

RareJob, Inc.

Financial Results for the Six Months Ended September 30, 2024

November 14, 2024

Agenda

1. FY2025/3 2Q Results
2. FY2025/3 Plan
3. Execution of capital and business alliance agreement with GAKKEN HOLDINGS Co., Ltd.
4. Actions of each business

Appendix

1. FY2025/3 2Q Results

FY 2025/3 2Q Results Summary

EBITDA and profits at each stage are progressing well

- Due to effectively managing expenses in each businesses, they progressed beyond plan.

Net sales and operating income decreased year on year

- Due to the intensifying competitive environment, online English service didn't perform well.
- B2B business achieved record sales in the 2nd quarter.
- The decline of operating margin is due to the yen depreciation and investments for the activities to improve brand awareness.

ALT dispatch service is working well

- To enhance the probability of securing orders in the following year, the investment with a certain cost is still ongoing.
- Due to the successful restructure of the tutor supply system for online English service for kids, segment profit of Childcare Support Business exceeded than expectation.

The expansion of PROGOS is accelerating

- Through collaboration with other organizations, the scaling and diversification of service offerings are accelerating.

Execution of capital and business alliance agreement with GAKKEN HOLDINGS Co., Ltd.

- Collaboration in fields such as online English, school education, qualification business, strengthen DX and AI utilization.

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

Financial Results for FY 2025/3 2Q

Net sales decreased YoY by 4.3% and operating income decreased by 39.3%.

(In JPY MM)

	FY2024/3 2Q	FY2025/3 2Q	Change YoY
Net Sales	5,026	4,812	-4.3%
EBITDA*	596	379	-36.5%
Operating income	365	221	-39.3%
Ordinary income	354	206	-41.7%
Net income attributable to owners of parent	376	128	-66.0%

EBITDA margin	11.9%	7.9%	-4.0pt
Operating income margin	7.3%	4.6%	-2.7pt

*Operating income + Depreciation + Depreciation on goodwill

Segment Profit/Loss for FY 2025/3 2Q

In Reskilling-related Business, net sales declined primarily due to sluggish B2C services. In B2B business, despite the decrease in the scale of large editing contracts, there was an overall increase in sales. Net sales of ALT dispatch increased slightly.

(In JPY MM)

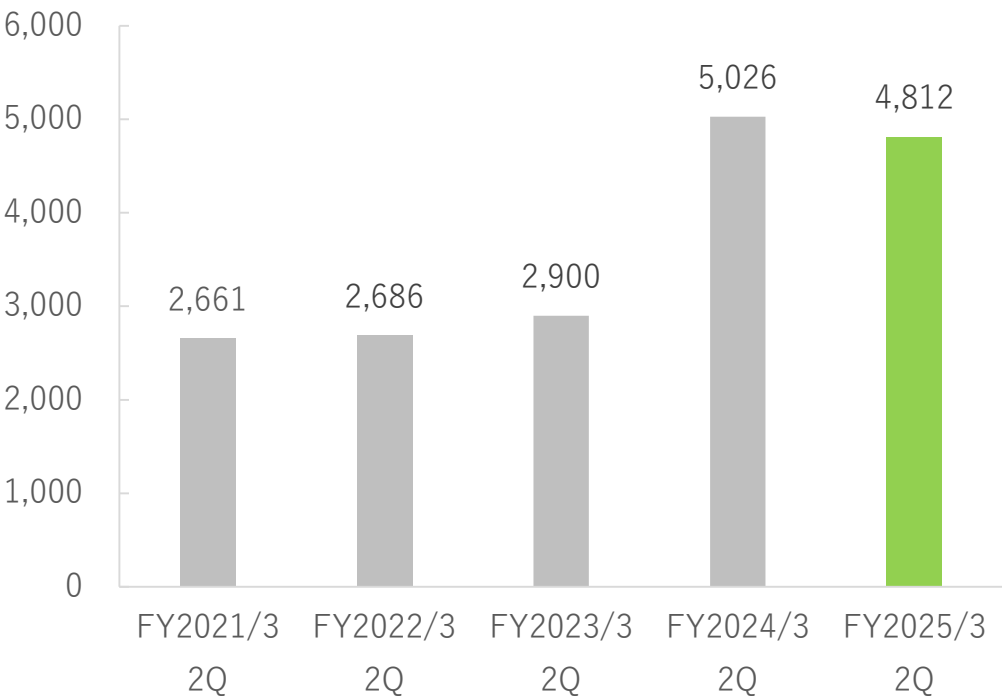
		FY2024/3 2Q	FY2025/3 2Q	Change YoY
Reskilling-related Business	Net sales	2,614	2,395	-8.4%
	B2C	1,739	1,503	-13.6%
	B2B	875	892	+1.9%
	Segment profit	405	195	-51.8%
Childcare Support Business	Net sales	2,411	2,416	+0.2%
	ALT dispatch	2,183	2,232	+2.2%
	English learning for children	227	184	-19.2%
	Segment profit	134	150	+12.4%
Adjustment*		-173	-124	-
Total	Net sales	5,026	4,812	-4.3%
	Operating income	365	221	-39.3%

Segment Profit/Loss for FY 2025/3 2Q

Net sales decreased slightly. Operating income and EBITDA decreased.

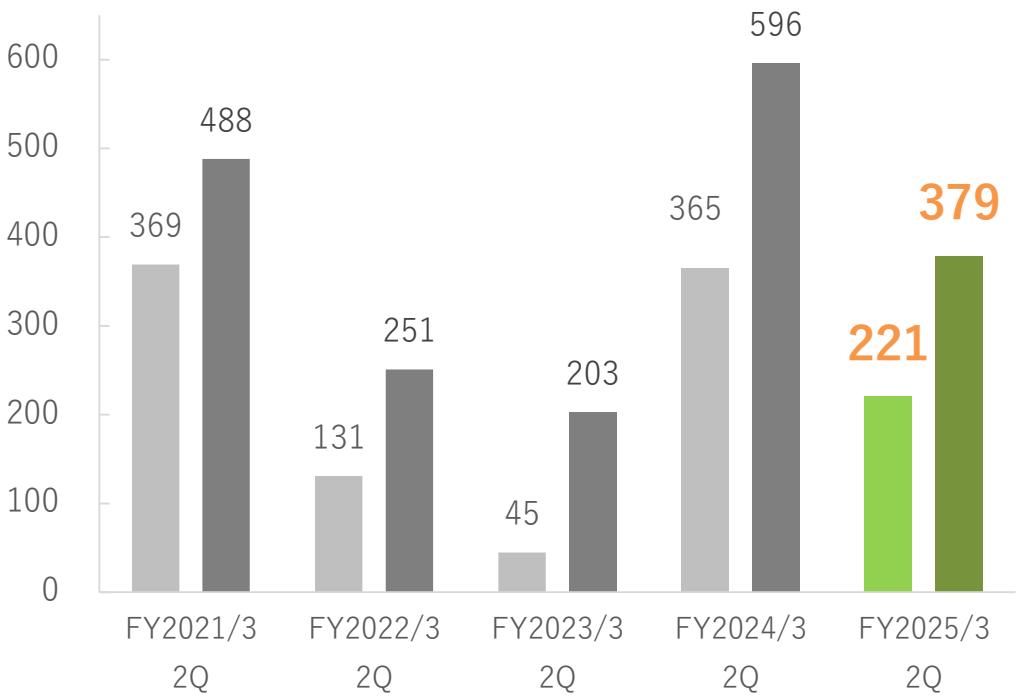
Net Sales

(In JPY MM)



Operating income / EBITDA

(In JPY MM)

