



# FY2024 Q 2 Financial Results (Supplementary material)

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June 13, 2024

**SCAT**

Tokyo Stock Exchange Standard Market , Code 3974

## 1. FY2023 Q2 Financial Summary

- Second quarter financial highlights
- Shareholder return
  - Implemented interim dividend
  - Shareholder return (dividend forecast)
  - Abolishing Shareholder Benefits Program
- Regarding disposal of treasury stock
  - Introduction of stock compensation system
  - Expansion of capital and business alliances

## 2. Topics

## 3. Overview of medium-term management plan (2024.10~2026.10)

## 4. Company Profile

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## FY2024 Q2 Financial Summary

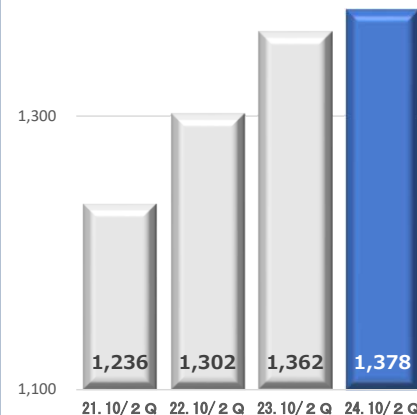
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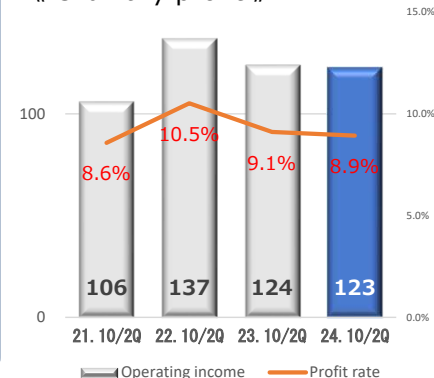
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- **Medium-term three-year plan, first year initiatives**
  - Building a foundation for implementing priority action items.
- **Forecast: Progress as originally planned.**
  - Second quarter consolidated sales increased for 3 consecutive years (Factor: Significant growth in ICT business for beauty salons. )
  - Operating income decreased due to rising costs from the previous year.
  - Due to the change in the year, there was a gap in the acceptance period for IT introduction subsidies, and some orders were postponed.
- **The shift to DX in society boosts the strong performance.**
  - Actively releasing new products and services in the beauty ICT business.
  - Expanding beauty salon customer attraction support services. "Reserve with Google" · "Rakuten Points" · "LINE Mini App"
- **Mechanisms to expand sales in response to legal revisions.**  
 (Invoicing System、 ERRL : Electronic Record Retention Law)
  - Alliance (sales partner agreement) with Rakusu Co., Ltd. (TSE 3923), which provides the cloud-based electronic billing system "Raku Raku Meisei".
  - The company expanded our capital and business alliance to strengthen and develop our long-term partnership with M.H. Group LTD. (TSE 9439).
- **Expansion of consulting services for SME clients through certification as a "Support agencies for business innovation".**
- **Nursing care services are on track to recovery from the coronavirus pandemic**
  - Improving the period until moving out and moving in. Rising prices for supplies, utilities, etc. affected profit and loss.
  - Occupancy rate is expected to recover.

《 Net sales 》 Unit: JPY in Millions



《 Ordinary profit 》



Unit: JPY in Millions

	FY2023 Q2	FY2024 Q2	Rate of change	FY2024	YoY change rate	Progress
Net sales	1, 3 6 2	1, 3 7 8	1.2%	2, 8 0 4	2.3%	49.1%
Cost of sales	8 0 8	8 2 1				
Gross profit (Gross profit margin)	5 5 3 (40.6%)	5 5 7 (40.4%)				
Selling, general and administrative expenses	4 2 9	4 3 3				
Operating profit	1 2 4	1 2 3	▲0.6%	243	6.8%	50.8%
Ordinary profit	1 2 6	1 2 9	2.3%	243	5.4%	53.3%
Profit attributable to owners of parent	9 5	8 5	▲10.9%	160	1.6%	53.1%

**Progressing as planned:** Both sales and profits are trending favorably in line with initial forecasts.

**Net sales:** System sales (product sales) are progressing as planned with deliveries to users who have been selected for IT introduction subsidies.

**Cost increase:** High purchase prices, weak yen, and soaring utility costs, etc.

**Profit attributable to owners of parent:** The reason for the decrease was the gain on rent exemption (extraordinary income) due to the eviction of the former Tokyo headquarters office in the previous fiscal year.

