

SMS CO., LTD.

(Securities Code: 2175 / TSE1)

Presentation Materials for Investor Relations

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

January 28, 2016



SMS
Best matching Best value

1	Our Mission & Strategy	P3-P12
2	Q3 FY03/16 Consolidated Financial Results	P14-P21
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**We create values and contribute to society by providing an
“information infrastructure for an aging society.”**

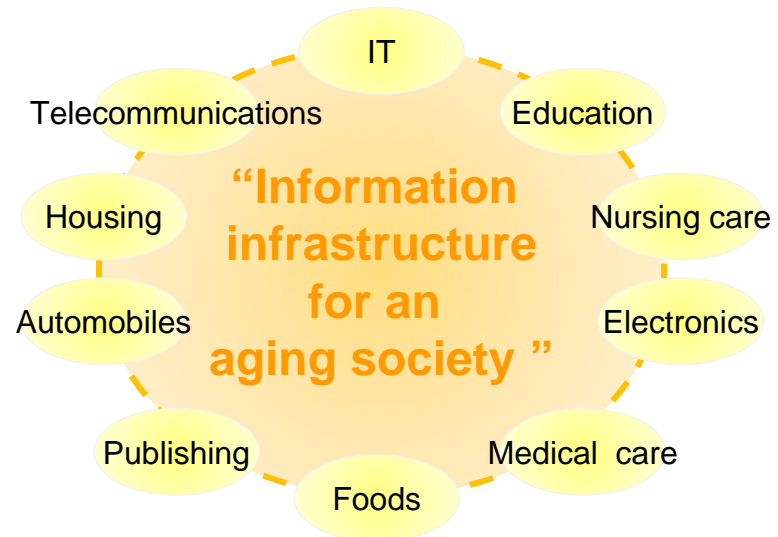
SMS stands for “Senior Marketing System.”

✓ 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.

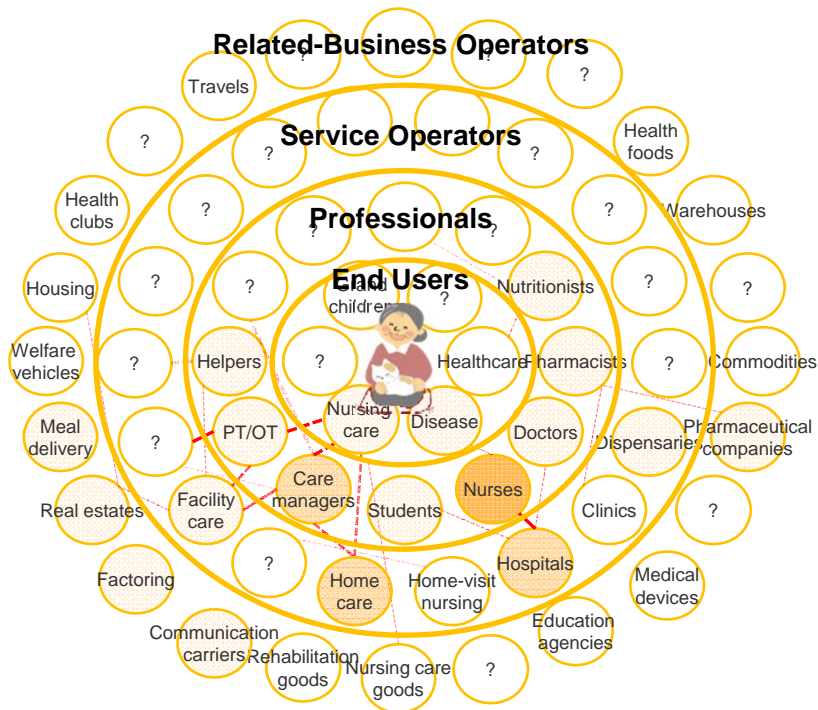
Emerging as a new industry



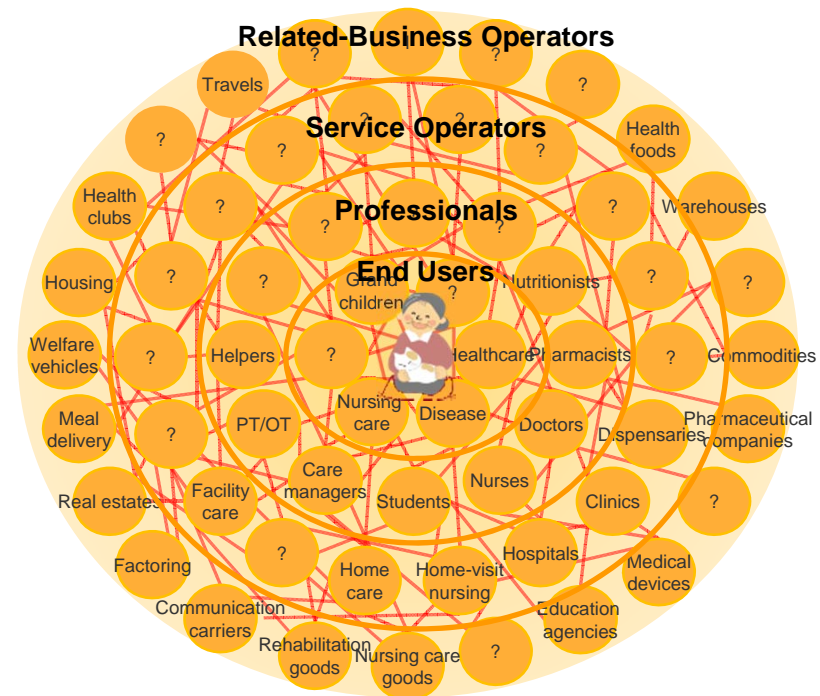
1 Future Image

✓ 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

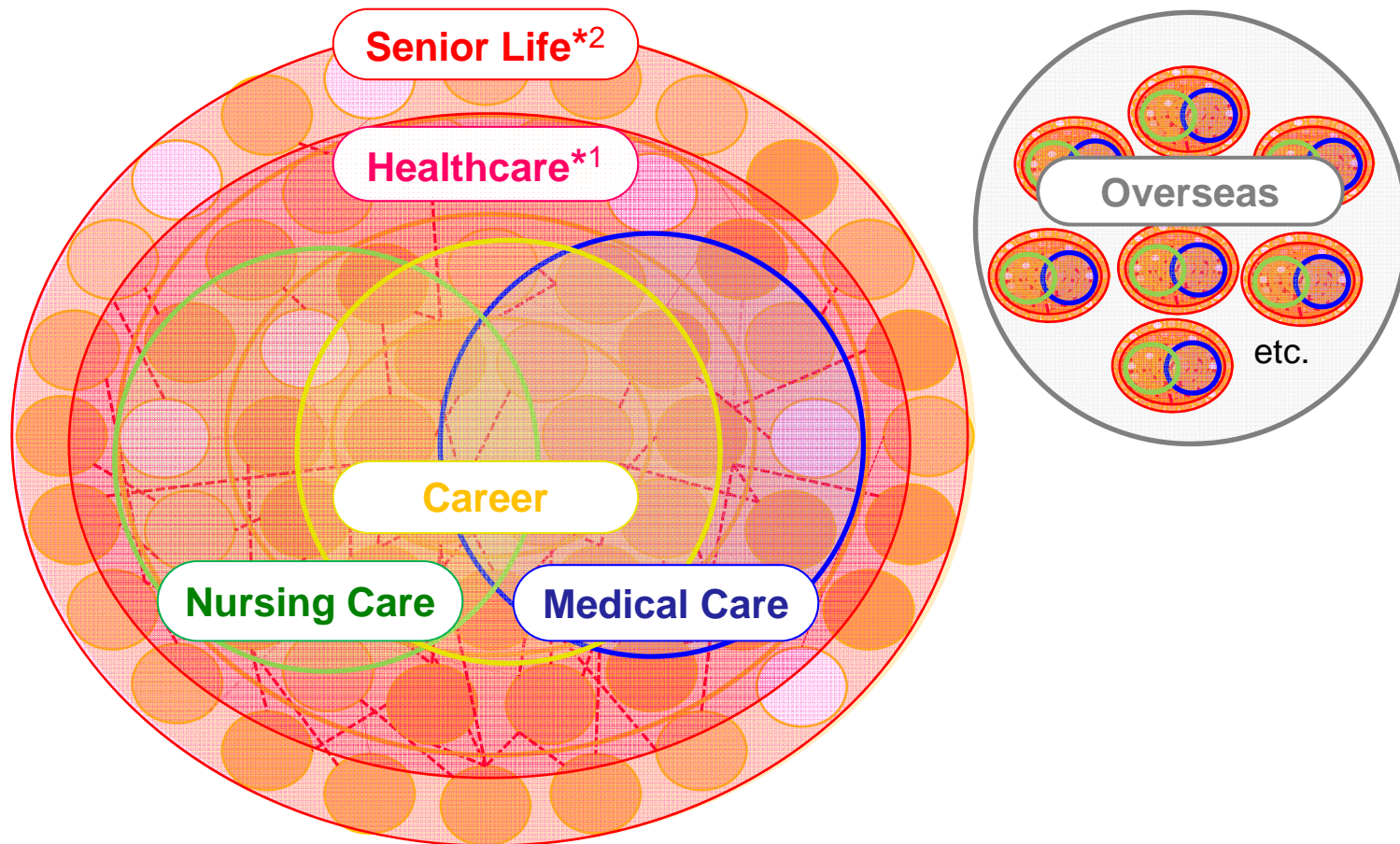


Future



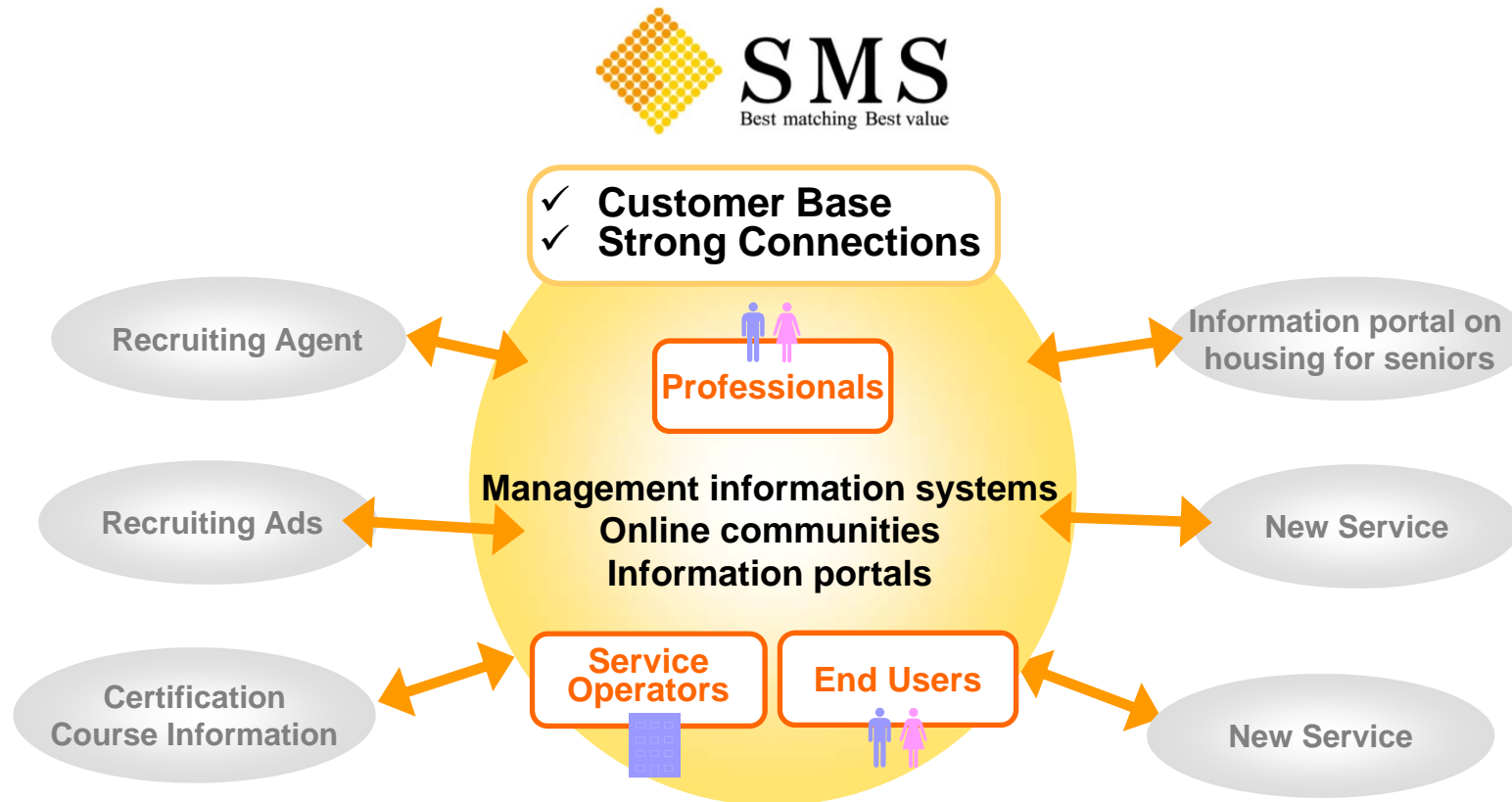
1 Market Segments

- ✓ We define our market segments as Nursing Care, Medical Care, Career, Healthcare, Senior Life, and Overseas.



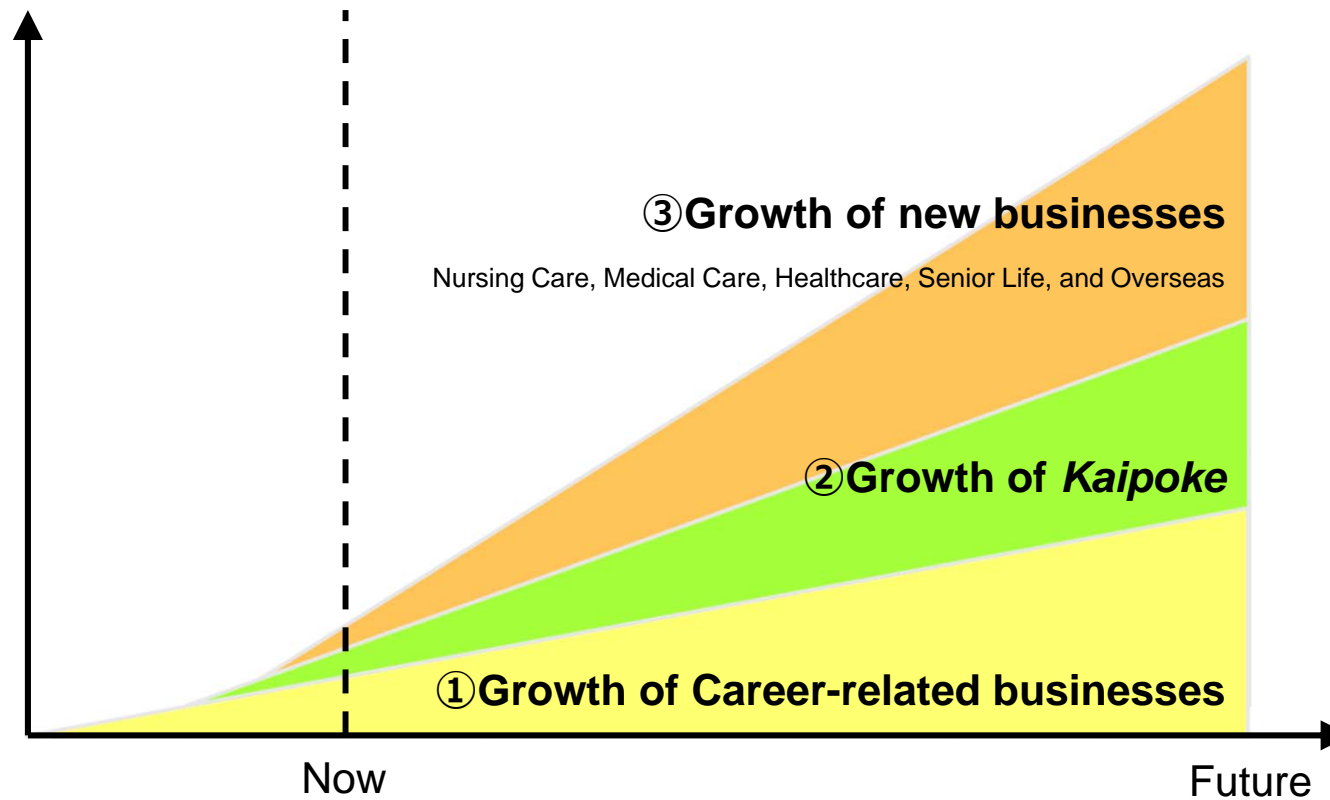
*1 : Healthcare-related businesses which are not covered by long-term care and medical care insurances
*2 : Businesses related to daily life in the aging society

- ✓ 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.

