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Consolidated Financial Results for the Six Months Ended April 30, 2025 [Japanese GAAP]

June 13, 2025

Company name: SCAT Inc.

Listing: Tokyo Stock Exchange

Securities code: 3974

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Scheduled date to file semi-annual securities report: June 13, 2025

Scheduled date to commence dividend payments: July 11, 2025

Preparation of supplementary material on financial results: Yes

Holding of financial results briefing: None

President and CEO

Director, General Manager of Accounting and Finance Division

(Yen amounts are rounded down to millions, unless otherwise noted.)

1. Consolidated Financial Results for the Six Months Ended April 30, 2025 (November 1, 2024 to April 30, 2025)

(1) Consolidated Operating Results

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
Six months ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
April 30, 2025	1,303	(5.5)	93	(24.6)	94	(27.3)	58	(30.9)
April 30, 2024	1,378	1.2	123	(0.6)	129	2.3	85	(10.9)

(Note) Comprehensive income: Six months ended April 30, 2025: ¥ 59 million [(32.5) %]
Six months ended April 30, 2024: ¥ 88 million [(10.0) %]

	Basic earnings per share	Diluted earnings per share
Six months ended	Yen	Yen
April 30, 2025	20.72	-
April 30, 2024	30.80	-

(2) Consolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio
As of	Millions of yen	Millions of yen	%
April 30, 2025	2,981	1,988	66.7
October 31, 2024	2,938	1,946	66.2

(Reference) Equity: As of April 30, 2025: ¥ 1,988 million
As of October 31, 2024: ¥ 1,946 million

2. Dividends

	Annual dividends				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended October 31, 2024	-	6.00	-	7.00	13.00
Fiscal year ending October 31, 2025	-	7.00			
Fiscal year ending October 31, 2025 (Forecast)			-	7.00	14.00

(Note) Revision to the forecast for dividends announced most recently: None

(Note) Breakdown of the 2nd quarter dividend for the fiscal year ending October 31, 2025 :

Commemorative dividend	- yen
Special dividend	- yen

3. Consolidated Financial Results Forecast for the Fiscal Year Ending October 31, 2025(November 1, 2024 to October 31, 2025)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	2,718	4.8	215	45.8	215	37.5	136	36.6	48.15

(Note) Revision to the financial results forecast announced most recently: None

* Notes:

(1) Significant changes in the scope of consolidation during the period: None

Newly included:	-	(Company name:)
Excluded:	-	(Company name:)

(2) Adoption of accounting treatment specific to the preparation of semi-annual consolidated financial statements: None

(3) Changes in accounting policies, changes in accounting estimates, and restatement

- 1) Changes in accounting policies due to revisions to accounting standards and other regulations: None
- 2) Changes in accounting policies due to other reasons: None
- 3) Changes in accounting estimates: None
- 4) Restatement: None

(4) Number of issued shares (common shares)

1) Total number of issued shares at the end of the period (including treasury shares):

April 30, 2025:	5,240,000 shares
October 31, 2024:	5,240,000 shares

2) Number of treasury shares at the end of the period:

April 30, 2025:	2,393,702 shares
October 31, 2024:	2,403,211 shares

3) Average number of shares outstanding during the period:

Six months ended April 30, 2025:	2,840,163 shares
Six months ended April 30, 2024:	2,764,168 shares

* Semi-annual financial results reports are exempt from review conducted by certified public accountants or an audit firm.

* Proper use of earnings forecasts, and other special matters

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1. Qualitative Information on Financial Results for the Period under Review

(1) Explanation of Business Results

During the current interim consolidated fiscal period (from November 1, 2024 to April 30, 2025), Japan's economy continues to show a trend of recovery in social and economic activity, but the outlook remains uncertain due to factors such as the unstable international situation, the impact of the weak yen and continuing price increases on personal consumption, etc. In the information and communications industry, our core business, with the advancement and spread of digital technology, there is an increasing demand for IT and DX-related services aimed at improving corporate productivity and strengthening competitiveness, and the market environment continues to be favorable.

