



To be an ideal company that the world needs

SCALA GROUP

Results of Operations

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

Scala, Inc. May 15, 2023

Scala, Inc.

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

May 15, 2023

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

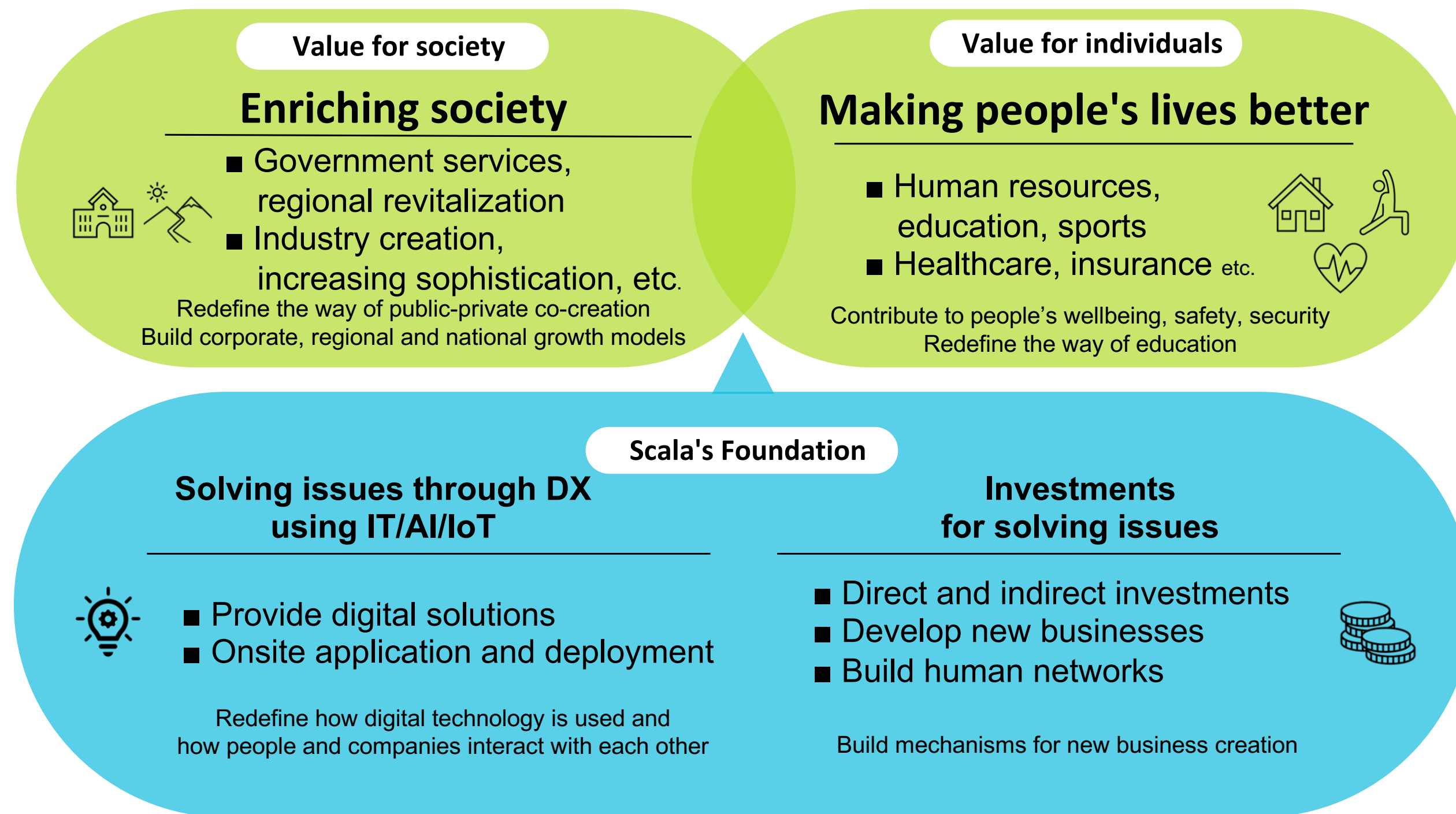
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■ 1. Business Summary

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.
- 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.
- NEW Launched "U-Medical Support," a comprehensive medical support tool for cattle.
- NEW Conducted a demonstration experiment of awareness-raising version of "ASTER II" in Fudai Village, Iwate Prefecture.
- NEW Launched "Fanique" utilizing membership NFT in Web 3 business.
- NEW 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.

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.
- Entered into a strategic partnership with Mirai Works.
- 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 January 2023)

Launched "U-Medical Support," a comprehensive medical support tool for cattle

Scala Communications, Inc., desamis Co., Ltd., and Mitsui Sumitomo Insurance Company, Limited under MS&AD Insurance Group Holdings, Inc. developed "U-Medical Support" and started the service on January 31, 2023.

<Main functions of this service>

- Allows veterinarians to see patients via video call on the tool when they are unable to make prompt house calls in remote areas such as remote islands or mountainous regions.
- Input of medical notes while examining patients, communication with livestock farmers, medical instructions by drawing directly on the screen, display of U-motion® data, etc. are possible.
- Labor-saving input with voice input, duplication, fill in histories, pull-down selections, etc. for electronic medical records.
- Veterinary drug instructions are digitized and managed in the cloud.



