

RareJob, Inc.

Financial Results for the Nine Months Ended December 31, 2020

February 12, 2021



Agenda

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

1. FY2021/3 3Q Result

FY2021/3 3Q Results Summary

Net sales rose 21.8% year on year.

- YoY net sales increase exceeded 5 year CAGR 20.6%. Net sales growth is maintained.
- B2C sales increased 24.5% YoY due in part to demand created by COVID-19.
- B2B & B2School sales rose 15.9% YoY due to increase in the number of clients.

Operating income increased 68.0% year on year.

- Gross profit in 2Q and 3Q were recovered to the same level of past years.
- SG&A were kept under control and pushed up the operating profit margin.

Net sales and operating income both hit record post-IPO highs for the 3Q.

The listed market change to the First Section of the Tokyo Stock Exchange was successfully done, solidifying the foundation for further growth.

Financial Results for the Nine Months Ended December 31, 2020

Net sales rose 21.8% and operating income increased 68.0% year on year. Achieved both net sales growth and profitability improvement with increased demand by COVID-19.

(In JPY MM)

	FY 2020/3 3Q cumulative	FY 2021/3 3Q cumulative	YoY
Net sales	3,299	4,019	+21.8%
Gross profit	2,079	2,434	+17.1%
Operating income	361	607	+68.0%
Ordinary income	338	574	+70.1%
Net income attributable to owners of parent	187	361	+92.6%

Operating margin	11.0%	15.1%	+4.1pt
ROE*	18.5%	30.3%	+11.8pt

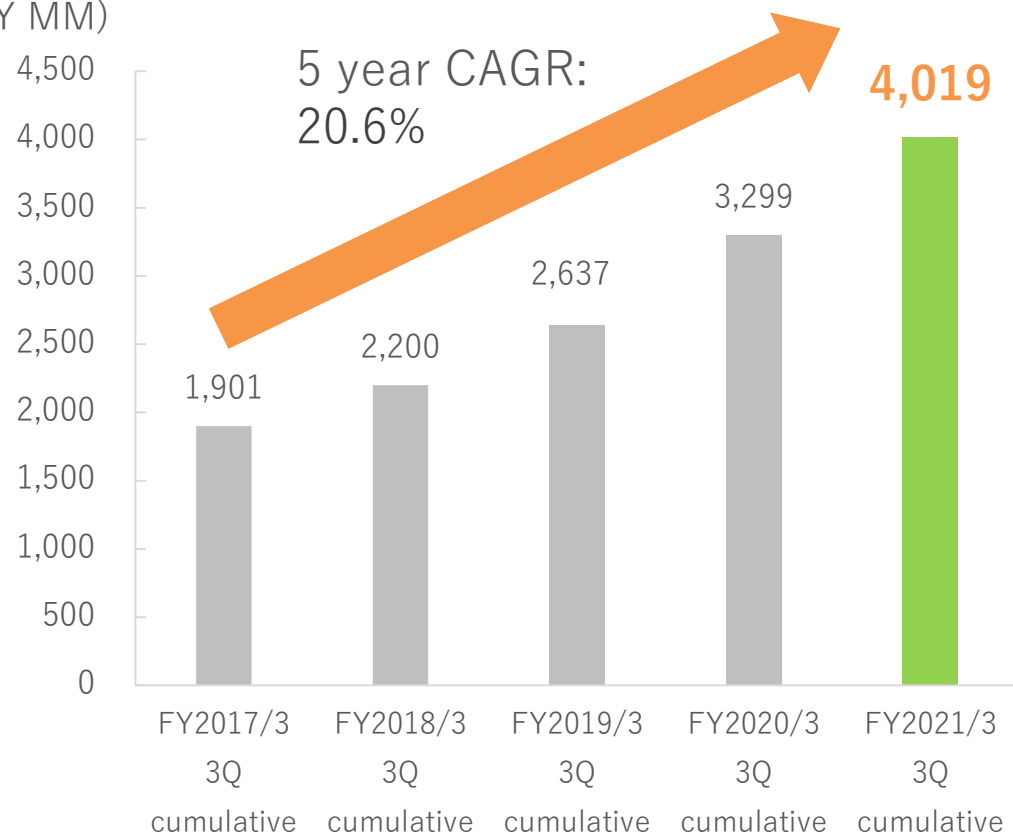
*Annual basis

Consolidated 3Q Result

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

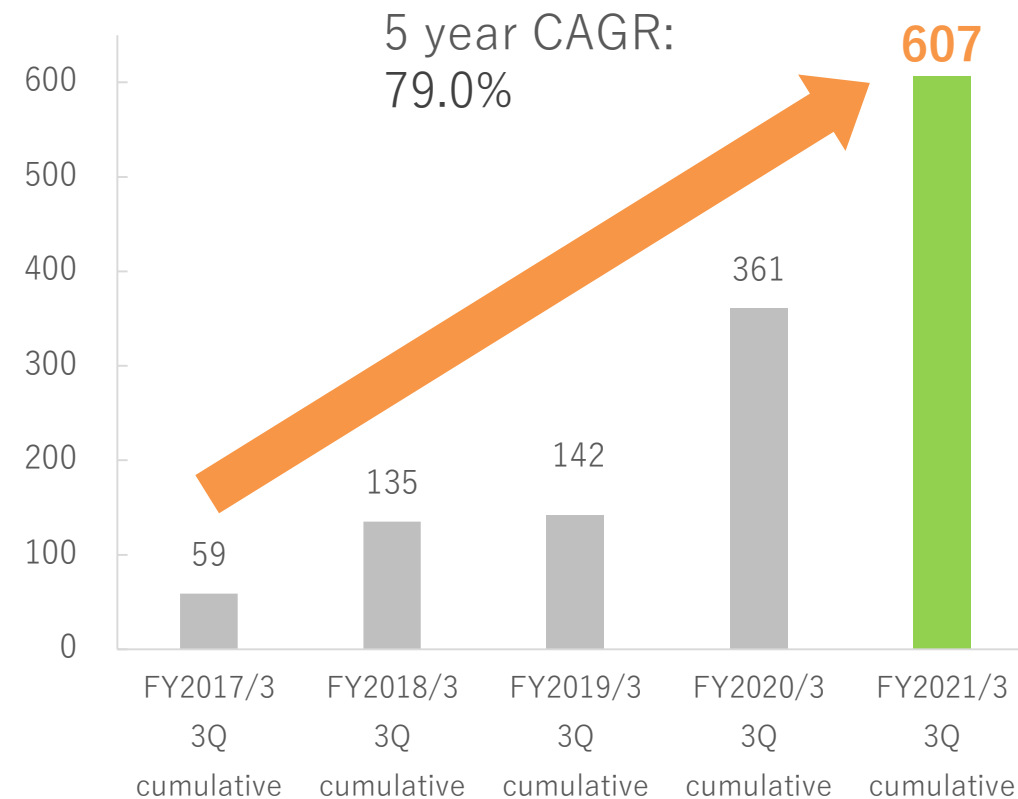
Net Sales

(In JPY MM)



Operating income

(In JPY MM)



Net Sales Breakdown for the Nine Months Ended December 31, 2020

B2C sales increased 24.5% YoY due in part to demand created by COVID-19. B2B & B2School sales rose 15.9% YoY due to increase of the number of clients.

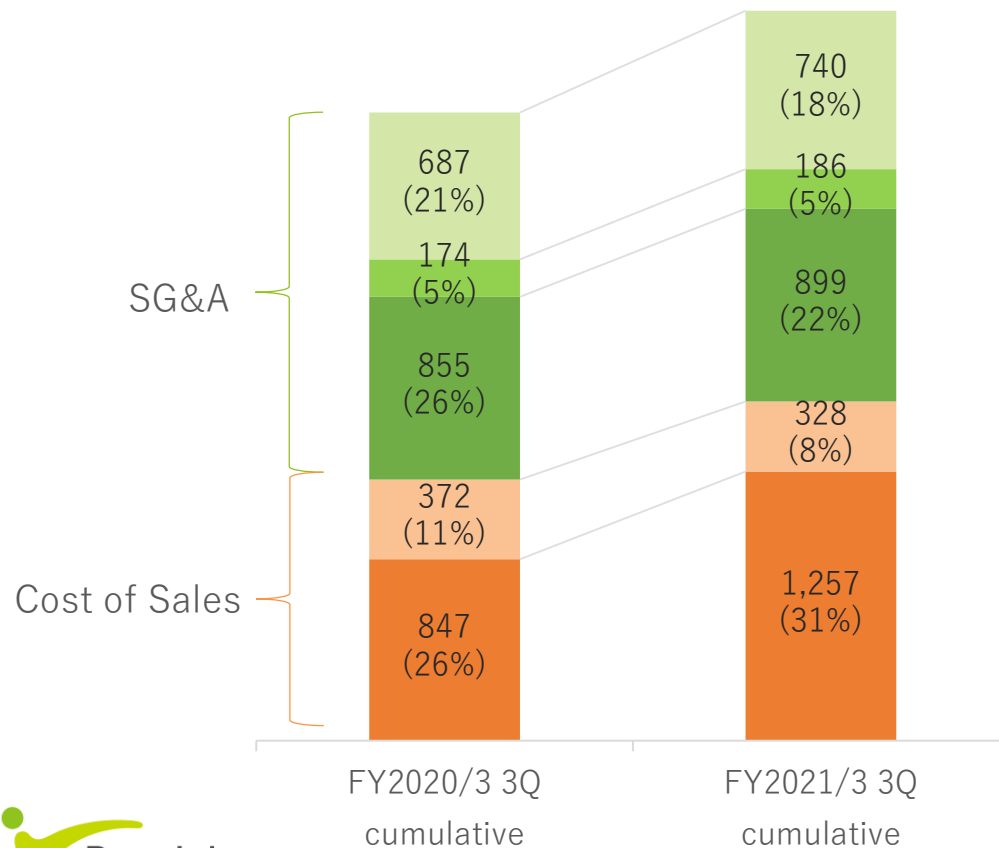
(In JPY MM)

