

RareJob, Inc.

Financial Results for the Fiscal Year Ended March 31, 2022

May 16, 2022



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1. Mid-term Business Plan

The world which RareJob wants to realize

Purpose/Vision for the RareJob Group

Purpose

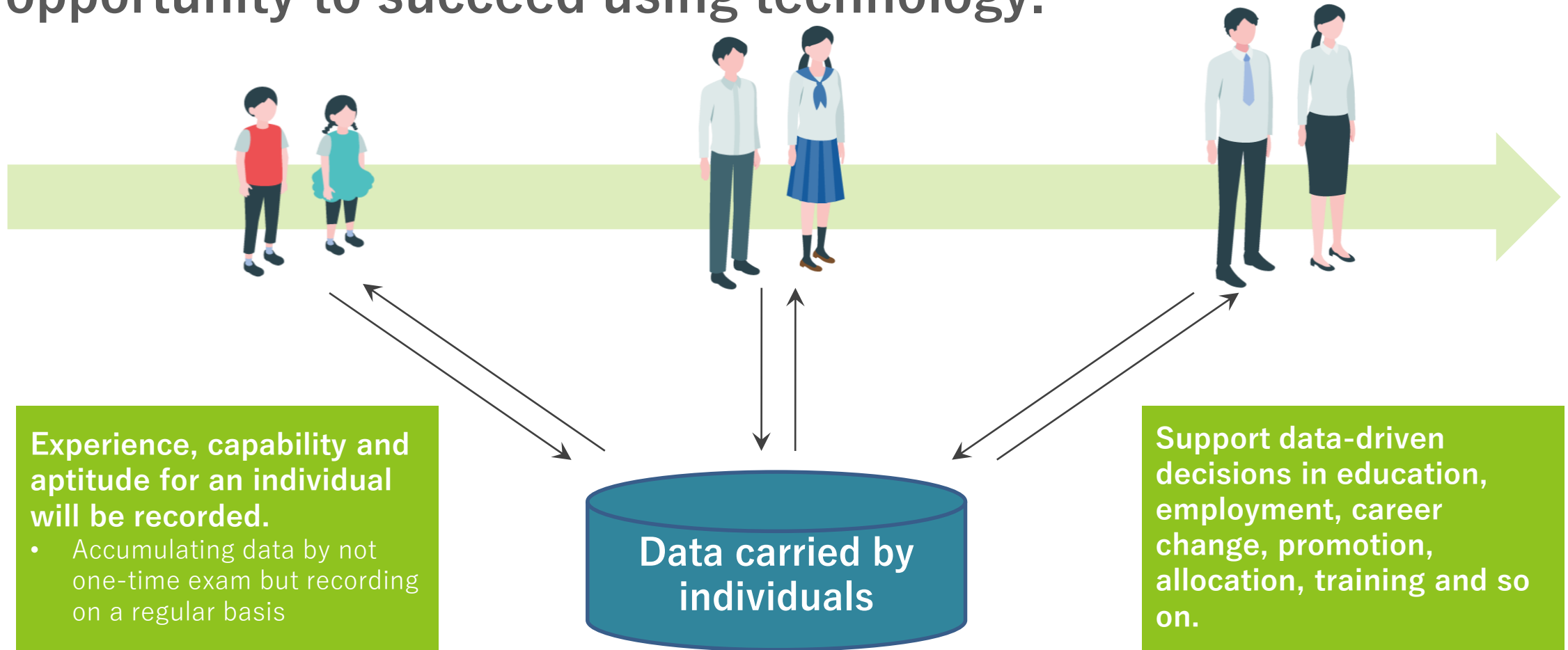
The realization of the world where everyone can unlock their potentials to be valued.

Vision

Chances for everyone, everywhere.

The Image of the World which RareJob Wants to Realize

What we aim for is the world that everyone can find an opportunity to succeed using technology.



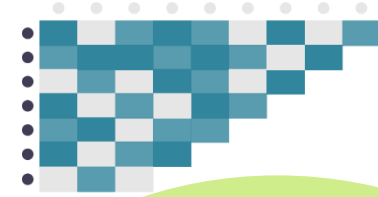
The Image of the World which will be realized by RareJob Vision: Corporate Human Resource Management



- Requirements for promotion are **articulated**.
- Decisions are made based on **objective criteria of necessary skills**.
- People will be evaluated based on **fair and accountable criteria** not subjective and emotional one.



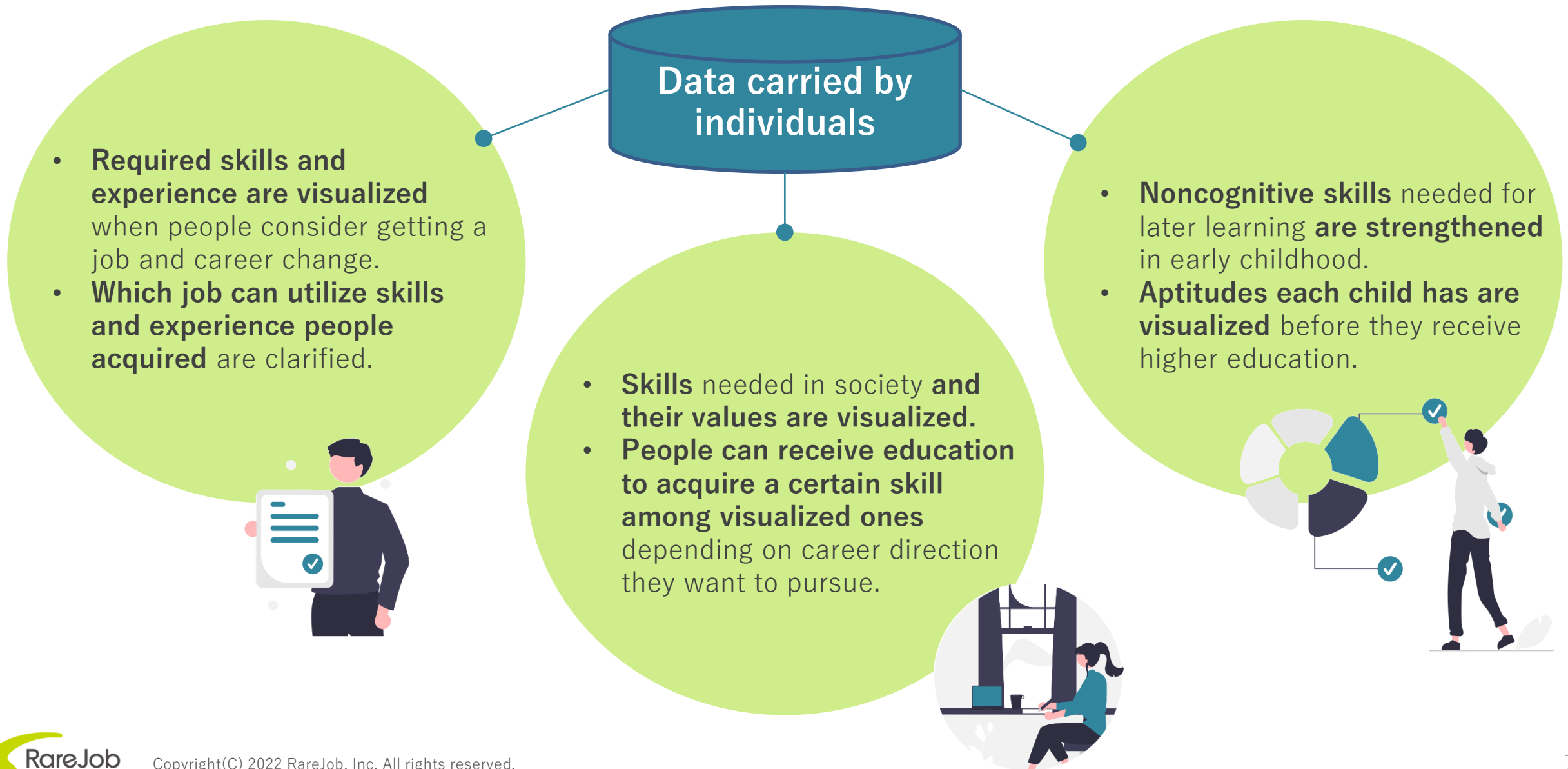
- **Necessary skills and experience** required for each position are clearly defined.
- **Necessary skills and experience for a role are always corresponded with those candidates have** in recruitment and role change.



