April 22, 2021

Company name: Visional, Inc.
Representative: Soichiro Minami, Representative Director and CEO
(Code number: 4194 TSE-Mothers)
Contact: Risako Suefuji, Executive Officer, CFO and CAO
(TEL: +81-3-4540-6200)

Notice Regarding the Financial Results of Visional, Inc. Following New Listing on Tokyo Stock Exchange Mothers Section

Visional, Inc. ("the Company") hereby announces that it was listed on the Mothers Section of the Tokyo Stock Exchange today on April 22, 2021. We would like to express our sincere gratitude for your continued support.

Below is the forecast for the consolidated financial results of the Group for the fiscal year ending July 31, 2021 (August 1, 2020 to July 31, 2021). Recent financial results are attached to this document.

Consolidated Financial Results (in millions of yen, %)

Accounting period / Income data	Fiscal year ending July 31, 2021 (Forecast)			Six months ended January 31, 2021 (Actual)		Fiscal year ended July 31, 2020 (Actual)	
		Ratio to net sales	YoY change		Ratio to net sales		Ratio to net sales
Net sales	26,700	100.0	3.2	12,167	100.0	25,879	100.0
Operating profit	960	3.6	(56.1)	1,512	12.4	2,186	8.4
Ordinary profit	840	3.1	(62.7)	1,665	13.7	2,254	8.7
Profit attributable to owners of parent	390	1.5	(91.6)	1,086	8.9	4,658	18.0
Basic earnings per share	11.92 yen			35.28 yen		163.08 yen	
Dividends per share	0.00 yen			0.00 yen		0.00 yen	

(Notes) 1. Actual amounts of basic earnings per share for the fiscal year ended July 31, 2020 and for six months ended January 31, 2021 were calculated using the weighted-average number of issued shares during the respective periods. The estimated amount of basic earnings per share for the fiscal year ending July 31, 2021 was calculated using the expected weighted-average number of issued shares during the period, including the 2,127,700 shares publicly offered, and does not reflect third-party allotments of up to 266,900 shares related to sales by means of over-allotments.

2. On December 7, 2020, the Company conducted a 100-for-1 stock split. In the above, basic earnings per share was calculated assuming that the stock split was conducted at the beginning of the fiscal year ended July 31, 2020.

Basic assumptions for the forecast of the consolidated financial results for the fiscal year ending July 31, 2021

(1) Forecast for the Group as a Whole

The Group consists of five domestic subsidiaries and one domestic associated company. The Group's mission is the "persistent creation of new possibilities." We are a digital transformation company with multiple businesses that solve a wide variety of issues facing society through services created using technology.

BizReach, Inc. aims to provide an integrated human capital management ecosystem through HR-related services ranging from corporate recruiting to human capital performance management. This ecosystem includes BizReach, an online HR matching platform connecting companies with mid-career professionals; CareerTrek, a job change site designed for people in their 20s that are looking for new challenges; BizReach Campus, an alumni interview networking site; HRMOS ATS, an applicant tracking management cloud; and HRMOS, a human capital management cloud. Visional Incubation, Inc. operates businesses including BizReach SUCCEED, an online M&A matching platform; BizHint, a B2B lead-generation platform; and yamory, an open source tool for vulnerability management. Trabox, Inc. offers Trabox, an online logistics matching platform. BINAR, Inc. offers BINAR, an HR matching platform for high-skilled IT engineers.

In the fiscal year ending July 31, 2021, we expect this multi-business model to produce, on a consolidated basis, net sales of ¥26,700 million (a 3.2% year-on-year increase), operating profit of ¥960 million (a 56.1% year-on-year decrease), ordinary profit of ¥840 million (a 62.7% year-on-year decrease), and profit attributable to owners of parent of ¥390 million (a 91.6% year-on-year decrease). In order to achieve the abovementioned Group mission, we will make upfront investments necessary for our future business development primarily in advertising, product development, and recruiting in the second half of the fiscal year ending July 31, 2021. Consequently, our actual performance for the six months ended January 31, 2021 exceeds our forecast for the full fiscal year ending July 31, 2021 for operating profit and each subsequent profit category.

