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[To whom it may concern]

November 14, 2024

Company Name: ROXX, Inc.
Representative: Nakajima Taro
Representative Director and Chief Executive
Officer
(TSE Growth Code No. 241A)
Contact: Hiroki Yamada
Director and Senior Vice President of Corporate

TEL: +813-6777-7083

**Notice Regarding Transcript of
Financial Results Briefing for the Fiscal Year Ended September 30, 2024**

ROXX, Inc. (the Company) hereby announce the transcript of Financial Results Briefing for the Fiscal Year Ended September 30, 2024.

Please kindly see attachment for details.

Transcript of Financial Results Briefing for the Fiscal Year Ended September 30, 2024

As we have reached our scheduled time, we would like to begin.

Welcome to ROXX Inc.'s financial results briefing for the fiscal year ended September 30, 2024. Thank you for taking time out of your busy schedule to join us today.

Our Representative Director and Chief Executive Officer, Taro Nakajima, and our Vice President and Chief Financial Officer, George Yoshimoto, will provide a detailed explanation of the financial results for the fiscal year ended September 30, 2024, which were released at 3:30 p.m. today.

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Important Notes

Zoom's Q&A feature

Before we begin the main part of today's event, I would like to share a few reminders.

We kindly ask all participants to remain muted during the presentation. There will be a Q&A session in the second half of the briefing, and you are welcome to submit your questions using Zoom's Q&A feature.

Representative Director Nakajima will now explain the financial results. Mr. Nakajima, please take it from here.

Thank you very much for attending our financial results briefing today despite your busy schedule. I am Taro Nakajima, Representative Director of ROXX Inc.

It's already been nearly two months since we were listed on the Growth Market of the Tokyo Stock Exchange on September 25, 2024. First of all, let me say I am deeply disappointed and apologize for not meeting your expectations as our current share price remains significantly below the public offering price. We are working diligently every day to grow both our business and share price as quickly as possible. At the same time, we believe that our current business is well-positioned for significant growth, and we are excited about the opportunity to directly share our thoughts with you.

Today, I will first explain our business, followed by our Q4 results, full-year results, future growth strategy, and FY2025 full-year forecast.

I appreciate your kind attention, and I hope you will stay with us until the end.

Today's Presenter

Let me begin with a brief self-introduction. ROXX was established in 2013 when I was still in college, and we are currently in our 12th year of operation. Before starting my own business, I was pursuing a career as a

musician in a band. However, I wasn't as successful as I had hoped and was facing difficulties. During my third year of college, I had the opportunity to hear entrepreneurs speak in a lecture. Looking back now, more than half of those entrepreneurs had taken their companies public, and that moment was a turning point for me. I realized that I wanted to make a big impact, not through music, but through business. So, I gathered my classmates and started a company, which eventually became the foundation of our current business.

Business Overview

I'd like to talk about the early days of our company. We started by finding jobs for close friends. After that, we struggled for a long time and our business underwent several transformations. Through trial and error, we discovered a key growth area: a job search platform primarily for people with annual income in the range of 2 million yen. We have since grown significantly in this area over the past six years.

To give you an overview of our business domain, we operate Z Career, a recruitment platform designed for what we refer to as "non-desk workers," or field staff.

Job seekers in this context are non-regular workers with annual income in the 2 million yen range in part-time or temporary positions, who typically graduated from junior high school or high school. Many of these individuals are seeking opportunities to become full-time employees. Therefore, we are expanding our business by providing a service that matches them with companies that support our daily lives such as those in the construction, manufacturing, restaurant, logistics, and sales industries, which cannot possibly operate without manpower.

Social Problem

As the working population continues to decline, it is said that there will be a shortage of over 3 million workers by 2030 and over 10 million workers by 2040. While these numbers are expected to increase further in the future, the current situation is already critical. More specifically, in the non-desk sectors such as manufacturing, sales, logistics, construction, nursing, and restaurants, each industry alone is anticipated to face a shortage of 500,000 to 1 million workers.