- Gap between **skills which employees currently have** and **ideal skills which a company needs in the future is clearly visualized**.
- **Skills employees should enhance by training** are clarified.

Data carried by
individuals

The Image of the World which will be realized by RareJob Vision: Individual Education and Employment

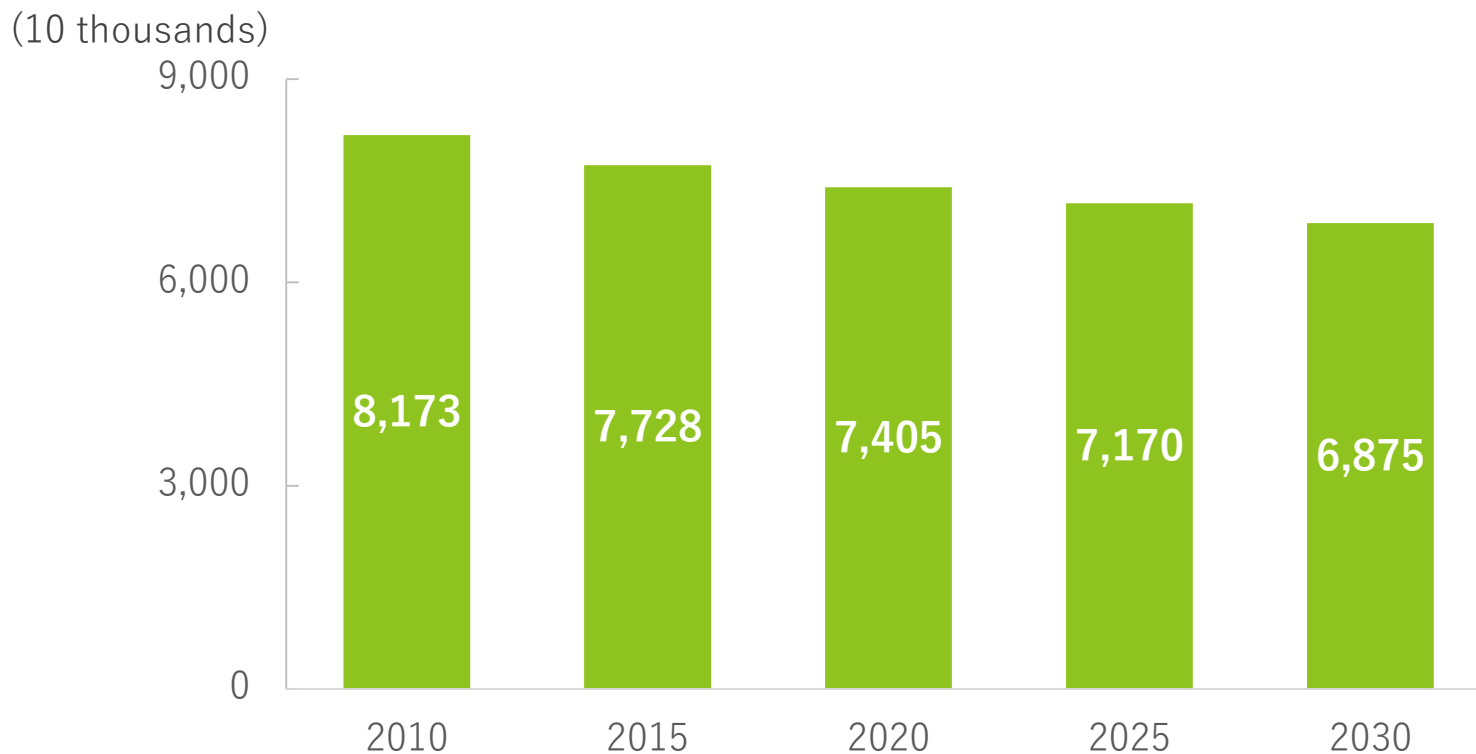


Market environment for RareJob

Market Environment: Decline in Japanese Working Age Population (1/4)

It is inevitable to hire more foreign people due to decline in Japanese working age population.

Japanese labor population will be decreased by 7 million people in 2030 compared to 2020



Companies should take some measures to accept foreign workers.

- Language is one of the biggest issues to hire them.

A skill enabling individuals to work with foreign people will be valued more.

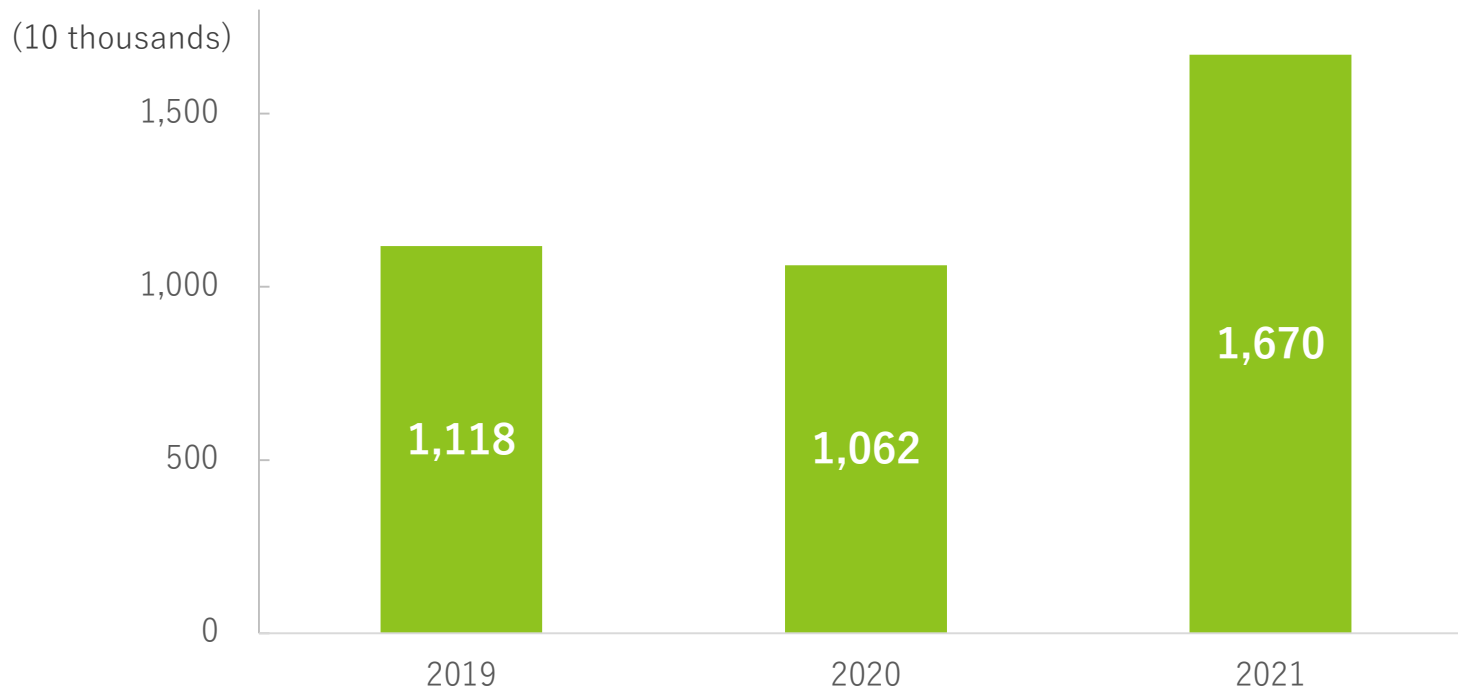
- English skill as a global language
- Skill of managing global team

Source: National Institute of Population and Social Security Research, "Population Projections in Japan", 2017

Market Environment: Expansion of Diverse Work Styles (2/4)

The number of freelance is increasing and diverse work styles are prevailing in response to the need for diverse people in companies.

The number of freelance is currently increasing.



Companies need to evaluate their staff based on the skills required for each role and the degree of fulfillment of those skills to promote diverse people rationally.