※Total price difference is due to rental income. Unit: JPY in Millions

	FY2023 2Q	FY2024 2Q	Rate of change	FY2024	Progress
<b>Net sales</b> (※)	1, 3 6 2	1, 3 7 8	1.2%	2, 8 0 4	49.1%
Beauty ICT business	8 2 1	8 3 9	2.2%	1, 6 9 3	49.6%
Business service business	1 6 5	1 7 0	3.2%	3 2 0	53.2%
Nursing care service business	3 6 6	3 5 9	▲ 1.9%	7 7 5	46.3%
<b>Segment profit</b> (※)	1 2 4	1 2 3	▲ 0.6%	2 4 3	50.8%
Beauty ICT business	8 9	8 7	▲ 2.8%	1 6 7	52.0%
Business service business	1 0	2 3	121.4%	1 7	132.4%
Nursing care service business	1 8	7	▲ 61.7%	4 7	15.3%

## Beauty ICT business

First year of medium-term three-year plan. Implementation of medium- to long-term infrastructure development. Progress according to plan. We are actively releasing new products against the backdrop of a favorable market environment. Responding to cost increases (purchasing prices/yen depreciation)

- ①Expansion of salon customer attraction support services.
- ②Expanding the alliance by accumulating the know-how of partner companies.

## Business service business

In accounting services, sales and profits increased due to an increase in aggregation work for sole proprietors (busy season). Referrals from customers and new referrals from regional banks and professionals increased. Increase in consultation cases from companies repaying "corona loans".

## Nursing care service business

Increase in vacancies in paid nursing homes with nursing care has an impact on profit and loss. Recovery trend: The number of people moving in exceeds the number of people moving out. Soaring food and utility costs will be compensated for by utilizing local government utility subsidies and agreeing to some increases in actual costs.

Unit: JPY in Millions

Unit: JPY in Millions

	FY2023	FY2024 2Q	
Current assets	1,520	1,540	▲19
Cash and deposits	1,209	1,192	▲16
Fixed asset	1,455	1,407	▲47
Property, plant and equipment	885	879	▲5
Intangible assets	291	268	▲22
Software	208	151	▲56
Software in progress	42	84	41
Other	37	29	▲7
Investments and other assets	279	260	▲19
<b>Total assets</b>	<b>2,976</b>	<b>2,947</b>	<b>▲28</b>

	FY2023 2Q	FY2024 2Q
Cash flows from operating activities	167	102
Cash flows from investing activities	△87	△69
Cash flows from financing activities	△515	△49
Increase (decrease) in cash and cash equivalents	△435	△16
Cash and cash equivalents at beginning of period	1,765	1,209
Cash and cash equivalents at end of period	1,330	1,192

※) Reference : Management indicators

	FY2023	FY2024 2Q	
Liabilities	1,131	1,027	▲103
Current liabilities	523	436	▲87
Non-current liabilities	608	591	▲16
Net assets	1,844	1,920	75
Shareholders' equity	1,847	1,919	72
Retained earnings	2,174	2,241	67
<b>Total liabilities and net assets</b>	<b>2,976</b>	<b>2,947</b>	<b>▲28</b>

	FY2021	FY2022	FY2023	FY2024 2Q
Net assets per share	¥ 524.51	¥ 555.60	¥ 668.18	¥ 692.95
Net income per share	¥ 27.56	¥ 24.30	¥ 52.79	¥ 30.80
Capital adequacy ratio	62.4%	62.7%	62.0%	65.1%
Return on equity	5.4%	4.5%	7.9%	4.5%
3-month average stock price at end of period	¥ 516	¥ 457	¥ 517	¥ 490
PBR (rate)	0.98	0.82	0.77	0.71
Stock price at the end of the period	¥ 491	¥ 431	¥ 469	¥ 476
PBR (rate)	0.94	0.78	0.70	0.69

## ■ Implemented interim dividend

The Company used to pay a year-end dividend once a year. With the aim of enhancing opportunities to return profits to shareholders, we have decided to pay dividends twice a year, an interim dividend and a year-end dividend.

1. Type of dividend property : Cash
2. Matters concerning the allotment of dividend property to shareholders and the total number thereof.
  - Dividend per Share : 6.00 Yen
  - Total amount of dividend payouts : 17,893,284Yen
  - Record date : April 30, 2024
3. Resolution date : June 11, 2024
4. Dividend payment period : From July 11th to August 13th, 2024

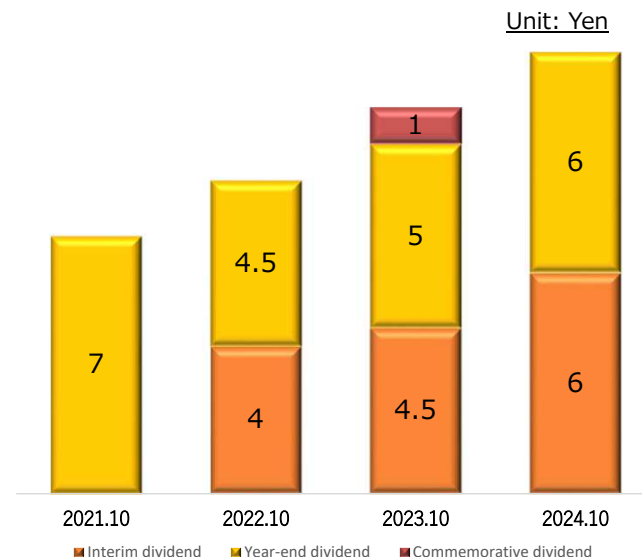


The company's basic policy on shareholder returns is to appropriately distribute dividends according to business performance and to maintain stable them.

