

RareJob, Inc.

Financial Results for the Three Months Ended June 30, 2022

August 15, 2022



Agenda

1. FY2023/3 1Q Result
2. FY2023/3 Plan
3. Growth Strategy

Appendix

1. FY2023/3 1Q Result

FY 2023/3 1Q Results Summary

The AI automated scoring exam PROGOS for English speaking have been introduced in a recruitment criteria and human resources development system of corporate clients.

- More and more corporate clients has been introducing PROGOS in a various way. For example, a corporate client switched to PROGOS from TOEIC® as recruitment criteria and another changes human resources development system based on PROGOS.
- We are promoting PROGOS and CFER to let them gain more recognition by publishing a book and increasing media coverage.

Net sales hit record highs and rose by 11.5% year on year.

- B2C sales increased by 9.4% due to sales generated by shikaku square, Inc. which joined in December 2021.
- B2B & B2School sales increased by 16.7% which was driven by the increased number of corporate clients and sales growth per client.

Operating income fell by 62.5% year on year.

- In addition to personnel expenses increased due to the increased number of employees, advertisement cost for shikaku square, Inc. increased.

Introduction cases of PROGOS

Several clients introduced PROGOS for human resources developments / as a part of recruitment criteria. PROGOS has been also used to replace other English speaking tests because of its high quality measurement.

“TOEIC®L&R score was used to screen new graduates, but many of successful candidates don’t have sufficient English speaking skill to get work done properly. Therefore, PROGOS which can measure English speaking skill was introduced and we will rebuild screening criteria and training programs.”

– TSE Prime Market, Service, 3-5 thousands employees

"As a part of our diversity promotion efforts, we decided to measure our employees' English proficiency and PROGOS is the most appropriate as an assessment tool. PROGOS can measure CFER level precisely, which is the key for this introduction.”

– TSE Prime Market, Entertainment, below 3 thousands employees

“PROGOS can measure English proficiency by open questions, so we believe that PROGOS will contribute to improvement of more practical English learning than other English speaking tests with only closed questions.”

– Unlisted, Manufacturer, 3-5 thousands employees

Media coverage of PROGOS

The promotion of CFER and an advantage of AI assessment by the book and media has enhanced the recognition of PROGOS.

The book published by Ando,
Chairman of the board of PROGOS, Inc.

How to Expand Your Career with English Proficiency

Won 1st place in Amazon Free
DL ranking.

- The importance of English and utility of PROGOS to improve English speaking skill for businesspersons who want to make their ways on their own are discussed with experiences of the author, Ando.



Media coverage

- ✓ **Nikkei MJ¹⁾**
“Online English lessons utilize AI. Pronunciation and tutor’s face are analyzed.”
- ✓ **NewsPicks²⁾**
“[Surprising] AI assessment makes offline exams obsolete.”
- ✓ **Business Insider Japan³⁾**
“Dependence on TOEIC has been lessened little by little. Mercari and IT startups focus on an English speaking skill.”

Note:

1) Nikkei MJ : <https://www.nikkei.com/article/DGKKZO6149709007062022H21A00/>

2) NewsPicks : <https://newspicks.com/news/7218505/body/?ref=index>

3) Business Insider Japan : <https://www.businessinsider.jp/post-255155>

Financial Results for FY 2023/3 1Q

Net sales increased by 11.5% and operating income fell by 62.5% YoY.

(In JPY MM)

	FY 2022/3 1Q Cumulative	FY 2023/3 1Q Cumulative	YoY
Net sales	1,314	1,465	+11.5%
EBITDA*	100	94	-5.5%
Operating income	44	16	-62.5%
Ordinary income	29	54	+86.4%
Net income attributable to owners of parent	44	44	-0.3%

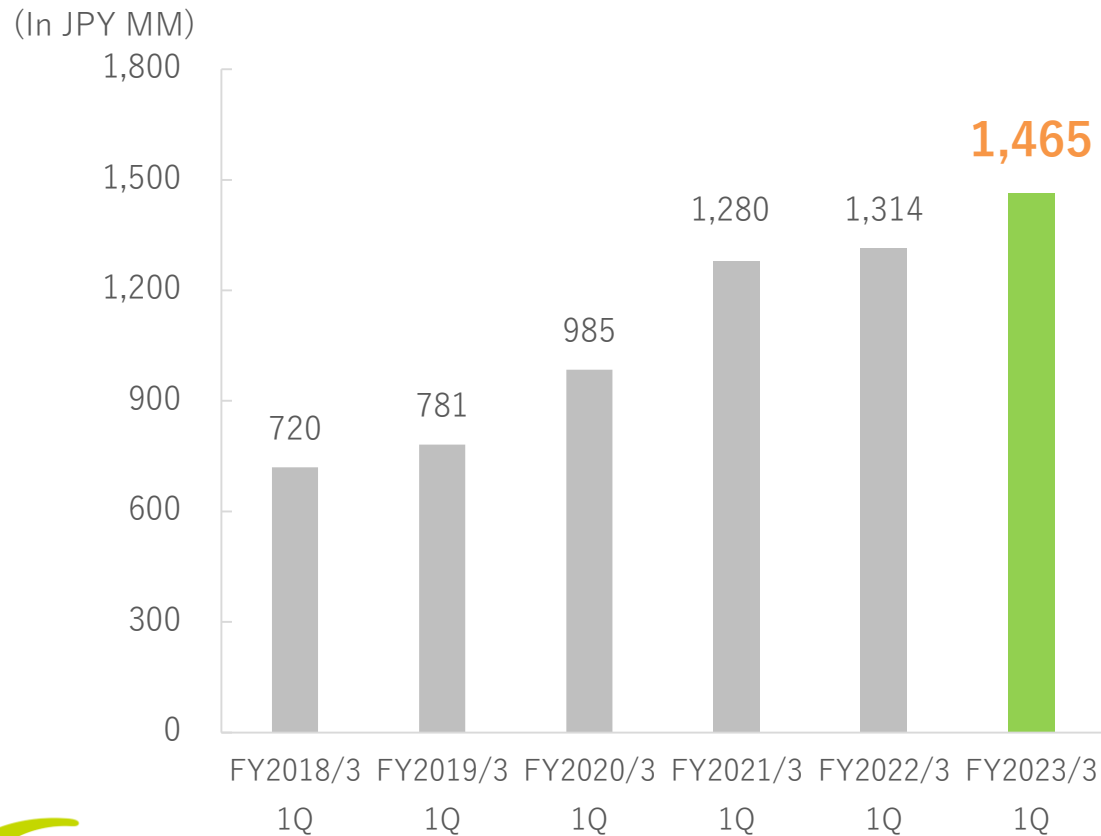
Operating margin	3.4%	1.1%	-2.3pt
ROE	9.3%	8.0%	-1.3pt

*Operating income + Depreciation + Depreciation on goodwill

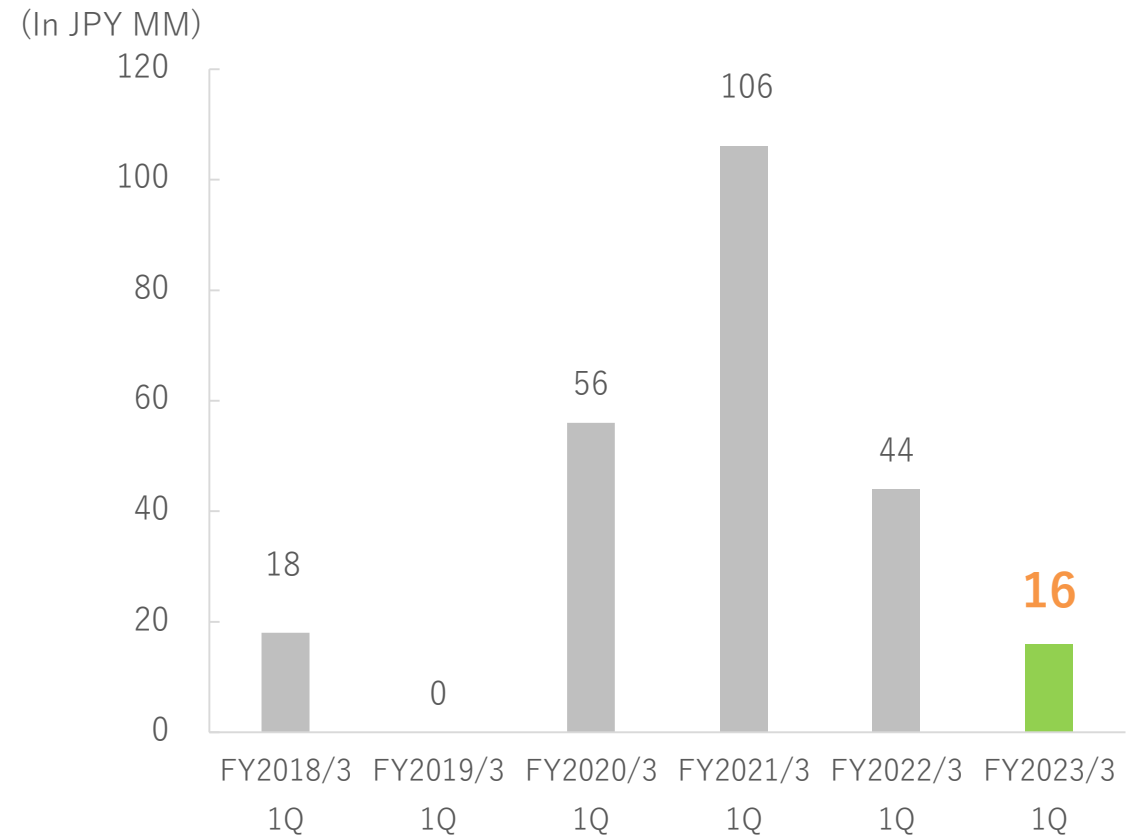
1Q Result for the last several years

Net sales reached a record high for the first quarter.

