

Visional, Inc. FY2025/7 3Q Financial Results FAQ

June 12, 2025

Consolidated Financial Results

Q1 What is the summary of FY2025/7 3Q financial performance?

3Q YTD consolidated net sales recorded JPY 58.84Bn (20.3% YoY growth) and 3Q recorded JPY 21.91Bn (25.3% YoY growth). BizReach captured the strong market environment and exceeded plan.

3Q YTD consolidated operating profit recorded JPY 17.47Bn (14.5% YoY growth, 29.7% margin) and 3Q recorded JPY 7.25Bn (32.5% YoY growth, 33.1% margin). Executed investment plans as scheduled, however, 3Q profit exceeded plan due to BizReach net sales growth.

The Company consists of the HR Tech Segment and the Incubation Segment.

HR Tech Segment:

BizReach: 3Q YTD net sales recorded JPY 51.03Bn (18.8% YoY growth) and 3Q recorded JPY 18.90Bn (22.2% YoY growth). Direct employers' hiring demand for professionals and job seekers' behavior are trending strongly, and BizReach grew significantly in 3Q, which was the largest seasonal quarter in the hiring market. The total number of registered direct employers reached more than 36,300 companies as of the end of April 2025. This is an increase of more than 1,600 companies compared to 2Q.

3Q YTD operating profit (before corporate expense allocation) recorded JPY 22.32Bn (17.8% YoY growth, 43.7% margin) and 3Q recorded JPY 9.08Bn (34.6% YoY growth, 48.1% margin). Based on the strong hiring demand, marketing investments mainly addressing job seeker acquisition were executed. As net sales grew strongly, profit also overachieved plan.

HRMOS: Financial figures since FY2024/7 include all HRMOS services. 3Q YTD net sales recorded JPY 3.74Bn (36.2% YoY growth) and 3Q recorded JPY 1.36Bn (35.6% YoY growth). Net sales of each service have grown.

3Q YTD operating loss (before corporate expense allocation) recorded JPY 0.19 Bn (loss of JPY 0.69Bn for the same period of the previous fiscal year) and 3Q recorded JPY 0.07Bn (loss of JPY 0.20Bn for the same quarter of the previous fiscal year). "Internal BizReach by HRMOS" promotion started from the end of January 2025.

"HRMOS ATS", "HRMOS Talent Management" and "Internal BizReach by HRMOS" total ARR was JPY 3.48Bn (32.8% YoY growth), and the number of unique paying customers was 2,289 companies (23.8% YoY growth).

HR Tech Other: This includes other recruitment platform businesses.

Incubation Segment:

To increase mid to long term enterprise value, we are creating businesses in growth areas other than HR Tech.

3Q YTD segment net sales recorded JPY 1.99Bn (17.8% YoY growth) and 3Q recorded JPY 0.87Bn (93.5% YoY growth). 3Q YTD segment operating loss recorded JPY 1.17Bn (loss of JPY 0.57Bn for the same period of the previous fiscal year) and 3Q recorded JPY 0.39Bn (loss of JPY 0.25Bn for the same quarter of the previous fiscal year). In June 2025, we released Assured Third-Party Security Assessment as a new business. We are building businesses whilst controlling investments.

Q2 What is the summary of the revised consolidated financial forecast for FY2025/7?

We have revised our FY consolidated full year financial forecast disclosed in September, 2024. Please refer to "Notice Regarding Revision of Consolidated Earnings Forecast" announced today.

(JPY MM)	FY2025/7 Sep 2024 Forecast	FY2025/7 June 2025 Forecast	Difference
Consolidated Net Sales	76,400	79,500	+3,100
HR Tech Segment	73,880	76,540	+2,660
BizReach	66,440	68,500	+2,060
HRMOS	5,000	5,200	+200
Incubation Segment	2,470	2,900	+430
Others	50	60	+10
Operating Profit	19,150	20,300	+1,150
Ordinary Profit	19,600	21,100	+1,500
Profit Attributable to Owners of Parent	13,470	14,390	+920

Our net sales progress was within plan up until 2Q YTD, however, BizReach net sales exceeded plan in 3Q and therefore, we have revised our FY consolidated net sales forecast to JPY 79.50Bn (20.2% YoY growth) from JPY 76.40Bn (15.5% YoY growth) (revised by +JPY 3.10Bn, +4.1%).

3Q YTD progress to the revised FY financial forecast is 74.0% (3Q YTD progress of the previous fiscal year to FY actual results of the previous fiscal year was 74.0%).

