

Scala, Inc.

4845

Tokyo Stock Exchange Prime Market

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Summary

Results are expected to return to a growth trajectory from 2H 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 through M&As. The Company completed business structural reforms which had been implemented for two fiscal years in FY6/25, and aims to return to growth by shifting to proactive management centered on the DX Business, the HR Business, and the TCG (Trading Card Game) Business from FY6/26.

1. Overview of 1H FY6/26 results

In the 1H FY6/26 (July–December 2025) consolidated results (continuing operations*), revenue decreased 4.1% year on year (YoY) to ¥4,007mn and operating income decreased 84.8% YoY to ¥56mn, but they progressed roughly in line with the Company forecast (revenue of ¥4,040mn and operating income of ¥40mn). Revenue increased YoY in the HR Business and the TCG Business, but relatively decreased due to factors such as the receipt of orders for large-scale projects in the DX Business in the same period of the previous fiscal year. In terms of profit, in addition to the decrease in profit due to the decline in revenue in the DX Business, profit also decreased in the HR Business and the TCG Business due to higher expenses associated with investments for growth.

* 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 YoY change rate are presented on a continuing operations basis, excluding the discontinued operations.

2. FY6/26 forecasts

For FY6/26 consolidated results, the Company left its initial plan unchanged, forecasting revenue to increase 7.6% YoY to ¥8,800mn and operating income to decline 16.2% to ¥630mn. In 2H, the DX Business is also expected to turn toward recovery due to the accumulation of recurring revenue businesses and the contribution of system development projects, and all three main businesses are expected to record higher revenue. Operating income is expected to decrease, but on the Non-GAAP basis, excluding one-time gains and losses, operating income increases 12.3%. Due to the effects of business structural reforms, each business has a profitable structure, and profit is also expected to improve driven by increased revenue.

3. Medium-term management plan

The Company started the three-year medium-term management plan from FY6/26. The Company set a policy to aim for further profit growth while focusing on profitability and efficiency, promoting the growth of its main businesses through enhanced business portfolio management. For FY6/28, the Company aims for 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 all three main businesses: the DX Business, the HR Business, and the TCG Business, and intends to strengthen profitability by linking the positive use of AI technologies to improving operational efficiency and adding higher values to the services it provides. In addition, regarding M&A, the Company intends to positively consider projects that are expected to generate synergies with existing businesses.

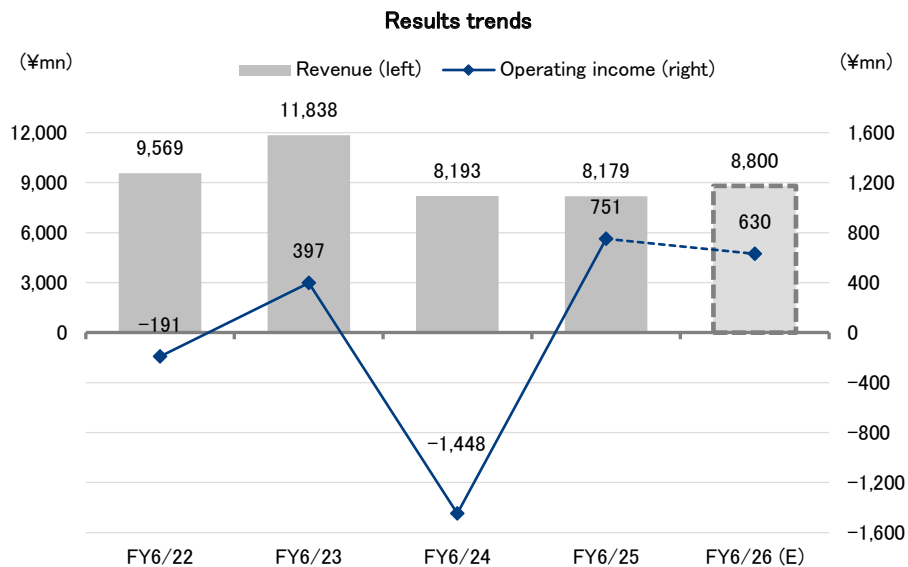
Summary

4. Shareholder return policy

Regarding its shareholder return policy, the Company has decided on a policy to distribute dividends at a rate of approximately 50% of net income before tax, excluding extraordinary factors, from FY6/25. Under this policy, for FY6/26, the Company plans to raise its dividend per share by ¥0.5 YoY to ¥17.0. If net income before tax continues to grow, the Company is expected to increase its dividend.

