



To be an ideal company that the world needs

SCALA GROUP

# Results of Operations

for the Fiscal Year  
Ending June 30, 2024

Scala, Inc. Nov 14, 2023

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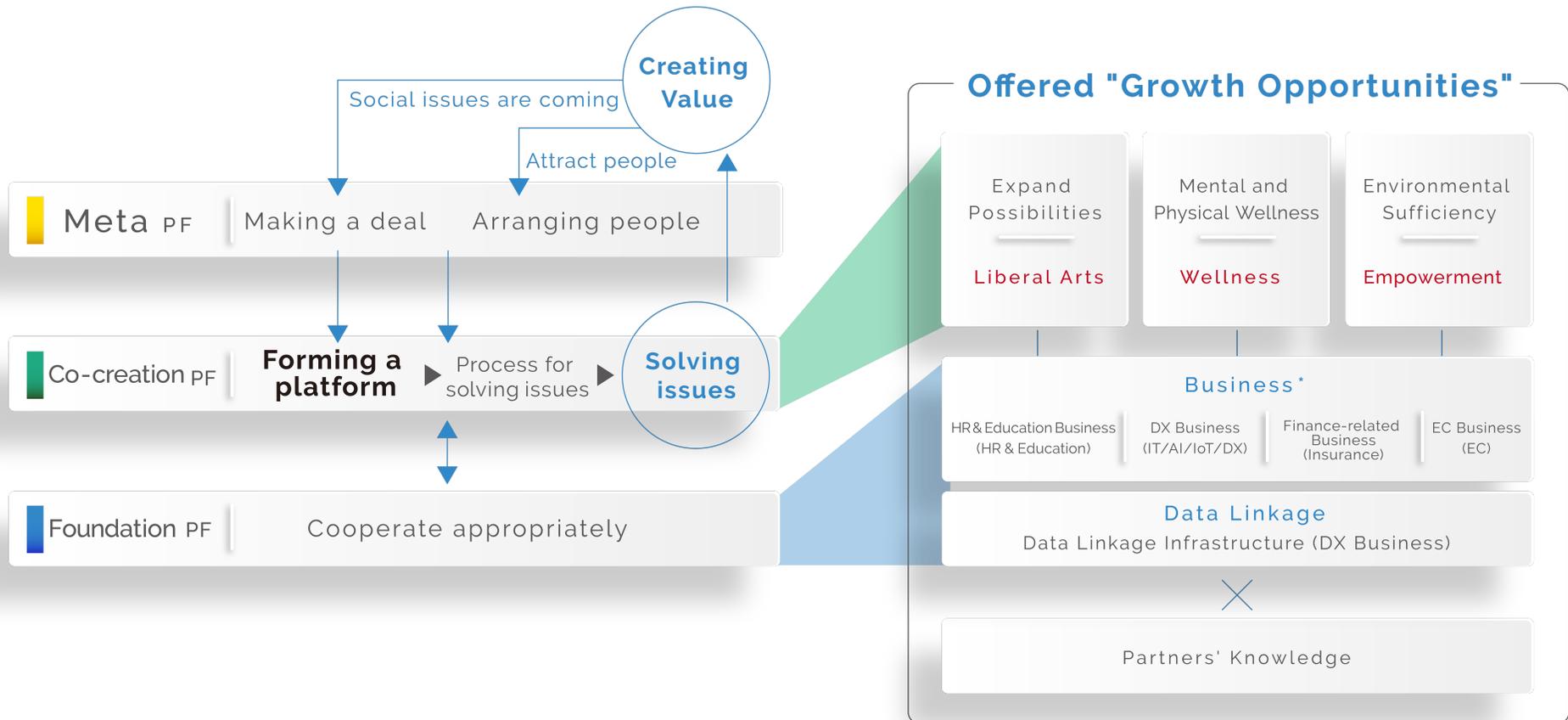
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# Unique Value: Platform for People's Growth

The entire group will become a “Platform for People's Growth,” creating a cycle that attracts social issues that lead to new projects and human resources.



For details, please refer to Medium Term Business Plan “2024–2026”.

