

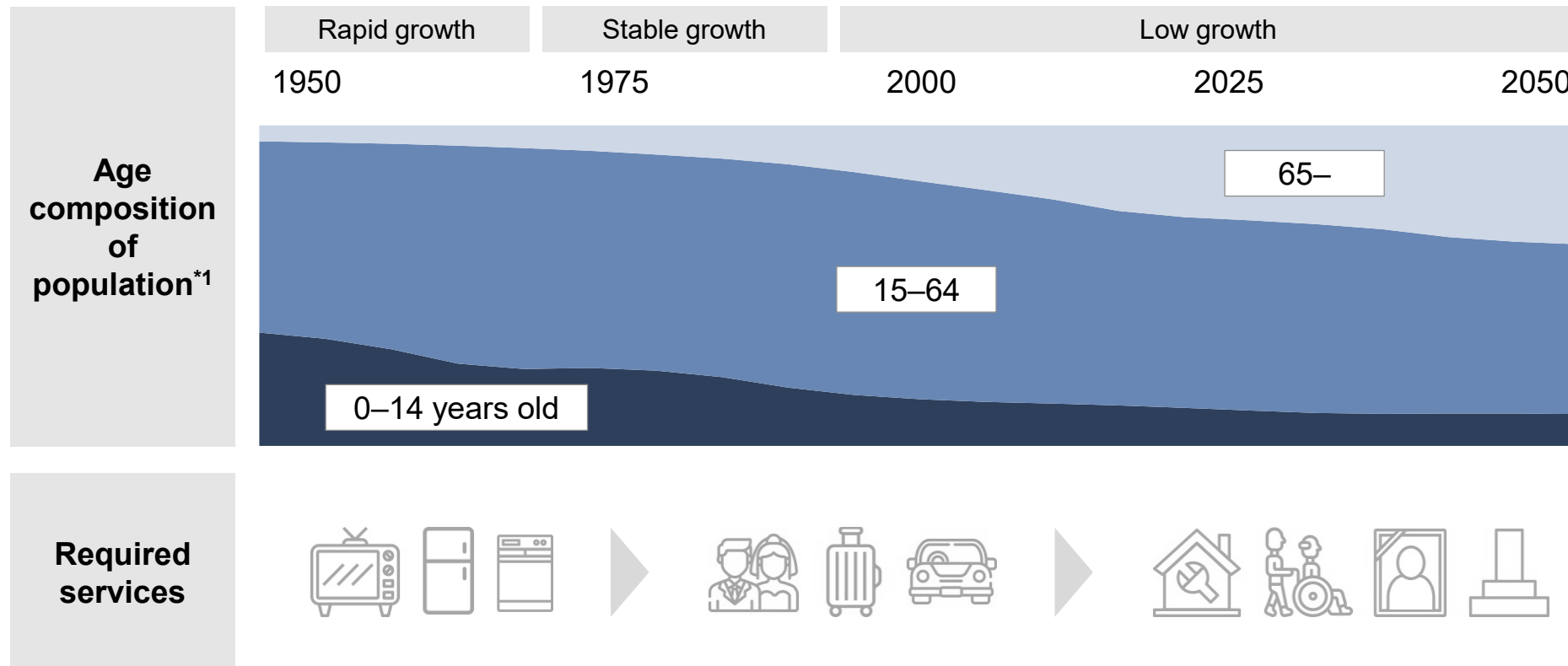
Maximize the value as a health and productivity management support platform by No. 1 – 5 below.



# **New Business (Senior Life) Strategy**

## Issue 3: Difficulty in solving problems related to living in an aging society (Repost)








- While services required in society are changing and expanding with the population aging, information related to living in an aging society is insufficient in terms of quality and quantity, and the future labor shortage will result in an inability to adequately supply such services.
- The elderly and their families will have difficulties in solving life-related problems in an aging society.



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

# Solution for Issue 3 in Senior Life Business

Contribute to solving the social issue “difficulty in solving problems related to living in an aging society” by developing a platform that connects people who have some worries or problems in their lives, with advisors and solution services.

	Healthcare 	Medical Care 	Elderly/Disability Care 	Senior Life 
Professionals 		Issue 1 Career Business	Issue 1	
Operators 	Issue 2 Healthcare Business		Elderly/Disability Care Operators Business	Issue 3 Senior Life Business
End users 		<b>Issue:</b> Difficulty in solving problems related to living in an aging society <b>Solution:</b> Provide a variety of options and high-quality decision-making information.		

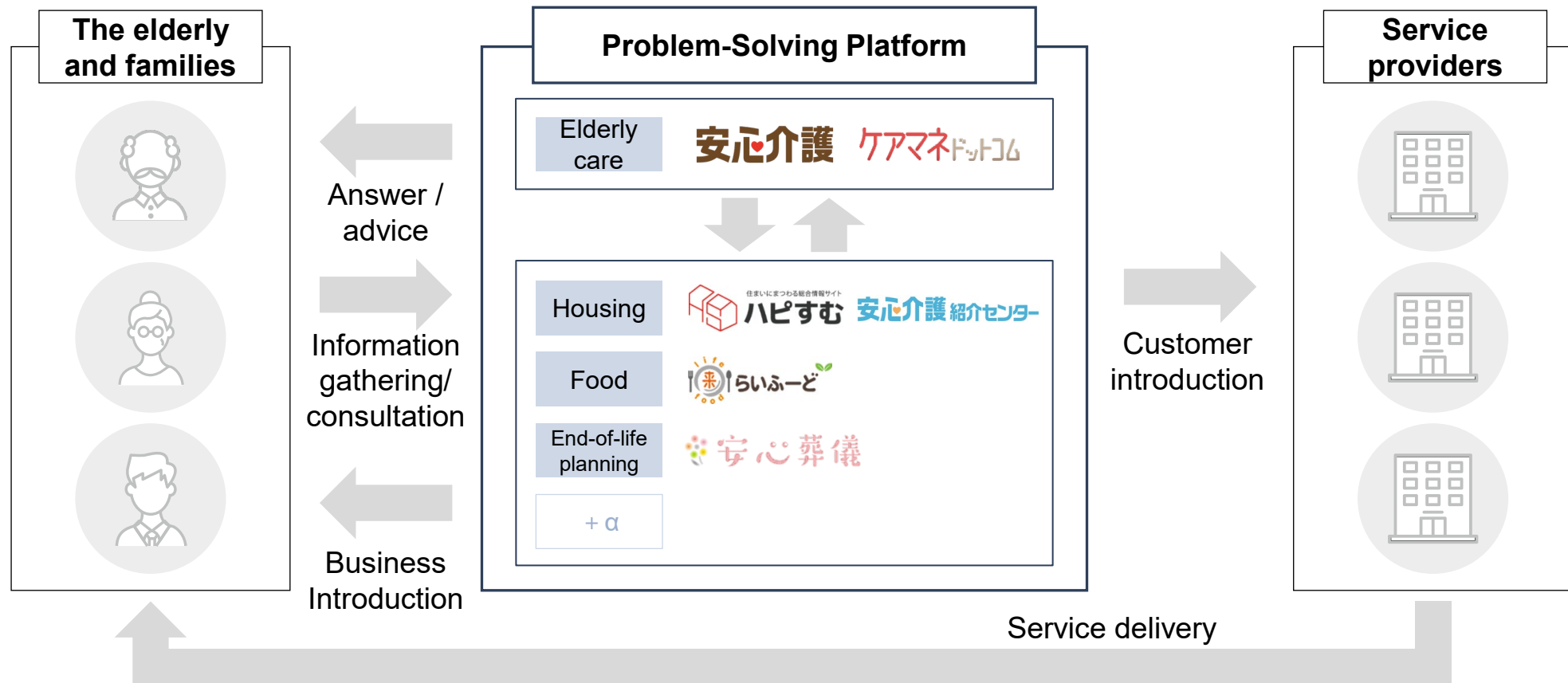
# Mission of Senior Life Business

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**We aim to contribute to improving people's lives  
by offering a wide range of options and  
information related to living in an aging society.**

