



December 7, 2016

News Release

Company: SMS CO., LTD.
Name of Representative: CEO Natsuki Goto
(Code: 2175, TSE first section)
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Notice on Determination of the Terms of Issuance of New Shares and Sale of Treasury Shares through Offering

SMS CO., LTD. hereby announces that the terms of the offering of its new shares and treasury shares, which are to be offered pursuant to a resolution of a meeting of its Board of Directors on December 6, 2016, have been determined. For further information, please refer to the Notice on Issuance of New Shares and Sale of Treasury Shares through Offering, announced on December 6, 2016.

1. Issuance of New Shares and Sale of Treasury Shares through Offering

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| (1) Type and number of shares to be offered | 2,800,000 shares of the Company's common stock
Note: 1,469,800 new shares and 1,330,200 treasury shares |
| (2) Offer price | <u>2,623 yen per share</u> |
| (3) Total offer price | <u>7,344,400,000 yen</u> |
| (4) Amount to be paid in | <u>2,510.16 yen per share</u> |
| (5) Total amount to be paid in | <u>7,028,448,000 yen</u> |
| (6) Amount of capital stock and capital reserve to be increased | <u>Capital stock: 1,844,716,584 yen</u>
<u>Capital reserve: 1,844,716,584 yen</u> |
| (7) Payment date | December 21, 2016 |

(Reference)

Basis for calculating the Offer price

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|-----------------------------------|-------------------------|------------------|
| (1) Date of calculation and price | <u>December 6, 2016</u> | <u>2,821 yen</u> |
| (2) Discount rate | | <u>7.0 %</u> |

NOTE: This news release does not constitute an offer of any securities for sale. This news release has been prepared for the sole purpose of publicly announcing that the Company has resolved matters relating to the issuance of its new shares and sale of its treasury shares, and not for the purpose of soliciting investment or engaging in any other similar activities within or outside Japan. The securities referred to above will not be offered or sold within Japan. In addition, this news release is not an offer of securities for sale in the United States. The securities referred to above have not been, and will not be, registered under the United States Securities Act of 1933, as amended (the "Securities Act"). The securities may not be offered or sold in the United States absent registration or an exemption from registration under the Securities Act.