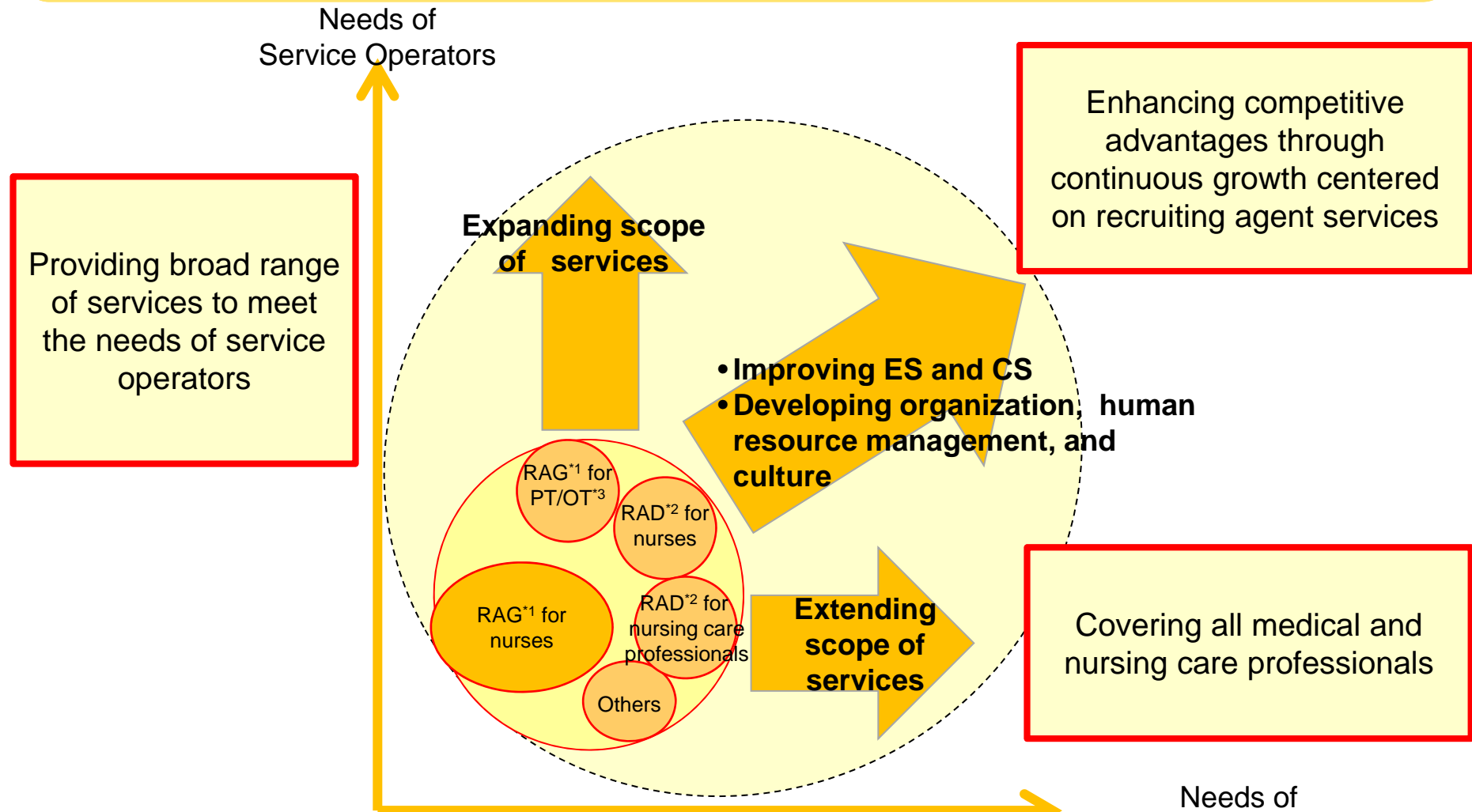


1 Growth Scenario

- ✓ 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

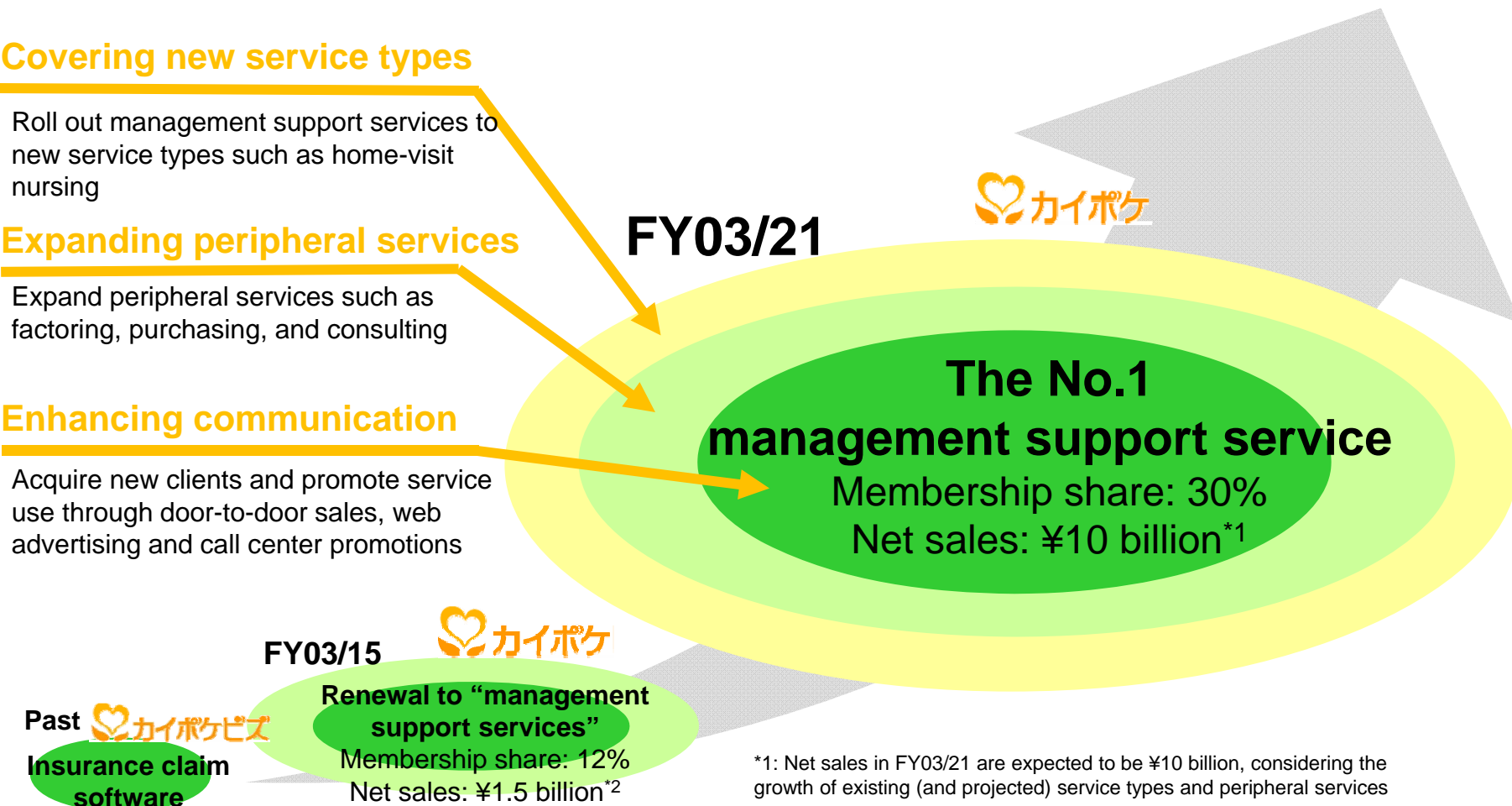
Roll out management support services to new service types such as home-visit nursing

Expanding peripheral services

Expand peripheral services such as factoring, purchasing, and consulting

Enhancing communication

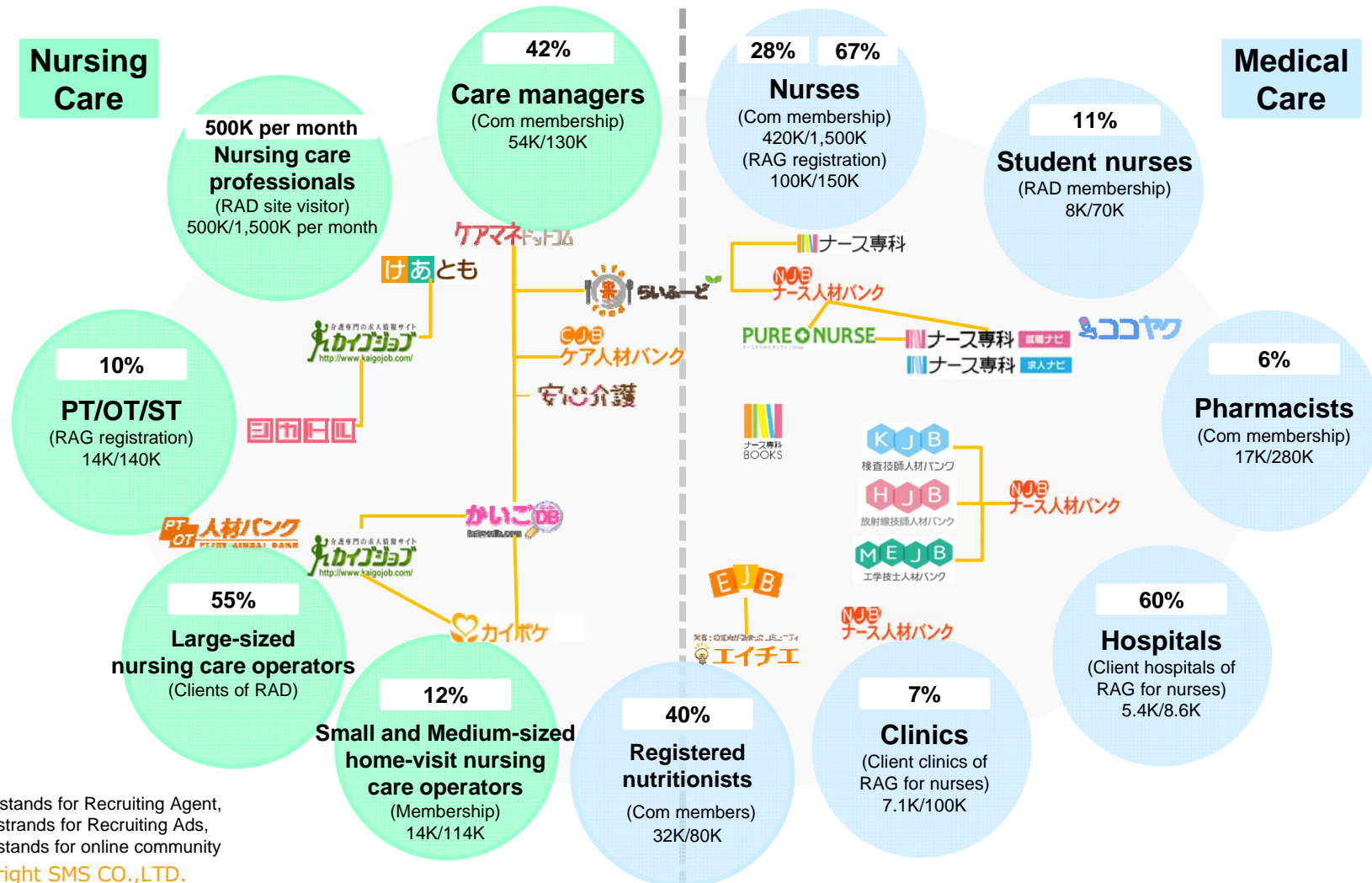
Acquire new clients and promote service use through door-to-door sales, web advertising and call center promotions



*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.

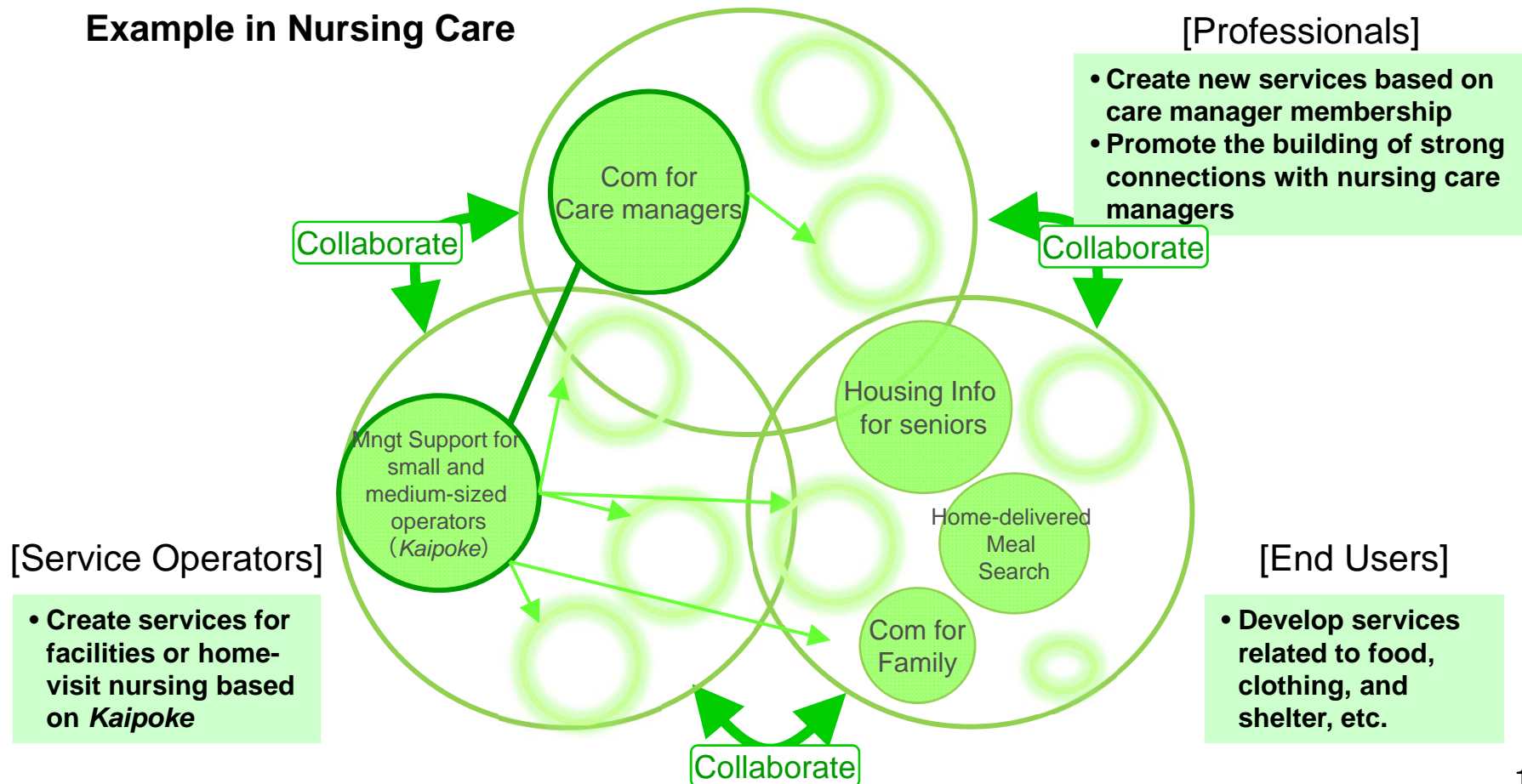
✓ Accelerate the development and expansion of businesses, as well as the generation of synergetic effects between the businesses by making strong connections with many service operators/professionals in the nursing and medical care fields.



*1 : RAG stands for Recruiting Agent, RAD stands for Recruiting Ads, Com stands for online community

- ✓ 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 end user segments.

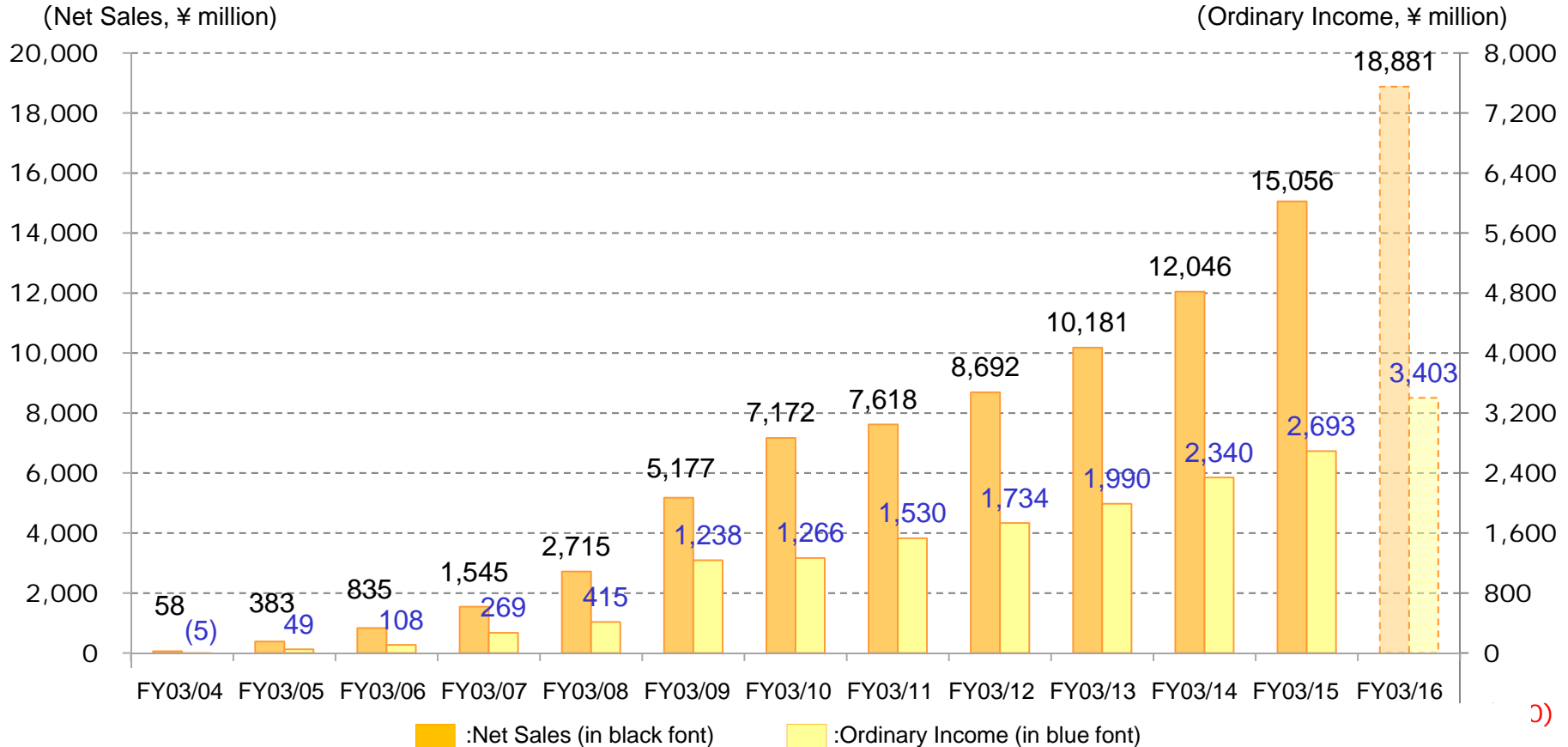
Example in Nursing Care



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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

*2 :Figures up to FY03/10 are on a non-consolidated basis while figures from FY03/11 are on a consolidated basis

2 Q1-3 FY03/16 Consolidated Financial Results

- ✓ One-time expenses of ¥309 million were booked in Q3 in association with the acquisition of MIMS, including due diligence fees and stamp duty.
- ✓ If these one-time expenses are disregarded, net sales and incomes increased significantly YoY.

