

## Visional, Inc.

4194

Tokyo Stock Exchange Prime Market

10-Mar.-2025

FISCO Ltd. Analyst

**Hiroshi Nakayama**



FISCO Ltd.

<https://www.fisco.co.jp>

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## Summary

### BizReach service has transformed the Japanese labor market through direct recruiting

Visional, Inc. <4194> (hereafter, also “the Company”) is a digital transformation (DX) company that aims to resolve various social issues through the creation of services that utilize technology. The Visonal Group includes 10 subsidiaries and 1 associated company in Japan (as of July 31, 2024), and these companies each conduct business in their various different fields. The Company’s main service is BizReach, a HR matching platform for professionals. The service has introduced the concept of “direct recruiting” to the Japanese labor market, transforming it by enabling companies to directly approach and hire talent who meet their requirements. In addition, the Company also provides HRMOS, a human capital management (HCM) platform offering services in the five domains of applicant tracking, talent management, expense management, attendance management, and payroll, with the aim of generating synergies with BizReach. The Company expects to see continued growth in consolidated sales and profits for FY7/25, and this future growth is a focus going forward.

#### 1. Overview of FY7/24 results

In FY7/24 consolidated results, sales and profits both showed double-digit growth. Net sales were up 17.5% year on year (YoY) to ¥66,146mn, operating profit was up 34.9% to ¥17,837mn, ordinary profit was up 28.5% to ¥18,476mn, and profit attributable to owners of parent was up 30.8% to ¥12,990mn. The Company’s operating profit exceeded the plan, balancing growth investments while maintaining cost discipline. Net sales of BizReach increased 17.5% to ¥57,776mn, slightly lower than the plan impacted by the longer lead time spent by job seekers. Net sales of HRMOS increased 76.0% to ¥3,844mn, with all services exceeding the plan.

#### 2. FY7/25 results forecast

In its results forecast for FY7/25 released in September 2024, the Company forecasts continued increases in sales and profits, with net sales up 15.5% YoY to ¥76,400mn, operating profit up 7.4% to ¥19,150mn, ordinary profit up 6.1% to ¥19,600mn, and profit attributable to owners of parent up 3.7% to ¥13,470mn. In FY7/25, the Company expects the market sentiment for BizReach to remain uncertain, despite a solid demand for professionals. In HRMOS, the Company expects each service to expand in addition to introducing the integrated HRMOS series. In terms of increasing expenses in FY7/25, the Company is continuing to bolster its investment in human capital, including hiring to support sustainable growth, increases in compensation levels, relocation and expansion of their offices.

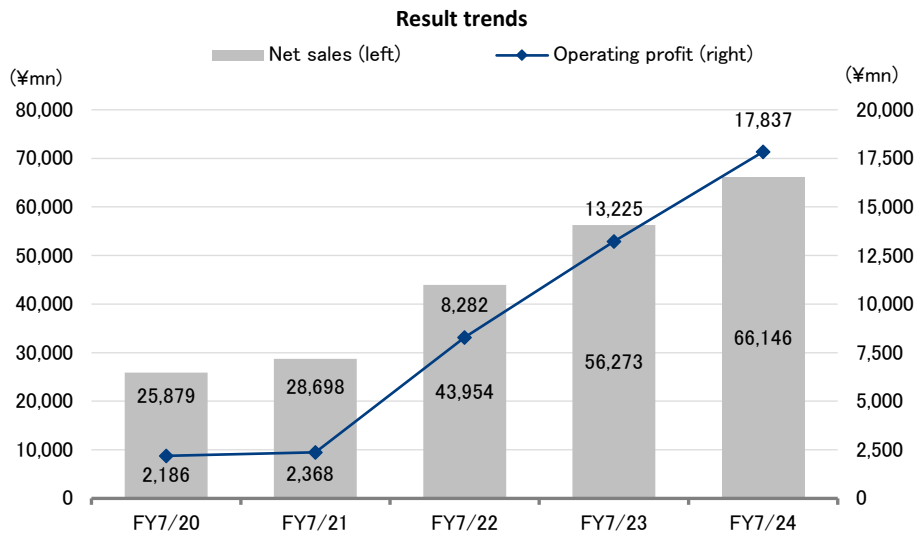
Summary

**3. Medium-term growth strategy**

The Company is working to realize its Group mission through three commitments that it has promoted since it was listed to achieve further business growth and increase in corporate value. The first of these is the sustainable growth and profit expansion of BizReach. The Company projects net sales growth of 15% at BizReach over the medium term, assuming that the demand for hiring professionals remains solid. In addition, the Company aims to expand its profits even while investing aggressively in marketing, and envisages a medium-term profit margin of 40% for BizReach. Next, the Company will promote the seamless integration of BizReach and HRMOS to build a data-driven HCM ecosystem. With the July 2024 release of HRMOS Payroll, the Company now offers the key services that it has been planning since before its listing. Looking ahead, the Company aims to build an integrated HCM ecosystem through linking the data of BizReach and HRMOS. HRMOS is expected to continue reporting a loss until FY7/25, but there is no change to the Company's existing plan to achieve profitability in this business in FY7/26. Furthermore, the Company has also articulated the concept of "Internal BizReach" for recruiting professionals from inside the Company. It aims to provide services that will support optimal human capital management through linking the data of BizReach and HRMOS. Finally, the Company will continue to incubate new businesses and execute M&As. In M&As, the Company will explore possibilities not only in BizReach and HRMOS, but in other domains. In the area of creating new businesses, the Company aims to enter domains that has the potential to grow through changes in society and evolution of technology etc.

**Key Points**

- FY7/24 consolidated net sales and operating profits achieved double-digit growth
- FY7/25 consolidated net sales are forecasted to be ¥76,400mn, reflecting uncertain market conditions despite solid demand for professionals. Consolidated operating profits are forecasted to be ¥19,150mn, as the Company maintains the profit margins of BizReach while making further investments in other businesses and in human capital
- BizReach medium-term net sales growth is forecasted to be around 15%, while HRMOS is aiming to achieve profitability by FY7/26



Source: Prepared by FISCO from the Company's financial results

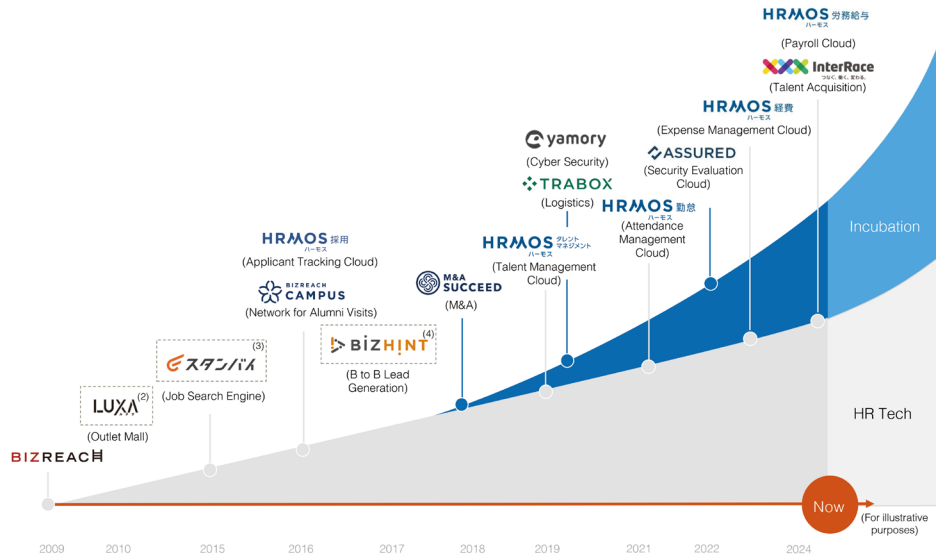
## Company profile

### A DX company aiming to solve social issues through the use of technology

#### 1. Company profile

With the mission statement of “Persistent Creation of New Possibilities,” the Company is a digital transformation (DX) company operating a number of businesses using technology to solve the various issues faced by society. Since the 2009 launch of BizReach, which has sparked a transformation of the hiring industry, the Company has achieved business growth in its mainstay HR Tech domain, as well as creating new businesses to drive DX in various industries, and have used M&As, aiming to increase its corporate value over the medium to long term.

