



Financial Results for the Fiscal Year Ended March 31, 2023

RareJob, Inc.

May 11, 2023

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Agenda

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Impact on Financial Results regarding a Change of the Second-tier Subsidiary



The Termination of the Share Loan Transaction Agreement

K12 Holdings, Inc. (hereafter, “K12HD”), acquired ISC Co.,Ltd. (hereafter, “ISC”) in January 1, 2023 based on the share loan transaction agreement (hereafter, “agreement”) with a share transfer contract to K12HD in the future. This was announced by the notice of the establishment of a subsidiary and acquisition of a subsidiary (second-tier subsidiary) in December 13, 2022.

However, questionable accounting practices (hereafter, “the practices”) which has been carried out since the time before the acquisition of ISC by K12HD in violation of generally accepted accounting principles were discovered in the calculation of the acquisition price of ISC and the consolidated financial statements. Therefore, K12HD requested to correct the practices, however, ISC notified the termination of this agreement to K12HD. As a result, a meeting of our board of directors determined the termination of this agreement in May 11, 2023.

Our group has not overlooked the practice and requested ISC to correct and improve the practices. However, a notice “our trust relationship was destroyed” was delivered to K12HD against our request from all directors of ISC. Therefore, we did not have any option but confirm that ISC does not have any intention to respond to our request. Consequently, we terminated this agreement as this act corresponds to the termination condition, “violation of breach of representation and warranty”.

[Summary of ISC]

Name: ISC Co.,Ltd.

Location: 6-8, Shimouma 2-chome, Setagaya-ku, Tokyo

Business: Nursery, Child development support, Educational program (WithBook) and so on

Impact on Consolidated Financial Results

Upon termination of this agreement, ISC was excluded from our consolidated subsidiaries. Our group determined that it is appropriate not to include ISC in our consolidated financial results for FY2023/3 based on the accounting standards for consolidated financial statements stipulated in the Corporate Accounting Standards.

As a result, we have difference between the last time forecast and financial results for FY2023/3.

This difference was caused mainly due to the decision that ISC is not included in our consolidated financial results because no direct revenue or expenses will be recognized as a result of the termination of this agreement.

Our businesses have performed as initially expected, though demand for B2C online English tutoring services has been on a shrinking trend. Therefore, the impact of the termination of this agreement on our existing business is negligible.

	Net sales	EBITDA	Operating income	Ordinary income	Net income attributable to owners of parent	Net income per share
	In JPY MM	In JPY MM	In JPY MM	In JPY MM	In JPY MM	Yen
Last time forecast	6,800	605	230	410	310	33.07
Results	5,787	547	228	279	194	20.69
Change	-1,012	-57	-1	-130	-115	—
Percentage change	-14.9%	-9.5%	-0.7%	-31.8%	-37.4%	—

02



Summary for FY 2023/3

FY2023/3 Results Summary

Net sales

5,787 million yen

YoY +3.4%

EBITDA*1

547 million yen

YoY -5.7%

Operating income

228 million yen

YoY -21.7%

The number of
PROGOS® examinees

20 thousand+

YoY +51.3%

Business
summary

- The number of examinees for the AI automated scoring exam PROGOS® has been increased.
- ARPC has been increased with improved learning experience by price revision of RareJob Eikaiwa service.
- BORDERLINK, INC. operating ALT*2 business was acquired 100% at 1st April 2023.

*1 Operating income + Depreciation + Depreciation on goodwill

*2 Abbreviation for Assistant Language Teacher, a tutor assistant with a native-level English fluency.

Financial Results for FY 2023/3

B2C sales decreased by 0.3% YoY due to contraction of demand for online English tutoring services.

B2B and B2School sales increased by 11.8% due to sales expansion of training services for corporate client.

Net income increased by 4.9% due to equity method investment gain regarding ALT business.

(In JPY MM)

	FY2022/3	FY2023/3	Change YoY	FY2023/3 Revised forecast*1	Change YoY
Net sales	5,598	5,787	+3.4%	6,800	-14.9%
B2C	3,894	3,881	-0.3%	3,810	+1.9%
B2B & B2School	1,704	1,905	+11.8%	2,990	-36.3%
EBITDA	581	547	-5.7%	605	-9.5%
Operating income	291	228	-21.7%	230	-0.7%
Ordinary income	242	279	+15.4%	410	-31.8%
Net income attributable to owners of parent	184	194	+4.9%	310	-37.4%
EBITDA ratio*2	10.4%	9.5%	-0.9pt	8.9%	+0.6pt
Operating income ratio	5.2%	3.9%	-1.3pt	3.4%	+0.5pt
ROE	9.1%	8.4%	-0.8pt	13.2%	-4.8pt

*1 As of February 2023 (Revision by acquisition of ISC Co.,Ltd. as a second-tier subsidiary)

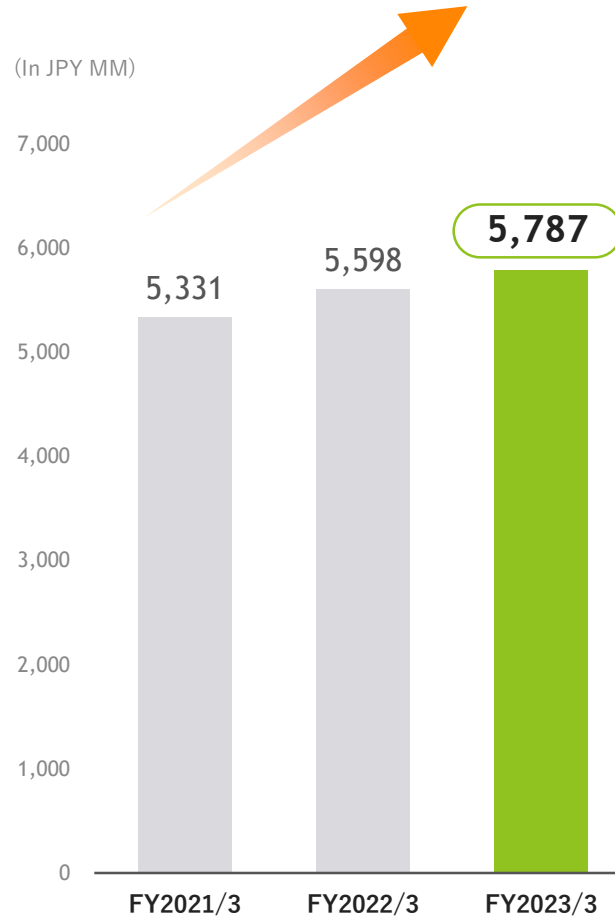
*2 Proportion of EBITDA to net sales

Consolidated Financial Results Trend

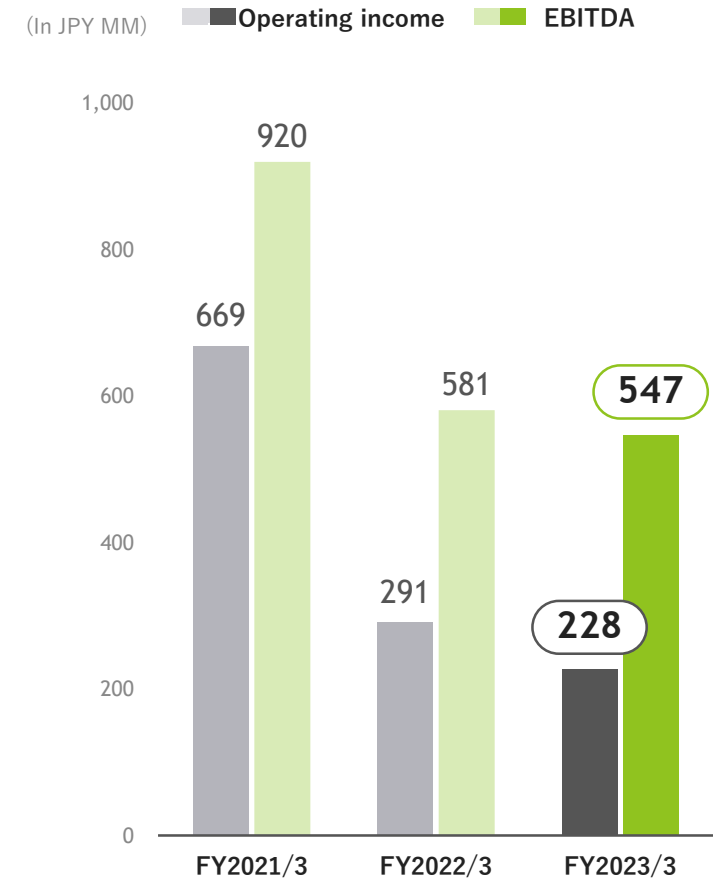
Sales reached record highs since the foundation.

Operating income and EBITDA fell.

Net sales



Operating income and EBITDA



Expenses (Cost of Sales and SG&A) Breakdown

Cost of sales increased by 1.8% YoY due to purchase for training services as sales for the service has increased.

SG&A increased by 7.0% due to personnel expenses and so on by the merger of shikaku square, Inc.