Q1-3 FY03/16 P/L Statement [¥ million]

	Q1-3 FY03/16			Q1-3 FY03/16 Actual excl. One-time Expenses for Acquisition		
	Q1-3 FY03/15 Actual: A	Actual: B	YoY Changes: B/A	One-time Expenses for MIMS Acquisition: C	Actual excl. One- time Expenses for MIMS Acquisition*1: D=B-C	YoY Changes: D/A
Net Sales	10,666	12,842	+20%	0	12,842	+20%
Operating Income	1,347	1,572	+17%	(309)	1,881	+40%
Ordinary Income	1,798	2,170	+21%	(309)	2,479	+38%
Net Income	1,378	1,371	-1%	(209)	1,581	+15% ^{*2}

*1: To properly compare results YoY, one-time expenses of ¥309 million associated to the acquisition of MIMS were excluded.

*2: If disregarding the extraordinary income booked in Q1 FY03/15 for acquiring an equity method affiliate and making it a subsidiary, a +32% YoY growth was achieved.

✓ *Kaipoke* contributed to a significant YoY increase in net sales and incomes.

Year-on-Year Differences and Analysis, excluding Impact of MIMS Acquisition*1 [¥ million]

	Q1-3 FY03/16 Actual excl. One-time Expenses for MIMS Acquisition	Q1-3 FY03/15 Actual	Differences	Analysis
Net Sales	12,842	10,666	+2,175	• Almost all services, including <i>Kaipoke</i> and Career-related services, increased YoY
Operating Income	1,881	1,347	+534	• <i>Kaipoke</i> increased significantly YoY
Ordinary Income	2,479	1,798	+681	• Gains from M3 Career, an equity method affiliate, increased
Net Income	1,581	1,378	+202	• An extraordinary income of ¥185 mil. was booked through acquiring an equity method affiliate making it a subsidiary in Q1 FY03/15 • If disregarding the impact of this, net income increased ¥387 million (+32% YoY)

*1: To conduct proper analysis, the values used here are the same values as “Actual excl. One-time Expenses for MIMS Acquisition” on the previous page.

- ✓ Full year net income is expected to be in line with initial forecasts.

Analysis on Differences between Actual Results (Q1-3) and Initial Forecasts, and Q4 Forecasts (excl. Impact of MIMS Acquisition)^{*1*2}

	Q1-3		Q4
	Progress	Analysis	Forecasts
Net Income	Good	<ul style="list-style-type: none"> Net income was in line with forecasts 	<ul style="list-style-type: none"> Net income is expected to be in line with forecasts
Net Sales	Not Good	<ul style="list-style-type: none"> Net sales of recruiting agent services fell short of forecasts Other services including <i>Kaipoke</i> performed well 	<ul style="list-style-type: none"> Recruiting agent services is expected to continue falling short of forecasts On the other hand, other services including <i>Kaipoke</i> are expected to perform well
Expenses	Excellent	<ul style="list-style-type: none"> Expenses was below forecasts: <ul style="list-style-type: none"> -Expenses reductions through reviewing measures -Delays in recruiting 	<ul style="list-style-type: none"> Expenses are expected to remain lower than forecasts

*1: Represents the progress and forecasts relative to forecasts announced on April 30, 2015, excl. the impact of MIMS acquisition.

*2: Excellent: exceed forecasts Good: in line with forecasts Not Good: below forecasts.

Expenses are evaluated based on their impact to incomes (e.g., "Excellent" or "Good" if expenses are below forecasts).

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

Year-on-Year Comparison of Net Sales

(¥ million)		Q1-3 FY03/15	Q1-3 FY03/16	YoY Change
Nursing Care	Recruiting Agent	812	1,011	+25%
	Media	1,084	1,319	+22%
Medical Care	Recruiting Agent	5,680	6,151	+8%
	Media	755	843	+12%
Total		8,332	9,326	+12%

Highlights

- In recruiting agent services, new consultants contributed to an increase in net sales
 - ✓ Recruiting agent for nurses: # of consultants on average: 270 in Q1-3 FY03/15 to 290 in Q1-3 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 (Q1-3)

- ✓ Net sales increased 78% YoY
- ✓ *Kaipoke* increased significantly in line with the scenario established for changing the service concept.

Year-on-Year Comparison of Net Sales

(¥ million)	Q1-3 FY03/15	Q1-3 FY03/16	YoY Change
Mngt Support for Service Operators	955	1,851	+94%
New Businesses	246	287	+17%
Total	1,201	2,138	+78%

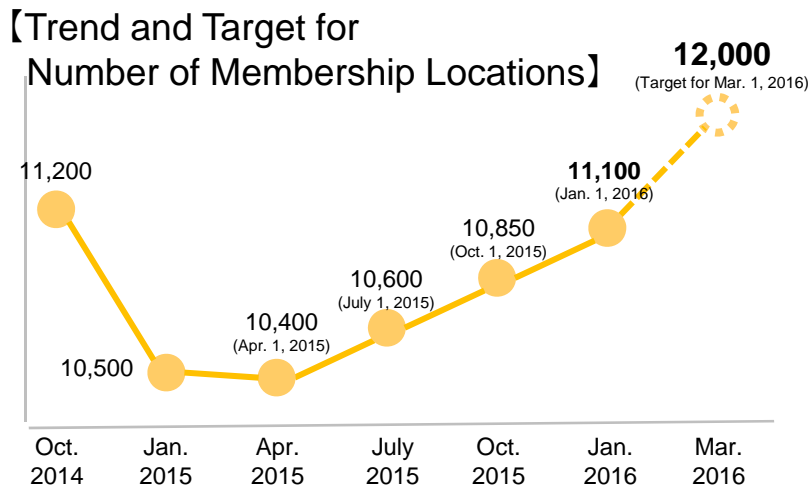
Highlights

- 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)

- ✓ *Kaipoke* is performing well in line with FY03/16 targets.
- ✓ Settled a deal with a franchiser covering 140 locations. Having also signed contracts with other several large-scale companies, we expect to achieve the target of covering 12,000 locations.

Number of Membership Locations

- The number of locations where members operate has been increasing since March 2015, when the trend turned into a net increase, reaching 11,100 as of January 1, 2016



Actions to Achieve the Target and Results

- **Strengthening sales activities targeting operators owning multiple locations**
 - ✓ Planning to continue targeting medium-sized operators and franchisers
 - ✓ Signed a contract with RehaContents Co., Ltd., a franchiser offering rehabilitation day services in 140 locations nationwide
 - ✓ Other projects with companies owning multiple locations are underway. In FY03/16, we have contracted with franchisers operating in dozens or hundreds of locations
Therefore, the target of 12,000 locations is expected to be achieved
- **Covering new service types**
 - ✓ Launched a service for “home-visit nursing” in June 2015, and for “outpatient rehabilitation” and “serviced residence for seniors” in November 2015
 - ✓ Planning to expand our service type scope and client base




2 Medical Care, Healthcare and Global Segments (Q1-3)

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

Year-on-Year Comparison of Net Sales

(¥ million)	Q1-3 FY03/15	Q1-3 FY03/16	YoY Change
Medical Care	573	493	-14%
Healthcare	25	82	+223%
Global	533	802	+50%

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
 - “Information portal for hospital Admin. managers” focused on enhancing *Aikon*, a purchasing support service
- 
 - Developing services based on specific segments/themes, such as dementia
- 
 - Net sales increased YoY mainly in Australia and Korea

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- ✓ Forecasts were revised to reflect the consolidation of MIMS financial results, MIMS acquisition expenses, and stock sales of an affiliated company.

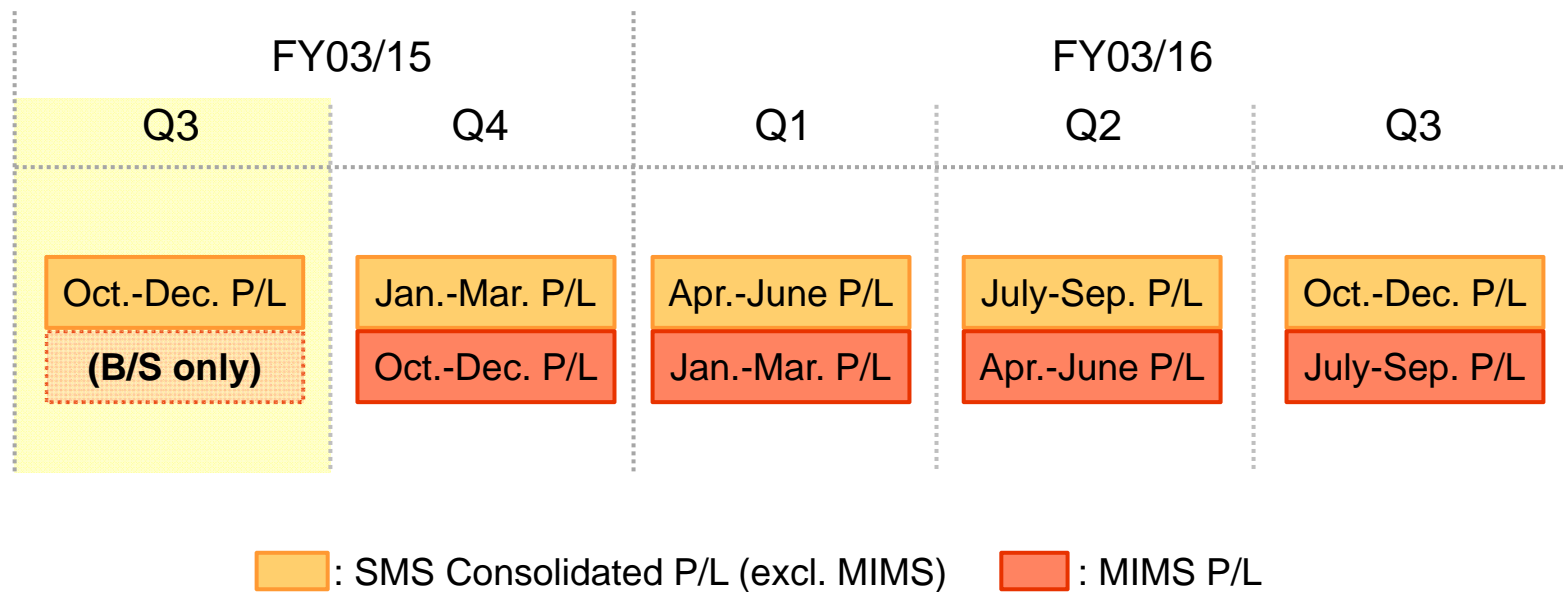
Consolidated Financial Forecasts (Full Year) [¥ million]

	Previous Forecasts (Announced on Apr. 30, 2015)	Revised Forecasts (Announced on Jan. 28, 2016)	Difference (Amount)	Difference (Ratio)
Net Sales	18,881	19,102	+221	+1%
Operating Income	2,702	2,740	+37	+1%
Ordinary Income	3,403	3,429	+26	+1%
Net Income	2,306	2,265	(41)	-2%

3 Consolidation of MIMS Financial Results

✓ MIMS P/L statement will be consolidated to SMS P/L statement following a time lag of three months.

Image of Consolidating MIMS P/L to SMS Consolidated P/L (excl. MIMS)*1

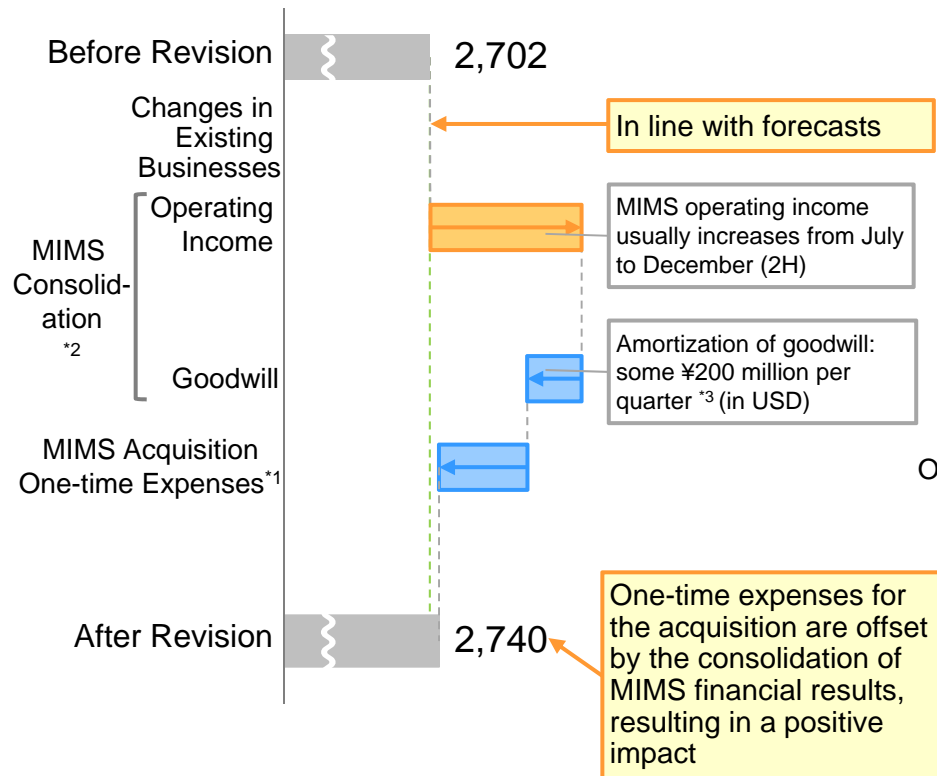


*1: Q1-4 presented here are those of the fiscal year of SMS. SMS fiscal year ends in March, while MIMS fiscal year ends in December.

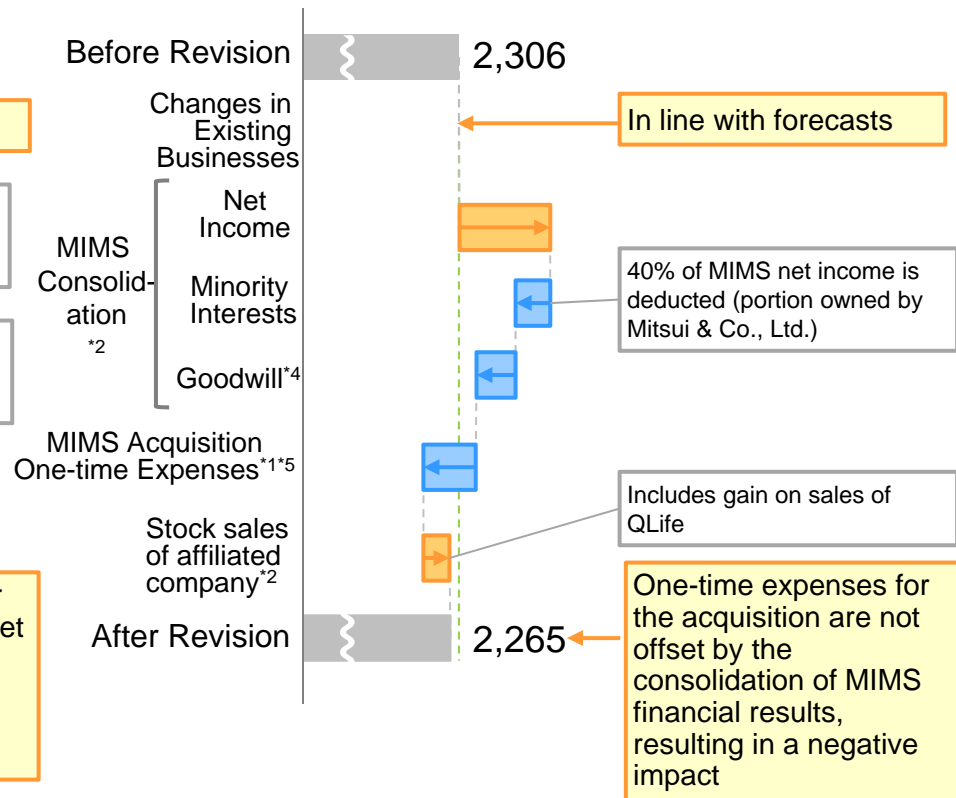
3 Factors affecting the Revision

- ✓ Incomes for existing businesses are unchanged as they made progress in line with forecasts.
- ✓ Operating income and net income were revised to reflect the impact of the acquisition of MIMS.

