

A decorative graphic consisting of a blue square and a red square overlapping.

FY2023 Q1 Financial Results (Supplementary material)

March 14, 2023

TBCSCAT Inc.

Tokyo Stock Exchange Standard Market , Code 3974



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FY2023 Q1 Financial Summary

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Unit: JPY in Millions

	FY2022 Q1	FY2023 Q1	YoY
Net sales	630	649	3.0%
Cost of sales	353	393	
Gross profit (Gross profit margin)	277 (44.0%)	255 (39.3%)	
Selling, general and administrative expenses	221	214	
Operating profit	56	41	▲26.4%
Ordinary profit	55	42	▲23.0%
Profit attributable to owners of parent	32	32	1.7%

- ❑ Certified by Ministry of Economy, Trade and Industry :
Certified as a "DX certified business operator" and "IT introduction support business operator" that promotes social DX, and as a "management innovation support organization" that supports strengthening the management power of small and medium-sized enterprises.
- ❑ The shift to DX in society and the revision of domestic laws are boosting the strong performance. Actively release content services that are in line with the times.
- ❑ Reason for cost increase :
Soaring food and consumables at nursing homes, and utility costs.

Unit: JPY in Millions

	FY2022 Q1	FY2023 Q1	YoY
Net sales	630	649	3.0%
ICT business for beauty salons	363	381	4.3%
Business service business for SMEs	75	75	▲0.1%
Nursing care service business	186	187	0.8%
Segment profit	56	41	▲26.4%
ICT business for beauty salons	45	29	▲34.2%
Business service business for SMEs	▲4	▲1	—
Nursing care service business	12	10	▲12.2%

※Total price difference is due to rental income.

ICT business for beauty salons

Orders are going well. A global semiconductor shortage is impacting the building of systems for sale. However, sales are taking longer than usual, and sales will start from 2Q onwards. In parallel, we are increasing the types of linked web content. For example, we are expanding our salon customer attraction support services such as "Reserve with Google", "Rakuten Point", and "LINE mini app".

Business service business for SMEs

In the mainstay accounting service business, sales and profits increased due to support for management improvement of existing customers and an increase in referrals to new customers. Withdrawal from foreign technical intern trainee support business due to deficit (scheduled for April 2023).

Nursing care service business

Paid nursing homes with nursing care have high occupancy rates and high profitability, but the impact of the new coronavirus on home nursing care is enormous. The impact of high prices on food and utility bills is significant.



Consolidated Balance Sheets

Unit: JPY in Millions



	FY2022	FY2023 Q1	
Current assets	2,047	1,494	▲553
Cash and deposits	1,765	1,180	▲585
Fixed asset	1,422	1,430	▲7
Property, plant and equipment	852	846	▲6
Intangible assets	342	330	▲12
Software	218	205	▲13
Software in progress	68	73	5
Other	51	48	▲3
Investments and other assets	226	252	26
Total assets	3,470	2,924	▲545

	FY2022	FY2023 Q1	
Liabilities	1,292	1,194	▲98
Current liabilities	655	563	▲92
Non-current liabilities	637	631	▲5
Net assets	2,177	1,729	▲447
Shareholders' equity	2,183	1,734	▲448
Retained earnings	2,048	2,062	14
Total liabilities and net assets	3,470	2,924	▲545

Factor :

- Cash and deposits : Acquisition of treasury stock (462M)
Payment of dividends, taxes and bonuses
- Fixed asset : Increase in security deposit (40M)
- Shareholders' equity : Acquisition of treasury stock



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 January 31, 2023

- Total number of issued shares : 5,240,000shares
- Number of treasury shares : 2,262,351shares (43.17%)



FY2023 Forecast

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Unit: JPY in Millions

	FY2023	FY2023 Q1	Progress
Net sales	2,656	649	24.4%
Operating profit	238	41	17.3%
Ordinary profit	237	42	18.1%
Profit attributable to owners of parent	170	32	19.3%

□ Progress in line with initial forecasts

- Order is going well.
- Sales progressed as planned.
- Due to the shortage of semiconductors, the delivery of large users was carried over to 2Q.
- Delivery of 81 IT introduction subsidy users has been carried over to 2Q or later.
- Decrease in profit:
Increase in costs due to increases in utility costs, etc.

