

FY2024/7 3Q
Financial Results

June 2024



Visional, Inc.

Consolidated Financials

- Net sales for 3Q YTD recorded JPY 48.92Bn (17.8% YoY growth) and for 3Q, JPY 17.49Bn (15.6% YoY growth). Progressing within plan
- Operating profit for 3Q YTD was JPY 15.26Bn (53.2 % YoY growth, 31.2% margin) and for 3Q, JPY 5.47Bn (32.3 % YoY growth, 31.3% margin). Operating profit exceeded plan due to efficient marketing and changes in marketing plan. We continue with disciplined execution balancing investments for future growth and cost control

BizReach

- Net sales for 3Q YTD recorded JPY 42.96Bn (17.9% YoY growth) and for 3Q, JPY 15.46Bn (16.2% YoY growth). While solid demand for hiring professionals continues in the hiring market, slowdown of hiring activities in companies have expanded. As a result, results fell slightly short of plan. Future market conditions remain unclear
- Adjusted operating profit before corporate expense allocation for 3Q YTD was JPY 18.94Bn (24.3% YoY growth, 44.1% margin) and for 3Q, JPY 6.75Bn (19.3% YoY growth, 43.7% margin). 15th anniversary campaign started in April. Most of the expenses expected to be recorded in 4Q

HRMOS

- Net sales for 3Q YTD recorded JPY 2.74Bn (74.4% YoY growth) and for 3Q, JPY 1.00Bn (75.0% YoY growth). Steady customer acquisition continues, and all services landed stronger than plan
- Adjusted operating losses before corporate expense allocation for 3Q YTD was JPY 0.69Bn and for 3Q, JPY 0.20Bn. Operating losses decreased compared to plan due to strong net sales growth and efficient advertising activities

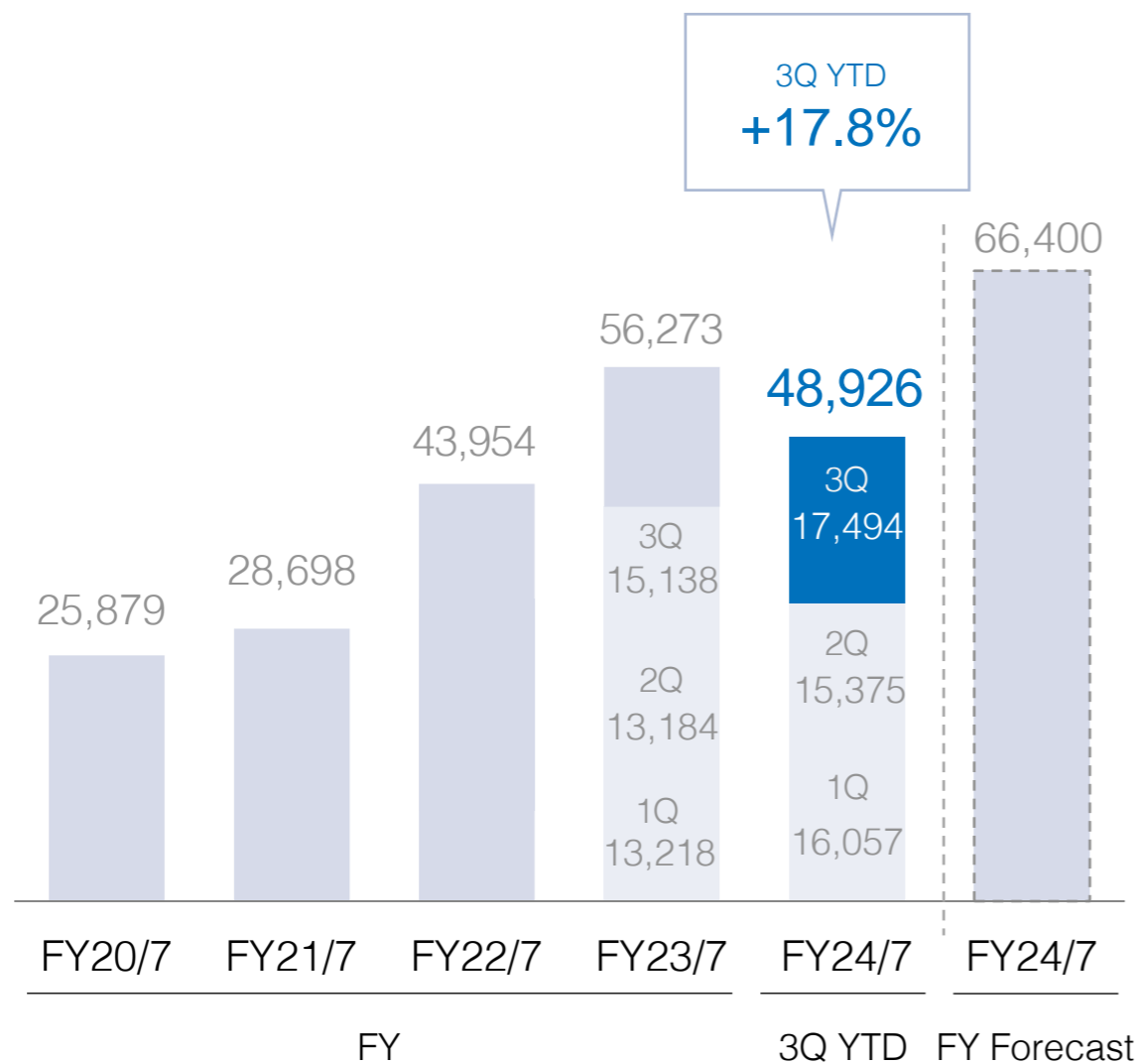
FY Consolidated Financial Forecast

- Consolidated FY2024/7 financial forecast for net sales is unchanged at JPY 66.40Bn (18.0% YoY growth)
- While solid demand for hiring professionals continues in the hiring market, slowdown of hiring activities in companies have expanded. BizReach net sales forecast for FY2024/7 is changed to slightly less than JPY 58.00Bn (approx. 18.0% YoY growth), minus approx. 1.7%. Operating profit margin before corporate expense allocation is unchanged at 40%
- As our business is in growth phase, disciplined execution balancing investments for future growth and cost control will continue to be made. Consolidated FY2024/7 financial forecast for operating profit is changed to JPY 17.20Bn (30.0% YoY growth, 25.9% margin), up 7.5%
- 73.3% shares of InterRace, Inc. was acquired on March 1, 2024, recorded in the HR Tech Segment. Impact to full year consolidated financial forecast is negligible
- Rent etc. to increase from 4Q as we expand office space with increase of staff. Cost to increase temporarily by approx. JPY 1.00Bn in FY2025/7 compared to FY2024/7 as we reorganize our offices

Visional Group's net sales for 3Q YTD progressed within plan, 17.8% YoY growth. Operating profit for 3Q YTD was 53.2% YoY growth, 31.2% margin, exceeding plan due to reduced advertising activities in 2Q. FY consolidated operating profit forecast is 30.0% YoY growth, as we continue with disciplined balance between growth investments and cost control

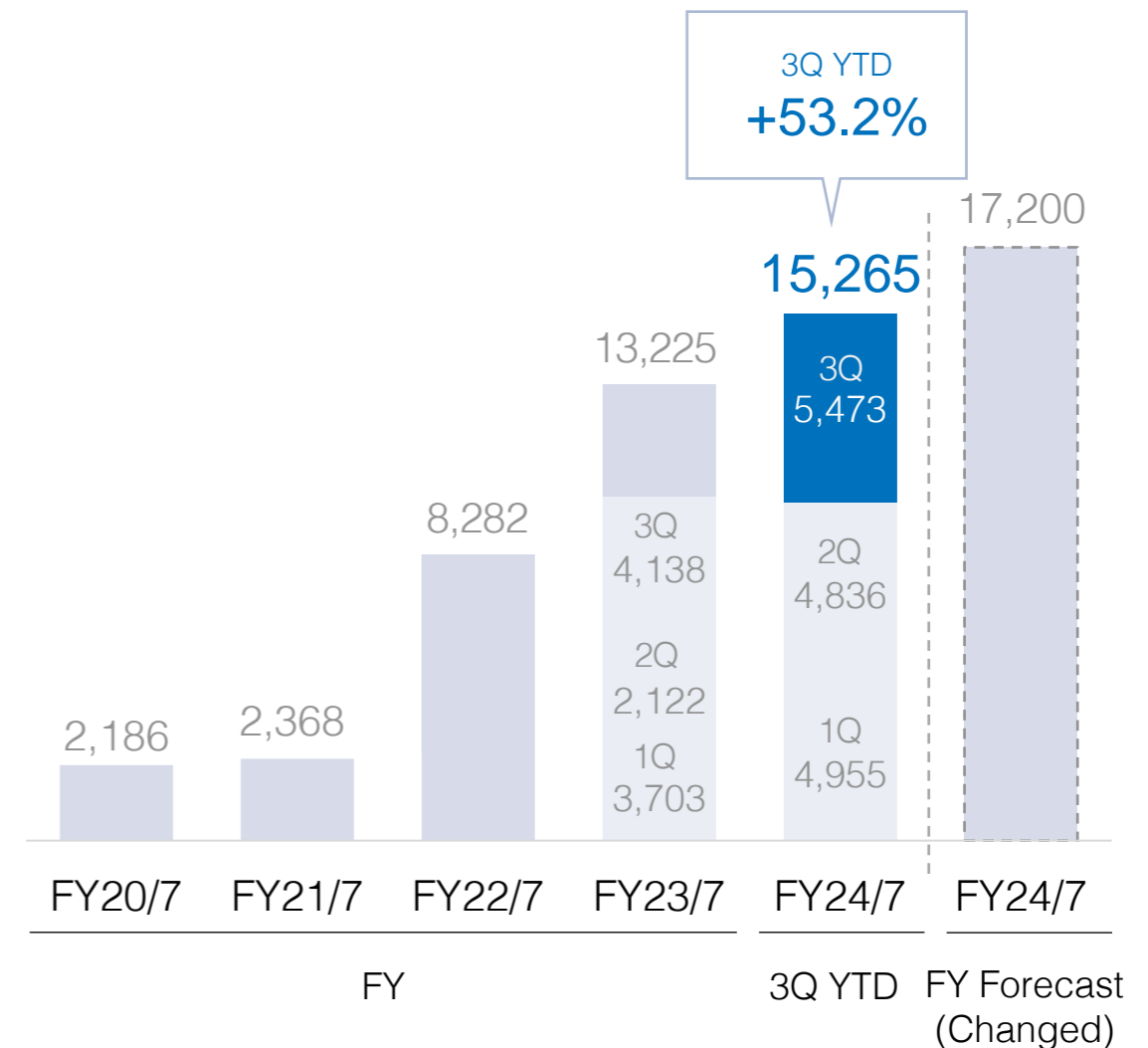
Consolidated Net Sales⁽¹⁾

JPY MM



Consolidated Operating Profit⁽¹⁾⁽²⁾

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

Incubation Segment net sales decreased YoY since 2Q due to the share transfer of BizHint, Inc. in December 2023. FY Incubation Segment net sales is changed, yet no change to our FY consolidated net sales forecast

JPY MM

	9 months ended April 30, 2024	9 months ended April 30, 2023	3 months ended April 30, 2024	3 months ended January 31, 2024	3 months ended October 31, 2023	12 months ended July 31, 2023
Net Sales	48,926	41,541	17,494	15,375	16,057	56,273
YoY Growth (%)	17.8%	30.3%	15.6%	16.6%	21.5%	28.0%
HR Tech Segment ⁽¹⁾	47,132	39,686	17,008	14,787	15,336	53,685
YoY Growth (%)	18.8%	30.9%	17.8%	17.8%	20.9%	28.5%
Incubation Segment ⁽¹⁾	1,689	1,758	451	548	689	2,460
YoY Growth (%)	(3.9)%	21.9%	(32.1)%	(8.2)%	39.3%	22.9%
Cost of Sales	4,140	4,491	1,484	1,342	1,313	5,815
Gross Profit	44,786	37,049	16,009	14,032	14,744	50,457
Margin (%)	91.5%	89.2%	91.5%	91.3%	91.8%	89.7%
Selling, General & Administrative Expenses	29,521	27,084	10,535	9,196	9,789	37,231
Operating Profit ⁽²⁾	15,265	9,964	5,473	4,836	4,955	13,225
Margin (%)	31.2%	24.0%	31.3%	31.5%	30.9%	23.5%
YoY Growth (%)	53.2%	38.4%	32.3%	127.9%	33.8%	59.7%
HR Tech Segment ⁽²⁾	16,530	11,830	5,838	5,313	5,377	15,701
Incubation Segment ⁽²⁾	(579)	(1,085)	(254)	(139)	(184)	(1,401)
Pre-tax Profit	16,265	10,479	5,620	5,456	5,189	14,377
Profit attributable to owners of parent	11,083	7,038	3,870	3,724	3,487	9,928
Margin (%)	22.7%	16.9%	22.1%	24.2%	21.7%	17.6%
YoY Growth (%)	57.5%	44.3%	33.8%	130.8%	37.8%	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

Consolidated FY2024/7 net sales forecast is unchanged at JPY 66.40Bn. BizReach net sales forecasted to be slightly less than JPY 58.00Bn (approx. 18.0% YoY growth) in light of 3Q falling slightly short of plan and market trends. Consolidated operating profit forecasted to be JPY 17.20Bn (30.0% YoY growth) balancing growth investments and cost control

JPY MM

	3Q YTD	FY24/7 forecast announced Sep 2023	FY24/7 forecast announced June 2024	Difference
Net Sales	48,926	66,400	66,400	--
Growth (%)	17.8%	18.0%	18.0%	--
HR Tech Segment	47,132	63,340	63,965	+625
BizReach	42,968	59,000	58,000	(1,000)
Growth (%)	17.9%	20.0%	18.0%	--
HRMOS	2,748	3,300	3,800	+500
Growth (%)	74.4%	51.0%	73.9%	--
Incubation Segment	1,689	2,940	2,300	(640)
Others	104	120	135	+15
Operating Profit	15,265	16,000	17,200	+1,200
Growth (%)	53.2%	21.0%	30.0%	--
Margin (%)	31.2%	24.1%	25.9%	--
Ordinary Profit	15,789	16,320	17,800	+1,480
Growth (%)	50.7%	13.5%	23.8%	--
Margin (%)	32.3%	24.6%	26.8%	--
Profit attributable to owners of parent	11,083	10,930	12,220	+1,290
Growth (%)	57.5%	10.1%	23.1%	--
Margin (%)	22.7%	16.5%	18.4%	--

- FY BizReach net sales forecast is changed by approx. JPY 1.00Bn (minus approx. 1.7%). While solid demand for hiring professionals continues in the hiring market, slowdown of hiring activities in companies have expanded, and longer lead time trends for job changes observed
- Consolidated net sales forecast is unchanged as HRMOS and other businesses are exceeding plan
- FY forecast for BizReach's adjusted operating profit margin before corporate expense allocation is unchanged at 40% as we conduct investments for sustainable growth
- FY consolidated operating profit forecasted to be JPY 17.20Bn (30.0% YoY growth) as operating losses before corporate expense allocation for HRMOS and other businesses reduced, as well as reduction in corporate expenses

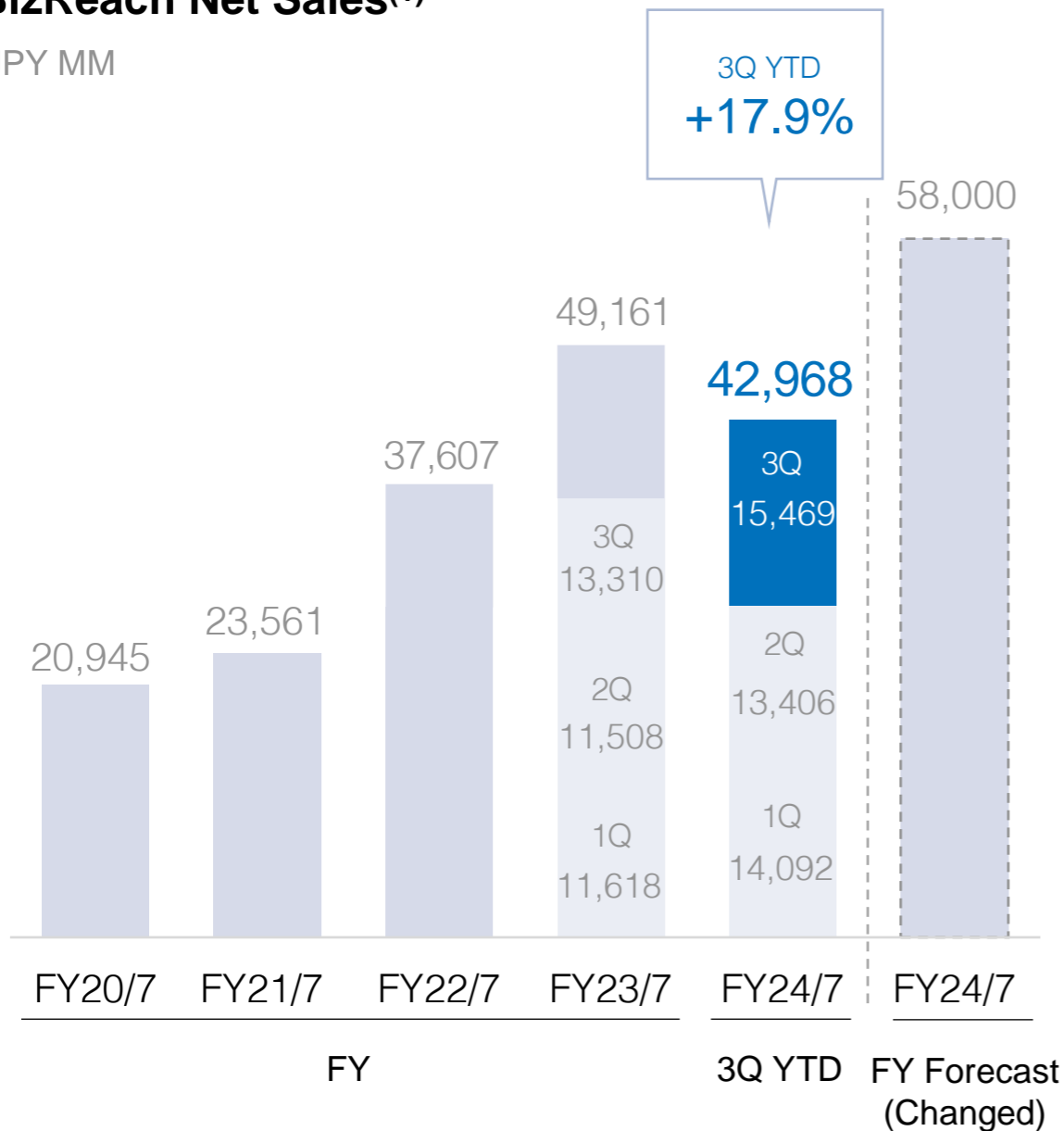
3Q Financial Results by Business

BizReach Financial Results

Growth in 3Q indicates solid demand for professionals in the hiring market, yet slowdown of hiring activities in companies have expanded, leading to BizReach net sales landing slightly below plan. FY net sales forecast is changed to slightly below JPY 58.00Bn. Mid-term growth rate expected to be around 15% as market outlook remains unclear