History of the Group's growth<sup>(1)</sup>



Notes: 1. For illustrative purpose. Years under the horizontal axis represent the timing of launch for each service.  
 2. The equity was transferred entirely to KDDI CORPORATION in April 2015.  
 3. 60% of the equity was transferred to LY Corporation (former Z Holdings Co., Ltd.) in December 2019 to convert to a joint venture.  
 4. 100% of the shares of BizHint, Inc. were transferred to SMARTCAMP Co., Ltd. in December 2023.  
 Source: The Company's results briefing materials

## Company profile

## 2. History

The Company was established as the wholly owning parent company of BizReach, Inc., which was established in Minato-ku, Tokyo in August 2007, with capital of ¥7mn. In April 2009, the Company launched BizReach, an HR matching platform for professionals, and has since expanded the business. In May 2012, the head office was relocated to Shibuya-ku, Tokyo, and in May 2015, Stanby, a job search engine, was launched. In June 2016, the Company launched HRMOS ATS, an applicant tracking management cloud, followed in August by the launch of BizHint, a B to B lead generation platform. In October 2016, the Company launched BizReach Campus, a network service for alumni visits, and in November 2017, it launched BizReach SUCCEED (currently M&A Succeed), a M&A platform for corporations. In January 2019, the Company launched HRMOS (currently HRMOS Talent Management), an HCM (Human Capital Management) cloud. In August of the same year, the Company launched yamory, a vulnerability management cloud, and in September it acquired 100% of shares of Cloud Solutions, Inc. and took over Reclog, an applicant tracking platform. In November 2019, the Company acquired 100% of the shares of Trabox, Inc. and took over Trabox, a logistics DX platform. Also in November 2019, Stanby, Inc. performed a third-party allotment to BizReach, Inc. and Z Holdings Corporation (currently LY Corporation <4689>), and in December the Stanby business was transferred to Stanby, Inc. through an absorption-type company split. Visional, Inc. was established in February 2020, and the Company transitioned to a holding company system. Visional Incubation, Inc. (currently M&A Succeed, Inc.) was established to succeed the BizReach SUCCEED (currently M&A Succeed), BizHint, and yamory businesses. In April 2021, the Company was listed on the Tokyo Stock Exchange Mothers Market. In November of the same year, BizReach, Inc. acquired shares of IEYASU, Inc., a provider of an attendance management cloud IEYASU (currently HRMOS Attendance Management), and made it a subsidiary. Moreover, Visional Incubation, Inc. was renamed M&A Succeed, Inc. Furthermore, Visional Incubation, Inc. (currently Assured, Inc.) was established through an incorporation-type company split with M&A Succeed, Inc. as the split company to succeed the BizHint, yamory, and Assured businesses. In January 2022, the Company launched Assured, a security evaluation platform, followed in February by HRMOS Attendance Management. In March 2022, BizReach, Inc. acquired shares of ezSoft Co., Ltd., a provider of an expense management system called eKeihi (currently HRMOS Expense Management), and made it a subsidiary. In April, the Company transitioned to the Growth Market due to the reclassification of the Tokyo Stock Exchange markets. In August, the Company established BizHint, Inc. and transferred the BizHint business to it. In November, the Company launched HRMOS Expense Management, an expense management cloud. In December 2023, the Company transferred all shares of BizHint, Inc. to SMARTCAMP Co., Ltd. It also changed its market segment from the Tokyo Stock Exchange Growth Market to the Prime Market. In March 2024, BizReach, Inc. acquired 73.3% of shares of InterRace, Inc., a provider of talent acquisition service, and made it a subsidiary. In July 2024, the Company launched HRMOS Payroll, a payroll cloud.

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Company profile

**History**

Period	Overview
August 2007	Established BizReach, Inc. in Minato-ku, Tokyo with capital of ¥7mn
April 2009	Launched BizReach, an HR matching platform for professionals
August 2010	Launched LUXA, an online outlet mall service
November 2010	Established LUXA, Inc. (currently au Commerce & Life, Inc.) in Shibuya-ku, Tokyo, transferred the LUXA business
May 2012	Relocated head office to Shibuya-ku, Tokyo
April 2014	Launched CareerTrek, an HR matching platform for young talents
May 2015	Launched Stanby, a job search engine
October 2015	Sold LUXA, Inc. (to KDDI CORPORATION)
June 2016	Launched HRMOS ATS, an applicant tracking management cloud
August 2016	Launched BizHint, a B to B lead generation platform
October 2016	Launched BizReach Campus, a network service for alumni visits
November 2017	Launched BizReach SUCCEED (currently M&A Succeed), a M&A platform for corporations
December 2017	Established BizReach Trading, Inc. (currently Stanby, Inc.) in Shibuya-ku, Tokyo
January 2019	Launched HRMOS (currently HRMOS Talent Management), an HCM (Human Capital Management) cloud
August 2019	Launched yamory, a vulnerability management cloud
September 2019	Acquired 100% of shares of Cloud Solutions, Inc. and took over Reclog, a recruitment management platform
November 2019	Acquired 100% of shares of Trabox, Inc. and took over Trabox, a logistics DX platform Stanby, Inc. performed a third-party allotment to BizReach, Inc. and Z Holdings Corporation (currently LY Corporation <4689>)
December 2019	Transferred the Stanby business to Stanby, Inc. through an absorption-type company split
February 2020	Established Visional, Inc. in Shibuya-ku, Tokyo, and transitioned to a holding company system Established Visional Incubation, Inc. (currently M&A Succeed, Inc.) through an incorporation-type company split in Shibuya-ku, Tokyo, to succeed the BizReach SUCCEED (currently M&A Succeed), BizHint, and yamory businesses
April 2021	Listed on the Tokyo Stock Exchange Mothers Market
November 2021	BizReach, Inc. acquired 80.1% of shares of IEYASU, Inc., a provider of a cloud-based attendance management system IEYASU (currently HRMOS Attendance Management), and made it a subsidiary Renamed Visional Incubation, Inc. to M&A Succeed, Inc. Established Visional Incubation, Inc. (currently Assured, Inc.) in Shibuya-ku, Tokyo, through an incorporation-type company split with M&A Succeed, Inc. as the split company to succeed the BizHint, yamory, and Assured businesses
January 2022	Launched Assured, a security evaluation platform
February 2022	Launched HRMOS Attendance Management, an attendance management cloud
March 2022	BizReach, Inc. acquired 100% of shares of ezSoft Co., Ltd., a provider of an expense management system called eKeihi (currently HRMOS Expense Management), and made it a subsidiary
April 2022	Transitioned from the Mothers Market to the Growth Market due to the reclassification of the Tokyo Stock Exchange markets
August 2022	Established BizHint, Inc. through an incorporation-type company split with Visional Incubation, Inc. as the split company in Shibuya-ku, Tokyo, to succeed BizHint business Renamed Visional Incubation, Inc. to Assured, Inc.
November 2022	Launched HRMOS Expense Management, an expense management cloud
December 2022	Terminated provision of CareerTrek, an HR matching platform for young talents
December 2023	Transferred all shares of BizHint, Inc. to SMARTCAMP Co., Ltd. Changed market segment to the Tokyo Stock Exchange Prime Market
March 2024	BizReach, Inc. acquired 73.3% of shares of InterRace, Inc., a provider of talent acquisition service, and made it a subsidiary
July 2024	Launched HRMOS Payroll, a workforce management and payroll cloud

