



FY2024 Q3 Financial Results (Supplementary material)

September 12, 2024

SCAT

Tokyo Stock Exchange Standard Market , Code 3974



1 . FY2024 Q 3 Financial Summary.

- FY2024 third quarter financial highlights.
- Returns to shareholders: Dividend forecast (dividend increase).
- Regarding disposal of treasury stock.
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 - Expansion of capital and business alliances.

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FY2024 Q 3 Financial Summary

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Group

■ Medium-term three-year plan, first year initiatives

- Building a foundation for implementing priority action items.

■ Revised initial forecast

- Damages due to large-scale users canceling delivery right before delivery.
(Settlement money: special profit.)
- System sales for beauty salons stalled in the third quarter.
Cause:
 - Postponement of replacement orders (postponed by 1 year)
 - Consolidation of existing stores and postponement of new store openings due to a shortage of hairdressers.
 - Anxiety due to the burden of repayment of corona system loans.
- Profit continued to decline from the previous fiscal year due to the weaker yen and higher prices.

■ Accelerate the accumulation of stock earnings and stabilize the earnings base.

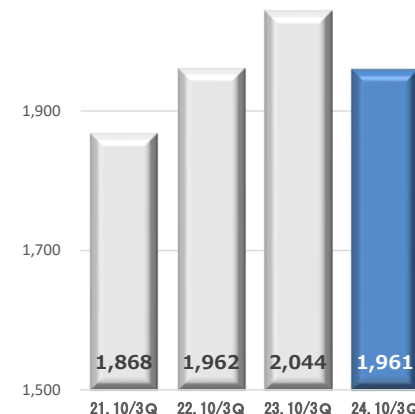
- Actively launching new bill-based products and services.
- Orders for the SaaS-type "Salon tablet" are showing positive signs, thanks in part to the effect of exhibiting at "beauty world JAPAN TOKYO."
- Salon customer attraction support services are steadily increasing and maintenance fees have been partially raised.

■ Expansion of consulting services for SME clients through certification as a "Support agencies for business innovation".

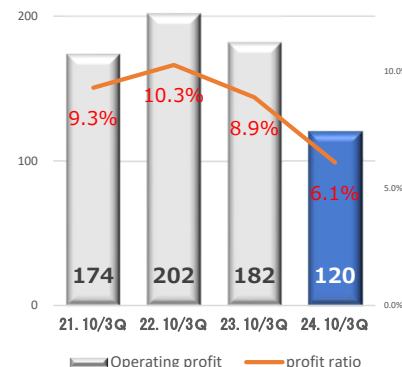
■ Nursing care services are on track to recovery from the coronavirus pandemic

- The number of facility residents steadily exceeds the number of people leaving, and the occupancy rate of Day-services is also on a recovery trend.
- In-facility events and facility tours that had been refrained from due to the coronavirus pandemic have resumed. → The number of people waiting to move in has increased.

《 Net sales 》 Unit: JPY in Millions



《 Ordinary profit 》



Unit: JPY in Millions

	FY2023 Q3	FY2024 Q3	Rate of change	FY2024	Full-year forecast revision	Rate of change
Net sales	2, 0 4 4	1, 9 6 1	▲4.1%	2, 8 0 4	2, 5 8 0	▲8.0%
Cost of sales	1, 2 2 1	1, 1 9 8				
Gross profit (Gross profit margin)	8 2 2 (40.2%)	7 6 2 (38.9%)				
Selling, general and administrative expenses	6 4 0	6 4 1				
Operating profit	1 8 2	1 2 0	▲33.7%	2 4 3	1 3 5	▲44.4%
Ordinary profit	1 8 3	1 2 7	▲30.4%	2 4 3	1 4 2	▲41.6%
Profit attributable to owners of parent	1 3 8	8 3	▲39.6%	1 6 0	9 0	▲43.5%

《Full-year forecast revision》

- Entering the third quarter, sales are expected to be lower than initially expected. This was due to the postponement of a planned system sales order to the second half of next year, and a major user's cancellation just before delivery due to customer circumstances.
- In addition to losses associated with cancellations, operating costs continue to soar throughout the year due to high prices and a weak yen, which is expected to push down profits at each stage.

