

RareJob, Inc.

Financial Results for the Six Months Ended September 30, 2020

November 12, 2020



Agenda

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

Appendix

1. FY2021/3 2Q Result

FY2021/3 2Q Results Summary

Net sales rose 27.7% year on year.

- YoY net sales increase exceeded 5 year CAGR 21%. Net sales growth is accelerating.
- B2C sales increased 27.7% YoY due in part to demand created by COVID-19.
- B2B & B2School sales rose 27.8% YoY due to increase of sales per client.

Operating income increased 102.1% year on year.

- Gross profit ratio was recovered from 1Q and reached to the same level of FY 2020/3 2Q.
- Growth in operating income was achieved by moderate increase of SG&A due to raising productivity and business efficiency.

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

Financial Results for the Six Months Ended September 30, 2020

Net sales rose +27.7% and operating income increased 102.1% year on year. Achieved both net sales growth and profitability improvement with increased demand by COVID-19.

(In JPY MM)

	FY 2020/3 2Q cumulative	FY 2021/3 2Q cumulative	YOY
Net sales	2,083	2,661	+27.7%
Gross profit	1,274	1,562	+22.7%
Operating income	182	369	+102.1%
Ordinary income	172	365	+112.3%
Net income attributable to owners of parent	93	233	+150.4%

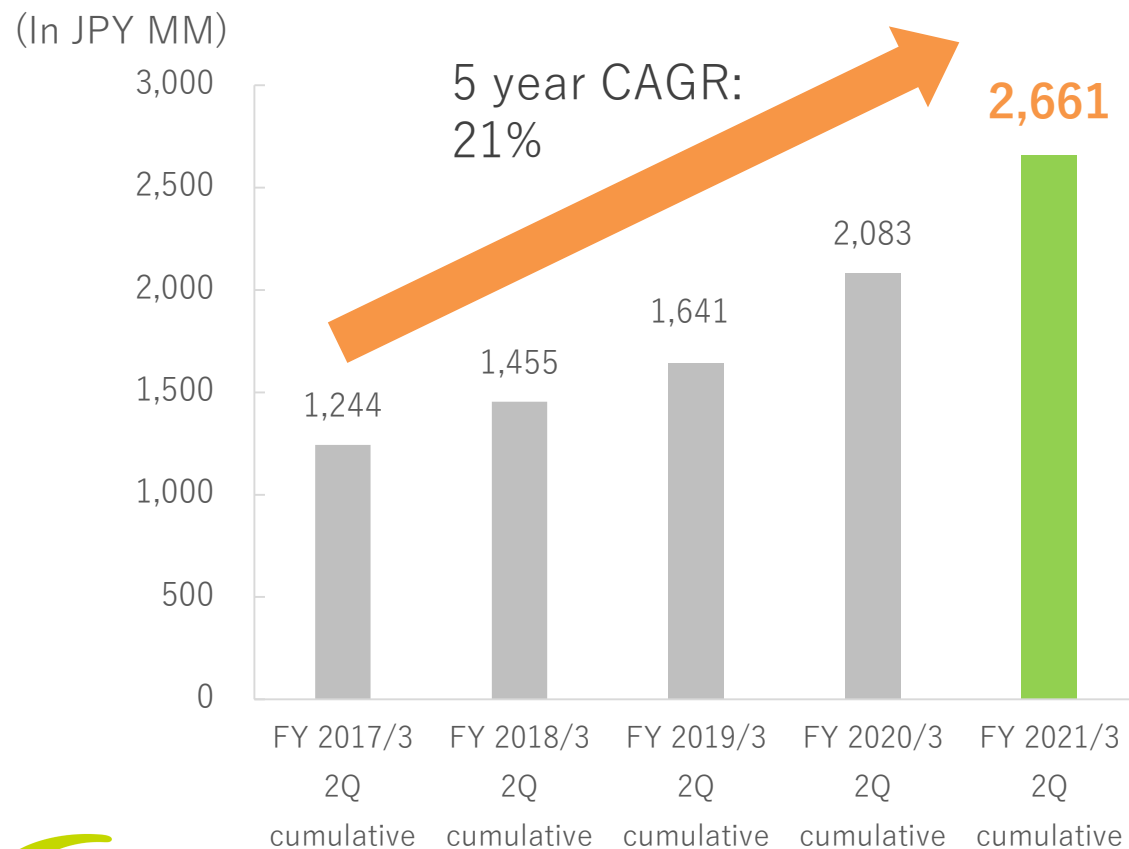
Operating margin	8.8%	13.9%	+5.1pt
ROE*	14.4%	30.6%	+16.2pt

*Annual basis

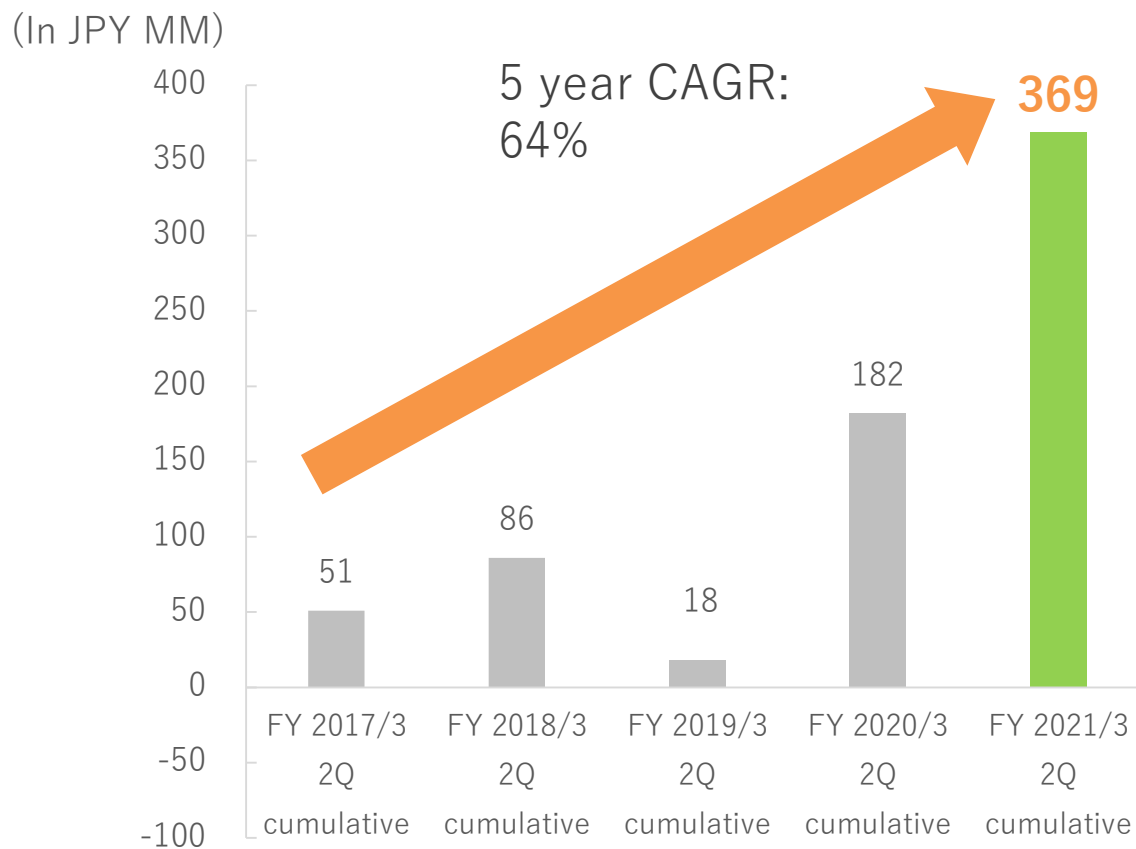
Consolidated 2Q Result

Both net sales and operating income in FY2021/3 2Q hit a record high since listing. YoY of net sales increased.

Net Sales



Operating Income



Net Sales Breakdown for the Six Months Ended September 30, 2020

B2C sales increased 27.7% YoY due in part to demand created by COVID-19. B2B & B2School sales rose 27.8% YoY due to increase of sales per client by fulfilling demand on online training under remote work circumstance.

