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## Consolidated Financial Results for the Six Months Ended January 31, 2024 [Japanese GAAP]



March 14, 2024

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 Stock exchange listing: Tokyo Stock Exchange  
 Code number: 4194  
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 Scheduled date of filing quarterly securities report: March 15, 2024  
 Scheduled date of commencing dividend payments: –  
 Availability of supplementary explanatory materials on quarterly financial results: Available  
 Schedule of quarterly financial results briefing session: Scheduled (for institutional investors and securities analysts)

(Amounts of less than one million yen are rounded down.)

### 1. Consolidated Financial Results for the Six Months Ended January 31, 2024 (August 1, 2023 – January 31, 2024)

(1) Consolidated Operating Results (% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Six months ended January 31, 2024	31,432	19.0	9,791	68.1	10,193	65.3	7,212	74.0
January 31, 2023	26,403	34.2	5,825	42.2	6,167	44.3	4,144	45.8

(Note) Comprehensive income: Six months ended January 31, 2024: ¥7,191 million [73.1%]

Six months ended January 31, 2023: ¥4,154 million [46.2%]

	Basic earnings per share	Diluted earnings per share
Six months ended	Yen	Yen
January 31, 2024	184.25	174.18
January 31, 2023	107.72	99.61

### (2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of January 31, 2024	66,223	46,390	69.8
As of July 31, 2023	57,873	39,129	67.4

(Reference) Equity: As of January 31, 2024: ¥46,224 million  
 As of July 31, 2023: ¥38,990 million

## 2. Dividends

	Annual Dividend				
	1Q	2Q	3Q	Year-end	Annual
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended July 31, 2023	—	0.00	—	0.00	0.00
Fiscal year ending July 31, 2024	—	0.00			
Fiscal year ending July 31, 2024 (Forecast)			—	0.00	0.00

(Note) Revision to the forecast for dividends announced most recently: None

## 3. Consolidated Financial Results Forecast for the Fiscal Year Ending July 31, 2024 (August 1, 2023 - July 31, 2024)

(% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
Full-year	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
	66,400	18.0	16,000	21.0	16,320	13.5	10,930	10.1	279.57

(Note) Revision to the financial results forecast announced most recently: None

### \* Notes:

(1) Changes in significant subsidiaries during the period under review (changes in specified subsidiaries resulting in changes in scope of consolidation): None

(2) Accounting methods adopted particularly for the preparation of quarterly consolidated financial statements: None

(3) Changes in accounting policies, changes in accounting estimates and retrospective restatement

1) Changes in accounting policies due to the revision of accounting standards: None

2) Changes in accounting policies other than 1) above: None

3) Changes in accounting estimates: None

4) Retrospective restatement: None

(4) Total number of issued shares (common shares)

1) Total number of issued shares at the end of the period (including treasury shares):

January 31, 2024: 39,214,800 shares

July 31, 2023: 39,096,200 shares

2) Total number of treasury shares at the end of the period:

January 31, 2024: 236 shares

July 31, 2023: 213 shares

3) Average number of shares during the period:

Six months ended January 31, 2024: 39,143,549 shares

Six months ended January 31, 2023: 38,479,193 shares

\* These quarterly consolidated financial results are outside the scope of quarterly review by certified public accountants or an audit firm.

\* Explanation of the proper use of financial results forecast and other notes

The statements regarding the forecast of financial results in this report are based on the information that is available to the Company, as well as certain assumptions that are deemed to be reasonable by management. Therefore, there might be cases in which actual results differ materially from forecast values due to various factors.

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## 1. Qualitative Information on Quarterly Financial Results

### (1) Explanation of Operating Results

Statements in this document about the future reflect the Group's judgments as of the end of the current quarter of the fiscal year under review.

In the six months ended January 31, 2024, the Japanese economy experienced gradual recovery as the normalization of socioeconomic activities progressed, and corporate earnings and private consumption showed improvement. On the other hand, the outlook remains unclear since the downward risk of the overseas economy has not been eliminated due to such factors as a surge of raw material prices reflecting the prolonged unstable global situation and the impact of global monetary tightening.

Under these circumstances, the Group's core BizReach business continued to boost performance of the entire Group for the six months ended January 31, 2024, backed by a continued willingness of companies to recruit human resources.

