

# RareJob, Inc.

Financial Results for the Nine Months Ended December 31, 2023

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February 14, 2024



# Agenda

1. FY2024/3 3Q Results
2. FY2024/3 Plan
3. Business Updates

Appendix

# 1. FY2024/3 3Q Results

# FY 2024/3 3Q Results Summary

## **Net sales reached a record high, with a YoY increase of +76.5%.**

The significant increase in sales is attributed to the launch of BORDERLINK, Inc. 's ALT\*1 dispatch business.

## **The operating profit increased YoY by +253.6%.**

The commencement of the ALT dispatch business and the improvement in profit margins in the Reskilling-related Business resulted in a significant increase in profits.

## **The Native Tutor Option Plan for online English conversation has been initiated.**

The 'Native Pass' option, which offers lessons with multinational native tutors, has been launched. User numbers are steadily increasing, with the aim of improving customer unit prices.

## **The ALT dispatch business continues to progress smoothly.**

The third quarter is proceeding as expected. Additionally, to secure orders for FY2025/3, we are strengthening our sales efforts in new areas. As of early February 2024, we have orders scheduled from 19 new municipalities.

\*1 Assistant Language Teacher

# Financial Results for FY 2024/3 3Q

Net sales increased by 76.5% and operating income increased by 253.6%.

(In JPY MM)

	FY2023/3 3Q	FY2024/3 3Q	Change YoY
Net sales	4,364	7,703	+76.5%
EBITDA*	415	965	+132.3%
Operating income	176	625	+253.6%
Ordinary income	229	610	+165.6%
Net income Attributable to owners of parent	163	533	+225.6%

Operating margin	4.1%	8.1%	+4.1pt
EBITDA margin	9.5%	12.5%	+3.0pt

\*Operating income + Depreciation + Amortization of goodwill

## Segment Profit/Loss for FY 2024/3 3Q

Segment profit for Reskilling-related increased by 36.9% as the profit margin for the business improved. Segment profit for Childcare Support generated 232 million yen due to the ALT dispatch business.

(In JPY MM)

		FY2023/3 3Q	FY2024/3 3Q	Change YoY
Reskilling- related business	Net sales	4,008	3,928	-2.0%
	B2C	2,675	2,564	-4.2%
	B2B	1,333	1,364	+2.4%
	Segment profit	475	651	+36.9%
Childcare Support Business	Net sales	355	3,774	+960.6%
	ALT dispatch	-	3,444	-
	English learning for children	355	329	-7.3%
	Segment profit	-66	232	-
Adjustment*		-232	-257	-
Total	Net sales	4,364	7,703	+76.5%
	Operating income	176	625	+253.6%

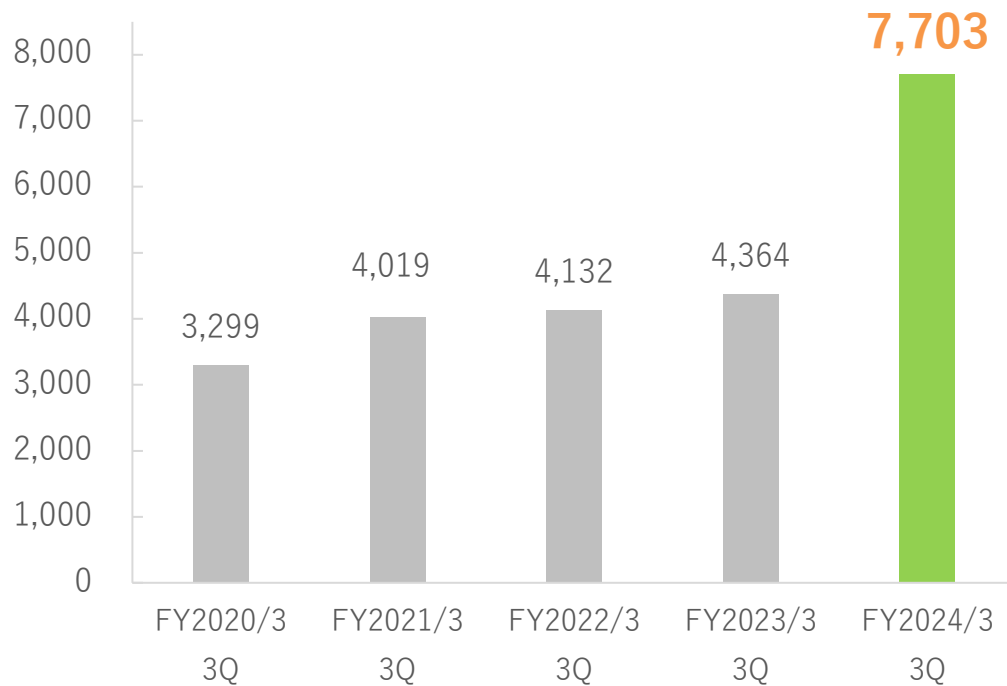
\*Adjustments are mainly corporate expenses that do not belong to the reportable segments.

# 3Q Results for the last several years

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

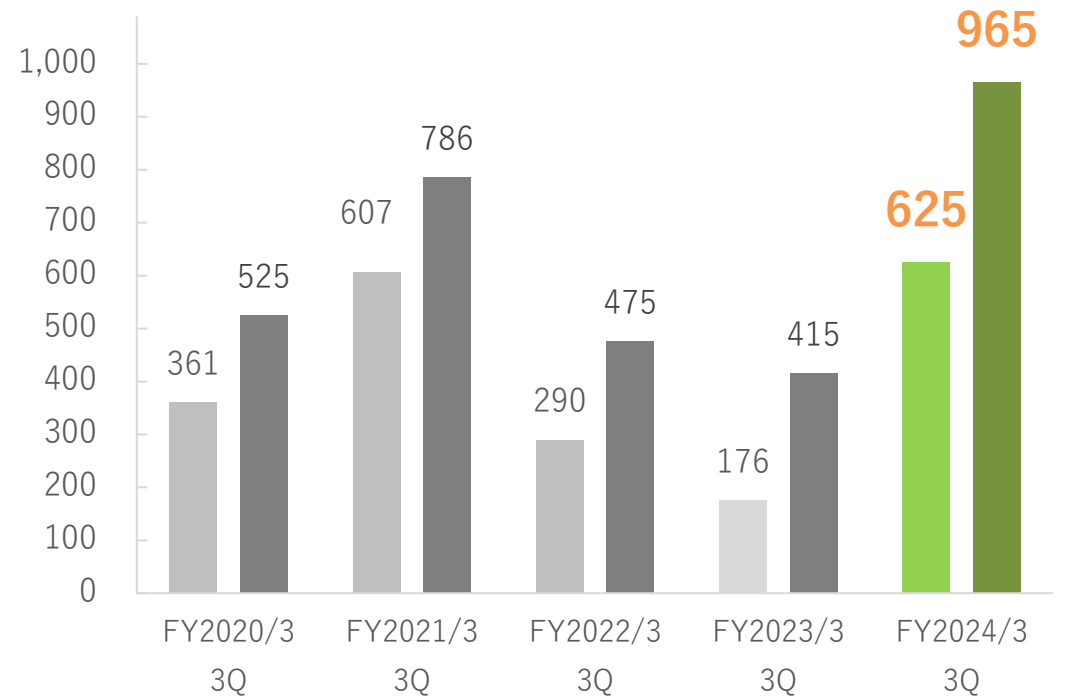
### Net Sales

(In JPY MM)



### Operating income / EBITDA

(In JPY MM)

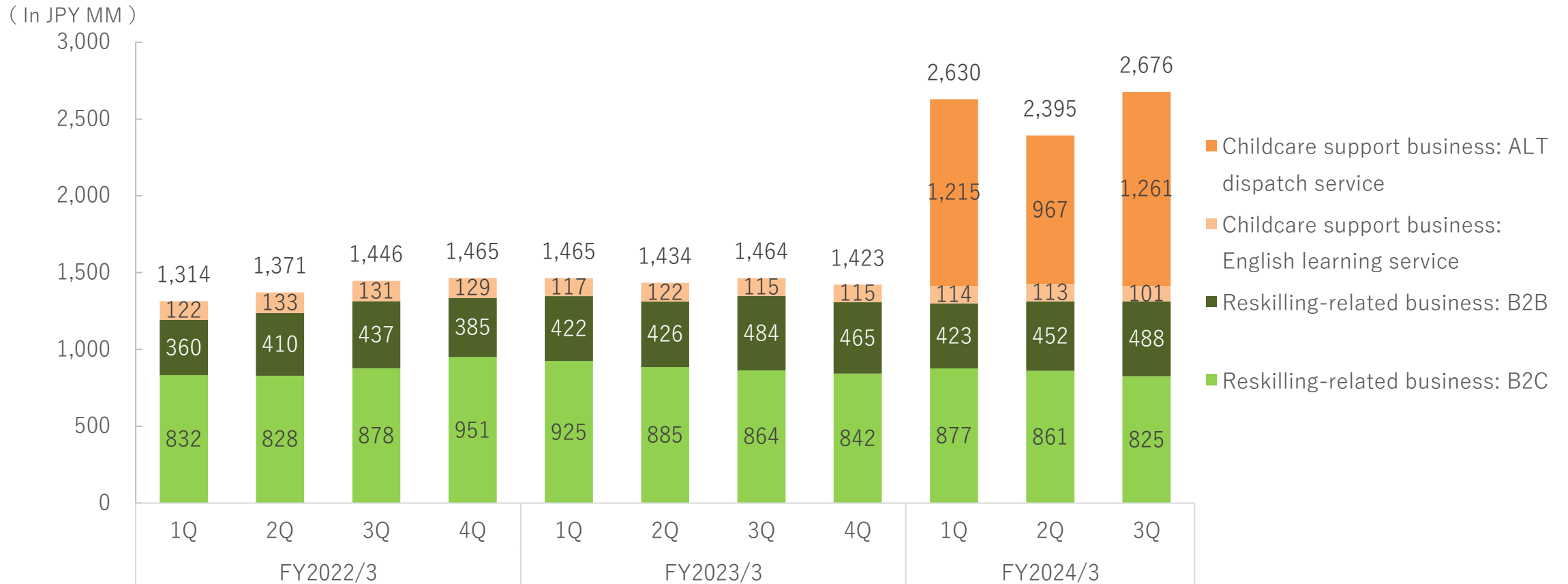


■ Operating income ■ EBITDA

# Breakdown of Quarterly Net Sales

Despite a decrease in the scale of large editing contracts, B2B services saw an increase YoY. ALT dispatch services continue to perform well, driving sales.

