



May 15, 2026

SMS Co., Ltd.

(Company Code: 2175, TSE Prime Market)

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

<PRESS RELEASE>

**Notice Regarding Revision of Directors' Remuneration Plan and Introduction of Post-Delivery Share-Based Remuneration Plan**

SMS Co., Ltd. (the "Company") hereby announces that its Board of Directors, at a meeting held on May 15, 2026, resolved to review its directors' remuneration plan and (i) revise the amount of remuneration for the Directors of the Company (excluding Directors who are Audit and Supervisory Committee Members), and (ii) introduce a new post-delivery share-based remuneration plan (hereinafter the "Plan") for Mr. Masaki Takahata, Representative Director and President of the Company (hereinafter the "Eligible Director"), and to submit a proposal regarding this matter to the 23rd Ordinary General Meeting of Shareholders scheduled to be held on June 19, 2026 (hereinafter the "General Meeting of Shareholders"), as described below.

The introduction of the Plan is subject to the approval and adoption of the proposal for the election of Mr. Masaki Takahata as a Director at the General Meeting of Shareholders, and his subsequent selection and assumption of office as Representative Director.

1. Revision of Remuneration Amount for Directors (excluding Directors who are Audit and Supervisory Committee Members)

The amount of remuneration for the Directors of the Company (excluding Directors who are Audit and Supervisory Committee Members) was approved at the 13th Ordinary General Meeting of Shareholders held on June 24, 2016, to be no more than 200 million yen per year (excluding the employee portion of salaries for Directors who concurrently serve as employees), covering monthly remuneration and subscription rights to shares as stock options, and this has remained in effect to date.

At this time, for the purpose of enhancing incentives for the sustainable improvement of the Company's corporate value by introducing a performance-linked remuneration plan, the amount of remuneration for Directors (excluding Directors who are Audit and Supervisory Committee Members) excluding Outside Directors (hereinafter "Internal Directors") will be revised to no more than 200 million yen per year for basic remuneration and annual bonuses. Furthermore, stock options in the form of subscription rights to shares will be abolished, and no new subscription rights to shares will be issued going forward.

In addition, if the proposal regarding the election of Directors (excluding Directors who are Audit and Supervisory Committee Members) is approved as originally proposed at the General Meeting of Shareholders, it will be necessary to newly establish the amount of remuneration for Outside Directors among the Directors (excluding Directors who are Audit and Supervisory Committee Members). Accordingly, the amount of remuneration for Outside Directors will be established at no more than 100 million yen per year as basic remuneration.

The Company currently has three Internal Directors (excluding Directors who are Audit and Supervisory Committee Members); however, if the proposal regarding the election of Directors (excluding Directors who are Audit and Supervisory Committee Members) is approved as originally proposed, there will be one Internal Director and two Outside Directors.

Subject to the approval and adoption of the proposal regarding this revision and the proposal described in 2. below at the General Meeting of Shareholders, the Policy for Determining the Content of individual remuneration, etc. for Directors (excluding Directors who are Audit and Supervisory Committee Members) has been amended as shown in [Attachment 1].

The details of this revision are necessary to grant remuneration, etc. in accordance with the relevant Plan and have been determined taking into consideration the Company's business conditions, changes in the external environment, etc., and are therefore considered appropriate.

Regarding this revision, the Nomination and Remuneration Advisory Committee, a majority of whose members are independent Outside Directors, has reported its recommendations, and the Audit and Supervisory Committee has confirmed that it has no objections.

## 2. Introduction of the Plan

The Plan aims to strongly encourage the Eligible Director to perform duties in line with the "Corporate Value Creation Roadmap" announced on April 28, 2026, under a remuneration plan linked to achievements such as business performance and corporate value, while further promoting shared value with shareholders.

The Plan will be introduced for the Eligible Director within a separate framework from the remuneration limit described in 1. above, and the Company plans to request approval from shareholders at the General Meeting of Shareholders. Subject to the approval and adoption of the proposal described in 1. above and the proposal regarding the Plan at the General Meeting of Shareholders, the Policy for Determining the Content of individual remuneration, etc. for Directors (excluding Directors who are Audit and Supervisory Committee Members) has been amended as shown in [Attachment 1].

The details of the Plan are necessary to grant remuneration, etc. in accordance with the relevant Plan and have been determined taking into consideration the Company's business conditions, changes in the external environment, etc., and are therefore considered appropriate.

