

February 16, 2026

Consolidated Financial Results for the Second Quarter of the Fiscal Year Ending June 30, 2026 (Six Months Ended December 31, 2025) [IFRS]

Company name: Scala, Inc. Listing: Tokyo Stock Exchange
 Stock code: 4845 URL: <https://scalagr.jp/en/>
 Representative: Hideaki Nitta, Director, Representative Executive Officer & President
 Contact: Yuichi Yamagishi, General Manager of Accounting Department
 Tel: +81-(0)3-6418-3960
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 Holding of financial results meeting: Yes (for institutional investors and analysts)
 (All amounts are rounded down to the nearest million yen.)

1. Management Performance under IFRS and Non-GAAP Measures

Consolidated Results of Operations (July 1, 2025–December 31, 2025)

(Percentages represent year-on-year changes.)

	Revenue		Operating income		Net income before tax		Net income		Net income attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Million yen	%
(IFRS)										
Six months ended Dec. 31, 2025	4,007	(4.1)	56	(84.8)	45	(87.4)	18	(94.6)	14	(95.9)
Six months ended Dec. 31, 2024	4,179	–	374	–	361	–	345	–	353	–
(Non-GAAP)										
Six months ended Dec. 31, 2025	4,007	(4.1)	62	(83.3)	51	(85.8)	24	(91.0)	20	(92.9)
Six months ended Dec. 31, 2024	4,179	–	374	–	361	–	272	–	287	–

	IFRS		Non-GAAP	
	Basic earnings per share	Diluted earnings per share	Basic earnings per share	Diluted earnings per share
	Yen	Yen	Yen	Yen
Six months ended Dec. 31, 2025	0.84	0.84	1.17	1.17
Six months ended Dec. 31, 2024	20.37	20.37	16.54	16.54

Notes: 1. Revenue, operating income, and net income before tax for the six months ended December 31, 2024 were reclassified by deducting the amounts of those from discontinued operations from the amounts of those from continuing operations. Because of this, these year-on-year changes are not presented.

For details of the discontinued operations, please refer to “2. Condensed Semi-annual Consolidated Financial Statements and Notes, (5) Notes to Condensed Semi-annual Consolidated Financial Statements, Discontinued Operations” on page 15 of Attachments.

- Under non-GAAP measures, M&A expenses of 5 million yen were deducted from operating income and line items below for the six months ended December 31, 2025.
- Under non-GAAP measures, for adjustment, net income from discontinued operations was deducted from net income and the line items below.
- For details of the non-GAAP measures, please refer to “1. Overview of Business Performance (1) Results of Operations” on page 2 of Attachments.

2. Consolidated Financial Position under IFRS

	Total assets	Total equity	Equity attributable to owners of parent	Ratio of equity attributable to owners of parent to total assets	Equity per share attributable to owners of parent
	Million yen	Million yen	Million yen	%	Yen
As of Dec. 31, 2025	10,003	4,723	4,687	46.9	269.89
As of Jun. 30, 2025	10,222	4,835	4,803	47.0	276.70

3. Dividends

	Dividend per share				
	1Q-end	2Q-end	3Q-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended Jun. 30, 2025	–	8.00	–	8.50	16.50
Fiscal year ending Jun. 30, 2026	–	8.50			
Fiscal year ending Jun. 30, 2026 (forecasts)			–	8.50	17.00

Note: Revisions to the most recently announced dividend forecast: None

4. Consolidated Earnings Forecast for the Fiscal Year Ending June 30, 2026 under IFRS (July 1, 2025–June 30, 2026)

(Percentages represent year-on-year changes.)

	Revenue		Operating income		Net income before tax		Net income		Net income attributable to owners of parent		Basic earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	8,800	7.6	630	(16.2)	590	(18.6)	410	(58.3)	410	(58.2)	23.62

Note: Revisions to the most recently announced earnings forecast: None

* Notes

(1) Significant changes in the scope of consolidation during the period: None

Newly added: –

Excluded: –

(2) Changes in accounting policies and accounting estimates

1) Changes in accounting policies required by IFRS: None

2) Changes in accounting policies other than 1) above: None

3) Changes in accounting estimates: None

(3) Number of shares issued (common shares)

1) Number of shares issued as of the end of the period (including treasury shares)

As of Dec. 31, 2025: 17,768,259 shares As of Jun. 30, 2025: 17,761,859 shares

2) Number of treasury shares as of the end of the period

As of Dec. 31, 2025: 400,014 shares As of Jun. 30, 2025: 400,014 shares

3) Average number of shares outstanding during the period

Six months ended Dec. 31, 2025: 17,362,488 shares Six months ended Dec. 31, 2024: 17,356,521 shares

- Semi-annual financial results reports are exempt from review conducted by certified public accountants or an audit firm.

