



April 28, 2026

SMS Co., Ltd.

(Company Code: 2175, TSE Prime Market)

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

<PRESS RELEASE>

**Notice Regarding Amendment to the Exercise Conditions of Paid-in Stock Options  
(The 20th Stock Acquisition Rights and The 21st Stock Acquisition Rights) with  
Performance Conditions**

SMS Co., Ltd. hereby announces that its Board of Directors, at a meeting held on April 28, 2026, resolved to amend certain conditions of the paid-in stock options (The 20th Stock Acquisition Rights and The 21st Stock Acquisition Rights) with performance conditions (hereinafter referred to as the "Stock Acquisition Rights") as follows.

1. Reason for the Amendment

As announced today (April 28, 2026) in the "Notice Regarding the Recognition of Impairment Loss in the Consolidated Financial Statements, Valuation Loss on Affiliate Shares in the Non-Consolidated Financial Statements, and Differences Between the Consolidated Financial Forecasts and Actual Results for the Fiscal Year Ended March 31, 2026", the Company has recognized an impairment loss in its Overseas business. Following this impairment accounting, amortization expenses related to intangible assets are expected to decrease by approximately 1.5 billion yen annually from the fiscal year ending March 31, 2027 onwards.

The target amount of adjusted operating income set as an exercise condition for the Stock Acquisition Rights is intended to measure the improvement in profitability through business growth. However, if the current calculation method is maintained, a discrepancy will arise where the aforementioned accounting factor would make it easier to achieve the performance targets than the actual business conditions would warrant.

The purpose of this amendment is to eliminate such accounting impacts and maintain the degree of difficulty of the performance targets as originally intended at the time of issuance of the Stock Acquisition Rights, thereby ensuring the eligible participants' commitment to improving business performance and further aligning their interests with those of shareholders.

2. Stock Acquisition Rights Subject to the Amendment of Exercise Conditions  
 SMS Co., Ltd. The 20th Stock Acquisition Rights (Resolved at the Board of Directors meeting held on July 8, 2024)  
 SMS Co., Ltd. The 21st Stock Acquisition Rights (Resolved at the Board of Directors meeting held on July 7, 2025)

3. Details of the Amendment  
 (The 20th Stock Acquisition Rights)

Before Amendment	After Amendment
<p>As described in “II. Guidelines on Issuance of Stock Acquisition Rights, 3. Details of Stock Acquisition Rights, (6) Conditions for exercising Stock Acquisition Rights,” these Stock Acquisition Rights will become exercisable only when the adjusted operating income (*) in the fiscal year ending March 2027 achieves a predetermined level.</p> <p>(Omitted)</p> <p>(*) The amount obtained by adding stock-based compensation expenses in the notes to the consolidated financial statements in the Company’s annual securities report for the relevant fiscal year, to operating income of the consolidated statement of income in the said report.</p>	<p>As described in “II. Guidelines on Issuance of Stock Acquisition Rights, 3. Details of Stock Acquisition Rights, (6) Conditions for exercising Stock Acquisition Rights,” these Stock Acquisition Rights will become exercisable only when the adjusted operating income (*) in the fiscal year ending March 2027 achieves a predetermined level.</p> <p>(Omitted)</p> <p>(*) The amount obtained by adding stock-based compensation expenses in the notes to the consolidated financial statements in the Company’s annual securities report for the relevant fiscal year, to operating income of the consolidated statement of income in the said report <u>and subtracting the amount of reduction in amortization expenses associated with the impairment loss recognized in the fiscal year ended March 31, 2026 (the equivalent amount of depreciation and goodwill amortization that would have been recorded if the said impairment loss had not been recognized).</u></p>

\*Note: The amended parts are underlined.

(The 21st Stock Acquisition Rights)

Before Amendment	After Amendment
<p>As described in “II. Guidelines on Issuance of Stock Acquisition Rights, 3. Details of Stock Acquisition Rights, (6) Conditions for exercising Stock Acquisition Rights,” these Stock Acquisition Rights will become exercisable only when the adjusted operating income (*) in the fiscal year ending March 2028 achieves a predetermined level.</p>	<p>As described in “II. Guidelines on Issuance of Stock Acquisition Rights, 3. Details of Stock Acquisition Rights, (6) Conditions for exercising Stock Acquisition Rights,” these Stock Acquisition Rights will become exercisable only when the adjusted operating income (*) in the fiscal year ending March 2028 achieves a predetermined level.</p>
(Omitted)	(Omitted)
<p>(*) The amount obtained by adding stock-based compensation expenses in the notes to the consolidated financial statements in the Company’s annual securities report for the relevant fiscal year, to operating income of the consolidated statement of income in the said report.</p>	<p>(*) The amount obtained by adding stock-based compensation expenses in the notes to the consolidated financial statements in the Company’s annual securities report for the relevant fiscal year, to operating income of the consolidated statement of income in the said report <u>and subtracting the amount of reduction in amortization expenses associated with the impairment loss recognized in the fiscal year ended March 31, 2026 (the equivalent amount of depreciation and goodwill amortization that would have been recorded if the said impairment loss had not been recognized).</u></p>

\*Note: The amended parts are underlined.