Factors affecting Operating Income Revision



Factors affecting Net Income Revision



*1: Booked in Q3 *2: To be booked in Q4 *3: Amortization is estimated based on PPA tentative evaluation results and by assuming a 20 year amortization period for goodwill. The final PPA evaluation results and goodwill amortization period will be determined at the end of the fiscal year.

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- ✓ The Career Segment accounts for 77% and the Nursing Care Segment accounts for 13% of total net sales.
- ✓ Recruiting agent service for nurses accounts for about 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%	Recruiting agent service for nurses (60%)
Healthcare	0.04	0.3%	
Global	0.74	4.9%	iHealth (50%)

4-1

List of Services Provided*1

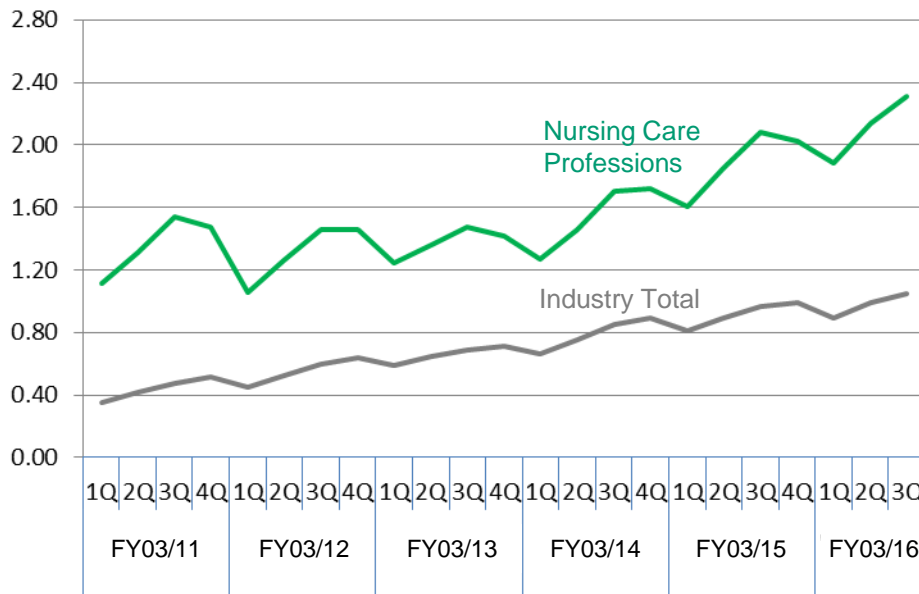


Segment	Sub-segment	Service Name							
Nursing Care	Mngt Support for Service Operators	Management support service for nursing care operators 			Information portal of housing for seniors 		Home-delivered meal search site 		
	New Businesses	Com for care managers 	Com for nursing care professionals 	Com 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 公共経営支援	Livelihood support search site 	
Medical Care	-	Com for nurses and student nurses 	Mail order/online sales of nursing goods 	Magazines 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 人事ソリューション	Scholarship information portal 			
Health-care	-	Com for nutritionists 	Q&A site on health 	Information portal of dementia 	News column for active seniors ライブラリー	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) 		Drug information service for healthcare professionals and institutions 	
Associated Companies	-	RAG and RAD for doctors and pharmacists 		RAG for pharmacists 					

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

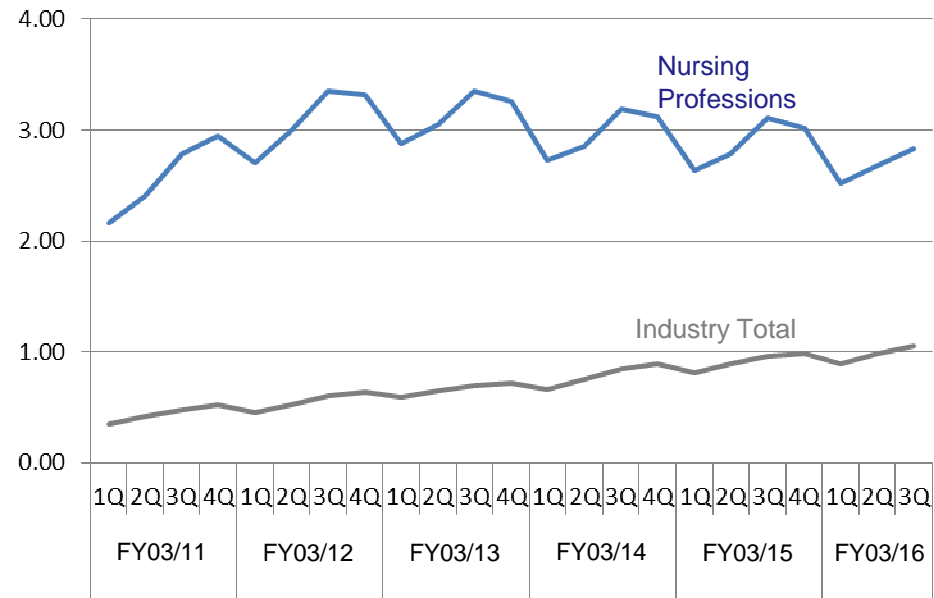
Nursing Care Segment

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

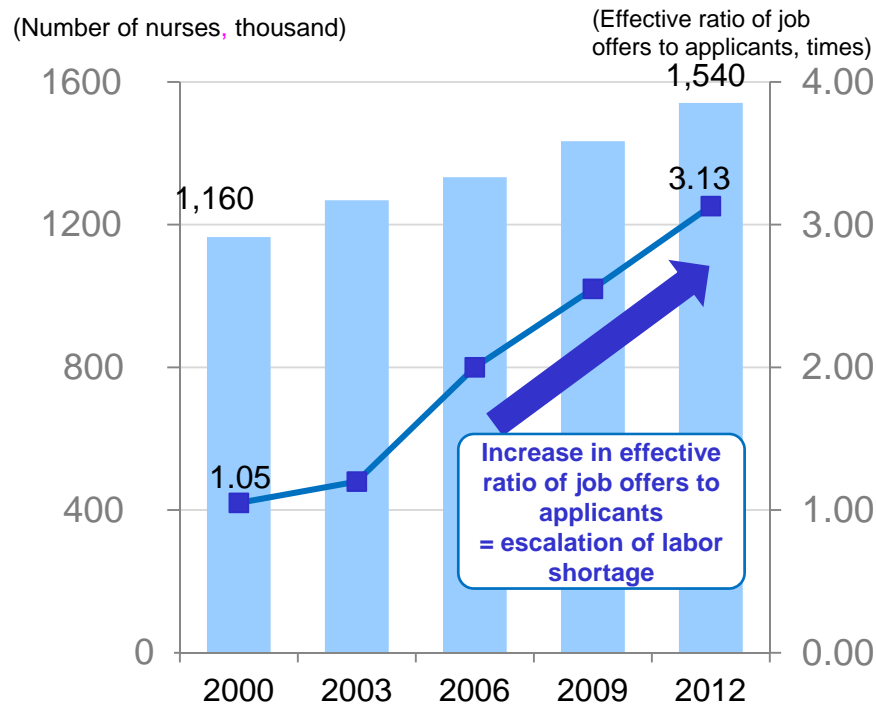


*1: MHLW, General employment placement situation

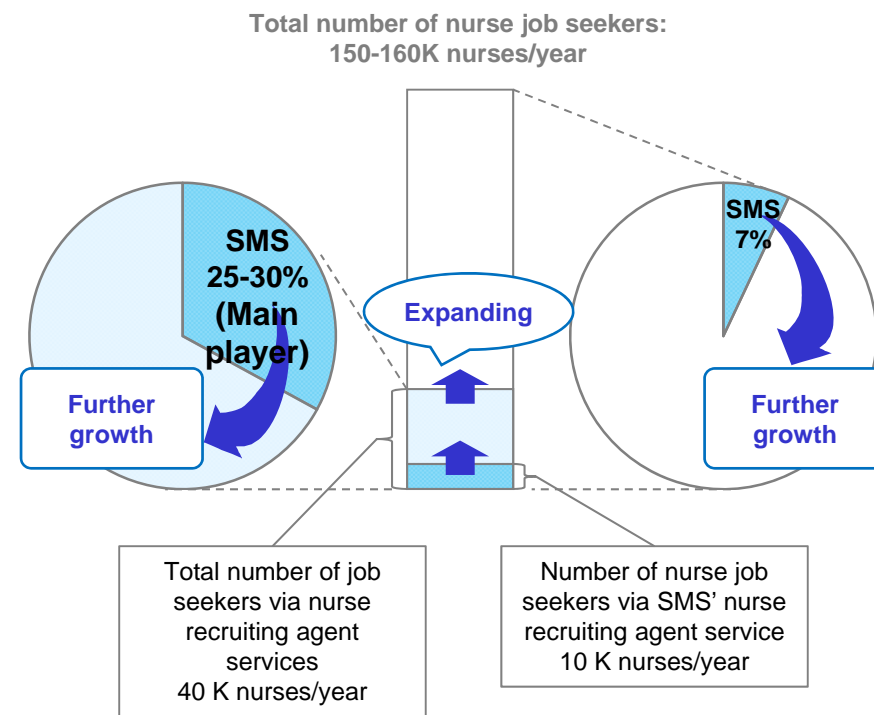
Figures represent the average of values for the 3 months in each quarter. The figure for Q3 FY03/16 is the average of values for October and November

- ✓ 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

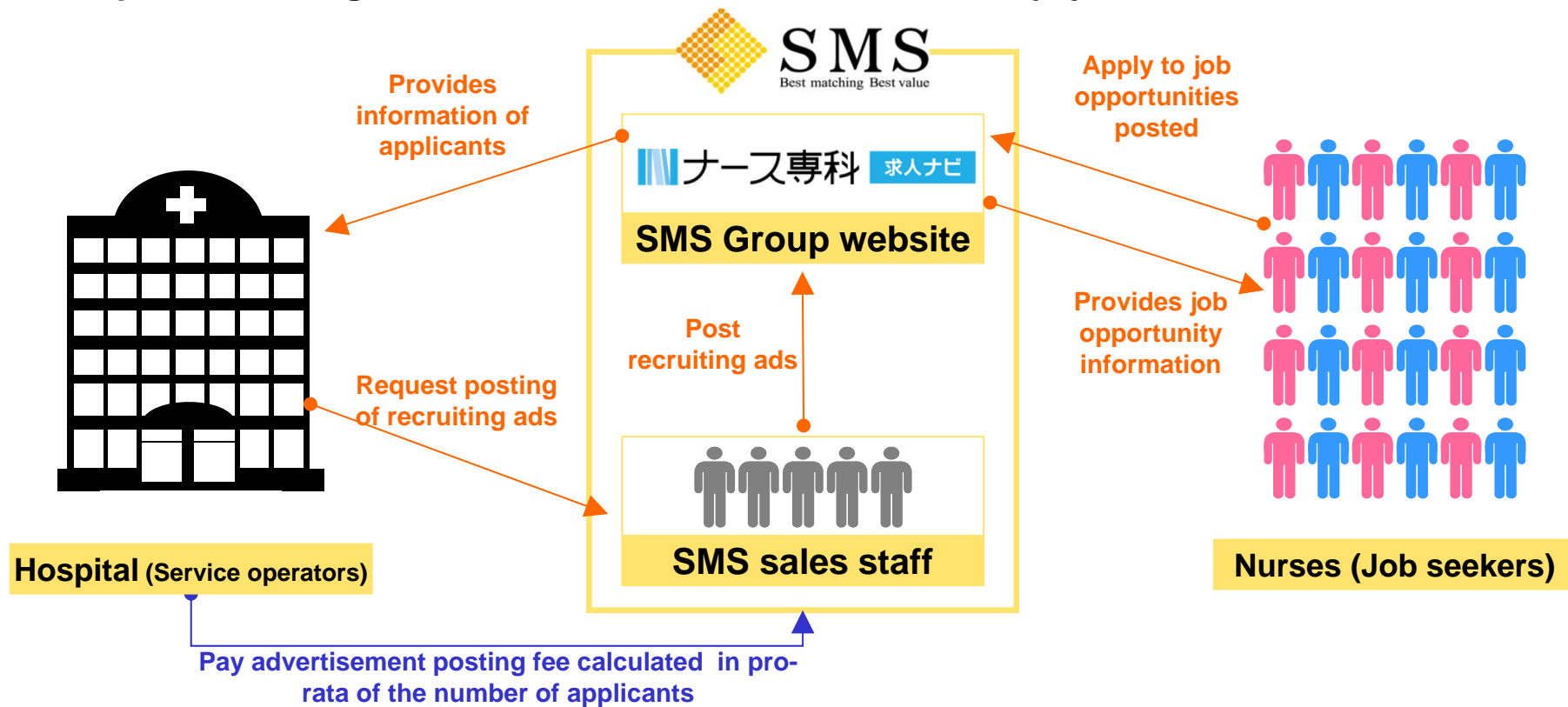
- ✓ When a job seeker successfully changes jobs through SMS's service, SMS receives a percentage of the job seeker's estimated annual income from the service operator (e.g., hospitals and nursing care operators) as a commission.

【Example: Recruiting agent service for nurses, *Nurse Jinzai-bank*】



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

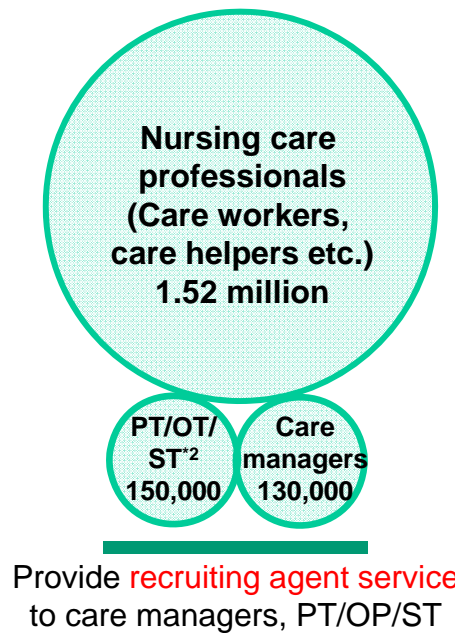
Example: Recruiting ads service for nurses, *Nurse-senka Kyujin-navi*



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

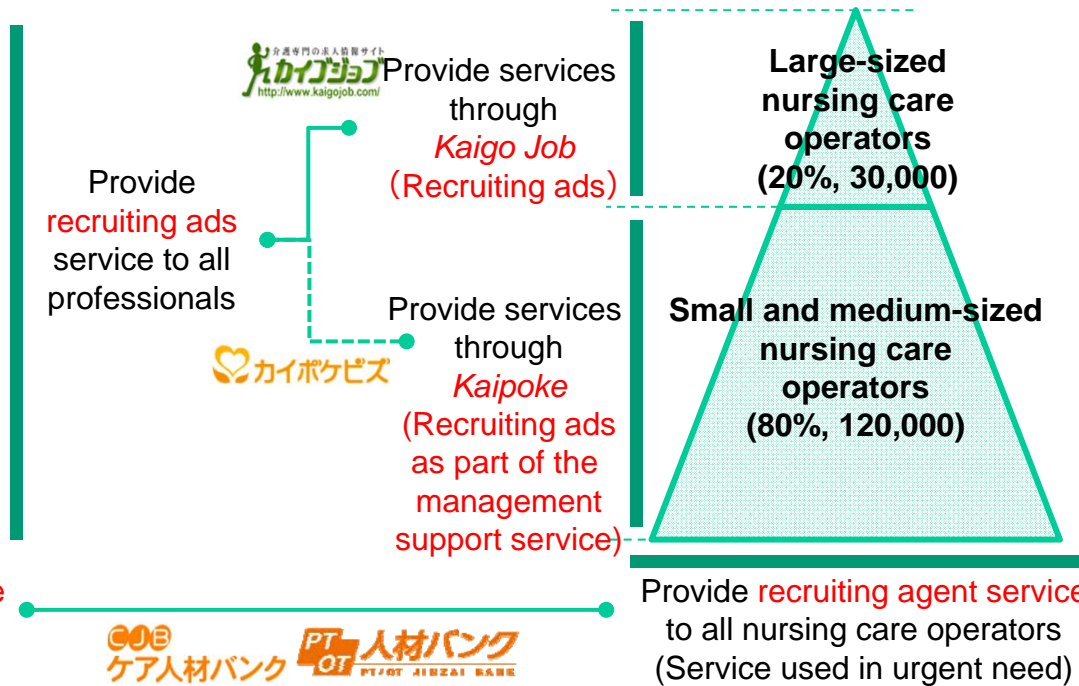
Services by Professional Type

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

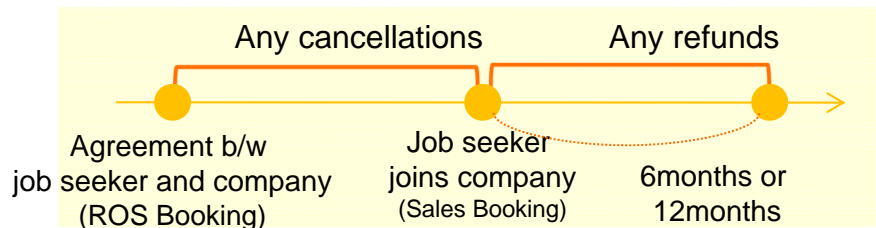
*3: Figures represent the number of service operators

