



April 1, 2021
SMS Co., Ltd.
(Company Code: 2175, TSE 1st Section)
<https://www.bm-sms.co.jp/en/>

<PRESS RELEASE>

**Notice on Recording of Extraordinary Income (Non-Consolidated) as a
Result of Absorption-Type Merger with Consolidated Subsidiaries**

SMS Co., Ltd. (the "Company") hereby announces that in connection with the "Notice of Absorption-Type Merger (Simplified Merger and Short Form Merger) of Wholly-Owned Subsidiaries" as of October 1, 2020, the Company carried out an absorption-type merger with its wholly-owned subsidiaries, SMS Career Co., Ltd. ("SMSC"), Zweig Co., Ltd. ("Zweig"), and WorkAmbitious Co., Ltd. ("WorkAmbitious"), as of January 1, 2021. As a result of the merger, the Company will record a "gain on extinguishment of tie-in shares" as extraordinary income in its non-consolidated financial statements for the fiscal year ended March 31, 2021. Details are as follows.

1. Details of Extraordinary Income

As of the effective date of the merger (January 1, 2021), the Company will record the difference between the net assets received from the dissolved companies (SMSC, Zweig, and WorkAmbitious) and the book value of the shares (tie-in shares) held by the Company, which is 2,741 million yen, as extraordinary income in the form of a gain on extinguishment of tie-in shares in the Company's non-consolidated financial statements for the fiscal year ended March 31, 2021.

2. Impact on the Consolidated Results

As the income will be eliminated in the consolidation, there will be no impact on the Company's consolidated financial results for the fiscal year ended March 31, 2021.