

**FY2024/7 1Q**  
**Financial Results**

December 2023



Visional, Inc.

## Consolidated Financials

- Net sales for 1Q recorded JPY 16.05Bn (21.5% YoY growth). Progressing on plan
- 1Q operating profit was JPY 4.95Bn (33.8% YoY growth, 30.9% margin). As in previous years, 1Q investments are smaller compared to other quarters, resulting in profit margin landing higher than full year forecast. We continue with disciplined execution balancing investments for future growth and cost control

## BizReach

- Net sales for 1Q recorded JPY 14.09Bn (21.3% YoY growth). Although no change observed in slowdown of hiring activities in some companies, solid demand for hiring professionals continues. Progressing on plan
- 1Q adjusted operating profit before corporate expense allocation was JPY 6.15Bn (9.4% YoY growth, 43.7% margin). Growth investments were executed as planned

## HRMOS

- Net sales for 1Q recorded JPY 0.83Bn (71.3% YoY growth). Net sales exceeded plan
- 1Q adjusted operating losses before corporate expense allocation was JPY 0.27Bn. Operating losses decreased compared to plan due to strong net sales growth and partial delay in marketing investments

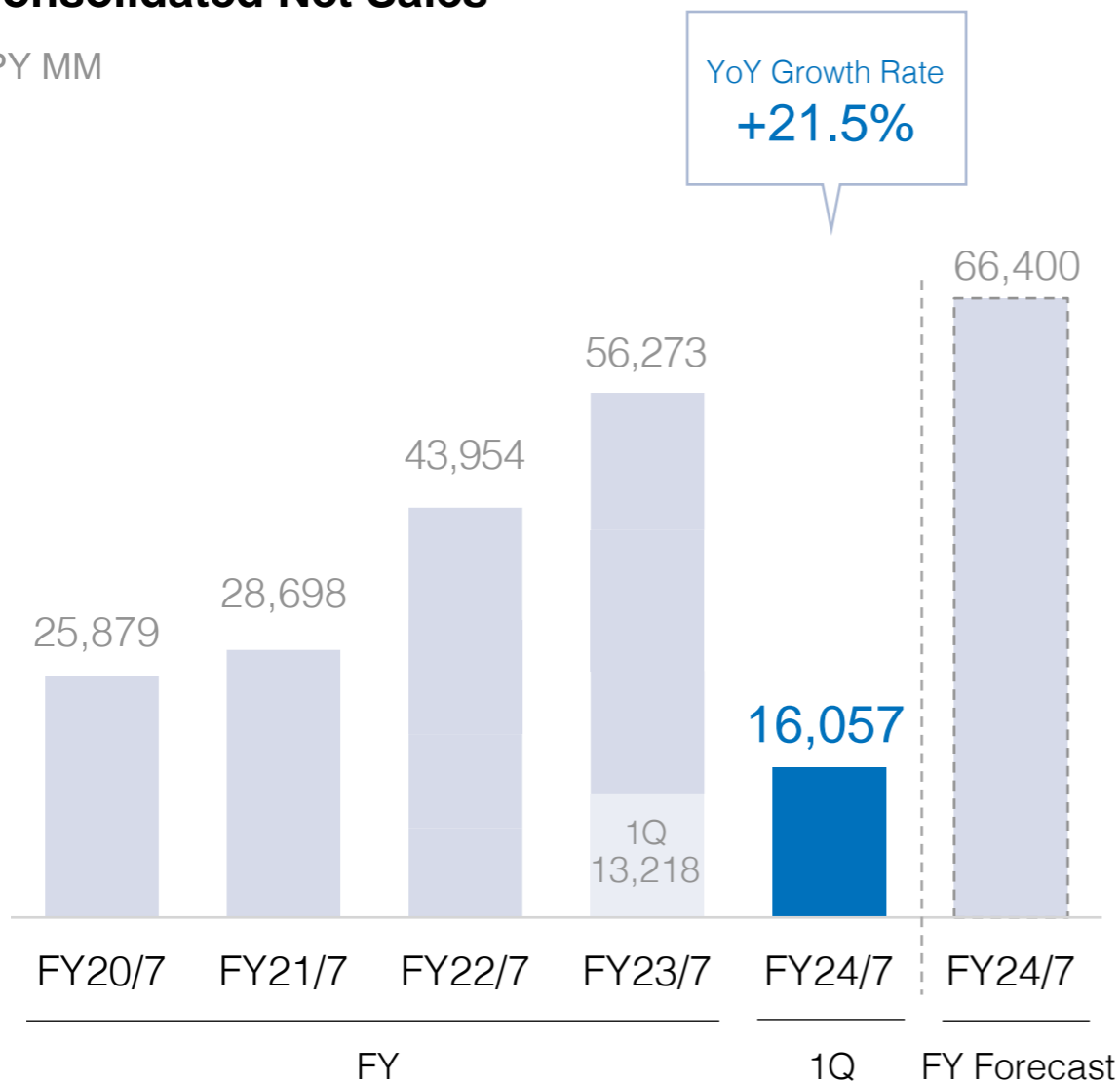
## FY Consolidated Financial Forecast

- Full year consolidated FY2024/7 financial forecast for net sales is unchanged at JPY 66.40Bn (18.0% YoY growth) based on the assumption that demand for hiring professionals will continue to be solid, despite continued slowdown in hiring activities by some companies
- As our business is in growth phase, active investments will continue to be made whilst return is measured. Investment in BizReach remains our priority as we aim to increase consolidated profit amount, and further increase our profit margin. Full year FY2024/7 financial forecast for consolidated operating profit is unchanged at JPY 16.00Bn (21.0% YoY growth, 24.1% margin)
- Share transfer of BizHint, Inc., a former consolidated subsidiary of ours, was completed on December 1, 2023. No change to full year consolidated financial forecast

**Visional Group's net sales for 1Q grew 21.5% YoY. Operating profit grew 33.8% YoY, 30.9% operating profit margin. Due to seasonality of investments, 1Q profit exhibits higher progress rate to full year forecast. Disciplined execution balancing investments for future growth and cost control continues**

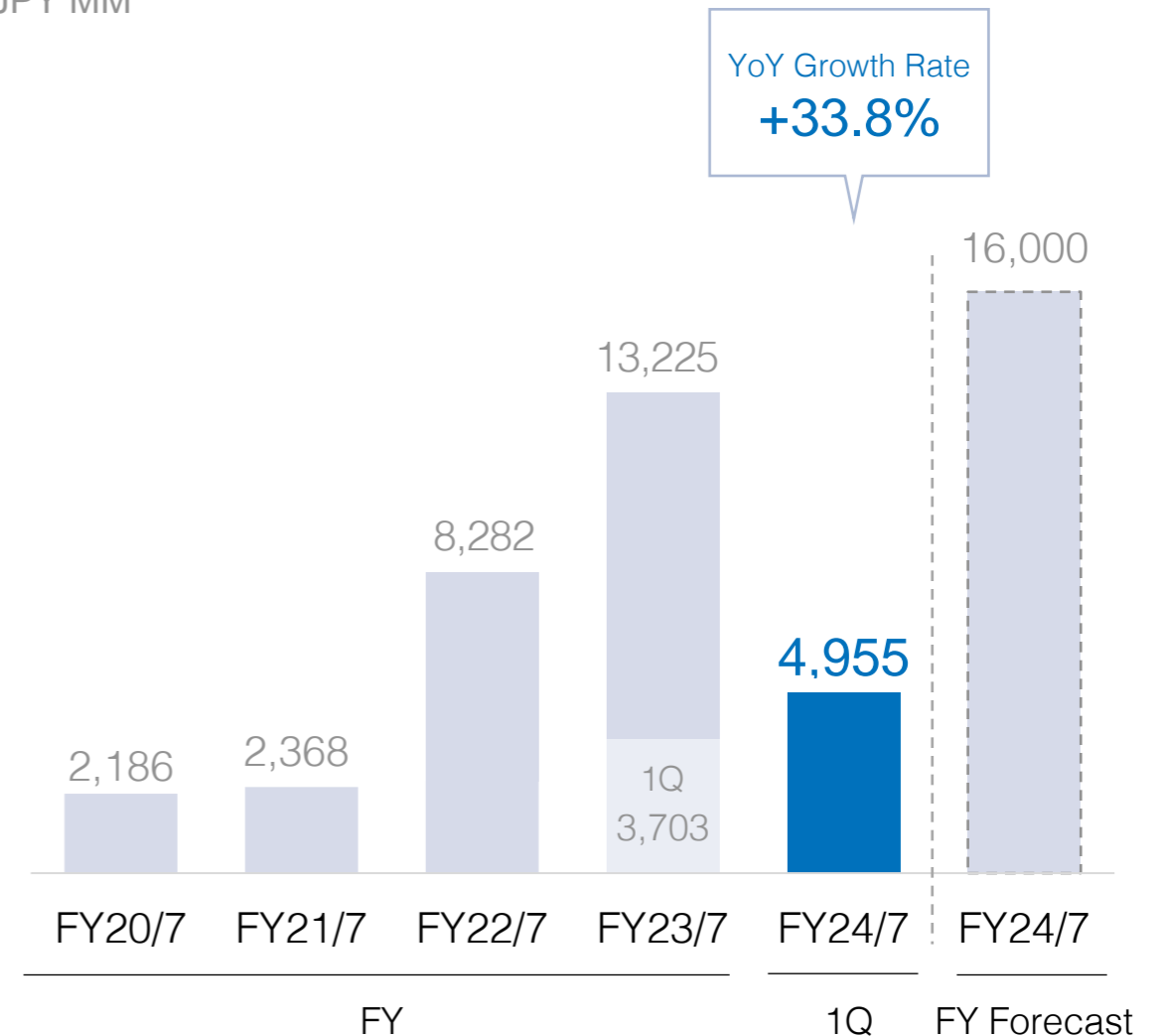
## Consolidated Net Sales<sup>(1)</sup>

JPY MM



## Consolidated Operating Profit<sup>(1)(2)</sup>

JPY MM



Notes: (1) Based on FY20/7 financials prepared by Visonal, Inc. continued from the financials of BizReach, Inc. Visonal, Inc. was established through a share transfer, and BizReach, Inc. became a wholly owned subsidiary of Visonal, Inc. in February 2020 (2) As of 1Q of FY23/7, we have confirmed the provisional accounting treatment concerning business combinations. Accordingly, operating profit for FY22/7 is presented at the amounts after reflecting the contents of the confirmation of the provisional accounting treatment

**1Q Incubation Segment net sales on plan, operating losses decreased compared to plan. From 2Q, compared to 1Q, Incubation Segment net sales will decrease and operating losses will increase due to the share transfer of BizHint, Inc. No change to consolidated net sales and operating profit forecast**

JPY MM

	3 months ended October 31, 2023	3 months ended October 31, 2022	3 months ended July 31, 2023	12 months ended July 31, 2023
Net Sales	16,057	13,218	14,731	56,273
YoY Growth (%)	21.5%	38.1%	22.1%	28.0%
HR Tech Segment <sup>(1)</sup>	15,336	12,686	13,999	53,685
YoY Growth (%)	20.9%	39.2%	22.0%	28.5%
Incubation Segment <sup>(1)</sup>	689	495	702	2,460
YoY Growth (%)	39.3%	19.8%	25.7%	22.9%
Cost of Sales	1,313	1,621	1,324	5,815
Gross Profit	14,744	11,597	13,407	50,457
Margin (%)	91.8%	87.7%	91.0%	89.7%
Selling, General & Administrative Expenses	9,789	7,894	10,146	37,231
Operating Profit <sup>(2)</sup>	4,955	3,703	3,261	13,225
Margin (%)	30.9%	28.0%	22.1%	23.5%
YoY Growth (%)	33.8%	46.0%	200.8%	59.7%
HR Tech Segment <sup>(2)</sup>	5,377	4,426	3,871	15,701
Incubation Segment <sup>(2)</sup>	(184)	(456)	(315)	(1,401)
Pre-tax Profit	5,189	3,786	3,897	14,377
Profit attributable to owners of parent	3,487	2,531	2,890	9,928
Margin (%)	21.7%	19.2%	19.6%	17.6%
YoY Growth (%)	37.8%	42.2%	196.7%	69.6%

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

**FY2024/7 consolidated net sales forecast is unchanged at JPY 66.40Bn based on the assumption that demand for professionals will continue despite continued slowdown in hiring activities by some companies. Consolidated operating profit forecast is unchanged at JPY 16.00Bn, 24.1% margin, as we continue to balance growth investments and cost control**

JPY MM

	FY24/7 1Q	FY24/7 Forecast	Progress (%)
<b>Net Sales</b>	<b>16,057</b>	<b>66,400</b>	<b>24.2%</b>
Growth (%)	21.5%	18.0%	--
HR Tech Segment	15,336	63,340	24.2%
BizReach	14,092	59,000	23.9%
Growth (%)	21.3%	20.0%	--
HRMOS	831	3,300	25.2%
Growth (%)	71.3%	51.0%	--
Incubation Segment	689	2,940	23.5%
Others	31	120	26.3%
<b>Operating Profit</b>	<b>4,955</b>	<b>16,000</b>	<b>31.0%</b>
Growth (%)	33.8%	21.0%	--
Margin (%)	30.9%	24.1%	--
<b>Ordinary Profit</b>	<b>5,189</b>	<b>16,320</b>	<b>31.8%</b>
Growth (%)	37.2%	13.5%	--
Margin (%)	32.3%	24.6%	--
<b>Profit attributable to owners of parent</b>	<b>3,487</b>	<b>10,930</b>	<b>31.9%</b>
Growth (%)	37.8%	10.1%	--
Margin (%)	21.7%	16.5%	--

- Forecast for BizReach is unchanged
  - Net sales of JPY 59.00Bn, 20.0% YoY growth
  - Adjusted operating profit margin before corporate expense allocation of 40%
- Forecast for HRMOS is unchanged
  - Net sales of JPY 3.30Bn, 51.0% YoY growth
  - Adjusted operating losses before corporate expense allocation to be similar levels to FY2023/7
- Business development continues in the Incubation segment whilst controlling losses. No change to the expectation that full year segment losses will be similar levels to FY2023/7
- We will prioritize growth investments for BizReach, whilst maintaining a disciplined balance between growth investments and cost control

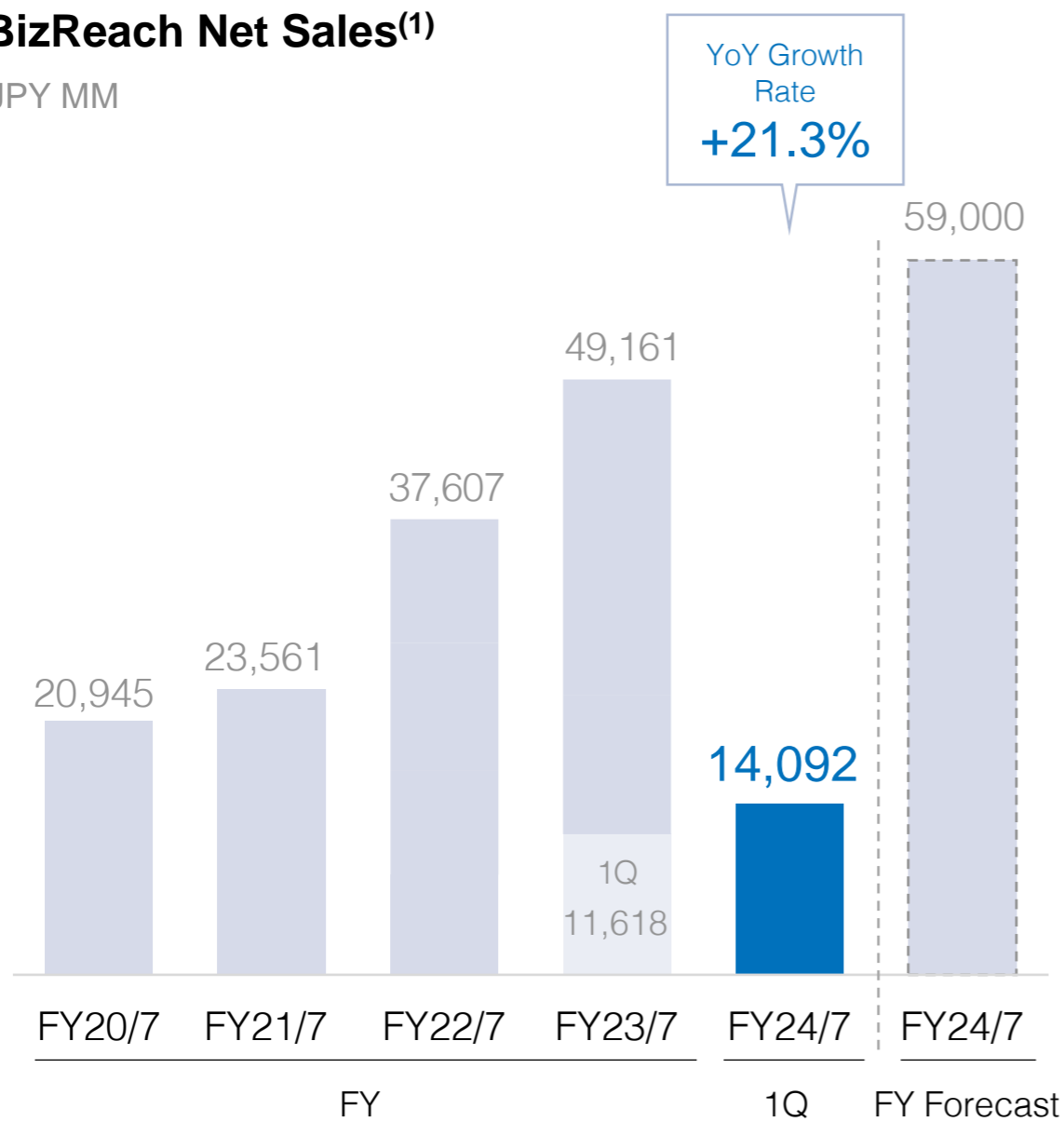
# 1Q Financial Results by Business

# BizReach Financial Results

**1Q net sales grew 21.3% YoY to JPY 14.09Bn, progressing on plan. Even after 2 consecutive years of significant growth after capturing the rebound demand from COVID-19, no change to our normalized full year net sales growth rate target of 15 - 20% over the next 3 years**