In the fiscal year ended July 31, 2020, we had temporary increases in operating profit, ordinary profit, and profit attributable to owners of parent due to our curtailment of advertising expenditures in the second half of the year (a 4.7% year-on-year decrease) in preparation for adverse scenarios amid the uncertainty over the impact of COVID-19, in addition to the recording of gain on transfer (¥4,799 million) from the spinoff of Stanby, Inc. In the fiscal year ending July 31, 2021, however, business activities have generally returned to normal.

This forecast was prepared using actual results from August to October 2020 and our performance forecast for November 2020 and beyond.

(2) Forecast by Category

Net Sales

	Net Sales (in millions of yen) (Note 1)
HR Tech Segment	25,050
BizReach	21,650
HRMOS	1,100
Others	2,300
Incubation Segment	1,500
Others (Note 2)	150
Total	26,700

(Notes) 1. Indicates sales to external customers.
2. Indicates real estate rental fees to an associated company accounted for by the equity method.

<HR Tech segment>

Our HR Tech segment primarily consists of BizReach, HRMOS, and other businesses in the HR Tech domain.

- BizReach business

The business's revenue mainly comes from direct employers and headhunters. The revenue from direct employers and headhunters consists of platform usage fees and performance-based fees.

1) By paying platform usage fees, direct employers can search the platform and send scouting messages directly to job seekers. If a direct employer hires a job seeker that it contacted via the platform, it pays a set percentage of the theoretical annual compensation of the new hire to BizReach, Inc. as a performance-based fee. The platform usage fee is calculated by multiplying the number of direct employers by the contract unit price. Based on the performance between June and October 2020 (trend after the state of emergency was declared due to the spread of COVID-19), the platform usage fee is expected to increase by 9.1% year on year due to the growth seen in the number of contracted companies. The performance-based fee is calculated based on holistic consideration of such factors as recruiting activities of direct employers on the platform after the spread of COVID-19, trends in numbers of successful hires (number of matched individuals), and the unit prices of hires made. Based on the recovery trend from the curtailment of hiring between June and October 2020 due to the spread of COVID-19, the performance-based fee is similarly expected to increase by 4.8% year on year due to the growth seen in the number of finalized hires.
2) By paying platform usage fees, headhunters can search the platform and send scouting messages directly to job seekers. If a headhunter hires a job seeker that he/she contacted via the platform, the headhunter pays a set percentage of the headhunting fee to BizReach, Inc. as a performance-based fee. The platform usage fee is calculated based on performance from September to October 2020, with the assumption that there will be no major changes from current performance during the budget period.

   The performance-based fee is calculated based on holistic consideration of such factors as headhunting activities on the platform after the spread of COVID-19, trends in numbers of successful hires, and the unit prices of hires made. Although the figures are based on the recovery trend from the curtailment of hiring from June to October 2020 due to the spread of COVID-19, net sales are expected to be in line with the previous fiscal year, because the impact of COVID-19 on headhunting was not as great as it was on direct employers in their previous year's performance.

As a result of the above, the expected net sales for the BizReach business are ¥21,650 million (a 3.4% year-on-year increase).

- HRMOS business

This is a Software-as-a-Service (SaaS) business that earns revenue in the form of usage fees from companies. Its revenue mostly comes from two main offerings: HRMOS ATS, an applicant tracking management cloud, and HRMOS, which is a human capital management cloud.

1) HRMOS ATS: applicant tracking management cloud

HRMOS ATS is a cloud service capable of centrally managing and analyzing job listing creation, progress management, referral hires (employee referrals), and other recruiting operations. Job listings created in HRMOS ATS can be linked automatically to BizReach, which recommends matching candidates on the BizReach platform to the corporate user. Companies can also create and edit their own recruiting sites on HRMOS ATS. One feature of these recruiting sites is that they are automatically added to job search engines (such as Stanby), which can be expected to drive more people to the sites. Net sales are calculated by multiplying the number of active paying customers of each month by the base price. The number of active paying customers fluctuates according to the numbers of new customers and the numbers of cancellations. The number of new active paying customers is set lower than the previous year's results, reflecting the state of sales amid the spread of COVID-19. The number of cancellations is calculated by multiplying the number of companies whose subscriptions are due to expire each month by the cancellation rate. Given the impact of COVID-19, the churn rate is also set higher than that of the previous year. In light of current performance, the base price is set with the expectation of a slight increase, based on the standard plan with the expectation of some upselling. The business is also working to enhance its features, including the release of HRMOS ATS New Graduate Edition, an applicant tracking management cloud that also supports year-round recruiting.