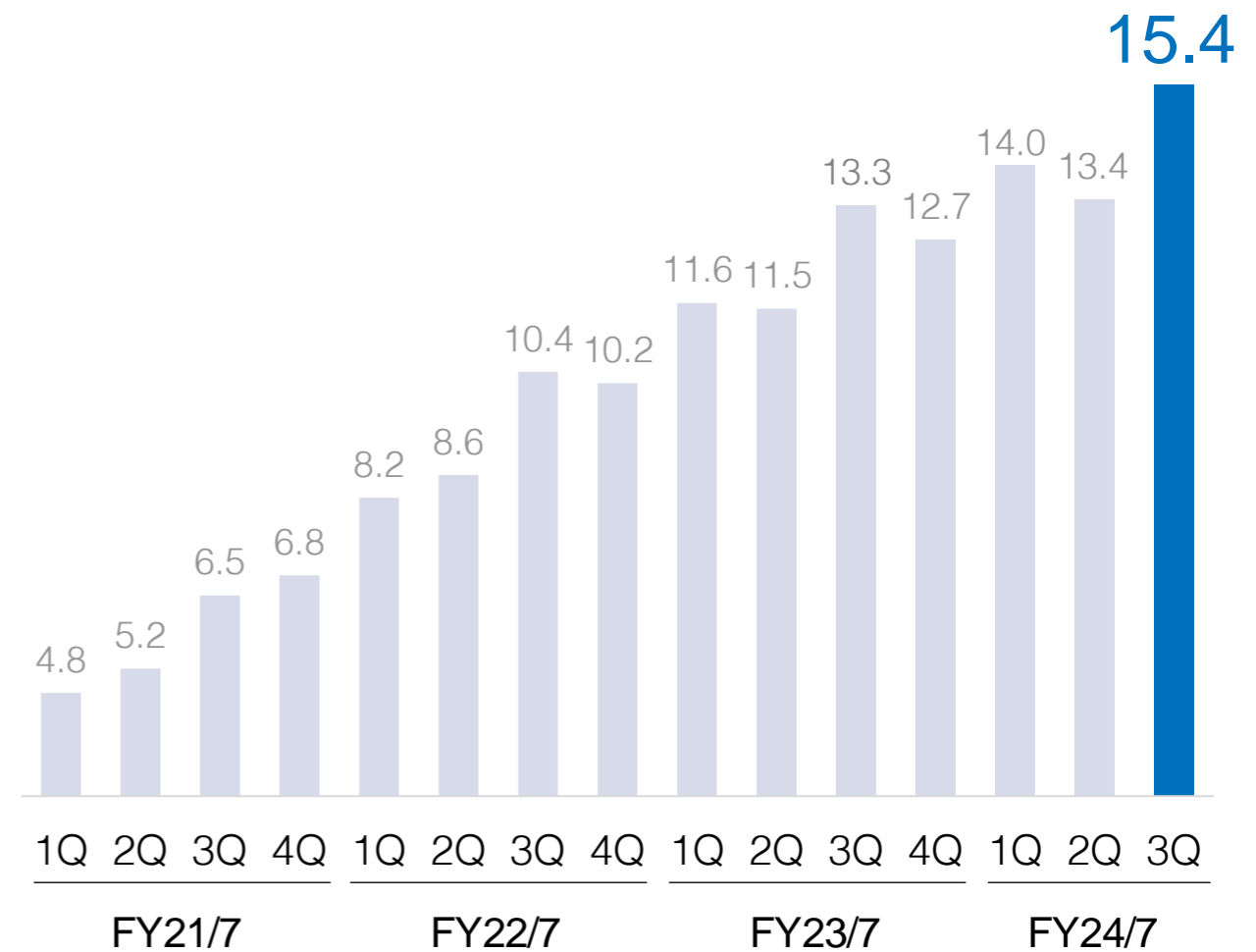
BizReach Net Sales⁽¹⁾

JPY MM



BizReach Quarterly Net Sales Trend⁽¹⁾

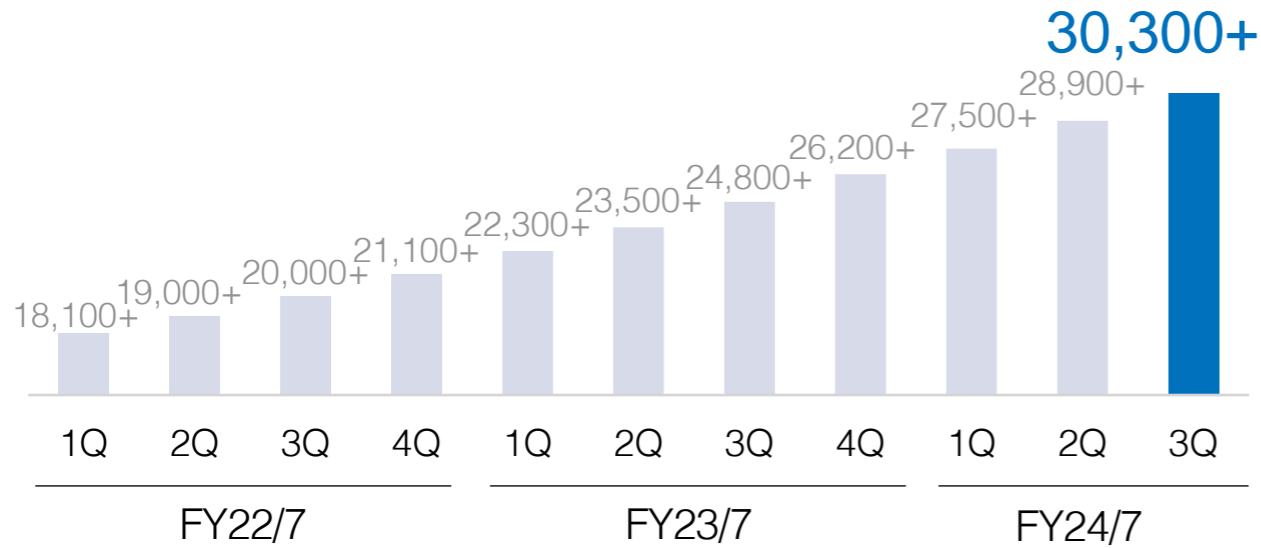
JPY Bn



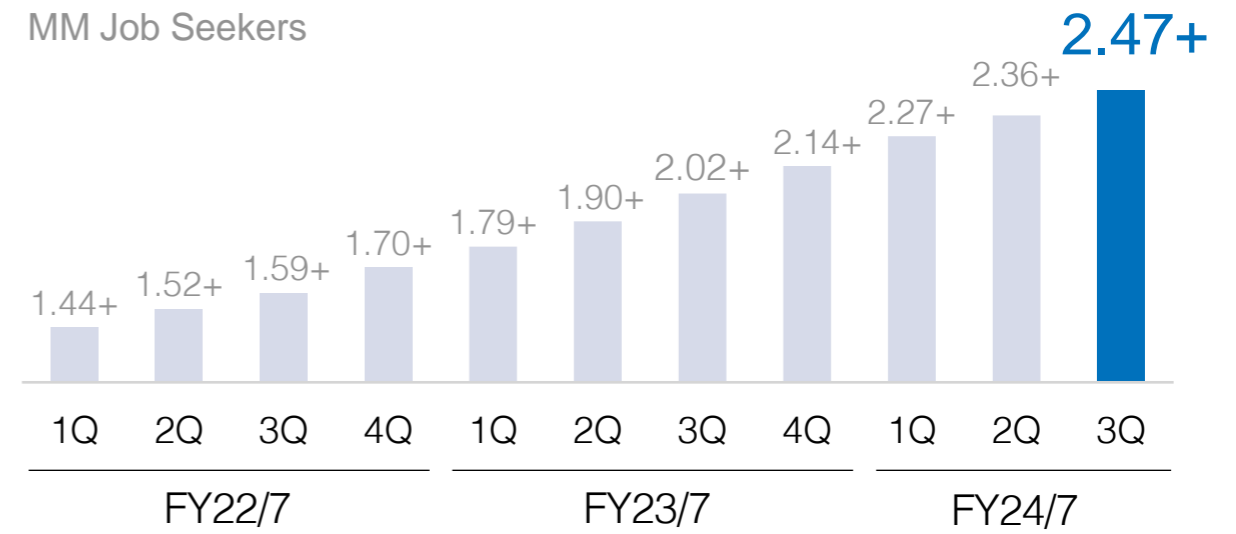
Note: (1) Financial data of the BizReach Business, the core service of our group (which differs from the financial data of our subsidiary BizReach, Inc.)

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

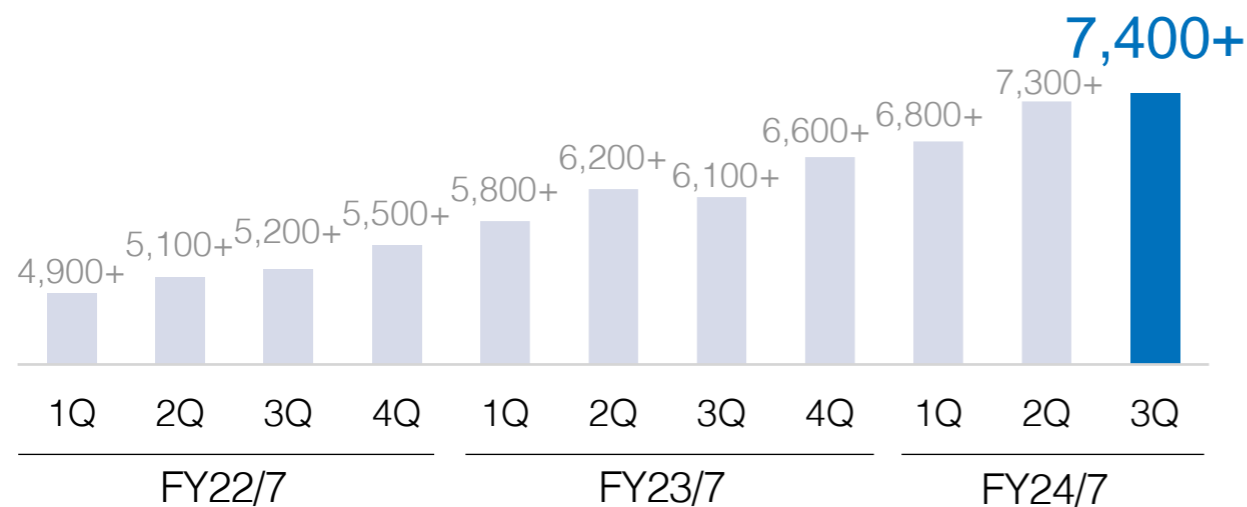
of Registered Direct Employers⁽¹⁾



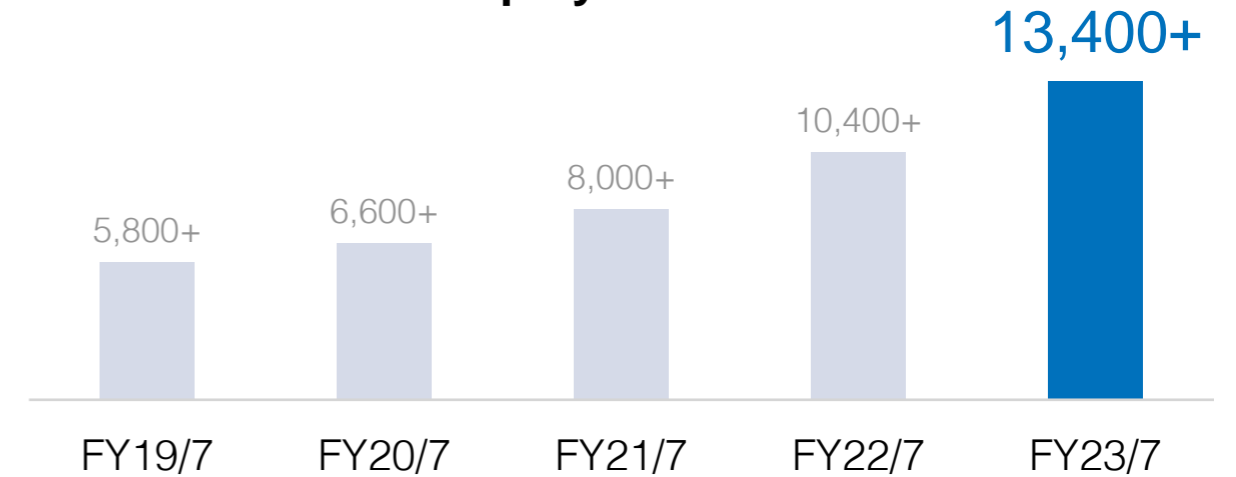
of Scoutable Job Seekers⁽³⁾



of Active Headhunters⁽²⁾



of Active Direct Employers⁽⁴⁾

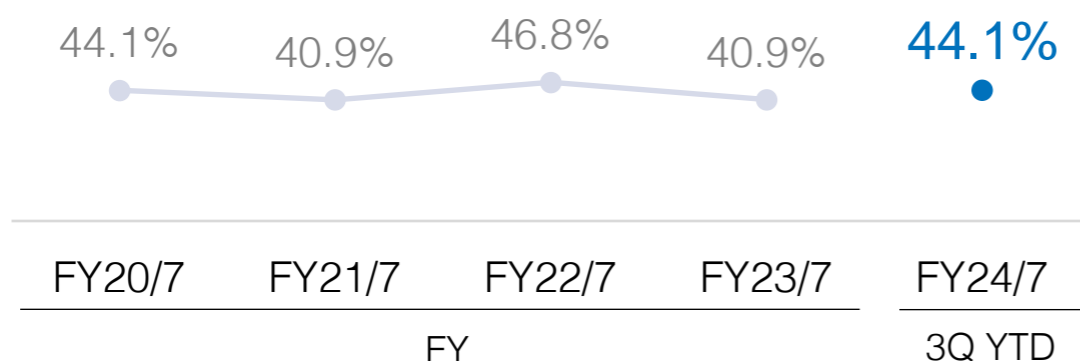


Notes: (1) Direct employers who have subscribed to our BizReach platform (excluding headhunters) (2) All passed screening by BizReach (3) # of users who registered on BizReach platform with resume / CV that have passed a general screening process and whose profile is set to be viewable by direct employers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

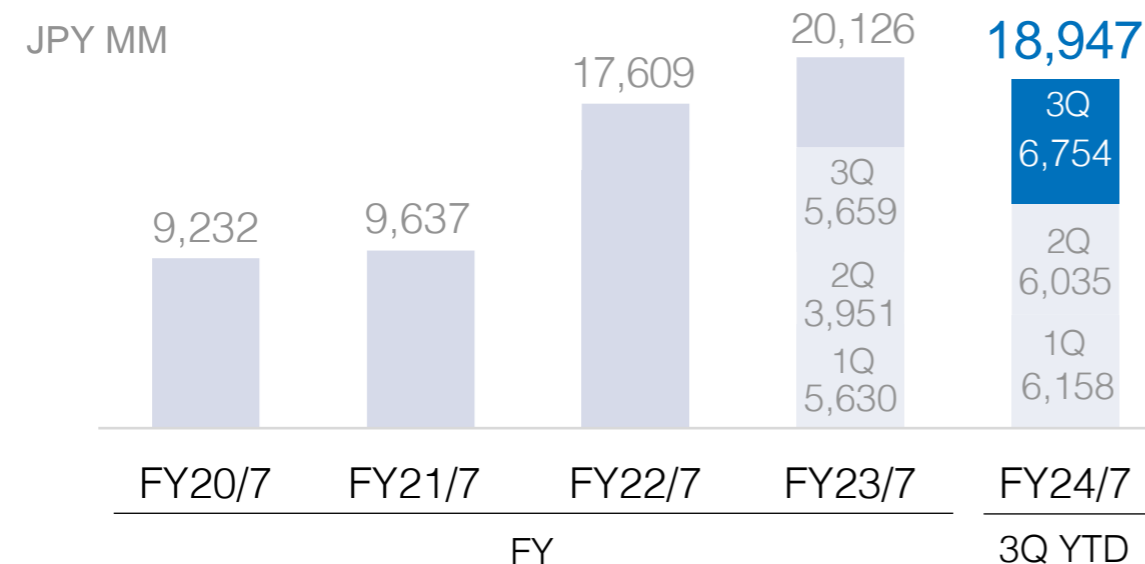
No change to FY operating profit margin forecast of 40%. Continue to focus on delivering sustained business growth by adjusting investment plans depending on market conditions

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

Adjusted operating profit margin before corporate expense allocation



Adjusted operating profit before corporate expense allocation



- No change to FY 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. Profit margin tends to land high in 3Q even after conducting large investments as 3Q net sales is the largest quarter throughout the year
 - 15th anniversary campaign started in April. Marketing for customer acquisition, investments for existing customer retention etc. are conducted efficiently whilst maintaining 40% profit margin
- Slowdown of hiring activities in companies have expanded and market outlook remains unclear, yet direct recruiting has expanded amongst many Japanese companies, resulting in +1,400 cumulative number of registered direct employers vs. 2Q

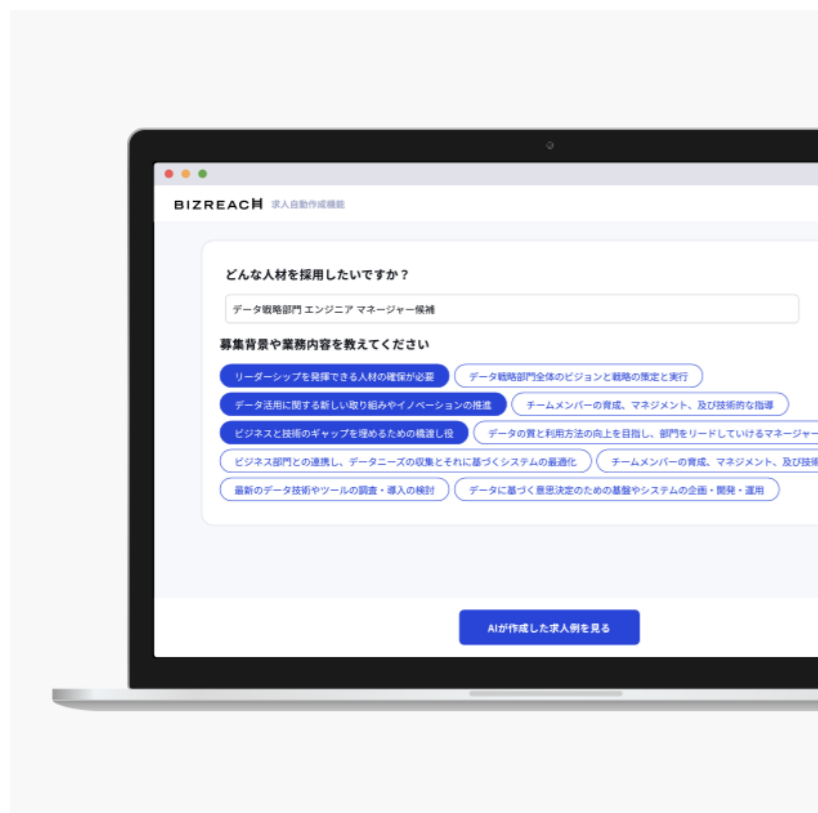
Notes: (1) Financial data of the BizReach Business, the core service of our group (which differs from the financial data of our subsidiary BizReach, Inc.) (2) BizReach business' net sales and adjusted operating profit / profit margin is recorded within the HR Tech reporting segment (3) Adjusted operating profit does not include corporate expenses (such as accounting, HR, legal, general affairs, etc.) which are not directly allocated to each businesses

“GPT Model Job Opening / Posting Creation” for Direct Employers

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⁽¹⁾

- 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



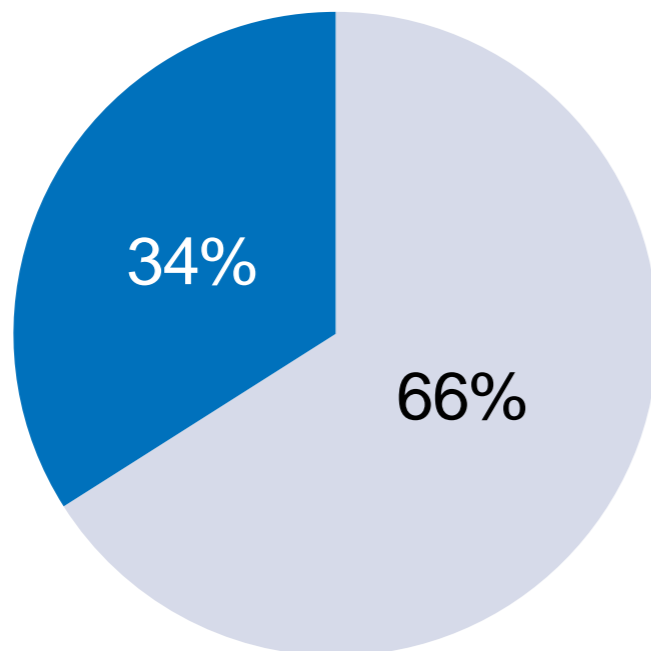
Automatic Resume / CV Creation⁽¹⁾

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

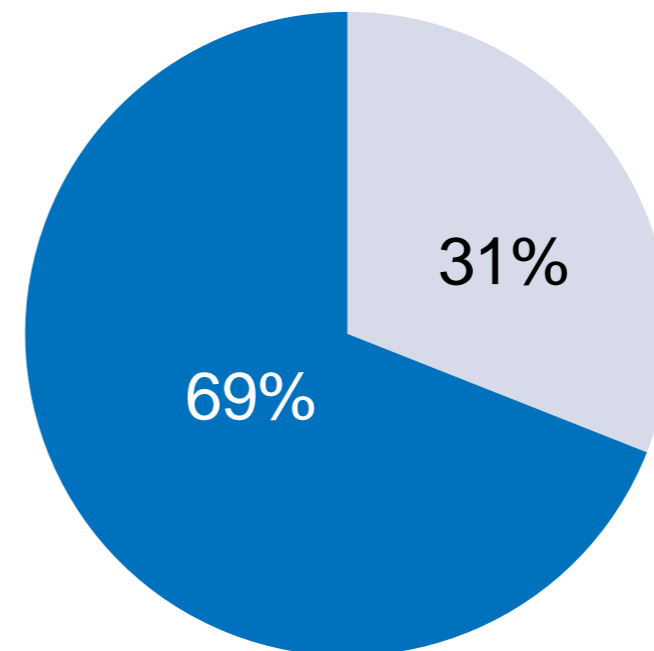
FY23/7 BizReach Business Revenue Breakdown by Fee Type⁽³⁾