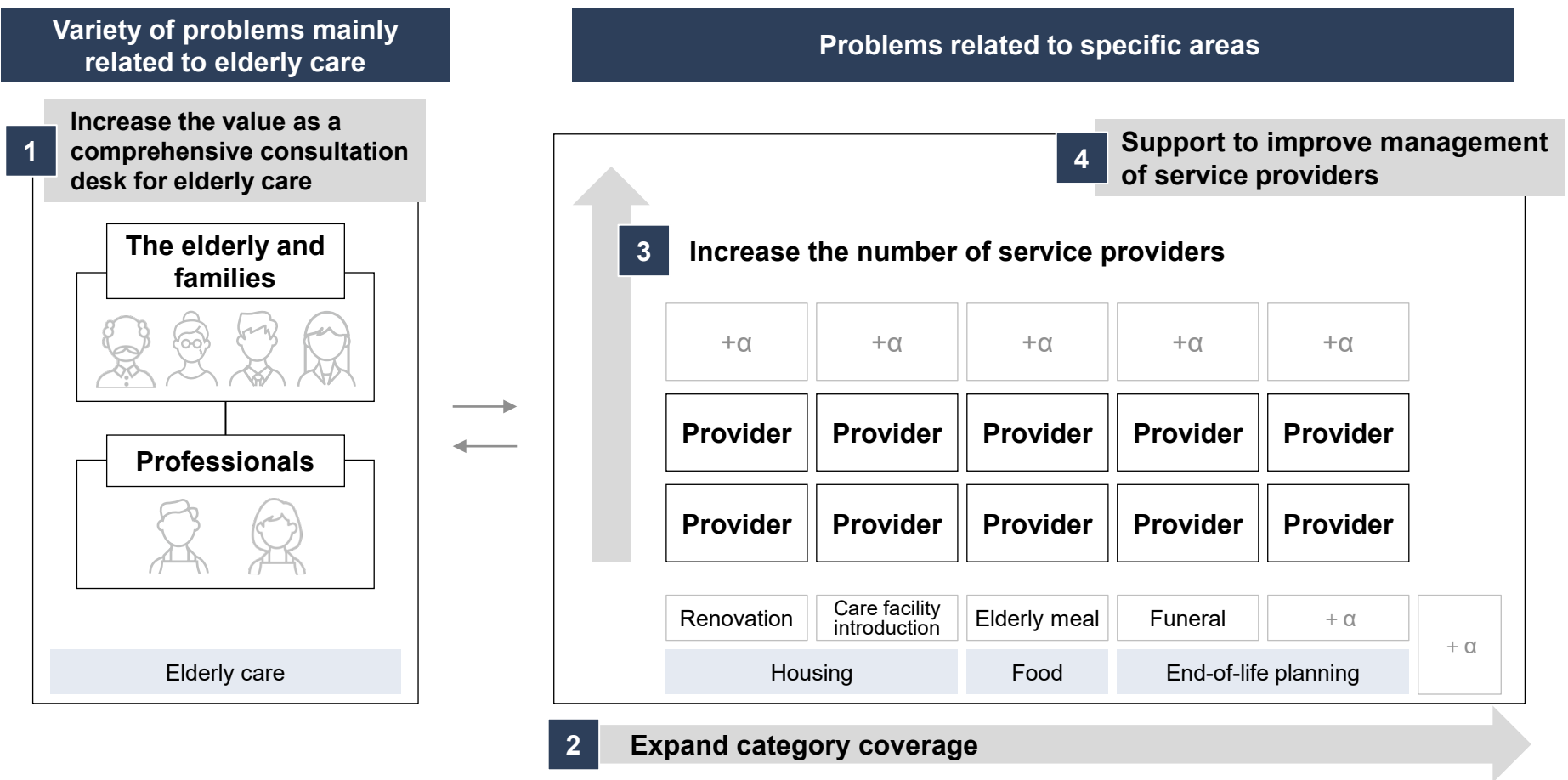
# Problem-Solving Platform

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



# Strategy of Senior Life Business

Maximize the value as a problem-solving platform by No. 1 – 4 below.



# Overseas Strategy



# Overview of Overseas Segment

- Define two strategic business areas in the segment:
  - Medical Platform Business, operated mainly in MIMS group, which we acquired in 2015, and
  - Global Career Business, which supports recruitment of HCPs\*<sup>1</sup> around the world.

## Overseas Business Structure

Overseas Segment	Medical Platform Business	Medical Marketing	Marketing support service for medical-related companies* <sup>2</sup>
		Clinical Decision Support	Prescription error check service, etc. for healthcare institutions such as hospitals
	Global Career Business		Domestic/cross-border recruiting service of HCPs

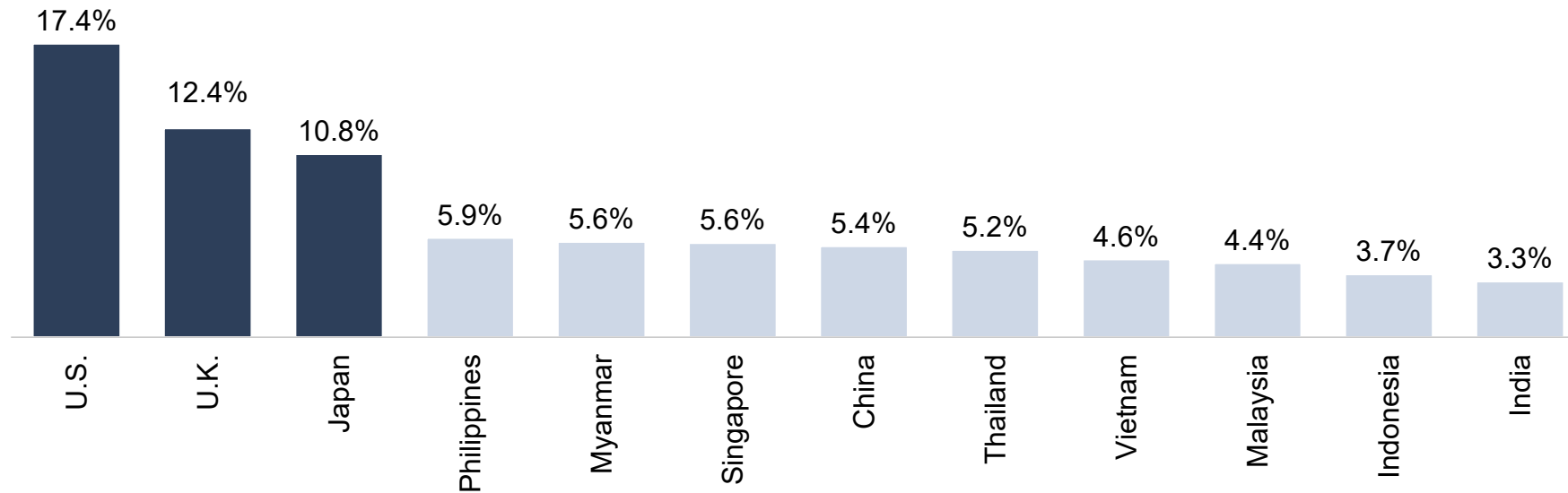
1. Healthcare professionals  
 2. Operators such as pharmaceutical companies, medical device manufacturers, healthcare service operators, and industrial group.

# **Medical Platform Business**

# Issue: Low Availability of Medicines and Medical Devices, and Inadequate Quality of Medical Care in APAC

- Health expenditure per economic scale in APAC is less than in developed countries.
- Medical-related companies face high entry barriers, as the medical systems, regulations, languages, cultures, and social customs are different by country.
- This results in the social issue of low availability of medicines/medical devices and inadequate quality of medical care.

Health Expenditure to GDP\*1



1. WHO "Global Health Expenditure Database" (2021)

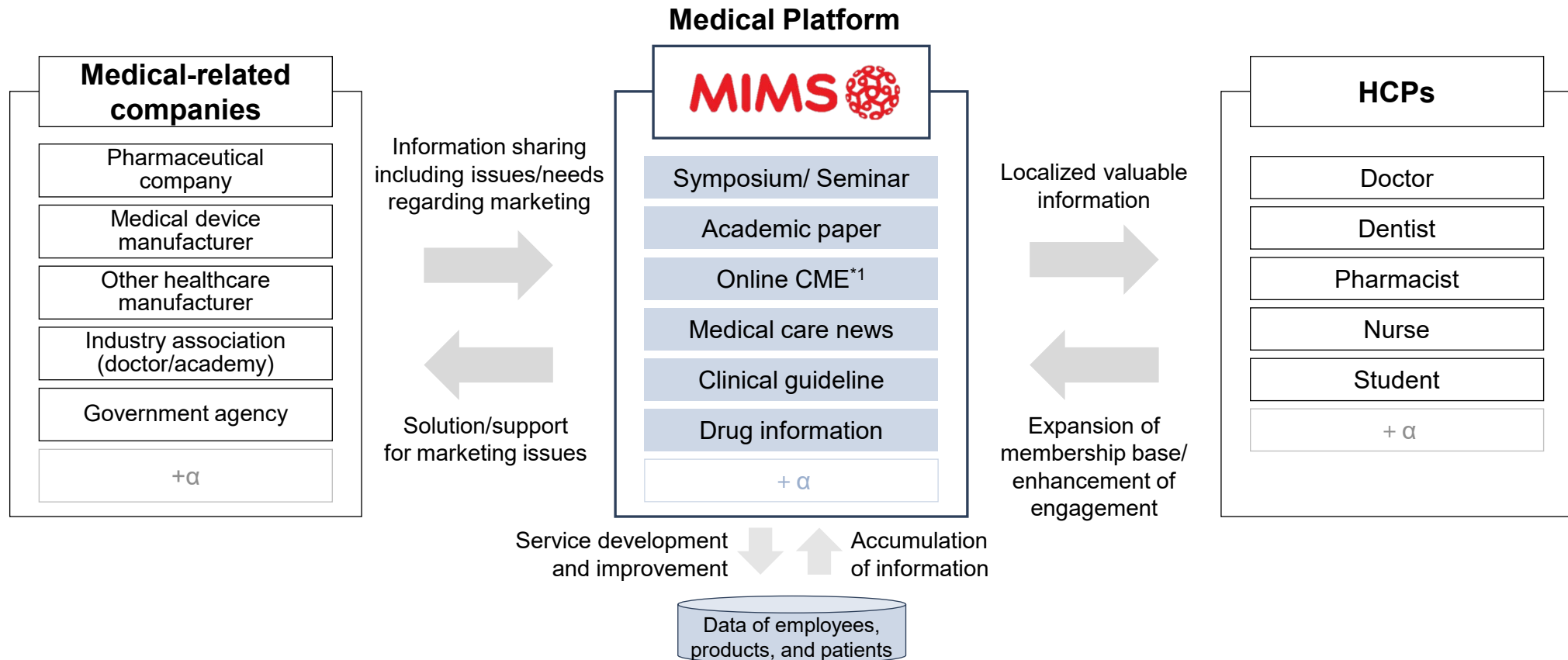
# Mission of Medical Platform Business

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**We aim to contribute to realizing healthy and high-quality lives by improving the availability and safety of medical care in APAC.**

