

COMPANY RESEARCH AND ANALYSIS REPORT

Scala, Inc.

4845

Tokyo Stock Exchange Prime Market

5-Nov.-2025

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FISCO Ltd.

<https://www.fisco.co.jp>

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Summary

Has completed business structural reforms; Returns to a growth trajectory from FY6/26

Scala, Inc. <4845> (hereafter, also “the Company”) operates under the corporate philosophy of “demonstrating ethical values,” “fulfilling social responsibility,” and “achieving lasting prosperity.” Centered on IT businesses, the Company has expanded its business by using M&As. The Company completed business structural reforms which had been implemented for two fiscal years since FY6/24 in response to deteriorating business performance. It aims to return to growth through proactive management from FY6/26. The Digital Transformation (DX) Business is the mainstay of the Company, accounting for more than 50% of revenue and net income, and the Company also operates the Human Resource (HR) Business, the Trading Card Game (TCG) Business (formerly the EC Business), and the Incubation Business.

1. Overview of FY6/25 results

In continuing operations in FY6/25*, revenue decreased 0.2% year on year (YoY) to ¥8,179mn, but operating income recorded ¥751mn (loss of ¥1,448mn in the previous fiscal year) and achieved a sharp recovery. The main driver was operating income (before allocation of Company-wide costs) of ¥969mn (loss of ¥525mn in the previous fiscal year) in the DX Business, marking a return to profitability for the first time in two fiscal years due to the effects of business structural reforms and the recording of income (¥189mn) from divestment of some businesses. Revenue in the DX Business increased only 1.2% YoY, but SaaS/ASP services remained strong, and seeds of growth, such as the newly launched SES (system engineering services) at Scala Communications Inc. and the launch of co-creation-type DX solutions in the healthcare and livestock production fields, are beginning to sprout.

* In FY6/25, all shares of Retool, Inc. and Nihon Pet Small-amount Short-term Insurance Company were transferred, and liquidation of Leoconnect, Inc. and SCSV-1 Investment Limited Partnership were completed. Results and year-on-year change rate are presented on a continuing operations basis, excluding the discontinued operations.

2. FY6/26 forecasts

For FY6/26 consolidated results, the Company forecasts revenue to increase 7.6% YoY to ¥8,800mn and operating income to decline 16.2% to ¥630mn. Revenue are expected to increase for the first time in two fiscal years as the DX Business and the TCG Business continue to expand and the HR Business also strengthens its human resources. Operating income is expected to decrease, but on the Non-GAAP basis, excluding one-time gains, operating income increases 12.3%. The reason is promotion of proactive investment for growth (human resources, infrastructure investment, M&A, etc.) because the Company completed the business structural reforms and regained a profitable structure. The Company appears to formulate a conservative plan on its targets, as in the previous fiscal year. It has prospective orders that are not included in the plan and aims to exceed the plan.

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Summary

3. Medium-term management plan

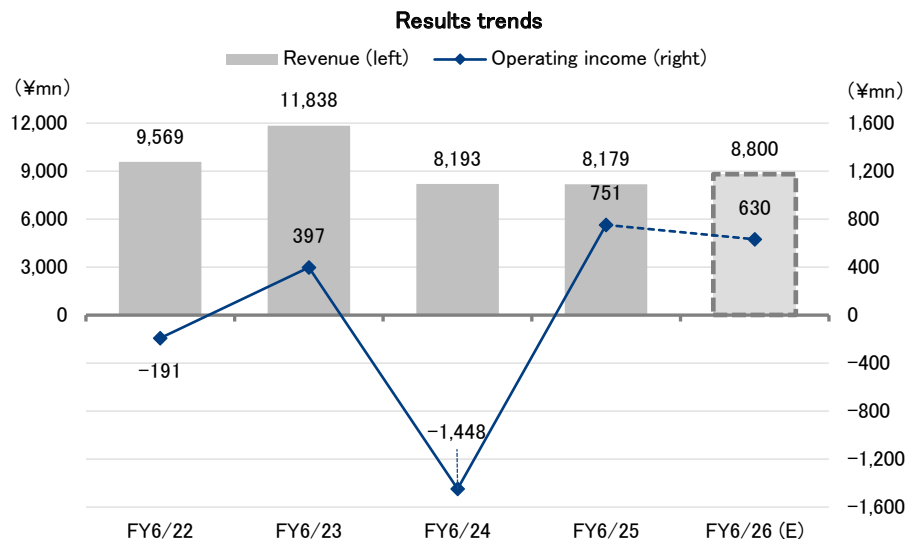
The Company announced the three-year medium-term management plan starting from FY6/26. The Company intends to aim for further profit growth while focusing on profitability and efficiency, strengthening the growth potential of its mainstay through enhanced business portfolio management. For FY6/28, the performance targets are revenue of ¥11,800mn and operating income of ¥1,100mn, the compound annual growth rate (CAGR) of revenue is 13.0%, and the CAGR of operating income (Non-GAAP) is 25.2%. The Company aims to achieve double-digit annual growth in the DX Business, the HR Business, and the TCG Business, and intends to achieve profit growth by working on improving operational efficiency through positive use of AI technologies and adding higher values to the services it provides.

4. Shareholder return policy

The Company's shareholder return policy is to distribute dividends at a rate of approximately 50% of net income before tax, excluding extraordinary factors such as gains on sale of shares of subsidiaries. Under this policy, the Company paid a dividend per share of ¥16.5 in FY6/25. For FY6/26, the Company plans to raise its dividend by ¥0.5 to ¥17.0. If net income before tax continues to grow, the Company is expected to increase its dividend.