- Performance Revenue
- Recurring Revenue



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

- Headhunters
- Direct Employers



Notes: (1) "Recurring Revenue" consists of subscription fees from direct employers, headhunters accessing our platform and purchasing additional "platinum scout", and job seekers 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

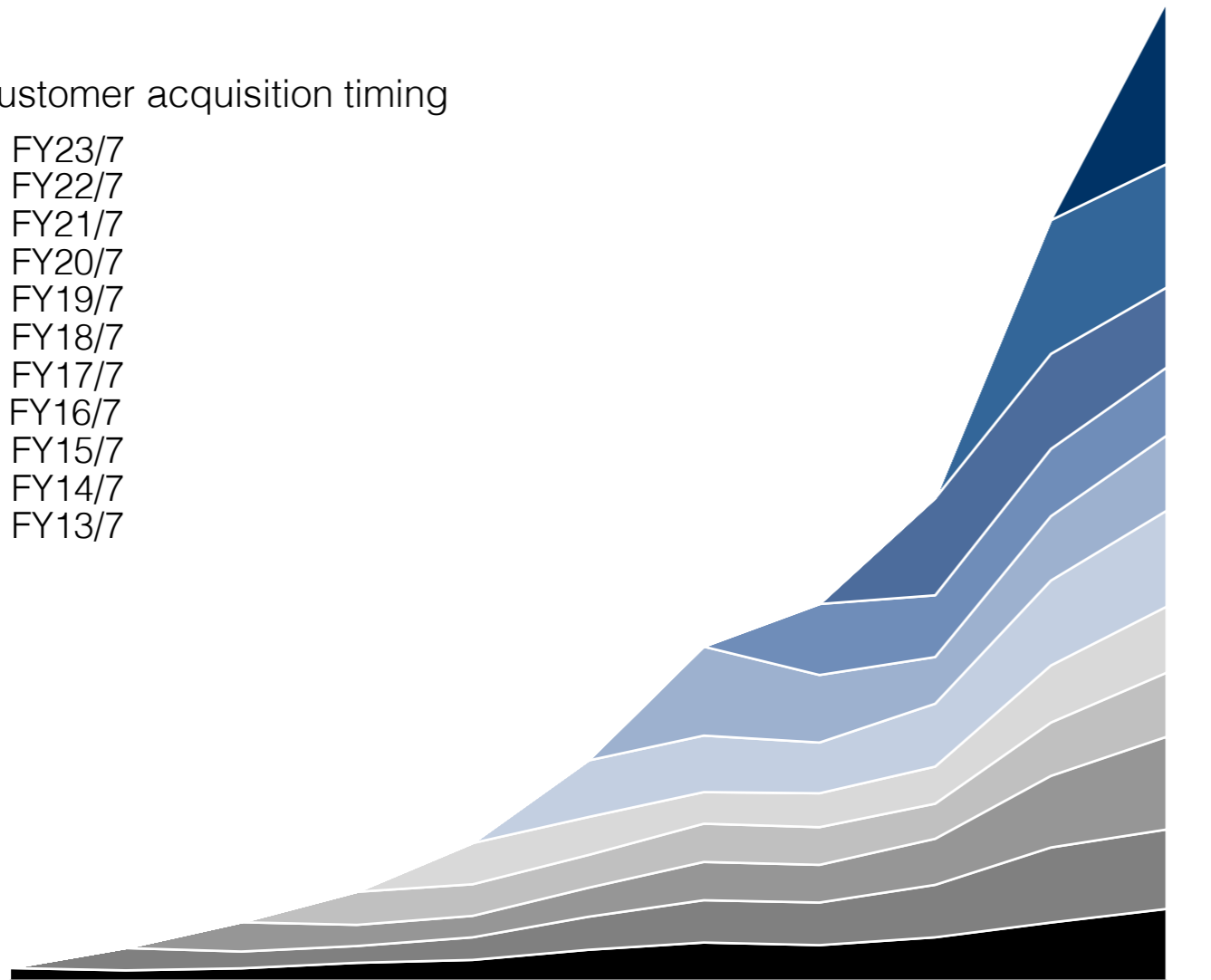
For customers with continued hiring needs, average sales amount per customer has increased over the years

By customer acquisition timing (sales amount)⁽¹⁾

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



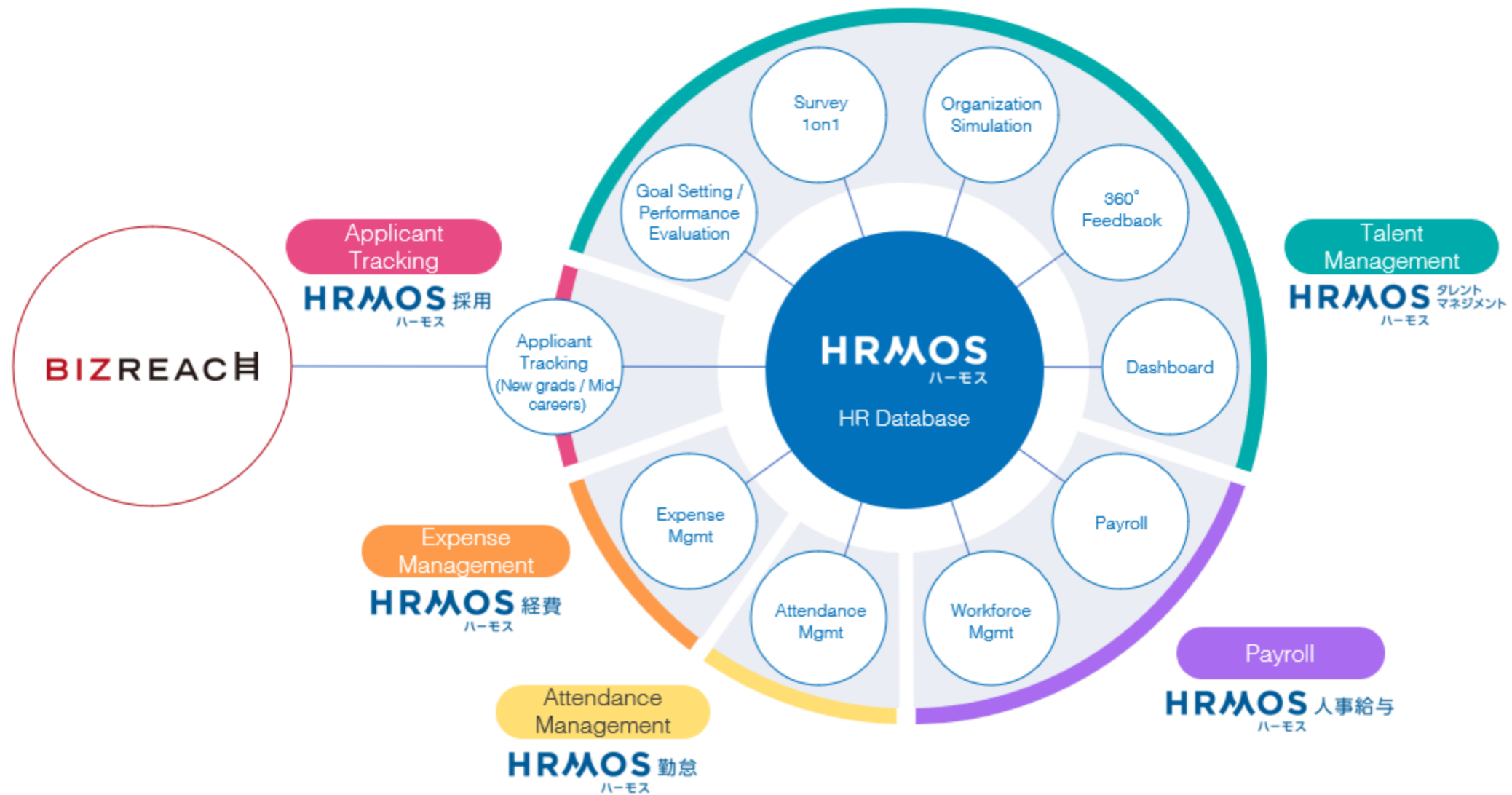
- The left chart indicates sales amount of each fiscal year from direct employers and headhunters counted from the time they were first acquired since FY2013/7
- Number of BizReach customers tends to decrease over the years after being acquired as they may leave the platform depending on hiring needs. 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

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

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

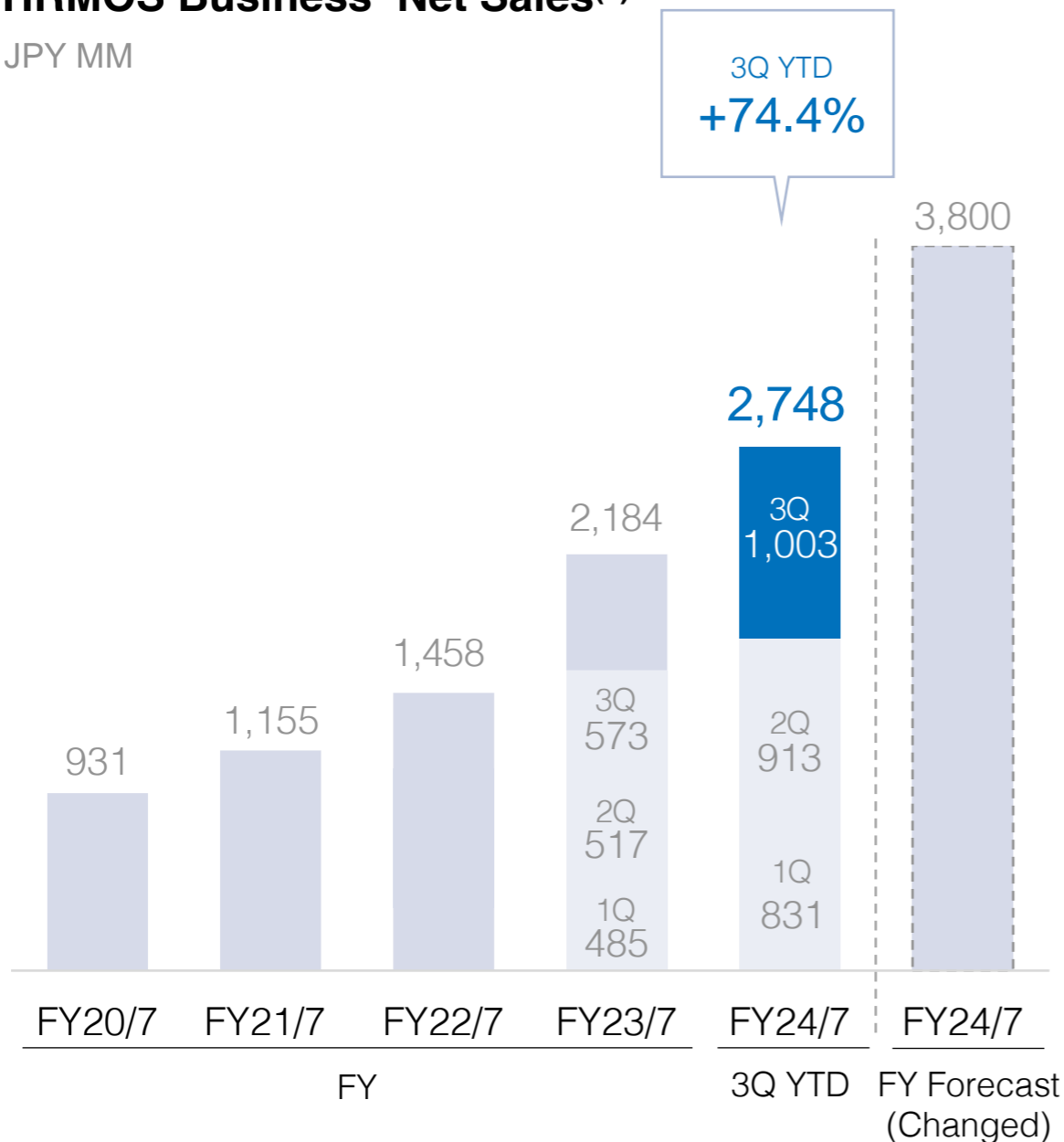
Seamless integration of BizReach and HRMOS to create a unified, data driven HCM Ecosystem that enables investment and management of human capital to drive business competitiveness



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

HRMOS Business' Net Sales⁽¹⁾

JPY MM



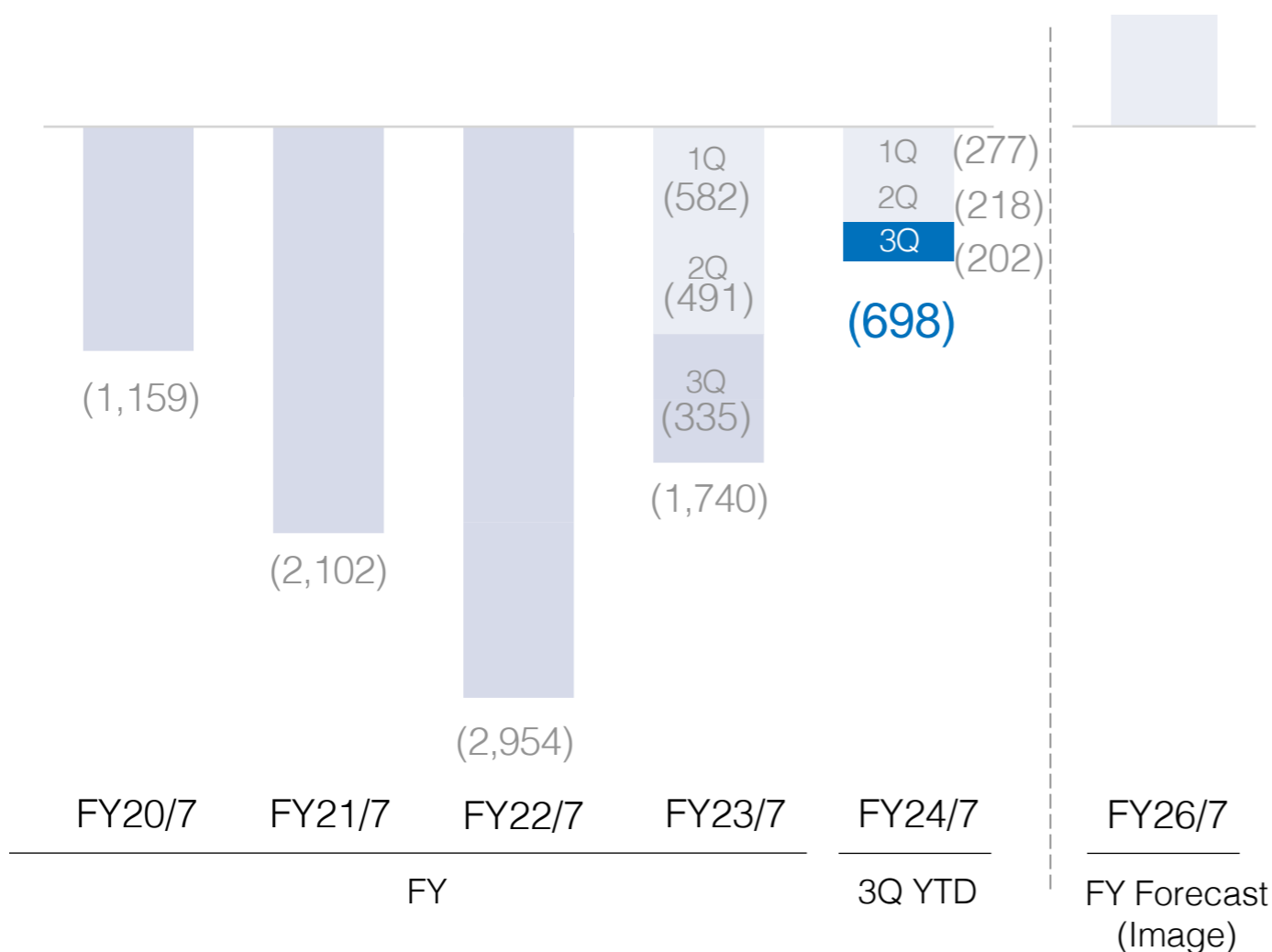
- The graph represents total net sales figure of all HRMOS services. HRMOS Expense Management is included from FY24/7, which is accelerating YoY growth rate
- Net sales for 3Q YTD grew 74.4% YoY, and net sales for 3Q grew 75.0% YoY, trending higher than plan
 - Net sales exceeded plan in all services
 - Customer acquisition drove growth in net sales
- HRMOS Payroll launched in June 2024, as planned
 - Contribution to net sales in FY2024/7 is negligible
- FY net sales forecast for HRMOS is changed to JPY 3.80Bn (73.9% YoY growth) as the business is trending higher than plan

Note: (1) HRMOS business' net sales and adjusted operating losses is recorded within the HR Tech reporting segment

3Q operating losses decreased due to strong net sales growth. Full year losses expected to be significantly reduced than previous year driven by strong net sales growth and efficient marketing

