



FY2023 Q 2 Financial Results (Supplementary material)

June 13, 2023

SCAT

Tokyo Stock Exchange Standard Market , Code 3974

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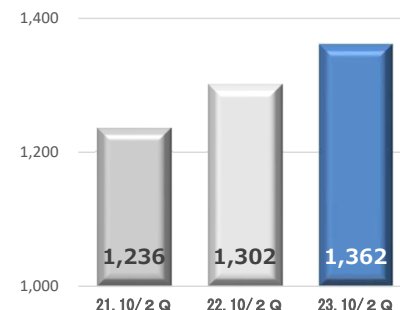
FY2023 Q2 Financial Summary

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Group overview

- **FY forecast : Progress as originally planned.**
 - 2nd quarter consolidated sales increased for 3 consecutive years (Factor: Significant growth in ICT business for beauty salons.)
 - Decrease in operating income this term due to cost increase.
 - Sales and profit forecasts are expected to be achieved due to strong sales growth and accumulation of stock-type businesses.
- **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 the site due to the corona crisis, and have been hit directly by an increase in vacant rooms, suspension of day services, and soaring costs for supplies and utilities.

《 Net sales 》



《 Operating profit 》



Unit: JPY in Millions

	FY2022 Q2	FY2023 Q2	Rate of change	FY2023	YoY change rate	Progress
Net sales	1,302	1,362	4.5%	2,656	2.7%	51.3%
Cost of sales	736	808				
Gross profit (Gross profit margin)	566 (43.4%)	553 (40.6%)				
Selling, general and administrative expenses	429	429				
Operating profit	137	124	▲ 9.6%	238	6.2%	52.1%
Ordinary profit	136	126	▲ 7.1%	237	6.2%	53.5%
Extraordinary income	10	17				
Extraordinary losses	75	0				
Profit attributable to owners of parent	43	95	117.5%	170	69.3%	56.1%

■ **Progressing as planned** : Both sales and profits are trending favorably in line with initial forecasts. (Over 50% progress)

- 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.
- Extraordinary income : Tokyo head office rent exemption gain (17M). No corona-related subsidies this term.
- Extraordinary losses : In the previous fiscal year, an impairment loss was incurred due to the sale of fixed assets.

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

	FY2022 Q2	FY2023 Q2	Rate of change	FY2023	Progress
Net sales (※)	1,302	1,362	4.5%	2,656	51.3%
ICT business for beauty salons	757	821	8.3%	1,534	53.5%
Business service business for SMEs	163	165	1.2%	313	52.8%
Nursing care service business	372	366	▲ 1.6%	790	46.3%
Segment profit (※)	137	124	▲ 9.6%	238	52.1%
ICT business for beauty salons	101	89	▲ 11.7%	148	60.1%
Business service business for SMEs	4	10	149.1%	7	145.9%
Nursing care service business	25	18	▲ 25.6%	70	27.0%

ICT business for beauty salons

Sales orders continue to be strong. Steady progress in delivery to users selected for IT introduction subsidies. Expansion through new product releases and alliances.

- A mechanism to expand the salon customer attraction support service by linking with the LINE Mini App.
- Alliance with "RAKU-RAKU-SEISAN" (Rakusu Co., Ltd.) : Sales management system for beauty dealers.

Business service business for SMEs

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. Support services for foreign technical intern trainees have been withdrawn.

Nursing care service business

The number of vacant rooms in fee-based nursing homes for the elderly has increased. Partially suspended or refrained from using day services to prevent corona infection. Profits decreased due to soaring food and utility costs.

Unit: JPY in Millions

	FY2022	FY2023 Q2	
Current assets	2,047	1,661	▲386
Cash and deposits	1,765	1,330	▲435
Fixed asset	1,422	1,431	▲7
Property, plant and equipment	852	841	▲11
Intangible assets	342	319	▲23
Software	218	193	▲25
Software in progress	68	77	9
Other	51	44	▲7
Investments and other assets	226	270	43
Total assets	3,470	3,092	▲378
Liabilities	1,292	1,298	5
Current liabilities	655	678	22
Non-current liabilities	637	619	▲17
Net assets	2,177	1,794	▲383
Shareholders' equity	2,183	1,797	▲385
Retained earnings	2,048	2,125	76
Total liabilities and net assets	3,470	3,092	▲378

