



A Better SMS

June 2026

2175 JP

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To our fellow shareholders

SMS's management challenges

- Oasis believes that SMS has significant potential to transform itself from a mere career agency into a **leading technology company in the healthcare sector**
- Oasis has consistently provided detailed, research-based recommendations and advice to **help enhance SMS's corporate value and realize its transformation**

Oasis's view on SMS's position

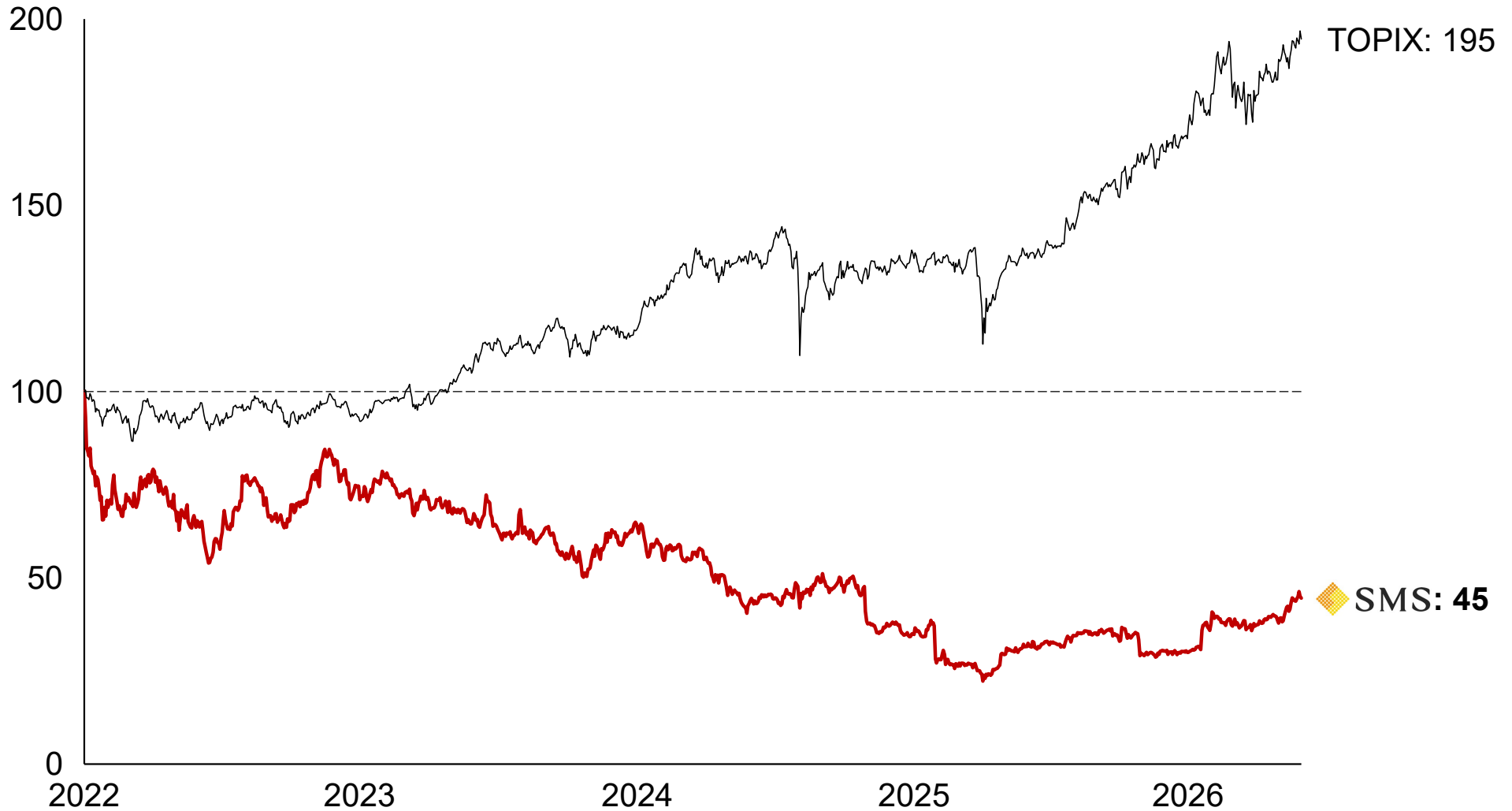
- SMS's recently published "Summary of Our Views on A Better SMS" strongly reflects a **preference for maintaining the status quo and a posture of justifying its own initiatives**
- Despite recording a **massive impairment loss of JPY 22.9 billion**, SMS has **postponed decisive actions**, including exiting problem businesses, and has limited its explanation to stating that it will consider alternatives in the future
- With respect to the Growth Roadmap, whose assumptions and feasibility have been questioned by shareholders and market participants, **SMS has not sufficiently demonstrated its validity**, yet has committed to making **substantial upfront investments** to achieve that roadmap

Vote **AGAINST** Mr. Takahata and Ms. Takagi

- **SMS's corporate value has deteriorated significantly** in recent years, and it is an undeniable fact that MIMS, where **President Takahata served as CEO, was the primary source of the JPY 22.9 billion impairment loss**
- As for Ms. Takagi, since joining the Board as an Outside Director in 2022, **she has failed to prevent or address this destruction of corporate value** and therefore cannot avoid accountability as a director
- Supporting the re-election of these two directors would amount to endorsing the management decisions that led to SMS's underperformance and risks future corporate value. We therefore urge shareholders to **vote AGAINST the re-election of President Takahata and Ms. Takagi** in order to drive meaningful change at SMS and restore corporate value

SMS's stock price has significantly underperformed

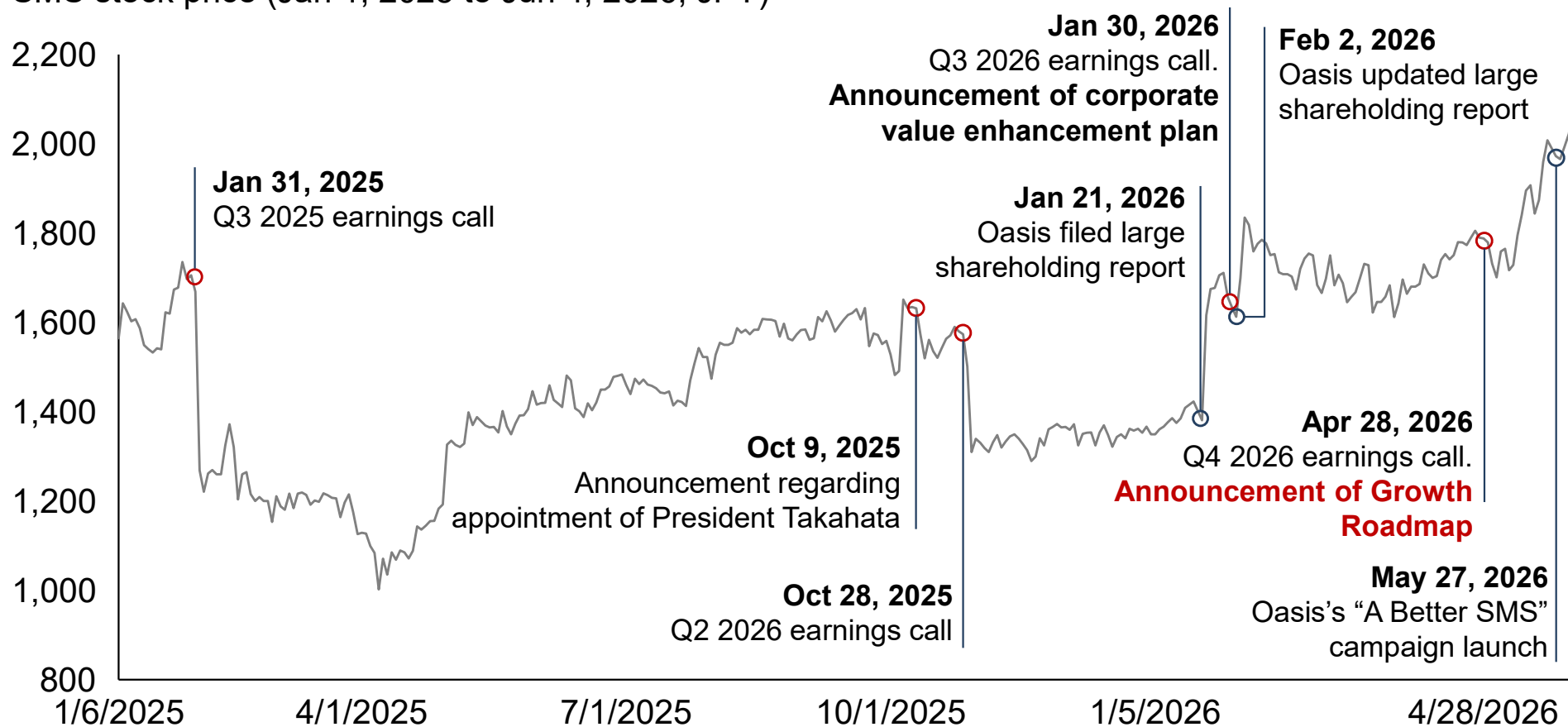
Indexed stock price (Jan 4, 2022 to Jun 4, 2026, indexed to 100 as of Jan 2022)



Source: Bloomberg

The stock price increase since 2026 has been driven by Oasis

SMS stock price (Jan 1, 2025 to Jun 4, 2026, JPY)



Shareholders no longer expect management to be capable of delivering a fundamental improvement in corporate value

Source: Company IR; Bloomberg

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Oasis's view of SMS's response

1 Growth Roadmap

SMS's position

- Disclosed the roadmap on April 28 after obtaining Oasis's understanding
- Prepared roadmap based on past performance and claims targets are achievable
- Business portfolio review underway, already exited multiple businesses

Oasis's view

- Repeatedly urged not to hastily prepare and publish a Growth Roadmap. Following management insistence, Oasis reluctantly accepted publication
- Serious concerns regarding the roadmap's formulation process and feasibility
- Portfolio review is insufficient, double-down strategy continues

2 Management structure

- President Takahata has the qualities required of a representative director and experience managing a complex business group as CEO of MIMS
- Already has people performing CTO and CRO functions, and that general-manager-level personnel effectively perform C-Suite-equivalent duties

- President Takahata led MIMS, whose performance deteriorated significantly and resulted in a large impairment loss. He has no experience in SMS's domestic market
- His lack of experience became apparent in the formulation and announcement of the Roadmap
- Given the recent underperformance, the general-manager-level personnel said to perform C-Suite roles lack sufficient capability

3 Engagement to date

- Held 20 meetings with Oasis, also arranged meetings with all director candidates
- Repeatedly discussed management issues and the direction SMS should pursue

- Appreciates SMS's active dialogue to date. Oasis provided recommendations to enhance corporate value but important suggestions were ignored
- Portfolio transformation, strengthening SaaS and DR, and reinforcement of management structure became priorities through Oasis's engagement

