

RareJob, Inc.

Financial Results for the Six Months Ended September 30, 2022

November 14, 2022



Agenda

1. FY2023/3 2Q Results
2. FY2023/3 Plan
3. Full acquisition of BORDERLINK, INC.
4. Growth Strategy

Appendix

1. FY2023/3 2Q Results

FY 2023/3 2Q Results Summary

The AI automated scoring exam PROGOS for an English speaking skill have been introduced in a recruitment criteria and human resources development system of corporate clients such as Money Forward, Inc.

- Increased use of PROGOS by client companies, including a change from TOEIC® to PROGOS as an English proficiency requirement for new graduate recruitment and an integration of PROGOS in the human resource development system.

Net sales hit record highs for the second quarter and rose by 8.0% year on year.

- B2C sales increased by 7.1% due to sales generated by shikaku square, Inc. which joined in December 2021.
- B2B & B2School sales increased by 10.0% which was driven by training service provided by our partners.

Operating income fell by 65.6% year on year.

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

PROGOS Introduction Case: Money Forward, Inc.

PROGOS was introduced to measure English speaking skills of employees for the organizational internationalization.

Background

- The client decided that English will become the common language at work in a whole engineering team by the end of 2024.
- Organizational internationalization is necessary to make it easy to recruit engineers from all over the world to strengthen development skill of the engineer team.
- All kinds of communication and meetings will be carried out in English.

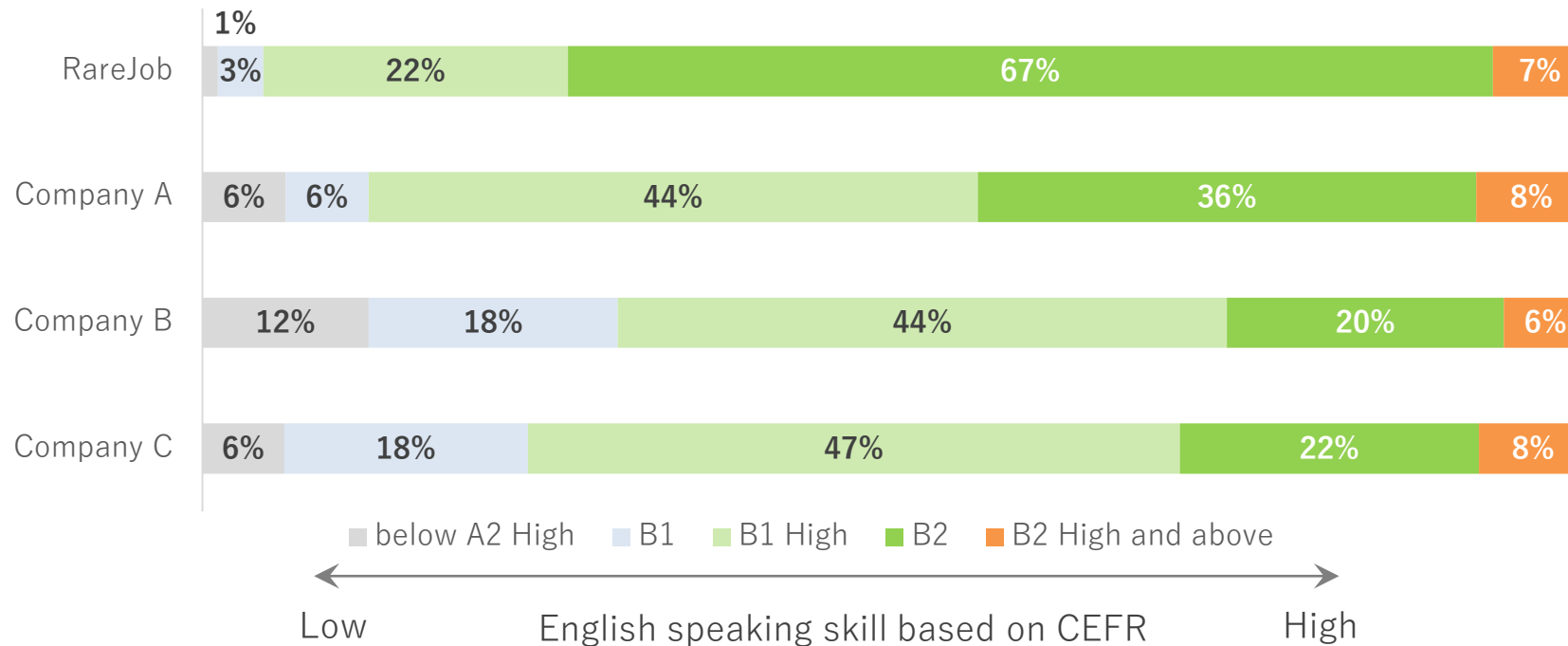
PROGOS was introduced to see how organizational internationalization is going.

- **Target scores for PROGOS are set as one of the criteria for organizational internationalization.**
 - Can manage a meeting in English at work: PROGOS score B1 or higher
 - At least 30% of the employees must have a PROGOS score of B1 or higher
...and so on
- **PROGOS was introduced for recruitment screening and all employees are encouraged to take the exam every month.**

Internationalization will necessarily promote in a tech organization from an individual point of view for career development and a business organizational point of view for enhancing recruitment.

Visualization of Tutor Quality by PROGOS

PROGOS visualized quality of tutors in each online tutoring company and RareJob tutors have higher English skills than tutors in other companies.



Note:
This data source for RareJob is from a screening process for tutor recruitment in 2022 (n=1,226)

The data for A, B and C is based on the survey targeting Filipino tutors by Kadence International from 2nd to 26th August in 2022 (n=50 for each)

The data will be utilized for marketing and sales to show how high skills of RareJob tutors have as the objective fact.

Financial Results for FY 2023/3 2Q

Net sales increased by 8.0% and operating income fell by 65.6% YoY.

(In JPY MM)

	FY 2022/3 2Q Cumulative	FY 2023/3 2Q Cumulative	YoY
Net sales	2,686	2,900	+8.0%
EBITDA*	251	203	-18.9%
Operating income	131	45	-65.6%
Ordinary income	99	90	-8.8%
Net income attributable to owners of parent	88	62	-29.4%

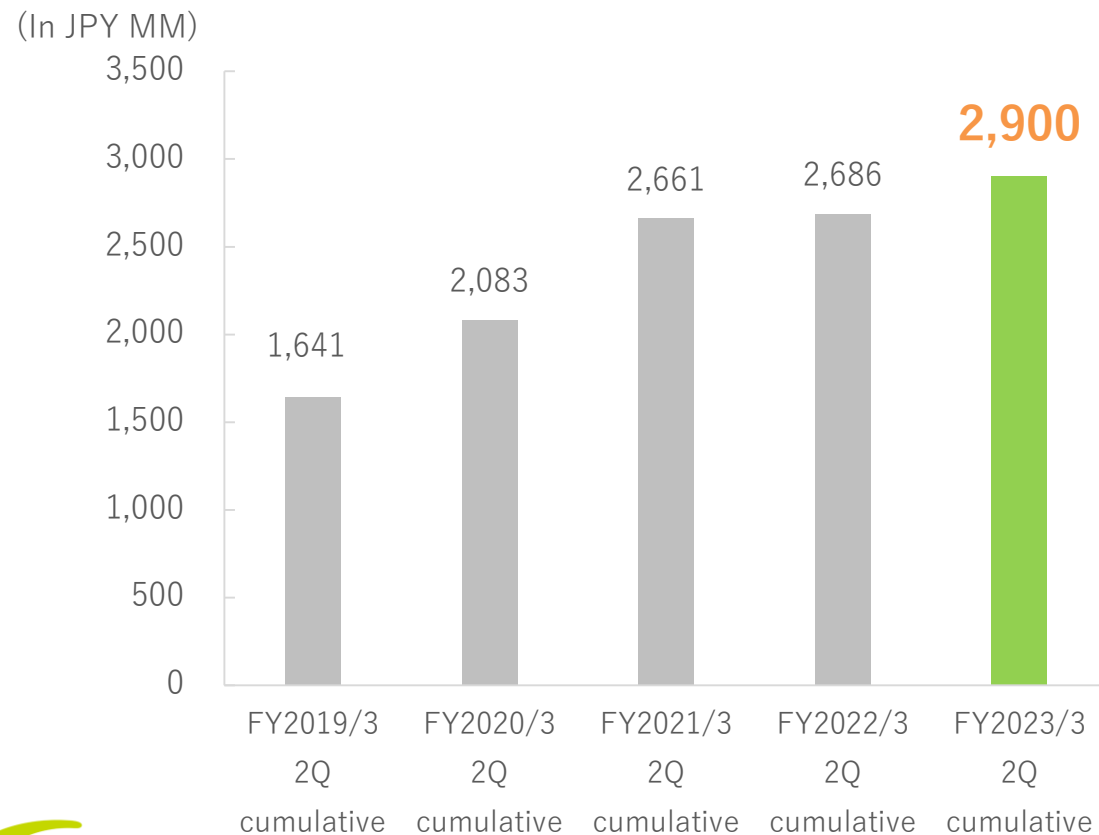
Operating margin	4.9%	1.6%	-3.3pt
ROE	9.1%	5.6%	-3.5pt

