

OASIS

Oasis Urges Shareholders to Vote AGAINST President Takahata and Director Takagi at SMS AGM for Continued Refusal to Accept Accountability

** Oasis launched “A Better SMS” campaign May 28 to drive meaningful change at SMS*

**SMS’s “Summary of Our Views on A Better SMS” on June 5 failed to address core concerns raised by Oasis*

**SMS's response is selective and disingenuous in portraying Oasis as having later repudiated its agreement to the disclosure of the Roadmap, or as having requested that the Roadmap be announced ahead of schedule. These assertions represent a deliberate distortion of the facts and an attempt to mislead shareholders*

**The facts are undeniable: SMS has suffered a significant destruction of corporate value in recent years; President Takahata bears responsibility as the former CEO of MIMS, the business that ultimately led to a JPY22.9 billion impairment loss and has presented an unrealistic growth plan requiring heavy upfront investment; and Director Nobuko Takagi has failed to exercise effective oversight as corporate value deteriorated*

**We urge shareholders to focus on the facts and vote AGAINST the re-election of both Mr. Takahata and Ms. Takagi to put SMS on a path toward genuine transformation*

More information available at ABetterSMS.com

June 10, 2026, Hong Kong – Oasis Management Company Ltd. (“Oasis”), the investment manager to private funds that own approximately 18.3% of the shares in SMS Co., Ltd. (2175 JP) (“SMS” or the “Company”), launched the “A Better SMS” campaign on May 28.

For the upcoming SMS AGM, Oasis is calling on fellow shareholders to:

- Vote **AGAINST** the reappointment of President Masaki Takahata as a director; and
- Vote **AGAINST** the reappointment of Nobuko Takagi as a director.

To make its case directly to fellow shareholders, employees, business partners and other stakeholders, Oasis has launched the campaign website www.ABetterSMS.com, where it has published a detailed presentation setting out the case for leadership change.

Presentation materials are available [here](#).

On June 5, SMS published its response to Oasis's campaign. Unfortunately, rather than confronting the management failures and destruction of corporate value, the Company's response is largely an exercise in self-justification and preservation of the status quo.

Indeed, SMS's response only reinforces our view that meaningful value recovery will require fundamental change in leadership and governance.

Since President Takahata's appointment was announced, Oasis has provided extensive recommendations aimed at improving corporate value. We did so because we believe in the potential of SMS and because we believe urgent corrective action is required to reverse years of value destruction.

Our decision to oppose the re-election of President Takahata and Ms. Takagi was not made lightly. Oasis clearly communicated the conditions under which we could support their re-election and continued to hope that SMS would seriously consider our recommendations. Unfortunately, President Takahata has repeatedly chosen to ignore those recommendations and instead remain committed to a strategy of his own making.

The Company's Growth Roadmap, which Oasis repeatedly urged management not to publish in its current form, continues to face significant questions regarding both its assumptions and its credibility.

The market's skepticism of the plan is evident: while SMS has set a FY2031 EBITDA target of JPY28 billion, sell-side analysts currently forecast EBITDA of only JPY15–17 billion and two analysts downgraded the Company following the Roadmap's publication. This gap is objective evidence of the market's doubts regarding the Roadmap's achievability.

Nevertheless, SMS continues to insist that the targets set out in the Roadmap are achievable.

SMS has repeatedly failed to execute on its annual guidance. Given that track record, management's insistence that its highly ambitious five-year targets are "achievable" -- without providing adequate validation or detailed quantitative action plans -- appears to be based more on aspiration than evidence. We struggle to understand the basis for such confidence.

Most troublingly, SMS now proposes to validate the Roadmap only after it has already been announced. Conducting verification after publication rather than before is backwards and highlights the flawed process behind the Roadmap.

At the same time, SMS plans to commit substantial additional upfront investment in pursuit of that Roadmap. Given that the Company's prior investment strategy in Overseas operations ultimately resulted in a JPY22.9 billion impairment loss, shareholders should be deeply concerned about committing further capital to a strategy where assumptions remain unproven.

President Takahata's track record as former CEO of MIMS, the Overseas business, where performance deteriorated significantly, only reinforces these concerns.

SMS's response also repeatedly mischaracterizes Oasis's position. The Company claims that Oasis denied having agreed to the disclosure of the Growth Roadmap and suggests that Oasis pushed for an earlier announcement of the Roadmap. Neither claim accurately reflects the facts. Oasis consistently opposed the rushed development and publication of the Roadmap. At the same time, we hoped that President Takahata's commitment to improving share price performance and the substance of our engagement would be reflected in the release. Accordingly, we informed the Company that we would evaluate the Roadmap once published. This is evident from emails sent by Oasis to President Takahata that SMS chose to disclose publicly without Oasis's consent.

SMS now seeks to rewrite that history by implying that Oasis supported the publication of the Roadmap and only later reversed its position. Even after publication, Oasis made clear in meetings with management that our concerns related to the substance of the Roadmap itself. SMS's characterization is therefore not only inaccurate but appears designed to mislead shareholders regarding the true nature of our concerns.

The same applies to SMS's claims regarding the timing of the Roadmap's release. Oasis informed the Company that if management insisted on proceeding with publication, we would consider submitting shareholder proposals at the June AGM.

Since shareholder proposals must be submitted eight weeks before the meeting, publication on April 28 would have prevented Oasis from reviewing the Roadmap before deciding whether proposals were necessary. Oasis therefore simply asked whether an earlier release was possible. To portray this as evidence that Oasis supported the Roadmap and pushed for its publication is a deliberate distortion of the facts.

Rather than answering legitimate criticism of a hastily prepared Roadmap, management has chosen to selectively quote and reinterpret Oasis's communications. This approach epitomizes the current leadership's unwillingness to accept responsibility for its own decisions.

Shareholders should focus not on SMS's attempts at self-defense or narrative management, but on objective facts.

No amount of explanation can change the fact that SMS published an unrealistic Growth Roadmap before conducting proper validation, leaving its credibility in doubt. No amount of explanation can change the fact that corporate value has been severely damaged, with SMS's market capitalization having fallen by roughly half since 2022.

Nor can management escape the fact that a JPY22.9 billion impairment loss occurred under the leadership of President Takahata as former CEO of MIMS, or that Ms. Takagi failed to exercise effective oversight while shareholder value deteriorated.

What is missing from SMS's response is any genuine sense of accountability. Rather than confronting the causes of failure and embracing meaningful change, management appears focused on defending past decisions and preserving the current leadership structure.

We therefore urge shareholders to look beyond the Company's narrative, focus on the facts, and vote AGAINST the re-election of President Takahata and Ms. Takagi at the upcoming AGM.

All stakeholders are encouraged to contact Oasis at info@abettersms.com.

Oasis Management Company Ltd. manages private investment funds focused on opportunities in a wide array of asset classes across countries and sectors. Oasis was founded in 2002 by Seth H. Fischer, who leads the firm as its Chief Investment Officer. More information about Oasis is available at <https://oasiscm.com>. Oasis has adopted the Japan FSA's "Principles for Responsible Institutional Investors" (a.k.a. the Japan Stewardship Code) and, in line with those principles, Oasis monitors and engages with our investee companies.

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