

SMS CO., LTD.

(Securities Code: 2175 / TSE1)

Presentation Materials for Investor Relations

Financial Results Summary for the First Half of
the Fiscal Year Ending March 31, 2016 (the 13th Fiscal Year)

October 29, 2015



1	Our Mission & Strategy	P3-P12
2	1H FY03/16 Consolidated Financial Results	P14-P21
3	Acquisition of MIMS Group	P23-P31
4	FAQ	P33-P61

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2	1H FY03/16 Consolidated Financial Results	P14-P21
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4	FAQ	P33-P61

**We create values and contribute to society by providing an
“information infrastructure for an aging society.”**

SMS stands for “Senior Marketing System.”

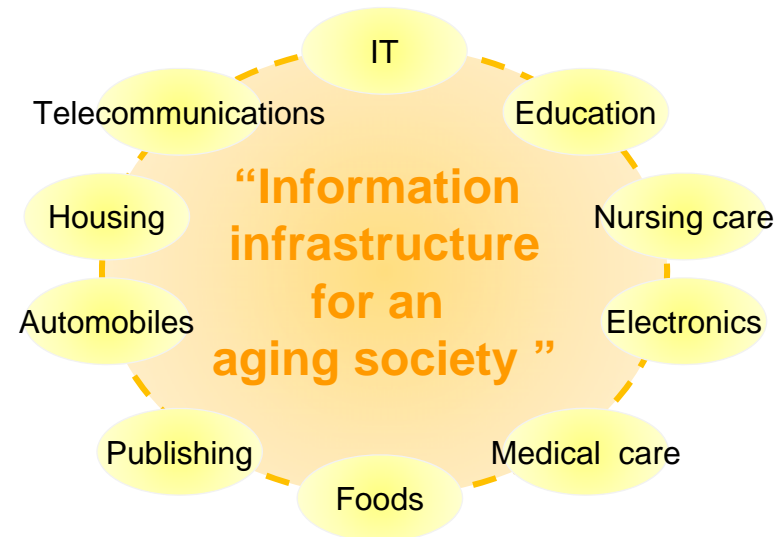
1 Gaining Recognition as an Industry

✓ Ever since the establishment of SMS, we have believed that the “information infrastructure for an aging society” would develop into a major industry boosted by trends in the social background.

Social Background

- Macroeconomic trends
- Demographics
- Social insurance system
- People’s interest
- Information Asymmetry
- etc.

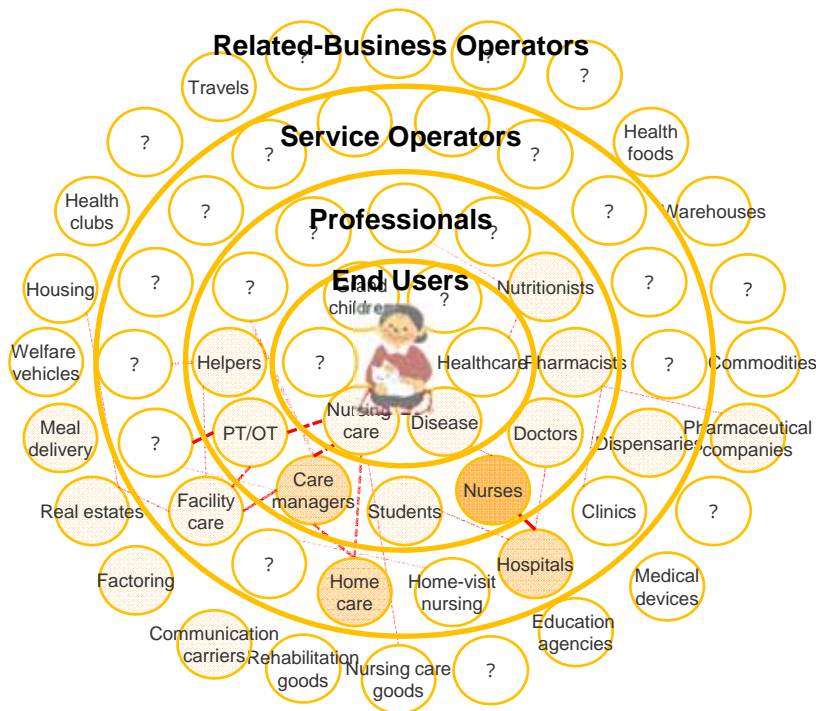
Emergence of a new industry



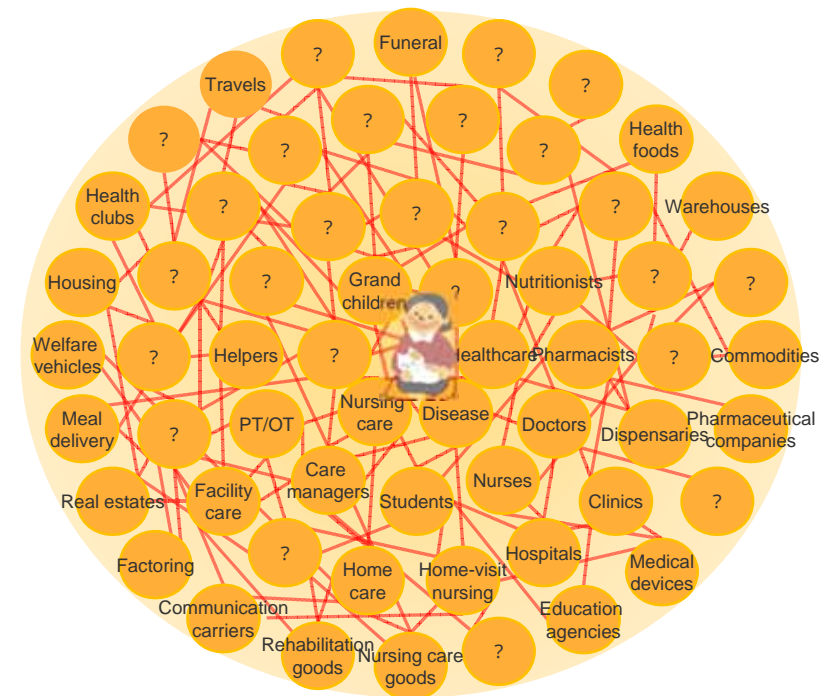
1 Future Image

✓ By providing a variety of information and services to end-users, professionals and service operators associated to the aging society, and by organically linking those information and services, we aim to create an ecosystem of an “information infrastructure for an aging society.”

Current

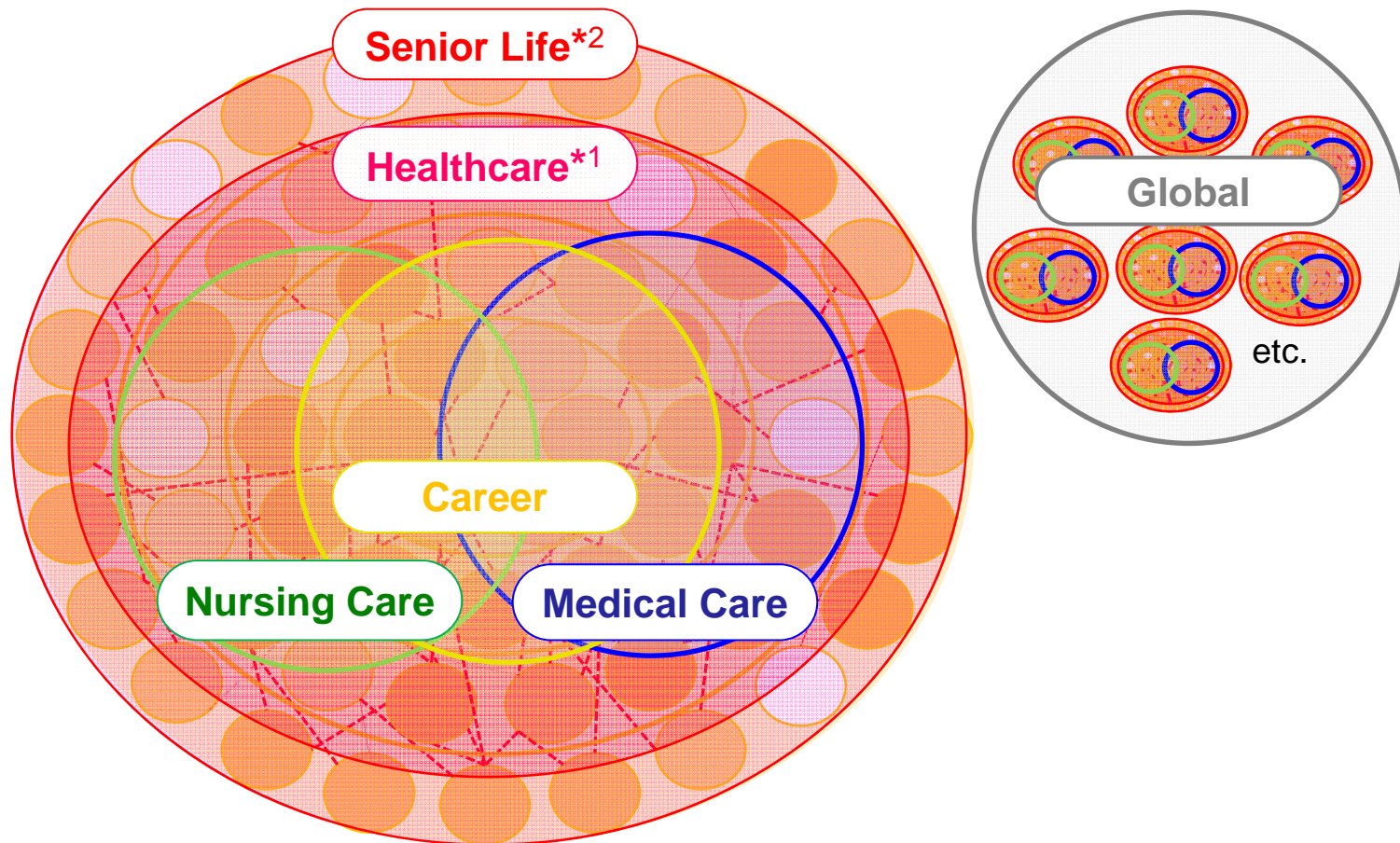


Future



1 Market Segments

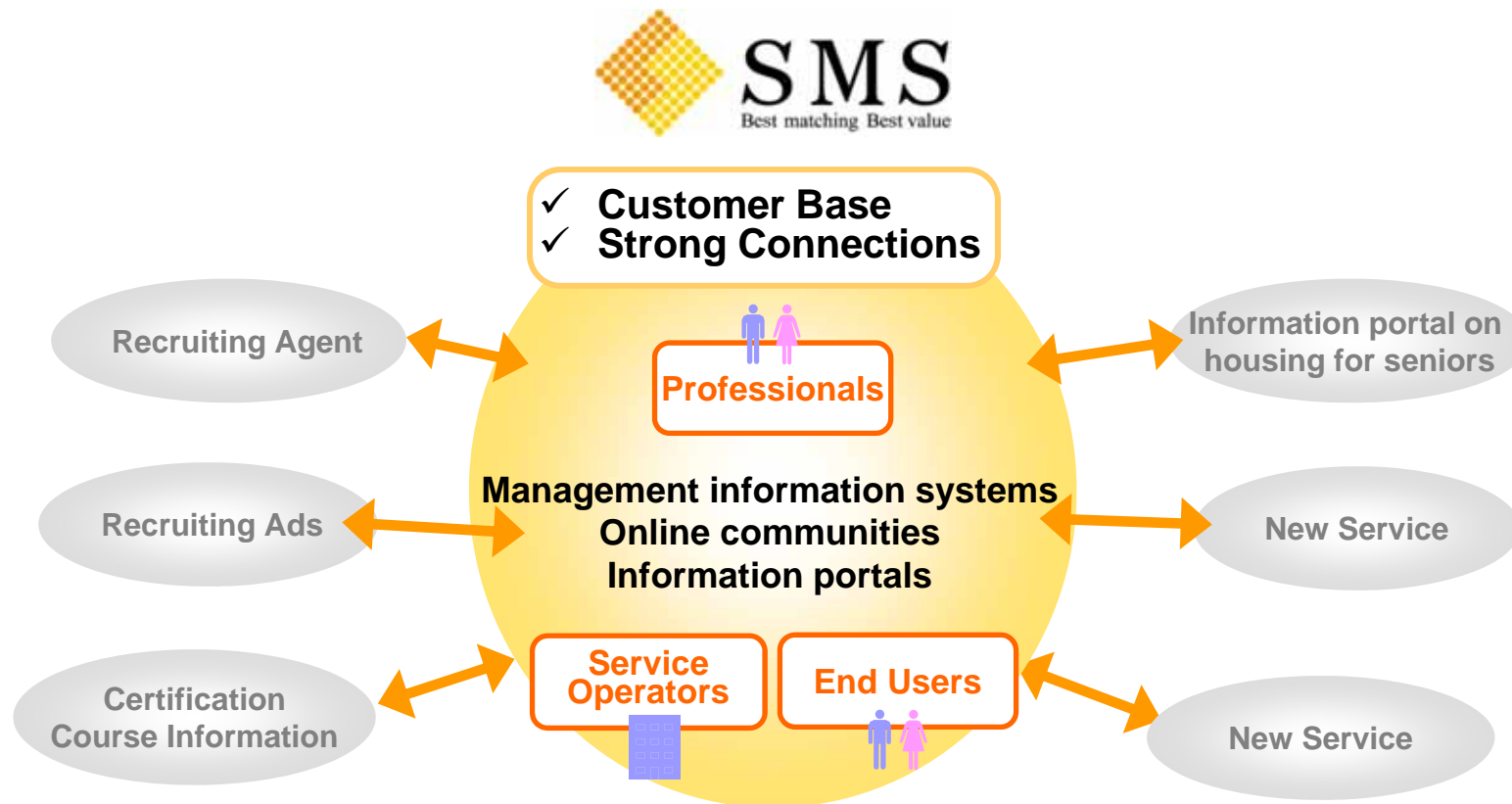
- ✓ We reclassified our market segments as nursing care, medical care, career, healthcare, senior life, and global.



*1 : Healthcare-related businesses which are not covered by long-term care and medical care insurances
*2 : Businesses related to daily life in the aging society

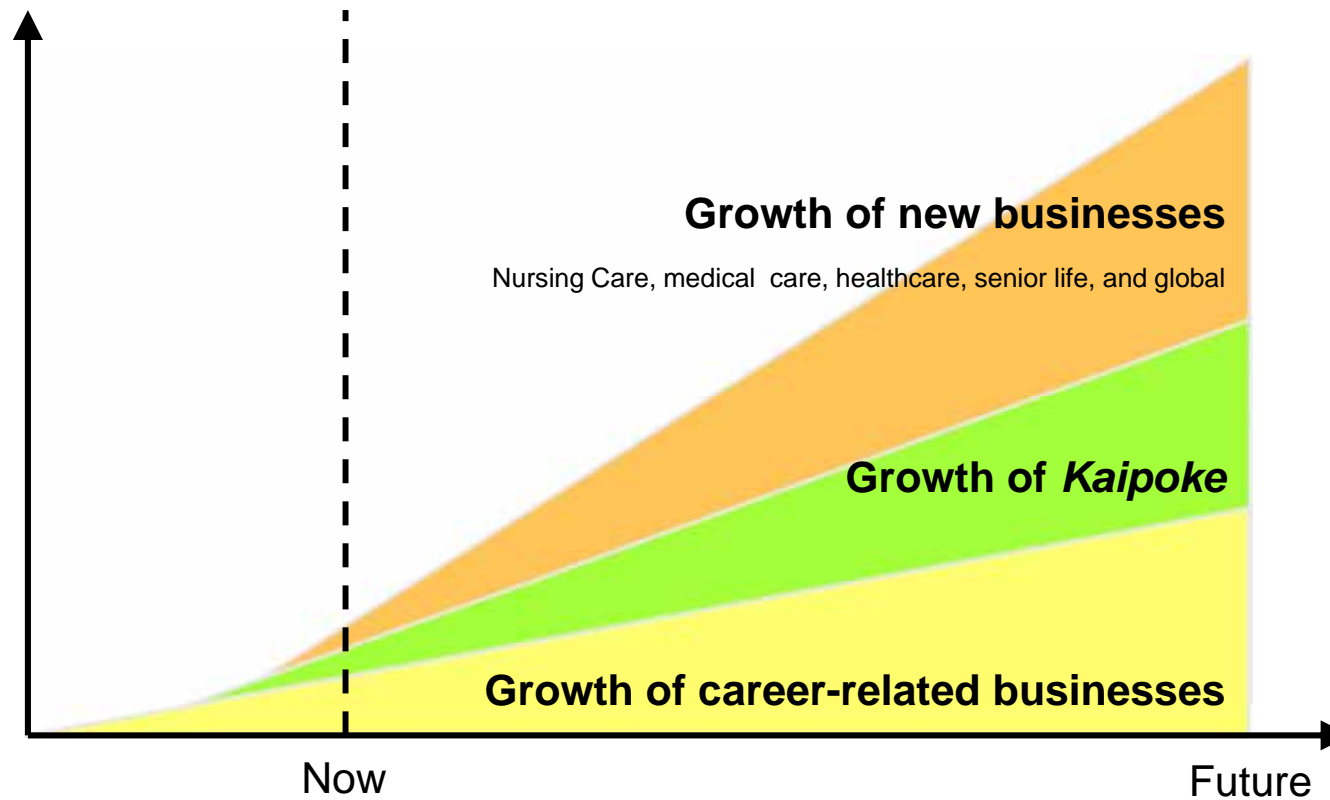
1 SMS Basic Strategy

- ✓ Identify strategically important customers.
- ✓ Expand target customer base and build strong connections with those customers through frequently used, “Daily-use” services.
- ✓ Develop a variety of services based on such connections, and create an ecosystem.