Regarding the dividend for the fiscal year ending October 2024, in addition to the above policy, we have revised the initial annual dividend forecast of 9.50 per share, taking into consideration the progress of business results in the first quarter and the steady outlook.

The annual dividend forecast is 12 yen (Interim dividend 6 yen, year-end dividend 6 yen) per share.

	Annual dividends		
	Second quarter-end	Fiscal-year end	Total
<b>Revised forecasts</b>	<b>6.00 Yen</b>	<b>6.00 Yen</b>	<b>12.00 Yen</b>
Actual results for the previous fiscal year. FY2023	4.50 Yen	6.00 Yen (Ordinary dividend:5.00Yen) (Commemorative dividend:1.00Yen)	10.50 Yen (Ordinary dividend:9.50Yen) (Commemorative dividend:1.00Yen)
FY2022	4.00 Yen	4.50 Yen	8.50 Yen
FY2021	—	7.00 Yen	7.00 Yen



## ■ Reasons for abolishing the shareholder benefits program.

The Company appreciated our shareholders' ongoing support and have operated the shareholder benefits program with the aim of enhancing the value of the Company shares and increasing the number of shareholders who hold the shares over the medium to long term.

The company have once again carefully considered how to return profits to shareholders fairly, taking into account the usage status of this system.

As a result, we have decided that it would be more appropriate to concentrate on direct profit returns through dividends based on business performance, and have decided to abolish the shareholder benefit system.

## ■ Time of abolishing the shareholder benefits program.

The shareholder benefit system will be abolished from this fiscal year.

At the Company's 56th Ordinary General Meeting of Shareholders held on January 30, 2024, the Company resolved to introduce a stock compensation system to issue restricted shares to eligible directors and auditors.

Within the scope of the resolution and in accordance with our company regulations, we have made the following allocation as monetary compensation claims to be paid as compensation for restricted stock.

■ Summary of treasury stock disposal.

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"> <li>• Director of our company (*1) 4 Directors, 3,850 shares</li> <li>• Audit &amp; Supervisory Board Member of the Company (*2) 1 Auditor, 790 shares</li> </ul> <p>*1 : Excluding outside directors. *2 : Excludes outside corporate auditors.</p>

SCAT Inc. hereby announces that, it has decided, at a meeting of the Board of Directors held on May 13, 2024, to strengthening capital and business alliance with M.H. Group LTD., and regarding disposal of treasury shares by third-party allotment.

The Company and the company are already pursuing an alliance of mutual cooperation through a capital and business alliance, but in order to create added value through various types of alliances, including sales collaboration that utilizes the business bases of both companies' groups, it is necessary to strengthen the capital and business alliance. We have decided that this is necessary.

### ■ Summary of treasury stock disposal.

1. Execution date	June 6, 2024
2. Number of shares to be disposed	65,000 shares
3. Disposal price	472 yen per share
4. Amount of funding	30,680,000 yen
5. Treasury stock disposal method	Third party allocation method.
6. Treasury stock disposal destination	M.H. Group LTD.

### ■ Overview of capital and business alliance.

#### 《SCAT Inc.》

1. Owned stock brand	M.H. Group LTD.,
2. Number of shares before change	160,000 shares
3. Number of acquired shares.	150,000 shares
4. Acquisition price	31,200,000 yen
5. Number of shares held after change.	310,000 shares