Unit: JPY in Millions

	FY2022 Q2	FY2023 Q2
Cash flows from operating activities	25	167
Cash flows from investing activities	40	△87
Cash flows from financing activities	△266	△515
Increase (decrease) in cash and cash equivalents	△200	△435
Cash and cash equivalents at beginning of period	1,726	1,765
Cash and cash equivalents at end of period	1,526	1,330

Factor :

- Decrease in cash and deposits : Acquisition of treasury stock (462M)
- Increase in fixed assets : Increase in security deposit (40M)
(Preparation for relocation of Tokyo head office)
- Increase in current liabilities : Increase in income tax payable (26M)
- Decrease in shareholders' equity : Acquisition of treasury stock,
Increase in retained earnings (76M)

□ Cash flows from operating activities

- Increase in profit before income taxes (144M)
- Increase in accounts receivable (29M)

□ Cash flows from investing activities

- Increase in security deposit (40M) , Software Ver-UP (41M)

□ Cash flows from financing activities

- Acquisition of treasury stock (462M) , Long-term debt repayment (32M) , Dividend payment (18M)



1 . Reason:

The Company has received a declaration of intent from "TBC Gakuin" to the effect that "all of its common stock will be sold."

We purchased the shares, judging that selling the shares held by TBC Gakuin to the market in a short period of time would have a significant impact on the market price.

2 . Details of matters related to acquisition :

(1) Class of shares to be acquired	Common shares
(2) Total number of shares to be acquired	1,159,400 shares
(3) Total amount of share acquisition costs	¥ 462,600,600-
(4) Date of acquisition	January 11, 2023

※) Holding status of treasury shares as of April 30, 2023

- Total number of issued shares : 5,240,000shares
- Number of treasury shares : 2,262,426shares (43.17%)



■ 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 : 4.50 Yen
 - Total amount of dividend payouts : 13,399,083Yen
 - Record date : April 30, 2023
- 3 . Resolution date : June 13, 2023
- 4 . Dividend payment period : From July 11th to August 10th, 2023



■ Dividends (Dividend increase)

The Company recognizes that returning profits to shareholders is an important management issue. Our basic policy is to maintain stable dividends and to return profits appropriately in line with business performance.

Regarding the year-end dividend, we are considering the amount in light of the business results for the current fiscal year.

	Annual dividends		
	Second quarter-end	Fiscal-year end	Total
Previous forecasts (December 13, 2022)	4.00 Yen	4.50 Yen	8.50 Yen
Revised forecasts	4.50 Yen	4.50 Yen	9.00 Yen
Actual results for the previous fiscal year	4.00 Yen	4.50 Yen	8.50 Yen

■ Shareholder incentive plan

Number of shares held	Plan
100 to less than 300	QUO card (equivalent to 500 yen)
300 or more	QUO card (equivalent to 1,000 yen)



Topics

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■ Change of trade name

At the 55th Ordinary General Meeting of Shareholders held on January 27, 2023, we resolved to partially amend the Articles of Incorporation and decided to change the trade name.

◆ Former trade name

TBCSCAT Inc.

◆ New trade name (Trade name in English)

S C A T Kabushiki Kaisha

(SCAT Inc. in English)

◆ Scheduled date of change : May 1, 2023

◆ What is SCAT

Solution and **C**reation **A**ll customers **T**ogether

■ Tokyo head office relocated

The Company will integrate and relocate its Tokyo head office and Tokyo office.

The company has decided to integrate and relocate the Tokyo head office and the Tokyo sales office in order to increase employee satisfaction and realize an attractive work environment that improves productivity and a comfortable working environment.



Relocation destination :
Seavans North Building,
1-2-1, Shibaura, Minato-ku, Tokyo
Time of relocation :
October 2023 (planned)

※) Since the Company's head office is located in Oyama City, Tochigi Prefecture, there will be no changes to the Articles of Incorporation accompanying this relocation.

■ Performance impact

We believe that the impact of this matter on our performance will be minor, but if we judge that it will affect our future performance, we will promptly announce it.



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.





