

A Better SMS

May 2026

2175 JP

OASIS

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About Oasis

Oasis has been investing and engaging with companies in Japan over the past

24+ years

In fulfillment of our duties under Japan's Stewardship Code, Oasis is committed to

strategic engagement,

when necessary, to improve our investee companies' long-term value

Oasis engagements have led to increased earnings, improved corporate governance and enhanced corporate value at companies including:

Nintendo® | PanaHome | HITACHI | kao

KOBAYASHI | FUJITEC | TOKYO DOME CORPORATION | RAYSUM

Oasis opposes the reappointment of Mr. Takahata and Ms. Takagi

Election of Director	Election of Director (Audit and Supervisory Committee Members)







Masaki Takahata
(Director, President)

Nobuko Takagi
(External Director)

Vote AGAINST the Company's Proposals to Reappoint Mr. Takahata and Ms. Takagi

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Agenda

01. SMS Overview

02. Stuck in Comfort Zone

03. Poor Growth Roadmap

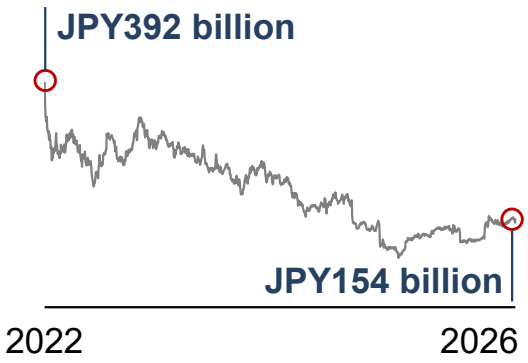
04. Management in Question

05. Oasis's Value Proposition

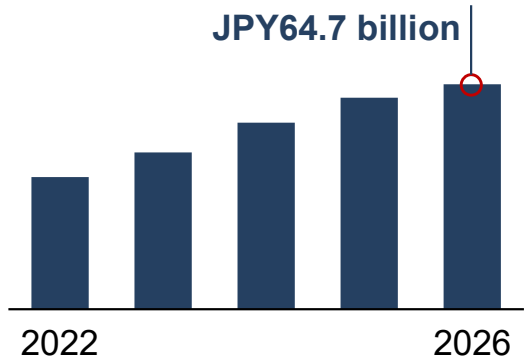
06. Oasis Votes AGAINST Mr. Takahata and Ms. Takagi

SMS by numbers

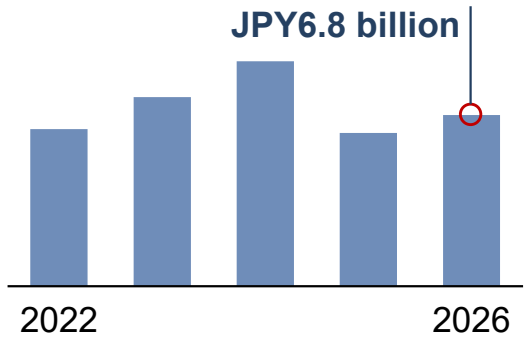
Market capitalization



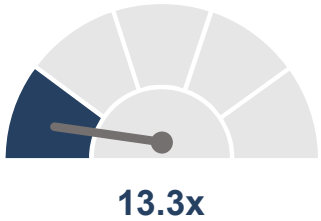
Revenue



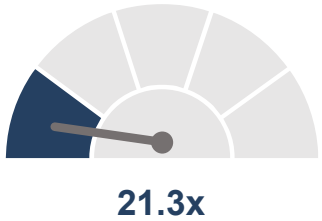
Operating income



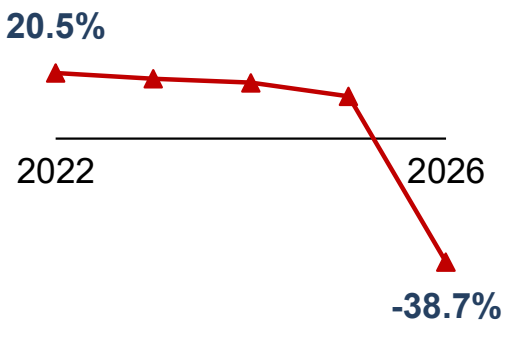
EV / EBITDA Multiple



PER



ROE



Note: Market cap is as of May 8, 2026; EV/EBITDA and PER show data for fiscal year ending March 2027; The rest of the data is as of fiscal year ended in March 2026
Source: Bloomberg

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Oasis history of engagement with SMS

May 2026 Oasis announced **opposition to appointment of Mr. Takahata and Ms. Takagi**

Mar 2026 Oasis requested **postponing the announcement of the growth roadmap** and the establishment of a **Corporate Value Enhancement Committee**

Feb 2026 Oasis sent 90-page presentation to the SMS Board, **proposing plans to unlock full potential of SMS**

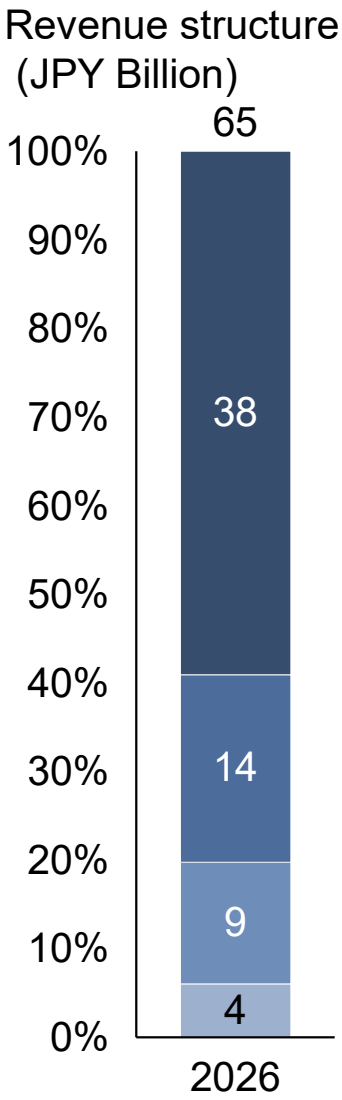
Dec 2025 Oasis met with Mr. Takahata and requested **strengthening of the SaaS business** and **Direct Recruiting**

Nov 2025 Oasis sent letter to the Board, urging to address destruction of corporate value by **exiting Overseas business**

Oct 2025 Oasis sent letter to Mr. Takahata, calling for **transformation from career agency to healthcare tech company**

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SMS is the largest recruitment agency in Japan specialized in nursing and elderly care sectors



Career Sector

- Offers recruiting services for 1) medical care professionals and 2) elderly care centers seeking care workers
- Holds 49% stake in M3 Career, an online job advertisement board and recruitment agency for doctors and pharmacists

Elderly & Disability Care Operators (SaaS)

- Offers a SaaS platform **Kaipoke** to facilitate and streamline daily operations of small and mid-sized elderly care facilities
- Kaipoke, with over JPY 12 billion annual recurring revenue, is **the top vertical SaaS** among listed companies

Overseas Business

- Operates MIMS, which is the largest pharmaceutical database in Asia
- Provides marketing services to global healthcare firms and undertakes cross-border recruiting of healthcare professionals

New Business

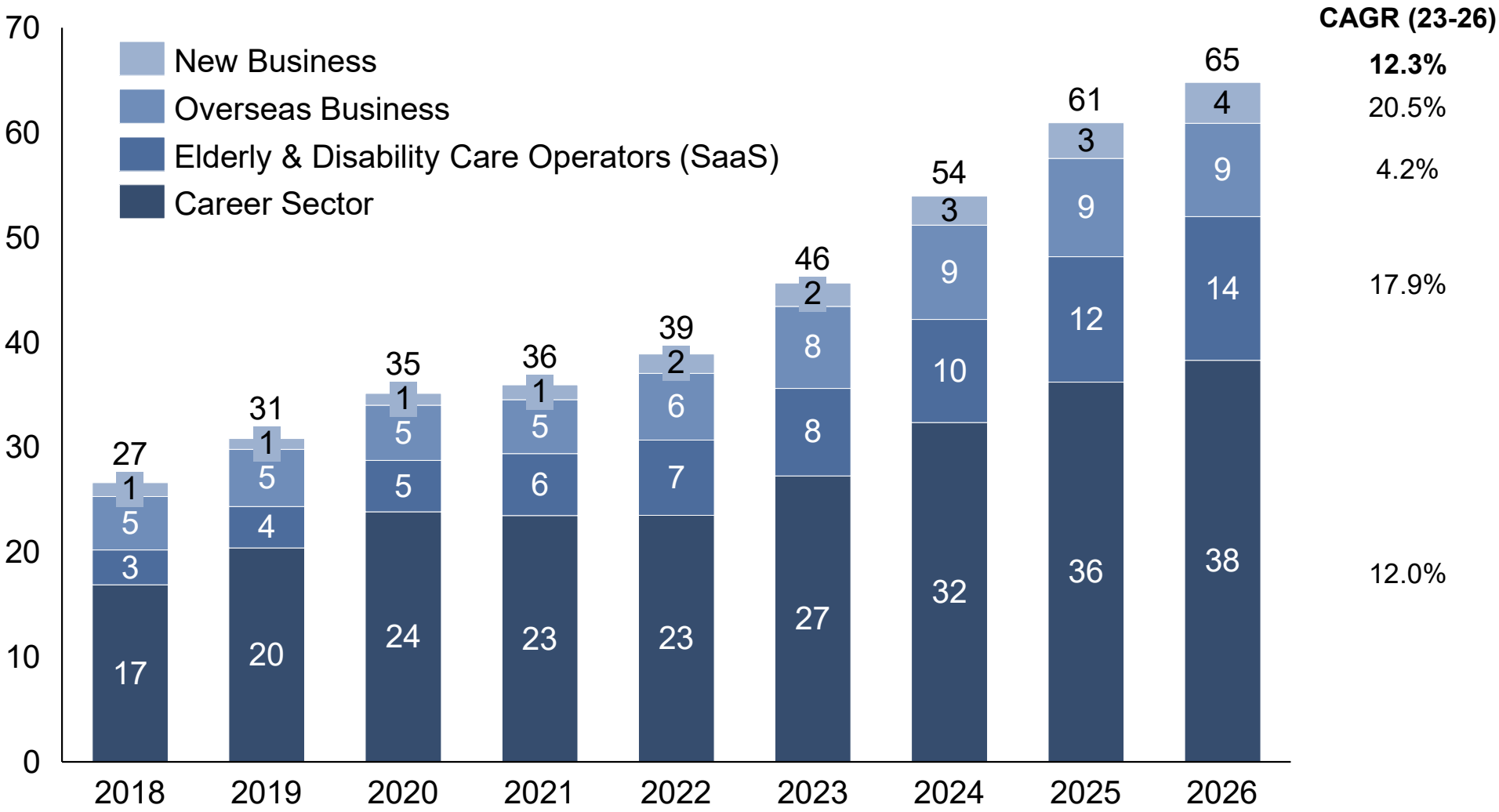
- Various new business development activities related to healthcare and senior life
- An example is remote industrial health, disease prevention and information portals

Source: Company IR; Bloomberg

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SMS has maintained a steady annual growth rate of over 12% from 2023 to 2026

Revenue by segment (JPY Billion)

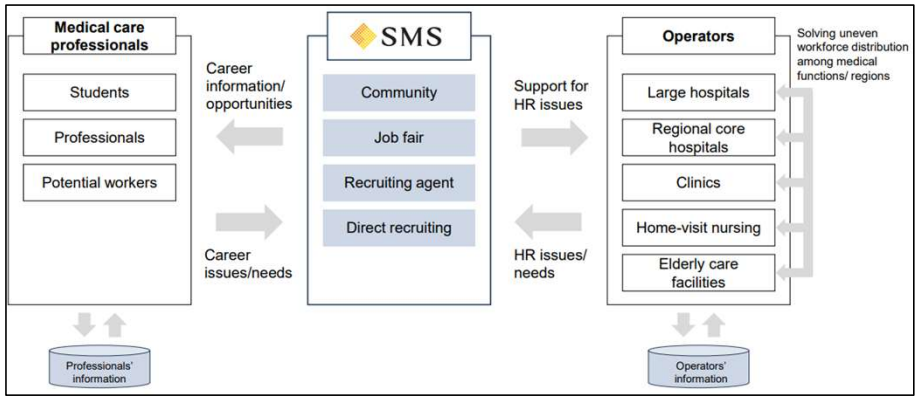


Note: 2025 shows fiscal year started in April 2024 and ended in March 2025
Source: Bloomberg

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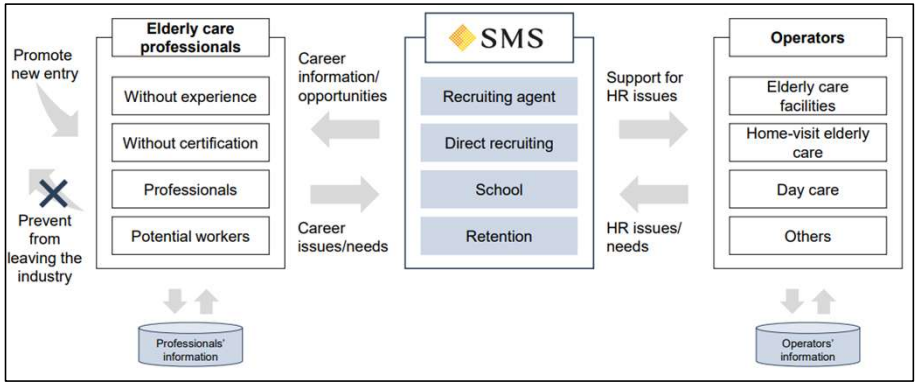
Career Sector: SMS offers career agency services for medical and elderly care sectors

Medical Care Career



- Career agency services for nurses finding and changing job for hospitals and clinics
- In nursing sector, SMS holds the leading market share, estimated at 20-25%

Elderly Care Career

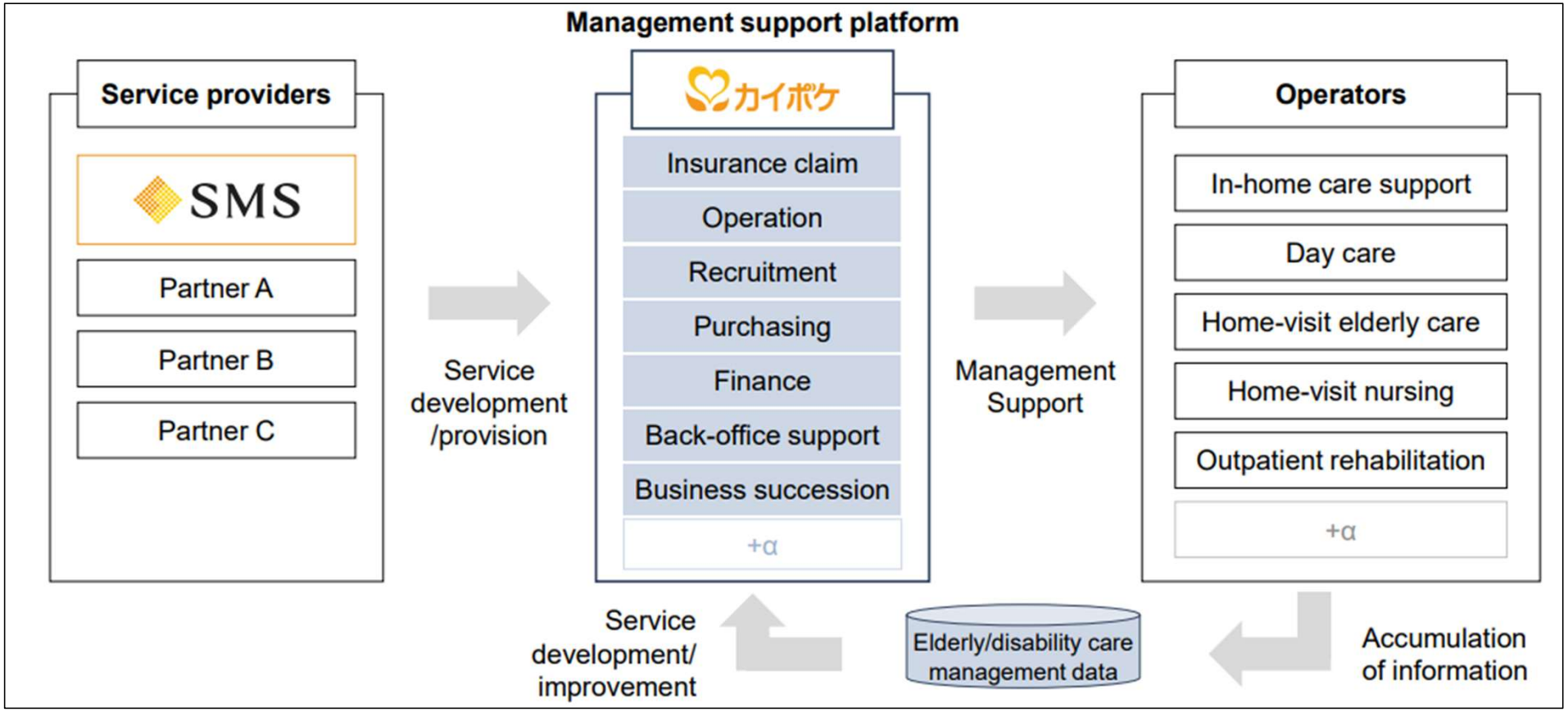


- Offering recruiting services for elderly care centers and certification courses for workers entering the elderly care sector
- In the elderly care sector, SMS holds the leading market share, estimated at 20-30%

Source: Company IR

OASIS

SaaS: Kaipoke offers a platform for the management of elderly/disability care operations



- SaaS platform focused on elderly/disability care operators
- Offers over 40 services that support operations, recruitment, purchasing, finance, back office, M&A (Business succession), etc., on top of the insurance claim service that is essential for elderly/disability care operations

Source: Company IR

Agenda

01. SMS Overview

02. **Stuck in Comfort Zone**

03. Poor Growth Roadmap

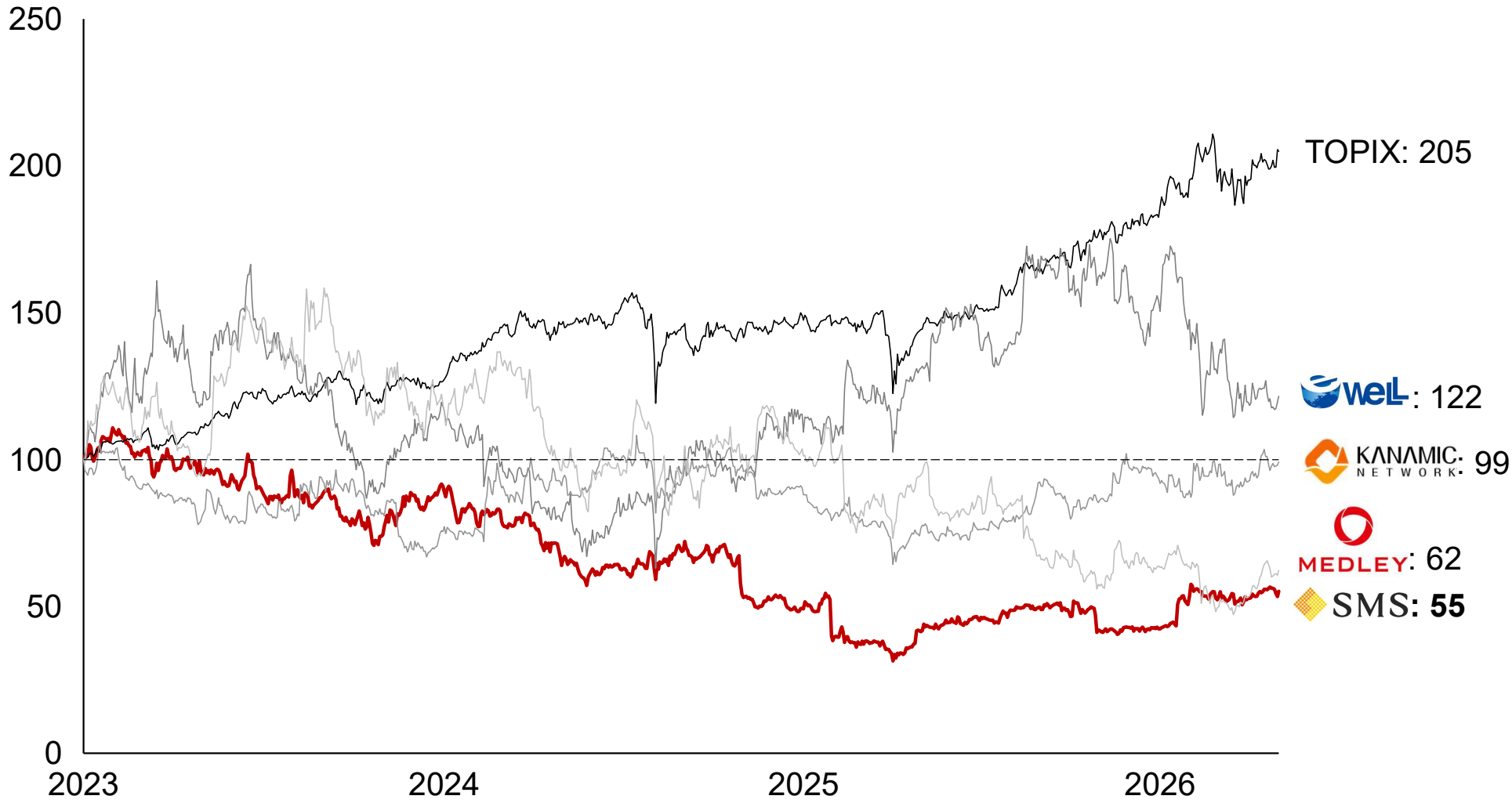
04. Management in Question

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06. Oasis Votes AGAINST Mr. Takahata and Ms. Takagi

SMS underperforms significantly against peers and TOPIX

Indexed stock price (Jan 4, 2023 to May 8, 2026, Indexed to 100 as of Jan 2023)

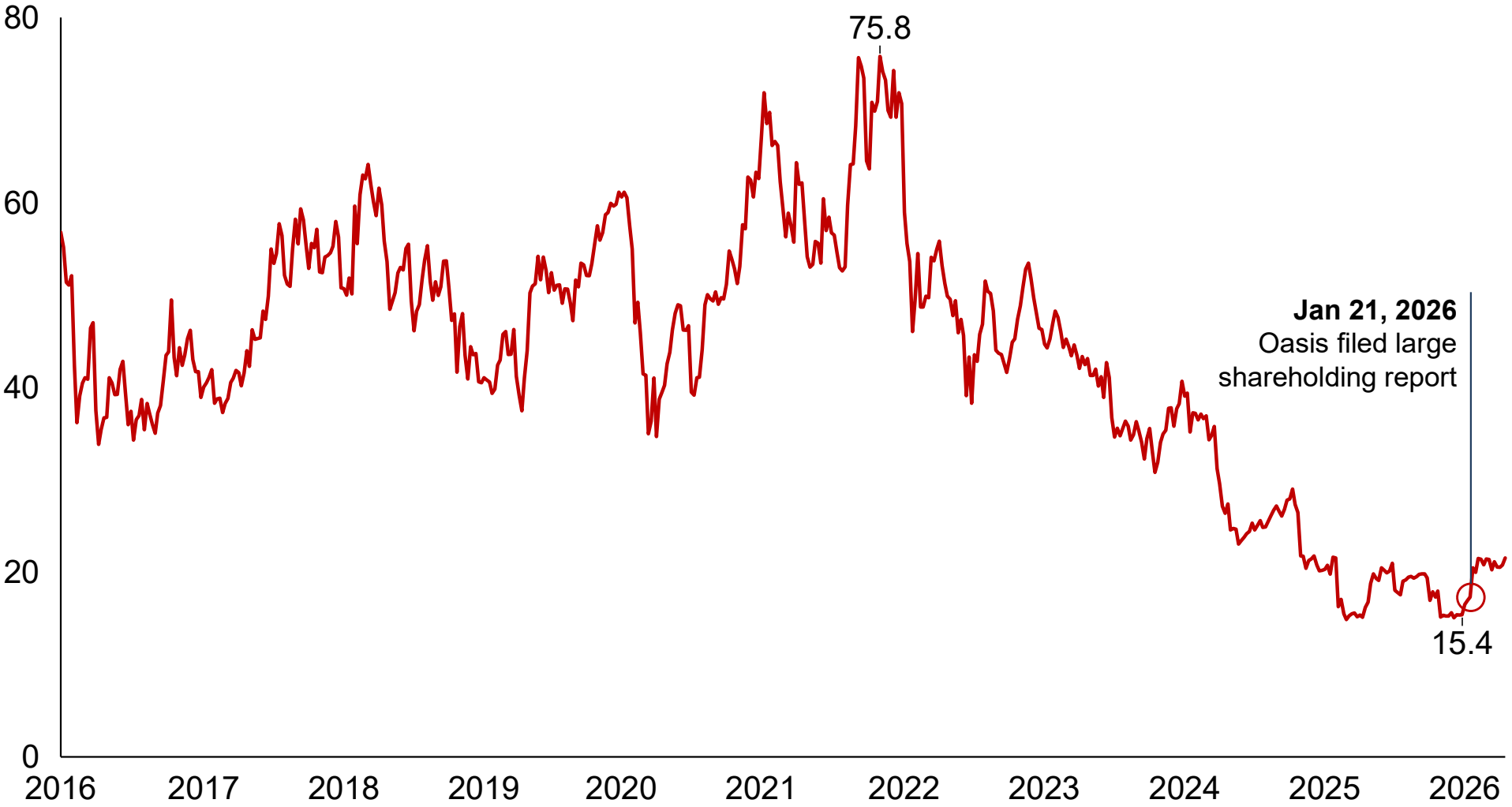


Source: Bloomberg

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Price-to-earnings ratio is at the lowest level in the past decade

PER (Weekly, Jan 2015 to Apr 2026, x)



Note: Data prior to the submission of the large shareholding report by Oasis
Source: Bloomberg

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Signs of slowing revenue growth especially in Overseas and Career segments

YoY revenue growth rate by segment (%)

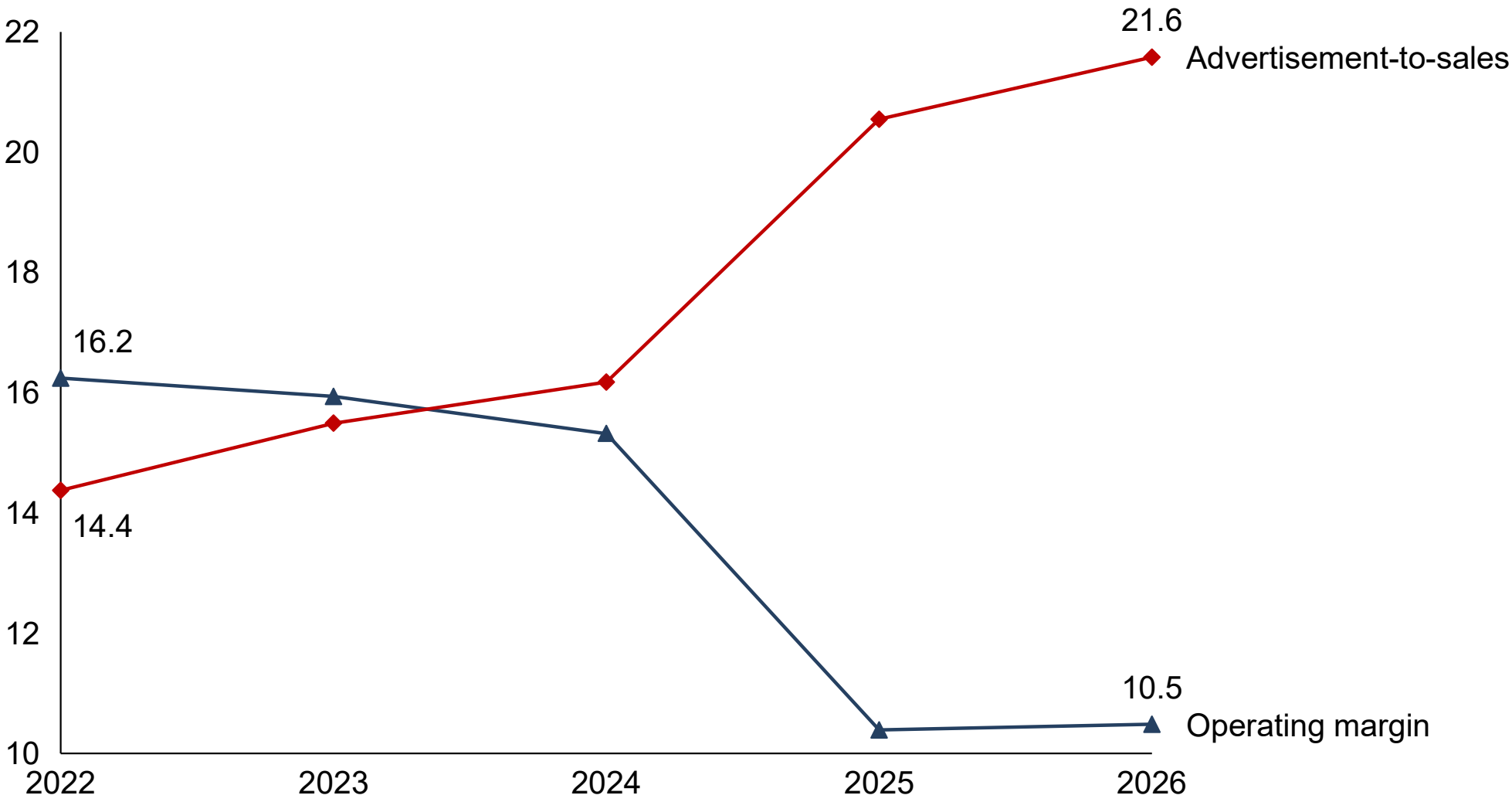


Source: Bloomberg

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Rising advertising expenses significantly weigh on profitability without increasing growth

Operating margin and advertisement-to-sales ratio (%)



Source: Bloomberg

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SMS remains stuck in its comfort zone in both the SaaS and Career businesses

1



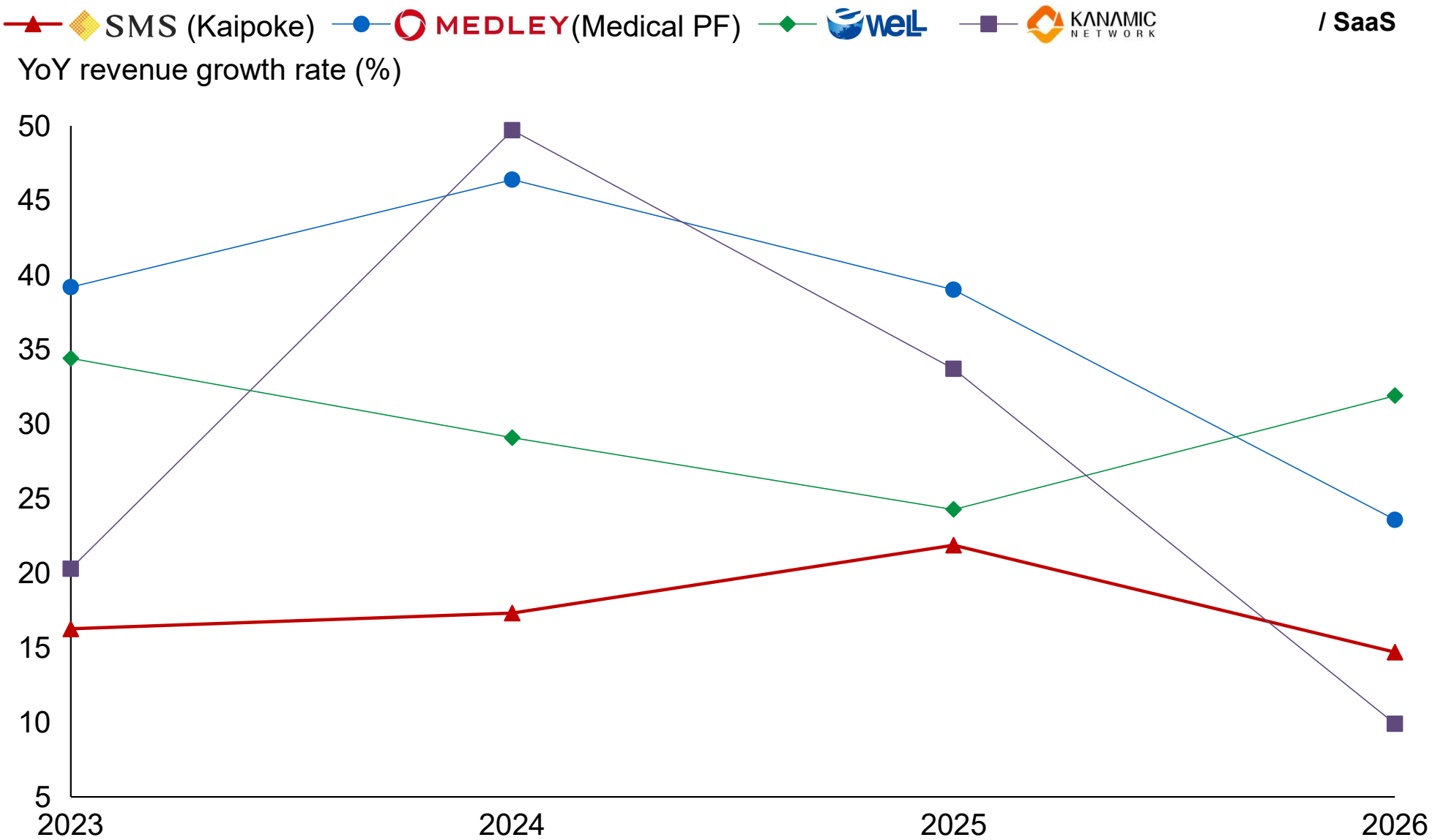
- SMS fails to articulate **growth strategy centered on its SaaS business**
- Limited disclosure has **left Kaipoke undervalued**
- No proactive initiatives to **entre into adjacent areas** of elderly care and **expand TAM**
- Peer is ahead in introducing **AI functions** in software

2



- **Surging advertising spend** has driven **declining efficiency** and **slowing revenue growth**
- SMS **lags behind peer in strengthening Direct Recruiting** services
- Due to **ineffective ad. investment**, Welmee Job has not gained sufficient market exposure
- SMS also behind competitor in new product launch within career services

1 Kaipoke underperforms peers on growth, underscoring the lack of growth strategy



Note: 2026 shows fiscal ended Mar 2026 for SMS, and Dec 2025 for Medley and eWell, and Sept 2025 for Kanamic; SMS and Medley use segment data for the Elderly & Disability Care Operators (Kaipoke) and Medical PF, while eWell and Kanamic use company-wide data | Source: Bloomberg

1 SMS has no clear strategy to grow SaaS and expand TAM

/ SaaS

Management support

SMS

Disability Care SaaS: Expanding into a Similar, Untapped Market

- **The Disability Care area closely resembles the structure of the Elderly Care market just before Kaipoke experienced rapid growth, and there is a large white space.**
- **Based on the expertise gained from Kaipoke, we will refine our products and services of Kabenashi Cloud,, build a sales and marketing structure optimized for a market structure with many small and medium-sized operators, and aim to expand our market share in a short period of time through strong price appeal compared to competitors.**

Assets built by Kaipoke over 20 years

- Expertise in complex regulatory compliance
- Business model for small and medium-sized service offices
- Comprehensive management support services
- Synergy with the Career business

Horizontal expansion of assets and expertise

Expansion into the Disability Care domain — Kabenashi Cloud

- Requires comp compliance, simila
- A market centere medium-sized s similar to el
- Provide com management su
- Form synergies v busin

GO-TO-MARKET STRATEGY

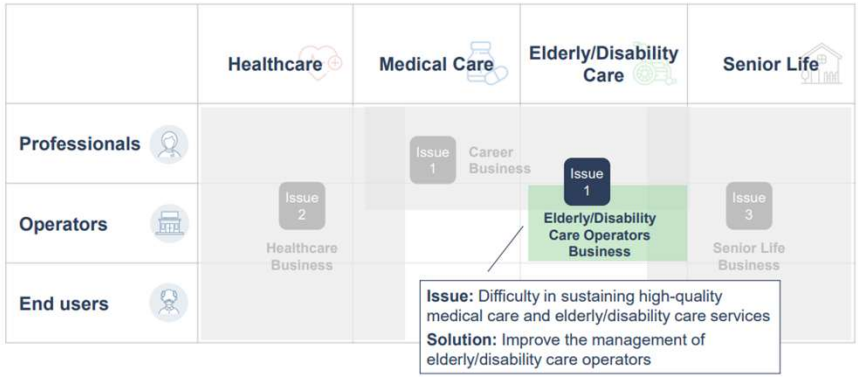
By designing superior products and services and building a sales and marketing stru the market structure, we aim to rapidly expand our market share through a cost leade

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SMS

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".



