



To be an ideal company that the world needs

SCALA GROUP

# Results of Operations

For the Second Quarter of  
the Fiscal Year Ended  
June 30, 2023

Scala, Inc. February 14, 2023

Scala, Inc.

Results of Operations for the Second Quarter of Fiscal Year  
Ended June 30, 2023

February 14, 2023

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

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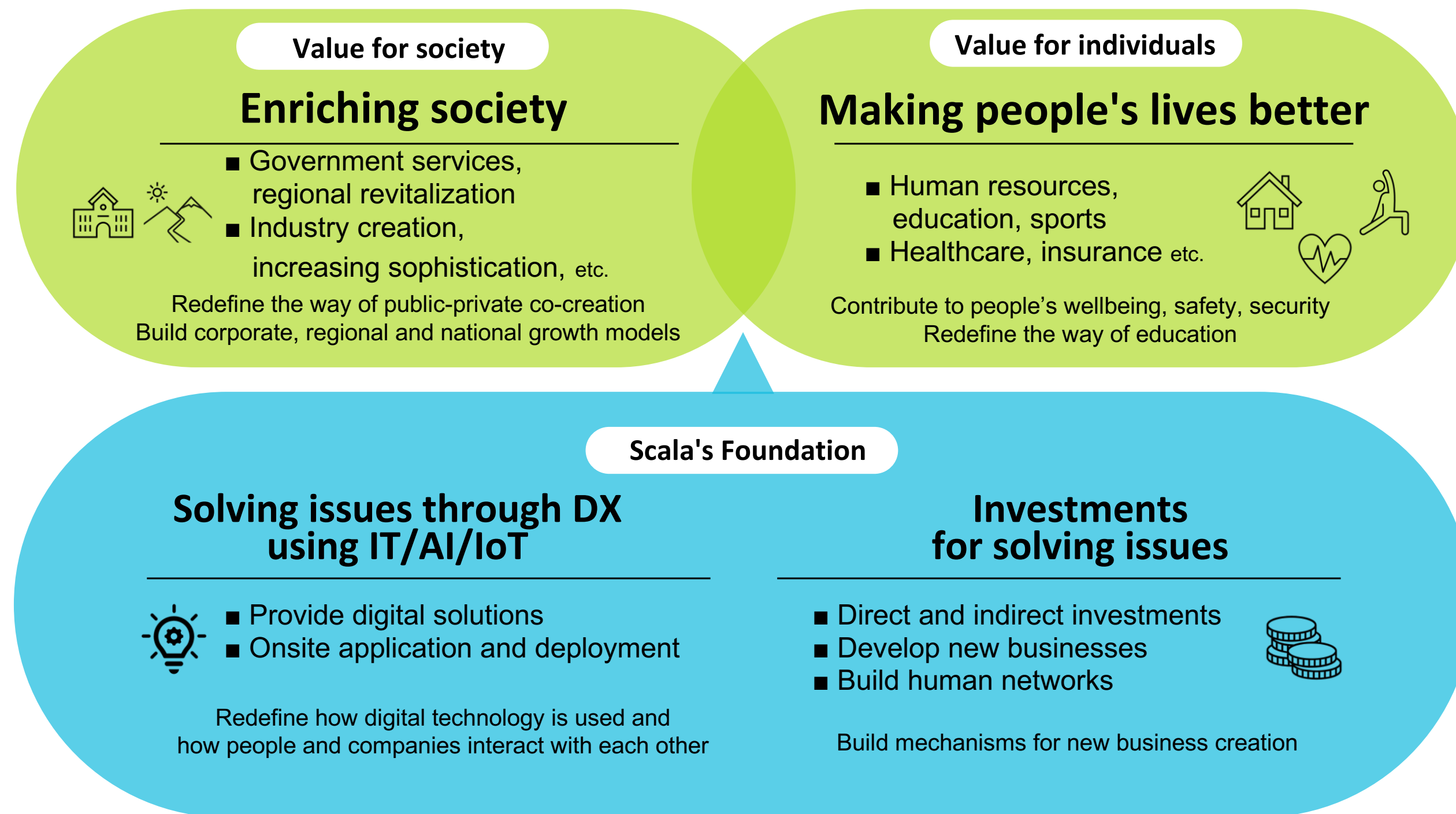
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**4. Company Overview**

■ 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 to 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.
- NEW** EGG, Nexway, and TACT conducted a demonstration experiment using AI calls.
- NEW** Launched "eG Plus," a system to utilize test result data of dairy cattle genome.

Value to 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.
- NEW** Entered into a strategic partnership with Mirai Works.
- NEW** Started new NFT business in the Web3 domain and invested in UPBOND.

## ■ 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 October 2022)

## Entered into a strategic partnership with Mirai Works

“Specially Appointed Task Force for M&A,” an M&A promotion service focusing on practical support and Mirai Works Inc. which supports various work styles of professionals, have entered into a strategic partnership for the purpose of M&A promotion by human resource support.

<Overview of each service>

- Specially Appointed Task Force for M&A  
An M&A promotion service focusing on practical support.  
Provide hands-on support as part of the clients’ in-house team at each stage of the M&A process.
- FreeConsultant.jp  
A matching service for independent professionals.  
Match professionals with companies and provide hands-on support in resolving management issues.



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

- Entered into a strategic partnership with Mirai Works (Press release on October 26, 2022)

We have signed a strategic partnership with Mirai Works Inc. to promote corporate mergers and acquisitions through human resource support. Mirai Works provides the service that matches companies with professional human resources that have advanced expertise and skills. Furthermore, they support the resolution of various management issues such as M&A, management strategy planning, new business promotion, DX promotion, system implementation, business efficiency improvement, and IPO.

We provide hands-on M&A support as an in-house team for our clients through “Specially Appointed Task Force for M&A,” an M&A promotion service focusing on practical support launched in July 2022.

Through this alliance, independent professionals of Mirai Works will become members of our “Specially Appointed Task Force for M&A,” and provide hands-on support for M&A of client companies and contribute to their next value creation.

