



October 21, 2026
SMS Co., Ltd.
(Company Code: 2175, TSE Prime Market)
<https://global.bm-sms.com/>

<PRESS RELEASE>

**Notice Regarding the Transfer of the Data Health Business to Medcare, Inc. through a Company Split
(Simplified Absorption-Type Company Split)**

SMS Co., Ltd. (the “Company”) hereby announces that, at a meeting of its Board of Directors held on October 21, 2026, it resolved to transfer the data health business operated by the Company (specific health guidance and related services; the “Target Business”) to Medcare, Inc. (“Medcare”) by way of a company split (a simplified absorption-type company split; the “Company Split”). On the same date, the Company entered into an absorption-type company split agreement with Medcare.

As the decrease in the Company’s total assets resulting from the Company Split is expected to be less than 10% of its net assets as of the end of the immediately preceding fiscal year, and the decrease in the Company’s net sales is expected to be less than 3% of its net sales for the immediately preceding fiscal year, certain disclosure items and details have been omitted.

1. Purpose of the Company Split

As stated in the “Corporate Value Creation Roadmap” (the presentation material for financial results summary for the fiscal year ended March 31, 2026) disclosed on April 28, 2026, the Company has been reviewing its business portfolio in order to concentrate management resources on its focus areas.

The Target Business provides health insurance associations, the Japan Health Insurance Association, local governments and other organizations with remote specific health guidance and related services utilizing ICT. The Company has concluded that, in order to continue the Target Business on a stable basis and to fulfill its responsibility for the provision of services to users and client organizations, it would be optimal to transfer the Target Business to Medcare, which has a platform for similar online medical and health guidance services and can ensure a structure for the continued operation of the business.

2. Outline of the Company Split

(1) Schedule of the Company Split

Date of Board of Directors Resolution Approving the Absorption-Type Company Split Agreement	October 21, 2026
Date of Execution of the Absorption-Type Company Split Agreement	October 21, 2026
Effective Date of the Company Split	December 1, 2026 (planned)

(Note) As the Company Split constitutes a simplified company split for the Company as provided in Article 784, Paragraph 2 of the Companies Act, it will be conducted without obtaining the approval of a general meeting of shareholders.

(2) Method of the Company Split

An absorption-type company split (simplified company split) in which the Company will be the splitting company and Medcare will be the succeeding company.

(3) Details of the Allocation Related to the Company Split

In connection with the Company Split, Medcare will deliver to the Company cash in the amount of one yen. No shares or other property will be delivered by Medcare to the Company.

(4) Treatment of Share Acquisition Rights and Bonds with Share Acquisition Rights in Connection with the Company Split

There will be no change in the treatment of the share acquisition rights issued by the Company as a result of the Company Split. In addition, the Company has not issued any bonds with share acquisition rights.

(5) Increase or Decrease in Capital Stock as a Result of the Company Split

There will be no increase or decrease in the Company's capital stock as a result of the Company Split.

(6) Rights and Obligations to Be Assumed by the Succeeding Company

Through the Company Split, Medcare will succeed to the assets, liabilities, contractual positions and the rights and obligations incidental thereto belonging to the Target Business, as well as the employment agreements with the employees engaged in the Target Business, in accordance with the absorption-type company split agreement.

(7) Prospects for the Performance of Obligations

The Company has determined that there are no issues with respect to the prospects for the performance of the obligations to be borne by the Company and Medcare on and after the effective date of the Company Split.

3. Basis for Calculating the Details of the Allocation Related to the Company Split

The consideration for the Company Split was agreed upon at one yen in cash as a result of repeated discussions and negotiations with Medcare, an independent third party that does not fall under the category of a related party of the Company, taking comprehensively into account a valuation of the business based on the earnings status and future outlook of the Target Business, the operational costs and responsibilities to be borne by Medcare after the succession, and the measures required for the succession of the contractual relationships pertaining to the Target Business, among other factors.

