

# RareJob, Inc.

## Financial Results for the Fiscal Year Ended March 31, 2020

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May 14, 2020



# Agenda

1. FY2020/3 Result
2. Responses to COVID-19 Coronavirus
3. RareJob's Vision
4. FY2021/3 Plan
5. Shareholder return policy

Appendix

# 1. FY2020/3 Result

# FY3/20 Results Summary

- **Net sales rose 24.0% year-on-year.**
  - B2C sales increased 22.6% YoY against a backdrop of strong market needs.
  - B2B & B2School sales rose 27.1% YoY thanks to the contribution of a number of large projects, including JR East, etc.
- **Operating income increased 150.6% 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. Revenue growth rate of 24.0% and profit growth rate of 150.6% exceeded that of last fiscal year, when they were 22.6% and 36.9%, respectively.**
- **The cash balance rose by ¥902 million, reflecting the improvements in results and borrowings, and we have secured sufficient cash reserves.**

# Summary of Financial Results for the Fiscal Year Ended March 31, 2020

**Net sales rose +24.0% and Operating income increased 150.6% year on year. Achieved both net sales growth and profitability improvement.**

(In JPY MM)

	FY 2019/3	FY 2020/3	YOY
Net sales	3,639	4,512	+24.0%
Gross profit	2,236	2,829	+26.5%
Operating income	178	446	+150.6%
Ordinary income	169	415	+145.4%
Net Income attributable to owners of parent	124	205	+64.7%
Operating margin	4.9%	9.9%	+5.0pt
ROE	9.9%	15.2%	+5.3pt

# Actual vs Revised Forecast for the Fiscal Year Ended March 31, 2020

Net sales were in line with the revised forecast during the fiscal year, while operating income exceeded the revised forecast by +11.6%.

(In JPY MM)

FY 2020/3	Initial forecast*	Revised forecast **	Actual	Actual vs Revised forecast
Net sales	4,400	4,500	4,512	100.3%
Operating income	300	400	446	111.6%
Ordinary income	250	350	415	118.8%
Profit attributable to owners of parent Net income	130	200	205	102.6%
Operating margin	6.8%	8.9%	9.9%	+1.0pt
ROE	9.9% or more	9.9% or more	15.2%	+5.3pt

\* Announced on 5/15/2019 \*\* Announced on November 14, 2019

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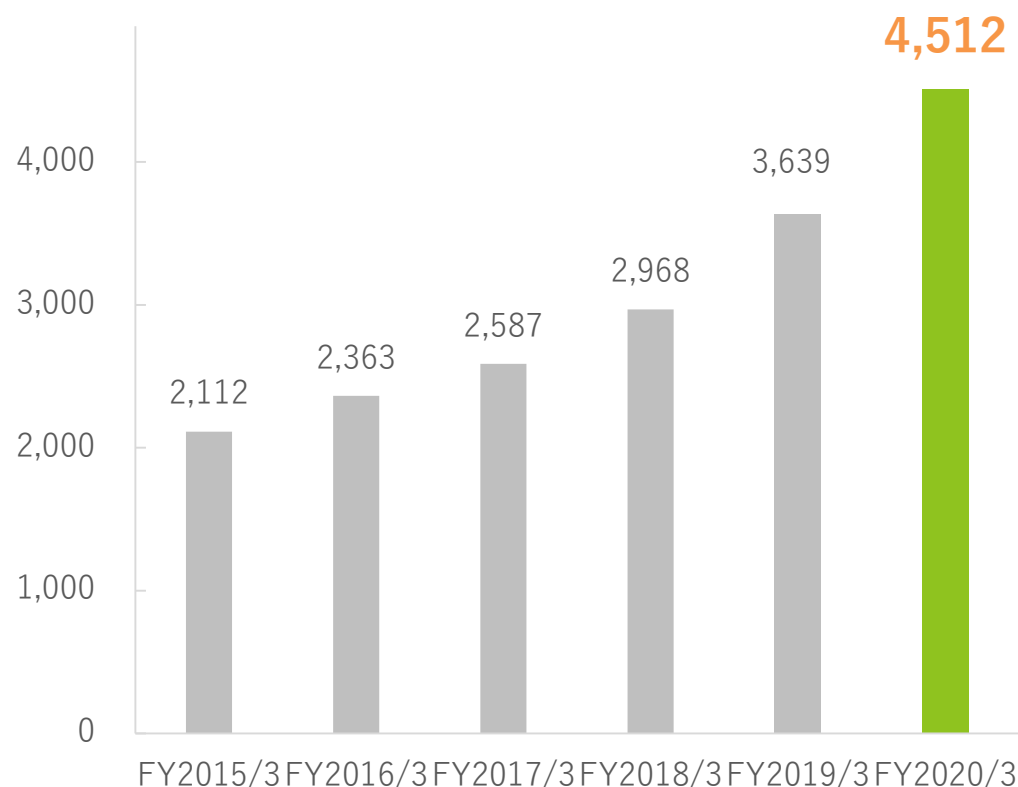
## Consolidated Result since Listing

Both net sales and operating income have hit record post-IPO highs. Revenue growth rate of 24.0% and profit growth rate of 150.6% exceeded that of last fiscal year, when they were 22.6% and 36.9%, respectively.

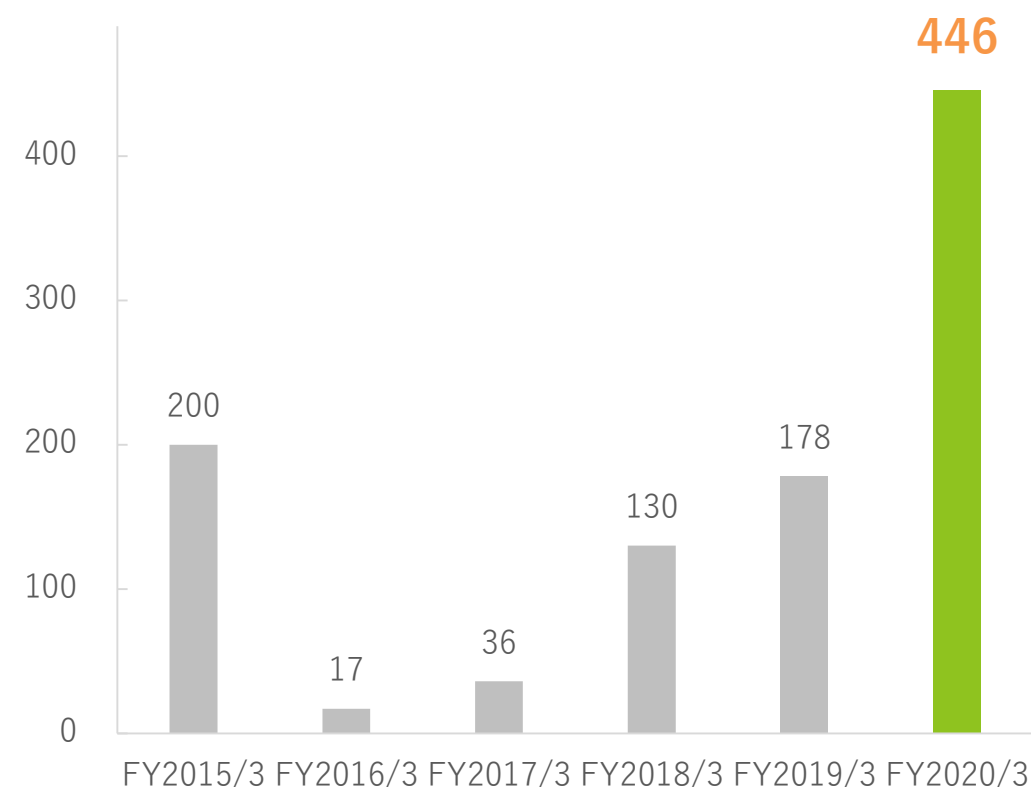
Net sales

Operating income

(In JPY MM)



(In JPY MM)



