

**SMS CO., LTD.**

(Securities Code: 2175 / TSE1 )

## **Presentation Materials for Investor Relations**

Financial Results Summary for the First Quarter of  
the Fiscal Year Ended March 31, 2017 (the 14th Fiscal Year)

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**July 28, 2016**



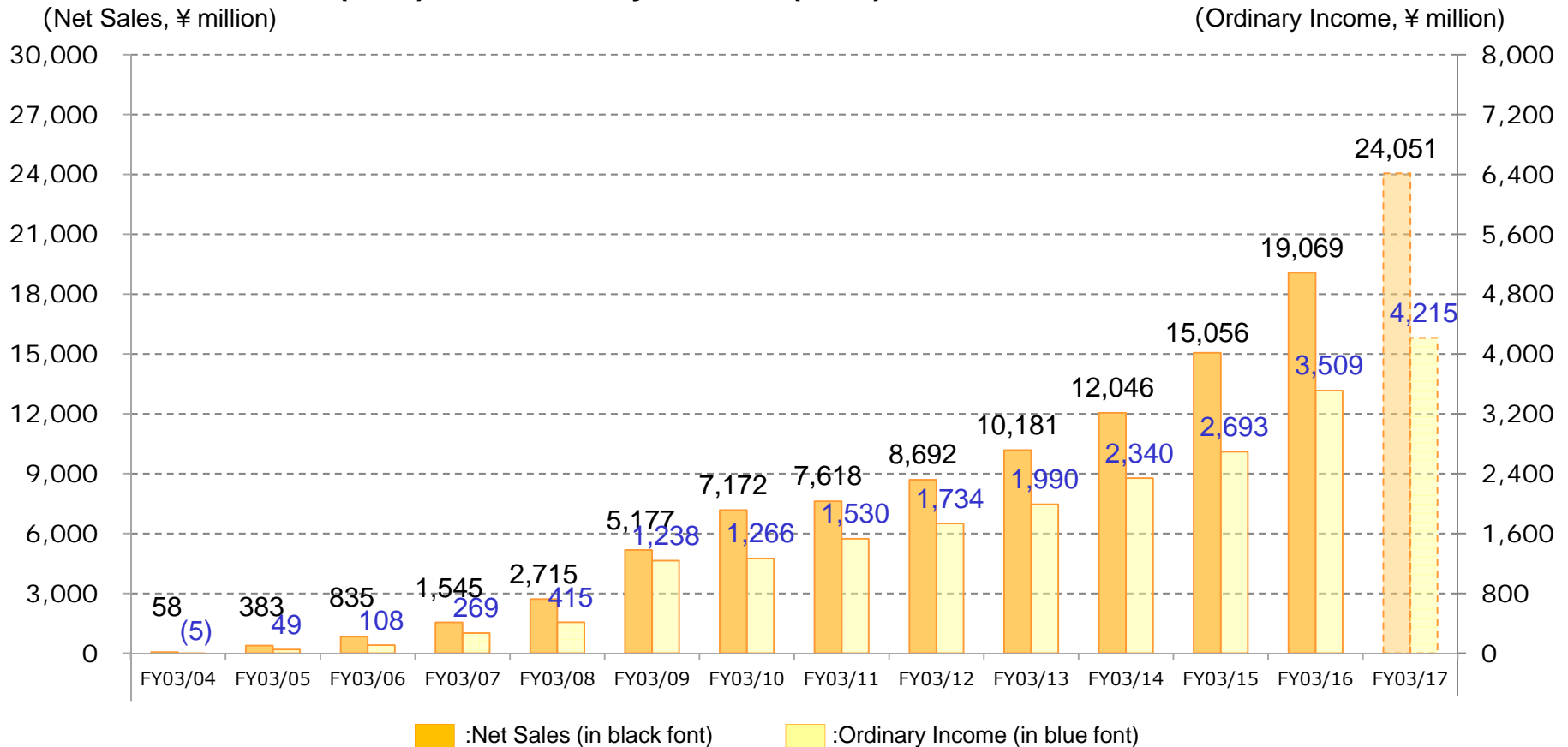
**SMS**  
Best matching Best value

1	Q1 FY03/17 Consolidated Financial Results <span style="float: right;">P3-P9</span>
2	FAQ <span style="float: right;">P11-P48</span>

1	Q1 FY03/17 Consolidated Financial Results	P3-P9
2	FAQ	P11-P48

✓ We expect to achieve growth in both net sales and ordinary income for the 13th consecutive year\*<sup>1</sup> since our establishment.

## Trends in Net Sales (LHS) and Ordinary Income (RHS)\*<sup>2</sup>



\*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

- ✓ Both net sales and incomes increased YoY.
- ✓ Both net sales and incomes exceeded the forecasts.

**P/L statement [¥ million]**

	Q1 FY03/16 Actual	Q1 FY03/17 Actual	YoY change	1H FY03/17 Forecasts
Net sales	5,421	6,618	+22%	12,112
Operating Income	1,456	1,668	+15%	1,956
Ordinary income	1,869	2,165	+16%	2,493
Net income	1,292	1,570	+22%	1,731

✓ Net sales increased 9% YoY.

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

		Q1 FY03/16	Q1 FY03/17	YoY change
Nursing Care	Recruiting Agent	532	664	+25%
	Media	413	505	+22%
Medical Care	Recruiting Agent	3,028	3,178	+5%
	Media	235	225	-4%
Total		4,209	4,574	+9%

**Highlights**

- Recruiting Agent for both the Nursing Care and the Medical Care increased steadily
- Recruiting Agent for nursing care professionals which was newly launched increased steadily
- Recruiting Ads for nursing care professionals increased steadily

## 1 Nursing Care Segment (Q1)

- ✓ Net sales increased 30% YoY.

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

	Q1 FY03/16	Q1 FY03/17	YoY change
Management Support for Service Operators	597	748	+25%
New Businesses	75	123	+63%
Total	673	871	+30%

### Highlights

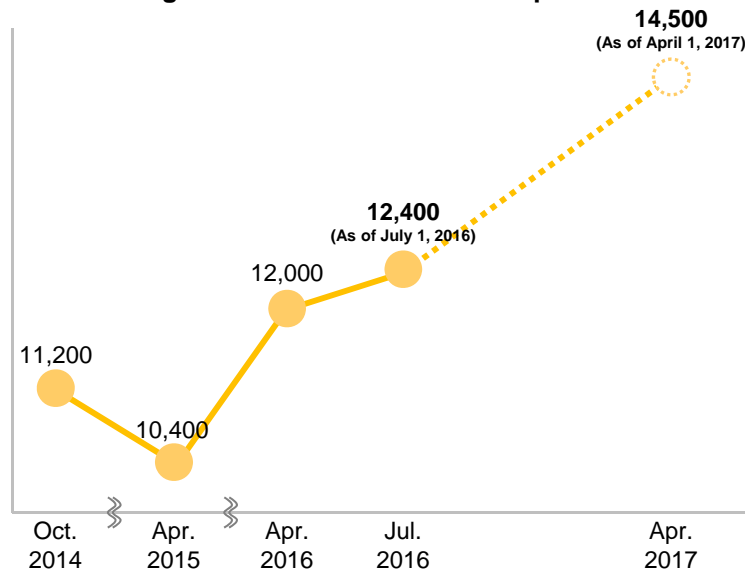
- Management Support for Service Operators “*Kaipoke*” increased steadily because of the rise in membership locations
- In New Businesses, home-delivered meal search site for seniors increased significantly

- ✓ The number of membership locations increased as planned.
- ✓ The membership locations increased and the scope of nursing care services expanded as planned.

### Membership

- The number of membership locations reached 12,400 as of July 1.
- The results were as planned.

Trend and Target for Number of Membership Locations



### Actions and Results

#### • Increase of members locations

- ✓ For multiple membership locations, Human Link, Inc. which offers rehabilitation daycare services for all over Japan started to implement *Kaipoke*.
- ✓ Running many other projects with operators which also cover multiple membership locations.

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

#### • Expansion of the scope of nursing care services

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



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

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

	Q1 FY03/16	Q1 FY03/17	YoY change
Medical Care	222	168	-24%
Healthcare	17	35	+100%
Overseas <sup>*1</sup>	297	968	+226%

## 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 information portals for hospital office managers and regional partnership support in the medical 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, the P/L of the MIMS group for January to March was included in the scope of consolidation. For details, refer to p.40.) In addition, the results of net sales for Q1 were ¥851 million. In this regard, the financial results of the MIMS group tend to be slanted toward the second half. For details, refer to p.43.

- ✓ Of the funds for the acquisition of MIMS, 12 billion yen was refinanced as long-term borrowings under the JBIC scheme.

### Overview of refinancing

- Refinancing by using the Loan Facility Enhancing Global Business Development of Japan Bank for International Cooperation (JBIC)

\* Loan Facility Enhancing Global Business Development:

Loan for the funds required to actively support the overseas expansion of Japanese companies through the supply of long-term funds to overseas M&A, infrastructure and resources projects, among others. The period of use of this plan is until the end of June 2016.

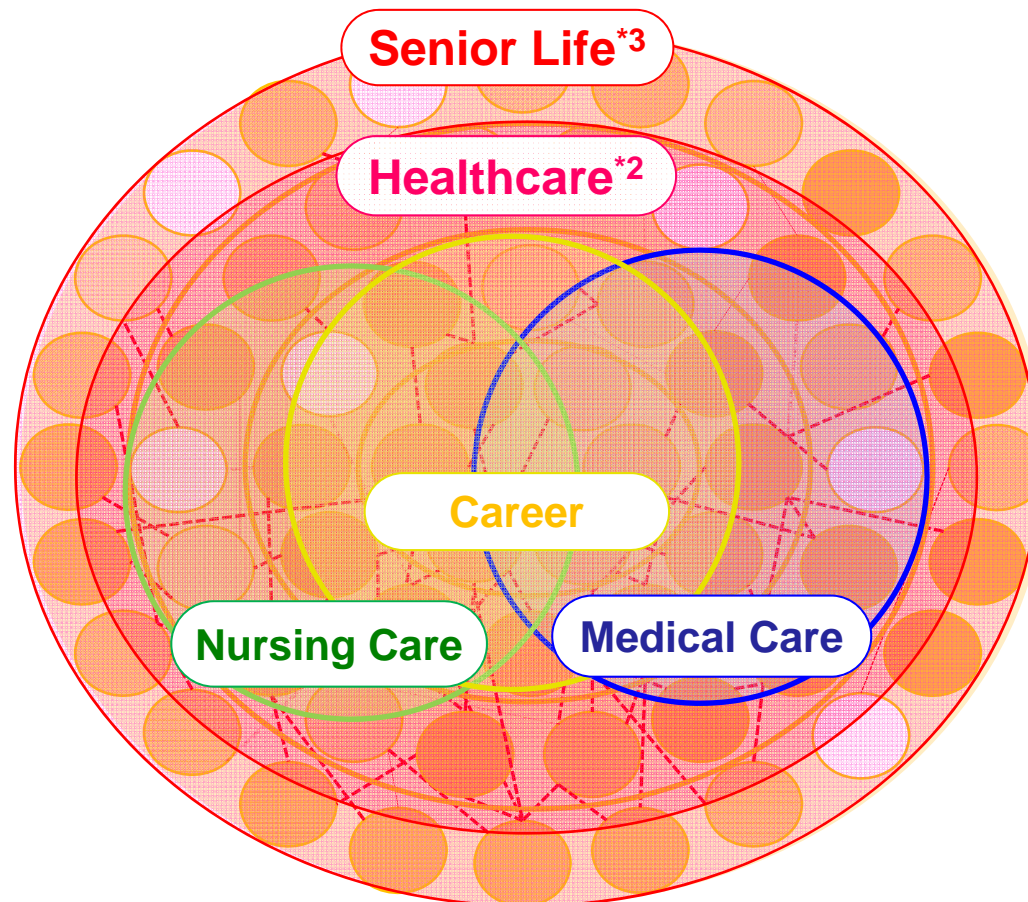
- Lenders: Sumitomo Mitsui Banking Corporation,  
The Bank of Tokyo-Mitsubishi UFJ, Ltd.
- Loan amount: About 12 billion yen
- Loan period: 10 years
- Date of contract: June 29, 2016
- Date of execution: July 29, 2016

1	Q1 FY03/17 Consolidated Financial Results	P3-P9
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**We create values and contribute to society by providing an  
“information infrastructure for an aging society.”**

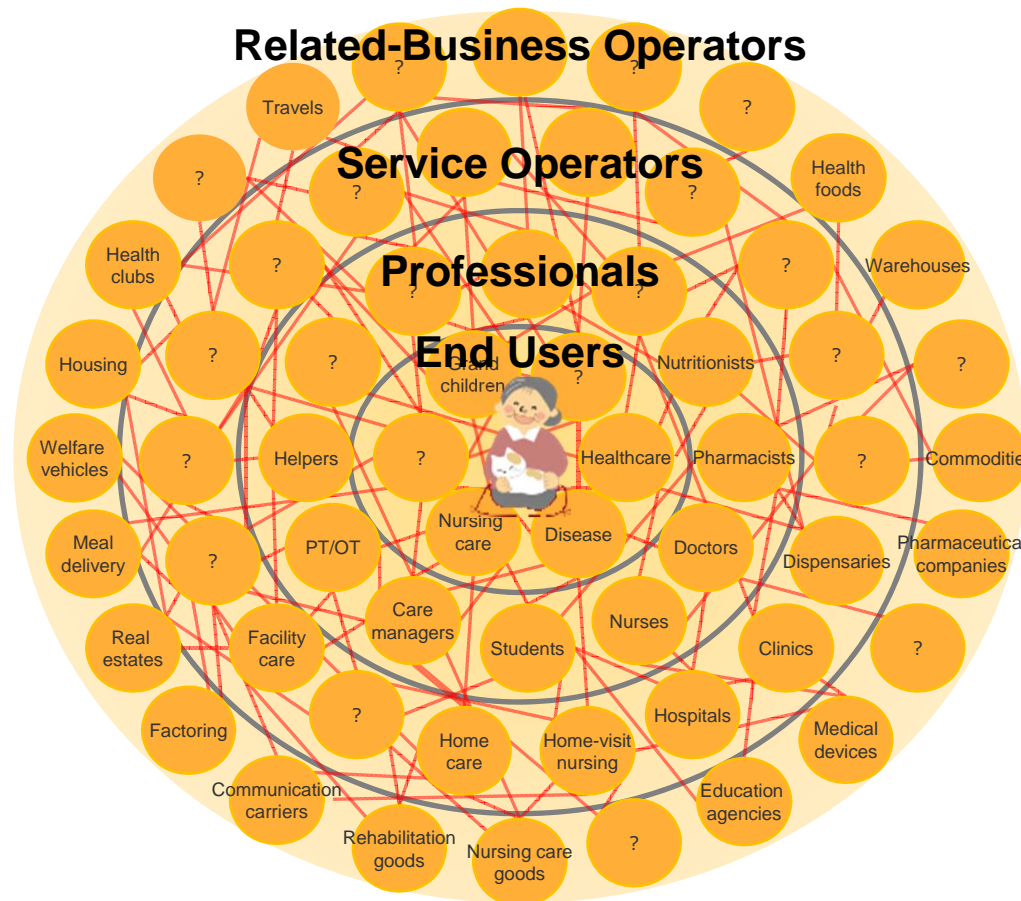
SMS stands for “Senior Marketing System.”