#### 《M.H. Group LTD.,》

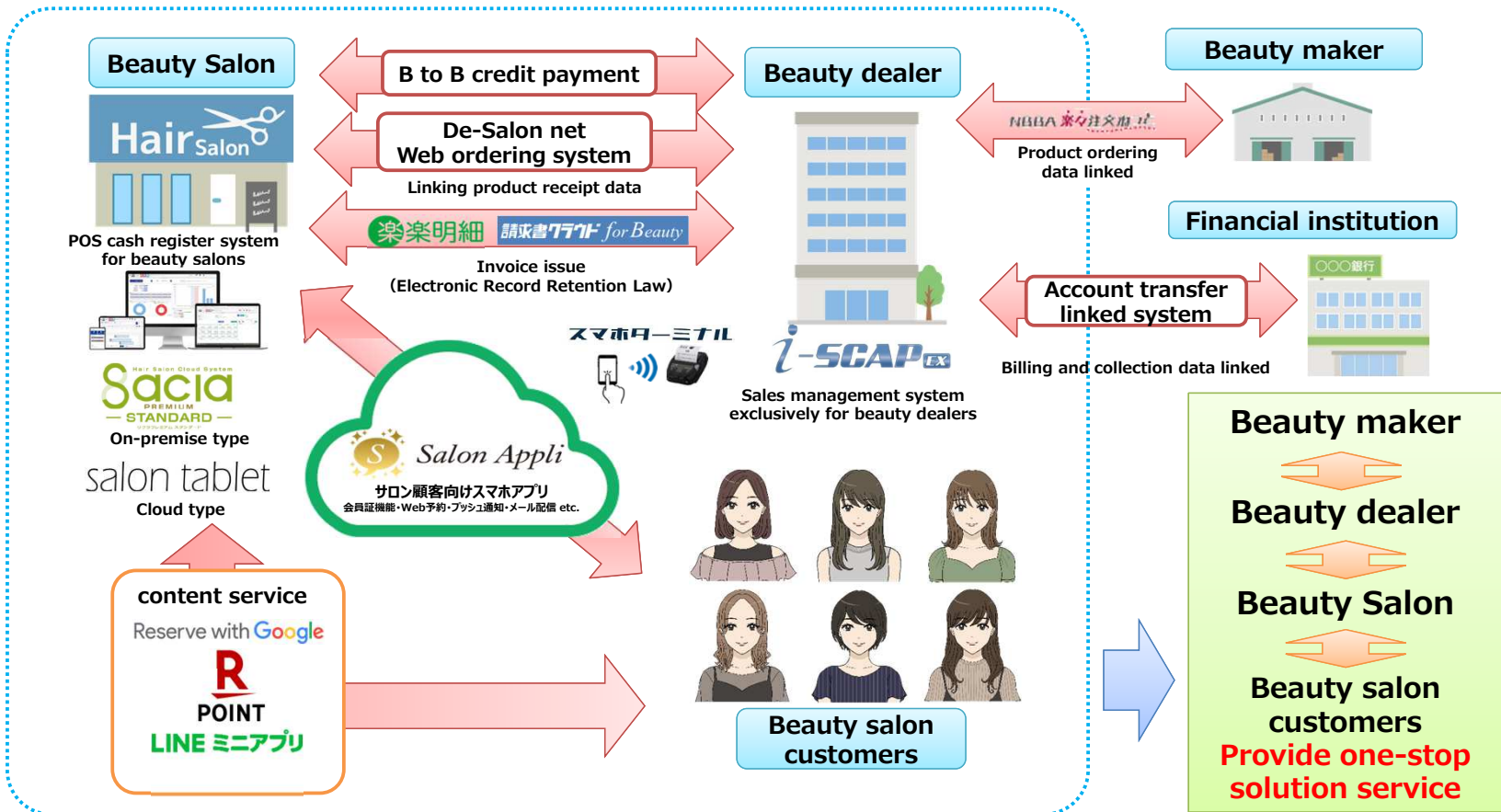
1. Owned stock brand	SCAT Inc.
2. Number of shares before change	82,500 shares
3. Number of acquired shares.	65,000 shares
4. Acquisition price	30,680,000 yen
5. Number of shares held after change.	147,500 shares



# Topics

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**SCAT**



Expansion of Excellent Intellectual Property (Content)

→ Improving product quality and service quality: "plus one" for system sales.

A lineup of products packed with know-how and technology accumulated over the medium to long term.

## System sales (POS type CRM system)



## Providing content



## Sales management system for beauty product dealers



- B to B credit payment
- EC linkage for salons
- Support for invoice system
- Compliant with ERRL (Electronic Record Retention Law)
- Bank account transfer linkage



【SaaS型】クラウド型  
美容業界CRMシステム



【マルチデバイス】  
様々なハードウェアに対応  
出先からでもアクセス可能



【予約】  
WEB予約、次回予約  
電話予約



【レシ】  
美容業界に特化したシステム  
受付、精算に対応



【集計業務】  
美容業界特有の比率や集計  
スタッフ様の管理が可能



【楽天ポイント連携】  
美容業界初のシステム連携による  
パツコンの操作性



【かんざし連携】  
大手集客サイトの予約表と  
予約情報連携



【Google で予約】  
Googleマイビジネスから  
予約が取れる集客導線を確認

We exhibited a booth at "beauty world JAPAN TOKYO"

SCAT

Our company exhibited at "Beauty World Japan Tokyo" held at Tokyo Big Sight from May 13th to May 15th, 2024, where Japanese beauty trends are gathered all at once.



beautyworld  
JAPAN TOKYO

salon tablet



This time, with the theme of "providing the latest solutions that meet the needs of the beauty industry," we provided a product explanation and operational demonstration of our latest model, the "salon tablet."

