

RareJob, Inc.

Financial Results for the Six Months Ended September 30, 2023

November 14, 2023



Agenda

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

Appendix

1. FY2024/3 2Q Results

FY 2024/3 2Q Results Summary

Net sales hit record highs and rose by 73.3% year on year.

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

Operating income rose by 707.9% 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.

Increase in the number of companies using training for B2B services

- Progress is being made in uncovering needs for use in Hierarchical / Selective training, from use for employee self-development.

Started offering online English conversation lessons with native tutors.

- BorderLink ALTs begin offering lessons with native instructors on a trial basis. Confirmed solid needs.

*1 Assistant Language Teacher

Financial Results for FY 2024/3 2Q

Net sales increased by 73.3% and operating income increased by 707.9%.

(In JPY MM)

	FY2023/3 2Q	FY2024/3 2Q	Change YoY
Net sales	2,900	5,026	+73.3%
EBITDA*	203	596	+193.1%
Operating income	45	365	+707.9%
Ordinary income	90	354	+290.5%
Net income Attributable to owners of parent	62	376	+504.9%

Operating margin	1.6%	7.3%	+5.7pt
EBITDA margin	7.0%	11.9%	+4.9pt

*Operating income + Depreciation + Depreciation on goodwill

Segment Profit/Loss for FY 2024/3 2Q

Segment profit for Reskilling-related increased by 63.5% as profit margin for the business improved. Segment profit for Childcare Support generated 134 million yen due to ALT dispatch business.

(In JPY MM)

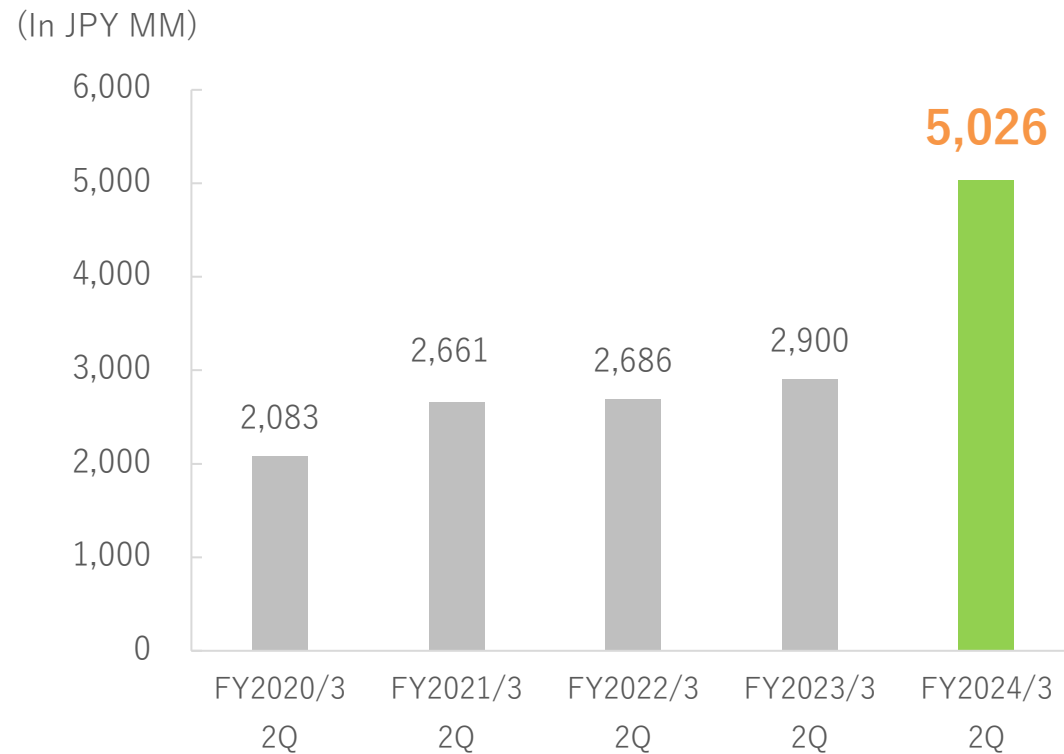
		FY2023/3 2Q	FY2024/3 2Q	Change YoY
Reskilling- related business	Net sales	2,659	2,614	-1.7%
	B2C	1,810	1,739	-4.0%
	B2B	849	875	+3.2%
	Segment profit	247	405	+63.5%
Childcare Support Business	Net sales	240	2,411	+904.3%
	ALT dispatch	-	2,183	-
	English learning for children	240	227	-5.1%
	Segment profit	-42	134	-
Adjustment*		-160	-173	-
Total	Net sales	2,900	5,026	+73.3%
	Operating income	45	365	+707.9%

*Adjustments are mainly corporate expenses that do not belong to the reportable segments.

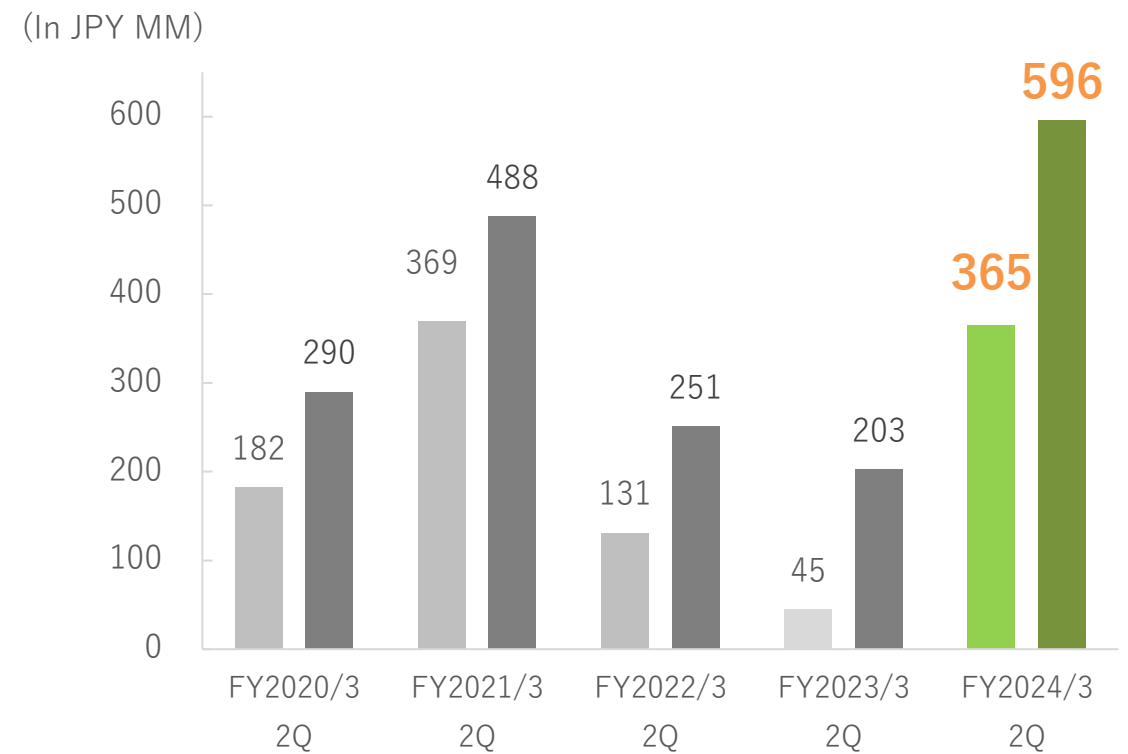
2Q Results for the last several years

Net sales and EBITDA reached a record high for the second quarter.

Net Sales



Operating income / EBITDA

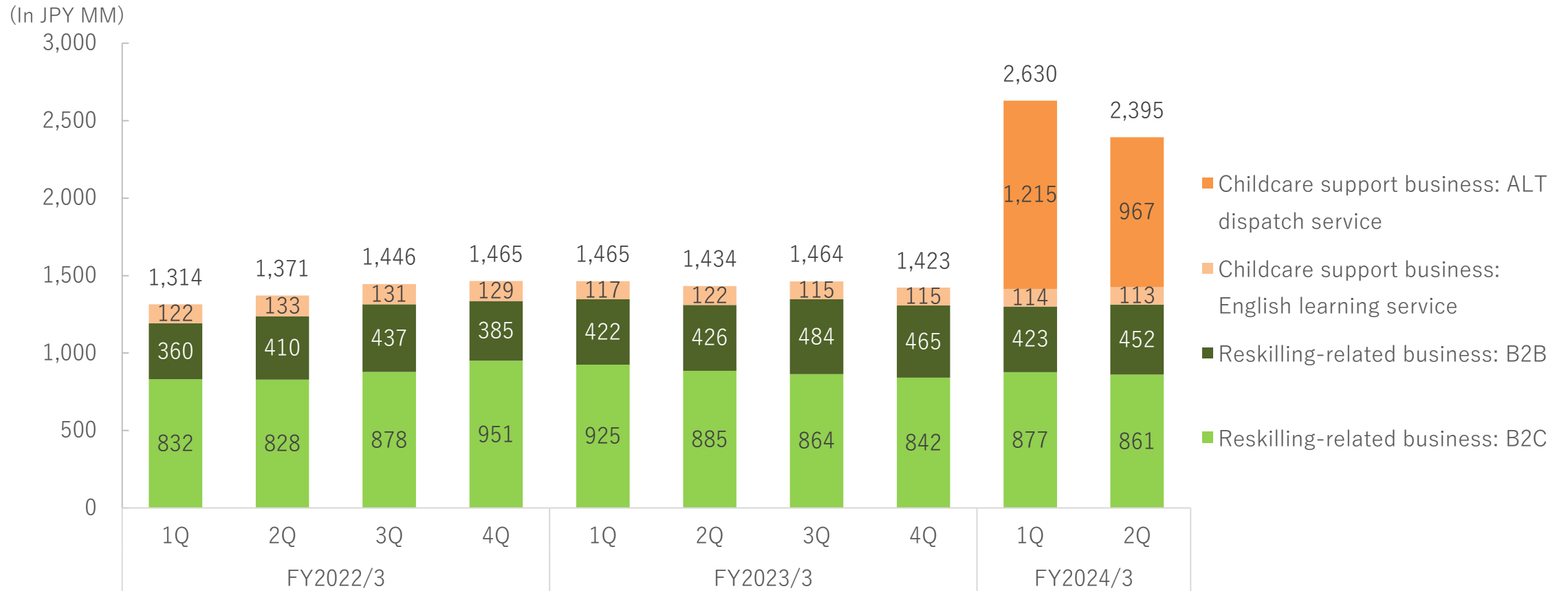


■ Operating income ■ EBITDA

Breakdown of Quarterly Net Sales

In the ALT dispatch business, there is a seasonal factor due to summer vacation in the second quarter. However, sales were in line with expectations.