*Operating income + Depreciation + Depreciation on goodwill

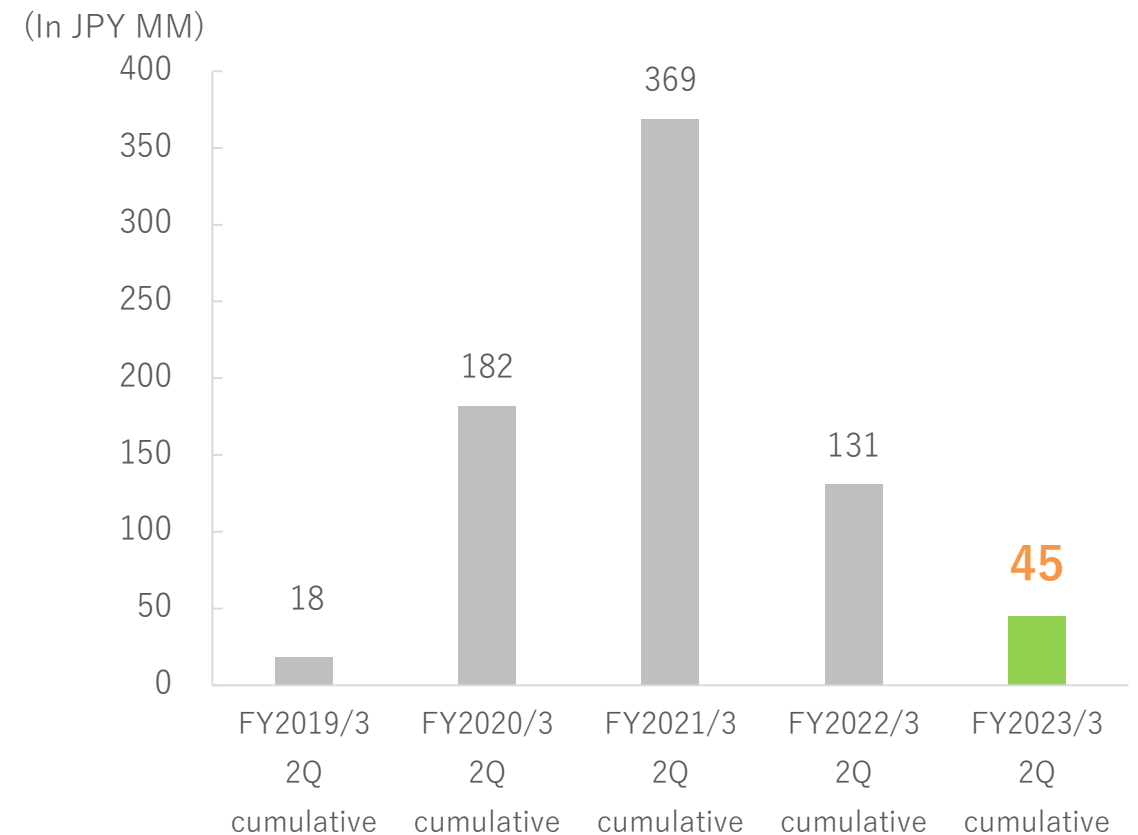
2Q Results for the last several years

Net sales reached a record high for the second quarter.

Net sales



Operating income



Net Sales Breakdown for FY 2023/3 2Q

B2C sales increased by 7.1% due to sales generated by shikaku square, Inc. which joined in December 2021.

B2B & B2School sales increased by 10.0% which was driven by training service provided by our partners.

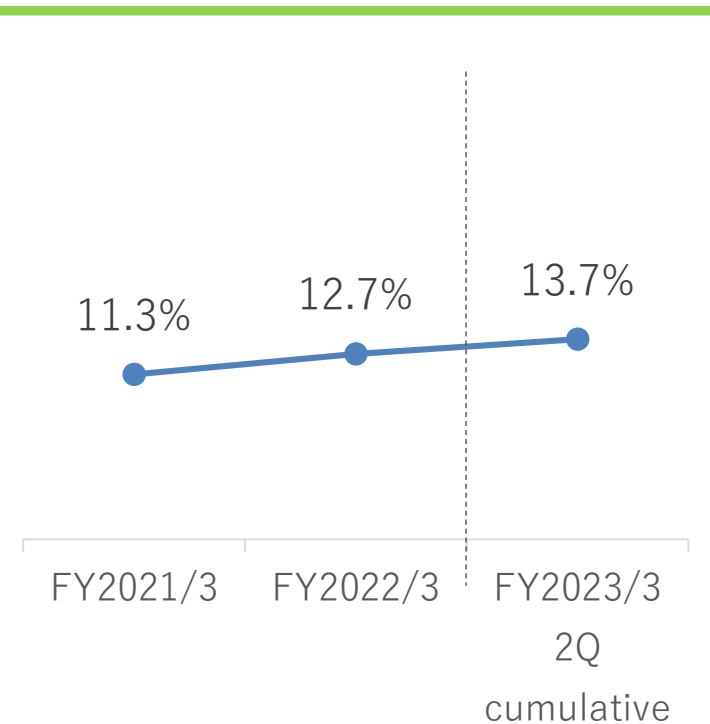
(In JPY MM)

	FY 2022/3 2Q Cumulative	FY 2023/3 2Q Cumulative	YoY
Net Sales	2,686	2,900	+8.0%
B2C (constituent ratio)	1,864 (69.4%)	1,996 (68.8%)	+7.1%
B2B & B2School (constituent ratio)	821 (30.6%)	903 (31.2%)	+10.0%

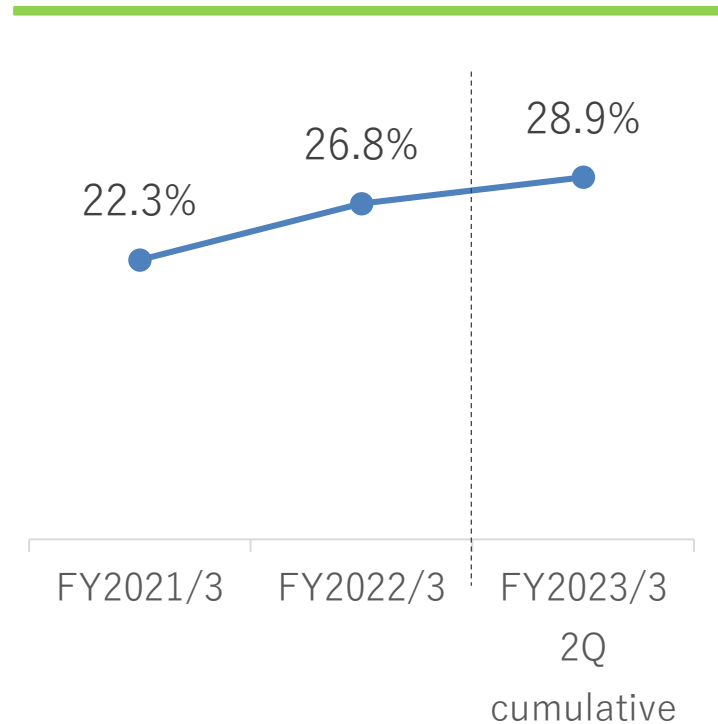
Transition of SG&A to Sales Ratio

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

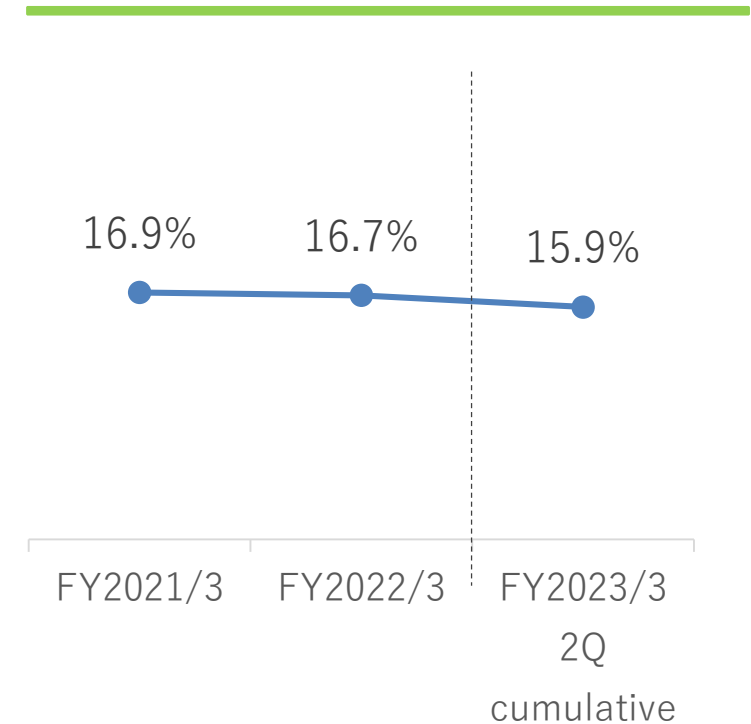
R&D¹⁾ Ratio



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.