	FY 2020/3 3Q cumulative	FY 2021/3 3Q cumulative	YoY
Net Sales	3,299	4,019	+21.8%
B2C Sales (constituent ratio)	2,270 (68.8%)	2,826 (70.3%)	+24.5%
B2B & B2School Sales (constituent ratio)	1,029 (31.2%)	1,193 (29.7%)	+15.9%

Expenses (Cost of Sales and SG&A) Breakdown for the Nine Months Ended December 31, 2020

The ratio of tutor fees (cost of sales) to the net sales increased 5pt YoY due to increase of lessons per user caused by COVID-19. The increase of SG&A was limited due to the improved productivity and business efficiency.

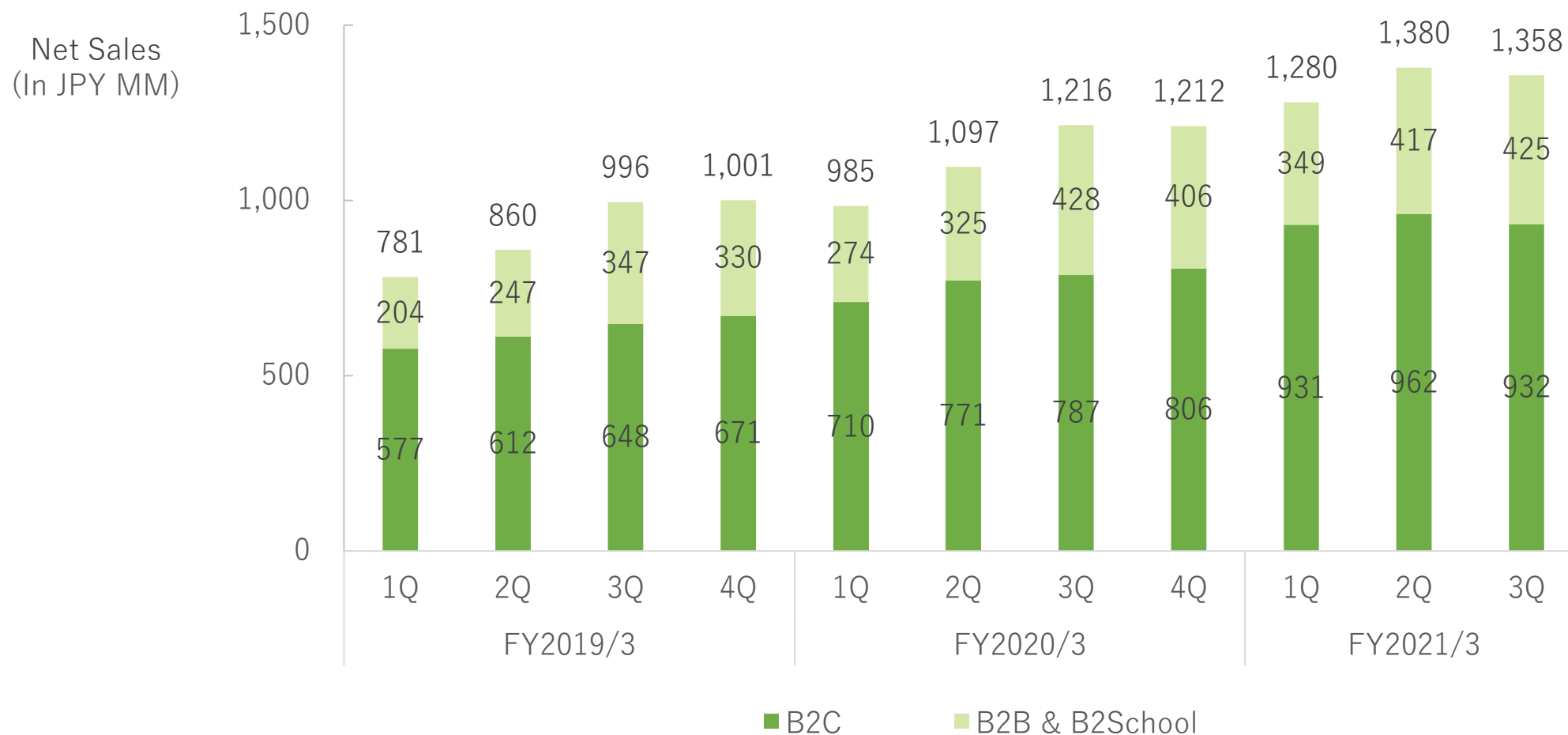
(In JPY MM, expenses sales ratio in parentheses)



Expenses	YoY (ratio)	Factors
Other SG&A	+53 (+8%)	Minimized cost increase by productivity improvement.
Advertising	+11 (+7%)	Minimized cost increase by more efficient acquisition of users.
Labor cost (SG&A)	+43 (+5%)	Employees increased due to active recruiting last year, but cost kept in control due to increased productivity and efficiency.
Other cost of sales	△44 (△12%)	Cost of sales increased due to tutor fees led by user increase and increase of lessons per user caused by COVID-19.
Tutor fee(Cost of Sales)	+409 (+48%)	

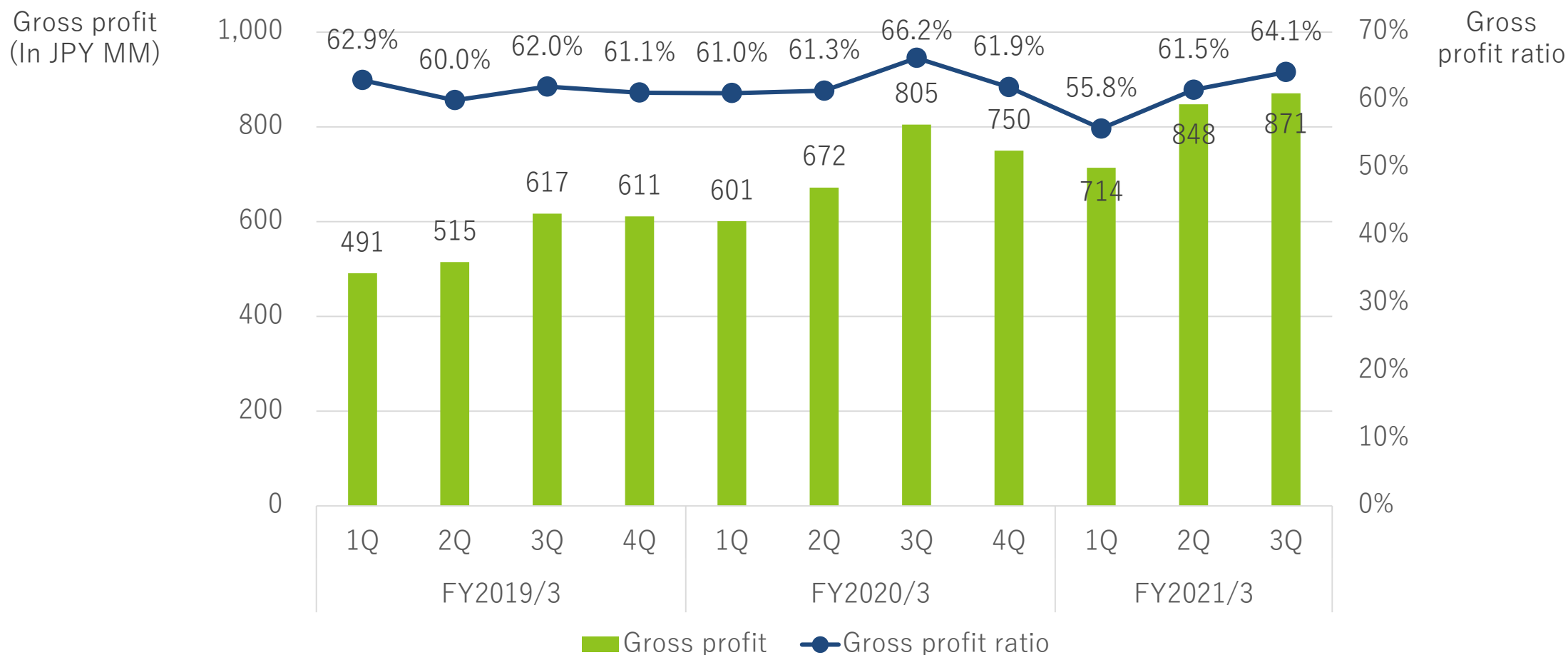
Net Sales of Each Quarter

The increase of B2C sales due to growing demands by COVID-19 has run its course. B2B & B2School sales has remained flat as a result of restraining the increase in sales representatives.



