

MEDIUM TERM BUSINESS PLAN

2024-2026



To ideal company the world need

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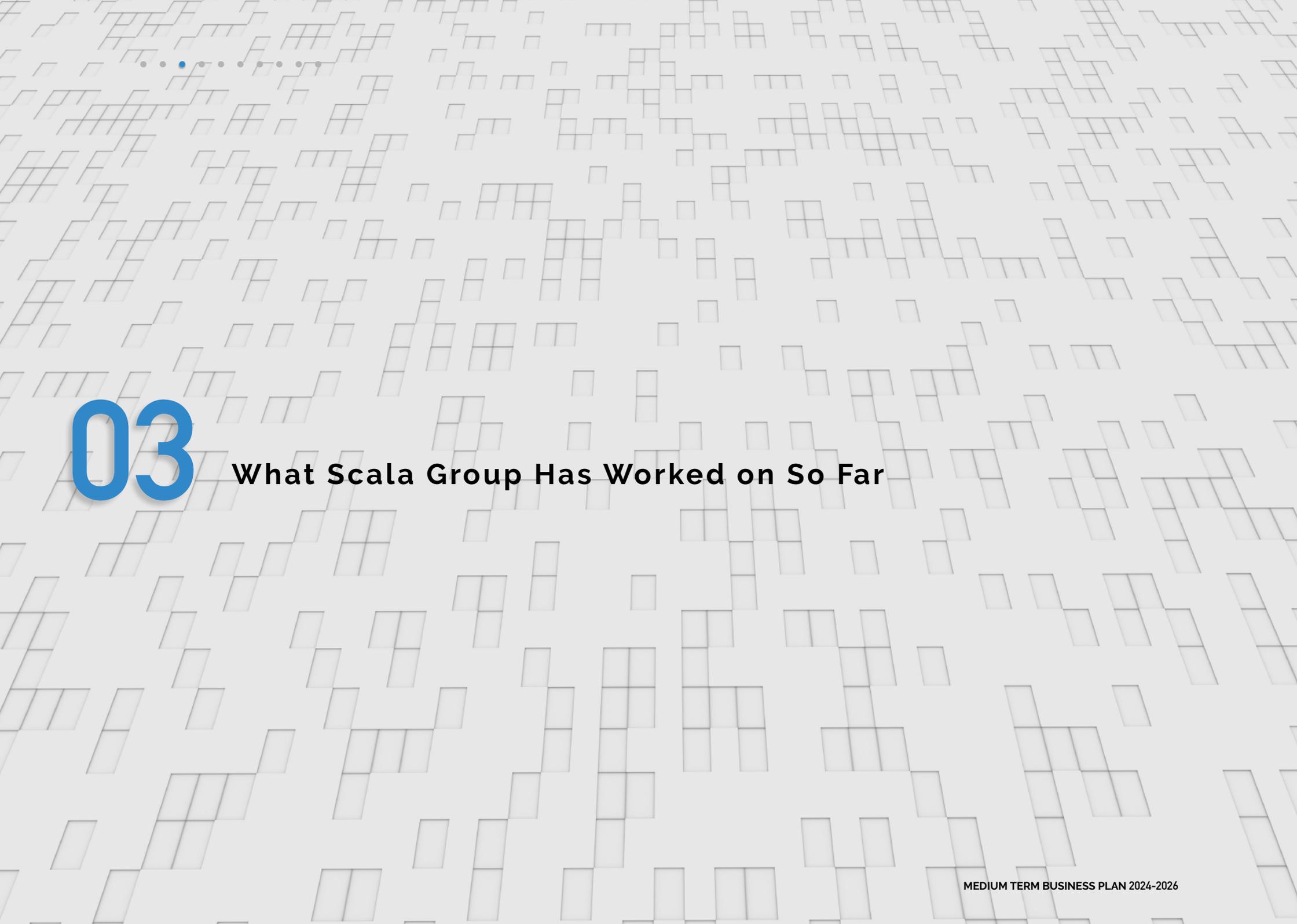
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Medium-to Long-term Strategy

- Provide services with a focus on "offering opportunities that lead to the growth of people" as the core of social value created by our group.
- Implement mechanisms and measures to maximize the potential of human resources within our group, considering human capital management.
- Become a "platform for human growth," circulate management resources and knowledge, and achieve both social and corporate value.

Medium Term Business Plan

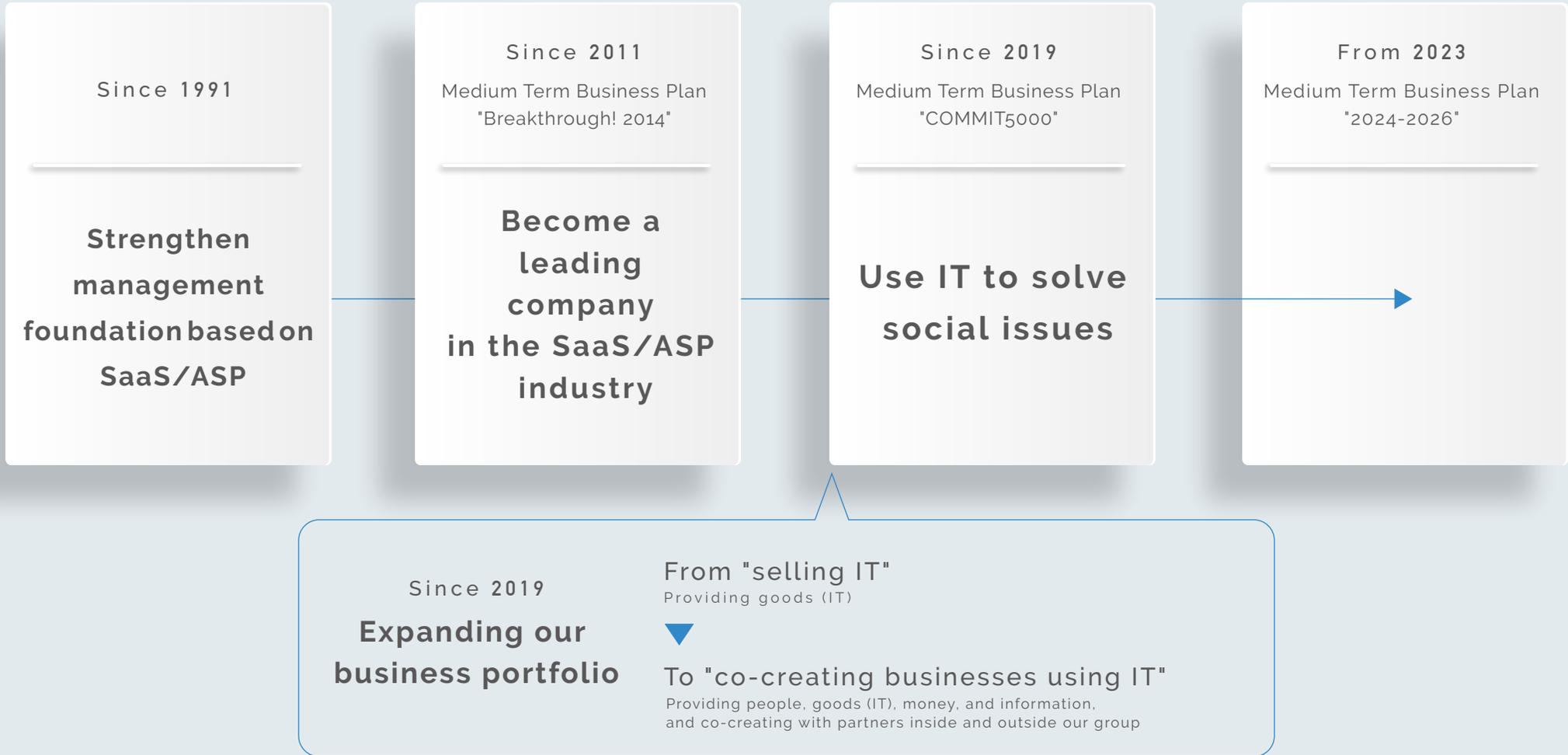
- Focus on "building a foundation for solid growth" from FY2024 to FY2026.
- Priority Strategies
 - Focused Business domain: Focus on businesses related to human growth inside and outside our group
 - Business alliance structure: "Transform social issues into projects," "Co-create with individual businesses and partners within our group,"
Form a cyclical structure that "attracts human resources, partners who agree with the realized value, and new social issues"
 - Strengthen business management infrastructure: Strengthening profitability, promoting and enhancing shared sectors, systems that energize a diverse workforce, and deepening monitoring.
- Aim to achieve revenue of 15.5 billion yen and operating profit of 2 billion yen in the fiscal year ending June 30, 2026.



03

What Scala Group Has Worked on So Far

Expand business from "selling IT" to "co-creating businesses using IT."



Co-creation is progressing both within and outside Scala Group, and starting to see business areas that would become the core of our business.

Effects of Co-creation Promotion

Brought together a diverse and talented workforce.

To attract talented people of all ages, including engineers with a high awareness of solving issues through IT and public personnel who want to solve local issues.

Increased inquiries for co-creation

Increased inquiries from companies hoping to co-create with Scala Group.

Generated Business Areas

Business Areas	Upcoming Initiatives
 <p>Education</p>	<p>Provide opportunities for growth at all points in life (Provide opportunities for growth by offering a place to understand oneself and external environment)</p>
 <p>Healthcare</p>	<p>Grow by doing things in a healthy state of mind and body.</p>
 <p>Insurance and Incubation</p>	<p>Provide an environment for people to grow. (Provide a safe and secure environment to challenge and encourage growth)</p>
 <p>Digital Transformation</p>	<p>Provide data linkage infrastructure for timely and appropriate growth of people.</p>



04

The World We Want to Create and Means to Achieve It

Against the backdrop of changes in the business environment and social issues, it is necessary to formulate a new strategy to realize VISION.

Group's VISION

Make the world where valuable things come springing up

Discover value and people who recognize it, and deliver it in the right form, method, and timing.

Facilitate a cycle in which new value and technologies are created that exceed existing value.