Regarding the introduction of the Plan, the Nomination and Remuneration Advisory Committee, a majority of whose members are independent Outside Directors, has reported its recommendations, and the Audit and Supervisory Committee has also confirmed that it has no objections.

### 3. Overview of the Plan

The Plan is a system under which the Company's shares and cash for tax payment purposes equivalent to the number of units are delivered and provided to the Eligible Director, and it consists of performance-linked stock compensation (hereinafter "PSUs") and non-performance-linked stock compensation (hereinafter "RSUs"). One unit shall have an economic value equivalent to one share of the Company.

The timing of the delivery or provision of the Company's shares and cash under the Plan shall, in principle, be after the end of the Applicable Period set forth below. The delivery of shares shall be conducted by issuing or disposing of the Company's shares without requiring the payment of cash or the provision of property contributed in kind by the Eligible Director.

#### 1. PSU

Applicable Period	Five fiscal years from April 1, 2026, to March 31, 2031
Units	"Initial Units" granted to the Eligible Director promptly following the close of the General Meeting of Shareholders "Final Units" determined on the condition of continuous service during the Applicable Period, according to the degree of achievement of performance targets during the Applicable Period
Number of Initial Units	Maximum: 85,000 units Calculation method: Base Amount / Base Share Price
Number of Final Units	Maximum: 170,000 units Calculation method: Number of Initial Units × Performance-linked Coefficient
Number of Shares to be Delivered	Maximum: 85,000 shares Ratio to total number of issued shares: 0.10% (As of March 31, 2026, after deducting treasury stock) Calculation method: Number of Final Units × 50%
Amount of Cash to be Provided	Maximum: 85,000 × Share price at time of delivery Calculation method: Number of Final Units × 50% × Share price at time of delivery

#### (Notes)

1. If any fraction less than one results from each calculation, it shall be rounded down.
2. Base Amount: A specific amount shall be determined by the Board of Directors of the Company.
3. Base Share Price: The average of the closing prices of the Company's shares on the Tokyo Stock Exchange in June 2026.
4. Performance-linked Coefficient: It shall fluctuate between 0% and 200% depending on the degree of achievement of the performance targets for the Applicable Period determined by the Board of Directors. The maximum value of 200% shall be used to calculate the upper limit.
5. Share Price at Time of Delivery: The closing price of the Company's shares on the Tokyo Stock Exchange on the business day immediately preceding the date of the resolution of the Board of Directors of the Company concerning the issuance or disposal of the Company's shares to be conducted after the end of the Applicable Period (if no transaction is executed on that day, the closing price on the immediately preceding trading day).

6. If a stock split, gratis allotment of shares, reverse stock split, etc. of the Company's shares is conducted during the Applicable Period, or after the end of the Applicable Period but prior to the delivery and payment of the Company's shares and cash, adjustments shall be made to the number of units and shares, as well as their upper limits, using a reasonable method according to the split ratio, allotment ratio, reverse split ratio, etc.
7. The upper limit of the amount of remuneration, etc. related to the shares to be delivered to the Eligible Director shall be the amount obtained by multiplying the upper limit of the number of shares to be delivered, which is 85,000 shares, by the share price at the time of delivery, although no payment of cash, etc. is required since the shares are delivered without contribution.

## 2. RSU

Applicable Period	Five fiscal years from April 1, 2026, to March 31, 2031
Units	"Initial Units" granted to the Eligible Director promptly following the close of the General Meeting of Shareholders "Final Units" determined on the condition of continuous service during the Applicable Period
Number of Initial Units	Maximum: 115,000 units Calculation method: Base Amount / Base Share Price
Number of Final Units	Maximum: 115,000 units Calculation method: Same as the Number of Initial Units
Number of Shares to be Delivered	Maximum: 57,500 shares Ratio to total number of issued shares: 0.07% (As of March 31, 2026, after deducting treasury stock) Calculation method: Number of Final Units × 50%
Amount of Cash to be Provided	Maximum: 57,500 × Share price at time of delivery Calculation method: Number of Final Units × 50% × Share price at time of delivery

