

**SMS CO., LTD.**

(Securities Code: 2175/ TSE 1<sup>st</sup> section)

## **Presentation Material for Investors**

Financial Results Summary for the First Half of  
the Fiscal Year Ending March 31, 2019 (the 16<sup>th</sup> Fiscal Year)

---

**October 30, 2018**



|   |                                           |         |
|---|-------------------------------------------|---------|
| 1 | 1H FY03/19 Consolidated Financial Results | P3-P8   |
| 2 | FY03/19 Strategy                          | P10-P33 |
| 3 | Appendix                                  | P35-P48 |

1

1H FY03/19 Consolidated Financial Results

P3-P8

2

FY03/19 Strategy

P10-P33

3

Appendix

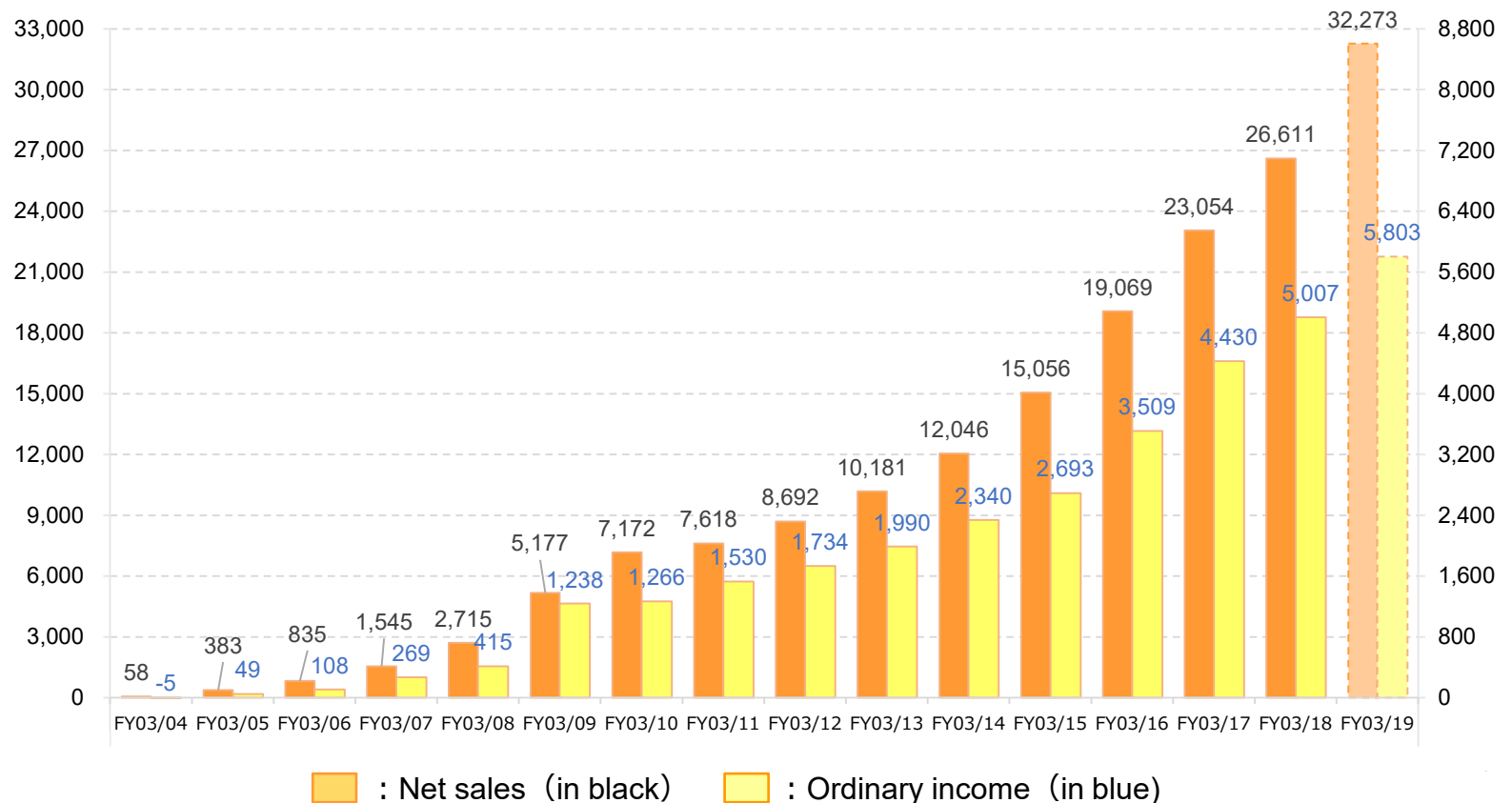
P35-P48

- ✓ Expect to achieve growth in both net sales and ordinary income for the 15<sup>th</sup> consecutive year since our establishment.

## Trends in net sales and ordinary income

(Net sales, JPY million)

(Ordinary income, JPY million)



- ✓ Successfully hired a large number of career consultants, which resulted in a YoY decrease in operating income.
- ✓ Achieved the income targets for 1H, making steady progress towards the full-year guidance.

### Consolidated P/L Statement [JPY million]

|                     | 1H FY03/18<br>Actual | 1H FY03/19<br>Forecast | 1H FY03/19<br>Actual | YoY<br>Change | vs.<br>Forecast |
|---------------------|----------------------|------------------------|----------------------|---------------|-----------------|
| Net Sales           | 13,162               | 15,688                 | 15,040               | +14%          | ▲4%             |
| Operating<br>Income | 2,146                | 1,919                  | 1,953                | ▲9%           | +2%             |
| Ordinary<br>Income  | 2,690                | 2,609                  | 2,905                | +8%           | +11%            |
| Net<br>Income       | 1,859                | 1,852                  | 2,157                | +16%          | +17%            |

- ✓ Segment sales increased 19% YoY.
- ✓ Elderly Care Career recorded strong growth.

**Year-on-Year Comparison of Sales [JPY million]**

|                     | 1H FY03/18 | 1H FY03/19 | YoY Change |
|---------------------|------------|------------|------------|
| Elderly Care Career | 2,771      | 3,802      | +37%       |
| Medical Care Career | 6,076      | 6,732      | +11%       |
| Total               | 8,847      | 10,534     | +19%       |

## Highlights

- Elderly Care Career
  - Recruiting Agent for care workers recorded strong growth due to the significant increase in consultants headcount.
- Medical Care Career
  - Recruiting Agent for nurses grew steadily.
  - WILLONE<sup>\*1</sup>, acquired in FY03/18, also contributed to the growth.

\*1. A career service provider for Judo therapists and licensed masseurs including finger pressure practitioners, acupuncturists, moxibustion practitioners.

✓ Segment sales increased 17% YoY.

#### Year-on-Year Comparison of Sales [JPY million]

|                                  | 1H FY03/18 | 1H FY03/19 | YoY Change |
|----------------------------------|------------|------------|------------|
| Elderly Care Operators [Kaipoke] | 1,593      | 1,866      | +17%       |

### Highlights

- The number of Kaipoke memberships increased steadily.
- An increase of 900 locations over the first half to 15,950 [23,000 service offices\*1] as of Oct. 1, 2018.
- Sales of optional add-ons such as additional tablets, smartphones and factoring service continued to increase.

\*1. # of locations: the number of service office locations      # of service offices: the number of elderly care services provided based on the public elderly care insurance scheme  
e.g. When an operator provides two types of elderly care services, home care support service and home-visit elderly care, at one specific address, the number of locations should be one and the number of service offices should be two. The subscription fee is charged for every membership location. Normally, the number of locations would be smaller than the number of service offices.

- ✓ Segment sales increased 6 % YoY.
- ✓ MIMS became a wholly owned subsidiary.

**Year-on-Year Comparison of Sales [JPY million]**

|          | 1H FY03/18 | 1H FY03/19 | YoY<br>Change |
|----------|------------|------------|---------------|
| Overseas | 2,011      | 2,127      | +6%           |

## Highlights

- Recorded a steady growth despite a delay in the MIMS Book publication in some countries.
- Made MIMS a wholly owned subsidiary in Sep. 2018 by acquiring 40% of the shares of MIMS from MITSUI & CO., LTD.

- ✓ Acquired 40% stake held by MITSUI to make MIMS a wholly-owned subsidiary
- ✓ Borrowed JPY 11 billion for the acquisition

### Details of the Acquisition

The aim of the acquisition is to accelerate growth by improving agility in decision-making and realizing greater synergies within SMS Group.

|           |                                                       |
|-----------|-------------------------------------------------------|
| Oct. 2015 | Acquired MIMS Group (Ownership : SMS 60%, MITSUI 40%) |
| Sep.2018  | Acquired all the remaining 40% shares from MITSUI     |

SMS and MIMS will maintain cooperative relationships with MITSUI and continue to provide services to MITSUI's hospital groups.

### Details of the Borrowing

This share acquisition was financed through borrowing from financial institutions.

|                    |                                                                            |
|--------------------|----------------------------------------------------------------------------|
| ▪ Lender           | Sumitomo Mitsui Banking Corporation,<br>MUFG Bank, Ltd., Mizuho Bank, Ltd. |
| ▪ Loan Amount      | JPY 11 Billion                                                             |
| ▪ Borrowing Period | 10 years                                                                   |
| ▪ Security         | Unsecured and unguaranteed                                                 |

1

1H FY03/19 Consolidated Financial Results

P3-P8

2

**FY03/19 Strategy**

**P10-P33**

3

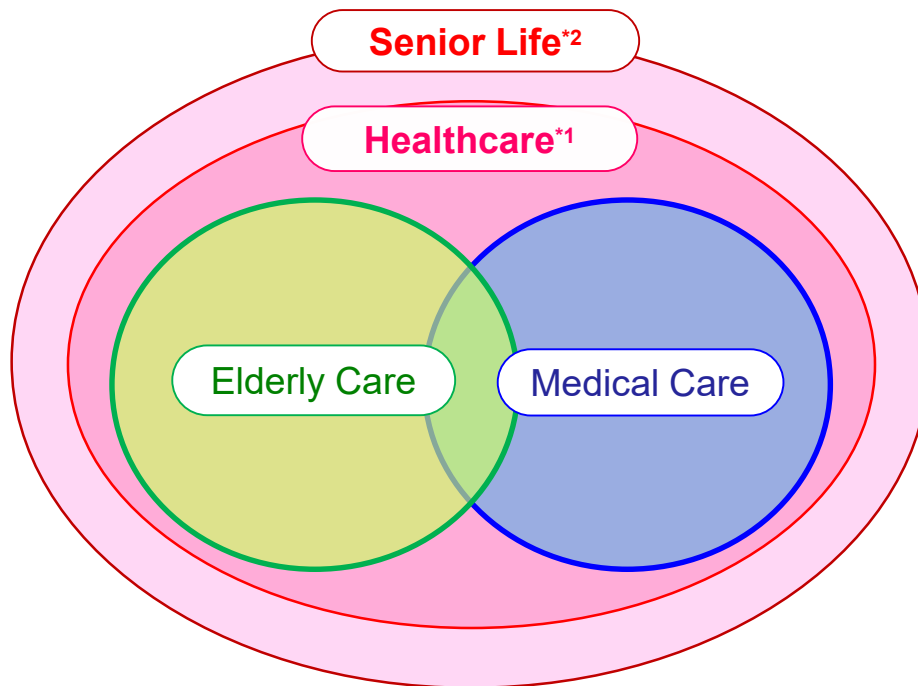
Appendix

P35-P48

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

- ✓ Define our business domains in an aging society as Elderly Care, Medical Care, Healthcare and Senior Life.
- ✓ Provide stakeholders such as operators, professionals and end users with a variety of information services.

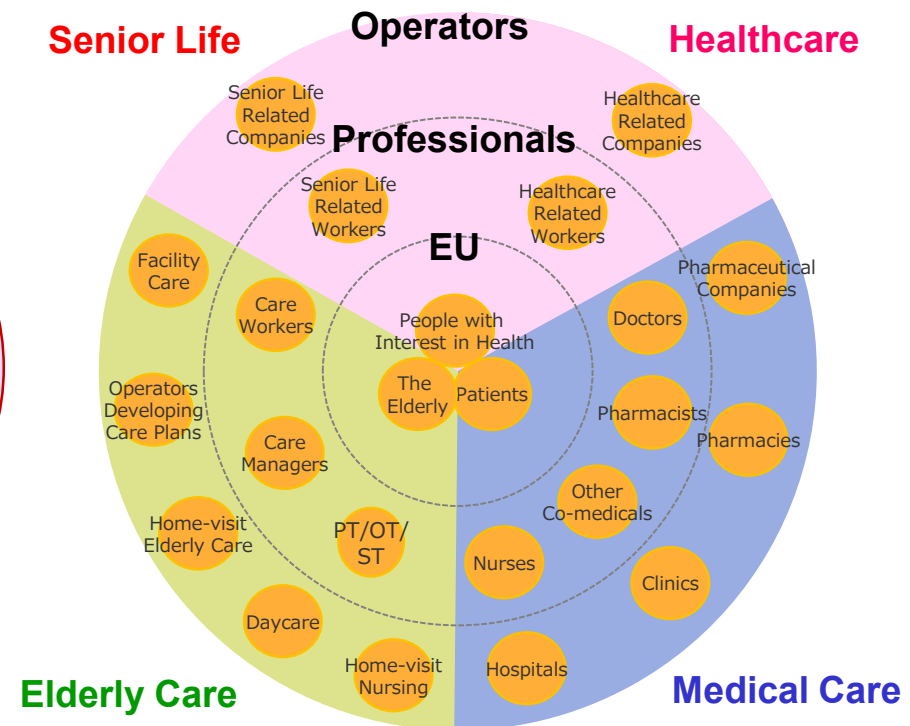
### Business domains in an aging society