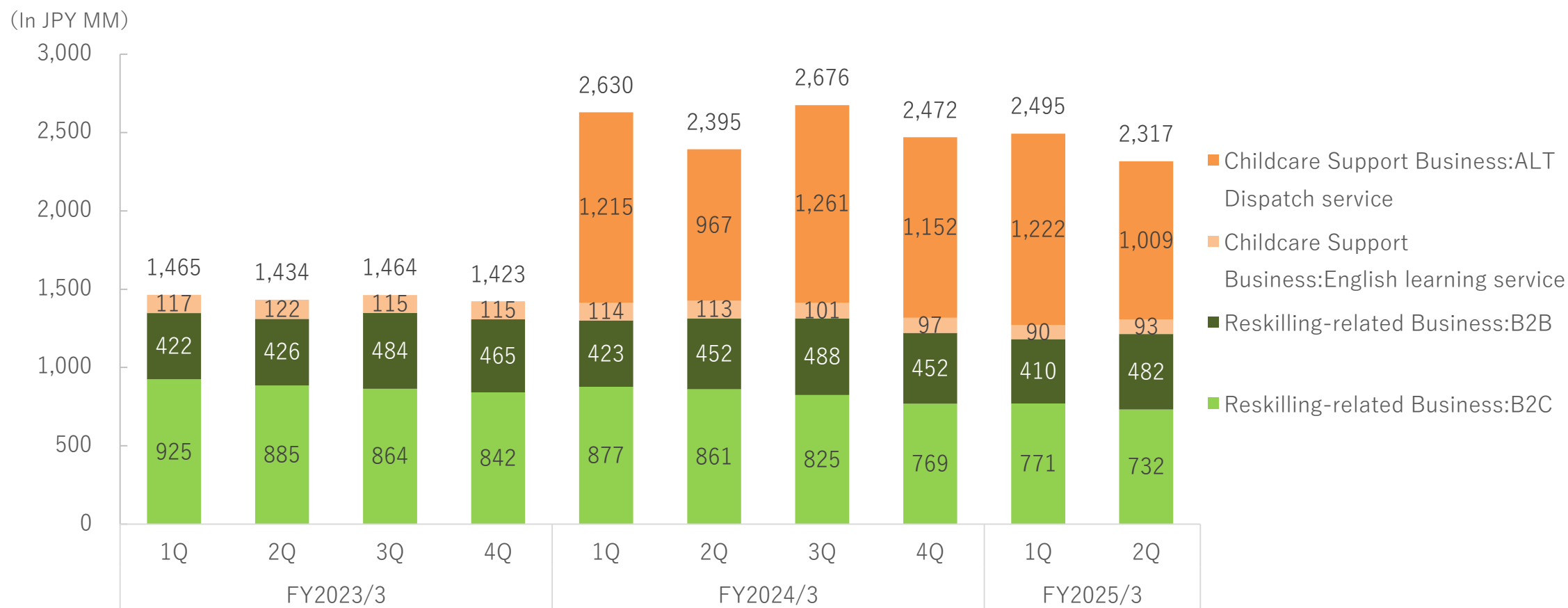


Operating income EBITDA

Breakdown of Quarterly Net Sales

ALT dispatch performed well and drove sales.
B2B business achieved record sales in the 2nd quarter.

Net sales

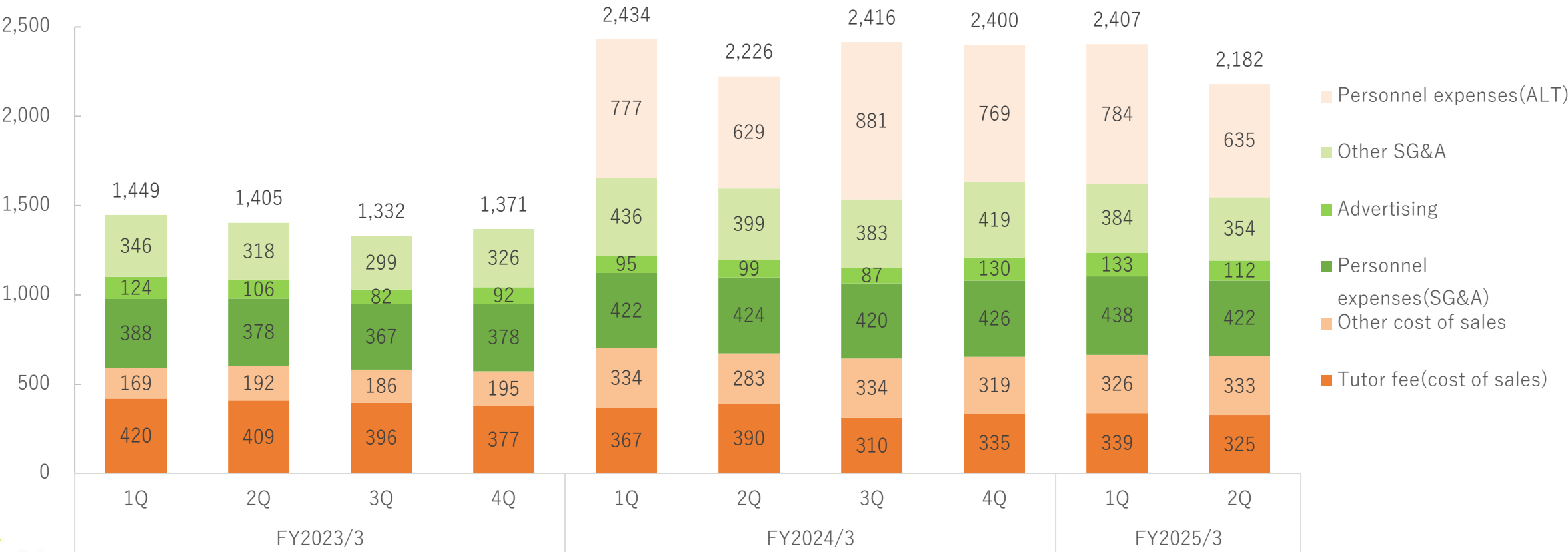


Quarterly Expenses Breakdown (Cost of Sales and SG&A) for FY 2025/3 2Q

In the second quarter, the cost of sales of BORDERLINK decreased due to seasonal factors in the ALT dispatch. While making a certain advertising investment, costs of sales and SG&A are under control.

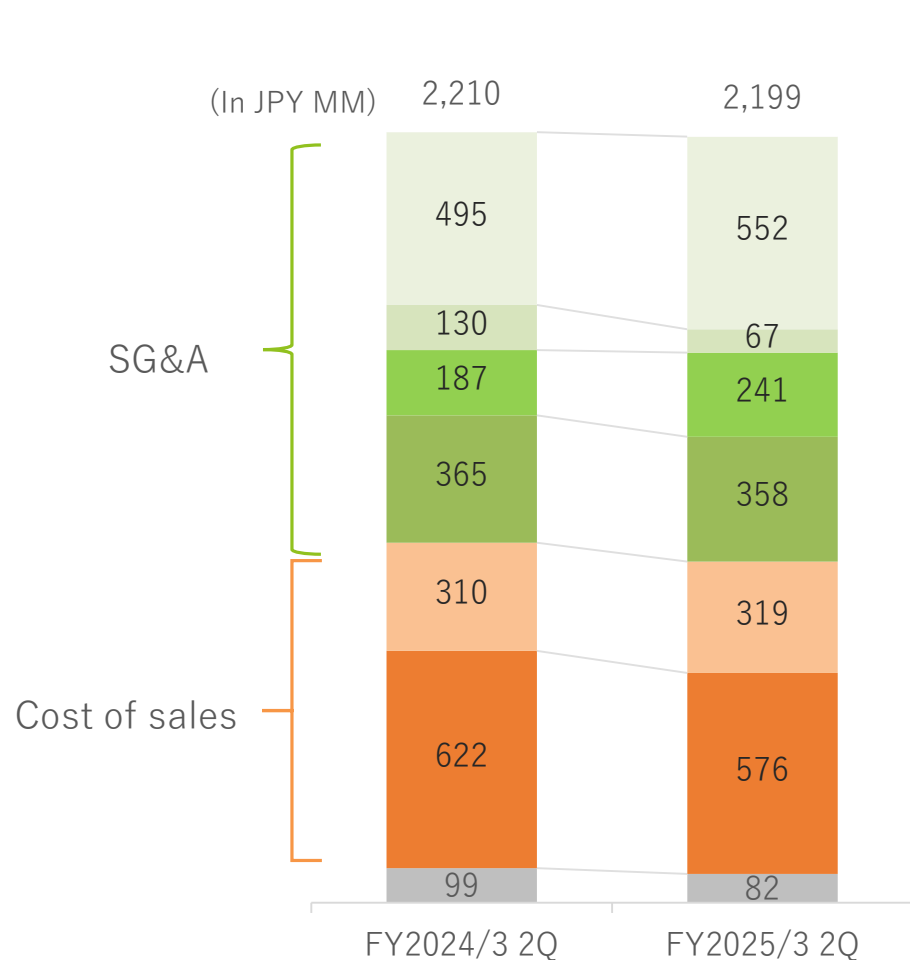
Costs

(In JPY MM)



Expenses Breakdown for FY 2025/3 2Q : Reskilling-related Business

Since an impairment loss was recorded in the previous period, expenses such as amortization of goodwill decreased. Advertising expenses increased to raise awareness.