Key Points

- Returned to profitability in FY6/25 for the first time in two years due to the effects of business structural reforms
- Forecasts double-digit profit growth in real terms in FY6/26 due to expansion of the HR business and the TCG business
- Formulates new medium-term management plan aiming for operating income of ¥1.1bn in FY6/28
- Intends to pay dividends, aiming to return around 50% of net income before tax excluding extraordinary factors



Note: IFRS, on a continuing operations basis
Source: Prepared by FISCO from the Company's financial results

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Business description

Engaged in four business segments: DX Business, HR Business, TCG Business, and Incubation Business

The Company has organized its business segments into four segments—DX Business, HR Business, TCG Business, and Incubation Business—and discloses information on them. Looking at the composition of revenue by business segment in FY6/25, the DX Business contributed the majority share of 56.4%, followed by 27.8% for the TCG Business, 12.4% for the HR Business, and 3.3% for the Incubation Business. Operating income (Non-GAAP, before allocation of Company-wide costs) also changed roughly in the same proportions, but only the Incubation Business recorded a slight loss. The Financial Business, which previously accounted for more than 10% of revenue, was classified as a discontinued operation because all shares of Nihon Pet Small-amount Short-term Insurance Company were sold in 4Q as part of the business structural reforms.

Looking at the main business operations of the subsidiaries that make up each business segment, the DX Business comprises three subsidiaries: Scala Communications, Inc., which mainly provides SaaS/ ASP services and contract-based system development; EGG CO., LTD, which is engaged in businesses related to national policy^{*1}, the Furusato Nozei taxation system^{*2}, healthcare (developing systems and apps for frailty^{*3} prevention), and regional revitalization; and Scala Service, Inc., which operates a call center service.

^{*1} EGG provides a management system and its operational support to secretariats for subsidy-related projects, etc. of central ministries and agencies.

^{*2} A system that enables local government personnel to accurately and easily manage donor information and thank-you gifts, and create various related documents. EGG is the first company in Japan that developed and offered the system. EGG has introduced it into more than 860 local governments in total.

^{*3} Frailty is a state between good health and needing full-time nursing care (a sufferer needs support within their daily life). The concept was popularized in Japan in 2014 by the Japan Geriatrics Society. It is thought that elderly people go through a process starting from good health, before suffering from sarcopenia, in which the muscles weaken, then frailty, in which all the functions needed for daily life weaken. Finally, they end up needing nursing care.

The HR Business now comprises two subsidiaries: ASPLA inc. (formerly Athlete Planning, Inc.), which operates a new graduate recruiting support service focused on university student athletes, and GearREmake, Inc., which was newly established in January 2024 and provides a mid-career recruiting support service. In the TCG Business, Scala PLAYce, Inc. operates an e-commerce site for purchasing and selling competitive trading card games. In the Incubation Business, the Company operates a strategic investment business (M&A support services, etc.), while SOCIALX, INC. plans and operates the public-private co-creation platform Gyaku Propo and supports new business development aimed at solving social issues.

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Business description

Subsidiaries by business segment and business content

Business segment	Company	Main business
DX Business	Scala Communications, Inc.	SaaS/ASP-related services business; development, sales, and maintenance of software products
	EGG CO., LTD.	Businesses related to national policy, the Furusato Nozei taxation system, healthcare, and regional revitalization
	Scala Service, Inc.	Call center service
HR Business	ASPLA inc.	HR recruiting (new graduate recruitment) support, career education for students
	GeaREmake, Inc.	HR recruiting (mid-career recruiting) support
TCG Business*	Scala PLAYce, Inc.	Operation of Card Shop — Yuyu-Tei, an e-commerce site for trading card games (TCG)
	Scala, Inc.	Strategic investment business
Incubation Business	SOCIALX, INC.	Planning and operation of the Gyaku Propo public-private sector co-creation platform, support or the development of new projects aiming to solve social issues

* The EC Business was renamed Trading Card Game (TCG) Business from July 2025.

Source: Prepared by FISCO from the Company's results briefing materials

(1) DX Business

Scala Communications, which accounts for just under 80% of DX Business's revenue, mainly operates four businesses. The SaaS/ASP business, as a recurring revenue business model, provides a variety of systems for web and telephone inquiries, information retrieval, and application acceptance at reasonable monthly fees, accounting for the majority of sales. In addition, the Company also operates the SES business that develops Web and IT systems on consignment and dispatches system engineers to client companies, the alliance business that provides socially useful solutions based on agile development through co-creation with companies and local governments, and the media service business that distributes business information from various news media that matches the themes specified by clients. As specific examples of the alliance business, it has been developing, among other things, a public facility reservation system using digital IDs in partnership with xID Inc. and healthcare platform services through co-creation with Otsuka Pharmaceutical Co., Ltd.

Main SaaS/ASP services

Type	Product name	Description
Information searches	i-search	Internal search engine for websites
Content management	i-catalog	Product site management system
	i-linkcheck	Link check services
Content delivery	i-linkplus	Service for displaying links to related pages
	i-gift	Digital gift service
	News distribution services	News distribution service for corporations
Various types of reception	SaaS-type IVR	Interactive voice response service
	Campaign website construction	Campaign website construction and reception
Inquiry management	i-ask	FAQ system
	i-assist	Web chatbot system
	i-livechat	Web chat system
Authentication	i-identify	Incoming call authentication service
SaaS Services for local governments	Fixed-amount tax reduction/benefit application management system	Fixed-amount tax reduction/benefit application management system

Source: Prepared by FISCO from the Company's website

Business description

(2) HR Business

In the HR Business, ASPLA provides a recruiting support service for corporations mainly offering specialized athletic human resources, and also provides services for individuals, including a comprehensive employment support service for university student athletes, a job hunt support service specifically for female students, and other services. The source of earnings is from the planning and management service for corporate joint briefing meetings to recruit new graduates (including holding events online). The service begins selling exhibition booths to companies in June each year, and the meetings are scheduled from December to March of the following year. Additionally, for strengthening mid-career recruiting and job change support services, the Company established GearREmake in January 2024, which accounts for about 10% of revenue.

