

RareJob, Inc.

Financial Results for the Three Months Ended June 30, 2020

August 13, 2020



Agenda

1. FY2021/3 1Q Result
2. FY2021/3 Plan
3. FY2021/3 1Q Topics
4. Management Strategy

Appendix

1. FY2021/3 1Q Result

FY2021/3 1Q Results Summary

Net sales rose 29.9% year on year.

- B2C sales increased 31.0% YoY due in part to temporary demand created by the spread of COVID-19.
- B2B & B2School sales rose 27.2% YoY. This reflects B2B sales growth based on sales activity from the previous fiscal year. Some impact of school closures was seen on B2School sales, but this was minor as a percentage of total sales. At present, the impact of COVID-19 is not yet evident.

Operating income increased 86.5% year on year.

- Growth in operating income was achieved by raising productivity and business efficiency, which offset a rise in cost of sales due to an increase in the number of lessons per user as a result of COVID-19.

Both net sales and operating income hit post-IPO highs for the first quarter.

Financial Results for the Three Months Ended June 30, 2020

Net sales rose +29.9% and operating income increased 86.5% year on year. Achieved both net sales growth and profitability improvement under COVID-19.

(In JPY MM)

	FY 2020/3 1Q cumulative	FY 2021/3 1Q cumulative	YOY
Net sales	985	1,280	+29.9%
Gross profit	601	714	+18.8%
Operating income	56	106	+86.5%
Ordinary income	51	107	+110.3%
Net income attributable to owners of parent	25	66	+157.8%

Operating margin	5.8%	8.3%	+2.5pt
ROE*	7.7%	19.1%	+11.4pt

*Annual basis

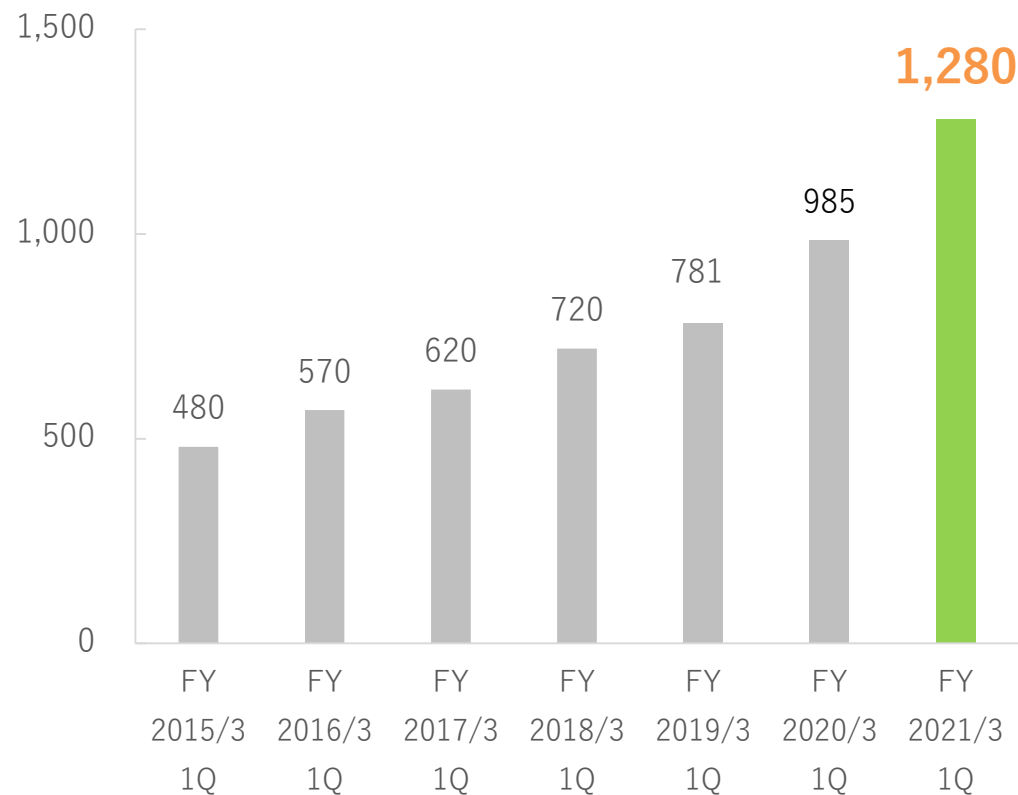
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Post-IPO Consolidated 1Q Result

Both net sales and operating income in FY2021/3 1Q hit a record high since listing. YoY of net sales significantly increased.

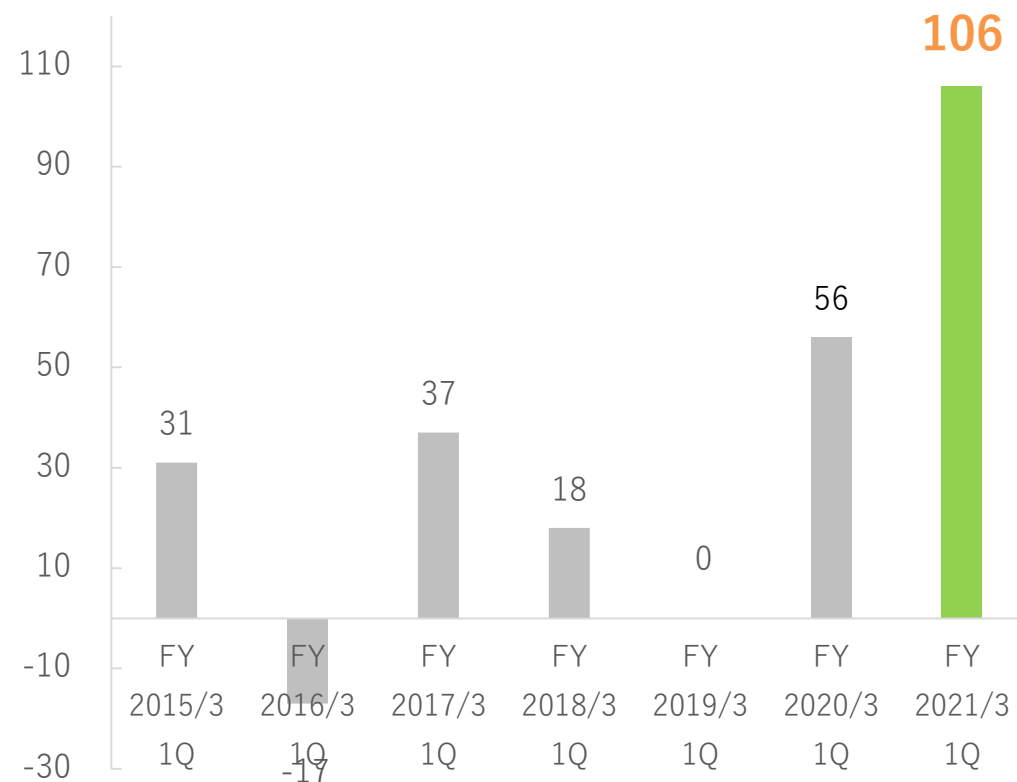
Net Sales

(In JPY MM)



Operating income

(In JPY MM)



Net Sales Breakdown for the Three Months Ended June 30, 2020

B2C sales increased 31.0% YoY due in part to temporary demand created by COVID-19. B2B & B2School sales rose 27.2% YoY. This reflects B2B sales growth based on sales activity from the previous fiscal year.