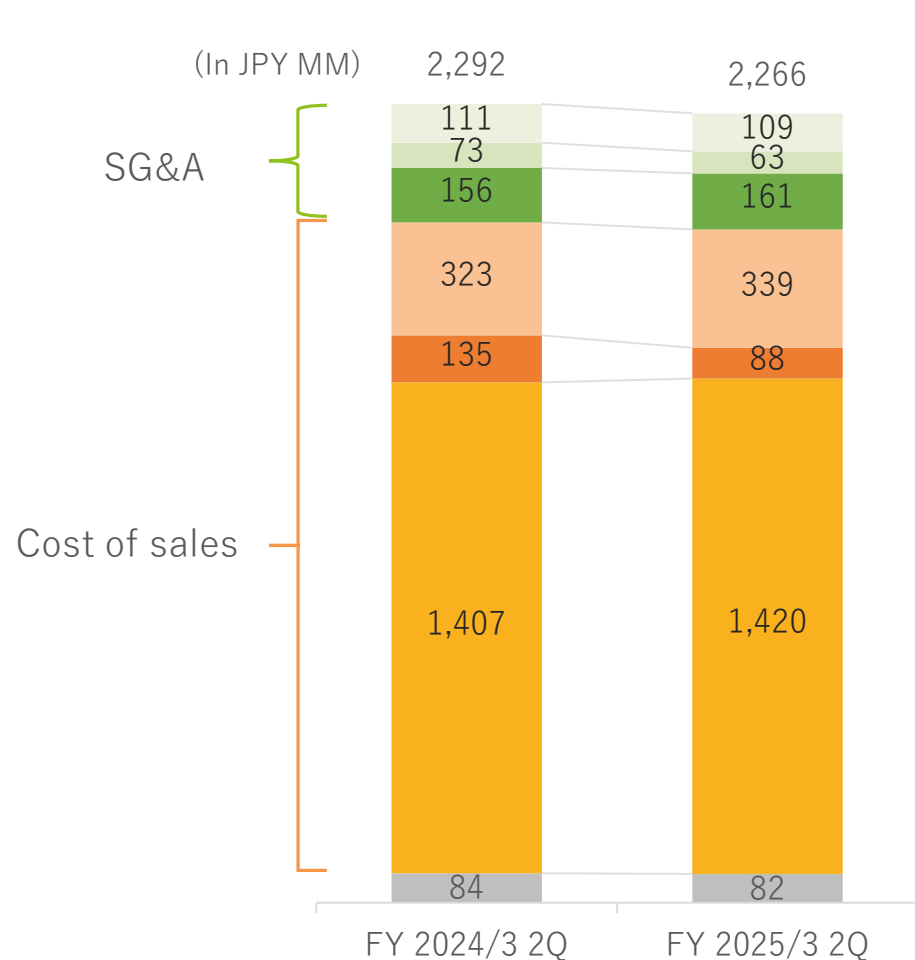


Costs	Change YoY(%)	Factors
Other SG&A	+56 (+11.5%)	Increased in outsourcing and rising costs in the recruitment-related expenses.
Depreciation (Including amortization of goodwill)	-62 (-47.7%)	Depreciation expense fallout by impairment of goodwill in the previous period.
Advertising	+54 (+29.0%)	Increased due to advertising for online English service.
Personnel expenses(SG&A)	-6 (-1.7%)	Roughly the same as in the previous year.
Other cost of sales	+9 (+2.9%)	Roughly the same as in the previous year.
Tutor fee (cost of sales)	-45 (-7.4%)	Decreased along with the decline in the number of lessons.
Common expenses	-16 (-16.5%)	Decreased due to optimization of common expenses.

Expenses Breakdown for FY 2025/3 2Q : Childcare Support Business

Due to the successful restructure of the tutor supply system for online English service for kids, the cost of sales decreased.

Tutor fee increased due to appropriate staffing for ALT dispatch.



Costs	Change YoY(%)	Factors
Other SG&A	-2 (-2.1%)	Roughly the same as in the previous year.
Depreciation (Including amortization of goodwill)	-9 (-13.0%)	Decreased in amortization expense by impairment of some software.
Personnel expenses(SG&A)	+4 (+3.1%)	Roughly the same as in the previous year.
Other cost of sales	+16 (+5.0%)	Other cost of sales increased mainly due to personnel expenses for coordinators of ALT dispatch.
Tutor fee (cost of sales)	-47 (-35.0%)	Decreased by the revision of tutor supply system for online English-speaking tutoring service.
Tutor fee (ALT dispatch)	+12 (+0.9%)	Increased due to appropriate staffing and the hiring of highly skilled tutors.
Common expenses	-1 (-1.4%)	Roughly the same as in the previous year.

2. FY2025/3 Plan

FY2025/3 Plan and Progress

Due to appropriate cost control, EBITDA and profits at each stage progressed beyond expectations. Since certain investments are planned for the 4th quarter, guidance for FY2025/3 remains unchanged.

(In JPY MM)

	FY2024/3 Results	Guidance for FY2025/3	Change YoY
Net sales	10,175	10,200	+0.2%
EBITDA	1,146	515	-55.1%
Operating income	696	200	-71.3%
Ordinary income	700	185	-73.6%
Net income Attributable to owners of parent	-288	70	-

EBITDA margin	11.3%	5.0%	-6.2pt
Operating income margin	6.8%	2.0%	-4.9pt
ROE	-13.6%	3.9%	-

FY2025/3 2Q cumulative	Progress
4,812	47.2%
379	73.6%
221	111.0%
206	111.7%
128	183.1%

7.9%	-
4.6%	-

* Budget rates for FY2025/3 are 1 USD=150 yen and 1 Philippine peso is 2.7 yen.

FY2025/3 Plan and Progress(Segment Profit/Loss)

ALT dispatch performed well and drove sales.

