



SCALA, INC. INTEGRATED REPORT 2023

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Message from Representative

Society as a whole is becoming increasingly unpredictable, as the future outlook is uncertain, change is rapid and complex, and conventional norms are no longer applicable. At the same time, domestic economic growth is stagnating, and many social issues remain unresolved.

In terms of business, this situation establishes the environment and foundation for creating new and innovative services and systems that can flexibly respond to rapid market changes and customers' needs. However, to solve increasingly complex social problems and lead to economic development, it is necessary to understand the current situation and causes, discuss solutions without preconceived ideas through co-creation among the people, companies, and local governments involved, and make decisions and take actions flexibly.

Social problems, by their very nature, have no single solution, and because they are complex and interconnected, there is the possibility of creating positive side effects even in the process of solving them. We believe that by fostering co-creation on this premise, people, companies, regions, and countries can grow together. Therefore, we are building co-creation relationships with our partners to create real solutions, and using them as models to create an environment where success stories can be created simultaneously everywhere.

We will use our accumulated technology and experience as a means to solve problems. In the short, medium and long term, we will see every connection that arises in our business activities as an opportunity for co-creation, and will create a new future of continuous growth. We will use these activities to sustainably increase our value and meet the expectations of all our stakeholders.

Scala, Inc.

Director, Representative Executive Officer & President

Norikatsu Nagino





Corporate Philosophy

Demonstrate ethical values

In all corporate activities, we act with social and ethical reflection and discernment.

Fulfill social responsibility

Recognizing the social nature of a company and responding to the demands of various stakeholders, we contribute to the maintenance and development of society.

Prosper forever

The goal is to grow long-term and steady growth that will contribute to the future of Japan in 10 years and 50 years from now.

Management Philosophy

VISION

Our Goal

Contribute to the happiness and prosperity of all humanity

MISSION

Role to be played

Become the ideal company for the world

VALUE

Values & Action Guidelines

Provide unlimited possibilities for those who continue to challenge everything

Medium- to Long-term Strategy

Provide services with a focus on **offering opportunities that lead to the growth of people** as the core of the social values created by our group.

Implement mechanisms and measures to **maximize the potential of human resources** within our group, considering human capital management.

Become a **platform for human growth**, circulate management resources and knowledge, and achieve both social and corporate value.

Medium Term Business Plan

Focus on **building a foundation for solid growth** from FY2024 to FY2026.

Priority Strategies

Focused business domain

Focus on businesses related to human growth inside and outside our group.

Business alliance structure

Create a cyclical structure of 1) turning social issues into projects, 2) co-creating with individual businesses and partners within our group, and 3) attracting human resources, partners, and new social issues that share the realized value.

Strengthen business management infrastructure

Strengthening profitability, establishing a shared sector, systems for stimulating human resources, and deepening monitoring.

Quantitative targets for FY2026

Revenue **¥ 15.5 billion**
Operating Profit **¥ 2 billion**

Medium Term Business Plan 2024-2026

https://scalagr.jp/pdf/en/ir/library/a_report/midtermplan_20230814_en.pdf



Background of Medium- and Long-term Strategy

The world is in the unpredictable era of VUCA (an acronym that stands for Volatility, Uncertainty, Complexity and Ambiguity). In Japan, there are issues such as the declining birthrate and aging population, and the review of the state of education. In addition, the social environment is becoming increasingly uncertain and complex, as shown by the growing importance of human capital management in improving sustainable corporate value. We believe that what is expected in such an environment is people who can proactively grasp the issues and survive in the present.


International Affairs
and World Economy

Entering the era
where the future is
unpredictable



Japan's Growth Challenge

Low birthrate, aging
population, and
education review



Approach to Human Capital

Growing importance
of human capital
management for
sustainable value
creation



Against this backdrop, Scala Group has announced in its medium- to long-term strategy to become the platform for human growth focused on offering growth opportunities.

We aim to realize both social and corporate values by continuing to offer opportunities to fulfill the three elements of growth opportunities that Scala Group considers – “expanding possibilities”, “mental and physical wellness”, and “environmental sufficiency” - through Scala Group, the platform for human growth.

Medium- and Long-term Strategy

Become the platform for human growth, focused on offering opportunities for growth.

Continue to offer opportunities through Scala Group, the platform for human growth, focusing on "growth opportunities" that enable better decision making and choice of actions.

Growth opportunities Scala considers

Expanding Possibilities

There may be more possibilities than you think.



Provide awareness that expands curiosity and possibilities throughout life.

Mental and Physical Wellness

Important to balance physical and mental health.



Provide means for physical and mental health to engage powerfully with possibilities.

Environmental Sufficiency

Not everyone can take on a challenge. Need a sense of security and support.



Provide security, trust, environment, and opportunities to support decision making

Medium Term Business Plan

In order to realize the provision of new value, Scala Group has set the basic policy of the Medium Term Business Plan 2024-2026 as the establishment of the platform for human growth.

In order to realize the Scala Group's VISION, "Make the world where valuable things come springing up", we have established VISION2030, "Realize a society where people can always and forever live their lives as they are". In the Medium Term Business Plan, we will focus on building a foundation for solid growth and aim to realize VISION2030.

The specific priority strategies and goals are to revise the values and strengthen profitability. By redefining our unique value, strengthening the business management infrastructure, and achieving revenue of 15.5 billion yen and operating profit of 2 billion yen, we will establish a foundation for growth after 2026 and ensure the contribution to society through the platform for human growth that is the new value we provide.

