



December 12, 2025

Company name: SCAT Inc.

Code 3974, Tokyo Stock Exchange Standard Market, Nagoya Stock Exchange Main Market

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Notice Concerning Action to Realize Management Conscious of Cost of Capital and Stock Price (Update)

SCAT Inc. (the "Company") announces that at the Board of Directors meeting held on December 12, 2025, the Company updated its analysis and evaluation of the current situation and its policy for improvement regarding the "Notice Regarding Measures to Realize Management with Awareness of Capital Cost and Stock Price" published on December 14, 2023.

1. Current situation recognition and evaluation

Based on the company medium-term management plan from the fiscal year ending October 2024 to the fiscal year ending October 2026, the company will implement structural reforms of existing businesses with a growth strategy centered on core businesses and develop new services and businesses. In the fiscal year ending October 2025, we implemented measures to increase shareholder returns and focus on our stock price, such as increasing dividends, allocating shares free of charge, and offering special benefits to commemorate our dual listing on the Nagoya Stock Exchange Main Market, while investing in product development and human resource development, which form the foundation for growth. The trends in the company's management indicators for the last three fiscal years are as follows.

| | FY2023 | FY2024 | FY2024 |
|---|--------|--------|--------|
| Net sales (Million yen) | 2,742 | 2,594 | 2,605 |
| Ordinary profit (Million yen) | 230 | 156 | 197 |
| Profit attributable to owners of parent | 157 | 100 | 125 |
| Net assets (Million yen) | 1,844 | 1,946 | 2,038 |
| Net assets per share (Yen) | 668.18 | 686.19 | 650.74 |
| Net income per share (Yen) | 52.79 | 35.87 | 43.76 |
| Capital adequacy ratio (%) | 62.0% | 66.2% | 67.2% |

| | FY2023 | FY2024 | FY2024 |
|-----------------------------------|--------|--------|--------|
| ROE (Return on equity), (%) | 7.9% | 5.3% | 6.3% |
| Stock price (end of period) (Yen) | 469 | 388 | 505 |
| PBR (Price Book-value Ratio) | 0.70 | 0.57 | 0.78 |
| 3-month average stock price (Yen) | 517.13 | 416.16 | 558.29 |
| PBR (Price Book-value Ratio) | 0.77 | 0.61 | 0.86 |

(Reference) Number of shareholders

| | FY2023 | FY2024 | FY2024 |
|---|--------|--------|--------|
| Number of shareholders at the end of the period | 4,948 | 3,587 | 6,601 |
| Number of shareholders with voting rights | 4,562 | 2,852 | 5,496 |

(1) Return on capital

The company estimates that our shareholders' equity is in the range of approximately 3.1% to 5.8% based on our own calculations using CAPM. The company's ROE has remained at a level exceeding the cost of shareholders' equity. However, in the fiscal year ending October 2024, due to a decline in business performance, the cost of equity fell to the same level as the cost of shareholders' equity. For the fiscal year ending October 2025, we have been able to improve ROE to 6.3%.

(2) Market evaluation.

Our PBR, based on the average stock price for the three months ending October 2025, is 0.86, an improvement of 0.25 points from the previous fiscal year, but remains below 1. Even when we are performing well, our stock price remains undervalued. We recognize that our small market capitalization and low stock liquidity, as well as our lack of recognition for our future growth potential, are issues.

2. Improvement policies, goals, and initiatives.

(including implementation status for the fiscal year ending October 2025)

(1) Policies and goals

Based on the three-year medium-term plan announced on December 14, 2023, we will work to improve our capital return and market valuation, aiming to increase our corporate value.

(2) Status of improvement efforts (fiscal year ending October 2025).

① Recovery of core business.

In our core beauty ICT business, large-scale cancellations and other incidents occurred in the previous fiscal year (FY 2024), which affected profits and losses. However, in the current fiscal year (FY2025), the company has been certified as a DX-certified business and an IT implementation support business by the METI, and the products and content services it provides are now eligible for IT implementation subsidies. Furthermore, some existing users have been contacted with inquiries regarding equipment replacement following the end of Windows 10 maintenance in October of this year, and business

performance has recovered steadily, securing profits that exceeded our initial forecasts.

However, as stated in the "Notice Regarding Revision of Consolidated Earnings Forecast" published on October 14, 2025, In the Nursing care services business, since May 2025, a series of deaths of elderly residents due to old age and other factors has had a significant impact on operating profits.

② Dividends increased for five consecutive years.

In fiscal year 2025, we plan to increase the annual dividend by 1 yen from the previous fiscal year, marking the fifth consecutive year of dividend increases. (Annual dividend per share: 14 yen, including interim dividend of 7 yen and year-end dividend of 7 yen)

In addition, due to the implementation of the Gratis Allotment of shares (4), the year-end dividend will effectively increase by 10%.

③ Commemorative benefits offered.

As per the "Notice of the Implementation of Shareholder Benefits to Commemorate Redundant Listing on the Nagoya Stock Exchange Main Board" published on July 8, 2025, We have received approval to list our shares on the Nagoya Stock Exchange's Main Market in order to increase awareness and expand opportunities for ongoing dialogue among individual investors, who make up the majority of our shareholders. To commemorate this milestone, and to show our appreciation for our shareholders' continued support, we have decided to offer special shareholder benefits.

④ The Gratis Allotment of shares using company-owned treasury stock.

As stated in the "Notice Regarding the Gratis Allotment of shares" published on August 25, 2025, one of our challenges was addressing our holdings of treasury stock (41.7% of our issued shares as of the publication date). With the aim of directly returning profits to shareholders and ensuring a sufficient number of tradable shares, the Company has implemented the Gratis Allotment of shares of treasury shares held by the Company at a ratio of 0.1 common shares for each common share, with the record date being September 30, 2025, by effectively utilizing the treasury shares held by the Company. This effectively resulted in a 10% increase in dividends to shareholders.

(3) Future efforts to improve.

① Recovery and growth of business performance.

- Reduce fluctuation risks in system sales (product sales), accelerate the accumulation of stock-based revenue from content and maintenance, and promote reform of the profit structure that emphasizes stock.
- Recovery of occupancy rates at nursing care facilities.

② Implementing growth strategies (growth and deepening)

- Strengthening profitability by expanding sales resources and promoting efficiency through DX.
- Optimization through business process improvement and ICT promotion in conjunction with the renewal of core systems.

③Growth investment: Implementing management resource allocation plans

- Improving financial efficiency and improving asset efficiency and effective utilization, including the sale of non-business assets.
- Comprehensive consideration of capital policy.
- Strengthening investment in human capital, including human resource utilization.

④Shareholder return. : Continuous shareholder returns based on stable dividends

⑤Enhancement of IR activities

⑥ESG management:

Contributing to the environment and society, and maintaining an appropriate governance system.

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