- About “Specially Appointed Task Force for M&A,” an M&A promotion service focusing on practical support  
We have grown through more than 40 times of M&A since going public in 2001, based on our belief that combining DX and M&A is crucial to a company's growth strategy. The “Specially Appointed Task Force for M&A,” which systematizes our experience in M&A executions, differs from the position of a corporate advisor or an M&A advisor. This service provides hands-on practical support as an in-house team of partner companies at each stage of the process, covering M&A strategy planning for client companies, sourcing operations, negotiations of terms and conditions with prospective acquisition targets after the deal is underway, due diligence, and PMI after the deal closes.

## Invested in UPBOND and started new NFT business in the Web3 domain

For social implementation of Web3, Scala Partners Inc. have invested in UPBOND CORPORATION which owns blockchain technology-based wallet, and provides NFT service as a new business in the Web3 domain.

<Purpose of this investment and future prospect>

Carry out projects centered on sports domain with UPBOND's Web3-compatible wallet technology as the core.

- NFT service that allows participation in the management of sports teams with the concept of “support and earn”
  - Development and operation of fantasy sports utilizing NFT
- Starting with the sports domain, promote businesses that solve social issues using the Web3.



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

- Scala Partners started a new NFT business in the Web3 domain and invested in UPBOND. (Press release on November 24, 2022)

We consider the sports business to be important as a business domain that solves social issues since it's closely connected to local governments, schools, facilities, and local economies.

We have been accelerating our sports DX business since we acquired the professional basketball team “the Saitama Broncos” to our group in March 2022.

In the sports industry, NFT-related services utilizing blockchain technology in Web3 are expanding rapidly, and in local governments, R&D and its implementation of Web3-related metaverse and NFT services for digital citizenship and smart city concepts are progressing.

We believe that Web3 technology is creating value in the business areas that our group is working on, and Scala Partners will further promote the development of Web3 business.

## EGG, Nexway, and TACT conducted a demonstration experiment using AI calls

EGG CO., LTD., jointly with Nexway Co., Ltd. and TACT INC. conducted a demonstration experiment from December 22, 2022 to January 10, 2023 in cooperation with Sanjo City, Niigata Prefecture, Kusatsu Town and Showa Village, Gunma Prefecture to improve communication between donors and local governments when applying for the "one-stop special procedure system" for hometown tax payments.

<Contents of this demonstration experiment>

Verified whether the combination of "Hometown Tax Payment System" by EGG with "NEXLINK On-demand Mail Service", a one-stop postal DM service and "SMSLINK", an SMS delivery service by Nexway and "AI Concierge® for LGWAN", an automatic voice response service for local governments by TACT would increase response time of local governments and reduce their workloads.

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

- EGG, Nexway, and TACT conducted a demonstration experiment using AI calls to provide 24/7 call support to local governments. (Press release on December 21, 2022)

### ◆ Overview of the demonstration experiment with Sanjo City, Niigata Prefecture ◆

This is a demonstration experiment regarding the confirmation of the arrival of application documents for the "one-stop special procedure system".

A demonstration experiment was conducted to data the delivery status of application documents and link them to an AI call to enable 24-hour response.

### ◆ Overview of the demonstration experiment with Kusatsu Town and Showa Village, Gunma Prefecture ◆

This is a demonstration experiment regarding the contact operation by local government staff for donors whose application documents for the "one-stop special procedure system" are incomplete.

A demonstration experiment was conducted to fully automate a series of tasks, including mailing documents with a return envelope for the collection of incomplete documents, notifying by SMS that a call will be made, and providing details of the incomplete documents via AI call and SMS.

\*one-stop special procedure system: a system that allows salaried employees who are not required to file an income tax return to receive tax deductions for hometown tax donations without filing it.

- About EGG's "Hometown Tax Payment System"  
The "Hometown Tax Payment System" is a system that enables local government officials to accurately and easily manage donor information, return gifts, and prepare related documents.



## Launched "eG Plus," a system to utilize the data of dairy cattle genome test results

Scala Communications Inc. and Elite Genomics Inc. have developed "eG Plus," a system for using the data of dairy cattle genome test results, and started providing the service on January 6, 2023.

### <Features of this service>

- Automatically update fluctuating genomic data to the latest and comparing genetic information with national results.
- Display the average of herd genetic traits and herd improvement progress in simple graphs.
- Display results of individual genome tests as well as results of tested mothers, etc.
- Link to mating program to check the crossbreeding of target cows for insemination.



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

- Launched the service of "eG Plus," a system for utilizing the data of dairy cattle genome test results that contributes to more efficient dairy farm management. (Press release on January 6, 2023)

### ◆Background of the development◆

Due to the recent rise in the cost of feed, production costs in the livestock industry have been increasing, and the dairy farming business environment has become more difficult. Against this backdrop, we have developed a system that allows easy access to genome testing for herd improvement and utilization of test results in order to contribute to productivity improvement.

### ◆Overview of the service◆

Elite Genomics, Inc., which has the largest market share in Japan for dairy cattle genome testing, has formed an alliance with NEOGEN (listed on the NASDAQ Global Select Market), the largest genome testing company in the United States. The "eG Plus" offers easy display and search of test results in Japanese on a smartphone, together with the iGenuity® dashboard provided by NEOGEN.

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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)

	Second Quarter of FY/22			Second Quarter of FY/23			YoY	
	Revenue	Operating profit	Ratio of operating profit to revenue	Revenue	Operating profit	Ratio of operating profit to revenue	Revenue	Operating profit
Consolidated	4,259	(78)	-	6,504	140	2.2%	52.7%	-
IT/AI/IoT/DX Business	1,945	201	10.4%	3,318	228	6.9%	70.6%	12.9%
Customer Support Business	700	(15)	-	591	(30)	-	(15.6)%	-
HR & Education Business	697	94	13.6%	811	105	13.0%	16.3%	11.4%
EC Business	815	120	14.7%	1,035	136	13.2%	26.9%	13.8%
Insurance Business	-	-	-	632	(83)	-	-	-
Incubation & Investment Business	99	(474)	-	114	(216)	-	15.2%	-

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

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

- Revenue: ¥6,504 million (+52.7% YoY)
  - Revenue increased in IT/AI/IoT/DX Business, HR and Education Business, and EC Business continued steady growth, while Insurance Business, consolidated in the previous fiscal year, also made a contribution.
  - Revenue declined in the Customer Support Business.
- Operating profit: ¥140 million (- YoY)
  - 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)

	Second Quarter of FY/22			Second Quarter of 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>4,259</b>	<b>64</b>	<b>1.5%</b>	<b>6,504</b>	<b>140</b>	<b>2.2%</b>	<b>52.7%</b>	<b>116.5%</b>
(Corporate expenses)	-	(527)	-	-	(538)	-	-	-
IT/AI/IoT/DX Business	1,945	499	25.7%	3,318	556	16.8%	70.6%	11.3%
Customer Support Business	700	(13)	-	591	(26)	-	(15.6)%	-
HR & Education Business	697	130	18.7%	811	134	16.6%	16.3%	3.5%
EC Business	815	141	17.3%	1,035	168	16.2%	26.9%	19.2%
Insurance Business	-	-	-	632	(65)	-	-	-
Incubation & Investment Business	99	(164)	-	114	(89)	-	15.2%	-

\*Consolidated figures are based on Non-GAAP.