(3) TCG Business

In the TCG Business, Scala PLAYce operates a secondhand e-commerce site with functions for purchasing and selling competitive trading card games and serving as a strategy guide site, Yuyu-Tei. The site has high name recognition in the gaming industry and is influential to the extent that it is used as a reference indicator for the pricing of used cards, and it has established itself as the industry's No. 1 site for purchasing and selling trading cards on an EC platform. From FY6/20, Scala PLAYce began purchasing from overseas users, and in FY6/25 it also launched a direct sales service for overseas users (previously, a forwarding service had been used). As of June 2025, the site had over 315,000 registered members. The number of members is increasing at a rate of 2,000 per month.

(4) Incubation Business

The Incubation Business includes new business investments by the Company, regional revitalization services in collaboration with local governments, and operationally supportive M&A promotion services. It also encompasses the Gyaku Propo public-private sector co-creation platform provided by SOCIALX.

Gyaku Propo is a service for private-sector companies—including large corporations and startups—utilized for rapidly verifying a new business that solves social issues. In a conventional public offering proposal, a local government publicly solicits a proposal, and companies submit applications for the proposal, then a third party evaluates and selects a winner. Conversely, in Gyaku Propo, a company develops a social-issue-solving project at its own expense and openly invites local governments interested in participating in the project. This will allow companies to select local governments that submitted proposals in line with the proposed theme and conduct a number of demonstration experiments. Budgets for the projects will be paid to selected local governments by companies participating in the public offering in the form of “donations.” While SOCIALX receives little revenue directly from Gyaku Propo, there are cases where Scala Communications receives orders to develop systems used in the projects. In addition, it also increases opportunities for receiving orders for projects such as DX support from participating local governments. For this reason, the Company has positioned Gyaku Propo as an important trigger to expand public-private sector co-creation projects.

Results trends

Returned to profitability in FY6/25 for the first time in two years due to the effects of business structural reforms

1. Overview of FY6/25 results

In the FY6/25 consolidated results (IFRS, on a continuing operations basis), revenue decreased 0.2% YoY to ¥8,179mn, operating income was ¥751mn (loss of ¥1,448mn in the previous fiscal year), net income before tax amounted to ¥724mn (loss of ¥1,466mn), and net income attributable to owners of parent was ¥982mn (loss of ¥2,887mn), marking a return to profitability for the first time in two fiscal years.

Revenues increased in the DX Business and the TCG Business, but declined in the HR Business and the Incubation Business, resulting in an overall slight decrease. On the expense front, SG&A expenses decreased ¥675mn YoY due to business structural reforms implemented in the previous fiscal year (including streamlining personnel, reducing office floor space, and reorganizing unprofitable businesses) and reduction of officer remuneration from 2Q onward. In other income/expenses, the Company recorded impairment losses of ¥1,961mn and other related expenses in the previous fiscal year, while in FY6/25, it recorded income of ¥189mn from divestment* of some businesses and other items in the DX Business. This resulted in an overall increase of ¥1,643mn, and a significant increase of ¥2,200mn on an operating income basis. Although the Company recorded an operating loss in 4Q due to recording of one-time expenses, including liquidation expenses associated with the completion of business structural reforms, it returned to profitability for the full year, and this operating loss does not affect the recovery trend of the Company's business performance.

* The divested services are different from the SaaS model and require special engineers and are thereby less likely to create synergy with other services, so the Company determined that it is difficult to expand the related businesses and sold the subject services.

Compared to the revised figures announced by the Company in June 2025, operating income and net income before tax were roughly in line with forecasts, but net income attributable to owners of parent exceeded forecasts by ¥442mn. The main driver was recording of ¥350mn in income taxes-deferred (gain) associated with an increase in the recoverable amount of deferred tax assets and ¥61mn in profit from discontinued operations.

FY6/25 results on the Non-GAAP* basis include revenue of ¥8,179mn, down 0.2% YoY, operating income of ¥561mn (loss of ¥25mn in the previous fiscal year), net income before tax of ¥534mn (loss of ¥43mn), and net income attributable to owners of parent of ¥370mn (loss of ¥211mn). Even on that basis excluding one-time expenses and gains, it seems that the Company improved profitability and regained a profitable structure.

* Non-GAAP metrics are values calculated by deducting non-recurring items (one-time gains and losses) and other adjustment items defined by the Company group from International Financial Reporting Standards (IFRS), and are intended to facilitate comparison of actual profitability and operating results from past fiscal years.

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Results trends

FY6/25 consolidated results (IFRS, continuing operations)

	FY6/24		Company forecast*	FY6/25		YoY		Change vs. forecast
	Results	vs. revenue		Results	vs. revenue	Change	% change	
Revenue	8,193	-	8,300	8,179	-	-0.2%	-13	-120
Gross profit	4,070	49.7%	-	3,952	48.3%	-2.9%	-118	-
SG&A expenses	4,076	49.8%	-	3,401	41.6%	-16.6%	-675	-
Other income/expenses	-1,442	-	-	200	-	-	1,643	-
Operating income	-1,448	-17.7%	760	751	9.2%	-	2,200	-8
Net income before tax	-1,466	-17.9%	730	724	8.9%	-	2,190	-5
Net income from discontinued operations	-1,167	-	-	61	-	-	1,228	-
Net income attributable to owners of parent	-2,887	-35.2%	540	982	12.0%	-	3,869	442