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

- Launched "U-Medical Support," a comprehensive medical support tool for cattle (Press release on January 31,2023)

desamis Co., Ltd., and Mitsui Sumitomo Insurance Company, Limited have been offering "Cattle Medical Expense Compensation Service" since 2020, in which the cattle behavior monitoring system "U-motion®"*1 automatically includes an insurance policy that covers the co-paid portion of medical expenses of livestock mutual aid. In the process, they identified various issues such as prompt provision of livestock care in remote areas, shortage of veterinarians, reduction of veterinarians' workload, prevention of livestock diseases, and improvement of farmers' productivity. To address these issues, the system development company Scala Communications, Inc. joined the project and developed "U-Medical Support," which enables seamless livestock treatment with a single tool. This service is equipped with functions necessary for livestock medical care, such as telemedicine, electronic medical records, electronic instructions, and electronic medical memos. In addition, data from "U-motion®" provided by desamis can be linked and checked during medical examinations and follow-up observations.

*1: U-motion® is a service that monitors the behavior of cows with sensors attached to their necks, recording their major behaviors such as ruminating, moving, lying down, and standing up for 24 hours and 365 days, and providing real-time information on their health status. Using the collected behavior data, artificial intelligence automatically detects abnormalities in cows and alerts the user in case of disease, heat, difficulty in standing up, etc.

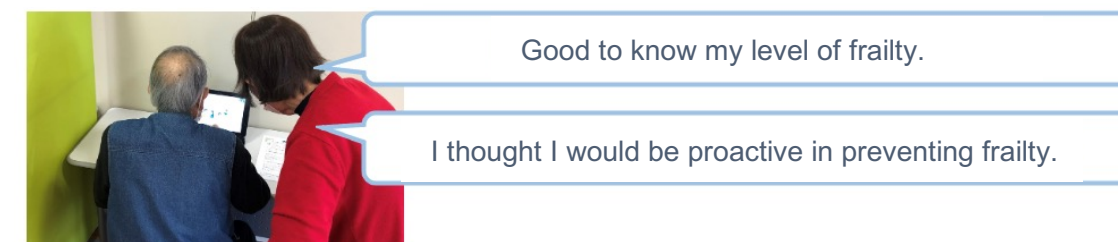
Conducted a demonstration experiment of awareness-raising version of "ASTER II" in Fudai Village, Iwate Prefecture

EGG CO., LTD collaborated with Fudai Village, Iwate Prefecture, to conduct a demonstration experiment of an awareness-raising version of the "ASTER II" early detection of frailty system on February 22, 2023.

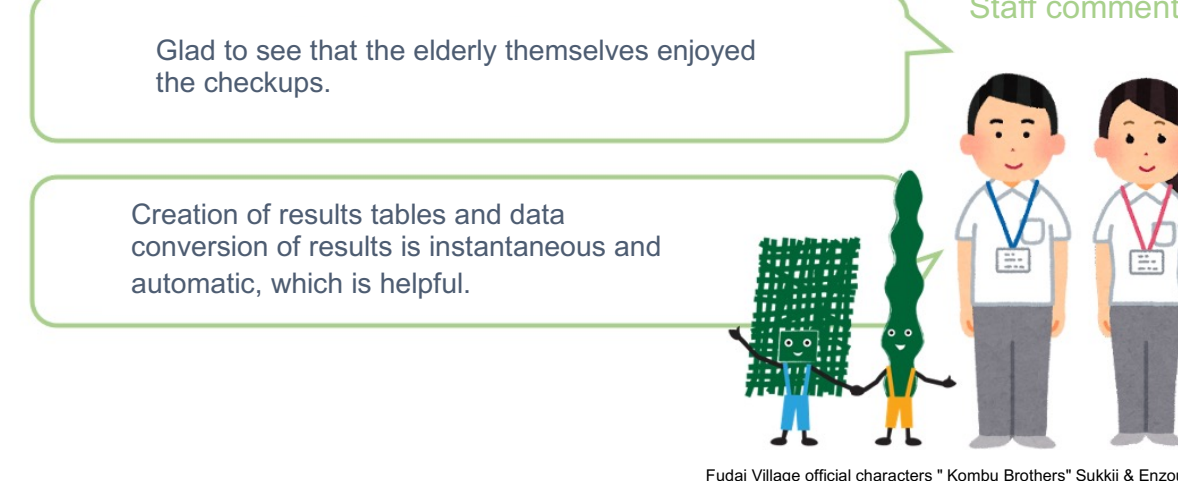
<Contents of this demonstration experiment>

As part of "Everyone's Health Center Project," a frailty check for the elderly using "ASTER II" was conducted at the "ASTER II" booth set up at the rear of the venue in between regular programs such as silver rehabilitation exercises and music therapy.

Participant comments



Staff comments



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

- Conducted a demonstration experiment of awareness-raising version of "ASTER II" in Fudai Village, Iwate Prefecture, on February 22, 2023 (Press release on March 20, 2023)
EGG CO., LTD. conducted a demonstration experiment of an awareness-raising version of the "ASTER II" early detection of frailty system as part of the "Everyone's Health Center Project*" with Fudai Village in Iwate Prefecture. Fudai Village in Iwate Prefecture has a population of 2,435 and an aging rate of 44.4% (as of the end of January 2023) and sees the prevention of frailty as an important issue as well as dementia control. Therefore, we will utilize awareness-raising version of "ASTER II," a system for early detection of frailty, to reconstruct the nursing care prevention project.

*"Everyone's Health Center Project": Held twice a month with the aim of providing a place where all residents, including the elderly, children, and people with disabilities, can freely engage in activities.

- About awareness-raising version of "ASTER II"
This is a cloud-based system equipped with a "basic checklist" to assess the degree of frailty of the elderly. The basic checklist is displayed on a tablet device in a question-and-answer format with audio and illustrations, and the elderly person responds by touching the "Yes" or "No" answer button. The evaluation results are displayed on the device screen immediately after the answers are given, allowing the user to immediately know the frailty status, and the results table can be printed out.

