

FY2022/7 2Q
Financial Results

March 2022



Visional, Inc.

Consolidated Financials

- The professional hiring market continued a strong rebound trend from COVID-19 and net sales for 2Q recorded JPY 10.09Bn. For 6 months ended January, net sales were JPY 19.67Bn (61.7% YoY growth)
- Active marketing investments for BizReach, and investments to other businesses led to 2Q operating profit of JPY 1.56Bn. Operating profit for 6 months ended January was JPY 4.10Bn (171.3% YoY growth)

BizReach

- The BizReach business has recorded double digit quarterly YoY growth for 4 consecutive quarters. Net sales for 2Q recoded JPY 8.63Bn (65.3% YoY growth). Net sales for 6 months ended January landed at JPY 16.90Bn (67.0% YoY growth)
- JPY 3.89Bn adjusted operating profit before corporate expense allocation for 2Q, with JPY 8.34Bn for 6 months ended January (99.1% YoY growth). As announced in 1Q, margins will decrease full year due to active marketing investments 2Q onwards

HRMOS

- JPY 1.42Bn ARR (26.1% YoY growth), 1,050 unique paying customers (23.7% YoY growth) as of 2Q end
- We will continue product development while aiming to increase customers through cross-selling to BizReach customers and through partner channels
- Completed acquisition of 80.1% shares of attendance management cloud provider “IEYASU” on November 1, 2021. Completed acquisition of 100% shares of expense management cloud provider “ezSoft” on March 1, 2022. Strategic acceleration of the development of HCM ecosystem by aligning the acquired services with HRMOS in the future. Impact of these M&A on consolidated results is negligible and is not included in this fiscal year HRMOS figures

Consolidated Financial Forecast

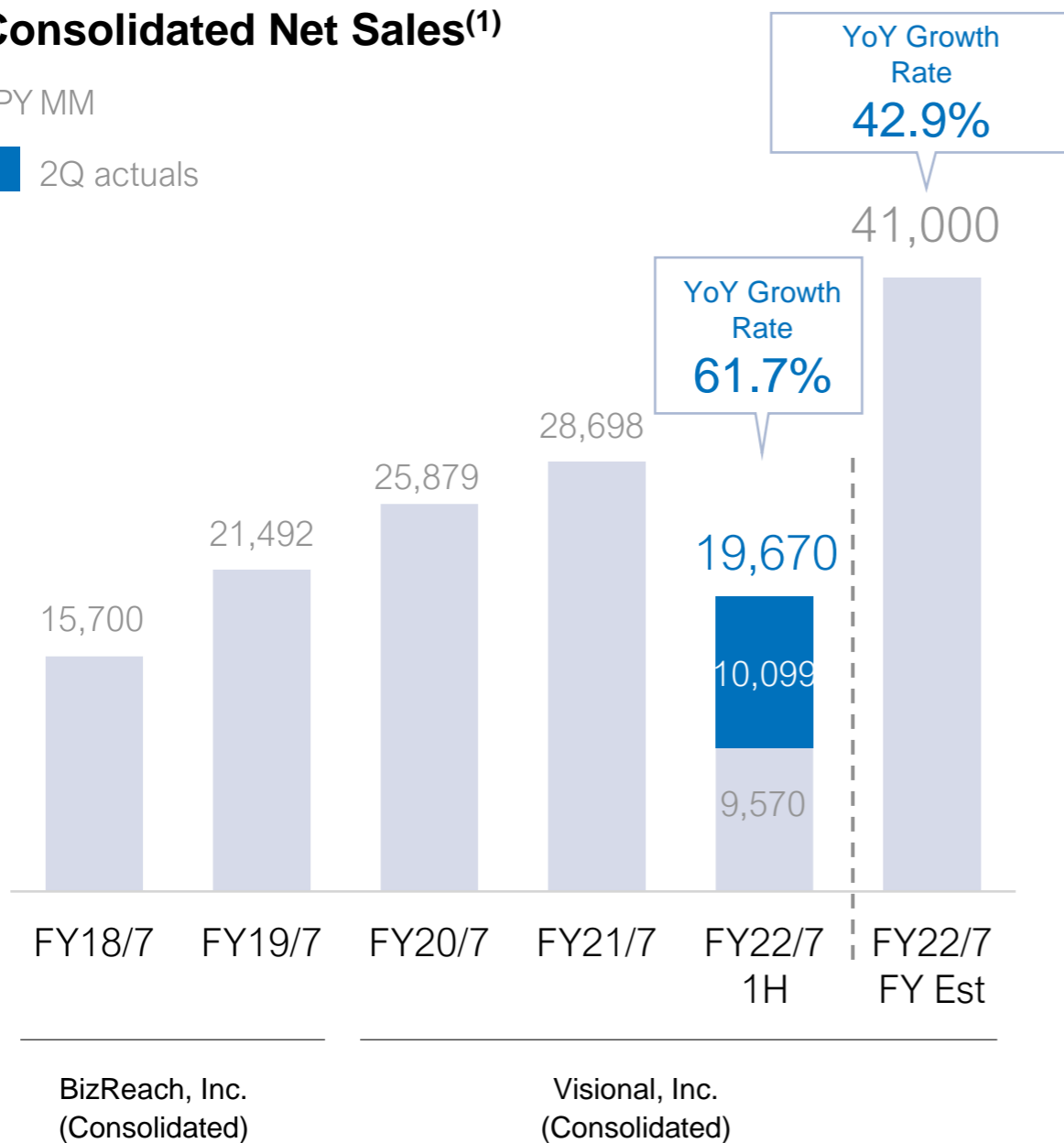
- As of now, no impact from Omicron variant observed. There are no changes to our full year FY2022/7 financial forecast of JPY 41.00Bn net sales (42.9% YoY growth)
- Investments for business growth will continue. Visional’s growth investments are higher in 2H and our full year FY 2022/7 financial forecast for operating profit of JPY 6.00Bn remains unchanged (153.3% YoY growth)
- Monitoring the market rebound trends from COVID-19, should there be any further changes, we will disclose in a timely manner

Consolidated net sales were driven by increased sales of BizReach on the back of the continued rebound of the professional hiring market. As marketing investments higher in 2H, on track towards JPY 6.0Bn full year consolidated operating profit forecast

Consolidated Net Sales⁽¹⁾

JPY MM

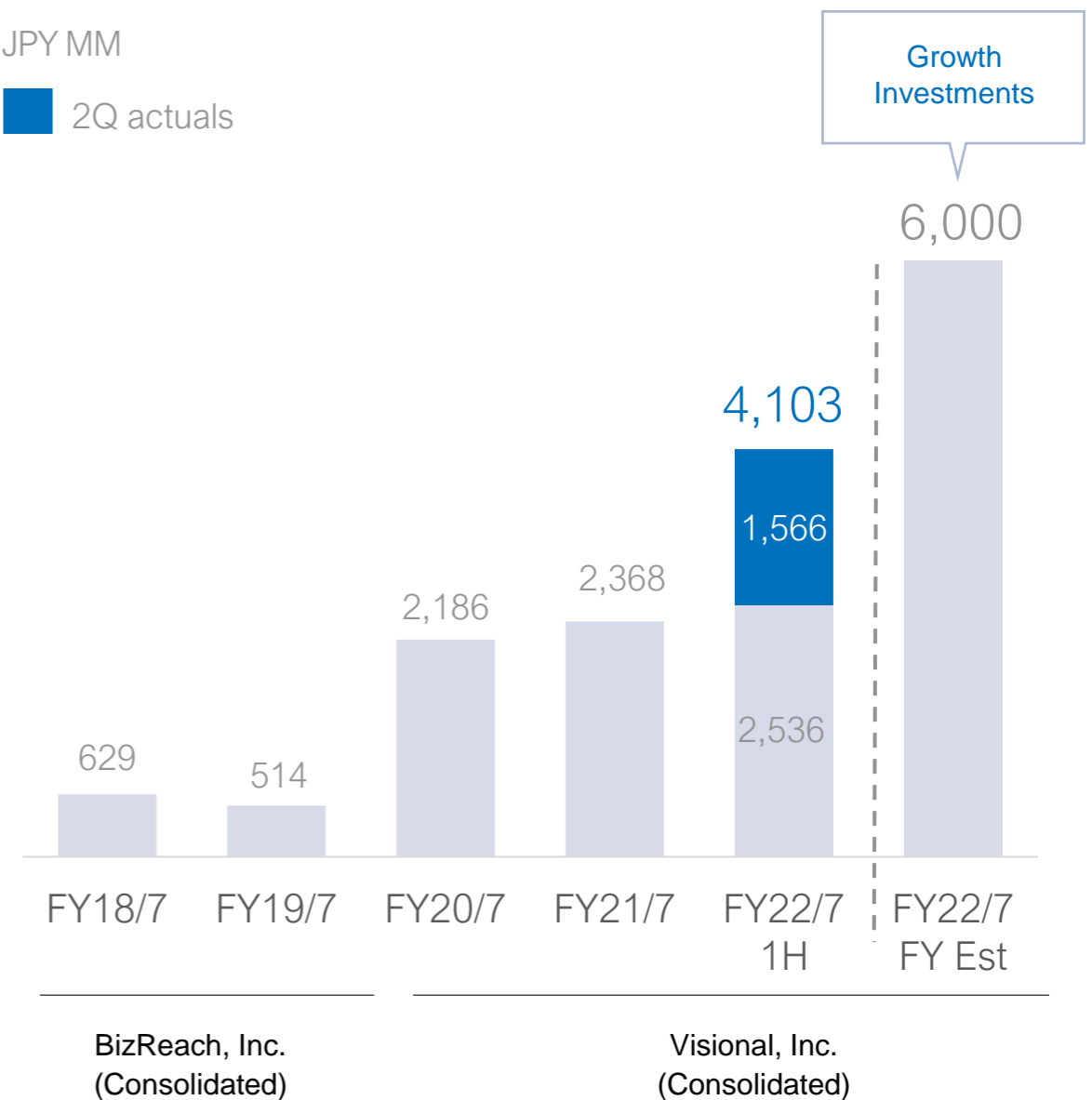
■ 2Q actuals



Consolidated Operating Profit⁽¹⁾

JPY MM

■ 2Q actuals



Notes: (1) Based on FY20 financials prepared by Visual, Inc. continued from the financials of BizReach, Inc. Visual, Inc. was established through a share transfer, and BizReach, Inc. became a wholly-owned subsidiary of Visual, Inc. in February 2020. Therefore, FY18 to FY19 annual financial results are based on the consolidated financial results of BizReach, Inc. (All FYs end in July and prepared in accordance with J-GAAP)

Net sales for 6 months ended January grew 61.7% YoY and operating profit increased YoY. Active marketing investments including TV commercials for BizReach and HRMOS made in 2Q, resulting in a planned increase in SG&A expenses sequentially

JPY MM

	6 months ended January 31, 2022	6 months ended January 31, 2021	3 months ended January 31, 2022	3 months ended October 31, 2021
Net Sales	19,670	12,167	10,099	9,570
YoY Growth (%)	61.7%	(1.9%)	N.A.	N.A.
HR Tech Segment⁽¹⁾	18,706	11,410	9,589	9,116
YoY Growth (%)	63.9%	(5.0%)	N.A.	N.A.
Incubation Segment⁽¹⁾	883	675	469	413
YoY Growth (%)	30.7%	74.9%	N.A.	N.A.
Cost of Sales	2,706	1,551	1,401	1,304
Gross Profit	16,964	10,615	8,697	8,266
Margin (%)	86.2%	87.2%	86.1%	86.4%
Selling, General & Administrative Expenses	12,860	9,103	7,131	5,729
Operating Profit	4,103	1,512	1,566	2,536
Margin (%)	20.9%	12.4%	15.5%	26.5%
YoY Growth (%)	171.3%	560.7%	N.A.	N.A.
HR Tech Segment⁽²⁾	5,269	2,141	2,161	3,107
Incubation Segment⁽²⁾	(821)	(329)	(416)	(405)
Pre-tax Profit	4,280	1,665	1,658	2,621
Profit attributable to owners of parent	2,842	1,086	1,061	1,780
Margin (%)	14.4%	8.9%	10.5%	18.6%
YoY Growth (%)	161.6%	(67.8%)	N.A.	N.A.