(In JPY MM)

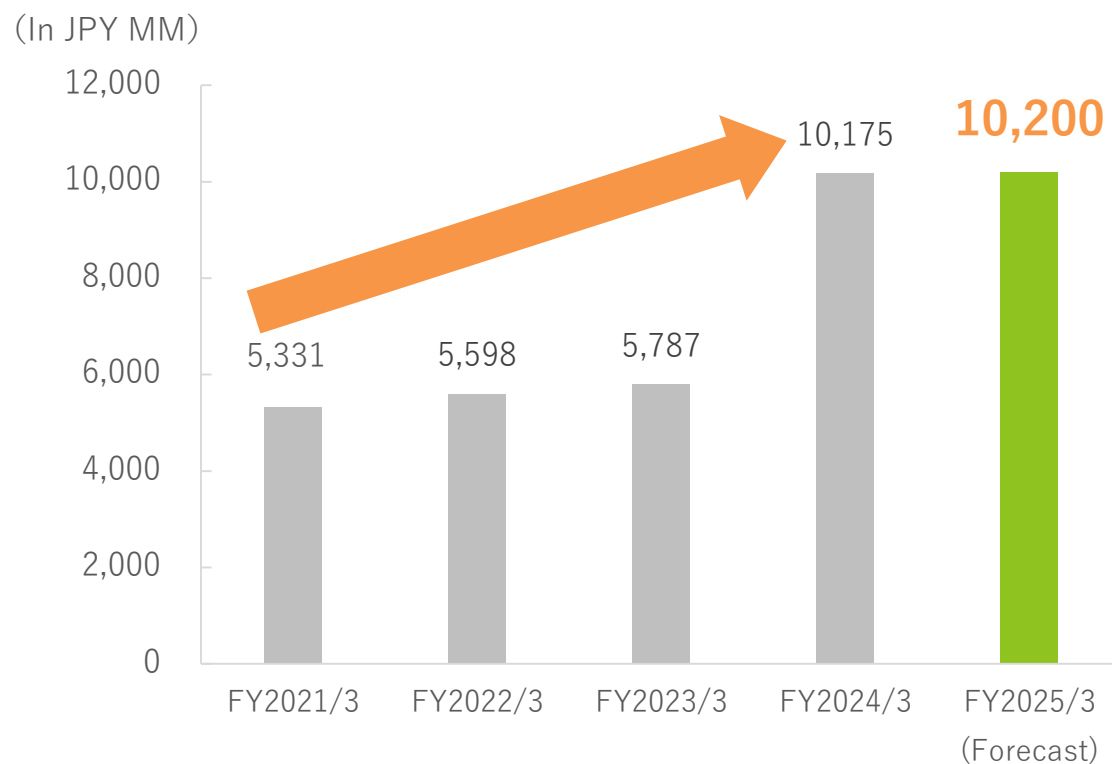
		FY2024/3 Results	Guidance for FY2025/3	Change YoY
Reskilling- Related Business	Net sales	5,150	5,100	-1.0%
	B2C	3,333	3,300	-1.0%
	B2B	1,817	1,800	-0.9%
	Segment profit	788	350	-55.6%
Childcare Support Business	Net sales	5,025	5,100	+1.5%
	ALT dispatch	4,597	4,630	+0.7%
	English learning for children	427	470	+9.9%
	Segment profit	271	120	-55.8%
Adjustments		-362	-270	-25.6%
Total	Net sales	10,175	10,200	+0.2%
	Operating income	696	200	-71.3%

FY2025/3 2Q Cumulative	Progress
2,395	47.0%
1,503	45.6%
892	49.6%
195	55.8%
2,416	47.4%
2,232	48.2%
184	39.2%
150	125.8%
-124	-
4,812	47.2%
221	111.0%

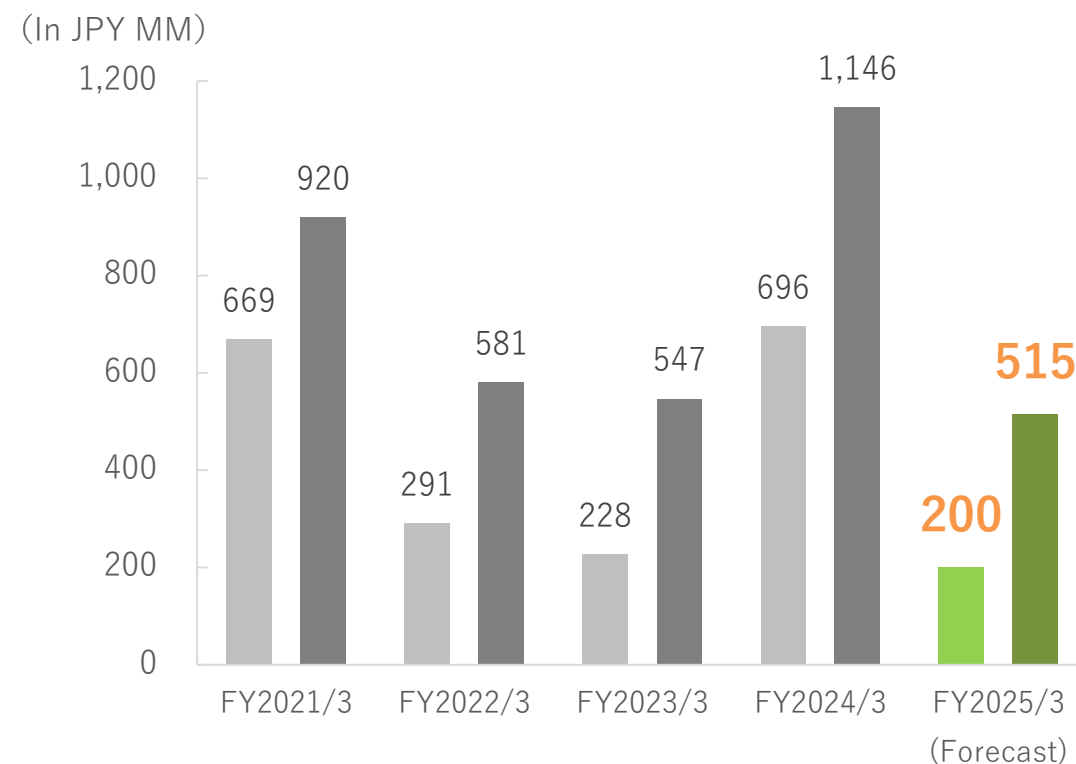
Net Sales and Operating Income Results

Net sales will increase for the 17th consecutive fiscal years since our establishment. Operating income and EBITDA will decrease.

Sales



Operating income / EBITDA



■ Operating income ■ EBITDA

3. Execution of capital and business alliance agreement with GAKKEN HOLDINGS Co., Ltd.

Company Overview and Business Model of GAKKEN HOLDINGS

Company Overview

Registered Name	: GAKKEN HOLDINGS Co.,Ltd.
Established	: March 31, 1947
Stock Exchange Listing	: Tokyo Stock Exchange Prime Market
Capital	: 19,817 million yen
Net Sales	: 185,566 million yen (as of September 30, 2024) * Consolidated
Group Companies	: 107 *75 consolidated subsidiaries, 18 unconsolidated subsidiaries, 14 affiliated companies

Overview of the Business Operations of Gakken Group

Extensively expanding business in “Education” and “Healthcare and Nursing”

Education

Classroom and learning center

- Operations of preschooler classes, Gakken Classroom, digital services for classrooms, learning centers and ViSC (Virtual Smart Campus)
- Publishing for learning centers

Publishing and content

- General publishing (children’s books, study-aid books, guide books, specialized books, etc.)
- E-learning for nurses
- Operation of experience-based English learning facilities
- Online ESL
- Corporate training

Kindergarten and school

- Selling of goods to nursery schools and kindergarten
- Textbooks for elementary and junior high schools
- Short essay tutoring for senior high schools
- Various other services for schools

Healthcare and Nursing

Elderly housing

Planning, development, and operation of serviced apartments for the elderly, bases for elderly care services, etc.

Group homes for the elderly with dementia

Operation of group homes and planning, development, and operation of related services

Child raising support

Planning, development, and operation of nursery schools, children’s daycare centers, after-school children’s clubs, etc.

