

FY2022/7 3Q
Financial Results

June 2022



Visional, Inc.

Consolidated Financials

- Strong rebound trend from COVID-19 continued in the professional hiring market in addition to an increased momentum by employers to actively start hiring mid-careers. Net sales for 3Q recorded JPY 12.21Bn (44.8% YoY growth). For 9 months ended April, net sales were JPY 31.88Bn (54.8% YoY growth)
- Strong net sales drove 3Q operating profit of JPY 3.11Bn (94.6% YoY growth). Operating profit for 9 months ended April exceeded our initial expectation and landed at JPY 7.21Bn (131.9% YoY growth)

BizReach

- 3Q is the biggest quarter for BizReach due to seasonality of the hiring market. Net sales for 3Q recorded JPY 10.48Bn (59.1% YoY growth). Net sales for 9 months ended April were JPY 27.39Bn (63.9% YoY growth)
- JPY 5.66Bn adjusted operating profit before corporate expense allocation for 3Q post marketing investments including TV commercials. JPY 14.00Bn for 9 months ended April (87.4% YoY growth)

HRMOS

- JPY 1.53Bn ARR (27.7% YoY growth), 1,127 unique paying customers (25.6% YoY growth) as of 3Q end. HRMOS ATS drove net sales growth
- We will continue product development while aiming to increase customers through cross-selling to BizReach customers and through partner channels. In 3Q, we have launched a new function “Individual Condition Survey” as part of HRMOS Talent Management

Consolidated Financial Forecast

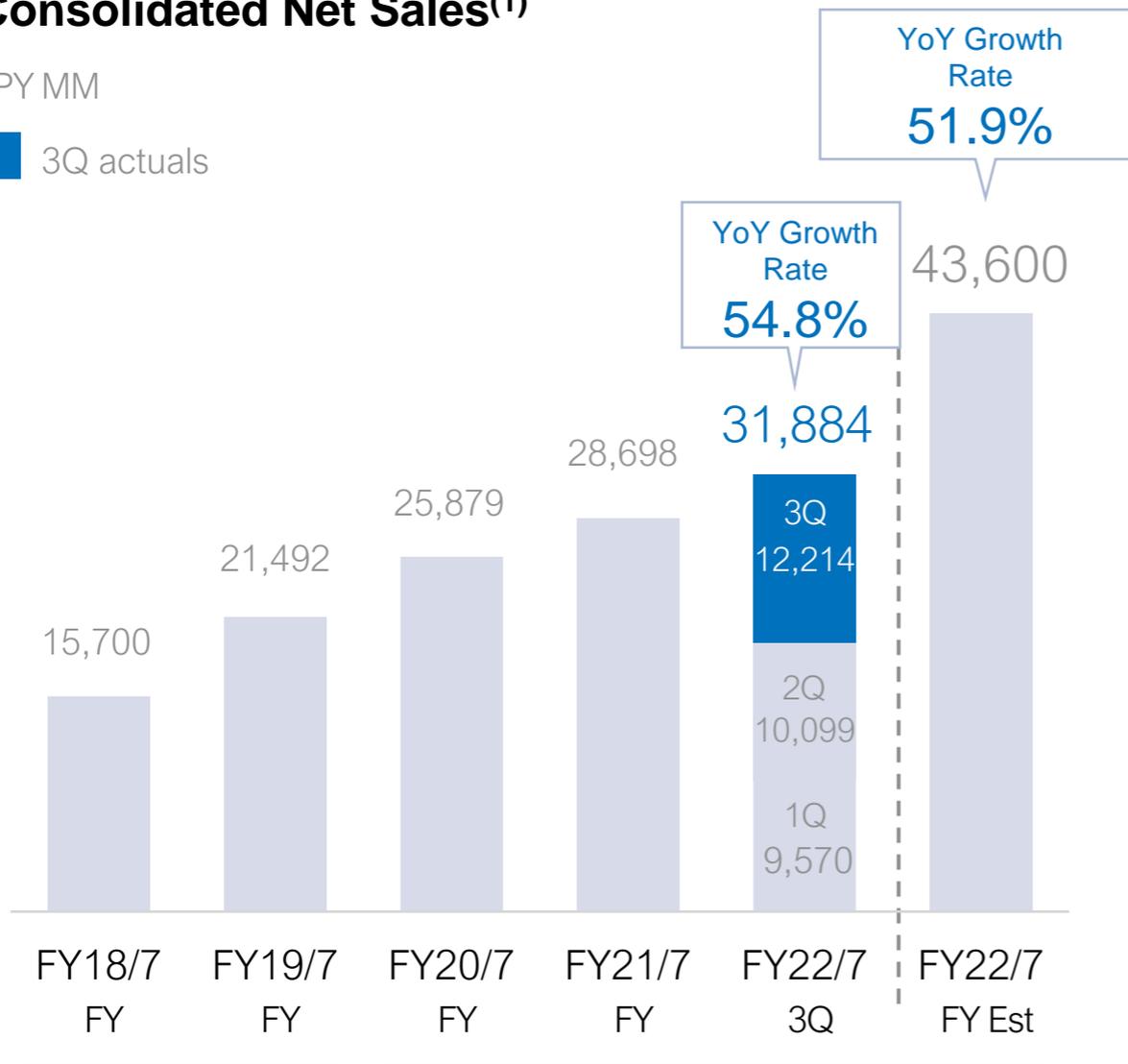
- As of now, professional hiring is not impacted from the uncertain global macroeconomy, increasing raw material prices and fluctuations in the financial capital markets. Our full year FY2022/7 financial forecast of net sales is raised by JPY 2.60Bn to JPY 43.60Bn (51.9% YoY growth)
- Investment for business growth will continue with discipline. Following higher than expected net sales growth, we will reinvest profit back into BizReach. As a result, our full year FY2022/7 financial forecast for operating profit is raised by JPY 2.00Bn to JPY 8.00Bn (237.8% YoY growth)

Consolidated net sales for 3Q were driven by increased sales of BizReach on the back of seasonality of the hiring market. Based on current business performance, the full year financial forecast is raised

Consolidated Net Sales⁽¹⁾

JPY MM

■ 3Q actuals



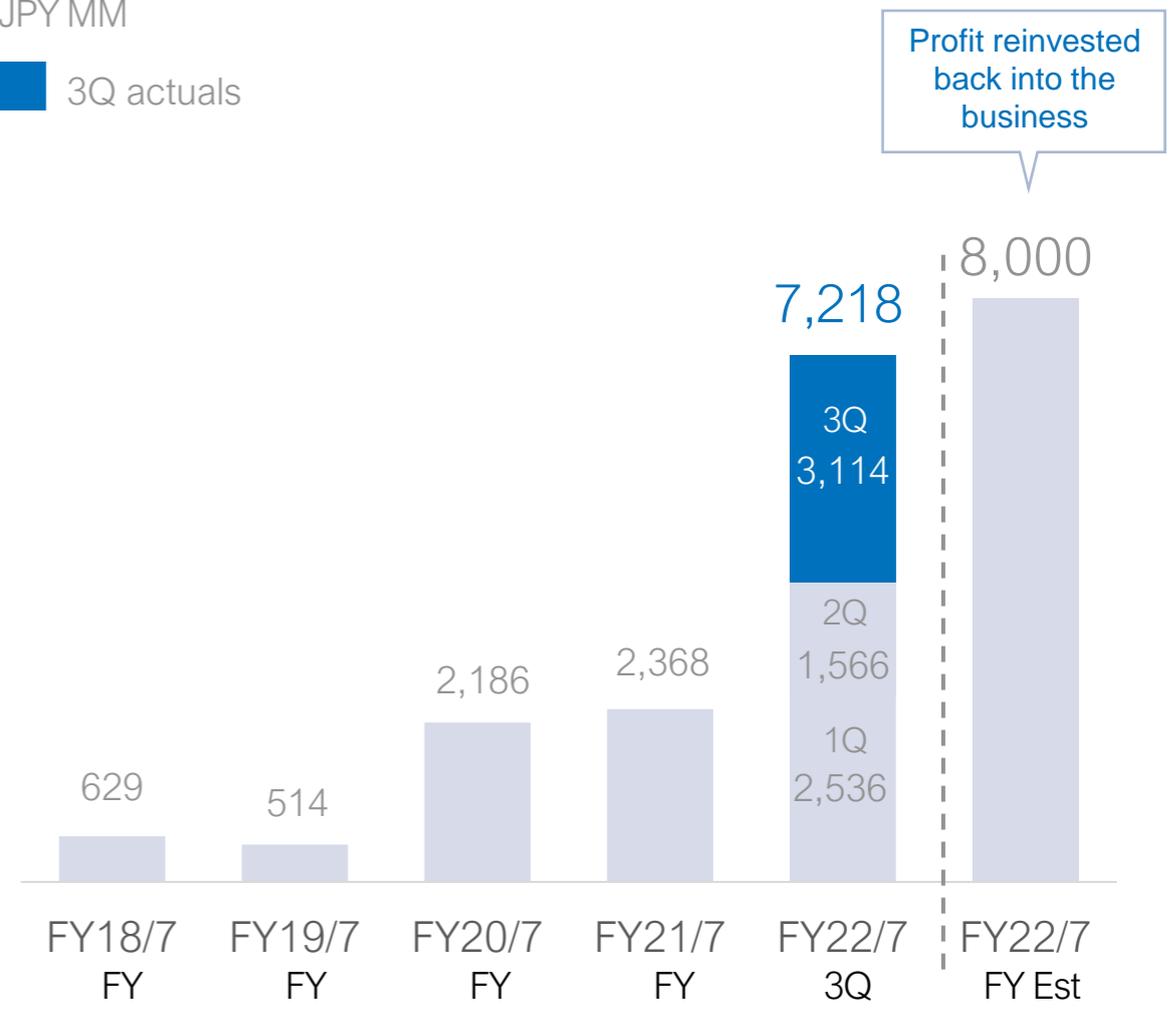
BizReach, Inc.
(Consolidated)

VISIONAL, Inc.
(Consolidated)

Consolidated Operating Profit⁽¹⁾

JPY MM

■ 3Q actuals



BizReach, Inc.
(Consolidated)

VISIONAL, Inc.
(Consolidated)

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

Net sales for 9 months ended April grew 54.8% YoY. Driven by the seasonality of the hiring market, operating profit greatly increased despite marketing investments

JPY MM

	9 months ended April 30, 2022	9 months ended April 30, 2021	3 months ended April 30, 2022	3 months ended January 31, 2022	3 months ended October 31, 2021
Net Sales	31,884	20,601	12,214	10,099	9,570
YoY Growth (%)	54.8%	N.A.	44.8%	N.A.	N.A.
HR Tech Segment⁽¹⁾	30,320	19,439	11,614	9,589	9,116
YoY Growth (%)	56.0%	N.A.	44.7%	N.A.	N.A.
Incubation Segment⁽¹⁾	1,442	1,040	559	469	413
YoY Growth (%)	38.6%	N.A.	53.3%	N.A.	N.A.
Cost of Sales	4,244	3,030	1,538	1,401	1,304
Gross Profit	27,639	17,571	10,675	8,697	8,266
Margin (%)	86.7%	85.3%	87.4%	86.1%	86.4%
Selling, General & Administrative Expenses	20,421	14,458	7,560	7,131	5,729
Operating Profit	7,218	3,112	3,114	1,566	2,536
Margin (%)	22.6%	15.1%	25.5%	15.5%	26.5%
YoY Growth (%)	131.9%	N.A.	94.6%	N.A.	N.A.
HR Tech Segment⁽²⁾	8,929	4,207	3,660	2,161	3,107
Incubation Segment⁽²⁾	(1,206)	(564)	(385)	(416)	(405)
Pre-tax Profit	7,515	2,933	3,234	1,658	2,621
Profit attributable to owners of parent	4,880	1,885	2,038	1,061	1,780
Margin (%)	15.3%	9.2%	16.7%	10.5%	18.6%
YoY Growth (%)	158.9%	N.A.	155.3%	N.A.	N.A.