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

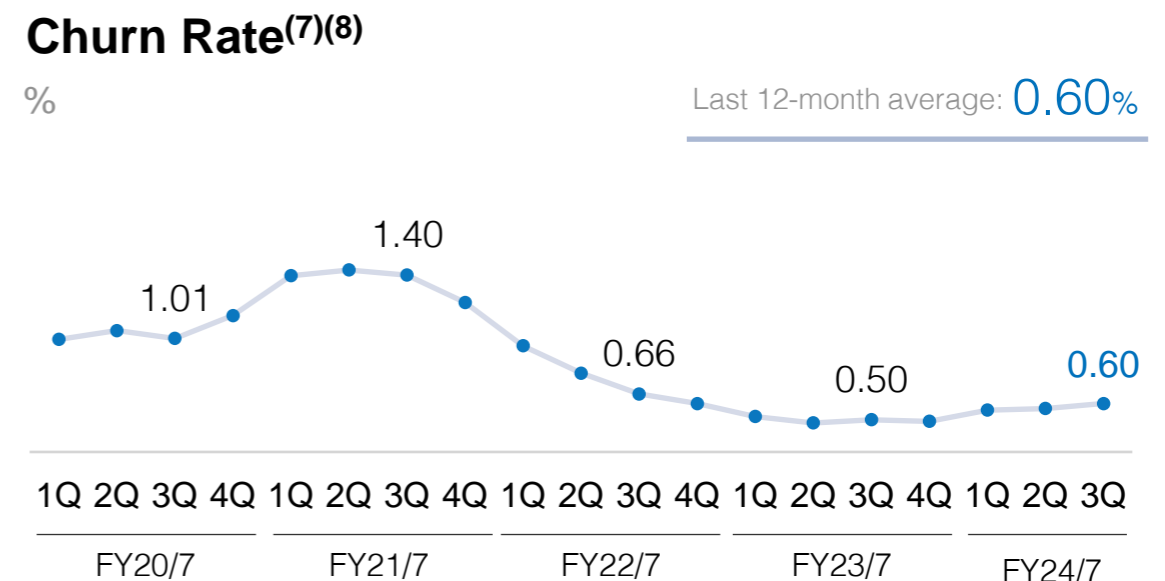
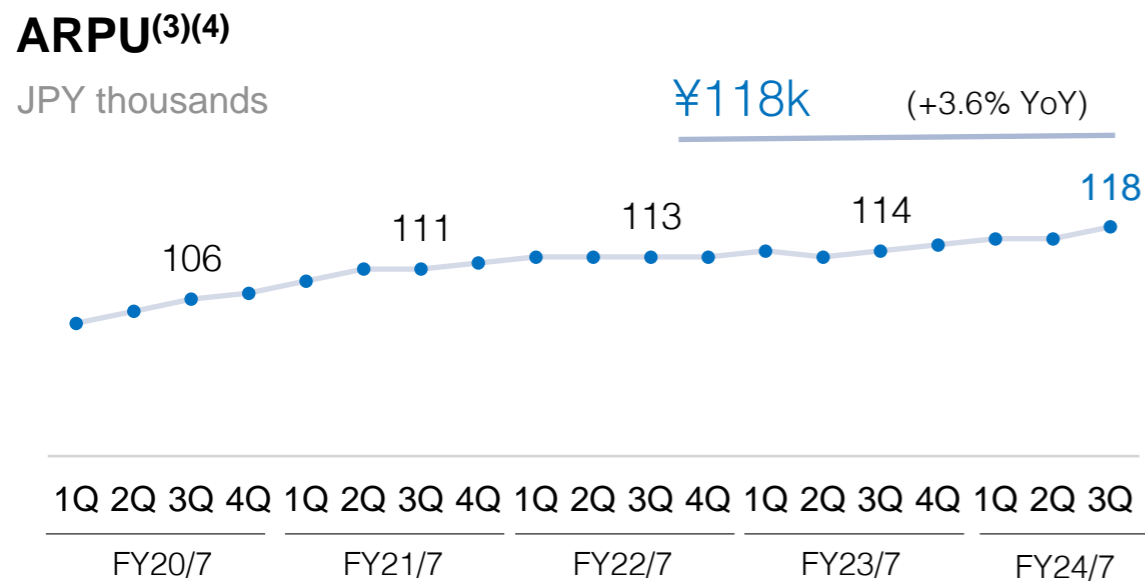
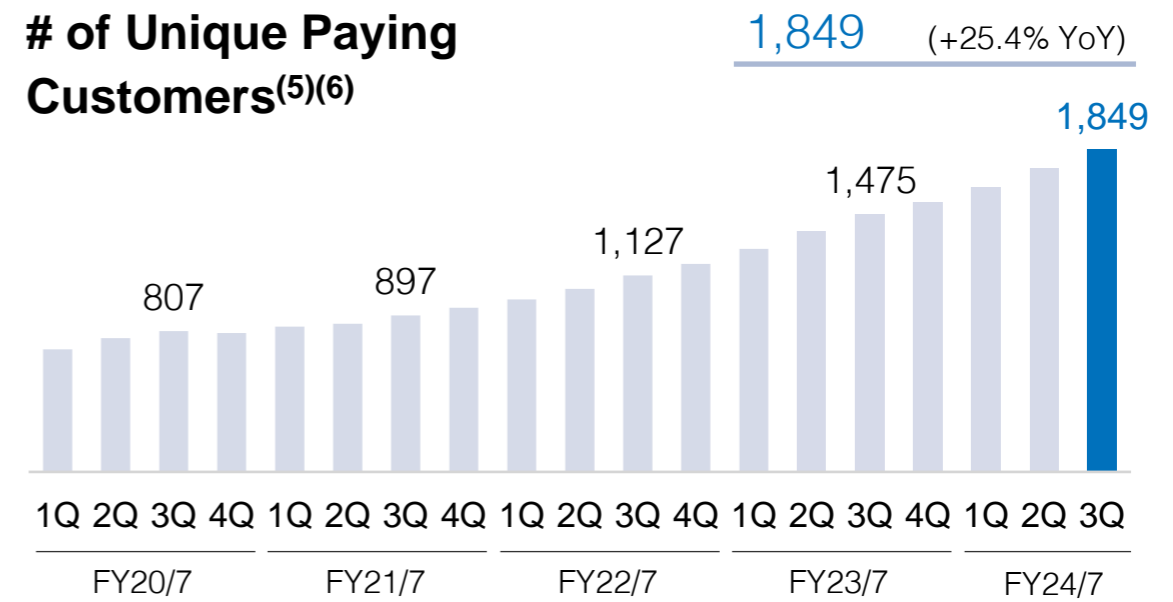
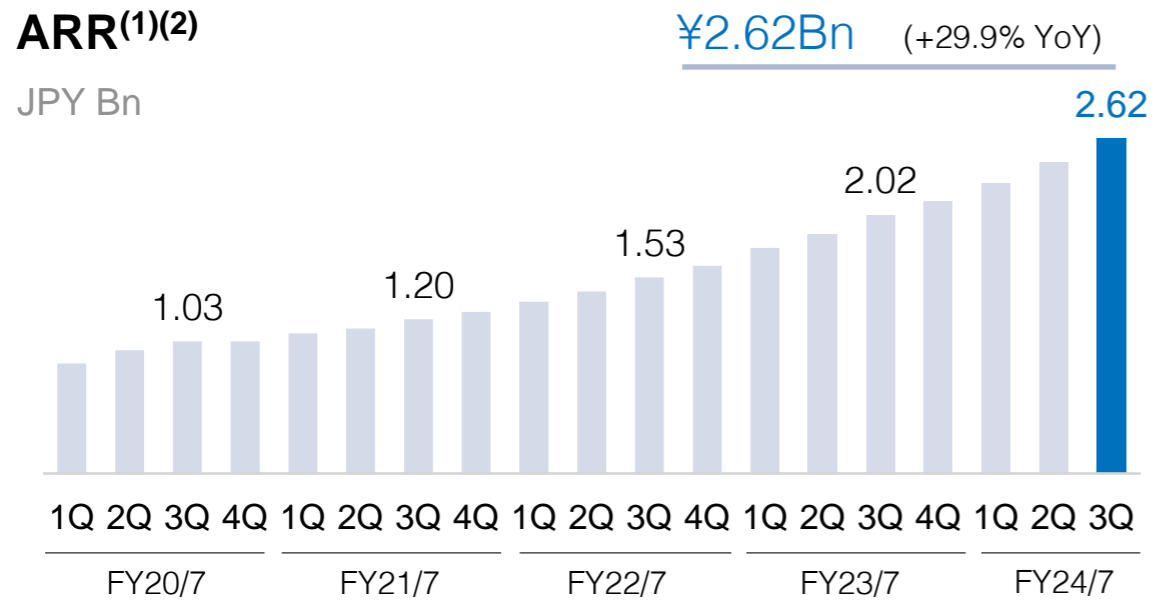
JPY MM



- 3Q operating losses decreased compared to plan due to strong net sales growth and efficient marketing activities
- 4Q investment amount is expected to be the largest in FY2024/7. However, losses are expected to be significantly reduced compared to previous year
- HRMOS aims to become profitable in FY2026/7 based on our current strategy, and there are currently no changes to the plan. However, we may strategically change the timing of profitability based on future trends in the market

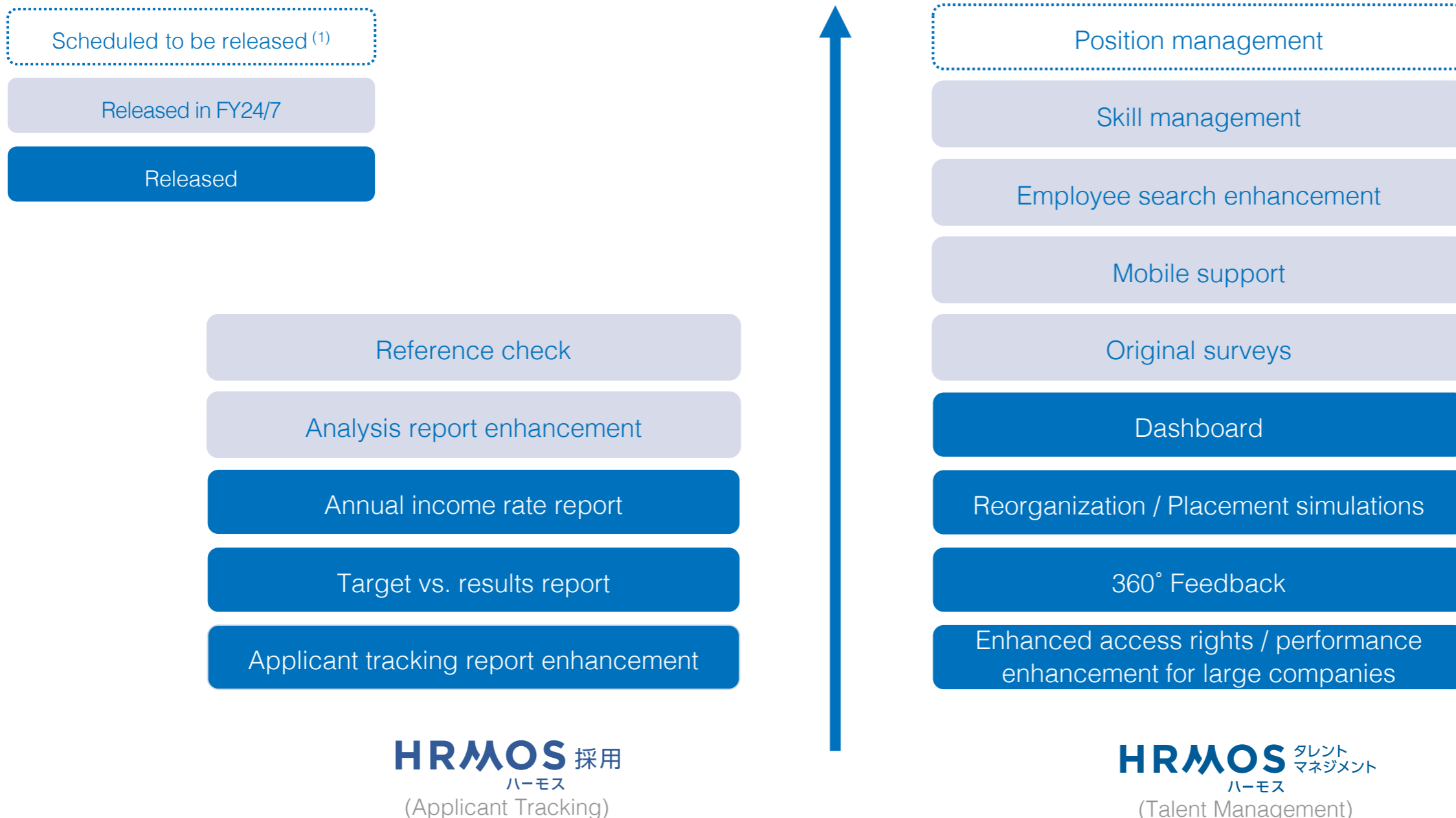
Notes: (1) HRMOS business' net sales and adjusted operating losses is recorded within the HR Tech reporting segment (2) Adjusted operating losses does not include corporate expenses (such as accounting, HR, legal, general affairs, etc.) which are not directly allocated to each businesses

ARR reached JPY 2.62Bn in 3Q (29.9% YoY growth) driven by solid growth of customers. KPIs below represent HRMOS ATS and HRMOS Talent Management total (same as previous disclosure)



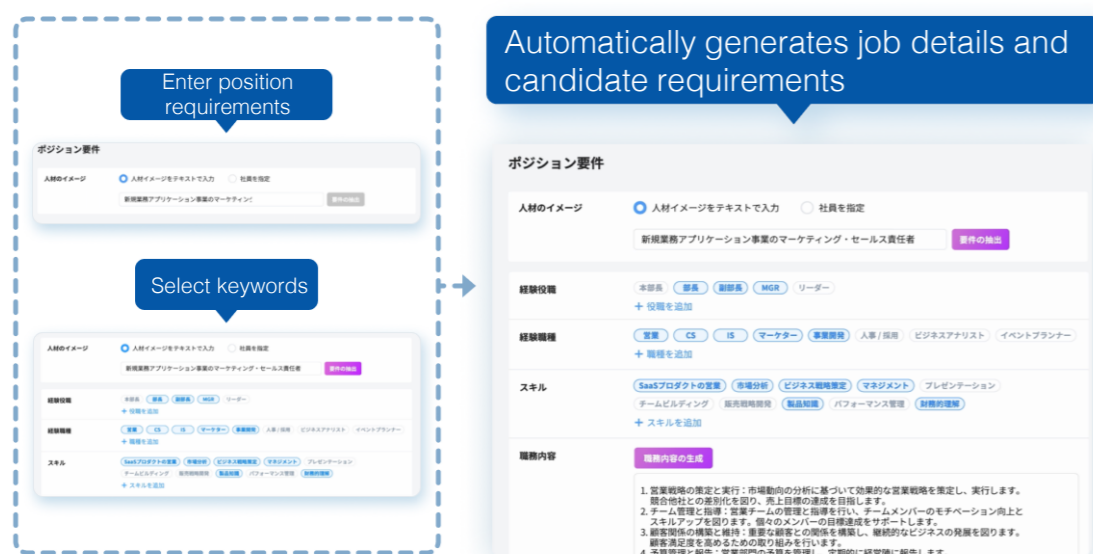
Notes: (1) HRMOS Annual Recurring Revenue (ARR). HRMOS MRR (Monthly Recurring Revenue) for the last month of a quarter multiplied by 12 (MRR = previous month's monthly recurring revenue + newly acquired monthly recurring revenue + upsell monthly recurring revenue down sell monthly recurring revenue churned monthly recurring revenue. Excludes one-time fees such as initial setup fees) (2) As of the end of April 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 April 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 April 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 April 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



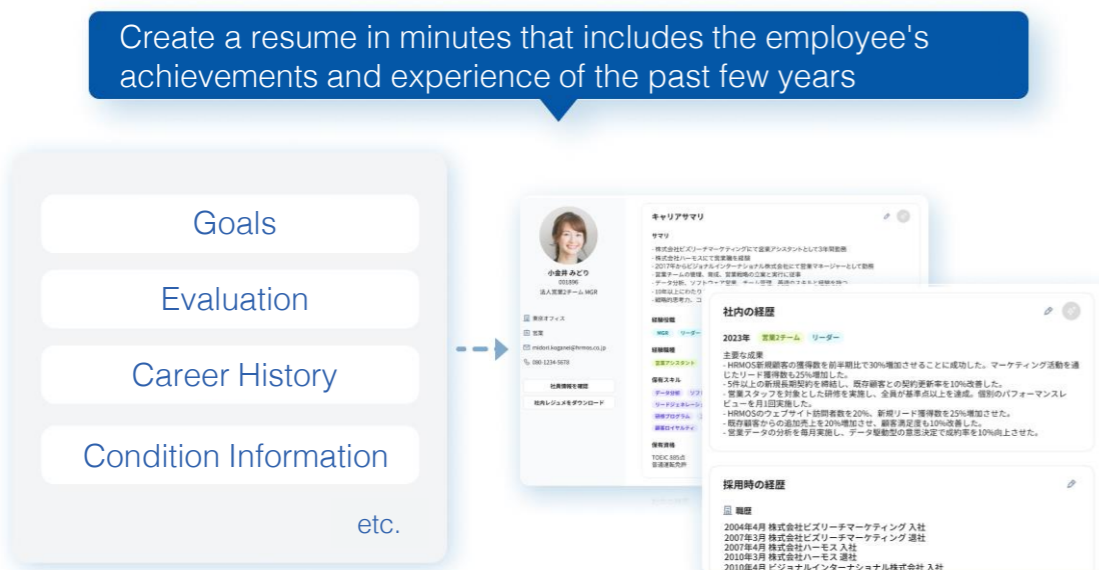
Note: (1) These are plans at this time, and function names and details are subject to change at the time of actual release of the functions

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⁽¹⁾

- 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 and experience and skills registered in HRMOS Talent Management summarized in a resume format



Note: (1) For details, please refer to the press release announced by BizReach, Inc. on January 31, 2024. (<https://www.bizreach.co.jp/pressroom/information/2024/0131.html>)

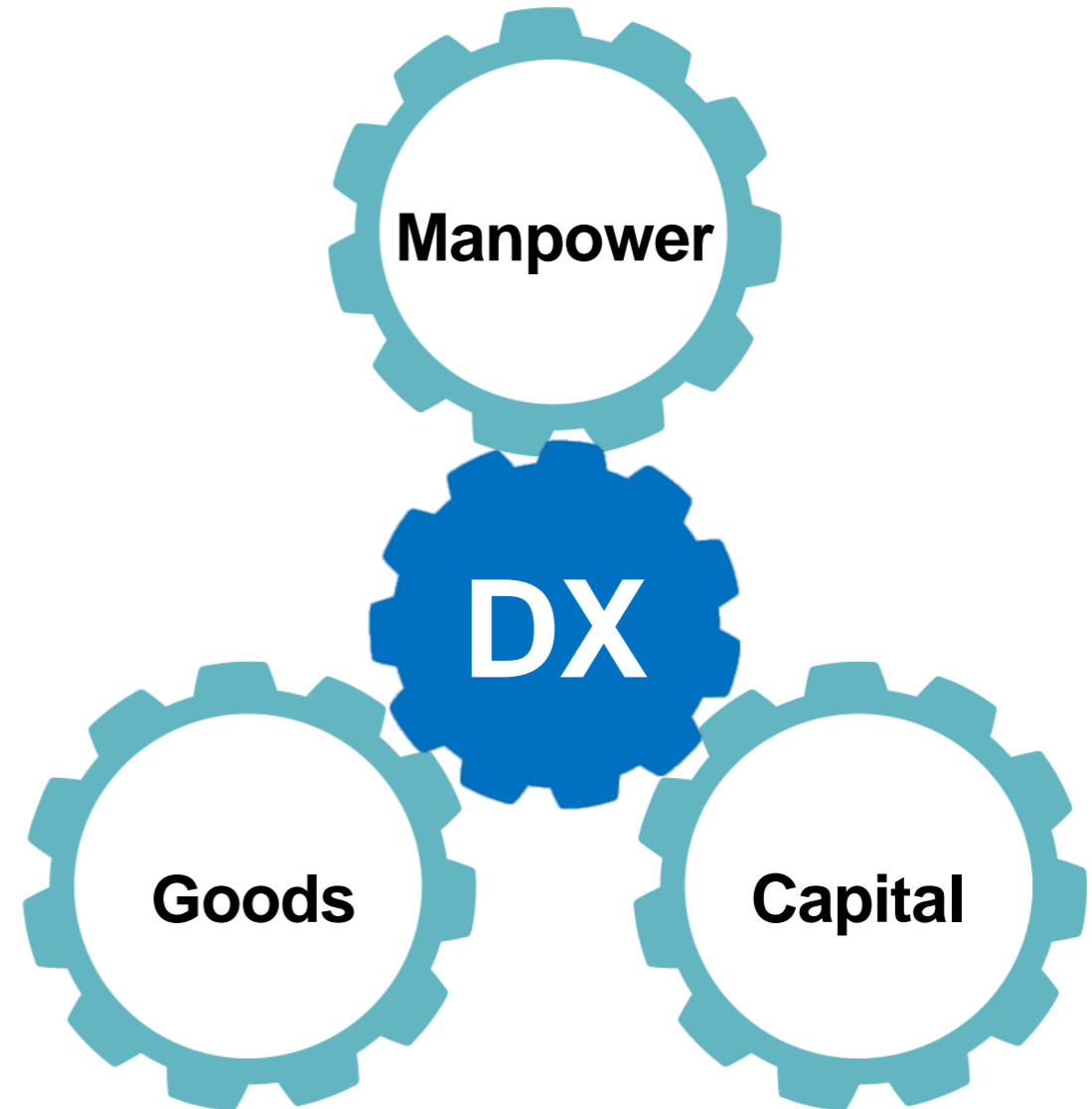
Visional Group Strategy and Our Future

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⁽¹⁾ and lean startup organization

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

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.