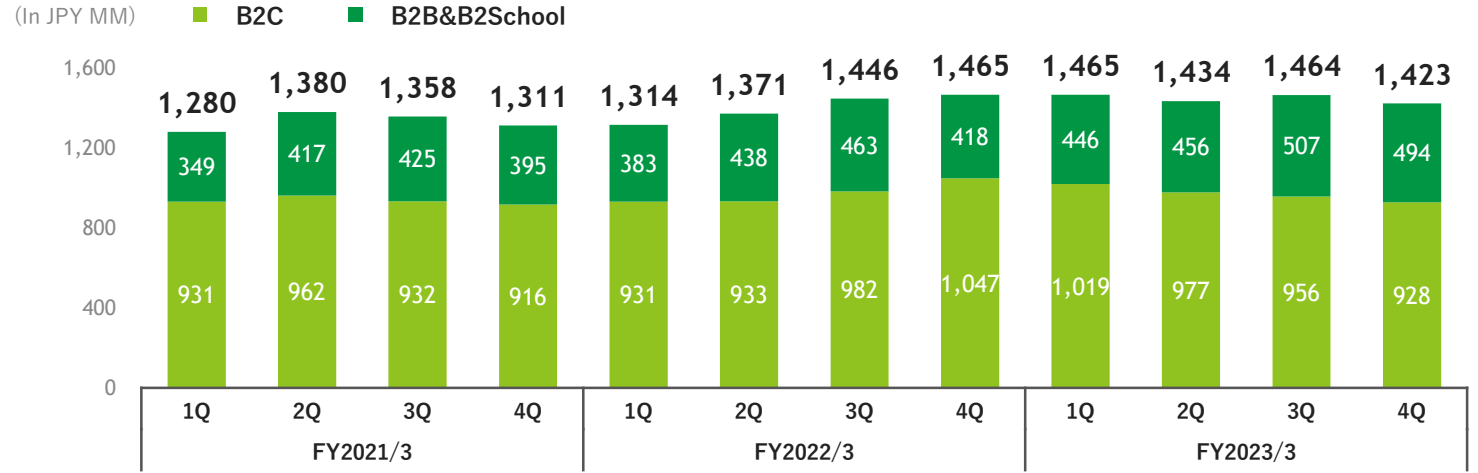
(In JPY MM)

	FY2022/3		FY2023/3		YoY (Ratio)	Factors
	Actual	Ratio to sales	Actual	Ratio to sales		
Cost of sales	2,307	41.2%	2,348	40.6%	+41 (+1.8%)	
Tutor fee	1,171	30.6%	1,603	27.7%	-107 (-6.3%)	The number of users and lessons per user decreased.
Others	596	10.7%	744	12.9%	+148 (+24.9%)	Purchase to provide training services increased.
SG&A	2,999	53.6%	3,210	55.5%	+210 (+7.0%)	
Labor cost	1,394	24.9%	1,513	26.2%	+118 (+8.5%)	The number of employees increased in shikaku square, Inc.
Advertising	419	7.5%	406	7.0%	-13 (-3.2%)	Advertising cost for B2C RareJob Eikaiwa decreased.
Others	1,185	21.2%	1,290	22.3%	+105 (+8.9%)	Depreciation on goodwill increased as shikaku square, Inc. joined the group.

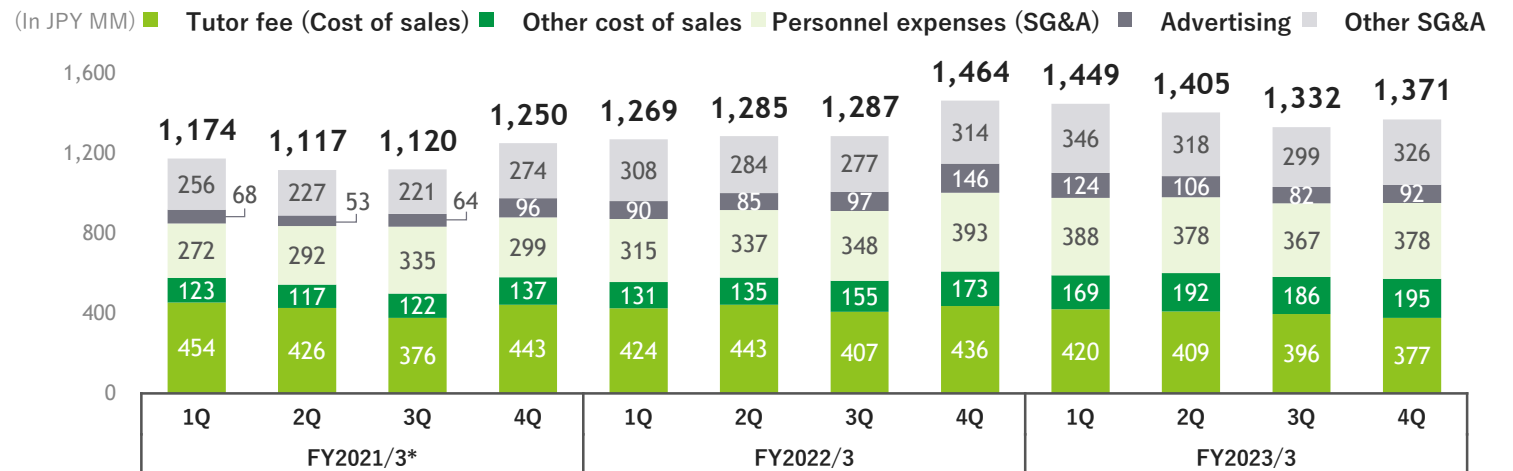
Breakdown of Quarterly Net Sales and Expenses (Cost of Sales and SG&A)

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

Net sales



Expenses

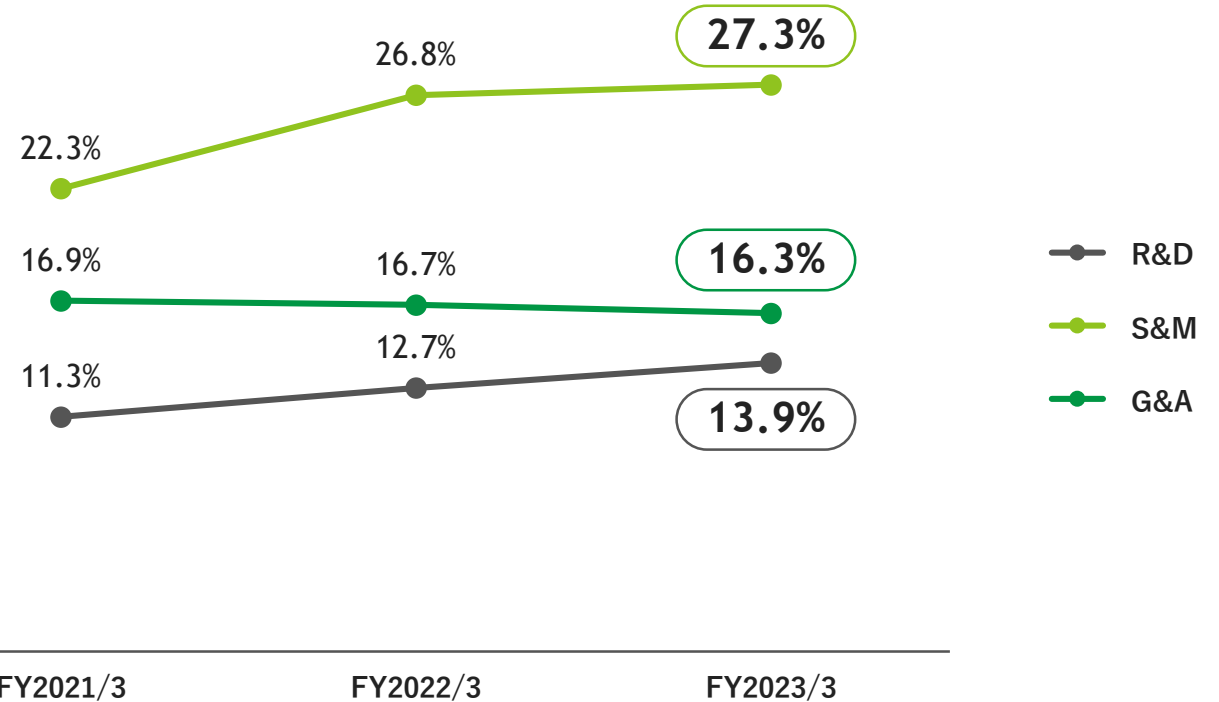


*Consideration has been given to changing the display method.

Transition of SG&A to Sales Ratio

Investments in R&D and S&M has been continuously carried out while making G&A expenses efficient.

R&D*1 · S&M*2 · G&A*3 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.

Consolidated Balance Sheets

Advance payment for a purchase of shares and long-term loan payable under fixed assets mainly increased due to the acquisition of BORDERLINK, INC.

(In JPY MM)

	End of March 2022	End of March 2023	Change
Current assets	3,503	2,934	-568
Cash and deposits	3,116	2,243	-873
Others	386	691	+305
Fixed assets	2,840	3,900	+1,060
Total assets	6,343	6,835	+491
Current liabilities	2,529	1,688	-840
Fixed liabilities	1,334	2,521	+1,187
Net assets	2,479	2,624	+145
Total liabilities and net assets	6,343	6,835	+491
Capital ratio	35.0%	35.5%	+0.5pt

Consolidated Statement of Cash Flows

Cash Flows from operating activities increased year on year.

Though 969 million yen was borrowed for purchase of shares, cash decreased due to 1,494 million yen for payment of shares and 300 million yen for repayment of working capital.

Free CF fell deficit due to active investments such as M&A and so on.

(In JPY MM)

	FY2022/3	FY2023/3	Change
Cash Flows from operating activities	292	471	+178
Income before Income Taxes and Others	267	287	+19
Depreciation and Amortization (Including amortization of goodwill)	289	319	+29
Other	-264	-135	+129
Cash Flows from Investing Activities	-1,507	-1,725	-218
Purchase of shares of subsidiaries and associates and so on	-961	-1,165	-204
Purchase of shares of subsidiaries resulting in change in scope of consolidation	-278	0	+278
Other	-267	-560	-292
Cash Flows from Financing Activities	1,464	371	-1,093
Proceeds from long-term loans payable	1,450	2,159	+709
Other	14	-1,788	-1,803
Cash and cash equivalents at the end of year	3,121	2,243	-878
FCF	-1,214	-1,254	-39

02



Mid-term Business Plan

RareJob's Vision and Purpose

Our vision is to create a society by technology where everyone can grasp a chance to unlock their potential and be valued.