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

The financial forecast is revised in consideration of the continued rebound trend from COVID-19 in addition to increased momentum by employers to actively start hiring mid-careers

JPY MM

	FY22/7 Financial Forecast Released on Jun. 13, 2022	FY22/7 Financial Forecast Released on Dec. 9, 2021	Difference
Net Sales	43,600	41,000	+2,600
Growth (%)	51.9%	42.9%	--
HR Tech Segment	41,430	38,870	+2,560
BizReach	37,500	35,300	+2,200
HRMOS	1,420	1,420	0
Incubation Segment	2,010	2,010	0
Others	160	120	+40
Operating Profit	8,000	6,000	+2,000
Growth (%)	237.8%	153.3%	--
Margin (%)	18.3%	14.6%	--
Ordinary Profit	8,320	6,320	+2,000
Growth (%)	265.8%	177.9%	--
Margin (%)	19.1%	15.4%	--
Profit Attributable to Owners of Parent	5,400	4,100	+1,300
Growth (%)	280.1%	188.6%	--
Margin (%)	12.4%	10.0%	--

- Based on the current growth trend of BizReach in view of post COVID-19 recovery and employers' increased momentum towards hiring professionals, FY2022/7 full year forecast for BizReach net sales is revised upwards to 59.2% growth YoY from 49.8% YoY
- HRMOS continues to prioritize product development and is trending strongly (no change to net sales forecast)
- Business development continues in the Incubation segment (no change to net sales forecast). As they are early businesses, net sales fluctuation risk exists, although impact to consolidated financial performance is negligible and profitability will be maintained by controlling expenses
- Marketing investments are higher in 2H as in previous years, and driven by stronger-than-expected sales growth, profits will be further reinvested back into BizReach in 4Q to drive growth

3Q Financial Results by Business

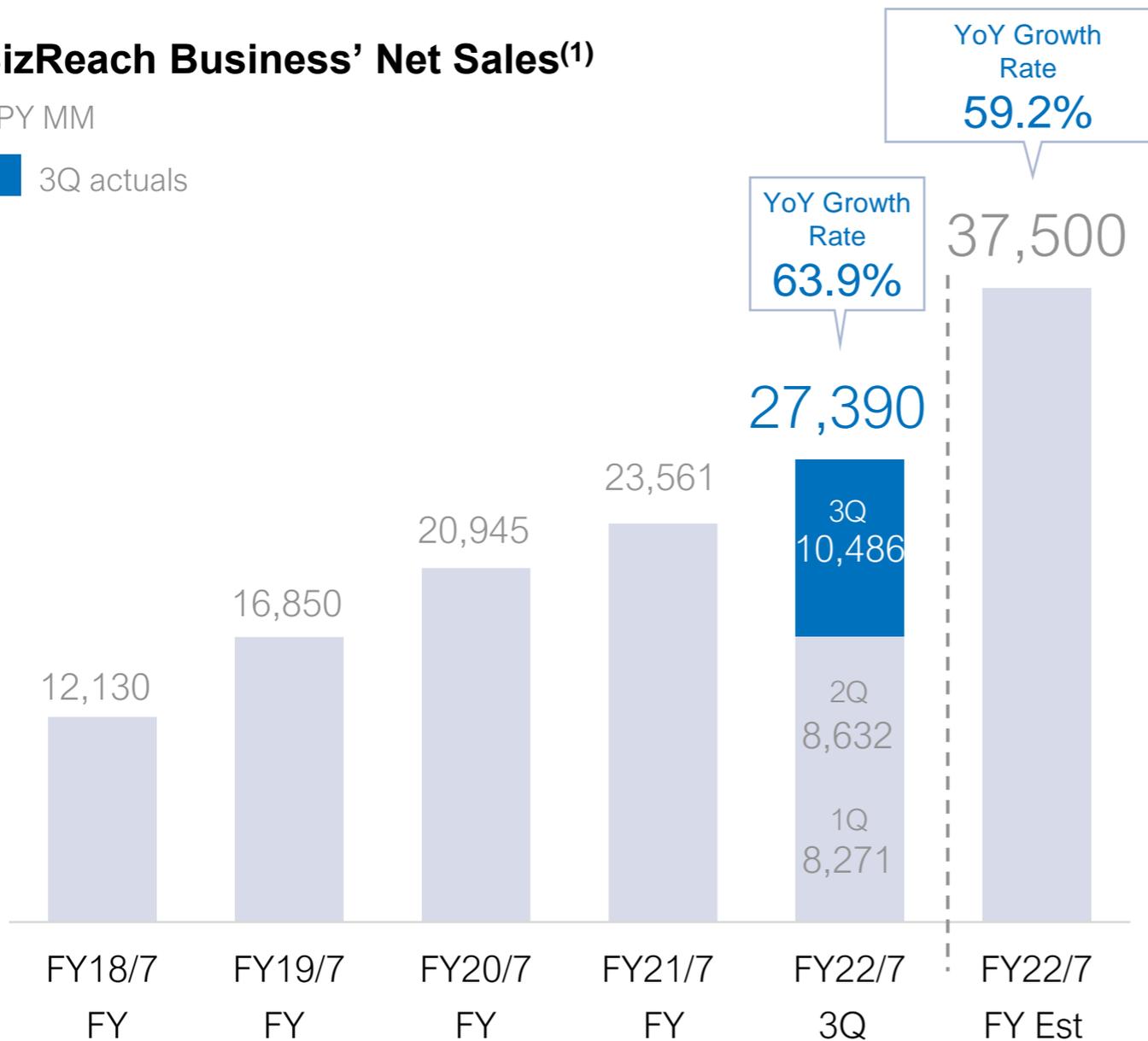
BizReach Financial Results

JPY 10.48Bn for 3Q, JPY 27.39Bn for 9 months ended April (63.9% YoY growth). Continued rebound trend from COVID-19 in addition to increased momentum by employers to actively hire mid-careers have driven high net sales growth

BizReach Business' Net Sales⁽¹⁾

JPY MM

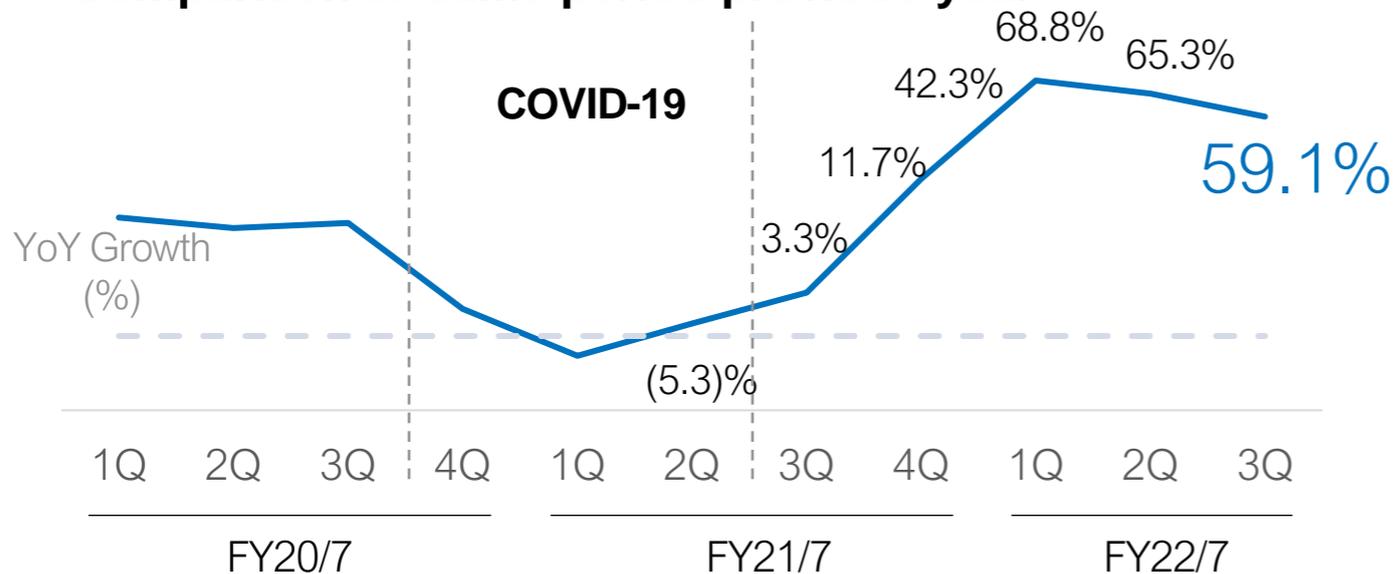
■ 3Q actuals



- Due to seasonality of the hiring market, 3Q is the biggest quarter for BizReach
- Employers activities higher than expected in 3Q. This is due to continued rebound trend from COVID-19 but also driven by increased momentum by employers to actively engage in professional hiring
- Marketing investments including TV commercials were actively made in 3Q. In 4Q, given the strong market environment, profits will be reinvested back into BizReach to drive mid term growth

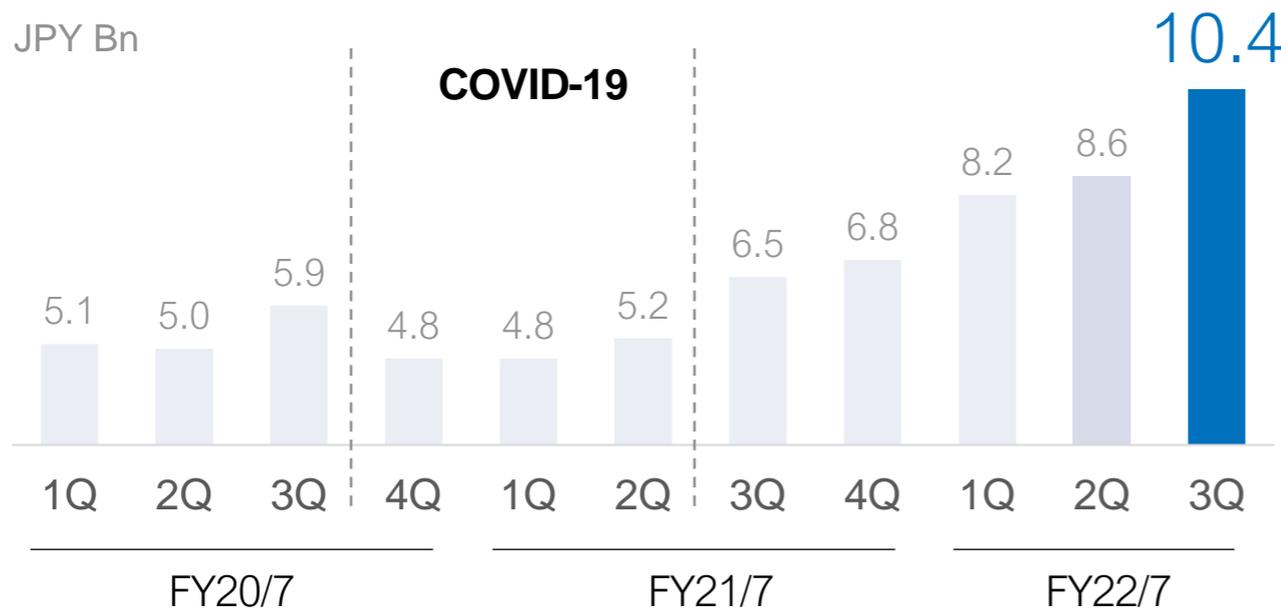
59.1% YoY growth for this quarter. Number of hires made on BizReach continues to be high

**BizReach Quarterly Revenue Trend
Comparison to same period previous year**



- The number of job positions available on BizReach continues to trend at higher levels compared to pre pandemic. IT and manufacturing companies are particularly active
- Although the growth rate will slow down given the growth path from 2Q FY21/7, the decrease will be less in the near term due to strong growth in net sales in 3Q. We forecast growth of 59.2% YoY for the full year, an upward revision from 49.8% YoY
- As of now, hiring activities by employers is not impacted from the uncertain global macroeconomy, increasing raw material prices and fluctuations in the financial capital markets

BizReach Quarterly Net Sales Trend



Disciplined marketing investments including TV commercials conducted in 3Q. As the current market environment is stronger than expected, investments will be expanded in 4Q, similar to the previous 4Q