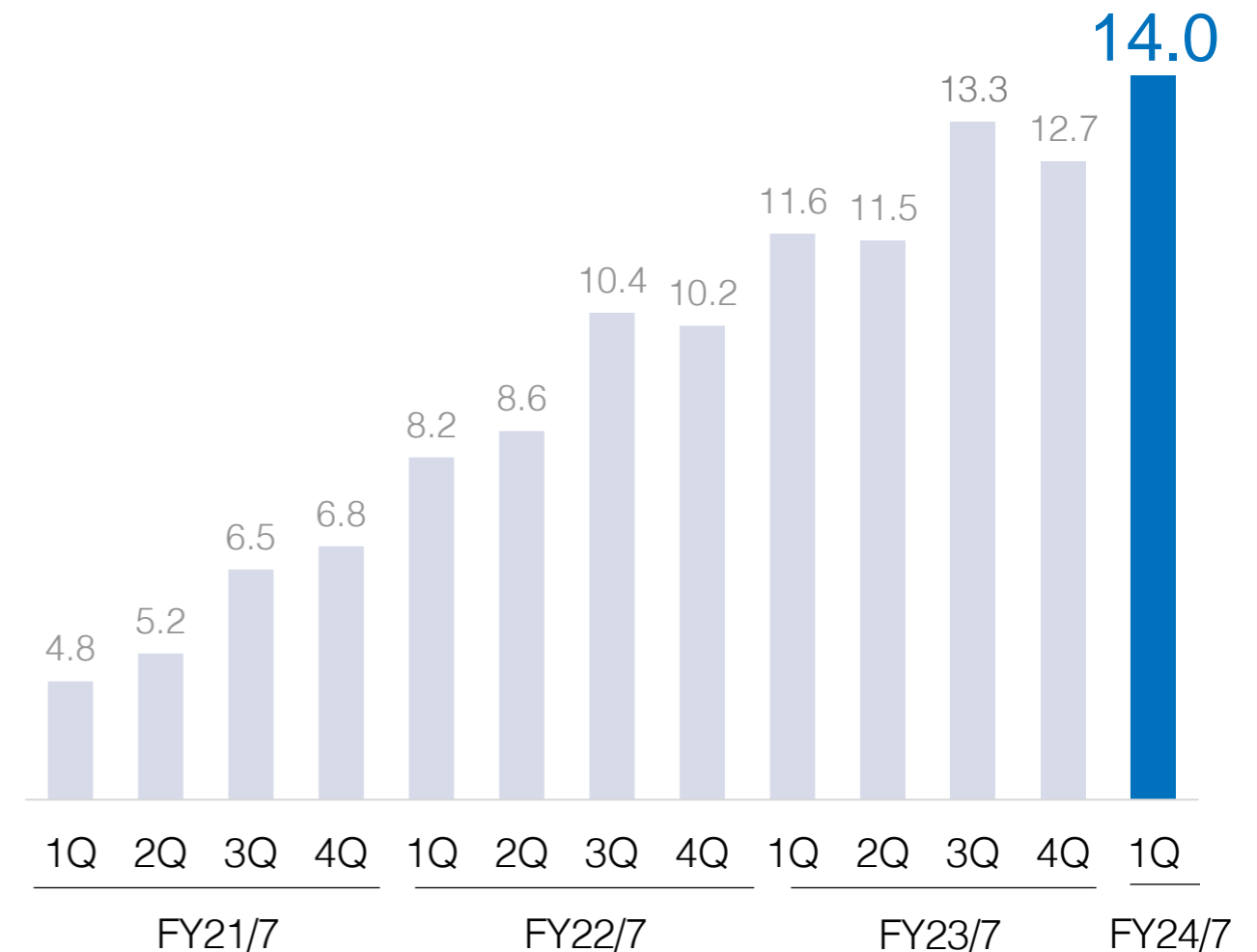
## BizReach Net Sales<sup>(1)</sup>

JPY MM



## BizReach Quarterly Net Sales Trend<sup>(1)</sup>

JPY Bn

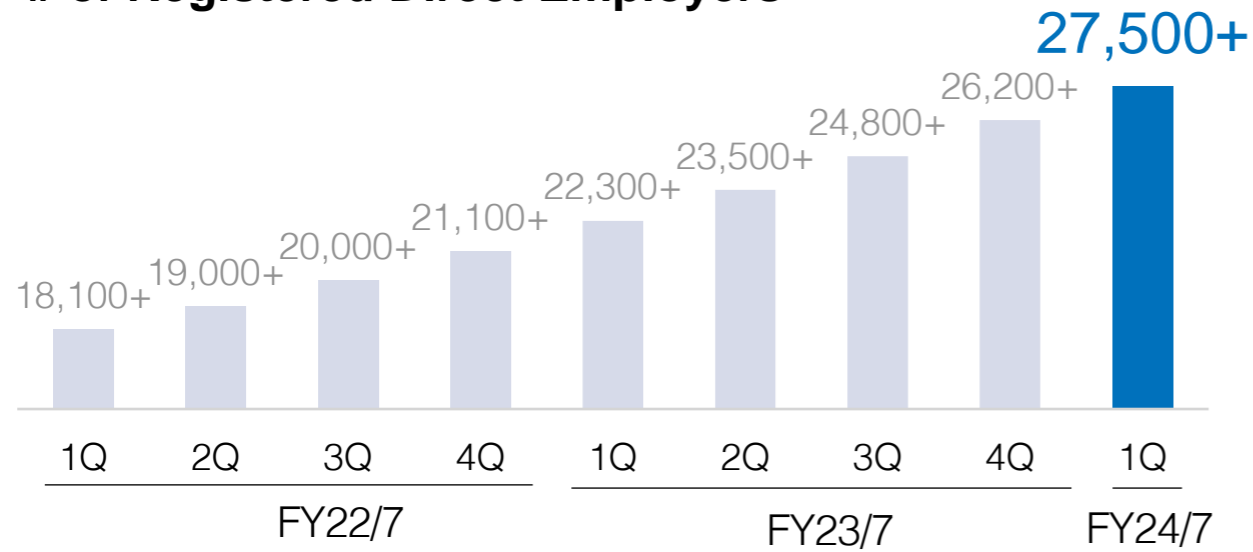


Note: (1) Financial data of the BizReach Business, the core service of our group (which differs from the financial data of our subsidiary BizReach, Inc.)

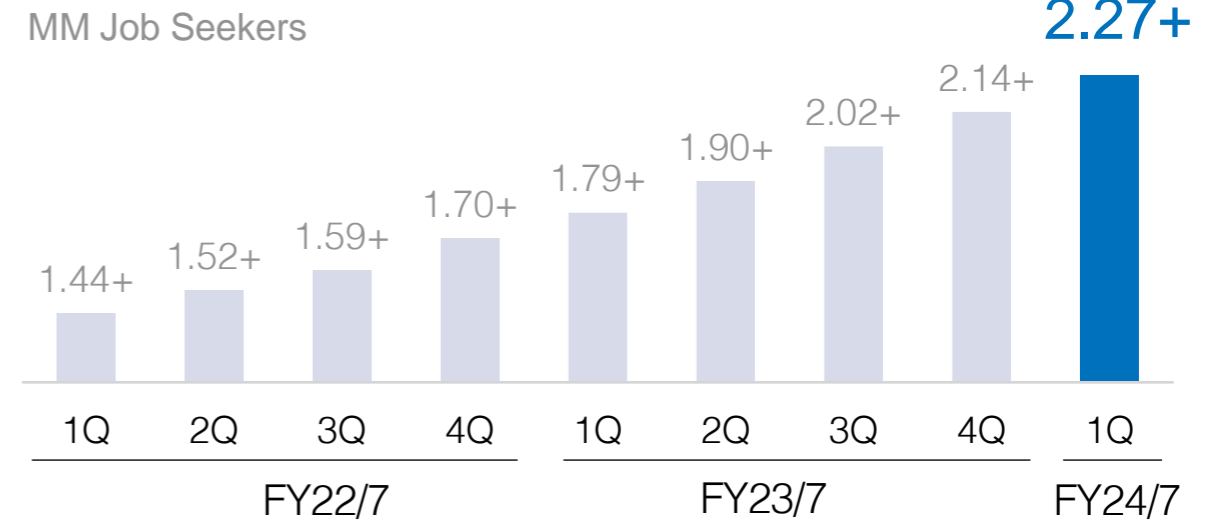


KPIs are growing steadily, building a strong customer base driven by penetration of direct recruiting and increasing number of job seekers

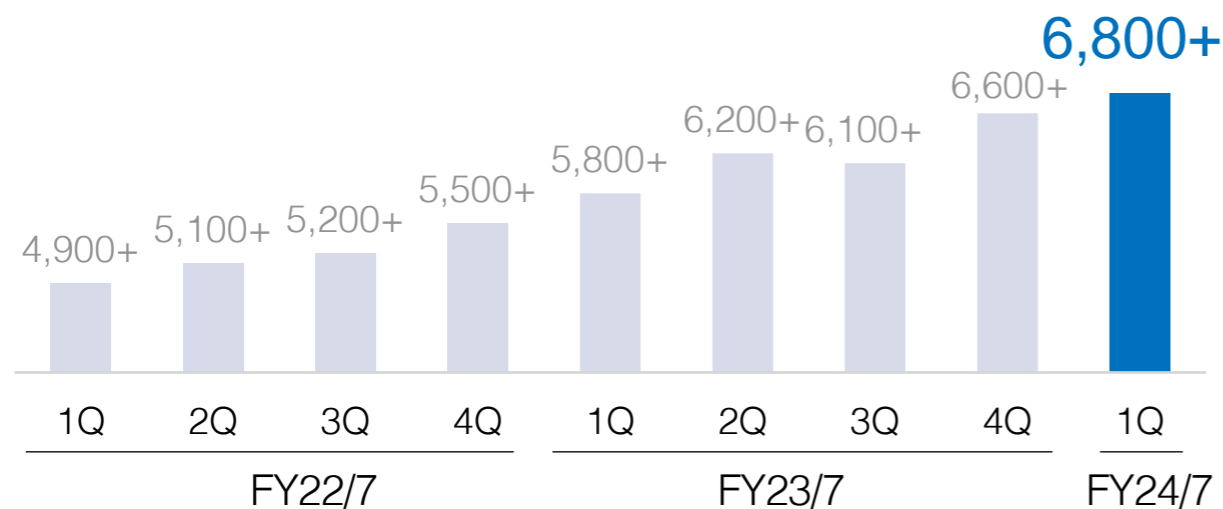
**# of Registered Direct Employers<sup>(1)</sup>**



**# of Scoutable Job Seekers<sup>(3)</sup>**



**# of Active Headhunters<sup>(2)</sup>**



**# of Active Direct Employers<sup>(4)</sup>**

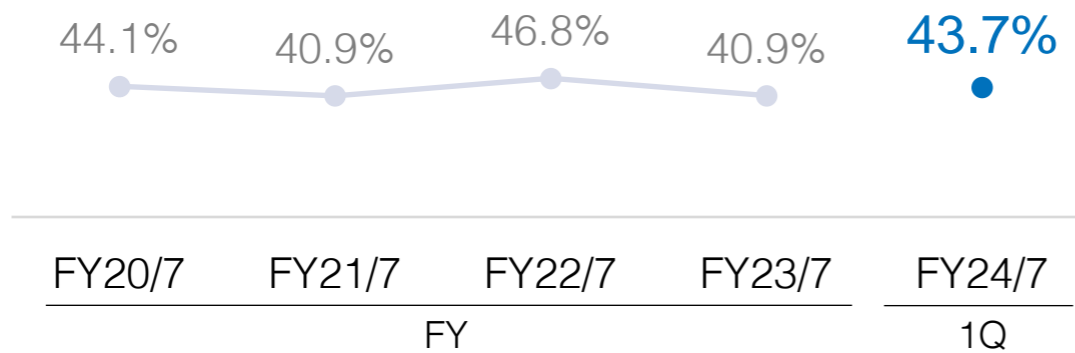


Notes: (1) Direct employers who have subscribed to our BizReach platform (excluding headhunters) (2) All passed screening by BizReach (3) # of users who registered on BizReach platform with resume / CV that have passed a general screening process and whose profile is set to be viewable by direct employers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

**Progressing on plan towards achieving FY operating profit margin forecast of 40%. Delivering sustainable business growth by balancing normalized FY net sales growth rate target of 15 – 20% and FY profit margin of around 40%**

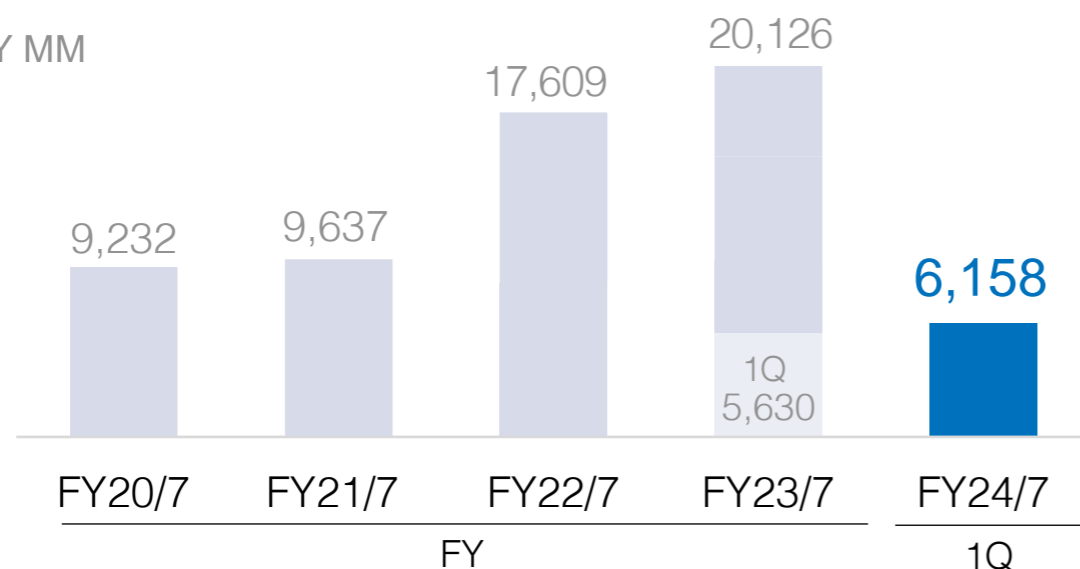
## BizReach Adjusted Operating Profit before Corporate Expense Allocation and Margin<sup>(1)(2)(3)</sup>

Adjusted operating profit margin before corporate expense allocation



Adjusted operating profit before corporate expense allocation

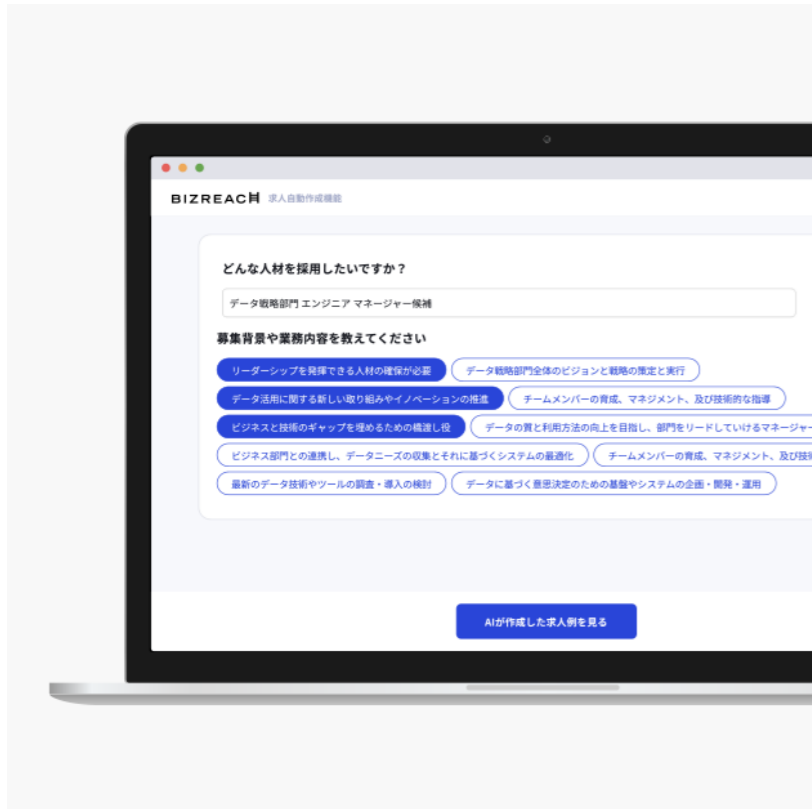
JPY MM



- No change to full year adjusted operating profit margin before corporate expense allocation forecast of 40%
  - Profit margin for each quarter fluctuates based on the balance between net sales and growth investment plans
  - As per previous years, 1Q tends to be the smallest quarter for growth investments, resulting in higher profit margin compared to full year
  - Profitability of marketing investments continues to be controlled by managing returns based on job seeker profiles
- Despite continued slowdown in hiring activities by some companies, direct recruiting has expanded amongst many Japanese companies. In 1Q, cumulative number of registered direct employers increased by approx. 1,300 companies versus 4Q FY23/7, expanding our corporate customer base

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' net sales 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 businesses

**Job opening / posting automatically proposed in as short as 30 seconds. Leveraging proprietary data and technology to maximize high-quality matching opportunities**



### Automatic Job Opening / Posting Creation<sup>(1)</sup>

- Function supporting direct employers in creating job opening / posting is offered to early adopters
- Aims to lower the hurdle in job opening / posting creation as many companies actively hire professionals
  - It is not easy to create a job opening / posting for positions that require high levels of expertise and innovation
  - With the growing trend of “divisional-led hiring” beyond traditional HR practices, individuals without recruitment experience is required to create a job opening / posting
- GPT tool, a GPT model provided by OpenAI, gives instructions composed of proprietary logic based on the know-how and data accumulated by BizReach over the years
- When users answer the question “What kind of talent do you want to hire?” by intuitively specifying job categories or expected roles, recruitment profiles are proposed based on the rich database accumulated in BizReach

**40% increase in the number of scout messages received. Our proprietary logic using our accumulated know-how and data enables high quality resume / CV creation**



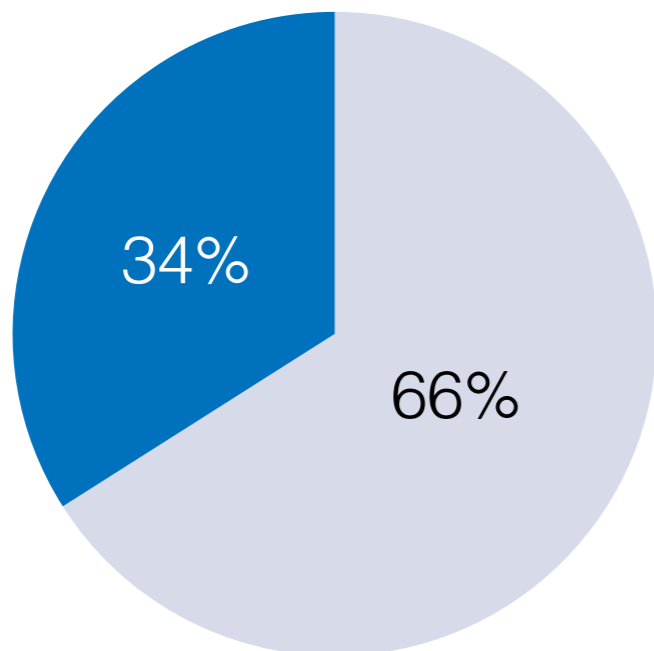
## Automatic Resume / CV Creation<sup>(1)</sup>

- Although changing jobs has become more common than before, the “first hurdle” in changing jobs is preparing a resume / CV. Content of the resume / CV is important for high-quality matching between job seekers and direct employers
- Developed a GPT tool to enable professionals to complete a resume / CV easier, with limited workload
- GPT tool, a GPT model provided by OpenAI, gives instructions composed of proprietary logic based on the know-how and data accumulated by BizReach over the years
- Quality of the GPT tool has been verified through a joint research with Professor Fuhito Kojima, Graduate School of Economics, University of Tokyo, and Director of UTMD (The University of Tokyo Market Design Center), a pioneer of Matching Theory, that GPT tool enables creation of quality resumes / CVs, and the number of scout messages received increases

Unique mix of recurring revenue<sup>(1)</sup> and performance revenue<sup>(2)</sup>. Increase in the direct employer ratio from 66% in FY2022/7 to 69% in FY2023/7 indicates the expansion of direct recruiting in Japan

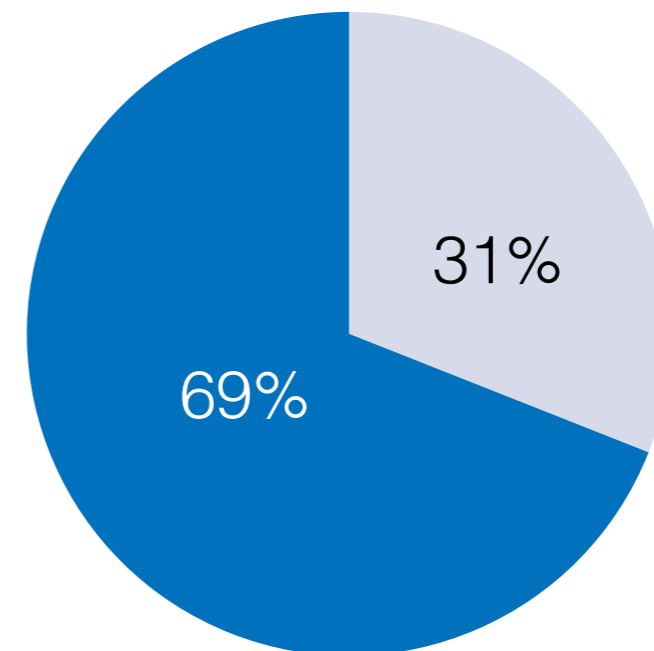
FY23/7 BizReach Business Revenue Breakdown by Fee Type<sup>(3)</sup>

- Performance Revenue
- Recurring Revenue



FY23/7 BizReach Business Revenue Breakdown by Direct Employers / Headhunters<sup>(3)(4)</sup>

- 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 on premium plan 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) Total of recurring revenue and performance revenue