We aim to be an AI assessment company to support learning of people in the world for various skills.

Vision

Chances for everyone, everywhere.

Purpose

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

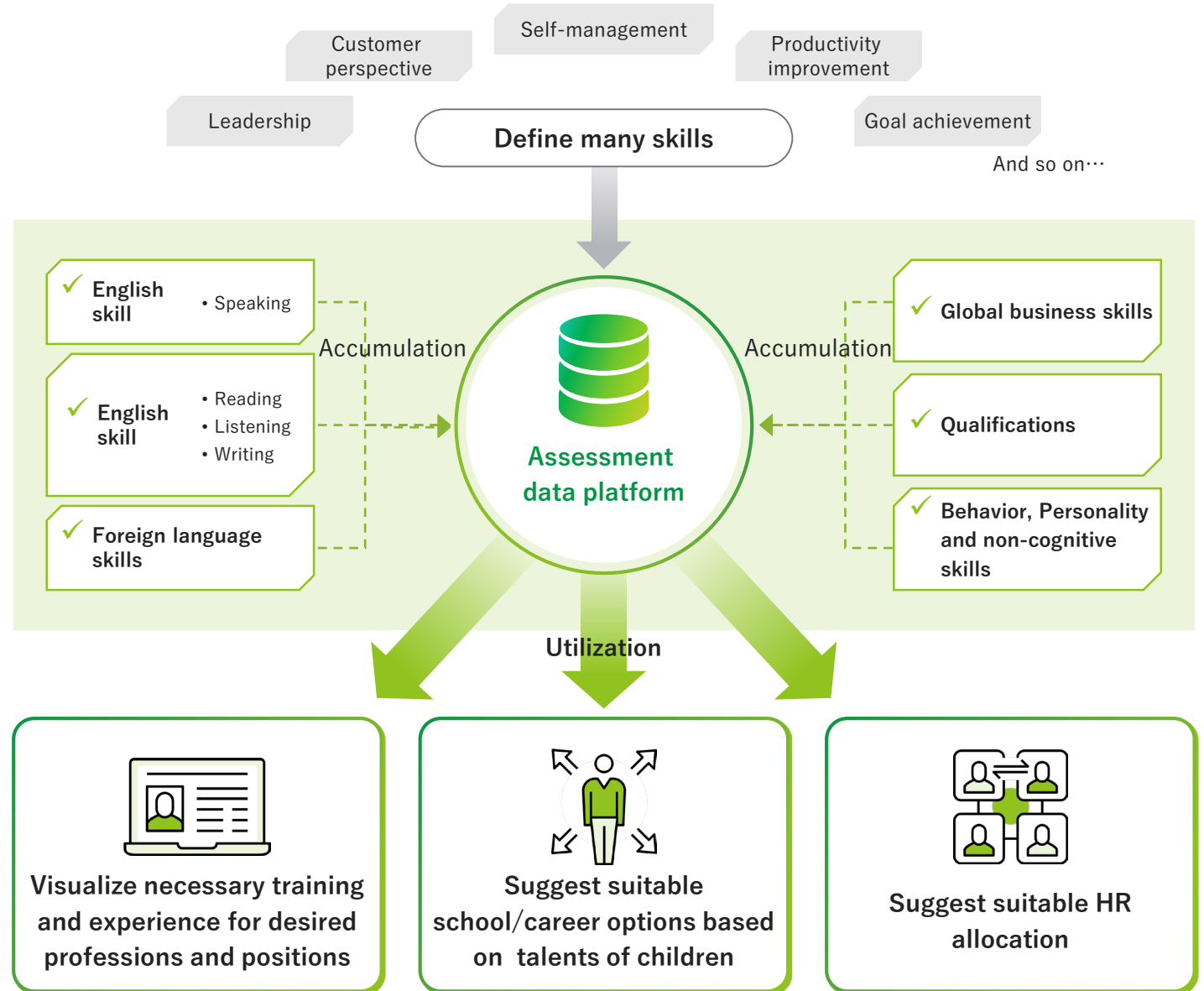


We will utilize AI and data to support learning of people in the world as
“AI assessment company”

View of AI Assessment Company

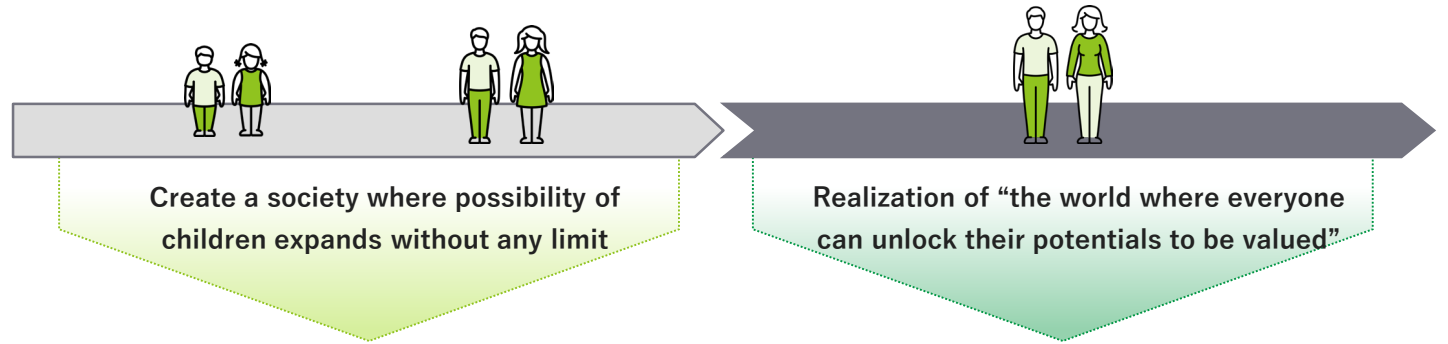
Technology turns abilities, experiences and aptitudes of people turn into portable data.

We describe a future which everyone can unlock one's potential to succeed and be valued.



Classification of Business Segments and Focus on Issue of Each Area

High-quality services will be provided to solve learning issues by classifying our services into child-oriented and adult-oriented businesses.



Childcare Support Business

Issue

Keep needing to look for a method to be able to speak English until grow adults

Educational programs will be established to support growth of children who will succeed globally by educational opportunities with high quality bringing out children potentials

Reskilling-related Business

Issue

Efficient skill acquirement is important to deal with rapid-changing contemporary society



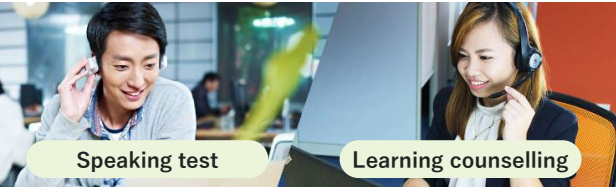




Service to fill a gap between a current situation and goal will be developed by utilizing technology to visualize current skills and provide optimized learning methods

“ Assessment data platform connecting learning from early childhood to adults will be established in the future. ”



Summary for Reskilling-related Business

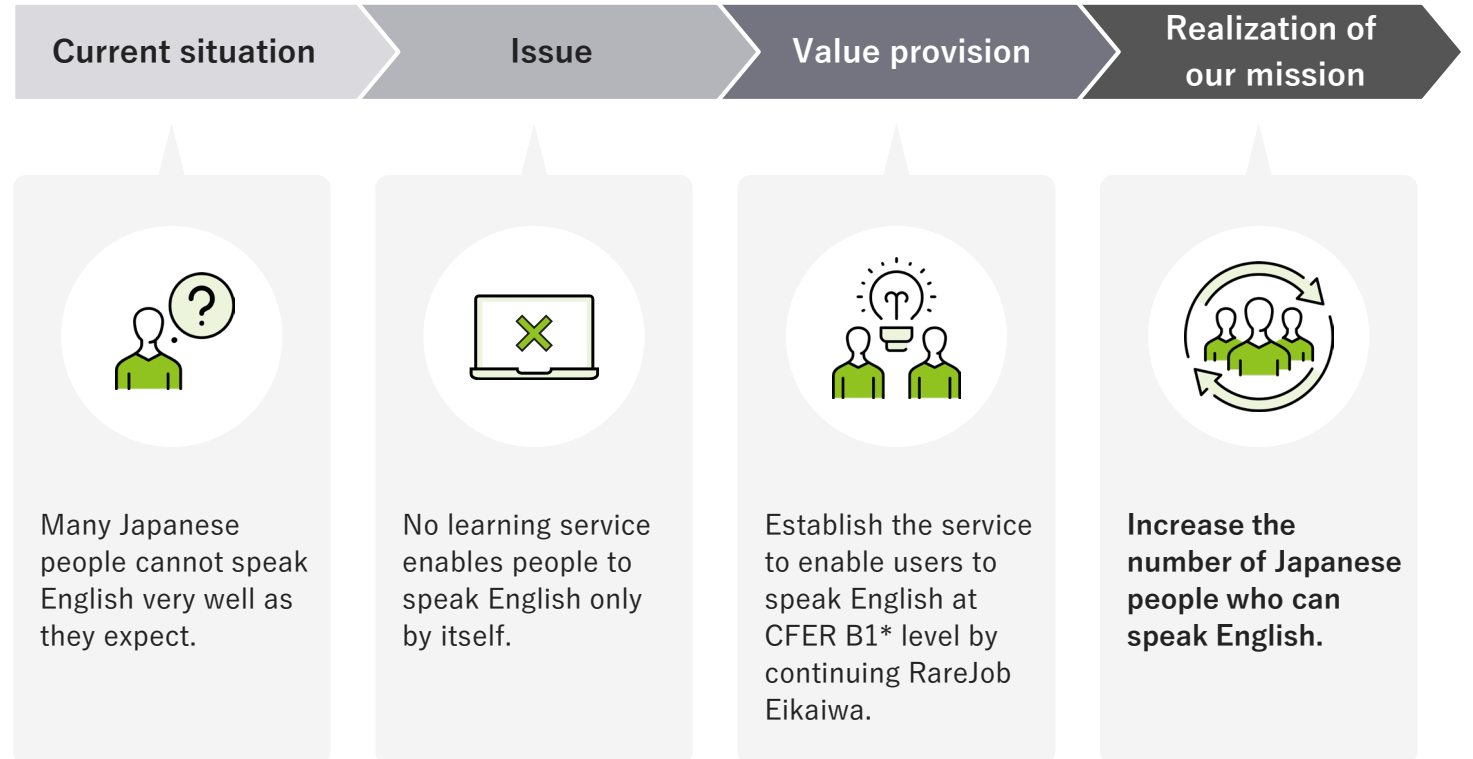
Learning services for corporate clients and individual customers to become global talent with a focus on English speaking learning are provided.