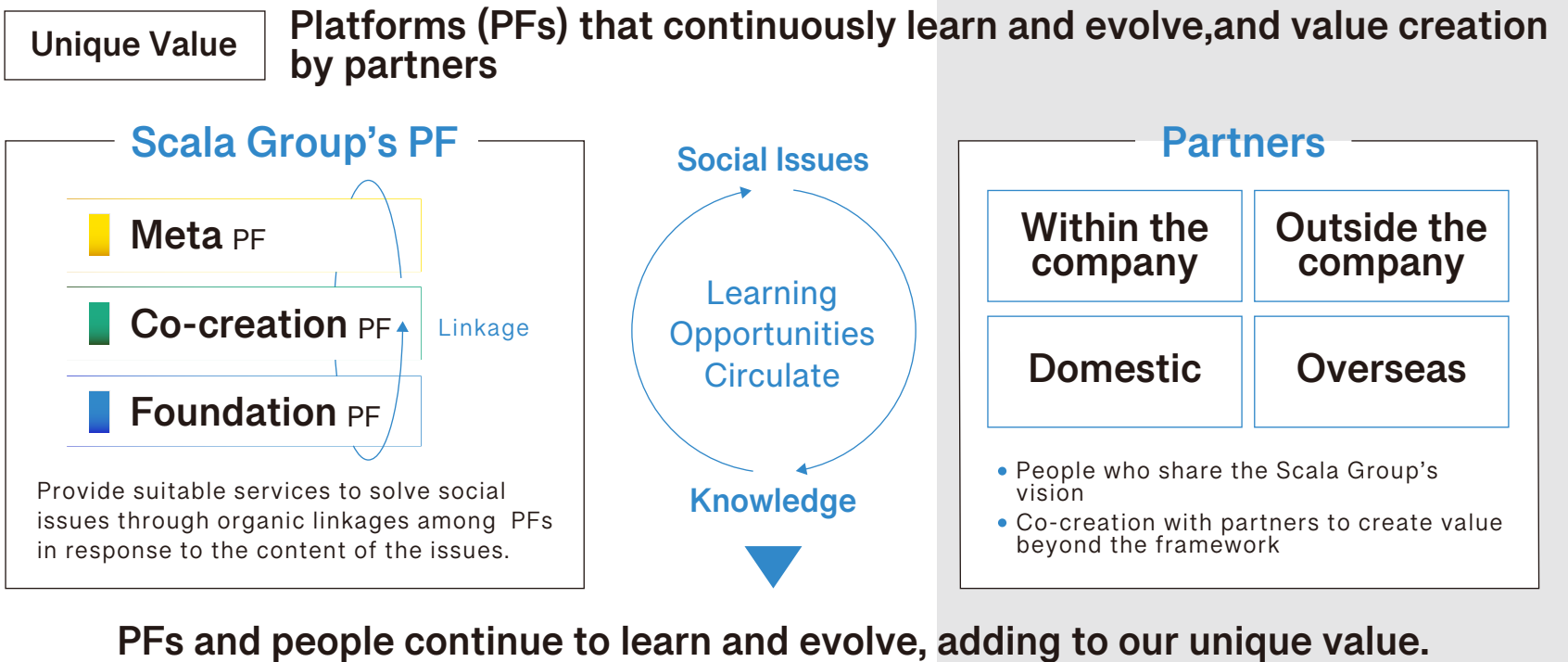
Outline of Medium Term Business Plan 2024-2026

Basic Policy	Create a place that fosters human growth
Priority Strategies/Goals	Review our strengths and strengthen profitability
Qualitative	Review our strengths
	Strengthen our business management infrastructure
Quantitative	Revenue: 15.5 billion yen Operating profit: 2.0 billion yen

Unique Value

Scala Group defines the platform as a place where interaction is created to solve social problems.

We will provide suitable services to solve social issues with our unique value of the platforms that continue to learn through organic linkages among the three layers of meta, co-creation, and infrastructure with different values, and the creation of value beyond the framework through co-creation with partners who share the Scala Group's VISION.



Platform for Human Growth

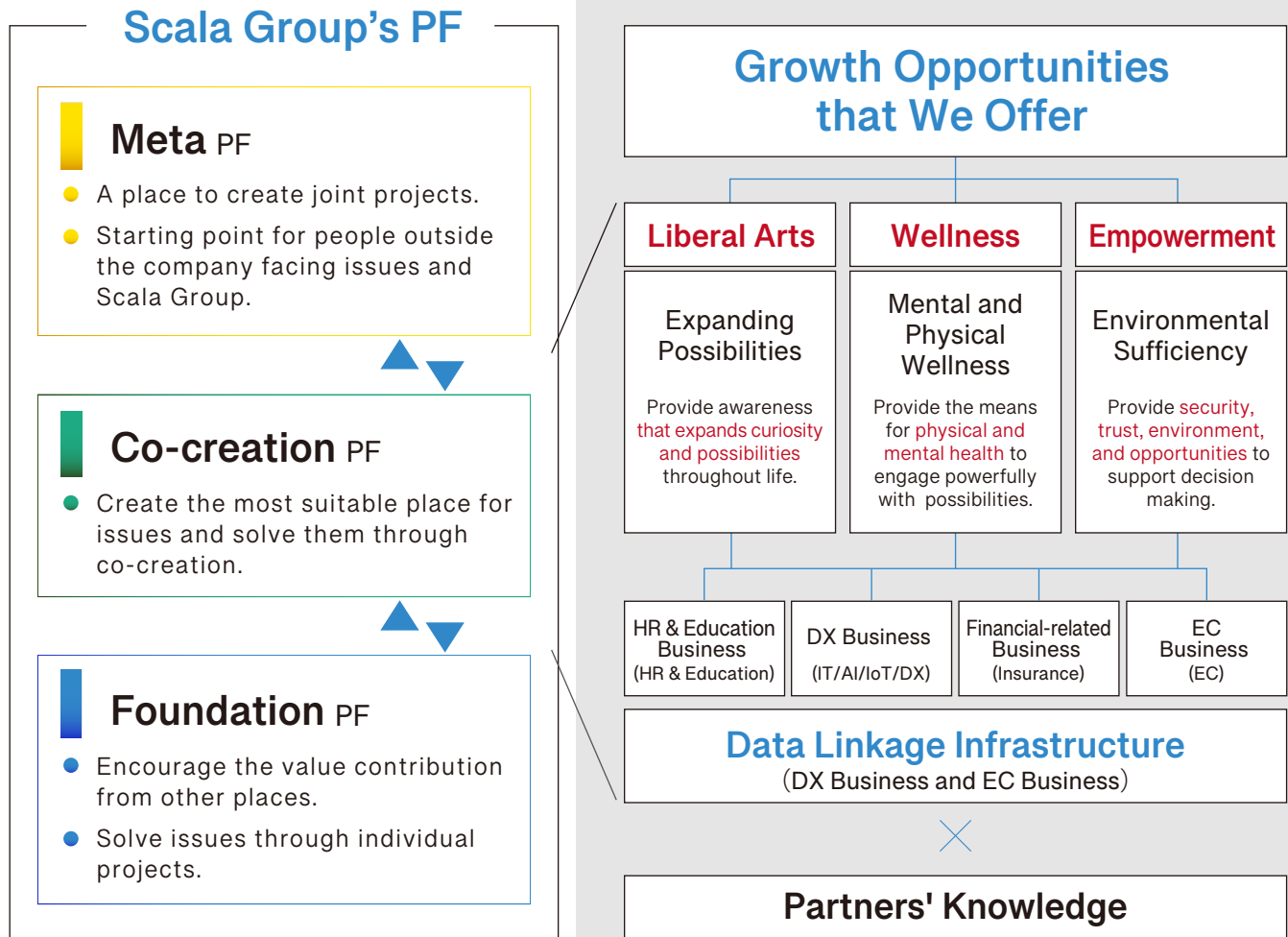
The platform for human growth, which focuses on providing growth opportunities as stated in the medium- to long-term strategy, will create growth opportunity-related services in response to the three elements of growth opportunities that we offer: “expanding possibilities,” “mental and physical wellness,” and “environmental sufficiency,” utilizing the knowledge of a wide range of businesses and partners.