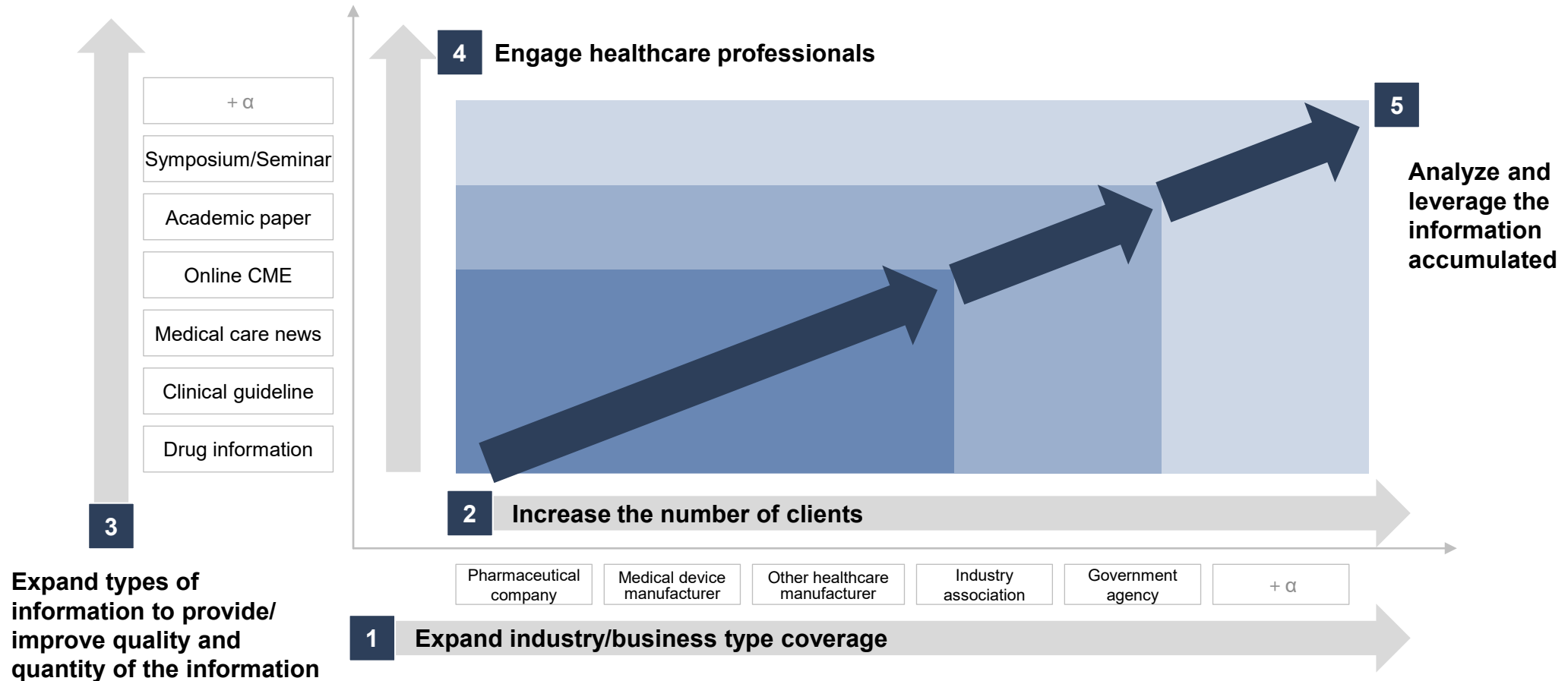
# Medical Platform

- Support the marketing activities of medical-related companies by using our membership base of healthcare professionals (HCPs) in APAC.
- Expand our membership base of HCPs and enhance their engagement by providing localized valuable information, thereby making marketing activities of medical-related companies more effective and efficient.



# Strategy of Medical Platform Business

Maximize the value as a medical platform by No. 1 – 5 below.

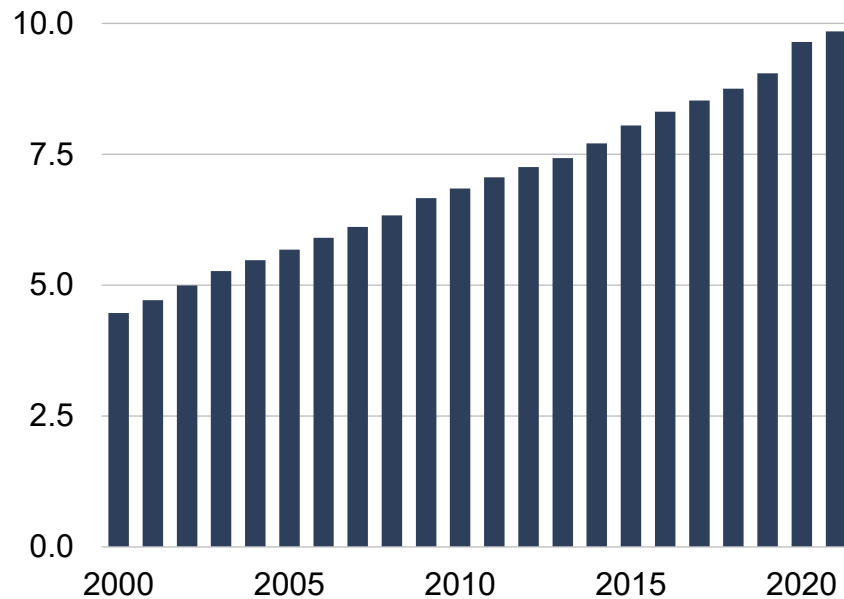


# **Global Career Business**

# Issue: Global Shortage and Uneven Distribution of Healthcare Professionals

- While the situation surrounding medical care services differs greatly among countries and regions, the demand for medical care is continuously increasing around the world due to economic growth and population aging.
- The shortage and uneven distribution of healthcare professionals has become an issue in many countries due to the increasing demand for medical care.

**Health Expenditure<sup>\*1</sup>**  
(in USD trillions)



**Expected Shortage of Nurses<sup>\*2</sup>**  
(in thousands)

	Japan	60 – 270	(2025)
	Germany	390	(2035)
	Australia	120	(2030)
	South Korea	160	(2030)
	Saudi Arabia	100	(2030)

1. WHO "Global Health Expenditure Database" (FX rates: 2021)

2. Japan: MHLW, "Subcommittee on supply and demand of nursing staff, study group on supply and demand of medical care workers", Germany: PwC "Fachkräftemangel im Gesundheitswesen: Wenn die Pflege selbst zum Pflegefall wird", Australia: Department of Health and Aged Care "Australia's Future Health Workforce – Nurses Overview Report", South Korea: Korea Institute for Health and Social Affairs "2017 mid- to long-term supply and demand outlook for major health and medical personnel", Saudi Arabia: Nourah Alsadaan, Linda K. Jones, Amanda Kimpton and Cliff DaCosta "Challenges Facing the Nursing Profession in Saudi Arabia: An Integrative Review"