Digital Resources × Global Operations

Objectives to be Achieved Through the Capital and Business Alliance

- **Creating synergies across business domains**
 - **Expand each business through collaboration**
- ① **Collaborate and mutually refer customers in areas with businesses commonalities**
 - ② **Enter new learning domains and acquire new customers**
 - ③ **Develop efficient technologies by incorporating advanced technologies such as AI**

Synergies Across Business Domains

Online English Business



- Expand the customer base and connect customers
Optimize instructor operations
- Mutual cooperation in sales for corporate training
- Strengthen the development and sales of assessments

RareJob Eikaiwa
Ripple Kids Park × Kimini
Borderlink Eikaiwa
PROGOS × TOASU

School Education



- Explore mutual cooperation in sales within the school education market
- Strengthen the development and sales of assessments tailored for schools

BORDERLINK ALT Dispatch × TOKYO GLOBAL GATEWAY
Kiri-hara Shoten

Qualification Business



- Explore opportunities for joint development and operation

Shikaku Square × Shikaku Pass

Global Business



- Expand business areas, mainly in Asia



Strengthen DX/AI utilization

RareJob Technologies × Gakken LEAP Glats

- Explore the potential for developing new digital products not only for English but also for other languages and subjects
- Consider measures for talent integration, such as examining ideal development frameworks and fostering talent exchange

4. Actions of each business

Challenges and actions for each business

Segment	Challenges	Actions
Reskilling-related Business	1. The lack of brand awareness compared to competitors at B2C 2. Weak differentiation due to an increasingly competitive environment 3. Large-scale contracts through the solution proposals at B2B	1. Actions to increase awareness through social media and recruitment 2. Development of new functions using generative AI 3. The expansion of PROGOS and actions to increase the corporate awareness
Childcare Support Business	1. Inconsistencies in service quality at ALT dispatch 2. Providing a comprehensive learning service and operating classes with high added value	1. Stable tutor supply associated with the continuation of recruitment 2. Proposing and developing a diverse range of services and products, including collaboration with Gakken Group

Strengthening personnel in the online English business : Reskilling-related Business

Ms. Sudo joined to drive the regrowth of the online English business. Leveraging her experience as president and head of Japanese operations at two companies, she will accelerate organizational reform and the redesign of business schemes.



Miyuki Sudo

Since graduating from the university, has consistently worked in the education-related business sector. served as the representative for the Japanese subsidiaries of both a Danish construction toy manufacturer's educational division and an American content production and distribution company. In these roles, she led market development and business growth through digital transformation of content, restructuring business schemes, and strengthening marketing efforts, achieving a V-shaped recovery. Joined RareJob in October 2024.

In 2021 and 2022, she served as a committee member on the Subcommittee on Education Innovation within the Commerce and Information Policy Bureau of the Industrial Structure Council.

Development of new functions using AI : Reskilling-related Business

An automatic correction service using AI for essay-style questions β version at the administrative scrivener course at Shikaku Square has been utilized more than 400 times. With a satisfaction rating of 76%, it has received high praise and will be standardly integrated into the course next year. This will strengthen differentiation from other companies.



行政書士 記述式問題
AI採点・添削システム (β版)
提供開始

7月31日(水)～
資格スクエア講座受講生向けに提供



* According to our research.

Collaboration with other organizations to diversify service offerings : Reskilling-related Business

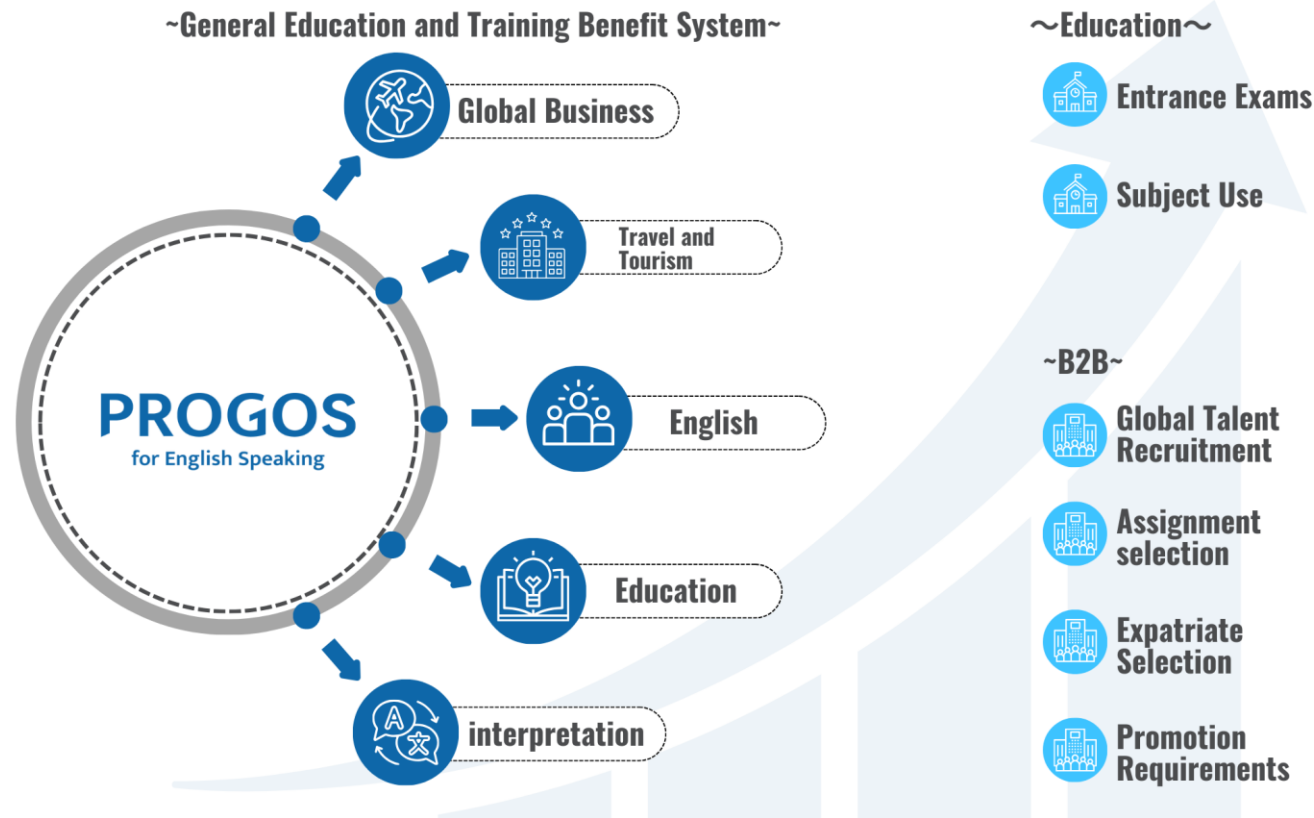
PROGOS Inc. sponsors EXPO 2025 OSAKA, KANSAI, JAPAN as a supplier participating in operations at the venue. In addition to providing PROGOS on a large scale with 10,000 instances, it has started to be used in a variety of ways.



Collaboration with other organizations to diversify service offerings : Reskilling-related Business

PROGOS has been utilized as an outcome indicator for courses eligible under the “General Education and Training Benefit System.”

This marks the first adoption of PROGOS as an outcome indicator under the system, and its use is expanding to other courses, companies, and educational institutions.



Actions to increase the corporate awareness : Reskilling-related Business

Hosted our own "Global Talent Conference Japan 2024"

