



April 28, 2026

SMS Co., Ltd.

(Company Code: 2175, TSE Prime Market)

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

<PRESS RELEASE>

Notice Regarding the Recognition of Impairment Loss in the Consolidated Financial Statements, Valuation Loss on Affiliate Shares in the Non-Consolidated Financial Statements, and Differences Between the Consolidated Financial Forecasts and Actual Results for the Fiscal Year Ended March 31, 2026

SMS Co., Ltd. (the "Company") hereby announces that it has recognized an impairment loss in the consolidated financial statements and a valuation loss on affiliate shares in the non-consolidated financial statements for the fiscal year ended March 31, 2026 (from April 1, 2025 to March 31, 2026), and that there are differences between the consolidated financial forecasts for the full year ended March 31, 2026 announced on April 28, 2025, and the actual results, as stated below.

1. Recognition of Impairment Loss in the Consolidated Financial Statements and Valuation Loss on Affiliate Shares in the Non-Consolidated Financial Statements

Regarding the Medical Platform Business in the Company's Overseas operations, the order environment for marketing support has been sluggish due to prolonged budget constraints at major pharmaceutical companies, our clients, caused by factors such as the patent expiration of key drugs. In addition, for the Global Career Business, we have partially revised our future plans due to the worsening situation in the Middle East.

Consequently, based on recent performance trends and the business environment, we conducted an impairment test on the Company's Overseas business, resulting in the recognition of an impairment loss of 22,957 million yen as an extraordinary loss. The breakdown of this impairment loss is 13,041 million yen for trademark rights, 8,649 million yen for goodwill, 677 million yen for software, and 589 million yen for customer-related assets.

As a result of recognizing this impairment loss, amortization expenses for intangible assets are expected to decrease by approximately 1.5 billion yen annually from the fiscal year ending March 31, 2027 onwards.

In addition, due to the factors mentioned above, the Company recognized a valuation loss on affiliate shares of 29,667 million yen as an extraordinary loss in its non-consolidated financial statements. Please note that this valuation loss is eliminated in consolidation and therefore has no impact on consolidated financial results.

For the Overseas business, we are currently executing a fundamental review of our business portfolio based on future growth potential and profitability. We will consider all options, including alliances with other companies and the utilization of external capital.

2. Differences Between the Full-Year Financial Forecasts and Actual Results for the Fiscal Year Ended March 31, 2026 (From April 1, 2025 to March 31, 2026)

	Net Sales	Operating Income	Ordinary Income	Net Income Attributable to Owners of Parent	EPS
Previously announced forecast (A)	million¥ 67,544	million¥ 7,287	million¥ 9,468	million¥ 7,029	¥ 82.39
Actual results (B)	64,735	6,787	8,721	(14,317)	(173.66)
Change (B - A)	(2,808)	(500)	(746)	(21,347)	—
Change (%)	(4.2)	(6.9)	(7.9)	—	—
(Reference) Actual results for the previous fiscal year (Ended March 31, 2025)	60,952	6,335	8,357	6,054	70.96

3. Reason for the Differences Between the Financial Forecasts and Actual Results

The Group's mission is to "improve people's quality of life by providing information infrastructure for an aging society." In the business areas of Medical Care, Elderly/Disability Care, Healthcare, and Senior Life, we develop services such as Career businesses including recruiting agent services, a management support platform business for nursing care/disability welfare service operators, and medical information service businesses in Asia and Oceania. We expect the markets related to the aging society, which are our Group's business areas, to continue to expand, and we continue to work on expanding existing businesses and developing and nurturing new businesses.

While our medium- to long-term market expansion outlook remains unchanged, the

consolidated financial results fell short of the initial financial forecasts due to factors that could not be anticipated at the beginning of the period.

In addition to the delayed pace of sales recovery particularly in the Career and Overseas businesses, both net sales and all profit levels fell short of the initial plan due to the execution of investments for medium- to long-term growth. Furthermore, as stated in "1. Recognition of Impairment Loss in the Consolidated Financial Statements and Valuation Loss on Affiliate Shares in the Non-Consolidated Financial Statements," due to the recognition of an impairment loss of 22,957 million yen as an extraordinary loss, net income attributable to owners of parent fell significantly short of the initial plan.

4. Regarding the Dividend Forecast

Although the Company has recognized an impairment loss at this time, since the impairment loss is a non-cash charge, there is no change to the dividend forecast for the fiscal year ended March 31, 2026, which remains at 29.5 yen per share as announced on January 30, 2026.