Net Sales



Operating income



FY 2023/3 1Q Forecast and Results

B2C sales increased by 9.4% due to sales generated by shikaku square, Inc. which joined in December 2021.

B2B & B2School sales increased by 16.7% which was driven by the increased number of corporate clients and sales growth per client.

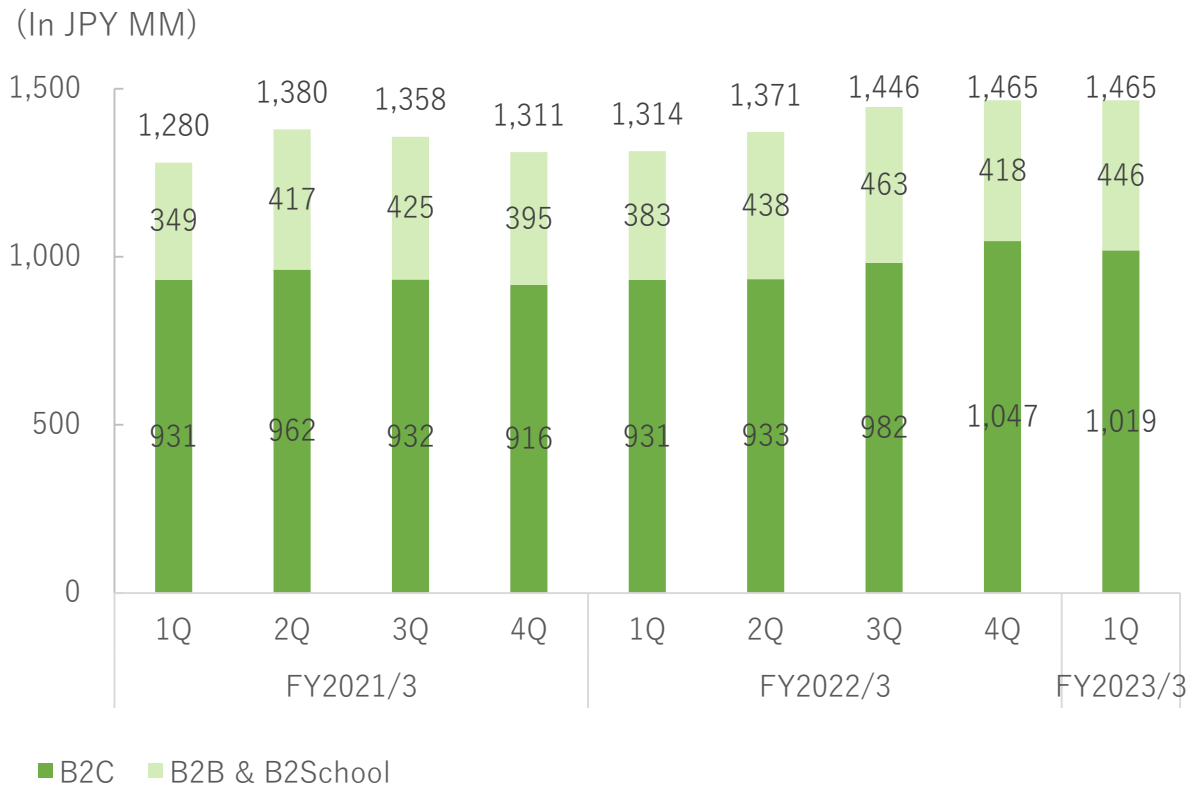
(In JPY MM)

	FY 2022/3 1Q Cumulative	FY 2023/3 1Q Cumulative	YoY
Net Sales	1,314	1,465	+11.5%
B2C (constituent ratio)	931 (70.9%)	1,019 (69.5%)	+9.4%
B2B & B2School (constituent ratio)	383 (29.1%)	446 (30.5%)	+16.7%

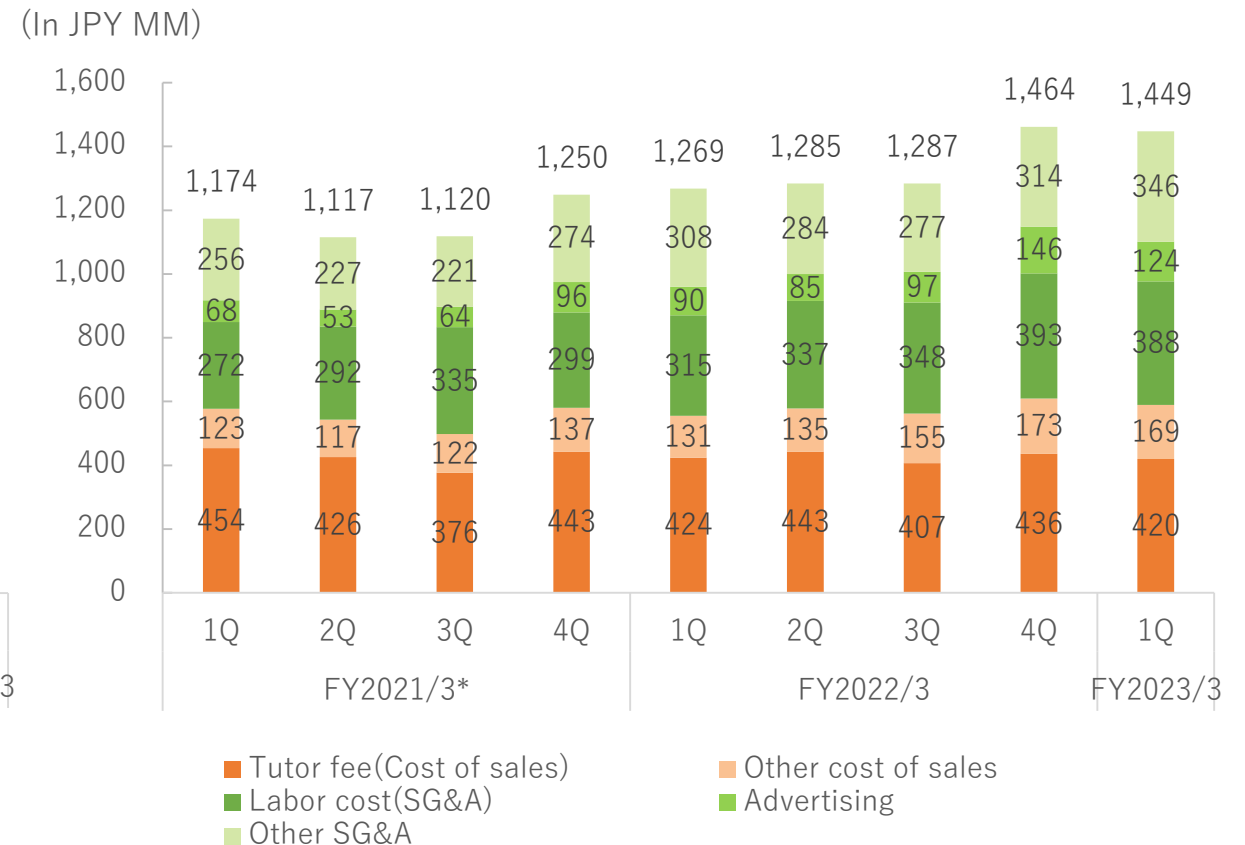
Breakdown of Quarterly Net Sales and Expenses (Cost of Sales and Selling, General and Administrative Expenses)

B2B & B2School sales has been increasing though a seasonal factor has been seen.

