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December 11, 2025

To whom it may concern

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| Company Name | S Science Company, Ltd. |
| (Ticker code: 5721 Standard Market of Tokyo Stock Exchange) | |
| Representative | Representative Director and President Mr. Kenko Hisanaga |
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Background to the Excessive Exercise of the 8th Series Stock Acquisition Rights (with Exercise Price Adjustment Provision) and Measures to Prevent Recurrence

As disclosed in "Implementation of 'Disclosure Measures' by the Tokyo Stock Exchange" on December 1, 2025, it has been discovered that the Company has violated Article 436, Paragraph 1 of the Enforcement Rules for the Listing Regulations.

We would like to inform you of the circumstances that led to this violation and the measures we will take to prevent it from happening again in the future.

1. Background to the Excessive Exercise of the Limit

On November 4, 2025, the Company announced the "Notice Regarding Monthly Exercise Status of the 8th Series of Stock Acquisition Rights (with Exercise Price Adjustment Provision) Issued by Third-Party Allotment" (hereinafter referred to as the "Disclosure"). As disclosed herein, in October 2025, it was discovered that the stock acquisition rights had been exercised in excess of the exercise limit agreed upon between the Company and the allottee (the number of shares acquired in a single calendar month must not exceed 10% of the number of listed shares at the time of issuance and payment).

The chronological facts leading up to this case are as follows:

(1) Exercise on October 10, 2025

Exercise requests were received from each of the companies to which the stock acquisition rights were allocated: Long Corridor Alpha Opportunities Master Fund (hereinafter referred to as "LCAO"), MAP246 Segregated Portfolio, a segregated portfolio of LMA SPC (hereinafter referred to as "MAP246"), and BEMAP Master Fund Ltd. (hereinafter referred to as "BEMAP") (collectively referred to as "LCAO, etc."), and the total number of shares was as follows. After receiving the funds, we confirmed each deposit and faxed an "Exercise Request Notice" to Sumitomo Mitsui Trust Bank.

- Total number of shares exercised as of October 10, 2025: 10,622,000 shares
(Breakdown by allottee)
- LCAO: 7,296,700 shares (cumulative total: 17,346,700 shares)
- MAP246: 1,008,000 shares (cumulative total: 2,443,000 shares)
- BEMAP: 2,317,300 shares (cumulative total: 4,991,300 shares)

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(2) Exercise on October 24, 2025

On the 24th of the same month, we received another exercise request three companies being LCAO and, for a total of 4,953,200 shares, and after confirming the payment, we faxed it to Sumitomo Mitsui Trust Bank.

- Total number of shares exercised as of October 24, 2025: 4,953,200 shares
(Breakdown by allottee)
- LCAO: 3,453,200 shares (cumulative total: 20,799,900 shares)
- MAP246: 430,400 shares (cumulative total: 2,873,400 shares)
- BEMAP: 1,069,600 shares (cumulative total: 6,060,900 shares)

(3) How to confirm the exercise quantity at this time

At this point, it was understood that the exercise limit quantity was calculated based on the "number of shares at the beginning of the month of the exercise month," and although the number of shares at the time of issuance and payment was "141,593,749 shares," the calculation was made by adding the number of shares exercised thereafter to that number (misconception). The breakdown is as follows: ①Number of shares issued and paid for: 141,593,749 shares + ②Number of shares exercised in September: 14,159,000 + ③Number of stock options exercised: 102,000 shares = 155,854,749 shares. When this is used as the denominator and the October exercise number (15,575,200 shares) is discounted, the result is "9.99341%," which is mistakenly believed not to exceed the threshold. The correct calculation was "15,575,200 shares" divided by "141,593,749 shares," which resulted in an excess of "10.99992%."

(4) Total number of shares exercised in a single calendar month

As a result of combining the exercises on the above two days, the total number of shares exercised in that month was 15,575,200 shares.

(5) Identification of excess exercise of shares

During the process of preparing this disclosure document, the Tokyo Stock Exchange pointed out that "the exercise limit should be calculated based on 10% of the number of listed shares at the time of issuance and payment," and it became clear that our previous calculation based on "the number of shares as of the beginning of the month of exercise" was incorrect.

The issuance and payment date for these stock acquisition rights was September 4, 2025, and the number of listed shares as of that date was 141,593,749 shares (therefore 10% of the upper limit of shares = 14,159,374 shares). However, the calculation was based on 155,854,749 shares, which was the incorrect addition of the September exercise shares, resulting in an excess of 14,261,000 shares in the actual number of listed shares. As a result, the 15,575,200 shares exercised in October exceeded the upper limit (0.99992% excess).

2. Causes of Excessive Exercise Occurrence

As a result of fact-finding, internal interviews, and discussions with the allottee's agent, the following five root causes have been identified.

Cause① : Insufficient understanding of regulations and contract clauses (lack of basic knowledge)

Although we should have used the "number of listed shares at the time of issuance and payment" as

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required by Article 436, Paragraph 1 of the Enforcement Regulations for Listing Regulations, we had mistakenly assumed within our company that the basis should be the "number of shares as of the beginning of the current month." Furthermore, if there were any unclear points, we should have checked the regulations and contract clauses themselves, but our company's misconception led us to neglect to check various aspects, which is the cause of this issue.

Cause② : The internal checking system was limited to two people, resulting in a lack of checks and balances.

