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[Securities code: 2175]
May 31, 2023

To Our Shareholders

Natsuki Goto
Representative Director, President and CEO
SMS Co., Ltd.
2-11-1 Shibakoen, Minato-ku, Tokyo, Japan

Convocation Notice of the 20th Ordinary General Meeting of Shareholders

The 20th Ordinary General Meeting of Shareholders of SMS Co., Ltd. (hereinafter the "Company") will be held as described below.

You can exercise your voting rights either via the Internet or in writing instead of attending the meeting in person. Please review the attached Reference Materials for the General Meeting of Shareholders and exercise your voting rights by **6:00 p.m. on Thursday, June 22, 2023 (JST)**.

1. Date and time: Friday, June 23, 2023, at 10:00 a.m. (JST)
(Reception opens at 9:30 a.m.)

2. Venue: Tokyo Grand Hotel, 3F Sakura
2-5-2 Shiba, Minato-ku, Tokyo

3. Meeting agenda:

Matters to be reported: Business Report, Consolidated Financial Statements and Non-consolidated Financial Statements for the 20th fiscal year (from April 1, 2022 to March 31, 2023), and results of audits by the Accounting Auditor as well as the Audit and Supervisory Committee on Consolidated Financial Statements

Proposals to be resolved:

Proposal 1: Appropriation of Surplus

Proposal 2: Election of Two (2) Directors (excluding Directors who are Audit and Supervisory Committee Members)

Proposal 3: Election of One (1) Substitute Director who is an Audit and Supervisory Committee Member

4. Matters decided in connection with this convocation:

- (1) If you exercise your voting rights in writing without indicating your approval or disapproval, the vote will be treated as an indication of approval.
- (2) If you duplicate the vote by exercising the voting rights both via the Internet and in writing, only the Internet vote will be treated as valid.
- (3) If you exercise your voting rights multiple times via the Internet, only the last vote will be treated as valid.

◎ Should the Reference Materials for the General Meeting of Shareholders, the Business Report, Consolidated Financial Statements and Non-consolidated Financial Statements require revisions, the revised versions will be posted on the Company's website (<https://www.bm-sms.co.jp/ir/library/shareholders/>).

◎ Please note there will be no souvenirs for those attending the General Meeting of Shareholders in person.

Reference Materials for the General Meeting of Shareholders

Proposal 1: Appropriation of Surplus

The Company's basic policy is to place priority on growth investments, while taking financial conditions into account when determining dividend payouts to its shareholders. Based on this policy, the Company proposes to return surplus to the shareholders for this fiscal year in the form of dividends as follows:

Matters concerning year-end dividends:

- (1) Type of dividend property
Cash
- (2) Allotment of dividend property to shareholders and the total amount
15 yen per common share of the Company's stock
Total amount of 1,307,292,885 yen
- (3) Effective date of dividends
June 26, 2023

Proposal 2: Election of Two (2) Directors (excluding Directors who are Audit and Supervisory Committee Members)

The terms of office of all two (2) Directors, excluding Directors who are Audit and Supervisory Committee members, will expire at the end of this General Meeting of Shareholders. Accordingly, the Company proposes the election of two (2) Directors.

The Nomination and Remuneration Advisory Committee, of which Independent Outside Directors account for the majority, has already been consulted about the proposal.

The Audit and Supervisory Committee has confirmed that it has no objection to the proposal.

The candidates are as follows:

Candidate No.	Name (Date of birth)	Professional background, positions, responsibilities, and significant concurrent positions		Number of the Company's common shares held
1	<p style="text-align: center;">Reappointment Internal</p> <p>Natsuki Goto (February 25, 1976)</p> <p>Attendance at the Board meetings: 13/13</p>	Apr. 2004	Joined IBM Business Consulting Services KK (Currently, IBM Japan, Ltd.)	139,288 shares
		May 2007	Joined BayCurrent Consulting, Inc.	
		Dec. 2007	Joined SMS Co., Ltd.	
		Apr. 2008	General Manager of Corporate Planning	
		Mar. 2009	Director of Administration	
		Jun. 2009	Member of the Board	
		Apr. 2013	Director of Overseas Business	
		Apr. 2014	Representative Director, President and CEO (Current position)	
			Director of Elderly Care Business	
		Apr. 2017	Director of Business Development	
		Dec. 2018	Member of the Nomination and Remuneration Advisory Committee (Current position)	
			(Significant concurrent position) Member of the Board, M3 Career, Inc.	
<p>[Reasons for nomination as a candidate for Director] Since becoming a board member in 2009, Mr. Natsuki Goto has led various divisions including administration section, overseas business, and elderly care business, and has diverse management experience. Since 2014, Mr. Goto has led the entire company as the Representative Director, achieving constant significant growth in both sales and profit. Accordingly, the Company has determined that Mr. Goto is a suitable candidate for enhancing the Company's corporate value in a sustainable manner, and has once again nominated him as a candidate for Director.</p>				