- Explanation of appropriate use of earnings forecasts, and other special items

Cautionary statement with respect to forecasts

Forecasts of future performance in these materials are based on assumptions judged to be valid and information available to Scala's management at the time these materials were prepared, but are not promises by Scala regarding future performance. Actual results may differ significantly from these forecasts for a number of reasons.

How to view supplementary materials for financial results

Supplementary materials for the financial results will be disclosed today (February 16, 2026) and available on the Scala's website.

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1. Overview of Business Performance

Scala, Inc. (the “Company”) and its group companies (collectively the “Group”) have adopted International Financial Reporting Standards (IFRS).

In addition to IFRS, the Group has adopted financial measures that can express its operating performance more accurately (the “non-GAAP measures”) and accordingly has disclosed its consolidated results of operations by applying both IFRS and the non-GAAP measures.

The Company transferred all shares of its consolidated subsidiaries Retool, Inc. and Nihon Pet Small-amount Short-term Insurance Company, and completed liquidation of Leoconnect, Inc. and SCSV-1 Investment Limited Partnership in the fiscal year ended June 30, 2025.

In addition, the Company completed liquidation of its consolidated subsidiary, SCL Capital LLC, in the first six months of the fiscal year ending June 30, 2026.

Accordingly, revenue, operating income, and net income before tax for the first six months of the fiscal year ended June 30, 2025 were reclassified by deducting the amounts of those from discontinued operations from the amounts of those from continuing operations.

From the first six months of the fiscal year ending June 30, 2026, the EC Business, a reportable segment, is renamed the TCG Business. There is no change to the details of the business.

(1) Results of Operations

In the first six months of the fiscal year ending June 30, 2026, the Japanese economy remained on a moderate recovery trend, amid improvements in employment and income conditions. However, the economic outlook remains uncertain due to unstable international affairs, soaring resource prices, as well as the impact of price hikes driven by exchange rate fluctuations and other factors.

Under these circumstances, we focus on the growth not only of the Group, but also of our co-creation partners, local communities, and countries by utilizing cutting-edge digital transformation (DX) technologies to reduce costs and streamline operations to create new work styles. Along with that, we acknowledge that initiatives to promote personal growth of people who are involved in resolving social problems are attracting a lot of attention.

In such business environment, the Group has identified five priority themes based on the Mid-Term Management Plan 2026-2028, announced on September 25, 2025, and continued actions for becoming a corporate group that “nurture the future together through trust and co-creation.”

As a result, the Group reported revenue of 4,007 million yen (down 4.1% year on year) for the first six months of the fiscal year ending June 30, 2026. This was mainly due to a decrease in sales from web services in the DX Business, despite the strong performance of the booming trading card game market in the TCG Business.

On the profitability front, the Group reported operating income of 56 million yen (down 84.8% year on year). This was mainly because profit declined on a relative basis, as the DX Business had booked large-scale projects in the previous fiscal year.

Net income before tax amounted to 45 million yen (down 87.4% year on year). As a result of recording income tax expense of 27 million yen and loss from discontinued operations of 0 million yen, net income amounted to 18 million yen (down 94.6% year on year), and net income attributable to owners of parent amounted to 14 million yen (down 95.9% year on year).

Reporting on a non-GAAP basis

The non-GAAP measures are calculated by deducting non-recurring items and other adjustments, which are prescribed by the Group, from IFRS-based financial figures.

We believe that disclosure of the non-GAAP measures makes it easier for our stakeholders to make both cross-sectional and time-series comparisons and can also provide useful information that helps them to understand the Group’s underlying operating performance and its outlook.

