

Evaluation Results of the Effectiveness of the Board of Directors

May 15, 2026
SMK Corporation

To enhance the effectiveness of the Board of Directors, we evaluated their FY2025 performance.

1. Evaluation method

The Board of Directors discussed the evaluation criteria. From February to March 2026, all the directors (3 internal and 3 outside) and auditors (1 internal and 2 outside) participated in the evaluation by responding to questionnaires on the roles and functions of the Board, Board composition, meeting operations, content of discussions, coordination and support framework, relationships with shareholders, and follow-up on issues identified in the previous evaluation. The Board exchanged views on the results and evaluated the Board's effectiveness.

2. Progress on issues identified in the FY2024 evaluation

We addressed the following points identified in the FY2024 evaluation:

- (1) Review of progress on the 11th Mid-Term Business Plan, analysis of shortfalls, and discussion of countermeasures
 - As in the previous term, we presented a progress report on the 11th Mid-Term Business Plan during the Board meeting, thoroughly reviewed its status, and discussed countermeasures for shortfalls. Furthermore, we confirmed that we would analyze the challenges and incorporate them into the formulation of the next Mid-Term Business Plan.
- (2) Discussions on improving the efficiency of the Board's operations
 - We have streamlined the Board's operations by utilizing digital tools to translate documents into English and by revising the Board meeting schedule. Moreover, regarding further use of IT, such as the digitization of documents, we will continue to explore options while considering various opinions.

3. Results of the evaluation in FY2025

- Based on the evaluation conducted in FY2025, we determined that the Board operated at an appropriate level of effectiveness without significant dysfunctions or deficiencies, in accordance with the Companies Act and Corporate Governance Code.
- Opportunities for discussion regarding the direction of corporate strategy—such as Mid-Term Business Plans and business strategies—have increased significantly. Furthermore, it was confirmed that discussions have become more dynamic, with participants freely sharing their opinions and insights based on their respective knowledge and experience.
- However, there are issues regarding the analysis of factors contributing to the failure to meet targets under the Mid-Term Business Plan and the development of remedial measures. Furthermore, in light of the recommendations issued regarding violations of the Subcontracting Act, it was determined that the company must strengthen internal compliance and improve the operation of its internal whistleblowing system.

4. Initiatives for enhancing effectiveness

Based on the results of the FY2025 evaluation, the Board of Directors will focus on the following actions:

- (1) Regarding the 11th Mid-Term Business Plan (April 2024 to March 2027), we will thoroughly discuss the factors behind the shortfall and measures to address it and incorporate the results into the formulation of the next Mid-Term Business Plan.

- (2) In light of the recommendations issued regarding violations of the Subcontracting Act, we will ensure thorough compliance training across the company, conduct such training sessions multiple times throughout the fiscal year, and improve the operation of our internal whistleblowing system.

To further enhance the effectiveness of the Board of Directors and strengthen corporate governance, we will conduct their annual evaluation and implement its results/suggestions.

End