

RareJob, Inc.

Financial Results for the Three Months Ended June 30, 2023

August 14, 2023



Agenda

1. FY2024/3 1Q Results
2. FY2024/3 Plan
3. Business Updates
4. Growth Strategy

Appendix

1. FY2024/3 1Q Results

FY 2024/3 1Q Results Summary

Net sales hit record highs and rose by 79.5% year on year.

- Significant increase in net sales has been seen as ALT*¹ dispatch business by BORDERLINK, INC. joined.

Operating income rose by 1,068.9% year on year.

- Significant increase in operating profit has been seen because ALT dispatch service joined in our group and reskilling-related business has improved its profit margin.

PROGOS, the AI automated scoring exam for English speaking, accelerated its recognition and penetration by adding functions and expanding overseas.

- Promote an introduction of HR system by a launch of online proctored exam to enhance reliability.

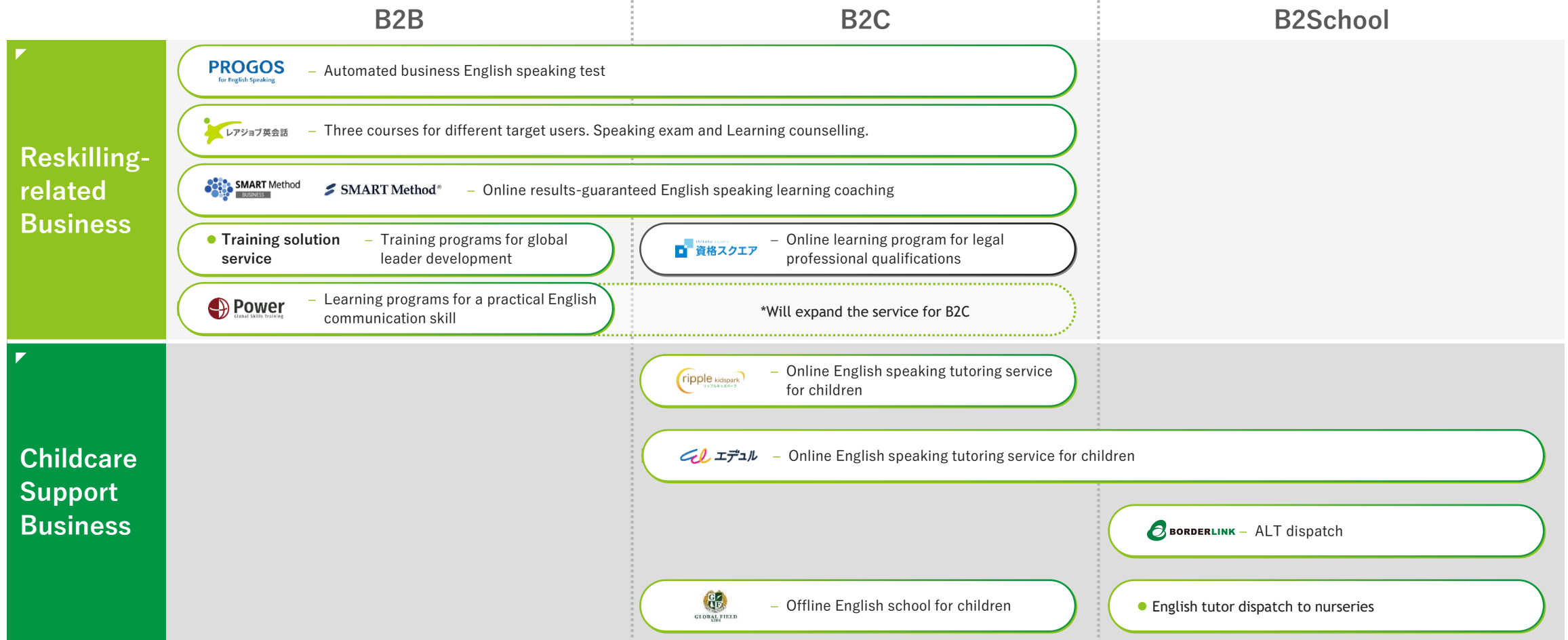
Service and Price revision of RareJob Eikaiwa to all members was conducted.

- Following price revision to new members in October 2022, price revision to all members were conducted and this increased a unit price.

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

Change for Business segments

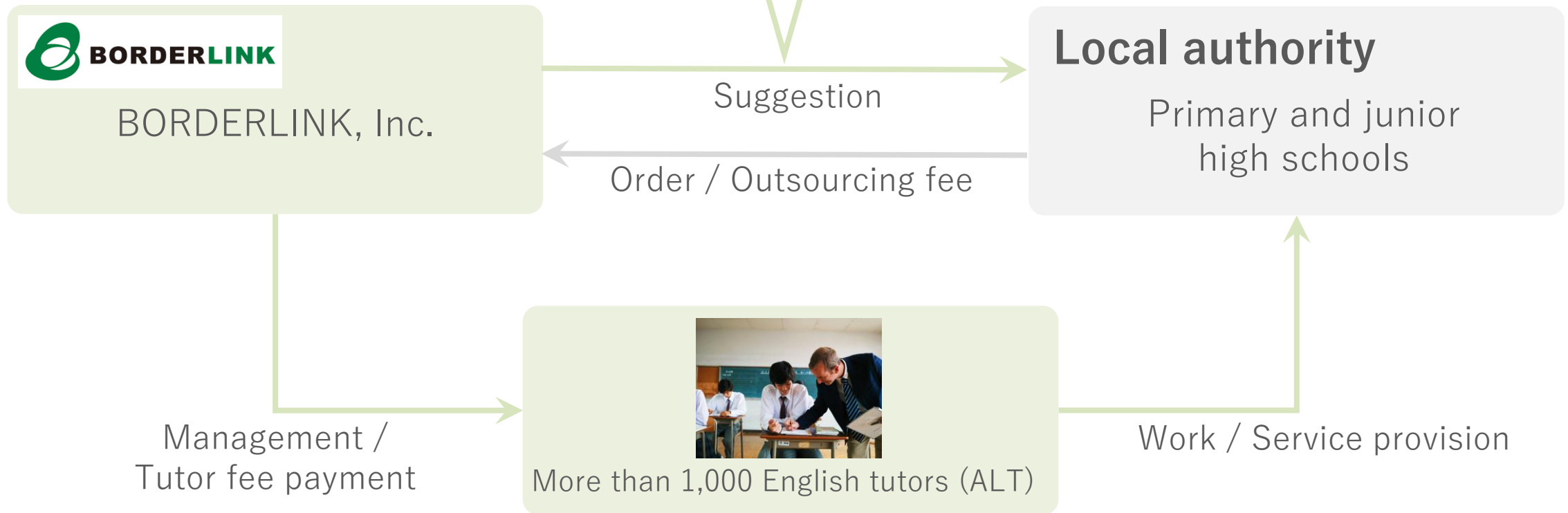
Our businesses used to be grouped into one segment, English-related business. Following 100% acquisition of BORDERLINK, two segments are created, reskilling-related and childcare support businesses.



Business Model for ALT Dispatch Business (1/3)

The ALT dispatch business managed by BORDERLINK, which joined in our group since FY2024/3, sends ALTs to mainly primary and junior high schools.

About 95% of orders are confirmed during January and March of the previous fiscal year.



Business Model for ALT Dispatch Business (2/3)

As net sales are recorded as the service provides, net sales decreases during long holidays like a summer vacation.

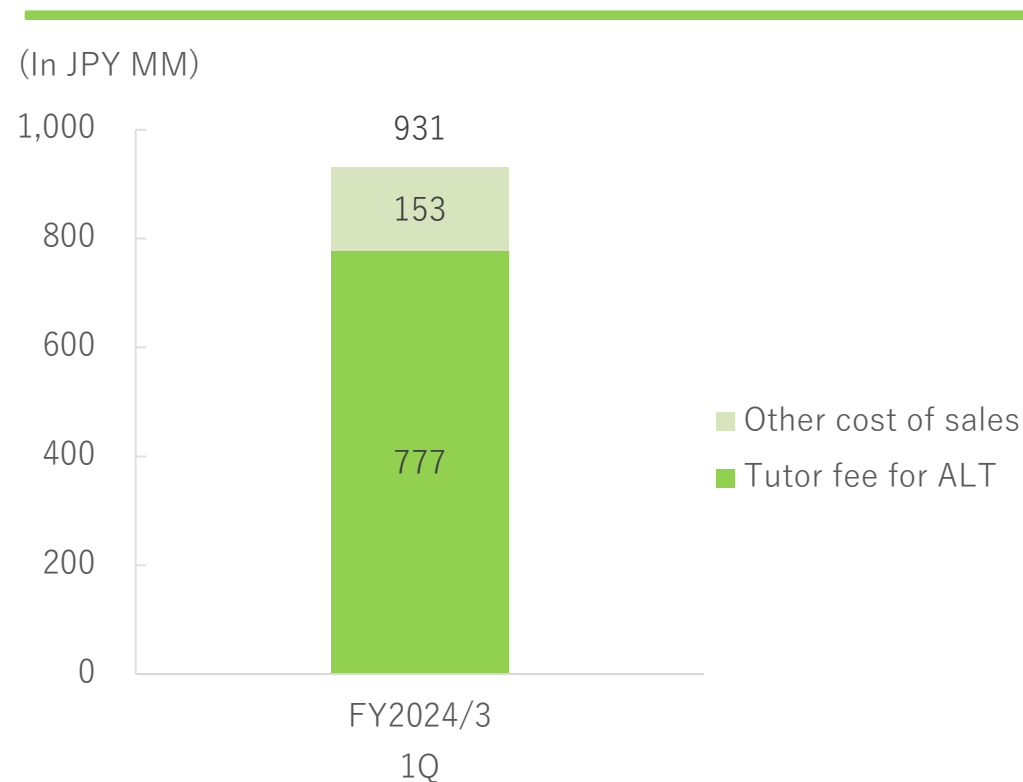
Quarterly Net Sales



Business Model for ALT Dispatch Business (3/3)

Tutor fee for ALT accounts for 80.0% of cost of sales for ALT dispatch business. Profit margin for 1Q is 23.3%.