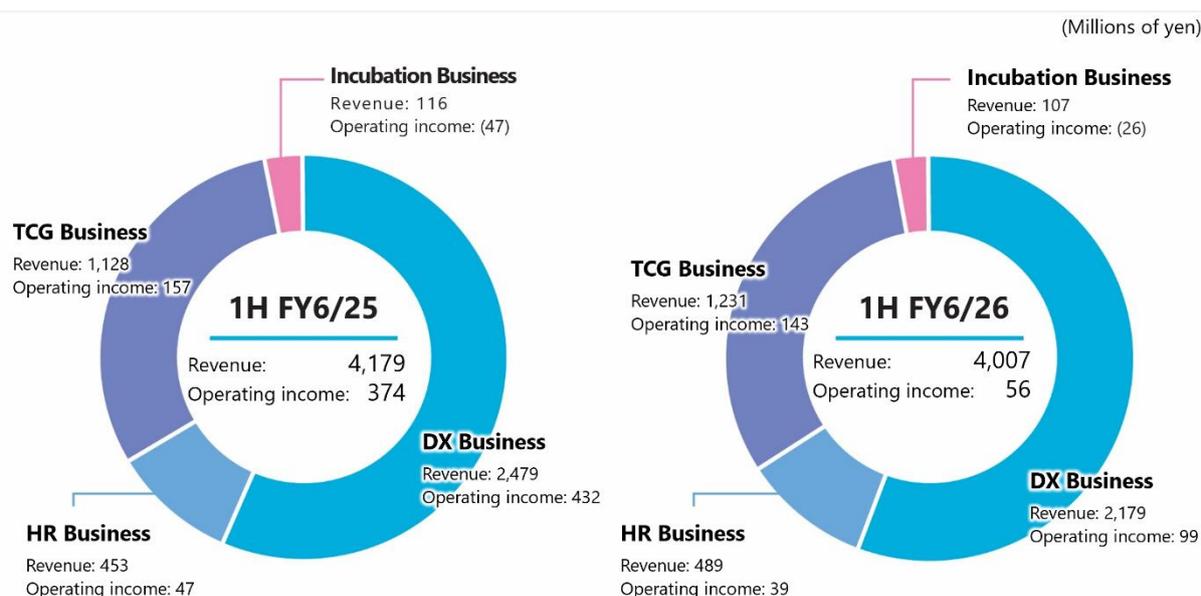
Non-recurring items refer to one-off earnings or losses that we believe should be excluded based on certain criteria for the purpose of preparing the earnings forecast.

While the Group discloses the non-GAAP measures in reference to the rules set out by the U.S. Securities and Exchange Commission, this does not mean the Group fully complies with these rules.

M&A expenses of 5 million yen were deducted from the line items below operating income for the period under review. In addition, net income from discontinued operations was deducted from net income and the line items below.

The operating segment performance is as follows.

Segment revenue and income are presented in accordance with IFRS.



(i) DX Business

In the DX Business, existing SaaS/ASP-type services such as “i-ask” and “i-search” continued to be steady at Scala Communications, Inc., but one-off sales and pay-as-you-go sales from web services decreased year on year. The engineer human resources business continues to perform strongly, contributing to revenue and profit. At EGG CO., LTD., the Furusato Nozei taxation system business recorded steady growth in orders for BPO projects, supported by an increase in donation amounts due to last-minute demand before discontinuation of the point system, but the impact of a decrease in monthly sales from system maintenance projects continued. Up-front investment in system development also continues in national policy projects. As a result, the DX Business overall saw a decrease in both revenue and income year on year.

(Millions of yen unless otherwise indicated)

		First six months of FY6/25	First six months of FY6/26	Year-on-year change	
				Amount	%
Revenue		2,479	2,179	(299)	Down 12.1%
Segment income (IFRS and non- GAAP measures)	Before allocation of corporate expenses	528	207	(320)	Down 60.7%
	After allocation of corporate expenses	432	99	(332)	Down 77.0%

(ii) HR Business

In the HR Business, demand remained strong for the recruiting support service specializing in sports club students and female students, as companies continued to show a high level of hiring motivation. Sales of job-hunting events also trended favorably. Accordingly, the Group launched a new service, “Bukachika,” expanding the target

demographic to include students who participated in sports clubs during high school. The placement services fell short of the level in the same period of the previous fiscal year due to a decrease in members resulting from a shortage of career advisors carried over from the prior year. The mid-career recruitment support business has remained profitable on a monthly basis since the second half of the previous fiscal year and has continued to perform well. As a result, revenue increased and income decreased year on year.

(Millions of yen unless otherwise indicated)

		First six months of FY6/25	First six months of FY6/26	Year-on-year change	
				Amount	%
Revenue		453	489	35	Up 7.8%
Segment income (IFRS and non- GAAP measures)	Before allocation of corporate expenses	87	82	(5)	Down 6.0%
	After allocation of corporate expenses	47	39	(8)	Down 17.2%

(iii) TCG Business

In the TCG Business, the Group operates the reuse EC site Card Shop Yuyu-tei, which offers purchase and sales of trading card games (TCG) as well as strategy guide content. This site has been steadily growing as a major TCG online retailer. As a result of an increase in both the number of sales and purchases by capturing demand during the year-end sales season, revenue in December reached a monthly record high since the Group's establishment. Delivery of a system development project for the trading card distribution industry was completed in December, generating one-off and monthly revenue. As a result, revenue increased year on year. However, as we continued to actively renovate and improve systems and introduce the latest technology, income decreased year on year.