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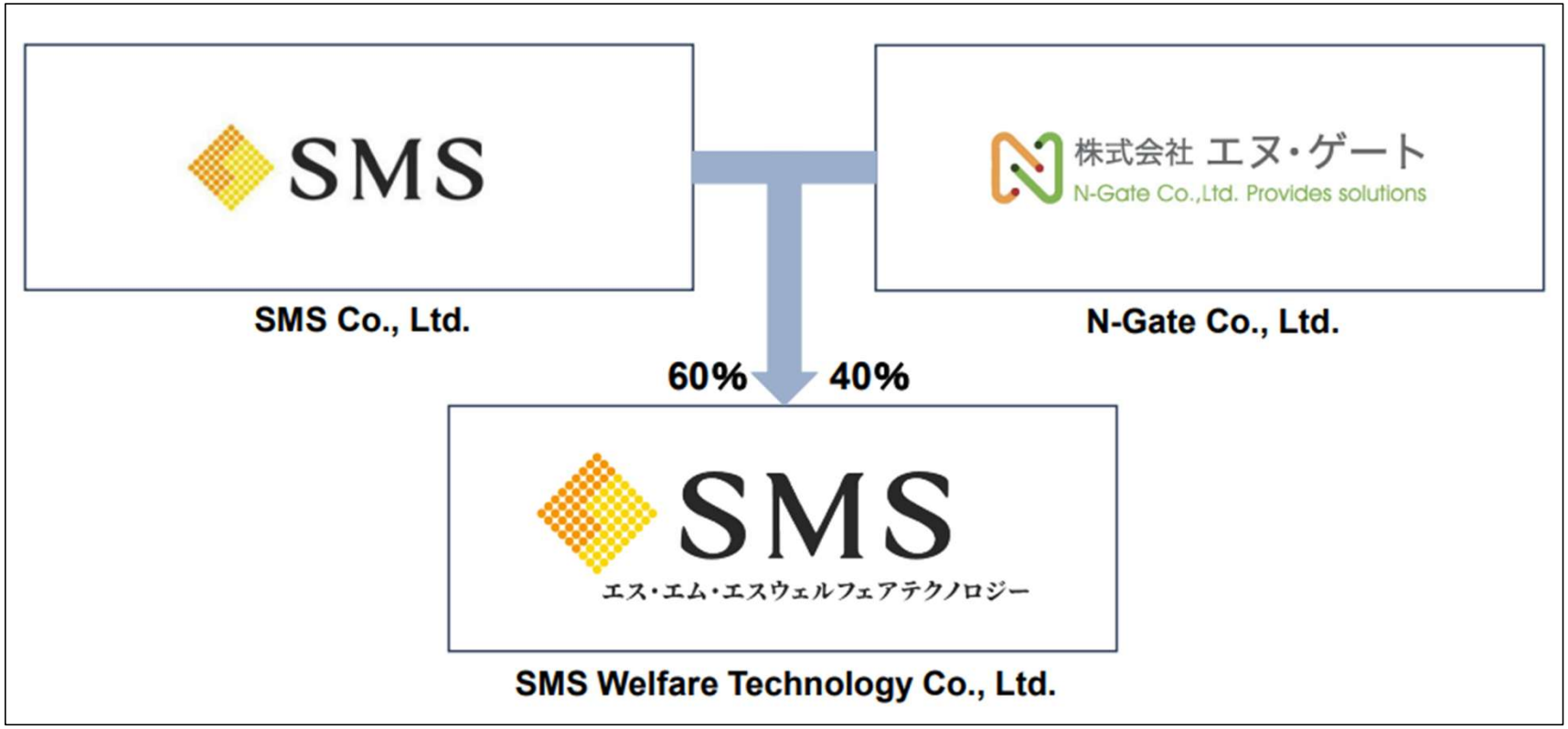
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Vague growth direction indicates the management lacks SaaS-oriented strategy and organizational structure to execute it

Source: Company IR

1 SMS finally announced long waited entry into disability care through JV with N-Gate, but nothing further

/ SaaS



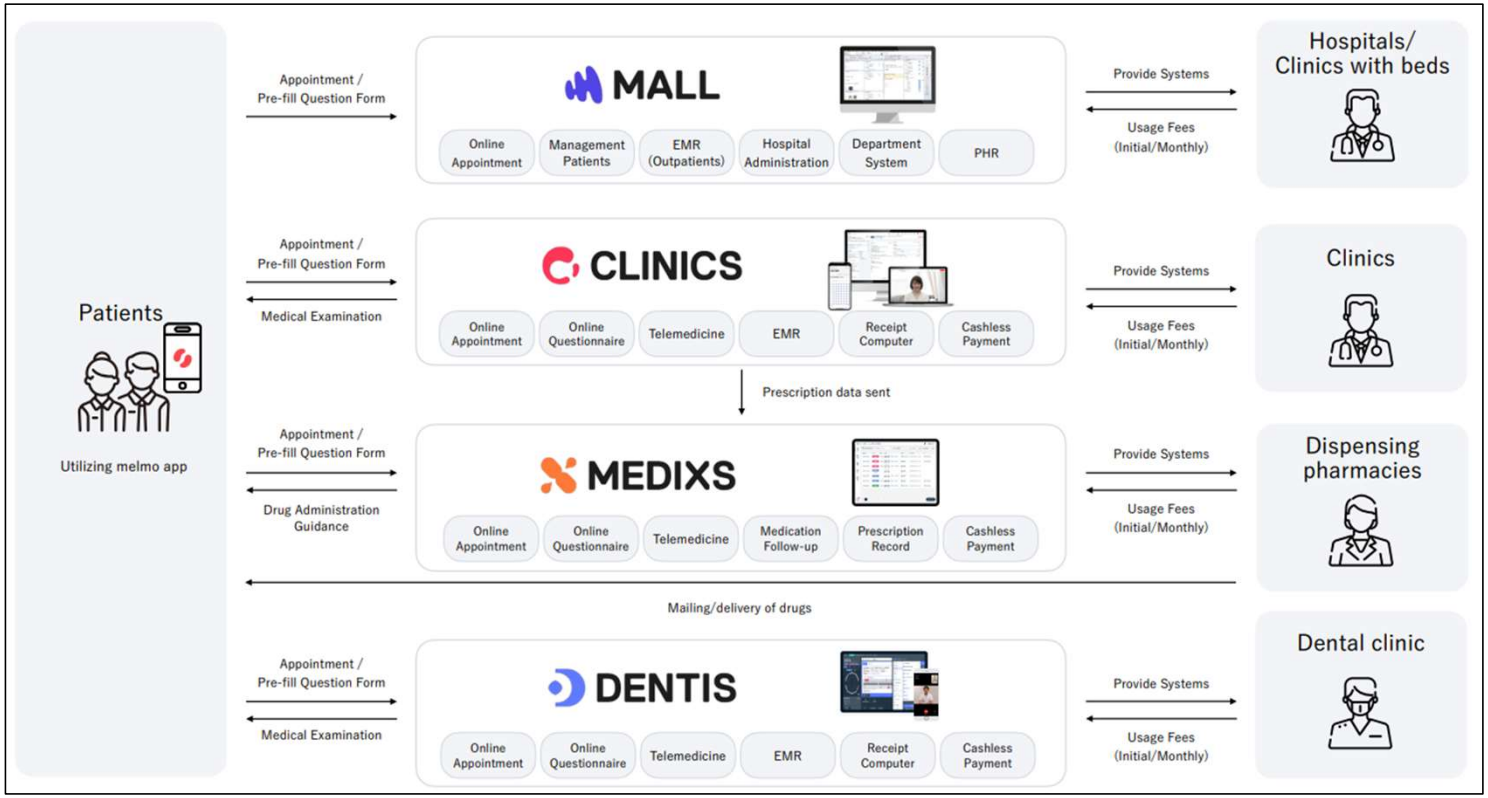
- SMS entered an adjacent segment to its core elderly care business, disability care, through a joint venture with N-Gate, aiming to expand the service offerings within Kaipoke
- This announcement was made in December 2024, **nearly two decades after the launch of Kaipoke in 2006**

Source: Company IR

1 **Medley**: Competitor Medley has pursued aggressive expansion into adjacent sectors

MEDLEY

/ SaaS



2009
Started Job Medley

2016
Started telemedicine system “CLINICS”

2020
Started “Pharms” for dispensing pharmacies

2021
Started EMR*
“MALL” for hospitals

2022
Started “Dentis” for dental clinics

2025
Launched “Medley AI Cloud”

Note: *Electric Medical Record
Source: Company IR

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1 Attractiveness of the SaaS offering is not being effectively communicated to investors

/ SaaS

SMS

FY03/26 Elderly/Disability Care Operators Segment (Kaipoke, 1H)

- The number of Kaipoke memberships*1 increased steadily.
  - 58,100 service offices*2 (25,900 companies*3) as of October 1, 2025
  - 1H membership increase: 2,550 service offices (1,000 companies)
- In addition to the increased usage of optional add-ons (factoring, tablets, smartphones, etc.), the M&A matching business and RAG*4 for persons with disabilities also contributed to growth.

Sales, 1H FY03/26 [JPY million]

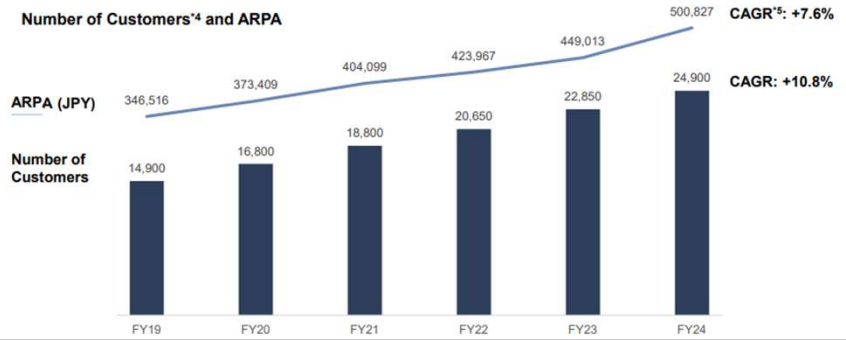
	1H FY03/25 Actual	1H FY03/26 Actual	YoY Change
Elderly/Disability Care Operators (Kaipoke)	5,770	**6,591**	+14%

Only disclosing segment revenue and # of accounts

SMS

Growth of Elderly/Disability Care Operators Business

- The number of customers and ARPA*1 have shown consistent growth, driven by the wider adoption of Kaipoke, the development and cross-selling of paid options, and our expansion into new services (M&A matching, RAG*2 for persons with disabilities, and business support systems for disability welfare service operators).
- With 15-20% average annual revenue growth, alongside margin expansion built upon our high recurring revenue ratio, we consistently achieve the "Rule of 40,"*3 a key benchmark for healthy SaaS businesses.



Added Average Revenue Per Account from most recent earnings update, but SaaS KPIs still missing

Source: Company IR

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1 SMS is reluctant to articulate Kaipoke's value to the market for unclear reasons

Reasons for not disclosing information

Segment margins



"SMS has both businesses that are still in a growth phase and mature cash-cow operations. Disclosing profitability by segment could ***create internal friction*** *and* ***potentially undermine efforts to generate synergies****."*

Kaipoke KPIs



"Disclosure on Kaipoke remains limited because we do not want to share data with competitors. Kaipoke is widely benchmarked within the industry, so we are ***concerned that disclosing its KPIs could result in sensitive information being shared with competitors****."*

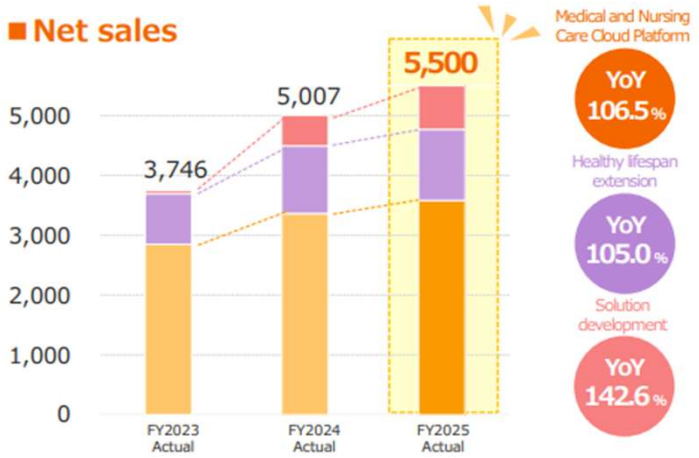
Note: IR meetings held on September 3, 2025; Oasis translation
Source: Company IR

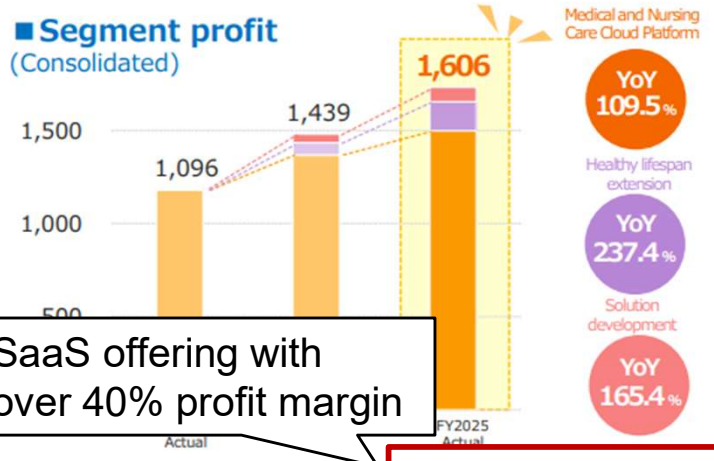
1 **Kanamic**: Discloses segment profitability including SaaS offering

KANAMIC NETWORK

/ SaaS

1-3. FY2025 Segment Information





SaaS offering with over 40% profit margin

(Unit: million JPY)

Segment		Net sales and segment profit	FY2023 Actual	FY2024 Actual	FY2025 Actual	YoY (%)
KANAMIC NETWORK / KANAMIC NETWORK	Medical and Nursing Care Cloud Platform	Net sales	2,849	3,364	3,582	106.5%
		Operating profit	1,181	1,369	1,499	109.5%
URBAN FIT24	Healthy Lifespan Extension	Net sales	845	1,130	1,187	105.0%
		Operating profit	-51	66	156	237.4%
Ruby / THE WORLD	Solution Development	Net sales	51	511	730	142.6%
		Operating profit	6	46	77	165.4%
Total (※)		Net sales (consolidated)	3,746	5,007	5,500	109.9%
		Operating profit (consolidated)	1,096	1,439	1,606	111.6%

Profit margin for September 2024	Profit margin for September 2025
40.7%	41.8%
5.8%	13.2%
9.0%	10.5%

Improved profit margins across all segments

※Consolidated operating profit is the adjusted total of each segment's profit after deducting inter-segment transactions and amortization of goodwill.

KANAMIC NETWORK

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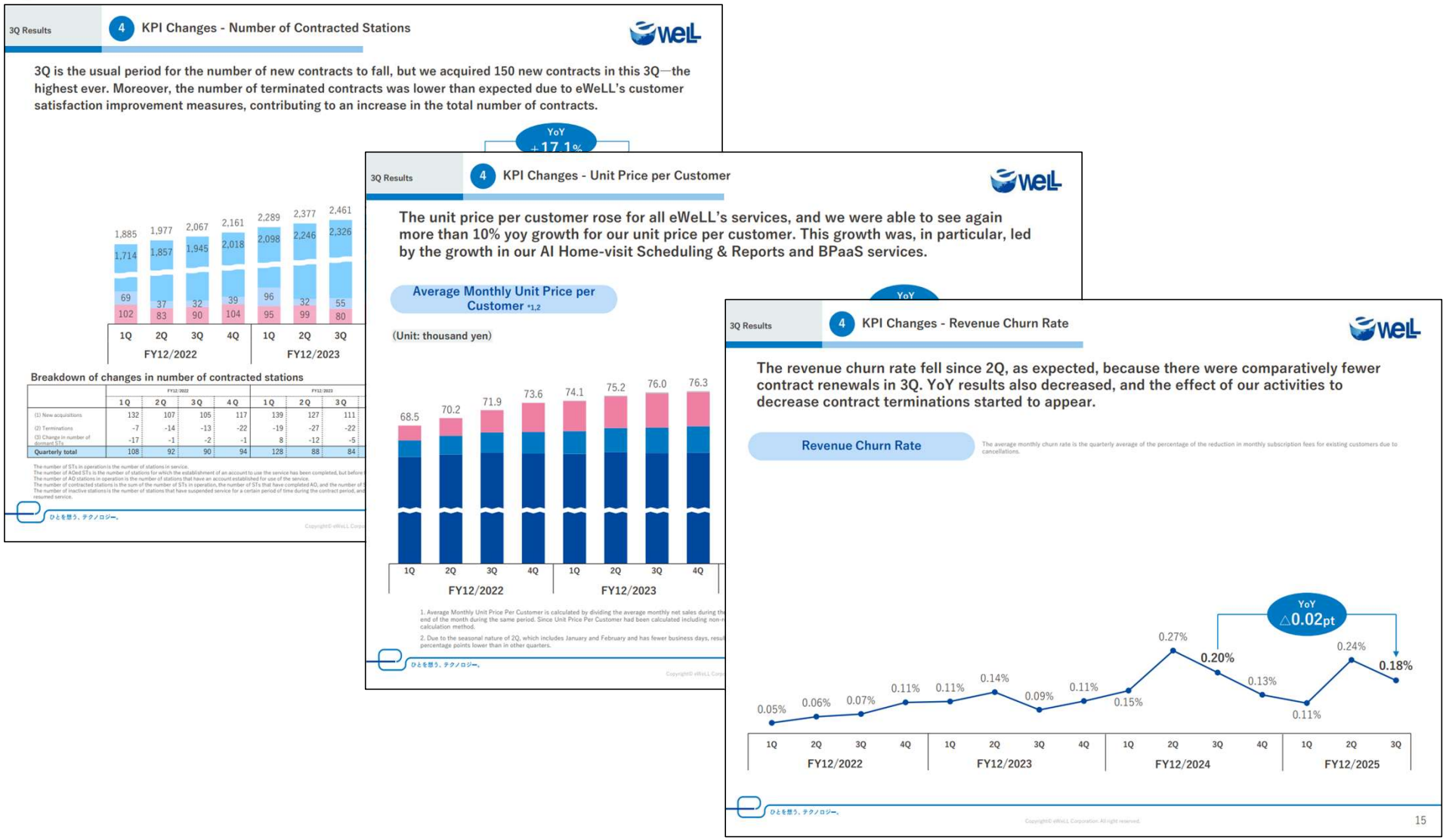
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Source: Company IR

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1 **eWeLL**: Transparently disclosing KPIs including accounts, unit price and churn rate

/ SaaS



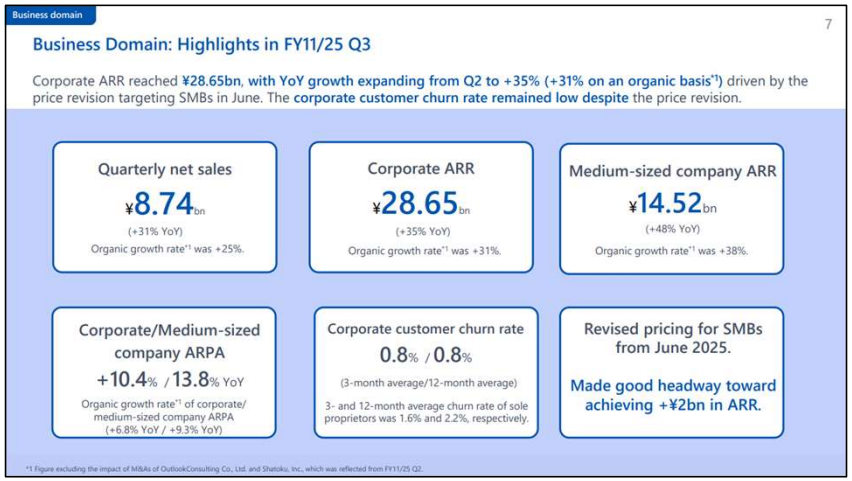
Source: Company IR

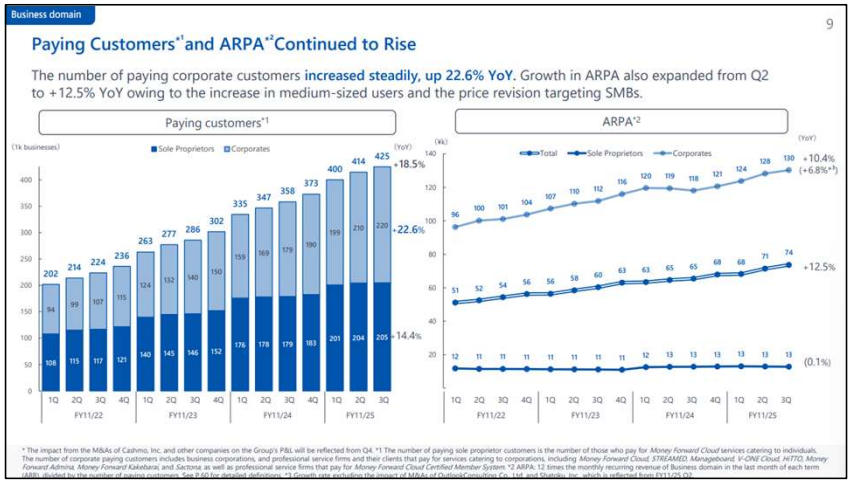
1 **Money Forward**: SaaS companies set and disclose KPIs, together with the approach towards TAM expansion

Money Forward

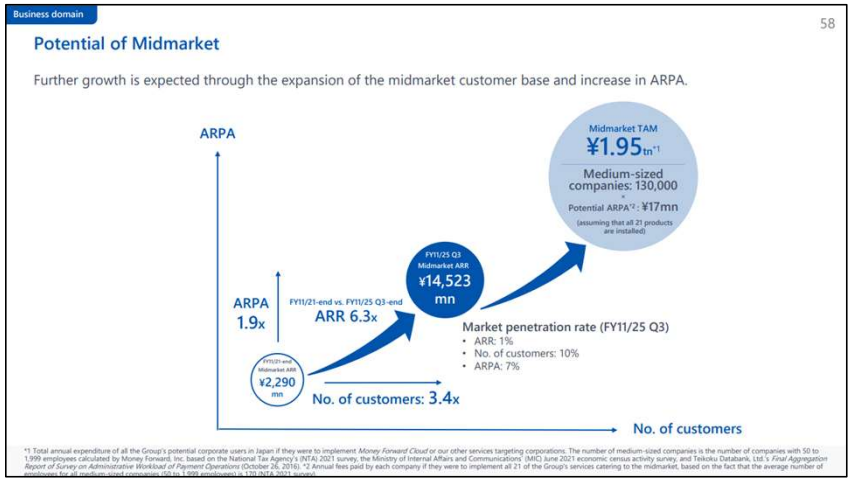
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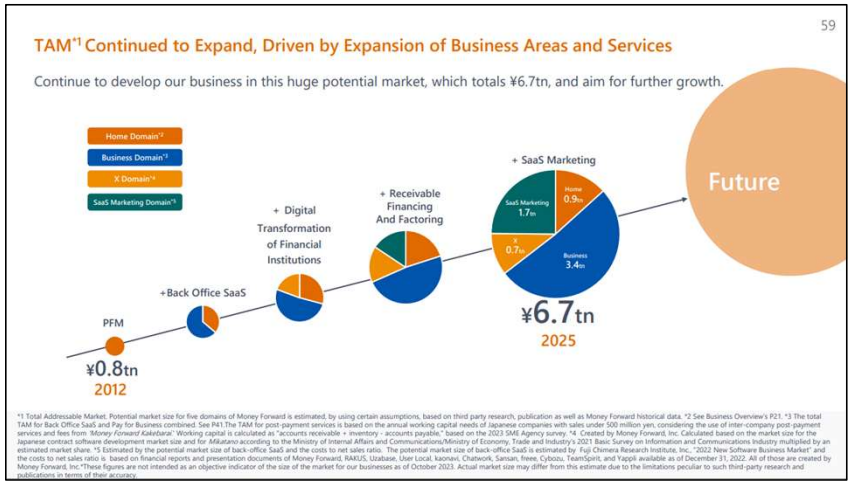
SaaS KPIs





TAM Expansion Strategy





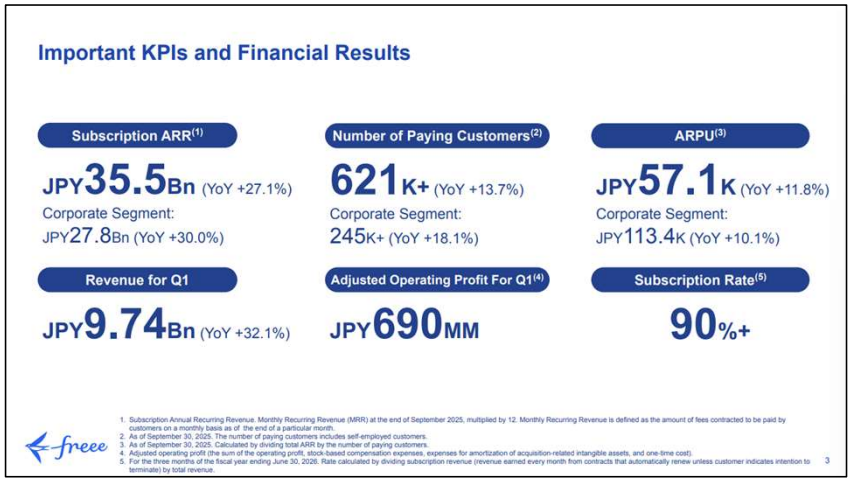
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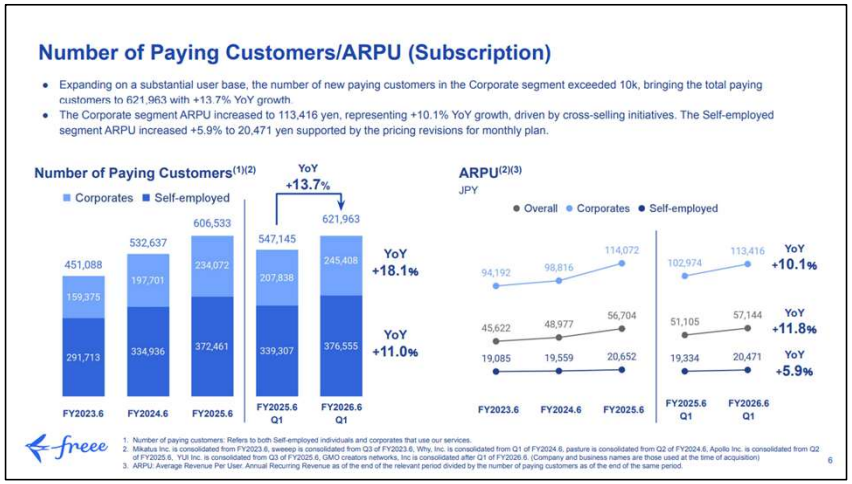
1 **Freee**: Outlining KPIs and TAM expansion strategy through multi product lineup

freee

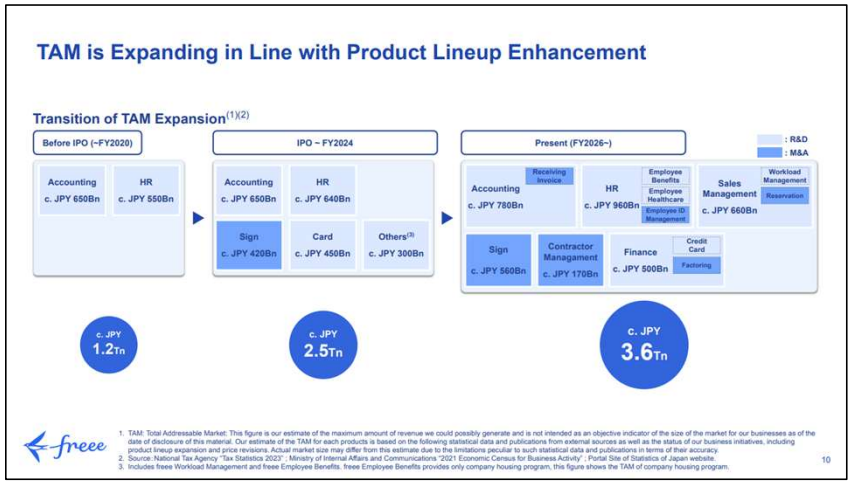
/ SaaS

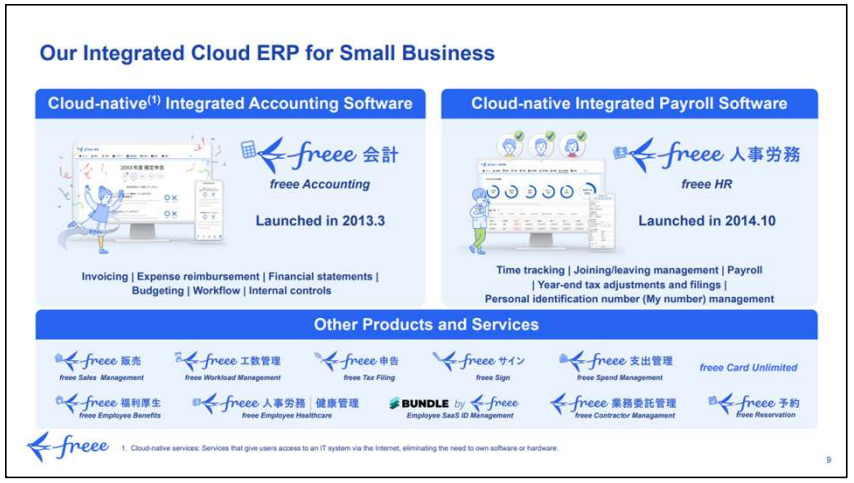
SaaS KPIs





TAM Expansion Strategy





Source: Company IR

OASIS

1 SMS also lags competition in AI utilization

/ SaaS

Kaipoke has no AI offerings



Commentary from IR

*"It is important **not to be overly focused on AI**, as many operational challenges in the elderly care sector are **more basic**. For instance, using iPads can streamline workflows by replacing paper reports."*

Commentary from employees

"investment in areas like AI is insufficient"

Sales (March 19, 2026)

"AI capabilities are weak. Relying heavily on human resources. We will fall further behind competitors"

Sales, Career Agency (September 1, 2025)

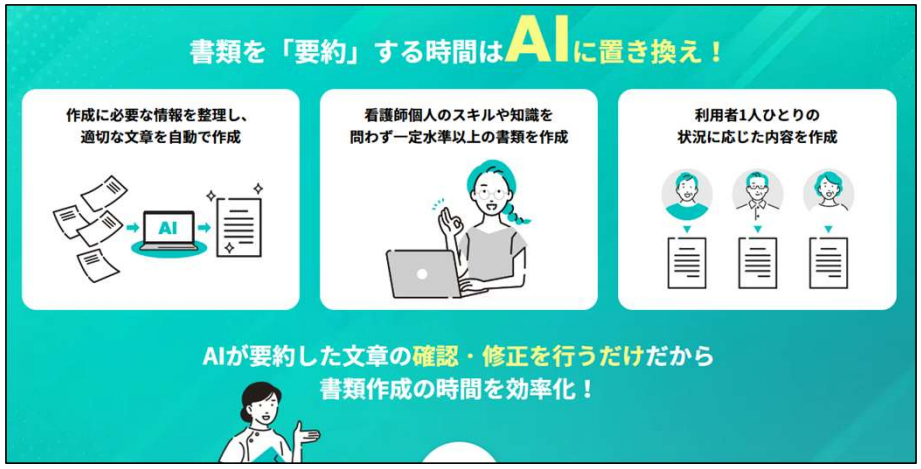
Note: Oasis translation
Source: Company website; IR Meeting

1 eWeLL: Introduced gen-AI backed reporting and planning functions

/ SaaS

AI Home-Visit Nursing Reports





AI Home-Visit Nursing Plans



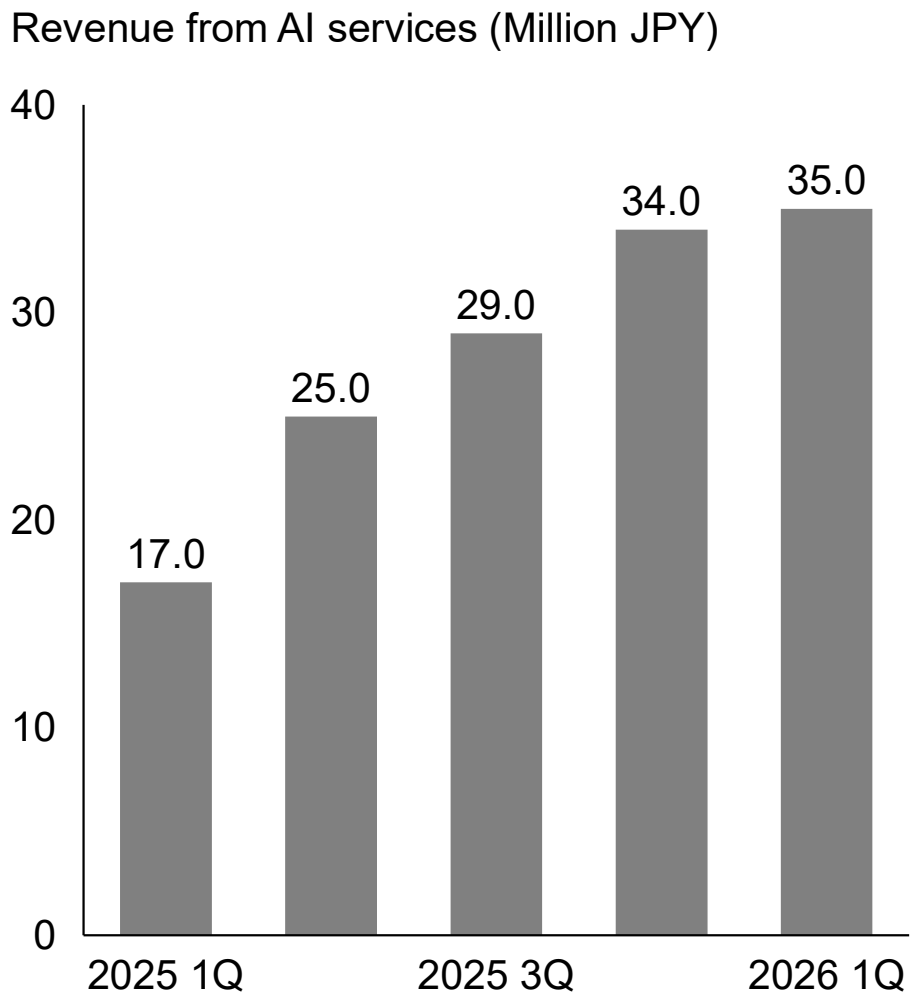


Source: Company website

1 eWeLL: AI services have already begun to generate revenue

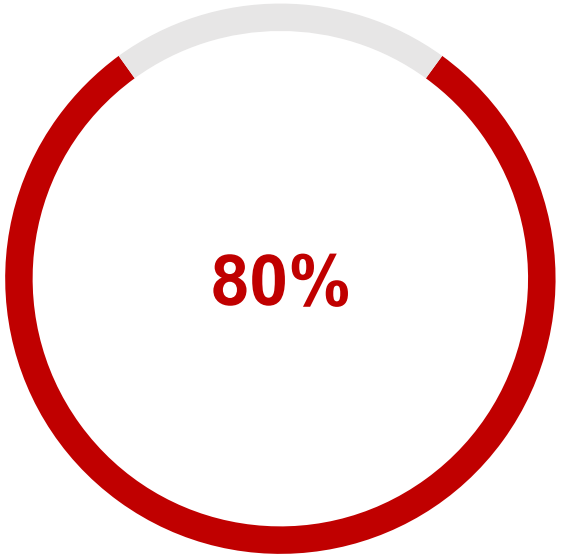
/ SaaS

Growing revenue from AI services



Source: Company IR

Strong demands for AI services



of new iBow customers sign up for AI Home-Visit Nursing Reports and Plans

1 Kanamic: Launched “Nursing AI SaaS” leveraging AI agents

KANAMIC NETWORK

/ SaaS

Transition to Nursing AI SaaS



Introduction of AI100-Vision



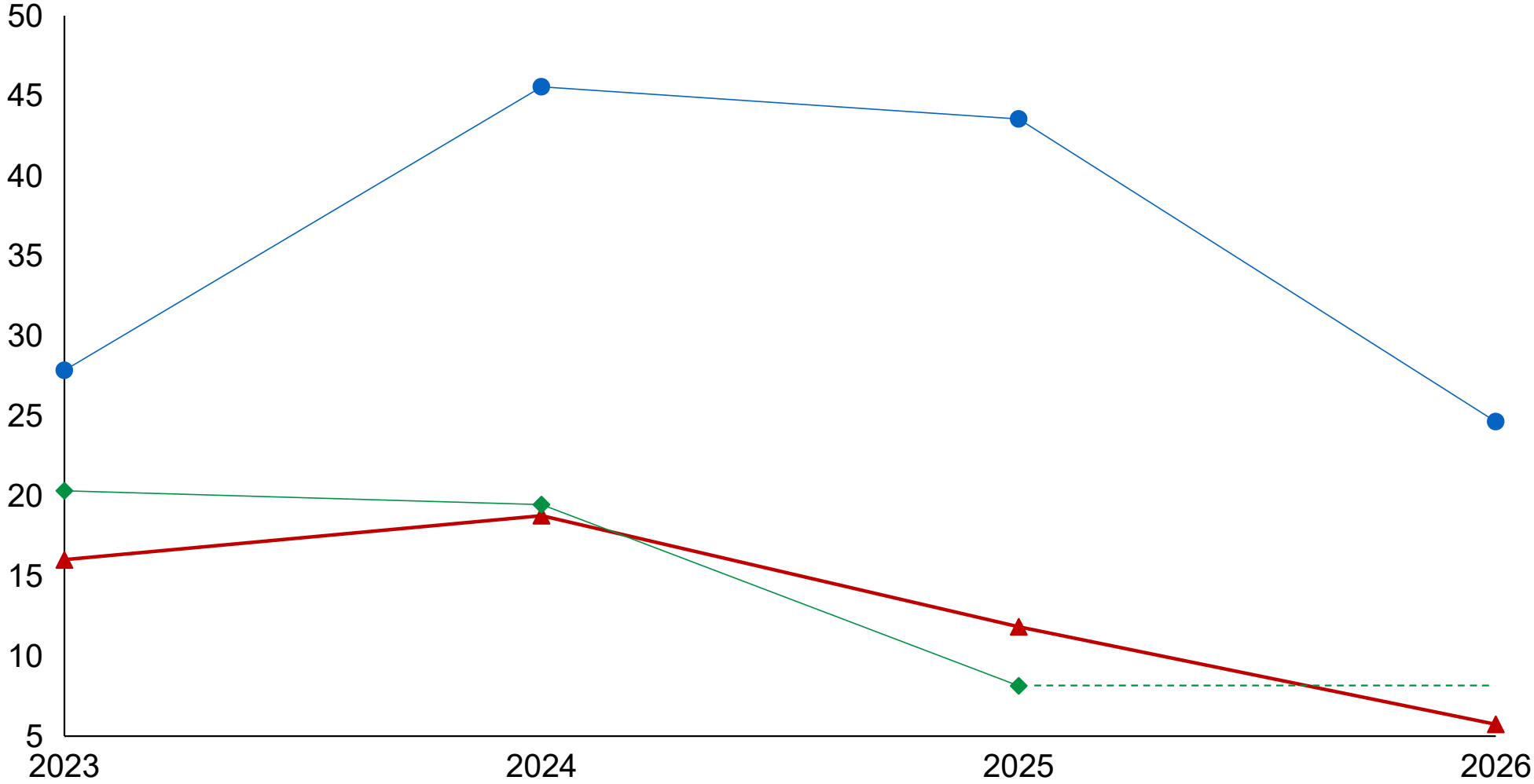
Source: Company website; Company IR

2 SMS Career segment lacks revenue growth

SMS MEDLEY TRYT

/ Career

YoY revenue growth rate (%)

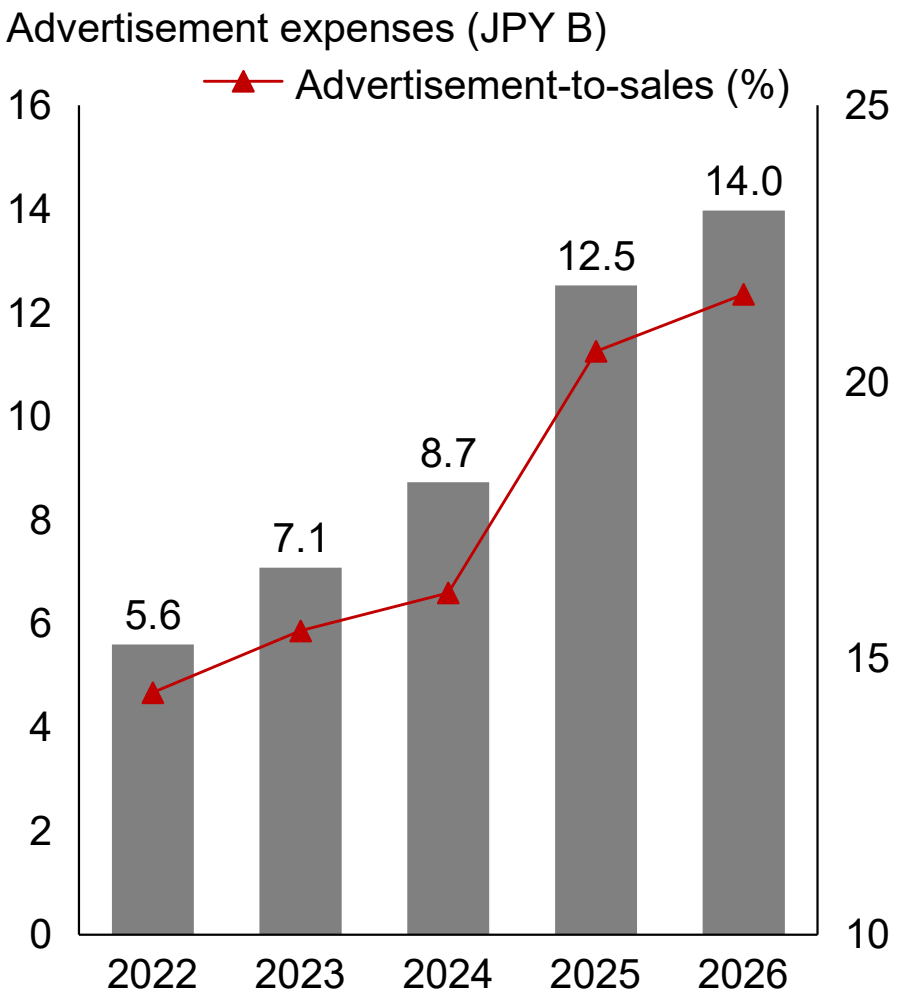


Note: 2025 shows fiscal ended Mar 2025 for SMS, and Dec 2024 for Medley and TRYT; SMS and Medley uses Career and HR PF segment data, while TRYT uses company-wide data
Source: Bloomberg

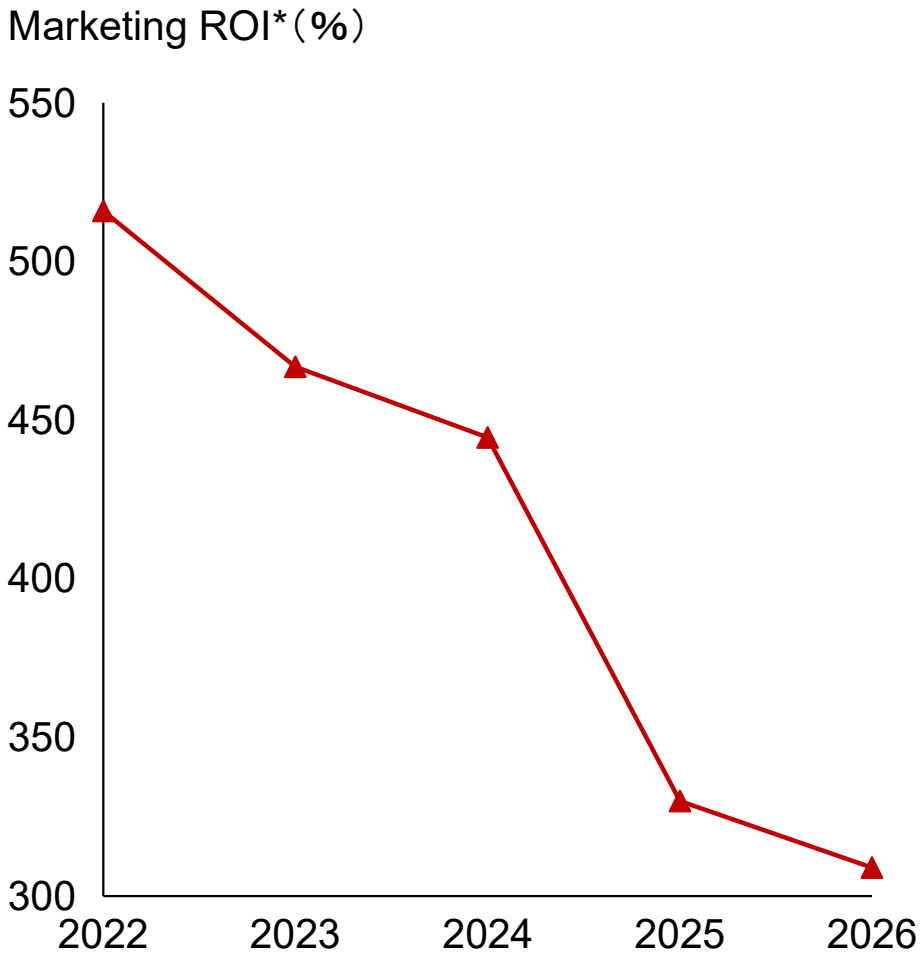
OASIS

2 Advertising spend has increased significantly but returns are declining

Advertising spend increased substantially



Cost efficiency deteriorated markedly



Note: *Calculated as (Revenue - Cost of Goods Sold - Advertising Expenses) / Advertising Expenses
Source: Company IR; Bloomberg

OASIS

2 SMS announced plans to strengthen its Direct Recruiting through the revamp of “Kaigo Job” in May 2025

/ Career

SMS

Supplementary Info: Revamp of Direct Recruiting Service

- We have revamped "Kaigo Job", our direct recruiting (DR) service for elderly care workers, into "Wellme Job", a cross-occupational DR platform covering the medical, elderly/disability care, and childcare fields, in July.[*1]
- Achieve significant growth by expanding the market into areas previously unreachable by recruiting agent services.