Net Sales

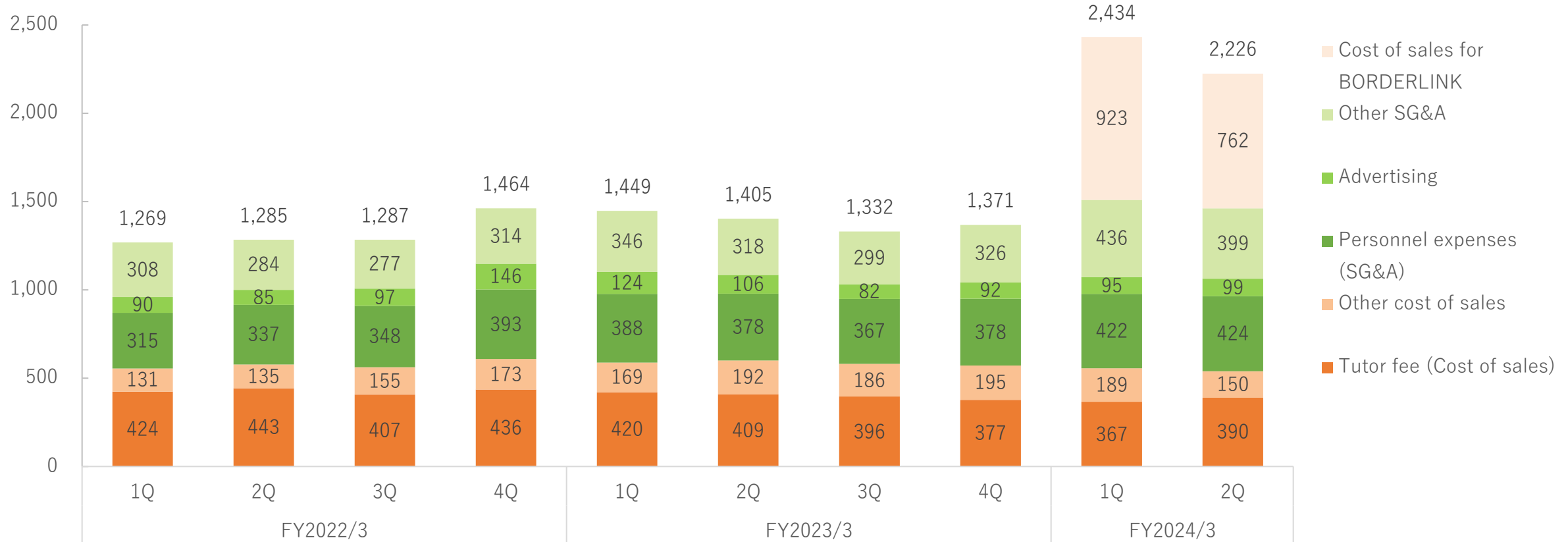


Quarterly Expenses Breakdown (Cost of Sales and SG&A) for FY 2024/3 2Q

BORDERLINK cost of sales in 2Q decreased due to seasonal factors in the ALT dispatch business.

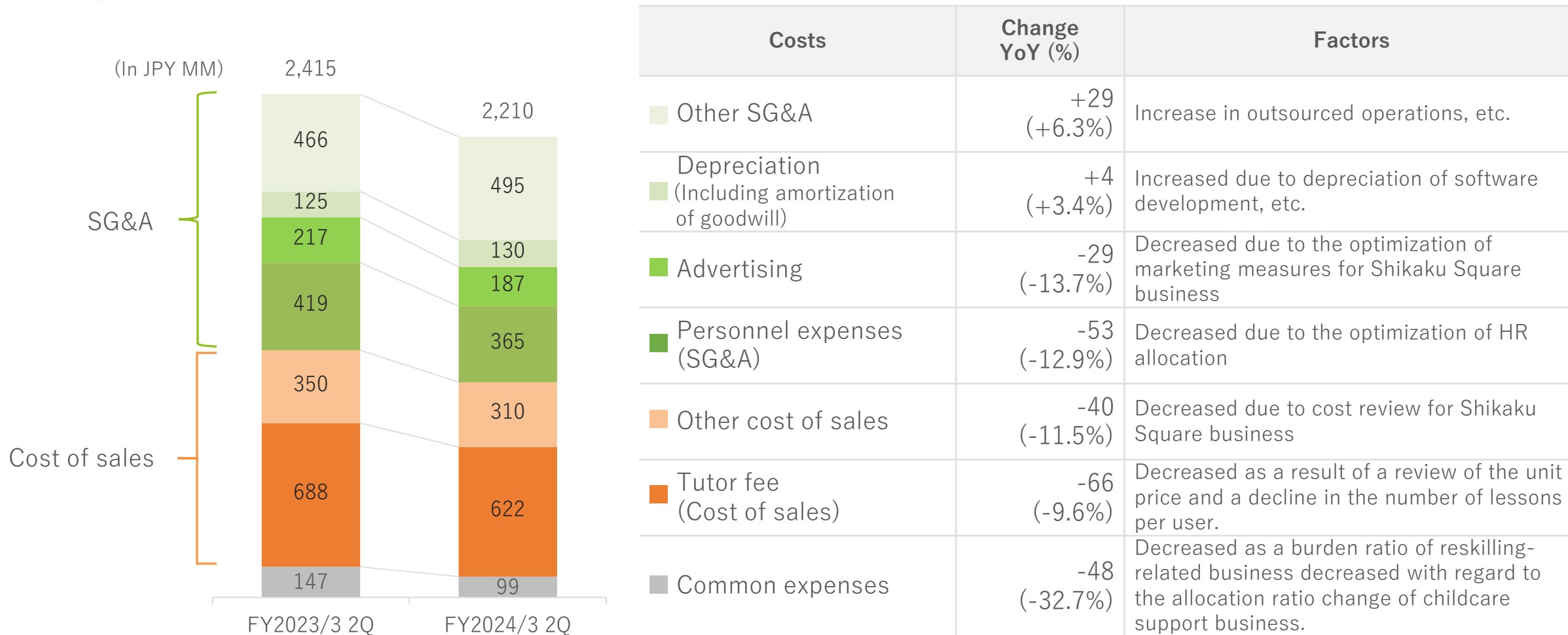
Costs

(In JPY MM)



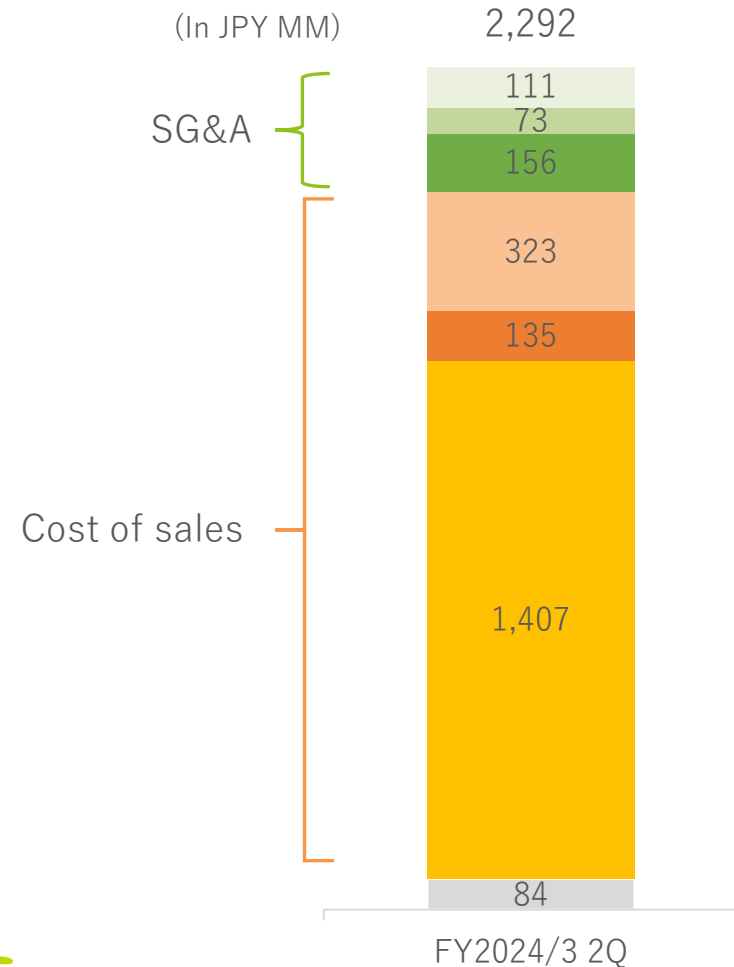
Expenses Breakdown for FY 2024/3 2Q : Reskilling-related Business

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.



Expenses Breakdown for FY 2024/3 2Q : Childcare Support Business

Tutor fee for ALT dispatch service accounts for a large portion of operating costs in childcare support business.



Costs	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

Childcare Support Business is performing better than initially expected, driving the Group's performance. Forecasts for the fiscal year ending March 31, 2024 are expected to be achieved.

(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%	+5.7pt
ROE	8.4%	Above 10.0%	-

FY2024/3 2Q cumulative	Progress
5,026	50.3%
596	59.7%
365	61.0%
354	66.9%
376	94.2%

7.3%	-
11.9%	-

Revision of Segment Profit/Loss for FY 2024/3

In the Reskilling -related business, services for B2C will slow down. In services for B2B, the number of contracts for test correction services will decrease significantly. As a result, sales are not expected to reach the initial forecast.

ALT dispatch services are expected to remain firm.

(In JPY MM)

		FY2024/3 Initial Plan	FY2024/3 Revised Plan	Change
Reskilling- related business	Net sales	5,500	5,200	-300
	B2C	3,600	3,400	-200
	B2B	1,900	1,800	-100
	Segment profit	900	750	-150
Childcare Support Business	Net sales	4,500	4,800	+300
	ALT dispatch	4,000	4,400	+400
	English learning for children	500	400	-100
	Segment profit	60	210	+150
Adjustment		-360	-360	-
Total	Net sales	10,000	10,000	-
	Operating income	600	600	-

FY2024/3 Plan and Progress (Segment Profit/Loss)

Progress against revised segment profit/loss plan as follows.

(In JPY MM)

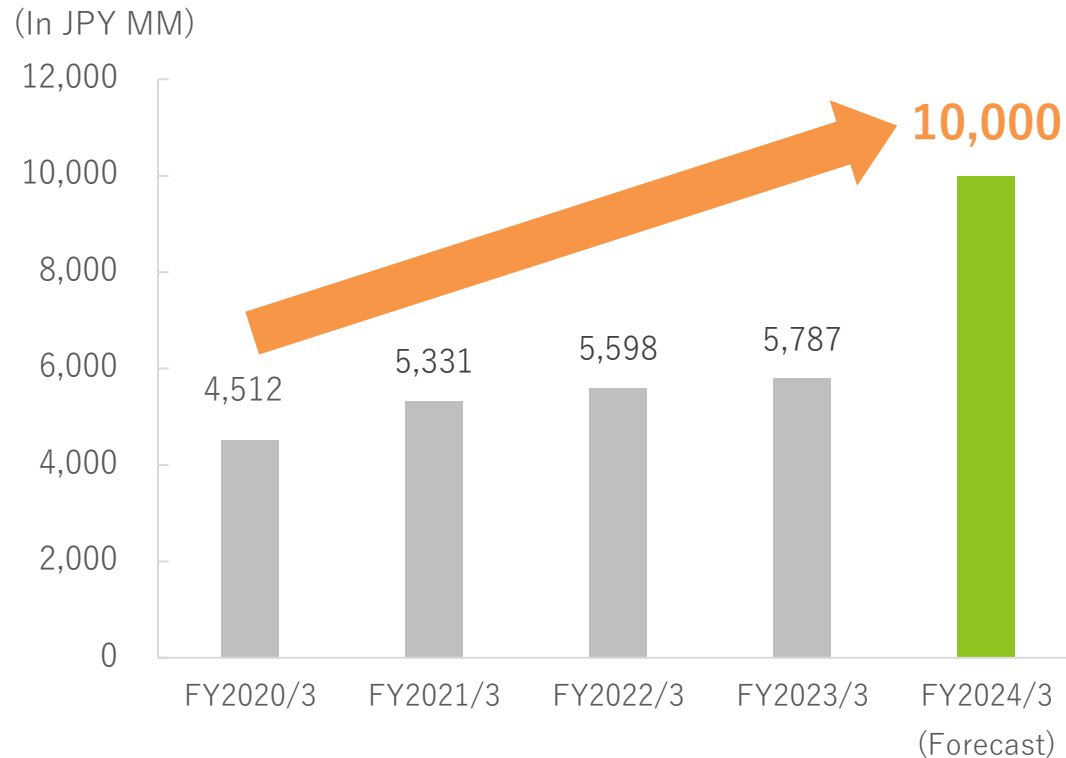
		FY2023/3 Results	Guidance for FY2024/3	Change YoY	FY2024/3 2Q cumulative	Progress
Reskilling-related business	Net sales	5,316	5,200	-2.2%	2,614	50.3%
	B2C	3,517	3,400	-3.3%	1,739	51.1%
	B2B	1,799	1,800	+0.1%	875	48.7%
	Segment profit	668	750	+12.2%	405	54.0%
Childcare Support Business	Net sales	471	4,800	+919.1%	2,411	50.2%
	ALT dispatch	-	4,400	-	2,183	49.6%
	English learning for children	471	400	-15.1%	227	57.0%
	Segment profit	-98	210	-	134	64.0%
Adjustment*		-342	-360	-	-173	-
Total	Net sales	5,787	10,000	+72.8%	5,026	50.3%
	Operating income	228	600	+162.8%	365	61.0%

*Adjustments are mainly corporate expenses that do not belong to the reportable segments.