Source: Company IR

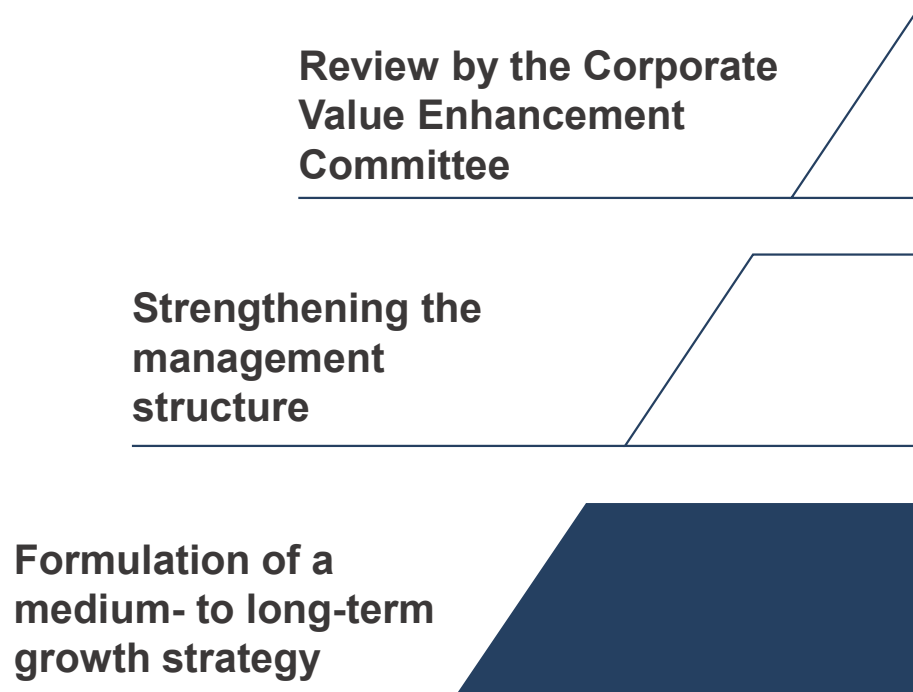
1 Timeline leading to the announcement of the roadmap

1	Mar 5, 2026 Oasis sent a letter to the Board requesting that the announcement of the roadmap be postponed
2	Mar 30, 2026 Oasis sent a letter to President Takahata again requesting postponement of the roadmap announcement
3	Apr 6, 2026 Meeting between Pres. Takahata and Oasis. Given his strong intention to announce, Oasis shifted to a position of assessing the disclosed contents
4	Apr 14, 2026 Oasis notified SMS that it will not submit a shareholder proposal for the June AGM because a shareholder proposal would require review of the roadmap
5	Apr 28, 2026 SMS announced the Growth Roadmap

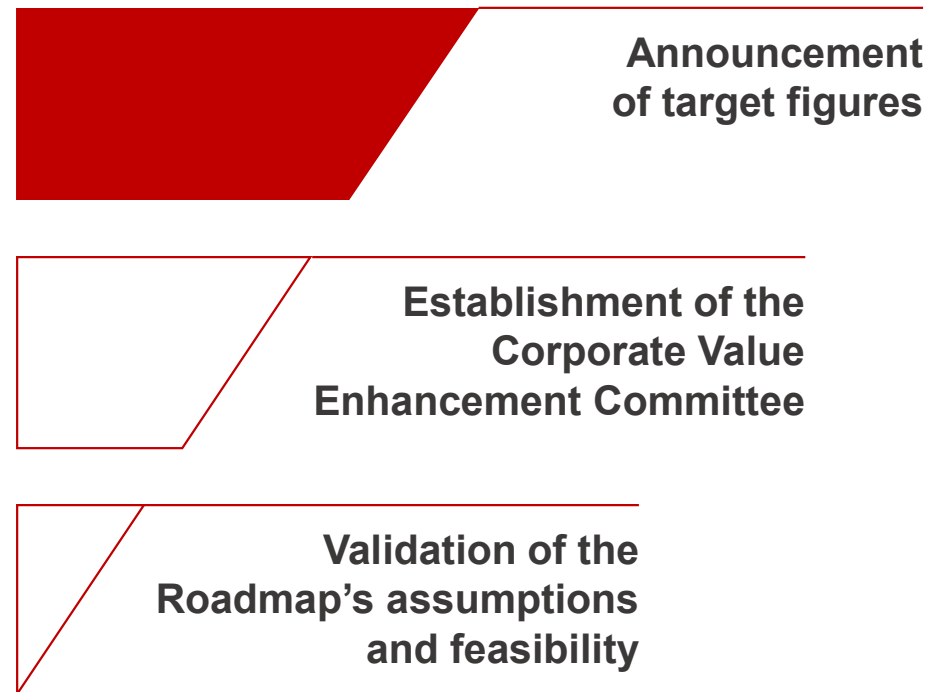
Source: Company IR

1 Oasis is concerned about a top-down process that defers validation of the roadmap's assumptions and feasibility

Oasis's proposed approach



SMS's announced approach



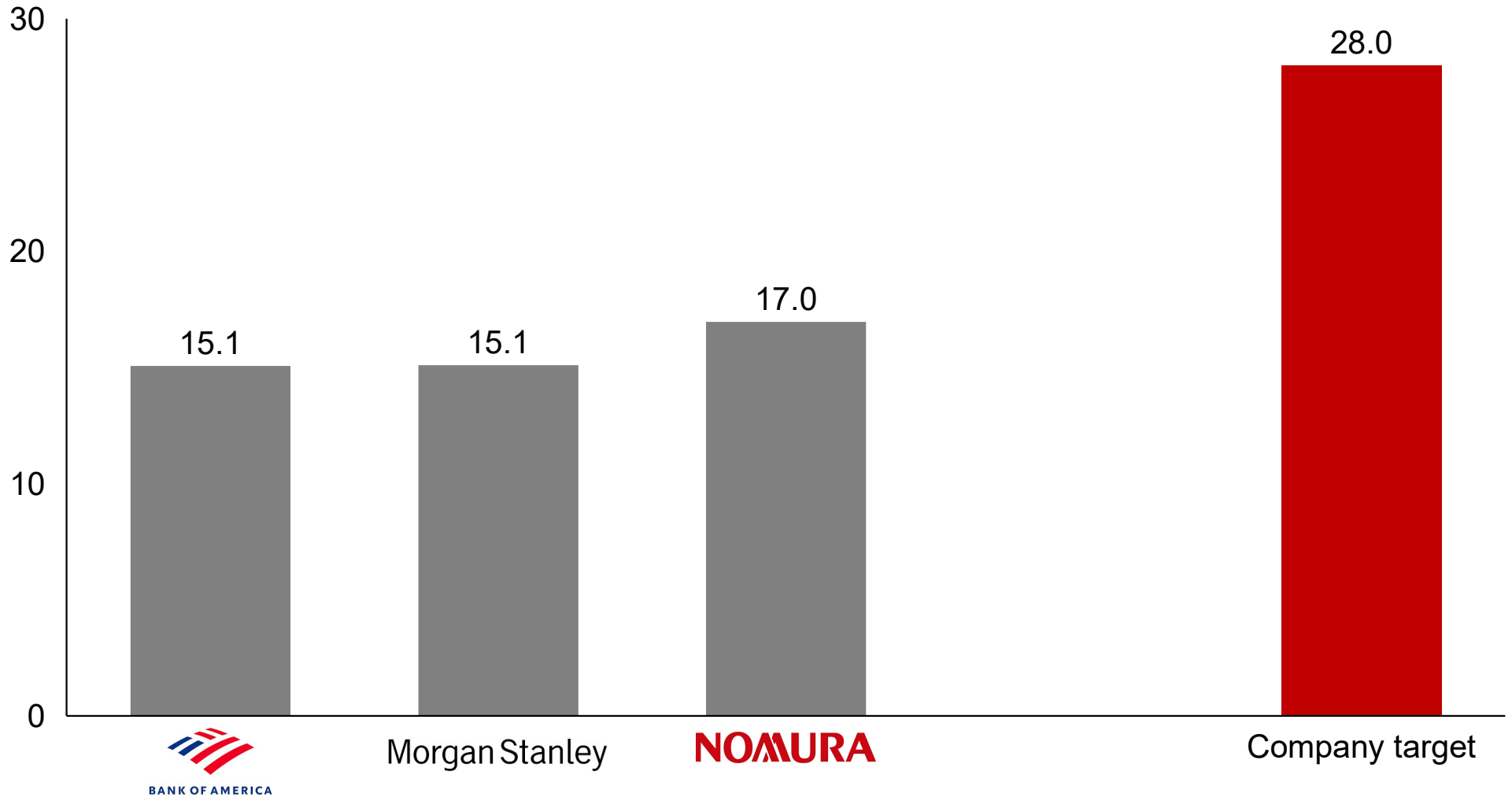
“At the time we formulated the Roadmap, we had not engaged an external advisor to validate the underlying assumptions and quantitative targets. Going forward, through the Corporate Value Enhancement Committee, we intend to utilize external expertise to further review and assess the assumptions and overall validity of the plan.”

SMS IR (May 14, 2026)

Note: From “A Better SMS” presentation in May 2026
Source: Company IR; IR meeting

1 The skepticism towards the roadmap is widely shared by the market participants

EBITDA Forecast (2031, JPY Billion)



Note: From "A Better SMS" presentation in May 2026
Source: Company IR; Analyst reports