B2B	B2C
 – Automated business English speaking test	
 <ul style="list-style-type: none"> ● RareJob Eikaiwa – Daily conversation course – Business English course – English for teenagers course 	 <p>Speaking test Learning counselling</p>
  <ul style="list-style-type: none"> ● Smart Method® Course – Online results-guaranteed English speaking learning program 	
<ul style="list-style-type: none"> ● Training solution service – Training programs for global leader development 	 <ul style="list-style-type: none"> – Online learning program for legal professional qualifications
 <ul style="list-style-type: none"> – Learning programs for a practical English communication skill 	
<p>*It will expand the service for B2C</p>	

Growth Strategy for Reskilling-related Services **1**

RareJob Eikaiwa will be developed as the value-added service, then our users can speak English only by continuing RareJob Eikaiwa.

Value addition for online English speaking services



* CFER is an international standard for describing language ability. CFER B1 indicate to be able to have daily conversation. It is the third level from the bottom of the six levels.

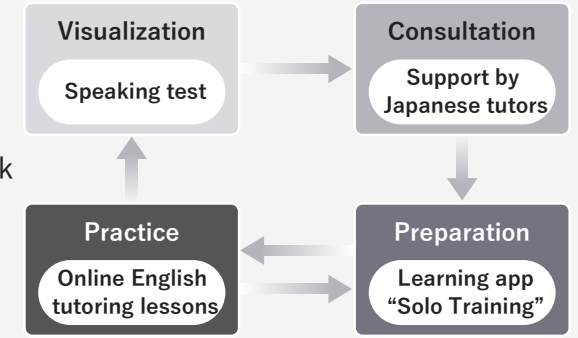
Initiatives for Growth Strategy for Reskilling-related Services 1

Establishment of suitable learning cycle and technology utilization will be our focuses as the service to enable users to speak English.

01

Establishment of learning cycle

- Establishment of learning cycle to enable our users speak English at CEFR B1.



02

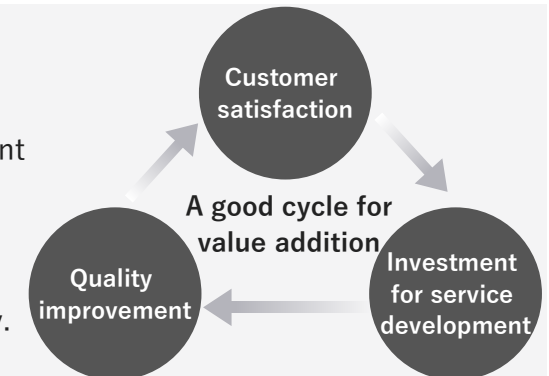
Release of new service used AI

- Learning optimization and streamlining by technology.
- A new function using ChatGPT was launched at April.

03

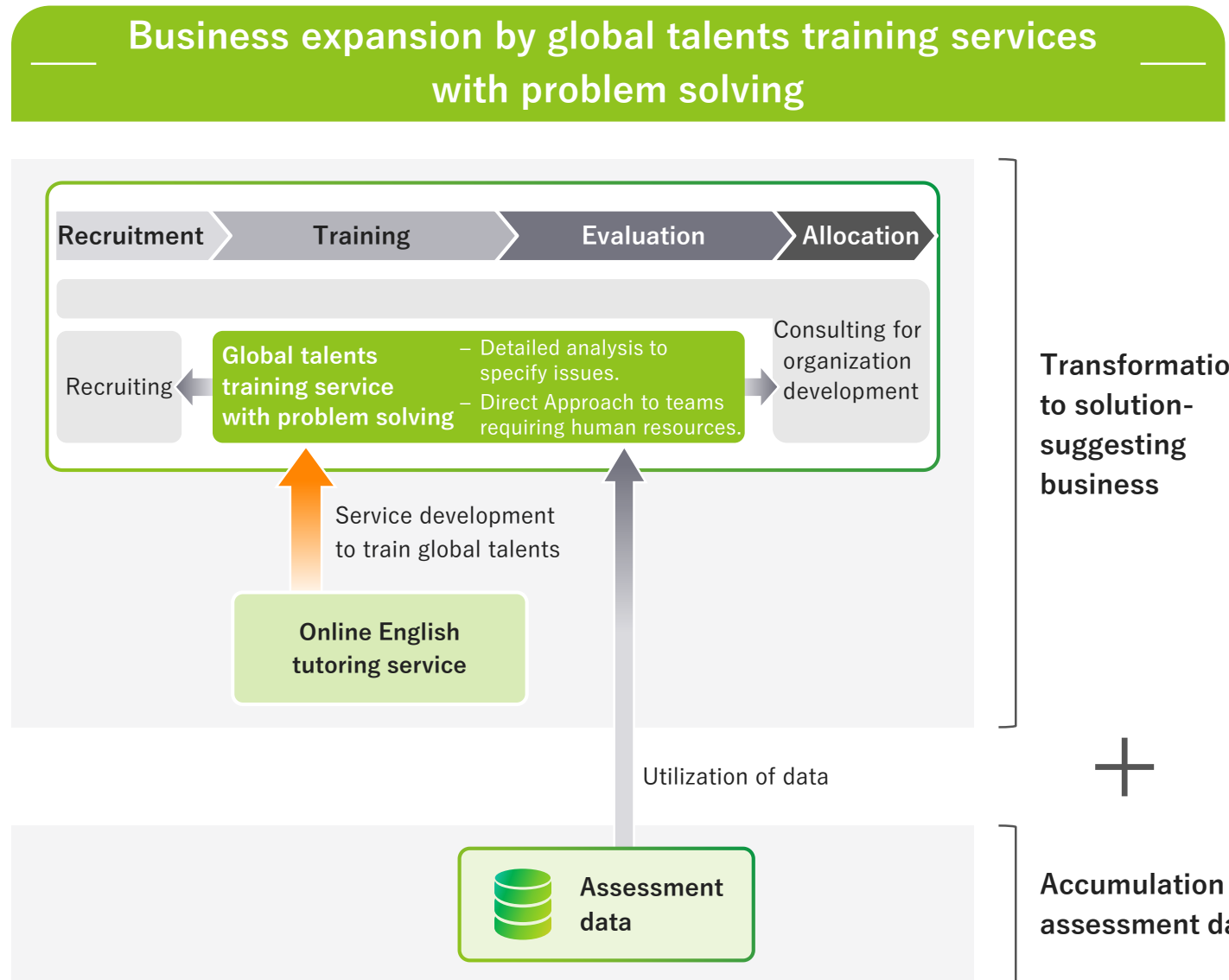
Revision of service prices

- A good cycle will be realized for higher value-added services by quality improvement and investment for further development.
- Stable high-quality services will be realized in the face of global price hikes and currency instability.



Growth Strategy for Reskilling-related Services 2

Our services will be focused to the provision of global talents training services with problem solving based on assessments in addition to online English tutoring services.

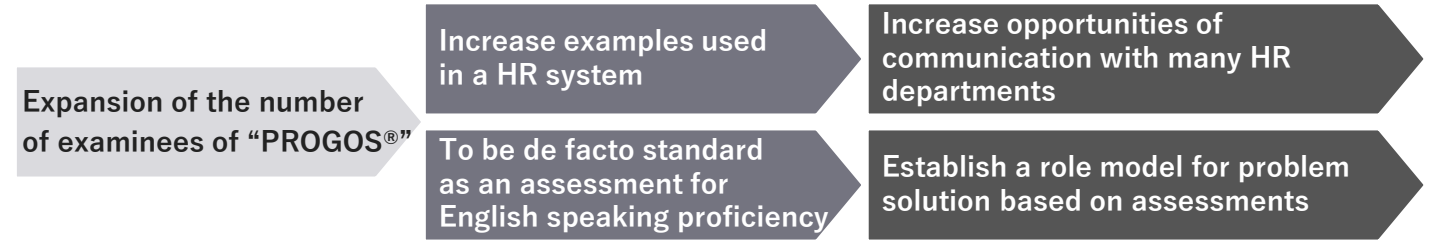


Initiatives for Growth Strategy for Reskilling-related Services 2

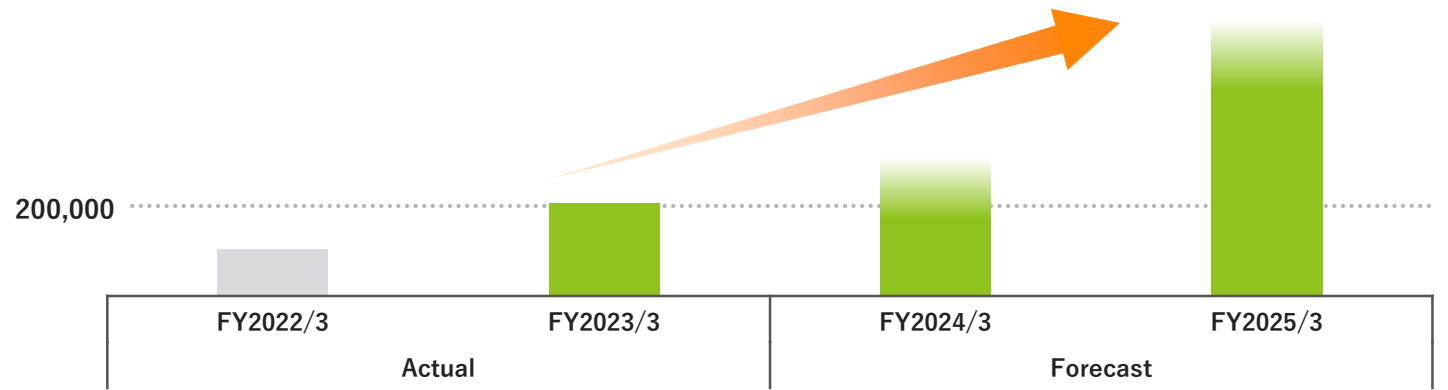
Penetration of AI English speaking assessment “PROGOS®” will be promoted as the first step to change our business to provision of global talents training with suggesting solution.