Net Sales



Cost

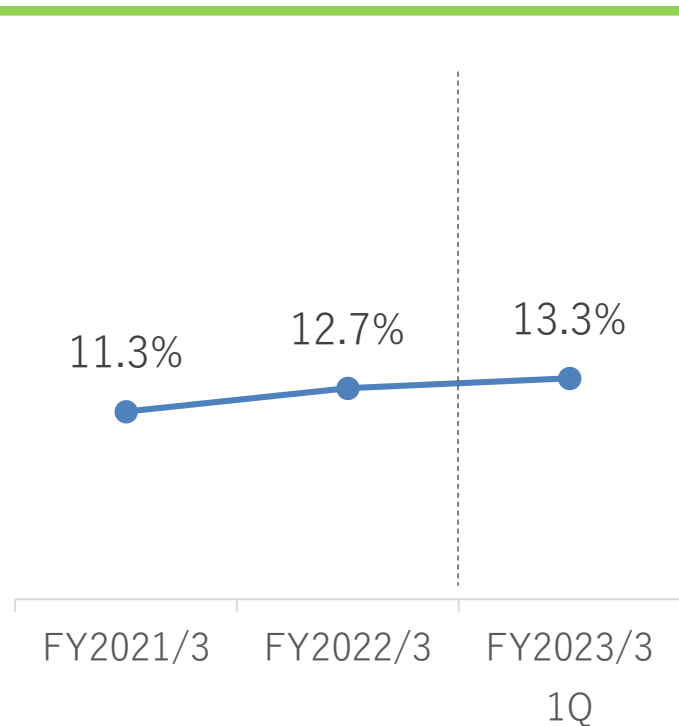


*Consideration of change in display method has been made.

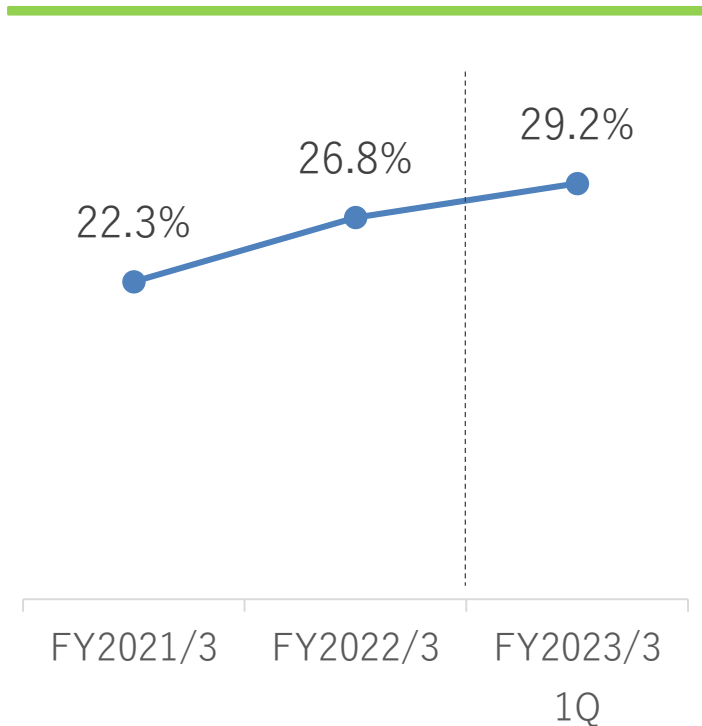
Transition of SG&A to Sales Ratio

Investments in R&D and S&M has been carried out for the growth strategy while making G&A expenses efficient.

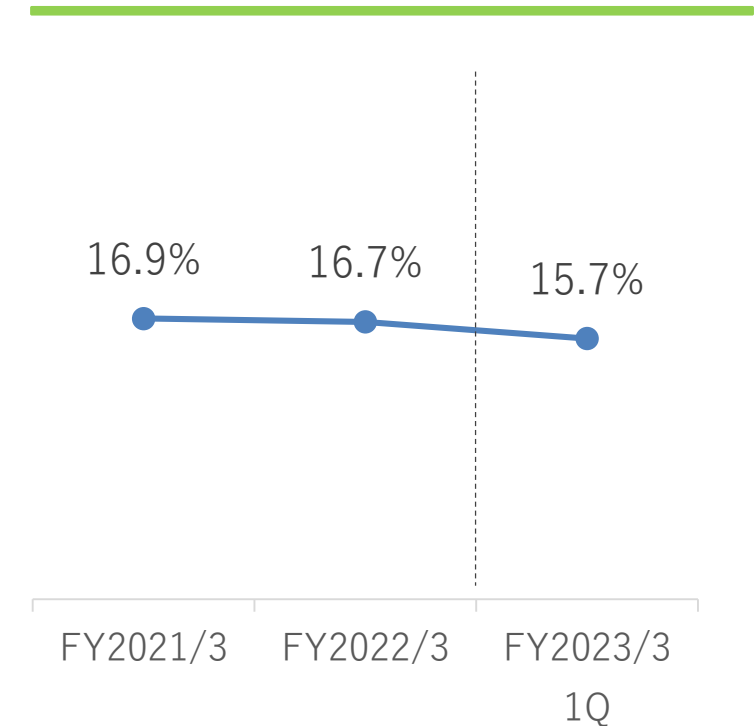
R&D¹⁾ Ratio



S&M²⁾ Ratio



G&A³⁾ Ratio



1) Research and Development Expenses including personnel expenses for engineers involved in research and development and common expenses. Figures do not take into account transfers to intangible assets.

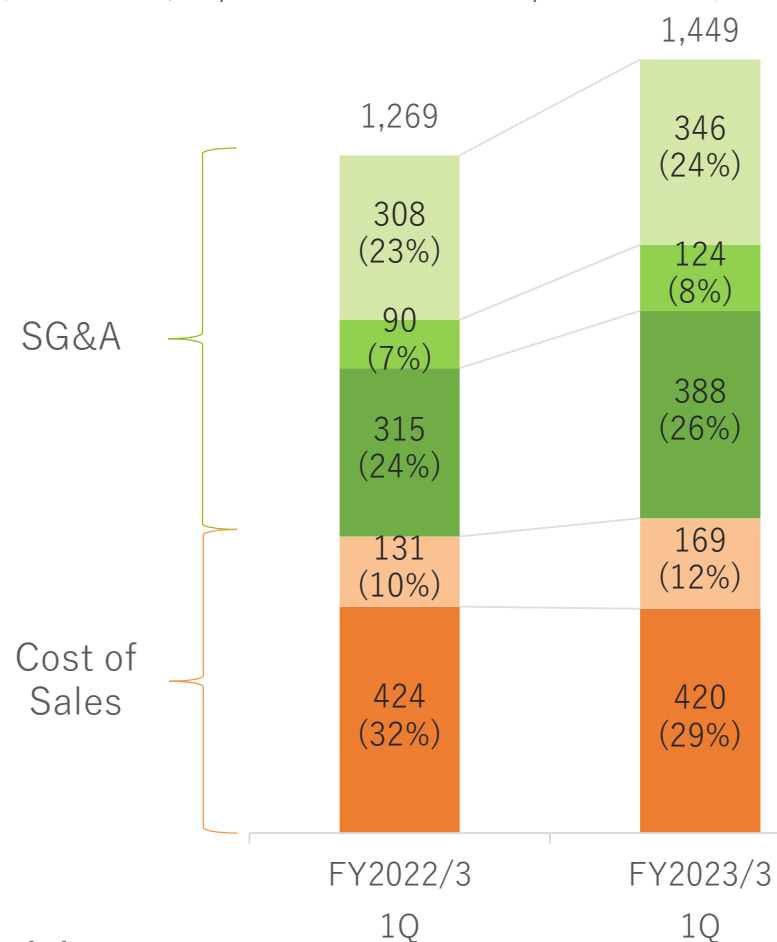
2) Sales and Marketing Personnel expenses for sales promotion and corporate sales personnel, and expenses including common costs.

3) General and Administrative Corporate department personnel costs and expenses, including common costs.

Expenses (Cost of Sales and SG&A) Breakdown for FY 2023/3 1Q

Personnel expenses rose due to an increase of engineers and employees of shikaku square, Inc.

(In JPY MM, expenses sales ratio in parentheses)



Expenses	YoY (ratio)	Factors
Other SG&A	+37 (+12.3%)	Depreciation on goodwill increased as shikaku square, Inc. joined the group.
Advertising	+33 (+37.7%)	Cost for shikaku square, Inc. increased.
Personnel expenses (SG&A)	+73 (+23.2%)	The number of employees increased in shikaku square, Inc. and engineers.
Other cost of sales	+38 (+28.9%)	Other cost of sales increased because purchase to provide training services increased.
Tutor fee (Cost of sales)	-3 (-0.8%)	Tutor's fees decreased as the number of lessons per user decreased.

2. FY2023/3 Plan

FY 2023/3 Plan and Progress

Ordinary income and below is on a favorable track due to equity gains by BORDERLINK, INC.