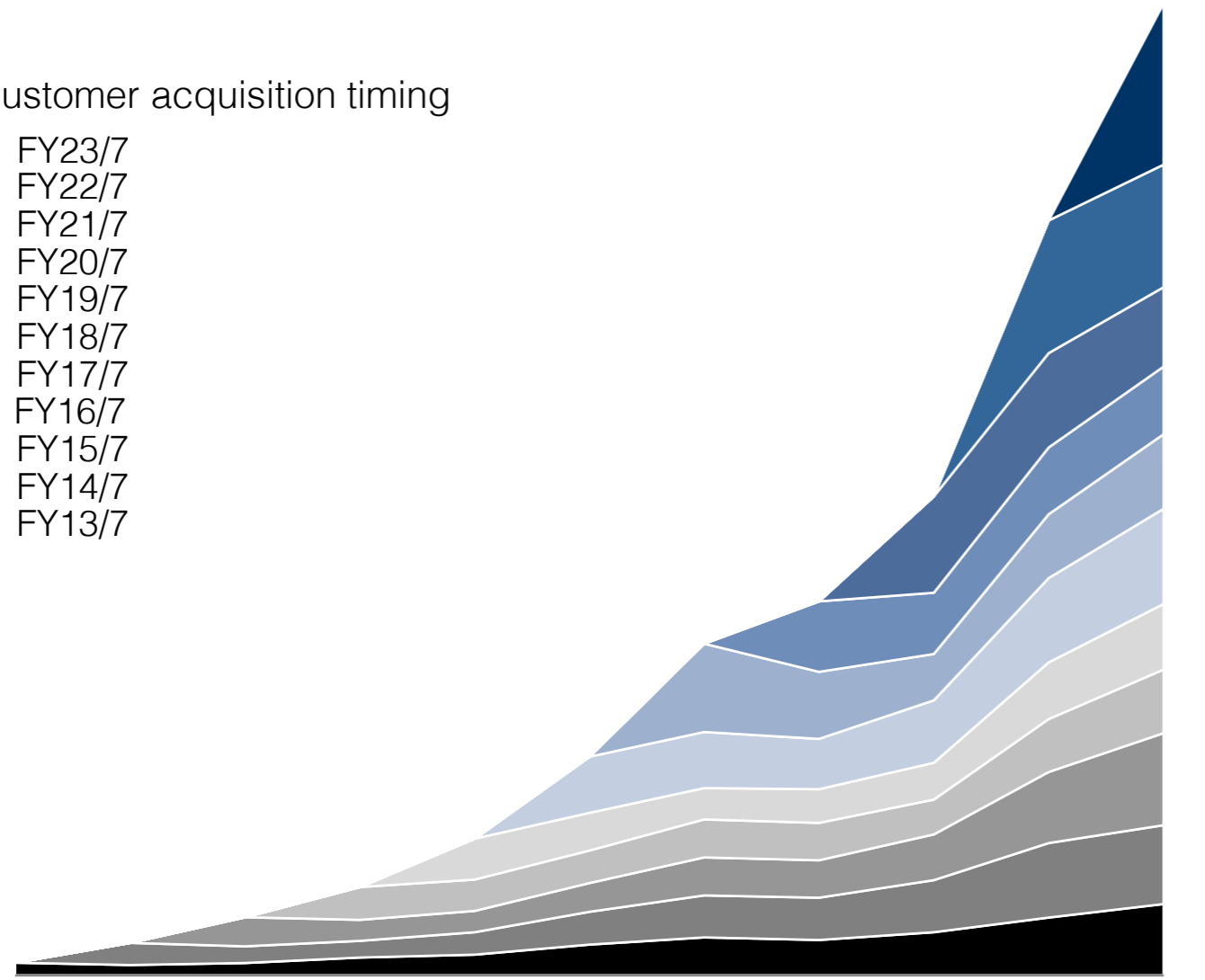
**For customers with continued hiring needs, average sales amount per customer has increased over the years**

## By customer acquisition timing (sales amount)<sup>(1)</sup>

Total sales amount from direct employers and headhunters

Customer acquisition timing

- FY23/7
- FY22/7
- FY21/7
- FY20/7
- FY19/7
- FY18/7
- FY17/7
- FY16/7
- FY15/7
- FY14/7
- FY13/7



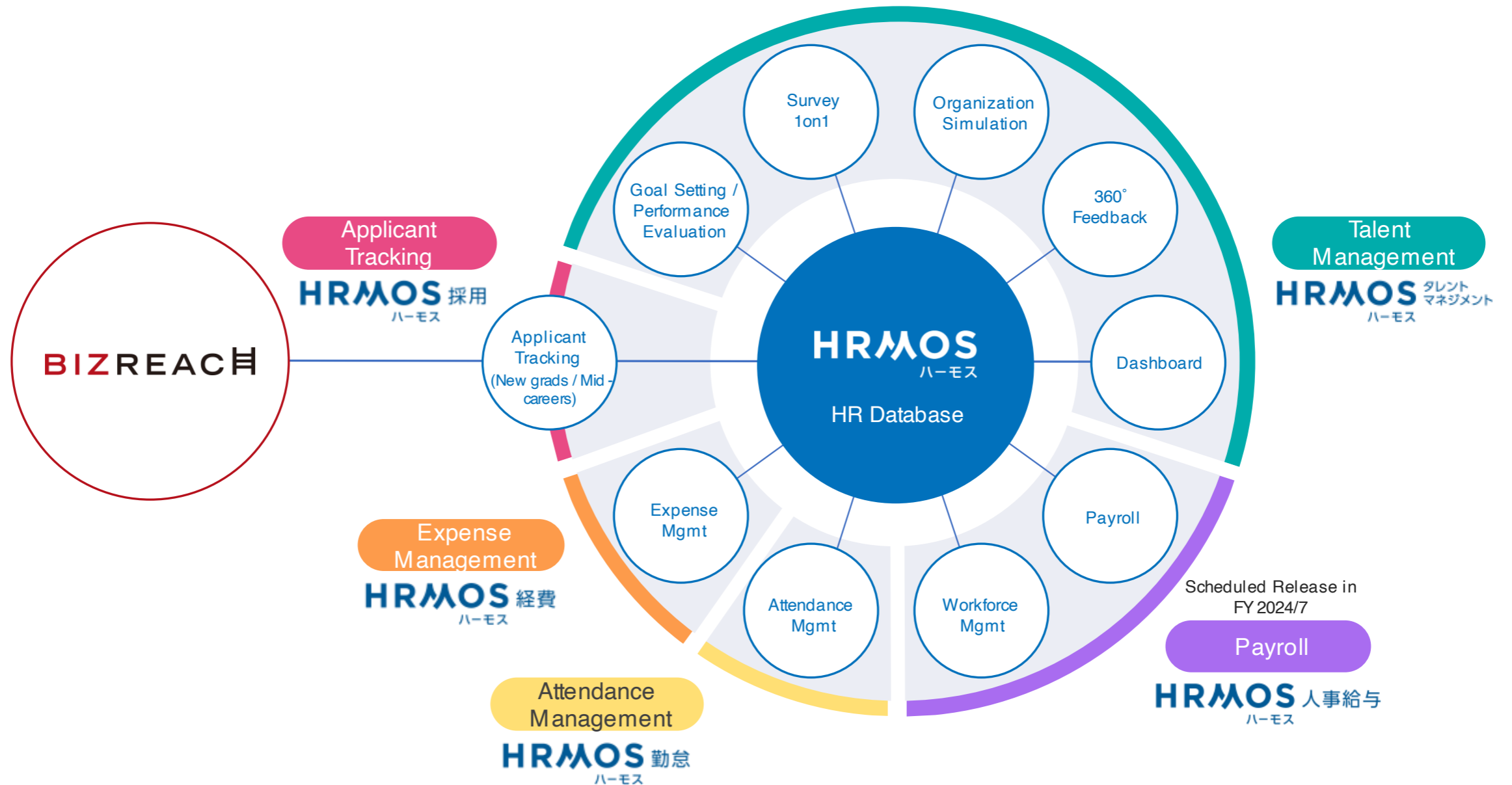
FY13/7 FY14/7 FY15/7 FY16/7 FY17/7 FY18/7 FY19/7 FY20/7 FY21/7 FY22/7 FY23/7

- The left chart indicates sales amount of each fiscal year from direct employers and headhunters counted from the time they were first acquired since FY2013/7
- Number of BizReach customers tends to decrease over the years after being acquired as they may leave the platform depending on hiring needs. However, for those that continue to use BizReach, the average sales amount by each customer has increased. BizReach growth is supported by such stable customer base

Note: (1) Summed up the sales amount of BizReach for each fiscal year during the period from the year in which we first received orders from customers (direct employers and headhunters) from FY13/7 to FY23/7. As figures in the above chart is recorded at timing of order, accordingly, they are different from accounting figures

# HRMOS

Seamless integration of BizReach and HRMOS to create a unified, data-driven HCM Ecosystem that enables investment and management of human capital to drive business competitiveness

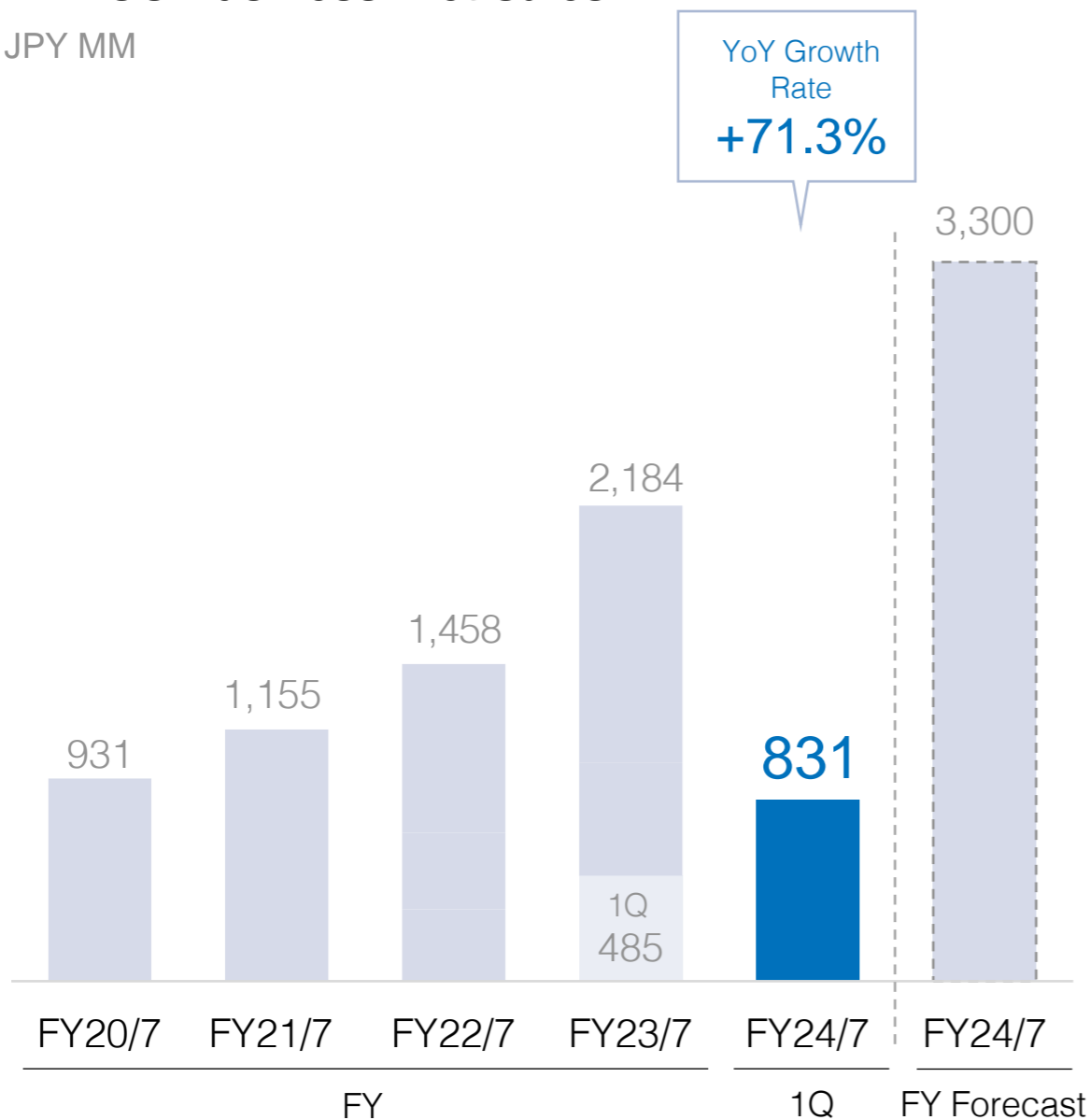




Net sales of each HRMOS services grew steadily whilst we continue with product development

## HRMOS Business' Net Sales<sup>(1)</sup>

JPY MM

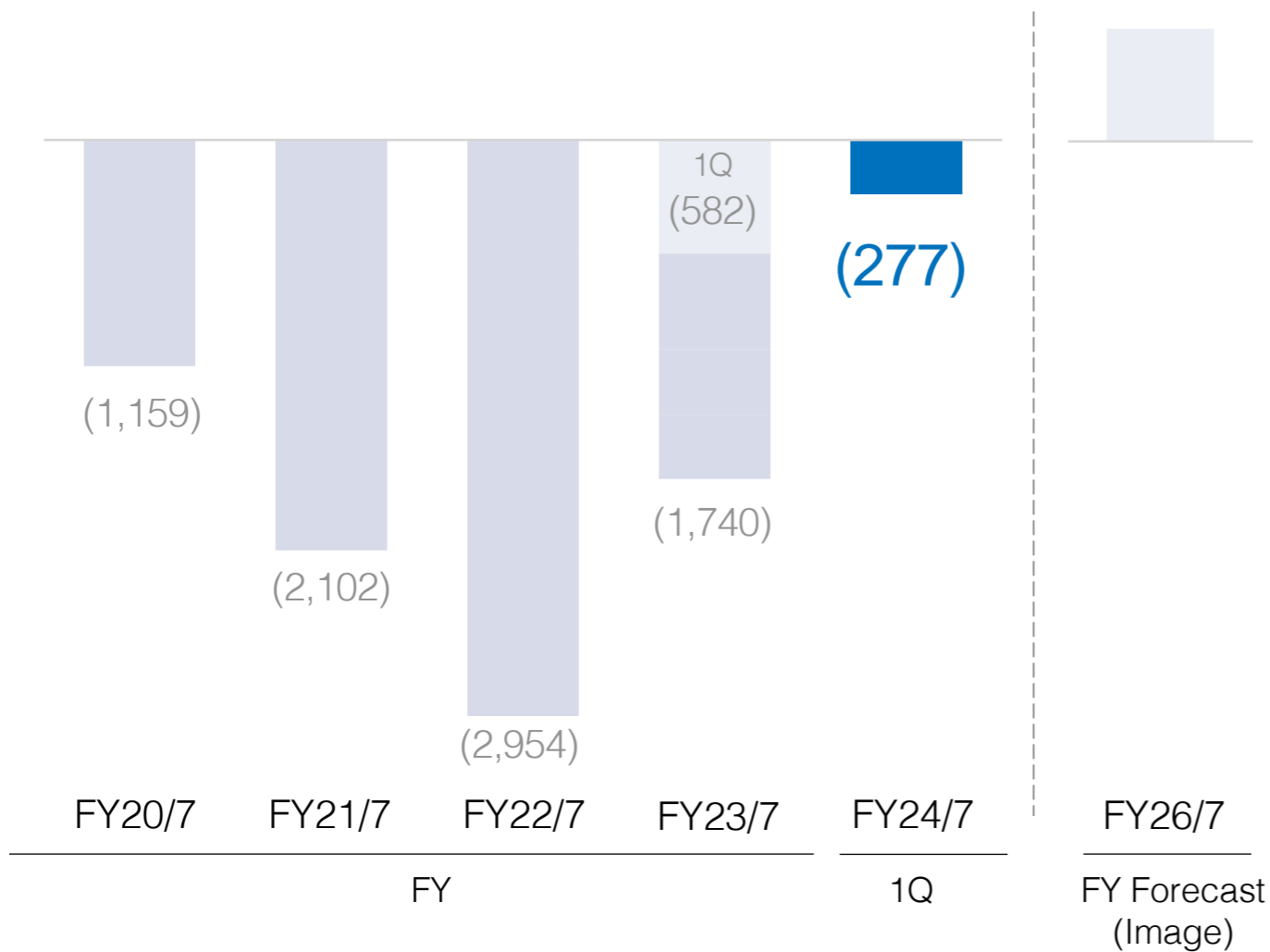


- The graph represents total net sales figure of all HRMOS services
- 1Q net sales grew 71.3% YoY. Net sales exceeded plan
  - Customer acquisition for HRMOS ATS expanded, contributing to steady increase in stock sales
  - Customer acquisition of HRMOS Expense Management contributed to 1Q net sales in addition to one-time sales associated with introduction support etc.
- Launch of HRMOS Payroll scheduled in FY2024/7. Contribution to net sales in FY2024/7 is negligible

**1Q operating losses decreased compared to plan due to strong net sales growth and partial delay in marketing investments. Full year losses expected to be at similar levels to previous year**

## HRMOS Business' Adjusted Operating Losses before Corporate Expense Allocation<sup>(1)(2)</sup>

JPY MM



- 1Q operating losses decreased compared to plan due to strong net sales growth and partial delay in marketing investments
  - No change in full year loss levels as investment delay in 1Q is planned to be executed 2Q onwards
- HRMOS Payroll launch expected in FY2024/7. Product development and marketing investments will be made. As such, FY2024/7 losses expected to be similar levels to FY2023/7
- HRMOS aims to become profitable in 3 years in FY2026/7 based on our current strategy. However, we may change our strategy based on future trends in the market, and as such, timing of business profitability may change

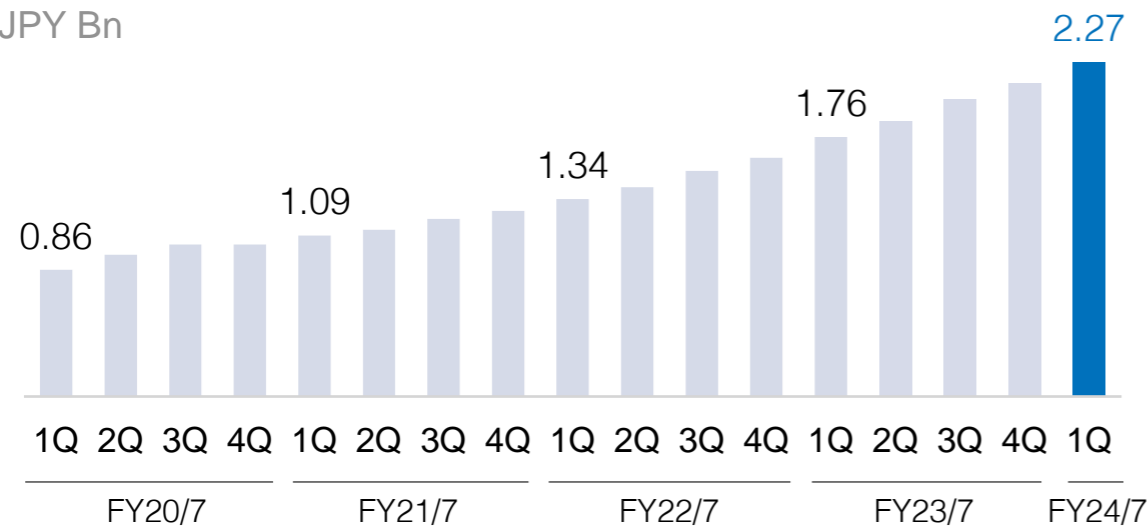
Notes: (1) HRMOS business' net sales and adjusted operating losses is recorded within the HR Tech reporting segment (2) Adjusted operating losses does not include corporate expenses (such as accounting, HR, legal, general affairs, etc.) which are not directly allocated to each businesses

**ARR reached JPY 2.27Bn in 1Q (28.8% YoY growth) driven by solid growth of customers. KPIs below represent HRMOS ATS and HRMOS Talent Management total (same as previous disclosure)**

## ARR<sup>(1)(2)</sup>

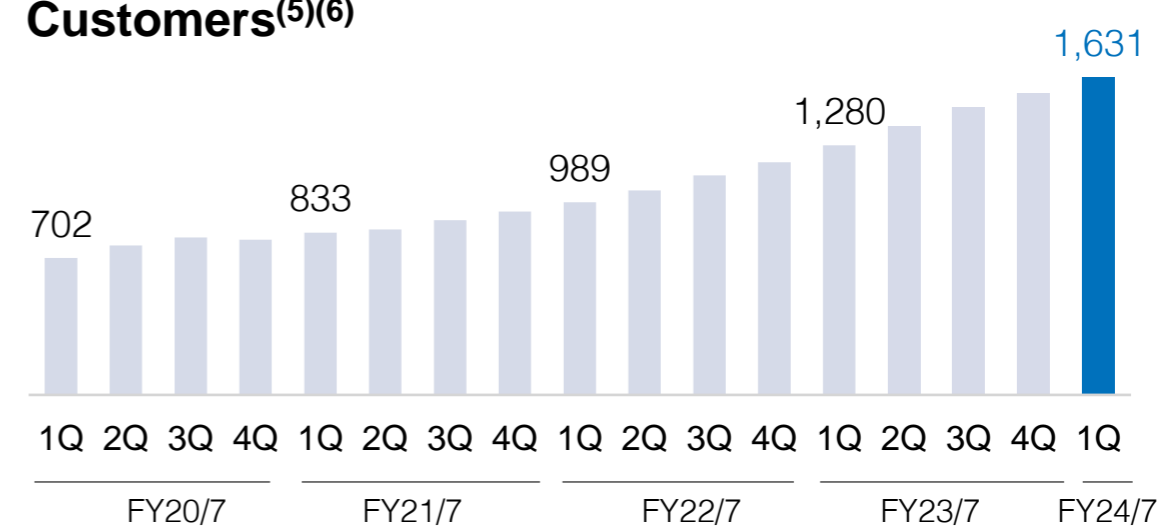
JPY Bn

**¥2.27Bn** (+28.8% YoY)



## # of Unique Paying Customers<sup>(5)(6)</sup>

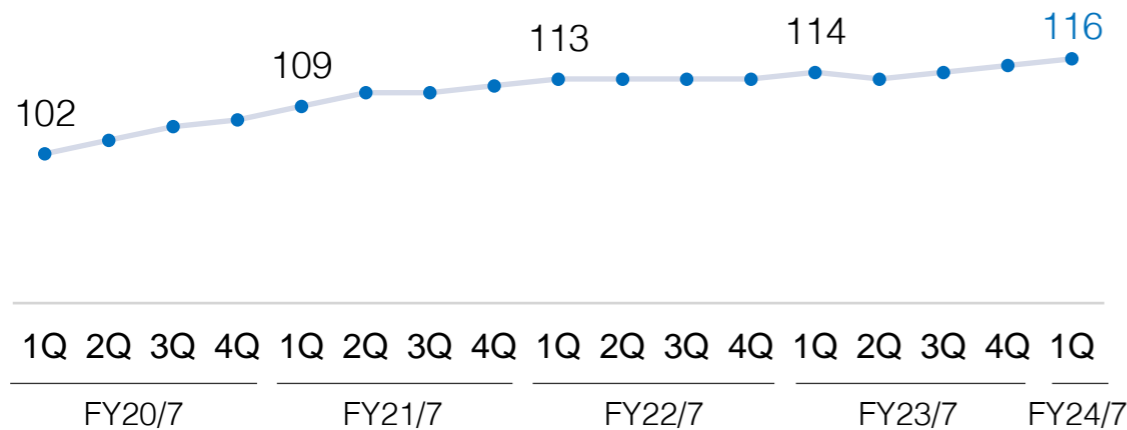
**1,631** (+27.4% YoY)