The "salon tablet" was unveiled as a product designed for in-store convenience.

It was very well received by people who actually got their hands on it and got a first-hand experience of what kind of things the tool can accomplish.



SCAT Inc. a leading company in promoting DX in the beauty salon industry, will release a new "salon tablet" from May 1, 2024 as part of its support for DX promotion in beauty salons..

## salon tablet



### ■ Computerization of technical "kaete".

In the beauty industry, there are paper technical charts that describe the details of beauty treatments, and they are essential for ensuring that the end user understands the information properly. However, as the number of customer visits to the store increases, the number of paper technical charts that need to be managed increases, making it difficult to secure storage space and find the appropriate chart. Also, since it contains personal information, it must be managed thoroughly. By digitizing data, data is stored in the cloud, which eliminates storage space and management issues. Furthermore, there is a function that allows you to write directly on the iPad, creating a writing experience similar to that of paper technical charts.

### ■ Active in total beauty.

It can be installed not only in hair salons but also in nail salons and eyelash salons.

Complex reservation management, technical chart management, accounting, and sales data management unique to beauty salons are all integrated into one iPad.

### ■ Pursuing in-store convenience.

Since you can carry a tablet cash register, you can work closely with customers to provide counseling, make next reservations, and process payments.

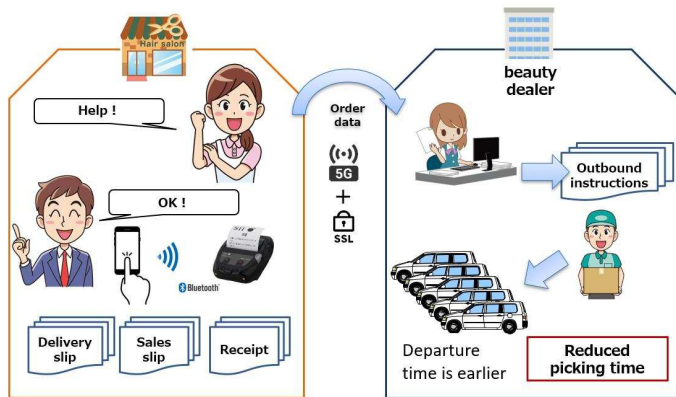
### ■ All cash register operations can be operated with one iPad.

As it is a SaaS type system, you can always use the latest version. Also, because it is a subscription contract, you can install it on Lite. In addition, it can also be linked with optional peripherals (receipt machine/cash drawer/barcode reader)..

" Sumaho terminal" is the most powerful sales tool that works with "i-SCAP/EX", a sales management system for the hairdressing industry provided by SCAT. Generally, handheld terminals used for inventory work etc. are mainly equipped with limited functions. However, this single " Sumaho terminal" can serve multiple roles.

## スマホターミナル

《Everything from ordering to payment collection can be completed with just a smartphone.》



Transaction history is also perfect!  
You can immediately see how much it sold for last time.

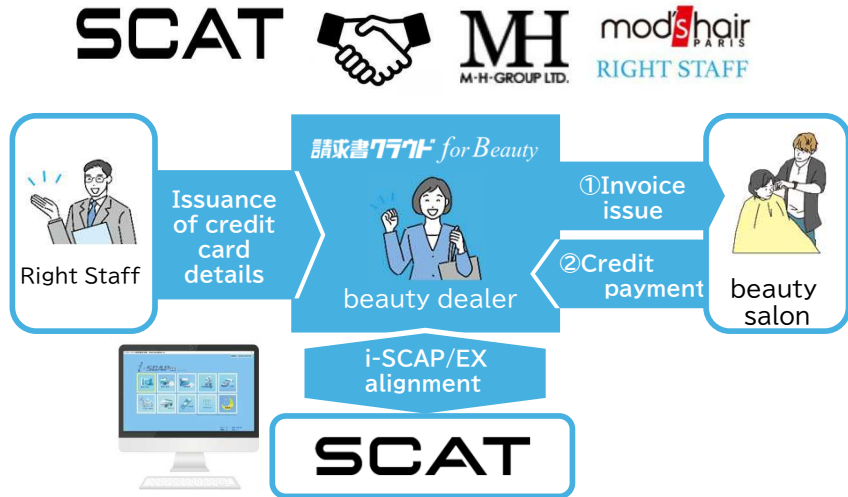


When entering orders and sales, One-shot accounting by barcode scanning!



Paper invoices are still the norm in the beauty industry. DXing billing and payment operations is an issue for the industry as a whole.

In order to solve this problem, we collaborated with Right Staff Co., Ltd., which provides payment services specialized in the hairdressing industry, to provide solutions for our POS system for beauty salons and sales management system for beauty dealers. We aim to promote sales of optimal electronic billing services and promote B to B credit payments.