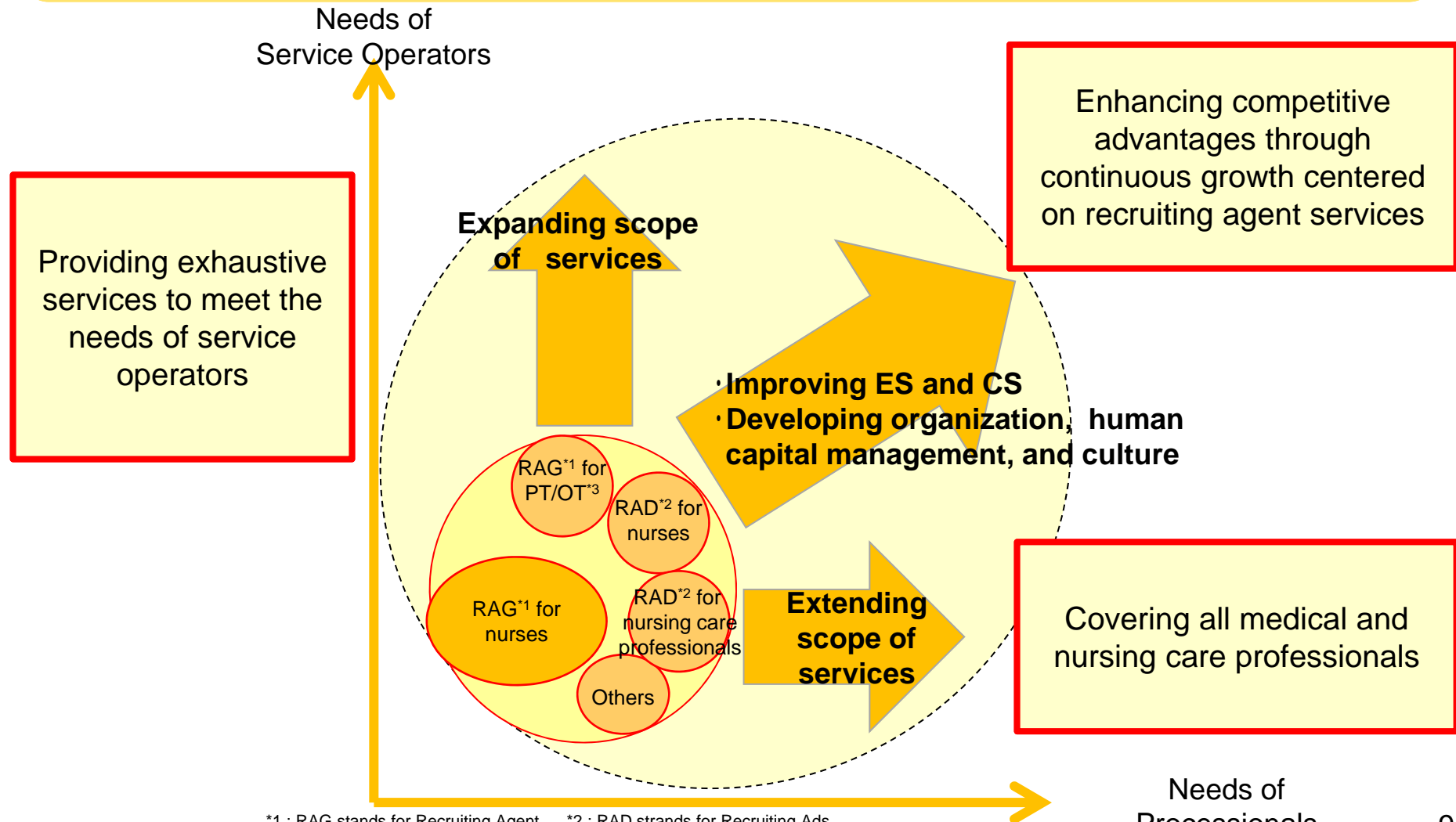


1 Growth Scenario

- ✓ Career-related businesses will continue to grow steadily.
- ✓ *Kaipoke* will grow as the second pillar.
- ✓ New businesses will be developed and expanded continuously in each market segment.



✓ Aim to realize long-term and continuous growth in the career-related businesses by developing an optimal organization and expanding the scope of each service.



*1 : RAG stands for Recruiting Agent *2 : RAD stands for Recruiting Ads
 *3 : PT/OT/ stands for Physical Therapist, Occupational Therapist, respectively

- ✓ Aim for a membership share of 30% and net sales of ¥10 billion*¹ in FY03/21.
- ✓ Accelerate growth by enhancing communication, expanding peripheral services, and covering new service types.

Covering new service types

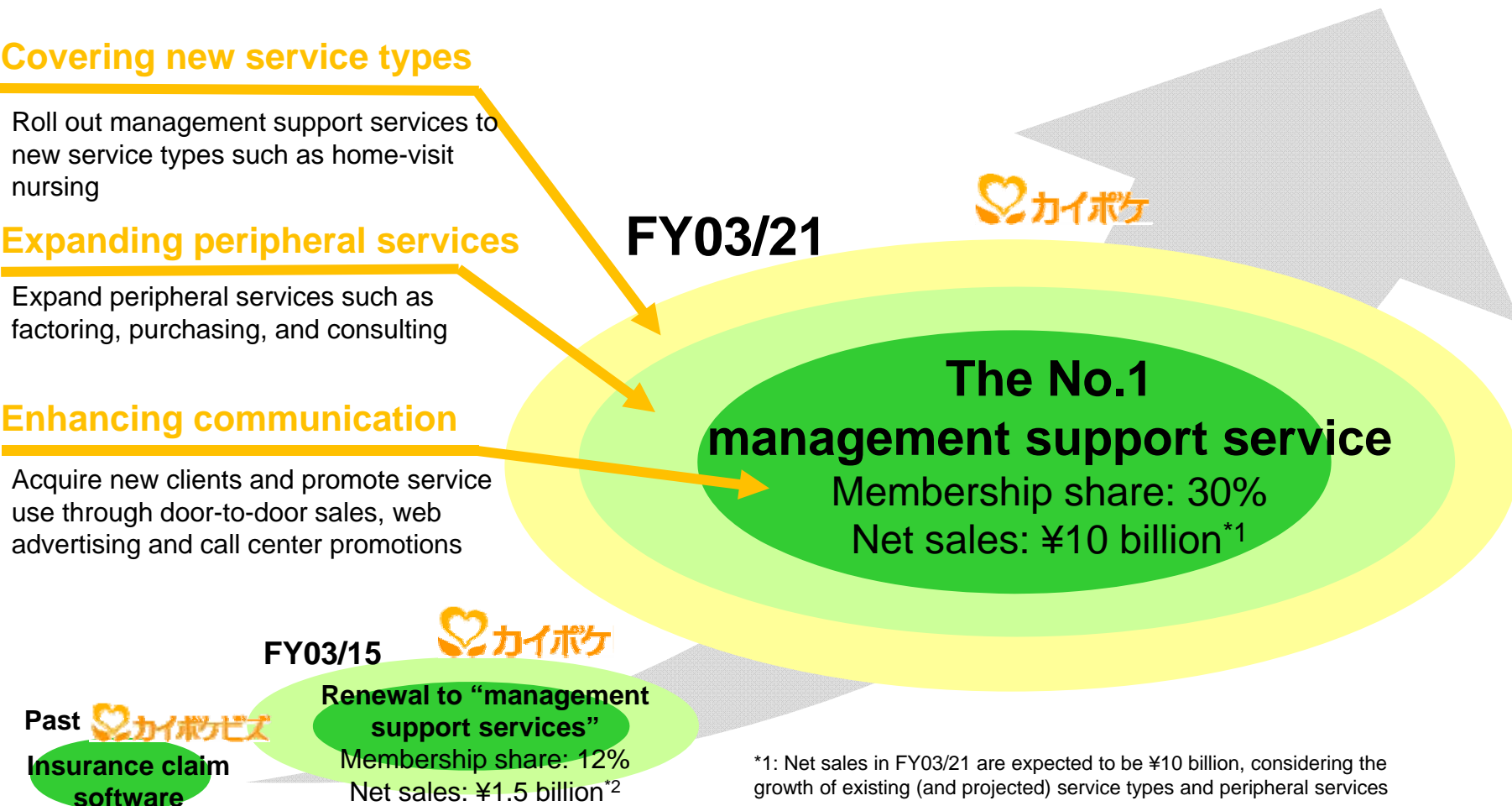
Roll out management support services to new service types such as home-visit nursing

Expanding peripheral services

Expand peripheral services such as factoring, purchasing, and consulting

Enhancing communication

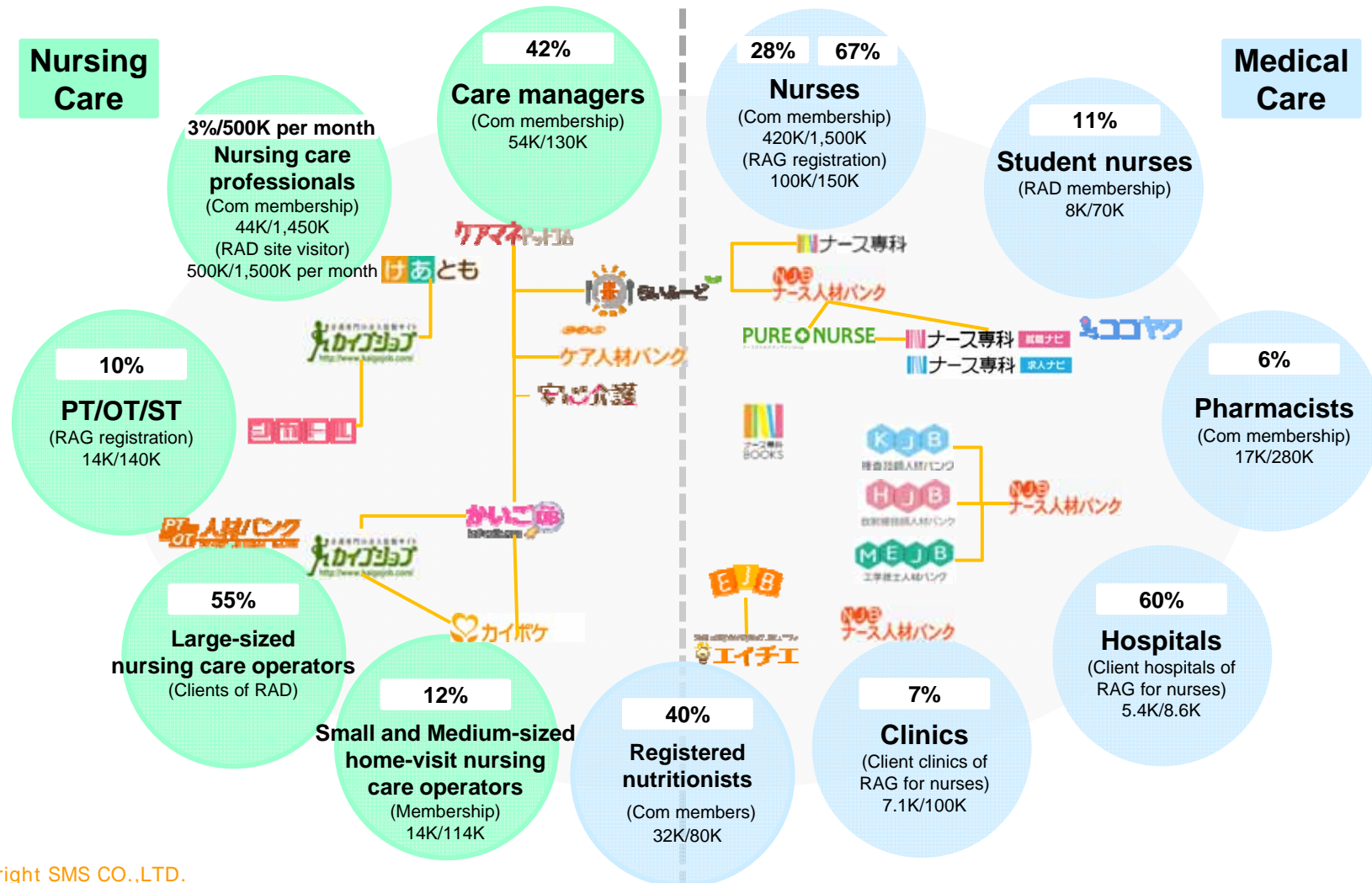
Acquire new clients and promote service use through door-to-door sales, web advertising and call center promotions



*1: Net sales in FY03/21 are expected to be ¥10 billion, considering the growth of existing (and projected) service types and peripheral services

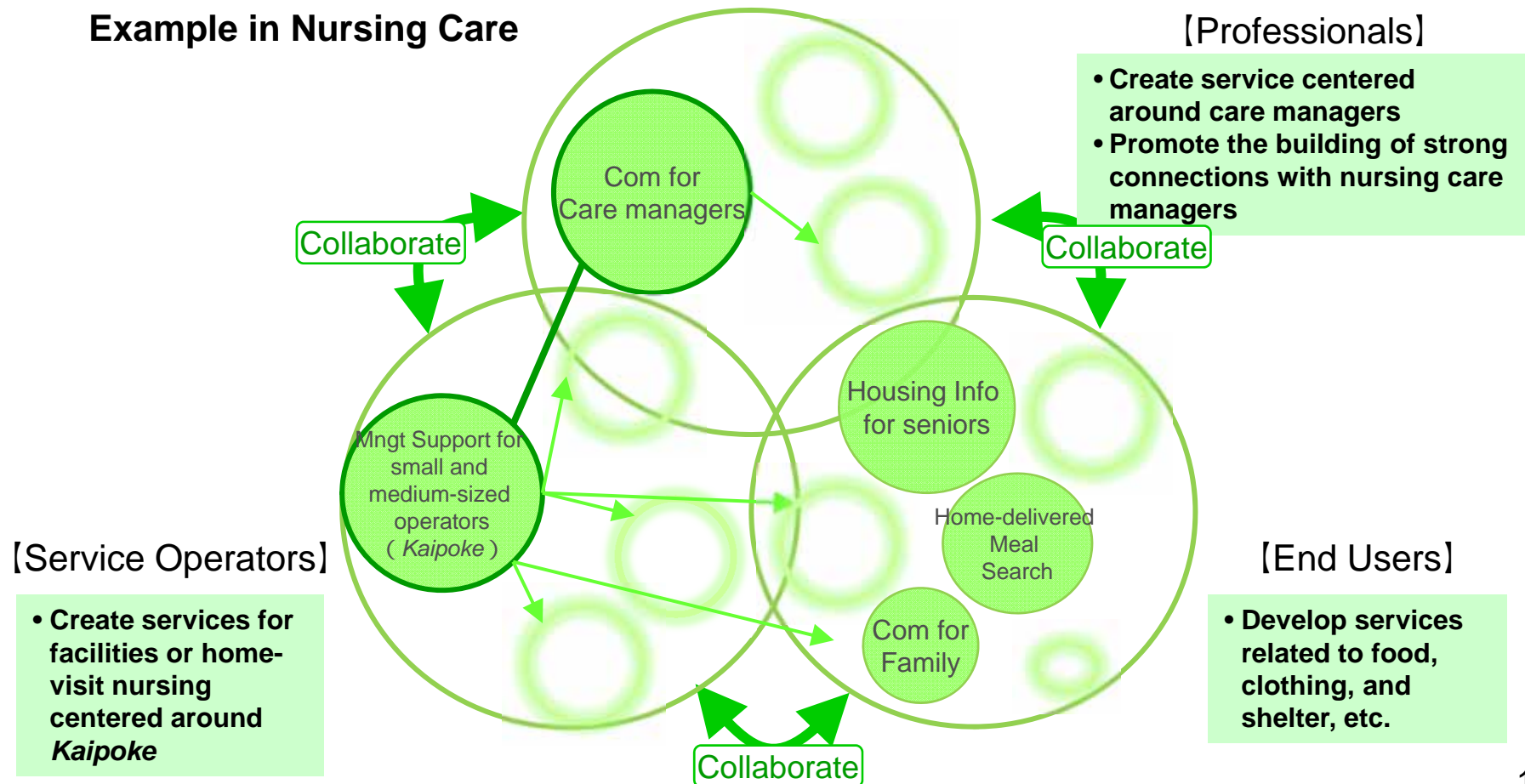
*2: Price was revised on October 2014 accompanying the service renewal. The revised price was applied from the 2H of FY03/15.

✓ Accelerate the development, expansion and management of businesses, as well as the generation of synergetic effects between the businesses by making strong connections with many service operators/professionals in the nursing and medical care fields.



- ✓ Create and expand businesses targeting service operators through the *Kaipoke* platform, and professionals through online community platforms.
- ✓ Promote the development of new businesses while also expanding existing services targeting newly excavated end user segments.

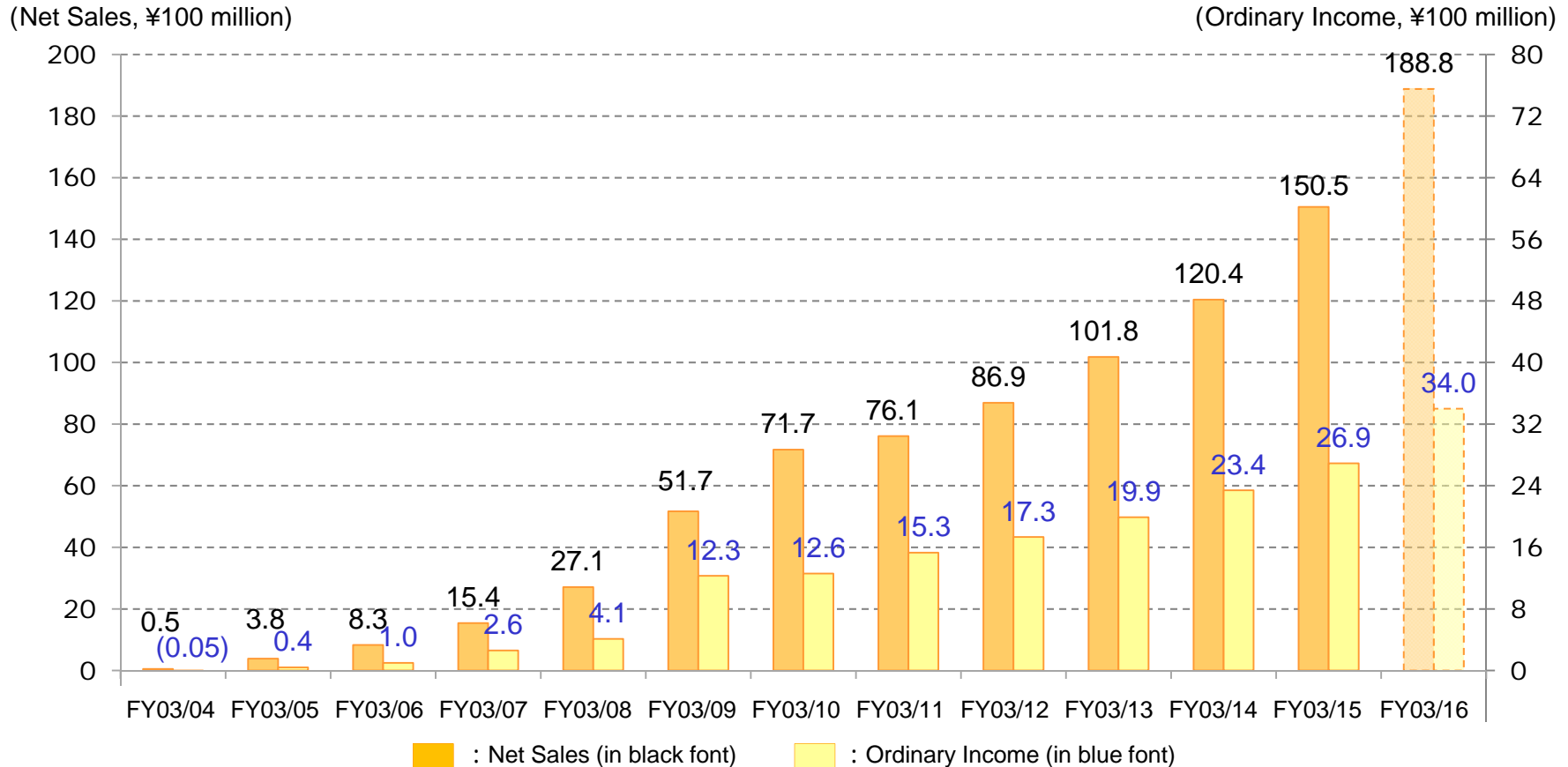
Example in Nursing Care



1	Our Mission & Strategy	P3-P12
2	1H FY03/16 Consolidated Financial Results	P14-P21
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✓ We expect to achieve growth in both net sales and ordinary income for the 12th consecutive year*¹ since our establishment.

Trends in Net Sales (LHS) and Ordinary Income (RHS)*²



*1 : Excludes the first fiscal year

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2 FY03/16 1H Consolidated Financial Results



- ✓ Both net sales and incomes significantly increased YoY.
- ✓ Both net sales and incomes were in line with forecasts.

1H FY03/16 P/L Statement (¥ million)

	1H FY03/15 Actual	1H FY03/16 Forecasts	1H FY03/16 Actual	YoY Changes	vs. Forecasts	FY03/16 Forecasts
Net Sales	7,492	9,850	9,325	+25%	-5%	18,881
Operating Income	1,299	1,834	1,899	+46%	+4%	2,702
Ordinary Income	1,657	2,245	2,391	+44%	+7%	3,403
Net Income	1,295	1,537	1,602	+24% ^{*1}	+4%	2,306

- ✓ *Kaipoke* significantly contributed to an increase in net sales and incomes.