(In JPY MM)

	FY 2022/3 Results	Guidance for FY 2023/3	Change YoY
Net sales	5,598	6,000	+7.2%
B2C Sales	3,894	4,100	+5.3%
B2B & B2School Sales	1,704	1,900	+11.5%
EBITDA	581	386	-33.4%
Operating income	291	50	-82.9%
Ordinary income	242	80	-67.0%
Net income Attributable to owners of parent	184	0	-100.0%

FY2023/3 1Q cumulative	Progress
1,465	24.4%
1,019	24.9%
446	23.5%
94	24.6%
16	33.7%
54	67.9%
44	-

Operating margin	5.2%	0.8%	-4.4pt
ROE*	9.1%	0%	-9.1pt

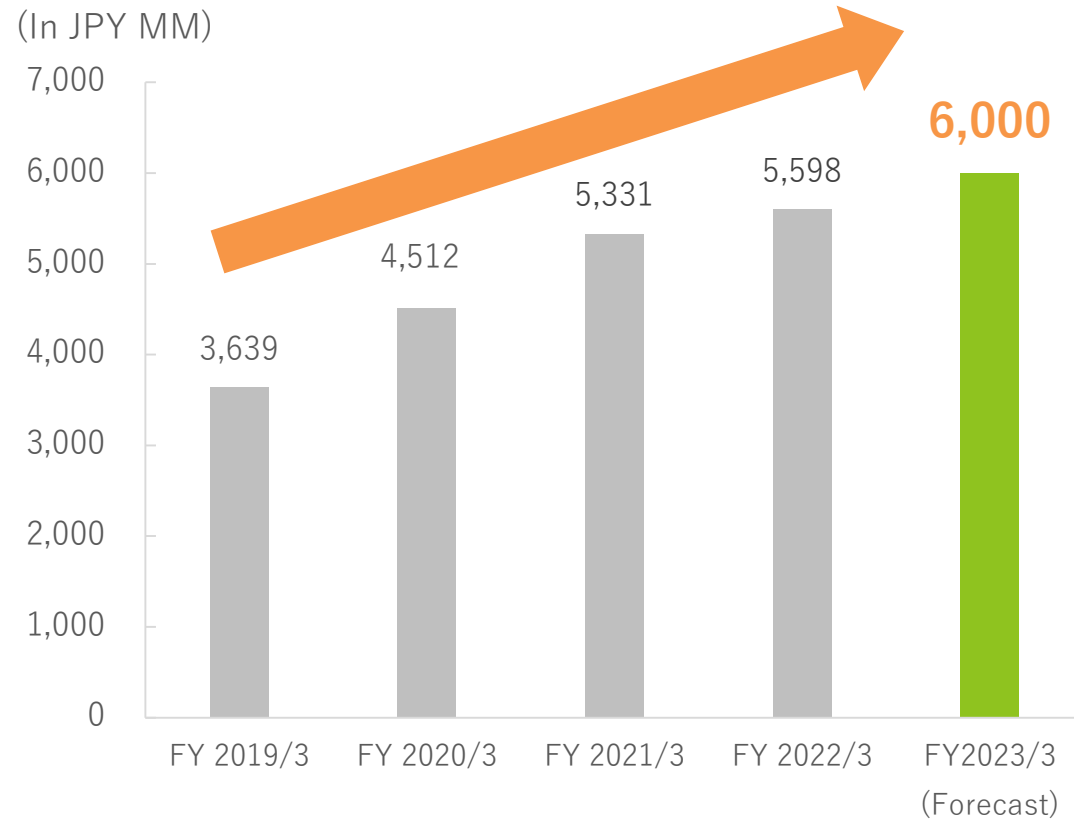
1.1%	-
8.0%	-

*Annual basis

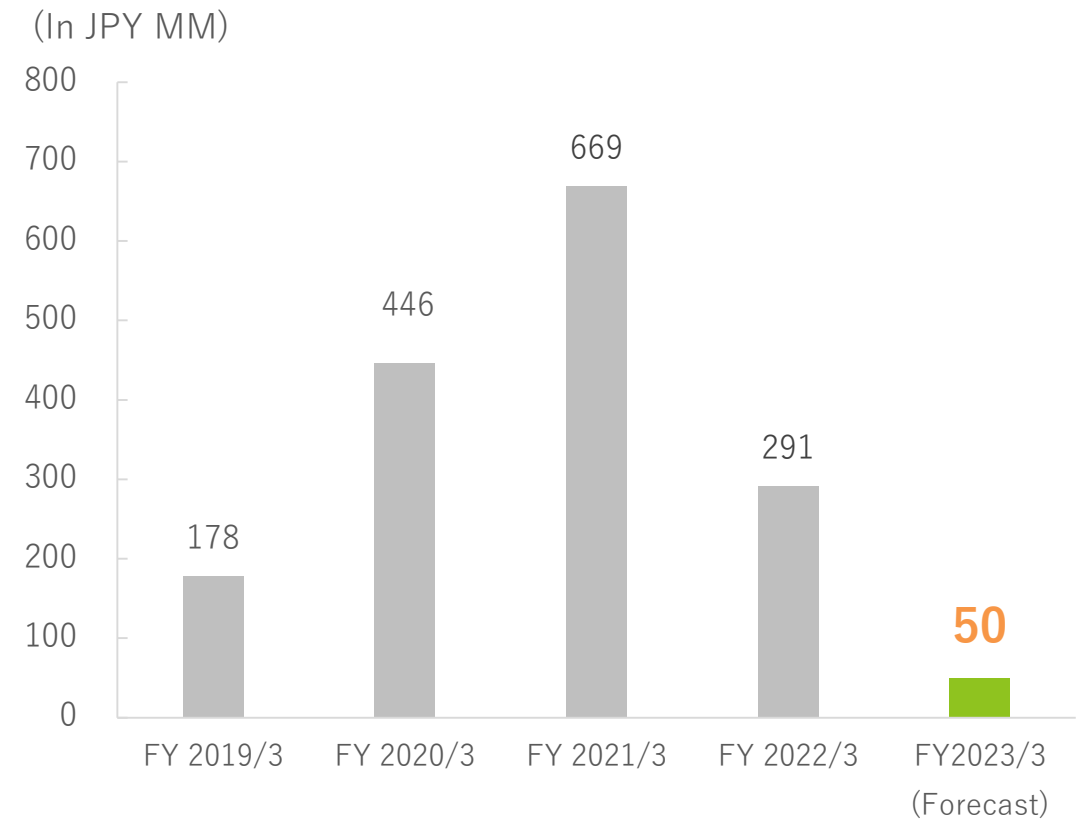
Net sales and operating income results

Net sales has increased for the 15 consecutive fiscal years since our establishment.

Net sales



Operating income



Actions for FY2023/3

The acceleration of penetration of PROGOS

- Aiming to introduce PROGOS to a wide range of companies, the first priority is to create examples of how PROGOS has been introduced in leading companies.

Price revision for RareJob Eikaiwa

- Preparing communications to execute the price increase associated with the learning experience update.

Service development for PROGOS evolution

- Global Business skill assessment is under development.

Evolving a business model for B2B

- Work with partners to advance training proposals in advisory positions.

New services of RareJob Eikaiwa

Price revision will be applied on October 2022 with the addition of new functions for RareJob Eikaiwa.

New functions

Price revision

Issues

Solutions

Want to improve learning efficiency

Learning contents

- Learning contents will be provided before lessons, which will increase learning efficiency.

Don't know how to make study routine and how to study

Counselling by Japanese tutors

- Counselling session will be conducted regularly for users who don't know how to study.

Want to review lessons

Recording

- Lesson recording will be utilized for preparation and review before and after lessons.

Targeted users

New users since October 1, 2022

Date for the price revision

October 1, 2022

Price increase amount

About 10%-25%

Other

New function introduction and price revision will not be applied to existing users.