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



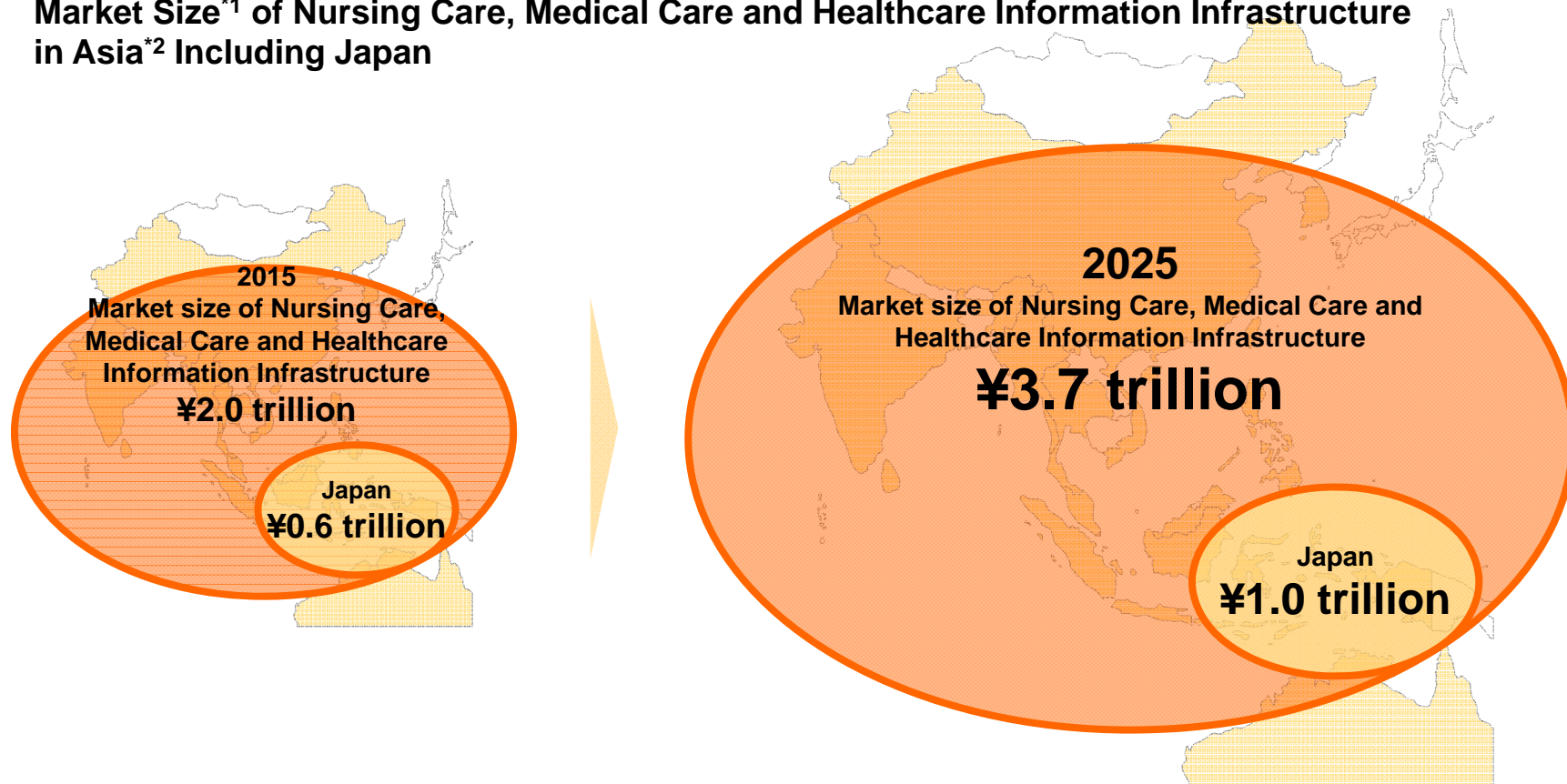
\*1: Includes Oceania \*2: Covers health-related matters that are not subject to long-term care insurance or medical insurance

✓ 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 model and solve information asymmetry.



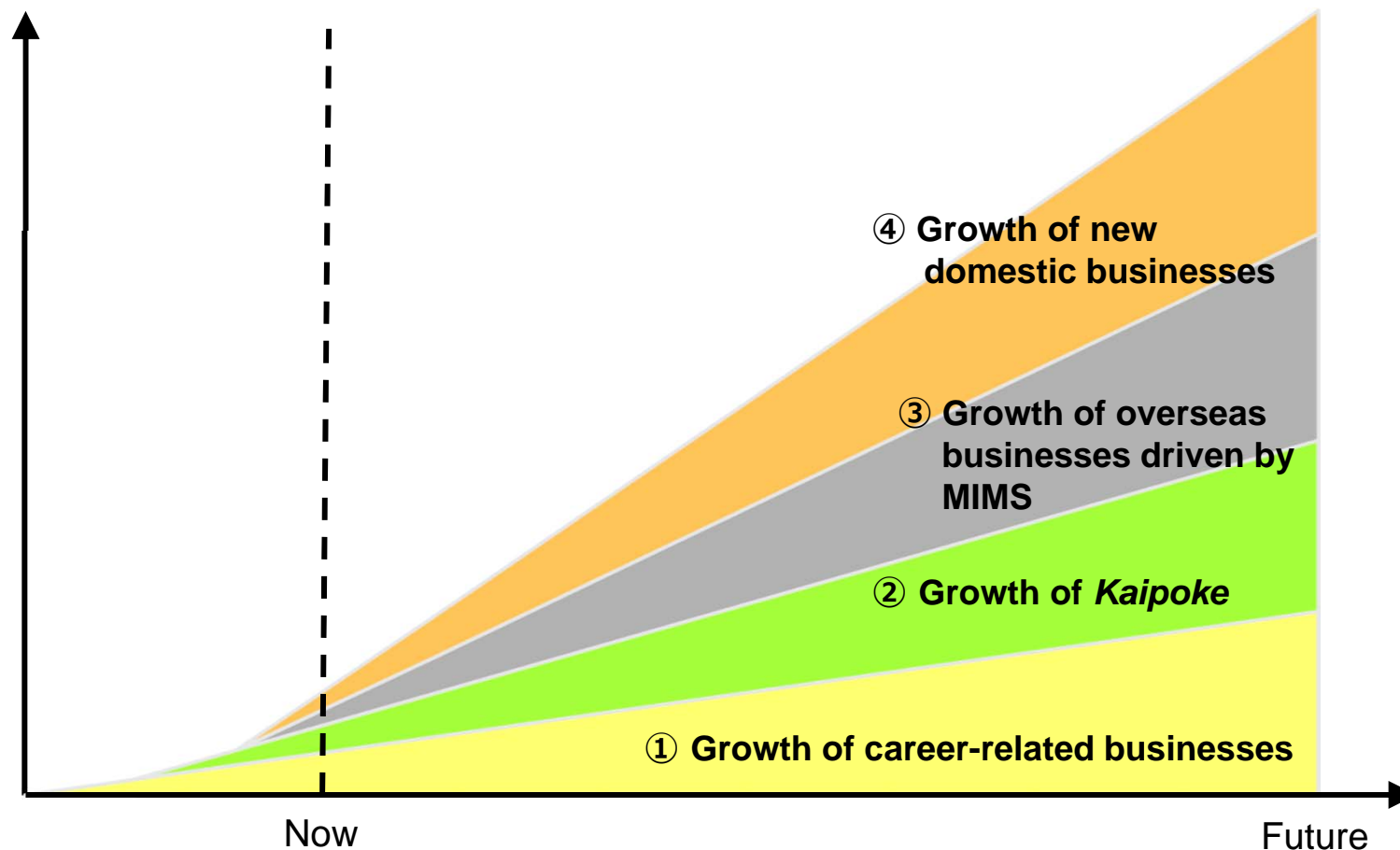
- ✓ In 2025, the market size of information infrastructure for Nursing Care, Medical Care and Healthcare in Asia (including Japan) is estimated to exceed ¥3.7 trillion, making it an extremely attractive market.

### Market Size\*<sup>1</sup> of Nursing Care, Medical Care and Healthcare Information Infrastructure in Asia\*<sup>2</sup> Including Japan



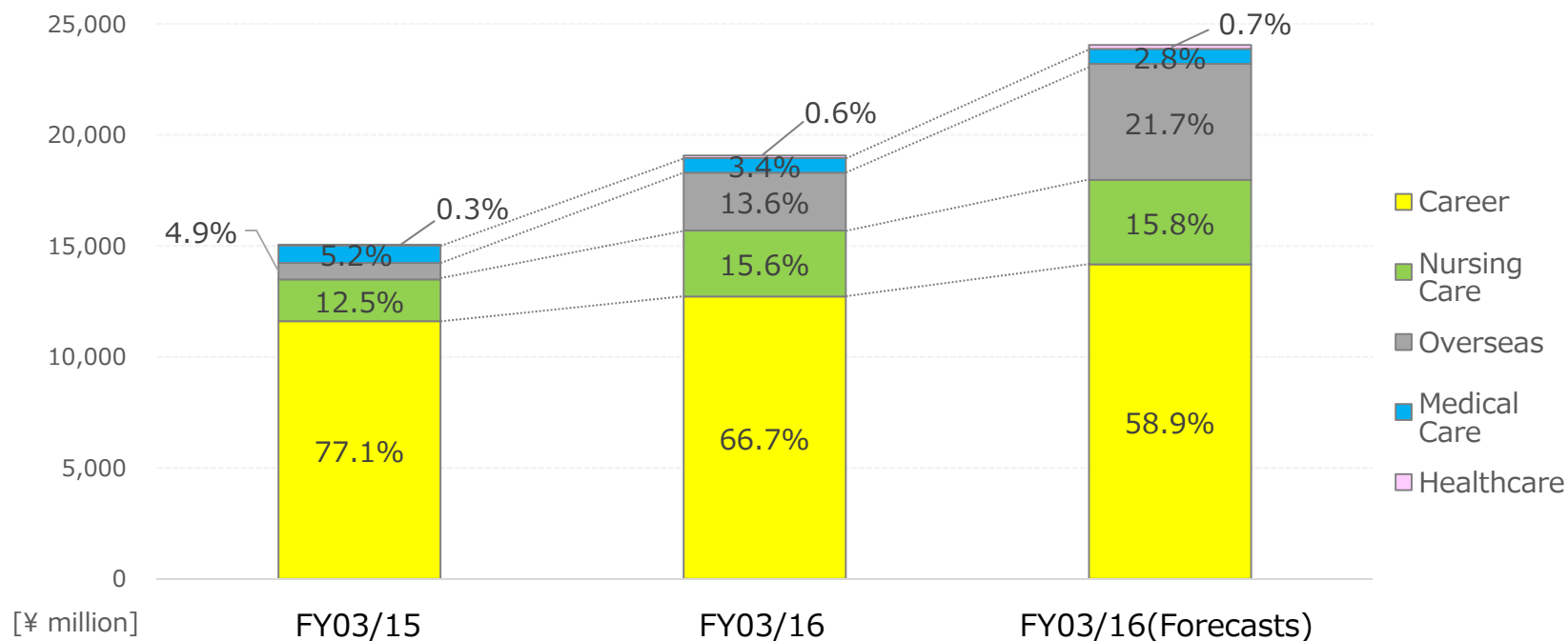


- ✓ Our growth thus far has been driven by career-related businesses\*1.
- ✓ Going forward, we aim to sustain stable growth in career-related businesses, while also driving growth in *Kaipoke*, overseas businesses and new domestic businesses.