Net Sales



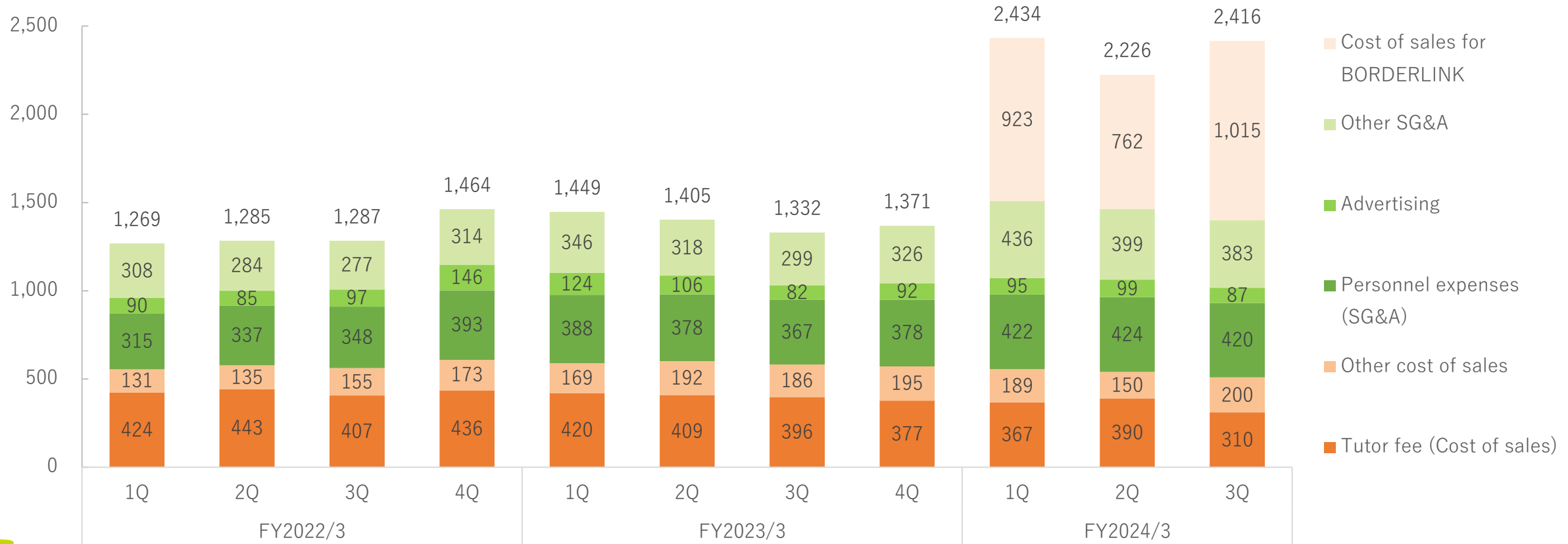


# Breakdown of Quarterly Expenses (Cost of Sales and SG&A)

Due to a review of the supply system for children's English conversation tutors, the tutor fee has been reduced.

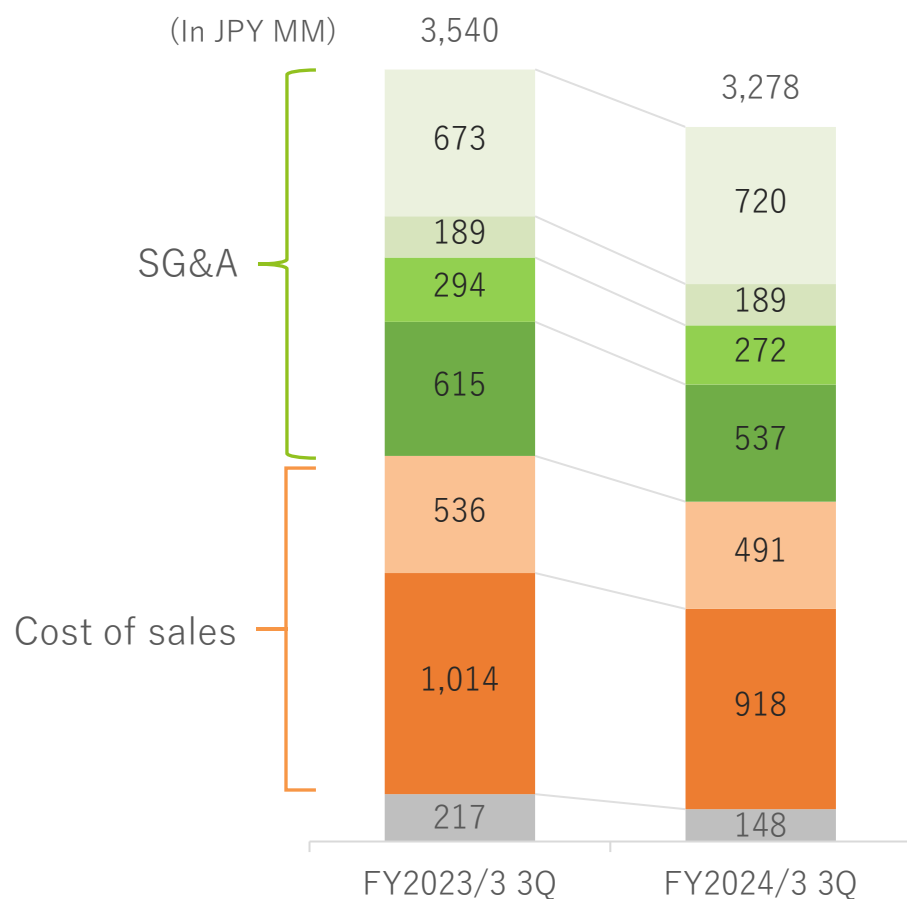
## Costs

(In JPY MM)



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

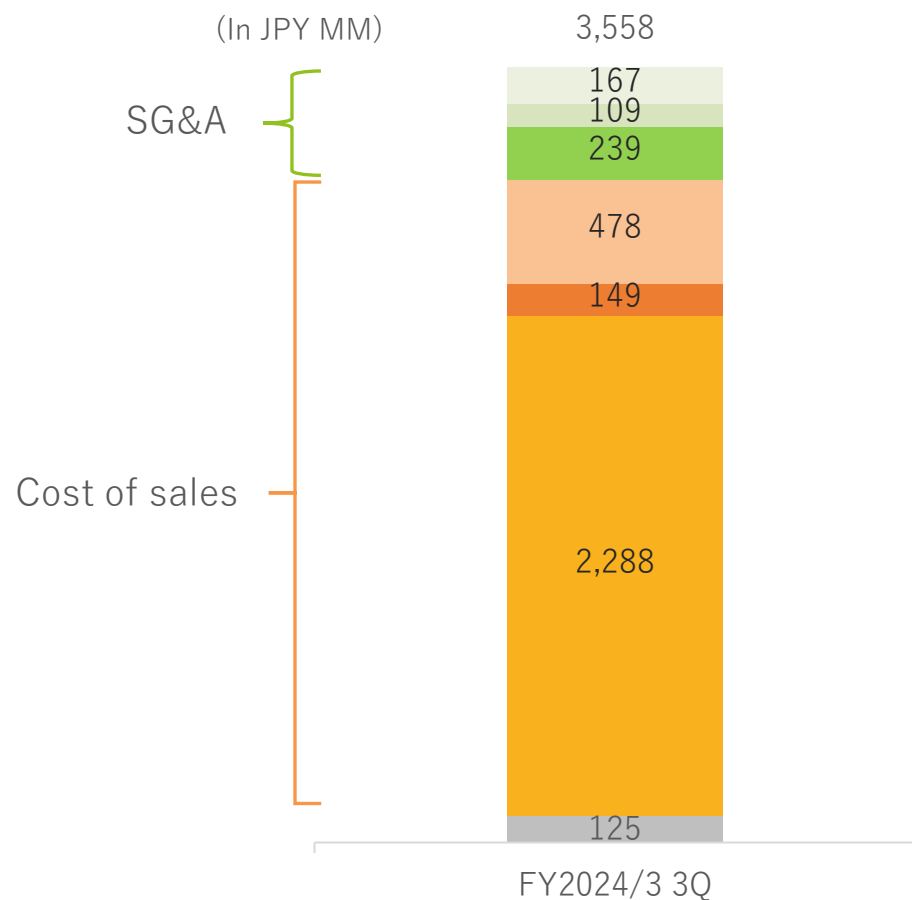
As a result of a review of tutor fee rates and a decrease in the number of lessons per user, tutor fees have decreased. Personnel and advertising expenses have also decreased due to optimization.



