

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, 2017 (the 14th Fiscal Year)

January 30, 2017



SMS
Best matching Best value

1	Q3 FY03/17 Consolidated Financial Results P3-P9
2	Reference P11-P49

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Q3 FY03/17 Consolidated Financial Results P3-P9

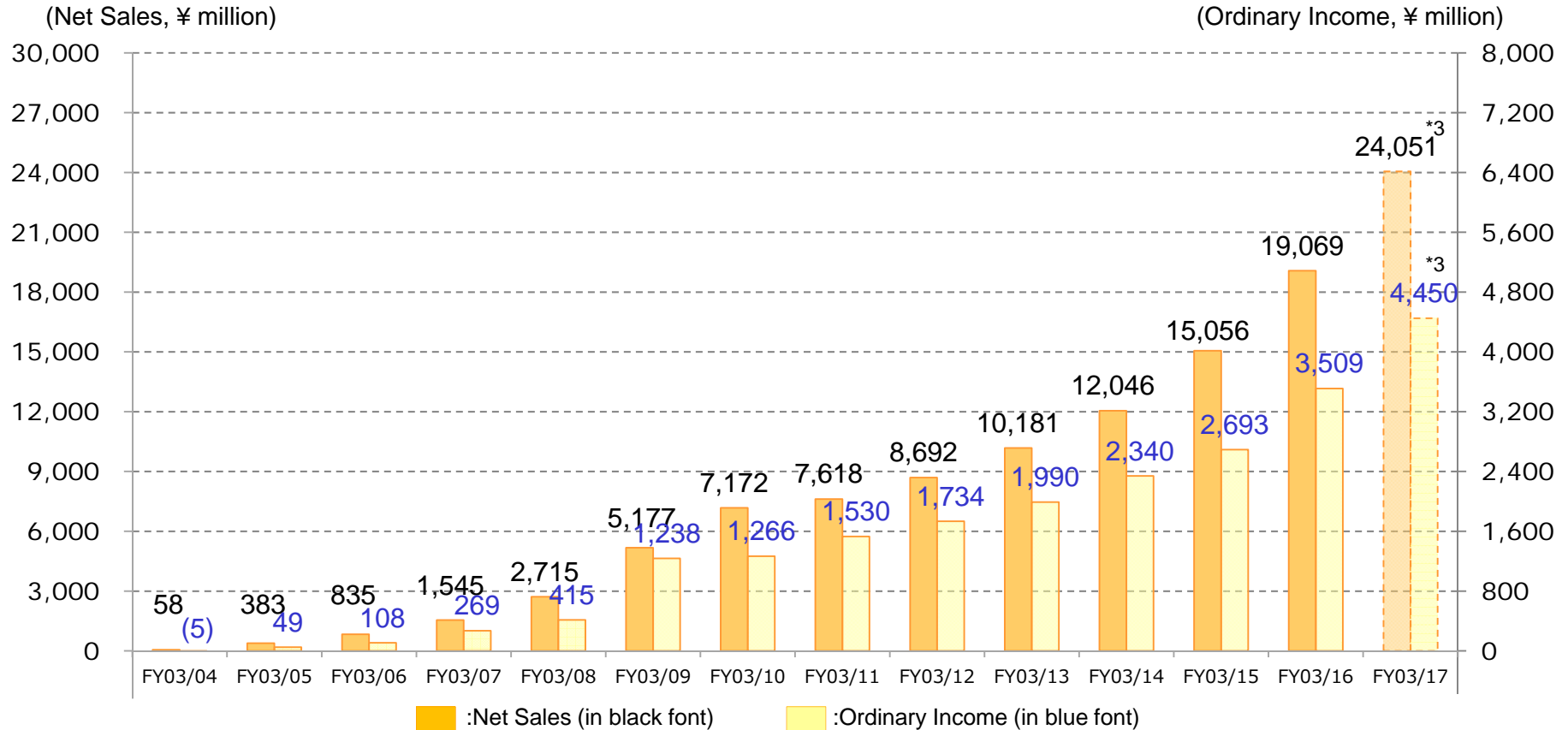
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Reference

P11-P49

✓ We expect to achieve growth in both net sales and ordinary income for the 13th 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

*3: Revised forecasts announced on October 28, 2016.

- ✓ Both net sales and incomes increased YoY significantly.
- ✓ Incomes are largely making smooth progress against the forecasts revised upward on October 28.

P/L statement [¥ million]

	Q1-3 FY03/16 Actual	Q1-3 FY03/17 Actual	YoY Changes	FY03/17 Revised Forecasts (Announced on Oct. 28, 2016)
Net sales	12,842	16,713	+30%	24,051
Operating Income	1,572	2,332	+48%	3,650
Ordinary Income	2,170	3,045	+40%	4,450
Net income	1,371	1,805	+32%	2,800

- ✓ Net sales increased 9% YoY.
- ✓ Both Recruiting Agent and Media services in the Nursing Care achieved significant growth.

Year-on-Year Comparison of Net Sales [¥ million]

		Q1-3 FY03/16	Q1-3 FY03/17	YoY changes
Nursing Care	Recruiting Agent	1,068	1,326	+24%
	Media	1,262	1,550	+23%
Medical Care	Recruiting Agent	6,367	6,728	+6%
	Media	632	585	-7%
Total		9,330	10,191	+9%

Highlights

- In the Nursing Care, both recruiting agent and media services (primarily recruiting ads) achieved significant growth.
 - Recruiting Agent services for physical therapists and occupational therapists continued to grow steadily.
 - The number of sales orders for the Recruiting agent service for care workers, which was launched this fiscal year, started to increase. The number of consultants have been increased looking ahead of the growth from the next fiscal year.
- Recruiting agent services in the Medical Care have also been growing steadily.

1 Nursing Care Segment (Q1-3)

- ✓ Net sales increased 21% YoY.
- ✓ *Kaipoke* continues to grow.

Year-on-Year Comparison of Net Sales [¥ million]

	Q1-3 FY03/16	Q1-3 FY03/17	YoY changes
Management Support for Service Operators	1,851	2,239	+21%
New Businesses	287	355	+24%
Total	2,138	2,595	+21%

Highlights

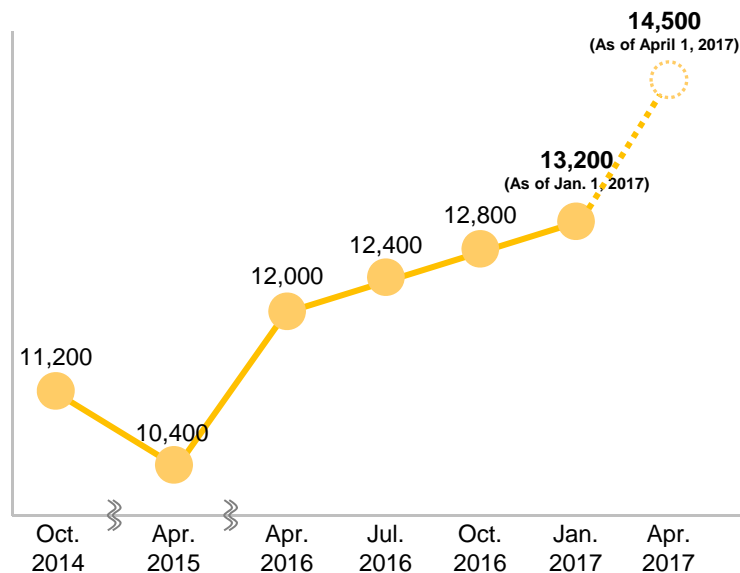
- Management support for nursing care operators “*Kaipoke*” increased substantially because of the rise in membership locations
- In New Businesses, the home-delivered meal search website for seniors increased significantly

- ✓ The acquisition of small-sized operators continued to make a good progress
- ✓ Because of a revision to the law, there is a possibility for some large-sized operators to postpone the introduction of *Kaipoke*

Membership

- The number of membership locations reached 13,200 as of Jan. 1.

Trend and Target for the Number of Membership Locations



Actions and Results

• Increase of a membership

- ✓ For small-sized operators, the member acquisition process has been improved, mainly for daycare services/home-visit nursing.

- ✓ Across K.K., which operates daycare services nationwide, introduced *Kaipoke*. Other large-sized operators will assess a revision of the law before introducing *Kaipoke* and their introduction may be postponed until the next fiscal year.

• Expansion of the scope of nursing care services

- ✓ In addition to home-visit nursing, management support service for outpatient rehabilitation and serviced residence for seniors, daycare services after school for students with disabilities also began to be provided.

1 Medical Care, Healthcare and Overseas Segments (Q1-3)

- ✓ In the Overseas segment, MIMS group that was acquired in October 2015 contributed to an increase in net sales.
- ✓ The Medical Care and Healthcare segments engaged in new businesses developments.

Year-on-Year Comparison of Net Sales [¥ million]*1

	Q1-3 FY03/16	Q1-3 FY03/17	YoY changes
Medical Care	489	436	-11%
Healthcare	82	129	+58%
Overseas ^{*1}	802	3,361	+319%

Highlights

- Medical Care**
 - Net sales of “Mail order/online sales of nursing goods” decreased YoY, but the profitability improved by discontinuing catalog sales and focusing on online sales
 - Developing the services based on specific segments/themes, such as a information portal for hospital office managers and regional partnership support in the Medical Care segment
- Healthcare**
 - Developing the services based on the themes of dementia and the prevention of lifestyle-related diseases
- Overseas**
 - MIMS group contributed to an increase in net sales
 - In existing businesses, activities toward the online systemization of Pharma Marketing were carried out.
 - In new businesses, test marketing for the career-related business commenced.

*1: The MIMS group was acquired in October 2015. MIMS Group's P/L is consolidated following a 3-month lag. (For Q1-3, the P/L of the MIMS group for January to September was included in the scope of consolidation. For details, refer to p.40.) In addition, the results of net sales for Q1-3 were ¥3,103 million. In this regard, the financial results of the MIMS group tend to be slanted toward the second half. For details, refer to p.44.

- ✓ The financial base has improved, reflecting equity finance of 7.0 billion yen and the full payment of short-term loans.

Background of the equity finance

- Oct. 2015 Borrowed 19 billion yen short-term loans to acquire the MIMS Group
- July 2016 Refinanced 12 billion yen long-term loans
- Dec. 2016 Implemented 7 billion yen equity finance
- Dec. 2016 Repaid 7 billion short-term loans

Outline of the equity finance

- Shares sold 2.8 million shares
(1,469,800 new shares and 1,330,200 treasury shares)
- Dilution 6.7% (The dilution due to the issuance of new shares is 3.5%.)
- Method Offered overseas, same-day pricing (ABB)
- Offering price 2,623 yen

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Q3 FY03/17 Consolidated Financial Results P3-P9

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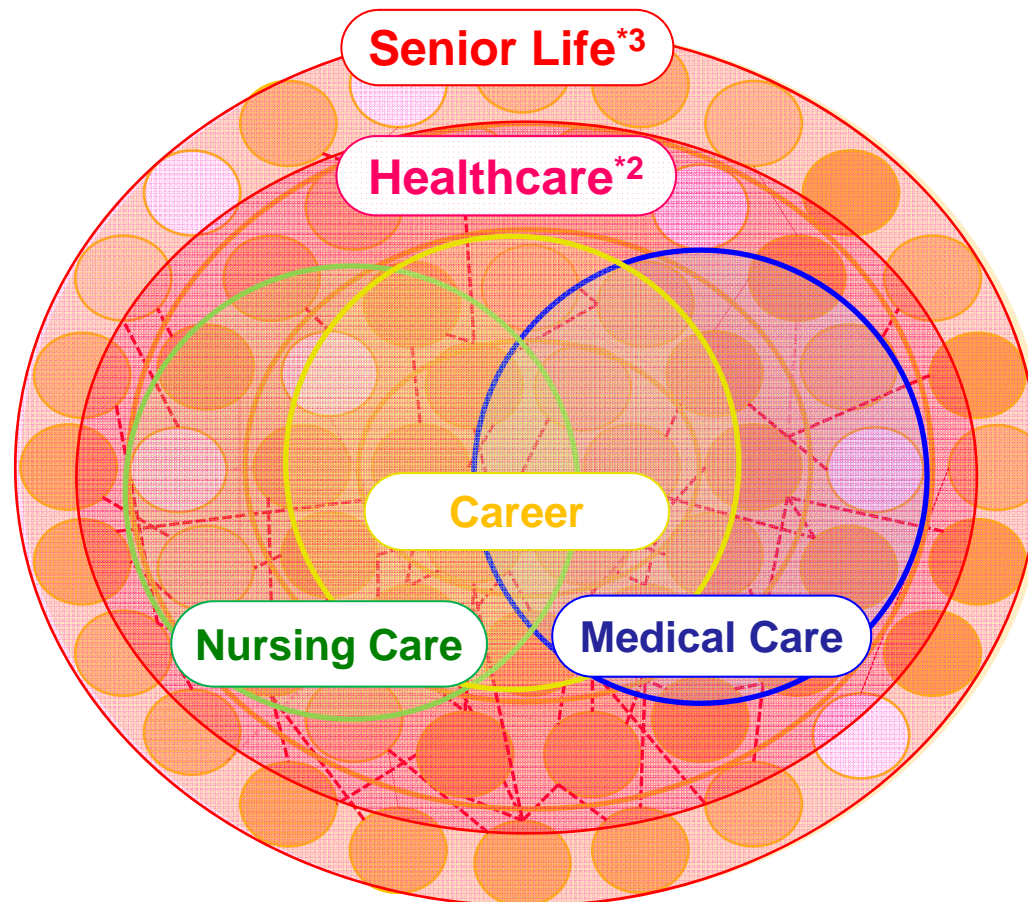
Reference

P11-P49

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

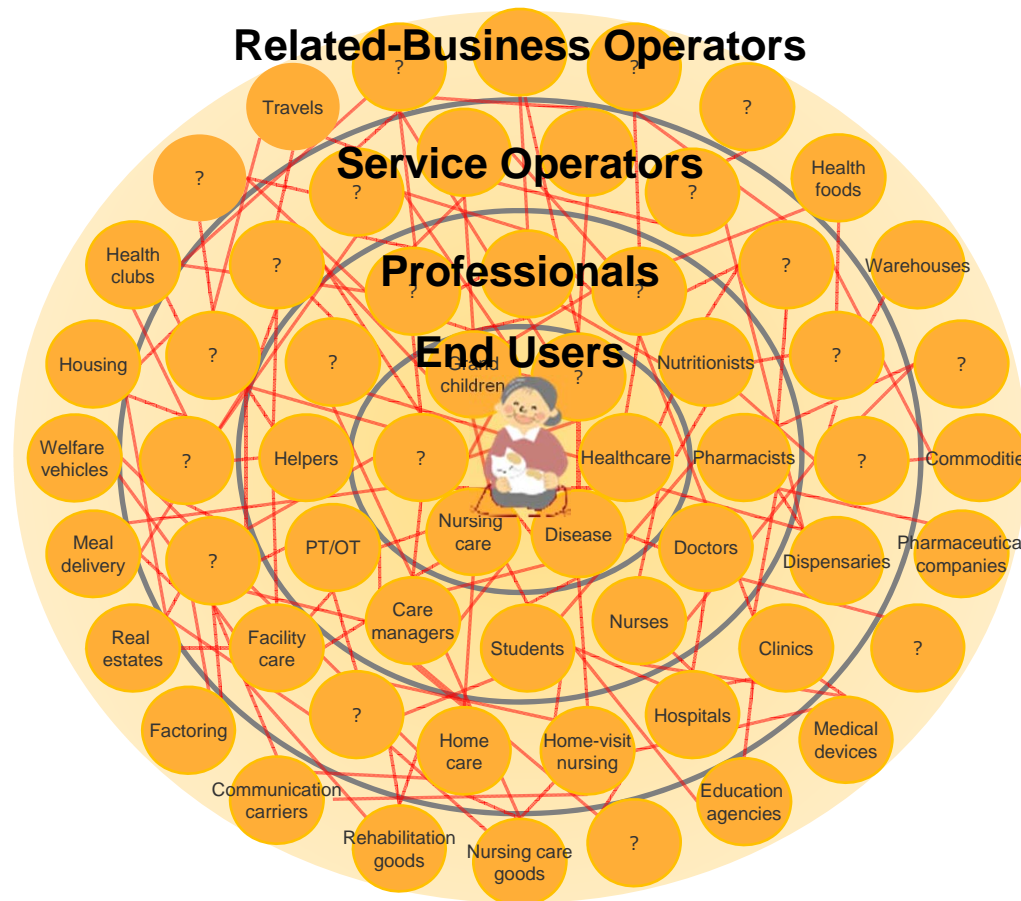
SMS stands for “Senior Marketing System.”

