



To be an ideal company that the world needs

SCALA GROUP

# Results of Operations

for the Fiscal Year  
Ended June 30, 2023

Scala, Inc. Aug 14, 2023

Scala, Inc.  
Results of Operations for the Fiscal Year Ended June  
30, 2023  
August 14, 2023

Thank you for your interest in Scala and our results of  
operations in the fiscal year that ended in June 2023.

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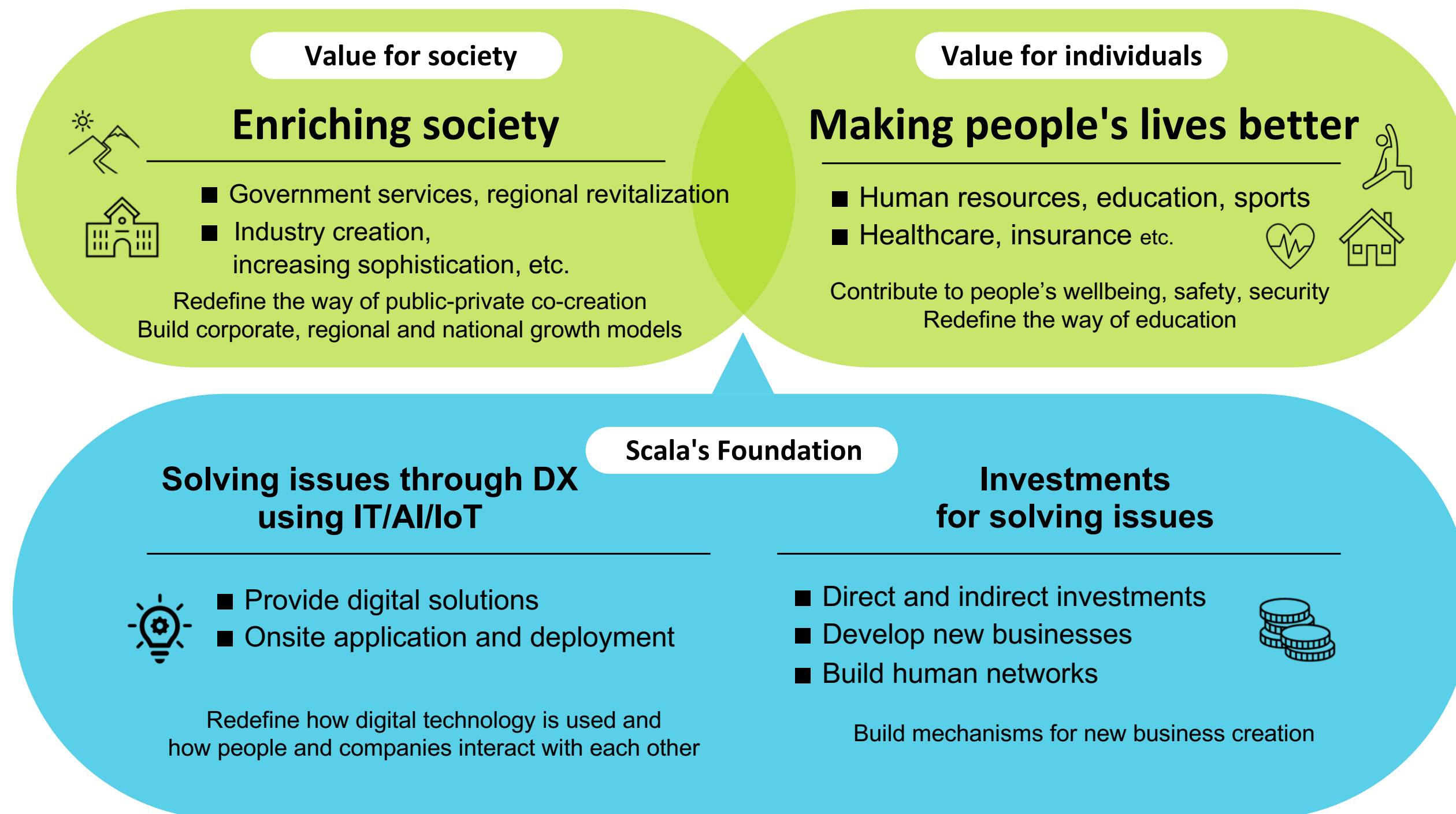
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4. Company Overview

■ 1. Business Summary

# Provide value based on DX

## Provide value for "society" and "individual life"



### ■ Priority subjects

We provide value for society and for individuals, respectively.

Through our business, we aim to “enrich society as a whole” for society and “make people's lives better” for individuals.

In order to realize them, we are promoting initiatives that are based on both “solving issues through DX using IT/AI/IoT” and “investments for solving issues”. The structure of our company is to make direct, indirect, and personnel investments while working to solve various social issues through DX, leveraging our strengths in the IT/AI/IoT domains.

# Progress of Business Development

## Value for Society

### Enriching society



- Business alliance between EGG and Shift-Seven Consulting in hometown tax system business.
- Opened "Gyaku Propo Lab@ARCH", public-private co-creation incubation center at "ARCH" in Toranomon Hills.
- EGG, Nexway, and TACT conducted a demonstration experiment using AI calls.
- Launched "eG Plus," a system to utilize test result data of dairy cattle genome.
- Launched "U-Medical Support," a comprehensive medical support tool for cattle.
- Conducted a demonstration experiment of awareness-raising version of "ASTER II" in Fudai Village, Iwate Prefecture.
- Launched "Fanique" utilizing membership NFT in Web 3 business.
- Selected as the secretariat of the Small and Medium Enterprise Agency's "Project for Business Adoption/Startup in Co-Existence with Local Communities" for two years in a row.
- NEW** ■ Signed a partnership agreement with seven public and private companies in Tsuyama City, Okayama Prefecture.

## Value for Individuals

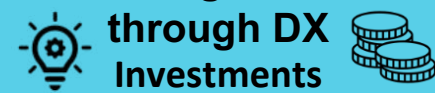
### Making people's lives better



- EGG was entrusted with a project to promote the use of My Number Cards in Yonago City, Tottori Prefecture.
- Started collaboration with Otsuka Pharmaceutical and Sompo Japan Insurance for realization of "Smart Healthcare Platform".

## Scala's Foundation

### Solving issues through DX Investments for solving issues



- Selected for JETRO's "Asia DX Promotion Project in ASEAN-Japan".
- Business alliance between "Specially Appointed Task Force for M&A," an M&A promotion service focusing on practical support, and "BATONZ," a comprehensive M&A support platform.
- Entered into a strategic partnership with Mirai Works.
- Started new NFT business in the Web3 domain and invested in UPBOND.
- NEW** ■ Promoting data business for implementing solutions to local issues in society through co-creation with Allegro Smart Inc.

## ■ Priority subjects

We provide services that "enrich society" and "make people's lives better" by leveraging our resources (capabilities) to "solve issues through DX using IT/AI/IoT" and "invest in solving issues".

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■ 2. Topics (since April 2023)

## Signed a partnership agreement with seven public and private companies in Tsuyama City, Okayama Prefecture

Scala Partners, Inc. signed a partnership agreement with seven public and private companies in Tsuyama City, Okayama Prefecture, to promote Tsuyama City's workcation collaboration projects, aiming to revitalize industry and create a related population.



### < Planned Initiatives for FY2023 >

#### ■ Planning and operation of workcation tours

- Scheduled to conduct two workcation tours for IT companies outside of the region by the end of March 2024.

#### ■ Developing local IT facilitated human resources

- Training of human resources capable of leading local IT initiatives and promoting sustainable community development.
- Planning and operation of matching events, etc. within and outside the region (workshops, digital experience events, and others).