Source: Prepared by FISCO from the Company's Annual Securities Report and press releases

The Company's businesses consist of HR Tech segment, which includes BizReach, a members-only job change platform specializing in professionals (management and specialist positions, etc.) and HRMOS, a human capital management platform, and the Incubation segment, which includes building new businesses in other domains.

The HR Tech segment primarily includes BizReach, a HR matching platform for professionals, HRMOS, a human capital management platform (applicant tracking cloud, talent management cloud, attendance management cloud, expense management cloud, and payroll cloud), BizReach Campus, a network service for alumni visits, and InterRace Inc., a talent acquisition service. The Incubation segment primarily includes M&A Succeed, an M&A platform for corporations, Trabox, a logistics DX platform, yamory, a vulnerability management cloud, and Assured, a security evaluation platform.

Company profile

In the breakdown of FY7/24 net sales by business (excluding adjustments), BizReach accounted for the majority of the consolidated net sales at 87.5%, while other businesses accounted for 12.5%.

## Business activities

### BizReach has transformed the Japanese labor market, and HRMOS supports the implementation of HR strategies

#### 1. HR Tech segment

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

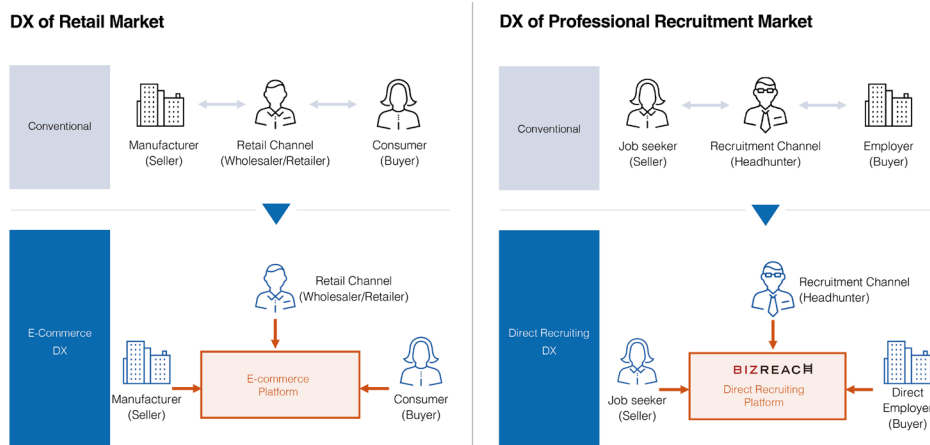
##### (1) BizReach

BizReach is a members-only job change platform specializing in professionals (managers, specialists, etc.) that efficiently matches business professionals, Japanese and multinational blue-chip and growing companies, and headhunters (career change agents affiliated to recruitment agencies) who are experts in their respective industries.

##### a) BizReach has revolutionized the hiring market

BizReach has sparked a transformation in the Japanese labor market, where conventional employment practices such as lifetime employment and mass hiring of new graduates are mainstream, and many companies leave the hiring of professionals to recruitment agencies and headhunters. By introducing the concept of “direct recruiting,” a recruitment activity in which companies take the initiative in recruiting human resources that meet their needs, BizReach has enabled the visualization of the job market for professional human resources in Japan, provided an environment that allows companies to approach job seekers directly, and hire talented individuals faster and at a lower cost. In addition, job seekers can expand their career options and be presented with more opportunities.

#### Direct recruiting scheme



Source: The Company's results briefing materials



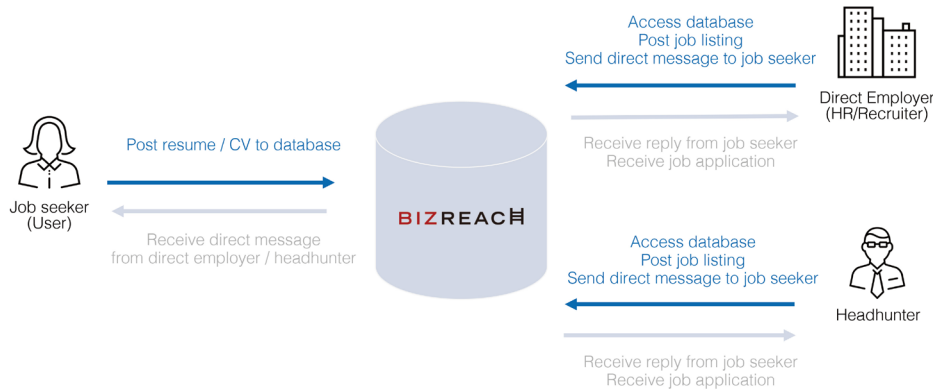
Business activities

**b) Strengths of BizReach**

1) Strong revenue base

BizReach's business model forms a stable revenue base, having a structure for billing three parties: direct employers, headhunters, and job seekers. It continues to provide new values to the existing job change (hiring) market. Direct employers and headhunters using BizReach can access the BizReach human resource database and send direct messages to job seekers, as well as post job openings. Job seekers can receive direct messages from companies and headhunters by registering their resumes in the BizReach human resource database.

**Unique business model with multiple revenue stream**



Source: The Company's results briefing materials

BizReach net sales comprise of platform usage fees (recurring revenue) and contingency recruitment fees (performance revenue). This provides a revenue structure that is resilient even in a rapid economic downturn. There are different fee structures for direct employers and headhunters. Direct employers' platform usage fee\*1 is ¥850,000 for six months, with the contingency recruitment fee being 15% of the candidate's expected annual compensation in the new position\*2. For headhunters, the platform usage fee is ¥600,000 for six months, and the contingency fee for recruitment support is 20–30% of the placement fee the headhunter receives from the employer.

\*1 Excluding taxes, standard plan

\*2 Expected annual compensation in the new position = fixed monthly salary × 12 months + base amount of bonus calculation × the number of bonus payment months for the previous fiscal year

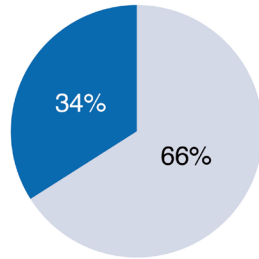
BizReach has a unique sales structure that combines recurring revenue\*1 and performance revenue\*2. The sales composition also has a good balance of direct employers and headhunters. The composition ratio by type of sales for FY7/24 was 66% in performance revenue and 34% in recurring revenue. In the sales composition ratio by direct employers and headhunters, 69% of sales were to direct employers and 31% to headhunters.