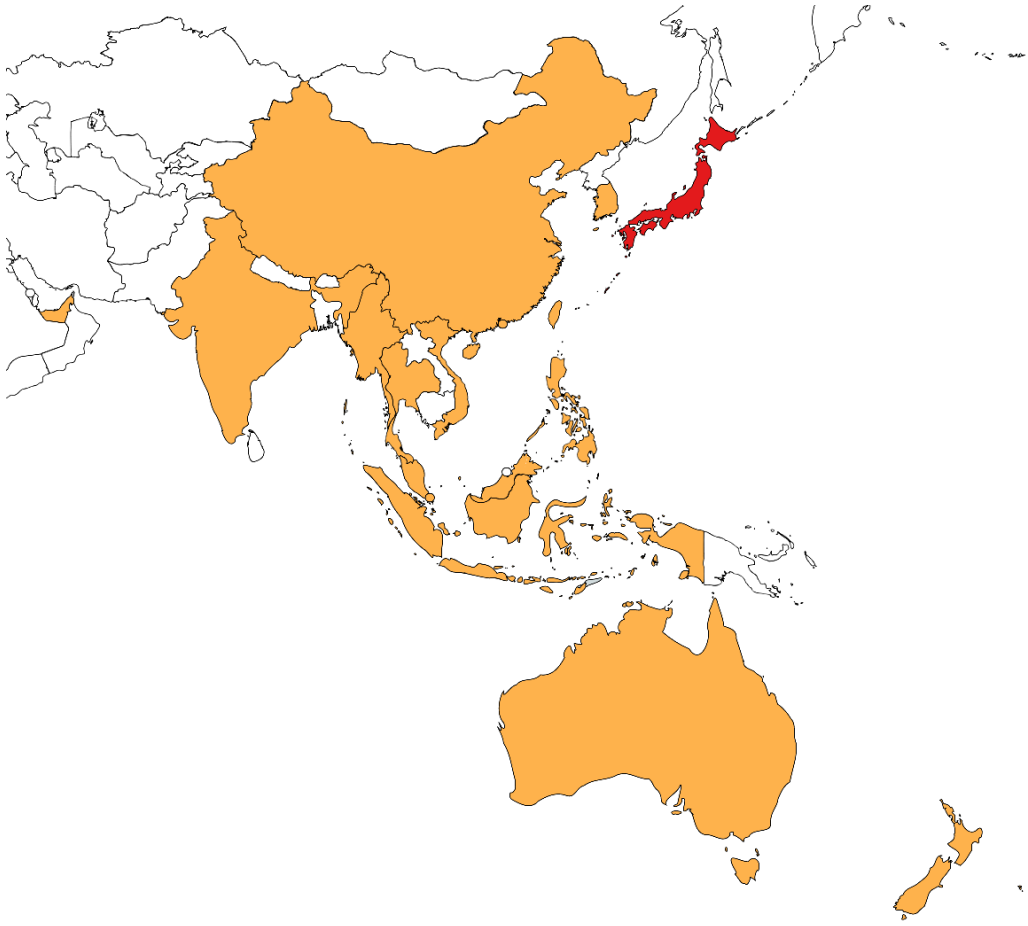
\*1. Covers health-related services that are not subject to public elderly care insurance or medical care insurance

\*2. Covers services related to daily life in an ageing society

### Stakeholders



- ✓ Started our business in Japan and have established a leading position in this attractive market with an enormous growth potential.
- ✓ Expanding our businesses into the growing Asian and Oceanian markets.



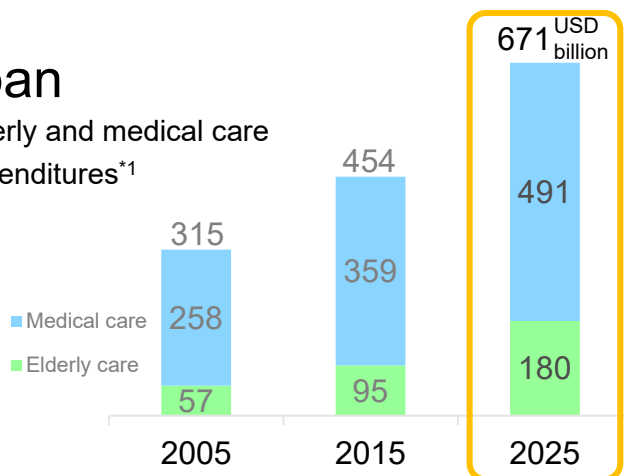
|           |             |
|-----------|-------------|
| Japan     | Thailand    |
| Korea     | Vietnam     |
| China     | Philippines |
| Hong Kong | Myanmar     |
| Taiwan    | India       |
| Singapore | Australia   |
| Malaysia  | New Zealand |
| Indonesia | UAE         |

- ✓ Healthcare-related expenditures continue to rise both in Japan and Asia.
- ✓ In 2025, our total addressable market will be at least over USD 29.4 billion in the regions.

### Market size of healthcare-related information services in Japan and Asia

#### Japan

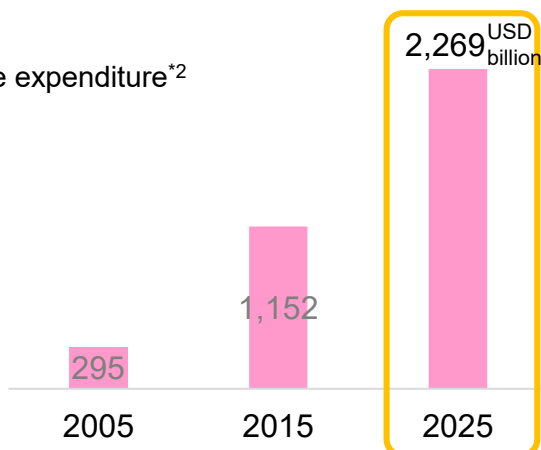
Elderly and medical care  
Expenditures\*1



$$\times 1\%^* = 6.7 \text{ USD billion}$$

#### Asia

Healthcare expenditure\*2



$$\times 1\%^* = 22.7 \text{ USD billion}$$

Total market size  
in 2025  
USD 29.4 billion

\* Information services would account for at least 1% of the total expenditure

- ✓ Our growth has been driven by Medical Care Career since the establishment.
- ✓ Elderly Care Career, Kaipoke and Overseas businesses are growing as the new pillars of our business portfolio.

## Strategic Units

### Career Business

- No.1 player of medical and elderly care recruiting services



### Kaipoke

- Management support service for elderly care operators



### Overseas Business (MIMS)

- Asia's No.1 drug information service provider
- Expanding career business from Asia to global

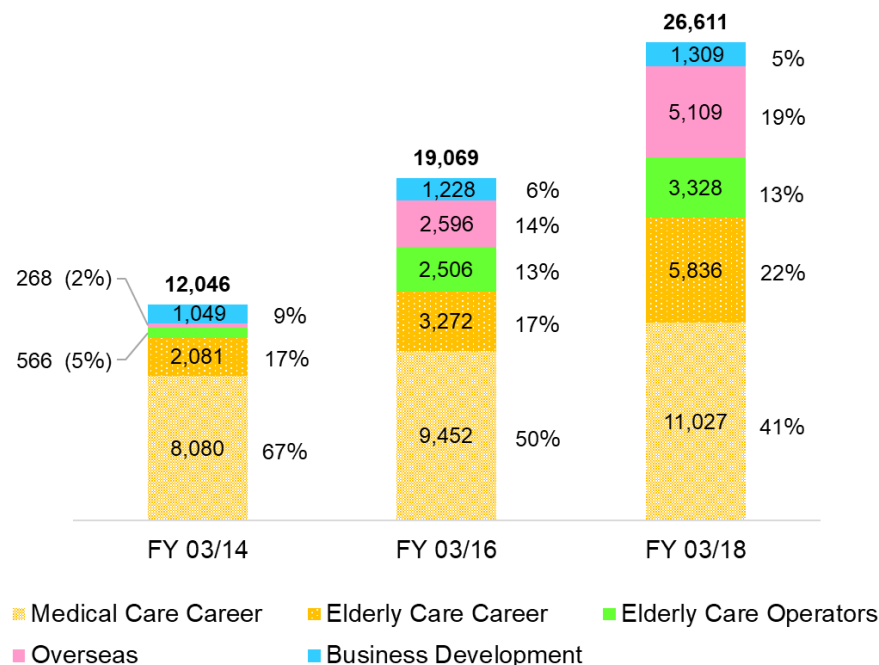


### New Business

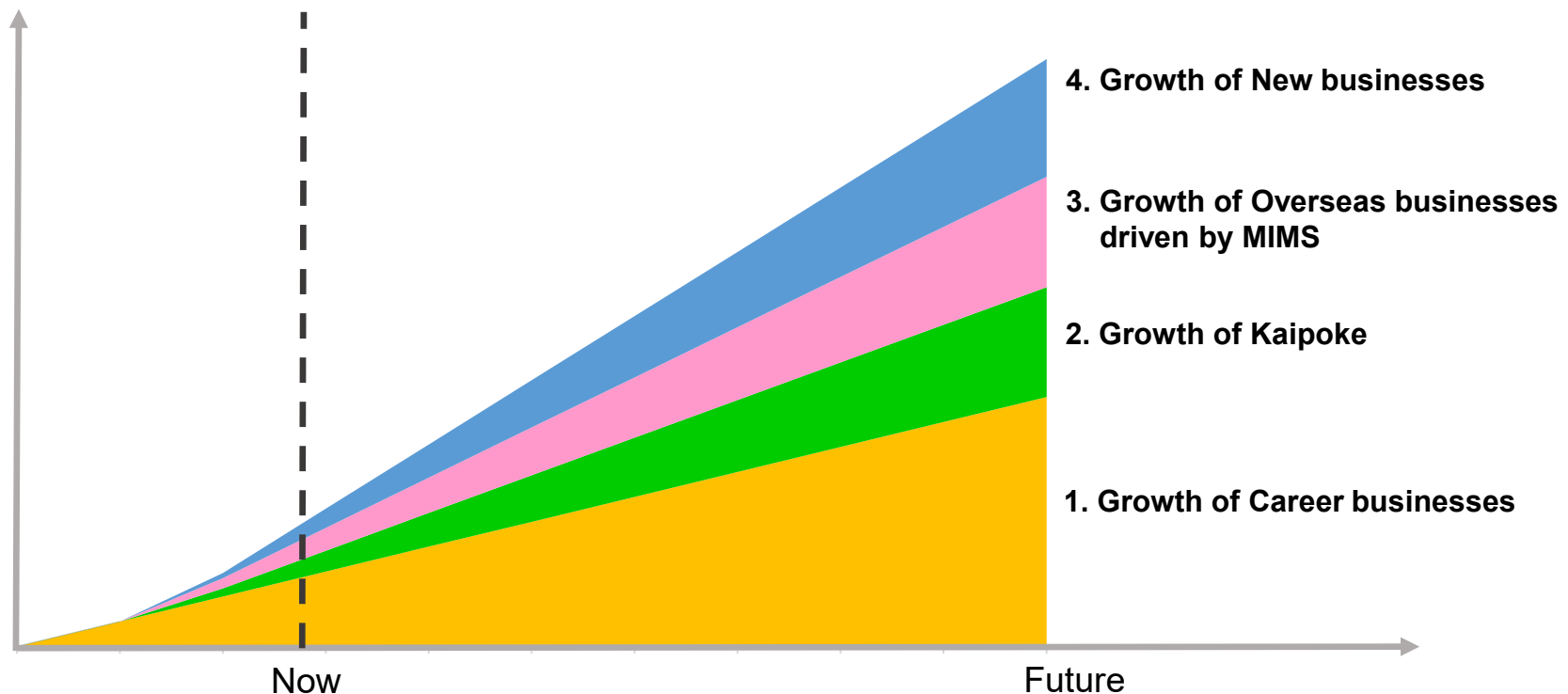
- Developing a series of new businesses

## Breakdown of Net Sales

(JPY million)



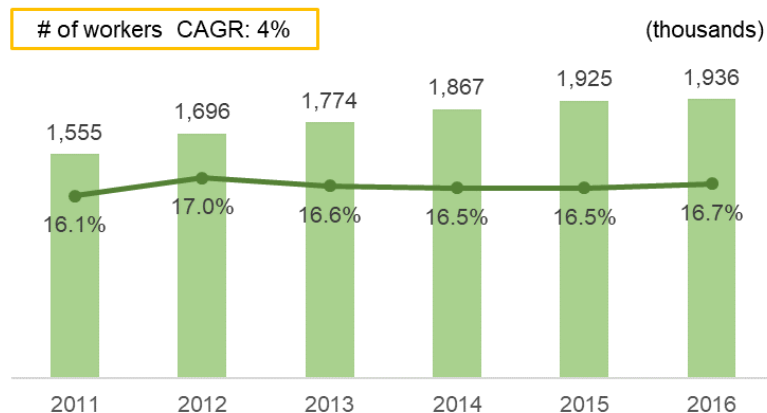
- ✓ On top of the solid expansion of Medical Care Career, we accelerate the growth of Elderly Care Career, Kaipoke, and Overseas businesses.
- ✓ Constantly develop a series of new business to create next pillars of our businesses, which will further drive our long-term growth.



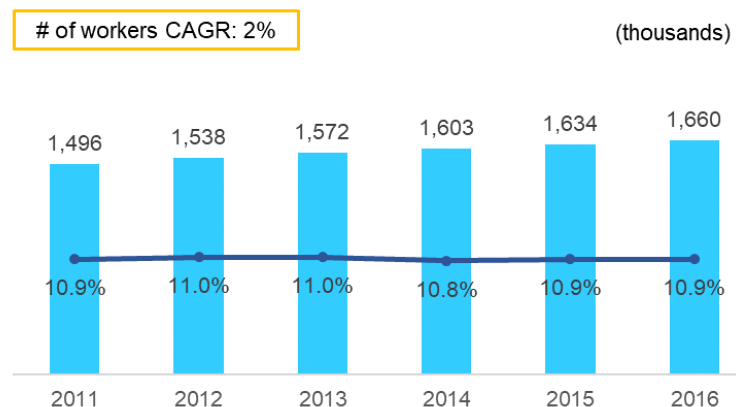
# Career Business

✓ Labor shortage continues to be a serious issue despite the increasing numbers of care workers and nurses.