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

	FY2023 3Q	FY2024 3Q	Rate of change
Net sales (※)	2, 0 4 4	1, 9 6 1	▲ 4.1%
Beauty ICT business	1, 2 4 1	1, 1 5 7	▲ 6.8%
Business service business	2 3 9	2 4 6	2.8%
Nursing care service business	5 4 8	5 4 3	▲ 0.9%
Segment profit (※)	1 8 2	1 2 0	▲ 33.7%
Beauty ICT business	1 3 0	6 1	▲ 52.6%
Business service business	1 1	2 9	150.7%
Nursing care service business	3 2	2 1	▲ 34.4%

Beauty ICT business

- Damage due to last minute cancellation.
- System sales stalled in the third quarter (Order postponement).
- Accelerate the accumulation of stock earnings and stabilize the earnings base.
- Expansion of sales promotion activities (exhibition at large exhibitions).

Business service business

- Referrals from customers and new referrals from regional banks and professionals increased.
- Handling small and medium-sized business succession and small-scale M&A.
- Increase in consultation cases from companies repaying "corona loans".

Nursing care service business

- The number of nursing home residents is at an all-time high. (recovery trend)
- We will expand the services we provide by resuming facility tours that had been suspended due to the coronavirus pandemic and interacting with the local community.

Unit: JPY in Millions

※) Reference : Management indicators

	FY2023	FY2024 3Q	
Current assets	1,520	1,502	18
Cash and deposits	1,209	1,165	▲44
Fixed asset	1,455	1,368	▲87
Property, plant and equipment	885	836	▲48
Intangible assets	291	257	▲33
Software	208	162	▲45
Software in progress	42	66	23
Other	37	25	▲11
Investments and other assets	279	274	▲5
Total assets	2,976	2,870	▲105

	FY2021	FY2022	FY2023	FY2024 3Q
Net assets per share	¥ 524.51	¥ 555.60	¥ 668.18	¥ 680.17
Net income per share	¥ 27.56	¥ 24.30	¥ 52.79	¥ 30.01
Capital adequacy ratio	62.4%	62.7%	62.0%	67.2%
Return on equity	5.4%	4.5%	7.9%	4.4%

3-month average stock price at end of period	¥ 516	¥ 457	¥ 517	¥ 473
PBR (rate)	0.98	0.82	0.77	0.70
Stock price at the end of the period	¥ 491	¥ 431	¥ 469	¥ 469
PBR (rate)	0.94	0.78	0.70	0.69

	FY2023	FY2024 3Q	
Liabilities	1,131	941	▲190
Current liabilities	523	364	▲159
Non-current liabilities	608	577	▲30
Net assets	1,844	1,928	84
Shareholders' equity	1,847	1,930	83
Retained earnings	2,174	2,221	47
Total liabilities and net assets	2,976	2,870	▲105

Topics:

- Fixed asset trends.
Sale of unnecessary land and buildings (35million yen)
- Net asset trends.
Decrease in treasury stock (26 million yen)



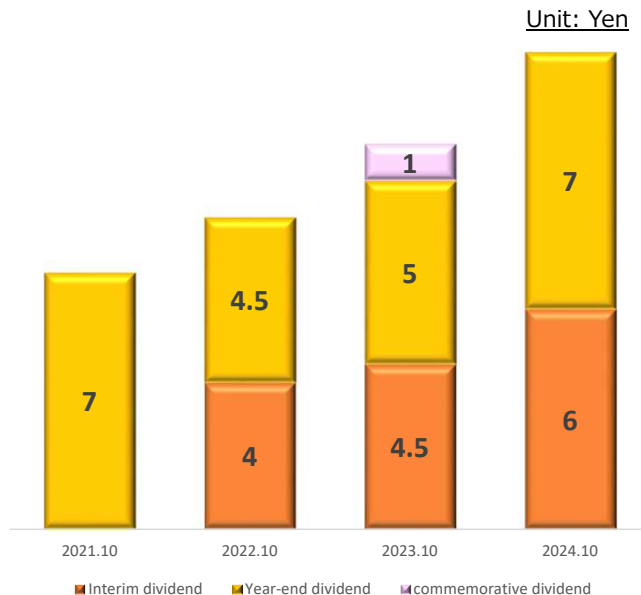
Returns to shareholders: Dividend forecast (dividend increase) **SCAT**

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

Furthermore, from the perspective of the principle of shareholder equality, we have abolished the shareholder benefit system from this fiscal year and are striving to directly return profits to all shareholders through dividends.

