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## FY2024 Q1 Financial Results (Supplementary material)

March 14, 2024

**SCAT Inc.**

Tokyo Stock Exchange Standard Market , Code 3974

## 1 . FY2023 Q1 Financial Summary

- First quarter financial highlights
- Regarding disposal of treasury stock as restricted stock compensation.
- Shareholder return
  - Concerning Revision of Dividend Forecasts (increased dividend) .
  - Abolishing Shareholder Benefits Program

## 2 . Topics

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

## 4 . Company Profile

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.



# FY2023 Q1 Financial Summary

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**SCAT**

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

Management resource allocation plan  
280 million yen  
(Investment policy :  
About 10% of Net sales)

Growth & other investments  
100 million yen

Development investment  
100 million yen

DX promotion investment  
50 million yen

Human capital investment  
30 million yen

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

**Growth strategy & value creation**

Providing new services and expanding business scope

Improving product quality and service quality

Acceleration of web marketing

Risk management

**Individual & organizational growth**

Improving human capital

Diverse work styles & improved management

**Strengthening the management base**

Sustainability management

Enhancing corporate governance

**FY2024 Financial goals**

Milestone

Net sales : 2,800 million yen  
Ordinary profit : 240 million yen  
ROE : 8.0% · PBR : 0.8

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

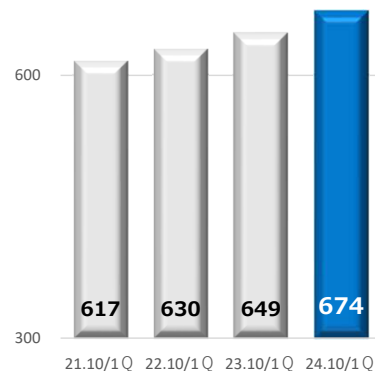
- ◆ **Work-life balance**  
Clear KPI target
- ◆ **Diversity**  
Gender employment ratio  
55 : 45  
Gender ratio in management positions 8 : 2
- ◆ **Work efficiency :**  
Progress of DX conversion plan
- ◆ **Governance**

Unit: JPY in Millions

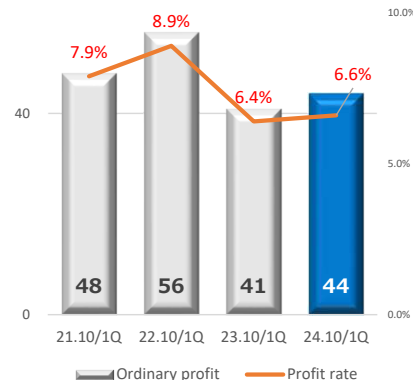
全社

- **Medium-term three-year plan, first year initiatives**
  - Building a foundation for implementing priority action items.
- **Forecast: Progress as originally planned.**
  - 1st quarter consolidated sales increased for 4 consecutive years (Factor: Significant growth in ICT business for beauty salons. )
  - Operating income decreased due to rising costs from the previous year.
  - Increased sales from strong system sales and steady accumulation of stock-type sales.
- **The shift to DX in society boosts the strong performance.**  
The company has been selected by METI as a "DX certified business operator" and "IT introduction support business operator".
  - Increased adoption of IT introduction subsidies for users.
  - Delivery of system sales is going well.
  - Actively release new products and services.  
 (Expansion of 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 Prime 3923), which provides the cloud-based electronic billing system "Raku Raku Meisei".
- Expansion of consulting services for SME clients through certification as a "Support agencies for business innovation".
- Nursing care services have increased the burden on-site due to the coronavirus pandemic. Increase in vacancies and rising costs of supplies and utilities hit directly.

