



September 20, 2023

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, 2022 to March 31, 2023
- Evaluator: All Directors (5 people, 3 of whom are Independent Outside 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 operates appropriately as a whole.

Additionally, the following opinions were raised as main points to consider in order to further improve the effectiveness of the Board of Directors.

- In light of the fact that “The Basic Policy on Gender Equality and Empowerment of Women” includes a target of raising the ratio of female executives to 30% or more by 2030 at

companies listed on the Prime Market, it is necessary to consider increasing diversity in terms of gender in the long run.

- The Board of Directors has no problems in discussing matters to be resolved and monitoring the legality and appropriateness of the Company's management. On the other hand, we would like to take a more in-depth look at what information should be grasped and discussed at the Board of Directors meetings in order to increase corporate value over the long term.
- Including Outside Directors, we should continue to actively engage in dialogue with shareholders and investors and share their views regularly at the Board of Directors.

3. Outlook

Based on the results of this evaluation, the Company will continue to work 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 long-term increase in corporate value.