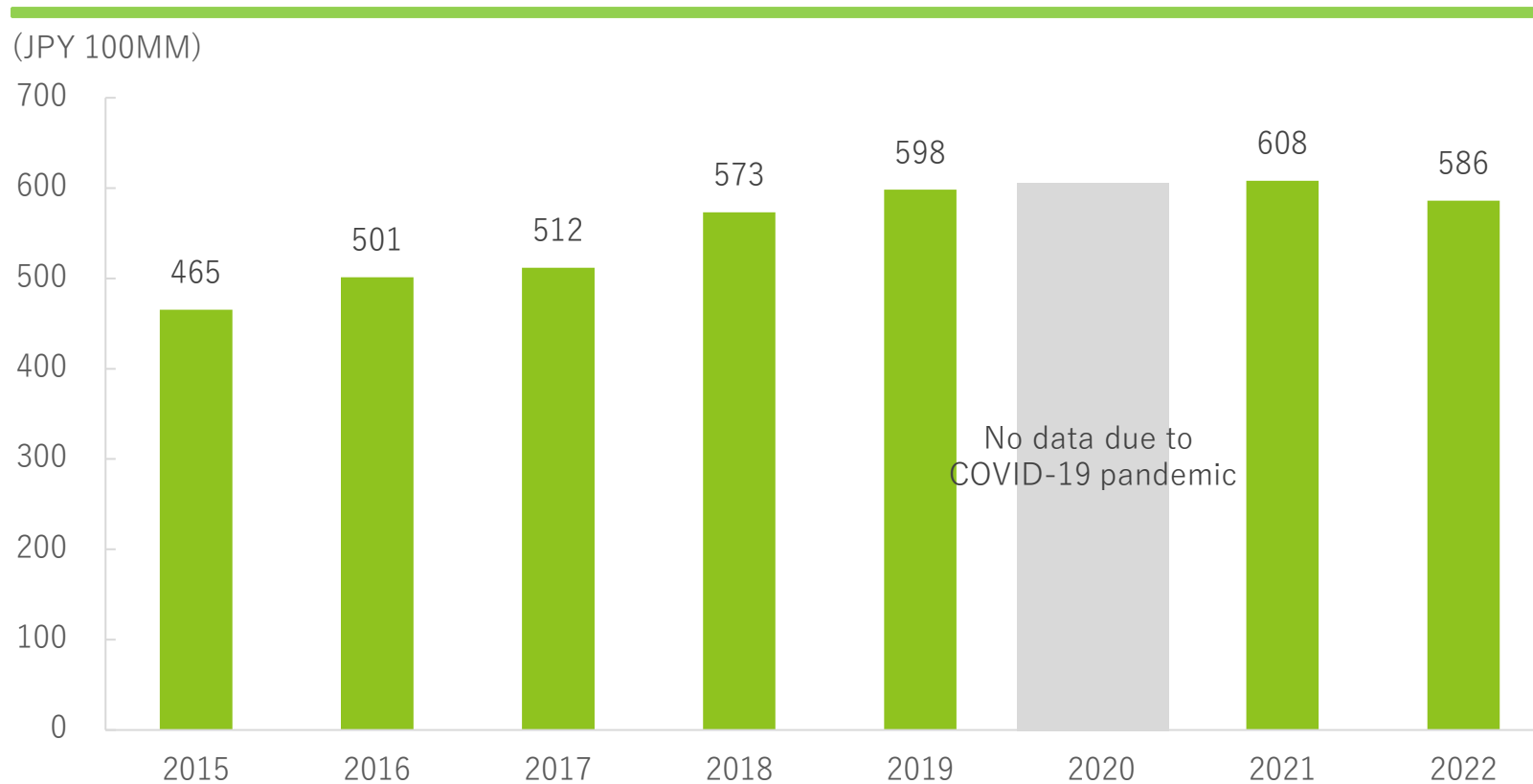
Breakdown for Cost of Sales



ALT dispatch market (1/2)

Though the market size shrank temporarily due to COVID-19 pandemic, the size is still close to about 60 billion yen.

Yearly Market Size Transition

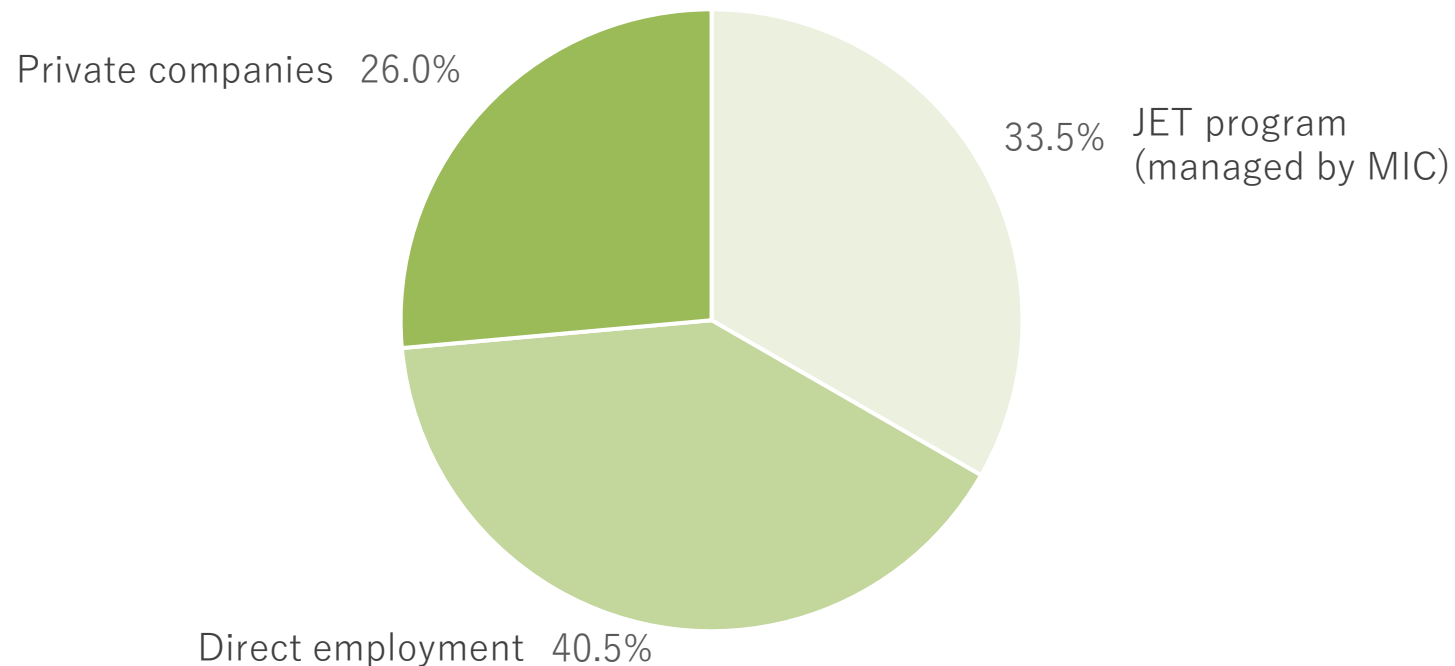


*RareJob estimated this based on the number of ALT excluding others from "Survey for Status of English Education" by MEXT and unit cost per ALT (4 million yen).

ALT dispatch market (2/2)

Market share of BORDERLINK, Inc. is 5.8% in 2022. BORDERLINK has not only replaced private competitors but also JET program and direct employment, so our market share will continue to grow from now on.

Market Share for ALT Dispatch Business (2022)



*RareJob estimated this based on the proportion of the number of ALTs belong each category excluding others from "Survey for Status of English Education" by MEXT.

Financial Results for FY 2024/3 1Q

Net sales increased by 79.5% and operating income increased by 1,068.9%.

(In JPY MM)

	FY2023/3 1Q	FY2024/3 1Q	Change YoY
Net sales	1,465	2,630	+79.5%
EBITDA*	94	313	+230.1%
Operating income	16	196	+1,068.9%
Ordinary income	54	194	+254.0%
Net income Attributable to owners of parent	44	265	+500.3%

Operating margin	1.1%	7.5%	+6.4pt
EBITDA margin	6.5%	11.9%	+5.4pt

*Operating income + Depreciation + Depreciation on goodwill

Segment Profit/Loss for FY 2024/3 1Q

Segment profit for reskilling increased by 73.0% as profit margin for the business improved. Segment profit for childcare support generated 97 million yen due to ALT dispatch business.

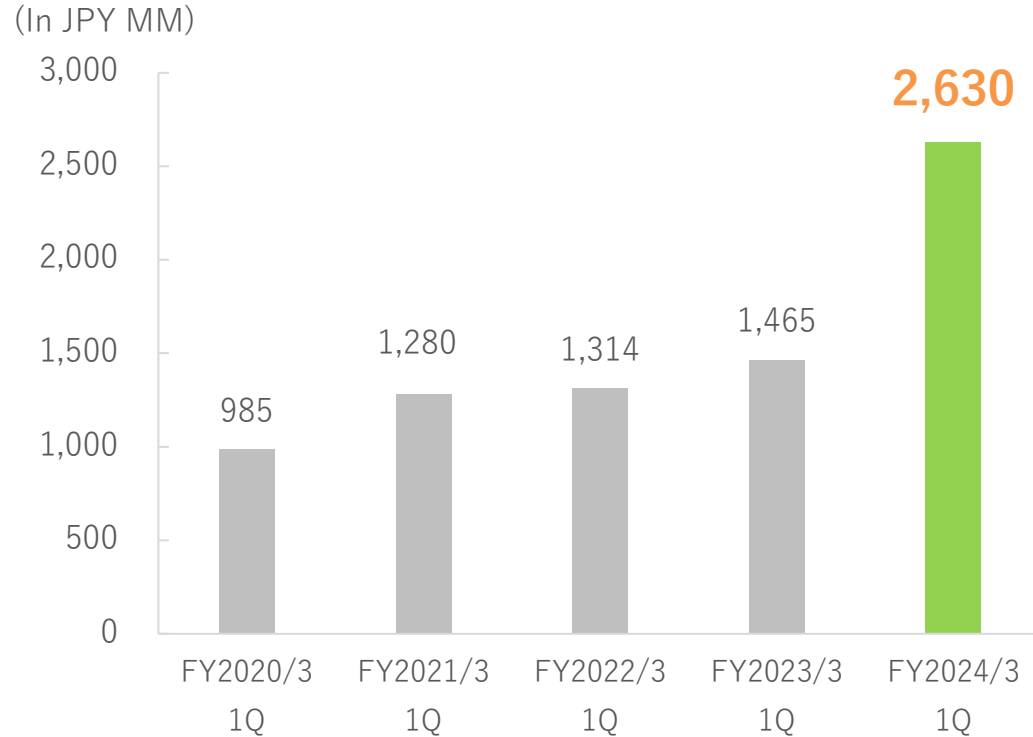
(In JPY MM)