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

- Seven public and private sectors conclude a partnership agreement to revitalize industry and create a related population in Tsuyama City, Okayama Prefecture. (Press release on May 22, 2023)

Scala Partners, Inc. Tsuyama City, Okayama Prefecture, Tsuyama Chamber of Commerce and Industry, Okayama Branch of NIPPON TELEGRAPH AND TELEPHONE WEST CORPORATION, Adecco Ltd., AKKODiS Consulting Ltd., and IRODORI Inc. have concluded a partnership agreement with the aim of revitalizing industries and creating a related population in Tsuyama City.

- Background and purpose of the conclusion  
In March 2023, Tsuyama City formulated “Tsuyama City Smart City Project” and is working to create an environment that quickly incorporates convenient and comfortable technologies and systems into daily life and to create new values for the near future. In the industrial and tourism/cultural, there is a shortage of labor, especially in the ICT field, and there are few educational and learning environments related to the field, which prevents the accelerated introduction of ICT. In order to solve these problems, we believe it is necessary to take both external and internal measures. As part of these efforts, we will promote workcation business to attract IT companies from outside the region, and at the “COTOYADO” telework office, which Tsuyama City supported in its construction, companies from inside and outside the region will gather to deepen communications, solve regional issues, and co-create new businesses. Through these activities, we aim to revitalize the city's industries and create related populations.

## Transfer of subsidiaries' shares

On June 29, 2023, the Board of Directors resolved to transfer all shares of Connect Agency, Inc. and J-Phoenix Research Inc. held by Scala, Inc.

Connect Agency was transferred to Adjustone, Inc. with an execution date of June 30, 2023.  
J-Phoenix Research was transferred to Mr. Miyashita, President and Representative Director of J-Phoenix Research with an execution date of August 4, 2023.

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

- Transfer of consolidated subsidiaries (transfer of subsidiaries' shares) (Press release on June 29, 2023)

At a meeting of the Board of Directors held on June 29, 2023, we resolved to transfer all shares of Connect Agency, Inc. (hereinafter CA) and J-Phoenix Research Inc. (hereinafter JPR) held by Scala, Inc. and entered into a share transfer agreement.

- Reason for transfer of CA shares  
We have been discussing with HIKARI TSUSHIN, Inc., CA's joint venture company, regarding the improvement of CA's business management. As a result, we have reached an agreement that the transfer of shares to Adjustone, Inc. is appropriate from the viewpoints of strengthening the competitiveness of CA's IP telephony service and further business development and reducing system costs by collaborating with CA's line provider, Adjustone.
- Reason for transfer of JPR shares  
JPR had formulated a mid-term management plan for our group, and in order to realize the plan, JPR had promoted system development projects that would lead to the creation of corporate value, and had made investments and provided investment support based on its own evaluation of corporate value calculations. However, JPR's main business, value-creating management consulting, did not result in the acquisition of clients as initially planned, and after discussions and deliberations regarding the future management of JPR, we reached an agreement with Mr. Miyashita, the president of JPR, to transfer all of the shares of JPR held by Scala to him.

The transfer execution date for CA is June 30, 2023, and for JPR is August 4, 2023.

# Project

Society Individual  
DX & Investment

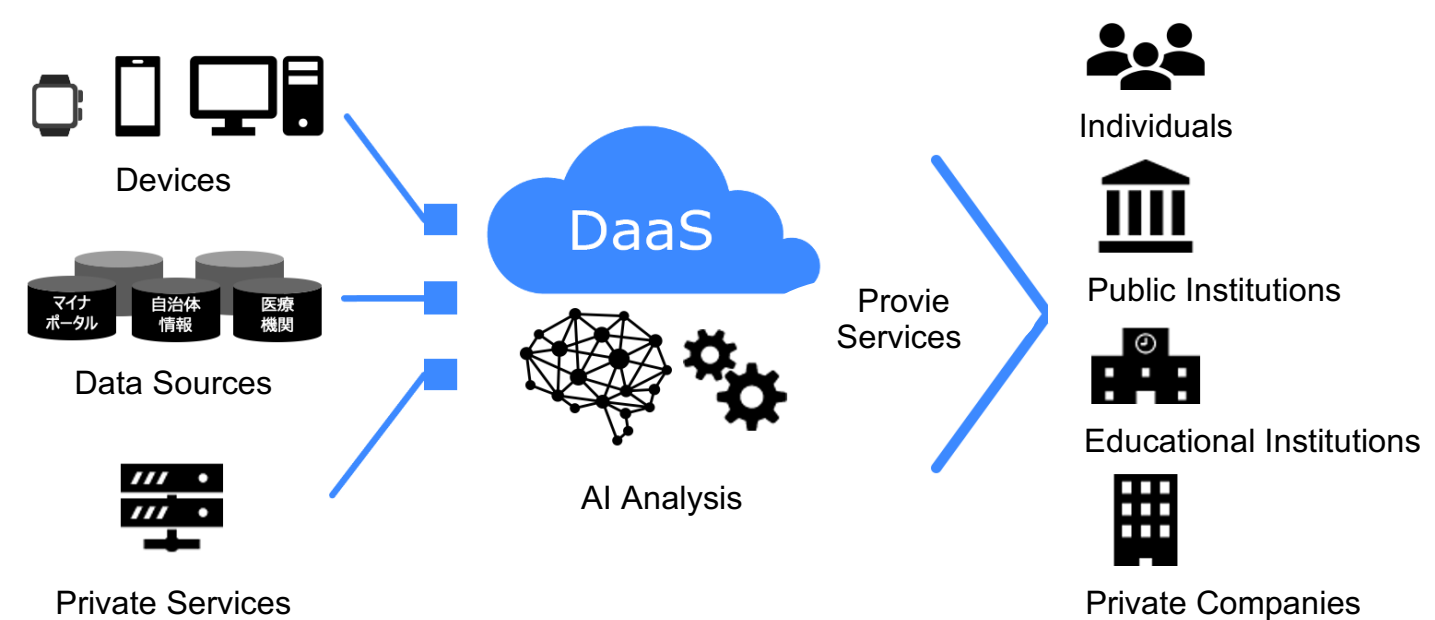
## Promoting data business for implementing solutions to local issues in society through co-creation with Allegro Smart Inc.

Started providing consulting and system construction services to build an environment that enables local government officials to formulate hypotheses, analyze data, and visualize them with no code, for social issues faced by local governments, utilizing "Newtroid" from Allegro Smart Inc.

### < Upcoming Initiatives >

Building predictive models by collecting and analyzing data from industry, government, and academia, and providing a highly scalable and flexible means of providing insights that lead to solutions to social issues faced by local governments.

Considering the use of know-how from the Frail Prevention Project to analyze PHR data based on hypotheses in order to reduce medical and nursing care costs by extending healthy life expectancy in the community.



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

- Promoting data business for implementing solutions to local issues in society through co-creation with Allegro Smart Inc. which provides AI analysis based on a data linkage platform. (Press release on July 20, 2023)

We will start providing consulting and system construction services to build an environment that enables local government employees and service users to formulate hypotheses, analyze data, and visualize data with no code, “anytime,” “by anyone,” and “easily” in as little as four weeks, utilizing Allegro Smart’s patented data orchestration platform “Newtroid” to address social issues facing local governments (low birthrate, aging population, and increasing social security-related expenses).

- About Newtroid  
This is a technology for “virtualization” and “metatiz” of data owned by Allegro Smart. It used to be necessary to invest a lot of money to design and build a database for each hypothesis and to analyze the data. However, Allegro Smart's AI can grasp the characteristics of data and organize them according to their individual concepts, making it possible to build a data analysis environment simply by connecting data using the UI provided by Allegro Smart.