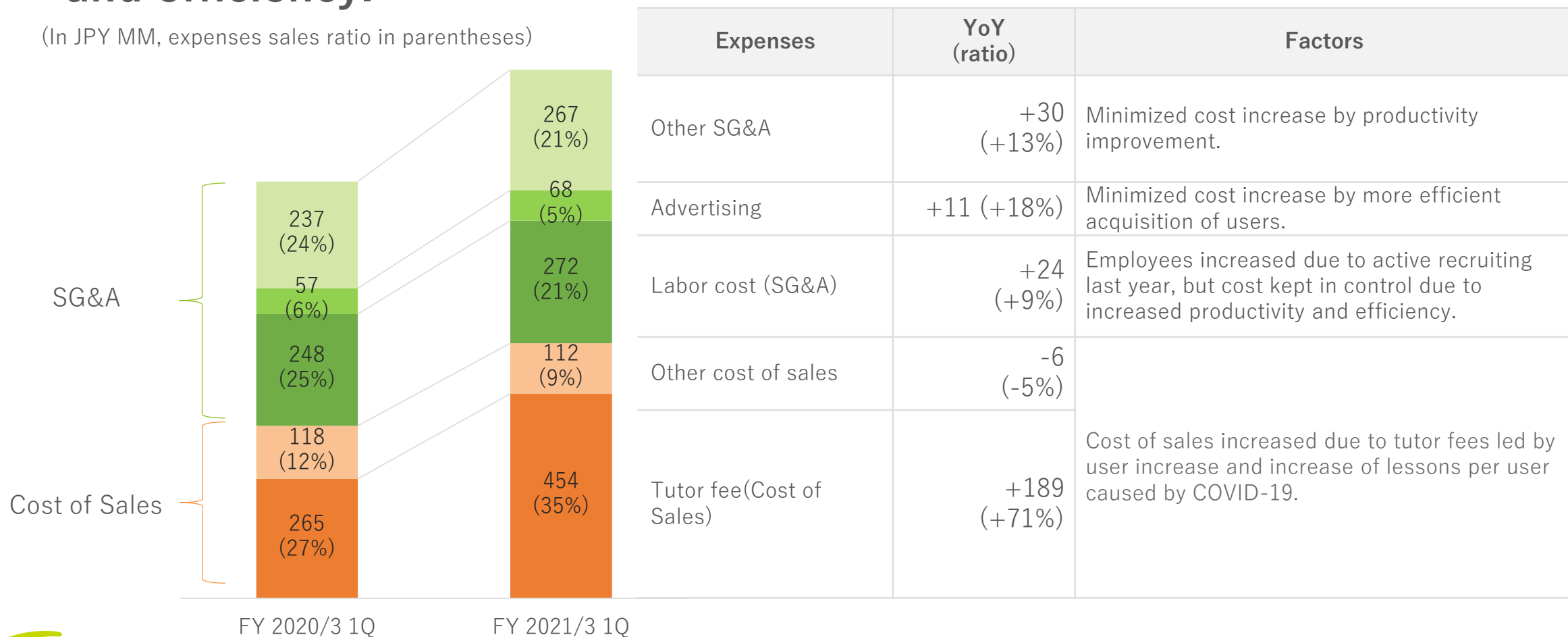
(In JPY MM)

	FY 2020/3 1Q cumulative	FY 2021/3 1Q cumulative	YOY
Net Sales	985	1,280	+29.9%
B2C Sales (constituent ratio)	710 (72.1%)	931 (72.7%)	+31.0%
B2B & B2School Sales (constituent ratio)	274 (27.9%)	349 (27.3%)	+27.2%

Expenses (Cost of Sales and SG&A) Breakdown for the Three Months Ended June 30, 2020

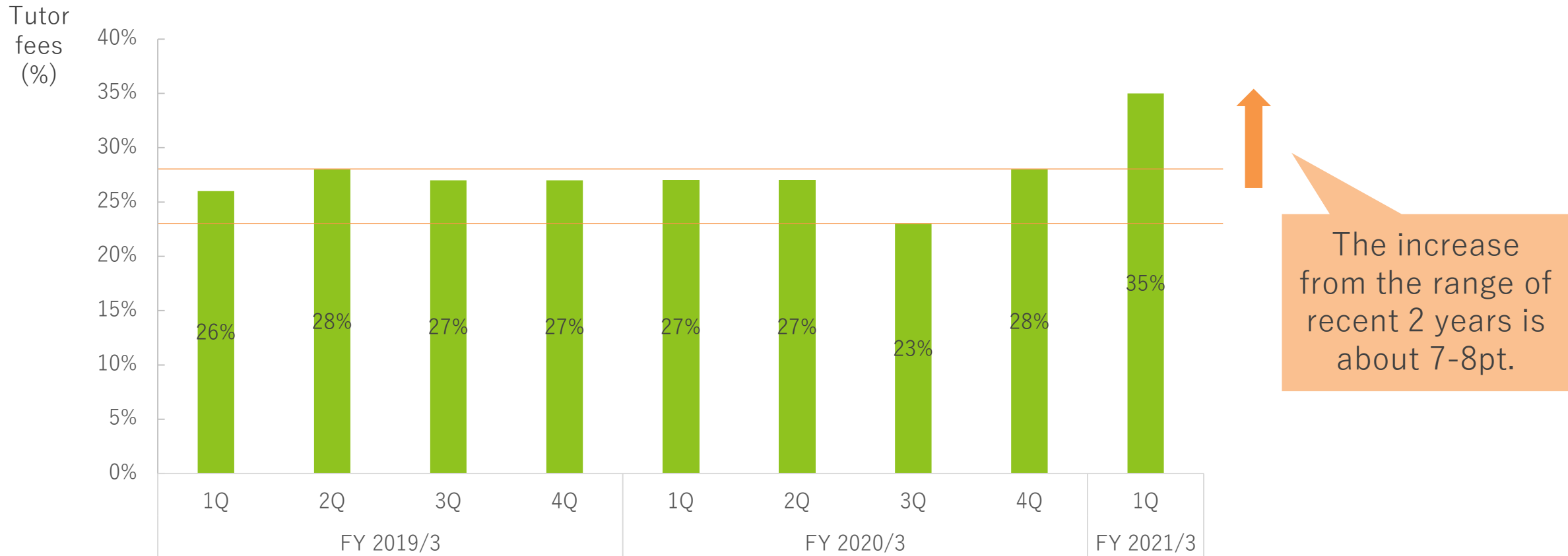
Tutor fees increased 8pt due to increase of lessons caused by COVID-19. SG&A to net sales ratio decreased due to increased productivity and efficiency.

(In JPY MM, expenses sales ratio in parentheses)



Effect of COVID-19 on Tutor fees

The ratio of tutor fees to net sales ranged from 23% to 28%. Effect of COVID-19 on tutor fees ratio is about 7-8pt increase due to increase of lessons per student.