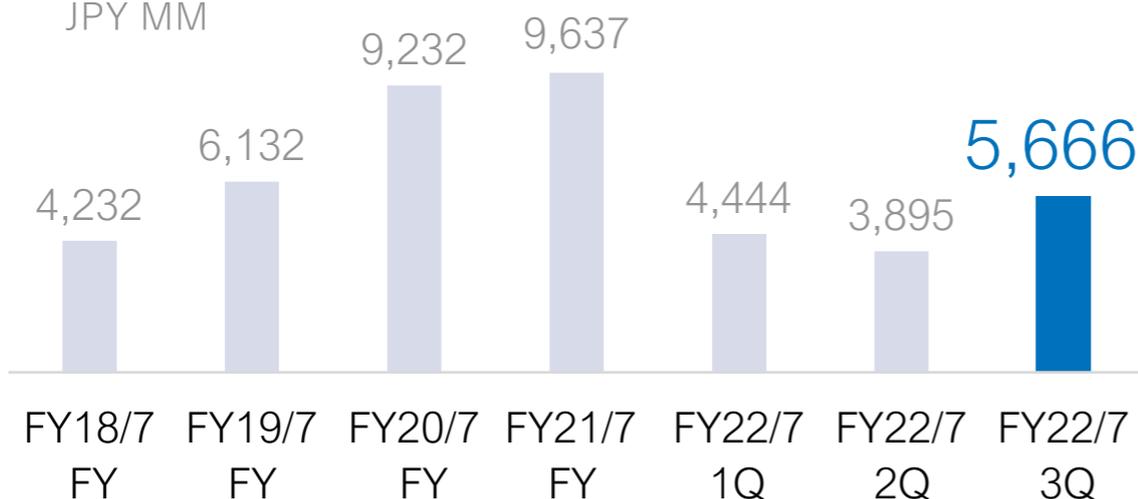
BizReach Adjusted Operating Profit before Corporate Expense Allocation and Margin⁽¹⁾⁽²⁾⁽³⁾

Adjusted operating profit margin before corporate expense allocation



FY18/7 FY19/7 FY20/7 FY21/7 FY22/7 FY22/7 FY22/7
FY FY FY FY 1Q 2Q 3Q

Adjusted operating profit before corporate expense allocation
JPY MM



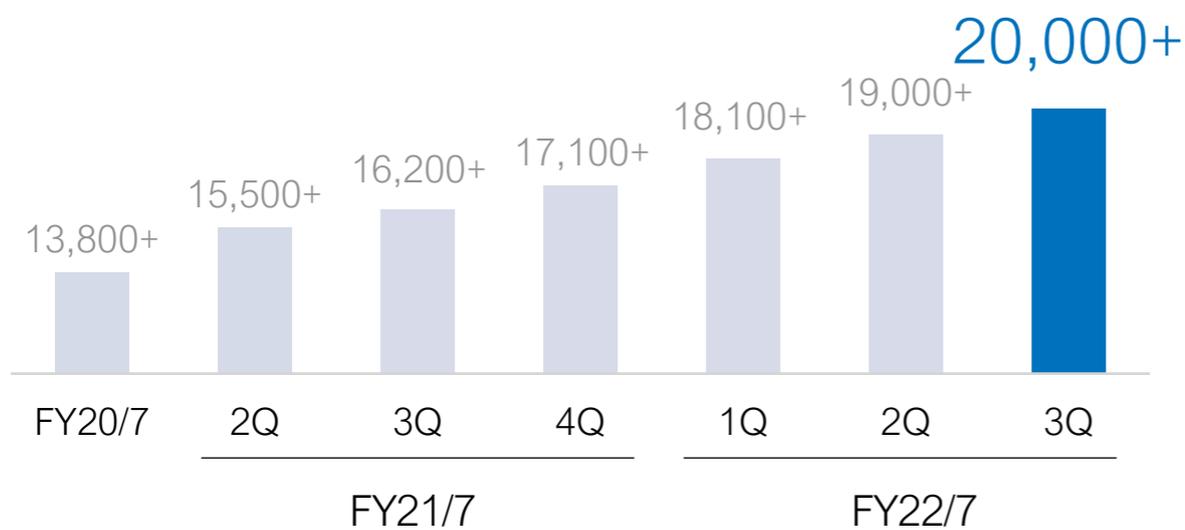
FY18/7 FY19/7 FY20/7 FY21/7 FY22/7 FY22/7 FY22/7
FY FY FY FY 1Q 2Q 3Q

- Active marketing investments were made in 3Q. As 3Q is the biggest quarter due to seasonality of the hiring market, in addition to higher-than-expected number of successful hires made, quarterly margins landed higher for the quarter
- Adjusted operating profit before corporate expense allocation margin varies depending on net sales and marketing campaigns of each quarter. As marketing investments of BizReach are higher in 2H, margins will decrease full year
- In 4Q, we will continue to invest in marketing activities, and given the current strong market conditions, we will increase our marketing spend for the quarter

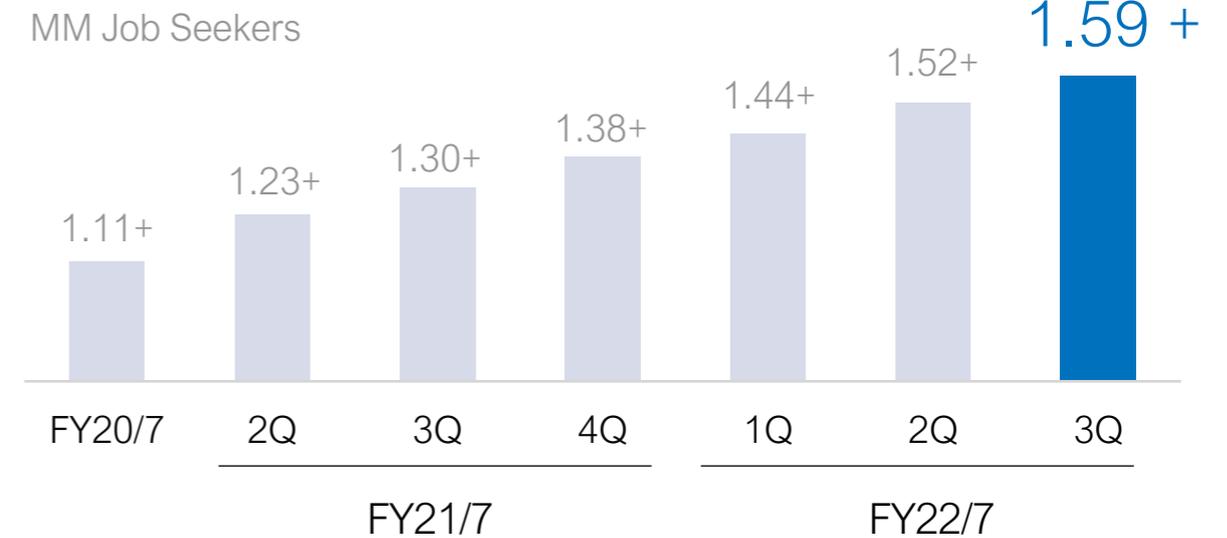
Notes: (1) Financial data of the BizReach Business, the core service of our group (which differs from the financial data of our subsidiary BizReach, Inc.) (2) BizReach business' revenue and adjusted operating profit / profit margin is recorded within the HR Tech reporting segment. (3) Adjusted operating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

Strong customer base driven by hiring needs and increased job seekers

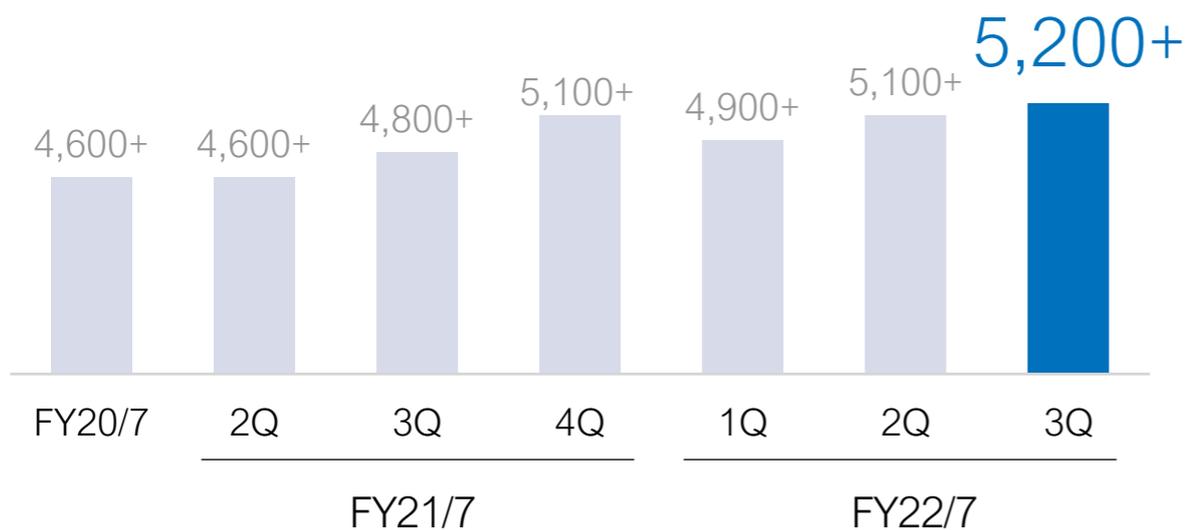
of Registered Direct Employers (1)



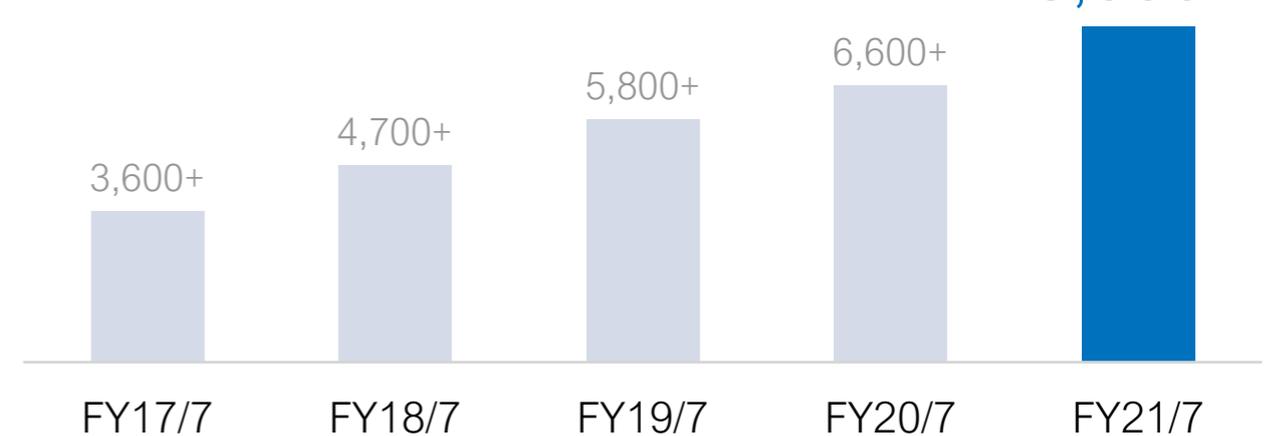
of Scoutable Job Seekers (3)



of Active Headhunters (2)



of Active Direct Employers (4)

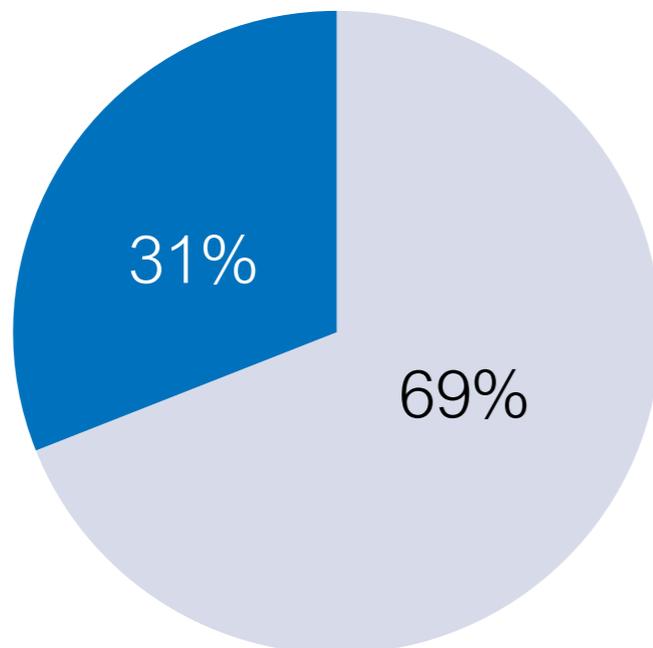


Notes: (1) Direct employers who have subscribed to our BizReach platform (excluding headhunters) (2) All passed screening by BizReach (3) # of users who registered on BizReach platform with resume that have passed a general screening process and whose profile is set to be viewable by direct employers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