In a social environment of increasing uncertainty and complexity, there is a need for people who can proactively grasp issues and survive today.

International Affairs,
World Economy

Entering the era of
unpredictable
VUCA

Japan's Growth
Challenges

Low birthrate,
aging population,
and review of the state
of education

Human Capital
Approach

Growing importance
of human capital
management for
sustainable corporate
value enhancement

Establish "VISION2030," a direction our group should take in the mid- to long-term, to realize Group's VISION.

Group's VISION.

Make the world
where valuable things
come springing up.

Direction for realization
of Group's VISION

VISION2030

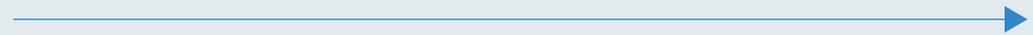
Realize a society where
people can always and
forever live their lives
as they wish.

Become a growth platform for people as our mid- to long-term strategy, and realize our VISION.

Become a "human growth platform focused on providing growth opportunities".

Continue to provide opportunities through Scala Group, a "human growth platform," focusing on "growth opportunities" that allow for better decision-making and choice of actions.

Transition of value provided by Scala Group



Since 1991

Become a leading
IT (SaaS/ASP)
company

Since 2019

Solve social
issues using IT

From 2023

Contribute to
society through
human growth platform

Scala Group's concept of "growth opportunities" consists of three elements. High-quality fulfillment of each element accelerates human growth.

"Growth Opportunities"
provided by the
"Human Growth Platform"

Expand Possibilities

There could be more possibilities than you think.



Provide awareness that **expands curiosity and possibilities** throughout life

Mental and Physical Wellness

Important to balance health, physically and mentally.



Provide means for **physical and mental health** to engage powerfully in possibilities

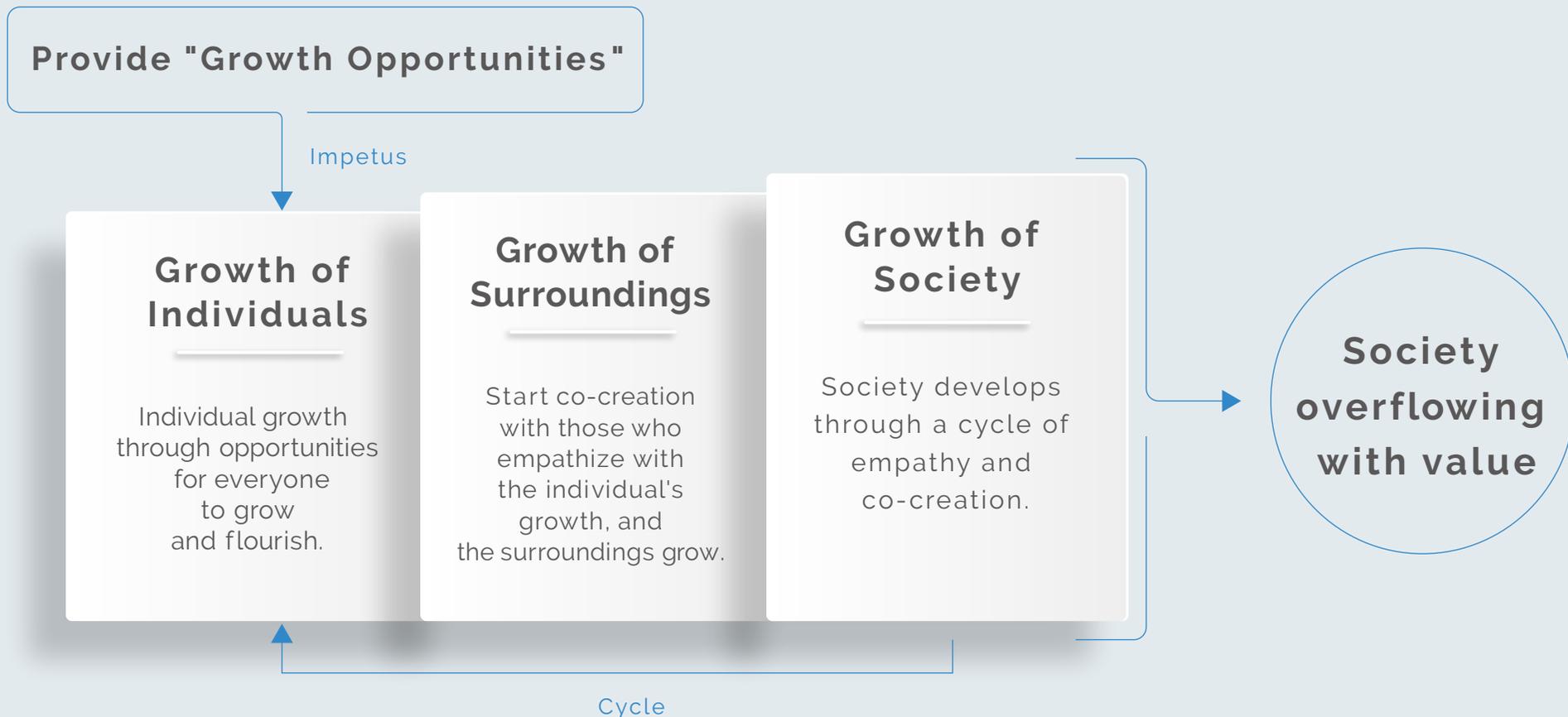
Environmental Sufficiency

Not everyone can take on a challenge. Need constant reassurance and support.



Provide **security, trust, environment, and opportunities** to support decision-making

**Provide opportunities for everyone to grow and flourish even in an uncertain environment.
Aim to realize a society in which value overflows through a cycle of empathy and co-creation.**

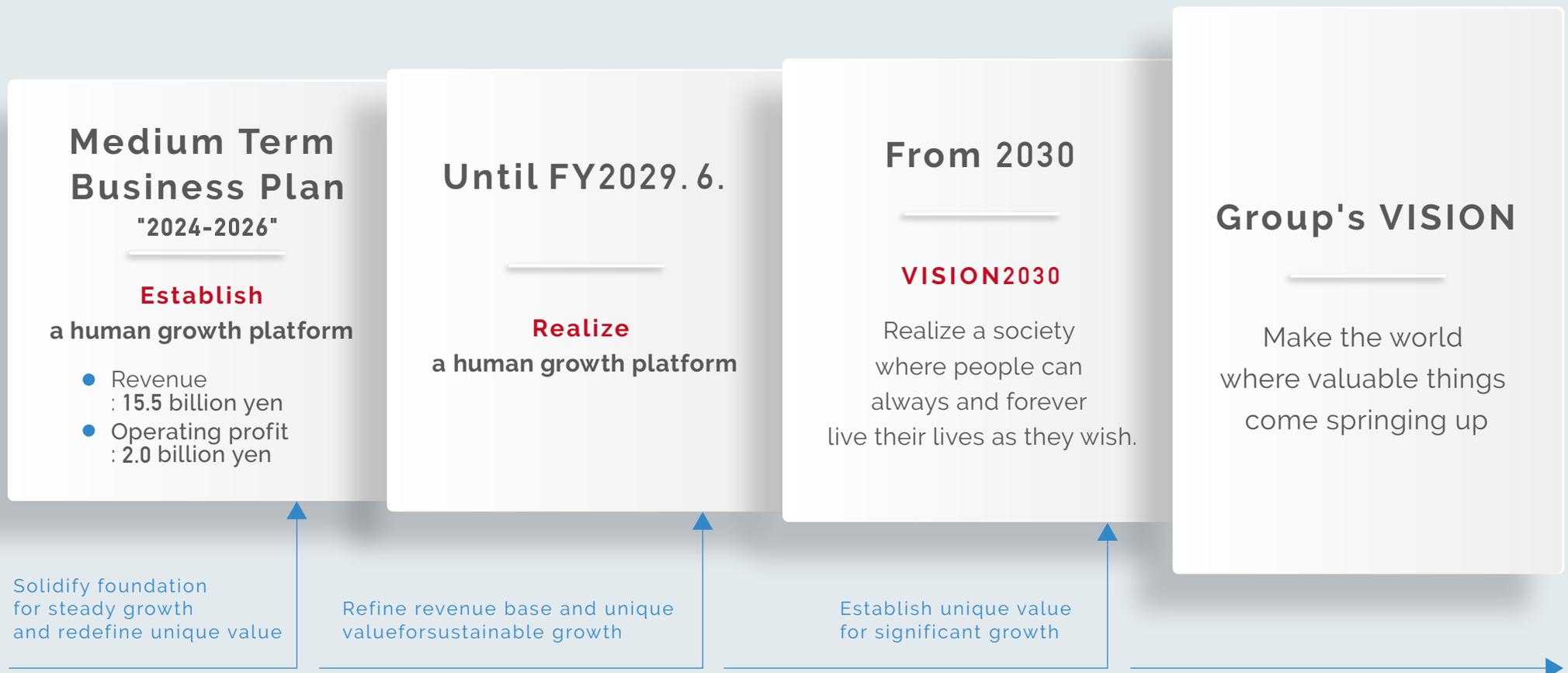




05

Positioning of Medium Term Business Plan

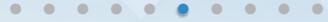
The basic policy of the Medium Term Business Plan "2024-2026" is "building a platform for human growth." Focus on building a foundation for solid growth and increase the certainty of realizing VISION2030.



Complete priority strategies and goals, establish a foundation for growth, and ensure the path to the future vision we aim for.

Outline of Medium Term Business Plan





06

<Priority Strategies>

Redefine Unique Value

Provide optimal services to solve social issues through organic linkage among 3-tier platform(PF)

[Definition of PF Place where interaction in solving social issues is created.]

Scala Group's PF

Meta Platform

- A place where social issues can be turned into projects and PF can be generated.
- A meeting point for outside parties with issues and Scala Group.

Co-creation Platform

- A place where the most suitable PF is formed for an issue and solutions are provided through co-creation.

Foundation Platform

- Promote contribution to value of other PFs.
- A place where solutions are provided through individual projects.