\*The names in brackets are former names.

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## Selected as a partner of the Tokyo Metropolitan Government's "TOKYO SUTEAM", a project to support and develop startups by various entities

SOCIALX, INC. was selected as a partner of "TOKYO SUTEAM", a project to support and develop startups by various entities.

Developed the Public-Private Co-Creation Acceleration Program, a startup support initiative that combines financial return and social impact.

<Strengths and assets to be utilized in this initiative>

- Open innovation mechanism through public-private co-creation (Gyaku Propo)
- Extensive relationships with local governments (Gyaku Propo Concierge)
- Database of social issues (Gyaku Propo Voice)
- Knowledge, experience, and track record in social impact (strategic return), etc.



For more information, please click [here](#).

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# Changes in reportable segments

- Some segments were merged and renamed.
- Exclude indirect costs from the Incubation Business to make it easier to understand the transition of the business.

Before change	After change
IT/AI/IoT/DX Business	DX Business
Customer Support Business	
HR & Education Business	HR & Education Business
EC Business	EC Business
Insurance Business	Financial Related Business
Incubation & Investment Business	Incubation Business

\*Indirect costs previously included in the Incubation and Investment Business are no longer included in the Incubation Business figures, and are presented as "Adjustments" in financial reports and other documents.

3. Summary by Business Segment

# Consolidated Financial Results (IFRS) Revenue and Operating Profit by Segment

(Millions of yen)

	First Quarter of FY6/23			First Quarter of FY6/24			YoY	
	Revenue	Operating profit	Operating profit margin	Revenue	Operating profit	Operating profit margin	Revenue	Operating profit
Consolidated	2,945	85	2.9%	2,796	-102	-	-148	-188
DX Business	1,663	65	3.9%	1,424	-93	-	-239	-158
HR & Education Business	431	111	25.9%	444	84	18.9%	+12	-27
EC Business	485	65	13.5%	582	84	14.6%	+97	+19
Financial Related Business	317	-42	-	303	-63	-	-14	-21
Incubation Business	45	-57	-	41	-75	-	-4	-17

3. Summary by Business Segment

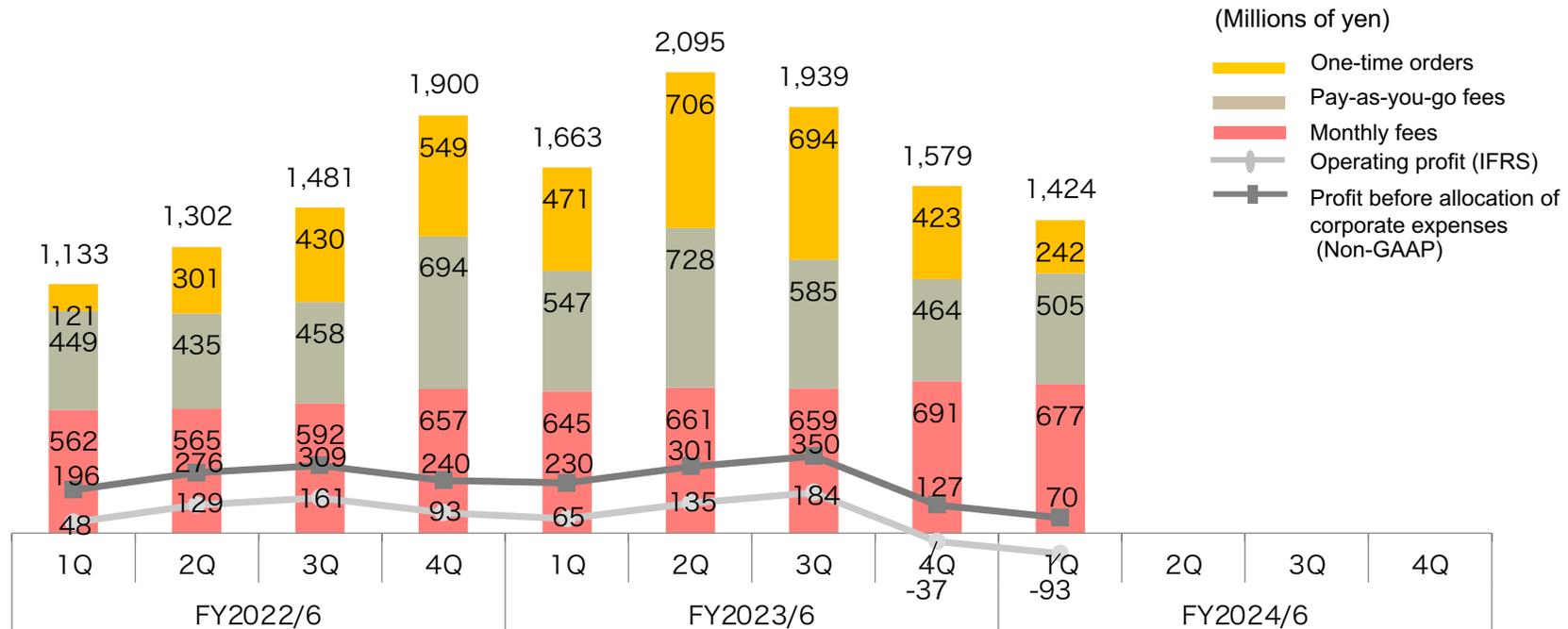
## Revenue and Profit Before Allocation of Corporate Expenses by Segment (Non-GAAP)