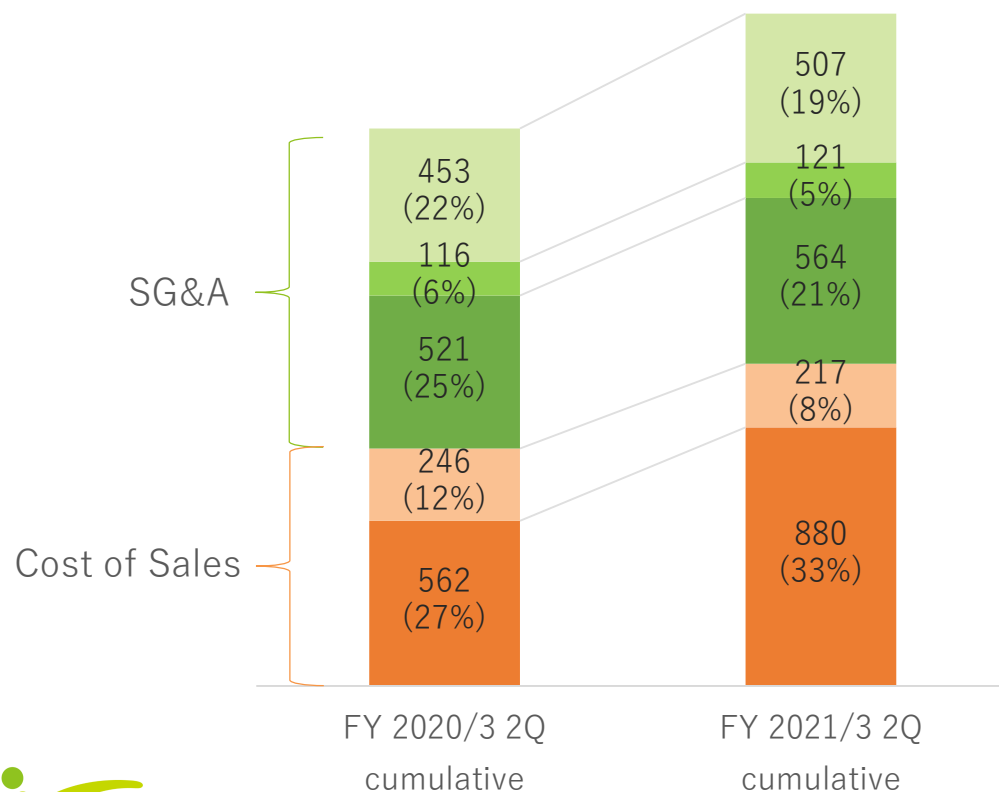
(In JPY MM)

	FY 2020/3 2Q cumulative	FY 2021/3 2Q cumulative	YOY
Net Sales	2,083	2,661	+27.7%
B2C Sales (constituent ratio)	1,482 (71.2%)	1,893 (71.2%)	+27.7%
B2B & B2School Sales (constituent ratio)	600 (28.8%)	767 (28.8%)	+27.8%

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

Tutor fees ratio to net sales increased 6pt due to increase of lessons caused by COVID-19. SG&A to net sales ratio decreased due to increased productivity and efficiency.

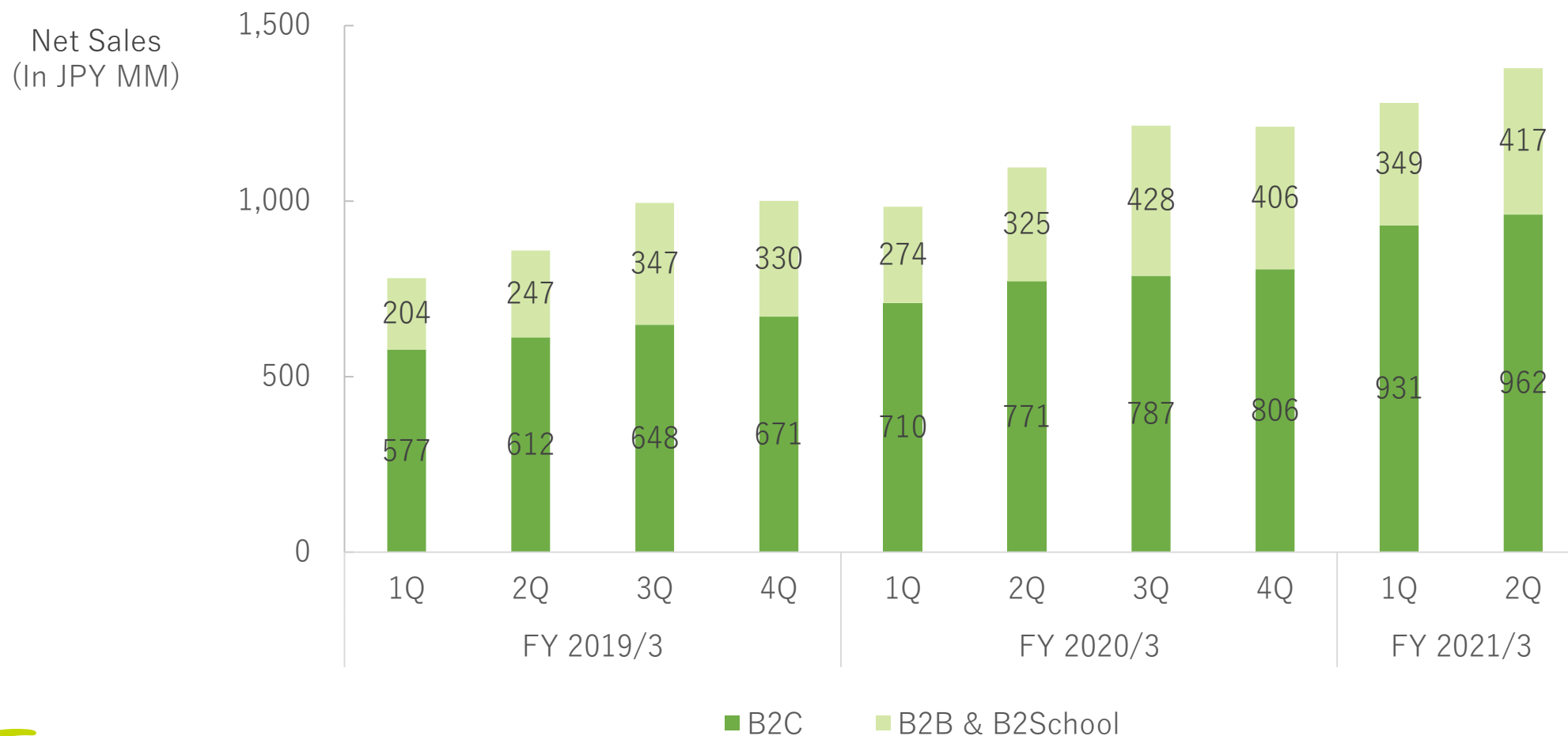
(In JPY MM, expenses sales ratio in parentheses)



Expenses	YoY (ratio)	Factors
Other SG&A	+54 (+12%)	Minimized cost increase by productivity improvement.
Advertising	+5 (+4%)	Minimized cost increase by more efficient acquisition of users.
Labor cost (SG&A)	+43 (+8%)	Employees increased due to active recruiting last year, but cost kept in control due to increased productivity and efficiency.
Other cost of sales	△29 (△12%)	
Tutor fee(Cost of Sales)	+318 (+56%)	Cost of sales increased due to tutor fees led by user increase and increase of lessons per user caused by COVID-19.

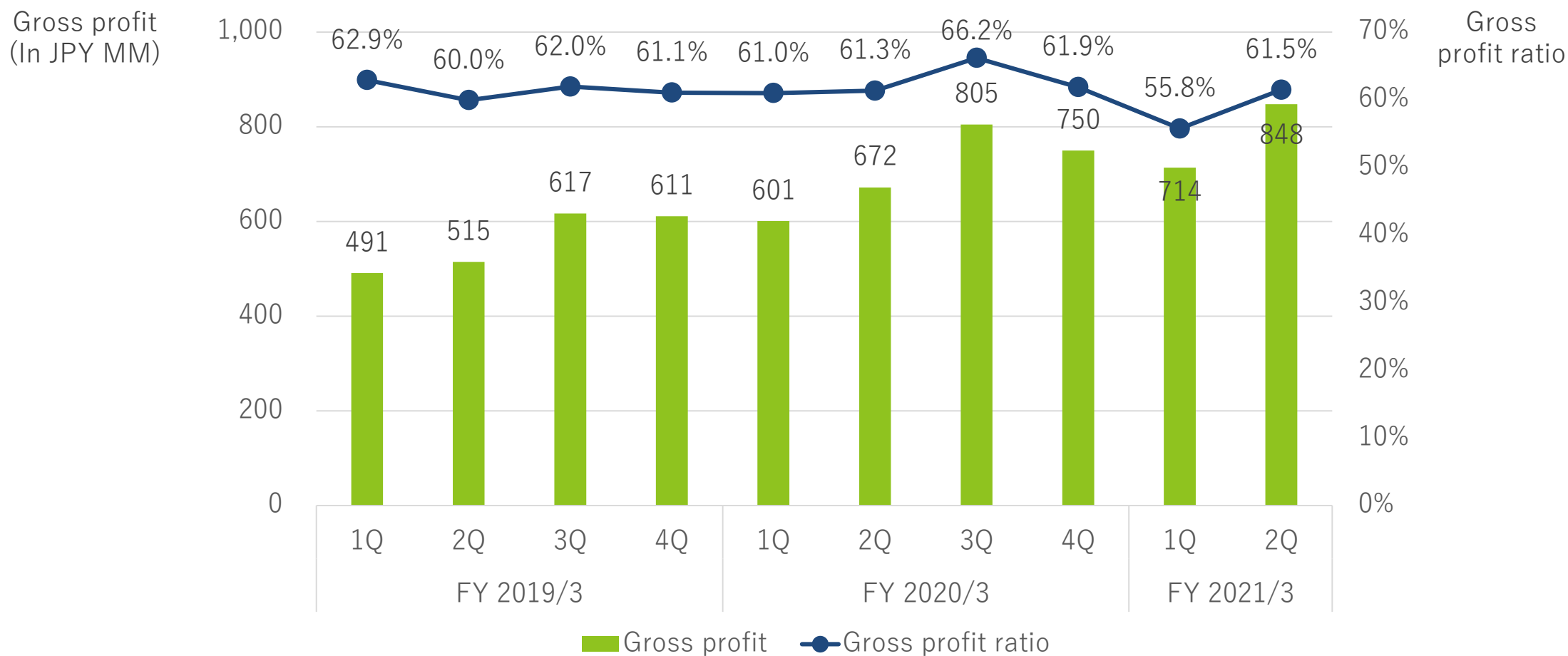
Net Sales of Each Quarter

B2C sales have accumulated steadily quarter by quarter. B2B & B2School sales have increased though there has been some fluctuation due to each contract.