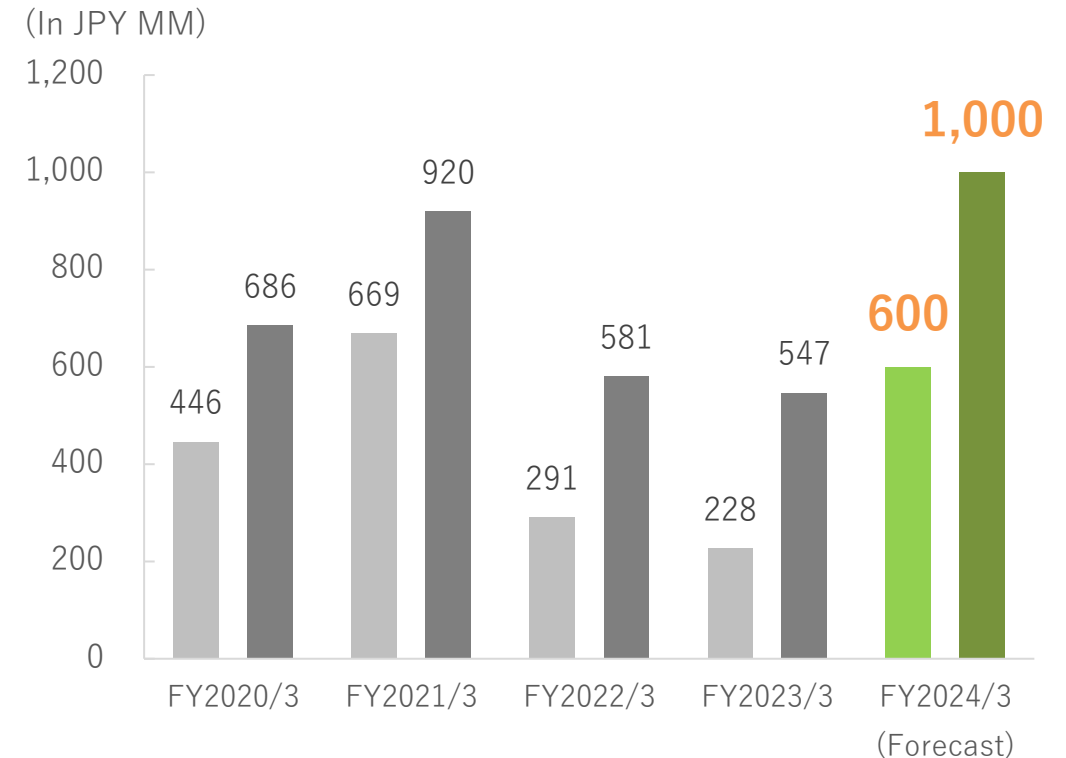
Net Sales and Operating Income Results

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

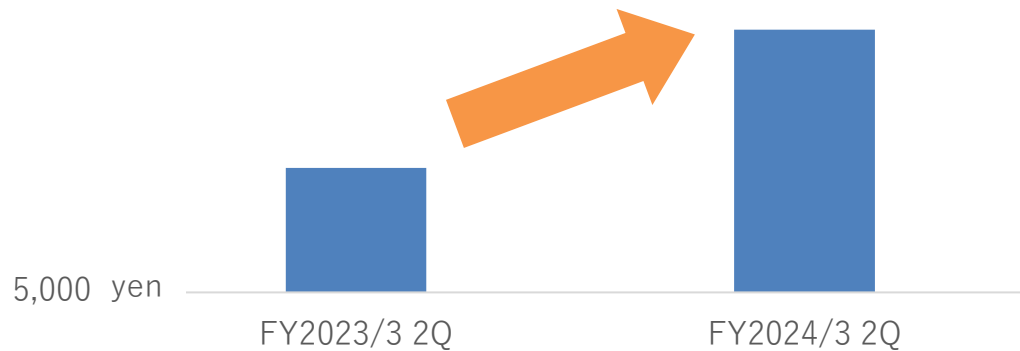
3. Business Updates

Impact of service and price revision of RareJob Eikaiwa

Unit price for B2C and B2B increased.

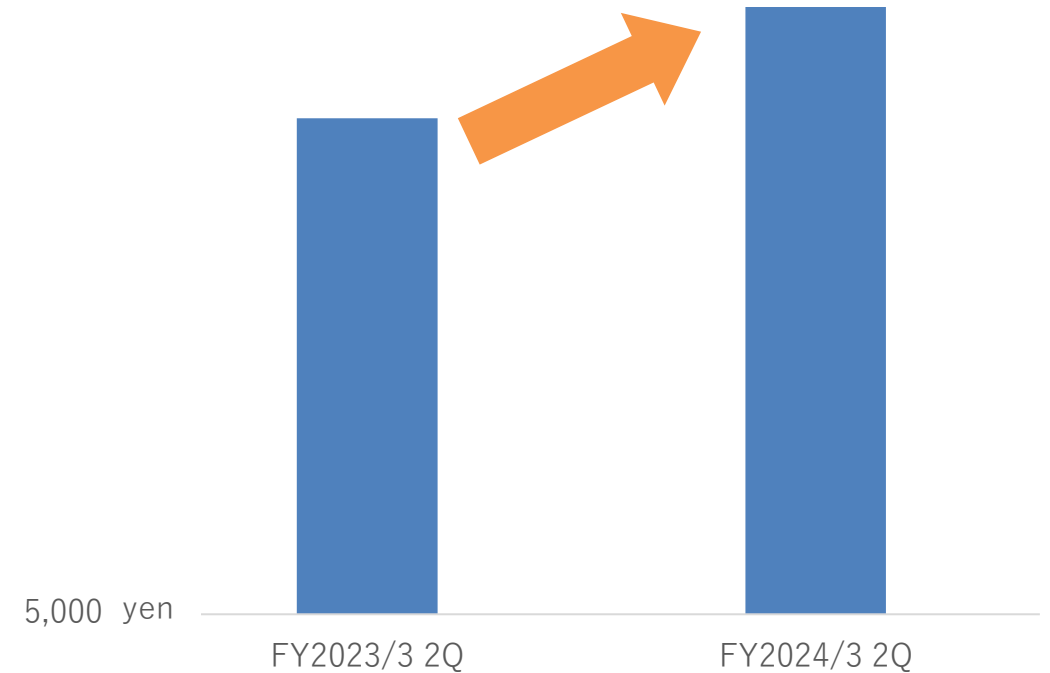
Transition of unit price for B2C

Increased by about 900 yen



Transition of unit price for B2B

Increased by about 1,000 yen



Started offering English conversation lessons with native tutors for B2C

As a result of providing about 300 lessons on a trial basis, strong demand was confirmed. We will expand the tutor supply system and provide full-scale services under the new plan. And in the future, we aim to increase the average unit price by 5% or more.

User Satisfaction

Average **4.8** (5-point rating)

87.6% of post-lesson responses received a perfect score

User comments (excerpts)

The post-lesson review comments were the best I have ever heard. The explanations of phrases using example sentences and how to use them in conversation were very useful. There were some valuable points that I would not have noticed without the native speaker's point of view, and I would like to make use of them in the future.

I chose the free talk and it was a fun and learning experience. I learned a lot from the more natural and accurate native expressions.

I learned a lot from the detailed information on pronunciation and natural expressions.

Types of B2B services used

In addition to self-development, B2B services are increasingly being used for Hierarchical / Selective training.

Self-Development

Online English conversation courses are offered as part of the company's self-development menu. The most common ways to use RareJob Eikaiwa.

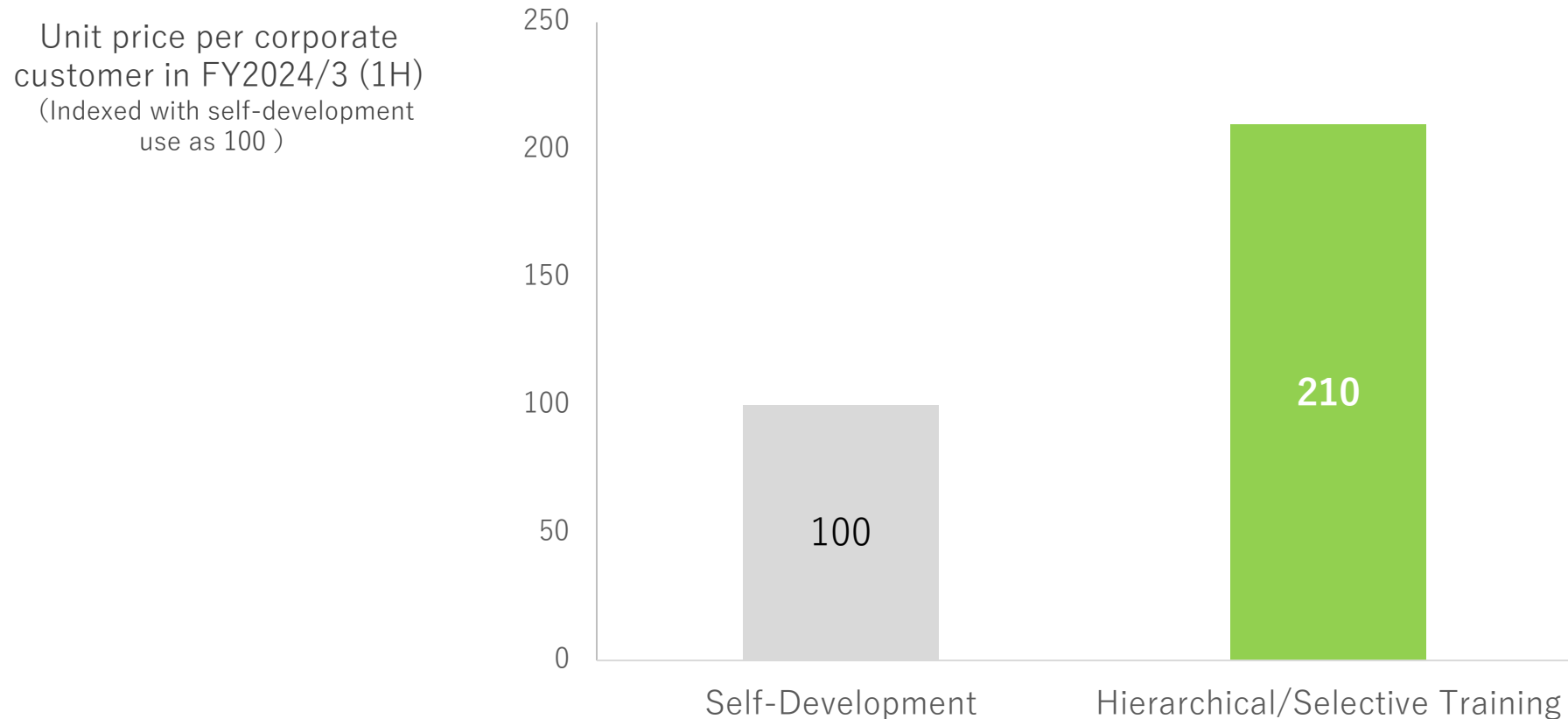


Hierarchical/Selective Training

As part of our strategic human resource development, we provide selected employees with global human resource development training that goes beyond language skills. Provided training at RareJob Eikaiwa, along with training at our partner companies.