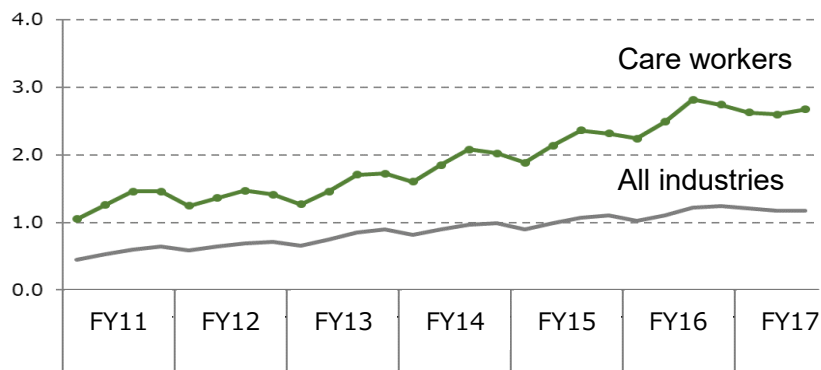
Number of care workers and their turnover rate <sup>\*1</sup>



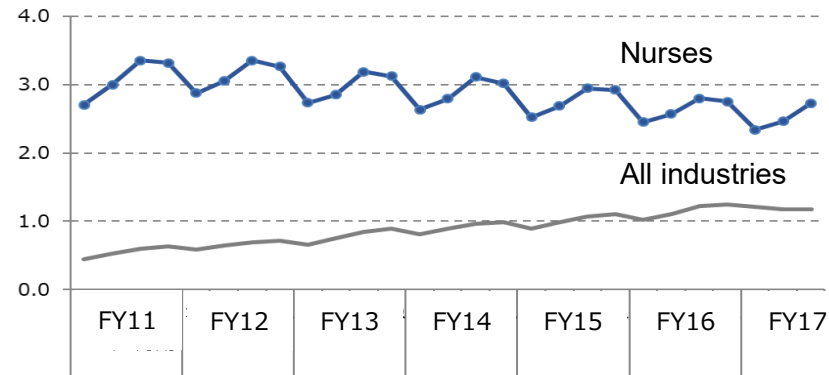
Number of nurses and their turnover rate <sup>\*3</sup>



Jobs-to-applicants ratio of care workers <sup>\*2</sup>



Jobs-to-applicants ratio of nurses <sup>\*2</sup>



\*1. Sources : Number - MHLW ; Turnover rate - Care Work Foundation \*2. Source : MHLW

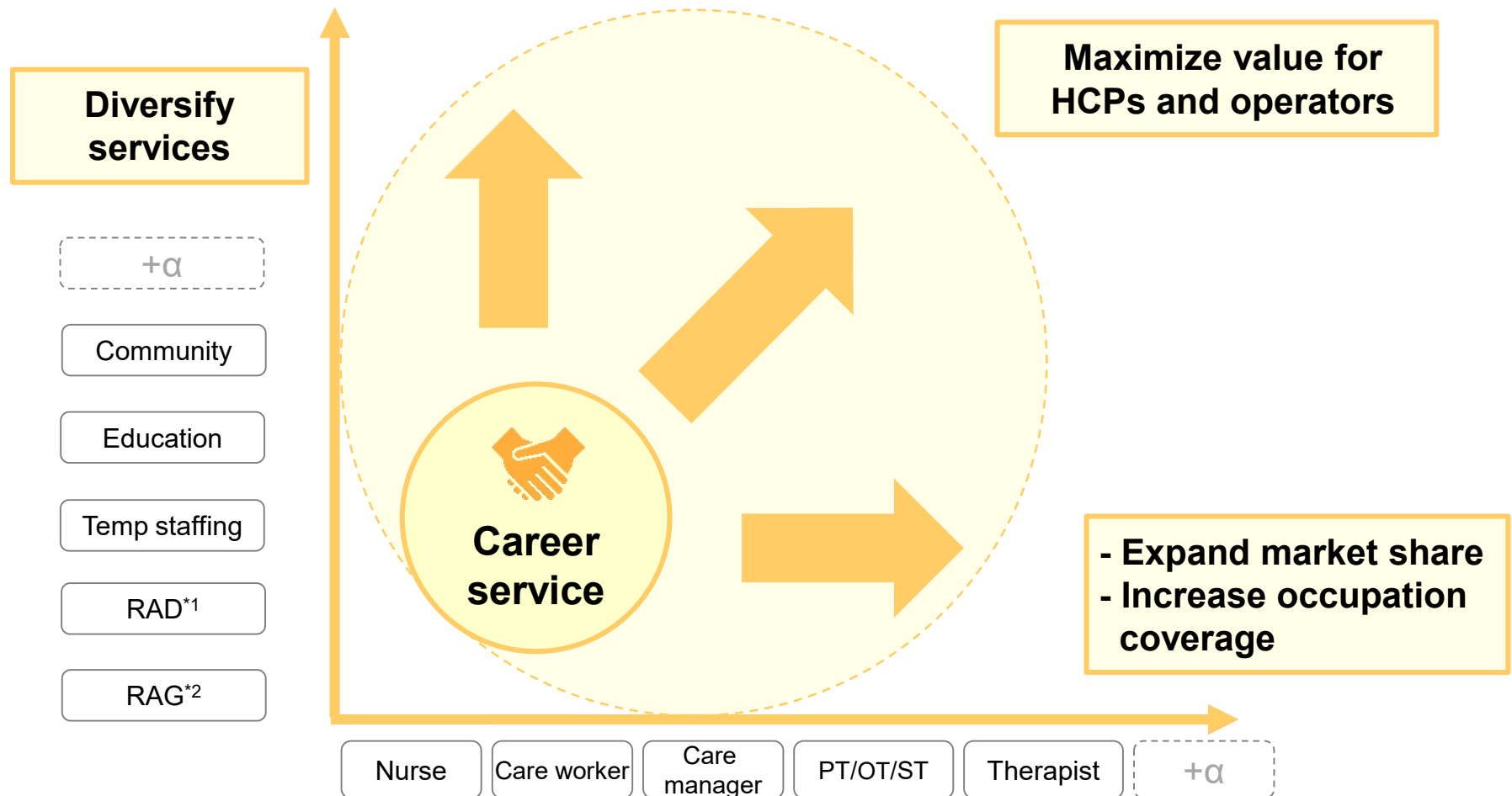
\*3. Sources : Japanese Nursing Association

- ✓ As a pioneer, we created attractive markets and established No.1 positions.
- ✓ With strong competitive advantages in attracting healthcare professionals (HCPs) and gaining job orders, we enjoy a virtuous cycle where we can draw more and more HCPs and business operators.

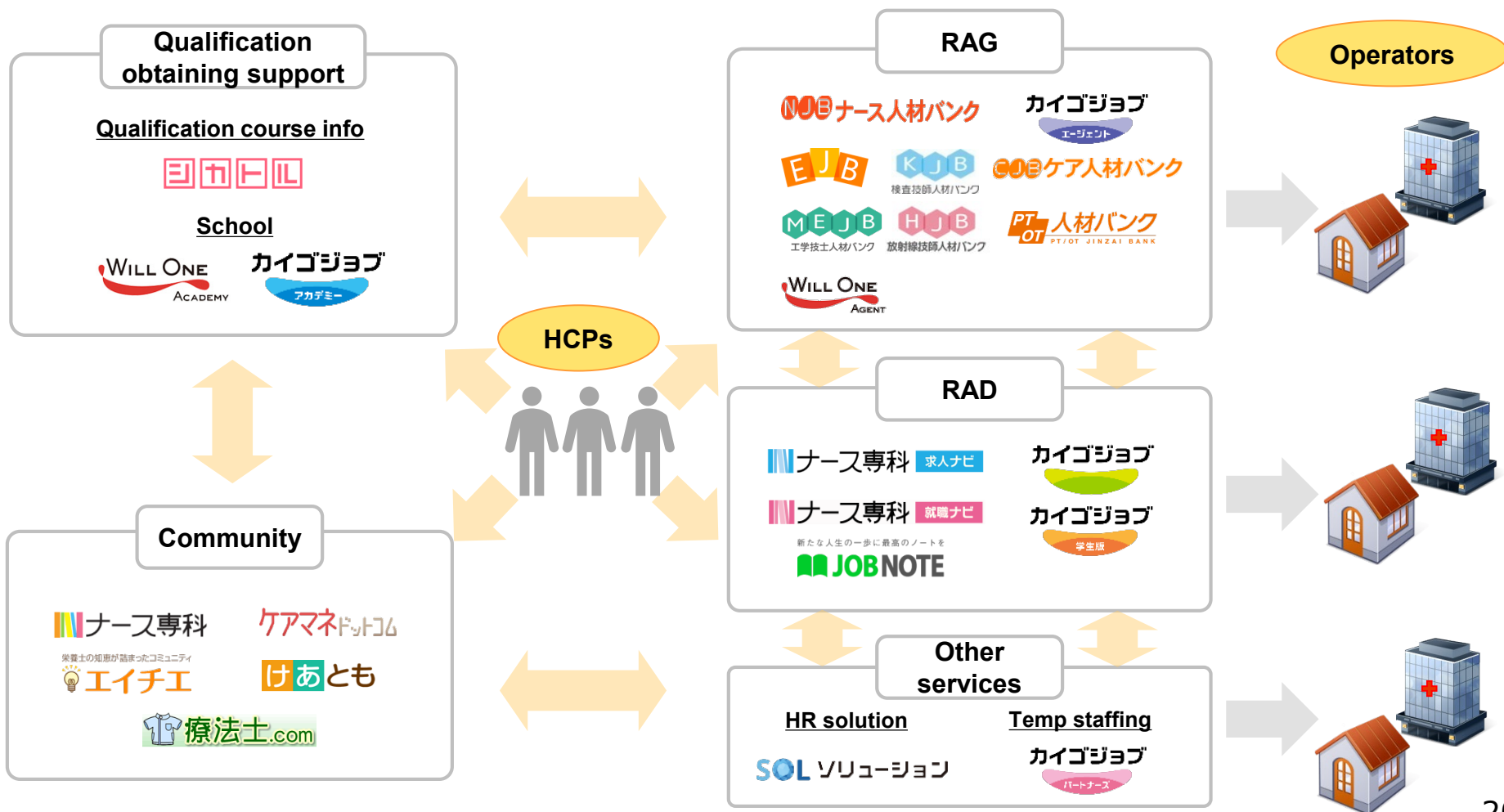


\*1. Our competitors traditionally outsourced their web marketing.

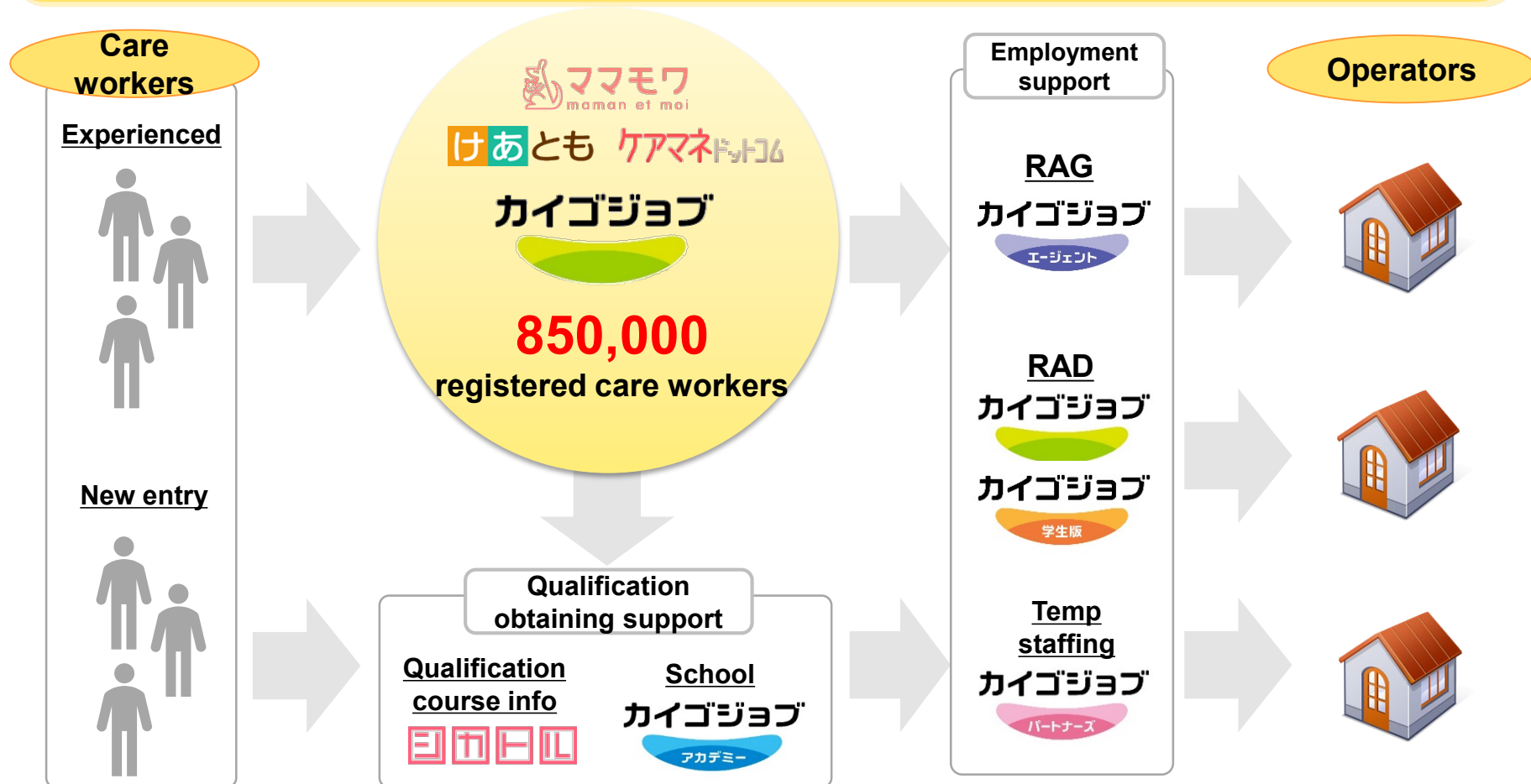
- ✓ Maximize value for both HCPs and operators by diversifying service offerings and expanding types of professionals we cover.



