December 14, 2023

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（Tokyo Stock Exchange Standard Market , Code 3974）
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Notice Regarding Summary Results of Evaluation of Effectiveness of the Board of Directors

SCAT Inc. (the “Company”) would like to inform you of the summary of the evaluation of the effectiveness of the Board of Directors in FY2023, with the aim of increasing corporate value by improving the functions of the Board of Directors.

1. Analysis and evaluation methods.

The Company's "Nomination and Compensation Committee" will distribute a questionnaire to all directors and corporate auditors in which they can provide graded evaluations and comments regarding the effectiveness of the Board of Directors in fiscal 2023, and all will receive responses anonymously.
After compiling this information, it was analyzed and evaluated by the Board of Directors.

(1) Implementation period

November 2023	Questionnaire creation, collection, evaluation/analysis, and problem extraction
December 2023	Report from the Nomination and Compensation Committee to the Board of Directors
December 2023	Evaluation and presentation

(2) Rater

All directors and all auditors

(3) Implementation method

Conducting a questionnaire for all evaluators
Evaluation and analysis of survey results and extraction of issues by the nomination and remuneration committee.

(4) Evaluation item

Part 1	Composition of the Board of Directors
Part 2	Management of the board of directors
Part 3	Board of Directors agenda
Part 4	Structure to support the Board of Directors

2. Summary of evaluation results

In the self-evaluation of each director and corporate auditor, the effectiveness of the Company's Board of Directors has improved from the previous year's evaluation, but issues with effectiveness were identified.

Among the items that were evaluated, in particular, the use of secure cloud-based file boxes to ensure time for preliminary review of materials was recognized as improving convenience and invigorating the proceedings of the Board of Directors meetings. On the agenda of the Board of Directors, discussion of capital efficiency in addition to business strategy increased, and consideration of measures with ROE and PBR in mind was praised.

However, it was pointed out that there was still a lack of discussion on environmental management, such as ESG management and SDGs, and human capital, including health management, and this became an issue for the future. Furthermore, among individual themes, points for improvement such as collecting information such as opinions from experienced experts and training for executives were raised, and issues for the next year were clarified.

3. Improved items

(1) Opportunities to provide information, time to review consultation materials in advance, support system

(2) Board of Directors agenda

4. Initiatives based on evaluation results.

As a result of discussions based on the results of this evaluation, the Board of Directors has recognized the following as issues and will take initiatives to improve the effectiveness of the Board of Directors.

(1) Deepening discussions on management strategy

The Company secures important discussion time at Board of Directors meetings and deepens discussions on specific management strategies and management resource allocation plans. For this reason, the Board of Directors will deliberate on proposals related to the management and supervision of management and business execution, and the Executive Officers' Meeting will determine agendas and themes related to business execution.

In addition, in order for the Board of Directors to be aware of the cost of stockholders' equity and stock price, and to carry out measures based on medium-term plans, executives and executives should be advised that the cost of stockholders' equity is approximately 4% to 6% when calculated using CAPM. We will share information, supervise and discuss measures to improve return on equity (ROE) and price earnings ratio (PER) in order to improve corporate value.

(2) Strengthening the system that supports the Board of Directors

In order to energize the Board of Directors, the Company recommends training for officers, improves the quality of discussions at the Board of Directors, and strengthens management oversight functions.

Based on the results of this effectiveness evaluation, the Company's Board of Directors will build an even more complete corporate governance system.

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