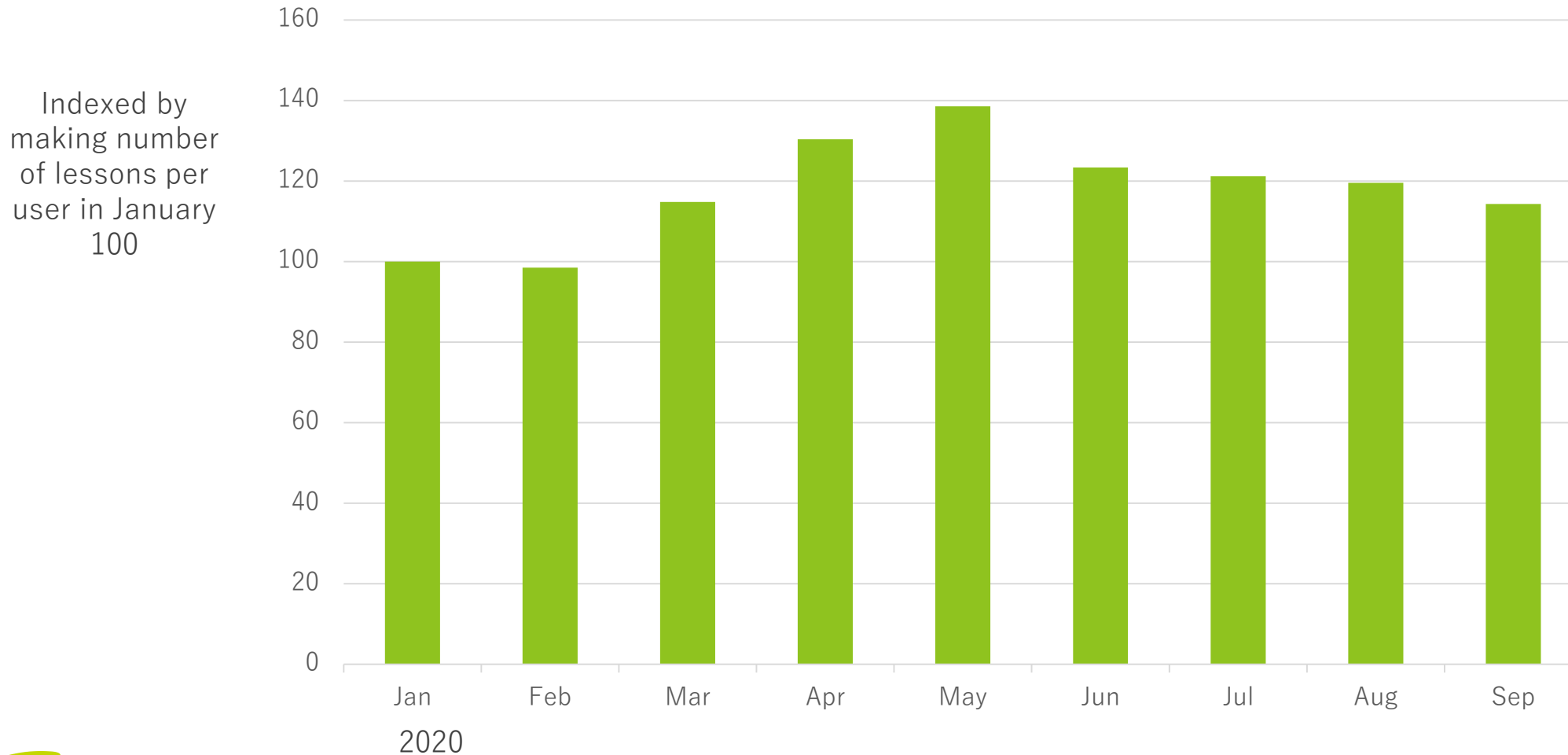
Gross Profit of Each Quarter

Gross profit ratio of 1Q was worsened due to increase of number of lessons per student triggered by COVID-19 but that of 2Q was recovered.



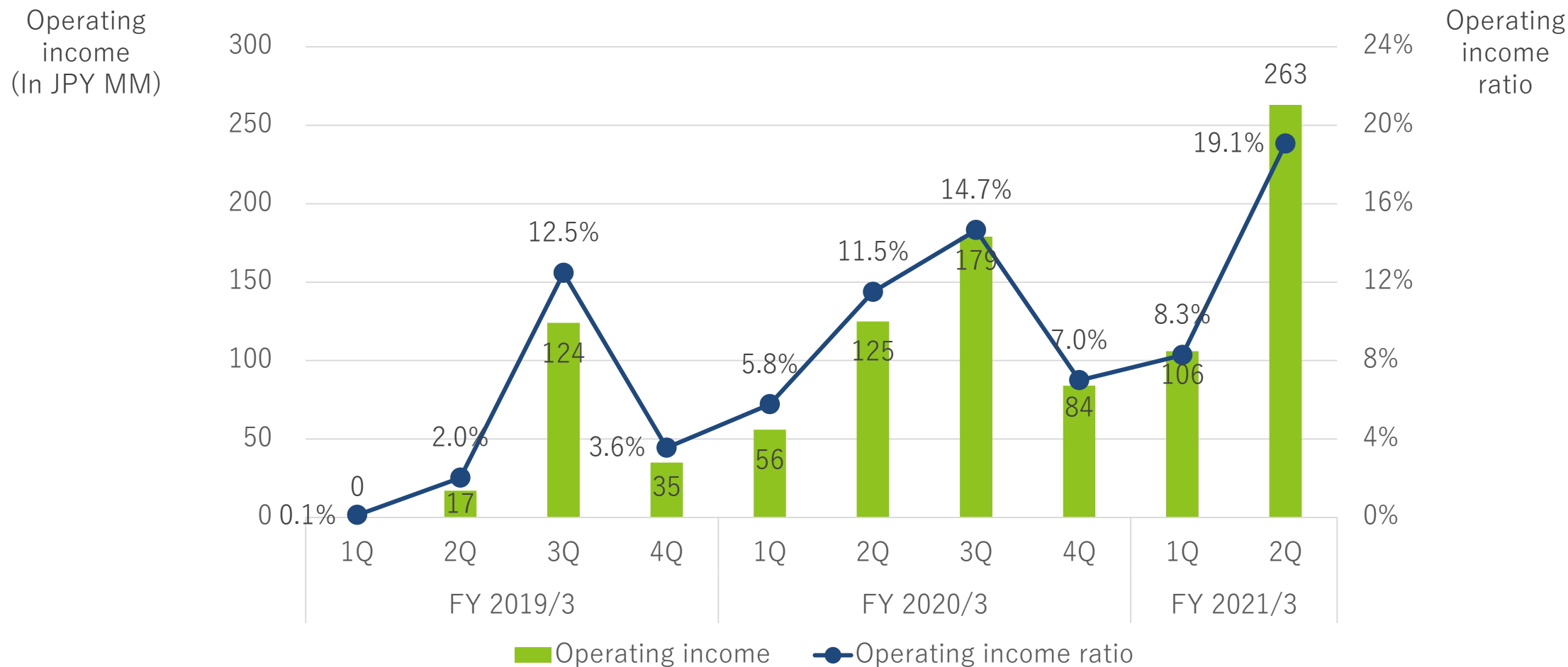
(Reference) Number of RareJob Eikaiwa Lessons per User

The number of lessons per user peaked in April and May due to the impact of COVID-19 but it has decreased from June to September.



Operating Income of Each Quarter

Operating income has increased though there has been fluctuation due to increase and decrease in SG&A.



2. FY2021/3 Plan

Revision of earnings forecast

Both net sales and profit were revised upward because of net sales increase due to COVID-19, smaller number of lessons per user than expectation and improvement in productivity and business efficiency.

	FY2021/3 Previous forecast	FY2021/3 Revised forecast	Change
Net sales	5,300	5,400	+100
B2C Sales	3,761	3,800	+39
B2B & B2School Sales	1,538	1,600	+62
Operating income	500	640	+140
Ordinary income	450	600	+150
Net income Attributable to owners of parent	270	370	+100

(In JPY MM)

The earnings forecast was revised by keeping forecast of second half the same with initial forecast as the impact of COVID-19 to the business in the future is unclear.