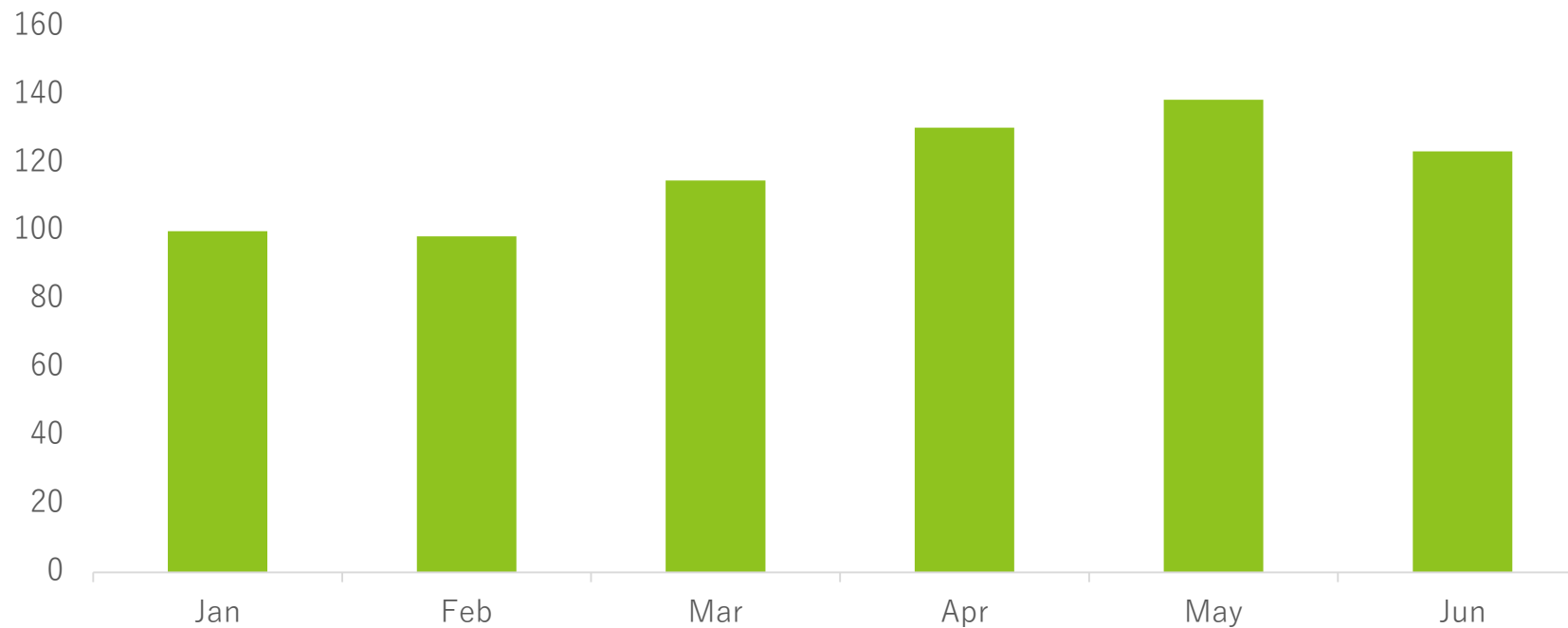


Changes in the Number of RareJob Eikaiwa Lessons per User

The number of lessons per user peaked in April and May due to the impact of COVID-19.

Changes in the Monthly Average Number of Lessons per User

Indexed by
making monthly
average number
of lessons per
user in January
100



2020

2. FY2021/3 Plan

FY2021/3 Plan and Progress

Progress is within the range of expectations despite the impact of COVID-19.

	FY 2020/3 Results	Guidance for FY2021/3	Change YoY
Net sales	4,512	5,300	+17.5%
B2C Sales	3,077	3,761	+22.2%
B2B & B2School Sales	1,435	1,538	+7.2%
Gross margin	2,829	2,996	+5.9%
Operating income	446	500	+12.0%
Ordinary income	415	450	+8.2%
Net income Attributable to owners of parent	205	270	+31.5%
Operating margin	9.9%	9.4%	-0.4pt
ROE	15.2%	At least 10.0%	-

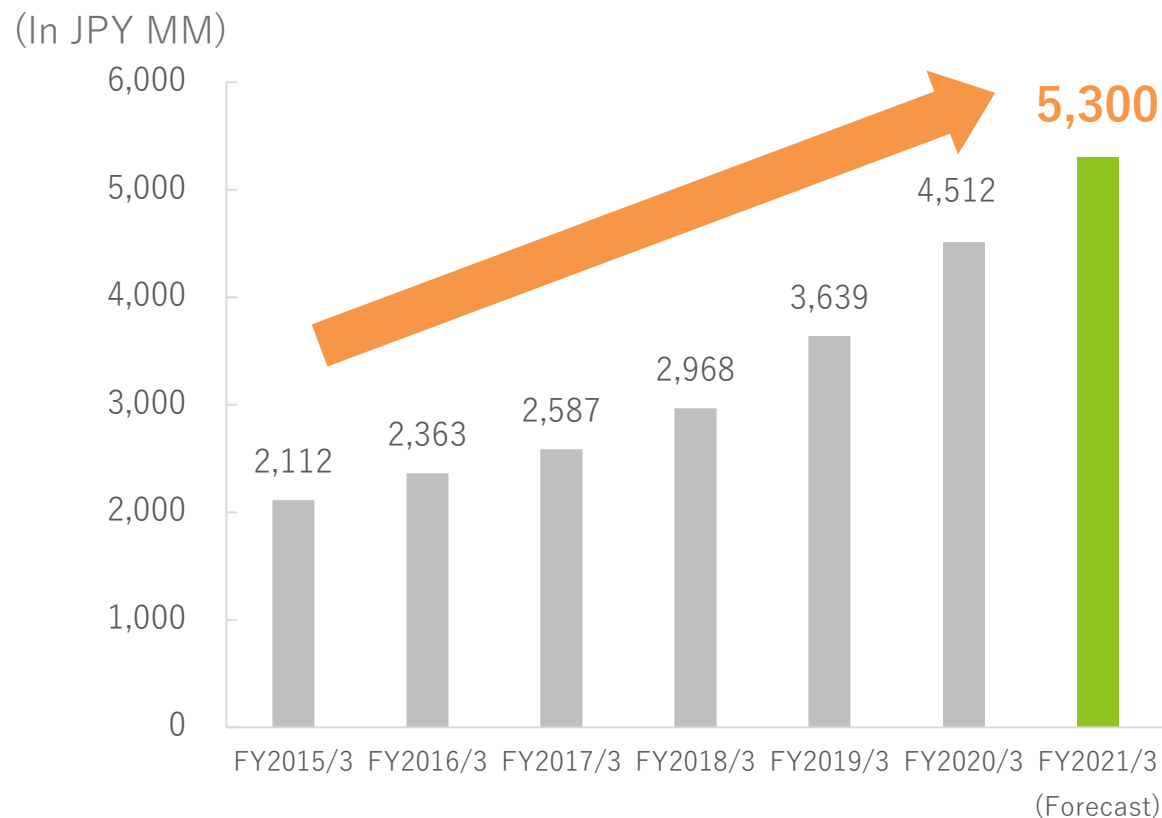
FY2021/3 1Q cumulative	Progress
1,280	24.2%
931	24.8%
349	22.7%
714	23.8%
106	21.2%
107	23.9%
66	24.7%
8.3%	-
*19.1%	-

