September 12, 2024

Company name: SCAT Inc.
（Tokyo Stock Exchange Standard Market , Code 3974）
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Notice Regarding Revision of Consolidated Earnings Forecast and reductions in executive compensation

SCAT Inc. (the “Company”) announces that at the Board of Directors meeting held on September 12,2024, will revise the consolidated business forecast announced on December 14, 2023, based on recent business trends as follows. In light of these developments, we are enforcing cuts in executive pay.

1. Revision of the consolidated earnings forecast for the current fiscal year.

(1) Revision of the consolidated earnings forecast for the current fiscal year.
(November 1, 2023 to October 31, 2024).

	Net sales	Operating profit	Ordinary Profit	Profit attributable to owners of parent	Net Income per Share
Previous Forecasts. (A)	Million yen 2,804	Million yen 243	Million yen 243	Million yen 160	Yen 58.04
Revised Forecasts. (B)	2,580	135	142	90	32.21
Increase or decrease. (B-A)	△224	△108	△101	△70	—
Increase or decrease. (%)	△8.0%	△44.4%	△41.6%	△43.5%	—
(Reference) Previous period results (FY2023)	2,742	227	230	157	52.79

(2) Reason for the revision.

Until the second quarter, progress was generally in line with the initial plan, but in the third quarter, many of the planned system sales projects were postponed to the second half of next year, and large-scale users canceled their deliveries last minute due to customer circumstances. As a result, sales are expected to decline.

The reasons for the postponement of the delivery date of the system include the consolidation of existing salons due to a shortage of hairdressers, postponement of new store opening plans, soaring prices, and the start of repayments of special loans due to the coronavirus, which are being addressed individually.

In addition, due to last-minute cancellation of delivery due to customer circumstances of a large user, servers that could not be used for other purposes, product licenses, and customization work in progress were all lost. Additionally, it took time to process the data migration and set up the data migration and hold an operational briefing session, resulting in a major lost opportunity. The matter in question was settled through a lawyer, and while the settlement amount due to the cancellation is recorded as extraordinary income, the above losses that can be recorded as expenses are recorded as extraordinary losses. In addition to these losses, operating costs continue to soar throughout the year due to high prices and a weak yen. We have decided to revise our full-year business forecasts because we expect each stage of profit to decline.

2. Regarding reduction of executive compensation

(1) Reason for reduction in executive compensation.

In order to take seriously the revisions to our business forecasts for the current fiscal year, clarify their responsibilities, and strive to recover our business performance going forward, we have decided to reduce the remuneration of officers, excluding outside directors and corporate auditors, as follows. This matter was resolved by the Board of Directors after consulting and reporting by the Nomination and Compensation Committee.

(2) Details of reduction in executive compensation and applicable period.

	Contents of reduction
President and CEO	30% of monthly remuneration
Director and business manager	20% of monthly remuneration
Director and manager (2 people)	10% of monthly remuneration

*) Excluding outside directors and auditors.

(3) Applicable period.

1 month from August 2024.

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