

# RareJob, Inc.

## Financial Results for the Fiscal Year Ended March 31, 2021

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May 13, 2021



# Agenda

1. RareJob's Vision
2. The Mid-term Growth Strategy
3. FY 2021/3 Result
4. FY 2022/3 Plan
5. Shareholder Return Policy

Appendix

# 1. RareJob's Vision

# Chances for everyone, everywhere.

Building a platform for people to play active roles globally

# Chances for everyone, everywhere.



The philosophy of RareJob "Everyone in the world can be given a chance to get a rare job" has our wishes to realize a sustainable society.

## Initiatives for SDGs/ESG (1/2)

RareJob works to achieve a sustainable society based on each goal of SDGs and the concerns of ESG through business activities to realize our vision.



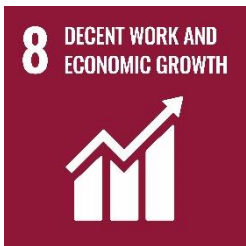
### ● Providing reasonable and high quality educations

Providing reasonable and high quality educations to our students everywhere is our top priority. We contribute to eliminating inequalities in English education opportunities caused by regional/economic disparities, such as the concentration of brick-and-mortar English tutoring schools in urban areas and expensive costs of studying abroad.



### ● More jobs for women

Many of the our English tutors are women. Due to flexible working hours and the benefits of working from home at any time, women who do housework, raise children, or care for family members are able to work easily with their capacities.



### ● Creating jobs in the developing country

We create a lot of jobs in the Philippines, which is one of the developing countries. As our platform allows tutors to work anywhere and anytime, it helps to increase the number of job options, especially for people living in the rural areas of the country, where stable jobs are hard to find.

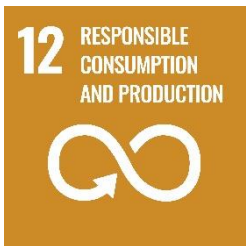
The classification for ESG: ● Environmental ● Social ● Governance

## Initiatives for SDGs/ESG (2/2)



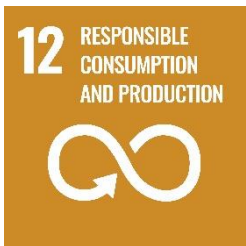
### ● Realization of the society where people can make full use of their abilities

Our goal is to create the society in which both students and Filipino tutors can make the most of their abilities. Regardless of nationality, we help people learn English and take leaderships in the world, while creating more places where they can make advantages of their skills.



### ● Reducing energy consumption by having less travel

All members and tutors at RareJob Eikaiwa don't have to transport somewhere physically to take or conduct lessons as long as they have internet access. By reducing energy consumption, we contribute to reducing environmental impacts.



### ● Promoting paperless environment

RareJob Eikaiwa provides most of our teaching materials via online instead of paper. We also make efforts to reduce paper consumption in our offices by digitizing internal documents for meetings, proposals and so on.



### ● Corporate governance

Enhancing proper organizational structures and systems is the important. To boost corporate value in a sustainable way, we will strive to strengthen corporate governance while working on business expansion simultaneously.

The classification for ESG: ● Environmental ● Social ● Governance

What RareJob Is Aiming for

# Become The Platform to Develop Global Leaders from The Online English Tutoring Provider



# The Image of The World which RareJob Wants to Realize

Applying for desirable job openings in global companies via RareJob platform with acquired English skills



Recruiting skilled people based on RareJob database which shows English proficiency and job experience

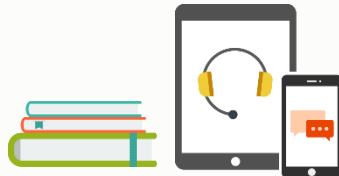


Registering a PROGOS test result as one of skills on the platform for job hunting to send with CV



Assessment Data platform

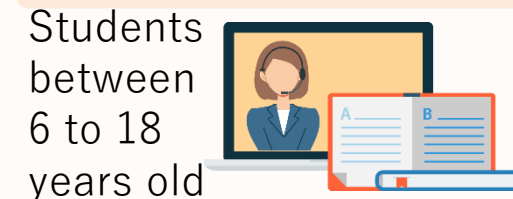
Setting a necessary English level based on the database for a future career and learning English based on an assessment result



Offering suitable trainings tailored based on past data and an English proficiency and work skills of each person



Learning English speaking with individualized learning plan and materials based on assessment results in the past



## 2. The Mid-term Growth Strategy

# The Problem: The Lack of The Ability to Deliver Messages in English

Though the ability to deliver messages in English is required more than ever, the improvement of English skills in Japan has not been seen at all unfortunately, though some English assessments have been penetrated.

- Japanese English proficiency index<sup>1)</sup> was 55th in 100 non English speaking countries, which is the worst in the last 10 years
- Japan was ranked as 34th in 2020 in the IMD World Competitiveness ranking<sup>2)</sup> which was the worst since 1989
- Only 22% of Japanese companies has the IR function which can communicate with investors in English<sup>3)</sup>

⋮

**Improving English speaking skills to deliver messages is the most important**

Notes:

1) EF Education First EF English Proficiency Index 2020

2) IMD World Competitiveness Ranking

3) Minsetsu, Inc. "The questionnaire about companies can conduct online conference in English in July, 2020"

# The Solution: Digital Transformation (DX) of English Assessments

AI solves time-and-cost-consuming assessments of English speaking skills, which leads to faster cycles of the measurement and improvement of the speaking skill.

## The current English assessments in Japan

- Need to book tests some months before
- Need to go to a specific venue to take a test
- Need to write in hands partly
- Takes several weeks until results is released
- Need expensive costs as humans resources are required for the evaluation

## DX of English assessments in the world

### The U.S.

About 1,500 U.S. colleges and universities have employed Duolingo's online AI English test as a proof of English proficiency for their admissions, in addition to TOEFL and IELTS

### China

Ninety percent of Chinese universities only refer to the results of "Gaokao" for their admissions, which means AI automated scoring has been already used for English exams

**The PROGOS test makes digital Transformation (DX) of English Assessments**

## The Market Emerged by Our Solution: Assessment and Other Related Businesses

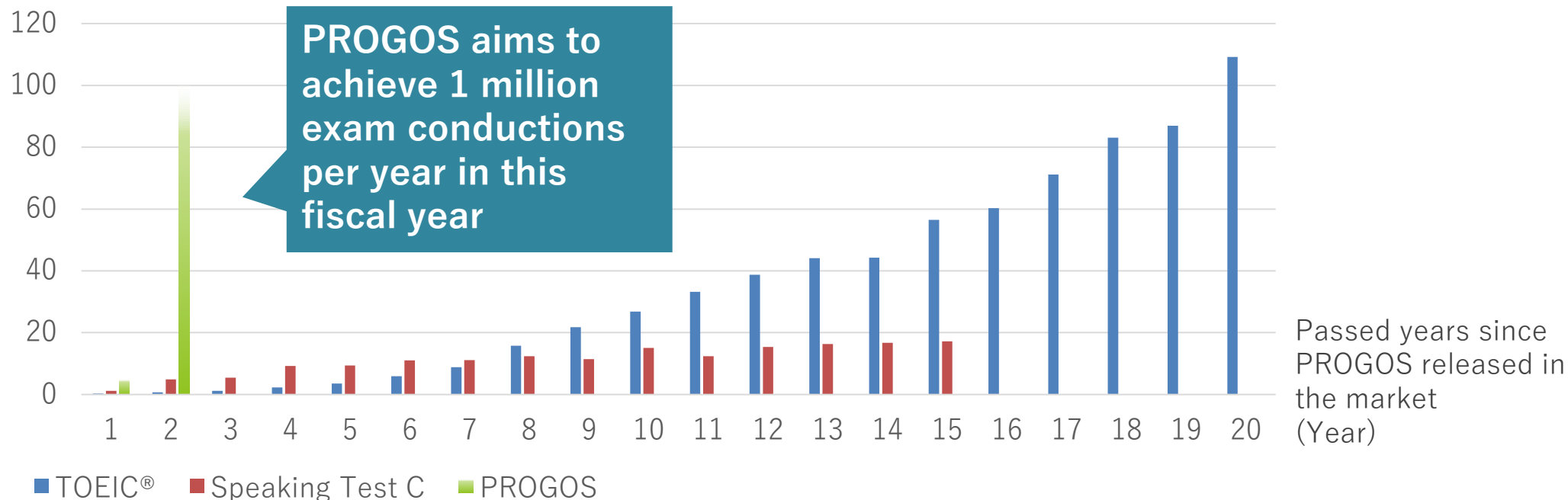
Only one or two assessments will survive, and the assessments will make new markets for various learning services to improve English language skills.



# The Outlook of The Number Of PROGOS Examinees and Comparison with Other Exams

PROGOS is expected to expand rapidly compared to other tests such as TOEIC® in Japan.

The number of  
examinees  
(10 thousands)

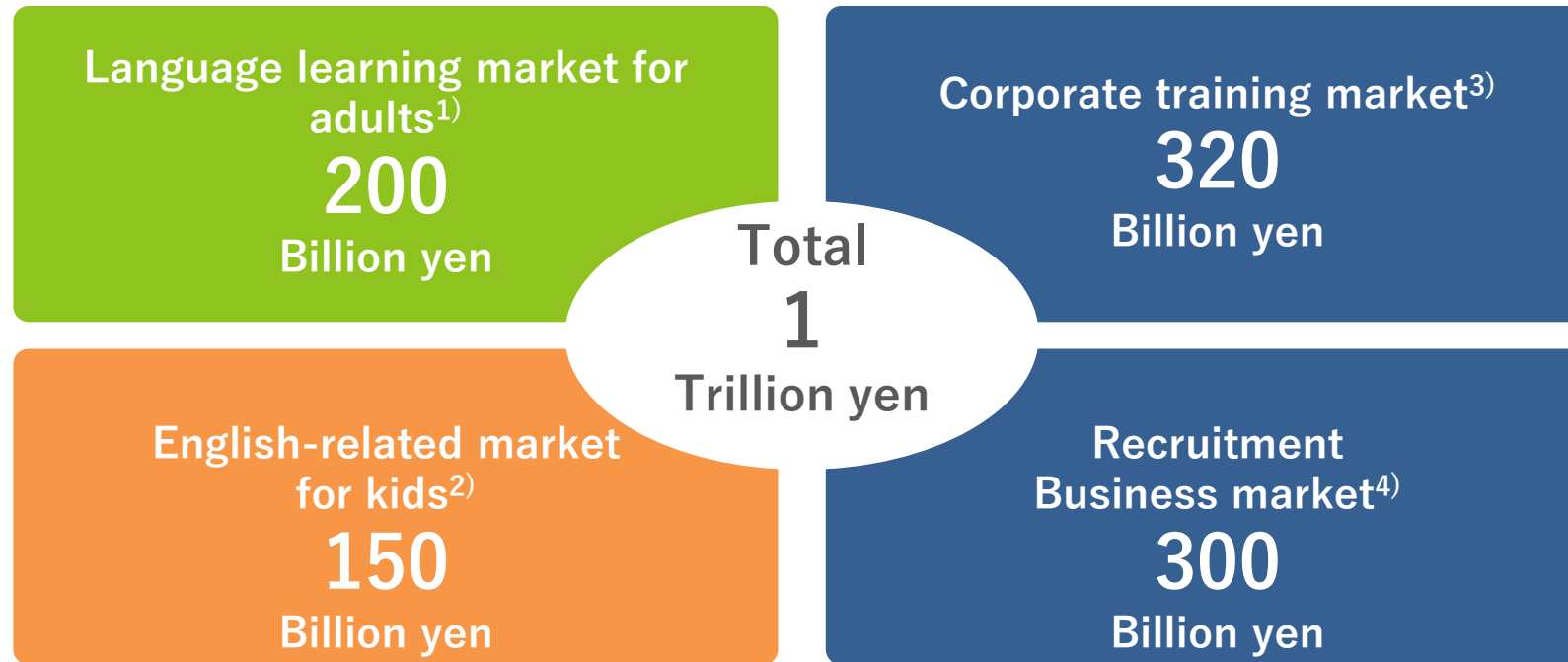


The PROGOS test will replace TOEIC® and represent English assessments in Japan

Notes:  
“TOEIC” is the registered trademark of the U.S. Educational Testing Service (ETS)

## Potential Markets for The RareJob Group

RareJob will target markets of 1 trillion yen in Japan with the advantage of the large share of the PROGOS test.