(Millions of yen)

	First Quarter of FY6/23			First Quarter of FY6/24			YoY	
	Revenue	Profit before allocation of corporate expenses	Operating profit margin	Revenue	Profit before allocation of corporate expenses	Operating profit margin	Revenue	Operating profit margin
Consolidated	2,945	143	4.8%	2,796	-58	-	-148	-201
(Corporate expenses)	-	-206	-	-	-204	-	-	-
DX Business	1,663	230	13.9%	1,424	70	5.0%	-239	-159
HR & Education Business	431	126	29.2%	444	98	22.2%	+12	-27
EC Business	485	81	16.8%	582	100	17.3%	+97	+19
Financial Related Business	317	-33	-	303	-54	-	-14	-21
Incubation Business	45	-55	-	41	-68	-	-4	-12

### 3. Summary by Business Segment **DX Business** ( Revenue and Operating Profit )

- Revenue declined due to the end of the Go To Travel Campaign and the scale-down of the government’s nationwide travel discount program.
- Increase in outsourcing expenses for new co-creation projects.
- IT staffing services increased both in revenue and profit



\*EGG CO., LTD. is consolidated from 3Q of FY6/2022.

\*Former Customer Support Business calculated as pay-as-you-go fees.

\*FY06/2022 figures are calculated based on the Customer Support Business figures for FY06/2022 announced in FY06/2023.