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

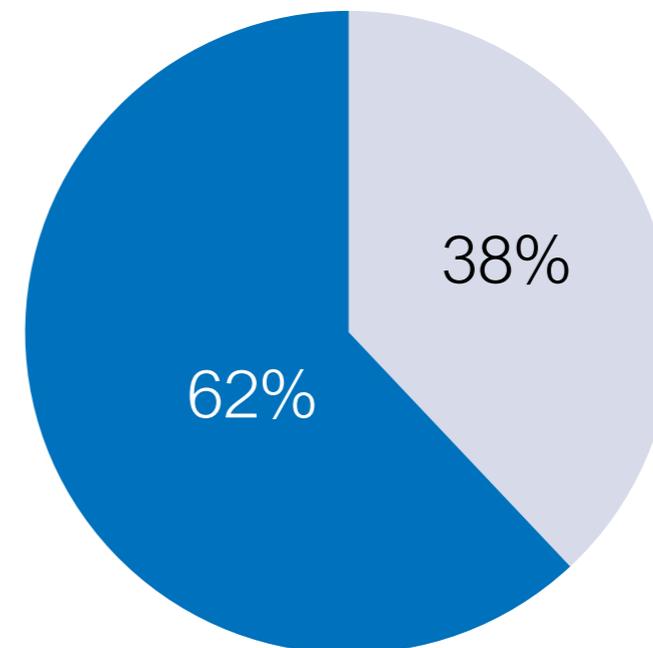
FY21/7 BizReach Business Revenue Breakdown by Fee Type ⁽³⁾

- Performance Revenue
- Recurring Revenue



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

- Headhunters
- Direct Employers



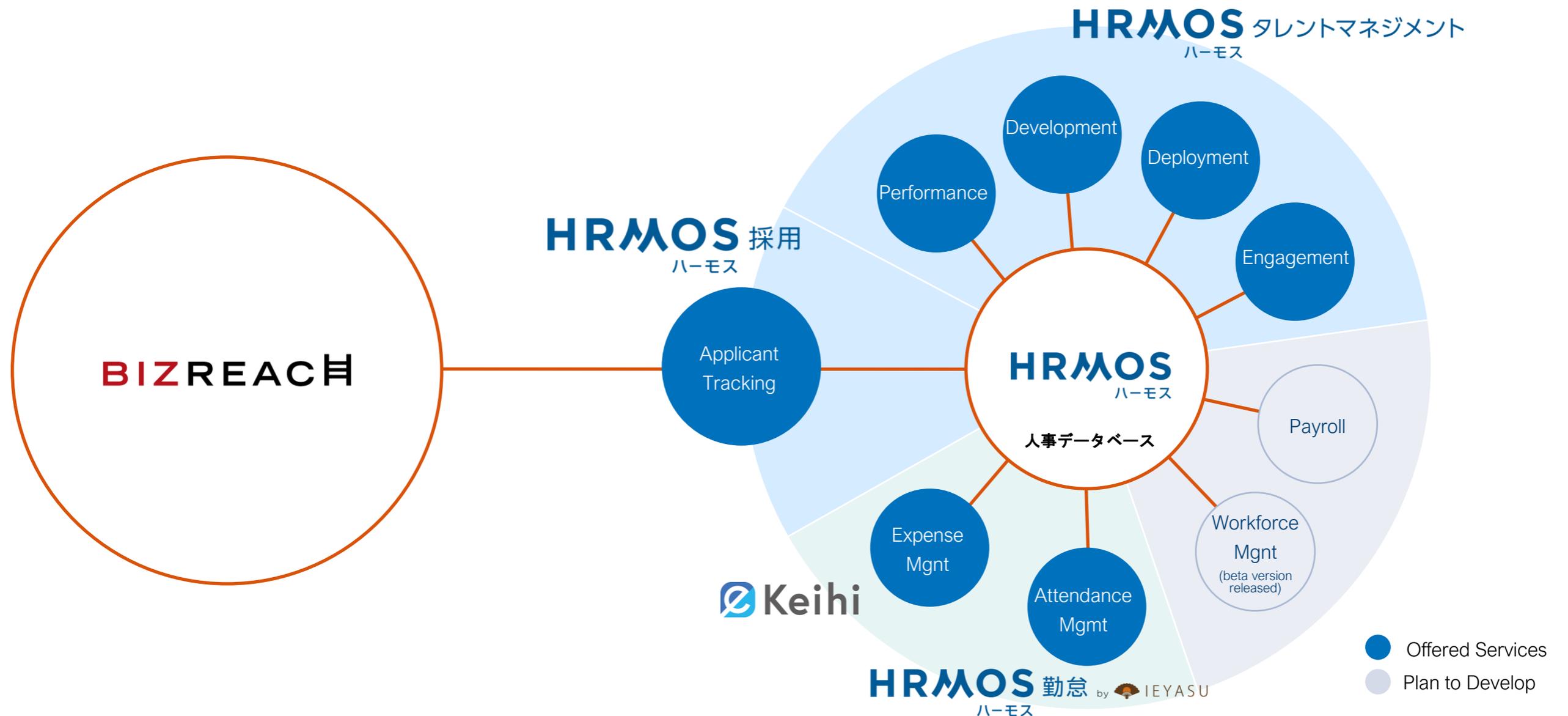
Notes: (1) "Recurring Revenue" consists of subscription fees from direct employers, headhunters accessing our platform and purchasing additional "platinum scout", and job seekers accessing our platform (2) "Performance Revenue" consists of success fees from direct employers and headhunters, which is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

HRMOS

Financial Results

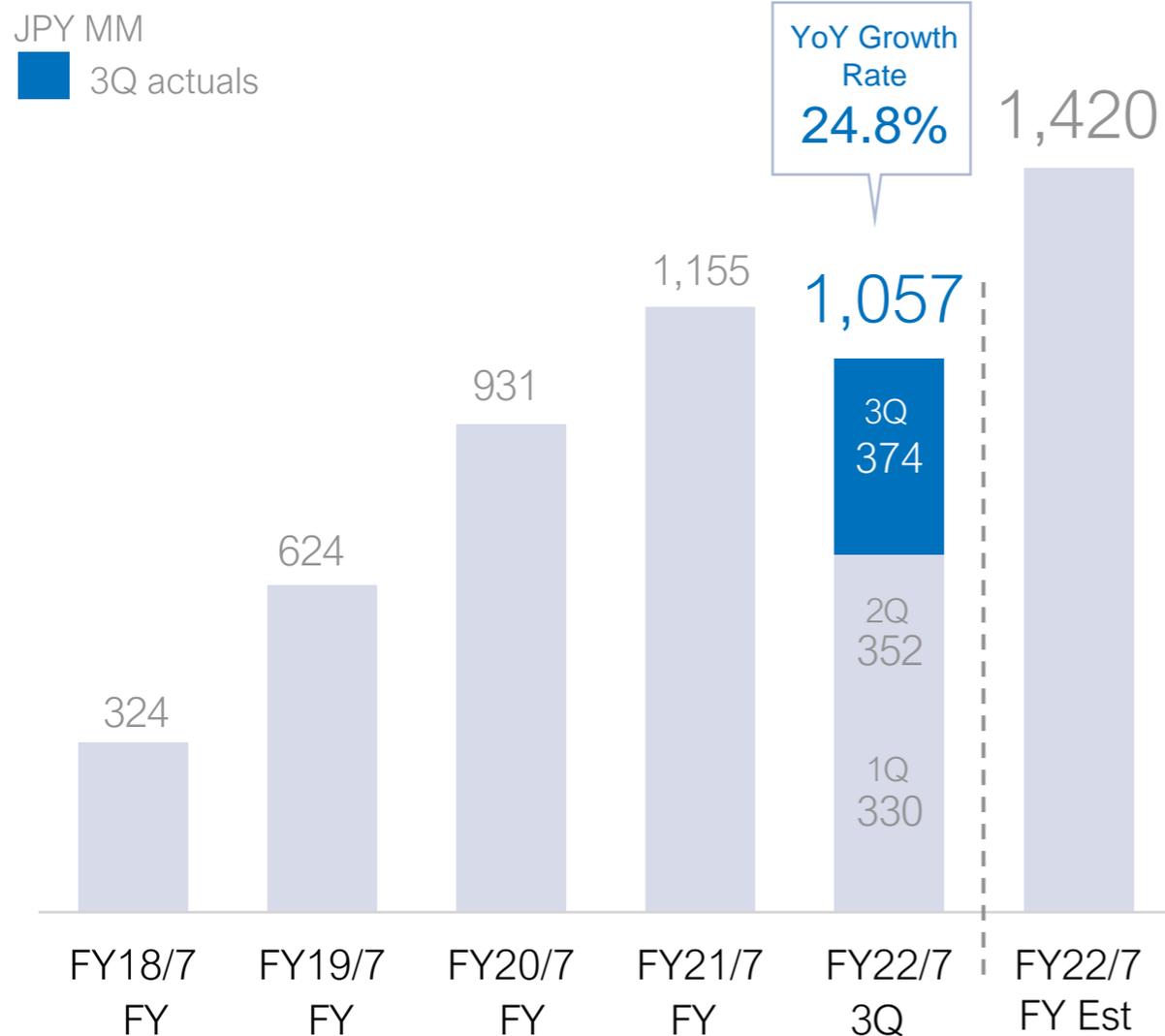
Seamless integration of BizReach and HRMOS to create a unified, data-driven HCM Ecosystem where employee productivity is optimized, business operations are streamlined to guide our customers make smarter decisions

Human Capital Management (HCM) Ecosystem

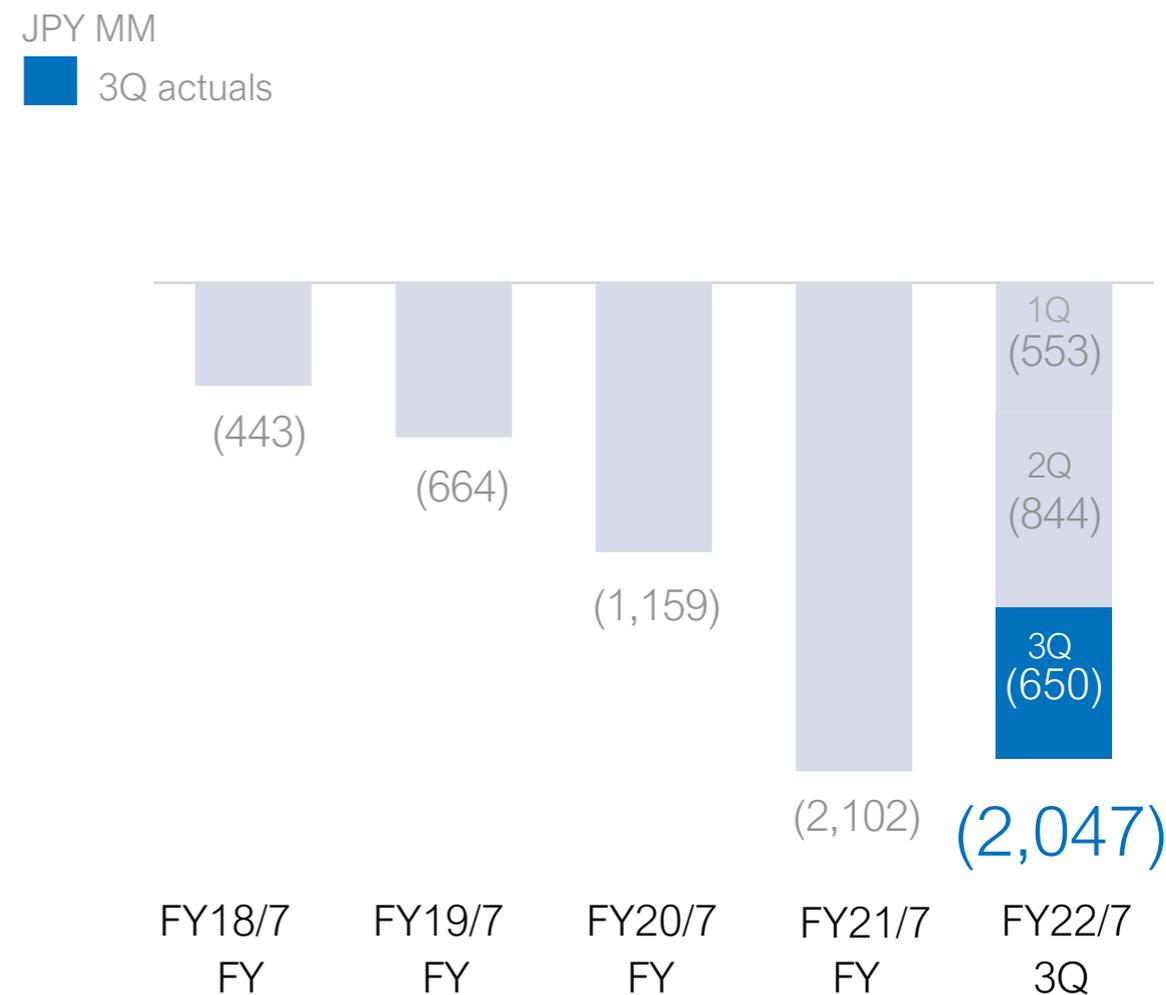


HRMOS performance is on track as we prioritize product development. HRMOS ATS drove sales growth. 3Q investments less than 2Q due to strategic investment timing of TV commercials