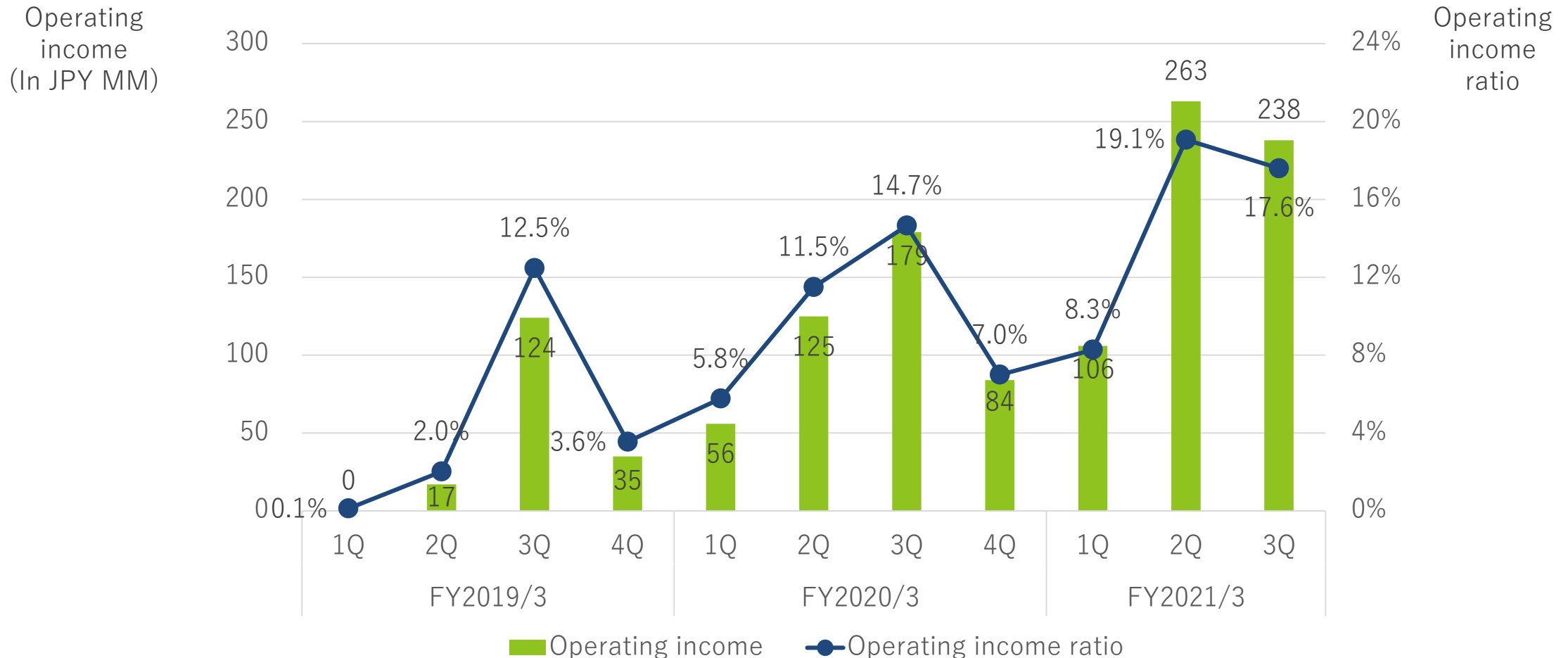
Gross Profit/ Gross Profit Ratio of Each Quarter

Gross profit ratio of 1Q was worsened due to increase of number of lessons per student triggered by COVID-19 but that of 2Q and 3Q were recovered.



Operating Income/ Operating Income Ratio of Each Quarter

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



2. FY2021/3 Plan

FY2021/3 Plan and Progress

The progress of business performance was good in form as net sales achieved 74.4% and operating profit achieved 95.0% in this third quarter.

(In JPY MM)

	FY 2020/3 Results	FY2021/3 Revised forecast	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%

FY2021/3 3Q cumulative	Progress
4,019	74.4%
2,826	74.4%
1,193	74.6%
2,434	77.3%
607	95.0%
574	95.8%
361	97.6%