1) Announced on 14th October, 2020

FY2021/3 Plan and Progress

The progress of business performance was good in form as net sales achieved about 50% and operating profit achieved more than 50% in first half.
(In JPY MM)

	FY 2020/3 Results	Guidance for FY2021/3	Change YoY
Net sales	4,512	5,400	+19.7%
B2C Sales	3,077	3,800	+23.5%
B2B & B2School Sales	1,435	1,600	+11.5%
Gross margin	2,829	3,150	+11.3%
Operating income	446	640	+43.3%
Ordinary income	415	600	+44.3%
Net income Attributable to owners of parent	205	370	+80.3%
Operating margin	9.9%	11.9%	+2.0pt
ROE	15.2%	At least 10.0%	-

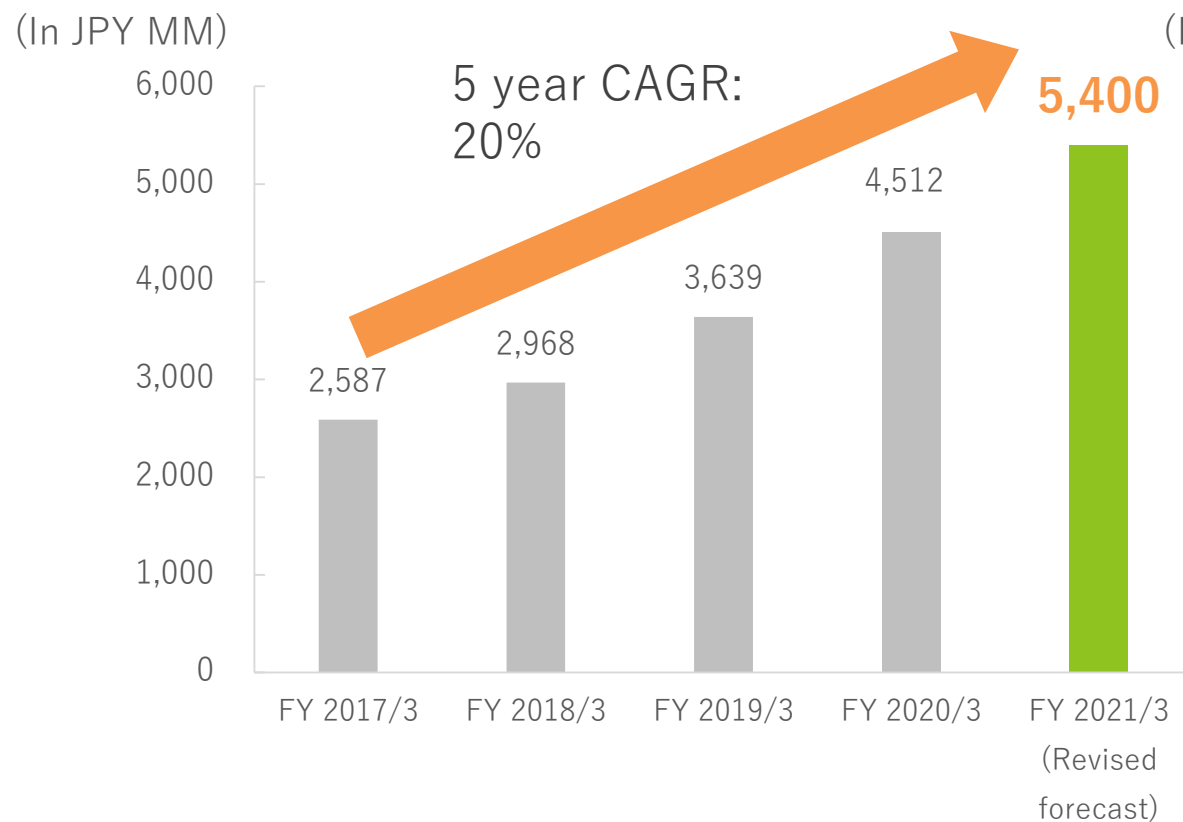
FY2021/3 2Q cumulative	Progress
2,661	49.3%
1,893	49.8%
767	48.0%
1,562	49.6%
369	57.7%
365	60.9%
233	63.0%
13.9%	-
*30.6%	-

*Annual basis

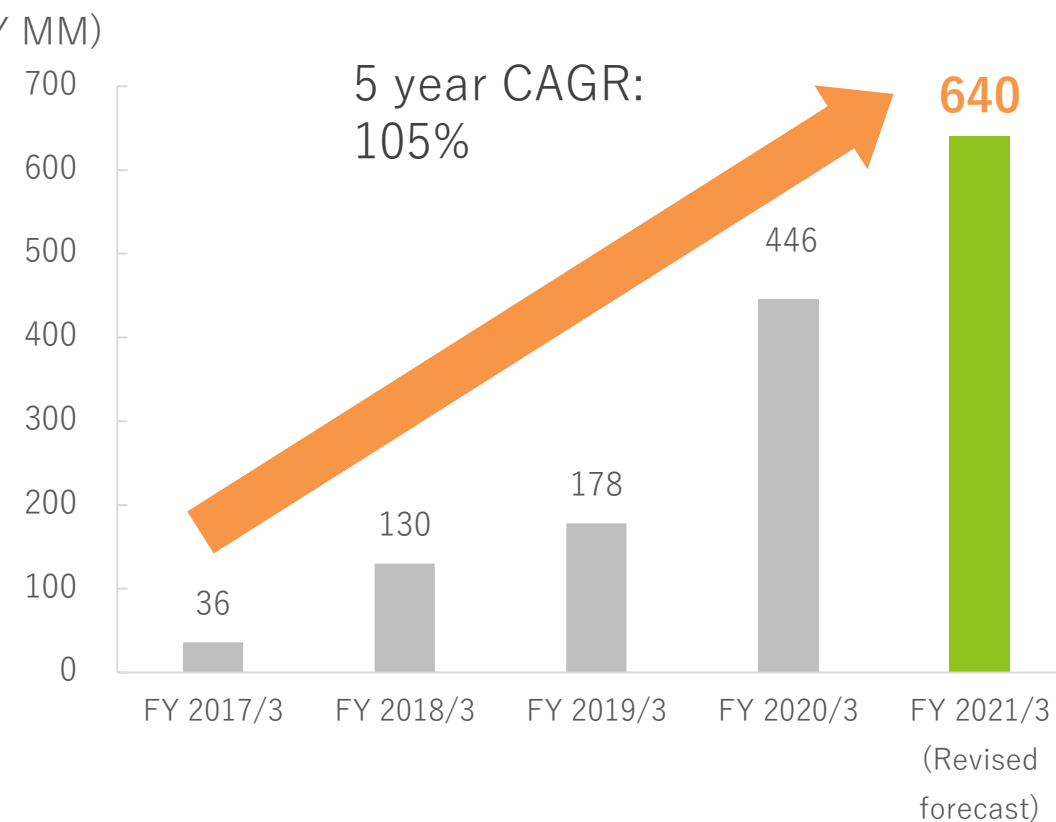
Consolidated Results

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 test PROGOS 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.

What is PROGOS?

PROGOS is the automated scoring service by AI for accessing English speaking skill with CEFR-J which is designed for Japanese based on CEFR as the international standards.

For Business



Focusing on business English speaking skill

Setting problems based on actual business scenes. Accessing speaking skill at meeting, presentation, discussion and negotiation.

Convenient



**Test duration 20mins
AI automated scoring**

You can take the online test anywhere with the Internet. Process is easy and you can get the result quickly due to automated scoring.

Common Measurement



Compliant to international standards, CEFR(CEFR-J)

Assessment criteria is CEFR-J based on global used CEFR, Common European Framework for Reference.

For Learning



Detail feedback for learning

Providing feedback sheet with assessment of overall and 6 factors for learning.

PROGOS for next society

PROGOS provides skill data as one of skills of business person and important data for data-driven talent management.

Movement
of society

Skill-based society

- Job-type resources and side job

Data-driven HR management

- Talent management by data

Necessary
changes

- ✓ Visualize skill of employees and prospective employees
- ✓ Manage and improve skill level

- ✓ Combine skill data and other data for optimal HR allocation
- ✓ Combine skill data and learning data for optimal skill development

What PROGOS
provides

- ✓ Evaluate common measure
- ✓ For frequent assessment and feedback for improvement

- ✓ Aim for alliance with other players to contribute to optimal HR allocation

3. FY2021/3 2Q Topics

Result of survey for corporate clients

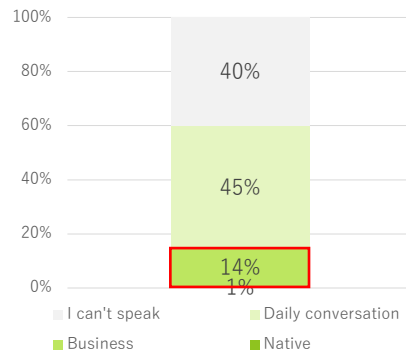
The survey revealed that there is huge gap between necessary person who is fluent in English and actual workforce. The gap is more than expected for HR staff.

Necessity of English conversation skill at work and willingness to learn

40% answered that they need English conversation skill for daily work but only 15% answered that they have the skill. The lack of the skill has impact on the work.