Unit: JPY in Millions

	FY2023	FY2023 Q1	Progress
Net sales	2,656	649	24.4%
ICT business for beauty salons	1,534	381	24.8%
Business service business for SMEs	313	75	24.1%
Nursing care service business	790	187	23.8%
Segment profit	238	41	17.3%
ICT business for beauty salons	148	29	20.0%
Business service business for SMEs	7	▲1	—
Nursing care service business	70	10	15.5%

※Total price difference is due to rental income.

ICT business for beauty salons

Steady acquisition of orders for system sales.
81 companies among the IT introduction subsidy are scheduled to deliver in the future, and the delivery of large users, which was postponed due to product shortages due to semiconductor shortages, will be completed after the second quarter. Paid stock businesses, such as content and maintenance, also showed steady growth in sales. Release and sales expansion of "LINE Mini App" (charging type)

Business service business for SMEs

Busy season for core sales (individual business accounting). Increase in consulting projects (business improvement plans, subsidy applications) Withdraw from support for foreign technical intern trainees (to be completed in April 2023).

Nursing care service business

Secure stable profits while paying attention to preventing COVID-19 infections. Soaring utility costs (cold areas: maintaining the health of residents is the top priority).



Notice Concerning Revision to Interim Dividend Forecasts (increased dividend)

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

Based on it, we will increase the interim dividend by 0.5 yen per share for the fiscal year ending October 31, 2023, because of the favorable performance for the first quarter trends and future outlook.

Therefore, the initial annual dividend forecast will be revised from 8.50 yen per share (interim dividend of 4 yen, year-end dividend of 4.50 yen) to 9.00 yen per share (interim dividend of 4.50 yen, year-end dividend of 4.50yen).

	Annual dividends		
	Second quarter-end	Fiscal-year end	Total
Previous forecasts (December 26, 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



Topics

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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.

■ Change of trade name

◆ New trade name (Trade name in English)

SCAT Kabushiki Kaisha

(SCAT Inc. in English)

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

◆ Scheduled date of change : May 1, 2023



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.

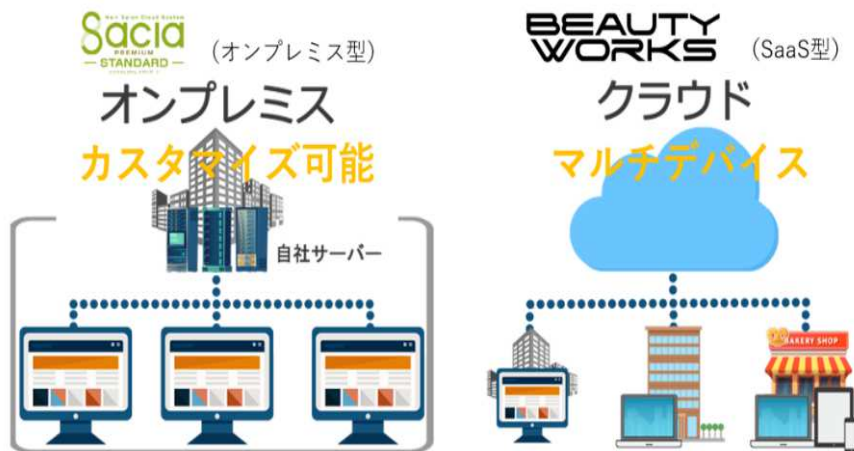


Expansion of Excellent Intellectual Property (Content)

→ 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)