Target at global English related markets, which is 4 trillion yen<sup>5)</sup> in total, at the same time

- Notes:
- 1) 2) Yano Research Institute, "Language Business Report 2020" including ALT markets for English-related market for kids
  - 2) Yano Research Institute, "business Training Market and Outlook 2020"
  - 3) Yano Research Institute, "Human Resources Market and Outlook 2020"
  - 5) Adroit Market Research ENGLISH LANGUAGE LEARNING MARKET
- The figures are all approximate and excluding temporary slowdown due to COVID-19 pandemic

## The Mid-term Management Target

Setting the mid-term management target of achieving 30 billion yen in sales as the whole RareJob Group to achieve our vision.

B2C  
**10** billion yen

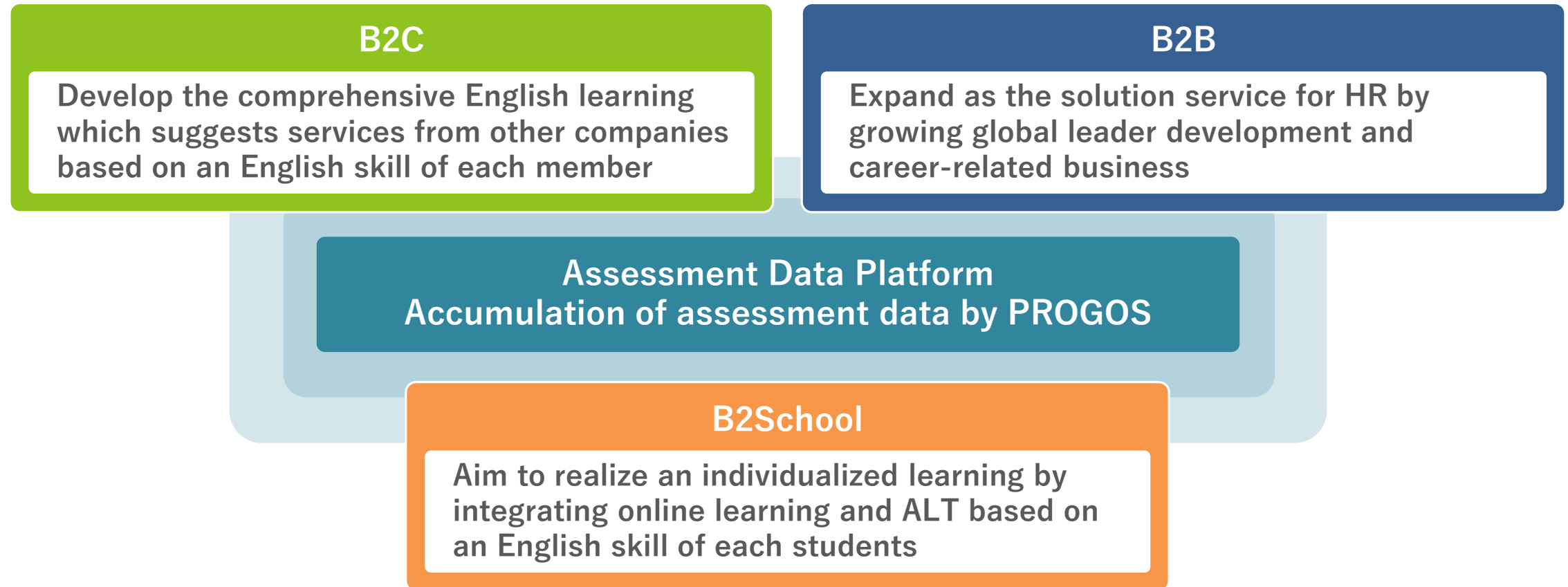
B2B  
**10** billion yen

B2School  
**10** billion yen



# The Overview of The Growth Strategy

Assessment data platform should be at the heart of the strategy as the source of the competitive advantage.



# The Strategy for The Assessment Data Platform

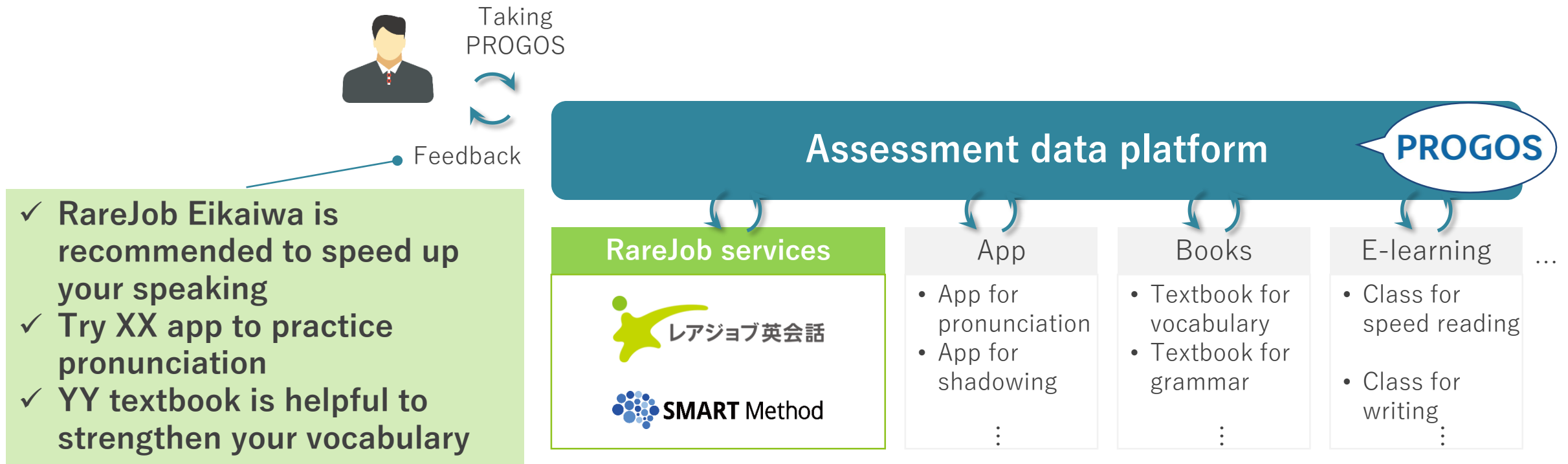
Expanding the target of assessments from not only speaking but also reading, listening and writing English skills to global business skills.



**Assessment Data Platform**  
Accumulation of assessment data by the PROGOS test

# B2C: Providing The One-stop-service to Improve English Skills Effectively

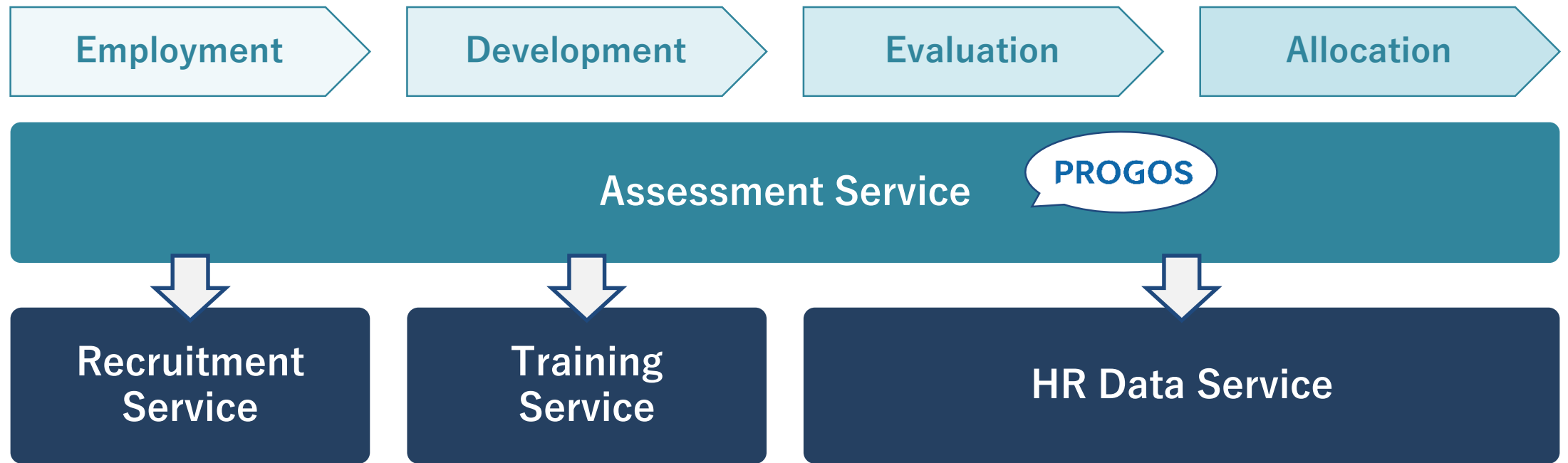
Recommend a suitable service for each member by associating the assessment data platform with other services outside.