Notes: (1) Difference between the consolidated figure and the total of HR Tech and Incubation Segments is mainly due to office rental fees from an associated company accounted for by the equity method (2) Difference between the consolidated figure and the total of HR Tech and Incubation Segments is due to general and administrative expenses that are not allocatable to the reportable segments

During this fiscal year, the rebound trend from COVID-19 is assumed to continue in the professional hiring market. Visional Group forecasts 42.9% net sales growth for the full year. BizReach mid-term sales target remain unchanged

	JPY MM		
	6 months ended January 31, 2022	Progress to Financial Forecast (%)	Dec. 9 release FY22/7 Financial Forecast
Net Sales	19,670	48.0%	41,000
Growth (%)	61.7%	--	42.9%
HR Tech Segment	18,706	48.1%	38,870
BizReach	16,904	47.9%	35,300
HRMOS	683	48.1%	1,420
Incubation Segment	883	43.9%	2,010
Others	81	67.2%	120
Operating Profit	4,103	68.4%	6,000
Growth (%)	171.3%	--	153.3%
Margin (%)	20.9%	--	14.6
Ordinary Profit	4,280	67.7%	6,320
Growth (%)	156.9%	--	177.9%
Margin (%)	21.8%	--	15.4%
Profit Attributable to Owners of Parent	2,842	69.3%	4,100
Growth (%)	161.6%	--	188.6%
Margin (%)	14.4%	--	10.0%

- Based on the current growth trend of BizReach in view of post COVID-19 recovery, FY2022/7 full year forecast for BizReach net sales is JPY 35.3Bn (no change)
- HRMOS continues to prioritize product development and is trending strongly (no change to net sales forecast)
- Investments in Incubation segment businesses continues for mid term growth (no change to net sales forecast)
- As our marketing investments is higher in 2H, operating profit forecast remains unchanged

Mid-term (3 years) net sales growth target

- BizReach : 15% - 20% normalized annual growth ⁽¹⁾

Note: (1) Based on the assumption that market expansion continues at historical pace

2Q Financial Results by Business

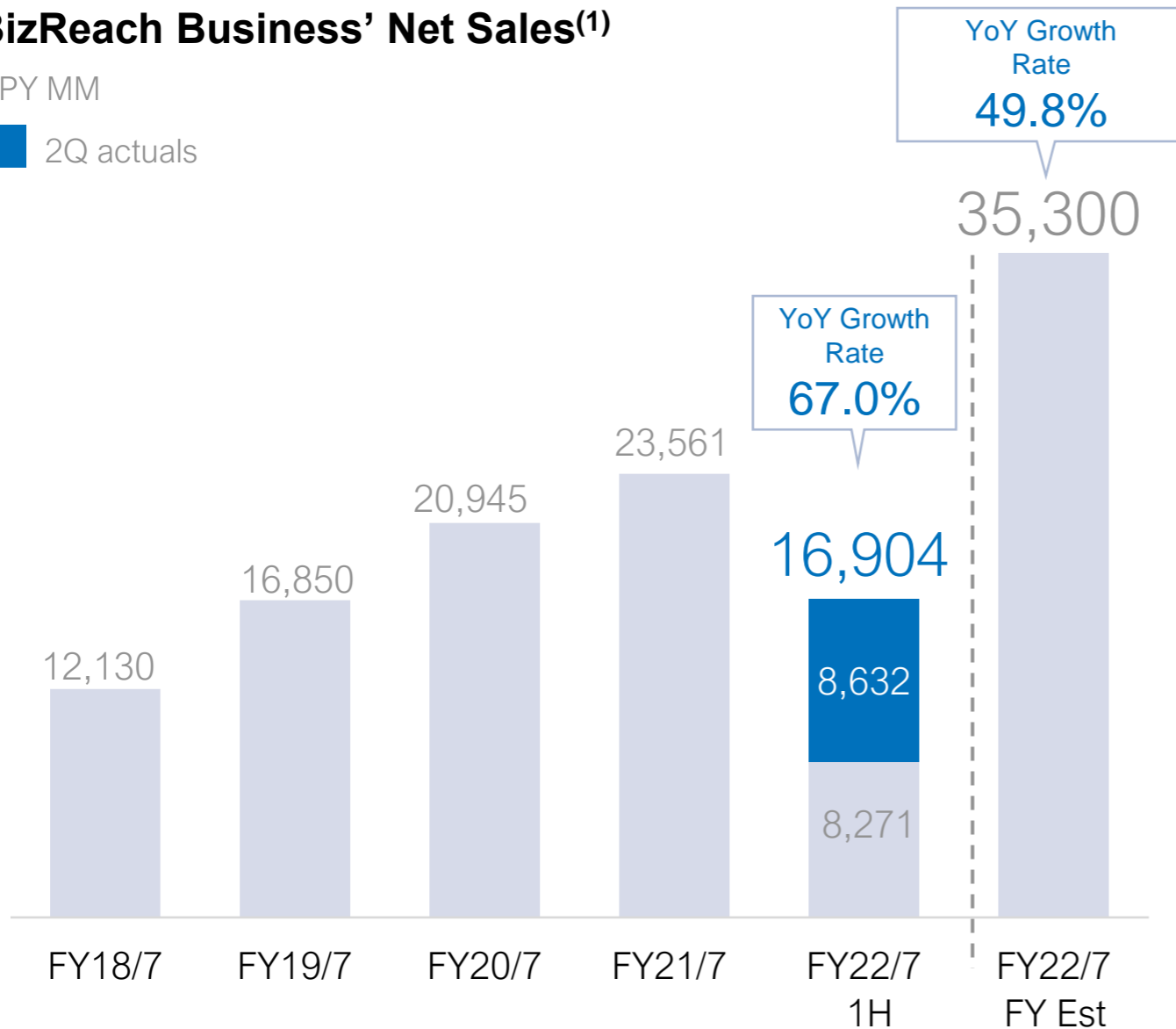
BizReach Financial Results

JPY 8.63Bn for 2Q, JPY 16.90Bn for 6 months ended January (67.0% YoY growth). The rebound trend from COVID-19 continued this quarter and we are on track toward our full year forecast of JPY 35.30Bn

BizReach Business' Net Sales⁽¹⁾

JPY MM

■ 2Q actuals

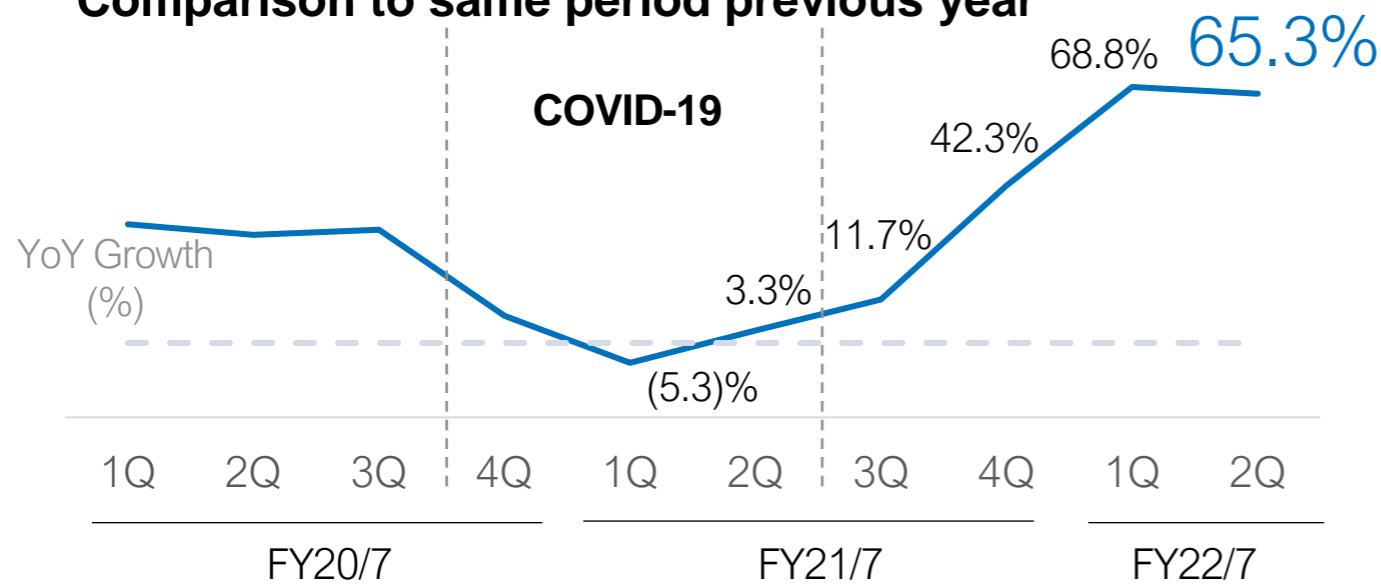


- Professional hiring market continues to be active
- Marketing investments were actively made in 2Q, accelerating the acquisition of users and direct employers
- BizReach's mid-term growth rate continues to be 15% - 20% annual growth (normalized), however, business will grow stronger this year as the market rebounds from COVID-19

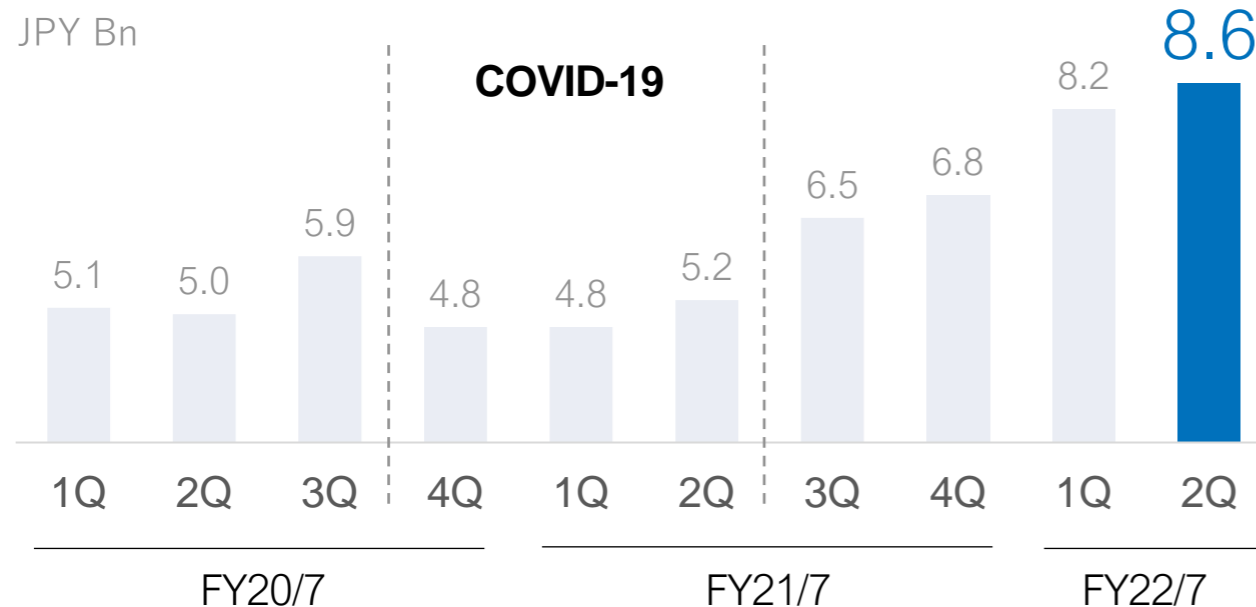
Note: (1) Financial data of the BizReach Business, the core service of our group (which differs from the financial data of our subsidiary BizReach, Inc.)

65.3% YoY growth for this quarter. Number of hires made on BizReach continues to be high

BizReach Quarterly Revenue Trend Comparison to same period previous year



BizReach Quarterly Net Sales Trend

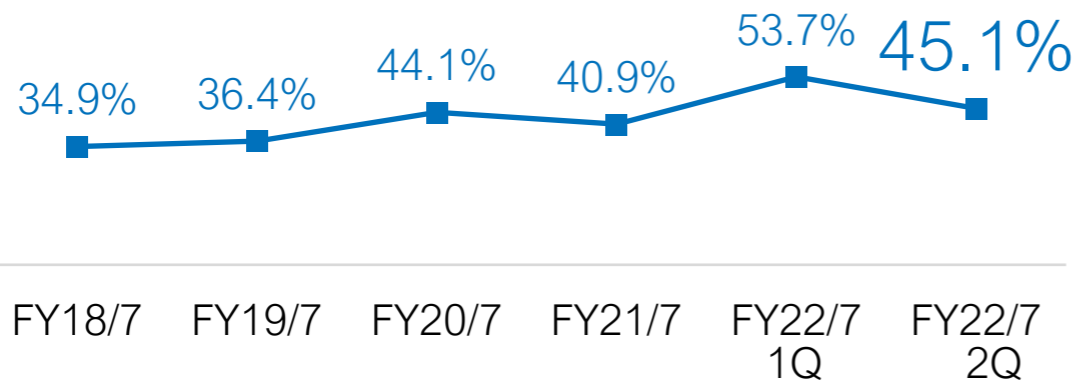


- The number of job positions available on BizReach continues to trend at higher levels compared to pre pandemic. IT and manufacturing companies are particularly active
- Increased number of job seekers and increased direct employers' activities on the platform, as well as increased matching capability leading to increased hires made
- We forecast a growth of 49.8% for the full year. Growth rate will slow down given the growth path from 2Q FY21/7
- 3Q is anticipated to be the biggest quarter for BizReach
- As of now, no impact from Omicron variant observed

Active investments including TV commercials made in 2Q targeting seasonality of the hiring market. Active marketing investments will continue with an aim to increase users and user companies and accordingly, margins will trend down for the full year

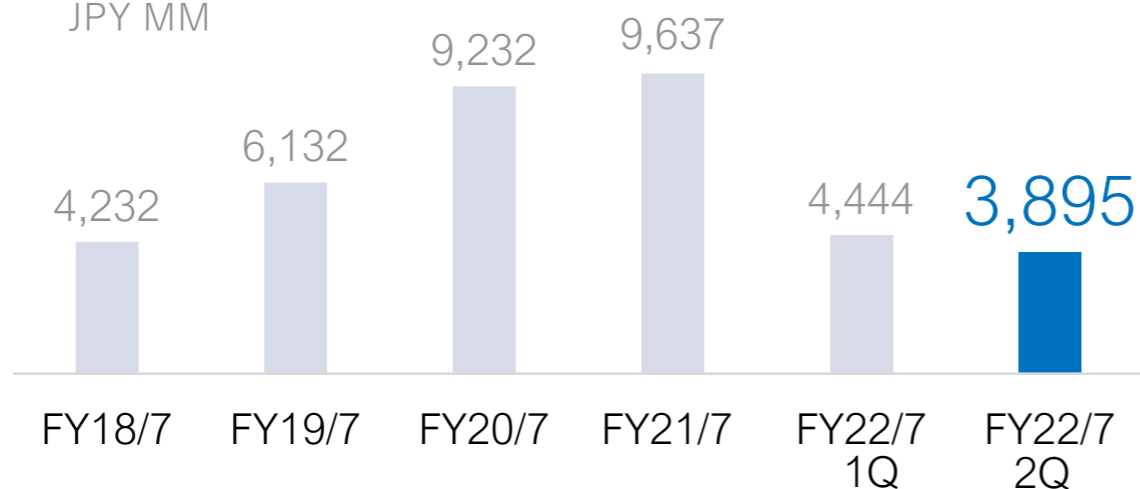
BizReach Adjusted Operating Profit before Corporate Expense Allocation and Margin⁽¹⁾⁽²⁾⁽³⁾