HRMOS Business' Net Sales⁽¹⁾⁽³⁾



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



Notes: (1) HRMOS business' revenue and adjusted operating profit is recorded within the HR Tech reporting segment (2) Adjusted operating profit does not include corporate expenses (such as accounting, HR, legal, general affairs, etc.) which are not directly allocated to each business unit (3) We acquired the shares in IEYASU on November 1, 2021 and ezSoft Co., Ltd. on March 1, 2022 and included them in the scope of consolidation. However, they are not included in figures of the HRMOS business in the above chart

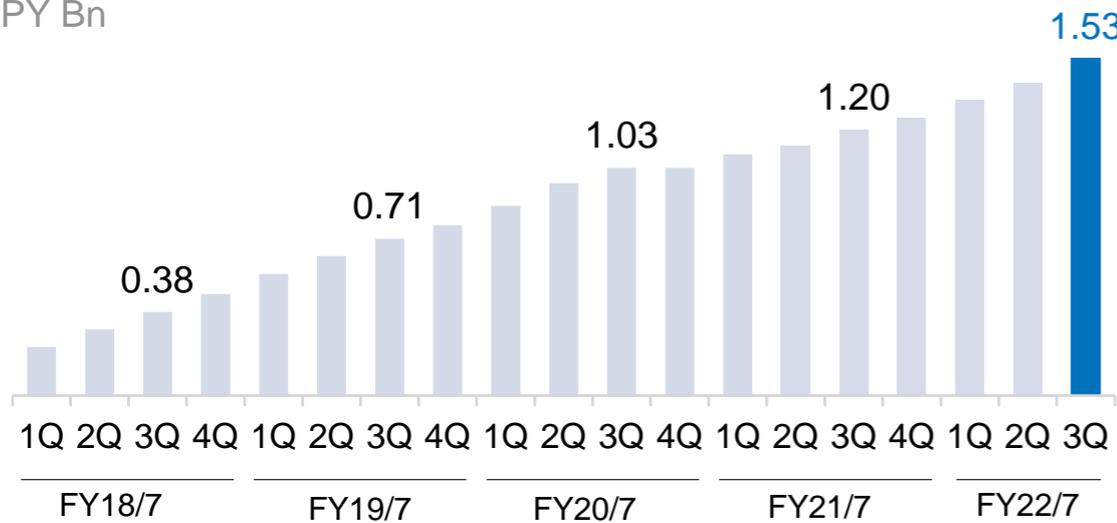
ARR exceeded JPY 1.53Bn in 3Q (27.7% YoY growth) driven by solid growth of customer expansion. Churn rate which was impacted by COVID-19 has continued to sustain pre COVID-19 level of 1.0%

ARR⁽¹⁾⁽²⁾

JPY Bn

¥1.53Bn (YoY +27.7%)

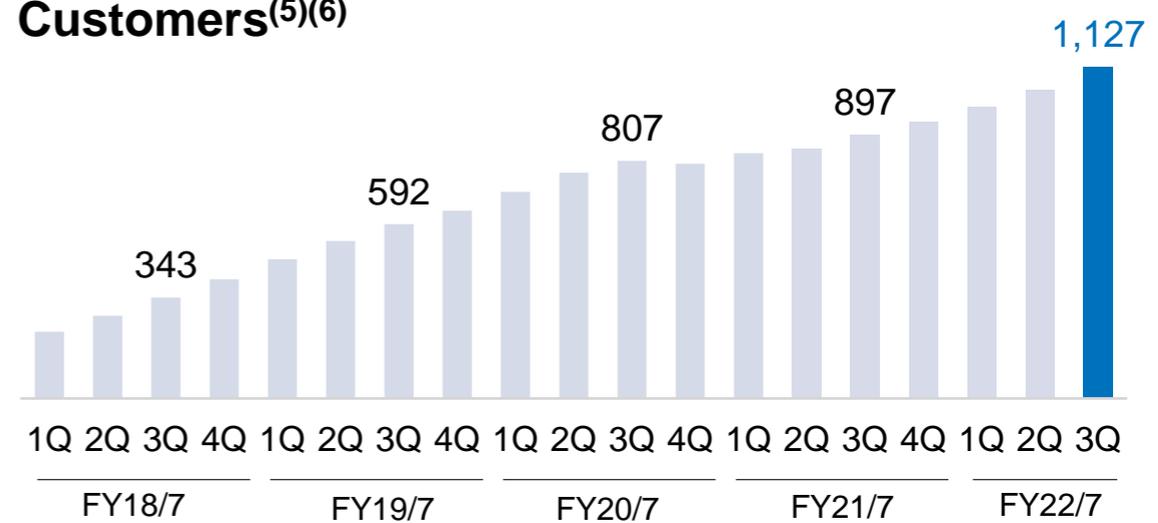
1.53



of Unique Paying Customers⁽⁵⁾⁽⁶⁾

1,127 (YoY +25.6%)

1,127

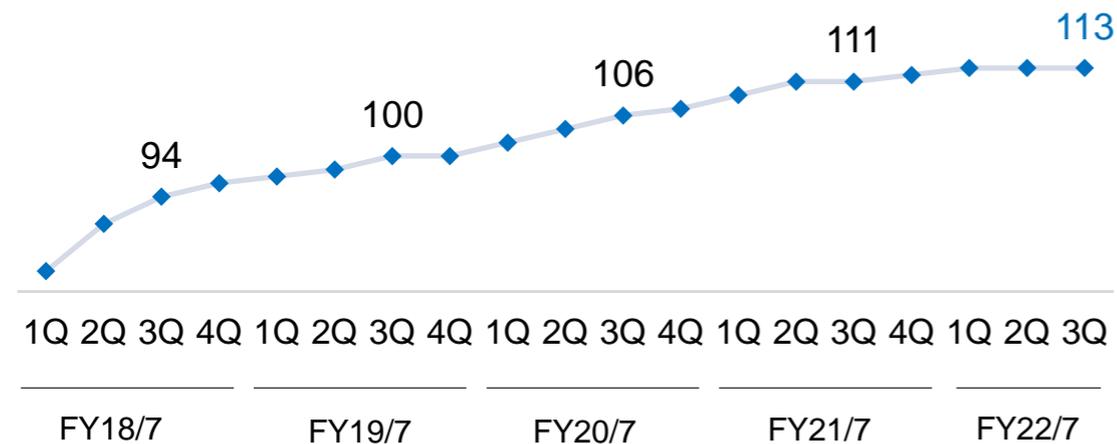


ARPU⁽³⁾⁽⁴⁾

JPY thousands

¥113k (YoY +1.6%)

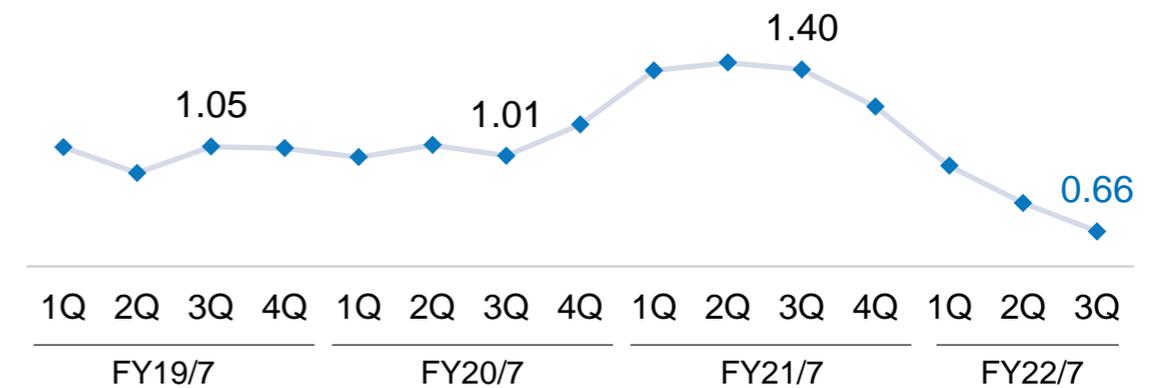
113



Churn Rate⁽⁷⁾⁽⁸⁾

Last 12-month average: **0.66%**

0.66



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 2022 (3) HRMOS Average Revenue Per User (ARPU). HRMOS MRR for the last month of the relevant quarter divided by the number of unique paying customers as of the end of the same quarter (4) As of the end of April 2022 (5) Unique fee-paying customers as of the final month of the quarter. Customers using multiple HRMOS modules are counted as one customer (6) As of the end of April 2022 (7) Last 12-month average of Monthly Churn Rate based on HRMOS MRR as of the final month of the quarter. Monthly Churn Rate = churned monthly HRMOS MRR divided by HRMOS MRR at the end of previous month (8) As of April 2022

Main KPIs

	FY18/7				FY19/7				FY20/7				FY21/7				FY22/7		
	1Q	2Q	3Q	4Q	1Q	2Q	3Q												
ARR ⁽¹⁾ (JPY Bn)	0.22	0.30	0.38	0.46	0.55	0.63	0.71	0.77	0.86	0.96	1.03	1.03	1.09	1.13	1.20	1.26	1.34	1.42	1.53
ARPU ⁽²⁾ (JPY thousands)	83	90	94	96	97	98	100	100	102	104	106	107	109	111	111	112	113	113	113
# of Unique Paying Customers ⁽³⁾	227	281	343	405	473	535	592	638	702	767	807	797	833	849	897	941	989	1,050	1,127
Average Monthly Churn Rate for Last Twelve Months ⁽⁴⁾ (%)	-	-	-	-	1.05	0.93	1.05	1.04	1.00	1.05	1.01	1.15	1.40	1.43	1.40	1.23	0.96	0.79	0.66