The company have changed our initial plan and plan to increase the annual dividend by 13 yen per share.
(interim dividend of 6 yen, year-end dividend of 7 yen)

	Annual dividends		
	interim dividend	Fiscal-year end	Total
Revised forecasts	6.00 Yen	7.00 Yen	13.00 Yen
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





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">• Director of our company (*1) 4 Directors, 3,850 shares• Audit & Supervisory Board Member of the Company (*2) 1 Auditor, 790 shares <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

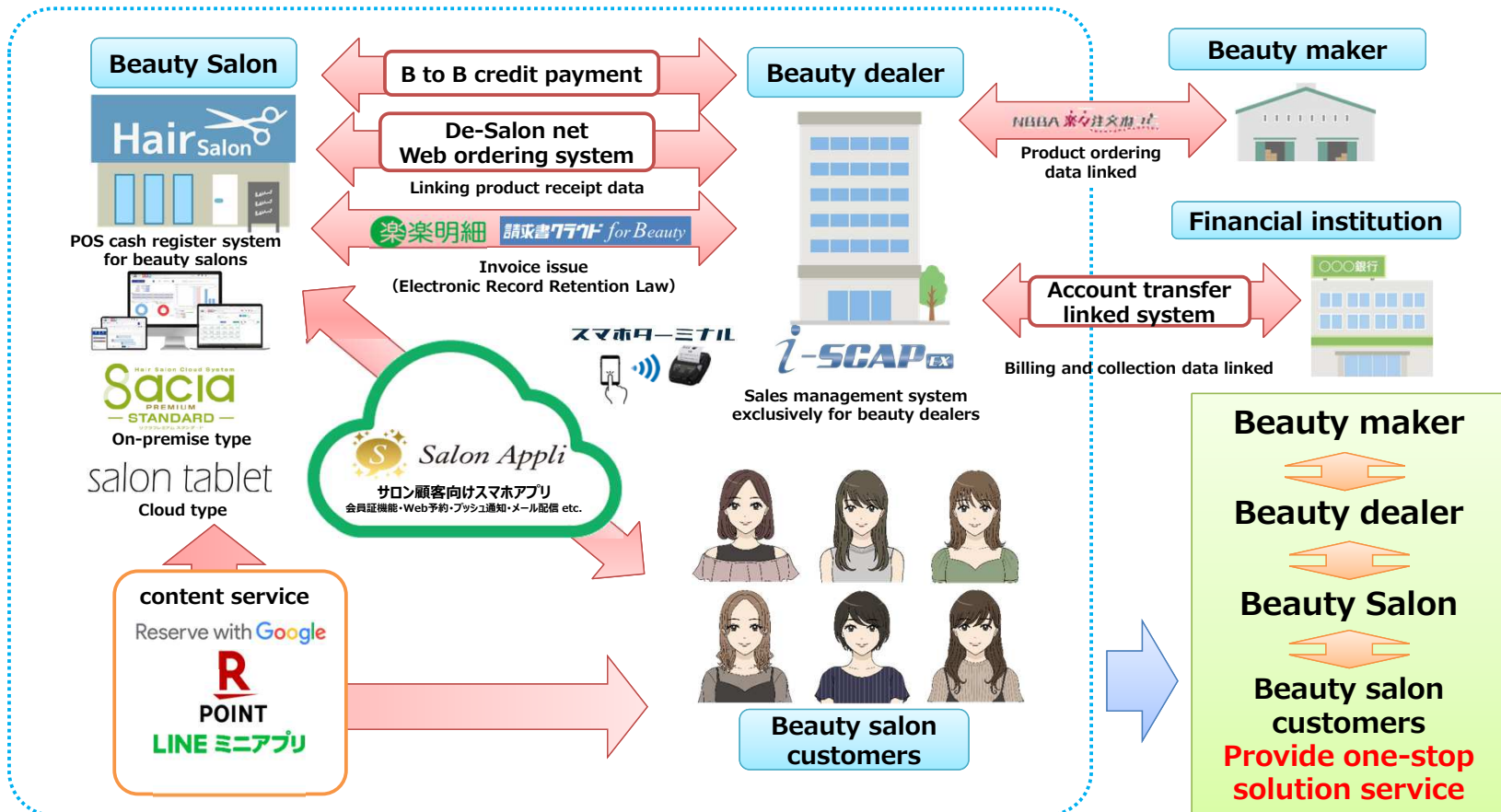
《M.H. Group LTD.,》

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

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



【レジ】
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
バツグンの操作性



【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確立

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.

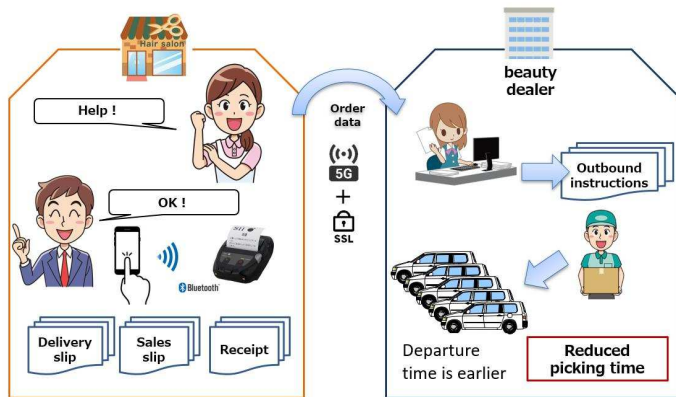