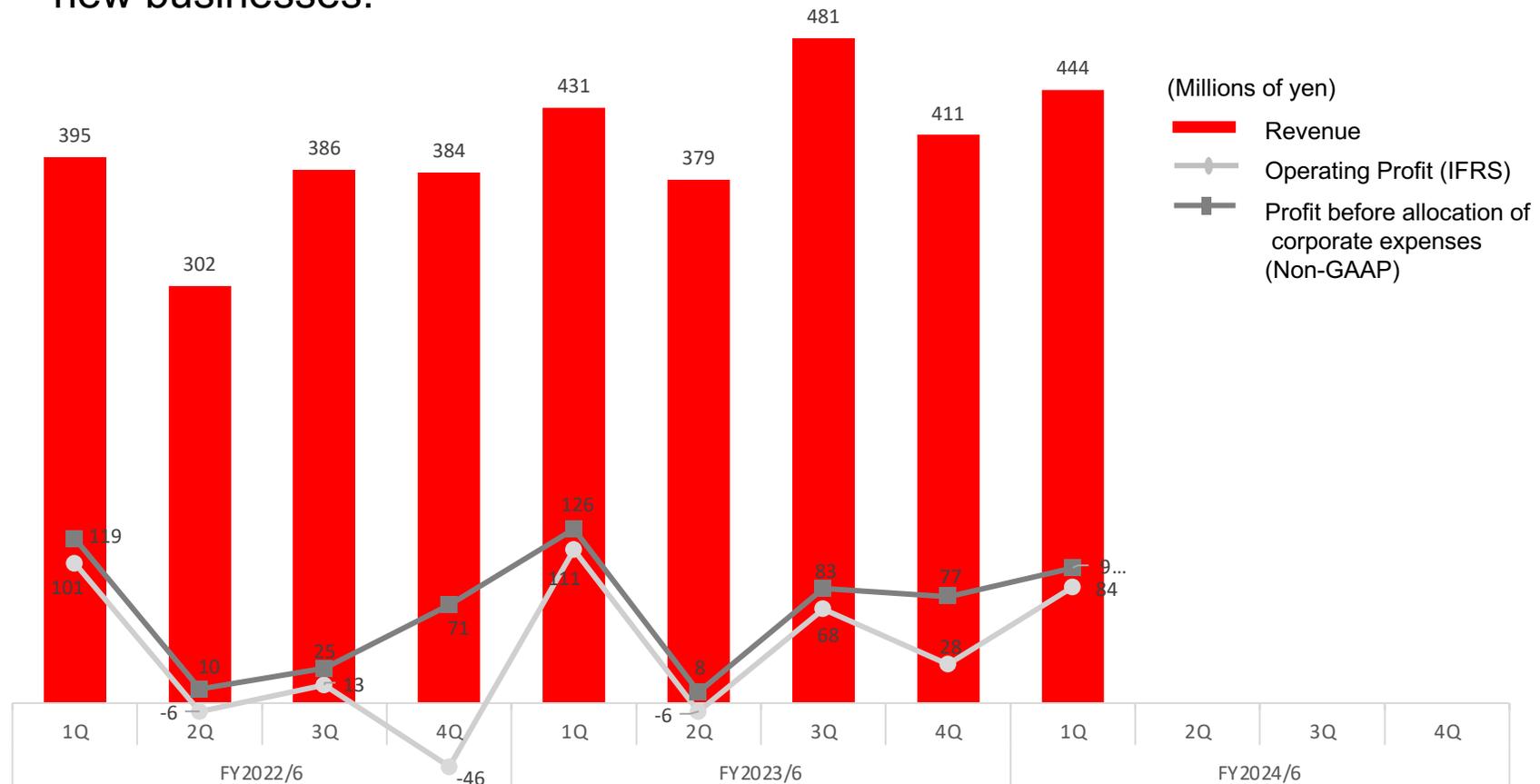
New initiatives are underway while existing services are expanding.

- EGG CO., LTD. has released a frailty check application with a project management system as the frailty prevention project for Yonago City in Tottori Prefecture. In the hometown tax donation program, BPO operations were the main contributor to sales, as last-minute applications increased due to changes in the rules of the program starting from October 1, 2023.
- Scala Communications, Inc. has started a full-scale operation of a driving safety support system for connected cars as a telematics service provided to automobile manufacturers by Sompo Japan Insurance Inc. This business has contributed to an increase in fixed monthly sales. In addition, we decided to develop an additional online platform for real estate sales contracts, which is co-created with Shinoken Group Co., Ltd. In the future, we will sell the platform to external customers as a SaaS product.
- Scala Service, Inc. has successfully launched and been running the call center operation for an e-commerce site started in July at the Okinawa call center.

3. Summary by Business Segment

# HR & Education Business ( Revenue and Operating Profit )

- Revenue increased YoY.
- Strengthen systems for continued growth of existing businesses and development of new businesses.