* Refers to the Company forecast announced in June 2025

Source: Prepared by FISCO from the Company's financial results

Considerable recovery in revenue in the DX Business

2. Trends by business segment

Results by business segment

	FY6/24	FY6/25	YoY	
			% change	Change
DX Business				
Revenue	4,561	4,616	1.2%	55
Operating income (IFRS)				
Before allocation of Company-wide costs	-525	969	-	1,494
After allocation of Company-wide costs	-1,168	776	-	1,944
Operating income (Non-GAAP)				
Before allocation of Company-wide costs	535	779	45.4%	243
After allocation of Company-wide costs	-106	586	-	693
HR Business				
Revenue	1,028	1,011	-1.6%	-16
Operating income (IFRS, Non-GAAP)				
Before allocation of Company-wide costs	304	228	-24.9%	-75
After allocation of Company-wide costs	266	148	-44.3%	-118
TCG Business (formerly EC business)				
Revenue	2,238	2,277	1.8%	39
Operating income (IFRS, Non-GAAP)				
Before allocation of Company-wide costs	303	317	4.8%	14
After allocation of Company-wide costs	240	264	10.2%	24
Incubation Business				
Revenue	294	273	-7.2%	-21
Operating income (IFRS)				
Before allocation of Company-wide costs	-297	-16	-	280
After allocation of Company-wide costs	-303	-16	-	286
Operating income (Non-GAAP)				
Before allocation of Company-wide costs	-188	-16	-	171
After allocation of Company-wide costs	-194	-16	-	177

Source: Prepared by FISCO from the Company's financial results

Results trends

(1) DX Business

DX Business revenue increased 1.2% YoY to ¥4,616mn, and operating income (IFRS, after allocation of Company-wide costs; same hereafter) improved significantly to ¥776mn (loss of ¥1,168mn in the previous fiscal year), marking a return to profitability for the first time in two fiscal years. Also, operating income before allocation of Company-wide costs on a Non-GAAP basis indicating actual profitability rose sharply 45.4% to ¥779mn.

Looking at trends by company, Scala Communications recorded sales of approximately ¥3.6bn with a single-digit YoY growth, and returned to profitability for operating income for the first time in two fiscal years. In addition to an increase in monthly recurring revenue (MRR) from the SaaS/ASP business, such as i-ask and i-search, which contributed to revenue growth, a large-scale development project (auto loan web service system) that was ordered by a financial services company and delivered in December 2024 contributed to operating income. As of June 2025, MRR of the SaaS/ASP business was approximately ¥200mn, an increase of ¥15mn YoY. The SES business, which started in 2023, also has a team of about 30 engineers and has grown to a scale of about ¥20mn in monthly sales as of the end of FY6/25. The SES business allocates human resources to either in-house roles or external assignments depending on the situation, contributing to reducing outsourcing costs during busy periods.

Furthermore, EGG, with sales of just over ¥900mn, achieved its initial plan due to strong sales in the Furusato Nozei taxation system business and the business involving frailty prevention for local governments* even though the revenue slowed down with the completion of the businesses related to national policy. As for the business involving frailty prevention, it has been introduced in about 20 local governments, and the annual sales reached about ¥100mn. It is expected to continue to grow steadily as a business that solves social issues.

* It is the frailty early detection system developed by EGG. Through the local government's official LINE account as a starting point, the system allows its users to undergo personal authentication with their My Number and conduct frailty assessment checks on their smartphones. The system is designed to prompt prevention of frailty by gathering assessment results in the local government's administration system and directing staff to provide intervention and guidance based on these results. It is expected that utilizing the system curbs the increase in people needing nursing care, boosts health of residents, and lowers the nursing care cost burden.

Scala Service, with sales of approximately ¥100mn, is engaged in call center operations in Okinawa. Currently, Scala Service runs call center operations related to group services, etc. and is thus positioned as a cost center. Scala Service recorded a slight loss in terms of net income, but the loss was smaller than in the previous fiscal year. Recently, the number of projects from financial institutions with branches in Okinawa Prefecture has been increasing, and thus it can return to profitability in FY6/26.

(2) HR Business

In the HR Business, revenue decreased 1.6% YoY to ¥1,011mn, operating income decreased 44.3% to ¥148mn, and operating income before allocation of Company-wide costs declined 24.9% to ¥228mn. The main reason for the decline in revenue and net income was a decrease in the number of personnel placement contracts due to a shortage of career advisors. On the other hand, both new and existing corporate customers have positive motivation to exhibit at job hunting events for students graduating in 2026, and sales of exhibition booths remained strong. GeaREmake's mid-career recruiting support business grew to over ¥100mn in sales and earned net income in 2H FY6/26.

Results trends

(3) TCG Business

In the TCG Business, revenue increased 1.8% YoY to ¥2,277mn, operating income increased 10.2% to ¥264mn, and operating income before allocation of Company-wide costs increased 4.8% to ¥317mn. Revenue surpassed a record high consecutively and operating income increased for the first time in two fiscal years. As the trading card market expands year by year, the number of registered members of a secondhand e-commerce site with functions for purchasing and selling TCGs and serving as a strategy guide site, Yuyu-Tei, has grown to 315,000. However, the increase in the sales amount was small because sales of some titles that boomed in the previous fiscal year declined. The number of users of the overseas direct delivery service, which started in December 2024, is steadily increasing, and there is significant room for future growth. Overseas sales still account for only 10% of total sales.

As a new initiative, Scala PLAYce sold an inventory management system developed for internal use to trading card wholesalers. Sales are expected to be about ¥10mn, and Scala PLAYce intends to extend sales channels of the service in the future. In preparation for business expansion, Scala PLAYce relocated and expanded the floor space of its distribution base in April 2025, roughly doubling its storage capacity.

(4) Incubation Business

In the Incubation Business, revenue decreased 7.2% YoY to ¥273mn, operating loss was ¥16mn (loss of ¥303mn in the previous fiscal year), and operating loss before allocation of Company-wide costs on a non-GAAP basis was ¥16mn (loss of ¥188mn). Despite the decline in revenue, the amount of loss decreased due to fixed cost reductions resulting from business structural reforms.