The assessment enables RareJob to provide truly effective learning service to each individual

## B2B: The Business Expansion to Offer HR Solutions

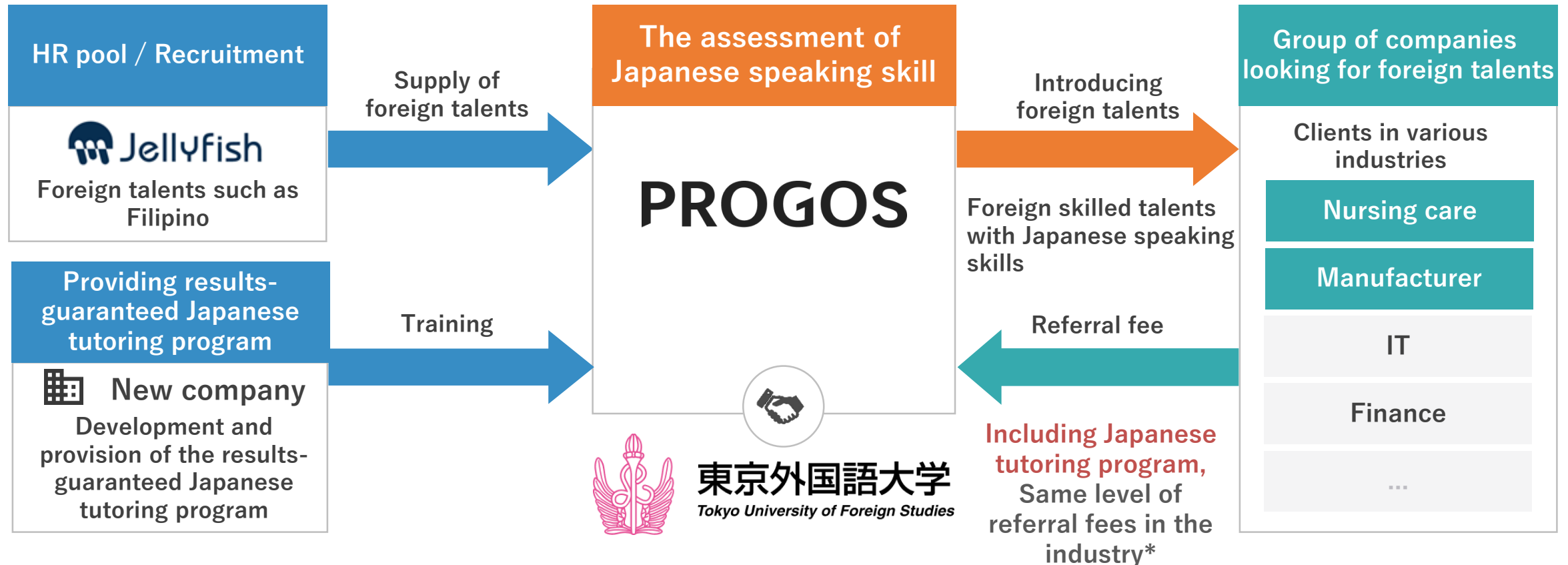
Developing recruitment and HR data services aside from the existing training services based on the assessment service.



Our assessment, which leads to appropriate employment, development, evaluation and allocation of Japanese and foreign global leaders, will solve the shortage of skilled workers

## B2B: The Recruitment Service for Foreign People

The recruitment business for foreign talents and training business for Japanese speaking was launched in the recruitment service industry. Progressing program development together with Tokyo University of Foreign Studies.



## B2School : The Assessment to Optimize an Individual Learning

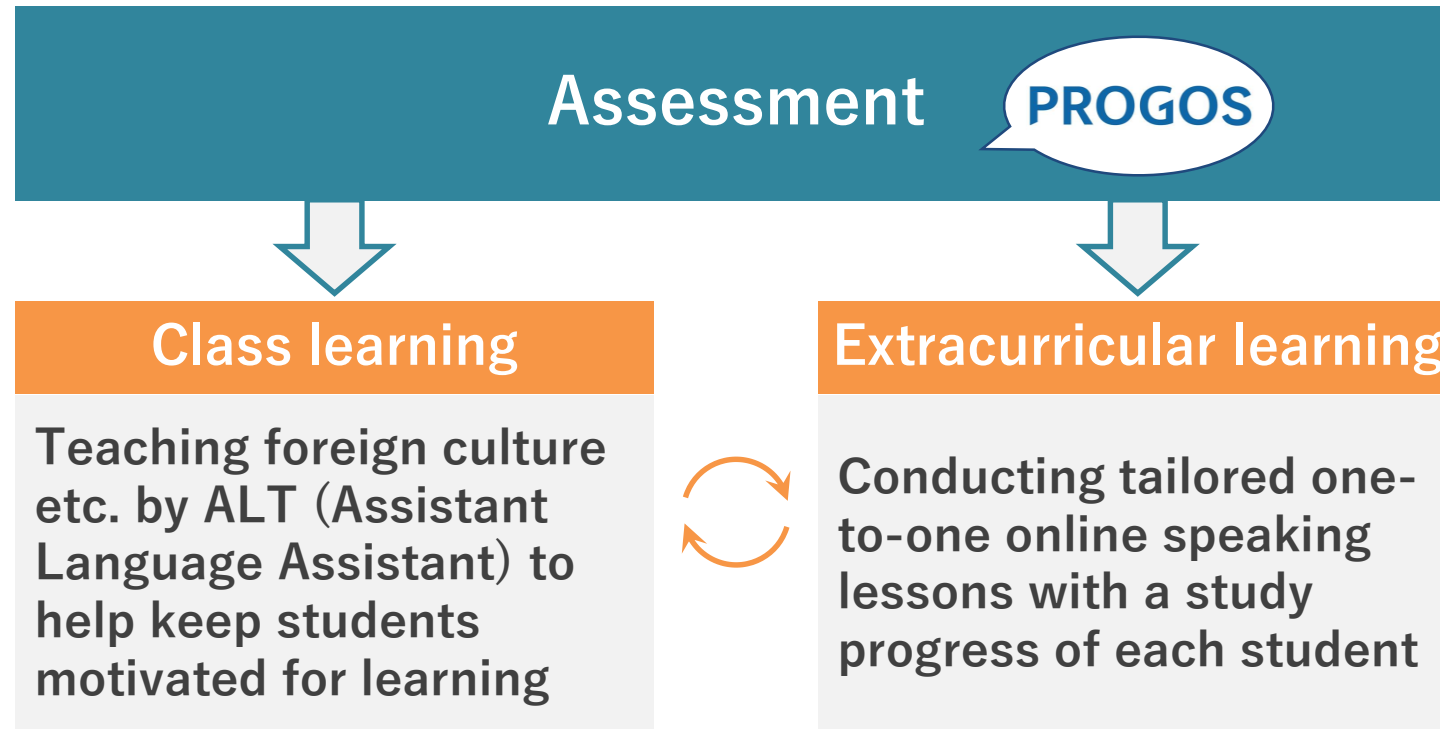
It is essential to understand the state of learning by the assessment to realize the optimal individualized learning targeted by the GIGA school concept.

**Individually optimized learning  
will be aimed as the big trend in  
the next generation learning**

**Assessment is essential  
to grasp the state of  
learning of each person  
before optimizing  
individualized learning**

## B2School : Integration of Online Learning and ALT

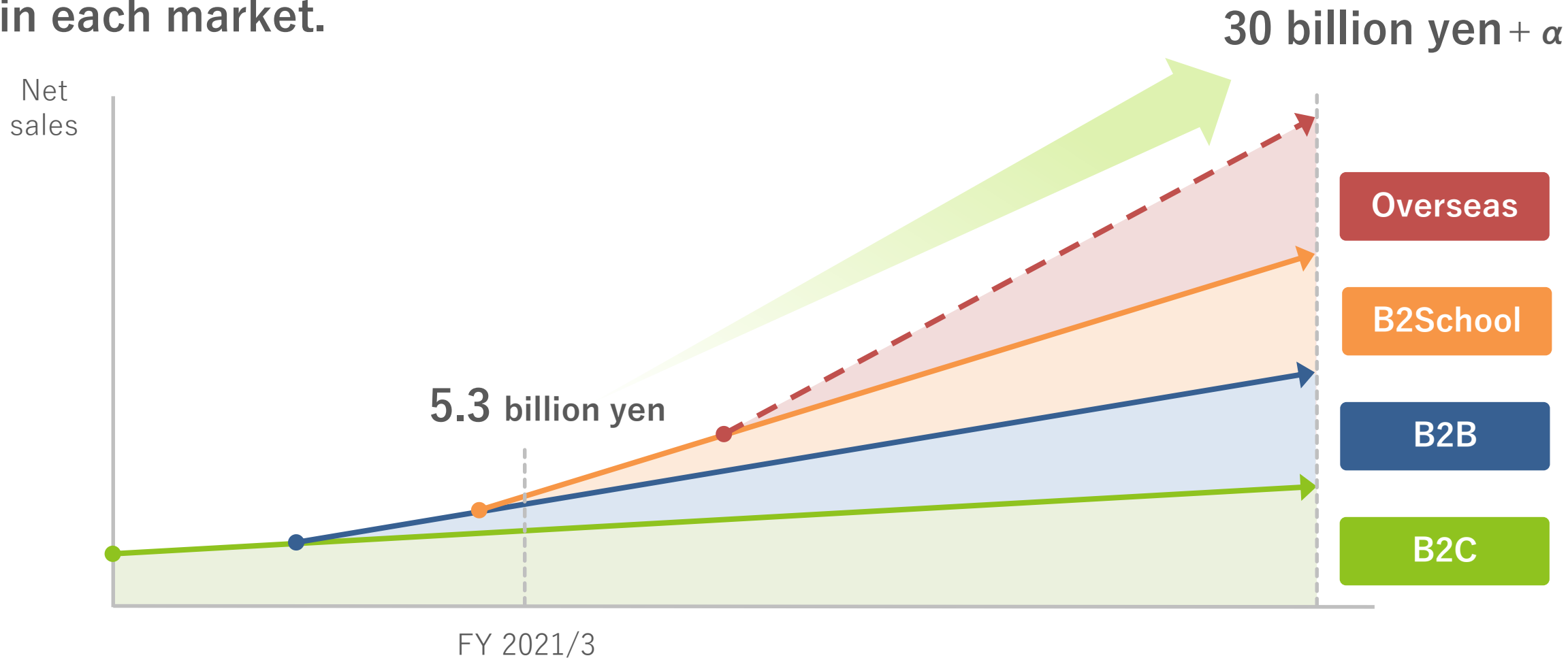
We aim to realize optimal individualized English learning based on assessment results as English education will emphasize the ability to deliver messages.



Optimized individual learning with the assessment will be realized by keeping away inappropriate learning, which makes people bored or behind

# Timeline for Business Growth

Aiming for business growth by raising the presence of the PROGOS test as one of major assessments and gaining competitive advantage in each market.