Key Points

- Revenue and profit decrease in 1H FY6/26, but profit exceeds the plan
- On track for double-digit profit growth in real terms in FY6/26 due to expansion of the HR Business and the TCG Business
- Aims to return to a double-digit revenue and profit growth pace from FY6/27 onward
- 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

Business description

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

The Company classifies its operations 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 1H FY6/26, the DX Business contributed the majority share of 54.4%, followed by 30.7% for the TCG Business, 12.2% for the HR Business, and 2.7% for the Incubation Business.

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Business description

Looking at the subsidiaries that make up each business segment, the DX Business has three subsidiaries: Scala Communications, Inc., which mainly provides SaaS/ASP services and contract-based development of software products; EGG CO., LTD, which is engaged in businesses related to national policy*1, Furusato Nozei (hometown tax donation program)*2, healthcare (developing systems and apps for frailty*3 prevention), and regional revitalization; and Scala Service, Inc., which operates a call center service. Furthermore, Scala Service has a small sales scale and is positioned as a cost center, taking on internal operations.

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

*2 Develops and provides 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 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., which operates a new graduate recruiting support service focused on university student athletes, and GeaREmake, 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.

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 hometown tax donation program, 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)
Incubation Business	Scala, Inc.	Strategic investment 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, which is a recurring revenue business accounting for the majority of revenue, provides a variety of systems for web and telephone inquiries, information retrieval, and application acceptance at reasonable monthly fees. In addition, the Company also operates the contract-based development business of corporate websites and IT systems, the SES business that dispatches system engineers to client companies, the alliance business that provides socially useful solutions via 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.

Business description

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

(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 GeaREmake 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 the end of December 2025, the site had over 333,000 registered members. The number of members is increasing at a rate of 2,000–3,000 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.

Business description

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, building networks with participating local governments may increase opportunities for receiving orders for new projects related to DX support. For this reason, the Company has positioned Gyaku Propo as an important trigger to expand public-private sector co-creation projects.

Results trends

Revenue and operating income decrease in 1H FY6/26, but operating income exceeds the plan

1. Overview of 1H FY6/26 results

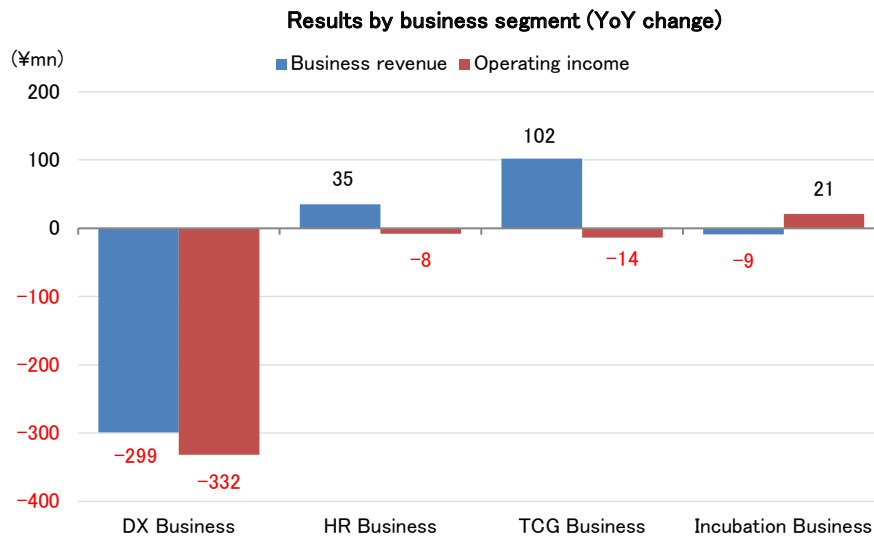
In the 1H FY6/26 consolidated results (IFRS, on a continuing operations basis), revenue decreased 4.1% YoY to ¥4,007mn, operating income decreased 84.8% to ¥56mn, net income before tax decreased 87.4% to ¥45mn, and interim net income attributable to owners of parent decreased 95.9% to ¥14mn, resulting in a decline in revenue and profit, but they progressed roughly steadily compared to the Company forecast (revenue of ¥4,040mn and operating income of ¥40mn).

