

# **FY2024/7 FY Financial Results**

September 2024



**Visional, Inc.**

## Consolidated Financials

- FY net sales recorded JPY 66.14Bn (17.5% YoY growth) and for 4Q, JPY 17.22Bn (16.9% YoY growth). Demonstrated ability to execute against stretched targets
- FY operating profit was JPY 17.83Bn (34.9% YoY growth, 27.0% margin) and for 4Q, JPY 2.57Bn (21.1% YoY decline, 14.9% margin). As planned, executed growth investments while maintaining cost discipline

## BizReach

- FY net sales recorded JPY 57.77Bn (17.5% YoY growth) and for 4Q, JPY 14.80Bn (16.4% YoY growth). While solid demand for hiring professionals continues in the hiring market generally, market remains uncertain as selective hiring continues in some companies, and slow recovery observed in others
- FY operating profit (before corporate expense allocation) was JPY 23.33Bn (15.9% YoY growth, 40.4% margin) and for 4Q, JPY 4.38Bn (10.3% YoY decline, 29.6% margin). As planned, invested in the 15th anniversary campaign and new TV commercials

## HRMOS

- FY net sales recorded JPY 3.84Bn (76.0% YoY growth) and for 4Q, JPY 1.09Bn (79.9% YoY growth).

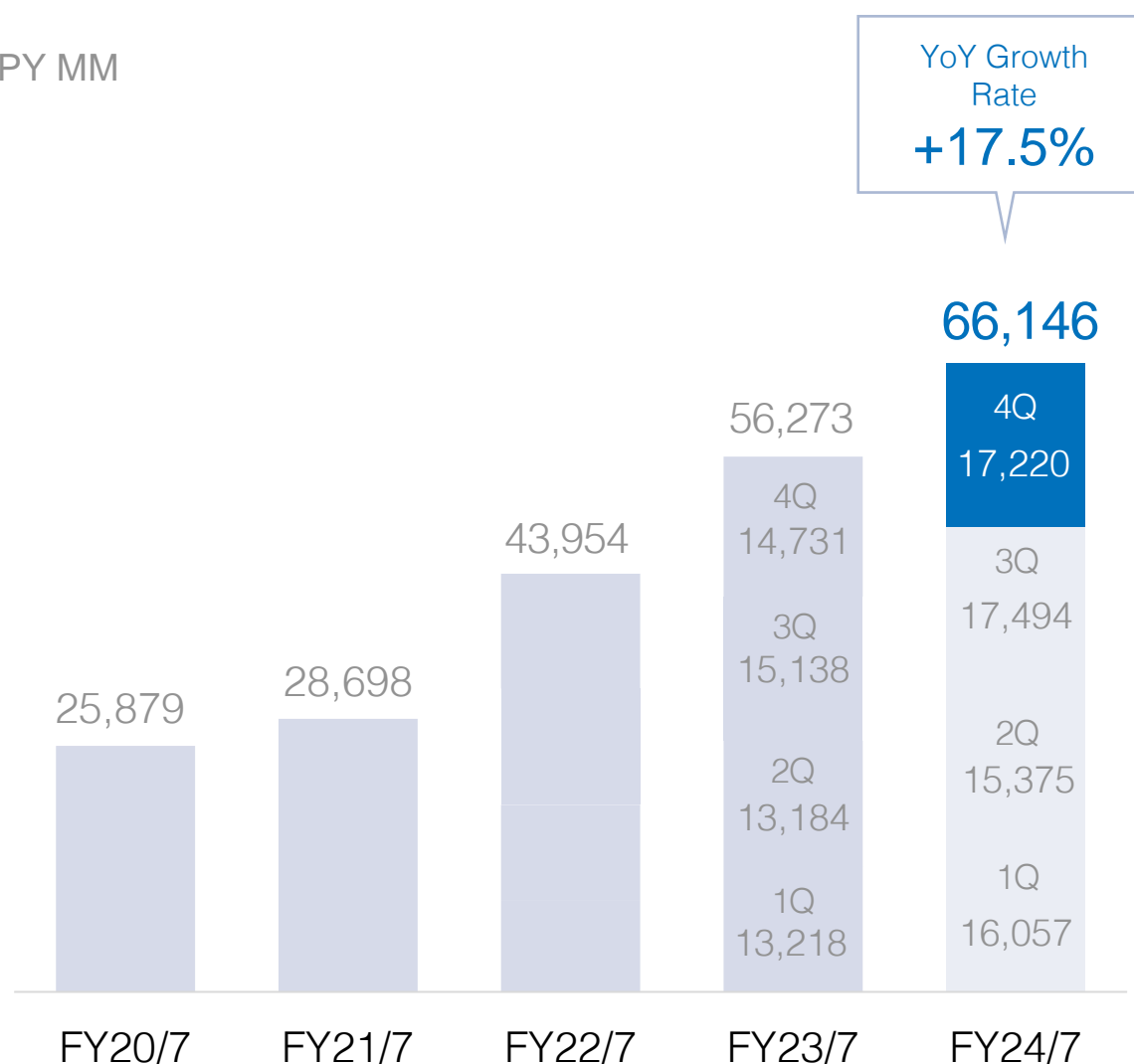
## FY2025/7 Consolidated Financial Forecast

- Consolidated financial forecast for net sales is JPY 76.40Bn (15.5% YoY growth)
- While solid demand for hiring professionals continues in the hiring market, market sentiment remains uncertain. BizReach net sales forecast is JPY 66.44Bn (15.0% YoY growth), operating profit margin (before corporate expense allocation) forecast is 40%
- Based on the track record of disciplined execution, for FY2025/7, whilst maintaining BizReach margin, we will increase our investment in other businesses and also in human capital including hiring and offering competitive compensation to increase Visional Group's enterprise value in the mid term. As a result, consolidated financial forecast for operating profit is JPY 19.15Bn (7.4% YoY growth, 25.1% margin)

**Visional Group's FY consolidated net sales grew 17.5% YoY, landing at the same level as financial forecast. FY consolidated operating profit grew 34.9% YoY, with operating profit margin of 27.0%. Demonstrated balance between growth investments and cost discipline**

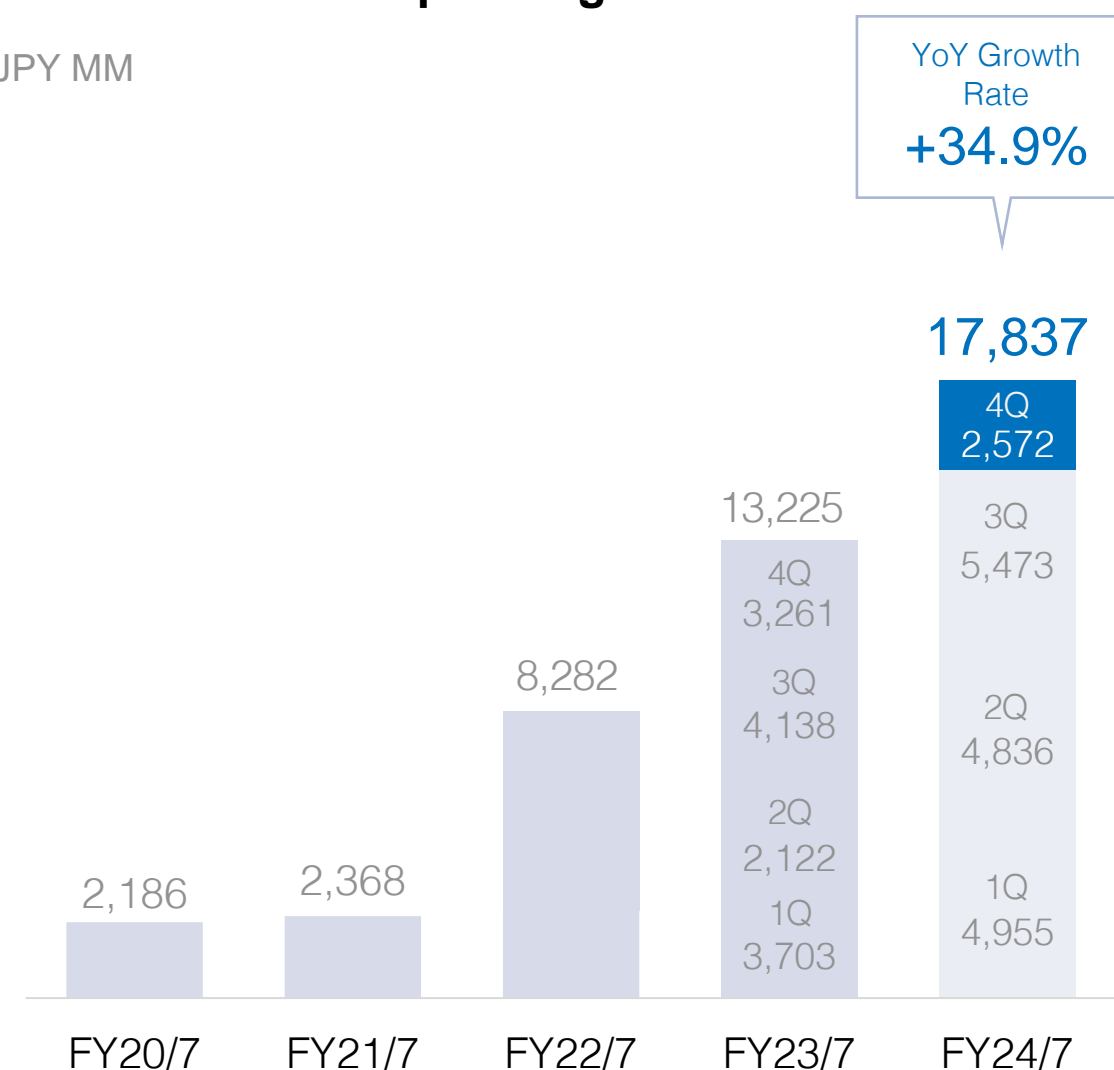
## FY Consolidated Net Sales<sup>(1)</sup>

JPY MM



## FY 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

**Net sales of each businesses in the Incubation Segment recorded growth. However, segment net sales decreased YoY since 2Q due to the share transfer of BizHint, Inc. in December 2023**

JPY MM

	FY24/7 FY	FY23/7 FY	FY24/7 4Q	FY24/7 3Q	FY24/7 2Q	FY24/7 1Q
Net Sales	66,146	56,273	17,220	17,494	15,375	16,057
YoY Growth (%)	17.5%	28.0%	16.9%	15.6%	16.6%	21.5%
HR Tech Segment <sup>(1)</sup>	63,791	53,685	16,659	17,008	14,787	15,336
YoY Growth (%)	18.8%	28.5%	19.0%	17.8%	17.8%	20.9%
Incubation Segment <sup>(1)</sup>	2,219	2,460	529	451	548	689
YoY Growth (%)	(9.8)%	22.9%	(24.7)%	(32.1)%	(8.2)%	39.3%
Cost of Sales	5,718	5,815	1,578	1,484	1,342	1,313
Gross Profit	60,428	50,457	15,641	16,009	14,032	14,744
Margin (%)	91.4%	89.7%	90.8%	91.5%	91.3%	91.8%
Selling, General & Administrative Expenses	42,591	37,231	13,069	10,535	9,196	9,789
Operating Profit <sup>(2)</sup>	17,837	13,225	2,572	5,473	4,836	4,955
Margin (%)	27.0%	23.5%	14.9%	31.3%	31.5%	30.9%
YoY Growth (%)	34.9%	59.7%	(21.1)%	32.3%	127.9%	33.8%
HR Tech Segment <sup>(2)</sup>	20,062	15,701	3,531	5,838	5,313	5,377
Incubation Segment <sup>(2)</sup>	(1,020)	(1,401)	(440)	(254)	(139)	(184)
Pre-tax Profit	18,928	14,377	2,663	5,620	5,456	5,189
Profit attributable to owners of parent	12,990	9,928	1,906	3,870	3,724	3,487
Margin (%)	19.6%	17.6%	11.1%	22.1%	24.2%	21.7%
YoY Growth (%)	30.8%	69.6%	(34.0)%	33.8%	130.8%	37.8%

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

**An organization setting targets that are ambitious and well planned, committed to execution.  
Balancing growth investments and cost discipline to deliver sustainable profits**

JPY MM

	FY24/7 Actuals	Diff. vs Jun. '24 Forecast	Diff. vs Sep. '23 Forecast	Jun. '24 disclosed Forecast	Sep. '23 disclosed Forecast	Reasons for Difference
Net Sales	66,146	(253)	(253)	66,400	66,400	(0.4)% difference to forecast
Growth (%)	17.5%	--	--	18.0%	18.0%	
HR Tech Segment	63,791	(173)	+451	63,965	63,340	
BizReach	57,776	(223)	(1,233)	58,000	59,000	
HRMOS	3,844	+44	+544	3,800	3,300	
Incubation Segment	2,219	(80)	(720)	2,300	2,940	Variations within expectation due to new business incubation
Others	135	+0	+15	135	120	Difference to Sep. '23 forecast is impact of BizHint sale
Operating Profit	17,837	+637	+1,837	17,200	16,000	11.5% difference to Sep. '23 forecast. Reduced expenses whilst growing the business
Margin (%)	27.0%	--	--	25.9%	24.1%	

**Consolidated net sales forecast is JPY 76.40Bn in light of uncertain market sentiment despite solid demand for professionals. Whilst maintaining BizReach margin, we will increase our investment in other businesses and in human capital to deliver sustainable growth. Consolidated operating profit forecast is JPY 19.15Bn (25.1% margin)**

	FY25/7 Forecast	FY24/7 Actuals	Difference
Net Sales	76,400	66,146	+10,253
Growth (%)	15.5%	17.5%	--
HR Tech Segment	73,880	63,791	+10,088
BizReach	66,440	57,776	+8,663
Growth (%)	15.0%	17.5%	--
HRMOS	5,000	3,844	+1,155
Growth (%)	30.1%	76.0%	--
Incubation Segment			

## Net Sales

- BizReach net sales forecast is 15.0% YoY growth taking into account the unrecovered hiring demand impact from some areas of the market
- HRMOS net sales forecast is 30.1% YoY growth. Strategy to grow each service as well as to introduce the integrated HRMOS series

## Operating Profit (before Corporate Expense Allocation)

- BizReach profit margin forecast is 40%
- HRMOS losses are projected to be at a similar level to FY2024/7
- Incubation segment losses expected to be around JPY1.5Bn

## Others

- Business and corporate expenses reflect our increased investment in human capital including hiring, increasing compensation levels, and expansion of our offices

# Full Year Financial Results by Business

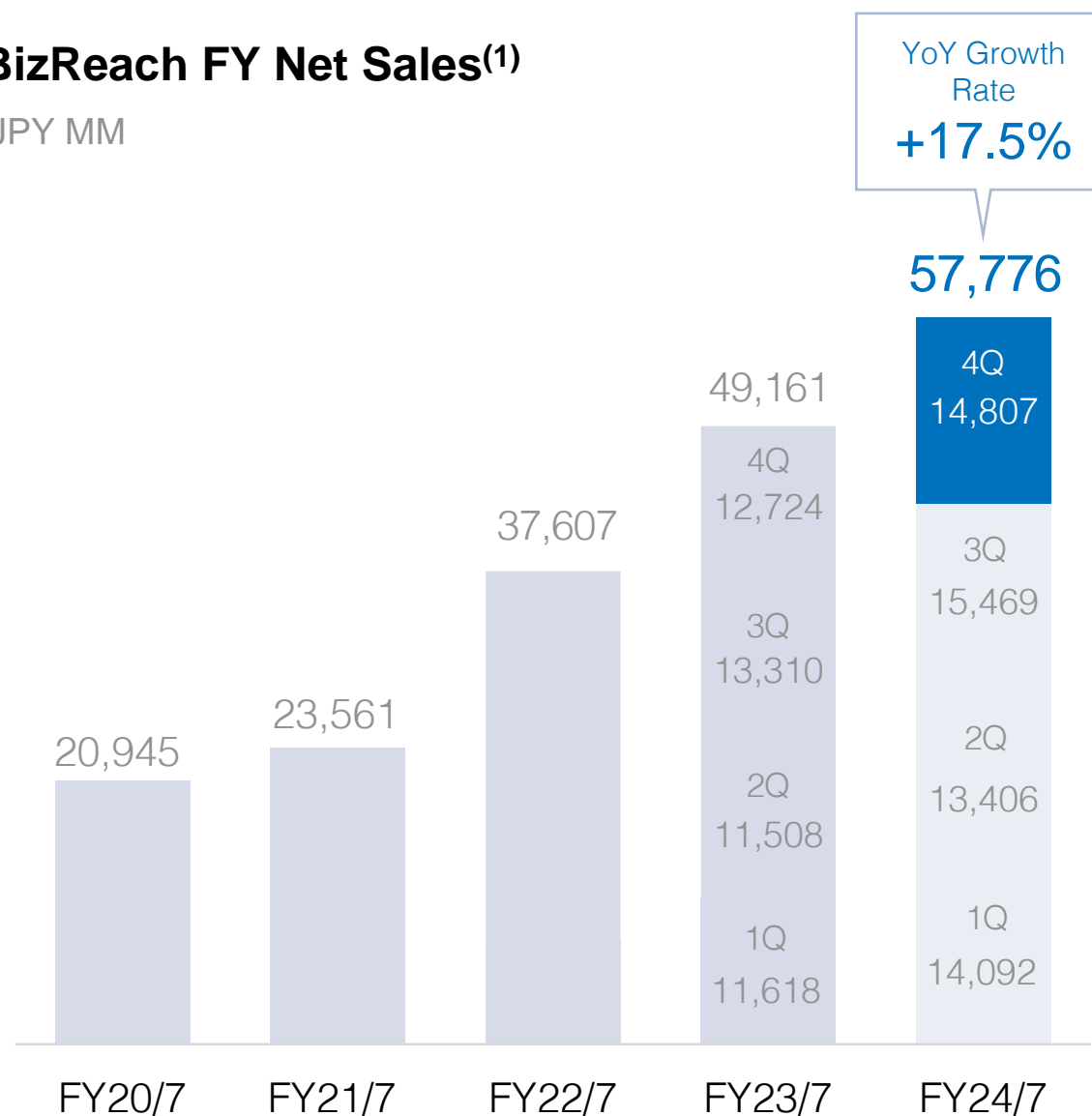
# BizReach Financial Results



Although 4Q sales orders came in-line with plan, impacted by the longer lead time, net sales landed slightly below forecast. FY net sales were JPY 57.77Bn. FY2025/7 net sales forecast is JPY 66.44Bn, 15.0% YoY growth. Mid-term growth rate expected to be around 15%