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

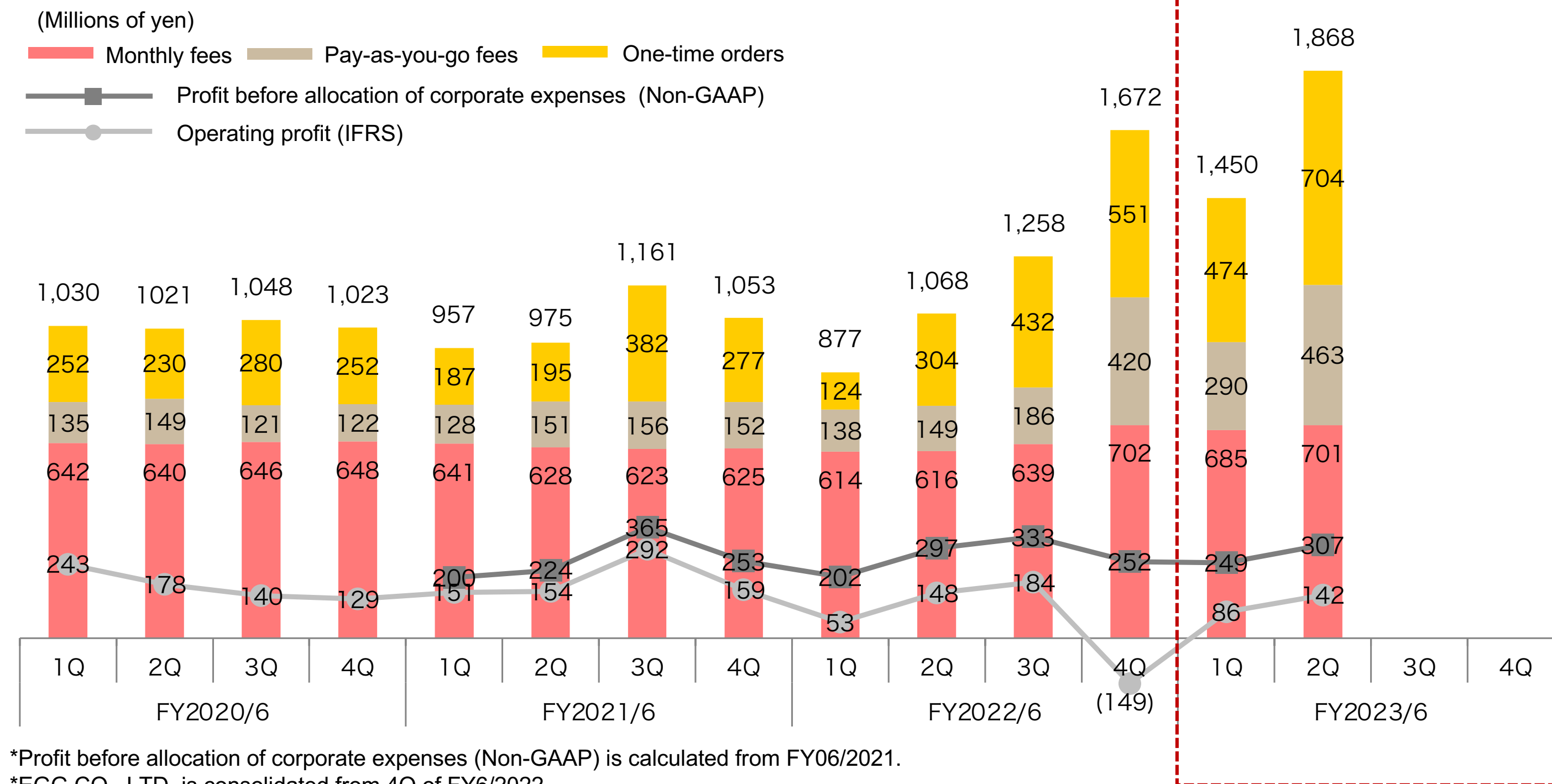
This slide shows the consolidated financial results in the second quarter of fiscal year that ended in June 2023.

- Revenue: ¥6,504 million (+52.7% YoY)
- Operating profit: ¥140 million (+116.5% YoY)

3. Summary by Business Segment

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

- Revenue in 2Q is up 75% QoQ and 71% YTD.
- Expect to steadily increase going forward.



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

\*EGG CO., LTD. is consolidated from 4Q of FY6/2022.

## 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.

One-time, monthly, and pay-as-you-go sales all exceeded those of the same period of the previous fiscal year.

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.

- Conducted demonstration experiments for several companies to establish a “Smart Healthcare Platform” as a co-creation project with Otsuka Pharmaceutical and Sompo Japan Insurance and promoting development for the provision of the service. Continue to discuss and consider development of services on other important health maintenance themes.
- Conducted a demonstration experiment on an automated and unmanned system for hometown tax payment operations in collaboration with Nexway, a TIS INTEC Group company, and TACT, a USEN-NEXT Group company.