## Breakdown of net sales for the year ended March 31, 2020

**B2C sales increased +22.6% due to user increase.**

**B2B & B2School sales increased +27.1% due to client and user increase.**

**A sale to JR East contributed to increasing sales since October.**

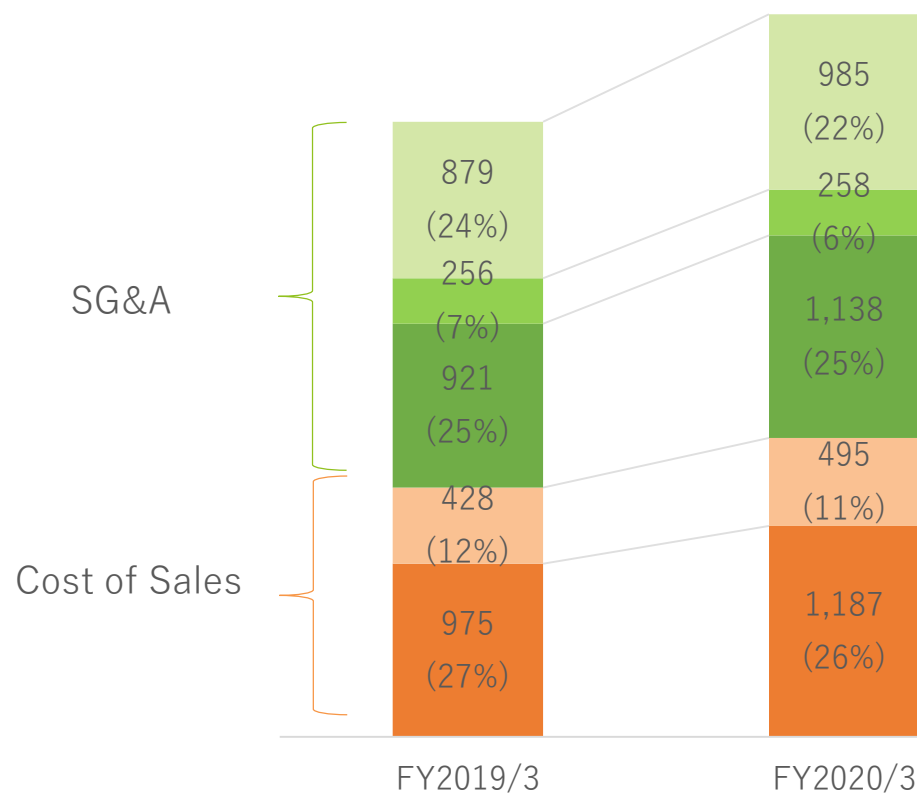
(In JPY MM)

	FY 2019/3	FY 2020/3	YoY
Net sales	3,639	4,512	+24.0%
B2C Sales (constituent ratio)	2,510 (69.0%)	3,077 (68.2%)	+22.6%
B2B & B2School Sales (constituent ratio)	1,129 (31.0%)	1,435 (31.8%)	+27.1%

# Expenses (Cost of Sales and SG&A) Breakdown for the year ended March 31, 2020

**Cost of sales increased by +20% due to user increase and team reinforcement. 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	+106 (+12%)	Minimized cost increase by productivity improvement
Advertising	+1 (+1%)	Minimized cost increase by more efficient acquisition of users
Labor cost (SG&A)	+216 (+24%)	Employees increased and stock options issued to management members
Other cost of sales	+67 (+16%)	Tutor fees increased due to user increase Other Cost of Sales increased due to quality control and lesson supply team reinforcement
Tutor fee(Cost of Sales)	+212 (+22%)	

# Consolidated Balance Sheet for the Year Ended March 31, 2020

The cash balance rose by ¥902 million, reflecting the improvements in results and borrowings.

(In JPY MM)

Assets	FY 2019/3	FY 2020/3	Increase/ Decrease
Current Assets	1,727	2,698	+970
Cash and Deposits	1,251	2,153	+902
Others	476	545	+69
Fixed Assets	794	859	+64
Total Assets	2,522	3,557	+1,035
Liabilities and Net Assets	FY 2019/3	FY 2020/3	Increase/ Decrease
Liabilities	1,172	1,955	+783
Current Liabilities	789	1,174	+384
Long-term Liabilities	382	781	+399
Net Assets	1,350	1,602	+251
Total Liabilities and Net Assets	2,522	3,557	+1,035
Capital Ratio	53.1%	38.4%	△14.7pt

# Consolidated Statement of Cash Flows for the Year Ended March 31, 2020

Free CF increased by ¥267 million, due to strengthening capability to acquire CF.

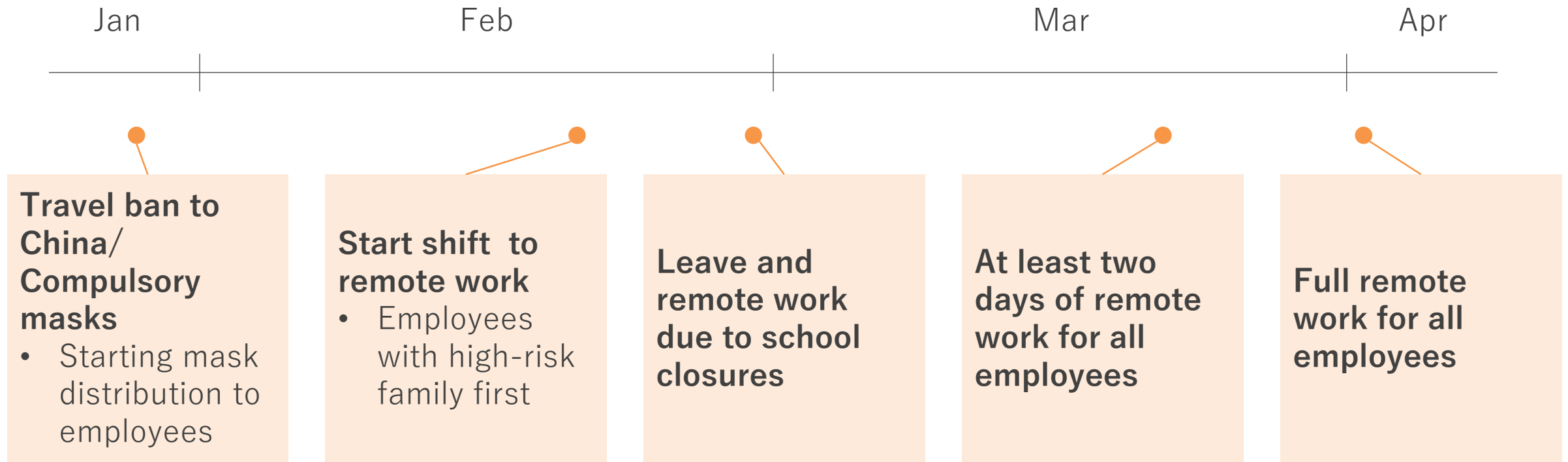
(In JPY MM)

CF	FY 2019/3	FY 2020/3	Increase/ Decrease
Cash Flows from operating activities	370	577	+207
Income before Income Taxes and Others	202	379	+176
Depreciation and Amortization (including Amortization of Goodwill)	164	239	+75
Others	2	△42	△45
Cash Flows from Investing Activities	△230	△170	+60
Acquisition of intangible fixed assets	△243	△132	+111
Others	13	△38	△51
Cash Flows from Financing Activities	67	440	+373
Proceeds from long-term loans payable	150	600	+450
Others	△82	△159	△76
Cash and cash equivalents at end of year	1,317	2,166	+849
Free CF	139	406	+267

## 2. Responses to COVID-19 Coronavirus

## Responses to COVID-19: Employees

Starting from late January 2020, responses to COVID-19 have been implemented stepwise, with a shift to full remote work.



**Filipino and Singaporean subsidiaries are shifting to full remote work**

## Responses to COVID-19: Business Partners

Shift to business operations that maintain business continuity while also committing to business partner safety.

### Independent Contractor Tutors

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- ✓ The lockdown in the Philippines prohibits office work, with the exception of certain industries.
- ✓ RareJob tutors **continue to receive work** if they are able to provide lessons from home under these circumstances.
- ✓ We saw tutors who had provided lessons in the past **come back** and tutors providing lessons on the side now **have more opportunities** to do so.