In this environment, our company has announced a three-year medium-term plan starting from the fiscal year ending October 2024, and is working on measures to improve shareholder value and corporate value, as well as mechanisms for growth strategies.

In the beauty ICT business, we have been certified by METI as a DX certified business and an IT implementation support business. Furthermore, some existing users are seeing an increase in inquiries about equipment replacement demand due to the end of maintenance for Windows 10 in October of this year. Against this background, we will expand the scope of our beauty ICT services, expand the functionality of our own application software to enhance our DX system, and make key investments in hiring career human resources, in order to establish a foundation for sustainable growth.

In the business services business, in addition to the busy season for providing personal accounting support services to sole proprietors, we are also working to expand our consulting services as a management innovation support organization certified by the Ministry of Economy, Trade and Industry.

In the nursing care services business, the occupancy rate of paid nursing homes with nursing care has improved and we are securing stable profits.

As a result, consolidated results for the second quarter of the FY2025, we achieved net sales of ¥1,303,120 thousand (down 5.5% year-on-year), operating income of ¥93,085 thousand (down 24.6% year-on-year), ordinary income of ¥94,412 thousand (down 27.3% year-on-year), and profit attributable to owners of parent of ¥58,837 thousand (down 30.9% year-on-year).

Operating results by business segment are as follows. Segment income is based on operating income.

a) Beauty ICT business.

In the beauty ICT business, we are working to further improve the stock revenue of maintenance, content, and new fee-based services, in addition to system sales, which are our main source of revenue.

During the current interim consolidated fiscal period, the number of orders received exceeded initial forecasts, and sales projects planned for the current consolidated fiscal year are steadily increasing, laying a solid foundation for achieving budgetary targets. In preparation for the third quarter, we released "Sacla PREMIUM Plus - DX Partner for Beauty -," the latest version of our "Sacla Series" DX system for beauty salons. This will enable us to secure sales of DX support products by utilizing the 2025 IT Introduction Subsidy and capture special demand for replacement due to the end of support for Windows 10.

Regarding the sales management system "i-SCAP/EX" for beauty dealers, we are promoting the sale and collaboration of "Invoice Cloud for Beauty" developed by M・H・GROUP LTD.(TSE Standard: 9439), which operates and manages the

hair salon "Mods Hair".

In our fee-based stock business, in addition to providing traditional DX customer attraction support content, we have released "Lineup EC" in November 2024. "Lineup EC" is a new revenue source that allows beauty salons to set up EC shops selling in-store products within the LINE mini app. This sales expansion will further increase revenue from web content.

In addition to upgrading existing content, we will also begin building a new system that utilizes AI, a technology that will be essential for future services, and hope to see results in our systems and content.

As a result of the above, during this interim consolidated accounting period, sales were ¥752,391 thousand (down 10.3% year-on-year), and segment profit was ¥45,226 thousand (down 48.0% year-on-year).

b) Business service business.

In the business service business, we provide various services centered on accounting and accounting office work that support the management of SMEs. The company have been certified by METI as a "Support agencies for business innovation" and provide consulting services such as formulating plans to improve management capabilities and supporting business restructuring to improve customers' management issues.

Our core business accounting services are centered on financial reports such as monthly settlements, providing cash flow support, bookkeeping and payroll calculation outsourcing (BPO) services, and IT system operation of related accounting, payroll, and sales management software, and we provide support and risk management (life and non-life insurance agency business). By providing these services, we have strengthened our relationships with existing customers, and our alliances with referral partner companies, local financial institutions and professionals have led to stable acquisition of new customers.

During this interim consolidated accounting period, monthly business sales increased due to demand for services related to accounting procedures and payroll calculations, which have become more complicated due to the "invoice system" and "fixed amount tax reduction," etc. Furthermore, sales performance of personal accounting support services for individual business owners also remained strong, at 103% compared to the same period last year. In addition to continuing to provide support to clients, we will strive to expand our range of services by offering consulting services in areas such as insurance, real estate transactions, and business succession.