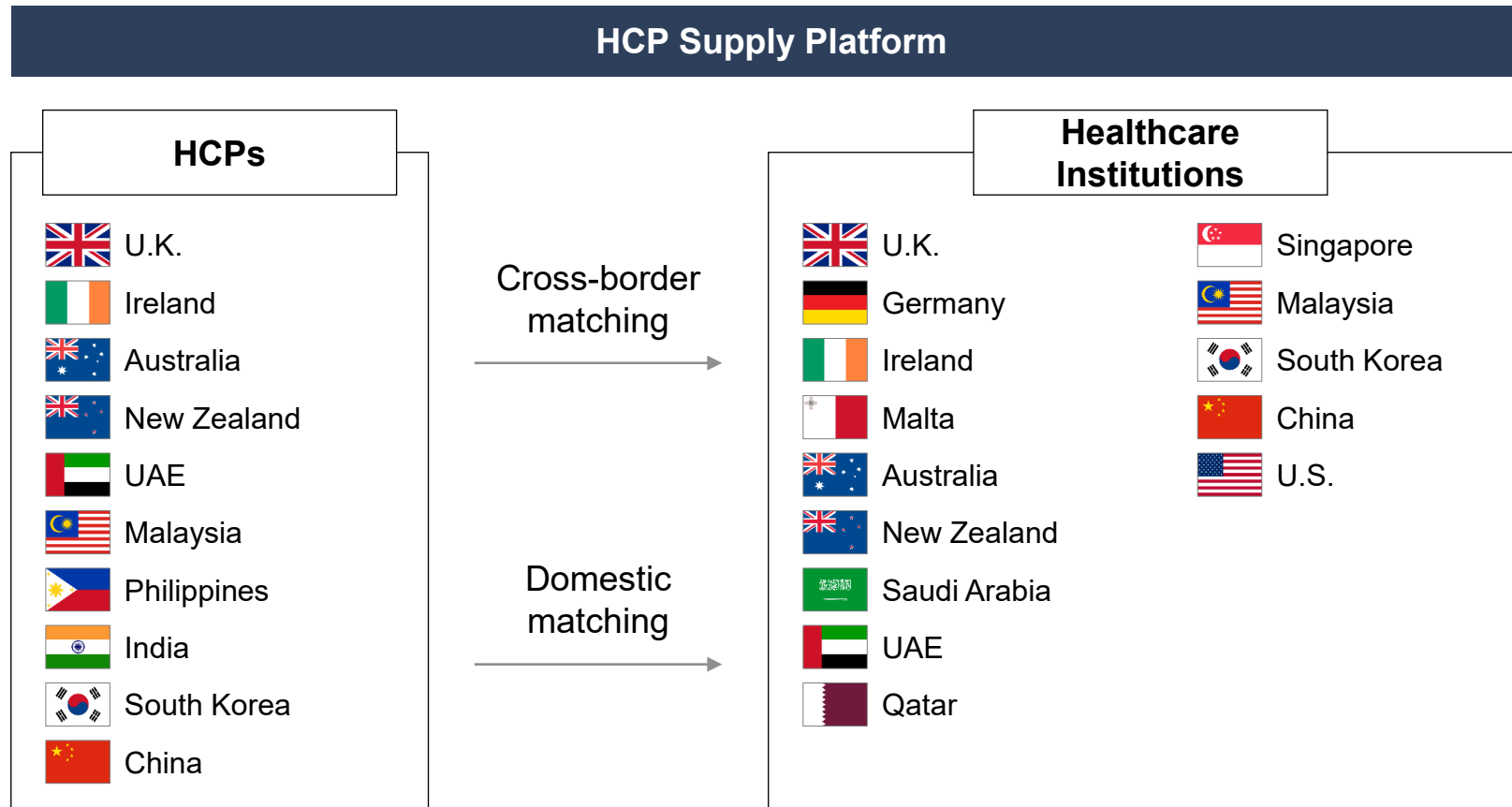
# Mission of Global Career Business

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**We aim to contribute to improving the quality of  
medical care around the world  
by solving the shortage and uneven distribution  
of healthcare professionals.**

# HCP<sup>\*1</sup> Supply Platform

Promote optimal cross-border and domestic matching according to the supply of HCPs and the demand from healthcare institutions<sup>\*2</sup>.

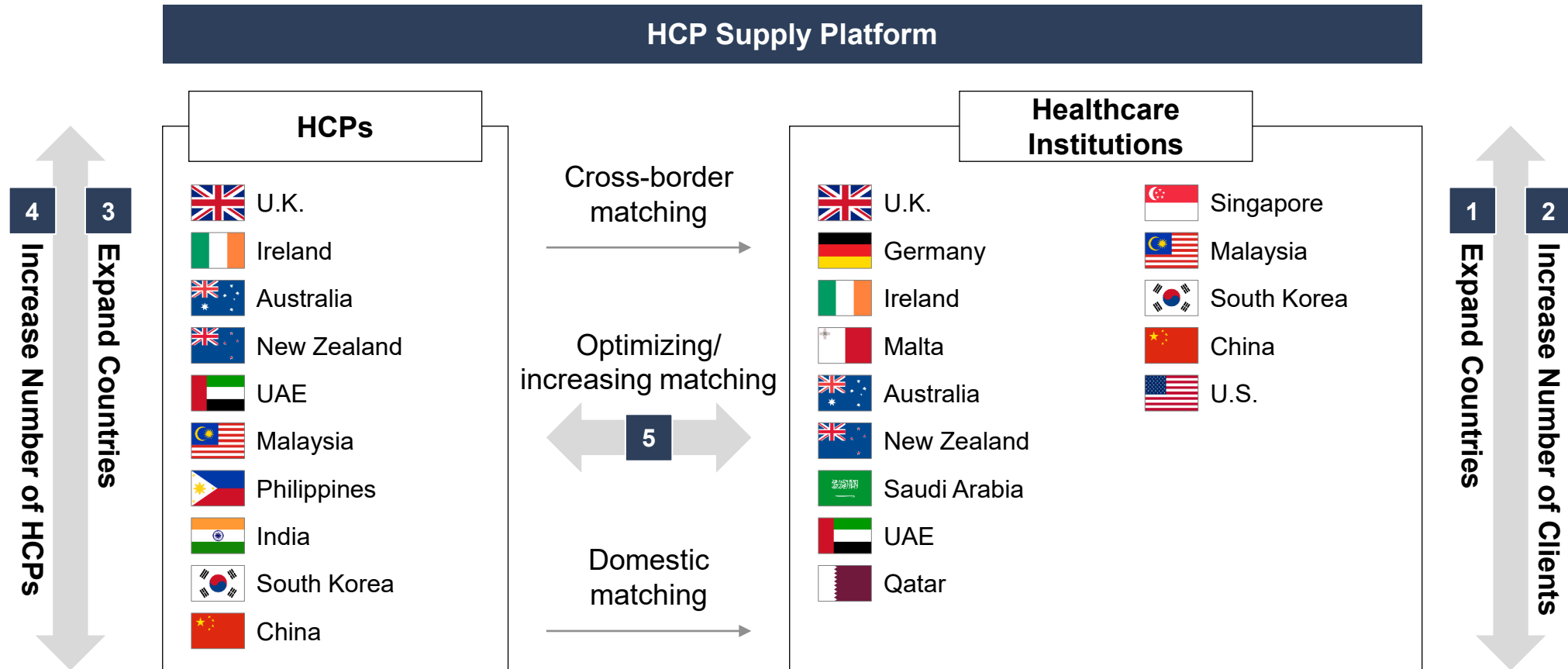


1. Healthcare professionals

2. Hospitals, clinics etc.

# Strategy of Global Career Business

Maximize the value as a HCP supply platform by No. 1 – 5 below.

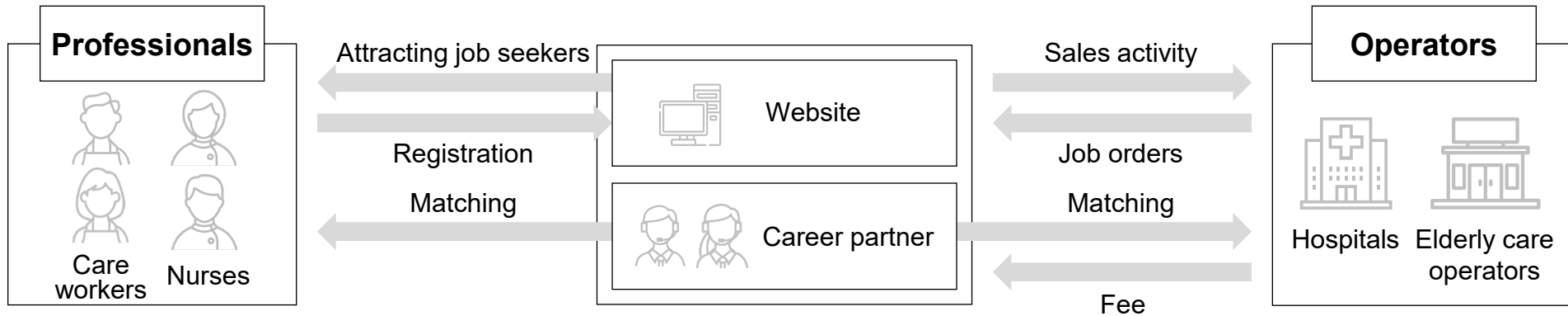


# Appendix

# Business Model of Career Business

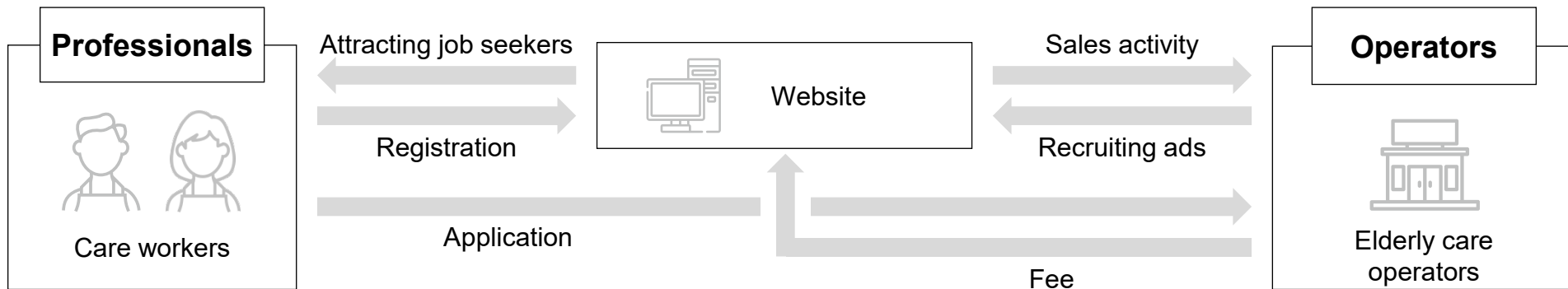
## Business model of Recruiting Agent

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 or each hiring via our Recruiting Ads website.