Operating margin	9.9%	11.9%	+2.0pt
ROE	15.2%	10.0%以上	-

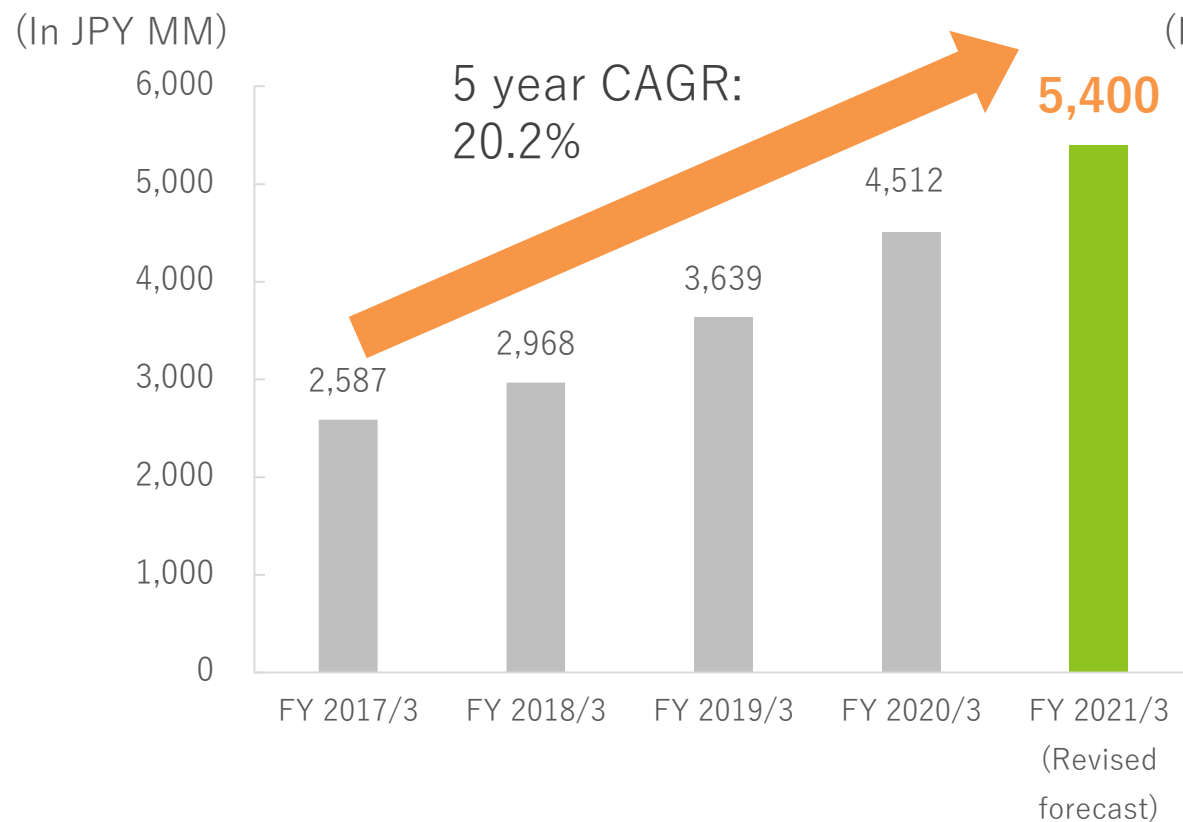
15.1%	-
*30.3%	-

*Annual basis

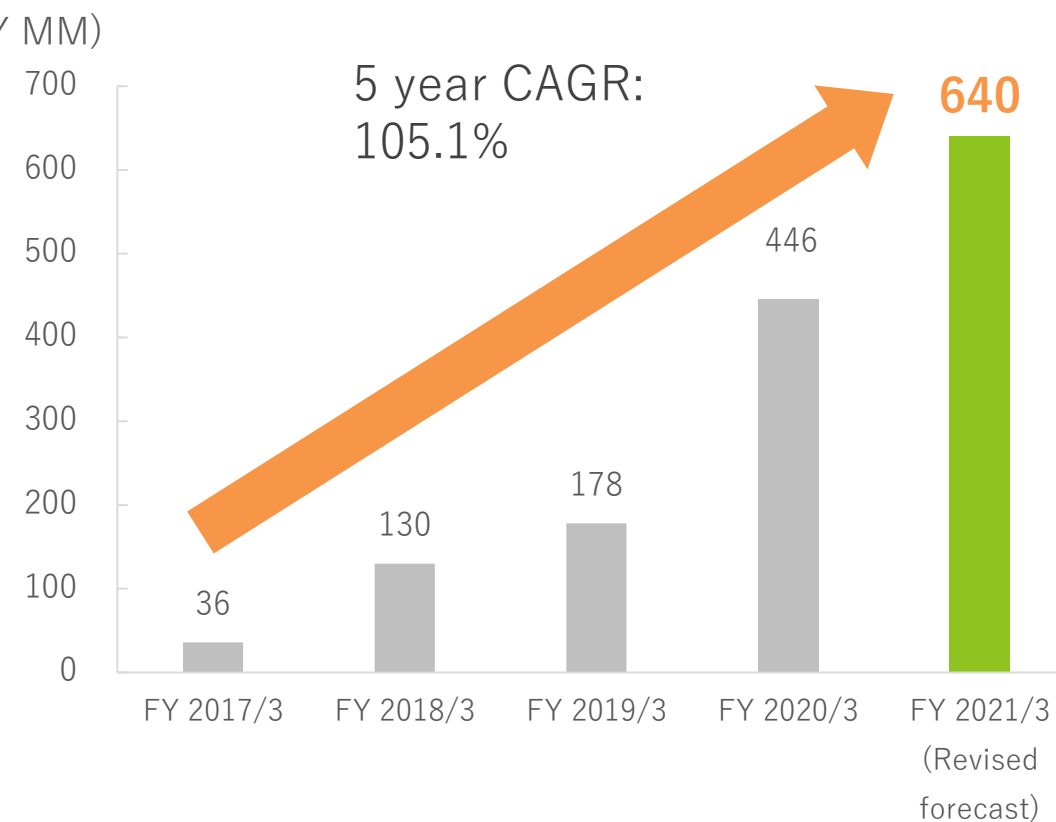
Consolidated Results

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

The profitability has improved as a result of minimizing the increase in the number of employees due to the uncertainty caused by COVID-19. In addition, building the foundation for mid-term business expansion is progressed.

Improvement of profitability

- As the business operation structure is organized properly, the recruitment has been reserved due to the uncertainty caused by COVID-19, resulting in higher operating income margins and improved profitability.

Expansion of net sales

- As for B2C sales, aim for growth in net sales by meeting growing demand from adults and students for the service 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 abroad. Started recruiting more sale representatives to grow the net sales for the next term.

System development

- Implement a major system replacement for sales expansion and data utilization.

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

- To expand sales of an automated scoring system for speaking test “PROGOS” by combining AI technologies, introducing on a large scale for existing and new corporate clients.

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 3Q Topics

Efforts to promote PROGOS (1/2)

Provide free offers to take PROGOS for up to 100,000 people targeting for the large-scale execution of the exam in corporations and universities.

While more than 90% of companies are concerned about the English proficiency of their capable employees who are expected to work abroad, only 20% know the English proficiency of them.

University students who are expected to work globally as the next generation have lost opportunities to improve their English skills because of the postponed or cancelled study abroad programs.

Launching Business English Speaking Skill Assessment for 100,000 Project by PROGOS

Service

Business English speaking test
“PROGOS automated evaluation”

Target

Corporations, universities, and other organizations.

The number of
examinees

Minimum 100 (with no upper limit) per application

Expense

Free (The application fee per organization, 50,000 yen will be charged.)

Efforts to promote PROGOS (2/2)

PROGOS was awarded “Reimagine Education Award 2020” as the first Japan-based organization, which is known as the global education competition.



- ✓ “Reimagine Education Award” is one of the most famous awards in the world for innovative educational initiatives, like Oscar Award in the education industry.
- ✓ The Award is managed by QS, a renowned university ranking company, and the Wharton School of the University of Pennsylvania, one of the top business schools in the world.
- ✓ Past winners include Harvard University, MIT, INSEAD, Carnegie Mellon University, Lego, and PwC.

This achievement means that the innovative value of PROGOS is now recognized in the global education industry. The service expansion will be accelerated not only in Japan but also in the world.

Initiatives in B2School business

Expansion of Online English Conversation Service for "Z-KAI's Correspondence Course".

Back-ground

Renewal of ministry's curriculum guidelines will enhance **the four skills (reading, listening, writing and speaking)** for children in fifth and sixth grade of **the elementary school** and students in **the junior school**.

The GIGA school project by MEXT will promote **personalized learning**, including **online learning**.

Target Expansion

The junior high school

Sixth grade in the elementary school

Fifth grade in the elementary school

FY2020

Offered by the elementary school course

FY2021

"Junior High School Tablet Course"
"Junior High and High School Integrated Course"

Offered by the elementary school course



Initiatives in the Global Leadership Development Business

The survey report was published as a part of accumulating knowledge in the global leadership development business and disseminating information to corporate clients.

ニューノーマルへの対応が急務

レアジョブ グローバルリーダー育成分析レポート 2020

レアジョブは、「グローバルに人々が活躍する基盤を作る」ことを目指し、グローバルに活躍する人々を取り巻く環境や、活躍するための課題の分析、提案を行っている。本レポートでは、2020年にレアジョブが実施した企業向けサーベイを基に、新しい時代におけるグローバルリーダー育成に向け提案を行う

グローバル化の後退は起きるのか？

2020年、コロナ禍により、グローバルな人の動きは、近年に類を見ないほどにスローダウンしたのは間違いない。米中の対立や、EUにおける英国の離脱など、コロナ禍前から進んでいた自国第一主義や、産業保護的な動きも先鋭化しているように見える。それでは、今後もこの動きが続き、グローバルなビジネスは廃れ、国々が鎖国していくようなことが起こるのだろうか？

現実的にそんなことは起こり得ないことは、ビジネスの現場をよく知る方には、おわかりのことだろう。軍事面での安全保障上から重要な産業については、これまで同様制限がかかるだろうし、コロナ禍で浮き彫りになった医療面での安全保障に関する産業なども、一定程度自国や同盟国に閉じるような動きはあるだろう。ただし、多くの産業においては、グローバルなビジネスやリージョンをまたいだビジネスが前提になる。むしろ、そうしない限り、現代のものづくりやサービスの提供は不可能になってしまっている。

iPhoneの例を持ち出すまでもなく、現代におけるものづくりは、グローバル規模の複雑なサプライチェーン構築なしに為し得ない。また、テック企業においても、各国からのエンジニアの調達やアウトソーシング、グローバルでのサービス展開におけるローカル化など、当然国で完結できるものではない。

グローバルな人材獲得「戦争」

グローバルなビジネスを進めていくには、当然ながらグローバルに活躍できる人材が必要だ。そんな人材を、世界中の企業が必要としている。また、グローバルで働きたいという人材側にも、働く企業や場所を変えながら多様な経験を積みたいというニーズがある。結果として、世界中の企業が一握りのグローバルに活躍できる人材の獲得競争を繰り広げている。

各メディアでも日本と海外におけるエンジニアの給与水準比較といったトピックが特集されており、よくご存じのことと思われるが、グローバルに活躍できる人材獲得のための戦いは、アメリカ、EU、香港、シン

Key findings from the survey

- ① About 90% of companies have introduced WFH. In addition, more than half of companies are considering or planning to introduce the job-specified employment.
- ② “Visualizing the skills required for the job-specified employment” has not been progressed well in the more than 70% of companies.
- ③ “Talents who are expected to play an important role on the global basis” don’t have enough English proficiencies.
- ④ Only 20% of companies conduct the English speaking skill assessment.