Scala Group's unique value is "value creation by partners and platforms (PF) that continues to learn and evolve".

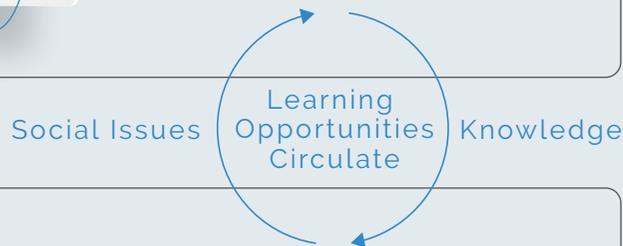
Sources of Value

Scala Group's PF

- Meta PF
- Co-creation PF
- Foundation PF

Linkage

Provide optimal services to solve social issues by organically linking PFs according to the content of the issue.



Partners

- With in the company
- Outside the company
- Domestic
- Overseas

People who sympathize with Scala Group's VISION

Co-creating with partners to create value beyond the boundaries

Unique Value

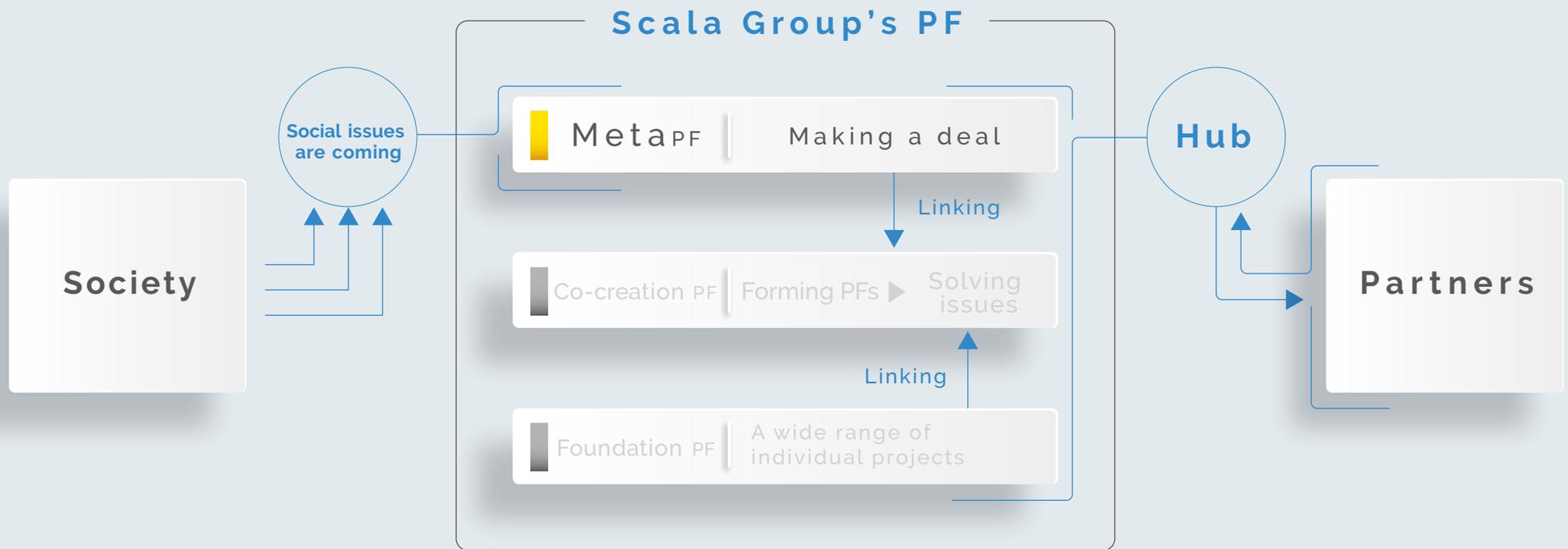
Value creation by partners and PFs that continue to learn and evolve



07

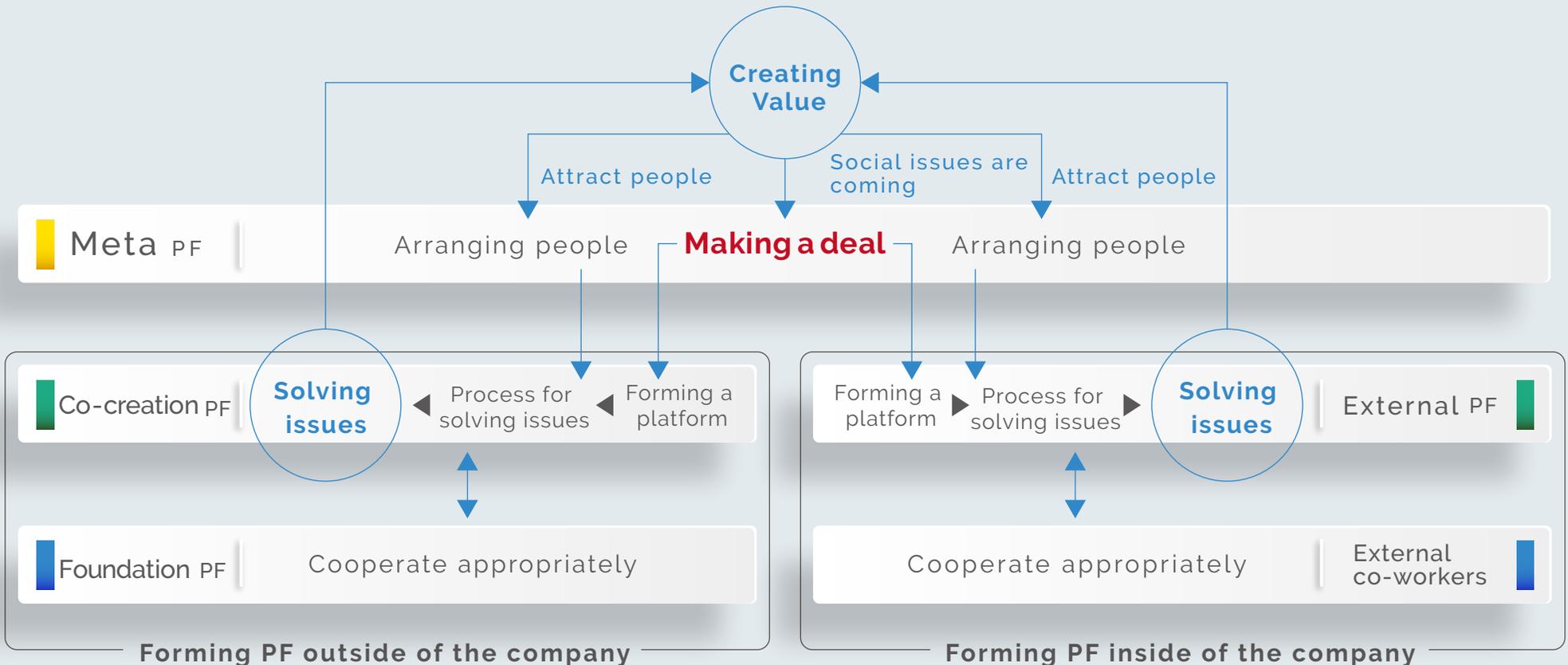
Scala Group's Platforms

Meta Platform is a meeting point for society where social issues come together and Scala Group Seeing social issues as opportunities for growth, actively work to solve them as a hub with partners and other PFs.



Form a platform to turn the social issues gathered into projects, and visualize the process of value creation both internally and externally.

Meta PF's unique value is the cycle that brings together people and social issues in sympathy with a series of processes.

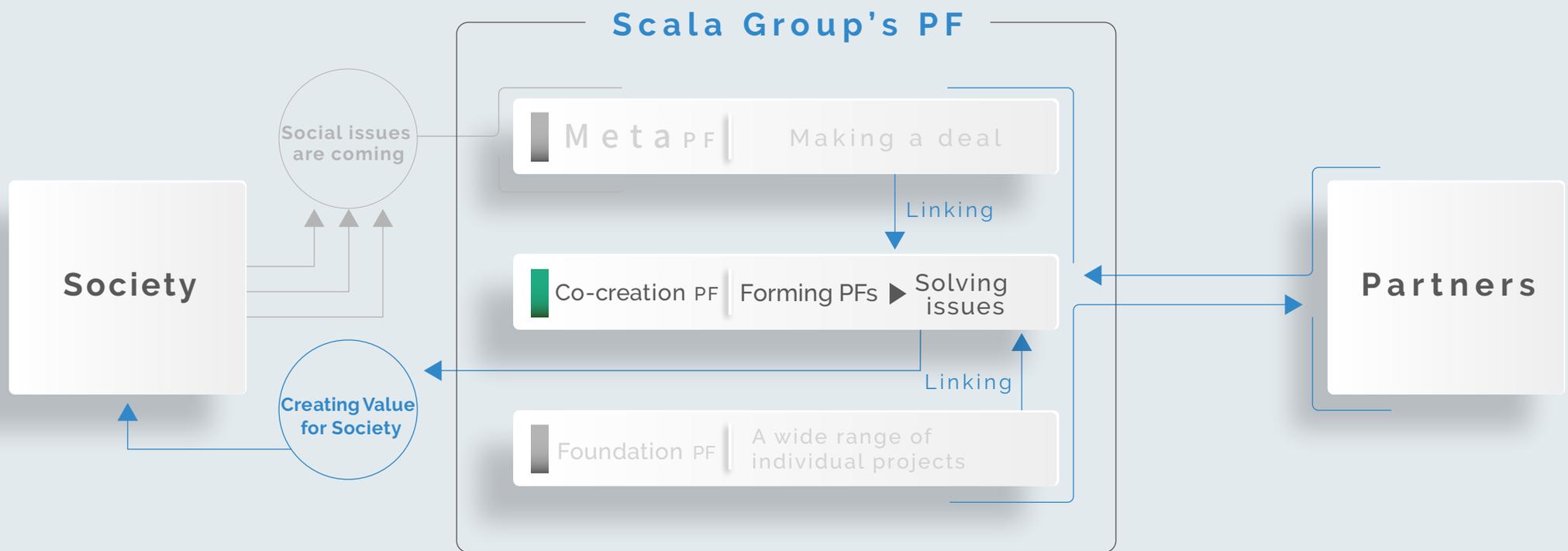


Structure to develop services* widely and deeply that meet the needs and phases of users (companies/municipalities) to solve regional and social issues through public-private co-creation.