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

- ✓ 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

ROS Formula

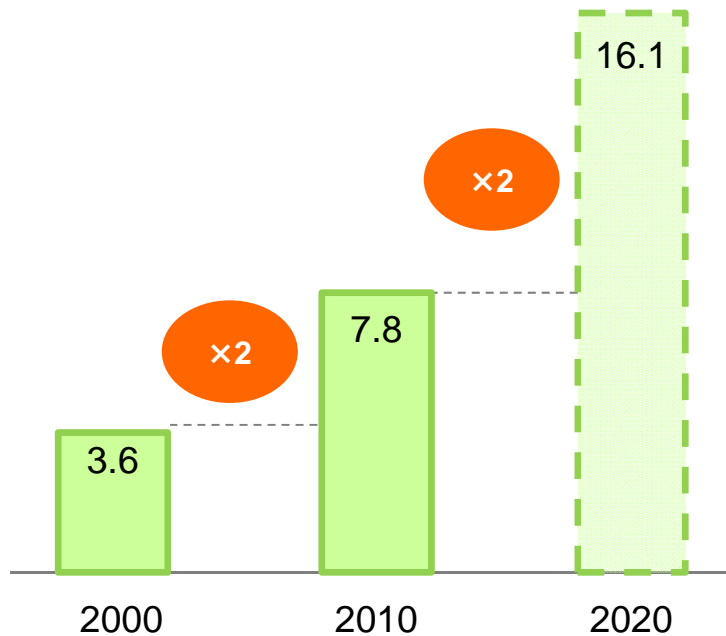
$$\text{ROS} = \text{NofC} \times \text{Productivity} \times \text{Unit price}$$

- 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 average of commissions for job placement service

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

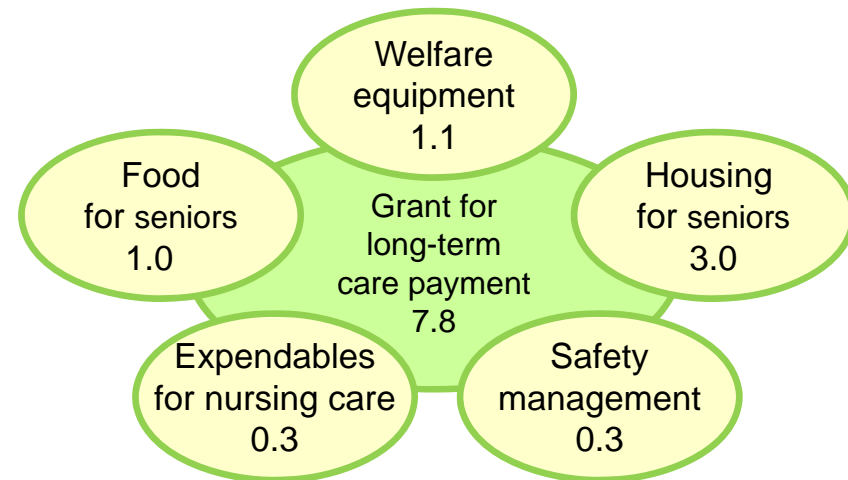
Trend in Expenditure of Long-Term Care Insurance*¹

(¥ trillion)



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

(¥ trillion)

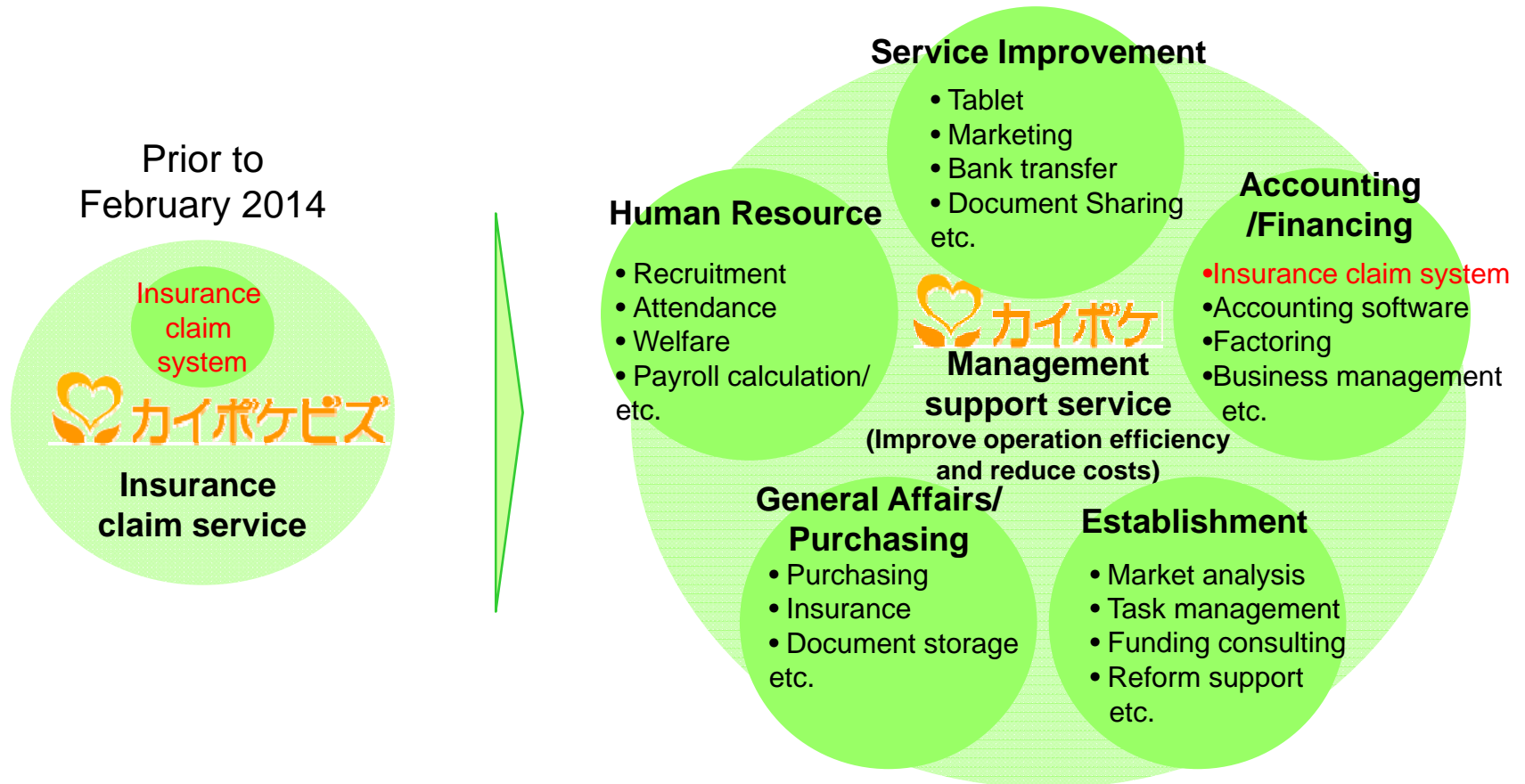


*1: Ministry of Health, Labour and Welfare (MHLW) (Includes copayment; the value most recently disclosed was ¥10.0 trillion in 2014)

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

- ✓ 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.

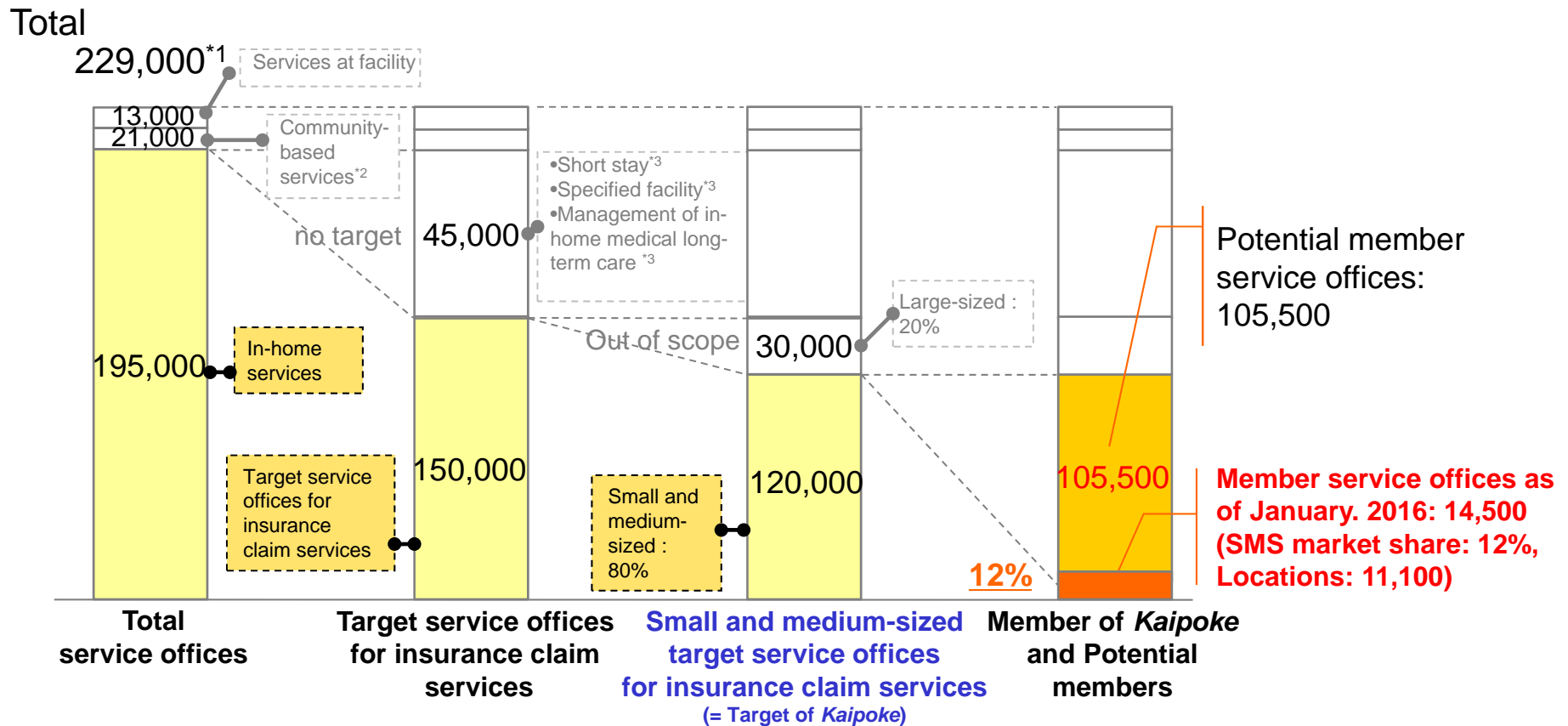
*2: Only representative services are shown.

4-3

Target Service Offices of *Kaipoke*



- ✓ 120,000 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.



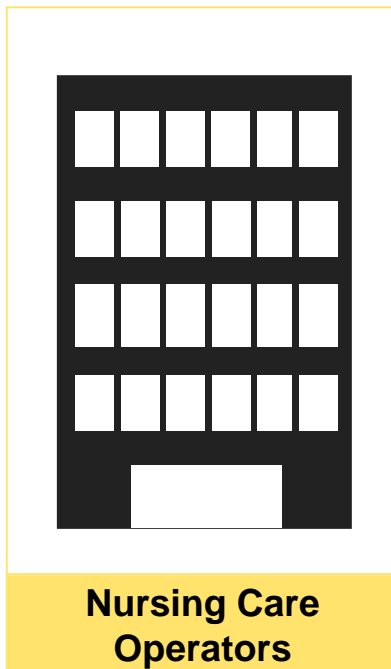
*1: SMS estimates based on MHLW, *Monthly report of Survey of Long-term Care Benefit Expenditures (October 2015)*

*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

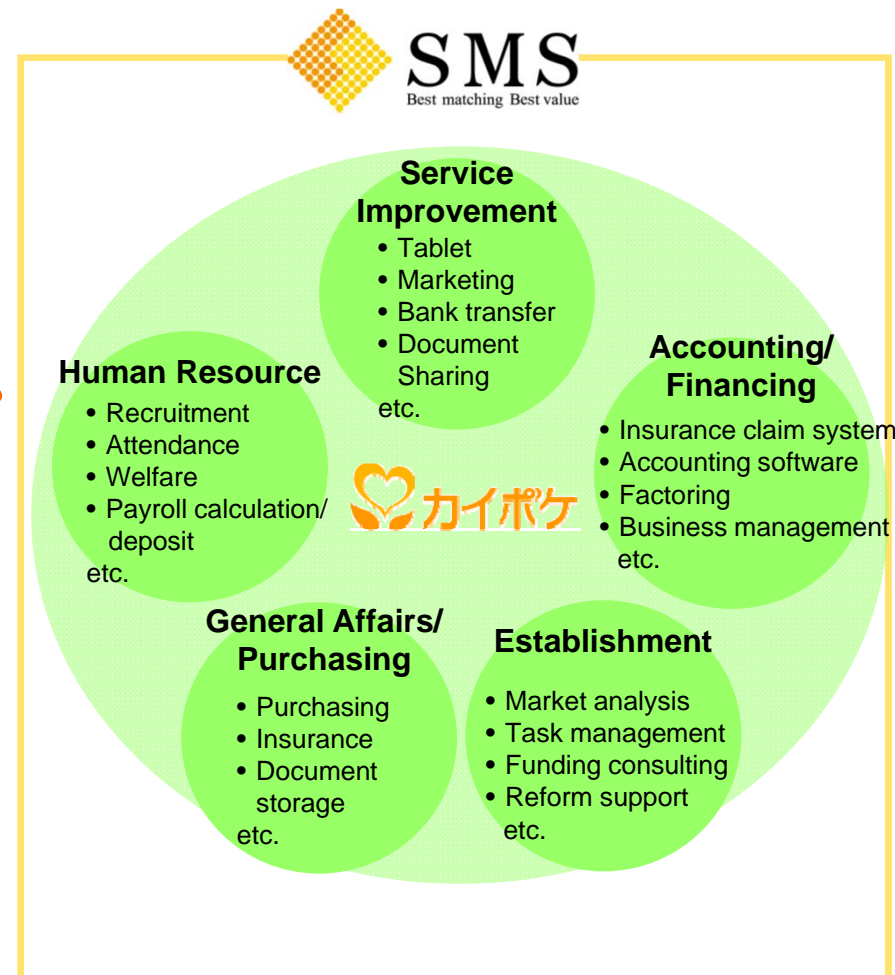
- ✓ Receive service fee from nursing care operators for providing not only insurance claim services but also management support services, which include support in sales, recruiting, and operational efficiency improvement.



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

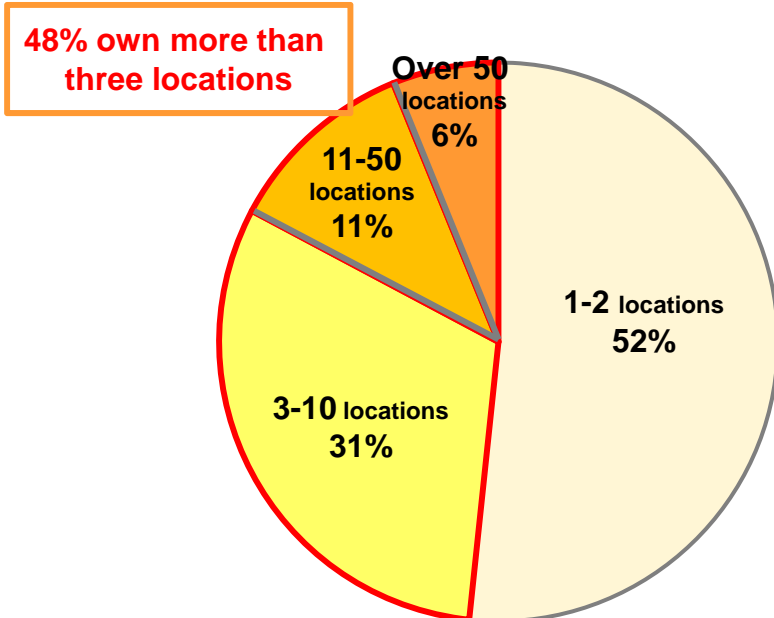


✓ We aim to expand *Kaipoke's* target significantly by including nursing care operators that own offices in multiple locations and new service types such as home-visit nursing operators and outpatient rehabilitation operators.

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.