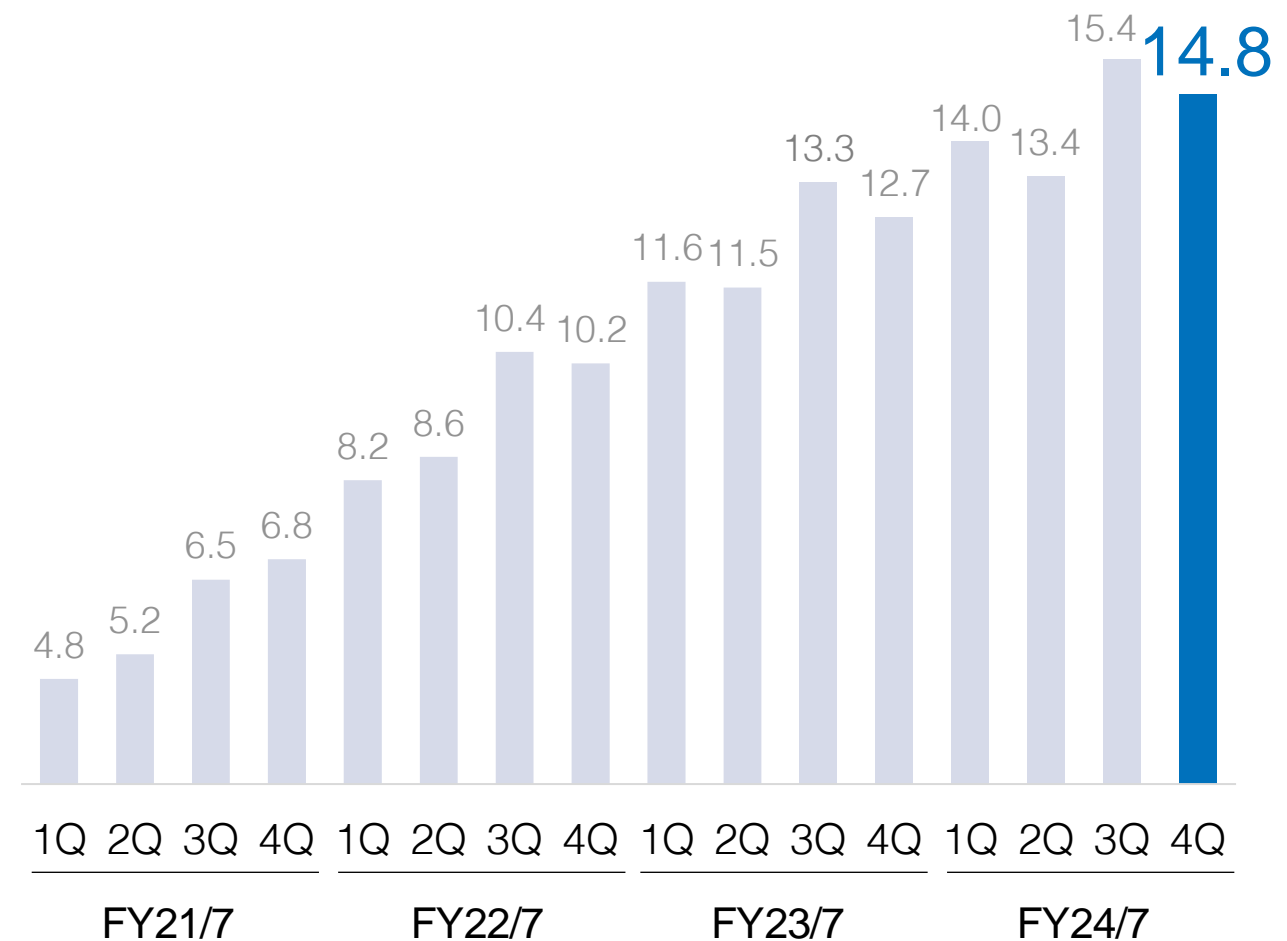
## BizReach FY Net Sales<sup>(1)</sup>

JPY MM



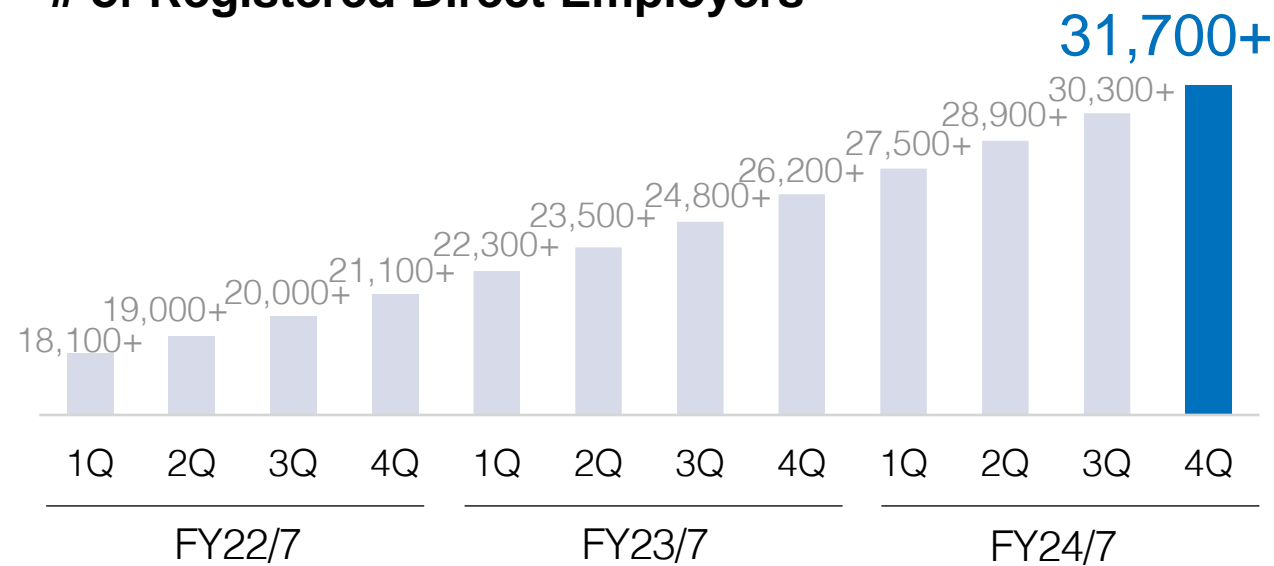
## BizReach Quarterly Net Sales Trend<sup>(1)</sup>

JPY Bn

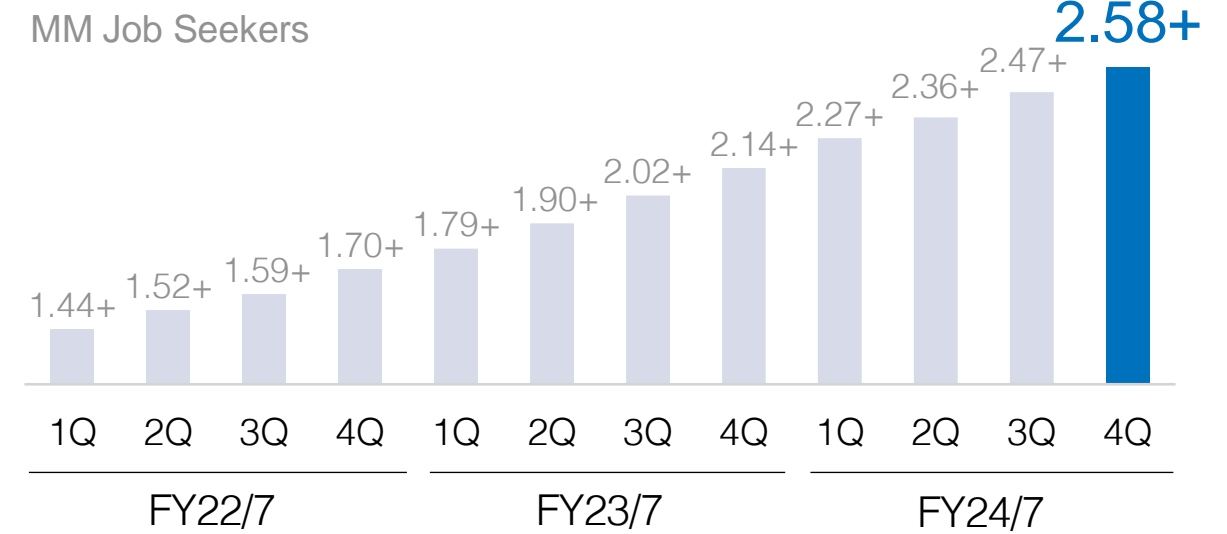


KPIs are growing steadily, building a strong customer base due to companies' solid demand for hiring professionals and liquidity in the labor market

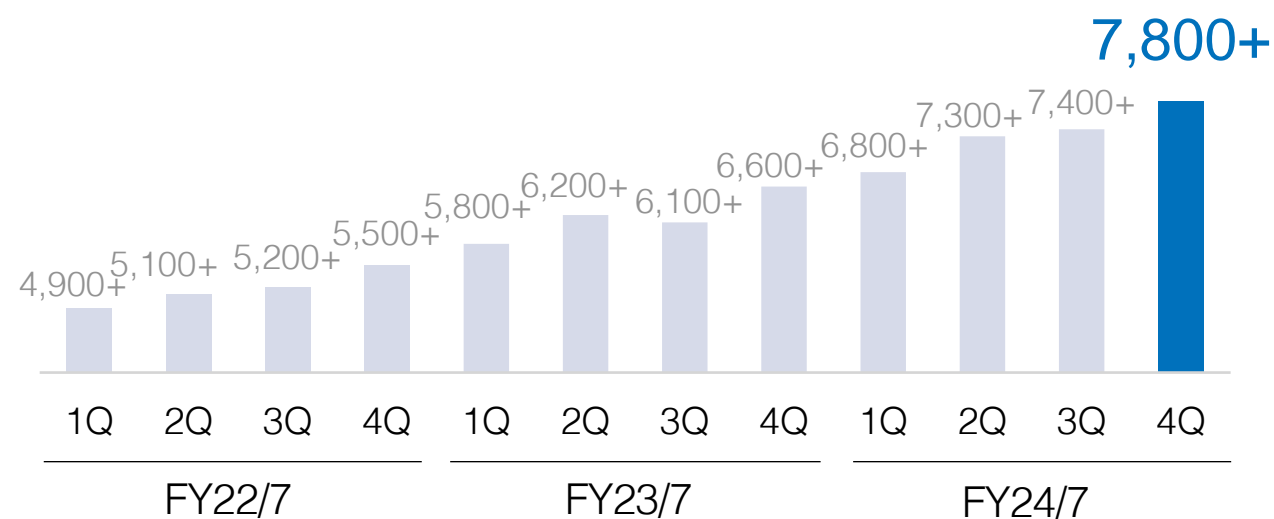
**# of Registered Direct Employers<sup>(1)</sup>**



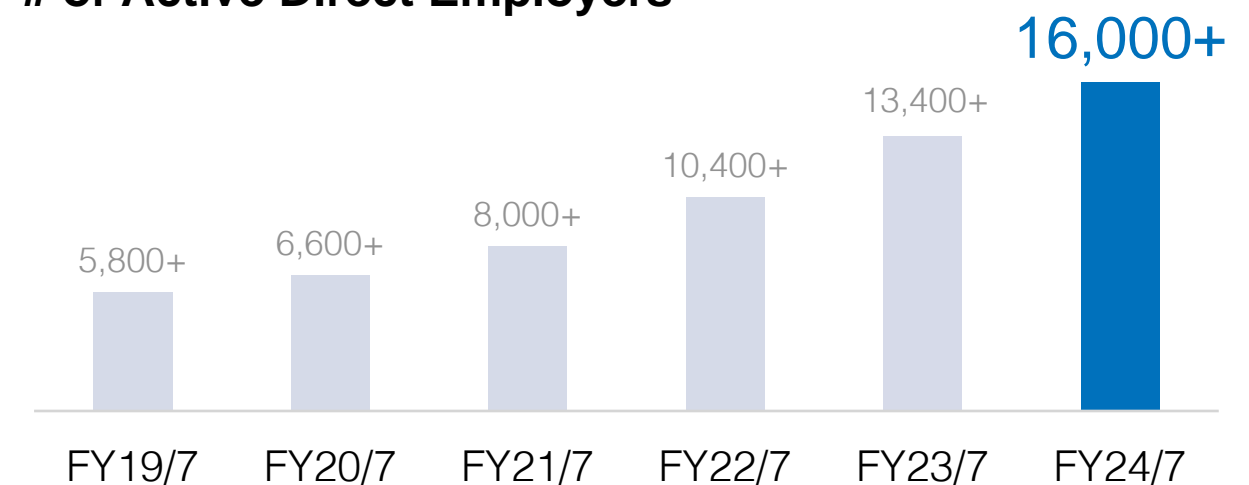
**# of Scoutable Job Seekers<sup>(3)</sup>**



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



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

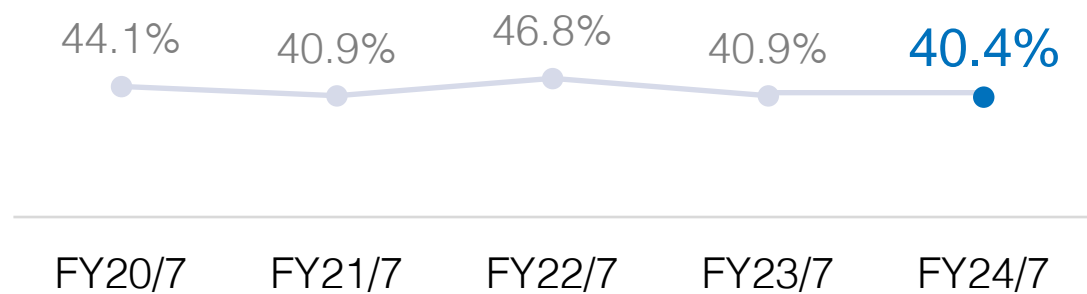


Notes: (1) Direct employers who have subscribed to our BizReach platform (excluding headhunters) (2) All passed screening by BizReach (3) # of users who registered on BizReach platform with resume / CV that have passed a general screening process and whose profile is set to be viewable by direct employers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

**FY operating profit margin landed as planned. Continue to focus on delivering sustainable growth by adjusting investment plans based on market conditions. FY2025/7 profit margin forecast is 40%. Mid-term profit margin is expected to be around 40%**

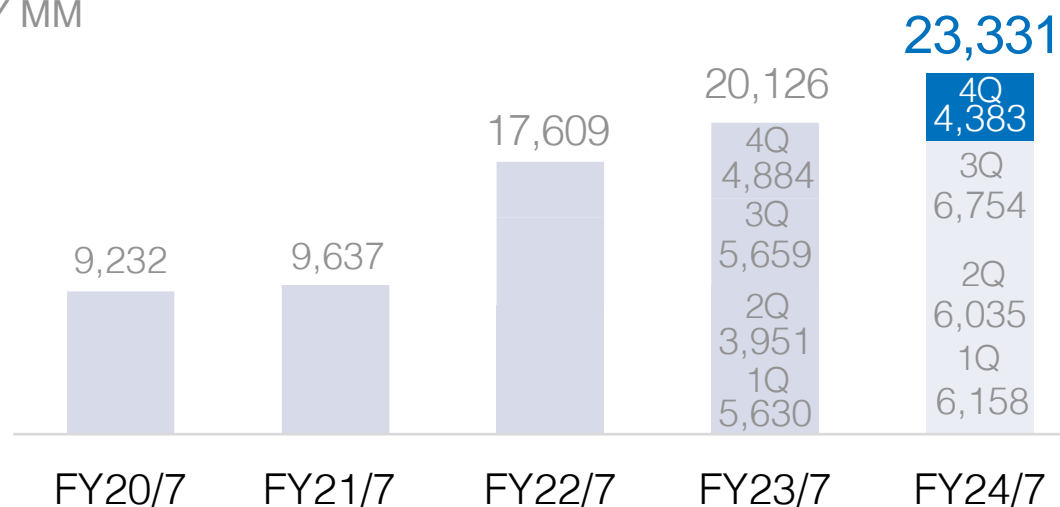
## BizReach Operating Profit and Margin (before Corporate Expense Allocation) <sup>(1)(2)(3)</sup>

FY operating profit margin (before corporate expense allocation)



FY operating profit (before corporate expense allocation)

JPY MM



- 4Q profit margin landed as planned

In addition to regular marketing to acquire job seekers, 15th anniversary campaign and our new TV commercial “CEO’s Determination” has started

- FY2025/7 operating profit margin (before corporate expense allocation) forecast is 40%

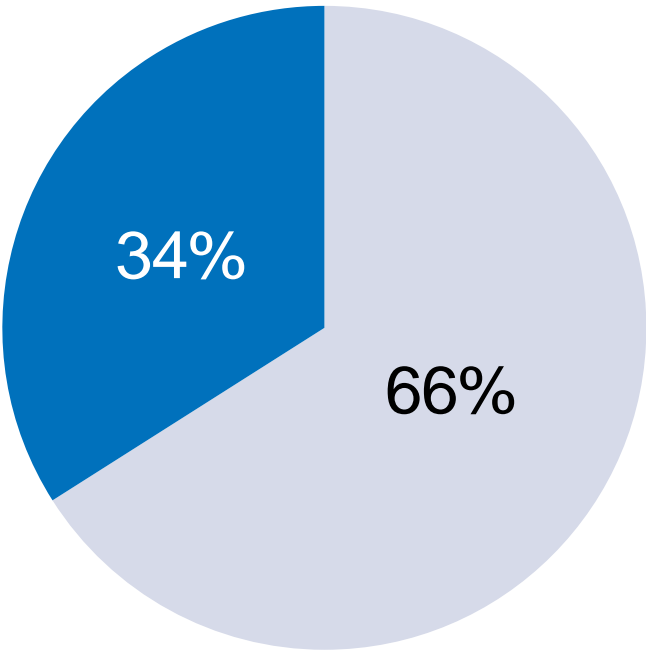
Profit margin for each quarter fluctuates depending on the balance between net sales and growth investment plans

- Despite the unclear market outlook and the impact from unrecovered hiring demand in some areas of the market, direct recruiting has expanded amongst many Japanese companies, resulting in +1,400 cumulative number of registered direct employers vs. 3Q

Unique mix of recurring revenue<sup>(1)</sup> and performance revenue<sup>(2)</sup>

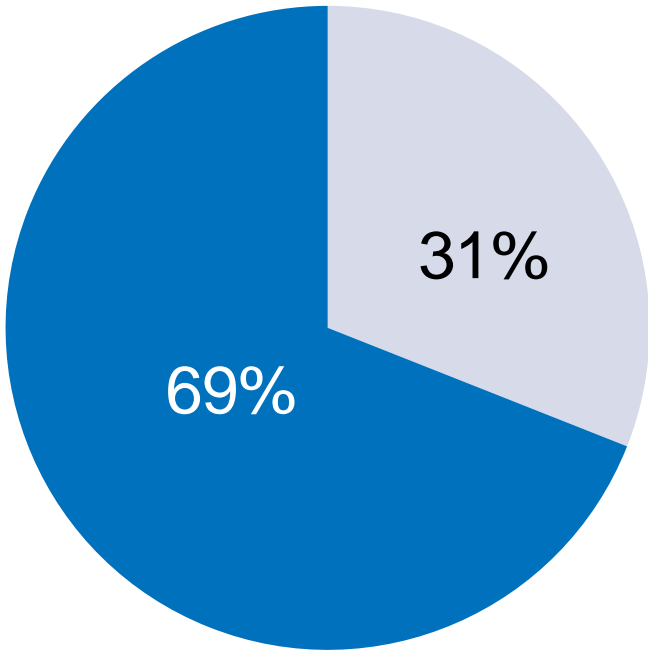
FY24/7 BizReach Business Revenue Breakdown by Fee Type<sup>(3)</sup>