People will choose their jobs or be hired based on their skillsets.

Source:
Lancers, "Freelance Survey 2021"

Market Environment: Gap between Demand and Supply of Human Resources (3/4)

Companies and individuals will need to acquire skills again to fill a gap between demand and supply of human resources caused by AI and robotic technologies.

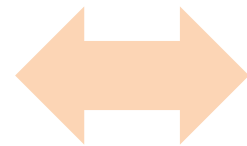
2.1 million excess and 1.7 million shortage jobs will be expected in 2030

0.9 million workers in production will be excessive

- Automation by AI, robots and so on

1.2 million office workers will be excessive

- Automation by specialized AI



1.7 million professional workers will be shorted

- Talents to lead innovation and apply it to business are needed.

Companies are trying to fill the gap between overstaffing and understaffing jobs by encouraging employees to learn needed skills again.

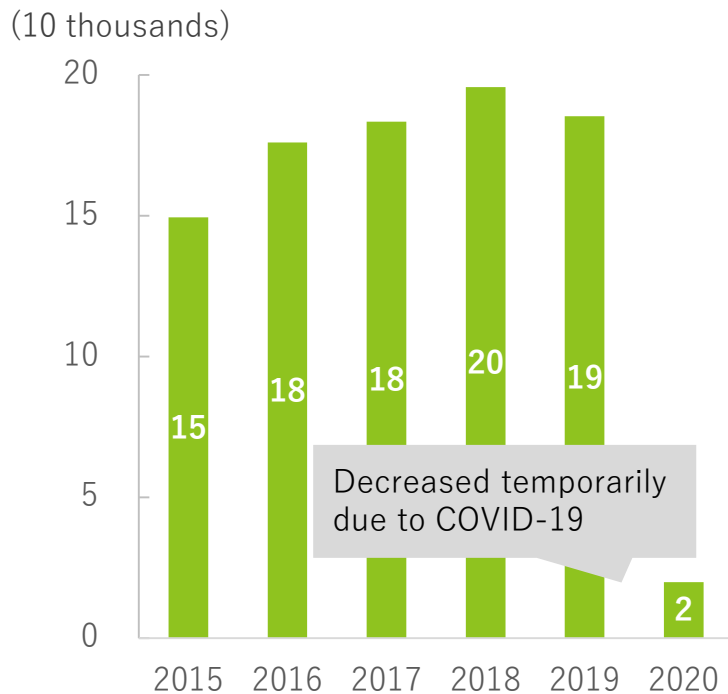
Individuals will try to acquire needed skills to build their own careers.

Source:
Mitsubishi Research Institute, "HR Strategies to Overcome the Great Job Mismatch Era", 2019

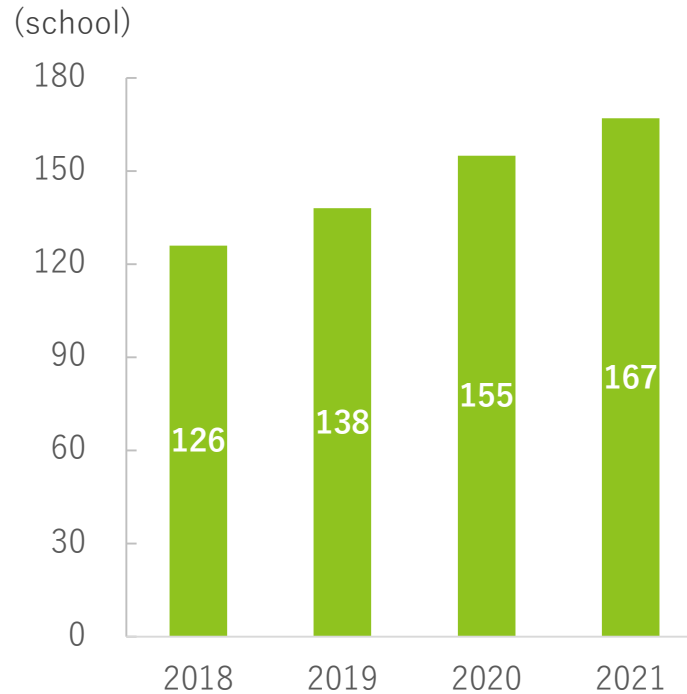
Market Environment: Change in Education for Children(4/4)

The number of students studying abroad and International Baccalaureate (IB) schools are increasing due to an increase of families who wish to let their children have a global education.

The number of students studying abroad is increasing in the medium term.¹⁾



The number of IB schools is increasing.²⁾



More and more children learn English for educational opportunities abroad

Attention to strengthening non-cognitive skills, which is also a focus of IB schools

Source:

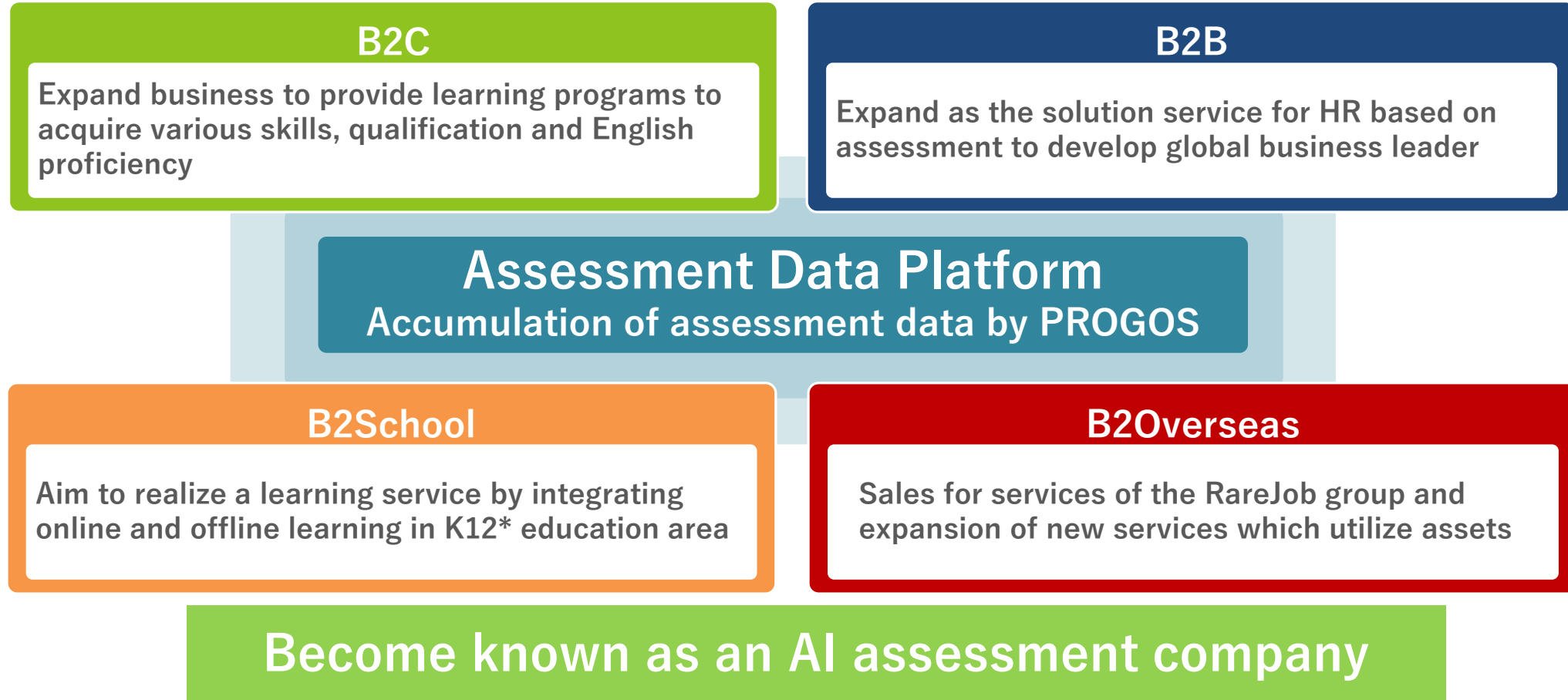
1) JASSO, "Survey of Japanese Students Studying Abroad", 2022 and JAOS, "Statistical Survey of International Students 2016-2021"

2) Ministry of Education, Culture, Sports, Science and Technology, "About the International Baccalaureate 2019" and "IB Education Promotion Consortium HP"

Growth Strategies for Each Business

Growth Strategy Summary

Business strategies are built in each area with PROGOS as a source of our competitive advantage.