1H FY6/26 results (consolidated, IFRS, continuing operations)

	(¥mn)								
	1H FY6/25			1H FY6/26			YoY		% change vs. forecast
	Results	vs. revenue	Company forecast	Results	vs. revenue	% change	Change		
Revenue	4,179	-	4,040	4,007	-	-4.1%	-171	-0.8%	
Cost of sales	2,146	51.4%	-	2,196	54.8%	2.4%	50		
SG&A expenses	1,669	39.9%	-	1,756	43.8%	5.2%	87		
Operating income	374	9.0%	40	56	1.4%	-84.8%	-317	42.0%	
Net income before tax	361	8.6%	-	45	1.1%	-87.4%	-315		
Net income attributable to owners of parent	353	8.5%	-	14	0.4%	-95.9%	-338		

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

Results trends



Note: Operating income is after allocation of Company-wide costs
 Source: Prepared by FISCO from the Company's results briefing materials

The main reason for the decline in revenue and profit is the large impact of a relative decrease of approximately ¥300mn in revenue due to factors such as the receipt of orders for large-scale projects in the mainstay DX Business in the same period of the previous fiscal year. Also, in terms of profit, the DX Business accounted for the majority with a profit decrease of ¥332mn, but the HR Business and the TCG Business also recorded a slight decrease in profit affected by higher expenses associated with the implementation of investments for growth. However, they are progressing roughly in line with the Company forecast (revenue of ¥4,040mn and operating income of ¥40mn), and it is evaluated that the Company is steadily changing into a lean profitable structure due to the effects of business structural reforms completed in the previous fiscal year.

Results trends

The DX Business proceeds with developing new services utilizing AI technologies

2. Trends by business segment

Results by business segment

		(¥mn)						
		1H FY6/25	1H FY6/26		YoY		% change	
		results	Plan	Results	% change	Change	vs. forecast	
DX Business	Revenue	2,479	2,250	2,179	-12.1%	-299	-3.1%	
	Operating income (IFRS)	Before allocation of Company-wide costs	528	-	207	-60.7%	-320	-
		After allocation of Company-wide costs	432	50	99	-77.0%	-332	99.2%
HR Business	Revenue	453	470	489	7.8%	35	3.9%	
	Operating income (IFRS)	Before allocation of Company-wide costs	87	-	82	-6.0%	-5	-
		After allocation of Company-wide costs	47	0	39	-17.2%	-8	-
TCG Business	Revenue	1,128	1,210	1,231	9.0%	102	1.7%	
	Operating income (IFRS)	Before allocation of Company-wide costs	183	-	162	-11.3%	-20	-
		After allocation of Company-wide costs	157	170	143	-9.2%	-14	-16.1%
Incubation Business	Revenue	116	110	107	-7.9%	-9	-3.0%	
	Operating income (IFRS)	Before allocation of Company-wide costs	-47	-	-19	-	28	-
		After allocation of Company-wide costs	-47	-30	-26	-	21	-

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

(1) DX Business

Revenue in the DX Business decreased 12.1% YoY to ¥2,179mn, operating income (IFRS, after allocation of Company-wide costs; same hereafter) decreased 77.0% to ¥99mn, and operating income before allocation of Company-wide costs declined 60.7% to ¥207mn.