As a result of the above, during this interim consolidated accounting period, sales were ¥172,401 thousand (up 1.2% year-on-year), and segment profit was ¥26,258 thousand (up 11.1% year-on-year).

c) Nursing care service business.

In the nursing care service business, we operate three paid nursing homes with nursing care (Sano City, Tochigi Prefecture, Tatebayashi City, Gunma Prefecture, and Komoro City, Nagano Prefecture), and also operate a home support business in Komoro City, Nagano Prefecture.

At paid nursing homes with nursing care, the number of occupants has increased significantly and the facilities are operating steadily. This is due to the resumption of various events and facility tours, as well as the strengthening of collaboration with local medical and nursing care organizations, which has greatly promoted the number of residents.

In addition, for home care services such as day services and short stays, we have maintained a high occupancy rate without any major infections due to the development and implementation of infectious disease control measures (BCP).

On the cost front, on the other hand, we are appropriately controlling the high prices of ingredients and utilities. However, we consider personnel expenses to maintain and expand high-quality nursing care services, and recruitment costs associated with supplementing nursing care staff to be an investment in the future.

As a result of the above, during this interim consolidated accounting period, sales were ¥371,254 thousand (up 3.4% year-on-year), and segment profit was ¥16,028 thousand (up 121.5% year-on-year).

(2) Explanation regarding future forecast information such as consolidated business forecasts.

There are no changes to the consolidated performance forecast for FY2025 that were announced on December 13, 2024.

(3) Basic policy regarding profit distribution and dividends for the current period.

The company recognizes that returning profits to our shareholders is one of our most important management issues, and our basic policy is to provide "continuous shareholder returns based on stable dividends." Furthermore, we pay dividends twice a year (interim dividend and year-end dividend) in order to enhance opportunities to return profits to shareholders.

Regarding dividends for the FY2025, we have revised our initial annual dividend forecast of 13 yen per share (interim dividend 6yen, year-end dividend 7 yen) to 14 yen per share (interim dividend 7yen, year-end dividend 7 yen), as orders and performance forecasts are progressing steadily toward the end of the current fiscal year.

Semi-annual Consolidated Financial Statements
Semi-annual Consolidated Balance Sheets

(Thousands of yen)

	As of October 31, 2024	As of April 30, 2025
Assets		
Current assets		
Cash and deposits	1,258,499	1,334,600
Accounts receivable - trade	236,605	220,302
Merchandise	24,400	35,998
Work in process	1,206	1,138
Other	57,789	59,119
Allowance for doubtful accounts	(109)	(104)
Total current assets	1,578,391	1,651,055
Non-current assets		
Property, plant and equipment		
Buildings and structures	1,036,446	1,036,446
Accumulated depreciation	(433,409)	(446,267)
Buildings and structures, net	603,037	590,179
Land	210,813	210,813
Other	138,681	109,561
Accumulated depreciation	(122,034)	(93,694)
Other, net	16,647	15,866
Total property, plant and equipment	830,498	816,859
Intangible assets		
Software	128,760	117,826
Software in progress	84,970	76,131
Goodwill	22,229	14,819
Other	2,427	1,887
Total intangible assets	238,388	210,664
Investments and other assets		
Investment securities	63,240	64,170
Deferred tax assets	161,450	172,020
Other	82,477	82,240
Allowance for doubtful accounts	(15,697)	(15,605)
Total investments and other assets	291,470	302,824
Total non-current assets	1,360,358	1,330,349
Total assets	2,938,749	2,981,404

(Thousands of yen)

	As of October 31, 2024	As of April 30, 2025
Liabilities		
Current liabilities		
Accounts payable - trade	51,257	57,345
Current portion of long-term borrowings	61,680	61,680
Accrued expenses	112,907	107,171
Income taxes payable	22,560	43,221
Provision for bonuses	71,174	65,838
Other	106,934	94,896
Total current liabilities	426,513	430,152
Non-current liabilities		
Long-term borrowings	116,840	86,000
Provision for retirement benefits for directors (and other officers)	16,685	16,685
Provision for share awards	36,693	41,052
Retirement benefit liability	338,883	362,172
Asset retirement obligations	40,810	40,994
Other	15,741	15,634
Total non-current liabilities	565,654	562,540
Total liabilities	992,168	992,692
Net assets		
Shareholders' equity		
Share capital	200,000	200,000
Capital surplus	348,199	348,685
Retained earnings	2,238,524	2,276,031
Treasury shares	(838,724)	(835,243)
Total shareholders' equity	1,947,999	1,989,473
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(1,418)	(761)
Total accumulated other comprehensive income	(1,418)	(761)
Total net assets	1,946,580	1,988,711
Total liabilities and net assets	2,938,749	2,981,404