For "expanding possibilities," we offer liberal arts which provides awareness that expands curiosity and possibilities throughout life.

For “mental and physical wellness,” we offer wellness which provides the means for physical and mental health to engage powerfully with possibilities.

For “environmental sufficiency,” we offer empowerment which provides security, trust, environment, and opportunities to support decision-making.

We define the direction of services to provide for each element of growth opportunities, and have already released several services to create the impact of growth opportunities.



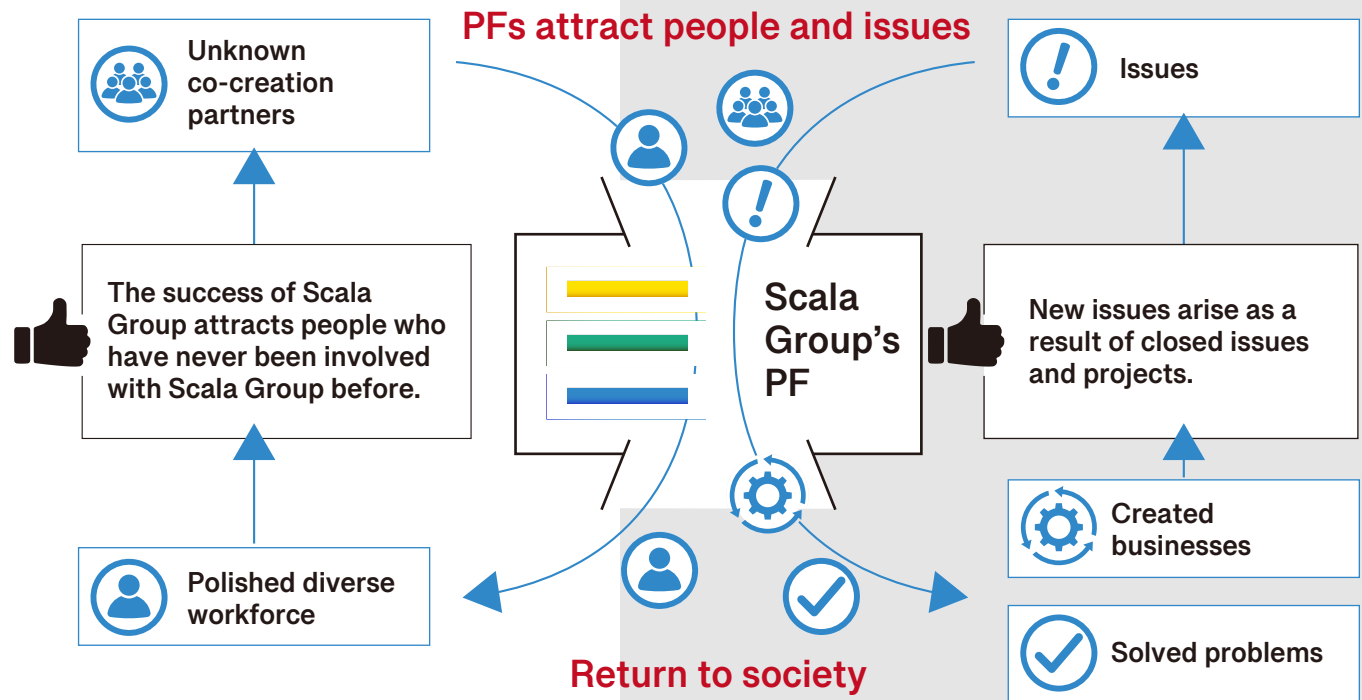
Cycle of Values

The Scala Group's goal is to realize our VISION, "Make the world where valuable things come springing up".

As a place where interaction is created to solve social problems, Scala Group will be the platform with high unique value, and realize continuous social contribution through the cycle of value where interaction is created between people and issues brought by society, and the created value is returned to society.

In the process of the cycle of values, solved issues and successes of human resources involved in the issues are the stimulus to attract new issues and co-creation partners to Scala Group, and increase the unique value of the platform and contribution to society.

By permanently turning these cycles of value through Scala Group, the platform for human growth, we will further ensure our VISION, "Make the world where valuable things come springing up".



BOARD of DIRECTORS

The management team consists of a diverse group of members with a wealth of experience, a high level of insight and expertise. (As of September 2023)



Director
Representative Executive
Officer & President
Norikatsu Nagino
Doctor of Engineering
Member of the Nominations
and Remuneration Committee



Director
Executive Officer
Seiichi Kiyomi



Director
Executive Officer
Hideaki Nitta



Director
Takeo Aida
Chairperson of
Audit Committee



Independent Outside Director
Shoichi Watanabe
Attorney
Chairperson of the
Nominations and
Remuneration Committee



Independent Outside Director
Masatoshi Kushizaki



Independent Outside Director
Satoshi Ugajin
Certified Public Accountant
Member of Audit Committee



Independent Outside Director
Akihiro Yuki
Member of Audit Committee



Independent Outside Director
Takuto Kawanishi
Attorney
Member of the Nomination,
Remuneration and
Audit Committee



Outside Director
Sakka Kobayashi
Attorney



Executive Officer
Takuto Suzuki



Executive Officer
Yusuke Nakamura

ADVISOR

We appoint advisors with extensive experience and expertise in areas such as corporate management, investment and incubation, new business development, and overseas business.