《 Net sales 》



《 Ordinary profit 》



# Summary of 1st Quarter FY2024 Consolidated Financial Results

# SCAT

Unit: JPY in Millions

	FY2023 1st Quarter	FY2024 1st Quarter	Rate of change	FY2024	YoY change rate	Progress
Net sales	6 4 9	6 7 4	3.9%	2, 8 0 4	2.3%	24.0%
Cost of sales	3 9 3	4 0 6				
Gross profit (Gross profit margin)	2 5 5 (39.3%)	2 6 8 (39.7%)				
Selling, general and administrative expenses	2 1 4	2 2 3				
Operating profit	4 1	4 4	7.2%	243	6.8%	18.1%
Ordinary profit	4 2	4 7	10.4%	243	5.4%	19.4%
Profit attributable to owners of parent	3 2	2 9	▲9.8%	160	1.6%	18.4%

- ▣ **Progressing as planned** : Both sales and profits are trending favorably in line with initial forecasts.
- ▣ **Net sales** : Orders from users adopted for IT introduction subsidies are strong.  
 Delivery of system sales (product sales) progressed as planned.
- Cost increase : Shortage of semiconductors raises purchase prices and depreciates the yen.  
 Soaring consumables and utility costs.

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

	FY2023 1st Quarter	FY2024 1st Quarter	Rate of change	FY2024	Progress
<b>Net sales</b> (※)	6 4 9	6 7 4	+ 3.9%	2, 8 0 4	24.0%
Beauty ICT business	3 8 1	4 1 0	+ 7.8%	1, 6 9 3	24.2%
Business service business	7 5	7 9	+ 4.9%	3 2 0	24.7%
Nursing care service business	1 8 7	1 7 9	▲ 4.3%	7 7 5	23.2%
<b>Segment profit</b> (※)	4 1	4 4	+ 7.2%	2 4 3	18.1%
Beauty ICT business	2 9	3 1	+ 6.4%	1 6 7	18.9%
Business service business	▲ 1	4	—	1 7	26.4%
Nursing care service business	1 0	4	▲ 55.2%	4 7	10.3%

### Beauty ICT business

First year of medium-term three-year plan. Implementation of medium- to long-term infrastructure development. Progress according to plan.

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

### Business service business

Sales and profits of core accounting services increased.  
Increase in consultation cases from companies repaying "corona loans".

### Nursing care service business

The number of vacant rooms in paid nursing homes with nursing care is on the rise.  
There was an impact from people refraining from using services to prevent mass infection of the new coronavirus. Rising food and utility costs.

Unit: JPY in Millions ※) Reference : Management indicators

	FY2023	FY2024 1st Quarter	
Current assets	1,520	1,440	▲80
Cash and deposits	1,209	1,041	▲167
Fixed asset	1,455	1,402	▲53
Property, plant and equipment	885	883	▲1
Intangible assets	291	278	▲12
Software	208	183	▲24
Software in progress	42	58	16
Other	37	33	▲3
Investments and other assets	279	240	▲38
<b>Total assets</b>	<b>2,976</b>	<b>2,842</b>	<b>▲133</b>

	FY2023	FY2024 1st Quarter	
Liabilities	1,131	984	▲146
Current liabilities	523	391	▲131
Non-current liabilities	608	593	▲14
Net assets	1,844	1,858	13
Shareholders' equity	1,847	1,859	12
Retained earnings	2,174	2,185	11
<b>Total liabilities and net assets</b>	<b>2,976</b>	<b>2,842</b>	<b>▲133</b>

	FY2021	FY2022	FY2023	FY2024 1st Quarter
Net assets per share	¥ 524.51	¥ 555.60	¥ 668.18	¥ 672.81
Net income per share	¥ 27.56	¥ 24.30	¥ 52.79	¥ 10.73
Capital adequacy ratio	62.4%	62.7%	62.0%	65.4%
Return on equity	5.4%	4.5%	7.9%	1.6%
3-month average stock price at end of period	¥ 516	¥ 457	¥ 517	¥ 501
PBR (rate)	0.98	0.82	0.77	0.74
Stock price at the end of the period	¥ 491	¥ 431	¥ 469	¥ 508
PBR (rate)	0.94	0.78	0.70	0.76



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>

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.



# Topics

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**SCAT**

Expansion of Excellent Intellectual Property (Content)

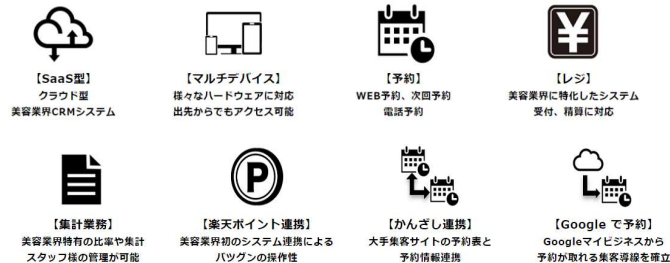
→ Improving product quality and service quality: "plus one" for system sales.