		FY2023/3 1Q	FY2024/3 1Q	Change YoY
Reskilling- related business	Net sales	1,348	1,300	-3.5%
	B2C	925	877	-5.2%
	B2B	422	423	+0.1%
	Segment profit	107	185	+73.0%
Childcare Support Business	Net sales	117	1,329	+1,030.2%
	ALT dispatch	-	1,215	-
	English learning for children	117	114	-2.9%
	Segment profit	-19	97	-
Adjustment		-71	-85	-
Total	Net sales	1,465	2,630	+79.5%
	Operating income	16	196	+1,068.9%

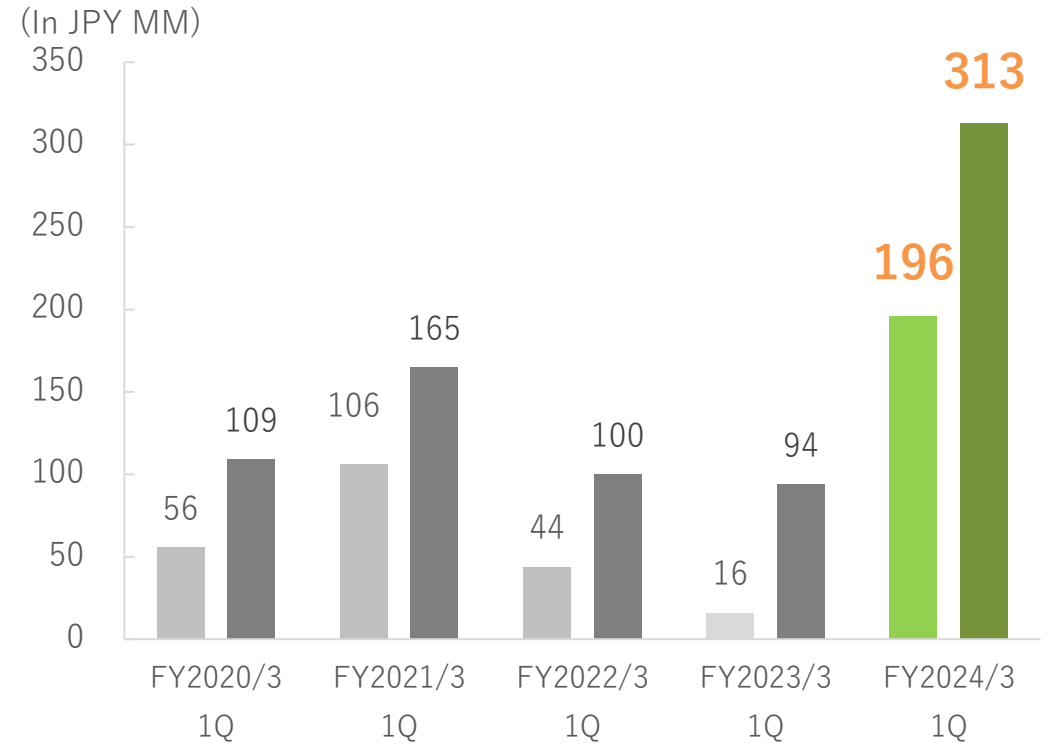
1Q Results for the last several years

Net sales, operating income and EBITDA reached a record high for the first quarter.

Net Sales



Operating income / EBITDA

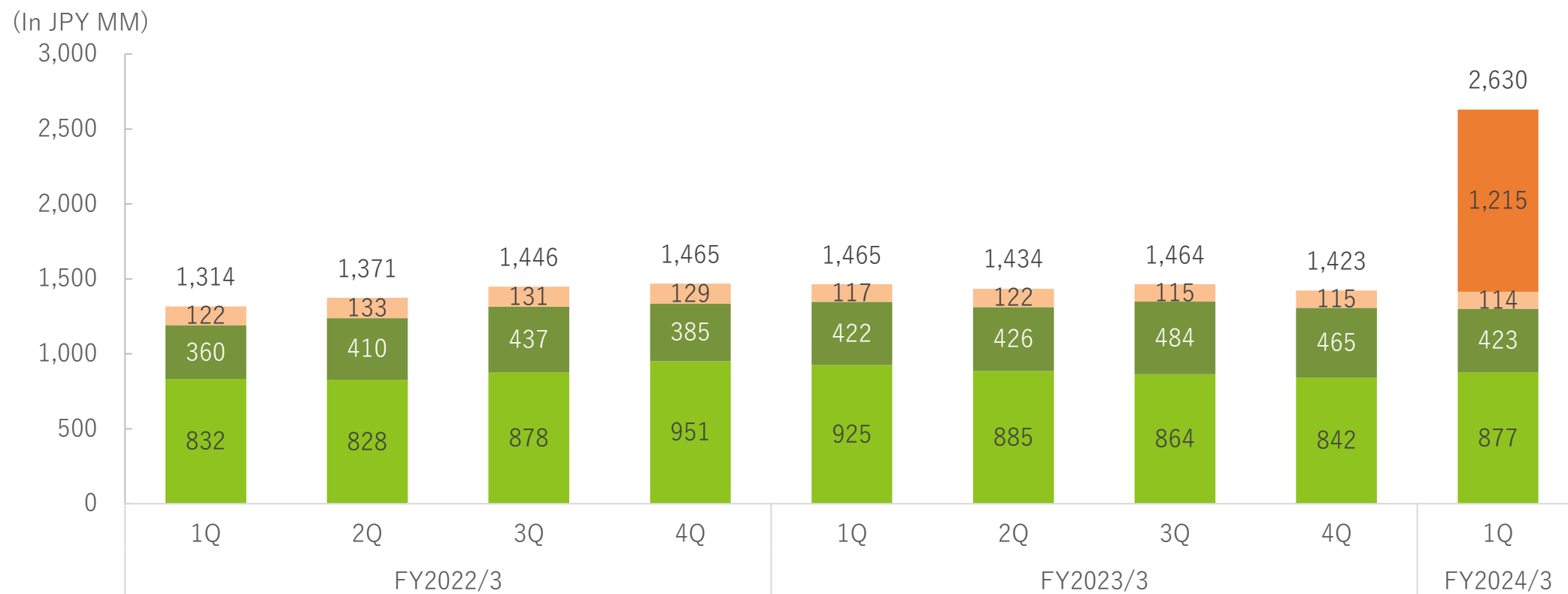


■ Operating income ■ EBITDA

Breakdown of Quarterly Net Sales

Net sales increased by 84.9% as sales for ALT dispatch service started to be recorded since this first quarter.

Net Sales



■ Childcare support business: ALT dispatch service

■ Reskilling-related business: B2B

■ Childcare support business: English learning service

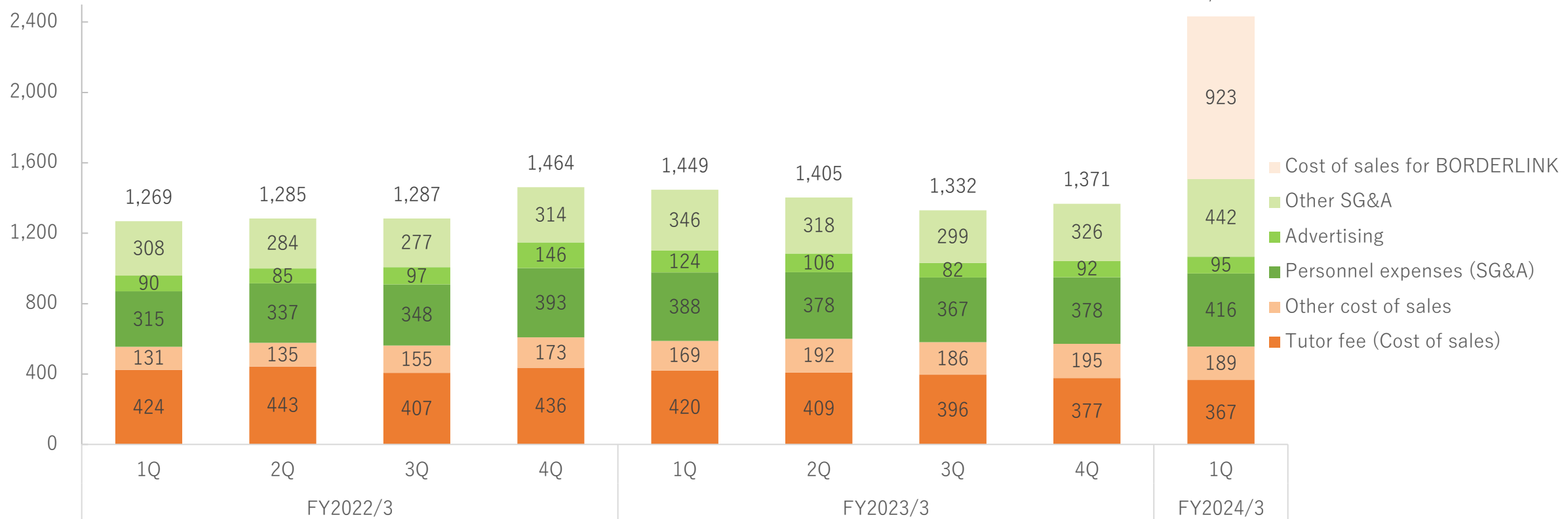
■ Reskilling-related business: B2C

Quarterly Expenses Breakdown (Cost of Sales and SG&A) for FY 2024/3 Q1

Operating costs greatly increased due to 100% acquisition of BORDERLINK, while costs for existing businesses has remain on a similar level.