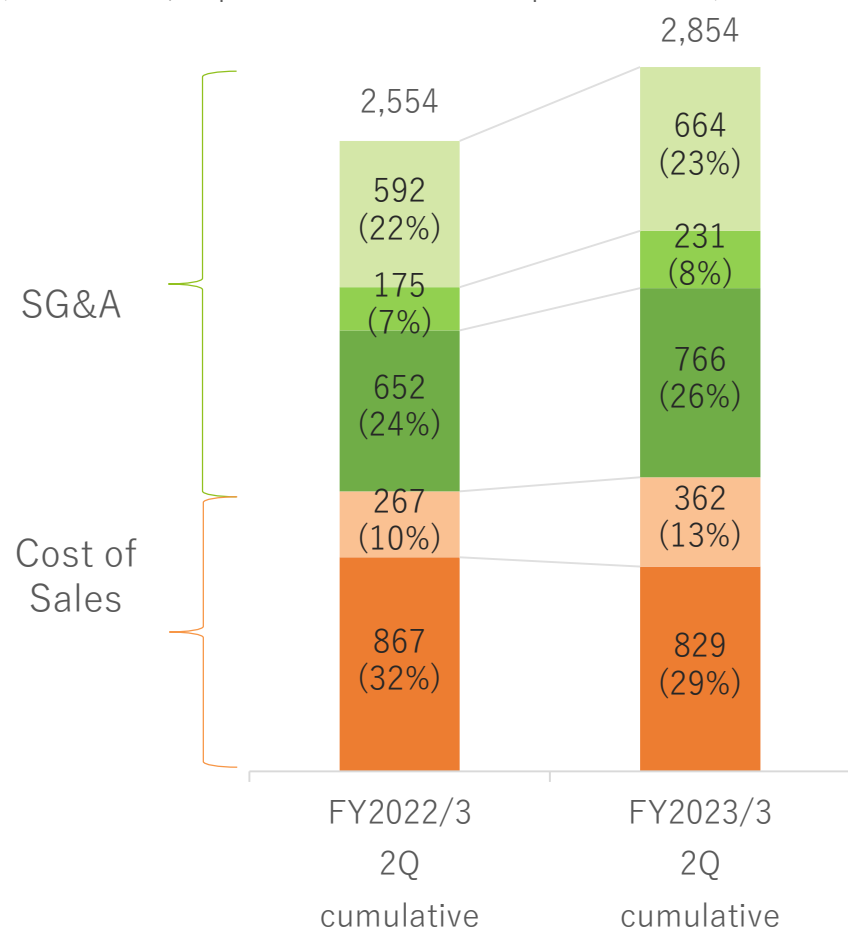
2) Sales and Marketing Personnel expenses for sales promotion and corporate sales personnel, and expenses including common costs.

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 2Q

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

(In JPY MM, expenses sales ratio in parentheses)

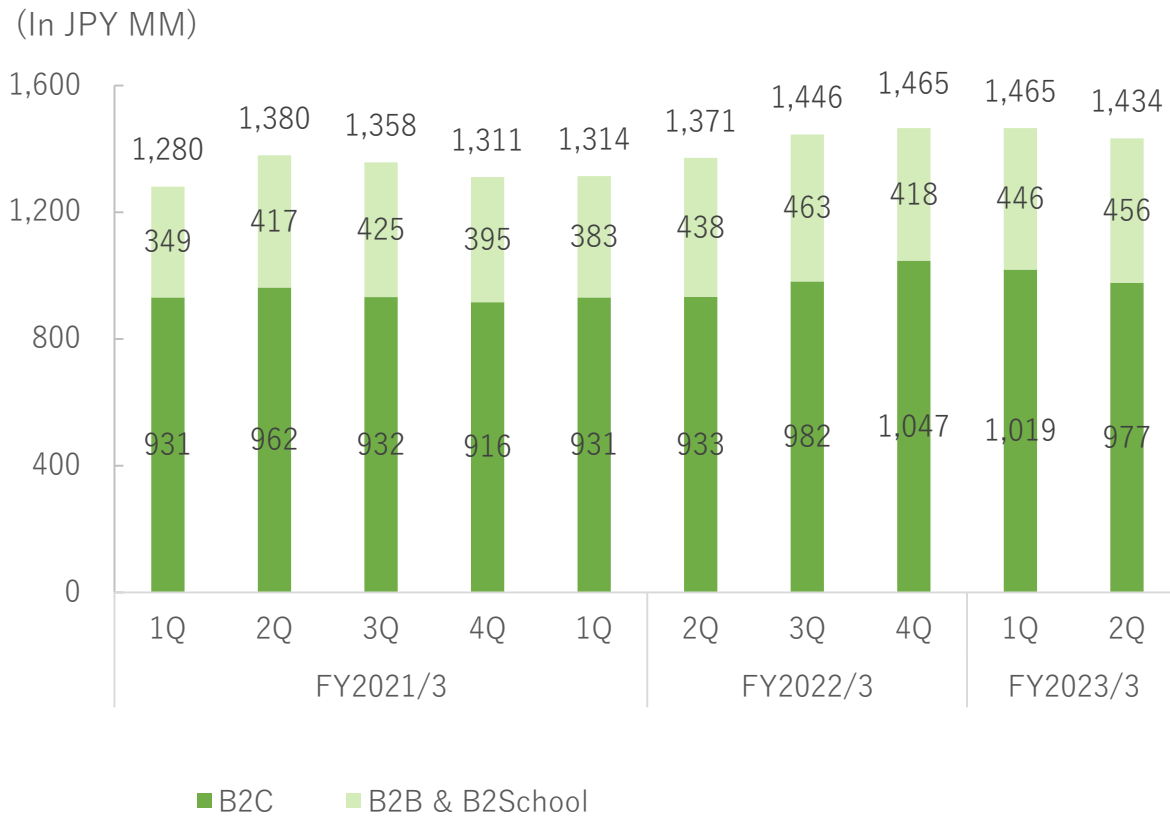


Expenses	YoY (ratio)	Factors
Other SG&A	+72 (+12.2%)	Depreciation on goodwill increased as shikaku square, Inc. joined the group.
Advertising	+55 (+31.9%)	Cost for shikaku square, Inc. increased.
Personnel expenses (SG&A)	+114 (+17.5%)	The number of employees increased in shikaku square, Inc. and engineers.
Other cost of sales	+95 (+35.7%)	Other cost of sales increased because purchase to provide training services increased.
Tutor fee (Cost of sales)	-37 (-4.3%)	Tutor's fees decreased as the number of lessons per user decreased.

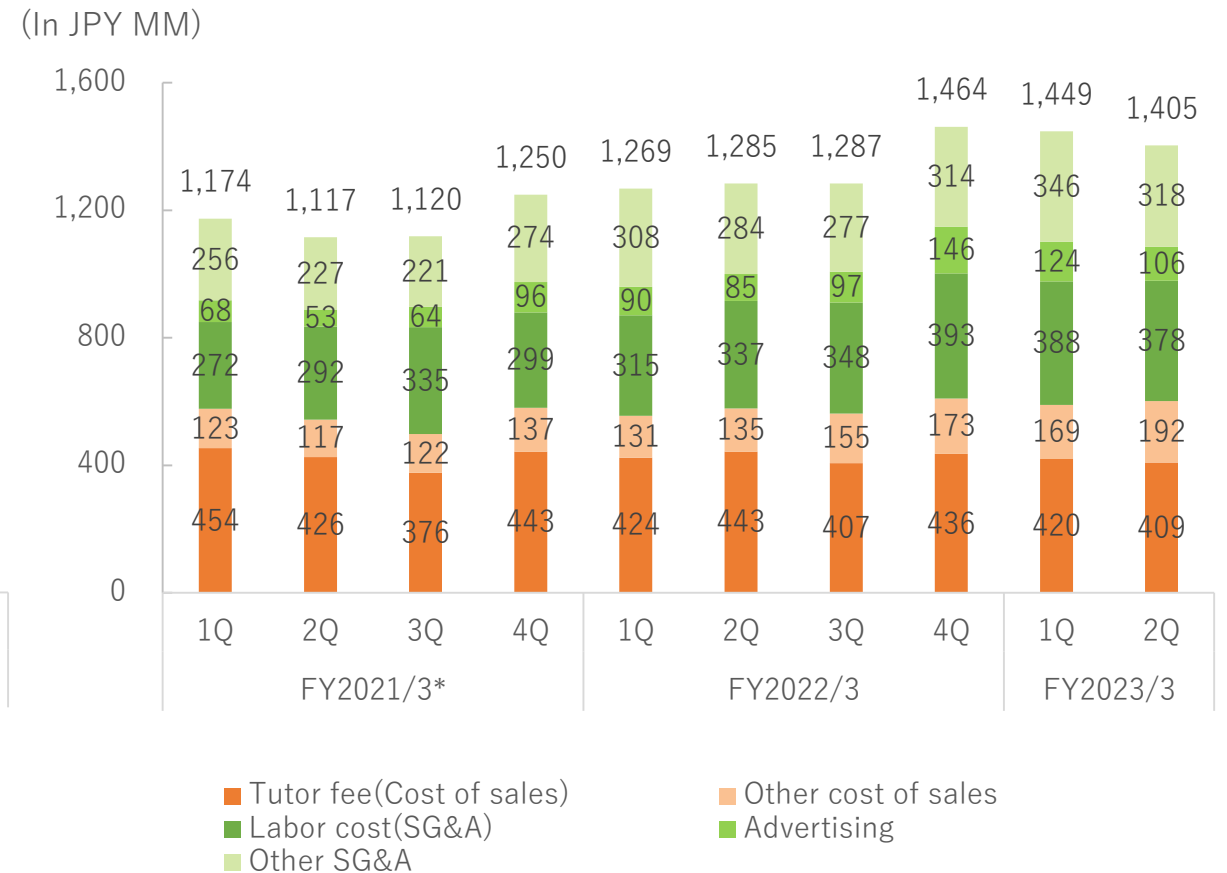
Breakdown of Quarterly Net Sales and Expenses (Cost of Sales and SG&A)