As it is a SaaS type system, you can always use the latest version. Also, because it is a subscription contract, you can install it on Lite. In addition, it can also be linked with optional peripherals (receipt machine/cash drawer/barcode reader)..



" 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.

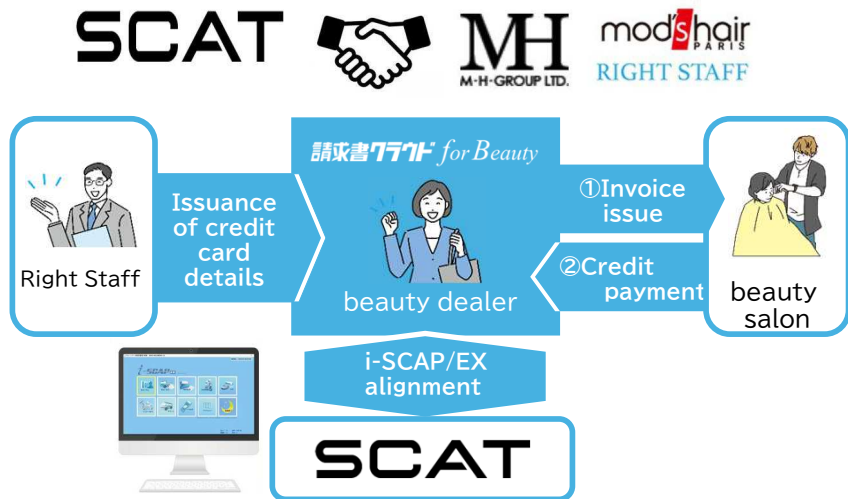


When entering orders and sales,
One-shot accounting by barcode scanning!



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.

SCAT Inc. a leading company in promoting DX in the beauty salon industry, as part of the promotion of DX in the hairdressing industry and the sustainable environmental management support (SDGs) environment-friendly menu, we are promoting the "HP Carbon Neutral Computing Service" and "PC Reuse Program (safe and sustainable)" provided by HP Japan Inc., Ltd. We have been able to visualize our environmental efforts through carbon neutrality.