# Kaipoke's Main Services

Subscription-based management support platform providing more than 40 services as a package\*<sup>1</sup>

Insurance Claim	<ul style="list-style-type: none"> <li>Elderly care operators can claim for the reimbursement of insurance efficiently.</li> </ul>
Recruitment	<ul style="list-style-type: none"> <li>Provide SMS's industry-leading Recruiting Ads service "Kaigo Job" for free and a job ad creation agency service.</li> </ul>
Sales Support	<ul style="list-style-type: none"> <li>Assist sales activities by supporting research, planning, and managing actions.</li> <li>Offer a function to create a website for free by automatically linking with registered data.</li> </ul>
Operation Improvement	<ul style="list-style-type: none"> <li>Provide one iPad for free to enable care workers to complete documentations at their customer sites.</li> </ul>
Opening Support	<ul style="list-style-type: none"> <li>Support procedures needed to open an elderly care business such as application for designation, financing, finding office properties and market research.</li> </ul>
Finance	<ul style="list-style-type: none"> <li>Provide factoring services to improve operators' cash flows.</li> </ul>
Purchasing	<ul style="list-style-type: none"> <li>Elderly care operators can procure various equipment and supplies, such as rental smartphones, in an easy and inexpensive way.</li> </ul>
Business Succession	<ul style="list-style-type: none"> <li>Supporting the succession of elderly care operators</li> </ul>

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

# MIMS Group Profile

MIMS group global coverage



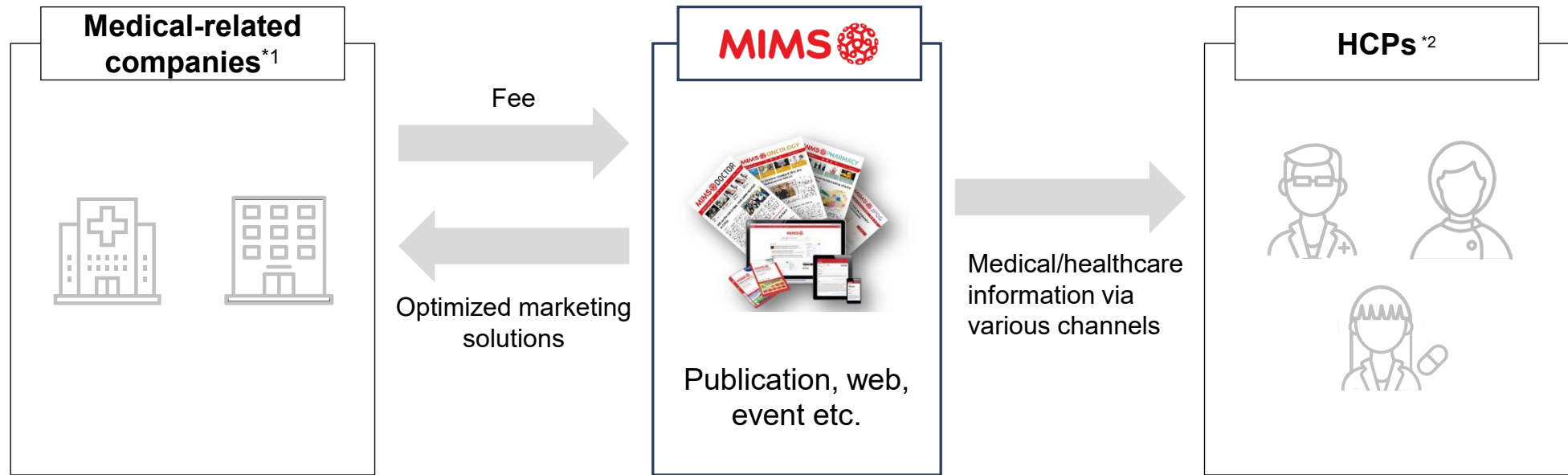
MIMS group profile

Founded	1963
Business	<ul style="list-style-type: none"> <li>• Medical Platform</li> <li>• Global Career</li> </ul>
Global coverage	18 countries and regions, mainly in APAC
Number of memberships	3.50 million <sup>*1</sup>
Acquisition date	October 7, 2015

1. As of December 2023

# Business Model of Medical Marketing

Support marketing activities of medical-related companies\*<sup>1</sup>



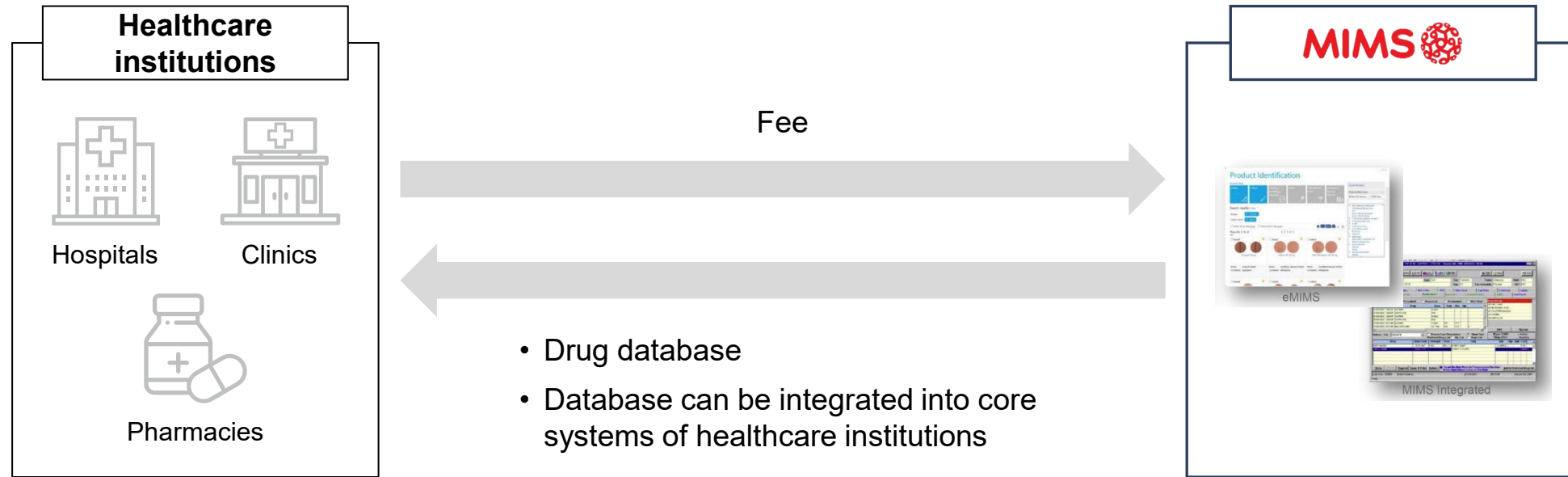
1. Operators such as pharmaceutical companies, medical device manufacturers, healthcare service operators, and industrial group

2. Healthcare professionals such as doctors, nurses, and pharmacists













# Business Model of Clinical Decision Support

Provide a drug database for prescription error checks in healthcare institutions



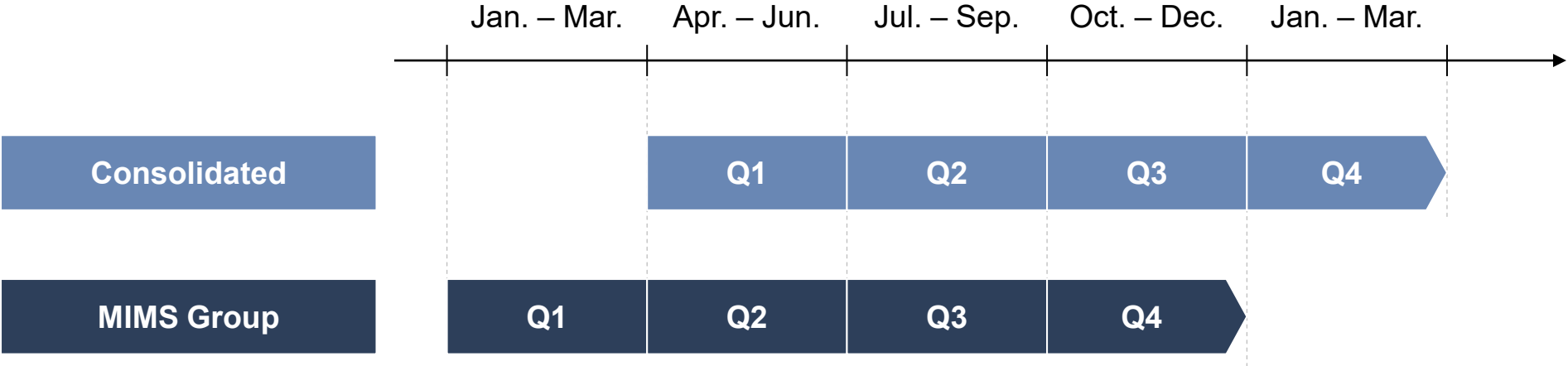
# Expansion of the Global Career Business

Starting with the acquisition of NURSCAPE in South Korea in 2011, we have expanded our overseas bases steadily to Malaysia in 2017, to the Philippines in 2018, to Europe and Oceania in 2019, and to Germany in 2022.














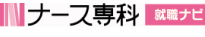


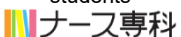


Sep. 2011	 South Korea	 Acquired <b>NURSCAPE</b>	<b>Launched the Global Career Business.</b> <ul style="list-style-type: none"> <li>Started career-related business for nurses in South Korea</li> </ul>
Jun. 2017	 Malaysia	 Acquired <b>MELORITA</b>	<b>Launched cross-border matching.</b> <ul style="list-style-type: none"> <li>Started cross-border introduction of Malaysian healthcare professionals(HCPs) to hospitals in the middle east and other countries.</li> </ul>
May 2018	 the Philippines	 Acquired <b>MSR</b>	<b>Increased the number of countries from which nurses are introduced.</b> <ul style="list-style-type: none"> <li>Started introduction of Filipino HCPs to hospitals in the middle east and other countries.</li> </ul>
Aug. 2019	 Ireland Australia	 Acquired <b>CCM</b>	<b>Expanded business to Europe and Oceania.</b> <ul style="list-style-type: none"> <li>Started matching for European/Oceanian healthcare professionals.</li> <li>Expanded client hospitals in Europe/Oceania for HCPs from Southeast Asia and other countries.</li> </ul>
Dec. 2022	 Germany	 Acquired <b>CWC/CF</b>	<b>Expanded business to Germany.</b> <ul style="list-style-type: none"> <li>Started cross-border introduction of foreign nurses to healthcare institutions and elderly care operators in Germany.</li> </ul>

# Consolidation of MIMS Group Financial Results

Income statement of MIMS group is consolidated to income statement of SMS following a time lag of three months.