*K12 : The period of education from preschool (kindergarten age) to high school.

The Strategy for the Assessment Data Platform

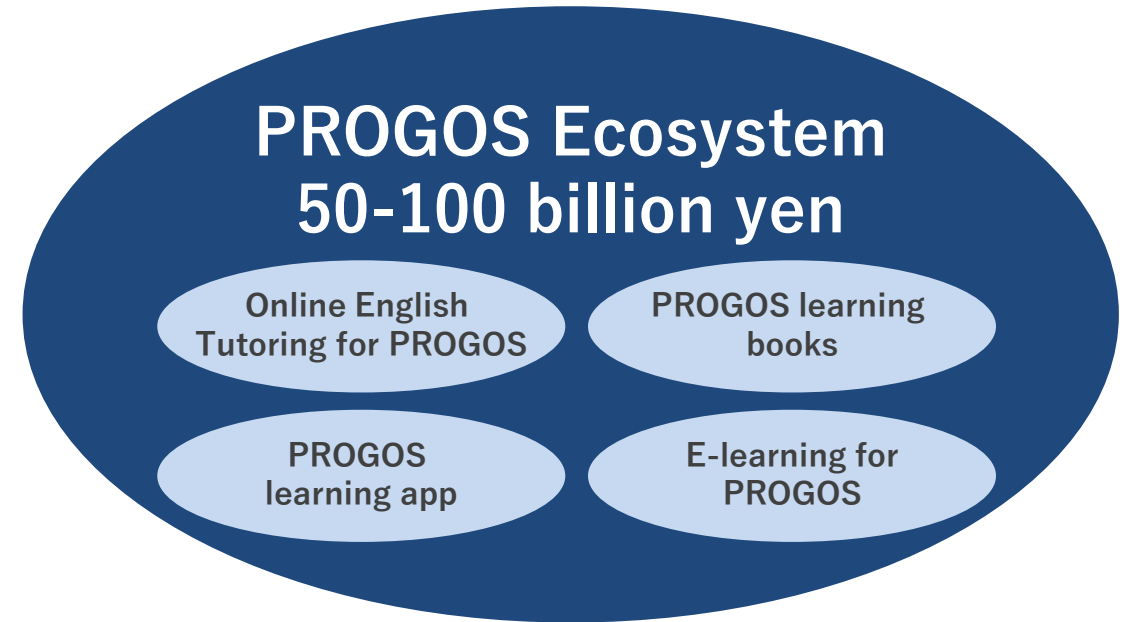
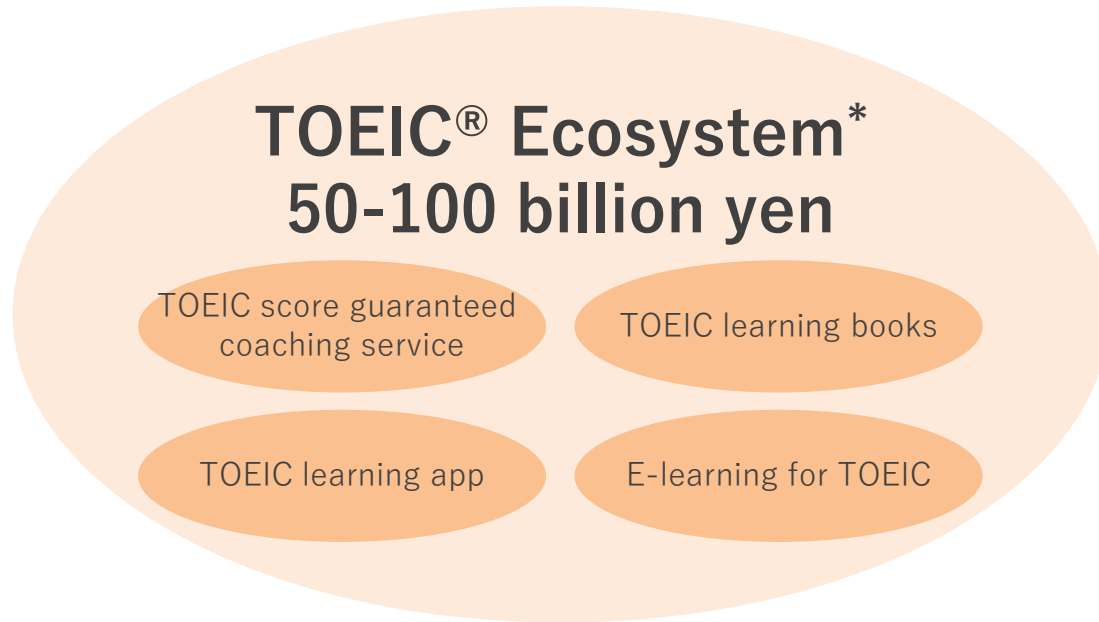
Expanding the target of assessments from not only speaking but also reading, listening and writing English skills to global business skills.



Assessment Data Platform
Accumulation of assessment data by PROGOS

Creation of PROGOS Ecosystem

PROGOS is expected to create a market of the same size as TOEIC® ecosystem, which is worth tens of billions yen.



Expect to earn approximately 20% (10-20 billion yen) of the PROGOS ecosystem as the revenue of the RareJob group

Notes:

* Estimated by RareJob using the average cost of language learning for TOEIC examinees (4,000 yen per month) and the number of TOEIC examinees (2 million persons per year)
“TOEIC” is the registered trademark of the U.S. Educational Testing Service (ETS).

Growth Strategy for B2C

In English-related services, we are aiming for growth by price increases and products with high value while it takes some time for the market to recover.

Online ESL market

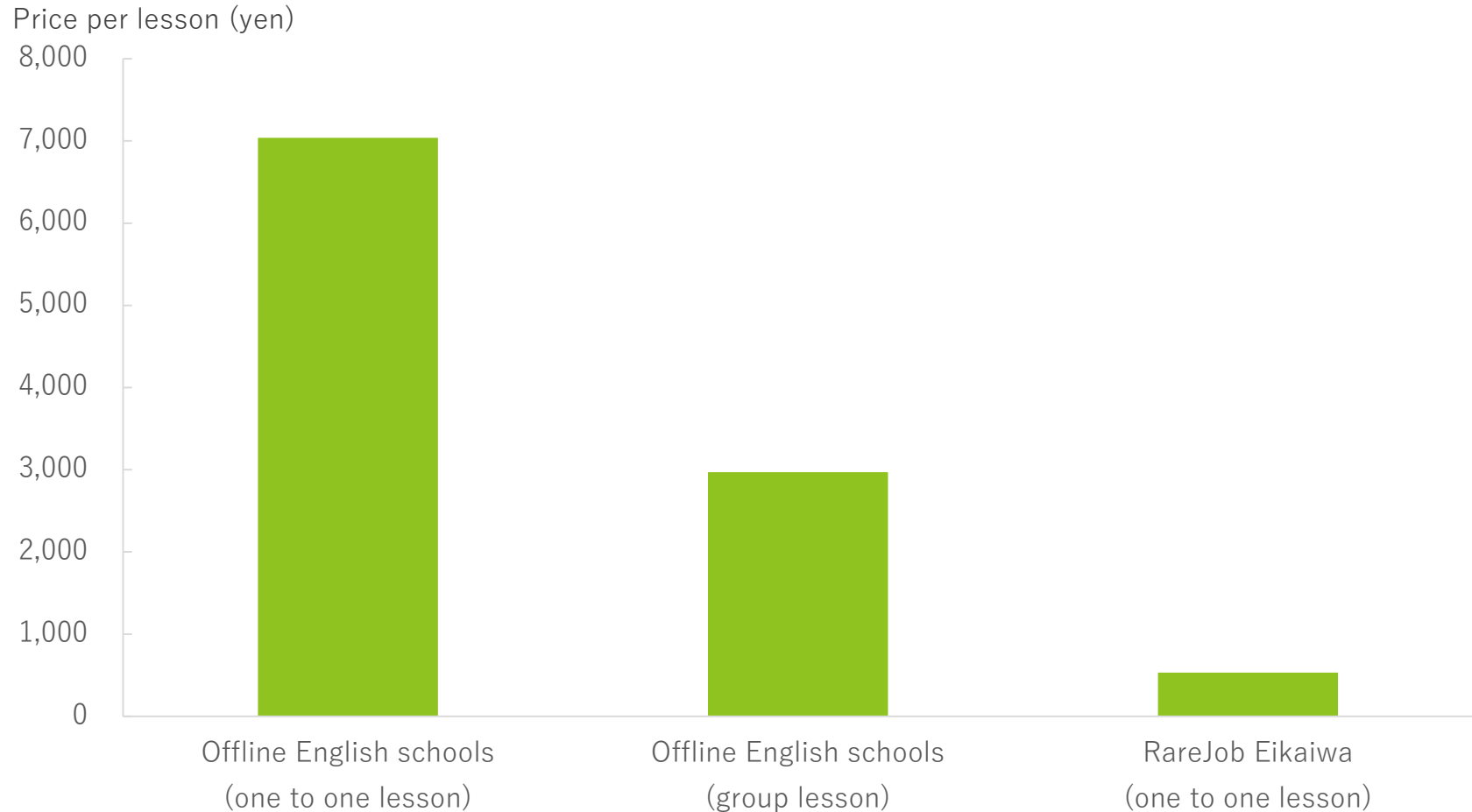
- Temporal demand soar for online English learning in 2020 disappeared and the demand has strangled due to international travel restriction.
- We assume that it will take until the end of this fiscal year to lift international travel restriction.
- Weakening yen is likely to cause an increase in tutor fees, which could lead to deterioration in profitability.