Business activities

Unique sales structure combining recurring revenue\*1 and performance revenue\*2

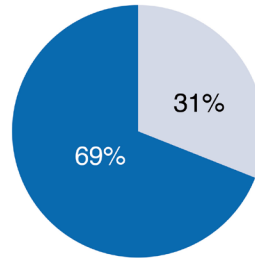
**FY24/7 BizReach Business Revenue Breakdown by Fee Type<sup>(3)</sup>**

■ Performance Revenue  
 ■ Recurring Revenue



**FY24/7 BizReach Business Revenue Breakdown by Direct Employers / Headhunters<sup>(3)(4)</sup>**

■ Headhunters  
 ■ Direct Employers



\*1 Recurring revenue consists of subscription fees from direct employers and recruitment agencies (headhunters), revenue from their additional "platinum scout" purchases, and subscription fees from job seekers on premium plan.  
 \*2 Performance revenue consists of success fees from direct employers and recruitment agencies (headhunters), derived from successful hiring.  
 \*3 Financial data of the BizReach Business, the core service of the Group (which differs from the financial data of the subsidiary BizReach, Inc.)  
 \*4 Based on the total of recurring revenue and performance revenue  
 Source: The Company's results briefing materials

2) BizReach's customer base

BizReach's competitive advantage is in having a customer base large enough to support a robust earnings structure, and the types of revenues obtained from three sources—direct employers, headhunters, and job seekers—are as follows.

List of BizReach revenue types

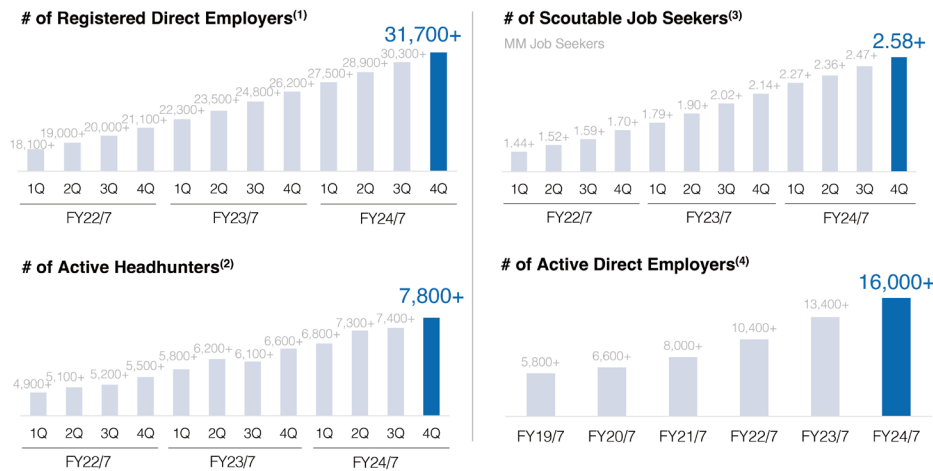
Target customer	Type of revenue	Outline
Direct employers (responsible for HR/recruitment)	Recurring revenue (platform usage fees)	Revenue generated from the use of BizReach by direct employers. The Company offers multiple payment plans, according to the length of the subscription and the number of platinum scouts (special scout emails that guarantee meetings/interviews) included, etc. The standard plan is ¥850,000 for six months. Subscription fees are collected as a lump-sum advance payment, and are recorded as contract liabilities until the time revenue is recorded.
	Recurring revenue (additional platinum scout fees)	Revenue generated when direct employers purchase additional platinum scout messages to reach out to more job seekers.
	Performance revenue (contingency recruitment fees)	Revenue generated when direct employers successfully hire through BizReach. The Company receives a fixed percentage (15% under the standard plan) of the expected annual compensation of the person hired.
Headhunters (recruitment agencies)	Recurring revenue (platform usage fees)	Revenue generated from the use of BizReach by headhunters. The Company offers multiple payment plans according to the length of the subscription, etc. The standard plan is ¥600,000 for six months. Subscription fees are collected as a lump-sum advance payment and are recorded as contract liabilities until the time revenue is recorded.
	Recurring revenue (additional platinum scout fees)	Revenue generated when headhunters purchase additional platinum scout messages to reach out to more job seekers.
	Performance revenue (contingency fees for recruitment support)	Revenue generated when headhunters successfully support hiring by introducing talent they have connected to through BizReach to an employer. The Company receives a fixed percentage of the contingency fee paid by the employer to the headhunter.
Job seekers (member users)	Recurring revenue (premium fees)	Monthly fee model that is charged to premium BizReach members. The platform can also be used for free as a standard member, albeit with restrictions on the functions available.

Source: Prepared by FISCO from the Company's Annual Securities Report for FY7/24

Business activities

The main KPIs for BizReach are cumulative number of registered direct employers, number of scoutable job seekers, number of active headhunters, and number of active direct employers. A steady increasing trend in each of these indicators shows that BizReach is building a stable customer base. YoY comparison of the main KPIs at 4Q FY7/24 shows continuing steady growth in each indicator, with the cumulative number of registered direct employers up by approximately 5,500 companies, the number of scoutable job seekers up by approximately 440,000 persons, the number of active headhunters up by approximately 1,200 persons, and the number of active direct employers up by approximately 2,600 companies.

**Trend in main BizReach KPIs**



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 job seekers who have configured their employment history to be disclosed to hiring companies or to headhunters (including non-fee-paying members)  
 4. The number of direct employers who have subscribed to BizReach with at least one day of use during the accounting period  
 Source: The Company's results briefing materials

**c) Market environment and growth strategy**

1) Position in the market and room for expansion

BizReach has a growing reputation in the HR market as a members-only job change platform specializing in professionals (management, specialists, etc.); however, the Company also has potential to expand its position even further. The two main types of customers in the direct recruiting business are direct employers (measured by the number of active direct employers) and job seekers (measured by the number of scoutable job seekers). Looking at the scale of BizReach's main target markets among each of these markets, the number of companies in Japan with 101 or more employees is 50,455 companies\*1, whereas the number of active direct employers\*2 on BizReach is 16,000. Moreover, the number of wage earners in Japan with an annual income of ¥6mn or higher, the main target group of job seekers, is 11.48 million\*3, whereas the number of scoutable job seekers on BizReach is 2.58 million\*4. Therefore, BizReach has the potential to grow further by developing new customers among non-user companies, cultivating further sales among existing direct employer users, and engaging in sales promotions targeting professionals.

\*1 As of the end of September 2023. Based on "Notification and Certification Status of General Employers Action Plan Formulation Notification by Prefecture" by Ministry of Health, Labor and Welfare  
 \*2 The number of direct employers who have subscribed to BizReach with at least one day of use during the accounting period  
 \*3 Based on "2022 Statistical Survey of Actual Status for Salary in the Private Sector" by Japanese National Tax Agency  
 \*4 The number of registered BizReach users who have configured their employment history to be disclosed to hiring companies or to headhunters (including non-fee-paying members)

Business activities

2) Changes in work styles drive market expansion and further growth opportunities  
 Changes in the structure of society and advances in technology are driving fundamental changes in work styles and attitudes to changing jobs. The hiring market in Japan is entering a structural stage of expansion, and the increase in job mobility is accelerating. In 2023, only 0.94 million individuals changed jobs among 36.15 million regular employees in Japan, for a job change ratio of 2.6%.