3. Growth Strategy

Purpose/Vision for the RareJob Group

Purpose

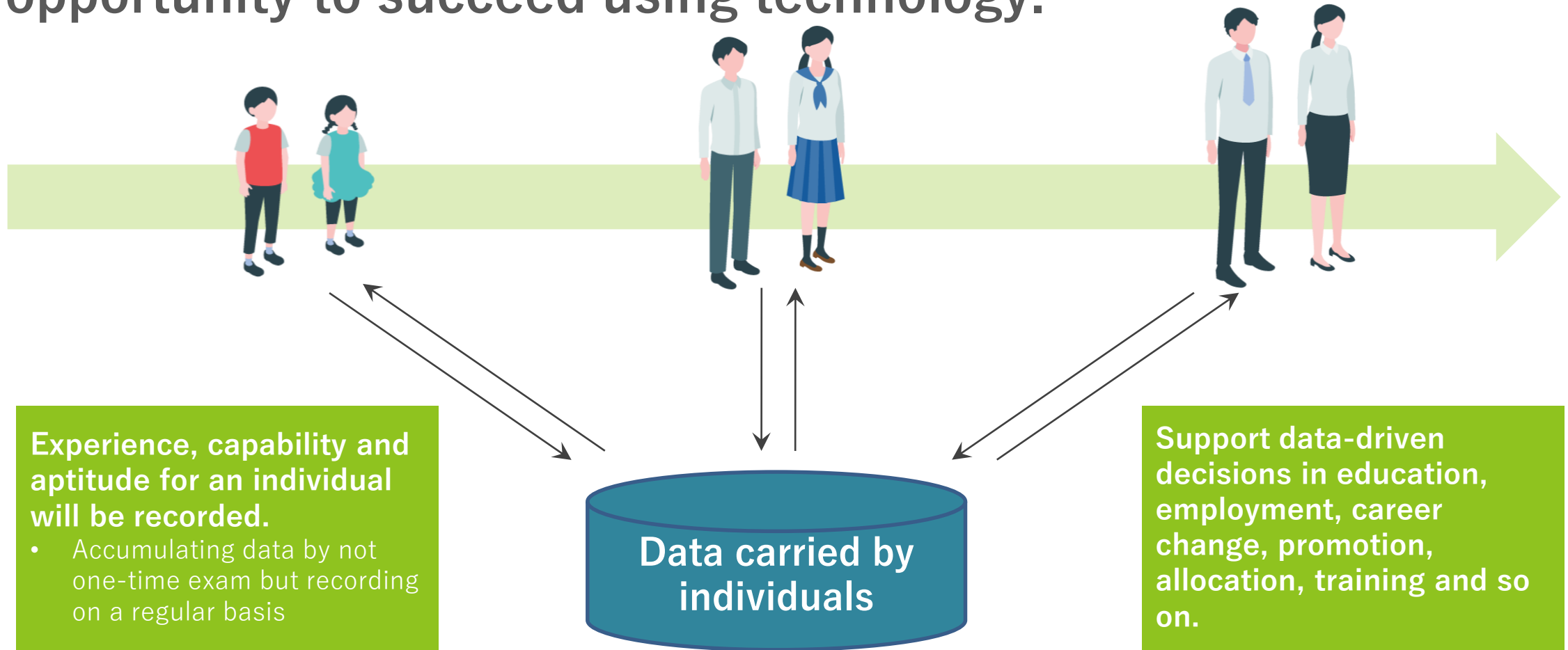
The realization of the world where everyone can unlock their potentials to be valued.

Vision

Chances for everyone, everywhere.

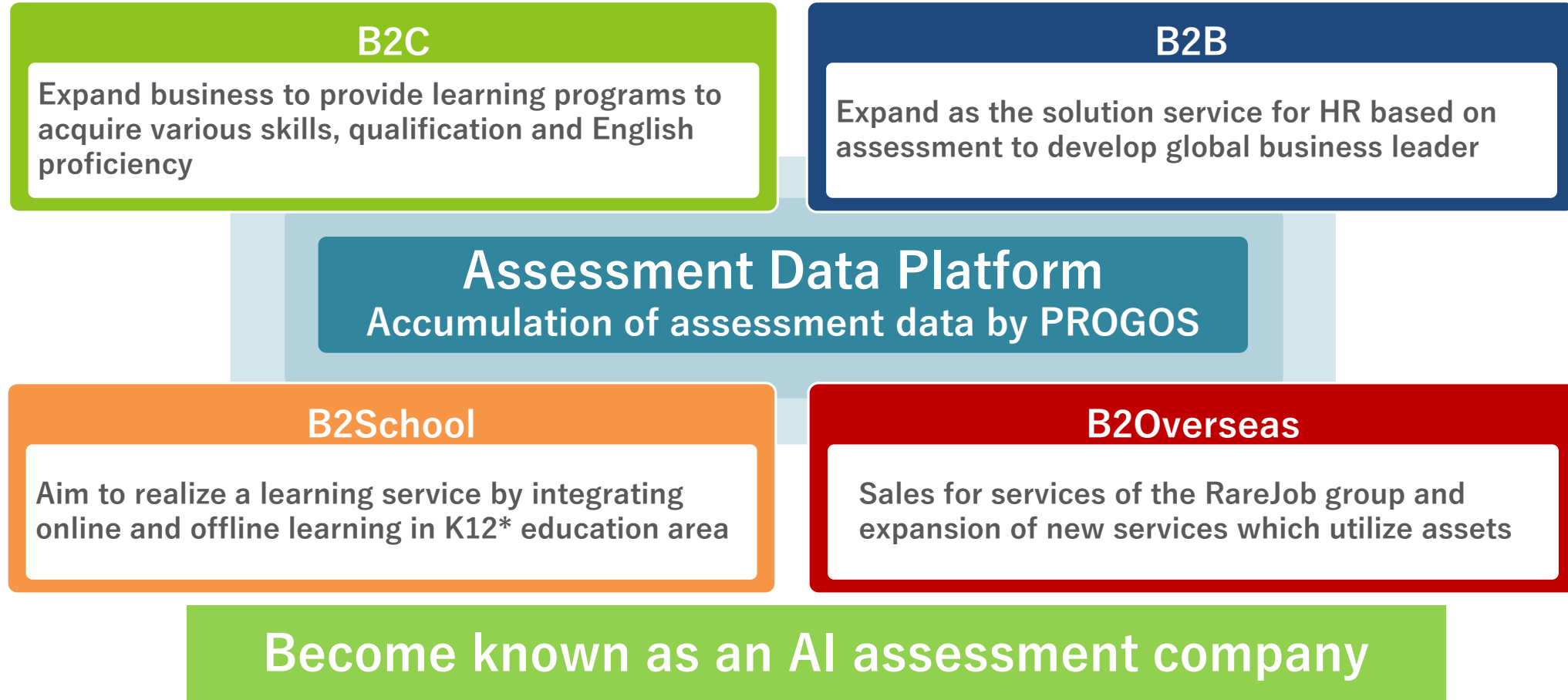
The Image of the World which RareJob Wants to Realize

What we aim for is the world that everyone can find an opportunity to succeed using technology.



Growth Strategy Summary

Business strategies are built in each area with PROGOS as a source of our competitive advantage.



*K12 : The period of education from preschool (kindergarten age) to high school.