Costs	Change YoY (%)	Factors
Other SG&A	+47 (+7.0%)	Increase in outsourced operations, etc.
Depreciation (Including amortization of goodwill)	+0 (+0.2%)	Depreciation expenses for software development, etc.
Advertising	-22 (-7.7%)	The optimization of marketing initiatives for the Shikaku Square business has led to a decrease.
Personnel expenses (SG&A)	-77 (-12.7%)	Due to optimization of personnel allocation, there has been a decrease.
Other cost of sales	-44 (-8.3%)	The optimization of costs for Shikaku Square business materials has led to a decrease.
Tutor fee (Cost of sales)	-95 (-9.4%)	As a result of reviewing the tutor fee rates and the decrease in the number of lessons per user, there has been a decrease.
Common expenses	-69 (-31.8%)	Due to fluctuations in the allocation ratio with the Childcare Support Business, the burden ratio of the Reskilling-related Business has decreased

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

The tutor fee for the ALT dispatch service constitutes a significant portion of the operating costs in the 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

Progress exceeding performance expectations. However, in the fourth quarter, significant increases in advertising and promotional expenses are anticipated to accommodate the increase in user numbers for FY2025/3 plan.

(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 3Q cumulative	Progress
7,703	77.0%
965	96.6%
625	104.3%
610	115.2%
533	133.3%

8.1%	-
12.5%	-

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

The sales in each segment are progressing smoothly.

(In JPY MM)

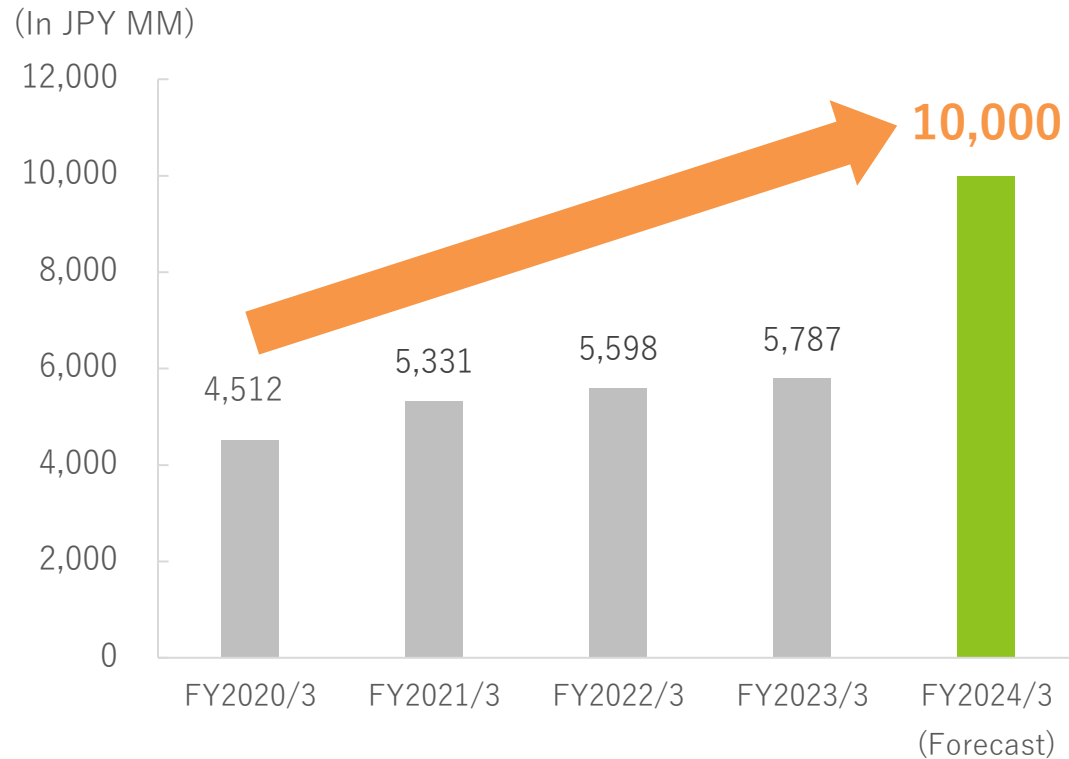
		FY2023/3 Results	Guidance for FY2024/3	Change YoY
Reskilling-related business	Net sales	5,316	5,200	-2.2%
	B2C	3,517	3,400	-3.3%
	B2B	1,799	1,800	+0.1%
	Segment profit	668	750	+12.2%
Childcare Support Business	Net sales	471	4,800	+919.1%
	ALT dispatch	-	4,400	-
	English learning for children	471	400	-15.1%
	Segment profit	-98	210	-
Adjustment		-342	-360	-
Total	Net sales	5,787	10,000	+72.8%
	Operating income	228	600	+162.8%

FY2024/3 3Q cumulative	Progress
3,928	75.6%
2,564	75.4%
1,364	75.8%
651	86.8%
3,774	78.6%
3,444	78.3%
329	82.5%
232	110.7%
-257	-
7,703	77.0%
625	104.3%

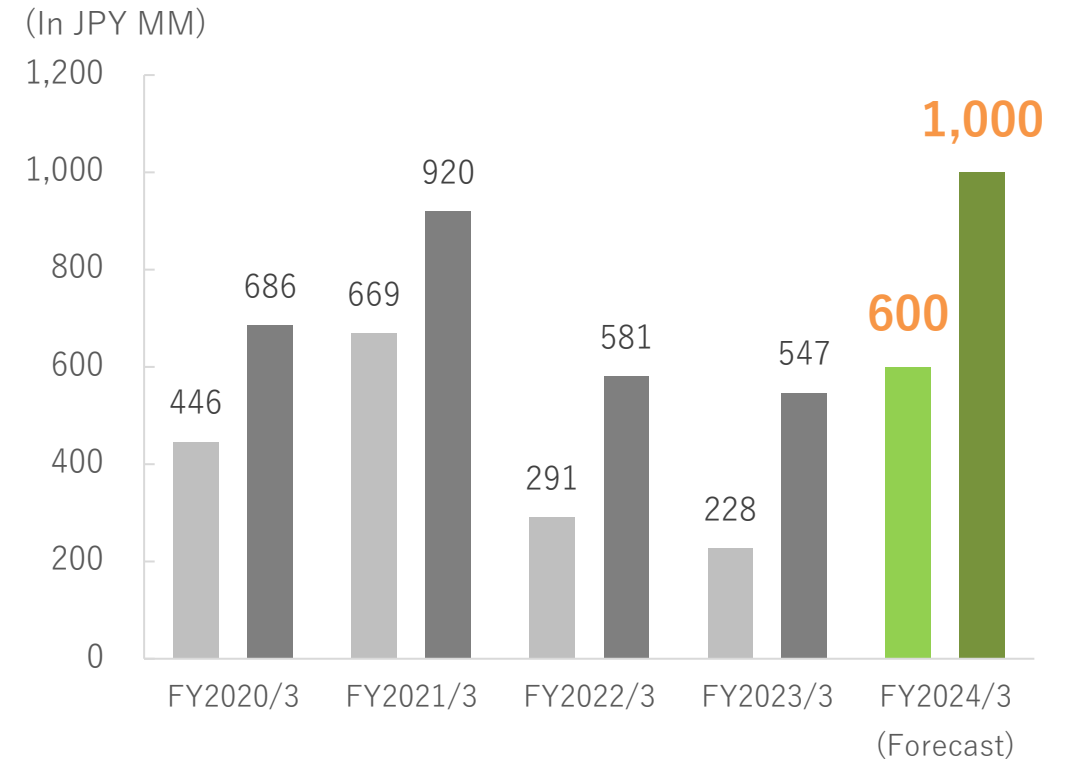
# Net Sales and Operating Income Results

Net sales have 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



The 'Native Pass', where lessons with native tutors are available, has been offered.

An option to receive lessons from multinational native tutors has been launched at the industry's lowest price. The number of users is steadily increasing, aiming to improve customer unit prices.



レアジョブ英会話



ネイティブから英会話を学ぶなら  
業界最安値※

# ネイティブパス

※自社調べ 毎日25分レッスンを受けた場合



- Native tutors from various countries are available.
- You can book a lesson with a native tutor once a day.
- Additional options that can be added to the Everyday Conversation Course and Business Conversation Course.
- An extra fee of 8,000 yen per month (tax included).

# The update of the AI automatic scoring Business English speaking test 'PROGOS'.

The usage of PROGOS is increasing. This is because it's being promoted for use in HR systems with added monitoring features, and adoption in large corporations is progressing.

## PROGOS online exam monitoring

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- Officially released for corporate use in December 2023.
- Designed to meet the demand for reliability in situations such as integration into customer companies' HR systems.
- Over 200 individuals have taken the exam as a requirement for promotion to managerial positions in a major retail company.