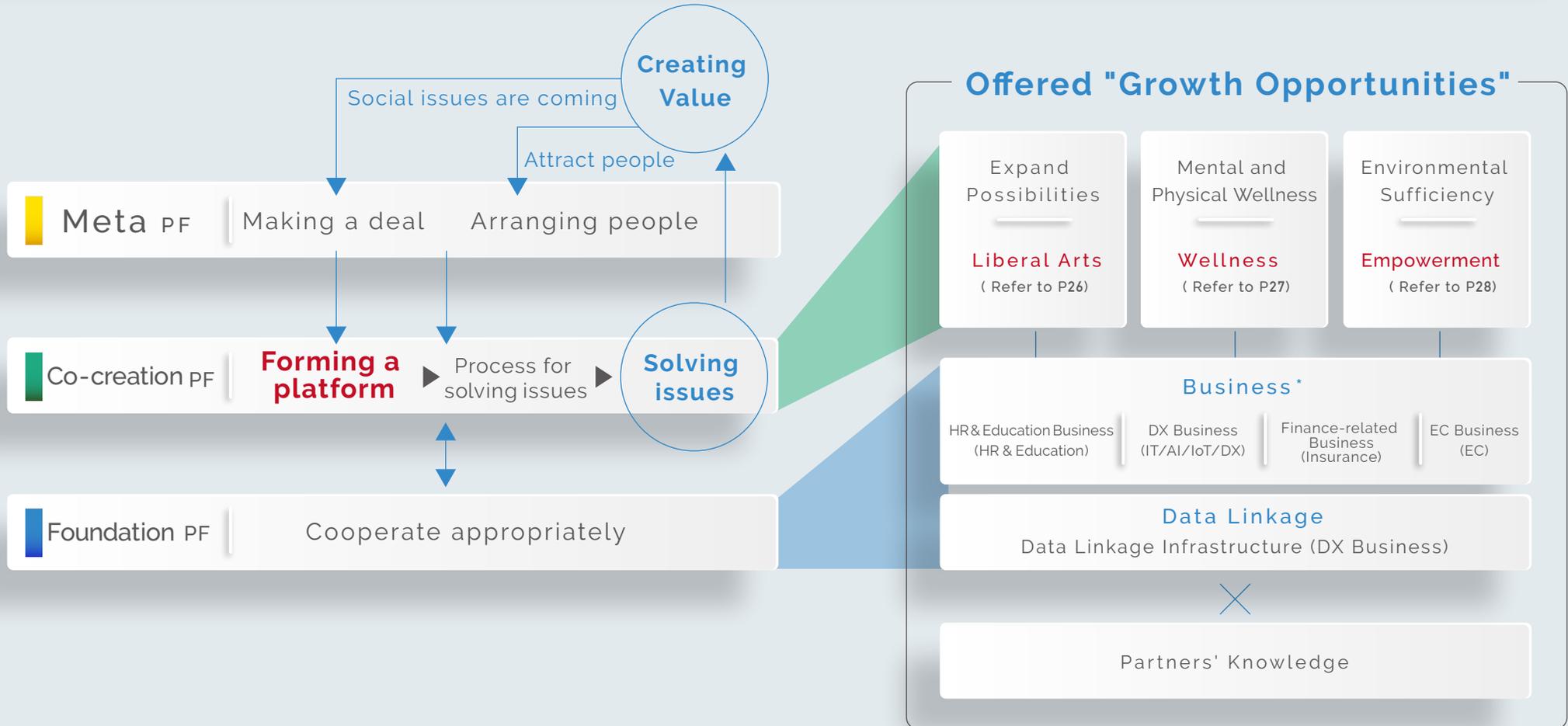
Service Lineup	Coverage of services according to the needs and phases of the user				
	Collecting information	Understanding/ Task setting	Consideration of framework/ Building hypothesis	PoC/ Business evaluation	Product Development/ Conversion to Service
Social issues search database 	○	○	○		
Social issue exploration and study tour 		○			
Social human resource development program 		○	○		
Support for creating new businesses that solve social issue 			○	○	○
Accompanying support for business creation 			○	○	○

*The service provider is "SOCIALX INC." and the service offered is the " Gyaku Propo " series.

Co-Creation Platform creates value for society by forming PFs with individual businesses and partners to solve issues that have been identified as projects.



Starting with the formation of a platform that directly links to growth opportunities and leveraging the unique value of businesses that have been developed to date.



*The names in brackets are former names.

Directions for services expected to be created in liberal arts.

Expand Possibilities



Liberal Arts

Provide awareness that broadens curiosity and possibilities throughout life.

Service Areas and Direction/Provided Businesses

Infant/Child Education

Physical and mental nurturing through food and exercise

- Developing non-cognitive skills through exercise
- Fostering body and mind through food education for parents and children



Inside/Outside the Curriculum

Expanding possibilities through career education

- Expanding curiosity and potential through self-awareness, knowledge, and career education
- Refining self-ability through self-analysis



Recruitment Support and Education for Working Adults

Providing opportunities for challenges

- Refining the value of contribution to the company and society in the period of finding a job and changing career



After Working Age

Curiosity for new fields

- Providing access to a wide range of interests throughout life

and others

Directions for services expected to be created in wellness.

Mental and Physical Wellness

Wellness

Provide means for physical and mental health to powerfully address possibilities.

Service Areas and Direction/Provided Businesses

Health Management

PHR management service

- Providing services related to healthcare starting from birth
- Expanding the scope from DX at local government offices to providing information on healthcare

 SCALA
COMMUNICATIONS

and others

Inside/Outside the Curriculum

Preventing psychosomatic diseases

- Physical and mental health support through collaboration of activities within/outside the educational program
- Visualizing children's abilities to dispel parents' concerns about their children's growth (career paths, etc.)

 FOUR
HANDS

 Athlete
Planning

 Sportsstories

and others

Maximizing Performance

Health management program

- Providing programs to maximize the performance of individuals, companies, and organizations through mental and physical health support

 SCALA
COMMUNICATIONS

and others

Extending Healthy Life Expectancy

Frailty detection/prevention

- Providing programs to prevent and improve frailty
- Expanding the scope of care beyond prevention for the elderly to include care for the pre-disease stage across generations.

 SCALA
COMMUNICATIONS

 株式会社エッジ

and others

Directions for services expected to be created in empowerment.

Environmental Sufficiency



Empowerment

Provide security, trust, environment, and opportunities to drive decision-making.

Service Areas and Direction/Provided Businesses

Opportunities for success

System to keep opportunities available

- Supporting parents during the parenting period by providing means for mental and physical stability.
- Providing various opportunities for people who have given up them due to life events or life stages.

 SCALA COMMUNICATIONS and others

A degree of trust in capabilities

System to make capabilities visible

- Creating a system in which experience/ability is evaluated/recognized and personal trust is visibly secured.

Encouragement to challenge

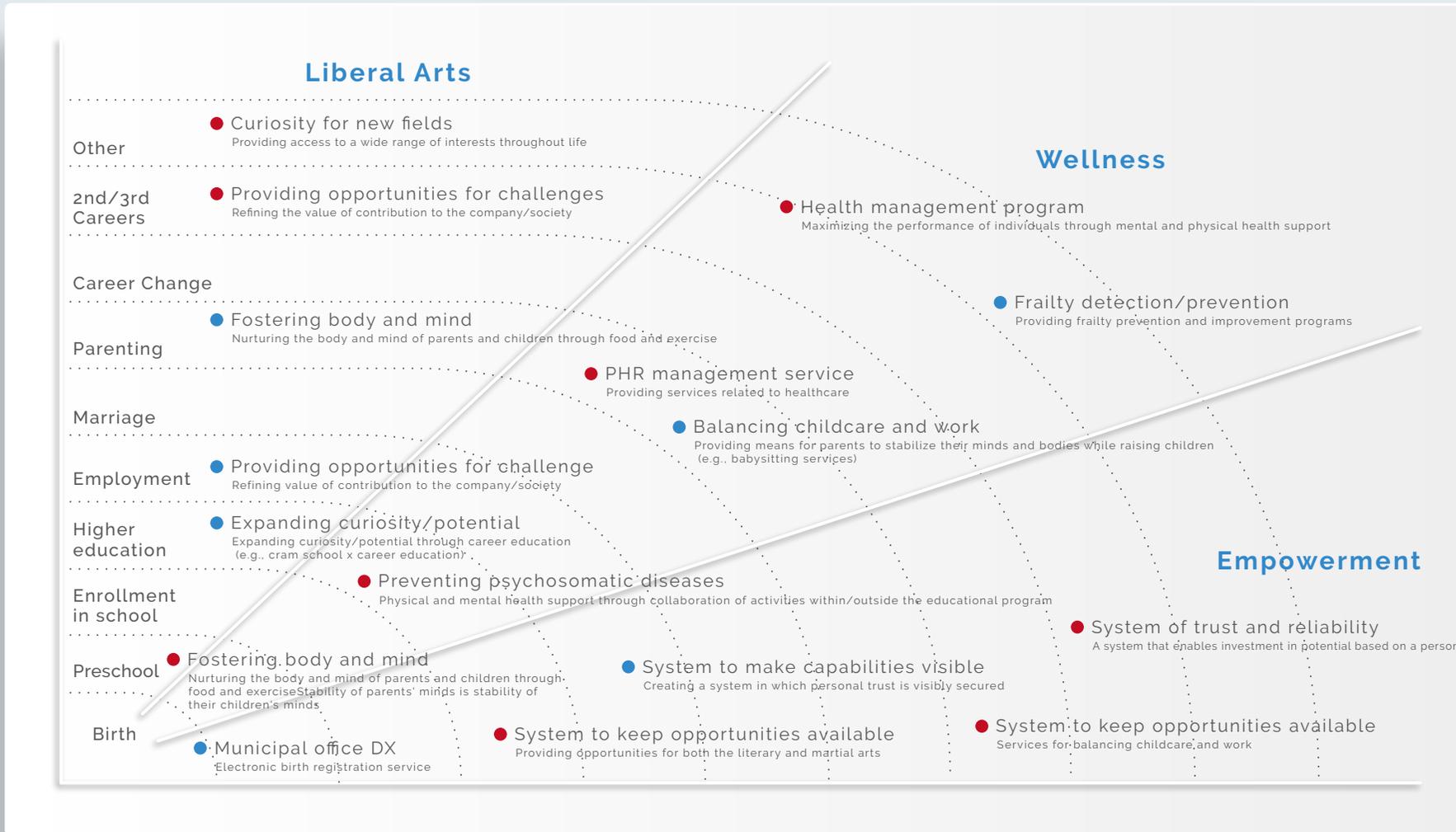
System of trust and reliability

- Creating a system that enables investment in potential based on a person's credit scoring.
- Encouraging people to take on second/third careers based on their abilities.