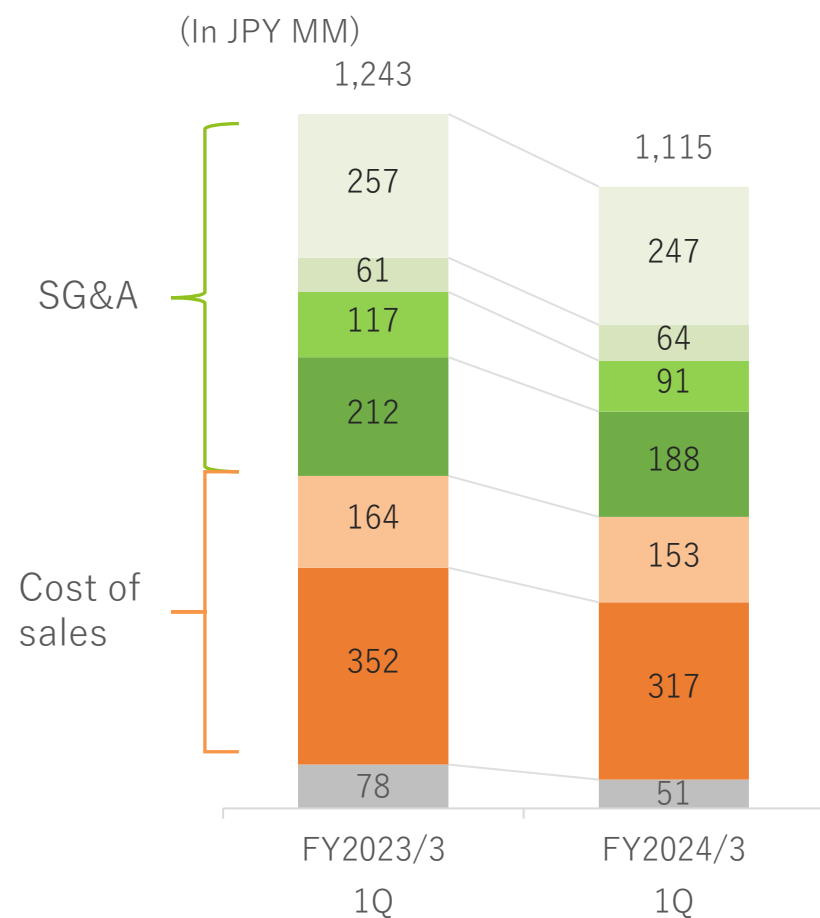
Costs

(In JPY MM)



Expenses Breakdown for FY 2024/3 Q1 : Reskilling-related Business

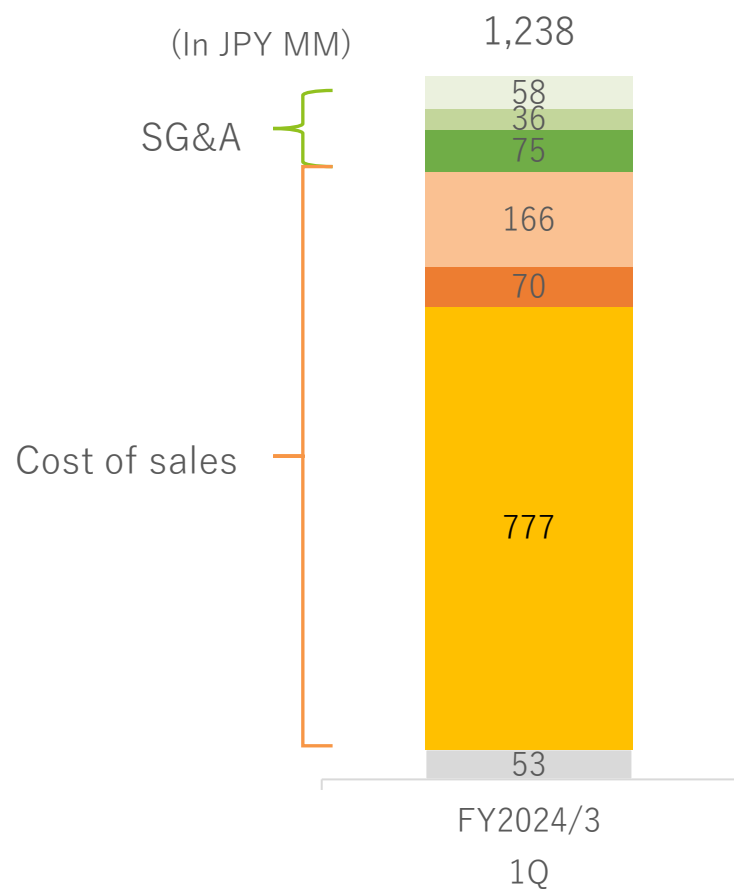
Tutor fees decreased as a result of a review of the unit price and a decline in the number of lessons per user. Personnel expenses and advertising costs optimized and decreased as well.



Costs	Change YoY (%)	Factors
Other SG&A	-10 (-3.9%)	Decreased due to the impact of adjustments by transfer pricing taxation and so on
Depreciation (Including amortization of goodwill)	+3 (+5.0%)	Increased due to depreciation of software development and amortization of goodwill
Advertising	-25 (-21.6%)	Decreased due to the optimization of marketing measures for Shikaku Square business
Personnel expenses (SG&A)	-23 (-10.9%)	Decreased due to the optimization of HR allocation
Other cost of sales	-10 (-6.5%)	Decreased due to cost review for Shikaku Square business
Tutor fee (Cost of sales)	-34 (-9.9%)	Decreased as a result of a review of the unit price and a decline in the number of lessons per user.
Common expenses	-26 (-33.6%)	Decreased as a burden ratio of reskilling-related business decreased with regard to the allocation ratio change of childcare support business.

Expenses Breakdown for FY 2024/3 Q1 : Childcare Support Business

Tutor fee for ALT dispatch service accounts for more than 50% of operating costs in childcare support business.



Cost	Factors
Other SG&A	Miscellaneous cost for English learning for children and ALT dispatch services
Depreciation (Including amortization of goodwill)	Depreciation cost including amortization of goodwill regarding ALT dispatch services
Personnel expenses (SG&A)	Personnel expenses for ALT dispatch services (SG&A)
Other cost of sales	Other cost of sales for ALT dispatch services excluding personnel expenses
Tutor fee (Cost of sales)	Tutor costs for online English learning for children and so on
Tutor fee for ALT dispatch	Tutor fee for ALT dispatch service
Common expenses	Allocated common costs for administrative departments

2. FY2024/3 Plan

FY2024/3 Plan and Progress (1/2)

As the consolidated subsidiary, Shikaku square, Inc. was merged to RareJob, Inc., deferred tax assets were recognized, which contributed to the progress for net income beyond our guidance.

(In JPY MM)

	FY2023/3 Results	Guidance for FY2024/3	Change YoY
Net sales	5,787	10,000	+72.8%
EBITDA	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%

Operating margin	3.9%	6.0%	+2.1pt
EBITDA margin	9.5%	10.0%	+0.5pt
ROE	8.4%	Above 10.0%	-

FY2024/3 1Q cumulative	Progress
2,630	26.3%
313	31.3%
196	32.8%
194	36.7%
265	66.4%

7.5%	-
11.9%	-

FY2024/3 Plan and Progress (2/2)

ALT allocation of childcare support business has steadily expanded.
Segment profit for childcare support business is beyond our guidance due to a seasonal factor.

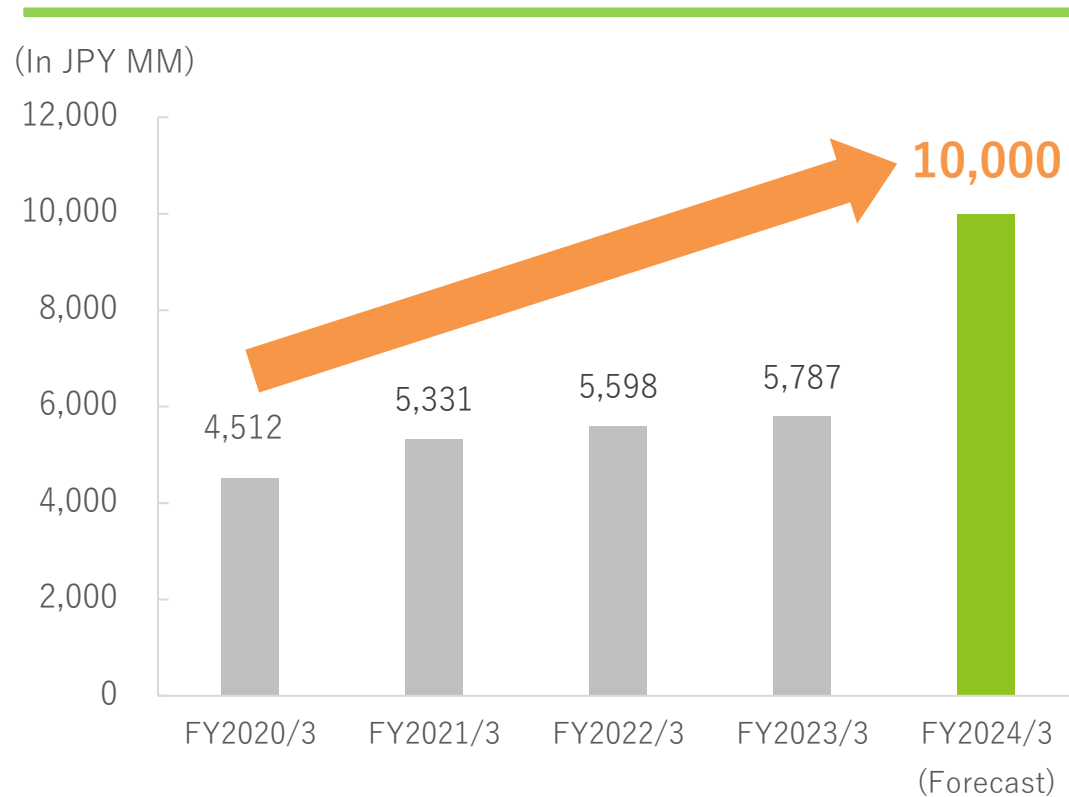
(In JPY MM)