(Millions of yen unless otherwise indicated)

		First six months of FY6/25	First six months of FY6/26	Year-on-year change	
				Amount	%
Revenue		1,128	1,231	102	Up 9.0%
Segment income (IFRS and non- GAAP measures)	Before allocation of corporate expenses	183	162	(20)	Down 11.3%
	After allocation of corporate expenses	157	143	(14)	Down 9.2%

(iv) Incubation Business

In the Incubation Business, SOCIALX, INC. supports the creation of new businesses for addressing social problems in public-private co-creation through a variety of Gyaku-Propo services. After the Japan Network for Public Interest Activities (JANPIA) has selected the Group's joint application with QR Investment Ltd., an investment subsidiary of CCI Group, Inc. (formerly Hokkoku Financial Holdings, Inc.), made as a fund distribution organization for an impact investment fund utilizing dormant deposits, the Group has been operating the SOCIALX Impact Fund since March 2025 and received the Good Design Award for it. The jury evaluated that its advanced design enables impact startups, which have been difficult to support with usual high-return oriented investment, to balance returns and social value. The Fund commenced full-scale operations, including the execution of lead investment in Child Support Inc. as its first project in November 2025, and the start of demonstration projects in five regions across Japan.

The Public-Private Co-Creation Acceleration Program (SOCIALX Acceleration) aims to create and support startups that resolve social issues while achieving both financial returns and social impact. This program has been provided to MUFG Bank, Ltd. and Mitsubishi UFJ Trust and Banking Corporation as an OEM program called "Oshigoto Crowdfunding." In the SOCIALX Acceleration for OKINAWA, workshops and mentoring have begun. In the SOCIALX Acceleration for GUNMA, which has decarbonization as the theme, various opportunities have emerged even for companies other than award winners, and public-private co-creation initiatives are expanding.

In the Startup Support and Development Project by Diverse Entities (TOKYO SUTEAM) by the Tokyo Metropolitan Government, SOCIALX continued to be selected as a partner in fiscal 2025 (April 1, 2025–March 31, 2026), and has begun accepting applications for the first batch from November 2025 and has fully launched a next-generation social entrepreneur training program, in collaboration with Shibuya QWS, at the newly established

SOCIALX Studio.

In addition, the Group is expanding its public-private co-creation support through initiatives, such as being commissioned for public-private partnership promotion services by Ikoma City, Nara Prefecture, the recruitment for the second round of Gyaku-Propo by Concur Japan, Ltd., and the implementation of the sixth round of Gyaku-Propo by Tokio Marine Direct Insurance Co., Ltd. We also launched the social issue resolution platform “Voice,” promoting efficiency in the issue extraction process. Furthermore, the Group continues to provide public-private co-creation human resources development for all the 54 municipalities in Aichi Prefecture and to accept secondment of staff members from Toyota City, while continuing to take on new challenges to build a collaborative economy.

Scala, Inc. is providing co-creation M&A services mainly for growth-phase listed companies by leveraging its business development and M&A experience, combined with the Group’s DX expertise. The Company is actively promoting DX support in the value-up phase for companies acquired by its clients. As a result, in the incubation business as a whole, revenue decreased and operating loss narrowed year on year.

(Millions of yen unless otherwise indicated)

		First six months of FY6/25	First six months of FY6/26	Year-on-year change	
				Amount	%
Revenue		116	107	(9)	Down 7.9%
Segment income (IFRS and non- GAAP measures)	Before allocation of corporate expenses	(47)	(19)	28	–
	After allocation of corporate expenses	(47)	(26)	21	–

(2) Financial Position

Assets

Total assets amounted to 10,003 million yen at the end of the period under review, a decrease of 219 million yen over the end of the previous fiscal year. This was mainly attributable to decreases of 202 million yen in cash and cash equivalents and 322 million yen in other financial assets, which were partially offset by an increase of 357 million yen in trade and other receivables.

Liabilities

Liabilities totaled 5,280 million yen, a decrease of 106 million yen over the end of the previous fiscal year. This was mainly attributable to decreases of 60 million yen in lease liabilities and 202 million yen in income taxes payable, which were partially offset by an increase of 165 million yen in bonds and borrowings.

Equity

Equity totaled 4,723 million yen, a decrease of 112 million yen over the end of the previous fiscal year. This was mainly attributable to a decrease of 133 million yen in retained earnings.

(3) Consolidated Earnings Forecast and Other Forward-looking Statements

The Group maintains its consolidated earnings forecast for the fiscal year ending June 30, 2026 that was announced in the “Consolidated Financial Results for the Fiscal Year Ended June 30, 2025” on August 14, 2025.