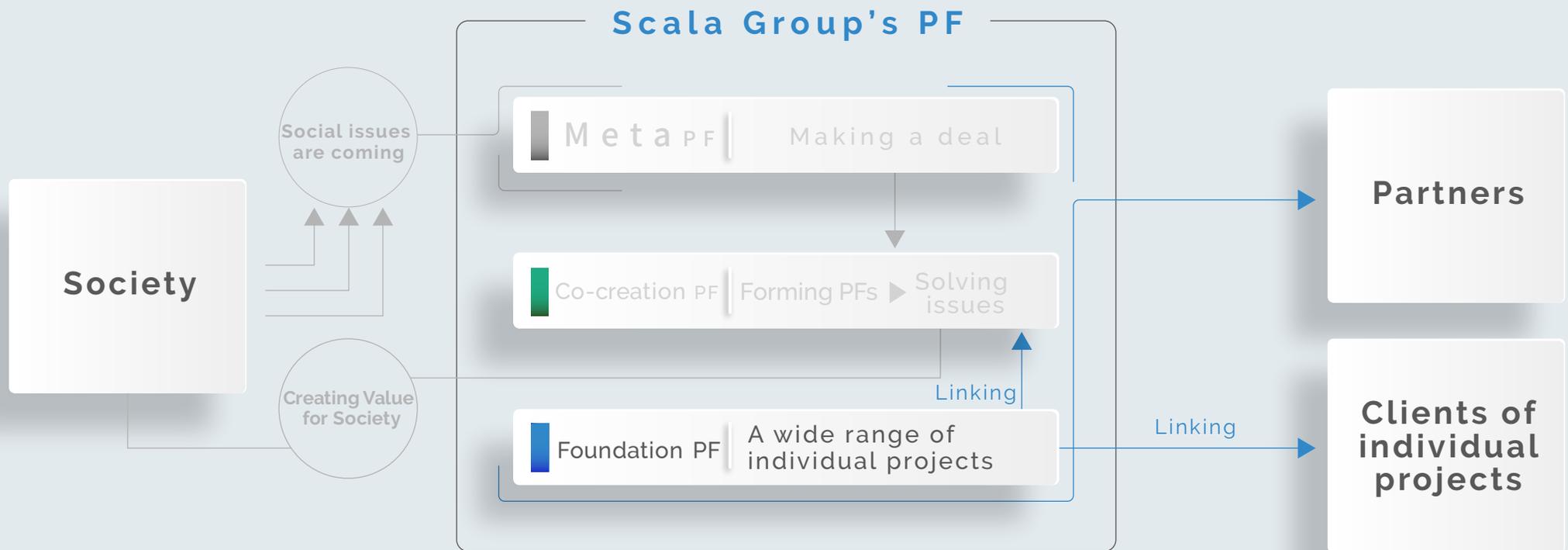
 Athlete Planning and others

Utilize various businesses and partners' expertise to create a wide range of services related to growth opportunities.

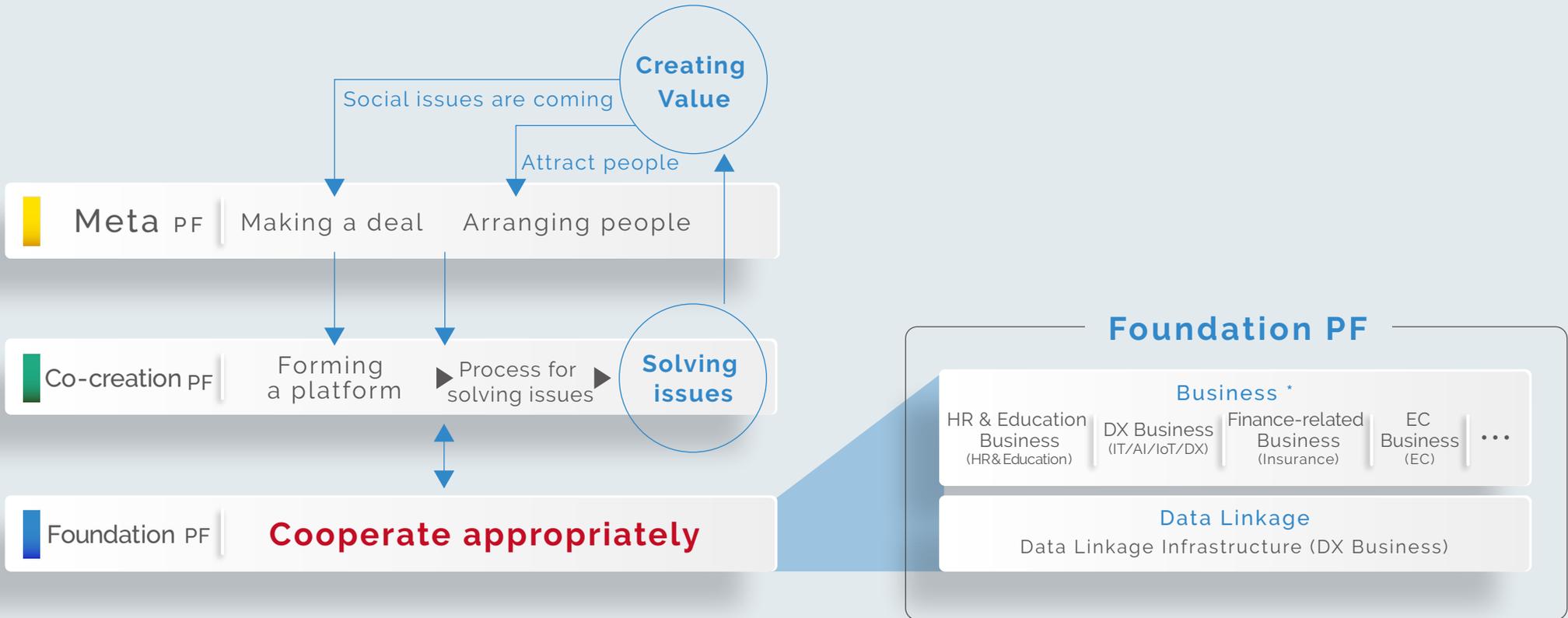
●: Examples of services to be created



Foundation Platform directly solves issues through individual projects and also functions as a part of the Co-Creation Platform.

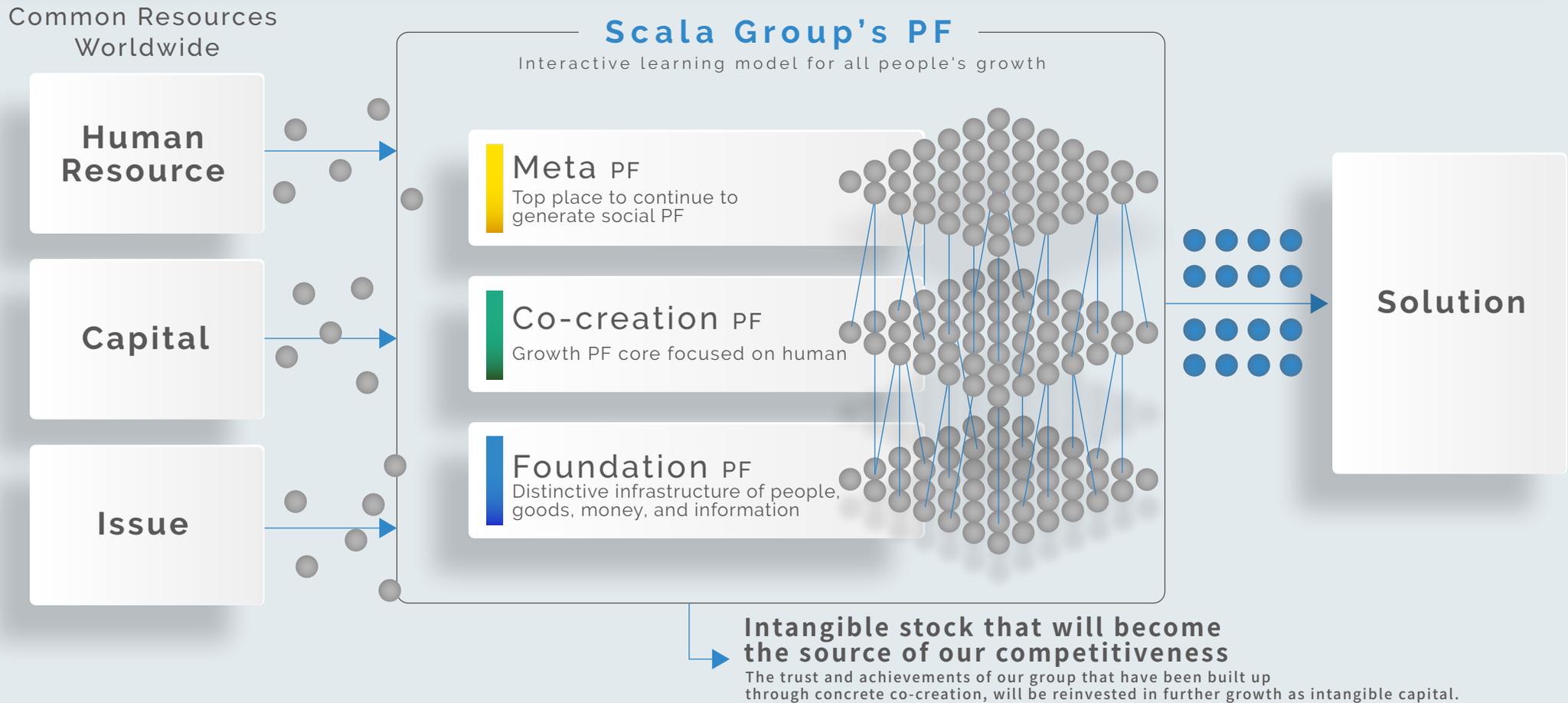


Connect functions that play a necessary role in business growth with a data collaboration platform to form the unique value of the Foundation PF.