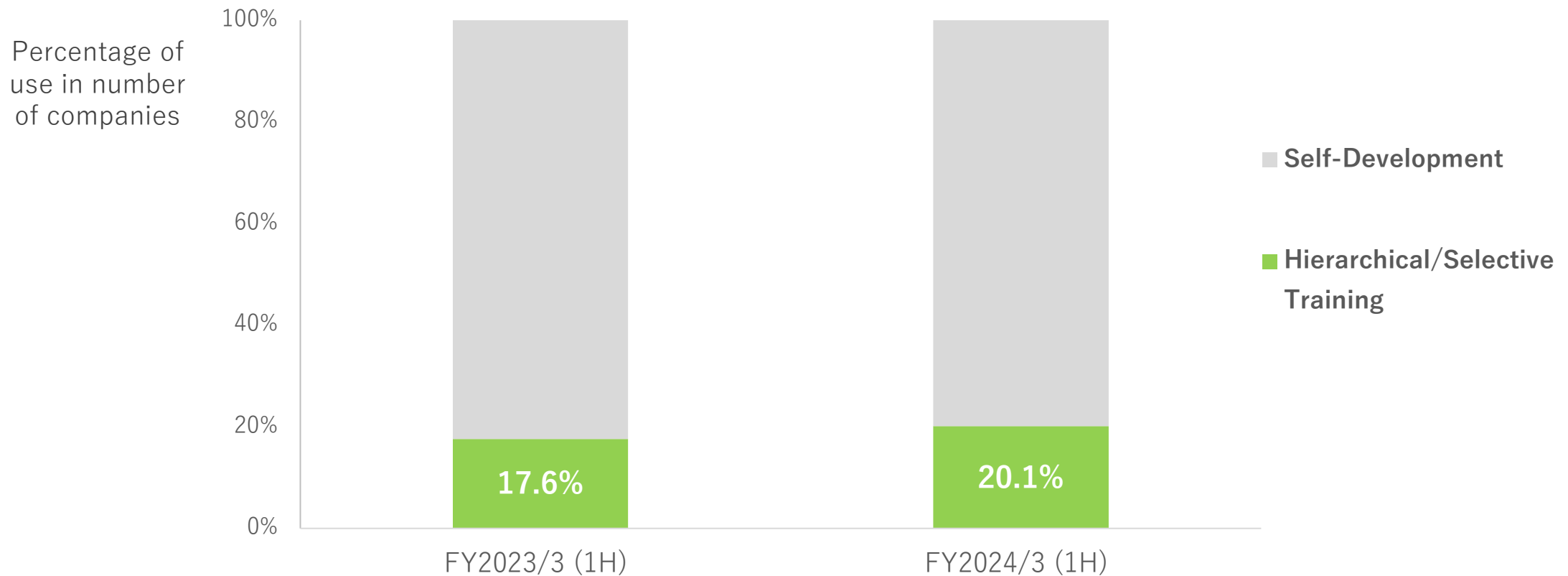
Unit price comparison per company

Unit price per company using the program for Hierarchical / Selective training purposes is 2.1 times higher than for self-development purposes



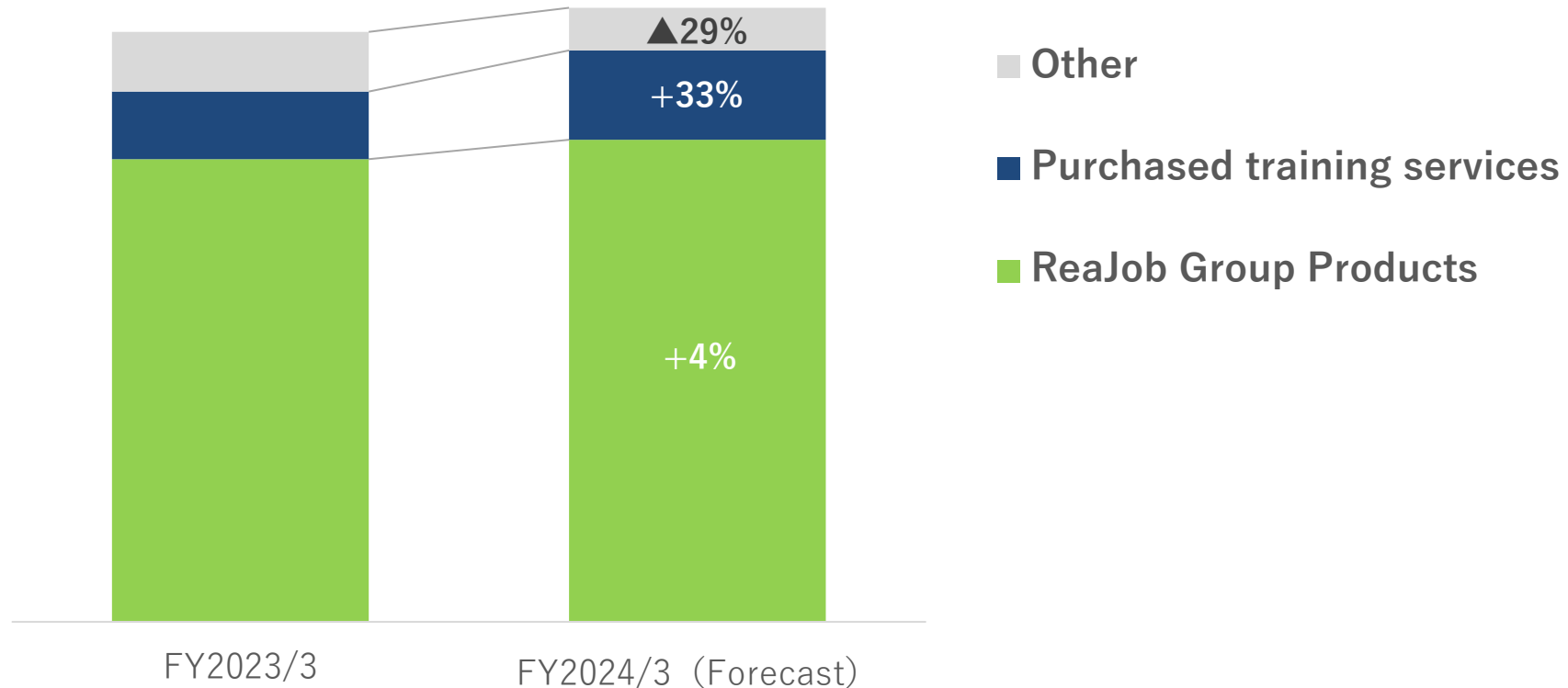
Percentage of companies using the program for hierarchical/selective training purposes

At this stage, only about 20% of corporations use the system for Hierarchical / Selective training purposes, so there is room for future growth.



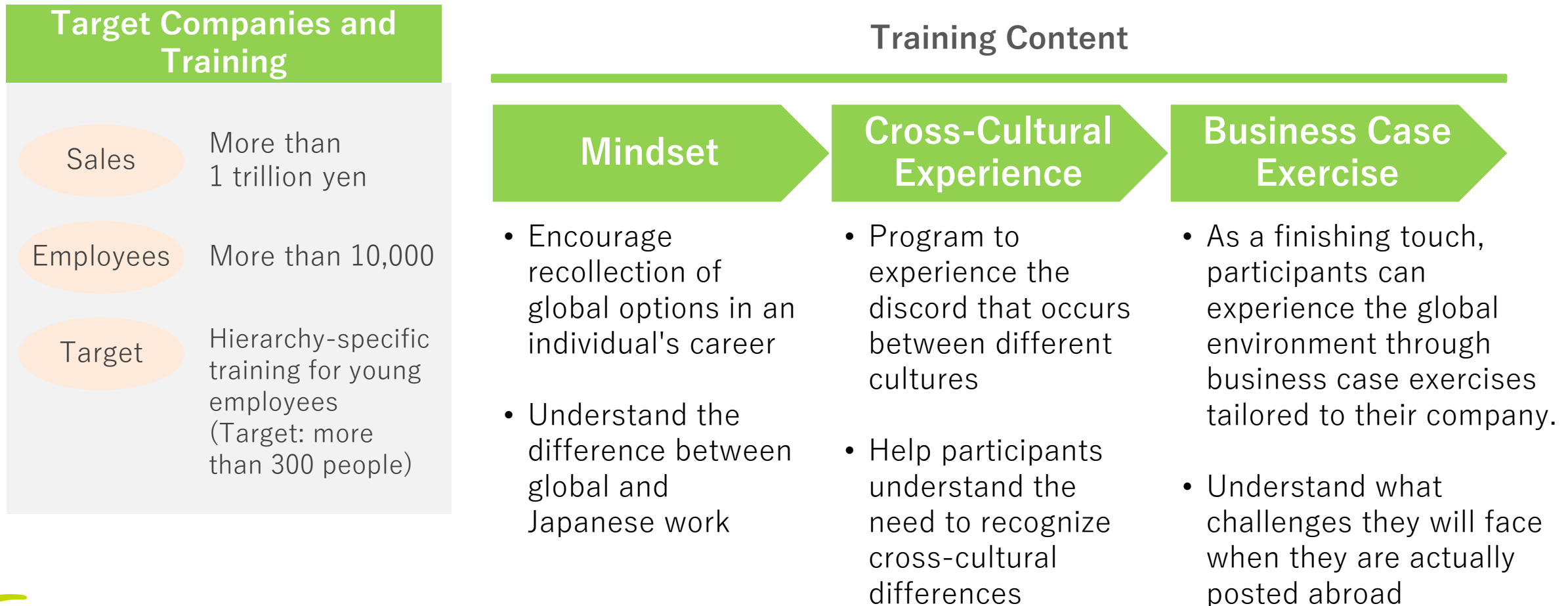
Trends in Percentage of B2B Service Sales

Sales growth rate of purchased training services exceeds that of RareJob Group products.



Example of Use in Hierarchy-Based Training

Receiving orders for training aimed at not only learning English conversation, but also acquiring cross-cultural understanding, global mindset, etc.