Actions for growth

- ✓ **Price revision: price increase**
 - Assumed that there is room for a price increase about 30%, given the improvement in service during the 8 years when the price has left unchanged.
 - There are still some price differences with offline English schools, which makes us decide that a price increase is possible.
- ✓ **Services with higher value**
 - By adding innovative functions which are not available in other competitors, we maintain and improve our competitive advantage.

(Reference) Price comparison with brick and mortar

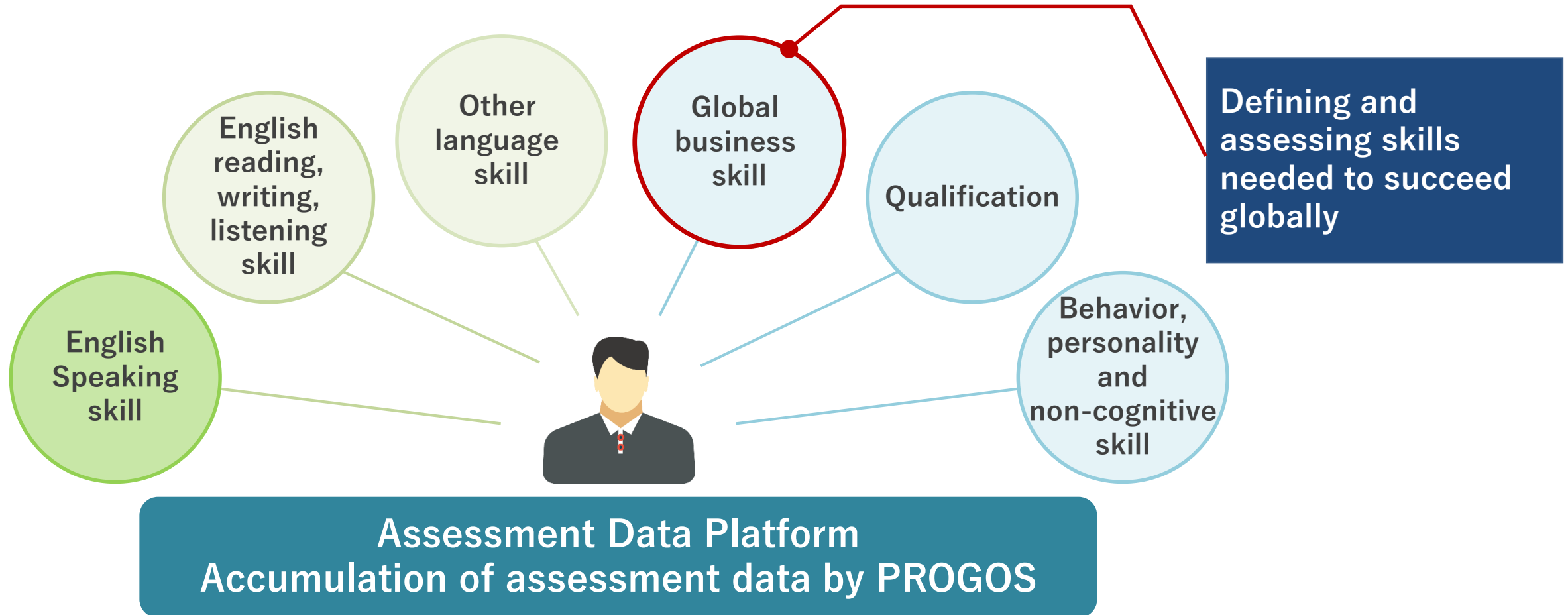
There are still 5-10 times price difference between RareJob service and offline English schools, then we assume to have some room for price increase.



Source:
RareJob research

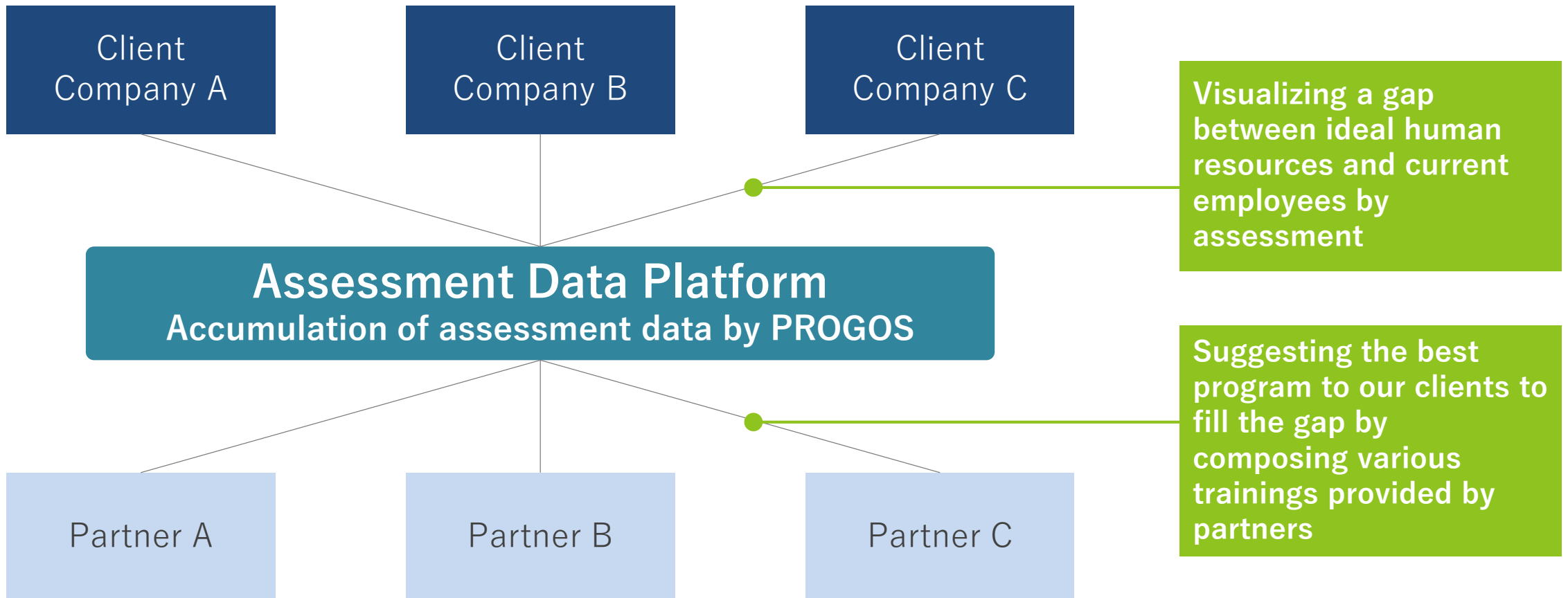
Growth Strategy for B2B (1/2)

We evolve PROGOS and try to visualize business skills of workers.



