

August 18, 2025

To Whom It May Concern

Company : S. Science Co., Ltd.
Representative: Representative Director
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Notice Regarding Issuance of Subscription Rights to Shares (Paid Stock Options)

S. Science Co., Ltd. (the “Company”) hereby announces that, at the Board of Directors meeting held today and pursuant to Articles 236, 238 and 240 of the Companies Act of Japan, it resolved to issue the subscription rights to shares described below (the “Stock Options”) to Directors and Directors who are Audit and Supervisory Committee Members of the Company.

These Stock Options will be issued for consideration at fair value to the allottees and are not on particularly favorable terms; therefore, shareholder approval is not required. The Stock Options are not being granted as compensation; each allottee will subscribe based on their individual investment decision. Directors and Audit and Supervisory Committee Members who are to be allotted the Stock Options are interested parties and did not participate in the relevant resolutions.

I. Purpose and Rationale for the Offering

The Stock Options (the “Seventh Series Subscription Rights to Shares”) will be issued on a paid basis to Directors and Audit and Supervisory Committee Members to (i) appropriately recognize the contributions of individuals who possess critical expertise and market influence in the Company’s new Crypto Asset Investment business and Smart DX Solutions business, and (ii) promote business expansion and enhancement of corporate value.

Following the “Notice Regarding Change of Representative Director” disclosed on January 30, 2025 and the election of Directors and Audit and Supervisory Committee Members at the Annual General Meeting of Shareholders held on June 27, 2025, the Company is operating under a new management structure. Through the grant of these Stock Options, the Company aims to align the interests of the new management team with those of shareholders and to foster responsibility and commitment toward medium- to long-term corporate value creation.

Key feature (Mandatory Exercise Condition):

If, during the exercise period, performance deteriorates and the closing price of the Company’s shares falls below 50% of the exercise price for five consecutive trading days, all unexercised Stock Options will become subject to mandatory exercise. Setting the trigger at 50% is intended to (i) maintain pressure regarding the share price level and (ii) ensure commitment by Directors and Audit and Supervisory Committee Members to reverse performance deterioration. Accordingly, the scheme is designed so that allottees bear downside risk similar to existing shareholders, creating both motivation and responsibility. Notable provisions include:

- Allottees may not waive all or part of the Stock Options.
- Except for 6.(1) and 6.(2) below, the Company may not acquire the Stock Options.
- While an allottee may exercise if, at any time, the share price exceeds 150% of the exercise price and the allottee then holds office as a Director or Director who is an Audit and

Supervisory Committee Member, the mandatory exercise obligation survives even after retirement, etc., and the allottee must exercise notwithstanding 4.(6) (i) if the mandatory trigger occurs.

Given the recent business performance, the 50% trigger is designed to reflect structural and sustained deterioration rather than short-term volatility and is considered a reasonable threshold to protect corporate and shareholder value.

The exercise price is JPY 135; therefore, “50% of the exercise price” equals JPY 67.5. Falling below this level for five consecutive trading days will trigger mandatory exercise. Separately, to ensure alignment and appropriateness as an incentive plan, the Stock Options include a performance/price condition requiring the market price to exceed 150% of the exercise price to be exercisable.

If all Stock Options are exercised, the number of additional common shares will be 2,152,000, equal to 1.52% of the total number of issued shares as of March 31, 2025. While this will result in a certain degree of dilution, the Company believes the scheme appropriately incentivizes management to enhance corporate value and that such dilution is reasonable in light of the Company’s sustainable growth strategy.

Third-party valuation:

The Company engaged Shibuya International Accounting Office, Inc. (2-1-11 Tomigaya, Shibuya-ku, Tokyo; President: Hiroshi Abe) as an independent third party to determine the fair value of the Stock Options. Considering the terms of issuance (share price JPY 135; volatility 165.70% calculated from monthly prices from Jul-2023 to Jul-2025; 2-year exercise period; dividend yield 0%; risk-free rate 0.811%; exercise condition at 150% of the exercise price; mandatory exercise at 50%; and the obligation to exercise remaining options if the 50% trigger occurs for five consecutive trading days regardless of employment status), the fair value was calculated using a Monte Carlo simulation.

Based on the valuation and methodology commonly used for such instruments, the Board determined the issue price per option to be JPY 228, equal to the appraised fair value, and concluded the issuance is not on favorable terms. Two Audit and Supervisory Committee Member Directors (excluding Masamichi Hanaoka) expressed the opinion that the valuation and assumptions are reasonable and that JPY 228 does not constitute a favorable issue price.