- ✓ We define our market segments as Nursing Care, Medical Care, Career, Healthcare and Senior Life.
- ✓ In the overseas market, we are targeting Asia*¹ and promoting businesses in each country with a focus on Medical Care and Healthcare.



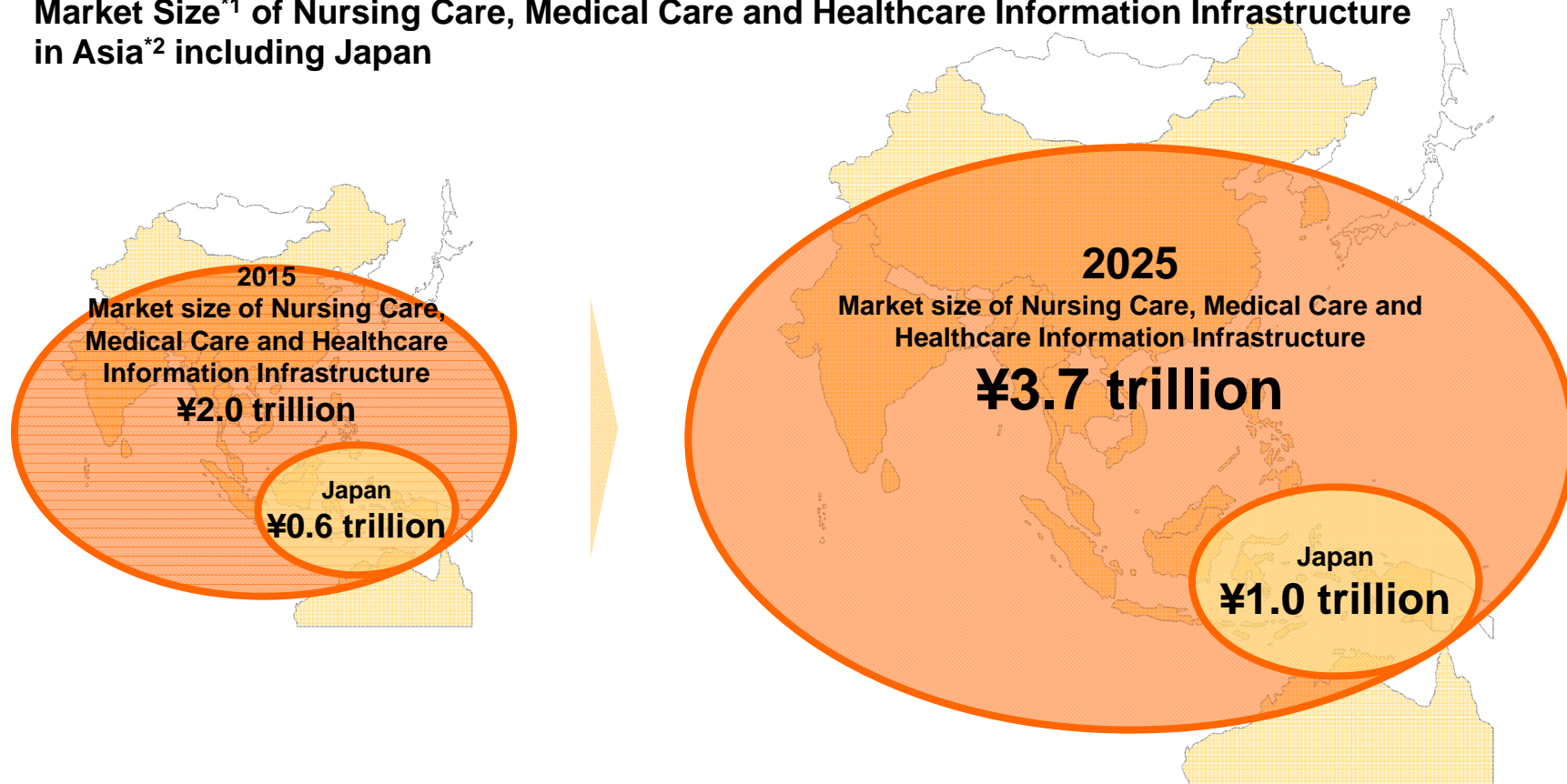
*1: Includes Oceania *2: Covers health-related matters that are not subject to long-term care insurance or medical care insurance

✓ In order to establish an effective information infrastructure, it is important to lock in stakeholders who present value to SMS (i.e. service operators, professionals and end users), offer a feasible business models and solve fill in the gaps regarding asymmetric information.

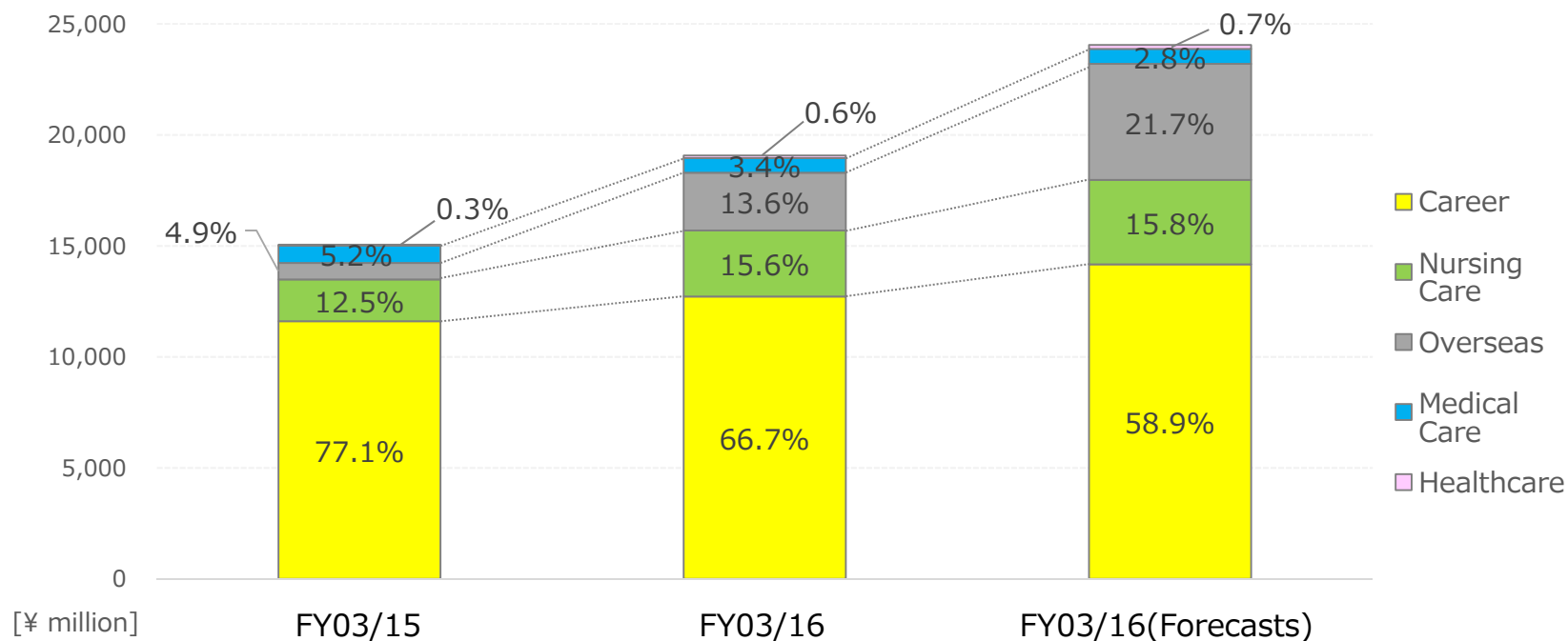


- ✓ In 2025, the market size of information infrastructure for Nursing Care, Medical Care and Healthcare in Asia (including Japan) is estimated to exceed ¥3.7 trillion, making it an extremely attractive market.

Market Size*¹ of Nursing Care, Medical Care and Healthcare Information Infrastructure in Asia*² including Japan



Breakdown of Consolidated Net Sales by Segment



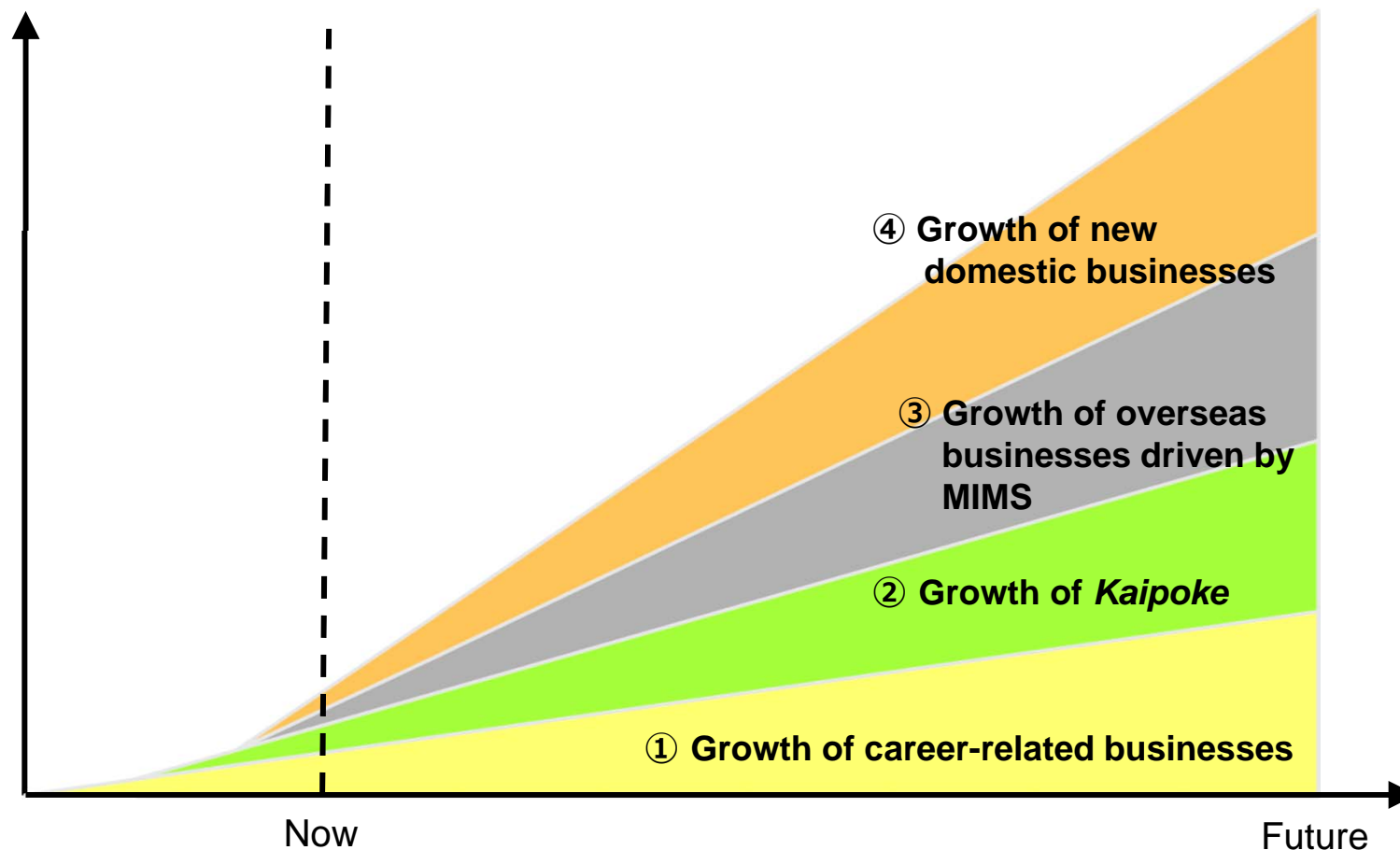
[¥ million]

Segment	FY03/15	FY03/16	FY03/17 Forecasts	Note (FY03/16 Forecasts)
Career	11,603	12,720	14,167	Of which recruiting agent service for nurses accounts for approx. 50%* ¹
Nursing Care	1,884	2,972* ²	3,806	Of which <i>Kaipoke</i> accounts for approx. 90%* ¹
Overseas	740	2,601	5,223	Of which MIMS accounts for approx. 90%* ¹
Medical Care	784	657	674	-
Healthcare	42	117	179	-
Total	15,056	19,069	24,051	-

*1 : Ratio to segment net sales

© Copyright SMS CO., LTD. *2 : SMS's FY03/16 net sales results only include MIMS Group's net sales for Oct-Dec 2015.

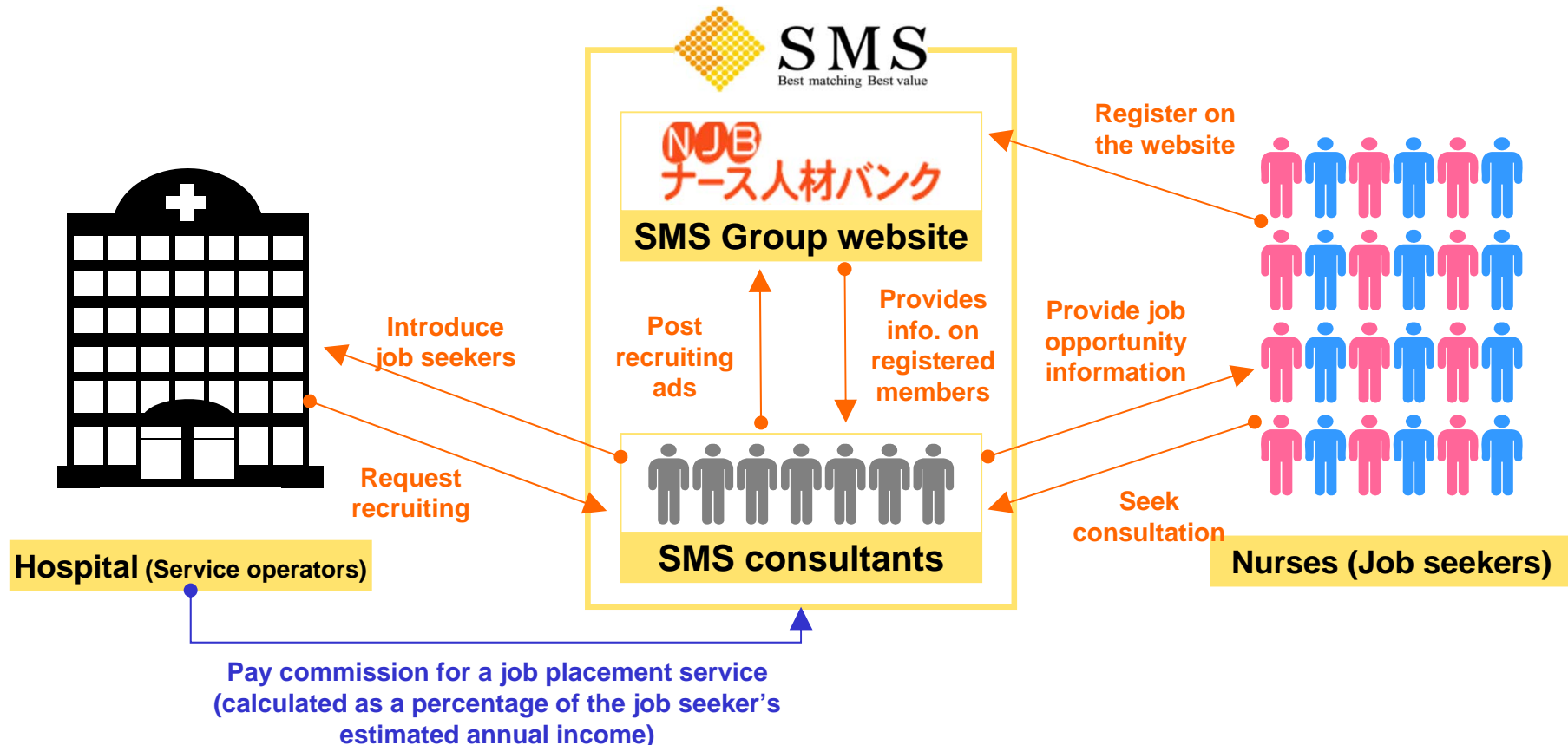
- ✓ Our growth thus far has been driven by career-related businesses*1.
- ✓ Going forward, we aim to sustain stable growth in career-related businesses, while also driving growth in *Kaipoke*, overseas businesses and new domestic businesses.