Penetration of “PROGOS®”

- Increase examples to utilize data accumulated by expansion of the number of examinees for HR system.
- Standardization as an assessment for English speaking proficiency.
- Establish a role model of cycle from assessment to problem solution.
- Increase opportunities of communication with many HR departments.



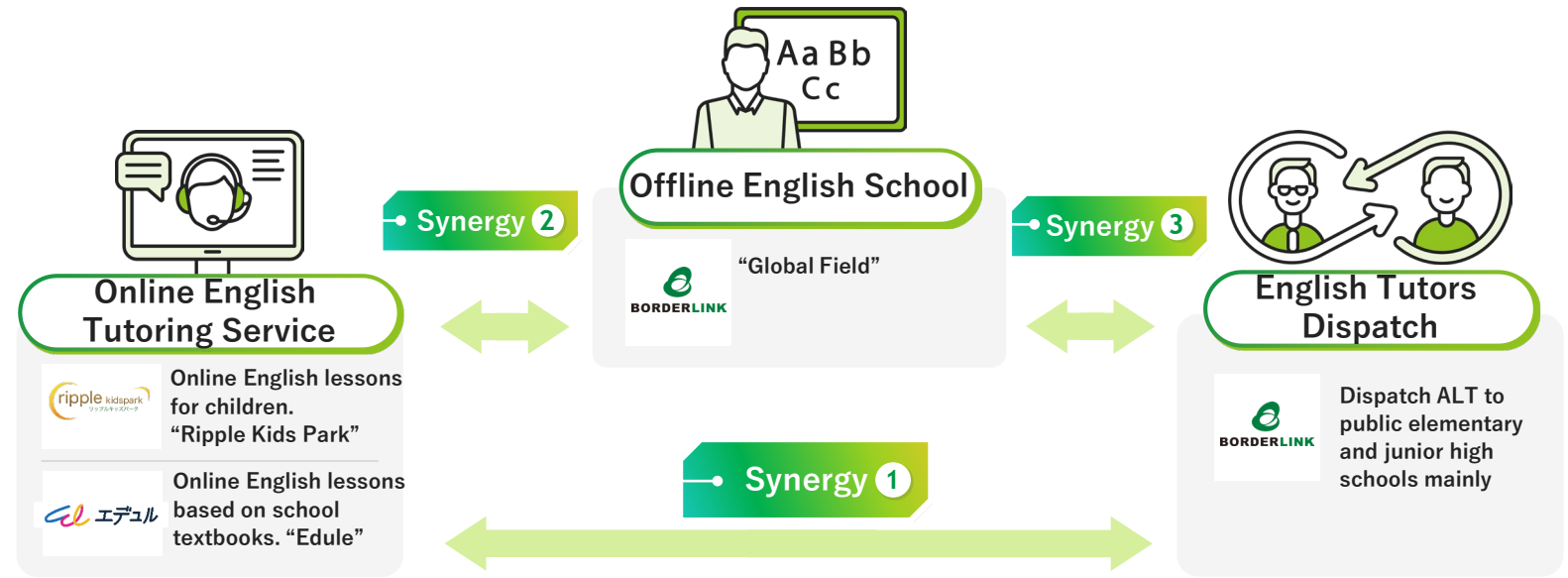
Projected transition of the number of examinees of “PROGOS®”



Initiatives for Growth Strategy for Childcare Support Services

Accelerating the provision of online and offline integrated English speaking tutoring services to optimize people’s learning.

Nursery business is on consideration.



Synergy 1

Provide “Edule” for municipal offices
Distribute free or paid tickets for online English lessons based on school textbooks “Edule” to municipal offices dispatching ALTs, which increase the number of B2C customers by this.

Dispatch online English tutors as ALTs
Utilize online English tutors in our group as ALT to secure human resources. Strengthen competitiveness of our recruitment activity and improve quality of tutors.

Provide online lessons by ALT during long school holidays
Improve productivity of tutors’ by providing online lessons by ALT during long school holidays

Synergy 2

Co-development of English speaking lesson service for children
Online / Offline English lessons will be integrated in a curriculum. With learning achievement of children, we aim to introduce the service to other childcare facilities managed by other companies.

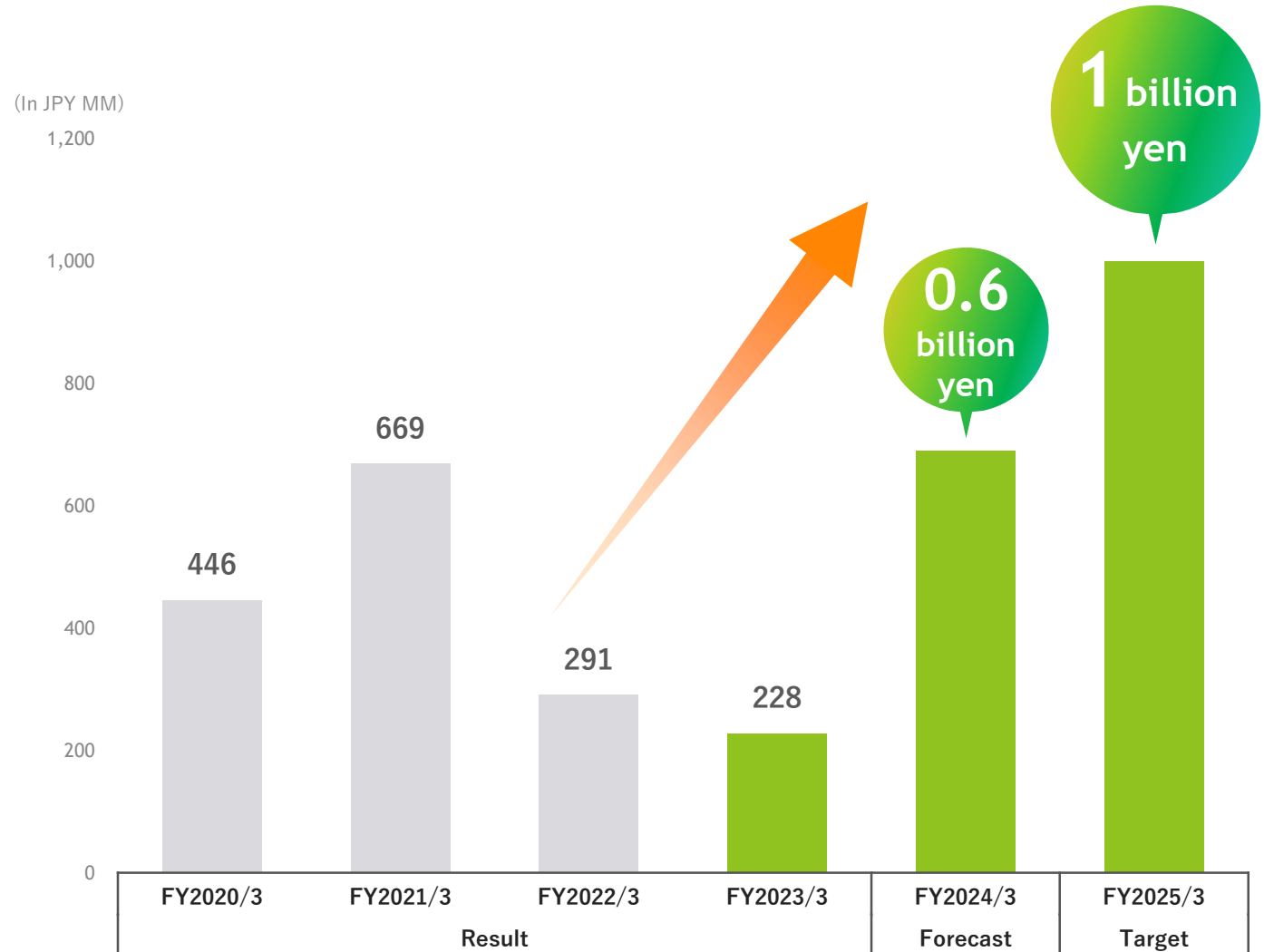
Synergy 3

Dispatch ALT to offline English schools
English tutors will be shared in our group to secure human resources for stable employment and active recruitment. Highly skilled English tutors by various teaching experience will differentiate our service from other providers.

Management target

A billion yen for Operating income will be achieved in FY2025/3 by implementing our growth strategy.