Selected as the secretariat of "Project for Business Introduction and Startup Promotion by Collaboration of Local Governments and Companies" for two years in a row

SOCIALX, INC. was Selected as the secretariat of Project for Business Introduction and Startup Promotion by Collaboration of Local Governments and Companies" for two years in a row.

Last year, supported 19 projects as the secretariat, and plans to implement the same number of projects this year.

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

- SOCIALX, INC. was selected as the secretariat of "Project for Business Introduction and Startup Promotion by Collaboration of Local Governments and Companies" for two years in a row (Press release on March 22, 2023)

SOCIALX, INC. was selected as the secretariat of "Project for Business Introduction and Startup Promotion by Collaboration of Local Governments and Companies" by the Small and Medium Enterprise Agency for two years in a row

- About "Project for Business Introduction and Startup Promotion by Collaboration of Local Governments and Companies"

The Ministry of Economy, Trade and Industry has been implementing this program since FY2020. Under this program, the Ministry subsidizes a portion of the costs for small and medium-sized enterprises that aim to develop new businesses that can both solve social issues and be profitable, in cooperation with local governments and other local communities. Social X, Inc. has been the secretariat since FY2022.

*This project was transferred from the Ministry of Economy, Trade and Industry to the Small and Medium Enterprise Agency this fiscal year.

Launched "Fanique" utilizing membership NFT in Web 3 business

Scala Partners Inc. launched "Fanique," a new type of fan club service utilizing membership NFT as a new business in the Web3 domain. Membership NFT is now available for the Saitama Broncos professional basketball team as the first user.

<Features of this service>

- Sports teams can create fan clubs using Membership NFT
- Participation in team decision-making
- Support & Earn Rewards Program, where you can turn your support for your team into value



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

- Scala Partners Inc. launched "Fanique," a new type of fan club service utilizing membership NFT (Press release on March 27, 2023)

Scala Partners Inc. has launched "Fanique," a new type of fan club service that utilizes membership NFT as a new business in the Web3 domain. It is a new type of fan club service that combines the functions of NFT and fan clubs. Sports teams can issue Membership NFTs, which enable fans to participate in important team decisions and own the value of their support for the team and its players, in addition to the traditional fan club functions. Based on the concept of "Support and Earn," fans can choose their favorite teams to support, and their contribution to the team will be valued, increasing the level and status of their NFT membership.

In line with the launch of Fanique, we have begun selling NFT memberships for the Saitama Broncos. In the future, we will continue to develop the service to support more teams with the NFT digital collection function, marketplace, etc., with a view to expanding the service to other teams.

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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)

	Third Quarter of FY/22			Third 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	6,700	(37)	-	9,864	336	3.4%	47.2%	-
IT/AI/IoT/DX Business	3,203	385	12.0%	4,988	418	8.4%	55.7%	8.5%
Customer Support Business	1,030	(27)	-	902	(46)	-	(12.5)%	-
HR & Education Business	1,083	107	9.9%	1,292	174	13.5%	19.3%	61.9%
EC Business	1,213	176	14.5%	1,544	212	13.7%	27.2%	20.2%
Insurance Business	-	-	-	941	(121)	-	-	-
Incubation & Investment Business	168	(675)	-	195	(300)	-	16.4%	-

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

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

- Revenue: ¥9,864 million (+47.2% 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: ¥336 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)

	Third Quarter of FY/22			Third 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
Consolidated	6,700	96	1.4%	9,864	340	3.5%	47.2%	252.0%
(Corporate expenses)	-	(794)	-	-	(788)	-	-	-
IT/AI/IoT/DX Business	3,203	832	26.0%	4,988	911	18.3%	55.7%	9.4%
Customer Support Business	1,030	(24)	-	902	(39)	-	(12.5)%	-
HR & Education Business	1,083	155	14.4%	1,292	218	16.9%	19.3%	40.1%
EC Business	1,213	207	17.1%	1,544	259	16.8%	27.2%	24.7%
Insurance Business	-	-	-	941	(94)	-	-	-
Incubation & Investment Business	168	(280)	-	195	(125)	-	16.4%	-

*Consolidated figures are based on Non-GAAP.