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 	Renovation support 	Livelihood support search site 	
Medical Care	-	Mail order/online sales of nursing goods 	Magazines for hospital management 	Com for pharmacists 	Drug and medicine DB for pharmacists 	Home-visit nursing stations DB 	Regional partnership support system 	Magazines for regional medical resources 	
Career	Nursing Care RAG	RAG for care managers 		RAG for PT/OT/ST 		RAG for Care Workers 			
	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 for medical engineers 	RAG for nutritionists 	Solution service for hospitals 人事ソリューション		
	Medical Care RAD	RAD for nurses 		RAD for newly-graduated nurses 	Scholarship information portal 	Com for nurses and student nurses 			
Health-care	-	Com for nutritionists 	Q&A site on health 	Information portal of dementia 	Information portal of diabetes 	News column regarding pregnancy, childbirth and child-raising 			
overseas	-	Com for nurses (South Korea) 	Drug information service for healthcare professionals and institutions 						
Associated Companies	-	RAG and RAD for doctors and pharmacists 		RAG for pharmacists 					

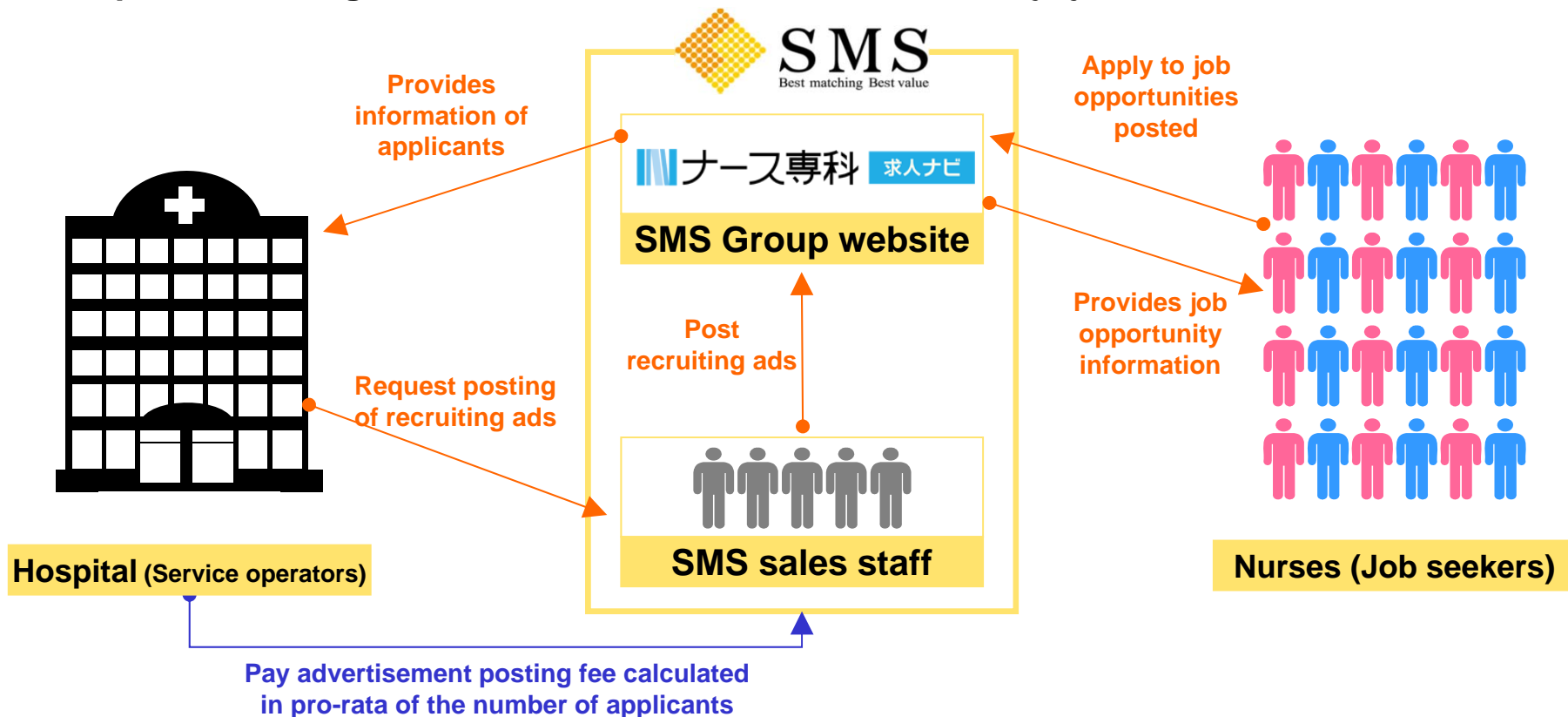
- ✓ When a job seeker successfully changes jobs through SMS's service, SMS receives a percentage of the job seeker's estimated annual income from the service operator (e.g. hospitals and nursing care operators) as a commission.

【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.

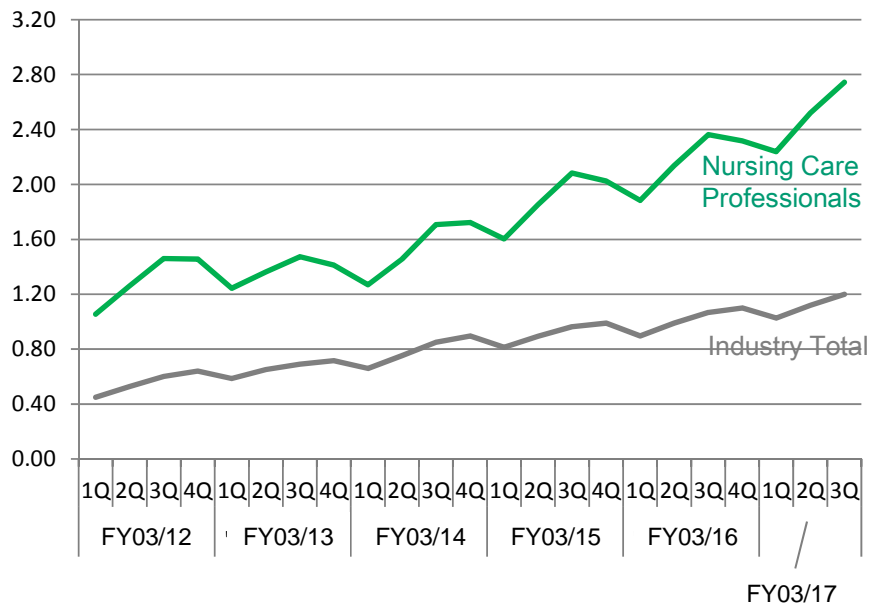
Example: Recruiting ads service for nurses, *Nurse-senka Kyujin-navi*



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

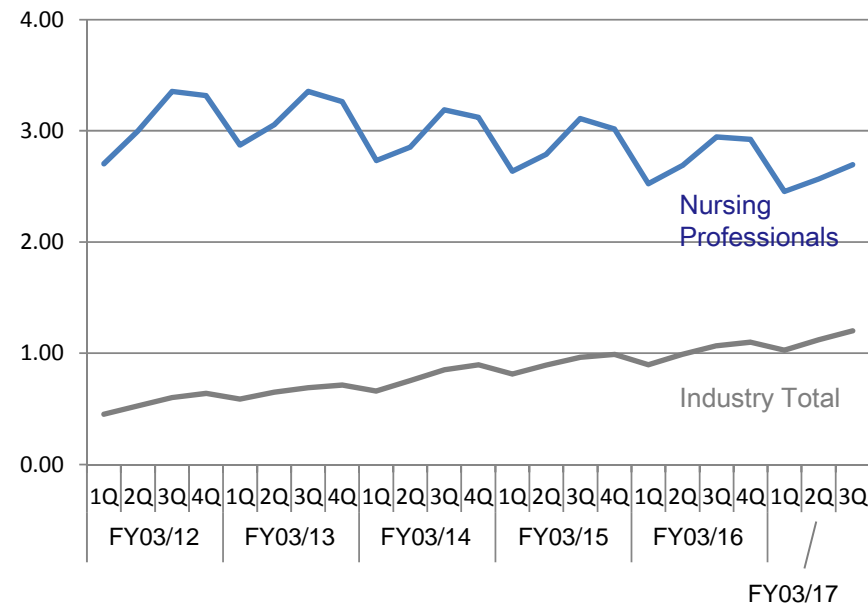
Nursing Care Segment

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



Medical Care Segment

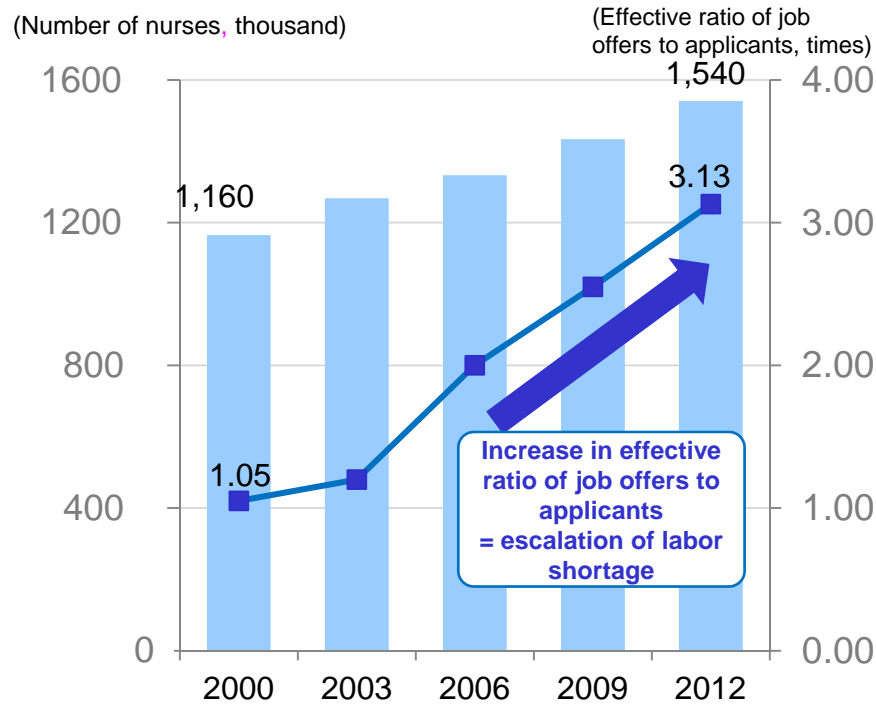
Transition of effective ratio of job offers to applicants for Nursing Professionals *1



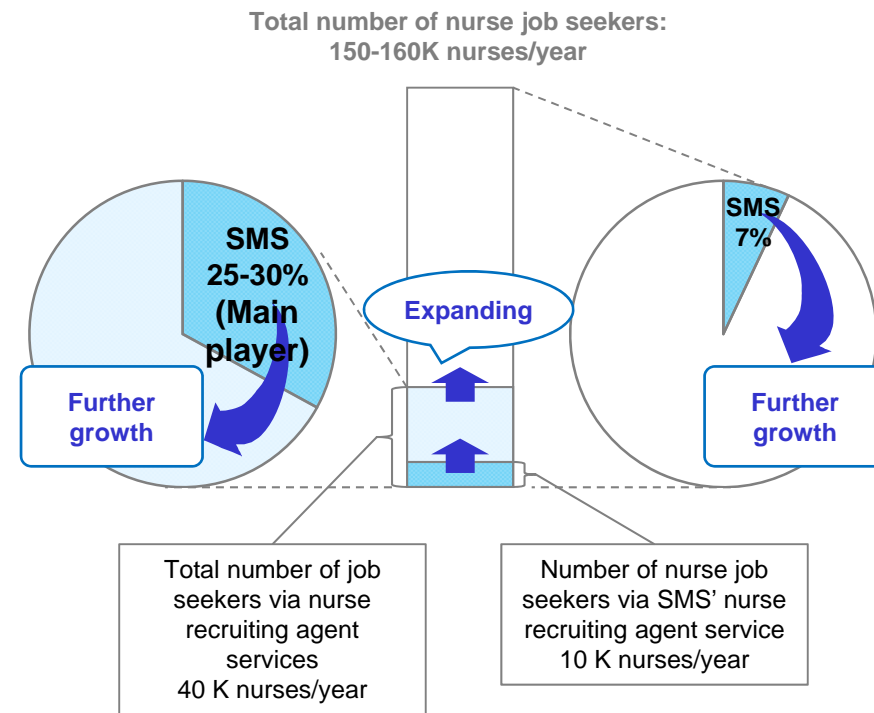
*1: MHLW, General employment placement situation

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

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



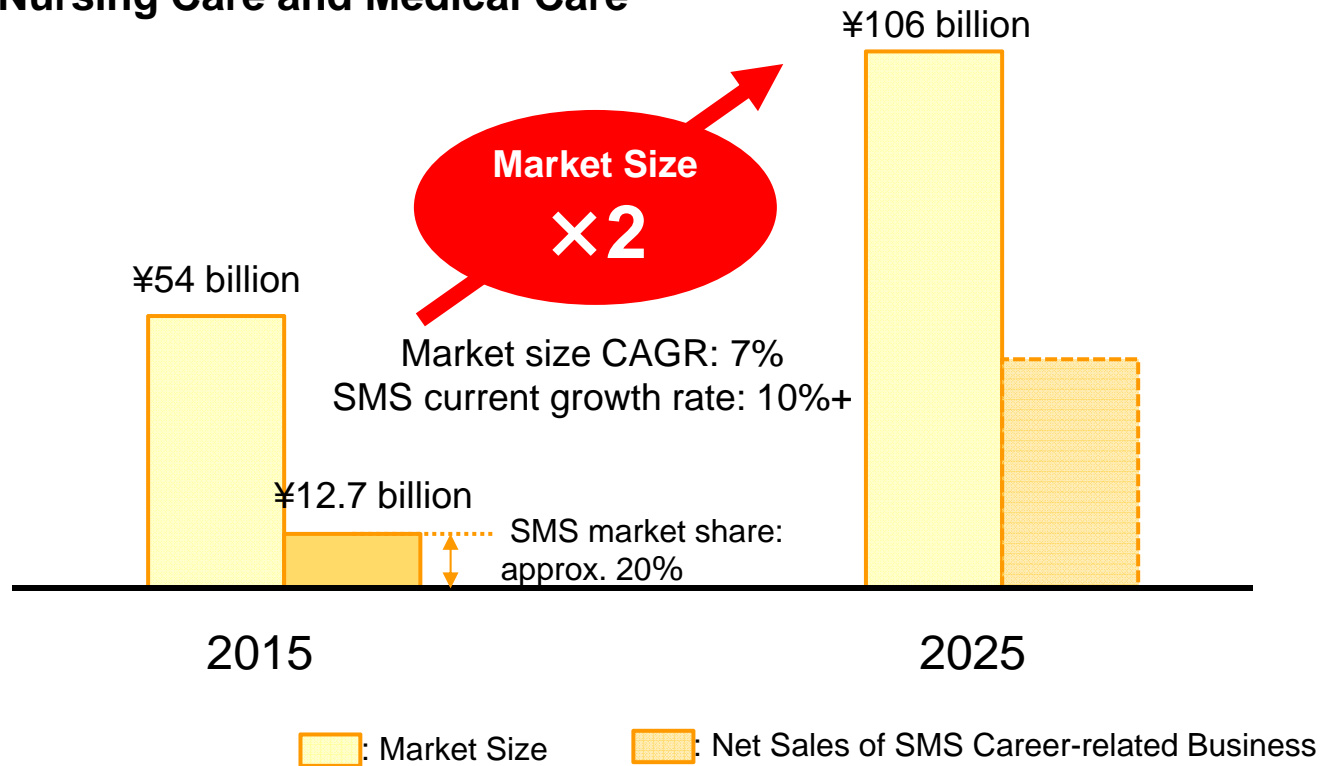
Market Size of Nurse Recruiting Agent Service and SMS's Market Share*2