Growth transition for operating income



Compliance with TSE Prime Market Listing Maintenance Criteria

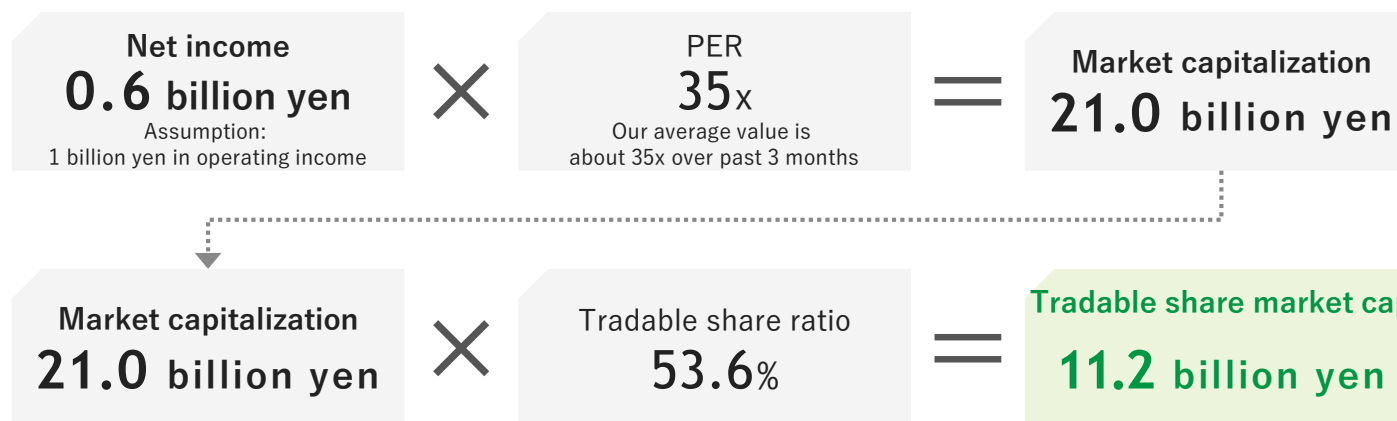
The criterion for “tradable share market cap” has not been met on March 31, 2023.

Business expansion and IR activities to be appropriately evaluated have been promoted to aim for keeping us listed on TSE prime market.

	The number of tradable shares (units)	Tradable share market cap (In JPY MM)	Tradable share ratio (%)
RareJob (As of March 31, 2022)	52,497	5,581	53.6
Listing Maintenance Criteria	20,000	10,000	35
Current compliance	Pass	Fail	Pass

*All figures are based on our calculations.

Plan to pass the listing maintenance criteria



03



FY2024/3 Plan

Actions for FY2024/3

Net sales

10,000 million yen

YoY +72.8%

EBITDA

1,000 million yen

YoY +82.6%

Operating income

600 million yen

YoY +162.8%

Main actions

- Service and price revision for RareJob Eikaiwa will be promoted. New plans were launched in April for B2B. The plans were applied to B2C in May.
- Learning experience and efficient learning will be promoted by new functions using AI.
- Promotion of PROGOS® will be continuously carried out.
- Business model of the childcare support segment will be strengthened.

FY2024/3 Plan

Sales and profit growth will be achieved by ALT and offline English school business of BORDERLINK, INC.

(In JPY MM)

	FY2023/3 Results	Guidance for FY2024/3	Change YoY
Net sales	5,787	10,000	+72.8%
EBITDA*2	547	1,000	+82.6%
Operating income	228	600	+162.8%
Ordinary income	279	530	+89.7%
Net income attributable to owners of parent	194	400	+106.1%
EBITDA ratio	9.5%	10.0%	+0.5pt
Operating profit ratio	3.9%	6.0%	+2.1pt
ROE	8.4%	Over 10.0%	-

*Budget rates for FY2024/3 are 1 USD=135 yen and 1 Pilipino peso is 2.5 yen.

*However, expecting cost, 390 million peso as a part of tutor fee will be calculated based on 1 Pilipino peso= 2.34 yen due to forex hedge.

FY2024/3 Plan Breakdown based on segments

Net sales will greatly increased due to the addition of ALT business by BORDERLINK, INC. to childcare support business in FY2024/3.

(In JPY MM)

		FY2023/3 Results	Guidance for FY2024/3	Change YoY
Reskilling-related Business	Net sales	5,316	5,500	+3.5%
	B2C	3,517	3,600	+2.4%
	B2B&B2School	1,799	1,900	+5.6%
	Segment operating income	—	900	—
Childcare Support Business	Net sales	471	4,500	+855.4%
	ALT	—	4,000	—
	Online English tutoring (Online/Offline)	471	500	+6.2%
	Segment operating income	—	60	—
Adjustment		—	-360	—
Total	Net sales	5,787	10,000	+72.8%
	Operating income	228	600	+162.7%

*Sales of services for under 18 years old provided by Envizion, Inc. such as Ripple Kids Park were classified for B2C sales, but will be childcare support since April 2023.

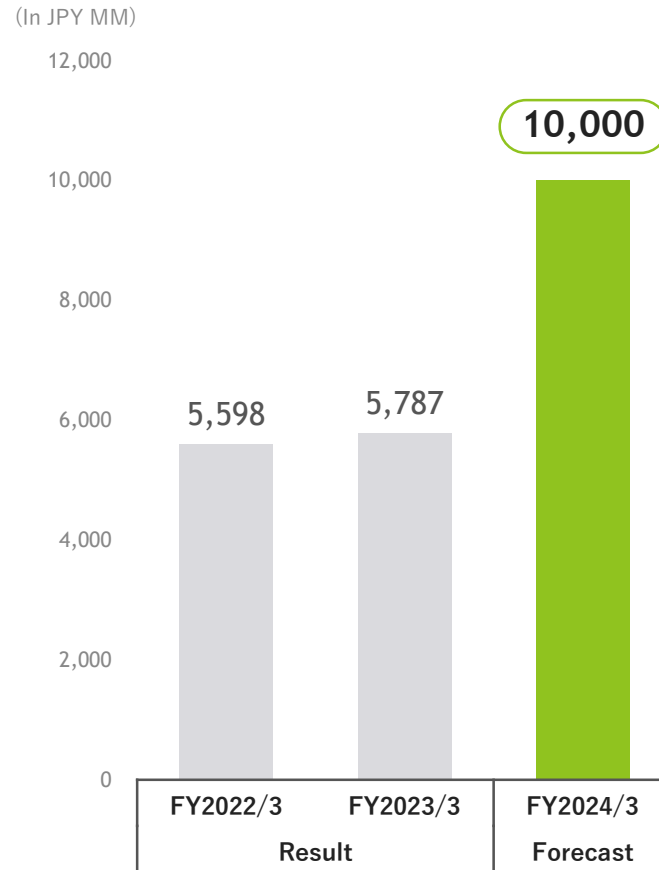
*Adjustment includes common cost of the group is not distributed to each segment.

*Sales results for FY2023/3 are re-calculated based on new segments in FY2024/3.

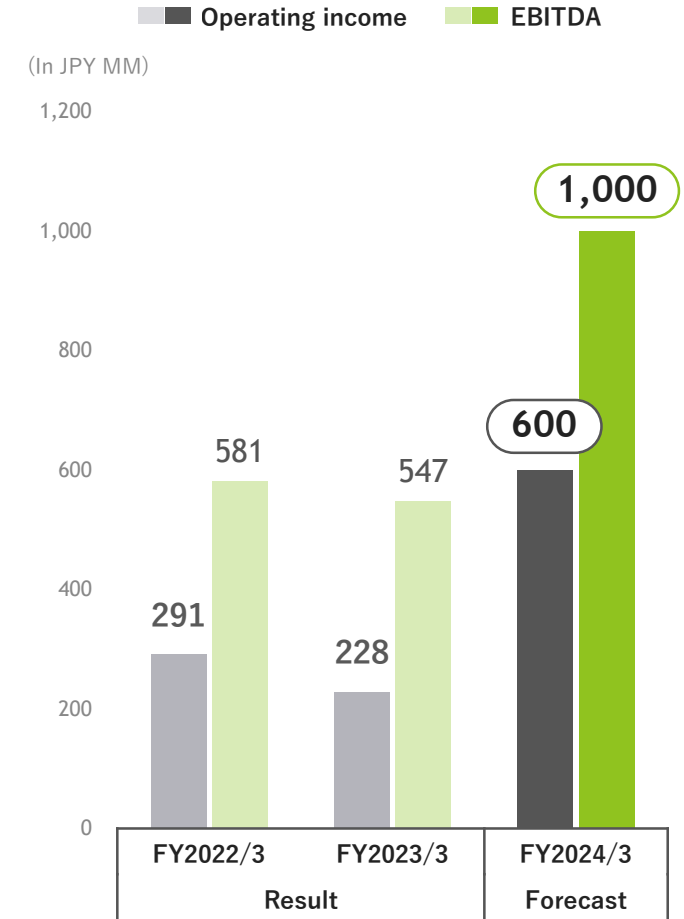
Consolidated Financial Results with FY2024/3 forecast

Net sales, operating and EBITDA will greatly increase due to service and price revisions and M&A.