Kaigo Job	Wellme Job
• Launched "Kaigo Job", RAD[*2] for elderly care workers, in 2004. • Initially based on posting and application fee model. • Converted to a success-based fee DR model around 2021. • Extended the service to nurses from FY03/25.	• DR platform covering a wide range of occupations in the medical, elderly/disability care, and childcare fields. • Plan to gradually expand into occupations such as childcare workers, dietitians, rehabilitation professionals and medical technologists.

1. In addition to the brand name change, we have enhanced the job posting and scouting functions previously offered by Kaigo Job, and started providing new job-seeking experiences through our official LINE account and owned media to deepen industry understanding.
2. RAD: Recruiting ads service

© SMS Co., Ltd.

8

Little visibility into strategy to capture market growth

Source: Company IR

2 SMS' Welmee Job underperforms Job Medley in all key engagement indicators

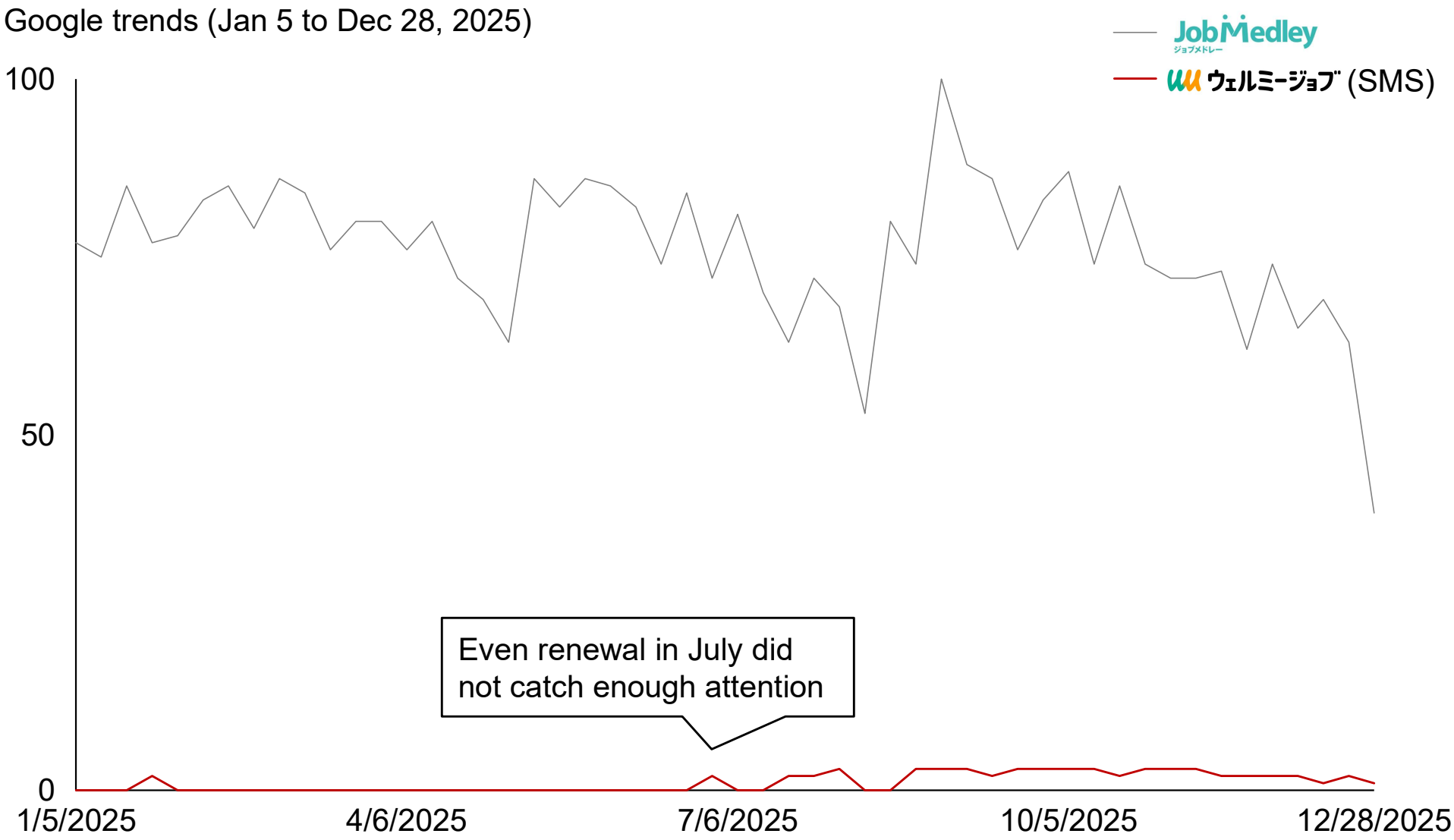
		MEDLEY: Job Medley	SMS: Welmee Job / Career
Monthly visits	Av. visitors for the selected time period	**8.6M**	1.0M
Monthly unique visits	Av. number of unique visitors (not deduplicated across devices)	**3.3M**	0.4M
Unique visitors	Av. number of times a unique visitor has visited the website	**2.64**	2.26
Deduplicated audience	Av. number of individuals visited a website across devices	**2.7M**	0.4M
Visit duration	Av. time spent on website	**05:07**	02:29
Pages per visit	Av. pages seen per visit	**3.42**	2.48
Bounce rate	Percentage of visitors that view only one page before leaving	**53.68%**	58.5%
Page views	Av. page views	**29.5M**	2.5M

Note: Performance for 3 months from Sep to Nov 2025
Source: Similar Web

OASIS

2 Google Trends results indicate that SMS's Welmee Job lacks sufficient market exposure

/ Career

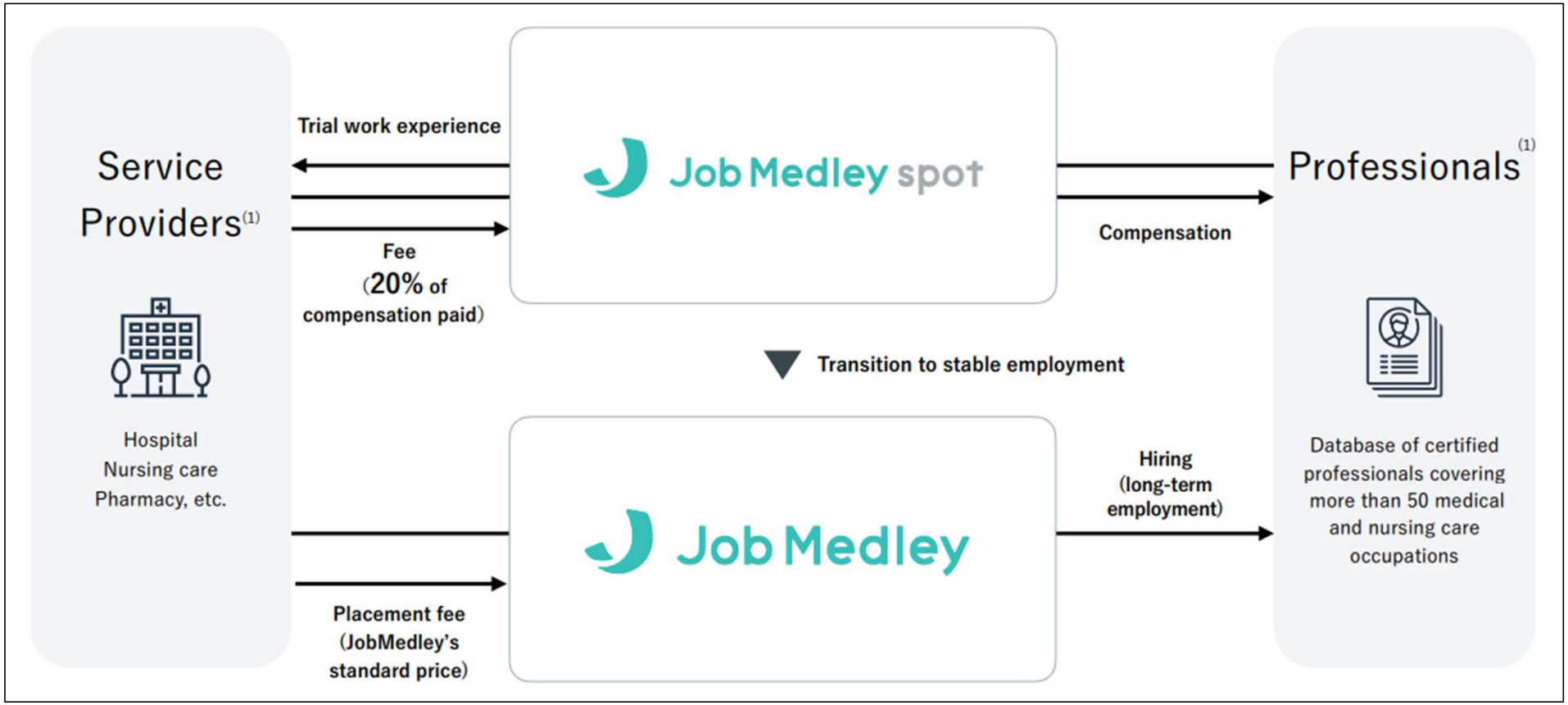


Source: Google Trends

OASIS

2 SMS trails behind Medley in launching new products

MEDLEY / Career



Medley promptly rolled out spot services aligned with the demands of healthcare and elderly care businesses

Source: Company IR

2 Competition is expanding: Timee strengthens its spot work services in the elderly care sector

Timee / Career

Established sector dedicated team in 2023



Announced partnership with Benesse



- Timee aims to attract both unqualified and inexperienced workers into the industry, while also re-engaging certified but currently inactive professionals
- Leveraging the expertise of Benesse Careeros, Timee will provide training programs and support for workers to obtain relevant qualifications

Source: Company IR

Agenda

01. SMS Overview

02. Stuck in Comfort Zone

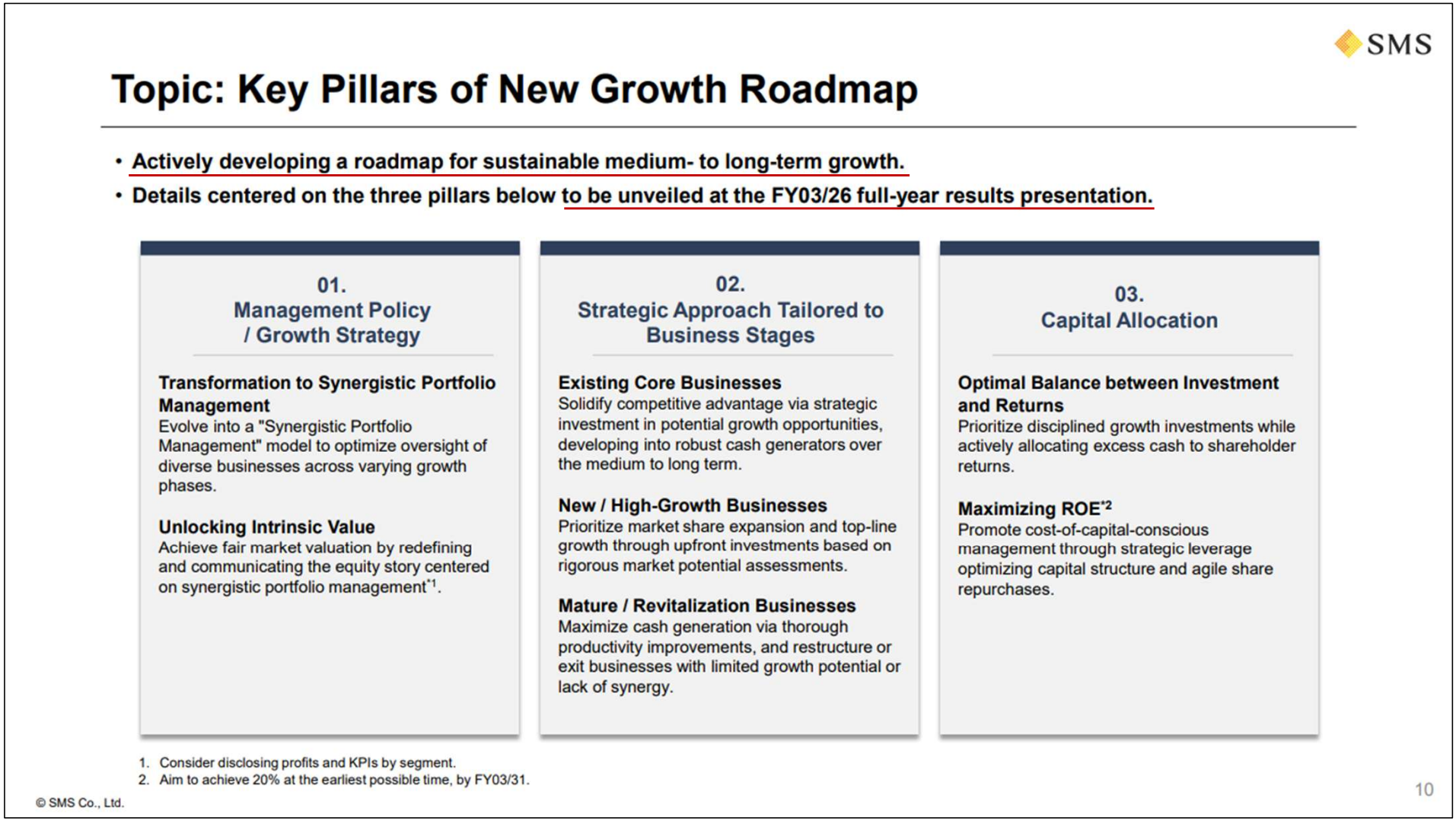
03. **Poor Growth Roadmap**

04. Management in Question

05. Oasis's Value Proposition

06. Oasis Votes AGAINST Mr. Takahata and Ms. Takagi

In January 2026, SMS announced key pillars of the growth roadmap to be released in April 2026



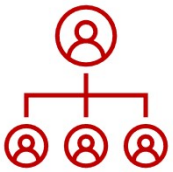
Note: From 3Q 2026 earnings presentation
Source: Company IR

SMS finally acknowledged that management is accountable for the undervaluation



Note: From 3Q 2026 earnings presentation
Source: Company IR

Oasis requested postponing the announcement of the growth roadmap



Weak management structure

- At this critical juncture of formulating the growth roadmap, **key executive positions such as CFO, CTO, and CRO remain vacant**
- Against this backdrop, **an imbalanced structure** in which Mr. Takahata, formerly head of the Overseas business, formulates plans with each business unit head
- **External directors lack the necessary skill sets** to effectively oversee SMS's transformation



Conservative targets

- Despite referencing "maximizing ROE," the target of achieving **20%* by March 2031 is notably conservative**
- SMS's average ROE over the past decade has been 21.3%, and simply reassessing its overseas business and business development initiatives suggests **significant room for improvement**
- Aggressive investment in healthcare and nursing software business, as well as in direct recruiting, **offers additional upside potential** for ROE

Developing a growth roadmap under the current structure raises serious concerns regarding both strategy formulation and execution

Note: *Later updated to 30% in April 2026

OASIS

Oasis proposed establishing a Corporate Value Enhancement Committee

WG 1: Business Portfolio Review

- Aim to build a business portfolio that maximizes corporate value by assessing the strategic rationale and capital efficiency
- Utilize metrics such as ROIC to assess whether each business exceeds its cost of capital

WG 2: Growth Strategy

- SMS's core growth areas are clearly its healthcare software business and its domestic career business
- WG to evaluate and specify concrete initiatives to dramatically strengthen the competitive advantages of these businesses

WG 3: Management Structure Review

- Aim to strengthen the governance and management structure, which is a prerequisite for enhancing corporate value
- Prioritize search for CFO, CTO and CRO capable of overseeing SaaS business for internal roles

WG 4: Investor Relations

- Aim to fundamentally strengthen the Company's disclosure framework and equity story
- Review both the quantity and quality of disclosures and improve visibility into segment level profitability and capital efficiency

Oasis urged SMS to formulate mid-term plan following review process by Corporate Value Enhancement Committee

Source: Oasis letter to SMS dated March 5, 2026

OASIS

Oasis reiterated the risk of value destruction arising from the disclosure of the roadmap

"In our letter dated March 5, Oasis clearly expressed its concern that, given the ***fragility of the current management structure****, it would be* ***inappropriate to proceed hastily with the formulation of a growth roadmap****. Formulating a growth strategy under the existing management framework not only risks failing to fully realize the Company's intrinsic potential, but also* ***carries a significant risk of ultimately impairing corporate value****.*

In the same letter, we explained that a ***comprehensive review by the Corporate Value Enhancement Committee proposed by Oasis****, together with the* ***formulation of a growth strategy under a strengthened management structure****, is a* ***prerequisite for Oasis, as the largest shareholder, to continue supporting*** *the Company. We also stated that, should these proposals not be implemented, Oasis would consider all available options to enhance corporate value.*

However, through our meeting, it became clear that the Company continues to show no willingness to heed Oasis's views and remains committed to announcing the growth roadmap as planned on April 28. As such, Oasis cannot help but be ***concerned that you and the Board of Directors do not fully recognize the potential impact that the Company's strategic decisions, as a listed company, may have on shareholders****."*

(March 30, 2026)

Source: Oasis letter to SMS dated March 30, 2026

Despite Oasis's requests, SMS disclosed Growth Roadmap in April 2026 with Unrealistic Expectations

Executive Summary

Formulated a roadmap for maximizing corporate value, including financial targets and management measures, to resolve our management issues and enhance corporate value.

TARGETS — FY03/31 Targets

Net Sales	EBITDA	ROE
Over	Over	Over
¥122.0 billion	¥28.0 billion	30%

*Achieve ROE as early as possible by FY03/31

1 Business Portfolio Strategy

- Evaluate the business portfolio from a company-wide perspective using an evaluation framework based on growth potential (sales growth rate) and profitability (business profit margin). Execute the reallocation of management resources through selection and concentration, including business withdrawals.
- Subject all businesses, whether new or existing, to reporting and discussion at monthly business progress meetings and Board of Directors meetings, and make annual decisions on whether to continue them.

2 Business Strategy

- **Career:** Model the "matching capabilities" of the RAG with AI and incorporate them into DR, achieving high hiring rates at low cost.
- **Management Support:** Advance the platformization of Kaipoke and expand TAM through domain expansion.
- **Overseas/Other:** Implement radical improvements to the profit structure and explore all options to advance selection and concentration.

3 Governance

- Revamp the Board of Directors structure aiming to improve the quality of management decision-making.
- Continuously discuss and enhance the ideal Board of Directors structure going forward.
- Plan to change the compensation system for internal directors to a design highly linked to corporate value enhancement.

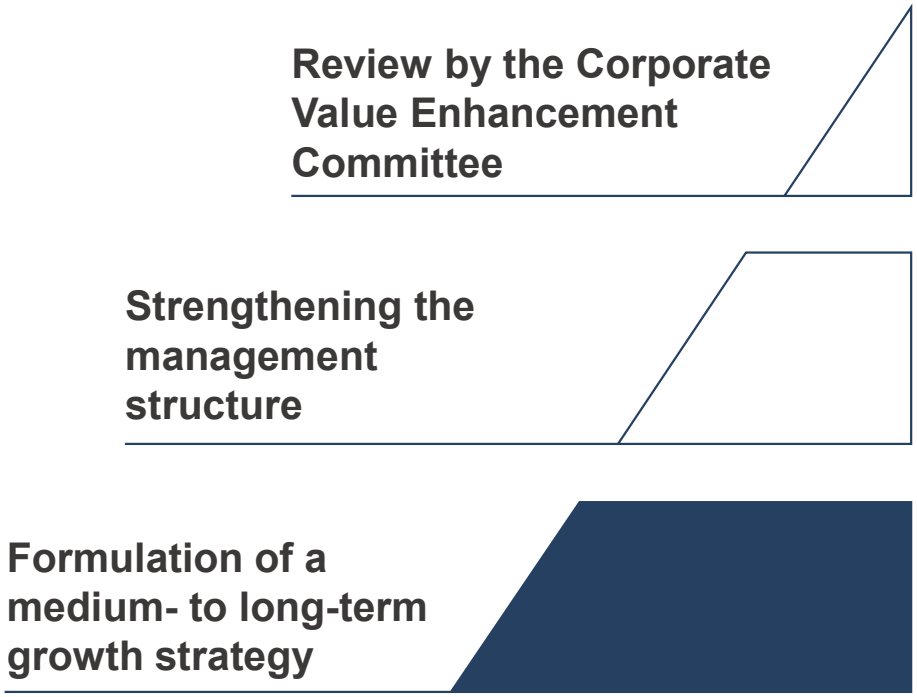
4 Future Steps

- Establish the Corporate Value Improvement Committee to verify and discuss our management issues, including the content of this growth roadmap.
- Plan to disclose the medium-term management plan, which serves as an update to this growth roadmap, by the FY03/27 earnings release (around late April 2027) at the latest.

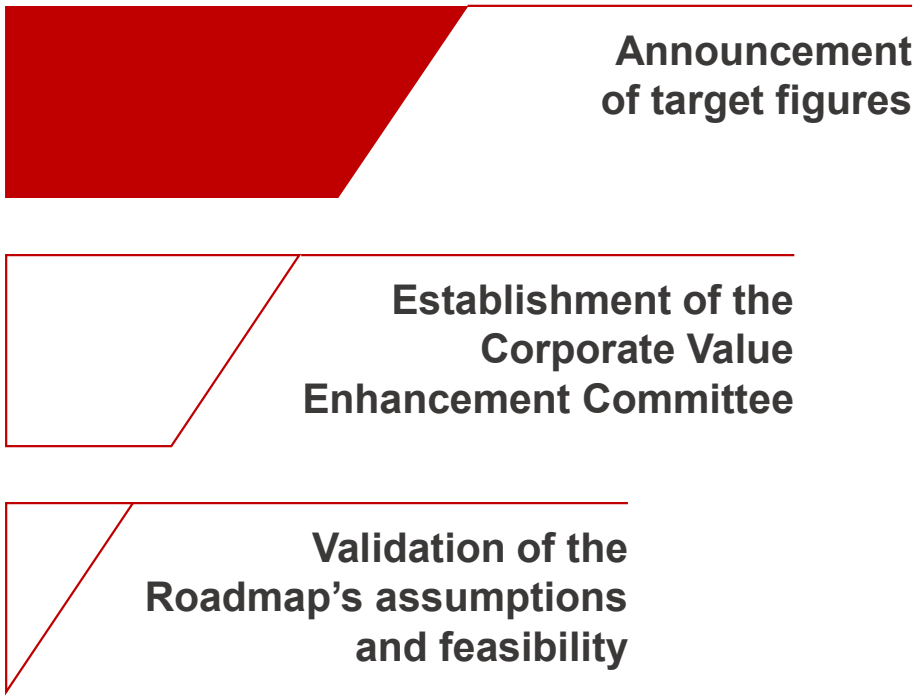
Source: Company IR

SMS's backwards process: Target first, validation later

Oasis's proposed approach



SMS's announced approach



"At the time we formulated the Roadmap, we had not engaged an external advisor to validate the underlying assumptions and quantitative targets. Going forward, through the Corporate Value Enhancement Committee, we intend to utilize external expertise to further review and assess the assumptions and overall validity of the plan."

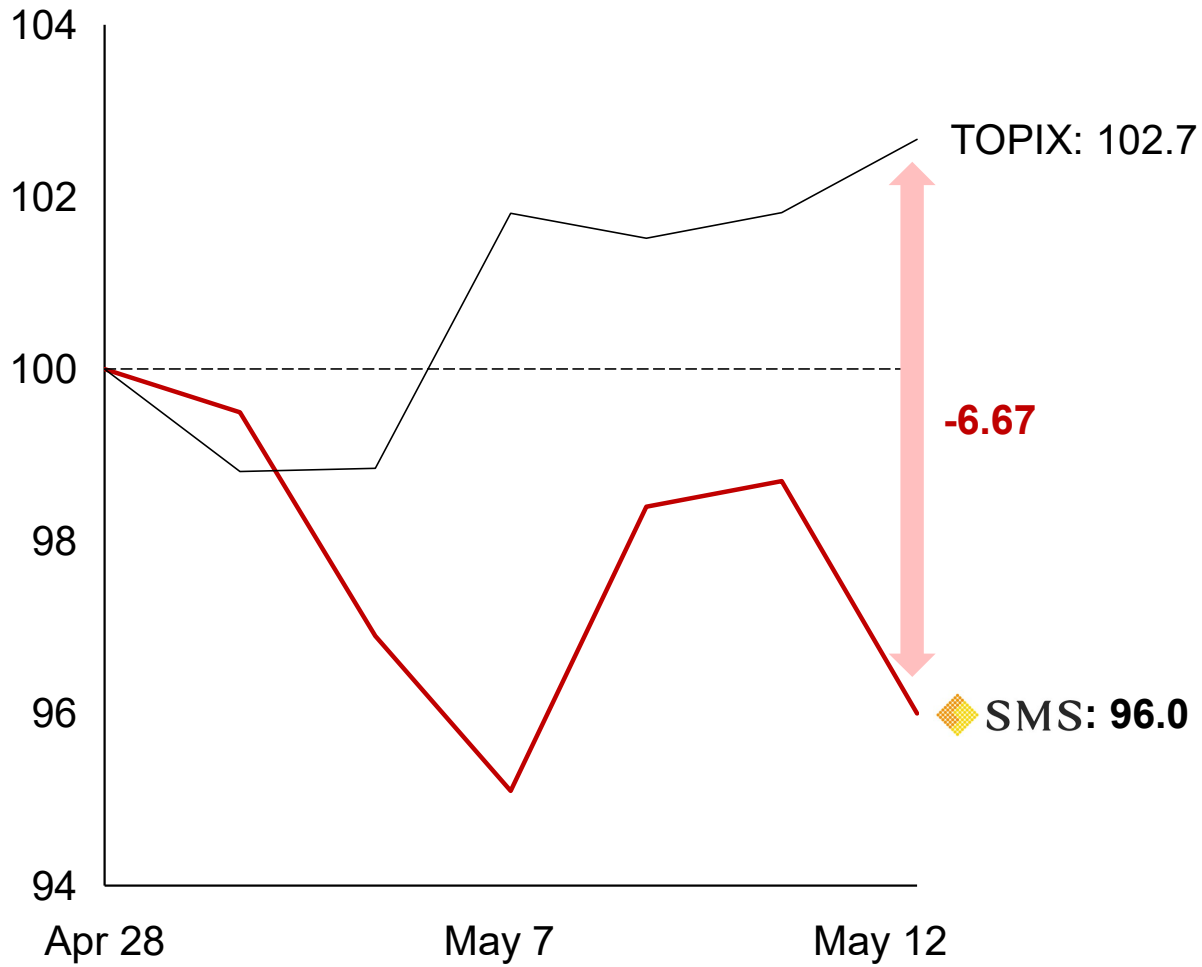
SMS IR (May 14, 2026)

Source: Company IR; IR meeting

OASIS

Following the announcement, SMS' stock price fell

Indexed stock price
Indexed to 100 as of April 28, 2026 (April 28, 2026 ~ May 12, 2026)



Source: Bloomberg

Commentary

- Despite setting ambitious targets to nearly double revenue and profit over the next five years, the Company's share price declined following the announcement
- Given that TOPIX rose over the same period, it is evident that the plan lacks meaningful support from shareholders

OASIS

Two securities firms immediately lowered their ratings

NOMURA

Buy



Neutral

CLSA

Outperform



Hold

The downgrades are clear evidence that market participants question the credibility of the Roadmap

Source: Analyst reports

SMS's targets are fundamentally unrealistic and lack any credible basis

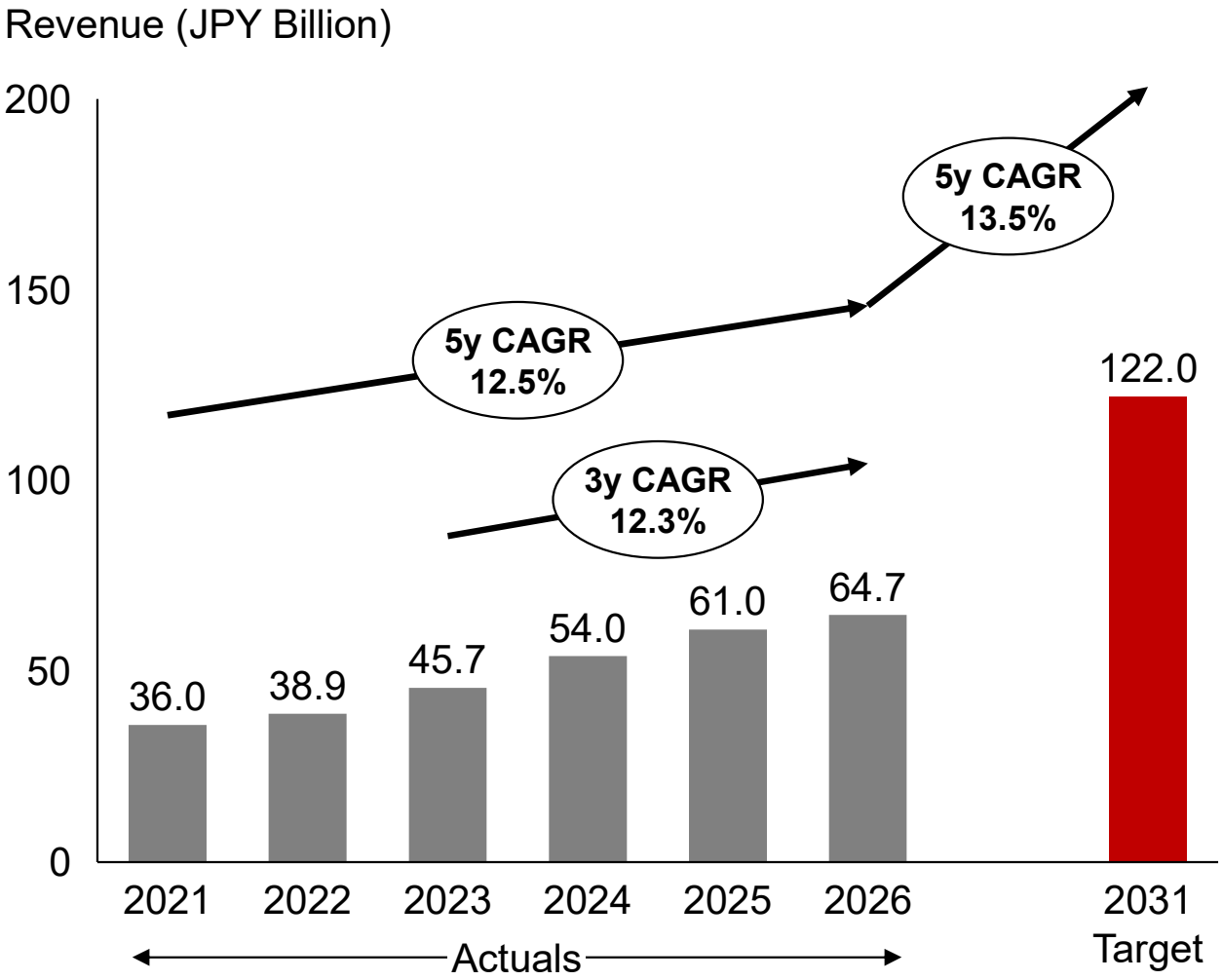
	Key components	SMS announcement
1 Company-wide Growth Strategy	• Top-level strategy defining the mid- to long-term vision • Definition of target state based on growth potential and feasibility	• Quantitative targets that lack meaningful achievability • No concrete initiatives are outlined to achieve the targets
2 Portfolio Strategy	• Portfolio strategy reflecting cost of capital • Clear growth strategies, growth drivers, and growth initiatives for each business	• Despite referencing cost of capital, SMS fails to disclose actual returns by segment • Explanations remain largely qualitative, with no clear path to winning
3 Segment-level Quantitative Targets	• Translation of strategy into numerical targets for each segment and major products • Manageable KPIs for execution	• No discussion of underlying KPIs required to achieve segment-level targets • Absence of disclosed assumptions raises questions about the validity of the targets
4 Capital Allocation	• Definition of allocation scale and prioritization • Clarification of investment criteria (e.g., ROIC, IRR)	• A qualitative capital allocation plan lacking specificity • Presented only at a conceptual level, with no clarity on allocation size or prioritization
5 Capital Policy	• Measures to achieve management focused on cost of capital and share price (e.g., ROE decomposition, cost of capital) • IR strategy for effective communication	• While acknowledging miscommunication with the market, concrete corrective actions remain absent