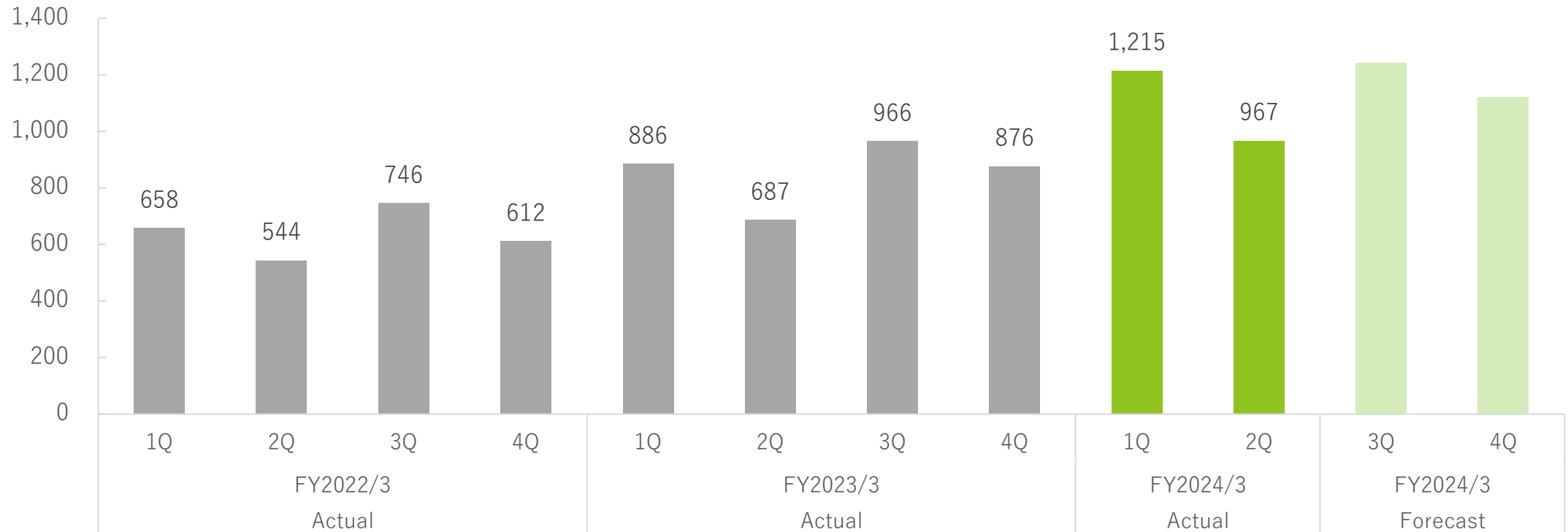


Actions of BORDERLINK

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 tutors in the Philippines.

Quarterly Sales Forecast

(In JPY MM)



Actions for FY2024/3

Native Tutor Service to be offered on a Full Scale Basis

- Expand the instructor supply system and start full-scale service provision. Aim to improve the unit price by offering a new plan for native tutors' lessons by the end of this year.

Development of AI lesson feedback function

- This will improve the learning cycle, with the aim of becoming the service of choice as an online English conversation service that helps students learn to speak English.

Accelerate the spread of PROGOS and the penetration of Hierarchical / Selective training

- Continue to aim to implement the system to a wide range of companies. Place top priority on creating examples of implementation of the system at leading companies.

Expand sales area for ALT dispatch business

- Expand sales area for orders in the next fiscal year. Strengthen proposals to new municipalities in Hokkaido, Tohoku, Kyushu, and Chugoku regions. Actively participate in the selection process.

4. Growth Strategy

Purpose/Vision for the RareJob Group

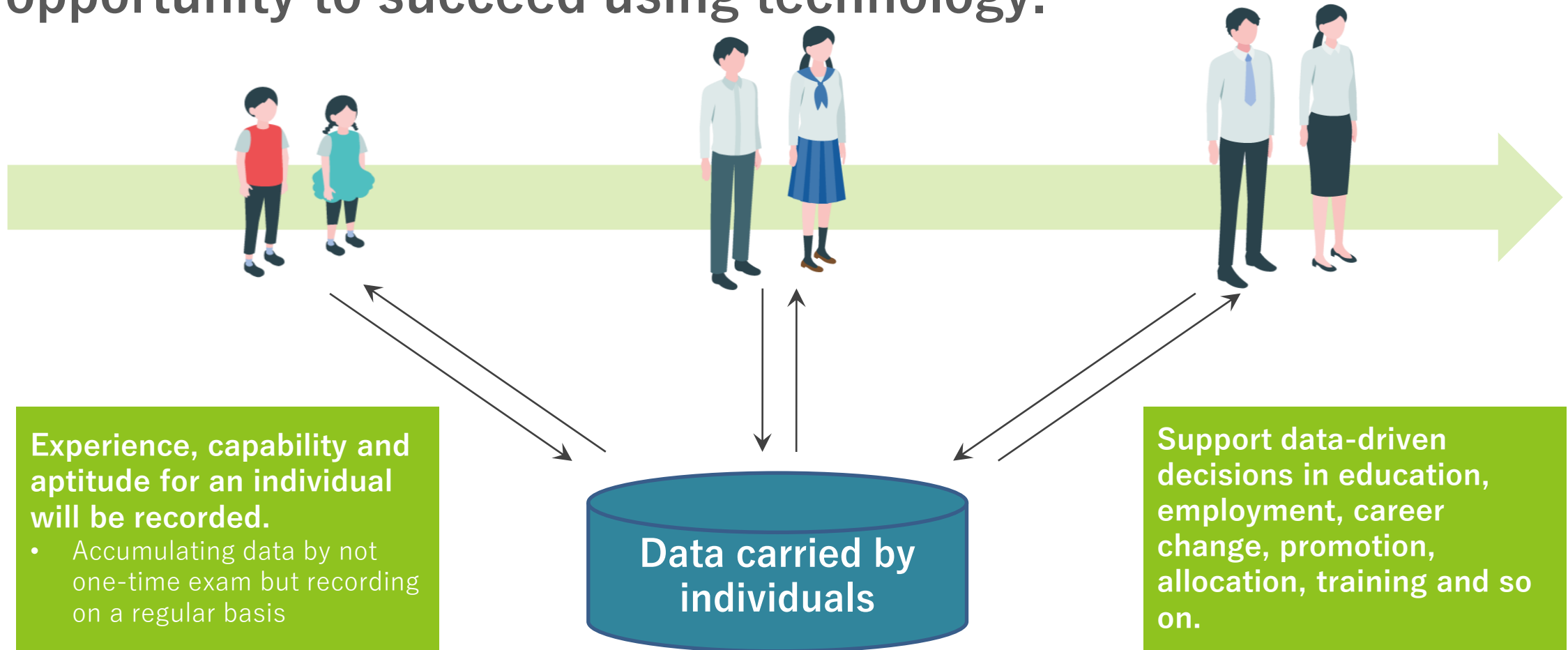
Vision

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

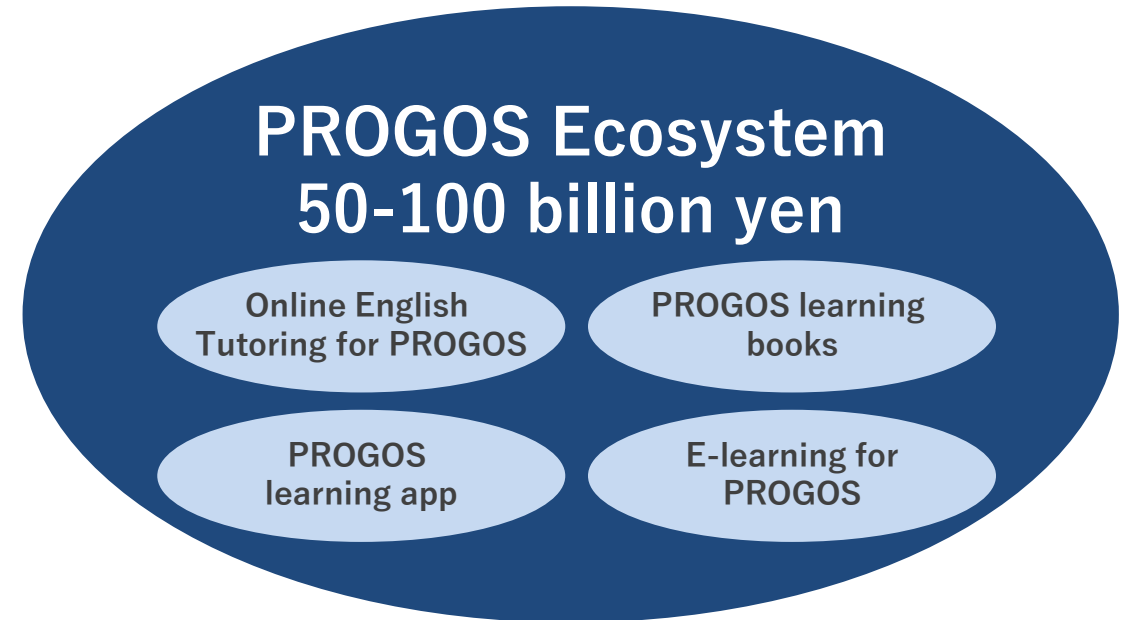
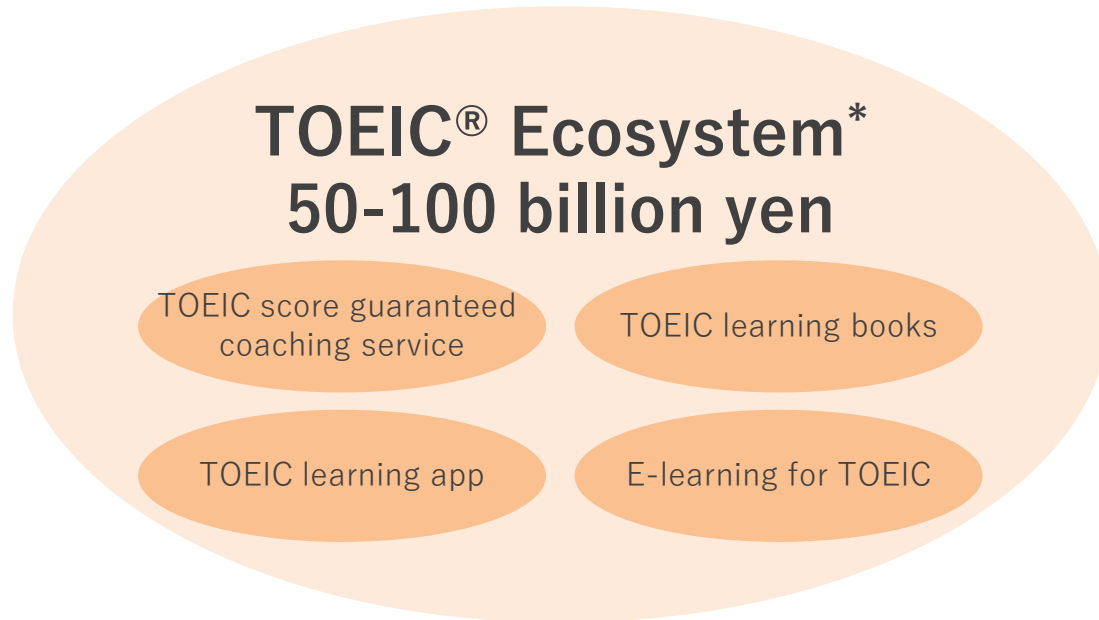
Expanding the target of assessments from not only speaking but also reading, listening and writing English skills to global business skills.



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.