*Annual basis

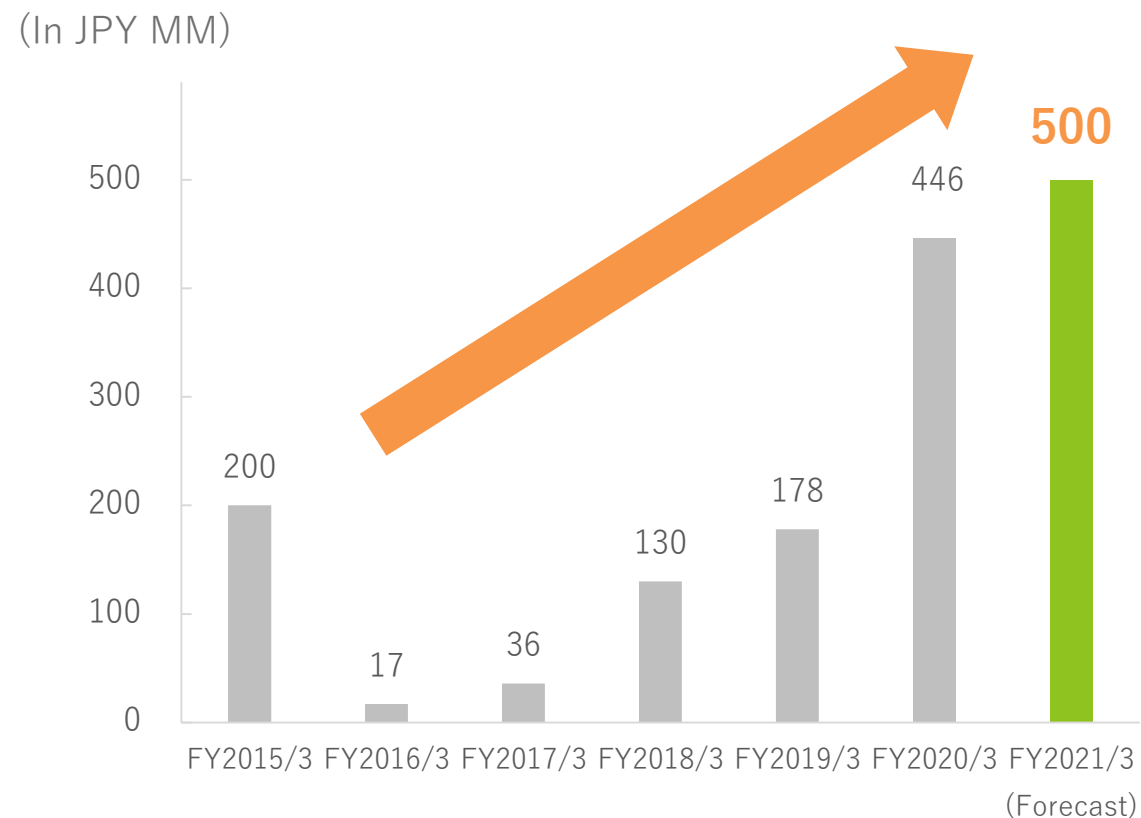
Post-IPO consolidated results

We expect net sales to increase for 13 consecutive fiscal years, operating income to increase for 5 consecutive fiscal years and the highest profit in our history.

Net sales



Operating income



FY2021/3 Initiatives

Carry out business operations focusing on improvements in profitability, expansion of net sales, system development, and R&D eyeing the use of technology.

Improvement of profitability

- There is enough human resource to operate the business, and the growth rate of employees, excluding Filipino tutors, has been kept in check.
- Continue to enhance productivity and business efficiency.

Expansion of net sales

- As for B2C sales, aim for growth in net sales by meeting growing demand from adults and students for training programs due to impact of COVID-19 (increase in time spent at home and school closures).
- As for B2B sales, aim for net sales growth by capturing demand for replacements for offline training and studying

System development

- Implement a major system replacement for sales expansion and service enhancement going forward.

R&D eyeing the use of technology, including data and AI

- Expand sales of an automated scoring system for speaking tests by combining AI and speech recognition technology.
- Continue to analyze massive amounts of lesson data and research methods to improve learning efficiency and increase the learning retention rate.

3. FY2021/3 1Q Topics

Developed Automated English Speaking Scoring System “PROGOS”

Aim for the appropriate assessment of English speaking skill, and visualization, objectification, and promotion of common understanding as a business skill.

Press release

JUNE 17, 2020

RareJob, Inc.

Using AI for Automate Scoring to Transform Language Examinations Launch of “PROGOS”, an innovative English speaking assessment system

As a new measure for a company's global talent skills by CEFR, the
international standards
Target 1 million trainees per year in three years

RareJob, Inc. (hereinafter “RareJob”), which operates an English-related business, has developed “PROGOS”, an innovative English speaking assessment system. At the same time, we will launch a service called “the RareJob Speaking Test powered by PROGOS” for individuals and corporations, an English speaking test that utilizes this system.



(Left) Image of the test.



(Right) Image of test feedback from “RareJob Speaking Test powered by PROGOS”.

JR Kyushu introduced "Omotenashi Eigo Otai" [Railway Edition]

JR Kyushu introduced the program for improving English conversation capabilities of train station attendants and crew members. We will try to expand the program by fulfilling the demand from railway industry.



NEWS RELEASE

JUNE 1, 2020
RareJob, Inc.
MANABI-UP COMMUNICATIONS CO, LTD
Obunsha Co., Ltd.

JR Kyushu introduced "Omotenashi Eigo Otai [Railway Edition]" for train station attendants and crew members

Enhancing English conversation capabilities specialized in the railway industry to improve customer response

RareJob, Inc. (hereinafter "RareJob"), which operates an English-related business and MANABI-UP COMMUNICATIONS CO, LTD (hereinafter "MANABI-UP COMMUNICATIONS"), which operates an English-language service ability test to measure "Hospitable English Ability Response Test", and Obunsha Co., Ltd. (hereinafter "Obunsha"), an educational publishing company, announced the introduction of the "Omotenashi Eigo Otai [Railway Edition]", which is jointly offered by three companies to Kyushu Railway Company (hereinafter "JR Kyushu").

From June 1, 2020, JR Kyushu will use the "Omotenashi Eigo Otai [Railway Edition]" as an English learning training program for their train station attendants and crews.

4. Management Strategy

The “With Corona, After Corona” Business Environment

Individual

- ✓ Some adherence to working in remote environments
- ✓ More side jobs and side businesses due to a poorer hiring environment
- ✓ No commuting frees up time for learning

Corporate

- ✓ Not just business, but also hiring and training is going online
- ✓ More remote work is stimulating freelancing, etc.
- ✓ Overseas businesses are managed remotely when you can't travel abroad

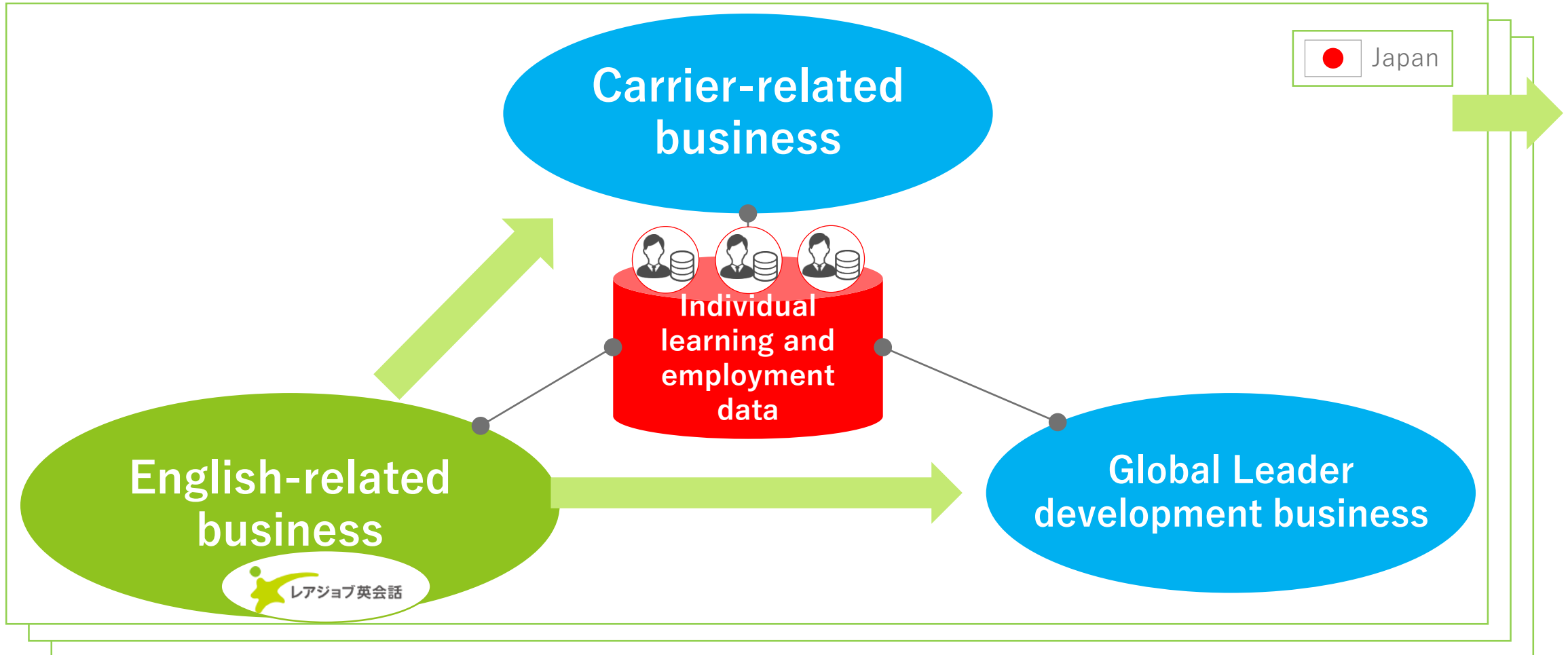
Educational institutions

- ✓ More ICT and online learning due to school closures
- ✓ Lack of school teaching could be compensated with private online services at home

We are seeing **accelerated online learning**, which has been a goal of RareJob, and new opportunities due to a shift to **skill-based work styles**.