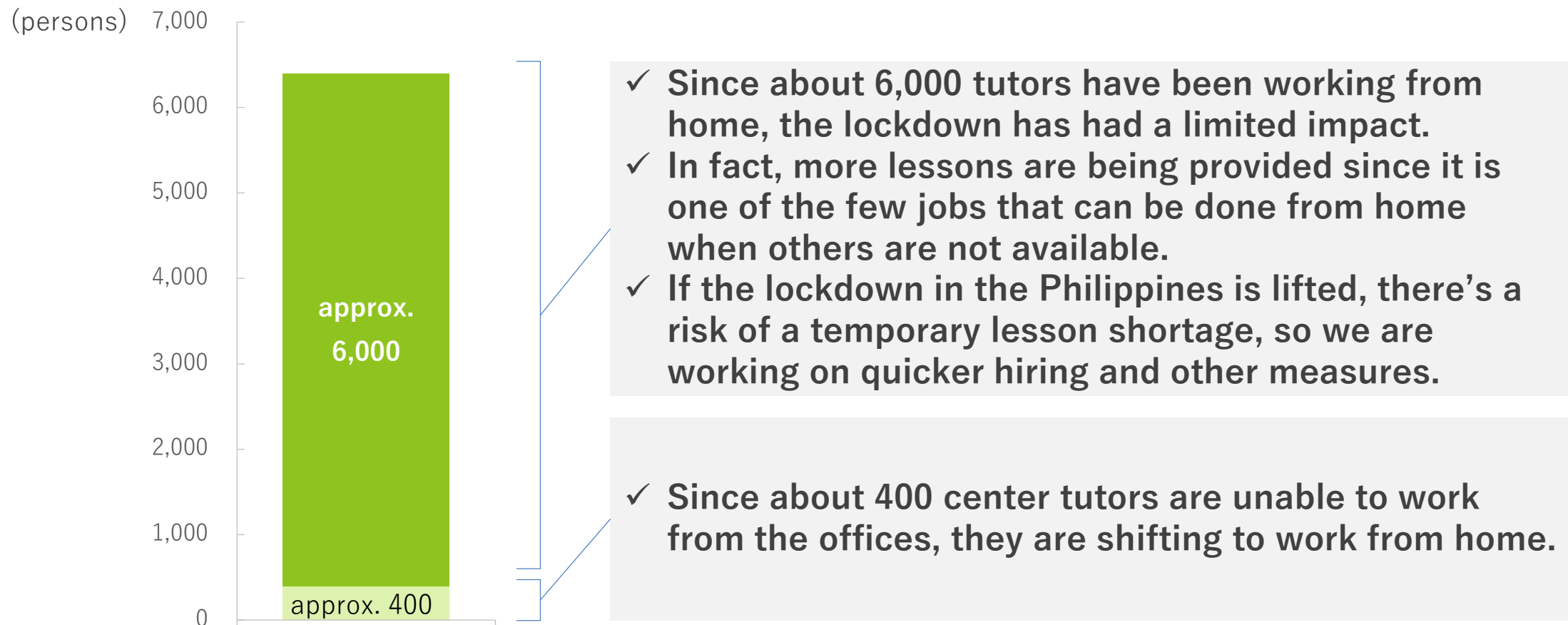
### Partners providing lessons

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- ✓ Some lessons have previously been provided by outsource lesson centers.
- ✓ With the lockdown, some of the lesson centers' tutors **have switched to** work from home.
- ✓ Corporate clients **are understanding of** the lessons provided from tutors' home as a temporary measure.

## Responses to COVID-19: Lesson Supply

**Lesson supply currently meets increased demand, partly due to the lockdown in the Philippines**



## Responses to COVID-19: Other Business Operations

**Business operations in Japan and the Philippines have all shifted to remote work, so the impact has been small**

Japan	Corporate sales	All corporate sales have also gone remote. We have previous experience of a remote business style, so the shift was smooth.
	Customer support	The rapid increase in user numbers has also increased inquiries. We are adjusting to this by strengthening the relevant resources.
	Other	Other departments have also shifted to full remote work, but there have been no major issues.
Philippines		Shift to full remote work due to the lockdown from late March. Collaboration with Japan has always been remote, so this had a small impact.

### 3. RareJob's Vision

# Chances for everyone, everywhere.

Building a platform for people to play active roles globally

# 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

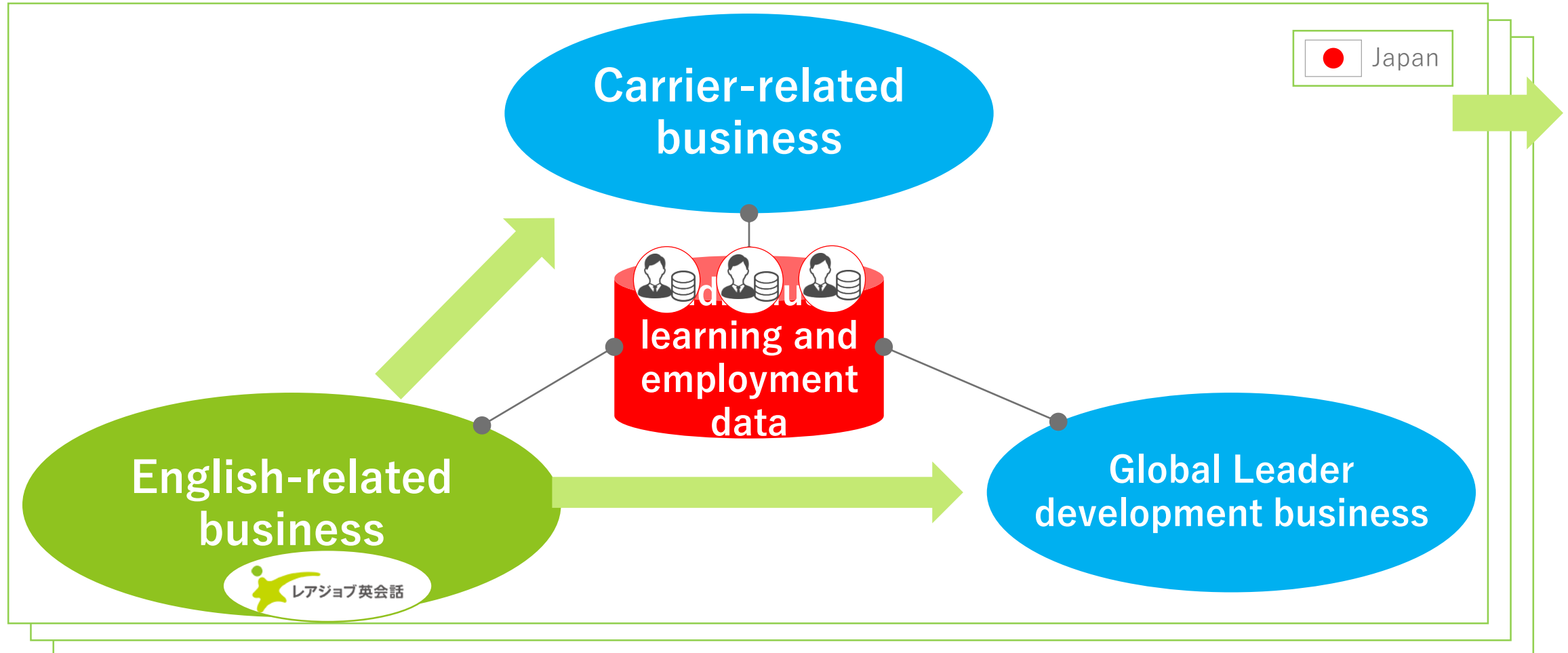
## Educational institutions

- ✓ 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

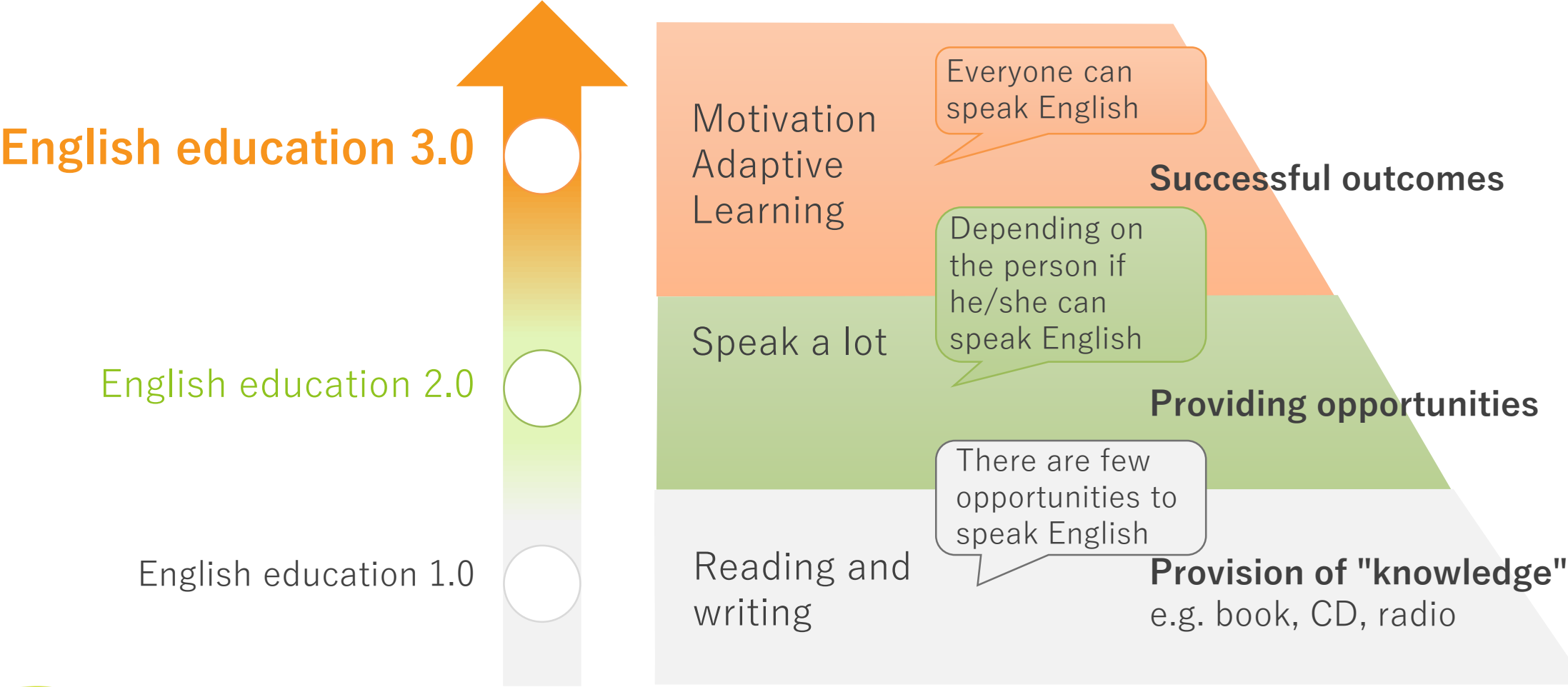
With the advancement of online and skill-based work style, we are building on our English-related business. Developing global leader business and carrier-related business in Japan and overseas