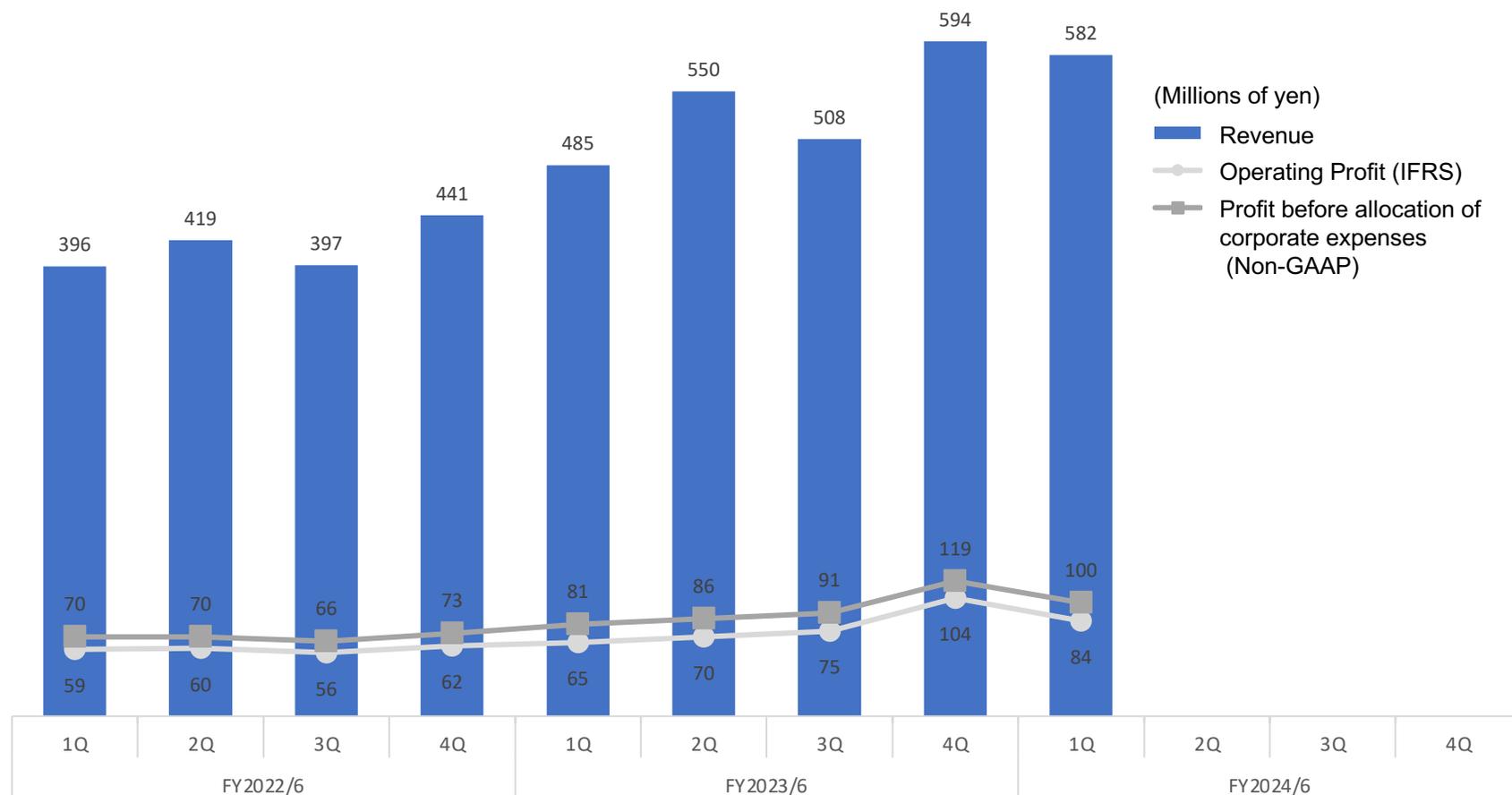
## HR & Education Business ( Overview and Initiatives )

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- Inquiries for recruitment support services in general are increasing more than in previous years as companies continue to be eager to hire due to the labor shortages and companies' efforts to promote and develop female human resources.
- Enrollment at the Universal Kids Bangkok International Preschool continues to grow.
- Membership in the basketball school is on the rise.

### 3. Summary by Business Segment **EC Business** ( Revenue and Operating Profit )

- Both revenue and operating profit increased YoY.