Room for job mobility growth in Japan (2023)



Job change ratio  
 within full-time: 2.6%

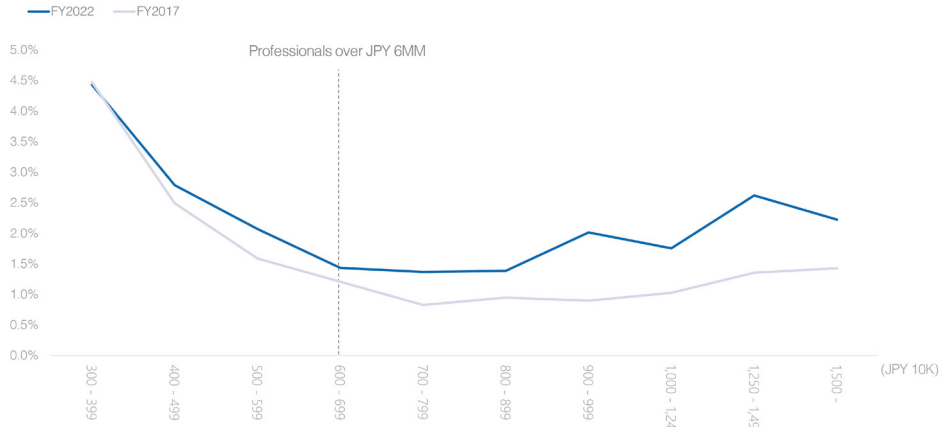
- Notes: 1. Source: "Labor Force Survey (Basic Tabulation)" by Statistics Bureau, Ministry of Internal Affairs and Communications. Figures are calculated by taking a 12-month average of the monthly survey on the number of employed workers as of the end of each month in 2023
2. Source: "Labor Force Survey (Basic Tabulation)" by Statistics Bureau, Ministry of Internal Affairs and Communications. Figures are calculated by taking a 12-month average of the monthly survey on the number of regular employees as of the end of each month in 2023
3. Source: "Labor Force Survey (Detailed Tabulation)" by Statistics Bureau, Ministry of Internal Affairs and Communications. Figures are calculated by taking a 12-month average of the monthly survey on the number of regular employees who changed jobs to regular-employee positions within a year as of the end of each month in 2023

Source: The Company's results briefing materials

Meanwhile, looking at a survey on the ratio of job changers by annual income bracket, in the professional market in particular, the number of job changes has been increasing over recent years. The percentage of job changers with an annual income of ¥6mn or higher, which is the Company's target, increased by about 0.5 to 1.5 percentage points between 2017 and 2022, and the Company expects mid-career hiring to further expand in the future as demand for professionals increases.

Business activities

Job change ratio by income

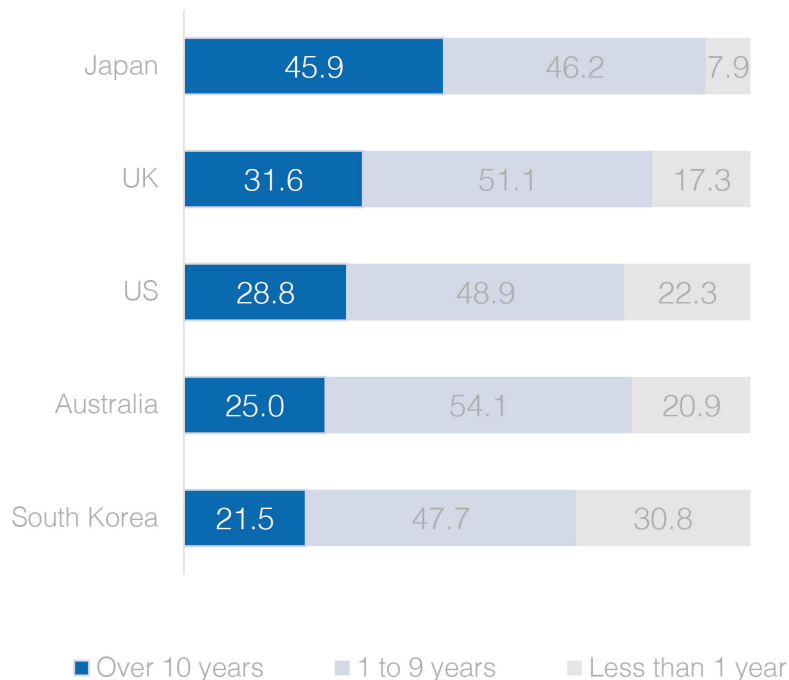


Note: Income is defined as the annual income of regular employees after changing jobs. Job changers are defined as workers who have moved to a new job within the past year.  
 Source: The Company's results briefing materials

Furthermore, compared with overseas countries, there is still significant scope in Japan for increasing job mobility and for market expansion. Comparing years of continuous service in Japan against overseas countries, whereas the percentage of employees with over 10 years or more of service is 30% or lower in many countries overseas, the percentage in Japan is higher at 46%, and years of service tend to be longer in Japan.

Global comparison of employment ratio by years of service

Unit: %



Source: The Company's results briefing materials

Business activities

Furthermore, the government's "Grand Design and Action Plan for a New Form of Capitalism 2024 Revised Version," for realizing its main policies, mentioned job mobility, and aims to transform the employment system with a view to facilitate the transfer of labor as an urgent priority for achieving further growth of Japanese companies and the Japanese economy. The future vision for BizReach, which aims to achieve job mobility, is also aligned with Japan's policies, and the Company believes that this will bring about even greater structural transformation going forward.

3) Investment in and utilization of generative AI

To realize the expansion of BizReach's customer base and to increase its productivity, the Company is increasing its investments in generative AI, and has started providing the "GPT Model Job Opening/Posting Creation"\*1 service to direct employers to support their job opening and posting creation using generative AI. The service aims to lower the hurdles in job opening/posting creation as many companies are actively hiring professionals. It is not easy to create a job opening/posting for positions that require high levels of expertise and innovation, and with a growing trend in "divisional-led hiring," not only members of human resources, but also people without recruitment experience are being required to create job openings/postings. The GPT tool is a GPT model provided by OpenAI that gives instructions composed of proprietary logic based on the know-how and data accumulated by BizReach. It features the ability to propose recruitment profiles based on the rich database accumulated in BizReach in response to users intuitively specifying job categories or expected roles regarding the kind of talent that the company wishes to hire.

In addition, the Company also provides the "GPT Model Resume/CV Creation"\*2 service for job seekers, which is powered by generative AI in the same way. While job changes has become more mainstream than in the past, one of the first hurdles for a job seeker changing jobs is creating a resume/CV. The content of a resume/CV is important for high quality matching of job seekers and direct employers. The GPT Model Resume/CV Creation function uses GPT tool to enable users to create a resume/CV with optimal content using limited effort. The GPT tool gives instructions composed of proprietary logic based on the know-how and data accumulated by BizReach. The 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, which confirmed that the GPT tool enables creation of quality resumes/CVs and that the number of scout messages received increases.