		FY2023/3 Results	Guidance for FY2024/3	Change YoY	FY2024/3 1Q cumulative	Progress
Reskilling-related business	Net sales	5,316	5,500	+3.5%	1,300	23.7%
	B2C	3,517	3,600	+2.4%	877	24.4%
	B2B&B2School	1,799	1,900	+5.6%	423	22.3%
	Segment profit	668	900	+73.0%	185	20.6%
Childcare Support Business	Net sales	471	4,500	+855.4%	1,329	29.6%
	ALT dispatch	—	4,000	-	1,215	30.4%
	English learning for children	471	500	+6.2%	114	22.8%
	Segment profit	-98	60	-	97	162.6%
Adjustment		-342	-360	-	-85	-
Total	Net sales	5,787	10,000	+72.8%	2,630	26.3%
	Operating income	228	600	+162.8%	196	32.8%

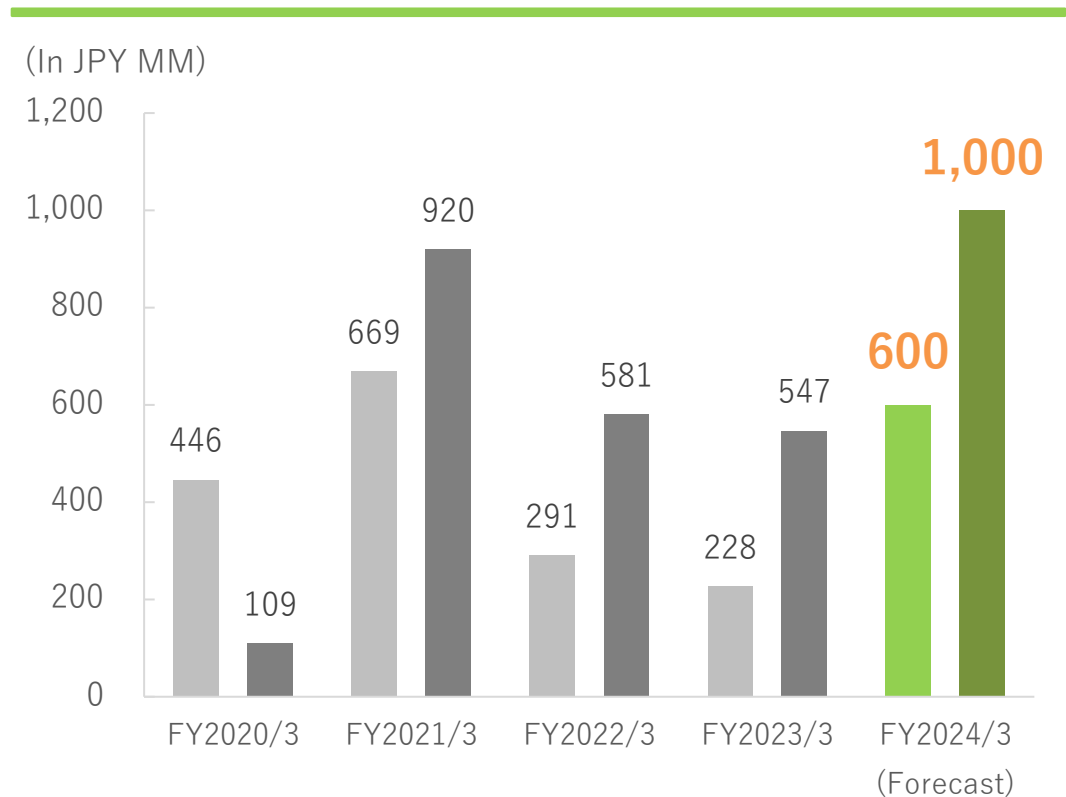
Net Sales and Operating Income Results

Net sales has increased for the 16 consecutive fiscal years since our establishment. Operating income and EBITDA will increase greatly as well.

Sales



Operating income / EBITDA



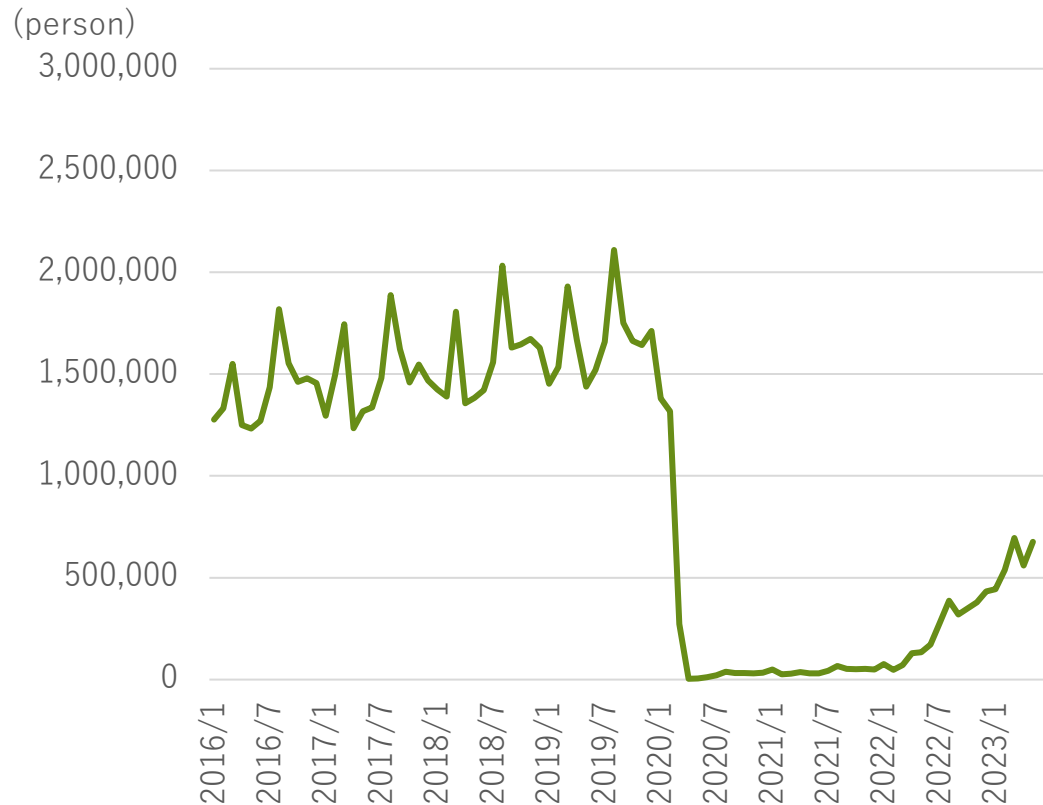
■ Operating income ■ EBITDA

3. Business Updates

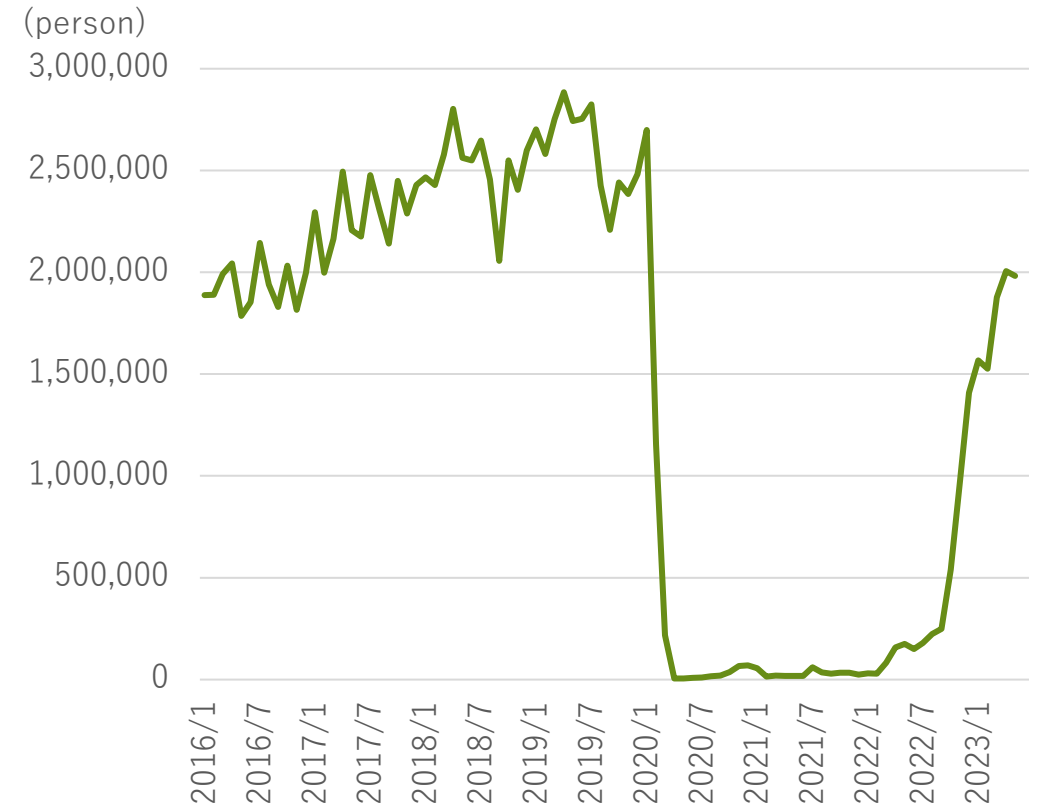
Current Situation of the Online English Learning Market

Slow recovery in the number of Japanese departures prevents of making the market positive.