■ Performance Revenue  
■ Recurring Revenue



FY24/7 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

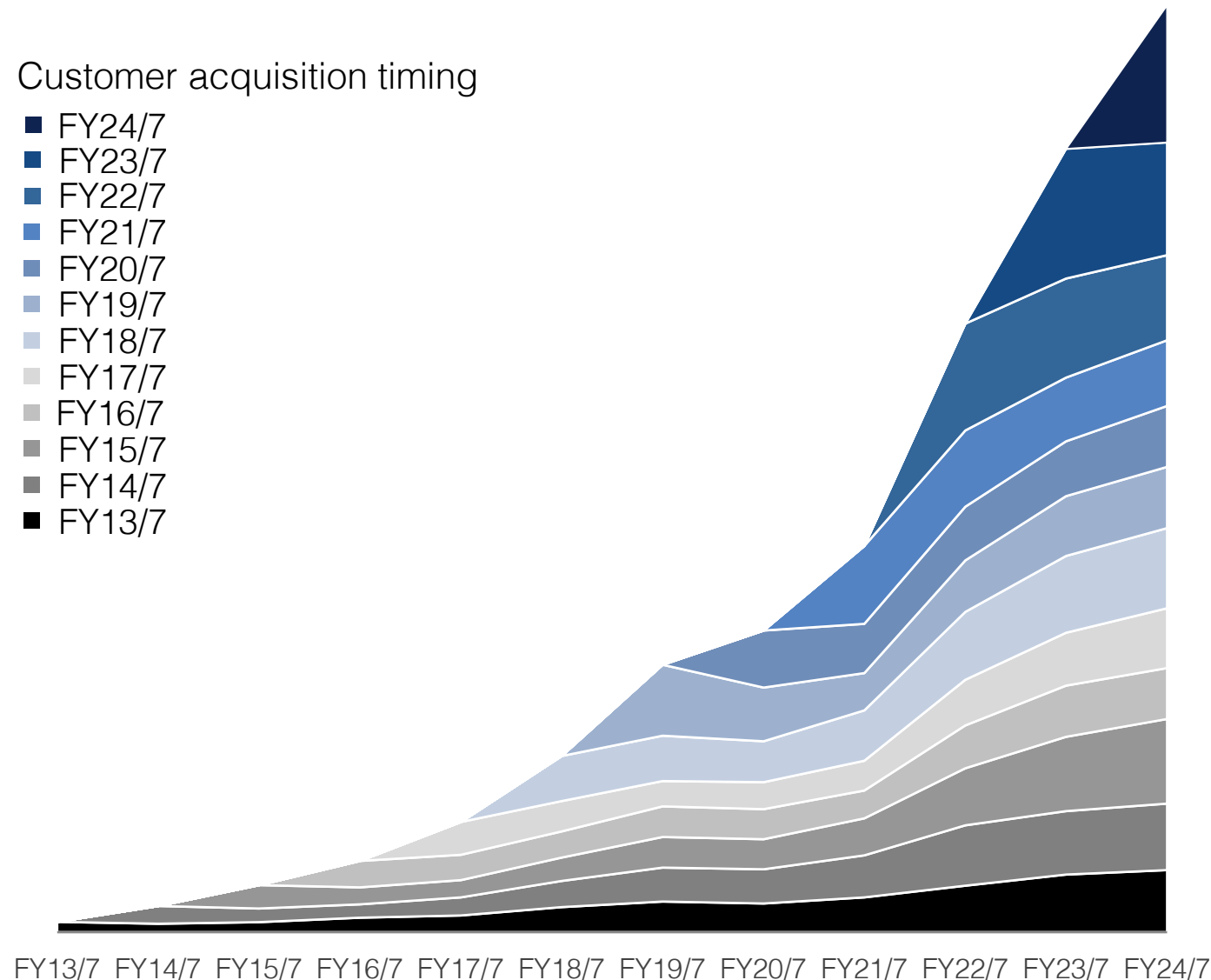
**Our net sales has grown supported by a stable customer base built over the years**

## By Customer Acquisition Timing (Sales Order Amount)<sup>(1)</sup>

Total sales amount from direct employers and headhunters

Customer acquisition timing

- FY24/7
- FY23/7
- FY22/7
- FY21/7
- FY20/7
- FY19/7
- FY18/7
- FY17/7
- FY16/7
- FY15/7
- FY14/7
- FY13/7

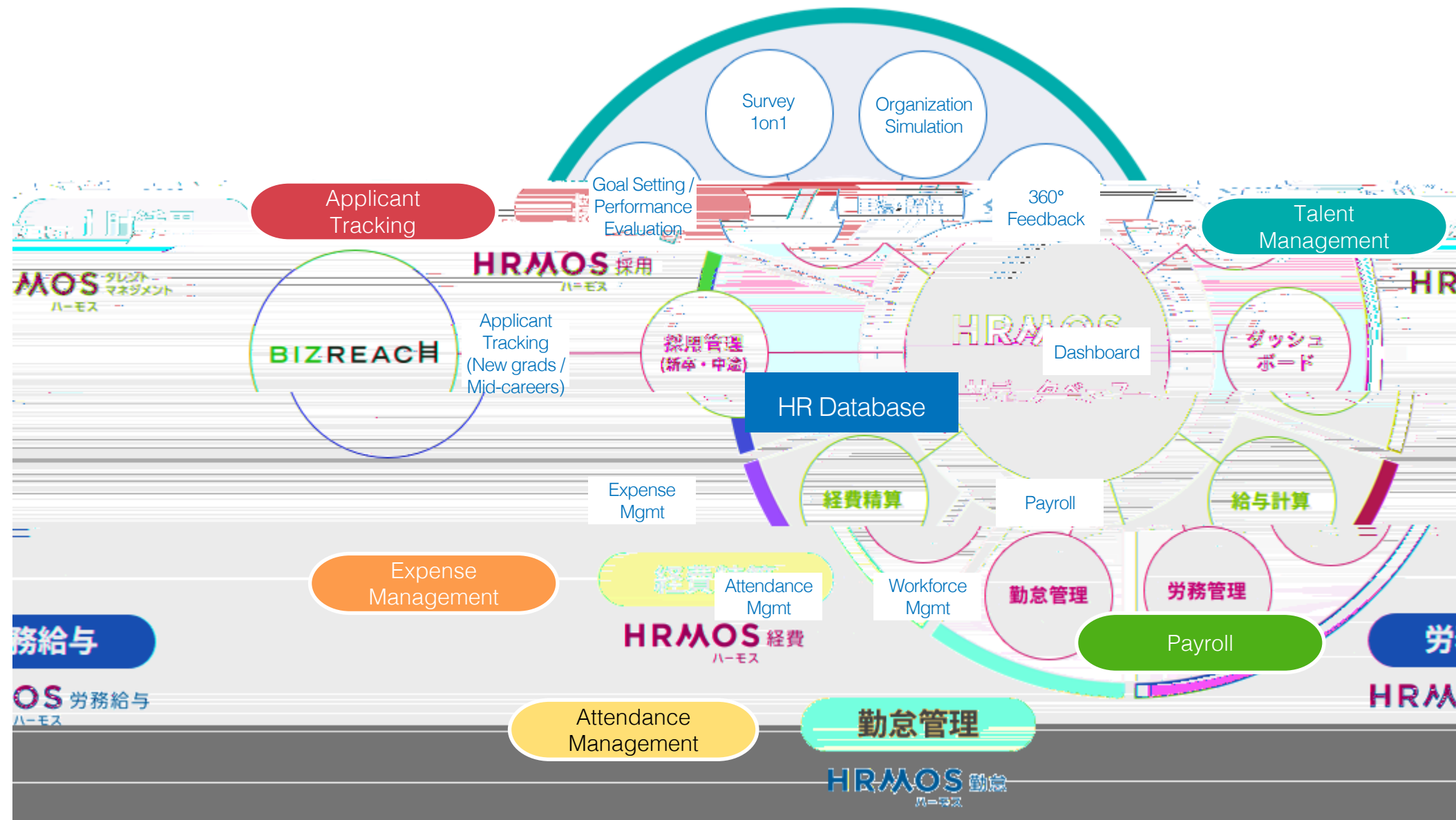


- The left chart indicates sales order amount of each fiscal year from direct employers and headhunters counted from the time they were first acquired since FY2013/7
- Number of BizReach customers tends to decrease over the years after being acquired as they may leave the platform depending on hiring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

Note: (1) Summed up the sales amount of BizReach or each fiscal year during the period from the year in which we first received sales orders from customers (direct employers and headhunters) from FY13/7 to FY24/7. As figures in the above chart is recorded at timing of sales order, accordingly, they are different from accounting figures

HRMOS

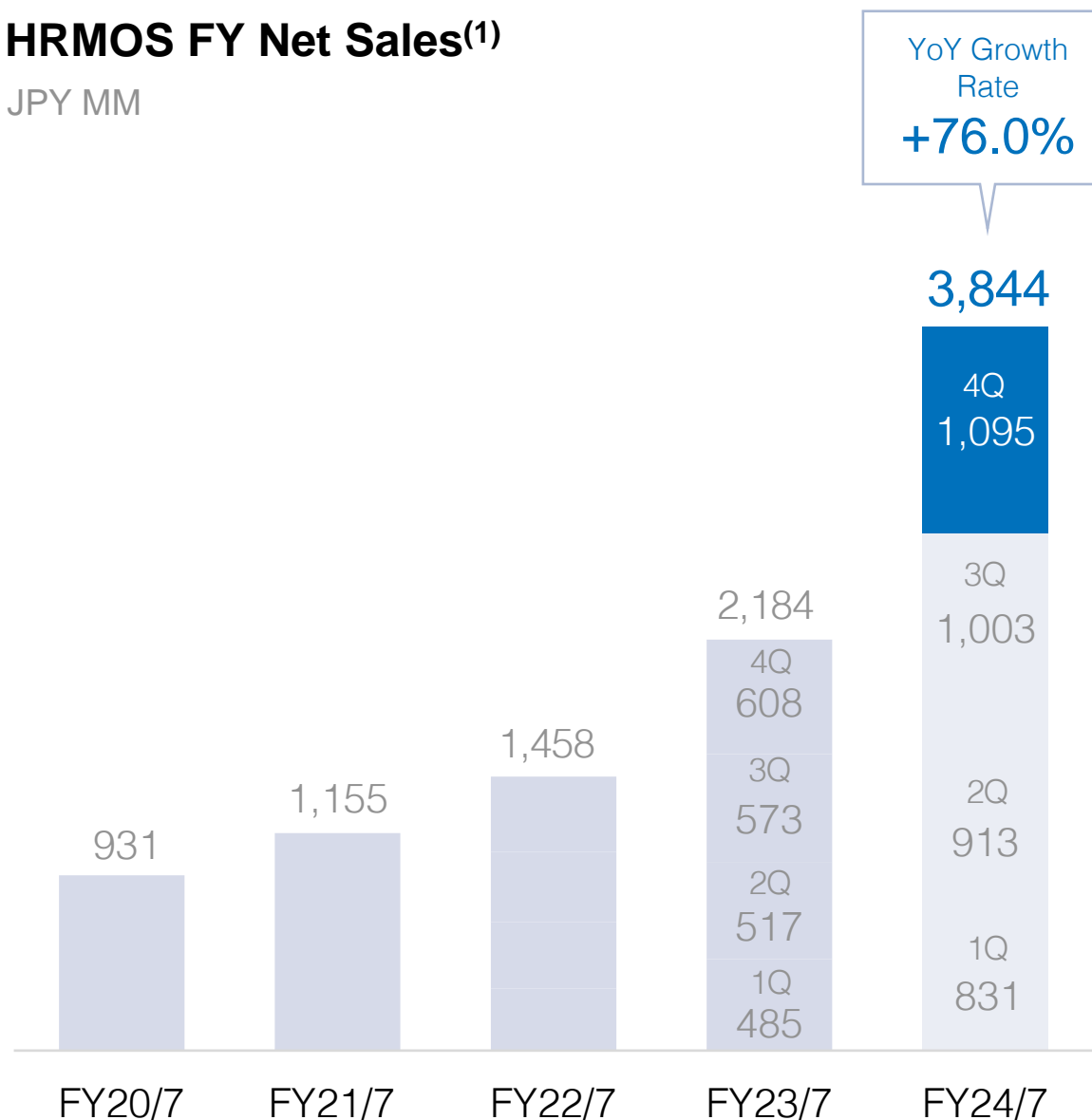
Seamless integration of BizReach and HRMOS to expand a unified, data driven HCM Ecosystem that enables investment and management of human capital to drive business competitiveness



**Net sales of each HRMOS services grew strongly whilst we continue with product development.**  
**FY2025/7 net sales forecast is JPY 5.00Bn, 30.1% YoY growth**

## HRMOS FY Net Sales<sup>(1)</sup>

JPY MM



- FY net sales grew 76.0% YoY, and net sales for 4Q grew 79.9% YoY. Net sales landed above plan

Net sales exceeded plan in all services

Customer acquisition drove growth in net sales

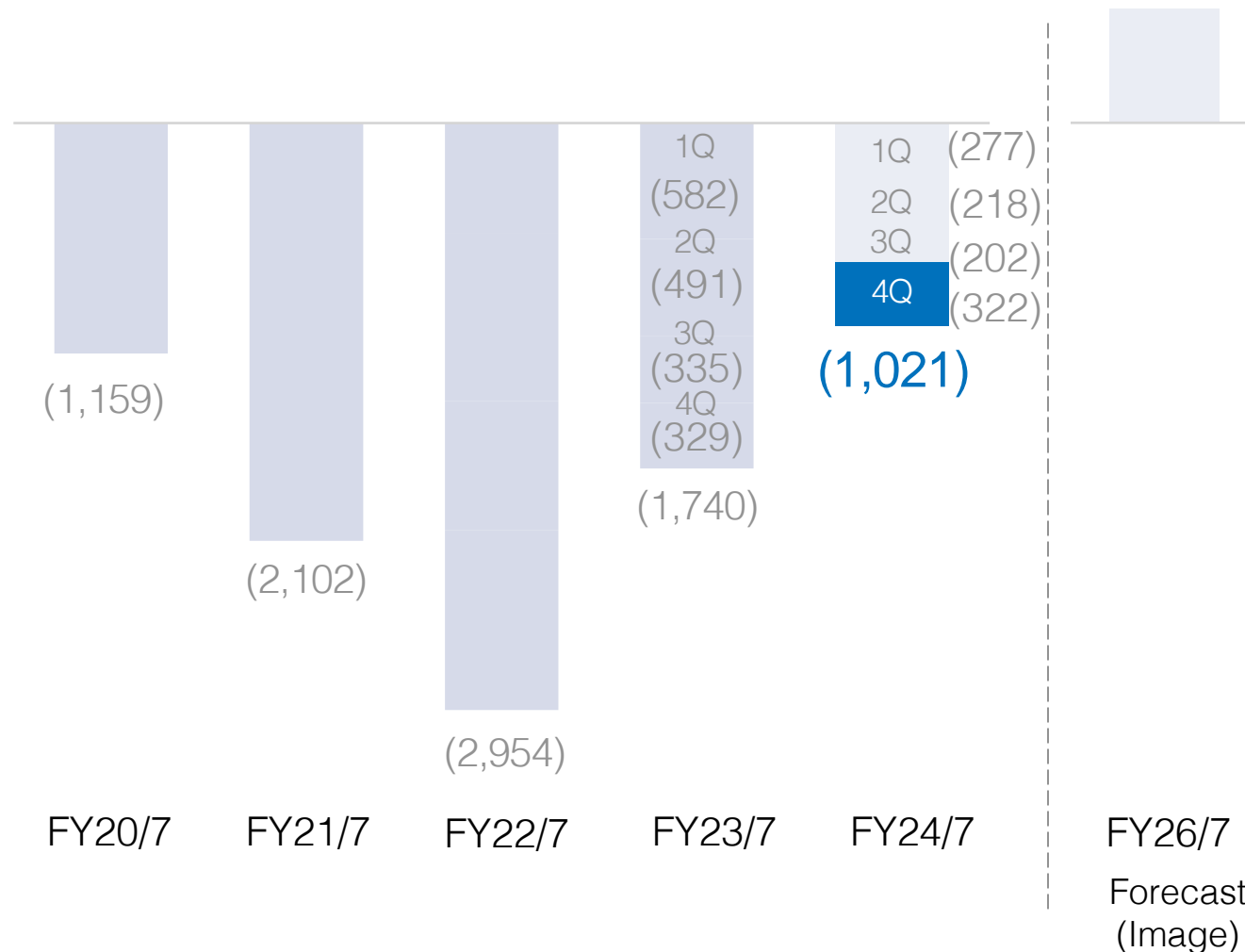
- FY2024/7 YoY growth is impacted by the addition of HRMOS Expense Management that were not included in HRMOS in the prior year. FY2025/7 YoY growth rate represents growth within the same services
- HRMOS Payroll launched as planned. Contribution to net sales in FY2025/7 is limited



**FY losses were significantly reduced than previous year driven by strong net sales growth and efficient marketing. FY2025/7 forecast expected to be at a similar level to previous year**

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

JPY MM



- As planned, 4Q investment was the largest in FY2024/7. However, operating losses decreased significantly compared to FY2023/7 and plan due to strong net sales growth and disciplined marketing activities
- FY2025/7 losses are expected to be at a similar level to FY2024/7 due to our promotion of each services in addition to the promotion of the integrated HRMOS series
- HRMOS aims to become profitable in FY2026/7. We may strategically change the timing of profitability based on future trends in the market etc., however, based on our current strategy, no change to the plan

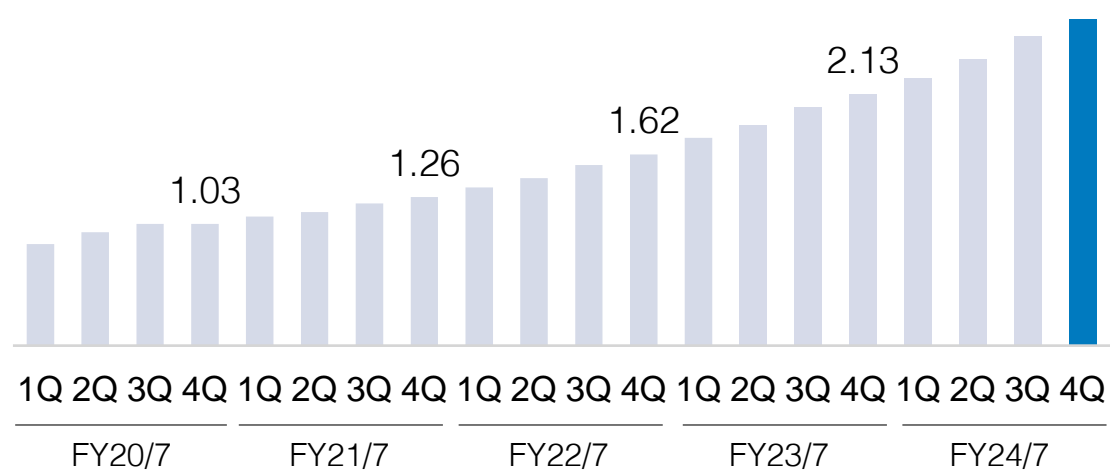
**ARR reached JPY 2.77Bn in 4Q (29.8% YoY growth) driven by solid growth of customers. KPIs below represent HRMOS ATS and HRMOS Talent Management total (same as previous disclosure)**