Year-on-Year Differences and Analysis

	1H FY03/16 Actual	1H FY03/15 Actual	Differences	Analysis
Net Sales	9,325	7,492	+1,832	<ul style="list-style-type: none"> Almost all services, including <i>Kaipoke</i> and career-related services, increased YoY
Operating Income	1,899	1,299	+600	<ul style="list-style-type: none"> <i>Kaipoke</i> became profitable and increased significantly YoY
Ordinary Income	2,391	1,657	+734	<ul style="list-style-type: none"> Gains from M3 Career, an affiliated company, increased YoY
Net Income	1,602	1,295	+306	<ul style="list-style-type: none"> Increased 44% YoY if extraordinary income (185M) from acquisition of eChannelling in 1H FY03/15 is excluded

- ✓ Net sales were below forecasts, but incomes were above forecasts.

Differences between Actual Results and Forecasts (¥ million)

	1H FY03/16 Actual	1H FY03/16 Forecasts	Differences	Analysis
Net Sales	9,325	9,850	-524	<ul style="list-style-type: none"> Net sales for recruiting agent services were below forecasts Other services including <i>Kaipoke</i> increased steadily
Operating Income	1,899	1,834	+64	<ul style="list-style-type: none"> Costs were below forecasts due to: <ul style="list-style-type: none"> - cost-cutting from reviewing measures - delays in recruiting^{*1}
Ordinary Income	2,391	2,245	+146	<ul style="list-style-type: none"> Gains from M3 Career, an affiliated company, were above forecasts
Net Income	1,602	1,537	+65	—

2 Career Segment (1H)



- ✓ Net sales up 12% YoY
- ✓ Almost all services increased steadily.

Year-on-Year Comparison of Net Sales

(¥ million)		1H FY03/15	1H FY03/16	YoY Change
Nursing Care	Recruiting Agent	624	785	+26%
	Media	705	865	+23%
Medical Care	Recruiting Agent	4,416	4,790	+9%
	Media	480	547	+14%
Total		6,227	6,989	+12%

Highlights

- In existing recruiting agent services, new consultants contributed to an increase in net sales
 - ✓ Recruiting agent for nurses : # of consultants on average: 265 in 1H FY03/15 to 290 in 1H FY03/16
- Recruiting agent for paramedics, excluding nurses, increased steadily
- Recruiting ads for both nursing care professionals and nurses increased steadily

2 Nursing Care Segment (1H)

- ✓ Net sales up 170% YoY change
- ✓ *Kaipoke* increased significantly in line with the scenario established for changing the service concept.

Year-on-Year Comparison of Net Sales

(¥ million)	1H FY03/15	1H FY03/16	YoY Change
Mngt Support for Service Operators	359	1,211	+237%
New Businesses	154	175	+14%
Total	514	1,387	+170%

Highlights

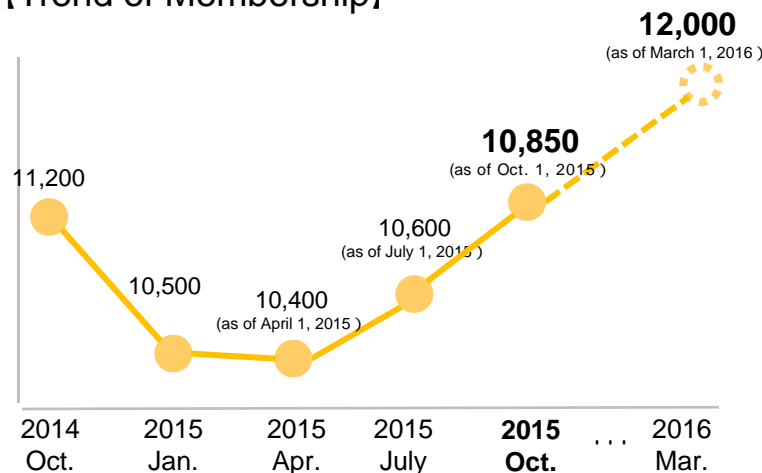
- Management Support for Service Operators increased significantly owing to *Kaipoke*'s price revision associated with renewal of management support services (applied from the 2H of FY03/15)
- In new businesses, the information portal of housing for seniors and the home-delivered meal search site increased steadily

- ✓ The number of memberships increased steadily in line with FY03/16 targets.
- ✓ The upward trend in memberships is solid and net increase of memberships is also expanding.

Membership

- The number of memberships has been increasing since March, when the trend turned into a net increase, reaching 10,850 as of October 1

[Trend of Membership]



Actions to Achieve the Target

- **Reinforcing door-to-door sales team**
 - ✓ Increased offices and sales staff in Q1 and steadily reinforced sales activities
- **Covering new service types**
 - ✓ Launched management support services for “home-vising nursing” in June
 - ✓ Scheduled to launch services for “outpatient rehabilitation” and “residence for elderly people with services” in November
- **Strengthened sales to nursing care operators who own offices in multiple locations**
 - ✓ Especially approaching medium-sized nursing care operators and franchisers
 - ✓ Added management function to manage offices in multiple locations
 - Currently negotiating with several franchisers, each owning offices in dozens of locations, and expecting to win contracts




2 Medical Care, Healthcare and Global Segments (1H)

- ✓ Developed a variety of new services in Medical Care, Healthcare, and Global segments.

Year-on-Year Comparison of Net Sales

(¥ million)	1H FY03/15	1H FY03/16	YoY Change
Medical Care	422	365	-14%
Healthcare	12	50	+314%
Global	316	533	+69%

Highlights

- 
 - Net sales of “Mail order/online sales of nursing goods” decreased YoY, but profitability improved by discontinuing catalog sales and focusing on online sales
 - The number of memberships of information portals for hospital office managers increased, and *Aikon*, a support service for purchasing was launched
- 
 - Developing services based on specific segments/themes, such as dementia
- 
 - Net sales increased YoY mainly in Taiwan and Australia

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**MIMS Group
Global Coverage**



MIMS Group

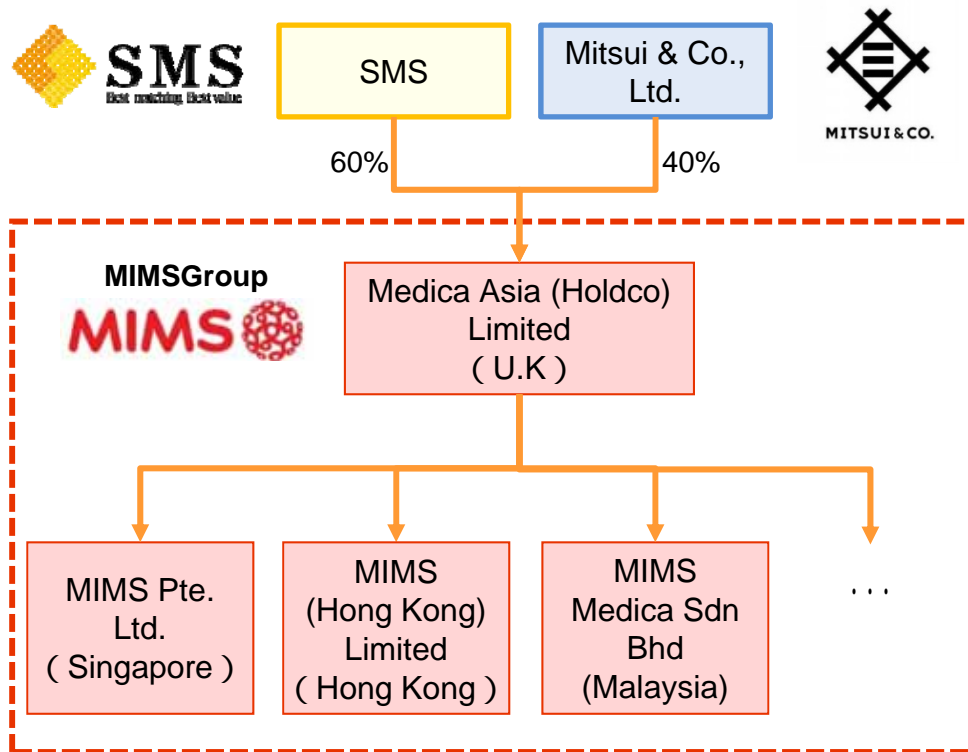


Founded	1963
Net Sales	US\$47.4 million in FY12/2014
Employees	468 (as of December 2014)
Business Description	Providing drug information
Global Coverage	Singapore, China, Hong Kong, South Korea, India, Indonesia, Philippines, Thailand, Malaysia, Vietnam, Myanmar, Australia and New Zealand
Number of memberships	Approx. 1.7 million memberships (including 0.4 million doctors)

3 Overview of the Acquisition



Investment Structure

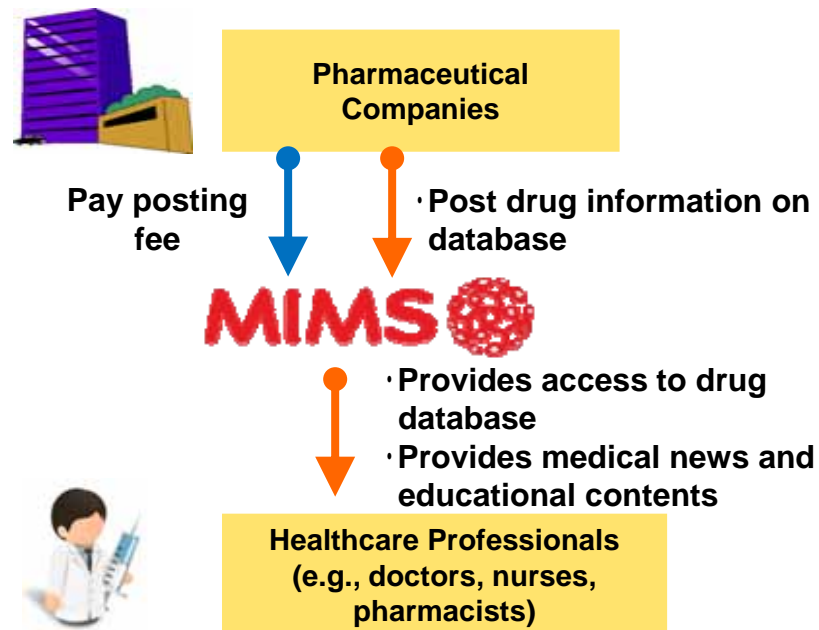


Overview

Acquisition Price	US\$250 million
Investment Ratio	SMS 60%, Mitsui & Co., Ltd. 40%
The Date of the Share Transfer	October 7, 2015
Company from which Shares were Acquired	AXIO Data Hedgeco Limited (subsidiary of Electra Private Equity PLC headquartered in the U.K.)

- ✓ The Pharma Marketing Business provides healthcare professionals with a drug database which sort and summarize drug information provided by pharmaceutical companies. and which can be accessed through various media. The database is a de facto standard in the industry.
- ✓ It also provides marketing support to healthcare professionals at pharmaceutical companies by delivering medical news and educational contents, and managing events.

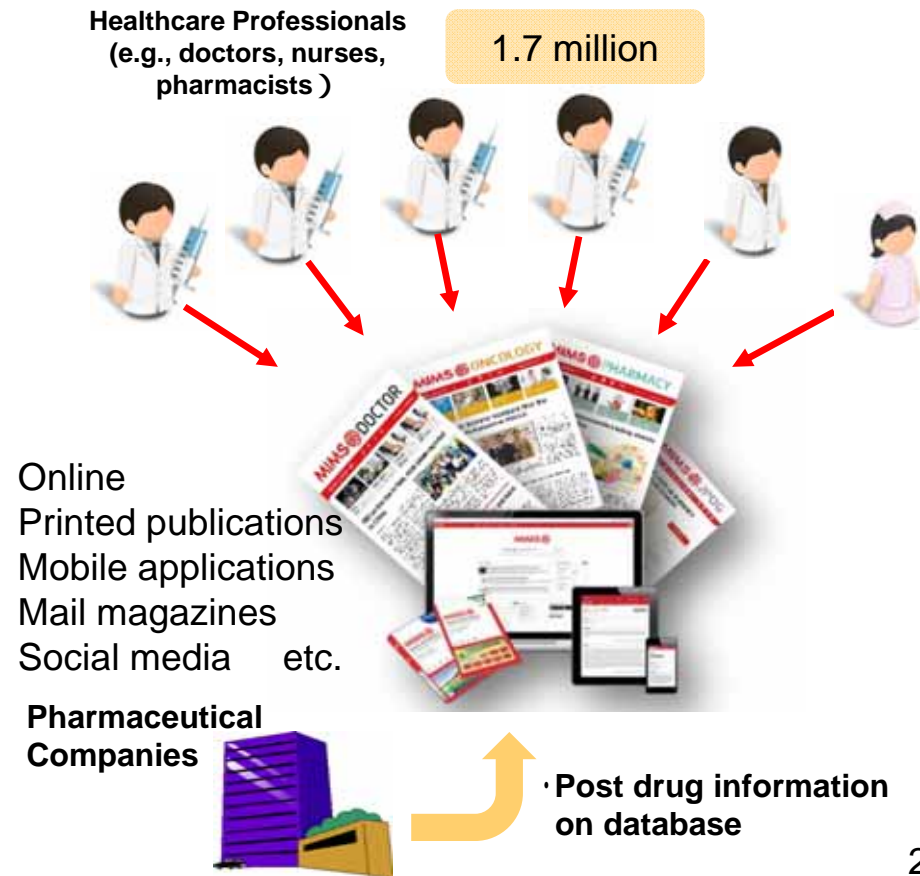
Business Model



Service Provision Area

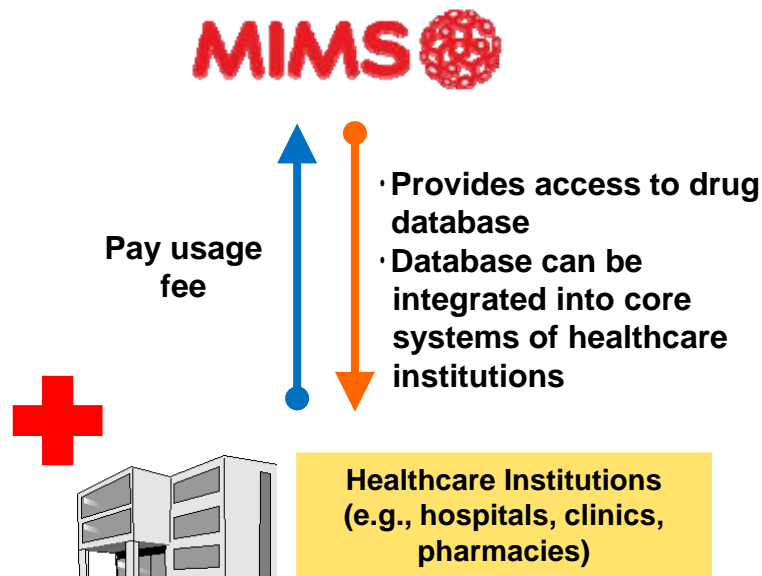
Singapore, China, Hong Kong, South Korea, India, Indonesia, Malaysia, Philippines, Thailand, Myanmar and Vietnam

Media for Accessing Database



- ✓ The Healthcare Data Business provides a drug database to healthcare institutions and covers over 50% of all hospitals, clinics and pharmacies in Australia and New Zealand.
- ✓ In addition to being offered as a stand-alone system, the database can also be integrated into core systems such as hospital information systems, clinic prescription systems and pharmacy dispensing systems.

Business Model



Service Provision Area

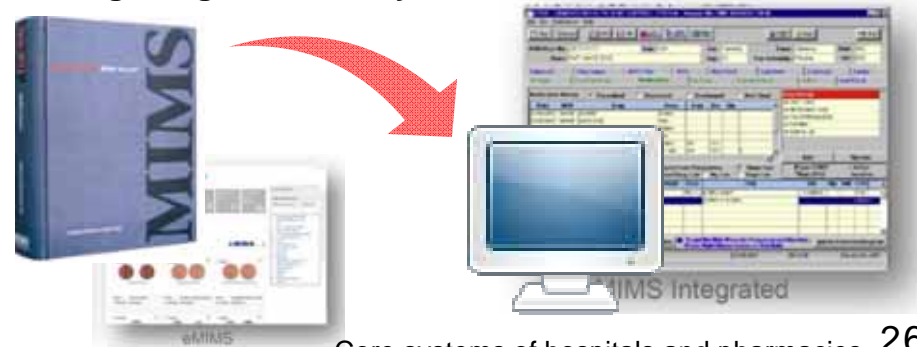
Australia, New Zealand, South Korea and Singapore

Media for Accessing Database

< Drug Database >



< Integrating into Core System >



Core systems of hospitals and pharmacies 26

3 Strengths of MIMS Group

- ✓ Strengths of MIMS Group include its overwhelming brand value in the region, its strong membership base of healthcare professionals, and its business relationships with pharmaceutical companies.



2. Strong Membership Base of Healthcare Professionals

- Healthcare professional memberships **approx. 1.7 million**
- Including **approx. 0.4 million doctors**
- More than **80% of all doctors are registered** in Singapore and Hong Kong, etc.

3. Business Relationships with Pharmaceutical Companies

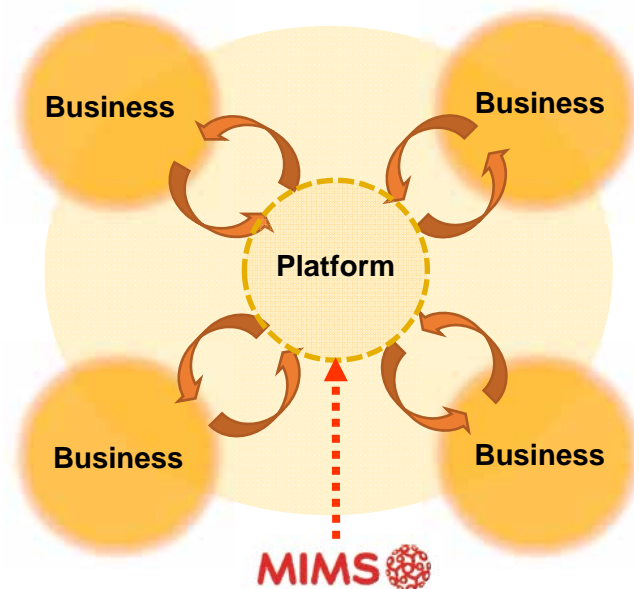
- Almost all patented drug makers in the region post information of their drugs on MIMS's database

3 MIMS Group's Role in SMS's Strategy

- ✓ MIMS Group plays an important role in our company-wide strategy.
- ✓ MIMS Group will be the pivotal player of our strategy in Asia.

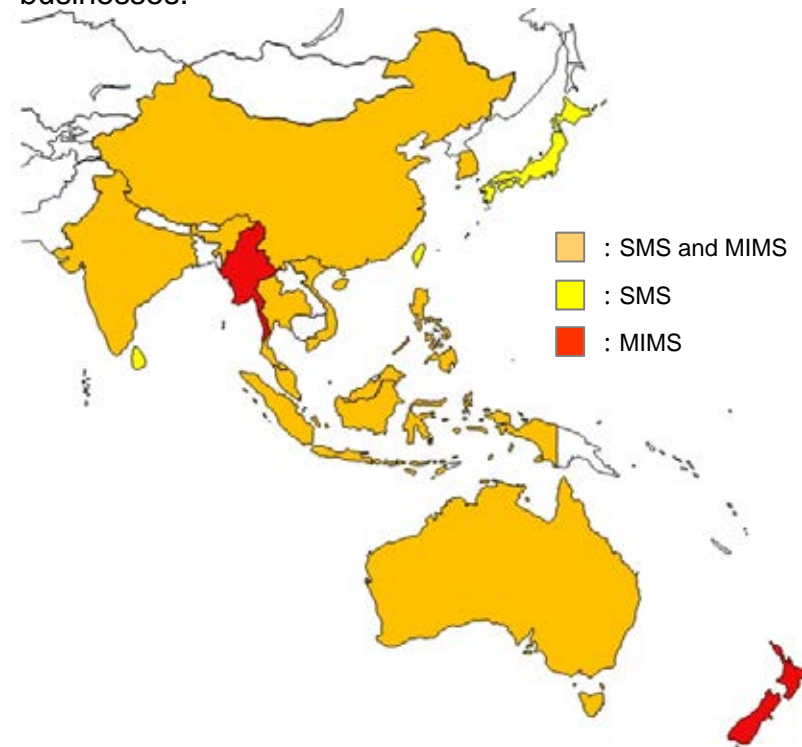
MIMS Group's Role in SMS's Strategy

In Japan, we are developing and expanding various businesses based on daily-use platforms such as community sites. Through this acquisition, we obtained a solid platform for accelerating business in Asia as well.