2. Condensed Semi-annual Consolidated Financial Statements and Notes

(1) Condensed Semi-annual Consolidated Statement of Financial Position

(Thousands of yen)

	FY6/25 (As of Jun. 30, 2025)	Second quarter of FY6/26 (As of Dec. 31, 2025)
Assets		
Current assets		
Cash and cash equivalents	4,586,809	4,384,156
Trade and other receivables	734,481	1,091,806
Inventories	392,981	417,491
Income taxes receivable	5,082	-
Other current assets	180,981	126,803
Total current assets	5,900,336	6,020,258
Non-current assets		
Property, plant and equipment	298,045	357,812
Right-of-use assets	1,161,311	1,092,570
Goodwill	978,216	978,216
Intangible assets	83,803	85,463
Other financial assets	1,071,227	749,048
Deferred tax assets	725,551	717,110
Other non-current assets	4,472	3,255
Total non-current assets	4,322,628	3,983,478
Total assets	10,222,965	10,003,737
Liabilities and equity		
Liabilities		
Current liabilities		
Trade and other payables	554,139	628,840
Bonds and borrowings	2,017,364	2,141,752
Lease liabilities	270,670	292,532
Income taxes payable	228,894	26,367
Other current liabilities	326,312	231,589
Total current liabilities	3,397,381	3,321,082
Non-current liabilities		
Bonds and borrowings	1,021,000	1,062,528
Lease liabilities	895,979	813,537
Other non-current liabilities	72,752	83,080
Total non-current liabilities	1,989,732	1,959,146
Total liabilities	5,387,113	5,280,228
Equity		
Equity attributable to owners of parent		
Share capital	1,794,904	1,796,532
Capital surplus	529,472	531,100
Retained earnings	2,621,910	2,488,840
Treasury shares	(299,968)	(299,968)
Other components of equity	157,643	171,060
Total equity attributable to owners of parent	4,803,961	4,687,566
Non-controlling interests	31,890	35,942
Total equity	4,835,851	4,723,508
Total liabilities and equity	10,222,965	10,003,737

(2) Condensed Semi-annual Consolidated Statements of Income and Comprehensive Income**Condensed Semi-annual Consolidated Statement of Income**

(Thousands of yen)

	First six months of FY6/25 (Jul. 1, 2024–Dec. 31, 2024)	First six months of FY6/26 (Jul. 1, 2025–Dec. 31, 2025)
Continuing operations:		
Revenue	4,179,076	4,007,354
Cost of sales	(2,146,251)	(2,196,700)
Gross profit	2,032,825	1,810,653
Selling, general and administrative expenses	(1,669,464)	(1,756,948)
Other income	14,977	5,297
Other expenses	(3,996)	(2,190)
Operating income (loss)	374,341	56,812
Finance income	10,109	17,178
Finance costs	(23,179)	(28,290)
Net income (loss) before tax	361,271	45,700
Income tax expense	(88,813)	(27,047)
Net income (loss) from continuing operations	272,458	18,652
Discontinued operations:		
Net income (loss) from discontinued operations	73,497	(94)
Net income (loss)	345,956	18,557
Net income (loss) attributable to:		
Owners of parent	353,492	14,506
Non-controlling interests	(7,536)	4,051
Net income (loss)	345,956	18,557
Earnings per share attributable to owners of parent		
Basic earnings (loss) per share (Yen)		
Continuing operations	15.46	0.84
Discontinued operations	4.91	(0.01)
Total	20.37	0.84
Diluted earnings (loss) per share (Yen)		
Continuing operations	15.46	0.84
Discontinued operations	4.91	(0.01)
Total	20.37	0.84

Condensed Semi-annual Consolidated Statement of Comprehensive Income

(Thousands of yen)

	First six months of FY6/25 (Jul. 1, 2024–Dec. 31, 2024)	First six months of FY6/26 (Jul. 1, 2025–Dec. 31, 2025)
Net income (loss)	345,956	18,557
Other comprehensive income		
Items that will not be reclassified to net income or loss		
Financial assets measured at fair value through other comprehensive income	(2,414)	7,864
Items that may be reclassified to net income or loss		
Exchange differences on translation of foreign operations	(1,602)	5,390
Total other comprehensive income, net of tax	(4,016)	13,255
Comprehensive income	341,939	31,813
Comprehensive income attributable to:		
Owners of parent	349,475	27,761
Non-controlling interests	(7,536)	4,051
Comprehensive income	341,939	31,813

(3) Condensed Semi-annual Consolidated Statement of Changes in Equity

First six months of FY6/25 (Jul. 1, 2024–Dec. 31, 2024)

(Thousands of yen)