### ■ 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.

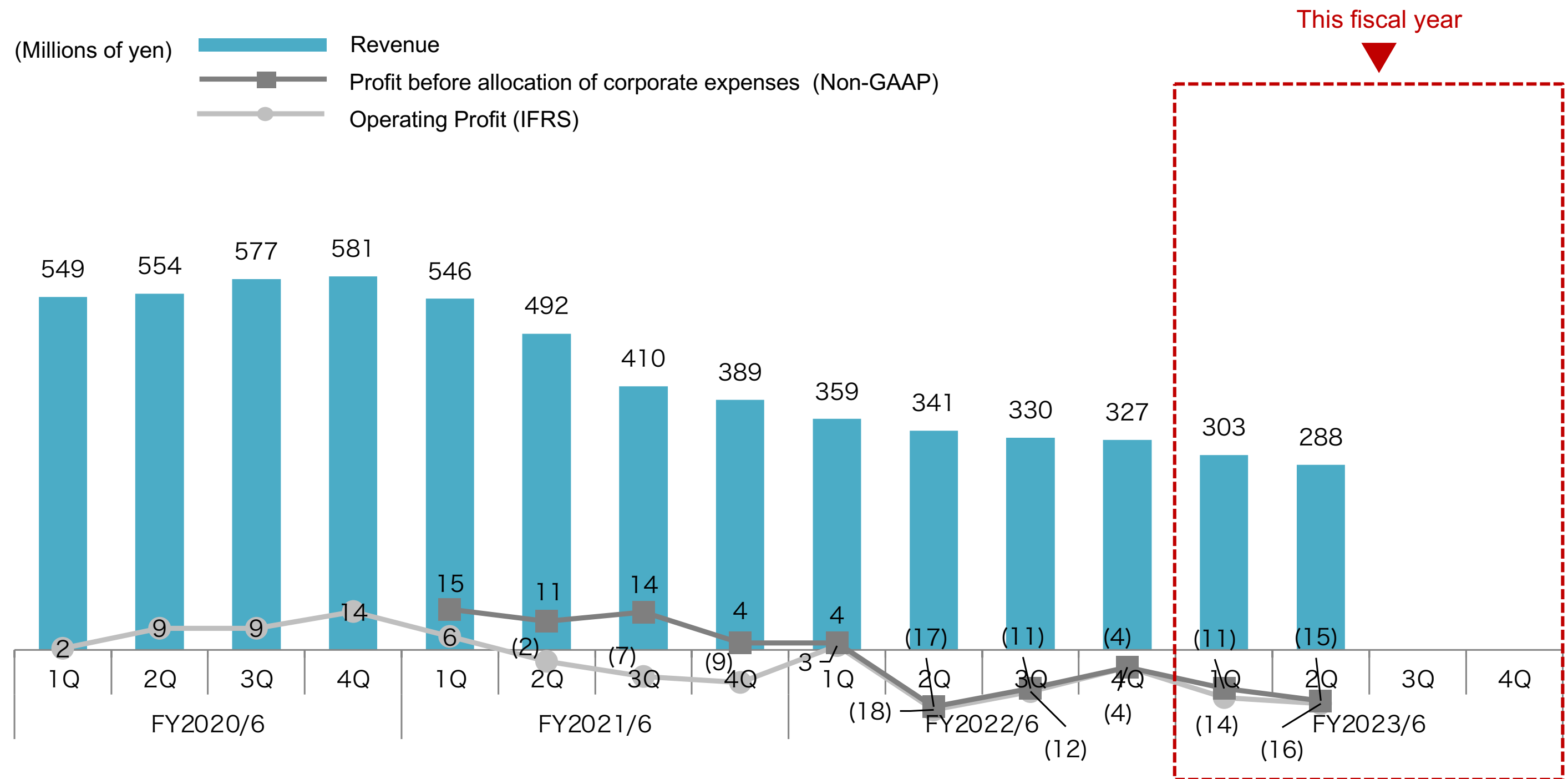
- Started working jointly with Otsuka Pharmaceutical and Sompo Japan Insurance to build a smart healthcare platform as a co-creation project and conducted demonstration tests for several companies to promote program development for service provision.
- Development of dairy cattle genome “eG Plus” has been completed and launched on January 6, 2023.
- Conducted a demonstration experiment on an automated and unmanned system for hometown tax payment operations in collaboration with Nexway, a TIS INTEC Group company, and TACT, a USEN-NEXT Group company.

We will continue to work on increasing profitability and stability.

3. Summary by Business Segment

# Customer Support Business (Revenue and Operating Profit)

- Revenue decreased due to lower-than-expected acquisition of new projects.
- Strengthen the development of new projects by revamping the sales structure.



\*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 continuously strive to acquire new projects and, at the same time, raise profit margins by lowering costs through transfer of projects to the call center in Okinawa that we operate, and streamlining BPO operations using RPA.

3. Summary by  
Business Segment

## Customer Support Business (Overview and Initiatives)

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Promoting operational efficiency and revitalizing sections to increase orders.

- Promoting cost reduction measures following the transfer of operations to the in-house Okinawa call center.
- Received new orders for BPO projects and continue to prepare for starting operations in 3Q.

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

We suffered a temporary decrease in sales due to the suspension of activities for major projects to respond to the revision of the Telecommunications Business Act, but we have been promoting operational efficiency in sales activities.

Specific examples are as follows.