Looking at the worker side, about half of income earners in Japan currently earn less than 4 million yen per year.

And about two-thirds of them do not have a college degree, and around 40% of them are non-regular employees. That's the reality in Japan.

There are many recruitment services available for individuals with established careers, but there are still relatively few such services for those who are just starting out or have yet to obtain a full-time position. Given this situation, Z Career is securing its position as a leading platform for such services.

Business Model Overview - Z Career

The Z Career business model consists of two matching routes. The first route is through us, where we gather job seekers and refer them to hiring companies in exchange for a matching fee.

The second route involves some 400 small and medium-sized recruitment agencies that partner with us. These agencies use our Z Career platform to refer the job seekers they have on file to hiring companies. In return, we receive a portion of the commission fee paid by the hiring companies for each successful placement.

In addition, we receive an average monthly fee of 200,000 yen from about 400 partner recruitment agencies. Our client hiring companies utilize our service because it allows them to access candidates from a variety of placement agencies through a single platform, which has contributed to the growth of this service.

Job Seeker

Most job seekers using Z Career earn an annual income in the 2 million yen range and are in their 20s.

Approximately half of these Z Career users do not have a particular vision in mind, and about 70% do not own a personal computer.

Recently, we have been hearing news about “shady part-time jobs.” I believe this is because people are in urgent need of a livelihood, leading them to pursue opportunities that seem like easy ways to make money. Unsurprisingly, with a take-home pay in the 100,000 yen range, it is difficult to make ends meet. Many people want to stabilize their lives and consider changing jobs. However, they often don’t know what they want to do, and without a clear goal in mind, it is hard to conduct a job search. In addition, creating a resume can be challenging without access to a computer. These barriers become significant obstacles, causing them to falter in the early stages of their job-seeking efforts.

In general, career changers typically look for their next career opportunity based on the type of work they are currently doing or the industry they are in. However, for those without a solid background, it is quite difficult to find a new job.

Job Seekers - Key Characteristics

Job seekers using Z Career lack interview experience and thus repeatedly fail in interviews. They cannot afford travel expenses for interviews. They cannot go to an interview unless they take time off work. They cannot have the time for an interview. These challenges are shared among them.

Hiring Company

This graph illustrates the distribution of industries where our job seekers have successfully secured new positions. We place candidates across a variety of industries and roles, including “Construction Management,” “Sales & Service,” “Clerical,” “Enterprise Sales,” and “Infrastructure Engineer,” listed here in order of placement share.

A distinctive feature of the hiring companies is that they are primarily large enterprises, hiring several hundred to several thousand full-time employees annually, irrespective of academic or professional background.

The top 20 largest employers on our platform alone hire approximately 25,000 people each year. In contrast to typical recruitment practices, where most positions—whether for career-track or part-time roles—are limited to one to three openings per job posting, our platform has built a strong track record by partnering with

large-scale employers. These companies actively hire significant numbers of inexperienced workers across various industries, driving the growth of our matching services.

Track Record of Z Career

In fact, individuals who have changed jobs through Z Career have experienced a significant increase in their annual income. On average, their annual income before changing jobs was approximately 2.58 million yen, which translates to a take-home pay of 150,000 or 160,000 yen per month. After changing jobs through Z Career, their annual income typically exceeds 3 million yen, with an increase of roughly 40,000 yen in their monthly take-home pay. This improvement alone can have a profound impact on their quality of life.

Looking back at my own experiences and those of my friends in the band, I'd say one of the greatest advantages is being able to work with a high degree of freedom while doing what you love to do. These days, people can use on-demand job platforms or similar services. However, salaries don't increase easily, and as you get older, the insecurity about the future becomes more pronounced. I completely understand how our users feel in that situation, and this empathy is at the core of our business. Furthermore, I want to emphasize that we are working to help more people transition into full-time employment, increase their income, improve their lives, and think a little ahead.