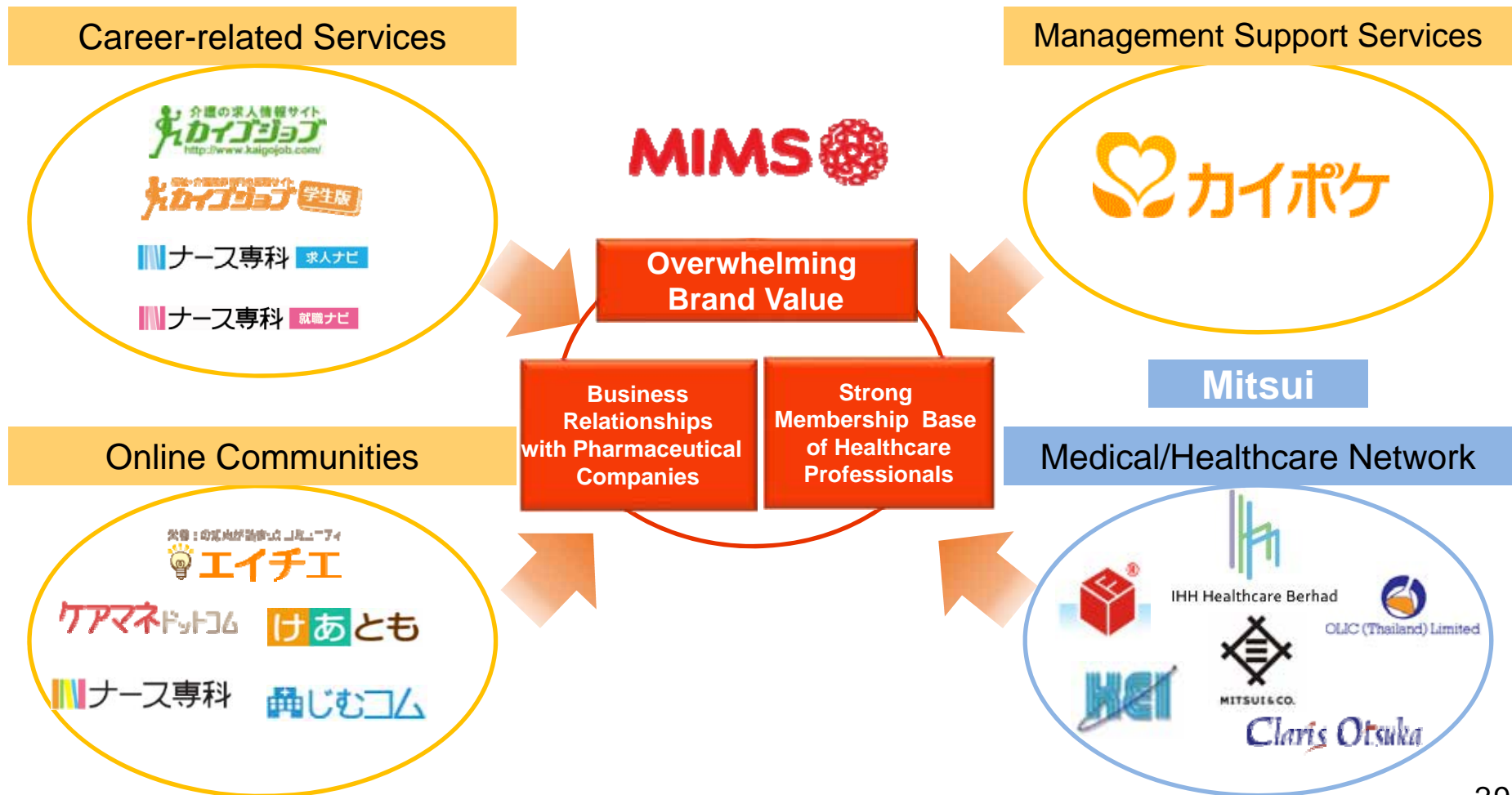
Countries where SMS and MIMS Group Operate

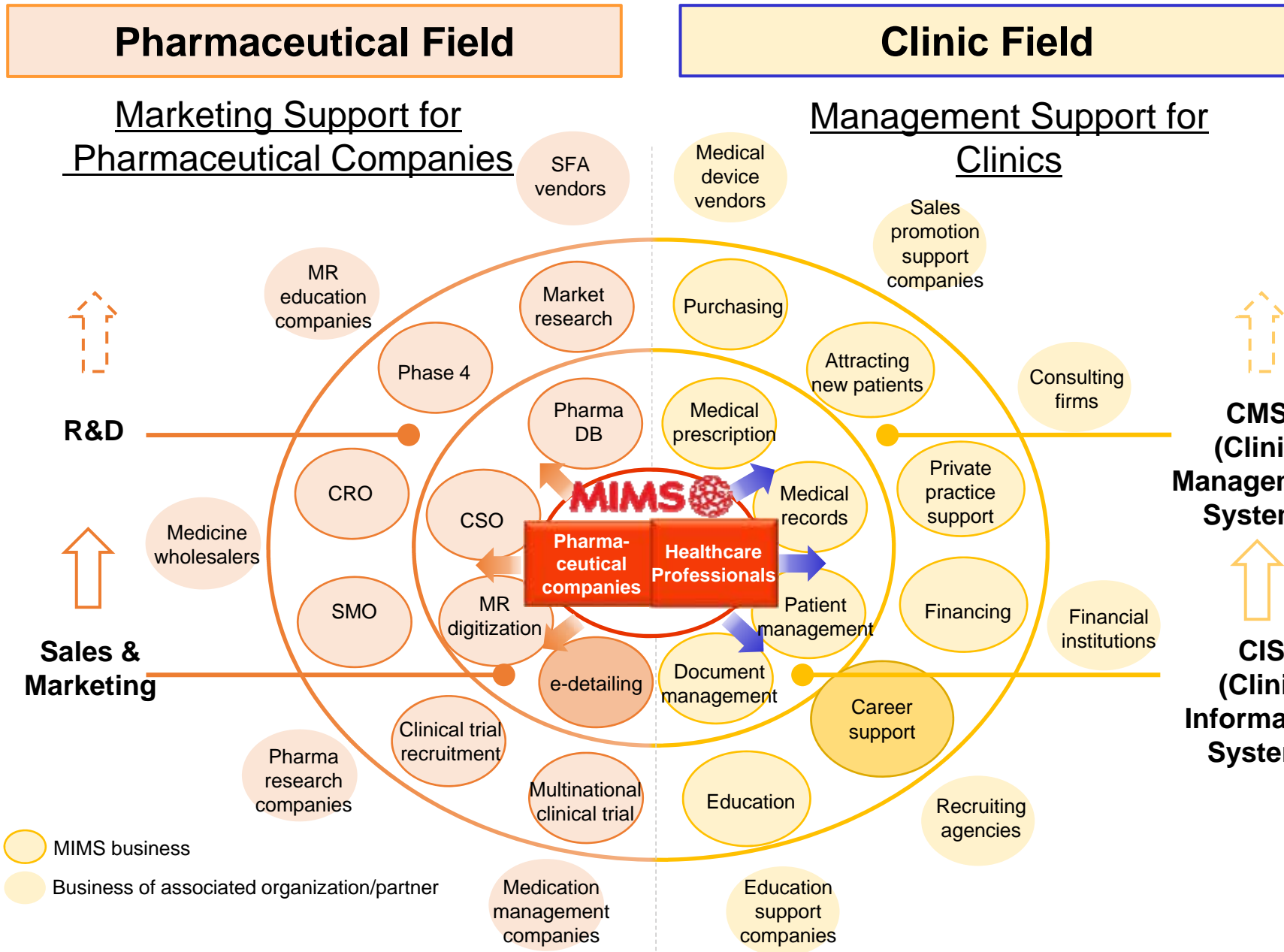
The two companies operate mostly in the same countries. MIMS Group's platform can be utilized to expand our businesses.



3 Strengths of SMS and Mitsui

- ✓ Both SMS's expertise in developing and operating various information services and Mitsui's network will serve to reinforce MIMS's strength, enabling MIMS Group to expand its existing businesses and develop new ones.



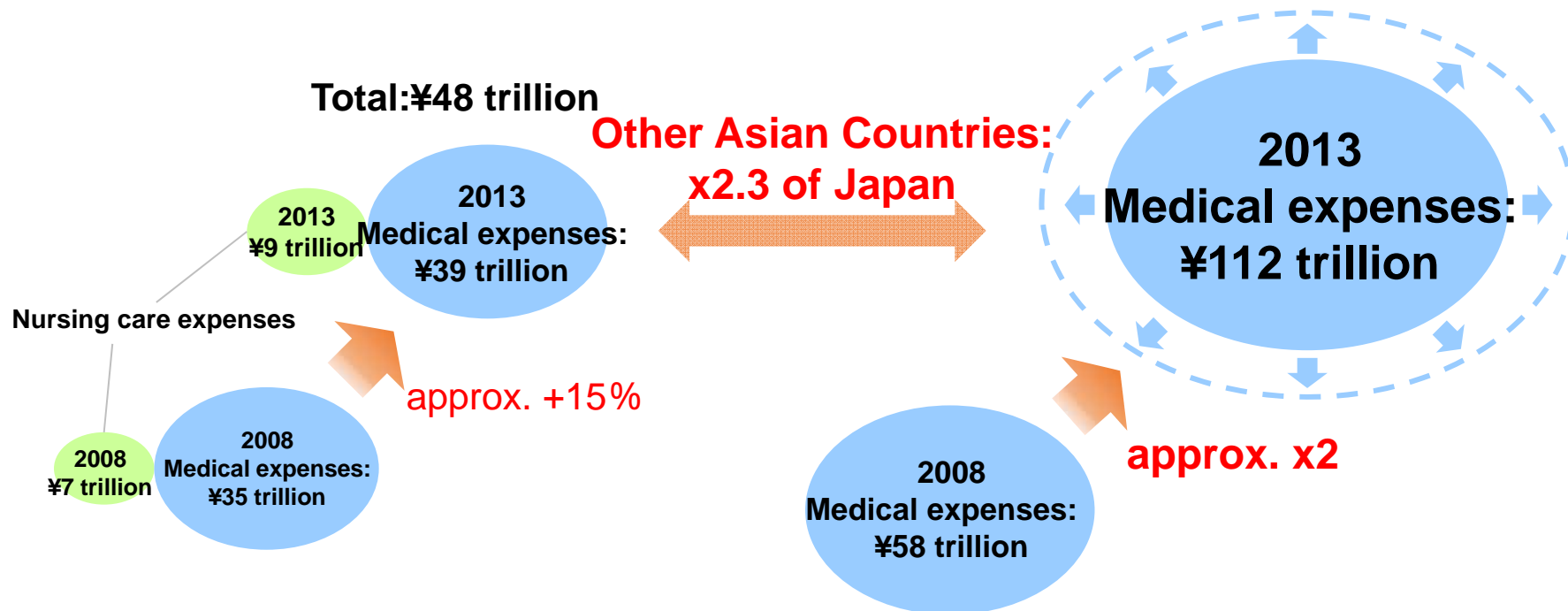


- ✓ Total medical expenses in countries where MIMS Group operates are currently 2.3 times that of Japan.
- ✓ Owing to improvements in insurance systems and economic growth, the amount of medical expenses are increasing faster than Japan. Hence, Asia is a promising market for medical/healthcare information infrastructure.

Medical Expenses in Japan and Other Asian Countries (2013)*1

Japan

Other Asian Countries where MIMS Group Operates*2



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2	1H FY03/16 Consolidated Financial Results	P14-P21
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Company Name	SMS CO., LTD. (SMS stands for Senior Marketing System)	
Founded	April 4, 2003 (Currently the 13th Fiscal Year ending March 31, 2016)	
Location	5 offices in Japan (SMS Career CO., LTD. : 15 offices in Japan)	
Board of Directors	CEO: Natsuki Goto *2 Directors: Hajime Kawaguchi, Tsutomu Nobunaga and Tadaharu Goto (Outside) Audit & Supervisory Board Members: Yukio Hosono (Outside), Tomoki Matsubayashi and Takaya Yano (Outside)	
Stock Market	First Section of the Tokyo Stock Exchange (Securities Code: 2175)	
Associated Companies *3 (24 companies)	Domestic Subsidiaries · SMS Career CO., LTD. · Pure Nurse Co., Ltd. · SMS Support Service Co., Ltd. · SMS Financial Service Co., Ltd. · SMS Medicare Service Co., Ltd. · EIR Co., Ltd. Affiliated Companies · M3 Career, Inc. [Japan] · QLife [Japan] · Luvina Software Joint Stock Company[Vietnam]	Overseas Subsidiaries · SENIOR MARKETING SYSTEM ASIA PTE. LTD. [Singapore] · SMS Beijing CO., LTD. · SMS Shanghai CO., LTD. · Senior Marketing System Korea Co.,Ltd. (renamed from NURSCAPE CO., LTD) · SMS Taiwan CO., LTD · iHealth [Taiwan] · SMS VIETNAM CO., LTD. · SENIOR MARKETING SYSTEM (THAILAND) CO., LTD. · SENIOR MARKETING SYSTEM SDN.BHD.[Malaysia] · Centium Software Sdn Bhd[Malaysia] · SMS PHILIPPINES HEALTHCARE SOLUTIONS INC. · PT. SENIOR MARKETING SYSTEM INDONESIA · EHEALTHWISE SERVICES PTY LTD [Australia] · eChannelling PLC [Sri Lanka] · Wadoc Pte. Ltd. [Singapore]

4-1

Historical Financial Results*1



(¥ million)

	FY03/04	FY03/05	FY03/06	FY03/07	FY03/08	FY03/09	FY03/10	FY03/11	FY03/12	FY03/13	FY03/14	FY03/15
Net Sales	58	383	835	1,545	2,715	5,177	7,172	7,618	8,692	10,181	12,046	15,056
Cost of Sales	0	5	20	38	77	149	375	319	431	700	952	1,332
SG&A Expenses	63	326	705	1,237	2,211	3,796	5,534	5,818	6,740	7,910	9,363	11,644
Operating Income	(5)	52	109	269	426	1,230	1,261	1,480	1,519	1,570	1,730	2,079
Ordinary Income	(5)	49	108	269	415	1,238	1,266	1,530	1,734	1,990	2,340	2,693
Net Income	(5)	31	63	157	244	719	717	876	1,004	1,226	1,380	1,824
Total Assets	59	357	566	1,016	1,806	3,118	3,645	4,672	5,716	6,948	8,406	11,421
Liabilities	55	166	196	489	822	1,410	1,266	1,430	1,579	1,794	2,331	4,497
Net Assets	4	190	369	527	983	1,708	2,379	3,242	4,136	5,153	6,074	6,923
Equity Ratio (%)	7.5	53.3	65.3	51.9	54.4	54.8	65.2	69.2	72.3	74.1	71.5	59.7
ROE (%)	-124.9	31.8	22.8	35.1	32.3	53.4	35.1	31.2	27.3	26.4	24.7	28.4
DPS (¥) *2	-	-	-	-	-	1.25	1.25	2.5	3	4	5	7
Dividend Payout Ratio(%)	-	-	-	-	-	6.8	6.8	11.6	12.3	13.6	14.8	15.6

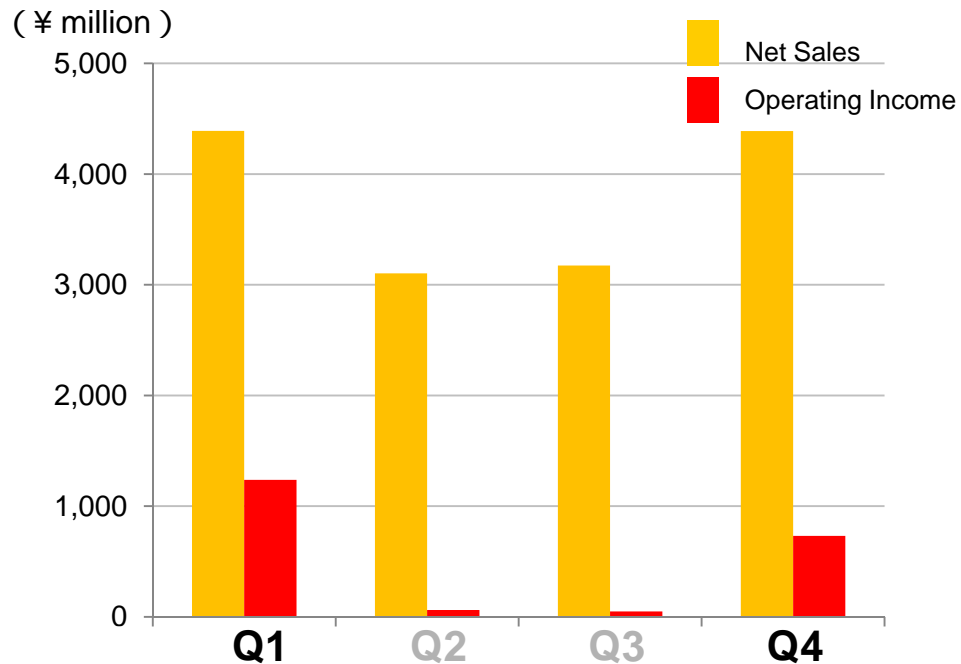
(¥ million)

		FY03/14 Actual	FY03/15 Actual	FY03/16 Forecasts
Amount (¥ million)	Cost of Sales	952	1,332	1,609
	Personnel Expenses	3,715	4,858	6,193
	Advertising Expenses	2,410	2,518	3,111
	Other Expenses	3,236	4,267	5,264
Net Sales Ratio (%)	Cost of Sales	7.9	8.9	8.5
	Personnel Expenses	30.8	32.3	32.8
	Advertising Expenses	20.0	16.7	16.5
	Other Expenses	26.9	28.3	27.9

- ✓ Net sales and operating income increase in Q1 and Q4.

Seasonal Volatility of Net Sales and Operating Income

Quarterly Net Sales and Operating Income (FY03/15)



Both net sales and operating income increase significantly in Q1 and Q4

Businesses with Seasonal Volatility and Reasons

Businesses whose net sales and operating income increase in Q1

Recruiting Agent Service

- Net sales are booked when a job seeker joins a company; therefore, net sales and operating income increase in April (Q1) when personnel changes often happen

Businesses whose net sales and operating income increase in Q4

Recruiting Ads Service

- Net sales are booked when a job seeker applies for a recruiting ad; therefore, net sales and operating income increase in Q4 when companies publish recruiting ads targeting the beginning of a fiscal year when job seekers are likely to be motivated to change jobs

Recruiting Magazine

- Net sales are booked when recruiting magazines are shipped; therefore, net sales and operating income increase in March (Q4) when the spring issue of recruiting magazines for student nurses are published

- ✓ The Career Segment accounts for 77% and the Nursing Care Segment accounts for 13% of total net sales.
- ✓ RAG*² for nurses accounts for more than 50% of total net sales.