Advisor **Masataka Ueda**

Advisor **Minoru Moriya**

Advisor **Hiroshi Omata**

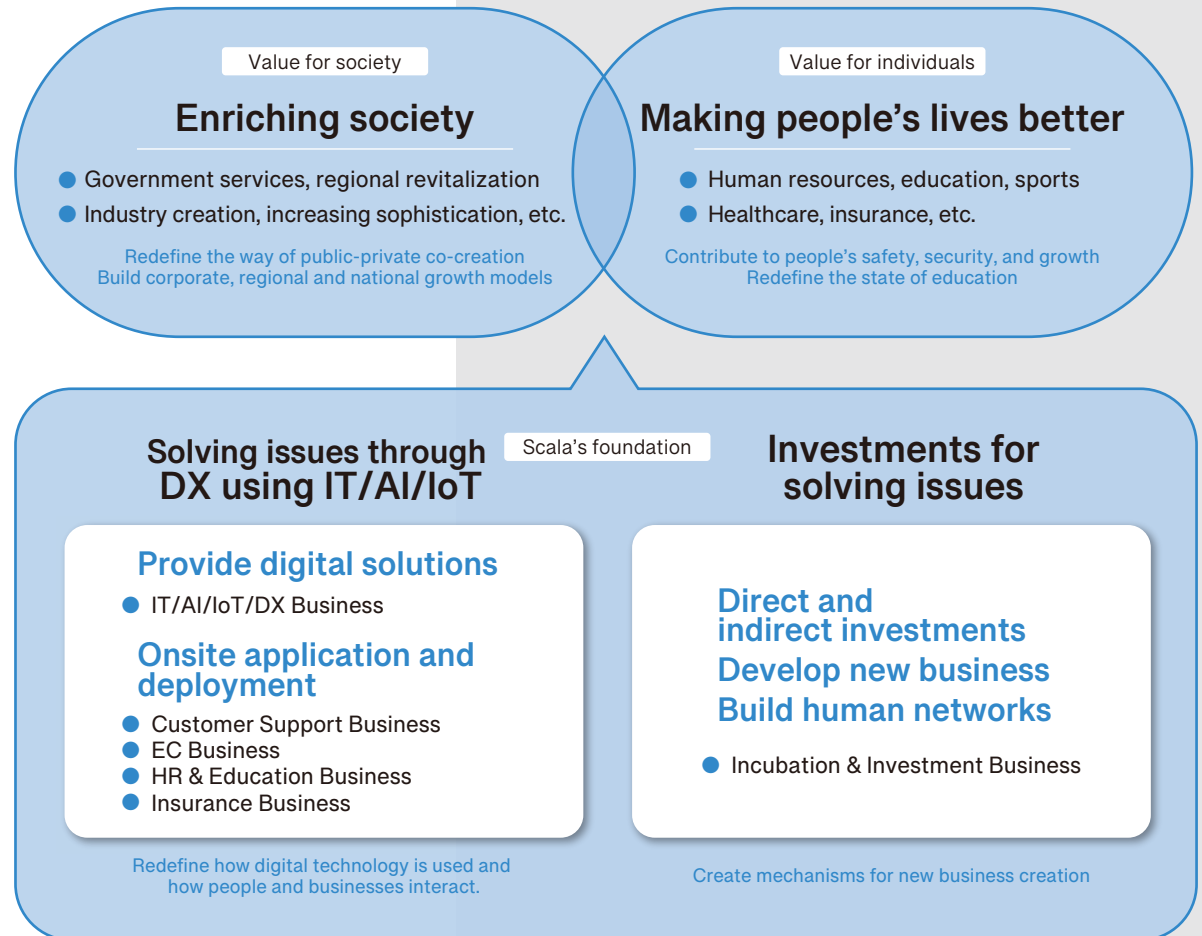
Strategy and Business Portfolio

To enrich society and improve people's lives, Scala is committed to solving social and individual issues through both DX and investment.

We create and support businesses that lead to solutions by flexibly combining our strengths in DX with our track record in IT/AI/IoT solutions, direct and indirect investments, and investments that include human resource collaboration to suit local conditions.

We will co-create with our stakeholders, such as companies and government agencies that share this idea and approach, and deliver significant value to society and individuals that Scala could not achieve alone.

We work on a wide range of businesses in Japan and overseas through our subsidiaries in six segments: IT/AI/IoT/DX, Customer Support, HR & Education, EC, Insurance, and Incubation and Investment.



Consolidated Financial Data

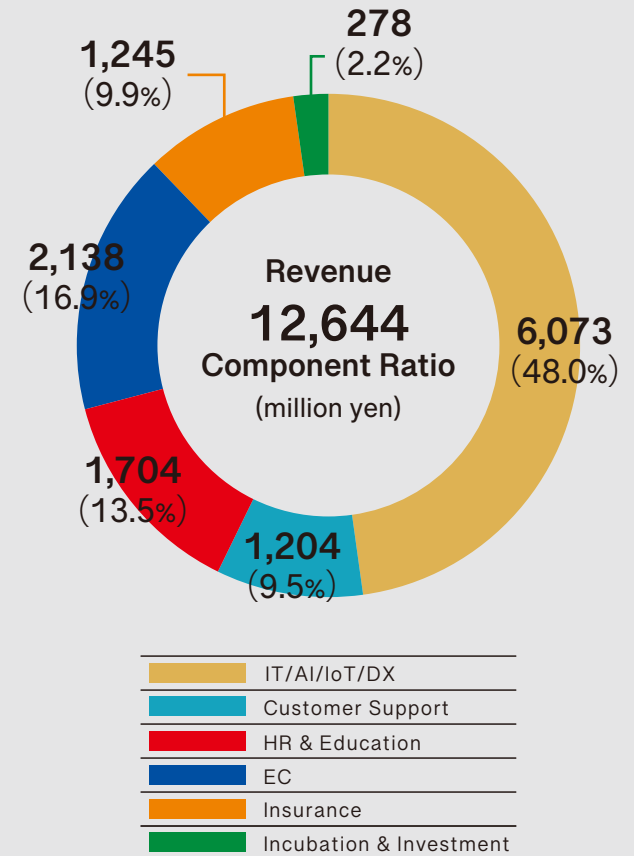
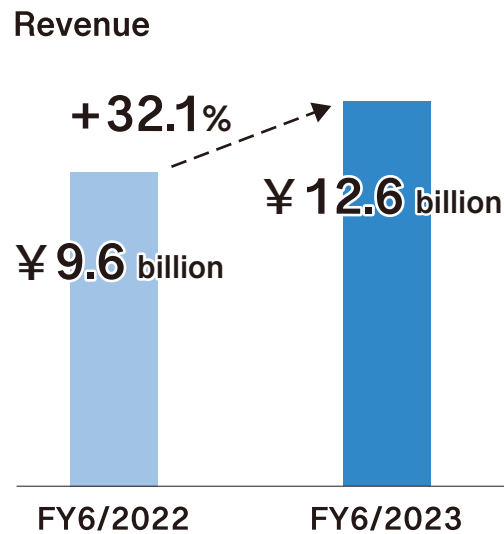
Revenue for the fiscal year ended June 30, 2023 was 12,644 million yen, up 32.1% year on year. In terms of profitability, operating profit was 259 million yen due to an increase in profit from the EC Business and the HR & Education Business, with continued strong demand for active recruitment, and an increase in profit from the Incubation & Investment Business due to an improvement in profitability and a reduction in costs, while continuing to invest aggressively in the development of various new businesses, such as intensive sales activities to support corporate value creation leading to major DX projects, creation of new services related to regional revitalization, and organizational improvements to promote international business.