As a result, in the six months ended January 31, 2024, the Group recorded net sales of ¥31,432 million (up 19.0% year on year), operating profit of ¥9,791 million (up 68.1% year on year), ordinary profit of ¥10,193 million (up 65.3% year on year), and profit attributable to owners of parent of ¥7,212 million (up 74.0% year on year).

Performance by segment was as follows. (Net sales represent net sales to external customers.)

#### (i) HR Tech

The HR Tech segment consists of BizReach, HRMOS, and other HR Tech services.

The BizReach business achieved growth in comparison to the end of the previous fiscal year in all of its growth indices, as a result of the continued strength of human resources demand in the professional human resources domain and aggressive advertising. As of the end of the second quarter under review, the cumulative number of registered direct employers (Note 1) increased to more than 28,900 (compared to more than 26,200 as of the end of the previous fiscal year), the number of active headhunters (Note 2) rose to more than 7,300 (compared to more than 6,600 as of the end of the previous fiscal year), and the number of scoutable job seekers (Note 3) increased to more than 2.36 million (compared to more than 2.14 million as of the end of the previous fiscal year). The business recorded net sales of ¥27,498 million (up 18.9% year on year), and adjusted operating profit before corporate expense allocation (Note 4) of ¥12,193 million (up 27.3% year on year).

In the HRMOS business, we are conducting marketing activities to expand the number of customers while continuing product investments to develop new functionalities. In October 2023, the business released a dashboard function, a new function of HRMOS Talent Management, which allows users to visualize and analyze human capital issues and human resource and organizational issues. We also launched a human resources search function in December 2023, which allows users to search employee backgrounds and skills using keywords.

As for the combined KPI of HRMOS ATS service and HRMOS Talent Management service, ARR (Note 5) rose 30.0% year on year to ¥2,439 million, the number of unique paying customers (Note 6) increased 26.5% year on year to 1,744, and ARPU (Note 7) rose 2.8% year on year to ¥116,570. The churn rate (Note 8), which is a 12-month average, was 0.57%.

As a result, the HRMOS business recorded net sales of ¥1,745 million (up 74.1% year on year), and an adjusted operating loss before corporate expense allocation (Note 4) of ¥495 million (loss of ¥1,074 million for the same period of the previous fiscal year).

As a result, in the six months ended January 31, 2024, the HR Tech segment recorded net sales of ¥30,123 million (up 19.3% year on year) and segment profit of ¥10,691 million (up 49.1% year on year).

(Notes) 1. The total number of direct employers that have subscribed to BizReach, excluding headhunters

2. The number of headhunters that have been screened by BizReach, Inc.
3. The number of registered BizReach users who have configured their employment history to be disclosed to hiring companies or who have configured their employment history to be disclosed to headhunters
4. This is the operating profit or loss of the business before bearing the personnel expenses and ancillary outsourcing and other general administrative expenses associated with accounting, legal, human resources, and other business administration, and also personnel costs and ancillary outsourcing and other costs of the information systems and design divisions that cannot be charged directly to specific products and services.
5. Annual Recurring Revenue. This is calculated by multiplying the MRR (Monthly Recurring Revenue) in the final month of the quarter by 12. The MRR is the total monthly revenue from customers subject to recurring billing as of the end of the target period (excluding one-time revenue).
6. The number of unique paying users of HRMOS ATS and HRMOS Talent Management services
7. Average Revenue per User. MRR as of the end of the month ÷ number of unique paying customers
8. Reduction in MRR due to the cancellation in the current month divided by MRR at the end of the previous month is defined as the single-month churn rate, and the churn rate is the average of the last 12 months.

(ii) Incubation

The Incubation segment includes Trabox, M&A Succeed, BizHint, Yamory, and Assured etc. Additionally, as the Company transferred all shares of BizHint, Inc., the Company's consolidated subsidiary, on December 1, 2023, the BizHint business has been excluded from the scope of consolidation.

Each business in the Incubation segment conducted activities within the limits of profits generated from the HR Tech segment, including human resource investment, new-product development, and advertising activities. In the six months ended January 31, 2024, the segment recorded net sales of ¥1,237 million (up 13.3% year on year) and segment loss of ¥324 million (loss of ¥796 million for the same period of the previous fiscal year).

(2) Explanation of Financial Position

As of the end of the second quarter under review, total assets amounted to ¥66,223 million, an ¥8,350 million increase since the end of the previous fiscal year. This was primarily due to a ¥9,541 million increase in cash and deposits to ¥50,711 million and a ¥303 million increase in accounts receivable – trade to ¥5,454 million due to the growth in net sales.