## The use as an HR system.

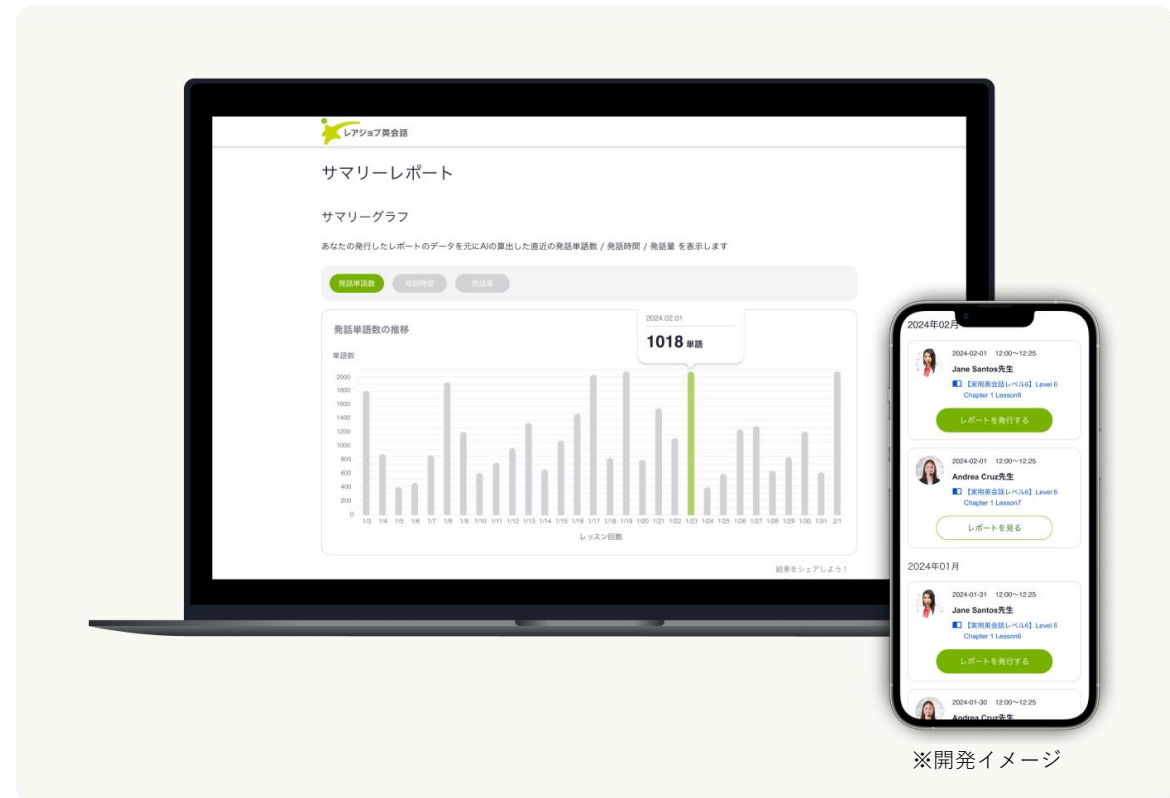
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- As part of the HR system in a major pharmaceutical company, it was implemented company-wide. Over 4,000 individuals took the exam.
- The results of PROGOS have been registered in the talent management system.
- The company plans to revise the training design and use it as part of its HR system in the future.

# R&D to create a unique lesson experience for RareJob English conversation using AI-generated content.

We plan to offer a Lesson Feedback feature ( $\beta$  version) as part of the AI Learning Support function for RareJob English conversation. We aim to create a service where humans and AI collaborate, differentiating ourselves from competitors.

- Using past learning data and recorded audio, AI can now provide instant suggestions based on learning, significantly enhancing the learning experience.
- By offering reviews that boost motivation for the next lesson and visually tracking progress, we create an engaging environment that promotes ongoing attendance and aims to increase retention rates.

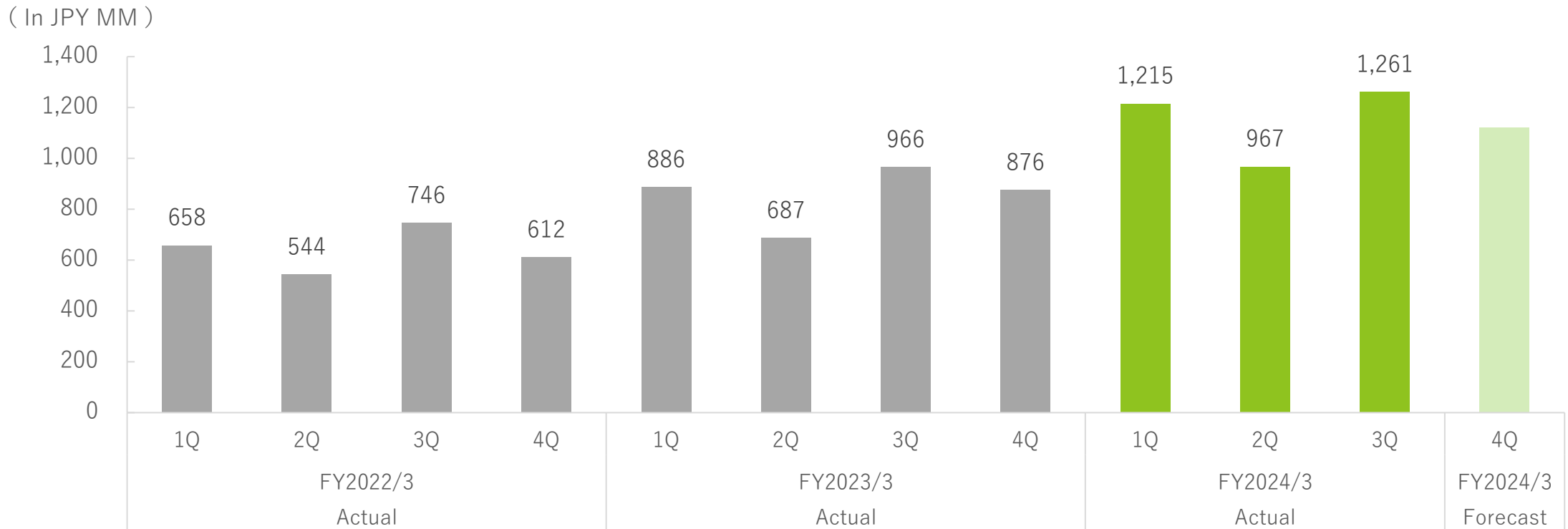


※開発イメージ

# Actions of BORDERLINK

The ALT dispatch business is on track. We're expanding sales into new areas like Hokkaido and Kyushu for FY2025/3. As of early Feb 2024, we have orders scheduled from 19 new municipalities.

## Quarterly Sales Forecast



## Actions for FY2024/3

### **Increase in membership for the Native Tutor Option (Native Pass).**

We aim to increase membership by advancing the expansion of the tutor supply system and enhancing satisfaction. Additionally, we aim for an average unit price increase of over 5% in the future.

### **Accelerate the adoption of PROGOS and promote stratified / selective training.**

We will focus on proposals to a wide range of companies and on building case studies of HR system implementations at leading companies.

### **Release of the AI Lesson Report Feature ( $\beta$ Version)**

We are planning to release an AI lesson feedback feature. As an online English conversation service focused on enabling users to become conversational, we aim to offer a service that is both distinctive and preferred over others.

### **Focus on expanding the sales territory of the ALT dispatch business.**

Focus on strengthening sales capabilities, expanding the sales area, and recruiting new tutors for next term's orders.

