



Company Information

-Explanation of OfferBox Revenue Recognition-

i-plug, Inc.
(TSE Mothers: 4177)

1. Characteristics of Japan's New Graduate Recruiting Market
2. The OfferBox Fee Structure
3. Recognition of OfferBox Revenue
4. Appendix

1. Characteristics of Japan's New Graduate Recruiting Market

2. The OfferBox Fee Structure

3. Recognition of OfferBox Revenue

4. Appendix

Differences in New Graduate Recruiting Activities in Japan vs. Europe/U.S.

The recruiting process in Japan for new college graduates differs greatly from the process used in Europe/U.S. Japanese companies do all hiring at one time with selections based on students' potential (note 1). Unofficial job offers are made before students graduate and students start working immediately after graduation (note 3).

	Europe/U.S.	Japan
Recruiting process	<ul style="list-style-type: none"> ● All year (note 2) ● People who can immediately do the work are hired as openings occur 	<ul style="list-style-type: none"> ● All new graduates are hired at one time ● Companies give new employees training to develop their skills on the premise that they will stay for their entire careers
Recruiting considerations	<ul style="list-style-type: none"> ● Practical experience and skills, focus of college degree and performance at college 	<ul style="list-style-type: none"> ● Emphasis is on each student's potential based on competency and experience ● For engineers and other technical jobs, emphasis is on the course of study at college
Recruiting process	<ul style="list-style-type: none"> ● Emphasis is on practical experience at companies and college grades; before graduation, focus is on academic performance and internships ● Students start looking for jobs immediately before or after graduation; three to four months are often required to receive a job offer and start work 	<ul style="list-style-type: none"> ● Recruiting activities such as internships start during the third year of college ● The selection process starts in March of the third year of college and unofficial job offers are made by May or June. Students start work in April of the following year.

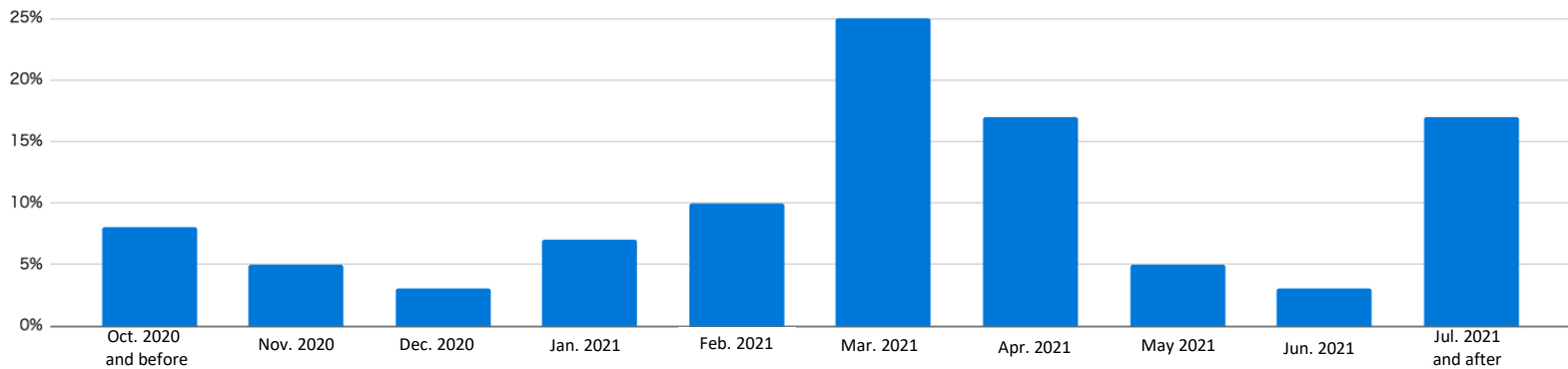
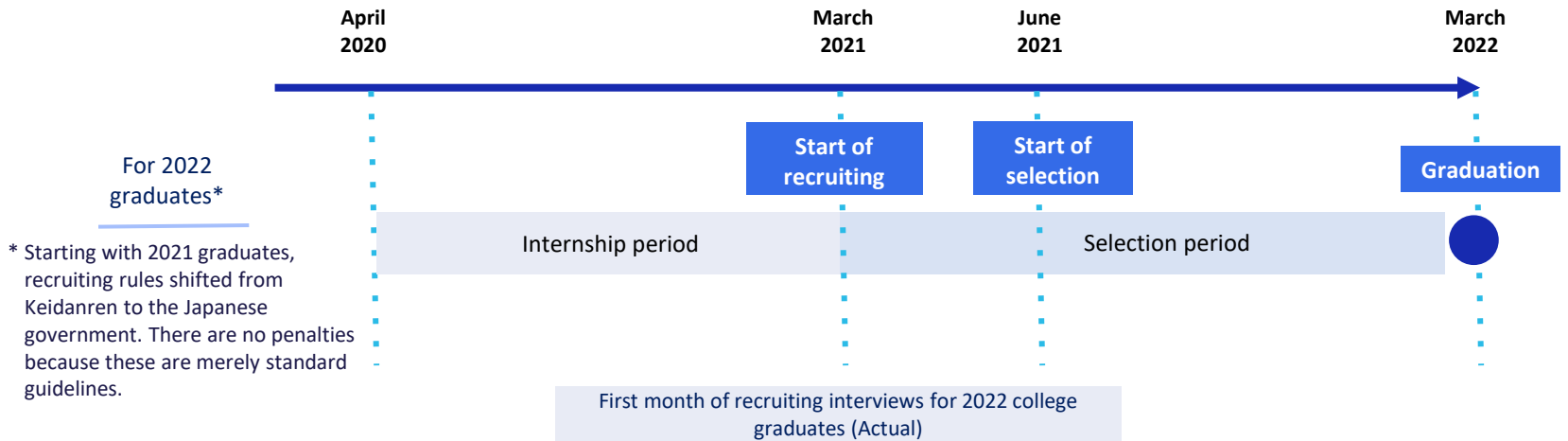
Note 1: College students start looking for jobs during a specific period from their third year of college until graduation and all students start working immediately after graduation.