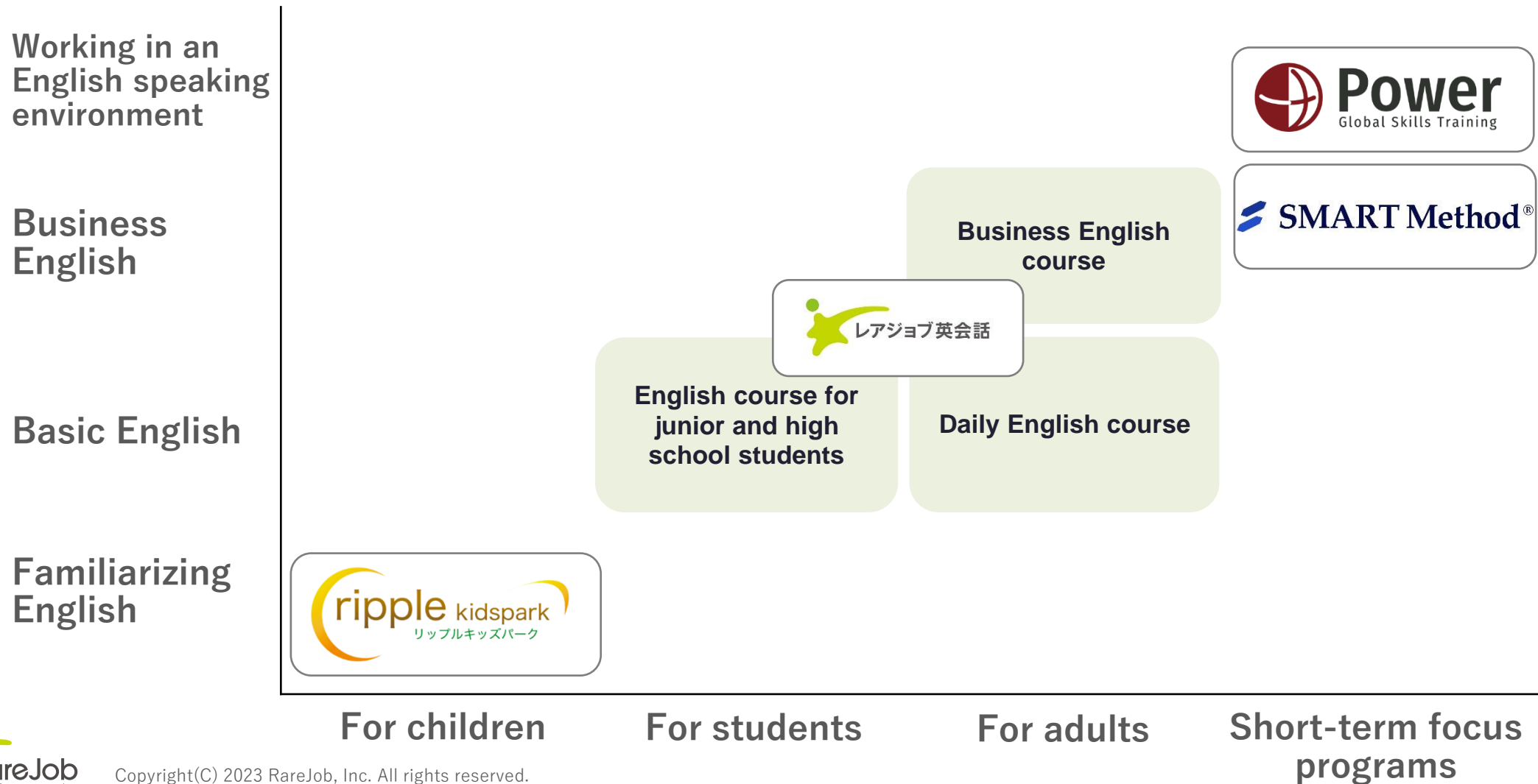
Expect to earn approximately 20% (10-20 billion yen) of the PROGOS ecosystem as the revenue of the RareJob group

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

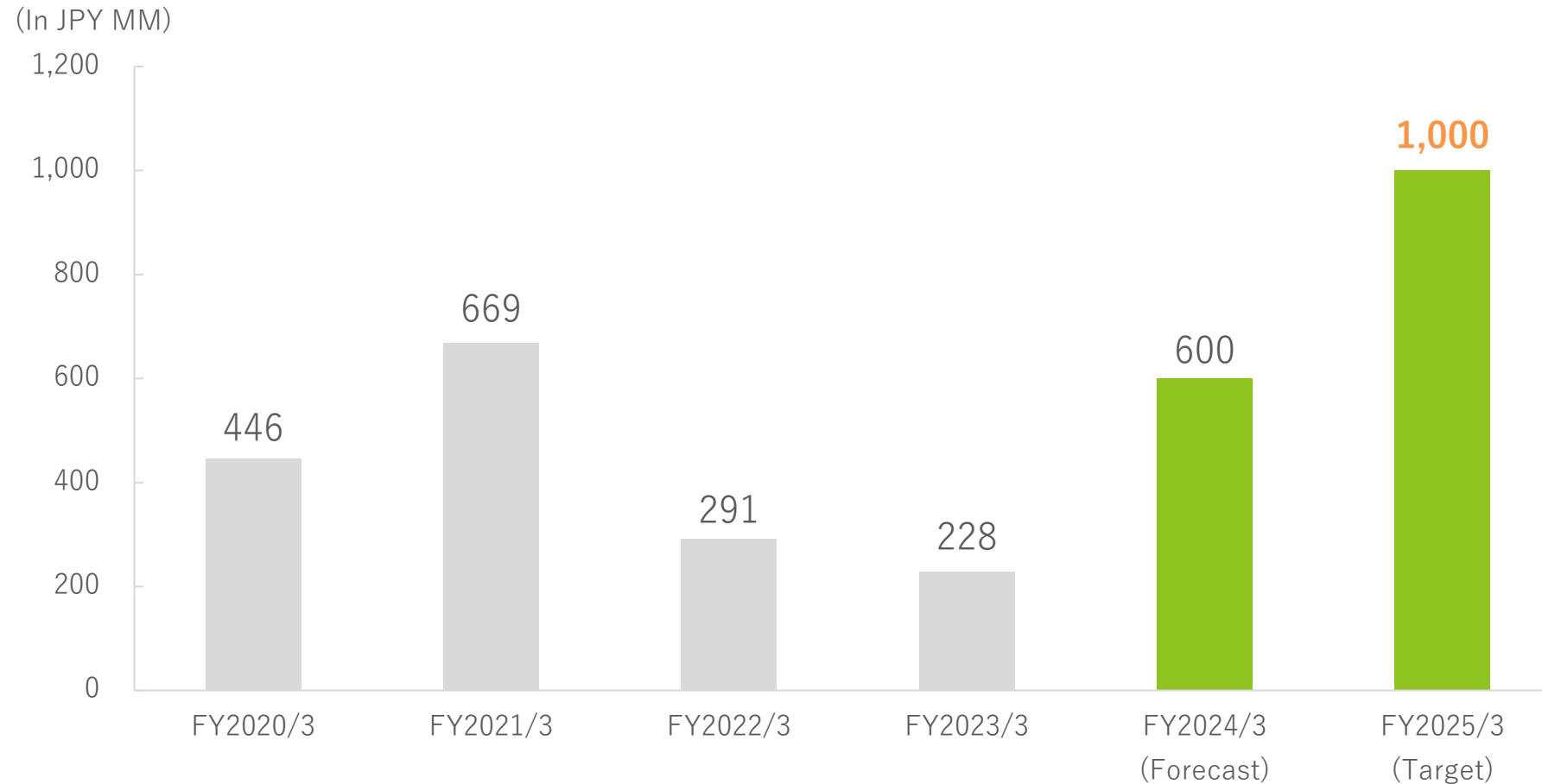
Growth Strategy for ALT Dispatch Business

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: 654,182 thousand Yen (As of September 30, 2023)

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

Standard 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.



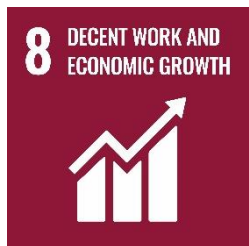
● Providing reasonable and high quality educations

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.

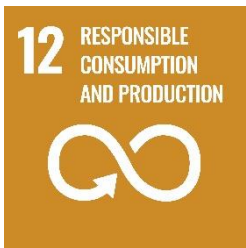
The classification for ESG: ● Environmental ● Social ● Governance

Initiatives for SDGs/ESG (2/2)



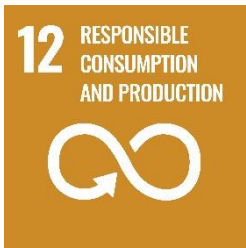
● Realization of the society where people can make full use of their abilities

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.





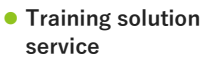









● Corporate governance

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

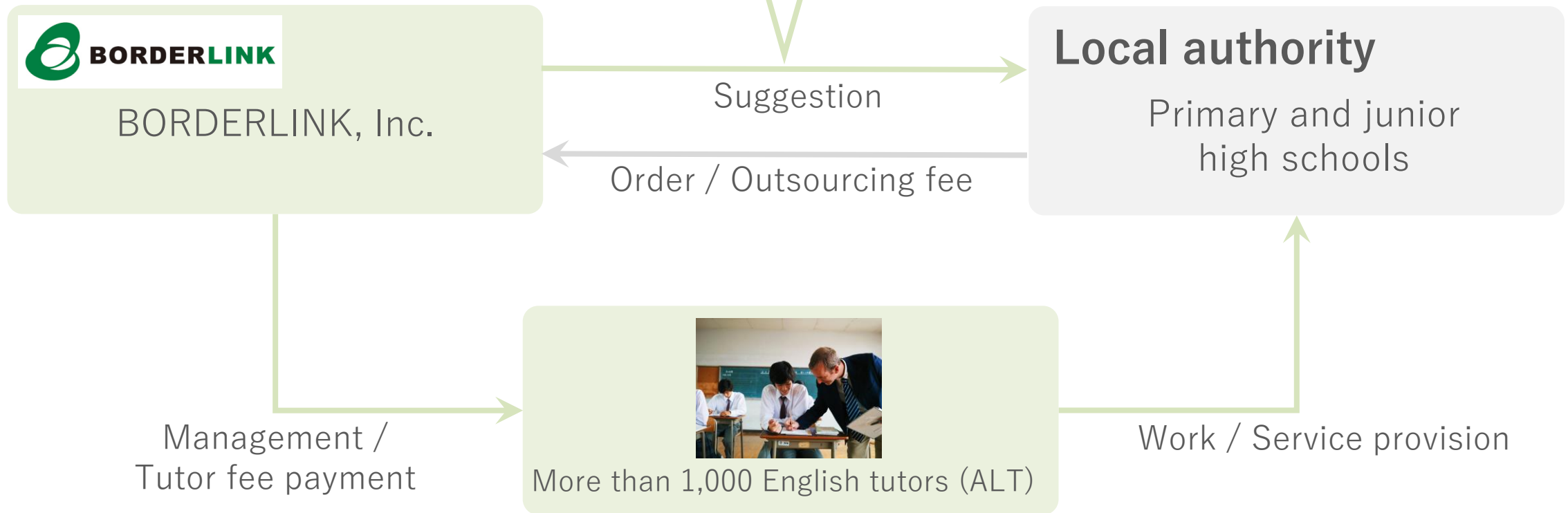
The Service list of the RareJob Group

	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

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.