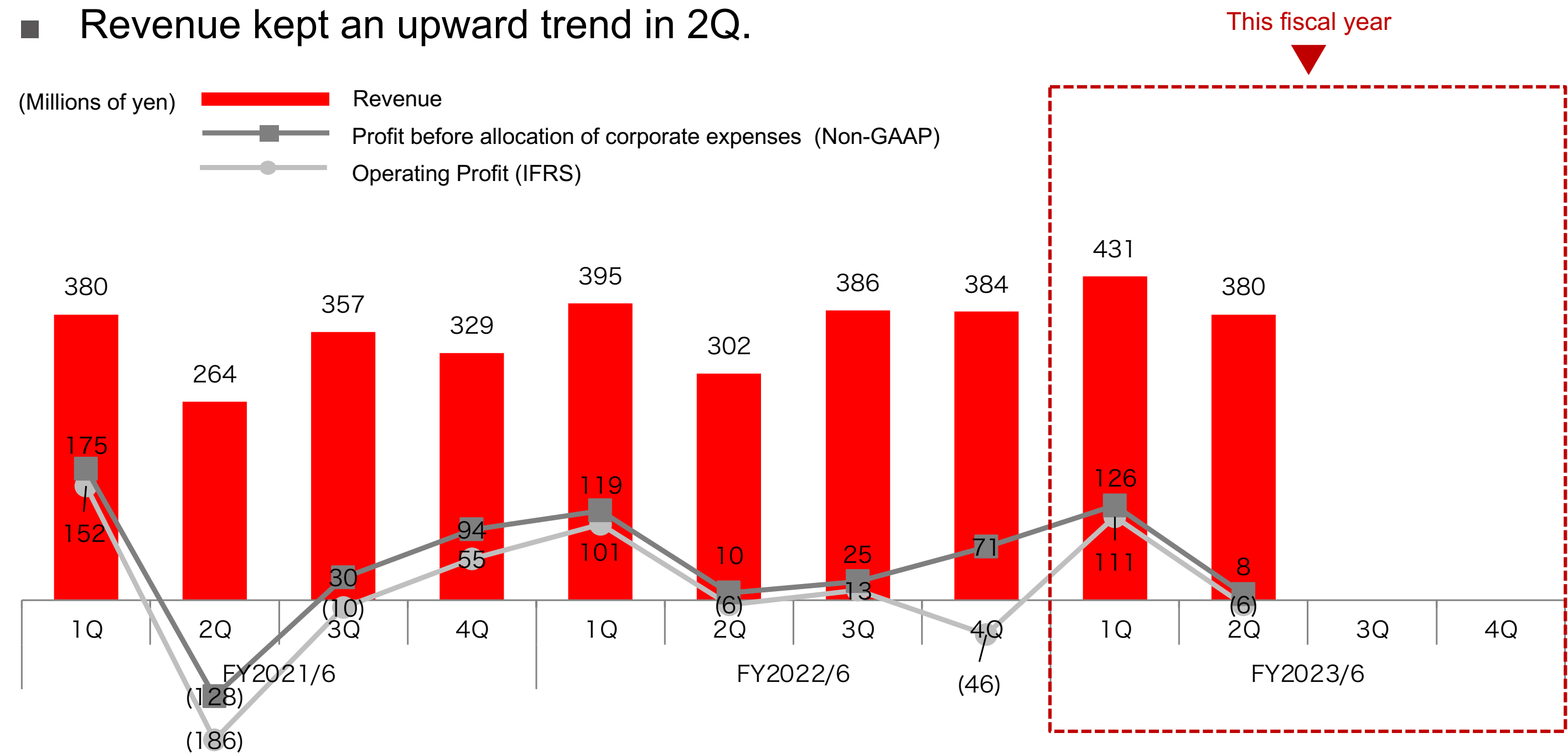
- Continue to strive for further cost reduction by, for instance, transferring two projects to the call center in Okinawa.
- Received orders of new BPO projects and now preparing to resume operations in the third quarter.



3. Summary by Business Segment

# HR & Education Business (Revenue and Operating Profit)

- Economic resumption and increasing recruitment activities offset seasonal factors in 2Q.
- Revenue kept an upward trend in 2Q.



\*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

In the recruitment support service, there is a continued increase in willingness to recruit new employees.

In the childcare and educational service, preschools “Universal Kids Shinagawa” and “Universal Kids Bangkok” were pre-opened in September 2022.

In the sports education service, we continued considering businesses with the government sports administration in cooperation with the national and local governments. Meanwhile, the Saitama Broncos professional basketball team, which belongs to the B3 League, maintains steady performance and keeps being in top positions in the 2022-23 season, aiming for play-offs (top eight clubs)

3. Summary by  
Business Segment

## HR & Education Business (Overview and Initiatives)

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- The number of companies participating in the joint corporate information sessions for new employees who will start to work in the spring of 2024 remained at a high level.
- Preschools "Universal Kids Shinagawa" and "Universal Kids Bangkok", which pre-opened last September, will open in April.
- The Saitama Broncos keeps high score aiming for play-offs.
- Broncos Basketball Academy operates youth teams and schools, and aims to become an indispensable presence in Saitama Prefecture.

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

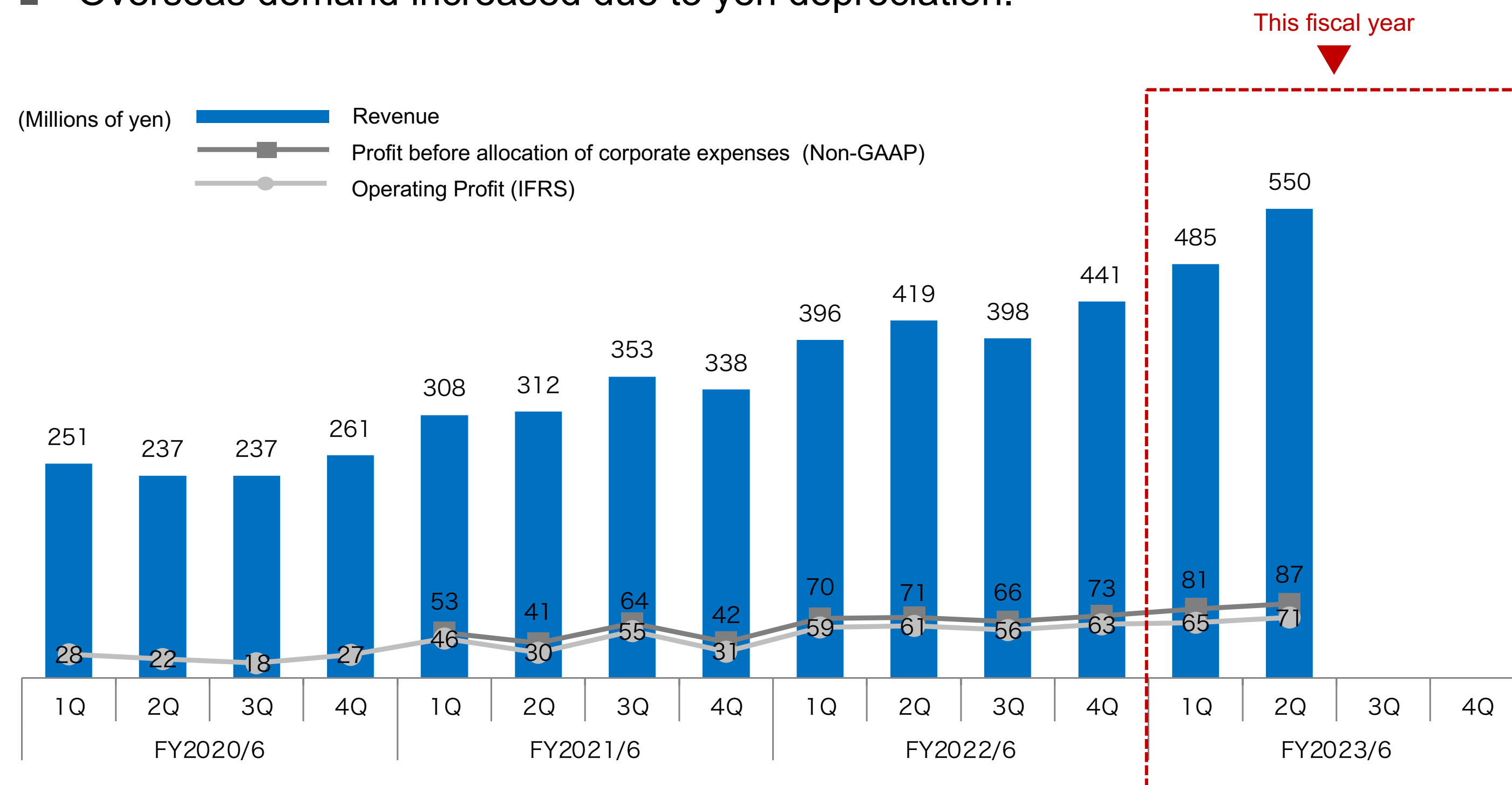
In HR business, many companies have participated in joint company information sessions with the resumption of the economy after the pandemic and a continued increase in willingness to recruit new employees for the spring of 2024 due to the labor shortage.