**Encourage 10 million Japanese to Speak Fluent English.**

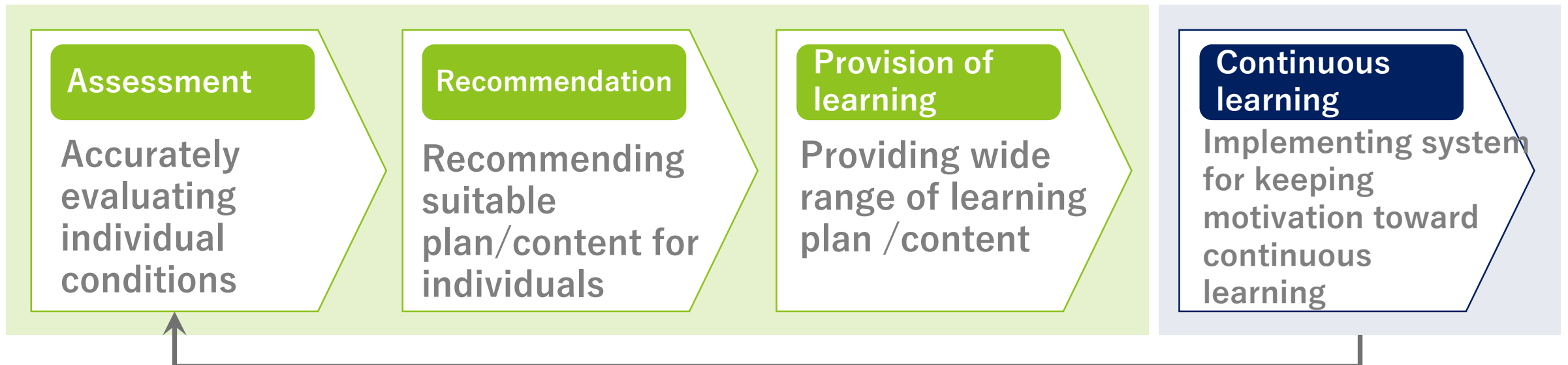
# What RareJob Tries to Deliver in English Training

Aiming for delivering "English language education 3.0" that will make everyone to speak English.

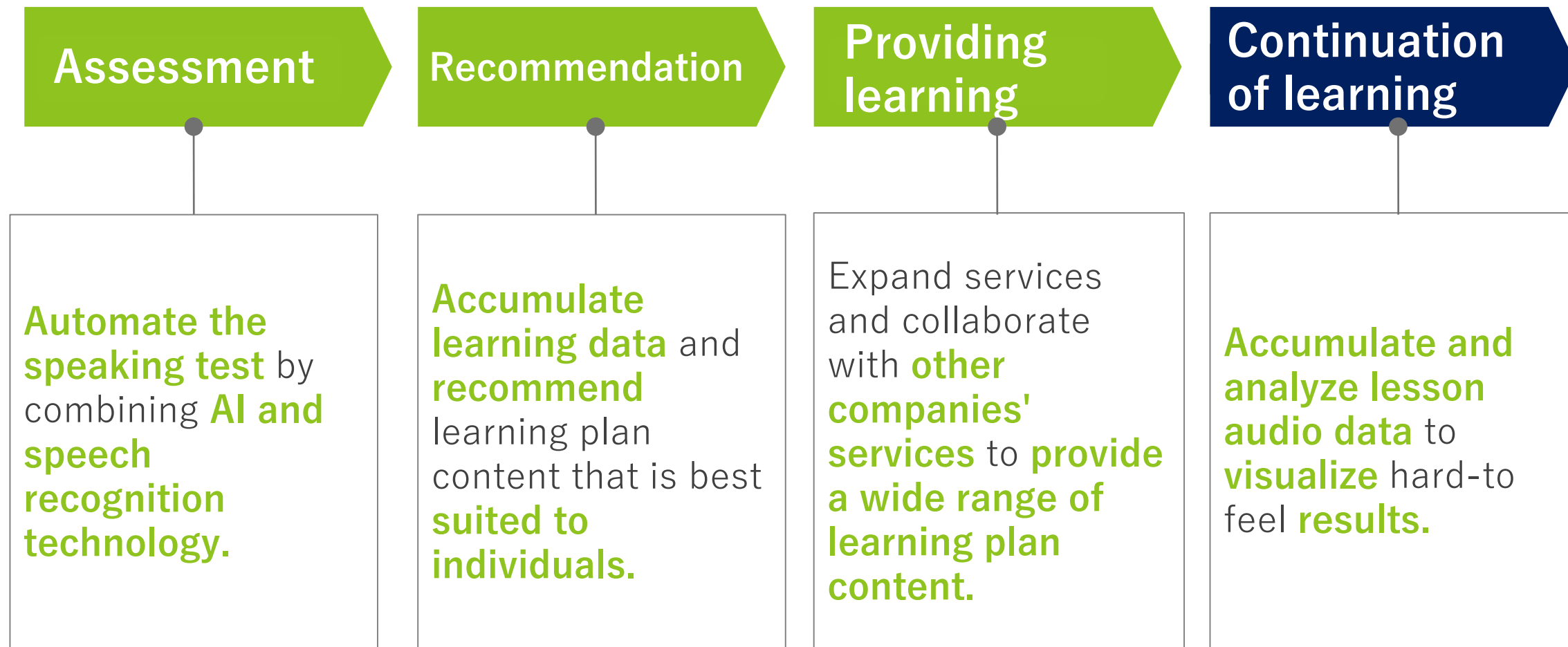


# Concept of Learning Results

English-related  
business



# Using technology to significantly improve learning results



## 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.

## 4. FY2021/3 Plan

## FY 2021/3 Plan

Factoring in the impact of COVID-19, we expect higher revenue and profit for five consecutive fiscal years.

(In JPY MM)

	FY3/20 Results	Guidance for FY3/21	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%	-

# Impacts associated with the spread of COVID-19 – Impacts on results

Associated with the spread of COVID-19, a substantial impact particularly on cost of sales is expected, but profit will be secured by reducing SG&A expenses.

## Assumption

The current situation is expected to last until the the end of this fiscal year. Positive impacts have been incorporated in results for April and May only. Negative impacts are conservatively presumed that the current situation will last throughout this fiscal year.

### Impacts on results from the spread of COVID-19 and the response

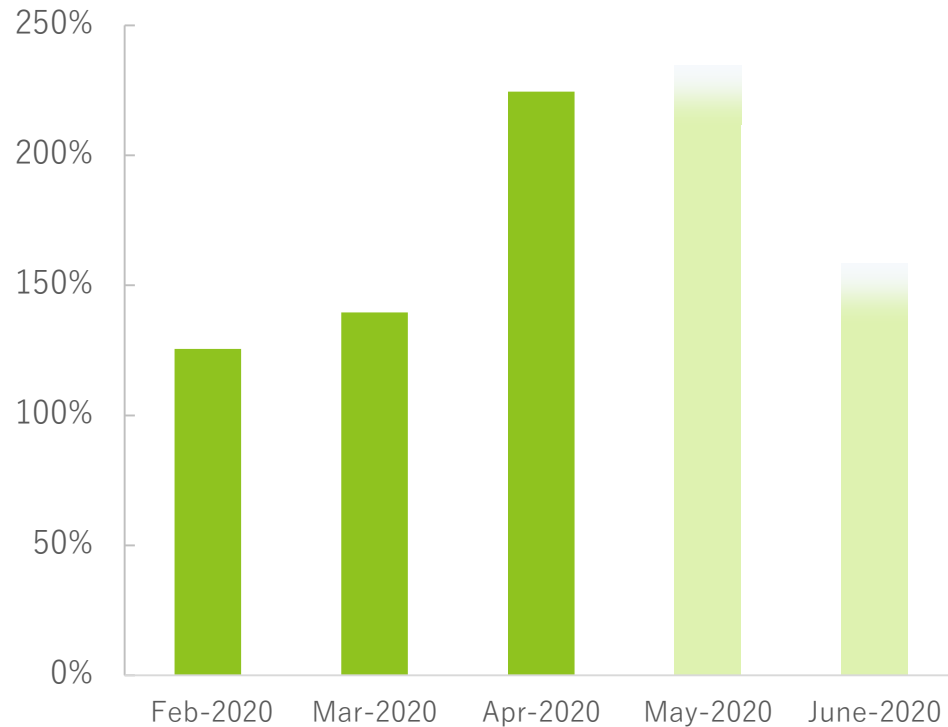
Impact	Net sales	B2C	✓ We expect 22.2% higher revenue as acquisition of new users remains steady due to the increase in time spent at home resulting from the voluntary ban on leaving home and school closure.
		B2B	? Growth is expected to remain at 7.2% as there are uncertainties regarding business for corporation and schools. <ul style="list-style-type: none"><li>It is assumed that some companies may reduce a budget for the training program due to uncertainty regarding business performance.</li><li>Introduction of the training program into classes is expected to be postponed due to the closures.</li></ul>
		B2School	
	Cost of sales		✗ Mainly for individual customers, an increase in the number of lessons taken is expected to increase until the end of the fiscal year associated with the increase in time spent at home.
	Gross margin		The increase in gross margin remains small due to a rise in cost of sales along with an increase in net sales.
	SG&A expenses		? Maintain the increase in expenses, including postponement of hiring, etc.
	Operating income		Although the cost of sales ratio rises, we secure higher profits by keeping SG&A expenses in check.