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



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





## DX promotion support at beauty salons :

From February 1, 2023, we will start providing cooperation between the POS system dedicated to beauty salons and the "LINE Mini App"!

### ■ What is "LINE MINI App"?

It is a web application that provides services such as web reservations within the "LINE" app.



### ■ Cooperation with POS systems ("Sacla", "BEAUTY WORKS")

Beauty salons can make proposals such as promoting visits from official accounts to end users' "LINE" extracted by CRM analysis of the POS system.





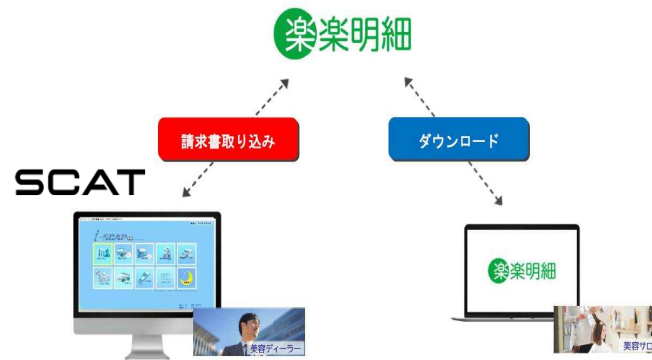
The company has concluded a sales partner agreement with "RAKUS Co., Ltd.", which provides the cloud-based electronic billing system "RAKU RAKU MEISAI", with the aim of improving productivity by improving the operations of beauty product dealer.

### ■ Linkage with sales management system (i-SCAP EX)

Beauty product dealers will be able to import invoices output from the sales management system (i-SCAP EX) provided by SCAT into "Raku Raku MEISAI" and send invoices online to beauty salons.

- ① No need to print, enclose, or ship forms
- ② Reduce costs such as paper costs, printing costs, and postage costs by switching to electronic issuance
- ③ Users can easily make inquiries such as requests for reissue of invoices and confirmation of shipping status.

※) "Raku Raku MEISAI" is a web form issuing system that compliant with ERRL (Electronic Record Retention Law) and the invoice system.



■ RAKUS Co., Ltd.  
 Tokyo Stock Exchange Prime Market (3923)  
 Business content : Cloud service business  
 URL : <https://www.rakus.co.jp/>

In the IT introduction subsidy 2023 of the METI, the company has been selected as an "IT introduction support business operator" again this year.

The IT introduction subsidy is a system of METI that supports business efficiency and sales increase by subsidizing part of the cost of introducing IT tools that meet the challenges and needs of SMEs.

Specifically, it is a subsidy that can be received when SMEs introduce IT tools that help improve productivity so that they can respond to work style reforms, wage increases, and the introduction of an invoice system.

In the IT introduction subsidy 2023, subsidies for two years' worth of cloud usage fees and hardware purchases will be covered and the subsidy rate will be raised in the digitization infrastructure introduction frame. The lower limit amount was reviewed and abolished.

#### 《Digitization infrastructure introduction type》

In order to promote the digitalization of business-to-business transactions, including correspondence to the invoice system, we support the introduction costs of accounting software, ordering software, payment software, EC software, PCs, tablets, POS cash registers, etc.

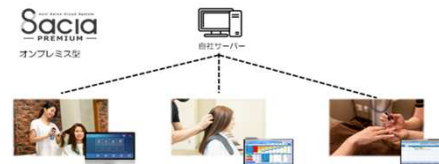
※Please see here for the detail :

[https://www.chusho.meti.go.jp/koukai/yosan/r4/r4\\_it.pdf](https://www.chusho.meti.go.jp/koukai/yosan/r4/r4_it.pdf)

#### 《Subsidized products》

##### ■ Sacla PREMIUM

Products : CRM system POS register for beauty salons



##### ■ BEAUTY WORKS

Products : CRM system POS register for SaaS type beauty salons



##### ■ i-SCAP/EX

Products : Sales management system for beauty product dealers.