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

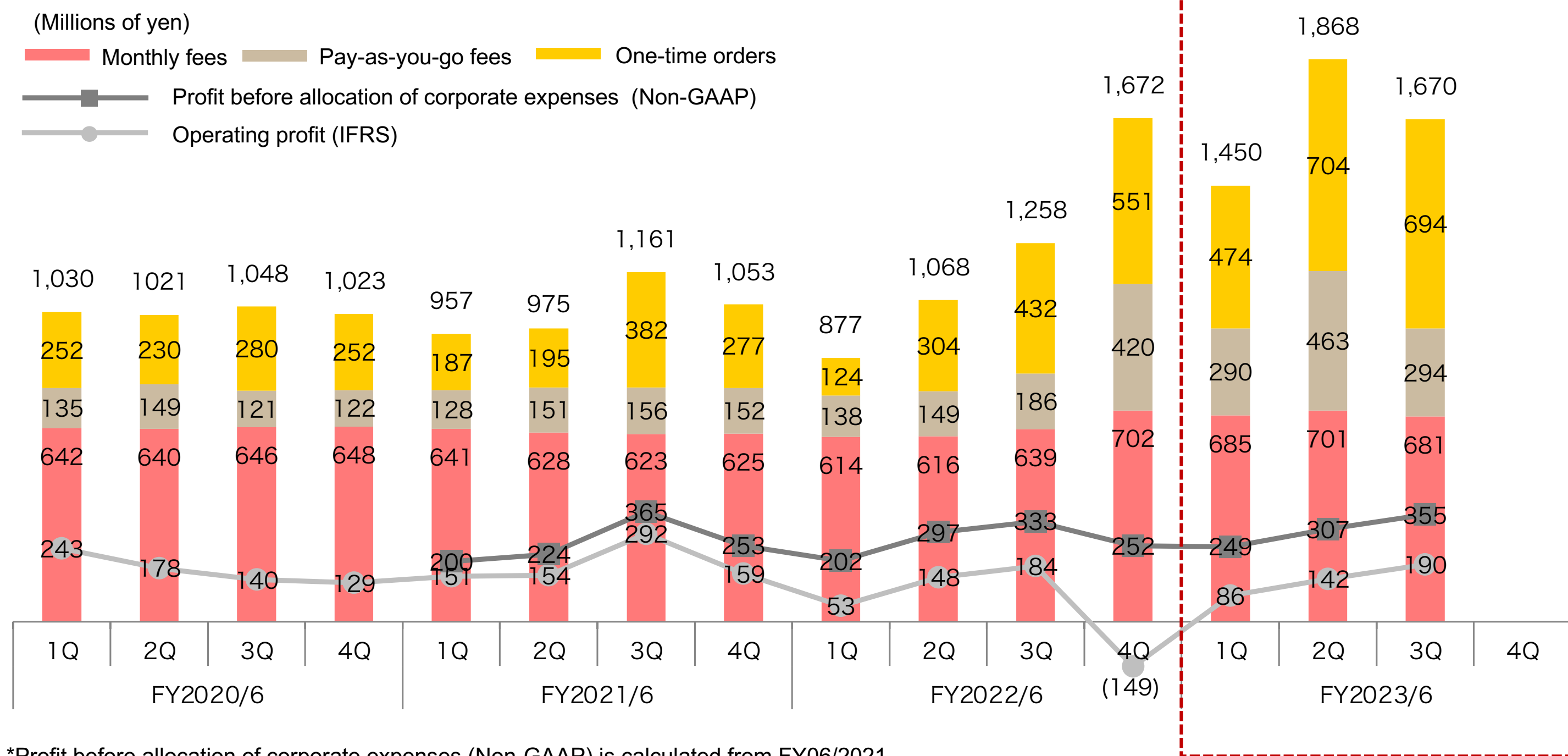
This slide shows the consolidated financial results in the third quarter of fiscal year that ended in June 2023.

- Revenue: ¥9,864 million (+47.2% YoY)
- Operating profit: ¥340 million (+252.0% YoY)

3. Summary by Business Segment

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

- Revenue is up 56% YoY (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.

- Scala Communications, Inc., desamis Co., Ltd., and Mitsui Sumitomo Insurance Company, Limited under MS&AD Insurance Group Holdings, Inc. developed U-Medical Support and started the service on January 31, 2023. The service provides a comprehensive medical treatment support tool for cow, for which Ministry of Agriculture, Forestry and Fisheries has been promoting utilization, with functions for remote treatment, electronic medical records, instructions.
- EGG CO., LTD will start new development of a system for the frailty prevention project in response to the Digital Garden City Nation Fund granted to the Healthcare Platform Implementation Program promoted by Yonago City in Tottori Prefecture. The program is scheduled to start in the summer of 2023.

■ 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.

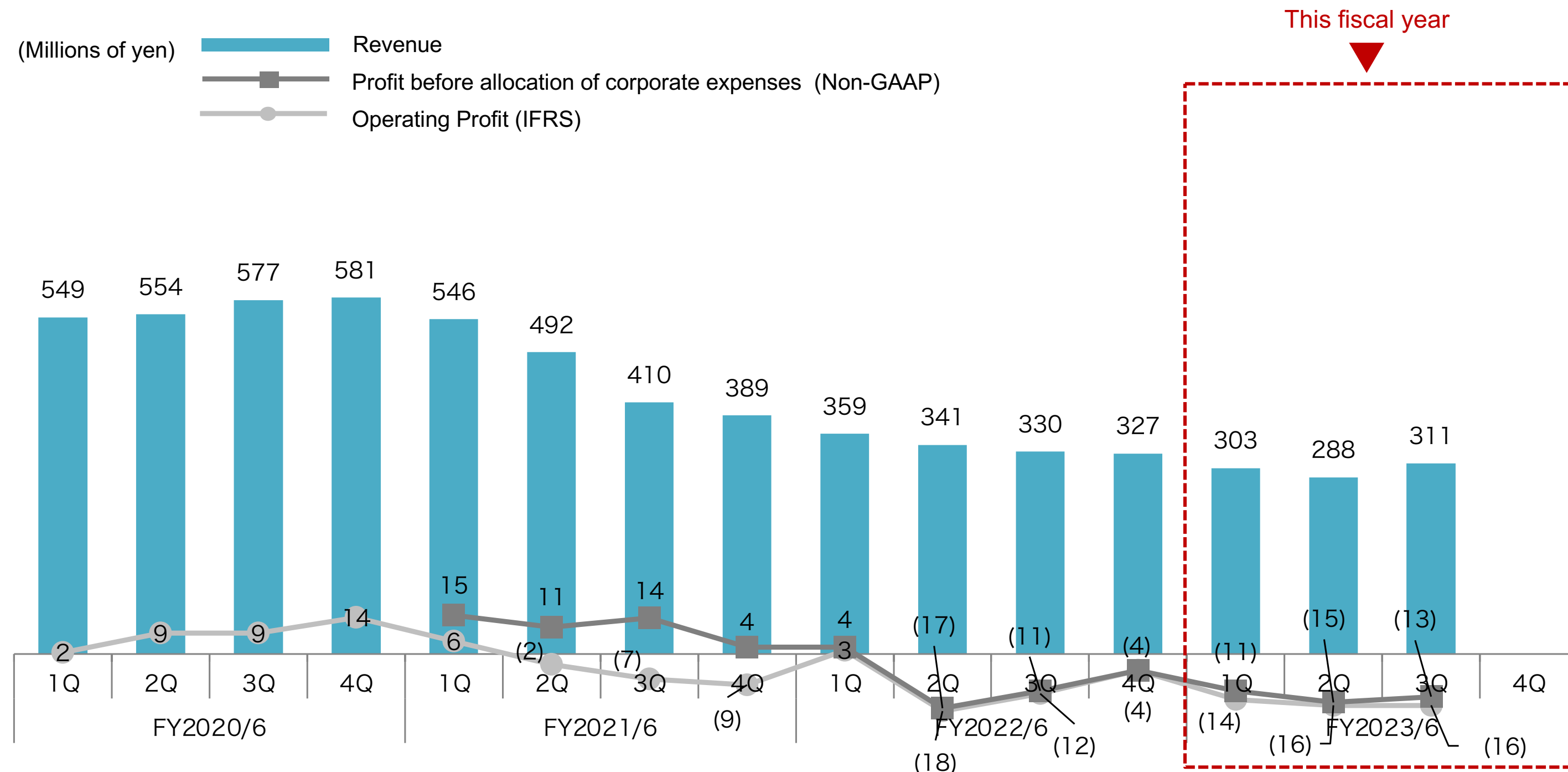
- Scala Communications, Inc., desamis Co., Ltd., and Mitsui Sumitomo Insurance Company, Limited under MS&AD Insurance Group Holdings, Inc. developed U-Medical Support and started the service on January 31, 2023. The service provides a comprehensive medical treatment support tool for cow, for which Ministry of Agriculture, Forestry and Fisheries has been promoting utilization, with functions for remote treatment, electronic medical records, instructions, and linkage of cow behavior data. The service will also support transformation of work style in the industry by improving operational efficiency and productivity of veterinarians and farmers
- EGG CO., LTD will start new development of a system for the frailty prevention project in response to the Digital Garden City Nation Fund granted to the Healthcare Platform Implementation Program promoted by Yonago City in Tottori Prefecture. The program is scheduled to start in the summer of 2023 and will contribute to revenue increase.
- EGG developed Tottori Health Plus, a system that allows analysis of medicine and nursing care database, under contract with Tottori National Health Insurance Organization.