Growth Strategy for B2B (2/2)

By specializing in assessing skills of human resources, we aim to fill an advisory position in corporate training for companies.



Growth Strategy for B2School (1/2)

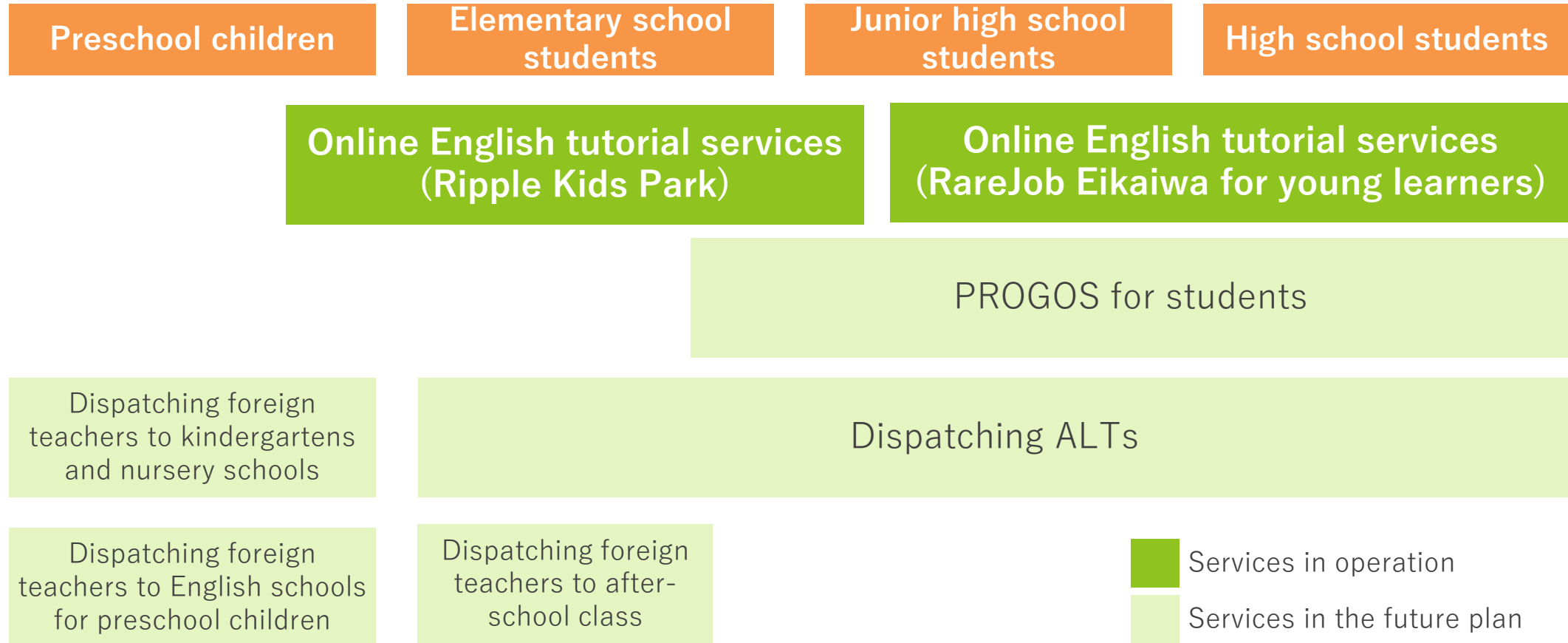
The current PROGOS just for business people will be expanded for students as well.

	<u>Current PROGOS</u>	<u>PROGOS for students (interim)</u>
Target users	Business person	Senior elementary school students to high school students
Skill to measure	Speaking	Speaking <ul style="list-style-type: none">• 4 skills will be added based on customer needs
Subject of test	Business situation	A daily situation that even elementary school students can understand

AI assessments for English proficiency are utilized officially for entrance exams in the US and China, so we are aiming for the same opportunity in Japan.

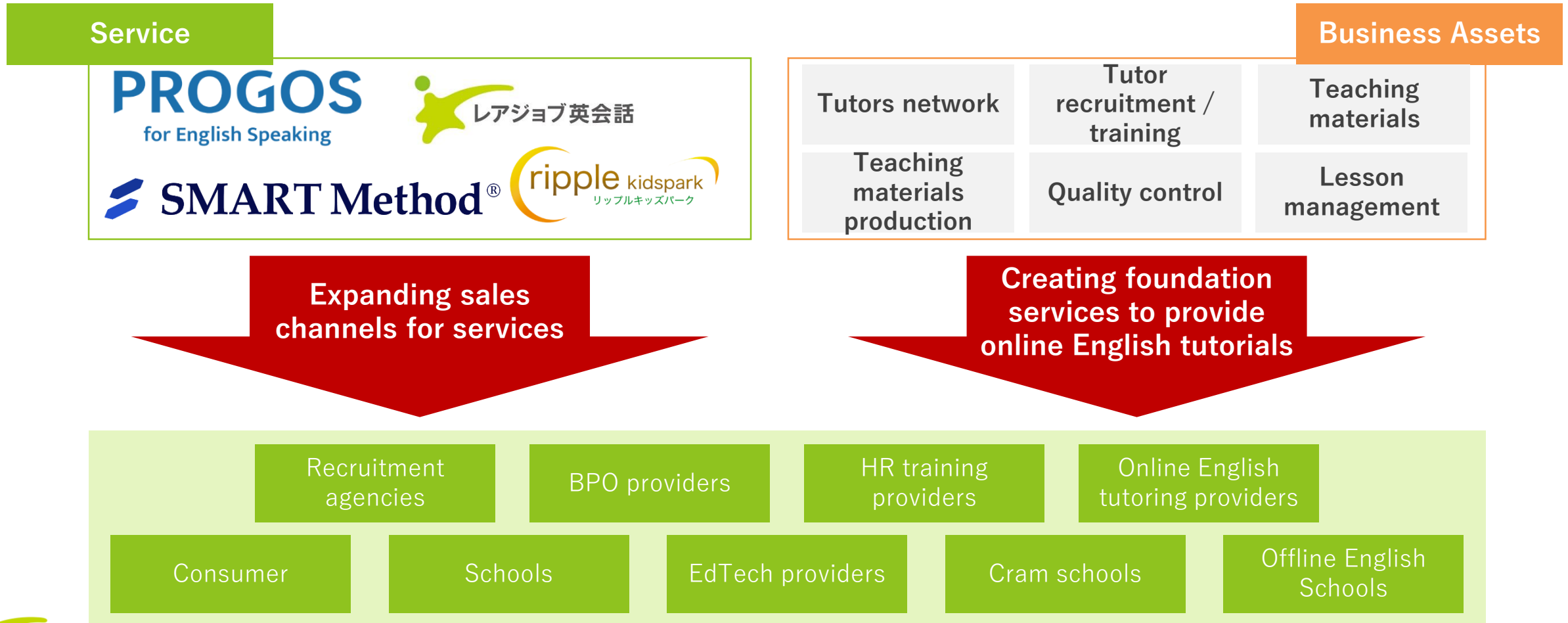
Growth Strategy for B2School (2/2)

Our business will be expanded in entire K12 area including online English tutorial and offline services.



Growth Strategy for B2Overseas

Services of the RareJob Group will be sold overseas and new services that utilizes our business assets will be developed.



(Reference) Examples for Overseas Business

The introduction of PROGOS to the Filipino BPO provider and the provision of tutors to the Vietnamese online English tutoring provider were already carried out.

Service

PROGOS
for English Speaking

PROGOS will be used for talent screening as well as English learning outside Japan.