Revenue

12,644 million yen

Operating Profit

259 million yen



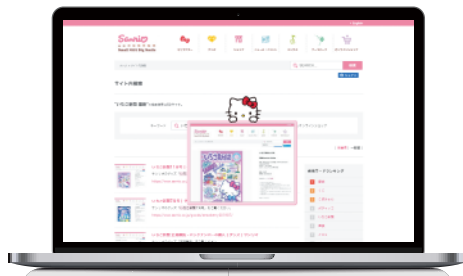
BUSINESS OVERVIEW BY SEGMENT

- 1 IT/AI/IoT/DX
- 2 Customer Support
- 3 HR & Education
- 4 EC
- 5 Insurance
- 6 Incubation & Investment

1 IT/AI/IoT/DX

① SaaS/ASP services

We offer a wide range of SaaS/ASP services, including solutions that support omnichannel communication between businesses and people to deliver the right information and goods at the right time and in the right form. In particular, we are working on the introduction of “i-ask”, one of our main services, as well as web services and other services, the functional expansion of introduced services, and the development of related systems. Our features include the adaptability and technical ability to customize products, a track record of more than 1,000 clients, and a full support system provided by our development staff after product implementation. In addition, for the digitalization of local governments, we are planning and developing a facility reservation service linked to the My Number Card, an individual number card with an IC chip in co-creation with xID Inc. and promoting it as a starting point for the expansion of communication services for residents.



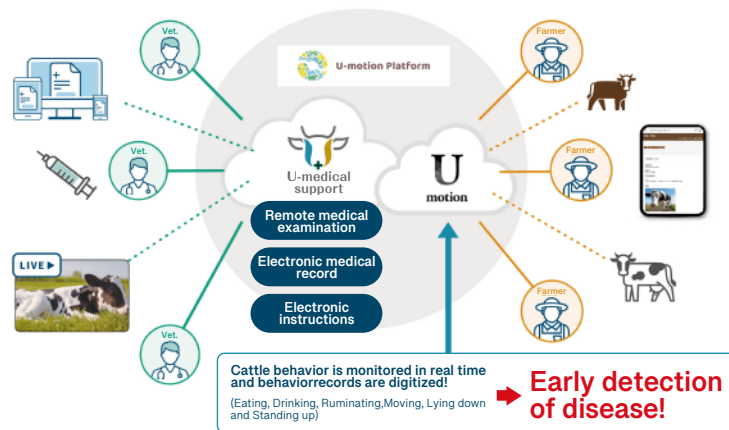
Operating company | Scala Communications, Inc.

Product Lineup

Information Search 	Contents Management 	Contents Distribution 	Receptions
Inquiry Management 	Membership Management 	Data Management 	Facility Reservation

② Co-creation projects

To realize a smart healthcare platform, we are considering full deployment in 2024 in collaboration with Otsuka Pharmaceutical Co., Ltd. and Sampo Japan Insurance Inc. In addition, we have jointly developed with Elite Genomics Co., Ltd. “eG Plus”, a system for utilizing data from genomic test results, and provide this service. We have also developed "U-Medical Support," a medical support system for the livestock industry, collaboration with Desamis Co., Ltd. and Mitsui Sumitomo Insurance Company, Limited, and provide this service with functions such as remote medical examination, electronic medical records, and medical records management. Furthermore, we are promoting a co-creation project with JTB Corp. on measures to stimulate tourism demand. We are also developing a pet health management application.

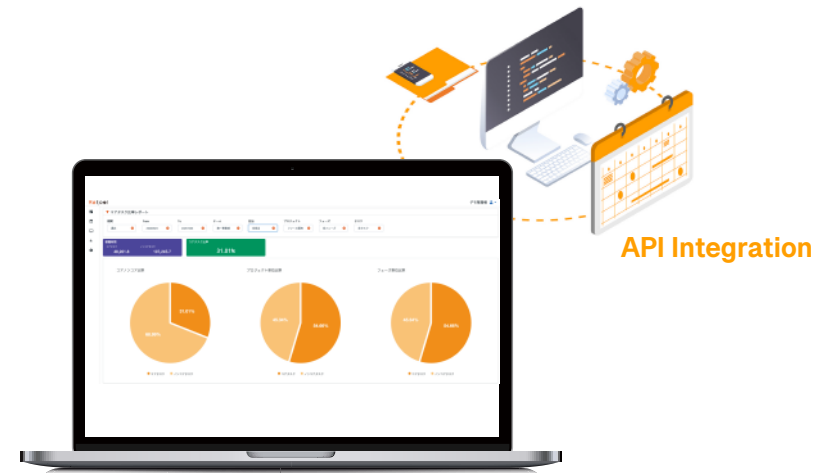


Operating company

Scala Communications, Inc.
EGG CO., LTD.

③ Planning, development, and sales of a cloud activity management tool

We design, develop, and sell “Retool”, a production efficiency management tool that automatically visualizes a company's internal activities (operations × results). “Retool” enables data-driven business management. It enables automatic visualization of internal activities through automatic data collection and organization, leading to maximization of productivity and improvement of the target achievement rate, as well as reform of work styles, compliance with overtime regulations, and remote quantitative management for remote work.




Operating company

Retool, Inc.

④ Promoting DX for regional revitalization

In alliance with local governments facing many problems such as declining population and aging society, we are promoting DX for local governments to solve these problems. We have one of the largest market shares for a donation deduction management system that reduces administrative work for the Furusato tax payment system, and we are developing and providing a system related to care prevention projects (flail prevention) that utilizes this pipeline. We also develop and provide other systems to support the secretariat of tourism projects and tourism strategy support systems using tourism big data. In addition, we are developing a service that allows users to easily reserve facilities such as gymnasiums managed by local governments using a My Number Card and a smartphone, and plan to launch this service during the current fiscal year.



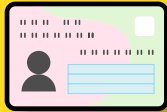


First in Japan!*
Facility reservation system
with My Number Card
verification

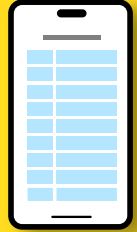
This reservation system allows users to confirm their identity with a smartphone using their My Number Card. This system reduces the need for reception, payment, key delivery and other counter operations.

Contact us

Improve the convenience of resident services
and make facility management online.



+



Operating company | EGG CO., LTD.
Scala Communications, Inc.



Representative Director of Scala Communications
Representative Director of EGG







Hideaki Nitta

This business is the foundation for the various businesses of the Scala Group. We aim to develop and provide services for co-creating and solving social issues by leveraging our solid relationships with a wide range of clients, including private companies, local governments, and public agencies. Through digital technology, we promote the growth of individuals and organizations, and create a system that enables businesses to solve social issues to develop society.

2 Customer Support

Providing one-stop service from design to development and operation of customer support operations

We provide a one-stop service for the design, development, and operation of various customer support operations, including call center, outbound sales, and back-office operations. We not only support call center operations, but also incorporate customer feedback into the needs to improve convenience, productivity, and functionality for our customers.