Looking at trends by company, at Scala Communications, recurring revenue businesses such as the SaaS/ASP services i-ask and i-search remained strong, but one-time sales and pay-as-you-go revenue of Web services decreased. In addition, due to the delivery of a large-scale development project (approximately ¥300mn, auto loan web service system) for a financial services company in the same period of the previous fiscal year, there was a relative decrease of approximately ¥300mn in revenue, and operating income also decreased by approximately ¥200mn.

On the other hand, for EGG's results, operating income decreased by just under ¥100mn. The factors for the decrease in profit included that costs swelled more than expected due to an increase in the difficulty of a renewal project of the hometown tax donation program for existing customers (approximately ¥170mn, scheduled for delivery in the first half of 2026); the personnel utilization rate in December, the usual peak, fell below expectations because the "point reward system" for the hometown tax donation program was abolished from October 2025, causing last-minute demand to occur until September; and the continued reduction in monthly revenue for system maintenance projects.

Results trends

Furthermore, monthly recurring revenue (MRR) of recurring revenue businesses, which is set as a KPI, was ¥217mn in 2Q, steadily accumulating from ¥200mn in 2Q of the previous fiscal year and ¥213mn in 4Q of the previous fiscal year. However, competition to acquire customers is intensifying, and it appears to have slightly fallen short of the plan. To accelerate the speed of growth, Scala Communications is strengthening customer acquisition measures and proceeding with the development of new services utilizing AI technologies. In addition, EGG is also working on shifting to recurring revenue businesses.

Compared to the Company forecast (revenue of ¥2,250mn and operating income of ¥50mn), revenue slightly fell short partly because SaaS/ASP services fell below expectations, but operating income exceeded the forecast by ¥49mn by working on the optimization of SG&A expenses.

(2) HR Business

In the HR Business, revenue increased 7.8% YoY to ¥489mn, operating income decreased 17.2% to ¥39mn, and operating income before allocation of Company-wide costs declined 6.0% to ¥82mn. Amid active motivation of companies to recruit new graduates, needs for the recruiting support service business specifically for university student athletes and female students remain robust, and sales of job hunting events remained strong. Also, the mid-career recruiting support business has grown to monthly revenue of just over ¥10mn and progressed steadily, with profitability continuing on a single-month basis since 2H of the previous fiscal year. On the other hand, the personnel placement business became a factor for the decrease in profit, as the number of placements continued to decrease affected by the shortage of career advisors since the previous fiscal year. However, compared to the Company forecast (revenue of ¥470mn and operating income of ¥0mn), both revenue and operating income exceeded the forecast, affected by factors such as the early start of job hunting activities.

(3) TCG Business

In the TCG Business, revenue increased 9.0% YoY to ¥1,231mn, operating income decreased 9.2% to ¥143mn, and operating income before allocation of Company-wide costs decreased 11.3% to ¥162mn. Revenue captured demand from the year-end sales season, with the number of both sales and purchases growing, marking a new record high for revenue. In terms of profit, factors for the decrease in profit included proactive investments such as actively promoting system renovations and improvements and the introduction of the latest technologies, as well as an increase in purchasing costs for trading cards.

As of the end of December 2025, the number of registered members of Card Shop—Yuyu-Tei was 333,000, an increase of approximately 10% from 300,000 in the same period of the previous fiscal year. In addition, the number of monthly PVs in 2Q averaged 14 million PVs, an increase of 41.9% YoY, partly due to the release of new game titles and the implementation of various campaign measures, and the average purchase unit price also rose 8.1% YoY to ¥9,152.

Compared to the Company forecast (revenue of ¥1,210mn and ¥170mn), revenue slightly exceeded the forecast partly due to the implementation of a proactive purchasing strategy, but operating income slightly fell short due to higher purchasing costs.