Adjusted operating profit margin before corporate expense allocation



Adjusted operating profit before corporate expense allocation

JPY MM

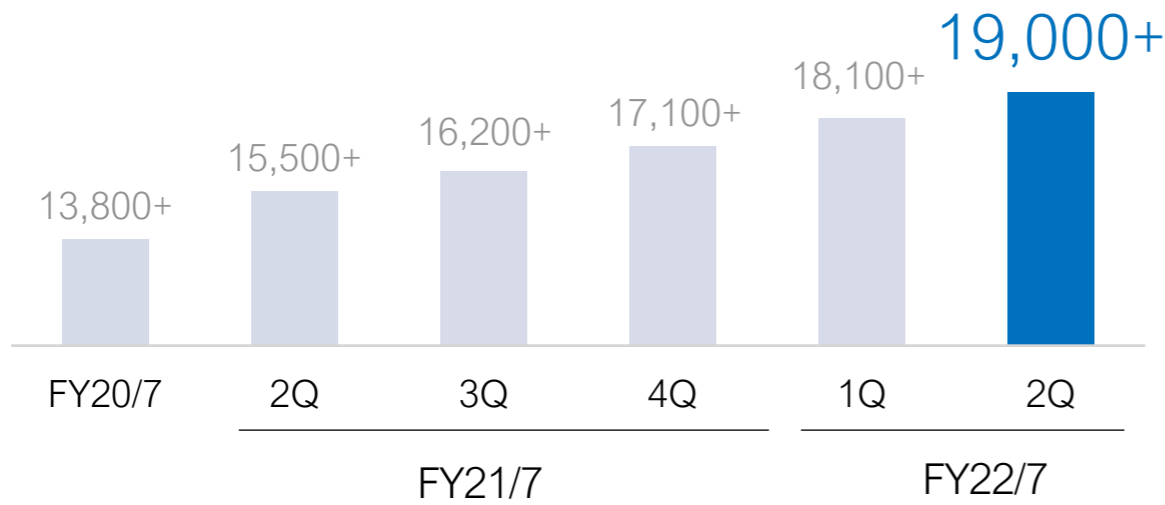


- Investments in marketing and talent continued in 2Q. TV commercials and online marketing initiatives were actively carried out. Those efforts have contributed to the acquisition of new users and reactivation of existing users
- Adjusted operating profit before corporate expense allocation margin varies depending on net sales and marketing campaigns of each quarter. As marketing investments of BizReach are higher in 2H, margins will decrease full year
- According to surveys conducted by Seed Planning, Inc. in October 2021, BizReach was selected as a hiring service with the “highest satisfaction” by professionals earning over JPY 10MM a year, and selected as No.1 hiring service by recruiters of companies where “excellent human resources are registered” (4)

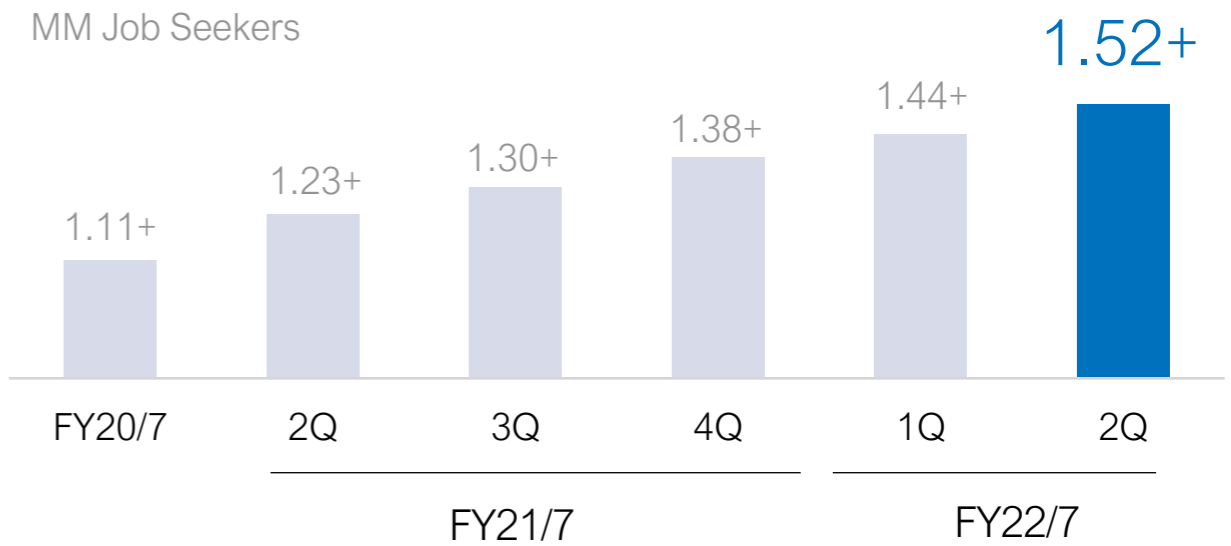
Notes: (1) Financial data of the BizReach Business, the core service of our group (which differs from the financial data of our subsidiary BizReach, Inc.) (2) BizReach business' revenue and adjusted operating profit / profit margin is recorded within the HR Tech reporting segment. (3) Adjusted operating profit does not include corporate expenses (such as accounting, HR, legal, general affairs, etc.) which are not directly allocated to each business unit. (4) Based on surveys on hiring services by Seed Planning, Inc., a market research and consulting company. See <https://www.bizreach.co.jp/pressroom/pressrelease/2022/0124.html> for details

Strong customer base driven by hiring needs and increased job seekers

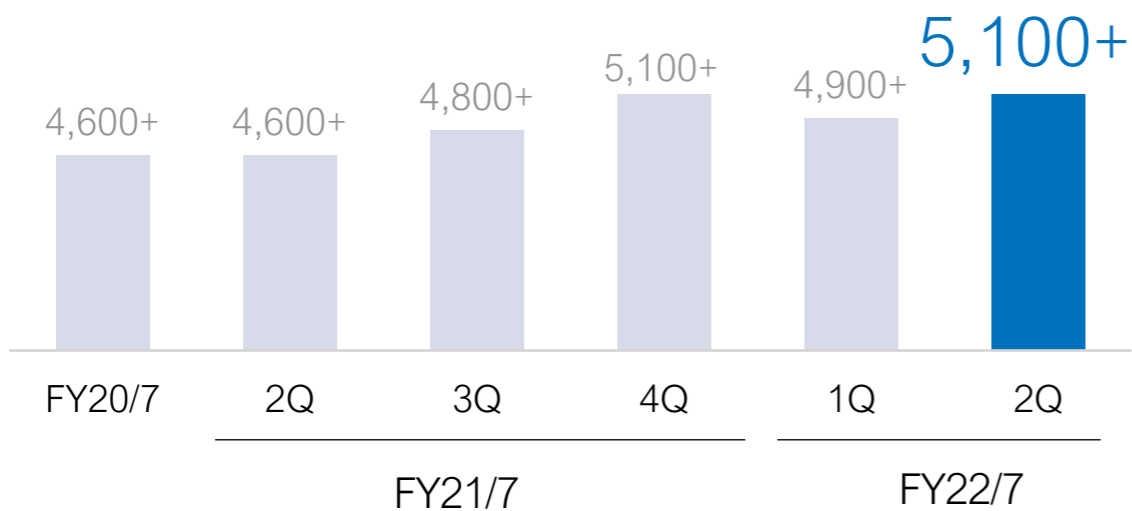
of Registered Direct Employers (1)



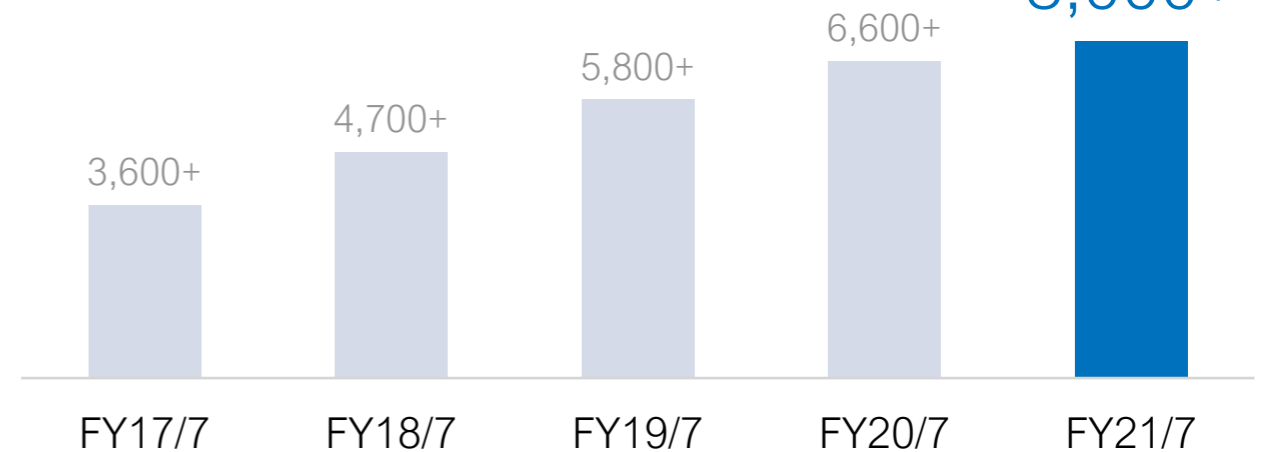
of Scoutable Job Seekers (3)



of Active Headhunters (2)



of Active Direct Employers (4)

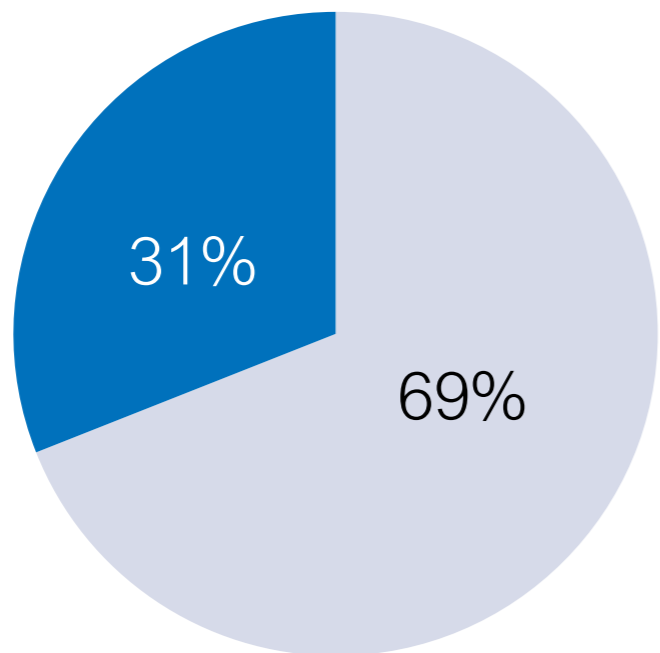


Notes: (1) Direct employers who have subscribed to our BizReach platform (excluding headhunters) (2) All passed screening by BizReach (3) # of users who registered on BizReach platform with resume that have passed a general screening process and whose profile is set to be viewable by direct employers and headhunters (4) Direct employers who have subscribed to our BizReach platform at any point in time during each fiscal year

Unique mix of recurring revenue⁽¹⁾ and performance revenue⁽²⁾ as well as well-balanced customer breakdown of direct employers and headhunters have positioned BizReach to deliver solid and strong revenue growth

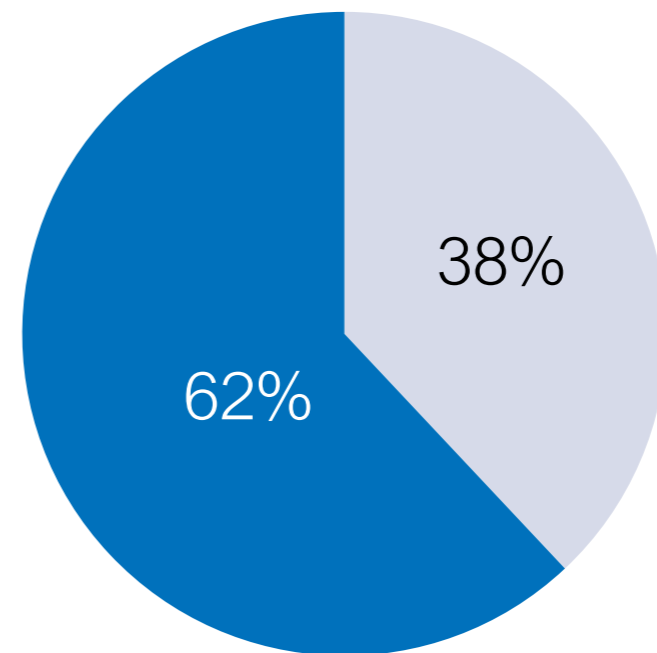
FY21/7 BizReach Business Revenue Breakdown by Fee Type ⁽³⁾

- Performance Revenue
- Recurring Revenue



FY21/7 BizReach Business Revenue Breakdown by Direct Employers / Headhunters ⁽³⁾⁽⁴⁾