Note 2: Companies are continuously recruiting people; after graduation, people look for jobs and start working at various times.

Note 3: In Japan, most college students graduate in March.

Govt. Prescribed New Graduate Hiring Schedule and the Actual Timeline

The Japanese government recommends that recruiting activities start after March of a college student's third year and companies starts making hiring decisions from June of the fourth year. Despite the existence of this standard schedule, the peak of hiring decisions at Japanese companies is March of the third year as the recruiting process takes place at an increasingly early stage.

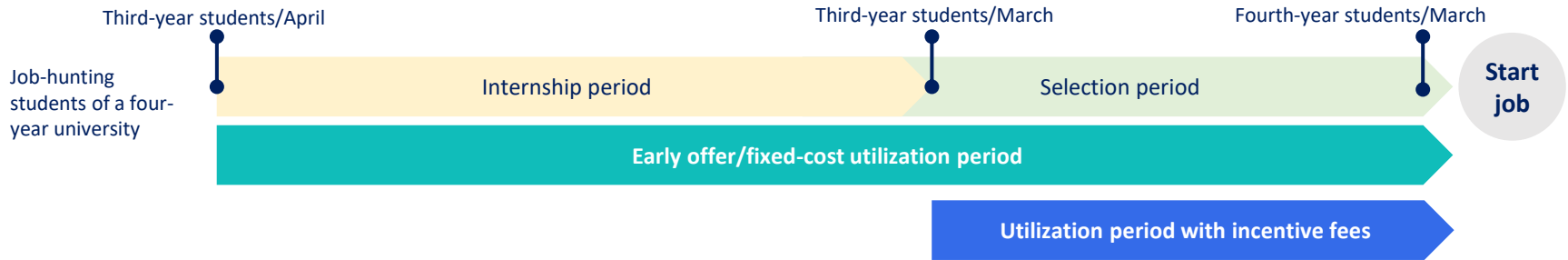


Source: Survey by ProFuture Inc. (2021 and 2022 graduates)

1. Characteristics of Japan's New Graduate Recruiting Market
- 2. The OfferBox Fee Structure**
3. Recognition of OfferBox Revenue
4. Appendix

OfferBox Services

Two plans are available to match the recruiting strategies of individual companies (number of people to hire, length of recruiting activities, recruiting needs and issues)



