December 14, 2023

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（Tokyo Stock Exchange Standard Market , Code 3974）
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Notice Concerning Introduction of Restricted Stock Compensation Plan

SCAT Inc. (the “Company”) hereby announces that, at the meeting of its Board of Directors held on December 14, 2023, the Company reviewed the remuneration for directors and other officers and decided to establish the Restricted Stock Compensation Plan (hereinafter “the Plan”). As specified below, the Company is submitting a proposal related to the Plan to the 56th Annual Meeting of Shareholders (hereinafter “the Shareholders’ Meeting”) scheduled to be held on January 30, 2024.

1. Purpose and conditions of the introduction of the Plan

(1) Purpose of introduction

The Plan will be introduced as a compensation system that allocates restricted stock to the Company's directors and auditors (Excluding outside directors. Hereinafter referred to as "Eligible Officers"). The purpose of this is for the directors to continuously increase the company's corporate value and promote further sharing of value with shareholders, and for the auditors to prevent damage to the company's corporate value and maintain trust.

(2) Introduction conditions

The Plan will provide eligible officers with monetary remuneration claims as compensation for the allocation of restricted stock. Therefore, a condition for the introduction of the plan is that shareholders approve the payment of this compensation at the Shareholders’ Meeting.

The amount of remuneration for directors of the Company was resolved at the general meeting of shareholders held on January 29, 2003 to be no more than 150 million yen per year (not including employee salaries). It was resolved at the general meeting of shareholders held on January 29, 2014 that the amount of remuneration for our company's corporate auditors would be no more than 24 million yen per year.

At the Shareholders’ Meeting of Shareholders, after comprehensively taking into account various matters such as the degree of contribution of the eligible officers to the Company, compensation related to restricted stock to the eligible officers will be provided within the scope of the amount of remuneration, etc. for directors and auditors mentioned above. We plan to request shareholder approval for setting the total amount of monetary remuneration claims to be paid as such.

2. Overview of the Plan

(1) Allotment and payment of restricted stock

The Company will pay monetary remuneration claims within the above annual amount as remuneration related to restricted stock to the Eligible Officers based on the resolution of the Company's Board of Directors and consultation with the Company's Audit & Supervisory Board Members, and each Eligible Officer Receive an allotment of restricted stock by paying all of the monetary remuneration claims through in-kind contributions.

The amount to be paid for the restricted stock will be based on the average closing price of the Company's common stock on the Tokyo Stock Exchange during the most recent one month period up to the business day preceding the date of the resolution of the Company's Board of Directors. The amount will be determined by the Company's Board of Directors to the extent that the amount is not particularly advantageous to the eligible officers.

In addition, the above monetary compensation claims will be paid on the condition that the eligible officers have consented to the above in-kind contribution and have concluded a restricted stock allotment agreement that includes the details set forth in (3) below.

(2) Total number of restricted stocks

The total number of restricted shares to be allocated to eligible officers shall be the upper limit of the number of restricted shares to be allocated in each fiscal year, as shown below.

For directors of the Company, the shares shall not exceed 20,000 shares, and the total amount of compensation shall be within 10 million yen per year, which is an amount deemed appropriate based on the above objectives.

For the Company's corporate auditors, the number of shares shall not exceed 4,000, and the total amount of compensation shall be within 2 million yen per year, which is an amount deemed appropriate based on the above objectives.

The total number of restricted stocks to be allocated to eligible officers shall be 20,000 shares for directors of the Company and 4,000 shares for corporate auditors of the Company, with the upper limit of the number of restricted shares allocated in each fiscal year.

However, in the event that a stock split or reverse stock split of the Company's common stock is carried out after the date of resolution of this proposal, or in the event that it is necessary to adjust the total number of restricted stock to be allocated in accordance with these cases, such transfer The total number of restricted shares may be reasonably adjusted.

(3) Contents of restricted stock allotment agreement

Upon allotment of restricted stock, the restricted stock allotment agreement to be concluded between the Company and the officer to whom the restricted stock is allocated based on a resolution of the Company's board of directors shall include the following content.

① Contents of transfer restrictions

Eligible officers who have been allotted restricted stock shall be eligible for the period from the date of issuance of the restricted stock until the date on which they retire from their positions as directors or

corporate auditors of the Company. (hereinafter referred to as the "Transfer Restricted Period"). Restricted shares allocated to such officers (hereinafter referred to as "allocated shares") may not be transferred to a third party by pledge, transfer of security interest, gift during life, bequest, or any other method. (hereinafter referred to as "Transfer Restrictions")

② Free acquisition of restricted stock

If the eligible officer retires from the relevant position by the day before the expiration of his/her term of office, the Company will acquire the allotted shares free of charge. The term of office is from the start date of the transfer restriction period until the day before the first regular general meeting of shareholders. Even after the term of office has expired, if the reason is not recognized as justifiable, the allotted shares will naturally be acquired free of charge.

In addition, if there are any of the Allotted Shares whose transfer restrictions have not been lifted based on the grounds for cancellation of transfer restrictions in ③ below at the expiration of the transfer restriction period in ① above, the Company will naturally Get it for free.

③ Lifting restrictions

The Company will lift all transfer restrictions on the Allotted Shares once the Transfer Restriction Period has expired for the Eligible Officers who have been allocated the Restricted Shares. The condition is that the eligible officer continues to hold the position of a director or auditor of the Company during the period of service provision.

However, if the applicable officer resigns from his position as a director or auditor of the Company by the day before the service provision period for reasons deemed justifiable by the Company's Board of Directors, the Allotted Shares, which will lift the transfer restriction, The number and timing of lifting transfer restrictions shall be reasonably adjusted as necessary.

④ Handling in organizational reorganization

If an eligible officer retires from his or her position due to reorganization during the transfer restriction period, the Company will lift the transfer restriction on the effective date.

Organizational reorganization means that 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, and other proposals regarding organizational restructuring have been approved at a general meeting of shareholders or a board of directors meeting.

In addition, upon approval of an organizational reorganization, etc., the Company will naturally acquire, free of charge, the Allotted Shares for which transfer restrictions have not been lifted on the business day before the effective date of the reorganization, on the same day.

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