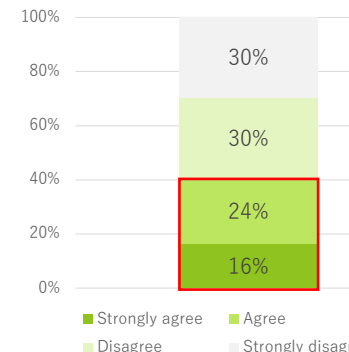
Recognition of English conversation skill

Q. Please choose one that describes your English conversation level. (Single answer)



Necessity of English conversation skill in business

Q. Do you need to speak English for daily work? (Single answer)

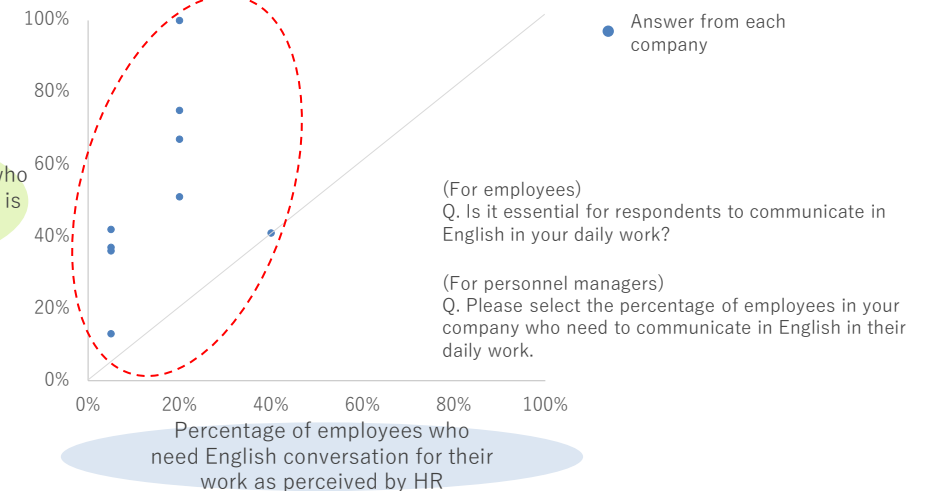


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The gap between HR and employees on necessity of English conversation skills

Employees answered that more people who are fluent in English needed for the work compared to HR staff.

Percentage of employees who think English conversation is necessary for work



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Initiatives of Increasing Adding Value and Expanding Customer Base

We launched high adding value service for up-sell and new service for expansion of customer base.

Launched Smart Method® course to consumer customers

- ✓ High adding value service. 450 thousand yen for 4 months and 50 thousand yen of initial fee.
- ✓ We launched the service to corporate clients from October 2018 and based on results, we launched it to consumer customers.



Launched Escholar-Online Eikaiwa for high and junior high school students

- ✓ Providing seamless learning between schools and homes by foreseeing fulfilled ICT environment led by GIGA school initiative.
- ✓ Providing new service that enables students to learn the same curriculum with school classes.
- ✓ Collaborating with Z-kai group to accelerate service expansion.

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

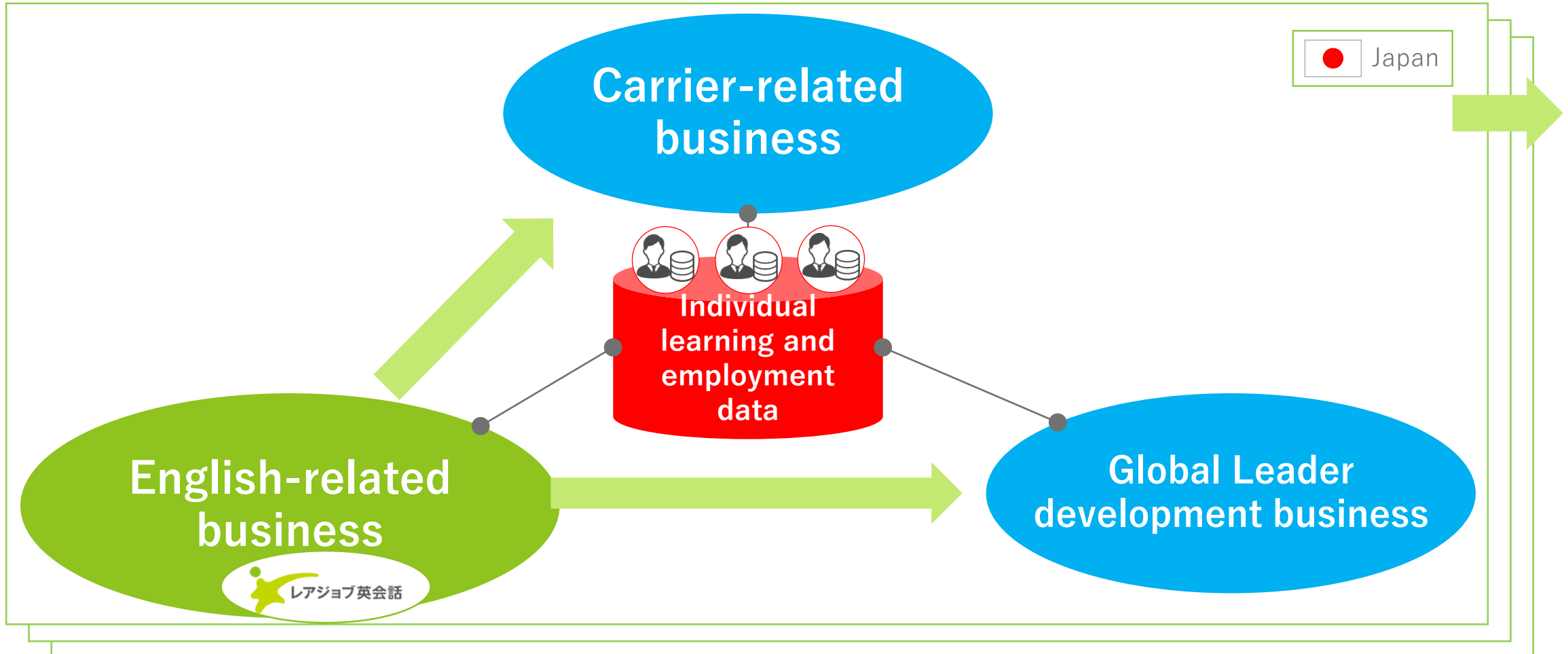
Educational institutions

- ✓ 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**.

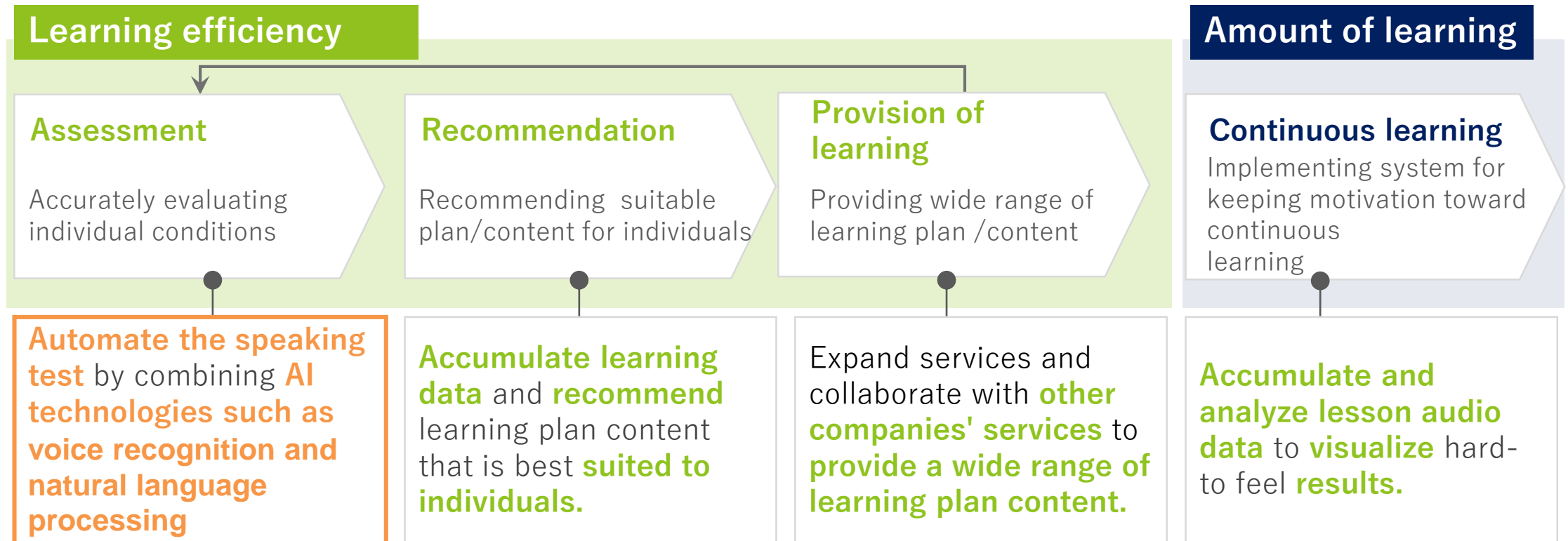
Future business development

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

We expect that we will hit the performance targets for the medium-term, despite being affected by COVID-19 for FY2021/3.