《New initiatives》

- In addition to existing linked services, focus on expanding B to B credit payment services
- Strengthening collaboration between SCAT and MHG Group (mutual resource utilization)
- Through mutual cooperation, we will promote the spread of B to B credit payment in the hairdressing and beauty industry, which has not yet been explored (a market size of approximately 300 billion yen).

- Credit payment service for business-to-business transactions between hairdressing salons and beauty dealers
- Focusing on credit card payments for beauty products with high transaction volume.
- We are also collaborating to provide "Invoice Cloud for Beauty," which is compatible with the invoice system and electronic ledger storage law, for owners of beauty salons, many of whom are small and medium-sized businesses and sole proprietorships.

《Company Overview》

Company Name	M·H·GROUP LTD. Tokyo Stock Exchange Standard Market , 9439
Company Address	1-11-1 Sendagaya, Shibuyaku, Tokyo 151-0051 Japan
President	Katsumi Hanzawa
Group Companies	M·H·Plus Co., Ltd. Right Staff Co., Ltd. Arts Co., Ltd. Only One Co., Ltd.

## Features

- Community-based trust and achievements cultivated over the 56 years since its founding.
- Utilize know-how accumulated through support for 1,000 clients.
- We provide one-stop business services in collaboration with CPA, tax accountants, judicial scriveners, lawyers, financial institutions, insurance companies, Yayoi Co., Ltd., and other consultants.



## Client



Certified instructor

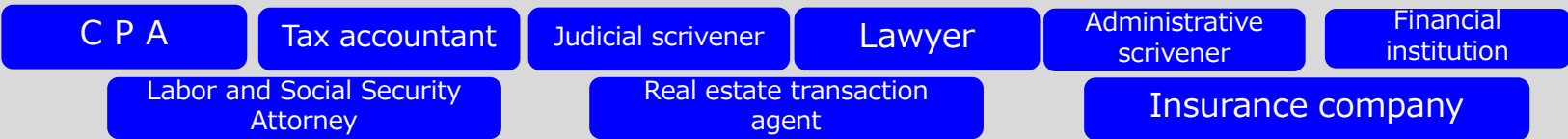
**Business Service Division**  
Supporting customers with a variety of menus.

“Support agencies for business innovation”  
(Certified by METI)



One-stop service through collaboration with a group of experts

## Professional group



Management of paid nursing homes with nursing care.  
(Three facilities : about 160 capacity)



みずき佐野 (栃木県佐野市)



みずき館林 (群馬県館林市)



あずか小瀧 (長野県小瀧市)

Sano (about 70)      Tatebayashi (about 30)      komoro (about 60)  
※) The number of tenants fluctuates depending on the number of couples moving in.

- High ratings based on family reputation.
- Easy-to-move system with no lump-sum payment.

Returning to the origins of the nursing care business.

- Contributing to the community through nursing care.
- Provides rest and vitality.



Peaceful, safe and secure nursing care services



Live a free and independent life.



Energy comes from delicious food

## ■ Realizing a free and selfish life.

Realizing a free and selfish life that is as similar to home as possible.  
Providing safe, secure, and comfortable nursing care services.

- **Comfortable** : Comfort and protection, not care.  
High percentage of staff are certified care workers (specialists).
- **Delicious meal** : Heartfelt meal with selected ingredients.
- **Living environment** : Luxury and calm living environment.



## ■ BCP (Business continuity program)

Prepare stockpiles and plans to realize safe and secure nursing care even in emergencies such as large-scale disasters and the spread of infectious diseases.

## ■ Expansion of visiting services.

Help with everyday problems. (Not covered by nursing care insurance OK)  
→ Providing services that meet the needs of users and their families.

## ■ Comfortable working environment.

- Introducing a 3-day weekend system in addition to the conventional 2-day weekend system. (full-time employees)
- Free vacation leave system.
- Qualification acquisition support system
- Long service award system.
- Childcare support program

※) **Tochigi nursing care personnel training certification system:**  
Obtained the highest rank of 3 stars.