\*1 A service for direct employers that automatically drafts a suitable job opening/posting creation with high accuracy in as little as 30 seconds using the GPT tool

\*2 A service for job changers that enables swift automatic creation of resume/CVs by answering simple questions (regarding job type, position, work mission, and work domain) after registration on BizReach

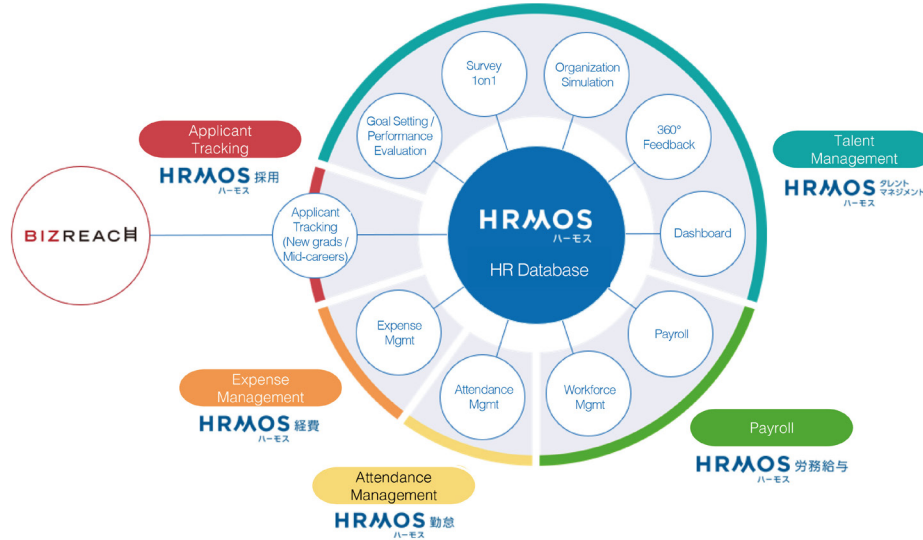
Provision of these functions that use the latest technologies helps to support the generation of job opening/job posting information and resumes/CVs, which direct employers and job seekers need when using the service for the first time. This function is expected to reduce the hurdles for using the service and promote service usage.

**(2) HRMOS**

The Company's HRMOS service enables data-based human resource utilization by centralizing and visualizing information from hiring to activities after joining the company. Increase in job mobility is expected to drive growing needs for HCM to support corporate human resource utilization and human resource strategy (a management approach that values employees as one of the key management resources and aims to drive productivity through the integrated management of human resource information within the company), and the Company is developing businesses to meet these needs.

Business activities

Supporting the implementation of human resource strategy coordinated with management strategy



Source: The Company's results briefing materials

a) Service lineup

The Company's HRMOS series comprises services in five domains. The service that was launched first was HRMOS ATS (Applicant Tracking System), a tool to increase productivity in recruiting activities. At a time when many companies are managing their recruitment information on Excel, a growing number of companies are hiring personnel at or above a certain scale as the mid-career hiring market booms. As a result, many companies have reached the limits of conventional approaches in managing the hiring process, and have increasingly turned to using Software as a Service (SaaS) such as HRMOS ATS. The next service that was launched was HRMOS Talent Management. This domain is currently in the spotlight amid calls for HCM and disclosure of human capital. The service provides functions such as Goal Setting / Performance Evaluation, One-on-One Support, Organization Simulation, 360° Feedback, and a Dashboard, centered on the employee database, and these can be tied to strategic human capital activities. HRMOS Expense Management and HRMOS Attendance Management were acquired using M&As. Moreover, the Company started providing HRMOS Payroll in July 2024, completing a suite of core services for the integrated HCM ecosystem in the HRMOS series. All services are provided as SaaS, and the Company has introduced a subscription-type fee plan.

b) Main KPI trends

The main KPIs for the HRMOS business are disclosed for HRMOS ATS and HRMOS Talent Management, which make up the majority of its net sales. The most recent (as of the end of July 2024) ARR\*1 was up 29.8% YoY to ¥2,777mn, while the number of paying customers\*2 was up 25.9% to 1,947 companies, representing double-digit growth year on year for both metrics. ARPU\*3 also grew 3.1% to ¥118,878, and is on an increasing trend. Churn rate\*4 remained at a low level of 0.60%. All of the Company's disclosed KPIs are steadily improving.

\*1 Annual Recurring Revenue (ARR). Calculated by multiplying the month-end MRR (Monthly Recurring Revenue, which is the sum of monthly charges (not including one-time revenues) related to the ongoing billing companies as of the end of the subject month) at the end of each quarter by 12

\*2 Number of end-of-month paying user companies in each quarter. Customers using multiple services are counted as one customer.

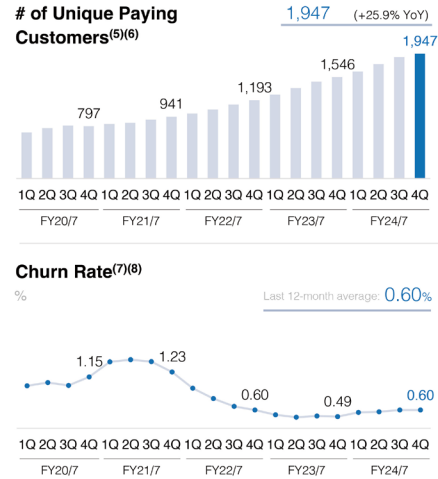
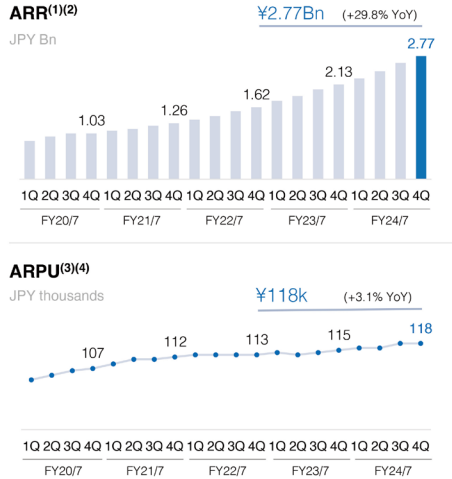
\*3 Average Revenue Per User (ARPU). Calculated by dividing the MRR at the end of each quarter by the number of paying user companies at the same point in time

\*4 Calculated by averaging the MRR-based month-end monthly churn rate at the end of each quarter over the previous 12 months. Monthly churn rate at the end of the month is calculated by dividing the MRRs churned during the month by the MRRs at the end of the previous month



Business activities

Trends in main KPIs



- Notes: 1. Annual Recurring Revenue (ARR). Calculated by multiplying the month-end MRR (Monthly Recurring Revenue, which is the sum of monthly charges (not including one-time revenues) related to paying user companies as of the end of the subject month) at the end of each quarter by 12
2. As of the end of July 2024
3. Average Revenue Per User (ARPU). Calculated by dividing the MRR at the end of each quarter by the number of paying user companies at the same point in time
4. As of the end of July 2024
5. Number of end-of-month paying user companies in each quarter. Customers using multiple services are counted as one customer.
6. As of the end of July 2024
7. Calculated by averaging the MRR-based month-end monthly churn rate at the end of each quarter over the previous 12 months. Monthly churn rate at the end of the month is calculated by dividing the MRRs churned during the month by the MRRs at the end of the previous month.
8. As of the end of July 2024

Source: The Company's results briefing materials

**c) Growth strategy**

With the release of HRMOS Payroll in July 2024, the Company has completed the development of the main services required for an integrated HCM ecosystem in the HRMOS series, which had been planned since the Company's new listing in April 2021. With this, the Company aims to grow the HRMOS business including cross-selling with BizReach, in addition to providing each of the previous standalone services. In addition, the Company has articulated the concept of "Internal BizReach" for recruiting professionals from inside the company. Through data integration between BizReach and HRMOS, the Company aims to provide services that support the realization of optimal human capital management by centrally collecting and analyzing real-time labor market data and employee data, and utilizing this data in employee utilization and recruitment strategies.