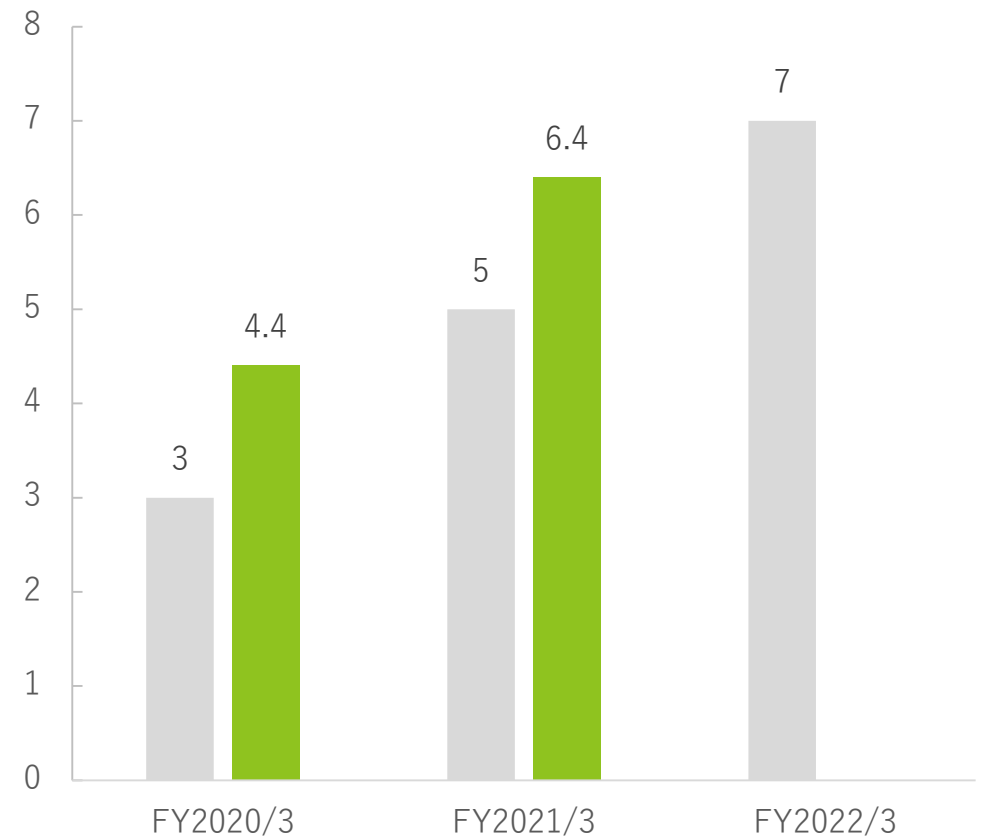
Net sales

(In JPY 100MM)



Operating income

(In JPY 100MM)



(Reference) Three-Year Performance Targets and Progress

(In JPY 100MM)

	FY 2020/3 Actual	FY 2021/3 Initial target	FY 2021/3 Forecast	FY2022/3 Target	FY 2021/3 Revised Forecast
Net sales	45.1	52.2	53.0	62.3	54.0
B2C Sales	30.7	33.1	37.6	37.4	38.0
B2B & B2School Sales	14.3	19.1	15.3	24.8	16.0
Operating income	4.4	5.0	5.0	7.0	6.4
Amount of Profit*	4.2	3.0	4.5	5.0	
ROE	15.2%	At least 10%	At least 10%	At least 10%	

* 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: 578,591 thousand Yen (As of September 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



Smart Method® Course

Online Performance-Guaranteed Program



Students and children

Ripple Kids Park

Children's online English conversation



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

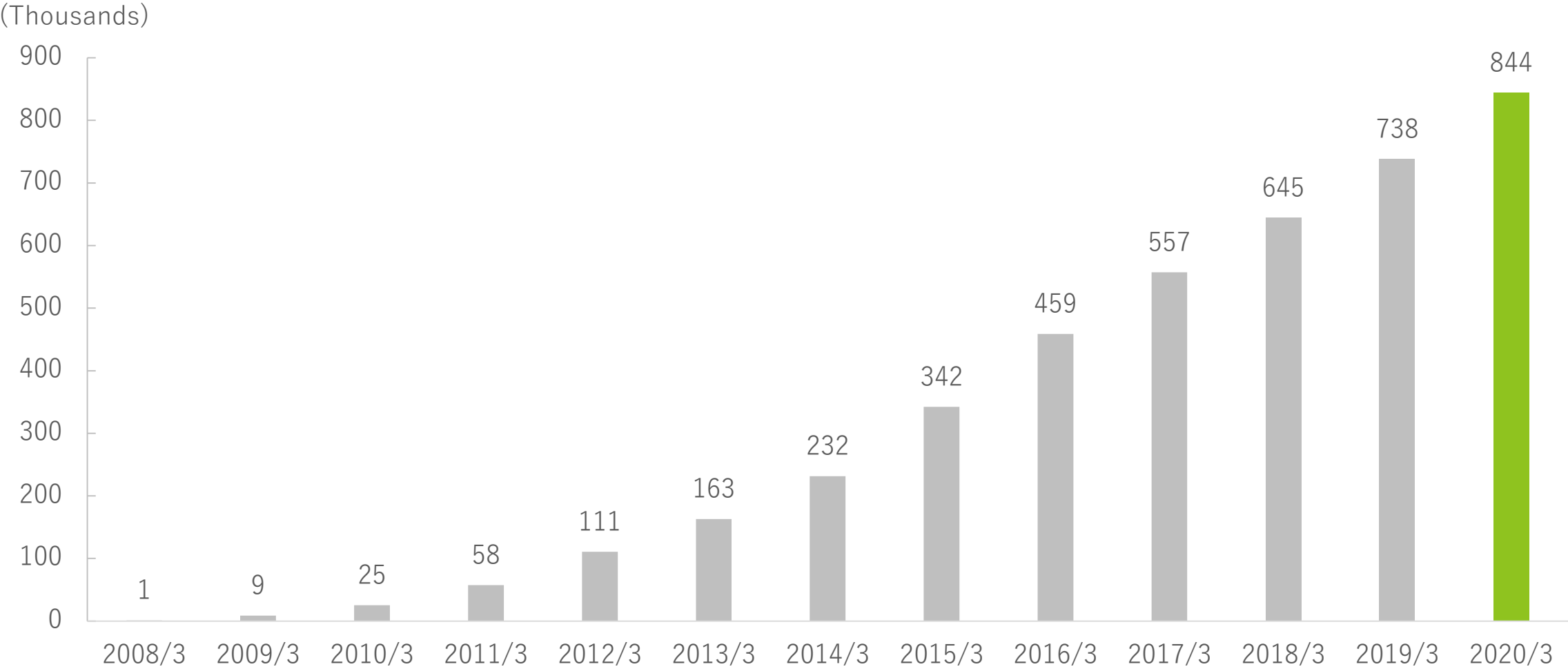
You can speak English one-on-one everyday, regardless of location or time. Online English conversation service with more than 900 thousand cumulative free subscribers.



- 6,000 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 5,800 yen per month for everyday English conversation.

Cumulative number of free members for RareJob English conversation

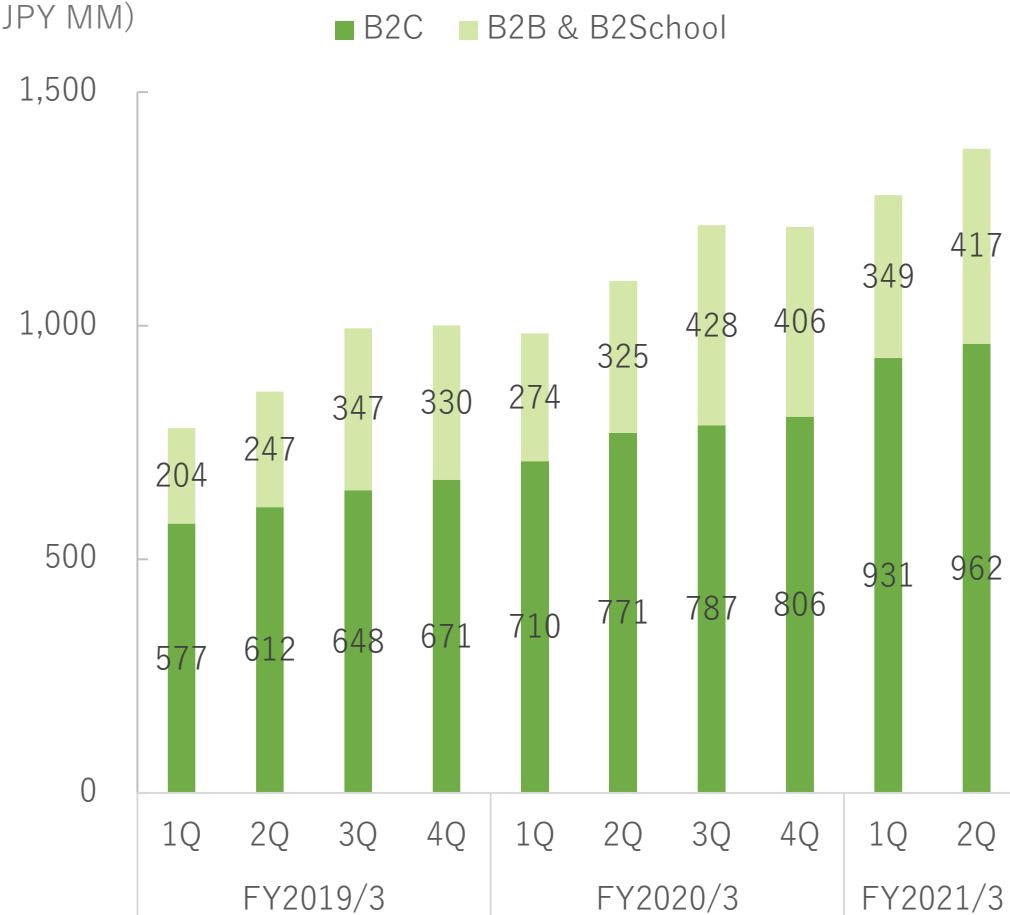
Cumulative free membership reached 900 thousand.