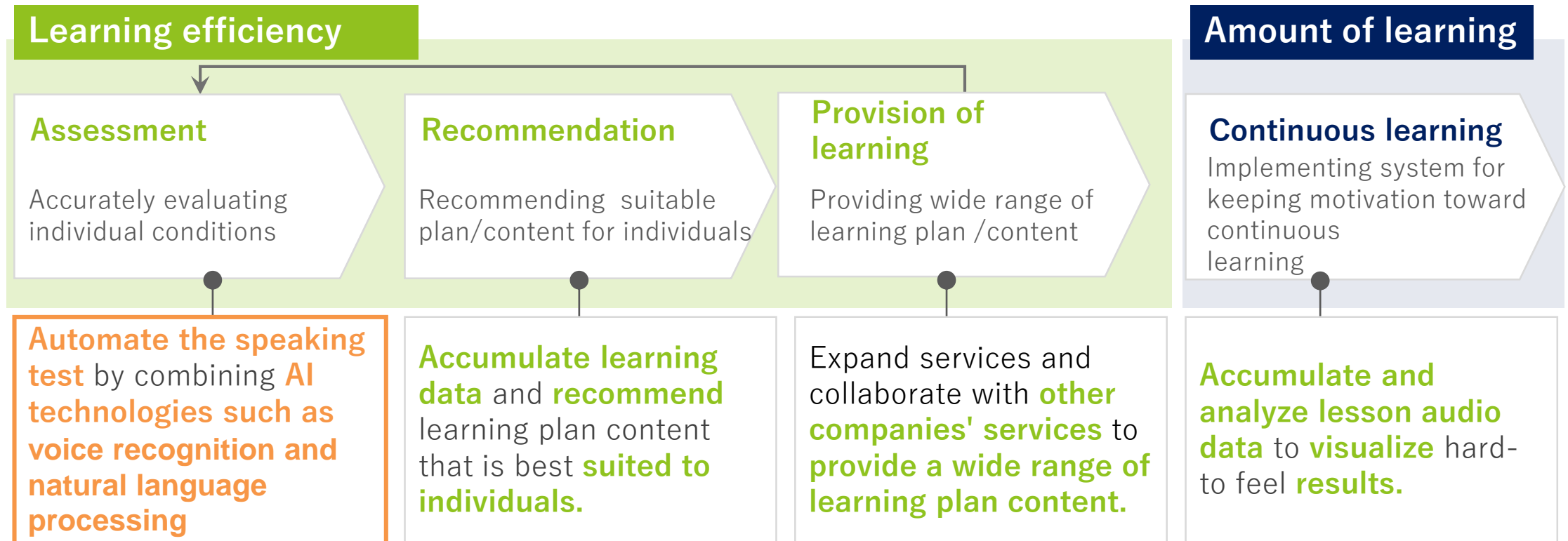
Future business development

With the advancement of online and skill-based work style, we are building on our English-related business. Developing global leader business and carrier-related business in Japan and overseas.



Aiming for a Breakthrough Improvement of Learning Effect Using Technology

Develop products offering a strong learning effect using technology, work in cooperation with other companies, provide a platform for acquiring English conversation skills, and aim to dramatically improve the learning effect.



Aim to provide an English learning platform that unifies the above.

Direction of Business Development

As work styles change, we aim to provide services that accommodate the needs of those new work styles.

Global leader development business

- English is a tool, and the aim is to **acquire skills for working on the global level.**
- Creating new business with **low cost** by leveraging Filipino tutors and learning platforms in online English conversation business.

Career-related business

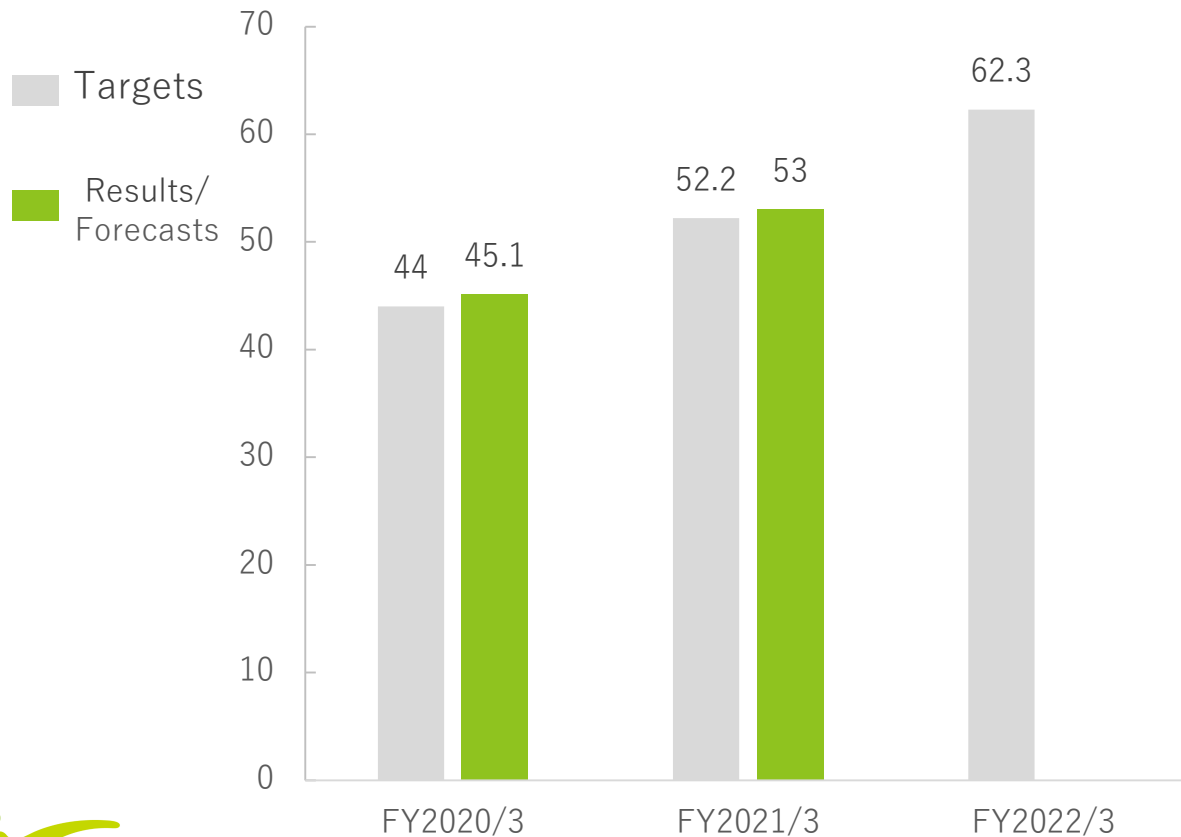
- **Matching** individuals with English fluency and global skills with companies in need of global talent.
- **Dramatically improving human-resource matching precision** by using speaking-test results and global-skills assessment results.