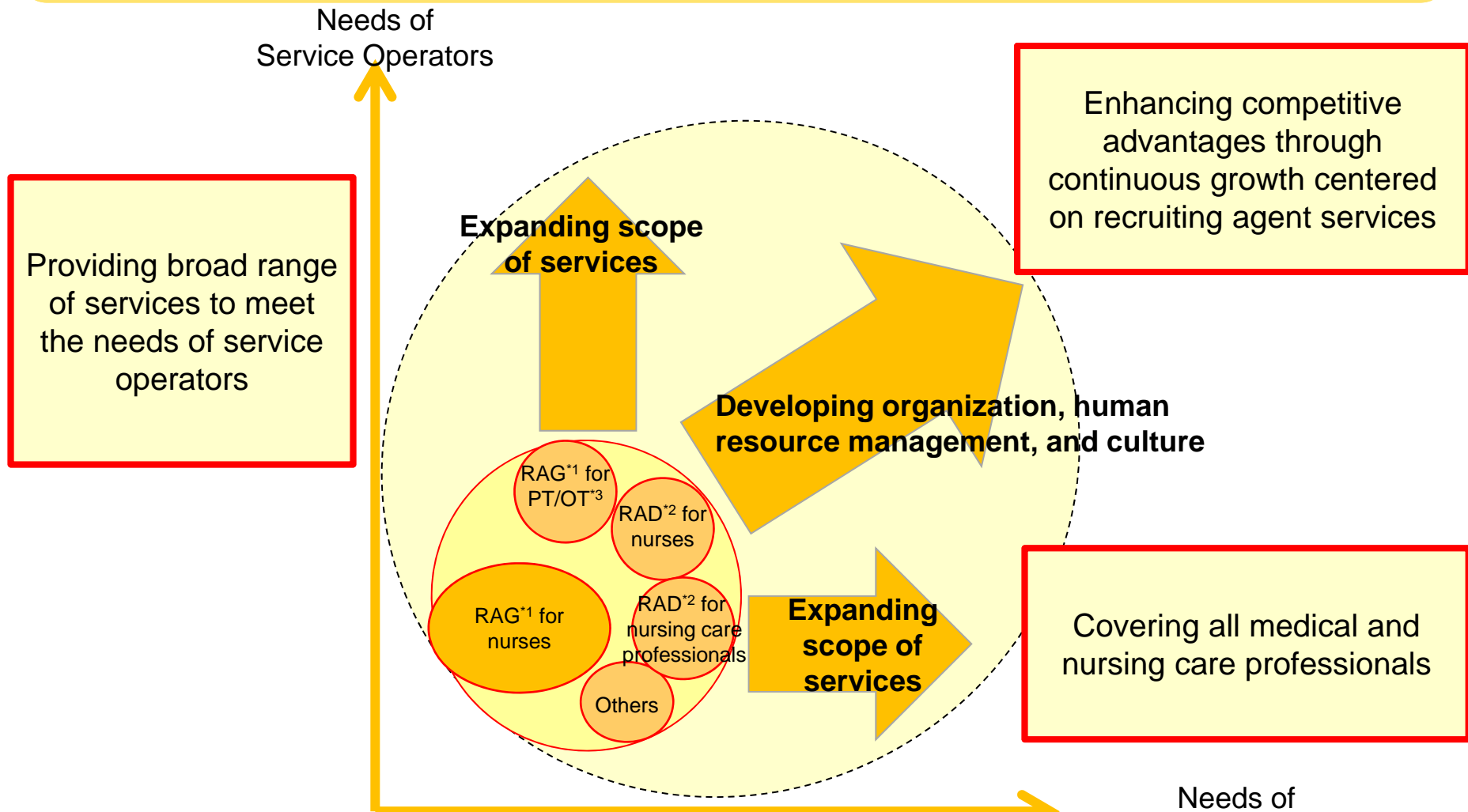
*1: Effective ratio of job offers to applicants: MHLW Number of nurses: Japanese Nurse Association Latest number of nurses is 1,603 thousand (2014)
 © Copyright SMS CO., LTD. *2: SMS estimates as of the end of March 2012

- ✓ The market size of career-related businesses will double in the next decade.
- ✓ Our current growth rate surpasses market size CAGR estimates.

Market Size of Career-related Businesses in Nursing Care and Medical Care*1



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

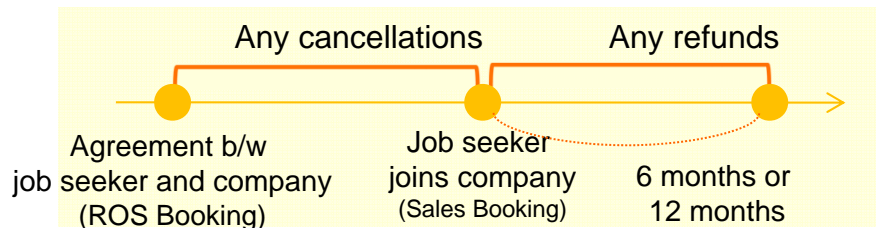


*1 : RAG stands for Recruiting Agent *2 : RAD stands for Recruiting Ads
 *3 : PT/OT stands for Physical Therapist and Occupational Therapist, respectively

- ✓ 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

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



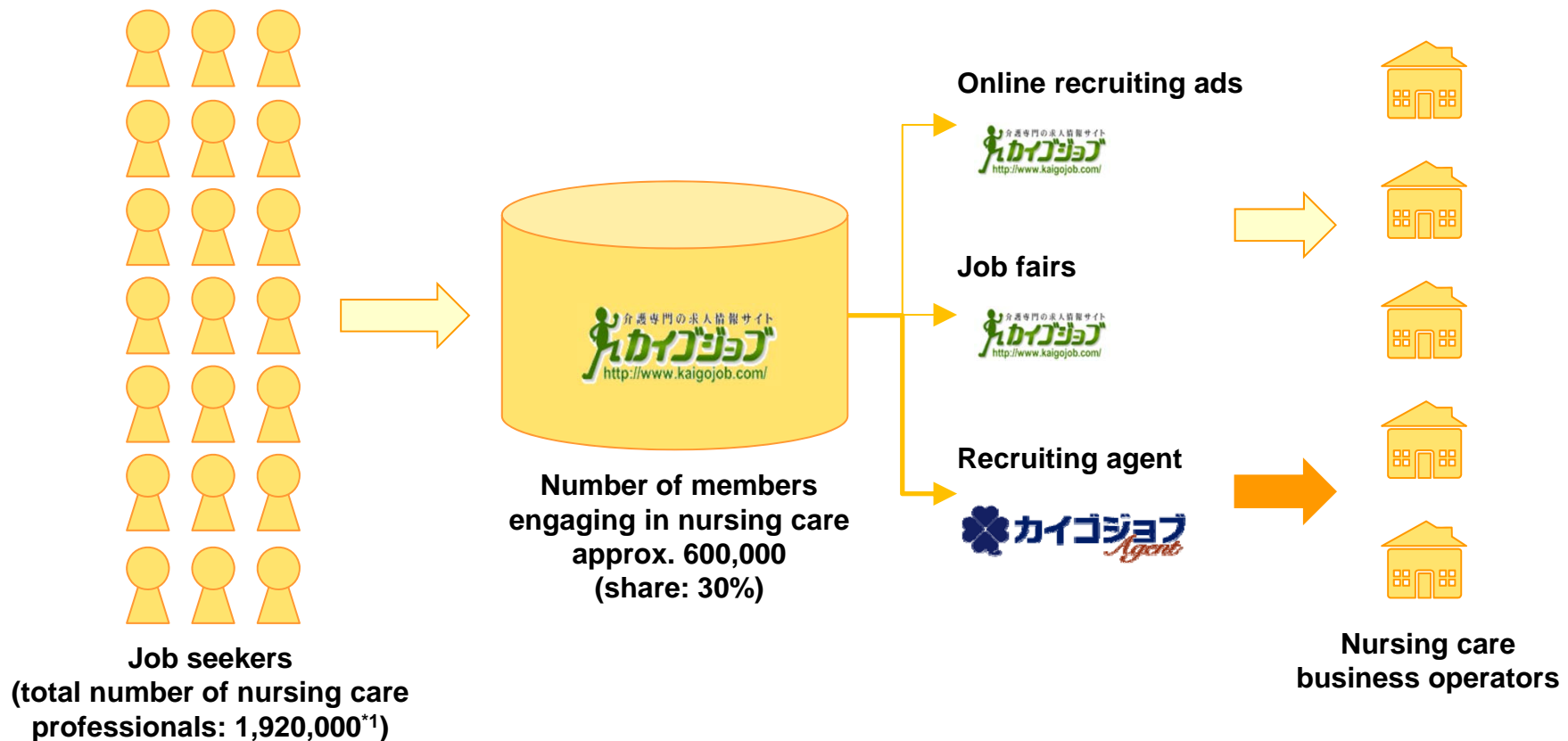
- Net sales : Booked when a job seeker joins a company
- ROS : Recorded when a job seeker and a company reach an agreement
Not booked in financial accounting
- Distribution factor(DF) :
% of ROS distributed to each future month
- Cancellation:
Cancellation of the agreement between a job seeker and a 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 a 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

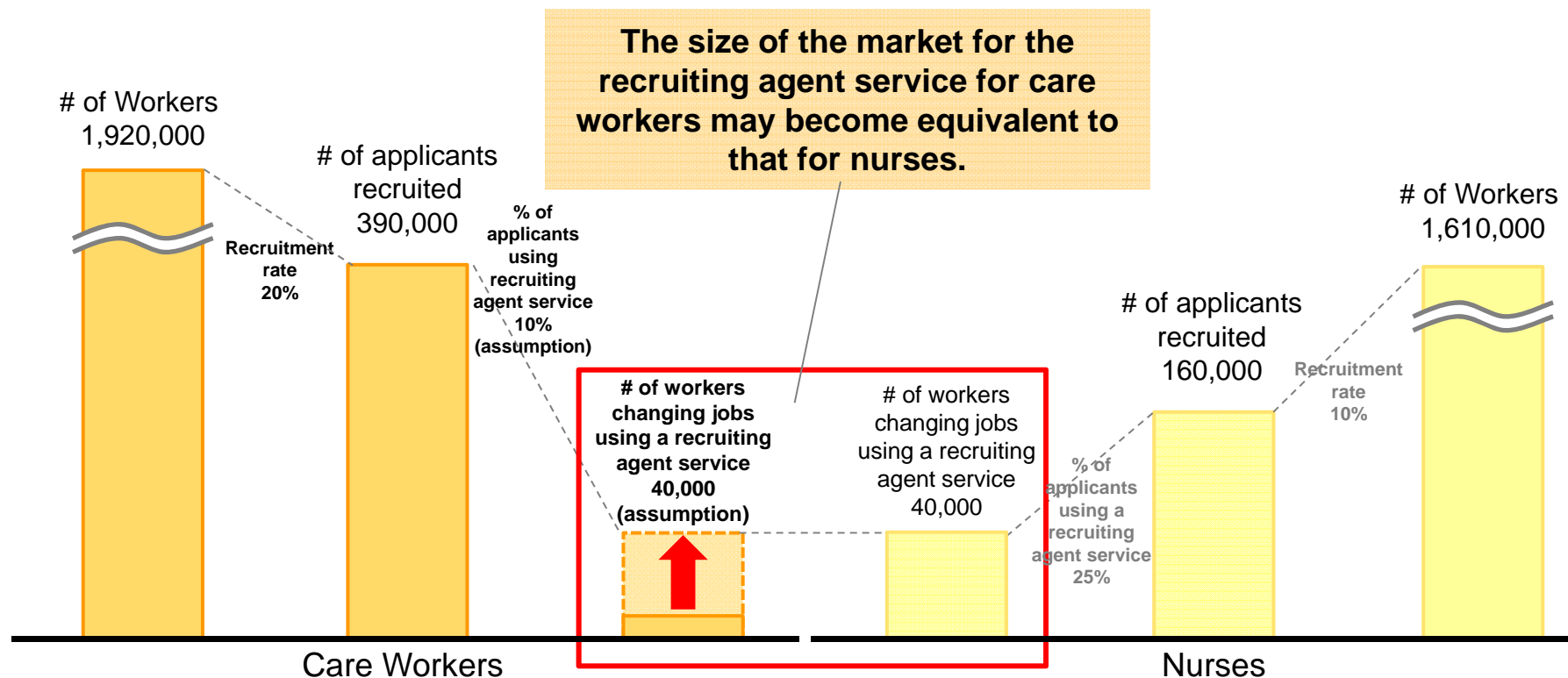
- ✓ Our recruiting advertisement service “Kaigo Job” has approx. 600,000 members.
- ✓ In addition to online recruiting ads and job fairs, the potential for the large-scale development of a recruiting agent service that we have been exploring is beginning to emerge.



*1. Source: Calculated based on the Survey of Institutions and Establishments for Long-term Care of the Ministry of Health, Labour and Welfare (MHLW), as of 2015

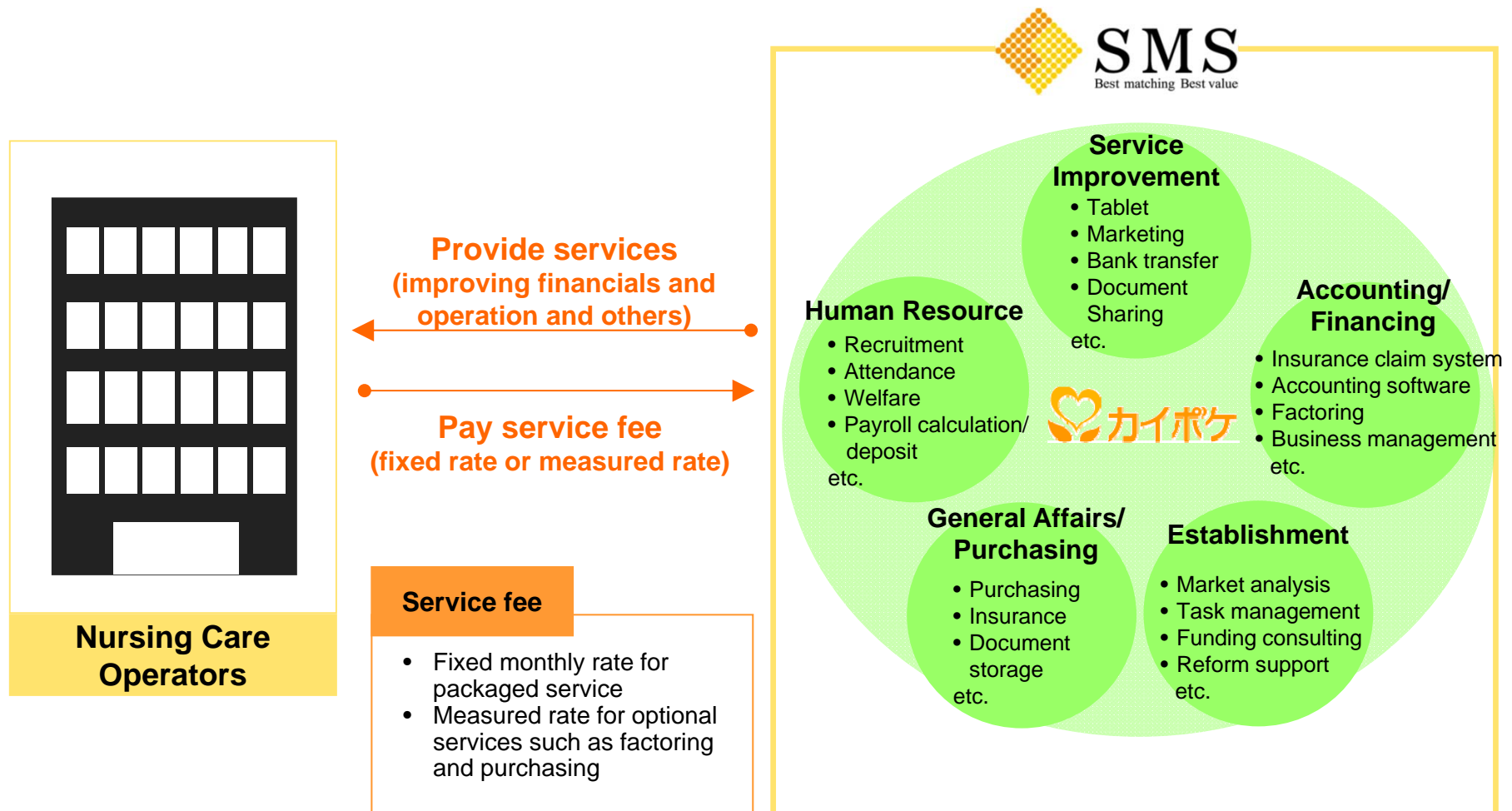
- ✓ Approx. 2 million workers were engaged in nursing care as of 2015. Mobility is very high.
- ✓ We already have 600,000 members engaged in nursing care and will create a recruiting agent service for care workers of a size equivalent to the nurse recruiting agent service.