Number of Japanese departures



Number of foreigners entering the country

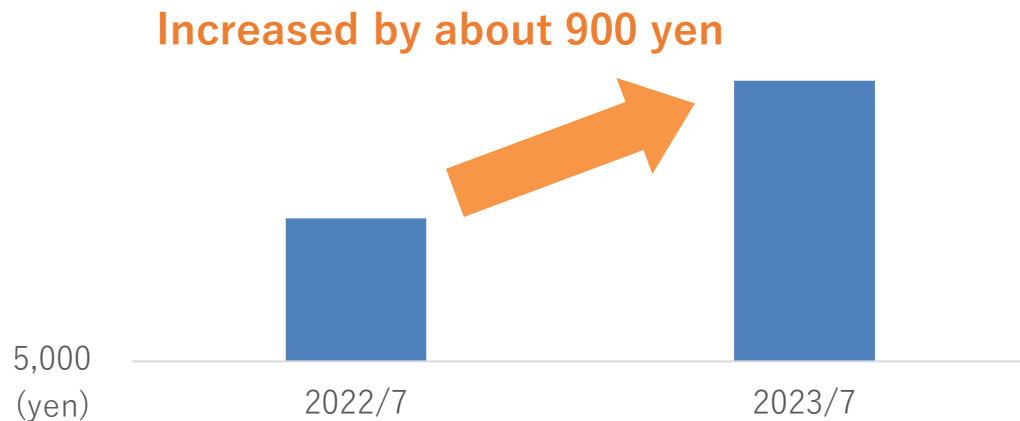


*Immigration Services Agency "Statistics of Immigration Management"

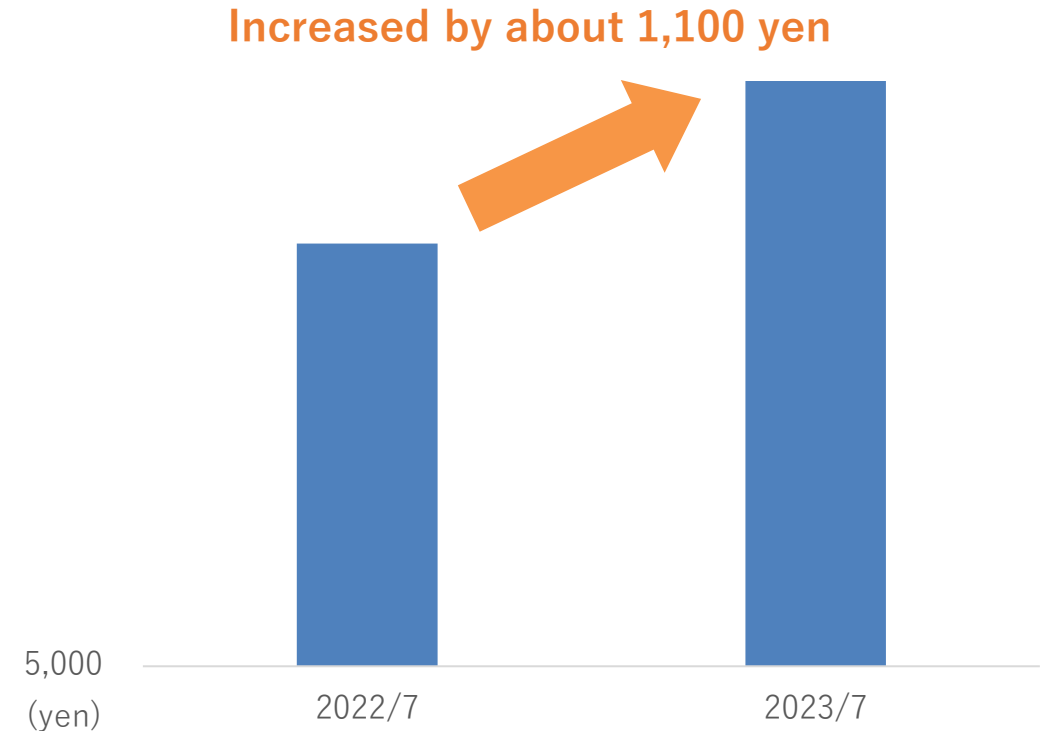
Impact of service and price revision of RareJob Eikaiwa

Unit price for B2C and B2B increased.

Transition of unit price for B2C



Transition of unit price for B2B



Updates for PROGOS

Accelerate the recognition and penetration of PROGOS as the English speaking assessment tool by export to abroad and additional functions.

Launch of online proctored exam

- The function to detect cheat on exam by monitoring pictures and voice data developed and started to provide.
- It enhances reliability of results so should be the stepping stone to let clients introduce PROGOS as criteria for promotion.
- Increase ways of usage as the assessment tool and advance the recognition and penetration faster.

Expanding business abroad

- All students and professors of Davao Doctors College took PROGOS on a service provided by Quipper managing LMS (Learning management system).
- About 5,000 people took the exam.
- Promotion to foreign corporates and educational institutions keep going from now on.

Actions of BORDERLINK

Optimized allocation of ALT has been an issue as ALT dispatch business has expanded, while stable and efficient provision of ALT will be realized by our network of PH tutors.

Quarterly Sales Forecast



Actions for FY2024/3

RareJob Eikaiwa will start to provide lessons by native English tutors.

- English speaking lessons by native English tutors, which with high demand have been seen for a long time, are about to provide.
- We consider to build a system for a mass lesson supply based on ALT network of BORDERLINK

Service development for PROGOS evolution.

- Global Business skill assessment is under development.

The acceleration of penetration of PROGOS.

- Creating introduction cases to HR system of major companies has been our top priority to encourage various companies to introduce PROGOS.

Allocation optimization has been promoted for further expansion of ALT dispatch business.

- Stable provision of ALT and operation efficiency are achieved by Pilipino tutors network of the RareJob group.

4. Growth Strategy

Purpose/Vision for the RareJob Group

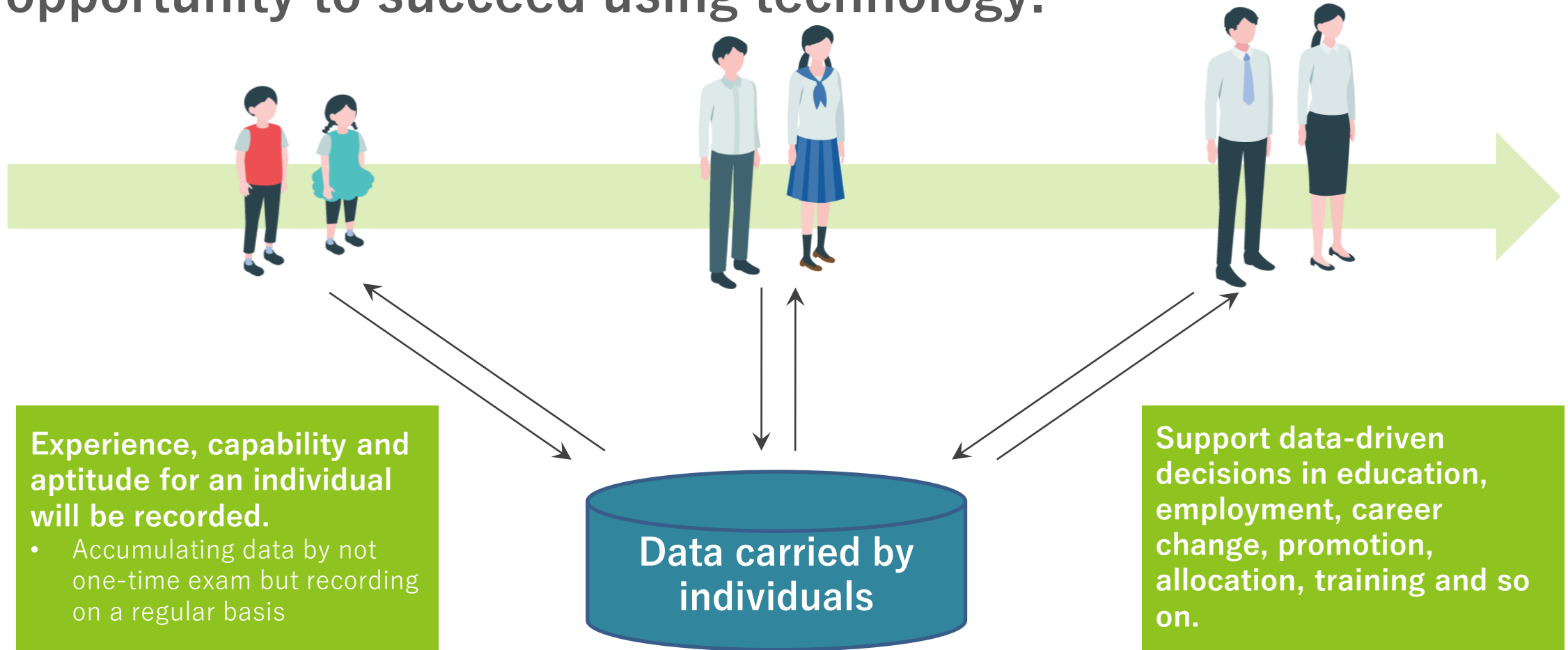
Vision

Chances for everyone, everywhere.

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

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.