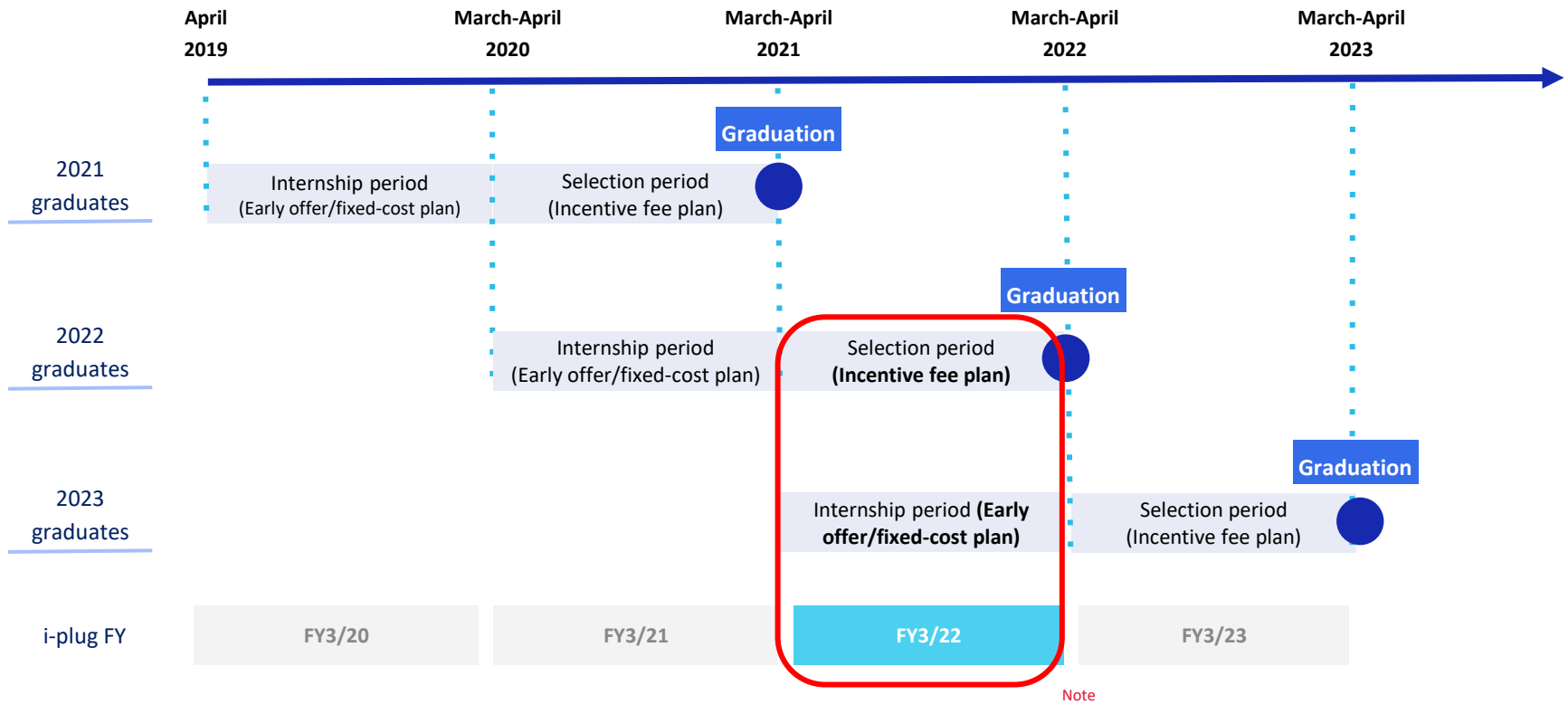
Summary of the early offer/fixed-cost plan

Summary of the incentive fee plan

Utilization fee	Utilization fee is required and depends on the number of students to be hired Example: ¥750,000 when planning to hire three students	None
Incentive fee	Paid when more than the planned number of students are hired ¥380,000 per student over the initial plan	¥380,000 per student hired
Return of incentive fee when a student rejects an unofficial job offer	¥380,000 per offer rejected <u>*Utilization fees are not returned.</u>	¥380,000 per offer rejected
Purpose of using OfferBox	Companies want to contact many students when their job hunting activities start, such as by using internships and interviews at an early stage of job hunting.	Companies want to focus activities for contacting students on the period after March of the third year of college, when full-scale job hunting begins. Companies want a second group of applicants and alternate students to replace students who subsequently reject unofficial job offers.

The Recruiting Timetable and the i-plug Fiscal Year

During the internship period, the primary fee structure is the early offer/fixed-cost plan. Companies start using the incentive fee plan during the selection period. In every i-plug fiscal year, there are recruiting activities for students graduating in two different years and for two recruiting process stages.