Progress towards medium-term performance targets from FY2020/3 through FY2022/3

Net sales and operating income went over the targets for FY2020/3, and we expect that we will hit the performance targets for the medium-term, despite being affected by COVID-19 for FY2021/3.

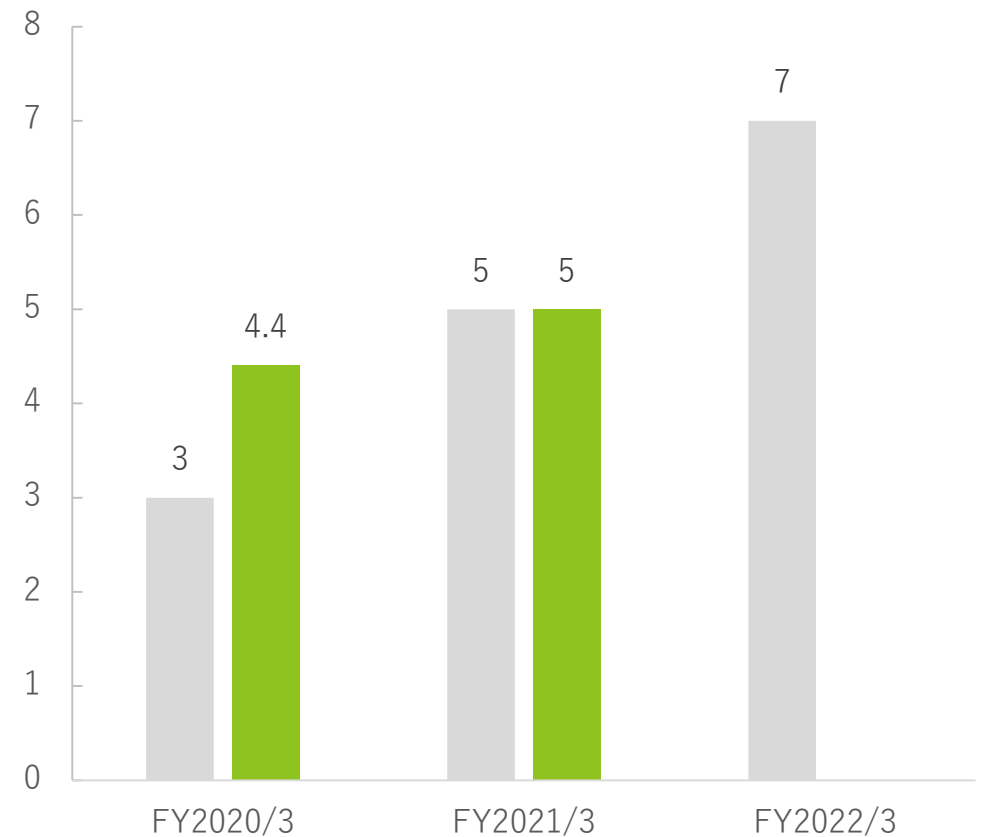
Net sales

(In JPY 100MM)



Operating income

(In JPY 100MM)



(Reference) Three-Year Performance Targets and Progress

(In JPY 100MM)

	FY 2020/3 Initial target	FY 2020/3 Actual	FY 2021/3 Initial target	FY 2021/3 Forecast	FY2022/3 Target
Net sales	44.0	45.1	52.2	53.0	62.3
B2C Sales	29.3	30.7	33.1	37.6	37.4
B2B & B2School Sales	14.7	14.3	19.1	15.4	24.8
Operating income	3.0	4.4	5.0	5.0	7.0
Amount of Profit*	2.5	4.2	3.0	4.5	5.0
ROE	9.9% or more	15.2%	10% or more	10% or more	10% or more

* Consolidated ordinary income after adjustment for minority interests in subsidiaries, which is one of the requirements for listing on the First Section of the Tokyo Stock Exchange.

** The above performance targets do not include the Global Leader development business and the Career-related business.

Appendix



Group Vision

Chances for everyone, everywhere.

Company outline

Established: October 18, 2007

Capital: 573,412 thousand Yen (As of June 30, 2020)

Location: Tokyo Head Office, Kansai Branch, Chubu Branch,
Tokyo Stock Exchange Mothers (Securities Code: 6096)

Consolidated subsidiaries

RareJob Philippines, Inc.

RareJob English Assessment, Inc.*

Geos Language Centre Pte Ltd.

ENVISION INC.

ENVIZION PHILIPPINES, INC.

RIPPLE KIDS EDUCATIONAL SERVICES, INC.

* Preparing for registration

Director

Gaku Nakamura, Co-founder and CEO

Toshiyuki Fujita, Executive Vice President

Seishi Yasunaga, COO

Takao Mihara, Outside Director*

Jun Narimatsu, Outside Director *

Miki Igarashi, Outside Director*

(* Audit and Supervisory Committee Member)

Service Lineup

B2C

B2B

B2School

RareJob English conversation

- General English course
- Business English course
- Young Learner course

Speaking test

Learning counseling



Students and children

Ripple Kids Park

Children's online English conversation



Smart Method® Course

Online Performance-Guaranteed Program



RareJob Eikaiwa Abroad

Offline session

Option for training personnel

Online English Speaking in Classroom

For four skills
Abundant educational materials exclusively for schools



For study abroad programs Individual use

Taking extracurricular lessons



PROGOS

Automated English Speaking Scoring System “PROGOS”

RareJob English conversation

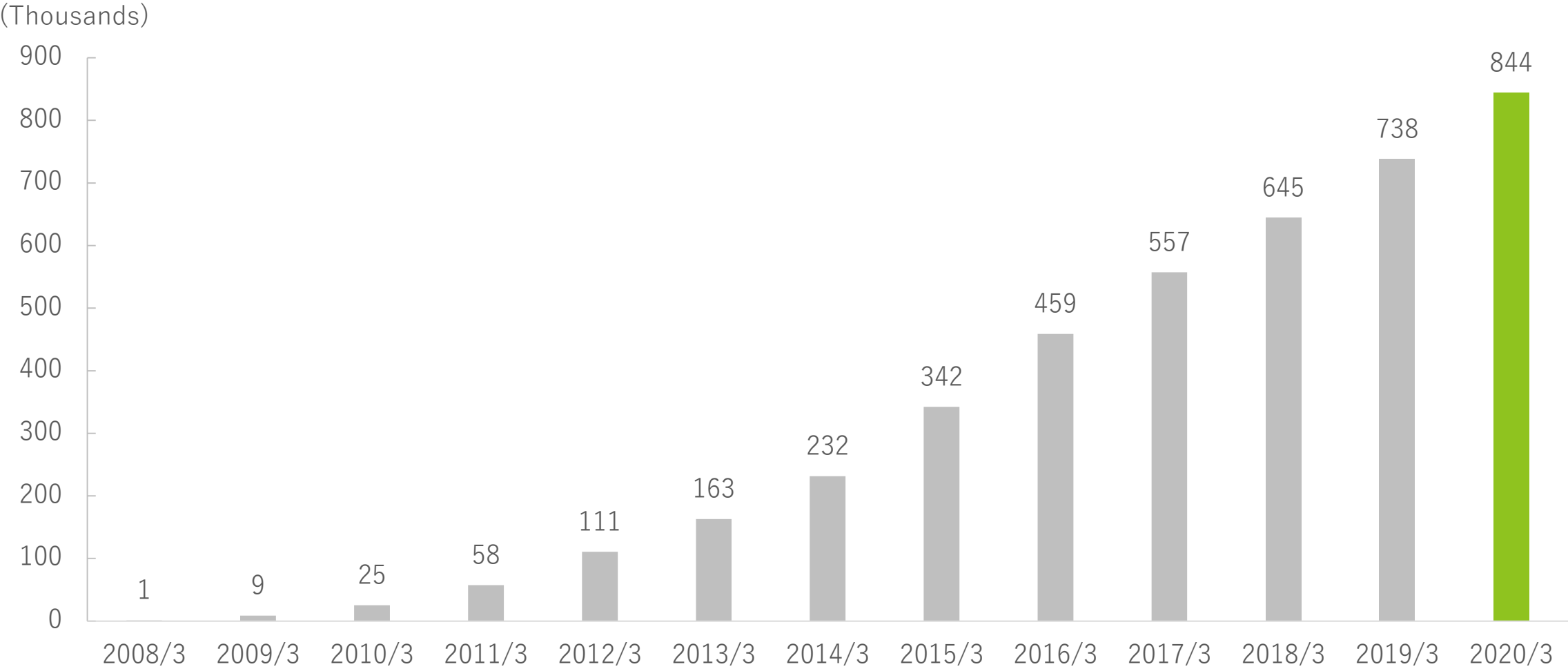
You can speak English one-on-one everyday, regardless of location or time. Online English conversation service with more than 800 thousand cumulative free subscribers.