(4) Incubation Business

In the Incubation Business, revenue decreased 7.9% YoY to ¥107mn, operating loss was ¥26mn (loss of ¥47mn in the same period of the previous fiscal year), and operating loss before allocation of Company-wide costs was ¥19mn (loss of ¥47mn). Although revenue decreased due to delays in some projects to the next period, the amount of loss decreased due to fixed cost reduction effects resulting from business structural reforms, and they progressed almost in line with the Company forecast (revenue of ¥110mn and operating loss of ¥30mn).

Results trends

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, there is the SOCIALX IMPACT FUND, which invests in startup companies that solve social issues, and it began full-scale operations, such as executing a lead investment in Child Support Inc. as its first project and starting demonstration experiments in five regions nationwide. The fund is a project jointly launched with QR Investment, Ltd., an investment subsidiary of the CCI Group, Inc. <7381>, 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. Aiming for a total asset under management of ¥1.0bn, 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, and to secure projects such as system development. In addition, SOCIALX is accumulating a track record of supporting public-private sector co-creation through the entrustment of public-private partnership promotion operations from Ikoma City, Nara Prefecture, and the implementation of Gyaku Propo.

Furthermore, it newly launched the provision of the service Voice, an idea co-creation platform for “Social Issues x AI,” in September 2025. It is a service that creates business plans using generative AI starting from social issues faced by local governments, and makes business proposals to companies considering new businesses.

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, and also promotes DX support in the value-up phase of an acquired company of its client by leveraging the comprehensive capabilities of the entire group.

Maintains a sound financial condition, with a view to M&A investments going forward

3. Financial position and management indicators

Looking at the financial position at the end of 1H FY6/26, total assets were down ¥219mn compared to the end of the previous fiscal year to ¥10,003mn. In current assets, cash and cash equivalents decreased ¥202mn, and trade and other receivables increased ¥357mn. In non-current assets, other long-term financial assets decreased ¥322mn.

Total liabilities decreased ¥106mn from the end of the previous fiscal year to ¥5,280mn. Interest-bearing debt increased ¥165mn, while income taxes payable decreased ¥202mn and lease liabilities decreased ¥60mn. Total equity decreased ¥112mn to ¥4,723mn. Dividend payments of ¥148mn were the main factor for the decrease.

Looking at management indicators, the equity attributable to owners of parent ratio was 46.9%, remaining roughly flat compared to the end of the previous fiscal year. Although the interest-bearing debt ratio rose 5.1 percentage points (pp) to 68.4% due to an increase in borrowings, net cash (cash and cash equivalents minus interest-bearing debt) was a positive ¥1,179mn, and the Company is evaluated as maintaining financial soundness.

Results trends

Consolidated statement of financial position (IFRS) and management indicators

	(¥mn)				
	FY6/23	FY6/24	FY6/25	1H FY6/26	Change
Current assets	10,280	9,106	5,900	6,020	119
Cash and cash equivalents	7,740	6,817	4,586	4,384	-202
Non-current assets	8,035	3,593	4,322	3,983	-339
Goodwill	1,990	978	978	978	0
Total assets	18,316	12,699	10,222	10,003	-219
Total liabilities	10,227	8,130	5,387	5,280	-106
Interest-bearing debt	6,002	5,790	3,038	3,204	165
Total equity	8,089	4,569	4,835	4,723	-112
Equity attributable to owners of parent	7,832	4,338	4,803	4,687	-116
Non-controlling interests	257	231	31	35	4
Management indicators					
Equity attributable to owners of parent ratio	42.8%	34.2%	47.0%	46.9%	-0.1pp
Interest-bearing debt ratio	76.6%	133.5%	63.2%	68.4%	5.1pp
Net cash	1,737	1,027	1,548	1,179	-368

Note: Management 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 left its initial plan unchanged, forecasting 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.