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## ■ 3. Summary by Business Segment

3. Summary by Business Segment

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

(Millions of yen)

	FY/22			FY/23			YoY	
	Revenue	Operating profit	Ratio of operating profit to revenue	Revenue	Operating profit	Ratio of operating profit to revenue	Revenue	Operating profit
<b>Consolidated</b>	<b>9,569</b>	<b>(191)</b>	<b>-</b>	<b>12,644</b>	<b>259</b>	<b>2.1%</b>	<b>+3,075</b>	<b>+451</b>
IT/AI/IoT/DX Business	4,461	464	10.4%	6,073	409	6.7%	+1,611	-55
Customer Support Business	1,357	(31)	-	1,204	(61)	-	-152	-30
HR & Education Business	1,468	61	4.2%	1,704	203	11.9%	+235	+141
EC Business	1,654	239	14.5%	2,138	316	14.8%	+483	+77
Insurance Business	452	(28)	-	1,245	(196)	-	+792	-167
Incubation & Investment Business	174	(854)	-	278	(444)	-	+104	+410

\* Insurance Business is consolidated from 4Q of FY6/2022.

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

This slide shows the consolidated financial results in the fiscal year that ended in June 2023.

- Revenue: ¥12.644 billion(+ ¥3,075 million YoY)  
Revenue increased in IT/AI/IoT/DX Business, HR and Education Business, and EC Business continued steady growth
- Operating profit: ¥259 million (+ ¥451 million YoY)
  - Profit increased in the HR & Education Business with strong demand for active recruitment, and EC Business.
  - Profit increased in the Incubation & Investment Business due to improved profitability and cost reductions while actively investing in new businesses, such as sales activities to link corporate value creation support to large-scale DX projects, developing new services related to regional revitalization, and establishing a structure to promote overseas business.

3. Summary by Business Segment

## Revenue and Profit before allocation of corporate expenses by Segment (Non-GAAP)

(Millions of yen)

	FY/22			FY/23			YoY	
	Revenue	Profit before allocation of corporate expenses	Ratio of operating profit to revenue	Revenue	Profit before allocation of corporate expenses	Ratio of operating profit to revenue	Revenue	Profit before allocation of corporate expenses
<b>Consolidated</b>	<b>9,569</b>	<b>48</b>	<b>0.5%</b>	<b>12,644</b>	<b>256</b>	<b>2.0%</b>	<b>+3,075</b>	<b>+207</b>
(Corporate expenses)	-	(1,100)	-	-	(1,027)	-	-	-
IT/AI/IoT/DX Business	4,461	1,050	23.6%	6,073	1,062	17.5%	+1,611	+11
Customer Support Business	1,357	(28)	-	1,204	(52)	-	-152	-24
HR & Education Business	1,468	227	15.5%	1,704	295	17.3%	+235	+68
EC Business	1,654	281	17.0%	2,138	379	17.7%	+483	+98
Insurance Business	452	(28)	-	1,245	(160)	-	+792	-131
Incubation & Investment Business	174	(353)	-	278	(240)	-	+104	+113

■ Revenue and Profit before allocation of corporate expenses by Segment (Non-GAAP)

This slide shows the consolidated financial results in the fiscal year that ended in June 2023.

- Revenue: ¥12.644 billion(+ ¥3,075 million YoY)
- Operating profit: ¥256 million (+ ¥207 million YoY)

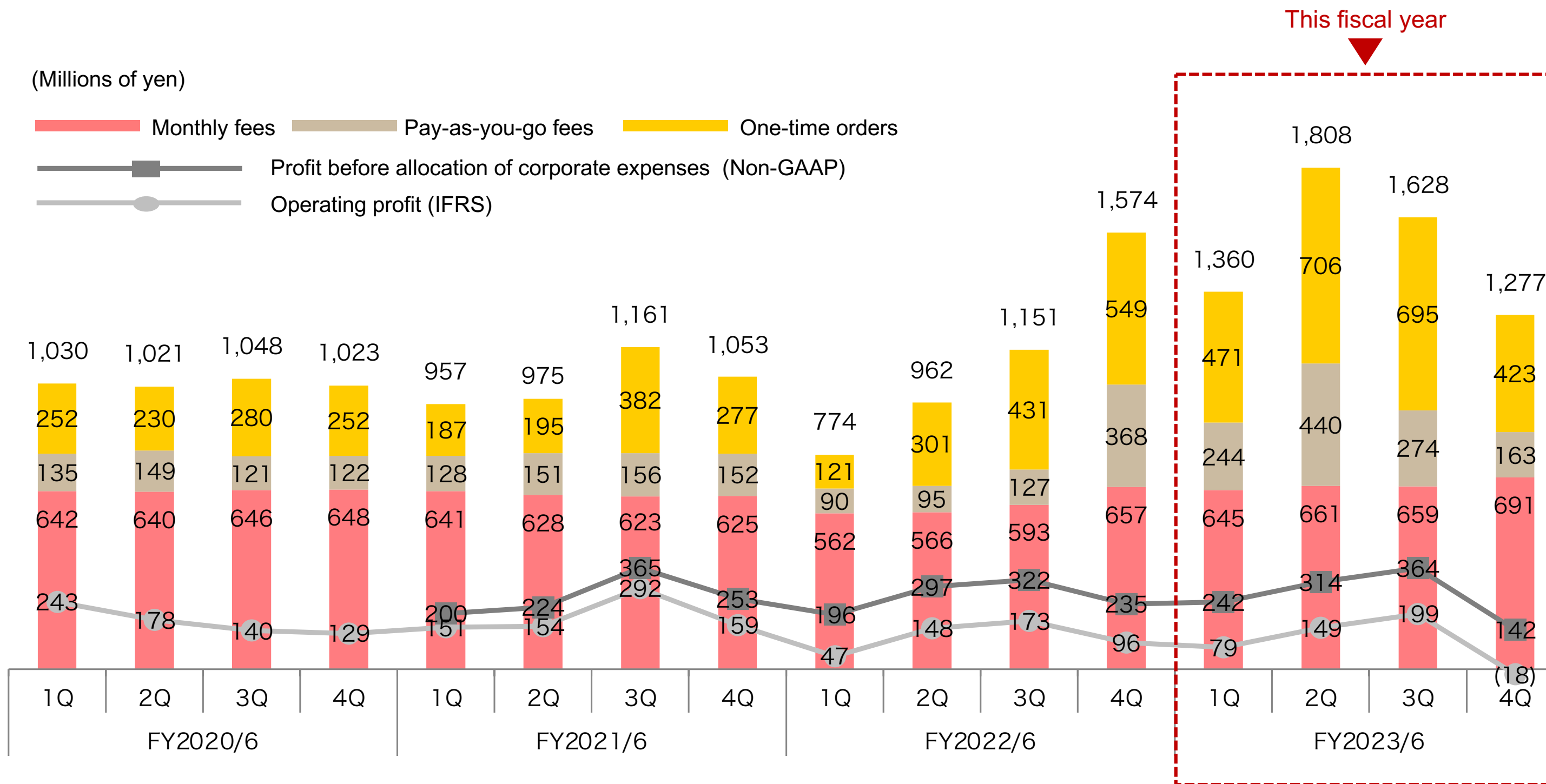
\*Consolidated figures are based on Non-GAAP.

\*Insurance Business is consolidated from 4Q of FY6/2022.

3. Summary by Business Segment

# IT/AI/IoT/DX Business (Revenue and Operating Profit)

■ Revenue is up 36% YoY (full year).



■ IT/AI/IoT/DX Business (Revenue and Operating Profit)

This slide shows revenue and operating profit in the IT/AI/IoT/DX Business.

- Revenue and operating profit Working for major companies, local governments, the central government, and government agencies by providing planning and system development of new services for promoting DX as well as proposal, introduction support and provision of the existing SaaS/ASP services.

Revenue increased 36% compared to the same period of the previous year.

\*Profit before allocation of corporate expenses (Non-GAAP) is calculated from FY06/2021.  
 \*EGG CO., LTD. is consolidated from 4Q of FY6/2022.