- 6000 Philippine tutors registered with about 1% hiring rate.
- The Lesson Room, a proprietary system, can be used from the website and apps.
- Lesson hours are from 6 o'clock in the early morning to 1 o'clock in the middle of the night. Reservations can be made up to 5 minutes before the lesson.
- The 25-minute plan for daily English conversation is 5800 yen per month for everyday English conversation.

Cumulative number of free members for RareJob English conversation

Cumulative free membership increased steadily.

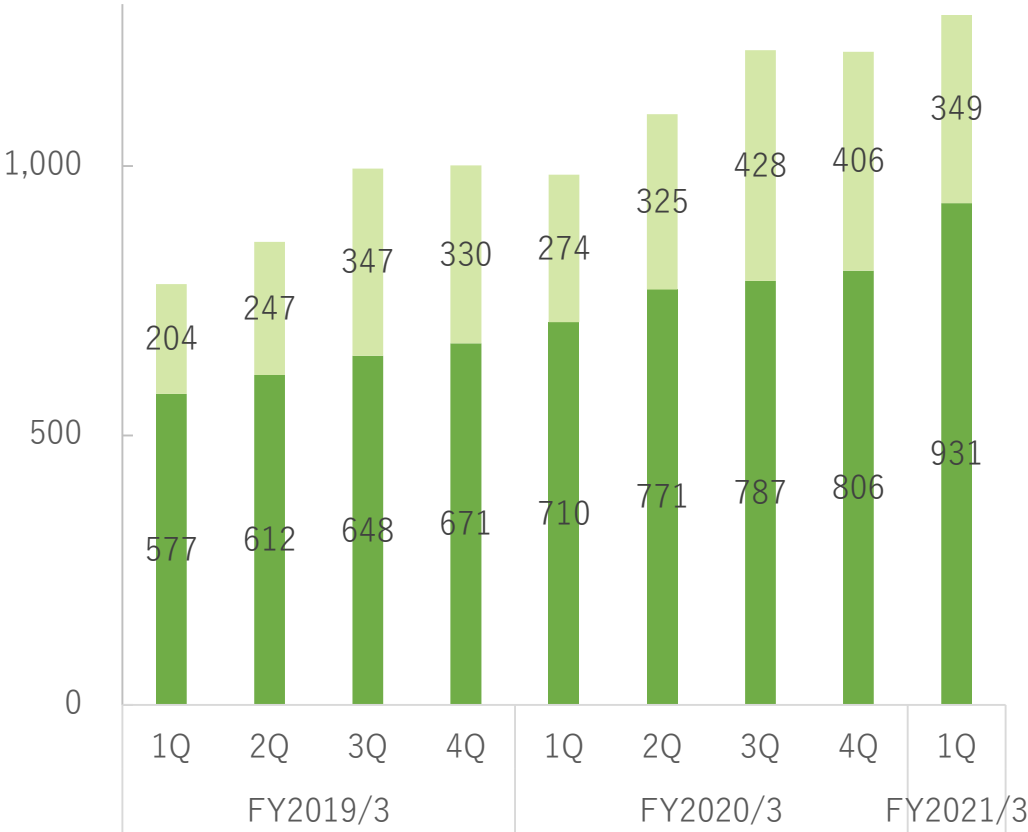


Breakdown of Quarterly Net Sales and Expenses (Cost of Sales and Selling, General and Administrative Expenses)

Net sales

(In JPY MM)

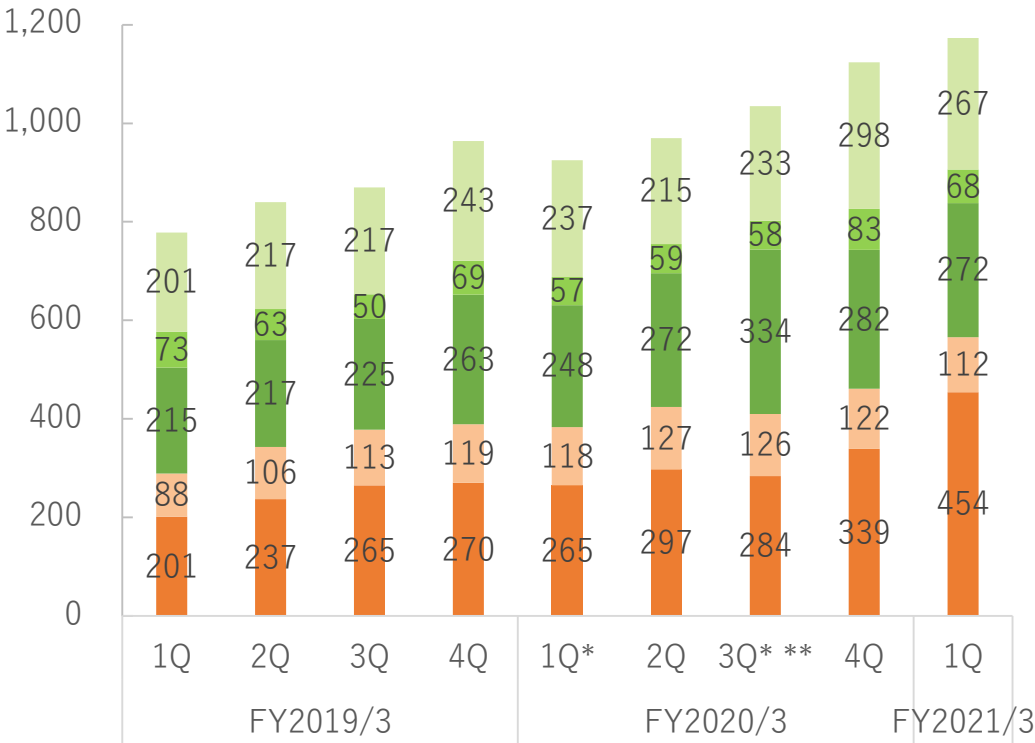
2021/3期 1Q



Expenses

(In JPY MM)

Tutor fee(Cost of sales) Other cost of sales
Labor cost(SG&A) Advertising
Other SG&A