Business assets

Tutor network

Tutor network of RareJob is a good quality due to strict screening and qualified training, which make us possible to provide tutors.

A Filipino BPO provider introduced PROGOS to measure English speaking skills of candidates

- It made them possible to reduce recruiting cost as manual screening process was automated.

Our tutor network has been utilized by DVE providing online English tutorials in Vietnam

- They can meet increasing customers' need for lessons by our tutor network.

Sustainability for the RareJob Group

**Everyone in the world can have an opportunity
to get a “Rare Job”.**

**This founding philosophy of RareJob is to
realize a sustainable world.**

Human Capital of the RareJob Group to Support Sustainability

We encourage our employees to embody our vision,
 “Chances for everyone, everywhere.”

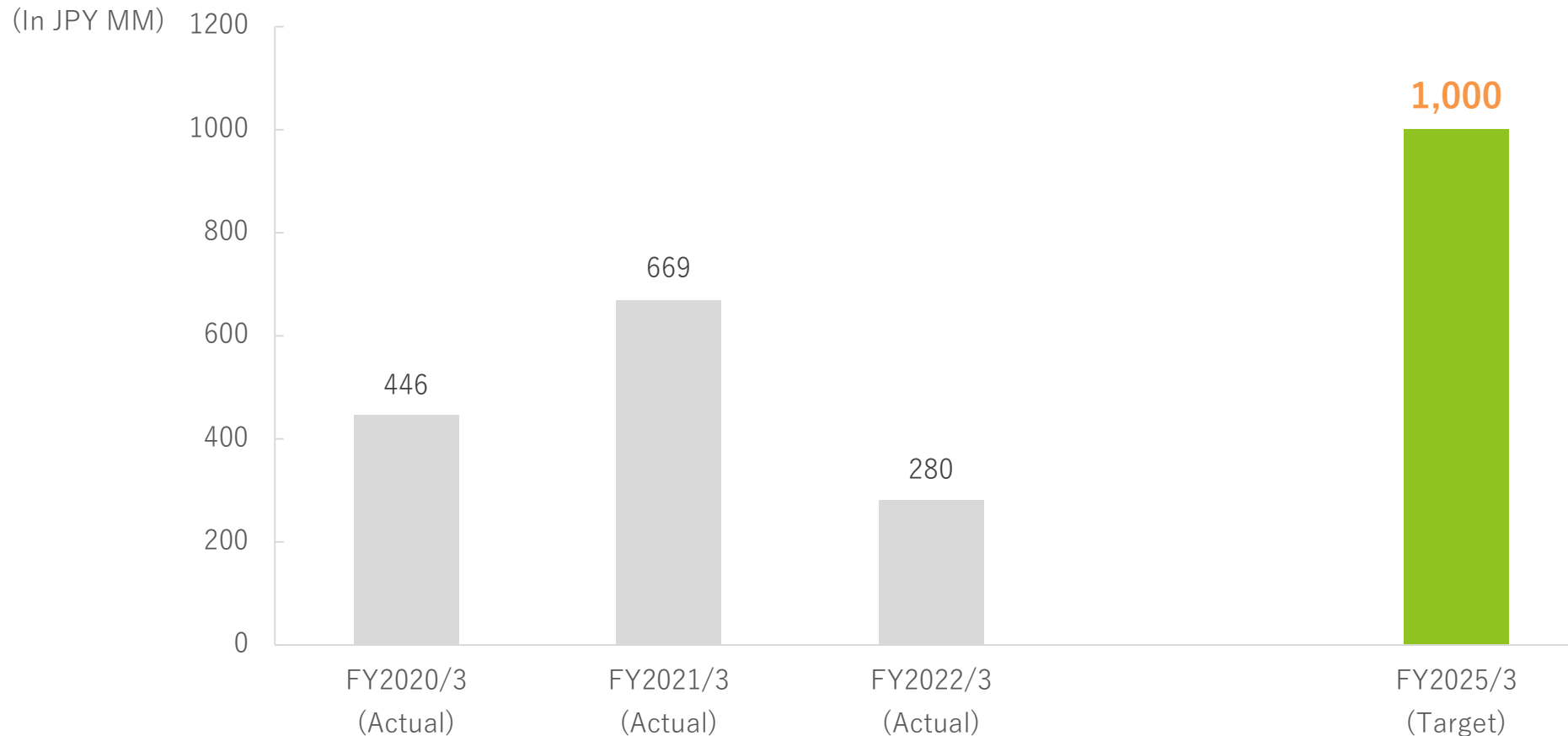
Perspectives to be taken as human capital		KPI	As of March 31, 2022
Opportunities	Promoting diversity	Ratio of female managers	22.9%
		Ratio of female members of board of directors in the group	34.5%
	Localization of overseas subsidiaries	Ratio of locals in the board of directors in overseas subsidiaries	80.0%
Providing training to take a next step	Providing training mainly for English speaking	Training hours per employee*	10.1 hours
Visualizing the current situation	Enhancing English speaking skills to succeed globally	Ratio of PROGOS score B1 or higher	48.4%

*April 2021 through March 2022

Target for the management

Target: Operating Income

We set 1 billion yen operating income for FY 2025/3 as the management target to aim for increasing corporate value by profit generation over the next three years.



Compliance with TSE Prime Market Listing Maintenance Criteria

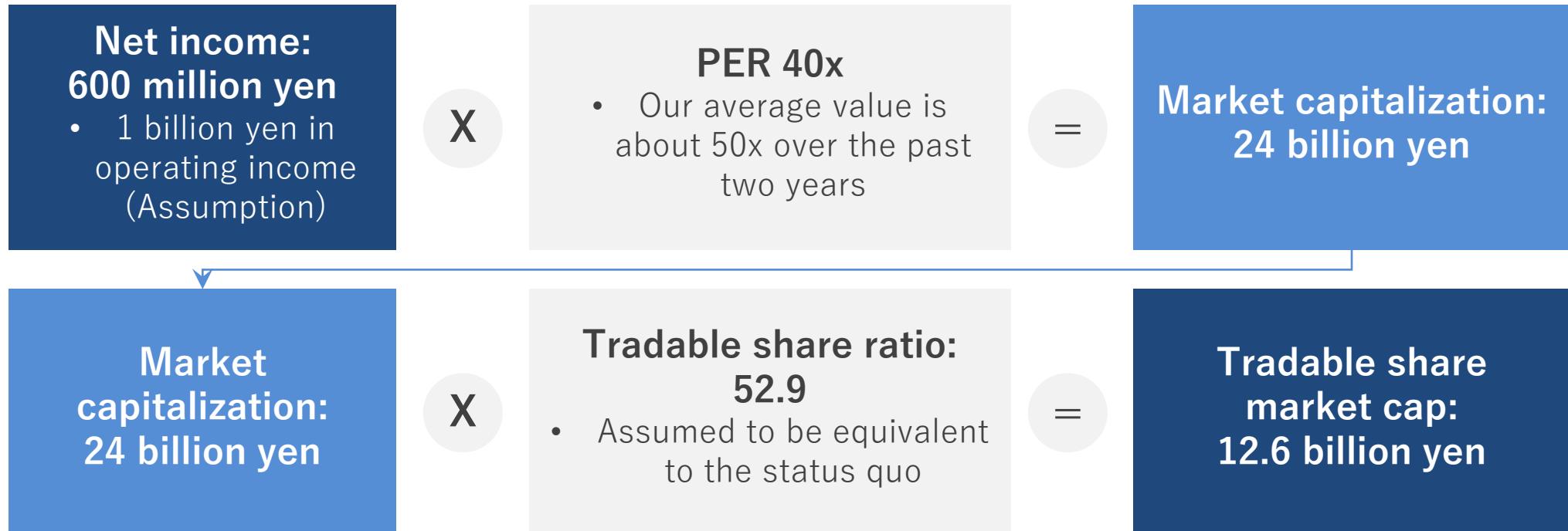
The criterion for “tradable share market cap” has not been met on 31st March, 2022.

	The number of tradable shares (units)	Tradable share market cap (In JPY MM)	Tradable share ratio (%)
RareJob (As of March 31, 2022)	51,082	4,181	52.9
Listing Maintenance Criteria	20,000	10,000	35
Current compliance	Pass	Fail	Pass

Note: All figures are based on our calculations.