1 Two securities firms immediately lowered their ratings

NOMURA

CLSA

Buy

Outperform



Neutral

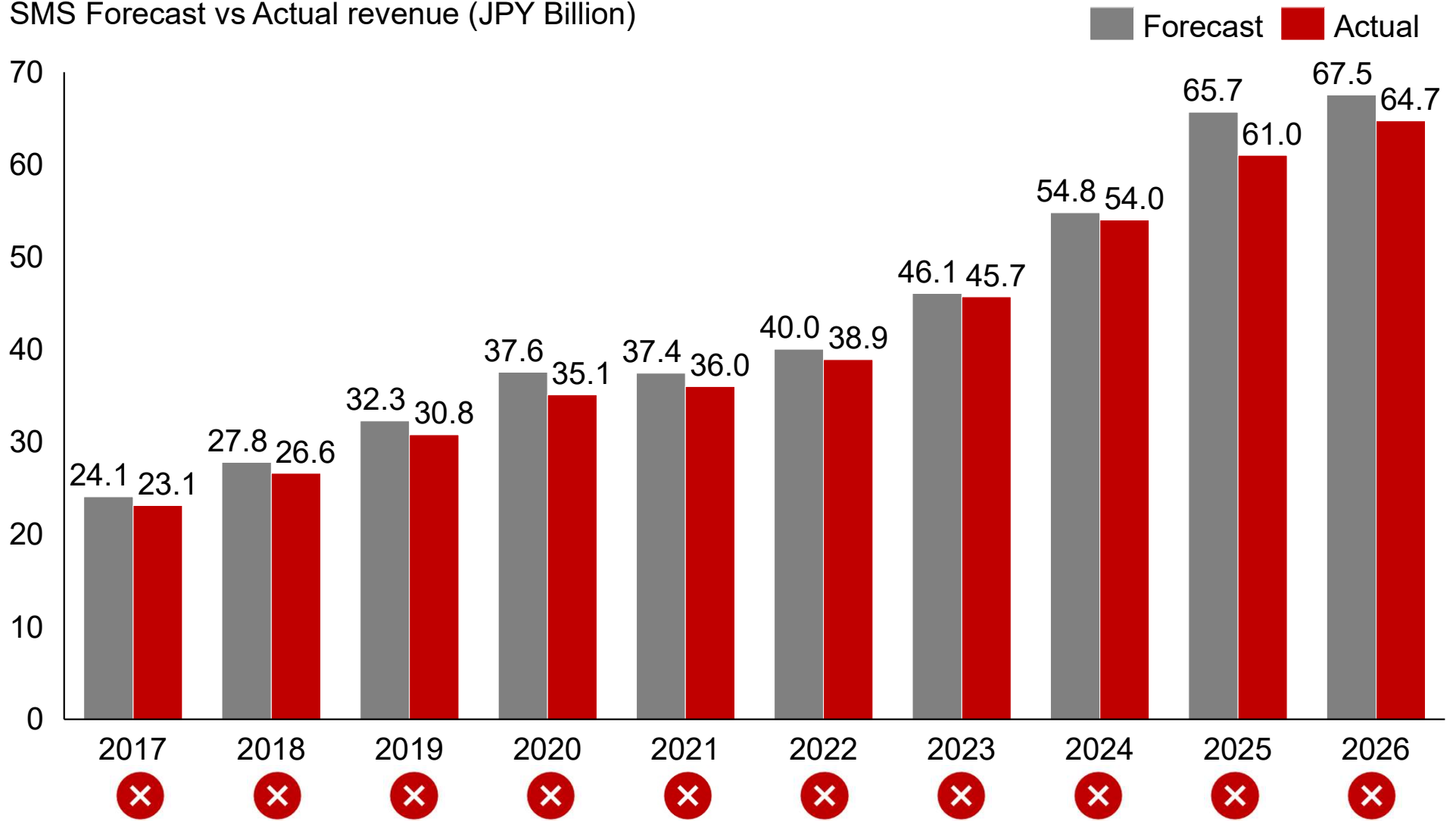
Hold

The downgrades are clear evidence that market participants question the credibility of the Roadmap

Note: From "A Better SMS" presentation in May 2026
Source: Analyst reports

1 SMS has consistently failed to achieve even its one-year guidance

SMS Forecast vs Actual revenue (JPY Billion)



Note: Forecast shows as of the end of previous fiscal year; From "A Better SMS" presentation in May 2026
Source: Company IR; Bloomberg

1 SMS's distortion of Oasis's position #1: SMS claims Oasis denied having agreed to the roadmap disclosure

Company explanation

Key Discussion Points in Dialogue with Oasis (3/3)				
• SMS recognized that Oasis had expressed understanding, in our meetings, of SMS's plan to disclose the Roadmap on April 28. However, the Oasis Presentation shows a critical view of that disclosure.				
	Roadmap		Board Composition	
	Oasis's Claim	SMS's Claim	Oasis's Claim	SMS's Claim
Apr 14, 2026: Oasis Email	<ul style="list-style-type: none"> Oasis has decided not to submit a shareholder proposal at the AGM in June. Instead, Oasis will carefully review the content of the Roadmap scheduled for release on April 28 and exercise its voting rights at the AGM based on that content. Oasis will review the content of the Roadmap and determine its course of action accordingly. 		<ul style="list-style-type: none"> Oasis has decided not to submit a shareholder proposal at the AGM in June. Instead, Oasis will carefully review the content of the Roadmap scheduled for release on April 28 and exercise its voting rights at the AGM based on that content. Oasis will review the content of the Roadmap and determine its course of action accordingly. 	
May 1, 2026: Meeting	<ul style="list-style-type: none"> Oasis raised questions regarding the initiatives and figures in the Roadmap disclosed on April 28. Oasis continued to ask questions about the Roadmap's initiatives and figures. Citing the decline in SMS's share price following the Roadmap disclosure and analyst downgrades, Oasis sharply criticized the content of the Roadmap and the process by which it was developed. 	<ul style="list-style-type: none"> SMS conveyed its understanding that, through repeated dialogue with Oasis, an agreement had been reached to disclose the Roadmap on April 28. 	<ul style="list-style-type: none"> While still under consideration, Oasis indicated its intention to oppose the election of multiple director candidates. 	<div style="border: 1px dashed black; padding: 5px;"> SMS continued to arrange meetings between Oasis and SMS's director candidates. </div>
May 8, 2026: Meeting			<ul style="list-style-type: none"> Oasis stated that CEO Takahata is not the right person for the role and that it intends to oppose his reappointment. 	
May 14, 2026: Meeting	<ul style="list-style-type: none"> Oasis denied having agreed to the April 28 Roadmap disclosure. Oasis continued to strongly criticize the content of the Roadmap. 			

Commentary

- SMS claimed that, at the May 14 meeting, Oasis denied that it had agreed to the disclosure of the roadmap
- At the same meeting, Oasis explained that it had expected the announcement to reflect: (1) Oasis's proposals regarding corporate value enhancement; and (2) the strong focus on the share price that had been included in the Jan outline of the Roadmap
- In the letter Oasis sent to SMS on the same date, Oasis made clear that it had opposed publication, but there was no statement whatsoever that Oasis had "denied agreement."

Source: Company IR

1 SMS's distortion of Oasis's position #1: Oasis expressed concerns over the disclosed CONTENTS



We sent two letters stating that the roadmap should not be published, and we also communicated this in meetings. However, in the end, we expected President Takahata's commitment to focus on the share price and the contents of our prior engagement to be reflected. **The disclosed contents were disappointing.** That has led to the share price reaction and downgrades.

We published the roadmap because we thought it was better to do so, but **we recognize that Oasis believes it should not have been published.** [...] Ultimately, this returns to the point that the roadmap should not have been published at this time.



It would have been **sufficient to indicate only the broad direction:** commit to exiting overseas businesses, fundamentally review the business development area, and reallocate those resources to Kaipoke and direct recruiting. [...] We believe **there are problems with what was published,** and if the content I just described had been disclosed, this issue would not have arisen.

**The Company's claim that Oasis denied agreeing to the disclosure
is a deliberate distortion of Oasis's position**

Note: Oasis translation
Source: May 14, 2026 meeting between Oasis and SMS

1 SMS's distortion of Oasis's position #2: SMS claims Oasis requested an earlier announcement of the roadmap

Company explanation

Dialogue with Oasis Leading Up to the Roadmap Disclosure

- Through ongoing dialogue with Oasis, Oasis itself accepted the appropriateness of disclosing the Roadmap on April 28.
- In its April 14 communication, Oasis stated its intention to exercise its voting rights based on the disclosed Roadmap — there is therefore no basis for the claim that SMS proceeded to publish the Roadmap without heeding Oasis's recommendations.

▪ Takahata and Oasis met on April 6 to discuss the timing of the Roadmap disclosure.

- Oasis indicated that disclosing the Roadmap on April 28 would be appropriate.

“

(Oasis)

Is it possible to publish the Roadmap any earlier?

(Takahata)

As work remains to compile the materials in a clear and accessible format, the earliest possible date would be April 28.

(Oasis)

Understood. Since we are not in a position to evaluate the contents of the Roadmap in advance, we believe releasing the Roadmap on April 28 would be appropriate.

(Apr 6, 2026 — Meeting) ”

▪ On Apr 14, the following email was received from Oasis:

- At the June Annual General Meeting (AGM), Oasis has decided not to submit a shareholder proposal
- Oasis will review the Roadmap to be announced on April 28 and exercise its voting rights accordingly

“

Based on the series of discussions to date, Oasis has decided not to submit a shareholder proposal at the Annual General Meeting scheduled for June.

Instead, Oasis will carefully review the content of the Roadmap scheduled for release on April 28 and exercise its voting rights at the AGM based on that content.

We expect that our engagement to date will be meaningfully reflected in the Roadmap.

While we have communicated our intention not to submit a shareholder proposal at the June AGM, our view that SMS lacks the necessary internal and external resources to drive transformation remains unchanged. We will review the content of the Roadmap and determine our course of action accordingly.

(Apr 14, 2026 — Email from Oasis) ”

Commentary

- In our Mar 30 letter, Oasis informed that it was considering submitting shareholder proposals at the Jun AGM
- Because proposals must be submitted at least 8 weeks before the AGM, a roadmap announced on Apr 28 would leave insufficient time for Oasis to review its contents and decide whether to submit proposals
- Oasis therefore asked whether an earlier announcement would be possible, and subsequently informed SMS on Apr 14 that it would evaluate the roadmap and make its voting decision accordingly

The claim that Oasis requested earlier disclosure without context is a deliberate distortion of the facts

Source: Company IR

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2 President Takahata is unfit to serve the position

Company explanation

Rationale for Appointing Takahata and Key Initiatives

- Takahata, who assumed the role of Representative Director and CEO in January 2026, has experience managing a complex business group.
- He has deepened his understanding of the Company's business structure and capital markets, and is executing management measures, including the formulation of the Roadmap, with speed.

CEO Qualifications

- Takahata served as CEO of MIMS (the Company's overseas operations) from 2021 to 2025, managing a complex business group spanning 17 countries and regions, operating five businesses, and comprising over 30 subsidiaries.
- The role of CEO at SMS requires the ability to optimize the business portfolio while driving corporate value. Takahata's expertise in managing complex organizations with balance is deemed essential to our growth.
 - Objective approach to overseas business continuation decisions, despite having personally led all overseas operations.
 - It would be difficult to recruit externally a CEO who deeply understands our current complex business structure and can engage in candid, rigorous discussions with the heads of each business.

Post-Appointment Initiatives

Management and business execution

- Since July 2025, following his appointment as Director, Takahata has collaborated with Corporate Planning and business division heads on the deliberation and review of the Roadmap. Through internal information gathering and dialogue with shareholders and investors, he deepened his understanding of our complex business structure and capital markets, culminating in the April 28 disclosure of the overall strategic direction.
- He has also been implementing the following management measures (including measures in the Roadmap) with speed:
 - Establishing the business portfolio strategy and processes for business evaluation and continuation decisions (multiple businesses have already been exited.*) with further exits under consideration)
 - Strategy formulation and execution of necessary investments aimed at leveraging technology and data
 - Building a framework for M&A evaluation and promotion
 - Promoting proactive disclosure, including the commencement of segment-based disclosure from FY03/27

Governance

- Through Board deliberations including Takahata, it was decided to revamp the Board composition and strengthen governance through the establishment of the CVIC.
 - Regarding Board composition, four new outside director candidates with skills essential for enhancing corporate value have been appropriately selected through consultation with and recommendation by the Nomination and Remuneration Advisory Committee.