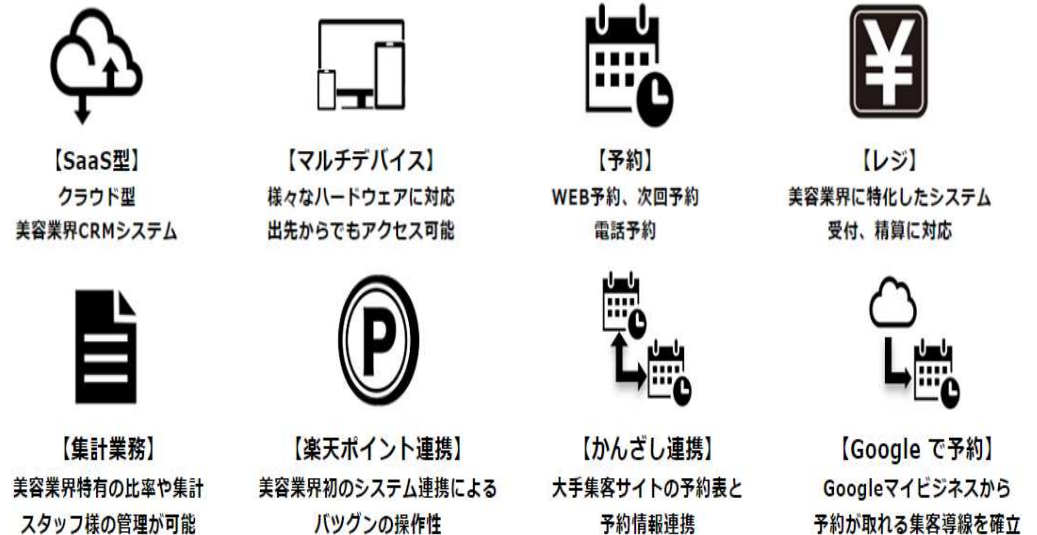
Sales management system for beauty product dealers



- EC linkage for salons
- Support for invoice system
- Bank account transfer linkage



Providing content



Reserve with Google



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.





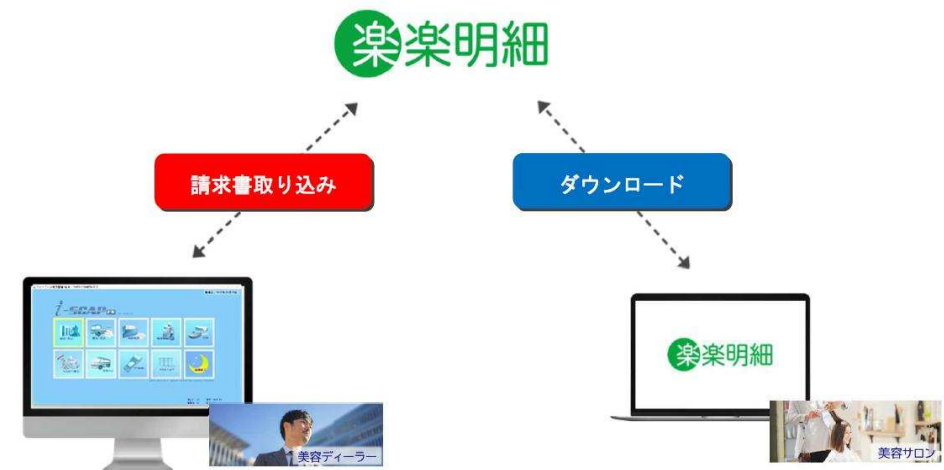
Our company has concluded a sales partner agreement with "RAKUS Co., Ltd.", which provides the cloud-based electronic billing system "RAKU RAKU MEISAI", with the aim of improving productivity by improving the operations of beauty product dealer.

Sales start from March 1, 2023

■ 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 TBCSCAT 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.



■ 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.

《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)

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

“Management innovation support organization” (Certified by METI)

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

■ Scheduled to withdraw from the registration support organization in April 2023 (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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TBCSCAT is a solution company that utilizes ICT to support the management of small and medium-sized enterprises.

Basic information

Company Name	TBCSCAT 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 January 31,2023)
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.