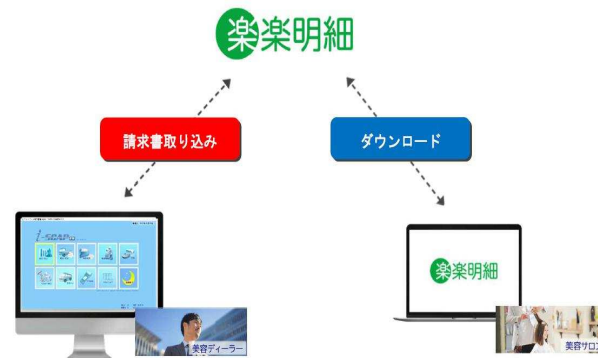
The company has concluded a sales partner agreement with "RAKUS Co., Ltd.", which provides the cloud-based electronic billing system "RAKU RAKU MEISAI", with the aim of improving productivity by improving the operations of beauty product dealer.

■ 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.

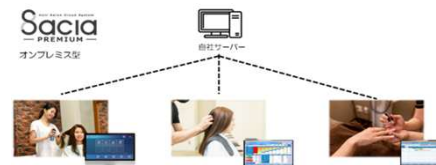
※Please see here for the detail :

https://www.chusho.meti.go.jp/koukai/yosan/r4/r4_it.pdf

《Subsidized products》

■ Sacia 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 151-0051 Japan
President	Reiko Akemine
Group Companies	Atelier・M・H Co., Ltd. Right Staff Co., Ltd. Arts Co., Ltd. Only One Co., Ltd.

In the business service business for small and medium-sized enterprises, we provide various services centered on accounting services, which are our core business, to support small and medium-sized enterprises. In the current fiscal year, we will implement a bottom-up approach through selection and concentration of operations.

■ Core business

- Accounting agency and clerical agency
- final settlement agency
- Payroll agency
- IT software introduction support (accounting, sales management, etc.)
- Remote service



■ Consulting Services

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

- Management improvement consulting
- Advanced equipment introduction consulting
- Management innovation consulting
- Business reconstruction consulting
- Other consulting

■ Withdraw from the registration support organization. (registered with the Immigration Services Agency)

※HR and general affairs agency for companies that accept foreigners. (Foreign technical intern trainees, etc.)



- Operates fee-based nursing homes with nursing care in Tochigi, Gunma, and Nagano prefectures.



Operational efficiency and operations

Thorough measures to prevent corona infection and excellent nursing care.

- Improving nursing care quality.
(Placement of many qualified caregivers)
- Utilization of business continuity programs including measures against infectious diseases.
- Promotion of DX in nursing care. (Utilization of online meetings)

■ Penetration of the new service “Suketto”.

- Providing tailor-made services that combine long-term care insurance services and non-long-term care insurance services.
- Utilizing the connection of home care services so far, we will strengthen the entire "nursing care service business" by providing generous services according to the various situations of users and developing services that are closely related to the community.



Company Profile

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SCAT is a solution company that utilizes ICT to support the management of small and medium-sized enterprises.

Basic information

Company Name	SCAT Inc.
Establishment	December 1969
Capital	200 million yen
Representative	Hideo Nagashima Representative Director and President
Oyama Head Office	1-6-33 Joto, Oyama City, Tochigi Prefecture
Tokyo Head Office	3-8-4 Nihonbashihoncho, Chuo-ku, Tokyo
Number of Employees	202 (As of April 30, 2023)
Consolidated sales	2,587million yen (FY2022)
Business Description	<ul style="list-style-type: none">• ICT business for beauty salons• Business service business for SMEs• Nursing care service business
subsidiary	<ul style="list-style-type: none">• TBC Silver Service Co., Ltd.• VID Co., Ltd.