Potential number of users of care worker recruiting services*1



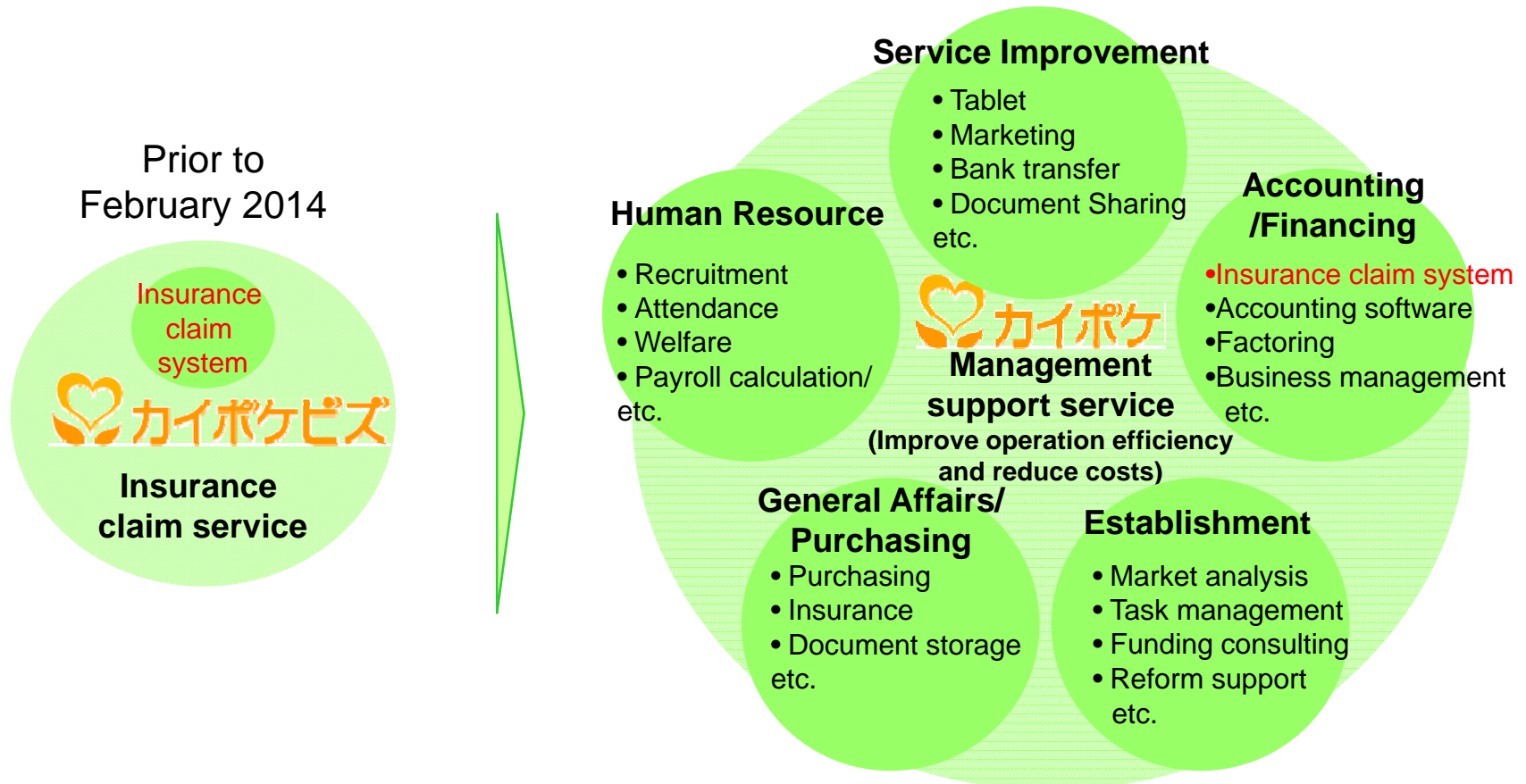
*1. Sources; The numbers of care workers were calculated based on the Survey of Institutions and Establishments for Long-term Care of MHLW, and the number of nurses was calculated based on the number and percentage of nurses recruited provided by the Japanese Nursing Association. (The recruitment rate represents the percentage of the number of new recruits in the number of existing workers.) Recruitment rate; Care workers: Survey of Actual Condition of Care Workers of Care Work Foundation; Nurses: SMS estimate; Number of workers changing jobs using a recruiting agent service: calculated based on the percentage of those using a recruiting agent service; Percentage of applicants using a recruiting agent service: nurses: SMS estimate

- ✓ 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.

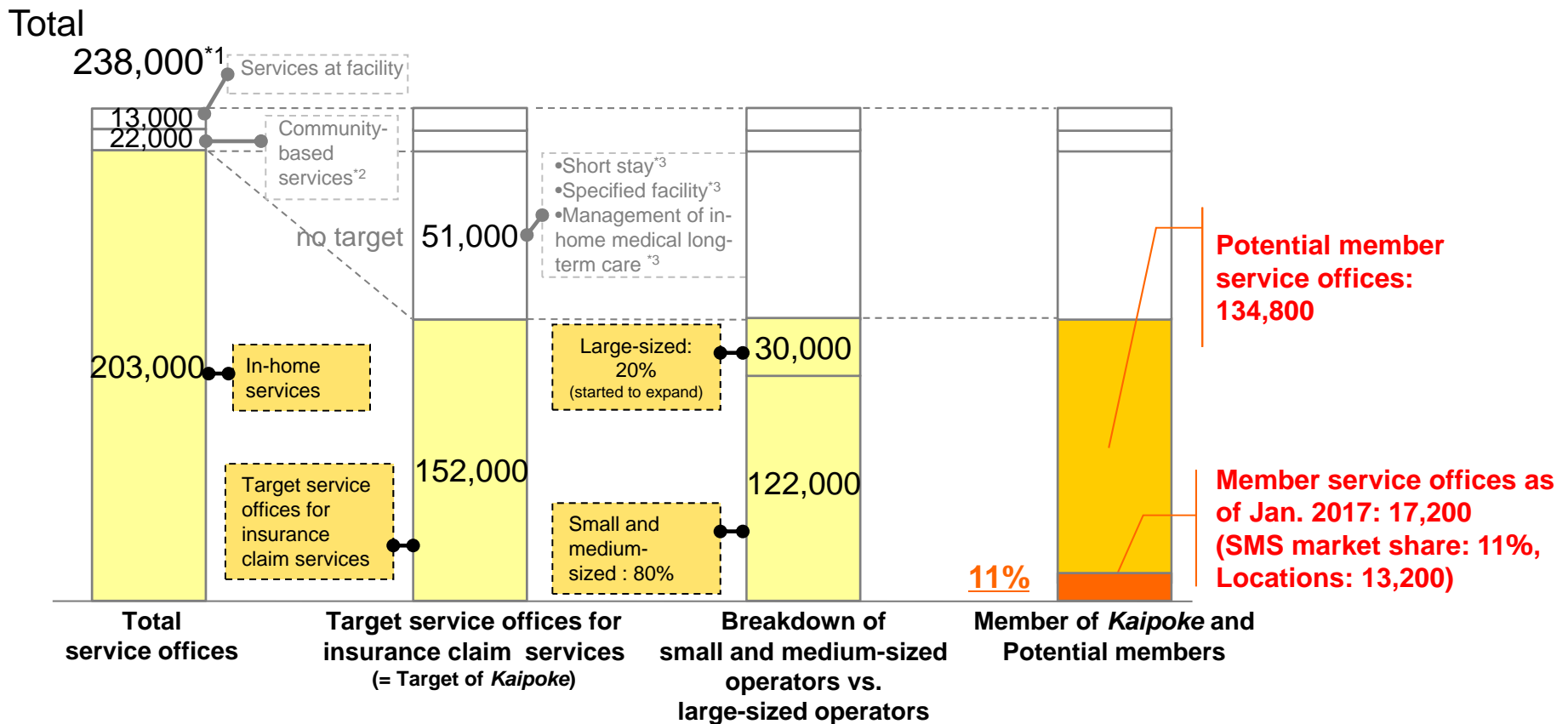


- ✓ Renewed from insurance claim service to management support services in February 2014.
- ✓ Already started approximately 40 new services, supporting operational efficiency and financial improvement.

Starting in February 2014*1



- ✓ We have expanded the target of *Kaipoke* service to large operators. Our target now includes 152,000 operators, consisting of small, medium and large-sized operators.
- ✓ SMS holds approximately 11% share and intends to increase its market share by gaining memberships in line with the increase in number of service offices.



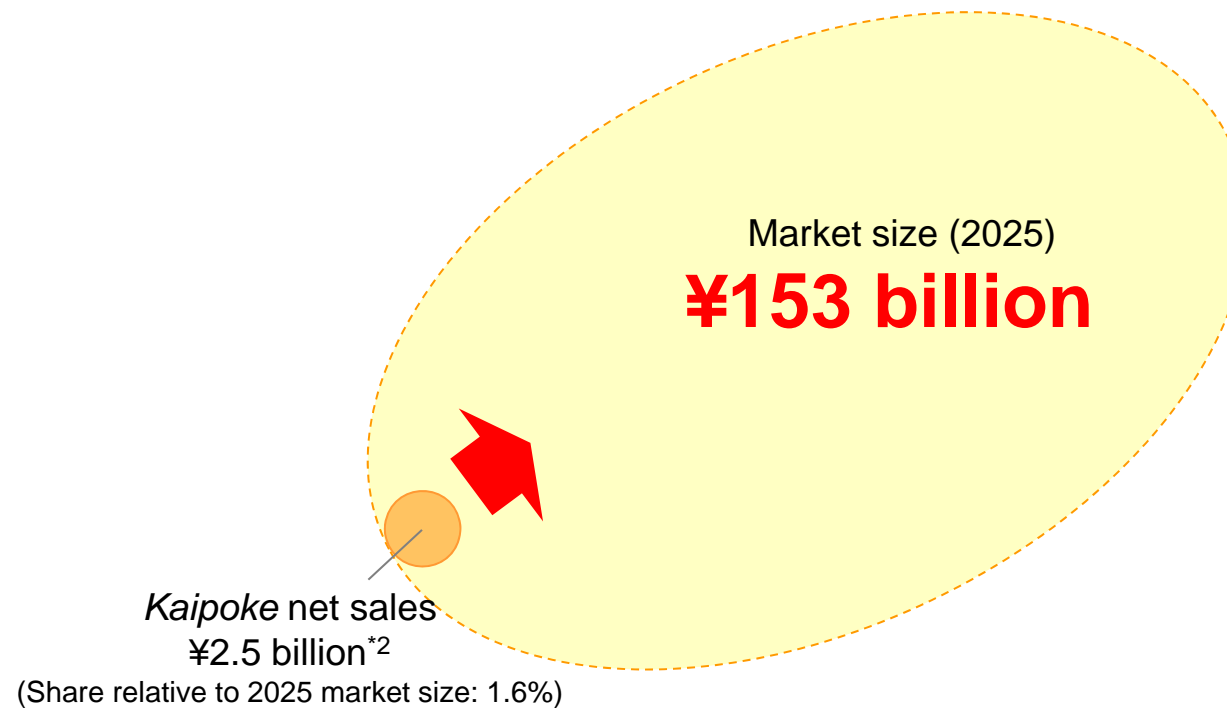
*1: SMS estimates based on MHLW, *Monthly report of Survey of Long-term Care Benefit Expenditures (October 2016)*

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

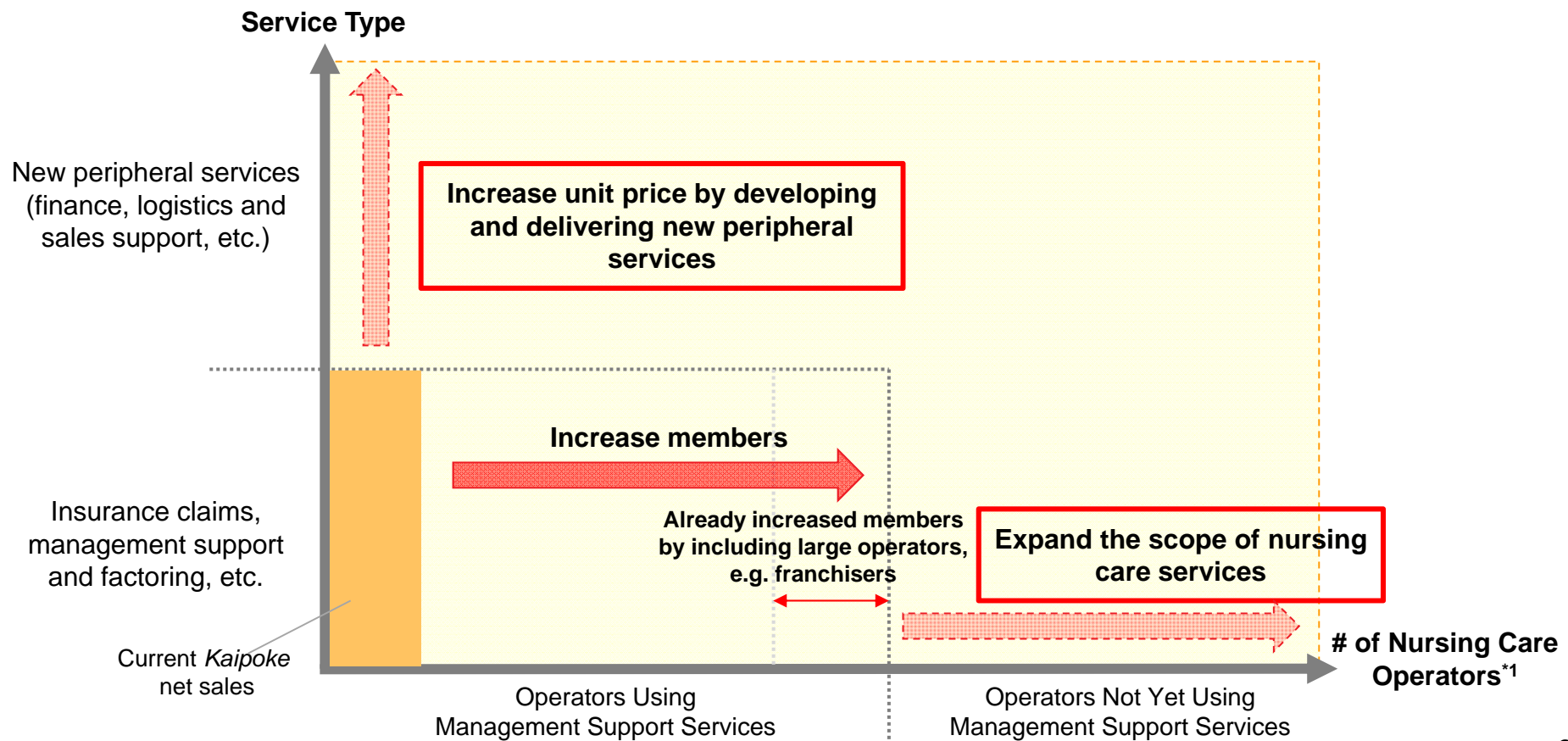
*3: *Kaipoke* does not support short-stay services or specified facilities. Management of in-home cover medical long-term care is also not covered since the need for insurance claim services is significantly low

- ✓ *Kaipoke* has abundant leeway considering the current market penetration level, and the market size is estimated to increase to ¥153 billion in 10 years from now.

Management Support Services for Nursing Care Operators: Market Size^{*1}



- ✓ We are the only company offering management support services to nursing care operators, and thus the number of *Kaipoke* members and users is growing.
- ✓ We can enter into new markets through expanding the scope of our nursing care services and developing peripheral services.