The Strategy for the Assessment Data Platform

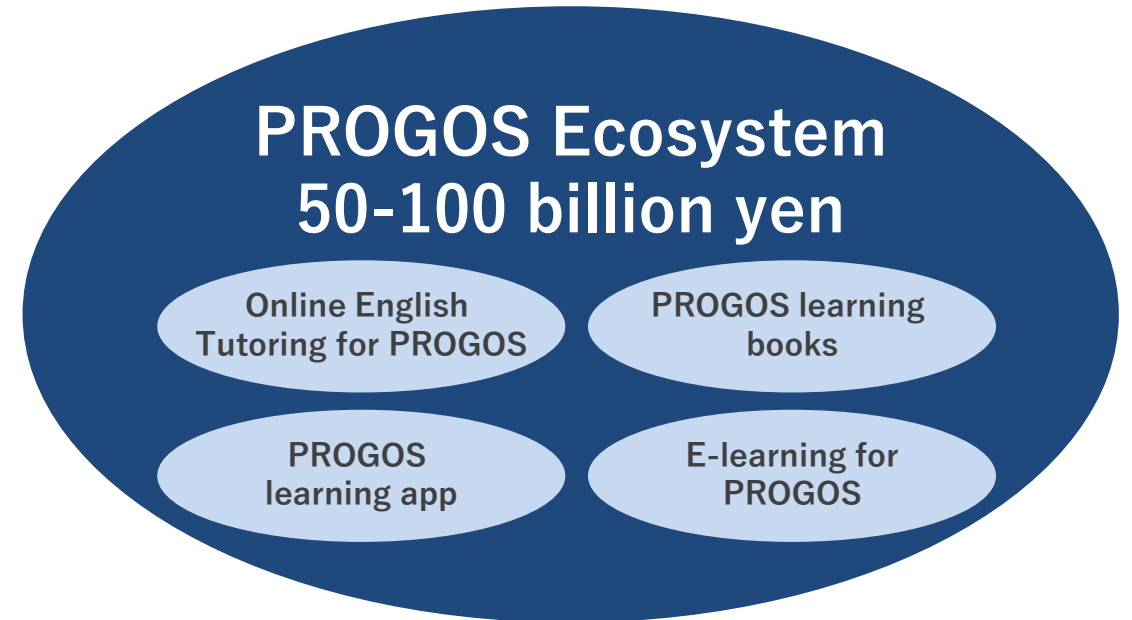
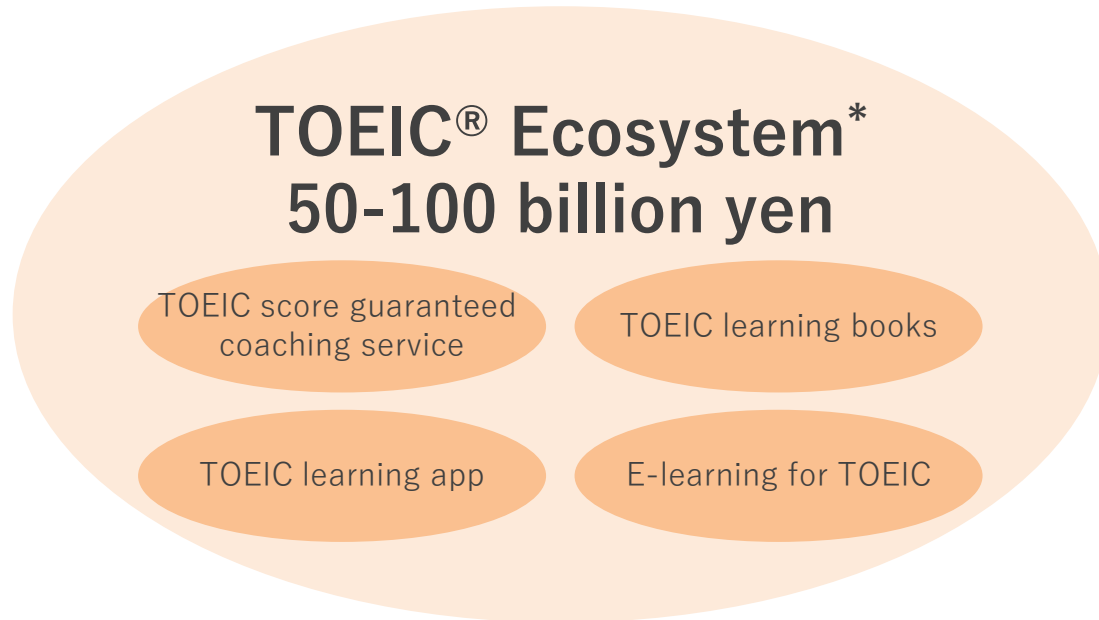
Expanding the target of assessments from not only speaking but also reading, listening and writing English skills to global business skills.



Assessment Data Platform
Accumulation of assessment data by PROGOS

Creation of PROGOS Ecosystem

PROGOS is expected to create a market of the same size as TOEIC® ecosystem, which is worth tens of billions yen.



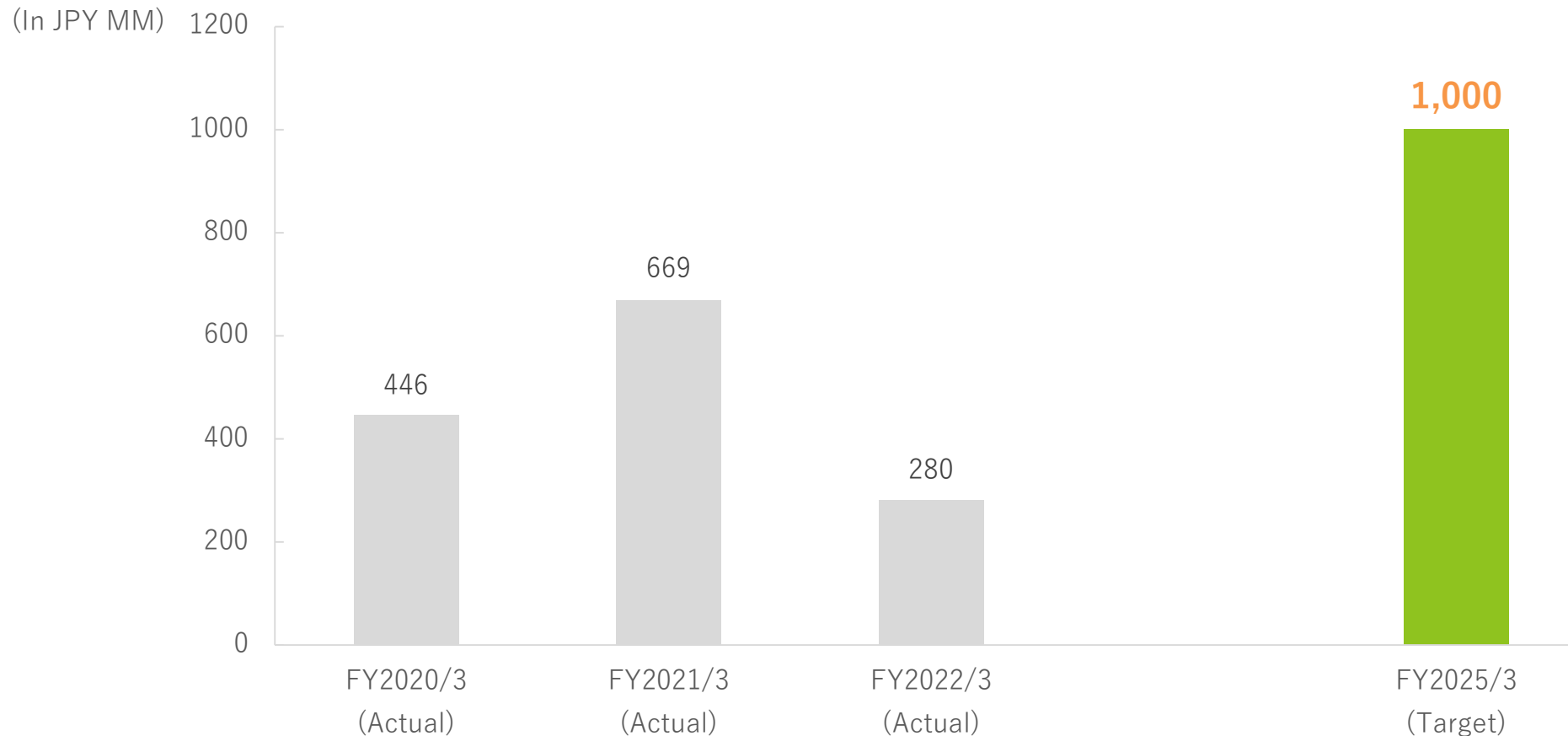
Expect to earn approximately 20% (10-20 billion yen) of the PROGOS ecosystem as the revenue of the RareJob group

Notes:

* Estimated by RareJob using the average cost of language learning for TOEIC examinees (4,000 yen per month) and the number of TOEIC examinees (2 million persons per year)
“TOEIC” is the registered trademark of the U.S. Educational Testing Service (ETS).

Target: Operating Income

We set 1 billion yen operating income for FY 2025/3 as the management target to aim for increasing corporate value by profit generation over the next three years.



Appendix

RareJob, Inc.



Company outline

Established: October 18, 2007

Capital: 606,699 thousand Yen (As of June 30, 2022)

Location: 2F Kyocera Harajuku Building, 6-27-8 Jingumae,
Shibuya-ku, Tokyo

Prime Market of Tokyo Stock Exchange
(Securities Code: 6096)

Consolidated subsidiaries

RareJob Philippines, Inc.

ENVIZION PHILIPPINES, INC.

RIPPLE KIDS EDUCATIONAL SERVICES, INC.

Rarejob English Assessment, Inc.

Envizion, Inc.

PROGOS Inc.

shikaku square, Inc.

RareJob Technologies, Inc.

Group Vision

Chances for everyone, everywhere.

Director

Gaku Nakamura, Co-founder and CEO

Seishi Yasunaga, Director

Takao Mihara, Outside Director*

Jun Narimatsu, Outside Director *

Miki Igarashi, Outside Director*

(* Audit and Supervisory Committee Member)

Initiatives for SDGs/ESG (1/2)

RareJob works to achieve a sustainable society based on each goal of SDGs and the concerns of ESG through business activities to realize our vision.



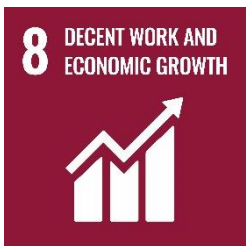
● Providing reasonable and high quality educations

Providing reasonable and high quality educations to our students everywhere is our top priority. We contribute to eliminating inequalities in English education opportunities caused by regional/economic disparities, such as the concentration of brick-and-mortar English tutoring schools in urban areas and expensive costs of studying abroad.



● More jobs for women

Many of our English tutors are women. Due to flexible working hours and the benefits of working from home at any time, women who do housework, raise children, or care for family members are able to work easily with their capacities.