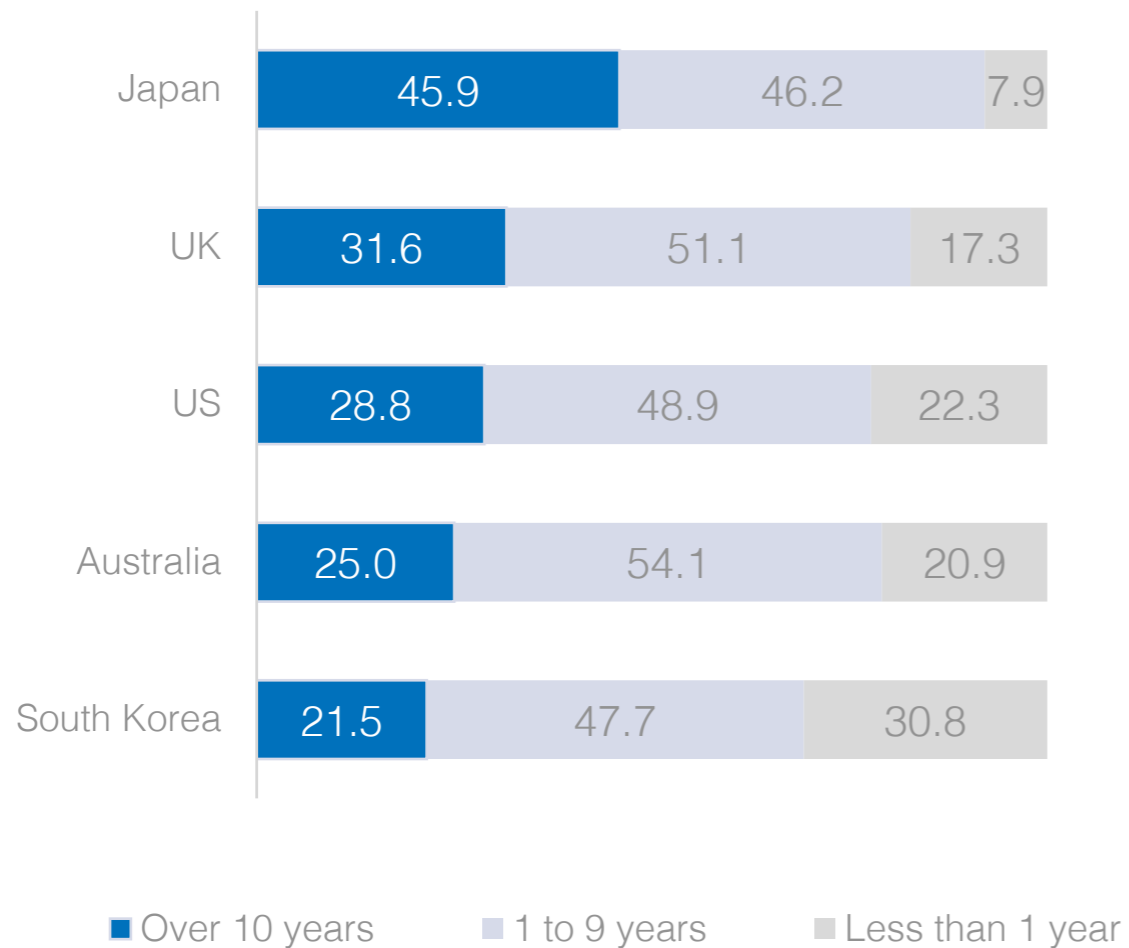
Commitment towards our group mission

- ✓ 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⁽¹⁾

Unit: %



Why Increased Labor Liquidity is Required

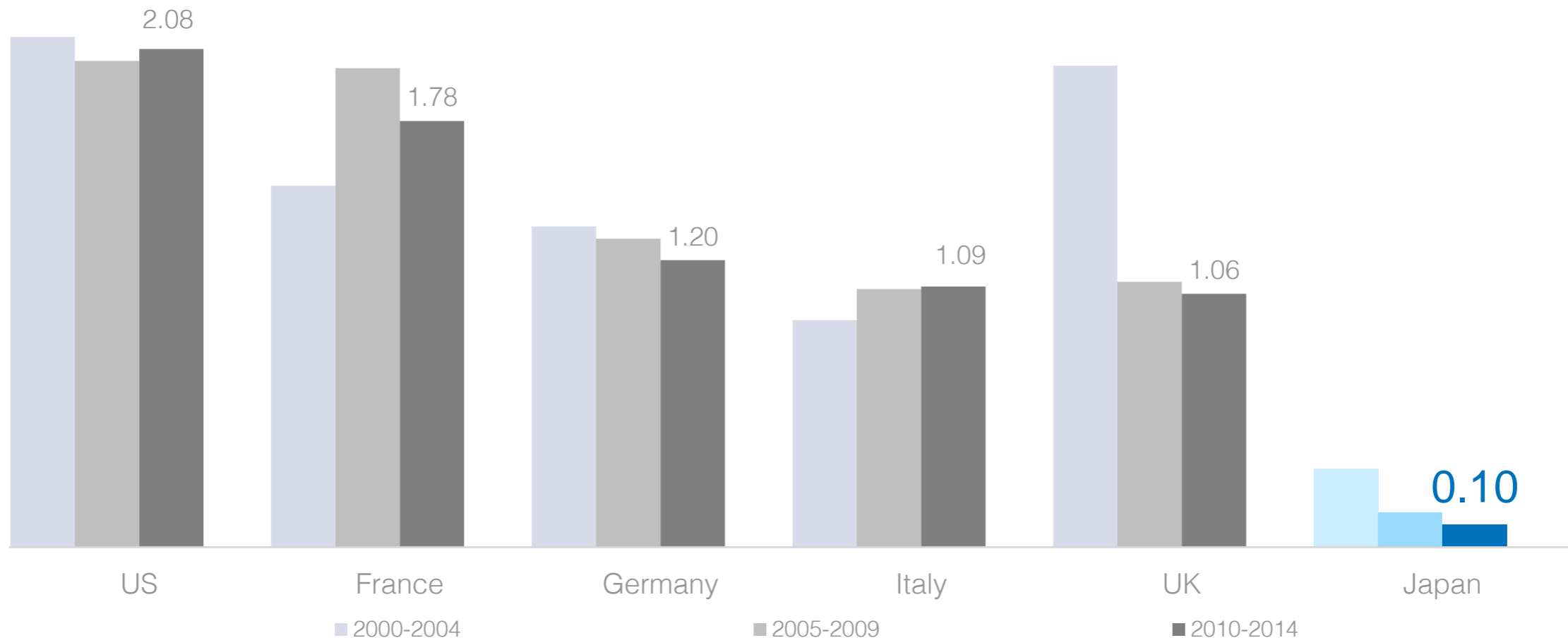
- ✔ Mid-career hiring required to address decreasing work force caused by shrinking working-age population and the number of new graduates entering the work force in the long term
- ✔ Professionals required to address changes in the business environment and business models, and to build a diverse and 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

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)⁽¹⁾

Unit: %

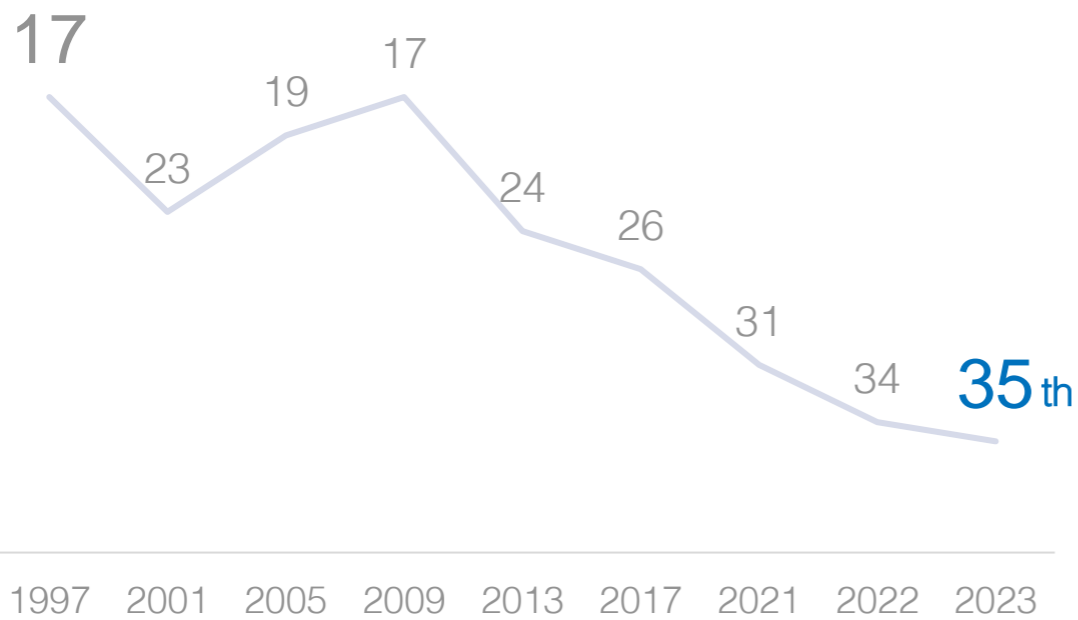


Note: (1) Prepared by Visional, Inc. based on the Ministry of Economy, Trade and Industry "METI Future Human Resource Vision" in May 2022 (<https://www.meti.go.jp/press/2022/05/20220531001/20220531001-1.pdf>)

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

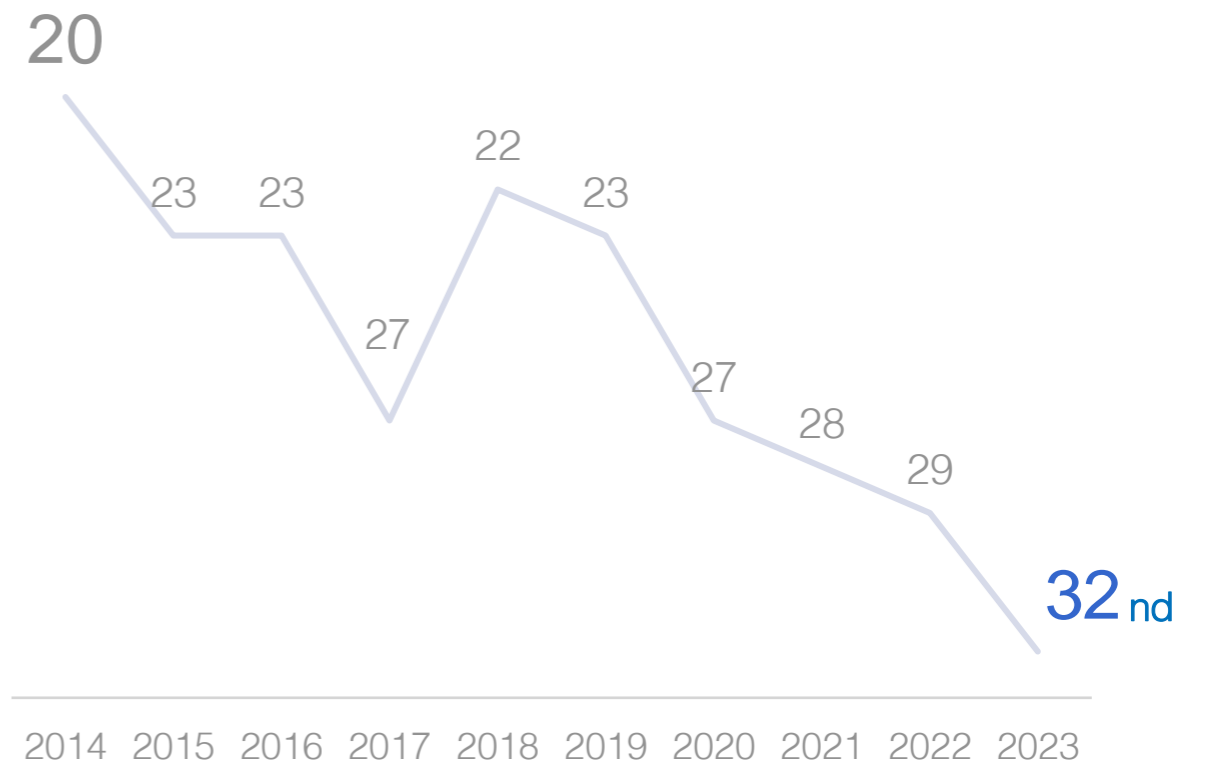
Japan's International Competitiveness Ranking⁽¹⁾

Rank



Japan's Digital Competitiveness Ranking⁽²⁾

Rank

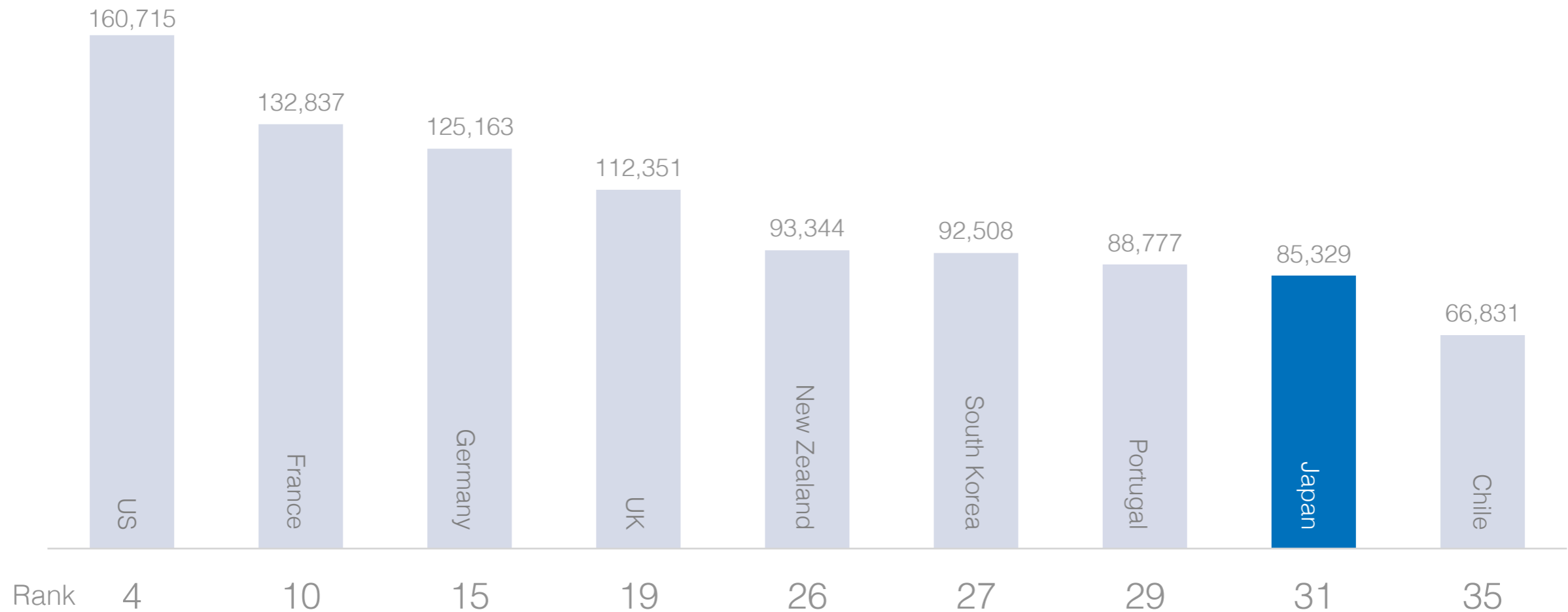


Notes: (1) Prepared by Visional, Inc. based on "IMD World Competitiveness Ranking" by The IMD World Competitiveness Center (<https://www.imd.org/centers/wcc/world-competitiveness-center/rankings/world-competitiveness-ranking/>) (2) Prepared by Visional, Inc. based on "IMD World Digital Competitiveness Ranking" by The IMD World Competitiveness Center (<https://www.imd.org/centers/wcc/world-competitiveness-center/rankings/world-digital-competitiveness-ranking/>)

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⁽¹⁾

Year 2022, per employed worker, comparison among 38 countries
Unit: US dollar at purchasing power parity

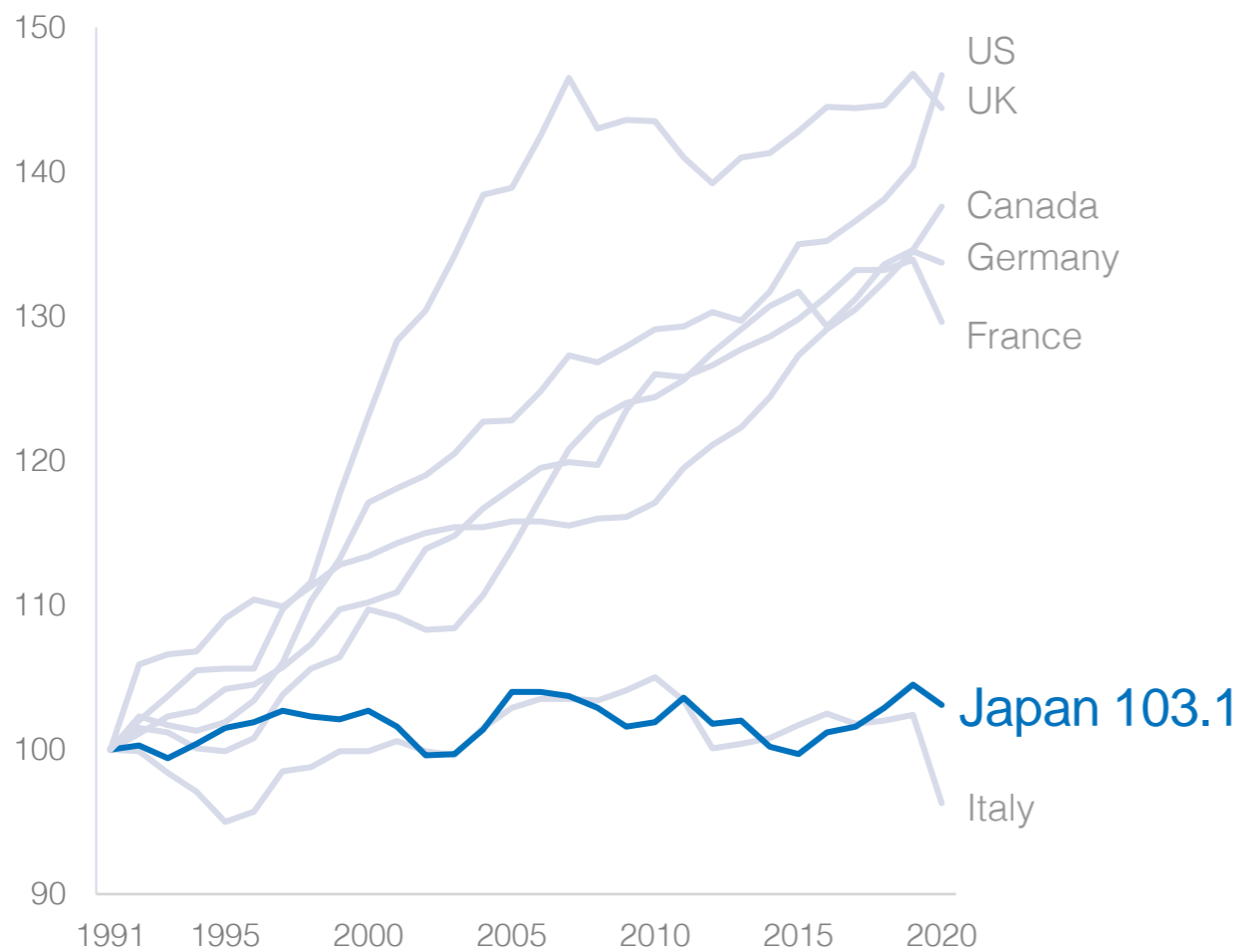


Note: (1) Prepared by Visional, Inc. based on Japan Productivity Center “International Comparison of Labor Productivity 2023” (<https://www.jpc-net.jp/research/list/comparison.html>)

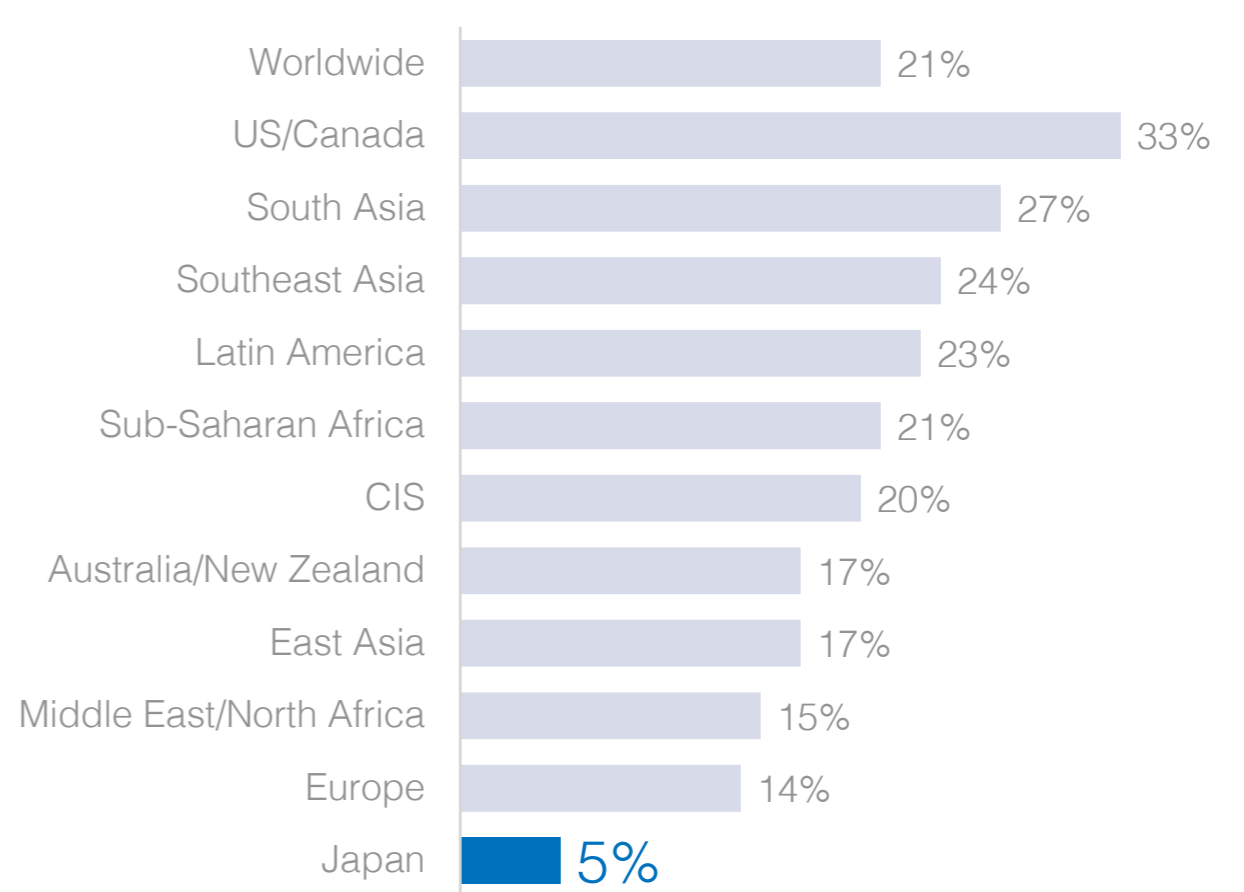
Real wages in Japan have not increased for almost 20 years, but a movement has begun to improve productivity. Positive trends in higher wages and focus on human capital management to improve employee engagement observed