As of the end of the second quarter under review, total liabilities amounted to ¥19,832 million, a ¥1,088 million increase since the end of the previous fiscal year. This was primarily due to an ¥831 million increase in unearned contract liabilities to ¥7,690 million due to an increase in the number of corporate users for the BizReach business, a ¥531 million increase in income taxes payable to ¥3,591 million, and an ¥81 million increase in provision for bonuses to ¥1,115 million.

As of the end of the second quarter under review, net assets amounted to ¥46,390 million, a ¥7,261 million increase since the end of the previous fiscal year. This was mainly due to a ¥7,212 million increase in retained earnings due to the recording of profit attributable to owners of parent.

(3) Explanation of Consolidated Financial Results Forecast and Other Forward-looking Information

The content of the consolidated financial results forecast for the fiscal year ending July 31, 2024 is unchanged from the forecast issued on September 14, 2023.

## 2. Quarterly Consolidated Financial Statements and Principal Notes

### (1) Quarterly Consolidated Balance Sheets

(in millions of yen)

	As of July 31, 2023	As of January 31, 2024
<b>Assets</b>		
Current assets		
Cash and deposits	41,170	50,711
Accounts receivable - trade	5,151	5,454
Other	2,645	1,574
Allowance for doubtful accounts	(64)	(54)
<b>Total current assets</b>	<b>48,902</b>	<b>57,685</b>
Non-current assets		
Property, plant and equipment	845	989
Intangible assets		
Goodwill	2,799	2,548
Other	1,656	1,492
<b>Total intangible assets</b>	<b>4,455</b>	<b>4,040</b>
Investments and other assets		
Other	3,679	3,509
Allowance for doubtful accounts	(9)	(1)
<b>Total investments and other assets</b>	<b>3,669</b>	<b>3,507</b>
<b>Total non-current assets</b>	<b>8,971</b>	<b>8,537</b>
<b>Total assets</b>	<b>57,873</b>	<b>66,223</b>
<b>Liabilities</b>		
Current liabilities		
Current portion of long-term borrowings	7	6
Income tax payable	3,059	3,591
Contract liabilities	6,858	7,690
Provision for bonuses	1,034	1,115
Other	5,368	5,200
<b>Total current liabilities</b>	<b>16,328</b>	<b>17,604</b>
Non-current liabilities		
Liabilities from application of equity method	2,133	1,973
Long-term borrowings	32	29
Deferred tax liabilities	249	225
<b>Total non-current liabilities</b>	<b>2,415</b>	<b>2,228</b>
<b>Total liabilities</b>	<b>18,744</b>	<b>19,832</b>
<b>Net assets</b>		
Shareholders' equity		
Share capital	6,356	6,381
Deposits for subscriptions of shares	5	—
Capital surplus	10,321	10,345
Retained earnings	22,223	29,435
Treasury shares	(1)	(1)
<b>Total shareholders' equity</b>	<b>38,905</b>	<b>46,161</b>
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	84	63
<b>Total accumulated other comprehensive income</b>	<b>84</b>	<b>63</b>
Share acquisition rights	139	166
<b>Total net assets</b>	<b>39,129</b>	<b>46,390</b>
<b>Total liabilities and net assets</b>	<b>57,873</b>	<b>66,223</b>

(2) Quarterly Consolidated Statement of Income and Comprehensive Income

Quarterly Consolidated Statement of Income

Six months ended January 31

(in millions of yen)

	For the six months ended January 31, 2023	For the six months ended January 31, 2024
Net sales	26,403	31,432
Cost of sales	3,250	2,655
Gross profit	23,152	28,776
Selling, general and administrative expenses	17,326	18,985
Operating profit	5,825	9,791
Non-operating income		
Share of profit of entities accounted for using equity method	159	159
Penalty income	168	216
Other	19	33
Total non-operating income	347	410
Non-operating expenses		
Interest expenses	0	0
Commitment fees	2	2
Foreign exchange losses	2	4
Other	0	1
Total non-operating expenses	5	8
Ordinary profit	6,167	10,193
Extraordinary income		
Gain on sale of non-current assets	2	—
Gain on sale of shares of subsidiaries	—	462
Gain on reversal of share acquisition rights	3	—
Total extraordinary income	6	462
Extraordinary losses		
Loss on valuation of investment securities	3	10
Total extraordinary losses	3	10
Profit before income taxes	6,171	10,645
Income taxes - current	2,045	3,365
Income taxes - deferred	(19)	67
Total income taxes	2,026	3,432
Profit	4,144	7,212
Profit attributable to owners of parent	4,144	7,212