In education business, preschools "Universal Kids Shinagawa" and "Universal Kids Bangkok" were pre-opened in September 2022. We have been enhancing activities for attracting customers through workshops or other events for opening of these preschools in April 2023 in the upcoming academic year.

In addition, the Saitama Broncos professional basketball team, which belongs to the B3 League, maintains steady performance and keeps being in top positions in the 2022-23 season, aiming for play-offs (top eight clubs).

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

- Continuing from the 1Q, both revenue and profit reached a record high.
- Overseas demand increased due to yen depreciation.



\*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 profit are much higher than in the previous year.  
Backed by the current exchange rate environment, purchasing activities by overseas users have been increasing month after month, contributing to higher sales.

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

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- Digital marketing such as SEO has been successful, and the number of Yuyu-Tei members increased from 188,000 at the end of the last fiscal year to 215,000 at the end of this quarter.  
\*250,000 as of the end of the current fiscal year (planned)
- Developing a password-less login solution equipped with robust security features.
- iOS application is performing well, and Android application will be released in this fiscal year.

■ EC Business (Overview and Initiatives)

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

The iOS application released at the end of the previous fiscal year is also performing well, and development of the Android application is underway to be released in this fiscal year.

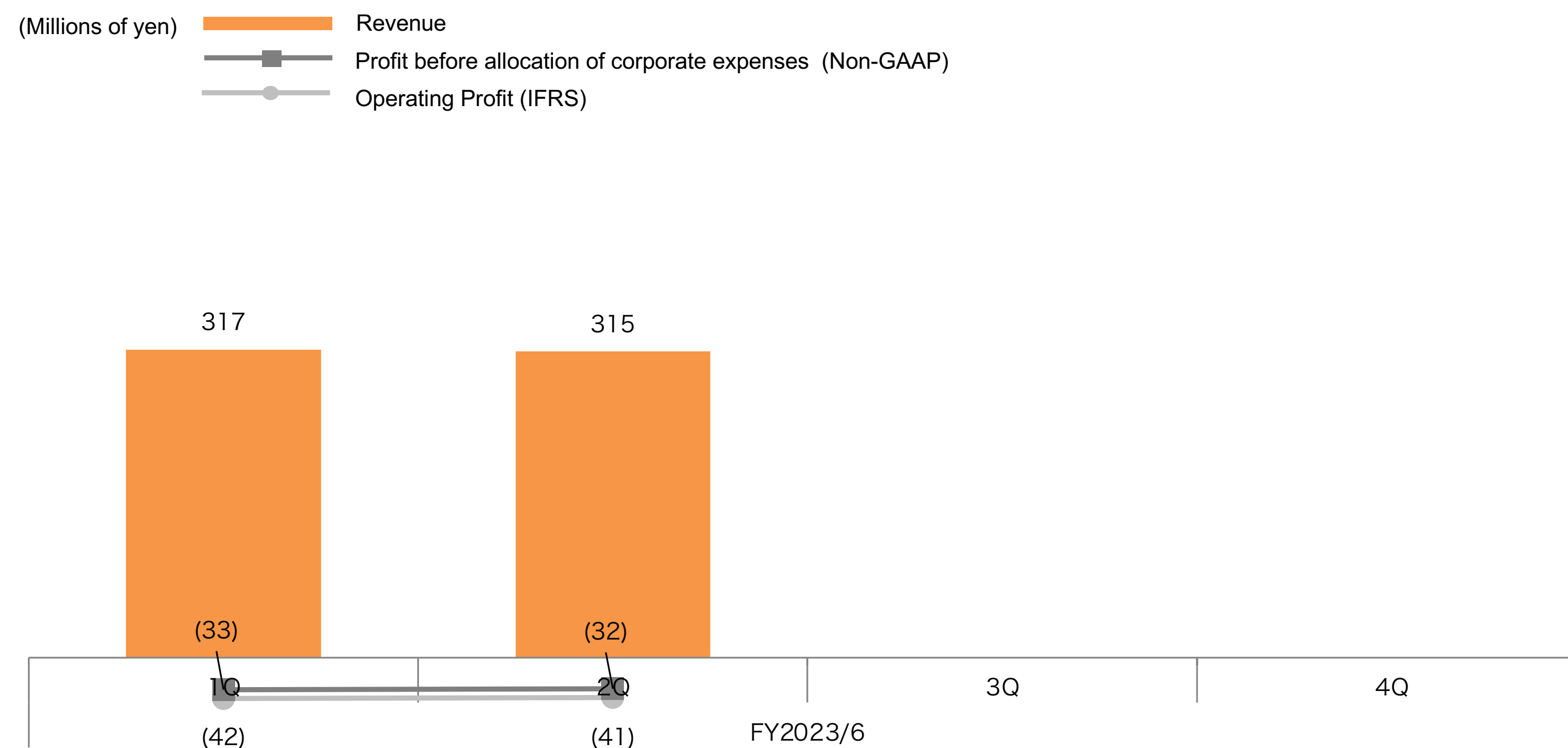
In addition, we are developing a password-less login solution equipped with robust security features.