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

Net sales



Cost



*Consideration has been given to changing the display method.

2. FY2023/3 Plan

FY 2023/3 Plan and Progress

Strong progress in ordinary income and below due to equity in earnings of BODERLINK INC. is seen, which means there is a room for further investment for sales expansion.

(In JPY MM)

	FY 2021/3 Results	Guidance for FY 2022/3	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 2Q cumulative	Progress
2,900	48.3%
1,996	48.7%
903	47.6%
203	52.8%
45	90.5%
90	113.5%
62	-

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

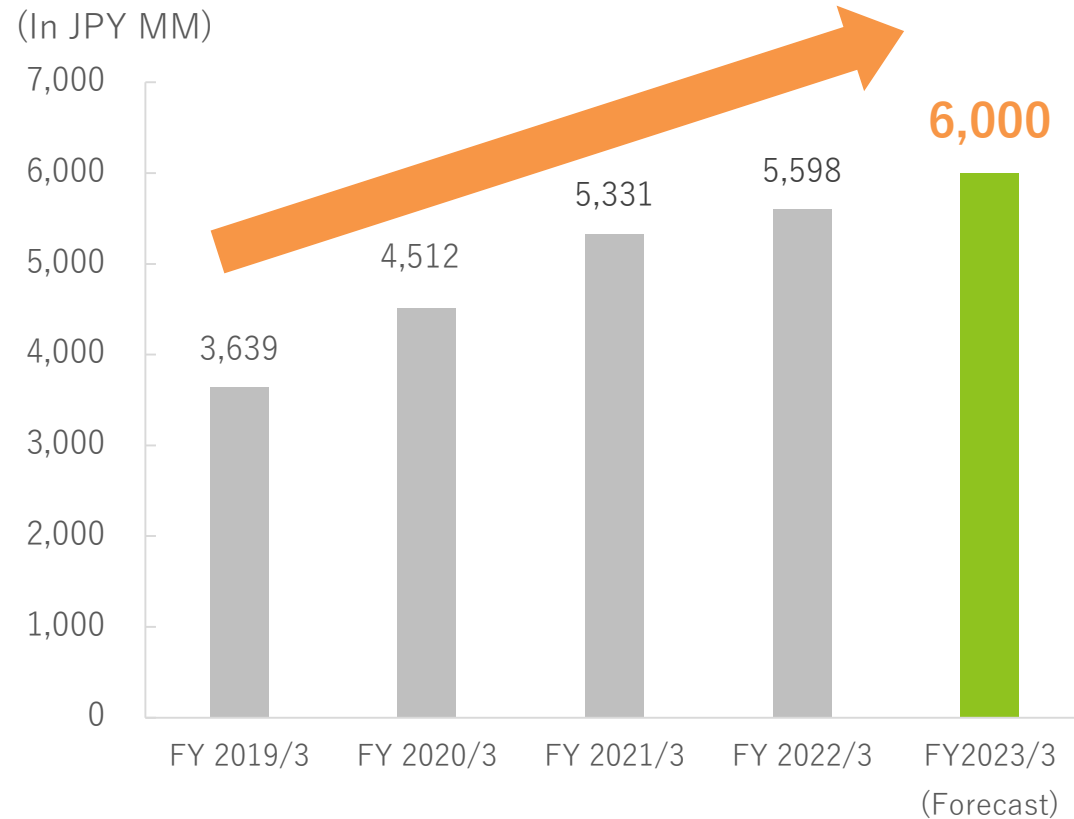
1.6%	-
5.6%	-

*Annual basis

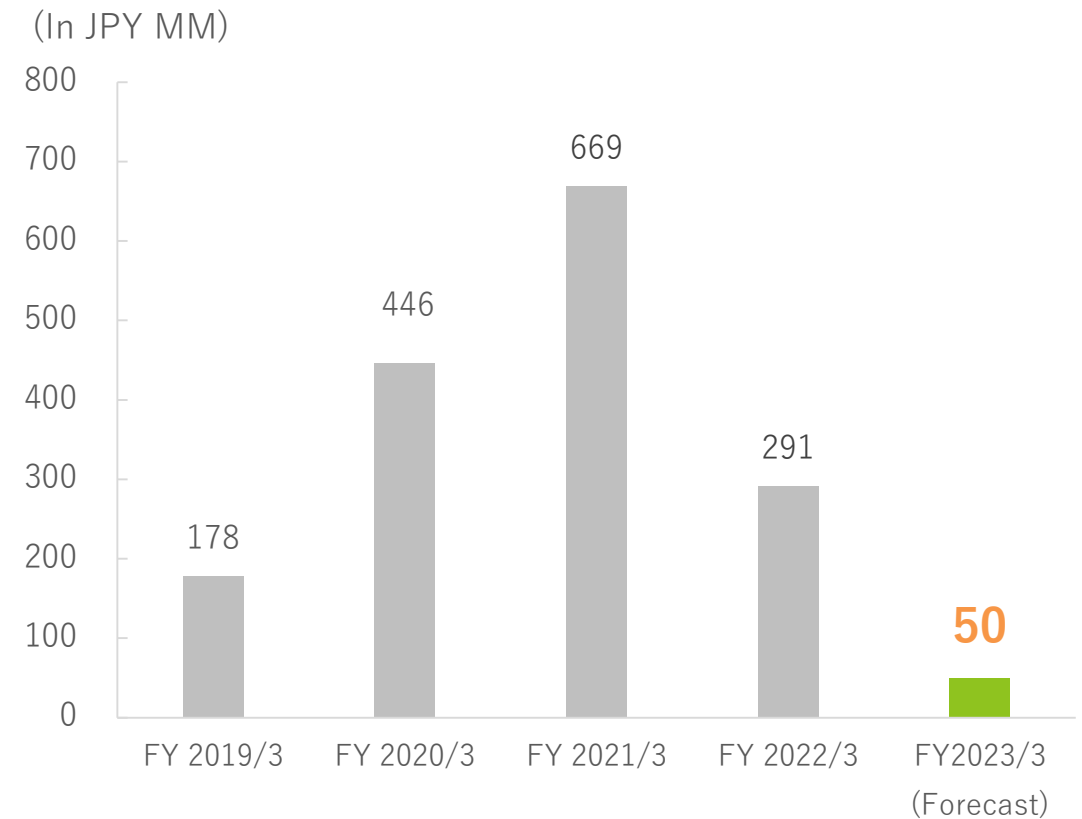
Net sales and operating income results

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.

Service development for PROGOS evolution

- Global Business skill assessment is under development.

Price revision for RareJob Eikaiwa

- The price increase associated with the learning experience update was carried out. No big negative impact has been seen.

Evolving a business model for B2B

- Collaborating with partners to promote proposals for training programs in an advisory position.

3. Full acquisition of BORDERLINK, INC.

Full Acquisition of BORDERLINK, INC.

Summary

The RareJob group acquired 49.0% of the shares of BORDERLINK, INC. in October 2021 and has been working together for mutual business expansion.

The group will fully attain the remaining 51.0% shares of BORDERLINK, INC. for further business expansion.

- The acquisition of the shares will be carried out on April 1, 2023

Purpose

Expansion of K12* education area in the RareJob group.

