



August 20, 2025

SMS Co., Ltd.

(Company Code: 2175, TSE Prime Market)

<https://global.bm-sms.com/>

<PRESS RELEASE>

Results of the Evaluation as to the Effectiveness of the Board of Directors

SMS Co., Ltd. (the “Company”) believes that it is important to enhance the functions of the Board of Directors and improve its effectiveness as part of strengthening corporate governance. The Company’s Board of Directors has conducted an evaluation and analysis of the effectiveness of the Board of Directors, and hereby announces a summary of the results.

1. Method of evaluating the effectiveness of the Board of Directors

- Method : Self-evaluation survey (five-point scale answers and free comments)
- Evaluation period: the Board of Directors meetings held from April 1, 2024 to March 31, 2025
- Evaluator: All Directors as of March 31, 2025 (A total of 5 members, 3 of whom are independent Outside Directors, and the others are Inside Directors)
- Evaluation criteria
 - (1) Board composition
 - (2) Board operation
 - (3) Board agenda
 - (4) Board support resources
 - (5) Engagement with shareholders and investors
 - (6) Other opinions regarding the effectiveness of the Board of Directors

2. Analysis and evaluation results as to the effectiveness of the Board of Directors

Through the analysis and deliberation of the above evaluation results, the Company confirmed that its Board of Directors is effective in terms of its size, composition, and the content of its agenda/deliberations/discussions, and that it operates appropriately as a whole.

Additionally, the following opinions were raised as key areas for consideration to further improve the effectiveness of the Board of Directors.

- As a continuing issue from the previous year, we recognize the need to enhance the Board's diversity from a gender perspective in the medium- to long-term. The government's "Basic Policy on Gender Equality and Empowerment of Women" sets a target for Prime Market-listed companies to increase their ratio of female executives to 30% or more by 2030, and we currently have one female executive.
- We are also aware that some shareholders and investors expect us to appoint Outside Directors with experience at other listed companies to the Board. We will continue to consider optimal composition of the Board of Directors in light of our business situation.
- The recent initiative to allocate dedicated time for discussions on each business segment during Board of Directors meetings has been highly meaningful. Going forward, we believe that more timely reporting and sharing of strategy implementation status will lead to better monitoring of medium- to long-term business and management strategies, thereby enhancing the Board of Directors' ability to exercise its oversight function.
- Based on the results of the previous year's evaluation of effectiveness, shareholders' and investors' opinions are now regularly shared with the Board of Directors, and these insights are highly valuable. We will actively discuss important issues at the Board of Directors, taking into account the expectations and opinions of shareholders and investors.

3. Future initiatives

Based on the results of this evaluation, the Company will continue its efforts to ensure and improve the effectiveness of the Board of Directors and build a more effective corporate governance system, which will lead to sustainable growth and a long-term increase in its corporate value.