MIMS Group Global Coverage



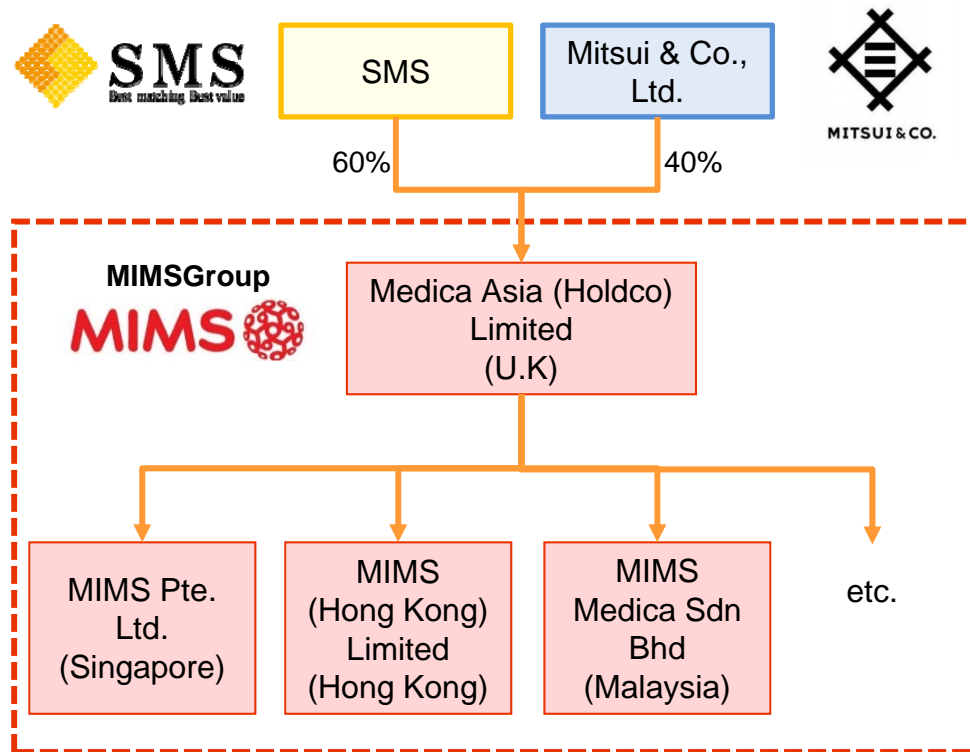
MIMS Group



Founded	1963
Net Sales	US\$47.4 million in FY12/2014
Employees ^{*1}	494 (as of March 2016)
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. 2.0 million memberships including 0.45 million doctors (as of Sep. 2016)

*1. The number indicated in the previous reports did not include the employees of one of MIMS subsidiaries. We apologize for the error.

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.)

- ✓ 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

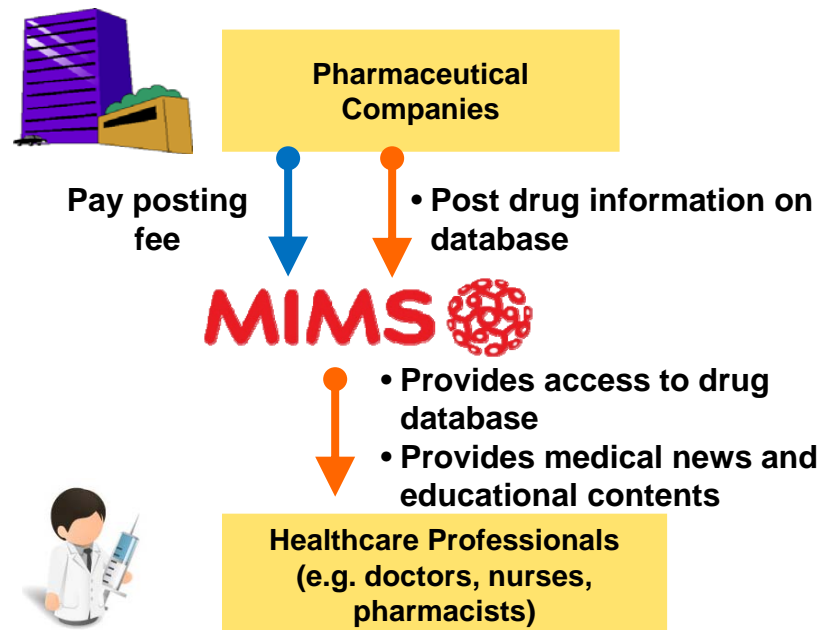
- Healthcare professional memberships **approx. 2.0 million**
 - Including **approx. 0.45 million doctors**
- More than **80% of all doctors are registered** in Singapore and Hong Kong, etc.

3. Business Relationships with Pharmaceutical Companies

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

- ✓ 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

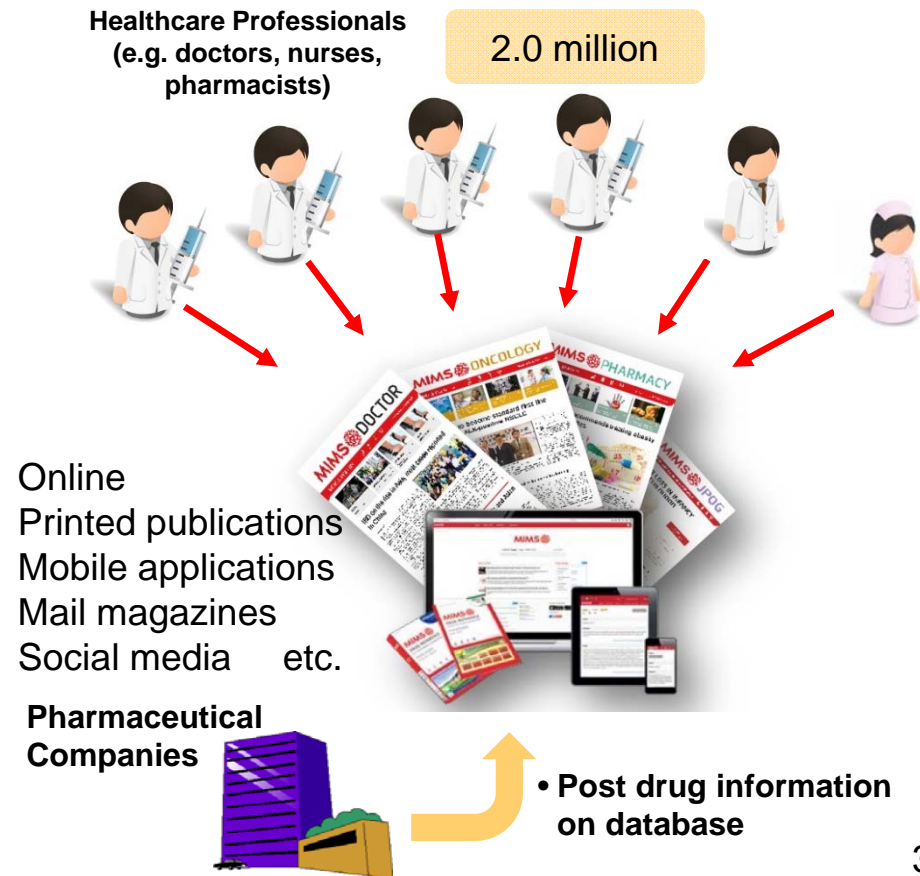
Business Model



Service Provision Area

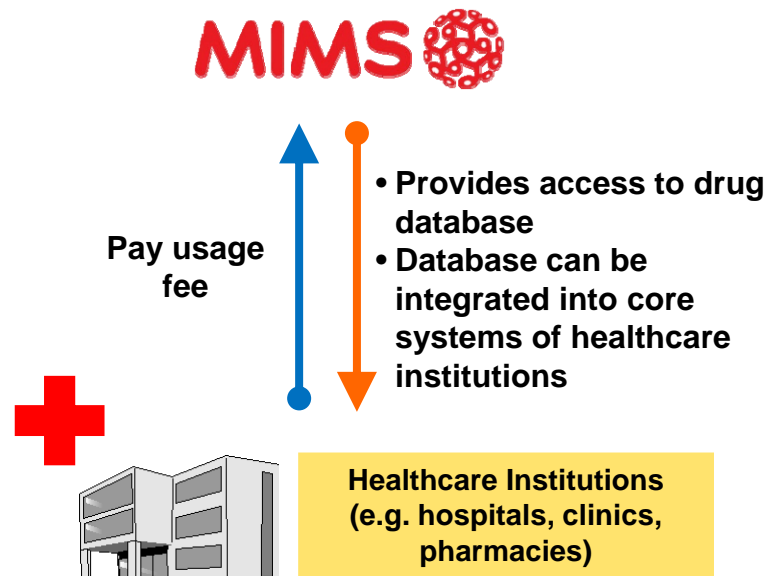
Singapore, China, Hong Kong, South Korea, India, Indonesia, Malaysia, Philippines, Thailand, Myanmar and Vietnam

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

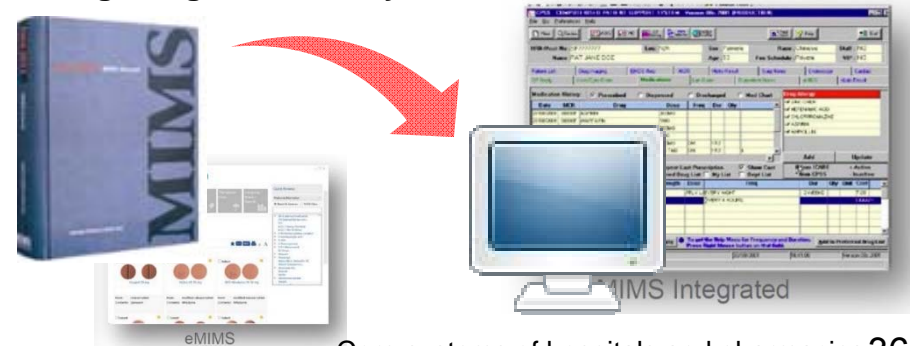
Australia, New Zealand, South Korea and Singapore

Media for Accessing Database

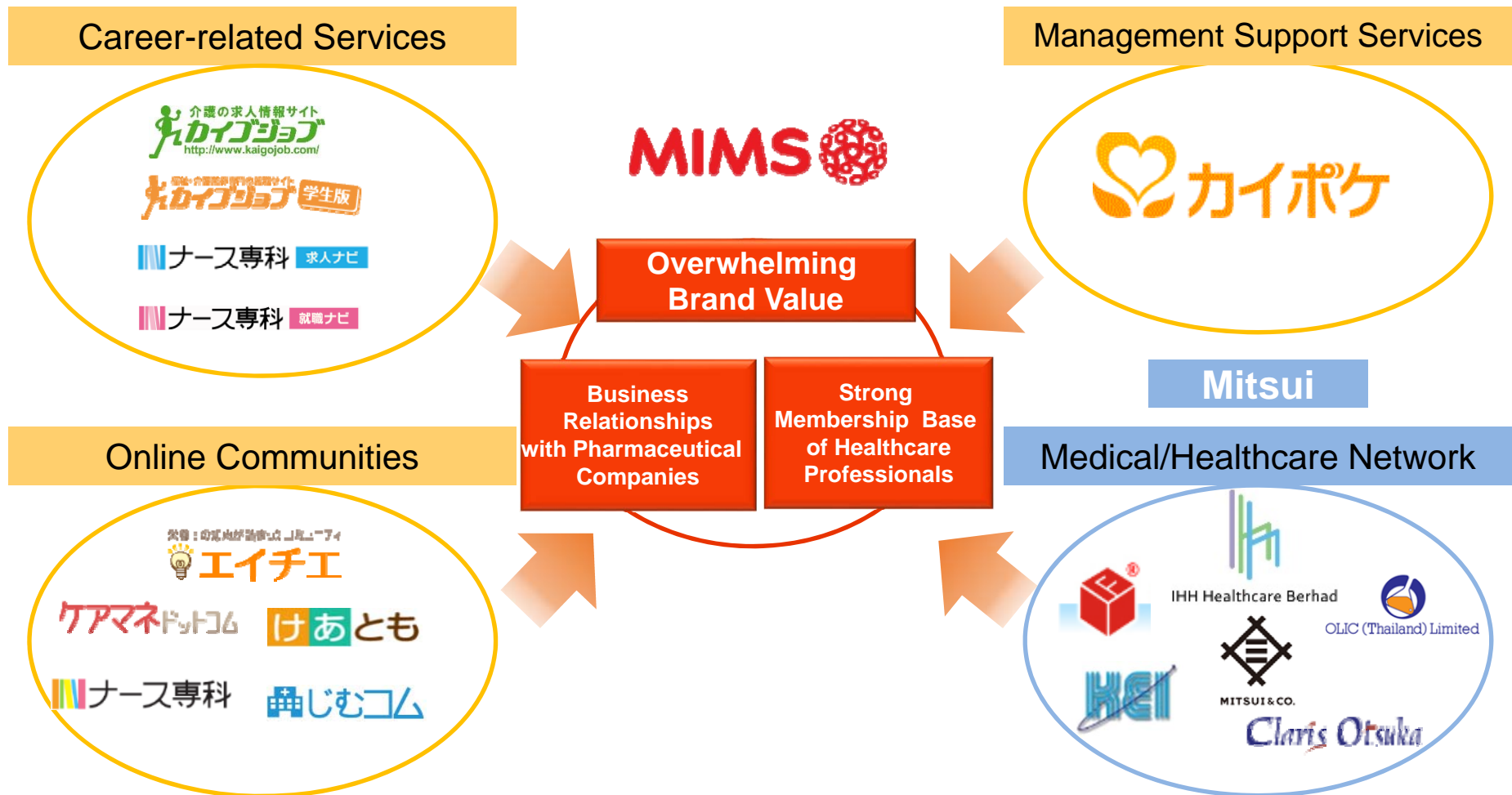
<Drug Database>



<Integrating into Core System>



- ✓ 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.



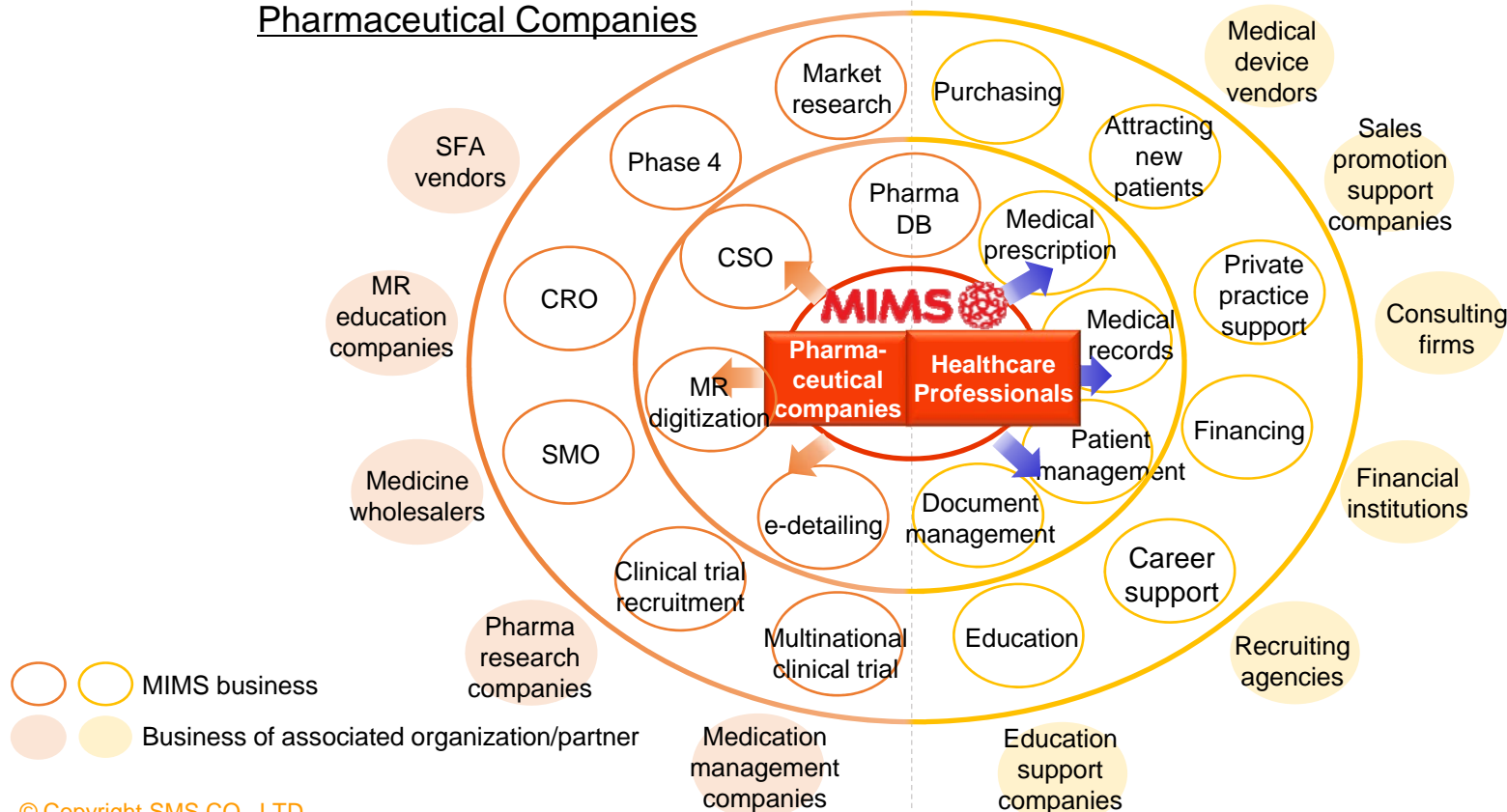
- ✓ MIMS aims to achieve further growth in existing businesses and develop new businesses by utilizing its membership base of 2 million healthcare professionals and partnerships with pharmaceutical companies.