1. For businesses where the decision to exit has already been made, please refer to Q7 in the accompanying "Frequently Asked Questions on the Corporate Value Creation Roadmap."

Commentary

- SMS emphasizes Mr. Takahata's experience managing a complex business group as CEO of MIMS
- It does not mention that, **during President Takahata's tenure, MIMS became a cause of the JPY 22.9 billion impairment loss** recorded
- The performance of MIMS during the period in which President Takahata served as CEO has not been disclosed, and there is **no publicly available quantitative achievement**
- Mr. Takahata has no experience in SMS's domestic business which is the majority of profit
- Released an unrealistic growth roadmap which only provides **qualitative explanations** and does not disclose the scale of the businesses exited

Source: Company IR

2 SMS believes it has sufficient management resources

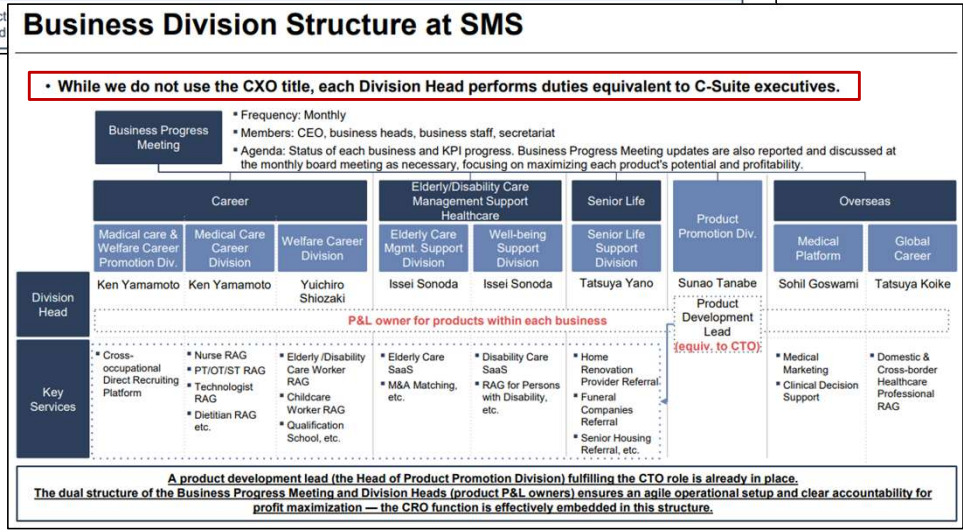
Company explanation

Oasis vs. SMS: Value Enhancement Measures	
Oasis's Proposed Value Enhancement Measures for SMS (From Oasis Presentation, p.98)	SMS's Value Enhancement Measures (From the Roadmap)
Portfolio Transformation <ul style="list-style-type: none"> Exit from the Overseas Business Significant restructuring of new businesses and establishment of exit criteria Reallocation of management resources to the SaaS and DR businesses 	<ul style="list-style-type: none"> Setting the business portfolio review as a key agenda item in the CVIC — including a decision on the Overseas Business regarding potential exit, with a conclusion by the end of FY03/27. Shifting investment focus toward AI products in career services and SaaS in the elderly care and disability care sectors
SaaS Business Enhancement <ul style="list-style-type: none"> Entry into the underpenetrated elderly care sector Accelerate growth through expansion into adjacent verticals Revise pricing strategy to improve ARPA 	<ul style="list-style-type: none"> Expanding TAM through platformization of Kaipoke and expansion into the disability care segment Repricing toward appropriate levels already under consideration, including timing Evolving Kaipoke Connect, integrating AI, and implementing value-linked pricing strategies driven by network effects
DR Business Strengthening <ul style="list-style-type: none"> Accelerate expansion of the DR through growth investment Hire engineers to improve the platform and expand service offerings Expand job category coverage and increase the number of job listings 	<ul style="list-style-type: none"> Pursuing a regional dominance strategy — concentrating management resources in select regions — to achieve steady market share expansion in the DR business Strengthening recruitment of engineers specialized in AI and data science, and reskilling existing development team members
Top Talent Recruitment <ul style="list-style-type: none"> Recruit CTO, CRO and CFO capable of driving corporate transformation CTO and CRO for the SaaS business to drive growth with Healthcare SaaS as SMS's core CFO to lead formulation of growth strategy and effective communication with the capital markets 	<ul style="list-style-type: none"> CFO scheduled to join in August, and will subsequently serve as the central driver of capital market dialogue Personnel who fulfill the role of driving Healthcare SaaS growth — a function referred to as CTO or CRO at other companies — are already in place internally, leading the advancement of the SaaS business and product development.

Orange text: Differences between Oasis's claims and SMS's position

Commentary

- Oasis pointed out the need not only to strengthen management talent but also to reinforce the leadership layer responsible for each business
- In response, SMS stated that each division head performs a role equivalent to a C-Suite executive and that the necessary talent already exists internally
- However, in light of recent earnings deterioration and slowing growth, SMS's explanation makes clear its posture of affirming and preserving the current management structure

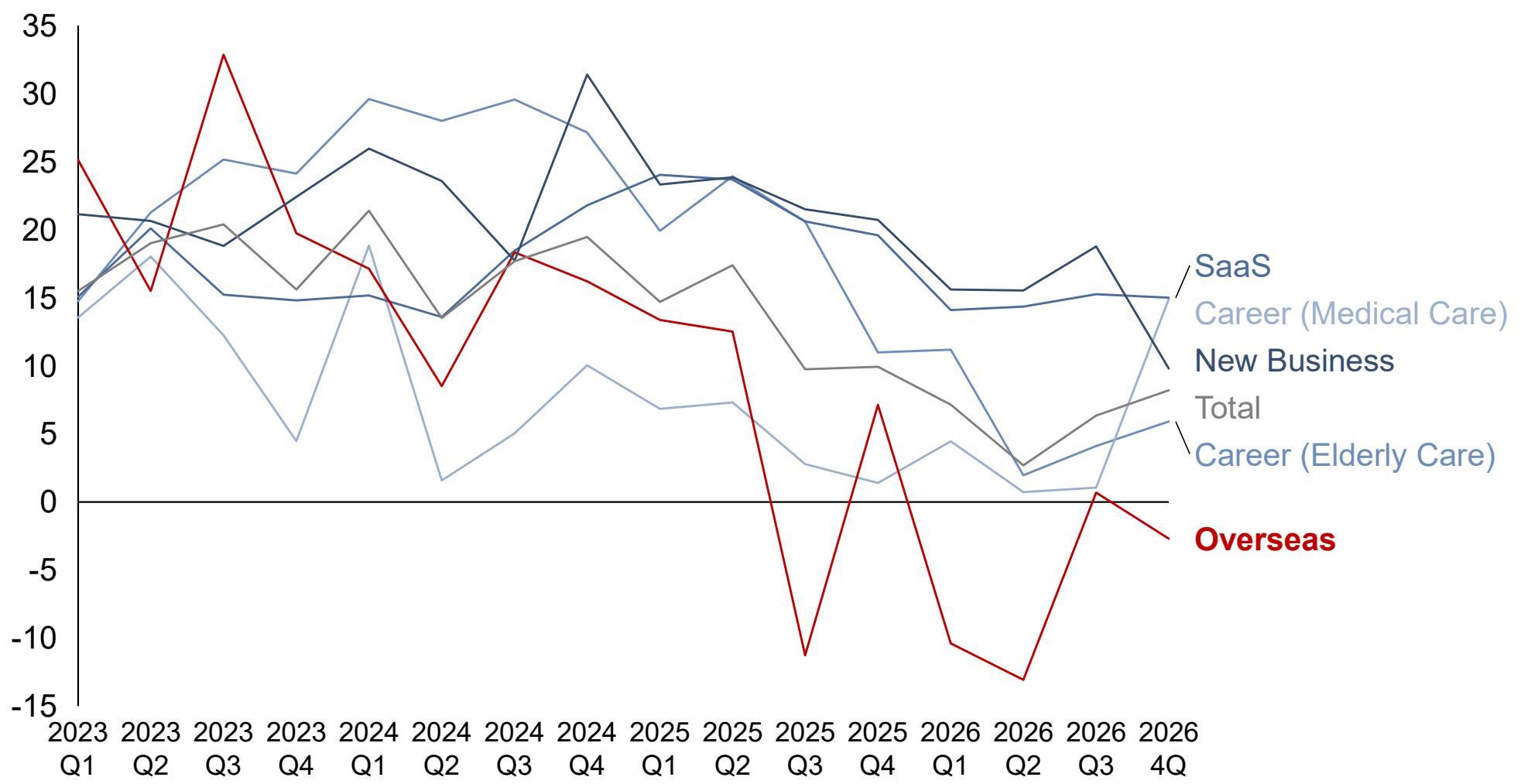


Source: Company IR



2 Growth has stagnated across businesses, raising questions about the capabilities of division heads

YoY revenue growth rate by segment (%)



Note: From "A Better SMS" presentation in May 2026
Source: Bloomberg

2 Employees and former employees also question SMS's management structure

*"The management team is fundamentally weak and **insufficient** in depth."*

Sales (April 20, 2024)

*"Due to the **lack of management resources**, individuals are holding multiple roles across departments, which hinders meaningful progress in discussions."*

Career Partner (May 11, 2024)

*"It would be **beneficial to appoint a CIO and CTO** and incorporate IT capabilities more explicitly into the management strategy"*

Inhouse Engineer (January 31, 2024)

*"There is a **clear shortage of management-layer** personnel"*

Sales, February 14, 2026

*"While the company once had a culture that embraced change, there is a perception that since around 2021, **management has shifted toward preserving the status quo.**"*

Sales (July 18, 2024)