Mission & Philosophy

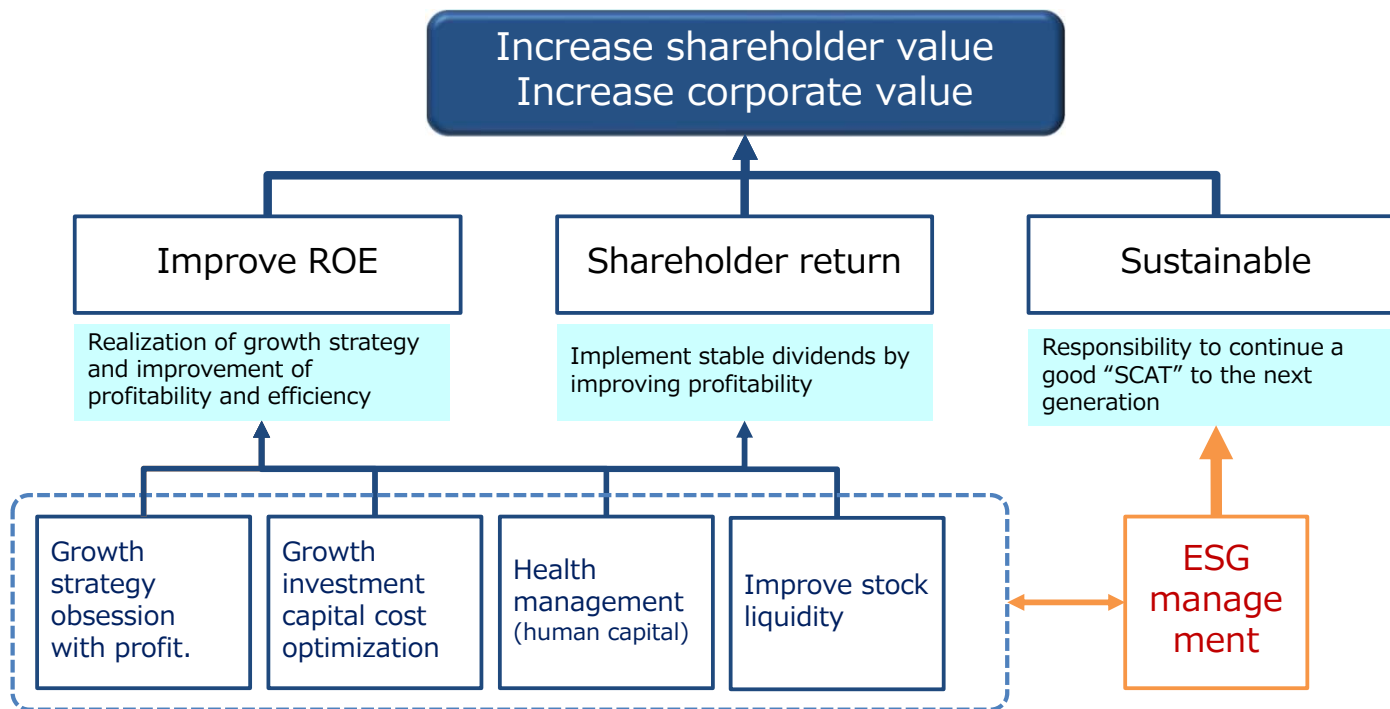
Contribution to society through management support for small and medium-sized enterprises by providing ICT.

We always challenge ourselves to develop new products and services and aim to create customers.

■ Four visions to support the future



















- A company that is appreciated by customers
- A company valued by shareholders
- A company loved by its employees
- A company respected by society

SCAT believes that in order to continue to grow, it is necessary to improve corporate value and always respond to changes.



- ❑ Continue to improve profitability and sustainable management through effective use of capital.
- ❑ We aim to improve our corporate value by actively investing in sustainable growth fields.



Materiality	Medium-term target	Specific action items	SDG s
<p>Efforts to address environmental issues.</p> <p>Environment</p>	<ul style="list-style-type: none"> Global environment for the next generation. Promotion of resource recycling. 	<ul style="list-style-type: none"> Promotion of paperless (75% reduction) Use of renewable energy Introduction of eco-friendly commercial vehicles 	    
<p>Promotion of DX in advanced information society and business society.</p> <p>Social (DX)</p>	<p>Utilizing ICT Contribution to the development of a communication society.</p>	<ul style="list-style-type: none"> Provision and dissemination of ICT systems ICT promotion in B to B to C Business efficiency (Remove the stamp) Eliminate legacy systems 	    
<p>Realization of a society where people can play an active role.</p> <p>Social (Work)</p>	<ul style="list-style-type: none"> Contributing to health and welfare through the nursing care business. Creating a comfortable working environment where diverse human resources can play an active role. 	<ul style="list-style-type: none"> Supporting the elderly and contributing to the community through nursing care services. Diverse work styles and career support. Promoting active participation of women. 	     
<p>Practicing fair and transparent corporate activities.</p> <p>Governance</p>	<p>Maintaining and Strengthening the Governance System to Realize Sustainable Growth.</p>	<ul style="list-style-type: none"> Sophistication of corporate governance Thorough compliance Maintaining and improving a sound financial position Appropriate risk management 	 