Source: Company IR

1 Overhyped revenue targets that ignore the deceleration of growth at scale

/ Revenue

Targets exceeding historical revenue growth rates



Source: Company IR

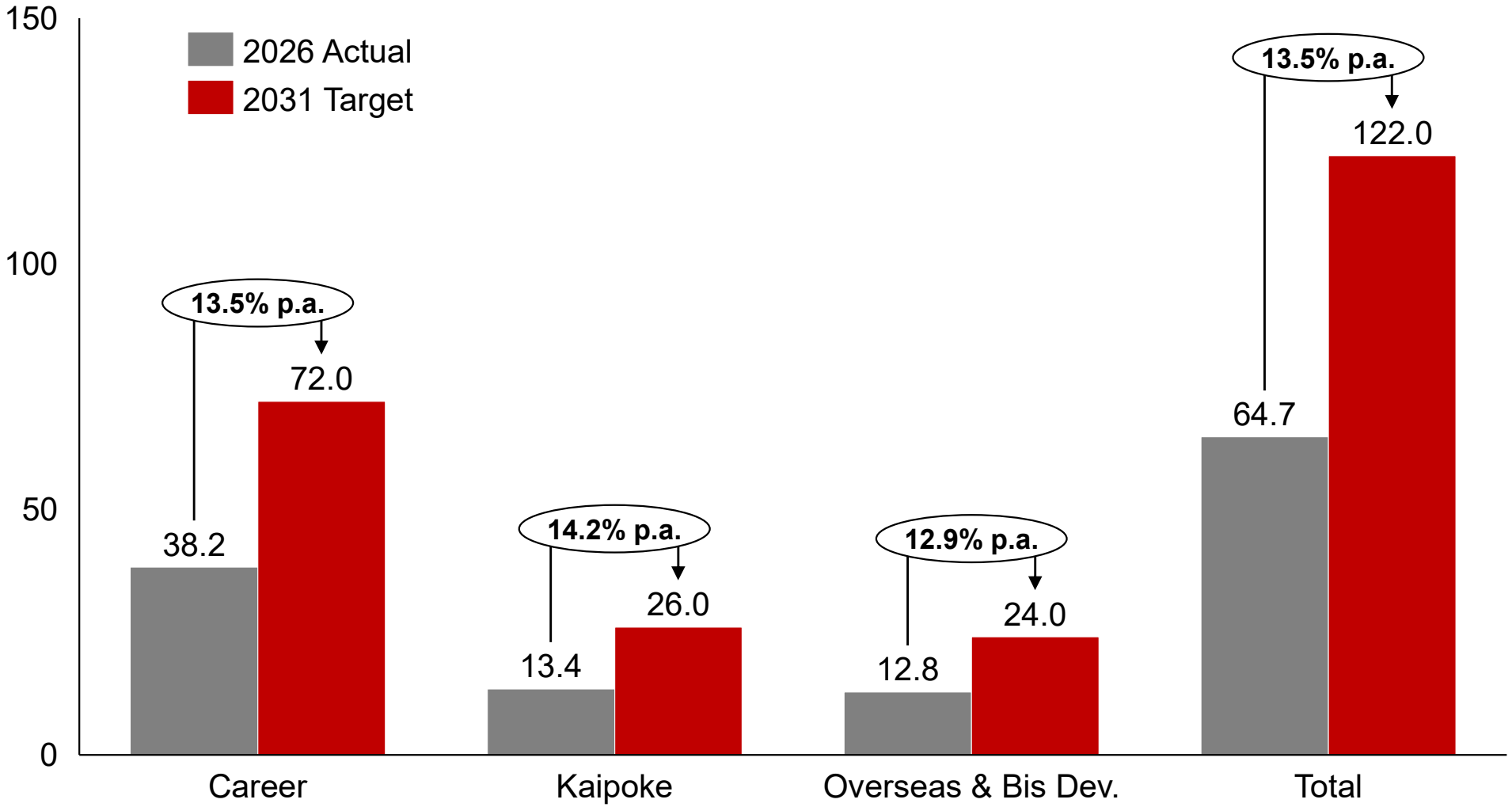
Commentary

- An aggressive target to achieve **growth rates above historical levels** despite an expanding revenue base
- No explanation of how such targets will be achieved, **leaving the execution path unclear**
- While setting aggressive targets, SMS excludes unspecified M&A and **attributes growth solely to organic drivers**

1 Significant revenue growth planned across all segments

/ Revenue

Segment revenue: actuals vs. target (JPY Billion)



Note: Growth rates represent the 5-year CAGR from fiscal Mar 2026 actuals to Mar 2031 targets
Source: Company IR

OASIS

1 **Career**: Inconsistent strategy pursuing growth with low-price model while assuming increase in unit price

Company explanation



*"We assume that the market size will expand by job category, with particularly strong growth in the elderly and disability care sectors. On the other hand, in the nurse segment, job-change motivation has been **slowing for about two years**, and we assume **this trend will continue**, making our outlook there relatively neutral. Regarding pricing, given the labor shortage in these industries, we believe there is some **room to increase unit prices**."*

President Takahata (Earnings briefing, April 28, 2026)

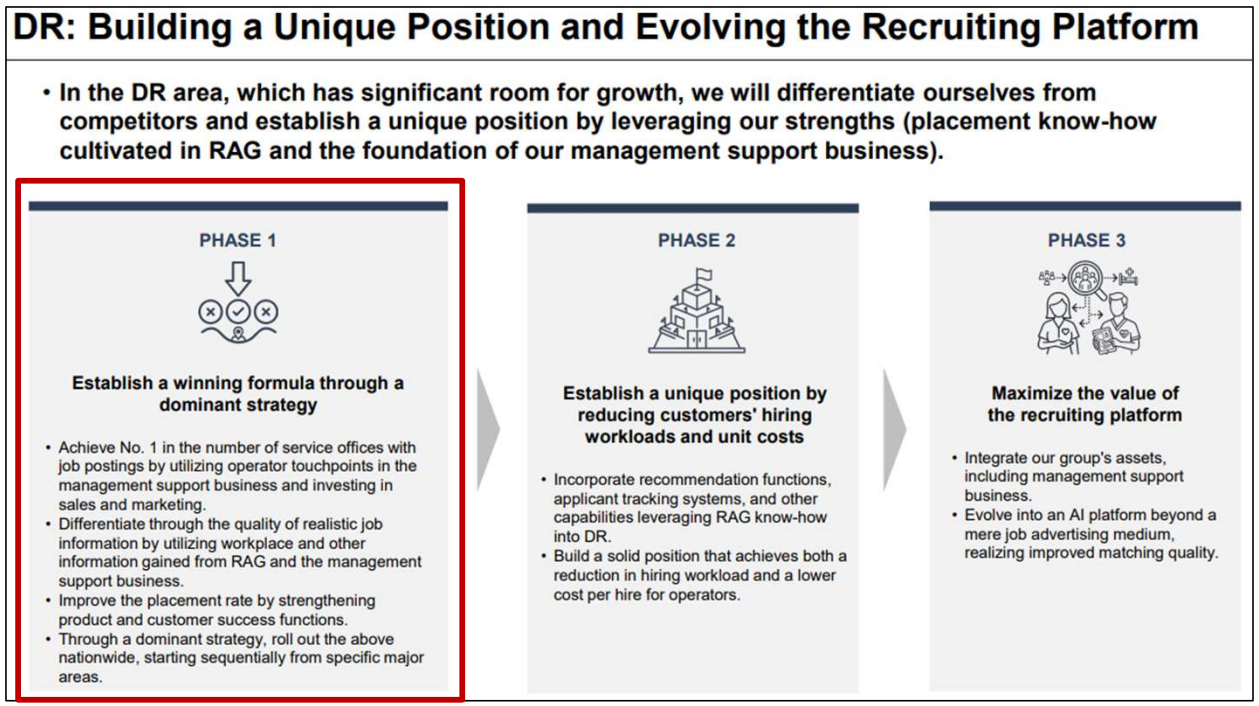
Commentary

- To achieve the significant share increase (20% to 30%) and nearly double revenue assumed by SMS, both substantial volume expansion and meaningful price increases are necessary
- This relies on strong growth not only in the agency business but also in direct recruiting (revenue breakdown unclear)
- While DR* benefits from scalability due to less human involvement, it typically comes with lower unit pricing compared to agency
- In this context, assuming both **growth driven by a low-price model** and **simultaneous price increases** appears **contradictory**

Note: Oasis translation; *Direct Recruiting, a method where employers directly connect with job seekers via a recruitment platform
Source: Company IR

1 **Career**: A questionable “dominant” strategy in a market already led by a dominant player

Company explanation



Commentary

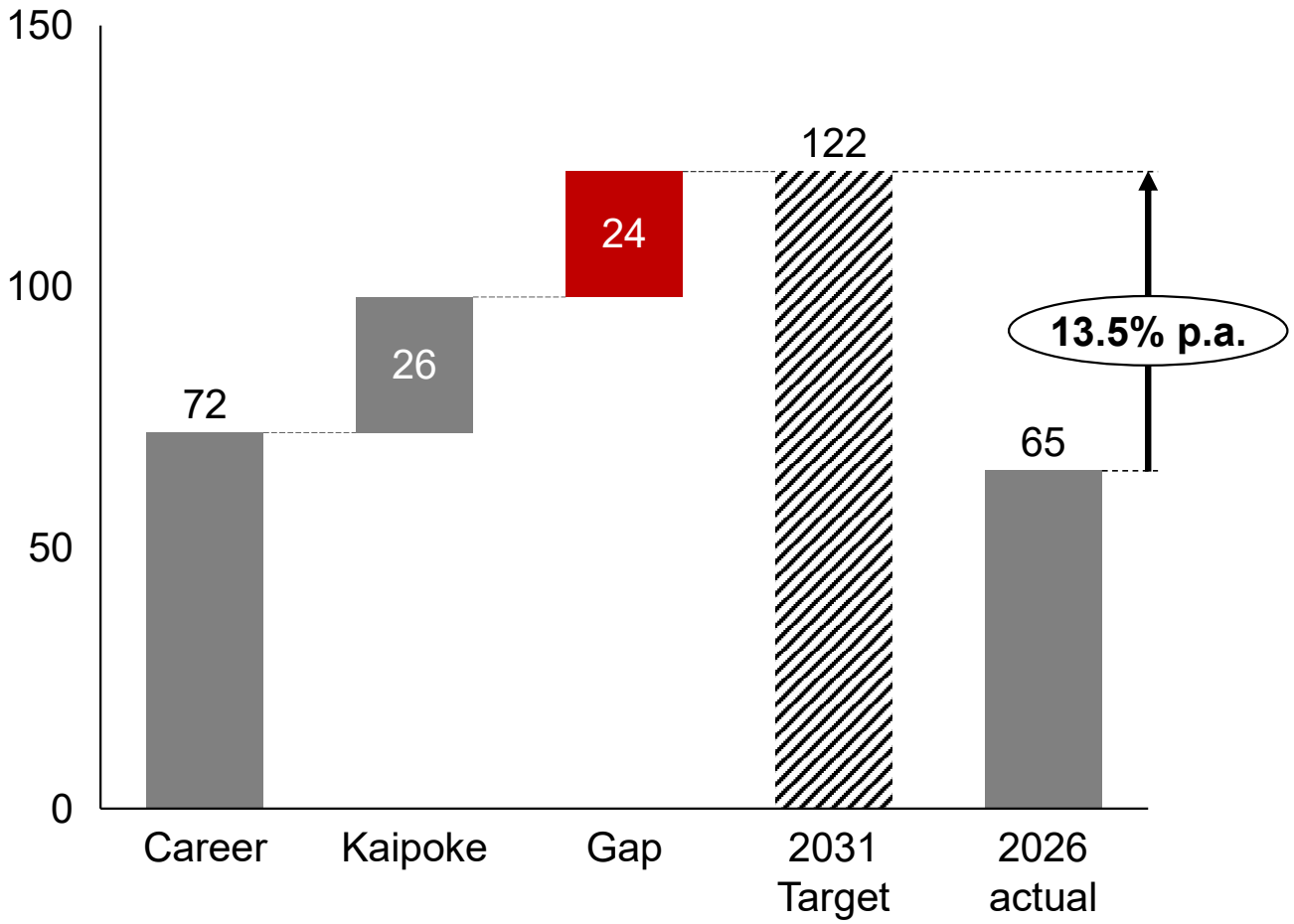
- In the direct recruiting market, Medley is already an established dominant player
- Against this backdrop, the Company’s claim that it will “establish a winning formula through a dominance strategy” reflects a **fundamentally flawed view of the market**

1 Missing pieces to achieve the Revenue target

/ Revenue

Unexplained gap to reaching targets

Revenue target by segment (JPY Billion)



Source: Company IR

Commentary

- Of the JPY 122 billion revenue target, approximately JPY 24 billion remains undisclosed with no targets provided for the overseas and new businesses
- Lack of granularity at the segment level suggests a clearly top-down target with limited achievability

1 Overseas & Business Development: Contradiction - revenue doubling despite downsizing

Company explanation

Building New Pillars Following Career and Kaipoke through Focused Investment

- **For the Overseas segment, we will fundamentally improve the profit structure and explore all available options.**
- **For other areas, while advancing selection and concentration through a reevaluation of all businesses, we will actively pursue business development in areas where future growth and synergies with other businesses can be expected, building pillar businesses that follow Career and Kaipoke.**

Business Area	Current Status	Strategic Actions
Overseas Medical Platform Business	Sales growth has been limited due to the impact of marketing budget reductions by pharmaceutical companies, and profitability has also declined.	• Improve profitability by transferring operations to low-cost countries. • Consider all options, including alliances with other companies and the introduction of external capital.
Overseas Global Career Business	Geopolitical risks exist, such as the impact of the worsening situation in the Middle East.	• Focus on acquiring job openings in massive markets such as the U.S., Australia, and Germany. • Collaboration with the domestic Career Business (introductions elderly care workers to Japan).
Others (Business Development Area)	Amid an increase in the number of services deployed, there are multiple businesses that require decisions on whether to continue.	• Make continuation decisions in light of the criteria for business withdrawal. • For areas where market potential, growth, and synergies with other businesses can be expected, consider aggressive business development, including room for expansion into peripheral areas.

Commentary

- Assuming the JPY 24 billion gap is all Overseas and Business Development, this assumes a CAGR of 12.9% despite headwinds and portfolio rationalization
- While the Overseas business (Medical PF) faces sluggish revenue growth and management references exploring “all options”
- Business Development is considering a rationalization of its service portfolio
- Plan nonetheless assumes a significant increase in revenue for both segments from fiscal Mar 2026

Source: Company IR

1 **Overseas & Business Development**: A growth plan inconsistent with assumptions underlying impairment loss

Company explanation

Recognition of Impairment Loss in the Overseas Business

- **In the Overseas Business, we conducted an impairment test under conservative assumptions, reflecting recent operational performance and market conditions. This resulted in an impairment loss of ¥22.9 billion[1]. Going forward, this will reduce annual intangible asset amortization by approximately ¥1.5 billion from FY03/27 onward.**
- **Since this impairment loss is a non-cash item, there is no change to the dividend forecast for FY03/26 of ¥29.5 per share (a ¥1.0 increase compared to FY03/25).**
- **We are currently executing a fundamental review of our business, centered on future growth potential and profitability. We will explore all strategic options, including alliances with third parties and the utilization of external capital.**

Overview of the Impairment Loss

Details	• Breakdown of the impairment loss: Trademark rights: ¥13,041 million, Goodwill: ¥8,649 million, Software: ¥677 million, Customer-related assets: ¥589 million
Background	• Major pharmaceutical companies face prolonged budget reductions due to factors including patent cliffs of key drugs, resulting in a depressed order environment for our marketing support services. • Partially revised future plans in the Global Career Business in response to the deteriorating geopolitical environment in the Middle East.

1. Includes an FX impact of approximately 5.4 billion yen compared to the time of acquisition.

"We see Global Career as the main growth driver. A large part [of the revenue growth in the Overseas] is expected to be driven by Global Career."

President Takahata (May 1, 2026)

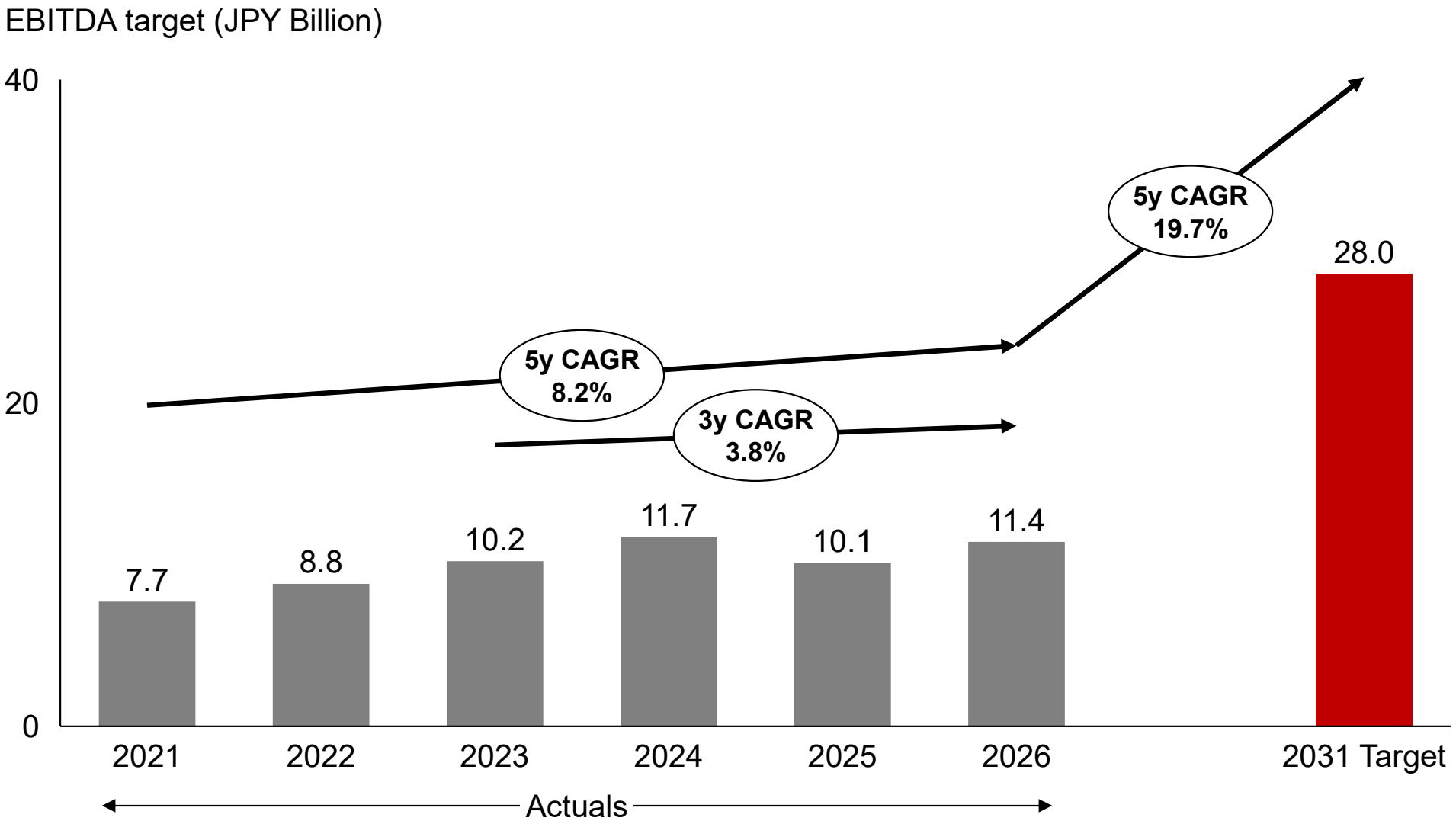
Commentary

- The Company attributes the JPY 22.9 billion impairment loss to a revision of its outlook for the Global Career business due to worsening conditions in the Middle East
- However, it simultaneously claims that Global Career will drive the majority of overseas revenue growth through fiscal 2031, which is clearly inconsistent

Source: Company IR

1 Targets significantly exceeding historical EBITDA growth rates

/ EBITDA



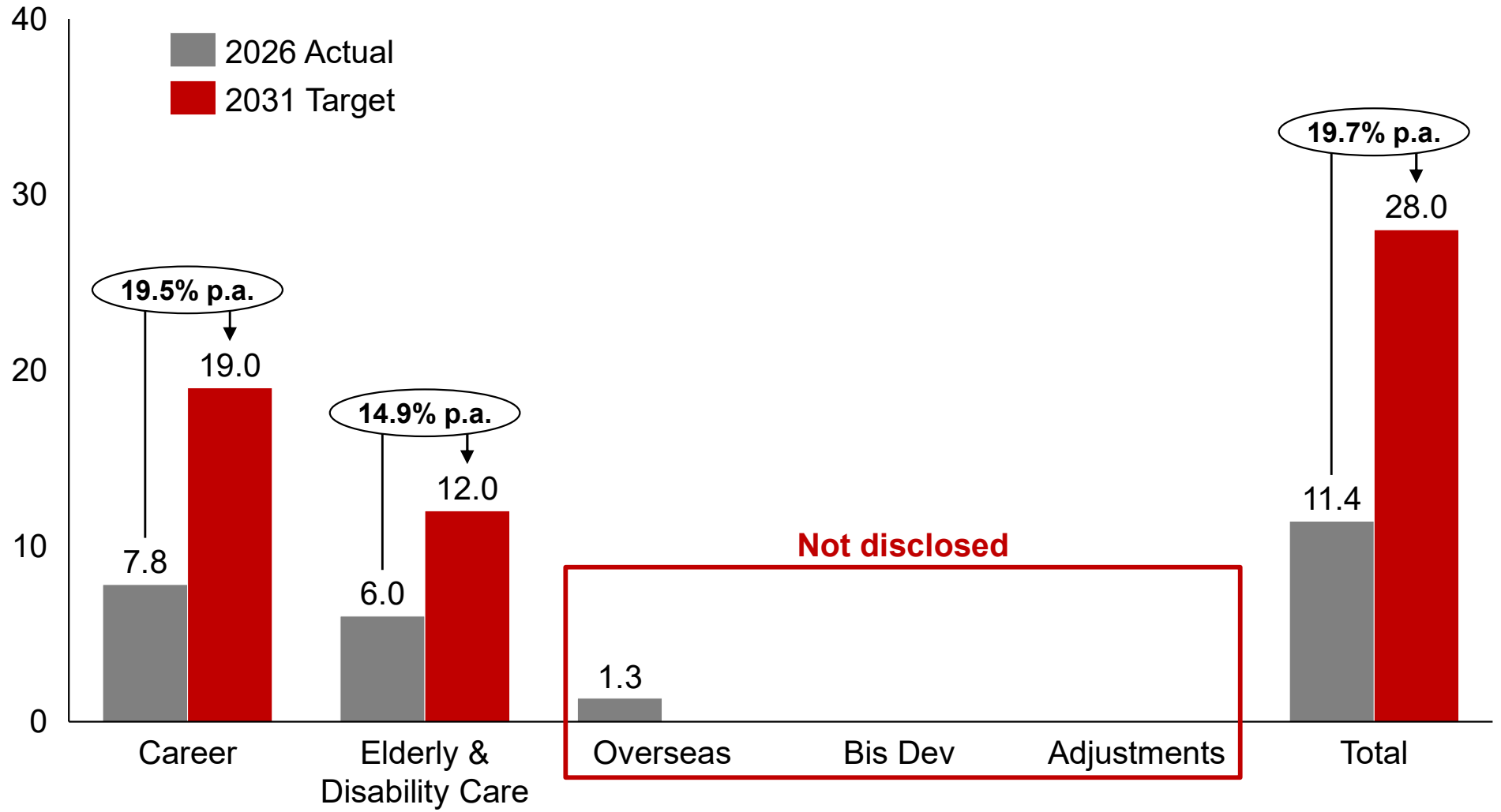
Source: Company IR

OASIS

1 SMS plans significant EBITDA growth in Career and Kaipoke

/ EBITDA

Segment EBITDA: actuals vs. target (JPY Billion)



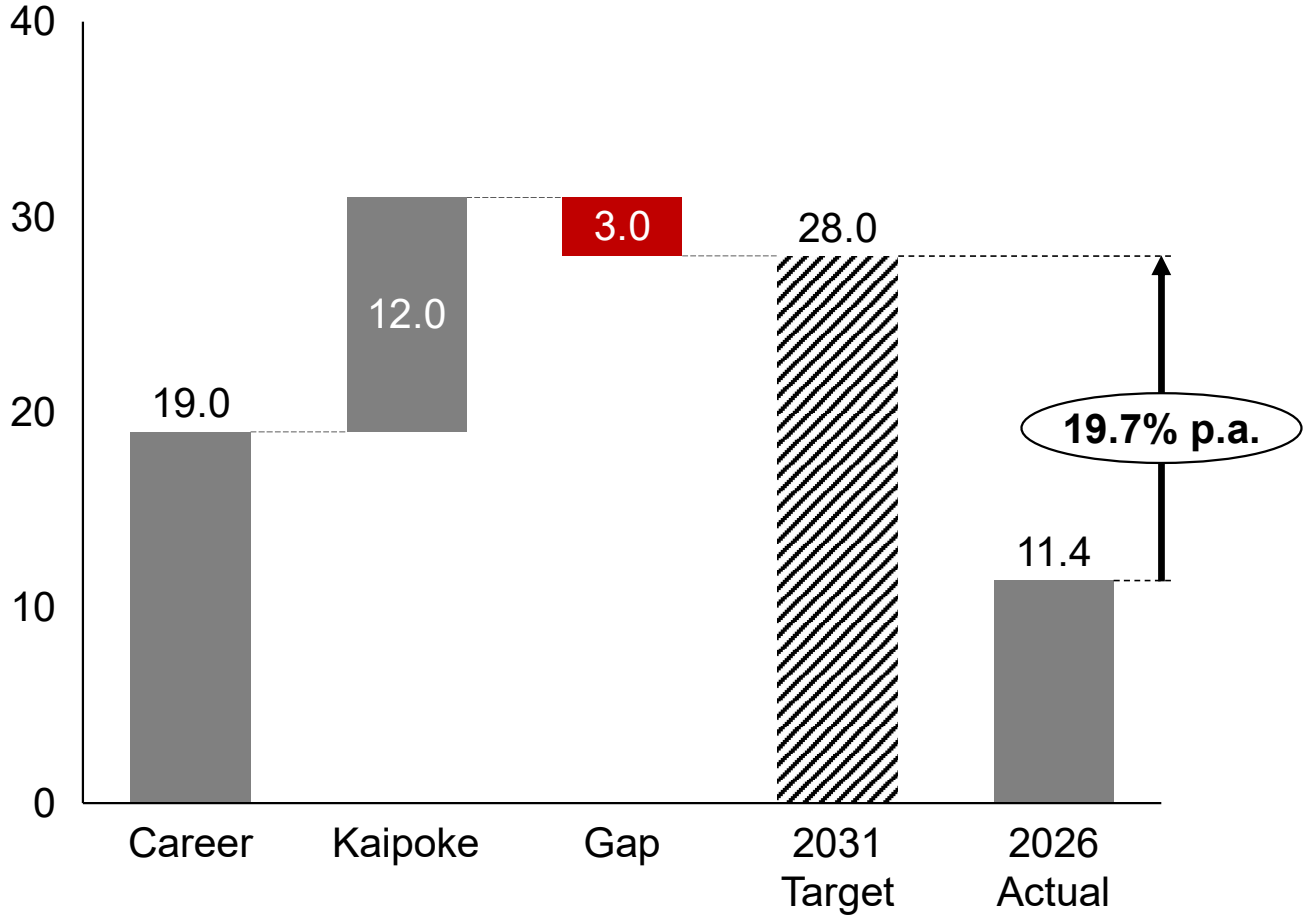
Note: Growth rates represent the 5-year CAGR from fiscal Mar 2026 actuals to Mar 2031 targets
Source: Company IR

OASIS

1 Missing pieces to achieve the EBITDA target

Unexplained gap to reaching targets

EBITDA target by segment (JPY Billion)



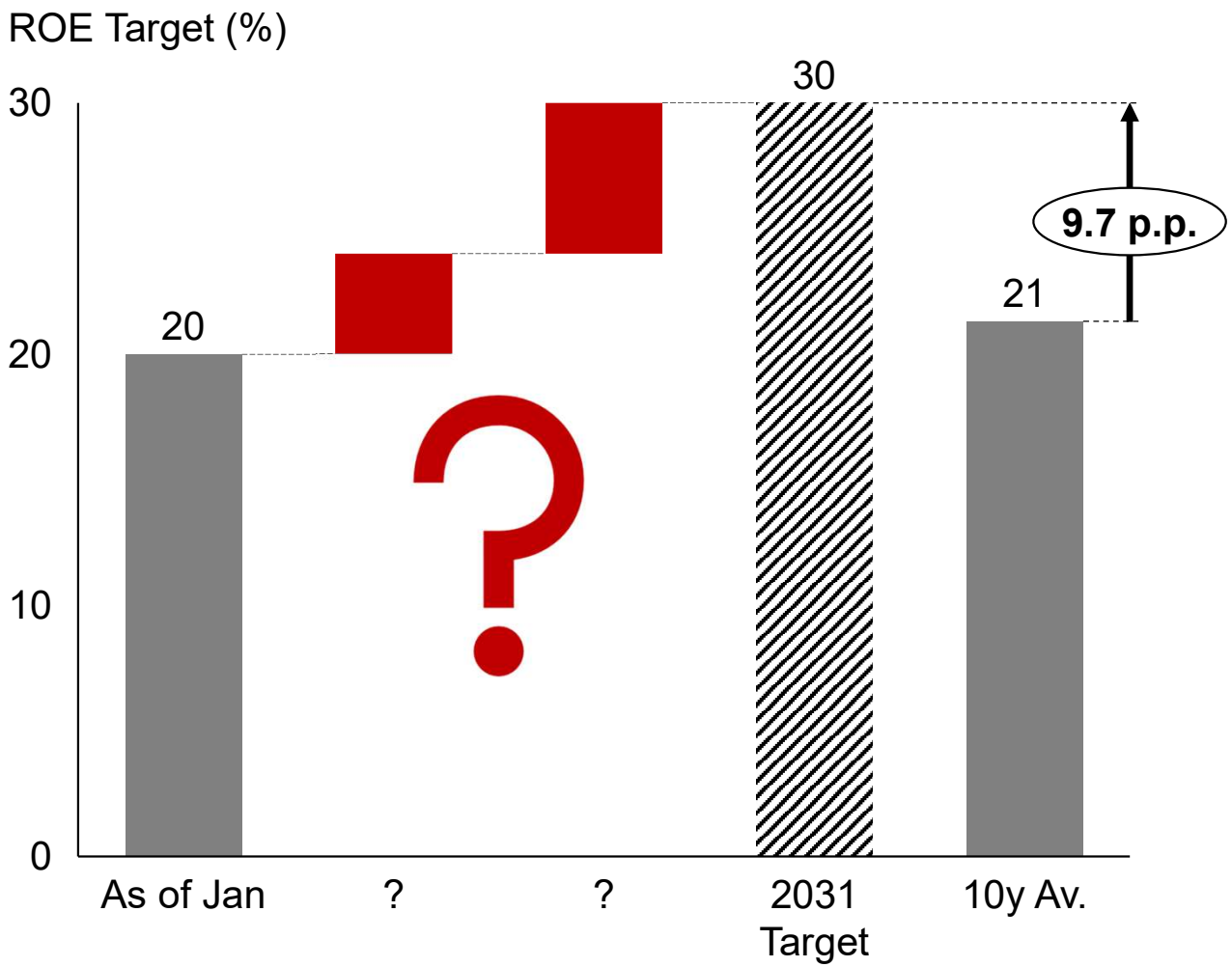
Source: Company IR

Commentary

- The breakdown of targets for the Overseas and Business Development segments remains unclear in relation to achieving the 2031 targets
- The scale of “adjustments” is not disclosed, raising concerns about the feasibility of the targets

1 The impairment-driven reduction in equity has artificially lowered the bar for achieving the ROE target

Revised ROE target without explanation



Commentary

- Oasis previously noted that SMS's 20% ROE target, announced in January, was conservative relative to historical performance
- While the target has now been raised to 30%, the large impairment loss in the Overseas has reduced the equity base, making the target materially easier to achieve

Source: Company IR

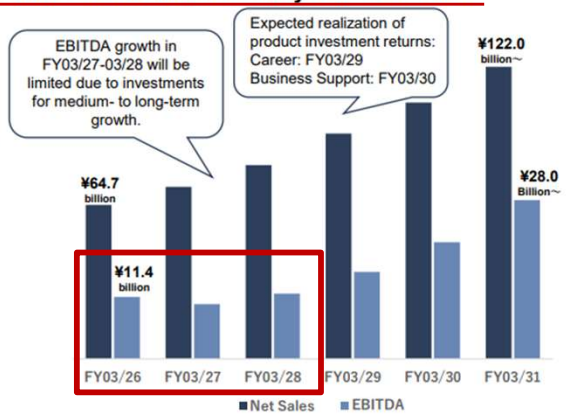
1 No substantiation for “extraordinary growth” that SMS aims to achieve

Company explanation

Our Vision

- Shift from "short-term profit stability" to "extraordinary medium- to long-term growth," fundamentally redefining our management priorities.
- Drive transformation of our business portfolio through rigorous resource reallocation (selection and concentration), a decisive transition to a capital-intensive model, and systematic growth capture via external partnerships, delivering both accelerated growth and improved profitability.
- Aim to achieve net sales of 122.0 billion yen or more, EBITDA of 28.0 billion yen or more, and an ROE of 30% or more[*1] in FY 03/31.
- This numerical plan excludes the potential impact of M&A transactions that have not yet been executed.

	FY03/26	FY 03/31 (in 5 years)	
Net Sales	¥64.7 billion	¥122.0 billion~	CAGR 14%
EBITDA	¥11.4 billion	¥28.0 billion~	CAGR 20%
ROE	(39%)[*2]	30%~	



1. Aiming to achieve 30% or more as early as possible by FY03/31.
2. Negative due to impairment loss recognition. Refer to p.16 for historical ROE trends.

Commentary

- While SMS claims “extraordinary growth”, there is **no supporting evidence underpinning its feasibility and no current plan to achieve it**
- Profitability is expected to **stagnate** at fiscal 2026 levels through fiscal 2027 to 2028, due to **substantial upfront investments**

Given the President’s track record and division heads’ failure to realize the potential of respective businesses, upfront investments under the current structure carry significant execution risk

Source: Company IR

1 Contradictory Plans vs Actions

Company explanation

Our Management Challenges

- **We recognize that our stock price stagnation reflects underlying management challenges stated below.**
- **To address these challenges and enhance corporate value, we have formulated a medium- to long-term growth roadmap.**

① **Short-Term Profit Focus and Inadequate Future Investment**	▪ We prioritized consecutive year-on-year growth in sales and profit, which led to investment decisions biased toward short-term targets at the expense of long-term value creation. ▪ This resulted in capital being concentrated on sustaining existing operations rather than new growth. ▪ Insufficient bold investment in growth areas through strategic resource reallocation, after evaluating the profitability and returns of each business and optimizing the business portfolio.
② **Growth Stagnation from Labor-Intensive Model Dependency**	▪ Our business strategy inadequately addressed the strategic imperative to enhance efficiency and value creation through technology and data integration. ▪ The Career Business persisted with legacy operational approaches, failing to anticipate and respond to evolving market dynamics and technological disruption. This sustained commitment to a traditional labor-intensive model has resulted in competitive erosion.
③ **Missed Growth Opportunities from Over-Reliance on Internal Capabilities**	▪ Over-reliance on internal resources has slowed our growth in recent periods. ▪ Insufficient utilization of external expertise, strategic partnerships, and M&A has led to missed growth opportunities.
④ **Miscommunication with the Capital Markets**	▪ During our period of sustained sales and profit growth, our limited disclosure was offset by strong growth expectations, which supported our stock price. ▪ As our business trajectory changed, we failed to evolve our investor communication. This gap prevented proper market understanding of our business foundation and growth prospects, contributing to share price decline. ▪ Additionally, it remains a challenge that our measures for enhancing capital efficiency, including ROE, are not clearly defined.

"Of the JPY 2bn upfront investment, approximately JPY 0.9bn is primarily allocated to full-year hiring of career partners. […] Advertising expenses are also expected to increase from fiscal Mar 2026 levels."

President Takahata (Earnings briefing, April 28, 2026)

Note: Oasis translation
Source: Company IR; Analyst reports

Commentary

- Despite acknowledging the structural issues of a "**labor-intensive model**", SMS plans aggressive hiring of career partners this fiscal year
- Company intends to further increase already elevated advertising expenses, highlighting a continued reliance on the labor-intensive model

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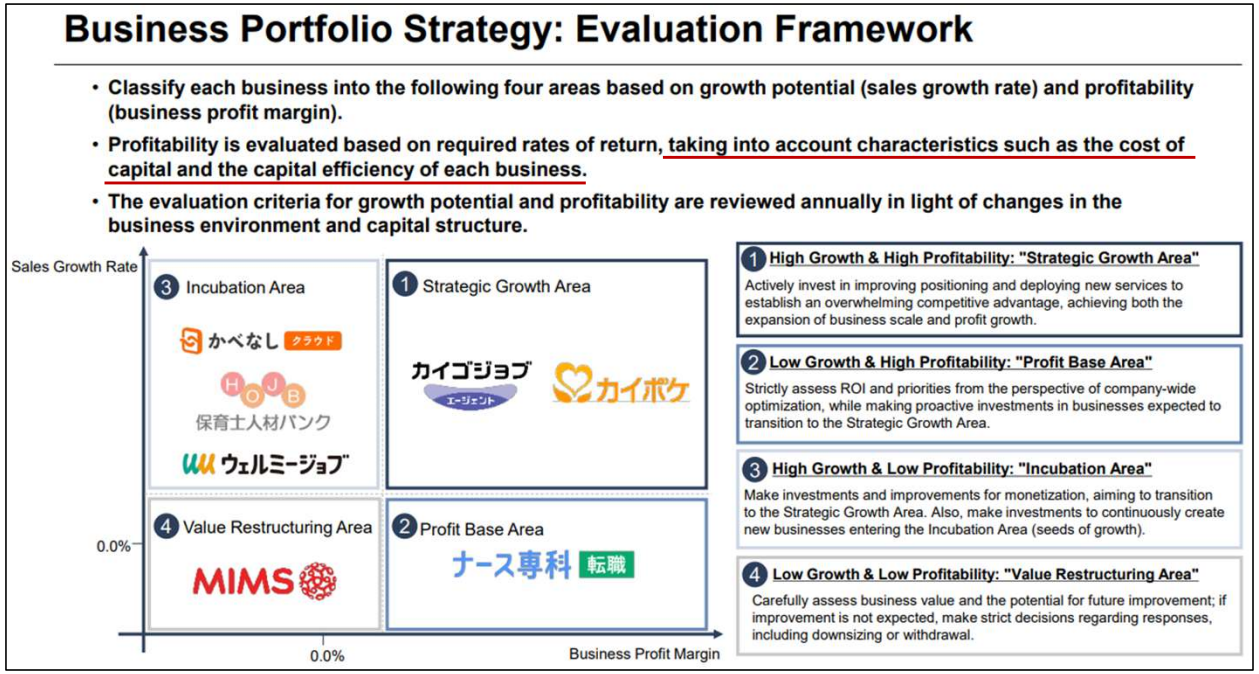
*"While aiming to improve labor productivity, the **plan to recruit a record number of career consultants** in 2026 suggests a **disconnect between mid-term strategy and near-term actions**."*

(April 28, 2026)

OASIS

2 A portfolio strategy that still fails to clearly articulate capital returns

Company explanation



Commentary

- Despite referencing “cost of capital” and “capital efficiency,” SMS does not disclose the current state of its business portfolio using metrics such as ROIC
- For the Overseas and Business Development segments, which are below the cost of capital, target return levels and the timing of achieving them remains unclear

Source: Company IR

2 SMS signals continuation of underperforming Overseas businesses that it should exit immediately

Company explanation

Building New Pillars Following Career and Kaipoke through Focused Investment

- **For the Overseas segment, we will fundamentally improve the profit structure and explore all available options.**
- **For other areas, while advancing selection and concentration through a reevaluation of all businesses, we will actively pursue business development in areas where future growth and synergies with other businesses can be expected, building pillar businesses that follow Career and Kaipoke.**

Business Area	Current Status	Strategic Actions
Overseas Medical Platform Business	Sales growth has been limited due to the impact of marketing budget reductions by pharmaceutical companies, and profitability has also declined.	• Improve profitability by transferring operations to low-cost countries. • Consider all options, including alliances with other companies and the introduction of external capital.
Overseas Global Career Business	Geopolitical risks exist, such as the impact of the worsening situation in the Middle East.	• Focus on acquiring job openings in massive markets such as the U.S., Australia, and Germany. • Collaboration with the domestic Career Business (introductions elderly care workers to Japan).
Others (Business Development Area)	Amid an increase in the number of services deployed, there are multiple businesses that require decisions on whether to continue.	• Make continuation decisions in light of the criteria for business withdrawal. • For areas where market potential, growth, and synergies with other businesses can be expected, consider aggressive business development, including room for expansion into peripheral areas.