Semi-annual Consolidated Statements of Income and Comprehensive Income

(Thousands of yen)

	For the six months ended April 30, 2024	For the six months ended April 30, 2025
Net sales	1,378,395	1,303,120
Cost of sales	821,393	787,765
Gross profit	557,001	515,354
Selling, general and administrative expenses	433,537	422,269
Operating profit	123,464	93,085
Non-operating income		
Interest income	5	536
Insurance claim income	2,023	-
Facility rental fee	775	869
Subsidy income	3,395	100
Other	829	479
Total non-operating income	7,029	1,986
Non-operating expenses		
Interest expenses	663	658
Other	13	-
Total non-operating expenses	676	658
Ordinary profit	129,817	94,412
Extraordinary losses		
Loss on retirement of non-current assets	8	8,808
Total extraordinary losses	8	8,808
Profit before income taxes	129,808	85,603
Income taxes - current	46,178	37,608
Income taxes - deferred	(1,501)	(10,842)
Total income taxes	44,676	26,766
Profit	85,132	58,837
Profit attributable to owners of parent	85,132	58,837

(Thousands of yen)

	For the six months ended April 30, 2024	For the six months ended April 30, 2025
Profit	85,132	58,837
Other comprehensive income		
Valuation difference on available-for-sale securities	3,004	656
Total other comprehensive income	3,004	656
Comprehensive income	88,136	59,494
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	88,136	59,494

Semi-annual Consolidated Statements of Cash Flows

(Thousands of yen)

	For the six months ended April 30, 2024	For the six months ended April 30, 2025
Cash flows from operating activities		
Profit before income taxes	129,808	85,603
Depreciation	80,365	68,145
Amortization of goodwill	7,409	7,409
Increase (decrease) in allowance for doubtful accounts	(53)	(96)
Interest and dividend income	(5)	(536)
Interest expenses	663	658
Loss on retirement of non-current assets	8	8,808
Increase (decrease) in retirement benefit liability	12,164	23,288
Increase (decrease) in provision for share awards	2,361	4,359
Increase (decrease) in provision for bonuses	(11,551)	(5,335)
Decrease (increase) in trade receivables	(12,592)	16,302
Decrease (increase) in inventories	13,936	(11,504)
Increase (decrease) in trade payables	(1,404)	6,087
Increase (decrease) in accrued expenses	(4,463)	(5,735)
Increase (decrease) in advances received	(4,066)	(6,340)
Other, net	(44,717)	(1,412)
Subtotal	167,865	189,703
Interest and dividends received	5	536
Interest paid	(667)	(668)
Income taxes refund	357	2,553
Income taxes paid	(64,956)	(17,731)
Net cash provided by (used in) operating activities	102,604	174,393
Cash flows from investing activities		
Purchase of property, plant and equipment	(44,816)	(3,334)
Purchase of intangible assets	(48,520)	(42,271)
Proceeds from refund of guarantee deposits	23,462	-
Other, net	158	108
Net cash provided by (used in) investing activities	(69,715)	(45,497)
Cash flows from financing activities		
Repayments of long-term borrowings	(30,840)	(30,840)
Repayments of lease liabilities	(683)	(577)
Dividends paid	(17,838)	(21,377)
Net cash provided by (used in) financing activities	(49,362)	(52,794)
Net increase (decrease) in cash and cash equivalents	(16,474)	76,101
Cash and cash equivalents at beginning of period	1,209,125	1,258,499
Cash and cash equivalents at end of period	1,192,650	1,334,600