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.



*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)

- New call center consulting operations expected to start in 4Q.
- Focus on strengthening sales activities to existing customers and acquiring new projects.

■ Customer Support Business (Overview and Initiatives)

Net sales decreased due to a decrease of the number of customer contacts of electric power companies. However, it is recovering in response to demand increase of support business to obtain subscription contracts of fiber-optic network by the initiation of new BPO projects and new life start in April.

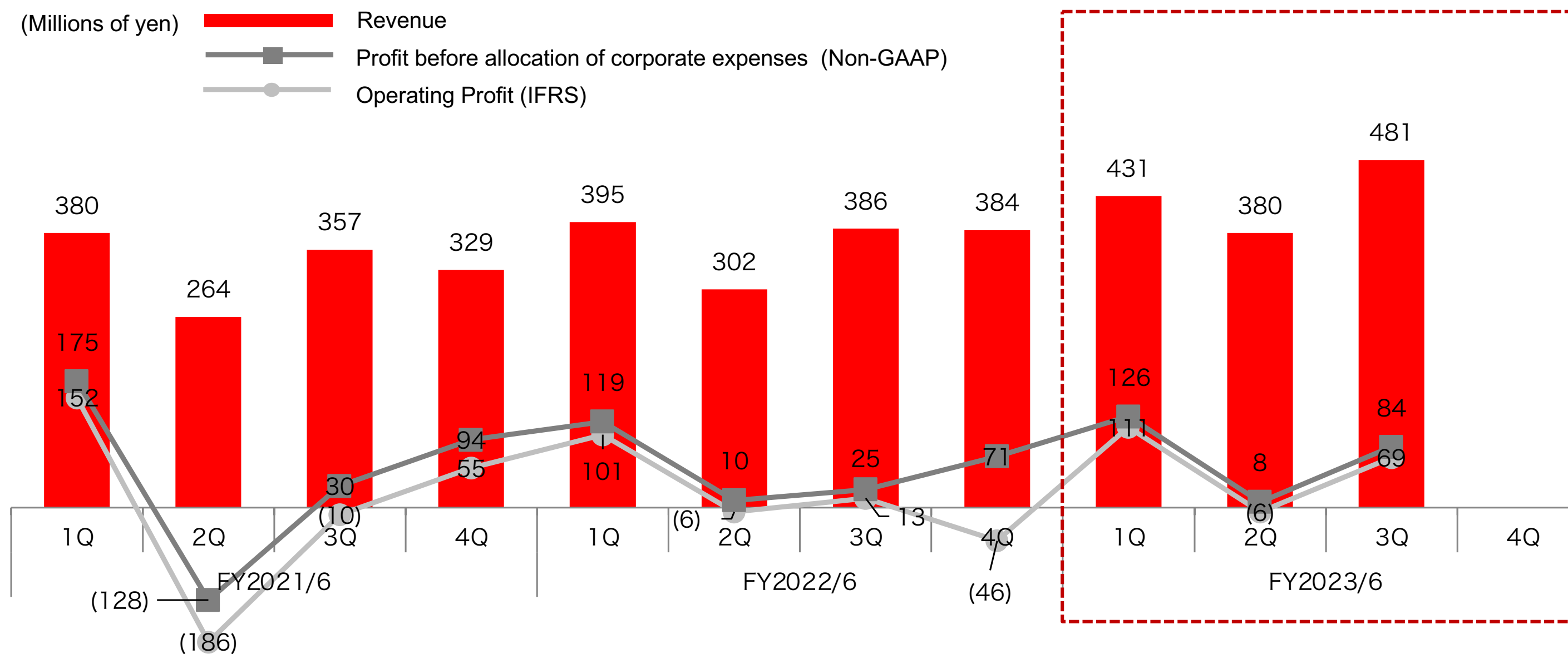
In addition, a new consulting business for a call center is expected to start in the fourth quarter. We will continuously strive to win new contracts while enhancing sales activities for the existing customers.