# Appendix

## Purpose/Vision for the RareJob Group

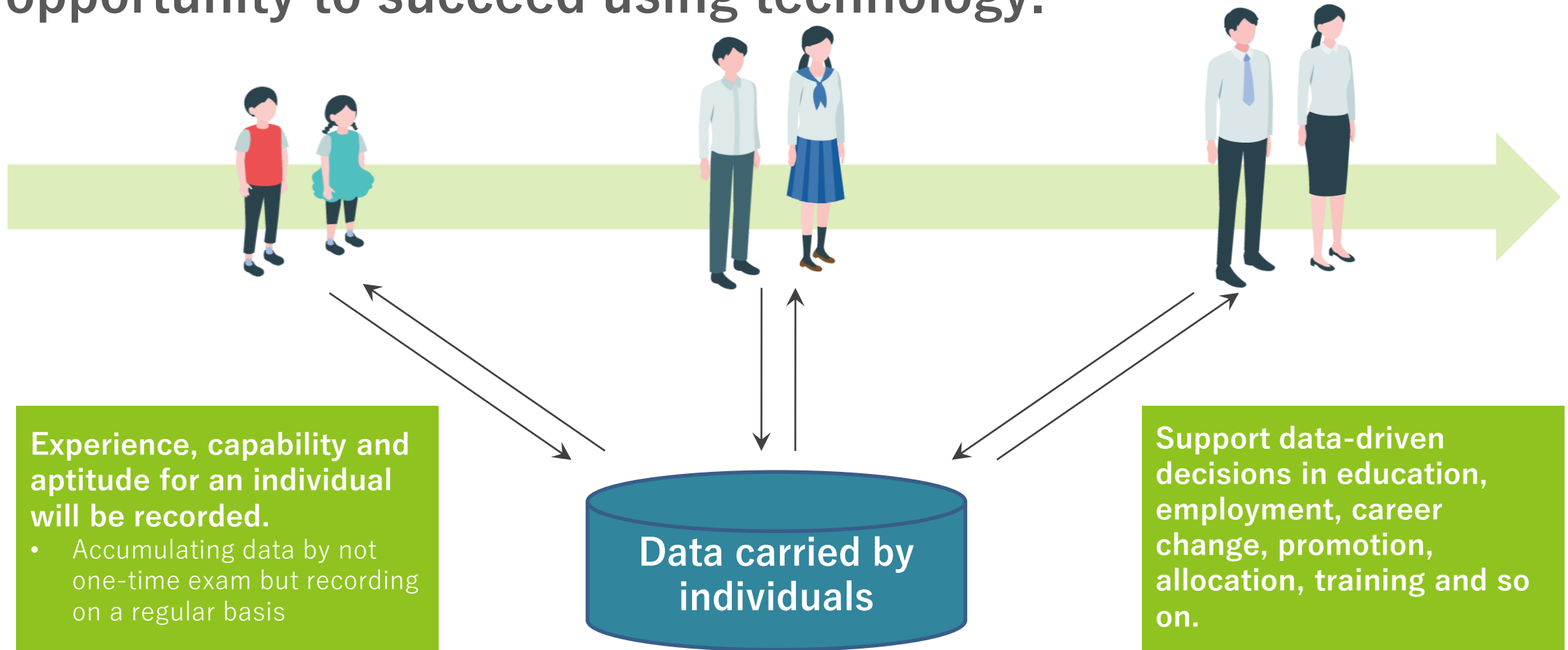
**Vision**

**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

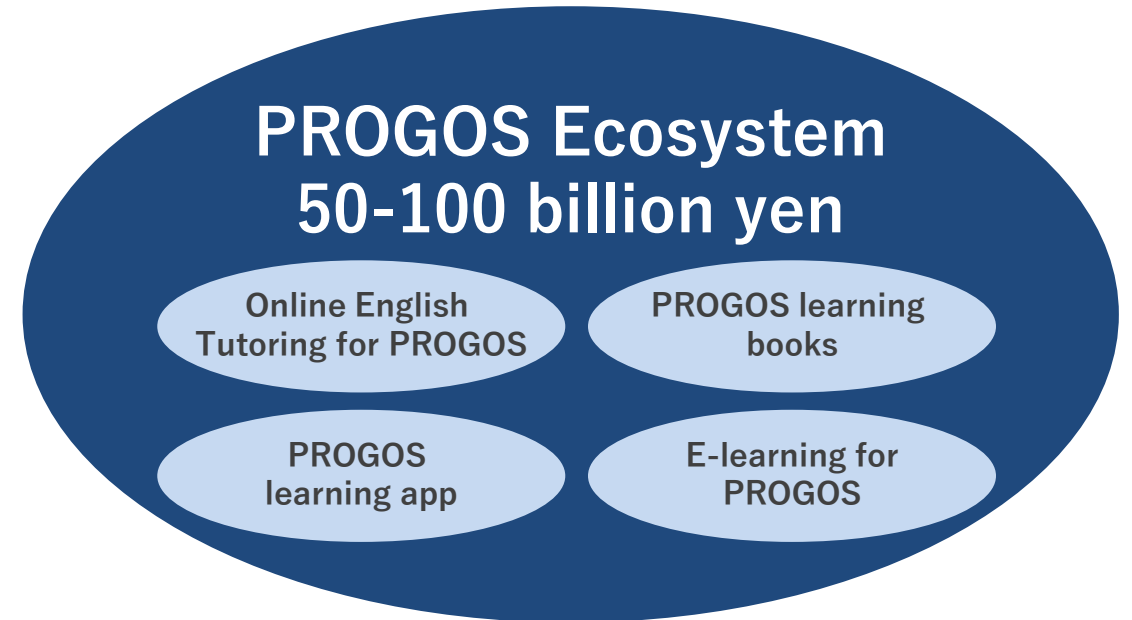
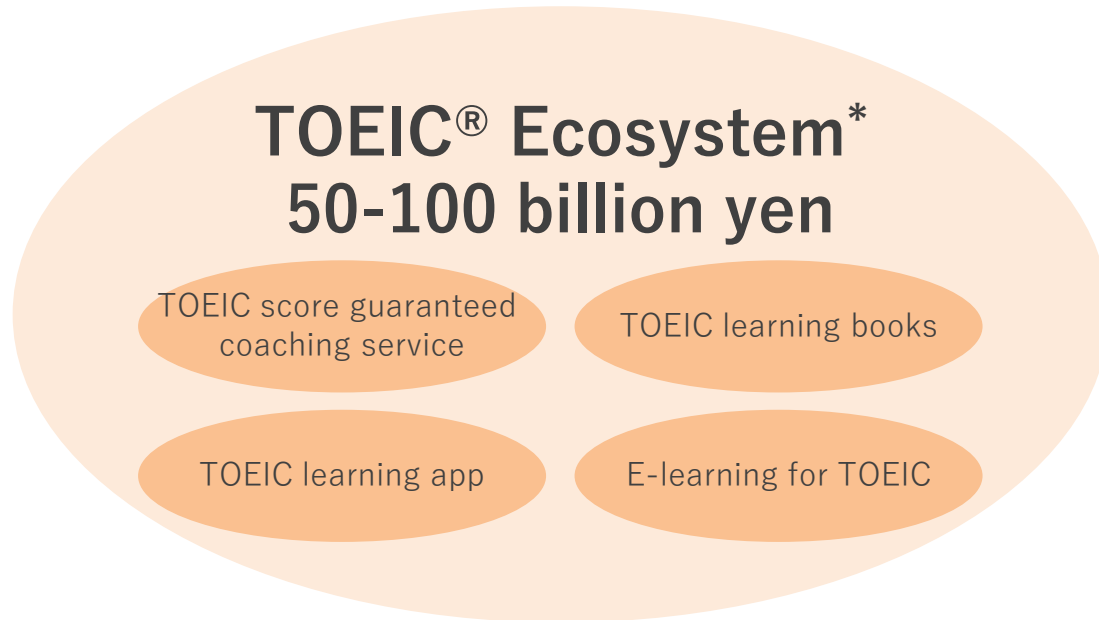
Expanding the target of assessments from not only speaking but also reading, listening and writing English skills to global business skills.



**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.



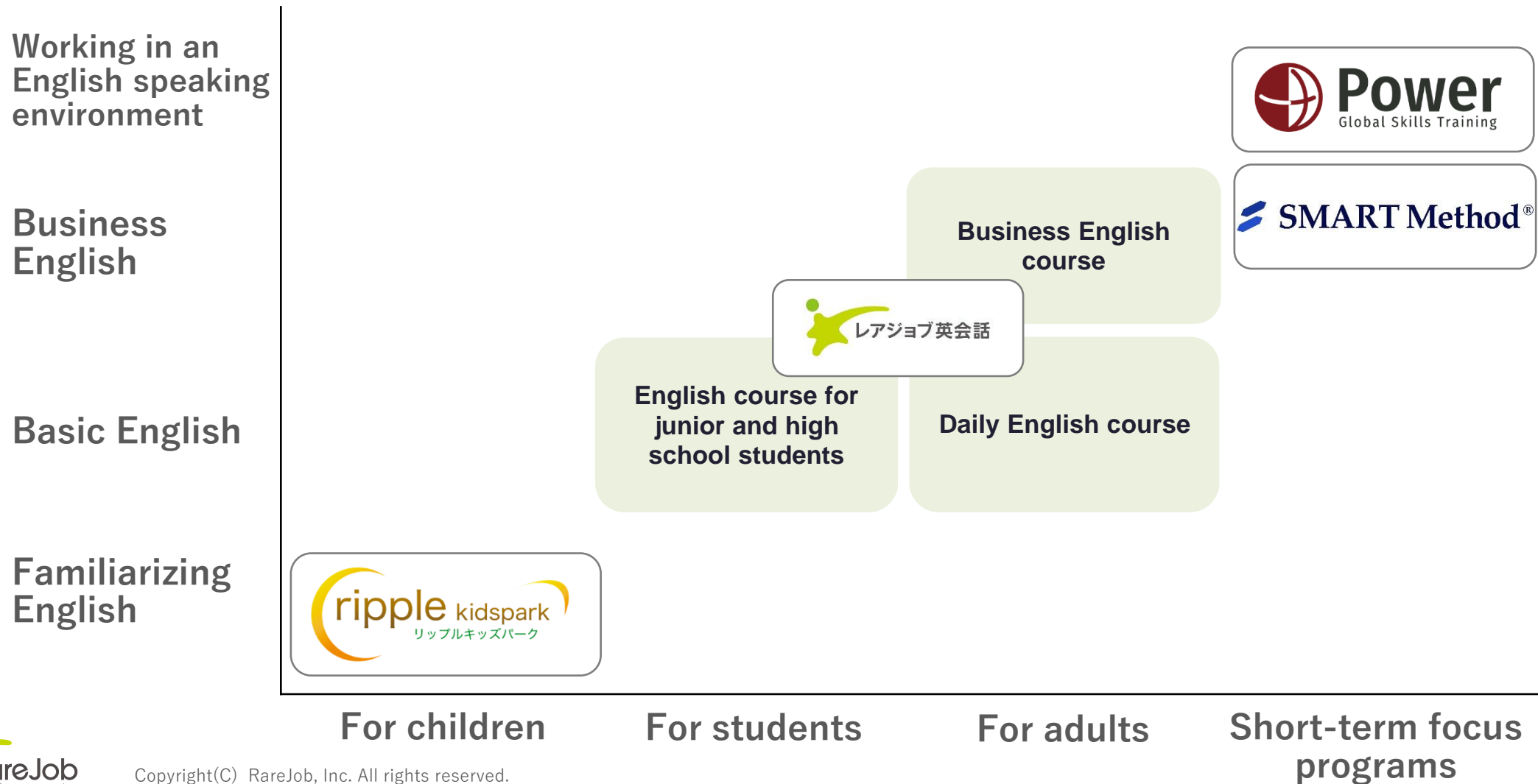
**Expect to earn approximately 20% (10-20 billion yen) of the PROGOS ecosystem as the revenue of the RareJob group**