Trend in Real Wages in G7 Countries⁽¹⁾

(Benchmark year 1991=100)



% of Employees Who are Engaged at Work⁽²⁾



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

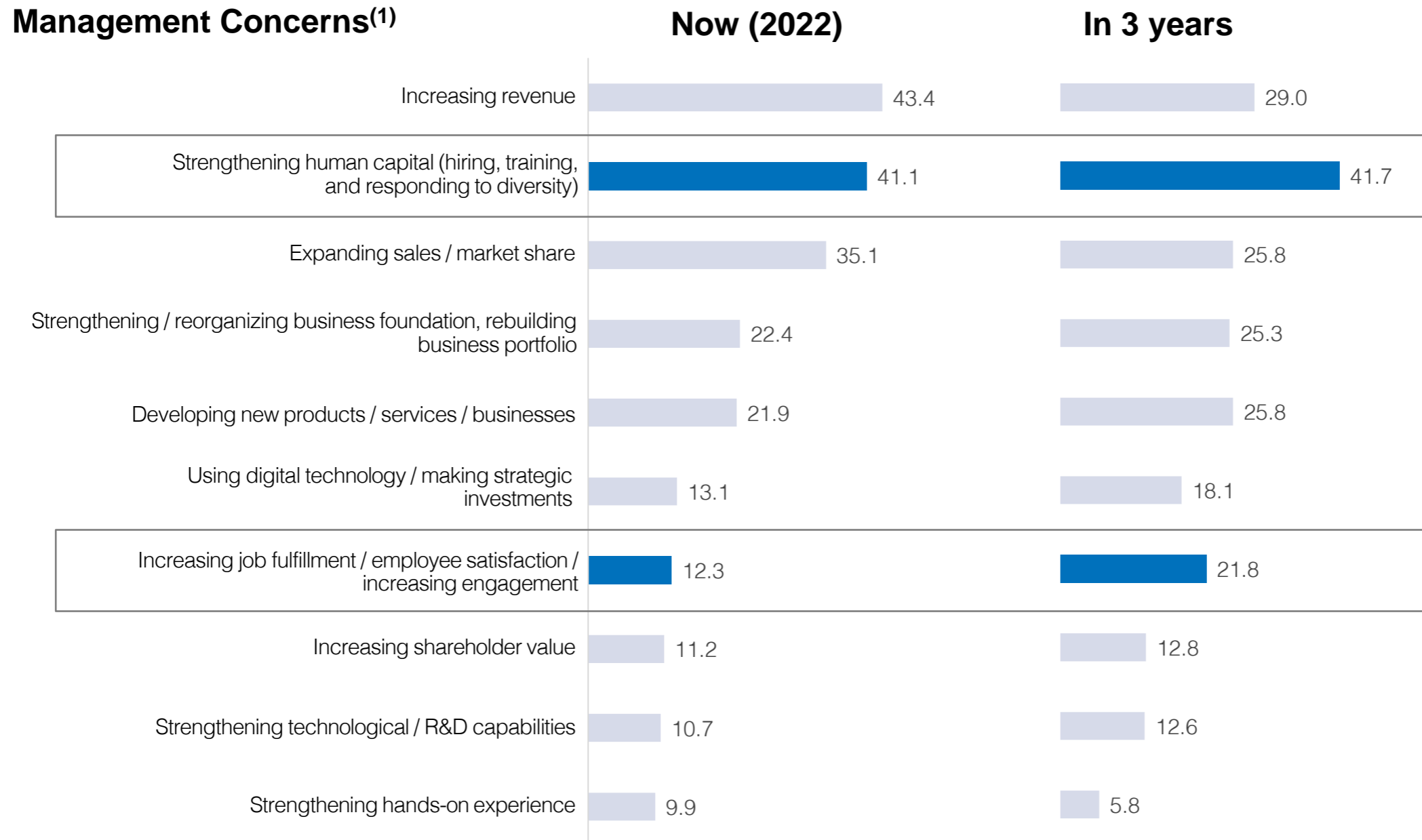
Background

- 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

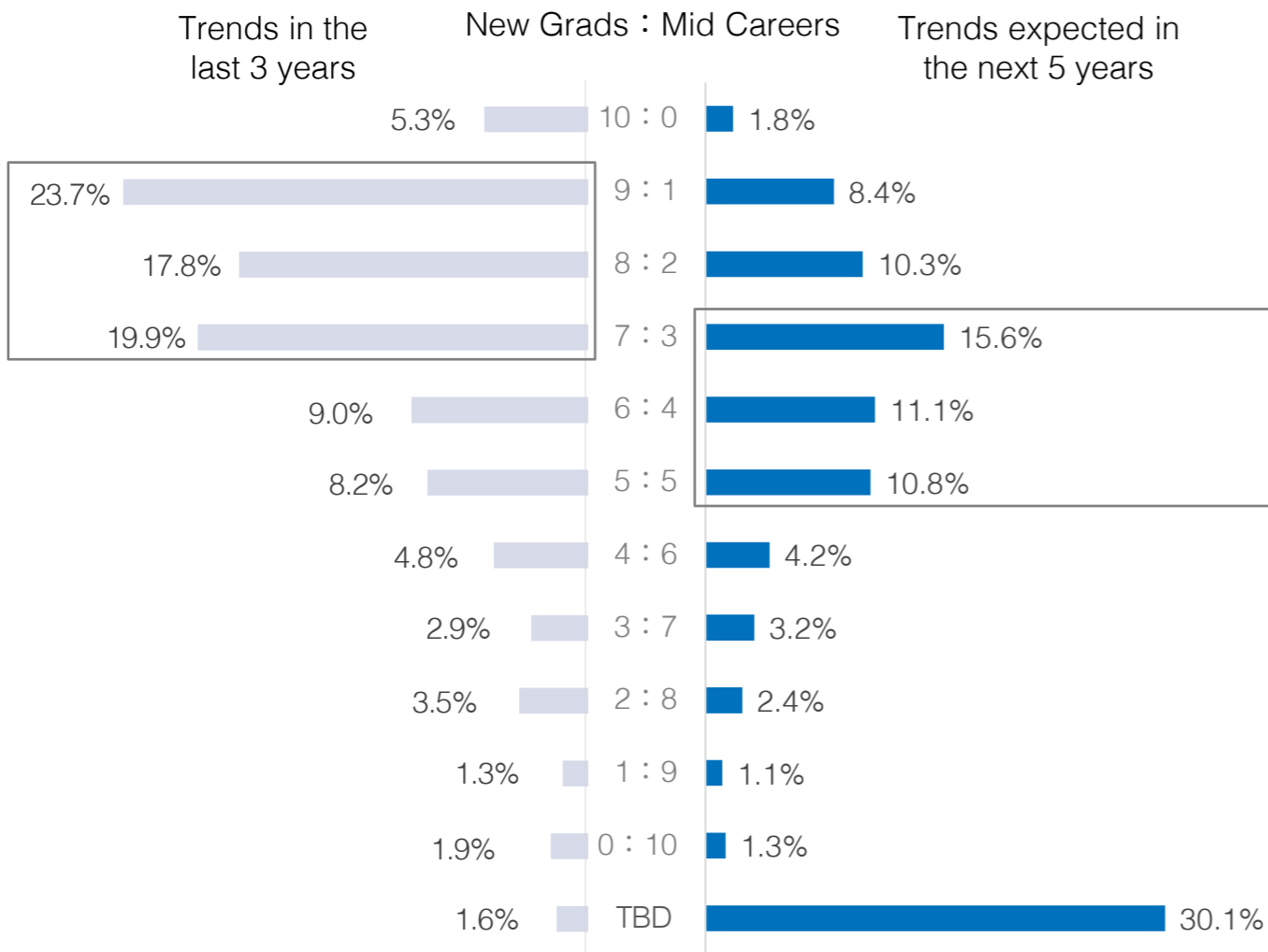
Strengthening and applying human capital are top management issues by Japanese companies



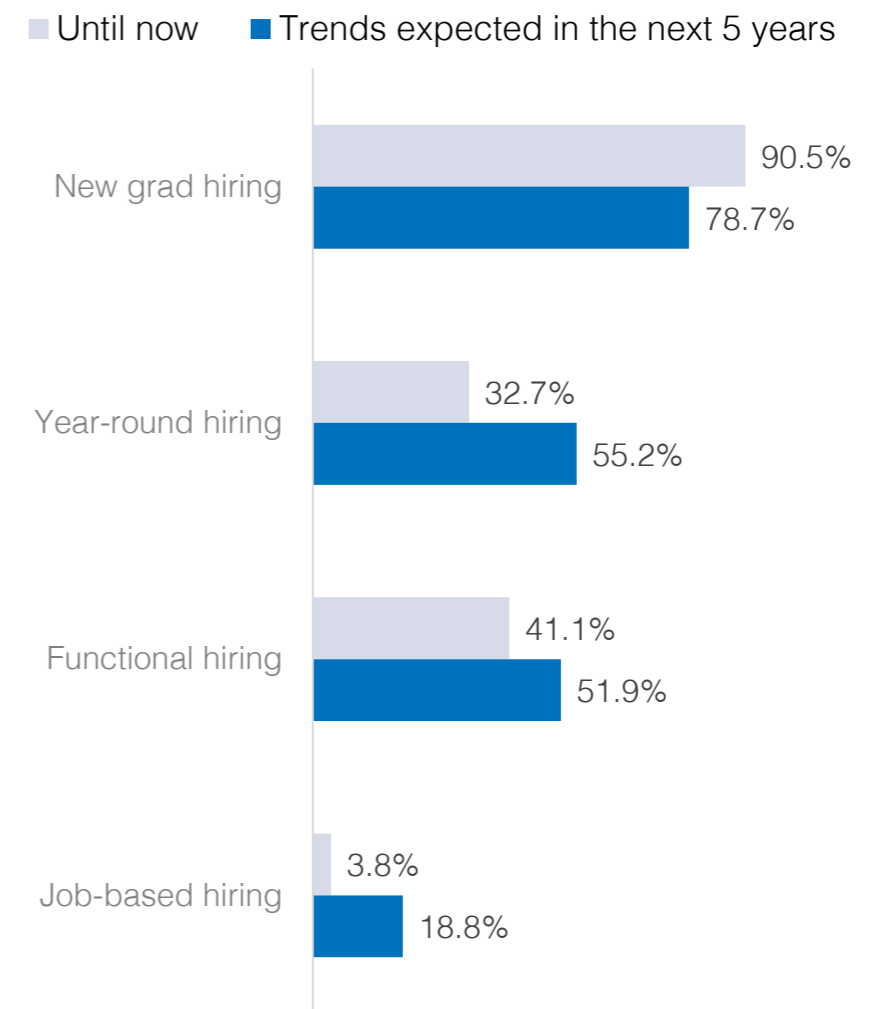
Note: (1) Prepared by Visional, Inc. based on excerpt from “Corporate Management Issues 2022” (Published December 2022) by Japan Management Association. Each figure is the percentage of responses which ranked the importance of the 20 items expected to be issues from first to third

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⁽¹⁾



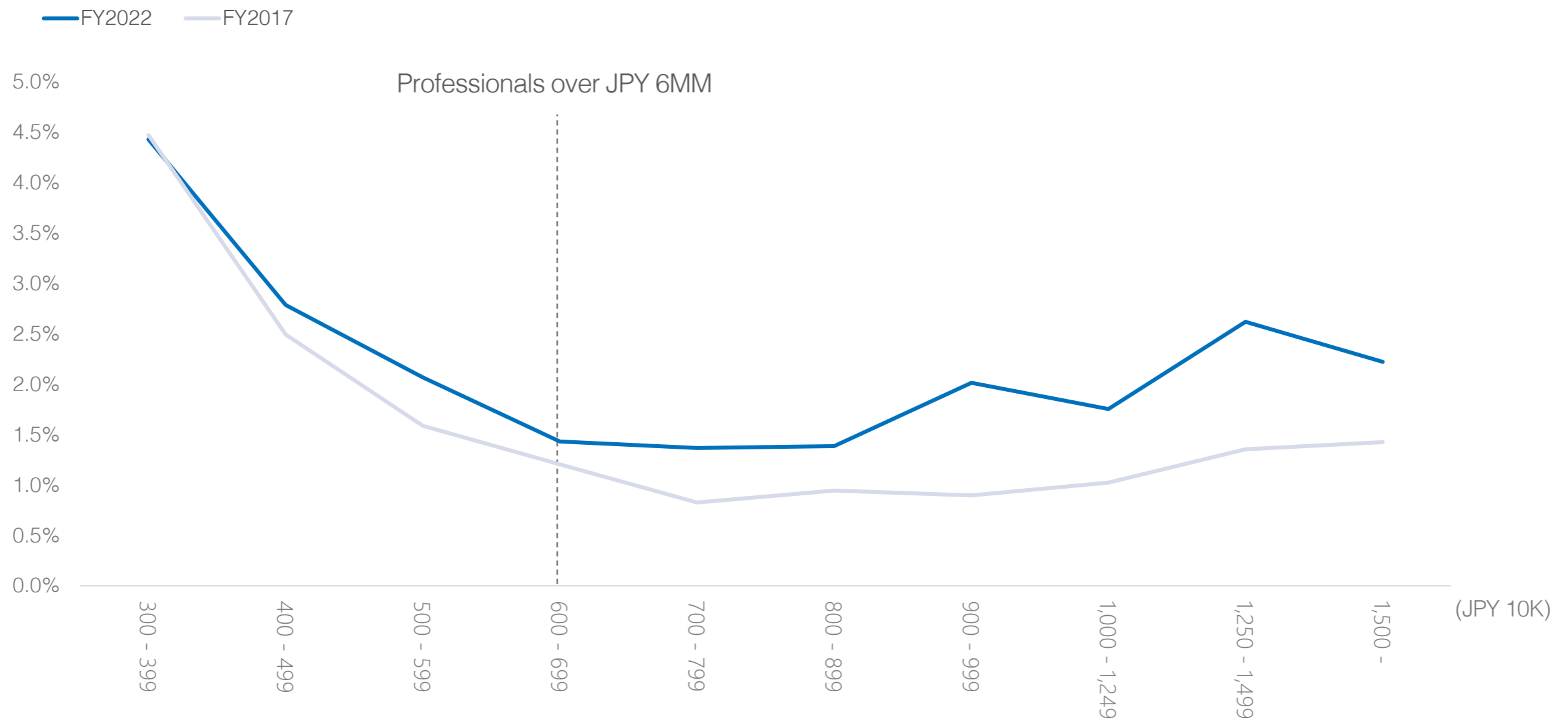
Changes in New Grad Hiring Methods⁽¹⁾



Note: (1) Quoted and prepared by Visional, Inc. based on "Vision for Future Human Resources" (Published May 2022) by Ministry of Economy, Trade and Industry

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

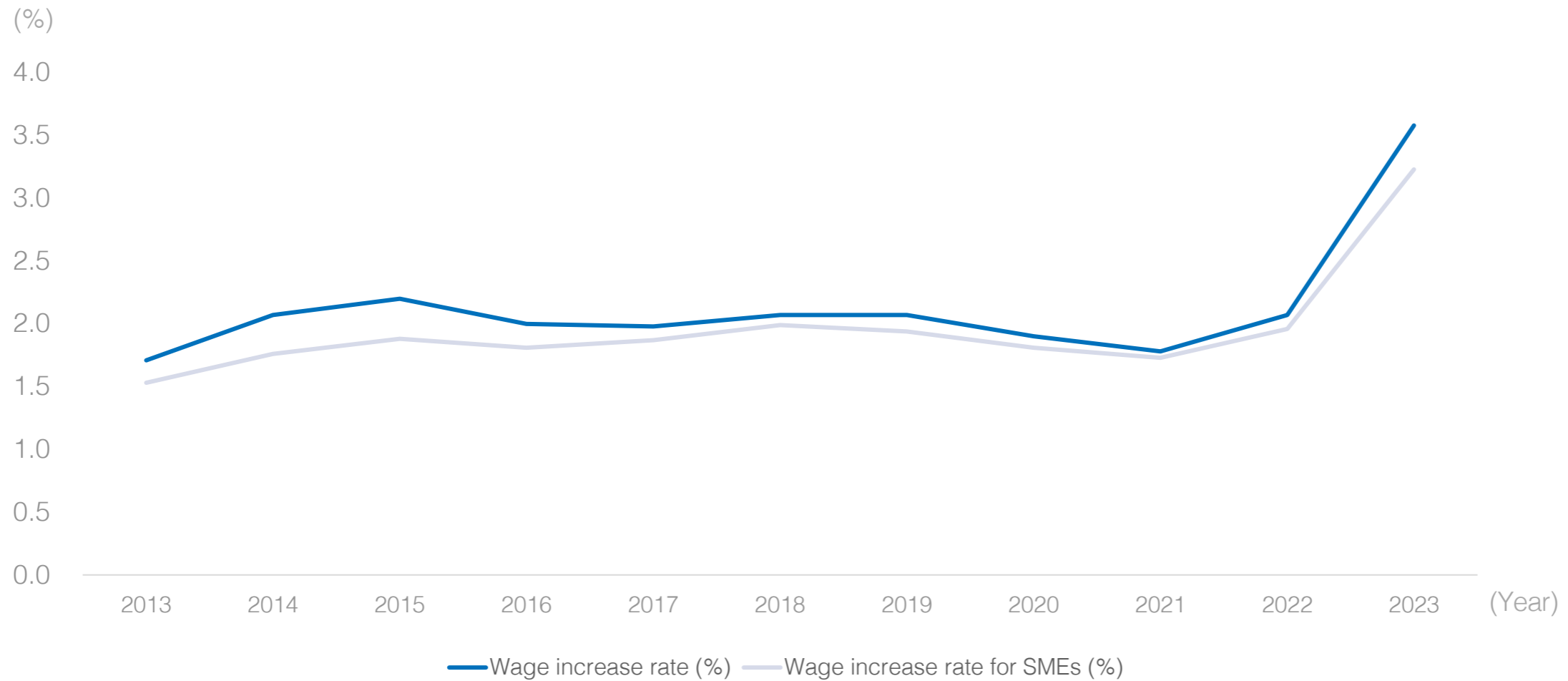
Job Change Ratio based on Income⁽¹⁾



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⁽¹⁾. 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⁽¹⁾