**2. Incubation segment**

The Incubation segment comprises Trabox, M&A Succeed, yamory, and Assured, among others. Following the transfer of all shares of the Company's then consolidated subsidiary BizHint on December 1, 2023, the BizHint business was removed from the scope of consolidation. The Incubation segment aims to support the long-term sustainable growth of the Visual Group through the creation of businesses that promote DX in various industries. Specific offerings include the M&A platform for corporations M&A Succeed as a response to the lack of capital liquidity, including business succession, the vulnerability management cloud yamory, and the security evaluation platform Assured as a response to the delay in security measures as cloud service utilization increases, and the logistics DX platform Trabox as a response to the delay in DX for SMEs. The Incubation segment conducts activities within the limits of profits generated from the HR Tech segment, including human resource investment, new-product development and advertising activities.



## Results trends

### Continued double-digit growth in full-year consolidated net sales

#### 1. Overview of past fiscal years' results

The Company was listed on the Tokyo Stock Exchange Mothers Market in April 2021 (moving to the Growth Market in April 2022 due to the change in market classification), then transitioned to the Tokyo Stock Exchange Prime Market in December 2023. Annual consolidated net sales continued double-digit growth each year from FY7/18, following the public disclosure of the Company's audited financial statements, through to FY7/24, with BizReach being the central driver. Since listing on the stock market, the Company has targeted normalized annual growth in net sales of BizReach in the range of 15% to 20%, and in the medium- to long-term, it continued to achieve this target while aiming to gradually grow and expand. The COVID-19 pandemic caused a temporary slowdown, with FY7/21 net sales of ¥23,561mn (up 12.5% YoY). However, on the back of the post-COVID-19 rebound in demand, sales expanded rapidly, with FY7/22 net sales of ¥37,607mn (up 59.6%) and FY7/23 net sales of ¥49,161mn (up 30.7%), substantially exceeding the normal growth rate forecast by the Company. Due to the impact of this, BizReach expanded its net sales with unexpected speed, and although the hurdle of achieving net sales growth rate target has become higher since FY7/24, net sales growth in FY7/24 was 17.5% YoY. Moreover, consolidated operating profit maintained double-digit growth from FY7/20 to FY7/24, as the ratio of adjusted operating profit before corporate expense allocation\* of BizReach remained in the 40% level, and the Company retained a disciplined balance of growth investment in each business and cost management within the scope of profit generated by BizReach. HRMOS net sales increased as the service domains expanded steadily, despite fluctuations in the net sales growth rate due to business expansion, mainly through M&As. In the Incubation segment, net sales expanded steadily. However, net sales decreased slightly in FY7/24 due to the transfer of a subsidiary.

\* Operating profit before allocation of corporate and general administrative expenses such as accounting, HR, legal, general affairs, etc., for each business

#### Past years' results

	FY7/18*1	FY7/19*1	FY7/20*1	FY7/21	FY7/22	FY7/23	FY7/24
	(¥mn)						
<b>Net sales</b>	15,700	21,492	25,879	28,698	43,954	56,273	66,146
HR Tech	15,543	21,175	24,914	27,052	41,791	53,685	63,791
BizReach	12,130	16,850	20,945	23,561	37,607	49,161	57,776
HRMOS	324	624	931	1,155	1,458	2,184	3,844
Incubation	156	316	892	1,485	2,002	2,460	2,219
Others*2	-	-	72	161	161	126	135
<b>Cost of sales</b>	2,011	3,228	4,104	3,999	5,802	5,815	5,718
<b>Gross profit</b>	13,689	18,263	21,775	24,699	38,151	50,457	60,428
<b>SG&amp;A expenses</b>	13,060	17,749	19,588	22,331	29,869	37,231	42,591
<b>Operating profit</b>	629	514	2,186	2,368	8,282	13,225	17,837
HR Tech	1,531	1,732	3,343	4,000	10,631	15,701	20,062
Incubation	-156	-663	-868	-863	-1,649	-1,401	-1,020
Others	-746	-555	-288	-769	-699	-1,074	-1,204
<b>Ordinary profit</b>	658	511	2,254	2,274	8,713	14,373	18,476
<b>Profit attributable to owners of parent</b>	616	335	4,658	1,420	5,852	9,928	12,990

\*1 The Company was established in February 2020 through a share transfer, and BizReach then become a wholly owned subsidiary of the Company. Therefore, results for FY7/20 are prepared by continuing from the consolidated financial statements of BizReach. Results for FY7/18 and FY7/19 are from the consolidated financial statements of BizReach prior to the establishment of the Company.

\*2 Office rental fees, etc. received from equity-method associates

Source: Prepared by FISCO from the Company's prospectus for the issuance of new shares and secondary offering of new shares and results briefing materials

## Results trends

**2. Overview of FY7/24 results**

In the FY7/24 consolidated results, sales and profits both showed double-digit growth. Net sales were ¥66,146mn (up 17.5% YoY), operating profit was ¥17,837mn (up 34.9%), ordinary profit was ¥18,476mn (up 28.5%), and profit attributable to owners of parent was ¥12,990mn (up 30.8%). By business, in BizReach, net sales were ¥57,776mn (up 17.5%) and operating profit (before corporate expense allocation) was ¥23,331mn (up 15.9%). Net sales were slightly lower than the plan due to the impact of domains that are yet to see a recovery in corporate recruitment demand and an increase in lead times for job seekers, while solid demand for hiring professionals continued in the hiring market generally. On the other hand, the operating profit margin was about the same as the full-year results forecast of 40% due to conducting proactive investment for future growth, such as marketing to capture new job seekers, which the Company conducts regularly to grow its business, and in 2H holding the 15th anniversary campaign for BizReach and launching a new TV commercial on the theme of “CEO’s Determination,” while also conducting disciplined cost management. In HRMOS, net sales were ¥3,844mn (up 76.0%)\* and operating loss (before corporate expense allocation) was ¥1,021mn (operating loss before corporate expense allocation of ¥1,740mn in the previous fiscal year). The operating loss (before corporate expense allocation) narrowed due to net sales growth of all HRMOS services that exceeded the plan driven by growth in customer acquisition, and efficient marketing activities. In the Incubation segment, net sales decreased to ¥2,219mn (down 9.8%) due to the absence of the BizHint sales following the transfer of its shares in December 2023 (2Q). Moreover, the segment loss was ¥1,020mn (segment loss of ¥1,401mn in the previous fiscal year), reflecting the posting of profit prior to the transfer of BizHint shares and narrowing of losses in the other business.

\* Due to expansion of service domains, from FY7/24, the figures include all HRMOS series, including the addition of HRMOS Expense Management, resulting in a high YoY growth rate.