## ARPU<sup>(3)(4)</sup>

JPY thousands

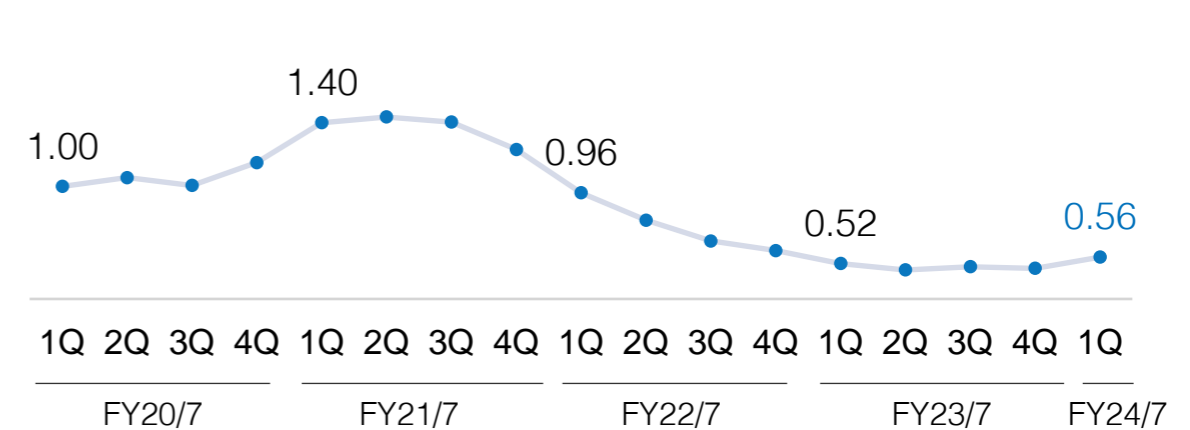
**¥116k** (+1.1% YoY)



## Churn Rate<sup>(7)(8)</sup>

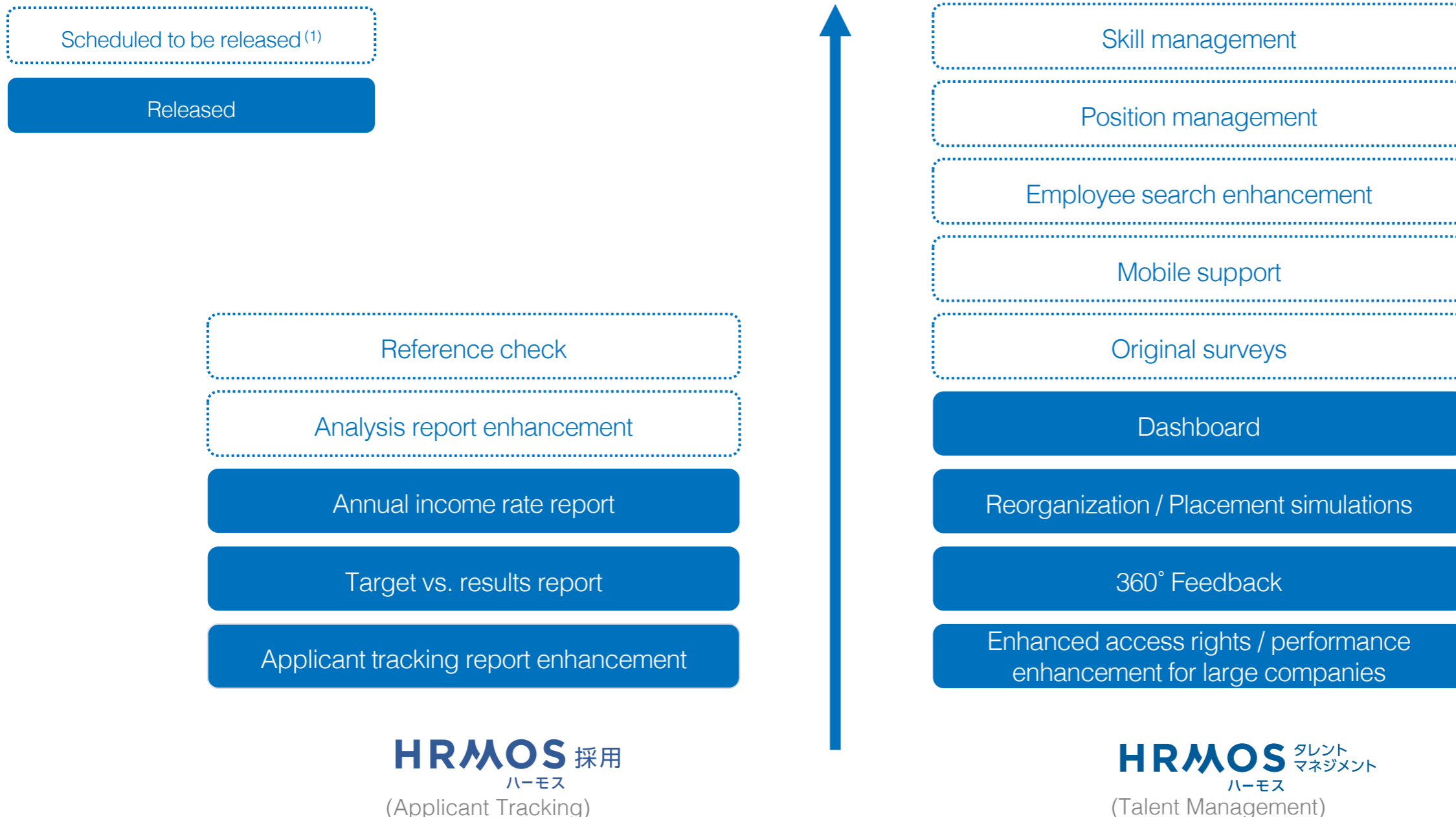
%

Last 12-month average: **0.56%**



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 October 2023 (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 October 2023 (5) Unique fee-paying customers as of the final month of the quarter. Customers using multiple HRMOS services are counted as one customer (6) As of the end of October 2023 (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 October 2023

As the war for talent intensifies due to labor shortage, there is a growing need for companies to actively hire professionals, and to create an organization where hired personnel can stay and continue to play an active role. We will continue to develop functions utilizing know-how from BizReach



Note: (1) These are plans at this time, and function names and details are subject to change at the time of actual release of the functions

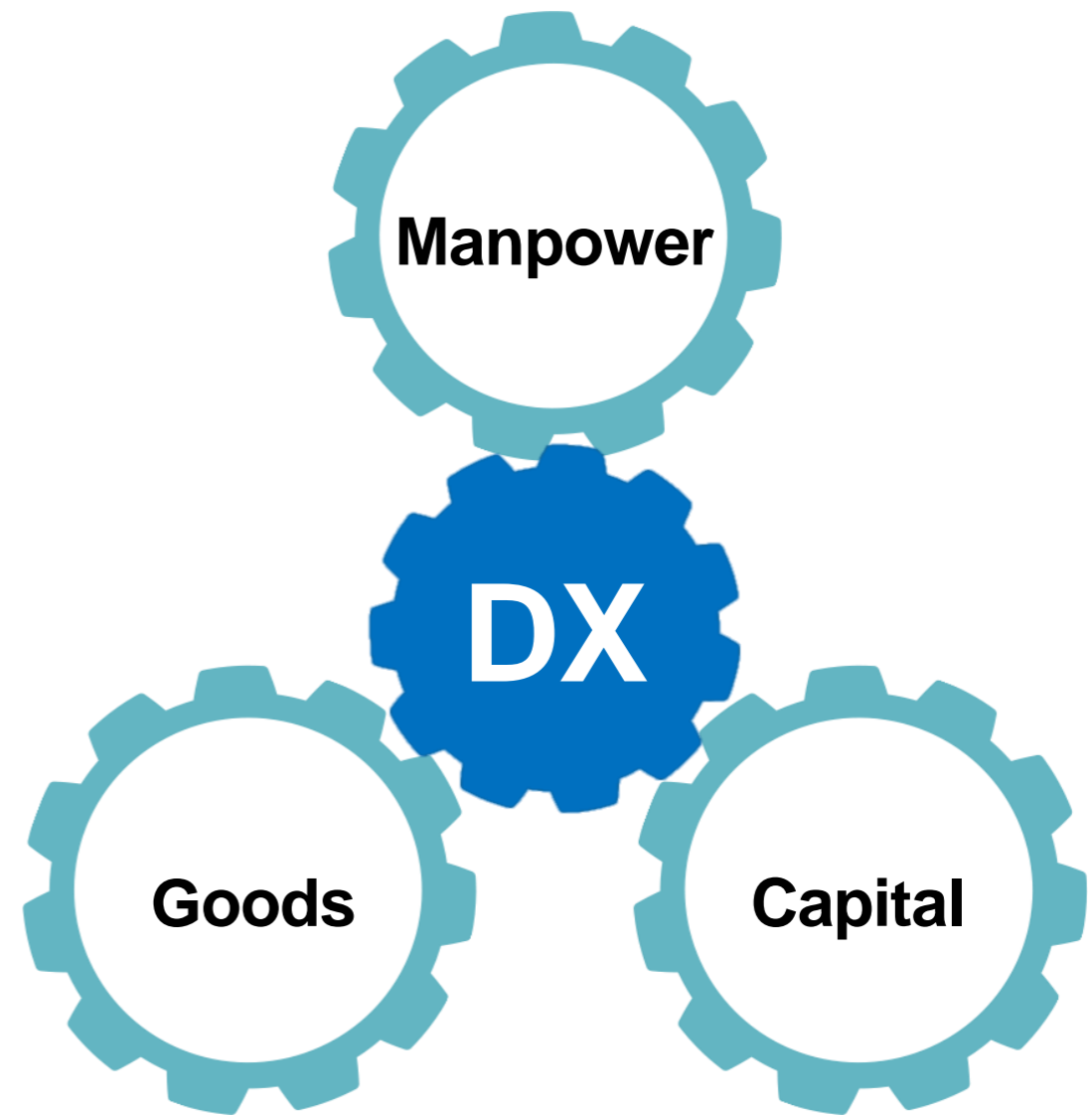
# Visional Group Strategy and Our Future

# 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**

**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<sup>(1)</sup> 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

## **Persistent Creation of New Possibilities.**

**We will tap into the power of the internet to support the digital transformation of our society.**

**We will continue to maximize mid-to-long term enterprise value by persistently transforming social obstacles into new possibilities.**

## **Commitment towards our group mission**

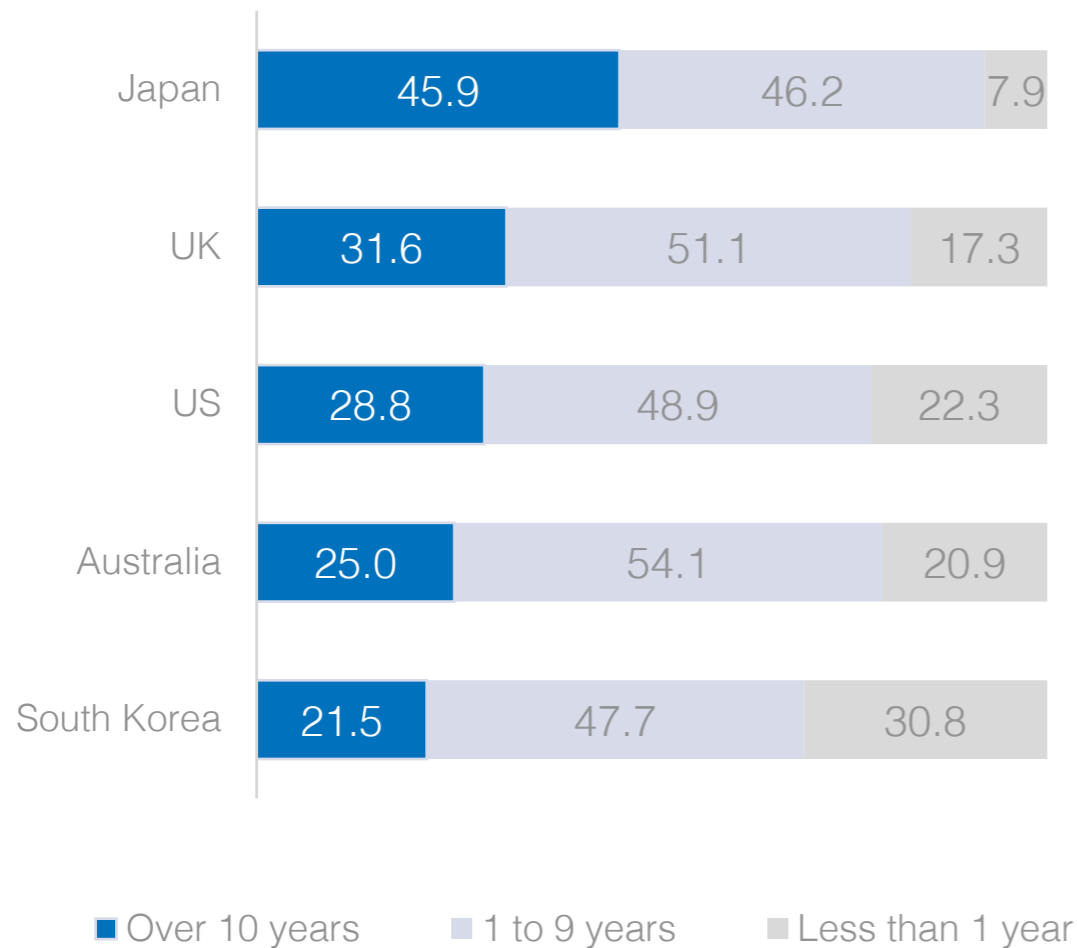
- ✓ Sustained growth and profit expansion of BizReach**
- ✓ Seamless integration of BizReach and HRMOS to build a data-driven HCM ecosystem**
- ✓ Incubation of new businesses and use of M&A**



**Japan has a high portion of employees with long tenure.  
Other countries are shifting its labor force to segments of higher labor demand**

## Global Comparison of Employment Ratio By length of Service<sup>(1)</sup>

%



## Why Increased Labor Liquidity is Required

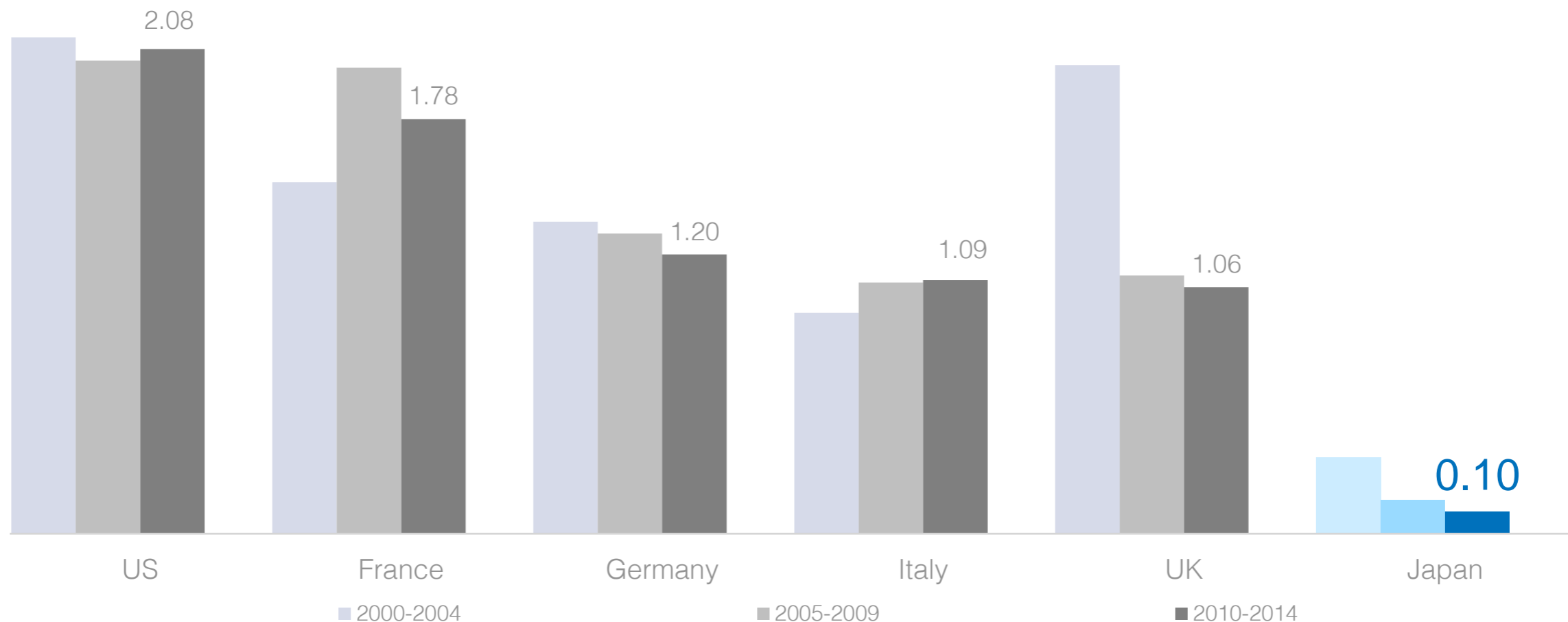
- ✓ Mid-career hiring required to address decreasing work force caused by shrinking working-age population and the number of new graduates entering the work force in the long term
- ✓ Professionals required to address changes in the business environment and business models, and to build a diverse and inclusive organization
- ✓ Miss match of supply and demand in labor force as industry structures change. Shifting labor force to segments of higher labor demand required
- ✓ Labor productivity drives wage increase

Note: (1) Prepared by Visional, Inc. based on the Ministry of Health, Labour and Welfare "Analysis of the Labor Economy, 2022 Edition – Issues in Promoting Labor Mobility through Support for Workers' Independent Career Development" in September 2022

Compared to other countries, Japanese companies have not invested in people

## International Comparison of Corporate Investments in HR (excluding OJT) (% of GDP)<sup>(1)</sup>

Unit: %

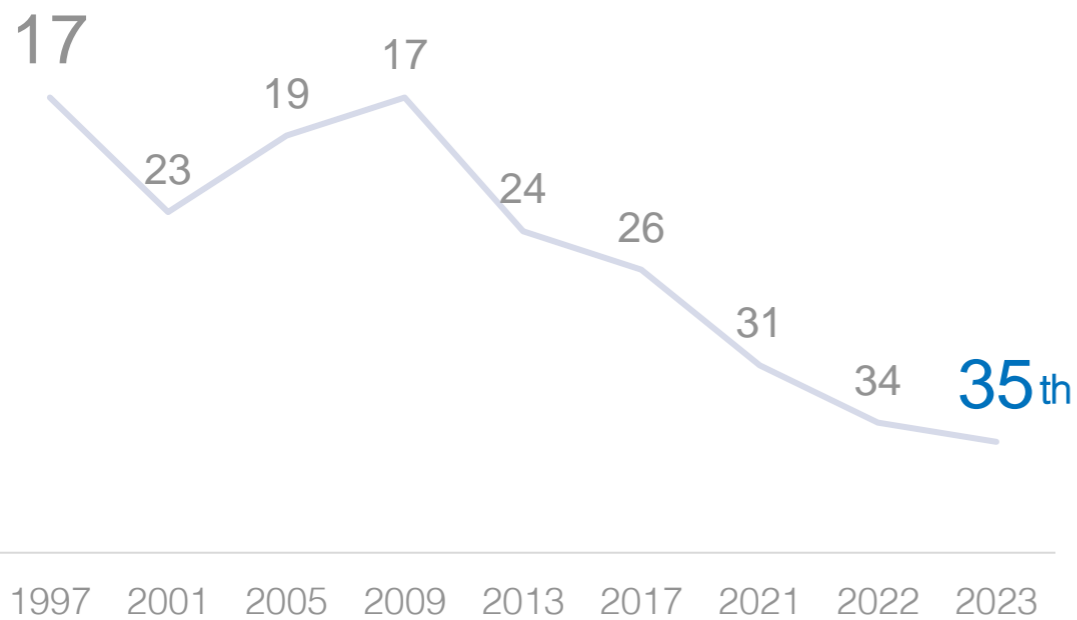


Note: (1) Prepared by Visional, Inc. based on the Ministry of Economy, Trade and Industry "METI Future Human Resource Vision" in May 2022 (<https://www.meti.go.jp/press/2022/05/20220531001/20220531001-1.pdf>)