- ✓ Meet diverse needs of HCPs and operators in the industries by offering not only Recruiting Ads (RAD) and Recruiting Agent (RAG) services but also a wide range of other services such as schools and web communities.

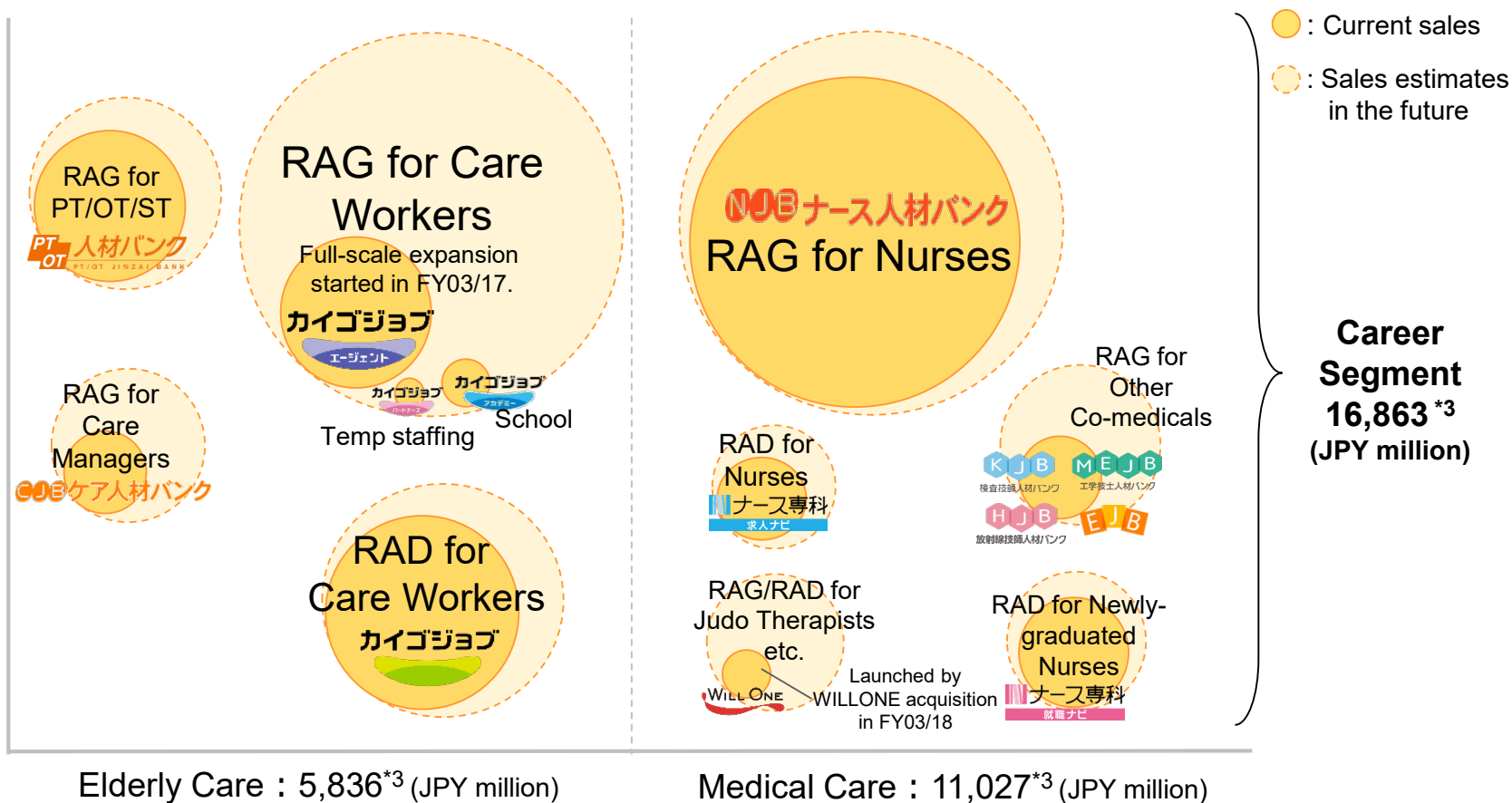


- ✓ Leveraging our database of 850K registered care workers, we expand our services from Recruiting Ads (RAD) to Recruiting Agent (RAG) and temporary staffing to maximize value offered to both care workers and operators.
- ✓ Contribute to the increase of care workers by supporting them to acquire qualifications.



- ✓ The Career Segment as a whole will grow continuously.
- ✓ Elderly Care Career has enormous growth opportunities.

### Current and future sales by segment<sup>\*1\*2</sup>



<sup>\*1</sup>. Career businesses for doctors and pharmacists are operated by M3 Career, Inc. which is a joint venture between M3, Inc. (51%) and SMS (49%).

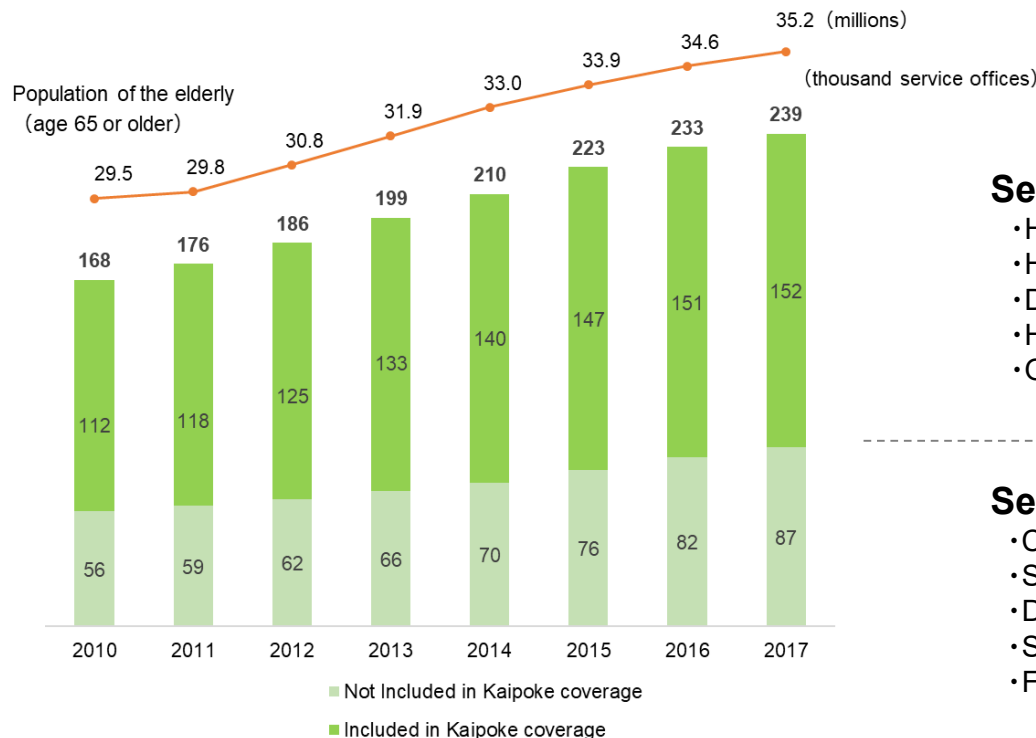
<sup>\*2</sup>. RAG: Recruiting Agent RAD: Recruiting Ads <sup>\*3</sup> The figures are the actual sales for FY03/18.

# Kaipoke

- ✓ The number of elderly care operators continues to increase as the population ages.

### The number of elderly care operators service offices and the population of the elderly\*1

# of elderly care operators offices CAGR:5%



#### Services offered by Kaipoke\*2

- Home care support services
- Home-visit elderly care
- Day care
- Home-visit nursing
- Outpatient rehabilitation etc.

#### Services not offered by Kaipoke\*2

- Commuting care for elderly with dementia
- Short stay
- Daily life care for elderly in specific facilities
- Small-sized multifunctional in-home care
- Facilities, etc.

\*1. Source : Number of elderly care operators service offices – SMS estimates based on MHLW statistics; Population of the elderly - MIC

\*2. As of Mar. 2018

- ✓ Penetrated the market as a discounter of insurance claim system.
- ✓ Changed the service concept and established a unique position as a provider of management support service for elderly care operators.

### Before February 2014



(ARPU) JPY 3,000/month

- Intense competition among many providers of on-premise insurance claim system.
- SMS entered the market as a discounter with cloud-based insurance claim system.

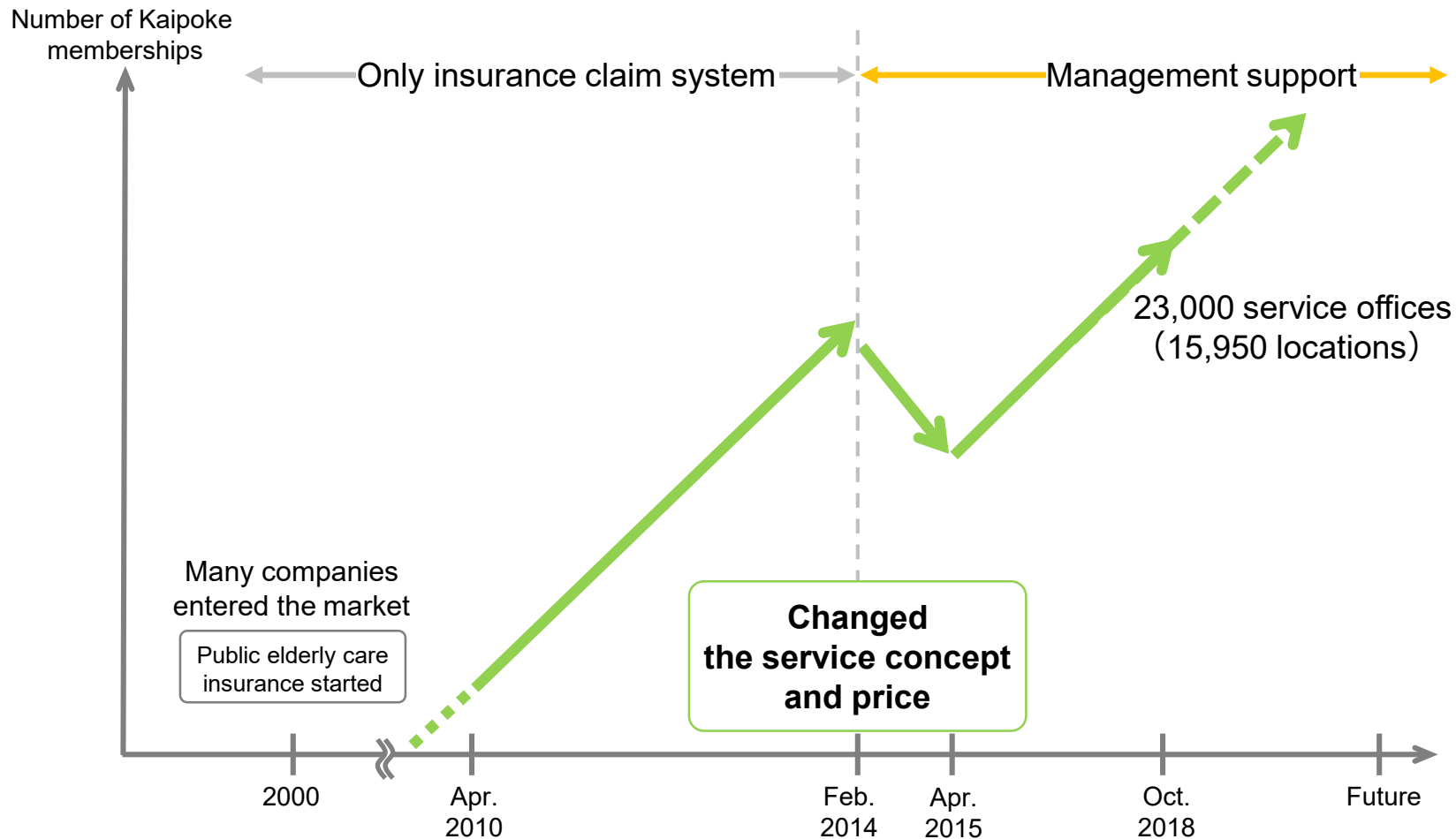
### Since February 2014



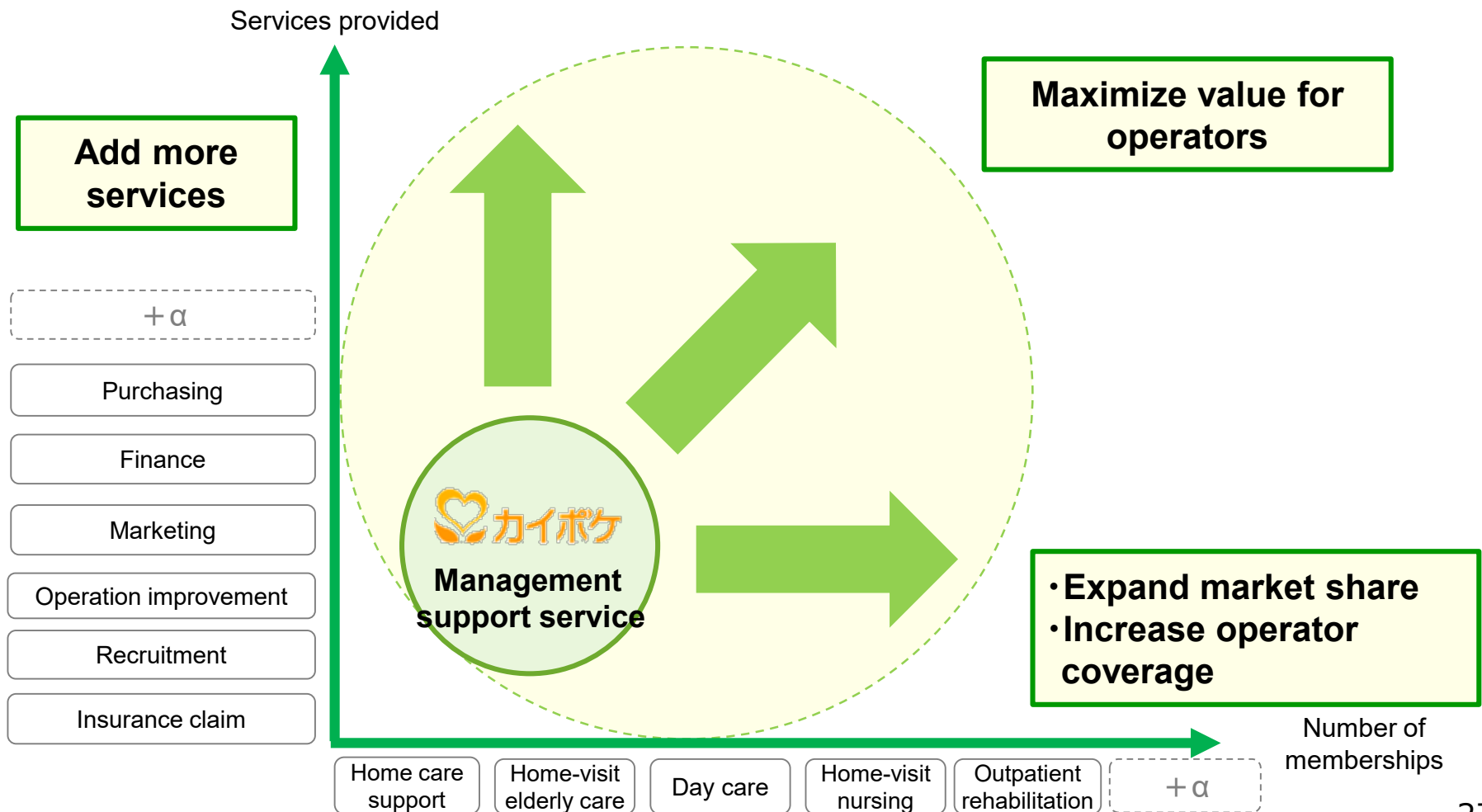
(ARPU) JPY 20,000/month

- Provide highly differentiated management support service with the No.1 recruiting ads service integrated.

