

February 13, 2024

Company name: SCAT Inc.
(Tokyo Stock Exchange Standard Market , Code 3974)
Representative : Hideo Nagashima
Representative Director and President
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Executive Officer in charge of IR
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Notice regarding disposal of treasury stock as restricted stock compensation.

SCAT Inc. (the “Company”) hereby announces that, at the Board of Directors meeting held on February 13, 2024, the Directors resolved as follows to dispose of treasury stock as stock compensation with transfer restrictions (hereinafter referred to as "the treasury stock disposal" or the “Disposal”).

1. Disposal summary.

(1)	Disposal date	March 5, 2024
(2)	Class and number of shares to be disposed	Our common stock 4,640 shares
(3)	Disposal price	506 yen per share
(4)	Total disposal value	2,347,840 yen
(5)	Recipients and number of shares to be disposed	<ul style="list-style-type: none">• Director of our company (*1) 4 Directors, 3,850 shares• Audit & Supervisory Board Member of the Company (*2) 1 auditor, 790 shares *1 : Excluding outside directors. *2 : Excludes outside corporate auditors.

2. Purpose and Reasons for the Disposal.

At the Company's 56th Ordinary General Meeting of Shareholders held on January 30, 2024, the Company's directors (excluding outside directors) and Auditor shared the merits and risks of stock price fluctuations with shareholders for the purpose of further increasing motivation to contribute to stock prices rise and corporate value improvement, and introduced a stock compensation system (hereinafter referred to as "the system") for delivering restricted stock to directors (excluding outside directors) and Auditor of the Company.

The total amount of monetary remuneration claims to be paid as remuneration for restricted stock to eligible directors and auditors of the Company shall be within 10 million yen per year for eligible directors of the Company, and within 2 million yen per year for corporate auditors of the Company. The

total number of restricted shares to be allocated in each fiscal year shall be limited to 20,000 shares for eligible directors of the Company and 4,000 shares for corporate auditors of the Company, and the transfer restriction period of restricted shares shall be limited to transfer. Furthermore, under this system, we have received approval to set the transfer restriction period for restricted stock from the date of issuance of the restricted stock to the date on which you retire from your position as a director or corporate auditor of the Company.

Today, as per the resolution of the Board of Directors of the Company and discussions with the Audit & Supervisory Board Members, the allottees will be allocated as restricted stock compensation for the period from the Company's 56th Ordinary General Meeting of Shareholders to the Company's 57th Ordinary General Meeting of Shareholders scheduled to be held in January 2025. A total of 2,347,840 yen of monetary remuneration claims will be paid to the four eligible directors of the Company and one auditor of the Company, and the allottee will pay all of the monetary remuneration claims by way of contribution in kind. We have decided to allocate 4,640 shares of our common stock as restricted stock.

The amount of monetary remuneration claims for each Allottee will be determined by comprehensively considering the Target's contribution to the Company. In addition, the monetary remuneration claim will be paid on the condition that the Target Company concludes a restricted stock allotment agreement with the Company that generally includes the following contents.

3. Allocation contract overview.

① Transfer restriction period.

Period from the date of issuance of restricted stock until the date on which the allottee retires from the position of director or corporate auditor of the Company. (However, if the date of resignation is before January 31, 2026, the period will be until February 1, 2026.)

During the transfer restriction period (hereinafter referred to as "the transfer restriction period") specified above, the Eligible Directors allocated the transfer restricted stock (hereinafter referred to as "the allotted stock") cannot transfer, set pledges, set collateral rights, give gifts, bequests or any other disposition to a third lessor (hereinafter referred to as "transfer restrictions").

② Free acquisition of restricted stock

In the event that the Allotted Person resigns from any position as a director or auditor of the Company by the day before the date of the first ordinary general meeting of shareholders of the Company after the start date of this Transfer Restriction Period, the Company shall Unless there is a reason deemed justifiable by the Company's Board of Directors, the Allotted Shares will be acquired free of charge at the time of such retirement. In addition, some of the allotted shares may not have their transfer restrictions released at the time when the transfer restriction period has expired (hereinafter referred to as the "expiration time"), based on the reasons for cancellation of transfer restrictions in ③ below. In such a case, the Company will naturally obtain it free of charge immediately after the expiration of the period.

③ Release of transfer restrictions

The Company shall confirm that the Allotted Person has held the position of either a director or

an auditor of the Company continuously from the start date of the Transfer Restriction Period until the date of the first ordinary general meeting of shareholders of the Company. As a condition, at the expiration of the period, transfer restrictions will be lifted for all of the Allotted Shares held by the Allottee at that time. However, if the Allotted Person retires as a Director or Audit & Supervisory Board Member of the Company for reasons deemed justifiable by the Company's Board of Directors, the date on which the Allotted Person retires as a Director or Audit & Supervisory Board Member of the Company shall apply from February 2024. The number obtained by dividing the number of months up to the month including the month by 12 (however, if the result of the calculation exceeds 1, it shall be 1) multiplied by the number of Allotted Shares held by the Allotted Person at that time (However, if the calculation results in a fraction less than one share, it shall be rounded down.) Transfer restrictions relating to the Allotted Shares will be lifted immediately after the resignation. .

④ Regulations regarding stock management

The Eligible Directors shall complete the opening of an account to the SMBC Nikko Securities, Inc. by the method designated by the Company to describe or record the allotted shares, then keep and maintain it in their account until the transfer restrictions are released.

⑤ Handling in organizational restructuring

During the Transfer Restriction Period, the Company may approve a merger agreement in which the Company becomes a dissolving company, a stock exchange agreement in which the Company becomes a wholly owned subsidiary, a stock transfer plan, or other organizational restructuring, etc. at the Company's general meeting of shareholders or the Company's Board of Directors. If the allotted person is to resign as a director or auditor of the Company due to the reorganization, etc., the date of approval shall be from February 2024 by resolution of the Company's Board of Directors. The number of Allotted Shares obtained by dividing the number of months up to and including the month by 12 by the number of Allotted Shares held by the Allottee on the day of approval, on the effective date of the Reorganization, etc. The transfer restrictions related to this will be lifted immediately before the previous business day.

In addition, upon approval of the reorganization, the Company will acquire, free of charge, all of the allotted shares for which transfer restrictions have not been lifted, on the business day preceding the effective date of the reorganization.

4. Basis for calculation of payment amount and its specific content

The price for disposal of treasury stock will be 506 yen, which is the simple average of the closing price of the Company's common stock on the Tokyo Stock Exchange for the most recent month up to February 9, 2024, in order to eliminate arbitrariness.

This is the market share price immediately before the resolution date of the Board of Directors of the Company, and the Company consider it to be a reasonable price but not particularly advantageous price.

Note: This document has Been Translated from the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.