Also as seen in the world competitiveness rankings, Japan's position is on a decreasing trend

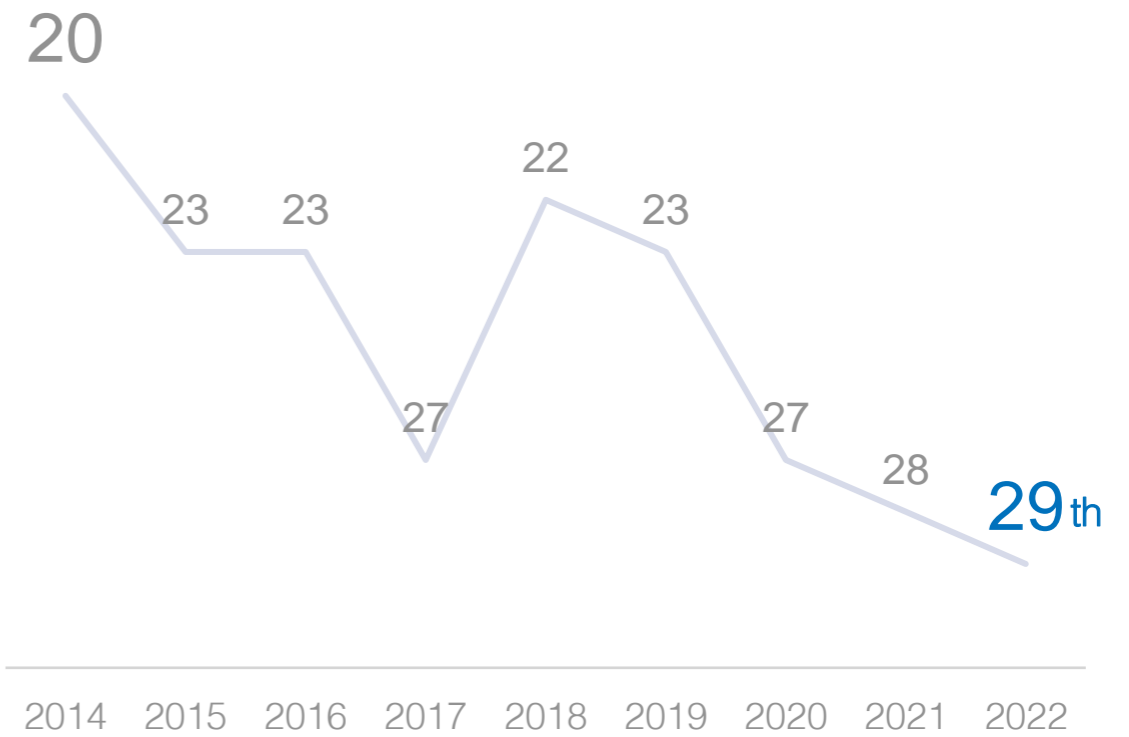
## Japan's International Competitiveness Ranking<sup>(1)</sup>

Rank



## Japan's Digital Competitiveness Ranking<sup>(2)</sup>

Rank



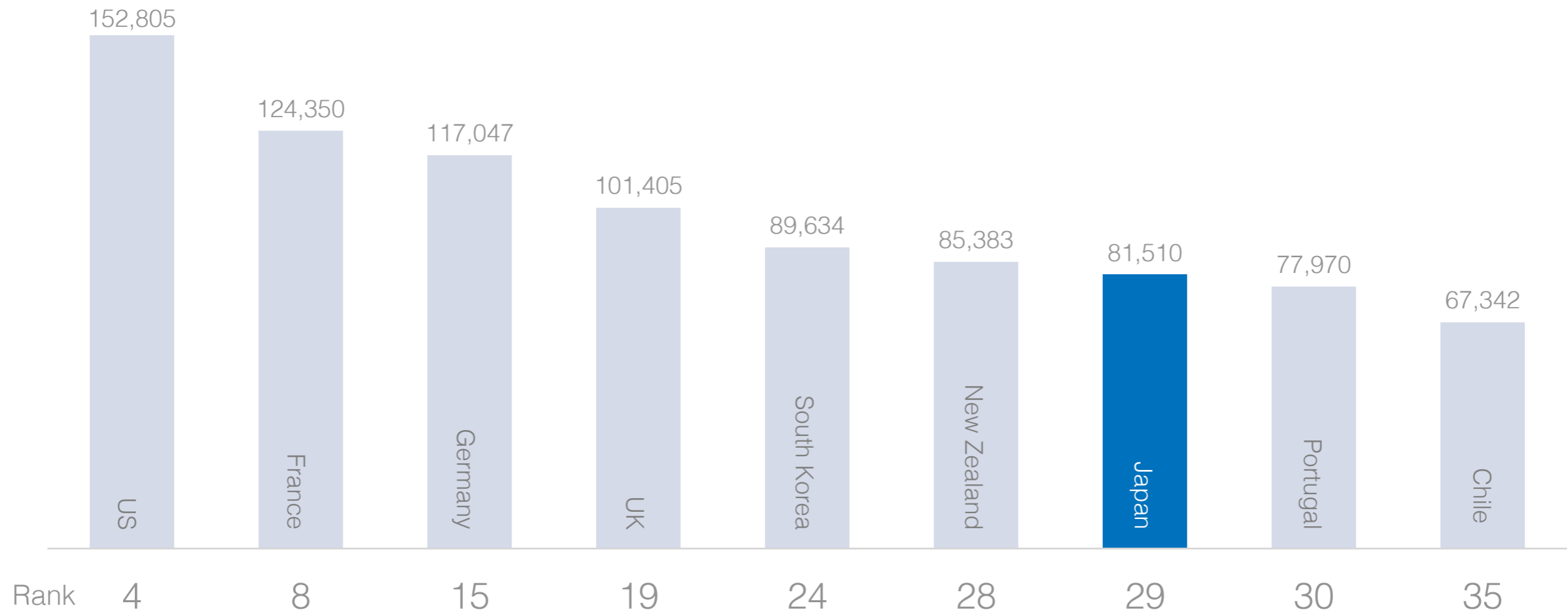
Notes: (1) Prepared by Visional, Inc. based on "IMD World Competitiveness Ranking" by The IMD World Competitiveness Center (<https://www.imd.org/centers/world-competitiveness-center/>)

(2) Prepared by Visional, Inc. based on "IMD World Digital Competitiveness Ranking" by The IMD World Competitiveness Center (<https://www.imd.org/centers/world-competitiveness-center/>)

**Priority investments mentioned in the “New Form of Capitalism” include investments in people, acceleration of DX for SMEs, strengthening cyber security, etc. Increasing labor productivity and digital competitiveness to solve social issues and achieve market growth in Japan is key**

## Labor Productivity of OECD Member Countries<sup>(1)</sup>

Year 2021, per employed worker, comparison among 38 countries  
Unit: US dollar at purchasing power parity

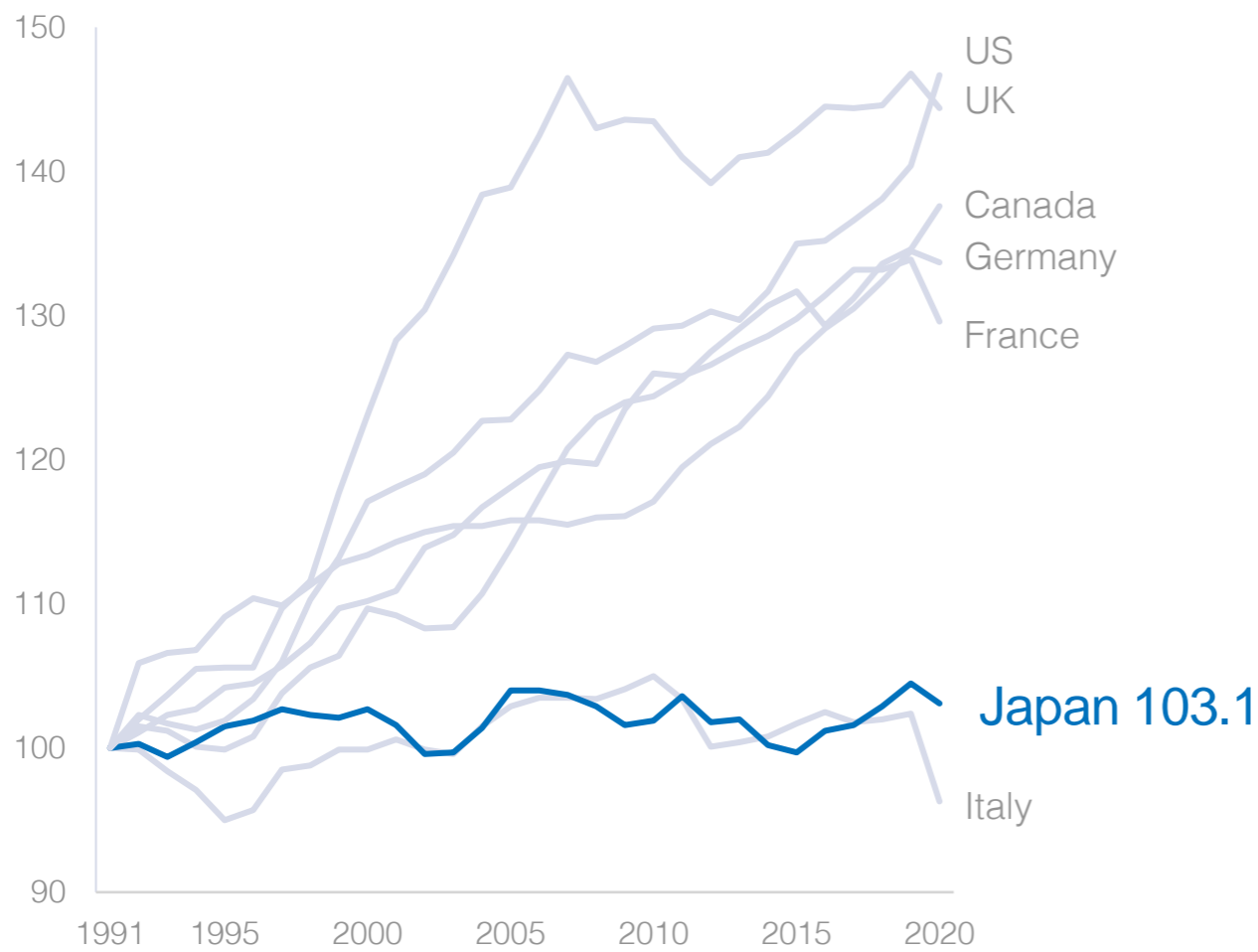


Note: (1) Prepared by Visional, Inc. based on Japan Productivity Center “International Comparison of Labor Productivity 2022” (<https://www.jpc-net.jp/research/list/comparison.html>)

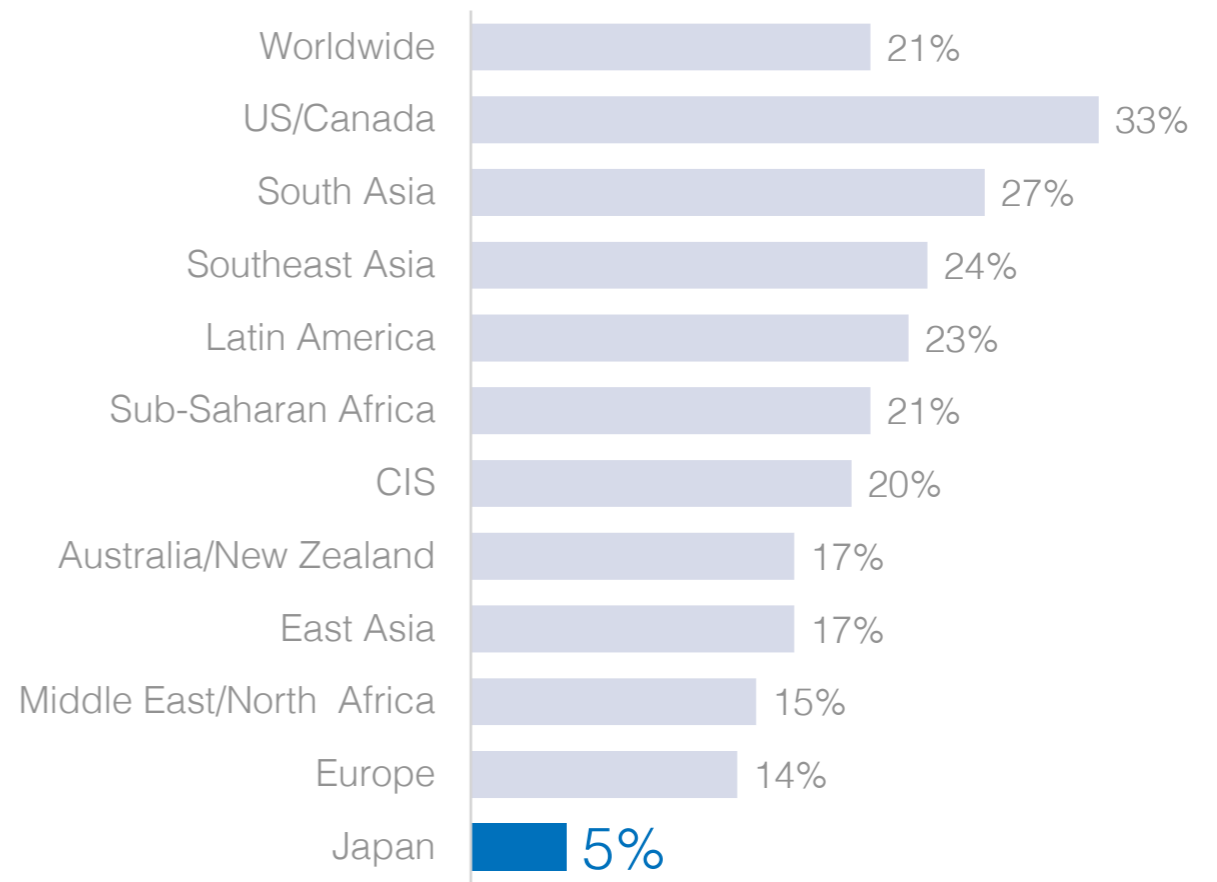
**Real wages in Japan have not increased for almost 20 years, but a movement has begun to improve productivity. Positive trends in higher wages and focus on human capital management to improve employee engagement observed**

## Trend in Real Wages in G7 Countries<sup>(1)</sup>

(Benchmark year 1991=100)



## % of Employees Who are Engaged at Work<sup>(2)</sup>



Notes: (1) Prepared by Visional, Inc. based on the Ministry of Health, Labour and Welfare "Analysis of the Labor Economy, 2022 Edition – Issues in Promoting Labor Mobility through Support for Workers' Independent Career Development" in September 2022 (2) Prepared by Visional, Inc. based on the Cabinet Office "Japan's Economy 2022-2023" in February 2023

**To realize Prime Minister Kishida’s policies, “The Council of New Form of Capitalism Realization” mentions that transforming employment system to allow transfer of labor required for further growth of Japanese companies and the Japanese economy**

## Background

- Companies have not invested enough in people, and individuals have not engaged in adequate self-development. It is important that we shift to a system which allows workers to re-skill on their own will and to choose their jobs by clarifying the skills required for each job
- With the employment system such as the seniority-based wage system, jobs and the skill standards required for them are unclear, so objectivity and transparency in evaluations and wages are not sufficiently ensured. Because it is difficult for individuals to understand how they will be rewarded for their efforts in addition to low engagement, it is difficult for them to change jobs, and even if they do change jobs, it is difficult for this to lead to an increase in their salary
- By seamlessly connecting the internal labor market and the external labor market, thereby opening the door to hiring experienced workers from outside a company and enabling workers to freely move both inside and outside of their company according to their own choice, it will lead to salary increase

## Guidelines for Integrated Three-Pronged Labor Market Reforms

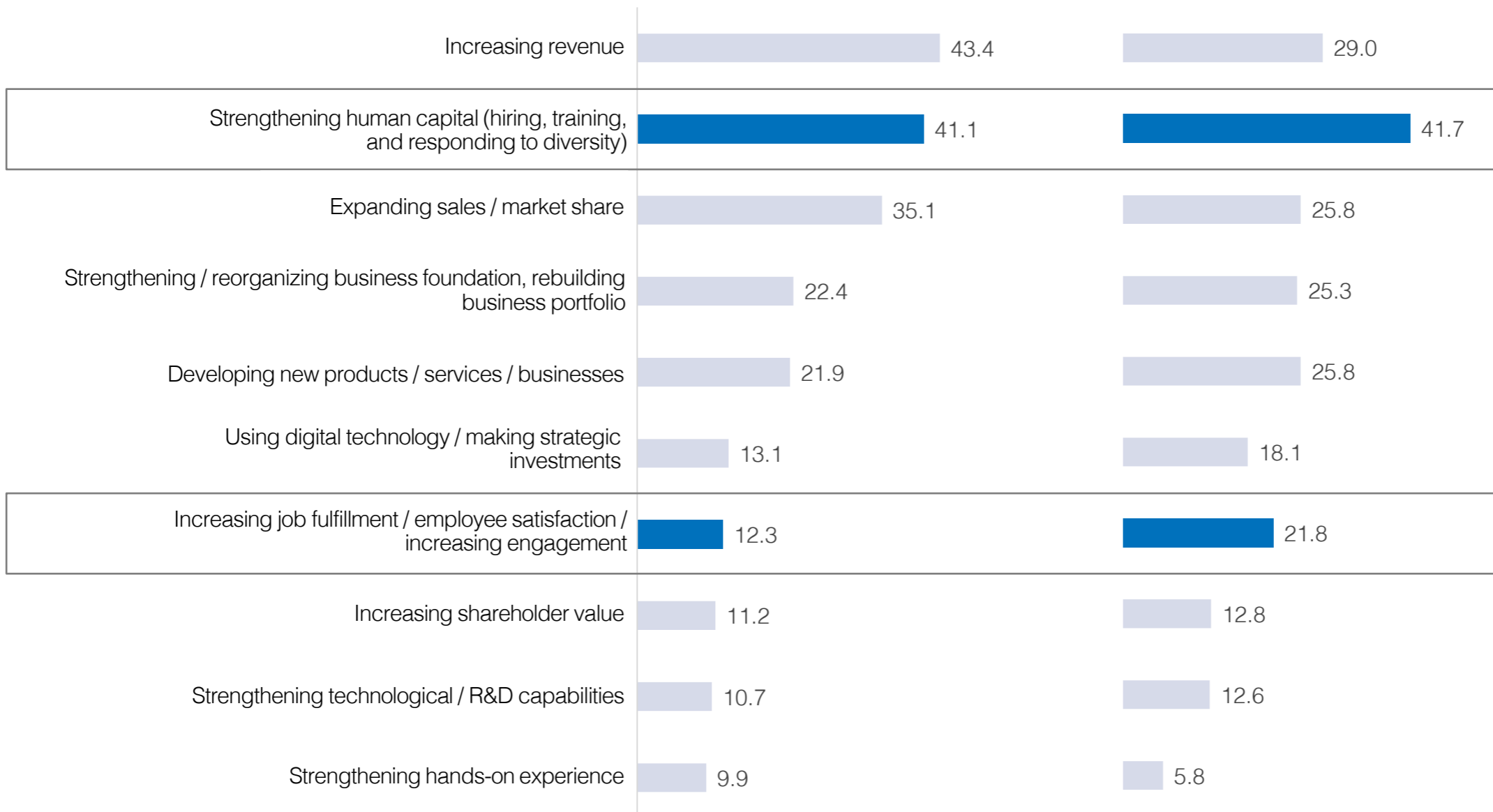
- ✓ Support for improving abilities through re-skilling
- ✓ Introduction of job-based wages according to the actual conditions of individual companies
- ✓ Facilitation of labor movement to growth fields