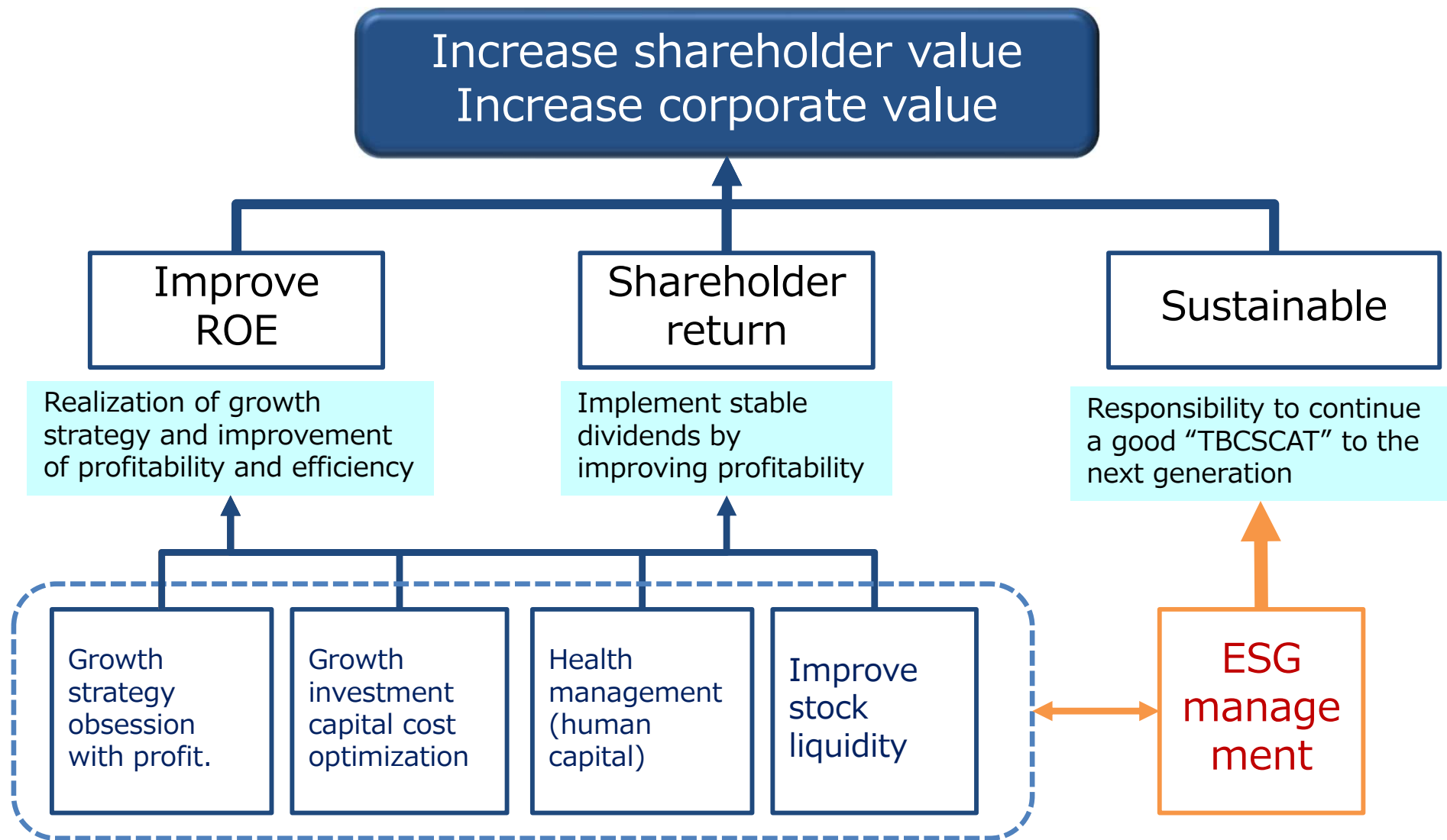
Mission & Philosophy

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

TBCSCAT 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 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 	    
<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.