* 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.

The progress rate up to the interim period was 45.5% for revenue and 9.0% for operating income, showing a low progress rate on a profit basis, but the Company aims to achieve its plan as revenue is expected to grow in each business in 2H, and also due to scheduled deliveries of system development projects in the DX Business and continued efforts to reduce expenses.

Outlook

FY6/26 consolidated results (IFRS, continuing operations)

	FY6/25 results		FY6/26 plan (IFRS)	YoY change rate		Interim progress rate
	(IFRS)	(Non-GAAP)		(IFRS)	(Non-GAAP)	
Revenue	8,179	8,179	8,800	7.6%	7.6%	45.5%
Operating income	751	561	630	-16.2%	12.3%	9.0%
Net income before tax	724	534	590	-18.6%	10.5%	7.7%
Net income attributable to owners of parent	982	370	410	-58.2%	10.8%	3.5%
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 results	FY6/26 plan	YoY		Interim progress rate
				% change	Change	
DX Business	Revenue	4,616	4,950	7.2%	334	44.0%
	Operating income	776	410	-47.2%	-366	24.1%
HR Business	Revenue	1,011	1,150	13.7%	139	42.5%
	Operating income	148	190	28.4%	42	20.5%
TCG Business	Revenue	2,277	2,470	8.5%	193	49.8%
	Operating income	264	350	32.6%	86	40.9%
Incubation Business	Revenue	273	250	-8.4%	-23	42.8%
	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 hometown tax donation program. 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 new services utilizing generative AI functions, and proactive investment in human resources. The DX Business is expected to return to a revenue and profit growth from FY6/27 onward.

Regarding Scala Communications' SaaS/ASP business, it plans to revise the rates of its main services (a 2–3% price increase) from April 2026, which is expected to be a factor adding ¥4–5mn to monthly revenue. In addition, as a measure to acquire new customers, it has conventionally deployed initiatives centered on digital marketing and telephone sales, but it will also strengthen partner measures using web production companies and others as sales agents. Furthermore, it aims to increase revenue per customer through cross-selling and up-selling by acquiring leads through exhibiting at various exhibitions and strengthening relationship building with key persons at existing customers.

Outlook

As for the status of initiatives for new service development, Scala Communications aims to complete a new service utilizing generative AI functions, Next-Generation Search Service, around spring 2026, and to start providing the service from summer 2026. It is a service that realizes zero-click search utilizing RAG* technology, making it possible for users to save the trouble of searching when looking things up. In addition, Smart RAG, which is being jointly developed with insurance companies, has started demonstration testing toward practical application, and is scheduled to transition to a full service if there are no problems. The service provides a function to correct the first draft of content drafts and insurance solicitation documents by referring only to the latest legal data, which is automatically updated every month. As the insurance industry requires stricter compliance with laws and regulations and demand can be expected as a service that leads to streamlining the confirmation work of insurance solicitation documents and other materials, Scala Communications plans to extend sales channels of the service beyond the joint development partners.

* RAG (Retrieval-Augmented Generation) is a technology that makes a generative AI like ChatGPT generate answers while having it "refer" to external specialized knowledge such as internal manuals and customer databases.

The alliance business is also still small in terms of revenue, but is steadily growing. The corporate health support program fitbiz, launched in September 2024 as the first service of the Smart Healthcare Platform, developed as a co-creation project with Otsuka Pharmaceutical since 2022, is seeing a steady increase in inquiries, partly due to growing corporate interest in health and productivity management. fitbiz 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, and the 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*. Initially, there were many usage contracts for a scale of 50 to 100 people, but recently, inquiries from large companies wanting to use it on a scale of 5,000 people have begun to emerge. 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. Revenue for FY6/26 is expected to be ¥10–20mn, and the Company has set a revenue target of ¥100mn for the time being.

* 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.