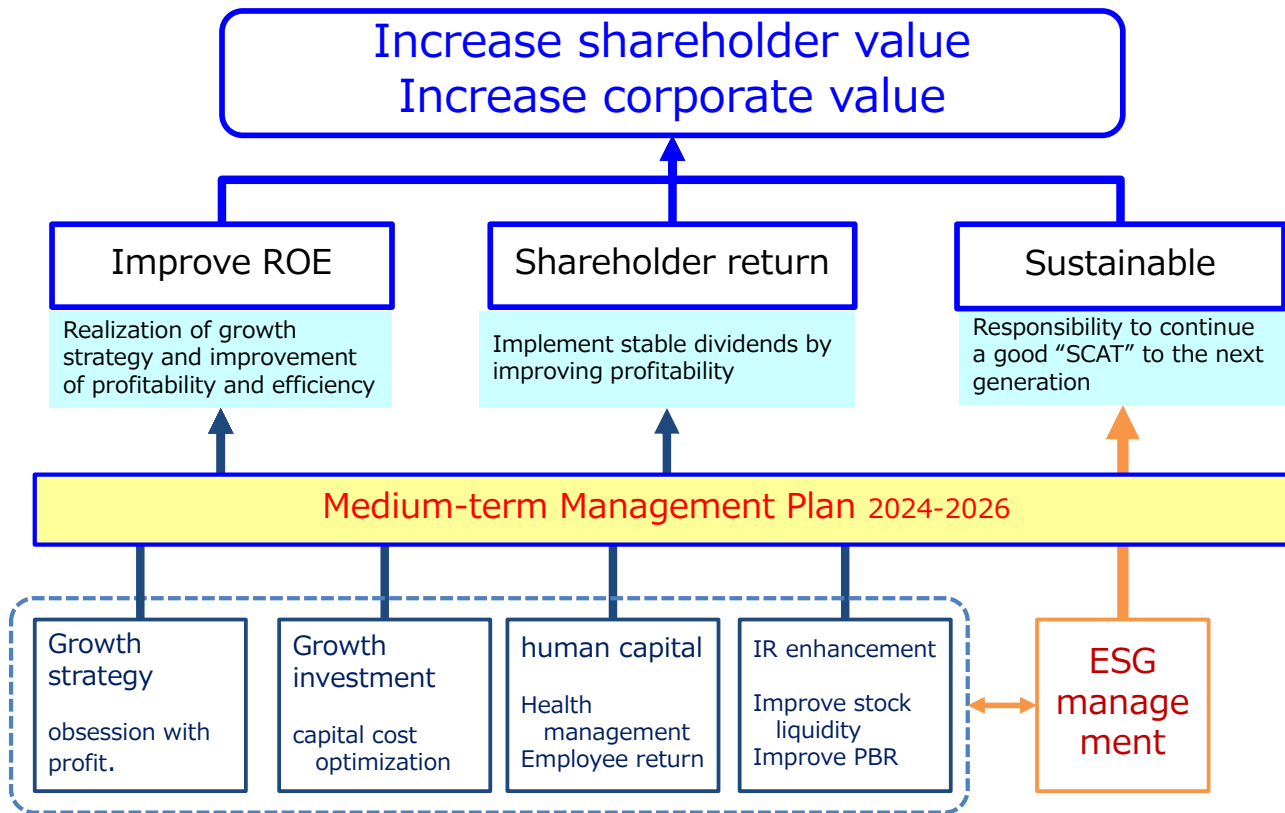


# Overview of the three-year medium-term management plan

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FY10/2024 – FY10/2026

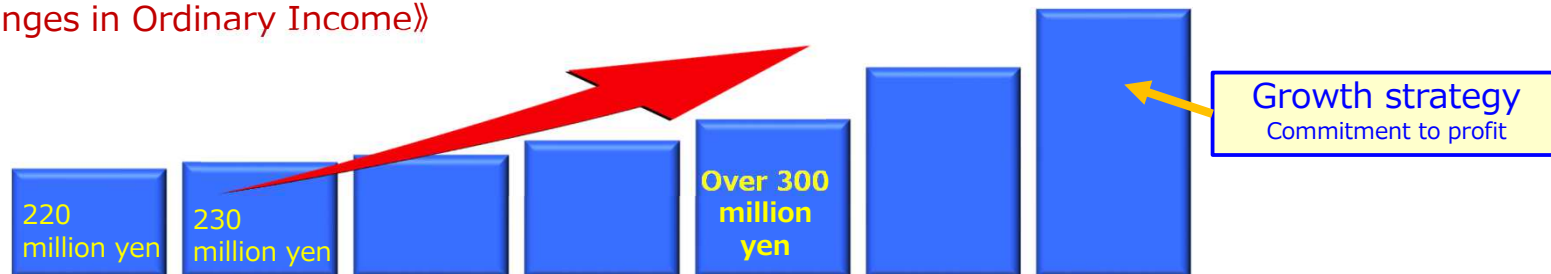
**SCAT**



## 《Sales trends》



## 《Changes in Ordinary Income》





**Purpose** Contributing to society by supporting SMEs through the provision of ICT

Management resource allocation plan  
**Three-year total: 1,200 million yen**  
 (Investment policy : About 10% of Net sales)

Growth & other investments  
 600 million yen

Development investment  
 300 million yen

DX promotion investment  
 200 million yen

Human capital investment  
 100 million yen

**Basic policy : Plus 1** -Efforts for growth and deepening-

Growth strategy & value creation

Individual & organizational growth

Strengthening the management base

Business portfolio  
 2026 Milestone

ICT business for beauty salons  
 1,850 million yen

Nursing care service business  
 800 million yen

Business service business for SMEs  
 350 million yen

## Financial goals

### Milestone

Net sales : **3,000 million yen**  
 Ordinary profit : 300 million yen  
 Ordinary profit margin : **Over10%**  
**ROE : 8% · PBR : 1.00**