## Strengthening and applying human capital are top management issues by Japanese companies

### Management Concerns<sup>(1)</sup>

### Now (2022)

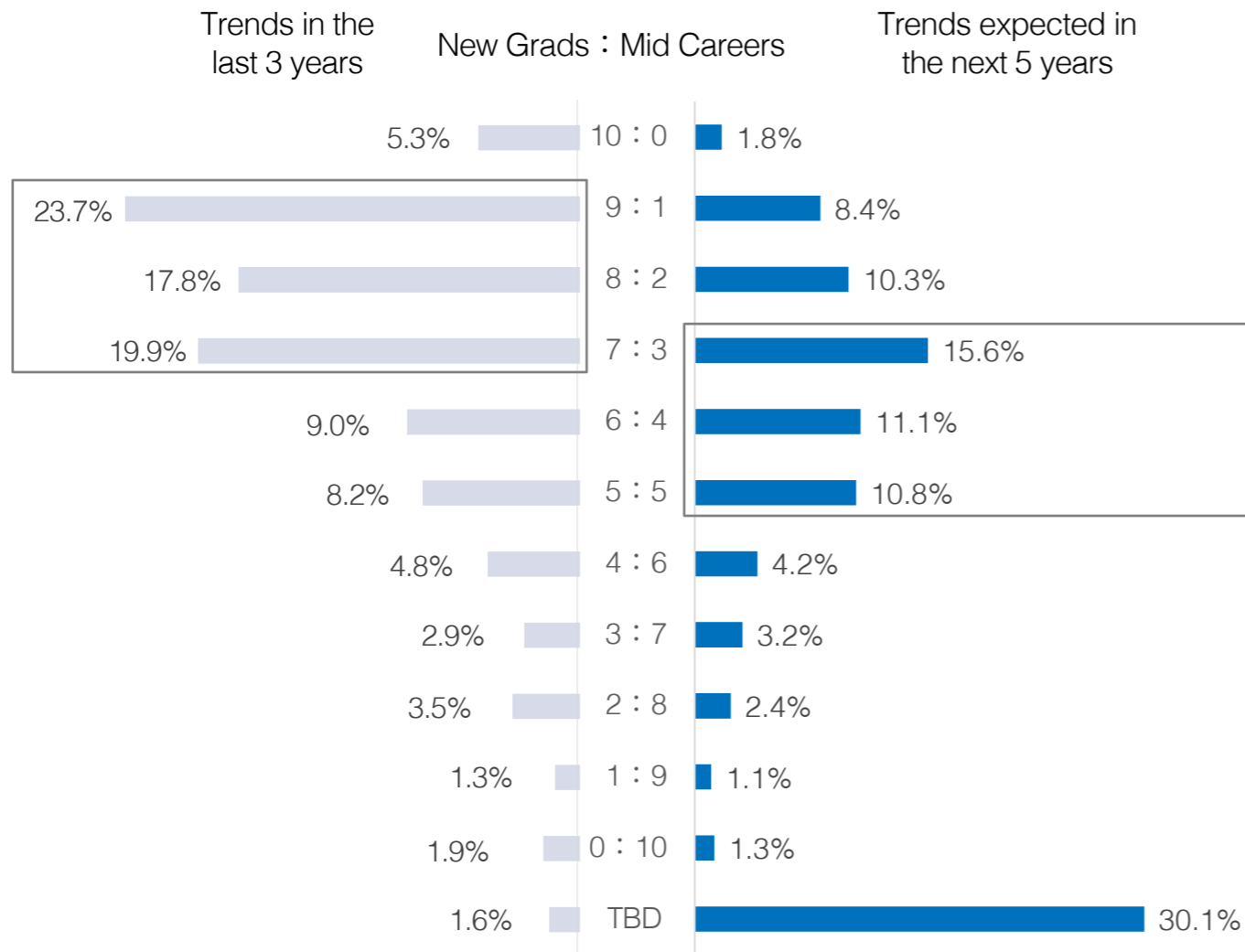
### In 3 years



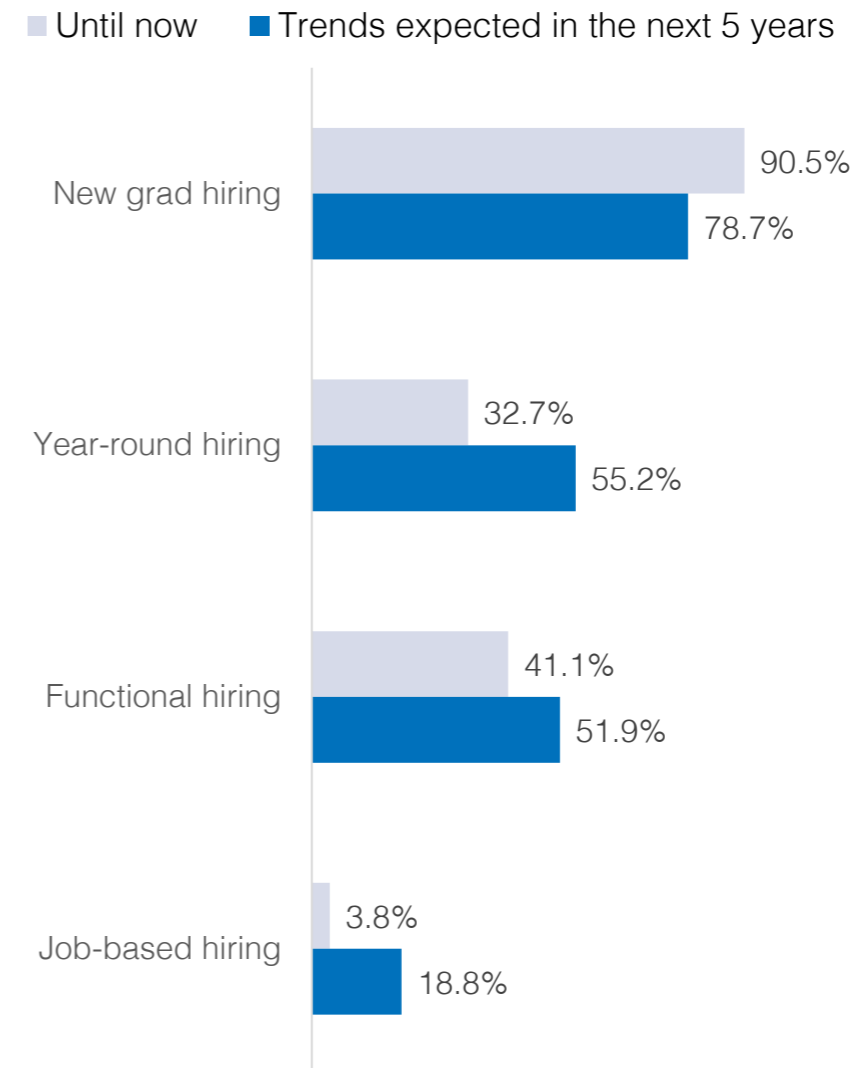
Note: (1) Prepared by Visional, Inc. based on excerpt from “Corporate Management Issues 2022” (Published December 2022) by Japan Management Association. Each figure is the percentage of responses which ranked the importance of the 20 items expected to be issues from first to third

Japanese companies are starting to change the employment system that is based on new graduate recruiting. By hiring professionals, companies are acquiring experience and skillset of new domains

## Ratio between New Grad Hiring and Mid-Career Hiring<sup>(1)</sup>



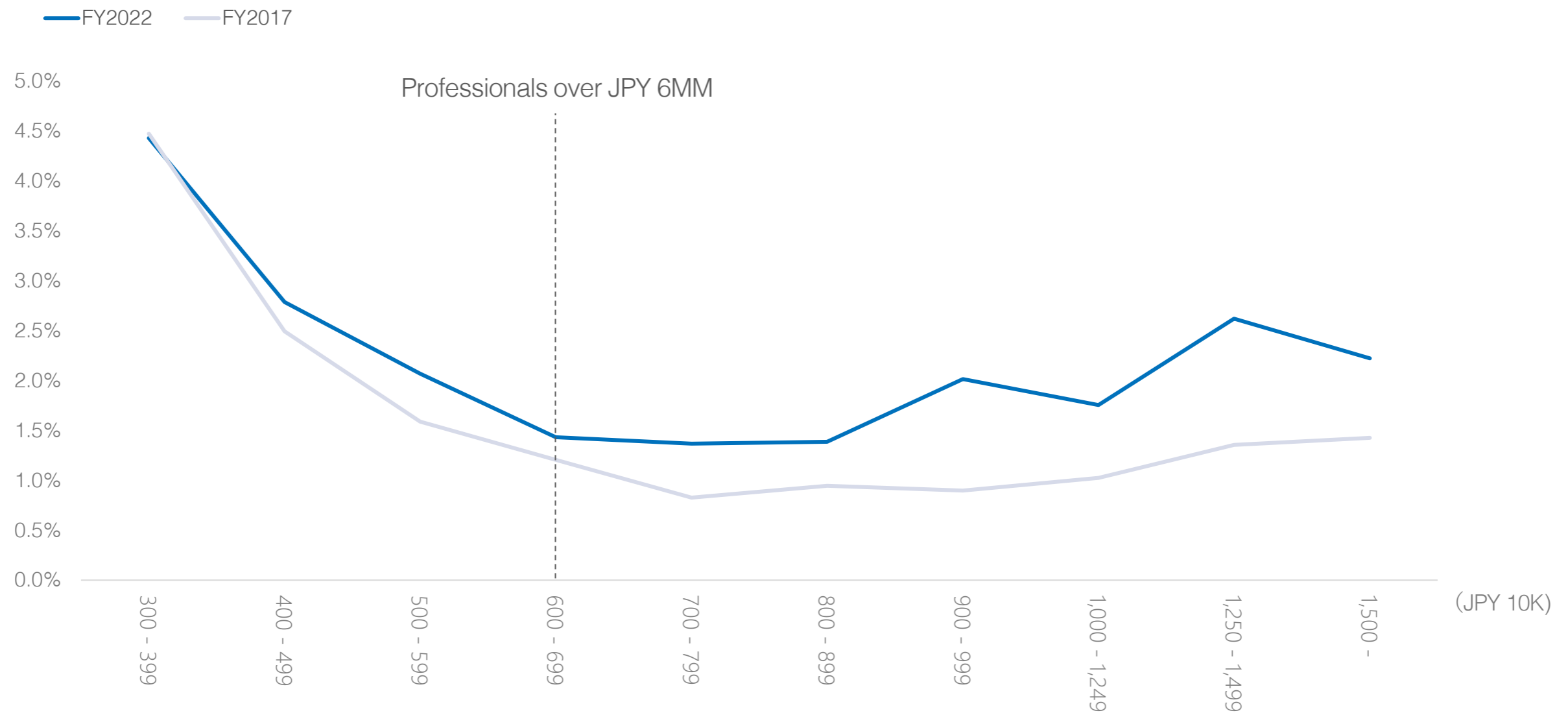
## Changes in New Grad Hiring Methods<sup>(1)</sup>





**Although no significant changes observed in total full-time job changes pre/post COVID-19, labor liquidity within professionals has increased. We expect further expansion of mid-career recruiting as demand for professionals increases**

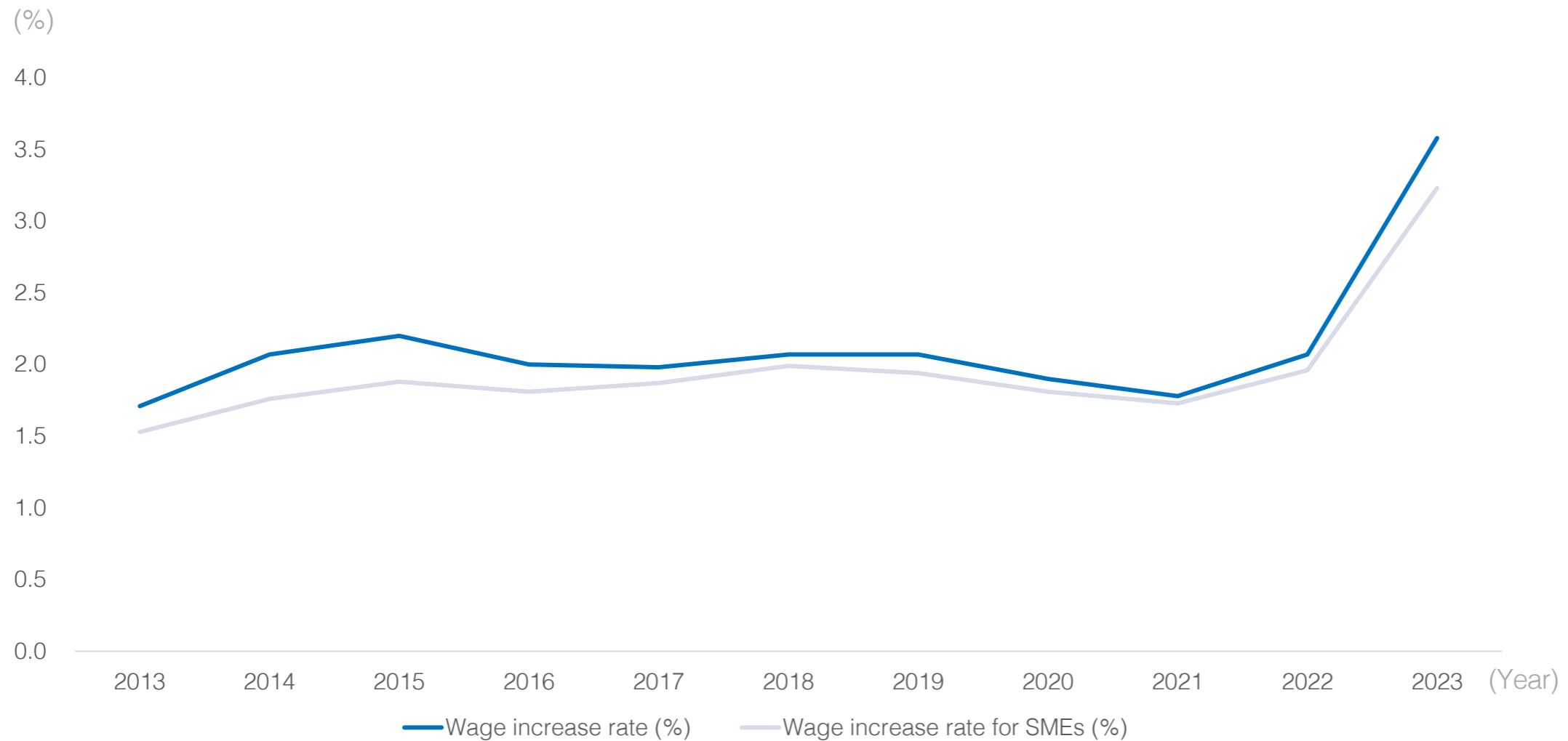
## Job Change Ratio based on Income<sup>(1)</sup>



Note: (1) Prepared by Visional, Inc. based on the "2017 Employment status survey" and the "2022 Employment status survey" by the Ministry of Internal Affairs and Communications. Income is defined as the annual income of full-time employees after changing jobs. Job changers are defined as workers who have moved to a new job within the past year

**In the Spring Labor Offensive in 2023, the highest level of wage increase since 2014 was realized in terms of amount and rate of increase<sup>(1)</sup>. Expecting continuous wage increase through re-skilling and increase in labor productivity**

**Aggregation of final responses since 2013: Trends in wage increases based on the average wage increase method<sup>(1)</sup>**



Note: (1) Prepared by Visional, Inc. based on "Summary of the 2023 Spring Labor Offensive(Japan Trade Union Confederation(RENGO))" posted on July 21, 2023 (<https://www.jtuc-rengo.or.jp/activity/roudou/shuntou/2023/houshin/data/matome20230721.pdf?8725>)

**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

2022



## Acceleration of Workstyle Shifts in Japan

- ✔ Conventional workstyle no longer sustainable due to 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 (Basic Tabulation)” by Statistics Bureau, Ministry of Internal Affairs and Communications from CY2022. Figures are calculated as taking twelve months average of the monthly research on the number of employed workers, as of the end of each month (2) Source: “Labor Force Survey (Basic Tabulation)” by Statistics Bureau, Ministry of Internal Affairs and Communications from CY2022. 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 (Detailed Tabulation)” by Statistics Bureau, Ministry of Internal Affairs and Communications from CY2022. 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

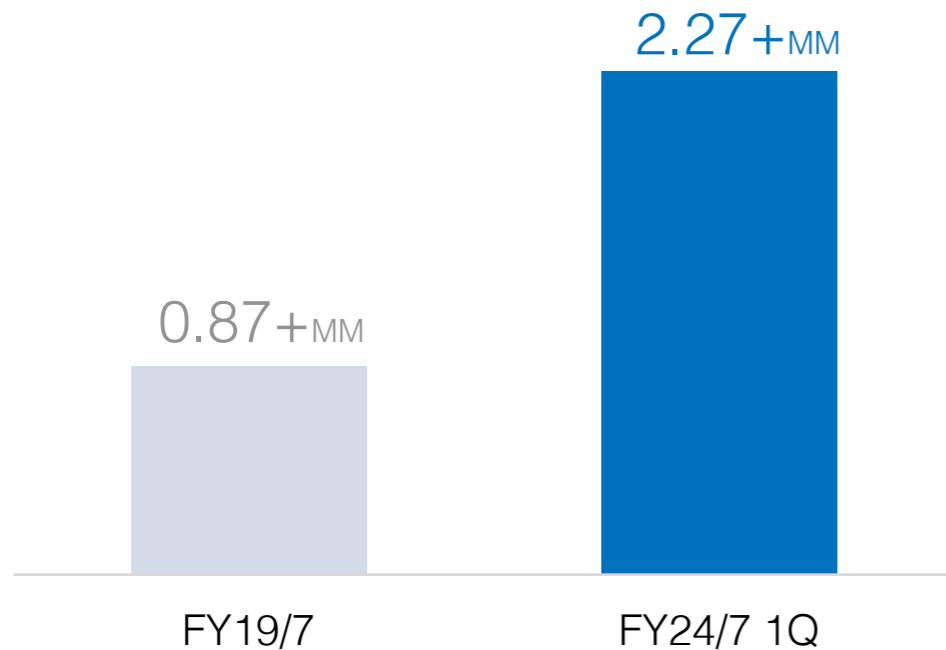
**While penetrating further into the professionals' population, accelerate new client acquisitions and increase wallet share of existing clients to drive further top-line growth**

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

# of "Scoutable" Job Seekers on BizReach<sup>(1)</sup>

# of wage earners in Japan in 2022<sup>(2)</sup>

2.75MM	Annual income ¥10 MM+
11.48MM	Annual income ¥6 MM+



## Potential Market Penetration of Direct Employers

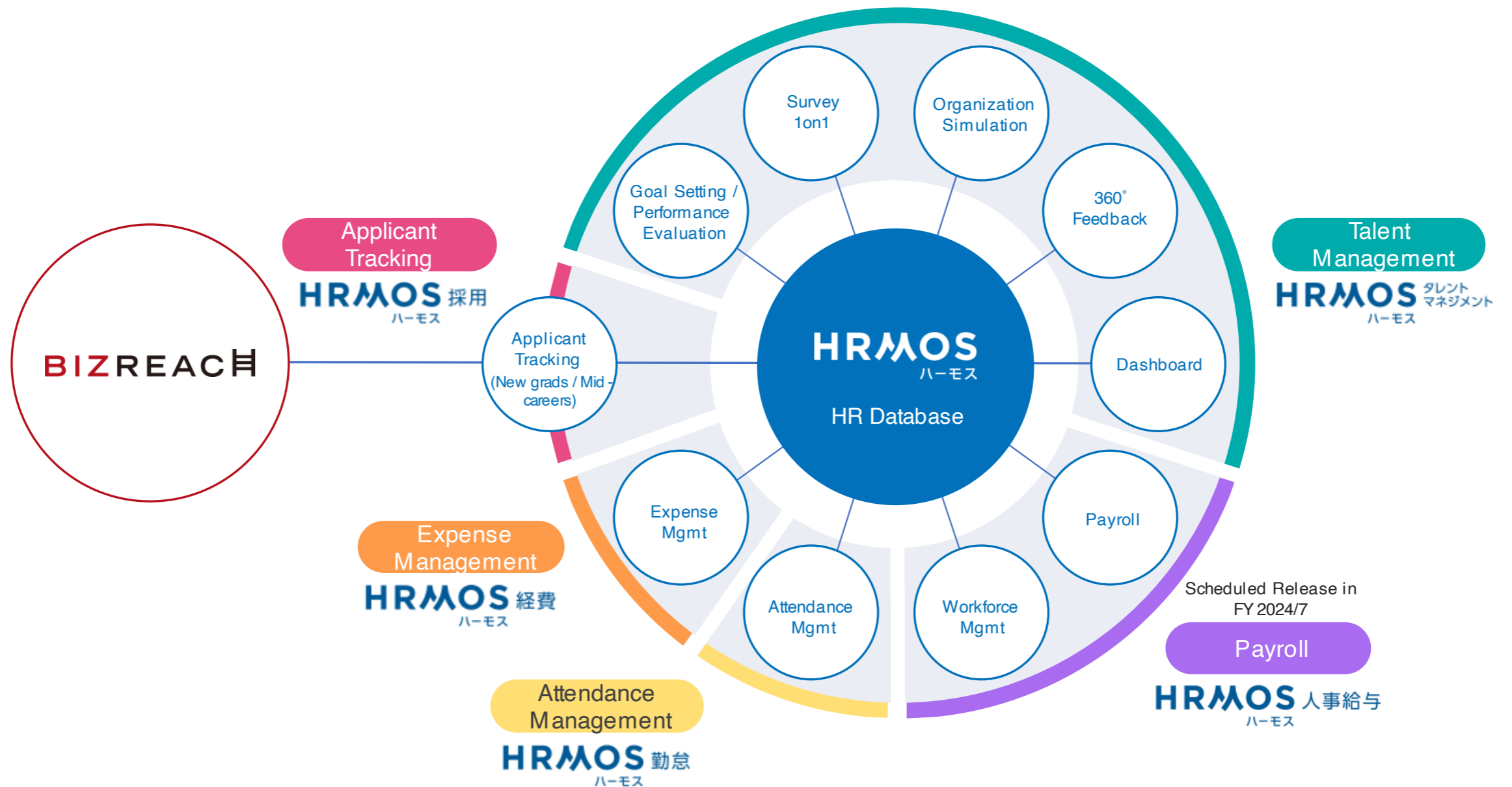


Notes: (1) # of users who registered on BizReach platform with resume / CV that have passed a general screening process and whose profile is set to be viewable by direct employers and headhunters (2) Based on "2022 Statistical Survey of Actual Statistics for Salary in the Private Sector" by Japanese National Tax Agency (<https://www.nta.go.jp/publication/statistics/kokuzeicho/minkan2022/pdf/000.pdf>). A new methodology has been applied for conducting the survey since 2022 (3) Direct employers who have subscribed to our BizReach platform at any point in time within FY23/7 (4) As of the end of September 2023. Based on "Notification and Certification Status of General Employers Action Plan Formulation Notification by Prefecture (As of the end of September 2023)" by Ministry of Health, Labor and Welfare ([https://www.mhlw.go.jp/general/seido/koyou/jisedai/dl/jyoukyou\\_r05\\_09.pdf](https://www.mhlw.go.jp/general/seido/koyou/jisedai/dl/jyoukyou_r05_09.pdf))