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

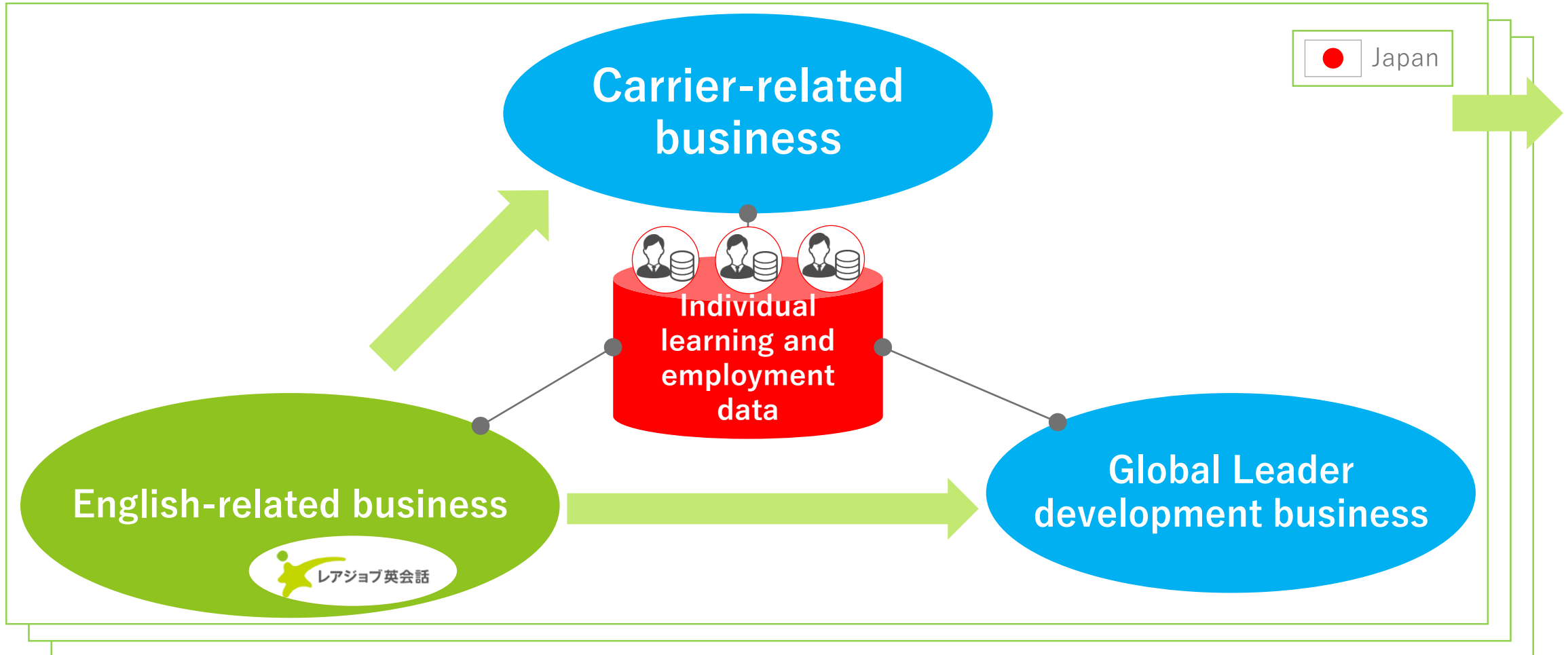
Educational institutions

- ✓ 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**.

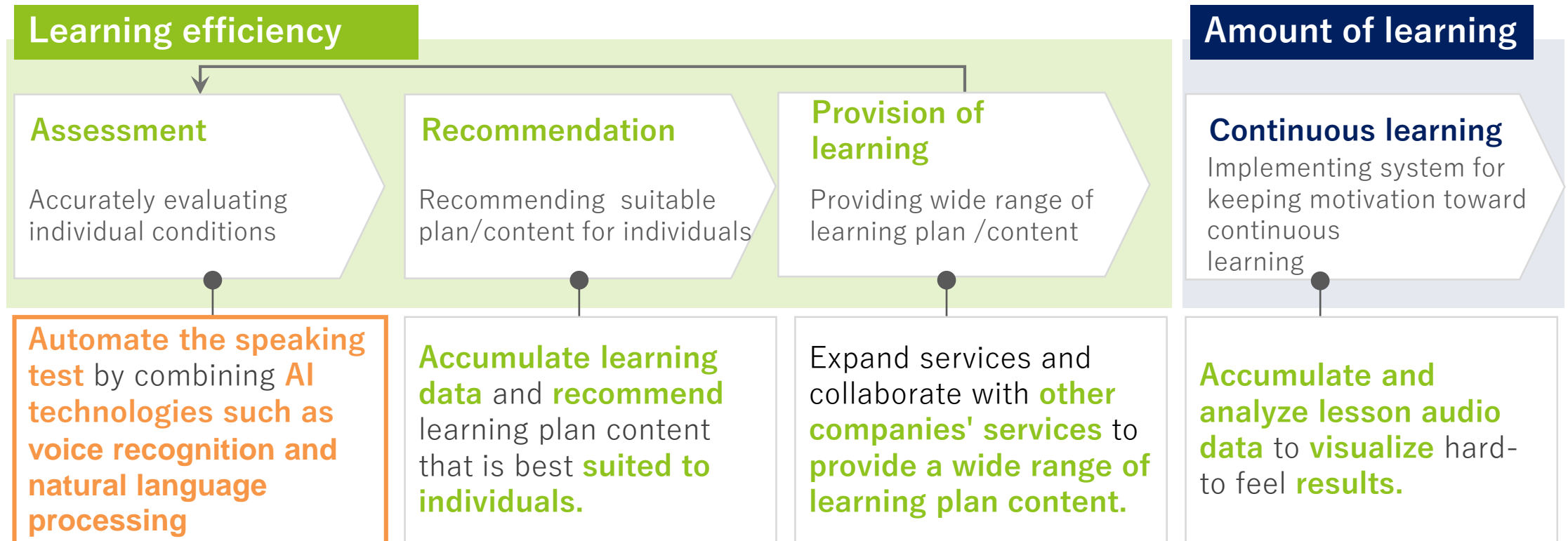
Future business development

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.



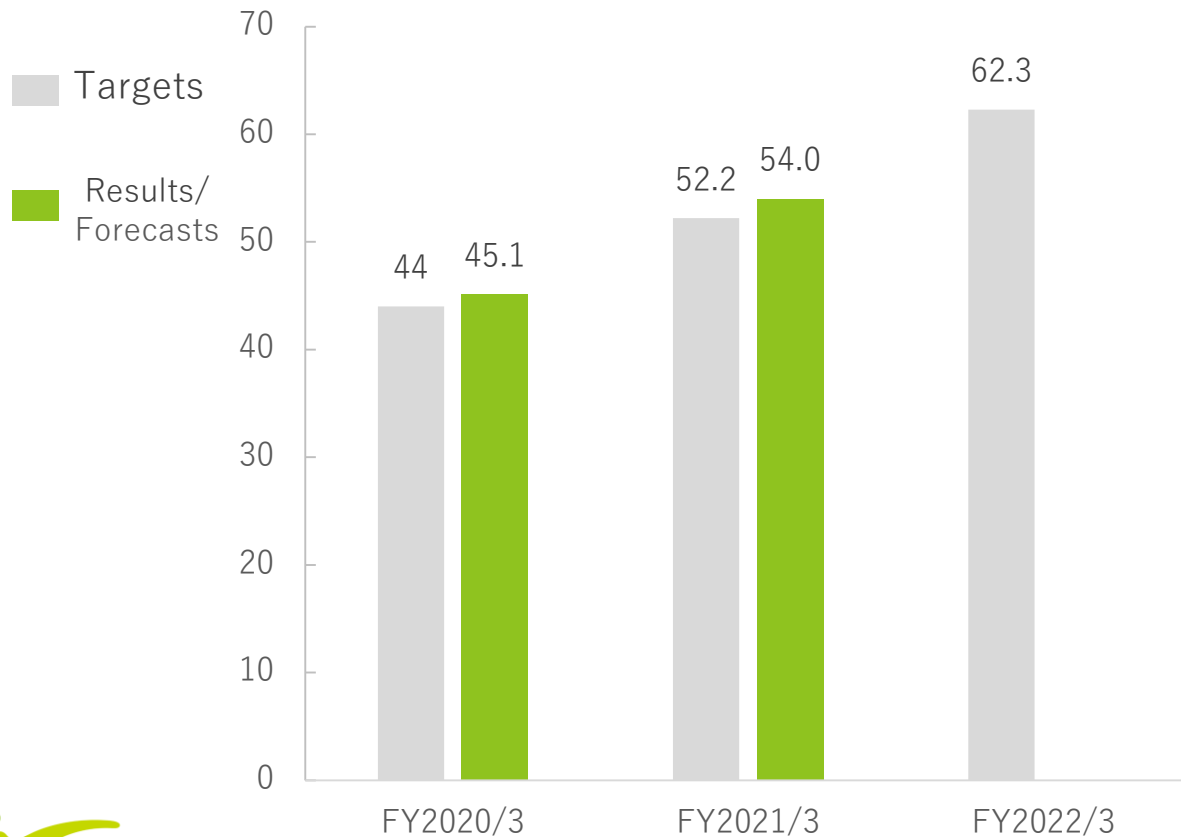
Aim to provide an English learning platform that unifies the above.

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.