- A wide range of English learning area from online English tutorial to the traditional instructor-led classroom learning will be covered.
- Business Synergies
 - Acquire competitive advantage in the ALT** dispatch business and expand sales channels in the online English tutorial business for kids
 - Providing a new service of dispatching English teachers to nursery schools, kindergartens and school kids + online learning

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

**Assistant Language Teacher

Business Model of BORDERLINK, INC. and Performance Trends

Business model

ALT Business

- Dispatch ALTs to elementary, junior high and high schools
- Recruit of ALTs in Japan and foreign countries
- Provide training regularly for ALTs, manage and accommodate ALTs to help them to focus on their school lives and teaching

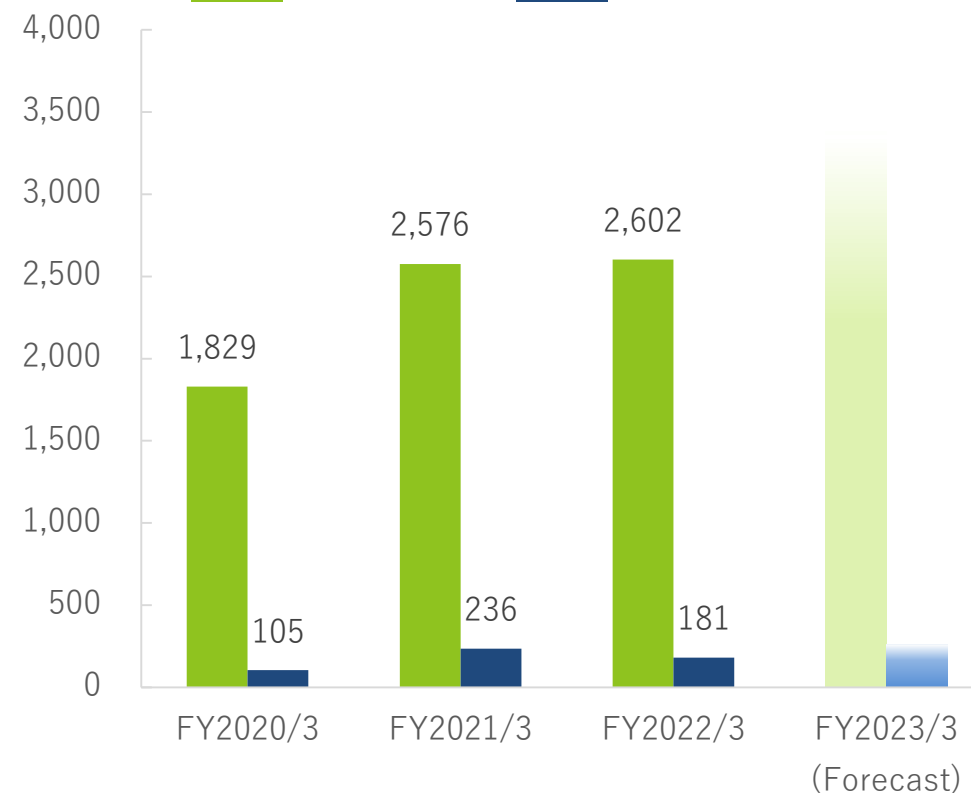
Language school management

- Manage English school for 0-12 year olds
- Conduct unique exploration and hands-on programs

Business performance

(In JPY MM)

Net sales Operating income



English education in K12 education area aimed by the RareJob group

A blended learning for English language with offline and online methods will be provided.

Future Market Trends

ALT Market

- Increase ALT needs as English education has been widened.
- Digital education is likely to be preferred as tablet devices has been distributed for kids in schools.

Kindergarten / Nursery School / After-school activity class

- Needs for English education service as a differentiated attraction are increased in a kindergarten / nursery school for marketing, but service running cost for offline English tutors is drawback.
- Various English education services are needed in a nursery school, but a service running cost for offline English tutors is drawback.

Aiming approach by the RareJob group

A blended learning for English language with offline and online methods will be provided.

- More reasonable price can be realized by online than offline method.
- Service provision is possible even in a remote area where regular ALT dispatch is difficult.

The Goal of the RareJob Group for English Language Education

Expertise in online English tutorial of the RareJob group and in ALT dispatching of BORDERLINK, INC. are combined to realize a blended learning for English language.



- Expertise of online English tutorial management
- Tutors specializing in online English tutorial

+

- Expertise in dispatching ALTs to educational institutions
- ALTs specializing in instructor-led English classroom education



**A blended learning
for English language
with offline and
online methods**

Accessible markets in K12 education field

In addition to 100 billion yen English learning market for kids, approximate 80 billion yen market including ALT dispatch, English education market for nursery school, kindergarten and after-school activity class will become accessible.



Source:

1) Yano Research Institute, "Language learning business report 2022"

2) RareJob survey

4. Growth Strategy

Purpose/Vision for the RareJob Group

Purpose

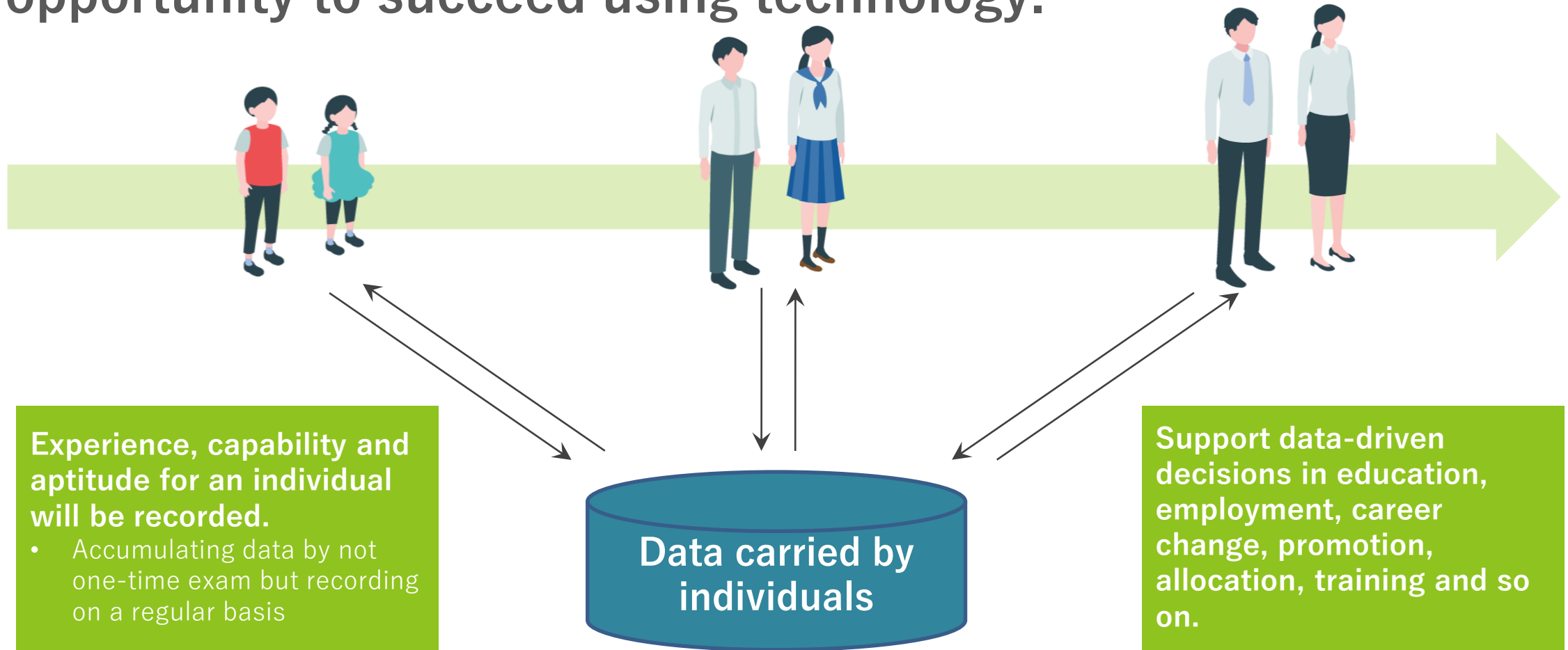
The realization of the world where everyone can unlock their potentials to be valued.

Vision

Chances for everyone, everywhere.