The practical responsibility for stock acquisition rights was limited to two people: the representative director and the general manager of the general affairs department, and there was no system in place to verify the calculation logic or interpretation of the provisions across multiple lines (such as the second line, the corporate planning department, or the third line, the internal audit department). As a result, the misunderstanding was not detected organizationally, and communication with external parties (lawyers, financial advisors, and allottees) continued based on the understanding of the two individuals.

Cause③ : The mutual confirmation process with the allottees was not systematically established.

The allottees (domestic agent and overseas party) mistakenly believed that "if the exercise price exceeds the stock price at the time of exercise, the 10% limit can be lifted." The exchanges were conducted under mutually incorrect assumptions, which led to further misunderstandings.

Cause④ : There was no time to maneuver, and same-day responses were the norm.

Based on the logic for determining the exercise price, requests were concentrated every Thursday through Friday morning, and the process of confirming payment, making calculations, notifying the trust bank, and creating a timely disclosure proposal was handled in parallel on the same day. This practice has resulted in a lack of time to "return to the provisions and check", which is actually necessary

Cause⑤ : The reporting lines to the Board of Directors and Audit and Supervisory Committee were not functioning properly.

The 10% limit is an extremely important issue for maintaining the company's listing. However, practical decisions were made at the on-site level. As a result, reporting to and checks and balances with governance were not functioning properly.

3. Measures to prevent future recurrence

We take the above five root causes very seriously and have formulated the following measures to prevent recurrence under the leadership of our management. Each measure has been clearly defined to correspond to the cause in question, and is positioned as an effective structural measure. To prevent recurrence, the timing of implementation, responsible department, and verification method for each measure have been determined, and the Board of Directors will periodically monitor the implementation status.

Countermeasure① : Specialist review and training system to reinforce understanding of regulations

In cooperation with external legal and securities experts (corporate counsel and financial advisors), we will establish by the end of January 2026 an administrative workflow that will require, from the next transaction onwards, a prior comparison of our company's opinion with that of our corporate counsel and our financial advisor regarding the number of listed shares at the time of issuance payment, as required by

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Article 436, Paragraph 1 of the Enforcement Regulations for the Listing Regulations, before the contract is concluded. Furthermore, after reading and discussing the relevant listing regulations, we will aim to achieve a common understanding both inside and outside the company, and will prepare and document manuals and other documents related to the relevant administrative flow by the end of January 2026. In addition, we will set aside a certain amount of time each month after our Board of Directors' meetings and business division meetings to provide training on the Listing Regulations in general, including MSCB, and will create a training schedule for directors in charge, managers in charge, external experts, etc., from December 2025, and conduct such training as appropriate.

As for the improvement measures, we will implement, learn, and understand the following: "Implementation and development of various training programs on listing regulations," "Establishment of internal rules and workflows," "Creation of various internal checklists," and "Explanation and reporting to the Audit Committee." We will then create a manual and take thorough measures to prevent recurrence.

Countermeasure② : Strengthening the internal check system with a four-person team

The "number of shares at the time of issuance and payment" is entered as a fixed value in an internal Excel spreadsheet, and an automatic calculation formula is used to determine whether or not the number exceeds 10%. Furthermore, we aim to unify understanding by sending a "confirmation email (reply to all)" from all staff members and create a manual. The Corporate Planning Office and the Internal Audit Office will also participate in this checking system, and both departments will carry out confirmation and verification from an independent standpoint (measures will be completed in February 2026 and will continue to be in operation).

The Internal Audit Office is positioned as an independent monitoring function that is not involved in practical execution.

Countermeasure③ : Mandatory final mutual confirmation process with the allottee

Before exercising stock acquisition rights, you will hold a web conference with the domestic agent of the allottee to mutually confirm the logic and quantity. Minutes of the meeting will be kept to ensure that both parties are on the same page.

Countermeasure④ : From next time onwards, the contract will state that "exercise will occur two business days after the exercise request." The allottee has also agreed (a web conference will be held and the meeting minutes will be recorded). This will eliminate last-minute responses on the day, and ensure there is time to confirm provisions and conduct internal audits.

Countermeasure⑤ : Strengthened Monitoring by the Management

The status of the exercise of stock acquisition rights will be reported monthly to the Board of Directors and the Audit and Supervisory Committee.

A review by the Corporate Planning Office and the Internal Audit Department is mandatory.

※The exercise of the 8th series of stock acquisition rights, which fell under the category of excess exercise this time, was completed in full on November 28, 2025, and the implementation of the above measures to prevent recurrence will proceed as scheduled.

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4. Recognition of the impact of the exercise of the limit on the securities market

In light of the system's purpose of ensuring "protection of existing shareholders" and "fairness of the market" as envisaged in Article 434, Paragraph 1 of the Listing Regulations and Article 436, Paragraphs 1 to 5 of the Enforcement Rules, as we recognize the impact that this excessive exercise of shares has had on the securities market, we recognize this as an extremely serious incident because "the dilution of shares directly impacts investors' value judgments," "adherence to the upper limit on the exercise ratio is a fundamental premise for fair fundraising," and "our company's misunderstanding has resulted in a loss of investor trust."

We deeply regret this incident and will steadily implement measures to prevent a recurrence, while continuing to strengthen our governance and ensure highly transparent management.