Sales Composition by Segment (FY03/15)

Segment	Net Sales (¥ billion)	Composition Ratio	Principal Service
Nursing Care	1.88	12.5%	<i>Kaipoke</i> (80%)
Medical Care	0.78	5.2%	Mail order/online sales of nursing goods (80%)
Career	11.6	77.1%	RAG for nurses (60%)
Healthcare	0.04	0.3%	
Global	0.74	4.9%	iHealth (50%)

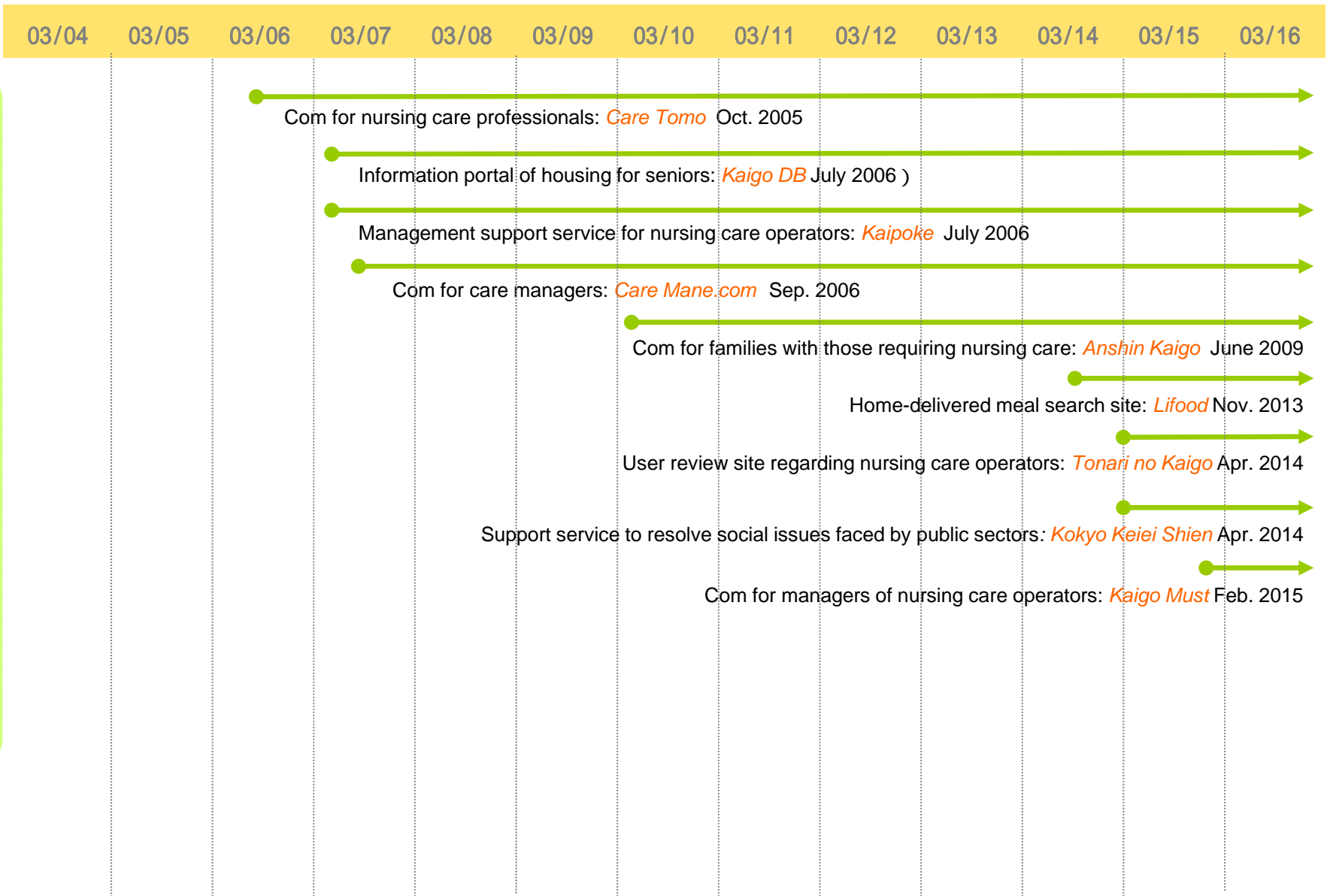
4-2

List of Services Provided*1

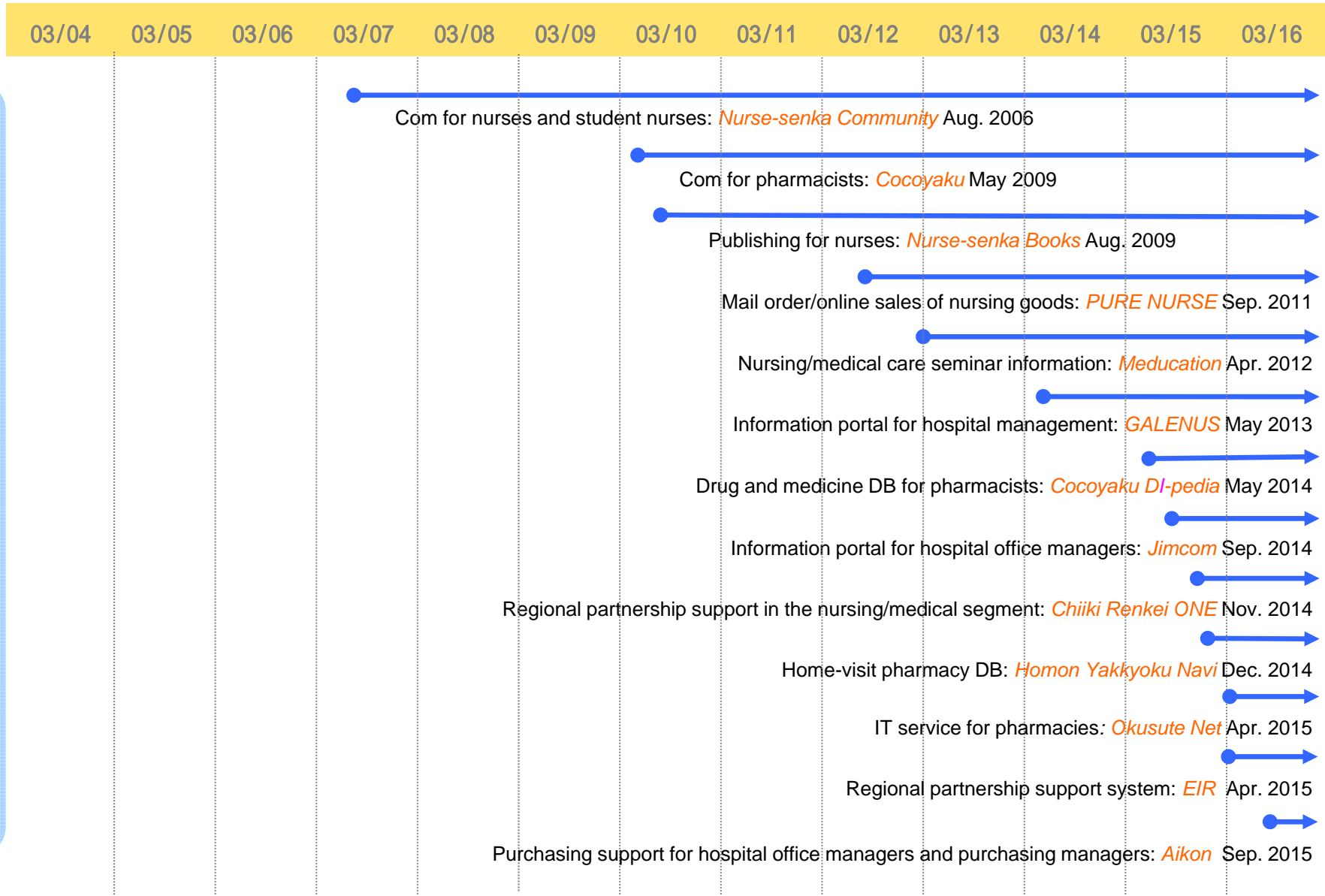


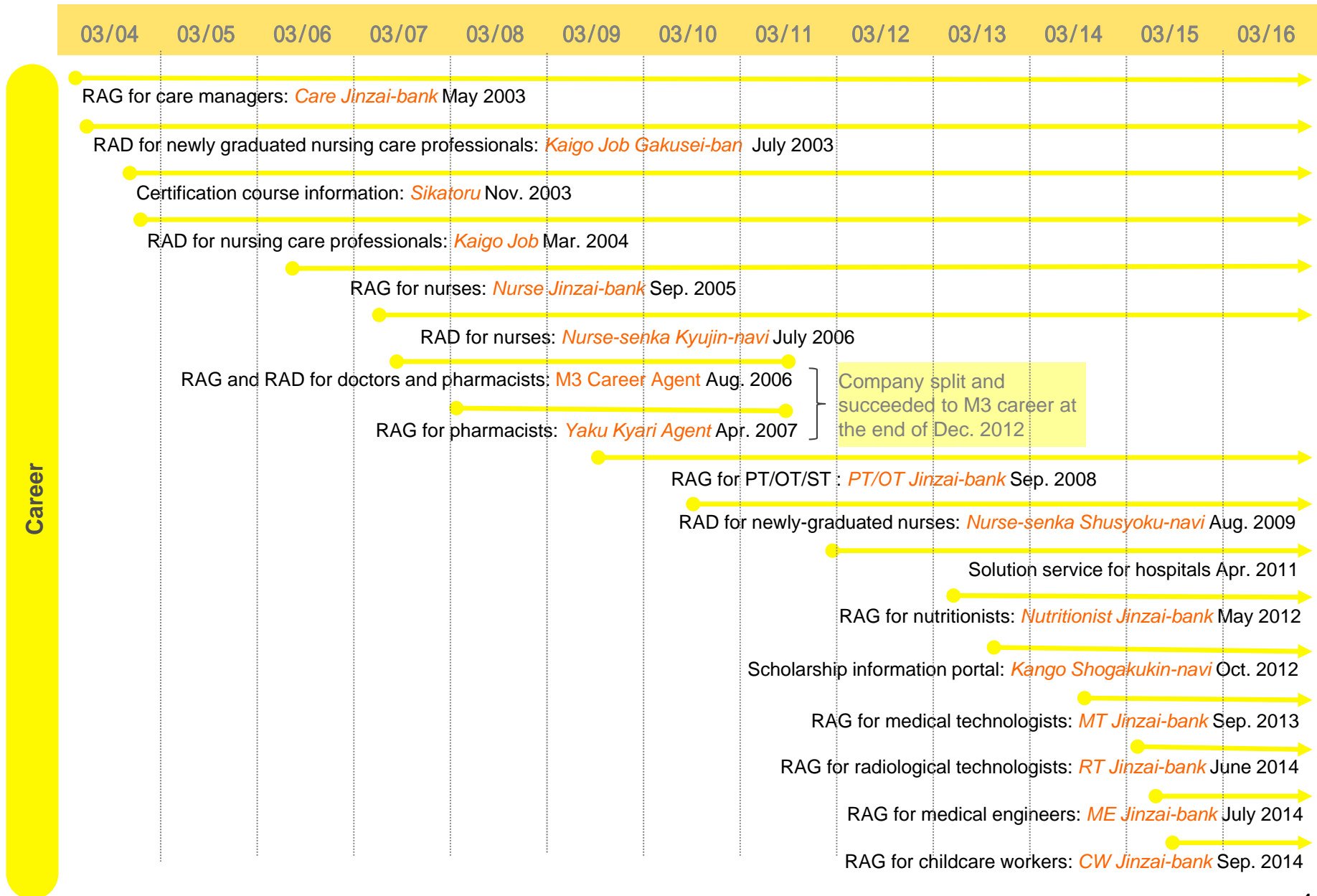
Segment	Sub-segment	Service Name							
Nursing Care	Mngt Support for Service Operators	Management support service for nursing care operators 			Information portal of housing for seniors 		Home-delivered meal search site 		
	New Businesses	Com for care managers 	Com for nursing care professionals 	Com for families with those requiring nursing care 	Com for managers of nursing care operators 	User review site regarding nursing care operators 	Support service to resolve social issues faced by public sectors 	Livelihood support search site 	
Medical Care	-	Com for nurses and student nurses 	Mail order/online sales of nursing goods 	Nursing /medical care seminar information 	Information portal for hospital management 	Com for pharmacists 	Drug and medicine DB for pharmacists 	Home-visit pharmacy DB 	Regional partnership support system
Career	Nursing Care RAG	RAG for care managers 		RAG for PT/OT/ST 					
	Nursing Care RAD	RAD for nursing care professionals 		RAD for newly-graduated nursing care professionals 			Certification course information 		
	Medical Care RAG	RAG for nurses 	RAG for medical technologists 	RAG for radiological technologists 	RAG medical engineers 	RAG for childcare workers 	RAG for nutritionists 		
	Medical Care RAD	RAD for nurses 	RAD for newly-graduated nurses 	RAD for newly-graduated nurses 	Solution service for hospitals 	Scholarship information portal 	Scholarship information portal 		
Health-care	-	Com for nutritionists 	Q&A site on health 	Information portal of dementia 	News column for active seniors 	Information of genetic test 	News column regarding pregnancy, childbirth and child-raising 	Information portal of end-of-life preparations 	
Global	-	Com for nurses (South Korea) 	Chronic disease medicine delivery (Taiwan) 	Medical bill e-claiming solution for hospitals (Australia) 	Doctor's appointment service for patients (Sri Lanka) 	Development/sales of system for clinic information (Malaysia) 			
Associated Companies	-	Hospital search site 	RAG and RAD for doctors and pharmacists 	RAG for pharmacists 					

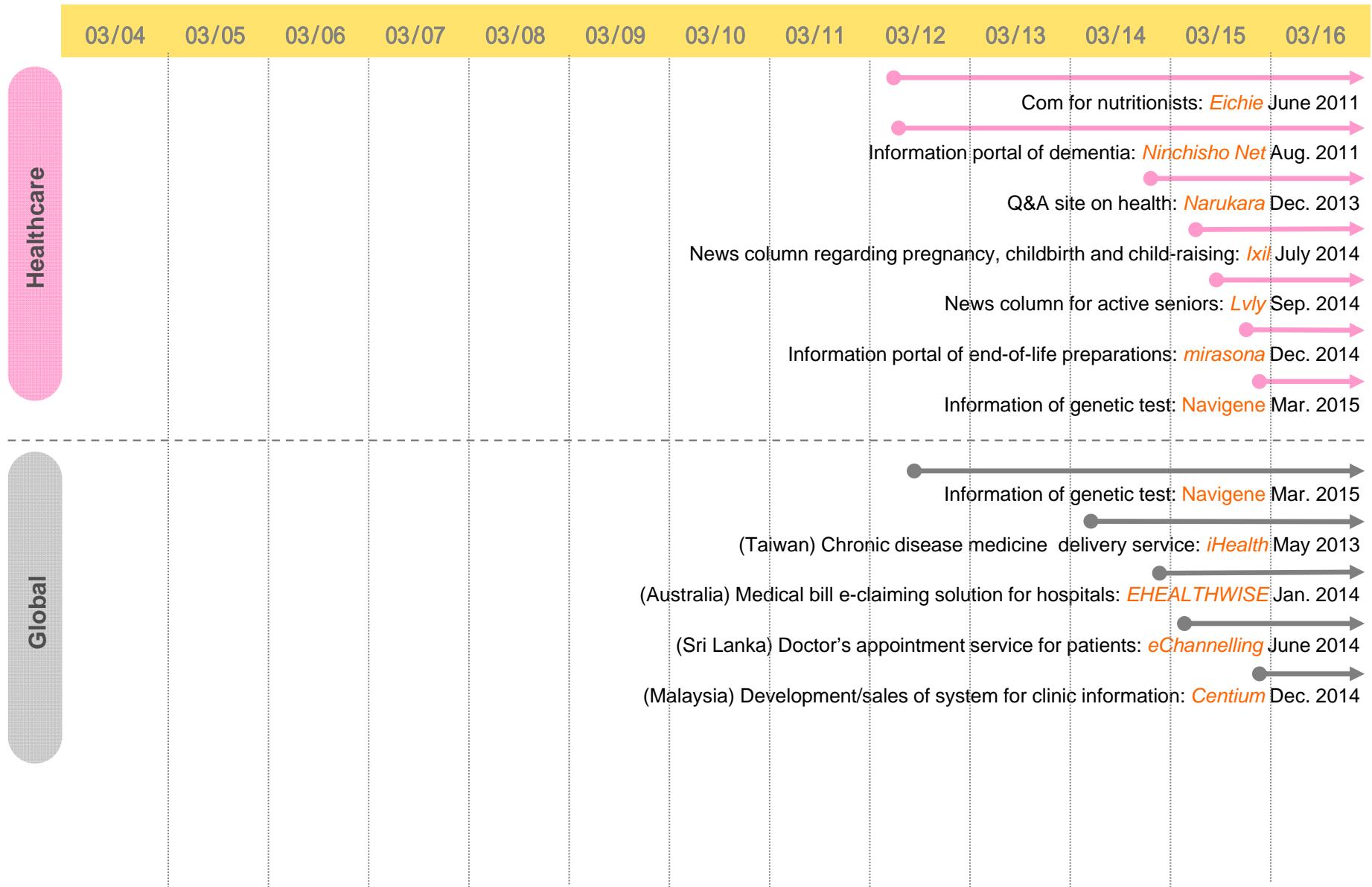
Nursing Care



Medical Care







- ✓ When a job seeker successfully changes jobs through SMS's service, SMS receives a percentage of the job seeker's estimated annual income from the service operator (e.g., hospitals and nurse care operators) as a commission.

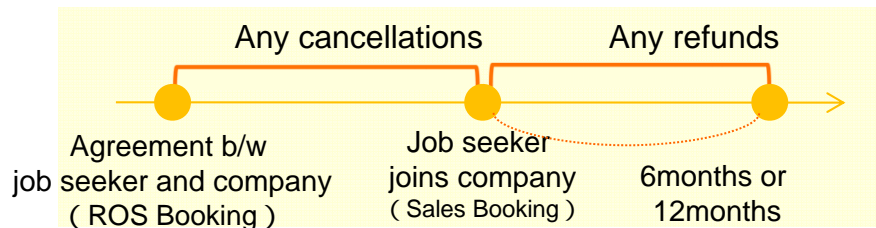
[Example: Recruiting agent service for nurses, *Nurse Jinzai-bank*]



- ✓ Accumulation of past Received Order Sales(ROS) constitutes net sales.
- ✓ ROS is the result of sales activities during a certain period, and regarded as the leading indicator of net sales.