3. Summary by Business Segment

HR & Education Business

(Revenue and Operating Profit)

- The number of joint corporate information sessions held for next spring's new recruits steadily increased to 80.
- Revenue in 3Q reached a record high



*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
Active recruiting demand remained strong, and revenue for 3Q reached a record high.

3. Summary by
Business Segment

HR & Education Business (Overview and Initiatives)

- Preschools "Universal Kids Shinagawa" and "Universal Kids Bangkok", which pre-opened last September, opened in April for the new school year.
- The Saitama Broncos finished the season (2022-2023) placing 2nd in the regular season and 4th in the playoffs.

■ HR & Education Business (Overview and Initiatives)

In the recruitment support services, willingness to recruit new employees for the spring of 2024 continues to rise with the resumption of the economy after the pandemic and the labor shortage. Against this backdrop, the number of joint company information sessions increased steadily to 80 during the period under review, compared with 72 sessions held during the same period of the previous fiscal year.

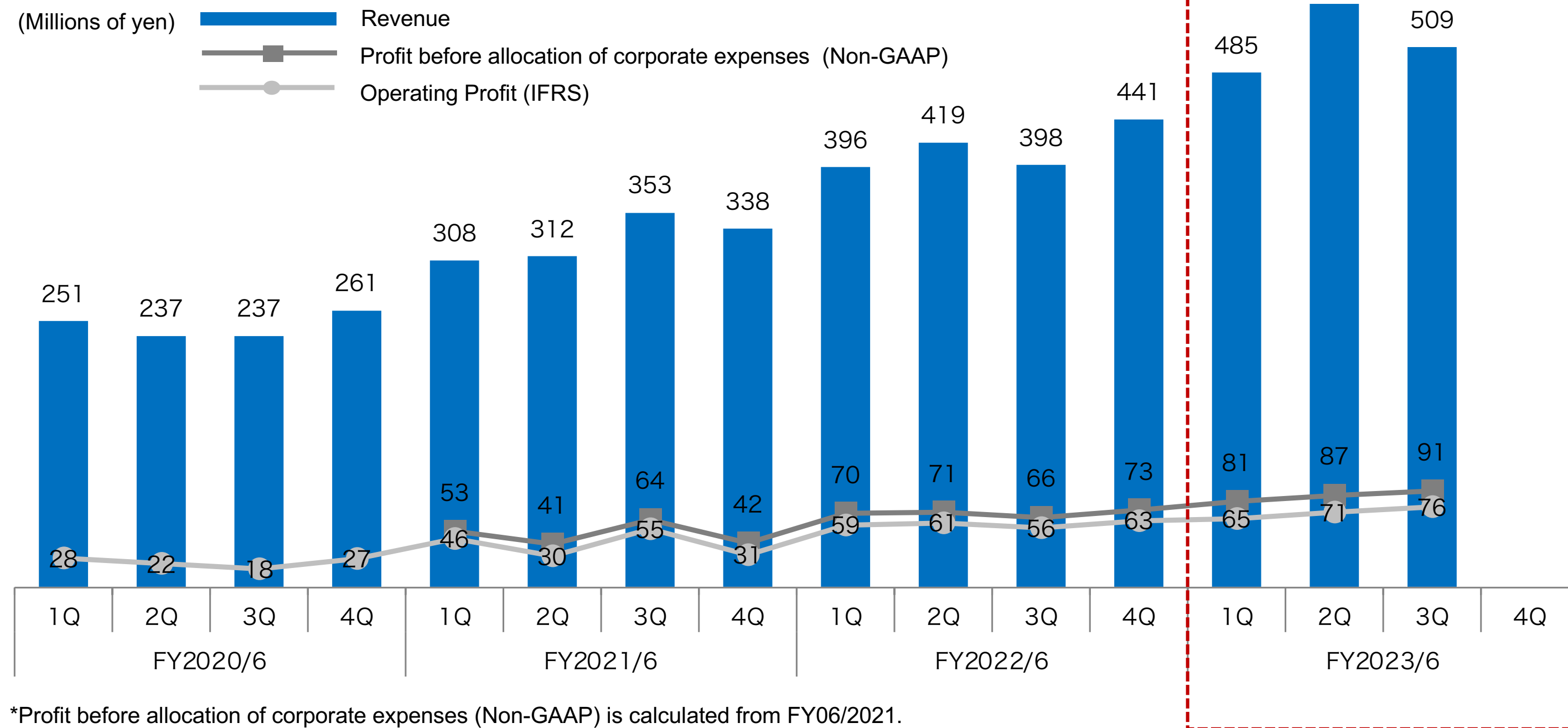
In education business, preschools Universal Kids Shinagawa and Universal Kids Bangkok, pre-opened in September 2022, opened in April 2023.

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

In addition, The Saitama Broncos finished the season (2022-2023) placing 2nd in the regular season and 4th in the playoffs.

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

- Revenue exceeded the same period of the previous year, and profit **This fiscal year** 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)

- Number of Yuyutei members:
188,000 at the end of the last fiscal year → 229,000 at the end of this quarter.
*250,000 as of the end of the current fiscal year (planned)
- iOS application is performing well, and Android application will be released in this fiscal year.
- 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.