### 3. Summary by Business Segment **IT/AI/IoT/DX Business** (Overview and Initiatives)

The efforts that have been made are bearing fruit, and we will continue to embark on new initiatives moving forward.

- Scala Communications, Inc. is developing the “Smart Healthcare Platform” in the healthcare area by collaborating with Otsuka Pharmaceutical Co., Ltd. and Sompo Japan Insurance Inc. The service will promote personalized health support based on basic information such as one's lifestyle (sleeping hours, exercise hours, etc.) and physical condition (weight, etc.) to maintain and improve one's health. The service has already been used in many cases, and we are considering launching a full-fledged service in 2024.
- As EGG CO., LTD. develops and maintains Tottori Health Plus, a system that allows analysis of medicine and nursing care database, under contract with Tottori National Health Insurance Organization, the development are expected to continue.

#### ■ IT/AI/IoT/DX Business (Overview and Initiatives)

We have been working to acquire new contracts by using new services and our other businesses as hooks.

These efforts have led to the following achievements.

- Developing the “Smart Healthcare Platform” in the healthcare area by collaborating with Otsuka Pharmaceutical Co., Ltd. and Sompo Japan Insurance Inc.

- Developed and started providing a service branded “U-Medical Support” in collaboration with desamis Co., Ltd. and Mitsui Sumitomo Insurance Company, Limited. The service provides a comprehensive medical treatment support tool for cattle, for which the Ministry of Agriculture, Forestry and Fisheries has been promoting utilization, with functions for remote treatment as well as the preparation of electronic medical records and instructions.

- Developing the “Facility Reservation System” that links to digital IDs with xID Co., Ltd., a company providing solution for My Number Card, a card used for social security and tax number systems, and preparing for providing a full-fledged SaaS/ASP service to local governments across the country.

- Received a project order to promote the use of My Number Card from Yonago City and Sakaiminato City in Tottori Prefecture and contributed to achieving the target for adoption rate of the Card by developing a landing page that guides to the Card application page; planning and designing for public relations by using TV commercials, YouTube, and social media; setting up temporary application booths at commercial facilities; and planning and operation of mobile application booths using camper vans.

- Started providing the provision of Frailty Prevention Program System in Yonago City.

- Developing and maintaining Tottori Health Plus, a system that allows analysis of medicine and nursing care database, under contract with Tottori National Health Insurance Organization, and sales are expected to increase by the ongoing development.

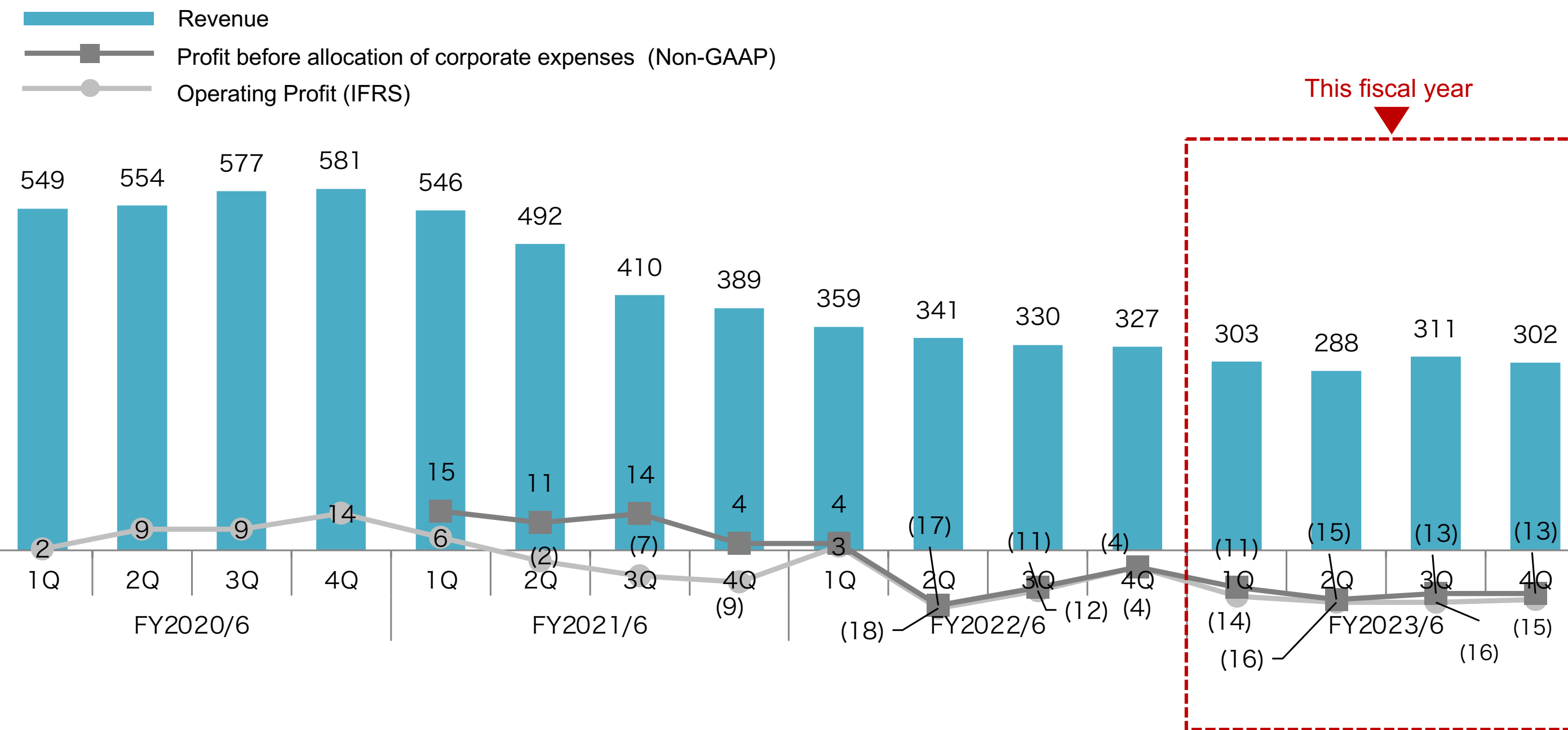
We will continue to work on increasing profitability and stability.

3. Summary by Business Segment

# Customer Support Business (Revenue and Operating Profit)

- Revenue shows signs of recovery due to the start of new projects and increased demand.

(Millions of yen)



\*Profit before allocation of corporate expenses (Non-GAAP) is calculated from FY06/2021.

- Customer Support Business (Revenue and Operating Profit)

This slide shows the revenue and operating profit in the Customer Support Business.

- Revenue and operating profit

We will continue to enhance competitiveness in this business sector by improving quality and cost structure and promotes proactive business activities to win contracts for support services and BPO operations by combining the Group's various services for companies and local governments.