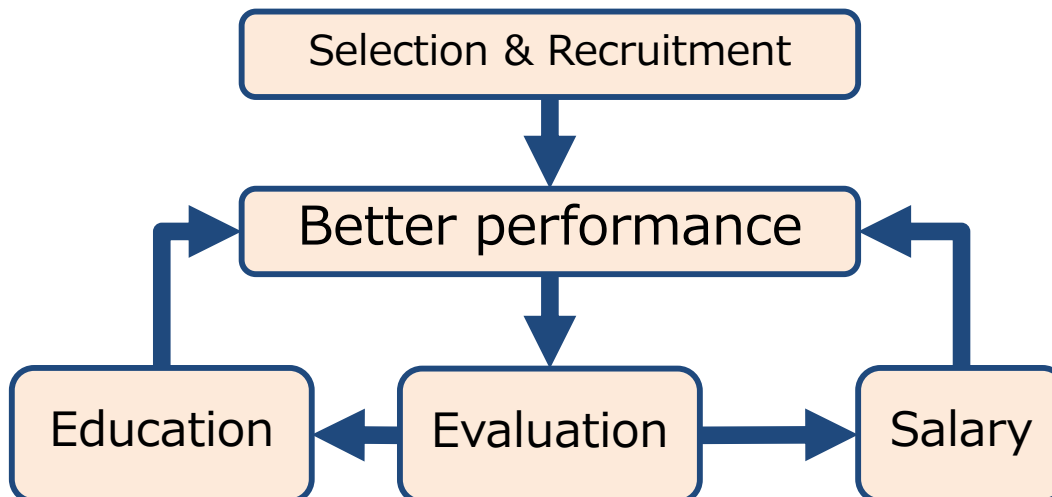
- Brushing up the “quality” and “quantity” of human resources necessary for management strategy.
- Building a system and fostering a corporate culture that continuously produces leaders.

■ 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.



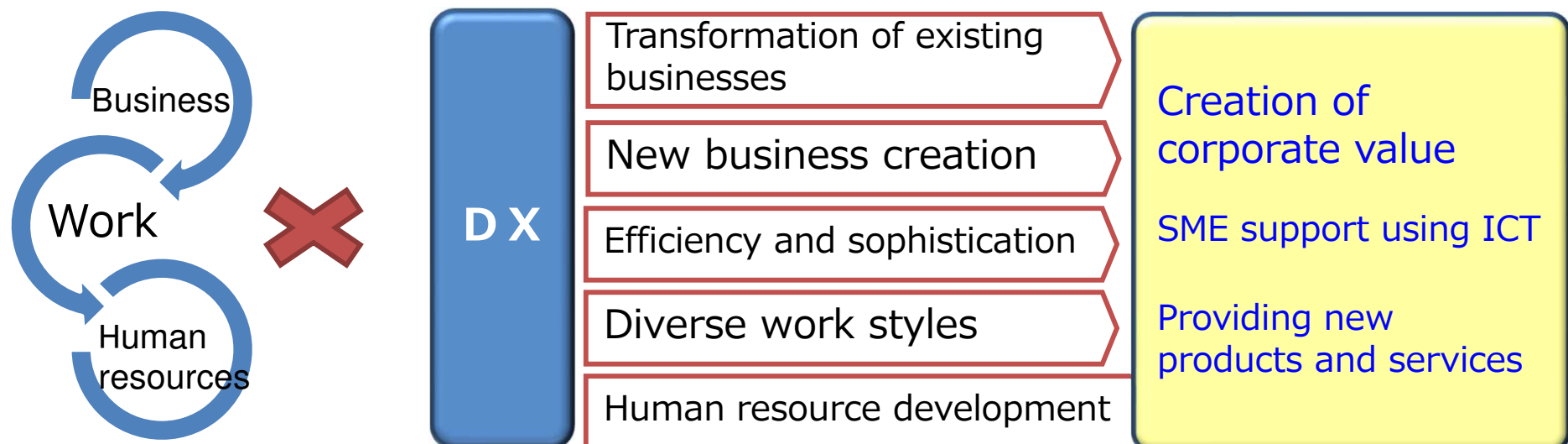
■ Promotion of DX for customers



- ❑ 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 :

IR Inquiries : Sakae Takahashi
IR Manager & Corporate Planning Office Manager

E-mail : ir@tbcscat.jp

TEL : 03-5623-9670

TBCSCAT Inc.