### 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.

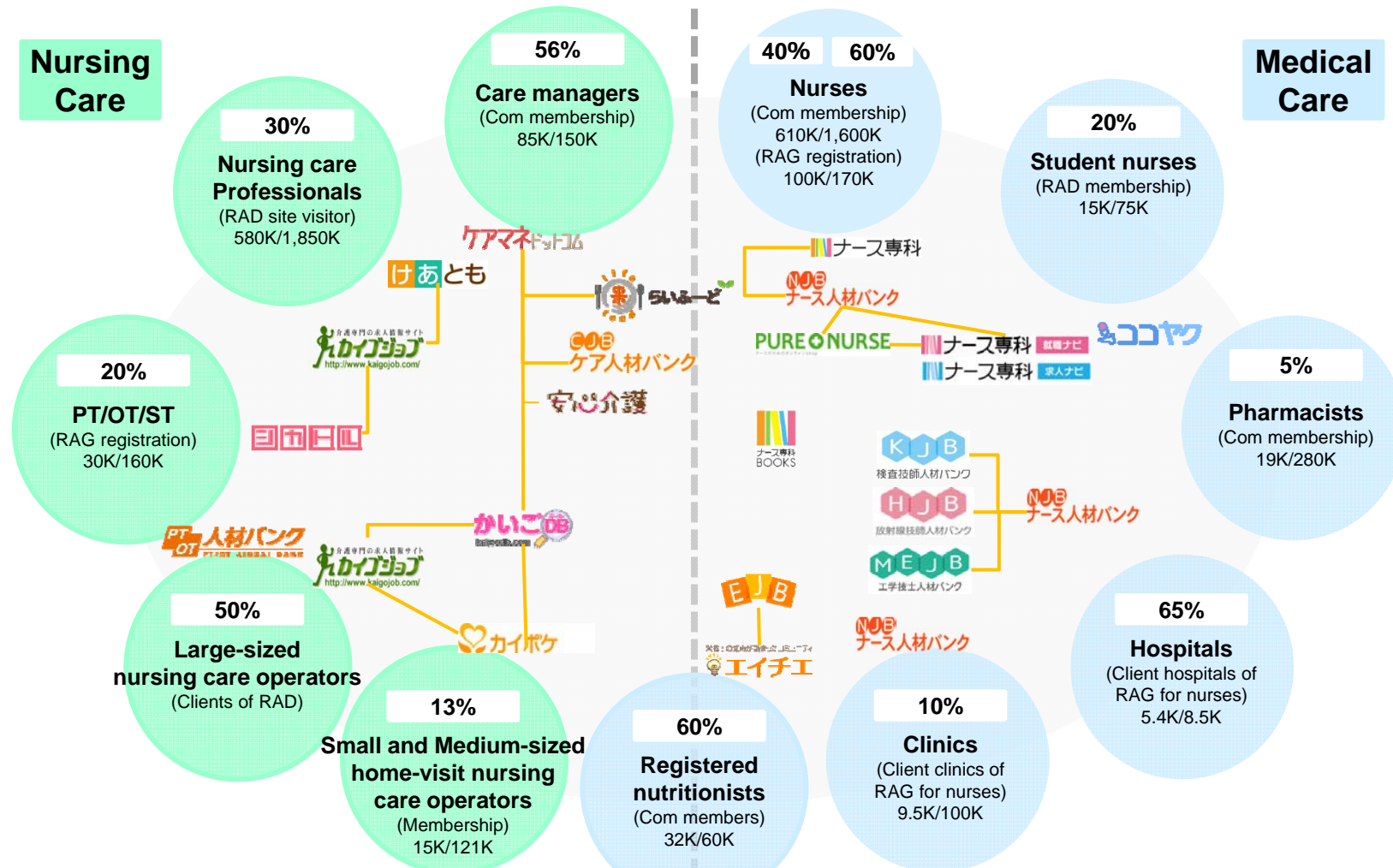
# 2-1

## 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 	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 pharmacy DB 	Regional partnership support system 	Magazines for regional medical resources 	
		Publishing for nurses 	Information portal for hospital Admin. managers 	Purchase support for hospital Admin. managers 	Regional partnership support in the nursing/medical segment 	IT service for pharmacies 	Online academic media for nurses 		Home-visit nursing stations DB 
Career	Nursing Care RAG	RAG for care managers 	RAG for PT/OT/ST 		RAG for Care Workers 			Home-visit nursing stations DB 	
	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 	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 for active seniors ライブラリー	Information of genetic test 	News column regarding pregnancy, childbirth and child-raising 	
overseas	-	Com for nurses (South Korea) 	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 					

- ✓ 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.



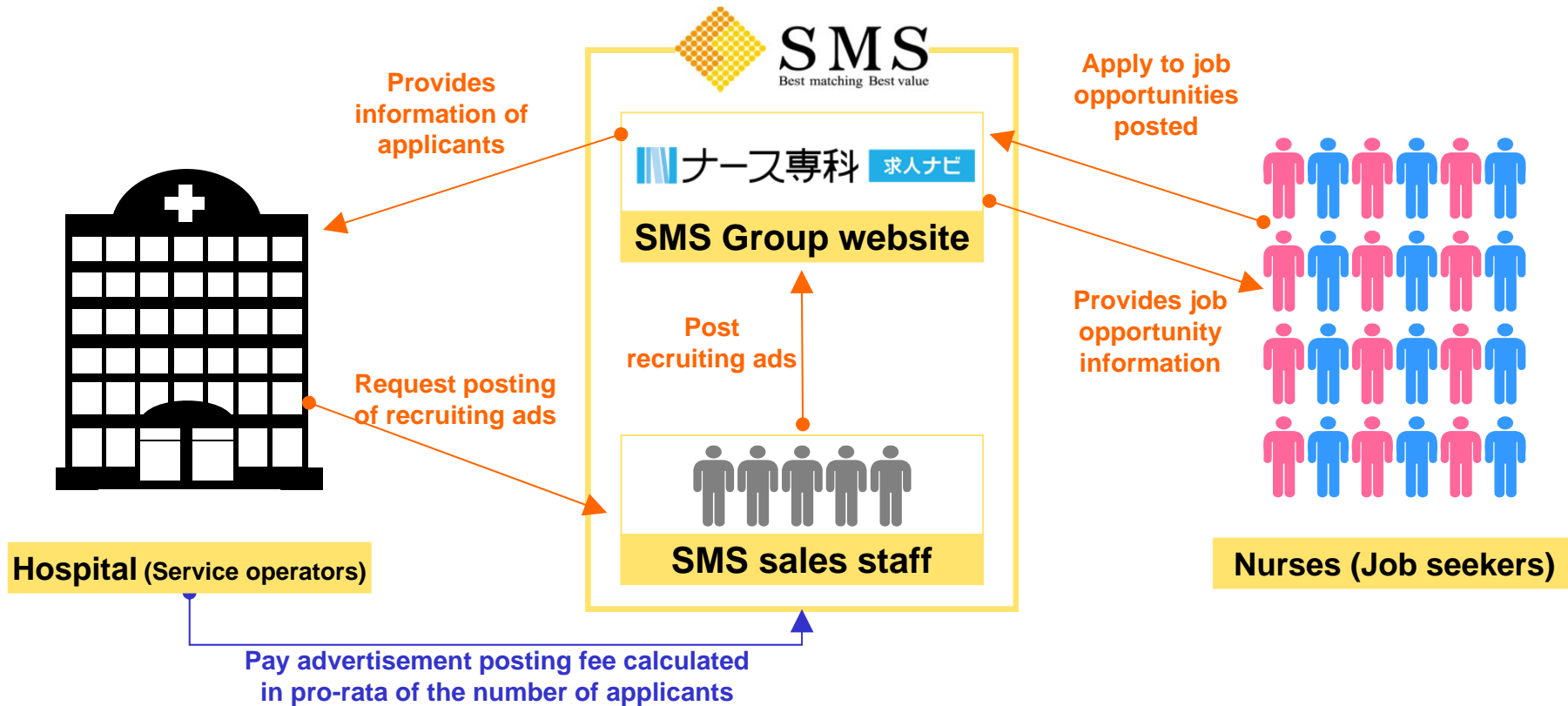
- ✓ When a job seeker successfully changes jobs through SMS's service, SMS receives a percentage of the job seeker's estimated annual income from the service operator (e.g. hospitals and nursing care operators) as a commission.

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



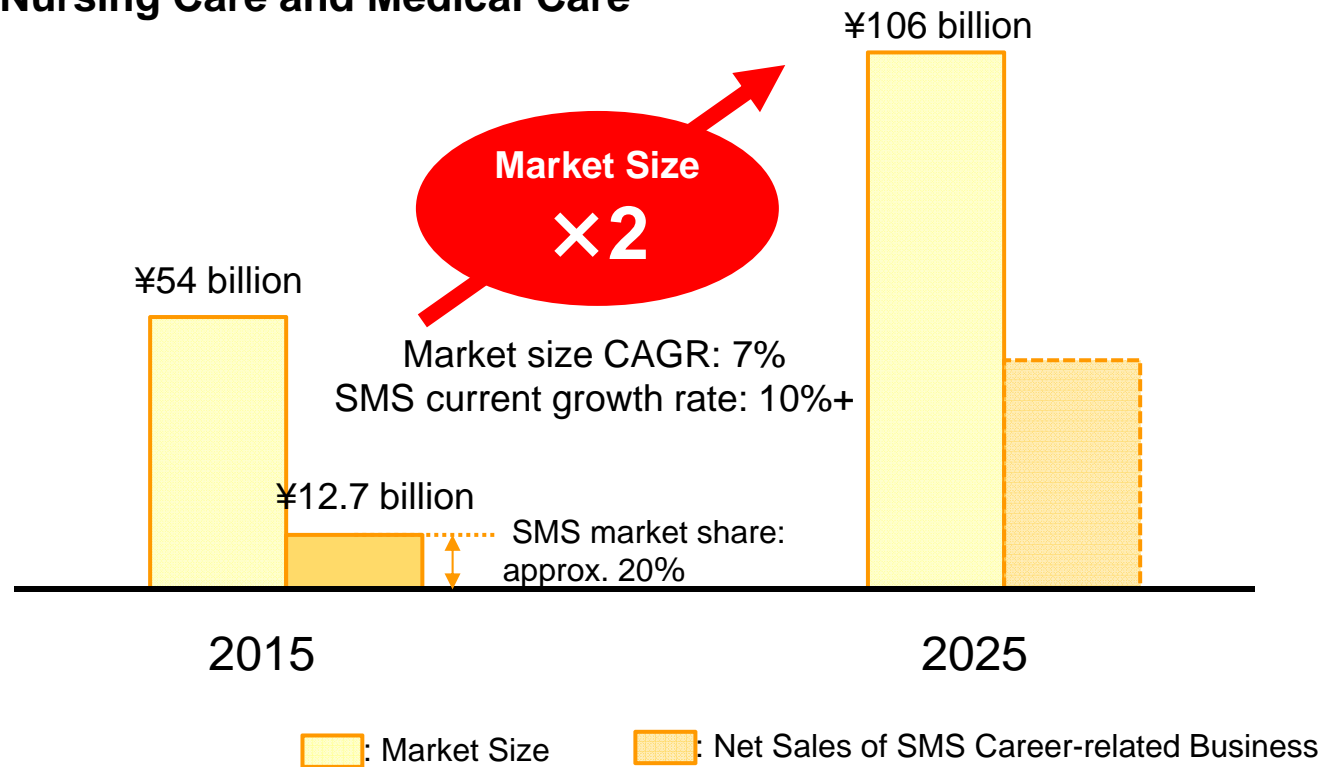
- ✓ SMS receives from service operators (e.g. hospitals, nursing care operators, temporary staffing companies and recruiting agents) advertisement posting fees proportional to the number of job seekers' applications.

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



- ✓ 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

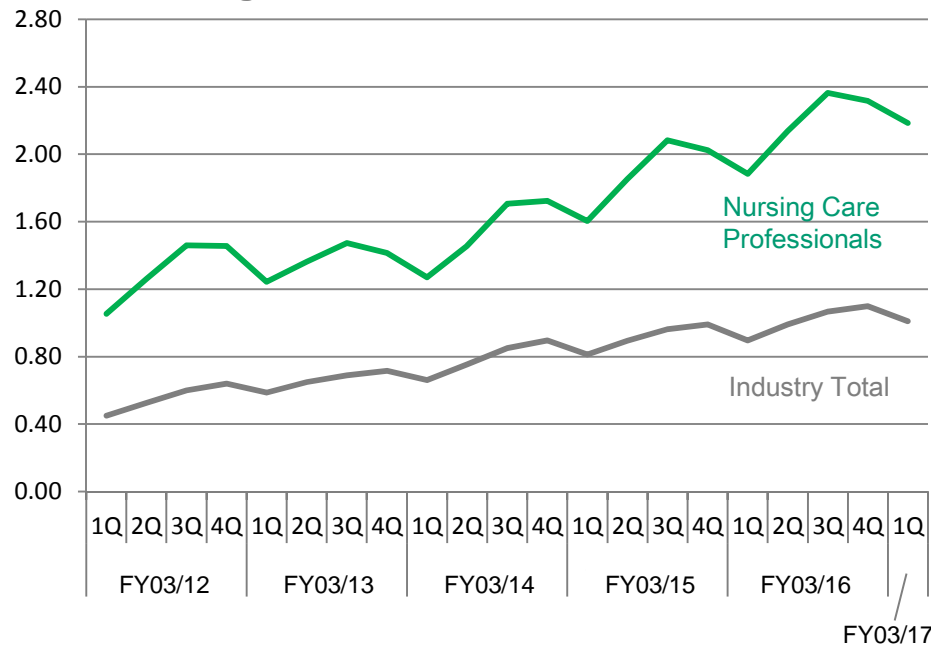




✓ Continuous labor shortage in both nursing care professions and nursing professions