SOCIALX is working on creating new businesses that solve social issues with public-private co-creation through various services of Gyaku Propo. As a specific initiative, SOCIALX IMPACT FUND is newly established to invest in startup companies that solve social issues. A joint bid by SOCIALX and QR Investment, Ltd., an investment subsidiary of the CCI Group Inc. <7381>, was selected as a fund distribution partner to allocate dormant funds held by the General Incorporated Foundation Japan Network for Public Interest Activities (JANPIA) as funding for impact investment. Over an investment period of six years, it will invest in seed and early-stage companies at a scale of ¥5.0–50.0mn per project. As of March 2025, the total fund size is ¥600mn, and SOCIALX aims to raise additional capital to ¥1.0bn by the end of 2025. SOCIALX aims not only to earn fund management fees (2.5% of assets under management), but also to contribute to solving social issues by supporting co-creation between investee companies and local governments, while also securing new projects such as system development projects.

Also, SOCIALX Acceleration, a Public-Private Sector Co-creation Acceleration Program, is provided as an OEM offering to MUFG Bank, Ltd. and Mitsubishi UFJ Trust and Banking Corporation for the deployment of the “Oshigoto Crowdfunding*” initiative. SOCIALX announced that 15 companies were selected as finalists out of approximately 100 entrants and were matched with local governments to establish 31 projects through public calls using Gyaku Propo in August 2025. Going forward, SOCIALX will provide hands-on support for demonstration experiments until March 2026, utilizing SOCIALX’s expertise in developing new businesses that solve social issues, the customer base of MUFG Bank, Ltd., and the network of Mitsubishi UFJ Trust and Banking Corporation with financial institutions nationwide. Local governments will lead efforts to cover expenses of demonstration experiments in the form of crowdfunding using the Furusato Nozei taxation system and corporate version of Furusato Nozei taxation system (the policy differs for each project), and SOCIALX receives a portion of the donations as commission income.

* The initiative solicits and selects impact startup companies that possess services, technologies, or ideas with the potential to help solve the 10 priority social issues identified by Mitsubishi UFJ Financial Group, Inc. <8306>

Results trends

Scala combines its experience in business development and M&A with the Group's expertise in DX to provide co-creation-type M&A services mainly for companies listed on the growth market. The Company has also begun providing DX support for the value-up phase of an acquired company of its client, and promotes the provision of services that leverage the comprehensive capabilities of the entire group. The Company intends to resume its own M&A strategy in FY6/26 onward, and plans to secure the necessary resources.

Financial condition improving due to the implementation of business structure reforms

3. Financial position and management indicators

Looking at the financial condition at the end of FY6/25, total assets were down ¥2,477mn compared to the end of the previous fiscal year to ¥10,222mn. In current assets, cash and cash equivalents decreased ¥2,230mn, trade and other receivables decreased ¥589mn, and reinsurance assets ¥521mn were eliminated due to sale of the Financial Business. In non-current assets, investment securities decreased ¥269mn, while right-of-use assets increased ¥773mn and deferred tax assets increased ¥360mn. The right-of-use assets increased due to the recorded 20-year rent expenses of a new logistics base for the TCG Business.

Total liabilities decreased ¥2,743mn from the end of the previous fiscal year to ¥5,387mn. In non-current liabilities, lease liabilities increased ¥792mn, while interest-bearing liabilities decreased ¥2,751mn and insurance contract liabilities decreased ¥628mn. Total equity increased ¥266mn to ¥4,835mn. Non-controlling interests decreased ¥199mn, while equity attributable to owners of parent increased ¥465mn.

Looking at management indicators, the equity attributable to owners of parent ratio rose from 34.2% at the end of the previous year to 47.0%, and the interest-bearing debt ratio decreased from 133.5% at the end of the previous year to 63.2%, so indicators that demonstrate management soundness are considerably improved. As a result of business structural reforms, the Company nearly halved its asset size compared to three years ago, promoted reduction of interest-bearing debt, and returned to profitability for the first time in two fiscal years, resulting in the improvement of management indicators. Net cash (cash and cash equivalents minus interest-bearing debt) peaked at ¥3,835mn at the end of FY6/21 and then declined to ¥1,027mn at the end of the previous fiscal year, but increased to ¥1,548mn at the end of FY6/25. Financial condition appears to be improving.

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Results trends

Consolidated statement of financial position

	FY6/22	FY6/23	FY6/24	FY6/25	Change
(¥mn)					
Current assets	12,030	10,280	9,106	5,900	-3,205
Cash and cash equivalents	9,625	7,740	6,817	4,586	-2,230
Non-current assets	8,786	8,035	3,593	4,322	728
Goodwill	2,356	1,990	978	978	0
Total assets	20,816	18,316	12,699	10,222	-2,477
Total liabilities	11,810	10,227	8,130	5,387	-2,743
Interest-bearing debt	6,951	6,002	5,790	3,038	-2,751
Total equity	9,006	8,089	4,569	4,835	266
Equity attributable to owners of parent	8,687	7,832	4,338	4,803	465
Non-controlling interests	318	257	231	31	-199
Business indicators					
Stability					
Equity attributable to owners of parent ratio	41.7%	42.8%	34.2%	47.0%	12.8pp
Interest-bearing debt ratio	80.0%	76.6%	133.5%	63.2%	-70.3pp
Net cash	2,674	1,737	1,027	1,548	521

Note: Business indicators are on a continuing operations basis
Source: Prepared by FISCO from the Company's financial results

Outlook

Forecasts double-digit profit growth in real terms in FY6/26 due to expansion of the HR Business and the TCG Business

1. FY6/26 forecasts

For FY6/26 consolidated result (IFRS), the Company forecasts revenue to increase 7.6% YoY to ¥8.800mn, operating income to decline 16.2% to ¥630mn, net income before tax to decline 18.6% to ¥590mn, and net income attributable to owners of parent to decline 58.2% to ¥410mn. Revenue is expected to increase due to growth in the DX Business, the HR Business, and the TCG Business. The reason why various levels of profit are projected to decrease is the recording of one-time gains and deferred tax assets in the previous fiscal year*. The Company forecasts operating income to increase 12.3%, net income before tax to increase 10.5%, and net income attributable to owners of parent to increase 10.8% when compared with the Non-GAAP metrics excluding these effects, leading to double-digit profit growth in real terms. The Company appears to formulate a conservative plan on its targets, as in the previous fiscal year. It has prospective orders that are not included in the plan and aims to exceed the plan.