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

JPY Bn

**¥2.77Bn** (+29.8% YoY)

2.77

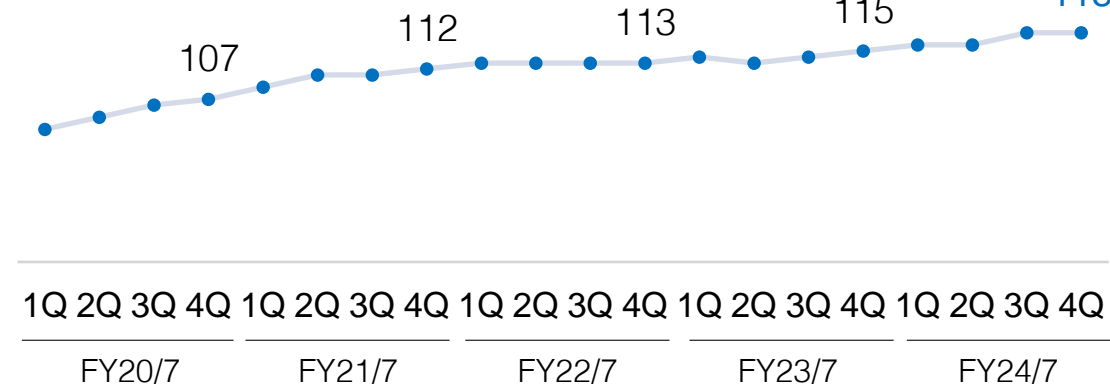


## ARPU<sup>(3)(4)</sup>

JPY thousands

**¥118k** (+3.1% YoY)

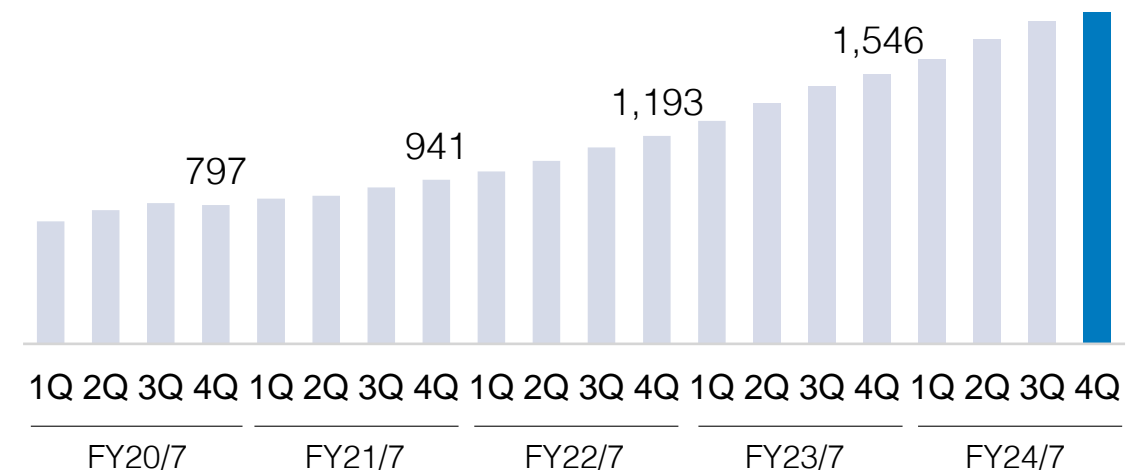
118



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

**1,947** (+25.9% YoY)

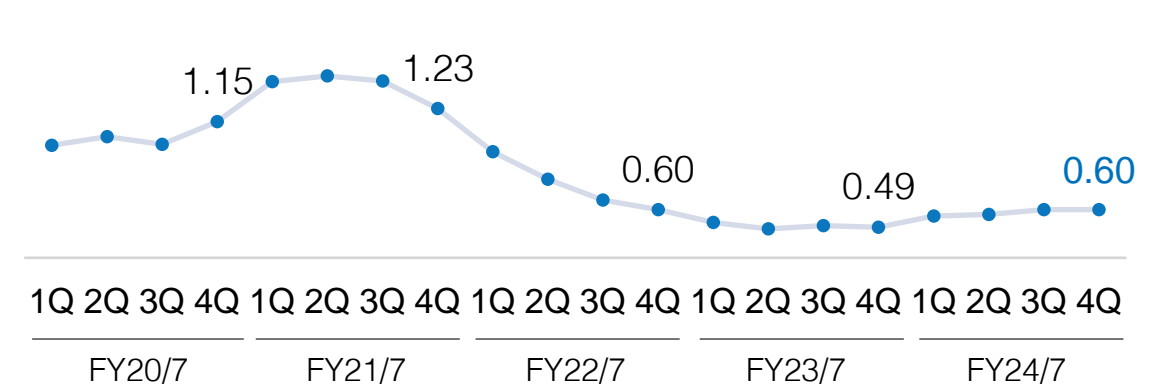
1,947



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

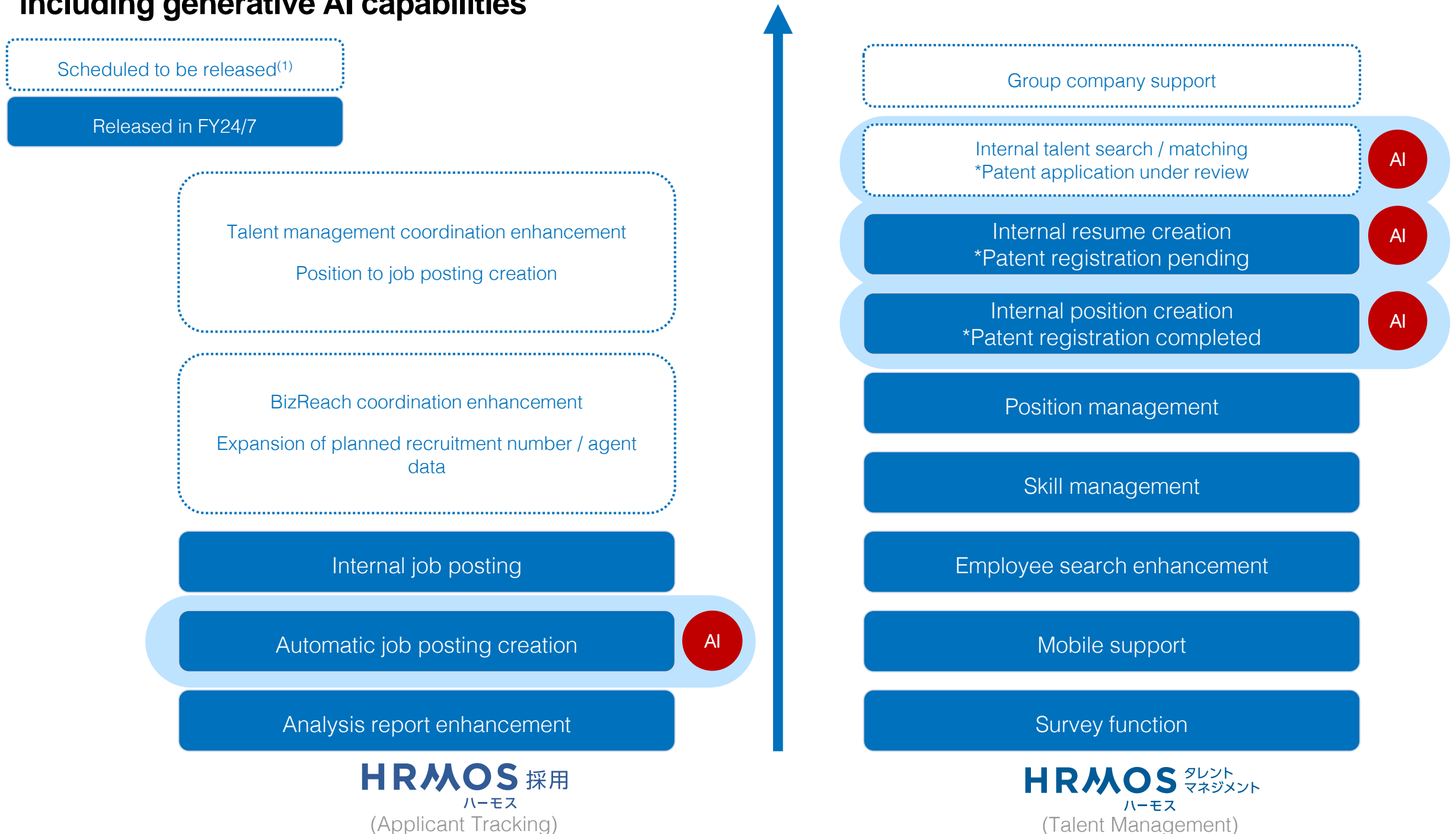
%

Last 12-month average: **0.60%**



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 July 2024 (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 July 2024 (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 July 2024 (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 July 2024

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 including generative AI capabilities






# Visional Group Strategy and Our Future

## **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**

**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

2023



Job change ratio  
within full-time: 2.6%

## 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

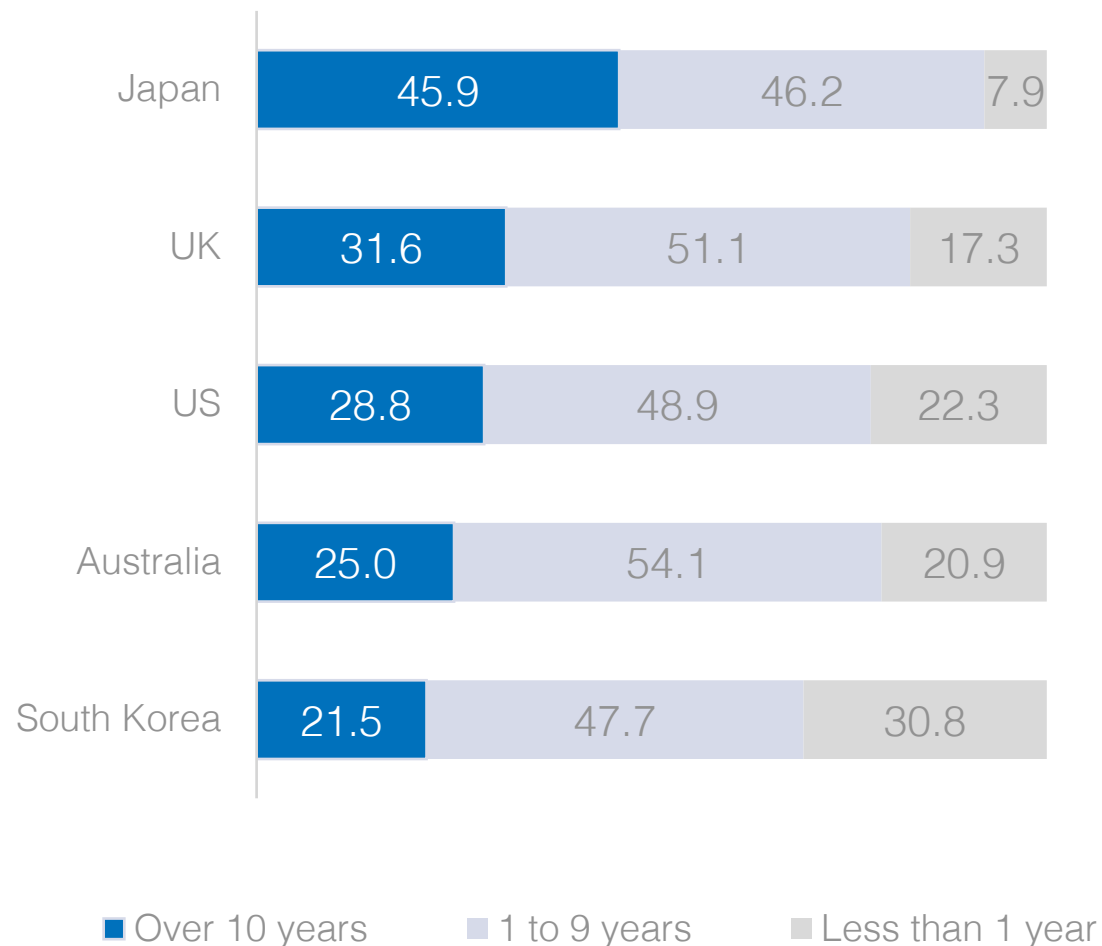
Notes: (1) Source: “Labor Force Survey (Basic Tabulation)” by Statistics Bureau, Ministry of Internal Affairs and Communications from CY2023. Figures are calculated as taking twelve months average of the monthly research on the number of employed workers, as of the end of each month (2) Source: “Labor Force Survey (Basic Tabulation)” by Statistics Bureau, Ministry of Internal Affairs and Communications from CY2023. 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 CY2023. 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

**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>

Unit: %



## 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

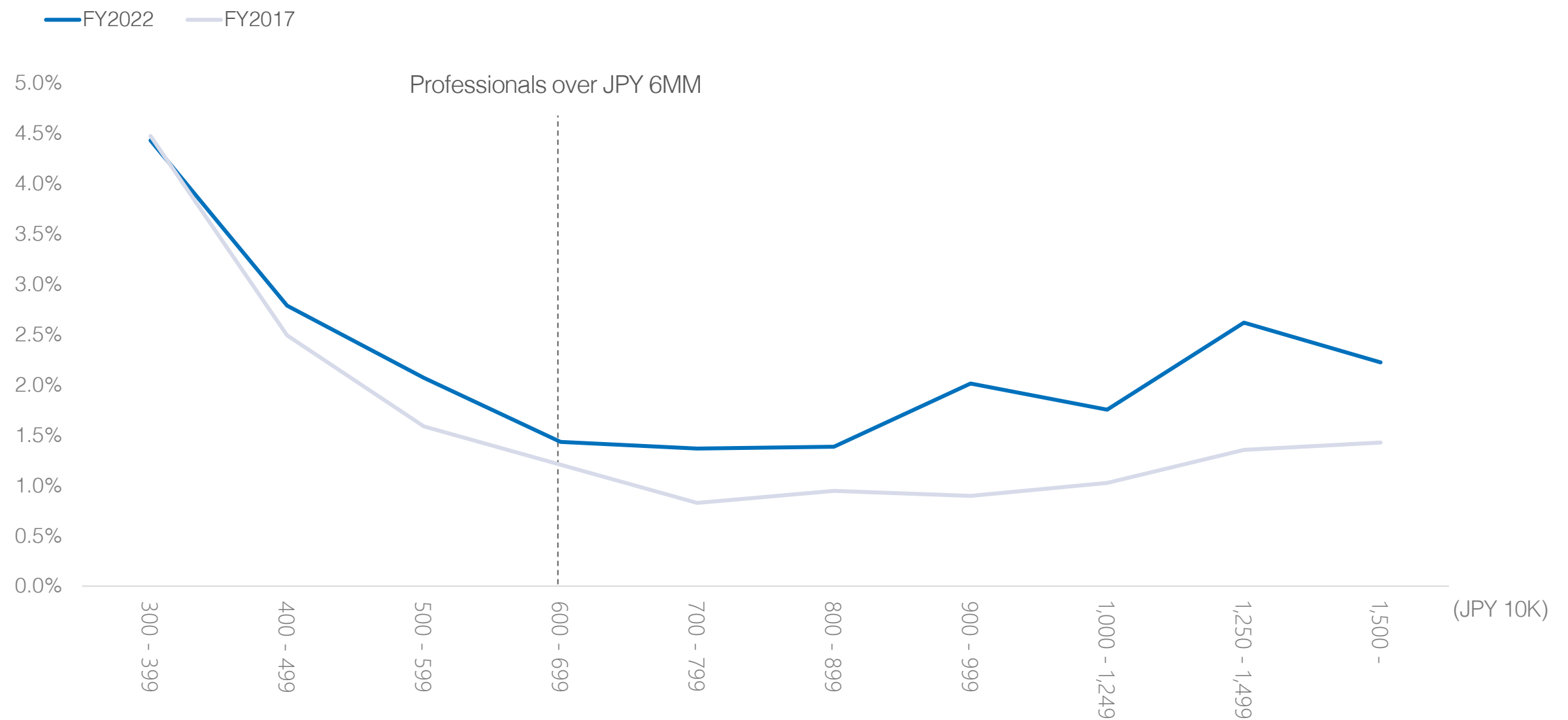






**Although no significant changes observed in total full-time job changes pre/post COVID-19, labor liquidity within professionals has increased. We expect further expansion of mid-career recruiting as demand for professionals increases**

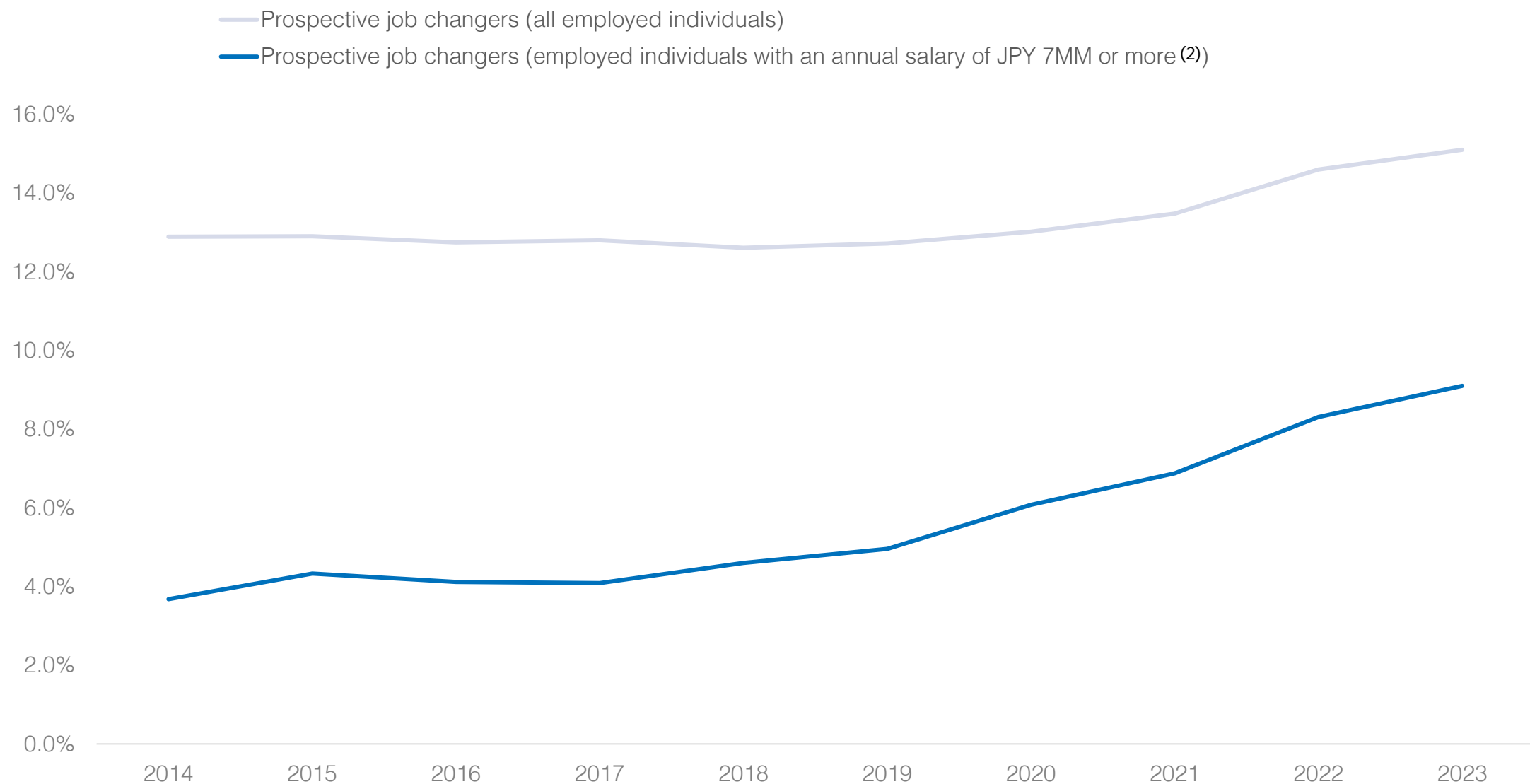
## Job Change Ratio based on Income<sup>(1)</sup>