3. **Summary by  
Business Segment**

## **Customer Support Business** (Overview and Initiatives)

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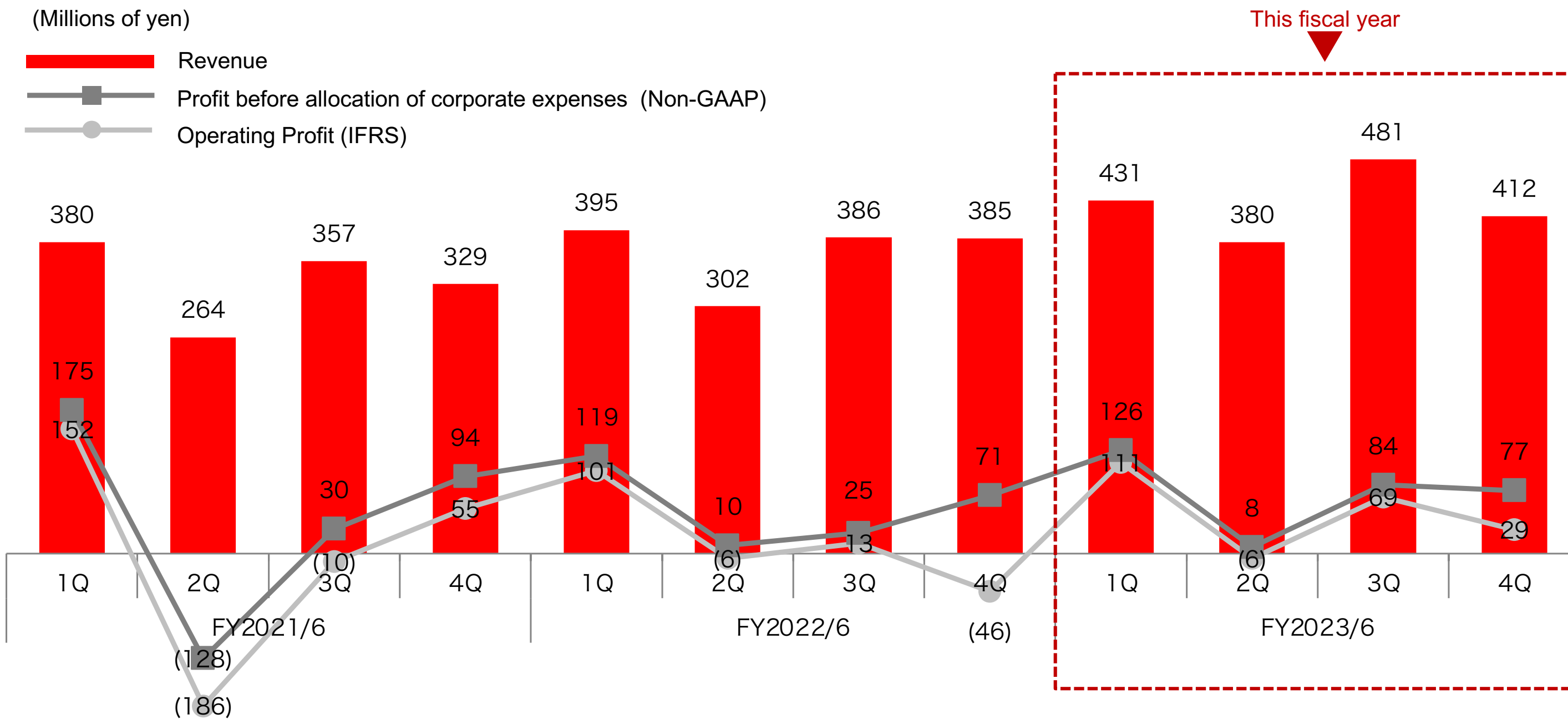
- Insourcing of tasks previously outsourced is progressing smoothly.
- While making upfront investments for strengthening the organizational structure to receive new contracts, improved earnings are expected from the beginning of the fiscal year ending June 30, 2024 by winning a contract of a large-scale call center.

### ■ Customer Support Business (Overview and Initiatives)

At Okinawa call center of Scala Service, Inc., insourcing of tasks previously outsourced is progressing smoothly. In addition, the center has worked on strengthening the organizational structure to receive new contracts proactively. While we have been making upfront investments for strengthening the structure, improved earnings are expected from the beginning of the fiscal year ending June 30, 2024 by winning a contract of a large-scale call center.

### 3. Summary by Business Segment **HR & Education Business** (Revenue and Operating Profit)

- Revenue increased in each quarter compared to the same period of the previous year.
- Willingness to recruit new graduates for the spring of 2024 continues to rise.



\*Profit before allocation of corporate expenses (Non-GAAP) is calculated from FY06/2021.

#### ■ HR & Education Business (Revenue and Operating Profit)

This slide shows revenue and operating profit in the HR & Education Business.

- Revenue and operating profit  
Demand for recruitment needs remains strong.



### 3. Summary by Business Segment

## HR & Education Business (Overview and Initiatives)

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- In the after-school program “UK Academy Nakamachidai”, Global Education Center, which focuses on learning English, opened in April 2023 and reached full capacity thanks to its positive reputation. To enroll more students, the Center plans to increase the number of classes in October 2023.
- THE SAITAMA BRONCOS, a professional basketball team, launched a new form of fan club using Membership NFT (Non-Fungible Token), and started member recruitment for the upcoming season.

### ■ HR & Education Business (Overview and Initiatives)

In addition to the existing recruitment support service for athletic students and female students, MAKIcom, a new service targeting students who held a leadership position in their college life, was launched in February 2023. As such, we provide our client companies various matching opportunities with outstanding students.

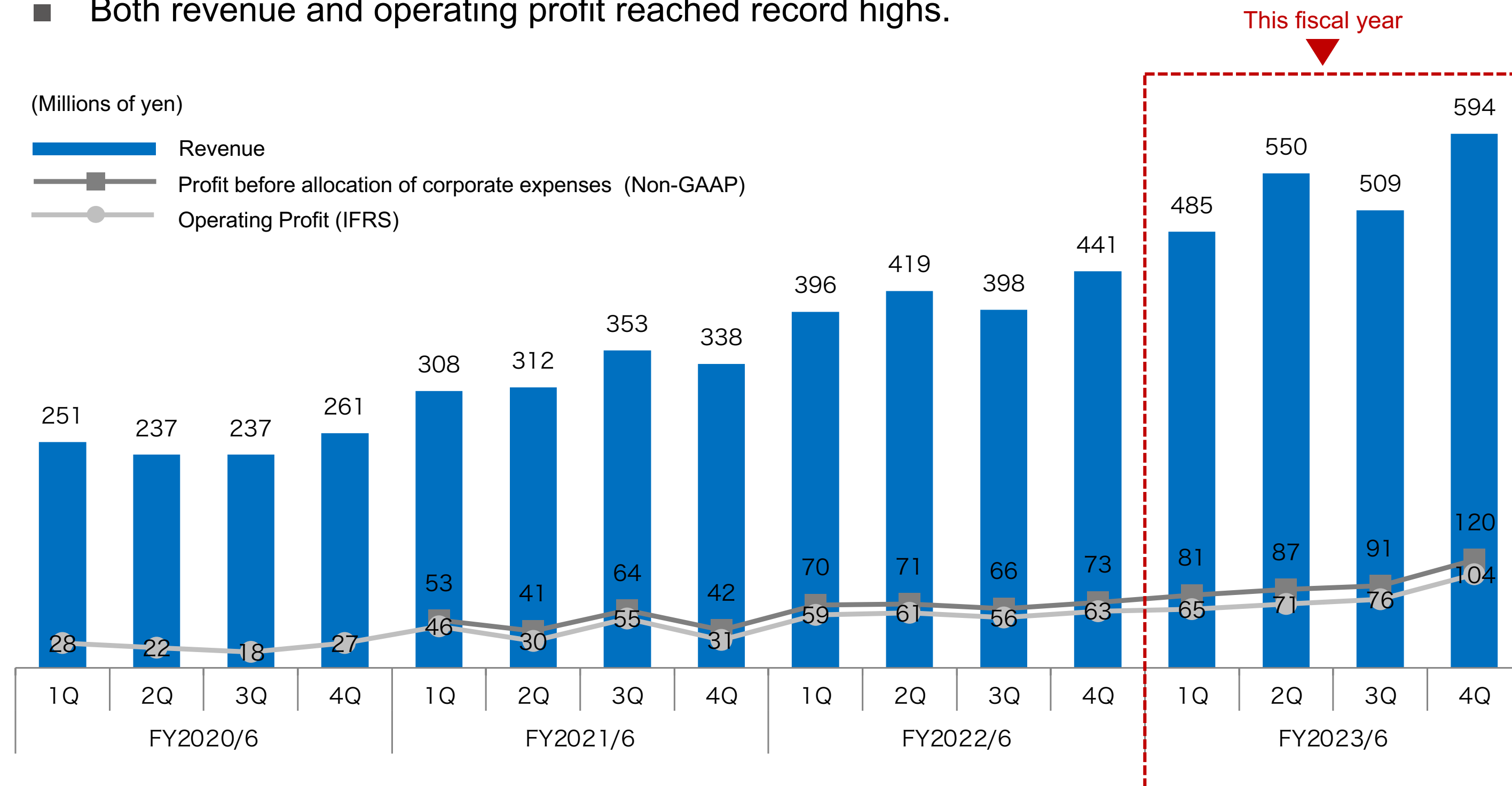
In the childcare and educational services, preschools Universal Kids Shinagawa and Universal Kids Bangkok, which were pre-opened in September 2022, opened in April 2023. The preschools provide educational environment to learn languages, sports, and culture. In the after-school programs, Global Education Center, which focuses on learning English, opened in April 2023 and reached full capacity thanks to its positive reputation. To enroll more students, the Center plans to increase the number of classes in October 2023.