※) ESG management is management that emphasizes "environment," "society," and "governance"

※) SDGs : Sustainable Development Goals (2015.9)

We believe that we can contribute to the achievement of the SDGs by promoting ESG management.



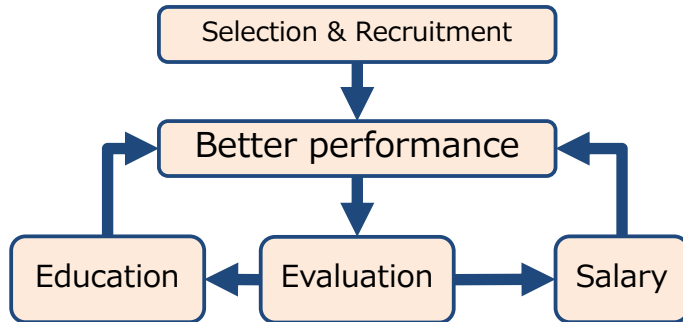
- Brushing up the “quality” and “quantity” of human resources necessary for management strategy.
- Building a system and fostering a corporate culture that continuously produces leaders.

■ Human resource utilization

- ◆ Improve employee engagement.
- ◆ Promoting the utilization of human resources by selecting, reassigning, and selecting leaders.
- ◆ Improve performance-based compensation systems through education and training and human resource evaluations. (target management&behavior evaluation)

■ Improving the work style environment

- ◆ Cultivate a common understanding that the “mental and physical health” of human resources will create corporate value for the future
- ◆ Compliance with labor laws
- ◆ Promotion of work environment improvement (establishment of internal system)



- Expansion of working from home.
- work interval.
- Expansion of whistleblowing.
(Harassment prevention measures)
- Expansion of childcare and nursing care leave systems.
- Mental health support.

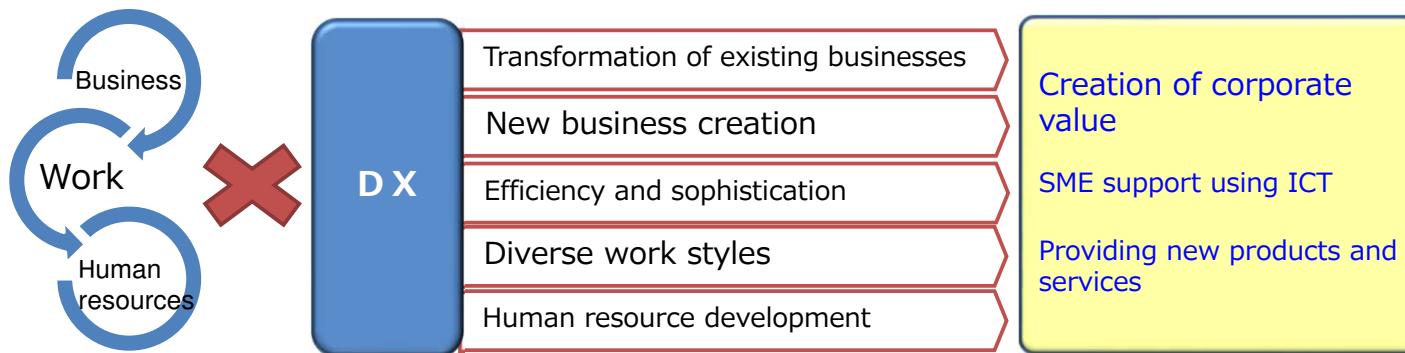


■ Promotion of DX for customers

- ❑ Leap forward as a DX partner in the beauty industry
- ❑ Provision of DX promotion services for SMEs

■ Promotion of DX within the company

- ❑ Promoting rational digitalization of business processes
- ❑ Strengthen your network security
- ❑ Renovate the company IT system



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- 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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