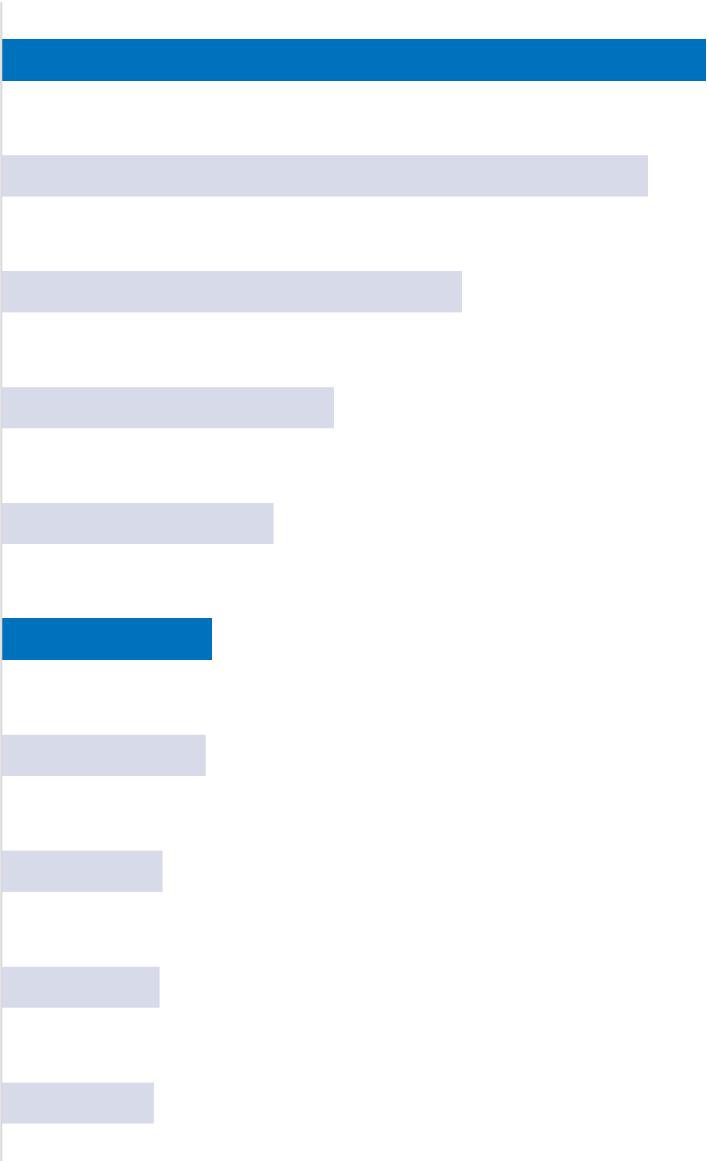
Note: (1) Prepared by Visional, Inc. based on the “2017 Employment status survey” and the “2022 Employment status survey” by the Ministry of Internal Affairs and Communications. Income is defined as the annual income of full-time employees after changing jobs. Job changers are defined as workers who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

**% of prospective job changers has been on the rise since COVID-19, and % of prospective job changers has been particularly rising among individuals earning an annual salary of JPY 7MM or more. Mobility may accelerate further in the future**

## % of Employed Individuals Looking to Change Jobs<sup>(1)</sup>



Notes: (1) Prepared by Visional, Inc. 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 changes, refer to individuals with responses "I am looking to change jobs" or "I am in the process of finding a job" to the question "Are you looking to change jobs?" The denominator in the calculation is the number of employed individuals, and the numerator is the number of prospective job changers (2) "Annual salary" refers to all income (including taxes) from all jobs within one year



**Strengthening and applying human capital is crucial in delivering company strategies. However, complexity is increasing as job mobility increases**

## Market Trends

**Increasing number of hiring professionals**

**Increasing turnover**

**Implementation of job-based employment**

## HR Issues and Needs



Number of required talents are increasing each year and cannot be filled with recruiting alone. Headcount planning requires both hiring and internal moves



As we see more people coming and going, we don't know what kind of talents exist in the organization to assign to a role

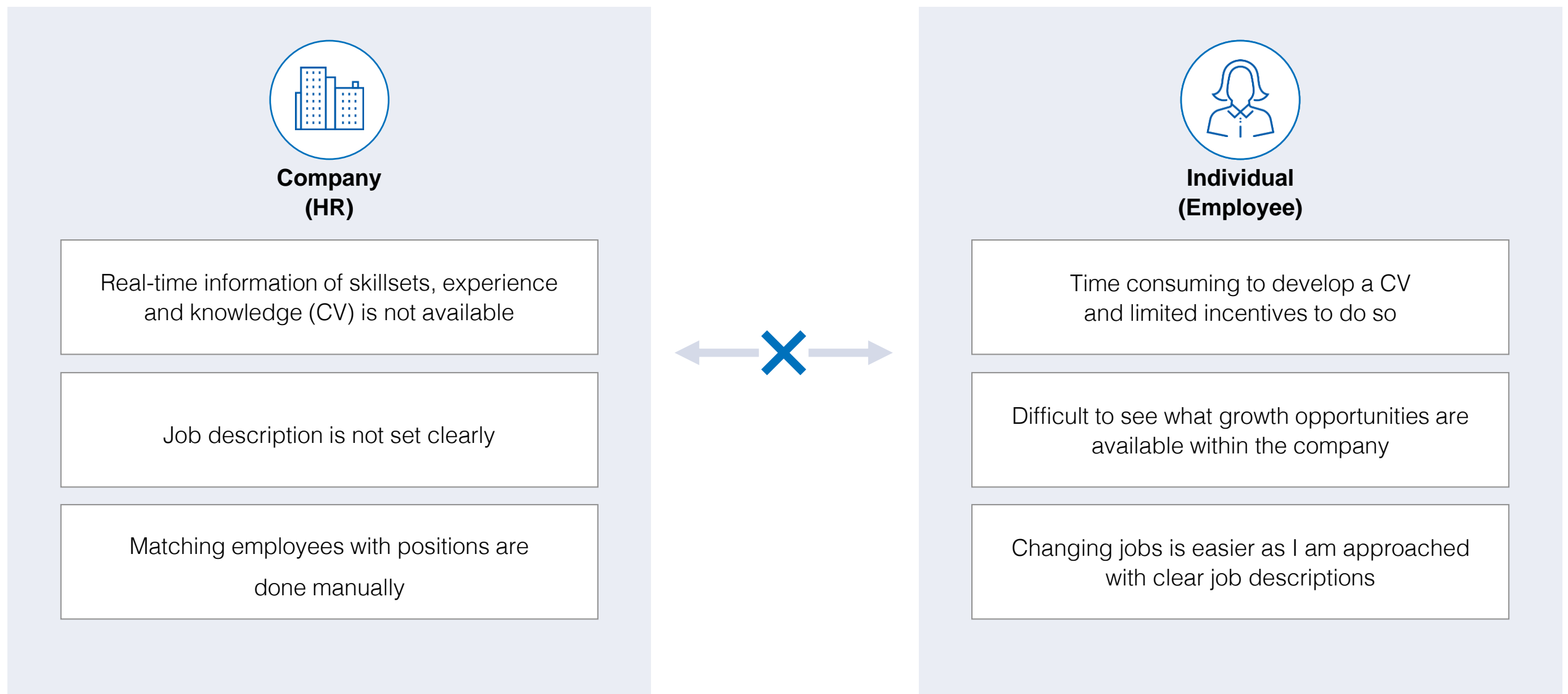


We could have offered a challenging role to potentially retain a talent who have left for a new external challenge

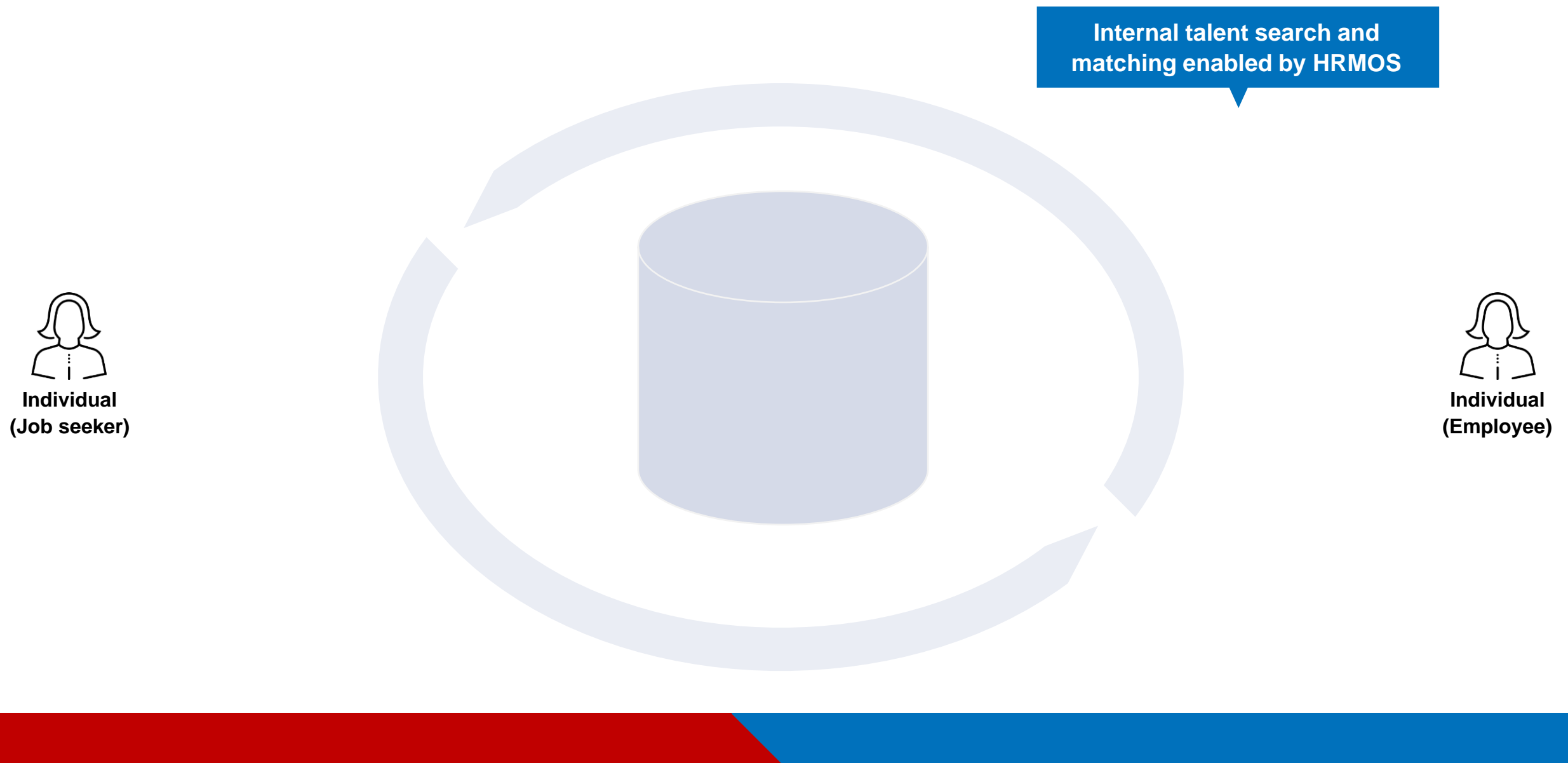


Job-based employment requires managing talent by functions and grades but creating and managing position specifications are burdensome

**Either hire externally or hire talents through internal moves, the first step is to visualize position and candidate specifications. Yet, resource is limited and execution is not easy**

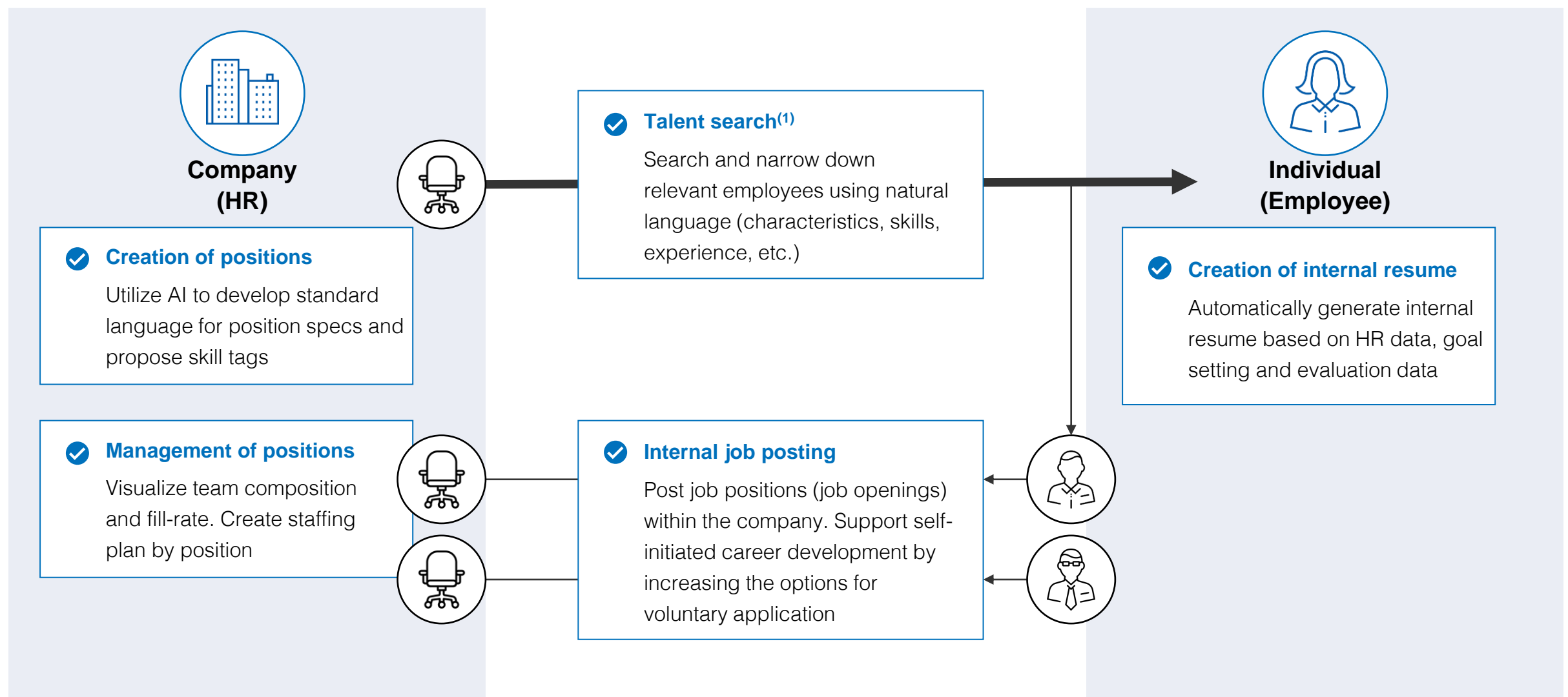


**Visional Group's HCM data platform supports the execution of management strategy by utilizing HR data objectively analyzed from a statistical perspective and used for managing talent both internally and externally. The new HR strategy harnesses generative AI technology**



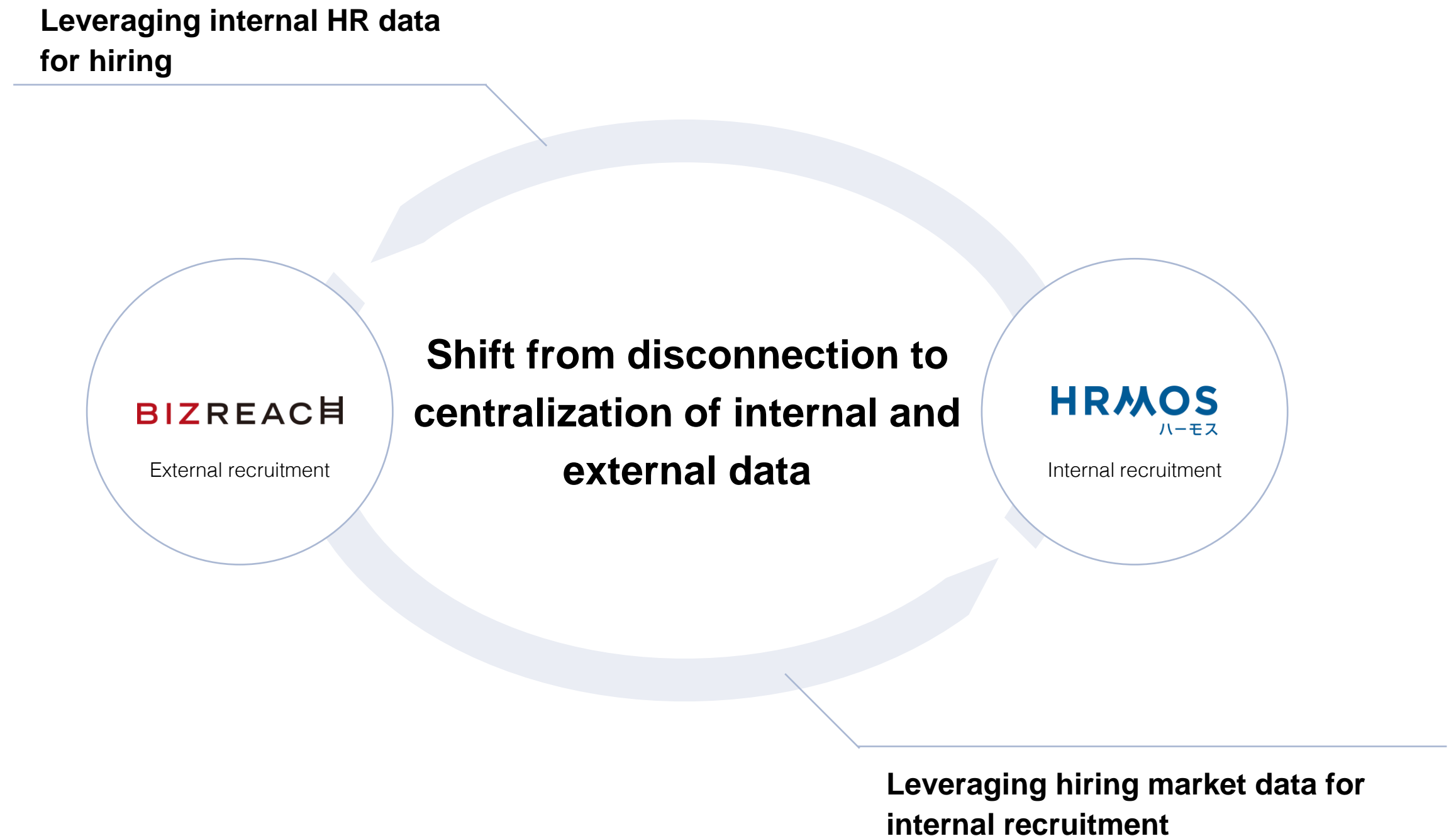
# Reference: Hiring Professionals Internally using “Internal BizReach” Concept

**Develop internal resumes and position specifications using internal HR data to visualize talent and positions. Optimal matching from skillsets and experience. Activate the internal labor market using generative AI that significantly reduces resources to manage human capital**