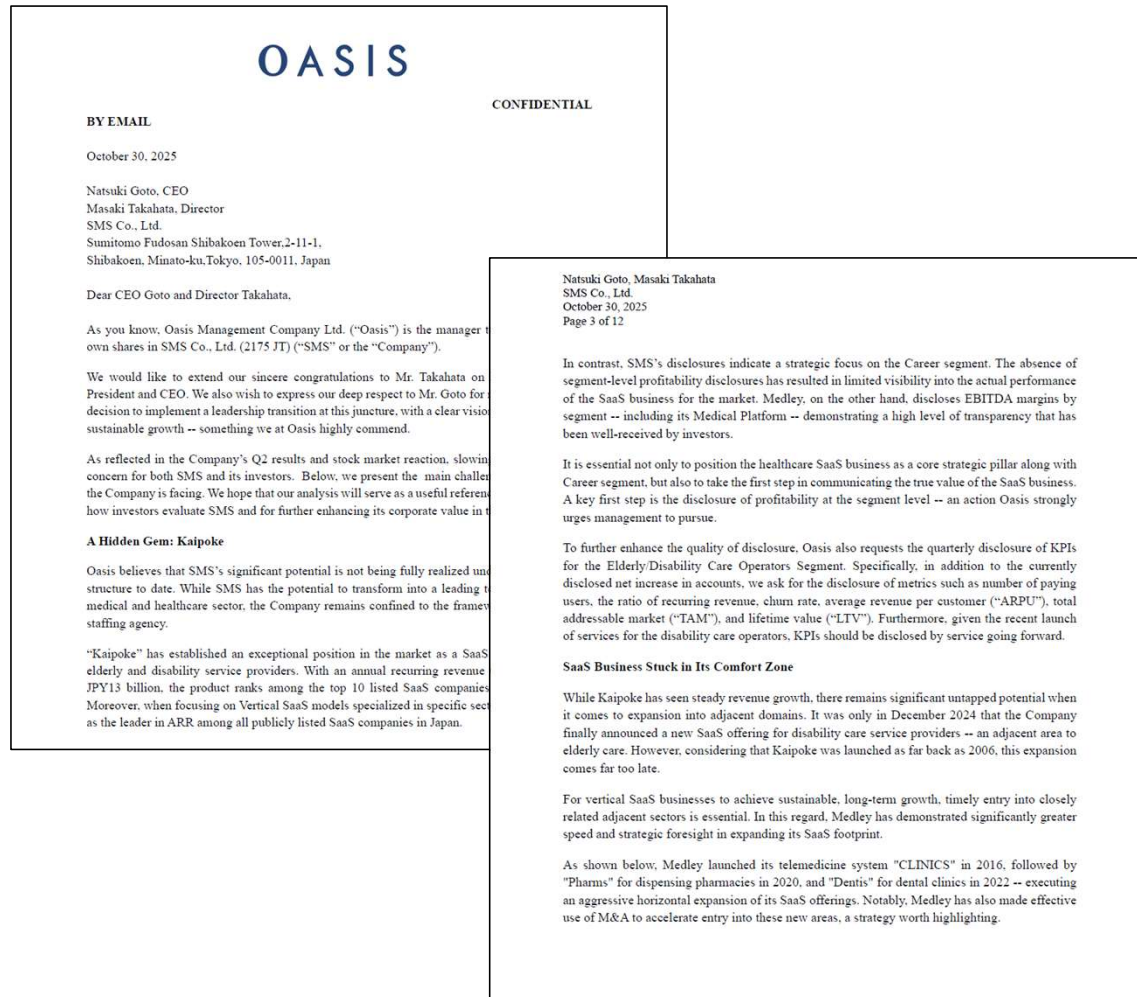
*"**Decision-making at the senior level is slow and limited to conservative initiatives**, making it difficult to have confidence in future growth."*

Sales (May 28, 2025)

Note: Oasis translation; From "A Better SMS" presentation in May 2026
Source: OpenWork

3 Oasis's engagement: Following Mr. Takahata's appointment, Oasis shared value enhancement measures

Oasis's letter (Oct 30, 2025)



Key points from letter

- Transform from a recruitment agency into a **medical and healthcare technology company**
- **Revise market communications** to support a re-rating of Kaipoke and **introduce AI functionality** to strengthen Kaipoke
- Make **active growth investments** in the software business to **expand TAM**
- **Exit Overseas** businesses that continue to generate losses
- Concentrate investment in and **strengthen DR**
- Enhance disclosure and introduce segment disclosure

Source: Oasis letter dated Oct 30, 2025

3 Oasis's engagement: Called on the Board for fundamental strategic transformation

Oasis's letter (Nov 27, 2025)



Key points from letter

- The depressed share price reflects **market concerns regarding management**, and fundamental management reform is necessary.
- [Responding to the Company's intention to continue Overseas businesses,] requested **withdrawal from Overseas operations and increased investment in domestic SaaS and DR**

Source: Oasis letter dated Nov 27, 2025

3 Oasis's engagement: Urged the Board for constructive dialogue with shareholders

Oasis's letter (Jan 23, 2026)

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BY EMAIL

January 23, 2026

Board of Directors
SMS Co., Ltd.
Sumitomo Fudosan Shibakoen Tower, 2-11-1
Shibakoen, Minato-ku, Tokyo
105-0011
Japan

Dear Directors,

As you know, Oasis Management Company Ltd. (own shares in SMS Co., Ltd. (2175 JT) ("SMS" or

Oasis, like many other shareholders, is deeply dis Company's performance and strategic direction. product, "Kaipoke," as well as a strong domestic C focus on its low-return Overseas businesses. As a invest to capture further growth opportunities in its d opportunities to enhance corporate value by its own

Oasis requested another opportunity to meet fo December 18 last year. We specifically sought a fo of the mid-term management policy announceeme providing feedback on the Company's strategy fro team declined our request, citing that meetings bet are, in principle, limited to once per year from a fai not in the spirit of engagement with shareholders, a

Despite the Company's significant undervaluation strategic direction, the Company decided to unifor and investors during the formulation of its mana management has no intention of incorporating sh demonstrates a dismissive attitude towards sharehol is very troubling. Moreover, this further underscore the Company's approach even after the change in it

Board of Directors
SMS Co., Ltd.
January 23, 2026
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		Medley: Job Medley	SMS: Welmee Job / Career
Monthly visits	Av. visitors for the selected time period	🔥 8.6M	1.0M
Monthly unique visits	Av. number of unique visitors (not deduplicated across devices)	🔥 3.3M	0.4M
Unique visitors	Av. number of times a unique visitor has visited the website	🔥 2.64	2.26
Deduplicated audience	Av. number of individuals visited a website across devices	🔥 2.7M	0.4M
Visit duration	Av. time spent on website	🔥 05:07	02:29
Pages per visit	Av. pages seen per visit	🔥 3.42	2.48
Bounce rate	Percentage of visitors that view only one page before leaving	🔥 53.68%	58.5%
Page views	Av. page views	🔥 29.5M	2.5M

Note: Performance for 3 months from Sep to Nov 2025
Source: Similar Web

In addition, we are concerned that the Company's limited efforts to apply AI within Kaipoke are not merely in need of improvement, but reflect a fundamental lack of urgency toward the rapidly evolving competitive landscape. While the Company's IR team characterizes challenges in the elderly care field as "issues that predate AI," competitor Kanamic has announced a transition from "Nursing SaaS" to "Nursing AI SaaS". Furthermore, eWell, which provides software for home-visit elderly care, has announced initiatives including the creation of home-visit care plans and reports using generative AI, as well as AI-driven visit scheduling and route planning.

Despite the fact that the Company's domestic businesses face numerous unresolved management challenges, the Company's continued fixation on its overseas operations risks depriving its domestic businesses of growth opportunities. This, in turn, will undermine SMS's competitiveness and ultimately accelerate the erosion of corporate value. Nevertheless, Mr. Takahata explained that he wishes to continue the Overseas business from a long-term perspective, citing expectations of a contraction in the domestic market after 2040.

Management's myopic focus on problems in the distant future has led to it sacrificing its business today. Given that material issues in the Company's domestic core businesses remain unresolved, justifying continued commitment to the Overseas business on the basis of long-term uncertainty

Source: Oasis letter dated Jan 23, 2026



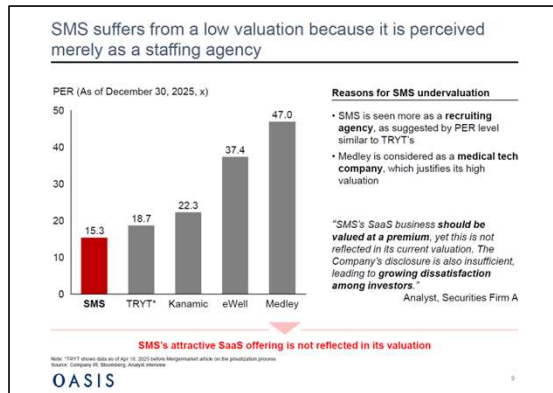
Key points from letter

- **Originally SMS rejected Oasis's meeting requests** on the basis that "meetings between institutional investors and management are held once a year"
- While SMS receiving an extremely low valuation from the stock market, the response sent the message that **management is unwilling to consider shareholders' perspectives**
- **SMS's fixation on Overseas businesses and underinvestment in growth areas have weakened its career franchise and limited Kaipoke's potential**
- For Overseas, SMS should present a concrete and realistic path to **achieving returns above its cost of capital**

3 Oasis's engagement: Provided corporate value enhancement measures to the Board

Oasis's presentation (Feb 26, 2026)

SMS: Poor Performing Gem
February 2026
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Key points from presentation

- SMS remains undervalued because the **attractiveness of Kaipoke is not reflected in its valuation**
- Conduct a thorough review of the business portfolio **based on the cost of capital**
- **Enter adjacent areas** in the SaaS business and **review pricing strategy**
- Increase **growth investment in DR** and expand job categories and the number of listed job openings
- **Strengthen the management structure** by hiring a CFO, CTO and CRO

However, despite acknowledging the valuation gap, management still lacks urgency to drive turnaround

Topic: Key Pillars of New Growth Roadmap

Commentary

- Management is merely "considering" segment-level disclosure, with no clear commitment to meaningfully enhance transparency
- While emphasizing "maximizing" ROE, the 20% target and the timeline to reach it remain overly conservative

*"1. Consider disclosing profits and KPIs by segment."
"2. Aim to achieve 20% [ROE] at the earliest possible time, by FY03/21"*

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Oasis's proposition to unlock full potential of SMS

- 1 Streamline business portfolio**
 - Review strategic direction of Overseas business
 - Streamline initiatives under New Business by developing clear exit criteria
 - Shift management resources to SaaS and Career sectors
- 2 Strengthen SaaS business**
 - Capture opportunities in under-exploited elderly care subsectors
 - Expand into adjacent sectors to drive business growth
 - Review pricing strategy and increase ARPA
- 3 Accelerate investment in Direct Recruiting**
 - Accelerate DR business expansion through growth investments
 - Hire engineers to improve the platform and expand service offerings
 - Broaden job category coverage and increase postings
- 4 Secure top talents**
 - Recruit talents who can help transform the Company, head of SaaS and CFO
 - SaaS head to execute strategy that positions the healthcare-related SaaS business at the core of SMS
 - CFO to craft such strategy with CEO and communicate to the market

OASIS

Source: Oasis presentation dated Feb 26, 2026

3 Oasis's engagement: Urged the Board to postpone announcement of the Growth Roadmap

Oasis's letter (Mar 5, 2026)



Key points from letter

- The plan to announce a Growth Roadmap in April is **premature and should be postponed**
- **Absence of a CFO is unnatural** given SMS has publicly stated that it is managing with an awareness of cost of capital and maximizing ROE
- SMS should **first establish a Corporate Value Enhancement Committee** to review its business portfolio, growth strategy, mgmt. structure and IR
- After the Committee completes these reviews, SMS should **strengthen its mgmt. structure** and then formulate a med- to long-term growth strategy

Source: Oasis letter dated Mar 5, 2026

3 Oasis's engagement: Urged President Takahata to postpone announcement of the Growth Roadmap

Oasis's letter (Mar 30, 2026)