		
List Management	Prospect Management	Skip Function
		
Prospect Pop-up	Flexible Access and Editing Authority	Click to Call (customized)

Operating company | Leoconnect, Inc.
Scala Service, Inc.



President and Representative Director of Leoconnect
President and Representative Director of Scala Service

Seichi Kiyomi

Mainly at our BPO center in Shibuya-ku, Tokyo, and our contact center in Naha City, Okinawa, we provide a variety of customer services that utilize the Scala Group's IT technologies and support multiple channels, including the Web, telephone, chat tools, etc. As a bridge between companies and users, we will contribute to the development and success of various services created by Scala Group.

3 HR & Education

① Recruitment support for athletic students

We provide support for new graduate and mid-career employment, specializing in high-potential athletics students with significant recruiting needs, as well as support for the planning and operation of related events such as joint corporate information sessions and career seminars. As conventional recruiting procedures continue to change, we are considering ways to develop recruiting services with higher added value for both applicants and employers.

Operating company

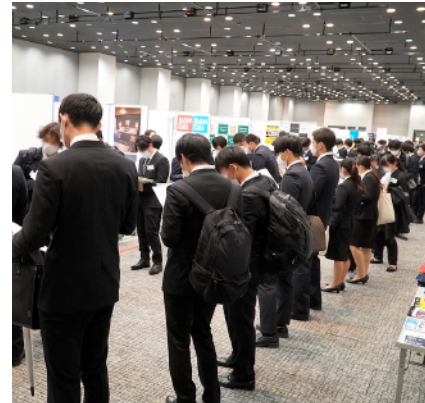
Athlete Planning, Inc.

② Recruitment support specifically for female students

In response to the recent trend of promoting women's participation in the workplace, companies have been making efforts to recruit and develop female human resources. As a recruiting support business specializing in female students, "Woman Career", we hold joint company information sessions for female students and introduce them to human resources.

Operating company

Athlete Planning, Inc.



Representative Director of Athlete Planning

Yusuke Nakamura

We provide two services: support for recruiting athletic students and female students. In the athletic recruiting business, we have been providing recruiting support for students involved in club activities for about 25 years and are a leading company in this field. Currently, we have approximately 22,000 students registered annually, hold about 80 to 90 joint company information sessions per year, and support around 650 students in job placement annually. In terms of recruiting female students, we provide a service called "Woman Career", which includes joint company information sessions and job placement services specialized for female students. In the future, we will continue to strengthen our workforce and expand our business areas, while striving to enter the education and training and mid-career recruitment field (job change support) as new businesses.

③ Early childhood education

We are committed to creating childcare facilities and community development projects that respond to social changes and the needs of the times by utilizing the diverse characteristics of the community and its residents. We operate a wide range of educational facilities and services, including an international preschool that uses English as the primary language and promotes life skills, an after-school childcare service that focuses on learning and experiences to enhance non-cognitive skills, a small preschool that focuses on nutrition education, and an after-school daycare service that provides therapeutic education through a unique physical activity program. In addition, we believe that childcare facilities are an important component of community development, and we are actively involved in community development activities not only through the operation of facilities, but also through deep cooperation with local communities and businesses.



Operating company

FourHands, Inc.

**Implementing relationships
that make the most of diversity as a new
form of education in society**



Representative Director of FourHands

Masahiro Atsumi

I have always believed that a good town is built when childcare is at the heart of the community. I also believe that through the children, places will be connected and a new community will be formed. The community becomes more active as it involves the surrounding generations. When the generation of parents surrounding their children is energetic, the community becomes even more vibrant. The birthrate has been declining for a long time, and it is important to encourage people to have children, but first, our town must be a place where people want to raise their children. Our mission is to create a vibrant community through childcare, and a town that is comfortable to live in and lively.



④ Sports education

We offer sports education programs for children, including a soccer school “Beaut,” a baseball school “Fine’z,” a basketball school “Dankerz,” and a Ballschule school. Our sports education business is unique in that we emphasize not only the growth of athletic ability through sports, but also the growth of the mind. We are also engaged in a wide range of sports school-related businesses, including franchise businesses to expand Ballschule nationwide, the operation of a baseball club specializing in skill improvement using a former professional athlete, and consulting services for the establishment and operation of sports schools. In addition, we also provide instructor staffing services and plan and operate sporting events.

⑤ Sports DX

We have a professional basketball team “Saitama Broncos” that is rooted in the local community and belongs to the B3 League of the professional basketball league. A notable feature is our cooperation with the government. We have signed cooperation agreements with many cities, towns, and villages in Saitama Prefecture and work closely with the local community. In addition, we are actively involved in a wide range of educational initiatives, such as the promotion of sports culture in cooperation with education authorities and elementary schools, the reform of junior high school club activities, second careers for athletes, and the use of DX to attract fans of professional sports teams and expand their services.

Operating company

Sports Stories, Inc.



Representative Director of Sports Stories

Katsuyuki Kotake

We are engaged in developing businesses related to education and sports. Our main business is the operation of sports schools that aim to cultivate children's non-cognitive skills, mainly through education. We have 70 schools in the Kanto region with 1,500 members. In addition, we are promoting co-creation with Saitama Broncos to strengthen, educate, and promote the U-18 and under categories. In particular, the expansion of the basketball school for younger children has shown positive results, including a 100-fold increase in membership in one year.

4 EC

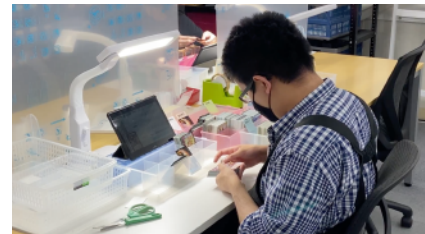
Operating a trading card e-commerce site

We operate a re-use e-commerce site for competitive trading card games (TCG), such as Pokemon cards and Yu-Gi-Oh OCG, with functions of purchase and sale, as well as a strategy information site. One of our unique features is that we have three functions: purchase, sales, and strategy, and we develop each of these systems in-house, including fulfillment operations, from scratch with flexibility and scalability. As a major online retailer in the TCG industry, we will continue to improve our services.



Operating company

Scala PLAYce, Inc.