2) HRMOS: human capital management cloud

HRMOS aims to improve management efficiency and productivity by making corporate HR more efficient, providing support with artificial intelligence (AI) that can promote decision making, and practicing strategic HR (HR based on management strategy). In addition to basic functionality (database feature), HRMOS currently provides such features as Performance Management and Engagement Survey.

The database feature is an employee database whose goal is to support the company's human capital utilization by visualizing information about employees and organizations needed to make decisions regarding HR policies.

The database feature automatically integrates labor, salary, attendance, and other systems (API integration). It enables employees to update their own information directly, eliminating duplicate entry of employee data and simplifying data collection. It also includes features to automate HR processes, freeing HR departments from repetitive tasks and improving productivity. The Performance Management feature is an HR evaluation cloud service that ties in to team growth. It provides a database that can manage goals in accordance with organization and employee status. It increases opportunities for growth in an environment where employees and organizations are changing. It also enables HR departments to make data-based judgments and improve their processes by centrally managing goal- and evaluation-data history. Automating repetitive tasks makes evaluation operations more efficient and improves productivity.

The Engagement Survey feature was released in August 2020. This is a service that helps maximize organizational performance and employee engagement for the growth of the company. Through carefully designed questionnaires, it supports the identification of organizational performance and employee engagement issues and implementation of measures to address them.

The fee plan uses ID billing (billing by number of users) and varies according to the range in which the ID count falls. As with HRMOS ATS, net sales are calculated by multiplying the number of active paying customers of each month by the base price. Based on the development of additional features and enhancements to our sales readiness, new contracts are expected to increase by 28.6% over the year. Because the service was only recently launched, the number of churn is set based on the status of individual negotiations with paying customers. The base price is set based on the range in which the number of IDs falls for the prospective customer.

Net sales for the HRMOS business are expected to reach ¥1,100 million (an 18.1% year-on-year increase), given the increasing numbers of users of both HRMOS ATS and HRMOS as subscription-based businesses.

- Other businesses in the HR Tech domain

Revenue from other businesses comprises of CareerTrek, a job change site designed for people in their 20s that are looking for new challenges; BizReach Campus, an alumni interview networking site; and BINAR, an HR matching platform for high-skilled IT engineers. Net sales are calculated based on usage fees from companies and performance-based fees upon hiring.

<Incubation Segment>

Revenue comprises Trabox, an online logistics matching platform; BizReach SUCCEED, an online M&A matching platform; BizHint, a B2B lead-generation platform; and yamory, an open source tool for vulnerability management. In each case, net sales are calculated based on service usage fees from companies.

[Cost of Sales and Gross Profit]

The main component of cost of sales is labor costs, which are engineer and designer expenses relating to product development, maintenance and operation of each service. Server usage fees are also included in cost of sales. Additional development of each service, and HRMOS in particular, is expected to increase engineer headcount and server usage fees.

As a result of the above, for the fiscal year ending July 31, 2021, consolidated cost of sales is expected to reach ¥4,190 million (a 2.1% year-on-year increase), and gross profit is expected to reach ¥22,510 million (a 3.4% year-on-year increase).

[Selling, General and Administrative Expenses and Operating Profit]

The main components of selling, general and administrative expenses are personnel expenses and advertising expenses.

Personnel expenses are calculated based on future staffing plans. The Group recruits actively in order to expand sales of each service and strengthen governance. The number of full-time employees is expected to increase from 1,186 as of July 31, 2020 to 1,380 as of July 31, 2021. Personnel expenses for the fiscal year ending July 31, 2021 are expected to reach ¥7,380 million (a 22.2% year-on-year increase).

Advertising expenses mainly consist of Internet ads and TV commercials. Advertising plans are created for each business, and advertising expenses are expected to reach ¥7,790 million (a 2.0% year-on-year increase).

As a result of the above, the expected operating profit in the fiscal year ending July 31, 2021 is ¥960 million (a 56.1% year-on-year decrease). The decline in profit expected for the fiscal year ending July 31, 2021 is primarily attributable to a reaction to the curtailment of advertising volume in the fiscal year ended July 31, 2020, after the state of emergency was declared due to the spread of COVID-19.