### 3. Summary by Business Segment **EC Business** ( Overview and Initiatives )

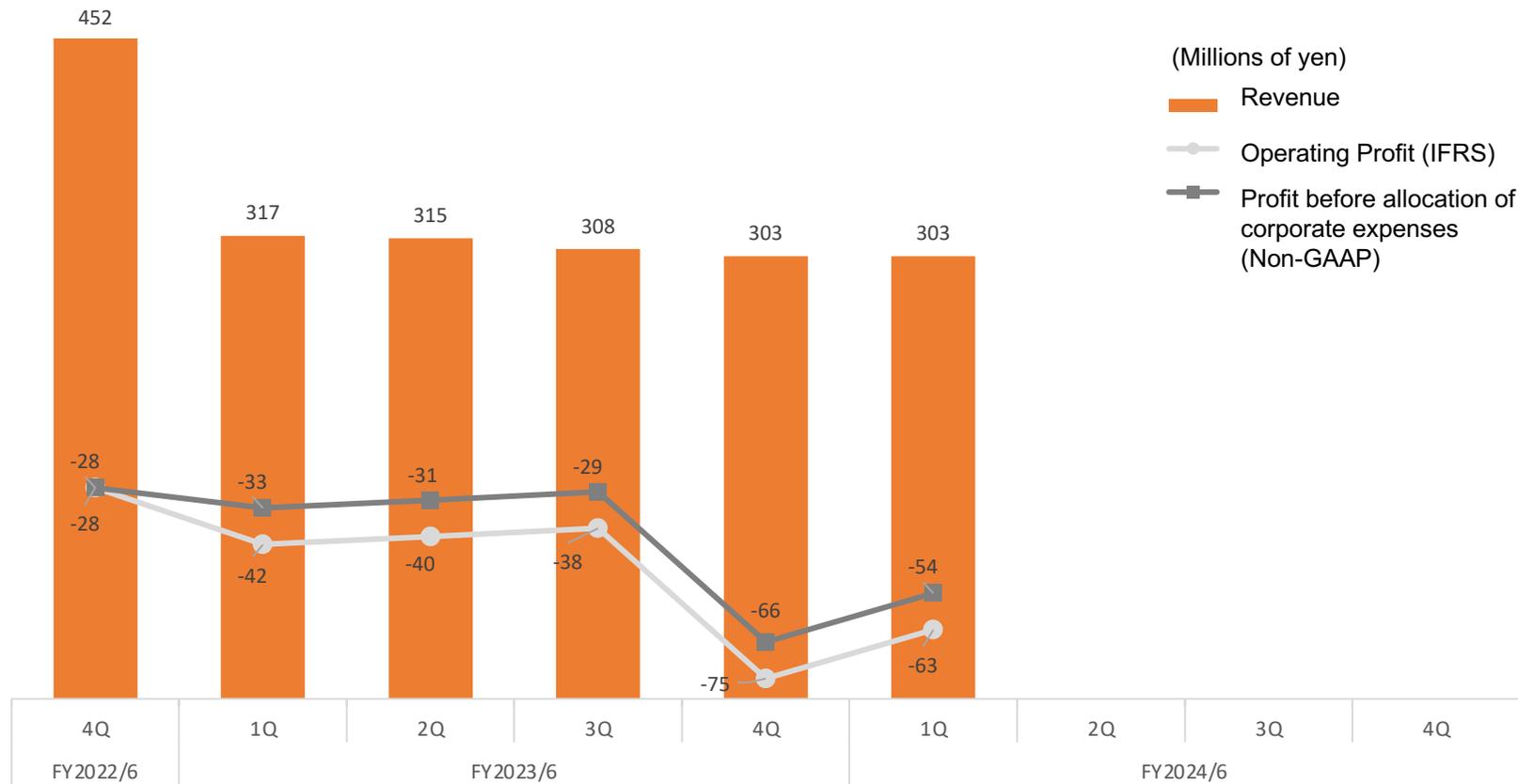
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- Number of Yuyu-Tei members:  
241,000 at the end of the last fiscal year → 255,000 at the end of 1Q of this fiscal year
- The Android app, released in May 2023, is steadily gaining users.
- The website was completely redesigned in September 2023 and the new website was opened.