### 3. FY 2021/3 Result

## FY 2021/3 Results Summary

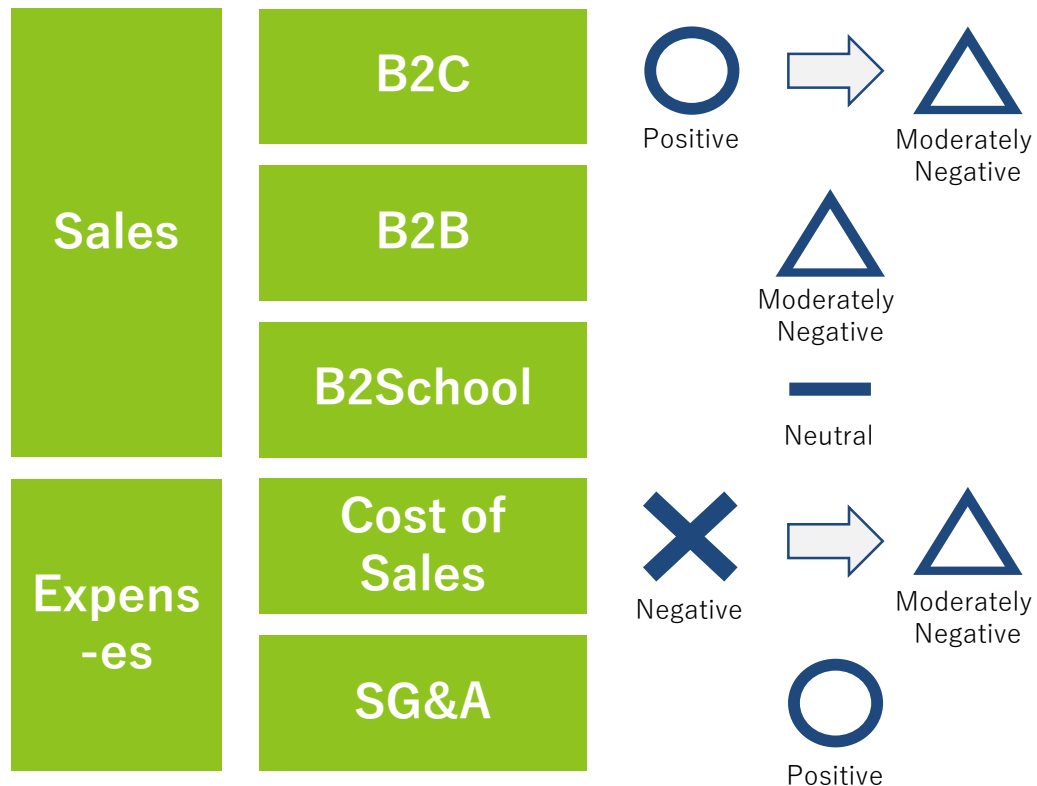
- **Net sales rose 18.2% year on year**
  - B2C increased by 21.6% though the tentative spike in demand by COVID-19 pandemic settled down
  - B2B increased by 10.7% as the number of corporates increased
- **Operating income increased 49.8% year on year**
  - In addition to the effect of higher revenue, profit increased significantly due to improvements in productivity and business efficiency
- **Both net sales and operating income have hit record post-IPO highs**
  - Achieved the performance target disclosed continuously in FY 2021/3 following FY 2020/3
- **The cash balance rose by 706 million yen reflecting the improvements in results and borrowings, and we have secured enough cash reserves for M&A**

# The impact of COVID-19 pandemic on RareJob's business

The big impact which caused during the first half of FY3/21 settled down currently.

The spike in demand for B2C was seen before, however, international travel ban has been affected negatively.

## Impact on the results



## Details

Demands temporarily have been reduced due to international travel ban, though the demands was spiked thanks to the state of emergency on April and May, 2020

The growth of sales was restrained due to suspending recruitment for B2B business, though demands can be observed as usual

Despite the closure of schools, the impact on the section was quite small

The cost settles down now though the number of lessons per member increased during the first half of FY3/20, which put negative pressure on the gross profit

Due to the restraint of the recruitment, SG&A did not increase in contrast to the growth of sales

## Financial Results for FY 2021/3

Net sales rose by 18.2% and operating income increased by 49.8% year on year.

Improve profit margin and ROE while continuing the investments.

(In JPY MM)

	FY 2020/3	FY 2021/3	Change
Net sales	4,512	5,331	+18.2%
Gross profit	2,829	3,181	+12.4%
Operating income	446	669	+49.8%
Ordinary income	415	628	+51.3%
Net income attributable to owners of parent	205	391	+90.7%

Operating income margin	9.9%	12.5%	+2.6pt
ROE	15.2%	24.4%	+9.2pt

# FY 2021/3 Forecast and Results

Both net sales and profits exceeded the initial forecasts.

(In JPY MM)

FY 2021/3	Initial forecast*	Revised forecast**	Actual	Actual vs Revised forecast
Net sales	5,300	5,400	5,331	98.7%
Operating income	500	640	669	104.5%
Ordinary income	450	600	628	104.8%
Profit attributable to owners of parent Net income	270	370	391	105.8%

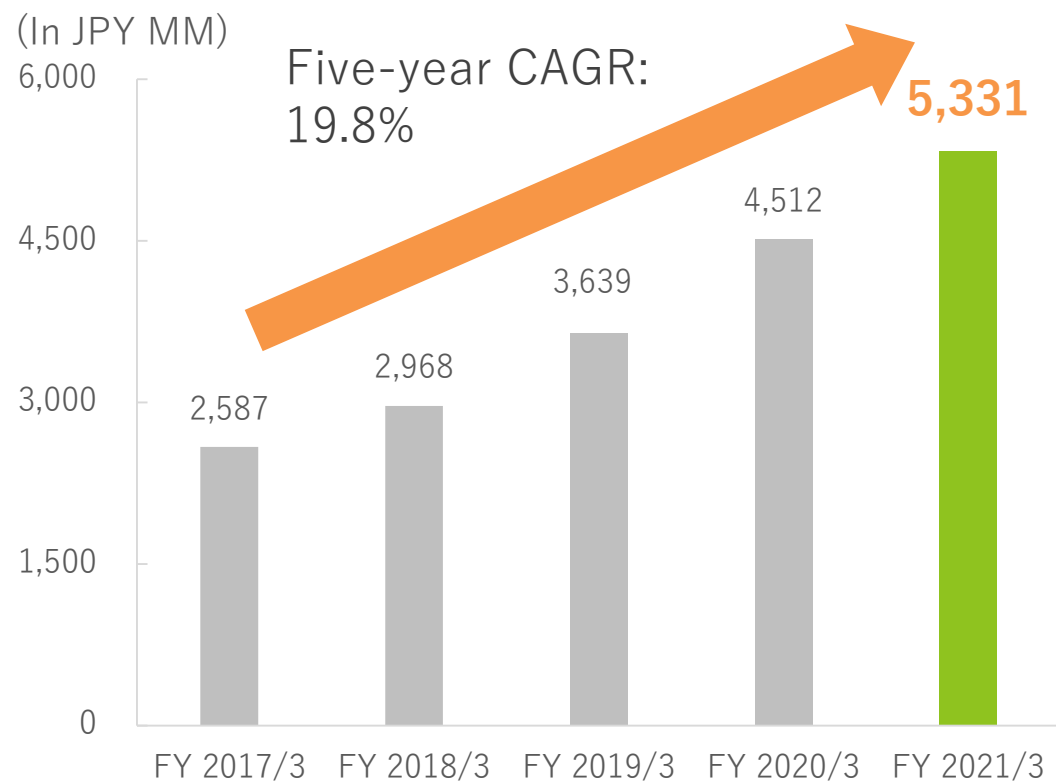
Operating income margin	9.4%	11.9%	12.5%	+0.6pt
ROE	10.0% or more	10.0% or more	24.4%	-

\*Announced on May 15, 2020    \*\*Announced on October 14, 2020

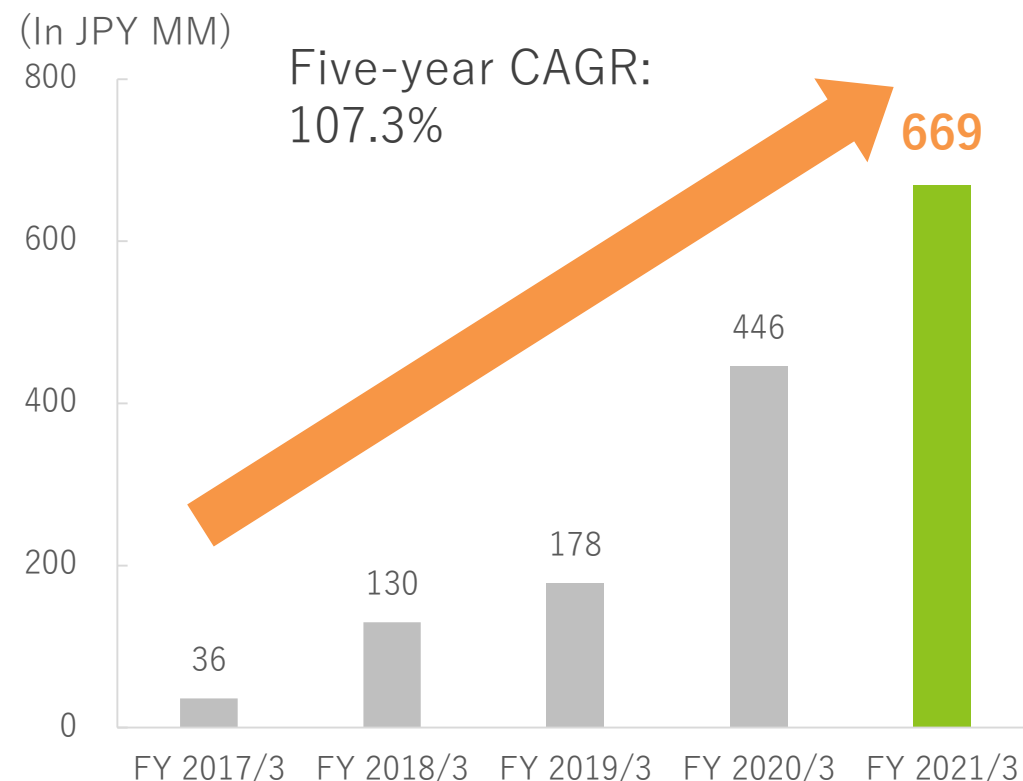
# Consolidated Results Trend

Record-high net sales and operating income since listing.

## Net sales



## Operating income



## Breakdown of net sales for FY 2021/3

Sales for B2C increased by 21.6% due to the increase in the number of members.

Sales for B2B and B2School increased by 10.7% due to the steady increase in the number of clients.

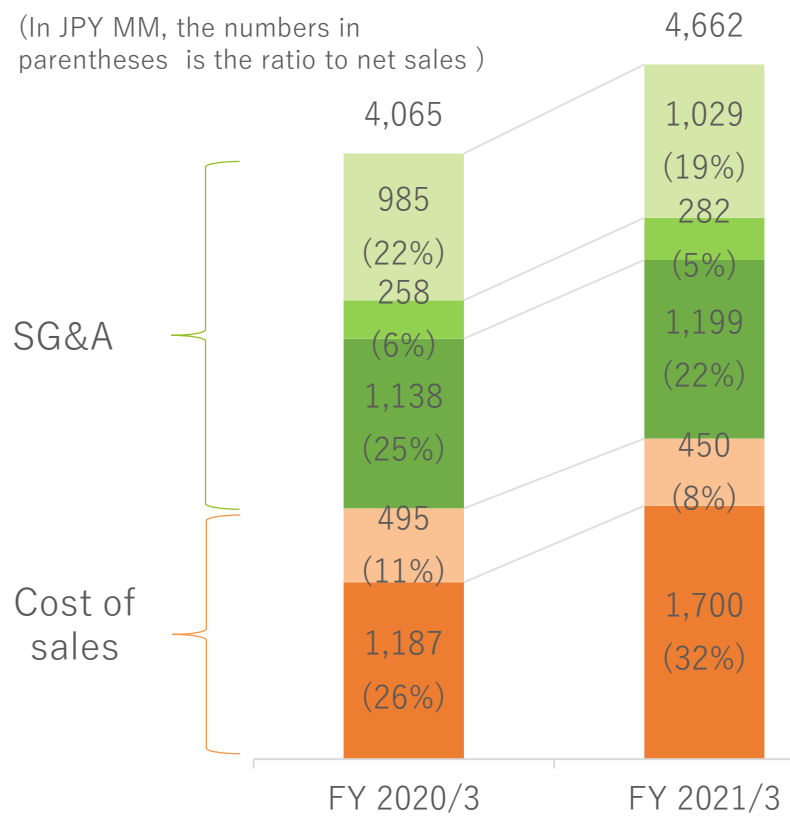
(In JPY MM)

	FY 2020/3	FY 2021/3	Change
Net sales	4,512	5,331	+18.2%
B2C (constituent ratio)	3,077 (68.2%)	3,742 (70.2%)	+21.6%
B2B & B2School (constituent ratio)	1,435 (31.8%)	1,589 (29.8%)	+10.7%

# Expenses (Cost of Sales and SG&A) Breakdown for FY 2021/3

Tutor fees (cost of sales) increased 6pt in the ratio of net sales YoY due to the increase in the number of lessons per member who utilize spare time at home caused by COVID-19 pandemic.