President and Representative Director of Scala PLAYce

Takuto Suzuki

We operate the e-commerce site based on the business concept of “Stimulating curiosity for all users”. In this fiscal year, sales, gross profit, and operating profit were significantly higher than the previous year due to the success of our focus on Google and Criteo data field advertisements, while continuing to strengthen SEO. In addition to the iOS application, an Android application was released this fiscal year, and the number of users is steadily increasing. Furthermore,

in order to pursue a comfortable purchasing and buying experience, the main website was fully redesigned. The new site introduces a framework based on system scalability and maintenance environment. We are also developing a password-less login solution with robust security and an image recognition solution using the deep learning model to dramatically improve the productivity of logistics center operations. Advanced image recognition can drastically improve the productivity of many operations, such as card identification and scratch detection in purchase assessments, picking support in shipping operations, and confirmation of shipped items.

We will continue to aggressively pursue the introduction of the cutting-edge technology and strive to provide a comfortable UI/UX experience.

5 Insurance

Insurance

We provide peace of mind to all pet owners who truly care for their beloved dogs and cats by offering “Insurance for Dogs and Cats,” a pet insurance policy that provides generous coverage with no daily payment limit or limit on the number of times the policy can be used, as long as it is within the maximum annual coverage amount. The insurance covers up to 90% of medical treatment costs and can be continued for a lifetime, minimizing the financial burden on pet owners and protecting the health of their beloved pets. These features help pet owners to choose the best medical treatment without worrying about the cost in case of a sudden accident or illness. We will continue to make efforts to provide services that bring reliability and assurance to realize a happy coexistence between pets and their owners.



Operating company

Nihon Pet Small-amount Short-term Insurance Company



Representative Director of
Nihon Pet Small-amount Short-term Insurance

Hideto Yamazaki

We are the first financial function of Scala Group to operate a small-amount, short-term insurance business for pets, mainly cats and dogs, and currently offer several products for approximately 30,000 pet owners nationwide.

In the future, we plan to develop a risk transfer service for various clients of Scala Group.

6 Incubation & Investment

① Investment and engagement

We are engaged in M&A and other investments, including the operation of SCSV-1 Investment Limited Partnership, a value co-creation engagement fund that invests in companies that solve social problems through business. Our strength is that we are not limited to M&A and investment, but also link them to co-creation and collaboration. When we find room for synergies after evaluating investments, we promote co-creation and collaboration through business. We approach approximately 300 companies per year, covering a wide range of growth and maturity stages from listed companies to start-ups.

Operating company

SCL Capital LLC
SCSV-1 Investment Limited Partnership

② M&A Support

We provide a co-creation type of M&A advisory business that combines our past M&A experience with our know-how in DX. We also provide “Specially Appointed Task Force for M&A,” an M&A facilitation service that provides hands-on support from M&A strategy planning to closing and PMI as a company's in-house team.

Operating company

Scala, Inc.

③ Web3 Business

In response to the rapid expansion of NFT-related services in the sports industry, the use of Web3 in local governments, and other trends, we believe that Web3 will create value in many of the Scala Group's business areas, and we are promoting the development of Web3 business. As a new business in the Web3 field, we have launched “Fanique,” a new type of fan club service that combines NFT and fan club functions. We are providing NFT memberships to the Saitama Broncos, a professional basketball team, as our first user.

Operating company

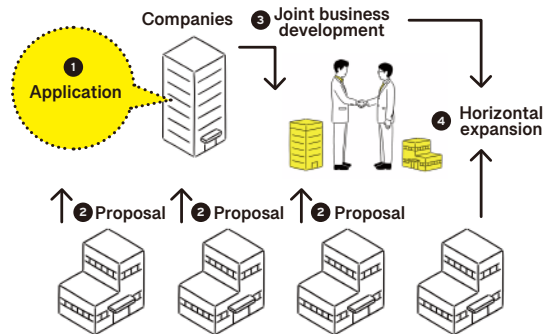
Scala Partners, Inc.

④ Public-private collaboration platform for solving social issues

We provide “Gyaku Propo”, a co-creation service in which companies present social issues of interest and in response, local governments propose plans and ideas for solving these issues. By reversing the conventional process of publicly solicited proposals, companies can find municipalities that are proactive about innovation, and municipalities can find companies with a co-creation mindset to formulate high-quality projects while matching the perspective of the two parties. By combining the problem-solving capabilities of companies with the social issues faced by local governments, we aim to solve social issues and create new businesses more quickly than with the conventional public call for proposals.



GOOD DESIGN AWARD 2021



Gyaku Propo Series Lineup

- Gyaku Propo Concierge:** Virtual public-private collaboration section for municipalities. Supports cooperation with companies based on the social issues of local governments.
- Gyaku Propo Tour:** Tours to study social issues. Workshops with local governments, and exchanges with local companies.
- Gyaku Propo Learning:** Training programs for social human resources and new businesses that solve social issues.
- Gyaku Propo Lab:** Incubation center connecting companies and local governments, located in Toranomon Hills "ARCH".
- Gyaku Propo Voice:** A communication site where social issues translated from a business perspective are posted and companies and local governments can interact toward co-creation.

Operating company

SOCIALX, Inc.

Gyaku Propo Lab brings together local leaders, ministry officials, and businesses to create a casual exchange of ideas.



Representative Director of SOCIALX

Yukiyasu Isaji
Hiroataka Ito



As a social startup that balances business and social benefits, we are developing new businesses that solve social issues as a companion to both the public and private sectors by developing various public-private co-creation “Gyaku Propo” services, driven by the government's new capitalism policy. Following our first year in business, we have received another large order from the Small and Medium Enterprise Agency, and we are also working as business development mentors for 900 people from about 120 large companies at ARCH, which is operated by Mori Building Co. in Toranomon Hills. In addition, the project that originated from “Gyaku Propo” won the Best Good Design Award of the Manifesto Awards.

⑤ Support for rural migration and workcation

As an initiative to promote regional revitalization, we are engaged in a workcation business that aims to create a high-quality relational population. Through the operation of our corporate workcation service, we are promoting a new way of working that is location-independent, suitable for the post COVID-19 era, and supporting companies that need to enhance their organizational strength even in a remote environment. We are actively building co-creation relationships with partner companies and local governments in order to increase the number of local fans and to improve the way companies work in the future.



Operating company

Scala Partners, Inc.



Business Manager of
Co-creation Division of Scala Partners

Kenichi Hattori

We are engaged in the workcation business for companies. We operate “Komforta Workation,” a workcation service that carefully selects the best facilities for corporate use, and currently has more than 150 facilities listed and over 3,000 corporate members.

In addition, through collaboration with universities and other organizations, we demonstrate how workcations affect employee and organizational engagement, and provide feedback to companies to support their human capital management initiatives through location-independent work styles.

ESG/SDGs Initiatives



To realize Scala's corporate and management philosophy and sustainable growth, as well as to contribute to a sustainable society, we focus on ESG and SDGs initiatives.



Initiatives for Environment

Protecting environment and solving environmental problems

We contribute to the protection of the environment and the resolution of environmental issues through our investments. We actively invest in companies engaged in activities that help protect the environment and solve environmental problems.