Commentary

- Oasis called for an immediate exit from Overseas and a fundamental review of the Business Development
- Rather than announcing a withdrawal, SMS reaffirmed its commitment to continue operations and even strengthen select businesses
- Company doubles down on Global Career, while offering a vague stance of considering "all options" for Medical PF

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"Although all options, including exit, were referenced for underperforming Overseas and New Businesses, ***no concrete decisions were presented****."*
(April 28, 2026)

Note: Oasis translation
Source: Company IR; Analyst reports

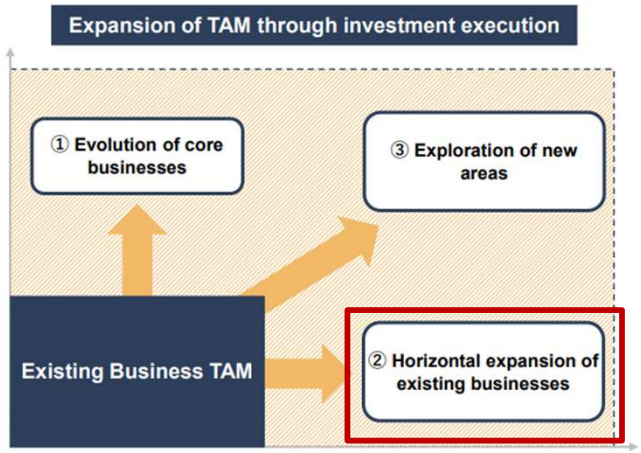
OASIS

2 SMS pursues upfront investments with continued investment in non-core businesses

Company explanation

Potential Investment Areas

- There is massive room for TAM expansion through the execution of investments, including M&A.
- Growth from these investments is not reflected in the business plan up to FY03/31, excluding certain items in the core businesses.



Investment Items

① **Evolution of core businesses**
- Construction of Kaipoke Connect and making it AI-native
- Expansion of supported service types for Kabenashi Cloud
- AI integration in RAG and fusion with DR, and strengthening synergies with management support business
- Employment support for foreign workers entering Japan
- Entry into the spot-work market for elderly/medical care
- Acquisition of technologies such as AI for advancing services and operations

② **Horizontal expansion of existing businesses**
- Expansion of career and management support businesses into essential worker areas such as construction, logistics, and manufacturing
- Expansion of Vertical SaaS into areas other than elderly/disability care*1

③ **Exploration of new areas**
- Business development areas such as health and productivity management / inheritance
- Physical AI for elderly care, etc.
- RAG and staffing of international healthcare professionals in the U.S. and Australia

1. Apply our unique ecosystem of Career × Management Support to areas that, like medical and Elderly Care, are labor-intensive and fac…llenges such as labor shortages and the need for productivity improvement. Achieve comprehensive customer acquisition, including the existing Career Business, by expanding into ar… overlapping job seeker attributes, such as Elderly Care workers.
2. Select areas based on perspectives such as "size of social issues and TAM," "synergies with existing businesses," "competitive… barriers to entry," and "whether network effects and the accumulation of valuable data can be expected," and apply the "mechanism to expand Vertical SaaS" cultivated throu…

Continued commitment to investing in non-core operations, including Global Career and Business Development

Commentary

- Despite referencing “strategic resource allocation,” Company plans to simultaneously pursue significant upfront investment in domestic operations while continuing Overseas and Business Development initiatives
- To justify upfront investments, management must present a credible investment plan and execute a clear exit from non-core businesses

Source: Company IR

3 No KPIs or underlying assumptions to support quantitative targets

2031 targets by segment

Career

FY03/31 VISION

Realization of an "Overwhelming No. 1" Position through the Structural Establishment of Competitive Advantage

Net Sales	EBITDA	EBITDA margin	Sales Share*1
¥72.0 billion	¥19.0 billion	26%	30%
FY03/26: ¥38.2 billion	FY03/26: ¥7.8 billion	FY03/26: 20%	FY03/26: 20%
CAGR: 13%	CAGR: 19%		

Kaipoke

FY03/31 VISION

Become the industry infrastructure as the No. 1 platform for elderly and disability care management support

Net Sales	EBITDA	Membership Share*1	Home-care Connection Share *2
¥26.0 billion	¥12.0 billion	21%	90% or more
FY03/26: ¥13.4 billion	FY03/26: ¥6.0 billion	FY03/26: 14%	FY03/26: 62%
CAGR: 14%	CAGR: 15%		

Overseas and New Business

Not disclosed

Commentary

- For Career and Kaipoke, only the end-state for 2031 is disclosed, with no underlying assumptions provided to support achievability
- For the Overseas and Business Development segments, even target figures have not been disclosed
- Company should disclose the KPIs required to achieve these targets to establish their credibility

Source: Company IR

3 Appropriate KPIs are essential to validate the credibility of targets

/ Illustrative

Examples of KPIs for Career



Number of CPs



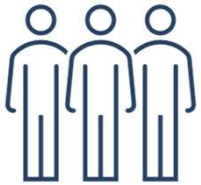
Revenue and profit per CP

⋮



Matching rates

Examples of KPIs for Kaipoke



Number of accounts



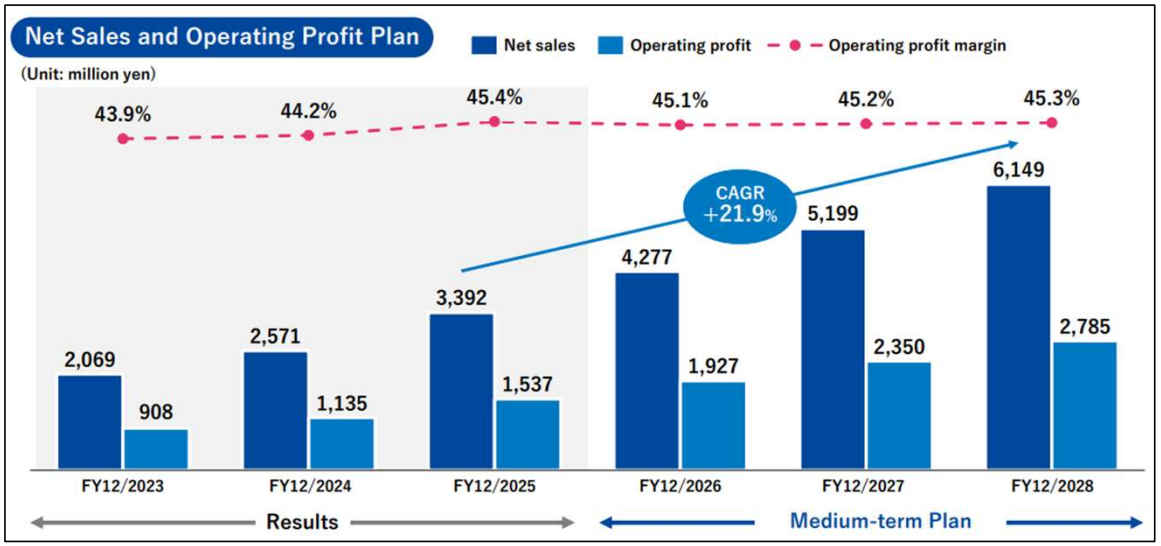
Unit price

⋮



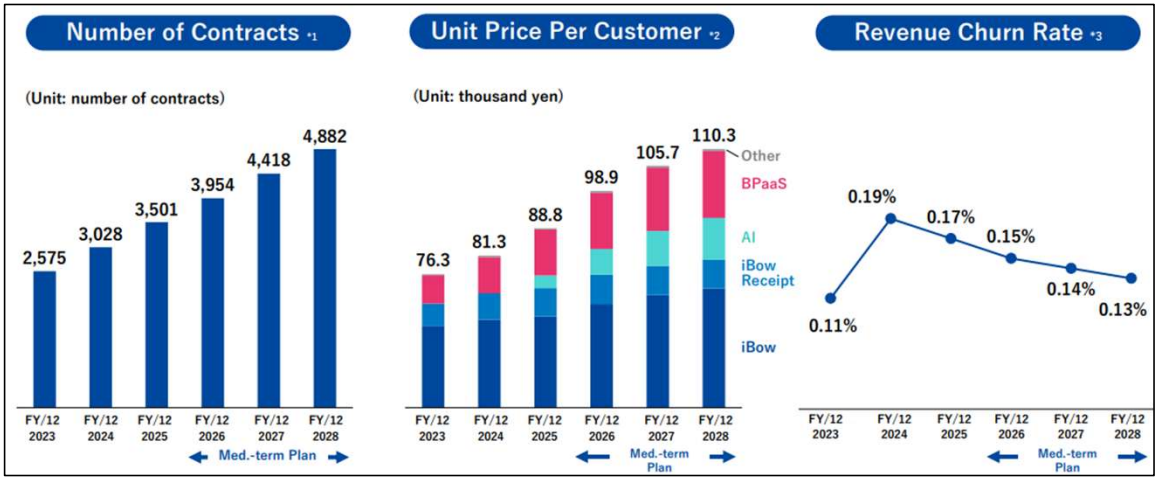
Churn rate

3 eWell: Peer discloses KPIs that underpin its targets



Quantitative MTP targets

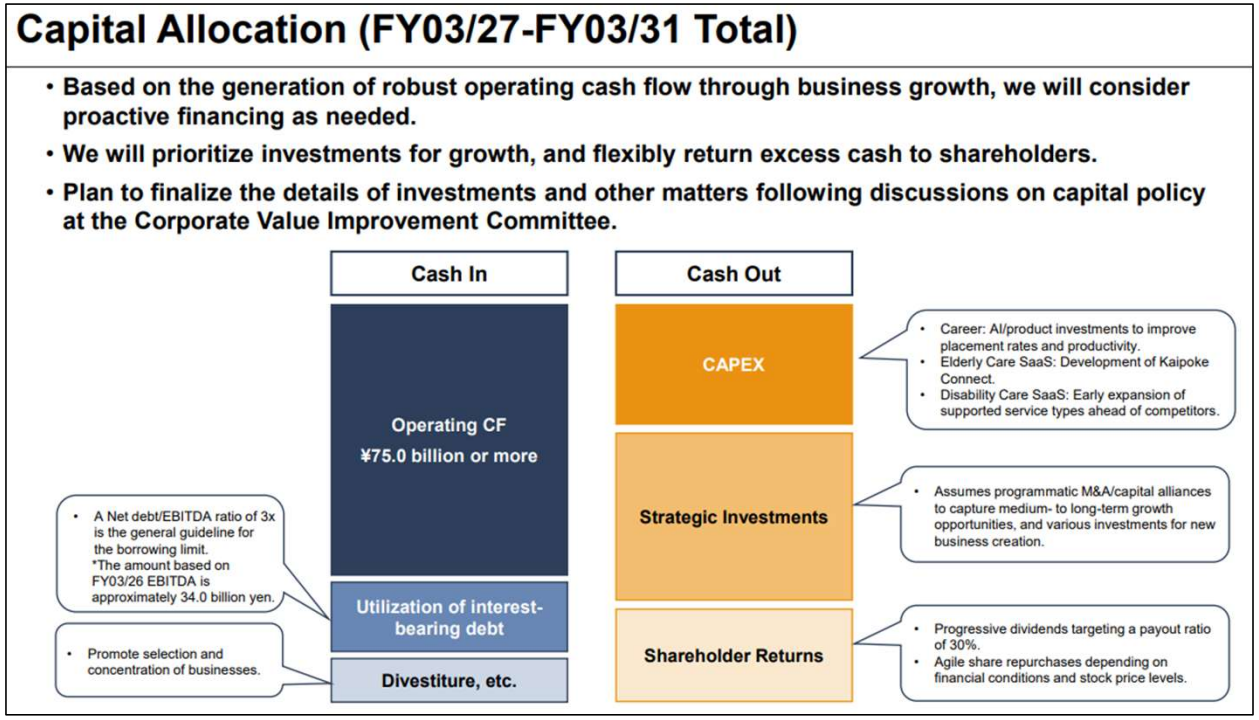
Clearly defined KPIs to support the achievement of quantitative targets



Source: Company IR

4 A capital allocation plan devoid of meaningful detail

Company explanation



Commentary

- The allocation is presented only at a conceptual level, with no quantitative detail disclosed
- Company should provide segment-level allocation targets and clear prioritization
- Despite announcing significant upfront investments, the specific investment areas and their scale remain undisclosed

Source: Company IR

5 No signs of improvement in disclosure quality

Company explanation

Our Management Challenges

- **We recognize that our stock price stagnation reflects underlying management challenges stated below.**
- **To address these challenges and enhance corporate value, we have formulated a medium- to long-term growth roadmap.**

① **Short-Term Profit Focus and Inadequate Future Investment**	▪ We prioritized consecutive year-on-year growth in sales and profit, which led to investment decisions biased toward short-term targets at the expense of long-term value creation. ▪ This resulted in capital being concentrated on sustaining existing operations rather than new growth. ▪ Insufficient bold investment in growth areas through strategic resource reallocation, after evaluating the profitability and returns of each business and optimizing the business portfolio.
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Commentary

- Despite acknowledging past shortcomings in disclosure, Company has presented a roadmap that lacks critical underlying assumptions
- While recognizing the lack of clarity around capital efficiency improvement, concrete measures to enhance ROE remain absent
- For example, there is no discussion of initiatives across key ROE drivers, nor any analysis of cost of capital or actions to reduce it

Source: Company IR

5 While segment-level profits have been disclosed, a lack of transparency remains

Company explanation

Reference: Pro-Forma Performance Under New Segment Structure*1

[¥ millions]	FY03/2023 Actual	FY03/2024 Actual	FY03/2025 Actual	FY03/2026 Actual	FY03/2027 Guidance
Net Sales					
Career	27,264	32,380	36,214	38,279	41,914
Elderly/Disability Care Management Support	8,362	9,805	11,868	13,471	15,190
Overseas	7,815	9,002	9,385	8,851	9,786
EBITDA					
Career	8,111	9,191	7,104	7,815	7,556
Elderly/Disability Care Management Support	3,538	4,121	5,188	6,091	6,420
Overseas	1,757	1,835	1,653	1,336	1,271
EBITDA Margin					
Career	29.8%	28.4%	19.6%	20.4%	18.0%
Elderly/Disability Care Management Support	42.3%	42.0%	43.7%	45.2%	42.3%
Overseas	22.5%	20.4%	17.6%	15.1%	13.0%

1. In addition to the above segments, total Net Sales includes "Others," while EBITDA includes "Others" and "Adjustments." "Others" primarily consists of businesses in the business development area, and its profit contribution is currently limited. "Adjustments" mainly comprise various administrative expenses of corporate departments, accounting for approximately 7% of total Net Sales.

Commentary

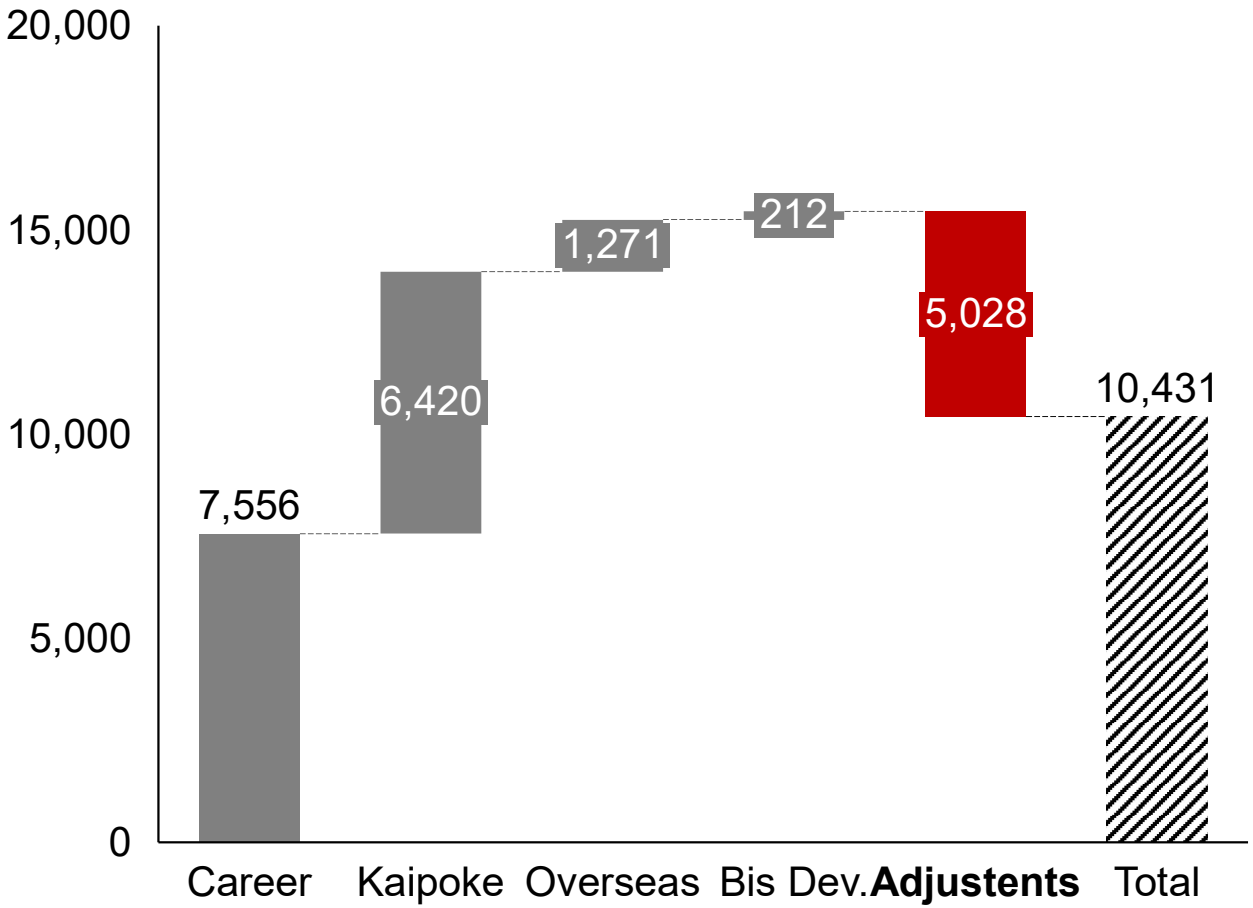
- Although EBITDA by segment has been provided, the details of “Others” (primarily the business development segment) and “Adjustments” remain unclear
- “Adjustments” are described as mainly corporate overhead and administrative expenses; however, they **account for approximately 7% of total revenue** on an EBITDA basis, representing a significant proportion

Source: Company IR

5 Adjustments could be inflating the profitability of certain segments

Adjustments weighing on overall profitability

EBITDA by segment (fiscal Mar 2027 plan, JPY Million)



Note: Adjustments are calculated assuming equivalent to 7% of fiscal 2027 revenue
Source: Company IR

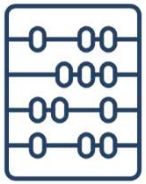
Commentary

- Of the planned EBITDA of JPY 10,431 million for the fiscal year ending March 2027, **"Adjustments" account for approximately 48% of overall target**
- Costs that should be allocated to individual segments may instead be recorded as Adjustments
- If so, there is a risk that the **profitability of certain segments is overstated**

OASIS

5 SMS should disclose operating profit forecast not just EBITDA

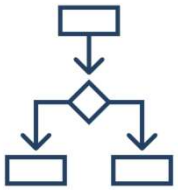
Proper cost allocation



Why SMS should use operating profit

- Under an EBITDA, corporate costs are recorded as “Adjustments” and not allocated to each segment
- As a result, costs that should be borne by each segment are not reflected, and the **profitability of certain segments may appear higher than the actual level**

Assessing capital efficiency



- ROIC, used to review the business portfolio, is calculated based on after-tax operating profit
- From the perspective of **enabling proper assessment by market participants**, disclosure should be based on operating profit rather than EBITDA

Ensuring transparency



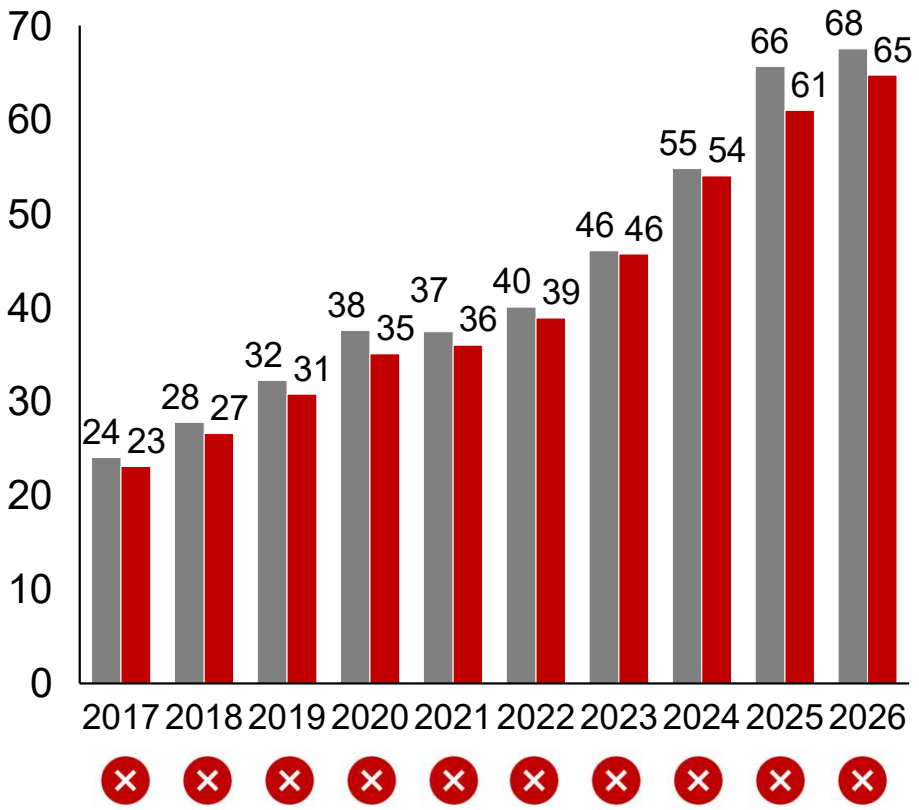
- As upfront investments are planned, EBITDA **excludes the impact of investments including amortization related to M&A**
- To **properly assess the scale and effectiveness of investments**, EBITDA alone is insufficient, and operating profit-based disclosure is more appropriate from a transparency perspective

OASIS

SMS has missed its forecast every year and demonstrates management's lack of execution capability

Forecast Actual

Forecast vs Actual revenue (JPY Billion)



Substantial impairments in Overseas

Impairment loss of JPY 22.9B in 2026

Net profit of JPY6.1B In 2025

- SMS recorded a JPY 22.9 billion impairment loss in Overseas business, which had previously been positioned as a key growth driver
- President Takahata previously served as CEO and CFO of MIMS, the business primarily responsible for the impairment loss

Given the continued failure,
aggressive targets and upfront investments lack any credibility

Note: Forecast shows as of the end of previous fiscal year
Source: Company IR; Bloomberg

OASIS

Analysts question execution capabilities

BANK OF AMERICA

Ambitious Growth Roadmap; Execution Risk Remains (April 28, 2026)
"Targets JPY 28bn EBITDA by FY3/31 (5y CAGR 20%; vs. our JPY 13.5bn), but returns from growth investments are back-loaded (years 4–5), ***limiting near-term credibility****. EBITDA margin is set to fall 3.1ppt YoY to 14.5% in FY3/27 on higher marketing and engineering spend,* ***with meaningful recovery only from FY3/29 onward****.*

MUFG
Mitsubishi UFJ Financial Group

Ambitious Roadmap Calls for Execution Power (April 28, 2026)
"This also reflects productivity improvement through use of AI etc., and while ***the hurdles to attainment look high from the current standpoint****, from here we will be watching the firm's execution power."*

CLSA

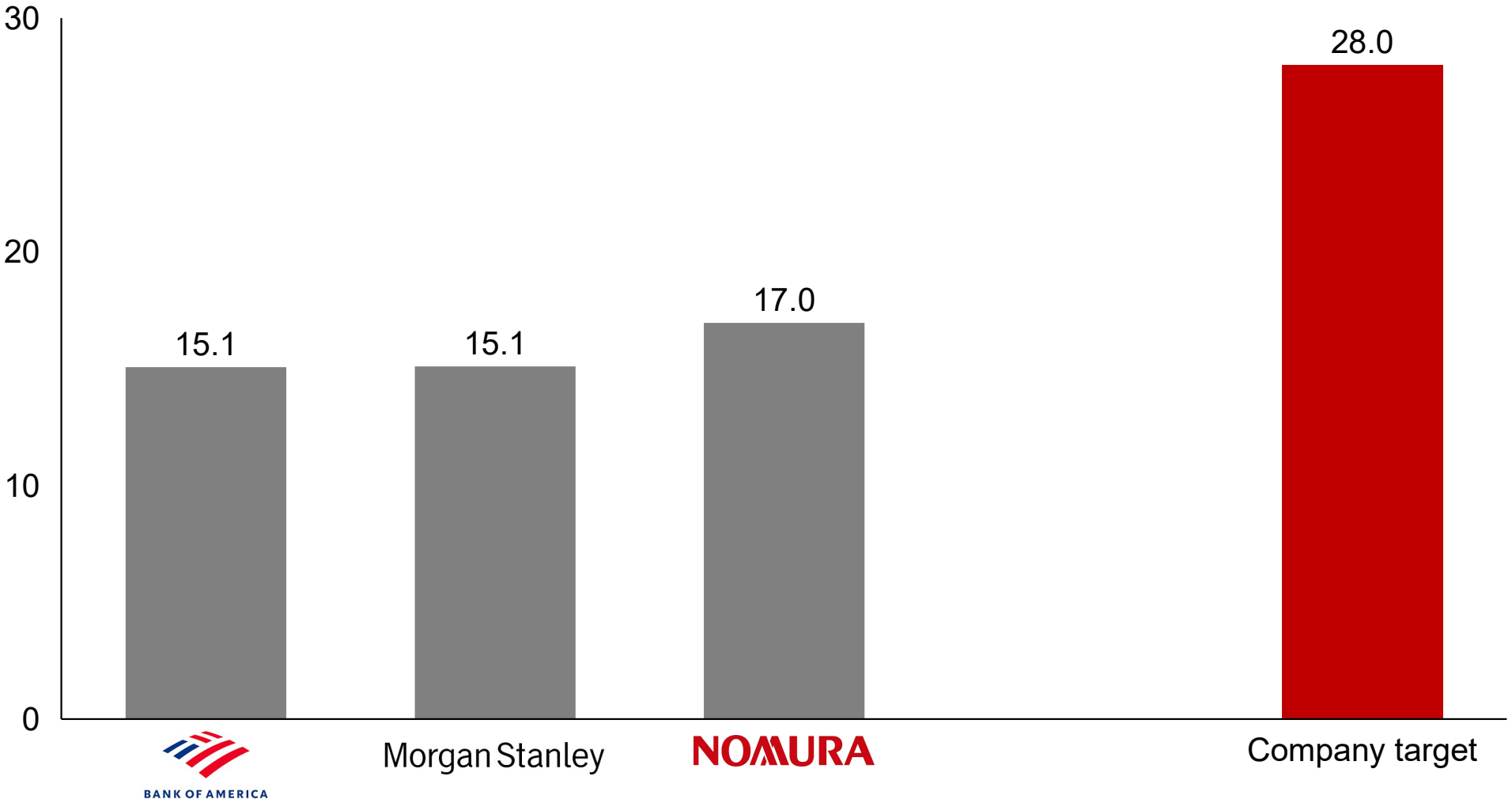
Laying the groundwork: downgrade to HLD (April 28, 2026)
"SMS targets a FY3/31 sales Cagr of 14% and Ebitda Cagr of 20% via accelerated selection/focus, but ***we remain cautious on tracking progress****."*

Note: Oasis translation for BofA report
Source: Analyst reports

OASIS

The Company's targets are materially disconnected from analyst expectations

EBITDA Forecast (2031, JPY Billion)



Source: Company IR; Analyst reports

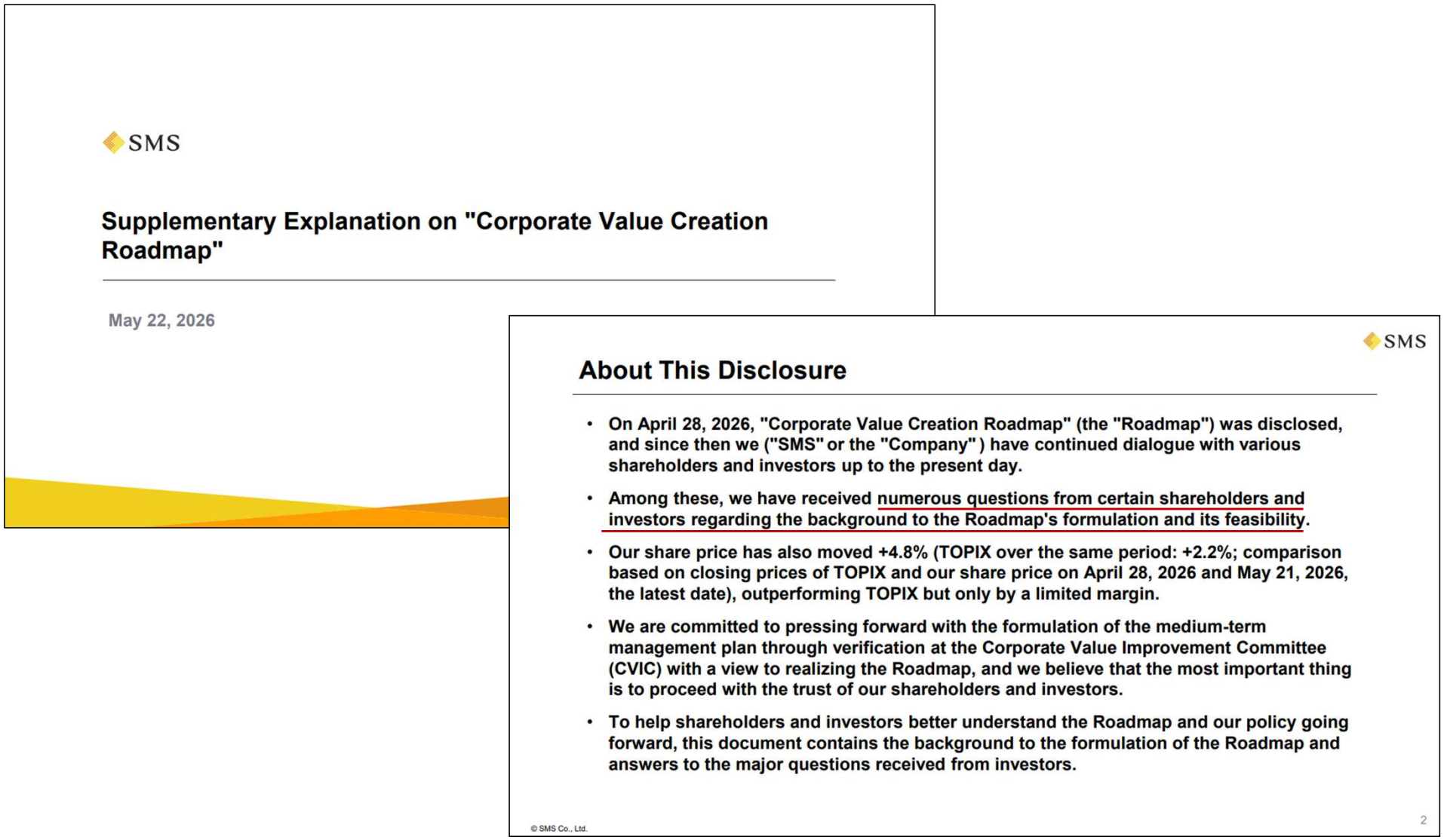
OASIS

The CEO message lacks consistency and is unconvincing

	CEO message	Commentary
Commitment to enhancing shareholder value	*"We will maintain transparent dialogue with investors while executing management actions that directly **drive corporate value creation**, ensuring that our **operational achievements are fairly recognized and valued by the market**."*	• Following the announcement of an unsubstantiated growth roadmap, **share price declined** • Upfront investments also carry the **risk of value destruction**
Business portfolio	*"This approach combines aggressive pursuit of growth investments and new business initiatives with **disciplined capital reallocation**, including selective business exits, to ensure rigorous **group-wide prioritization**. To maximize corporate value, we are establishing a **clear capital allocation framework** and enhancing our governance infrastructure to drive more effective portfolio monitoring and strategic decision-making."*	• Limited evidence of portfolio optimization, effectively pursuing both **upfront investments** and **non-core business expansion** • Amid **significant upfront investments**, capital allocation discipline is notably absent
Investor communication	*"We invite you to witness our transformation of social challenges into compelling business opportunities—executed through scalable, **reproducible systems** that will drive sustained corporate value creation"*	• While pursuing "extraordinary growth" through new initiatives, there is **little evidence of reproducibility**

Source: Company IR

In May 2026, SMS announced supplementary explanations on the roadmap



SMS

Supplementary Explanation on "Corporate Value Creation Roadmap"

May 22, 2026

SMS

About This Disclosure

- On April 28, 2026, "Corporate Value Creation Roadmap" (the "Roadmap") was disclosed, and since then we ("SMS" or the "Company") have continued dialogue with various shareholders and investors up to the present day.
- Among these, we have received numerous questions from certain shareholders and investors regarding the background to the Roadmap's formulation and its feasibility.
- Our share price has also moved +4.8% (TOPIX over the same period: +2.2%; comparison based on closing prices of TOPIX and our share price on April 28, 2026 and May 21, 2026, the latest date), outperforming TOPIX but only by a limited margin.
- We are committed to pressing forward with the formulation of the medium-term management plan through verification at the Corporate Value Improvement Committee (CVIC) with a view to realizing the Roadmap, and we believe that the most important thing is to proceed with the trust of our shareholders and investors.
- To help shareholders and investors better understand the Roadmap and our policy going forward, this document contains the background to the formulation of the Roadmap and answers to the major questions received from investors.

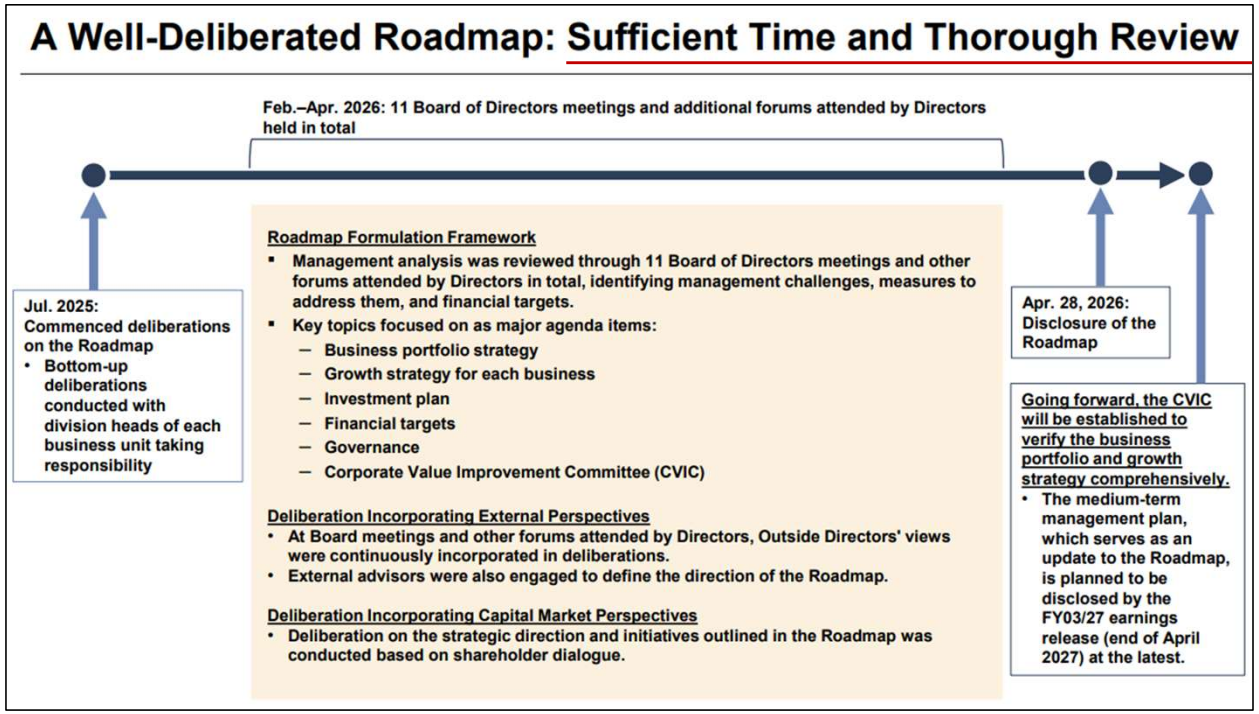
© SMS Co., Ltd.