Financial Results Highlights

Now I move on to the full-year financial results for the fiscal year ended September 2024.

Here are the highlights of the results. First of all, for the fourth quarter, we achieved a phenomenal growth in sales of approximately 1,053 million yen, up 73.8% year on year. Furthermore, we turned "profitable on a quarterly basis" as announced in the guidance.

For the full year, sales were approximately 3,476 million yen, up 67.5% year on year, maintaining a very high growth rate, while operating loss was approximately 470 million yen, which was also "a landing largely in line with the guidance."

Over the medium term, we aim for "sales of approximately 10 billion yen and an operating profit margin of approximately 20% in the fiscal year ending September 2027." We believe that this target can be achieved even without counting on the effect of "strategic investments" scheduled this fiscal year.

With that target in mind, we project our full-year results for the fiscal year ending September 2025 as follows. Sales will be approximately 5,235 million yen. Operating loss will be approximately 195 million yen, roughly halved year on year. The key message here is that, while making solid investments over the medium to long term, "we will reduce the loss significantly and, if we set aside the strategic investments, we will turn profitable on a full-year basis."

We will look into the details of each highlight in the following slides.

Summary of FY2024 Q4 Results

Here is a summary of the results for the fourth quarter alone.

Sales increased 73.8% year on year to approximately 1,053 million yen, reaching 1 billion yen for the first time. Operating profit was approximately 41 million yen turning profitable for the first time on a quarterly basis, though small in monetary terms. In addition, the operating profit margin improved 47.0 percentage points year on year.

Sales - Quarterly

Let's look into the percentage of total sales by segment (performance revenue and recurring revenue). Performance revenue, shown in dark purple, is sales commissions for successful matching. It has grown remarkably, approximately 2.4 times year on year. As I explained earlier, this revenue is the total of commissions from the in-house agent and the partner agents.

Recurring revenue is monthly platform fees from partner recruitment agencies using Z Career and monthly platform fees from hiring companies using "back check." Each recurring revenue has grown steadily, approximately 1.3 times year on year. The growth may seem slow compared to performance revenue, but has been robust. This explains how strong the demand for hiring has been.

Performance Revenue - Quarterly

The bar graph shows performance revenue from the in-house agents, indicated in dark purple, and performance revenue from the partner agents, indicated in light purple.

The yellow line graph on the slide shows the take rate. The take rate from the in-house agent is 100%. So, given the average commission & fee per placement is approximately 610 thousand yen, sales from an in-house agent per placement are approximately 610 thousand yen.

On the other hand, the take rate from a partner agent is about 17%. Therefore, sales from a partner agent per placement are 17% of 610 thousand yen, or about 100 thousand yen.

In other words, the greater number of placements through the in-house agents, the higher the take rate. In this way, the take rate has increased by 14.4 percentage points year on year. We believe that the number of placements through the in-house agents will continue to grow significantly down the road, and that the take rate will gradually increase accordingly.

However, in the fourth quarter, the number of placements through the in-house agents increased more than projected. We believe that this can be a temporary spike, which will probably stabilize somewhat in the first half of the current fiscal year.

Gross Profit - Quarterly

This chart shows gross profit and gross profit margin.

Unlike traditional recruitment agencies, we operate in the form of a recruitment platform, and as I mentioned earlier, in addition to ROXX, we have approximately 400 other recruitment agencies engaged in recruitment matching through our platform.

Through each partner recruitment agency, we receive approximately 200 thousand yen per month as a monthly usage fee and approximately 100 thousand yen per successful matching. As most of these sales are

generated without depending on resources that give rise to fixed costs, gross profit margin remains relatively quite high at around 85%.

Selling, General and Administration - Quarterly

The next slide covers the changes in selling, general and administration expenses.

The ratio of SG&A to sales has declined, partly because the fourth quarter is not the high season for our industry.