Key points from letter

- Following our Mar 5 letter, Oasis met with President Takahata on Mar 26 and confirmed that **he remained committed to publishing the roadmap**
- President Takahata and the Board continue to demonstrate a lack of appreciation for the impact that SMS's strategic decisions have on shareholders
- There has been no meaningful progress in **strengthening the management team or revisiting Kaipoke's pricing strategy**, both of which Oasis has repeatedly identified as priorities
- To drive meaningful change, Oasis is considering **proposing director candidates** at the Jun AGM

Source: Oasis letter dated Mar 30, 2026

3 Oasis's engagement: Explained Oasis's assessment of the roadmap to President Takahata

Oasis's letter (May 14, 2026)



Key points from letter

- The announced roadmap **materially lacks underlying assumptions** and has **poor feasibility**
- Immediately after the announcement, the share price declined and **two securities firms downgraded SMS**
- In light of past management failures and impairment losses, the upfront investments required to realize the roadmap entail the risk of destroying corporate value

Source: Oasis letter dated May 14, 2026

SMS explained its view on Oasis's presentation material

Appendix C: Feasibility of the Roadmap

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Appendix D: SMS's Understanding and Facts in Response to the Oasis Presentation

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Source: Company IR

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Oasis's view on Appendix C and D

Oasis explanation

Overarching premise

- If SMS had, as it claims, a clear growth strategy, an optimal capital allocation framework, and effective communication with the market, we do not believe it would have suffered the significant destruction of shareholder value seen over the past several years
- While this presentation does not seek to rebut each of the Company's individual assertions, it addresses the key issues and arguments raised by Oasis

SMS's potential (P.39-40, 48-49, 51)

- Oasis's concern is that SMS has attractive businesses but has failed to break out of its comfort zone in its core businesses and has not realized its full potential
- SMS still has abundant growth opportunities in the domestic market, and by reviewing resource allocation, it is capable of accelerating growth and outperforming competitors

Growth Roadmap (P.44-46)

- The roadmap announced by SMS has raised questions regarding its assumptions and feasibility not only from Oasis, but also from many shareholders and market participants
- SMS should take these criticisms seriously and use them to objectively verify the roadmap's validity and improve market communications
- With respect to the share price, it declined immediately after the announcement, and the subsequent increase has no causal relationship with SMS's measures.

Disclosure (P.41, 47)

- SMS has long faced criticism for inadequate disclosure and ineffective communication with shareholders and the market
- Recent disclosure initiatives, including segment reporting, reflect sustained engagement by Oasis and other market participants; significant room for improvement remains

Source: Company IR

Quantitative rationale still unexplained despite claims of achievability

Company explanation

Feasibility of the Roadmap (1/5)		
<ul style="list-style-type: none"> The Oasis presentation claims that the Roadmap is fundamentally flawed and amounts to nothing more than 'an unrealistic pipe dream.' However, the Roadmap was developed through rigorous internal deliberation and sets targets that SMS believes are fully achievable. 		
Topic	Claims in the Oasis Presentation	Our Response (Roadmap assumptions, etc.)
Performance Targets (Oasis Presentation (same below) pp.50, 51, 57, 66)	<ul style="list-style-type: none"> The numerical targets in the Roadmap require revenue and EBITDA growth rates that exceed historical levels — an aggressive set of targets that lacks credibility. <ul style="list-style-type: none"> Only end-point figures for FY03/31 are provided for the Career and Elderly/Disability Care Management Support segments, with no underlying assumptions disclosed to support the numerical targets. 	<ul style="list-style-type: none"> The numerical targets in the Roadmap were developed through a bottom-up process in which each business head built up projections based on market conditions and key KPIs, with repeated deliberation by the Board of Directors; the targets are not without underlying assumptions. At the same time, SMS recognizes that further verification of the validity and feasibility of assumptions is needed, particularly in higher-uncertainty areas such as the Overseas and other business segments. <ul style="list-style-type: none"> Accordingly, SMS will advance verification of the assumptions and feasibility through the CVIC, ensuring third-party objectivity. Full details including key KPIs and assumptions will be disclosed in the Medium-Term Management Plan scheduled for release in April 2027.
Career Business (p.52)	<ul style="list-style-type: none"> There is an inherent contradiction in simultaneously projecting growth through a low-unit-price model while also assuming unit price increases. <ul style="list-style-type: none"> SMS's projected sharp increase in market share (20%→30%) and roughly doubling of revenue requires simultaneously achieving substantial volume growth and a significant increase in unit prices. However, Direct Recruiting (DR), which drives much of the anticipated growth, is not labor-intensive and thus benefits from economies of scale, but its per-unit price would be lower compared to the Recruiting Agent (RAG) business. 	<ul style="list-style-type: none"> The FY03/31 market share figure is calculated on the assumption that the market grows at a mid-single-digit annual rate. On that basis, the projected doubling of Career Business revenue by FY03/31 is achieved by combining the growth of two fundamentally different models. <ul style="list-style-type: none"> Under the RAG model (high unit price / selective expansion), the plan is to steadily grow the number of placements while maintaining the existing high-unit-price structure, driven primarily by a gradual increase in average placement fees in line with rising income levels among healthcare professionals, combined with CP headcount growth supported by productivity improvements. The DR model (low unit price / volume expansion) is designed to reach job seekers and employers that traditional RAG has been unable to serve. While the per-transaction fee is lower than in the RAG model, the margin structure improves through SEO gains driven by increased job listings, higher lead generation efficiency, and improved application rates from better-quality job content. The plan is to close the gap with competitors incrementally through broader occupational coverage and a growing number of listed positions. The doubling of revenue represents the combined output of these two models, and there is no assumption that "the high-unit-price model will shift to a lower-price structure." RAG and DR are not cannibalistic — they are complementary, addressing distinct needs among job seekers and employers. <ul style="list-style-type: none"> As DR accounts for a larger share of revenue, the blended average unit price will decline. This is not a contradiction — rather, it reflects a structure in which reaching more employers and job seekers through DR, in addition to RAG services, increases the total number of people supported in career transitions and drives market share from 20% to 30%.

Commentary

- SMS plans to significantly outperform overall market growth and increase its market share from 20% to 30%, despite the market itself growing only by a few percent annually
- While the company explains that growth will be driven by combining personnel placement services and Direct Recruiting (DR), it still has not provided a quantitative basis to support such a high level of growth and market share expansion

Source: Company IR

Optimistic outlook maintained despite recognizing impairment losses

Company explanation

Feasibility of the Roadmap (4/5)

Topic	Claims in the Oasis Presentation	Our Response (Roadmap assumptions, etc.)
Overseas Business (p.56)	<ul style="list-style-type: none"> While the recognition of an impairment loss in FY03/26 is explained as resulting from a revision to forward plans in response to the deterioration of conditions in the Middle East affecting Global Career, there is an inexplicable claim that Global Career will account for the majority of revenue growth toward FY03/31. 	<ul style="list-style-type: none"> The calculation of the impairment loss for FY03/26 was based on future cash flows assuming the current business environment and confirmed usage plans, in accordance with the applicable accounting standard [Commentary on Accounting Standard for Impairment of Fixed Assets (Note 5)]. The deterioration of conditions in the Middle East was identified as an event to be reflected under these assumptions and was incorporated into the forward plan. The growth plan toward FY03/31, on the other hand, serves a different purpose from the impairment calculation — it represents the growth trajectory that SMS believes is achievable with reasonable probability. The fact that the two sets of figures differ is a faithful result of applying each respective standard. The rationale for the Global Career Business growth plan is as follows: the business is not limited to RAG for Middle Eastern employers, and is building a foundation in markets less affected by Middle Eastern conditions. Cross-border demand for healthcare professionals is a market expected to grow over the medium to long term, and expansion of RAG and staffing operations in the US, Australia, Germany, and other markets, as well as foreign national referral services targeting Japan, are expected to be the primary growth drivers going forward. Within the Overseas segment overall, the structural contribution of Global Career is relatively higher compared to the Medical Platform Business, given the latter's slower growth.
ROE Target (pp.60, 70)	<ul style="list-style-type: none"> While the target has now been raised to 30%, the large impairment loss in the Overseas has reduced the equity base, making the target materially easier to achieve <ul style="list-style-type: none"> While acknowledging that measures to improve capital efficiency are unclear, are concrete initiatives to improve ROE still lacking? 	<ul style="list-style-type: none"> There are two main reasons for raising the target from the previous 20% to 30%. First, the impairment of the Overseas Business reduced net assets, making 20% no longer reflective of actual conditions. Second, scenario analysis across each business indicated that achieving ROE of 30% by FY03/31 is within reach through business growth alone. This ROE 30% target is not attributable merely to a reduction in the denominator; rather, it has been set as an achievable target that is fundamentally based on expanding the numerator through business growth, combined with optimization of the denominator through capital management measures. <ul style="list-style-type: none"> It should be noted that the combined boost to ROE from the compression of equity following the recognition of the impairment loss and the reduction in amortization expenses is estimated at approximately +7-8 %pt from FY03/30 onward, when ROE is expected to begin improving materially on the basis of business growth. While this accounts for a significant portion of the upward revision to the ROE target from 20% to 30%, the target has not been set with a lowered achievement hurdle. To achieve ROE of 30%, SMS will pursue margin improvement accompanied by absolute profit growth across each business, while flexibly implementing capital management measures such as share buybacks, calibrated to share price levels, financial headroom, and the expected impact on ROE improvement. In doing so, SMS intends to maintain a balance between growth investment and shareholder returns, and to rigorously monitor investment allocation on a capital return basis each fiscal year. <ul style="list-style-type: none"> Regarding the timing of achievement, SMS believes the target can be achieved by FY03/31 even without share buybacks. With buybacks of a certain scale, earlier achievement is also considered feasible, and the target has been set as challenging but fully achievable.