### (Notes)

1. If any fraction less than one results from each calculation, it shall be rounded down.
2. Base Amount: A specific amount shall be determined by the Board of Directors of the Company.
3. Base Share Price: The average of the closing prices of the Company's shares on the Tokyo Stock Exchange in June 2026.
4. Share Price at Time of Delivery: The closing price of the Company's shares on the Tokyo Stock Exchange on the business day immediately preceding the date of the resolution of the Board of Directors of the Company concerning the issuance or disposal of the Company's shares to be conducted after the end of the Applicable Period (if no transaction is executed on that day, the closing price on the immediately preceding trading day).
5. If a stock split, gratis allotment of shares, reverse stock split, etc. of the Company's shares is conducted during the Applicable Period, or after the end of the Applicable Period but prior to the delivery and payment of the Company's shares and cash, adjustments shall be made to the number of units and shares, as well as their upper limits, using a reasonable method according to the split ratio, allotment ratio, reverse split ratio, etc.
6. The upper limit of the amount of remuneration, etc. related to the shares to be delivered to

the Eligible Director shall be the amount obtained by multiplying the upper limit of the number of shares to be delivered, which is 57,500 shares, by the share price at the time of delivery, although no payment of cash, etc. is required since the shares are delivered without contribution.

#### 4. Malus and Clawback Provisions

In the event that a material revision of financial statements, etc. occurs ex post facto due to accounting errors, etc., or in the event of material fraud, violation of laws and regulations, etc. by the Eligible Director, the Company may, by resolution of the Board of Directors after deliberation by the Nomination and Remuneration Advisory Committee, require the Eligible Director to forfeit (Malus) the rights under the Plan or to return (Clawback) an amount equivalent to the shares delivered and the cash provided.

#### 5. Other Matters

If the Eligible Director retires due to death during the Applicable Period, or if an organizational restructuring, etc. in which the Company becomes a disappearing company is approved, the number of each unit shall be reasonably adjusted taking into consideration the period from the start date of the Applicable Period to the date of such retirement or the date of approval of the organizational restructuring, etc. In this case, the Company shall provide the Eligible Director with cash in an amount obtained by multiplying the adjusted number of units by the closing price of the Company's shares on the Tokyo Stock Exchange on the date of such retirement or the date of approval of the organizational restructuring, etc. (if no transaction is executed on that day, the closing price on the immediately preceding trading day), and shall not deliver the Company's shares.

Other matters regarding the Plan shall be determined by the Board of Directors.

[Attachment 1]

Policy for Determining the Content of Individual Remuneration, etc. for Directors (excluding Directors who are Audit and Supervisory Committee Members)

1. Policy for Determining the Content of Remuneration, etc. for Representative Director

(1) Basic Policy

- i. The Company's Directors (excluding Outside Directors and Directors who are Audit and Supervisory Committee Members) consist of one Representative Director, and the basic policy is that the remuneration functions as an incentive to realize the corporate philosophy of "Continuing to grow as an enduring corporate group and continuing to contribute to society" and to promote the long-term continuous improvement of corporate value.
- ii. The Company places importance on executing strategies over a medium- to long-term time horizon and enhancing corporate value, rather than focusing solely on short-term results, and the remuneration plan for the Representative Director shall embody this concept and be designed to fulfill accountability to shareholders, investors, and other stakeholders.
- iii. In order for the Representative Director to have ownership over a long-term time horizon and engage in management as an active agent of value creation, the Company aims for a remuneration structure that promotes the holding of the Company's shares and aligns interests with those of shareholders.

(2) Remuneration Level

Based on the current situation of the Company and its targeted corporate scale and business phase, the remuneration level is set at a level that enables the Company to fulfill its accountability to shareholders, investors, and other stakeholders while securing the competitiveness necessary to attract and retain excellent human resources, benchmarking listed companies of a similar scale and business phase.

(3) Remuneration Composition

It consists of (i) Basic Remuneration, (ii) Short-Term Incentive (STI) Annual Bonus, and (iii) Long-Term Incentive (LTI) Post-Delivery Share-Based Remuneration (PSU and RSU). The approximate breakdown when performance targets are achieved at the standard level is as follows: Basic Remuneration : STI : LTI = 48% : 16% : 36% (of which PSU 16%, RSU 20%) Note that regarding (ii) Annual Bonus and PSU under (iii) Post-Delivery Share-Based Remuneration (LTI), the actual payment amount fluctuates depending on the achievement status of performance targets, so the final ratio may differ from the above.

(4) Basic Remuneration

Basic remuneration shall be a fixed amount of cash remuneration and is determined by

comprehensively considering responsibilities, the difficulty of business execution, and the remuneration levels of listed companies of similar scale. Basic remuneration is paid monthly.