2

Source: Company IR

Claiming the roadmap was long under review is counterproductive given its weak feasibility

Company explanation



Commentary

- SMS states that it began developing the roadmap in July 2025 and that the Board repeatedly examined it
- However, given the roadmap's poor feasibility, the claim of prolonged review only highlights President Takahata's weak management capability

Source: Company IR

Highlights President Takahata's track record while ignoring responsibility for the impairment losses

Company explanation

Rationale for Appointing Takahata and Key Initiatives

- **Takahata, who assumed the role of Representative Director and CEO in January 2026, has experience managing a complex business group.**
- **He has deepened his understanding of the Company's business structure and capital markets, and is executing management measures, including the formulation of the Roadmap, with speed.**

CEO Qualifications	▪ Takahata served as CEO of MIMS (the Company's overseas operations) from 2021 to 2025, managing a complex business group spanning 17 countries and regions, operating five businesses, and comprising over 30 subsidiaries. ▪ The role of CEO at SMS requires the ability to optimize the business portfolio while driving corporate value. Takahata's expertise in managing complex organizations with balance is deemed essential to our growth. – Objective approach to overseas business continuation decisions, despite having personally led all overseas operations. – It would be difficult to recruit externally a CEO who deeply understands our current complex business structure and can engage in candid, rigorous discussions with the heads of each business.
Post-Appointment Initiatives	Management and business execution ▪ Since July 2025, following his appointment as Director, Takahata has collaborated with Corporate Planning and business division heads on the deliberation and review of the Roadmap. Through internal information gathering and dialogue with shareholders and investors, he deepened his understanding of our complex business structure and capital markets, culminating in the April 28 disclosure of the overall strategic direction. ▪ He has also been implementing the following management measures (including measures in the Roadmap) with speed: – Establishing the business portfolio strategy and processes for business evaluation and continuation decisions (multiple businesses have already been exited,*1 with further exits under consideration) – Strategy formulation and execution of necessary investments aimed at leveraging technology and data – Building a framework for M&A evaluation and promotion – Promoting proactive disclosure, including the commencement of segment-based disclosure from FY03/27 Governance ▪ Through Board deliberations including Takahata, it was decided to revamp the Board composition and strengthen governance through the establishment of the CVIC. – Regarding Board composition, four new outside director candidates with skills essential for enhancing corporate value have been appropriately selected through consultation with and recommendation by the Nomination and Remuneration Advisory Committee.

1. For businesses where the decision to exit has already been made, please refer to Q7 in the accompanying "Frequently Asked Questions on the Corporate Value Creation Roadmap."

Commentary

- President Takahata's experience "managing a complex business group" as CEO of MIMS was emphasized
- However, there was no mention whatsoever that the poor business performance under his leadership ultimately resulted in substantial impairment losses
- He also expressed confidence that SMS's growth depends on his leadership and that hiring an external CEO is not a viable option

Source: Company IR

Significant Board reshuffle, but no change to the Roadmap

Company explanation

Diverse Board Nominees for Corporate Value Enhancement

	Masaki Takahata	Nobuko Takagi	Tetsuro Harada (New)	Aiko Ota (New)	Makoto Yasuda (New)	Takeshi Kawasaki (New)
Position (Planned)	Representative Director and CEO	Outside Director (Audit & Supervisory Committee Member)	Outside Director (Audit & Supervisory Committee Member)	Outside Director (Audit & Supervisory Committee Member)	Outside Director	Outside Director
Key Recent Career History (Period)	• **MIMS Group, SMS Co., Ltd.** CFO *(2016–2021)* • **MIMS Group, SMS Co., Ltd.** CEO *(2021–2025)* • **SMS Co., Ltd.** Director *(2025–)* • **SMS Co., Ltd.** Representative Director and CEO *(2026–)*	• **COEING AND COMPANY** Representative Director *(2018–)* • **USS Co., Ltd.** Outside Director *(2018–2025)* • **SMS Co., Ltd.** Outside Director (Audit & Supervisory Committee Member) *(2022–)* • **Kosé Holdings** Outside Audit & Supervisory Board Member *(2024–)*	• **Dream Incubator Inc.** Director *(2018–2020)* • **Dream Incubator Inc.** Representative Director *(2020–2023)* • **Dream Incubator Inc.** Board Chair (Audit & Supervisory Committee Member) *(2024–)* • **Mandom Corporation** Outside Director *(2024–2026)* • **Wacoal Holdings Corp.** Outside Director *(2024–)*	• **Freshfields Bruckhaus Deringer LLP** *(2015–2017)* • **Nozomi Sogo Attorneys at Law** *(2017–)* • **Rajah & Tann Singapore LLP** Secondment *(2020–2022)* • **Nozomi Sogo Attorneys at Law** Partner *(2025–)*	• **BrainPad Inc.** *(2004–2011)* • **BrainPad Inc.** Director *(2011–2021)* • **Seedim** Representative Director *(2021–)* • **Nealry Inc.** *(2022–)*	• **Regional Economy Vitalization Corporation of Japan** *(2014–2020)* • **Lifenet Insurance Company** Executive Officer *(2022–2024)* • **Lifenet Insurance Company** Senior Executive Officer *(2024–2025)* • **Lifenet Insurance Company** Deputy President and CFO *(2025–)*
Key Skills	• Has led group-wide corporate planning since joining SMS • Contributed to the growth of overseas operations as CFO and CEO of the MIMS Group	• Certified Public Accountant with experience in M&A advisory and corporate strategy development • Extensive experience as an outside director at listed companies	• Extensive experience as a corporate executive and outside director at listed companies • Extensive knowledge of business portfolio strategy and strengthening capital market communications	• Experience in international corporate law • Practical experience in Singapore, where the Company has overseas operations	• As a founding member of BrainPad, led the data analytics business centered on statistical analysis and machine learning, as well as the SaaS product division	• Practical experience and broad insight in capital policy and capital market dialogue as a corporate executive at a listed company

New candidates

*"The direction of the roadmap has been the **result of careful deliberations including the Board of Directors**, and **we do not believe** at this time that **fundamental changes will be necessary**."*

From Supplementary Explanation

Source: Company IR

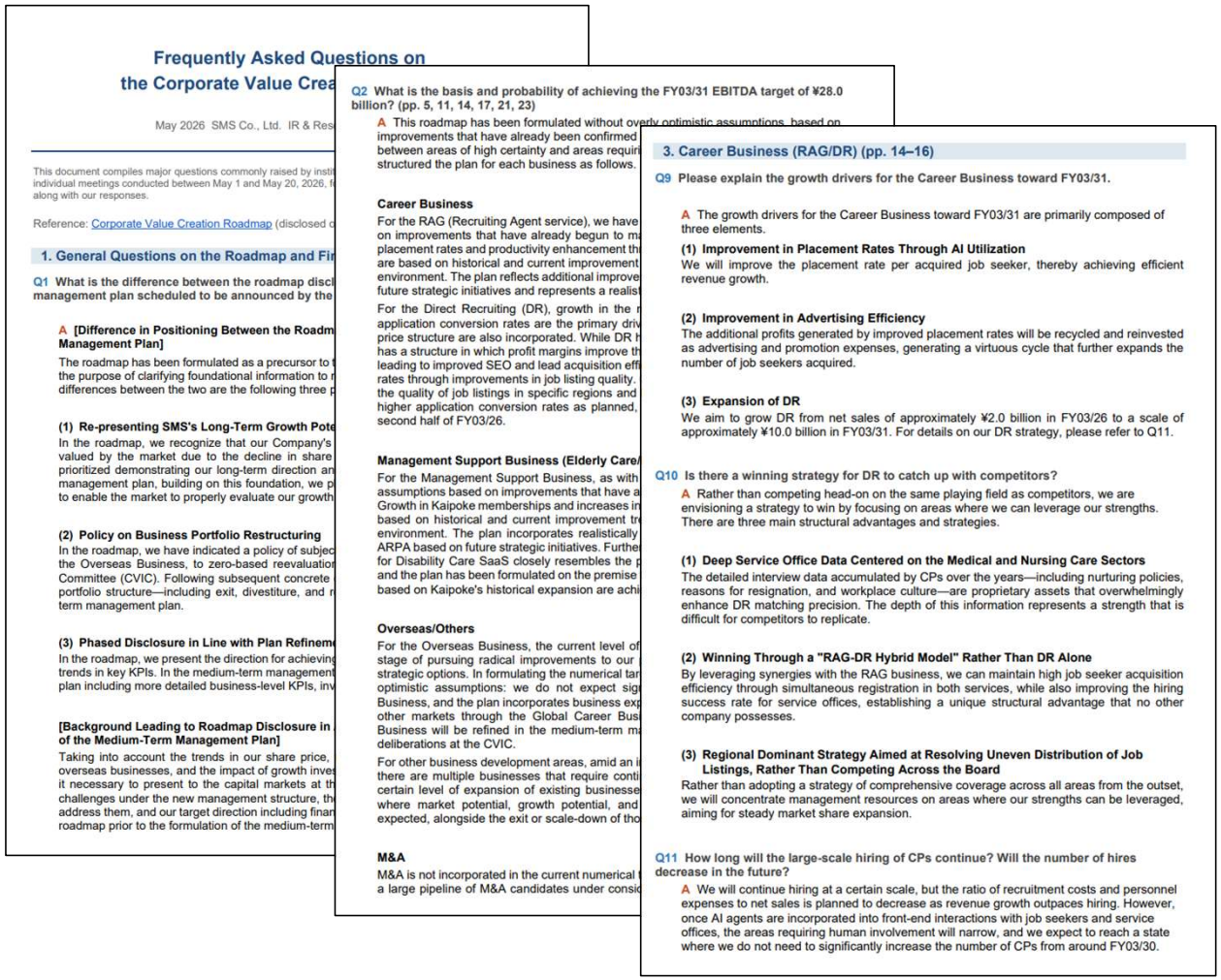
Commentary

- The roadmap announced in April was reviewed and validated by the **existing board**
- Despite a significant Board reshuffle expected at the upcoming June AGM, SMS maintains that no revisions to the Roadmap's direction are required

OASIS

FAQ disclosure still lacks substance

Company explanation



Frequently Asked Questions on the Corporate Value Crea

May 2026 SMS Co., Ltd. IR & Res

This document compiles major questions commonly raised by insti individual meetings conducted between May 1 and May 20, 2026, f along with our responses.

Reference: Corporate Value Creation Roadmap (disclosed c

1. General Questions on the Roadmap and Fi

Q1 What is the difference between the roadmap discl management plan scheduled to be announced by the

A [Difference in Positioning Between the Roadm Management Plan]

The roadmap has been formulated as a precursor to t the purpose of clarifying foundational information to r differences between the two are the following three p

(1) Re-presenting SMS's Long-Term Growth Pote

In the roadmap, we recognize that our Company's valued by the market due to the decline in share prioritized demonstrating our long-term direction an management plan, building on this foundation, we p to enable the market to properly evaluate our growth

(2) Policy on Business Portfolio Restructuring

In the roadmap, we have indicated a policy of subjec the Overseas Business, to zero-based reevaluatio Committee (CVIC). Following subsequent concrete portfolio structure—including exit, divestiture, and r term management plan.

(3) Phased Disclosure in Line with Plan Refineme

In the roadmap, we present the direction for achievin trends in key KPIs. In the medium-term management plan including more detailed business-level KPIs, inv

[Background Leading to Roadmap Disclosure in of the Medium-Term Management Plan]

Taking into account the trends in our share price, overseas businesses, and the impact of growth inve it necessary to present to the capital markets at th challenges under the new management structure, th address them, and our target direction including finan roadmap prior to the formulation of the medium-term

Q2 What is the basis and probability of achieving the FY03/31 EBITDA target of ¥28.0 billion? (pp. 5, 11, 14, 17, 21, 23)

A This roadmap has been formulated without overly optimistic assumptions, based on improvements that have already been confirmed between areas of high certainty and areas requiri structured the plan for each business as follows.

Career Business

For the RAG (Recruiting Agent service), we have on improvements that have already begun to ma placement rates and productivity enhancement th are based on historical and current improvement environment. The plan reflects additional improve future strategic initiatives and represents a realist

For the Direct Recruiting (DR), growth in the r application conversion rates are the primary driv price structure are also incorporated. While DR h has a structure in which profit margins improve th leading to improved SEO and lead acquisition effi rates through improvements in job listing quality. the quality of job listings in specific regions and higher application conversion rates as planned, second half of FY03/26.

Management Support Business (Elderly Care/

For the Management Support Business, as with assumptions based on improvements that have a Growth in Kaipoke memberships and increases in based on historical and current improvement tr environment. The plan incorporates realistically ARPA based on future strategic initiatives. Furthe for Disability Care SaaS closely resembles the p and the plan has been formulated on the premise based on Kaipoke's historical expansion are achi

Overseas/Others

For the Overseas Business, the current level of stage of pursuing radical improvements to our strategic options. In formulating the numerical tar optimistic assumptions: we do not expect sig Business, and the plan incorporates business exp other markets through the Global Career Busi Business will be refined in the medium-term ma deliberations at the CVIC.

For other business development areas, amid an i there are multiple businesses that require conti certain level of expansion of existing businesse where market potential, growth potential, and expected, alongside the exit or scale-down of tho

M&A

M&A is not incorporated in the current numerical t a large pipeline of M&A candidates under consid

3. Career Business (RAG/DR) (pp. 14–16)

Q9 Please explain the growth drivers for the Career Business toward FY03/31.

A The growth drivers for the Career Business toward FY03/31 are primarily composed of three elements.

(1) Improvement in Placement Rates Through AI Utilization

We will improve the placement rate per acquired job seeker, thereby achieving efficient revenue growth.

(2) Improvement in Advertising Efficiency

The additional profits generated by improved placement rates will be recycled and reinvested as advertising and promotion expenses, generating a virtuous cycle that further expands the number of job seekers acquired.

(3) Expansion of DR

We aim to grow DR from net sales of approximately ¥2.0 billion in FY03/26 to a scale of approximately ¥10.0 billion in FY03/31. For details on our DR strategy, please refer to Q11.

Q10 Is there a winning strategy for DR to catch up with competitors?

A Rather than competing head-on on the same playing field as competitors, we are envisioning a strategy to win by focusing on areas where we can leverage our strengths. There are three main structural advantages and strategies.

(1) Deep Service Office Data Centered on the Medical and Nursing Care Sectors

The detailed interview data accumulated by CPs over the years—including nurturing policies, reasons for resignation, and workplace culture—are proprietary assets that overwhelmingly enhance DR matching precision. The depth of this information represents a strength that is difficult for competitors to replicate.

(2) Winning Through a "RAG-DR Hybrid Model" Rather Than DR Alone

By leveraging synergies with the RAG business, we can maintain high job seeker acquisition efficiency through simultaneous registration in both services, while also improving the hiring success rate for service offices, establishing a unique structural advantage that no other company possesses.

(3) Regional Dominant Strategy Aimed at Resolving Uneven Distribution of Job Listings, Rather Than Competing Across the Board

Rather than adopting a strategy of comprehensive coverage across all areas from the outset, we will concentrate management resources on areas where our strengths can be leveraged, aiming for steady market share expansion.

Q11 How long will the large-scale hiring of CPs continue? Will the number of hires decrease in the future?

A We will continue hiring at a certain scale, but the ratio of recruitment costs and personnel expenses to net sales is planned to decrease as revenue growth outpaces hiring. However, once AI agents are incorporated into front-end interactions with job seekers and service offices, the areas requiring human involvement will narrow, and we expect to reach a state where we do not need to significantly increase the number of CPs from around FY03/30.

Commentary

- Although SMS released an FAQ addressing investor questions, the responses remained largely qualitative and lacked concrete detail on roadmap execution
- In the Career segment, management referenced improvements in conversion rates and AI-driven gains in CP productivity, but still provided no quantitative support
- As a result, the disclosure failed to alleviate shareholder and market concerns regarding the feasibility of the roadmap

Source: Company IR

Agenda

01. SMS Overview

02. Stuck in Comfort Zone

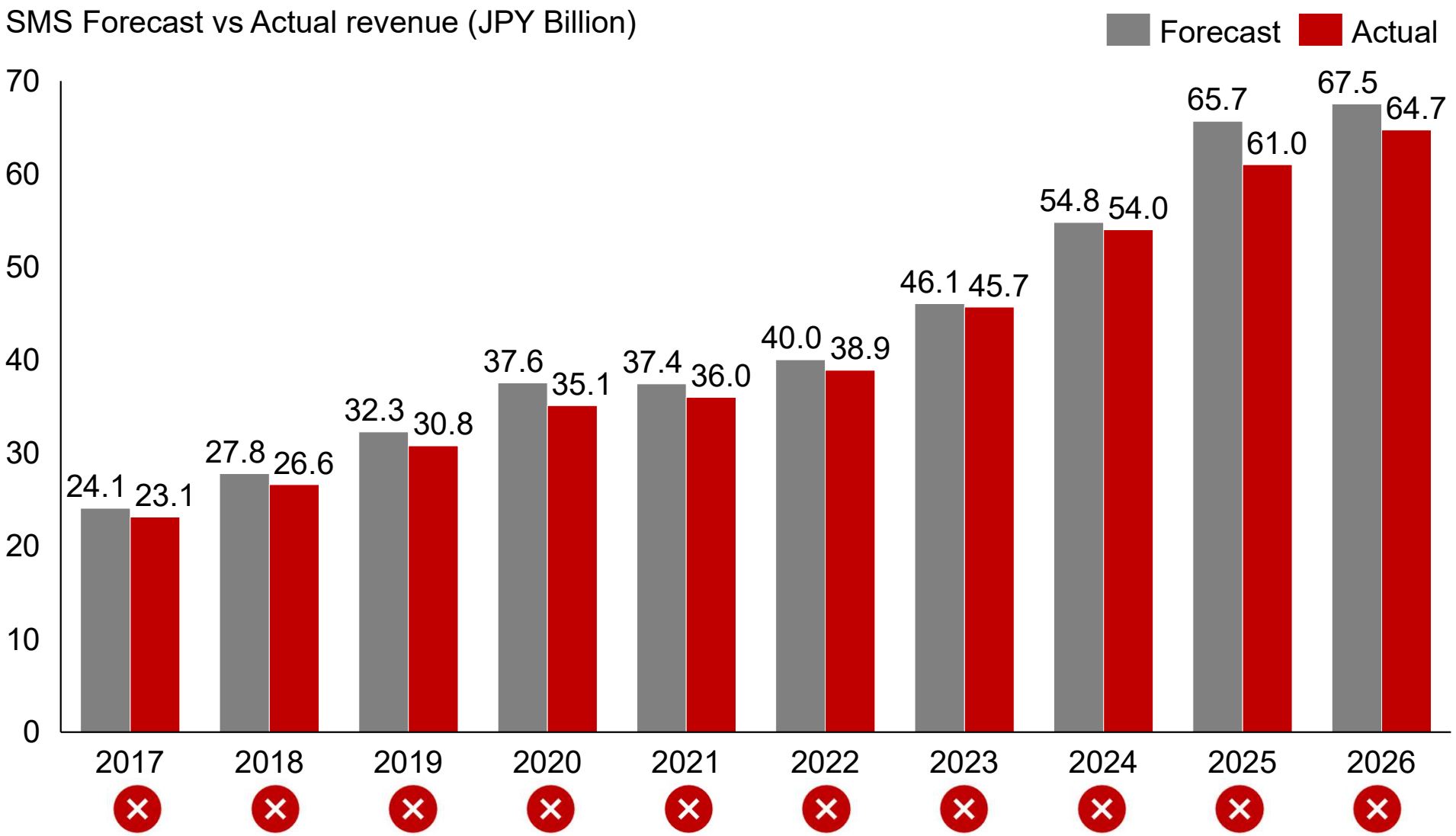
03. Poor Growth Roadmap

04. **Management in Question**

05. Oasis's Value Proposition

06. Oasis Votes AGAINST Mr. Takahata and Ms. Takagi

The persistent failure to meet plans demonstrates a lack of both planning capability and execution ability



Note: Forecast shows as of the end of previous fiscal year
Source: Company IR; Bloomberg

OASIS

Former President Goto emphasized his confidence in SMS's unparalleled scale



"It is true that entering the market itself is not particularly difficult. However, scaling the business and building a service that can be used by a large number of users over the long term is extremely challenging. In fact, ***no companies have emerged that are able to operate at the same scale as we do****."*

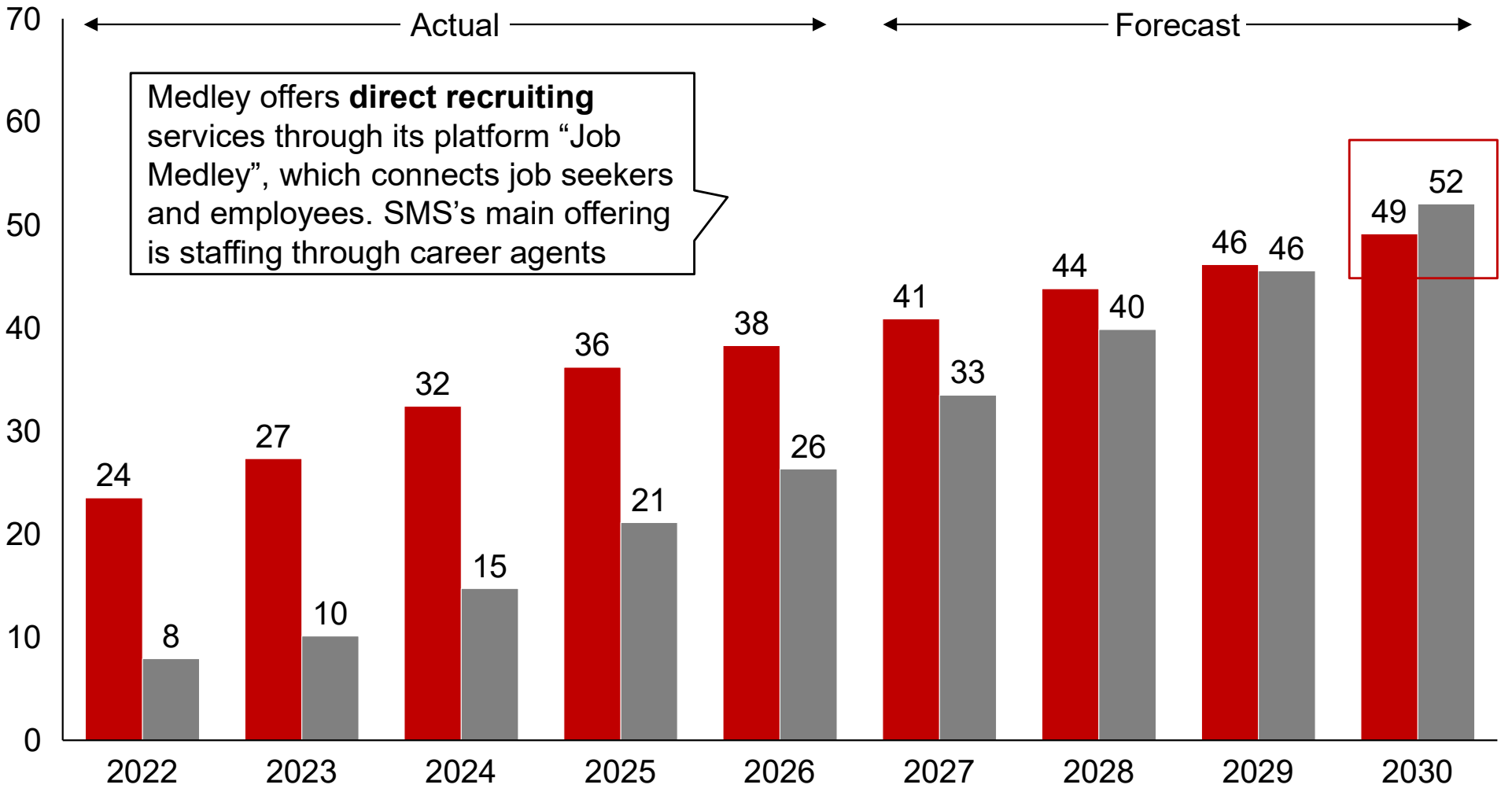
Goto Natsuki, Former SMS President (May 9, 2023)

Note: Oasis translation
Source: Diamond online

However, Medley is expected to out-scale SMS in the career segment in 4 years time

/ Career

SMS vs Medley revenue trajectory (Career only, JPY Billion)



Note: The forecast is based on analyst estimates; 2022 shows fiscal year ended March 2022 for SMS and December 2021 for Medley
Source: Bloomberg; Company IR

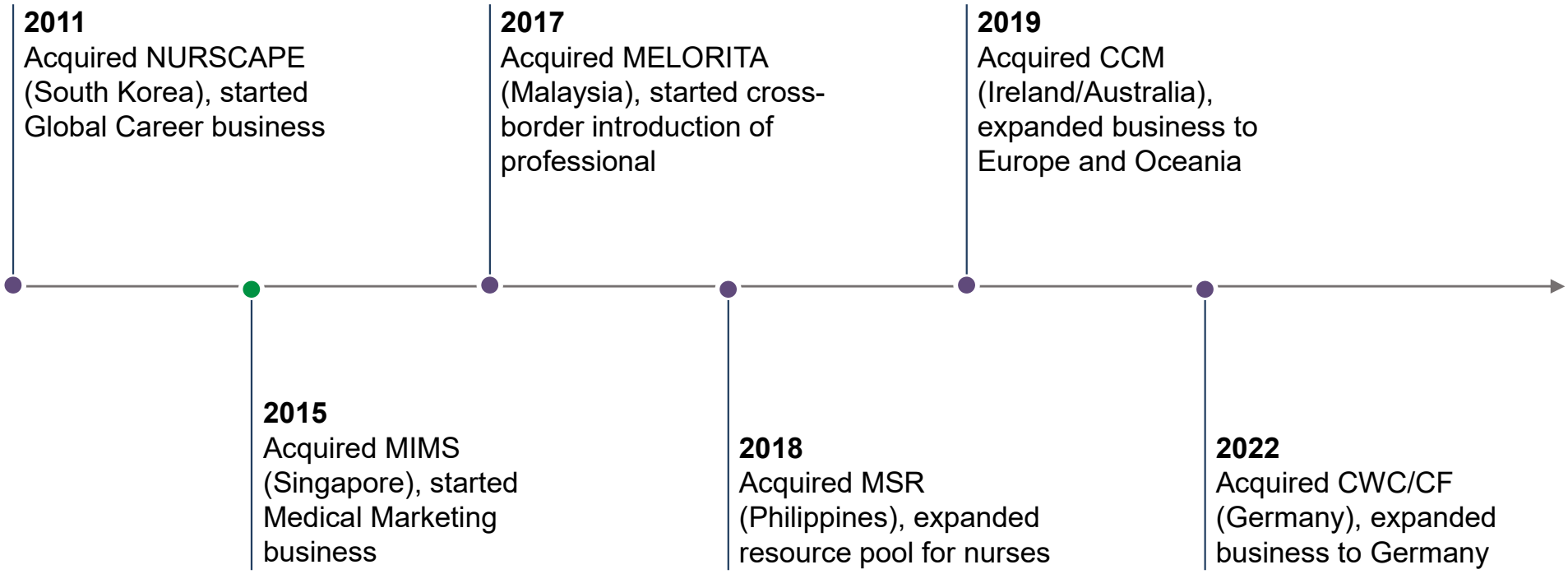
OASIS

While management actively pursues M&A in Overseas, no efforts can be seen in domestic business

● Global Career ● Medical Platform

/ Overseas

M&A initiatives in Overseas segment



Source: Company IR

OASIS

Undisciplined New Business initiatives suggest a dilution of management resources on businesses that lack scale

/ New Business

Elderly/Disability Care Operators, Overseas, New Business: Business portfolio

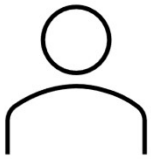
Segment	Services
Elderly/Disability Care Operators	Management support platform for elderly/disability care operators: カイポケ, PROJECT RIN Information portal for management of elderly care operators: 介護経営ドットコム Research and information on the aging society: 高齢社会ラボ RAG*2 for persons with disabilities: DEIGO 求人ナビ Information service on employment support offices for persons with disabilities: DEIGO 就労支援ナビ
Overseas	Drug information service for healthcare professionals and institutions: MIMS Cross-border RAG*2 for healthcare professionals (Malaysia, Philippines, Ireland, UK, Germany, etc.): MELORITA, MSR, CCM RECRUITMENT, CWC RECRUITMENT, careforward Career related service for nurses (South Korea): 너스케입 Medical ad services (Philippines, Indonesia, Malaysia)
New Business (Healthcare)	Preventive solution for lifestyle-related diseases: 専門医・管理栄養士による 遠隔チャット指導 Health guidance solution: 専門医・管理栄養士による 遠隔チャット指導 Quit-smoking support using ICT: パーソナライズ 禁煙指導サービス Quit-smoking solution with behavior therapy: 1to1 One to One 禁煙指導サービス Remote industrial health service: リモート産業保健 Information portal of dementia: 認知症ねっと Solution for dementia prevention: 専門医監修 認トレ Web community for dietitians: エイチエ Frailty prevention service: 介護・フレイル予防DX Preventive solution for elderly care turnover: リモート介護相談 Health maintenance/ promotion support for women: LADY to GO! Information portal of industrial health service: サンチエ Stress checks specialized for medical care and elderly care industries: Stress Check Habitual support for dementia prevention: チャレンジ
New Business (Senior life)	Web community for people struggling with elderly care: 安心介護 Referral service of home-delivered meals: らいふーど Referral service of housing for the elderly: 安心介護紹介センター Referral service of renovation operators: ハピすむ リフォーム RAG*2 for construction industry: ハピすむ Referral service of funeral companies: 安心葬儀 Web community for care managers: ケアマネドットコム

"We list only services that show a certain level of promise; in reality, many more services exist."
IR, SMS

Source: Company IR

Experts claim that SMS has not allocated sufficient management resources to Kaipoke

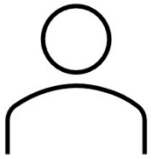
/ SaaS



View from analyst

"Kaipoke is often used by small operators shortly after launch. Despite clear expansion opportunities in large-scale elderly care homes and home-visit care, ***SMS has not moved quickly enough to capture this potential****."*

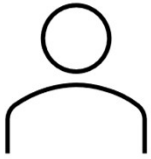
Analyst, Securities Firm B



View from analyst

*"****SMS lacks a sufficient sense of urgency*** *regarding how quickly competing services are catching up. Both Kanamic and eWeLL receive very high evaluations from users, including for their interfaces and functionality. SMS needs to recognize that its* ***market position is increasingly under threat****."*

Analyst, Securities Firm C



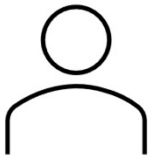
View from former employee

While there is a view that things will shift toward Kaipoke, ***it cannot be said that large investments are being made****. Although talent with expertise in SaaS have left the company, they are not bringing in influential talent from the outside either.*

Former Employee Manager, SMS

Note: Oasis translation
Source: Expert interview; Analyst interview

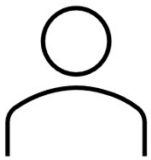
Experts question whether SMS has been fully committed to growing Direct Recruiting business



View from competitor

*"In the Direct Recruiting space, Medley has built dominating position, and **SMS is not viewed as a competitor nor a threat**. I do not believe SMS is fully committed to Direct Recruiting."*

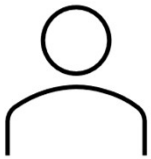
Former Employee, Medley



View from analyst

*"Because recruitment agencies and Direct Recruiting **address different hiring needs**, both models will continue to coexist. While Medley is able to cover a wide range of job categories on its platform, **SMS is still limited to only the major categories**."*

Analyst, Securities Firm A



View from former employee

*"Given the core business is recruitment agency services, so **SMS has been reluctant to commit fully to Direct Recruiting due to concerns about cannibalization** between the two models. There remains a strong internal inclination to prioritize the agency business, where placement fees are higher and more profitable."*

Former Employee, SMS

Note: Oasis translation
Source: Expert interview; Analyst interview

OASIS

Concerns about management capability are reflected in the current valuation

Management capability

*"Over the past decade, **President Goto's management has largely followed the strategic path laid out by visionary founder Mr. Morofuji**, with limited evidence of rapid expansion into new growth areas."*

Analyst, Securities Firm D

*Since Mr. Goto comes from an administrative background, he is good at sound and steady management, **but aggressive reform is not his strong suit**.*

Former Employee Manager, SMS

Communication with investors

*"**Disclosure remains limited**, and **communication with investors is inadequate**, resulting in **growing investor dissatisfaction**."*

Analyst, Securities Firm A

*"There are **concerns regarding the dialogue between management and the investors**. Questions remain as to whether management is fully committed to long-term growth."*

Analyst, Securities Firm E

Note: Oasis translation; Position as of interview date
Source: Expert interview; Analyst interview

President Takahata's leadership capabilities are also in question



Masaki Takahata
(President)

Topic: Change of Representative Director (President and CEO)

- **On January 1, 2026, Masaki Takahata will be appointed Representative Director (President and CEO), marking the transition to a new management structure.**
- **Natsuki Goto and Masato Sugizaki are scheduled to retire as members of the Board at the conclusion of the Annual General Meeting of Shareholders in June 2026.**
- **We will formulate and drive SMS Group strategy under the new management.**

Biography of the Newly Appointed Representative Director (President and CEO)

Name		Career summary
Masaki Takahata	Apr. 2007	Joined KPMG AZSA & Co. (Currently, KPMG AZSA LLC)
Date of birth: April 14, 1984	Jul. 2011	Joined Frontier Management Inc.
	Sep. 2013	Joined SMS Co., Ltd.
	Apr. 2015	Head of Corporate Planning Group
	May 2016	CFO of the MIMS Group
	Mar. 2021	CEO of the MIMS Group
	Jun. 2025	Member of the Board (Current position)

*"**The appointment of Mr. Takahata as new President raises concerns**, given his track record at the underperforming overseas business and his apparent lack of deep experience in the domestic operations."*

Analyst, Securities Firm F

Note: Oasis translation
Source: Company IR; Analyst interview

As former CFO and CEO of MIMS, President Takahata bears responsibility for the impairment loss

/ Overseas

Company explanation

Recognition of Impairment Loss in the Overseas Business

- **In the Overseas Business, we conducted an impairment test under conservative assumptions, reflecting recent operational performance and market conditions. This resulted in an impairment loss of ¥22.9 billion[*1]. Going forward, this will reduce annual intangible asset amortization by approximately ¥1.5 billion from FY03/27 onward.**
- **Since this impairment loss is a non-cash item, there is no change to the dividend forecast for FY03/26 of ¥29.5 per share (a ¥1.0 increase compared to FY03/25).**
- **We are currently executing a fundamental review of our business, centered on future growth potential and profitability. We will explore all strategic options, including alliances with third parties and the utilization of external capital.**

Overview of the Impairment Loss

Details	• Breakdown of the impairment loss: Trademark rights: ¥13,041 million, Goodwill: ¥8,649 million, Software: ¥677 million, Customer-related assets: ¥589 million
Background	• Major pharmaceutical companies face prolonged budget reductions due to factors including patent cliffs of key drugs, resulting in a depressed order environment for our marketing support services. • Partially revised future plans in the Global Career Business in response to the deteriorating geopolitical environment in the Middle East.