Commentary

- Although SMS recorded impairment losses in its Global Career business, it continues to pursue growth based on the expectation that the market will expand over the medium to long term
- However, despite the fact that the impairment losses were caused in part by overly optimistic growth assumptions, SMS has provided little reflection or verification of those assumptions
- This raises questions about whether management fully appreciates the significance of the impairment losses

Source: Company IR

Impairment losses effectively lowered the hurdle for achieving the ROE target

Company explanation

Feasibility of the Roadmap (4/5)

Topic	Claims in the Oasis Presentation	Our Response (Roadmap assumptions, etc.)
Overseas Business (p.56)	<ul style="list-style-type: none"> While the recognition of an impairment loss in FY03/26 is explained as resulting from a revision to forward plans in response to the deterioration of conditions in the Middle East affecting Global Career, there is an inexplicable claim that Global Career will account for the majority of revenue growth toward FY03/31. 	<ul style="list-style-type: none"> The calculation of the impairment loss for FY03/26 was based on future cash flows assuming the current business environment and confirmed usage plans, in accordance with the applicable accounting standard [Commentary on Accounting Standard for Impairment of Fixed Assets (Note 5)]. The deterioration of conditions in the Middle East was identified as an event to be reflected under these assumptions and was incorporated into the forward plan. The growth plan toward FY03/31, on the other hand, serves a different purpose from the impairment calculation — it represents the growth trajectory that SMS believes is achievable with reasonable probability. The fact that the two sets of figures differ is a faithful result of applying each respective standard. The rationale for the Global Career Business growth plan is as follows: the business is not limited to RAG for Middle Eastern employers, and is building a foundation in markets less affected by Middle Eastern conditions. Cross-border demand for healthcare professionals is a market expected to grow over the medium to long term, and expansion of RAG and staffing operations in the US, Australia, Germany, and other markets, as well as foreign national referral services targeting Japan, are expected to be the primary growth drivers going forward. Within the Overseas segment overall, the structural contribution of Global Career is relatively higher compared to the Medical Platform Business, given the latter's slower growth.
ROE Target (pp.60, 70)	<ul style="list-style-type: none"> While the target has now been raised to 30%, the large impairment loss in the Overseas has reduced the equity base, making the target materially easier to achieve <ul style="list-style-type: none"> While acknowledging that measures to improve capital efficiency are unclear, are concrete initiatives to improve ROE still lacking? 	<ul style="list-style-type: none"> There are two main reasons for raising the target from the previous 20% to 30%. First, the impairment of the Overseas Business reduced net assets, making 20% no longer reflective of actual conditions. Second, scenario analysis across each business indicated that achieving ROE of 30% by FY03/31 is within reach through business growth alone. This ROE 30% target is not attributable merely to a reduction in the denominator; rather, it has been set as an achievable target that is fundamentally based on expanding the numerator through business growth, combined with optimization of the denominator through capital management measures. <ul style="list-style-type: none"> It should be noted that the combined boost to ROE from the compression of equity following the recognition of the impairment loss and the reduction in amortization expenses is estimated at approximately +7~8 %pt from FY03/30 onward, when ROE is expected to begin improving materially on the basis of business growth. While this accounts for a significant portion of the upward revision to the ROE target from 20% to 30%, the target has not been set with a lowered achievement hurdle. To achieve ROE of 30%, SMS will pursue margin improvement accompanied by absolute profit growth across each business, while flexibly implementing capital management measures such as share buybacks, calibrated to share price levels, financial headroom, and the expected impact on ROE improvement. In doing so, SMS intends to maintain a balance between growth investment and shareholder returns, and to rigorously monitor investment allocation on a capital return basis each fiscal year. <ul style="list-style-type: none"> Regarding the timing of achievement, SMS believes the target can be achieved by FY03/31 even without share buybacks. With buybacks of a certain scale, earlier achievement is also considered feasible, and the target has been set as challenging but fully achievable.

Commentary

- In connection with the revision of the ROE target from 20% to 30%, Oasis pointed out the significant impact of impairment losses
- As Oasis noted, impairment losses are estimated to boost ROE by approximately 7~8 percentage points, yet the Company maintains that the difficulty of achieving the target has not been reduced
- SMS's statement that share buybacks could enable earlier achievement of the target effectively implies that a 30% ROE can be achieved largely through the impact of impairment losses and share repurchases alone

Source: Company IR

ROIC-Based evaluation could have prevented the impairment losses

Company explanation

Feasibility of the Roadmap (5/5)		
Topic	Claims in the Oasis Presentation	Our Response (Roadmap assumptions, etc.)
Business Portfolio Strategy (pp.63, 99-102)	<ul style="list-style-type: none"> While referencing "cost of capital" and "capital profitability," SMS has not disclosed the current state of its business portfolio using metrics such as ROIC. <ul style="list-style-type: none"> For the overseas business and business development segments, which are generating returns below the cost of capital, the target return levels and the timeline for achieving them remain unclear. There is a need to conduct a review of the business portfolio using ROIC. 	<ul style="list-style-type: none"> SMS's business portfolio consists largely of asset-light businesses, and we believe that ROIC alone does not necessarily fully capture the economic reality of these businesses. For this reason, SMS currently evaluates the portfolio using business profit margins against hurdle rates designed to cover the cost of capital and corporate-wide shared costs, and plans to further refine this approach through the CVIC's review. <ul style="list-style-type: none"> At the same time, SMS fully recognizes that disclosure using capital efficiency metrics including ROIC is important information for investors. Going forward, using the appointment of the new CFO (scheduled for August 2026) as a starting point, SMS will work to enhance disclosure on capital efficiency by segment. SMS aims to disclose segment-level ROIC or equivalent capital efficiency metrics in the Medium-Term Management Plan (scheduled for release in April 2027), and also considers disclosing items where the CVIC review is completed ahead of that schedule on a rolling basis.
Same as above (p.64)	<ul style="list-style-type: none"> Why does the Roadmap suggest continuation of the Overseas Business and Business Development segments, which should be exited? 	<ul style="list-style-type: none"> Regarding the overseas business, SMS does not exclude either sale or exit as possibilities, and the CVIC will examine the matter against criteria including: (1) whether SMS is the best owner; (2) whether SMS can generate the growth the market demands; and (3) whether the business is an appropriate investment target from a capital efficiency perspective, and will make a determination— including on whether to exit — by the end of FY03/27. Regarding discipline in the business development segment, SMS acknowledges that the establishment and application of exit criteria have been insufficient in the past. SMS has already begun a review of its business portfolio, including assessments of whether to continue each business, and the CVIC will establish clear hurdle rates and time-based criteria, and plans to publicly disclose policies such as exiting businesses that fail to scale within a defined period.
Capital Allocation (p.69)	<ul style="list-style-type: none"> The allocation is presented only at a conceptual level, with no quantitative detail disclosed. <ul style="list-style-type: none"> Company should provide segment-level allocation targets and clear prioritization. 	<ul style="list-style-type: none"> At present, there is a range of uncertainty in the anticipated scale of M&A activity and the amount of share buybacks, making it difficult to present a quantitative framework. However, through deliberation by the CVIC, SMS will organize the prioritization and allocation framework and plans to present it in a more concrete form in connection with next year's Medium-Term Management Plan announcement. <ul style="list-style-type: none"> For the anticipated investment areas, please refer to p.23 of the Roadmap disclosed on April 28.

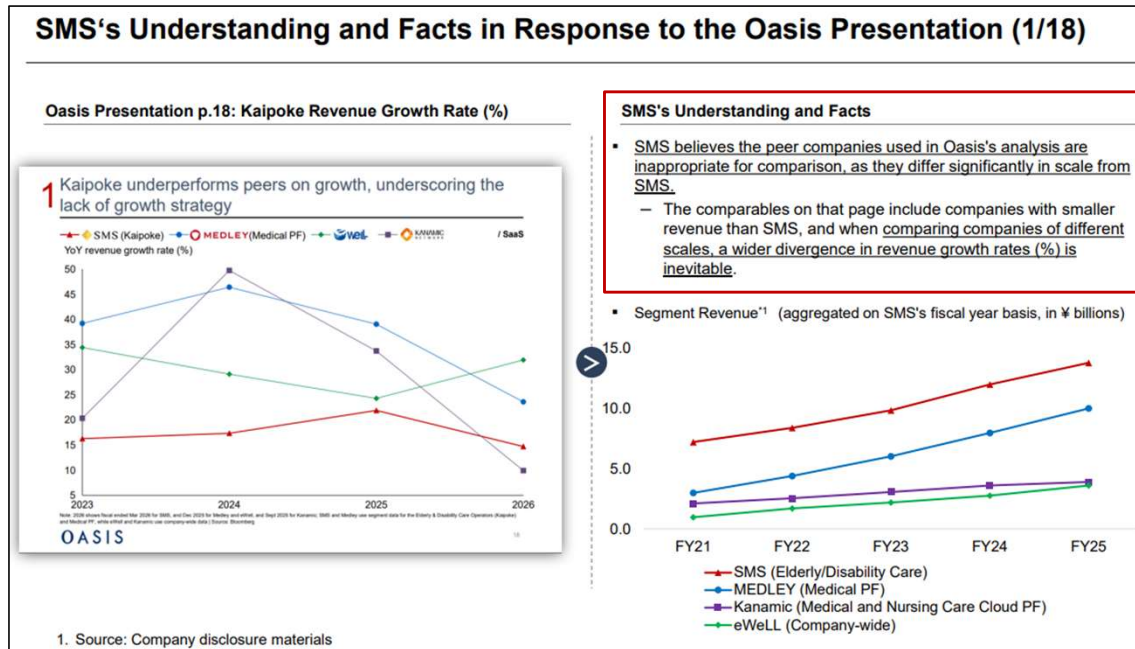
Commentary

- SMS argues that ROIC alone is not an effective evaluation metric because many of its businesses are asset-light
- However, the Overseas businesses from which Oasis had urged withdrawal continued to generate returns below the cost of capital and resulted in impairment losses
- Oasis had also previously communicated to SMS that different investment and exit criteria should be established for business development initiatives

Source: Company IR

Scale-based defenses amount to preserving the status quo

Company explanation



Commentary

- Oasis is concerned that SMS remains trapped in its comfort zone and continues to prioritize maintaining the status quo in both its core software and career businesses
- While SMS has shifted the discussion toward comparisons of scale with competitors, Oasis believes that a reallocation of management resources could materially accelerate growth
- Moreover, SMS is already falling behind these competitors in key strategic initiatives, including the deployment of AI-driven functionality and efforts to expand total TAM (Medley)

Source: Company IR

OASIS

SMS portrays engagement-driven disclosures as its own initiatives

Company explanation

SMS's Understanding and Facts in Response to the Oasis Presentation (3/18)

Oasis Presentation p.22: Information Disclosure on SaaS Products

1 Attractiveness of the SaaS offering is not being effectively communicated to investors

FY2026 Elderly/Disability Care Operators Segment (Kaipoke, 1H)

The number of Kaipoke membership* increased steadily. In FY2026, the number of Kaipoke membership* increased by 1,000. It is expected to increase 2,000 members offset by 800 completions. It is expected to increase 2,000 members offset by 800 completions. It is expected to increase 2,000 members offset by 800 completions.

Only disclosing segment revenue and # of accounts

Growth of Elderly/Disability Care Operators Business

The number of customers and ARPU* have shown consistent growth. Since the wider adoption of Kaipoke, the operational and management of our services, and our operations with our existing SaaS platform, ARPU* for services with disabilities, and business support services for elderly welfare service operators. ARPU* is also showing steady growth. Despite the high operational cost, our high recurring revenue will be considerably higher than the "Cost of Sales" key benchmark for healthy SaaS businesses.

Added Average Revenue Per Account from most recent earnings update, but SaaS KPIs still missing

SMS's Understanding and Facts

- The claim that 'insufficient disclosure has prevented the appeal of SMS's SaaS products from resonating with investors' is not accurate.
 - The Roadmap discloses that Kaipoke has a low churn rate (monthly churn rate below 0.6%) and ARR of approximately ¥13.5 billion, which serves to communicate the product's value to investors. The following presents an example of Roadmap disclosures.
 - SMS has begun disclosing not only standard SaaS KPIs such as ARR, churn rate, average revenue per customer, and number of subscribers, but also key metrics including segment profit, TAM growth strategy, and billing volume, and will continue to consider further enhancements to its disclosures going forward.