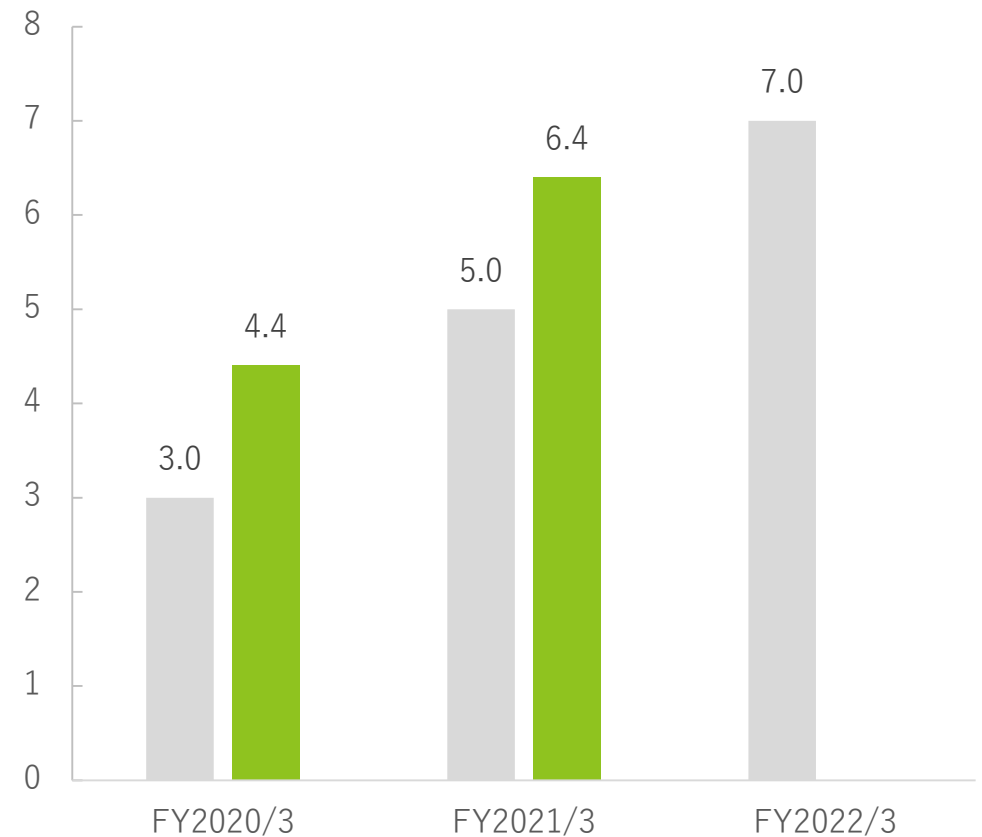
Net sales

(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: 582,082 thousand Yen (As of December 31, 2020)

Location: Tokyo Head Office, Kansai Branch, Chubu Branch

The First section of Tokyo Stock Exchange

(Securities Code: 6096)

Consolidated subsidiaries

RareJob Philippines, Inc.

RareJob English Assessment, Inc.*

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

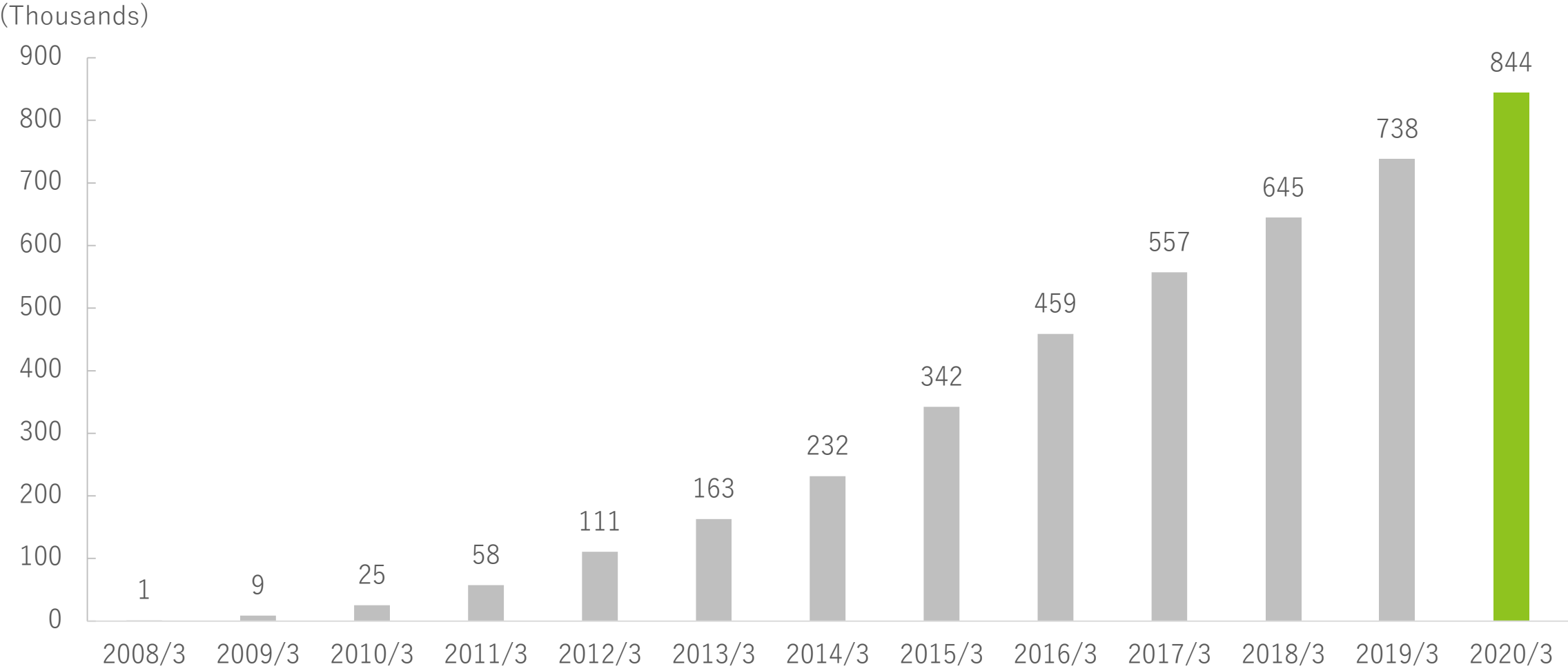
You can speak English one-on-one everyday, regardless of location or time. Online English conversation service with more than 900 thousand cumulative free subscribers.



- 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

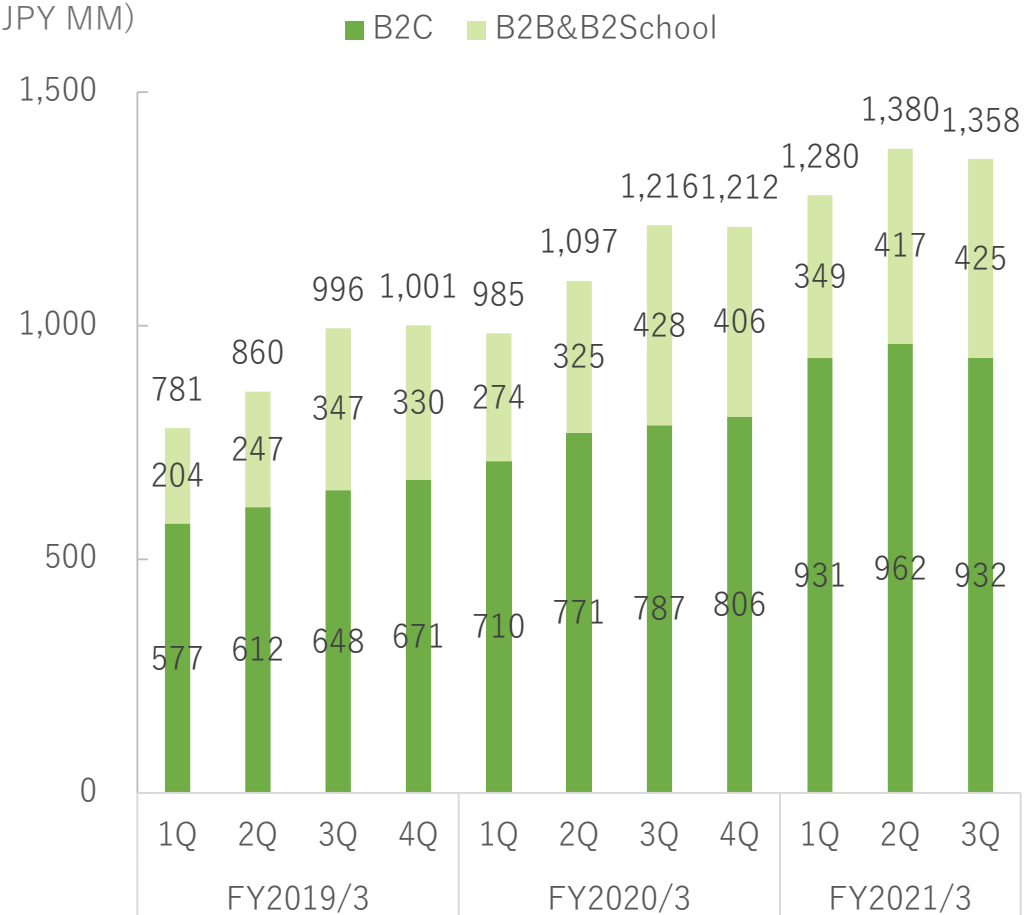
Cumulative free membership reached 900 thousand.