1. Includes an FX impact of approximately 5.4 billion yen compared to the time of acquisition.

Commentary

- Since 2016, President Takahata has been **involved in MIMS's management as CFO and later CEO**
- Under his leadership, MIMS's performance deteriorated significantly, ultimately resulting in the recognition of an **impairment loss of JPY 22.9 billion**

Source: Company IR

President Takahata is doubling down on Overseas despite its underperformance under his leadership

/ Overseas

President's remark on Overseas business

*"Given the assumption that the elderly population in Japan will **peak around 2040**, the difficulty of growing domestic businesses is expected to increase thereafter. Against this backdrop, the rationale has been to **seed and build overseas businesses from a long-term perspective**."*

(December 18, 2025)

*"We are exploring to **strengthen sales team** and **form partnerships with marketing agencies** for the medical platform. […] While we decided to exit the small BtoC business, **the P&L impact is negligible**."*

(January 30, 2026)

Comments from analysts

*"Considering Mr. Takahata's experience as CEO of MIMS, if SMS intends to continue its Overseas business, it **must articulate a clear and credible growth story**. "*

Analyst, Securities Firm A

*"It is **unclear what Mr. Takahata actually accomplished** during his tenure as CEO of MIMS."*

Analyst, Securities Firm F

Under President Takahata's leadership,
the performance of the Overseas business has deteriorated significantly

Note: Oasis translation
Source: Company IR; Analyst interview

President Takahata fails to recognize the lack of management depth

	President Takahata's claims	Oasis's claims
CFO	• Acknowledges the need for a CFO and is recruiting • Strategy formulation is not considered constrained despite the absence of a CFO	• The CFO role is **indispensable** at this critical stage of formulating a growth roadmap • Despite emphasizing capital efficiency and ROE maximization, **the absence of a CFO is highly irrational**
CTO & CRO	• Already have talent equivalent to CTO • The head of Kaipoke effectively serves as CRO	• C-suite positions capable of overseeing not only Kaipoke but also the **broader SaaS business**, is essential • Given that **Kaipoke has been undervalued**, there is a need for talent that can unlock its latent value
Head of each Business	• Heads possess sufficient capability, and there is a structure in place to drive business growth	• Given that initiatives to stay ahead of competitors and drive value maximization have lagged across businesses, fundamental strengthening is required

Employees and former employees also question SMS's management structure

*"**The management team is fundamentally weak** and **insufficient** in depth."*

Sales (April 20, 2024)

*"There is a **clear shortage of management-layer** personnel"*

Sales, February 14, 2026

*"Due to the **lack of management resources**, individuals are holding multiple roles across departments, which hinders meaningful progress in discussions."*

Career Partner (May 11, 2024)

*"While the company once had a culture that embraced change, there is a perception that since around 2021, **management has shifted toward preserving the status quo**."*

Sales (July 18, 2024)

*"It would be **beneficial to appoint a CIO and CTO** and incorporate IT capabilities more explicitly into the management strategy"*

Inhouse Engineer (January 31, 2024)

*"**Decision-making at the senior level is slow and limited to conservative initiatives**, making it difficult to have confidence in future growth."*

Sales (May 28, 2025)

Note: Oasis translation
Source: OpenWork

OASIS

Agenda

01. SMS Overview

02. Stuck in Comfort Zone

03. Poor Growth Roadmap

04. Management in Question

05. Oasis's Value Proposition

06. Oasis Votes AGAINST Mr. Takahata and Ms. Takagi

Oasis's proposition to unlock full potential of SMS

1 Streamline business portfolio

- Review strategic direction of Overseas business
- Streamline initiatives under New Business by developing clear exit criteria
- Shift management resources to SaaS and Career sectors

2 Strengthen SaaS business

- Capture opportunities in under-exploited elderly care subsectors
- Expand into adjacent sectors to drive business growth
- Review pricing strategy and increase ARPA

3 Accelerate investment in Direct Recruiting

- Accelerate DR business expansion through growth investments
- Hire engineers to improve the platform and expand service offerings
- Broaden job category coverage and increase postings

4 Secure top talent

- Recruit talents who can help transform the Company; CTO & CRO and CFO
- SaaS CTO & CRO to execute strategy that positions healthcare-related SaaS business at core of SMS
- CFO to craft such strategy with President and communicate to the market

1 JPX encourages companies to use ROIC to assess profitability relative to their cost of capital

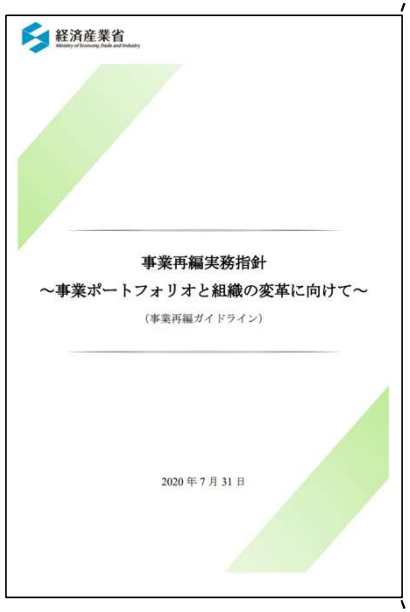


*"In analyzing and assessing profitability, companies could **use ROIC in comparison with WACC**, and ROE with cost of equity."*

*"In addition to company-wide analysis and assessment, companies could **calculate ROIC** or other indicators **for each business segment** and analyze/assess profitability for each one."*

Note: Bold emphasis added by Oasis
Source: JPX

1 METI outlines clear guidelines for portfolio optimization (1/2)



Role of management

*"Management's primary responsibility is to **allocate corporate resources optimally to ensure sustainable growth**, through **portfolio optimization and synergy creation**"*

Allocation of management resources

*"Companies **must be able to explain to investors** whether the benefits of running multiple businesses (e.g., synergies) outweigh the associated costs"*

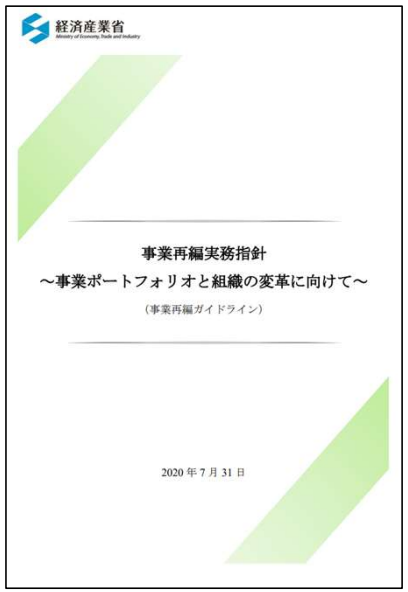
Setting performance metrics

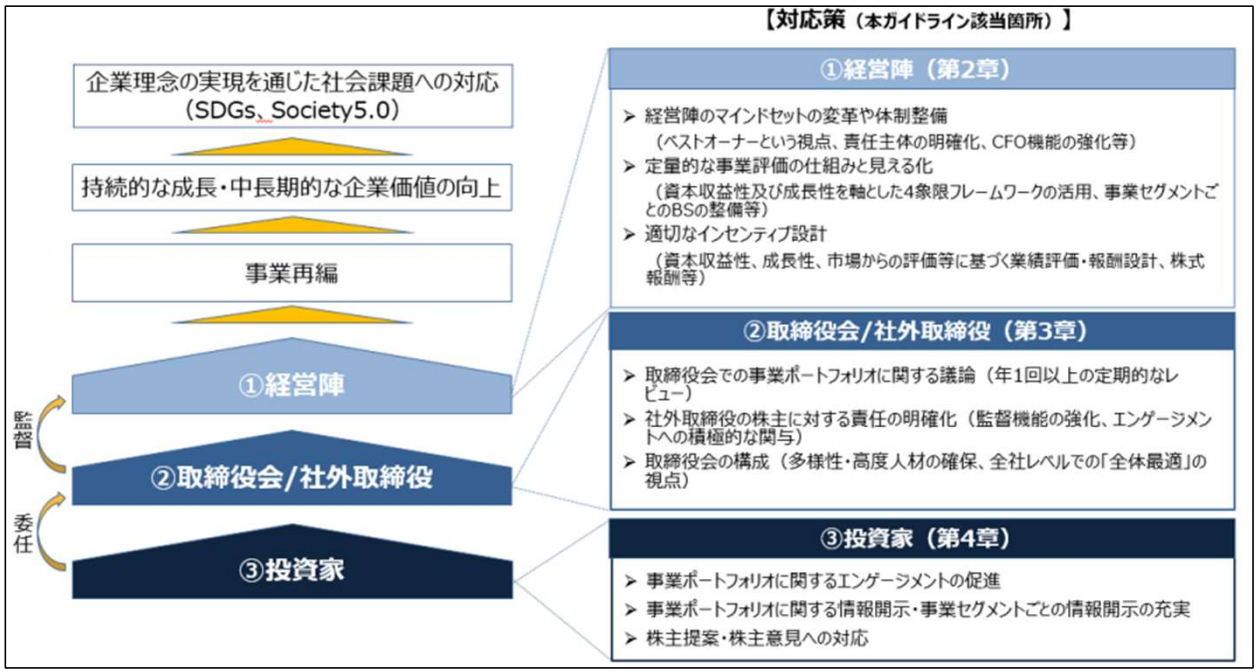
*"It is **important to adopt ROIC as a measure of capital efficiency by business**, and **benchmark it against the cost of capital and peers**"*

Note: Oasis translation; Bold emphasis added by Oasis
Source: METI

OASIS

1 METI outlines clear guidelines for portfolio optimization (2/2)





Management

- Optimize the business portfolio and create synergies **based on a "best owner" mindset**
- Continuously and proactively review the portfolio with a **clear focus on the cost of capital**

Board

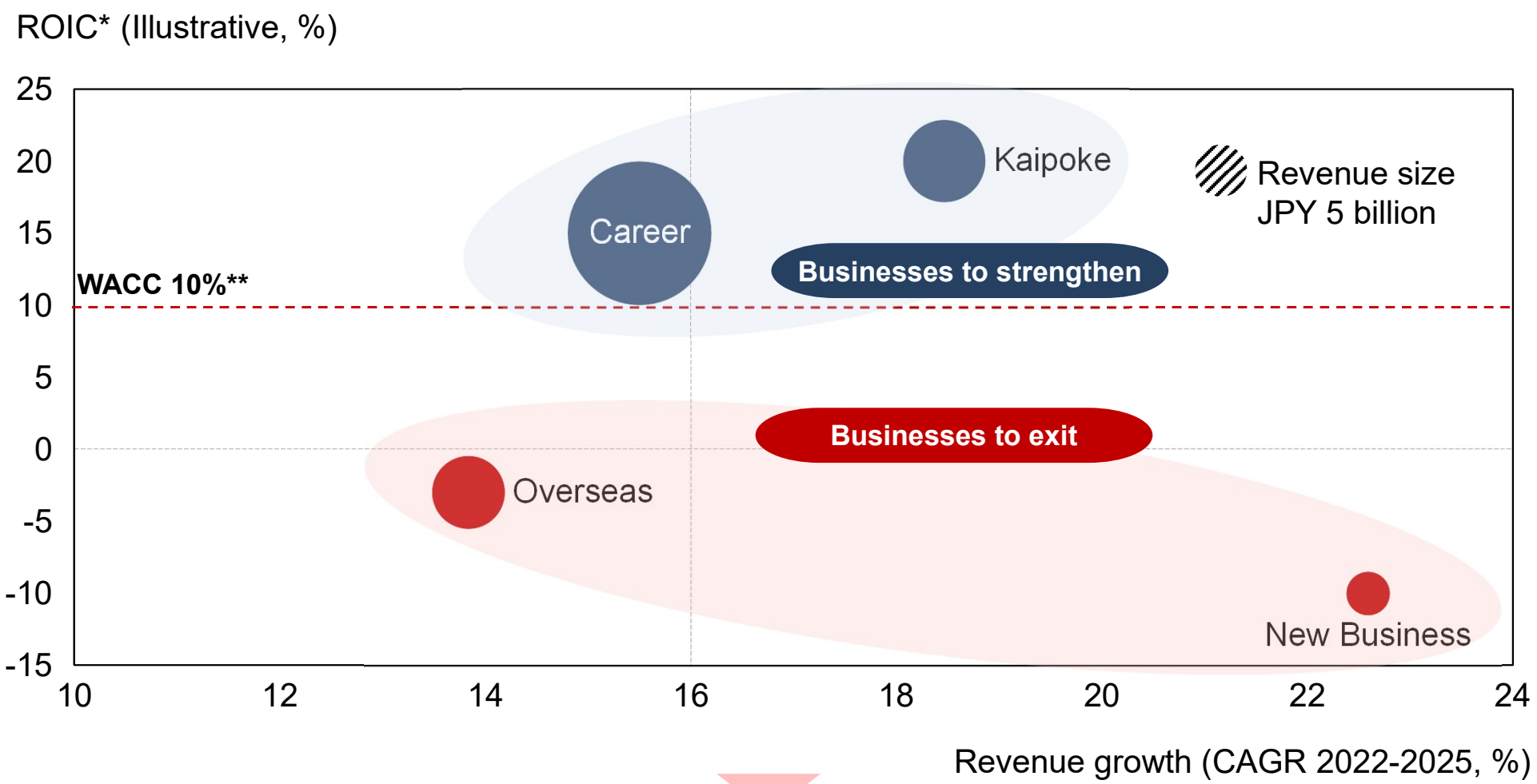
- Board must **independently assess** the need for portfolio and business restructuring
- Portfolio decisions should be **clearly explained to shareholders**

Investors

- Companies should explain portfolio management to **support investors' stewardship responsibilities**
- Enhanced disclosure and investor engagement can **reduce information asymmetry** and **lower the cost of capital**

Note: Oasis translation
Source: METI

1 The Overseas and New Business segments appear to have impaired shareholder value over an extended period



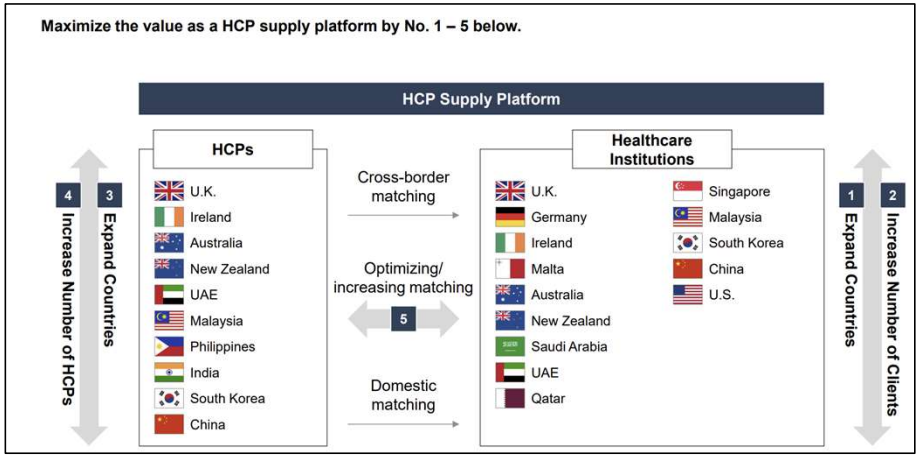
Urgent need to conduct portfolio review through introduction of ROIC

Note: *ROIC data is illustrative due to data availability; **Company indicates cost of equity arounds 10%. With net cash position, it is assumed WACC equals cost of equity
Source: Company IR; Bloomberg

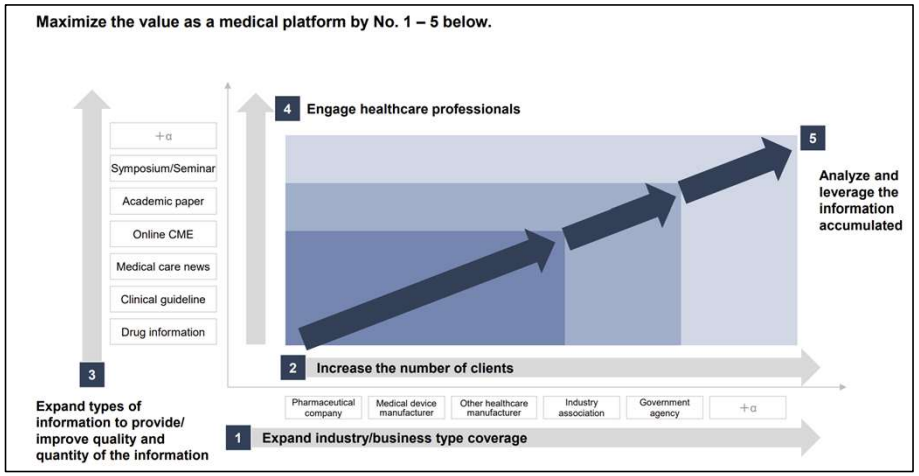
1 SMS has not articulated a clear “Strategy” to turnaround Overseas business

/ Overseas

Strategy of Global Career



Strategy of Medical Platform



SMS must commit to a full exit from Overseas business and immediately begin a process to identify potential buyers

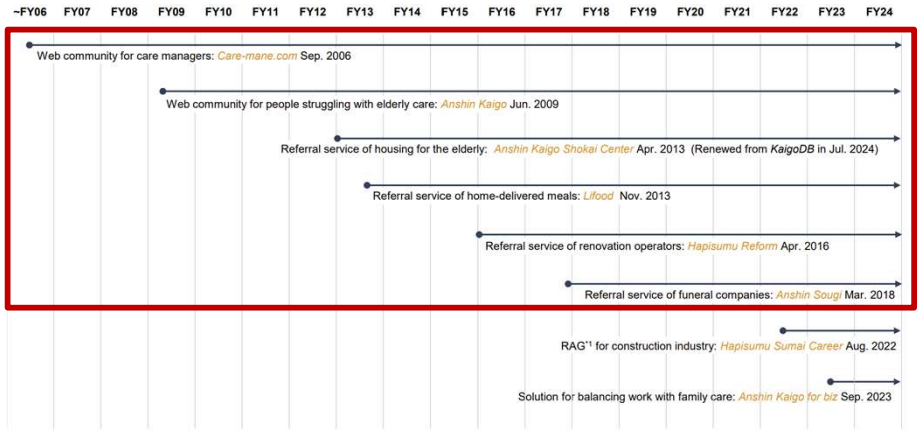
Source: Company IR

OASIS

1 Initiatives launched years ago that have failed to scale have been left unchecked

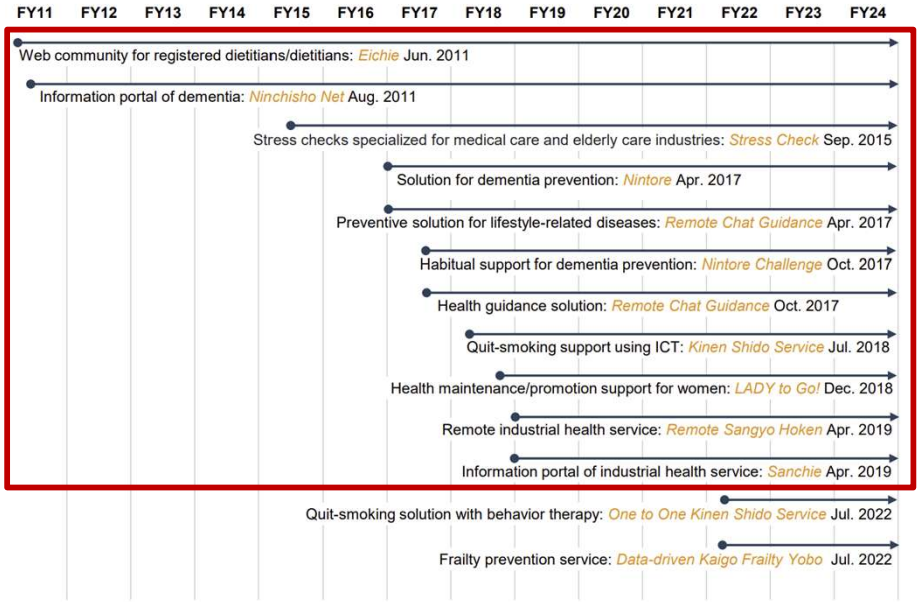
/ New Business

Timeline of services launches (Senior Life)



Launched over 5y ago

Timeline of services launches (Healthcare)



SMS should exit initiatives with limited scalability and establish clear exit criteria to ensure disciplined business development

Source: Company IR

1 SMS should shift its focus to Kaipoke and domestic Career businesses by conducting full portfolio review

Status Quo

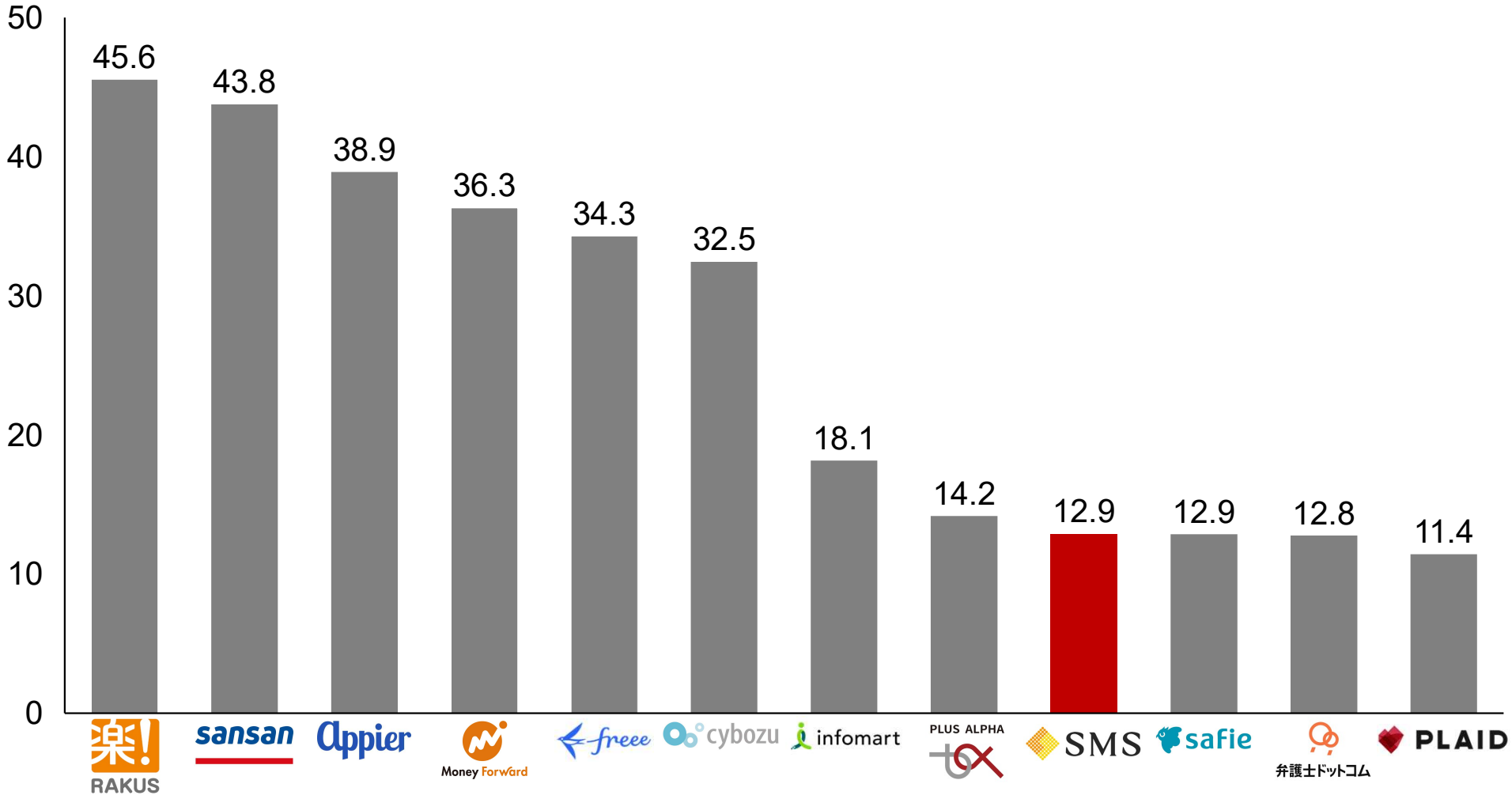
- Both Overseas and New Business segments have **generated returns below the cost of capital**, and the Company has yet to articulate a pathway to exceed it
- Key management metrics, such as segment-level profit margins, ROIC, and WACC, **have not been disclosed to investors**
- As a result, **investors lack visibility** into the scale and level of profitability these businesses are targeting, the timeline for achieving them, and **when management intends to assess whether these initiatives should continue or be reconsidered**

Oasis's Proposal

- **Enhance segment-level disclosures** to a standard appropriate for a TSE Prime–listed company
- Promptly **disclose a policy to exit the Overseas** business and begin exploring potential buyers
- For New Business initiatives, **withdraw from those that have failed to scale** despite having been launched for a reasonable period. Going forward, disclose a policy of setting a clear hurdle rate and exiting any initiatives that fail to meet it within a defined timeframe
- Based on the above measures, **reallocate management resources** and **focus them on the domestic SaaS and Career businesses**

2 SMS ranks among the top listed SaaS companies by ARR

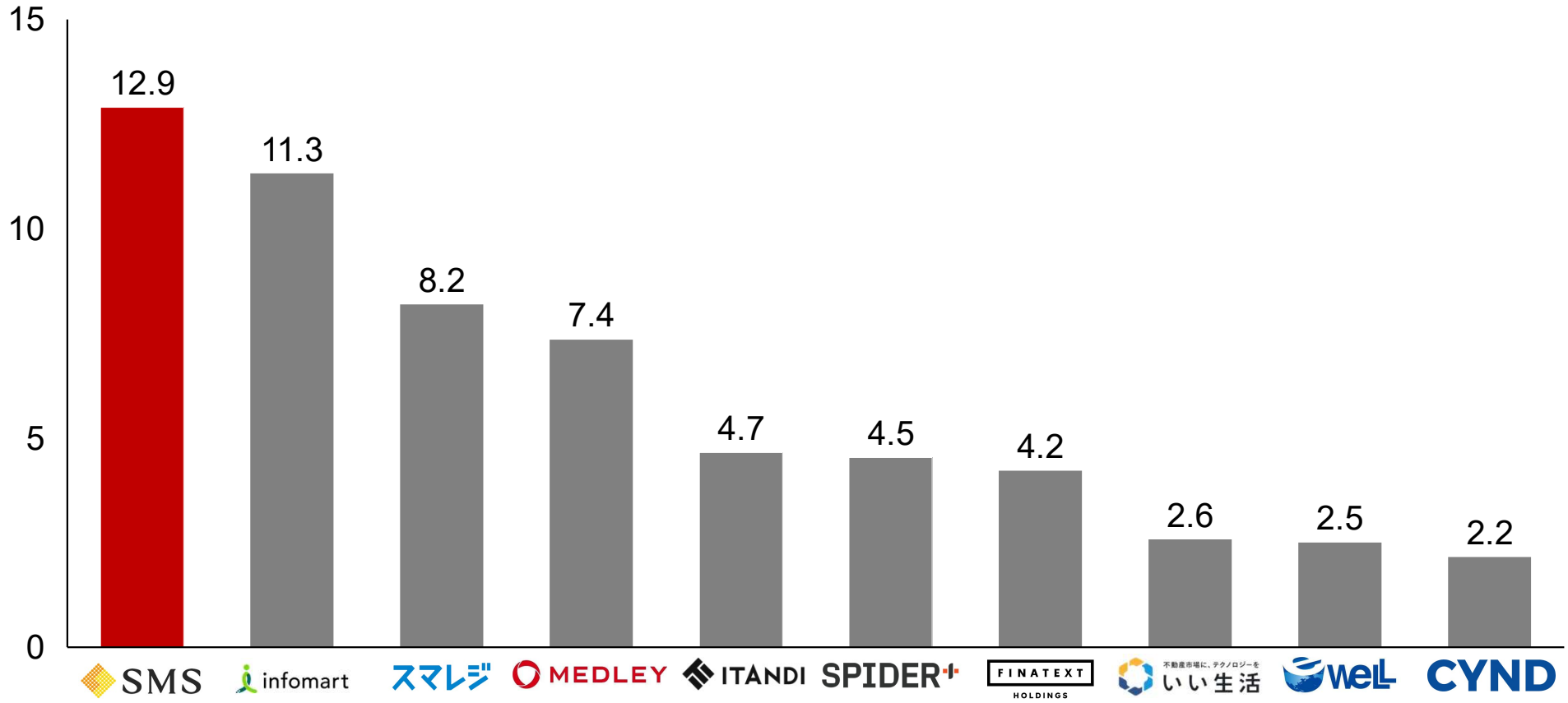
ARR* rankings of listed SaaS companies (JPY Billion)



Note: *Annual recurring revenue, meaning subscription revenue, calculated by using monthly recurring revenue or quarterly revenue as of the latest quarter; The data only shows companies with ARR above JPY10 billion | Source: Company IR

2 Kaipoke ranks at the top vertical SaaS listed company by ARR

ARR* rankings of listed vertical SaaS companies (JPY Billion)



Offering	Elderly care	B2B transactions	Store payment	Medical	Real estate	Construction	Finance	Real estate	Nursing	Booking system

Note: Only counts vertical products when a company offers across horizontal and vertical
Source: Firstlight Capital

OASIS

2 Kaipoke is recognized as a model case in the SaaS industry



*"Kaipoke appears to **represent one role model** for what a vertical SaaS company aiming for JPY10 billion in ARR could ultimately look like."*
Akio Hayafune, Next SaaS Media Primary

Source: Next SaaS Media Primary

2 SMS is a vertical SaaS player built for AI era



Barriers to regulatory compliance

- In the elderly and medical care sectors where SMS operates, reimbursement systems are revised every 2-3 years
- Providers are required to continuously adapt to changes, and responding to these complex industry-specific rules is difficult for general-purpose AI alone



Lack of resources amongst users

- The elderly medical care industries consist mainly of small and mid-sized operators facing chronic labor shortages
- For many providers, securing the personnel, capital, and IT resources needed to develop and operate proprietary AI tools is extremely challenging

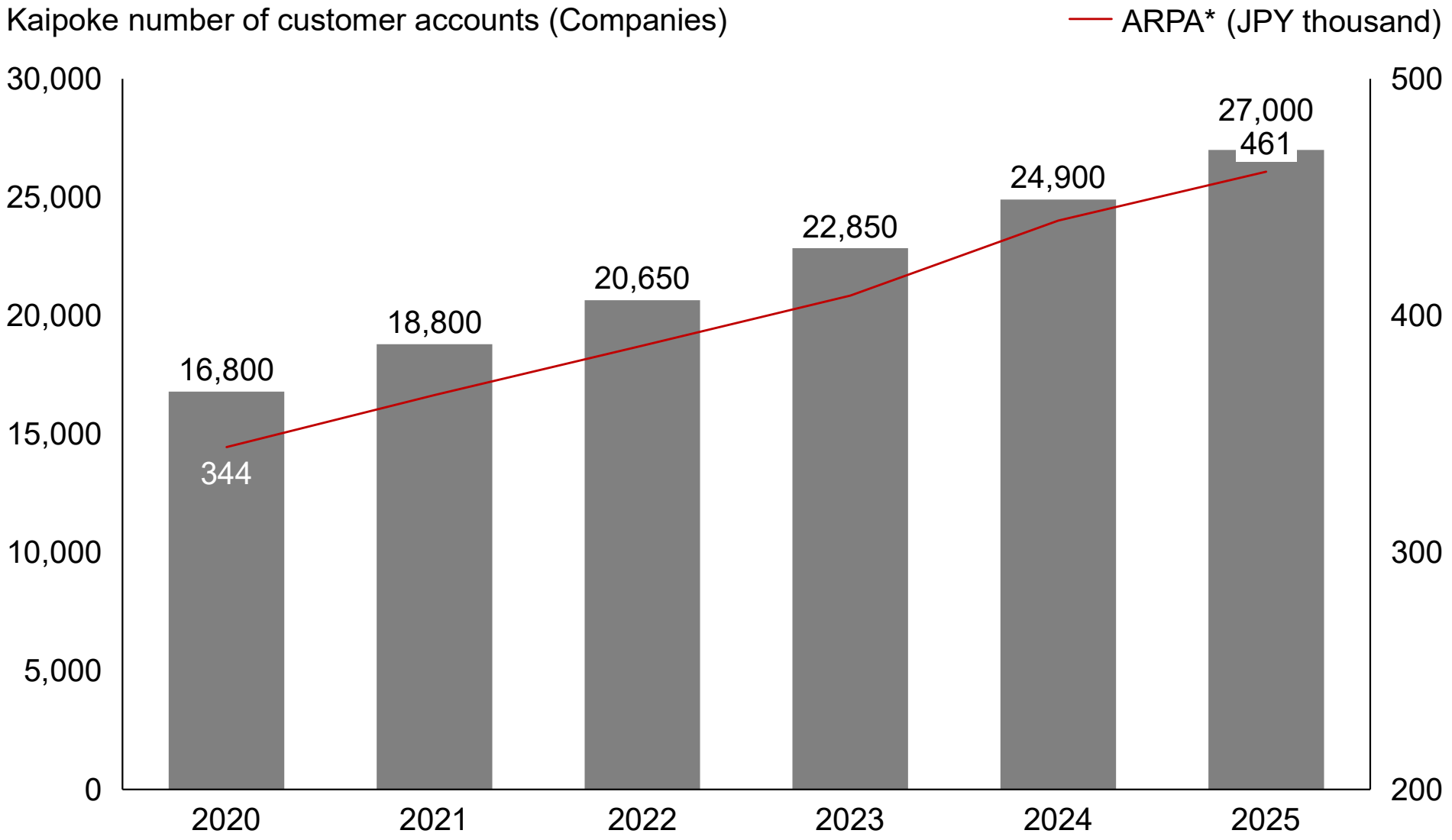


Growing demand for operational efficiency

- Labor shortages in elderly and medical care sectors are expected to worsen further
- As a result, demand for digital tools that reduce administrative burden and improve productivity will continue to expand

AI is not a threat, it's a tailwind for SMS

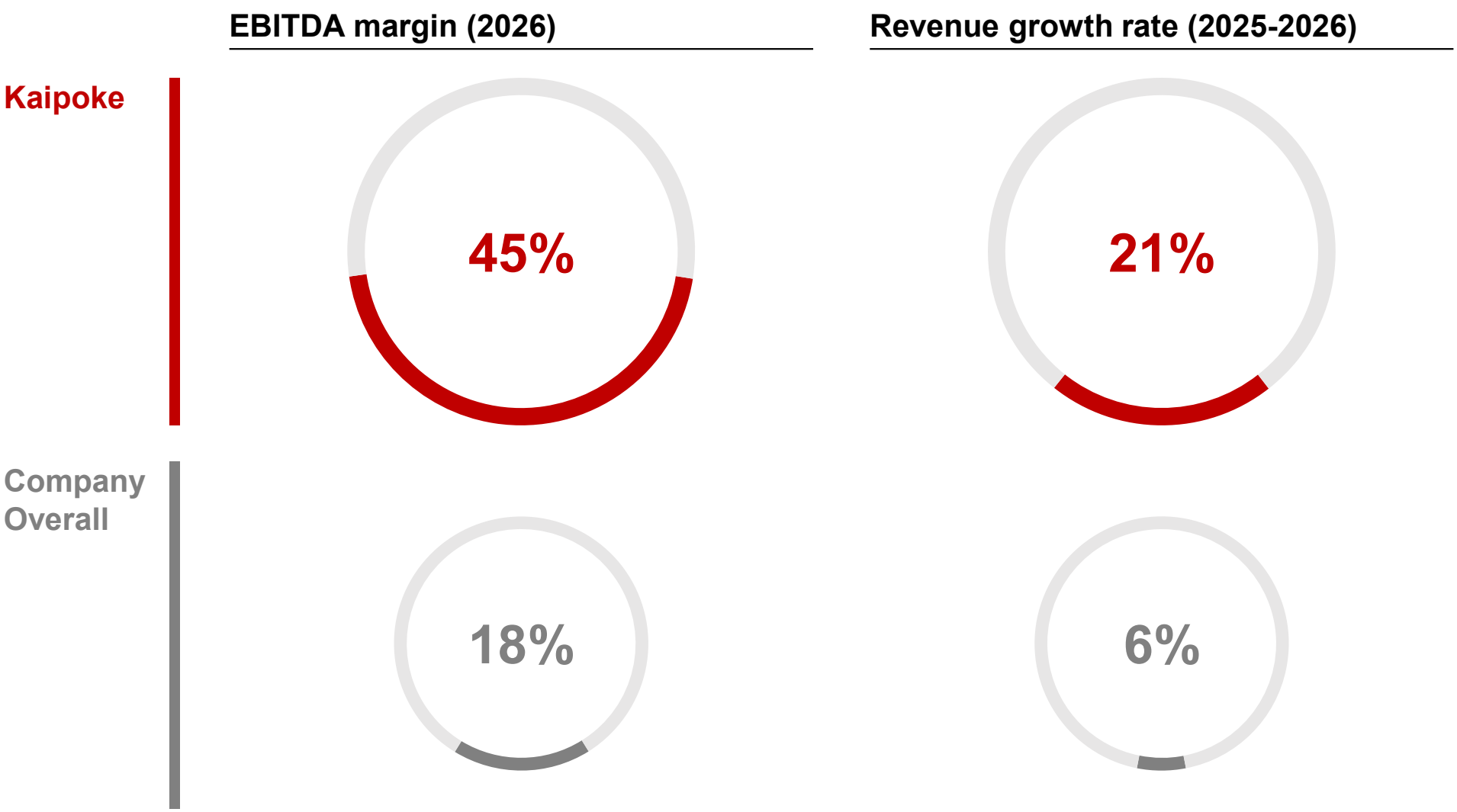
2 Kaipoke continues to show robust customer acquisition while increasing unit price



Note: *Average Revenue Per Account
Source: Company IR

OASIS

2 Kaipoke is a highly profitable product, boasting a business profit margin of 30%



Note: Kaipoke's profit margin is based on business profit margin (excluding corporate overhead), while the Company overall margin is based on operating profit margin
Source: Company IR; Bloomberg

OASIS

2 Even within elderly care, Kaipoke has room to expand home-visit and large-scale care homes



Home-visits

- Competitor eWeLL has strengths in Home-visit nursing (訪問看護), offering solutions for nursing reports and visit planning for efficient operations
- SMS only provides home-visit nursing reports service as an ancillary function to its elderly care (訪問介護) claims billing system

*"SMS has the potential to take share from eWeLL in the home-visit nursing segment by investing further in Kaipoke, but **product enhancements have been slow and reactive**. As a result, eWeLL currently has a clear lead in usability."*

Analyst, Securities Firm C



Elderly care homes

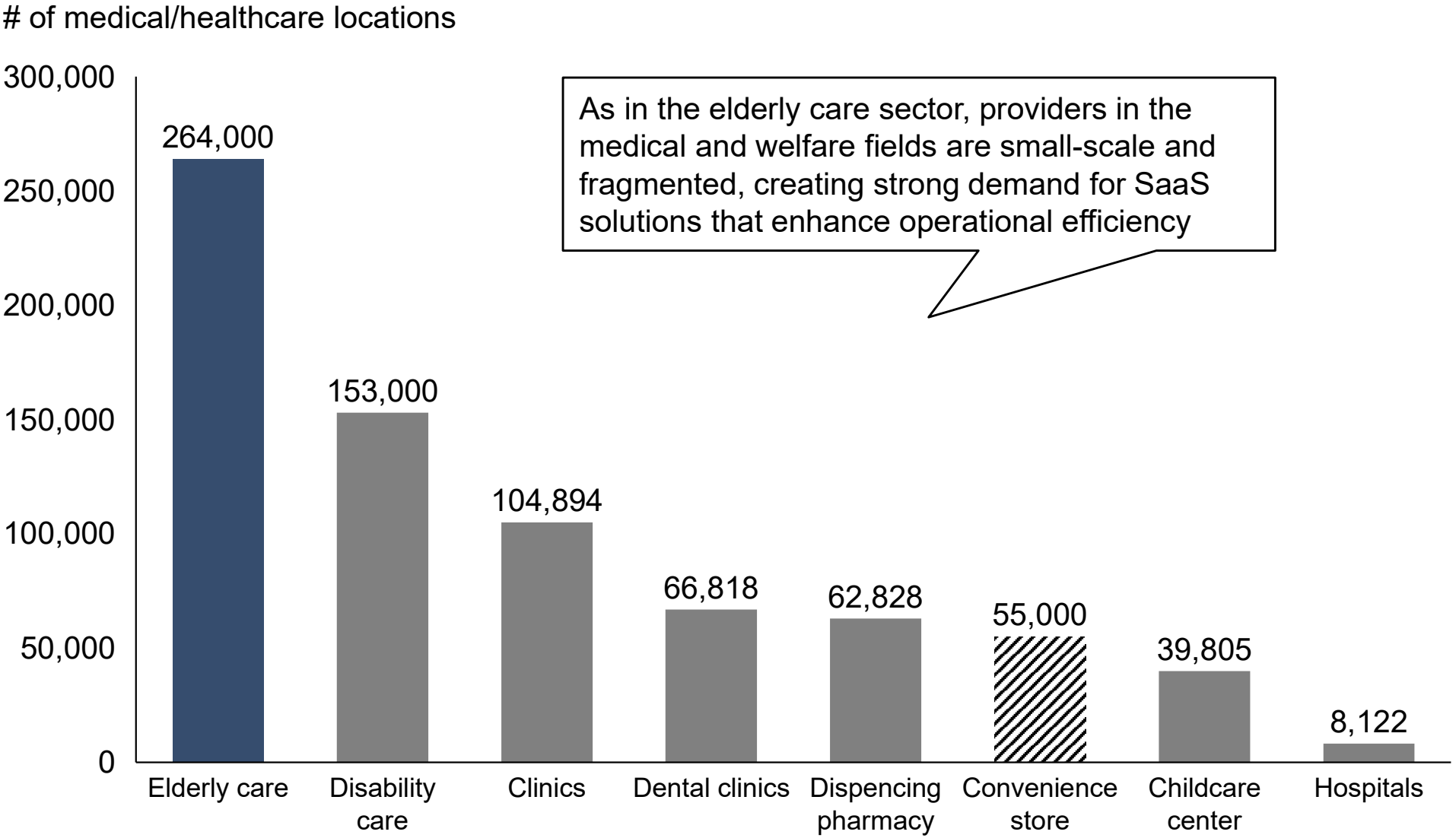
- Competitors ND Software, Wiseman, and Kanamic are widely used in mid- to large-scale elderly care homes
- Kaipoke is missing a key opportunity, as smaller providers switch to alternative platforms as they scale operations

*"Although many operators adopt Kaipoke at the initial launch of their businesses due to its strong cost-effectiveness, **a significant number eventually switch to more user-friendly and feature-rich systems** such as Wiseman or Honobono Next as their operations expand."*