## Moving to an era where "each individual chooses their own career," and "individual chooses the company to work." Increased importance of human capital

- ✔ Companies to clarify skills required for each job description, clarify evaluation standards, and develop compensation that are performance-based
- ✔ Individuals to self-develop skills required in the job description, and choose their own careers
- ✔ Companies and employees sharing the same goals increase productivity and engagement, thereby increasing salaries
- ✔ Competitive companies further accelerate investment in people, actively hire strong talents, which drives further growth

Seamless integration of BizReach and HRMOS to create a unified, data-driven HCM Ecosystem that enables investment and management of human capital to drive business competitiveness

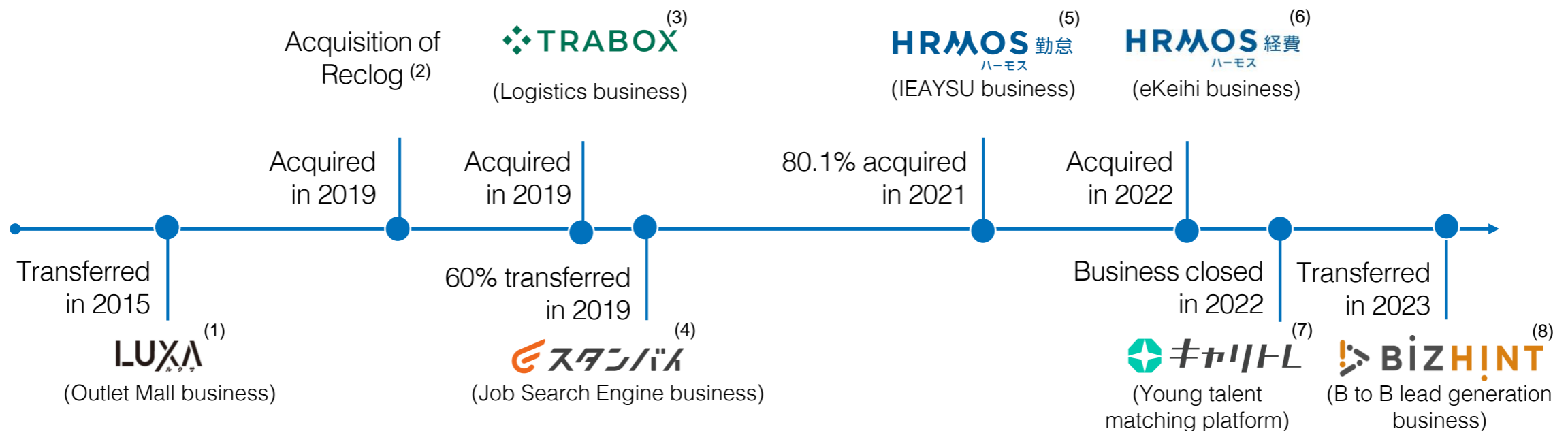


**Building businesses in potential areas of growth emerging from seismic shifts and technological innovation. Driving mid to long term growth whilst contributing to improving Japan’s productivity**

Issue 1	Issue 2	Issue 3
<p><b>Lack of capital liquidity including business succession</b></p> <p>“Japan’s Economy 2020-2021”<sup>(1)</sup>                      “...for companies with promising business and appropriate technological capabilities, retaining their know-how and employment in the form of M&amp;A will help maintain the technological capabilities of Japan as a whole...”</p>	<p><b>Delay in security measures as cloud service utilization increases</b></p> <p>“Grand Design and Action Plan for a New Form of Capitalism”<sup>(2)</sup>                      “To enhance cyber security throughout the supply chain, subsidies will also be provided for the introduction of security systems by SMEs...”</p>	<p><b>Delay in DX for SMEs</b></p> <p>“Grand Design and Action Plan for a New Form of Capitalism”<sup>(2)</sup>                      “It is vital to strengthen competitiveness through productivity improvements and optimizing trade...”</p>
<p>M&amp;A matching site for screened corporations</p> 	<p>Vulnerability management cloud</p>  <p>Security evaluation platform</p> 	<p>Logistics DX (digital transformation) platform</p> 

Notes: (1) Extracts from Director for Economic and Fiscal Analysis, Cabinet Office, Government of Japan “Japan’s Economy 2020-2021: Rising from the Crisis of Infectious Disease” in March 2021 (2) Extracts from the “Grand Design and Action Plan for a New Form of Capitalism” on June 7, 2022

**Proactively consider the use of M&A as means of accelerating the realization of sustainable long-term growth. Allocate appropriate resources whilst reviewing Visional Group's business portfolio**



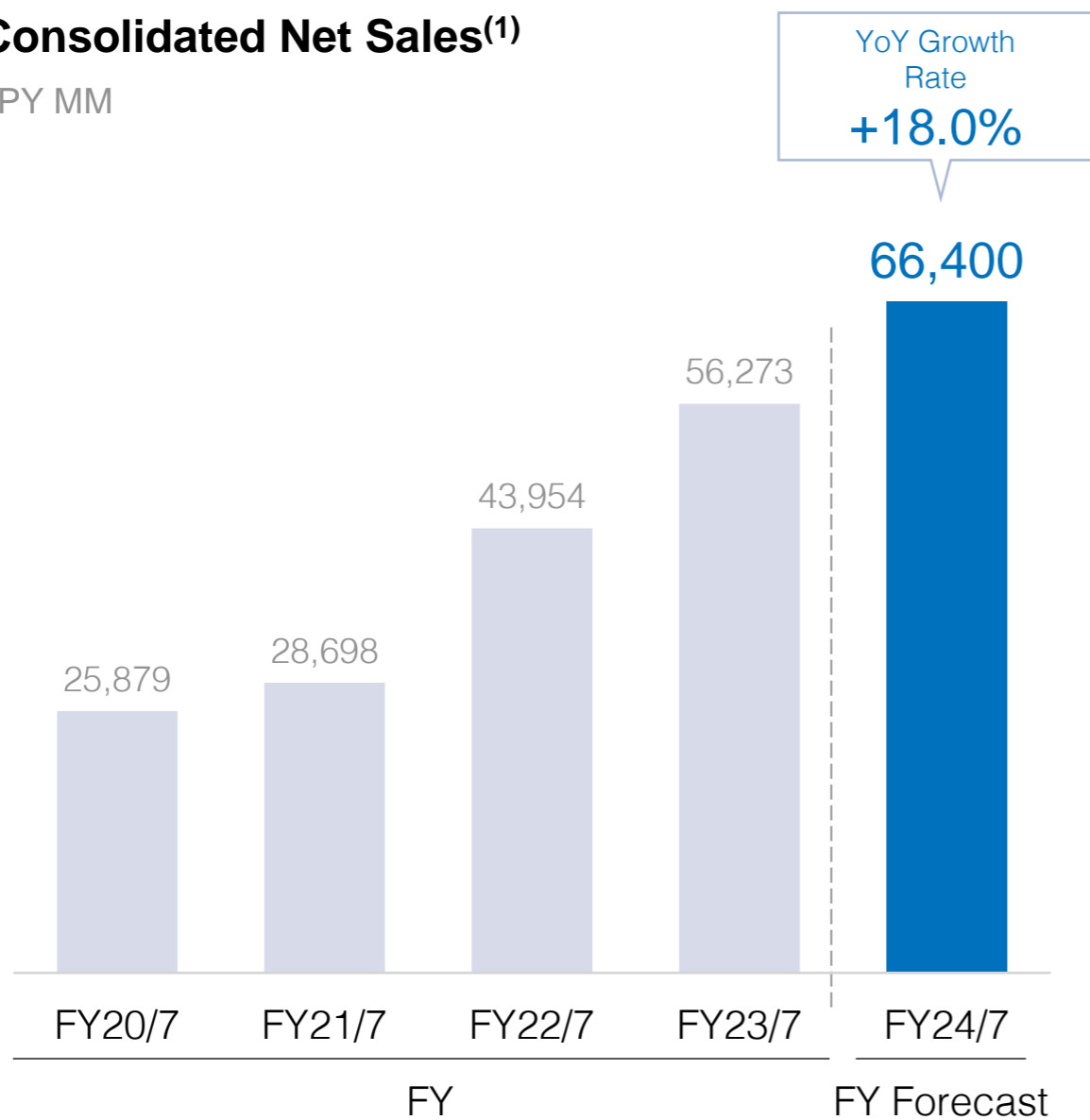
Notes: (1) LUXA was fully incubated inside of BizReach, spun out as a subsidiary and transferred entirely to KDDI in April 2015 (2) Acquired 100% of shares of Cloud Solutions, Inc. and took over Reclog, an applicant tracking system in September 2019 (3) Acquired 100% of shares of Trabox, Inc. and took over Trabox, a logistics DX (digital transformation) platform in November 2019 (4) Stanby was fully incubated inside of BizReach, spun out as a subsidiary and partially (60%) transferred to LY Corporation (former Z Holdings) in December 2019 (5) Acquired 80.1% of shares of IEYASU, Inc. and took over IEYASU business (currently HRMOS Attendance Management) in November 2021 (6) Acquired 100% of shares of ezSoft Co., Ltd. and took over eKeihi business (currently HRMOS Expense Management) in March 2022 (7) Closed the business in December 2022 in order to concentrate management resources (8) BizHint was fully incubated inside of BizReach, spun out as a subsidiary and transferred entirely to SMARTCAMP Co., Ltd. in December 2023



**Visional Group consolidated net sales growth forecast of 18.0% YoY. Consolidated operating profit margin forecast of 24.1%**

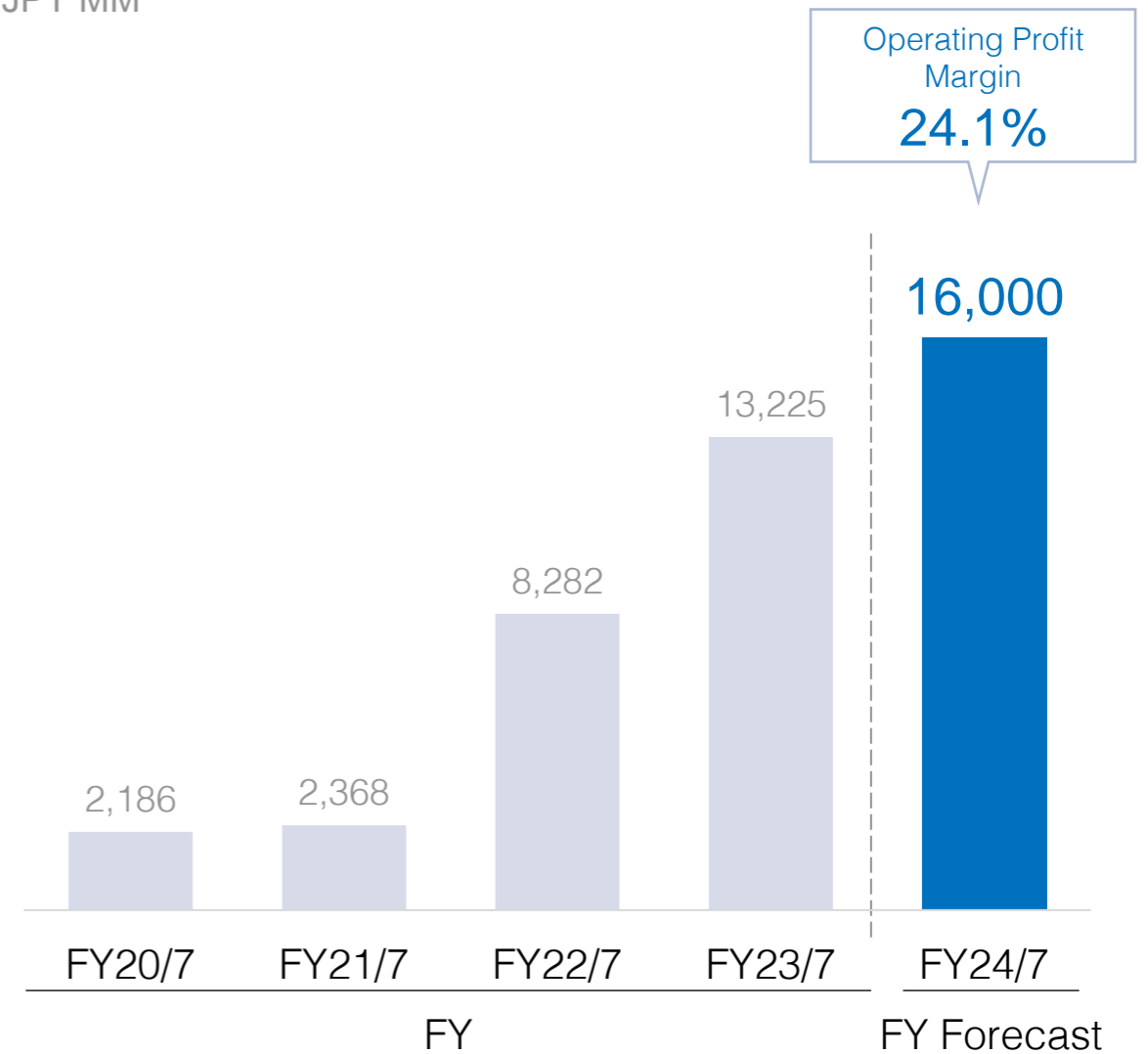
## Consolidated Net Sales<sup>(1)</sup>

JPY MM



## Consolidated Operating Profit<sup>(1)(2)</sup>

JPY MM



Notes: (1) Based on FY20/7 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. (2) As of 1Q of FY23/7, we have confirmed the provisional accounting treatment concerning business combinations. Accordingly, operating profit for FY22/7 is presented at the amounts after reflecting the contents of the confirmation of the provisional accounting treatment

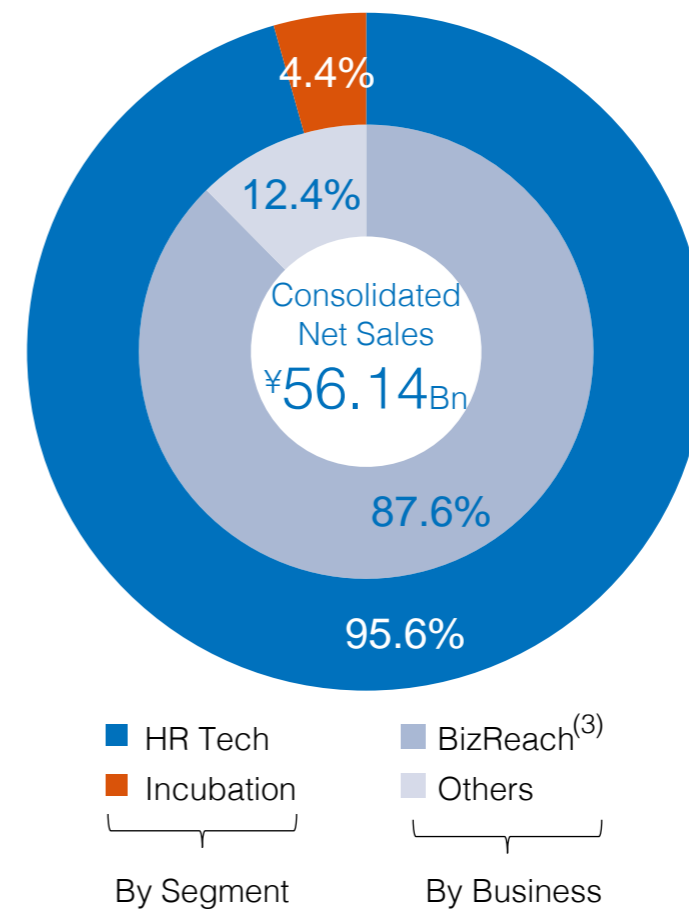
# Appendix

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

### Service Overview (as of December 14, 2023)

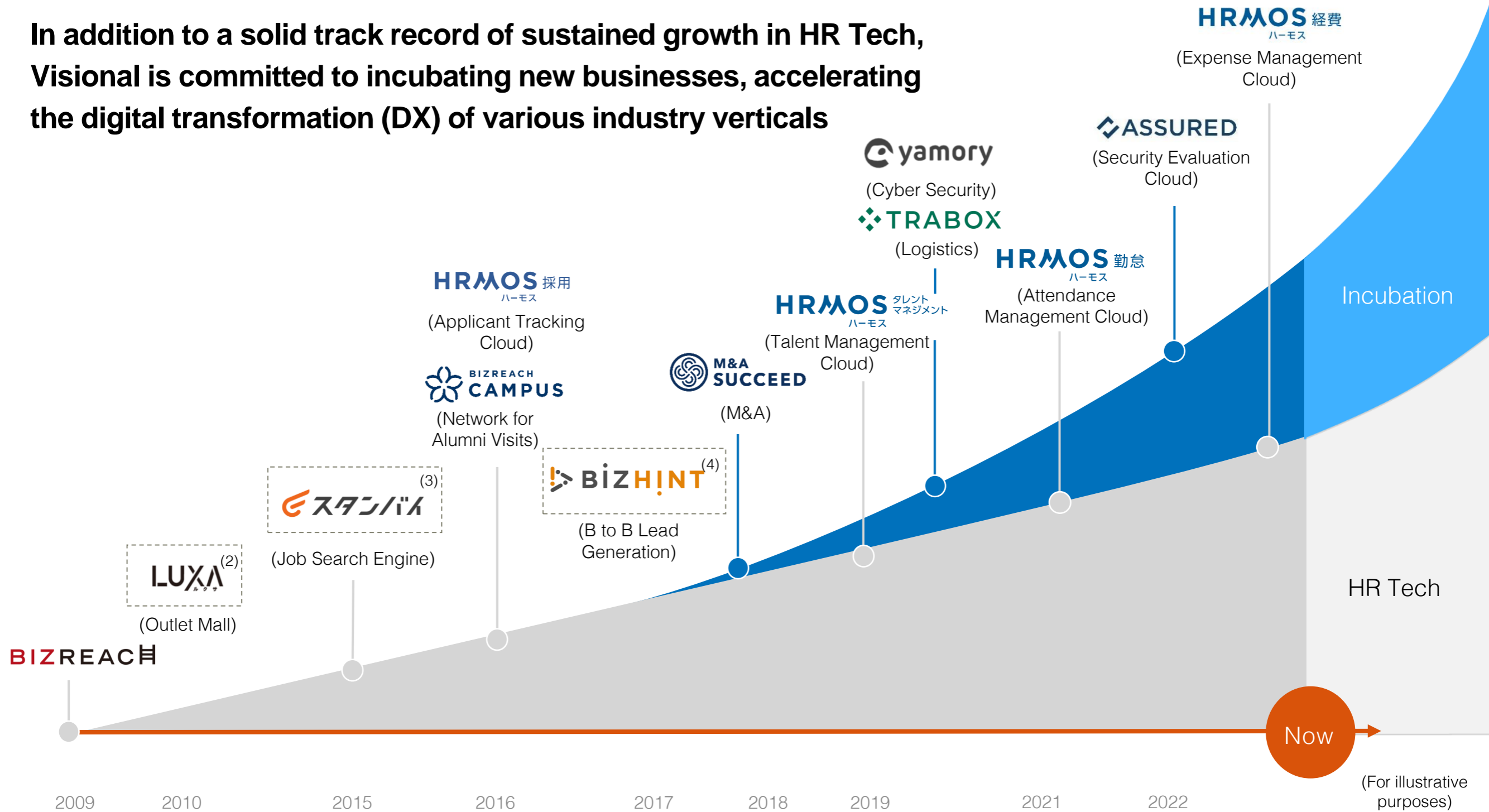
HR Tech Segment	<b>BIZREACH</b>	HR matching platform for professionals
	<b>HRMOS</b> ハーモス	Human capital management platform
	<b>HRMOS 採用</b> ハーモス	・ Applicant tracking cloud
	<b>HRMOS  Talent Management</b> ハーモス	・ Talent management cloud
	<b>HRMOS 勤怠</b> ハーモス	・ Attendance management cloud
	<b>HRMOS 経費</b> ハーモス	・ Expense management cloud
	<b>BIZREACH CAMPUS</b>	Network for alumni visits
Incubation Segment	<b>M&amp;A SUCCEED</b>	M&A matching site for screened corporations
	<b>TRABOX</b>	Logistics DX (digital transformation) platform
	<b>yamory</b>	Vulnerability management cloud
	<b>ASSURED</b>	Security evaluation platform
Affiliate	<b>スタンプバ</b> <sup>(1)</sup>	Job operating search engine

### FY2023/7 Net Sales Breakdown by Segment and Business<sup>(2)</sup>



Notes: (1) Joint venture with LY Corporation (former Z Holdings Corporation), in which Visional, Inc. holds a 40% stake as an equity method affiliate (2) Excluding adjustments (¥126 MM) (3) Financial data of the BizReach Business, the core service of our group (which differs from the financial data of our subsidiary BizReach, Inc.)