Another reason is that advertising & promotion costs were lower than usual due to the buildup of advertising and promotion activities up to the third quarter. But the important point is that we have turned profitable, which can be a major milestone for the Company. While the Company as a whole continues to invest heavily in growth, we believe that we are surely entering into a profit-making phase.

Summary of FY2024 Full-year Results

Here is the summary of the full-year results.

In the fiscal year ended September 2024, sales grew to approximately 3,476 million yen, up 67.5% year on year, achieving a remarkably high growth rate. In addition, operating loss improved by 276 million yen year on year to approximately 470 million yen, and operating loss margin improved by 22.4 percentage points year on year to 13.5%, narrowing significantly both in terms of size and ratio, though still in the red. Overall, we largely ended up with “a landing largely in line with the guidance.”

Sales - Annual

Let's look into sales by segment.

Performance revenue through matching generated sales of approximately 1,847 million yen, just about double the growth year on year. This is due to a significant increase in the GMV and take rate from the in-house agents, driven mainly by an increase in the number of personnel for matching operation at the Company.

Platform usage fees from partner recruitment agencies generated sales of approximately 1,049 million yen, up 40% year on year. ARPU has also improved along with the increase in the number of customers.

The last one is recurring revenue through back check. This is a simple SaaS model. It generated sales of approximately 579 million yen, up 34.0% year on year. Our main target customers were start-up companies when the service was first launched, but over the years, they have shifted to large companies, resulting in a significant improvement in ARPU. In particular, with increasing needs for compliance surveys in recent years, some customers have introduced the service while others have expanded it to their group companies, leading to growth by upselling. Without any major marketing investments, awareness of the service has been obtained to a certain extent, as evidenced by a natural inflow of inquiries, and the service is growing even without any particular marketing efforts. So we are operating our business under quite a favorable condition.

Performance Revenue - Key Profit Indicators

Next are key profit indicators.

Job seekers register themselves only through search engines, SNS advertising and alliances. We do not implement any measures to raise awareness of ROXX. We have just recently formed an alliance with AIFUL CORPORATION. The number of registered job seekers has expanded to approximately 393 thousand people, up 55.1% year on year, growing steadily without a sharp rise in the acquisition cost of job seekers.

One of the key factors is that the target population is large.

In addition, the recruitment market is tight due to the chronic shortage of talents, spurring even higher fees for placement. Against this backdrop, the average commission & fee per placement is at a record high of approximately 612 thousand yen, up 7.8% year on year, and more than 100 thousand yen higher than in FY2022. We expect this competitive situation to continue over the medium to long term.

Selling, General and Administration - Annual

Regarding annual SG&A, personnel & outsourcing cost was approximately 1,704 million yen, up 41.2% year on year, an increase in line with the steady progress of attracting talents. On the other hand, the cost growth was kept below the sales growth due to enhanced productivity.

Advertising & promotion cost was approximately 928 million yen, up 43.2% year on year, an increase in line with the sales growth. Considering that sales from matching service grew approximately twofold, the cost growth was considerably contained, the same as with personnel & outsourcing cost.

Other costs amounted to approximately 817 million yen, up 29.7% year on year, due to increases in costs for hiring and rents for expanding office space.

Number of Employees - Key Profit Indicators

I mentioned about attracting talents in the previous slide. The number of employees was 285 people as of September 30, 2024, up 34.4% year on year. We are mainly expanding our workforce in corporate and product development segments, as well as in Z Career segment, with a particular focus on AI-based product development towards more profitable Z Career.

In addition, we have learned a lot in the process of pursuing a better employee composition of Z Career over the past two years. We are leveraging that experience to achieve further stable growth over the medium to long term. As part of such efforts, we have expanded entry-level hiring from this fiscal year.

Positioning of Z Career

Let's move on to our growth strategy and the full-year performance forecast for the fiscal year ending September 30, 2025.