SCAT

《Company Overview》

Company Name	HP Japan Inc.
President	Nobuki Kkado
Company Address	1-2-70 Konan, Minato-ku, Tokyo Japan
URL	https://www.hp.com/jp-ja/home.html

■ Adopting a carbon neutral concept.

- Adopted "HP Carbon Neutral Computing Service" and "PC Reuse Program" provided by HP Japan Inc.
- This service calculates and offsets the CO2 emissions of each device, from procuring PC raw materials to use and disposal.
- Offsets are carried out after highly accurate carbon footprint calculations in accordance with the Carbon Neutral Protocol, a rigorous standard set by internationally trusted professional organizations.
- A PC with offset applied becomes a carbon neutral PC (certificate can also be issued)
- It is possible to provide the most environmentally friendly PC that can currently be considered, and to visualize its effects, which cannot be achieved by simply carbon offset using carbon credits.

■ Solution effectiveness

- ① The actual value of initiatives can be "visualized" in the form of a certificate.
- ② It is possible to provide "persuasive data" to related organizations and consumers.
- ③ As a company, you can visualize your own efforts with sustainability in mind.
- ④ It can be expected to raise awareness of corporate social responsibility and environmental protection and contribute to combating climate change.

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

"Support agencies for business innovation"
(Certified by METI)

Supporting customers with a variety of menus.

Accounting
service

Payroll
service

Sales
management

Insurance

Legal &
Labor

Business
plan

Subsidy

One-stop service through collaboration with a group of experts

Professional group

C P A

Tax accountant

Judicial scrivener

Lawyer

Administrative
scrivener

Financial
institution

Labor and Social Security
Attorney

Real estate transaction
agent

Insurance company

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)



あすか小諸 (長野県小諸市)

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.