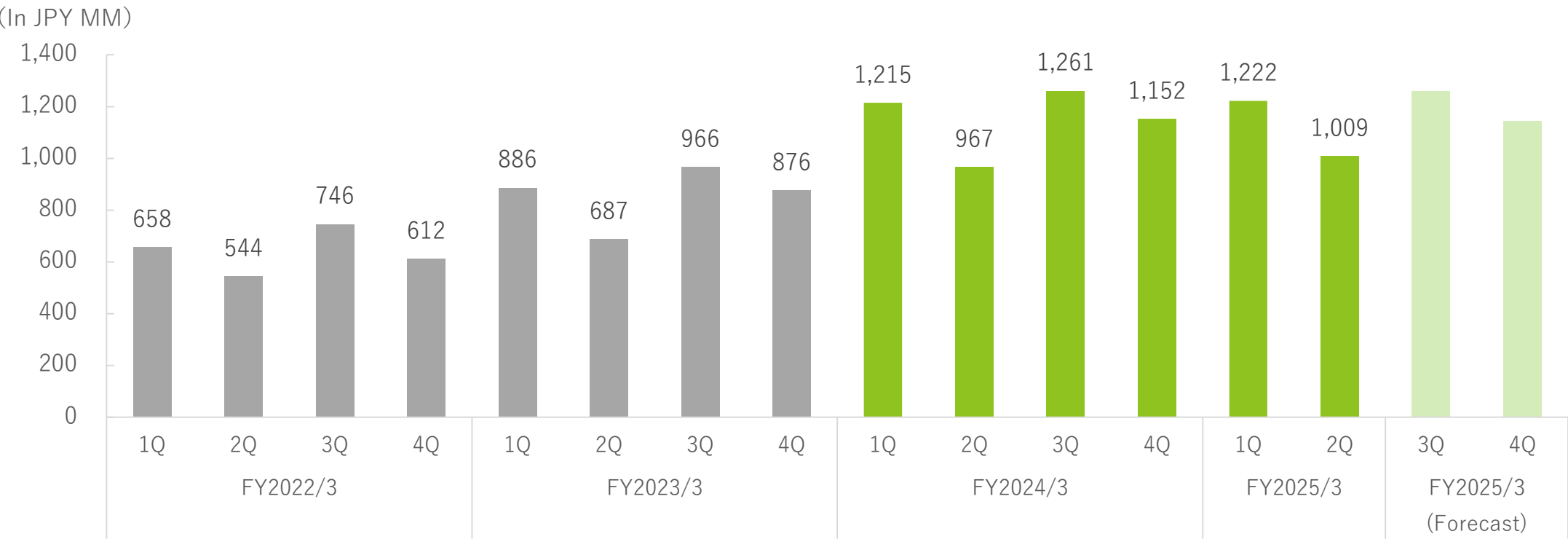
The event featured a variety of sessions and received positive feedback, with approximately 540 registrations for the hybrid format, both online and offline.



Progress of ALT dispatch service : Childcare Support Business

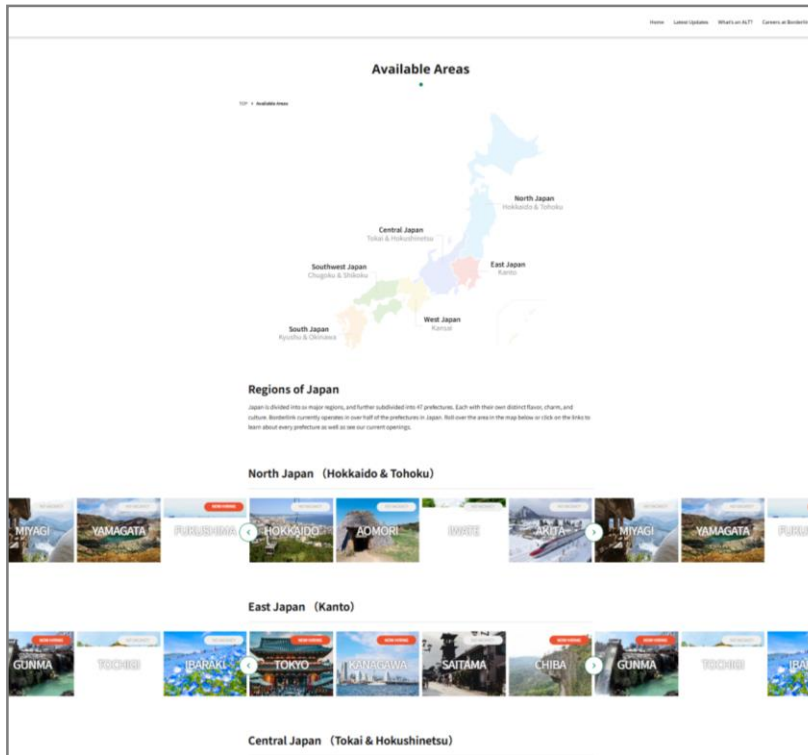
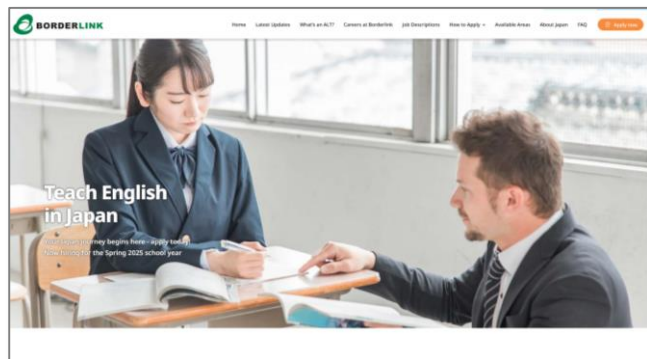
ALT dispatch service is working well. Secured the contract in Ehime Prefecture, Imabari City during the 2nd quarter and expanding the business area.

Forecast of Quarterly Sales of ALT dispatch service



Strengthening the foundation for stable tutor supply : Childcare Support Business

Through the renewal of the website and ongoing recruitment both domestically and internationally, strengthening the foundation for stable supply of tutors in order to accommodate the expansion of orders.



Actions for FY2025/3

Focus on advertising measures that contribute to user growth in B2C

Aiming to achieve steady growth in individual users by expanding awareness-raising initiatives centered on social media.

Spread PROGOS and infuse it into hierarchy-specific/selective training

By focusing on hosting large-scale events and participating in exhibitions, we aim to enhance corporate awareness and establish our position as a solution provider for developing global leaders.

We aim to promote the spread of PROGOS further by expanding the methods, regions, and target users for its provision.

Improve service convenience and learning effectiveness with AI

In the Reskilling-related Business, we aim to develop AI-powered services progressively, differentiating from other services and strengthening our competitiveness to become a more preferred choice.

We are advancing the development of highly unique products, such as AI English conversation tools that leverage our teaching materials and instructional skills.

Actions for FY2025/3

Improve service quality and strengthen the sales force in ALT dispatch

We aim to continuously improve service quality and customer satisfaction by promoting the appropriate allocation of ALTs, supported by enhanced tutor supply capacity.

At the same time, we will expand our sales areas to increase the number of transactions in the following year.

Synergies with GAKKEN HOLDINGS

We aim to achieve business growth by creating synergies through partnerships in the education and reskilling sectors, targeting a wide range of age groups from children to business persons.

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.**



Company outline

Established: October 18, 2007

Capital: 657,207 thousand Yen (As of September 30, 2024)

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

Shunichi Tsubouchi, Director

Yasumasa Yasui, Director

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	 レアジョブ英会話 One-on-one online English conversation service		
	 PROGOS for English Speaking AI Speaking Test		
	 SMART Method® Online English coaching service		
	Training solution services for global leader development programs etc.	 shikaku square 資格スクエア Online preparatory school for legal qualifications	
	 Power Global Skills Training Providing programs to learn English communication skills		
Childcare Support Business		 ripple kidspark オンライン英会話 Online English conversation service for children	
		 ボーダーリンク英会話 Online English conversation service for students	
		 GLOBAL FIELD KIDS Children's English Classroom	 BORDERLINK ALT Dispatch Dispatch of English instructors to childcare facilities

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.



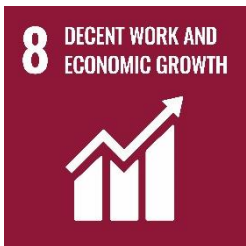
● Providing reasonable and high quality educations

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 the Filipino tutors at RareJob are women. By providing flexible working hours and the option to work from home at any time, even while managing household chores, childcare, or caregiving, they are able to utilize their abilities effectively in their work.



● 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.

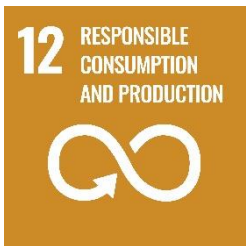
The classification for ESG: ● Environmental ● Social ● Governance

Initiatives for SDGs/ESG (2/2)



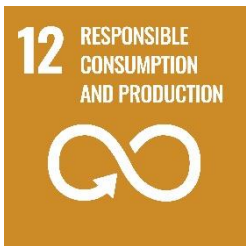
● Realization of the society where people can make full use of their abilities

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.