I will start by explaining the market environment. Recruitment agencies originally started their businesses for career professionals. The main target of major recruitment agencies is people with an annual income of more than 4 million yen and up to 6 million yen.

On the contrary, Z Career's main target is job seekers with an annual income of 2 to 3 million yen, which differs from the high-class or desk worker segment the major recruiting agencies focus on regarding hiring companies, job requirements, and commission and fee per placement.

Moreover, the large recruitment agencies cannot roll out their existing services to our target segment. Their business structures are similar to ours. However, the barrier to entry from the high-class segment is high as recruitment agencies have to change support to job seekers depending on their careers. Therefore, we have no competitors in the non-desk worker market segment.

As we told you earlier, only several referrals can fill a job offer when recruiting persons with high qualifications. However, for non-desk workers, we can refer more job seekers to the same hiring companies as our clients, resulting in an increased market share in specific clients and building good relationships with them.

Market Size of the Non-desk Worker Segment

The number of non-desk workers is approximately four times that of desk workers, with more than 30 million people engaging in those jobs. Given that approximately 6% of the non-desk workers change jobs annually and income-earners with less than 4 million yen account for 52% of them, our serviceable market size is roughly estimated at 650 billion yen by multiplying 30 million people, 6%, 52%, and our commission and fee of 600,000 yen.

On the other hand, the market share of Z Career is only approximately 0.5% of the market or about 2.9 billion yen. We can grow further by establishing the No.1 share in the promising non-desk worker market segment.

Growth—Job Seeker Acquisition

With abundant job seekers amid the labor shortage, acquiring job seekers continuously is the key driver for growth.

That's why we decided to make a strategic investment.

Please see the box on the left. When asked which service comes to mind when seeking "a full-time job", more than 60 % answered "None."

The questionnaire suggests job seekers recognize no service providers for finding a full-time job for them, although many recruitment agencies exist.

As I explained the market size, we can achieve significant growth in the long term by securing the No.1 position in the non-desk workers market through the enhanced awareness of "Z Career for a full-time job."

This is the reason for investing now. We will invest about 500 million yen in mass advertisement, mainly using streaming services like TVer and Abema TV. We are creating commercial productions, including those for TV, so we can start broadcasting at the beginning of 2025.

Enhanced awareness of "Z Career for a full-time job" will increase the number of job seekers through Z Career, resulting in more successful matches.

We also expect the competitors will enter the non-desk workers market, and the unit price of search keywords, such as "no experience" and "full-time job recruitment," will increase. In preparation for the severe competition, we need to create a system to attract more job seekers through higher brand recognition of the Z

Career, reduce acquisition costs, and increase the number of successful matches, which will serve as a barrier to entry.

We seek to build a competitive advantage by quickly establishing the No. 1 position in the non-desk workers market through enhanced brand recognition; therefore, we decided to make this investment.

Profitability—AI (Artificial Intelligence) Scout

To raise not only the recognition of “Z Career for a full-time job” but also profitability, we have launched an AI-driven product, AI Scout. The recent Q2 FY2024 earnings call by Recruit Holdings Co., Ltd attracted many questions on AI. AI is compatible with recruiting non-desk workers, as expediting the recruitment process of non-desk workers is critical. AI enhances time efficiency for the process.

In the traditional process, career advisors propose jobs after meeting job seekers. On the other hand, using AI Scout or replacing the traditional process with AI Scout enables us to propose appropriate employment to job seekers without meeting with career advisors.

In short, job seekers can register with Z Career, receive scout emails, and apply for jobs without the intervention of a career advisor. This means we can increase revenue without incurring personnel expenses related to career advisors and improve profitability even though the commissions and fees we receive stay the same at 610,000 yen.

When watching advertisements, job seekers register with Z Career, receive scout messages through AI Scouts, and then find new opportunities for changing jobs. This is how the hybrid solution of AI Scout and recruitment agent support will improve the earning structure further.