Quarterly Consolidated Statement of Comprehensive Income

Six months ended January 31

(in millions of yen)

	For the six months ended January 31, 2023	For the six months ended January 31, 2024
Profit	4,144	7,212
Other comprehensive income		
Valuation difference on available-for-sale securities	9	(20)
Total other comprehensive income	9	(20)
Comprehensive income	4,154	7,191
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	4,154	7,191
Comprehensive income attributable to non-controlling interests	—	—



## (3) Quarterly Consolidated Statements of Cash Flows

(in millions of yen)

	For the six months ended January 31, 2023	For the six months ended January 31, 2024
<b>Cash flows from operating activities</b>		
Profit before income taxes	6,171	10,645
Depreciation	330	336
Amortization of goodwill	250	250
Share-based payment expenses	60	27
Penalty income	(168)	(216)
Share of loss (profit) of entities accounted for using equity method	(159)	(159)
Increase (decrease) in provision for bonuses	41	88
Decrease (increase) in trade receivables	(581)	(413)
Loss (gain) on sale of shares of subsidiaries	—	(462)
Increase (decrease) in contract liabilities	956	831
Decrease (increase) in inventories	2	0
Increase (decrease) in accounts payable - other	571	(58)
Other, net	(520)	(322)
Subtotal	6,954	10,548
Interest and dividends received	0	0
Interest paid	(0)	(0)
Income taxes refund (paid)	(3,343)	(1,466)
Net cash provided by (used in) operating activities	3,609	9,081
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(280)	(37)
Purchase of investment securities	(137)	—
Payments of leasehold and guarantee deposits	(185)	(6)
Proceeds from sale of shares of subsidiaries resulting in change in scope of consolidation	—	465
Other, net	81	0
Net cash provided by (used in) investing activities	(522)	420
<b>Cash flows from financing activities</b>		
Repayments of long-term borrowings	(103)	(4)
Repayments of lease obligations	(0)	—
Proceeds from issuance of shares resulting from exercise of share acquisition rights	45	43
Other, net	(0)	(0)
Net cash provided by (used in) financing activities	(58)	38
Net increase (decrease) in cash and cash equivalents	3,028	9,541
Cash and cash equivalents at beginning of period	31,362	41,170
Cash and cash equivalents at end of period	34,390	50,711

(4) Notes to Quarterly Consolidated Financial Statements

(Notes on going concern assumption)

Not applicable.

(Notes in case of significant changes in shareholders' equity)

Not applicable.

(Segment information, etc.)

(Segment information)

For the six months ended January 31, 2023 (from August 1, 2022 to January 31, 2023)

Information on net sales and profit (loss) by reportable segment

(in millions of yen)

	Reportable segment			Reconciliations (Note 1)	Amounts in the quarterly consolidated financial statements (Note 2)
	HR Tech	Incubation	Total		
Net sales					
Net sales to external customers	25,243	1,092	26,336	66	26,403
Intersegment sales or transfers	19	46	65	(65)	—
Total	25,262	1,138	26,401	1	26,403
Segment profit (loss)	7,170	(796)	6,373	(547)	5,825

(Notes) 1. Reconciliations of segment profit (loss) are general and administrative expenses that are not allocable to the reportable segments.

2. Segment profit (loss) is adjusted based on operating profit.

For the six months ended January 31, 2024 (from August 1, 2023 to January 31, 2024)

Information on net sales and profit (loss) by reportable segment

(in millions of yen)

	Reportable segment			Reconciliations (Note 1)	Amounts in the quarterly consolidated financial statements (Note 2)
	HR Tech	Incubation	Total		
Net sales					
Net sales to external customers	30,123	1,237	31,361	71	31,432
Intersegment sales or transfers	17	41	59	(59)	—
Total	30,140	1,279	31,420	12	31,432
Segment profit (loss)	10,691	(324)	10,366	(575)	9,791

(Notes) 1. Reconciliations of segment profit (loss) are general and administrative expenses that are not allocable to the reportable segments.

2. Segment profit (loss) is adjusted based on operating profit.