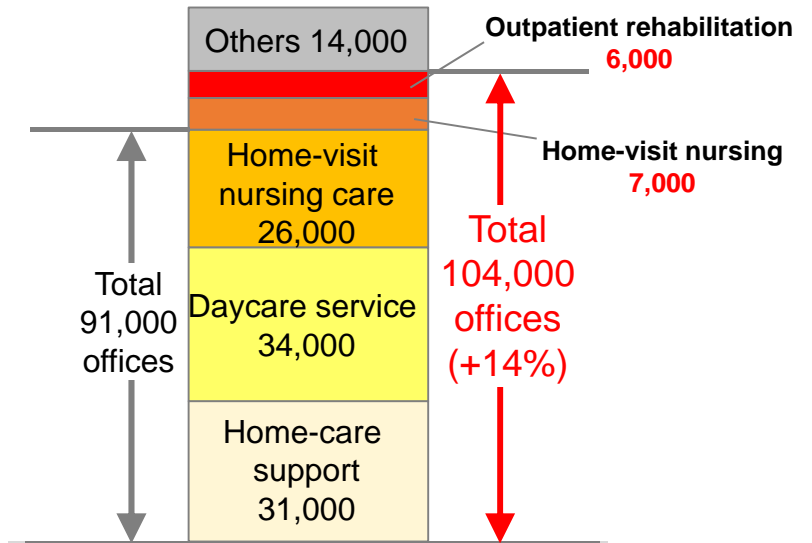
Breakdown by Number of Locations



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*

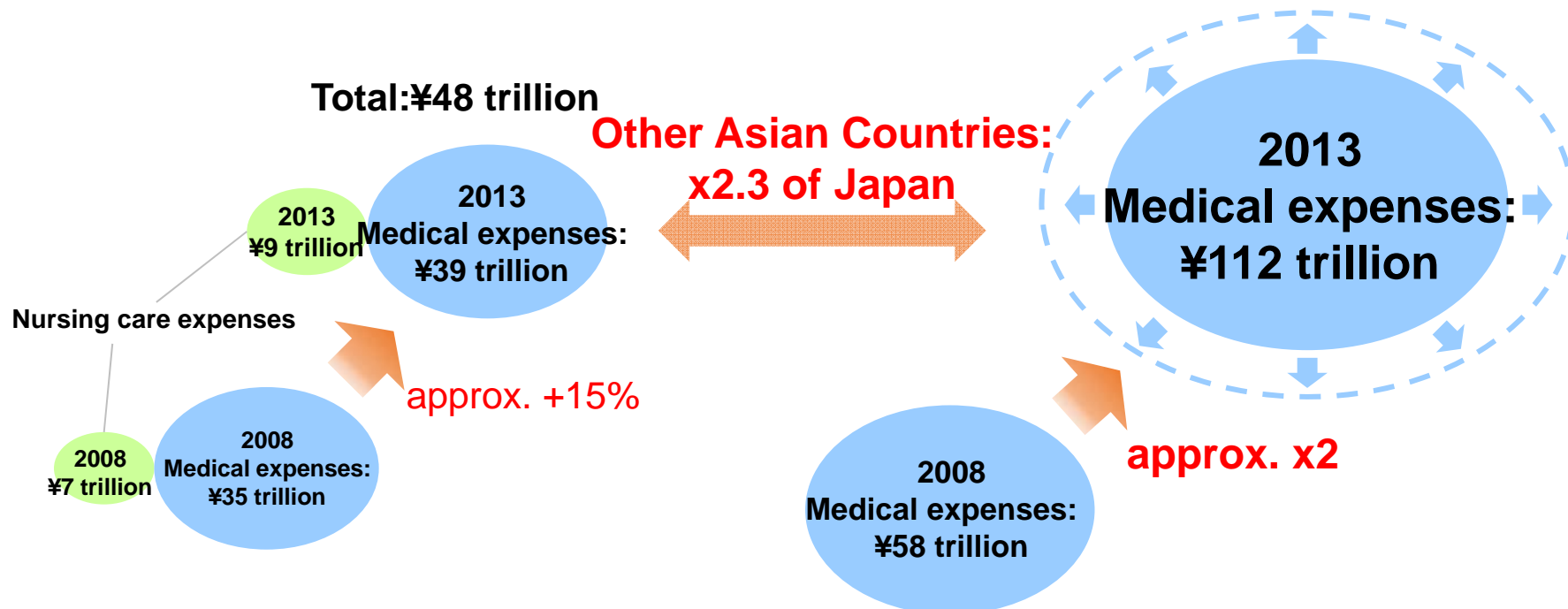


*Residence for elderly people with services is included in home-care support, daycare service, and home-visit nursing care.

- ✓ Total medical expenses in countries where MIMS Group operates are currently 2.3 times larger than that of Japan.
- ✓ Owing to development of insurance systems and economic growth, total 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

MIMS Group Global Coverage

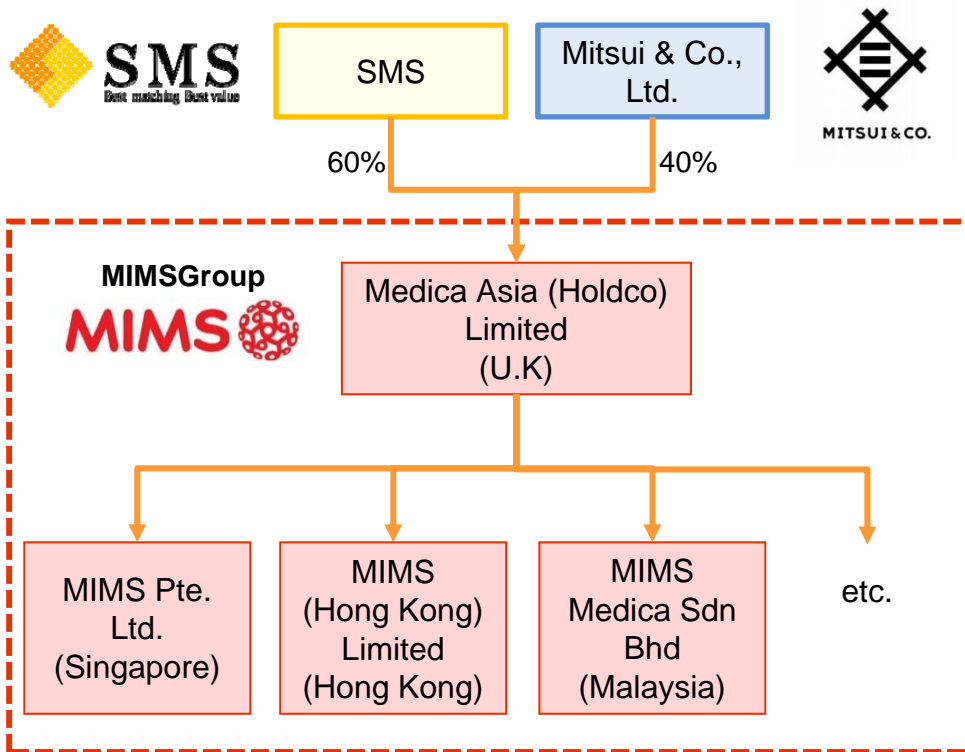


MIMS Group



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)

Investment Structure

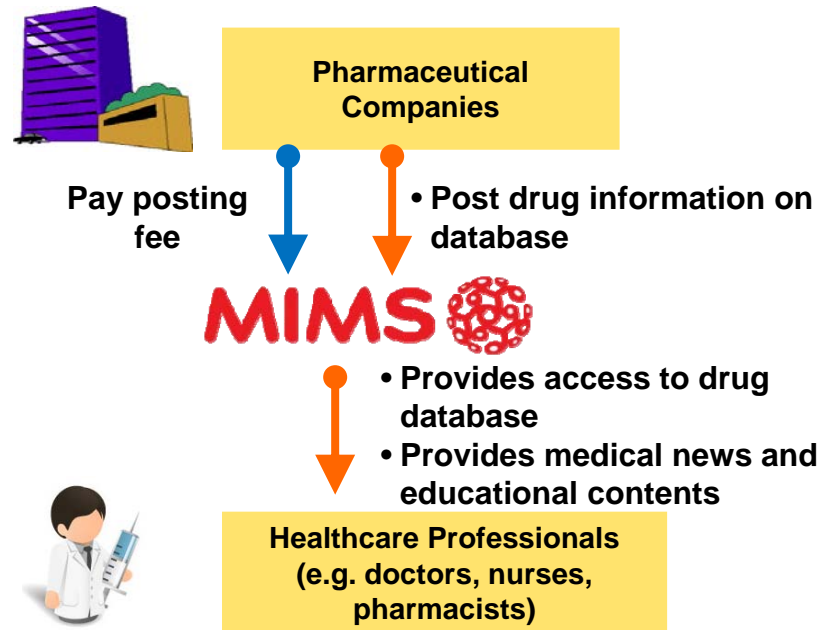


Overview

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 pharmaceutical companies by delivering medical news and educational contents to the professionals, and by running related events

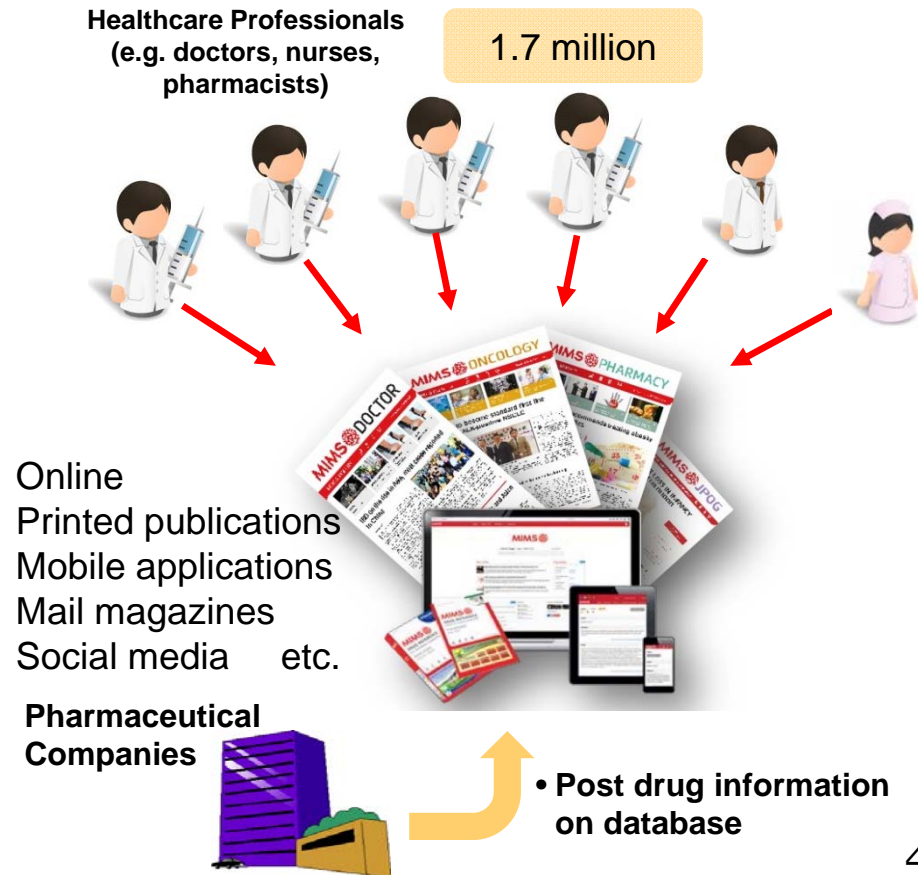
Business Model



Service Provision Area

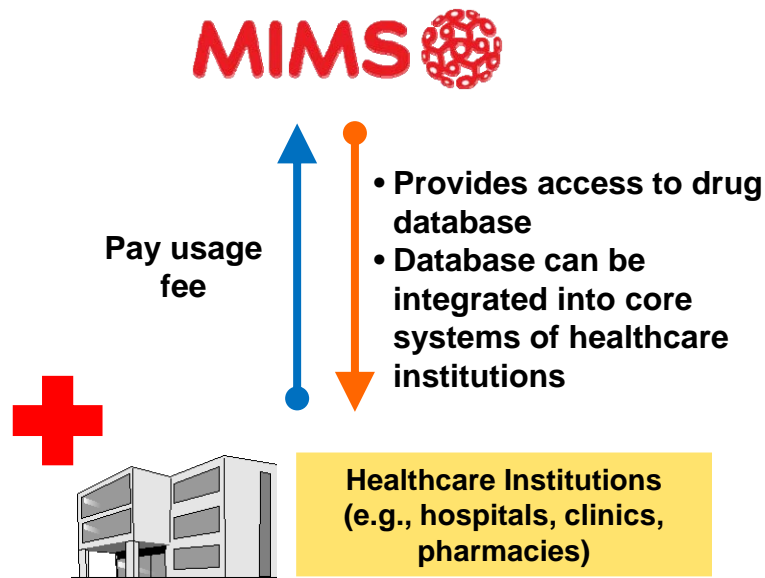
Singapore, China, Hong Kong, South Korea, India, Indonesia, Malaysia, Philippines, Thailand, Myanmar and Vietnam

Media for Accessing Database



- ✓ Healthcare Data Business runs a drug database for healthcare institutions and it covers more than 50% of hospitals, clinics and pharmacies in Australia and New Zealand.
- ✓ While offered as a physical book, the database is also integrated into core systems on hospital information, clinic prescription and pharmacy dispensing.

Business Model



Service Provision Area

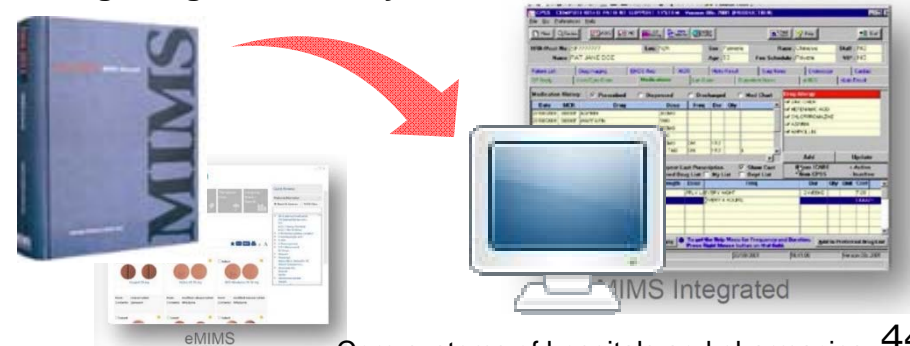
Australia, New Zealand, South Korea and Singapore

Media for Accessing Database

<Drug Database>



<Integrating into Core System>



Core systems of hospitals and pharmacies 44

- ✓ 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.

1. Overwhelming Brand Value

- 50 years of history
- Utilized by healthcare institutions/ professionals to get drug information on a daily basis



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.

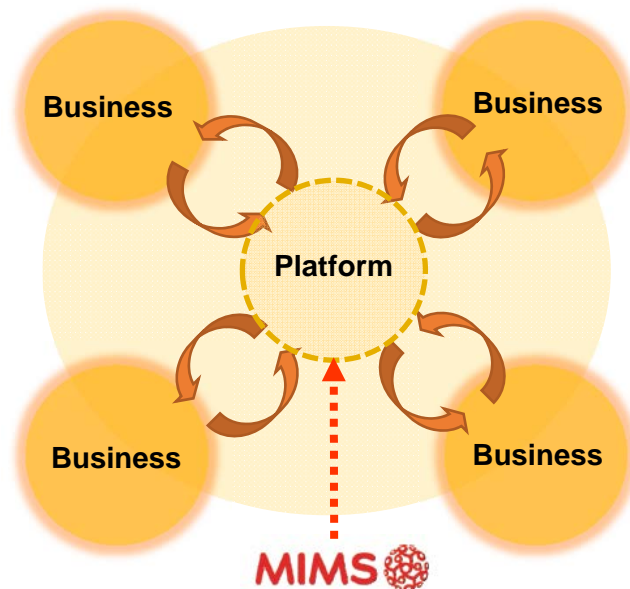
3. Business Relationships with Pharmaceutical Companies

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

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

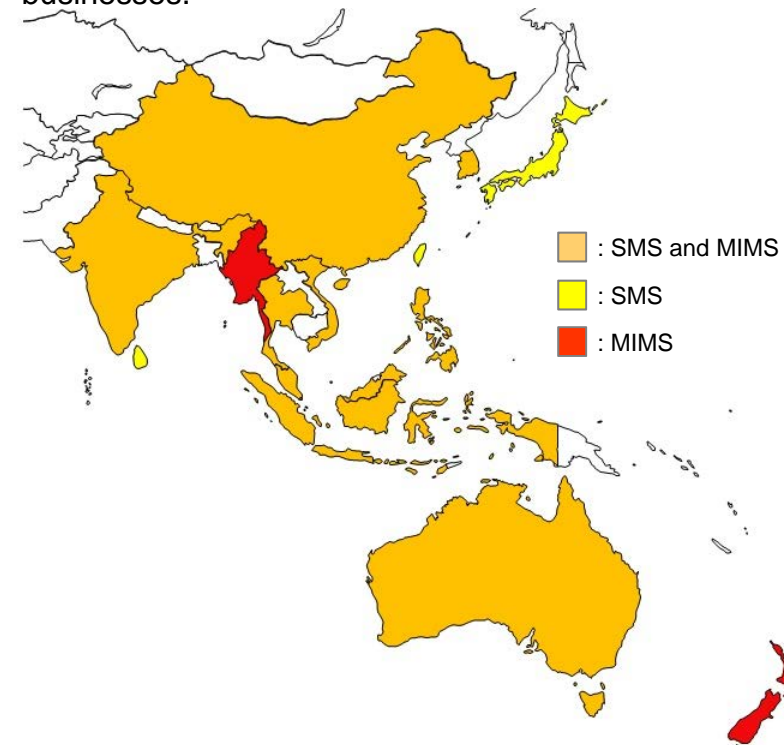
MIMS Group's Role in SMS's Strategy

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.