In the sports education services, the Company continued considering businesses with the government sports administration in cooperation with the national and local governments.

We also launched a new form of fan club using Membership NFT (Non-Fungible Token), and started member recruitment for the upcoming season.

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

- Revenue growth rate is 29% for this fiscal year. (Average of 25% for 4 quarters)
- Both revenue and operating profit reached record highs.



\*Profit before allocation of corporate expenses (Non-GAAP) is calculated from FY06/2021.

#### ■ EC Business (Revenue and Operating Profit)

This slide shows the revenue and operating profit in the EC Business.

- Revenue and operating profit  
Both revenue and operating profit reached record highs.

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

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- Number of Yuyutei members:  
188,000 at the end of the last fiscal year → 241,000 at the end of this fiscal year.
- The Android app released in May 2023 is steadily gaining users.
- Continue to pursue comfortable UI/UX by actively promoting the introduction of the cutting-edge technology.

#### ■ EC Business (Overview and Initiatives)

Efforts for digital marketing including SEO continued to work successfully, and the number of members, purchases and sales are growing.

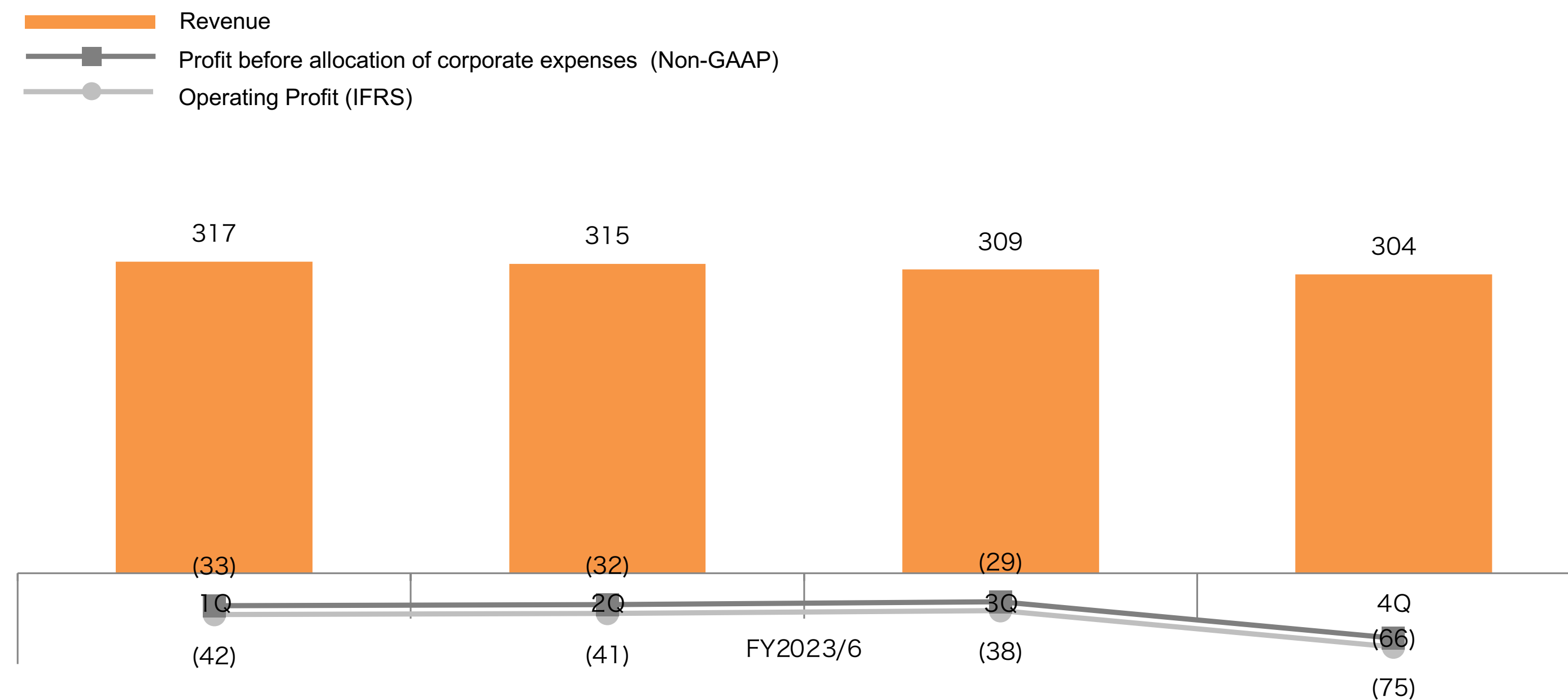
In addition to the iOS app already released, the Android app released in May 2023 are steadily gaining users.

We will continue to pursue comfortable UI/UX by actively promoting the introduction of the cutting-edge technology.

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

- Revenue remained at the same level as in the previous quarters.
- Decrease in operating profit is due to temporary accumulation of policy reserves.

(Millions of yen)



#### ■ Insurance Business (Revenue and Operating Profit)

This slide shows the revenue and operating profit in the Insurance Business.

- Revenue and operating profit  
We are working on branding, establishing brand awareness, and expanding our sales channels.

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

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- Working on branding, establishing brand awareness, and expanding sales channels by providing generous coverage without restrictions on daily treatment costs and claiming frequency.
- Focus on development of new products that ensure more safe and secure environment for valued pets to meet needs of a broad range of customers.

#### ■ Insurance Business (Overview and Initiatives)

We are working on branding, establishing brand awareness, and expanding our sales channels by providing generous coverage without restrictions on daily treatment costs and claiming frequency. In addition, we also focus on development of new products that ensure more safe and secure environment for valued pets to meet needs of a broad range of customers.

Through these measures, we are working to create a system that generates stable profits aiming significant increase in new insurance contracts.