Driven by net sales growth, consolidated operating profit forecast is revised to JPY 20.30Bn (13.8% YoY growth, 25.5% margin) from JPY 19.15Bn (7.4% YoY growth, 25.1% margin) (revised by +JPY 1.15Bn, +6.0%).

3Q YTD progress to the revised FY financial forecast is 86.1% (3Q YTD progress of the previous fiscal year to FY actual results of the previous fiscal year was 85.6%). Based on the track record of disciplined execution, whilst maintaining BizReach margin, we will continue to invest in sustainable growth to increase Visional Group's enterprise value in the mid-term.

HR Tech Segment:

BizReach: We captured the strong market environment, and net sales grew significantly in 3Q, which was the largest seasonal quarter in the hiring market. As a result, FY2025/7 net sales forecast is revised to JPY 68.50Bn (18.6% YoY growth) from JPY 66.44Bn (15.0% YoY growth) (revised by +JPY 2.06Bn, +3.1%). As strong hiring demand continues, marketing investments mainly addressing job seeker acquisition will be increased compared to plan in 4Q, as such, FY2025/7 FY operating profit margin forecast is unchanged at 40%.

Due to the uncertain economic outlook, mid-term growth rate is unchanged at around 15% at this time.

HRMOS: As each service and the integrated HRMOS service are growing steadily, FY2025/7 net sales forecast is revised to JPY 5.20Bn (35.3% YoY growth) from JPY 5.00Bn (30.1% YoY growth) (revised by +JPY 0.20Bn, +4.0%). Operating loss (before allocation expense allocation) for FY2025/7 is to be around JPY 0.85Bn compared to our previous outlook of JPY 1.00Bn. Promotion concentrated in 2H, yet strong net sales growth expected to reduce loss.

Incubation segment:

We continue to create businesses to enhance enterprise value over the medium to long term, balancing investment for future growth and cost discipline. FY2025/7 segment net sales is revised to JPY 2.90Bn (30.7% YoY growth) from JPY 2.47Bn (11.3% YoY growth) (revised by +JPY 0.43Bn, +17.4%). Segment loss forecast is unchanged at around JPY 1.5Bn.

Should our financial forecast change based on changes in the economic assumptions etc., we will disclose as soon as appropriate.

- Q3 What is penalty income recorded in the non-operating income?**
When there is a violation of our BizReach terms of service, we charge a penalty that is defined in our terms of service agreement. This penalty income is recorded in non-operating income. For 3Q YTD, JPY 0.52Bn was recorded as penalty income.
- Q4 What is the background to the merger with IEYASU, Inc. and what is the financial impact?**
In FY2025/7 1Q, IEYASU, Inc., which was a consolidated subsidiary, was absorbed in an absorption-type merger with BizReach, Inc. as the surviving company. This merger was executed as part of a reorganization within the Group to enable accelerated sales and marketing of HRMOS series to our customers. Impact to consolidated financials is limited.
- Q5 What is the impact of stock options to total shares outstanding?**
We grant stock options (tax qualified stock options and stock options with charge) to directors and selected employees to increase their motivation and morale for improving business performance, and to hire talent for Visional Group, leading to further enhancement in the corporate value of Visional Group. These stock options can be exercised in phases through FY2030/7. Majority of these stock options were granted prior to the Company's listing, and about half became exercisable from April 23, 2022.
Total shares outstanding as of April 30, 2025, is 39,769,800 shares (increase of 21,200 shares from January 31, 2025).
As of April 30, 2025, the total shares outstanding on a fully diluted basis is 41,532,500 shares.
- Q6 What is Adjusted Operating Profit before Corporate Expense Allocation? (or shown as operating profit (before corporate expense allocation))**
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 business administration, information systems that cannot be charged directly to specific products and services. In principle, the costs directly tied to products and services are recorded.
- Q7 What are Liabilities from application of Equity Method?**
This is an account that arose when 60% of Stanby, Inc. was divested to LY Corporation (formerly, Z Holdings Corporation). Stanby, Inc. is currently our equity method affiliate.