Note: For example, FY3/22 includes revenue derived from two plans of the selection period for students graduating in 2022 (incentive fee plan) and the internship period for students graduating in 2023 (early offer/fixed-cost plan).

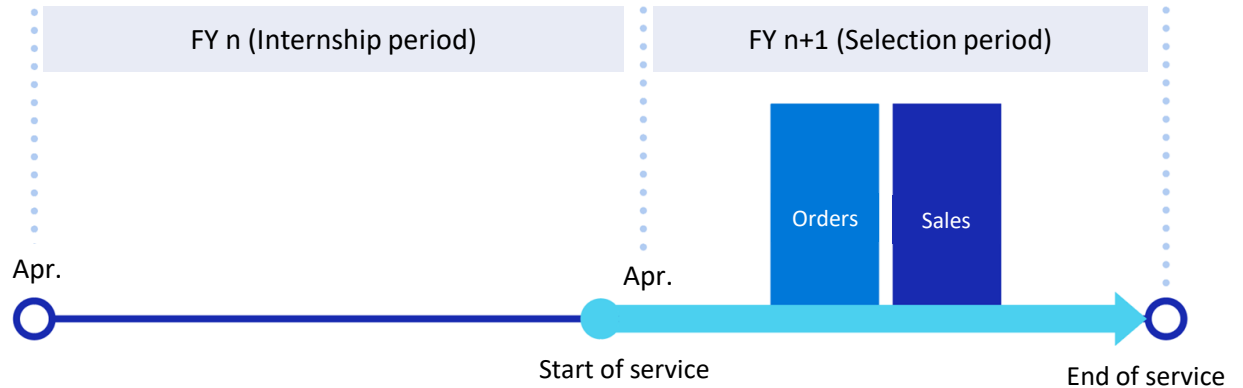
1. Characteristics of Japan's New Graduate Recruiting Market
2. The OfferBox Fee Structure
- 3. Recognition of OfferBox Revenue**
4. Appendix

Revenue Structure

Incentive fees are categorized as an order received, and therefore sales, when a company decides to hire an OfferBox registered student. For the early offer/fixed-cost plan, the amount of order is allocated proportionally among the months when the service is provided. As a result, part of an order becomes unearned revenue that ends up as sales in the following fiscal year.

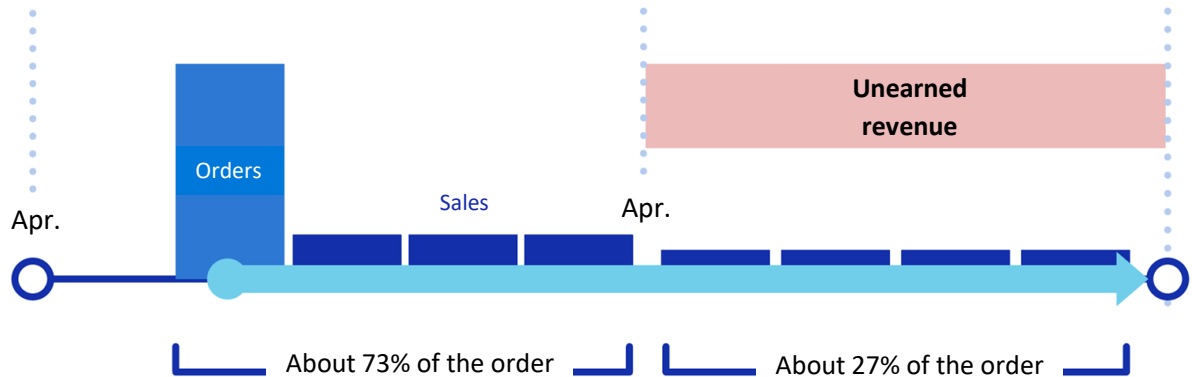
Incentive fee plan

- Can be used by students beginning with March of their third year of a four-year university
- An order (sales) is recorded when a company decides to hire an OfferBox registered student



Early offer/fixed-cost plan

- Can be used by students beginning with April of their third year of a four-year university
- Approximately 27% of advance payments for services are recognized as unearned revenue in the following fiscal year