We will continue to work toward further growth of our EC Business.

### 3. Summary by Business Segment

## Insurance Business (Revenue and Operating Profit)

- Both revenue and profit stayed at the same level as 1Q.



### Insurance Business (Revenue and Operating Profit)

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

- Revenue and operating profit  
To organically increase the acquisition of insurance policies with insurance products distinctive with caring design, we are working to strengthen SEO measures and advertisement delivery and find new sales channels. We also continue to review business partners and streamline business operations to improve the cost structure, and thus strive to reduce loss ratio.

3. **Summary by  
Business Segment**

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

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- To acquire new contracts, working to strengthen SEO measures and advertisement delivery and find new sales channels.
- Focusing on improving cost structure and reducing loss ratio by reviewing business partners and streamlining business operations.

### ■ Insurance Business (Overview and Initiatives)

The following initiatives are underway to increase sales and profits.

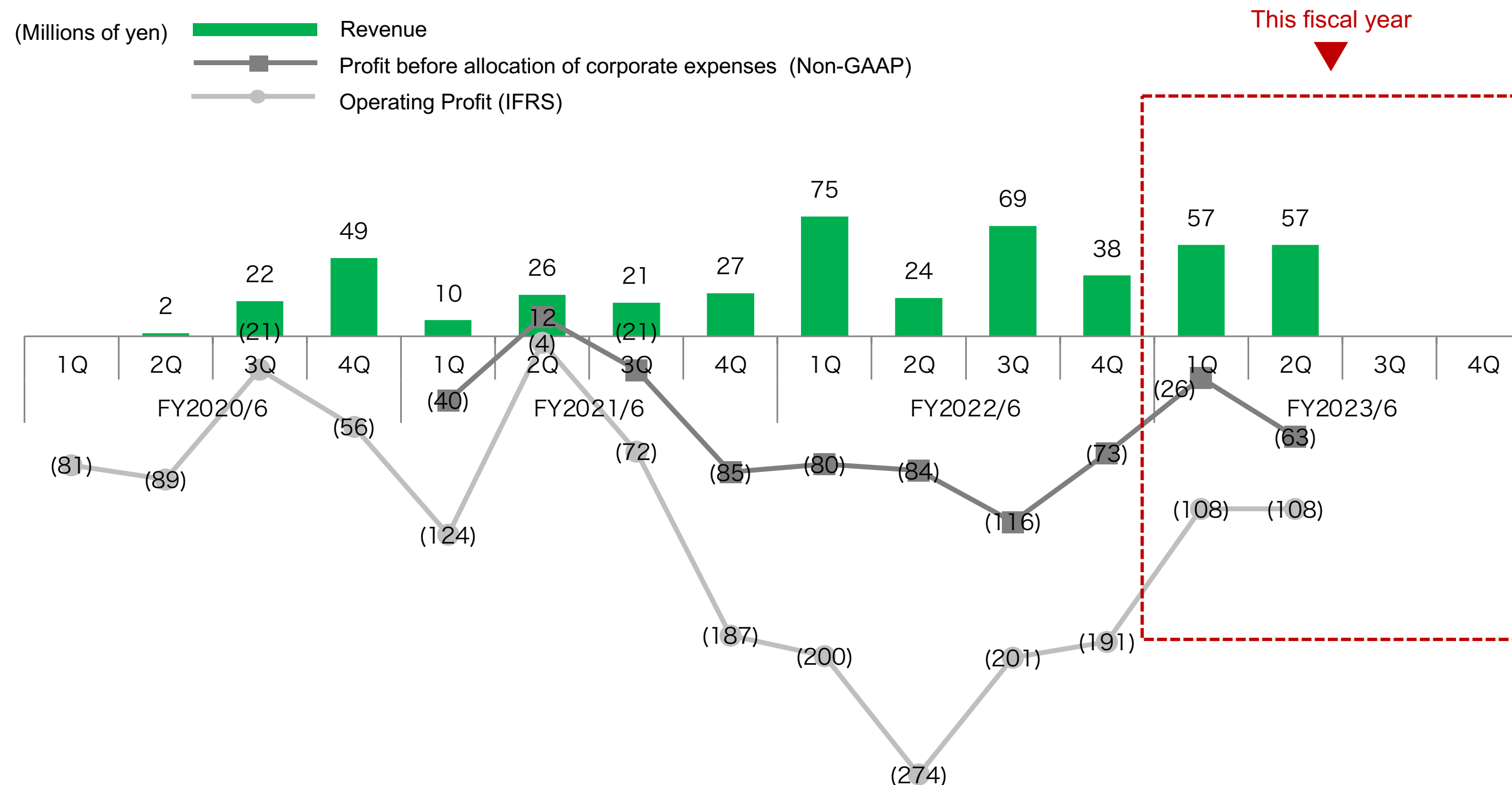
- To acquire new contracts, working to strengthen SEO measures and advertisement delivery and find new sales channels.
- Optimizing costs by, for instance, continuously reviewing business partners and streamlining business operations.

We are working to further strengthen our profit structure to create a system that enables to generate stable profits.

3. Summary by Business Segment

# Incubation & Investment Business (Revenue and Operating Profit)

Profitability gradually improved as upfront investments ran their course.



\*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 a variety of the services. A project started through Gyaku Propo has won the Best Idea Prize in the 17th Manifesto Awards. While receiving increasing attention, SOCIALX, INC. continues rolling out projects nationwide.

Scala Partners, Inc. has signed a comprehensive partnership agreement with Mitsui Sumitomo Insurance Company, Limited to develop insurance products in response to new work styles and promote work style reforms of companies. Under this agreement, we have extended and strengthened partnerships with local governments and business operators in a variety of fields to further improve the promotion of human capital management service. Thanks to an increase in the number of implementation of services, we are successfully monetizing these services.

J-Phoenix Research Inc. has provided 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.