The Strategy for the Assessment Data Platform

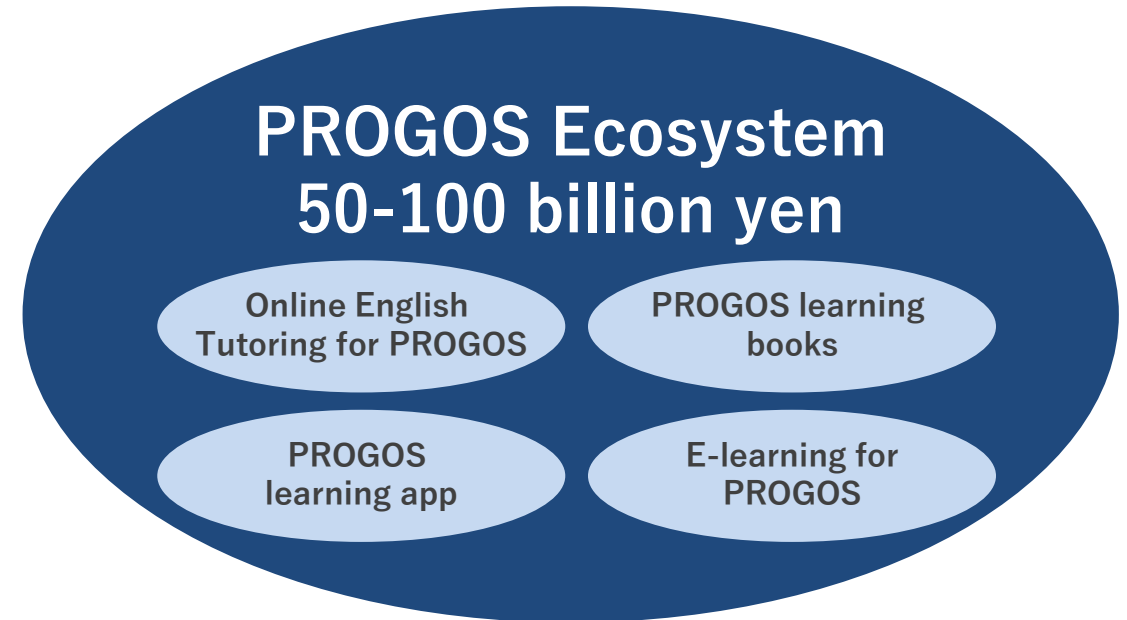
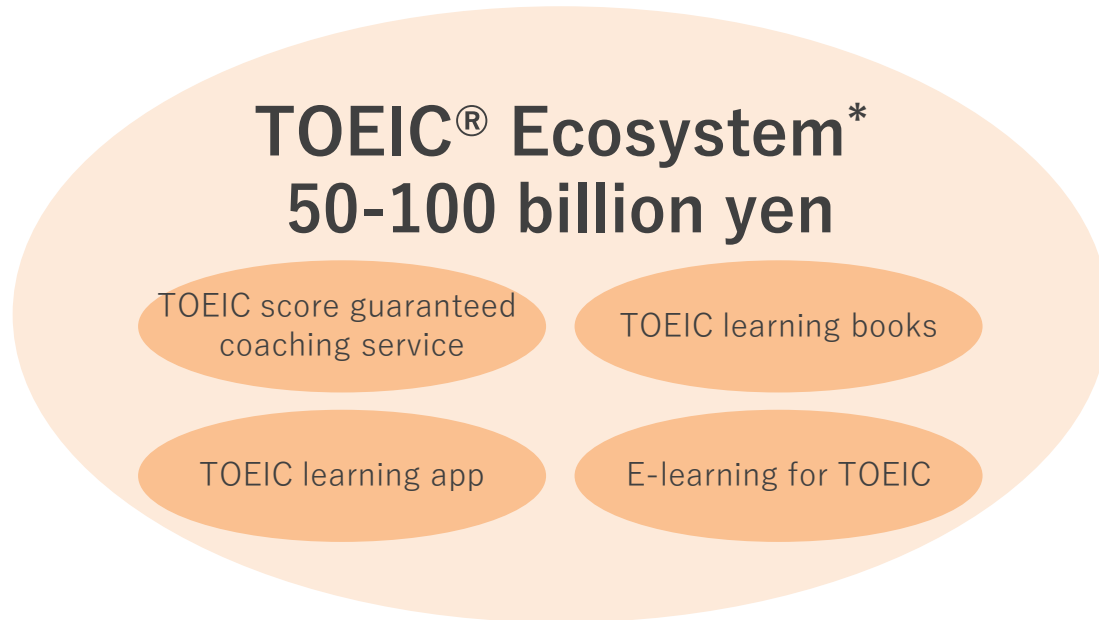
Expanding the target of assessments from not only speaking but also reading, listening and writing English skills to global business skills.



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.



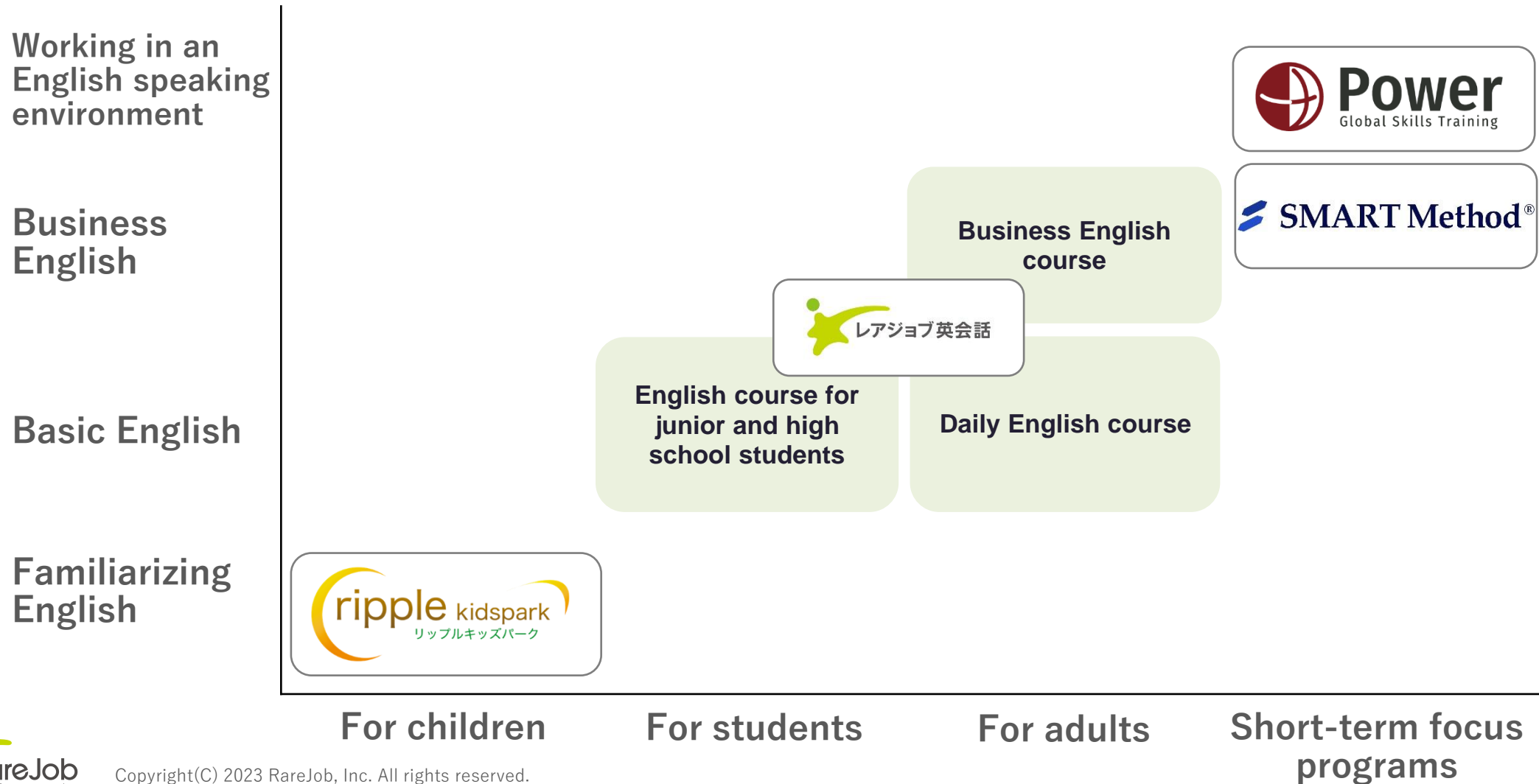
Expect to earn approximately 20% (10-20 billion yen) of the PROGOS ecosystem as the revenue of the RareJob group

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).

Growth Strategy for Online English Learning Services

A wide range of services will meet various needs from many users.



Growth Strategy for B2B

Services will be delivered through a wide range of products, including advice on HR strategy to develop talent for global leadership.

As is



To be



 : Available HR functions as our services

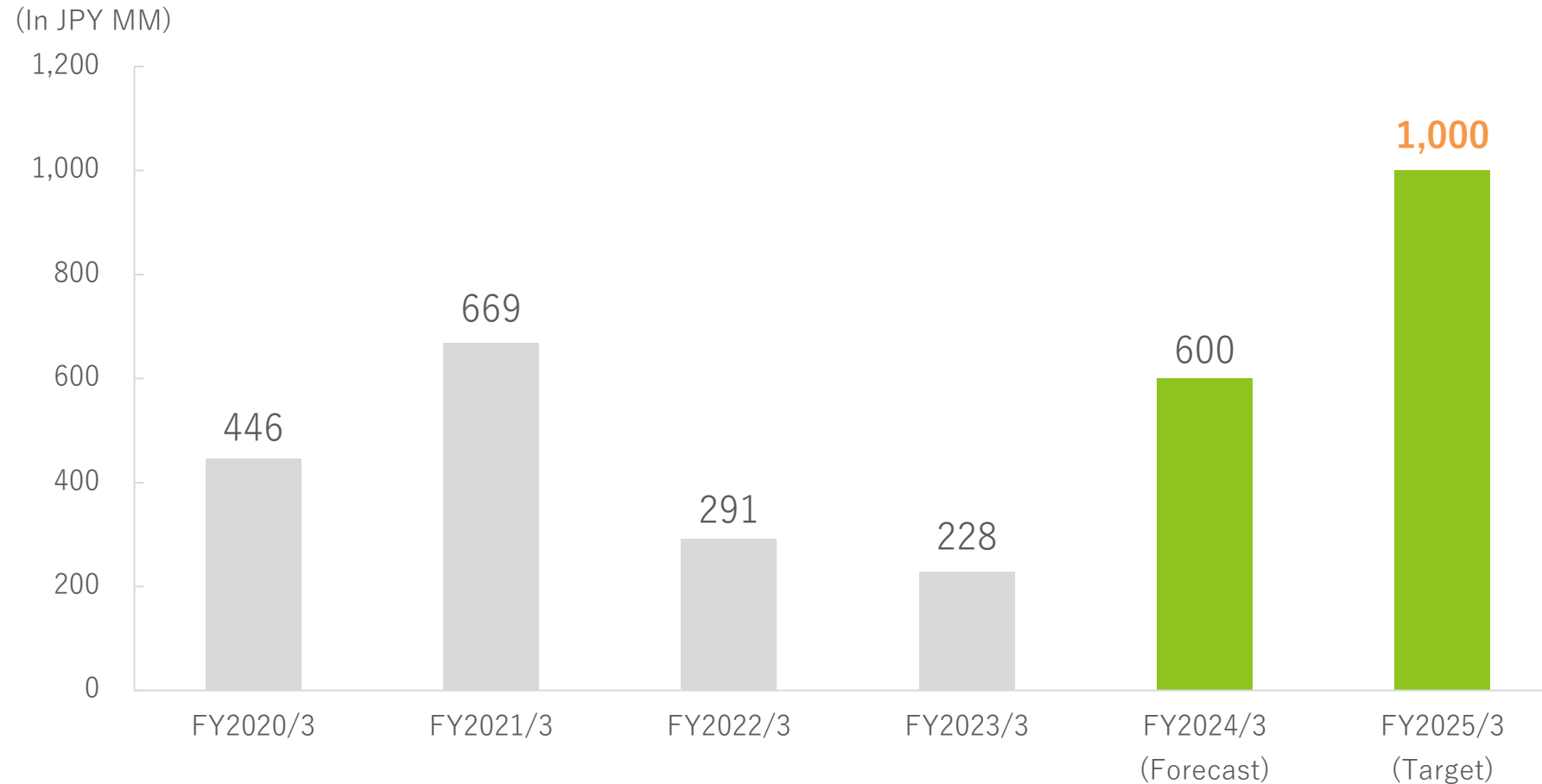
Growth Strategy for ALT Dispatch Business

A learning cycle will be established in school classes and online lessons at home.