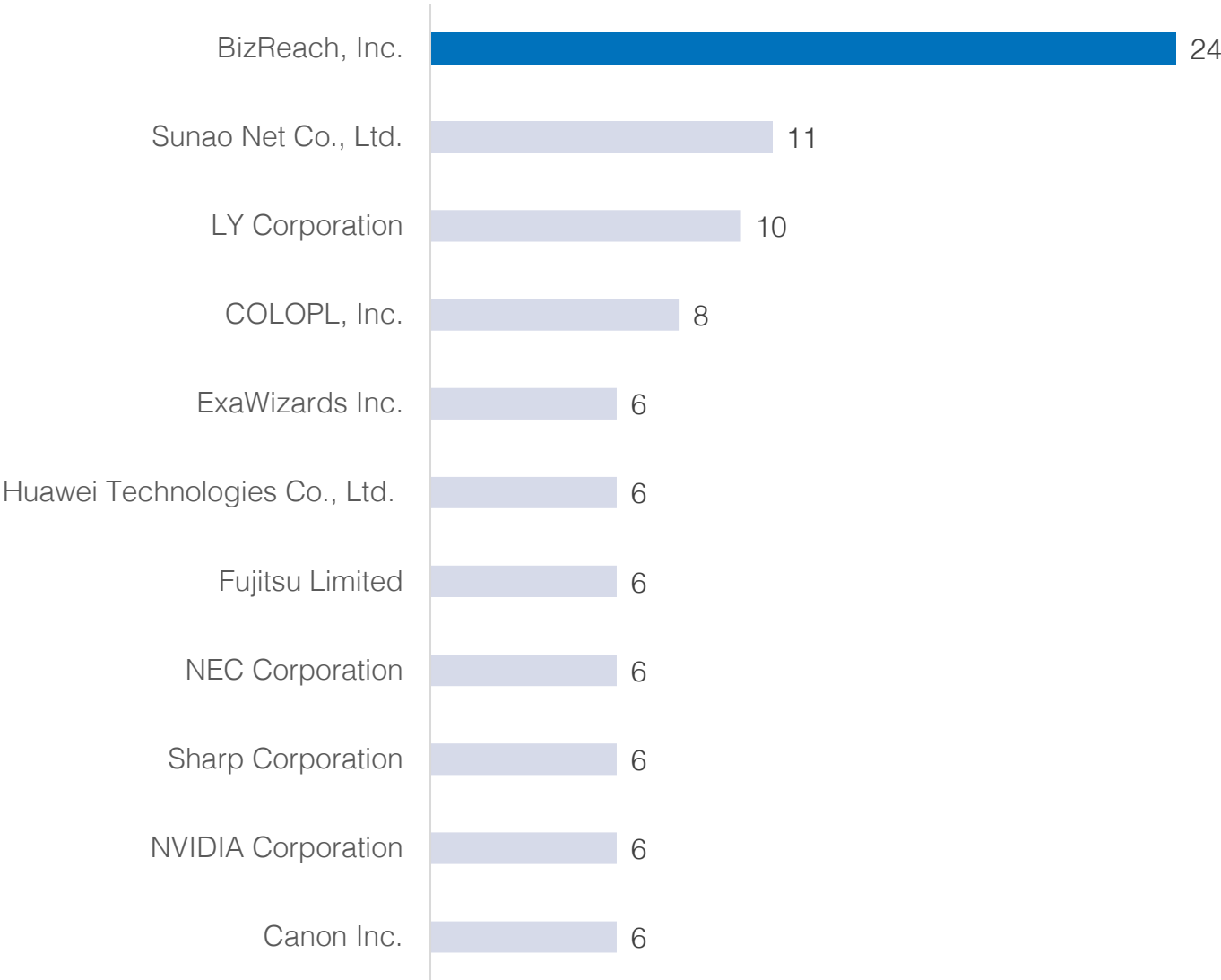


Human capital management should collect and analyze both real time data in the external recruitment market and employee data to be used in building internal HR strategies and recruiting



We view technology investment as a source of competitive advantage. We rank as #1 in Japan in terms of the number of generative AI patent applications published in the past year

Generative AI-Related Patents (Applications Published between August 2023 and July 2024)<sup>(1)</sup>



Examples of Generative AI-Related Patents of BizReach, Inc. <sup>(2)</sup>

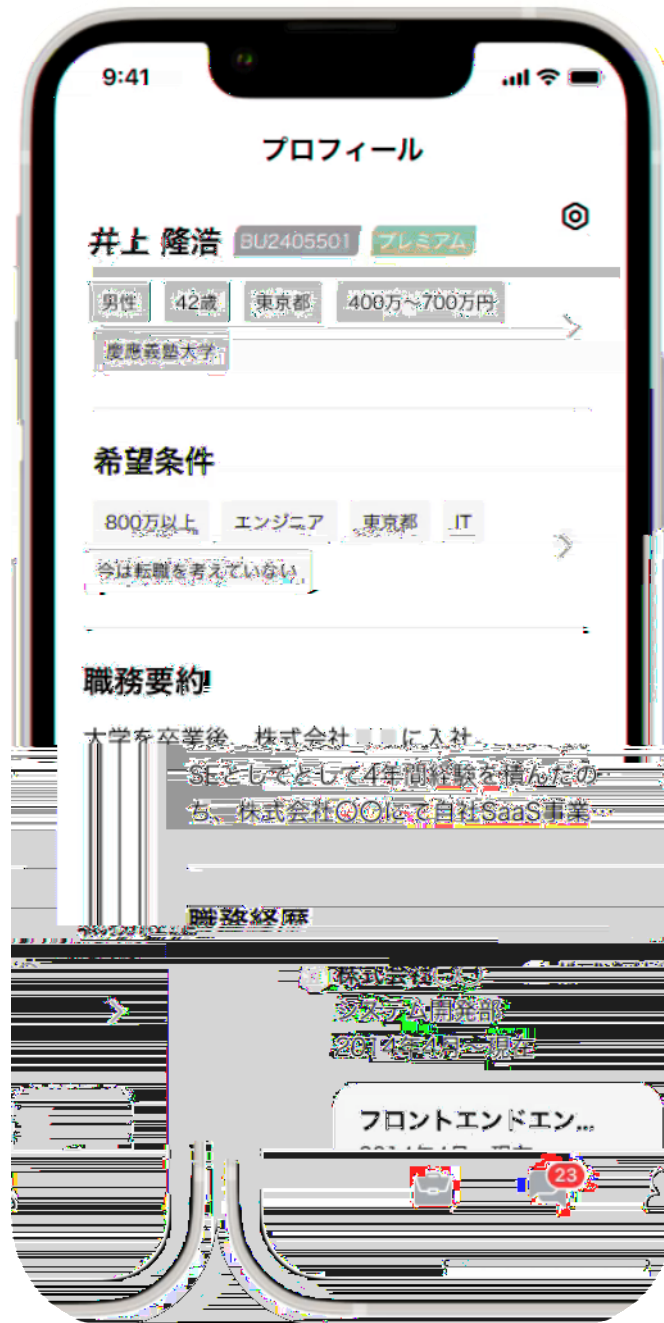
- Automatic resume creation
- Automatic job post creation
- Job post scoring
- Automatic internal resume creation
- Automatic internal position creation
- Internal talent search
- Candidate recommendation
- Search criteria proposal

Notes: (1) Prepared by Visional, Inc. based on Japanese patents first published through public announcement of application or registration between August 2023 and July 2024, as well as patent application surveys by “Chizaizukan” (2) Patent No. 7371284, Patent No. 7373091, Patent No. 7403027, Patent No. 7475529, Patent No. 7488974, Patent No. 7546181, etc. Includes patents pending

# BizReach AI: Announced in July 2023

## “GPT Model Resume / CV Creation” for Job Seekers

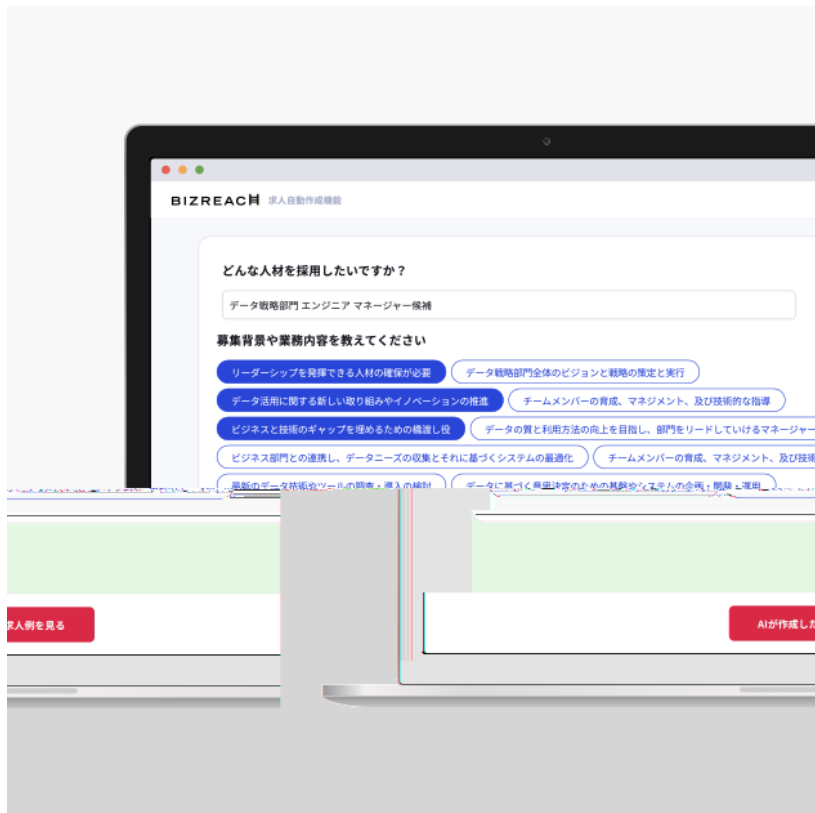
**40% increase in the number of scout messages received. Our proprietary logic using our accumulated know-how and data enables high quality resume / CV creation**



### 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

**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

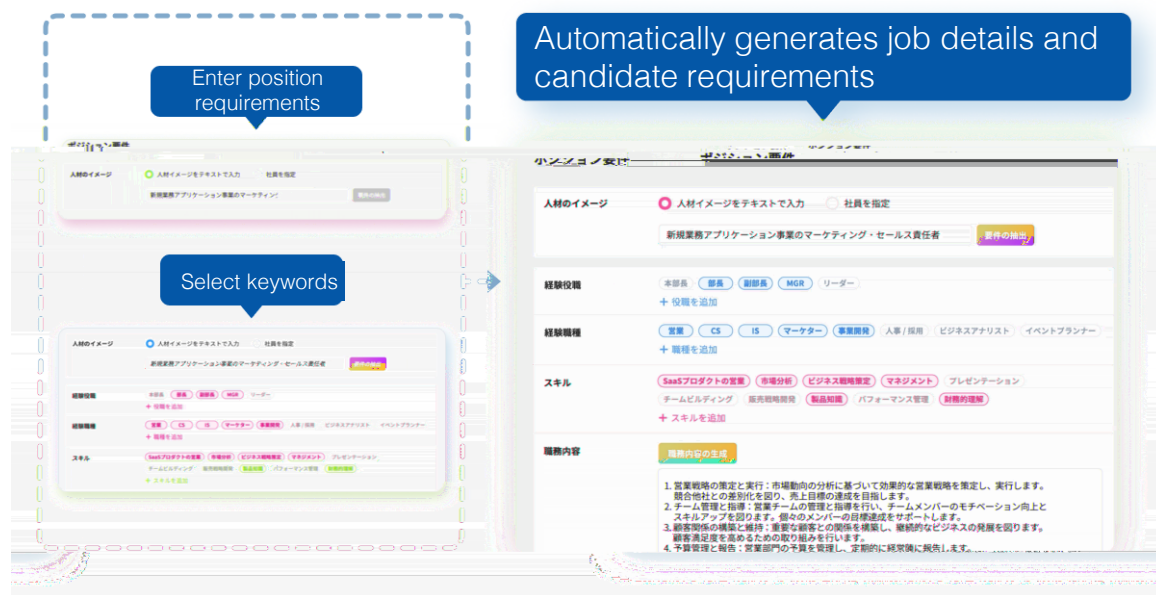
With the growing trend of “divisional-led hiring” beyond traditional HR practices, individuals without recruitment experience is required to create a job opening / posting

- 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

# BizReach AI: Announced in January 2024 Generative AI “Position Specs Creation” and “Internal Resumes Creation”

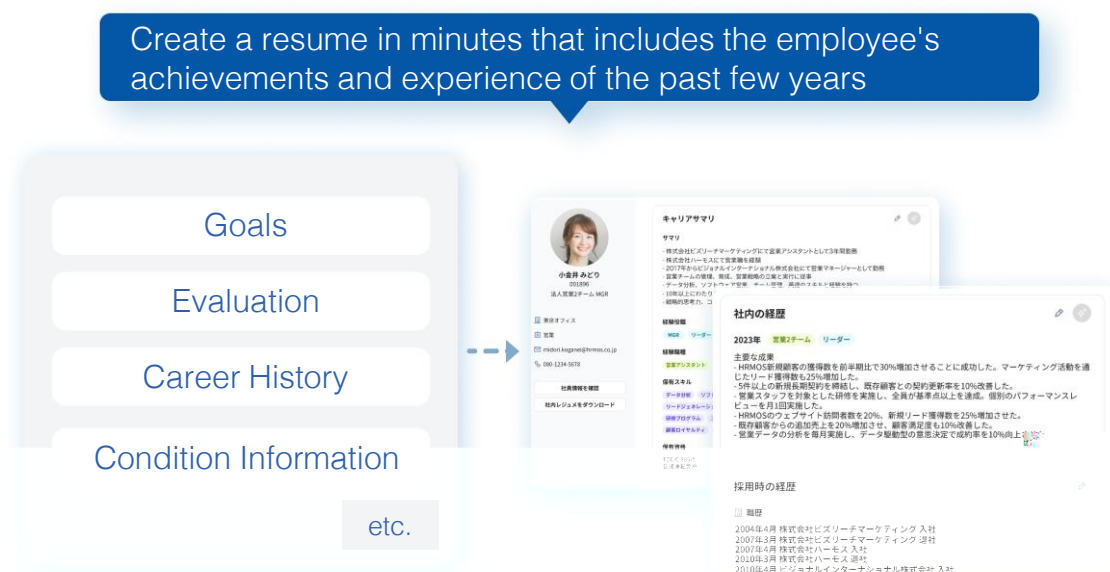
➤ VISIONAL

Generative AI technology and know-how acquired through BizReach also applied to HRMOS. The goal is to make internal job openings visible and develop standard language for various skills. Pilot process to started. Target official launch of summer 2024



## Automatic Creation of Position Specs and Internal Resumes<sup>(1)</sup>

- Companies need to prepare position specifications to clarify the types of candidates that they need to hire. This function helps address the lack of standard language for job descriptions including required skills
- Position specs creation supports the need for developing standard language for position specifications. By selecting a specific employee, the user can create job specifications such as job summary, job details, responsibilities, and skills based on the individuals career data and skill set
- Internal resumes creation allows employees to generate their career summary in minutes, with their goals, achievements, experience and skills registered in HRMOS Talent Management summarized in a resume format

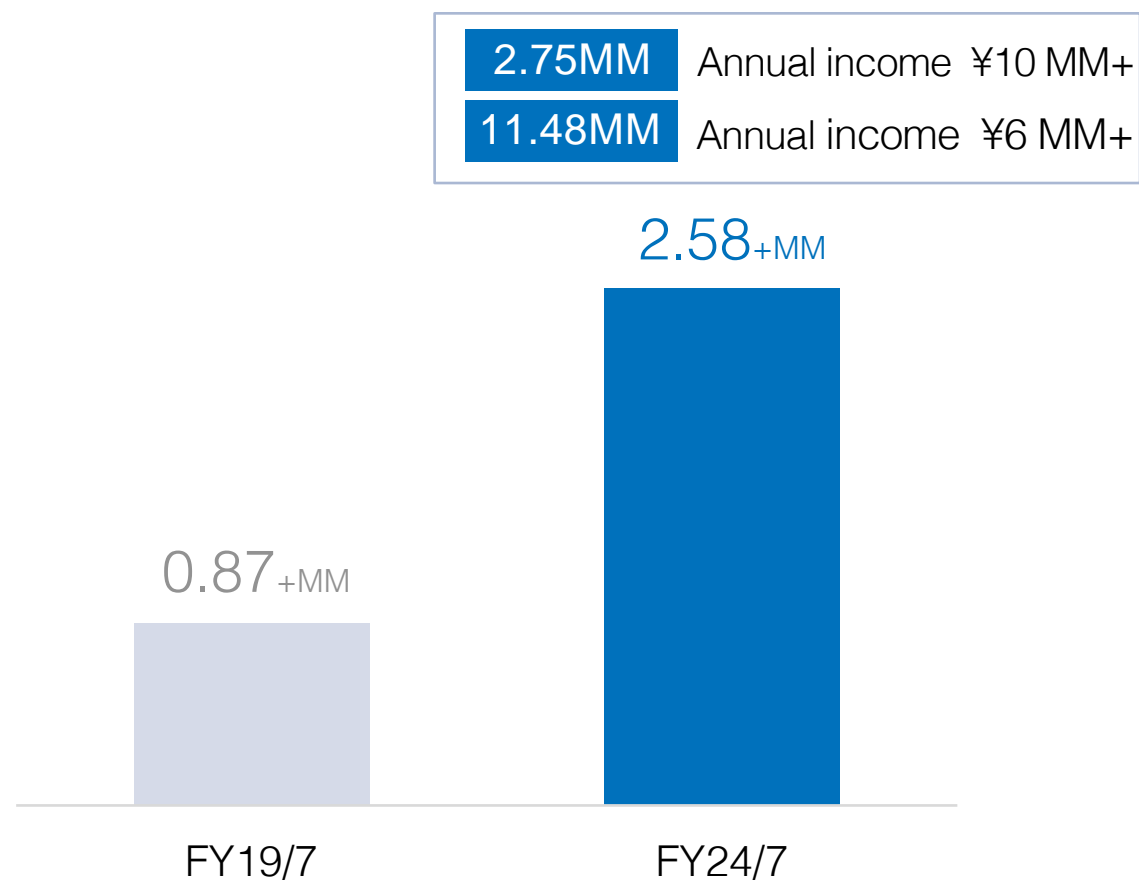


**Increased job mobility is the biggest growth driver. We will therefore increase our penetration within the professional population, and accelerate new client acquisitions and increase wallet share of existing clients**