Sales Formula

$$\text{Sales} = \text{ROS} \times \text{DF} - \text{Cancellation} - \text{Refund}$$



- Net sales : Booked when a job seeker joins a company
- ROS : Recorded when a job seeker and a company reach an agreement
Not booked in financial accounting
- Distribution factor(DF) :
% of ROS distributed to each future month
- Cancellation:
Cancellation of the agreement between a job seeker and a company after recording ROS
Cancellation will be deducted from net sales
- Refund:
When a job seeker quits within a certain period of time, SMS will refund part of the commissions to the company



Accumulation of past ROS constitutes net sales

ROS Formula

$$\text{ROS} = \text{NofC} \times \text{Productivity} \times \text{Unit price}$$

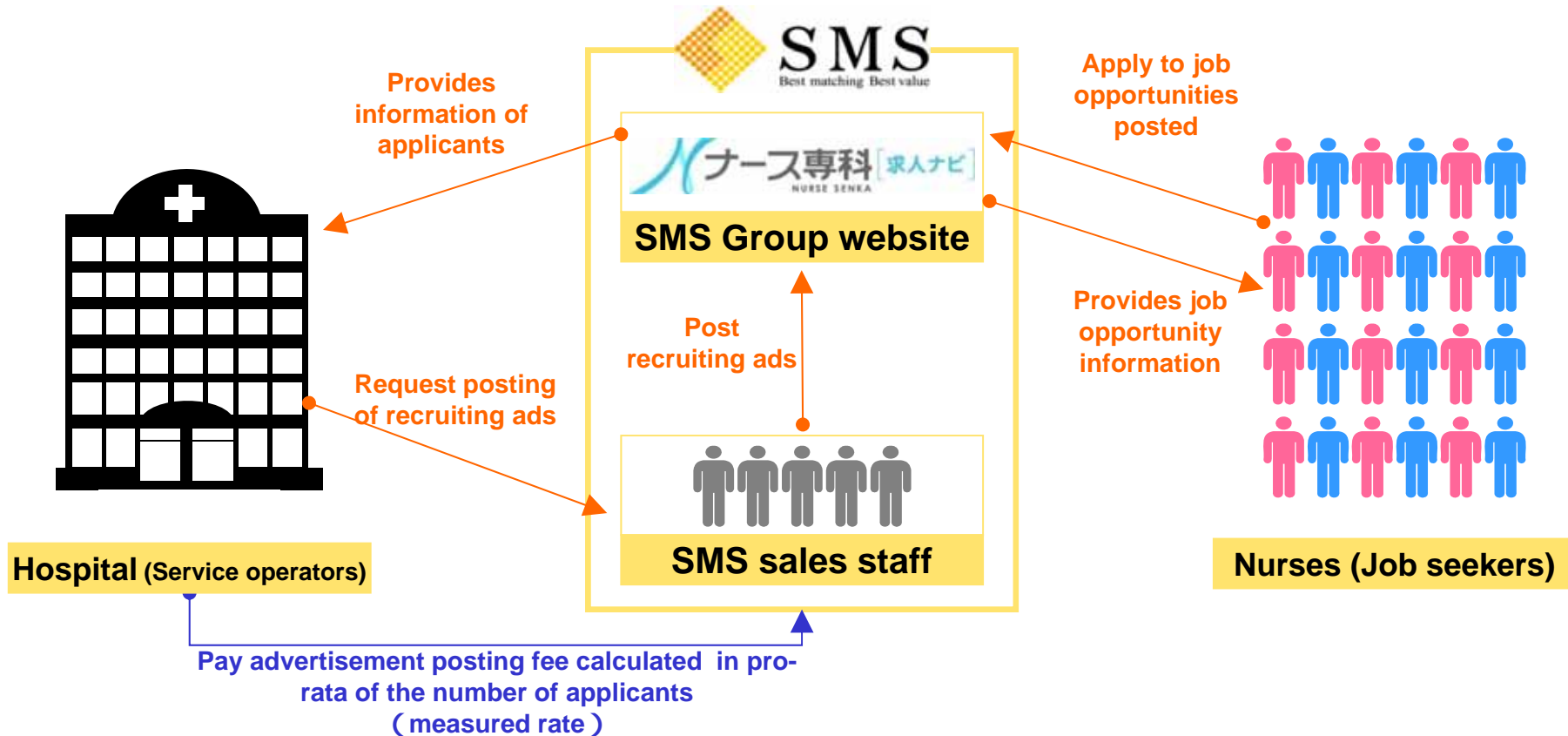
- Number of Consultants (NofC):
Number of sales staff engaging in recruiting agent service
- Productivity:
Number of completed agreements between a job seeker and a company per sales staff per month
- Unit price: The mean of commissions for job placement service
- * Primary factors for productivity
 - Number of recruitment orders from companies
 - Effectiveness in the process leading to placement
 - Interviews with job seekers
 - Setting interviews between job seekers and companies
 - Reaching agreements after interviews



ROS and productivity are the result of monthly sales activities

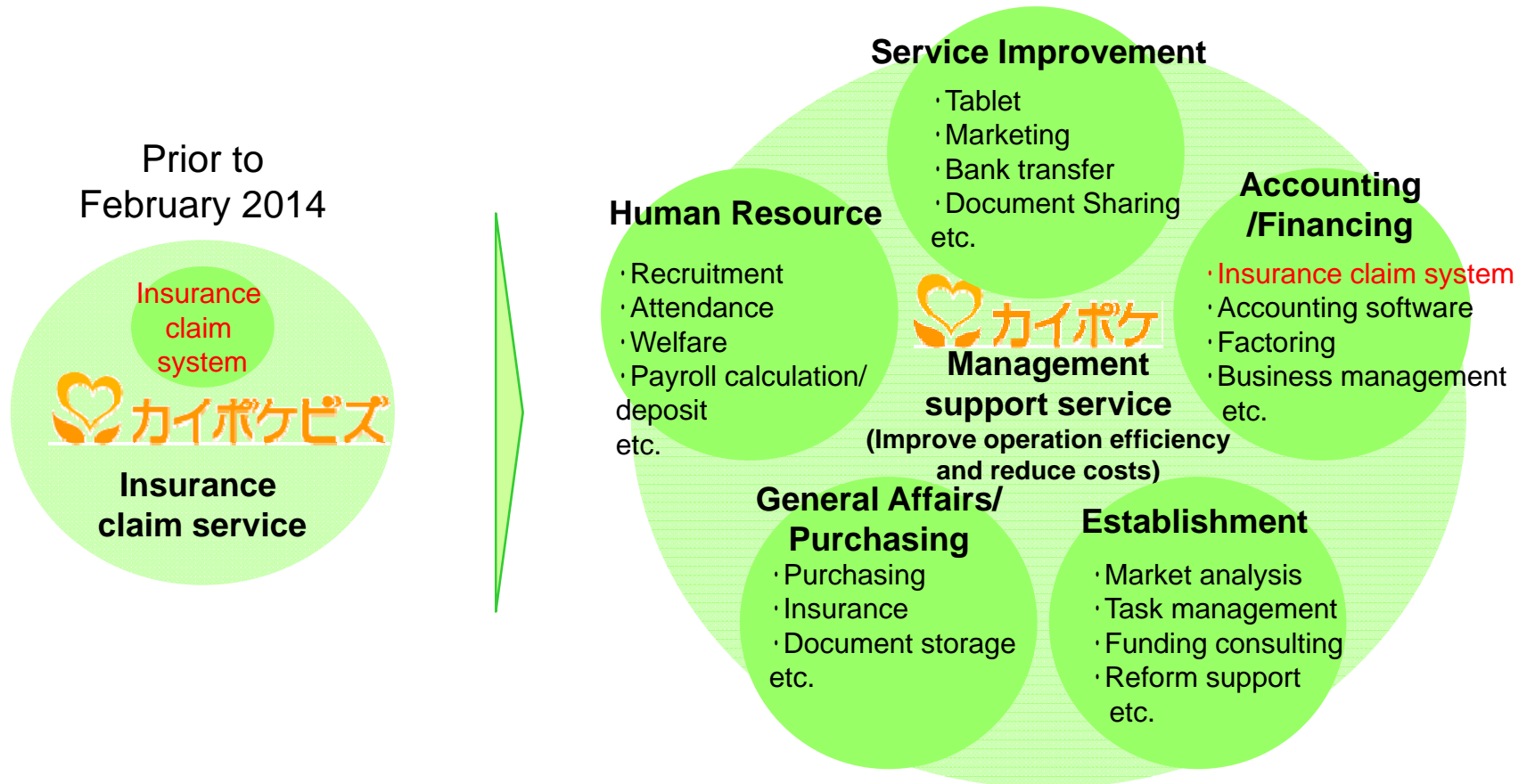
- ✓ SMS receives from service operators (e.g., hospitals, nurse care operators, dispatching firms and recruiting agents) advertisement posting fees proportional to the number of job seekers' applications.

[Example: Recruiting ads service for nurses, *Nurse-senka Kyujin-navi*]



- ✓ Renewed from insurance claim service to management support services in February 2014.
- ✓ Already started approximately 40 new services, supporting operational efficiency and financial improvement.

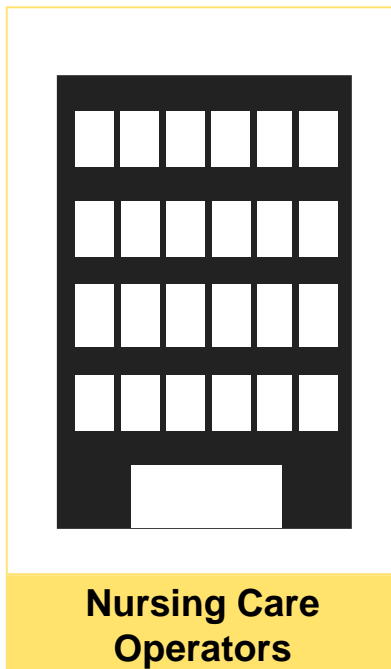
Starting in February 2014*2



*1: There are around 100,000 nursing care service operators and 80% are small or medium-sized. It is crucial to make strong connections with them, since they will continue to serve an important role in the industry based on such industrial structure.

*2: Only representative services are shown.

- ✓ Receive service fee from nursing care operators for providing not only insurance claim services but also management support services, which include support in sales, recruiting, and operational efficiency improvement.

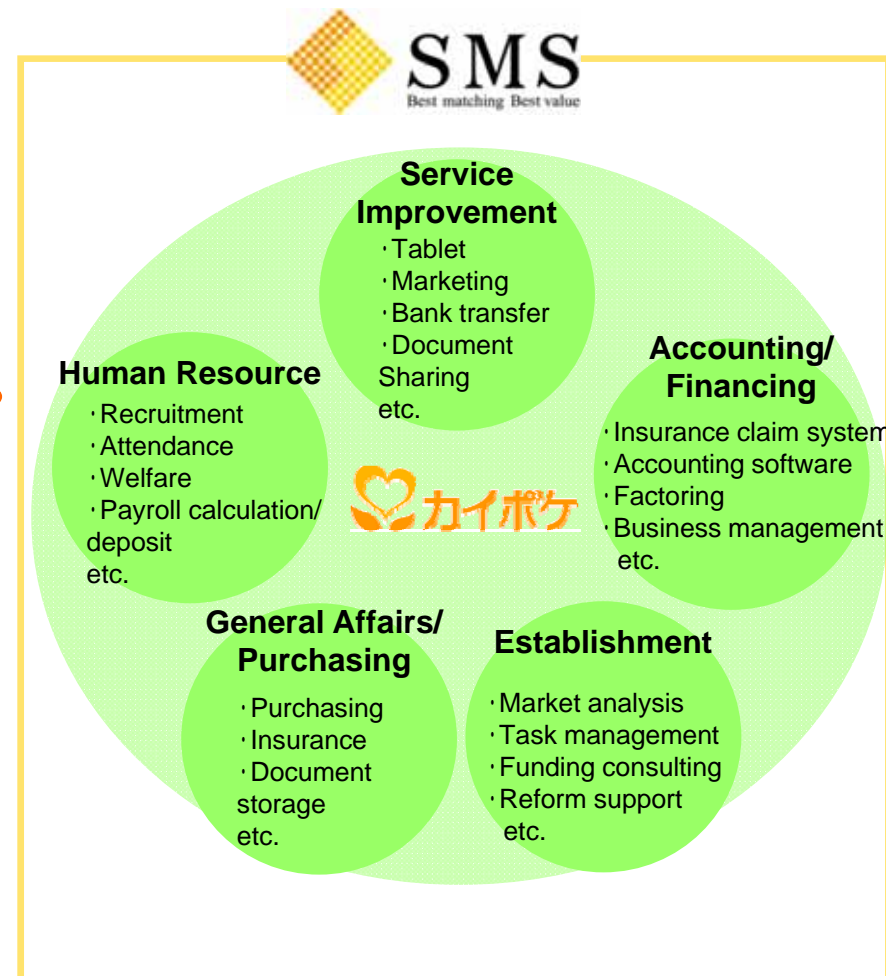


Provide services
(improving financials and operation and others)

Pay service fee
(fixed rate or measured rate)

Service fee

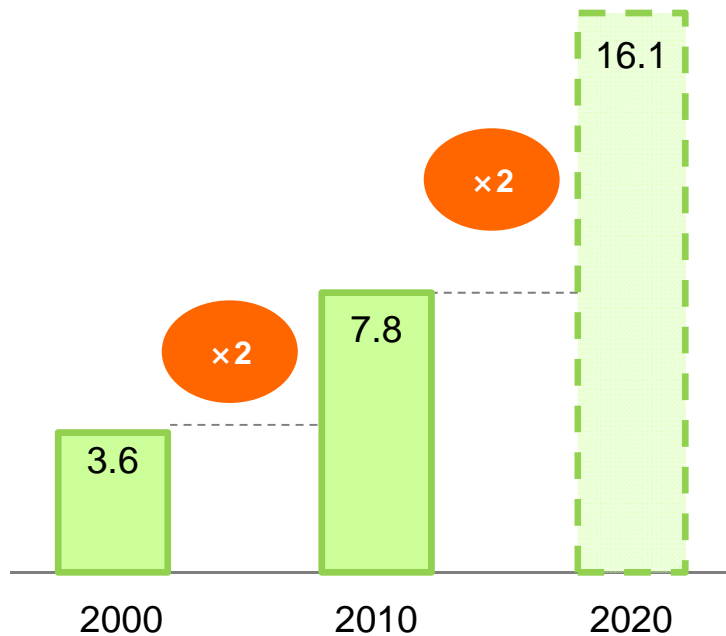
- Fixed monthly rate for packaged service
- Measured rate for optional services such as factoring and purchasing



- ✓ Expenditure of long-term care insurance has doubled during each decade.
- ✓ Markets that are not covered by long-term care insurance are also growing.

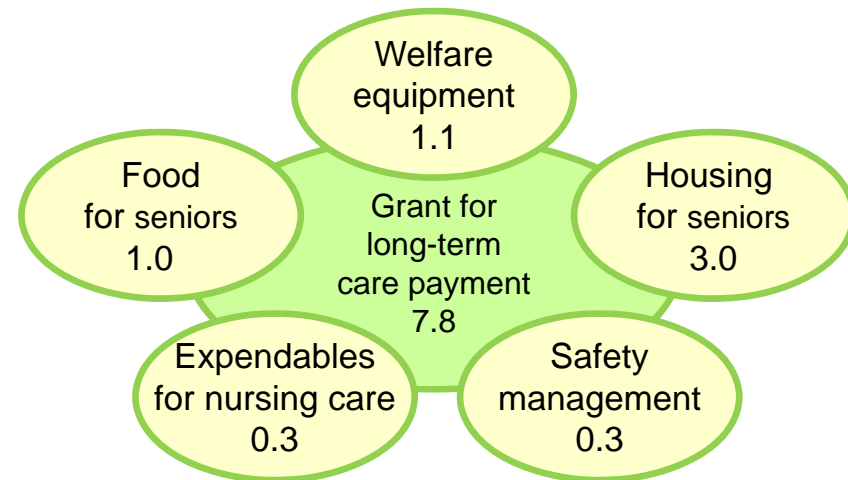
Trend in Expenditure of Long-Term Care Insurance*1

(¥ trillion)



Size of Nursing Care and Related Markets (in 2010 or 2011) *2

(¥ trillion)

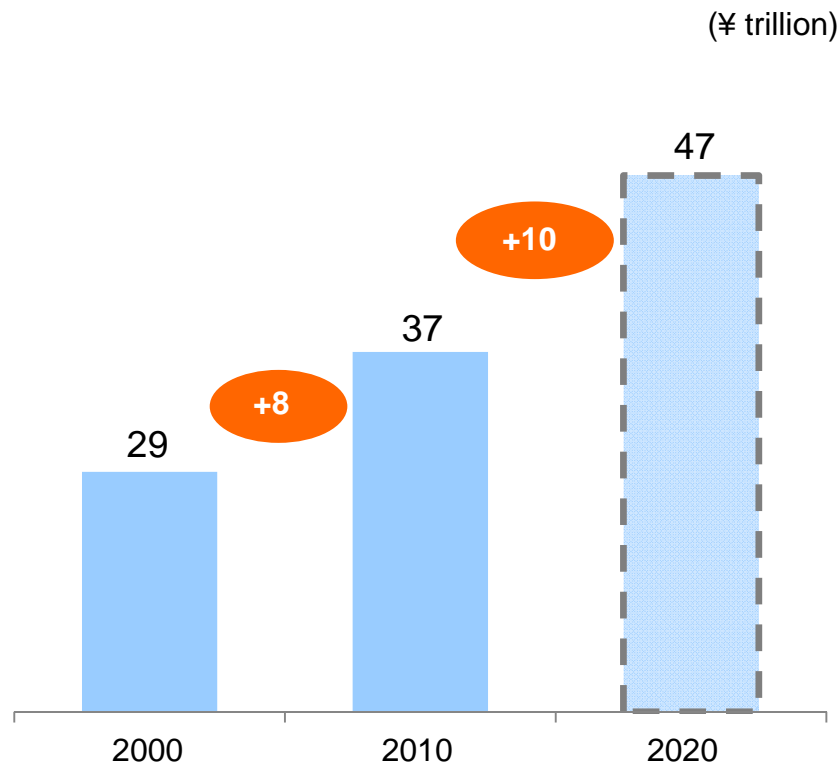


*1: Ministry of Health, Labour and Welfare (MHLW) (Includes copayment; the most recently value disclosed was ¥10.0 trillion in 2014)

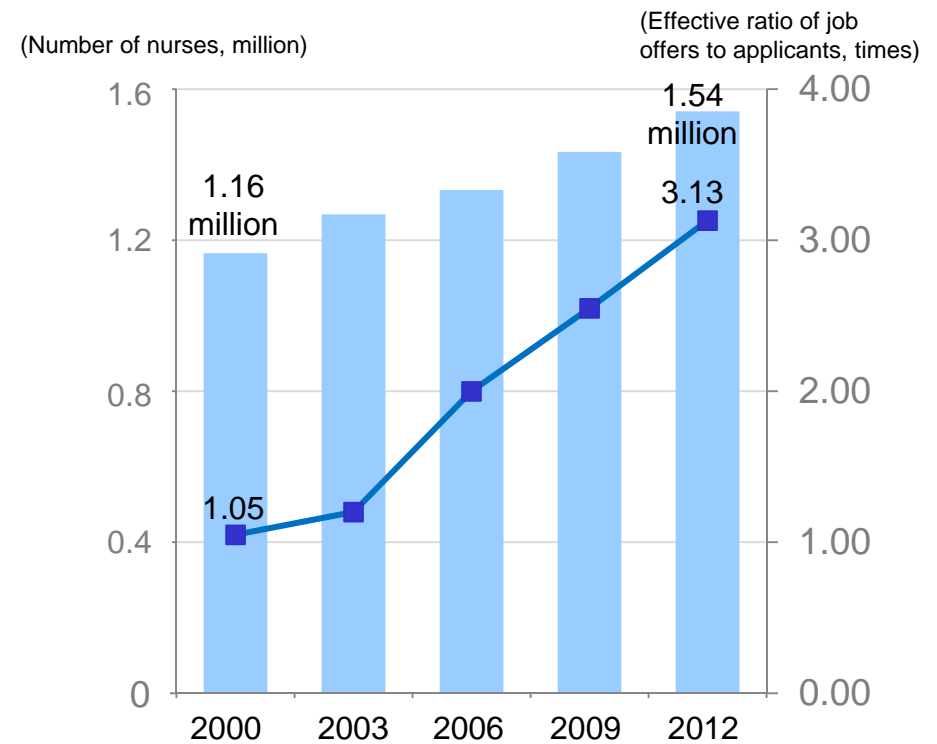
*2: Welfare equipment: Japan Assistive Products Association (JASPA) / Others: Fuji-Keizai; figures are based on either 2010 or 2011 statistics

- ✓ Medical expenses have increased.
- ✓ Suffering from shortage of nurses although the number of nurses has increased.