*The names in brackets are former names.

Input a large number of value co-creation cases to learn about social issues and specific solutions to them (people, data, and business alliance patterns), and link them to intangible stock that will become the source of our group's competitiveness. Gather co-creation resources from around the world to create a cycle that generates greater value for society.





08

<Priority Strategies>

Strengthen Business Management Infrastructure

Enhance business management infrastructure with four initiatives to improve profitability of our group as a whole.

Strengthen Business Management Infrastructure

①

Restructuring of Business Alliance Structure

②

Promoting and Enhancing Shared Sectors

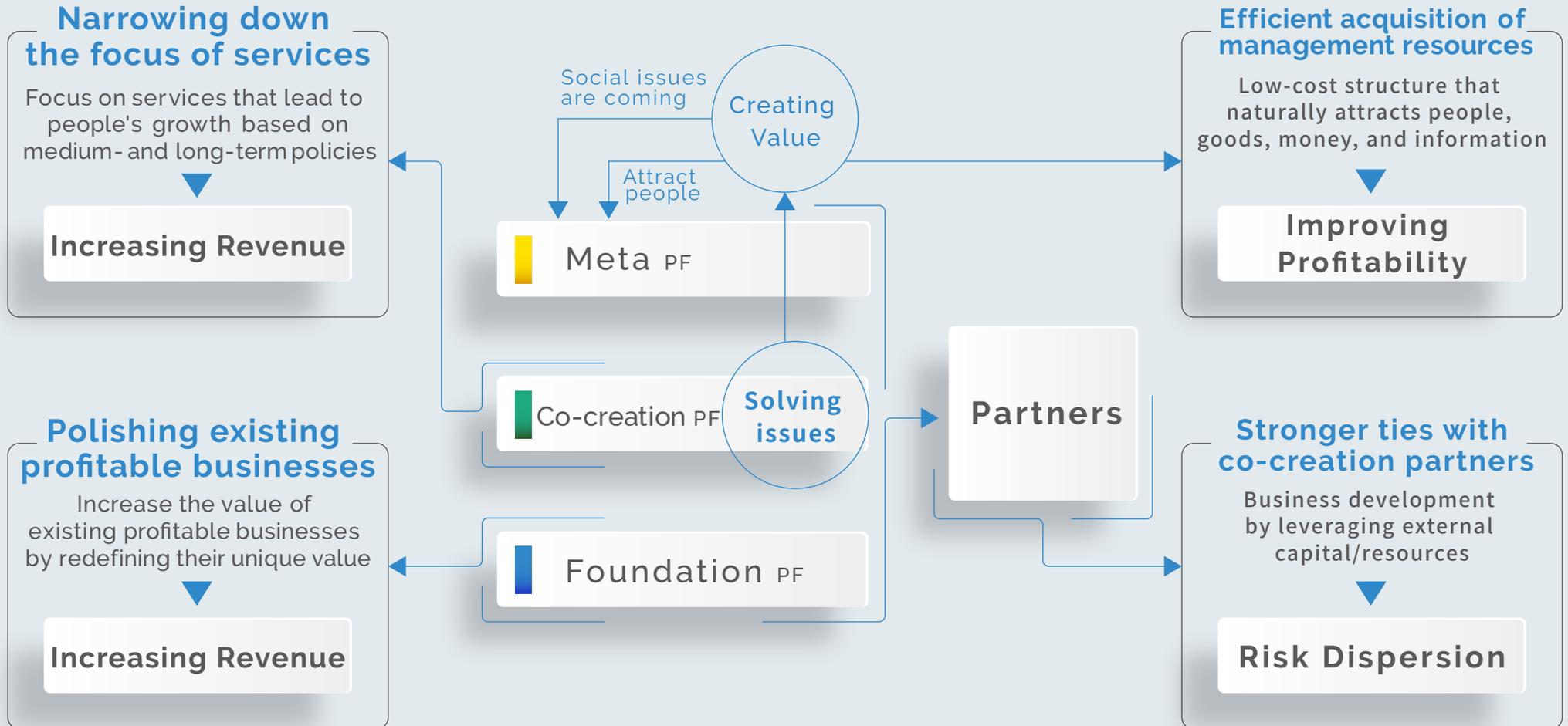
③

Systems that Energize a Diverse Workforce

④

Deepening Monitoring

Enhance business management infrastructure with four initiatives to improve profitability of our group as a whole.



Enhance shared sector to a level capable of supporting the feasibility verification of new business plans. Support the monetization of the entire group and raise the effectiveness of group management resource investment.

Verification of feasibility of new business plan by shared sector



Rapid decision-making and support that only a specialized department can provide

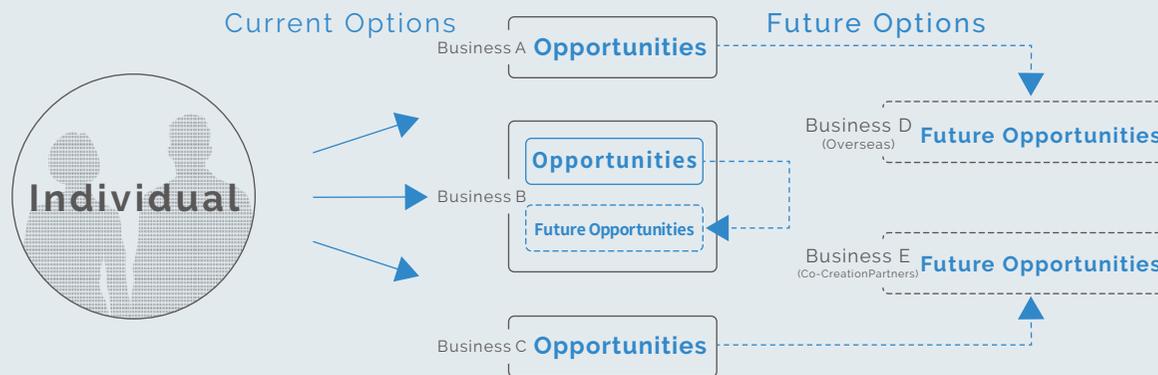
Clarify individual future prospects with numerous growth opportunities and flexible choices. Design a system that promotes the activation of internal human resources by visualizing current options, experience gained, and future growth.

Energize employees by providing opportunities to get involved and visualize future prospects

System where distinctive career paths are visible.

System where skills that can be acquired are visible

System that can involve people who have empathy

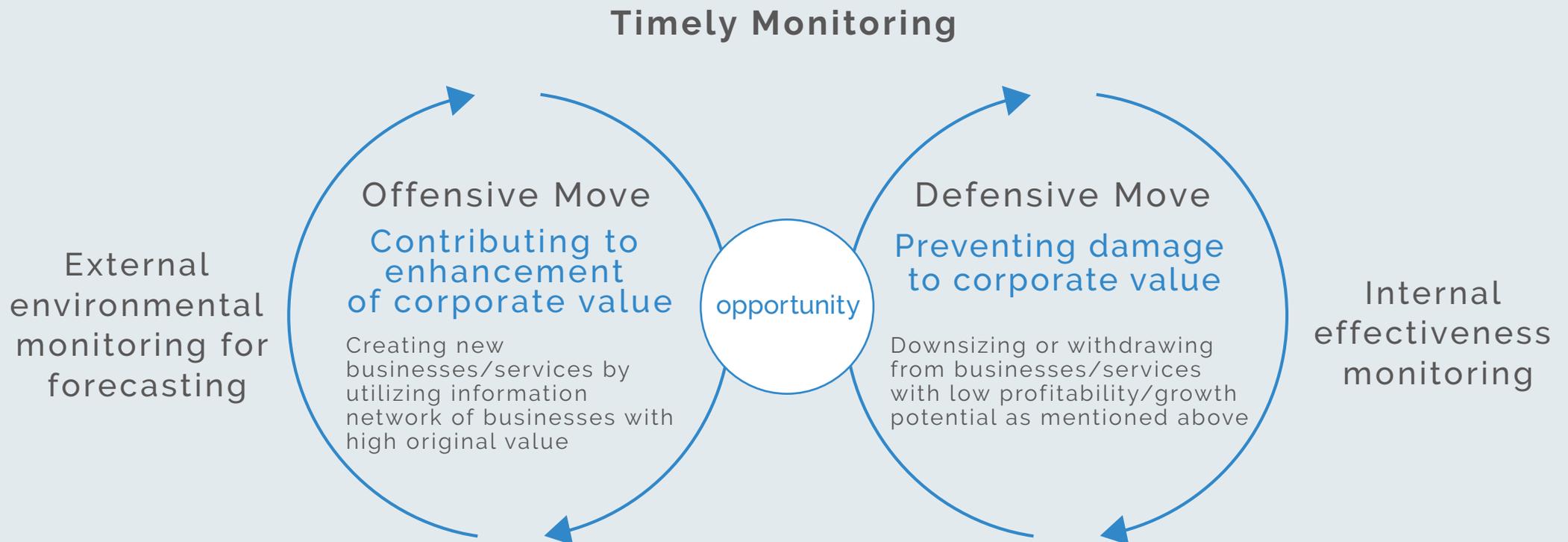


For example...