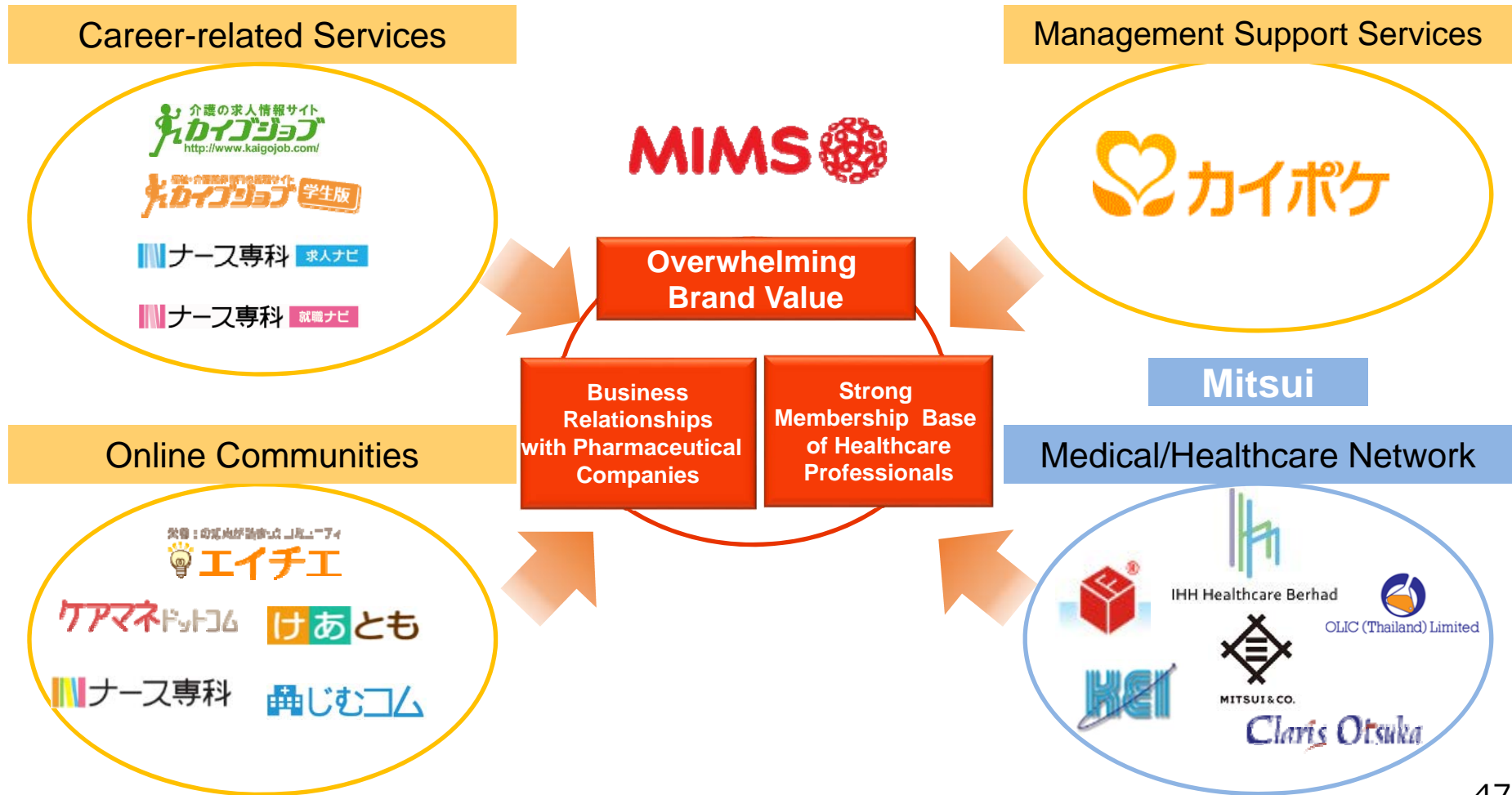


Countries where SMS and MIMS Group Operate

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



- ✓ 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.

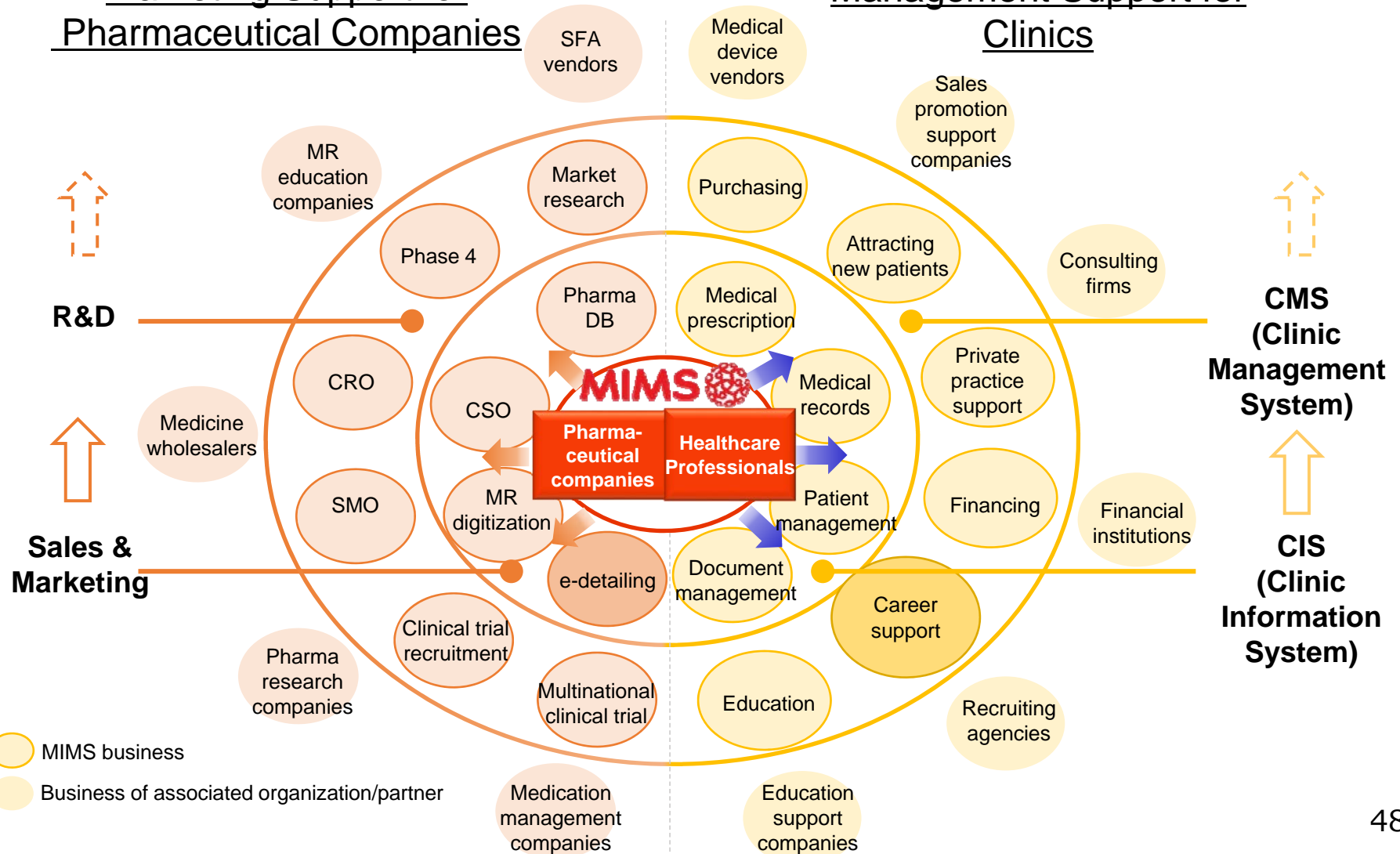


Pharmaceutical Field

Clinic Field

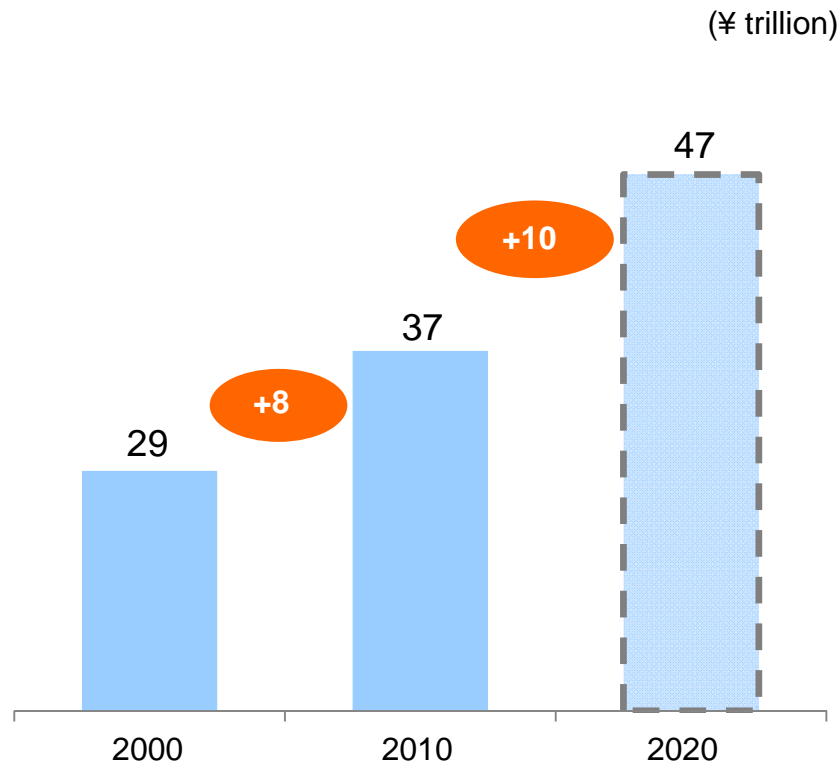
Marketing Support for Pharmaceutical Companies

Management Support for Clinics

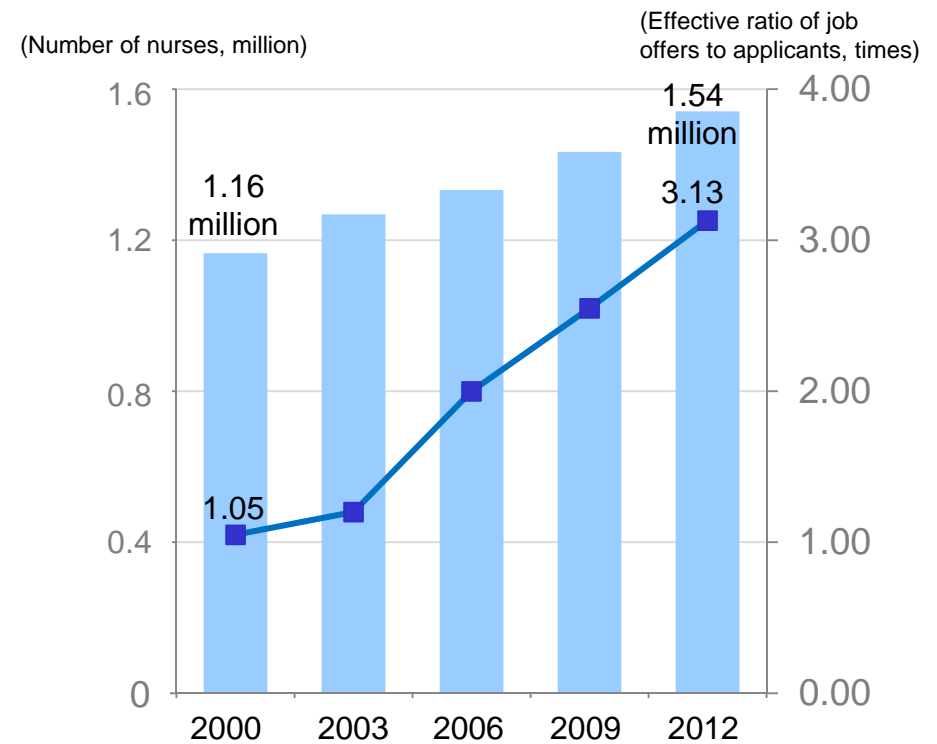


- ✓ Medical expenses have increased.
- ✓ Suffering from shortage of nurses although the number of nurses has increased.

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

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 *1 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 *2	<ul style="list-style-type: none"> ■ 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] • 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] • MIMS Group(12 different countries in Asia-Oceania and Hong Kong)

4-6

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

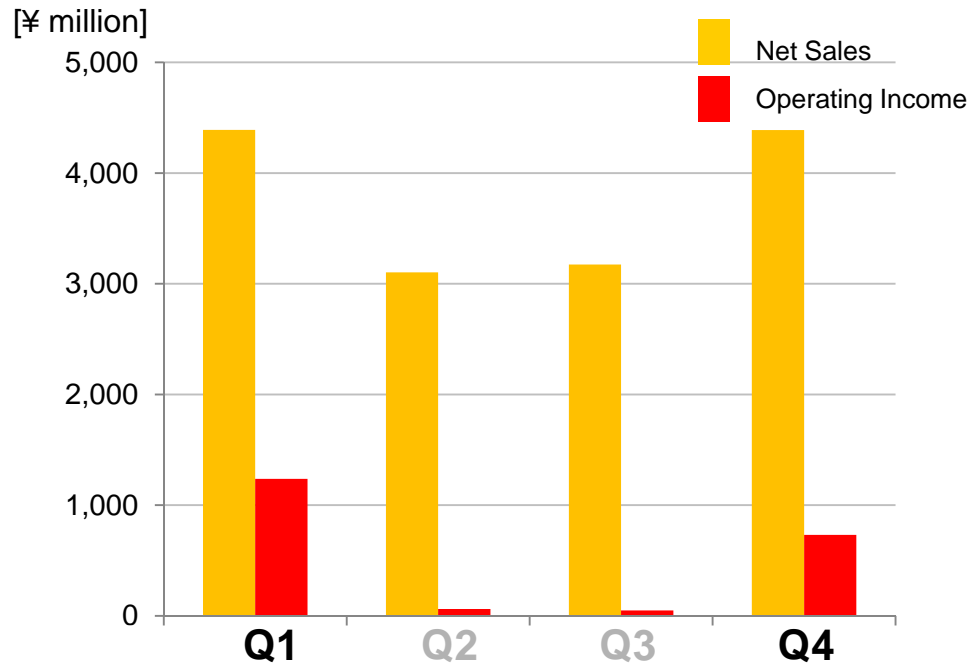
(¥ million)