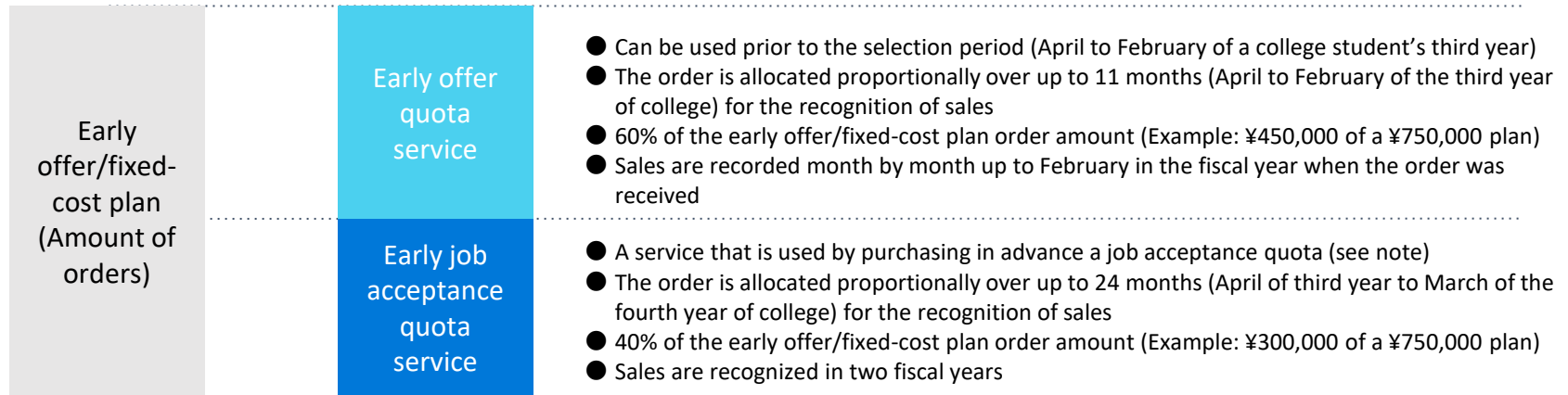


Note 1. The selection period begins with the end of the restriction on recruiting promotions in March of a student's third year, in accordance with government recruiting activity rules, and includes the entire process of recruiting promotions and activities for making hiring decisions.

Note 2. The composition of prices in the sales plan has been revised beginning with the early offer/fixed-cost plan for students graduating in 2023. As a result, the percentage of the orders received which will be recognized as sales in the current fiscal year has been changed.

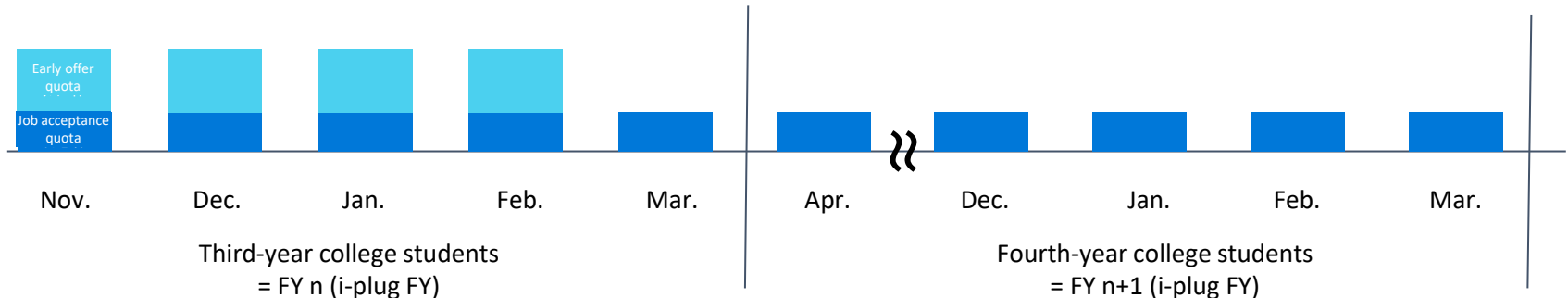
Revenue Recognition for the Early Offer/Fixed-cost Plan

The early offer/fixed-cost plan includes two services: the early offer quota service and the job acceptance quota service. For the period during which each service is provided, the amount of the order is allocated proportionally to each month for the recognition of sales.



Note: There is no incentive fee even when a student accepts a job offer as long as the number of students accepting jobs does not exceed the quota. (For a quota of three job acceptances, there is no incentive fee for the first three students who accept a job offer.)