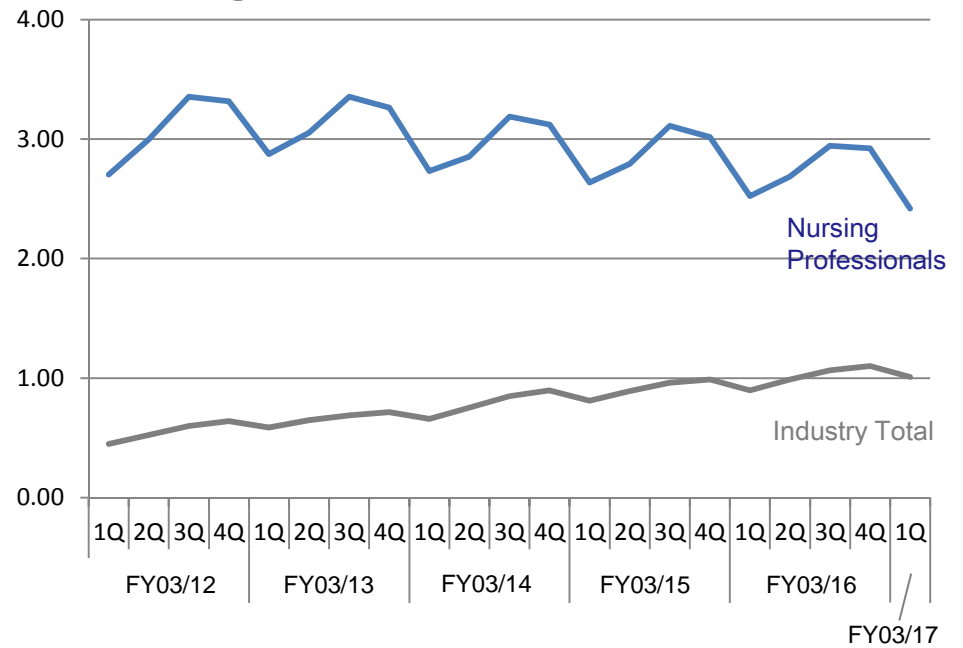
### Nursing Care Segment

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

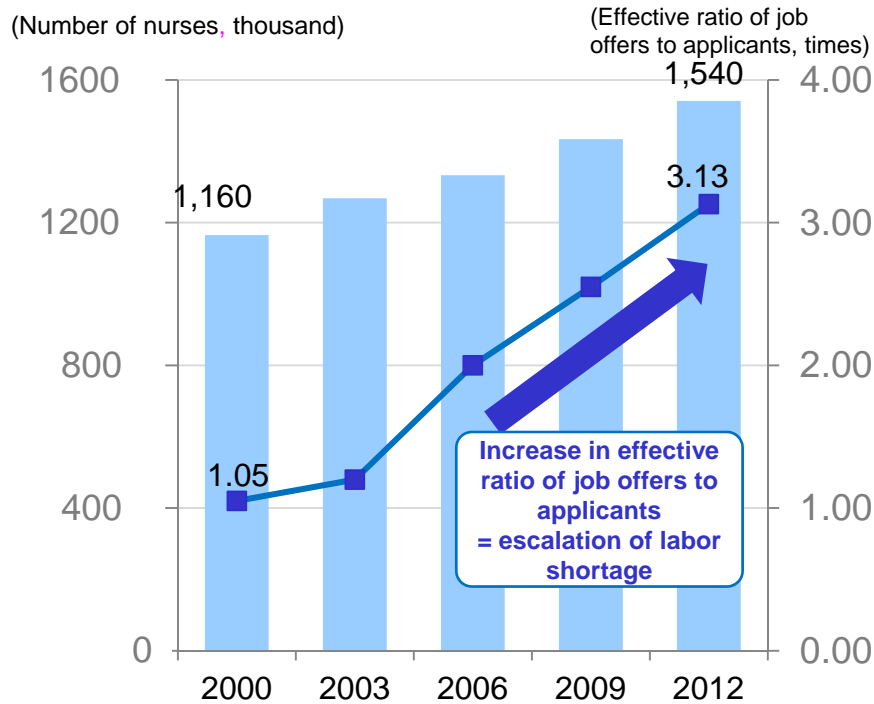


\*1: MHLW, General employment placement situation

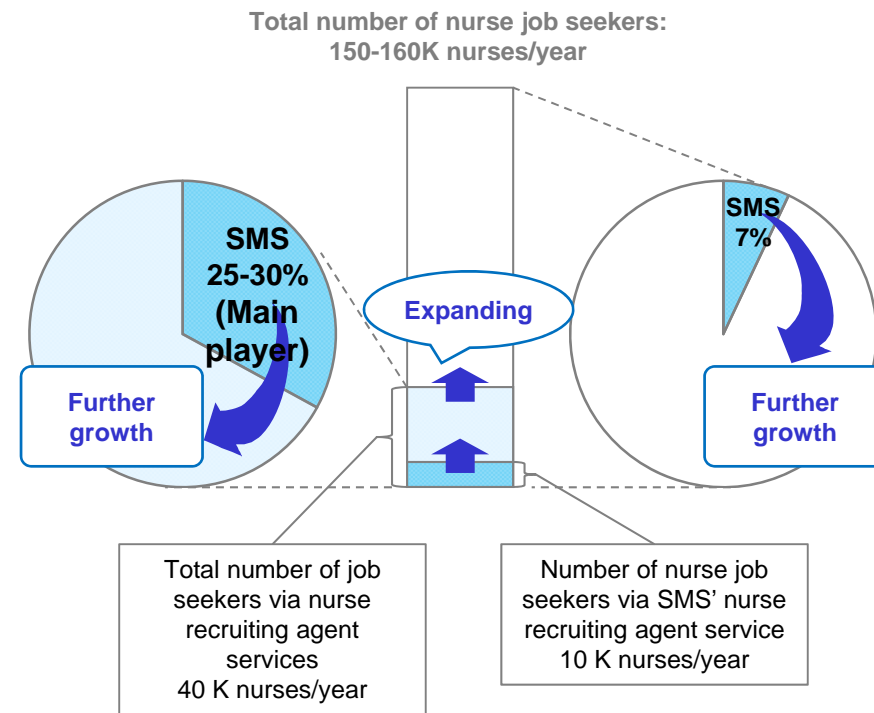
Figures represent the average of values for the 3 months in each quarter. The figure for Q1 FY03/17 is the average of values for April and May

- ✓ 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 recruiting agent services, 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



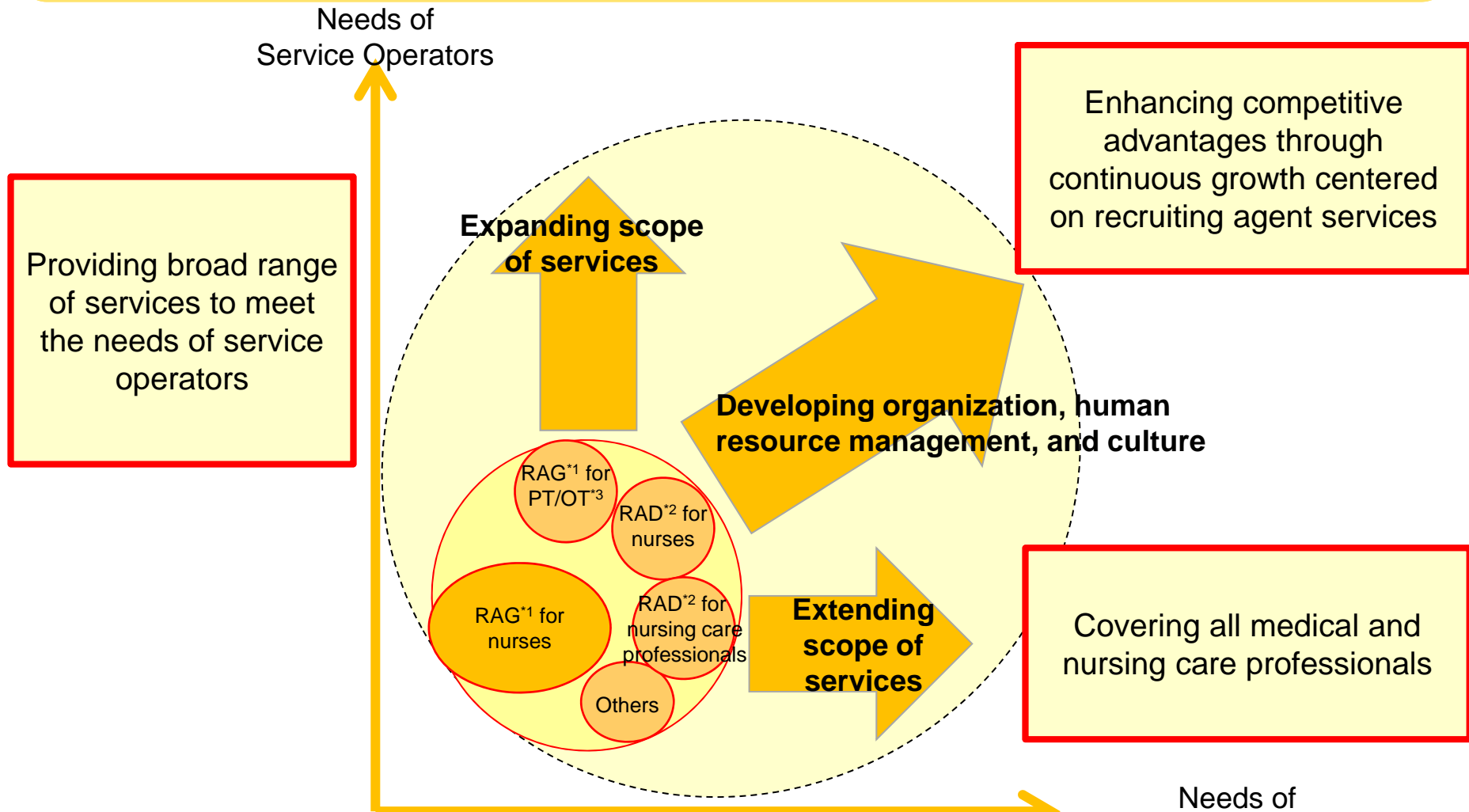
Market Size of Nurse Recruiting Agent Service and SMS's Market Share\*2



\*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



- ✓ 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.

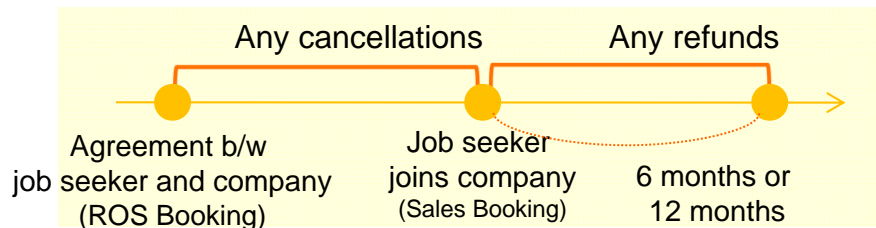


\*1 : RAG stands for Recruiting Agent    \*2 : RAD stands for Recruiting Ads  
 \*3 : PT/OT stands for Physical Therapist and Occupational Therapist, respectively

- ✓ 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

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



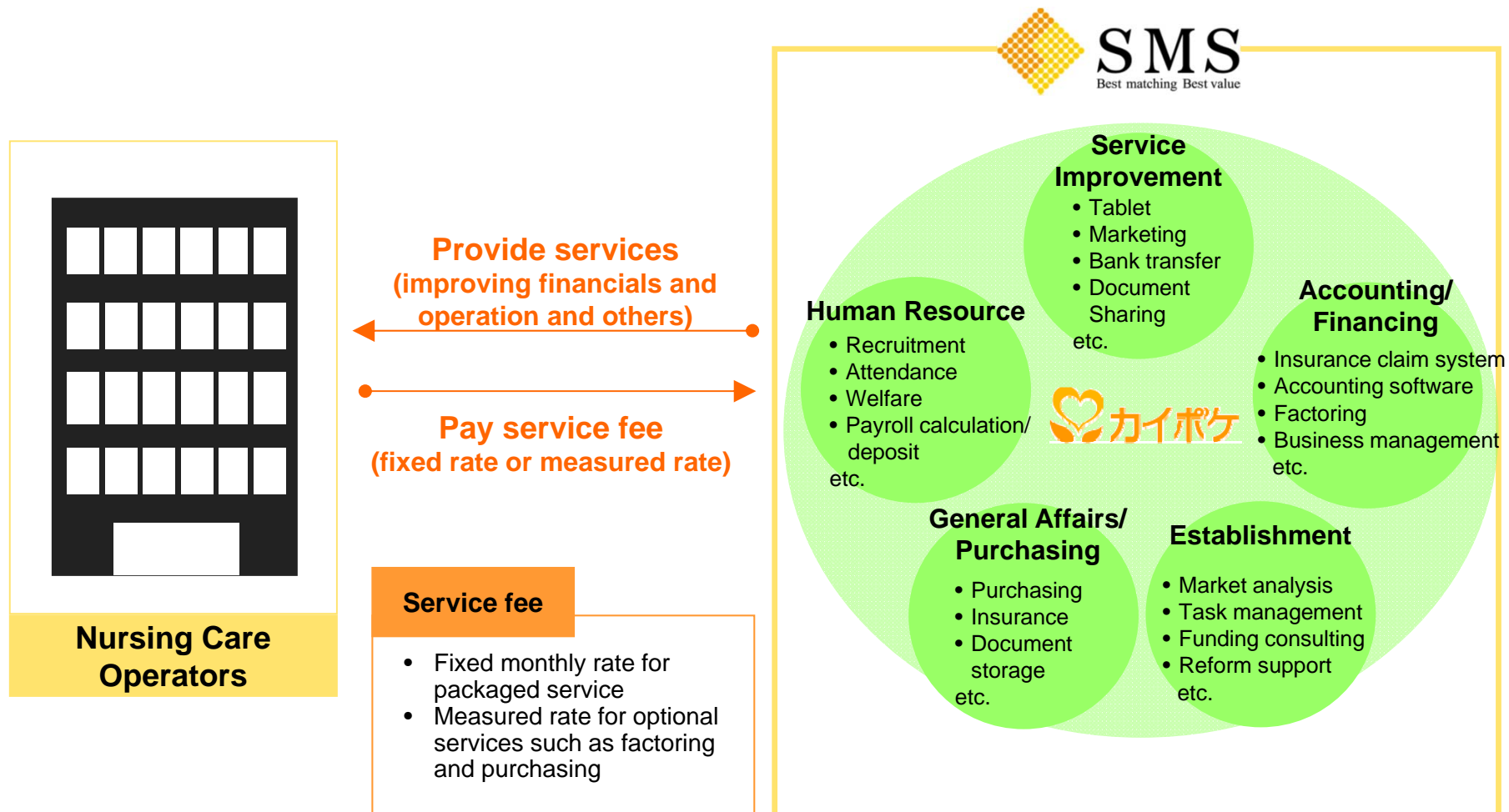
- Net sales : Booked when a job seeker joins a company
- ROS : Recorded when a job seeker and a company reach an agreement  
Not booked in financial accounting
- Distribution factor(DF) :  
% of ROS distributed to each future month
- Cancellation:  
Cancellation of the agreement between a job seeker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