(5) Annual Bonus (STI)

This shall be cash remuneration linked to the business performance of each fiscal year. An amount calculated by multiplying a predetermined base amount by a payment coefficient (lower limit 0%, upper limit 150%) corresponding to the achievement rate of predetermined Key Performance Indicators (KPIs) will be paid at a certain time after the end of the relevant fiscal year. The standard amount, specific details of KPIs, performance target values, and the composition ratio of each indicator shall be determined by the Board of Directors.

(6) Post-Delivery Share-Based Remuneration (LTI: PSU and RSU)

As non-cash remuneration, etc., the following two types of post-delivery share-based remuneration (LTI) will be provided. The purpose of both is to align interests with shareholders and provide incentives for medium- to long-term enhancement of corporate value.

i. Performance-Linked Share-Based Remuneration (PSU)

As an incentive to promote the achievement of medium-term performance targets, Performance Share Units (PSUs) linked to performance achievement conditions will be granted. The Key Performance Indicators (KPIs), upper and lower limits of the performance-linked coefficient, and the Applicable Period shall be determined by the Board of Directors within the scope approved at the General Meeting of Shareholders. After it is confirmed that the performance achievement conditions are met, 50% of the PSUs will be delivered as shares, and 50% will be provided as cash.

ii. Non-Performance-Linked Share-Based Remuneration (RSU)

For the purpose of promoting the holding of the Company's shares and providing an incentive for long-term service, Restricted Stock Units (RSUs) with service conditions will be granted. The number of shares to be granted, conditions for vesting (service conditions, etc.), and timing of the grant shall be determined by the Board of Directors within the scope approved at the General Meeting of Shareholders. After it is confirmed that the service conditions, etc. are met, 50% of the RSUs will be delivered as shares, and 50% will be provided as cash.

(7) Malus and Clawback Provisions

In the event that a material revision of financial statements, etc. occurs ex post facto due to accounting errors, etc., or in the event of material fraud, violation of laws and regulations, etc. by the Representative Director, the Company may, by resolution of the Board of Directors after deliberation by the Nomination and Remuneration Advisory Committee, require the Representative Director to forfeit (Malus) all or part of the rights to incentive remuneration, such as the annual bonus (STI) and post-delivery share-based remuneration

(LTI: PSU and RSU), prior to its payment or delivery, or to return (Clawback) all or part of the incentive remuneration that has already been paid or delivered.

(8) Determination Process

The content of remuneration, etc. for the Representative Director shall be determined by the Board of Directors, with maximum respect given to the report following deliberation by the Nomination and Remuneration Advisory Committee, a majority of whose members are independent Outside Directors. The specific amount of individual remuneration, however, shall be determined by the Nomination and Remuneration Advisory Committee under authority delegated by the Board of Directors to the Chairperson and members of the Committee. The Board of Directors shall receive reports on the progress and results of consideration from the said Committee in accordance with the Rules of the Nomination and Remuneration Advisory Committee.

(9) Other Important Matters

In order to align the interests of the management team with those of shareholders and to promote management aimed at long-term enhancement of corporate value, the Company shall require the Representative Director to personally purchase the Company's shares on the open market.

2. Policy for Determining the Content of Individual Remuneration, etc. for Outside Directors (excluding Directors who are Audit and Supervisory Committee Members)

(1) Remuneration Level

Based on the current situation of the Company and its targeted corporate scale and business phase, the remuneration level is set at a level that enables the Company to fulfill its accountability to shareholders, investors, and other stakeholders while securing the competitiveness necessary to attract and retain excellent human resources, benchmarking listed companies of a similar scale and business phase.

(2) Remuneration Composition

Consists only of basic remuneration.

(3) Basic Remuneration

Basic remuneration shall be a fixed amount of cash remuneration and is determined by comprehensively considering the remuneration levels of listed companies of similar scale according to position, responsibilities, etc. Basic remuneration is paid monthly.

(4) Determination Process

The content of individual remuneration, etc. shall be determined by the Board of Directors, with maximum respect given to the report following deliberation by the

Nomination and Remuneration Advisory Committee, a majority of whose members are independent Outside Directors. The specific amount of individual remuneration, however, shall be determined by the Nomination and Remuneration Advisory Committee under authority delegated by the Board of Directors to the Chairperson and members of the Committee. The Board of Directors shall receive reports on the progress and results of consideration from the said Committee in accordance with the Rules of the Nomination and Remuneration Advisory Committee.