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

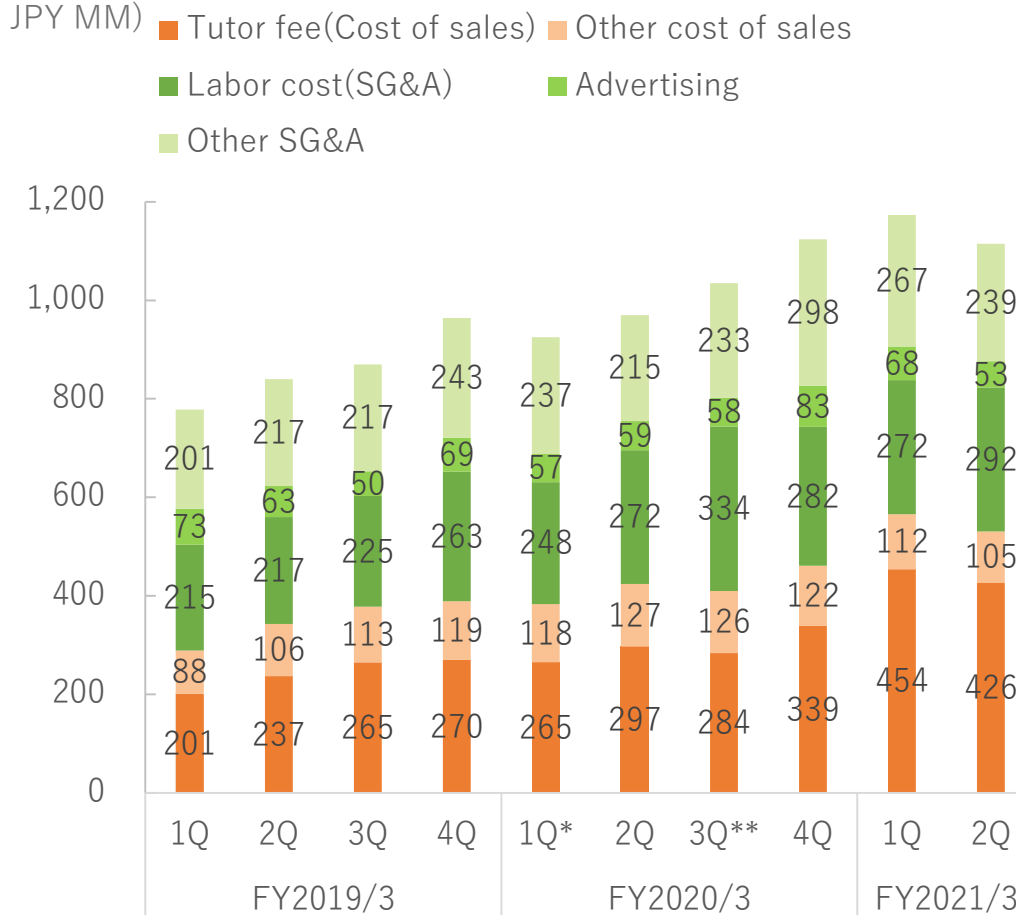
Net sales

(In JPY MM)



Expenses

(In JPY MM)



* 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.

Initiatives for ESG - Environment



Reducing energy consumption through online lessons that do not require physical travel.

- In our Online English Speaking, neither users nor tutors are required to travel physically to receive or provide lessons. All they require is an internet connection. By reducing energy consumption, we are helping to protect the environment.

Facilitating paperless operations.

- In our Online English Speaking, we provide teaching materials mostly online instead of distributing paper-based materials. In addition, we are working to reduce paper consumption in the office by facilitating the implementation of online meetings and digitization of a range of internal documents, including those requesting approvals.

Initiatives for ESG - Social



Providing an opportunity to deliver high-level education to everybody through remote education.

- Our services, which are not susceptible to geographical factors whenever or wherever they are provided, are used by schools that might otherwise have difficulties in recruiting English teachers and assistant language teachers because of their location. With an eye toward the realization of high-level remote education, we took part in an experimental project of the Ministry of Education at Kochi Tosa town's elementary and junior high schools in collaboration with NTT West in 2018.

Creating jobs by connecting people and helping them work more actively

- Most tutors for “RareJob Eiwaiwa” work from home. They provide lessons from home as long as proper operational environments are established. Because they can give lessons from home, they can make full use of their skills and work while also attending to other matters such as childcare and nursing care.

Initiatives for ESG - Governance



We recognize that enhancing proper organizational structures and systems is an important issue that we should address to make sure that employees comply with laws and regulations, observe societal norms and respect corporate ethics.

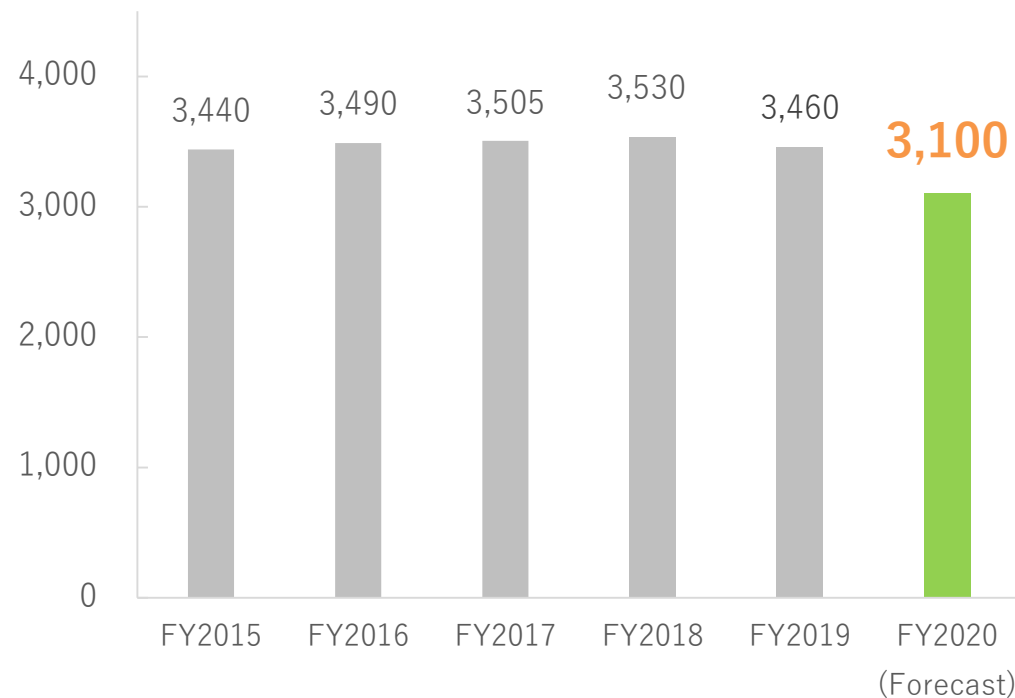
To boost corporate value in a sustainable way, we will strive to enhance corporate governance while simultaneously working on business expansion.

English-related Business Market Size

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

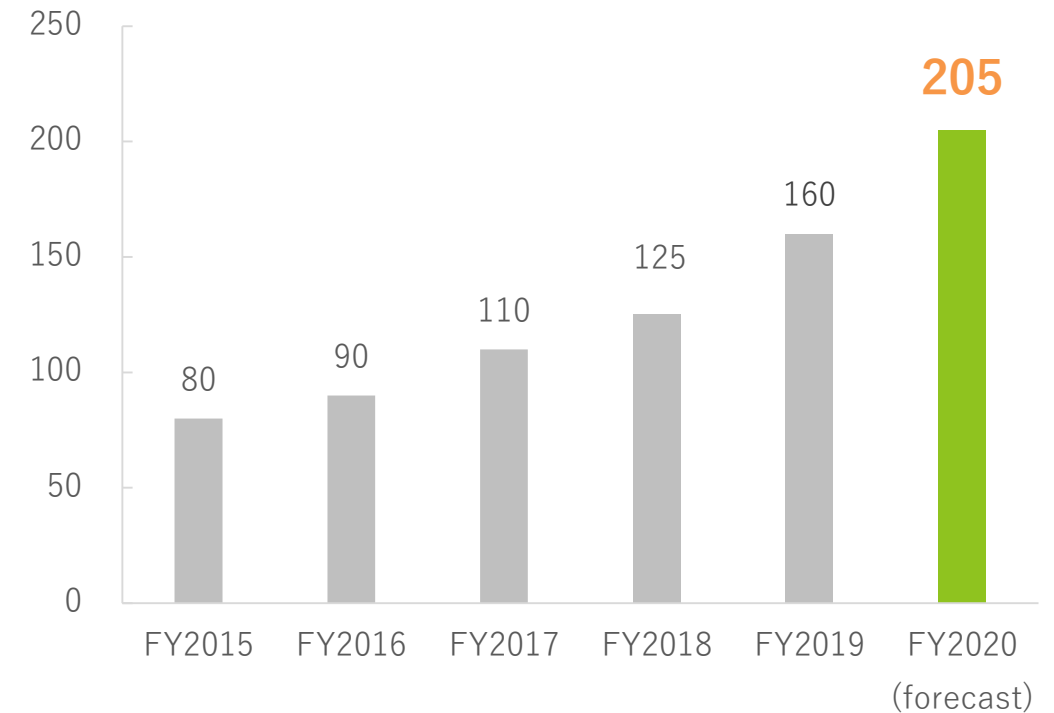
English conversation school in Japan market size¹⁾