The increase of SG&A was limited due to the improved productivity and business efficiency.



Expenses	YoY (ratio)	Factors
Other SG&A	+44 (+4.5%)	Minimized cost increase by productivity improvement.
Advertising	+24 (+9.3%)	Minimized cost increase by more efficient acquisition of users.
Labor cost(SG&A)	+60 (+5.3%)	Employees increased due to active recruiting during the last fiscal year, but cost kept in control due to increased productivity and efficiency.
Other cost of sales	▲45 (▲9.0%)	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)	+513 (+43.2%)	



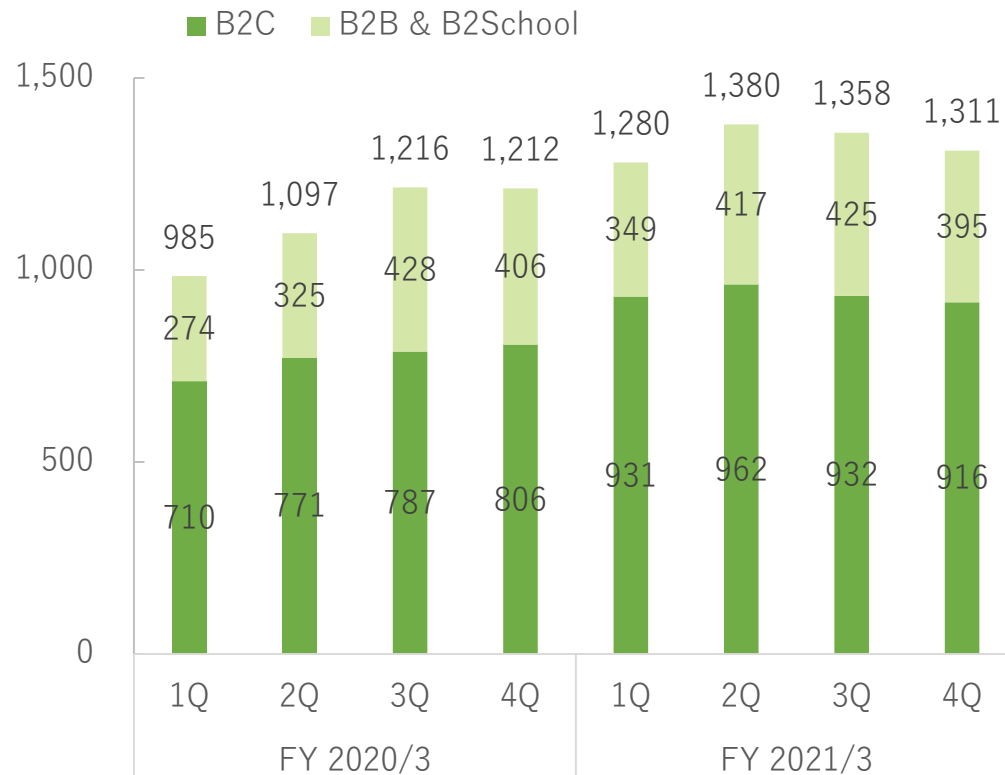
# Breakdown of Quarterly Net Sales and Expenses (Cost of Sales and Selling, General and Administrative Expenses)

The sales for 4Q decreased due to lower demands by some backlash effects of COVID-19 and sales campaign in B2C and seasonal factor in B2B.

The cost of sales increased due to more number of lessons and weaker yen.

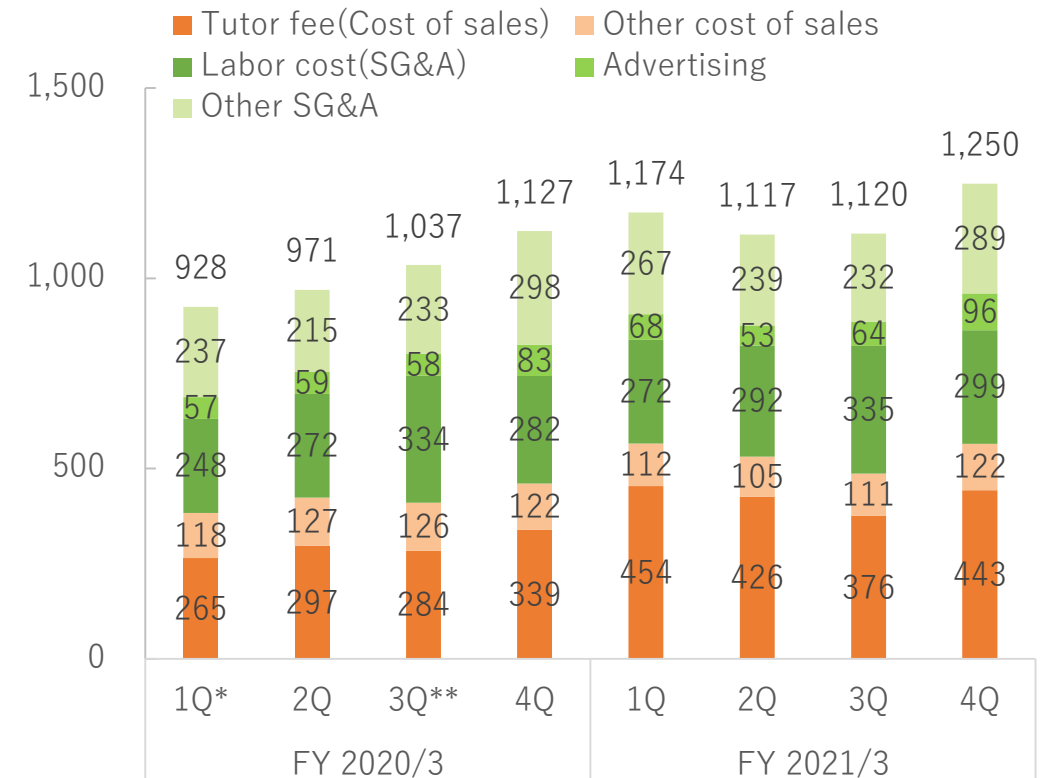
## Net sales

(In JPY MM)



## Expenses

(In JPY MM)



\* Tutor fees (cost of sales) and SG&A expenses increased in 1Q and decreased in 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.

# Consolidated Balance Sheets for FY 2021/3

Cash and cash equivalents increased by 706 million yen year on year to prepare for M&A.

(In JPY MM)

Assets	FY 2020/3	FY 2021/3	Change
Current assets	2,698	3,214	+515
Cash and deposits	2,153	2,860	+706
Others	544	353	△190
Fixed assets	859	1,254	+394
Total assets	3,557	4,468	+910
Liabilities and Net Assets	FY 2020/3	FY 2021/3	Change
Liabilities	1,955	2,351	+396
Current liabilities	1,174	1,037	△137
Long-term liabilities	781	1,314	+533
Net assets	1,602	2,116	+514
Total liabilities and Net Assets	3,557	4,468	+910
Capital Ratio	38.4%	41.2%	+2.8pt

# Consolidated Statement of Cash Flows for FY 2021/3

Free CF increased by 347 million yen, which is for the future investment.

(In JPY MM)

CF	FY 2020/3	FY 2021/3	Change
Cash Flows from operating activities	577	1,089	+512
Income before Income Taxes and Others	379	612	+232
Depreciation and Amortization (Including amortization of goodwill)	239	250	+11
Others	△42	226	+268
Cash Flows from Investing Activities	△170	△335	△164
Acquisition of intangible fixed assets	△132	△251	△119
Others	△38	△83	△45
Cash Flows from Financing Activities	440	△54	△495
Proceeds from long-term loans payable	600	300	△300
Others	△159	△354	△195
Cash and cash equivalents at end of year	2,166	2,866	+699
Free CF	406	754	+347

## 4. FY 2022/3 Plan

## FY 2022/3 Plan

The growth of sales and profits will be expected with the B2B expansion as the key driver.

Aiming 21.9% YoY growth, which is higher than 19.8%, CAGR for the last 5 years.

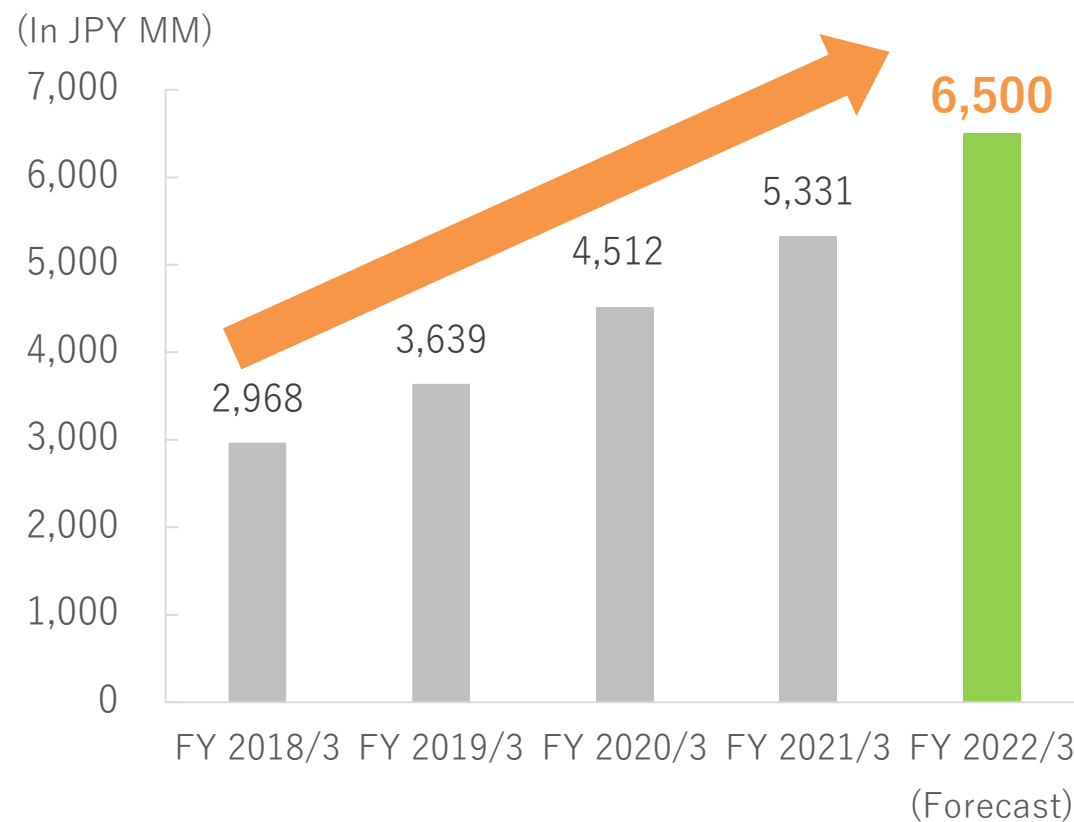
	FY 2021/3 Results	Guidance for FY 2022/3	Change YoY
Net sales	5,331	6,500	+21.9%
B2C Sales	3,742	4,080	+9.0%
B2B & B2School Sales	1,589	2,420	+52.3%
Operating income	669	800	+19.6%
Ordinary income	628	760	+20.8%
Net income	391	530	+35.4%
Attributable to owners of parent			
Operating margin	12.5%	12.3%	△0.2pt
ROE	24.4%	10.0% or more	-