		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

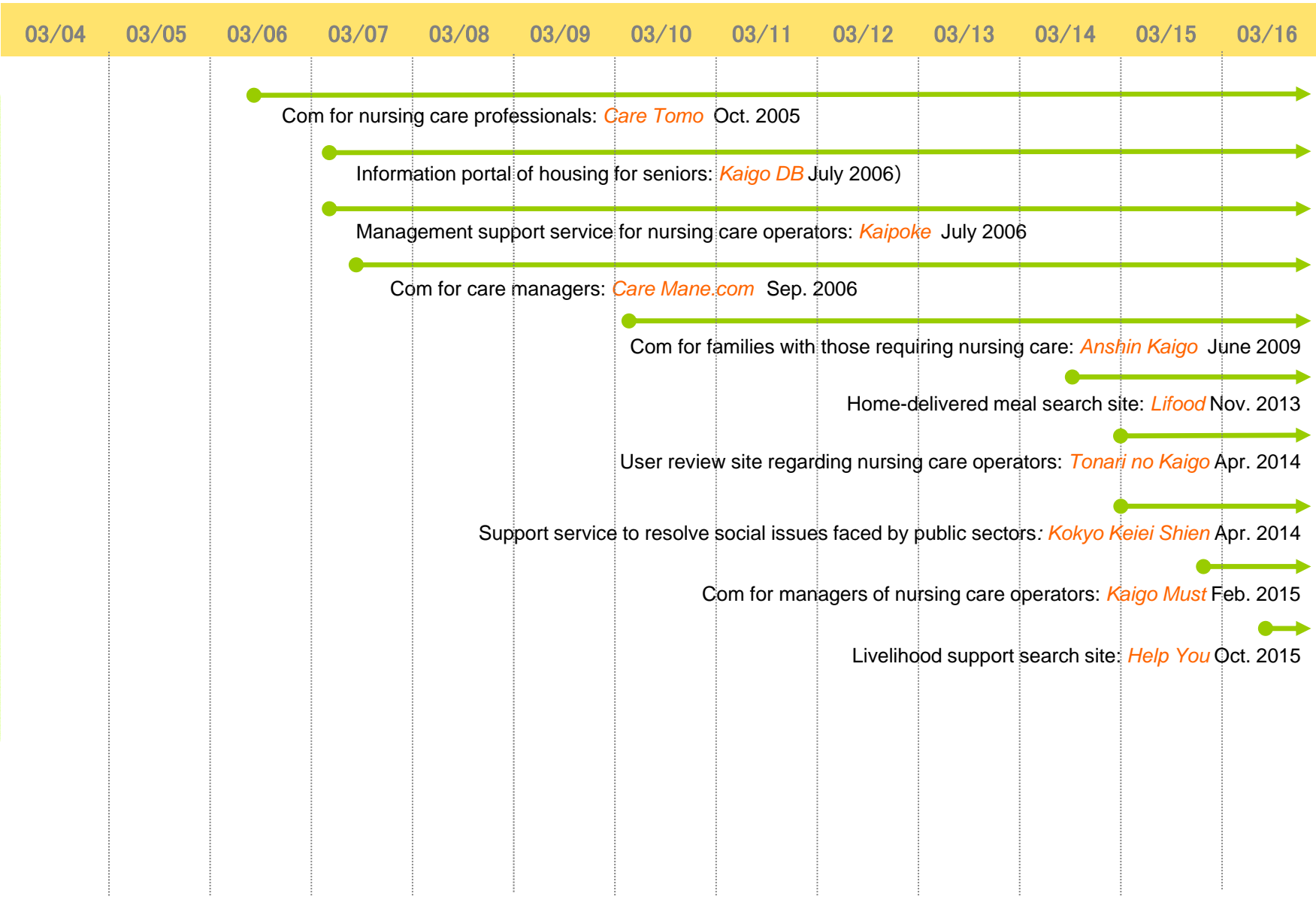
Recruiting Ads Service

- 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

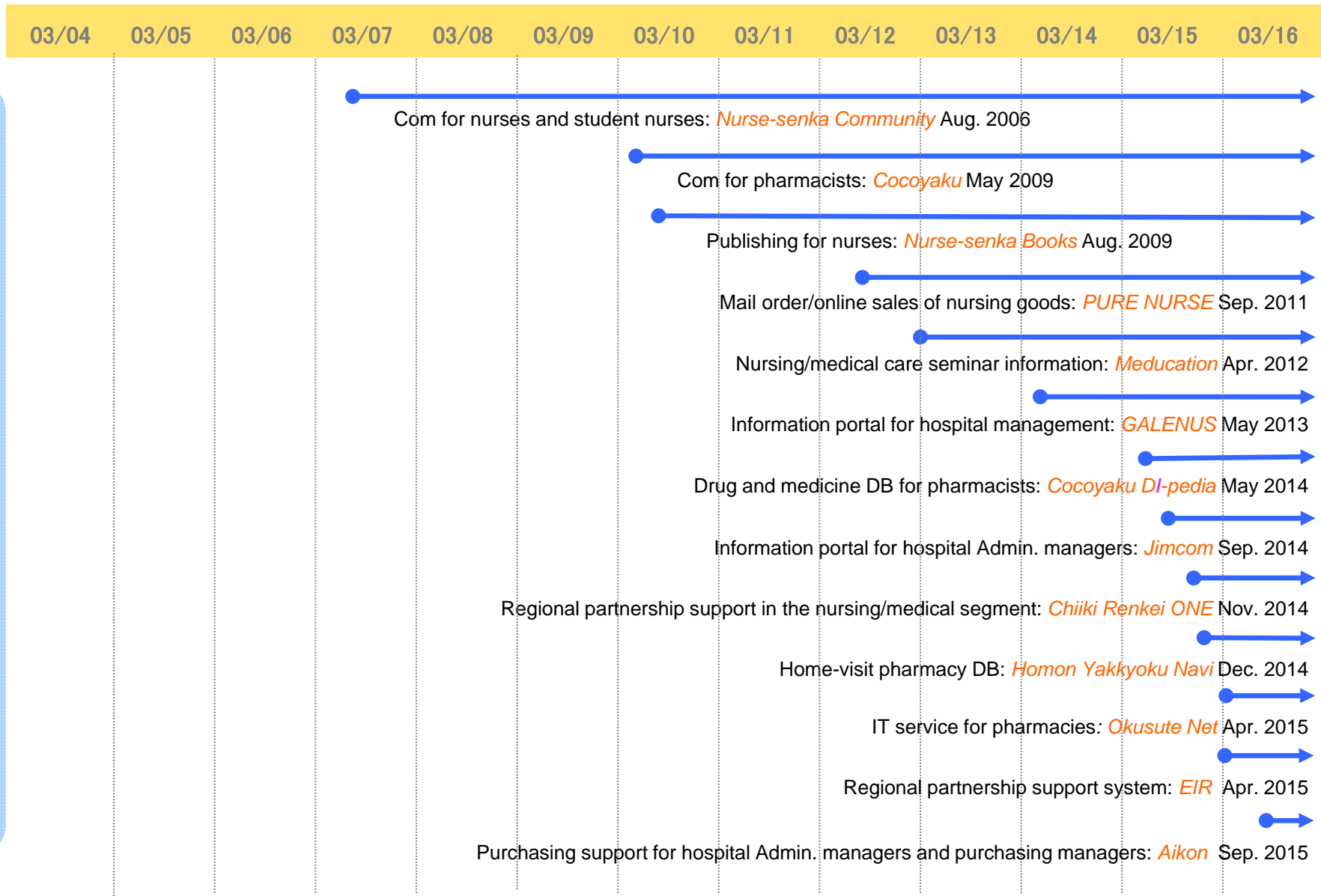
Recruiting Magazine

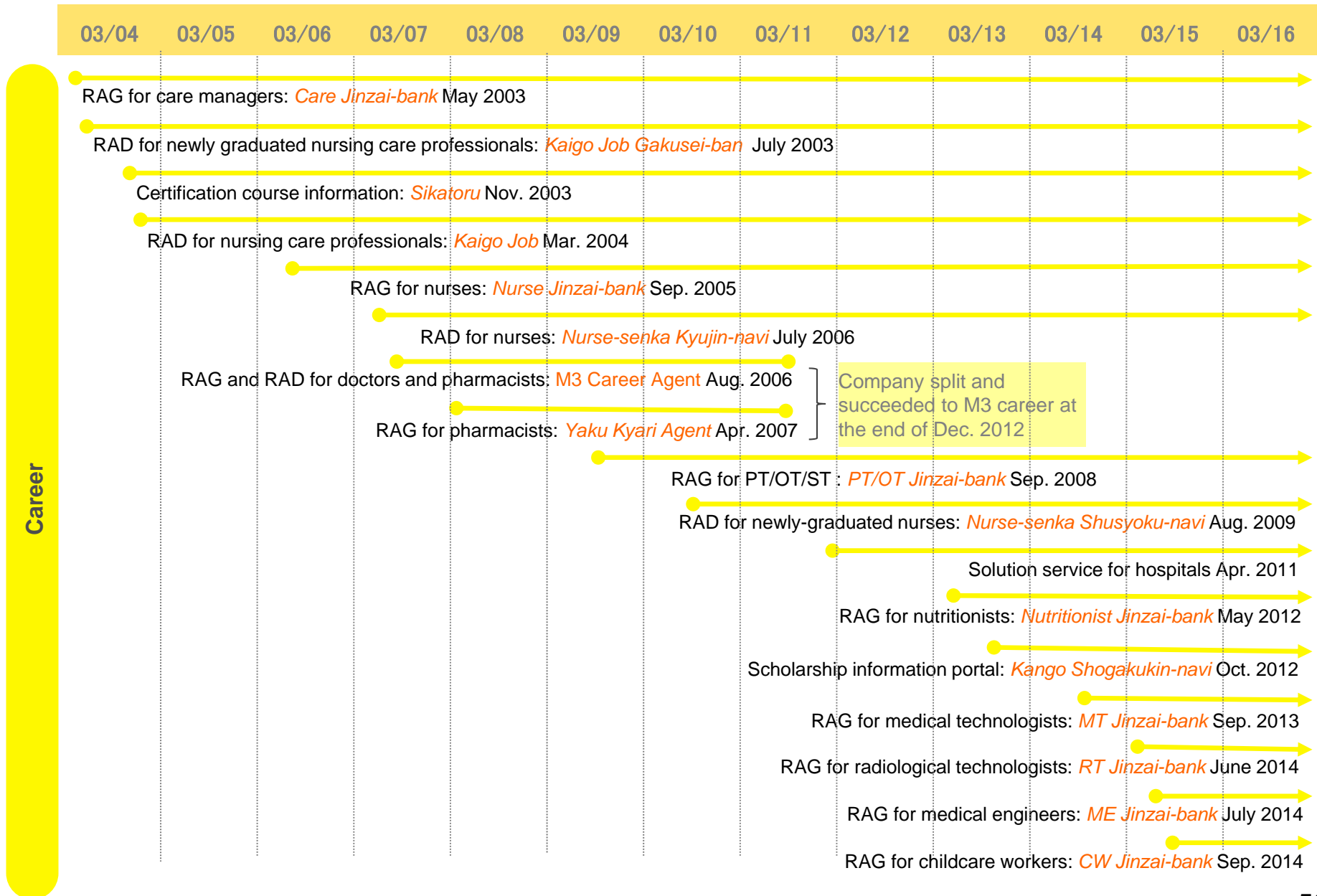
- Net sales are booked when recruiting magazines are shipped; therefore, net sales and operating income increase in March (Q4) when the spring issue of recruiting magazines for student nurses are published

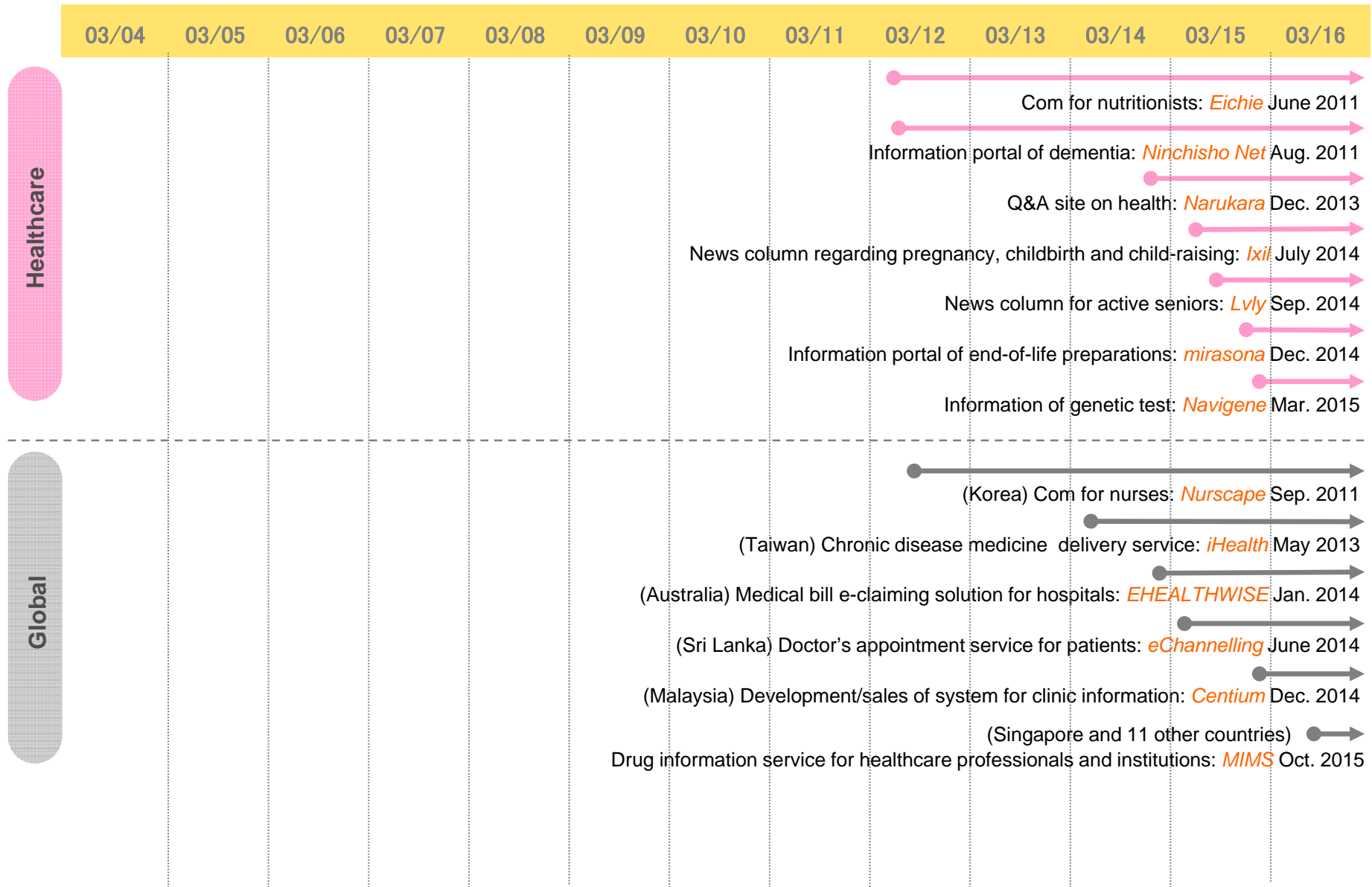
Nursing Care



Medical Care







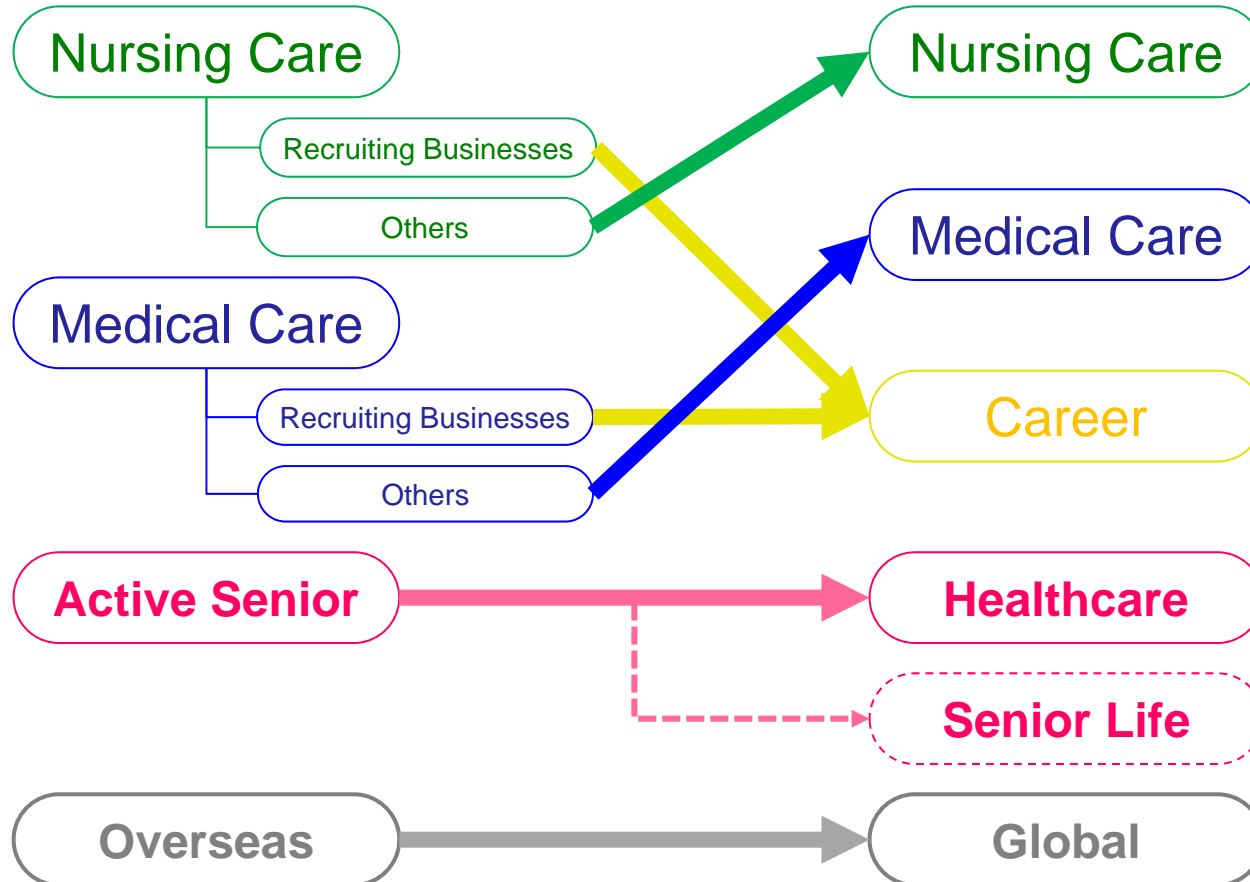
Company Name	Established	Country	Description of Business
SMS Vietnam Company Limited	Apr. 2009 *2	Vietnam	SMS's portion of ownership: 100%, consolidated subsidiary System development of SMS's services and maintenance of part of them
SMS Beijing CO., LTD.	Sep. 2009	China	SMS's portion of ownership: 100%, 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
Wadoc Pte. Ltd.	Aug. 2015	Singapore	SMS's portion of ownership: 100%, consolidated subsidiary Overseeing management support services for clinics
MIMS Group	Oct. 2015	12 countries and Hong Kong	SMS's portion of ownership: 60%, consolidated subsidiary(19 companies) Providing drug information service for healthcare professionals and institutions
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
This Source (Pvt) Ltd	Jan. 2015*2	Sri Lanka	SMS's portion of ownership: 86.7%, unconsolidated subsidiary Publishing magazine for health care providers

✓ Redefined disclosed segments accompanying the reclassification of market segments.

Former Disclosed Segments

New Disclosed Segments



Number of Employees

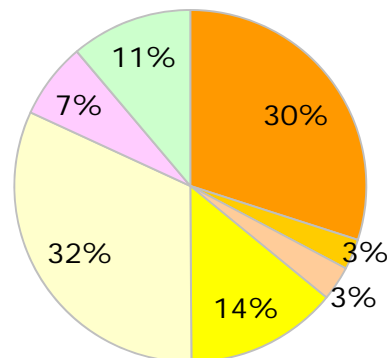
⇒ Number of employees and its breakdown as of December 31, 2015

Employees (consolidated)	1,564
SMS CO., LTD.	261
SMS Career CO., LTD.	511
Subsidiaries and Sub-subsidiaries	792
Japan	230
Global	562

Shareholder Composition*1

[as of September 30, 2015]

Number of stock
holders
3,483



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 December 31, 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.

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