**FY7/24 results**

	FY7/23 Results	FY7/24 Results	YoY	
			Amount	
			Amount	%
<b>Net sales</b>	56,273	66,146	9,873	17.5%
HR Tech	53,685	63,791	10,106	18.8%
BizReach	49,161	57,776	8,615	17.5%
HRMOS	2,184	3,844	1,659	76.0%
Incubation	2,460	2,219	-241	9.8%
Others	126	135	9	7.2%
<b>Cost of sales</b>	5,815	5,718	-97	-1.7%
<b>Gross profit</b>	50,457	60,428	9,971	19.8%
<b>SG&amp;A expenses</b>	37,231	42,591	5,359	14.4%
<b>Operating profit</b>	13,225	17,837	4,611	34.9%
HR Tech	15,701	20,062	4,360	27.8%
BizReach	20,126	23,331	3,205	15.9%
HRMOS	-1,740	-1,021	-	-
Incubation	-1,401	-1,020	-	-
Others	-1,074	-1,204	-	-
<b>Ordinary profit</b>	14,373	18,476	4,103	28.5%
<b>Profit attributable to owners of parent</b>	9,928	12,990	3,061	30.8%

Source: Prepared by FISCO from the Company’s financial results and results briefing materials

## Results trends

### 3. Regarding FY7/25 results forecast

For the FY7/25 consolidated results forecast, the Company aims for net sales to increase 15.5% YoY to ¥76,400mn, operating profit to increase 7.4% to ¥19,150mn, ordinary profit to increase 6.1% to ¥19,600mn, and profit attributable to owners of parent to increase by 3.7% to ¥13,470mn. In FY7/25, in order to increase its corporate value over the medium term, the Company intends to make business investments, increase its investment in human capital, including hiring and competitive increases in compensation, and relocation and reorganization of offices. At the same time, the Company will continue disciplined business management. For BizReach, the Company is forecasting net sales to increase 15.0% YoY to ¥66,440mn, reflecting a sense of uncertainty in the market, despite a solid hiring demand for professionals. The Company has maintained its policy of a 40% full-year operating profit margin (before corporate expense allocation). Furthermore, the medium-term forecast for the net sales growth in this business is approximately 15%. In HRMOS, the full-year net sales forecast is for an increase of 30.1% YoY to ¥5,000mn. On the other hand, full-year operating profit (before corporate expense allocation) is expected to be about the same level as the previous fiscal year, reflecting the impact of plans for marketing activities to promote the respective HRMOS services, as well as to promote HRMOS as a holistic set of services now that the business has completed a suite of core services for its integrated HCM ecosystem. The Company has also announced that it aims to achieve profitability in this business in FY7/26. It has also mentioned the possibility to strategically change the timing of profitability in light of future market trends and other factors; however, at this point, it has announced that the plan is unchanged.

#### FY7/25 forecast

	FY7/24 Results	FY7/25 Forecast	YoY	
			Amount	%
Net sales	66,146	76,400	10,253	15.5%
HR Tech	63,791	73,880	10,088	15.8%
BizReach	57,776	66,440	8,663	15.0%
HRMOS	3,844	5,000	1,155	30.1%
Incubation	2,219	2,470	250	11.3%
Operating profit	17,837	19,150	1,312	7.4%
Ordinary profit	18,476	19,600	1,123	6.1%
Profit attributable to owners of parent	12,990	13,470	479	3.7%

Source: Prepared by FISCO from the Company's financial results and results briefing materials

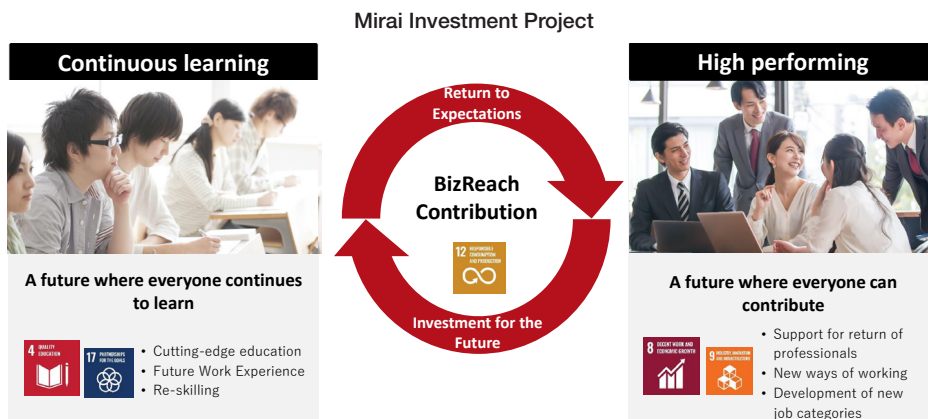
## Initiatives for SDGs and ESG through businesses

### Alliances with educational institutions, government agencies, and NPOs under the Mirai Investment Project for achieving the SDG goals

In the domain of sustainability, the Company has identified resolving social issues through the creation of businesses as one of its priority issues (materiality), and within this it has focused particularly on the domain of human capital. The Company conducts activities that support the creation of outputs and outcomes through support for the creation of a sustainable society through its businesses.

BizReach expands career options and possibilities for professionals, providing a mechanism for realizing a diverse society. It has visualized career options not limited to the private sector, including new ways of working (part time/dual work), and has conducted more than 200 open recruitment programs in education, government, and non-profit organizations through the BizReach service. Through these open recruitment programs, more than 400 professionals have taken on the challenge of solving the issues in our society. In addition, as part of the Ministry of Economy, Trade and Industry’s reconstruction assistance program for the areas affected by the Fukushima nuclear power plant accident following the Great Eastern Japan Earthquake, BizReach has provided recruitment support for many businesses that were having trouble securing employees over the period of five years. In order to further promote its initiatives to date, the Company has launched a sustainability program for achieving the SDG goals called the “Mirai Investment Project,” led by BizReach. In the Mirai Investment Project, the Company has set “development of future professionals,” “creating new industry,” and “protecting future environment” as priority areas requiring the abilities of professionals. Working with organizations such as the National Institute of Technology, JAXA, Fukutake Foundation, and Keio University, the Company aims to realize a sustainable future.

Furthermore, the Company aims to contribute to the society as well as to realize a sustainable increase in corporate value not only through BizReach but also through HRMOS, to increase Japan’s labor productivity, and through other businesses that support efficiency increases and digital transformation of society and industries.



Source: The Company's website

## ■ Shareholder return policy

### Currently prioritizing expansion of corporate value with a view to increasing internal reserves

The Company has positioned the return of profits to shareholders as one of its management priorities, but it is also aiming to increase internal reserves with a view to achieve medium- to long-term sustainable growth. In addition, the Company intends to conduct proactive investments, including hiring, as well as business investments, capital investments, and capital and business alliances. The existing BizReach and HRMOS businesses both have high growth potential, and there are numerous businesses in the Incubation segment along with various social issues that are to be transformed into new possibilities under the Company's mission. In this situation, the Company's priorities for use of capital are active promotion of its existing and new businesses, advancement of product development, further increase of investments in human capital, and growth investment through M&As. Its current policy is to aim for increase in corporate value over the medium to long term by achieving medium- to long-term growth and increasing its competitive capabilities through a diverse business portfolio without overlooking investment opportunities.



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■ For inquiries, please contact: ■

FISCO Ltd.

5-13-3 Minami Aoyama, Minato-ku, Tokyo, Japan 107-0062

Phone: 03-5774-2443 (IR Consulting Business Division)

Email: [support@fisco.co.jp](mailto:support@fisco.co.jp)