# Business Portfolio<sup>\*1</sup> – Career<sup>\*2</sup>


Segment	Category	Services				
Elderly Care Career	Services for care workers	RAD <sup>*3</sup> for care workers カイゴジョブ 	RAG <sup>*3</sup> for care workers カイゴジョブ 	Elderly care certification course カイゴジョブ 	Certification course information 	
	Others	RAG <sup>*3</sup> for PT/OT/ST 	RAG <sup>*3</sup> for care managers CJ@ケア人材バンク 			
Medical Care Career	RAG <sup>*3</sup> services	RAG <sup>*3</sup> for nurses  RAG <sup>*3</sup> for Judo therapists etc. WILL ONE 	RAG <sup>*3</sup> for radiological technologists  RAG <sup>*3</sup> for dietitians EJB 	RAG <sup>*3</sup> for medical technologists  検査技師人材バンク	RAG <sup>*3</sup> for clinical engineers  工学技士人材バンク	RAG <sup>*3</sup> for childcare workers  保育士人材バンク
	Others	RAD <sup>*3</sup> for newly-graduated nurses  HR solution for hospitals SOL ソリューション 	Scholarship information portal 看護奨学金Navi 	Web community for nurses and nurse students 	RAD <sup>*3</sup> for Judo therapists etc. 	National examination reference book for Judo therapists etc. 国試黒本 

1. As of July 2024

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

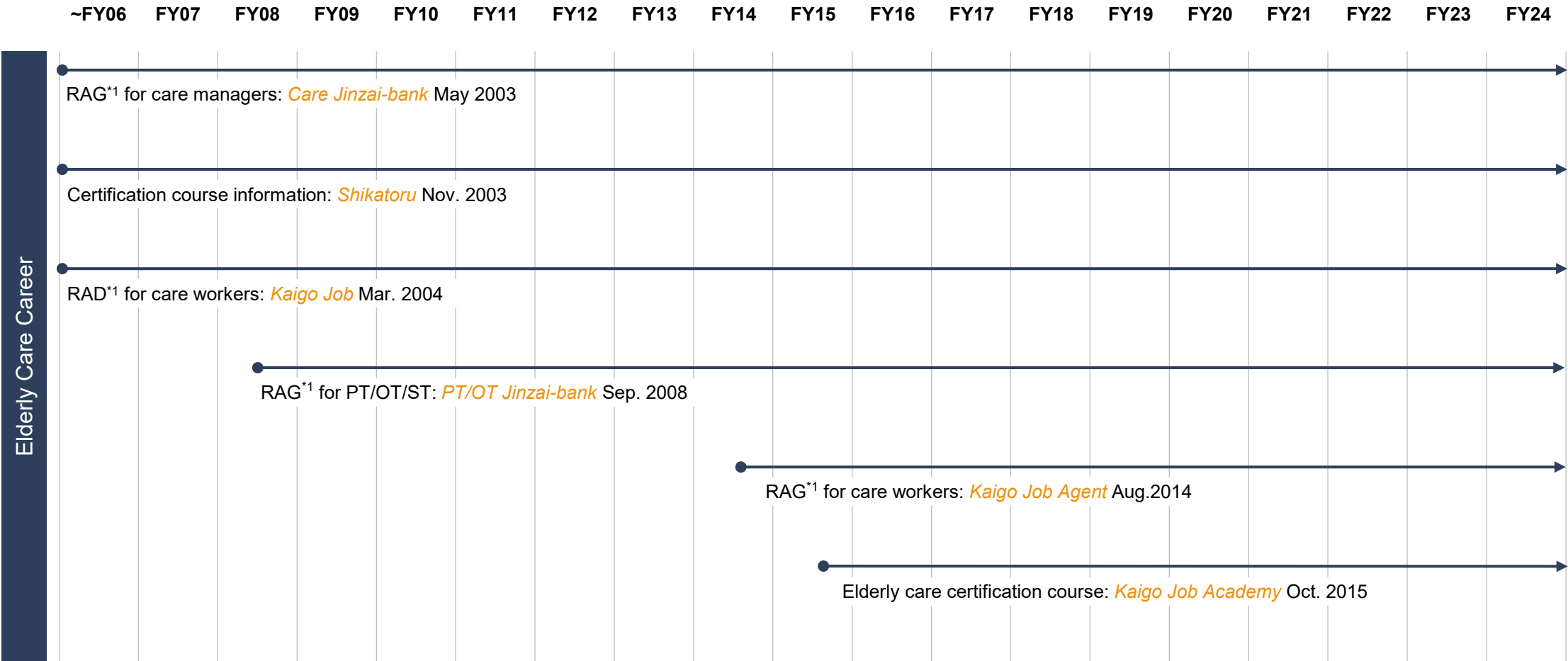
3. RAD: Recruiting ads service RAG: Recruiting agent service

# Business Portfolio\*<sup>1</sup> – Elderly/Disability Care Operators, Overseas, New Business

Segment	Services						
Elderly/Disability Care Operators	Management support platform for elderly/disability 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, Germany, etc.)     			Career related service for nurses (South Korea) 	Medical ad services ( Philippines, Indonesia, Malaysia )	
New Business (Healthcare)	Preventive solution for lifestyle-related diseases 	Health guidance solution 	Quit-smoking support using ICT 	Quit-smoking solution with behavior therapy 	Remote industrial health service 	Information portal of dementia 	Solution for dementia prevention 
	Web community for dietitians 	Frailty prevention service 	Preventive solution for elderly care turnover 	Health maintenance/promotion support for women 	Information portal of industrial health service 	Stress checks specialized for medical care and elderly care industries 	Habitual support for dementia prevention 
New Business (Senior life)	Web community for people struggling with elderly care 	Home-delivered meals search site 	Housing introduction service for the elderly 	Comprehensive information service on housing 	Information portal of funeral companies 	Web community for care managers 	