# Impacts associated with the spread of COVID-19 – Growth in the numbers of paying members and lessons taken

Growth in the number of newly acquired paying members is expected to return to the normal level in June and onwards, but it is conservatively assumed that the number of lessons taken will remain at a high level in June and beyond.

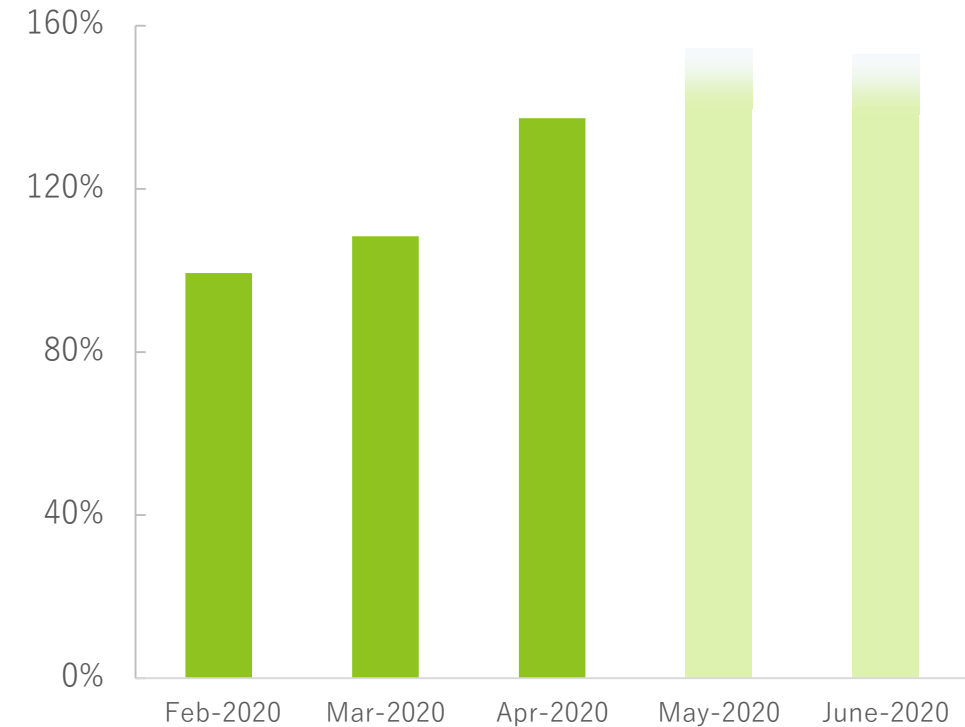
### Growth in number of newly acquired paying members

Number of newly acquired paying numbers of RareJob Eikaiwa on YoY basis



### Growth in number of lessons taken per member

Number of RareJob Eikaiwa lessons taken per member on YoY basis



## Impact on results by the spread of COVID-19 – Summary

Although the cost of sales ratio is anticipated to rise due to the spread of COVID-19 in the short-term, expansion of the market size and enhancement of the retention rate of customers are expected in the medium-term.

### Short -term

- B2C Sales steadily increase.
- Growth of B2B and B2School Sales slows.
- The cost of sales rate rises with an increase in the number of lessons taken.

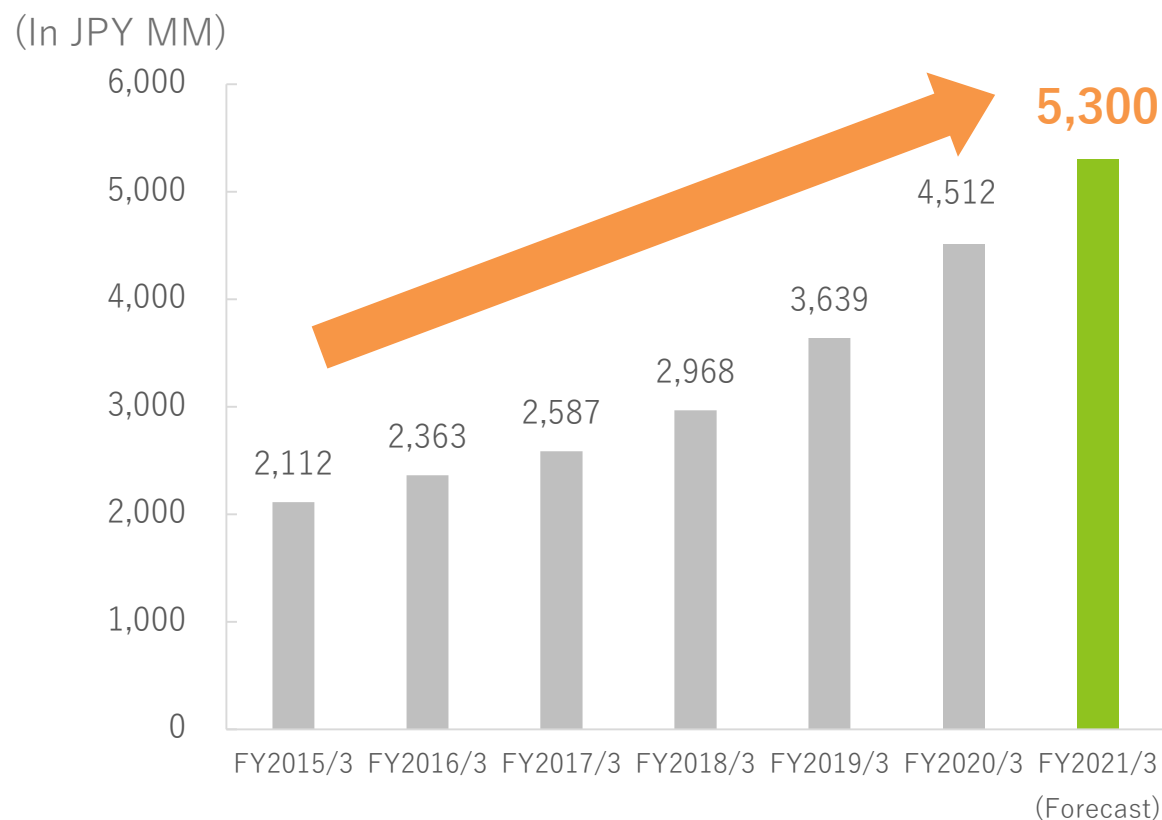
### Medium/ Long-term

- The market size expands due to the expansion of online education.
- Improvement in the retention rate and enhancement of learning results accelerate with an increase in the number of lessons taken by customers.