The expected adjusted operating profit before corporate expense allocation (see note) for the BizReach business in the fiscal year ending July 31, 2021 is ¥8,500 million (a 7.9% year-on-year decrease). As mentioned above, this business is also expected to have a declined profit as a reaction to the curtailment of advertising volume in the fiscal year ended July 31, 2020.

(Note) This is the operating profit or loss of the business before bearing the personnel expenses and ancillary outsourcing and other general and administrative expenses associated with accounting, legal, human resources, and other business administration, and also personnel costs and ancillary outsourcing and other costs of the information systems and design divisions that cannot be charged directly to specific products and services.

[Non-operating Income and Ordinary Profit]

With regard to non-operating income, we expect to record share of profit of entities accounted for using equity method of ¥300 million.

With regard to non-operating expenses, we expect to record expenses of ¥420 million, primarily for listing expenses.

As a result of the above, the expected ordinary profit for the fiscal year ending July 31, 2021 is ¥840 million (a 62.7% year-on-year decrease).

[Extraordinary Income/Loss and Profit Attributable to Owners of Parent]
No extraordinary income or loss is expected.

Corporate taxes are calculated based on profit planning.

As a result of the above, the expected profit attributable to owners of parent for the fiscal year ending July 31, 2021 is ¥390 million (a 91.6% year-on-year decrease). The large year-on-year decrease is due to the recording of gain on transfer (¥4,799 million) in the previous fiscal year from the spinoff of StanBy, Inc.

[Note on Forward-looking Statements]

Forward-looking statements contained in this document, including earnings forecasts, are based on information available to us at the time of this writing and certain assumptions we deem to be reasonable. Actual performance may vary depending on a variety of factors, including changes in economic or market conditions and competition with other companies.

End

Consolidated Financial Results
for the Six Months Ended January 31, 2021
[Japanese GAAP]

April 22, 2021

Company name: Visional, Inc.
Stock exchange listing: Tokyo Stock Exchange
Code number: 4194
URL: https://www.visional.inc/
Representative: Soichiro Minami, Representative Director and CEO
Contact: Risako Suefuji, Executive Officer, CFO and CAO
Phone: +81-3-4540-6200
Scheduled date of filing quarterly securities report: −
Scheduled date of commencing dividend payments: −
Availability of supplementary explanatory materials on quarterly financial results: None
Schedule of quarterly financial results briefing session: Not scheduled

(Amounts of less than one million yen are rounded down.)

1. Consolidated Financial Results for the Six Months Ended January 31, 2021 (August 1, 2020 - January 31, 2021)

(1) Consolidated Operating Results (% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
Six months ended	Million yen	%	Million yen	%	Million yen	%	Million yen	%
January 31, 2021	12,167	–	1,512	–	1,665	–	1,086	–
January 31, 2020	–	–	–	–	–	–	–	–

(Note) Comprehensive income: Six months ended January 31, 2021: ¥1,086 million [- %]
Six months ended January 31, 2020: ¥ － million [－%]

	Basic earnings per share	Diluted earnings per share
Six months ended	Yen	Yen
January 31, 2021	35.28	–
January 31, 2020	–	–

(Notes) 1. The figures for the six months ended January 31, 2020 and the year-on-year rates of changes for the six months ended January 31, 2021 are not disclosed, as the Company did not prepare consolidated financial statements for the six months ended January 31, 2020.
2. On December 7, 2020, the Company conducted a 100-for-1 stock split. Basic earnings per share was calculated assuming that the stock split was conducted at the beginning of the fiscal year ending July 31, 2021.
3. The Company has dilutive shares; however, diluted earnings per share is not disclosed since the Company was an unlisted company and does not have financial data to calculate its weighted-average number of shares during the unlisted periods.

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of January 31, 2021	21,066	10,944	51.9
As of July 31, 2020	17,722	9,205	51.8

(Reference) Equity: As of January 31, 2021: ¥10,944million
As of July 31, 2020: ¥9,185million

2. Dividends

	Annual dividends				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended July 31, 2020	–	0.00	–	0.00	0.00
Fiscal year ending July 31, 2021	–	0.00			
Fiscal year ending July 31, 2021 (Forecast)			–	0.00	0.00

(Note) Revision to the forecast for dividends announced most recently: None

3. Consolidated Financial Results Forecast for the Fiscal Year Ending July 31, 2021 (August 1, 2020 - July 31, 2021)

(% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full-year	26,700	3.2	960	(56.1)	840	(62.7)	390	(91.6)	11.92

(Notes) 1. Revision to the financial results forecast announced most recently: None
2. Basic earnings per share was calculated using the expected average number of issued shares during the period, including 2,127,700 shares publicly offered; third-party allotments of up to 266,900 shares related to sales by means of over-allotments were not considered.