- Headhunters
- Direct Employers



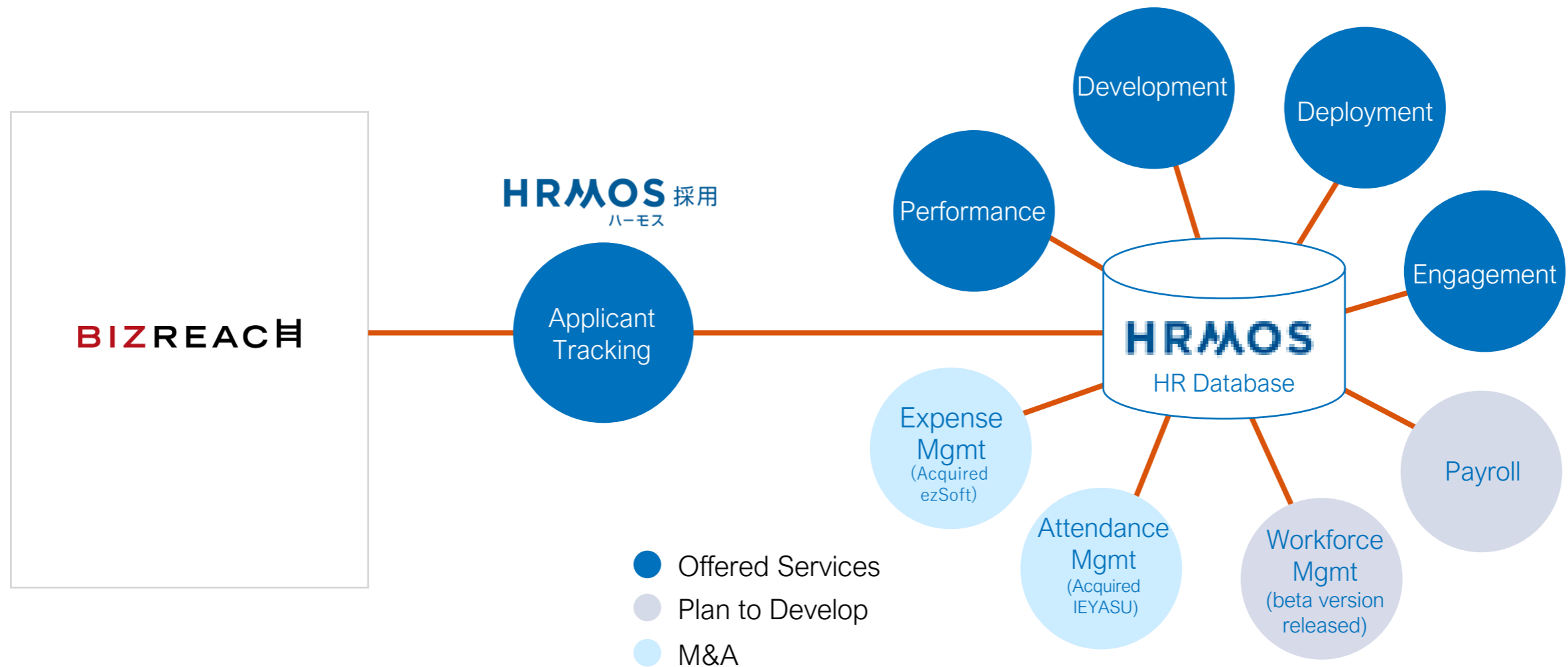
Notes: (1) "Recurring Revenue" consists of subscription fees from direct employers, headhunters accessing our platform and purchasing additional "platinum scout", and job seekers accessing our platform (2) "Performance Revenue" consists of success fees from direct employers and headhunters, which is derived from the successful hiring results of the client (3) Financial data of the BizReach Business, the core service of our group (which differs from the financial data of our subsidiary BizReach, Inc.) (4) Consists of recurring revenue and performance revenue

HRMOS

Financial Results

Seamless integration of BizReach and HRMOS to create a unified, data-driven HCM Ecosystem where employee productivity is optimized, business operations are streamlined to guide our customers make smarter decisions

Human Capital Management (HCM) Ecosystem



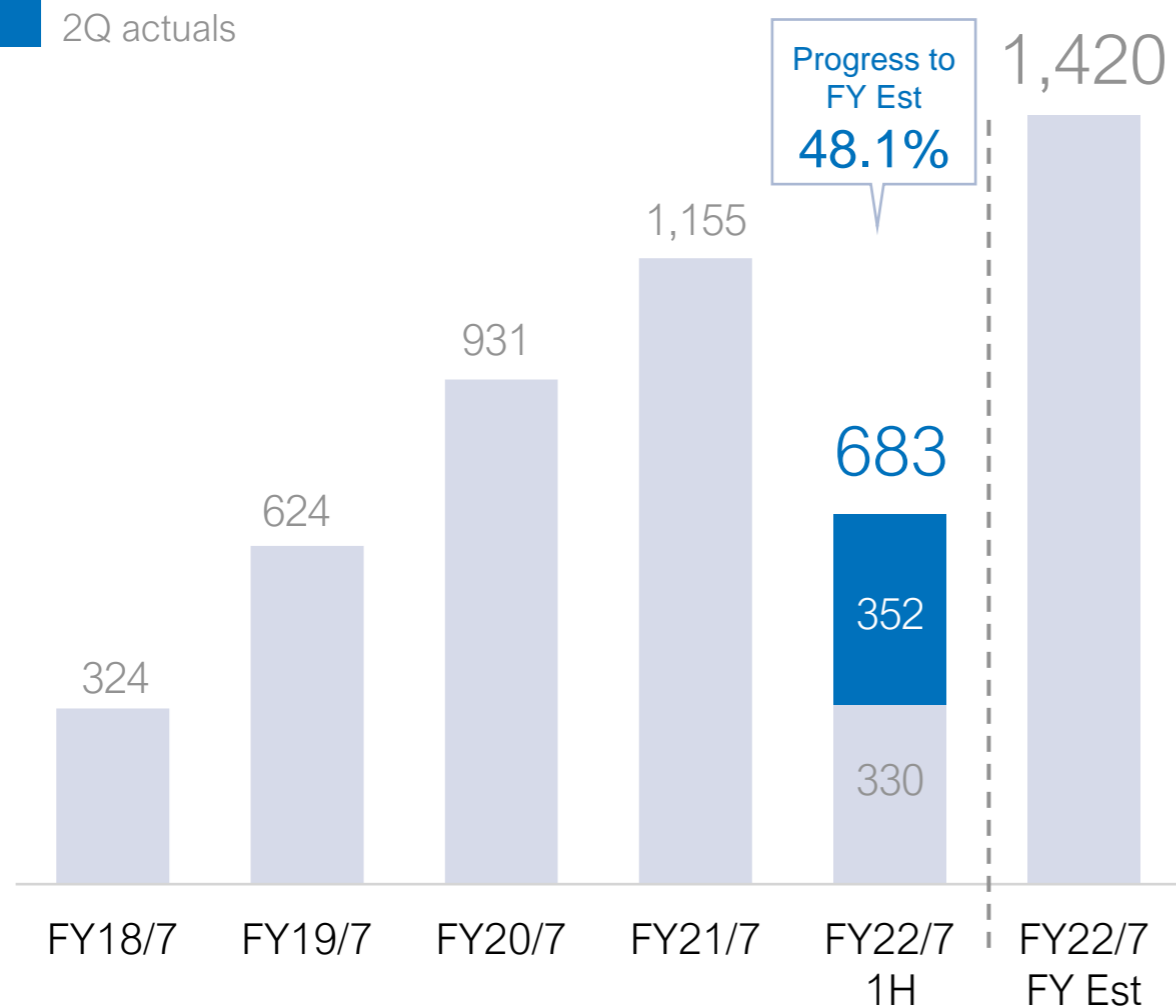
80.1% acquisition of IEYASU (attendance management cloud provider) completed on Nov. 1, 2021, and 100% acquisition of ezSoft (expense management cloud provider) completed on Mar. 1, 2022

HRMOS performance is on track as we prioritize product development. HRMOS ATS TV commercials aired in 2Q. Impact of M&A not included in the HRMOS figures, and are negligible to consolidated financials

HRMOS Business' Net Sales⁽¹⁾⁽³⁾

JPY MM

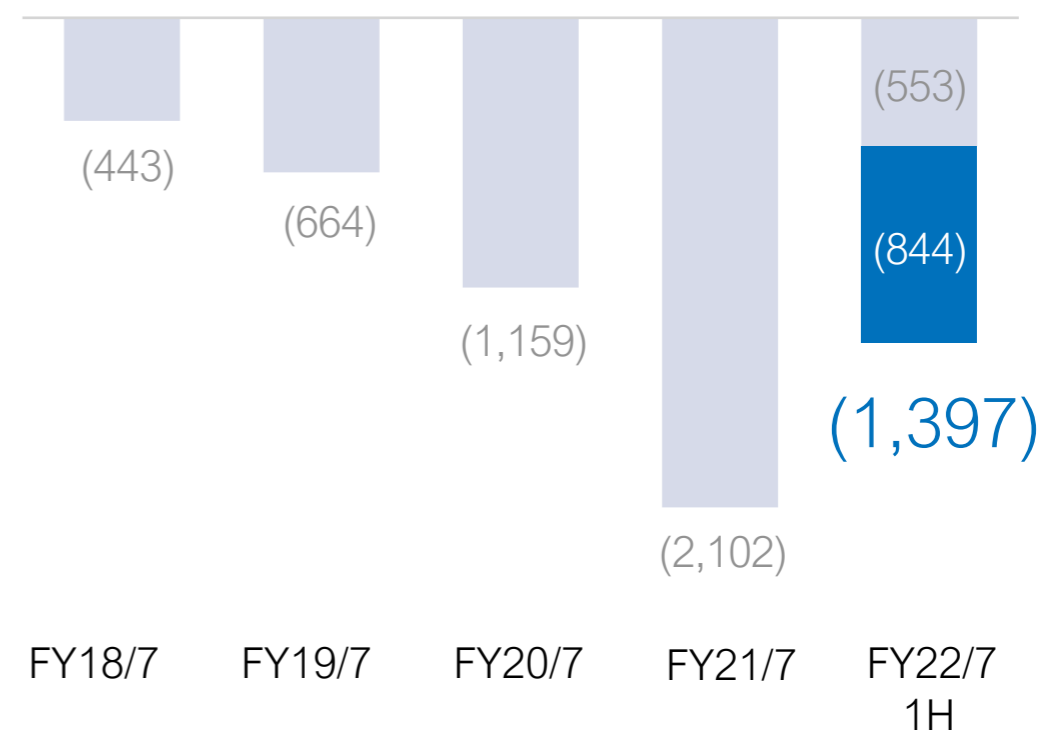
■ 2Q actuals



HRMOS Business' Adjusted Operating Profit before Corporate Expense Allocation⁽¹⁾⁽²⁾⁽³⁾

JPY MM

■ 2Q actuals



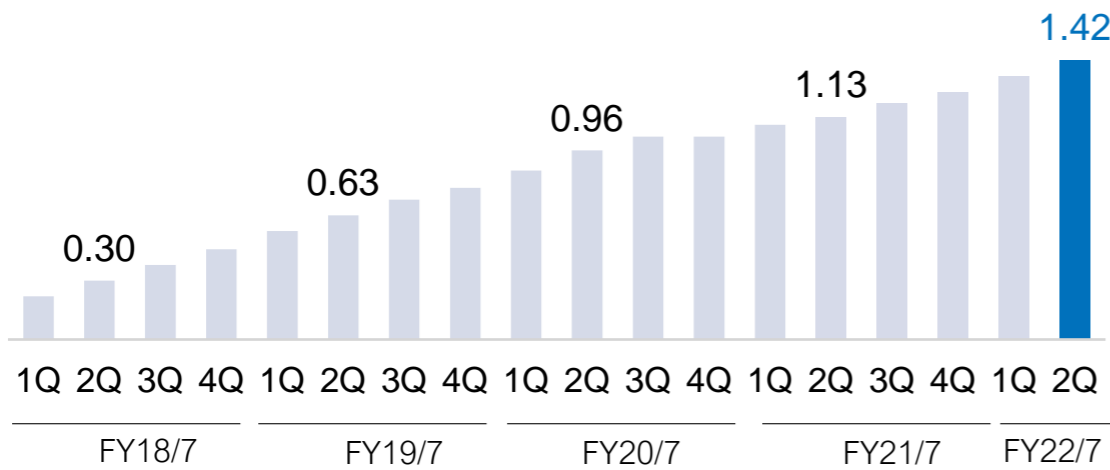
Notes: (1) HRMOS business' revenue and adjusted operating profit is recorded within the HR Tech reporting segment (2) Adjusted operating profit does not include corporate expenses (such as accounting, HR, legal, general affairs, etc.) which are not directly allocated to each business unit (3) We acquired the shares in IEYASU on November 1, 2021 and included it in the scope of consolidation. However, it is not included in figures of the HRMOS business in the above chart

ARR exceeded JPY 1.42Bn in 2Q (26.1% YoY growth) driven by solid growth of customer expansion. Churn rate which was impacted by COVID-19 has continued to sustain pre COVID-19 level of 1.0%