3. Summary by Business Segment

# Financial Related Business ( Revenue and Operating Profit )

- Revenue remained at the same level as in the previous quarters.
- Provision for reserves temporarily increased due to a change in the ceded ratio for future new product releases.



# Financial Related Business

## (Overview and Initiatives)

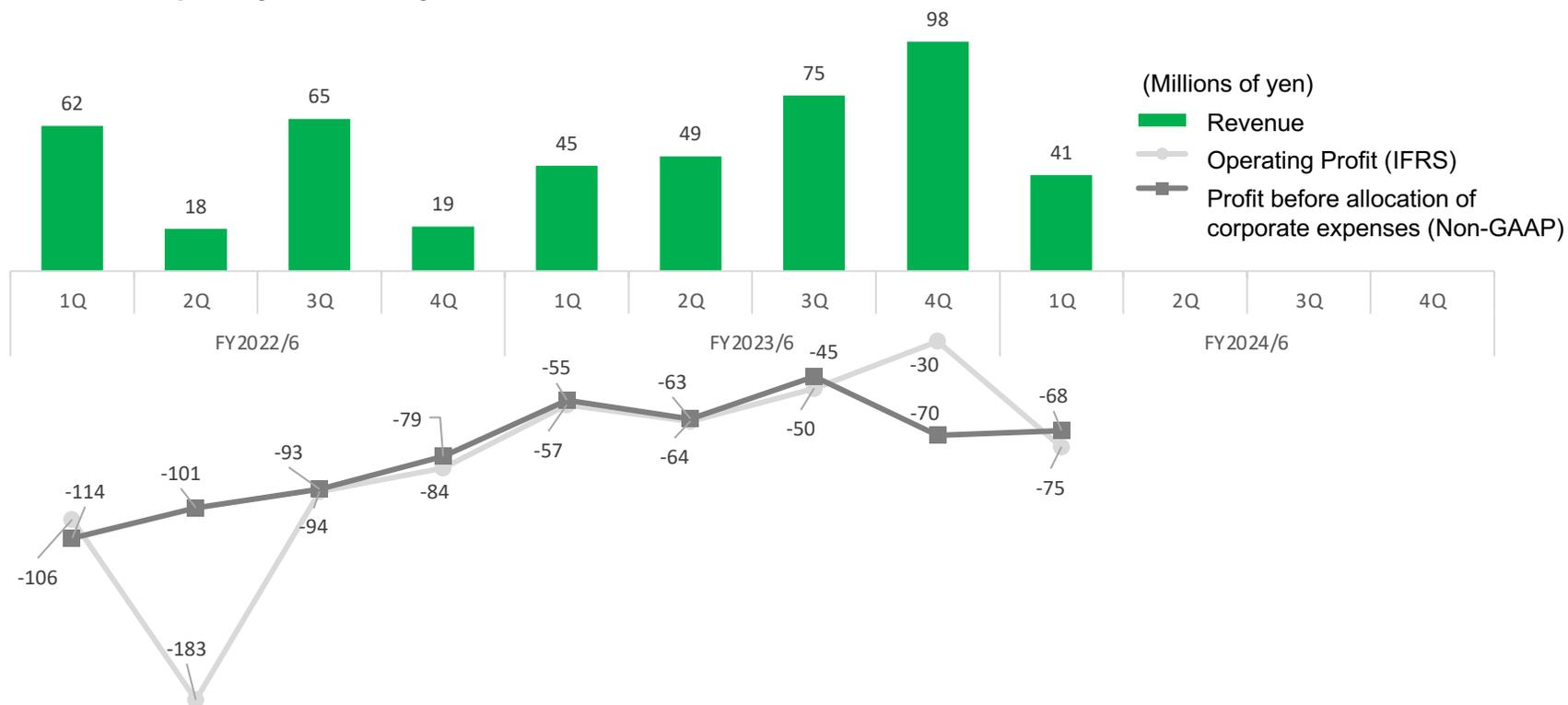
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- Work on branding and awareness, and expand our distribution channels by offering generous coverage with no limits on daily indemnity and annual claims frequency.
- Developing new products so that pet owners who previously could not afford pet insurance in terms of price or other conditions can choose a plan that suits them, providing a safer and more secure environment for valued pets to meet the needs of a wide range of customers.