(In JPY MM)

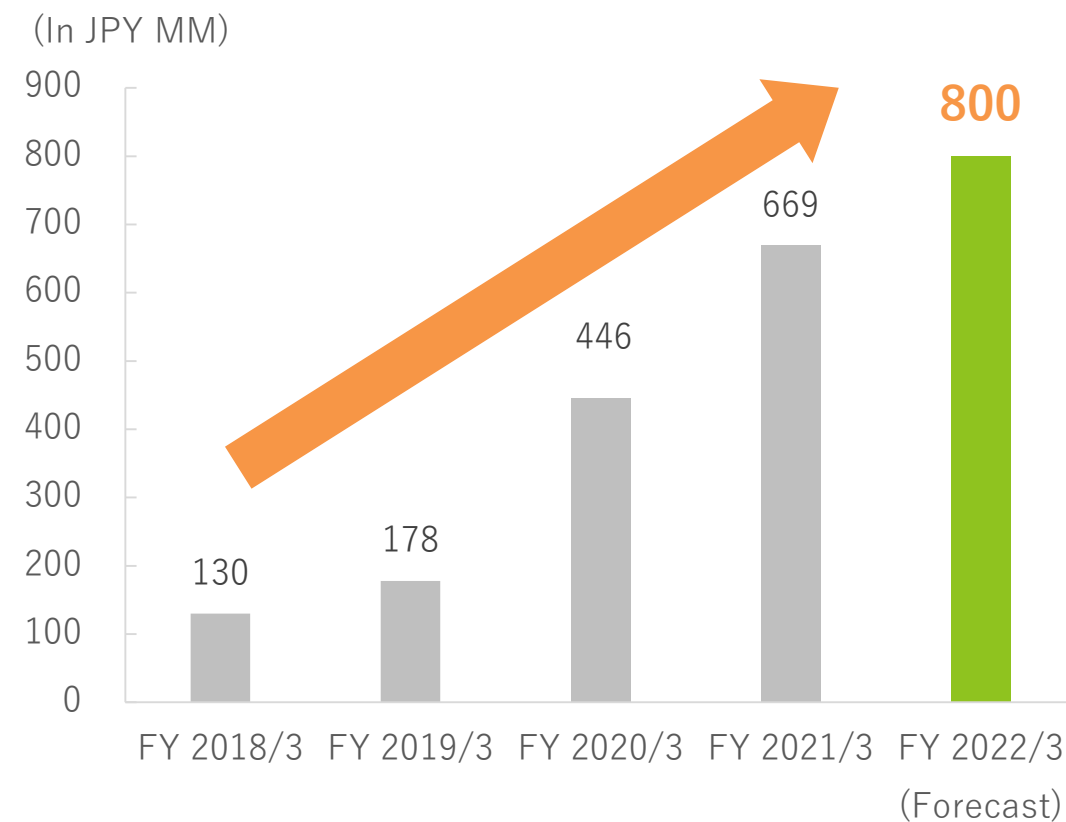
## Post-IPO consolidated results

Net sales has increased for the 14 consecutive fiscal years since our establishment. Operating income has also increased for 6 consecutive years and is the highest profit in our history.

### Net sales



### Operating income



# Progress towards the medium-term performance targets from FY 2020/3 through FY 2022/3

The targets for sales and profits were achieved both in FY 2020/3 and 2021/3, and we also expect to achieve our three-year performance targets in FY 2022/3.

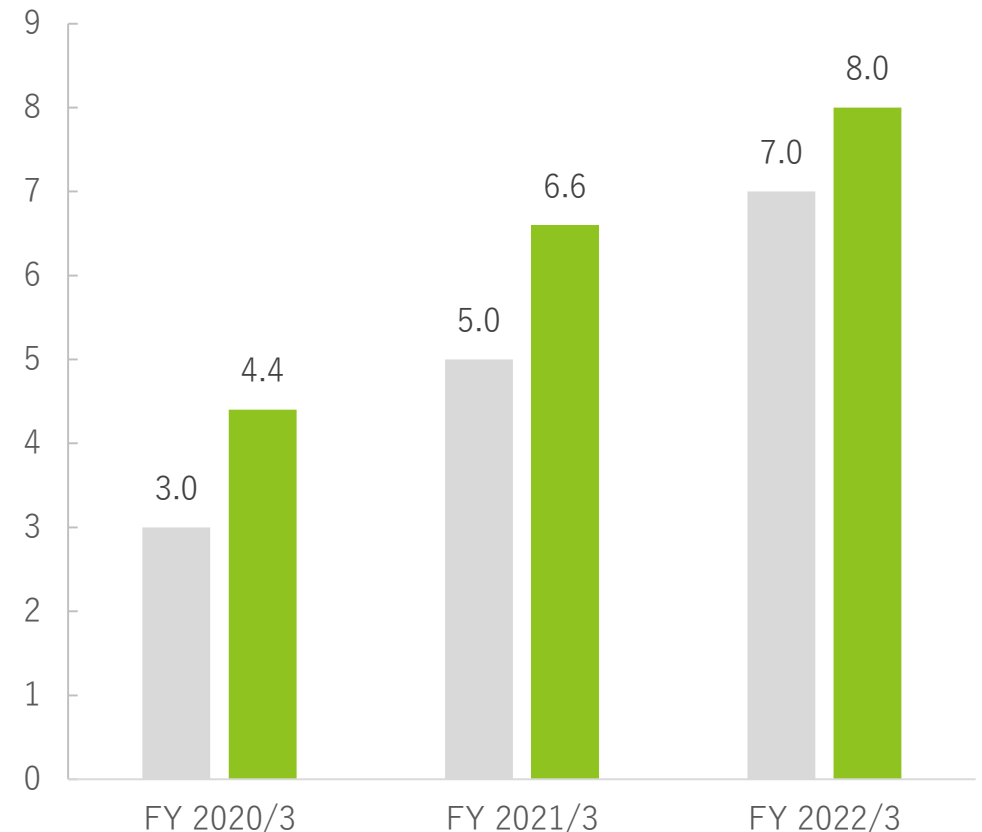
## Net sales

(In JPY 100MM)



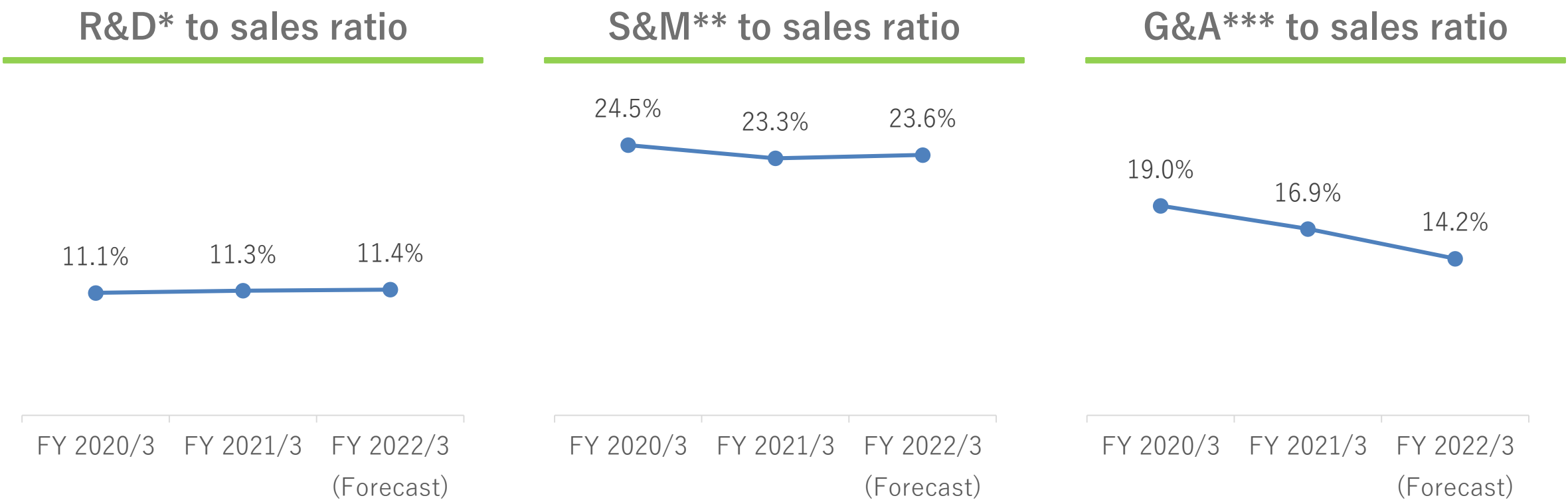
## Operating income

(In JPY 100MM)



# Transition of SG&A to sales ratio

Investing in R&D and S&M to execute the growth strategy while making G&A efficient.



\*Research and Development: Including personnel costs for engineers involved in R&D and overhead costs. The figure shown is the one before it is transferred to Intangible assets  
\*\*Sales and Marketing: Including personnel costs for marketers and sales representatives and overhead costs  
\*\*\*General and Administrative: Including personnel costs for administrative departments and overhead costs



## Actions for FY 2022/3

### **The acceleration of penetration of the PROGOS test**

- Introducing the test in large companies and universities to achieve 1 million examinations in this fiscal year

### **The expansion of B2B business**

- Introducing English training with the PROGOS test
- Introducing training for the global leader development and associated programs in addition to English training
- Establishing the recruitment service for foreign talents by developing Japanese speaking assessment and language training

### **The development of the foundation of the assessment data platform**

- Making the large replacement done, which will be the foundation for the business expansion in the future
- Keep improving the PROGOS test for the expansion of the service

## 5. Shareholder Return Policy

# Shareholder Return Policy

## About Dividend Policy

The special dividend is scheduled to be paid to mark the change of the market to the First Section of TSE.

	As of March 31, 2021
Dividend forecast per share	10 yen (Special Dividend)

## Shareholder Benefits

(The benefits were updated for those who had the shares in March 31, 2021)

Shareholders holding 100 shares or more:

Shareholder gift coupon worth 10,000 yen for RareJob Eikaiwa

Shareholders holding 300 shares or more:

Shareholder gift coupon worth 100,000 yen for Smart Method® Course

## About the acquisition of own shares

We will make a flexible decision depending on the price of shares.

