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On April 28, 2021, SMS Co., Ltd. announced earnings results for full-year FY03/21.

Cumulative (JPYmn)	FY03/20				FY03/21				FY03/21	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	% of Est.	FY Est.
Sales	9,379	17,628	25,300	35,140	10,539	18,638	26,366	35,960	96.1%	37,436
YoY	16.3%	17.2%	14.9%	14.0%	12.4%	5.7%	4.2%	2.3%		6.5%
Gross profit	8,544	15,824	22,426	31,091	9,607	16,806	23,564	32,003		
YoY	17.9%	18.1%	15.1%	13.9%	12.4%	6.2%	5.1%	2.9%		
Gross profit margin	91.1%	89.8%	88.6%	88.5%	91.2%	90.2%	89.4%	89.0%		
SG&A expenses	7,110	13,750	20,337	26,156	7,376	13,857	20,344	26,533		
YoY	21.2%	20.1%	18.2%	15.9%	3.7%	0.8%	0.0%	1.4%		
SG&A ratio	75.8%	78.0%	80.4%	74.4%	70.0%	74.3%	77.2%	73.8%		
Operating profit	1,433	2,074	2,088	4,935	2,230	2,949	3,220	5,470	108.8%	5,028
YoY	4.1%	6.2%	-8.5%	4.0%	55.6%	42.2%	54.2%	10.8%		1.9%
Operating profit margin	15.3%	11.8%	8.3%	14.0%	21.2%	15.8%	12.2%	15.2%		13.4%
Recurring profit	2,321	3,119	3,410	6,355	3,018	3,852	4,245	6,653	103.0%	6,459
YoY	11.1%	7.4%	1.4%	6.3%	30.0%	23.5%	24.5%	4.7%		1.6%
Recurring profit margin	24.7%	17.7%	13.5%	18.1%	28.6%	20.7%	16.1%	18.5%		17.3%
Net income	1,799	2,319	2,516	4,760	2,201	2,775	2,868	4,800	100.3%	4,785
YoY	9.4%	7.5%	5.3%	12.9%	22.3%	19.7%	14.0%	0.8%		0.5%
Net margin	19.2%	13.2%	9.9%	13.5%	20.9%	14.9%	10.9%	13.3%		12.8%
Quarterly (JPYmn)	FY03/20				FY03/21					
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4		
Sales	9,379	8,249	7,672	9,840	10,539	8,099	7,728	9,594		
YoY	16.3%	18.3%	9.9%	11.7%	12.4%	-1.8%	0.7%	-2.5%		
Gross profit	8,544	7,280	6,602	8,665	9,607	7,199	6,758	8,439		
YoY	17.9%	18.3%	8.4%	10.9%	12.4%	-1.1%	2.4%	-2.6%		
Gross profit margin	91.1%	88.3%	86.1%	88.1%	91.2%	88.9%	87.4%	88.0%		
SG&A expenses	7,110	6,640	6,587	5,819	7,376	6,481	6,487	6,189		
YoY	21.2%	19.0%	14.3%	8.8%	3.7%	-2.4%	-1.5%	6.4%		
SG&A ratio	75.8%	80.5%	85.9%	59.1%	70.0%	80.0%	83.9%	64.5%		
Operating profit	1,433	641	14	2,847	2,230	719	271	2,250		
YoY	4.1%	11.1%	-95.7%	15.7%	55.6%	12.2%	-	-21.0%		
Operating profit margin	15.3%	7.8%	0.2%	28.9%	21.2%	8.9%	3.5%	23.5%		
Recurring profit	2,321	798	291	2,945	3,018	834	393	2,408		
YoY	11.1%	-2.1%	-36.5%	12.6%	30.0%	4.5%	35.1%	-18.2%		
Recurring profit margin	24.7%	9.7%	3.8%	29.9%	28.6%	10.3%	5.1%	25.1%		
Net income	1,799	520	197	2,244	2,201	574	93	1,932		
YoY	9.4%	1.4%	-15.5%	22.9%	22.3%	10.4%	-52.8%	-13.9%		
Net margin	19.2%	6.3%	2.6%	22.8%	20.9%	7.1%	1.2%	20.1%		

Source: Shared Research based on company data

Note: Figures may differ from company materials due to differences in rounding methods.