Kaipoke user

Note: Oasis translation
Source: Analyst interview; Expert interview

2 SMS can explore adjacent sectors in healthcare/welfare fields



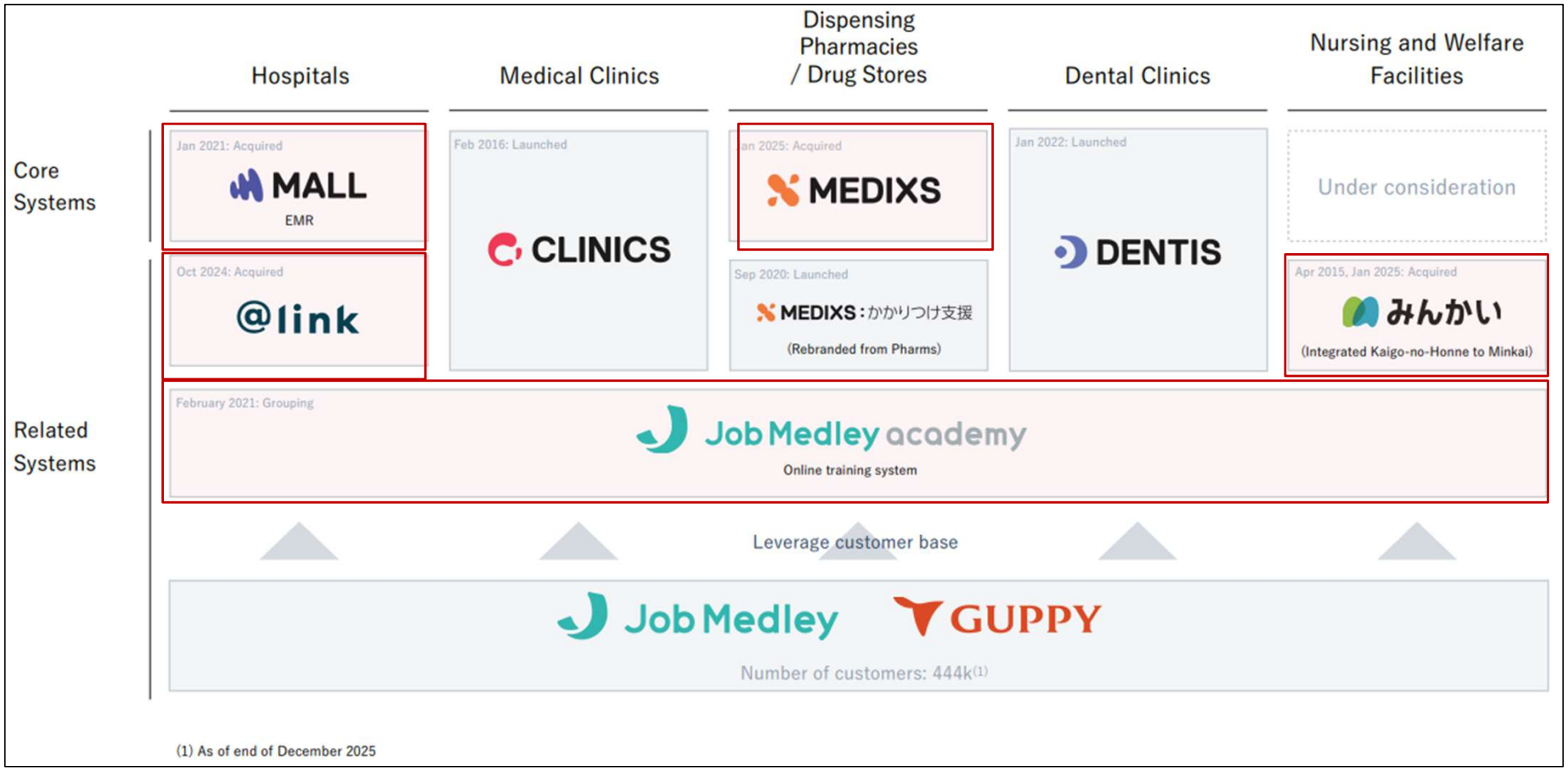
Source: Company IR; Lit. search

OASIS

2 Medley: Expand offerings by leveraging M&A (1/2)

MEDLEY

Business acquired through M&A



Source: Company IR

OASIS

2 Medley: Expand offerings by leveraging M&A (2/2)

MEDLEY

Acquisitions in Medical PF

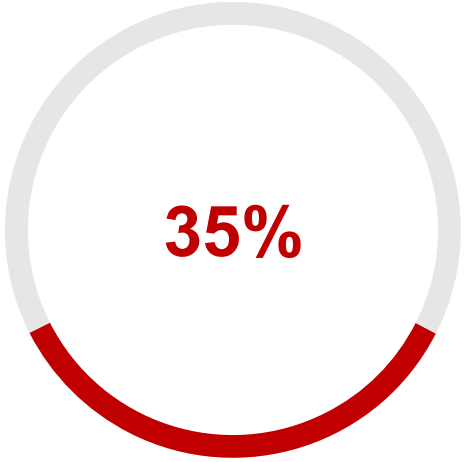
Medley M&A deals

Name	Impacted segment	Timing of group	Acquisition	Annual sales	Status
AxisRoot	Medical PF	Jan. 2025	JPY 8.0bn	JPY 1.7bn	・Integration with Pharms will streamline operations and greatly strengthen our connection with patients
ATN	New Services	Jan. 2025	JPY 1.3bn	JPY 0.9bn	・Accelerate DX in the industry with Minkai (referral services for prospective residents to nursing care facilities) and Renkei san (discharge coordination support system)
Offshore	Medical PF	Oct. 2024	JPY 2.6bn	JPY 1.0bn	・Taking measures to create synergies with projects undertaken by the Medical PF Business
GUPPY's	HR PF/New Services	Apr. 2024	JPY 11.8bn	JPY 2.4bn	・Working to create synergies with JobMedley. Sold healthcare business in April 2025
Lalune	Medical PF	Feb. 2024	JPY 0.5bn	JPY 0.3bn	・Creation of synergies with our business to improve patients' medical access
MEDLEY Financial Service	Medical PF	Sep. 2023	JPY 0.5bn	JPY 0.1bn	・Launched special plan for existing customers under the "Medley Funding Support" program
Tenxia	HR PF	Sep. 2022	JPY 0.1bn	JPY 0.1bn	・Implementing initiatives to generate long-term synergies with recruitment system
MEDiPASS	HR PF/Medical PF/ New Services	Feb. 2021	JPY 1.5bn	JPY 1.2bn	・Integrated online training business with Medley in Jan 2022, improved core functions, and developed multilingual support ・Sold other businesses in January 2025
Pacific Medical	Medical PF	Jan. 2021	JPY 0.8bn (80%)	JPY 0.6bn	・Strengthened MALL EMR system for small-and-medium-sized hospitals and MINET regional medical cooperation system
Proof-of-concept testing	Medical PF	Dec. 2020	-	-	・Contributed considerably to development of Pharms. As facilities where proof-of-concept testing is conducted serve as models for the future, we are considering retaining ownership of other facility formats
Source code of dental billing	Medical PF	Aug. 2019	JPY 0.1bn	-	・Leveraged knowhow to completely rebuild system assets acquired in 2019 and released new system Dentis in January 2022
NaCl MEDICAL	Medical PF	Mar. 2019	JPY 0.5bn	-	・Made progress in development of new cloud-based medical billing system software and merged the company with Medley

Source: Company IR

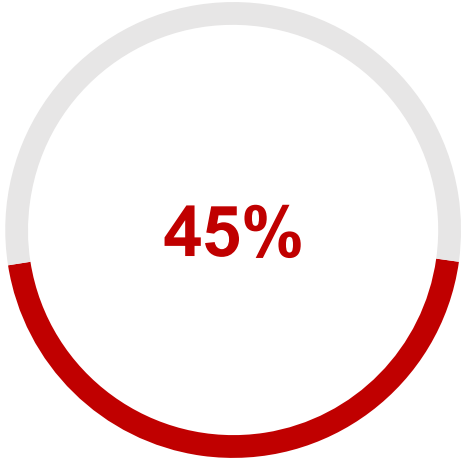
2 Kaipoke has meaningful margin upside relative to peers

SMS : Kaipoke



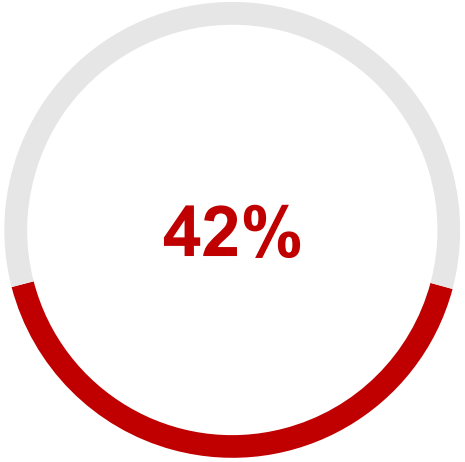
Segment profit margin* of Kaipoke

eWeLL : iBow



Overall operating profit margin, including lower profitability BPaaS business

KANAMIC NETWORK



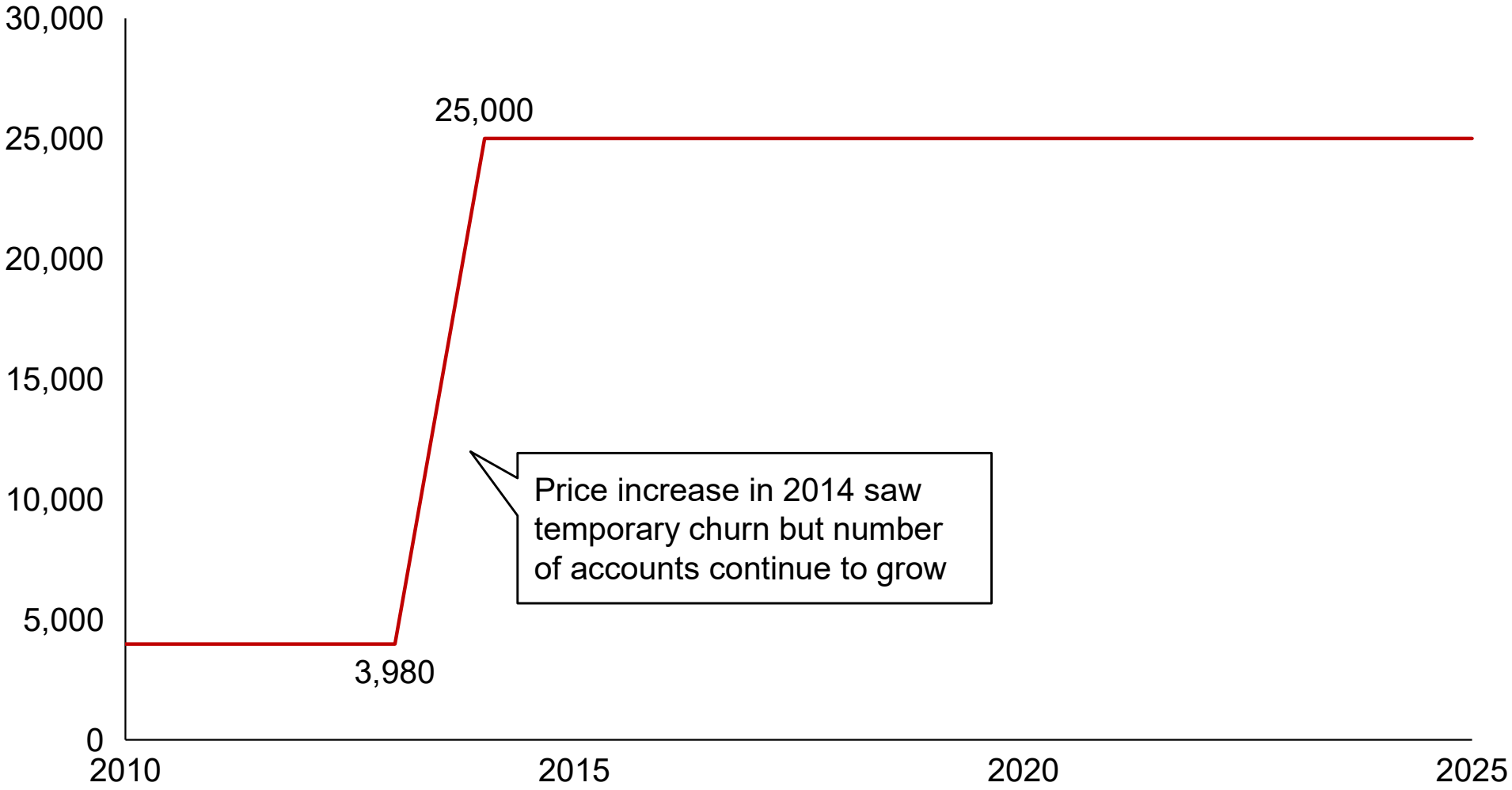
Operating profit margin of Kanamic Network, Kanamic's Saas platform

Margin gap indicates SMS has significant headroom to improve pricing strategy and price architecture

Note: *Excluding corporate expenses; Kaipoke data as of 4Q 2026, eWeLL data as of 4Q 2025/12, Kanamic as of 4Q 2025/9
Source: Company IR

2 Kaipoke's pricing has remained unchanged for a long time

Kaipoke monthly fee for home-visit elderly care providers (JPY)



Source: Lit. search

OASIS

2 Room to improve pricing in Kaipoke across different services, especially in in-home care support services



*"We believe there is significant room for price increases. In particular, the monthly fee of **JPY 5,000 for in-home care support services is priced far too low**."*

IR, SMS

Note: Oasis translation
Source: Company IR

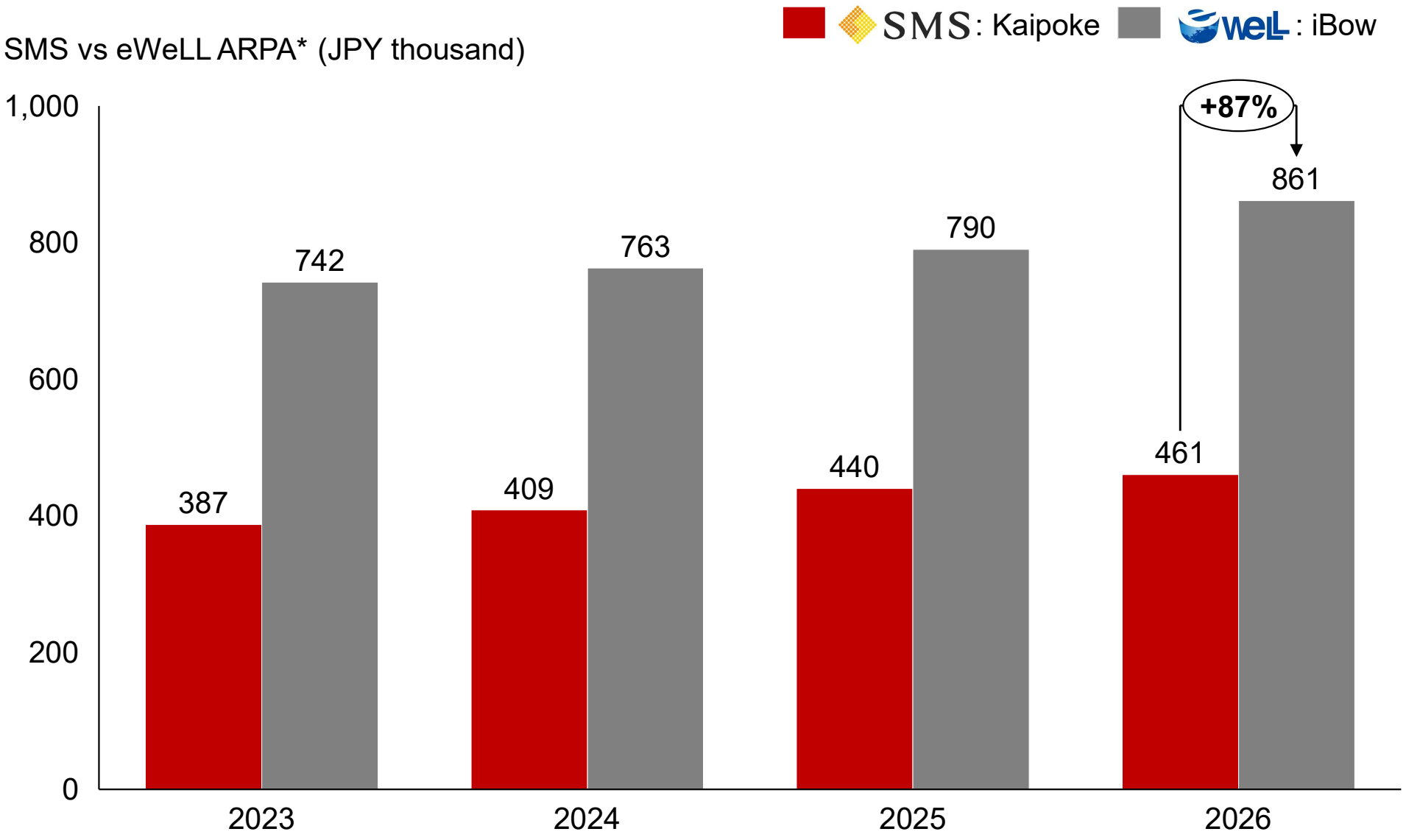
2 Even after announcing the addition of AI features to Kaipoke, a price increase was deferred



- The addition of new functionalities can serve as a **key trigger for price increases**
- On March 25, SMS announced a strategic partnership with Welmo and **the introduction of AI features in Kaipoke**
- However, no announcement was made regarding pricing revisions, **missing a clear opportunity to implement a price increase**

Source: Company IR

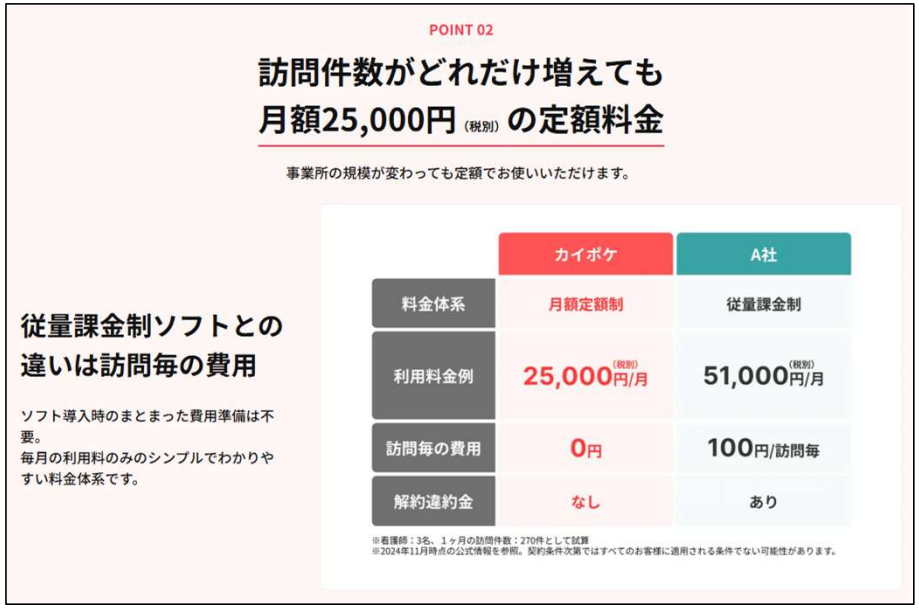
2 A significant gap in unit price compared with eWeLL



Note: *Average revenue per account; eWell's figures are estimated based on iBow's end-of-quarter recurring revenue and the number of contracted care stations
Source: Company IR

2 Kaipoke is missing revenue opportunities by not adopting a usage-based pricing model

SMS: Kaipoke



- Only charging monthly fixed fee of JPY 25,000
- Opportunity to revise pricing **alongside system upgrades** and **AI feature rollout**

iBow: iBow

	サービス名	費用	固定	従量
電子カルテ iBow	基本使用料	18,000円/月	●	
	従量課金費用	100円/訪問		●
オプション	AI訪問看護計画・報告	20円/訪問		●
	AI訪問予定・ルート	30円/訪問		●
	iBowレセプト	7,000円~/月 (訪問件数に応じて変動)		●
	BPaaS (iBow 事務管理代行サービス)	100,000円~ (10万円or診療報酬の5%の高いもの)		●
	介護伝送サービス	980円/月	●	
	iBow e-Campus法定研修編	180,000円/年	●	

- Monthly fixed fee of JPY18,000 **plus usage-based fee of JPY100 per visit**
- Benefit from scaling of home-visit stations

Note: Kaipoke pricing shows data for home-visit nursing (訪問看護)
Source: Company website

OASIS

3 SMS can strengthen DR platform by scaling both customer accounts and job seeker pool



Increase # of customer accounts

×



Increase # of job seekers

- **Strengthen the sales, customer success, and marketing teams** to increase both the number of clients and the number of postings per client
- **Deploy dedicated teams for large clients** to accelerate customer acquisition
- Utilize not only online channels but also FAX, print advertising, and telephone follow-ups

- **Accelerate online-based customer acquisition** through digital initiatives (e.g., traffic acquisition via Google and Indeed, YouTube advertising)
- **Strengthen the engineering team** to improve search rankings through enhanced SEO measures
- **Expand the candidate support team** dedicated to Direct Recruiting services

3 Medley provides significantly more job openings across a wide range of categories

ウェルミージョブ: SMS



JobMedley ジョブメドレー : MEDLEY



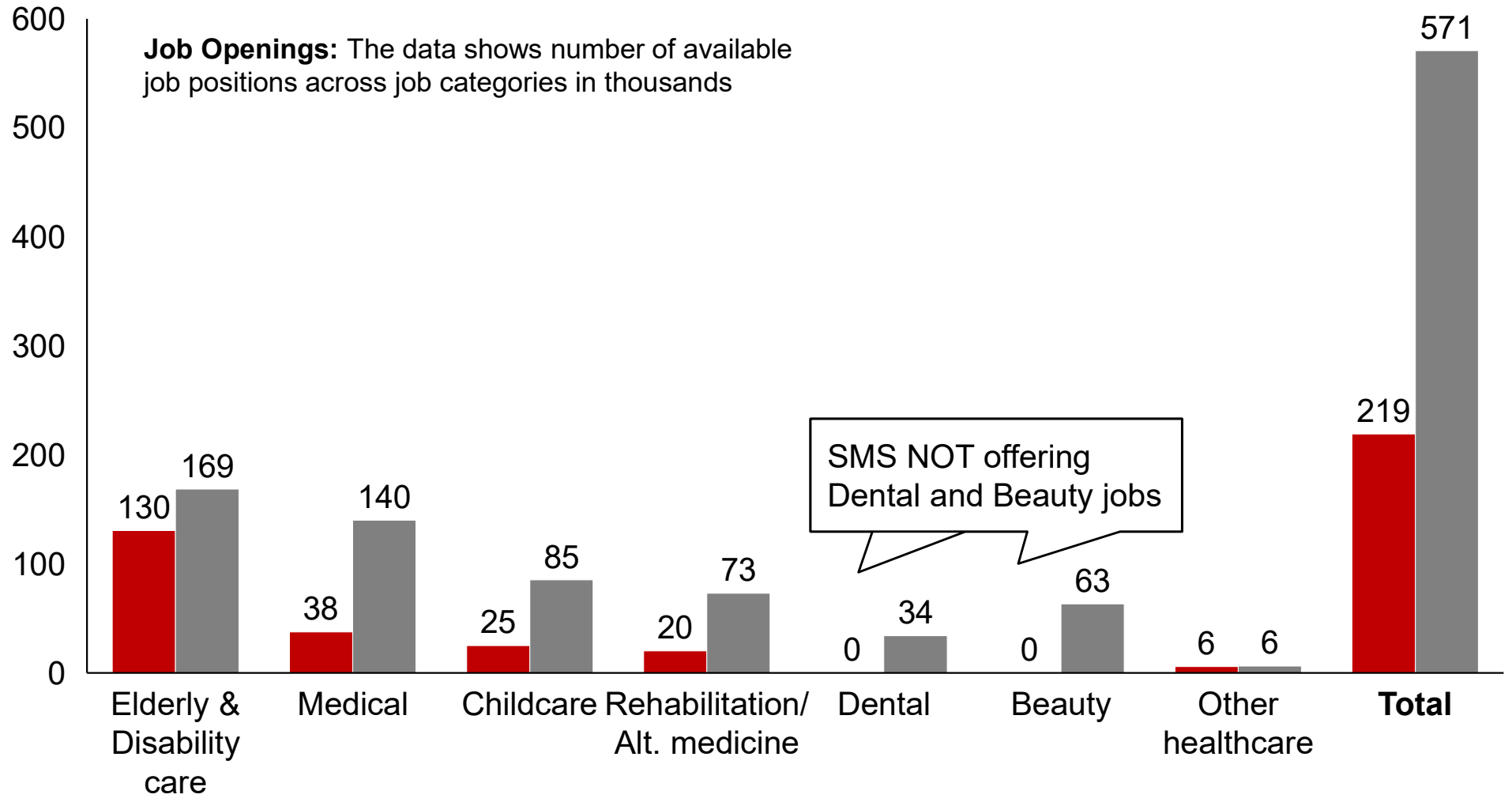
Job Openings: Number of available job positions

Job Types: Job categories offered by an employer

Note: Data as of end of November 2025
Source: Company website

3 **Job Openings**: Welmee Job has substantial room to increase number of job postings

SMS vs Medley #of job postings by category (thousand postings)

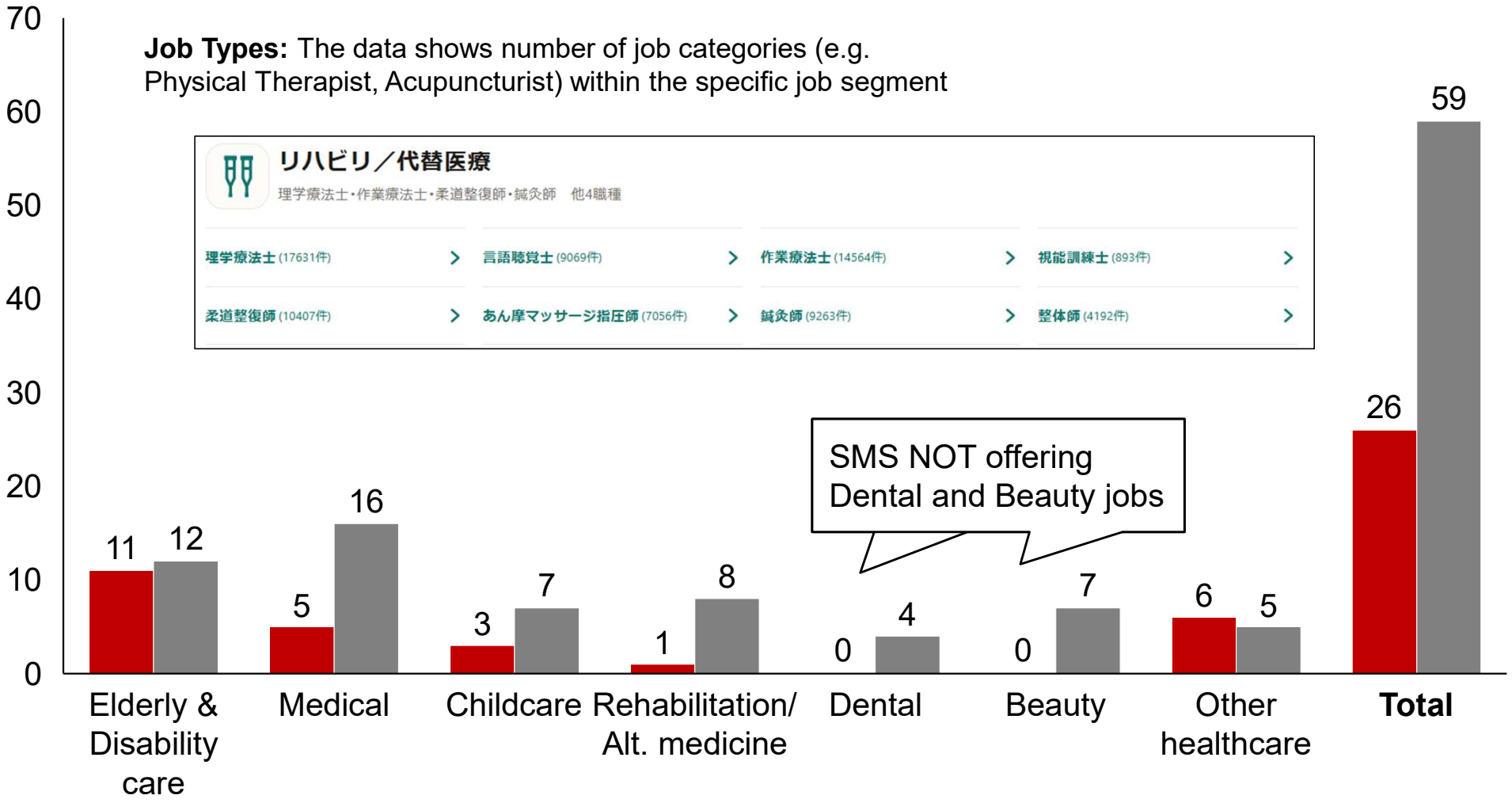


Note: Data as of end of November 2025; Calculated the total number of job openings without double-counting occupations that appear across multiple categories
Source: Company website

3 **Job Types**: Room to increase job types

SMS MEDLEY

SMS vs Medley #of job types by category (types)

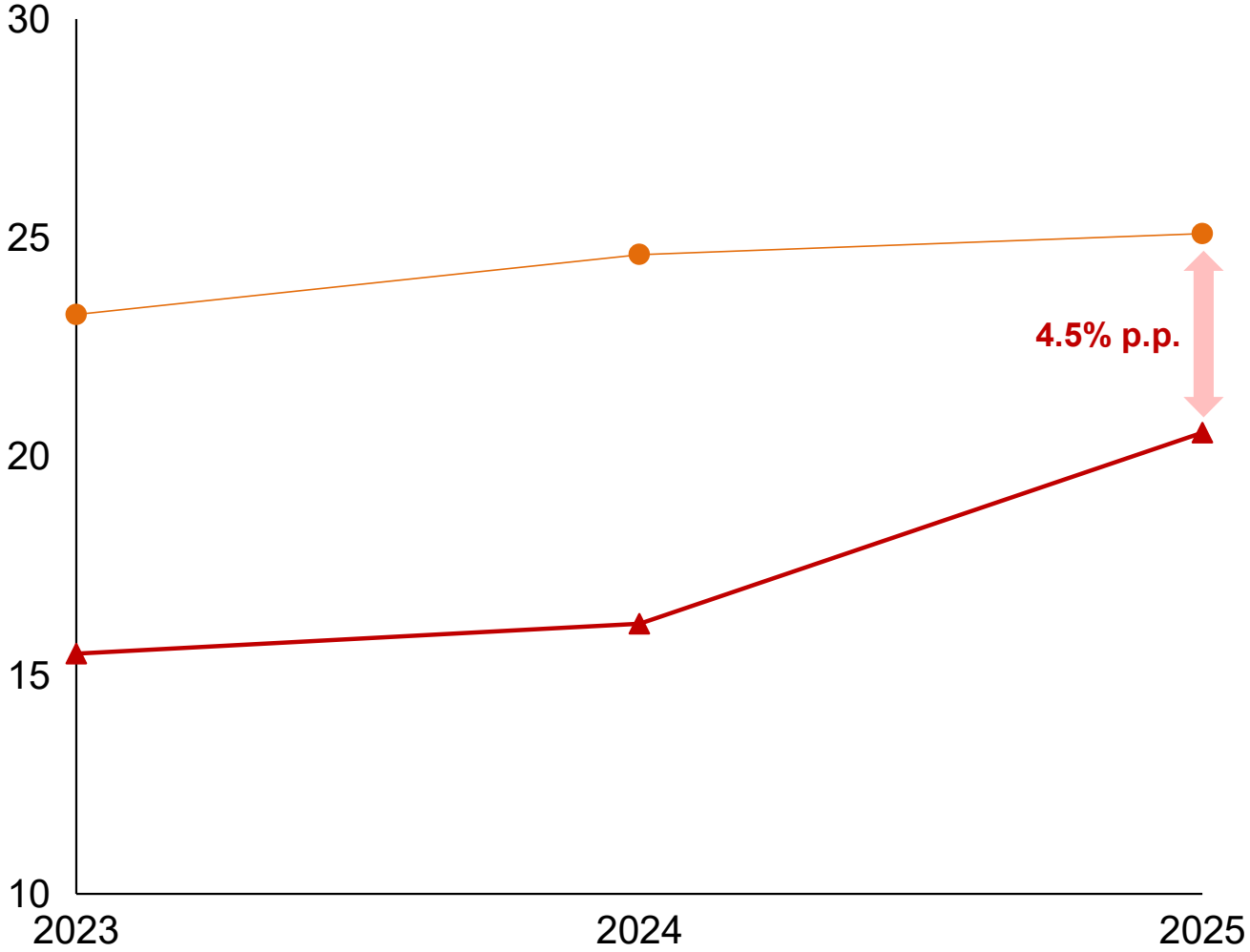


Note: Data as of end of November 2025; Calculated the total number of job openings without double-counting occupations that appear across multiple categories
Source: Company website

3 Strengthening DR requires greater ad spend efficiency and optimal allocation

SMS MEDLEY

Advertisement expenses out of revenue (Company-level, %)



Commentary

- Additional advertising investment is critical to scale direct recruiting
- At the same time, advertising spend in the career agency has surged, with a clear deterioration in efficiency
- SMS must (i) **enhance the efficiency** of advertising spend in career agency and (ii) **reallocate capital** more effectively toward direct recruiting

Note: To reconcile difference in accounting periods, 2025 shows fiscal ended Mar 2025 for SMS, and Dec 2024 for Medley; Medley's advertise expenses span across SG&A and COGS
Source: Company IR

3 Medley leverages “Indeed” to drive traffic to own platform

/ Career

ウェルミージョブ : SMS



JobMedley : MEDLEY



2,000+ jobs
added within last 7 days

7,000+ jobs
added within last 7 days

Note: Showing postings added within 7 last days
Source: Indeed

OASIS

3 Google search results indicate there is room for SEO improvement

/ Career

Search word “Elderly care job change”



Search word “Nurse job change”



Source: Google

OASIS

3 **Room to review platform strategy**: SMS offers multiple platforms across DR and agent services

/ Career

Direct Recruiting platforms

Cross-occupational DR[*3] platform
ウェルミージョブ

DR for Judo therapists etc.
JOB NOTE

Recruiting agent services

RAG for care workers
カイゴジョブ エージェント

RAG for care managers, social workers, and disability care workers
ケア人材バンク

RAG for nurses
ナース専科 転職

RAG for PT/OT/ST
PT OT 人材バンク

RAG for radiological technologists
HJB 放射線技師人材バンク

RAG for registered dietitians/dietitians
EJB

RAG for clinical engineers
CEJB 工学技士人材バンク

RAG for medical technologists
KJB 検査技師人材バンク

RAG for childcare workers
HOJB 保育士人材バンク

Ref. Medley

Job Medley

Offering postings across job categories and job types under one platform

Source: Company IR

4 SMS lacks the experienced leadership that is needed to oversee the transformation into healthcare tech company

SMS

Internal directors



Masaki Takahata
(Director, President)
Background in auditing, experience with consulting and M&A advisor Frontier Management. Assumed current position in Jan 2026

External directors



Makoto Yasuda
(New External Director Candidate)
Founding member of BrainPad



Takeshi Kawasaki
(New External Director Candidate)
CFO at Lifenet Insurance Company



Nobuko Takagi
(External Director, Present)
External Director at USS Co.



Tetsuro Harada
(New External Director Candidate)
Former CEO at Dream Incubator.
External Director at Wacoal Corp.



Aiko Ota
(New External Director Candidate)
Partner at Nozomi Sogo Attorneys

Source: Company IR

4 Medley has strong leadership team who can drive digital strategy

MEDLEY

Internal management members **/ Not exhaustive**



Shin Takeuchi
(Director, Senior VP and CHRO)
Former director and CTO of **BizReach** (now Visional) and was involved in development of HR services **BizReach** and **HRMOS**

Hiromune Shishido
(VP, CTO of Medical PF)
Former server-side engineer with **CyberAgent**, developing and operating the infrastructure for blog and gaming services as well as launching a video distribution service

Makoto Yamazaki
(VP, VPoE of Medical PF)
Former engineer and engineering manager for social media and gaming platforms at **GREE** and cloud-based accounting services at **freee**

External directors



Hidetoshi Uriu
(Director, Independent external)
Former investment banker at **Goldman Sachs**. Joined VisasQ and led acquisition opportunities. Currently serves as **CIO at NEC**



Shinji Kimura
(Director, Independent external)
Founded Atlantis (now Glossom), which was sold to **GREEE**. Served as CEO of **Gunosy**



Yasukane Matsumoto
(Director, Independent external)
Established **Raksul** (now TSE Prime listed). In 2022, Established **JOSYS**, offering integrated management of SaaS applications and IT devices

Source: Company IR

Agenda

01. SMS Overview

02. Stuck in Comfort Zone

03. Poor Growth Roadmap

04. Management in Question

05. Oasis's Value Proposition

06. **Oasis Votes AGAINST Mr. Takahata and Ms. Takagi**

Oasis opposes the reappointment of Mr. Takahata and Ms. Takagi

Election of Director	Election of Director (Audit and Supervisory Committee Members)







Masaki Takahata
(Director, President)

Nobuko Takagi
(External Director)

Vote AGAINST the Company's Proposals to Reappoint Mr. Takahata and Ms. Takagi

OASIS

Election of Director

Oasis will vote AGAINST Mr. Takahata



Masaki Takahata
(Director, President)
Background in auditing, experience with consulting and M&A advisor Frontier Management. Assumed current position in Jan 2026

Failed planning

- The hastily formulated roadmap, lacking a solid management foundation, sets out **non-credible targets** and has disappointed the market
- Plan also entails substantial upfront investments over the next two years, raising **serious concerns about destruction of corporate value**

Failure in Overseas

- Served as CEO and CFO of MIMS, yet **performance significantly deteriorated, resulting in impairment loss of JPY22.9 billion**
- Despite the need to withdraw from overseas operations, SMS merely announced it is "**considering options**"

Overconfidence in management

- Delayed hiring of a CFO and the view that **no additional CTO or CRO hires are necessary**
- Despite poor performance, he maintains it has sufficient internal resources and that **each business head possesses the required capabilities**

Vote AGAINST CEO Takahata,
whose hasty decision-making raised concerns about his managerial capabilities

OASIS

Election of Director (Audit & Supervisory Committee)

Oasis will vote AGAINST Ms. Takagi



Nobuko Takagi
(Outside Director)
Representative at Nobuko Takagi Certified Public Accountants' Office. External Director since 2022

Destruction of corporate value

Failure of oversight

Misalignment with areas of expertise

- Serving as an outside director since 2022, she has failed to take effective action to address the **deterioration in SMS's corporate value** and has effectively allowed it to persist
- While being the only external director expected to remain, **meaningful contributions are unlikely**
- Supported the appointment of Mr. Takahata as a member of the Nomination Committee, ultimately **backing an inappropriate leadership choice**
- By supporting a growth roadmap with serious doubts around execution, she has demonstrated a **lack of effective oversight** as director
- Her **expertise lies in M&A advisory** and **new business development**
- However, SMS has **not executed M&A to strengthen core businesses** and has kept **undisciplined business development**

Vote AGAINST Ms. Takagi for failing to exercise adequate oversight while allowing shareholder value to deteriorate

OASIS

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