- ✓ The number of memberships is increasing in accordance with our strategy, despite a temporary decline right after the concept and price change

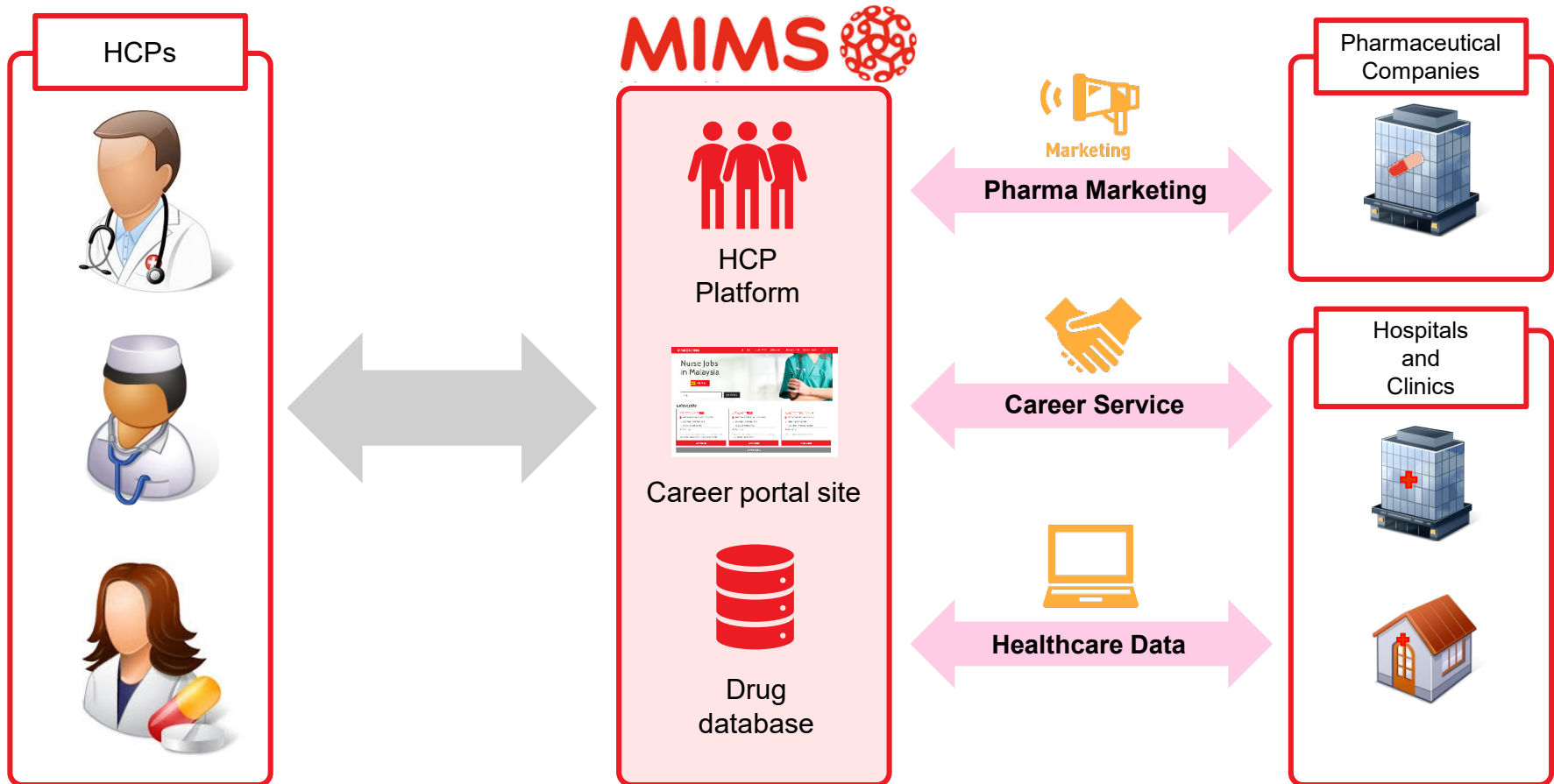


- ✓ Maximize value offered to elderly care operators by adding more services as well as expanding types of operators we cover.

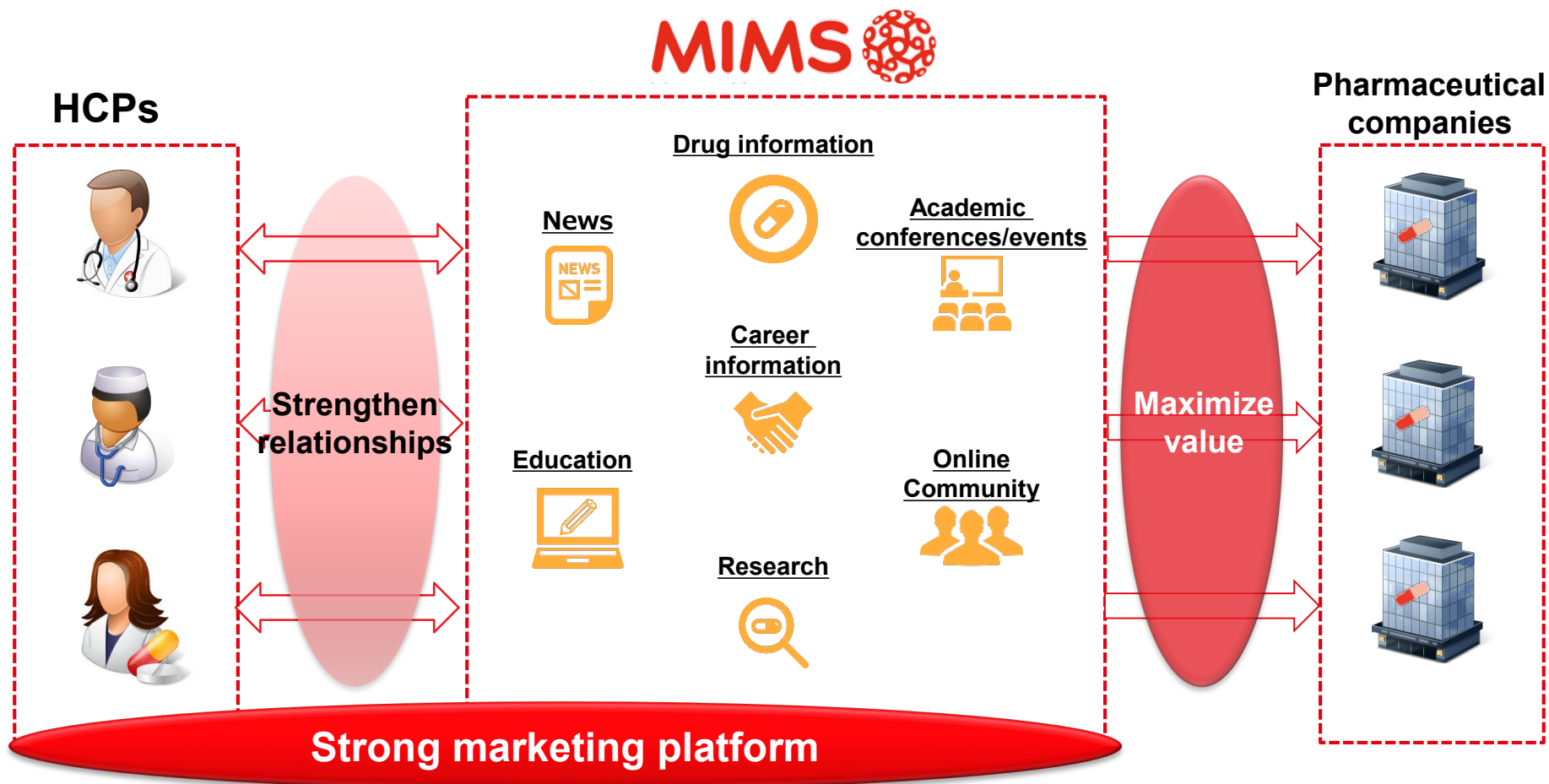


# Overseas Business

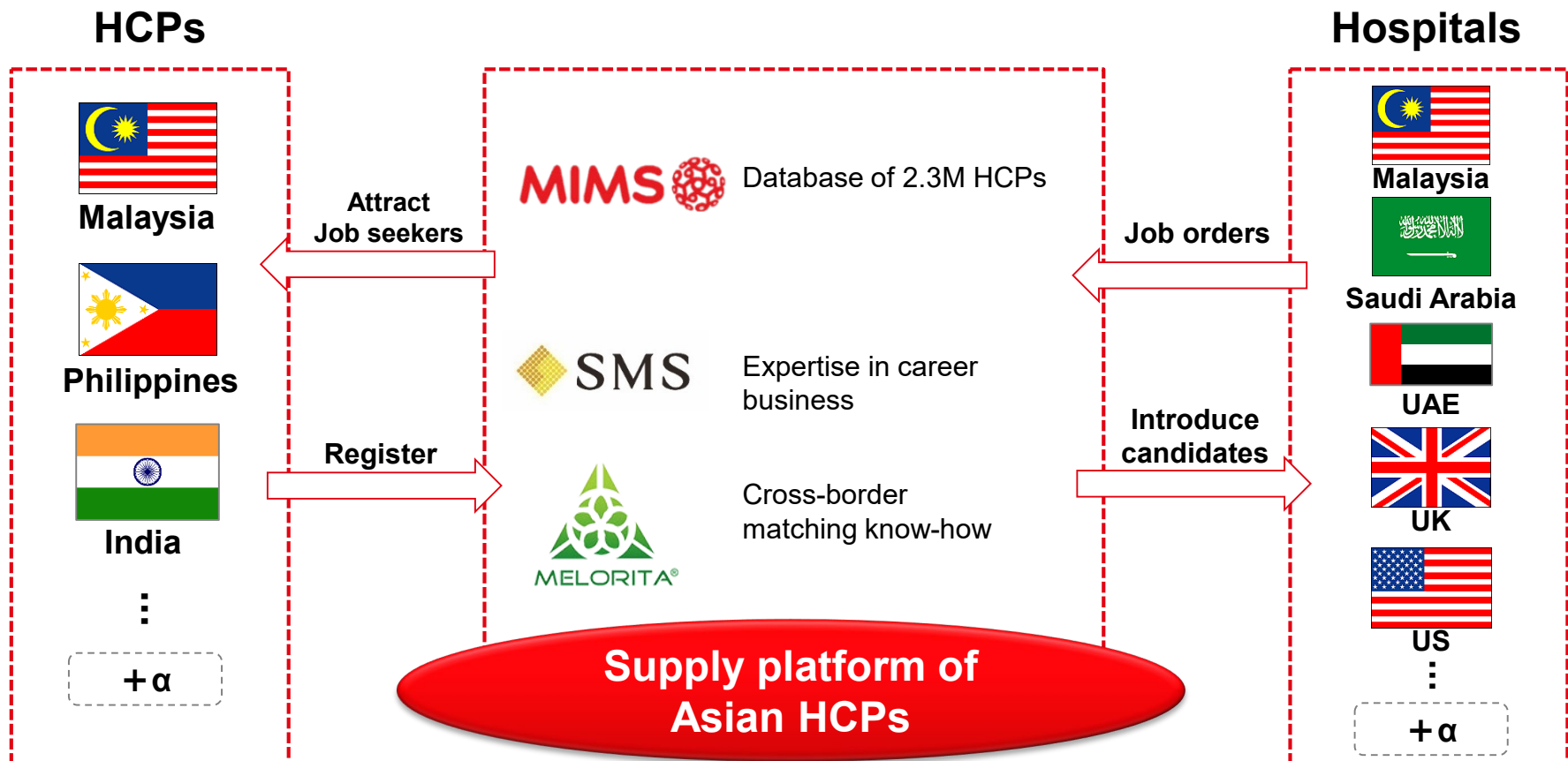
- ✓ Overseas businesses are built on the strengths of MIMS, which include its overwhelming brand value in Asia and Oceania, enormous membership base of healthcare professionals(HCPs), and strong relationships with pharmaceutical companies and hospitals.