● Creating jobs in the developing country

We create a lot of jobs in the Philippines, which is one of the developing countries. As our platform allows tutors to work anywhere and anytime, it helps to increase the number of job options, especially for people living in the rural areas of the country, where stable jobs are hard to find.

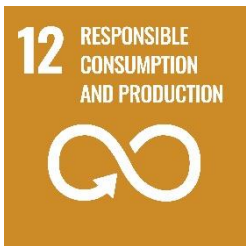
The classification for ESG: ● Environmental ● Social ● Governance

Initiatives for SDGs/ESG (2/2)



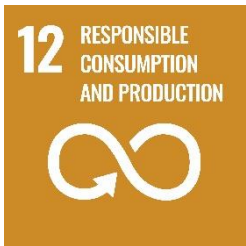
● Realization of the society where people can make full use of their abilities

Our goal is to create the society in which both students and tutors can make the most of their abilities. Regardless of nationality, we help people learn English and take leaderships in the world, while creating more places where they can make advantages of their skills.



● Reducing energy consumption by having less travel

All members and tutors at RareJob Eikaiwa don't have to transport somewhere physically to take or conduct lessons as long as they have internet access. By reducing energy consumption, we contribute to reducing environmental impacts.



● Promoting paperless environment

RareJob Eikaiwa provides most of our teaching materials via online instead of paper. We also make efforts to reduce paper consumption in our offices by digitizing internal documents for meetings, proposals and so on.

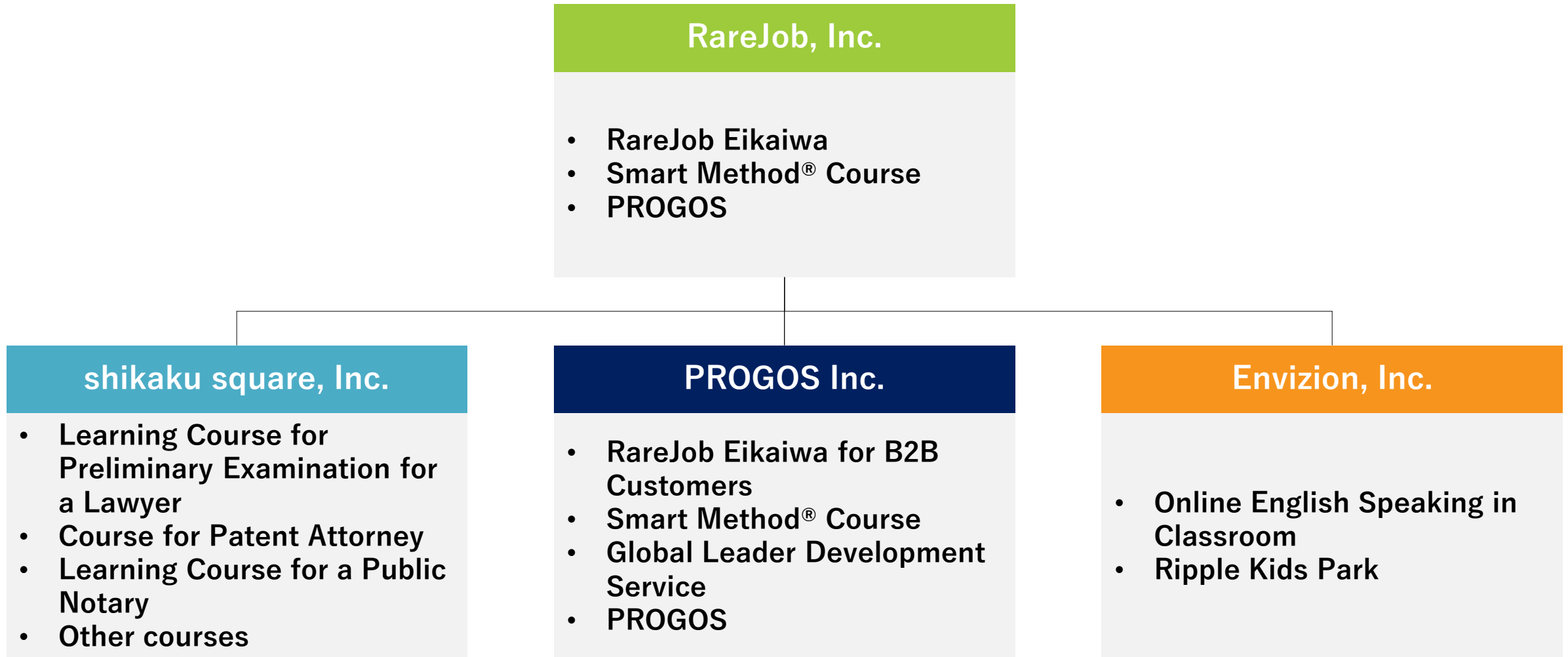


● Corporate governance

Enhancing proper organizational structures and systems is the important. To boost corporate value in a sustainable way, we will strive to strengthen corporate governance while working on business expansion simultaneously.

The classification for ESG: ● Environmental ● Social ● Governance

The Service Organization of the RareJob Group



You can speak English one-on-one everyday, regardless of location or time. Online English tutoring service have more than 1 million cumulative free subscribers.



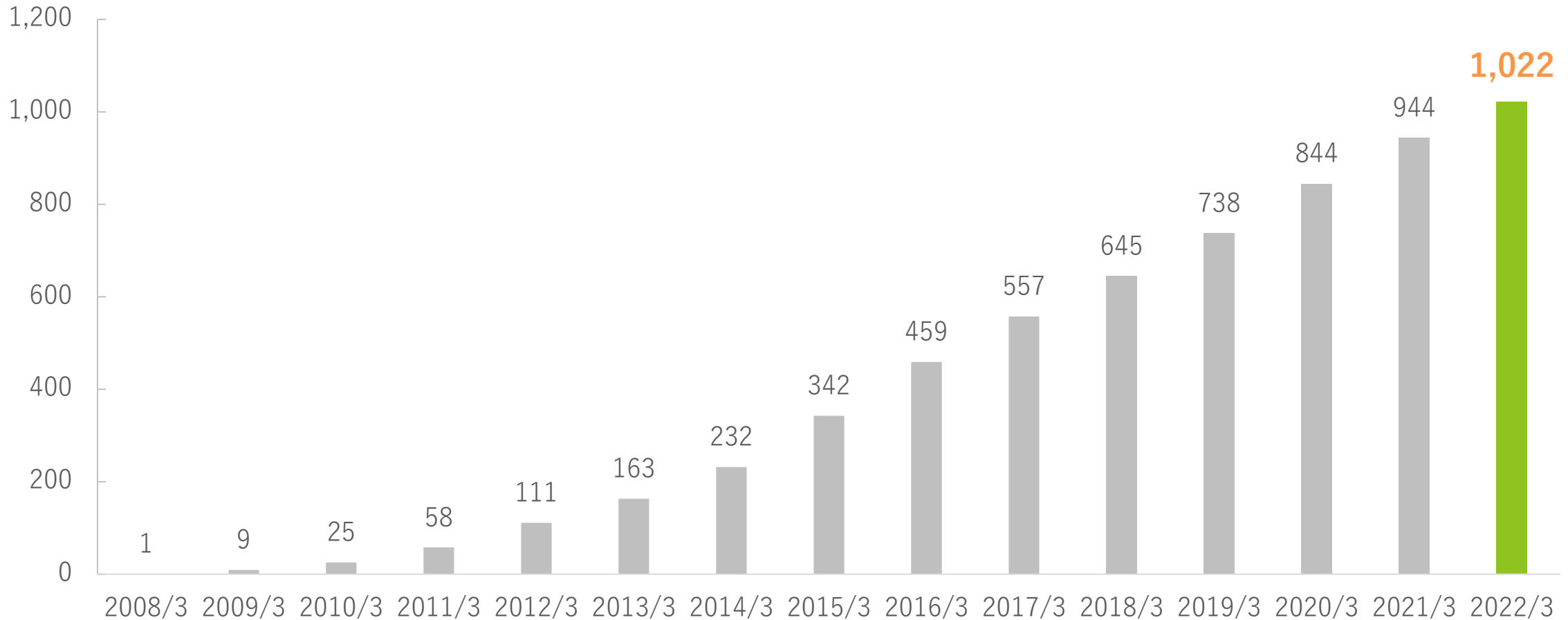
- 6,000 Philippine tutors registered with about 1% hiring rate.
- The Lesson Room, a proprietary system, can be used from the website and apps.
- Lesson hours are from 6 o'clock in the early morning to 1 o'clock in the middle of the night. Reservations can be made up to 5 minutes before the lesson.
- The 25-minute plan for daily English conversation is 6,380 yen (including tax) per month for everyday English conversation.