* In the previous fiscal year, the Company recorded income of ¥189mn from the divestment of the DX Business in the operating income phase, as well as income taxes-deferred of ¥350mn (gain) due to recording of deferred tax assets and income of ¥61mn from discontinued operations.

Outlook

FY6/26 consolidated results forecast

	FY6/25		Y6/26 (E)	YoY	
	(IFRS)	(Non-GAAP)		(IFRS)	(Non-GAAP)
Revenue	8,179	8,179	8,800	7.6%	7.6%
Operating income	751	561	630	-16.2%	12.3%
Net income before tax	724	534	590	-18.6%	10.5%
Net income attributable to owners of parent	982	370	410	-58.2%	10.8%
Profit per share (¥)	56.58	21.36	23.62		

Source: Prepared by FISCO from the Company's financial results

Decreases profit in the DX Business due to upfront investments, but forecasts double-digit profit growth in the HR Business and the TCG Business

2. Outlook by business segment

Results outlook by business segment

	FY6/25	Y6/26 (E)	YoY	
			Change	% change
DX Business				
Revenue	4,616	4,950	334	7.2%
Operating income	776	410	-366	-47.2%
HR Business				
Revenue	1,011	1,150	139	13.7%
Operating income	148	190	42	28.4%
TCG Business				
Revenue	2,277	2,470	193	8.5%
Operating income	264	350	86	32.6%
Incubation Business				
Revenue	273	250	-23	-8.4%
Operating income	-16	-20	-4	-

Note: Operating income is based on IFRS standards, after allocation of Company-wide costs

Source: Prepared by FISCO from the Company's results briefing materials

(1) DX Business

The DX Business is forecasting revenue to increase 7.2% YoY to ¥4,950mn and operating income to decline 47.2% to ¥410mn. Revenue from Scala Communications is expected to increase due to growth in the SaaS/ASP and SES businesses, and revenue from EGG is also expected to increase mainly due to the Furusato Nozei taxation system. Operating income is also expected to decline 30.0% when compared with the Non-GAAP metrics excluding one-time gains. This is due to upfront investments at Scala Communications, including server relocation and enhancement, reinforced development of services implementing generative AI functions, and proactive investment in human resources (30 more employees than at the end of the previous fiscal year, to a total of 200 employees). The DX Business is expected to return to a revenue and profit growth from FY6/27 onward, when the effects of these investments become apparent.

Outlook

As for the implementation of the generative AI function, development is underway to evolve “i-ask” (FAQ system) into “i-ask with AI support” by linking it with ChatGPT. The system has already been introduced to several companies on a trial basis, and if all goes well, it is expected to be released in the first half of 2026. The Company is also working with insurance companies to develop Smart RAG. The service corrects the first draft of content drafts and insurance solicitation documents by referring only to the latest legal data, which is automatically updated every month. Scala Communications aims to launch the service in 2026 or later. As the insurance industry requires stricter compliance with laws and regulations, Scala Communications plans to extend sales channels of the service beyond the joint development partners.

The alliance business is still small in terms of sales, but is steadily growing. The Smart Healthcare Platform, developed as a co-creation project with Otsuka Pharmaceutical since 2022, launched its first service in September 2024: fitbiz, a corporate health support program. The service is provided to support employees in creating healthy habits and visualize the results of healthy action through a smartphone app. Its Lifestyle Habits Learning Support Program not only includes educational content but also delivers a 12-week paid course (¥10,000 per person) that encourages users to review their habits while incorporating Otsuka Pharmaceutical products as part of the process. The result reports outlining achievements and challenges issued at the end of the course can also be used by companies to fulfill conditions for gaining recognition as a Health & Productivity Management Outstanding Organization*, providing an incentive for companies engaged in health and productivity management to use the service. In addition to system development fees, Scala Communications also receives revenue through service operation and maintenance fees, as well as a portion of the usage fees. In FY6/25, the system has been introduced to several major companies, and the number of companies that installed it is expected to reach 10, including prospective orders. The Company also strengthens sales efforts toward Otsuka Pharmaceutical, and forecasts revenue of ¥20mn for FY6/26.

* A certification system operated by Nippon Kenko Kaigi that provides visible recognition for organizations, including large companies and small and medium-sized enterprises, which are engaged in outstanding health and productivity management activities. The system aims to create an environment in which these organizations can get social acclaim from stakeholders, including employees, potential employees, business partners, and financial institutions.

For livestock DX, since January 2023, Scala Communications has provided U-Medical Support, a comprehensive medical treatment support tool with functions including remote treatment, electronic medical records and generating instruction documents, jointly developed with desamis Co., Ltd. and Mitsui Sumitomo Insurance Company, Limited. U-motion*¹, a cow behavior monitoring system developed by desamis, observes an abnormality in the cow's health condition, and allows a dairy farmer using U-Medical Support, a smartphone app, to arrange remote treatment practiced by a veterinarian. This will help prevent deterioration of cattle health due to delayed diagnosis and will reduce the workload of veterinarians. U-motion has been introduced for about 100,000 of the approximately 1.37 million dairy cows in Japan. The introduction of U-Medical Support is also progressing steadily. However, Scala Communications' sales are small, amounting to about ¥10mn in FY6/25, because it receives a fixed percentage of the monthly usage fees*² paid by veterinarians. For this reason, Scala Communications plans to launch a paid streaming service of video content as early as January to March 2026 to help dairy farmers carry out simple treatments. With the shortage of veterinarians, there is a strong need for self-medication, and Scala Communications aims to monetize this by providing quality content for a monthly fee of a few hundred yen.