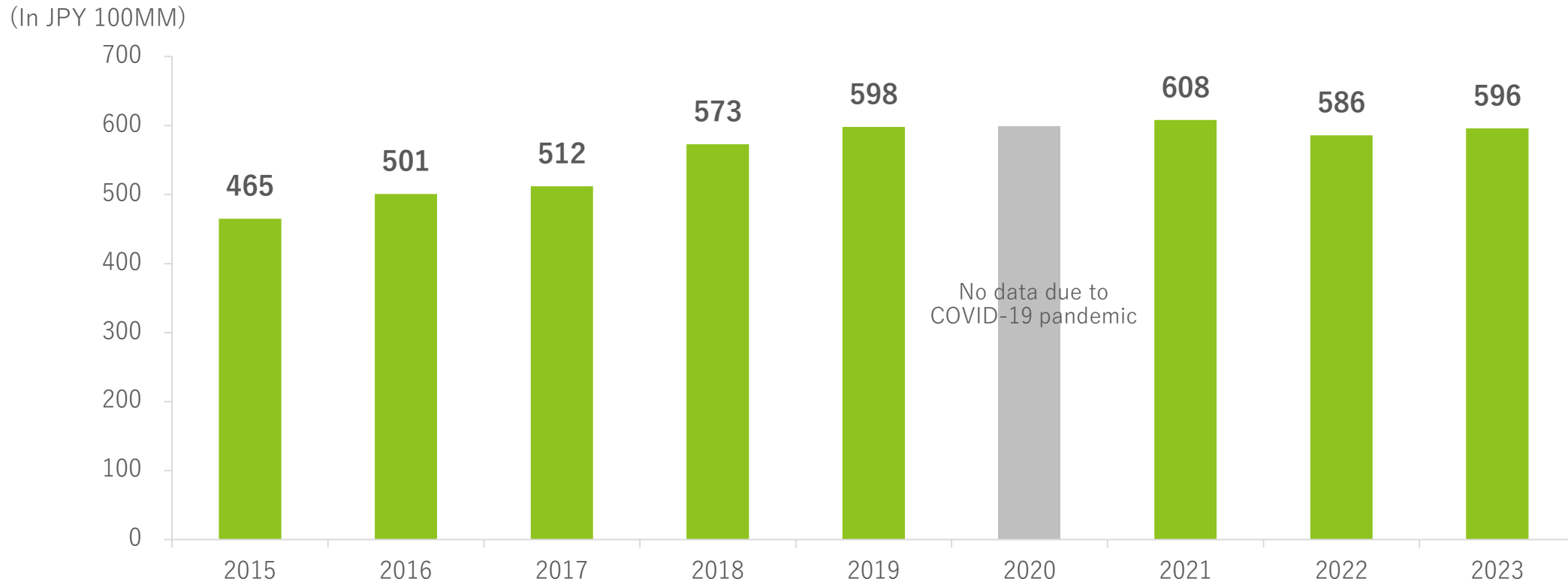
● Corporate governance

Enhancing proper organizational structures and systems is important. To boost corporate value in a sustainable way, we will strive to strengthen corporate governance while working on business expansion simultaneously and establishing basic policies regarding customer harassment, etc.

The classification for ESG: ● Environmental ● Social ● Governance

ALT dispatch market size

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

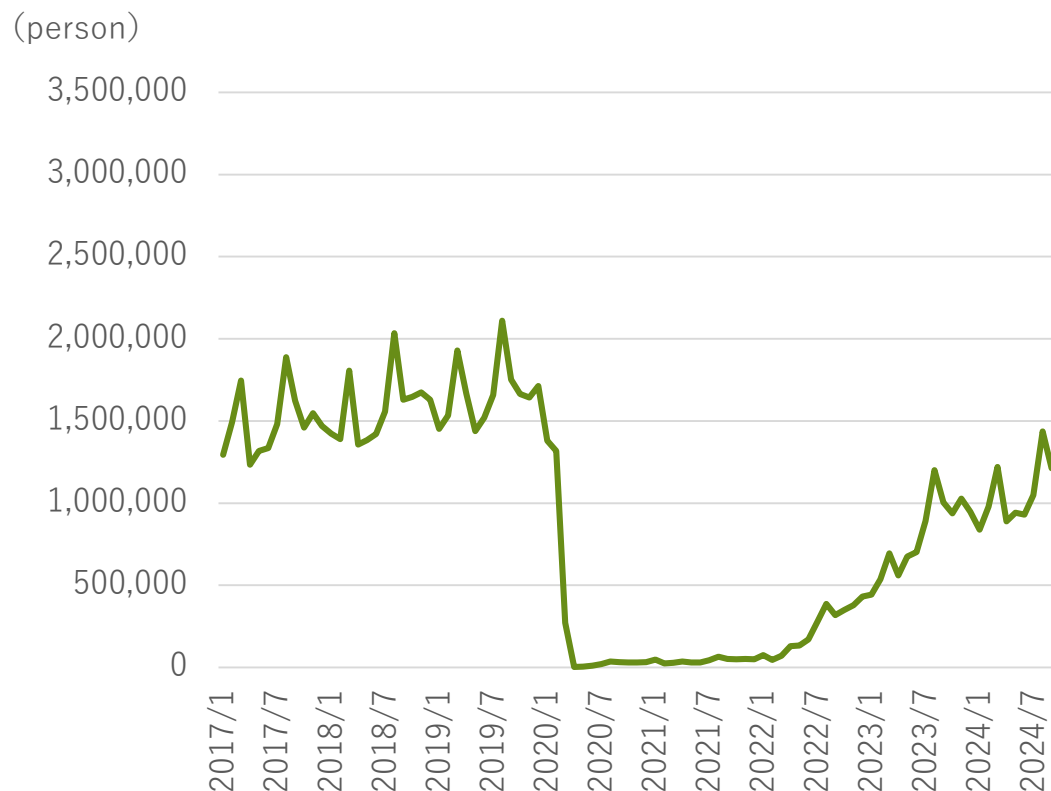


*RareJob estimated this based on the number of ALT excluding others from "Survey for Status of English Education" by MEXT and unit cost per ALT (4 million yen).

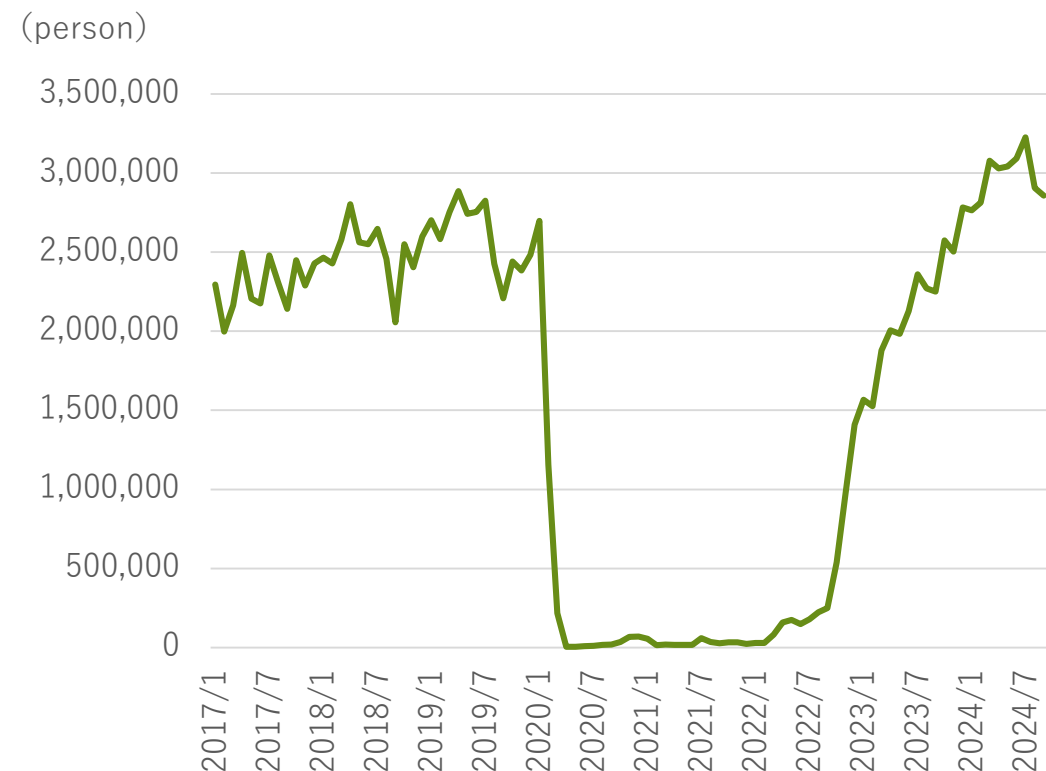
Current Situation of the Online English Learning Market