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

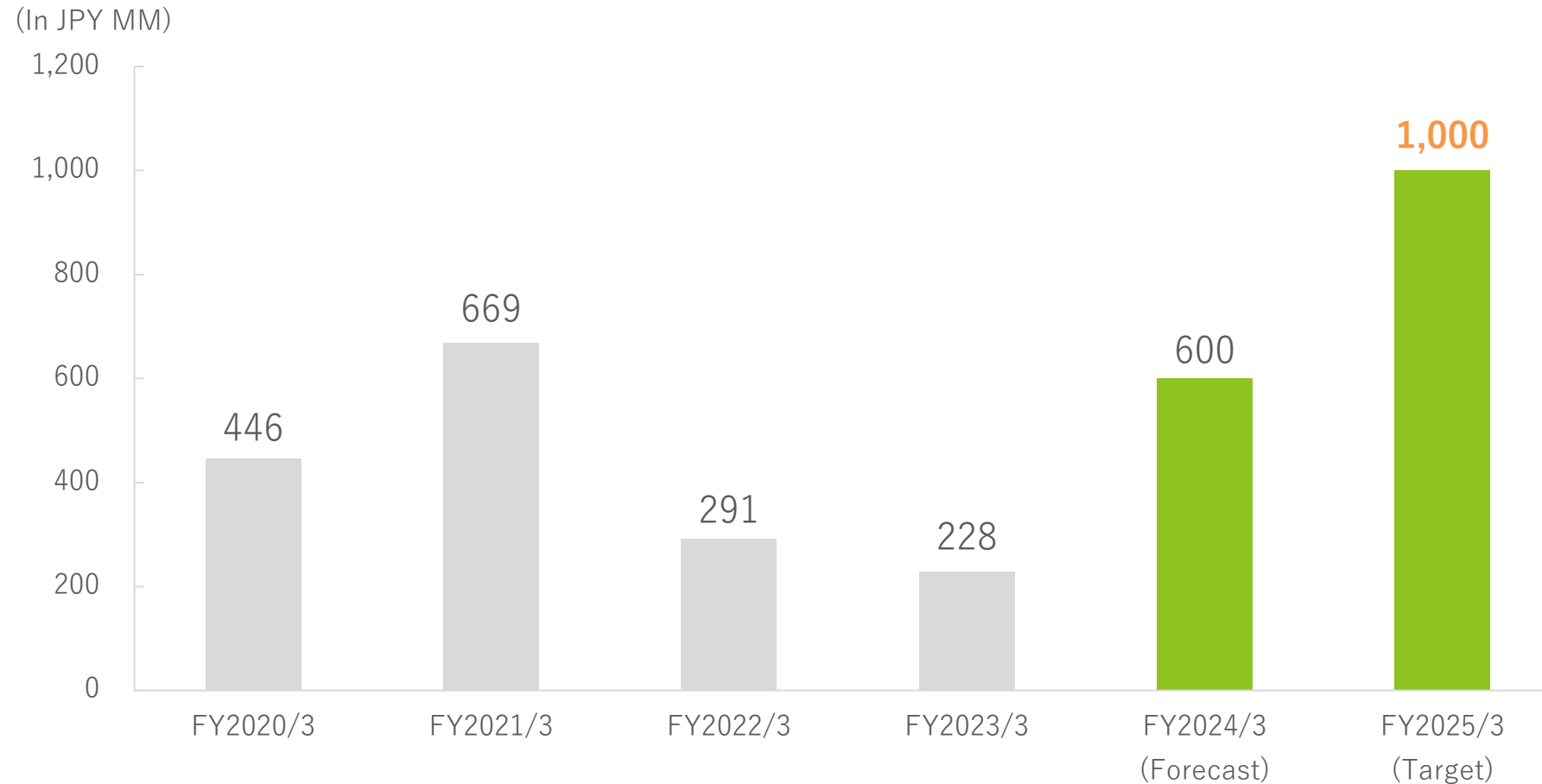
# Growth Strategy for ALT Dispatch Business

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.



# RareJob, Inc.



## Company outline

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Established: October 18, 2007

Capital: 654,457 thousand Yen (As of December 31, 2023)

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

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

## Consolidated subsidiaries

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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

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Gaku Nakamura, Co-founder and CEO

Seishi Yasunaga, Vice President





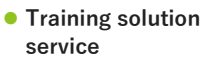






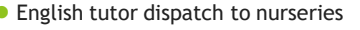
Takao Mihara, Outside Director\*

Jun Narimatsu, Outside Director\*

Miki Igarashi, Outside Director\*

(\* Audit and Supervisory Committee Member)

# 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



## 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.

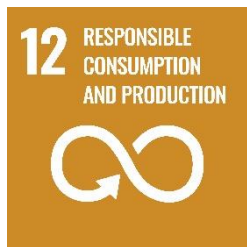
The classification for ESG: ● Environmental ● Social ● Governance

## Initiatives for SDGs/ESG (2/2)



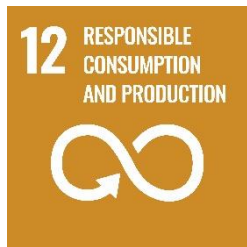
### ● Realization of the society where people can make full use of their abilities

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

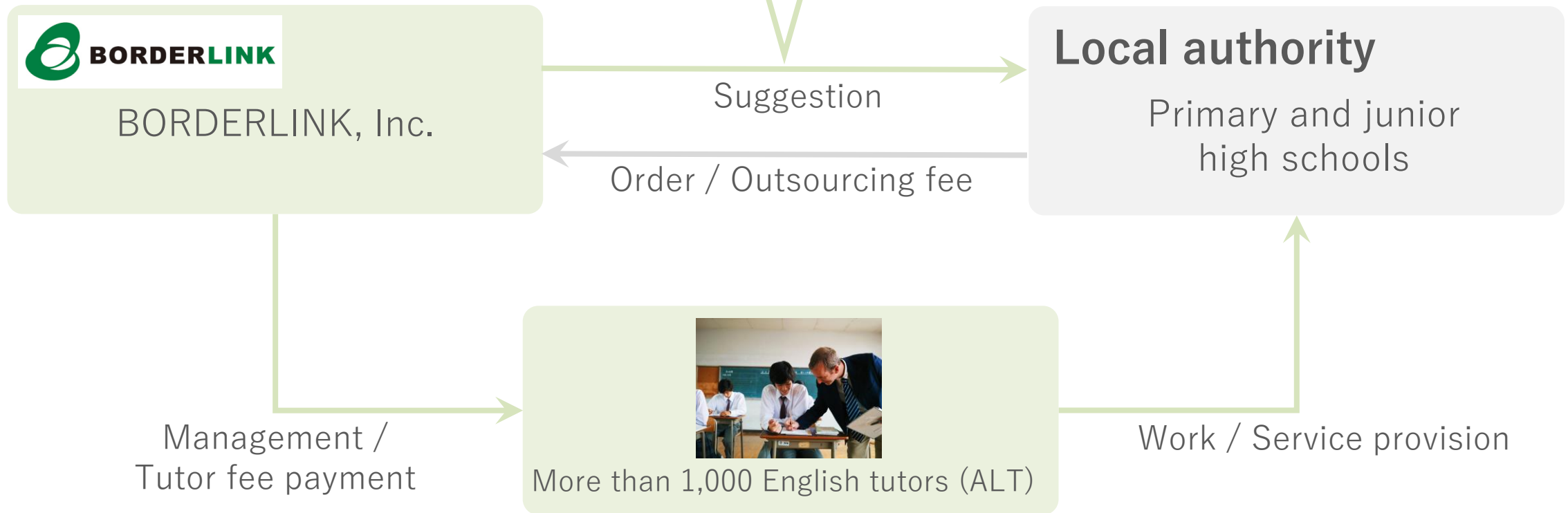
Enhancing proper organizational structures and systems is the important. To boost corporate value in a sustainable way, we will strive to strengthen corporate governance while working on business expansion simultaneously.

The classification for ESG: ● Environmental ● Social ● Governance

# 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.

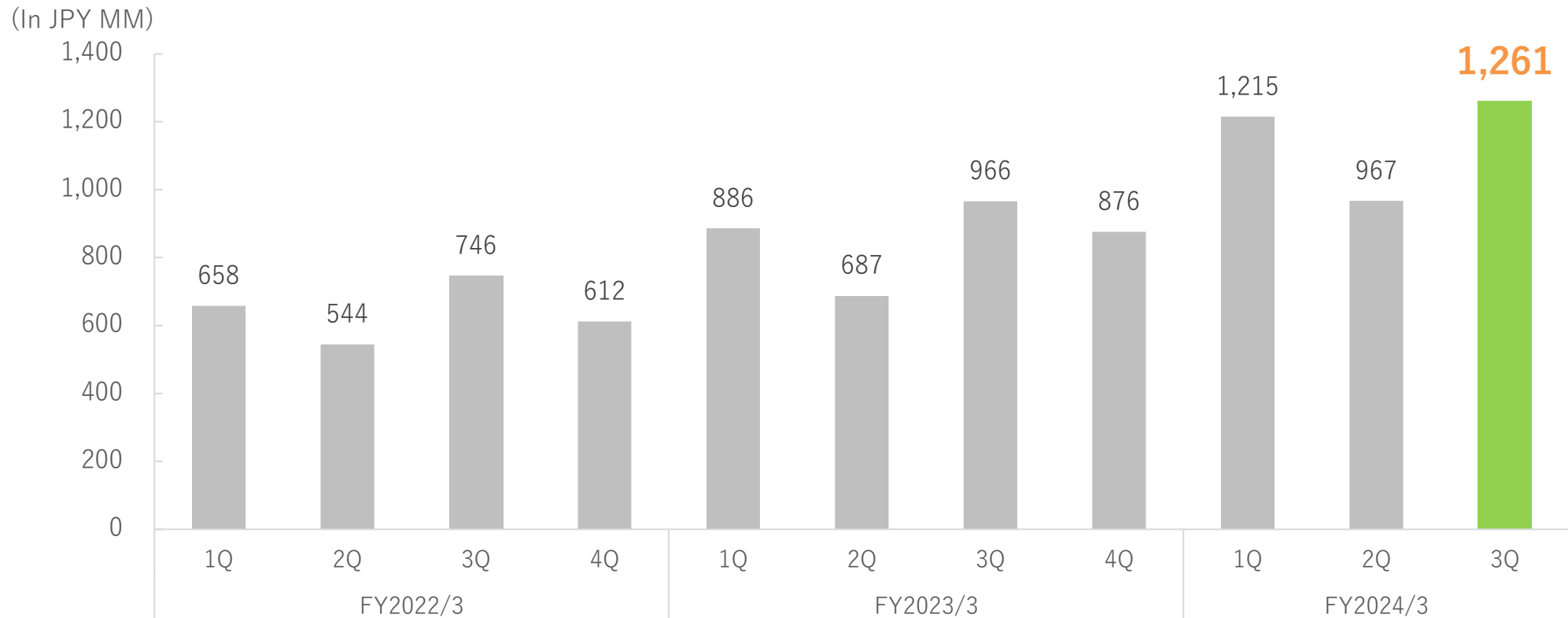
About 95% of orders are confirmed during January and March of the previous fiscal year.