- Able to take on the challenge of career (skill development) with a sense of security.
- Able to choose the area/occupation that best fits life events and career stage.
- Able to set up new divisions/businesses for value creation.
- Able to come back if it doesn't fit.

Eliminate resource shortages, improve productivity, and develop future active human resources

Deepen monitoring to avoid missing opportunities to enhance corporate value. Take timely moves through a high-speed rotation of cycles with more precise decision-making criteria and denser content.



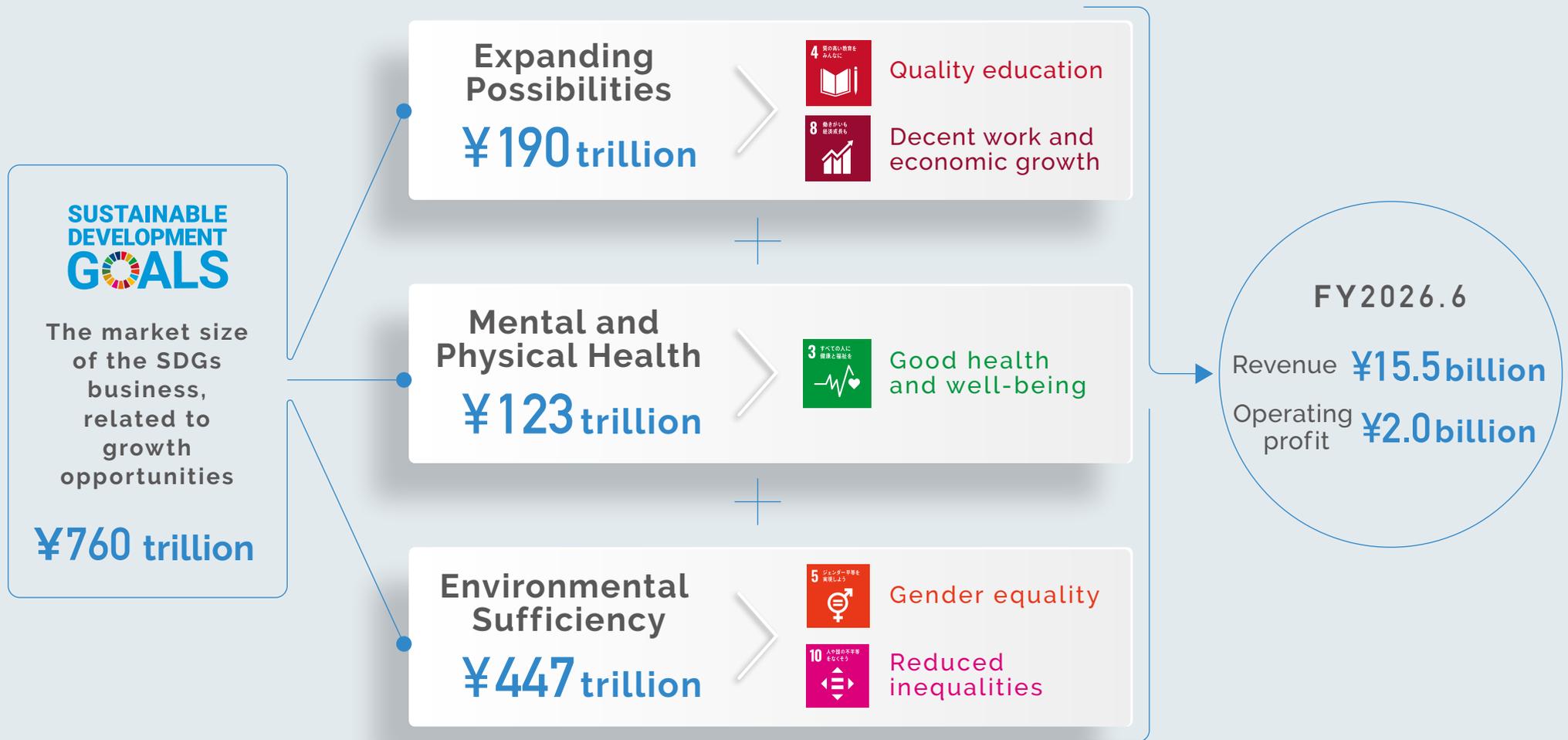
Improve accuracy in determining the right time
through repeated effectiveness forecasting/verification



09

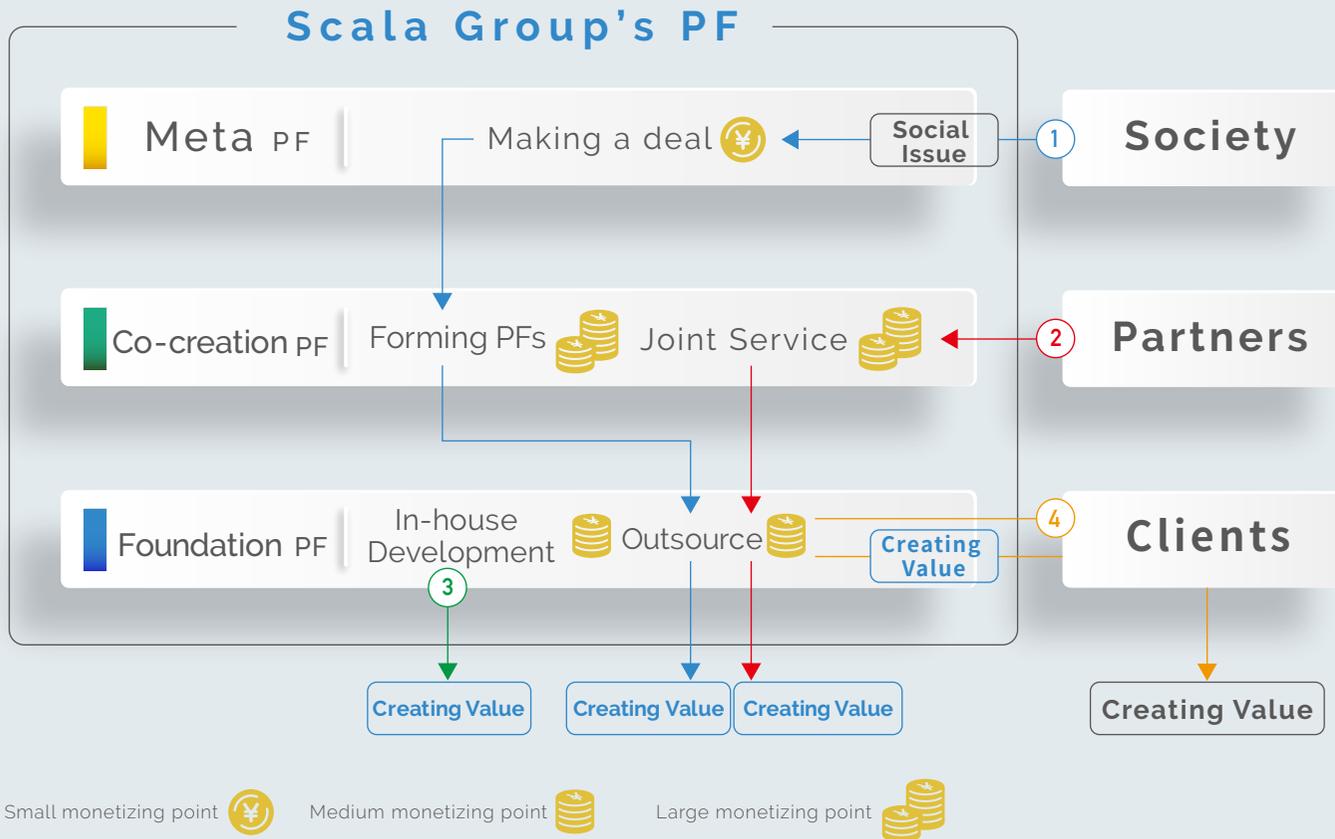
Profit Model and Growth Image

The market size of the SDGs business, related to growth opportunities, is estimated at 760 trillion yen*.



*Source: Deloitte Tohmatsu, "Market Size of SDG Businesses." <https://www2.deloitte.com/jp/ja/pages/about-deloitte/articles/dtc/sdgs-market-size.html>