- ✓ Maximize value offered to pharmaceutical companies by creating a strong marketing platform through a variety of services to HCPs.

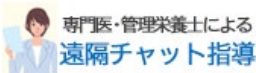
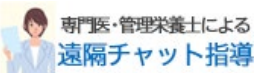
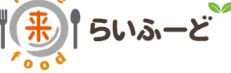


- ✓ Accelerate the growth of Global Career Business by combining MIMS's HCP database, SMS's expertise in career business and Melorita's cross-border matching know-how.
- ✓ Establish a dominant position as the leading supplier of Asian HCPs to both inside and outside the region.



# New Business

- ✓ Constantly develop new businesses focusing mainly on Healthcare and Senior Life domains.

| Domains                   | Outline                                                                                       | Services                                                                                                                                                                                  |                                                                                                                                                              |                                                                                                                                                              |                                                                                                                                                       |
|---------------------------|-----------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------|
| Healthcare <sup>*1</sup>  | Services such as health guidance, aggravation prevention and health consultation etc.         | <p>Preventive solution for onset/aggravation of lifestyle diseases</p>  <p>専門医・管理栄養士による<br/>遠隔チャット指導</p> | <p>Specific health guidance solution</p>  <p>専門医・管理栄養士による<br/>遠隔チャット指導</p> | <p>Web community for nutritionists</p>  <p>栄養士の知恵が詰まったコミュニティ<br/>エイチエ</p> | <p>Q&amp;A site on health</p>  <p>なるほどカラダのこと<br/>なるカラ</p>          |
|                           |                                                                                               | <p>Information portal of dementia</p>  <p>認知症ねっと</p>                                                     | <p>Information portal of diabetes</p>  <p>＊糖尿病ねっと</p>                      | <p>Solution for dementia prevention</p>  <p>認知 MCIドクター監修<br/>認トレ</p>      | <p>Habituation support of dementia prevention</p>  <p>認知 チャレンジ</p> |
| Senior Life <sup>*2</sup> | Services related to daily life of senior people such as food, housing, and elderly cares etc. | <p>Web community for families with those requiring elderly care</p>  <p>安心介護</p>                       | <p>User review site regarding elderly care operators</p>  <p>となりの介護</p>  | <p>Home-delivered meal search site</p>  <p>来 らいふーど</p>                  | <p>Housing renovation operators search site</p>  <p>ハピすむ</p>     |
|                           |                                                                                               | <p>Livelihood support search site</p>  <p>ヘルプユー</p>                                                    |                                                                                                                                                              |                                                                                                                                                              |                                                                                                                                                       |

<sup>\*1</sup>. Covers health-related services that are not subject to public elderly care insurance or medical care insurance

<sup>\*2</sup>. Covers services related to daily life in an aging society

1

1H FY03/19 Consolidated Financial Results

P3-P8

2

FY03/19 Strategy

P10-P33

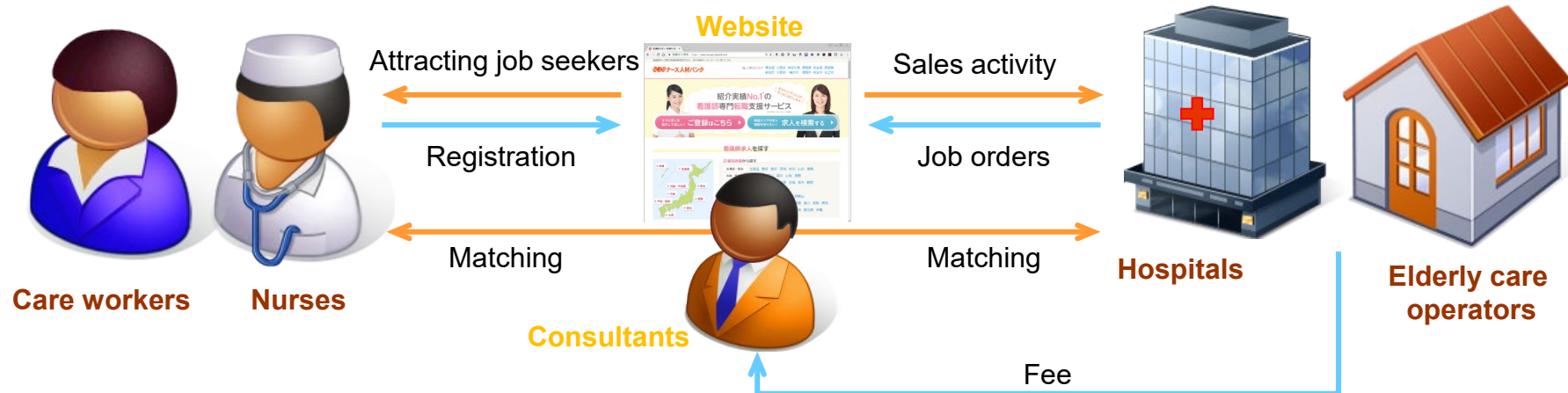
3

**Appendix**

**P35-P48**

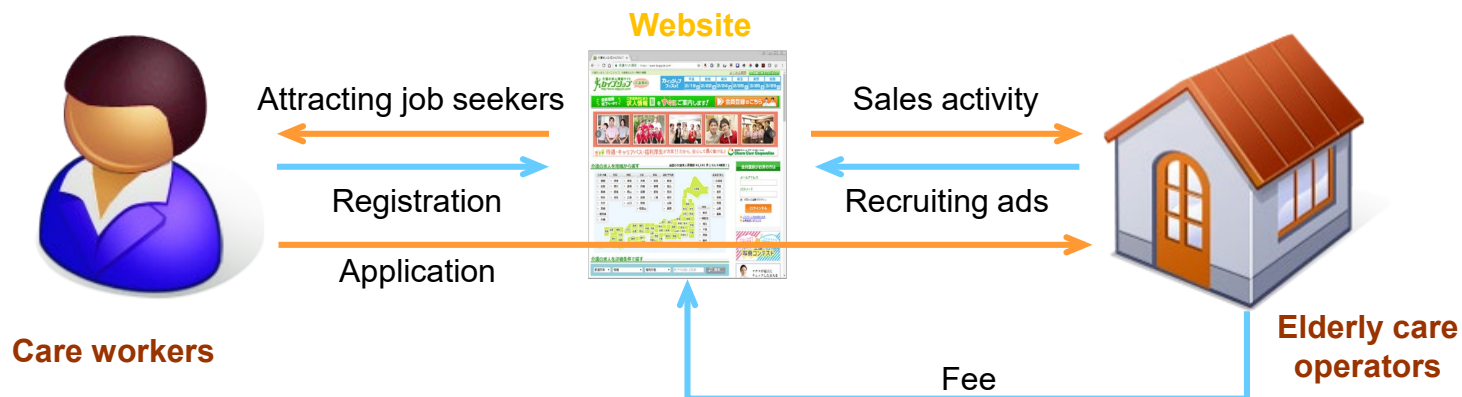
### Business model of Recruiting Agent

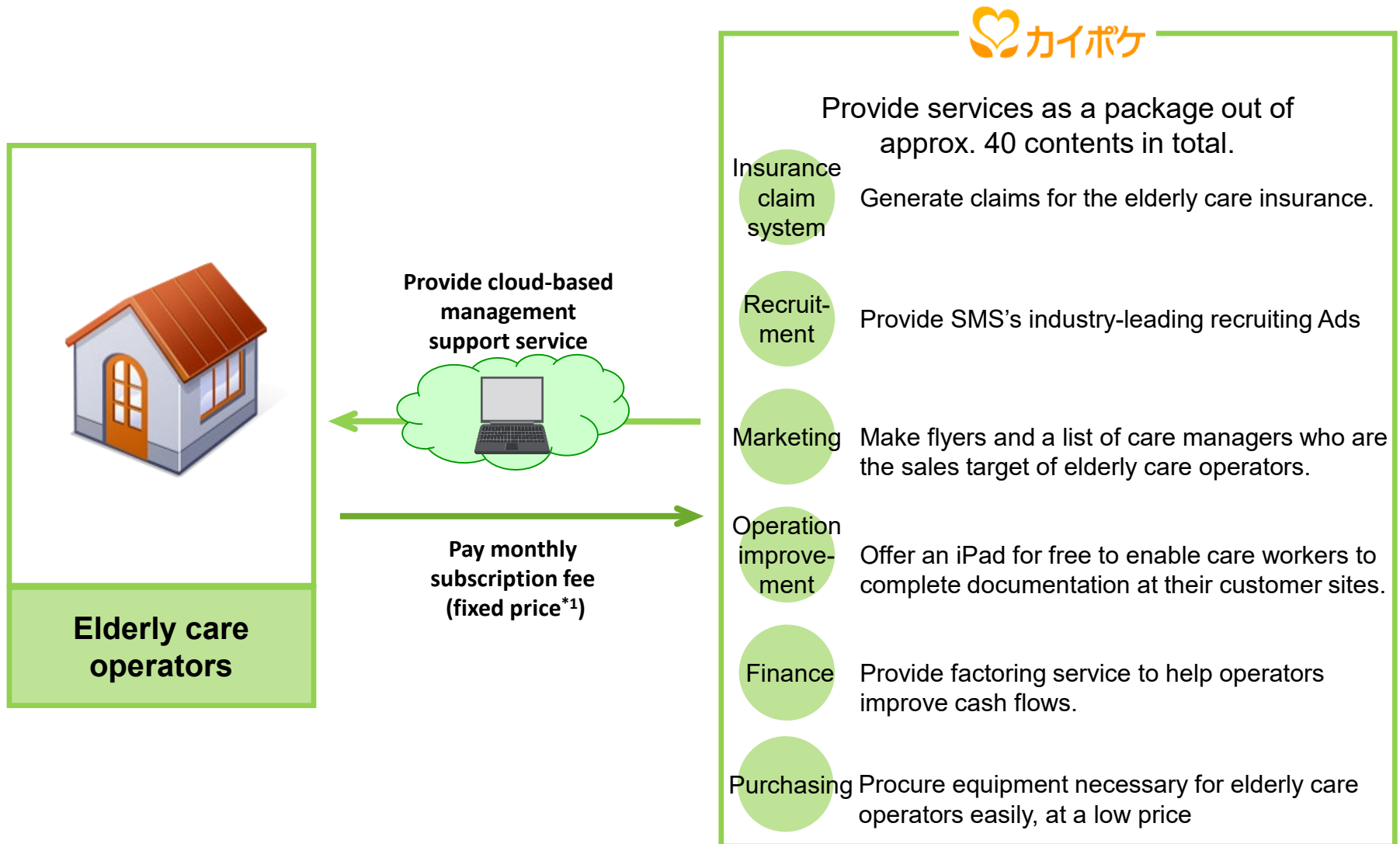
Receive a certain percentage of an annual salary from a hiring business operator as a fee when an applicant joins it.



### Business model of Recruiting Ads

Receive a fee for each application for a job via our Recruiting Ads





### MIMS Group global coverage



### MIMS Group profile



|                       |                                                                                                                       |
|-----------------------|-----------------------------------------------------------------------------------------------------------------------|
| Founded               | 1963                                                                                                                  |
| Business models       | <ul style="list-style-type: none"><li>• Pharma Marketing</li><li>• Healthcare Data</li><li>• Career Service</li></ul> |
| Global coverage       | 15 countries and regions in Asia and Oceania                                                                          |
| Number of memberships | Approx. 2.3 million memberships including 0.5 million doctors                                                         |
| Acquisition date      | Oct. 7, 2015                                                                                                          |

- ✓ Strengths of MIMS Group include its overwhelming brand value in Asia and Oceania, strong membership base of healthcare professionals (HCPs), and 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



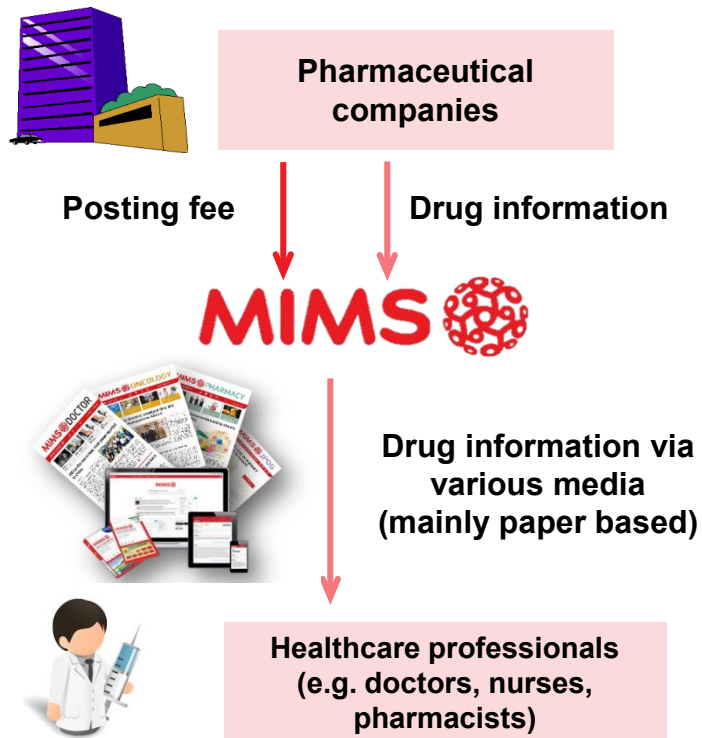
### 2. Strong membership base of HCPs

- Approx. 2.3 million HCP memberships including approx. 0.5 million doctors

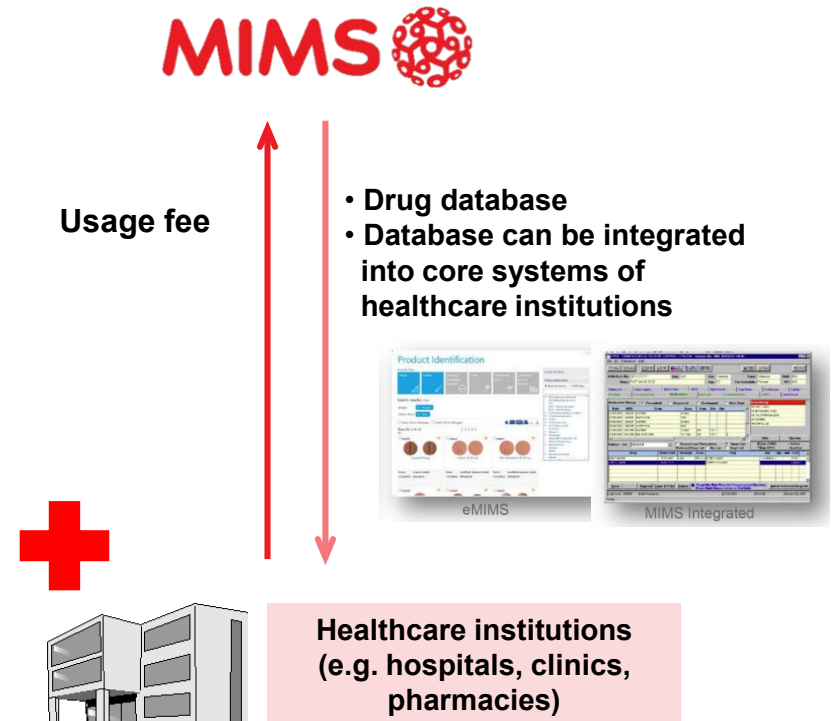
### 3. Business relationships with pharma companies