Pharmaceutical Field

Clinic Field

Marketing Support for Pharmaceutical Companies

Management Support for Clinics

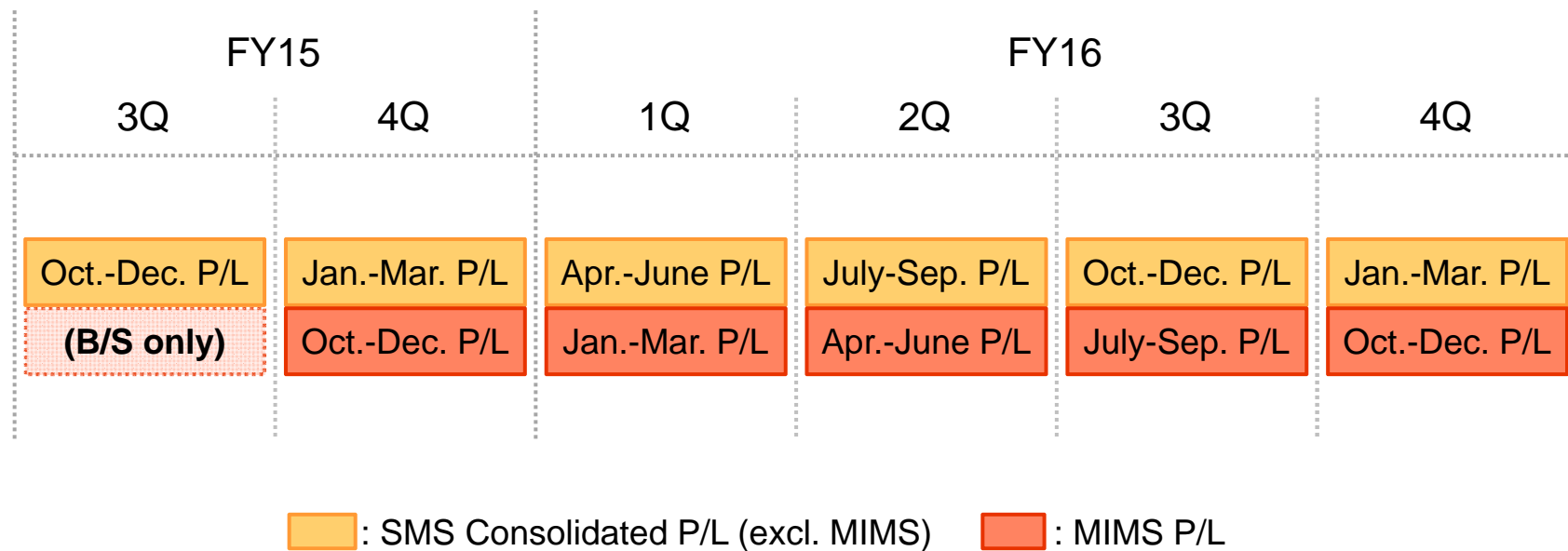


- ✓ In the short term, we plan to invest in future growth. For the first few years, we will focus on promoting online systemization of existing businesses and launching new businesses in the key countries where we operate.
- ✓ In the medium to long term, we will enhance our businesses in other countries and accelerate growth.

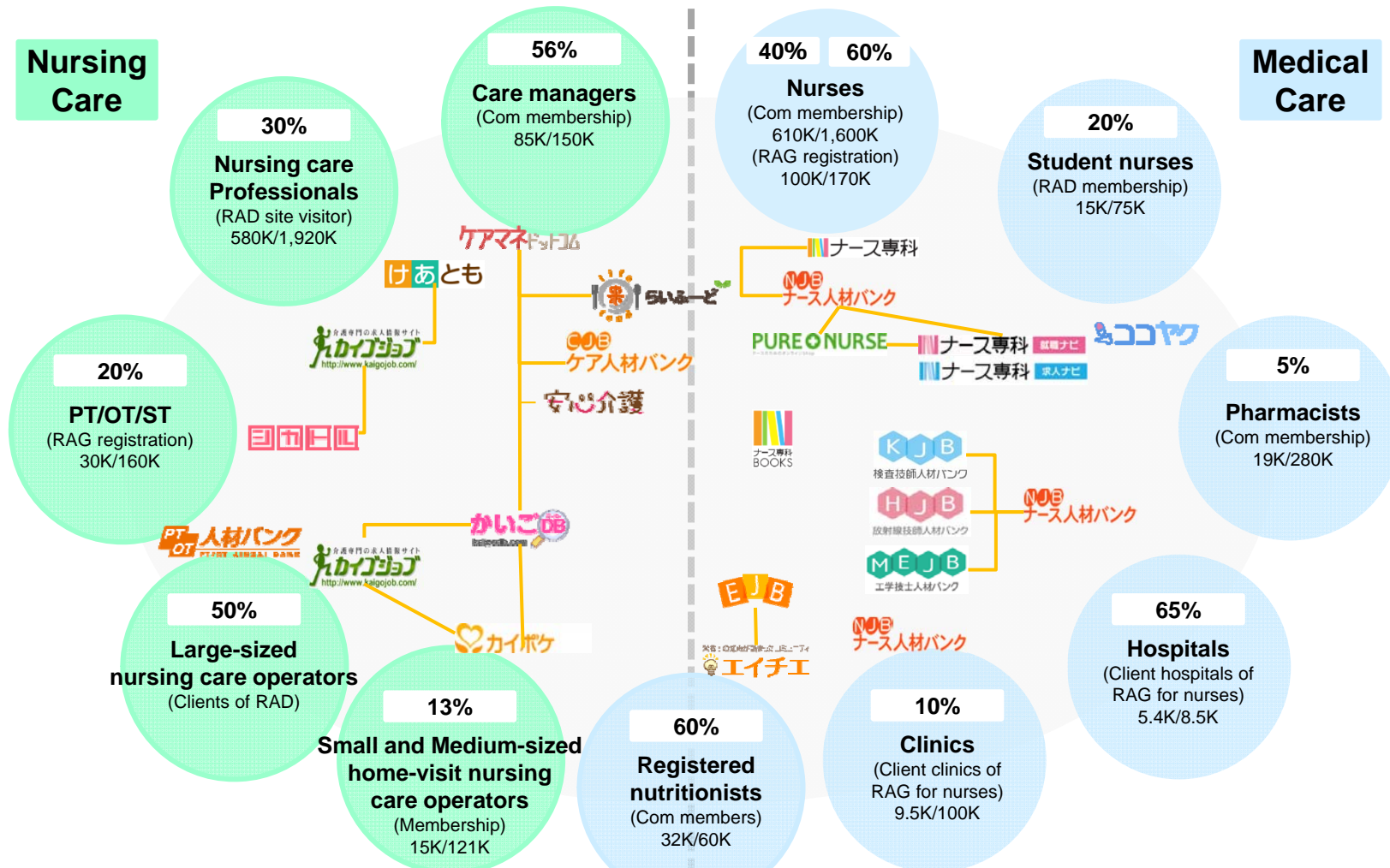
Business Classification	First and Second Year	Third Year and Beyond
<p>Existing Businesses^{*1}</p>	<ul style="list-style-type: none"> •PM*1: Promote online systemization of services targeting key countries <ul style="list-style-type: none"> - Strengthen ties with members - Develop web-based products •HD*2: Enhance system-based products 	<ul style="list-style-type: none"> •PM: As online systemization of services proceeds in key countries, expand to other countries <ul style="list-style-type: none"> - Roll out best practices developed during the first two years to other countries - Drive growth in web-based products •HD: Establish a solid presence by expanding to other countries and integrating with other systems
<p>New Businesses</p>	<ul style="list-style-type: none"> • In several countries, conduct tests and launch businesses related to management support systems for clinics and career-related businesses 	<ul style="list-style-type: none"> • Solidify businesses in the countries where we have already expanded and start the businesses in other countries
<p>Phase</p>	<p>Investment</p>	<p>Growth acceleration</p>

✓ 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



- ✓ Create an environment that enables immediate contact with potential clients by locking in stakeholders who present value to SMS.
- ✓ Rapidly develop various new services and offer such services to those stakeholders. This will allow for significantly faster and less costly implementation than starting from scratch.



(¥ million)

	FY03	FY04	FY05	FY06	FY07	FY08	FY09	FY10	FY11	FY12	FY13	FY14	FY15
Net Sales	58	383	835	1,545	2,715	5,177	7,172	7,618	8,692	10,181	12,046	15,056	19,069
Cost of Sales	0	5	20	38	77	149	375	319	431	700	952	1,332	2,204
SG&A Expenses	63	326	705	1,237	2,211	3,796	5,534	5,818	6,740	7,910	9,363	11,644	14,108
Operating Income	-5	52	109	269	426	1,230	1,261	1,480	1,519	1,570	1,730	2,079	2,756
Ordinary Income	-5	49	108	269	415	1,238	1,266	1,530	1,734	1,990	2,340	2,693	3,509
Net Income	-5	31	63	157	244	719	717	876	1,004	1,226	1,380	1,824	2,265
Total Assets	59	357	566	1,016	1,806	3,118	3,645	4,672	5,716	6,948	8,406	11,421	41,689
Liabilities	55	166	196	489	822	1,410	1,266	1,430	1,579	1,794	2,331	4,497	28,532
Net Assets	4	190	369	527	983	1,708	2,379	3,242	4,136	5,153	6,074	6,923	13,157
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	20.5
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	29.5
DPS (¥) *1	-	-	-	-	-	1.25	1.25	2.5	3	4	5	7	7
Dividend Payout Ratio(%)	-	-	-	-	-	6.8	6.8	11.6	12.3	13.6	14.8	15.6	12.5

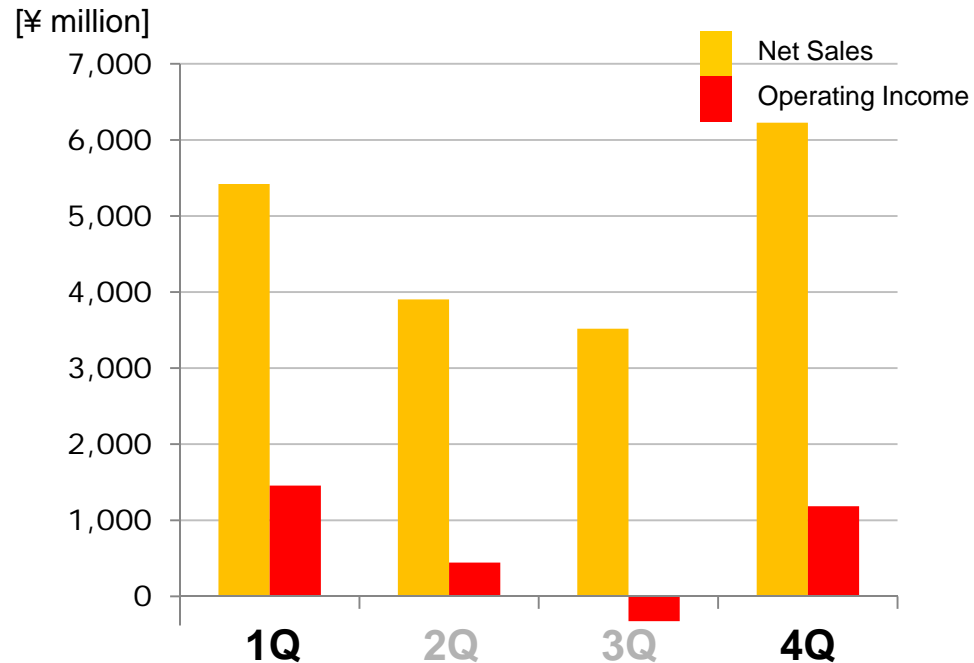
(¥ million)

		FY03/15 Actual	FY03/16 Actual	FY03/17 Initial Forecasts
Amount (¥ million)	Cost of Sales	1,332	2,204	3,848
	Personnel Expenses	4,858	6,116	6,849
	Advertising Expenses	2,518	2,776	2,876
	Other Expenses	4,267	5,214	7,043
Net Sales Ratio (%)	Cost of Sales	8.9	11.6	16.0
	Personnel Expenses	32.3	32.1	28.5
	Advertising Expenses	16.7	14.6	12.0
	Other Expenses	28.3	27.3	29.3

- ✓ Net sales and operating income tend to 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

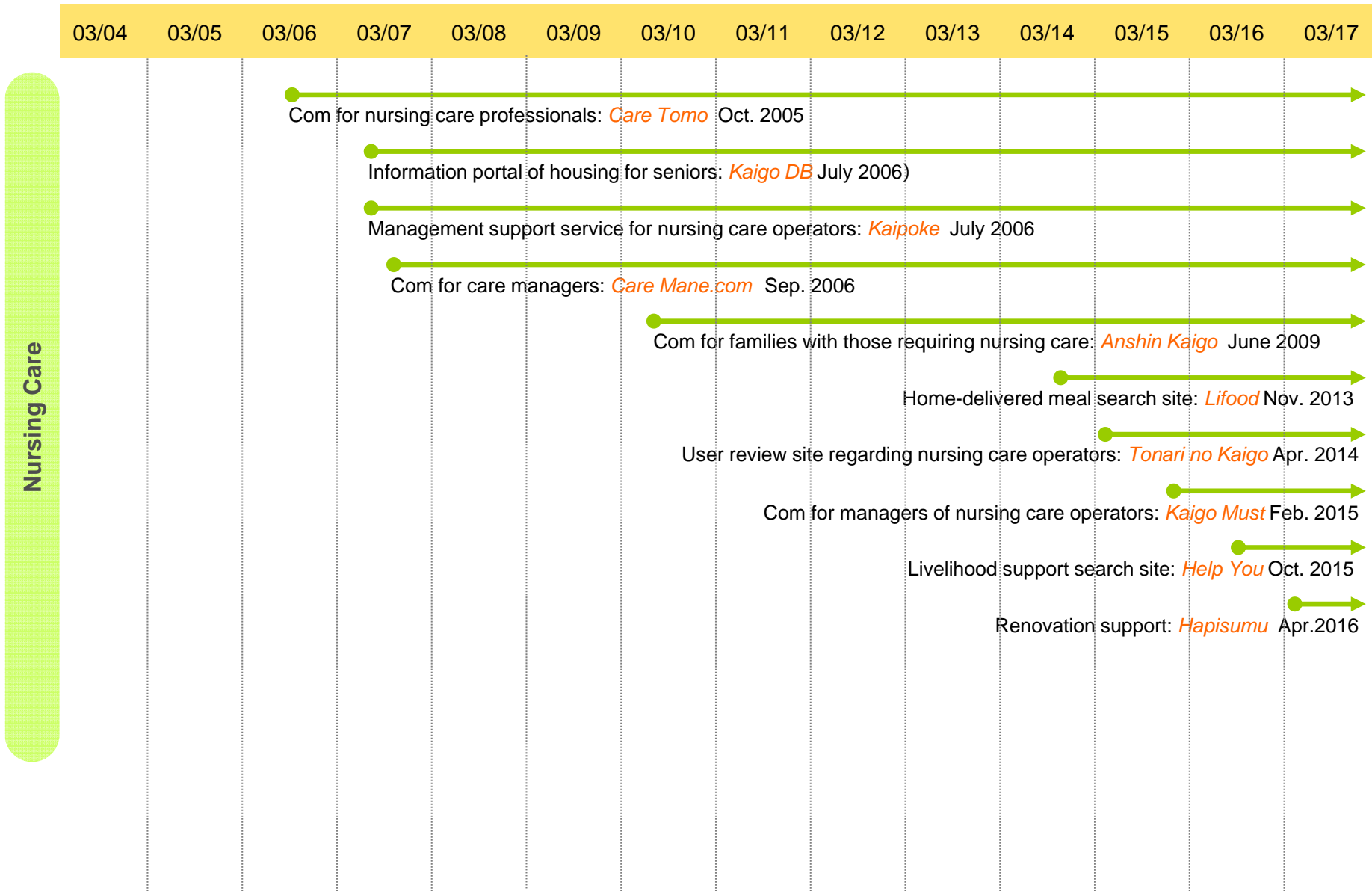
Businesses whose net sales and operating income increase in Q1