Cumulative RareJob Eikaiwa Free Membership



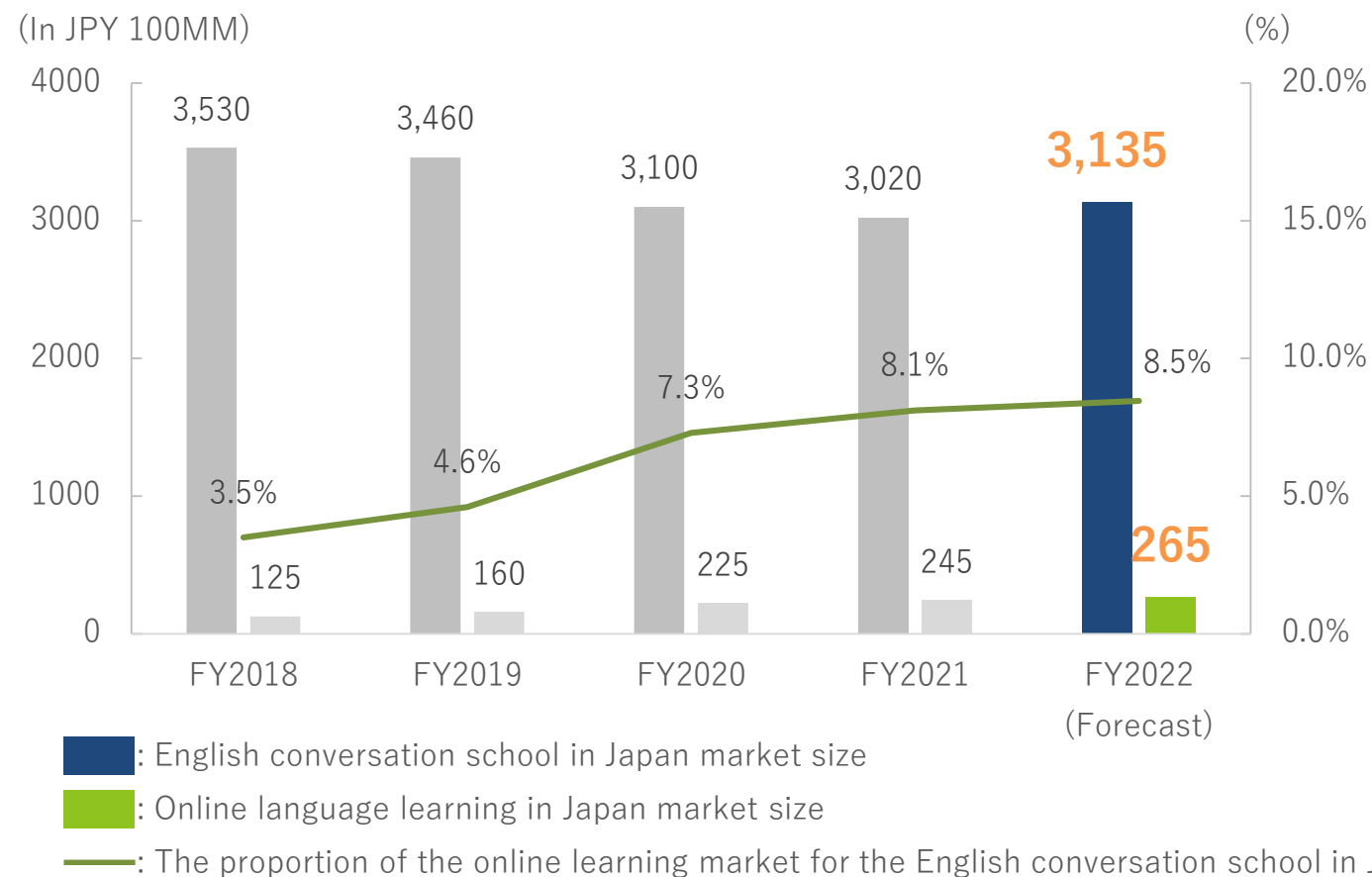
The cumulative number of free members has grown steadily, which is over 1 million as of now.

(Thousands)



English-related Business Market Size

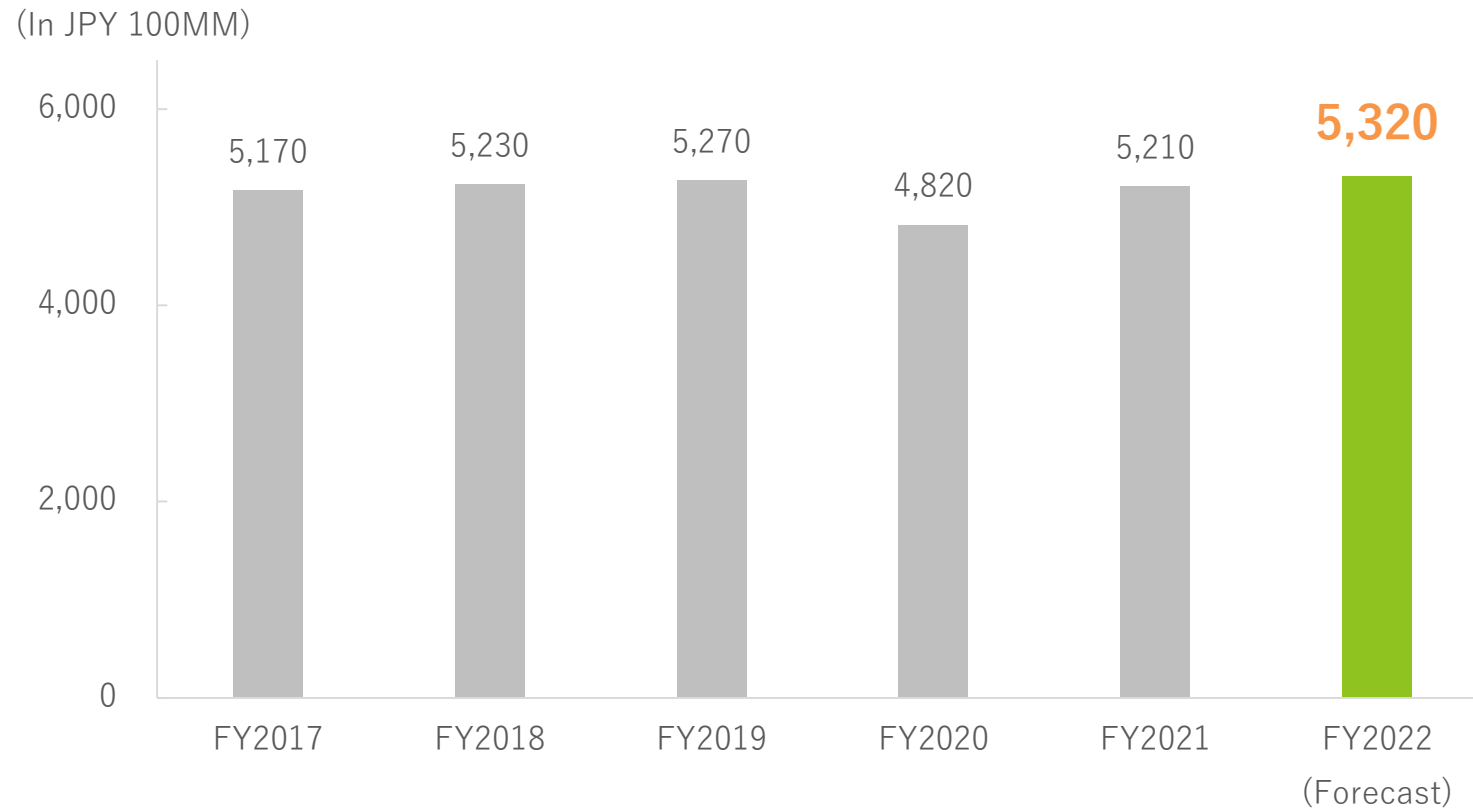
The online English learning market accounts for only 8% of the English conversation school in Japan market, which means a huge potential for future growth in the online market.



Source:
Yano Research Institute, "Language learning business report 2022"

Corporate training market size

The market size has been recovering since the decline caused by COVID-19 pandemic.



Source :
Yano Research Institute, "Business Training Service Market and Outlook 2022"

Disclaimer

- This material has been prepared by the Company for the purpose of informing investors of the current status of RareJob, Inc. (hereinafter referred to as "RareJob").
- The materials and information provided in this document include so-called "forward-looking statements". These forward-looking statements are based on current expectations, forecasts and assumptions that involve risks and are subject to uncertainties that could cause actual results to differ materially from those discussed in the forward-looking statements.
- These risks and uncertainties include general domestic and international economic conditions, such as general industry and market conditions, interest rate and currency exchange rate fluctuations.
- We assume no obligation to update or revise the forward-looking statements contained in this announcement, even in the event of new information or future events.

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