*¹ A service that grasps a cow's health condition in real time by recording its primary actions, including rumination, movement, lying down and standing up, 24 hours a day, 365 days a year through a sensor attached to its neck.

*² Monthly fees are ¥22,000 per account and ¥55,000 per business establishment, but dairy farmers can use the service for free. It is possible that rates will change as functions are added. Japan has around 4,000 veterinary facilities involved in treating livestock.

Outlook

(2) HR Business

The HR Business is forecasting revenue to increase 13.7% YoY to ¥1,150mn and operating income to increase 28.4% to ¥190mn, and expecting to return to a revenue and profit growth. Companies are eager to hire amid the continuing labor shortage, and ASPLA's event business continues to be strong. The personnel placement business is also expected to recover by strengthening human resources. Around February 2026, ASPLA will open a new base in Sendai or Fukuoka to expand resources. GeaREmake's job change support service forecasts revenue of about ¥120-130mn, and expects operating income to return to profitability for the full year.

(3) TCG Business

The TCG Business is forecasting revenue to increase 8.5% YoY to ¥2,470mn and operating income to increase 32.6% to ¥350mn. Scala PLAYce proceeds with acquiring overseas demand, and also extending sales channels of the business system for wholesale companies launched in the previous fiscal year. The effect of improved gross profit margin due to the shift to a direct sales structure for overseas customers is also a factor in higher profit margins.

(4) Incubation Business

The Incubation Business is forecasting revenue to decline 8.4% YoY to ¥250mn and operating loss of ¥20mn (loss of ¥16mn in the previous fiscal year). Although orders remain strong, losses are expected to continue due to upfront investments to secure resources. However, as the Company does not incorporate into its plan the revenue from projects related to crowdfunding using the Furusato Nozei taxation system and corporate version of Furusato Nozei taxation system in Oshigoto Crowdfunding, there is a possibility that results exceed the plan depending on the conditions of the projects.

Formulates new medium-term management plan aiming for operating income of ¥1.1bn in FY6/28

3. Medium-term management plan

(1) Overview of the medium-term management plan and performance targets

The Company announced the three-year medium-term management plan starting from FY6/26. The Company intends to aim for further profit growth while focusing on profitability and efficiency, strengthening the growth potential of its mainstay through enhanced business portfolio management. The Company sets performance targets of ¥11,800mn in revenue and ¥1,100mn in operating income for FY6/28. The Company forecasts that the CAGR of revenue will be 13.0% and the CAGR of operating income (Non-GAAP) will be 25.2%, and operating income margin (Non-GAAP) will increase steadily from 6.9% in FY6/25 to 9.3% in FY6/28.

Performance targets on the medium-term management plan

	(¥mn)				
	FY6/25	Y6/26 (E)	Y6/27 (E)	Y6/28 (E)	CAGR*
Revenue	8,179	8,800	10,100	11,800	13.0%
Operating income					
(IFRS)	751	630	850	1,100	13.6%
(Non-GAAP)	561	630	850	1,100	25.2%
Operating income margin (Non-GAAP)	6.9%	7.2%	8.4%	9.3%	

* Compound annual growth rate from FY25/6 to FY28/6

Source: Prepared by FISCO from the Company's medium-term management plan

Outlook

As a company-wide strategy, the Company identifies five key themes (creating new value, providing growth opportunities, realizing the best match and promoting reskilling, bridging the digital divide, and balancing AI technology improvement and ethical use) based on the Group's philosophy and its history since its foundation. The Company intends to address these important themes by promoting a business strategy formulated in each operating company.

(2) Performance targets and business strategies for the three main businesses

Performance targets for the three main businesses

	FY6/25	Y6/26 (E)	Y6/27 (E)	Y6/28 (E)	CAGR
(¥mn)					
DX Business					
Revenue	4,616	4,950	5,980	6,340	11.2%
Operating income	776	410	560	620	-7.2%
HR Business					
Revenue	1,011	1,150	1,270	1,930	24.1%
Operating income	148	190	190	280	23.7%
TCG Business					
Revenue	2,277	2,470	2,580	3,260	12.7%
Operating income	264	350	400	500	23.7%

Note: Operating income is based on IFRS standards, after the allocation of Company-wide costs

Source: Prepared by FISCO from the Company's medium-term management plan

a) DX Business

In the DX Business, the Company sets a target of ¥6,340mn in revenue and ¥620mn in operating income for FY6/28. The CAGR of revenue is 11.2%. Among the revenue, MRR in the SaaS/ASP business is targeted at ¥250mn in three years, up from ¥200mn in June 2025. On an annualized basis, the DX Business is a source of an increase approximately ¥600mn in revenue, accounting for about one-third of the increase. Operating income is lower than ¥776mn in FY6/25, but slightly higher than Non-GAAP-based operating income of ¥586mn. As already detailed, this is due to a temporary drop in profit levels in FY6/26 due to upfront investments, but growth rate is 23.0% exclusively in the two years following FY6/27.