(In JPY 100MM)



Online language learning in Japan market size¹⁾

(In JPY 100MM)



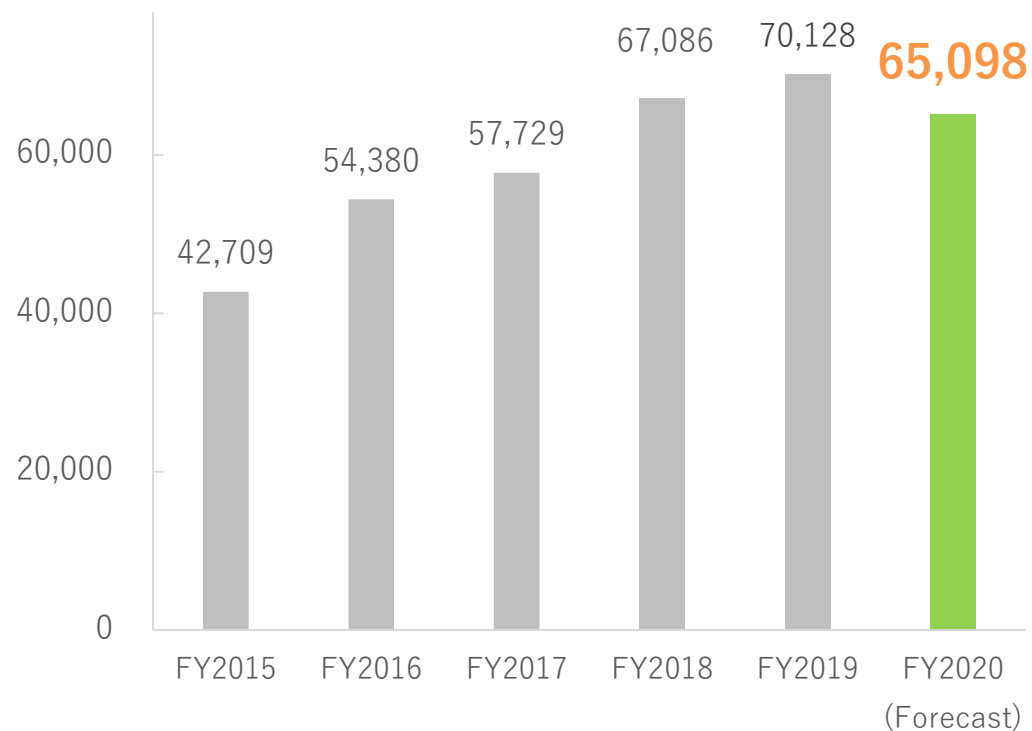
1) Yano Research Institute Ltd.

HR Business Market Size

HR business* market size¹⁾

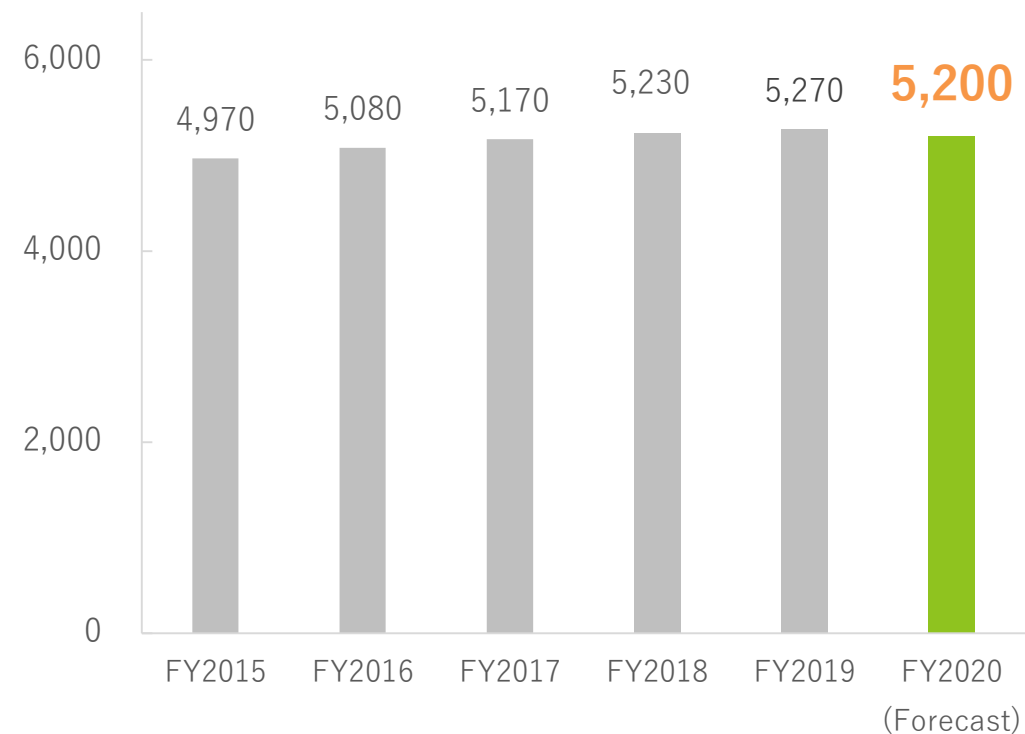
*Including staffing service, staff agency, support for re-employment

(In JPY 100MM)



Corporate training market size²⁾

(In JPY 100MM)

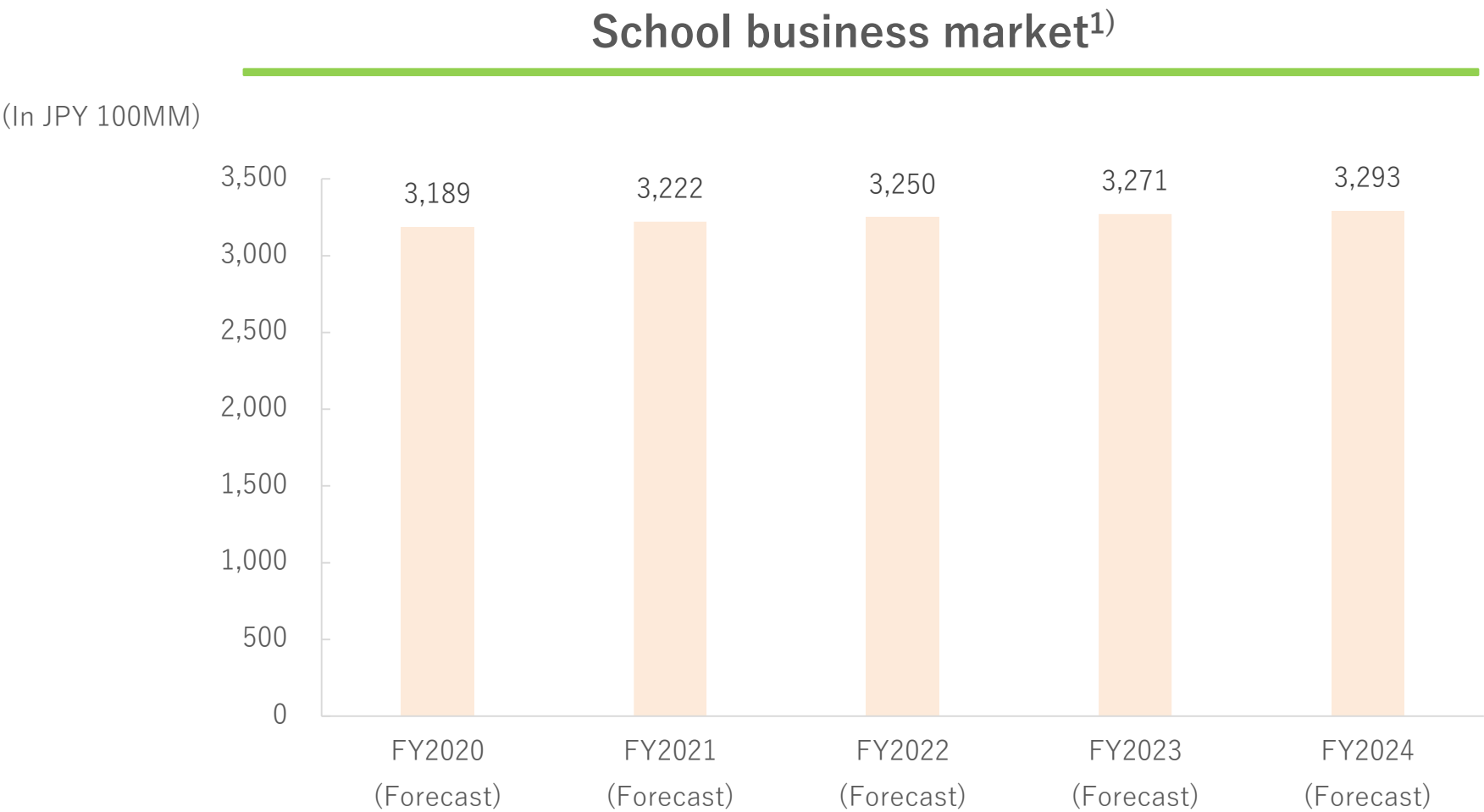


Source :

1) Yano Research Institute conducted a survey on the human resources business market in 2020.

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

School Business Market Size



Source :
1) Yano Research Institute, “School Business Market 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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