## 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.

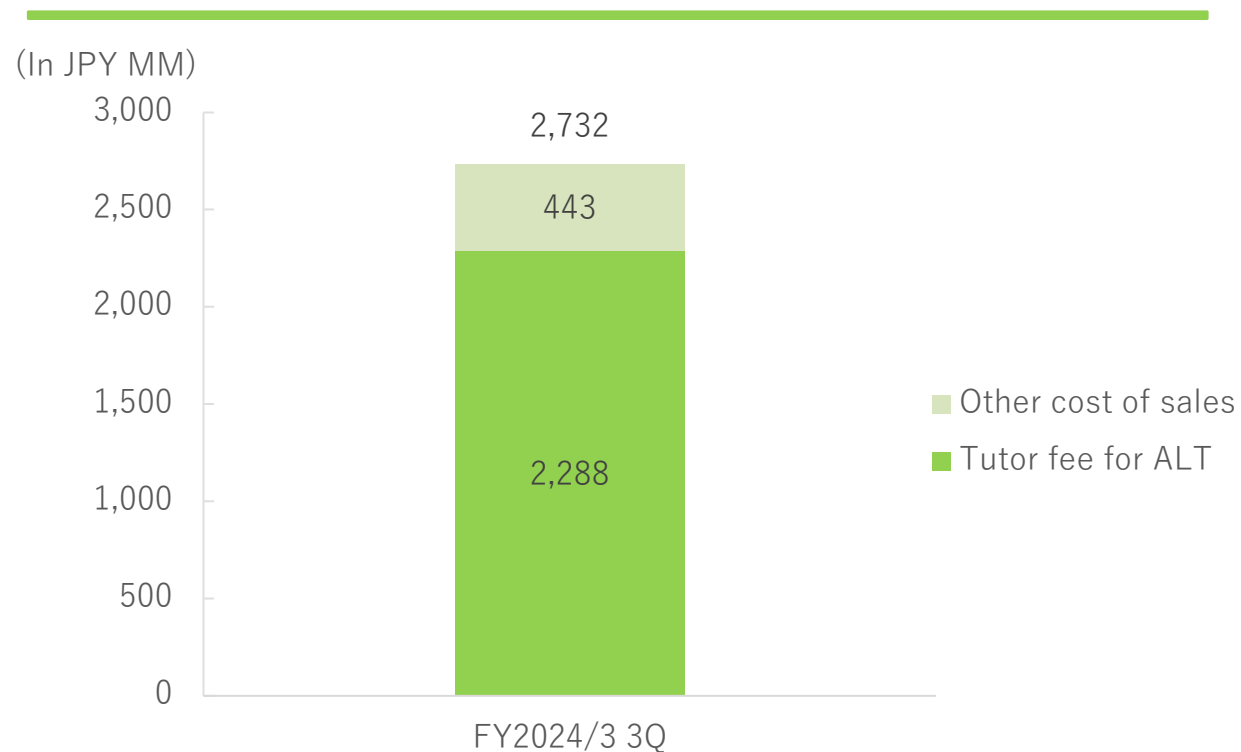
### Quarterly Net Sales



## 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 3Q is 20.7%.**

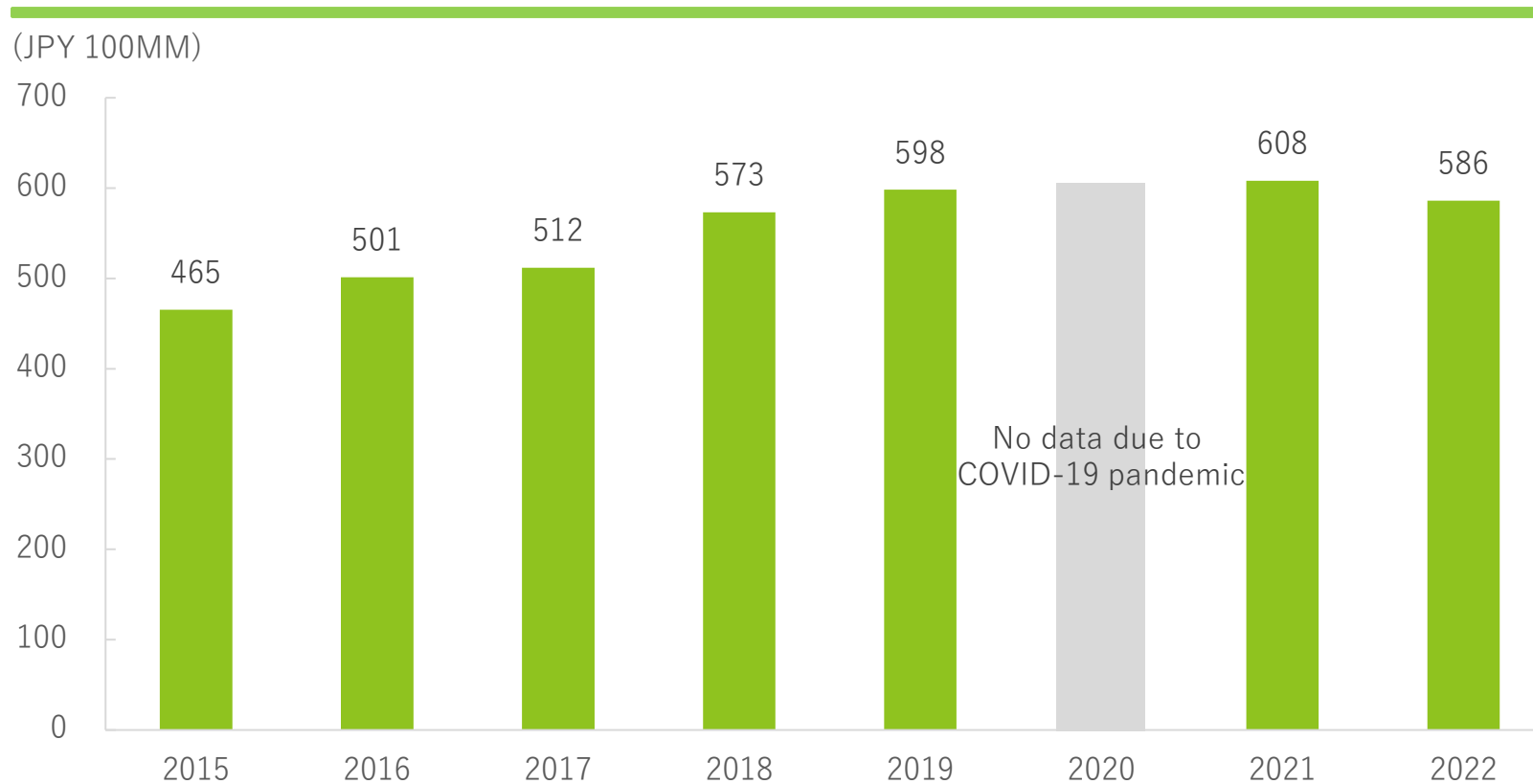
### Breakdown for Cost of Sales



## 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

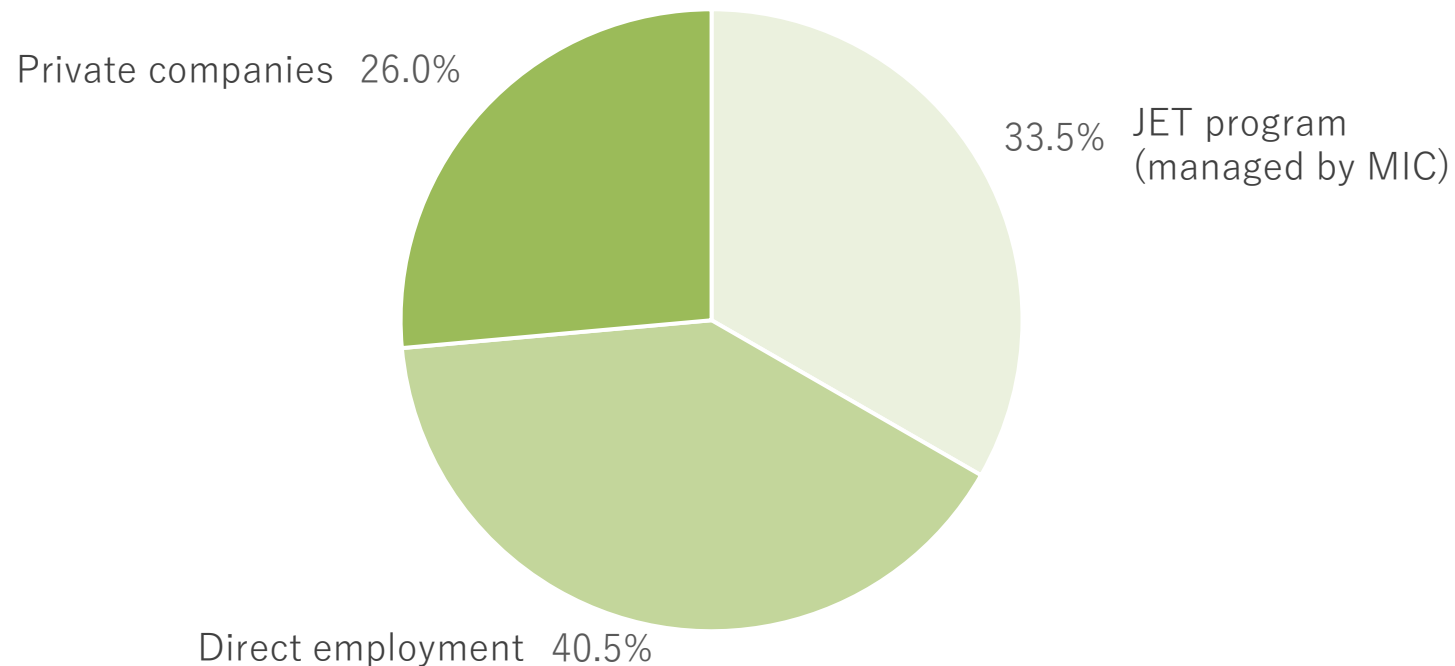


\*RareJob estimated this based on the number of ALT excluding others from "Survey for Status of English Education" by MEXT and unit cost per ALT (4 million yen).