Note: Net income is net income attributable to owners of the parent.

**Sales by segment and business**

Cumulative (JPYmn)	FY03/20				FY03/21				FY03/21	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	% of Est.	FY Est.
Total sales	9,379	17,628	25,300	35,140	10,539	18,638	26,366	35,960	96.1%	37,436
YoY	16.3%	17.2%	14.9%	14.0%	12.4%	5.7%	4.2%	2.3%		6.5%
Career	7,226	12,797	17,599	23,836	8,093	13,419	17,993	23,666	92.1%	25,684
YoY	19.6%	21.5%	19.2%	16.9%	12.0%	4.9%	2.2%	-0.7%		7.8%
Elderly care career	2,862	5,426	7,701	10,618	3,400	5,992	8,252	10,950	89.1%	12,294
YoY	44.0%	42.7%	36.5%	33.2%	18.8%	10.4%	7.2%	3.1%		15.8%
Medical care career	4,364	7,371	9,898	13,218	4,692	7,427	9,741	12,716	95.0%	13,390
YoY	7.7%	9.5%	8.6%	6.4%	7.5%	0.8%	-1.6%	-3.8%		1.3%
Elderly Care Operators	1,109	2,282	3,533	4,894	1,358	2,775	4,302	5,918	103.3%	5,728
YoY	22.5%	22.3%	23.0%	24.5%	22.5%	21.6%	21.8%	20.9%		17.0%
Overseas	807	2,046	3,377	5,276	826	1,885	3,196	5,147	107.0%	4,811
YoY	-7.5%	-3.8%	-6.5%	-3.4%	2.4%	-7.9%	-5.4%	-2.4%		-8.8%
Business Development	235	501	790	1,133	261	557	874	1,227	101.2%	1,213
YoY	-4.9%	-2.0%	1.7%	8.8%	11.1%	11.2%	10.6%	8.3%		7.1%

  

Quarterly (JPYmn)	FY03/20				FY03/21			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Total sales	9,379	8,249	7,672	9,840	10,539	8,099	7,728	9,594
YoY	16.3%	18.3%	9.9%	11.7%	12.4%	-1.8%	0.7%	-2.5%
Career	7,226	5,571	4,802	6,237	8,093	5,326	4,574	5,673
YoY	19.6%	24.0%	13.6%	10.7%	12.0%	-4.4%	-4.7%	-9.0%
Elderly care career	2,862	2,564	2,275	2,917	3,400	2,592	2,260	2,698
YoY	22.5%	41.3%	23.6%	25.1%	22.5%	1.1%	-0.7%	-7.5%
Medical care career	4,364	3,007	2,527	3,320	4,692	2,735	2,314	2,975
YoY	7.7%	12.2%	5.9%	0.5%	7.5%	-9.0%	-8.4%	-10.4%
Elderly Care Operators	1,109	1,173	1,251	1,361	1,358	1,417	1,527	1,616
YoY	22.5%	22.1%	24.2%	28.8%	22.5%	20.8%	22.1%	18.7%
Overseas	807	1,239	1,331	1,899	826	1,059	1,311	1,951
YoY	-7.5%	-1.3%	-10.3%	2.5%	2.4%	-14.5%	-1.5%	2.7%
Business Development	235	266	289	343	261	296	317	353
YoY	-4.9%	0.8%	8.6%	29.9%	11.1%	11.3%	9.7%	2.9%

Source: Shared Research based on company data

Note: Figures may differ from company materials due to differences in rounding methods.

**SG&A expenses**

Cumulative (JPYmn)	FY03/20				FY03/21			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
SG&A expenses	7,110	13,750	20,337	26,156	7,376	13,857	20,344	
YoY	21.2%	20.1%	18.2%	15.9%	3.7%	0.8%	0.0%	
Personnel	3,161	6,109	9,069	11,957	3,537	6,632	9,694	
YoY	26.6%	25.5%	24.8%	24.5%	11.9%	8.6%	6.9%	
Advertising	1,227	2,586	3,878	4,714	1,351	2,610	3,958	
YoY	23.7%	26.3%	19.9%	14.8%	10.1%	0.9%	2.1%	
Outsourcing	648	1,310	1,936	2,543	659	1,285	1,903	
YoY	3.3%	6.2%	1.8%	-0.1%	1.7%	-1.9%	-1.7%	
Goodwill amortization	192	393	594	809	205	407	611	
YoY	-2.5%	-1.0%	-1.0%	0.2%	6.8%	3.6%	2.9%	