Net sales



Operating income and EBITDA

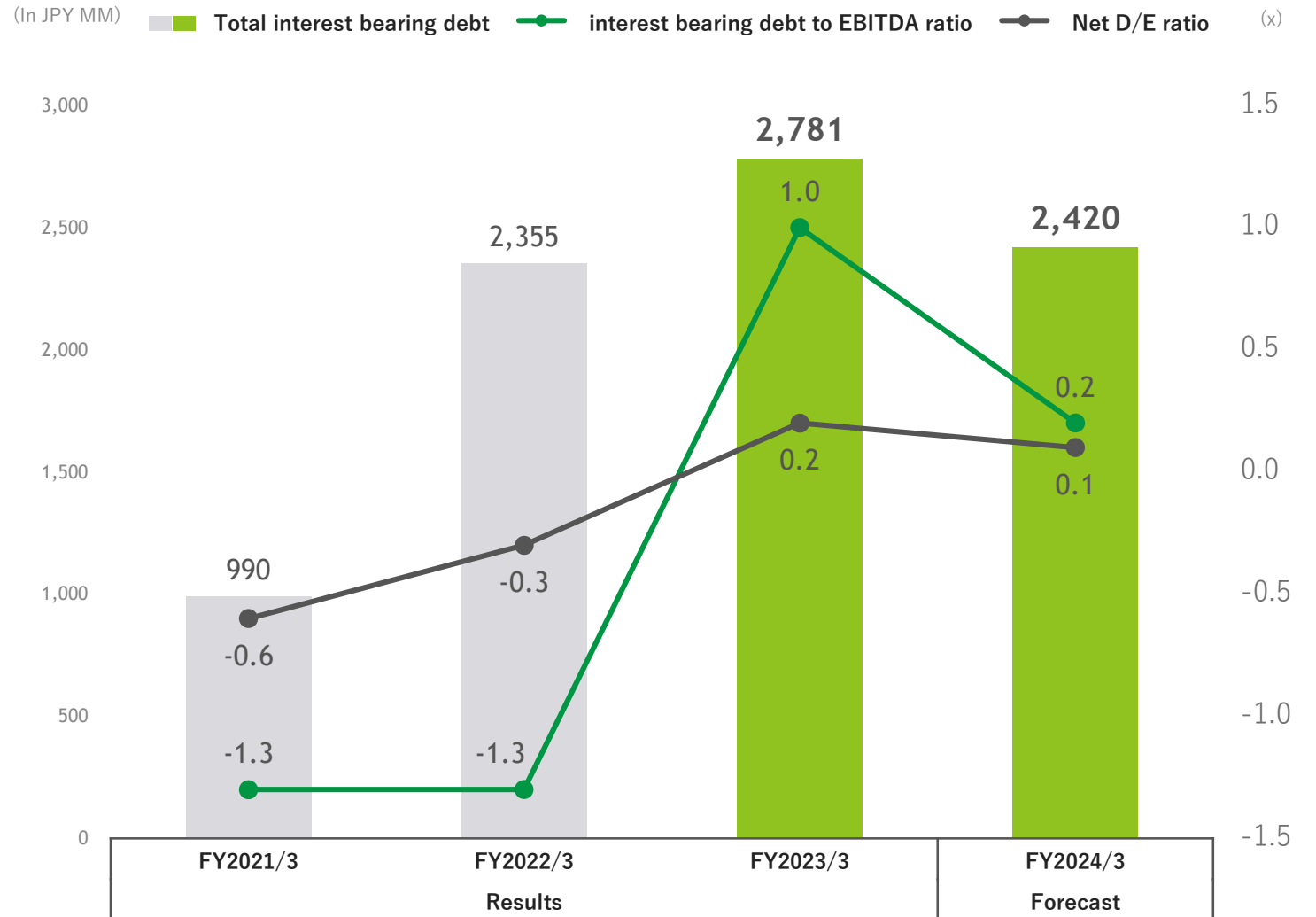


Financial Health

Our financial health is managed by interest bearing debt to EBITDA ratio and net debt to EBITDA.

Though interest bearing debt increased in FY2023/3, it still remains safe level.

Transition of total interest bearing debt, interest bearing debt to EBITDA ratio and net debt to EBITDA ratio

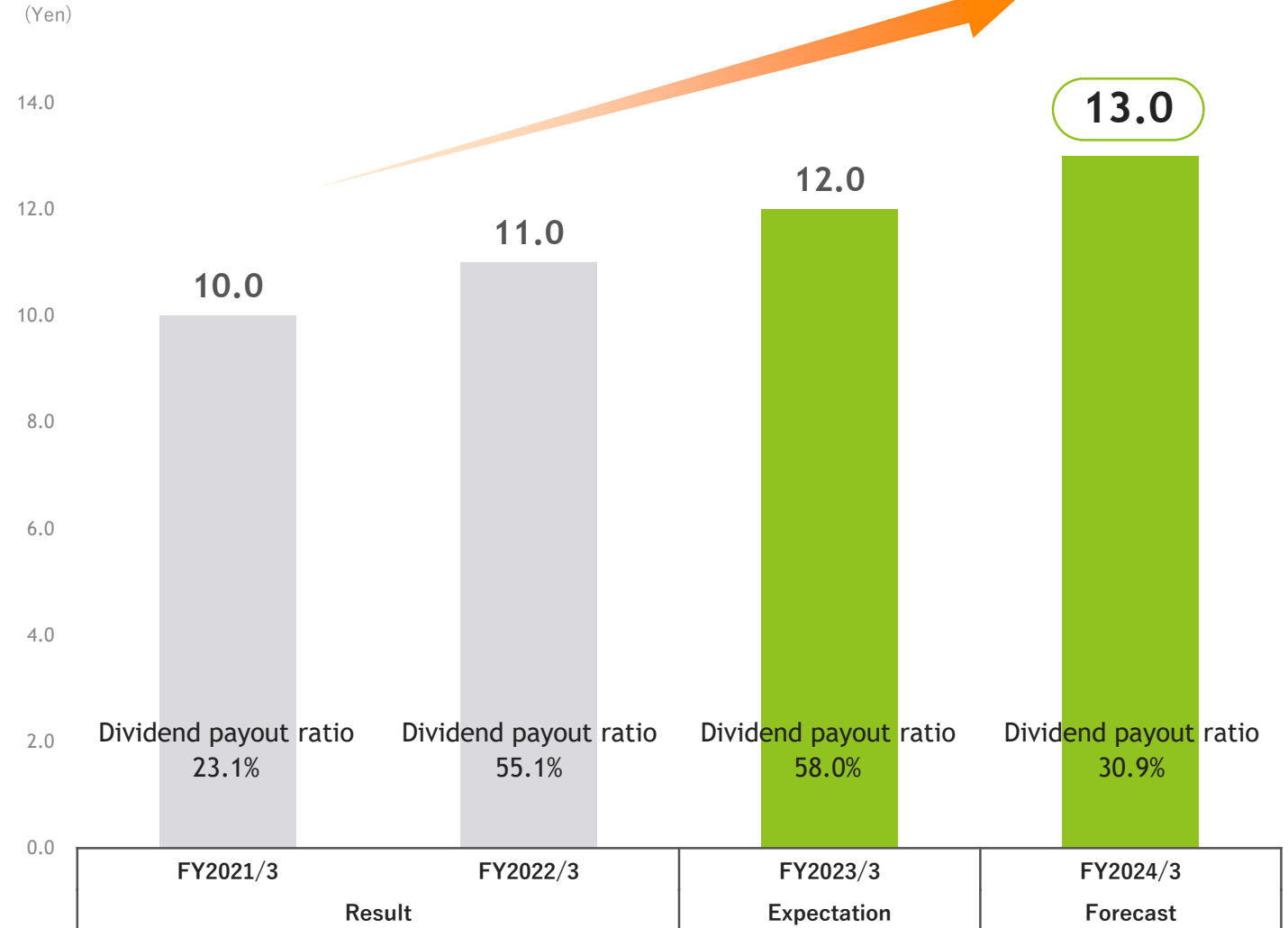


*Total interest bearing debt doesn't include lease liability.

Dividend Policy

Our policy is to realize stable and continuous dividends to our shareholders. We aim to increase dividends constantly for the time being.

Transition of DPS



04



Appendix

Summary

Name	RareJob, Inc.
Location	2F Kyocera Harajuku Building, 6-27-8 Jingumae, Shibuya-ku, Tokyo
Established Date	October 18, 2007
Capital	644,725 thousand Yen (As of March 31, 2023)
Market	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. K12 Holdings, Inc. BORDERLINK, INC.
Directors	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)



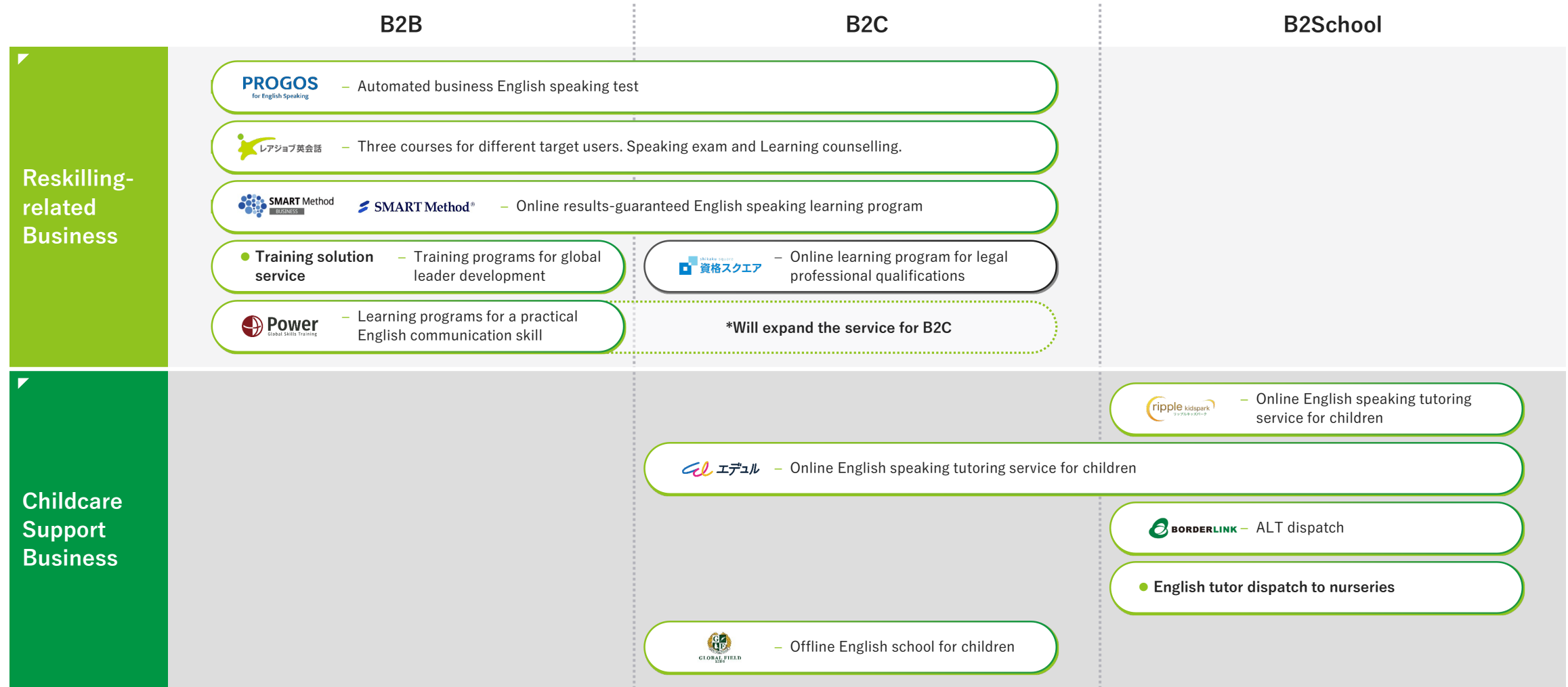
Vision

“ Chances for everyone, everywhere. ”