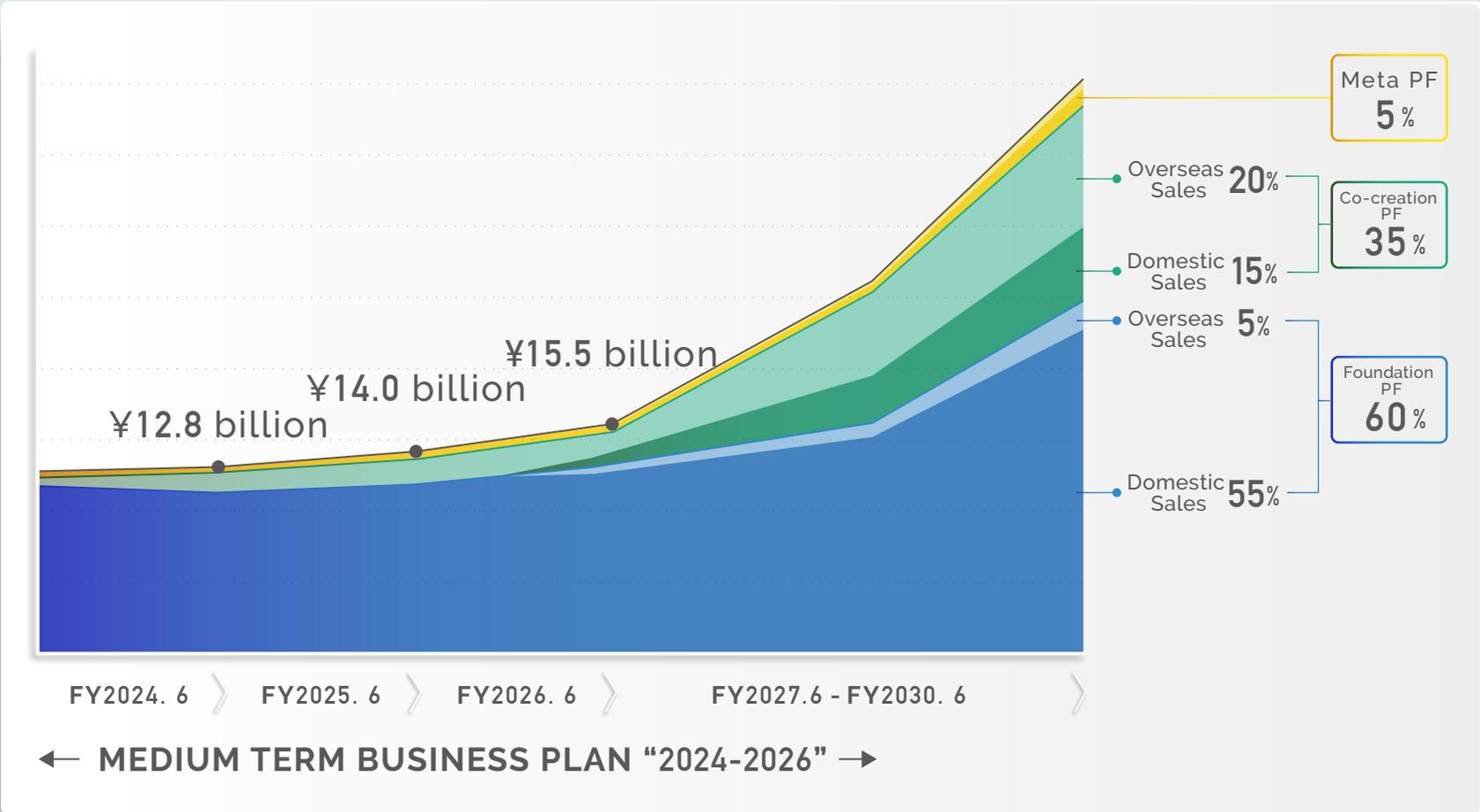
Scala Group Platform has four main revenue models.
High profitability through value creation in response to issues and needs.



Details of Revenue Model

- ① A series of value creation from social issues to implementation
- ② Co-creation projects to develop and expand business jointly with partners
- ③ In-house developed services that create value in the core business
- ④ Projects that create value through our clients

Achieve sales revenue of 15.5 billion in the fiscal year ending June 30, 2026.
 In the mid-to long-term, aim to expand the share of overseas sales and revenue within each PF and co-creation platform.

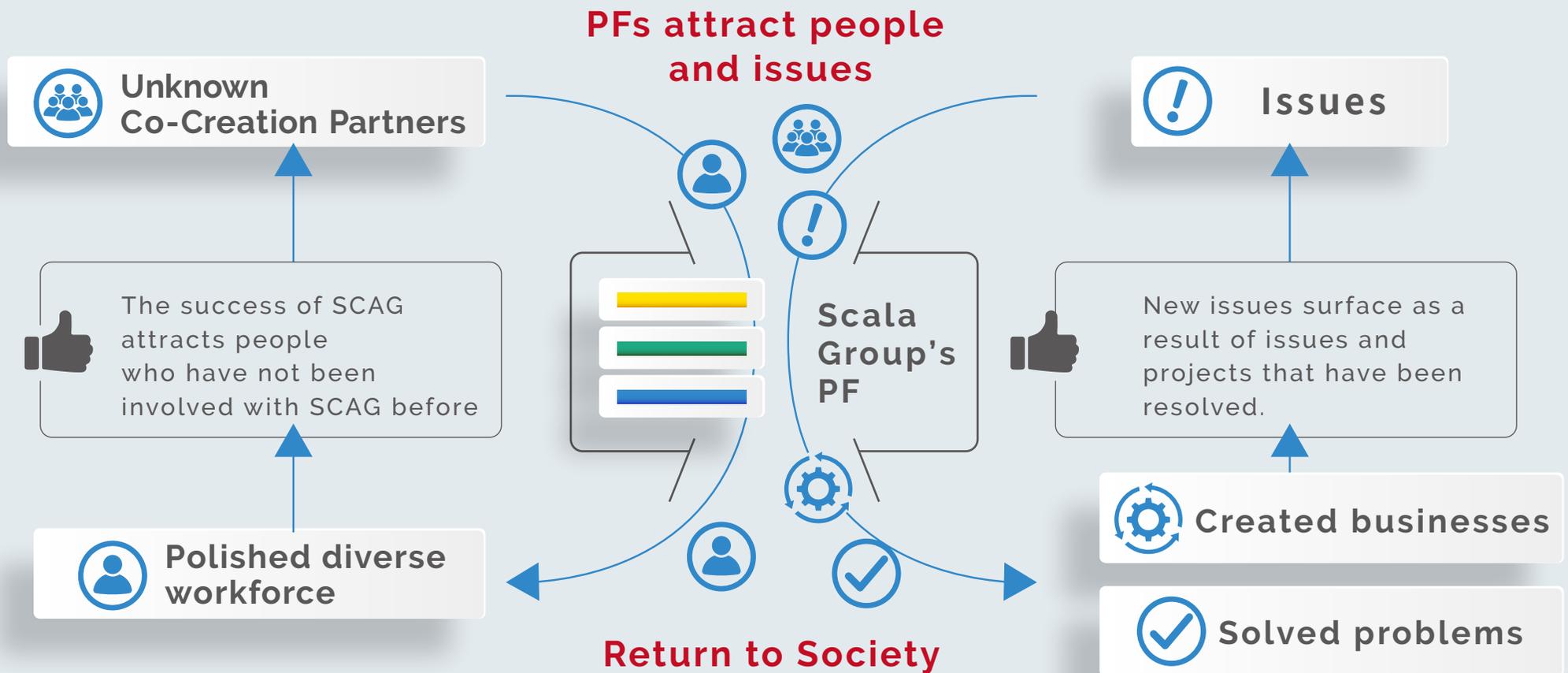




10

Scala Group's Value Cycle

Create a place for interaction and continuous social contribution through the unique and high-value Scala Group (SCAG) platform, and create a society that is overflowing with value.

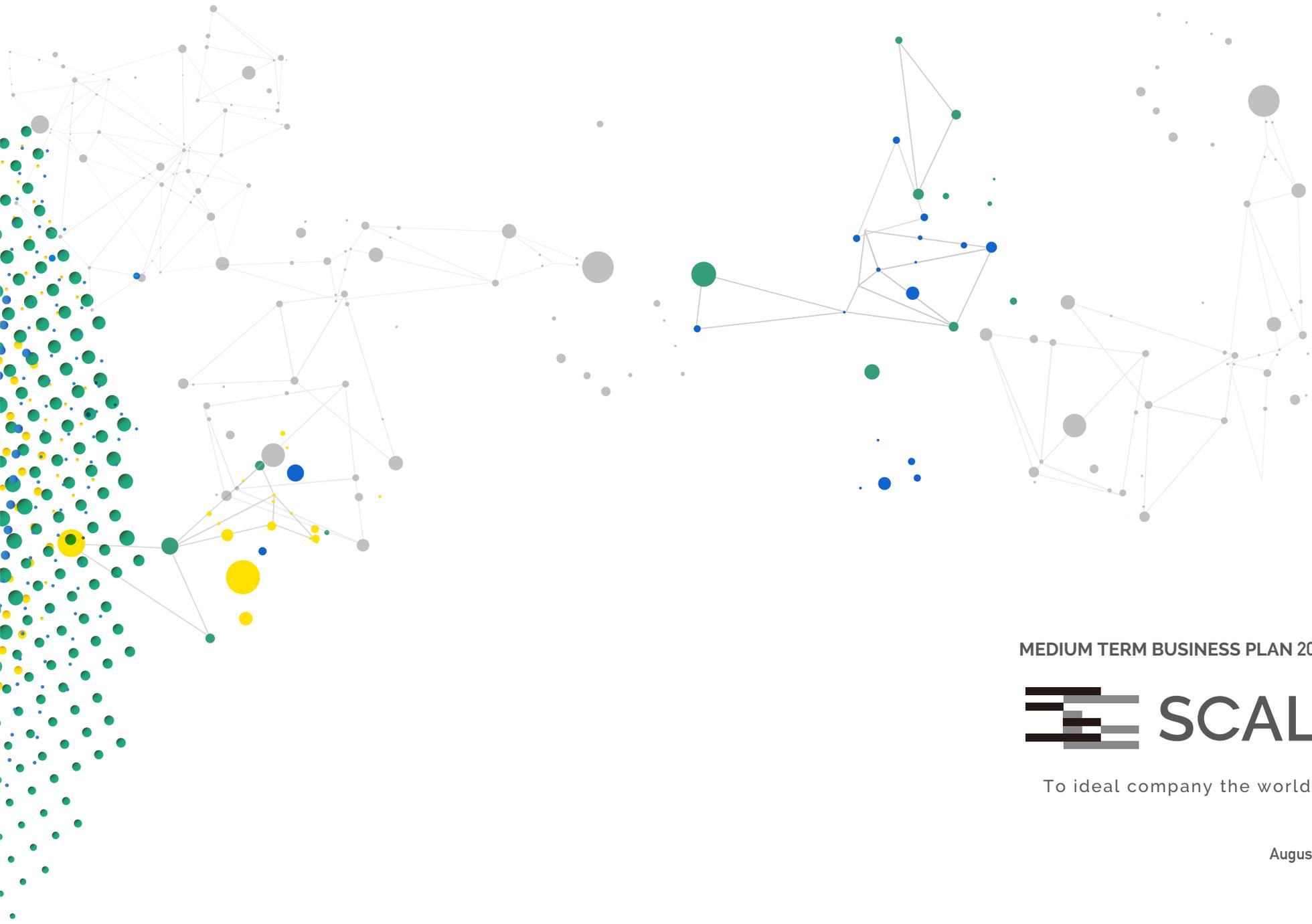


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August 14, 2023