## 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.

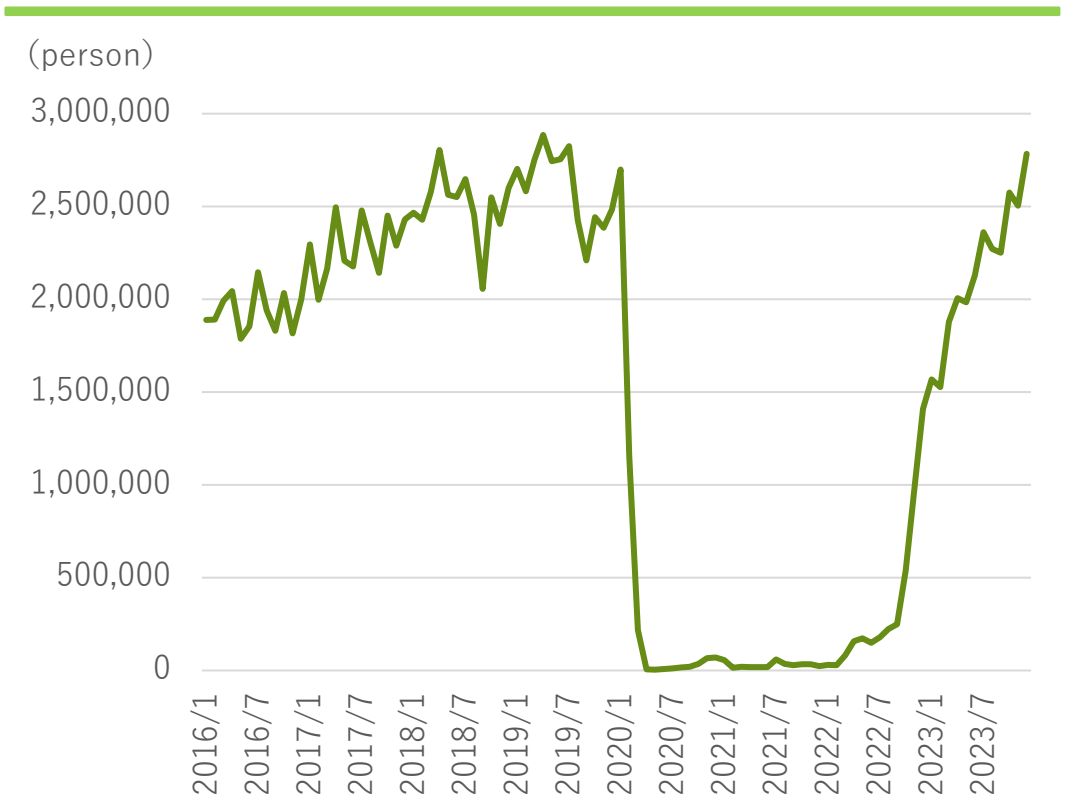
# Current Situation of the Online English Learning Market

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

Number of Japanese departures



Number of foreigners entering the country

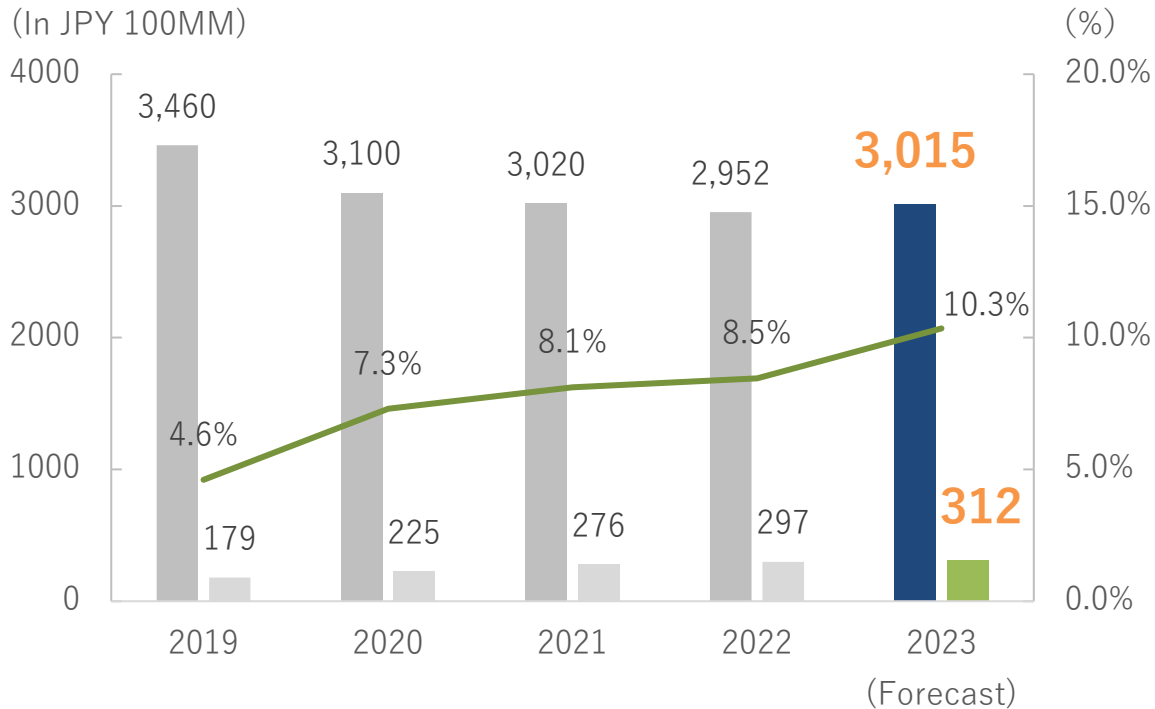


\*Immigration Services Agency "Statistics of Immigration Management"



# 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.

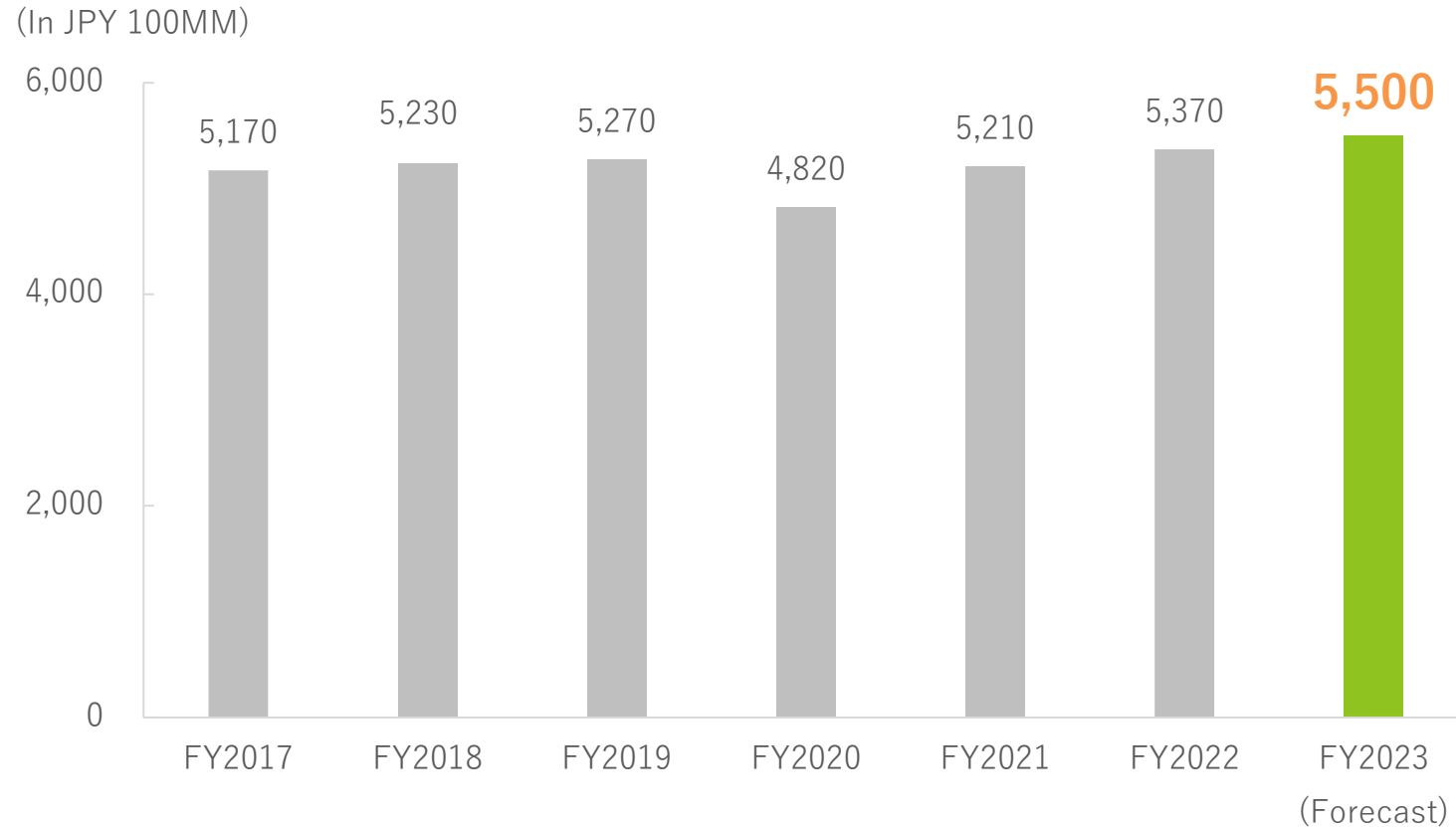
## Online Language Learning Market

- 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.

## Contact Information

RareJob Investor Relations  
MAIL:ir@rarejob.co.jp