  

Quarterly (JPYmn)	FY03/20				FY03/21			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
SG&A expenses	7,110	6,640	6,587	5,819	7,376	6,481	6,487	
YoY	21.2%	19.0%	14.3%	8.8%	3.7%	-2.4%	-1.5%	
Personnel	3,161	2,948	2,960	2,888	3,537	3,095	3,062	
YoY	26.6%	24.4%	23.4%	23.7%	11.9%	5.0%	3.4%	
Advertising	1,227	1,359	1,292	836	1,351	1,259	1,348	
YoY	23.7%	28.8%	8.8%	-4.1%	10.1%	-7.4%	4.3%	
Outsourcing	648	662	626	607	659	626	618	
YoY	3.3%	9.2%	-6.4%	-5.6%	1.7%	-5.4%	-1.3%	
Goodwill amortization	192	201	201	215	205	202	204	
YoY	-2.5%	0.5%	-1.0%	3.9%	6.8%	0.5%	1.5%	

Source: Shared Research based on company data

Note: Figures may differ from company materials due to differences in rounding methods.

**Trends in Kaipoke member locations**

	FY03/20				FY03/21			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
No. of member locations	17,250	17,850	18,300	18,850	19,300	19,950	20,550	21,250
YoY change	1,750	1,900	2,000	2,050	2,050	2,100	2,250	2,400
YoY	11.3%	11.9%	12.3%	12.2%	11.9%	11.8%	12.3%	12.7%
QoQ change	450	600	450	550	450	650	600	700
QoQ	2.7%	3.5%	2.5%	3.0%	2.4%	3.4%	3.0%	3.4%

Source: Shared Research based on company data

Note: Figures may differ from company materials due to differences in rounding methods.

**Full-year FY03/21 results**

- ▷ Sales: JPY36.0bn (+2.3% YoY)
- ▷ Operating profit: JPY5.5bn (+10.8% YoY)
- ▷ Recurring profit: JPY6.7bn (+4.7% YoY)
- ▷ Net income\*: JPY4.8bn (+0.8% YoY)

\*Net income attributable to owners of the parent

Sales increased YoY primarily thanks to a rise in the number of Kaipoke members. Gross profit increased 2.9% YoY to JPY32.0bn, while SG&A expenses were just JPY26.5bn (+1.4% YoY) as the company refrained from hiring. The company posted double-digit operating profit growth.

**Career**

Sales: JPY23.7bn (-0.7% YoY)

The company reported sales of JPY11.0bn (+3.1% YoY) in the elderly care career business and JPY12.7bn (-3.8% YoY) in the medical care career business. In the Career segment, the COVID-19 pandemic temporarily had a negative impact on sales activities to win orders for staffing services.

**Elderly Care Operators**

Sales: JPY5.9bn (+20.9% YoY)

The Kaipoke management support service for nursing care providers posted solid results due to an increase in Kaipoke member locations, smartphone and tablet additions, and more usage of Kaipoke factoring service and other paid optional services. COVID-19 had only a limited impact on earnings in the Elderly Care Operators segment.

As of April 1, 2021, Kaipoke had 21,250 member locations (+2,400 versus end-FY03/20) and 31,100 elderly care facilities (+3,700).

**Overseas**

Sales: JPY5.1bn (-2.4% YoY)

The spread of COVID-19 has led to the cancellation and postponement of pharmaceutical company events, and delays in the travel of healthcare professionals in the Global Career business. On the other hand, due to continued progress in digital transformation, online events and digital products performed strong.

**Business Development**

Sales: JPY1.2bn (+8.3% YoY)

The company proceeded with the development and promotion of new businesses, focusing on the provision of remote specific health guidance and occupational healthcare utilizing ICT in the healthcare area, and on information services centered on meal catering for the elderly and on home renovation in the senior life space.