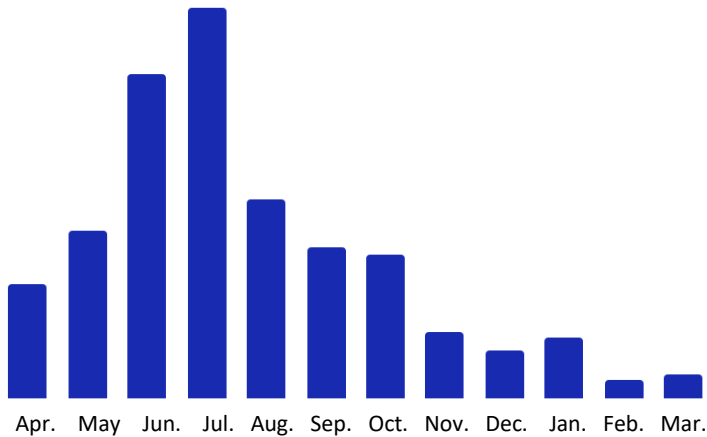
Example: Early offer/fixed-cost order received in Nov. for third-year students



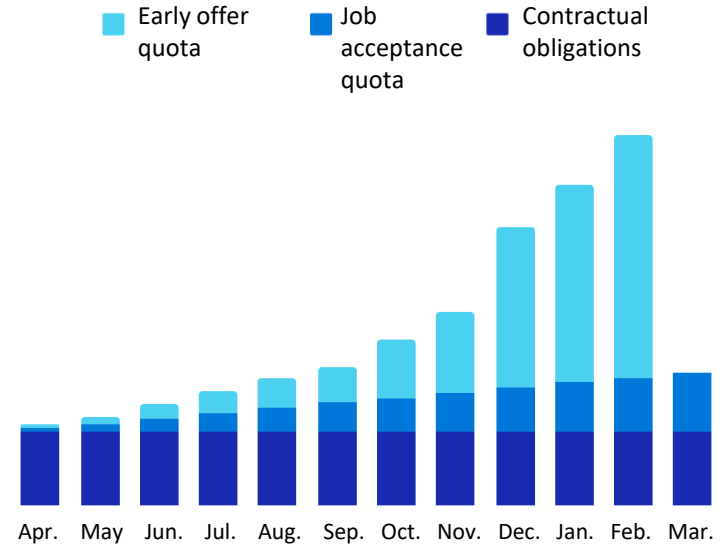
Seasonality of Sales

Sales (orders) from incentive fees are usually highest between June and August. Early offer/fixed-cost sales are highest in the fourth quarter because these sales accumulate in the second half of each fiscal year.

Incentive fee plan



Early offer/fixed-cost plan



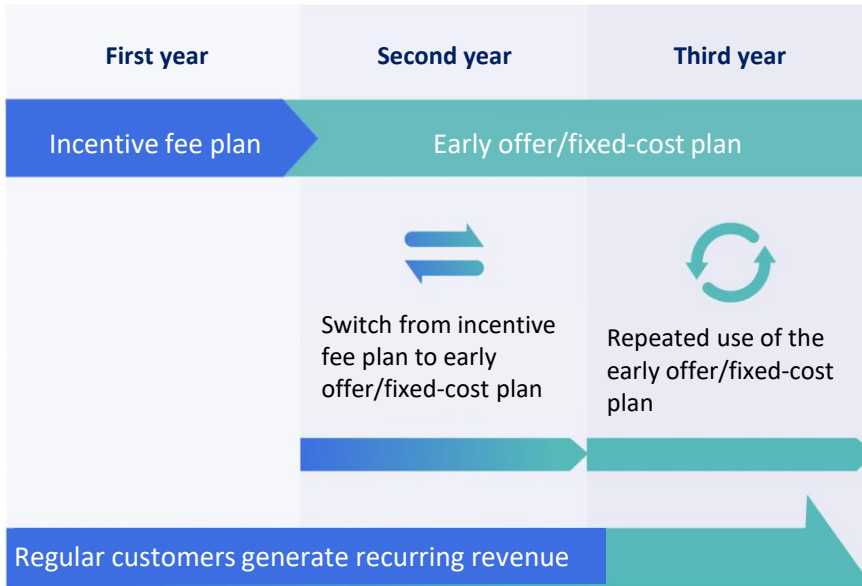
Note 1. These graphs are approximate figures based on performance in prior years.