4. Overview of the Parties to the Company Split

(1) Splitting Company in the Absorption-Type Company Split (the Company)

(1) Name	SMS Co., Ltd.
(2) Location	2-11-1 Shibakoen, Minato-ku, Tokyo
(3) Title and Name of Representative	President and Representative Director, Masaki Takahata
(4) Description of Business	Businesses aimed at building information infrastructure for an aging society
(5) Capital Stock	2,551 million yen
(6) Date of Establishment	April 4, 2003

(7) Number of Issued Shares	87,561,600 shares
(8) Fiscal Year End	March 31
(9) Major Shareholders and Shareholding Ratios (Note)	MORO LLC 18.72% The Master Trust Bank of Japan, Ltd. (Trust Account) 11.19% MISAKI ENGAGEMENT MASTER FUND 3.44% GOLDMAN, SACHS & CO. REG 3.39% NOMURA PB NOMINEES LIMITED OMNIBUS-MARGIN (CASHPB) 3.36%

(Note) As of March 31, 2026. Only shareholders whose beneficial shareholdings have been identified are listed.

(10) Consolidated Operating Results and Financial Position for the Last Three Fiscal Years

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2026
Net assets	44,284 million yen	47,319 million yen	26,724 million yen
Total assets	72,475 million yen	76,540 million yen	52,774 million yen
Net assets per share	507.23 yen	554.24 yen	322.79 yen
Net sales	53,973 million yen	60,952 million yen	64,735 million yen
Operating profit	8,269 million yen	6,335 million yen	6,787 million yen
Ordinary profit	9,901 million yen	8,357 million yen	8,721 million yen
Net income (loss) attributable to owners of parent	7,227 million yen	6,054 million yen	(14,317) million yen
Net income (loss) per share	82.97 yen	70.96 yen	(173.66) yen

(2) Succeeding Company in the Absorption-Type Company Split

(1) Name	Medcare, Inc.
(2) Location	3-14-3 Mejiro, Toshima-ku, Tokyo
(3) Title and Name of Representative	Representative Director, Yoshiro Kimura
(4) Description of Business	Provision of services such as online medical consultations, specific health guidance and smoking cessation outpatient services
(5) Capital Stock	10 million yen
(6) Date of Establishment	April 2, 2015
(7) Number of Issued Shares	652,000 shares
(8) Fiscal Year End	March 31
(9) Major Shareholders and Shareholding Ratios (Note 1)	M3, Inc. 100%
(10) Relationship between the Company and Medcare	Capital relationship: There is no capital relationship to be stated between the Company and Medcare. Personnel relationship: There is no personnel relationship to be stated between the Company and Medcare. Business relationship: There is no business relationship to be stated between the Company and Medcare. Status as a related party: Medcare does not fall under the category of a related party of the Company.
(11) Operating Results and Financial Position for the Immediately Preceding Fiscal Year (Note 2)	Net assets: (146) million yen Total assets: 107 million yen

(Note 1) As of March 31, 2026.

(Note 2) The details of Medcare's operating results and financial position for the immediately preceding fiscal year are not disclosed due to confidentiality obligations between the parties.

5. Overview of the Business Division to Be Split

(1) Description of the Business of the Division to Be Split

Data health business (outsourced provision of specific health guidance to health insurance associations, the Japan Health Insurance Association, local governments and other organizations, provision of remote health guidance services utilizing ICT, and related services)

(2) Operating Results of the Division to Be Split (Fiscal Year Ended March 31, 2026)

	Division to Be Split (a)	The Company's Consolidated Results (b)	Ratio (a / b)
Net sales	590 million yen	64,735 million yen	0.9%

(Note) The net sales above represent net sales to external customers.

(3) Items and Book Values of the Assets and Liabilities to Be Split

Assets		Liabilities	
Item	Book Value	Item	Book Value
Current assets	46 million yen	Current liabilities	6 million yen
Non-current assets	17 million yen	Non-current liabilities	0 million yen
Total	64 million yen	Total	6 million yen

(Note) The amounts above are calculated based on book values as of March 31, 2026. The actual amounts to be succeeded to will be determined by adjusting the above amounts for any increases or decreases through the effective date.

6. Status after the Company Split

There will be no change in the Company's name, location, title and name of representative, description of business, capital stock or fiscal year end as a result of the Company Split.

In addition, no changes are expected to the name, location, title and name of representative, description of business, capital stock or fiscal year end of Medcare from those stated in 4.(2) above.

7. Future Outlook

The impact of the Company Split on the Company's consolidated financial results for the fiscal year ending March 31, 2027 is expected to be minor.

There is no change to the consolidated financial forecast for the fiscal year ending March 31, 2027 announced on April 28, 2026.