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

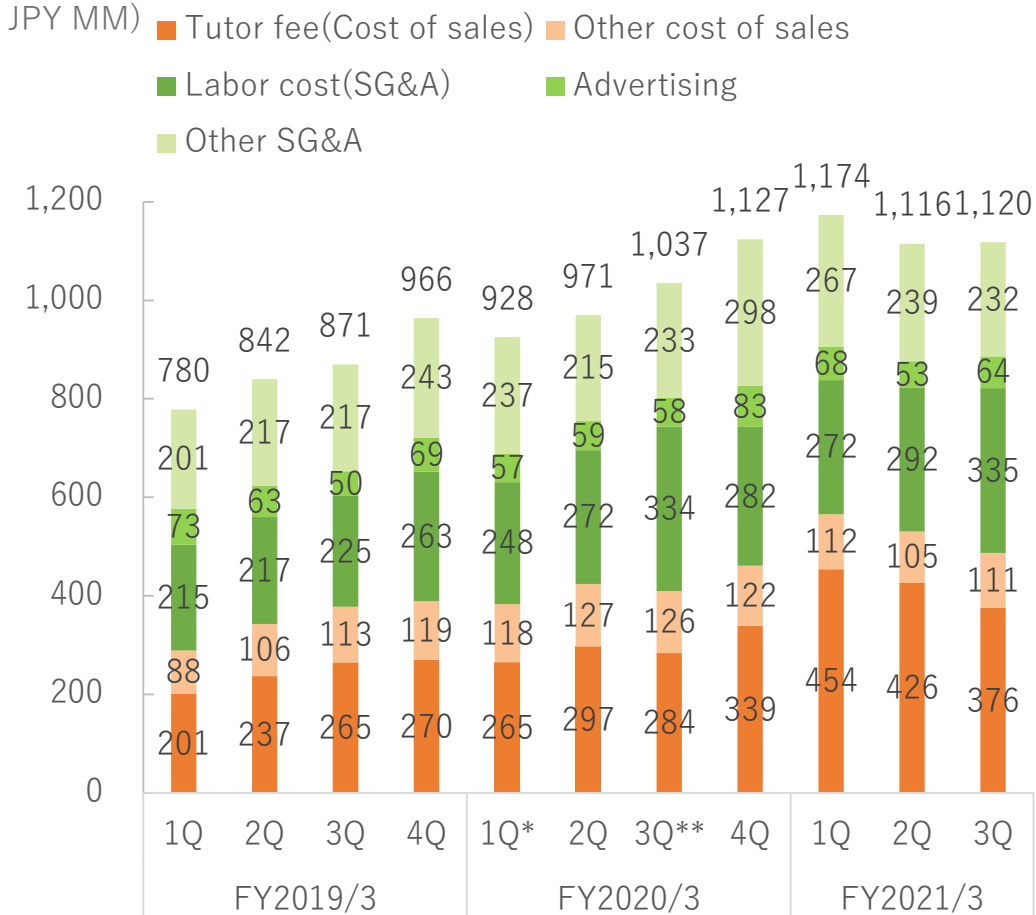
Net sales

(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.

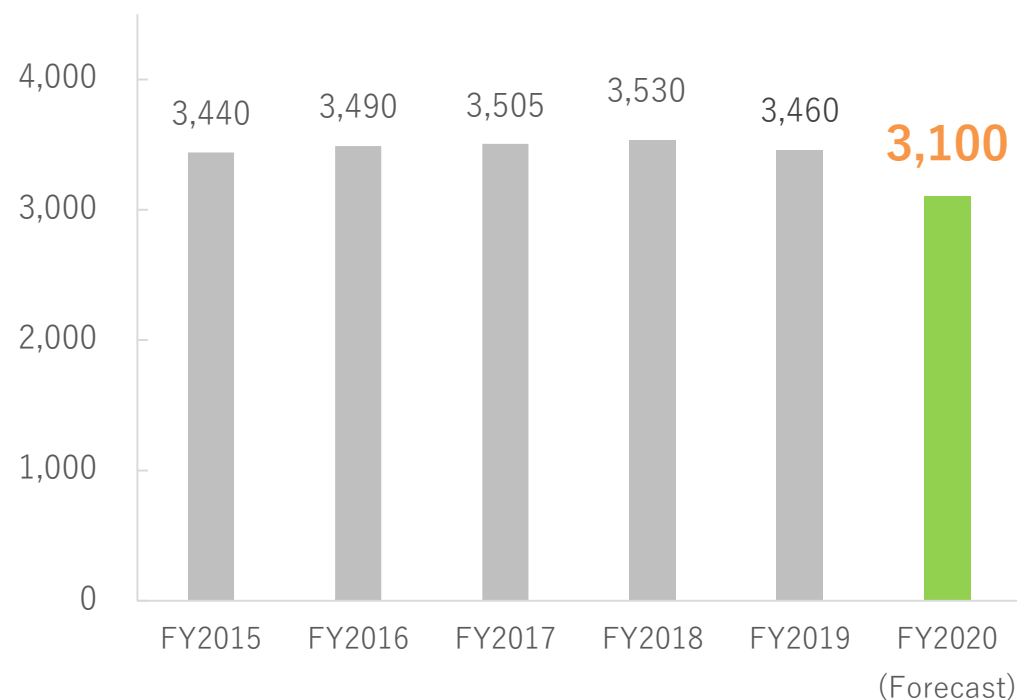
To boost corporate value in a sustainable way, we will strive to enhance corporate governance while simultaneously working on business expansion.

English-related Business Market Size

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

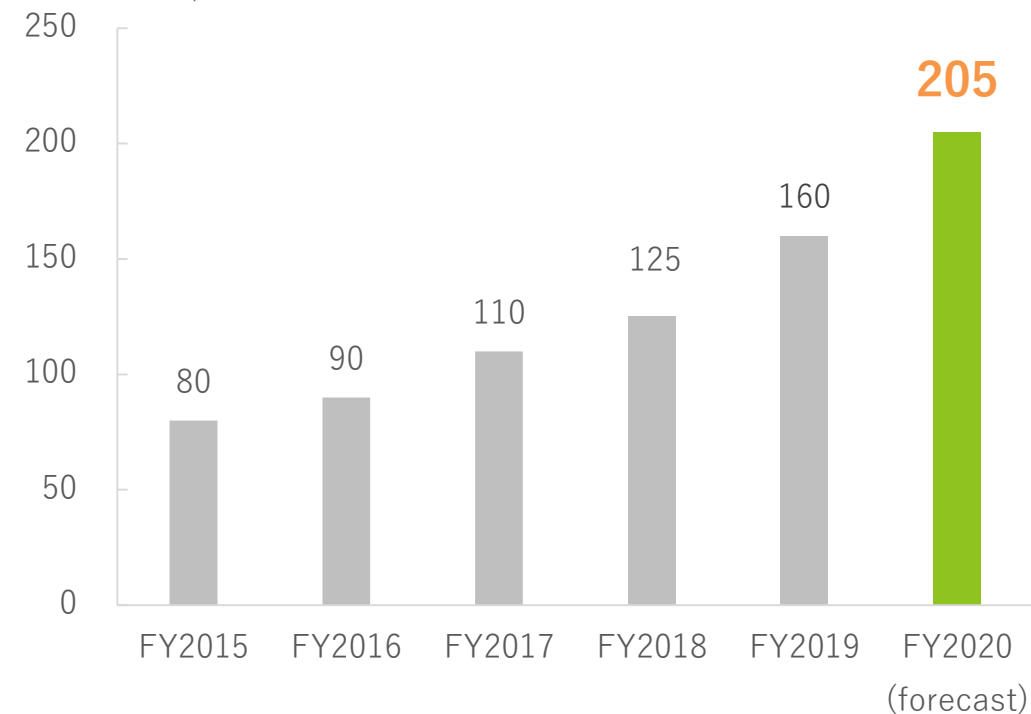
English conversation school in Japan market size¹⁾

(In JPY 100MM)



Online language learning in Japan market size¹⁾

(In JPY 100MM)