## FY03/22 full-year company forecast

(JPYmn)	FY03/21			FY03/21 FY Est.	YoY FY Est.
	1H Act.	2H Est.	FY Est.		
<b>Sales</b>	<b>18,638</b>	<b>17,322</b>	<b>35,960</b>	<b>40,043</b>	11.4%
Cost of sales	1,831	2,126	3,957		
<b>Gross profit</b>	<b>16,806</b>	<b>15,197</b>	<b>32,003</b>		
Gross profit margin	90.2%	87.7%	89.0%		
SG&A expenses	13,857	12,676	26,533		
SG&A ratio	74.3%	73.2%	73.8%		
<b>Operating profit</b>	<b>2,949</b>	<b>2,521</b>	<b>5,470</b>	<b>6,205</b>	13.4%
Operating profit margin	15.8%	14.6%	15.2%	15.5%	
<b>Recurring profit</b>	<b>3,852</b>	<b>2,801</b>	<b>6,653</b>	<b>7,352</b>	10.5%
Recurring profit margin	20.7%	16.2%	18.5%	18.4%	
<b>Net income</b>	<b>2,775</b>	<b>2,025</b>	<b>4,800</b>	<b>5,281</b>	10.0%
Net margin	14.9%	11.7%	13.3%	13.2%	

Source: Shared Research based on company data

Note: Figures may differ from company materials due to differences in rounding methods.

Note: Net income reflects net income attributable to owners of the parent.

### Forecasts by segment and business

FY03/22 forecasts by segment (JPYmn)	FY03/21		YoY
	FY Act.	FY Est.	
Sales	35,960	40,043	11.4%
Career	23,469	24,375	3.9%
Elderly care career	10,948	11,593	5.9%
Medical care career	12,521	12,781	2.1%
Elderly Care Operators	5,918	7,113	20.2%
Overseas	5,147	6,596	28.2%
Other	1,426	1,959	37.4%
Operating profit	5,470	6,205	13.4%

Source: Shared Research based on company data

Note: Figures may differ from company materials due to differences in rounding methods.

Note: The business of stress checks for elderly care institutions and medical institutions had previously been recorded under the Career segment, but are recorded under the Business Development segment as of FY03/22. FY03/21 results figures are reference figures based on the new segmentation.

For FY03/22, SMS forecasts sales of JPY40.0bn (+11.4% YoY), operating profit of JPY6.2bn (+15.5% YoY), recurring profit of JPY7.4bn (+10.5% YoY), and net income attributable to owners of the parent of JPY5.3bn (+10% YoY). The company expects the impact from the COVID-19 pandemic will continue to affect operations through end-March 2022, mostly in the Career segment, but it forecasts double-digit sales and profit increases on growth in the Elderly Care Operators segment and the Overseas segment.

#### Career: Sales JPY24.4bn (+3.9% YoY)

The long-term market environment remains strong in terms of the demand for recruitment of elderly care and healthcare professionals, and the company expects growth in both the elderly care career and medical care career businesses.

Based on the premise that the impact of COVID-19 will persist through end-March 2022, the company expects slower growth in FY03/22. However, it intends to reinforce its business structure in anticipation of growth from FY03/23 onward, thereby recruiting career partners.

#### Elderly Care Operators: Sales JPY7.1bn (+20.2% YoY)

The company maintains that the long-term market environment remains robust, against a background of increased elderly care facility numbers.

SMS anticipates continued growth through increases in the number of member locations for Kaipoke, which provides business support services for elderly care business operators, as well as in the use of add-on paid optional services including factoring services. The company expects the impact from COVID-19 to remain limited.

**Overseas: Sales JPY6.6bn (+28.2% YoY)**

The company holds that there is room for significant long-term growth, against the background of expansion of the healthcare market in Asia, and global demand for medical staffing.

The company expects the marketing support business for medical and healthcare professionals to continue to be affected by the impacts of COVID-19, such as the cancellation of real (in-person) events. However, it anticipates a much more substantial expansion in digital needs, and therefore forecasts double-digit growth.

In the Global Career business, the company's forecast is premised on the COVID restrictions on travel by medical professionals recruited on a cross-border basis persisting through end-March 2022. However, it forecasts growth thanks to such restrictions being milder than the previous year.

This note is the most recent addition to the [full report](#).

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