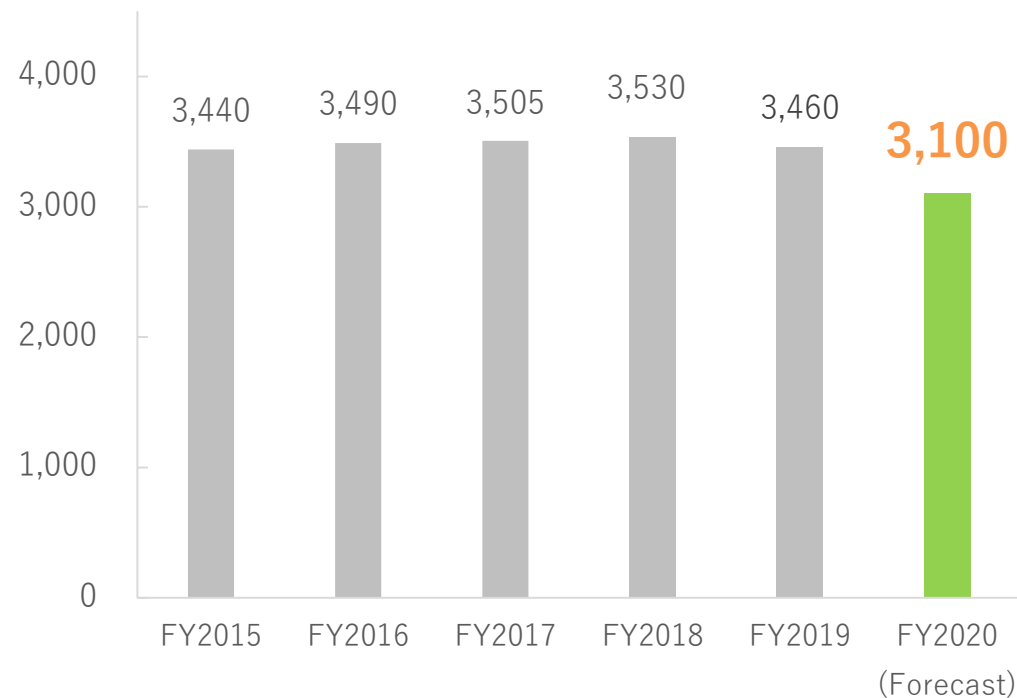
* Tutor fees (cost of sales) and SG&A expenses increased in FY2020/3 1Q and decreased in FY2020/3 3Q compared with the previous quarter due to transfer pricing taxation for overseas subsidiaries.
 ** Personnel expenses (SG&A expenses) increased significantly due to the booking of performance-linked bonuses as expenses in a lump sum.

English-related Business Market Size

E-learning market is still small compared to the classroom type, and there is plenty of room for expansion.

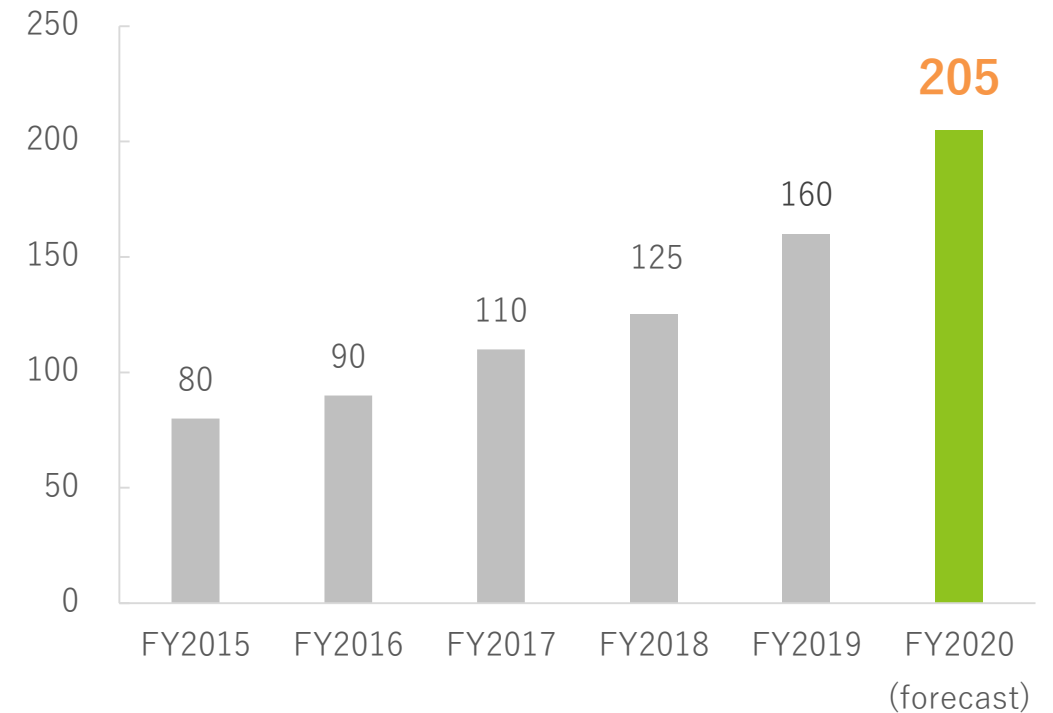
English conversation school in Japan market size¹⁾

(In JPY 100MM)



Online language learning in Japan market size¹⁾

(In JPY 100MM)



1) Yano Research Institute Ltd.

HR Business Market Size

HR business* market size¹⁾

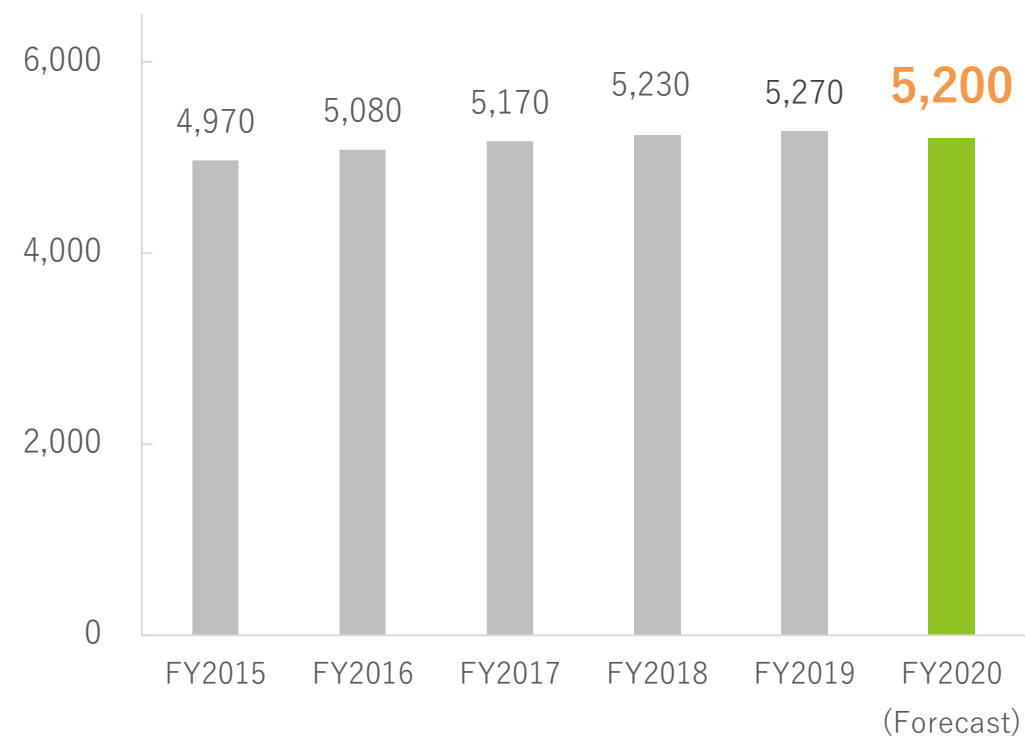
*Including staffing service, staff agency, support for re-employment

(In JPY 100MM)



Corporate training market size²⁾

(In JPY 100MM)



Source :

1) Yano Research Institute conducted a survey on the human resources business market in 2019.

2) Yano Research Institute, "Business Training Service Market and Outlook 2020"

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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