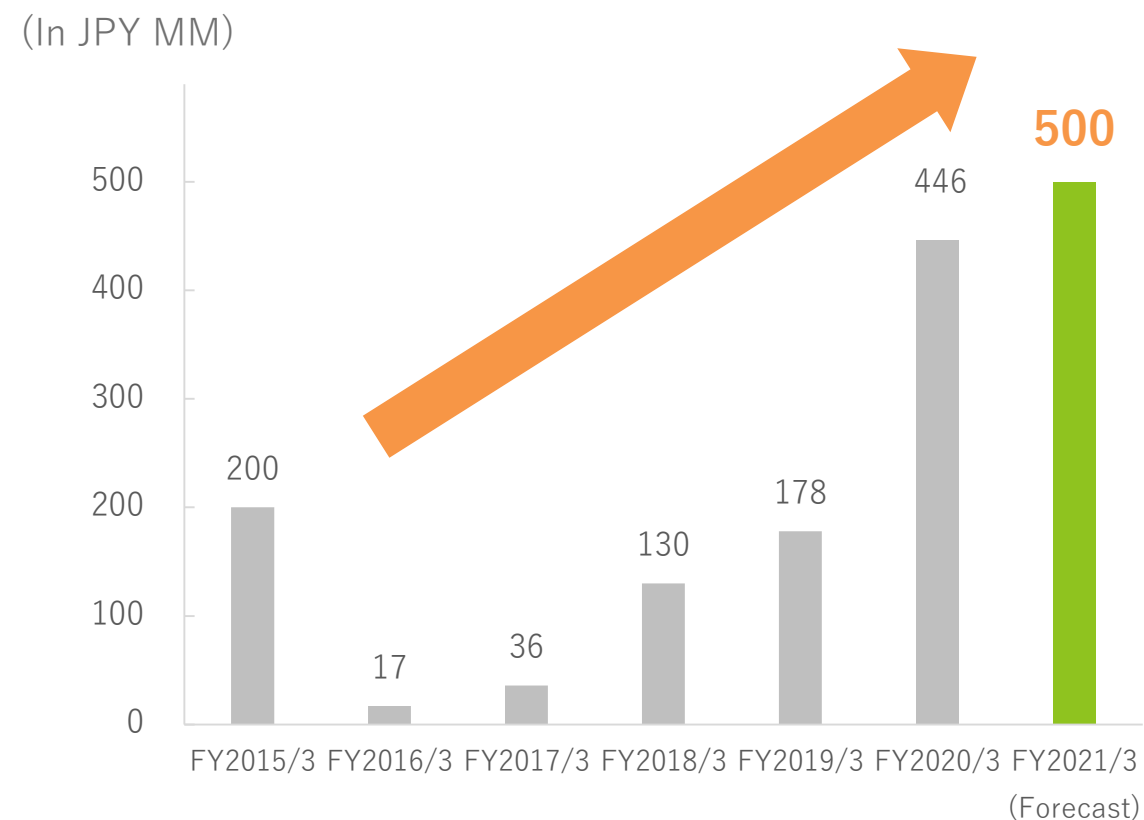
## Post-IPO consolidated results

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



## 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.

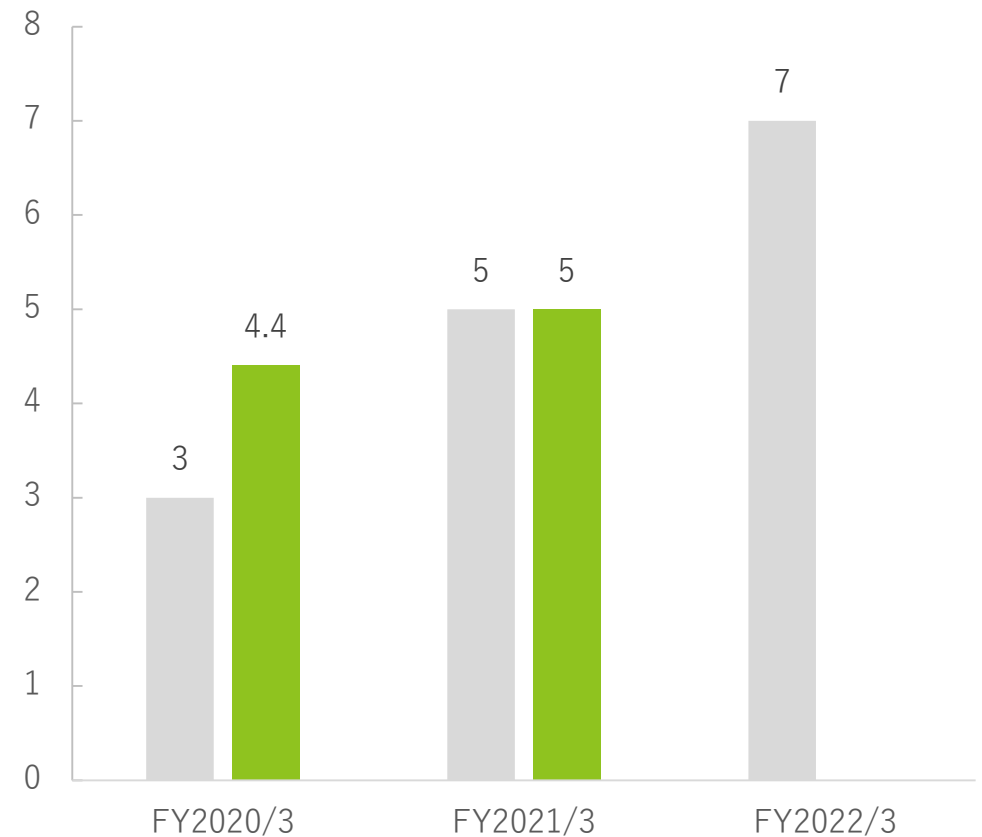
### Net sales

(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.

# 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

- Aim to launch 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.

## 5. Shareholder return policy

## Shareholder return policy

Investments for business growth in the fast-growing online education market take precedence and we aim to enhance shareholder value by maximizing EPS, therefore, we will not pay dividends for the present.

After getting listed on the first section of the Tokyo Stock Exchange, we will consider payment of dividends based on growth investments and retained earnings.

(In JPY)

	FY3/18 (Results)	FY3/19 (Results)	FY3/20 (Results)	FY3/21 (Forecast)
Net income per share *	4.68	13.63	22.67	29.97

\*Figures after considering the stock split (1:2 stock split) executed on June 1, 2019 and December 6, 2019.

# Appendix



## Group Vision

Chances for everyone, everywhere.

### Company outline

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Established: October 18, 2007

Capital: 565,777 thousand Yen (As of March 31, 2019)

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

### Consolidated subsidiaries

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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

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Gaku Nakamura, Co-founder and CEO

Toshiyuki Fujita, Executive Vice

President

Seishi Yasunaga, COO

Takashi Kimiwada, Outside Director

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



## RareJob English conversation

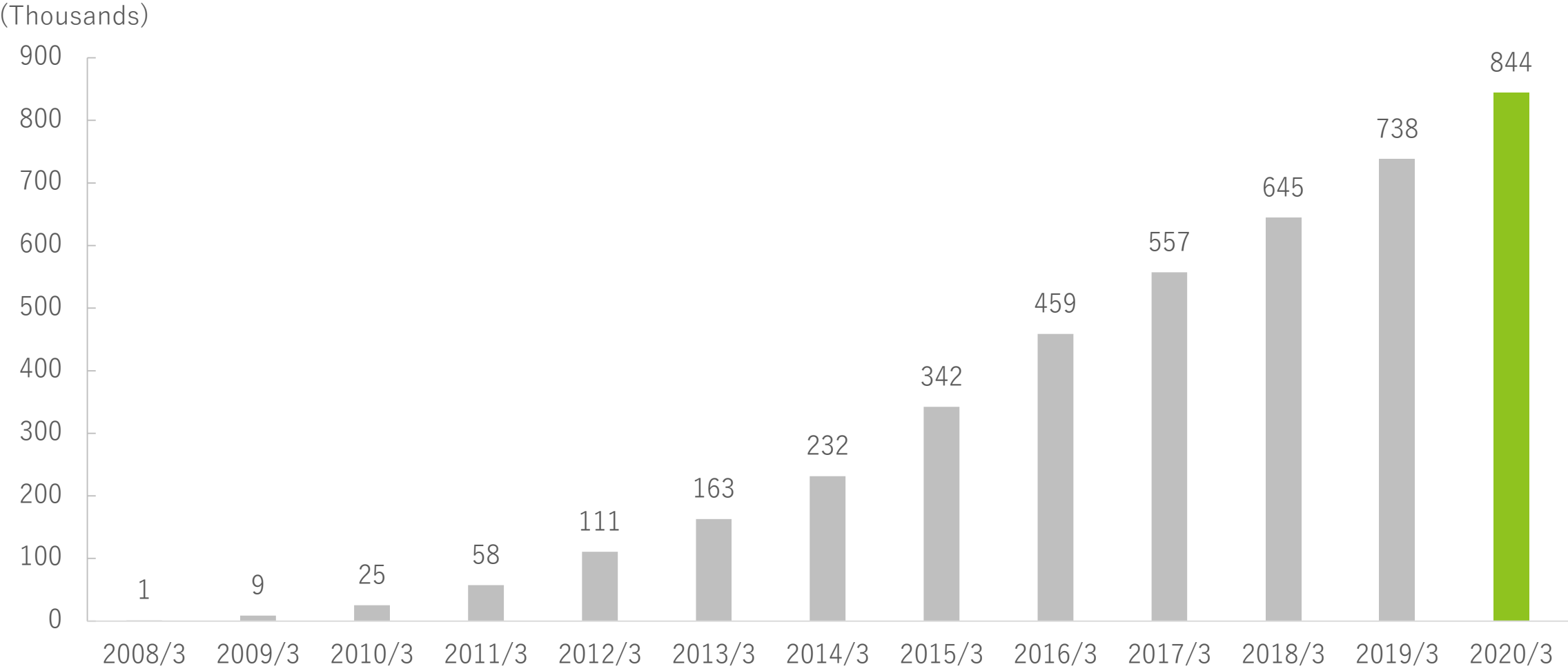
**You can speak English one-on-one everyday, regardless of location or time. Online English conversation service with more than 800 thousand cumulative free subscribers.**