ARR⁽¹⁾⁽²⁾

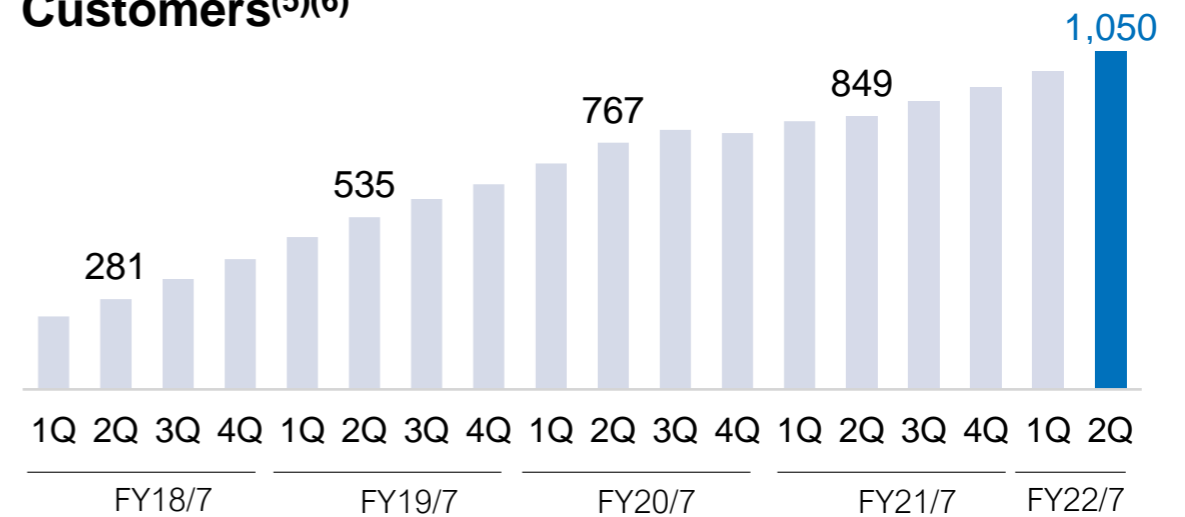
JPY Bn

¥1.42Bn (YoY +26.1%)



of Unique Paying Customers⁽⁵⁾⁽⁶⁾

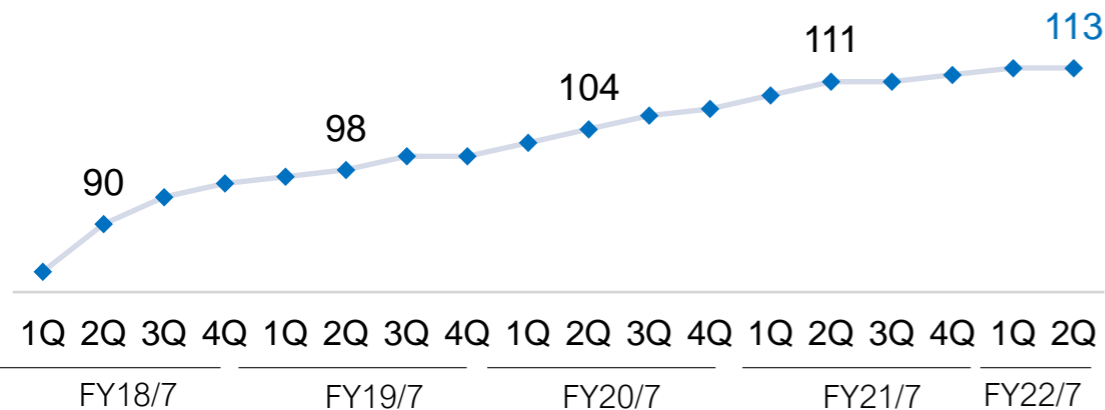
1,050 (YoY +23.7%)



ARPU⁽³⁾⁽⁴⁾

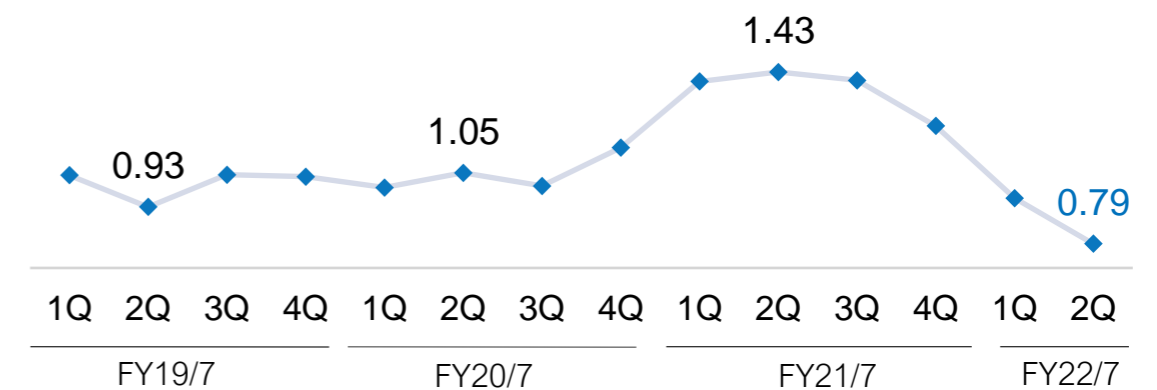
JPY thousands

¥113k (YoY +1.9%)



Churn Rate⁽⁷⁾⁽⁸⁾

Last 12-month average: **0.79%**



Notes: (1) HRMOS Annual Recurring Revenue (ARR). HRMOS MRR (Monthly Recurring Revenue) for the last month of a quarter multiplied by 12 (MRR = previous month's monthly recurring revenue + newly acquired monthly recurring revenue + upsell monthly recurring revenue – down-sell monthly recurring revenue – churned monthly recurring revenue. Excludes one-time fees such as initial setup fees) (2) As of the end of January 2022 (3) HRMOS Average Revenue Per User (ARPU). HRMOS MRR for the last month of the relevant quarter divided by the number of unique paying customers as of the end of the same quarter (4) As of the end of January 2022 (5) Unique fee-paying customers as of the final month of the quarter. Customers using multiple HRMOS modules are counted as one customer (6) As of the end of January 2022 (7) Last 12-month average of Monthly Churn Rate based on HRMOS MRR as of the final month of the quarter. Monthly Churn Rate = churned monthly HRMOS MRR divided by HRMOS MRR at the end of previous month (8) As of the end of January 2022

Main KPIs

	FY18/7				FY19/7				FY20/7				FY21/7				FY22/7	
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q
ARR ⁽¹⁾ (JPY Bn)	0.22	0.30	0.38	0.46	0.55	0.63	0.71	0.77	0.86	0.96	1.03	1.03	1.09	1.13	1.20	1.26	1.34	1.42
ARPU ⁽²⁾ (JPY thousands)	83	90	94	96	97	98	100	100	102	104	106	107	109	111	111	112	113	113
# of Unique Paying Customers ⁽³⁾	227	281	343	405	473	535	592	638	702	767	807	797	833	849	897	941	989	1,050
Average Monthly Churn Rate for Last Twelve Months ⁽⁴⁾ (%)	-	-	-	-	1.05	0.93	1.05	1.04	1.00	1.05	1.01	1.15	1.40	1.43	1.40	1.23	0.96	0.79

Notes: (1) HRMOS Annual Recurring Revenue (ARR). HRMOS MRR (Monthly Recurring Revenue) for the last month of a quarter multiplied by 12 (MRR = previous month's monthly recurring revenue + newly acquired monthly recurring revenue + upsell monthly recurring revenue – down-sell monthly recurring revenue – churned monthly recurring revenue. Excludes one-time fees such as initial setup fees) (2) HRMOS Average Revenue Per User (ARPU). HRMOS MRR for the last month of the relevant quarter divided by the number of unique paying customers as of the end of the same quarter (3) Unique fee-paying customers as of the final month of the quarter. Customers using multiple HRMOS modules are counted as one customer (4) Last 12-month average of Monthly Churn Rate based on HRMOS MRR as of the final month of the quarter. Monthly Churn Rate = churned monthly HRMOS MRR divided by HRMOS MRR at the end of previous month

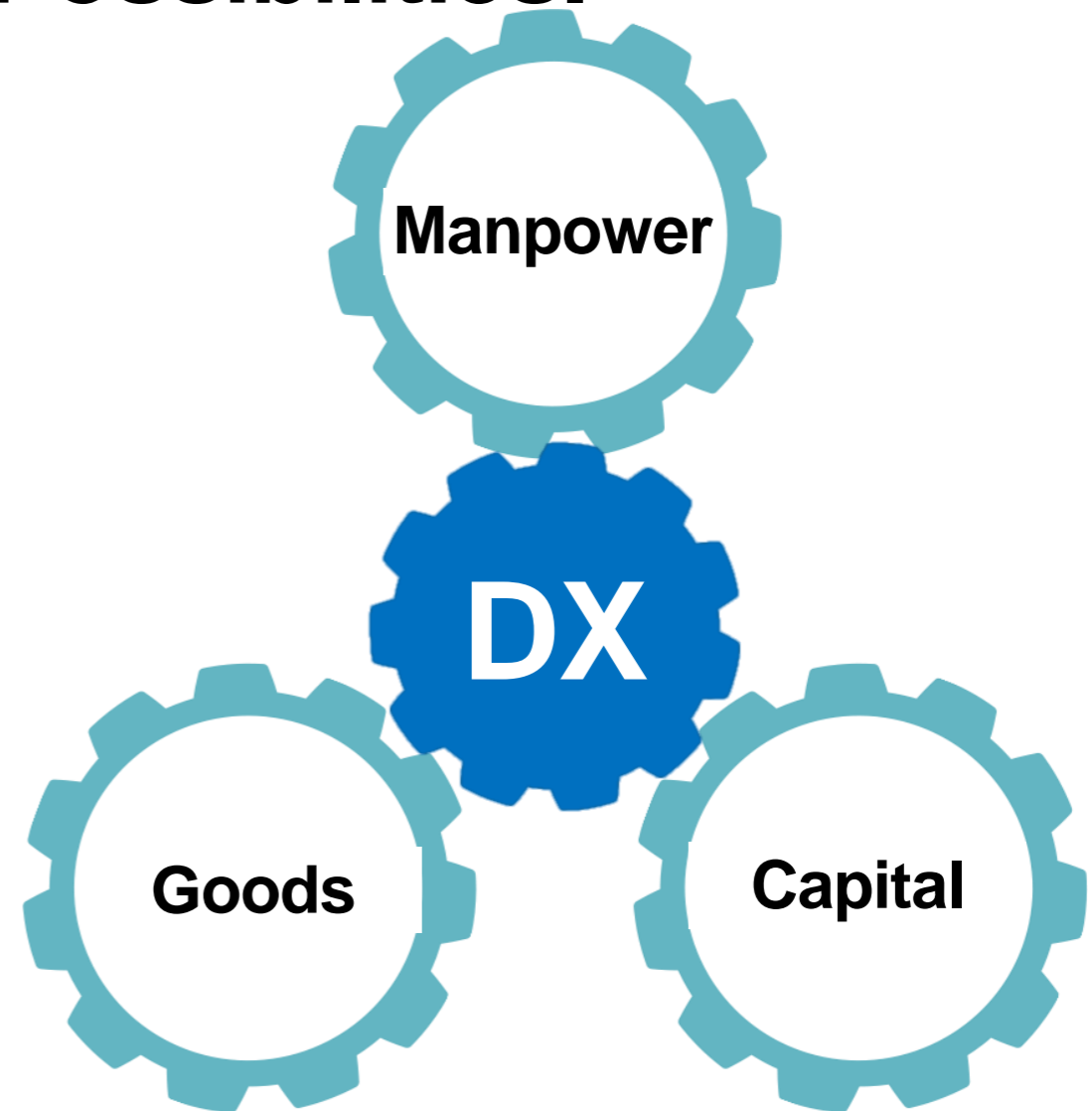
Visional Group Strategy and Our Future

Persistent Creation of New Possibilities.

Our vision is to tap into the power of the internet to support the innovative progress of our world by persistently transforming social obstacles into new possibilities.

Our mission is to achieve “continuous contribution to impact the world.”

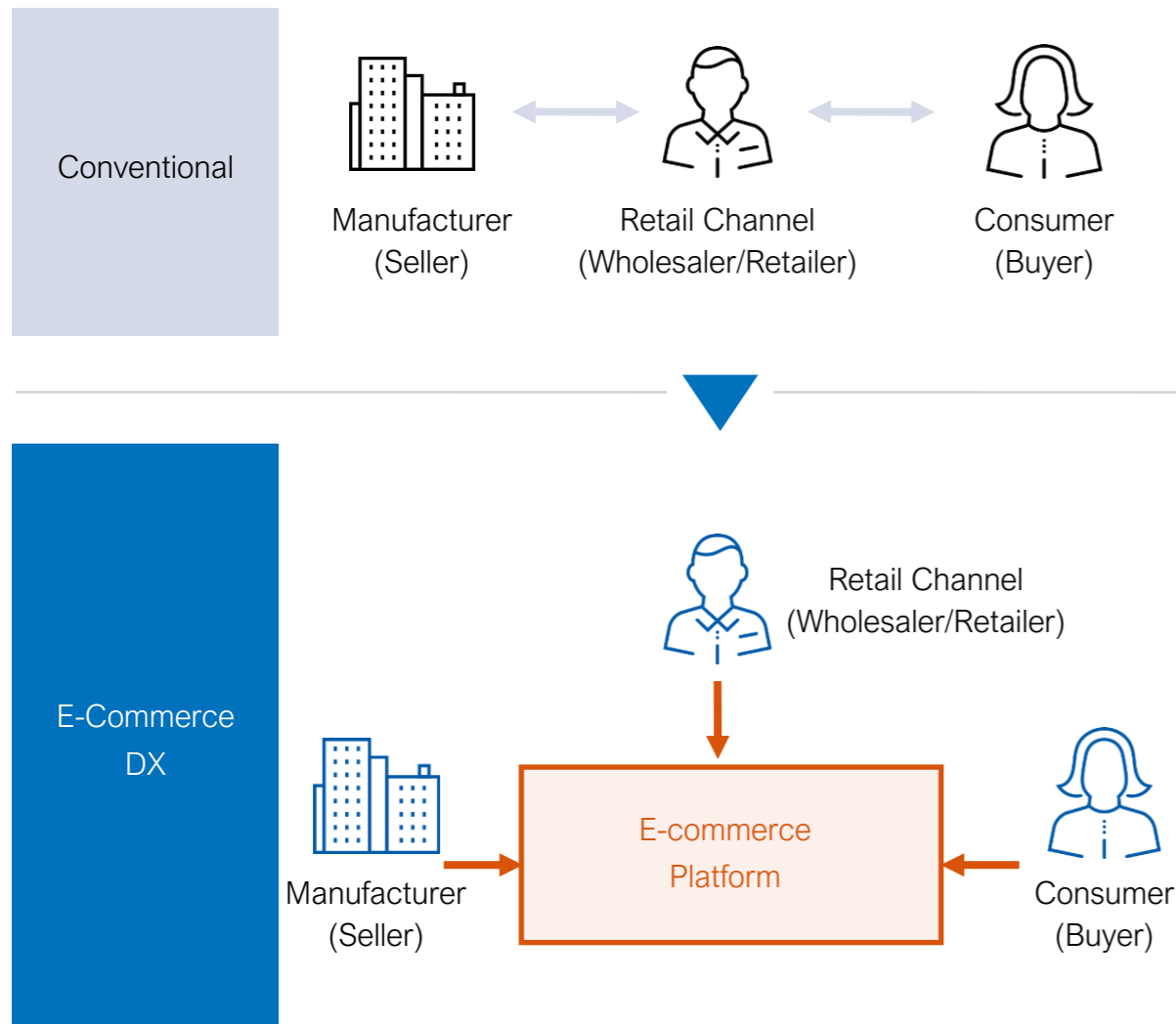
With these ambitions, we aspire together as partners to create unique ecosystems and movements that accelerate the world to a tomorrow in which we desire to be