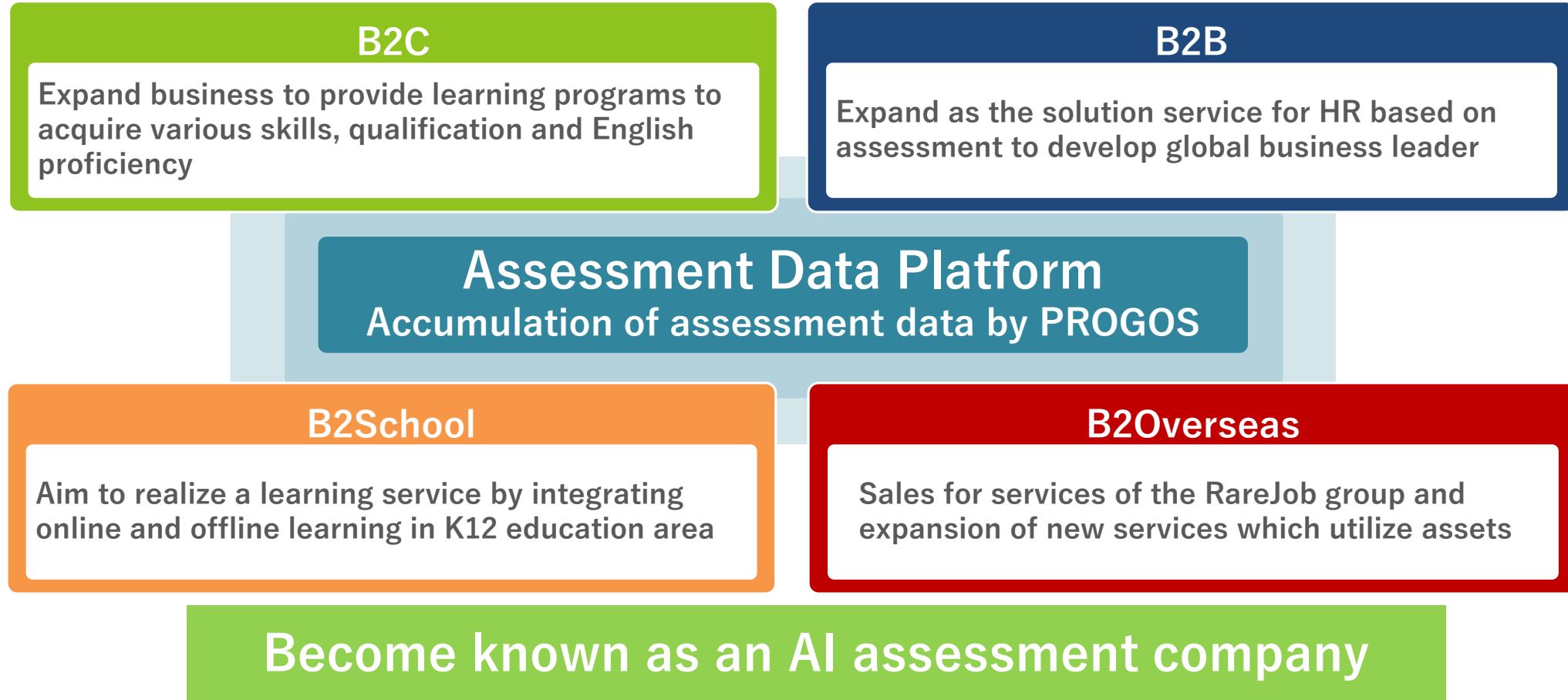
The Image of the World which RareJob Wants to Realize

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.



The Strategy for the Assessment Data Platform

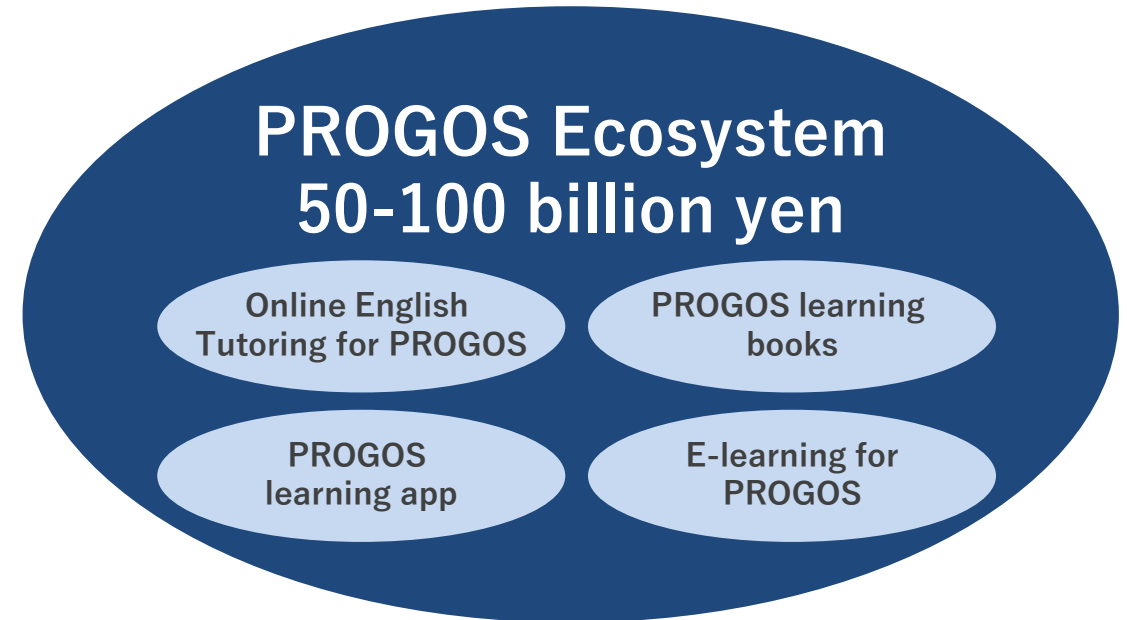
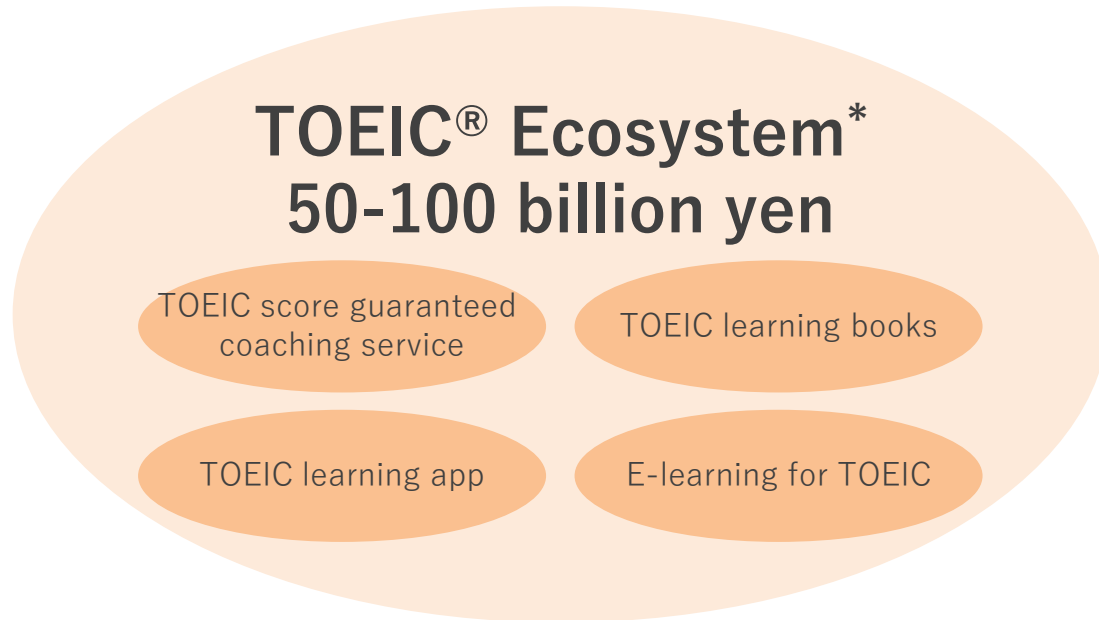
Expanding the target of assessments from not only speaking but also reading, listening and writing English skills to global business skills.



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.