	Equity attributable to owners of parent					Total equity attributable to owners of parent
	Share capital	Capital surplus	Retained earnings	Treasury shares	Other components of equity	
Balance as of Jul. 1, 2024	1,792,766	991,270	1,628,971	(299,966)	225,454	4,338,496
Net income (loss)	–	–	353,492	–	–	353,492
Total other comprehensive income	–	–	–	–	(4,016)	(4,016)
Comprehensive income	–	–	353,492	–	(4,016)	349,475
Dividends	–	(325,377)	–	–	–	(325,377)
Exercise of share acquisition rights	1,679	1,679	–	–	(46)	3,313
Share-based payment transactions	–	–	–	–	–	–
Forfeiture of share acquisition rights	–	619	–	–	(619)	–
Changes in ownership interest in subsidiaries	–	2,504	–	–	–	2,504
Transfer from capital surplus to retained earnings	–	(149,741)	149,741	–	–	–
Loss of control of subsidiaries	–	–	–	–	–	–
Total transactions with owners	1,679	(470,314)	149,741	–	(665)	(319,559)
Balance as of Dec. 31, 2024	1,794,446	520,955	2,132,205	(299,966)	220,771	4,368,412
		Non-controlling interests	Total equity			
Balance as of Jul. 1, 2024		231,007	4,569,504			
Net income (loss)		(7,536)	345,956			
Total other comprehensive income		–	(4,016)			
Comprehensive income		(7,536)	341,939			
Dividends		–	(325,377)			
Exercise of share acquisition rights		–	3,313			
Share-based payment transactions		–	–			
Forfeiture of share acquisition rights		–	–			
Changes in ownership interest in subsidiaries		(53,602)	(51,098)			
Transfer from capital surplus to retained earnings		–	–			
Loss of control of subsidiaries		2,258	2,258			
Total transactions with owners		(51,344)	(370,904)			
Balance as of Dec. 31, 2024		172,126	4,540,538			

First six months of FY6/26 (Jul. 1, 2025–Dec. 31, 2025)

(Thousands of yen)

	Equity attributable to owners of parent					
	Share capital	Capital surplus	Retained earnings	Treasury shares	Other components of equity	Total equity attributable to owners of parent
Balance as of Jul. 1, 2025	1,794,904	529,472	2,621,910	(299,968)	157,643	4,803,961
Net income (loss)	–	–	14,506	–	–	14,506
Total other comprehensive income	–	–	–	–	13,255	13,255
Comprehensive income	–	–	14,506	–	13,255	27,761
Dividends	–	–	(147,575)	–	–	(147,575)
Exercise of share acquisition rights	1,628	1,628	–	–	(44)	3,212
Share-based payment transactions	–	–	–	–	206	206
Forfeiture of share acquisition rights	–	–	–	–	–	–
Changes in ownership interest in subsidiaries	–	–	–	–	–	–
Transfer from capital surplus to retained earnings	–	–	–	–	–	–
Loss of control of subsidiaries	–	–	–	–	–	–
Total transactions with owners	1,628	1,628	(147,575)	–	161	(144,156)
Balance as of Dec. 31, 2025	1,796,532	531,100	2,488,840	(299,968)	171,060	4,687,566

	Non-controlling interests	Total equity
Balance as of Jul. 1, 2025	31,890	4,835,851
Net income (loss)	4,051	18,557
Total other comprehensive income	–	13,255
Comprehensive income	4,051	31,813
Dividends	–	(147,575)
Exercise of share acquisition rights	–	3,212
Share-based payment transactions	–	206
Forfeiture of share acquisition rights	–	–
Changes in ownership interest in subsidiaries	–	–
Transfer from capital surplus to retained earnings	–	–
Loss of control of subsidiaries	–	–
Total transactions with owners	–	(144,156)
Balance as of Dec. 31, 2025	35,942	4,723,508

(4) Condensed Semi-annual Consolidated Statement of Cash Flows

(Thousands of yen)

	First six months of FY6/25 (Jul. 1, 2024–Dec. 31, 2024)	First six months of FY6/26 (Jul. 1, 2025–Dec. 31, 2025)
Cash flows from operating activities		
Net income before tax	361,271	45,700
Net income (loss) before tax from discontinued operations	153,616	(52)
Depreciation and amortization	155,764	175,188
Loss (gain) on sale and retirement of non-current assets	(3,331)	(229)
Gain on sale of shares of subsidiaries	(284,771)	–
Loss (gain) on securities related to investment business	37,079	–
Finance income	(11,750)	(17,178)
Finance costs	23,668	28,290
Decrease (increase) in trade and other receivables	(252,323)	(375,600)
Increase (decrease) in trade and other payables	48,515	84,158
Decrease (increase) in inventories	(55,605)	(28,872)
Decrease (increase) in reinsurance assets	(12,094)	–
Increase (decrease) in insurance contract liabilities	2,140	–
Other	28,825	15,481
Subtotal	191,004	(73,114)
Interest and dividends received	11,593	14,181
Interest paid	(23,629)	(22,600)
Income taxes refund (paid)	(84,619)	(226,006)
Net cash provided by (used in) operating activities	94,348	(307,539)
Cash flows from investing activities		
Payments into time deposits	(643,000)	–
Proceeds from withdrawal of time deposits	35,700	–
Purchase of property, plant and equipment	(9,436)	(98,711)
Proceeds from sale of property, plant and equipment	1,400	280
Purchase of intangible assets	(11,641)	(11,585)
Proceeds from sale of intangible assets	5,000	–
Purchase of investment securities	–	(42,454)
Proceeds from sale of investment securities	162,719	390,869
Collection of loans receivable	1,800	1,000
Payments of leasehold and guarantee deposits	(15,120)	(11,388)
Proceeds from refund of leasehold and guarantee deposits	186,964	142
Proceeds from sale of shares of subsidiaries resulting in change in scope of consolidation	96,592	–
Other	6,225	–
Net cash provided by (used in) investing activities	(182,795)	228,152