*** Notes:**

(1) Changes in significant subsidiaries during the period under review: None
(Changes in specified subsidiaries resulting in changes in scope of consolidation):
Newly included: – ( )
Excluded: – ( )

(2) Accounting methods adopted particularly for the preparation of quarterly consolidated financial statements: None

(3) Changes in accounting policies, changes in accounting estimates and retrospective restatement
1) Changes in accounting policies due to the revision of accounting standards: None
2) Changes in accounting policies other than 1) above: None
3) Changes in accounting estimates: None
4) Retrospective restatement: None

(4) Total number of issued shares (common shares)
1) Total number of issued shares at the end of the period (including treasury shares):
January 31, 2021: 33,463,400 shares
July 31, 2020 28,565,400 shares

2) Total number of treasury shares at the end of the period:
January 31, 2021: – shares
July 31, 2020: – shares

3) Average number of shares during the period:
Six months ended January 31, 2021: 30,791,226 shares
Six months ended January 31, 2020: – shares

(Notes) 1. On December 6, 2020, as a result of exercising the put options of Class A preferred stock, the Company redeemed all the Class A preferred stock as treasury stock and issued common stock to the shareholders in return. On the same day, all shares of the treasury stock redeemed were then canceled in accordance with Article 178 of the Companies Act, following the resolution reached at the Board of Directors' meeting held on November 20, 2020. In addition, on December 7, 2020, the Company conducted a 100-for-1 stock split. Accordingly, “Total number of issued shares at the end of the period” was calculated assuming that the stock split was conducted at the beginning of the fiscal year ending July 31, 2021.

2. For the fiscal year ended July 31, 2020 and for the three months ended October 31, 2020, “Total number of issued shares at the end of the period” includes the number of Class A preferred stock.
3. There are no figures for the same quarter in the prior year, as the Company was established through a share transfer on February 3, 2020.

* These quarterly consolidated financial results are outside the scope of quarterly review by certified public accountants or an audit firm.

* Explanation of the proper use of financial results forecast and other notes

The statements regarding the forecast of financial results in this report are based on the information that is available to the Company, as well as certain assumptions that are deemed to be reasonable by management. Therefore, there might be cases in which actual results differ materially from forecast values due to various factors.

Table of Contents - Attachments

1. Qualitative Information on Quarterly Financial Results

(1) Explanation of Operating Results

Statements in this document about the future reflect our judgments as of the end of the current quarter of the fiscal year under review. Because we did not prepare consolidated financial statements for the six months ended January 31, 2020, we have not conducted a year-on-year comparison with the six months ended January 31, 2020.

The Group's mission is the "persistent creation of new possibilities." We are a digital transformation company with multiple businesses that solve a wide variety of issues facing society through services created using technology.

In the six months ended January 31, 2021, the future of the domestic economy remains uncertain as the effects of COVID-19 continue to be felt.

With regard to the Group's market conditions, companies continue to show caution toward recruiting in response to the effects of COVID-19 on the employment situation in Japan. In the Group's core BizReach business, which specializes in the professional domain, although affected by COVID-19, net sales have recovered to their pre-pandemic levels and are performing steadily. Demand in the recruiting and human capital management domains is expected to increase as employment becomes more fluid and work styles become more diverse at an accelerating pace.

Under these circumstances, during the six months ended January 31, 2021, the Group recorded net sales of ¥12,167 million, operating profit of ¥1,512 million, ordinary profit of ¥1,665 million, and profit attributable to owners of parent of ¥1,086 million.

Performance by segment was as follows.

(i) HR Tech

The HR Tech segment consists of BizReach, HRMOS, and other HR Tech services.

The BizReach business recorded net sales of ¥10,120 million against a backdrop of solid demand for human capital in the professional human capital domain. Although the business continued to invest in product development and advertising, including airing new television commercials from January 2021, it controlled recruiting with a focus on trends in the spread of COVID-19. As a result, it recorded adjusted operating profit before corporate expense allocation (see note) of ¥4,189 million.

