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October 24, 2025

To whom it may concern

Company Name	S Science Company, Ltd.
(Ticker code: 5721 Standard Market of Tokyo Stock Exchange)	
Representative	Representative Director and President Mr. Kenko Hisanaga
Inquiry	General Manager of General Affairs Department Mr. Kunihiro Kosa (TEL: +81-3-3573-3721)

Change in use of funds following partial early redemption of the 4th series of unsecured straight bonds (private placement bonds)

At the Board of Directors meeting held today, we have decided to make partial changes to the use of the funds raised (hereinafter referred to as the "Fundraising") announced in the "Notice regarding the Issuance of the 8th Stock Acquisition Rights (with exercise price adjustment clause) and the 9th Stock Acquisition Rights (with exercise price adjustment clause) by Third-Party Allotment, the Execution of the Purchase Agreement (with a Commitment Clause for the 8th Stock Acquisition Rights), and the Simultaneous Issuance of the 1st Unsecured Straight Bonds (Private Placement Bonds)" dated August 18, 2025, as follows:

Details

1. Reasons for the change

Initially, the proceeds from this third-party allotment were planned to be used solely for the redemption of the first series of unsecured straight bonds (private placement bonds). However, the bondholders subsequently requested early redemption in accordance with the terms of the contract. In light of this, we have redeemed the first series of unsecured straight bonds (private placement bonds) and partially redeemed the second series of unsecured straight bonds (private placement bonds) in advance, as stated in the "Regarding Changes in Use of Proceeds Following Early Redemption of the First Series of Unsecured Straight Bonds (Private Placement Bonds) and Partial Early Redemption of the Second Series of Unsecured Straight Bonds (Private Placement Bonds)" dated September 5, 2025.

Subsequently, as announced in the "Notice Regarding the Issuance of the Fourth and Fifth Series of Unsecured Straight Corporate Bonds (Private Placement Bonds)" dated September 26, 2025, we issued new Fourth and Fifth Series of Unsecured Straight Corporate Bonds (Private Placement Bonds) (total amount of JPY 2 billion), securing the funds necessary to promote our cryptocurrency investment business. In the cryptocurrency market, the supply and demand structure has changed since the halving and capital inflows from institutional investors via ETFs continue, raising expectations for an increase in asset values in the medium to long term. Given these market conditions, we have determined that it is important for us to acquire Bitcoin flexibly in a manner that does not rely solely on yen-denominated assets in our core cryptocurrency investment business, thereby enhancing both our financial soundness

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and asset value.

Based on this, at the Board of Directors meeting held today, the Company resolved to redeem part of the already issued fourth series of unsecured straight bonds (private placement bonds) early as a flow of funds pursuant to the terms of the contract. This is expected to reduce the future redemption burden by reducing the outstanding balance of corporate bonds, and to encourage the early exercise of stock acquisition rights. Taking these circumstances and mechanisms into consideration, the Company has decided to change the use of the funds raised through this Third-Party Allotment as follows:

In addition, Section 2 (9) "Other Special Provisions" of the "Notice Concerning the Setting of an Issuance Limit (Maximum JPY 10 Billion) for Straight Corporate Bonds (Private Placement Bonds) and the Execution of a Memorandum of Understanding Regarding Underwriting" dated August 18, 2025, clearly states that when funds are paid to the Company through the exercise of stock acquisition rights, those funds will be used preferentially to redeem the corporate bonds.

The bonds were issued with a face value of JPY 1 billion and a paid-in amount of JPY 950 million, reflecting a risk premium based on the Company's creditworthiness and the market environment. This is a common method of issuing discounts, and the contractual provisions stipulate that the full face value must be repaid upon redemption. This difference is essentially regarded as interest, and for us, it has the same nature as interest charges.

In addition, the Company has already secured the necessary funds (total of JPY 2 billion) for its cryptocurrency investment business through the issuance of its 4th and 5th unsecured straight corporate bonds (private placement bonds). Therefore, although the funds paid in through the exercise of the stock acquisition rights will not be directly allocated to the cryptocurrency investment itself, they will be used to redeem the corporate bonds by backing up the cryptocurrency investment funds that have been raised in advance. As a result, we believe that financial risks will be reduced and transparency in the use of funds will be ensured, which will ultimately lead to increased shareholder value.

Therefore, by linking the exercise of stock acquisition rights with the redemption of bonds, the purpose is to ensure transparency of funds and financial soundness, and it is a mechanism that reduces the risk of fund recovery for bondholders and promotes the smooth exercise of stock acquisition rights for the Company. This system allows the entire process of "exercise of stock acquisition rights → funds to the company → redemption of corporate bonds" to be carried out automatically based on the contract.

As described above, ensuring financial transparency and soundness by linking the exercise of stock acquisition rights with the redemption of corporate bonds is essential for stabilizing our financial base and clarifying the use of funds, thereby enabling us to take advantage of opportunities to purchase cryptocurrencies at the appropriate time. We believe that this will contribute to the interests of our existing shareholders by improving our corporate value in the medium to long term.

However, in this series of early redemptions, the exercise request was made in accordance with the contractual provisions while discussions with the allottee were ongoing, resulting in the redemption occurring earlier than initially expected. Based on this, we plan to review the redemption terms of future bonds through discussions with the allottee. Specifically, we will proceed with our review in the direction of further enhancing the transparency and fairness of the bond issuance conditions, such as by rationally adjusting the calculation method for the discount amount in the event of early redemption using a daily pro rata calculation, etc. This will ensure flexibility in our fundraising while maintaining an appropriate balance between the interests of both shareholders and bondholders.

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2. Details of the changes

(Before change)

Specific use of funds	Amount (JPY million)	Planned timing of use funds
① Redemption of corporate bonds	<u>3,325</u>	<u>October 2026</u>
② Bitcoin (BTC) purchase	<u>3,270</u>	September 2025～September 2030
Total	6,595	

(After change)

Specific use of funds	Amount (JPY million)	Planned timing of use funds
① Redemption of corporate bonds	<u>3,900</u>	<u>October 2026</u>
② Bitcoin (BTC) purchase	<u>2,695</u>	September 2025～September 2030
Total	6,595	

※As for the fourth series of unsecured straight bonds (private placement bonds), we have decided to redeem JPY 575 million out of the unredeemed amount of JPY 675 million in advance.

3. Future Outlook

The impact of this change in the use of funds on our business performance for the current fiscal year is expected to be JPY 250 million recorded as interest on corporate bonds in the second quarter, as disclosed on October 10, 2025. If any matters arise that require disclosure regarding the impact on future business performance, we will promptly notify you.