\*Each shareholder who holds shares in the end of March is entitled to these benefits once a year

\*The benefits can be given to family, friends, or acquaintances of shareholders

# Appendix



## Company outline

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Established: October 18, 2007

Capital: 582,082 thousand Yen (As of March 31, 2021)

Location: Tokyo Head Office, Kansai Branch, Chubu Branch

The First section of Tokyo Stock Exchange

(Securities Code: 6096)

## Consolidated subsidiaries

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RareJob Philippines, Inc.

ENVIZION PHILIPPINES, INC.

RIPPLE KIDS EDUCATIONAL SERVICES, INC.

RareJob English Assessment, Inc.\*

Envizion, Inc.

PROGOS Inc.

\* Preparing for registration

## Group Vision

# Chances for everyone, everywhere.

## Director

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Gaku Nakamura, Co-founder and CEO

Toshiyuki Fujita, Executive Vice President

Seishi Yasunaga, COO

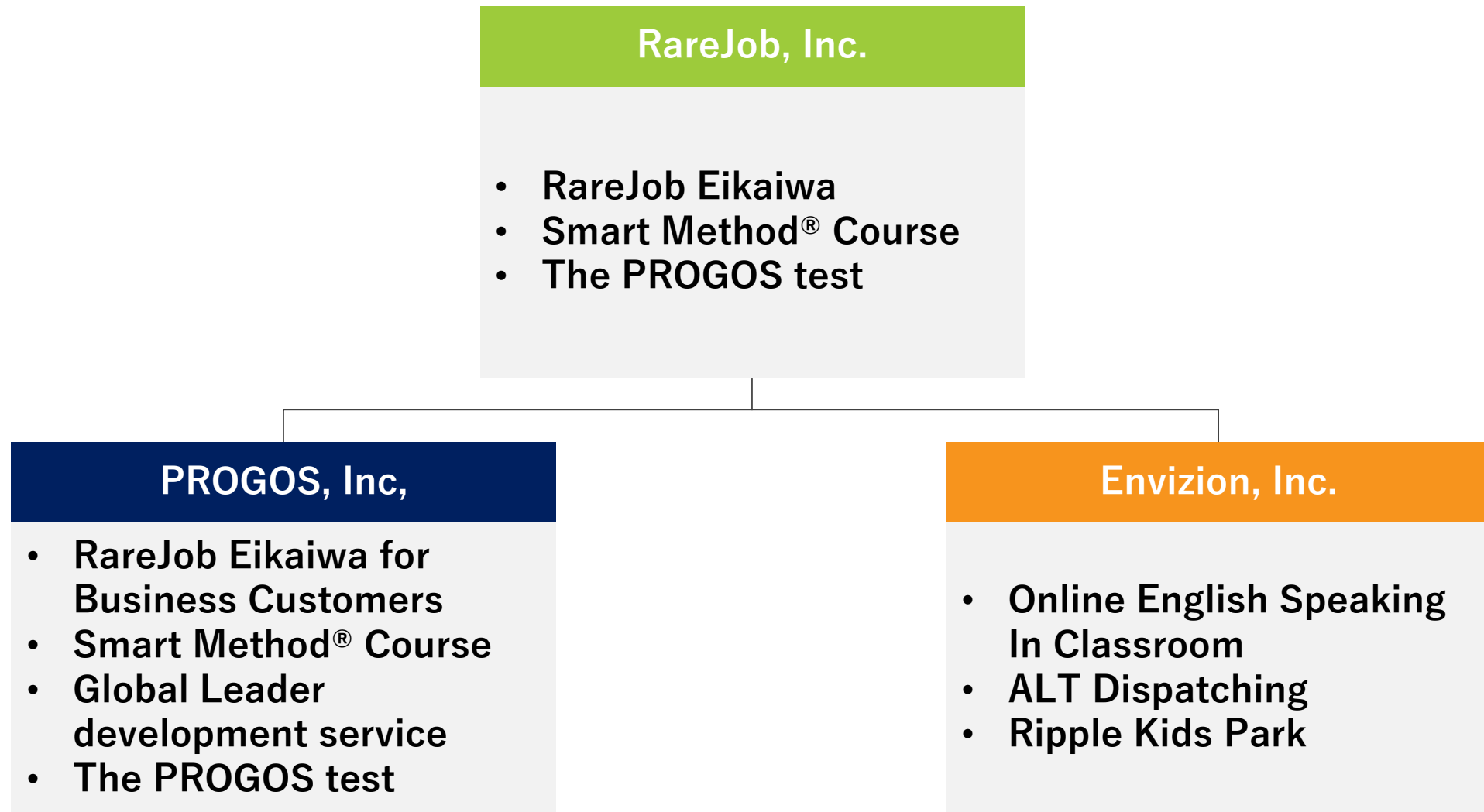
Takao Mihara, Outside Director\*

Jun Narimatsu, Outside Director \*

Miki Igarashi, Outside Director\*

(\* Audit and Supervisory Committee Member)

# The Service Organization of The RareJob Group



## RareJob English Conversation

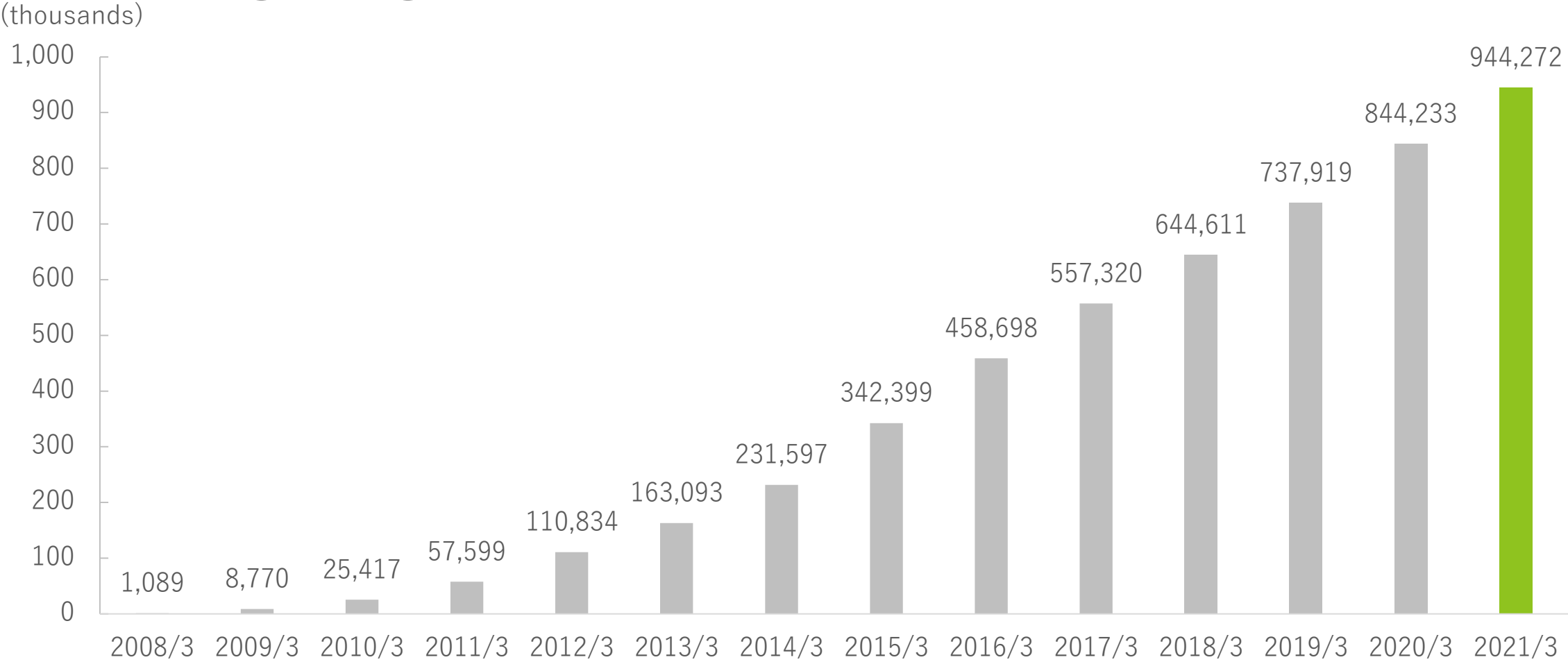
**You can speak English one-on-one everyday, regardless of location or time. Online English conversation service with more than 900 thousand cumulative free subscribers.**



- 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 Free Rare Job English Conversation Membership

Cumulative number of free subscribers has grown steadily, which is getting close to 1 million