Mid-term Target

The non-desk workers market is so huge and market tailwinds have yet to come but certainly will in the future. Therefore, as a medium-term target in the fiscal year ending September 30, 2027, we expect sales of about 10 billion yen and an operating profit margin of about 20%. Certainly, in the short term, the timing of turning black is crucial for us. However, in the long term, we aspire to grow significantly by facing a very grave theme of raising income in Japan with a focus on non-desk workers with no degree, skill, or experience.

FY2024 Full-year Forecast

Now, I will explain the business results forecast for the fiscal year ending September 30, 2025 as the first step to achieve the target mentioned above.

Sales will be about 5,235 million yen, up 50.6% year on year, maintaining the high sales growth.

Operating loss will be about 195 million yen, which is half the previous fiscal year, while operating profit and loss margin will improve by about 10 percentage points.

In the current fiscal year, we will make a strategic investment of 500 million yen to raise the recognition of “Z Career for a full-time job” while achieving a significant reduction in the deficit and a full-year surplus, excluding strategic investments.

Reference: Nature of Strategic Investment

In this fiscal year, we expect an operating profit of about 300 million yen, excluding the strategic investment of approximately 500 million yen.

Again, the 500 million yen will not be spent on something that gives rise to fixed costs, such as recruitment and personnel expenses, but on efforts to raise the recognition of our services. So the investment is of a highly discretionary nature. Furthermore, while the investment is expected to establish a higher barrier to entry by reducing the acquisition costs, such a positive impact is not reflected in the forecast figures.

The most important strategy is to capture this once-in-a-decade opportunity and position ourselves as the No.1 in the non-desk worker market. It is time for us to make a meaningful investment to raise the recognition of “A Career for a full-time job” in the circumstances of the recent competition in the high-class segment and on-demand part-time jobs.

The forecast does not reflect the investment effect of mass advertisement of about 500 million yen, implying the operating profit or loss could improve further should the mass advertisement deliver a higher positive impact than expected.

Profitability - Relocation and Team Expansion

In the traditional process, we posted job advertisements for the positions when hiring companies have job offers to be filled. On the other hand, the investment in mass advertisement may boost the recognition of Z Career and possibly attract more job seekers in a short period, which requires us to reinforce the organization and carry out personal relocation.

Specifically, in the traditional process, career advisors took care of the whole process, from arranging hearing meetings to selecting support for the job seekers. Going forward, we plan to segregate the duties by function by implementing Inside Sales and Field Sales. As a side effect of the relocation and team expansion, we expect employee productivity to drop temporarily, especially in the first half of FY2025, but recover to more than the level seen in FY2024, partly due to a positive impact from mass advertisement.

Reference: Seasonality of Performance

Finally, I will explain how the business performance fluctuates due to the seasonality of Z Career.

As in the human resources business in general, the high season for hiring is April; therefore, our sales tend to be higher in Q3 (April–June).

In addition to the general HR industry seasonality, the impact of “Strategic Investment,” including the production cost of mass advertisement, the broadcasting cost of CM starting in early 2025, and the relocation cost and others, is anticipated to result in a comparatively larger operating loss in Q1 (October–December) and Q2 (January–March) of FY2025. However, we expect the investment to start to bear fruit gradually in Q3 (April–June) and Q4 (April–August).

Repost of Oct 15th, 2024: Business Plan FAQs from the Road Show (Part One)

The following pages are the reposts of FAQs from the Road Show. We intend to respond to questions received after the IPO actively and have disclosed all FAQs separately. We will continue to provide accurate information as soon as possible.

Repost of Oct 15th, 2024: Business Plan FAQs from the Road Show (Part Two)

Repost of Nov. 5th, 2024: FAQs (October 2024)

This is the end of the FY2024 financial results briefing.

Allow me to express my resolution once again. I am committed to dedicating my life to improving the income levels of low-income earners through full-time employment.

Thank you very much for your participation.

Disclaimers

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