Trend in Medical Expenses*1



Number of Working Nurses and Effective Ratio of Job Offers to Applicants*2



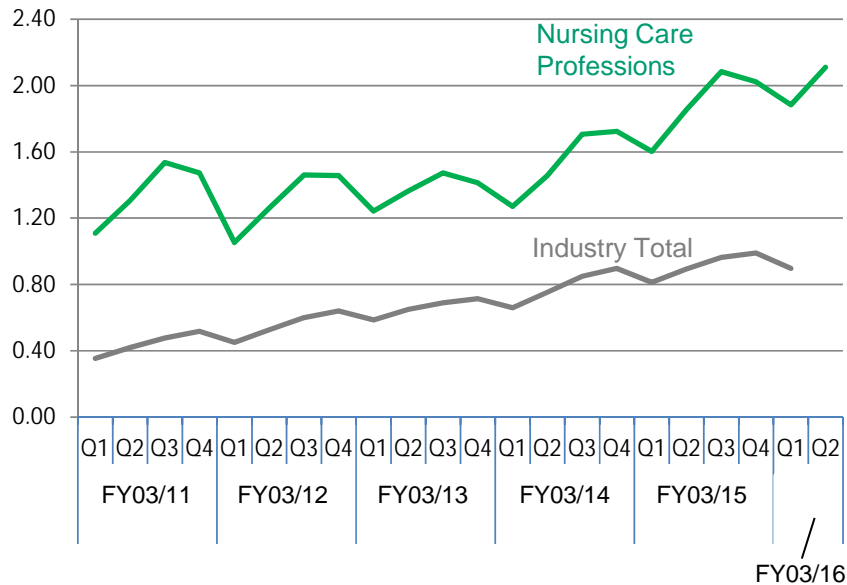
*1: 2000 and 2010: MHLW
 2020: MHLW; *Reform of medical care system for the elderly conference materials*; the most recently disclosed value was ¥40.0 trillion in 2014

*2: Effective ratio of job offers to applicants: MHLW
 Number of working nurses: Japanese Nursing Association
 The most recently disclosed value was ¥1.57million in 2013

✓ Continuous labor shortage in both nursing care professions and nursing professions

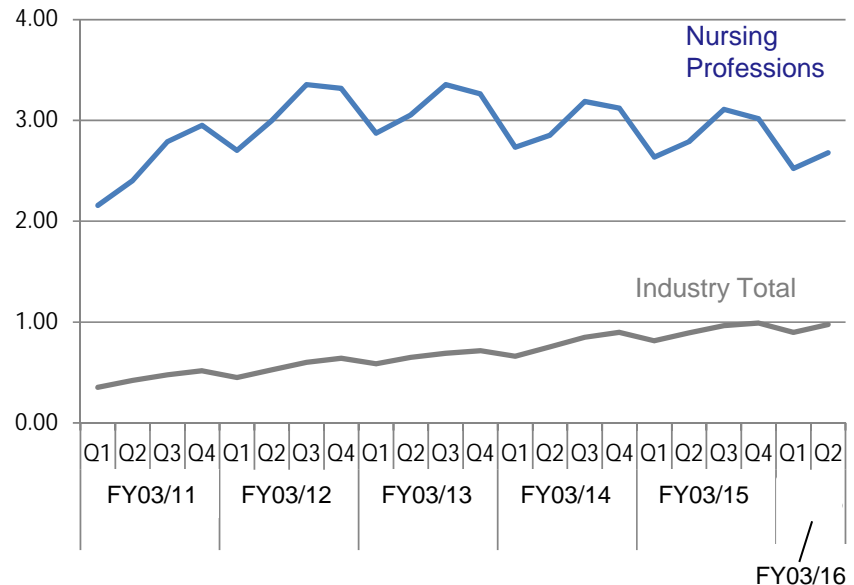
Nursing Care Segment

Transition of effective ratio of job offers to applicants for Nursing Care Professions *1



Medical Care Segment

Transition of effective ratio of job offers to applicants for Nursing Professions *1

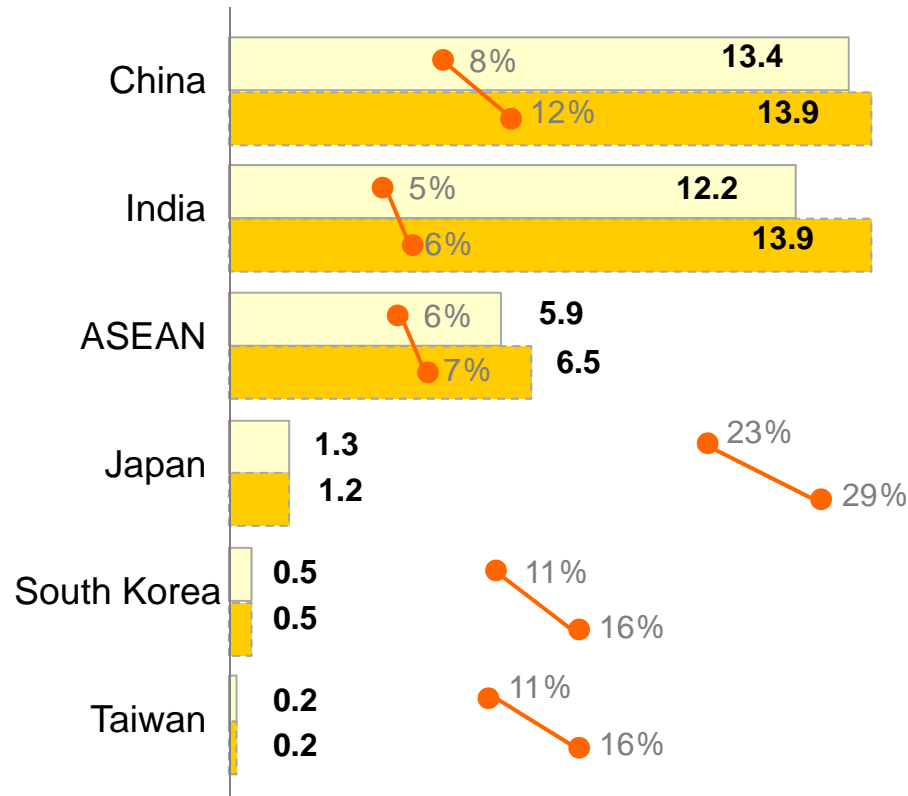


*1: MHLW, General employment placement situation

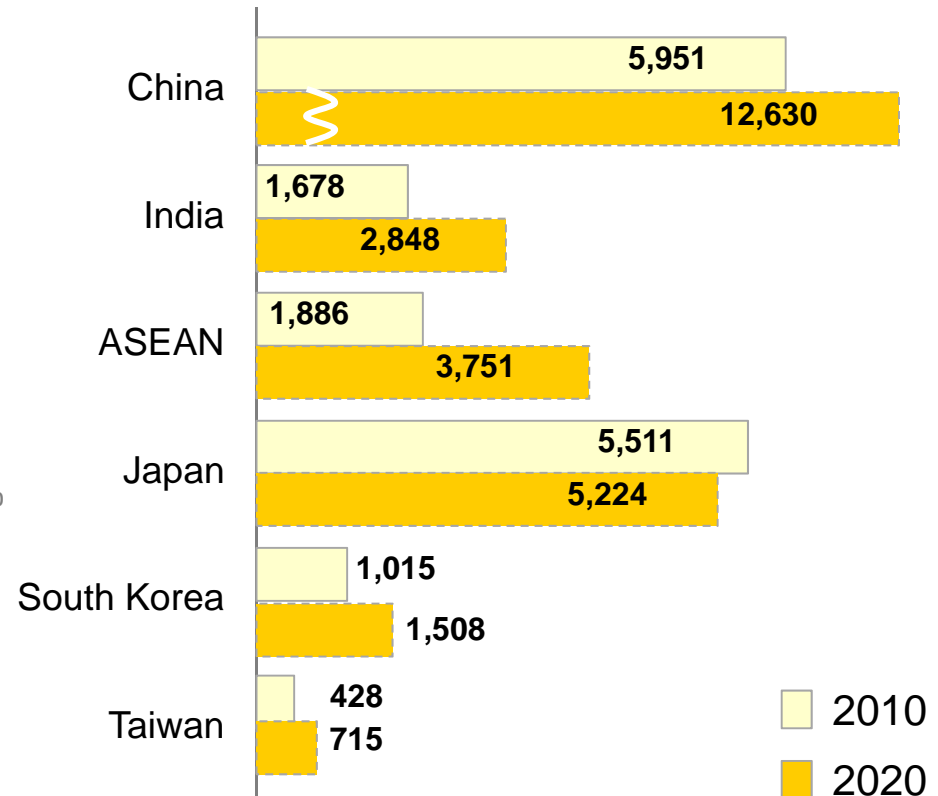
Figures represent the means of values for the 3 months in each quarter. The figure for Q2 FY03/16 is the mean of values for July and August

✓ The global market is extremely attractive as it is larger than the Japanese market and the aging population is expected to expand further.

Population and the Rate of Aging*1 (100 million)



GDP*2 (US\$ billion)



*1: Statistic Bureau of Ministry of Internal Affairs and Communications and the United Nations; "seniors"=age 65 and above

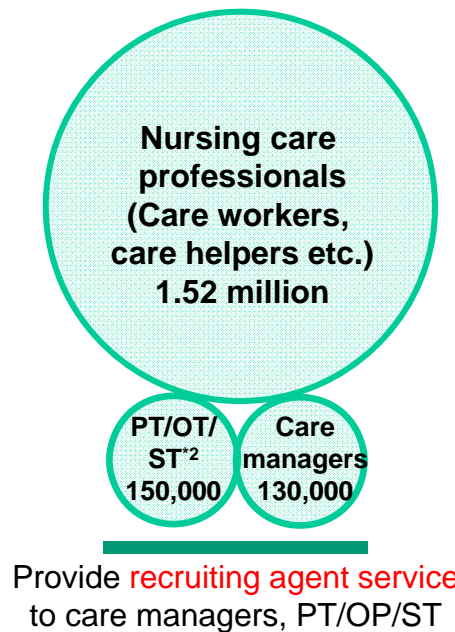
*2: ASEAN, Taiwan: IMF (Figures for 2020 are substituted by those of 2018)

Other countries: The United Nations and Goldman Sachs

- ✓ Provide recruiting agent service to care managers and PT/OT/ST, and recruiting ads service to all professionals
- ✓ Provide services to large-sized service operators through recruiting ads and to small and medium-sized operators through *Kaipoke*

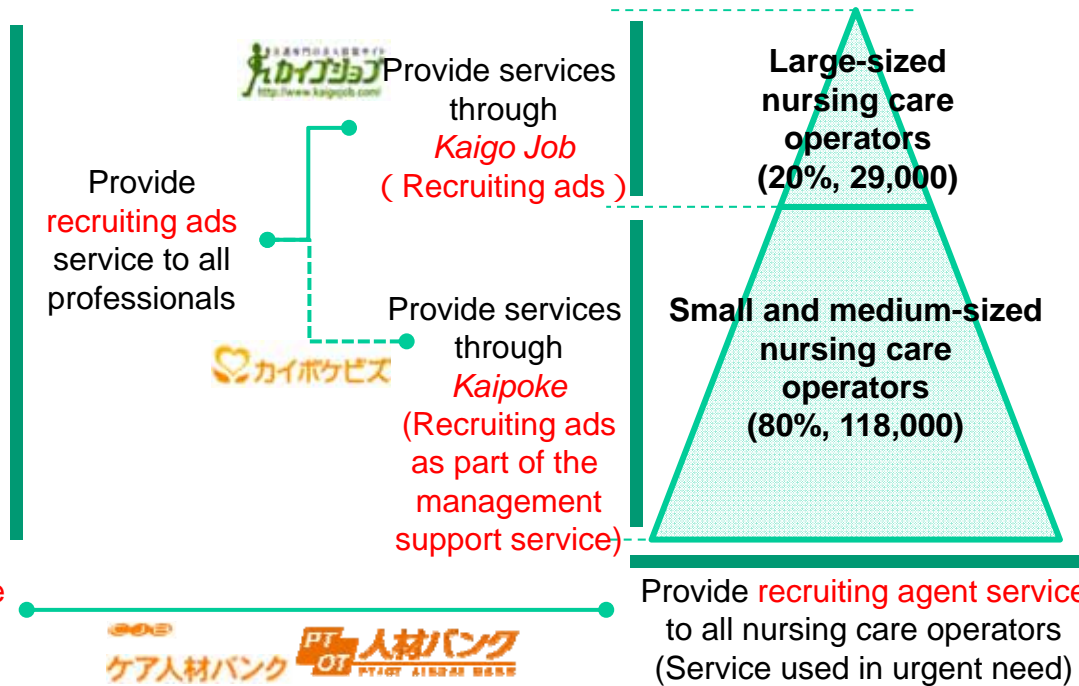
Services by Professional Type

Our services in relation to nursing care professionals*1



Services by Size of Service Providers

Our services in relation to the nursing care operators structure*3



*1: Figures represent the number of employees

Source: MHLW (2013), Figures for PT/OT/ST include PT/OT/ST in both the nursing care and medical fields

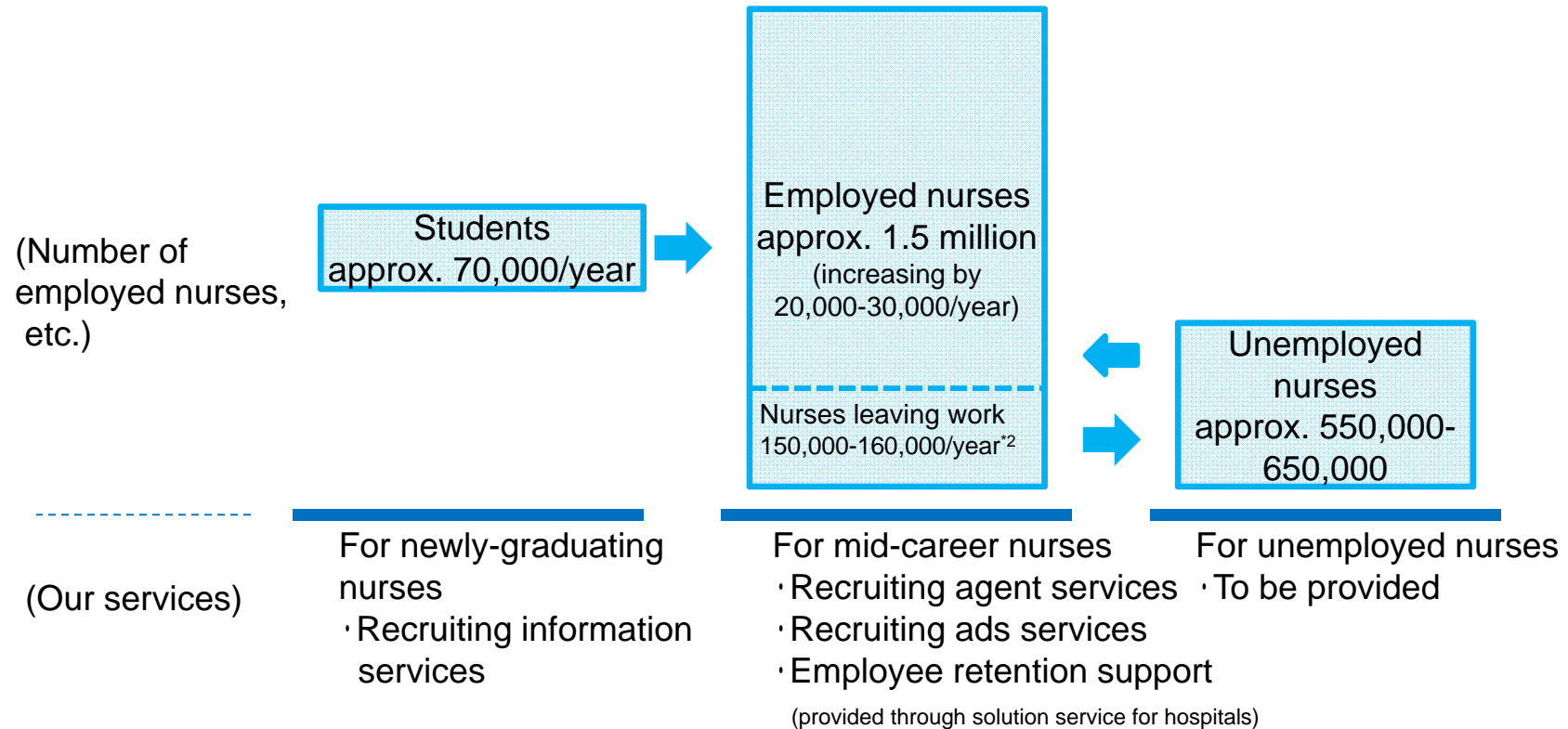
*2: PT stands for Physical Therapist, OT stands for Occupational Therapist, and ST stands for Speech Therapist

*3: Figures represent the number of service operators

Source: SMS estimates based on MHLW, *Care payment costs fact-finding monthly report (Apr. 2014)*

- ✓ Provide recruiting agent and recruiting ads services to mid-career nurses, and recruiting ads service to newly-graduated nurses
- ✓ Provide matching services meeting the needs of nurses and service operators, and services promoting employee retention

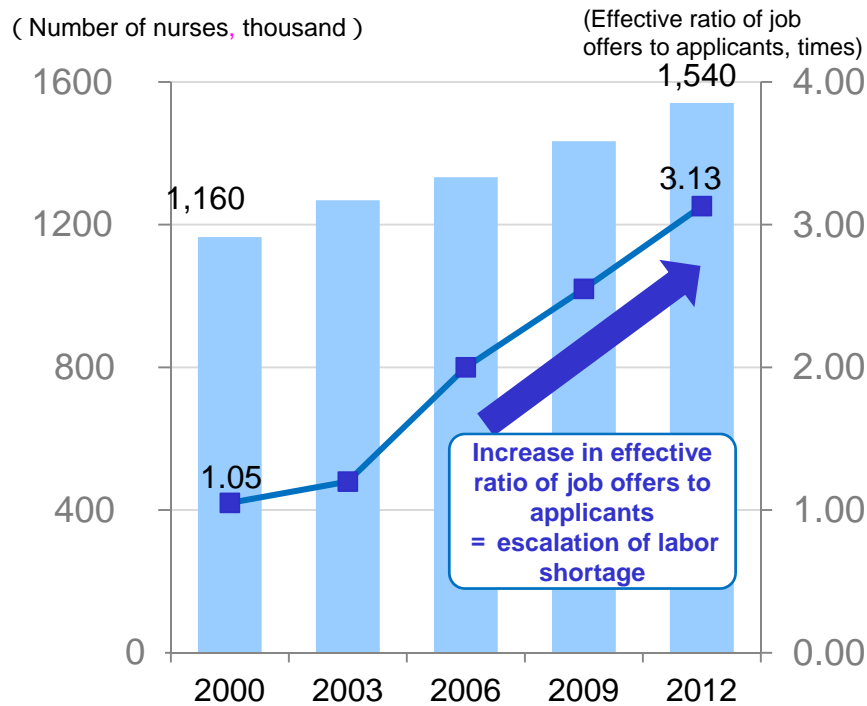
Our Services in Relation to Nurses' Employment*1



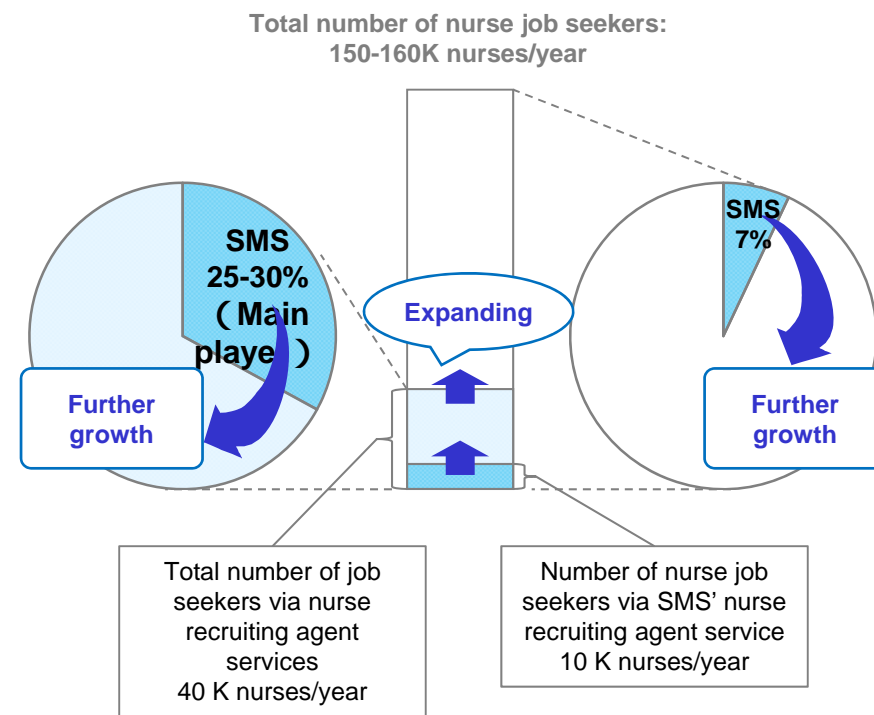
*1: [Number of students] MHLW; [Number of employed nurses] Japanese Nursing Association; [Number of nurses leaving work] SMS estimates based on Japanese Nursing Association, *ratio of nurses leaving work*; [Unemployed nurses] Japanese Nursing Association
 Students include prospective registered nurses and prospective associate nurses. Employed nurses include registered nurses, associate nurses, public health nurses and midwives.
 *2: Number of nurses leaving work Includes those who transferred to another nursing position as well as those who transferred to different professions.