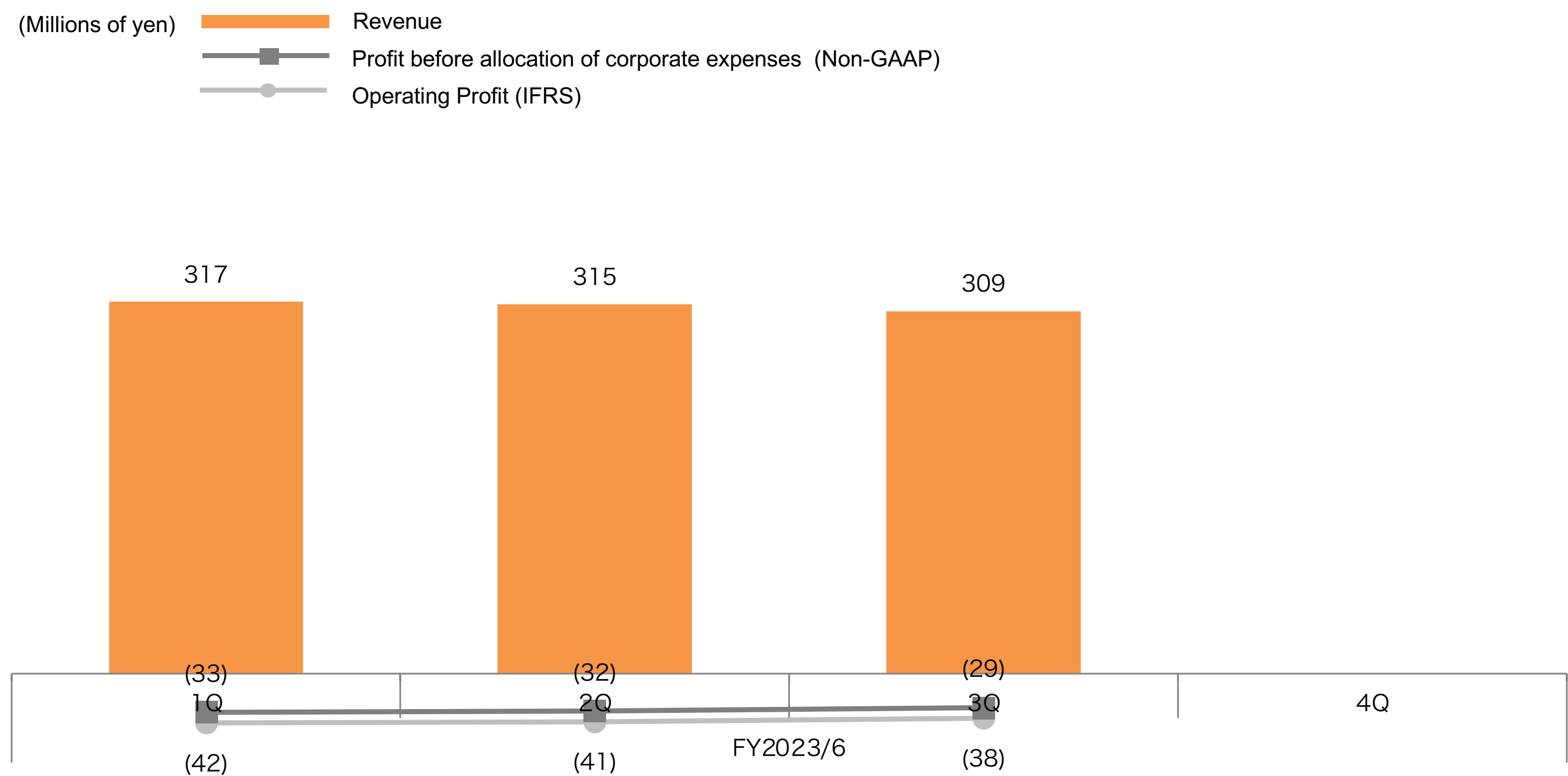
The iOS application released at the end of the previous fiscal year is also performing well, and development of the Android application is underway to be released in this fiscal year.

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)

- Both revenue and profit stayed at the same level as 1Q and 2Q.



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.

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

- To acquire new contracts, working to strengthen SEO measures and advertisement delivery and find new sales channels.
- Focus on developing new products that can meet a wide range of customer needs.

■ Insurance Business (Overview and Initiatives)

We are working to strengthen SEO measures and advertisement delivery and aggressively find new sales channels to acquire new contracts and increase sales and profits.