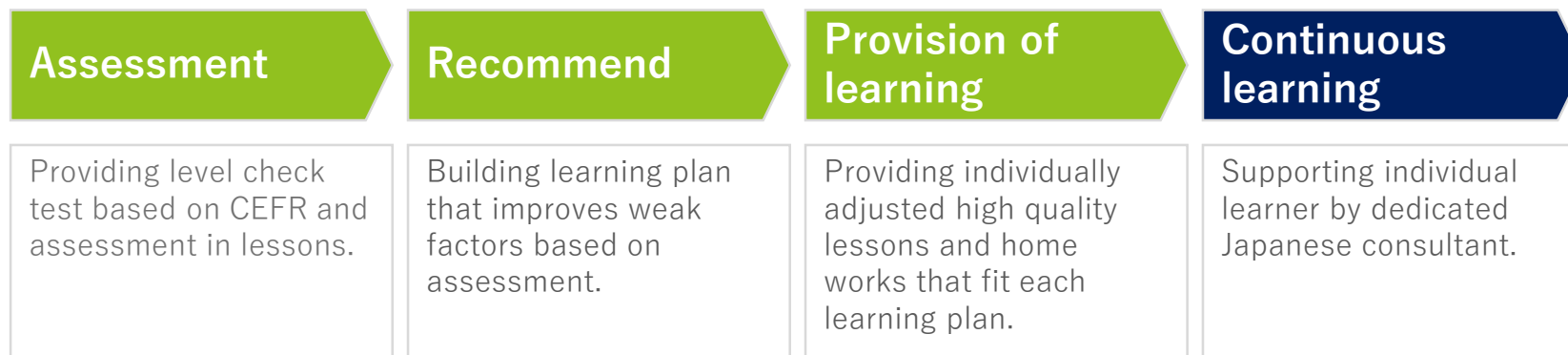
- 6000 Philippine tutors registered with about 1% hiring rate.
- The Lesson Room, a proprietary system, can be used from the website and apps.
- Lesson hours are from 6 o'clock in the early morning to 1 o'clock in the middle of the night. Reservations can be made up to 5 minutes before the lesson.
- 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

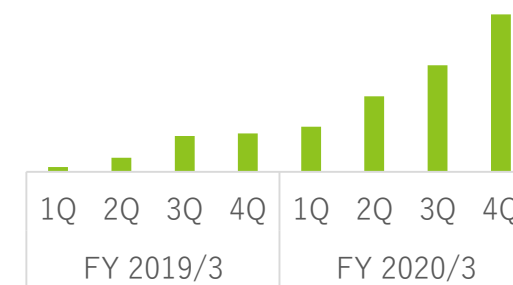
Cumulative free membership increased steadily.



Guaranteed to improve speaking level in 4 months by enhancing learning efficiency and quantity. Since the launch in October 2018, number of customers is increasing.



Number of customers is increasing



Term	<b>Approx. 4 months</b> (16 weeks)
Price	<b>450,000 yen</b> (excluding tax)
Guaranteed progress	<b>RareJob Speaking Level 1 Upgrading</b> (equivalent to CEFR-J *1 Level Up)

Successfully delivering guaranteed improvement to ALL customers\*\*



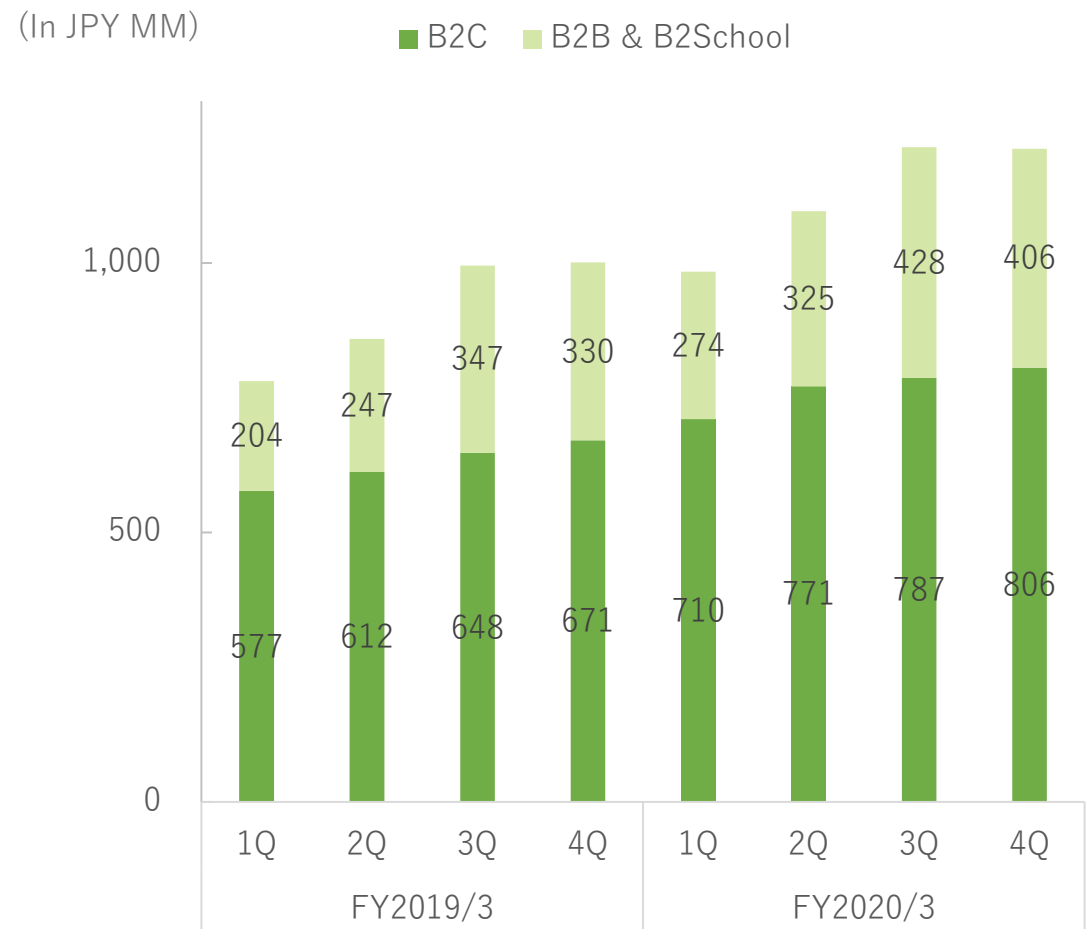
\*\*Excluding a few customers who quitted the service due to customers' circumstances.

※ If users don't rise to the next speaking level despite the completion of the course under certain conditions such as the lesson attendance rate, we continue to give the service until rising to the next level free of charge.

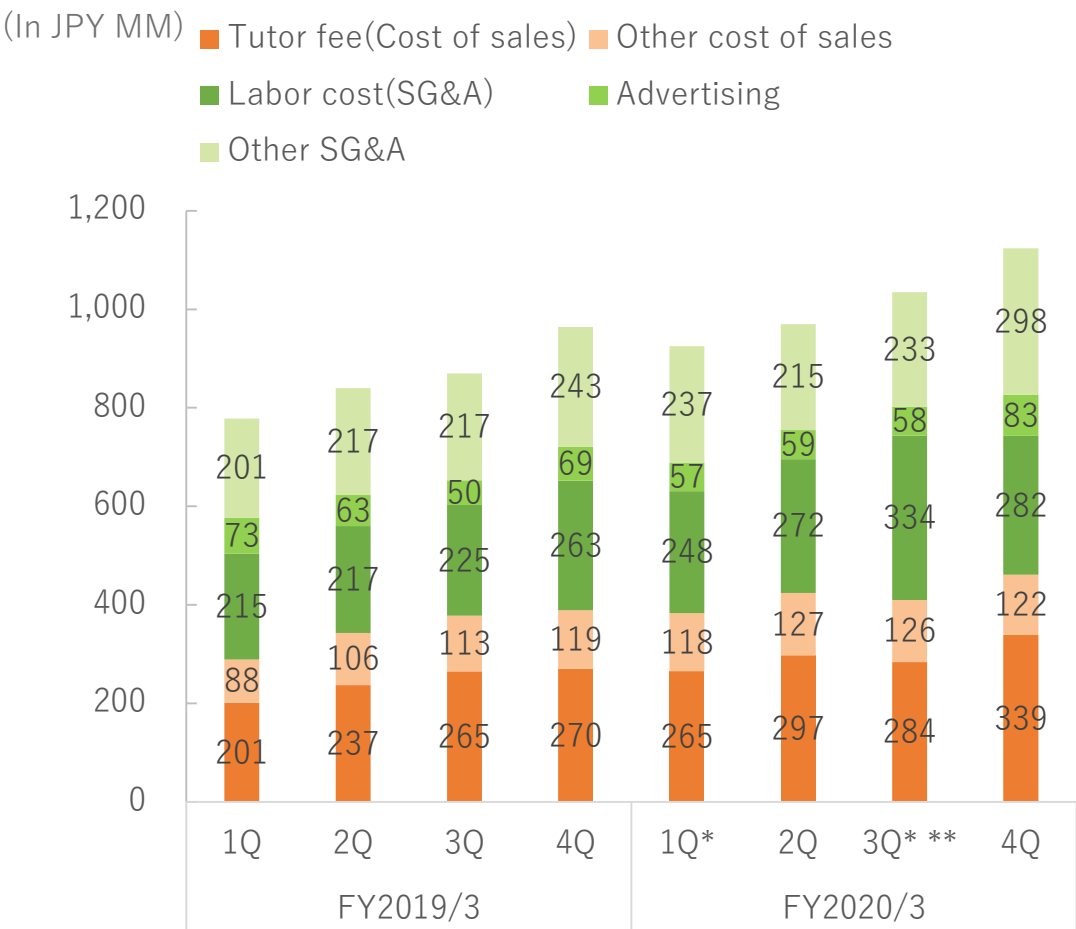
\* CEFR-J refers to CEFR, which has been applied to English education in Japan by Prof. Yukio Tono(University of Foreign Studies, Tokyo)

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

Net sales



Expenses



\* 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.