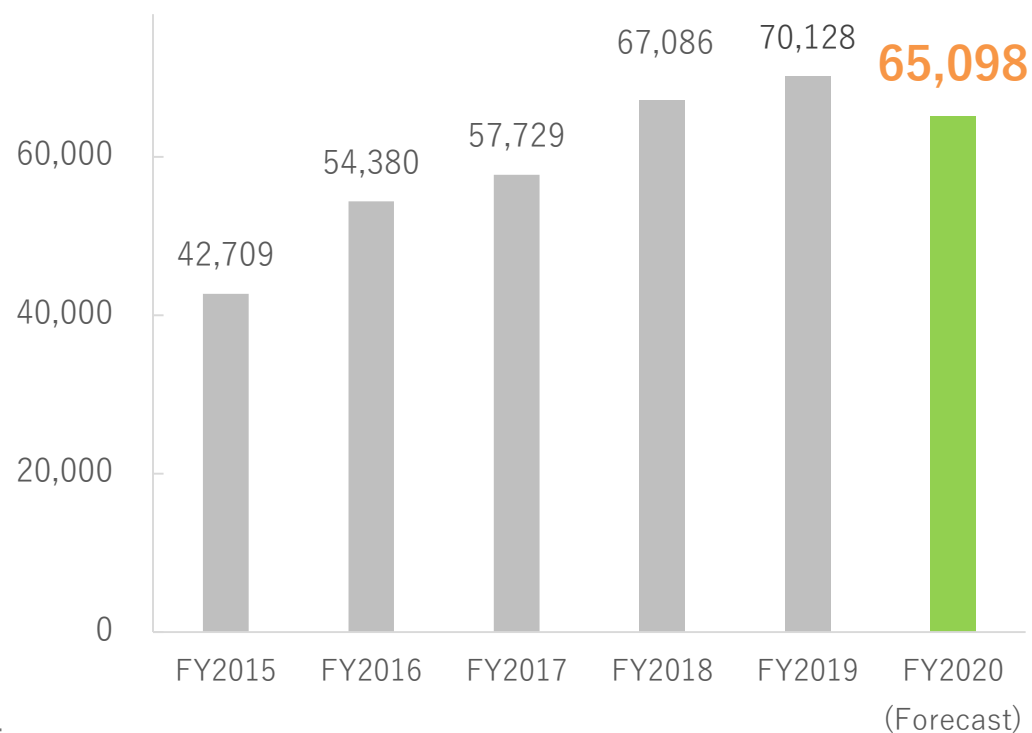
1) Yano Research Institute Ltd.

HR Business Market Size

HR business* market size¹⁾

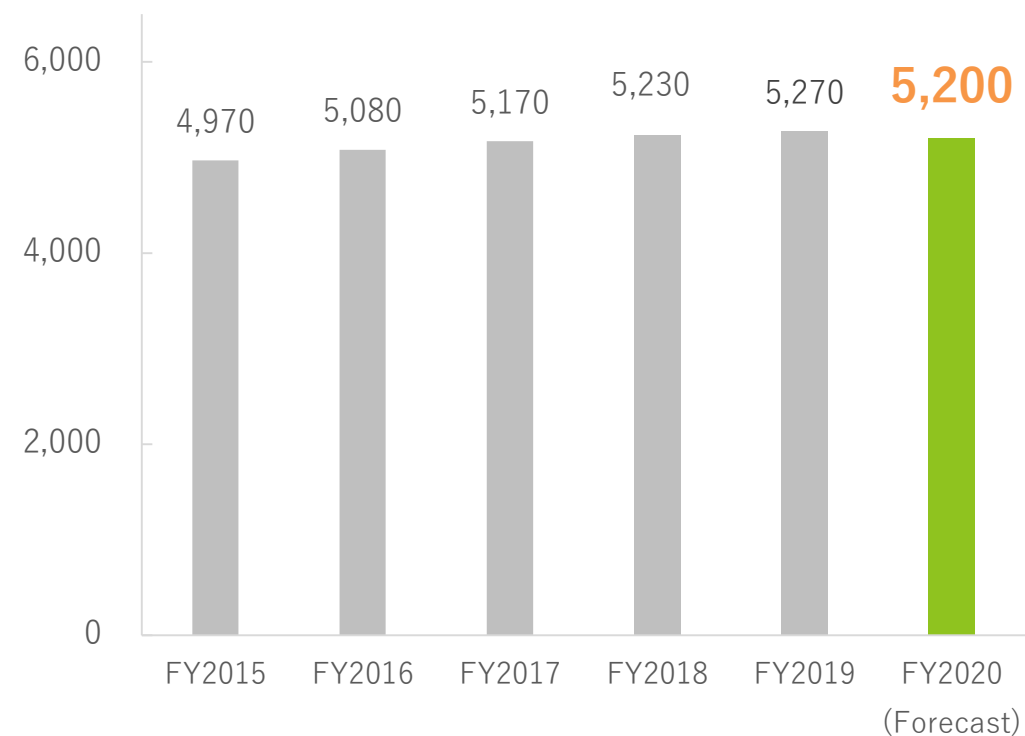
*Including staffing service, staff agency, support for re-employment

(In JPY 100MM)



Corporate training market size²⁾

(In JPY 100MM)

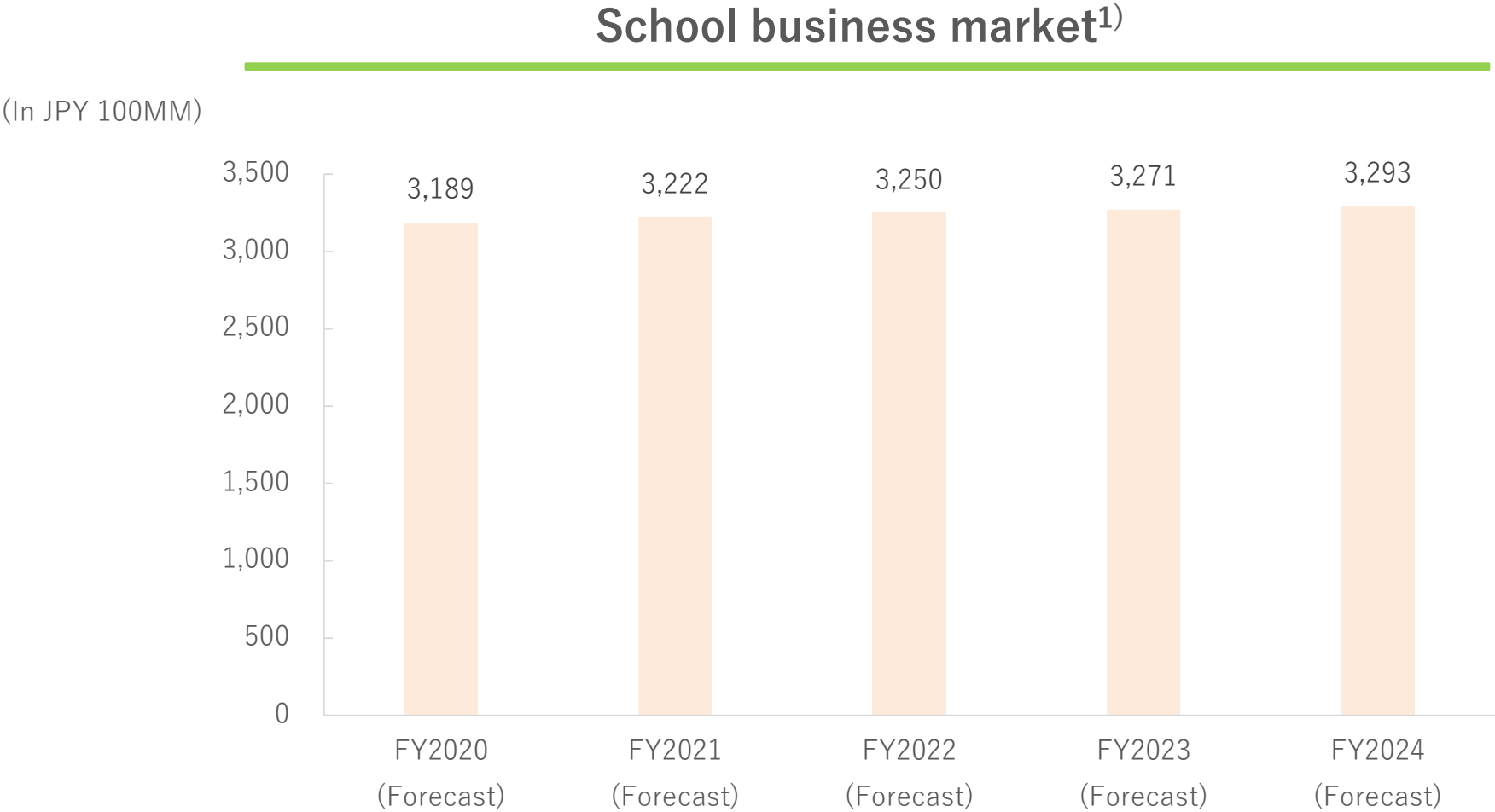


Source :

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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