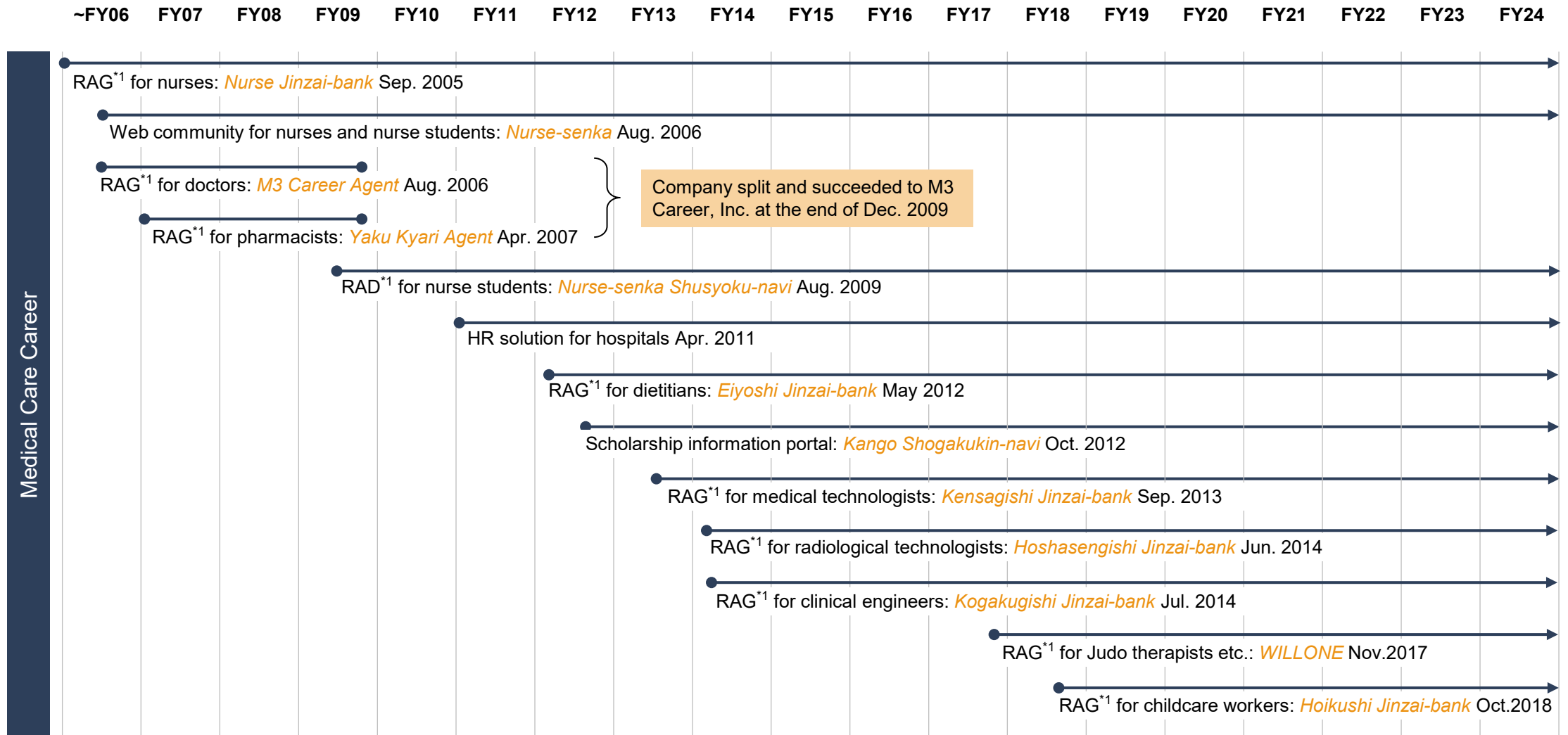
1. As of July 2024

# History of Service Launches – Elderly Care Career



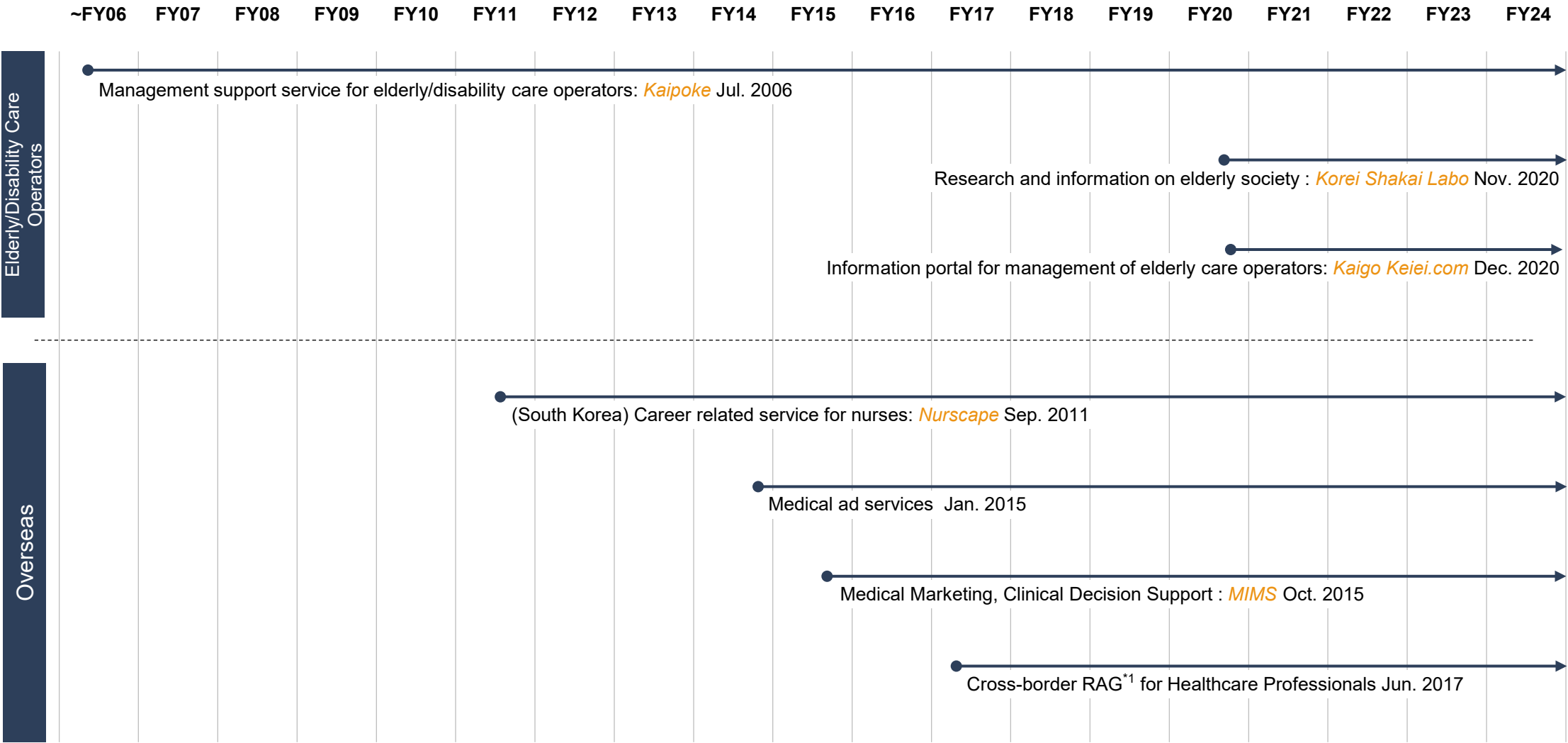
1. RAD: Recruiting ads service RAG: Recruiting agent service

# History of Service Launches – Medical Care Career



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

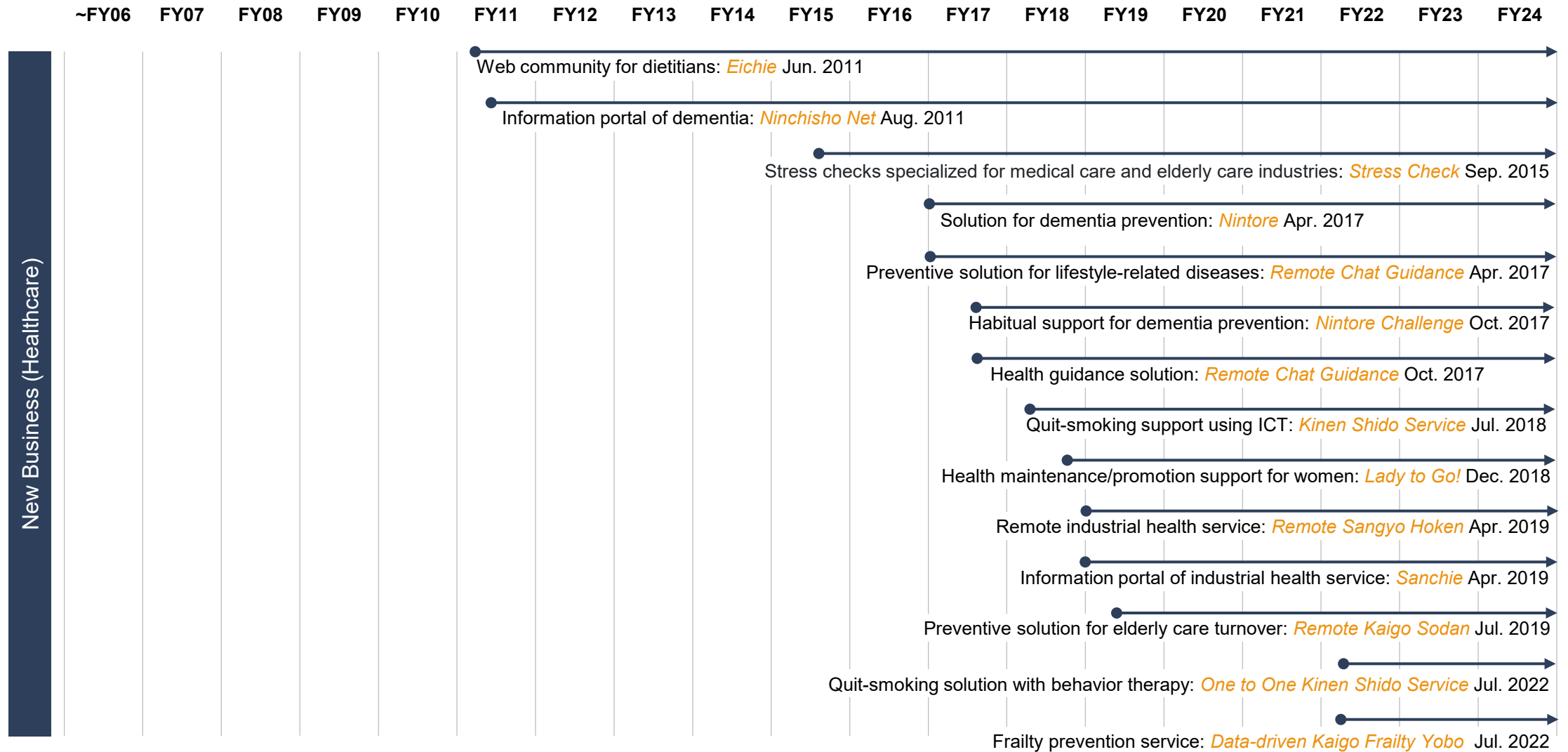
# History of Service Launches – Elderly/Disability Care Operators, Overseas