## Solve the problems of beauty salons by promoting DX, promote management efficiency and cashless.

The Company a leading company in the promotion of DX in the beauty industry, has collaborated with RIGHT STAFF Co., Ltd., a consolidated subsidiary of M · H · GROUP LTD, to provide the first comprehensive B to B credit payment service in the hairdressing industry We will start providing it. This service is scheduled to be available from around the fall of 2023.

### ■ Service overview

The Company has built a mutual cooperative relationship with RIGHT STAFF in selling solution products for beauty salons.

This service is the first comprehensive B to B credit payment service in the hairdressing industry, in collaboration with RIGHT STAFF, credit companies JCB Co., Ltd., JACCS Co., Ltd., and Sony Payment Service Inc.



### ■ Examples of using this service

- Beauty salon :
  - Simplification of expense management by credit settlement of purchase price.
  - Centralized cash management.
- Beauty product manufacturer :
  - Uncollected trade receivables due to credit settlement.
  - Reduce risk and streamline operations.
  - Rationalization of management due to conversion to DX

#### 《Company Overview》

Company Name	M·H·GROUP LTD. Tokyo Stock Exchange Standard Market , 9439
Company Address	1-11-1 Sendagaya, Shibuyaku, Tokyo Japan
President	Reiko Akemine
URL	<a href="https://mhgroup.co.jp/">https://mhgroup.co.jp/</a>
Group Companies	Atelier·M·H 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

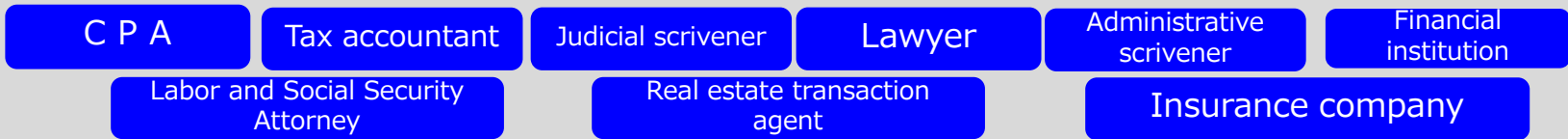
**Business Service Division**  
Supporting customers with a variety of menus.

“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)



みずか小瀧 (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.