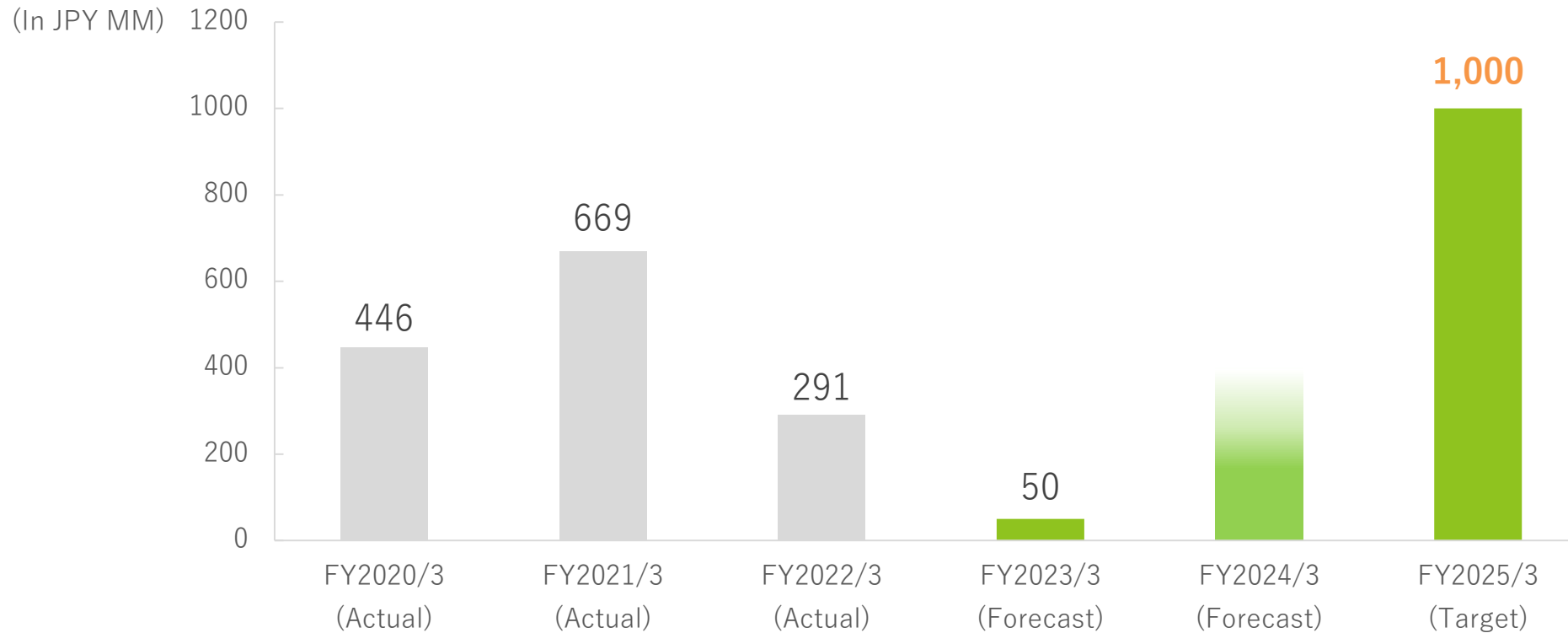
Expect to earn approximately 20% (10-20 billion yen) of the PROGOS ecosystem as the revenue of the RareJob group

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.



We will become size of 10 billion yen sales company by the acquisition of BORDERLINK, INC. and aim to achieve the target with 10% operating margin

Appendix

RareJob, Inc.



Company outline

Established: October 18, 2007

Capital: 612,902 thousand Yen (As of September 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.

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.



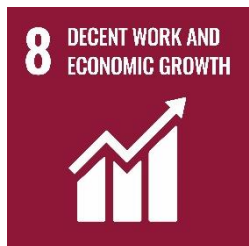
● Providing reasonable and high quality educations

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.

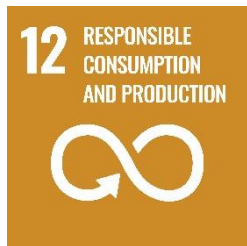
The classification for ESG: ● Environmental ● Social ● Governance

Initiatives for SDGs/ESG (2/2)



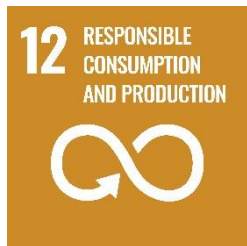
● Realization of the society where people can make full use of their abilities

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.

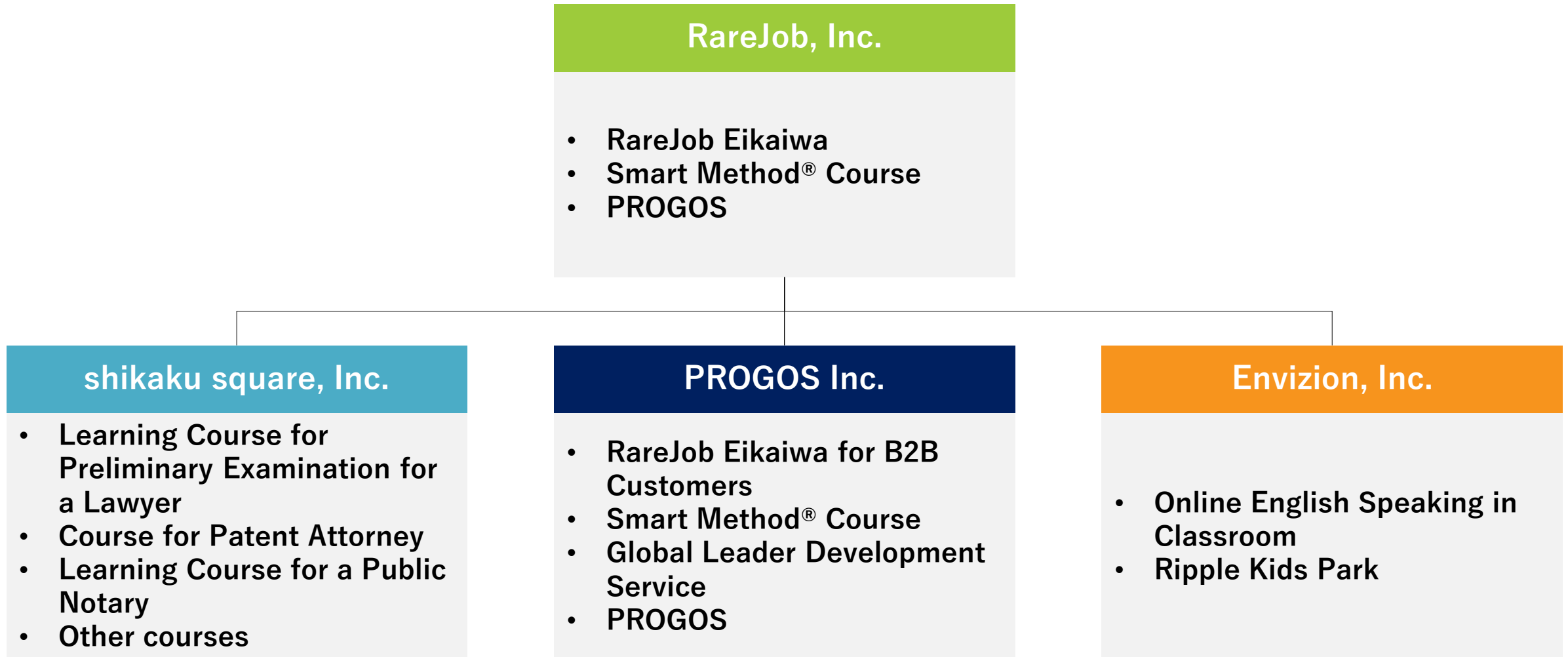


● Corporate governance

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.

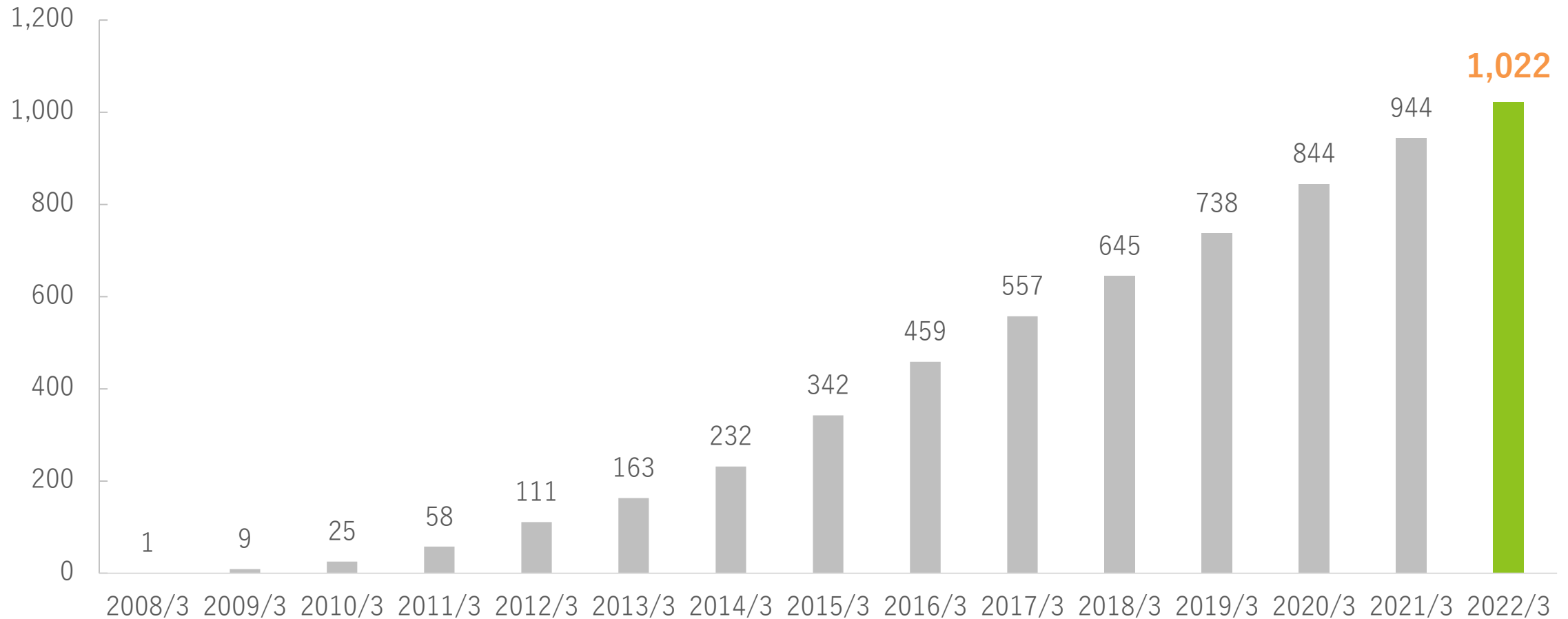


- 6,000 Philippine tutors registered with about 1% hiring rate.
- The Lesson Room, a proprietary system, can be used from the website and apps.
- Lesson hours are from 6 o'clock in the early morning to 1 o'clock in the middle of the night. Reservations can be made up to 5 minutes before the lesson.
- The 25-minute plan for daily English conversation is 7,980 yen (including tax) per month for everyday English conversation.