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

Number of Japanese departures



Number of foreigners entering the country

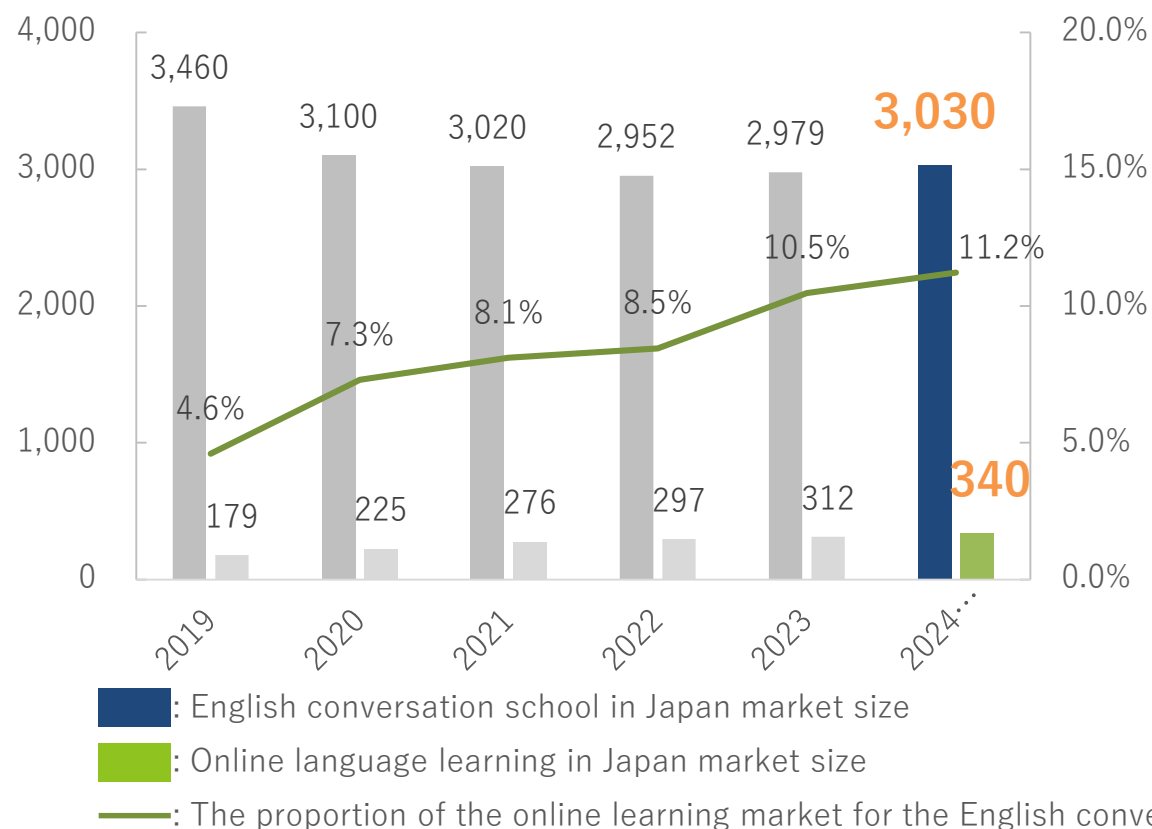


*Immigration Services Agency "Statistics of Immigration Management"

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.

(In JPY 100MM)



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.

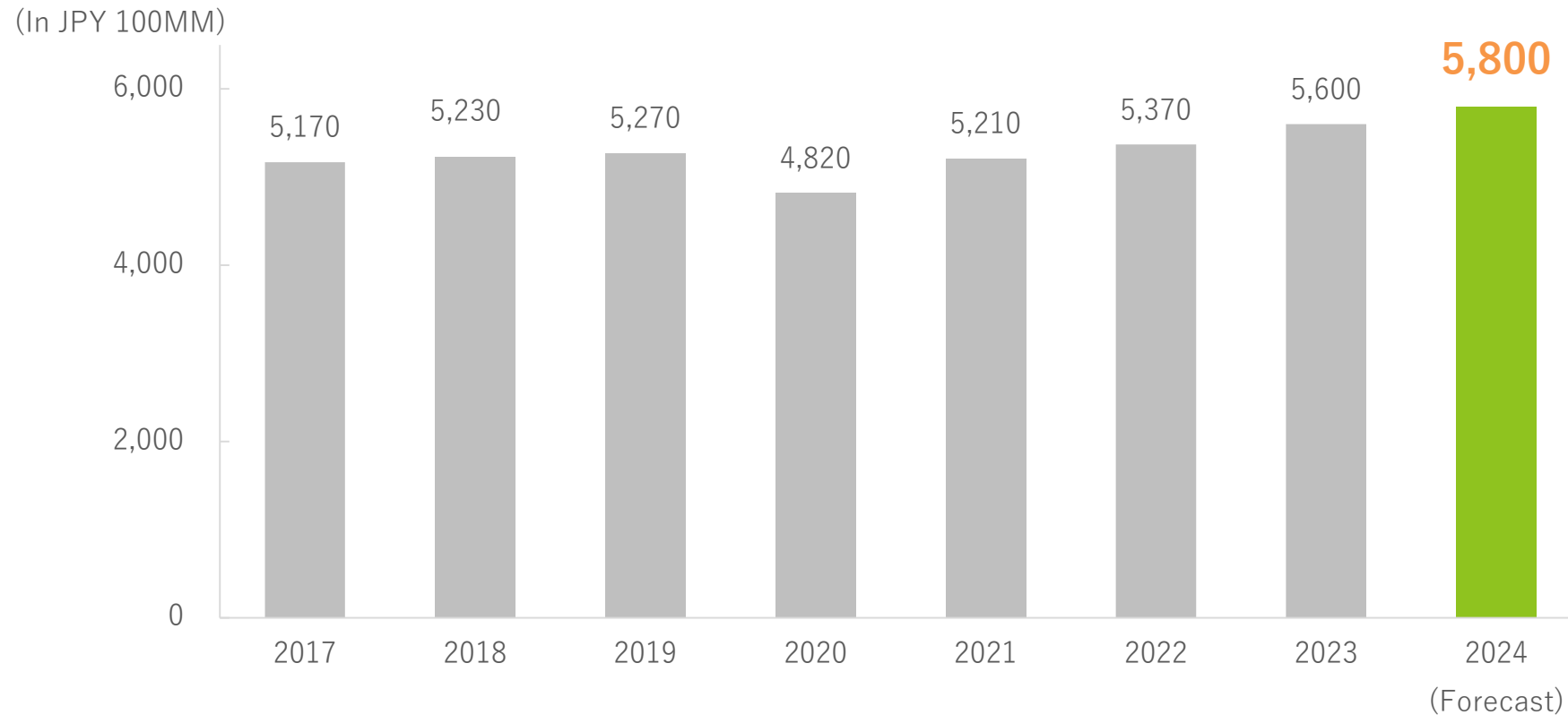
Online Language Learning Market

- 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 2024"

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 2024"

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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