Moreover, focusing on business expansion through M&A as one of the growth strategies, we have continued actively engaging in deal sourcing and providing co-creation oriented M&A advisory and M&A implementation support services by leveraging the accumulated M&A experiences and the know-how on digital transformation in our group.

3. Summary by  
Business Segment

## Incubation & Investment Business (Overview and Initiatives)

- Concluded the “Agreement on public-private co-creation for DX/CX promotion” with Toyota City in Aichi Prefecture.
- Through Gyaku Propo services, the project by QUICK Corp. matched to eight local governments (Yamagata City, Yokohama City, Kosai City, Toyota City, Kaga City, Koryo Town, Ikoma City, Hirakata City) and the project by OITA TRINITA (Oita FC) matched to Koryo Town in Nara.

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

We are engaged in the development and promotion of services under a new form of public-private co-creation collaboration among the central government, local governments, and private companies; the promotion of corporate work style reform and regional revitalization through workcation; and investments and related value-up activities, such as discovering investment targets, investment execution, engagement that will lead to creation of corporate value.

The following initiatives are currently underway

- Concluded the “Agreement on public-private co-creation for DX/CX promotion” with Toyota City in Aichi Prefecture in November 2022.
- QUICK and eight local governments (Yamagata City, Yokohama City, Kosai City, Toyota City, Kaga City, Koryo Town, Ikoma City, Hirakata City) collaborated on the project.
- The project by OITA TRINITA (Oita FC) matched to Koryo Town in Nara, and public-private co-creation project to solve social issues is in progress.

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

# Path to Achievement of Mid-term Management Plan COMMIT5000

## Realizing an enriched society and better lives Signs of sprouting from sown seeds in some fields



Value for Society

Enriching society

Value for Individuals

Making people's lives better



SOCIALX, INC.  
"The best experience  
in public-private co-creation."



Collaboration with Otsuka Pharmaceutical and  
Sompo Japan Insurance to create a  
"Smart Healthcare Platform"



### Mid-term Management Plan follow-up in detail

We are working to pursue essential improvements and transformations of the current structures of each industry targeted by our DX business by redefining them.

We redefine society and lifestyles through DX, and are committed to realize a more enriched society and better lives as a value co-creation platform that creates solutions to social issues through co-creation with companies, government agencies, and stakeholders. We see the value of our group as providing a variety of resource bases, including technological elements, that promote and support society and people's lives.

To realize this goal, our entire group has been actively working to create businesses to solve various social issues since the announcement of our mid-term management plan. Now, we are at the stage where some of the efforts we have made are beginning to bear fruit and turning into what could become the core business of our group in the future.

Progress has been remarkable, especially in the area of public-private co-creation business.

(reference: <https://socialx.inc/>)  
In addition, we are making steady progress in a wide range of fields, such as collaborations with a major pharmaceutical company and a major non-life insurance company in the healthcare field.  
(reference: <https://scalagr.jp/news/2022/10-smarthealthcare/>)

We aim to achieve COMMIT5000 by steadily turning these initiatives, which will lead to future financial impact, into sales.

The "Mid-Term Management Plan COMMIT5000 Follow-Up Report," which summarizes specific details of the plan, was disclosed on the Company's website on February 14, 2023. For more information, please refer to this follow-up report.

[https://scalagr.jp/pdf/ir/release/commit5000\\_followup\\_20230214.pdf](https://scalagr.jp/pdf/ir/release/commit5000_followup_20230214.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>	610 (As of December 31, 2022, consolidated)	
<b>Average age</b>	35.3	
<b>Capital</b>	1,783million	
<b>Fiscal year end</b>	June 30	
<b>Subsidiaries</b>	Scala Communications, Inc. Scala Partners, Inc. Scala PLAYce, Inc. J-Phoenix Research Inc. FourHands, Inc. EGG CO., LTD. Leoconnect, Inc. (Voting rights ratio: 66%) Connect Agency, Inc. (Voting rights ratio: 51%) Sports Stories, Inc. (Voting rights ratio: 80%)	Scala Next, Inc. Scala Service, Inc. SCL Capital LLC Athlete Planning, Inc. readytowork Co., Ltd. Nihon Pet Small-amount Short-term Insurance Company Retool, Inc. (Voting rights ratio: 66%) Social Studio Inc. (Voting rights ratio: 51%) SOCIALX, Inc. (Voting rights ratio: 75%)

#### 4. Company Overview

## Business segments

Segments	Group Companies	Business Description
IT/AI/IoT/DX Business	• Scala Communications, Inc. • Scala Service, Inc.	Provision of SaaS/ASP services
	• Scala Next, Inc. • readytowork Co., Ltd.	Development of SaaS/ASP services, offshore development activities
	• Connect Agency, Inc.	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
Customer Support Business	• Leoconnect, Inc.	Customer support (call center operation and other support) consulting
HR & Education Business	• 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
EC Business	• Scala PLAYce, Inc.	Operation of e-commerce site for buying and selling trading cards for competition games
Insurance Business	• Nihon Pet Small-amount Short-term Insurance Company	Provision of low-premium, short-term insurance plans
Incubation & Investment Business	• Scala, Inc.	Operation of e-commerce site for buying and selling trading cards for competition games
	• Scala Partners, Inc.	Headquarters for the Scala Group, holding company functions, investment business
	• J-Phoenix Research Inc.	Innovation, incubation, investments
	• SCL Capital LLC	Support for value creation management (analyst reports, preparation of integrated reports, support for the operation of funds)
	• SCSV-1 Investment Limited Partnership	Management of investment funds
	•SOCIALX, Inc.	Planning and operating a public-private co-creation platform 'Gyaku Propo'

#### ■ Business segments

- IT/AI/IoT/DX Business  
This business provides SaaS/ASP services using IT (Web, phone, fax, SMS related technologies)/AI/IoT 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.



To be an ideal company that the world needs

- 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

Since we announced our mid-term management plan, the outlook has become even more uncertain because of dramatic changes in our business climate caused by the pandemic and other events.

On the other hand, this environment can be a game-changing situation.

In order to grow dramatically from the steady growth we have achieved so far, we are pursuing various measures for short-, medium-, and long-term growth through active investments. We are all working hard to achieve the goals of our mid-term management plan.

We would like to thank you for your continued support.