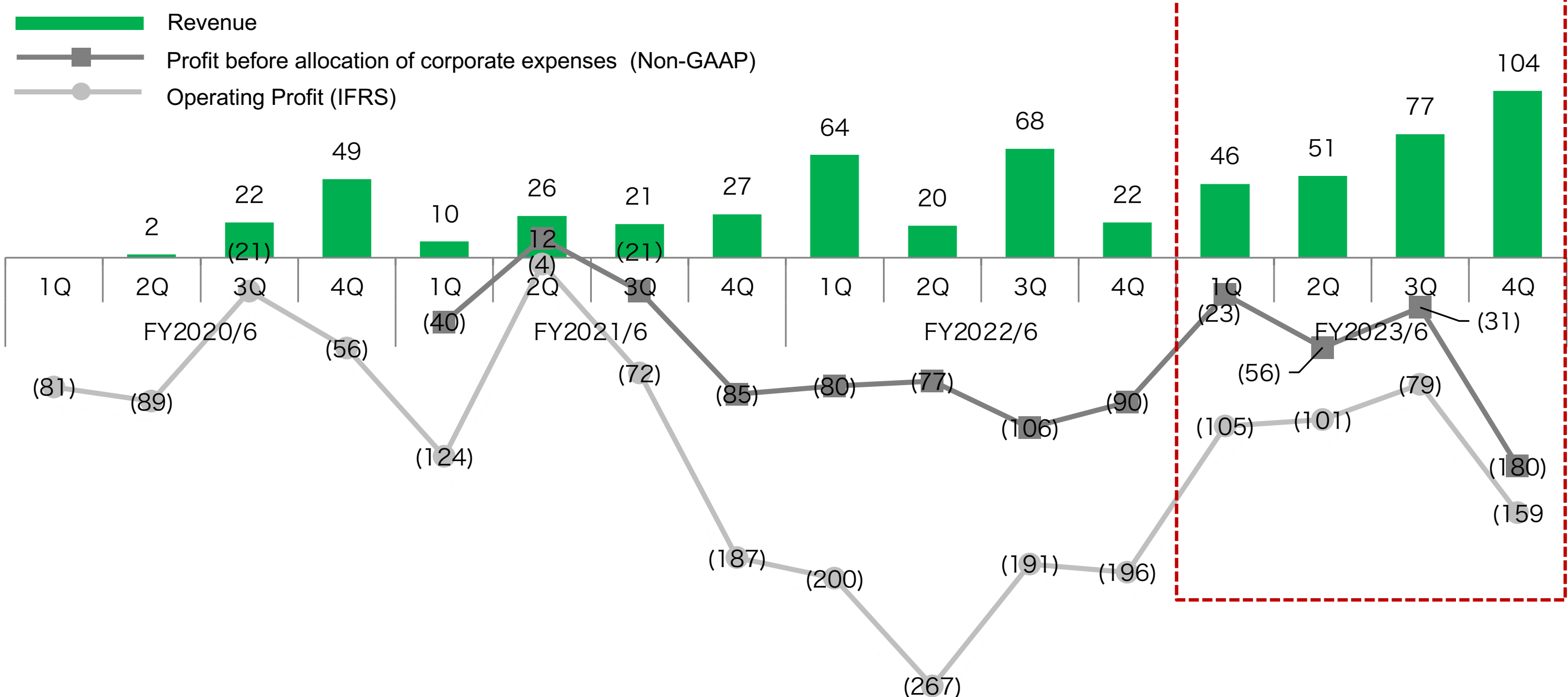
3. Summary by Business Segment

# Incubation & Investment Business

(Revenue and Operating Profit)

- Entered phase of revenue expansion.
- Expect to perform well in the next fiscal year.

(Millions of yen)



\*Profit before allocation of corporate expenses (Non-GAAP) is calculated from FY06/2021.

■ Incubation & Investment Business (Revenue and Operating Profit)

This slide shows the revenue and operating profit in the Incubation & Investment Business.

● Revenue and operating profit

SOCIALX, INC. supports the creation of new businesses for addressing social issues in public-private co-creation through its “Gyaku Propo” services. Continuing from the previous fiscal year, SOCIALX provides secretariat operations and accompanying supports for business development to solve social issues for the Small and Medium Enterprise Agency’s program—Project for Business Introduction and Startup Promotion by Collaboration of Local Governments and Companies.

Scala Partners, Inc. concluded a comprehensive partnership agreement with local governments and joined Japan Workcation Association to build relationship with experts and companies, and to enhance relationship with local communities and companies. As such, monetization is in progress in response to an increase in service subscription.

J-Phoenix Research Inc. provides listed companies with IR support including the preparation of an integrated report and development of a medium-term business plan. SCSV-1 Investment Limited Partnership, a value co-creation engagement fund, has endeavored to increase the value for the invested companies by, for example, promoting digital transformation.

In addition, we also provides collaborative M&A advisory service and execution support service as Specially Appointed Task Force for M&A to listed companies in the information and communication industries by combining the experience in M&A and the Group’s DX expertise.

Some companies reevaluate their M&A strategy in alignment with their business plan, and some companies prioritize sourcing and need seamless support with sense of swift promotion. Under the circumstances, the Company provides services to ensure smooth progress of M&A from various perspectives

3. Summary by  
Business Segment

## Incubation & Investment Business

(Overview and Initiatives)

- Gyaku Propo Lab@ARCH, established in 2022 within ARCH operated by Mori Building Co., Ltd., attracted 244 people from 90 local governments and 267 people from 125 companies in the 10 months to the end of July 2023.
- In Gyaku Propo Concierge, a service to translate social issues faced by local governments into business issues faced by enterprises to support business creation, won a contract for Kyoto City Open Lab, Kyoto City's public-private collaboration program to promote to address social problems. Also won contracts for public-private business co-creation of Iwata City and Toyota City. In addition, Kosai City, Fujisawa City, Yoshino Town in Nara Prefecture, and Aisai City started using the service.
- Signed "the Agreement on Regional Circular Coexistence toward Decarbonizing" with Itami City, Iinan Town, and Hannan City, aiming to create a model case for achieving carbon neutrality by 2050 and started activities to create social credit by the first public-private co-creation initiative in Japan.

### ■ Incubation & Investment Business (Overview and Initiatives)

Gyaku Propo Lab@ARCH, established in 2022 within ARCH operated by Mori Building Co., Ltd., attracted 244 people from 90 local governments and 267 people from 125 companies in the 10 months to the end of July 2023. Through this networking platform, various interactions between public and private sectors took place.

Gyaku Propo Concierge is a service to translate social issues faced by local governments into business issues faced by enterprises to support business creation. In this business, the company won a contract for Kyoto City Open Lab—Kyoto City's public-private collaboration program to promote to address social problems—by recognition of track record of coordination with companies including Honda Trading Corporation. We also won contracts for public-private business co-creation of Iwata City and Toyota City. In addition, Kosai City, Fujisawa City, Yoshino Town in Nara Prefecture, and Aisai City started using the service.