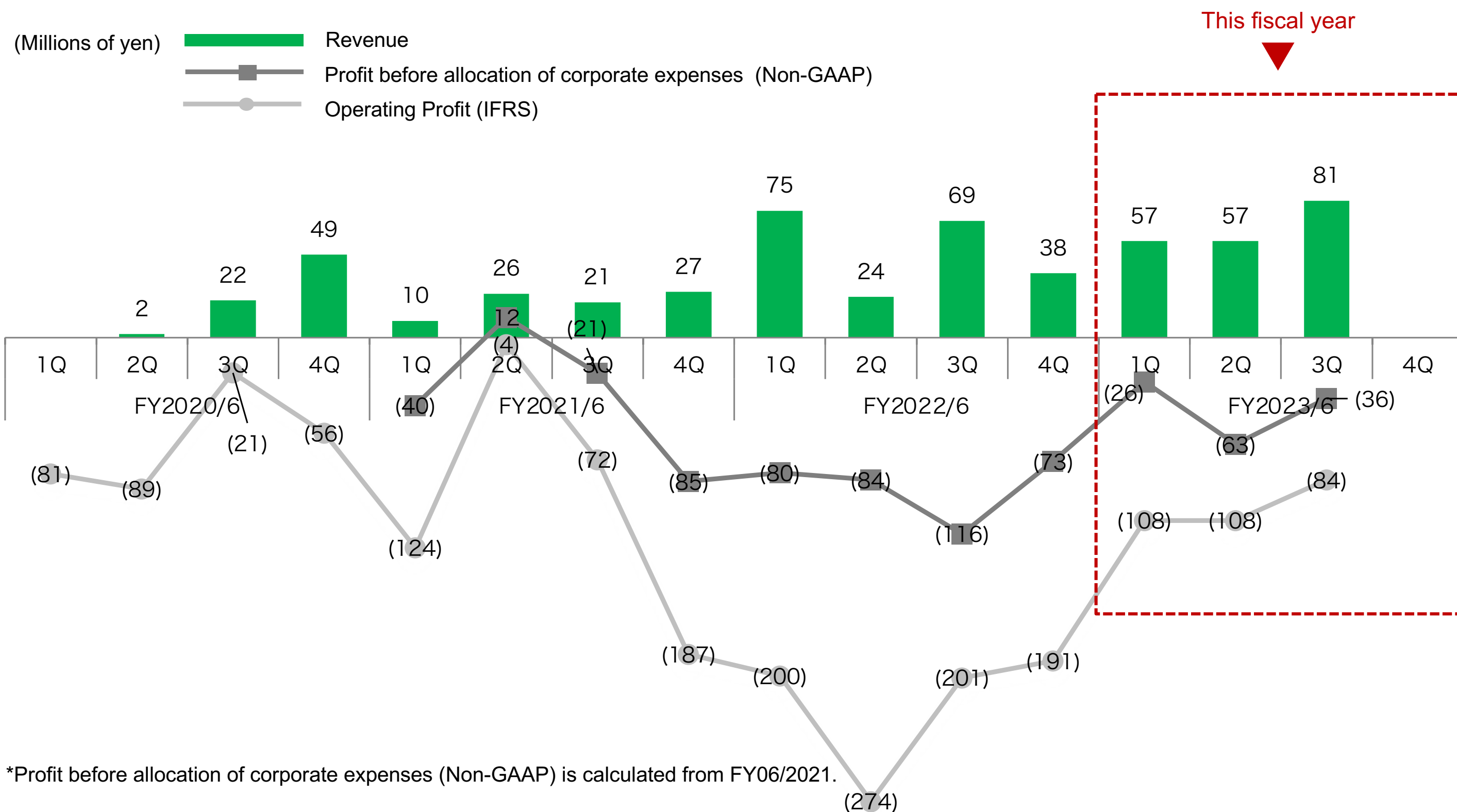
We also focus on development of new products that ensure more safe and secure environment for dogs and cats to meet needs of a broad range of customers.

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)

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 its "Gyaku Propo" services. SOCIALX was positively evaluated for the secretariat operations and the support in business development to solve social issues last fiscal year for the Ministry of Economy, Trade and Industry's program—Project for Business Introduction and Startup Promotion by Collaboration of Local Governments and Companies *This project was transferred from the Ministry of Economy, Trade and Industry to the Small and Medium Enterprise Agency this fiscal year.

Scala Partners, Inc. concluded a comprehensive partnership agreement with Mitsui Sumitomo Insurance Company, Limited to promote reform of working style and joined Japan Workcation Association to build further relationship with companies and local governments. As such, monetization is in progress in response to 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.

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)

- 157 people from 53 local governments and 132 people from 79 companies in total visited Gyaku Propo Lab@ARCH as a place where public and private sectors meet and dialogue easily aiming business co-creation.
 - ⇒ Gyaku Propo Tour (a tour to view social issues of local governments) was conducted.
 - ⇒ Led to creation of currently ongoing DX projects including community currency.
- In workation services for corporations, increasing in service introductions due to comprehensive partnership agreement with Mitsui Sumitomo Insurance Company, Limited, for promoting reforms of working styles.

■ 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.

Gyaku Propo also attracts attention. It was elected in Japan Service Innovation 2022 by Japan Productivity Center, a public interest incorporated foundation and also elected as an excellent case example in the Private-Public Initiative Examples for the Public-Private Partnership Platform for Regional Revitalization SDGs promoted by the Cabinet Office.

The following initiatives are currently underway

- 157 people from 53 local governments and 132 people from 79 companies in total visited Gyaku Propo Lab@ARCH.
- Gyaku Propo Concierge is a service to reframe social issues of local governments from a viewpoint of business and coordinates business creation. It led to a demonstration experiment of Smart Management DX for Official Vehicles by TOKAI RIKA CO., LTD. and Iwata City in Shizuoka Prefecture in anticipation of full introduction.

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

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■ 4. Company Overview

4. Company Overview

Company Overview

Name	Scala, Inc. (Tokyo Stock Exchange, Prime Market, Securities code : 4845)	
Headquarters	32F Shibuya Hikarie, 2-21-1, Shibuya, Shibuya-ku, Tokyo	
Established	December 11, 1991	
Business	IT/AI/IoT/DX Business, Customer Support Business, HR & Education Business, EC Business, Insurance Business and Incubation & Investment Business	
Employees	620 (As of March 31, 2023, consolidated)	
Average age	35.5	
Capital	1,785 million	
Fiscal year end	June 30	
Subsidiaries	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.	Headquarters for the Scala Group, holding company functions, investment business
	• Scala Partners, Inc.	Innovation, incubation, investments
	• J-Phoenix Research Inc.	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'

■ 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.