Outlook

For livestock DX, since January 2023, Scala Communications has provided U-Medical Support*1, a comprehensive medical treatment support tool with functions including remote treatment, electronic medical records and generating instruction documents for a cow, jointly developed with desamis Co., Ltd. and Mitsui Sumitomo Insurance Company, Limited. U-motion*2, 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. In addition, in December 2025, through joint development with desamis Co., Ltd., Scala Communications started providing U-Medical Record Check*3, a new service that streamlines the insurance examination operations for livestock. The system is utilized for insurance examination operations for livestock mutual aid at agricultural mutual relief associations, and has a function to automatically check medical record data submitted for insurance applications and extract data deficiencies and out-of-regulation information. It has already been decided to be introduced in multiple locations, such as starting a trial provision for the Aichi Agricultural Mutual Relief Association, and monthly revenue are expected to be around ¥400,000–500,000. Since there are 49 agricultural mutual relief associations nationwide, Scala Communications aims to expand the business scale by proceeding with extending sales channels while striving to expand functions going forward.

*1 Monthly fees are ¥22,000 per account and ¥55,000 per clinic, 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.

*2 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.

*3 Monthly fees (excluding tax) start from ¥50,000 (varying depending on the functions used and the number of medical records per month).

EGG is also focusing on the frailty prevention business, which is a recurring revenue business. The number of local governments introducing Fure-Sapo (formerly ASTER II) for WEB, an online service for frailty prevention and early detection, is gradually increasing, and it was introduced and began operations in Sendai City in February 2026. Currently, monthly revenue of the business are still small at about ¥4mn, but EGG aims to contribute to earnings by expanding the number of local governments introducing it.

Also, as a measure to reduce the cost of sales ratio, EGG is working on promoting offshore development to respond to the shortage of IT engineers, and concluded a business alliance agreement with Tokyo Printing Co., Ltd. in February 2026. In addition to outsourcing EGG's high-cost digital printing department to Tokyo Printing, the two companies will bring their respective strengths in areas such as Web production and operational support, digital advertising planning and operation, and various types of marketing support, and will first proceed with strengthening management support-type services, such as marketing support and recruiting branding support, targeting small and medium-sized enterprises in the San-in area.

(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 is expected to remain strong. The Company aims to recover the personnel placement business by strengthening the structure of career advisors, which has been somewhat lagging. In February 2026, ASPLA established the Tohoku Branch in Sendai City, and will deploy employment and recruiting support services for students and companies in the Tohoku area. It is a strategy to expand the business scale by continuing to deploy bases in major regional cities going forward. Meanwhile, GeaREmake's job change support service forecasts revenue of about ¥120–130mn, and expects operating income to return to profitability for the full year.

Outlook

(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. Because it aims to expand the scale through proactive purchasing, there is a possibility of a slight downward deviation on a profit basis. In addition, the policy was to shift from indirect sales to a direct sales structure for overseas customers, but it has decided to rework its strategy again taking into consideration factors such as profitability and the market environment. The current direct sales ratio for overseas customers is around 2%.

(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.

Aims to return to a double-digit revenue and profit growth pace from FY6/27 onward

3. Medium-term management plan

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

The Company has started the three-year medium-term management plan 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) is planned to increase steadily from 6.9% in FY6/25 to 9.3% in FY6/28.

Results outlook by business segment

						(¥mn)
		FY6/25 results	FY6/26 forecasts	FY6/27 forecasts	FY6/28 forecasts	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%
Profit margins	(Non-GAAP)	6.9%	7.2%	8.4%	9.3%	

* Compound annual growth rate from FY6/25 to FY6/28

Source: Prepared by FISCO from the Company's announcement materials

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, and intends to address these important themes by promoting business strategies formulated for each operating company.

Outlook

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

Performance targets for the three main businesses

		(¥mn)				
		FY6/25 results	FY6/26 forecasts	FY6/27 forecasts	FY6/28 forecasts	CAGR
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 announcement materials

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. This is partly due to a temporary drop in profit levels in FY6/26 due to upfront investments, but the growth rate is 23.0% exclusively in the two years from FY6/27 onward.