Candidate No.	Name (Date of birth)	Professional background, positions, responsibilities, and significant concurrent positions		Number of the Company's common shares held
2	<p><u>Reappointment</u> <u>Internal</u></p> <p>Masato Sugizaki (October 15, 1975)</p> <p>Attendance at the Board meetings: 13/13</p>	Apr. 1998	Joined Mitsui Leasing & Development, Ltd. (Currently, JA Mitsui Leasing, Ltd.)	40,000 shares
		Mar. 2004	Joined ACCA Networks Co., Ltd. (Currently, SoftBank Corp.)	
		Apr. 2009	Joined SMS Co., Ltd.	
		Oct. 2009	General Manager of General Affairs	
		Apr. 2011	General Manager of Corporate Management	
		Apr. 2015	Director of Corporate Management (Current position)	
		Jun. 2016	Member of the Board (Current position)	
		(Significant concurrent position) Corporate Auditor, M3 Career, Inc.		
<p>[Reasons for nomination as a candidate for Director] Since joining the Company in 2009, Mr. Masato Sugizaki has led and been committed to strengthening the corporate divisions as General Manager of General Affairs, General Manager of Corporate Management, and Director of Corporate Management. Since becoming a board member in 2016, he has also contributed to the Company's growth with his extensive experience. Accordingly, the Company has determined that Mr. Sugizaki is a suitable candidate for enhancing the Company's corporate value in a sustainable manner, and has once again nominated him as a candidate for Director.</p>				

Notes:

1. There are no special conflicts of interests between each candidate and the Company.
2. The number of the shares held by Mr. Natsuki Goto includes those held through the Company's director stock ownership plan.
3. The Company has entered into a directors and officers liability insurance agreement with an insurance company as stipulated in Article 430-3, Paragraph 1 of the Companies Act. The Company plans to renew the agreement with the same details in November 2023.

Proposal 3: Election of One (1) Substitute Director who is an Audit and Supervisory Committee Member

To prepare for a case where the number of Directors who are Audit and Supervisory Committee members falls below the number required by laws and regulations, the Company proposes the election of one (1) Substitute Director who is an Audit and Supervisory Committee member in advance.

The Nomination and Remuneration Advisory Committee, of which Independent Outside Directors account for the majority, has already been consulted about the proposal.

The Company has obtained an approval for the submission of this proposal from the Audit and Supervisory Committee.

The candidate is as follows:

Name (Date of birth)	Professional background, positions, responsibilities, and significant concurrent positions		Number of the Company's common shares held
Taro Mizunuma (July 6, 1971)	Apr. 2000	Registered as Attorney at Law (Daini Tokyo Bar Association)	—
		Joined Miyakezaka Sogo Law Offices	
	Apr. 2009	Partner, Miyakezaka Sogo Law Offices	
	May 2012	Joined Shinsei Sogo Law Office	
	Sep. 2015	Joined Otake Law Office (Current position)	
	(Significant concurrent position) Attorney at Law, Otake Law Office		
[Reasons for nomination as a candidate for Substitute Outside Director and overview of expected roles]			
Mr. Taro Mizunuma has been working as a lawyer for many years and has an abundant knowledge and experience as well as broad insight as a legal professional. Specifically, he has rich experience in legal cases with medical institutions and is well-versed in the medical field, one of the Company's business domains. Mr. Mizunuma does not have any issues that may cause conflicts of interest with common shareholders and thus is expected to provide effective oversight and supervision on management from an independent standpoint. Accordingly, the Company has nominated Mr. Mizunuma as a candidate for Substitute Outside Director. Although Mr. Mizunuma has not been directly involved in corporate management, we determine, for the above reasons, that he will be able to adequately fulfill the duties as an Outside Director.			