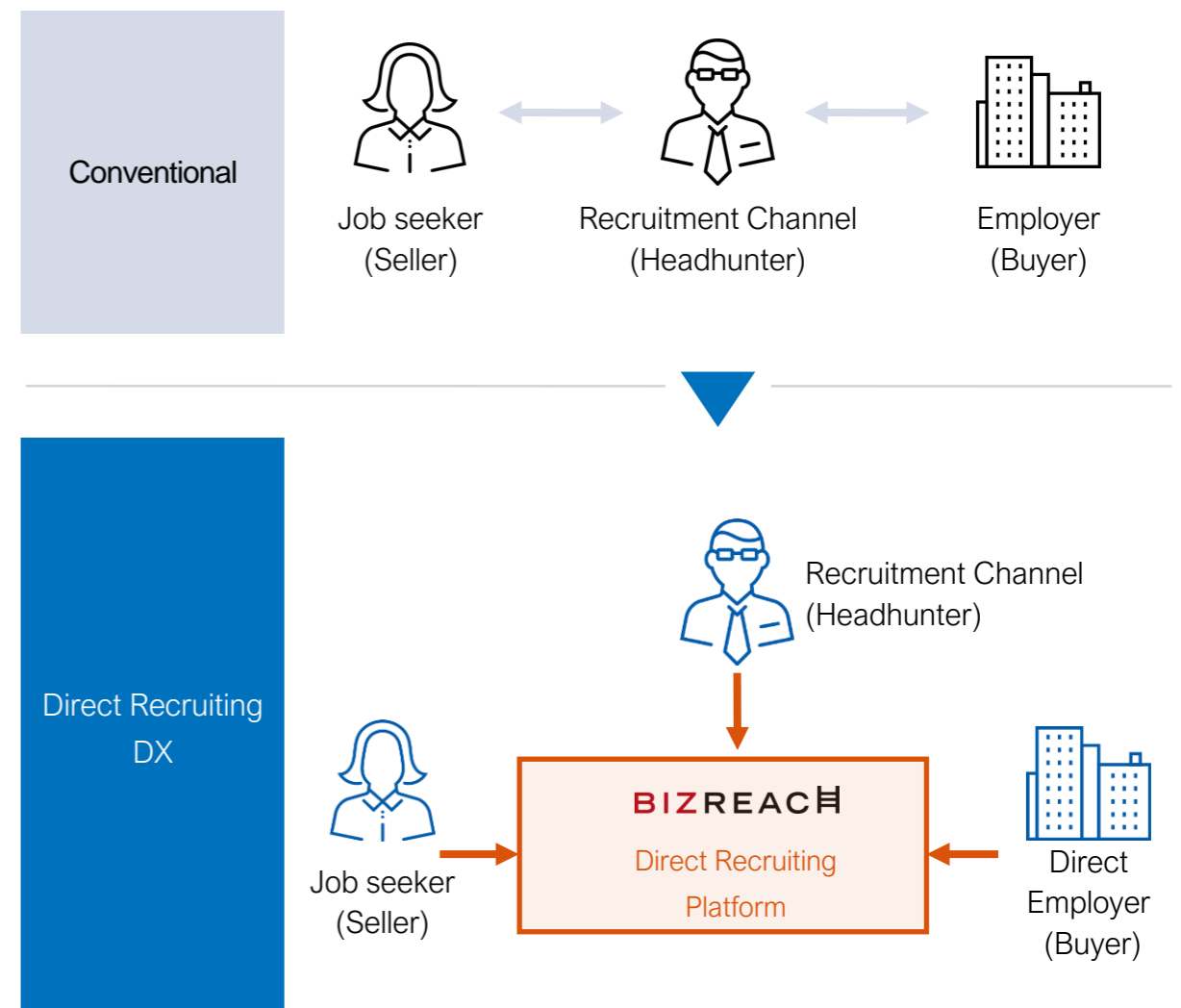
**Supporting new possibilities for
Manpower, Goods and Capital**

Similar to the structural transformation of the retail market caused by e-commerce, BizReach pioneered the concept of “Direct Recruiting” by creating an online career networking platform, which raised the transparency and efficiency of the professional recruitment market in Japan

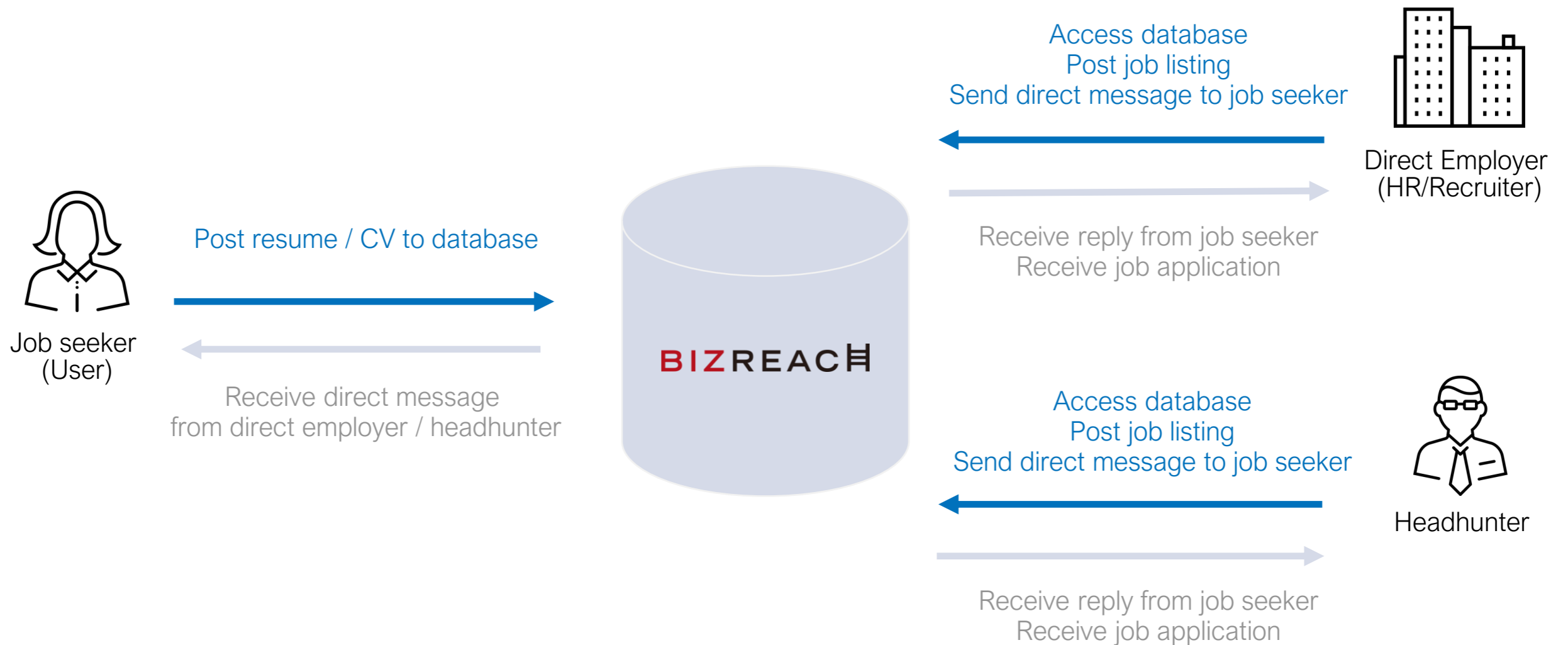
DX of Retail Market



DX of Professional Recruitment Market



The financially attractive and unique business model targeting professional job seekers⁽¹⁾ is the foundation behind the scalability of BizReach

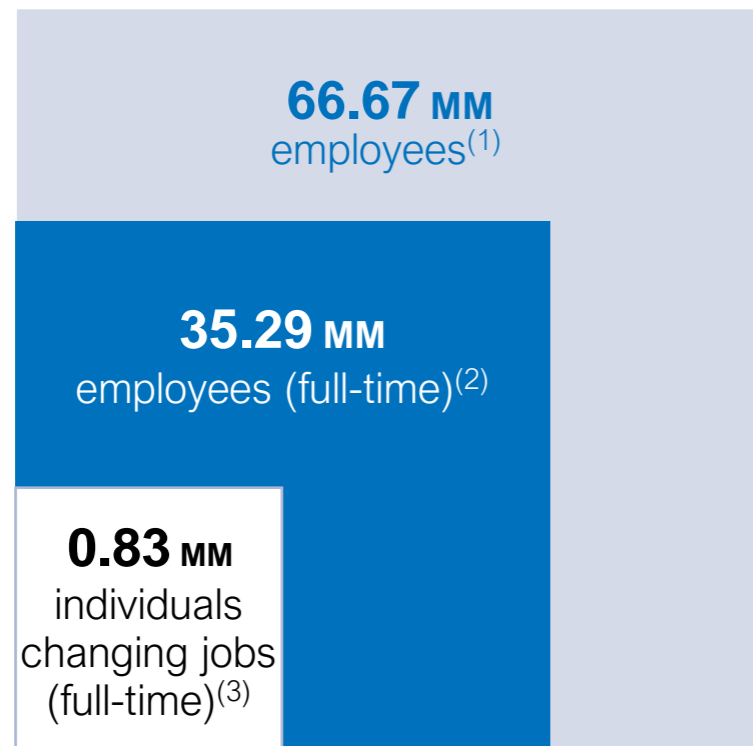


Note: (1) Including executives and mid to senior level employees

Japanese recruitment market is undergoing a structural stage of expansion due to the ongoing changes in workstyle, which will increase liquidity in the Japanese labor market going forward

Significant Room for Job Mobility in Japan

2020



Acceleration of Workstyle Shifts in Japan

- ✓ Conventional workstyle no longer sustainable due to a mismatch of corporation and worker life spans
- ✓ Performance-based workstyle with clear job descriptions accelerates the job change movement
- ✓ “Direct Recruiting” becomes essential for employers as the war for talent accelerates
- ✓ The shift to remote work caused by COVID-19 is expected to further drive this movement

Notes: (1) Source: “Labor Force Survey” by Statistics Bureau, Ministry of Internal Affairs and Communications from CY2020. Figures are calculated as taking twelve months average of the monthly research on the number of employees, as of the end of each month (2) Source: “Labor Force Survey” by Statistics Bureau, Ministry of Internal Affairs and Communications from CY2020. Figures are calculated as taking twelve months average of the monthly research on the number of full-time employees, as of the end of each month (3) Source: “Labor Force Survey” by Statistics Bureau, Ministry of Internal Affairs and Communications from CY2020. Figures are calculated as taking twelve months average of the monthly research on the number of full-time employees, who changed jobs to full-time jobs within a year, as of the end of each month

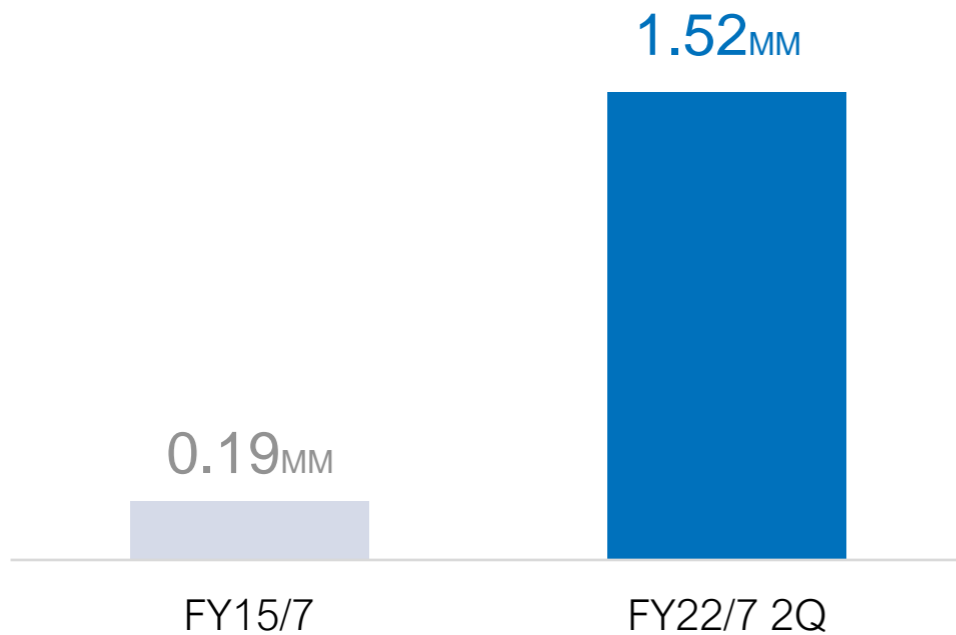
While penetrating further into the professionals' population, accelerate new client acquisitions and increase wallet share of existing clients to drive further top-line growth

Growing # of "Scoutable" Job Seekers on BizReach with Huge Upside Potential

of "Scoutable" Job Seekers on BizReach⁽¹⁾

of wage earners in Japan in 2020⁽²⁾

2.40MM	Annual income	¥10 MM+
10.51MM	Annual income	¥6 MM+



Potential Market Penetration of Direct Employers



Notes: (1) # of users who registered on BizReach platform with resume that have passed a general screening process and whose profile is set to be viewable by direct employers and headhunters (2) Based on "2020 Statistical Survey of Actual Statistics for Salary in the Private Sector" by Japanese National Tax Agency (<https://www.nta.go.jp/publication/statistics/kokuzeicho/minkan2020/pdf/002.pdf>) (3) Direct employers who have subscribed to our BizReach platform at any point in time within FY21/7 (4) As of the end of December 2021. Based on "Notification and Certification Status of General Employers Action Plan Formulation Notification by Prefecture (As of the end of December 2021)" by Ministry of Health, Labor and Welfare (https://www.mhlw.go.jp/general/seido/koyou/jisedai/dl/jyoukyou_r03_12.pdf)