- Most manufacturers of new drugs in the region post information of their drugs on MIMS's database

## Pharma Marketing

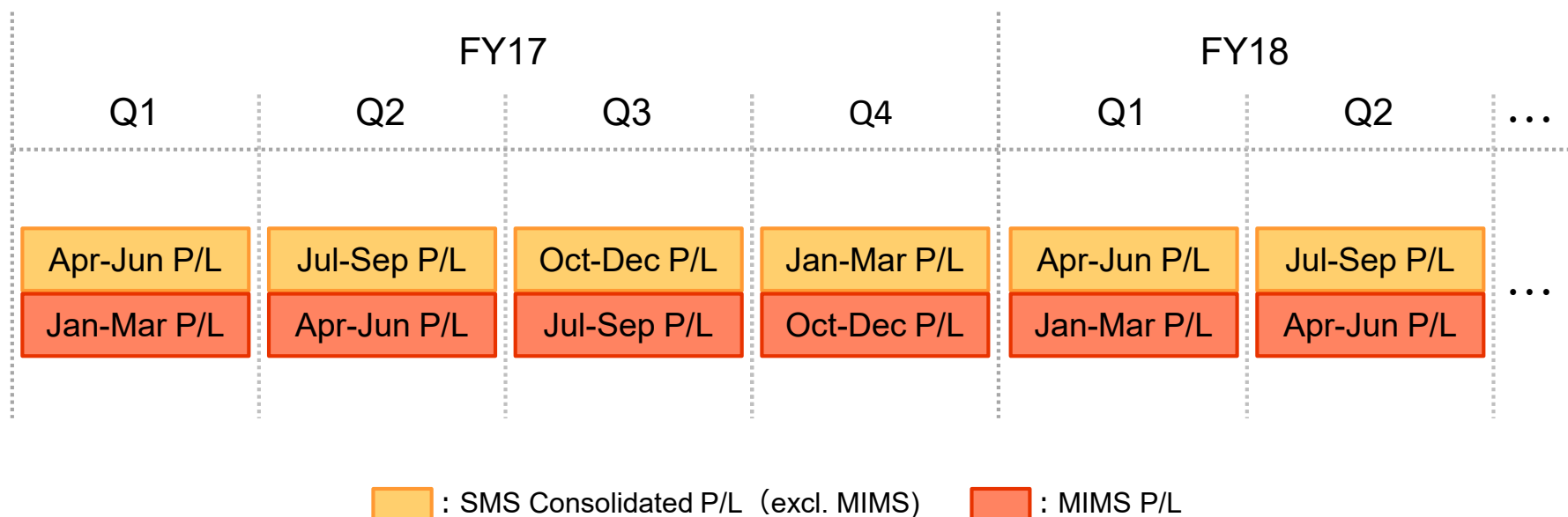


## Healthcare Data



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

### Illustration of MIMS P/L Consolidation to SMS Consolidated P/L (excl. MIMS)\*1



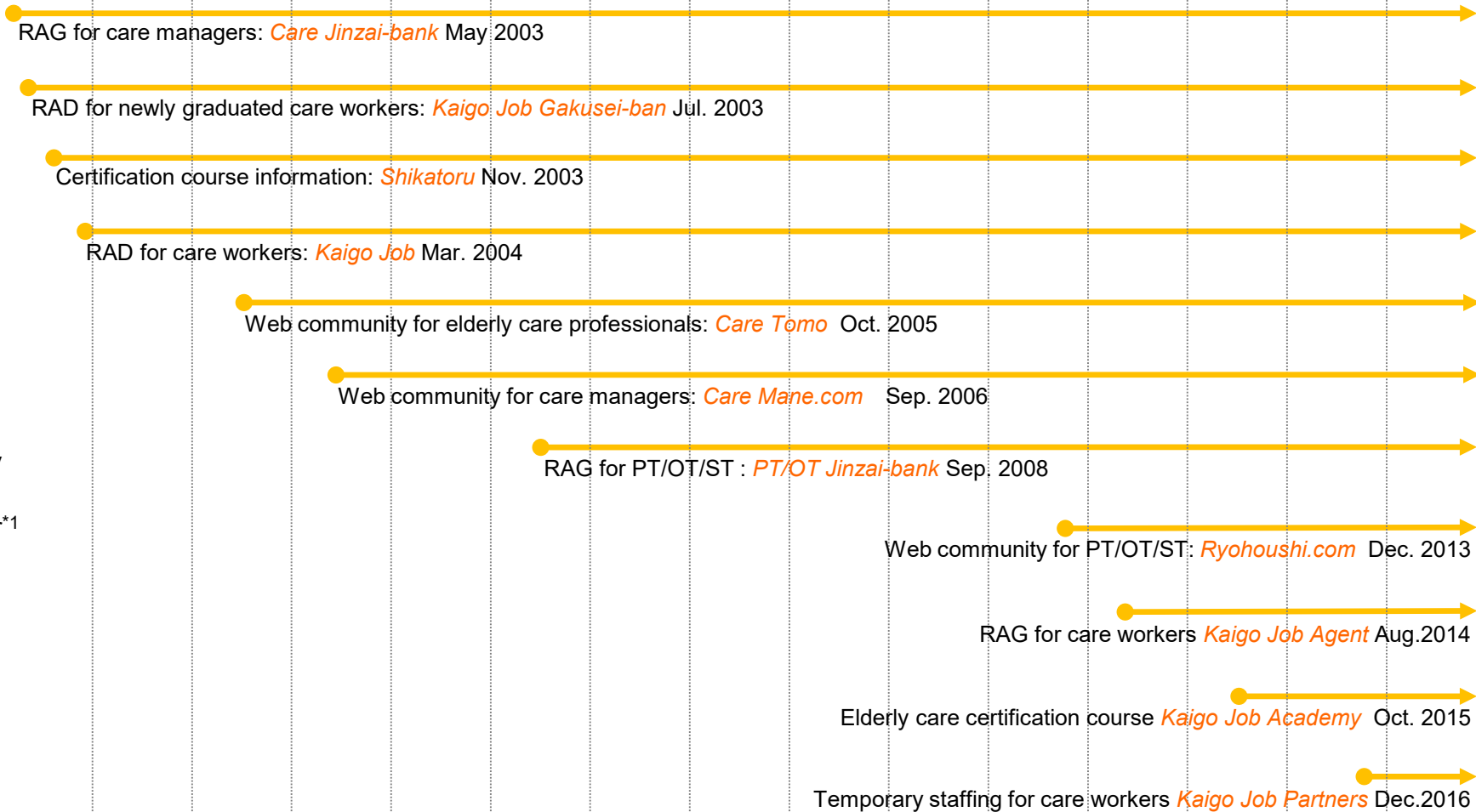
- ✓ Provide more than 40 services.
- ✓ Constantly develop new businesses to create new pillars of our businesses.

| Segment                | Sub-segment         | Services <sup>*1*2*3</sup>                                                                                                                                                                              |                                                                                                                                                                     |                                                                                                                                                                         |                                                                                                                                                                           |                                                                                                                                                                   |                                                                                                                                                        |
|------------------------|---------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------|
| Career                 | Elderly Care Career | RAG for care managers<br><br>RAD for care workers<br>カイゴジョブ                                                            | RAG for PT/OT/ST<br><br>RAD for newly-graduated care workers<br>カイゴジョブ             | RAG for care workers<br>カイゴジョブ<br><br>Temporary staffing for care workers<br>カイゴジョブ   | Certification course information<br><br>Elderly care certification course<br>カイゴジョブ    | Web community for PT/OT/ST<br><br>Web community for care managers<br>ケアマネドットコム | Web community for care workers<br>けあとも                                                                                                                 |
|                        | Medical Care Career | RAG for nurses<br><br>RAD for nurses<br>ナース専科 求人ナビ                                                                     | RAG for medical technologists<br><br>RAD for newly-graduated nurses<br>ナース専科 就職ナビ  | RAG for radiological technologists<br><br>Scholarship information portal<br>看護奨学金Navi | RAG for clinical engineers<br><br>Web community for nurses and student nurses<br>ナース専科 | RAG for nutritionists<br><br>Judo therapists etc.<br>WILL ONE                  | HR solution for hospitals<br>SOL ソリューション<br>Information portal for hospital admin. managers<br>あじむコム                                                   |
| Elderly Care Operators | —                   | Management support service for elderly care operators<br>                                                              |                                                                                                                                                                     |                                                                                                                                                                         |                                                                                                                                                                           |                                                                                                                                                                   |                                                                                                                                                        |
| Overseas               | —                   | Drug information service for healthcare professionals and institutions<br>MIMS                                                                                                                          | RAG for nurses (Malaysia and Saudi Arabia, etc.)<br>                              | Career related service for nurses (South Korea)<br>너스케어                                                                                                                 | Doctor consultation (Indonesia)<br>MEETDOCTOR                                                                                                                             | Medical ad services (Philippines)                                                                                                                                 | Medical ad services (Indonesia)                                                                                                                        |
| Business Development   | —                   | Preventive solution for onset/aggravation of lifestyle diseases<br>専門医・管理栄養士による<br>遠隔チャット指導<br>Solution for dementia prevention<br>MCIドクター監修<br>認トレ<br>Housing renovation operators search site<br>ハピすむ | Specific health guidance solution<br>専門医・管理栄養士による<br>遠隔チャット指導<br>Habituation support of dementia prevention<br>認トレ チャレンジ<br>Livelihood support search site<br>ヘルプユー | Web community for nutritionists<br>エイチエ<br>Information portal of housing for the elderly<br>かいこDB<br>Web community for pharmacists<br>ココヤク                              | Q&A site on health<br>いなるカラ<br>Web community for families with those requiring elderly care<br>安心介護<br>Publishing for nurses<br>ナース専科 BOOKS                               | Information portal of dementia<br>認知症 ねっと<br>User review site regarding elderly care operators<br>となりの介護<br>Online academic media for nurses<br>ナース専科 PLUS        | Information portal of diabetes<br>糖尿病 ねっと<br>Home-delivered meal search site<br>らいふーど<br>Web community for managers of elderly care operators<br>介護マスト |

\*1. As of March, 2018 \*2. RAG stands for Recruiting Agent; RAD stands for Recruiting Ads

© Copyright SMS CO.,LTD. \*3. Career businesses for doctors and pharmacists are operated by M3 Career, Inc. which is a joint venture between M3, Inc. (51%) and SMS(49%).

03/04 03/05 03/06 03/07 03/08 03/09 03/10 03/11 03/12 03/13 03/14 03/15 03/16 03/17 03/18



Elderly  
Care  
Career\*1

03/04   03/05   03/06   03/07   03/08   03/09   03/10   03/11   03/12   03/13   03/14   03/15   03/16   03/17   03/18