(Thousands of yen)

	First six months of FY6/25 (Jul. 1, 2024–Dec. 31, 2024)	First six months of FY6/26 (Jul. 1, 2025–Dec. 31, 2025)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(800,000)	650,000
Proceeds from long-term borrowings	360,000	200,000
Repayments of long-term borrowings	(725,354)	(669,918)
Redemption of bonds	(20,000)	(20,000)
Repayments of lease liabilities	(134,372)	(140,431)
Proceeds from issuance of shares resulting from exercise of share acquisition rights	3,313	3,212
Purchase of treasury shares of subsidiaries	(40,536)	–
Dividends paid	(325,472)	(148,171)
Dividends paid to non-controlling interests	(21,704)	–
Net cash provided by (used in) financing activities	(1,704,126)	(125,308)
Effect of exchange rate changes on cash and cash equivalents	(8)	2,042
Net increase (decrease) in cash and cash equivalents	(1,792,581)	(202,652)
Cash and cash equivalents at beginning of period	6,817,385	4,586,809
Cash and cash equivalents at end of period	5,024,803	4,384,156

Note: Cash flows from continuing operations and cash flows from discontinued operations are included in the above table. Cash flows from discontinued operations are described in Notes to Condensed Semi-annual Consolidated Financial Statements, Discontinued Operations.

(5) Notes to Condensed Semi-annual Consolidated Financial Statements

Going Concern Assumption

Not applicable.

Notes to Condensed Semi-annual Consolidated Financial Statements

1. Material Accounting Policy Information

The material accounting policies applied for the condensed semi-annual consolidated financial statements for the period under review remain the same as significant accounting policies applied for the consolidated financial statements for the previous fiscal year.

It is noted that income tax expense for the period under review is determined based on the estimated annual effective tax rate.

2. Significant Accounting Estimates and Judgments Involving Estimates

The preparation of the condensed semi-annual consolidated financial statements requires the management to make certain judgments, estimates, and assumptions that affect the application of accounting policies and the amounts of assets, liabilities, revenues, and expenses. Actual results, however, could differ from these estimates.

These estimates and underlying assumptions are consistently reviewed. The effect of changes in accounting estimates is recognized in the reporting period in which the changes are made and in any future reporting periods affected.

The management has made estimates and judgments that have a material impact on the amounts reported in the condensed semi-annual consolidated financial statements for the period under review in the same way as it did in the consolidated financial statements for the previous fiscal year.

Segment Information

(1) Overview of reportable segments

The Group's reportable segments are components of the Group for which financial information disaggregated by similarity of nature of services is available and are regularly reviewed to make decisions about allocations of corporate resources and assess their performance.

In the previous fiscal year, the businesses operated by Retool, Inc. and Leoconnect, Inc. (DX Business), SCSV-1 Investment Limited Partnership (Incubation Business), and Nihon Pet Small-amount Short-term Insurance Company (Financial Business) were classified as discontinued operations. In the first six months of the fiscal year ending June 30, 2026, the business operated by SCL Capital LLC (Incubation Business) was also classified as a discontinued operation. These discontinued operations have been excluded from the segment information for the first six months of the fiscal year ended June 30, 2025.

As Nihon Pet Small-amount Short-term Insurance Company was reclassified into discontinued operations, the Financial Business has been excluded from the reportable segments for the first six months of the fiscal year ended June 30, 2025.

In the first six months of the fiscal year ending June 30, 2026, the EC Business, a reportable segment, has been renamed to the TCG Business. There is no change to the details of the business.

- The DX Business promotes digital transformation (DX) through IT, AI, and IoT and proactively facilitates cooperation with different industries and partners who have expertise in relevant technology, with the primary objective of establishing new businesses and services, redefining existing businesses, and speeding up regrowth to promote DX inside and outside Japan. This business also provides SaaS/ASP services using IT (Web, phone, fax, SMS related technologies)/AI/IoT technologies to meet customer needs flexibly and quickly.
- The HR Business offers recruiting support for new graduates and mid-career employees focusing on physical education students and professional athletes.
- The TCG Business operates Yuyu-Tei, a reuse EC site for buying and selling trading cards games (TCG) for battle-type games, which also contains game walkthrough pages.