Saving energy

We are promoting energy conservation in our operations. As the headquarters office was relocated, we implemented power-saving measures such as elimination of desktop PCs.

Reducing environmental impact

We are working to create a model case for public-private co-creation to achieve carbon neutrality by 2050, and are committed to expanding carbon credit (social credit) initiatives with new value throughout the country.

Support for TCFD

In support of the proposals of the TCFD (Task Force on Climate-related Financial Disclosure), we continue to analyze scenarios and other information on the risks and opportunities posed by mid- to long-term climate change to the business of Scala Group, and we will actively disclose this information for the future.



Initiatives for Society

Promoting diversity

We are creating a workplace in which a diverse range of employees can fully express their individuality and abilities. The top management itself is taking the initiative to promote diversity.

Promoting female involvement in workplace

Scala Group is committed to encouraging the participation of women in the workforce. We have set long-term goals regarding female employees and female managers, and to achieve these goals, we provide training for managers and career counseling and mentoring for female employees.

Female employees ▶ **43.7%** Female managers ▶ **19.8%** Female executives ▶ **6.5%**

Diversifying nationalities

As we continue to expand our global business, the nationalities of Scala Group employees are becoming more diverse year by year. In addition to creating a workplace where employees of any nationality can play an active role, we provide career counseling and mentoring for non-Japanese employees.

Nationalities of employees ▶ **18 Countries**

Support for people with disabilities

We contribute to support for people with disabilities through our investments. We actively invest in companies that are engaged in businesses that support people with disabilities.

Practicing human capital management

We have started to implement specific human capital management practices, including efforts to link management strategies with human capital strategies, and will strive to disclose information proactively, through visualization of information.

Promoting senior human resources

Scala Group is promoting the creation of a workplace where senior personnel with specific expertise and a wealth of experience can play an active role regardless of their age.



Initiatives for Corporate Governance

Communication with investors

We place great importance on communication with investors to receive their opinions and requests and apply them to our management. Top management itself actively engages in dialogue with domestic and overseas investors.

Board oversight and monitoring

We have adopted the Company with a Nominating Committee System to ensure prompt and effective decision-making in the execution of business operations, as well as effective supervision and monitoring by the Board of Directors.

Nomination and remuneration committees

As a company with a nomination committee system, we have established a nomination committee and a remuneration committee, the majority of which are independent outside directors. The nomination committee, in addition to deciding on proposals for the election of directors at the Annual General Meeting of Shareholders, deals with management succession planning, candidate pooling, and capacity building for executive and management candidates. The remuneration committee works on the design of remuneration and incentives for the group as a whole, in addition to formulating the remuneration system and determining individual remuneration.

Maintenance of related rules and regulations

To support the effectiveness of corporate governance, we maintain related policies and regulations.

Assessment of board effectiveness

We regularly evaluate the effectiveness of the board of directors to identify issues that need to be addressed to help the board continue to improve corporate value and to enhance the effectiveness of the board.

Initiatives to Promote Diversity

Initiative and commitment by top management

Diversity promotion initiatives, including support for women's participation in the workplace, are essential for strengthening our competitiveness and achieving sustainability as a company. We are implementing diversity promotion initiatives based on the initiative and commitment of top management

Monitoring

As part of monitoring by the board of directors and the management committee, we receive reports on the progress of diversity-related initiatives and issues every quarter and discuss them.

Diversity Promotion Committee

The Diversity Promotion Committee is a meeting organization that regularly brings together the president, management, department heads, and other relevant people within the company to discuss diversity policies and actions. The committee promotes various diversity-related activities.



Diversity Policies

Fostering an environment and corporate culture

We foster an environment and corporate culture where every employee understands the importance of diversity and a diverse workforce can perform well.

Promoting advancement of human resources

We promote the recruitment, training, and promotion of diverse human resources regardless of gender, race, religion, age, sexual orientation, disability, nationality, and other attributes.

Supporting career and skills development

We support skill development so that employees can maximize their skills and individuality.

Enhancing support for work-life balance

We enhance support for work-life balance so that employees can work in a diverse and flexible environment.

Company Profile and Stock Information (As of June 30, 2023)

Company Profile

Established	December 11, 1991
Capital	1,787 million yen
Employees	648 (consolidated)
Representative	Norikatsu Nagino, Director, Representative Executive Officer & President
Group Companies	Number of consolidated subsidiaries: 20 Number of equity method affiliates: 2
Outstanding shares	17,734,259
Share trading unit	100
Shareholders	15,183
Stock exchange	Tokyo Stock Exchange, Prime Market
Stock code	4845
Fiscal year end	June 30
General meeting of shareholders	September
Shareholder register administrator	Sumitomo Mitsui Trust Bank, Limited
Accounting auditor	Grant Thornton Taiyo LLC
Tel	03-6418-3960
Headquarters	2-21-1, Shibuya, Shibuya-ku, Tokyo
Website	https://scalagr.jp/en

Major Shareholders

Note 1: Shareholding ratio is calculated excluding treasury stock.
2: We hold 400,008 shares of treasury stock but are excluded from the list of major shareholders below.

Name	Number of shares	Shareholding ratio(%)
1 The Master Trust Bank of Japan, Ltd. (Trust Account)	2,199,300	12.69
2 Quest Co., Ltd.	600,000	3.46
3 Custody Bank of Japan, Ltd. (Trust Account)	571,500	3.30
4 IC CO., LTD.	500,000	2.88
5 Scala Employees' Stockholding	359,200	2.08
6 Norikatu Nagino	344,200	1.99
7 THE BANK OF NEW YORK 133969	248,400	1.43
8 Osamu Miyashita	245,000	1.41
9 JPMorgan Securities Japan Co., Ltd.	202,130	1.17
10 Hideki Shimazu	200,000	1.16
total	5,469,730	31.57%

SCALA GROUP

IT/AI/IoT/DX Business

Scala Communications, Inc.
Scala Service, Inc.
readytowork Co., Ltd.
Retool, Inc.
Social Studio Inc.
EGG CO., LTD.

Customer Support Business

Scala Service, Inc.
Leoconnect, Inc.

HR & Education Business

Athlete Planning, Inc.
FourHands, Inc.
Sports Stories, Inc.
Broncos20 Co., Ltd.

EC Business

Scala PLAYce, Inc.

Insurance Business

Nihon Pet Small-amount
Short-term Insurance Company

Incubation & Investment Business

Scala, Inc
Scala Partners, Inc.
SCL Capital LLC
SCSV-1 Investment Limited Partnership
SOCIALX, Inc.

INTEGRATED REPORT 2023

 **SCALA**

To ideal company the world needs