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

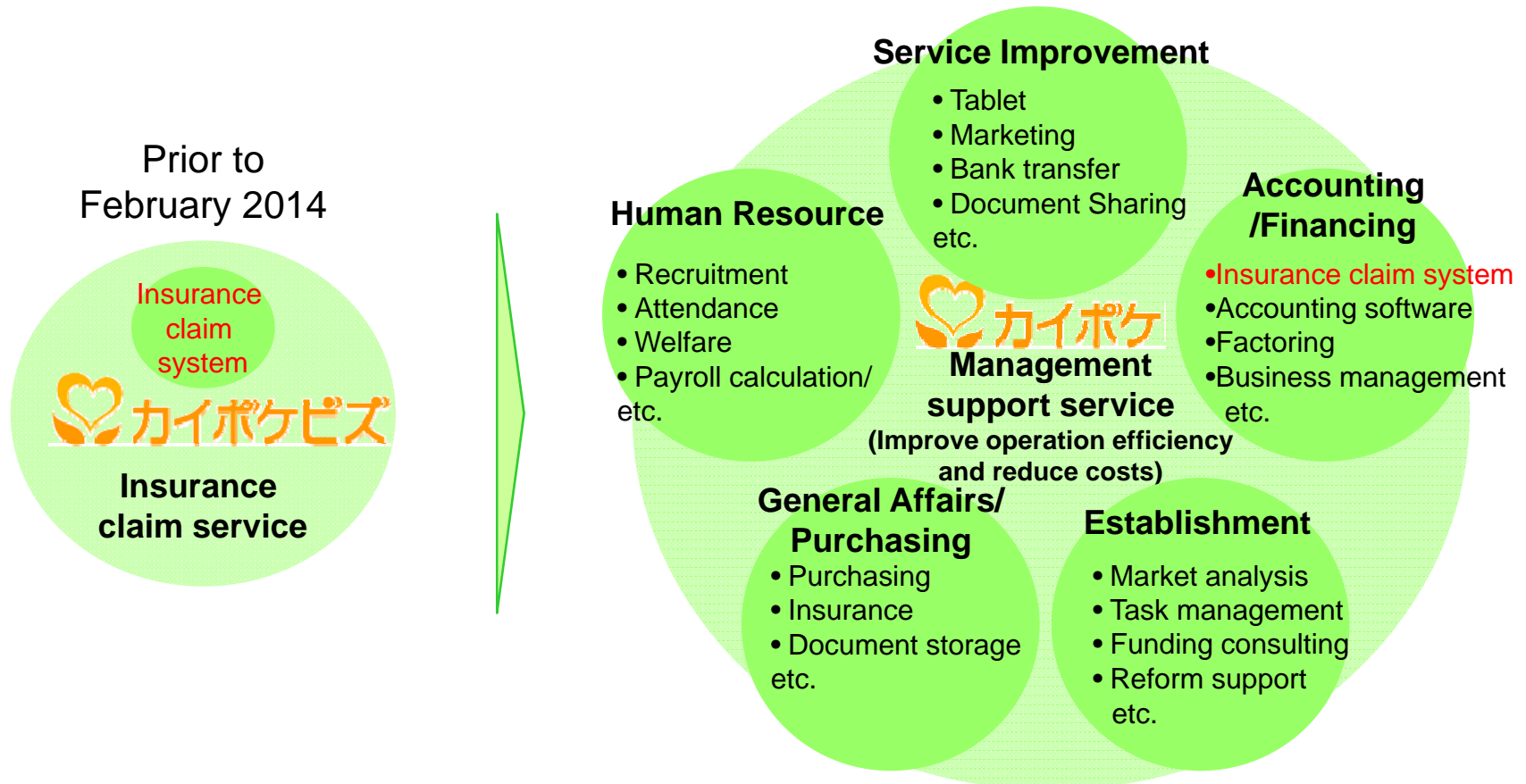
- Number of Consultants (NofC):  
Number of sales staff engaging in recruiting agent service
- Productivity:  
Number of completed agreements between a job seeker and a company per sales staff per month
- Unit price: The average of commissions for job placement service

- ✓ 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.

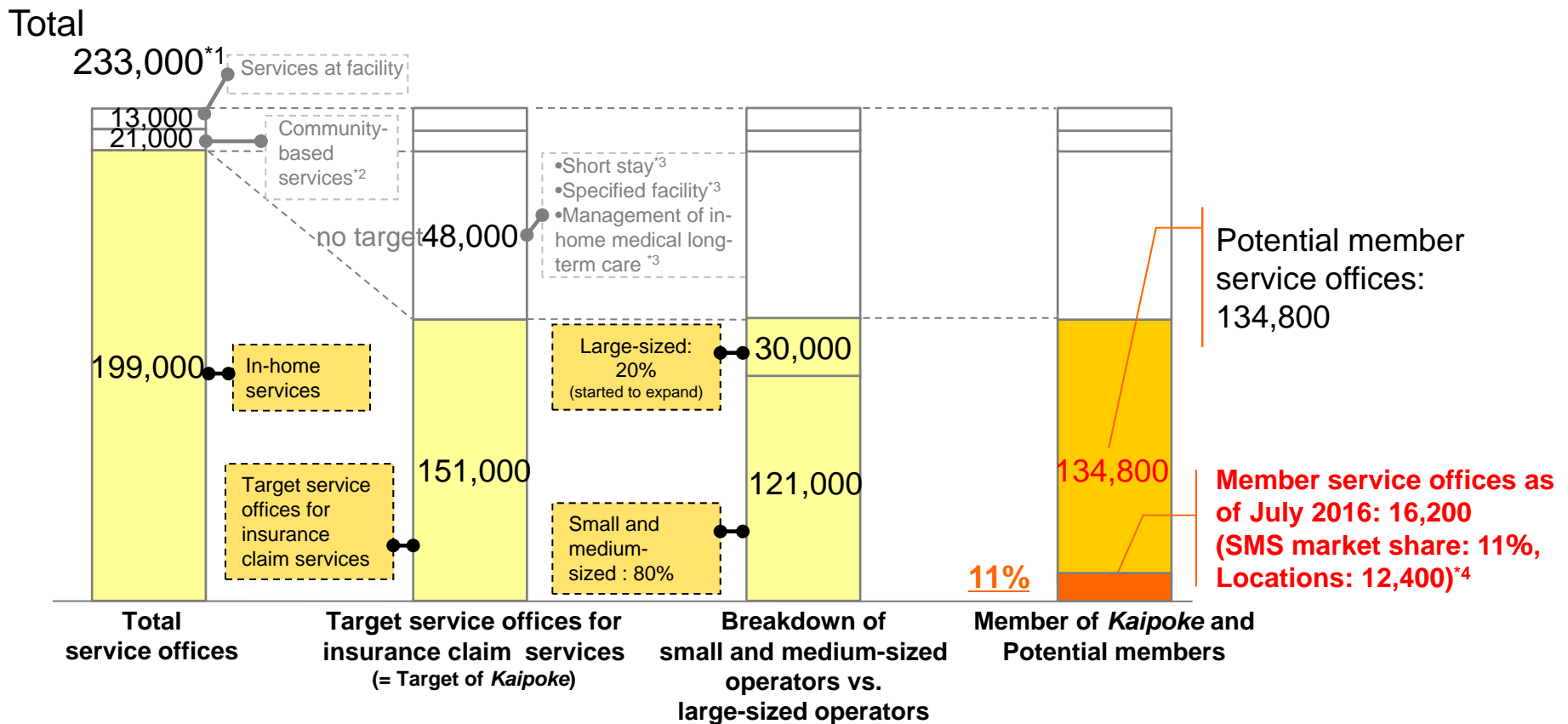


- ✓ Renewed from insurance claim service to management support services in February 2014.
- ✓ Already started approximately 40 new services, supporting operational efficiency and financial improvement.

Starting in February 2014\*1



- ✓ We have expanded the target of *Kaipoke* service to large operators. Our target now includes 151,000 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 (April 2016)*

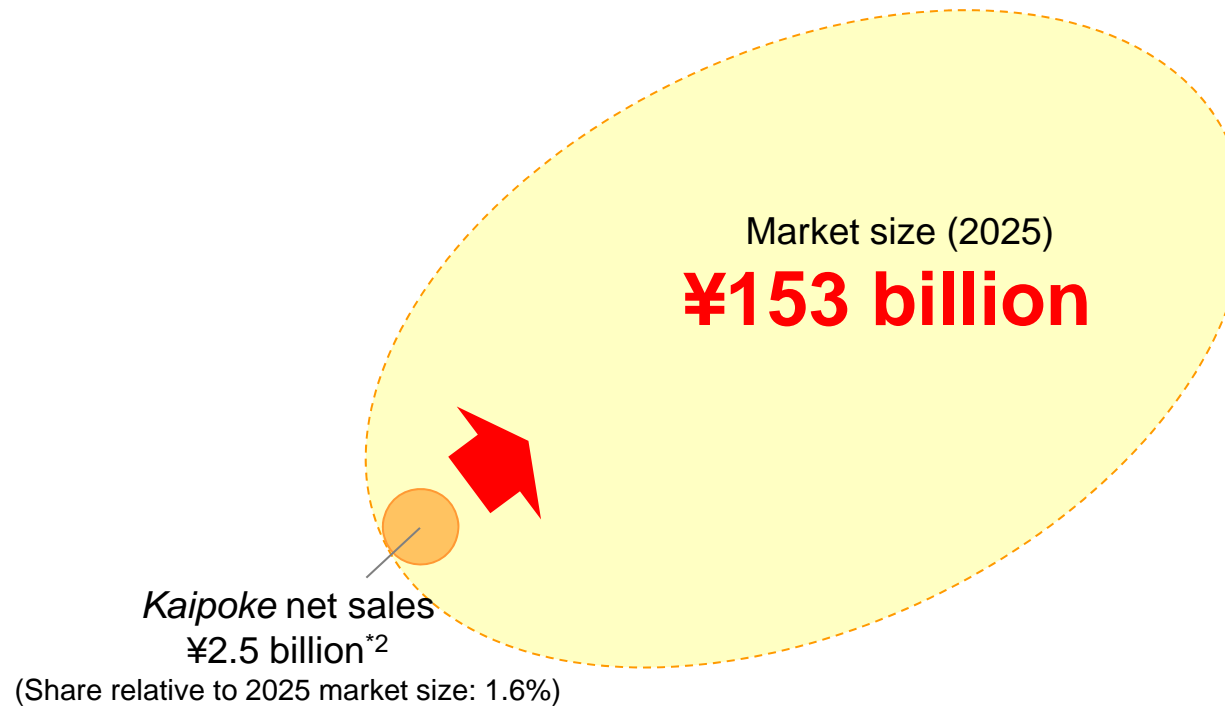
\*2: Among community-based services, nighttime home-visit nursing care services and daycare services for dementia patients are our targets

\*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

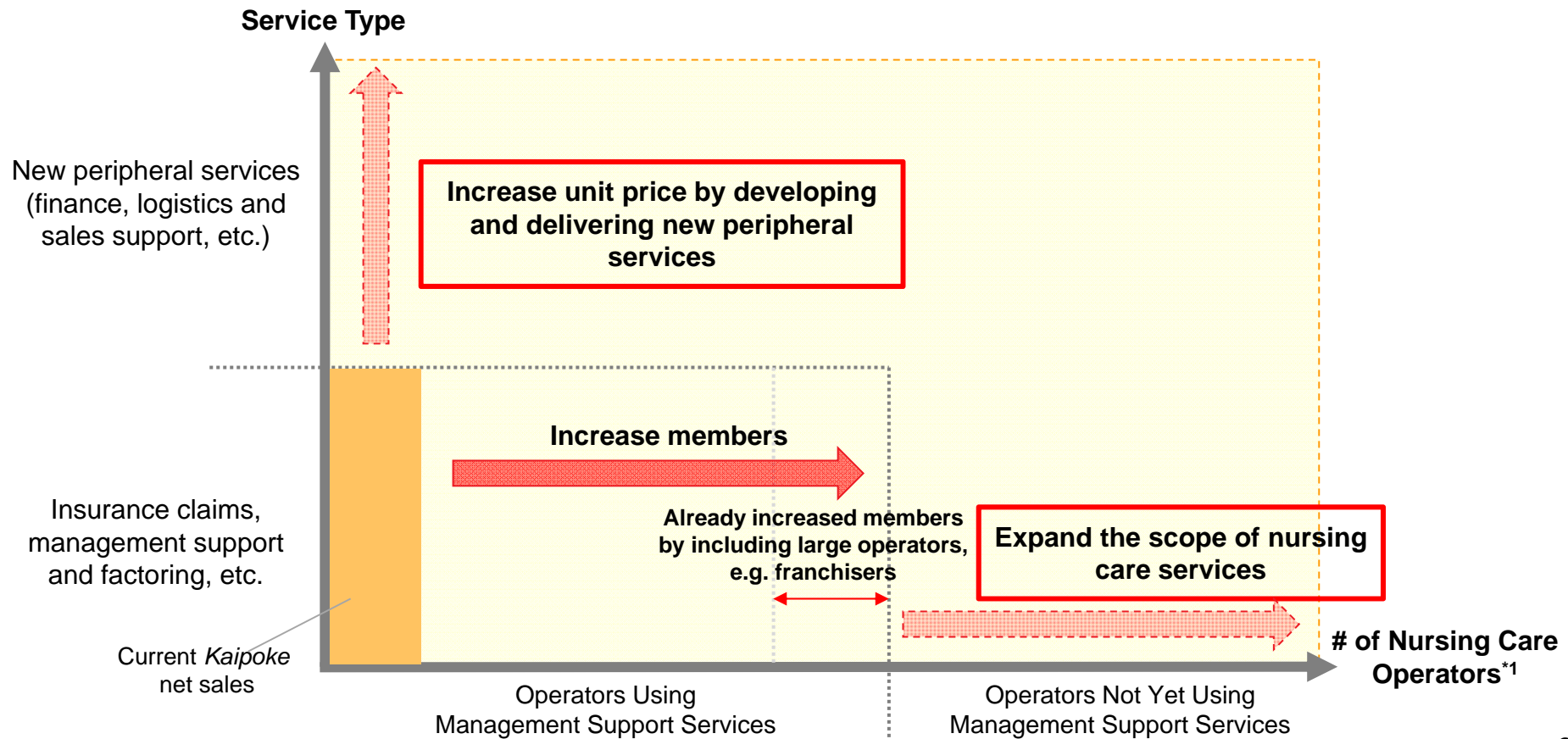
\*4: In the presentation materials up till FY03/16 Q3, SMS's market share was calculated as a percentage of the total number of small and medium-sized operators. Based on this calculation, SMS's market share was 12% as of FY03/16 Q3.

- ✓ *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\*<sup>1</sup>



- ✓ 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.