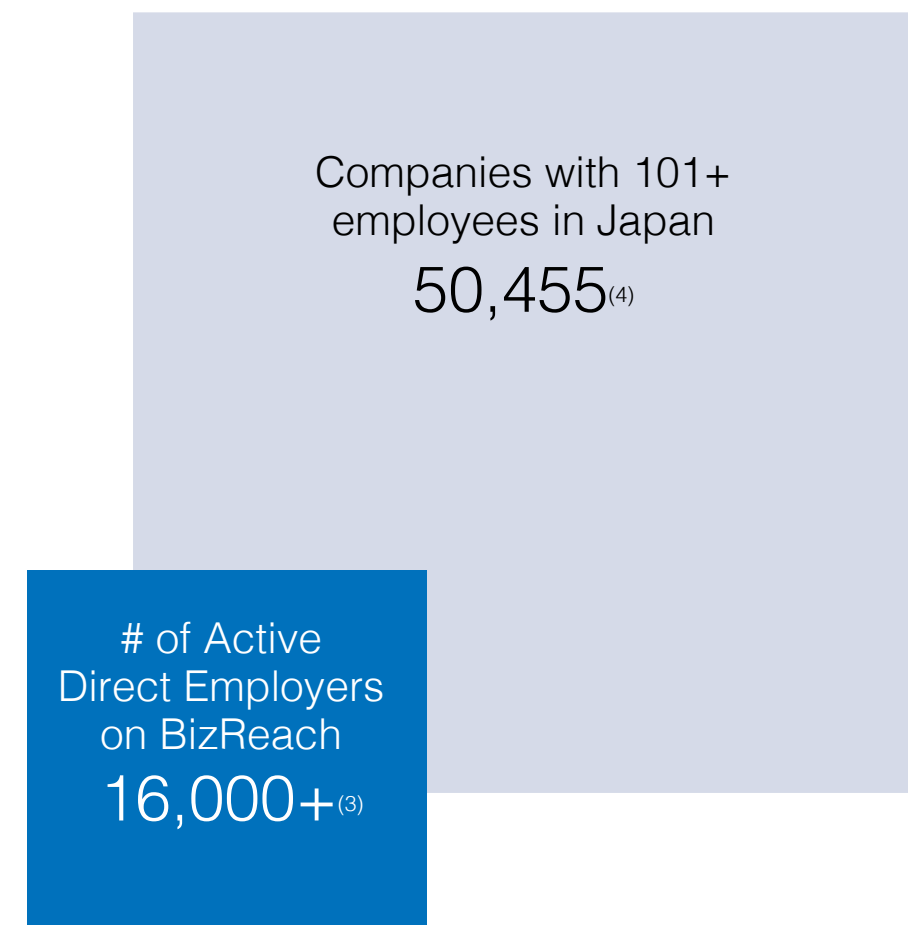
## Growing # of “Scoutable” Job Seekers on BizReach with Huge Upside Potential

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

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







## 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 FY24/7 (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))



**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><b>“Japan's Economy 2020-2021”<sup>(1)</sup></b>  “...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>M&amp;A matching site for screened corporations</p> 	<p><b>Delay in security measures as cloud service utilization increases</b></p> <p><b>“Grand Design and Action Plan for a New Form of Capitalism”<sup>(2)</sup></b>  “To enhance cyber security throughout the supply chain, subsidies will also be provided for the introduction of security systems by SMEs...”</p> <p>Vulnerability management cloud</p>  <p>Security evaluation platform</p> 	<p><b>Delay in DX for SMEs</b></p> <p><b>“Grand Design and Action Plan for a New Form of Capitalism”<sup>(2)</sup></b>  “It is vital to strengthen competitiveness through productivity improvements and optimizing trade...”</p> <p>Logistics DX (digital transformation) platform</p> 

To increase our enterprise value in the long term, whilst we commit to growth and profit expansion of BizReach, we will invest in other businesses and M&A. If opportunities that we believe will increase our enterprise value arises, we will prioritize investment over consolidated growth and profit expansion

## Long Term Vision: Single Business to Multiple Businesses Sum-of-the-Parts

Creation of Enterprise Value



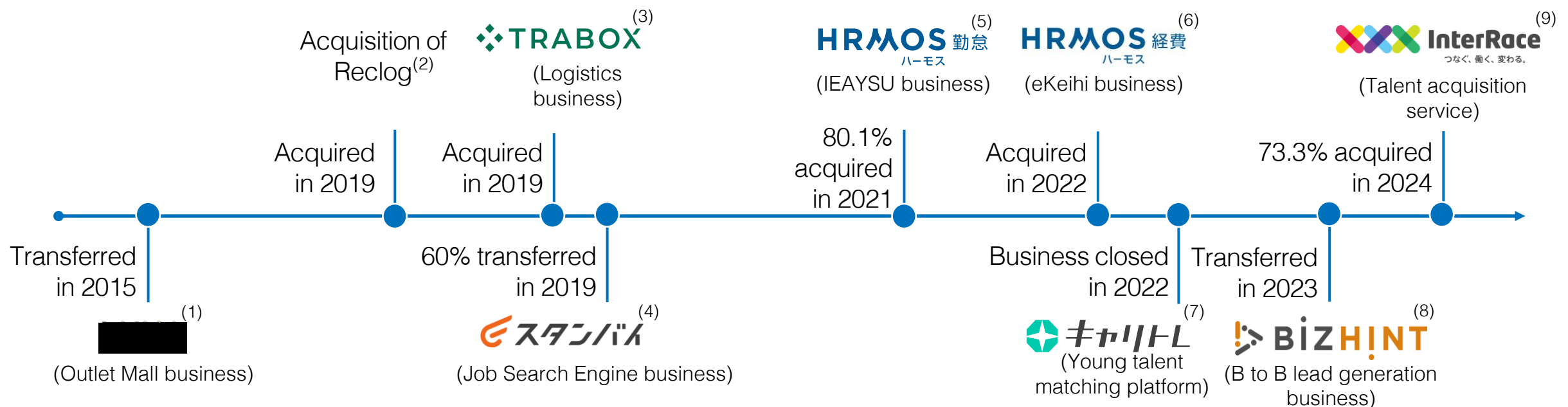
## Capital Allocation for Disciplined Growth Investment

Priority

<b>Investment in existing businesses</b>	Increasing profits as a principle. However, if investment opportunity that we believe will increase our enterprise value arises, we will prioritize investment
<b>M&amp;A</b>	Expanding BizReach and HRMOS (customers, service offerings) is our priority but M&A in other areas may be explored
<b>Investment in new businesses</b>	Investment based on our business framework. Start small, pivot as required, and close business if it does not work
<b>Shareholder return</b>	Consider shareholder return based on share price, market conditions, cost of capital, and future cashflows



**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 (9) Acquired 73.3% of shares of InterRace, Inc. in March 2024

## **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.**

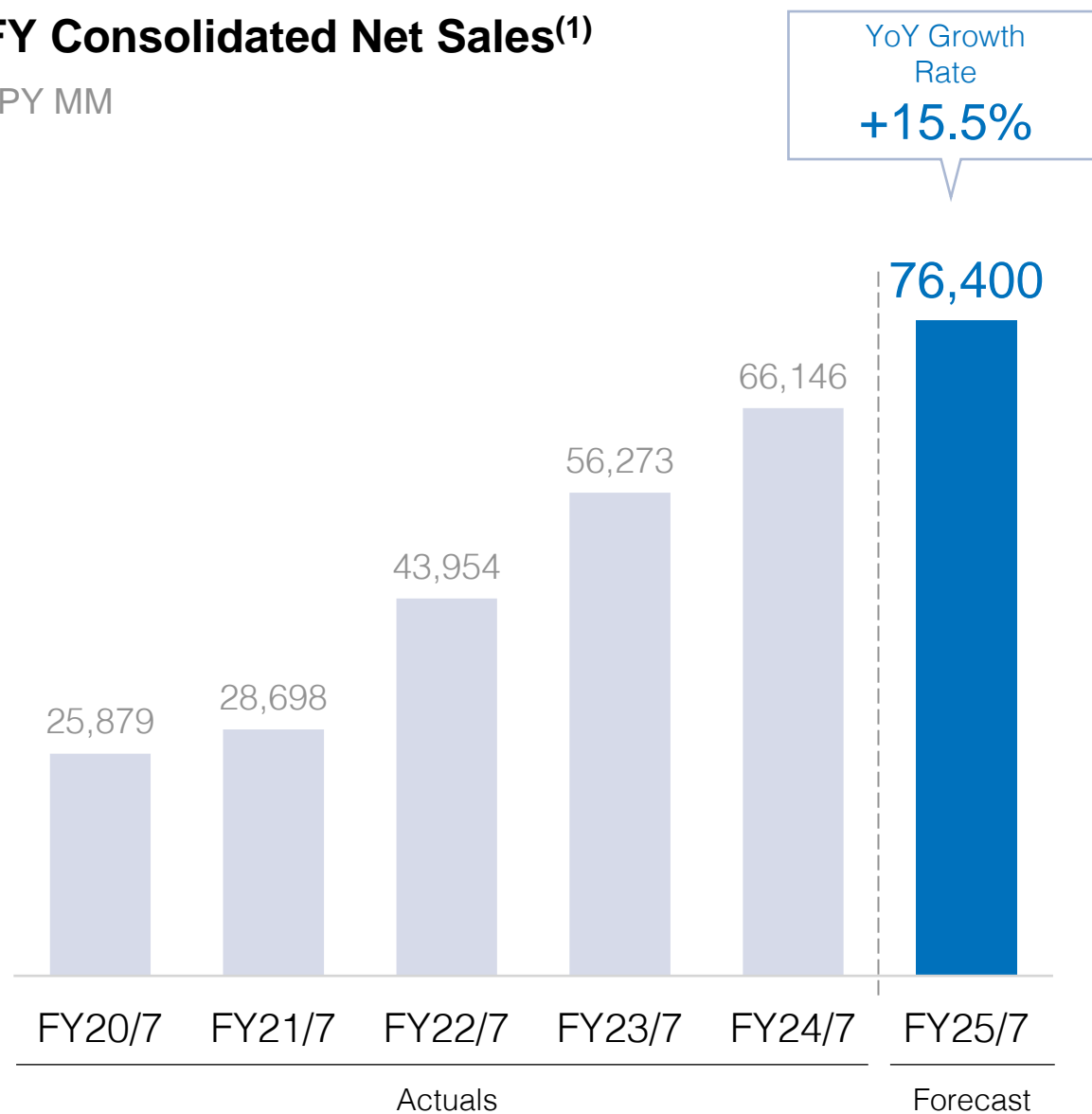
## **Commitment towards our group mission**

-  **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**

**Visional Group consolidated net sales growth forecast of 15.5% YoY. Consolidated operating profit growth forecast of 7.4% YoY and profit margin forecast of 25.1%**

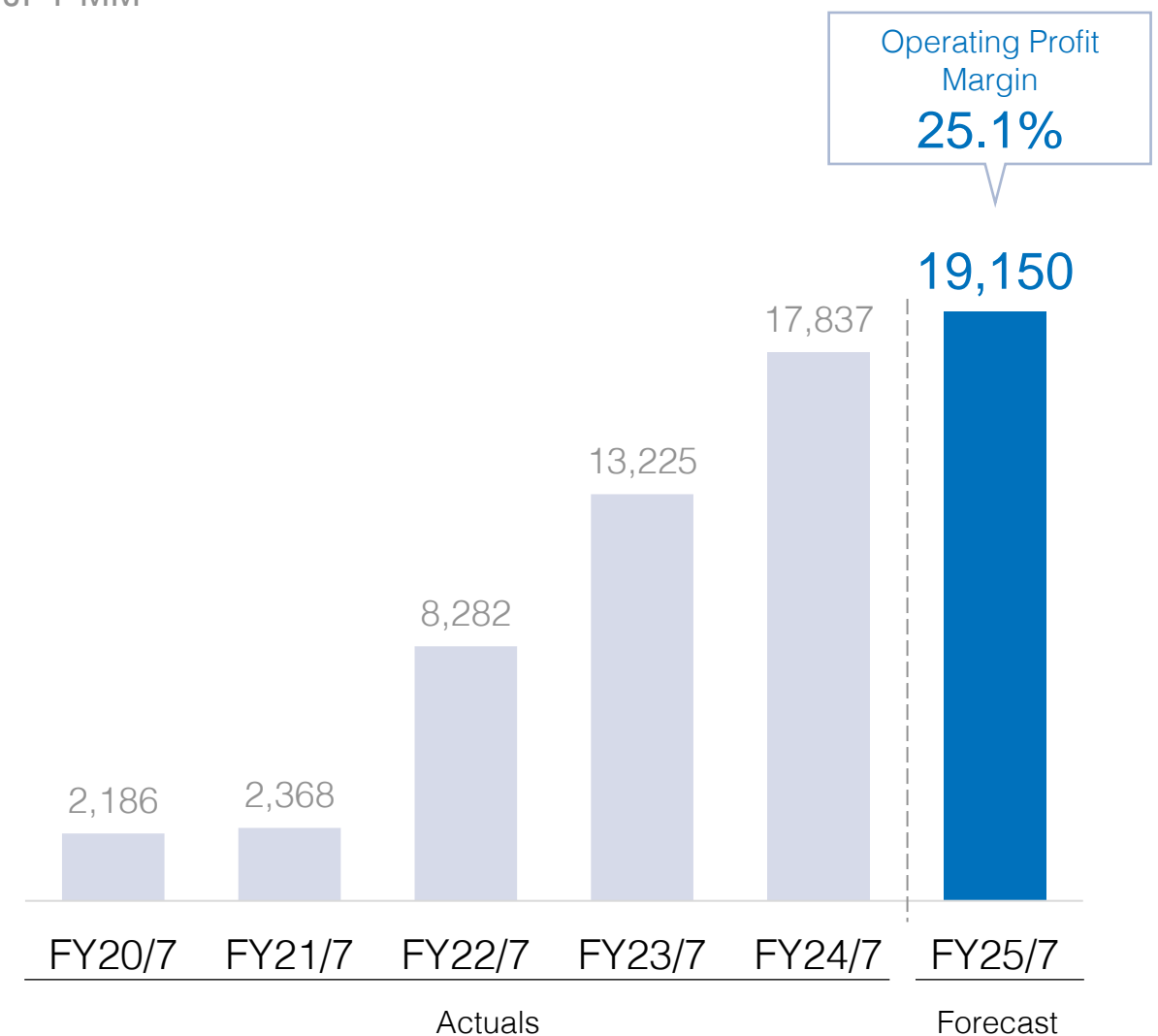
## FY Consolidated Net Sales<sup>(1)</sup>

JPY MM



## FY 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

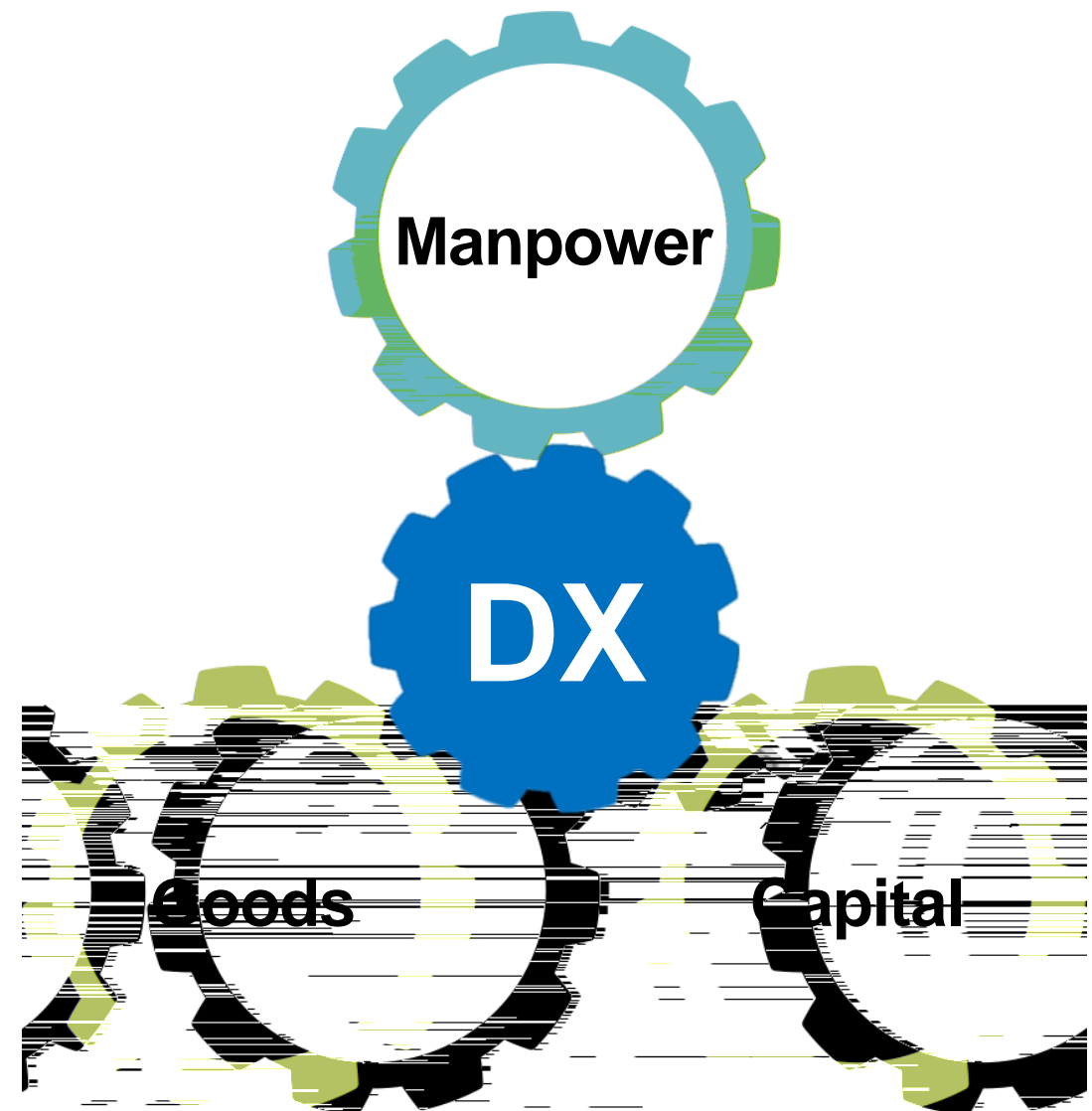
# Appendix

# 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**

**Guidelines for deciding on a market and a  
business model**

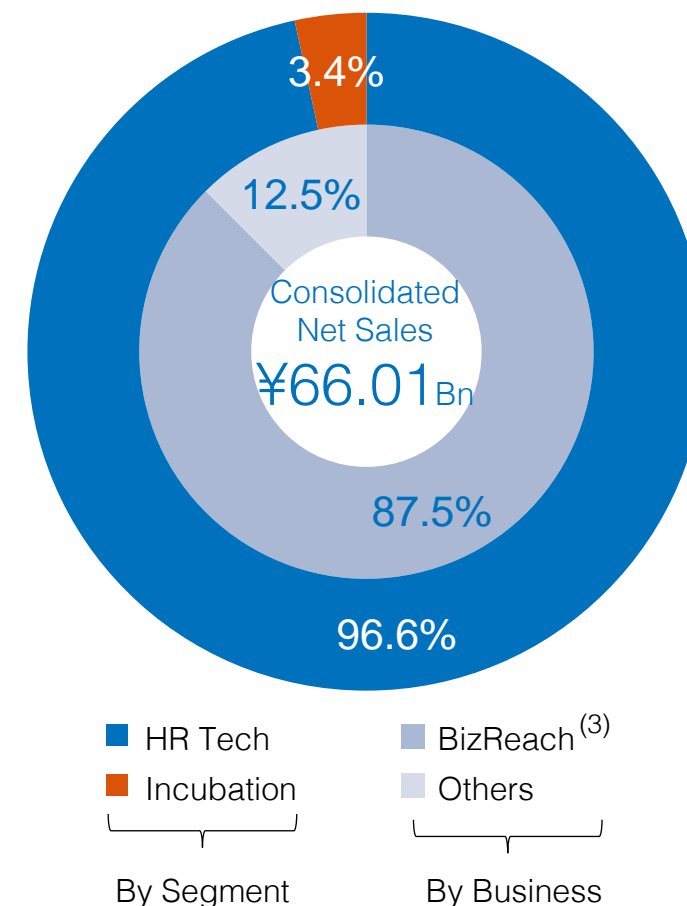
**MVP<sup>(1)</sup> and lean startup organization**