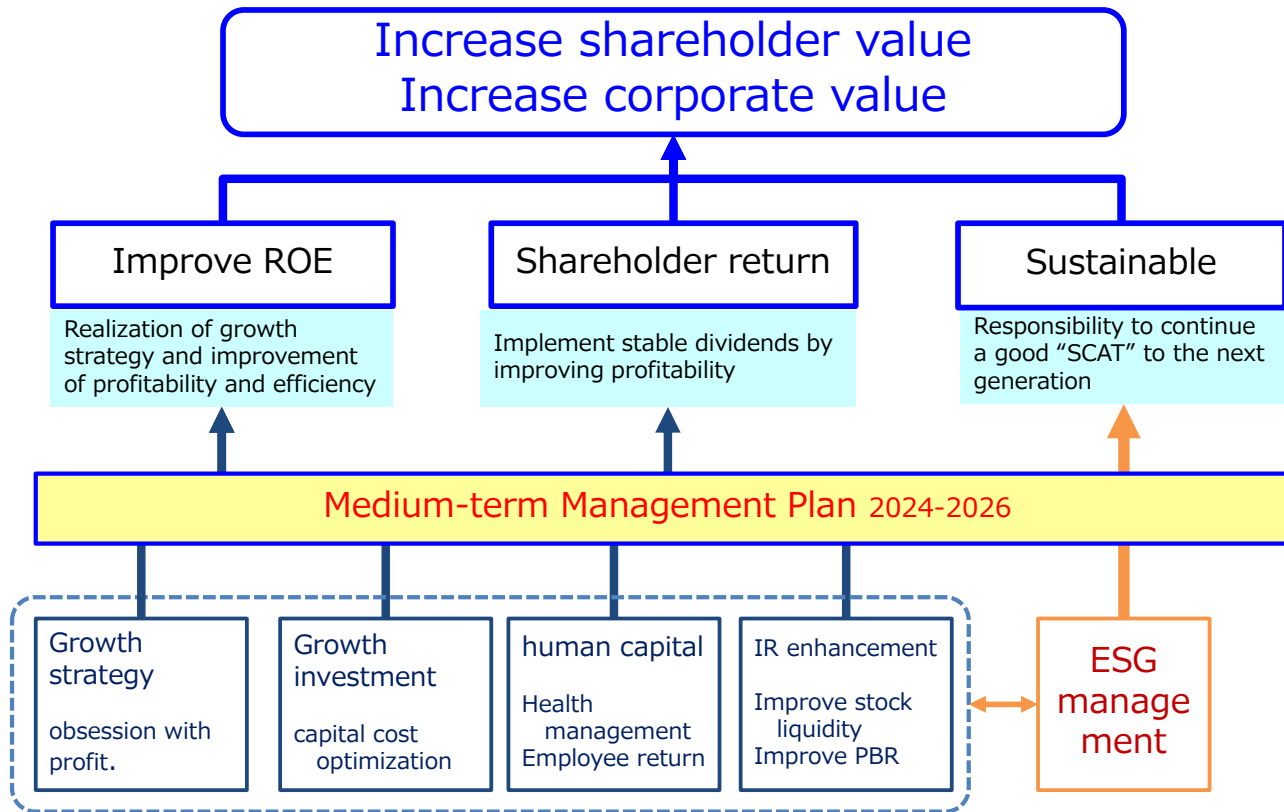




Overview of the three-year medium-term management plan

FY10/2024 – FY10/2026

SCAT

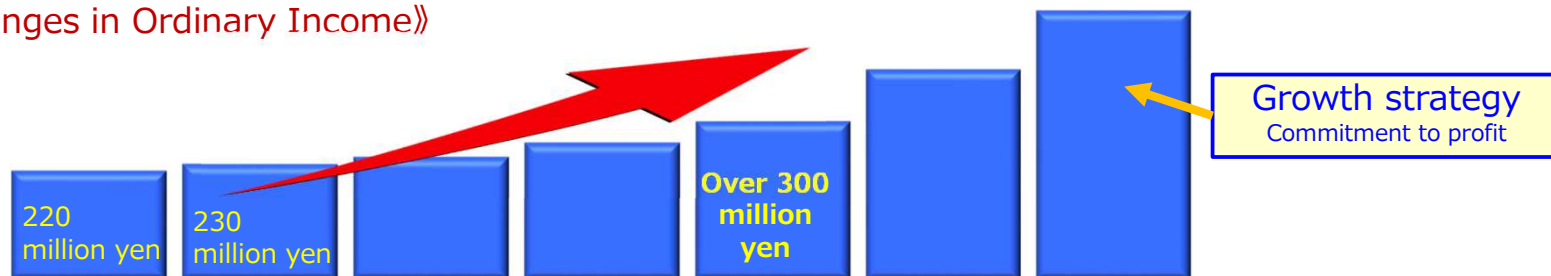




《Sales trends》



《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

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"> • Beauty ICT business • Business service business • Nursing care service business
subsidiary	<ul style="list-style-type: none"> • TBC Silver Service Co., Ltd. • VID Co., Ltd.

Response to ESG Issues

Materiality	Specific action items	SDG s
<p>Efforts to address environmental issues.</p> <p>Environment</p>	<p>Promotion of resource recycling</p> <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>DX promotion</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>	<p>Health and Welfare</p> <ul style="list-style-type: none"> • Supporting the elderly and contributing to the community through nursing care services. <p>Creating a comfortable working environment</p> <ul style="list-style-type: none"> • Diverse work styles and career support. • Promoting active participation of women. 	     
<p>Practicing fair and transparent corporate activities.</p> <p>Governance</p>	<ul style="list-style-type: none"> • Sophistication of corporate governance • Thorough compliance • Appropriate risk management 	 

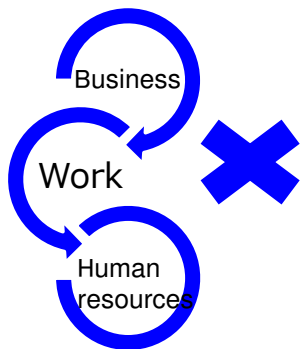


- Digital Transformation Certification



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

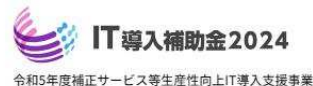
Our company will comply with the Digital Governance Code and strive to further promote DX.



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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