OASIS

Oasis to Vote AGAINST the Reappointment of President Takahata and Director Takagi to Drive Transformation at SMS

SMS was once highly valued by the market as a high-growth, high-profit company, but that reputation has faded significantly in recent years, with its market capitalization having fallen by roughly -50% from its 2022 peak

SMS announced its "Growth Roadmap" in April, setting ambitious quantitative targets to nearly double both revenue and profit over the next five years

However, the roadmap lacks credibility, relying on excessively optimistic assumptions and an expectation that substantial upfront investments over the next two years will generate extraordinary returns

SMS has consistently failed to meet its earnings guidance in recent years

As President Takahata served as CEO and CFO of MIMS, the business responsible for the impairment loss, shareholders should not tolerate reckless upfront investments based on an unrealistic roadmap

Ms. Takagi, despite serving as an outside director since 2022, has failed to take effective measures to address destruction of shareholder value and has not exercised adequate oversight

Accordingly, Oasis will vote AGAINST the re-election proposals for President Takahata and Director Takagi at the upcoming AGM

More information available at ABetterSMS.com

May 28, 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"), today announced the launch of its "A Better SMS" campaign.

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.

Despite owning "Kaipoke", an extremely attractive, high-growth, high-margin software business, SMS has long been undervalued by the market as merely a recruitment company. The Company has been poorly managed. Management has been too focused on international growth, has failed to maximize domestic opportunities, and has allowed competition to catch up.

In the last year there has been dramatic change among the most senior members of the management team. Former President Goto stepped down in December 2025, and Mr. Takahata assumed the role of President in January 2026. In addition, as directors, both Mr. Goto and Mr. Sugizaki are scheduled to retire at the Company's AGM in June.

President Takahata was previously the head of MIMS, SMS' underperforming overseas subsidiary, and had no previous experience in SMS' domestic businesses, which comprises over 86% of SMS' revenue and represents the greatest growth opportunity. Moreover, while the Overseas business recorded an operating loss in fiscal 2026, virtually all of SMS' profits were generated by its domestic businesses. The decision not to appoint a President from those with experience in SMS' domestic businesses is unsettling.

Oasis is highly concerned by the leadership vacuum at SMS, with an inexperienced President that does not have senior executives to support him. On April 28, 2026, SMS released a deeply flawed "Growth Roadmap" with vague and contradictory strategies and unrealistic targets. The credibility of the targets is further undermined as SMS disclosed that they will only begin developing a strategic plan now to hit these targets which they will only disclose in April 2027. The lack of planning is particularly worrying in light of the heavy upfront investment that the Company plans to undertake without a clear plan.

Oasis had urged President Takahata to delay the announcement of a growth plan, and had repeatedly proposed that the Company first establish a corporate value enhancement committee to review the business portfolio and growth strategy, strengthen the management structure, and then formulate a credible growth strategy.

Unfortunately, President Takahata ignored Oasis's recommendations and proceeded with the publication of the Growth Roadmap in April 2026. While the roadmap sets ambitious goals to nearly double both revenue and profit over the next five years, it fails to provide any concrete or quantitative measures to support these targets, relying instead on qualitative and overly aspirational narratives.

Moreover, despite claiming to pursue a transition away from a labor-intensive business model, the roadmap simultaneously calls for a significant increase in career partners and even greater advertising expenditures, despite already elevated marketing costs. These inconsistencies reveal clear contradictions between the stated strategy and planned actions.

Following the roadmap announcement, SMS's share price declined, and two securities firms downgraded the stock, clearly demonstrating shareholders' and market participants' skepticism regarding the feasibility of the roadmap.

Oasis is also deeply concerned that achieving the roadmap depends on massive upfront investments over the next two years with little regard for profitability. SMS has consistently failed to meet earnings guidance, and the Company recently recorded a JPY22.9 billion impairment loss in its Overseas business, which management had previously positioned as a key growth pillar. Taken together, these developments demonstrate a lack of both strategic planning capability and execution ability within management.

Oasis had initially hoped that the leadership transition from former President Goto to President Takahata would bring positive change to SMS. However, based on the Company's recent actions, it has become clear that meaningful transformation cannot be expected under the current leadership.

The decision to announce a Growth Roadmap lacking credibility starkly exposes President Takahata's inexperience and the fundamental weakness of SMS's management and governance framework. Allowing President Takahata's reckless management approach to continue poses a serious risk of further destruction of corporate value. Oasis, therefore, calls on shareholders to vote against the reappointment of President Takahata.

Oasis is also calling for shareholders to vote against the reappointment of Ms. Nobuko Takagi, who has served as an outside director since 2022. During her tenure on the board, she has failed to implement sufficient corrective measures against the erosion of corporate value and was a member of the nomination committee that appointed an inexperienced President at a time of significant challenges for SMS.

For these reasons, Oasis will vote AGAINST the re-election proposals for President Takahata and Ms. Takagi at the coming AGM.

Seth Fischer, Founder & Chief Investment Officer of Oasis, said:

"*Good governance demands good management. It is deeply concerning that President Takahata -- who previously served as CEO of MIMS, a business that ultimately resulted in a substantial impairment loss following years of underperformance -- now serves as the only C-suite executive.*

The decision to formulate and announce the roadmap under such a fragile management structure demonstrates President Takahata's lack of experience and naivety.

Shareholders and market participants have already expressed clear skepticism toward SMS's current growth strategy. Meaningful transformation at SMS will require not only stronger governance, but also renewed leadership and a more robust management structure. As a first step toward restoring accountability and market confidence, Oasis will vote against the re-election of President *Takahata and Ms. Takagi."*

Full details can be viewed at ABetterSMS.com. All stakeholders are encouraged to contact Oasis at info@abettersms.com.

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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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