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 aims to expand alliance-based SaaS business specialized in 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. Regarding EGG, the Company plans to shift to a recurring revenue business model and will proceed with improving revenue stability and strengthening the management base.

* 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 make upfront investments in human resources and other areas until the end of FY6/27, the effects becoming apparent in FY6/28.

Outlook

ASPLA has a strategy to aim for business growth by making efforts to strengthen the personnel structure as well as expanding the service area by newly establishing business bases, and expanding the number of target members (job-hunting students) and companies. In addition, to attract members, ASPLA proceeds with expanding its content and strengthening its Web marketing efforts. Regarding the personnel placement business, ASPLA proceeds with updating various manuals and training employees to improve the closing rate, as well as revising the 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 diversifying revenue, such as through the SaaS deployment of an in-house developed business system for wholesale companies and the sale of peripheral goods.

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. In addition, in its co-creation M&A service, 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, targeting companies for which synergy with the DX, HR, or TCG Businesses is expected, and investing in them leveraging loans and other funds, with a target amount of ¥500mn to ¥1.0bn per company. Regarding the TCG Business, it targets companies with a customer base and companies where IT/AI investment effects can be expected, but it is looking ahead to expanding the business area to the entertainment domain in the future, not limited to the trading card industry.

(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.

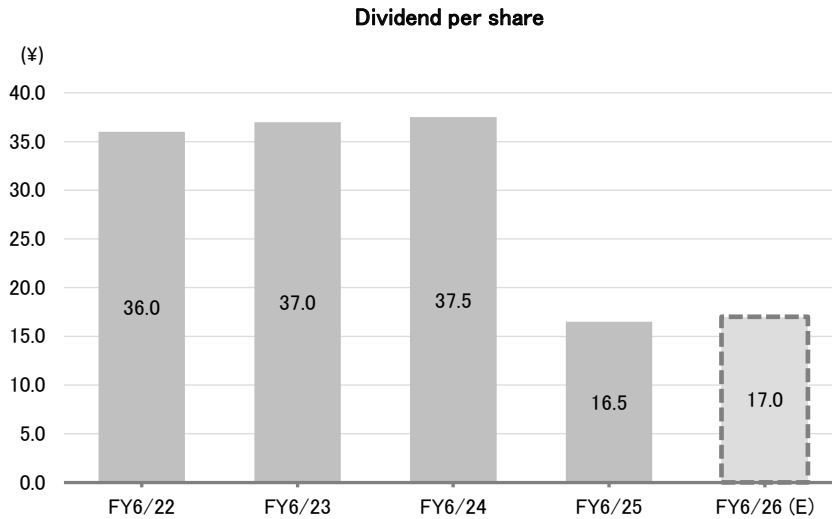
The most important item in the human resource strategy is a human resource system and human resource development in line with the business strategy. To fulfill the human resource portfolio based on the business strategy, the Company strengthens recruitment and concurrently visualizes and improves the abilities and skills of employees. In addition to providing opportunities for employees to improve their skills and abilities, the Company plans to introduce a compensation and evaluation system that appropriately rewards performance, and as a first step, changed the timing of bonus payments from the traditional June and December to March and September. The aim is to appropriately reflect the work evaluation for the target period in bonuses. For example, it evaluates the work performance from July to December and reflects it in the March bonus.

The number of consolidated employees at the end of December 2025 was 413, an increase of only 5 employees compared to the end of the previous fiscal year, but going forward, the Company plans to accelerate investment in human resources, including the recruitment of new graduates, centered on the DX and HR Businesses, and proceed with strengthening the management base.

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, the Company plans to pay a dividend per share increased by ¥0.5 YoY to ¥17.0 (50.0% of net income before tax in Non-GAAP) in FY6/26, and aims to increase dividends by continuing profit growth in FY6/27 and beyond. 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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