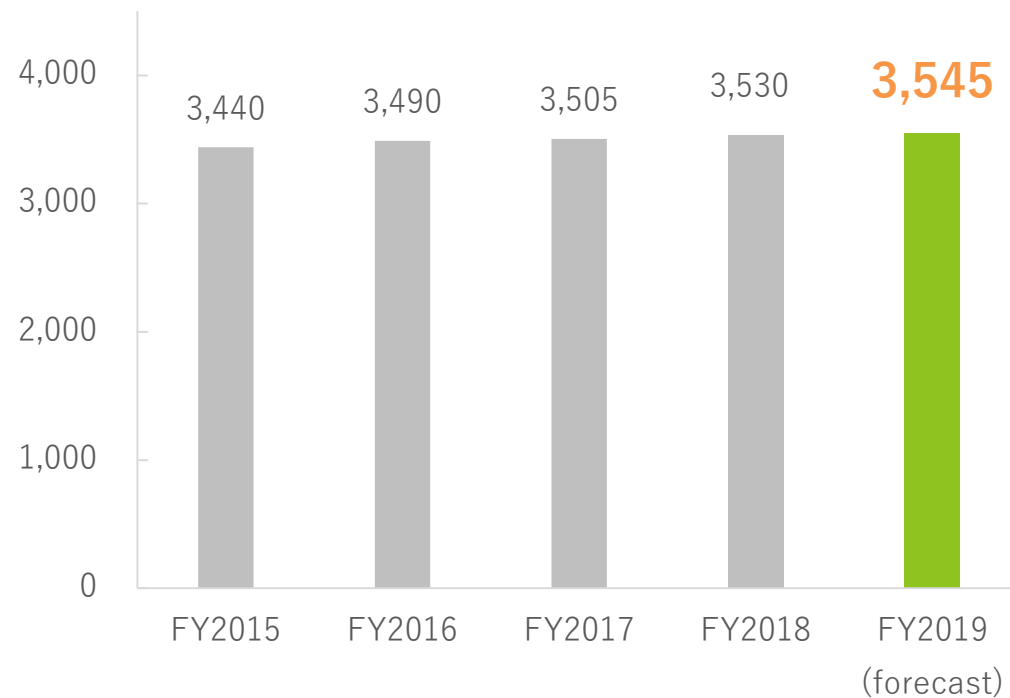
\*\* Personnel expenses (SG&A expenses) increased significantly due to the booking of performance-linked bonuses as expenses in a lump sum.

# English-related Business Market Size

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

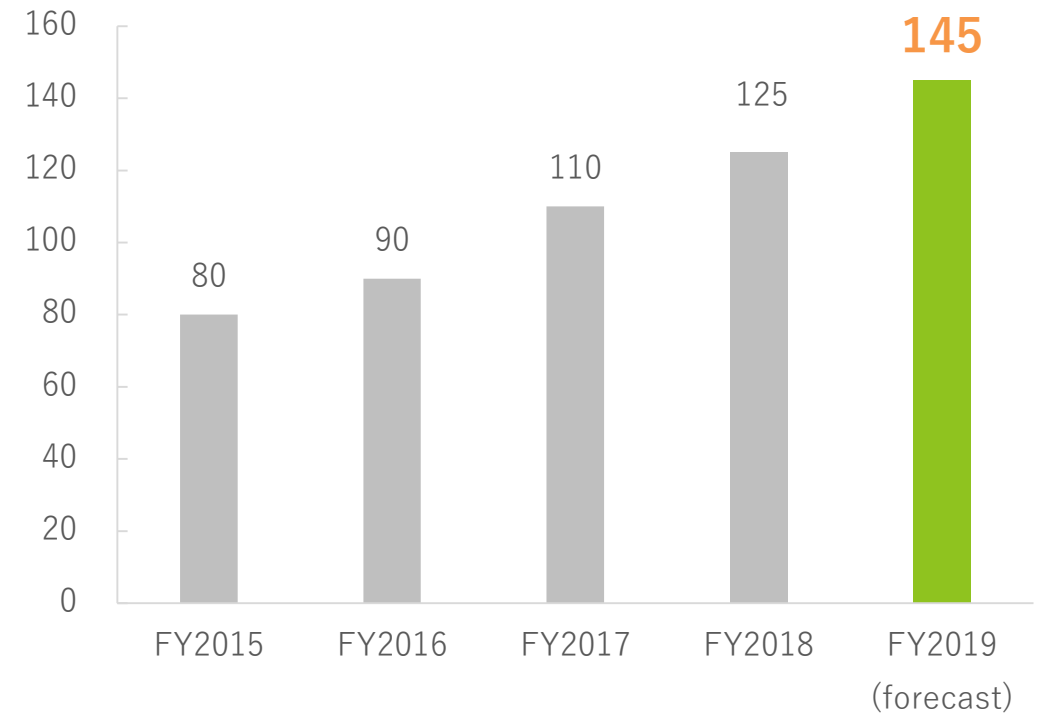
English conversation school in Japan market size<sup>1)</sup>

(In JPY 100MM)



Language e-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>

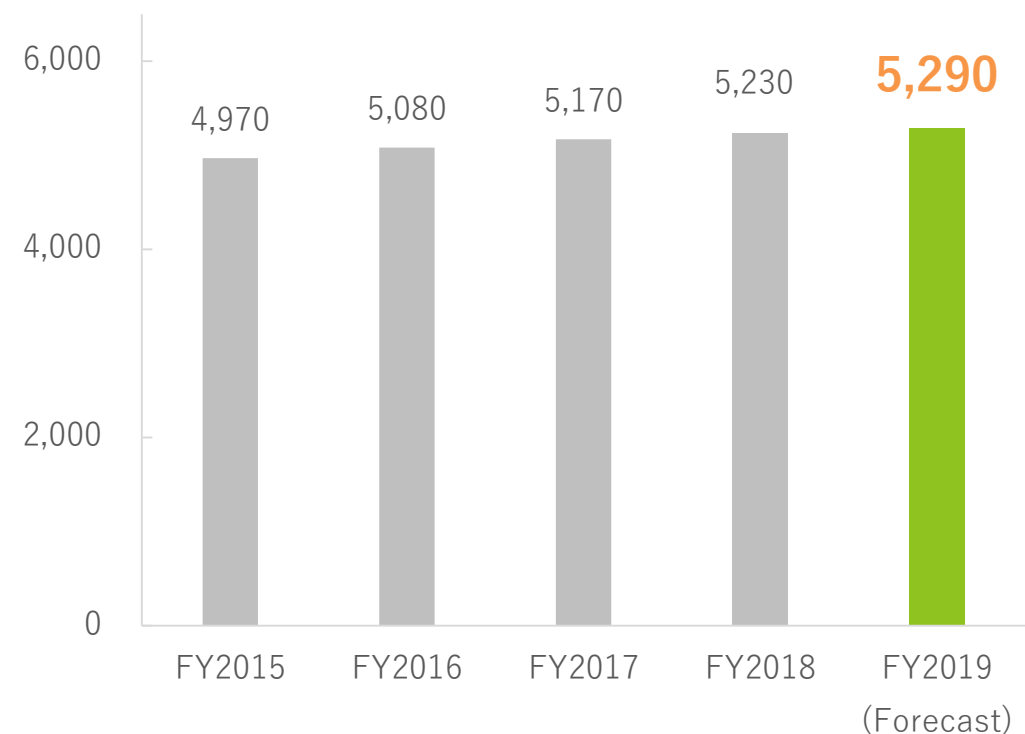
\*Including staffing service, staff agency, support for re-employment

(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 2019.

2) Yano Research Institute, "Business Training Service Market and Outlook 2019"

# 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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