Building on the proven set of principles and approaches that enabled our prior successes, we will continue to evaluate all potential areas of growth that will emerge from seismic shifts and technological innovation in Japan

Guidelines for deciding on a market and a business model

- ✓ Potential for dynamic growth emerging from structural shifts and technological innovation in Japan
- ✓ Obvious need for digital transformation (DX) in the industry
- ✓ Large total addressable market (TAM)
- ✓ Clear trend and benchmark in overseas markets
- ✓ Existence of established competitors with significant profitability



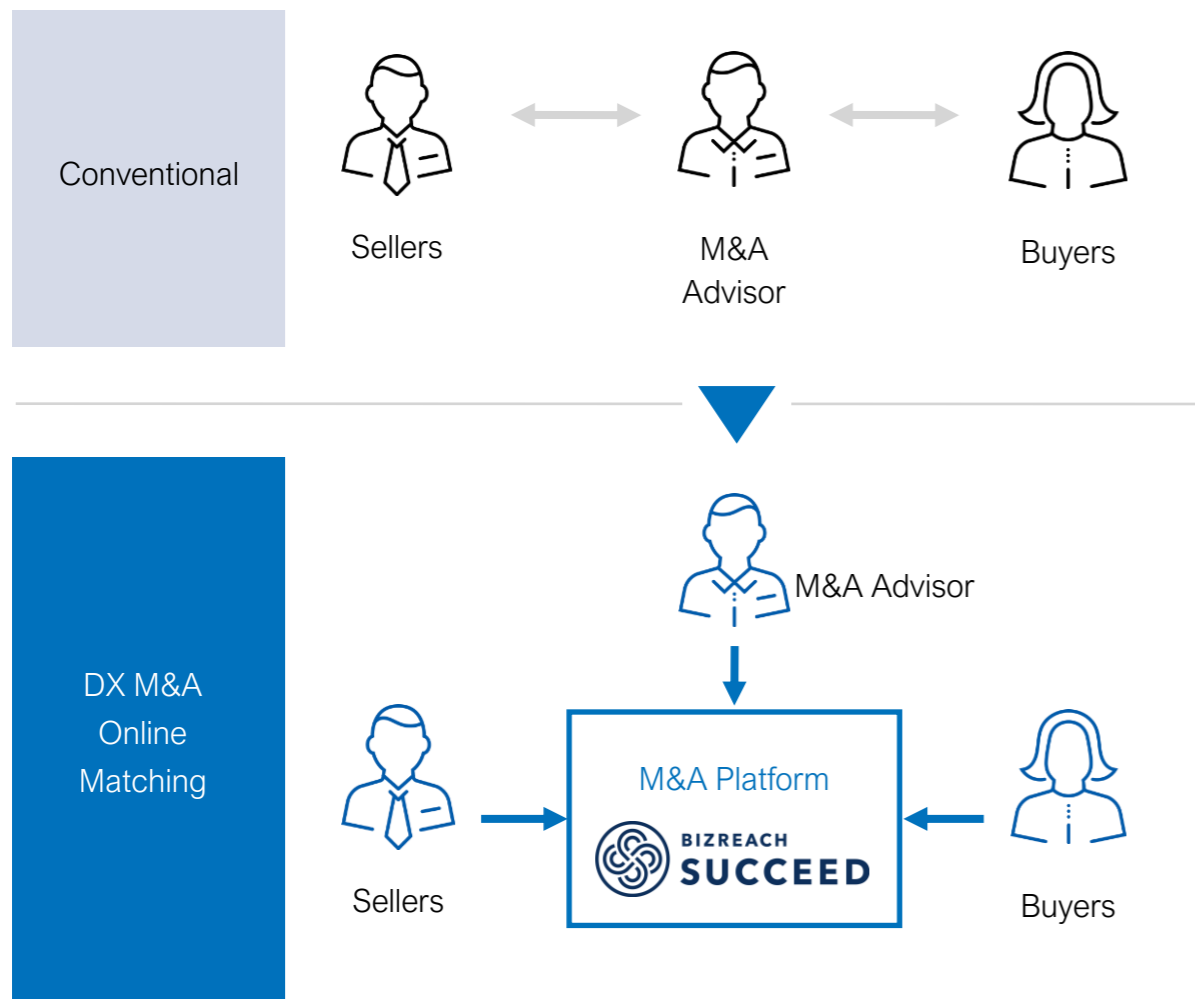
MVP⁽¹⁾ and lean startup organization

- ✓ Start with a small team
- ✓ Incubate businesses for 2-3 years in “Build-Measure-Learn” feedback cycle to check business models and pivot if necessary
- ✓ Invest further when the business model is prepared to scale

BizReach SUCCEED:

Similar to BizReach, developed an online M&A platform that enables direct communication between parties. Increase liquidity in the M&A market to enhance productivity in Japan

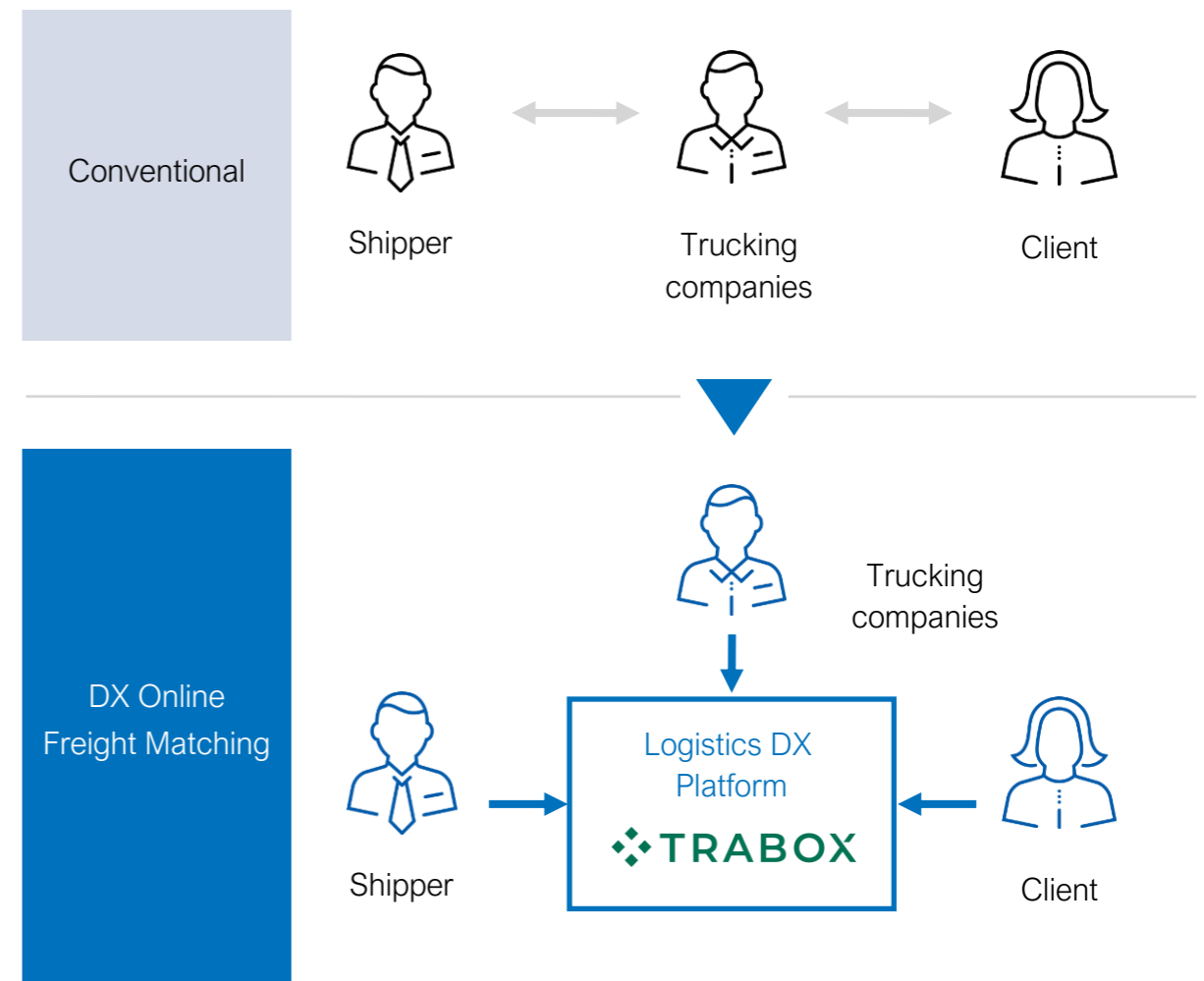
DX in M&A Industry



Trabox:

Fully acquired one of the largest freight matching platforms (load board) in Japan (November 2019). Plan to enter into a cloud-based TMS (Transport Management System) to accelerate DX in logistics industry

DX of Logistics Industry



Persistent Creation of New Possibilities.

**We will tap into the power of the internet to support the digital transformation of the Japanese economy.
We will continue to maximize mid-to-long term enterprise value by persistently transforming social obstacles into new possibilities.**

Commitment towards our group mission

- ✔ Sustained growth and profit expansion of the BizReach business
- ✔ Seamless integration of BizReach and HRMOS to build a data-driven HCM ecosystem
- ✔ Continue to incubate businesses to drive sustainable long-term growth

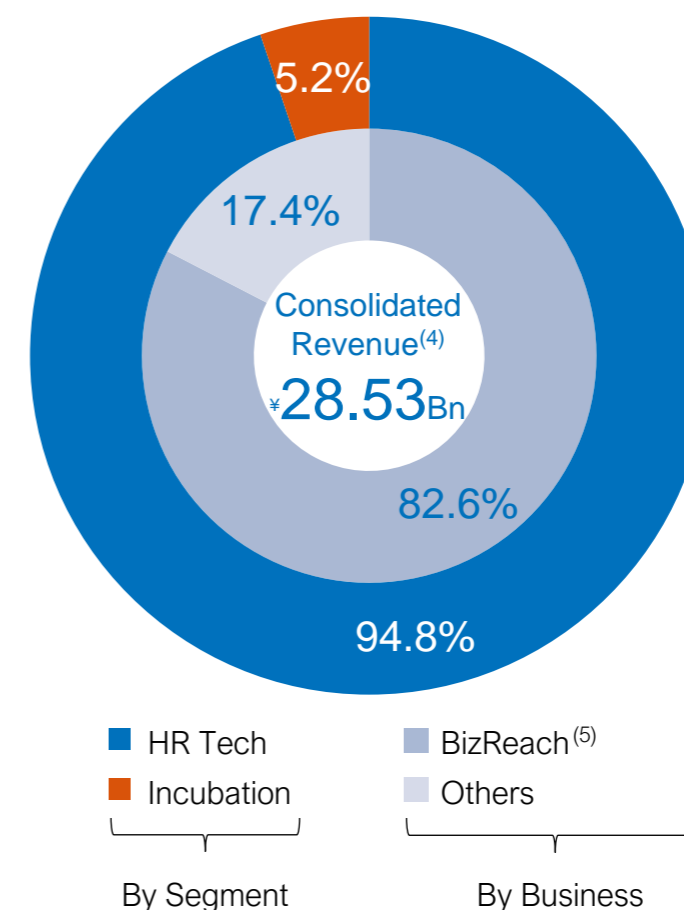
Appendix

We have accelerated business incubation in new industry verticals, supported by BizReach as a profit engine

Business Overview

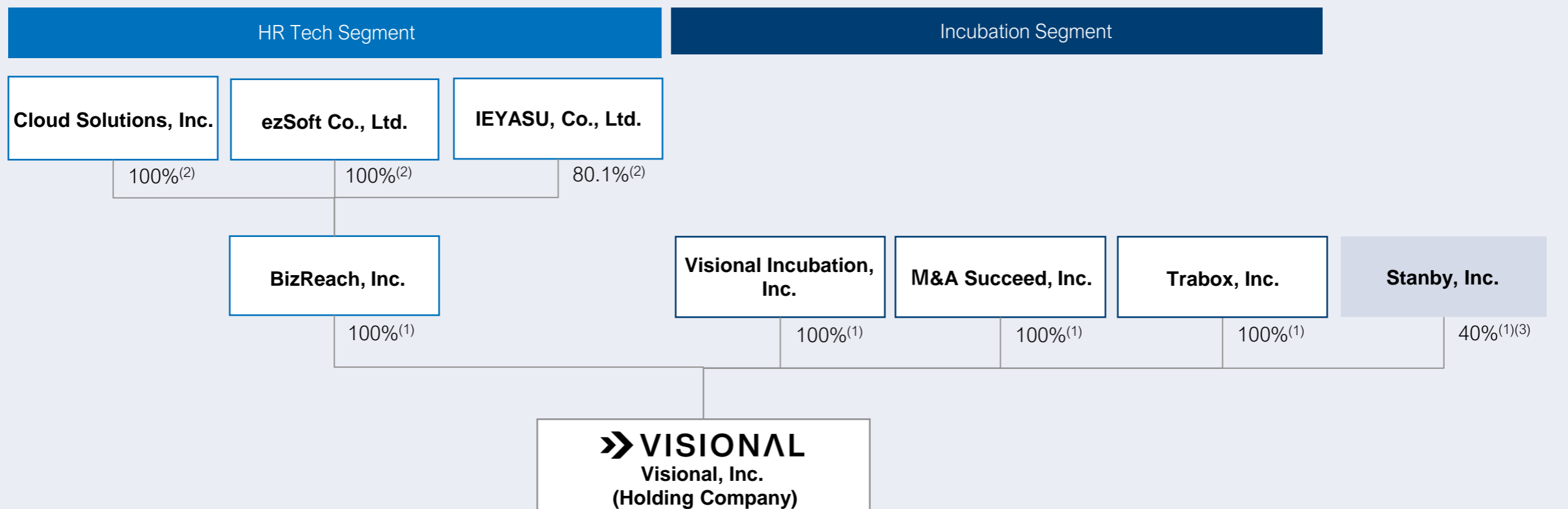
HR Tech Segment	BIZREACH	HR matching platform for professionals
	キャリアトル	HR matching platform for young talents
	BIZREACH CAMPUS	Network for alumni visits
	BINAR	HR matching platform for high-skilled IT engineers
	HRMOS ハーモス	Cloud-based HCM software
Incubation Segment	BIZREACH SUCCEED	M&A matching platform
	yamory	OSS ⁽¹⁾ vulnerability management tool
	BIZHINT	B to B lead generation platform
	TRABOX	Logistics matching platform
	ASSURED	Risk evaluation cloud
Affiliate	スタンプバム ⁽²⁾	Job operating search engine