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

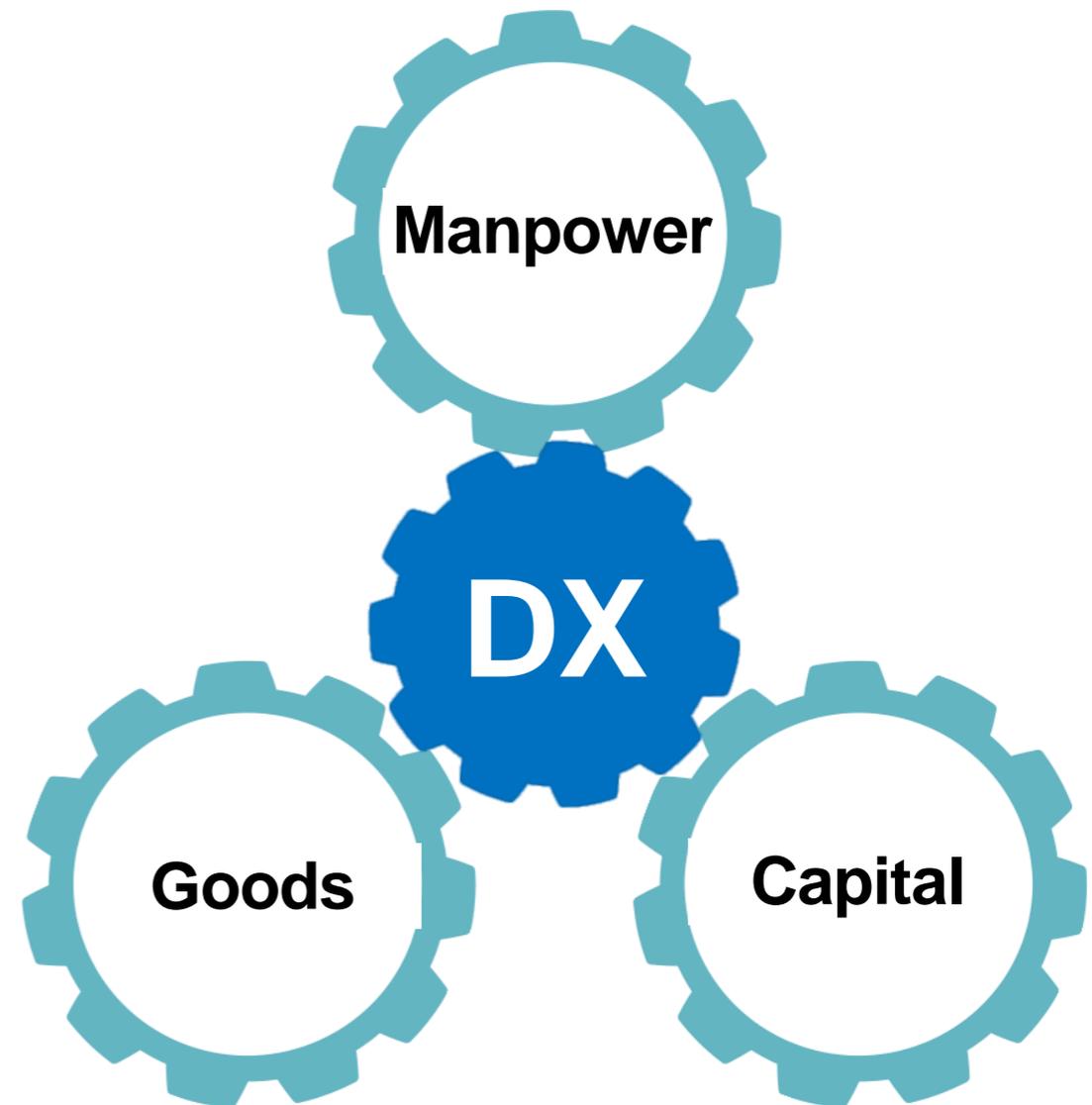
Visional Group Strategy and Our Future

Persistent Creation of New Possibilities.

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

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

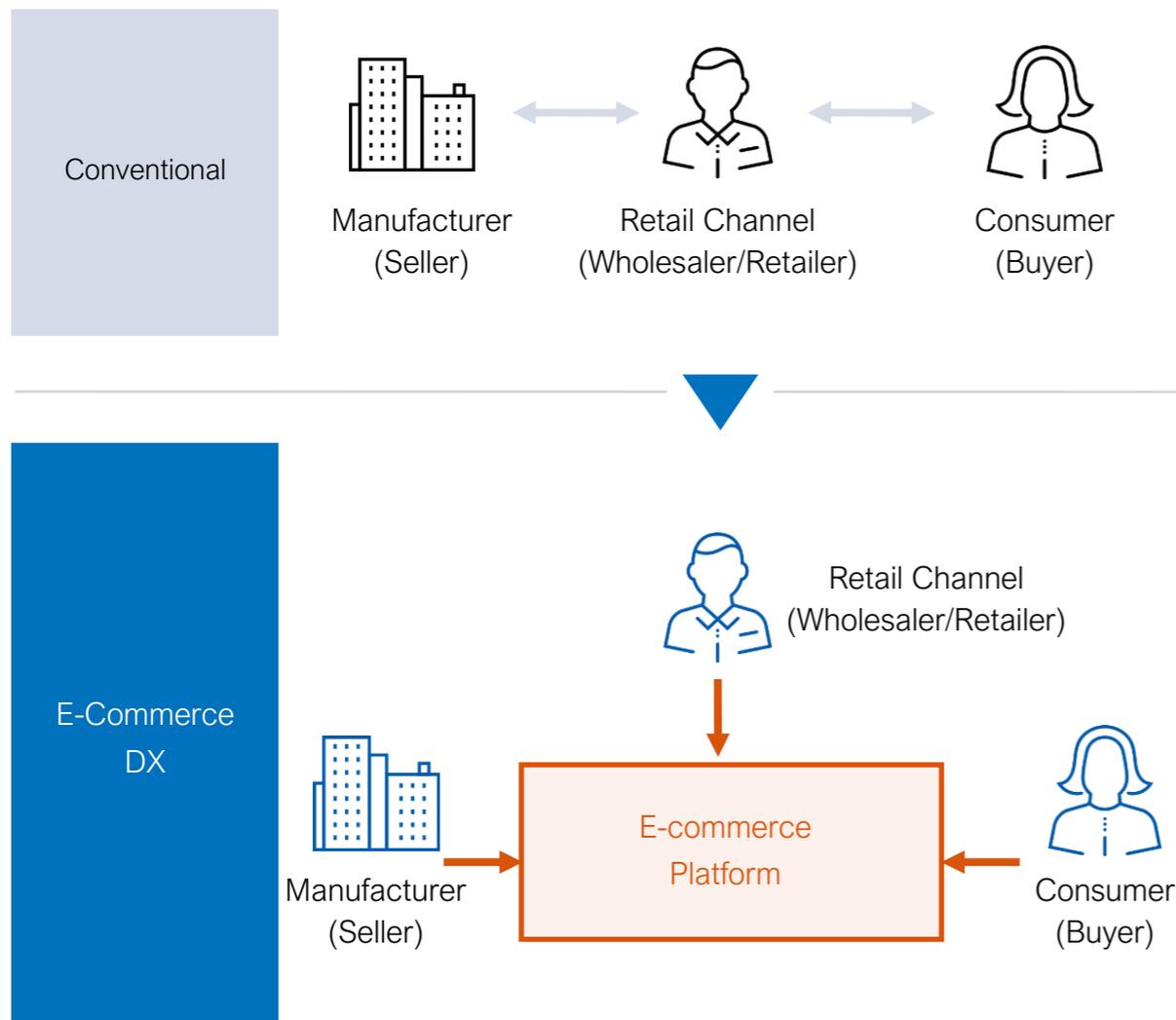
With these ambitions, we aspire together as partners to create unique ecosystems and movements that accelerate the world to a tomorrow in which we desire to be



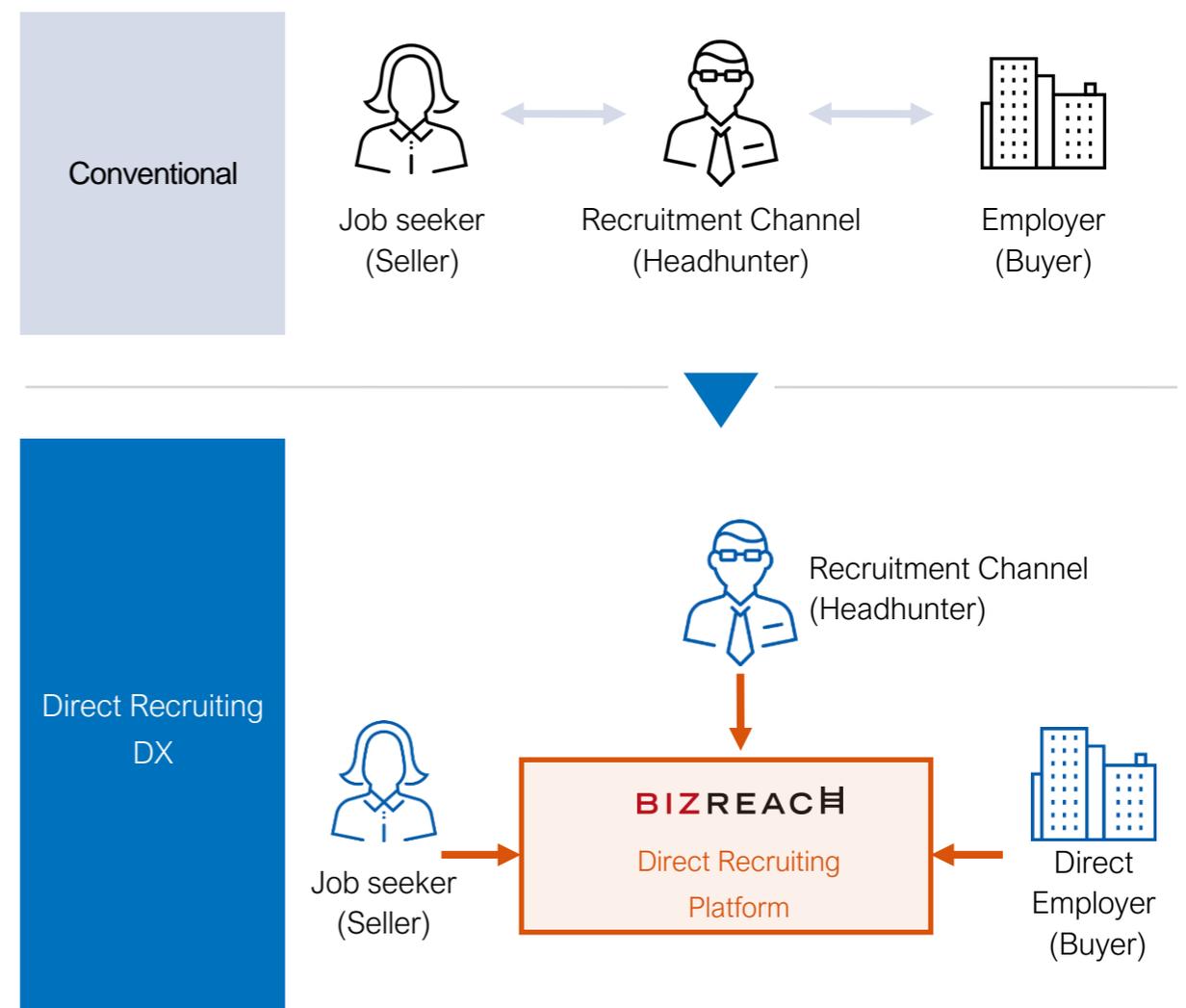
**Supporting new possibilities for
Manpower, Goods and Capital**