- The Incubation Business engages in M&A and alliance with other companies. It also provides support for new business development with private companies in coordination with local governments across the nation and works on increasing value and engagement of business investments.

(2) Information related to revenue, income or loss, and other items for each reportable segment

First six months of FY6/25 (Jul. 1, 2024–Dec. 31, 2024)

(Thousands of yen)

	Reportable segment					Adjustments (Note 1)	Amounts shown on condensed semi- annual consolidated statement of income (Note 2)
	DX Business	HR Business	TCG Business	Incubation Business	Subtotal		
Revenue							
Sales to external customers	2,479,757	453,880	1,128,934	116,503	4,179,076	–	4,179,076
Inter-segment sales and transfers	27,337	–	–	20,000	47,337	(47,337)	–
Total	2,507,095	453,880	1,128,934	136,503	4,226,414	(47,337)	4,179,076
Segment income (loss)	432,354	47,368	157,495	(47,269)	589,949	(215,607)	374,341
Finance income	–	–	–	–	–	–	10,109
Finance costs	–	–	–	–	–	–	(23,179)
Net income (loss) before tax	–	–	–	–	–	–	361,271

- Notes: 1. The (215,607) thousand yen adjustment to segment income includes the elimination of inter-segment transactions and the corporate expenses that are not allocated to each reportable segment.
2. Segment income (loss) is adjusted to be consistent with operating income presented in the condensed semi-annual consolidated statement of income.
3. Corporate expenses are allocated to each reportable segment based on a rational basis.
4. Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

First six months of FY6/26 (Jul. 1, 2025–Dec. 31, 2025)

(Thousands of yen)

	Reportable segment					Adjustments (Note 1)	Amounts shown on condensed semi- annual consolidated statement of income (Note 2)
	DX Business	HR Business	TCG Business	Incubation Business	Subtotal		
Revenue							
Sales to external customers	2,179,837	489,116	1,231,060	107,340	4,007,354	–	4,007,354
Inter-segment sales and transfers	8,888	–	–	–	8,888	(8,888)	–
Total	2,188,725	489,116	1,231,060	107,340	4,016,243	(8,888)	4,007,354
Segment income (loss)	99,616	39,202	143,073	(26,108)	255,784	(198,971)	56,812
Finance income	–	–	–	–	–	–	17,178
Finance costs	–	–	–	–	–	–	(28,290)
Net income (loss) before tax	–	–	–	–	–	–	45,700

- Notes: 1. The (198,971) thousand yen adjustment to segment income includes the elimination of inter-segment transactions and the corporate expenses that are not allocated to each reportable segment.
2. Segment income (loss) is adjusted to be consistent with operating income presented in the condensed semi-annual consolidated statement of income.
3. Corporate expenses are allocated to each reportable segment based on a rational basis.
4. Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

Discontinued Operations

The Company transferred all shares of its consolidated subsidiaries Retool, Inc. and Nihon Pet Small-amount Short-term Insurance Company, and completed liquidation of Leoconnect, Inc. and SCSV-1 Investment Limited Partnership in the fiscal year ended June 30, 2025. As these entities have been classified as discontinued operations, they are presented separately.

The Company also completed liquidation of SCL Capital LLC in the first six months of the fiscal year ending June 30, 2026. As it was classified as a discontinued operation, it is presented separately.

Capital gains/losses from the transfer of the shares were recorded in net income (loss) from discontinued operations.

(1) Operating results of discontinued operations

	(Thousands of yen)	
	First six months of FY6/25 (Jul. 1, 2024–Dec. 31, 2024)	First six months of FY6/26 (Jul. 1, 2025–Dec. 31, 2025)
Net income or loss from discontinued operations		
Revenue	1,261,271	57
Expenses	(1,107,654)	(109)
Net income (loss) before tax from discontinued operations	153,616	(52)
Income tax expense	(80,118)	(42)
Net income (loss) from discontinued operations	73,497	(94)

(2) Cash flows from discontinued operations

	(Thousands of yen)	
	First six months of FY6/25 (Jul. 1, 2024–Dec. 31, 2024)	First six months of FY6/26 (Jul. 1, 2025–Dec. 31, 2025)
Cash flows from discontinued operations		
Cash flows from operating activities	73,710	(939)
Cash flows from investing activities	258,551	–
Cash flows from financing activities	(13,444)	–
Total	318,817	(939)

Material Subsequent Events

Not applicable.

This financial report is solely a translation of “Kessan Tanshin” (in Japanese, including attachments), which has been prepared in accordance with International Financial Reporting Standards (IFRS), for the convenience of readers who prefer an English translation.