Massive Market Opportunity and Overwhelming Track Record as a Vertical SaaS

The elderly and disability welfare market has an extremely large number of service offices, and this number continues to increase. As there are many small-scale corporations, in-house IT implementation and efficiency improvement are difficult, creating strong structural demand for SaaS. Kaipoke has become an overwhelming presence, especially as a Vertical SaaS in the home-care area.

MARKET OPPORTUNITY - Massive market opportunity generating structural demand

- The number of service offices continues to increase
- Concentration across SaaS locations
- Preferential small-scale corporations

PROVEN POSITION - Built track record as a Vertical SaaS

Sales CASR (FY2026) 17%	Full Membership Share* 14%	Home-care Connected Sites** 62%
Subj. growth driven by an increase in memberships and ARPU.	80% in white space (unopened market).	*Cumulative rate of expansion through service managers and other service offices.
Monthly Churn Rate <0.6%	Annual Clients Reached by Kaipoke ¥1.3 billion	Vertical SaaS (ARR) No.1
Low churn rate for SaaS business	Established a solid position as an innovator	¥13.5 billion (Half of FY2026)

76% of total employees

Commentary

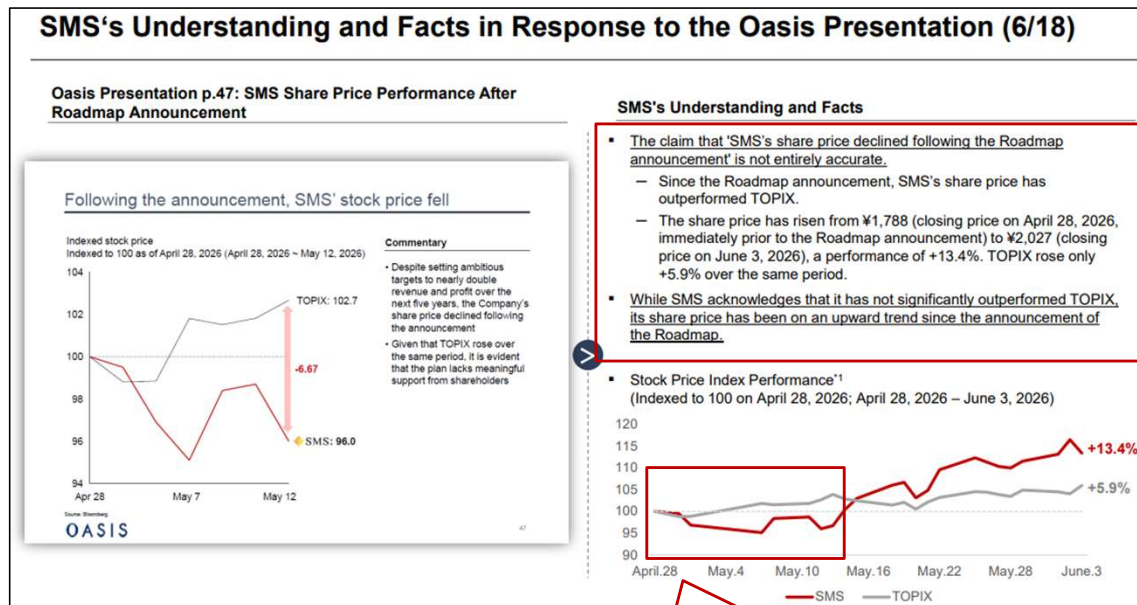
- Efforts to better articulate the value proposition of Kaipoke reflect requests that Oasis repeatedly made to SMS beginning in October 2025
- It is therefore inaccurate for SMS to portray these disclosures as measures it had been pursuing independently, given the role played by Oasis and other market participants in prompting greater transparency
- Furthermore, the disclosed churn rate covers only a single fiscal year, limiting its usefulness and informational value to investors

Source: Company IR

OASIS

Recent share price appreciation is more reasonably attributed to expectations of President Takahata's departure

Company explanation



As the Company itself acknowledges, SMS's share price fell by approximately 5% in the week following the announcement

Commentary

- Including the first trading day after the announcement, the share price actually declined following the roadmap announcement
- Attributing the subsequent share price increase to the roadmap and claiming that the stock outperformed TOPIX as a result appears highly questionable
- Rather, it is more reasonable to interpret the market as pricing in expectations for President Takahata's departure at the upcoming AGM

SMS highlights M&A activity as an achievement without demonstrating results

Company explanation

SMS's Understanding and Facts in Response to the Oasis Presentation (10/18)

Oasis Presentation p.87: Track Record of Domestic M&A

While management actively pursues M&A in Overseas, no efforts can be seen in domestic business

Global Career Medical Platform Overseas
M&A initiatives in Overseas segment

2011 Acquired NURSCAPE (South Korea), started Global Career business

2015 Acquired MIMS (Singapore), started Medical Marketing business

2017 Acquired MELOBITA (Malaysia), started cross-border introduction of professional

2018 Acquired MSR (Philippines), expanded resource pool for nurses

2019 Acquired CCM (Ireland/Australia), expanded business to Europe and Oceania

2022 Acquired CWC/CF (Germany), expanded business to Germany

Source: Company IR
OASIS

- SMS's Understanding and Facts**
- The claim that 'SMS has no track record of domestic M&A' is not accurate.
 - SMS has the following track record of domestic M&A transactions:
 - 2009: Acquired the medical business from Anfamie, Inc. and launched 'Nurse Senka Shushoku-navi' (now 'Nurse Senka Shushoku'), an employment support for nursing students.
 - 2011: Acquired 'Ninchisho-net,' a dementia information portal, from Care-Link Co., Ltd.
 - 2017: Acquired Work Ambitious, Inc. and Zweig, Inc. (elderly care qualification schools), and Will One, Inc. (RAG for Judo therapists etc.).
 - 2024: Established a joint-venture subsidiary for the Disability Care SaaS development with N-Gate, Inc.

Commentary

- SMS presents the mere execution of M&A transactions as an achievement, without clearly explaining how those transactions contributed to business performance
- In addition, the establishment of a JV introduced here is unrelated to M&A
- Oasis has previously proposed that SMS actively use M&A in software businesses within the nursing care and healthcare sectors to expand its TAM

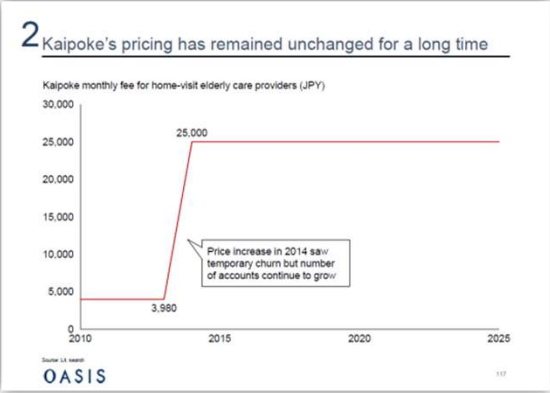
Oasis infers that President Takahata is well aware of the potential for monthly fee increases

Company explanation

SMS's Understanding and Facts in Response to the Oasis Presentation (16/18)

Oasis Presentation p.117: Kaipoke Pricing

2 Kaipoke's pricing has remained unchanged for a long time

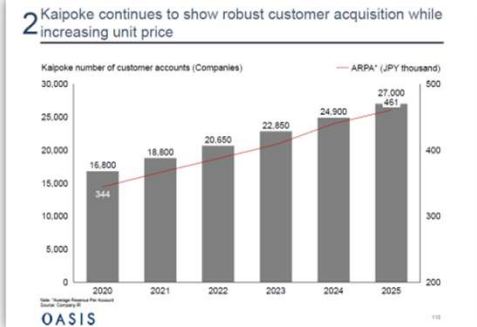


Source: US report
OASIS

SMS's Understanding and Facts

- The claim that Kaipoke's pricing has stagnated is not accurate.
 - Kaipoke's strategy is to acquire accounts at relatively low base prices and cross-sell adjacent products as optional services. As such, SMS employs a pricing strategy that encompasses adjacent products, and analyzing software pricing alone would therefore be inconsistent with this approach.
 - In practice, Kaipoke's ARPA has been trending upward.
 - This fact is also noted on p.110 of the Oasis Presentation, and SMS infers that Oasis is aware of it.

2 Kaipoke continues to show robust customer acquisition while increasing unit price



Source: US report
OASIS

Commentary

- Oasis's claim is that Kaipoke's monthly subscription fees have not been revised for more than ten years and therefore have substantial room for price increases
- This point was previously confirmed with President Takahata as a matter of shared understanding

Source: Company IR

Oasis opposes the reappointment of Mr. Takahata and Ms. Takagi

Election of Director

Election of Director
(Audit and Supervisory Committee
Members)



Masaki Takahata
(Director, President)

AGAINST



Nobuko Takagi
(External Director)

Vote AGAINST the Company's Proposals to Reappoint Mr. Takahata and Ms. Takagi

Election of Director

Oasis will vote AGAINST Mr. Takahata



Masaki Takahata
(Director, President)

Background in auditing, experience with consulting and M&A advisor Frontier Management. Assumed current position in Jan 2026



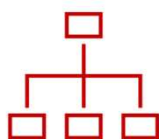
Failed planning

- The hastily formulated roadmap, lacking a solid management foundation, sets out **non-credible targets** and has disappointed the market
- Plan also entails substantial upfront investments over the next two years, raising **serious concerns about destruction of corporate value**



Failure in Overseas

- Served as CEO and CFO of MIMS, yet **performance significantly deteriorated, resulting in impairment loss of JPY22.9 billion**
- Despite the need to withdraw from overseas operations, SMS merely announced it is “**considering options**”



Overconfidence in management

- Delayed hiring of a CFO and the view that **no additional CTO or CRO hires are necessary**
- Despite poor performance, he maintains it has sufficient internal resources and that **each business head possesses the required capabilities**

**Vote AGAINST President Takahata,
whose hasty decision-making raised concerns about his managerial capabilities**

Election of Director (Audit & Supervisory Committee)

Oasis will vote AGAINST Ms. Takagi



Nobuko Takagi
(Outside Director)

Representative at Nobuko Takagi
Certified Public Accountants'
Office. External Director since
2022



- Serving as an outside director since 2022, she has failed to take effective action to address the **deterioration in SMS's corporate value** and has effectively allowed it to persist
- While being the only external director expected to remain, **meaningful contributions are unlikely**
- Supported the appointment of Mr. Takahata as a member of the Nomination Committee, ultimately **backing an inappropriate leadership choice**
- By supporting a growth roadmap with serious doubts around execution, she has demonstrated a **lack of effective oversight** as director
- Her **expertise lies in M&A advisory** and **new business development**
- However, SMS has **not executed M&A to strengthen core businesses** and has kept **undisciplined business development**

Vote AGAINST Ms. Takagi for failing to exercise adequate oversight while allowing corporate value to deteriorate

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