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

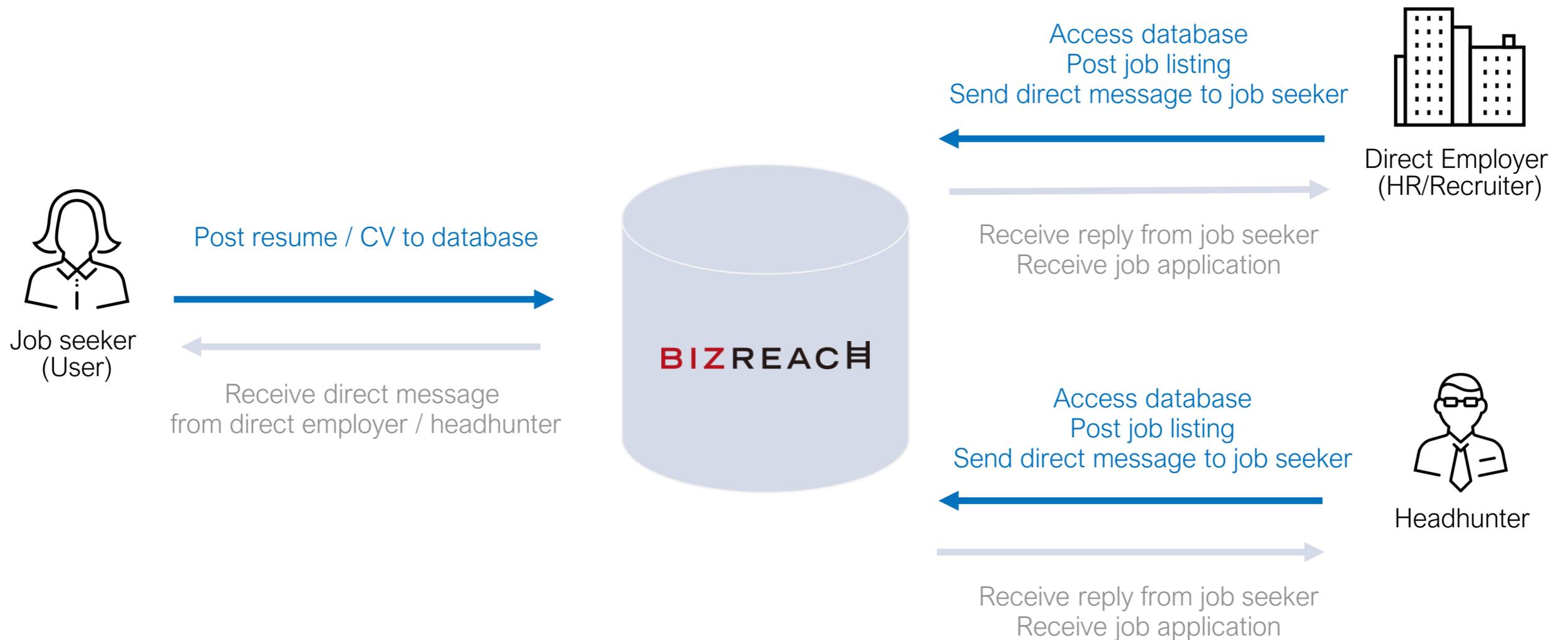
DX of Retail Market



DX of Professional Recruitment Market



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



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

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

Significant Room for Job Mobility in Japan

2020



Acceleration of Workstyle Shifts in Japan

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

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

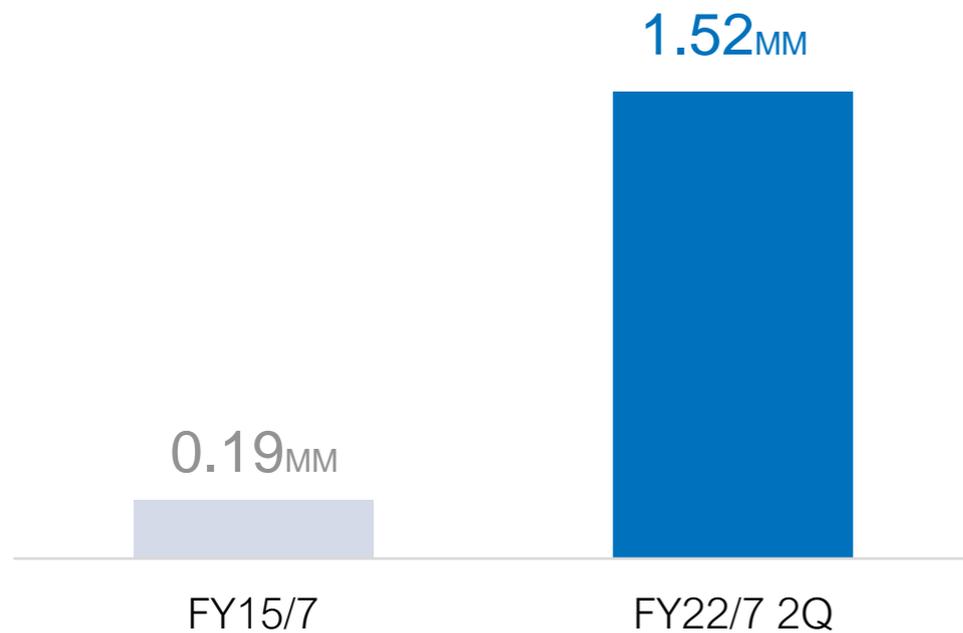
While penetrating further into the professionals' population, accelerate new client acquisitions and increase wallet share of existing clients to drive further top-line growth

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

of "Scoutable" Job Seekers on BizReach⁽¹⁾

of wage earners in Japan in 2020⁽²⁾

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



Potential Market Penetration of Direct Employers



Notes: (1) # of users who registered on BizReach platform with resume that have passed a general screening process and whose profile is set to be viewable by direct employers and headhunters
 (2) Based on "2020 Statistical Survey of Actual Statistics for Salary in the Private Sector" by Japanese National Tax Agency (<https://www.nta.go.jp/publication/statistics/kokuzeicho/minkan2020/pdf/002.pdf>) (3) Direct employers who have subscribed to our BizReach platform at any point in time within FY21/7 (4) As of the end of March 2022. Based on "Notification and Certification Status of General Employers Action Plan Formulation Notification by Prefecture (As of the end of March 2022)" by Ministry of Health, Labor and Welfare (https://www.mhlw.go.jp/general/seido/koyou/jisedai/dl/jyoukyou_r03_12.pdf)

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

Guidelines for deciding on a market and a business model

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



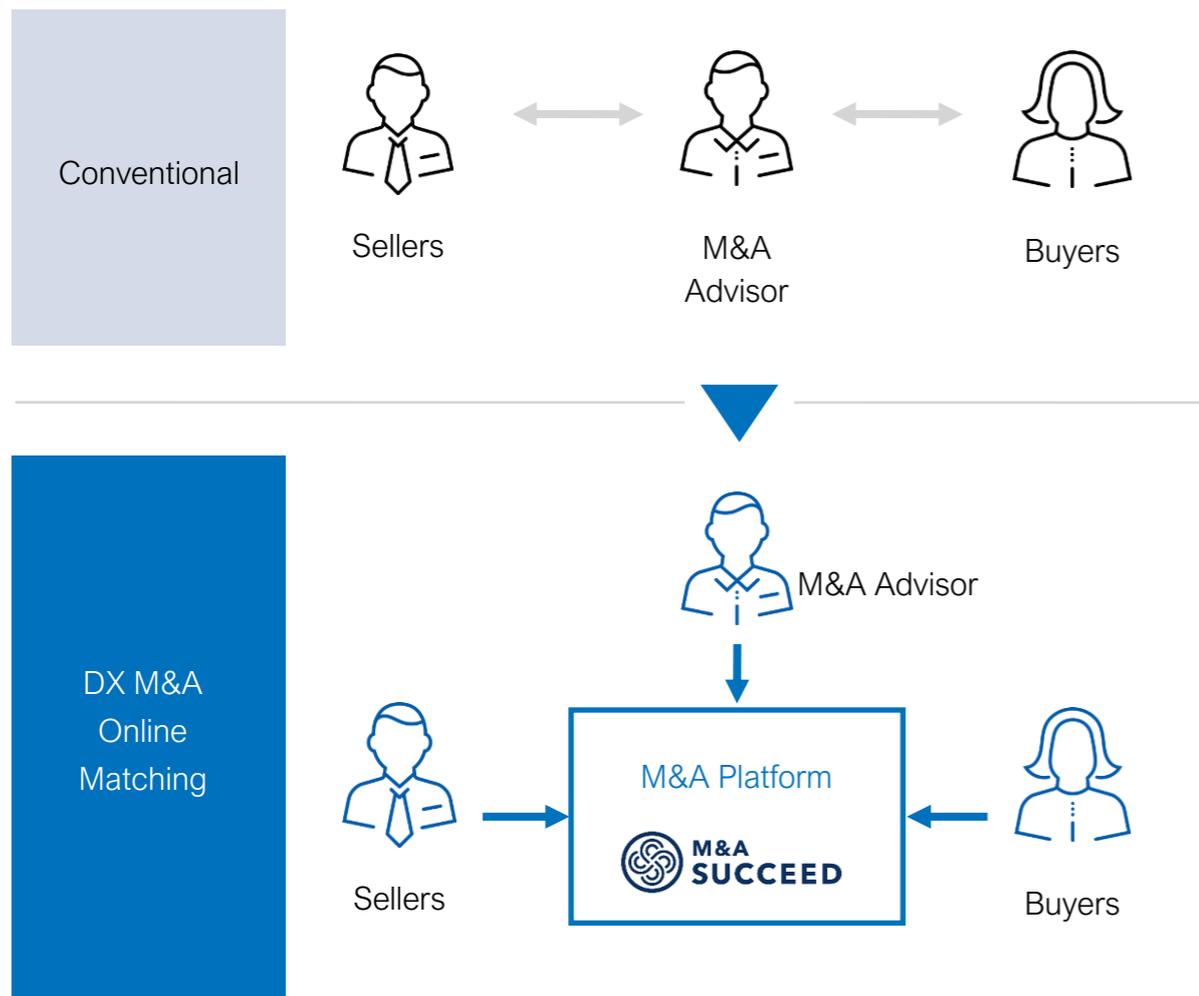
MVP⁽¹⁾ and lean startup organization

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

M&A SUCCEED:

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

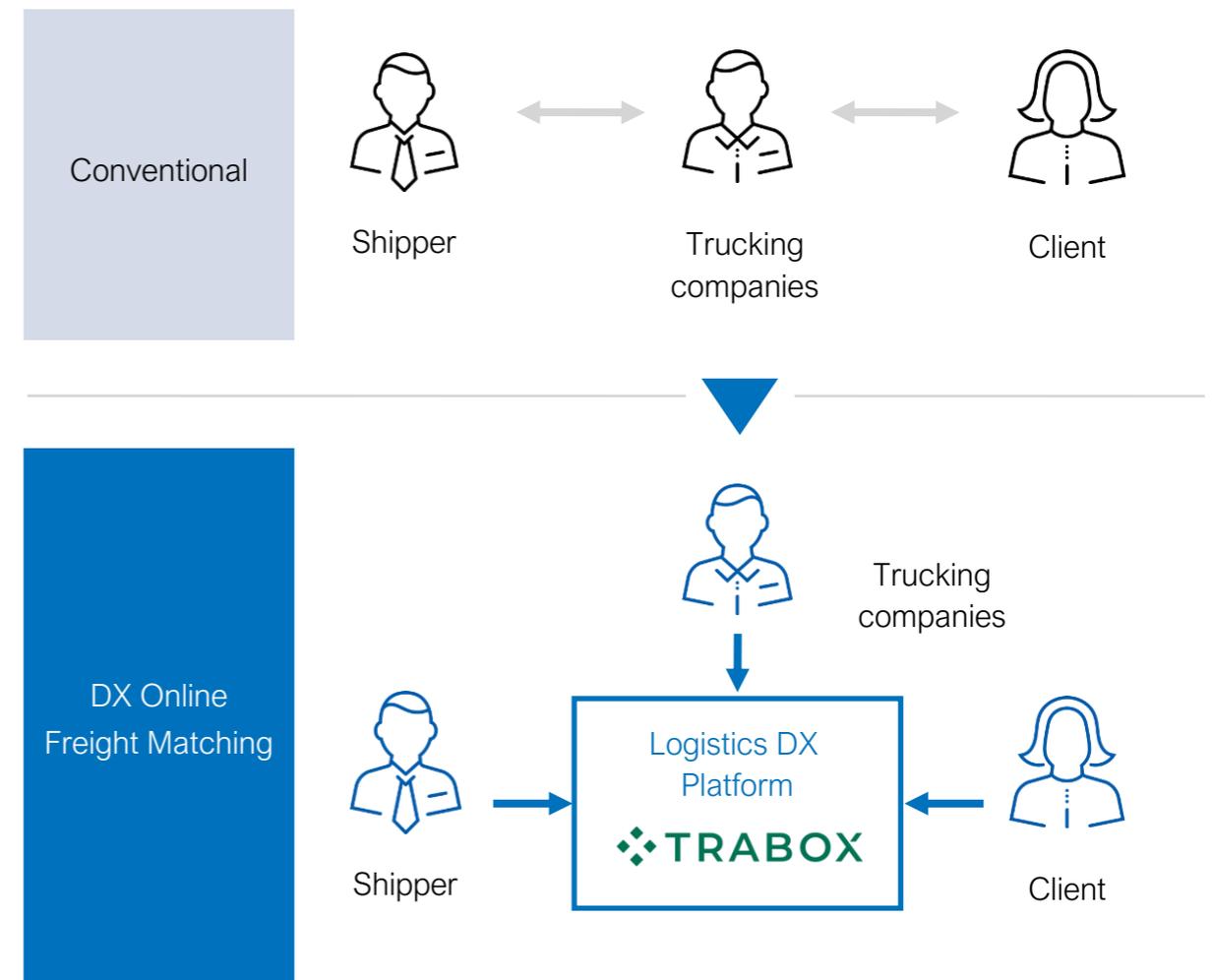
DX in M&A Industry



Trabox:

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

DX of Logistics Industry



Persistent Creation of New Possibilities.