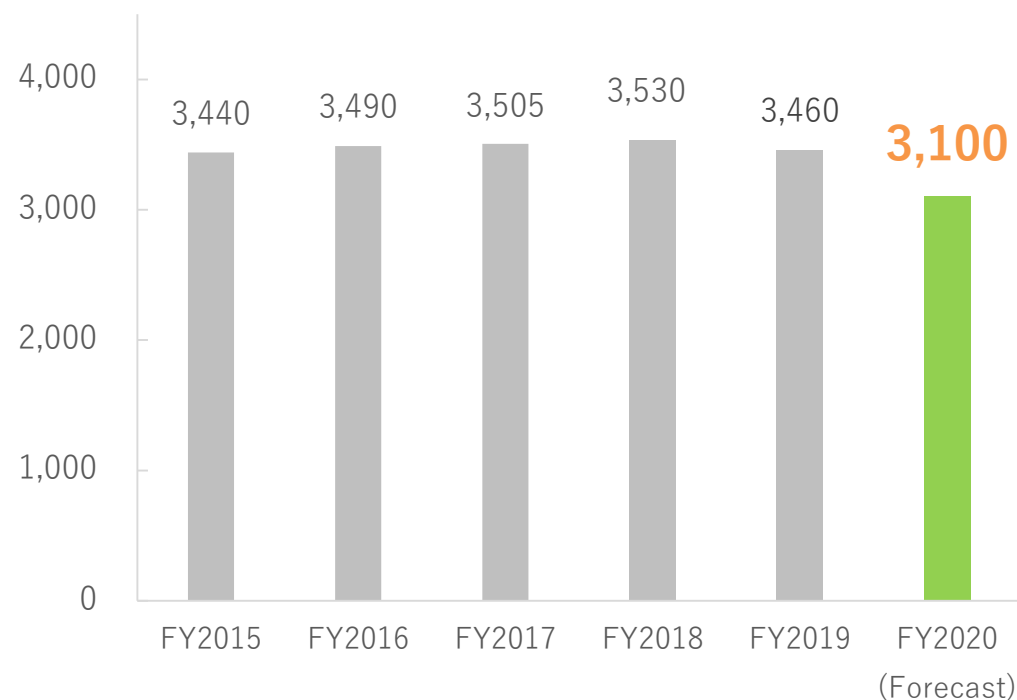


# English-related Business Market Size

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

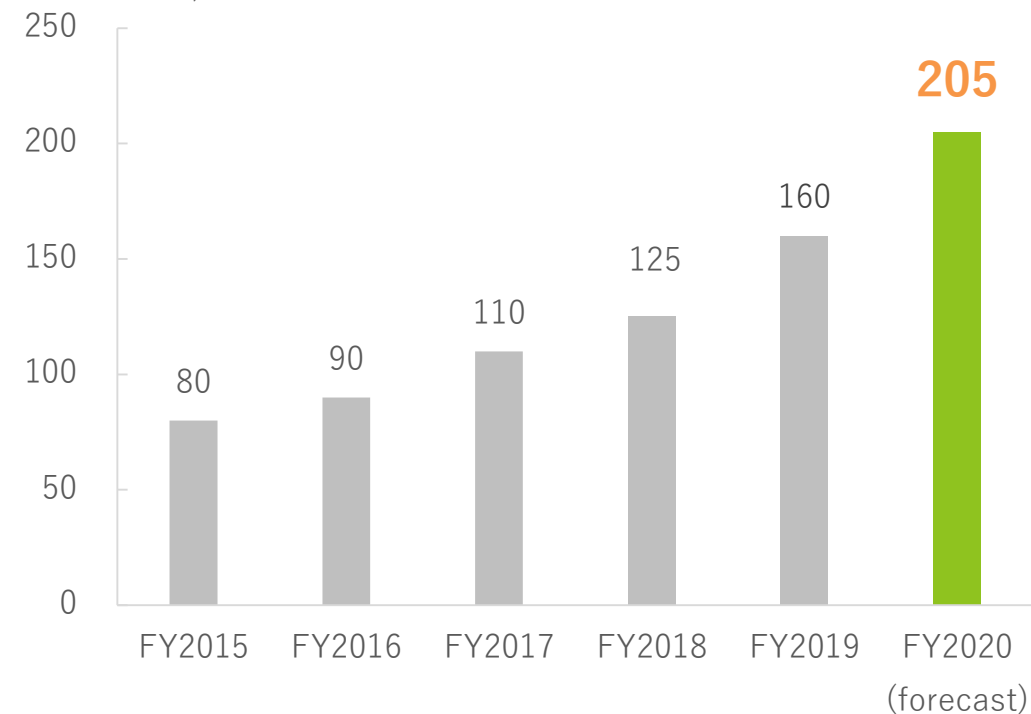
English conversation school in Japan market size<sup>1)</sup>

(In JPY 100MM)



Online language learning in Japan market size<sup>1)</sup>

(In JPY 100MM)



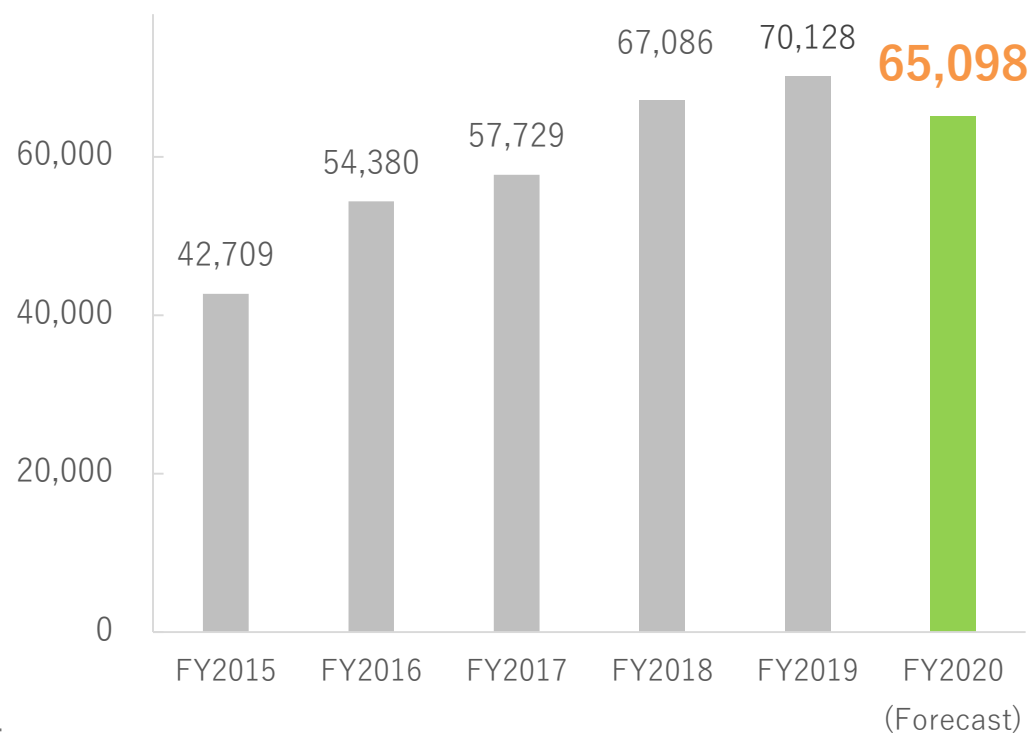
1) Yano Research Institute Ltd.

# HR Business Market Size

## HR business\* market size<sup>1)</sup>

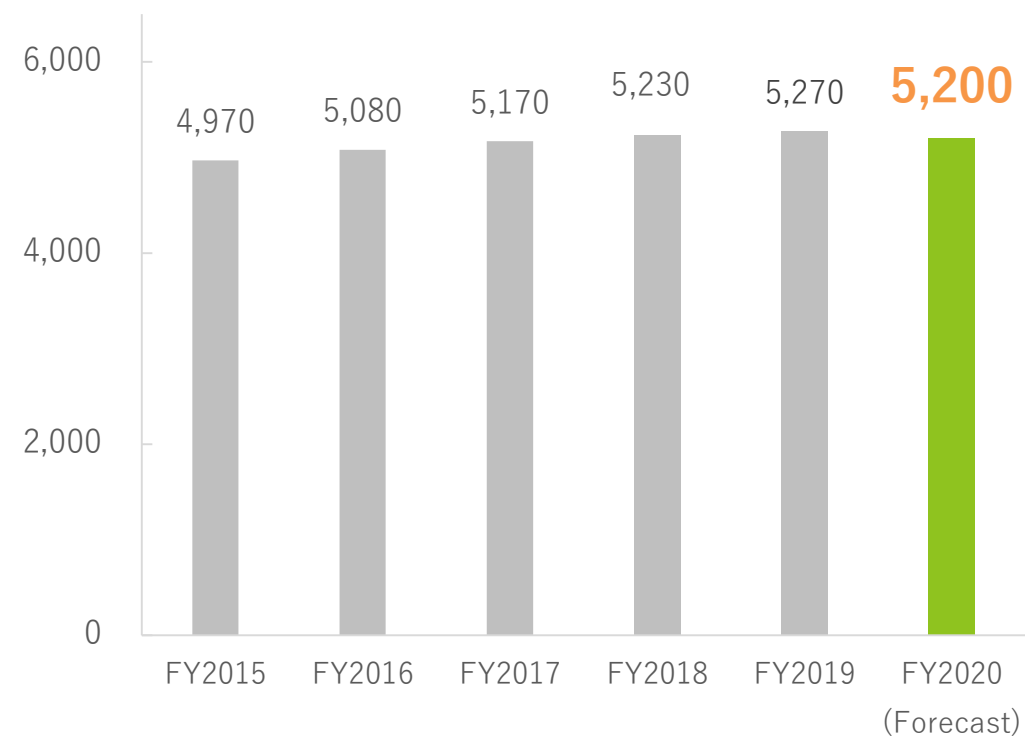
\*Including staffing service, staff agency, support for re-employment

(In JPY 100MM)



## Corporate training market size<sup>2)</sup>

(In JPY 100MM)

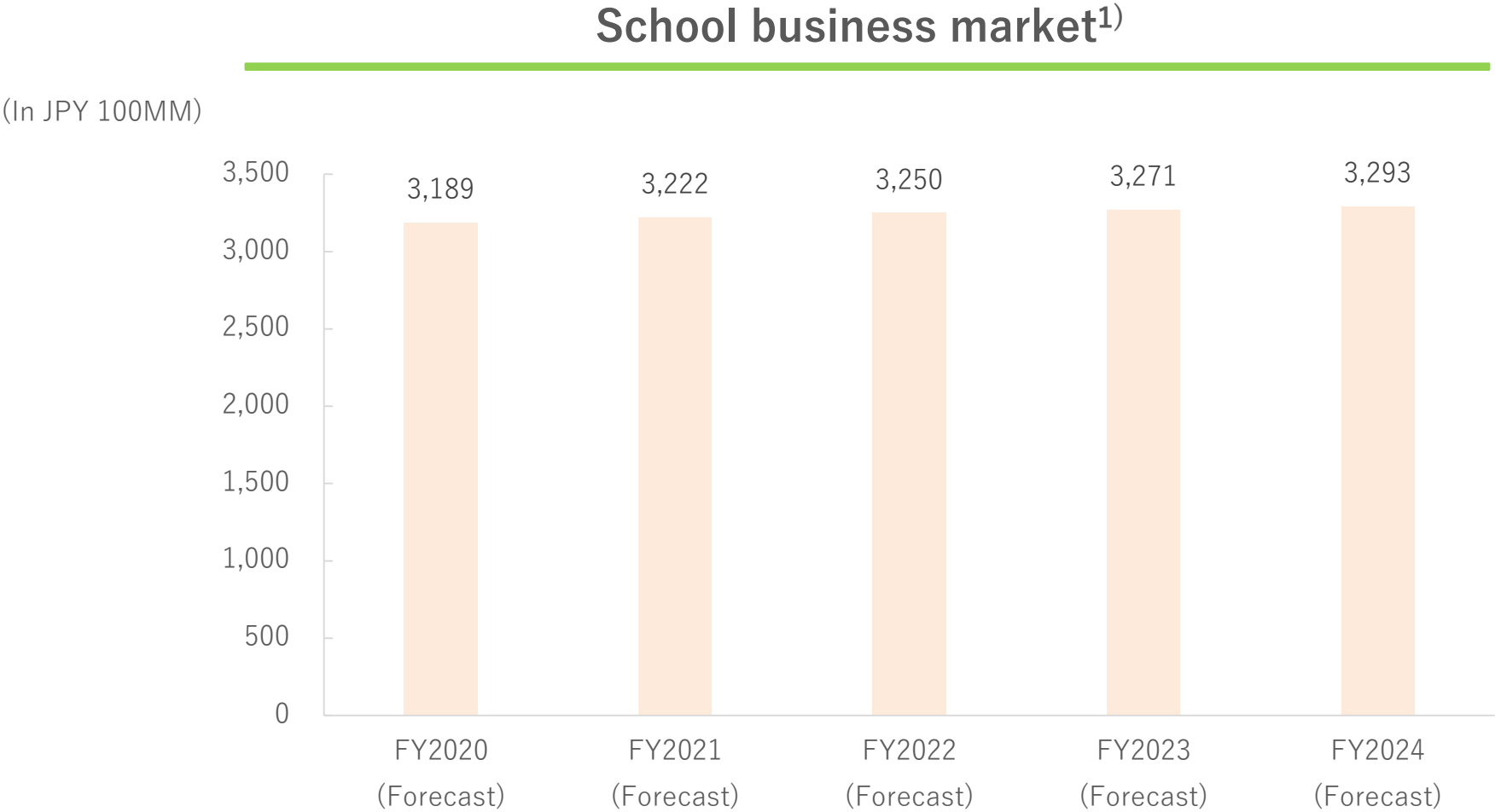


Source :

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.

## Contact Information

RareJob Investor Relations  
MAIL:ir@rarejob.co.jp