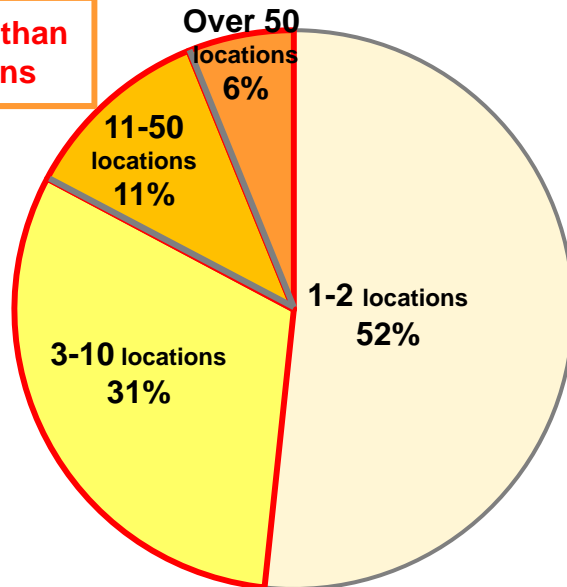
- ✓ We aim to expand *Kaipoke's* target significantly by including nursing care operators that own offices in multiple locations and new service types such as home-visit nursing operators and outpatient rehabilitation operators.

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



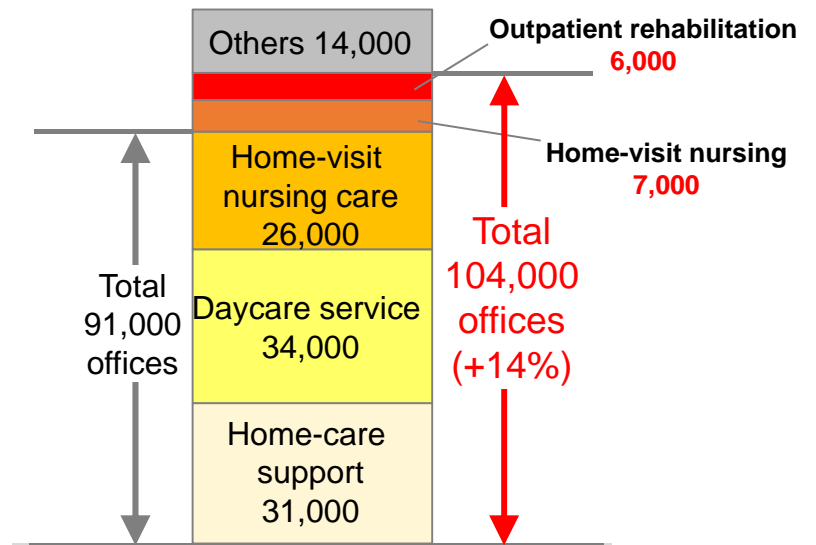
\*1: Source: SMS estimates based on WAMNET

\*2: Source: SMS estimates based on MHLW, *Monthly report of Survey of Long-term Care Benefit Expenditures (May 2015)* Please note that the numbers of operators shown here do not match those on page 28. (The values are as of a different point of time, and only include small and medium-sized operators)

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.



## MIMS Group Global Coverage

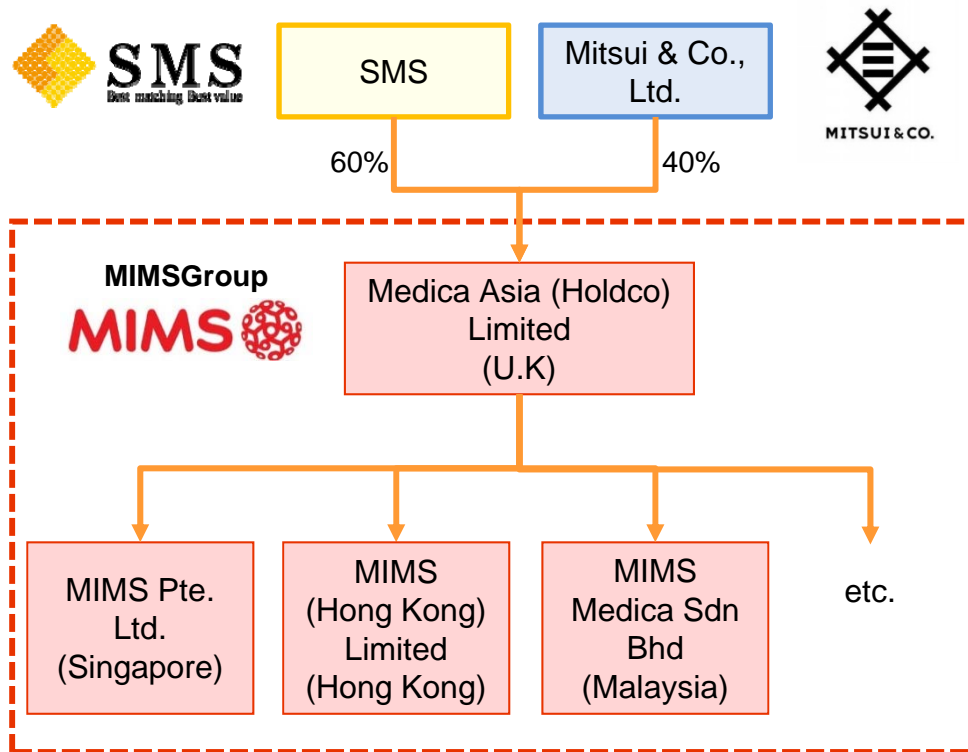


## MIMS Group



Founded	1963
Net Sales	US\$47.4 million in FY12/2014
Employees	397 (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 March 2016)

Investment Structure

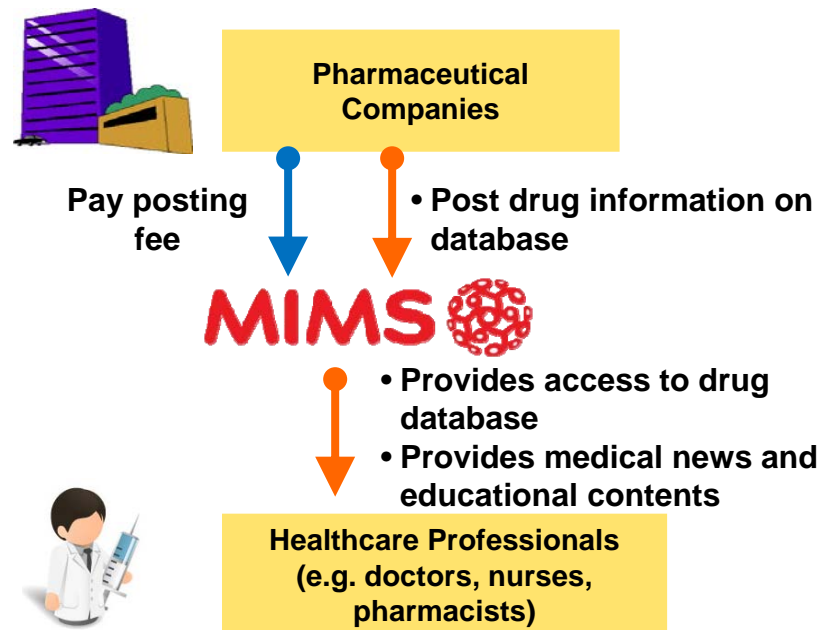


Overview

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

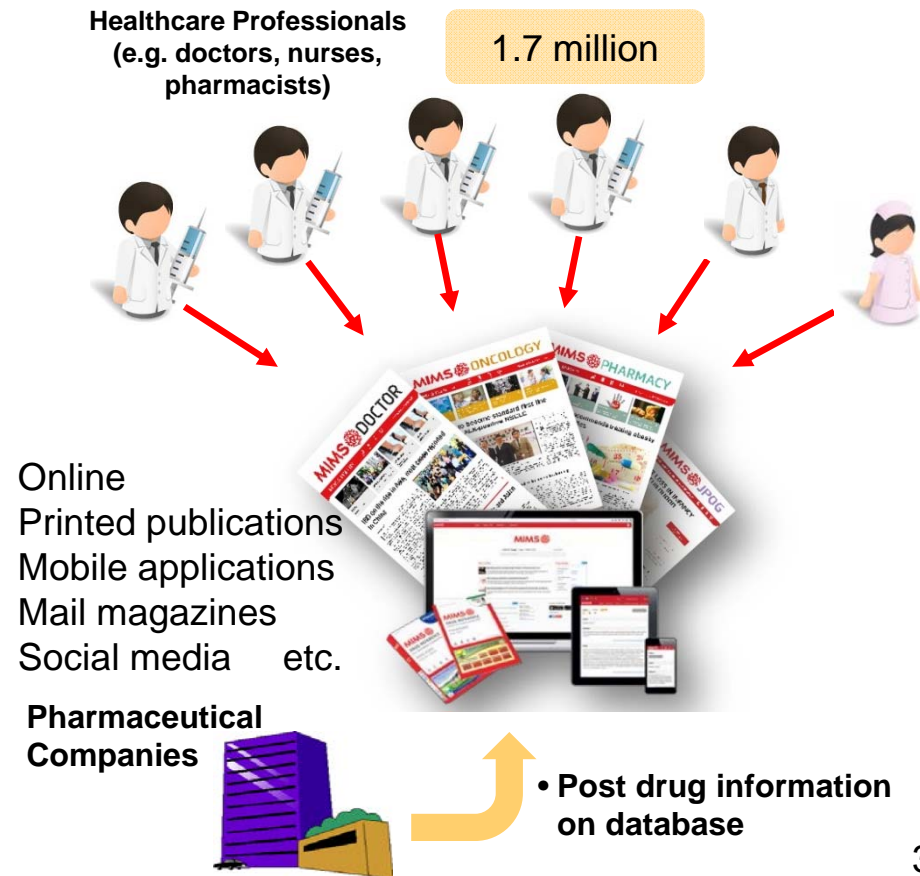
### Business Model



### Service Provision Area

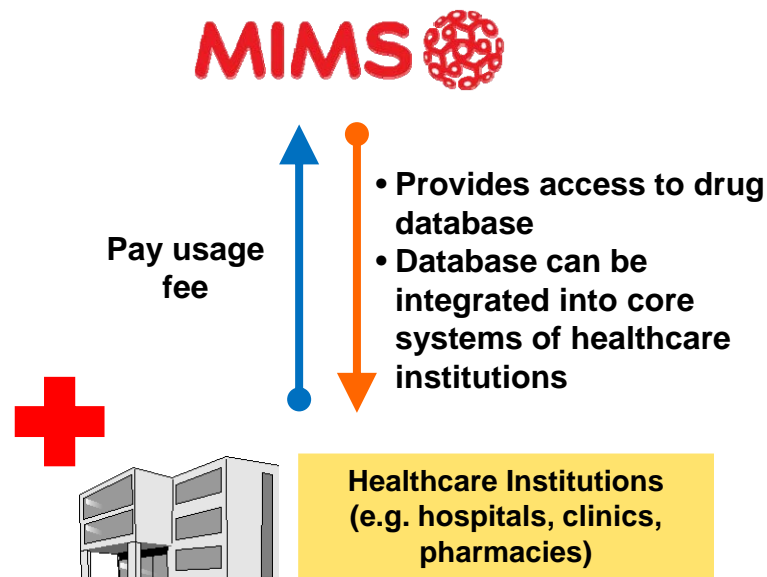
Singapore, China, Hong Kong, South Korea, India, Indonesia, Malaysia, Philippines, Thailand, Myanmar and Vietnam

### 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

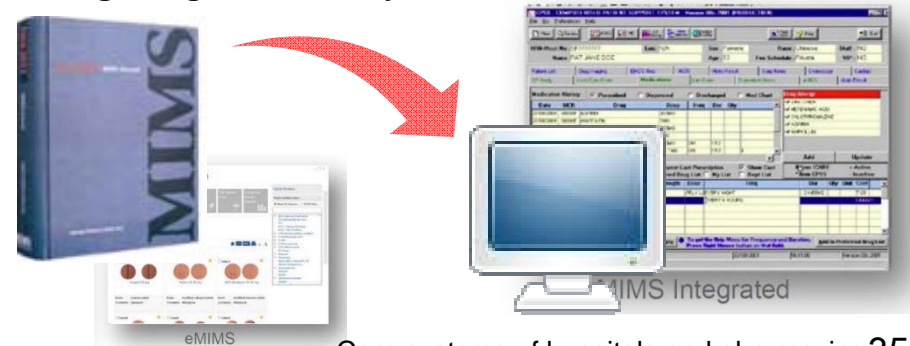
Australia, New Zealand, South Korea and Singapore