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

Commitment towards our group mission

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

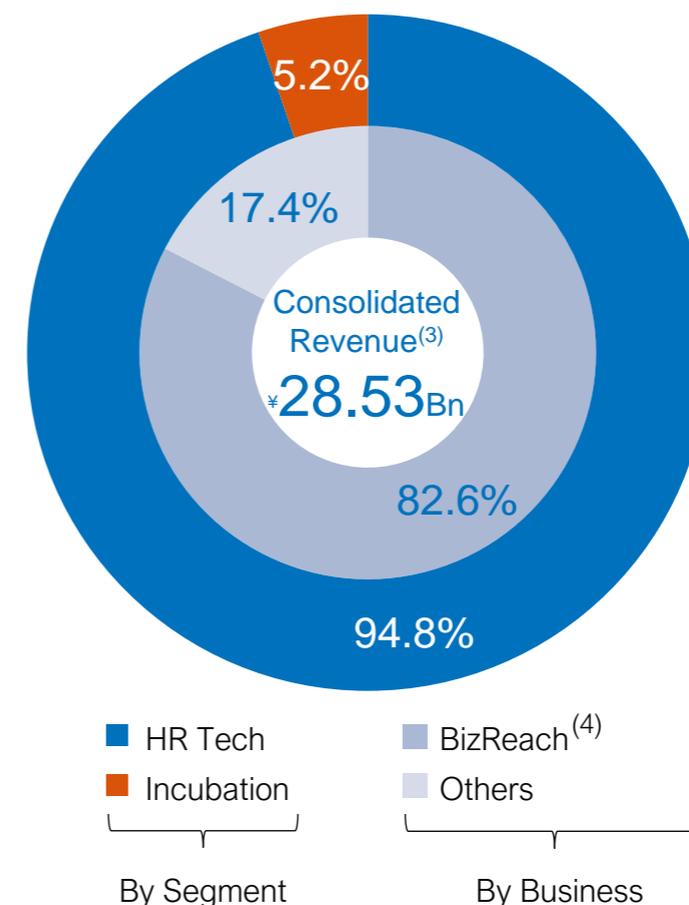
Appendix

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

Business Overview

HR Tech Segment	BIZREACH	HR matching platform for professionals
	HRMOS ハーモス	Human capital management platform
	キャリアイト	HR matching platform for young talents
	BIZREACH CAMPUS	Network for alumni visits
	BINAR	Career change support service for professionals
Incubation Segment	M&A SUCCEED	M&A matching platform
	TRABOX	Logistics matching platform
	BIZHINT	B to B lead generation platform
	yamory	Vulnerability management cloud
	ASSURED	Risk evaluation cloud
Affiliate	スタンプバム ⁽¹⁾	Job operating search engine

FY2021/7 Revenue Breakdown by Segment and Business⁽²⁾



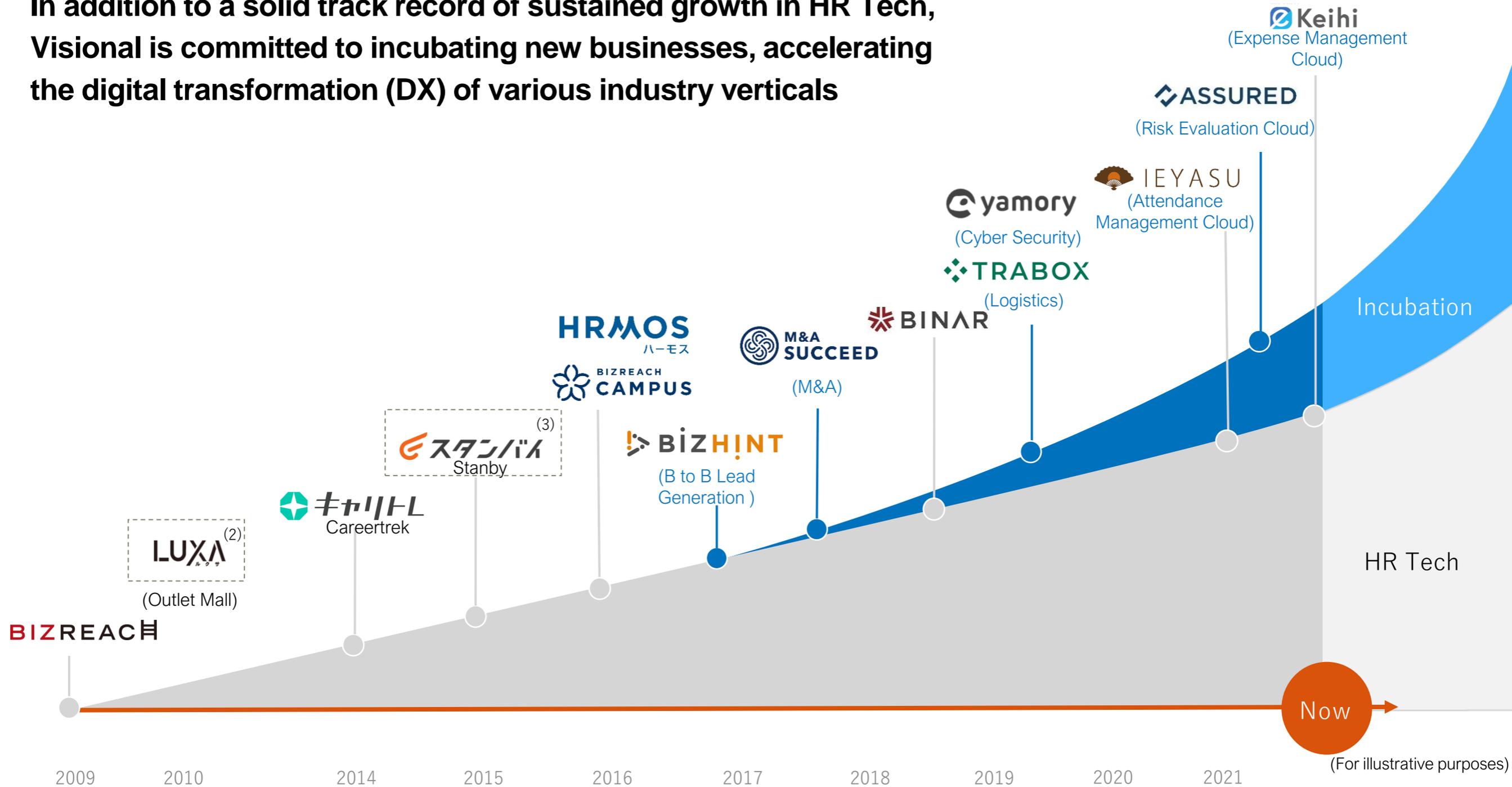
Notes: (1) Joint venture with Z Holdings Corporation, in which Visional, Inc. holds a 40% stake as an equity method affiliate (2) Excluding adjustments (¥161 MM) (3) Based on FY2021/7 financials prepared by Visional, Inc. continued from the financials of BizReach, Inc. Visional, Inc. was established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

Current Group Structure
(As of June 13, 2022)



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

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



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

	JPY MM						
	FY20/7 Full year	FY21/7 Full year	9 months ended April 30, 2021	9 months ended April 30, 2022	FY22/7 1Q	FY22/7 2Q	FY22/7 3Q
Net Sales	25,879	28,698	20,601	31,884	9,570	10,099	12,214
YoY Growth (%)	20.4%	10.9%	N.A.	54.8%	N.A.	N.A.	44.8%
HR Tech Segment	24,914	27,052	19,439	30,320	9,116	9,589	11,614
YoY Growth (%)	17.7%	8.6%	N.A.	56.0%	N.A.	N.A.	44.7%
Incubation Segment	892	1,485	1,040	1,442	413	469	559
YoY Growth (%)	182.1%	66.3%	N.A.	38.6%	N.A.	N.A.	53.3%
Cost of Sales	4,104	3,999	3,030	4,244	1,304	1,401	1,538
Gross Profit	21,775	24,699	17,571	27,639	8,266	8,697	10,675
Margin (%)	84.1%	86.1%	85.3%	86.7%	86.4%	86.1%	87.4%
Selling, General & Administrative Expenses	19,588	22,331	14,458	20,421	5,729	7,131	7,560
Advertising	7,640	9,562	-	9,516	2,385	3,510	3,620
Payroll etc. ⁽²⁾	5,301	6,308	-	5,419	1,707	1,817	1,894
Rent	1,251	1,258	-	930	309	309	310
Others	5,394	5,202	-	4,554	1,326	1,492	1,735
Operating Profit	2,186	2,368	3,112	7,218	2,536	1,566	3,114
Margin (%)	8.4%	8.3%	15.1%	22.6%	26.5%	15.5%	25.5%
HR Tech Segment	3,343	4,000	4,207	8,929	3,107	2,161	3,660
Incubation Segment	(868)	(863)	(564)	(1,206)	(405)	(416)	(385)
Pre-tax Profit	7,023	2,290	2,933	7,515	2,621	1,658	3,234
Income Tax Expense	2,364	869	1,048	2,634	840	597	1,196
Profit attributable to owners of parent	4,658	1,420	1,885	4,880	1,780	1,061	2,038
Margin (%)	18.0%	5.0%	9.2%	15.3%	18.6%	10.5%	16.7%

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

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

JPY MM

	FY20/ FY	FY21/ FY	FY21/ 3Q	FY22/ 3Q
Total Adjusted Operating Profit before corporate expense allocation	7,531	6,170	5,590	10,282
BizReach Business ⁽²⁾⁽³⁾	9,232	9,637	7,427	14,006
HRMOS Business ⁽³⁾	(1,159)	(2,102)	(1,151)	(2,047)
Other Businesses ⁽³⁾	(541)	(1,364)	(731)	(1,675)
Adjustment item				
-) Corporate and general administrative expenses (such as accounting, HR, legal, general affairs, etc.) ⁽⁴⁾	5,345	3,802	2,477	3,064
-) HR Tech Segment ⁽⁴⁾	4,647	3,263	2,082	2,647
-) Incubation Segment ⁽⁴⁾	697	538	394	417
Operating Profit (J-GAAP)	2,186	2,368	3,112	7,218

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

Reference: Group total HC as of April 30, 2022 is 1,454

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

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

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

Recent Financial Impact (Within HR Tech Segment)

JPY MM

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

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

Increase in notes and accounts receivables and contract liabilities as net sales grew. M&As increased goodwill. Exercised stock options are recorded as deposits for subscription of shares under Net Assets Others (TSO not impacted for 3Q)

	JPY MM				JPY MM		
	FY20/7	FY21/7	FY22/7 3Q		FY20/7	FY21/7	FY22/7 3Q
Current Assets	12,137	29,532	33,861	Current Liabilities	5,290	9,046	11,838
Cash and Cash Equivalents	9,114	25,630	27,702	Accounts Payable	1,486	3,341	3,302
Notes and Accounts Receivable	2,012	3,258	5,101	Deferred Revenue	1,917	3,042	-
Other Current Assets	1,011	643	1,057	Contract Liabilities	-	-	4,760
Fixed Assets	5,584	5,544	8,737	Other Current Liabilities	1,886	2,662	3,775
Tangible Assets	899	700	689	Fixed Liabilities	3,225	3,494	3,157
Intangible Assets	2,488	2,457	5,154	Liabilities from application of Equity Method	3,070	2,773	2,533
Goodwill	1,186	1,296	4,109	Other Fixed Liabilities	155	720	624
Other Intangible Assets	1,301	1,160	1,044	Total Net Assets	9,205	22,536	27,602
Total Investments and Other Assets	2,196	2,385	2,893	Share Capital	100	6,063	6,069
Total Assets	17,722	35,076	42,598	Capital Surplus	4,064	10,027	10,033
				Retained Earnings	5,021	6,442	11,322
				Others	20	3	176
				Total Liabilities and Net Assets	17,722	35,076	42,598

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

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

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

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

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