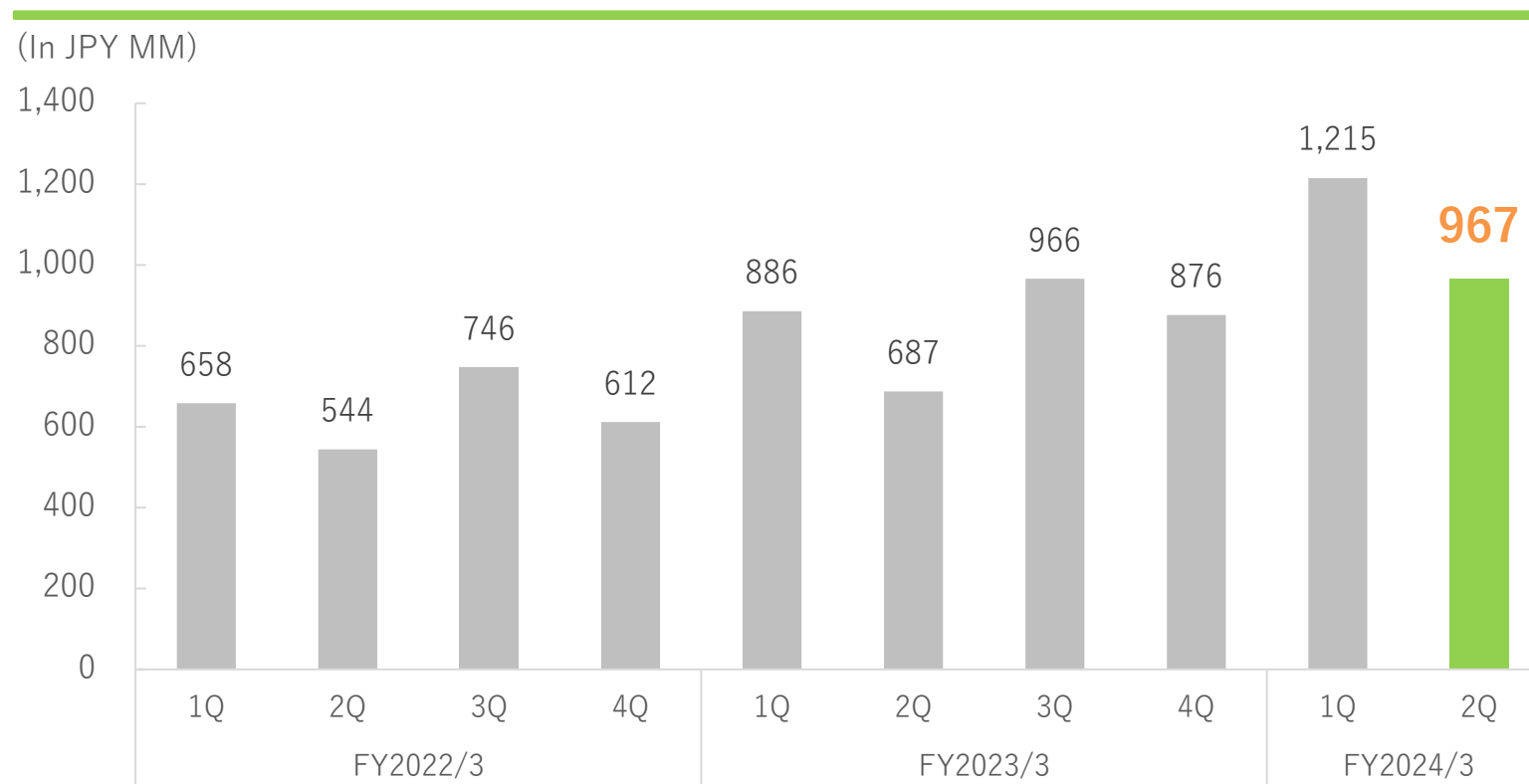
About 95% of orders are confirmed during January and March of the previous fiscal year.



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.

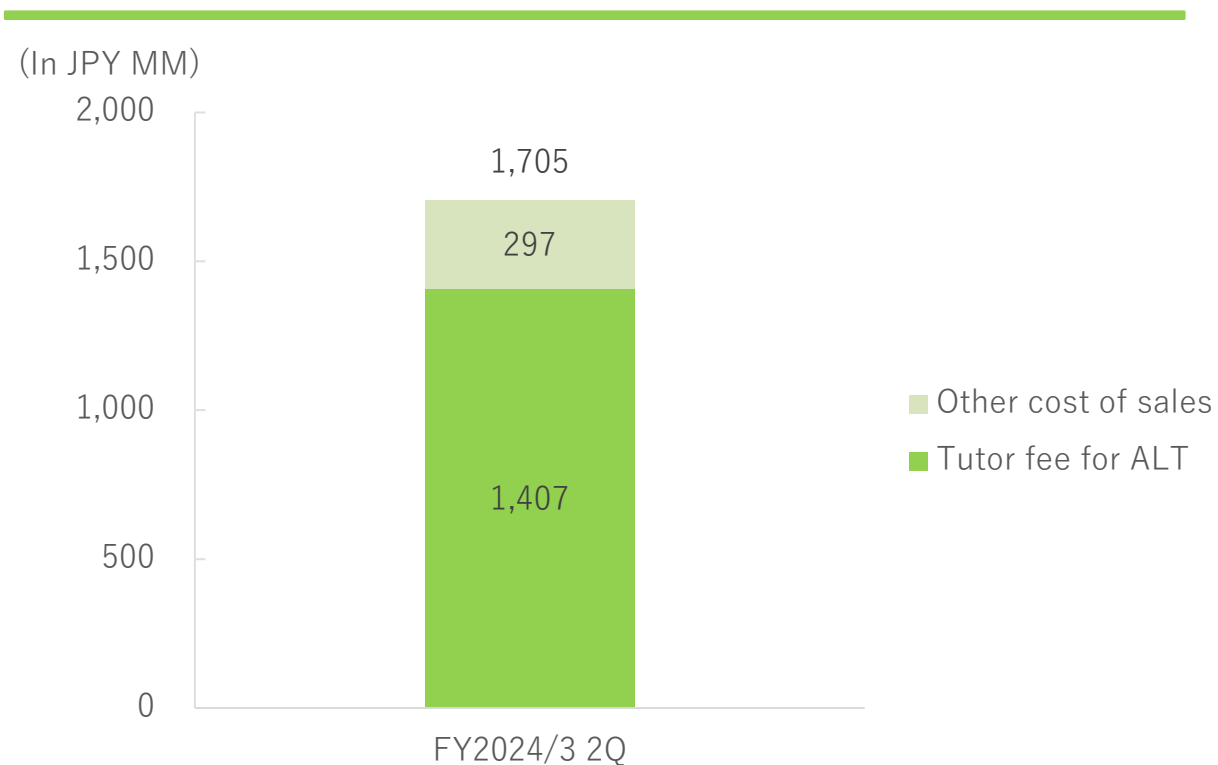
Quarterly Net Sales



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 2Q is 21.9%.