As a business strategy, Scala Communications proceeds with adding features (voice linkage, search optimization, enhanced reporting functions) to the core service i-series with a focus on upselling, and systematizing introduction support models for the service. In addition, Scala Communications continuously promotes expansion of alliance-based SaaS development in specialized industries such as the medical industry, real estate industry, and livestock industry, and intends to expand its business domain by establishing industry-specific BPaaS* models. In addition, Scala Communications proceeds with strengthening marketing capabilities, recruiting and training AI personnel, developing new services, and commercializing the Administrative Collaboration SaaS Group in collaboration with EGG.

* Abbreviation for Business Process as a Service. Services that provide specific business processes on a cloud. It is characterized by its task execution on a cloud platform such as SaaS, rather than simply by human labor on behalf of the client. Client companies can use the necessary business processes as cloud service without the burden of building and operating own systems or securing specialized human resources. In particular, it is becoming more prevalent in back-office operations.

b) HR Business

In the HR Business, the Company sets a target of ¥1,930mn in revenue and ¥280mn in operating income for FY6/28. The CAGR of revenue is 24.1% and the CAGR of operating income is 23.7%. The Company plans to proactively invest in human resources and other areas until the end of FY6/27, the effects becoming apparent in FY6/28.

Outlook

ASPLA opens a new business base and makes efforts to widen its service area and expand human resources. In addition, to attract members (job-hunting students), ASPLA proceeds with expanding its content and strengthening its Web marketing efforts. In addition, ASPLA proceeds with updating various manuals and training employees to improve the closing rate for personnel placement, as well as revising personnel system to improve the employee retention rate. GeaREmake focuses on advantages in identifying talent-receiving companies and in developing services to attract customers.

c) TCG Business

In the TCG Business, the Company sets a target of ¥3,260mn in revenue and ¥500mn in operating income for FY6/28. The CAGR of revenue is 12.7% and the CAGR of operating income is 23.7%.

As a business strategy, Scala PLAYce proactively promotes deployment of video advertising to capture overseas demand, which has significant room for growth. In addition, Scala PLAYce improves productivity by increasing the accuracy of the AI image recognition solution partially applied to shipping operations, and by automating the purchase appraisal and authenticity determination process, which is conducted visually. In addition, Scala PLAYce works on SaaS deployment of an in-house developed business system for wholesale companies.

d) Incubation Business

Although the Incubation Business has not set performance targets, the Company intends to expand commercial opportunities in the DX Business by undertaking many co-creation projects, such as SOCIALX Acceleration and Gyaku Propo, through SOCIALX. As a post-M&A value-up strategy, the Company intends to establish a co-creation system that maximizes the use of group resources. The Company also intends to restart its own M&A strategy, which was frozen for the last two fiscal years. The targets of the Incubation Business are companies for which synergy with the DX or HR Businesses is expected. The Company invests in target companies, leveraging loans and other funds, with a target amount of ¥500mn to ¥1.0bn per company.

(3) Human capital initiatives

The Company recognizes that people are its greatest asset, the driving force for growth, and the source of value creation. The Company intends to work on maximizing the value of its human resources as the management foundation for promoting the medium-term management plan.

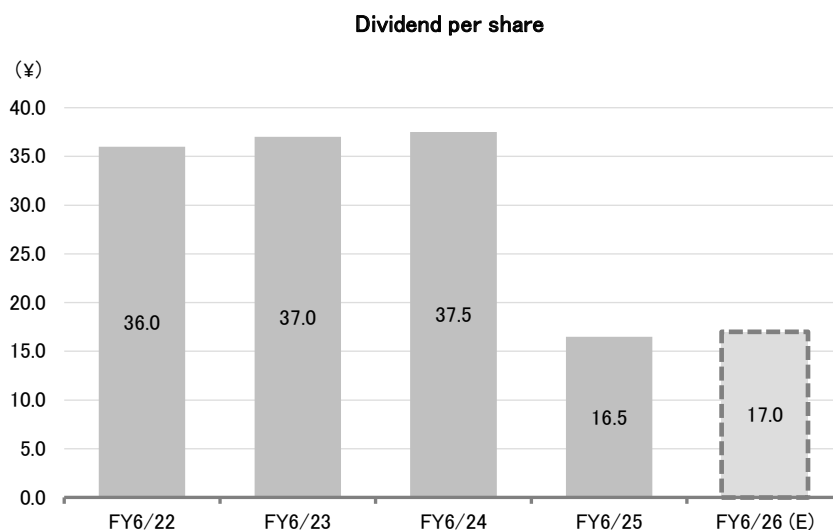
The most important item in the human resource strategy is a human resource system and human resource development in line with the business strategy. To fulfill the human resource portfolio based on the business strategy, the Company strengthens recruitment and concurrently visualizes and improves the abilities and skills of employees. In addition to creating and providing opportunities for employees to improve their skills and abilities, the Company plans to introduce a compensation and evaluation system that appropriately rewards performance.

At the end of FY6/25, the number of consolidated employees was 408. The Company plans to strengthen its management base at a net increase of around 40 employees per year. With respect to each company, the Company intends to increase its personnel, mainly at Scala Communications and ASPLA.

Shareholder return policy

Intends to pay dividends, aiming to return around 50% of net income before tax excluding extraordinary factors

The Company's basic shareholder return policy is to stably and continuously pay dividends. From FY6/25 onward, it aims to return around 50% of net income before tax in Non-GAAP—excluding extraordinary factors such as gains on sale of shares—while considering an appropriate level of retained earnings to support sustainable growth. Under this policy, it paid a dividend per share of ¥16.5 in FY6/25 (53.6% of net income before tax per share in Non-GAAP). The Company plans to pay a dividend per share increased by ¥0.5 YoY to ¥17.0 (50.0%) in FY6/26. Going forward, it aims to achieve continuous profit growth and increasing dividends. The Company also intends to consider acquiring treasury shares as appropriate to improve capital efficiency and implement a flexible capital policy aligned with the business environment.



Source: Prepared by FISCO from the Company's financial results

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