Note 2. In the early offer/fixed-cost graph, contractual obligations are the portion of the early offer/fixed-cost order received in the previous fiscal year that is recognized as sales in the current fiscal year.

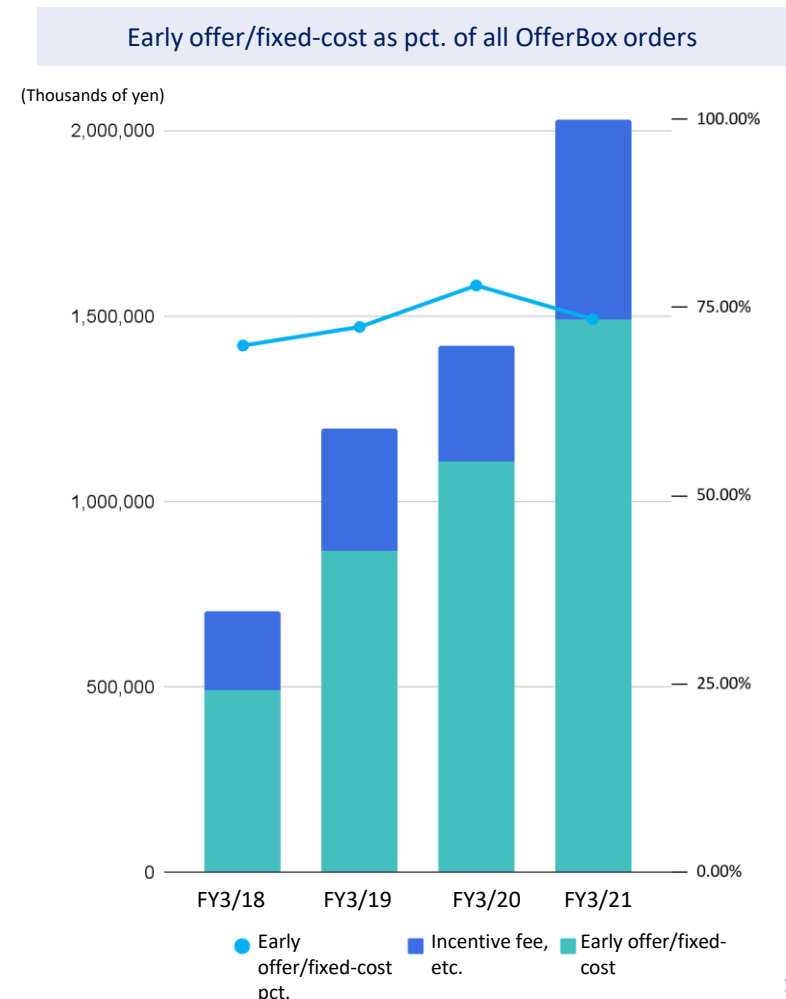
1. Characteristics of Japan's New Graduate Recruiting Market
2. The OfferBox Fee Structure
3. Recognition of OfferBox Revenue
- 4. Appendix**

Structured for Maintaining a Stable Customer Base

Incentive fee plan is used as an entry-point service format and then a base for recurring revenue, which is steadily expanded.



- The incentive fee plan of OfferBox reduces risk involving newly using this service because there is no initial fee, low incentive fees and all fees are returned if a student withdraws a job offer acceptance.
- As incentive fee OfferBox users see how effective this service is at recruiting students, these users are converted to the early offer/fixed-cost plan, which is a reliable source of recurring revenue.



Consolidated Unearned Revenue

Unearned revenue was ¥610 million at the beginning of FY3/22, which is about 20% of the FY3/22 sales forecast.



*Unearned revenue is the amount on the consolidated balance sheet at the beginning of each fiscal year.

**The forecast for FY3/22 sales

Disclaimer

This presentation includes forward-looking statements about industry trends and the business activities of i-plug and are based on current plans, estimates, outlooks and forecasts.

These forward-looking statements incorporate a variety of risk factors and uncertainties. The risk factors, uncertainties and other factors, which are already known or are unknown, may cause different results from information included in the forward-looking statements.

Actual business activities and performance of i-plug may differ from statements concerning the outlook and future performance in these materials.

Forward-looking statements in this presentation are based on information that is available at this time. All statements concerning the future will not be updated or changed to reflect future events or market conditions.