II. Terms and Conditions of the Stock Options

(1) Seventh Series Subscription Rights to Shares

1. Name of the Stock Options
S. Science Co., Ltd. Seventh Series Subscription Rights to Shares.
2. Total Number of Stock Options
21,520 options (each option entitles the holder to acquire 100 shares).
Total shares deliverable upon exercise: 2,152,000 shares (subject to adjustment under 4.(1)).
3. Issue Price (Amount to be Paid in per Option)
JPY 228 per option, equal to the fair value appraised by Shibuya International Accounting Office, Inc. (independent of the Company and the allottees) using a Monte Carlo simulation under the parameters noted above. Two Audit and Supervisory Committee Member Directors (excluding Mr. Hanaoka) opined that the price is lawful and not particularly favorable.
4. Details of the Stock Options
 - (1) Type and Number of Shares Underlying Each Option
100 shares of the Company’s common stock per option.
Adjustments will be made for stock splits/reverse splits and other corporate actions; fractions below one share are rounded down.
 - (2) Amount of Assets to Be Contributed Upon Exercise / Exercise Price
Amount = Exercise Price per share × Number of shares granted per option.

Exercise Price: JPY 135, the closing price on the TSE Standard Market on August 15, 2025, the trading day prior to the Board resolution date.

Adjustments will be made for splits/mergers and for new issuances or disposals of treasury shares below market price based on customary formulas; fractions below JPY 1 are rounded up. Additional reasonable adjustments may be made for mergers, company splits, etc.

(3) Exercise Period

From September 5, 2025 to September 4, 2027.

(4) Increase in Capital and Capital Surplus upon Exercise

Calculated pursuant to Article 17(1) of the Regulation on Corporate Accounting; half of the maximum increase amount will be recorded as capital (fractions below JPY 1 rounded up), with the remainder as capital surplus.

(5) Restrictions on Transfer

Transfers require Board approval of the Company.

(6) Conditions of Exercise

- i. In principle, the holder must hold office as a Director or Director who is an Audit and Supervisory Committee Member at the time of exercise (exceptions for expiry of term, retirement age, termination for Company reasons, or other just cause as recognized by the Board).
- ii. The options may be exercised only if the ordinary trading closing price on a financial instruments exchange exceeds 150% of the exercise price at least once between the allotment date and the end of the exercise period.
- iii. Mandatory Exercise: If the closing price falls below 50% of the exercise price for five consecutive trading days, the holder must exercise all remaining options at the exercise price by the expiry of the exercise period, regardless of whether the holder continues to hold any position at the Company, its subsidiaries or affiliates (subject to specified exceptions such as material false disclosures, failure to disclose material facts, delisting/insolvency, or acts seriously damaging trust in the Company).
- iv. Upon the holder's death prior to expiry, the options may be inherited by one heir only (no further succession).
- v. Exercise is not permitted if it would cause the total number of issued shares to exceed the authorized number at that time.
- vi. No partial exercise below one option unit.

5. Allotment Date
September 4, 2025

6. Acquisition of the Stock Options by the Company

- (1) If a resolution is adopted approving a merger in which the Company is the extinct company, a company split in which the Company is the splitting company, a share exchange in which the Company becomes a wholly-owned subsidiary, or a share transfer plan, the Company may acquire all Stock Options without consideration on a separately specified date.
- (2) The Company may acquire the Stock Options without consideration before the end of the exercise period if:

- i. the holder is sentenced to imprisonment or heavier punishment;
 - ii. the holder is dismissed for cause under work rules;
 - iii. the holder commits a serious violation of laws or internal rules; or
 - iv. the holder is or becomes an antisocial force or is found to have ties thereto.
- (3) Holders may not waive all or part of their Stock Options.

7. Treatment upon Reorganization

In the event of a reorganization (merger where the Company ceases to exist; absorption-type or incorporation-type company split; share exchange; or share transfer), subscription rights to shares of the successor company will be delivered to holders on the effective date in accordance with Article 236(1)(viii)(a–e) of the Companies Act, subject to the reorganization agreements/plans providing for such delivery. The number, type of shares, exercise price, exercise period, capital/capital surplus treatment, transfer restrictions, exercise conditions, acquisition provisions and other terms will be determined mutatis mutandis with reference to

Sections 4, 6 and other provisions above.

8. Certificates of Stock Options

The Company will not issue certificates for the Stock Options.

9. Payment Date for Consideration

September 4, 2025

10. Allottees and Number of Options

- President and CEO Kenko Hisanaga: 5,400 options
- Director Takuya Hirose: 3,800 options
- Director Takanori Seki: 3,800 options
- Director Hiroshi Shimooka: 3,800 options
- Director Takeshi Fukuda: 3,800 options
- Director (Audit & Supervisory Committee Member) Masamichi Hanaoka: 920 options