Media for Accessing Database

<Drug Database>



<Integrating into Core System>



Core systems of hospitals and pharmacies 35

- ✓ 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

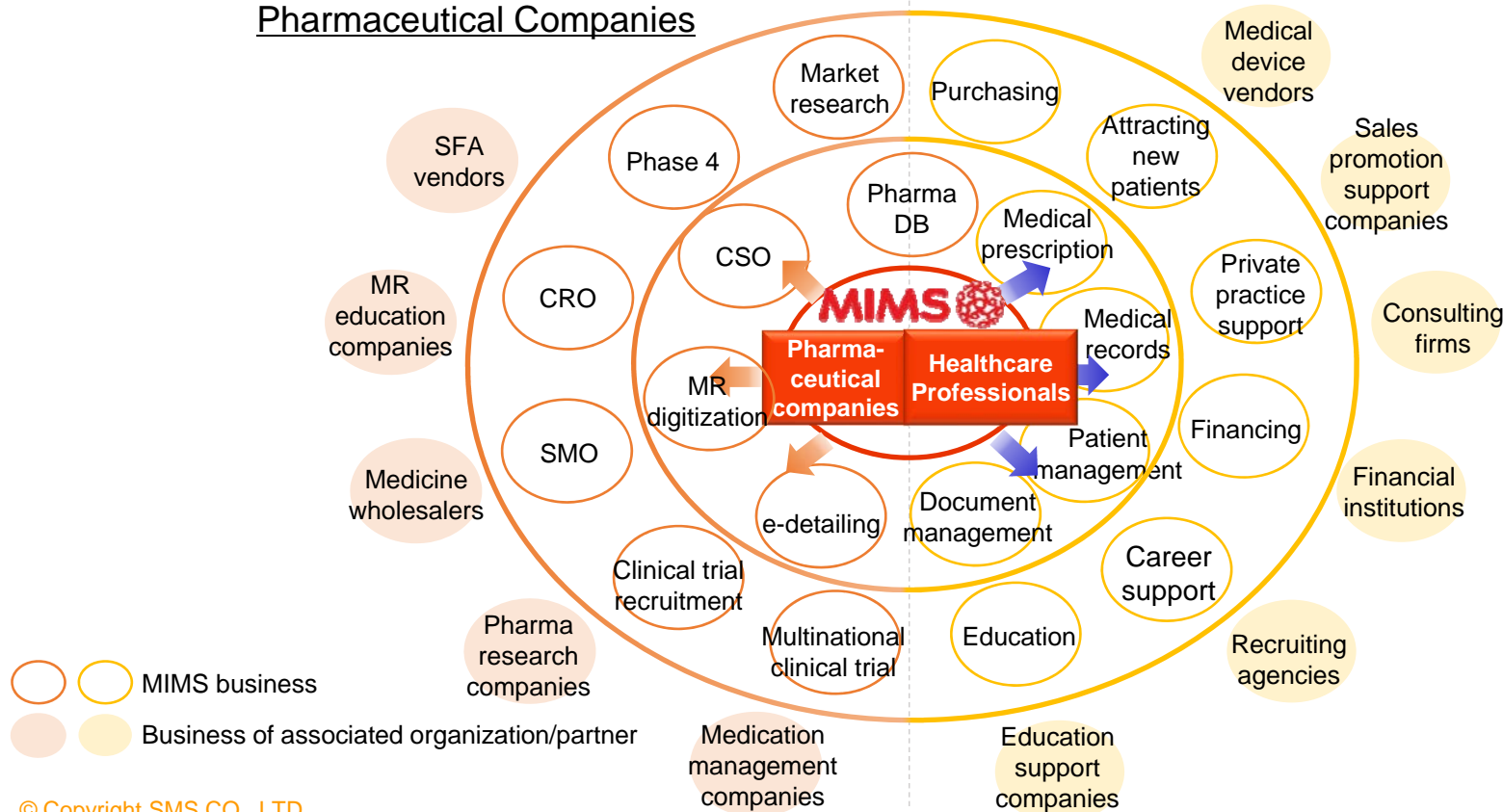
- ✓ MIMS aims to achieve further growth in existing businesses and develop new businesses by utilizing its membership base of 2 million healthcare professionals and partnerships with pharmaceutical companies.

### Pharmaceutical Field

### Clinic Field

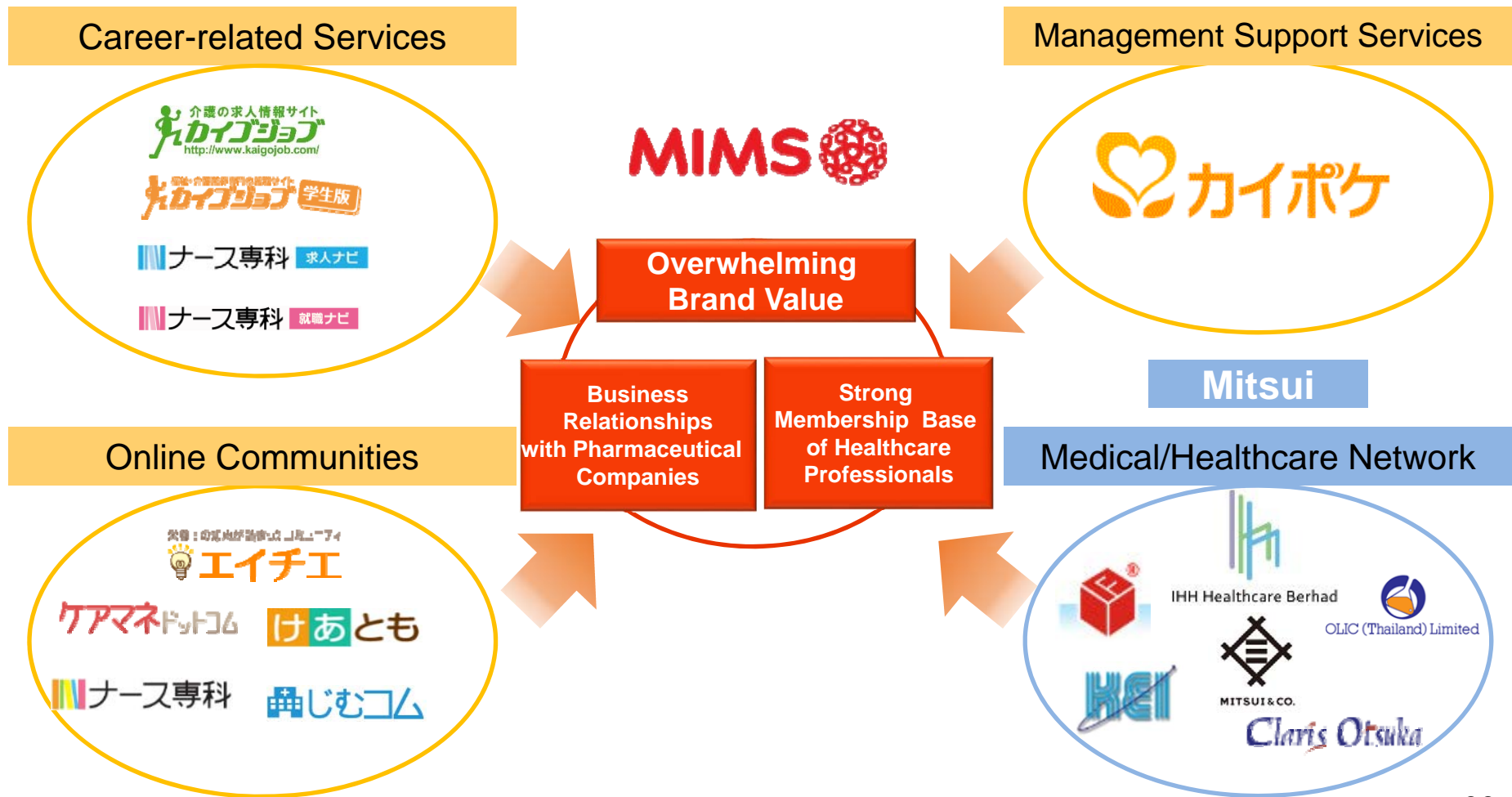
Marketing Support for Pharmaceutical Companies

Management Support for Clinics





- ✓ 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.



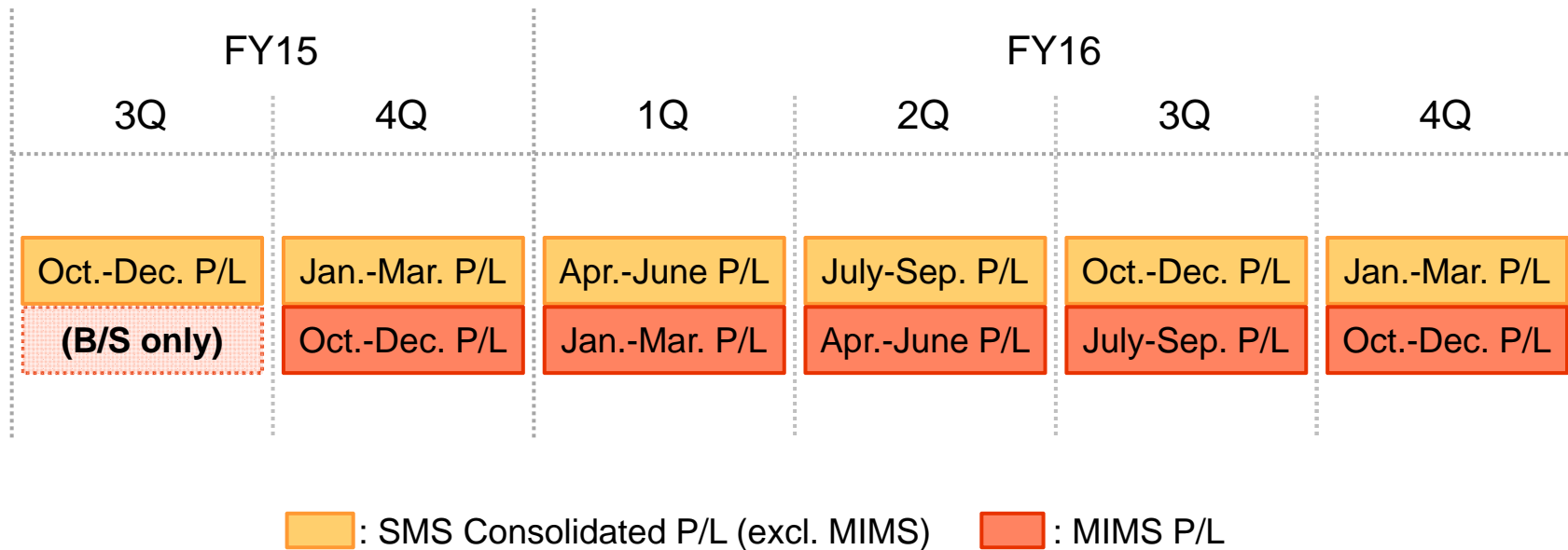
- ✓ In the short term, we plan to invest in future growth. For the first few years, we will focus on promoting online systemization of existing businesses and launching new businesses in the key countries where we operate.
- ✓ In the medium to long term, we will enhance our businesses in other countries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

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



(¥ 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

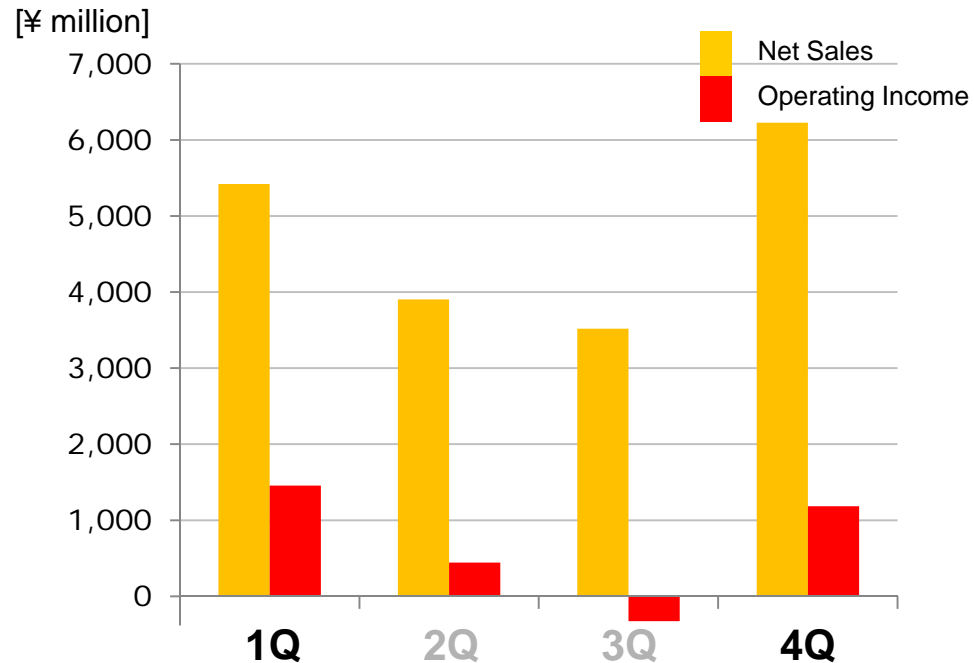
(¥ million)

		FY03/15 Actual	FY03/16 Actual	FY03/17 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

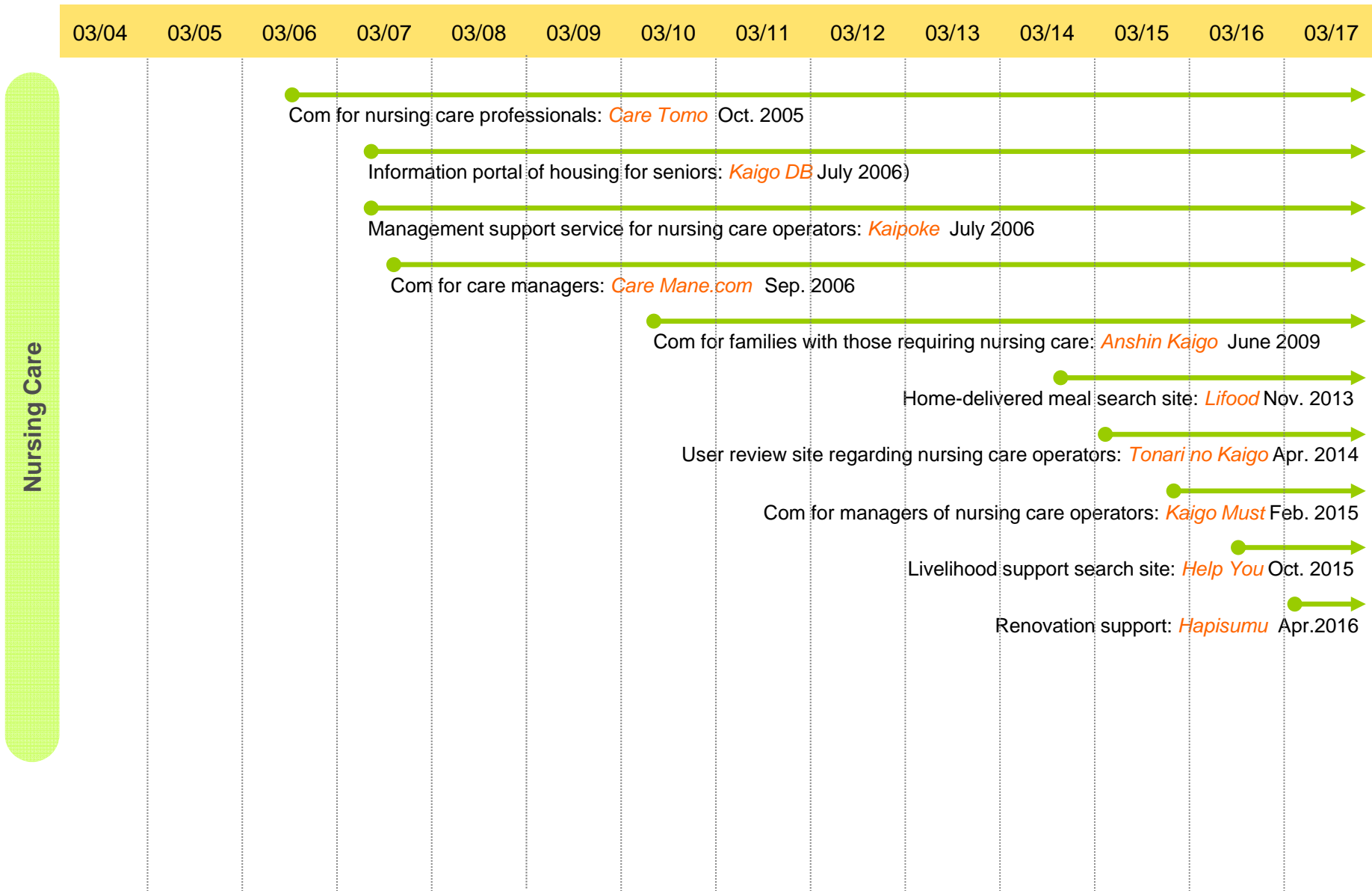
#### Businesses whose net sales and operating income increase in Q1