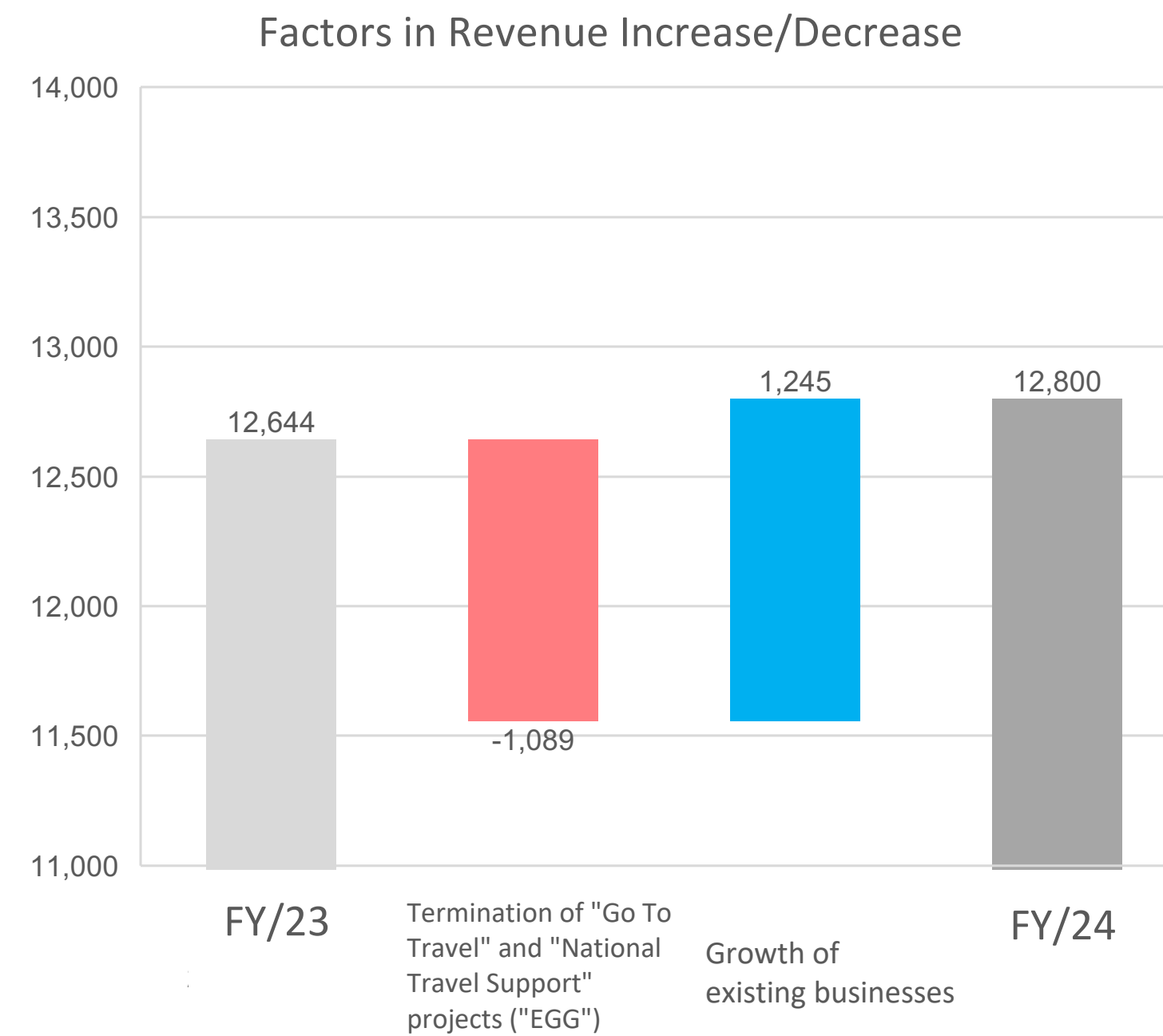
We signed "the Agreement on Regional Circular Coexistence toward Decarbonizing" with Itami City, Iinan Town, and Hannan City, aiming to create a model case for achieving carbon neutrality by 2050 and started activities to create social credit by the first public-private co-creation initiative in Japan.

We will continue to search for and approach M&A and investment targets, as well as co-creation and collaboration partners.

3. Summary by Business Segment **Consolidated Financial Forecast** (IFRS)

(Millions of yen)

	FY/23 (Results)	FY/24 (Forecasts)	YoY
<b>Revenue</b>	12,644	12,800	+155
<b>Operating profit</b>	259	650	+390
<b>Profit before tax</b>	233	620	+386
<b>Profit</b>	(213)	430	+643
<b>Profit attributable to owners of parent</b>	(218)	420	+638





3. Summary by Business Segment

# Revision of Medium Term Business Plan

## Executive Summary

### Medium- to Long-term Strategy

- Provide services with a focus on **"offering opportunities that lead to the growth of people"** as the core social value created by our group.
- Implement mechanisms and measures to **maximize the potential of human resources** within our group, taking into account 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"** in FY2024~FY2026.
- Priority Strategies
  - Focused Business Domain: Focus on businesses related to human growth inside and outside our group
  - Business Alliance Structure: "Transform social issues into projects," "Co-create with individual businesses and partners within our group," Form a cyclical structure that "attracts human resources, partners, who agree with the value realized, and new social issues".
  - Strengthen Business Management Infrastructure: Strengthening Profitability, Promoting and Enhancing Shared Sectors, Systems that Energize a Diverse Workforce, and Deepening Monitoring
- Aim to achieve **revenue of 15.5 billion yen** and **operating profit of 2 billion yen** in the fiscal year ending June 30, 2026.

For more information, please see below.

[https://scalagr.jp/pdf/ir/release/midtermplan\\_20230814.pdf](https://scalagr.jp/pdf/ir/release/midtermplan_20230814.pdf)

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## ■ 4. Company Overview

## 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>	IT/AI/IoT/DX Business, Customer Support Business, HR & Education Business, EC Business, Insurance Business and Incubation & Investment Business	
<b>Employees</b>	648 (As of June 30, 2023, consolidated)	
<b>Average age</b>	35.5	
<b>Capital</b>	1,787 million	
<b>Fiscal year end</b>	June 30	
<b>Subsidiaries</b>	Scala Communications, Inc. Scala Service, Inc. SCL Capital LLC FourHands, Inc. EGG CO., LTD. Leoconnect, Inc. (Voting rights ratio: 66%) Social Studio Inc. (Voting rights ratio: 51%) SOCIALX, Inc. (Voting rights ratio: 75%)	Scala Partners, Inc. Scala PLAYce, Inc. Athlete Planning, Inc. readytowork Co., Ltd. Nihon Pet Small-amount Short-term Insurance Company Retool, Inc. (Voting rights ratio: 66%) Sports Stories, Inc. (Voting rights ratio: 80%)

\*Subsidiaries are as of August 14, 2023.

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

Segments	Group Companies	Business Description
<b>IT/AI/loT/DX Business</b>	• Scala Communications, Inc. • Scala Service, Inc.	Provision of SaaS/ASP services
	• Scala Next, Inc. (*1) • readytowork Co., Ltd.	Development of SaaS/ASP services, offshore development activities
	• Connect Agency, Inc. (*2)	Cloud PBX services
	• 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
<b>Customer Support Business</b>	• Leoconnect, Inc.	Customer support (call center operation and other support) consulting
	• Scala Service, Inc. (*3)	Call Center Service
<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>Insurance Business</b>	• Nihon Pet Small-amount Short-term Insurance Company	Provision of low-premium, short-term insurance plans
<b>Incubation &amp; Investment Business</b>	• Scala, Inc.	Headquarters for the Scala Group, holding company functions, investment business
	• Scala Partners, Inc.	Innovation, incubation, investments
	• J-Phoenix Research Inc. (*4)	Support for value creation management (analyst reports, preparation of integrated reports, support for the operation of funds)
	• 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'

\*1: We have conducted an absorption-type merger with Scala Communications, Inc. as the surviving company and Scala Next, Inc. as the dissolving company, effective April 1, 2023.

\*2: On June 30, 2023, all shares of Connect Agency, Inc. were sold to Adjustone, Inc. and it is no longer a subsidiary of us.

\*3: Call center service is included in Customer Support Business

\*4: On August 4, 2023, all shares of J-Phoenix Research Inc. were sold to Mr. Osamu Miyashita and it is no longer a subsidiary of us.

### ■ Business segments

#### ● IT/AI/loT/DX Business

This business provides SaaS/ASP services using IT (Web, phone, fax, SMS related technologies)/AI/loT technologies to meet customer needs flexibly and quickly.

It also combines the technologies that it has accumulated to jointly develop and sell DX services that represent a new direction with leading companies in the industry.

#### ● Customer Support Business

This business provides consulting and IT services related to customer support.

#### ● HR & Education Business

This business offers recruiting support for new graduates and mid-career employees focusing on physical education students and professional athletes and infant education and sports education to support children to foster personality.

#### ● EC Business

This business operates Yuyu-Tei, an EC site for buying and selling trading cards games (TCG) for battle-type games.

#### ● Insurance Business

This business aims to meet various customer needs through the operation of the pet insurance "Insurance for Dogs and Cats", and to realize happy coexistence between pets and people, and to reform the pet industry to the way it should be.

#### ● Incubation & Investment Business

This business includes group management functions and M&A promotion, new business development, business development through investments, IR support, overseas business promotion, and engagement fund management.



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- The information, forecasts, etc. available in this report Scala's judgment as of the preparation date thereof and do not guarantee the accuracy of these information. Please understand that actual results may differ from the forecasts due to changes in various factors.
- This report was prepared carefully to avoid errors or omissions, but we cannot wholly promise the accuracy or completeness of the information within this report.
- This report is not audited by an audit corporation.

■ Closing

We would like to thank you for your continued support.