- ✓ Room for further expansion of SMS's nurse recruiting agent service.
 - Despite the increasing number of nurses, shortage of nurses is intensifying over the years.
 - SMS is a market leader in recruiting agent services, but its share among all job seekers is 7%. Therefore, SMS is expected to grow further.

Number of Working Nurses and Effective Ratio of Job Offers to Applicants*1



Market Size of Nurse Recruiting Agent Service and SMS's Market Share*2



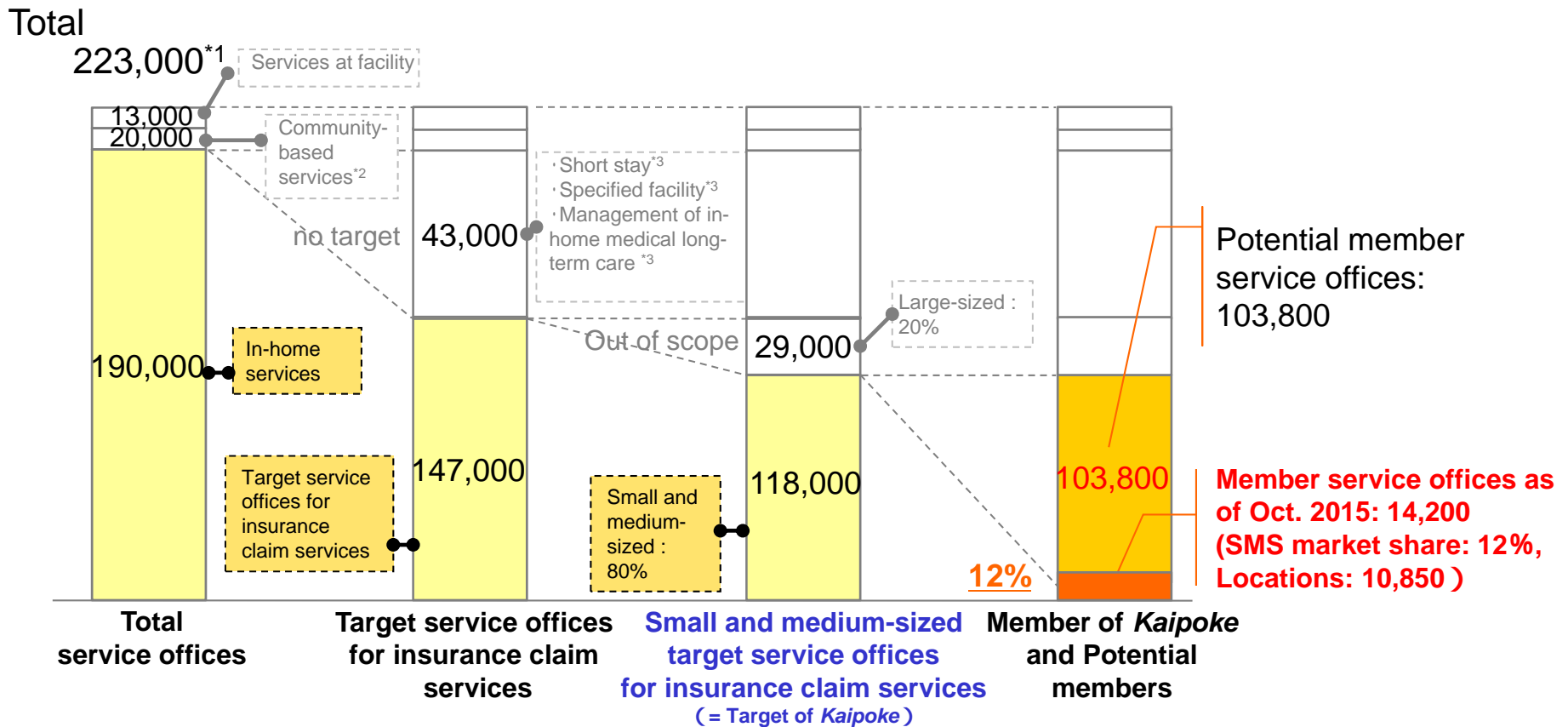
*1: Effective ratio of job offers to applicants: MHLW
 Number of job seekers: Japanese Nurse Association

4-3

Target Service Offices of *Kaipoke*



- ✓ Among services received at home, 118,000 small and medium-sized service offices are targets of *Kaipoke*.
- ✓ SMS holds approximately 12% share and intends to increase its market share by gaining memberships in line with the increase in number of service offices.



*1: SMS estimates based on MHLW, *Monthly report of Survey of Long-term Care Benefit Expenditures (May 2015)*

*2: Among community-based services, nighttime home-visit nursing care services and daycare services for dementia patients are our targets

*3: *Kaipoke* does not cover short-stay services or specified facilities

Management of in-home medical long-term care is also not covered since the need for insurance claim services is significantly lower

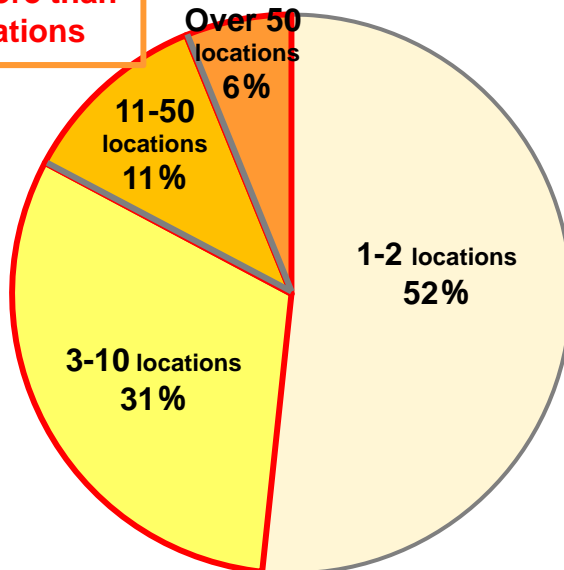
✓ We aim to expand *Kaipoke's* target significantly by including nursing care operators that own offices in multiple locations and new service types such as home-visit nursing operators and outpatient rehabilitation operators.

Breakdown by Number of Locations*1

- 48% of *Kaipoke's* targets are nursing care operators that own offices in more than three locations.
- *Kaipoke's* target will expand significantly by including such operators.

Breakdown by Number of Locations

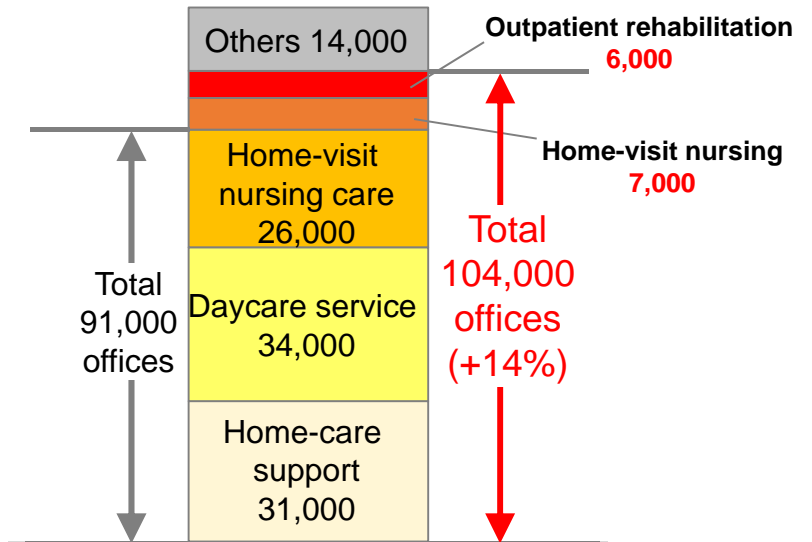
48% own more than three locations



Covering New Service Types

The number of offices targeted by *Kaipoke* increased by 13,000 (+14%) by covering new services types such as home-visit nursing and outpatient rehabilitation.

Number of Service Offices Targeted by *Kaipoke*



*Residence for elderly people with services is included in home-care support, daycare service, and home-visit nursing care.

*1: Source: SMS estimates based on WAMNET

Company Name	Established	Country	Description of Business
SMS VIETNAM CO.,LTD.	Apr. 2009 *2	Vietnam	SMS's portion of ownership: 100%, consolidated subsidiary System development of SMS's services and maintenance of part of them
SMS Beijing CO., LTD.	Sep. 2009	China	SMS's portion of ownership: 100%, consolidated subsidiary Business development in nursing and medical care
Senior Marketing System Korea Co.,Ltd. (old: NURSCAPE)	Sep. 2011*2	South Korea	SMS's portion of ownership: 80%, consolidated subsidiary Operating well-known online community (243,000 nurses among 300,000 use the site), recruiting ads services, and e-learning for nurses in South Korea
SMS Taiwan CO., LTD.	Jan. 2012	Taiwan	SMS's portion of ownership: 90%, consolidated subsidiary Business development in nursing and medical care Refers experienced locals in nursing and medical care fields as management
SENIOR MARKETING SYSTEM SDN. BHD.	Jan. 2013	Malaysia	SMS's portion of ownership: 100%, consolidated subsidiary Business development in nursing and medical care
iHealth	May 2013 *2	Taiwan	SMS's portion of ownership: 47.2%, consolidated subsidiary Delivering chronic disease prescription drugs to nursing care facilities and patients
SENIOR MARKETING SYSTEM ASIA PTE. LTD.	July 2013	Singapore	SMS's portion of ownership: 100%, consolidated subsidiary Responsible for overseas businesses, investment into overseas companies, and business development in Singapore
SMS PHILIPPINES HEALTHCARE SOLUTIONS INC.	Nov. 2013	Philippines	SMS's portion of ownership: 99.995%, consolidated subsidiary Business development in nursing and medical care
PT. SENIOR MARKETING SYSTEM INDONESIA	Dec. 2013	Indonesia	SMS's portion of ownership: 100%, consolidated subsidiary Business development in nursing and medical care

Company Name	Established	Country	Description of Business
SMS Shanghai CO., LTD.	Dec. 2013	China	SMS's portion of ownership: 100%, consolidated subsidiary Business development in nursing and medical care
EHEALTHWISE SERVICES PTY LTD	Jan. 2014*2	Australia	SMS's portion of ownership: 100%, consolidated subsidiary Medical bill e-claiming solution for hospitals
SENIOR MARKETING SYSTEM (THAILAND) CO., LTD.	Apr. 2013	Thailand	SMS's portion of ownership: 49%, consolidated subsidiary since Apr. 2014 Business development in nursing and medical care
eChannelling PLC	Oct. 2013*2	Sri Lanka	SMS's portion of ownership: 87.6%, consolidated subsidiary since June 2014 Doctor's appointment service. Listed on CSE.
Centium Software Sdn Bhd*2	Jan. 2015	Malaysia	SMS's portion of ownership: 51%, consolidated subsidiary Development/sales of hospital information system
Luvina Software Joint Stock Company	July 2012*2	Vietnam	SMS's portion of ownership: 21.5%, Equity Method Affiliated Company System/software development. Securing development resources and collaboration with SMS VIETNAM are the purpose of takeover.
PT.MEETDOCTOR	July 2013*2	Indonesia	SMS's portion of ownership: 60.8%, unconsolidated subsidiary Online communication platform where end users consult doctors on healthcare
Time Creation Limited (FindDoc)	Aug. 2014*2	Hong Kong	SMS's portion of ownership: 60.9%, unconsolidated subsidiary Operating FindDoc where end users search doctors
HelpingDoc Private Limited	Sep. 2014*2	India	SMS's portion of ownership: 33.4%, unconsolidated subsidiary Doctor's appointment service
This Source (Pvt) Ltd	Jan. 2015*2	Sri Lanka	SMS's portion of ownership: 86.7%, unconsolidated subsidiary Publishing magazine for health care providers
Wadoc Pte. Ltd.	Aug. 2015	Singapore	SMS's portion of ownership: 100%, consolidated subsidiary Overseeing management support services for clinics

Number of Employees

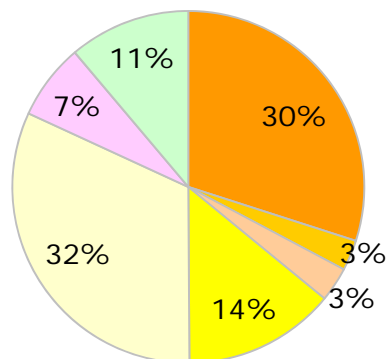
⇒ Number of employees and its breakdown as of September 30, 2015

Employees (consolidated)	1,136
SMS CO., LTD.	234
SMS Career CO., LTD.	498
Subsidiaries and Sub-subsidiaries	404
Japan	217
Global	187

Shareholder Composition*1

[as of September 30, 2015]

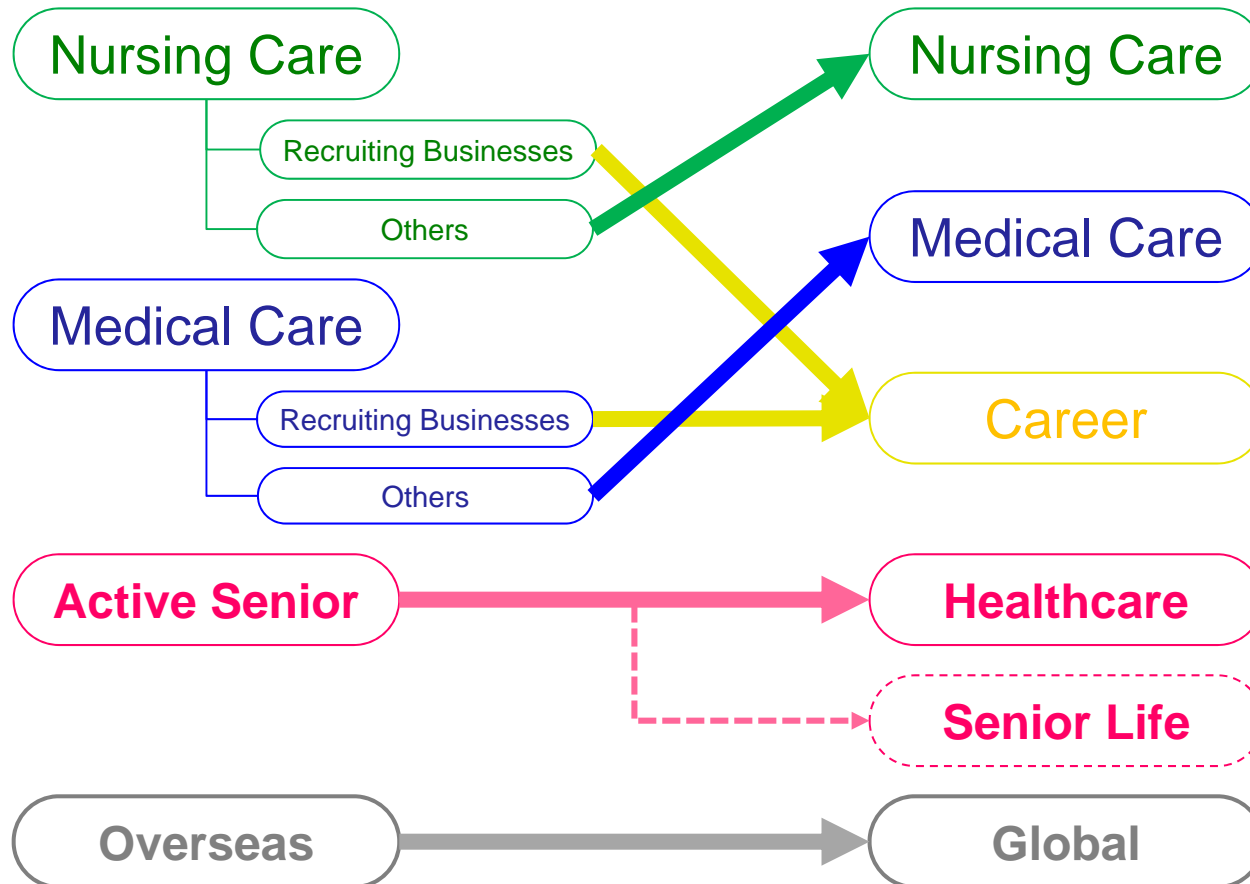
Number of stock
holders
3,483



✓ Redefined disclosed segments accompanying the reclassification of market segments.

Former Disclosed Segments

New Disclosed Segments



Former Segments			New Segments	
Segment	Sub-segment		Segment	Sub-segment
Nursing Care	New Businesses	Daily Use	Nursing Care	Mngt Support for Service Operators*1
				New Businesses
Medical Care	New Businesses	Daily Use	Medical Care	-
Nursing Care	Recruiting Agent Services	Occasional Use	Career	RAG*2 for Nursing Care
	Recruiting Ads	Occasional Use		RAD*3 for Nursing Care
Medical Care	Recruiting Agent Services	Occasional Use		RAG*2 for Medical Care
	Recruiting Ads	Occasional Use		RAD*3 for Medical Care
Active Senior	-	-	Healthcare	-
Overseas	-	-	Global	-

These materials contain forward-looking statements, including estimates, projections, and statements related to business operations of SMS CO., LTD. (hereinafter referred to as the “Company”).

The forward-looking statements are based on current expectations and assumptions in light of the information available to the Company as of September 30, 2015 and are subject to significant risks and uncertainties. The results or events predicted in these forward-looking statements may differ materially from actual results or events.

As a result, we cannot guarantee that any forward-looking statements will materialize nor do we undertake any obligation to update or revise publicly any of these forward-looking statements.

For any inquiries on the materials, please contact below:

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