RAG for nurses: *Nurse Jinzai-bank* Sep. 2005

RAD for nurses: *Nurse-senka Kyujin-navi* Jul. 2006

Web community for nurses and student nurses: *Nurse-senka Community* Aug. 2006

RAG for doctors: *M3 Career Agent* Aug. 2006

RAG for pharmacists: *Yaku Kyari Agent* Apr. 2007

Company split and  
succeeded to M3 career at  
the end of Dec. 2009

RAD for newly-graduated nurses: *Nurse-senka Shusyoku-navi* Aug. 2009

HR solution for hospitals Apr. 2011

RAG for nutritionists: *Eiyoshi Jinzai-bank* May 2012

Scholarship information portal: *Kango Shogakukin-navi* Oct. 2012

RAG for medical technologists: *Kensagishi Jinzai-bank* Sep. 2013

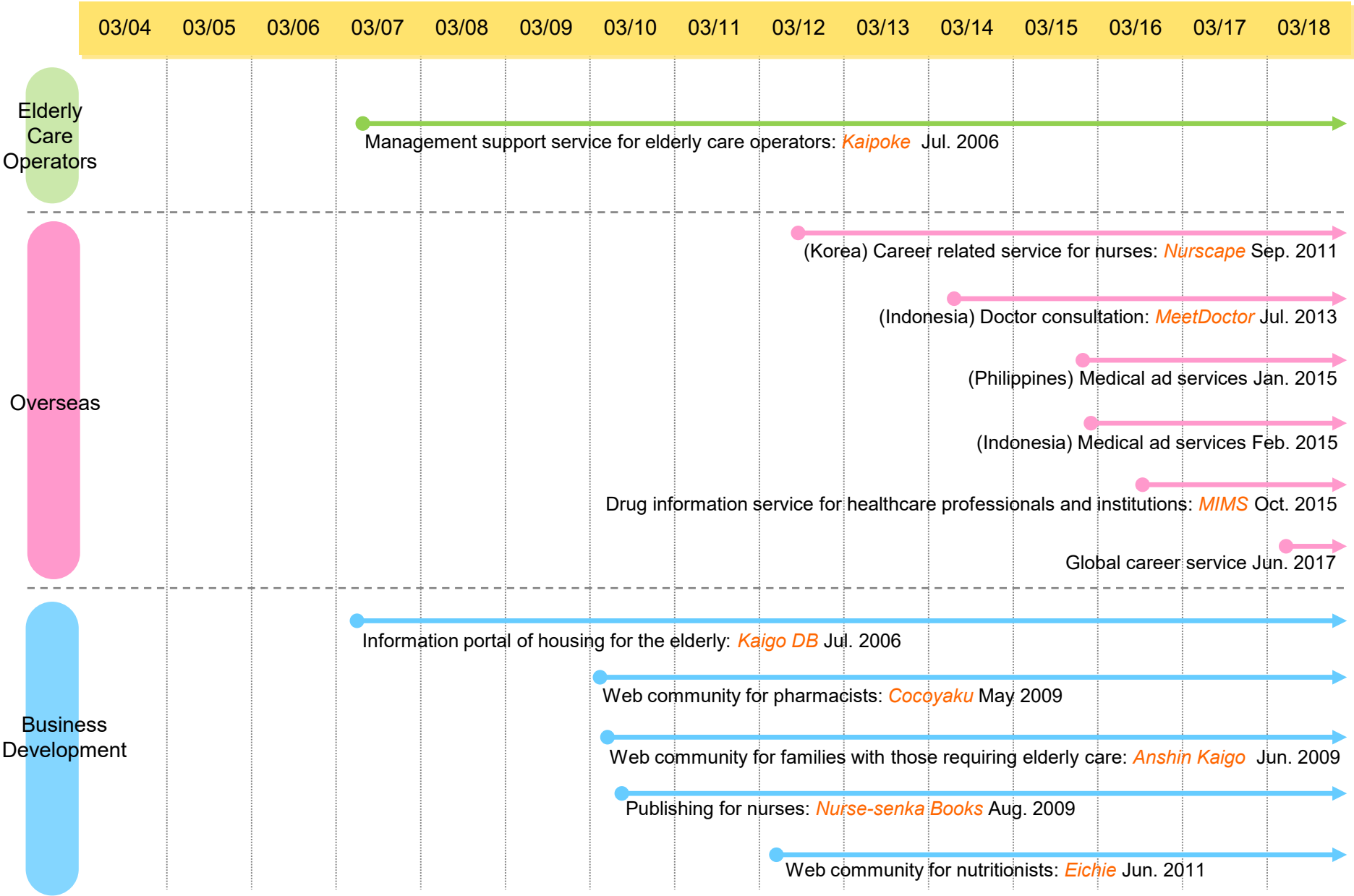
RAG for radiological technologists: *Hoshasengishi Jinzai-bank* Jun. 2014

RAG for clinical engineers: *Kogakugishi Jinzai-bank* Jul. 2014

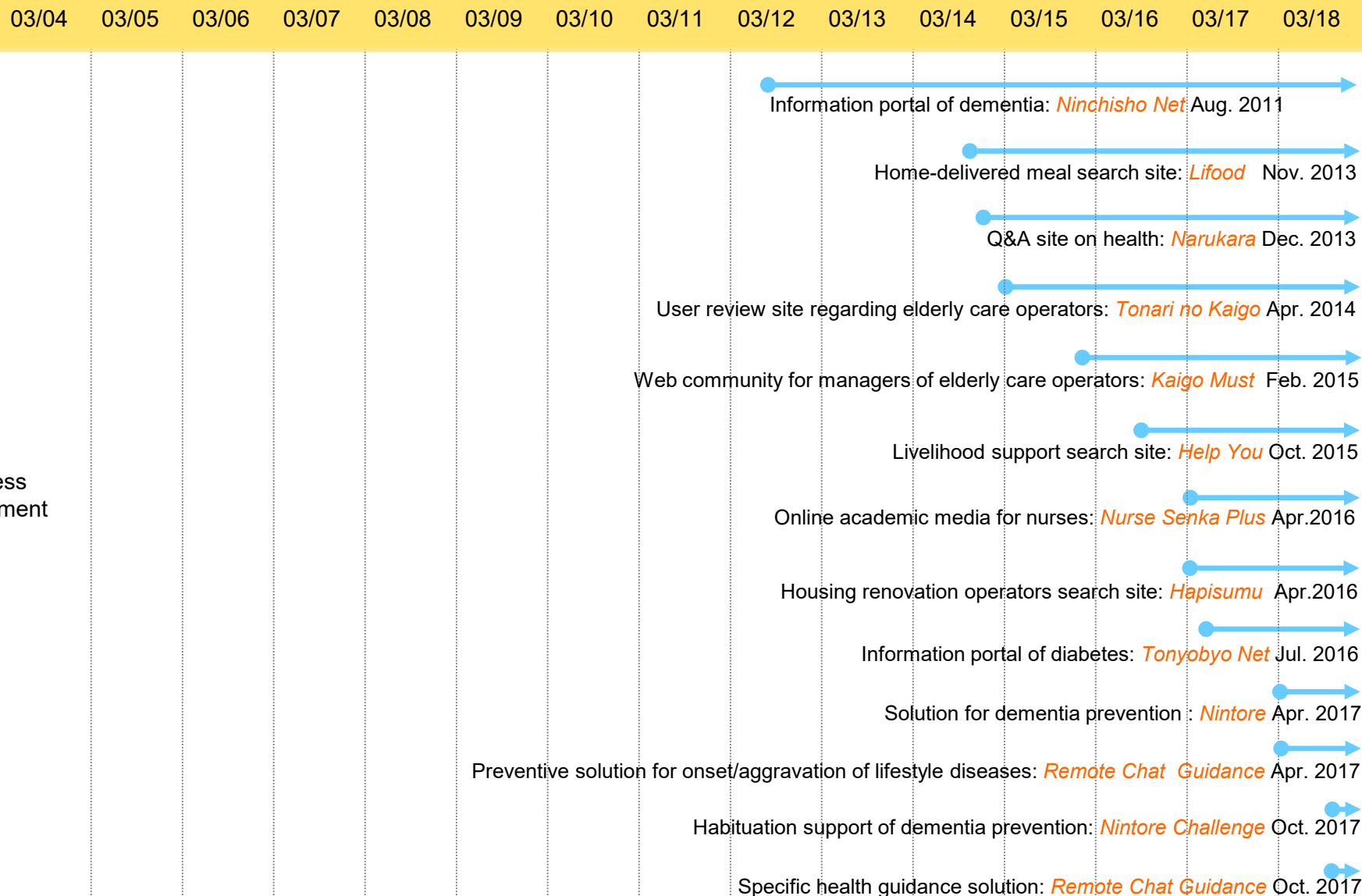
Information portal for hospital admin. managers: *Jimcom* Sep. 2014

RAG for Judo therapists etc. *WILLONE* Nov. 2017

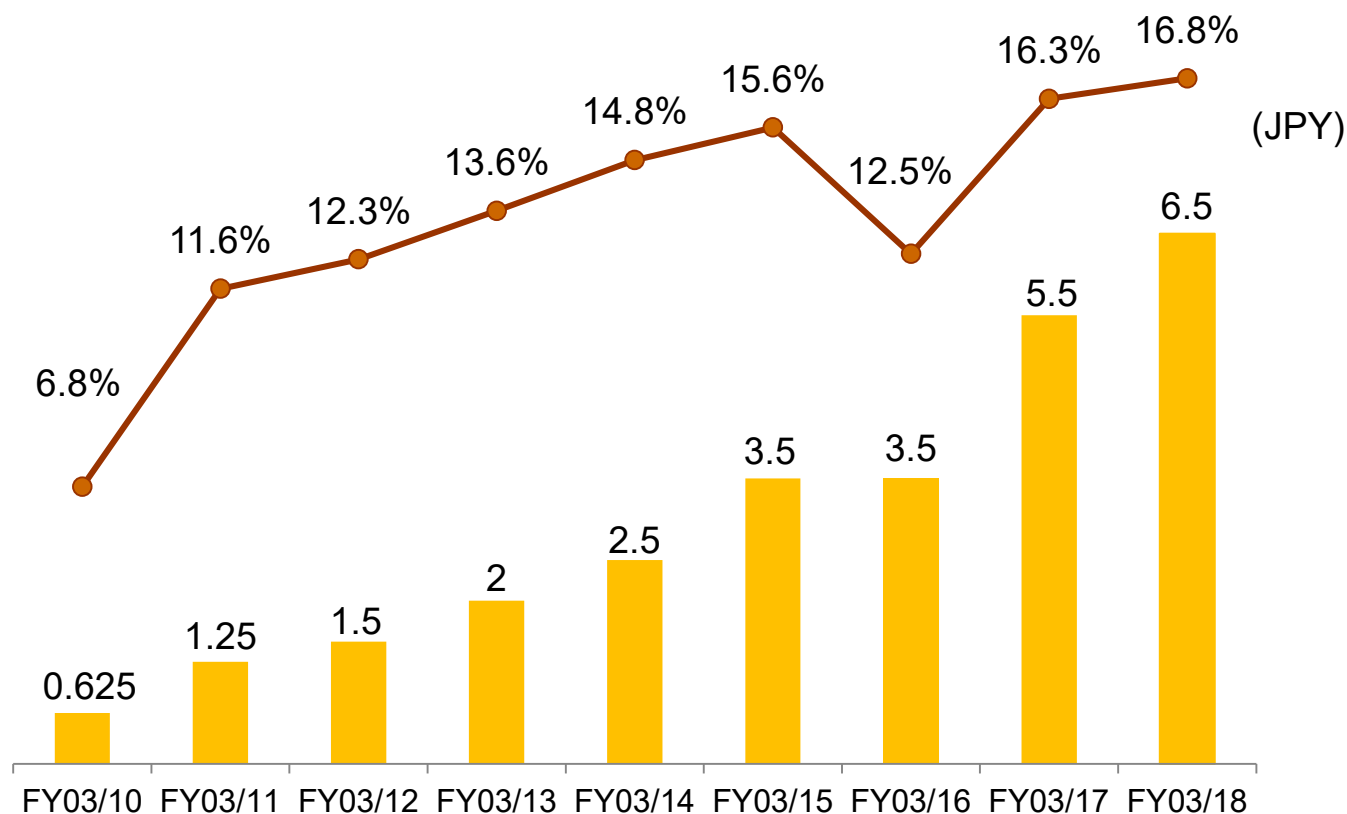
### 3 History of Service Launches 3/4



Business  
Development



## Trend in the amounts and the payout ratio of dividends<sup>\*1</sup>



### 3 Historical Financial Results

(JPY million)

|                           | FY03   | FY04 | FY05 | FY06  | FY07  | FY08  | FY09  | FY10  | FY11  | FY12   | FY13   | FY14   | FY15   | FY16   | FY17   |
|---------------------------|--------|------|------|-------|-------|-------|-------|-------|-------|--------|--------|--------|--------|--------|--------|
| 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 | 23,054 | 26,611 |
| Operating Income          | ▲5     | 52   | 109  | 269   | 426   | 1,230 | 1,261 | 1,480 | 1,519 | 1,570  | 1,730  | 2,079  | 2,756  | 3,646  | 4,021  |
| Ordinary Income           | ▲5     | 49   | 108  | 269   | 415   | 1,238 | 1,266 | 1,530 | 1,734 | 1,990  | 2,340  | 2,693  | 3,509  | 4,430  | 5,007  |
| Net Income                | ▲5     | 31   | 63   | 157   | 244   | 719   | 717   | 876   | 1,004 | 1,226  | 1,380  | 1,824  | 2,265  | 2,801  | 3,361  |
|                           |        |      |      |       |       |       |       |       |       |        |        |        |        |        |        |
| 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 | 43,231 | 46,087 |
| Liabilities               | 55     | 166  | 196  | 489   | 822   | 1,410 | 1,266 | 1,430 | 1,579 | 1,794  | 2,331  | 4,497  | 28,532 | 21,648 | 22,446 |
| Net Assets                | 4      | 190  | 369  | 527   | 983   | 1,708 | 2,379 | 3,242 | 4,136 | 5,153  | 6,074  | 6,923  | 13,157 | 21,583 | 23,641 |
|                           |        |      |      |       |       |       |       |       |       |        |        |        |        |        |        |
| 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   | 39.6   | 41.8   |
| 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   | 21.8   | 18.5   |
|                           |        |      |      |       |       |       |       |       |       |        |        |        |        |        |        |
| DPS*1 (JPY)               | -      | -    | -    | -     | -     | 0.625 | 0.625 | 1.25  | 1.5   | 2      | 2.5    | 3.5    | 3.5    | 5.5    | 6.5    |
| Dividend Payout Ratio (%) | -      | -    | -    | -     | -     | 6.8   | 6.8   | 11.6  | 12.3  | 13.6   | 14.8   | 15.6   | 12.5   | 16.3   | 16.8   |

### Number of Employees

Number of employees and its breakdown as of September 30, 2018

#### Employees (consolidated)

**2,375**

Japan

**1,650**

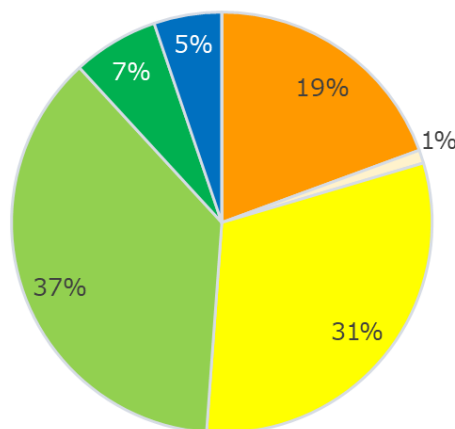
Overseas

**725**

### Shareholder Composition\*1

【as of September 30, 2018】

Number of  
shareholders  
4,970



- Founders
- Directors, Employees and Shareholding associations
- Domestic Institutional Investors
- Foreign Institutional Investors
- Individual Investors
- Others

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 September 30, 2018. 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 elderly 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, elderly 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, trademark right and customer-related assets 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](mailto:irinfo@bm-sms.co.jp)  
Phone: +81-3-6721-2403