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

## Service Overview (as of September 12, 2024)

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 マネジメント</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>HRMOS 労務給与</b> ハーモス	• Payroll cloud
Incubation Segment	<b>BIZREACH CAMPUS</b>	Network service for alumni visits
	<b>InterRace</b> つながり、豊く、変わる。	Talent acquisition service
	<b>M&amp;A SUCCEED</b>	M&A matching site for screened corporations
	<b>TRABOX</b>	Logistics DX (digital transformation) platform
Affiliate	<b>yamory</b>	Vulnerability management cloud
	<b>ASSURED</b>	Security evaluation platform
Affiliate	<b>スタンバイ</b> <sup>(1)</sup>	Job operating search engine

## FY2024/7 Net Sales Breakdown by Segment and Business<sup>(2)</sup>



**HRMOS** 労務給与  
ハーモス

(Payroll Cloud)

(Talent Acquisition)

**HRMOS 経費**  
ハーモス

(Expense Management Cloud)



(Cyber Security)



(Logistics)

HRMOS 勤怠

ハーモス  
(Attendance)



(Security Evaluation  
Cloud)

**HRMOS** タレント  
マネジメント  
ハーモス

(Talent Management Cloud)



(M&A)

**HRMOS** 採用  
ハーモス

(Applicant Tracking Cloud)



(Network for Alumni Visits)



(B to B Lead Generation)

(3)

 **スタンバンク**

(Job Search Engine)

(2)

\_\_\_\_\_

(Outlet Mall)

**BIZREACH**

Now

(For illustrative purposes)

## Incubation

HR Tech

2009 2010 2015 2016 2017 2018 2019 2021 2022 2024

48



JPY MM

	FY24/7 FY	FY23/7 FY	FY22/7 FY	FY21/7 FY	FY24/7 4Q	FY24/7 3Q	FY24/7 2Q	FY24/7 1Q
Net Sales	66,146	56,273	43,954	28,698	17,220	17,494	15,375	16,057
YoY Growth (%)	17.5%	28.0%	53.2%	10.9%	16.9%	15.6%	16.6%	21.5%
HR Tech Segment	63,791	53,685	41,791	27,052	16,659	17,008	14,787	15,336
YoY Growth (%)	18.8%	28.5%	54.5%	8.6%	19.0%	17.8%	17.8%	20.9%
Incubation Segment	2,219	2,460	2,002	1,485	529	451	548	689
YoY Growth (%)	(9.8)%	22.9%	34.8%	66.3%	(24.7)%	(32.1)%	(8.2)%	39.3%
Cost of Sales	5,718	5,815	5,802	3,999	1,578	1,484	1,342	1,313
Gross Profit	60,428	50,457	38,151	24,699	15,641	16,009	14,032	14,744
Margin (%)	91.4%	89.7%	86.8%	86.1%	90.8%	91.5%	91.3%	91.8%
Selling, General & Administrative Expenses <sup>(1)</sup>	42,591	37,231	29,869	22,331	13,069	10,535	9,196	9,789
Advertising	21,206	19,118	14,697	9,562	6,971	5,124	4,171	4,939
Payroll etc. <sup>(2)</sup>	8,848	8,090	7,410	6,308	2,269	2,232	2,192	2,154
Rent	1,606	1,348	1,243	1,258	558	353	347	347
Others <sup>(1)</sup>	10,929	8,673	6,516	5,202	3,271	2,825	2,485	2,347
Operating Profit <sup>(1)</sup>	17,837	13,225	8,282	2,368	2,572	5,473	4,836	4,955
Margin (%)	27.0%	23.5%	18.8%	8.3%	14.9%	31.3%	31.5%	30.9%
HR Tech Segment <sup>(1)</sup>	20,062	15,701	10,631	4,000	3,531	5,838	5,313	5,377
Incubation Segment	(1,020)	(1,401)	(1,649)	(863)	(440)	(254)	(139)	(184)
Pre-tax Profit <sup>(1)</sup>	18,928	14,377	8,717	2,290	2,663	5,620	5,456	5,189
Income Tax Expense <sup>(1)</sup>	5,933	4,448	2,864	869	755	1,745	1,731	1,701
Profit attributable to owners of parent <sup>(1)</sup>	12,990	9,928	5,852	1,420	1,906	3,870	3,724	3,487
Margin (%)	19.6%	17.6%	13.3%	5.0%	11.1%	22.1%	24.2%	21.7%

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 (2) Payroll includes bonuses and allowance for bonuses

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

JPY MM

	FY24/ FY	FY23/ FY	FY22/ FY	FY21/ FY
Total Adjusted Operating Profit before corporate expense allocation	22,334	17,647	12,622	6,170
BizReach Business <sup>(1)(2)</sup>	23,331	20,126	17,609	9,637
HRMOS Business <sup>(2)</sup>	(1,021)	(1,740)	(2,954)	(2,102)
Other Businesses <sup>(2)</sup>	24	(739)	(2,032)	(1,364)
Adjustment Item				
-) Corporate and general administrative expenses (such as accounting, HR, legal, general affairs, etc.) <sup>(3)(4)</sup>	4,497	4,421	4,340	3,802
-) HR Tech Segment <sup>(4)</sup>	4,043	3,933	3,769	3,263
-) Incubation Segment	454	488	570	538
Operating Profit (J-GAAP) <sup>(4)</sup>	17,837	13,225	8,282	2,368

## Adjusted Headcount by Function and Business (FY24/7 4Q)<sup>(5)</sup>

	Adjusted headcount	% of subtotal for HR Tech businesses
HR Tech businesses		
BizReach Business	1,014	73.5%
HRMOS Business	265	19.2%
Other HR Tech businesses	100	7.3%
<b>Subtotal for HR Tech Businesses</b>	<b>1,379</b>	<b>100.0%</b>
General functions of HR Tech businesses	90	n/a
<b>Total for HR Tech businesses</b>	<b>1,469</b>	<b>n/a</b>
Incubation businesses	120	n/a
Corporate	116	n/a
<b>Total</b>	<b>1,705</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 of 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

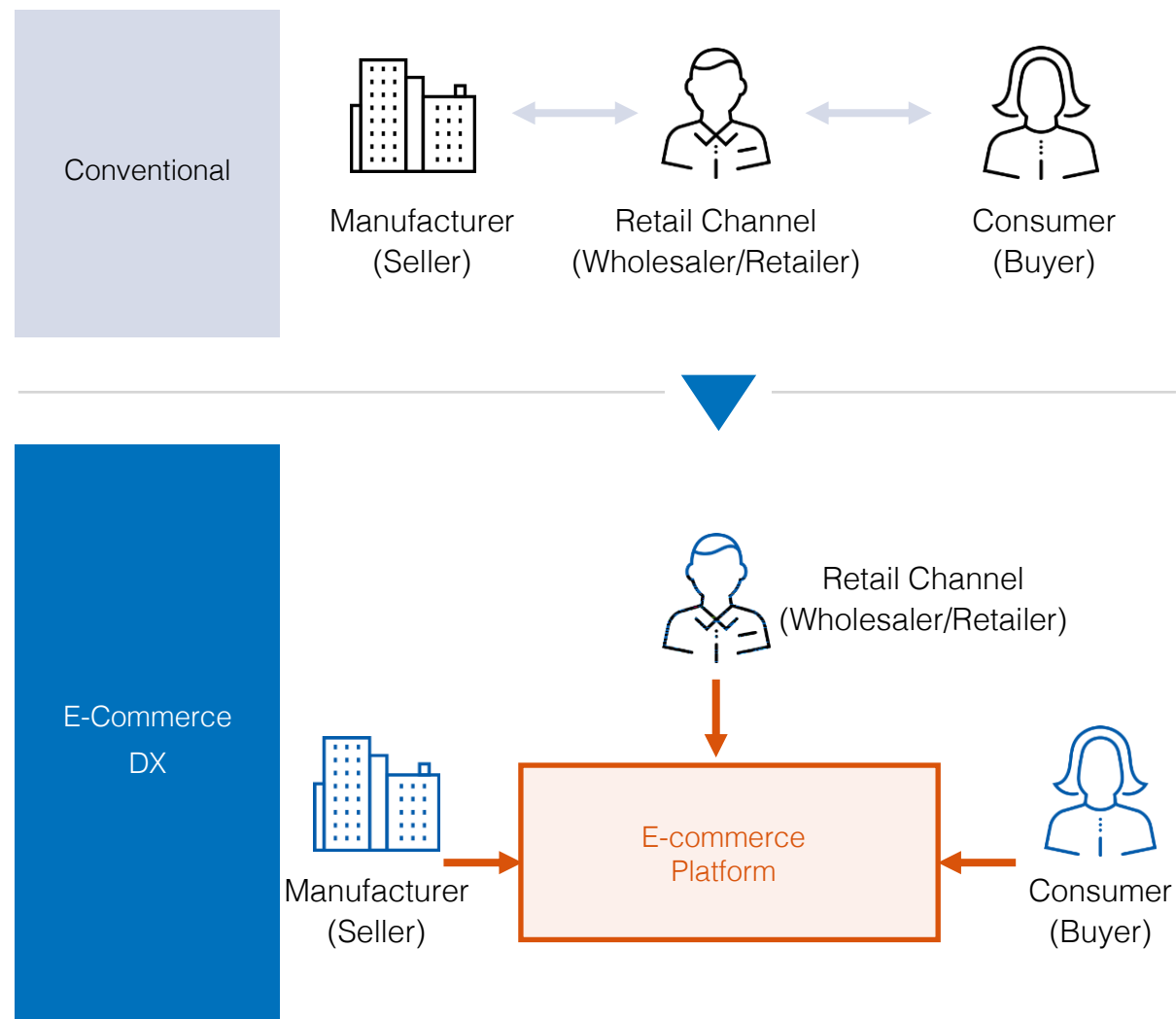
# Balance Sheet Highlights

JPY MM					JPY MM				
	FY24/7	FY23/7	FY22/7	FY21/7		FY24/7	FY23/7	FY22/7	FY21/7
Current Assets	65,652	48,902	36,743	29,532	Current Liabilities	21,869	16,328	13,988	9,046
Cash and Cash Equivalents	58,107	41,170	31,362	25,630	Accounts Payable	6,246	3,934	4,054	3,341
Notes and Accounts Receivable	5,753	5,151	4,356	3,258	Deferred Revenue				3,042
Other Current Assets	1,791	2,580	1,025	643	Contract Liabilities	8,615	6,858	4,941	
Fixed Assets <sup>(1)</sup>	10,662	8,971	9,208	5,544	Other Current liabilities	7,007	5,534	4,993	2,662
Tangible Assets	1,880	845	735	700	Fixed Liabilities <sup>(1)</sup>	2,056	2,415	3,190	3,494
Intangible Assets <sup>(1)</sup>	3,852	4,455	5,287	2,457	Liabilities from application of Equity Method	1,813	2,133	2,453	2,773
Goodwill <sup>(1)</sup>	2,523	2,799	3,300	1,296	Other Fixed Liabilities <sup>(1)</sup>	243	282	737	720
Other Intangible Assets <sup>(1)</sup>	1,329	1,656	1,986	1,160	Total Net Assets <sup>(1)</sup>	52,388	39,129	28,772	22,536
Total Investments and Other Assets <sup>(1)</sup>	4,929	3,669	3,185	2,385	Share Capital	6,503	6,356	6,226	6,063
Total Assets <sup>(1)</sup>	76,314	57,873	45,952	35,076	Capital Surplus	10,467	10,321	10,190	10,027
					Retained Earnings <sup>(1)</sup>	35,213	22,223	12,294	6,442
					Others	203	227	61	3
					Total Liabilities and Net Assets <sup>(1)</sup>	76,314	57,873	45,952	35,076

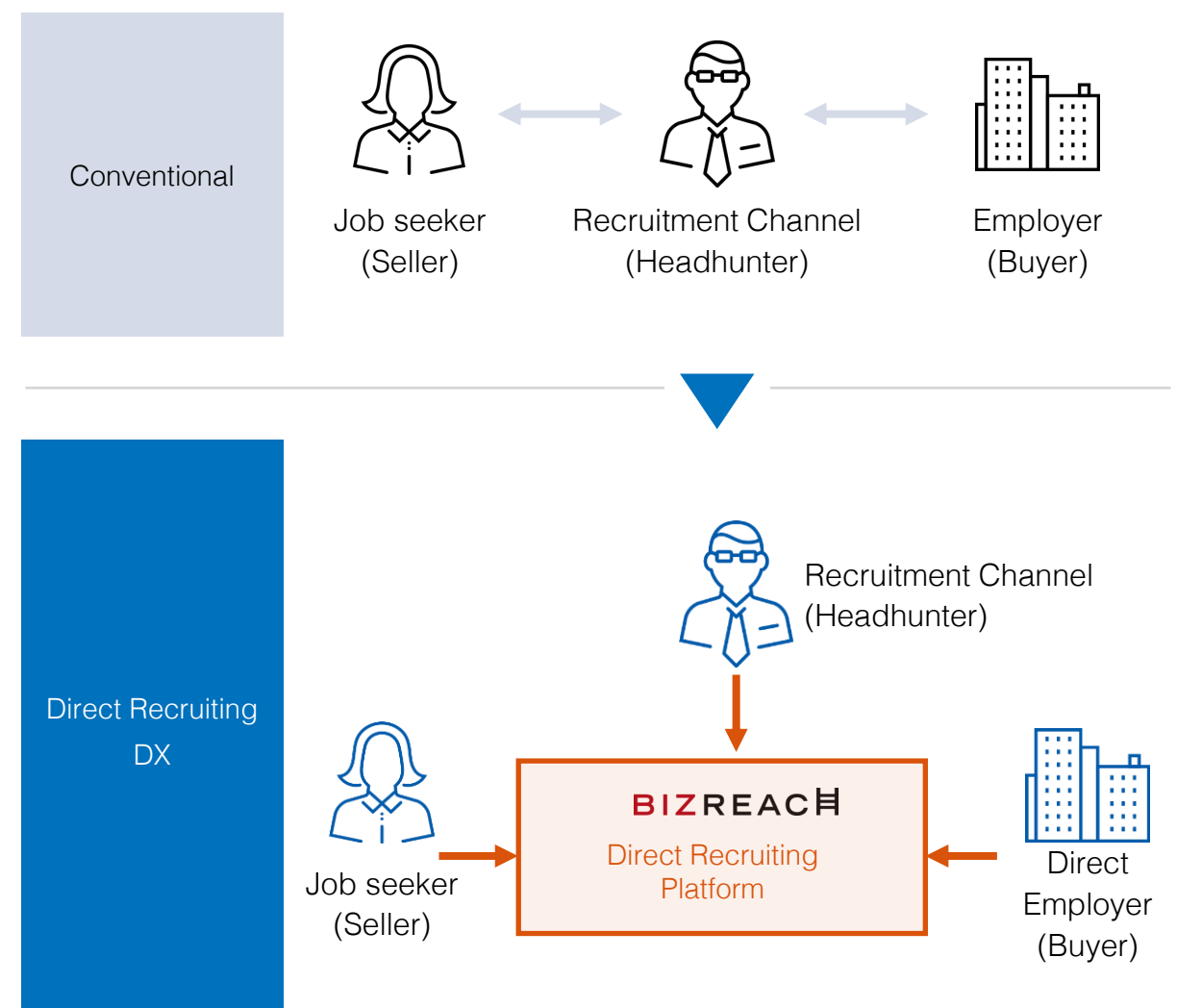
Note: (1) As of 1Q of FY23/7, we have confirmed the provisional accounting treatment concerning business combinations. Accordingly, data for FY22/7 is presented at the amounts after reflecting the contents of the confirmation of the provisional accounting treatment

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

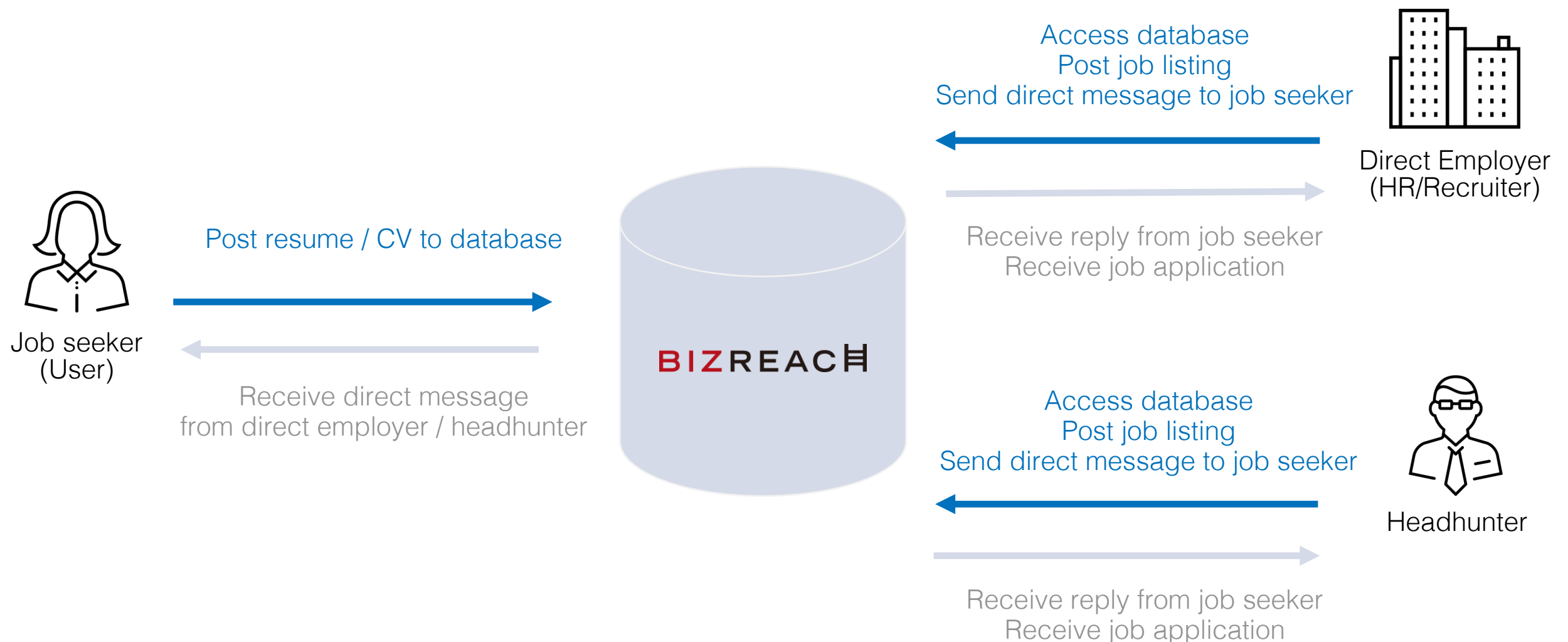
## DX of Retail Market



## DX of Professional Recruitment Market



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



**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

**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	2Q	3Q	4Q
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	2.43	2.62	2.77
ARPU <sup>(2)</sup> (JPY thousands)	102	104	106	107	109	111	111	112	113	113	113	113	114	113	114	115	116	116	118	118
# 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	1,744	1,849	1,947
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	0.57	0.60	0.60

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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