Notes:

1. There are no special conflicts of interests between Mr. Taro Mizunuma and the Company.
2. Mr. Mizunuma is a candidate for Substitute Outside Director. If this proposal is approved and adopted and Mr. Mizunuma assumes the office of Outside Director, the Company will designate him as an Independent Director pursuant to the provisions of the Tokyo Stock Exchange and submit a notification to the Exchange.
3. If Mr. Mizunuma assumes the office of Director who is an Audit and Supervisory Committee member, pursuant to the provisions of Article 427, Paragraph 1 of the Companies Act, the Company will enter into an agreement with him to limit his liability for damages under Article 423, Paragraph 1 of the same Act. The cap on the amount of liability under the said agreement shall be the minimum amount prescribed in Article 425, Paragraph 1 of the same Act.
4. The Company has entered into a directors and officers liability insurance agreement with an insurance company as stipulated in Article 430-3, Paragraph 1 of the Companies Act. If Mr. Taro Mizunuma assumes the office of Director who is an Audit and Supervisory Committee member, he will be insured under the insurance agreement. The Company plans to renew the agreement with the same details in November 2023.

(Reference) Composition and Skill Matrix of the Board of Directors after the conclusion of this General Meeting of Shareholders

1. Composition of the Board of Directors

Three of the five Directors are Independent Outside Directors.

2. Skill Matrix of Directors

Name Position	Gender	Notable Knowledge and Experiences						
		Management	Business Knowledge	International Experience	Legal & Risk Management	Accounting & Tax	IT	ESG
<u>Reappointment</u> Natsuki Goto Representative Director and President (CEO)	Male	●	●	●	●	●	●	●
<u>Reappointment</u> Masato Sugizaki Director	Male	●	●	●	●	●	●	●
<u>Outside Independent</u> Tomoki Matsubayashi Director (Member of the Audit and Supervisory Committee)	Male		●		●			●
<u>Outside Independent</u> Toyotaro Suzumura Director (Member of the Audit and Supervisory Committee)	Male			●			●	●
<u>Outside Independent</u> Nobuko Takagi Director (Member of the Audit and Supervisory Committee)	Female			●		●		●

The Company does not have a system of Advisors (“sodanyaku” or “komon”). Accordingly, the Company does not appoint any former Directors, etc. as Advisors.

(Reference) Criteria for the Independence of Outside Directors

The Company has set the following criteria to make an objective judgment on independence when designating Outside Directors as Independent Directors. Outside Directors are deemed to have sufficient independence from the Company if none of the following apply.

- (1) Person who engages in business execution of the Company or the Company's subsidiaries (collectively, the "Group"), or a person who engaged in business execution of the Group at any time in the past five (5) years.
- (2) Business partner of the Group, to which the Group's sales made in the most recent fiscal year exceeded 1% of the Group's annual sales on a consolidated basis, or a person who engages in business execution of the business partner.
- (3) Party for which the Group is a business partner and whose sales for the Group in the most recent fiscal year exceeds 1% of the Group's annual consolidated sales, or a person who engages in business execution of such business partner.
- (4) Attorney at law, certified public accountant, consultant or other specialist who obtains monetary consideration or other property exceeding 10 million yen from the Group besides his/her remuneration as Director. If the person obtaining such property belongs to an incorporated entity, partnership, or other organization, a transaction amount exceeding 1% of annual sales of either party on a consolidated basis or 10 million yen, whichever is applicable, shall be referred to as the criterion instead.
- (5) Major creditor of the Group or a person who engages in business execution of a financial institution and other large creditors, which is indispensable for the Group's financing and on which the Group is dependent without alternative options.
- (6) Major shareholder of the Company, holding 10% or more of voting rights, or a person who engages in business execution of such shareholder.
- (7) Person who received donations exceeding 10 million yen from the Group in the most recent fiscal year.
- (8) Accounting auditor or a practitioner who are engaged in the auditing work of the Group.
- (9) Person who engages in business execution of a company holding cross-directorships with the Group.
- (10) Person who falls under any of the above items from (2) to (9) at any time in the past three (3) years.
- (11) Spouse or relative within the second degree of kinship of a person who falls under any of the above items from (1) to (10), excluding those from (5) to (8) if not significant.
- (12) Notwithstanding with the criteria from (1) to (11) above, a person with specific reasons for not being able to perform his/her duties as an Independent Outside Director, including those with a potential conflict of interest with common shareholders.

The Company aims to achieve diversity in terms of tenure for Outside Directors (Audit and Supervisory Committee members) to harmonize the experience of long-serving Directors with fresh perspectives brought by new Directors. Accordingly, the Company does not set a specific criterion for tenure in number for Outside Directors.