- 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

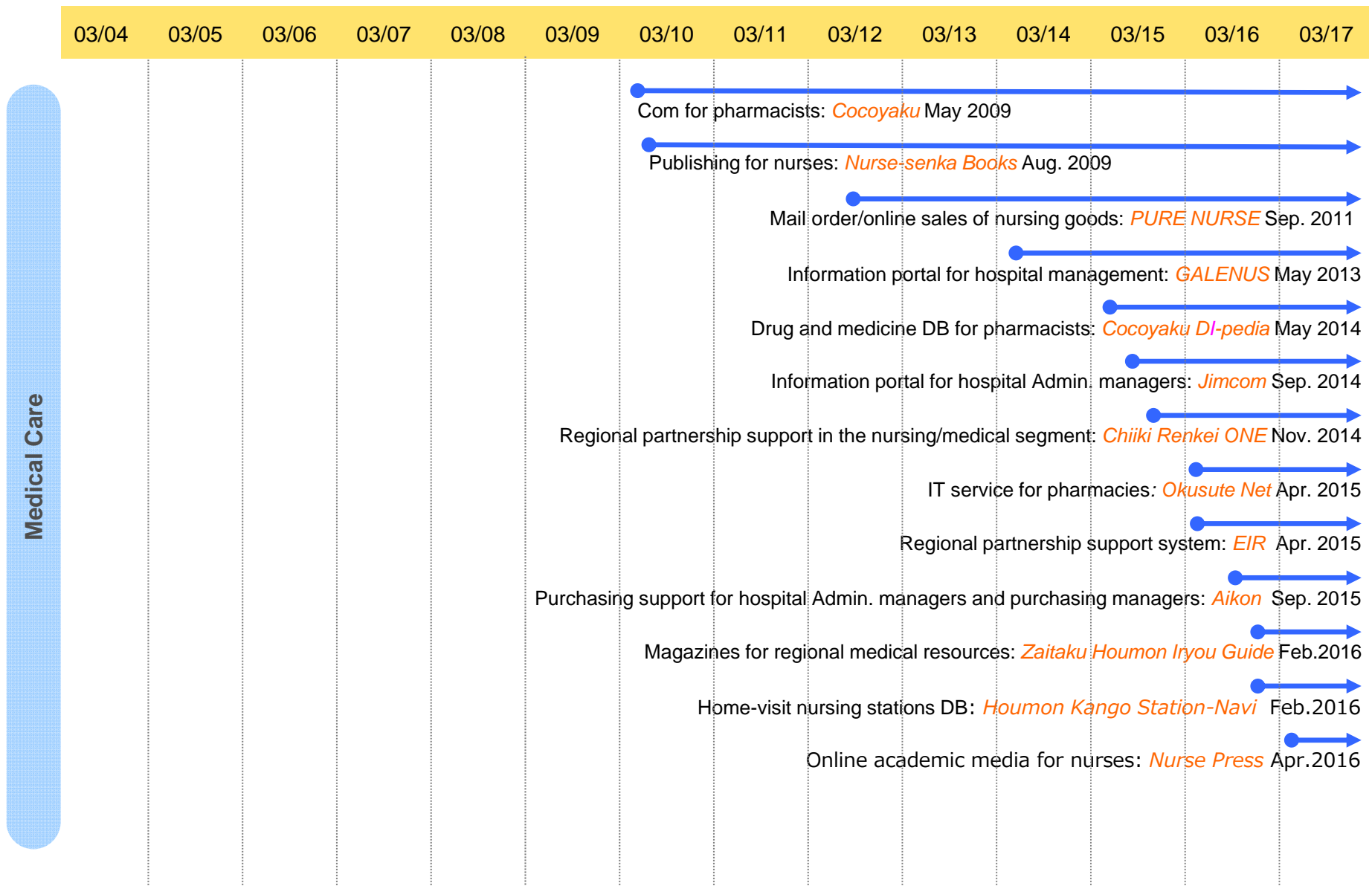
#### Businesses whose net sales and operating income increase in Q4

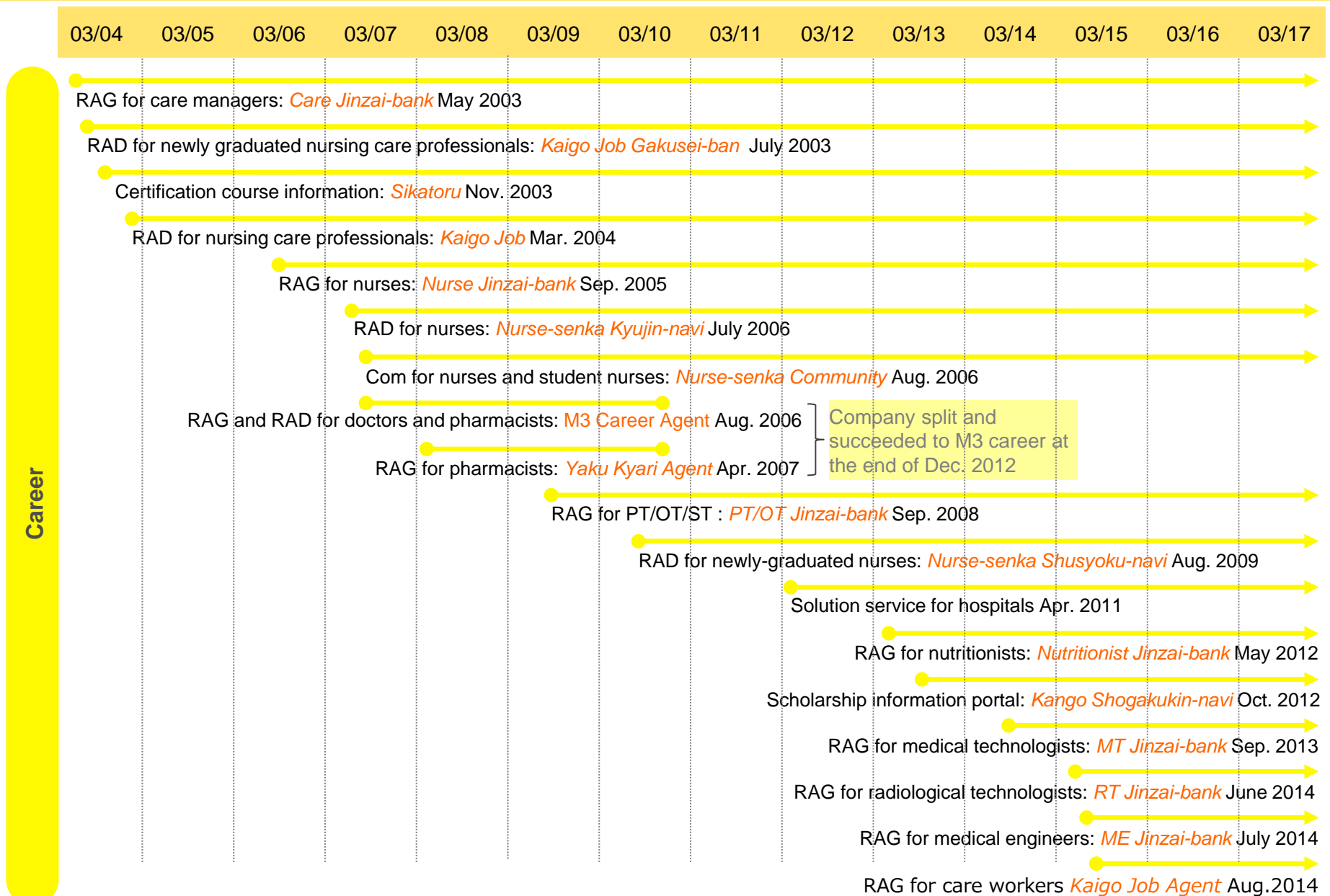
- Recruiting Ads Service
  - Net sales are booked when a job seeker applies for a recruiting ad; therefore, net sales and operating income increase in Q4 when companies publish recruiting ads targeting the beginning of a fiscal year when job seekers are likely to be motivated to change jobs
- MIMS group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

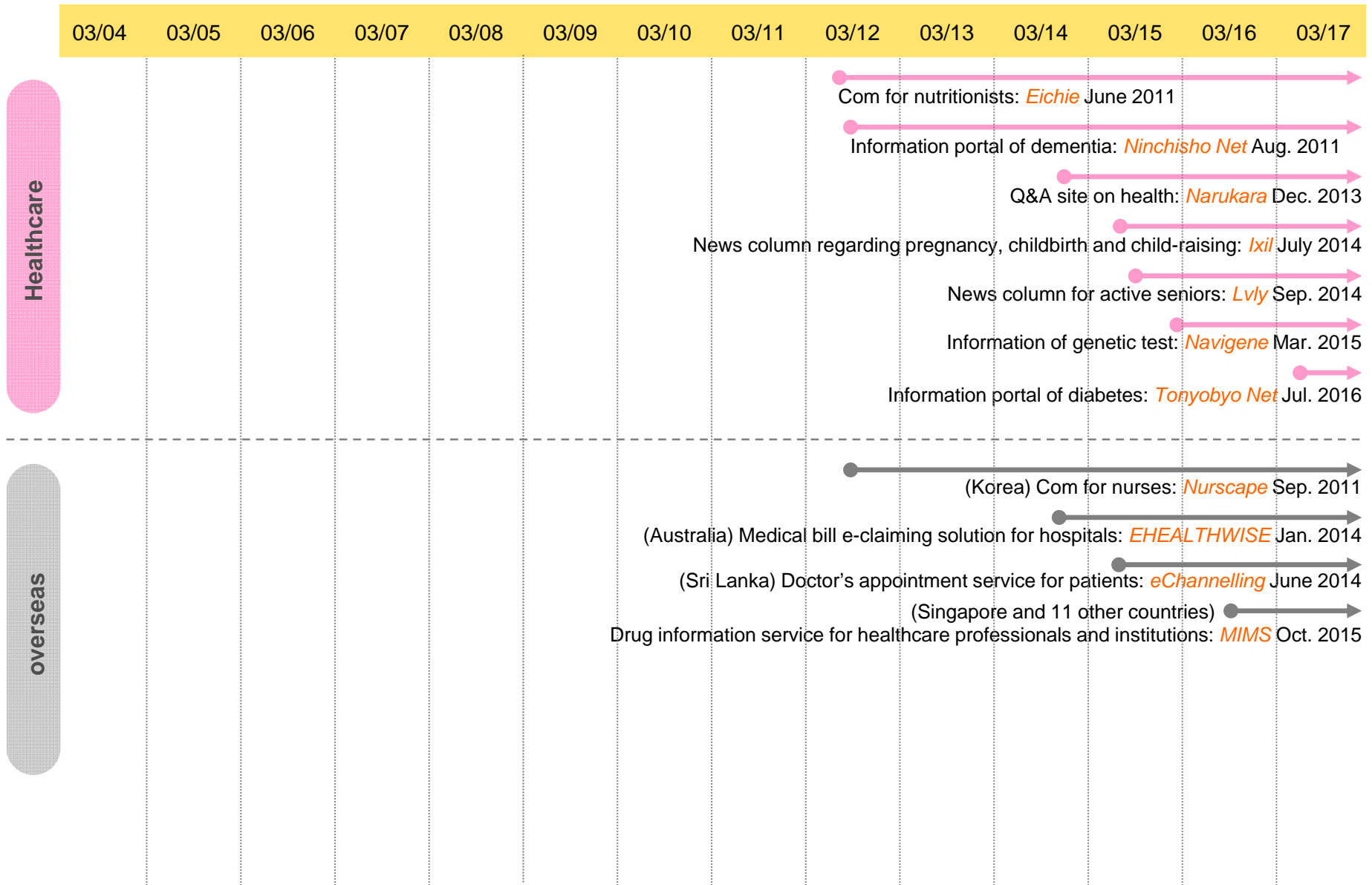
\*1: For FY03/16, the net sales (¥1,581 million) of the MIMS group, which was acquired in October 2015, were included only for Q4. For FY03/17, the net sales of the MIMS group will be included for Q1, and thus it is forecasted that there will be no such difference in net sales between Q1 and Q4 as shown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



Nursing Care









### Number of Employees

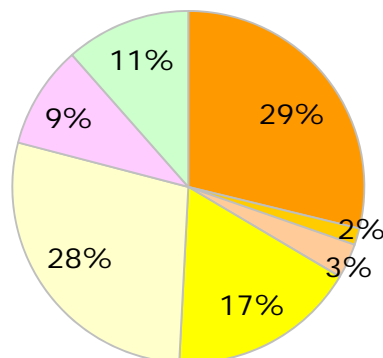
⇒ Number of employees and its breakdown as of June 30, 2016

<b>Employees (consolidated)</b>	<b>1,562</b>
<b>SMS CO., LTD.</b>	<b>241</b>
SMS Career CO., LTD.	568
Subsidiaries and Sub-subsidiaries	753
Japan	246
Overseas	507

### Shareholder Composition\*1

[as of March 31, 2016]

Number of stock  
holders  
7,129



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 June 30, 2016 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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