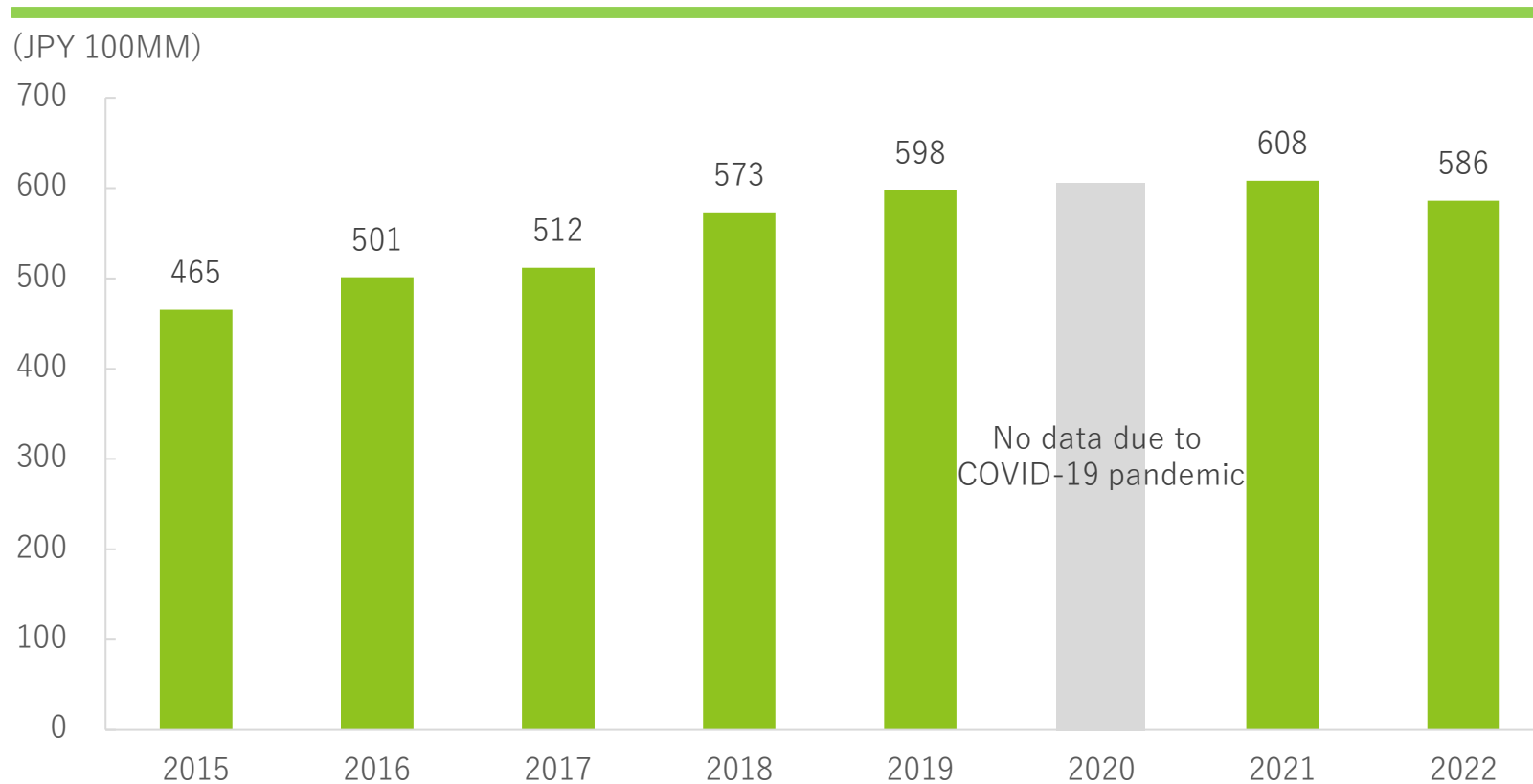
Breakdown for Cost of Sales



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

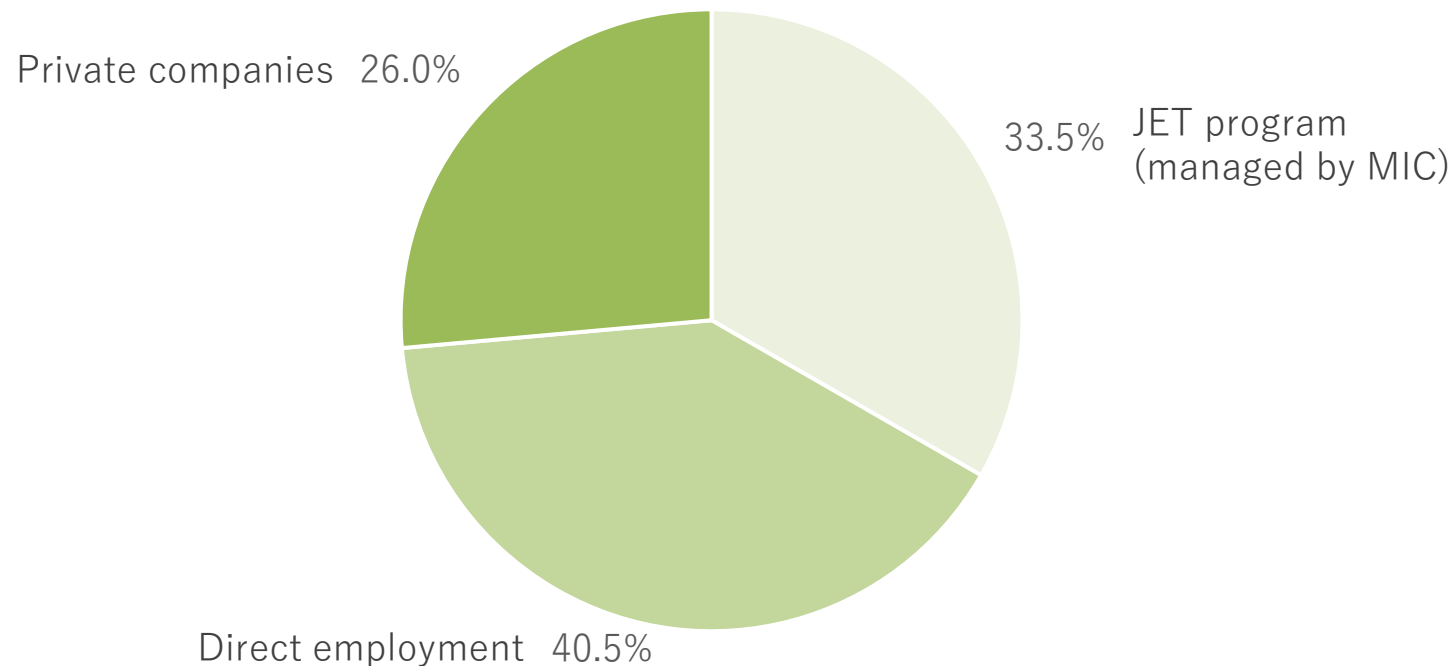


*RareJob estimated this based on the number of ALT excluding others from "Survey for Status of English Education" by MEXT and unit cost per ALT (4 million yen).

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.

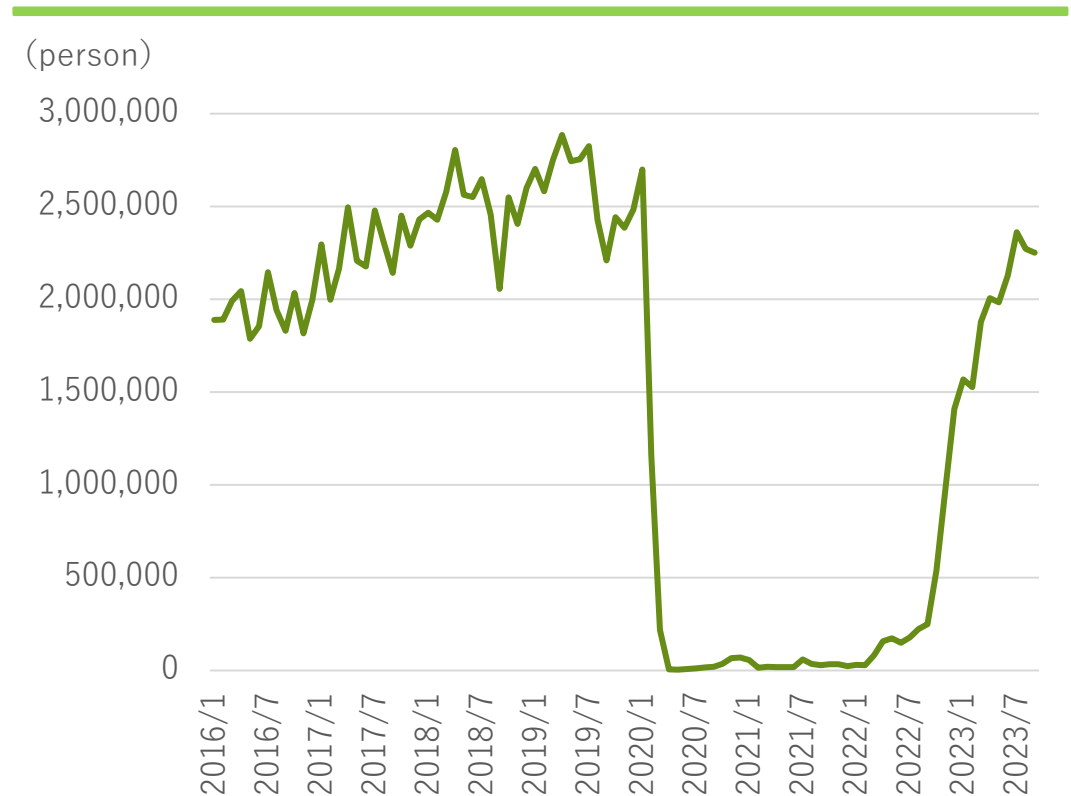
Current Situation of the Online English Learning Market

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

Number of Japanese departures



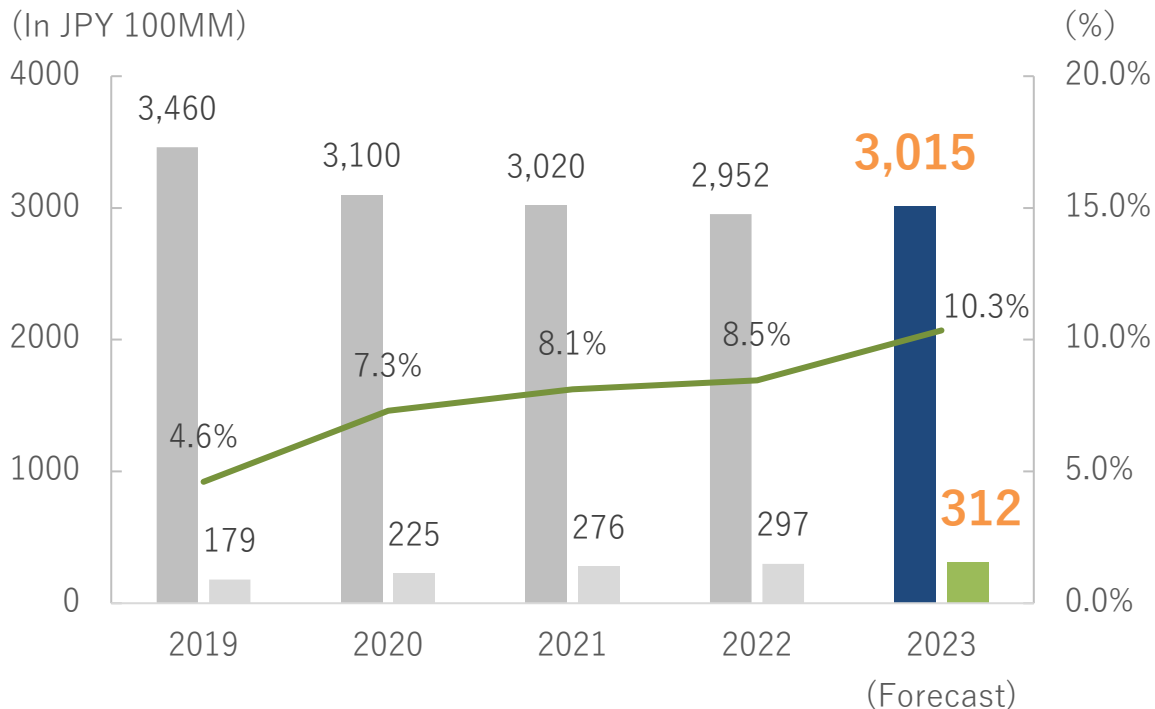
Number of foreigners entering the country



*Immigration Services Agency "Statistics of Immigration Management"

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.

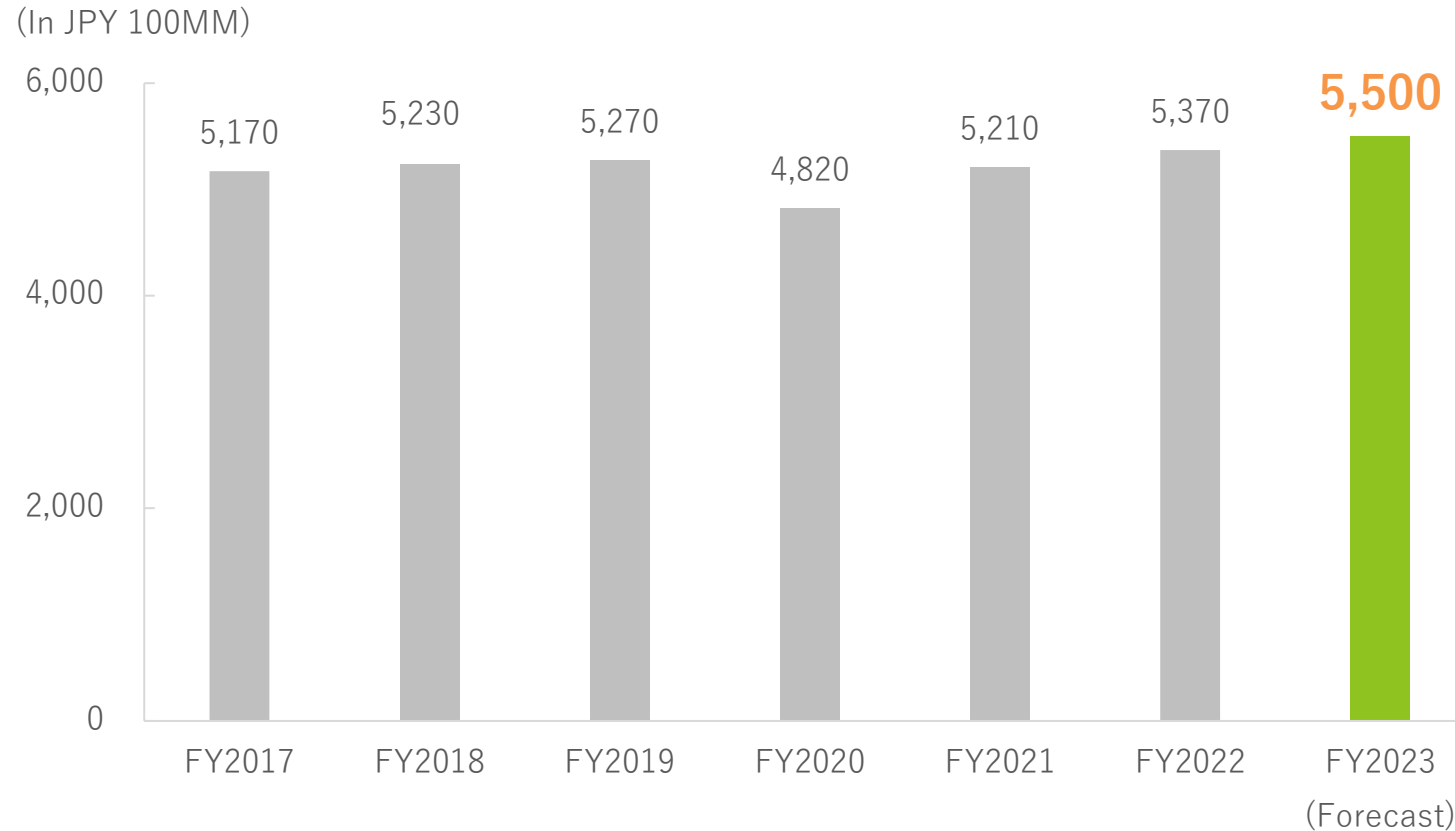
Online Language Learning Market

- 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 2023"

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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