The HRMOS business recorded net sales of ¥554 million and an adjusted operating loss before corporate expense allocation (see note) of ¥687 million. In August 2020, the business launched the new feature Engagement Survey (a new feature aimed at accurately ascertaining organizational challenges and tying this to action, even for organizations that are continually changing), and in October 2020, it released HRMOS ATS New Graduate Edition (an applicant tracking management cloud that leverages the recruiting-management expertise and technologies built up in mid-career recruiting and also supports year-round recruiting).

As a result, in the six months ended January 31, 2021, the HR Tech segment recorded net sales of ¥11,410 million and segment profit of ¥2,141 million.

(Note) This is the operating profit or loss of the business before bearing the personnel expenses and ancillary outsourcing and other general and administrative expenses associated with accounting, legal, human resources, and other business administration, and also personnel costs and ancillary outsourcing and other costs of the information systems and design divisions that cannot be charged directly to specific products and services.

(ii) Incubation

The Incubation segment includes Trabox, BizReach SUCCEED, and BizHint.

In the six months ended January 31, 2021, the segment recorded net sales of ¥675 million and segment loss of ¥329 million. This was primarily due to appropriate recruiting, new-product development, and advertising within the scope of the HR Tech segment profit.

(2) Explanation of Financial Position

As of the end of the second quarter ended January 31, 2021, total assets amounted to ¥21,066 million, a ¥3,344 million increase since the end of the previous fiscal year. This was primarily due to a ¥2,611 million increase in cash and deposits to ¥11,726 million, a ¥639 million increase in notes and accounts receivable - trade to ¥2,651 million due to the growth in net sales during the second quarter, and a ¥322 million increase in work in progress to ¥489 million from contracts up to March 2021.

As of the end of the second quarter ended January 31, 2021, total liabilities amounted to ¥10,122 million, a ¥1,606 million increase since the end of the previous fiscal year. This was primarily due to a ¥491 million increase in unearned revenue to ¥2,409 million due to an increase in recurring sales in the second quarter, and long-term borrowings of ¥700 million in preparation for the spread of COVID-19.

As of the end of the second quarter ended January 31, 2021, net assets amounted to ¥10,944 million, a ¥1,738 million increase since the end of the previous fiscal year. This was mainly due to a ¥1,086 million increase in retained earnings due to the recording of profit attributable to owners of parent, and a ¥336 million increase in share capital to ¥436 million, and a ¥336 million increase in capital surplus to ¥4,400 million, from exercising share acquisition rights.

(3) Explanation of Consolidated Financial Results Forecast and Other Forward-looking Information

Please see “Notice Regarding the Financial Results of Visional, Inc. Following New Listing on Tokyo Stock Exchange Mothers Section,” disclosed today. Our earnings forecast is based on information available at the time of this writing and certain assumptions we deem to be reasonable. Visional makes no guarantees that this forecast will be achieved. Our actual results may differ materially from this forecast due to a variety of factors, including changes in economic conditions, competition with other companies, and regulatory changes.

2. Quarterly Consolidated Financial Statements and Principal Notes

(1) Quarterly Consolidated Balance Sheets

(in millions of yen)

	As of July 31, 2020	As of January 31, 2021
Assets		
Current assets		
Cash and deposits	9,114	11,726
Notes and accounts receivable - trade	2,012	2,651
Work in process	167	489
Other	878	683
Allowance for doubtful accounts	(34)	(26)
Total current assets	12,137	15,524
Non-current assets		
Property, plant and equipment	899	783
Intangible assets		
Goodwill	1,186	1,380
Other	1,301	1,233
Total intangible assets	2,488	2,614
Investments and other assets		
Other	2,200	2,148
Allowance for doubtful accounts	(4)	(4)
Total investments and other assets	2,196	2,144
Total non-current assets	5,584	5,542
Total assets	17,722	21,066

(in millions of yen)