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

2023



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

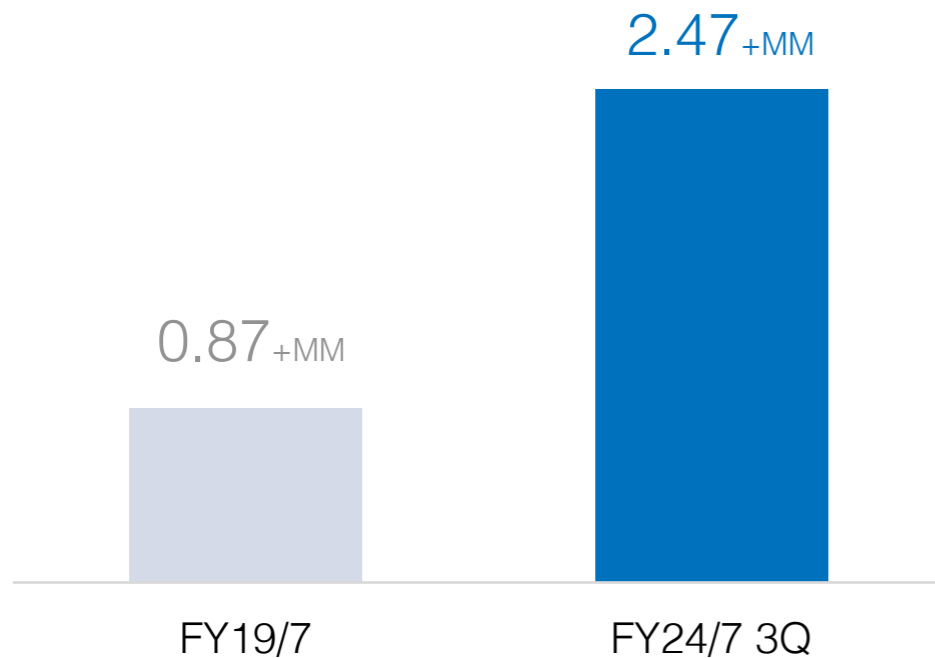
While penetrating further into the professionals' population, accelerate new client acquisitions and increase wallet share of existing clients to drive further top-line growth

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

of "Scoutable" Job Seekers on BizReach⁽¹⁾

of wage earners in Japan in 2022⁽²⁾

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



Potential Market Penetration of Direct Employers

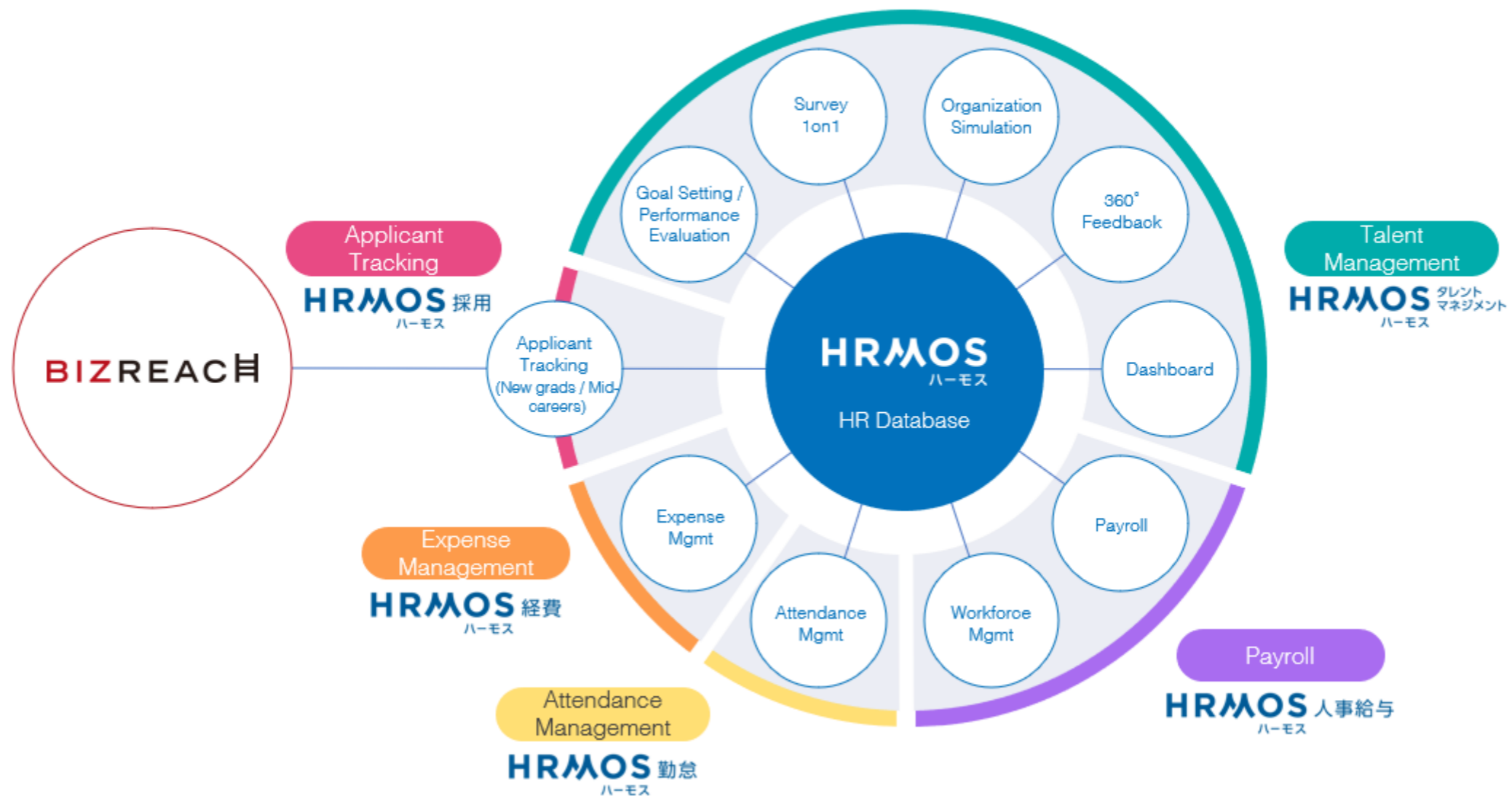


Notes: (1) # of users who registered on BizReach platform with resume / CV that have passed a general screening process and whose profile is set to be viewable by direct employers and headhunters (2) Based on "2022 Statistical Survey of Actual Statistics for Salary in the Private Sector" by Japanese 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)





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

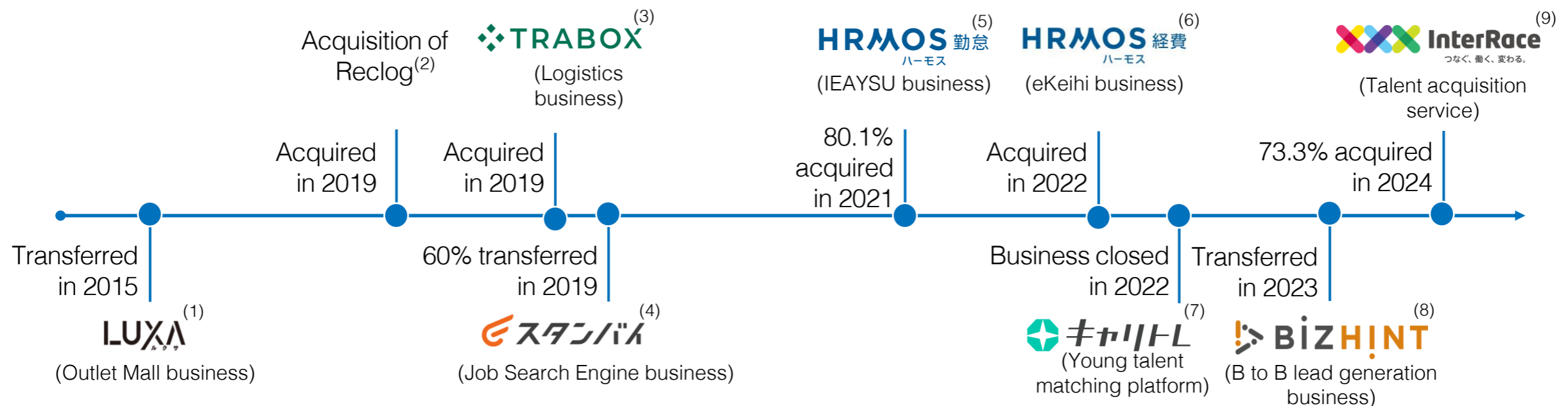


Building businesses in potential areas of growth emerging from seismic shifts and technological innovation. Driving mid to long term growth whilst contributing to improving Japan’s productivity

Issue 1	Issue 2	Issue 3
<p>Lack of capital liquidity including business succession</p> <p>“Japan’s Economy 2020-2021”⁽¹⁾ “...for companies with promising business and appropriate technological capabilities, retaining their know-how and employment in the form of M&A will help maintain the technological capabilities of Japan as a whole...”</p> <p>M&A matching site for screened corporations</p> 	<p>Delay in security measures as cloud service utilization increases</p> <p>“Grand Design and Action Plan for a New Form of Capitalism”⁽²⁾ “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>Delay in DX for SMEs</p> <p>“Grand Design and Action Plan for a New Form of Capitalism”⁽²⁾ “It is vital to strengthen competitiveness through productivity improvements and optimizing trade...”</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

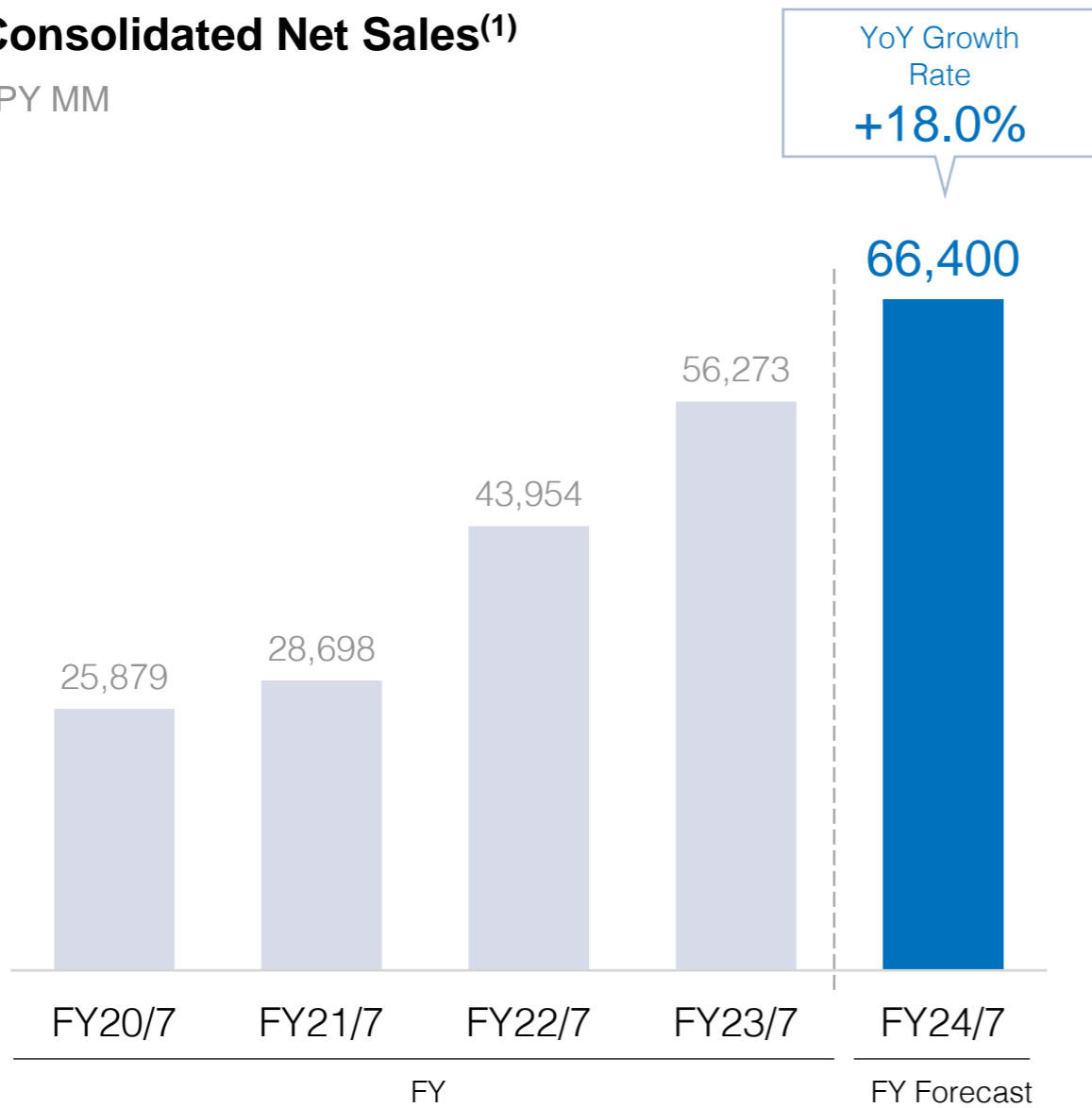


Notes: (1) LUXA was fully incubated inside of BizReach, spun out as a subsidiary and transferred entirely to KDDI in April 2015 (2) Acquired 100% of shares of Cloud Solutions, Inc. and took over Reclog, an applicant tracking system in September 2019 (3) Acquired 100% of shares of Trabox, Inc. and took 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 (9) Acquired 73.3% of shares of InterRace, Inc. in March 2024

Visualon Group consolidated net sales growth forecast of 18.0% YoY. Consolidated operating profit growth forecast of 30.0% YoY and profit margin forecast of 25.9%

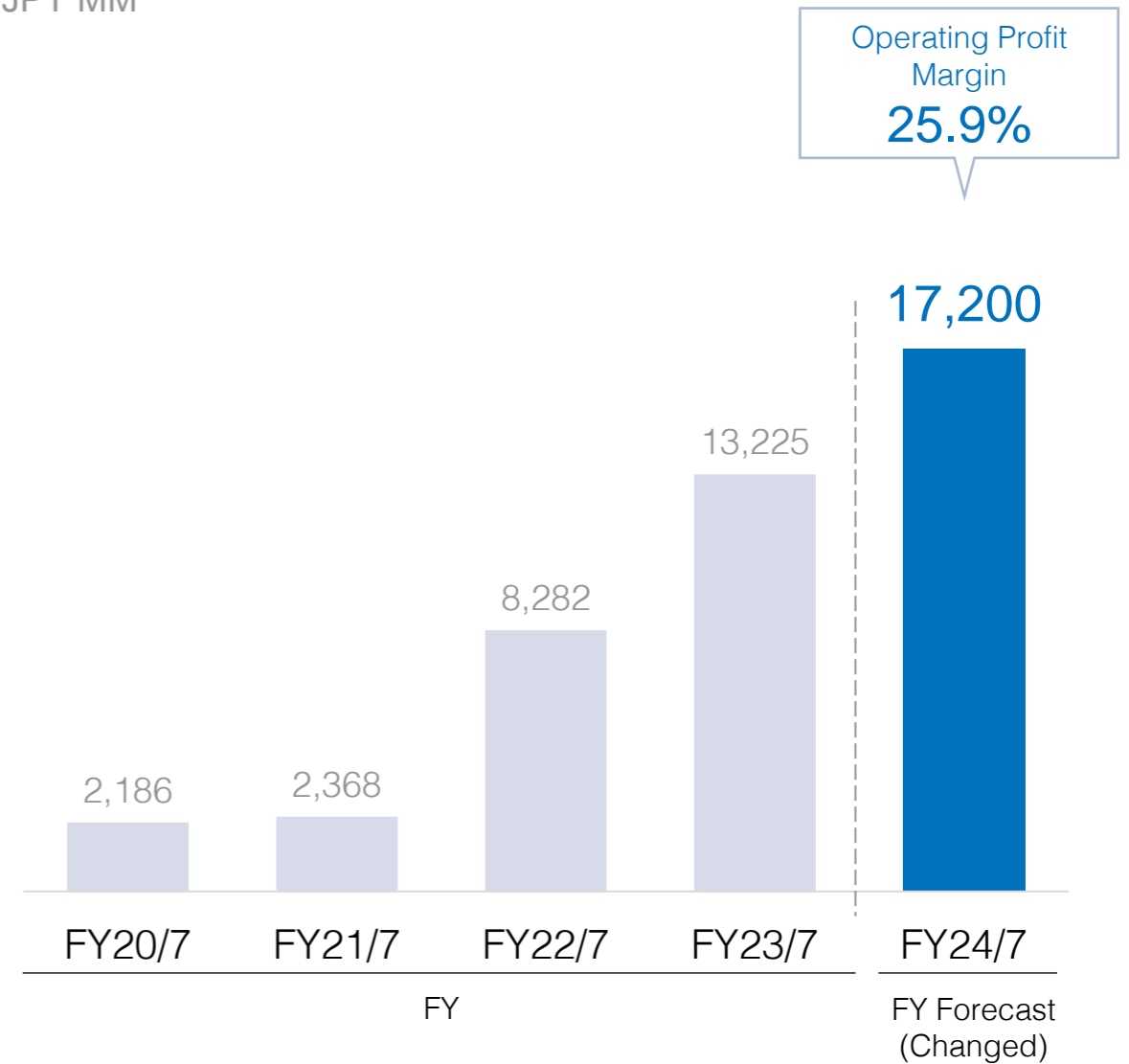
Consolidated Net Sales⁽¹⁾

JPY MM



Consolidated Operating Profit⁽¹⁾⁽²⁾

JPY MM



Notes: (1) Based on FY20/7 financials prepared by Visualon, Inc. continued from the financials of BizReach, Inc. Visualon, Inc. was established through a share transfer, and BizReach, Inc. became a wholly-owned subsidiary of Visualon, 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

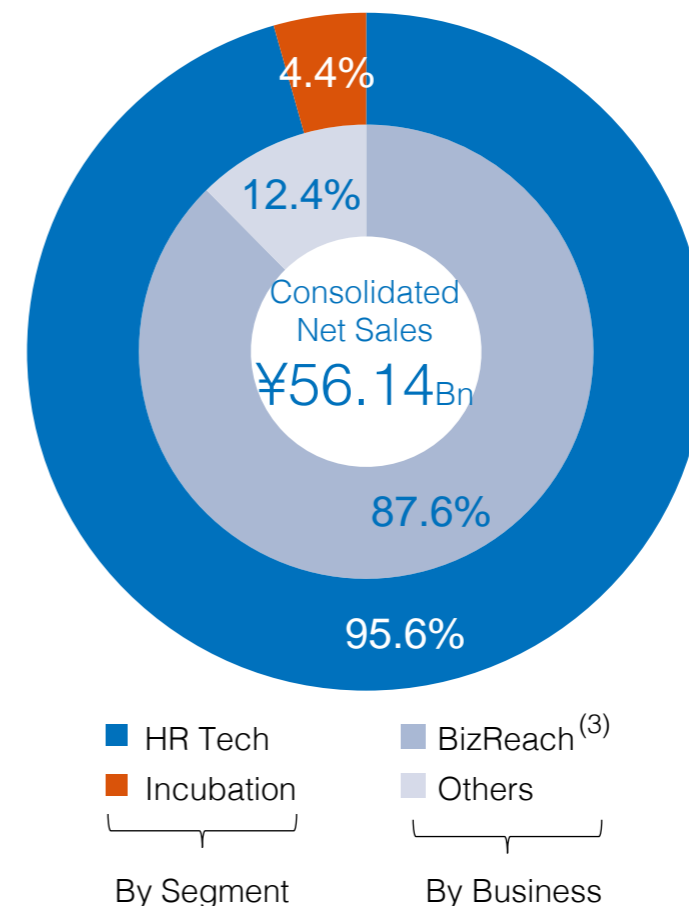
Appendix

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

Service Overview (as of June 13, 2024)