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 transferred entirely to KDDI in April 2015 (3) Stanby was fully incubated inside of BizReach, spun out as a subsidiary and partially (60%) transferred to LY Corporation (former Z Holdings) in December 2019. Visional continues to co-manage the joint venture together with LY Corporation as a 40% equity owner (4) BizHint was fully incubated inside of BizReach, spun out as a subsidiary and transferred entirely to SMARTCAMP Co., Ltd. in December 2023

# Consolidated P&L<sup>(1)</sup>

JPY MM

	FY24/7 1Q	FY23/7 1Q	FY23/7 FY	FY22/7 FY	FY21/7 FY	FY20/7 FY
Net Sales	16,057	13,218	56,273	43,954	28,698	25,879
YoY Growth (%)	21.5%	38.1%	28.0%	53.2%	10.9%	20.4%
HR Tech Segment	15,336	12,686	53,685	41,791	27,052	24,914
YoY Growth (%)	20.9%	39.2%	28.5%	54.5%	8.6%	17.7%
Incubation Segment	689	495	2,460	2,002	1,485	892
YoY Growth (%)	39.3%	19.8%	22.9%	34.8%	66.3%	182.1%
Cost of Sales	1,313	1,621	5,815	5,802	3,999	4,104
Gross Profit	14,744	11,597	50,457	38,151	24,699	21,775
Margin (%)	91.8%	87.7%	89.7%	86.8%	86.1%	84.1%
Selling, General & Administrative Expenses <sup>(2)</sup>	9,789	7,894	37,231	29,869	22,331	19,588
Advertising	4,939	3,628	19,118	14,697	9,562	7,640
Payroll etc. <sup>(3)</sup>	2,154	2,025	8,090	7,410	6,308	5,301
Rent	347	315	1,348	1,243	1,258	1,251
Others <sup>(2)</sup>	2,347	1,924	8,673	6,516	5,202	5,394
Operating Profit <sup>(2)</sup>	4,955	3,703	13,225	8,282	2,368	2,186
Margin (%)	30.9%	28.0%	23.5%	18.8%	8.3%	8.4%
HR Tech Segment <sup>(2)</sup>	5,377	4,426	15,701	10,631	4,000	3,343
Incubation Segment	(184)	(456)	(1,401)	(1,649)	(863)	(868)
Pre-tax Profit <sup>(2)</sup>	5,189	3,786	14,377	8,717	2,290	7,023
Income Tax Expense <sup>(2)</sup>	1,701	1,255	4,448	2,864	869	2,364
Profit attributable to owners of parent <sup>(2)</sup>	3,487	2,531	9,928	5,852	1,420	4,658
Margin (%)	21.7%	19.2%	17.6%	13.3%	5.0%	18.0%

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) As of 1Q of FY23/7, we have confirmed the provisional accounting treatment concerning business combinations. Accordingly, data for FY22/7 is presented at the amounts after reflecting the contents of the confirmation of the provisional accounting treatment (3) Payroll includes bonuses and allowance for bonuses

## Reconciliation of Adjusted Operating Profit before Corporate Expense Allocation to Operating Profit

JPY MM

	FY24/7 1Q	FY23/7 FY	FY22/7 FY	FY21/7 FY
Total Adjusted Operating Profit before corporate expense allocation	5,848	17,647	12,622	6,170
BizReach Business <sup>(1)(2)</sup>	6,158	20,126	17,609	9,637
HRMOS Business <sup>(2)</sup>	(277)	(1,740)	(2,954)	(2,102)
Other Businesses <sup>(2)</sup>	(32)	(739)	(2,032)	(1,364)
Adjustment Item				
-) Corporate and general administrative expenses (such as accounting, HR, legal, general affairs, etc.) <sup>(3)(4)</sup>	893	4,421	4,340	3,802
-) HR Tech Segment <sup>(4)</sup>	788	3,933	3,769	3,263
-) Incubation Segment	105	488	570	538
<b>Operating Profit (J-GAAP)<sup>(4)</sup></b>	<b>4,955</b>	<b>13,225</b>	<b>8,282</b>	<b>2,368</b>

## Adjusted Headcount by Function and Business (FY23/7 4Q)<sup>(5)</sup>

Reference: Group headcount as of the end of October 2023 was 1,554

	Adjusted headcount	% of subtotal for HR Tech businesses
HR Tech businesses		
BizReach Business	814	69.9%
HRMOS Business	206	17.7%
Other HR Tech businesses	144	12.4%
<b>Subtotal for HR Tech businesses</b>	<b>1,164</b>	<b>100.0%</b>
General functions of HR Tech businesses	159	n/a
<b>Total for HR Tech businesses</b>	<b>1,323</b>	<b>n/a</b>
Incubation businesses	121	n/a
Corporate	106	n/a
<b>Total</b>	<b>1,550</b>	<b>n/a</b>

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) Calculated as net sales of each business minus cost of sales and selling, general and administrative expenses which are directly allocated to each business (3) These expenses comprise corporate and general administrative expenses that we have not directly allocated to individual businesses for our internal management purposes (4) As of 1Q of FY23/7, we have confirmed the provisional accounting treatment concerning business combinations. Accordingly, data for FY22/7 is presented at the amounts after reflecting the contents of the confirmation of the provisional accounting treatment (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

# Balance Sheet Highlights

JPY MM

	FY24/7 1Q	FY23/7	FY22/7	FY21/7
<b>Current Assets</b>	<b>51,039</b>	<b>48,902</b>	<b>36,743</b>	<b>29,532</b>
Cash and Cash Equivalents	42,657	41,170	31,362	25,630
Notes and Accounts Receivable	5,597	5,151	4,356	3,258
Other Current Assets	2,784	2,580	1,025	643
<b>Fixed Assets<sup>(1)</sup></b>	<b>8,301</b>	<b>8,971</b>	<b>9,208</b>	<b>5,544</b>
Tangible Assets	762	845	735	700
Intangible Assets <sup>(1)</sup>	4,248	4,455	5,287	2,457
Goodwill <sup>(1)</sup>	2,674	2,799	3,300	1,296
Other Intangible Assets <sup>(1)</sup>	1,574	1,656	1,986	1,160
Total Investments and Other Assets <sup>(1)</sup>	3,291	3,669	3,185	2,385
<b>Total Assets<sup>(1)</sup></b>	<b>59,341</b>	<b>57,873</b>	<b>45,952</b>	<b>35,076</b>

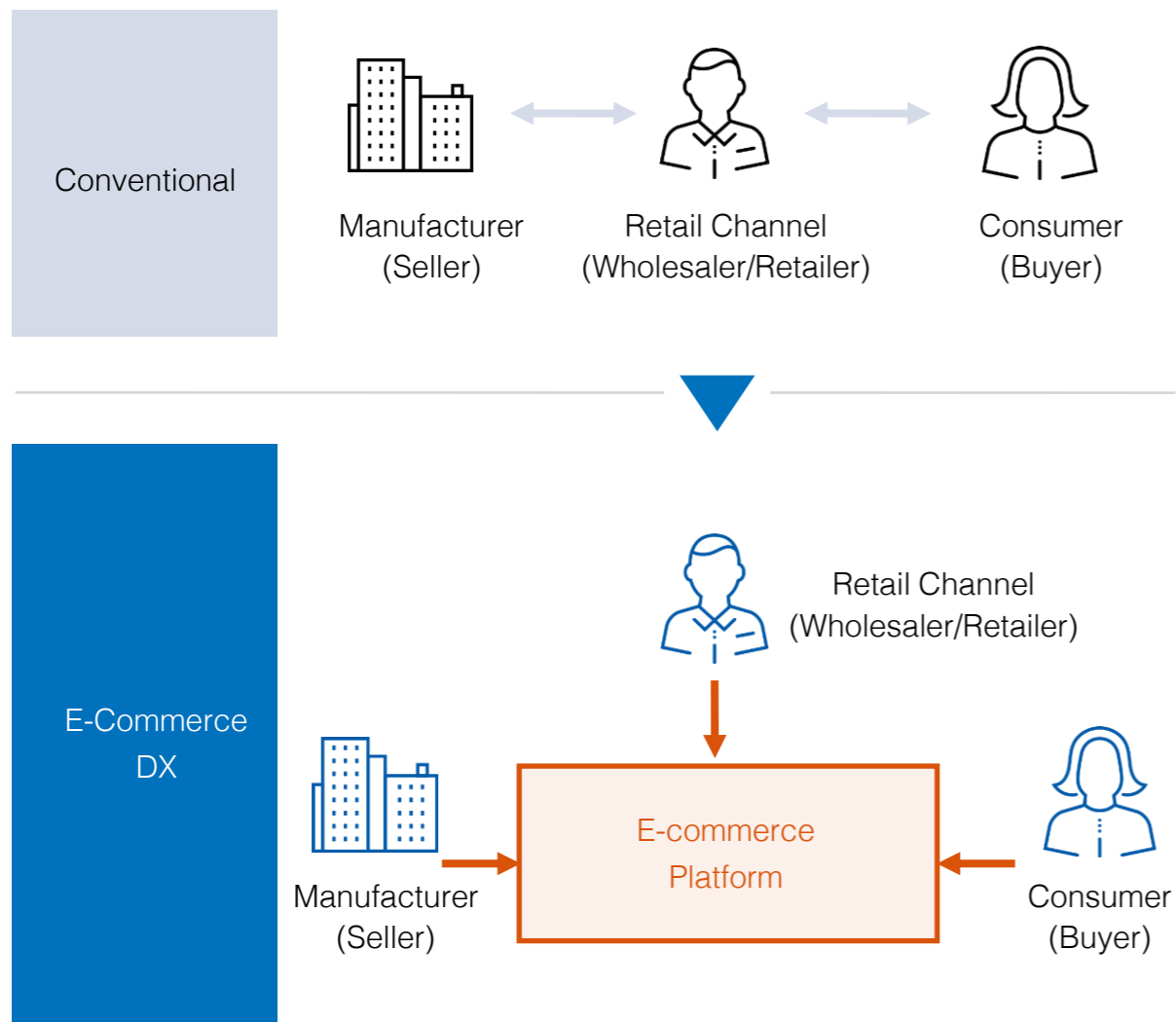
JPY MM

	FY24/7 1Q	FY23/7	FY22/7	FY21/7
<b>Current Liabilities</b>	<b>14,384</b>	<b>16,328</b>	<b>13,988</b>	<b>9,046</b>
Accounts Payable	3,631	3,934	4,054	3,341
Deferred Revenue	–	–	–	3,042
Contract Liabilities	7,359	6,858	4,941	–
Other Current Liabilities	3,393	5,534	4,993	2,662
<b>Fixed Liabilities<sup>(1)</sup></b>	<b>2,322</b>	<b>2,415</b>	<b>3,190</b>	<b>3,494</b>
Liabilities from application of Equity Method	2,053	2,133	2,453	2,773
Other Fixed Liabilities <sup>(1)</sup>	268	282	737	720
<b>Total Net Assets<sup>(1)</sup></b>	<b>42,634</b>	<b>39,129</b>	<b>28,772</b>	<b>22,536</b>
Share Capital	6,365	6,356	6,226	6,063
Capital Surplus	10,329	10,321	10,190	10,027
Retained Earnings <sup>(1)</sup>	25,711	22,223	12,294	6,442
Others	227	227	61	3
<b>Total Liabilities and Net Assets<sup>(1)</sup></b>	<b>59,341</b>	<b>57,873</b>	<b>45,952</b>	<b>35,076</b>

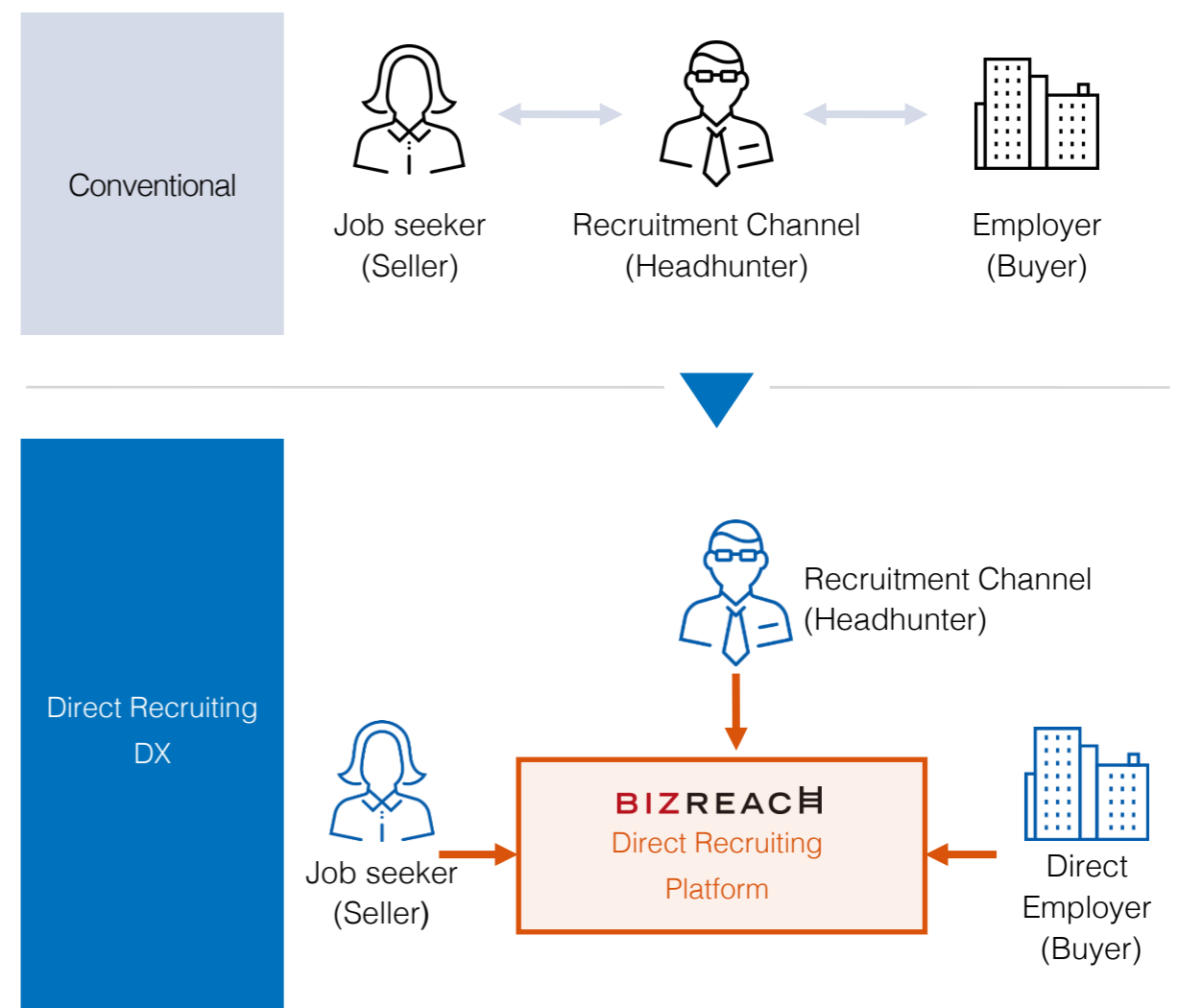
Notes: (1) As of 1Q of FY23/7, we have confirmed the provisional accounting treatment concerning business combinations. Accordingly, data for FY22/7 is presented at the amounts after reflecting the contents of the confirmation of the provisional accounting treatment

Similar to the structural transformation of the retail market caused by e-commerce<sup>(1)</sup>, 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



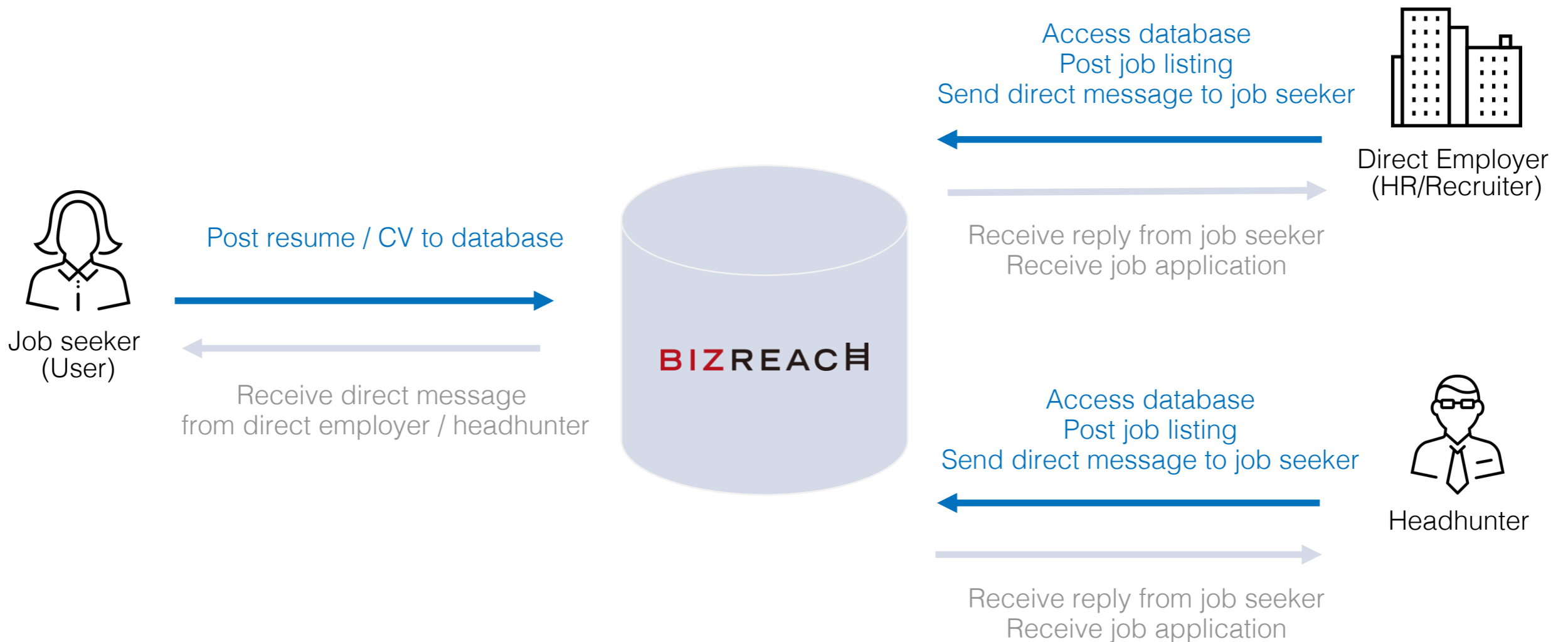
## DX of Professional Recruitment Market



Note: (1) Structural changes of the retail market caused by electronic transactions (emergence of e-commerce platforms)



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



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

**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 <sup>(1)(2)</sup>	Performance Revenue
Direct Employers	¥850,000 / semi-annual	15% of the candidate's expected annual compensation in the new position <sup>(3)</sup>
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

## KPIs below represent HRMOS ATS and HRMOS Talent Management total (same as previous disclosure)

	FY20/7				FY21/7				FY22/7				FY23/7				FY24/7
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q
ARR <sup>(1)</sup> (JPY Bn)	0.86	0.96	1.03	1.03	1.09	1.13	1.20	1.26	1.34	1.42	1.53	1.62	1.76	1.87	2.02	2.13	2.27
ARPU <sup>(2)</sup> (JPY thousands)	102	104	106	107	109	111	111	112	113	113	113	113	114	113	114	115	116
# of Unique Paying Customers <sup>(3)</sup>	702	767	807	797	833	849	897	941	989	1,050	1,127	1,193	1,280	1,379	1,475	1,546	1,631
Average Monthly Churn Rate for Last 12 Months <sup>(4)</sup> (%)	1.00	1.05	1.01	1.15	1.40	1.43	1.40	1.23	0.96	0.79	0.66	0.60	0.52	0.48	0.50	0.49	0.56

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 services 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

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