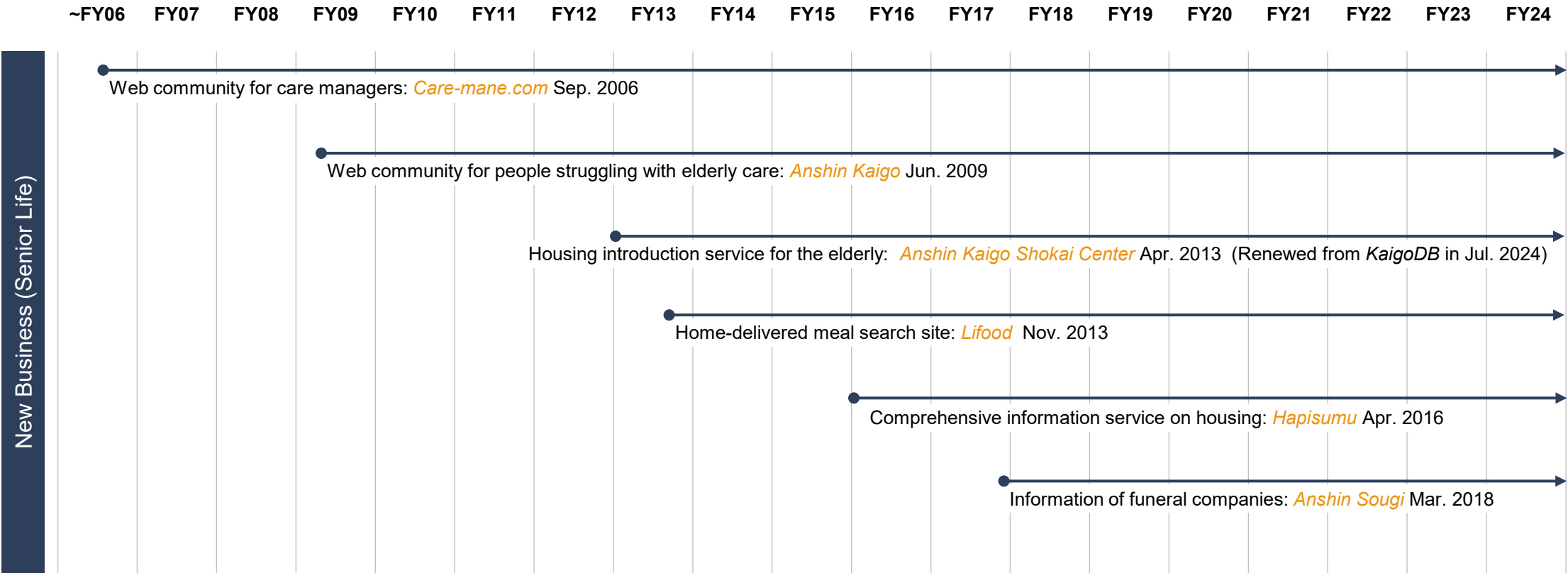
1. RAG: Recruiting agent service



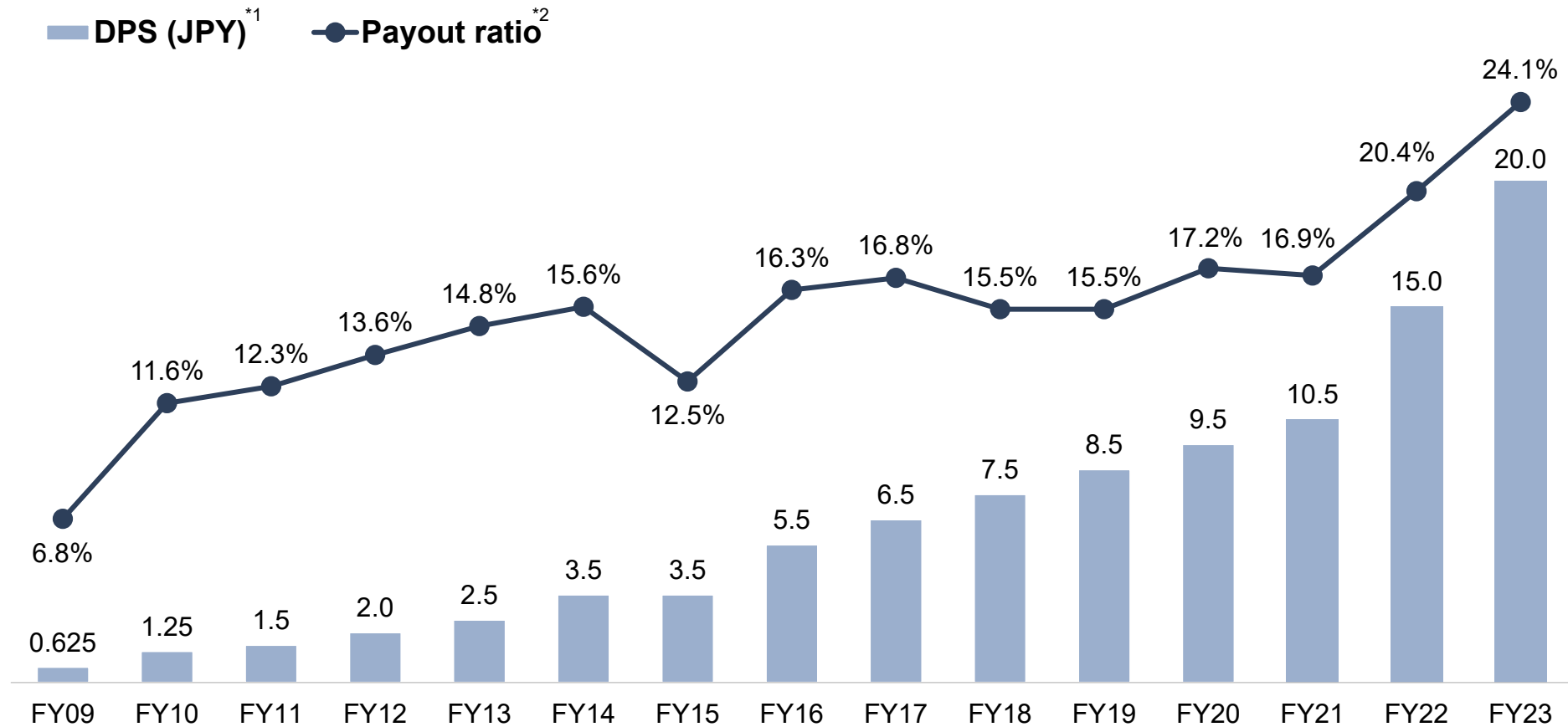
# History of Service Launches – New Business (Healthcare)



# History of Service Launches – New Business (Senior Life)



# Dividends



1. Past stock splits are taken into account for the DPS calculation.  
 2. Payout ratio = DPS / EPS

# Historical Financial Results

(in JPY millions)

	FY03	FY04	FY05	FY06	FY07	FY08	FY09	FY10	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23
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	38,899	45,667	53,973
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	6,318	7,279	8,269
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	7,726	8,759	9,901
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	5,408	6,406	7,227
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	62.1	73.5	83.0
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	56,585	65,098	72,475
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	26,594	26,677	28,190
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	29,991	38,421	44,284
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	52.4	58.3	60.7
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	20.8	19.0	17.6
DPS*1 (JPY)	-	-	-	-	-	0.625	0.625	1.25	1.5	2.0	2.5	3.5	3.5	5.5	6.5	7.5	8.5	9.5	10.5	15.0	20.0
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	16.9	20.4	24.1
TSR*1*2 (%)	-	-	-	-	-	-	-	-	-	-	177.1	514.5	1,150.3	1,057.5	682.8	402.3	263.6	317.8	243.5	143.2	132.6

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

# Number of Employees and Shareholder Composition

## Number of Employees

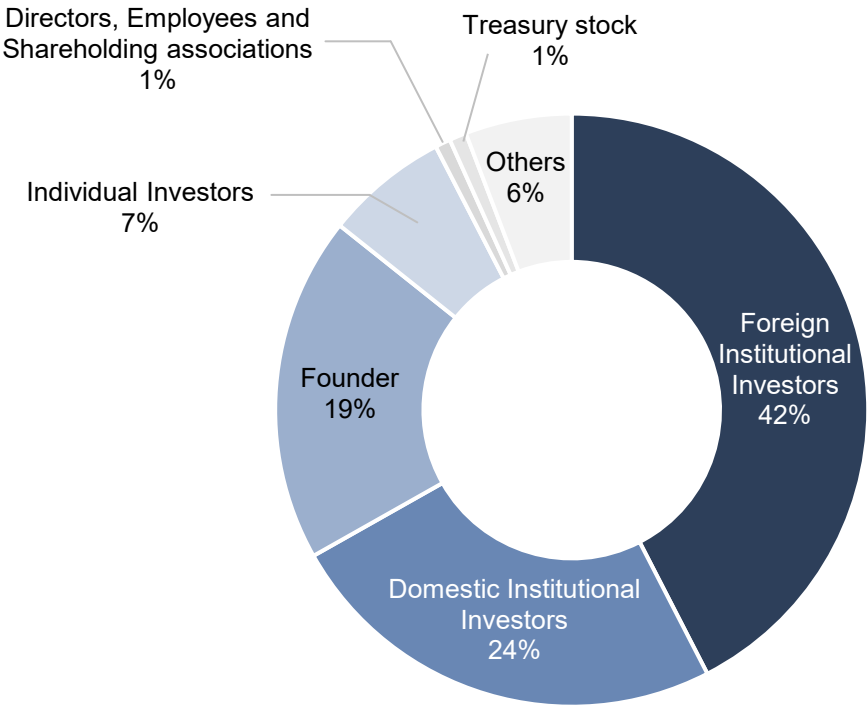
As of June 30, 2024:

Category	# of Employees
Consolidated	4,639
Japan	3,489
Overseas	1,150

## Shareholder Composition\*1

As of March 31, 2024:

Number of shareholders 7,984



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

# Cautionary Statement with Respect to Forward-Looking Statements

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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 June 30, 2024. 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 medical care, elderly/disability 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, medical care, and elderly/disability 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<sup>\*1</sup>.

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.

For any inquiries on the materials, please contact below:

Corporate Planning Department

Email: [irinfo@bm-sms.co.jp](mailto:irinfo@bm-sms.co.jp)

Phone: +81-3-6721-2403

1. [https://global.bm-sms.com/ir/management/risk\\_factor/](https://global.bm-sms.com/ir/management/risk_factor/)