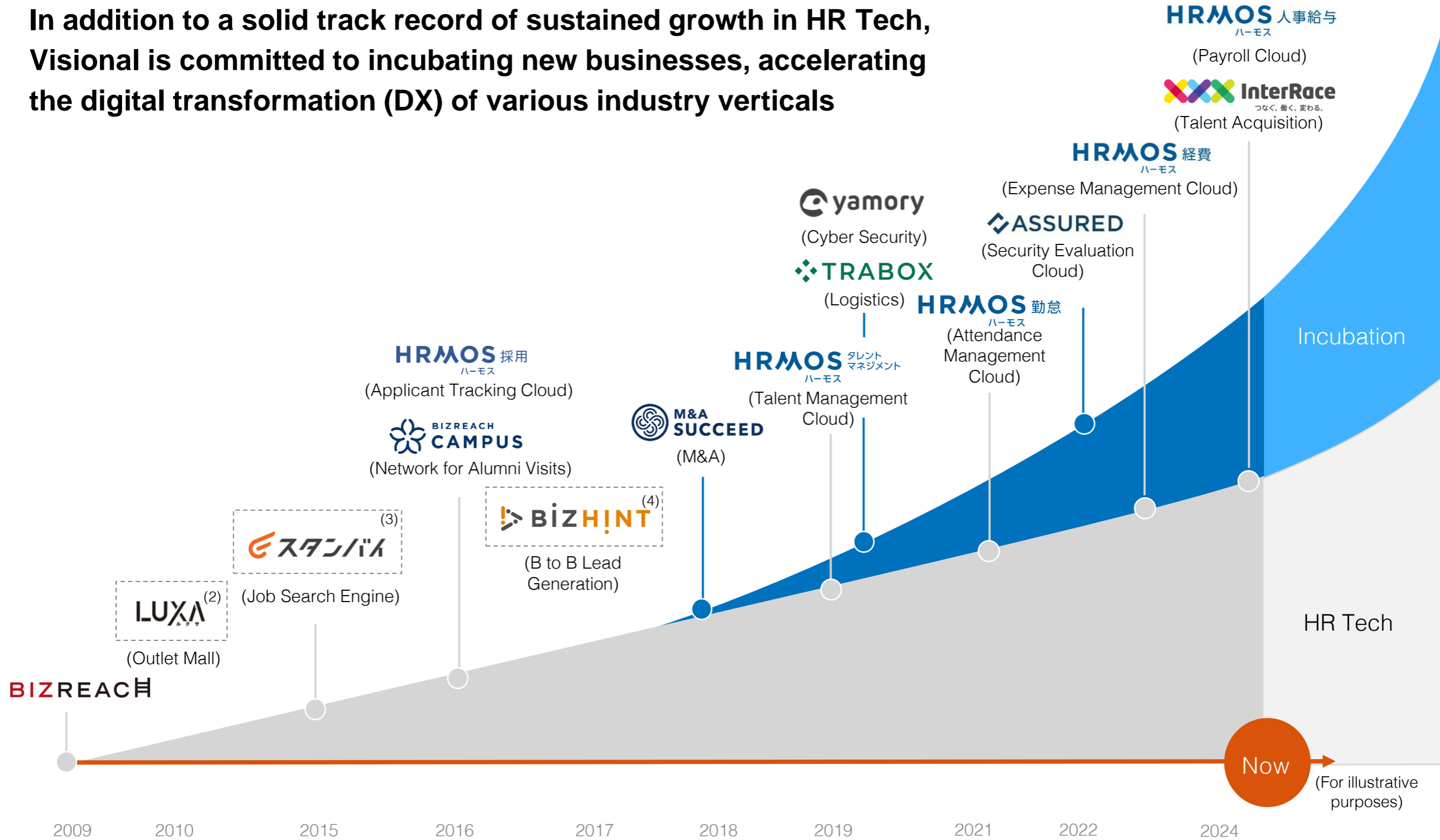
HR Tech Segment	BIZREACH	HR matching platform for professionals
	HRMOS ハーモス	Human capital management platform
	HRMOS 採用 ハーモス	<ul style="list-style-type: none"> Applicant tracking cloud
	HRMOS Talent Management ハーモス	<ul style="list-style-type: none"> Talent management cloud
	HRMOS 勤怠 ハーモス	<ul style="list-style-type: none"> Attendance management cloud
	HRMOS 経費 ハーモス	<ul style="list-style-type: none"> Expense management cloud
	HRMOS 人事給与 ハーモス	<ul style="list-style-type: none"> Payroll cloud
	BIZREACH CAMPUS	Network service for alumni visits
	InterRace つなく、長く、変わる。	Talent acquisition service
Incubation Segment	M&A SUCCEED	M&A matching site for screened corporations
	TRABOX	Logistics DX (digital transformation) platform
	yamory	Vulnerability management cloud
	ASSURED	Security evaluation platform
Affiliate	スタンバム ⁽¹⁾	Job operating search engine

FY2023/7 Net Sales Breakdown by Segment and Business⁽²⁾



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

JPY MM

	FY24/7	FY23/7	FY24/7	FY24/7	FY24/7	FY23/7	FY22/7	FY21/7
	3Q YTD	3Q YTD	3Q	2Q	1Q	FY	FY	FY
Net Sales	48,926	41,541	17,494	15,375	16,057	56,273	43,954	28,698
YoY Growth (%)	17.8%	30.3%	15.6%	16.6%	21.5%	28.0%	53.2%	10.9%
HR Tech Segment	47,132	39,686	17,008	14,787	15,336	53,685	41,791	27,052
YoY Growth (%)	18.8%	30.9%	17.8%	17.8%	20.9%	28.5%	54.5%	8.6%
Incubation Segment	1,689	1,758	451	548	689	2,460	2,002	1,485
YoY Growth (%)	(3.9)%	21.9%	(32.1)%	(8.2)%	39.3%	22.9%	34.8%	66.3%
Cost of Sales	4,140	4,491	1,484	1,342	1,313	5,815	5,802	3,999
Gross Profit	44,786	37,049	16,009	14,032	14,744	50,457	38,151	24,699
Margin (%)	91.5%	89.2%	91.5%	91.3%	91.8%	89.7%	86.8%	86.1%
Selling, General & Administrative Expenses ⁽¹⁾	29,521	27,084	10,535	9,196	9,789	37,231	29,869	22,331
Advertising	14,234	13,753	5,124	4,171	4,939	19,118	14,697	9,562
Payroll etc. ⁽²⁾	6,579	6,194	2,232	2,192	2,154	8,090	7,410	6,308
Rent	1,048	997	353	347	347	1,348	1,243	1,258
Others ⁽¹⁾	7,658	6,140	2,825	2,485	2,347	8,673	6,516	5,202
Operating Profit ⁽¹⁾	15,265	9,964	5,473	4,836	4,955	13,225	8,282	2,368
Margin (%)	31.2%	24.0%	31.3%	31.5%	30.9%	23.5%	18.8%	8.3%
HR Tech Segment ⁽¹⁾	16,530	11,830	5,838	5,313	5,377	15,701	10,631	4,000
Incubation Segment	(579)	(1,085)	(254)	(139)	(184)	(1,401)	(1,649)	(863)
Pre-tax Profit ⁽¹⁾	16,265	10,479	5,620	5,456	5,189	14,377	8,717	2,290
Income Tax Expense ⁽¹⁾	5,178	3,440	1,745	1,731	1,701	4,448	2,864	869
Profit attributable to owners of parent ⁽¹⁾	11,083	7,038	3,870	3,724	3,487	9,928	5,852	1,420
Margin (%)	22.7%	16.9%	22.1%	24.2%	21.7%	17.6%	13.3%	5.0%

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

	FY24/7 3Q YTD	FY23/7 FY	FY22/7 FY	FY21/7 FY
Total Adjusted Operating Profit before corporate expense allocation	18,276	17,647	12,622	6,170
BizReach Business ⁽¹⁾⁽²⁾	18,947	20,126	17,609	9,637
HRMOS Business ⁽²⁾	(698)	(1,740)	(2,954)	(2,102)
Other Businesses ⁽²⁾	27	(739)	(2,032)	(1,364)
Adjustment Item				
-) Corporate and general administrative expenses (such as accounting, HR, legal, general affairs, etc.) ⁽³⁾⁽⁴⁾	3,011	4,421	4,340	3,802
-) HR Tech Segment ⁽⁴⁾	2,702	3,933	3,769	3,263
-) Incubation Segment	309	488	570	538
Operating Profit (J-GAAP)⁽⁴⁾	15,265	13,225	8,282	2,368

Adjusted Headcount by Function and Business (FY24/7 2Q)⁽⁵⁾

Reference: Group headcount as of April 30, 2024, is 1,683

	Adjusted headcount	% of subtotal for HR Tech businesses
HR Tech businesses		
BizReach Business	880	71.5%
HRMOS Business	259	21.0%
Other HR Tech businesses	92	7.5%
Subtotal for HR Tech Businesses	1,231	100.0%
General functions of HR Tech businesses	91	n/a
Total for HR Tech businesses	1,322	n/a
Incubation businesses	104	n/a
Corporate	116	n/a
Total	1,542	n/a

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

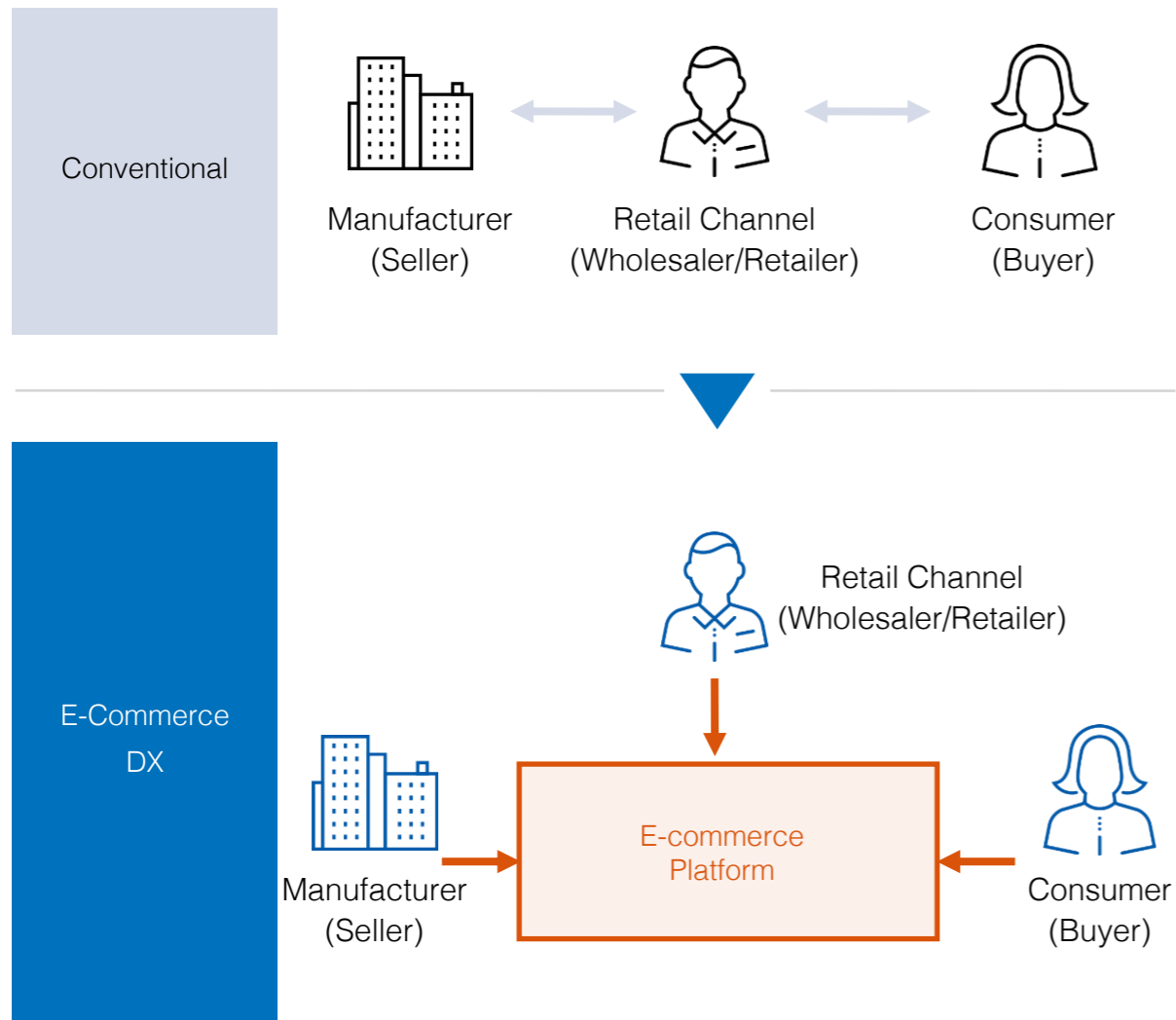
Balance Sheet Highlights

JPY MM					JPY MM				
	FY24/7 3Q	FY23/7	FY22/7	FY21/7		FY24/7 3Q	FY23/7	FY22/7	FY21/7
Current Assets	61,433	48,902	36,743	29,532	Current Liabilities	18,117	16,328	13,988	9,046
Cash and Cash Equivalents	52,961	41,170	31,362	25,630	Accounts Payable	4,727	3,934	4,054	3,341
Notes and Accounts Receivable	6,966	5,151	4,356	3,258	Deferred Revenue	—	—	—	3,042
Other Current Assets	1,505	2,580	1,025	643	Contract Liabilities	8,365	6,858	4,941	—
Fixed Assets⁽¹⁾	9,267	8,971	9,208	5,544	Other Current liabilities	5,024	5,534	4,993	2,662
Tangible Assets	1,052	845	735	700	Fixed Liabilities⁽¹⁾	2,146	2,415	3,190	3,494
Intangible Assets ⁽¹⁾	4,067	4,455	5,287	2,457	Liabilities from application of Equity Method	1,893	2,133	2,453	2,773
Goodwill ⁽¹⁾	2,657	2,799	3,300	1,296	Other Fixed Liabilities ⁽¹⁾	253	282	737	720
Other Intangible Assets ⁽¹⁾	1,410	1,656	1,986	1,160	Total Net Assets⁽¹⁾	50,437	39,129	28,772	22,536
Total Investments and Other Assets ⁽¹⁾	4,148	3,669	3,185	2,385	Share Capital	6,385	6,356	6,226	6,063
Total Assets⁽¹⁾	70,701	57,873	45,952	35,076	Capital Surplus	10,349	10,321	10,190	10,027
					Retained Earnings ⁽¹⁾	33,306	22,223	12,294	6,442
					Others	396	227	61	3
					Total Liabilities and Net Assets⁽¹⁾	70,701	57,873	45,952	35,076

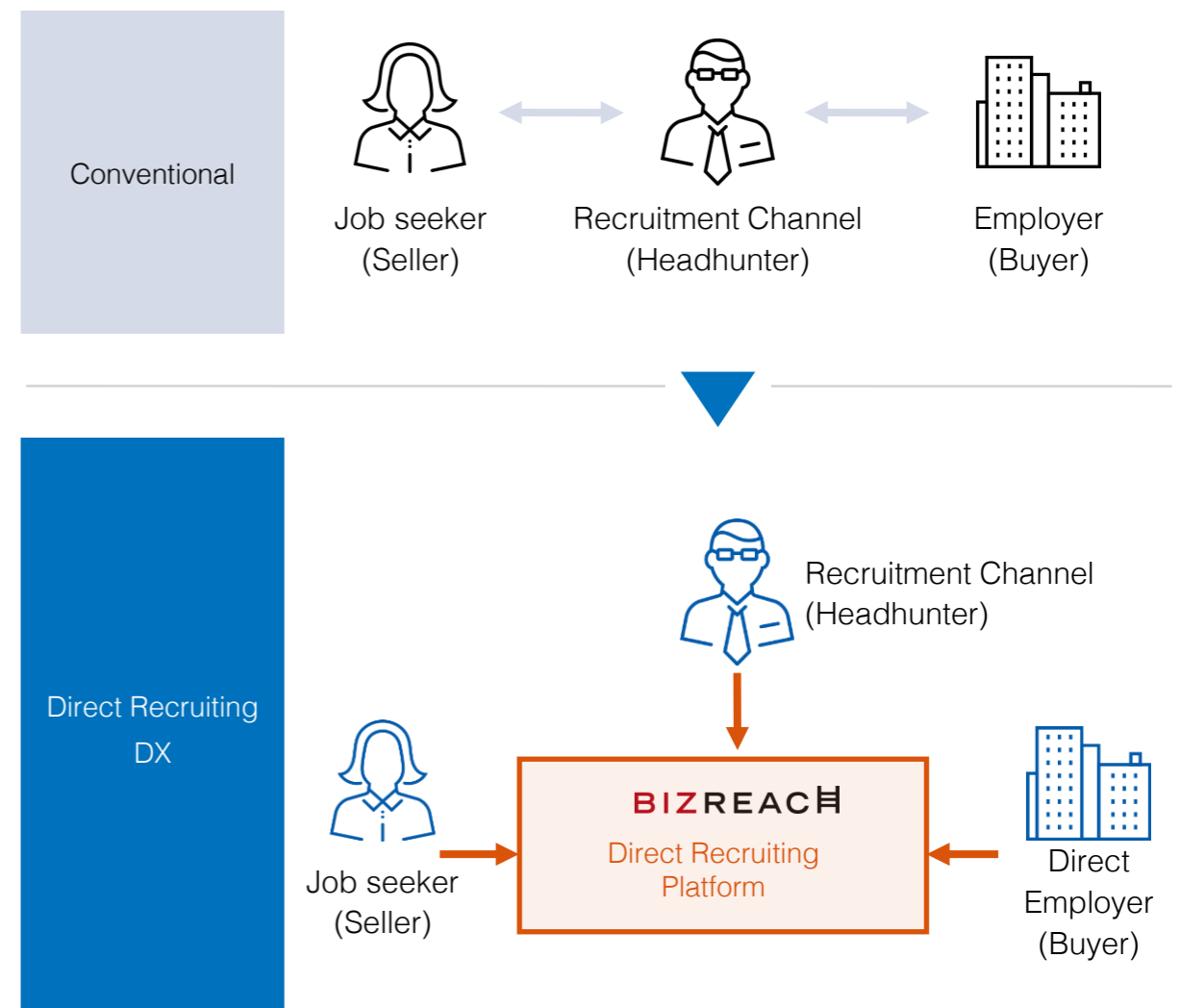
Note: (1) As of 1Q of FY23/7, we have confirmed the provisional accounting treatment concerning business combinations. Accordingly, data for FY22/7 is presented at the amounts after reflecting the contents of the confirmation of the provisional accounting treatment

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

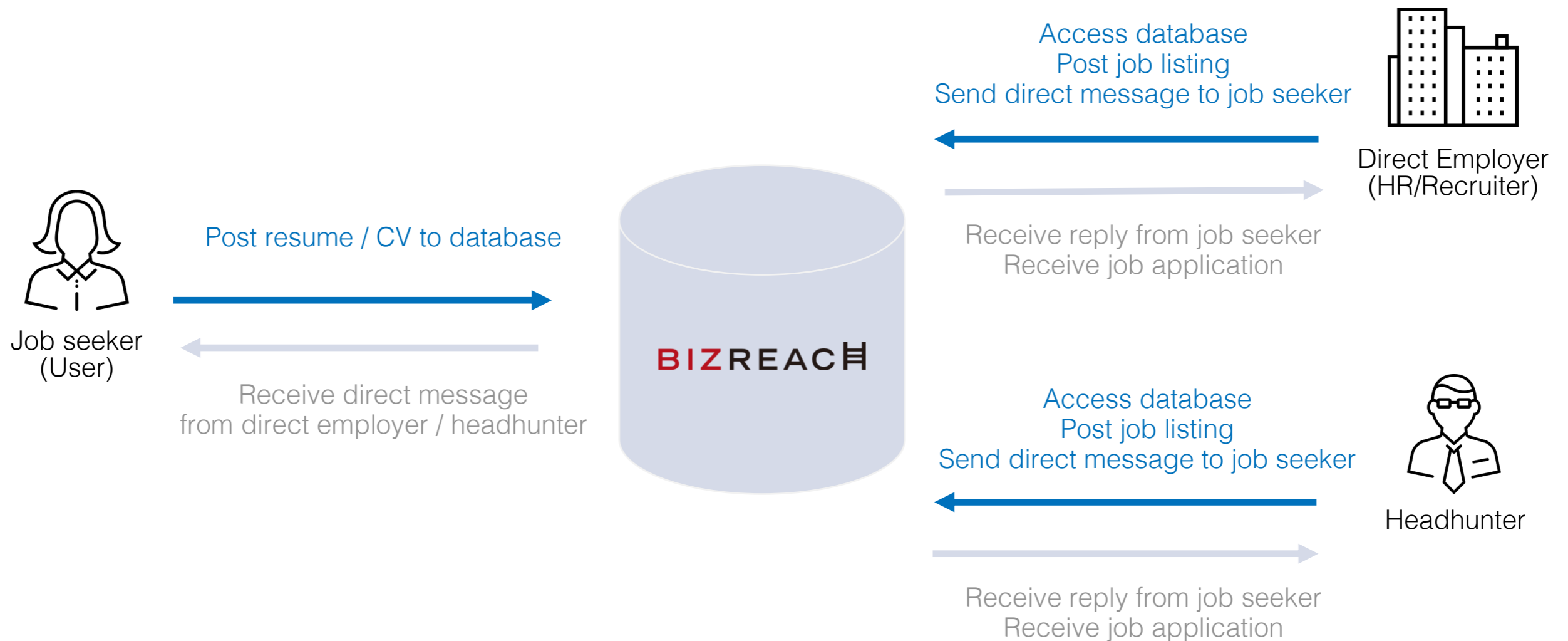


DX of Professional Recruitment Market



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

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

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
ARR ⁽¹⁾ (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
ARPU ⁽²⁾ (JPY thousands)	102	104	106	107	109	111	111	112	113	113	113	113	114	113	114	115	116	116	118
# of Unique Paying Customers ⁽³⁾	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
Average Monthly Churn Rate for Last 12 Months ⁽⁴⁾ (%)	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

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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