Cumulative RareJob Eikaiwa Free Membership

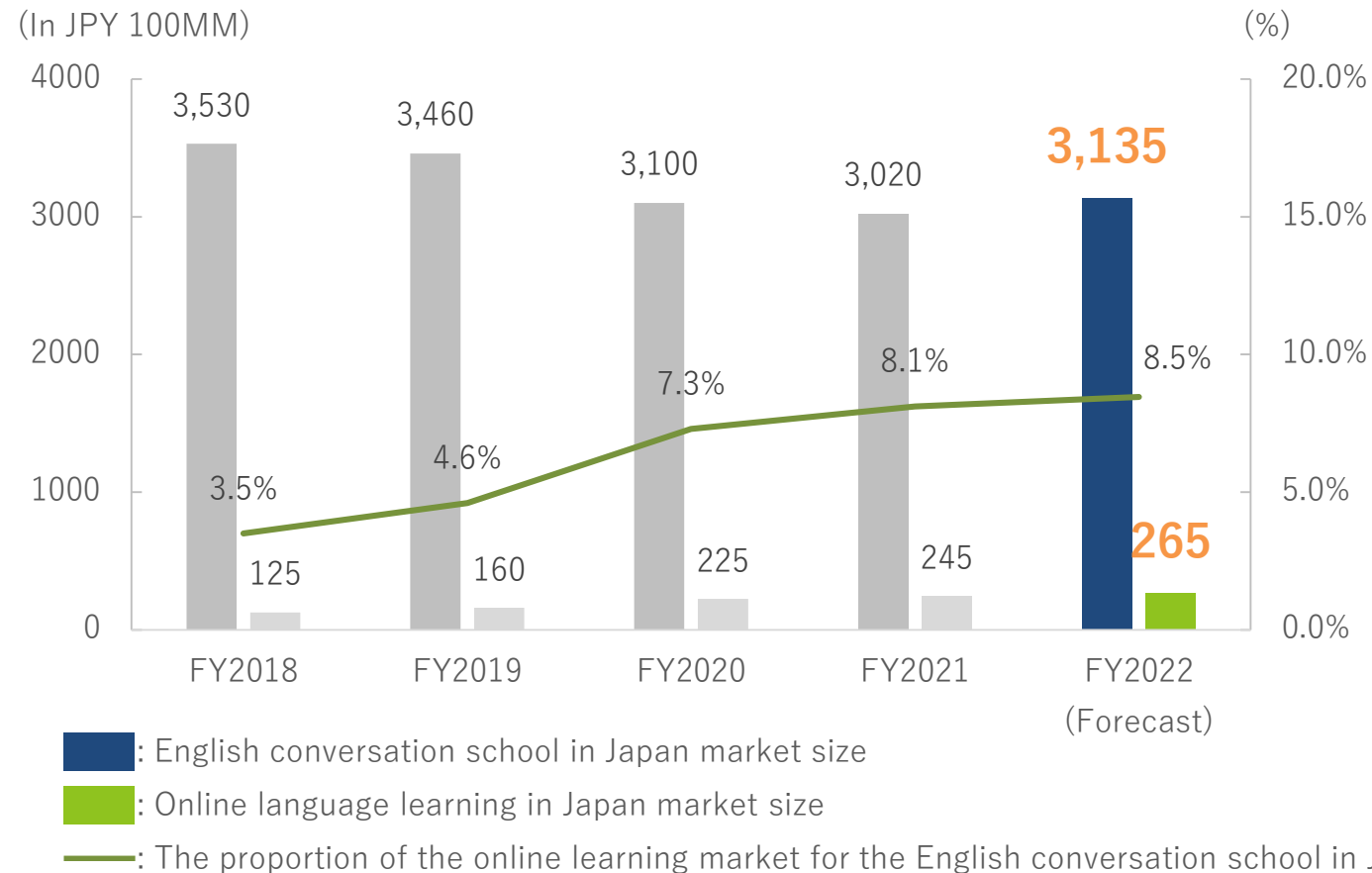
The cumulative number of free members has grown steadily, which is over 1 million as of now.

(Thousands)



English-related Business Market Size

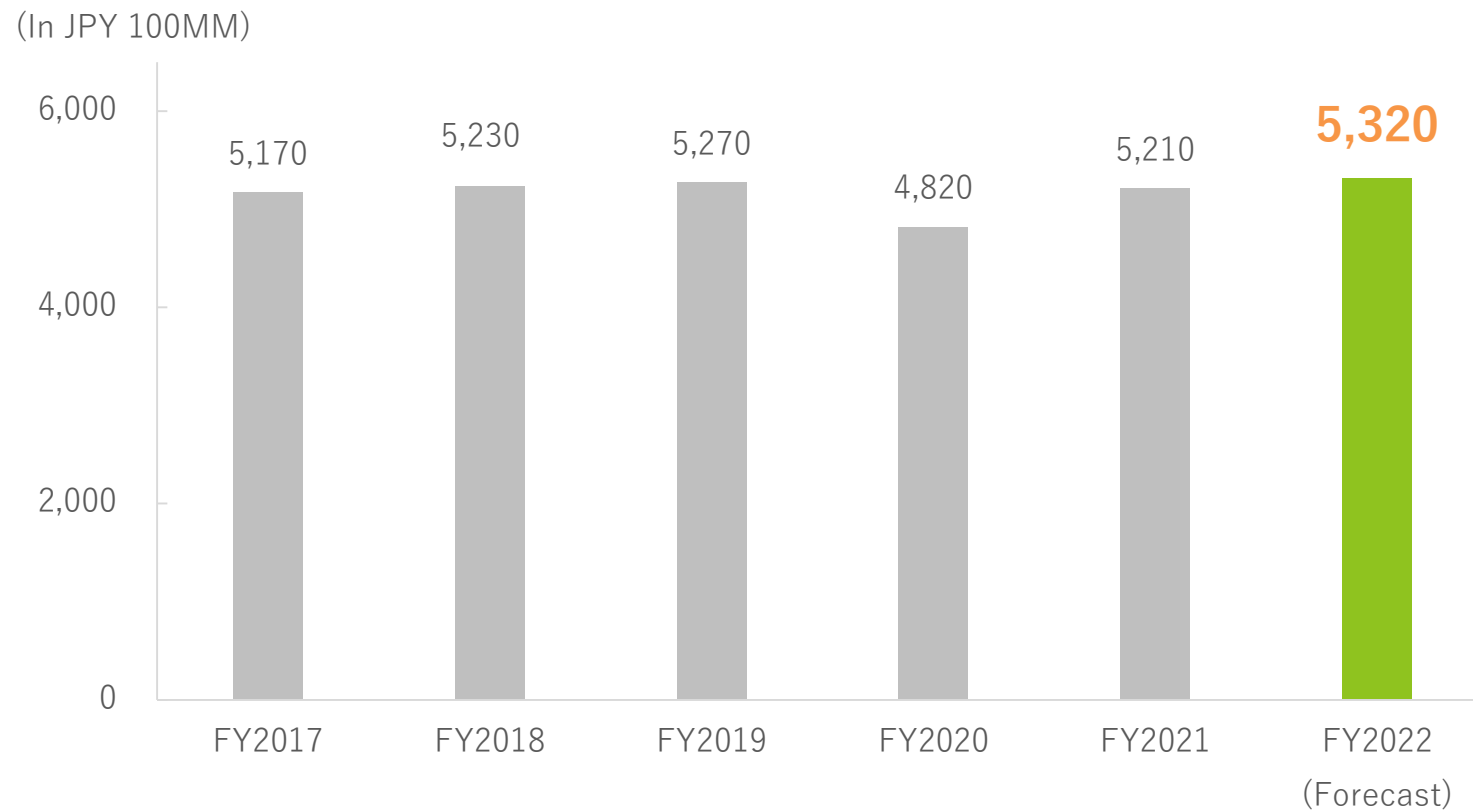
The online English learning market accounts for only 8% of the English conversation school in Japan market, which means a huge potential for future growth in the online market.



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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