	As of July 31, 2020	As of January 31, 2021
Liabilities		
Current liabilities		
Current portion of long-term borrowings	–	200
Income taxes payable	578	668
Unearned revenue	1,917	2,409
Provision for bonuses	522	679
Provision for repayment	32	35
Other	2,239	2,365
Total current liabilities	5,290	6,357
Non-current liabilities		
Long-term borrowings	–	700
Liabilities from application of equity method	3,070	2,933
Other	155	131
Total non-current liabilities	3,225	3,765
Total liabilities	8,516	10,122
Net assets		
Shareholders’ equity		
Share capital	100	436
Capital surplus	4,064	4,400
Retained earnings	5,021	6,107
Total shareholders’ equity	9,185	10,944
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(0)	(0)
Total accumulated other comprehensive income	(0)	(0)
Share acquisition rights	20	–
Total net assets	9,205	10,944
Total liabilities and net assets	17,722	21,066

(2) Quarterly Consolidated Statement of Income and Comprehensive Income

Quarterly Consolidated Statement of Income

Six months ended January 31

(in millions of yen)

	For the six months ended January 31, 2021
Net sales	12,167
Cost of sales	1,551
Gross profit	10,615
Selling, general and administrative expenses	9,103
Operating profit	1,512
Non-operating income	
Share of profit of entities accounted for using equity method	137
Other	23
Total non-operating income	160
Non-operating expenses	
Interest expenses	1
Commitment fee	3
Listing expenses	2
Other	0
Total non-operating expenses	6
Ordinary profit	1,665
Profit before income taxes	1,665
Income taxes - current	580
Income taxes - deferred	(0)
Total income taxes	579
Profit	1,086
Profit attributable to owners of parent	1,086

Quarterly Consolidated Statement of Comprehensive Income

Six months ended January 31

(in millions of yen)

	For the six months ended January 31, 2021
Profit	1,086
Other comprehensive income	
Valuation difference on available-for-sale securities	(0)
Total other comprehensive income	(0)
Comprehensive income	1,086
Comprehensive income attributable to	
Owners of parent	1,086
Non-controlling interests	–

(3) Quarterly Consolidated Statement of Cash Flows

(in millions of yen)

	For the six months ended January 31, 2021
Cash flows from operating activities	
Profit before income taxes	1,665
Depreciation and amortization	224
Amortization of goodwill	106
Increase in provision for bonuses	156
Increase in notes and accounts receivable - trade	(639)
Increase in unearned revenue	492
Increase in inventories	(321)
Increase in other payables	433
Other, net	(559)
Subtotal	1,559
Interest and dividends received	0
Interest paid	(0)
Income taxes paid	(495)
Net cash provided by operating activities	1,062
Cash flows from investing activities	
Purchase of property, plant and equipment	(39)
Purchase of intangible assets	(8)
Purchase of investment securities	(25)
Purchase of a consolidated subsidiary's stock	(300)
Proceeds from withdrawal from a trust account	300
Other, net	96
Net cash provided by investing activities	23
Cash flows from financing activities	
Proceeds from long-term borrowings	1,000
Repayments of long-term borrowings	(100)
Repayments of finance lease obligations	(26)
Proceeds from exercise of stock acquisition rights	651
Net cash provided by financing activities	1,525
Foreign currency translation adjustments on cash and cash equivalents	0
Net increase in cash and cash equivalents	2,611
Cash and cash equivalents at beginning of period	9,114
Cash and cash equivalents at end of period	11,726

(4) Notes to Quarterly Consolidated Financial Statements

(Notes on going concern assumption)

Not applicable.

(Notes in case of significant changes in shareholders' equity)

Share capital and legal capital surplus increased by ¥336 million each due to the exercise of share acquisition rights. As a result, share capital and capital surplus as of January 31, 2021 were ¥436 million and ¥4,400 million, respectively.

(Segment information, etc.)

For the six months ended January 31, 2021 (from August 1, 2020 to January 31, 2021)

1. Information on sales and profit (loss) by reportable segment

(in millions of yen)

	Reportable segment			Reconciliations (Notes 1, 2)	Amounts in the quarterly consolidated financial statements (Note 3)
	HR Tech	Incubation	Total		
Net sales					
Net sales to external customers	11,410	675	12,086	80	12,167
Intersegment sales or transfers	109	30	139	(139)	-
Total	11,520	705	12,226	(59)	12,167
Segment profit (loss)	2,141	(329)	1,811	(299)	1,512

(Notes) 1. Reconciliations of sales to external customers mainly represent office rental fees from an associated company accounted for by the equity method.
2. Reconciliations of segment profit (loss) are general and administrative expenses that are not allocable to the reportable segments.
3. Segment profit (loss) is adjusted based on operating profit.