FY2021/7 Revenue Breakdown by Segment and Business⁽³⁾



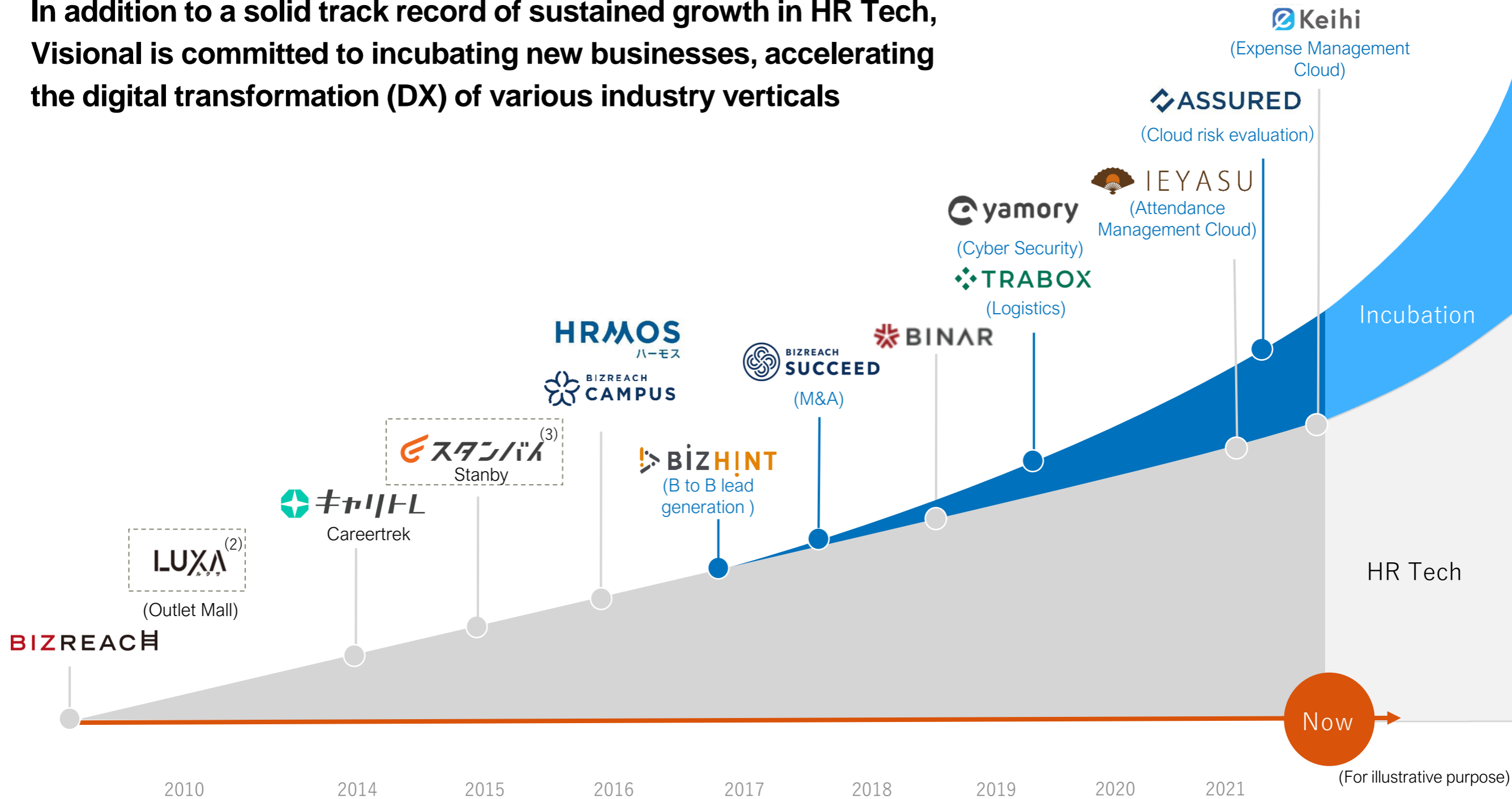
Notes: (1) Open source software (2) Joint venture with Z Holdings Corporation, in which Visional, Inc. holds a 40% stake as an equity method affiliate (3) Excluding adjustments (¥161 MM) (4) Based on FY2021/7 financials prepared by Visional, Inc. continued from the financials of BizReach, Inc. Visional, Inc. was established through a share transfer, and BizReach, Inc. became a wholly-owned subsidiary of Visional, Inc. in February 2020 (FY ending in July and prepared in accordance with J-GAAP) (5) Financial data of the BizReach Business, the core service of our group (which differs from the financial data of our subsidiary BizReach, Inc.)

Current Group Structure
(As of March 15, 2022)



Notes: (1) Visional, Inc.'s shareholding ratio of its subsidiaries and affiliate (2) BizReach, Inc.'s shareholding ratio of its subsidiary (3) Joint venture with Z Holdings Corporation, in which Visional, Inc. holds a 40% stake as an equity method affiliate

In addition to a solid track record of sustained growth in HR Tech, Visional is committed to incubating new businesses, accelerating the digital transformation (DX) of various industry verticals



Notes: (1) For illustrative purpose. Dates (year) below the horizontal line represent the timing of launch for each service (2) LUXA was fully incubated inside of BizReach, spun out as a subsidiary and sold entirely to KDDI in April 2015 (3) Stanby was fully incubated inside of BizReach, spun out as a subsidiary and partially (60%) sold to Z Holdings in December 2019. Visional continues to co-manage the joint venture together with Z Holdings as a 40% equity owner

Consolidated P&L⁽¹⁾

	JPY MM					
	FY20/7 Full year	FY21/7 Full year	6 months ended January 31, 2021	6 months ended January 31, 2022	FY22/7 1Q	FY22/7 2Q
Net Sales	25,879	28,698	12,167	19,670	9,570	10,099
YoY Growth (%)	20.4%	10.9%	N.A.	61.7%	N.A.	N.A.
HR Tech Segment	24,914	27,052	11,410	18,706	9,116	9,589
YoY Growth (%)	17.7%	8.6%	N.A.	63.9%	N.A.	N.A.
Incubation Segment	892	1,485	675	883	413	469
YoY Growth (%)	182.1%	66.3%	N.A.	30.7%	N.A.	N.A.
Cost of Sales	4,104	3,999	1,551	2,706	1,304	1,401
Gross Profit	21,775	24,699	10,615	16,964	8,266	8,697
Margin (%)	84.1%	86.1%	87.2%	86.2%	86.4%	86.1%
Selling, General & Administrative Expenses	19,588	22,331	9,103	12,860	5,729	7,131
Advertising	7,640	9,562	-	5,896	2,385	3,510
Payroll etc. ⁽²⁾	5,301	6,308	-	3,524	1,707	1,817
Rent	1,251	1,258	-	619	309	309
Others	5,394	5,202	-	2,819	1,326	1,492
Operating Profit	2,186	2,368	1,512	4,103	2,536	1,566
Margin (%)	8.4%	8.3%	12.4%	20.9%	26.5%	15.5%
HR Tech Segment	3,343	4,000	2,141	5,269	3,107	2,161
Incubation Segment	(868)	(863)	(329)	(821)	(405)	(416)
Pre-tax Profit	7,023	2,290	1,665	4,280	2,621	1,658
Income Tax Expense	2,364	869	579	1,438	840	597
Profit attributable to owners of parent	4,658	1,420	1,086	2,842	1,780	1,061
Margin (%)	18.0%	5.0%	8.9%	14.4%	18.6%	10.5%

Notes: (1) Based on FY20 financials prepared by Visional, Inc. continued from the financials of BizReach, Inc. Visional, Inc. was established through a share transfer, and BizReach, Inc. became a wholly-owned subsidiary of Visional, Inc. in February 2020 (2) Payroll includes bonuses and allowance for bonuses

Reconciliation of Adjusted Operating Profit before Corporate Expense Allocation to Operating Profit⁽¹⁾

JPY MM

	FY20/7 FY	FY21/7 FY	FY21/7 1H	FY22/7 1H
Total Adjusted Operating Profit before corporate expense allocation	7,531	6,170	3,018	6,032
BizReach Business ⁽²⁾⁽³⁾	9,232	9,637	4,189	8,340
HRMOS Business ⁽³⁾	(1,159)	(2,102)	(687)	(1,397)
Other Businesses ⁽³⁾	(541)	(1,364)	(484)	(909)
Adjustment item				
-) Corporate and general administrative expenses (such as accounting, HR, legal, general affairs, etc.) ⁽⁴⁾	5,345	3,802	1,505	1,929
-) HR Tech Segment ⁽⁴⁾	4,647	3,263	1,237	1,642
-) Incubation Segment ⁽⁴⁾	697	538	268	286
Operating Profit (J-GAAP)	2,186	2,368	1,512	4,103

Adjusted Headcount by Function and Business (FY22/7 2Q)⁽⁵⁾

	Adjusted headcount	% of subtotal for HR Tech businesses
HR Tech businesses		
BizReach Business	570	58.4%
HRMOS Business	239	24.5%
Other HR Tech businesses	167	17.1%
Subtotal for HR Tech businesses	976	100.0%
General functions of HR Tech businesses	105	n/a
Total for HR Tech businesses	1,081	n/a
Incubation businesses	130	n/a
Corporate	120	n/a
Total	1,331	n/a

Notes: (1) Based on FY20 financials prepared by Visional, Inc. continued from the financials of BizReach, Inc. Visional, Inc. was established through a share transfer, and BizReach, Inc. became a wholly-owned subsidiary of Visional, Inc. in February 2020 (All FYs ending in July and prepared in accordance with J-GAAP) (2) Financial data of the BizReach Business, the core service of our group (which differs from the financial data of our subsidiary BizReach, Inc.) (3) Calculated as revenue of each business minus cost of sales and selling, general and administrative expenses which are directly allocated to each business (4) These expenses comprise corporate and general administrative expenses that we have not directly allocated to individual businesses for our internal management purposes (5) Adding headcount calculated back to those who belong to each business, based on man-hours equivalent to labor costs, which is directly allocated to each such business and included in the relevant adjusted operating profit before corporate expense allocation

Visional Group has worked together on contracted assignments (with the Ministry of Economy, Trade and Industry (METI) to help with hiring in Fukushima Prefecture to support areas affected by the Great Eastern Earthquake etc.). As 2021 marks 10 years from the earthquake, we have completed the assignment

Recent Financial Impact (Within HR Tech Segment)

JPY MM

	FY20/7 Full Year Actuals	FY21/7 Full Year Actuals	FY22/7 Full Year Forecast
Net Sales	743	694	—
Adjusted operating profit before corporate expense allocation	(90)	(98)	—

- Historical financial impact for the previous two years as shown on the left recorded within the HR Tech segment
- Although the mission has been completed as of FY21/7, Visional Group is committed to supporting the development of a sustainable society through our businesses, including supporting hiring activities of municipalities, education and sports fields, and M&A collaborating with regional banks

Increase in notes and accounts receivables and contract liabilities as net sales grew. JPY 9.28Bn retained earnings as we continue to deliver profits

	JPY MM		
	FY20/7	FY21/7	FY22/7 2Q
Current Assets	12,137	29,532	32,245
Cash and Cash Equivalents	9,114	25,630	27,125
Notes and Accounts Receivable	2,012	3,258	4,156
Other Current Assets	1,011	643	962
Fixed Assets	5,584	5,544	6,887
Tangible Assets	899	700	712
Intangible Assets	2,488	2,457	3,176
Goodwill	1,186	1,296	2,092
Other Intangible Assets	1,301	1,160	1,083
Total Investments and Other Assets	2,196	2,385	2,998
Total Assets	17,722	35,076	39,133

	JPY MM		
	FY20/7	FY21/7	FY22/7 2Q
Current Liabilities	5,290	9,046	10,472
Accounts Payable	1,486	3,341	3,242
Deferred Revenue	1,917	3,042	-
Contract Liabilities	-	-	4,150
Other Current Liabilities	1,886	2,662	3,080
Fixed Liabilities	3,225	3,494	3,271
Liabilities from application of Equity Method	3,070	2,773	2,613
Other Fixed Liabilities	155	720	657
Total Net Assets	9,205	22,536	25,389
Share Capital	100	6,063	6,069
Capital Surplus	4,064	10,027	10,033
Retained Earnings	5,021	6,442	9,284
Others	20	3	2
Total Liabilities and Net Assets	17,722	35,076	39,133

Note: (1) Based on FY20 financials prepared by Visional, Inc. continued from the financials of BizReach, Inc. Visional, Inc. was established through a share transfer, and BizReach, Inc. became a wholly-owned subsidiary of Visional, Inc. in February 2020

BizReach net sales consists of Recuring Revenue (access fee to BizReach platform) and Performance Revenue (fee received once placement is made). This allows financial stability during economic downturn

	Recurring Revenue ⁽¹⁾⁽²⁾	Performance Revenue
Direct Employers	¥850,000 / semi-annual	15% of the candidate's expected annual compensation in the new position ⁽³⁾
Headhunters	¥600,000 / semi-annual	20-30% of the placement fee the headhunter receives from the employer

Notes: (1) Tax excluded (2) Standard pricing plan (3) Calculated as fixed monthly salary multiplied by 12 plus base amount of bonus calculation multiplied by the number of bonus payment months for the previous fiscal year

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