3. Summary by Business Segment

# Incubation Business (Revenue and Operating Profit)

- New business revenues are gradually growing.
- Medium-scale project related to BPR (Business Process Reengineering) for a municipality is delayed.



\*Adjustments have been made for the deconsolidation of J-Phoenix Research and the removal of Scala's indirect business from this segment as of the fiscal year ended June 30, 2022.

\*FY06/2022 figures are calculated based on the FY06/2022 Incubation and Investment Business figures announced in FY06/2023.

- SOCIALX, INC. was selected as a partner of “TOKYO SUTEAM”, a project to support and develop startups by various entities, which was publicly solicited by the Tokyo Metropolitan Government.
- Through SOCIALX's Gyaku Propo services, TOKYU CORPORATION recruited local governments to participate in a demonstration experiment to study a new system of mutual assistance in communities under the “Resident Collaboration DX” project, and received applications from many local governments. In addition, as a step in our initiatives under “the Agreement on Regional Circular Coexistence toward Decarbonizing” with Itami City, Hannan City, and Ilnan Town, we transacted social credits among the local governments to achieve the carbon neutrality of the new Itami City Hall.
- Hirotaka Ito, Representative Director of SOCIALX gave a speech at a seminar for local governments and companies hosted by the Kyushu Bureau of Economy, Trade and Industry and the Kyushu Open Innovation Center to develop case studies through public-private co-creation collaboration in Kyushu.
- For Scala Partners, Inc., after the reclassification of COVID-19 to Class 5, monetization is in progress in response to increases in the number of companies that have introduced workcation systems as well as increasing contracts of projects for workcation monitoring tours hosted by local governments.

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#### 4. Company Overview

# Company Overview

<b>Name</b>	Scala, Inc. (Tokyo Stock Exchange, Prime Market, Securities code : 4845)
<b>Headquarters</b>	32F Shibuya Hikarie, 2-21-1, Shibuya, Shibuya-ku, Tokyo
<b>Established</b>	December 11, 1991
<b>Business</b>	DX Business, HR & Education Business, EC Business, Financial Related Business, Incubation Business
<b>Employees</b>	637 (As of September 30, 2023, consolidated)
<b>Average age</b>	35.1
<b>Capital</b>	1,789 million
<b>Fiscal year end</b>	June 30

## 4. Company Overview **Business segments**

Segments	Group Companies	Business Description
<b>DX Business</b>	• Scala Communications, Inc.	Provision of SaaS/ASP services, offshore development activities
	• Scala Service, Inc.	Provision of SaaS/ASP services, call center service
	• readytowork Co., Ltd.	Development of SaaS/ASP services, offshore development activities
	• Retool, Inc.	Planning, development and sale of administrative tools using the cloud
	• Social Studio Inc.	DX for the national and local governments and activities involving the SDGs
	• EGG CO., LTD.	System development, system maintenance and network establishment
	• Leoconnect, Inc.	Customer support (call center operation and other support) consulting
<b>HR &amp; Education Business</b>	• Athlete Planning, Inc.	Support for recruiting activities (fresh graduate, mid-career), etc.
	• FourHands, Inc.	Preschool child care/education, community development assistance, etc.
	• Sports Stories, Inc	Physical education, sports lessons, etc.
	• Broncos20 Co., Ltd.	Management of basketball club team
<b>EC Business</b>	• Scala PLAYce, Inc.	Operation of e-commerce site for buying and selling trading cards for competition games
<b>Financial Related Business</b>	• Nihon Pet Small-amount Short-term Insurance Company	Provision of low-premium, short-term insurance plans
<b>Incubation Business</b>	• Scala, Inc.	Investment business
	• Scala Partners, Inc.	Innovation, incubation, investments
	• SCL Capital LLC	Management of investment fund
	• SCSV-1 Investment Limited Partnership	Investment fund
	•SOCIALX, INC.	Planning and operating a public-private co-creation platform 'Gyaku Propo'



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