



October 17, 2022

SMS Co., Ltd.

(Company Code: 2175, TSE Prime Market)

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

<PRESS RELEASE>

Notice regarding Change in Specified Subsidiary (Sub-Subsidiary)

SMS Co., Ltd. (the "Company") hereby announces that, at its Executive Committee meeting held on October 17, 2022, it has resolved to conduct a debt-equity swap (the "DES") of loan receivables held by MEDICA ASIA (HOLDCO) LIMITED, a consolidated subsidiary of the Company, against MIMS MEDICA SDN.BHD. ("MIMS MEDICA"), a subsidiary of MEDICA ASIA (HOLDCO) LIMITED (a sub-subsidiary of the Company). After the capital increase by the DES, the capital amount of MIMS MEDICA will be equivalent to 10% or more of the Company's capital, making MIMS MEDICA a specified subsidiary of the Company.

1. Reason for the change

As a result of the capital increase by conducting the DES, the capital amount of MIMS MEDICA will be equivalent to 10% or more of the Company's capital. Therefore, MIMS MEDICA will become a specified subsidiary of the Company. The purpose of the DES is to strengthen MIMS MEDICA's financial base by converting interest-bearing debt held by MIMS MEDICA into equity, enabling its flexible business operations.

2. Overview of sub-subsidiary whose capital is to be increased by the DES

(1) Name	MIMS MEDICA SDN.BHD.
(2) Location	No. 41B. Damai Complex, Jalan Dato Haji Eusoff, 50400 Kuala Lumpur, Malaysia
(3) Representative	Director, Masaki Takahata
(4) Business description	Provision of medical information services for healthcare professionals and medical-related companies
(5) Capital before capital increase	MYR 500,000

(6) Date of establishment	March 3, 2010	
(7) Major shareholders and shareholding ratio	MEDICA ASIA (HOLDCO) LIMITED 100%	
(8) Relationship between the Company and MIMS MEDICA	Capital relationship	The Company has indirect ownership of MIMS MEDICA. MIMS MEDICA will become a specified subsidiary of the Company by the DES.
	Personnel relationship	The Company's employee is seconded as a representative.
	Business relationship	There is no business relationship to be noted between the Company and MIMS MEDICA.

3. Overview of consolidated subsidiary subscribing the capital increase by the DES

(1) Name	MEDICA ASIA (HOLDCO) LIMITED
(2) Location	6th Floor 65 Gresham Street, London, United Kingdom, EC2V 7NQ
(3) Representative	Director, Masaki Takahata
(4) Business description	Holding company
(5) Capital	GBP 210.42
(6) Date of establishment	February 18, 2013
(7) Major shareholders and shareholding ratio	SMS Co., Ltd. 100%

4. Overview of the DES

The loan of MYR 8,900,000 from MEDICA ASIA (HOLDCO) LIMITED to MIMS MEDICA will be converted to equity by the DES.

(1) Amount of capital increase	MYR 8,900,000
(2) Capital after capital increase	MYR 9,400,000
(3) Shareholding ratio after capital increase	MEDICA ASIA (HOLDCO) LIMITED 100%
(4) Timing of implementation	October 2022 (planned)

5. Outlook

The change will not have any material impact on the Company's consolidated financial results for the fiscal year ending March 2023.