- 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

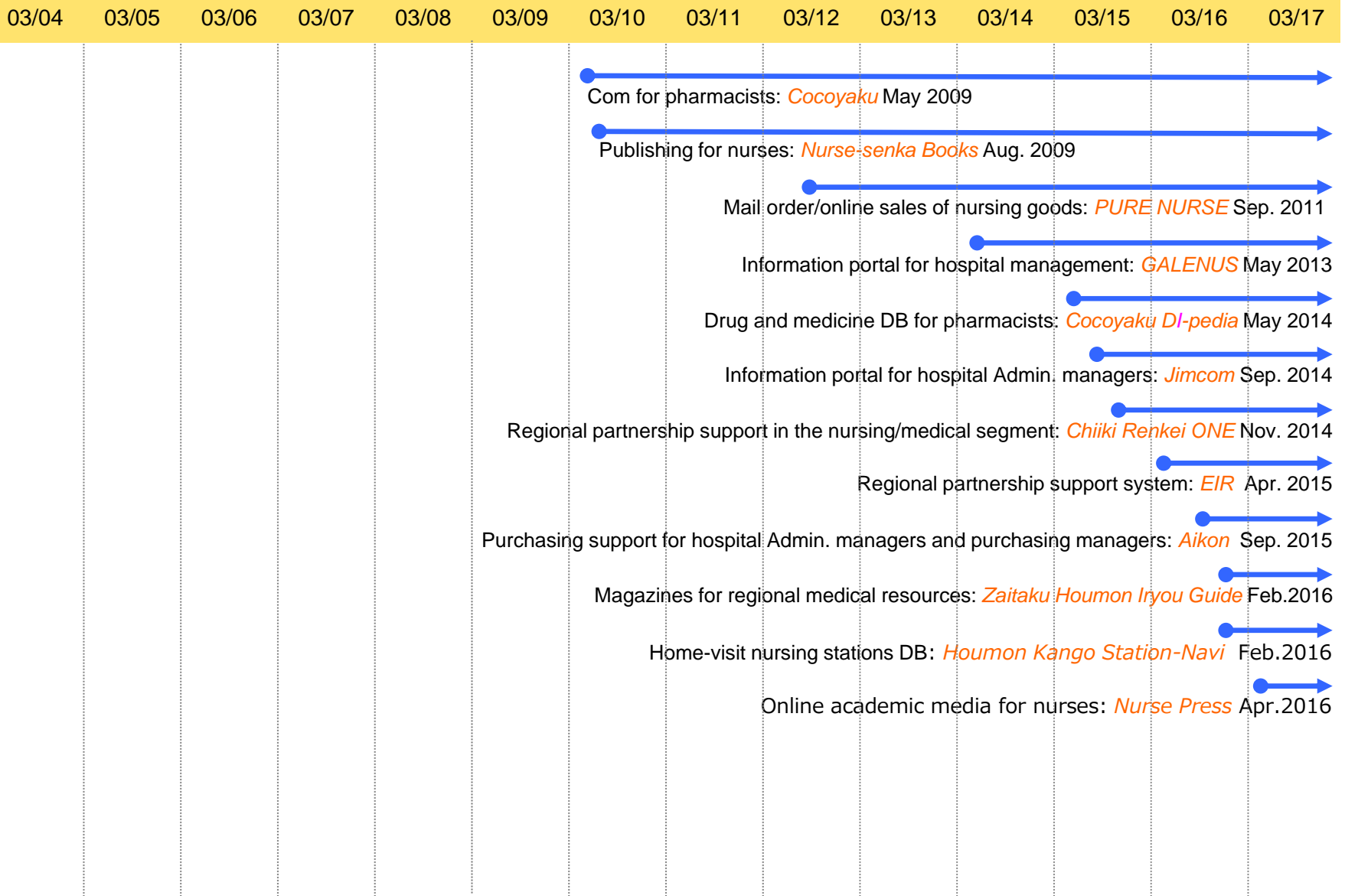
- Recruiting Ads Service
 - Net sales are booked when a job seeker applies for a recruiting ad; therefore, net sales and operating income increase in Q4 when companies publish recruiting ads targeting the beginning of a fiscal year when job seekers are likely to be motivated to change jobs
- MIMS group
 - Because the booklet of drug information is more often issued for 2H and the client pharmaceutical companies tend to increase their expenditure for advertising expenses toward December, the end of the fiscal year, the net sales and operating income of the MIMS group tend to increase toward 2H (July to December). In addition, because the MIMS group is included in the scope of consolidation three months later, 2H of the MIMS group is included in the scope of consolidation for Q3 and Q4 of SMS (the fiscal year end is March for SMS and December for the MIMS group).

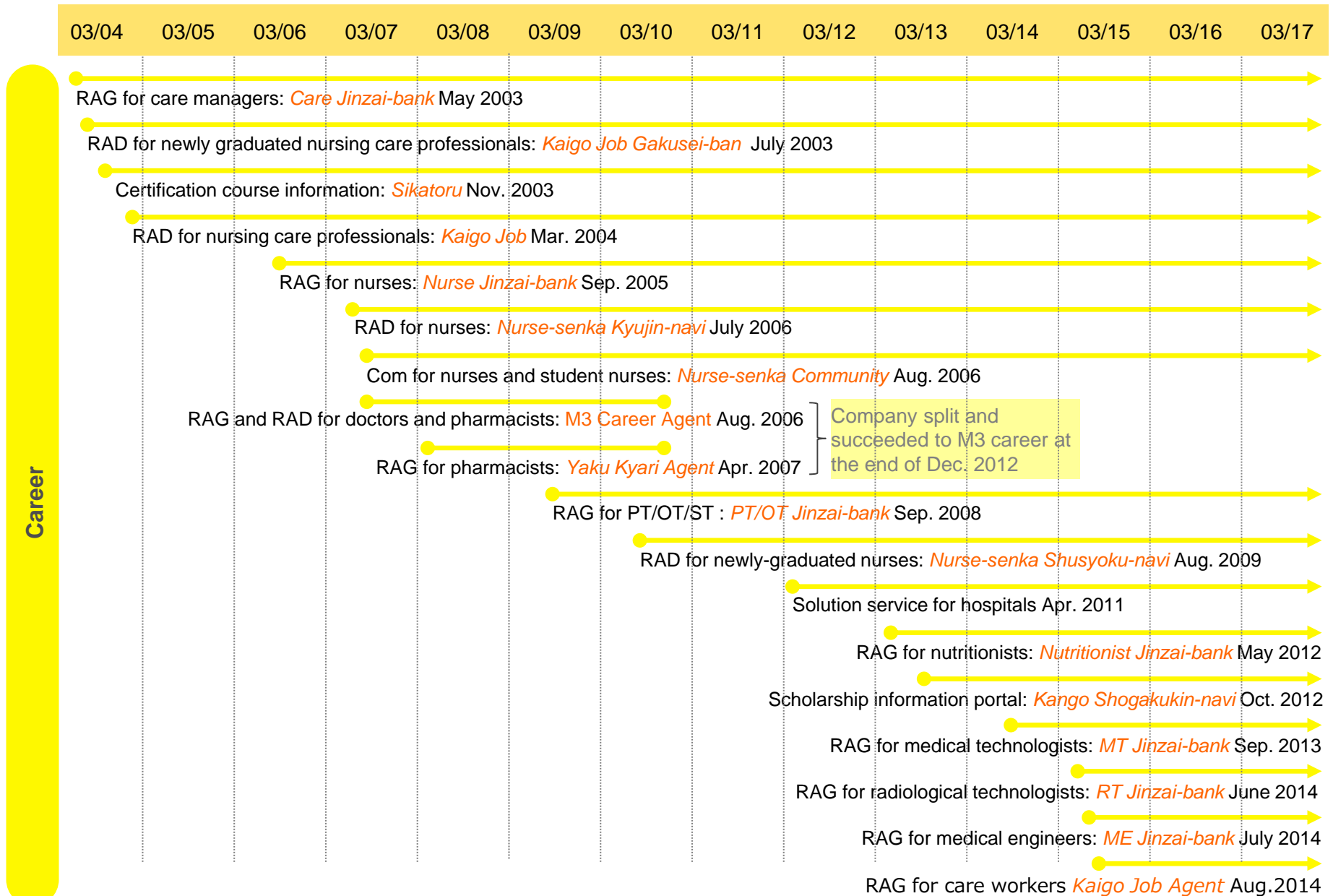
*1: For FY03/16, the net sales (¥1,581 million) of the MIMS group, which was acquired in October 2015, were included only for Q4. For FY03/17, the net sales of the MIMS group will be included for Q1, and thus it is forecasted that there will be no such difference in net sales between Q1 and Q4 as shown in the graph above.

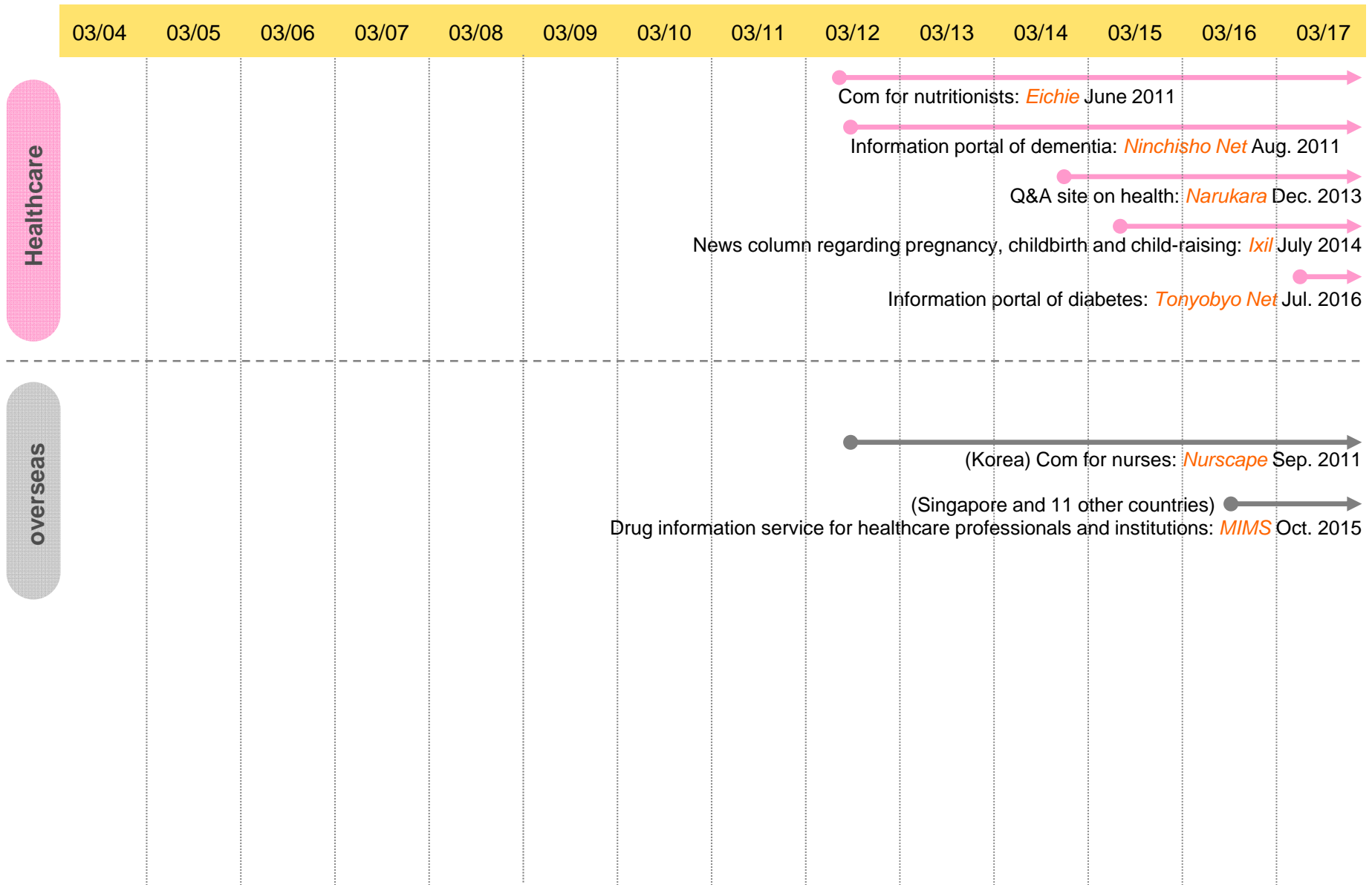


Nursing Care

Medical Care







Number of Employees

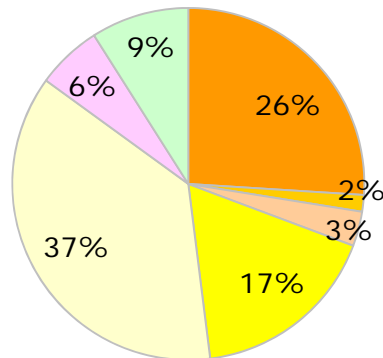
⇒ Number of employees and its breakdown as of December 31, 2016

Employees (consolidated)	1,714
SMS CO., LTD.	256
SMS Career CO., LTD.	575
Subsidiaries and Sub-subsidiaries	883
Japan	255
Overseas	628

Shareholder Composition*1

[as of September 31, 2016]

Number of stock
holders
3,624



Cautionary Statement with Respect to Forward-Looking Statements



These materials contain forward-looking statements, including estimates, projections, and statements related to the business operations of SMS CO., LTD. (hereinafter, “the Company”) based on current expectations and assumptions in light of the information available to the Company as of December 31, 2016. These forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties and other factors that may cause the Company’s actual results, performance, achievements or financial position to be materially different from any future results, performance, achievements or financial position expressed or implied by these forward-looking statements. These factors include, but are not limited to:

- changes in economic conditions, market demand, and the competitive environment affecting Japan, Asia and other markets in which the Company operates;
- reliance on digital and information technology, including with respect to the handling of nursing care, medical care and other client information and operation of the Company’s online community services;
- inability to effectively execute M&A/business alliance and overseas expansion strategies;
- changes in the laws, regulations and government policies in the markets in which the Company operates, particularly relating to employment placement, nursing care and medical care;
- any damage to the brand image;
- risk of infringing intellectual property rights;
- fluctuations in currency exchange rates, particularly with respect to the value of the Japanese yen, the US dollar, the Singapore dollar, the Hong Kong dollar and the Australian dollar; and
- risk of impairment losses, particularly with respect to goodwill recognized in connection of the acquisition of a 60% interest in Medica Asia (Holdco) Limited in October, 2015.

A discussion of these and other factors which may affect the Company’s actual results, performance, achievements or financial position is described in “Business Risks” contained in the Company’s corporate website*1.

We do not intend, and disclaim any duty, to update or revise any forward-looking statements contained in these materials to reflect new information, future events or otherwise. We caution you not to place undue reliance on any forward-looking statements contained in these materials.

*1: <http://www.bm-sms.co.jp/eng/ir/policy/risk/>

For any inquiries on the materials, please contact below:
Finance & Accounting Department
E-mail: irinfo@bm-sms.co.jp
Phone: +81-3-6721-2403