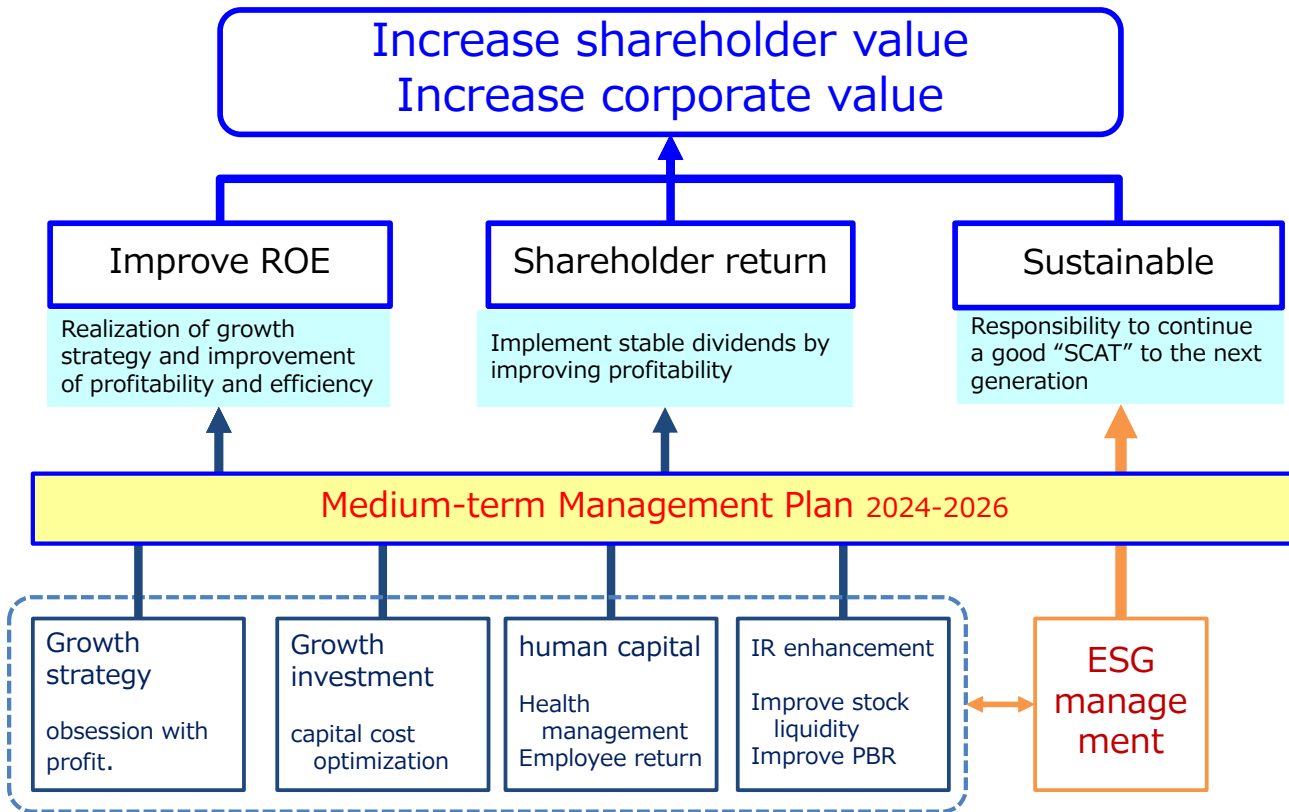


# Overview of the three-year medium-term management plan

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FY10/2024 – FY10/2026

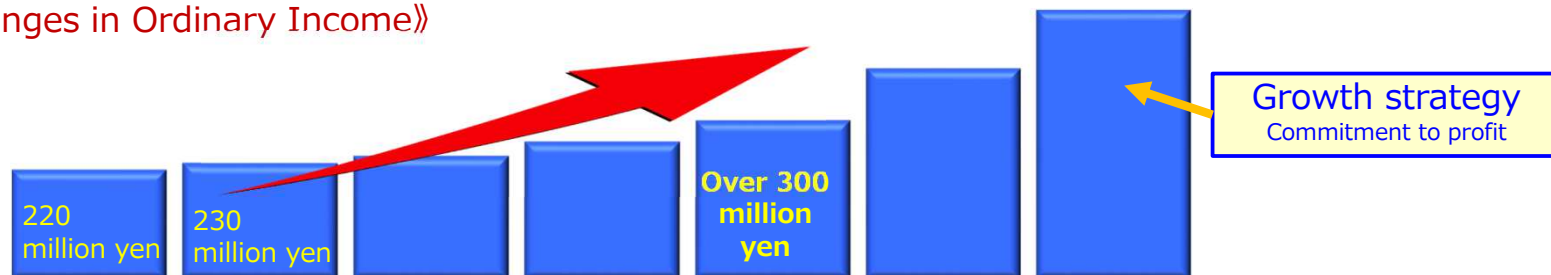
**SCAT**



## 《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

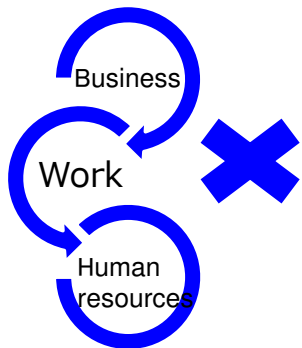
Materiality	Specific action items	SDG s
<p>Efforts to address environmental issues.</p> <p><b>Environment</b></p>	<p><b>Promotion of resource recycling</b></p> <ul style="list-style-type: none"> <li>• Promotion of paperless. (75% reduction)</li> <li>• Use of renewable energy</li> <li>• Introduction of 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.



- 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.



### IT導入補助金2023

令和元年度補正 サービス等生産性向上IT導入支援事業  
令和3年度補正 サービス等生産性向上IT導入支援事業

- 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.

## 《 Contact for Inquiries 》

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# SCAT

Tokyo Stock Exchange Standard Market , Code 3974