Target: Operating Income

Operating income of 1 billion yen will be achieved by implementing our growth strategy in FY2025/3.



Appendix

RareJob, Inc.



Company outline

Established: October 18, 2007

Capital: 654,127 thousand Yen (As of June 30, 2023)

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.

PROGOS Inc.

RareJob Technologies, Inc.

K12 Holdings, Inc.

BORDERLINK, INC

Group Vision

Chances for everyone, everywhere.

Director

Gaku Nakamura, Co-founder and CEO

Seishi Yasunaga, Vice President

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.



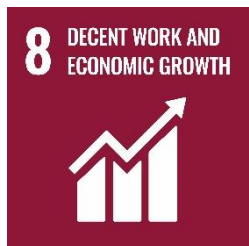
● Providing reasonable and high quality educations

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.

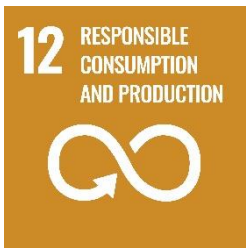
The classification for ESG: ● Environmental ● Social ● Governance

Initiatives for SDGs/ESG (2/2)



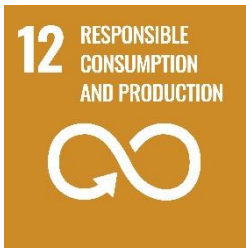
● Realization of the society where people can make full use of their abilities

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.





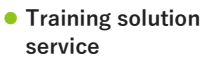









● Corporate governance

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.

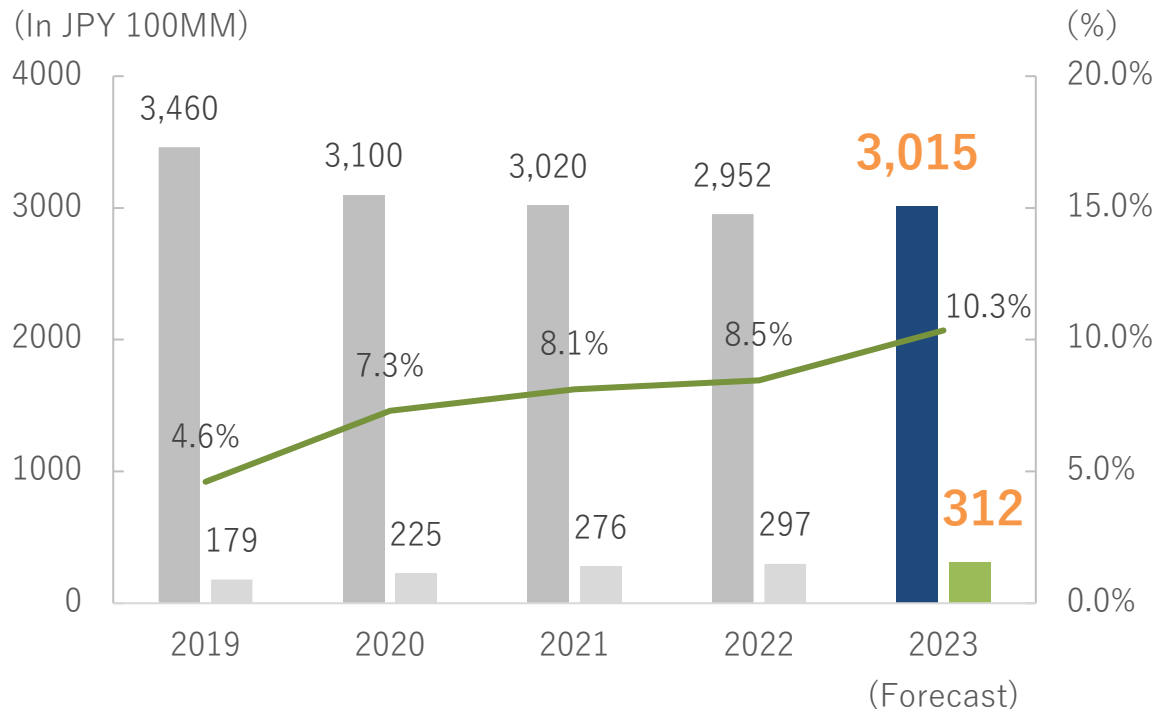
The classification for ESG: ● Environmental ● Social ● Governance

The Service list of the RareJob Group

	B2B	B2C	B2School
Reskilling-related Business	 – Automated business English speaking test		
	 – Three courses for different target users. Speaking exam and Learning counselling.		
	  – Online results-guaranteed English speaking learning coaching		
	 – Training programs for global leader development	 – Online learning program for legal professional qualifications	
	 – Learning programs for a practical English communication skill	*Will expand the service for B2C	
Childcare Support Business		 – Online English speaking tutoring service for children	
		 – Online English speaking tutoring service for children	
			 – ALT dispatch
		 – Offline English school for children	 – English tutor dispatch to nurseries

English-related Business Market Size

The online English learning market accounts for only 10.3% of the English conversation school in Japan market, which means a huge potential for future growth in the online market.



■: English conversation school in Japan market size

■: Online language learning in Japan market size

—: The proportion of the online learning market for the English conversation school in Japan market

Foreign Language Learning Market

- Though market growth slowed due to the impact by COVID-19, it has grown again.
- Globalization is on progress and needs for language skills has grown on business.

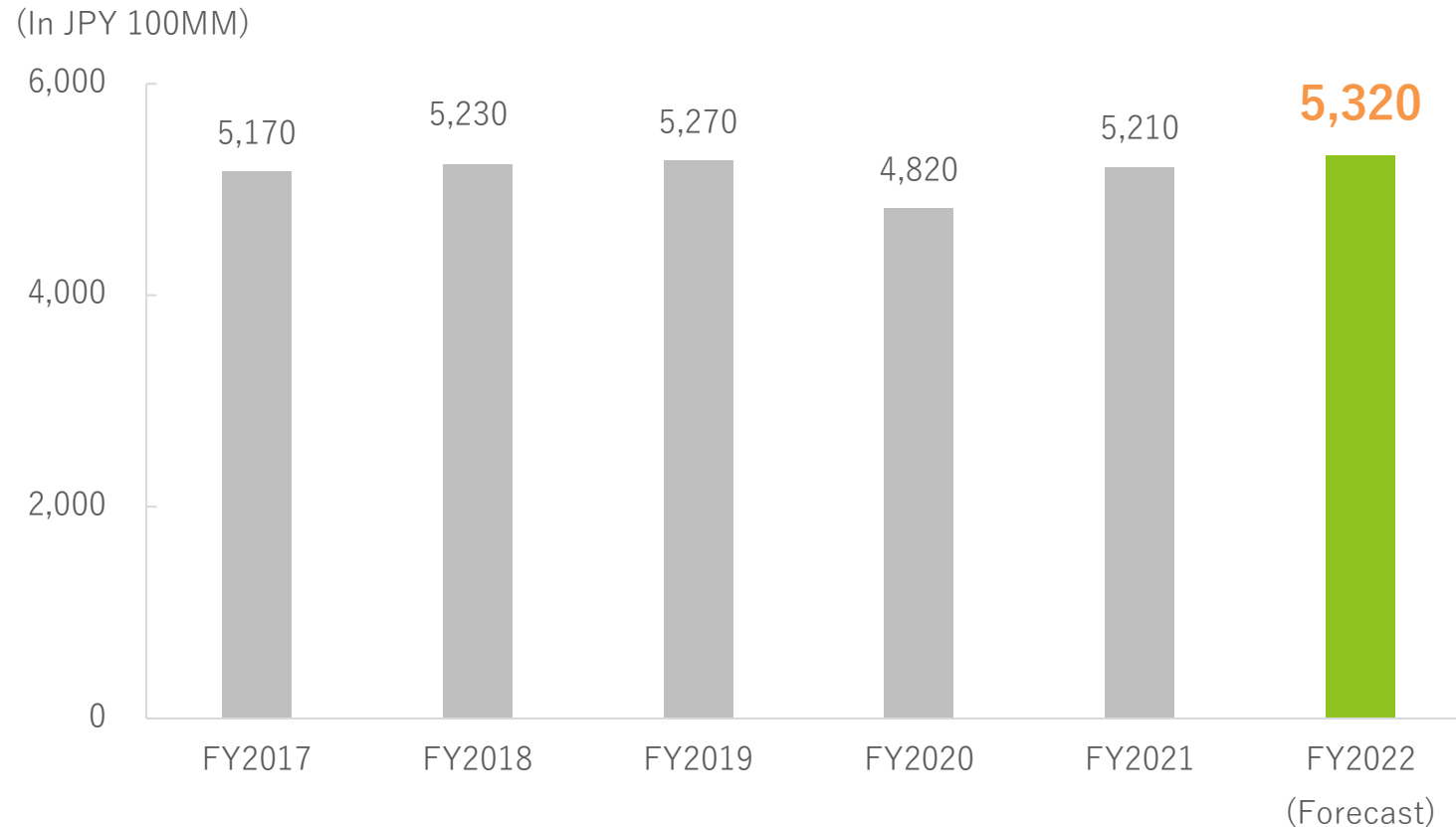
Online Language Learning Market

- The market keep growing due to cheap price and its convenience.
- The market for app learning utilizing AI has been also developed.

Source: Yano Research Institute, "Language learning business report 2023"

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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