## Corporate value improvement goals (Non-financial target)

- ◆ **Work-life balance**  
 Clear KPI target
- ◆ **Diversity**  
 Gender employment ratio 55 : 45  
 Gender ratio in management positions 8 : 2
- ◆ **Work efficiency :**  
 Progress of DX conversion plan
- ◆ **Governance**



# Company Profile

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**SCAT**

## Mission & Philosophy

- ◆ Contribution to society through management support for small and medium-sized enterprises by providing ICT.
- ◆ We always challenge ourselves to develop new products and services and aim to create customers.

## Basic information

Company Name	SCAT Inc.
Establishment	December 1969
Capital	200 million yen
Representative	Hideo Nagashima
Oyama	Representative Director and President
Head Office	1-6-33 Joto, Oyama City, Tochigi Prefecture
Tokyo	
Head Office	1-2-1, Shibaura, Minato-ku, Tokyo
Number of Employees	202 (FY10/2023)
Consolidated sales	2,656million yen (FY10/2022)
Business Description	<ul style="list-style-type: none"> <li>• Beauty ICT business</li> <li>• Business service business</li> <li>• Nursing care service business</li> </ul>
subsidiary	<ul style="list-style-type: none"> <li>• TBC Silver Service Co., Ltd.</li> <li>• VID Co., Ltd.</li> </ul>

## Response to ESG Issues

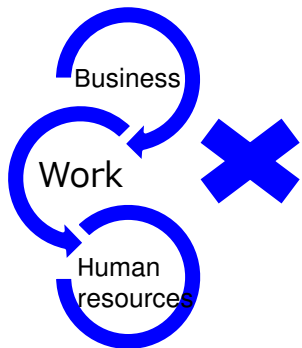
Materiality	Specific action items	SDG s
<p>Efforts to address environmental issues.</p> <p><b>Environment</b></p>	<p><b>Promotion of resource recycling</b></p> <ul style="list-style-type: none"> <li>• Promotion of paperless. (75% reduction)</li> <li>• Use of renewable energy</li> <li>• Introduction of eco-friendly commercial vehicles</li> </ul>	
<p>Promotion of DX in advanced information society and business society.</p> <p><b>Social (DX)</b></p>	<p><b>DX promotion</b></p> <ul style="list-style-type: none"> <li>• Provision and dissemination of ICT systems</li> <li>• ICT promotion in B to B to C</li> <li>• Business efficiency (Remove the stamp)</li> <li>• Eliminate legacy systems</li> </ul>	
<p>Realization of a society where people can play an active role.</p> <p><b>Social (work)</b></p>	<p><b>Health and Welfare</b></p> <ul style="list-style-type: none"> <li>• Supporting the elderly and contributing to the community through nursing care services.</li> </ul> <p><b>Creating a comfortable working environment</b></p> <ul style="list-style-type: none"> <li>• Diverse work styles and career support.</li> <li>• Promoting active participation of women.</li> </ul>	
<p>Practicing fair and transparent corporate activities.</p> <p><b>Governance</b></p>	<ul style="list-style-type: none"> <li>• Sophistication of corporate governance</li> <li>• Thorough compliance</li> <li>• Appropriate risk management</li> </ul>	

## Digital Transformation Certification



Under the DX certification system, the government (METI) certifies "DX-Ready" businesses that are ready to promote DX.

Our company will comply with the Digital Governance Code and strive to further promote DX.



### DX promotion

Transformation of existing businesses

New business creation

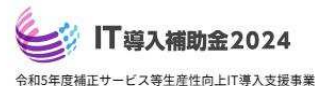
Efficiency & sophistication

Diverse work styles

Human resource development

## IT introduction support business operator

In order to improve the productivity of SMEs, we provide support for procedures such as various applications, including proposals and introduction support for IT tools.



## Support agencies for business innovation

Our company has been certified by the government as having a certain level of specialized knowledge and practical experience related to supporting SMEs.

In order to strengthen the management capabilities of SMEs, we provide a variety of highly specialized support services, such as business plan formulation/implementation support and management situation analysis.



## 《 Notes on this document 》

- 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.
- The information contained in this document has been prepared based on generally accepted economic and social conditions and certain assumptions we believe to be reasonable, but is subject to change without notice.
- Information provided in this document contains "forward-looking statements."  
They are based on current expectations, forecasts and assumptions that involve risks and involve uncertainties that could cause results to differ materially from those statements.
- These risks and uncertainties include general industry and market conditions, general domestic and international economic conditions such as interest rate and currency exchange fluctuations.
- Even if there is new information or future events in the future, we do not assume any obligation to update or revise the forward-looking statements contained in this document.

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