BizReach

- Q8 How do you evaluate BizReach 3Q net sales growth of 22.2%?**
BizReach net sales recorded 22.2% YoY growth in 3Q, exceeding plan, growing significantly. Although recovery in hiring demand varies, BizReach captured the hiring demand of professionals amongst Japanese companies as well as job seekers' behavior. For 4Q, based on the assumption that the strong market sentiment continues, we forecast 18.0% YoY growth.
- Q9 What is your cost structure?**
Our major costs consist of marketing expenses and personnel expenses. As BizReach is still in its growth stage, we will strategically continue to invest in hiring to expand our sales organization, and conduct marketing activities including online, offline ads, and TV commercials whilst carefully monitoring the return on our investments.
- Q10 What is the future vision of BizReach?**
We believe the importance of direct recruiting (direct sourcing) will increase as war for talent intensifies and liquidity in the labor market accelerates, driven by factors such as mismatch of corporation and worker life spans, shift to performance-based workstyle with clear job descriptions, and the social dynamic changes caused by the pandemic. As a fact, prospective job changers has been on the rise and exceeded 10MM individuals for the first time in 2023(*1).

We will continue to encourage increased use of our platform based on further growth in the professional hiring market, increase in our market share through further acquisition of job seekers and direct employers, reactivation of existing job seekers, and investments in matching capabilities including generative AI.

(*1) Based on “Labor Force Survey” by the Ministry of Internal Affairs and Communications. Employed individuals are defined as the working population aged 15 and over, excluding the unemployed and non-labor force population. Prospective job changers refer to individuals who are currently employed and would like to change jobs or those who would like to engage in other jobs in addition to their current jobs.

Q11 Will BizReach be affected by stricter regulations on so-called "congratulatory gifts"?

From April 1, 2025, some of the ministerial guidelines based on the Employment Security Act have been revised. As a result, providers of recruitment information, etc. have been prohibited, in principle, from providing job seekers with money, gift certificates, etc. (Please refer to Japanese FAQ for the official Japanese provision title).

Providing a fair level of monetary provision plays a role in preventing fraud in recruitment support services, and we had also been implementing such measures, but we are now taking measures to prevent fraud in other means that is aligned with the amendment, and as such, we do not anticipate impact to our business performance at this time. Should our financial forecast change based on such impact, we will disclose as soon as appropriate.

HRMOS

Q12 What is the service lineup of HRMOS?

HRMOS currently consists of “HRMOS ATS”, “HRMOS Talent Management”, “Internal BizReach by HRMOS”, “HRMOS Attendance Management”, “HRMOS Expense Management”, and “HRMOS Payroll”.

The number of paying customers using “HRMOS ATS”, “HRMOS Talent Management” and “Internal BizReach by HRMOS” continues to expand, with ARR of JPY 3.48Bn (32.8% YoY growth), the number of unique paying customers of 2,289 companies (23.8% YoY growth), and ARPU of JPY 127k (7.3% YoY growth) as of the end of 3Q.

Internal scout service, “Internal BizReach by HRMOS” promotion started at the end of January 2025. For an overview of the service, please see Q13.

Q13 What kind of service is “Internal BizReach by HRMOS” ?

In recent years, changing jobs has become a positive option for career development, and employees who have left the company have increased in many companies. “Internal BizReach by HRMOS” is a new service aiming at creating a company at which employees will want to continue working by promoting “Internal Scouting” activities that provide employees with career options to address the new challenge of the outflow of employees. We believe we are uniquely positioned to offer this new service at Visional Group, which is furnished with generative AI trained on data accumulated through “BizReach”, and realizes optimal matching of internal talent to internal positions through automatic generation of internal resumes and internal position specifications in addition to highly accurate talent searches and recommendations.

Q14 What is the financial impact of “Internal BizReach by HRMOS” for FY2025/7?

“Internal BizReach by HRMOS” is managed together with “HRMOS Talent Management” and is included in HRMOS financial figures. We started the promotion at the end of January 2025. Net sales have already been factored into the forecast for FY2025/7, although impact for this fiscal year is negligible as sales lead time is long. Investment for this service is concentrated in 2H with increasing investment in 4Q, as factored into the FY2025/7 forecast.

We will make a more concrete net sales forecast for this service based on customer interactions and future trends in the market etc., yet our plan at launch is 1,000 companies in 3 years with related net sales of JPY 3.0Bn.

Q15 Why does FY2025/7 HRMOS net sales growth rate forecast appear to be slowing compared to FY2024/7?

FY2024/7 YoY net sales growth rate was impacted by the addition of “HRMOS Expense Management” that was not included in HRMOS in the prior year. FY2025/7 YoY growth rate represents growth within the same services. As such, although the growth rate appears to be slowing significantly, growth of each of the HRMOS services is forecasted to grow steadily.

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