Purpose

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

The Service list of the RareJob Group



Human Capital of the RareJob Group to Support Sustainability

Everyone in the world can have an opportunity to get a “Rare Job”.

This founding philosophy of RareJob is to realize a sustainable world.





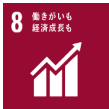


We encourage our employees to embody our vision, “Chances for everyone, everywhere”.

Perspectives to be taken as human capital	KPI	As of March 31, 2023
Opportunities	Promoting diversity	Ratio of female managers 21.1%
		Ratio of female members of board of directors in the group 33.3%
	Localization of overseas subsidiaries	Ratio of locals in the board of directors in overseas subsidiaries 60.0%
Providing training to take a next step	Providing training mainly for English speaking	Training hours per employee* 8.2 hours
Visualizing the current situation	Enhancing English speaking skills to succeed globally	Ratio of PROGOS score B1 or higher 51.6%

*Results for 2022/4-2023/3.

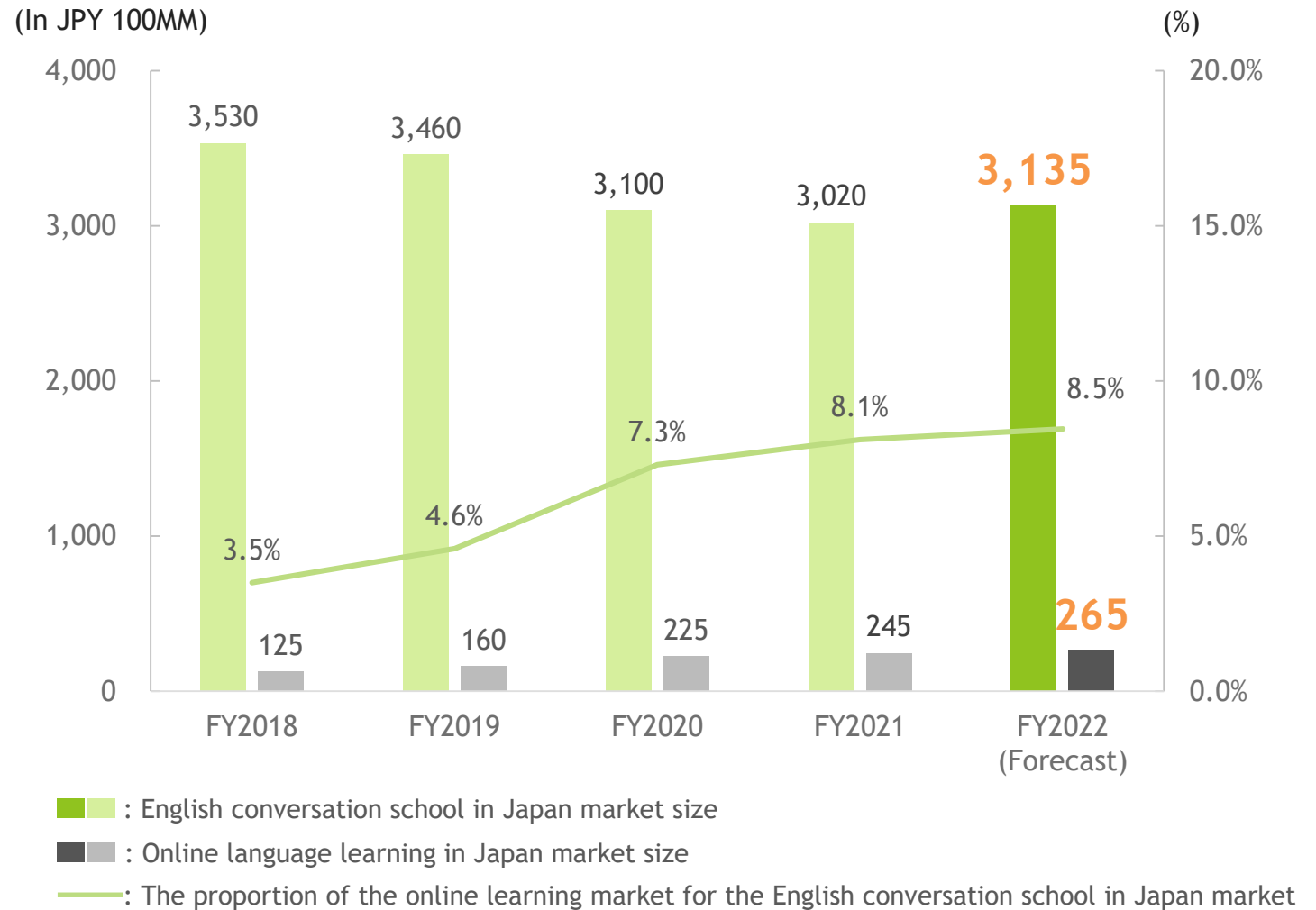
Initiatives for SDGs/ESG

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.

E		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.
S		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 the 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.
		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.
G		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.

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.

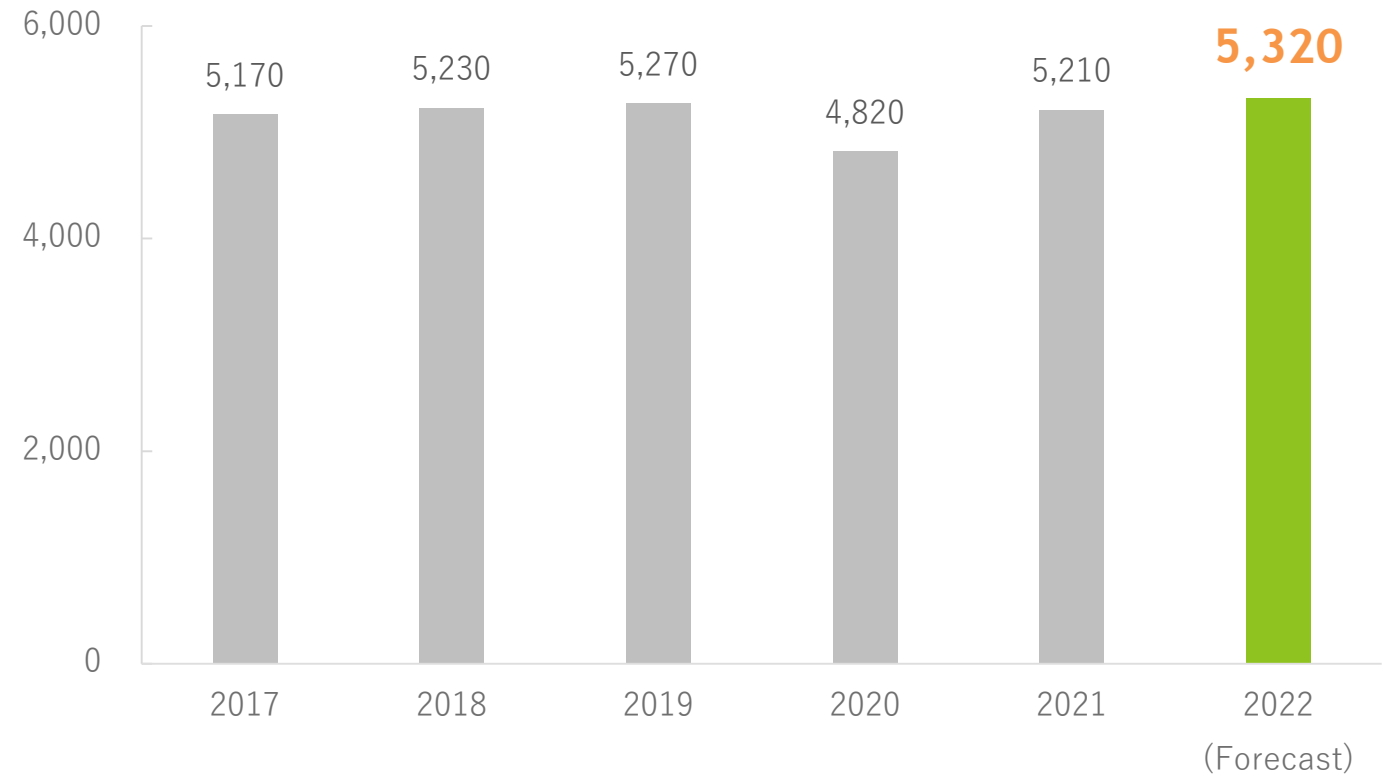


Source: Yano Research Institute, "Language learning business report 2022"

Corporate training market size

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

(In JPY 100MM)



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. (hereafter, "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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