Path for Meeting Listing Maintenance Criteria

If we achieves operating income of 1 billion yen in FY2025/3, the requirement of 10 billion yen in tradable share market cap, which is the criteria for maintaining prime market listing, will be met.



Shareholder Return Policy

Dividend Policy

This is a part of our policy to realize stable and continuous dividends to our shareholders and aim for 20% dividend payout ratio.

	FY 2021/3 (Actual)	FY 2022/3 (Scheduled)
Dividend per share	10 yen	11 yen

2. FY 2022/3 Result

FY2022/3 Results Summary

The AI automated scoring exam PROGOS for English speaking have received more than 1.2 million applications in FY2022/3.

- We received more applications than expected, which means demands from HR departments of companies are high
- Need to focus on increasing the number of examinees by implementing PROGOS to client's systems

Net sales hit record highs and rose by 5.0% year on year

- B2C sales increased by 4.0% due to sales generated by shikaku square, Inc. which joined in December 2021.
- B2B & B2School sales increased by 7.2% which was driven by sales growth in B2B sector.

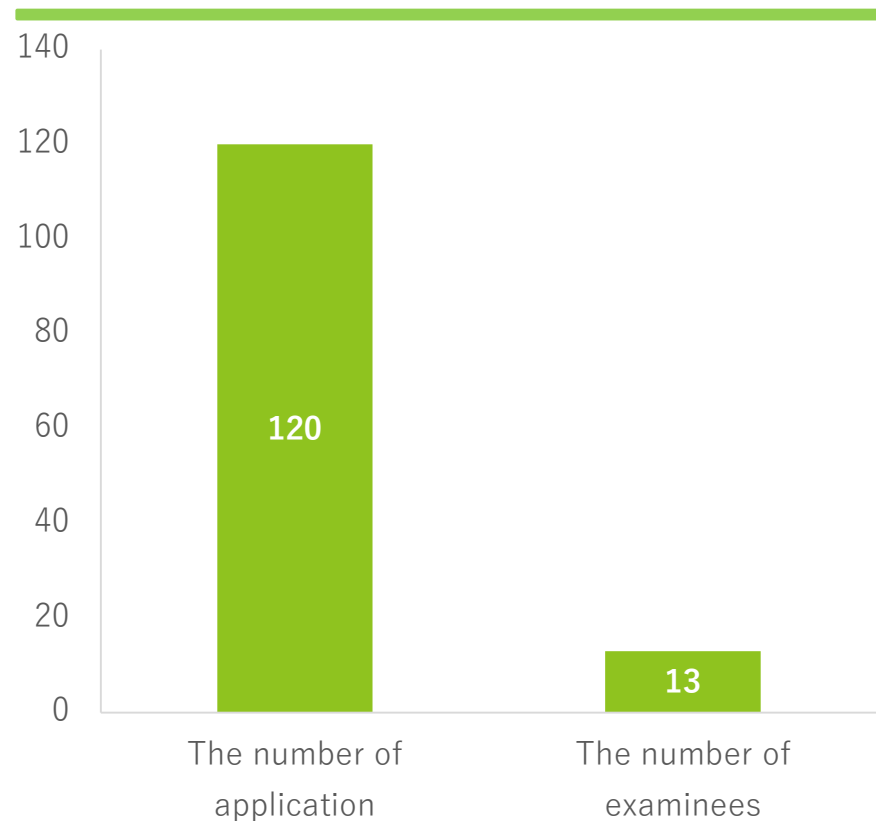
Operating income fell by 56.4% year on year.

- In addition to outsource expenses for system development, personnel expenses increased due to the promotion of recruitment activities for B2B sales team, which aims for net sales growth

PROGOS Situation and Issues

PROGOS has received more than 1.2 million applications in FY2022/3, but the number of examinees is still 0.13 million. We need to implement PROGOS to client's system.

FY 2022/3 (actual)



Issues and actions

- ✓ **Employees have little incentive to be assessed, though HR want them to take the exam.**
 - Needs from companies trying to make them international organizations are clearly seen as 1.2 million applications show.
 - Because employees are encouraged to take the exam spontaneously, the number of examinees wasn't increasing as expected.
- ✓ **We try increasing the number of examinees by the introduction of PROGOS to client's system.**
 - Making 100% of employees take the exam by the introduction to client's system
 - Aiming to become the de facto standard for English assessment in the corporate world by introducing it to leading companies

Financial Results for FY 2022/3

Net sales rose by 5.0% and operating income fell by 56.4% year on year.
Operating income fell due to upfront investment for future growth.

(In JPY MM)

	FY 2021/3	FY 2022/3	Change YoY
Net sales	5,331	5,598	+5.0%
EBITDA*	920	581	-36.9%
Operating income	669	291	-56.4%
Ordinary income	628	242	-61.5%
Net income attributable to owners of parent	391	184	-52.7%

Operating profit ratio	12.5%	5.2%	-7.3 pt
ROE	24.4%	9.1%	-15.3pt

*Operating income + Depreciation + Depreciation on goodwill

FY 2022/3 Forecast and Results

Profits exceeded forecasts.

(In JPY MM)

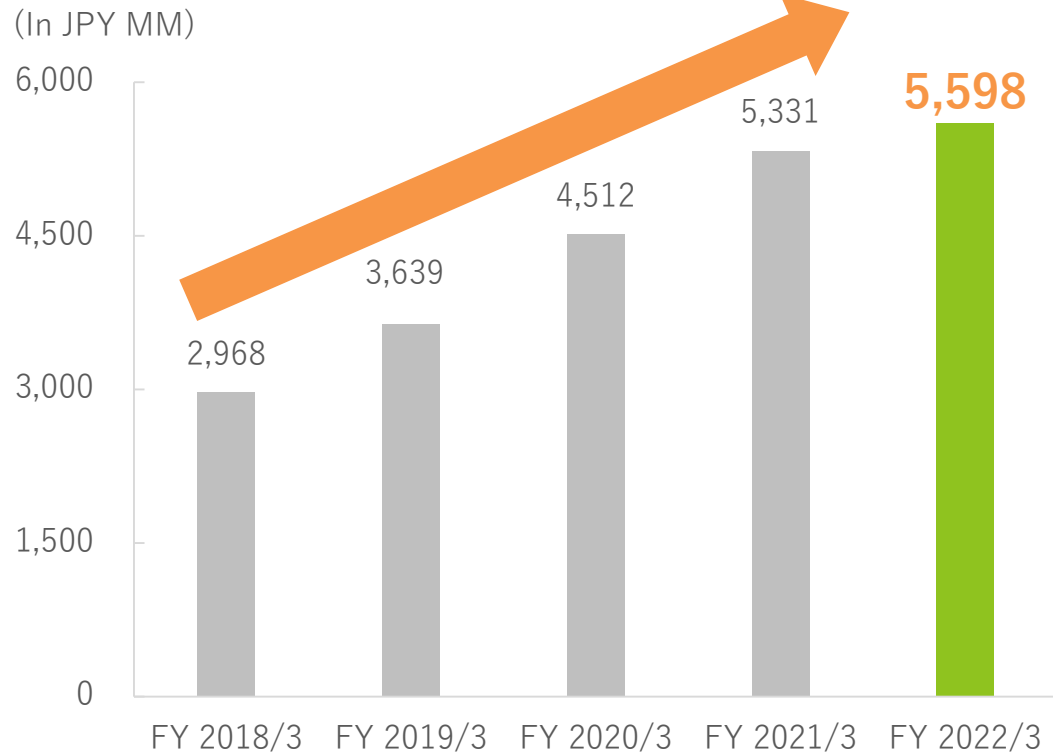
	FY 2022/3 Revised forecast*	FY 2022/3 Results	Actual vs Revised forecast
Net sales	5,650	5,598	99.1%
EBITDA	-	581	-
Operating income	250	291	116.6%
Ordinary income	200	242	121.1%
Net income attributable to owners of parent	120	184	154.1%
Operating profit ratio	4.4%	5.2%	-
ROE	-	9.1%	-

*Published on 11/11/2021

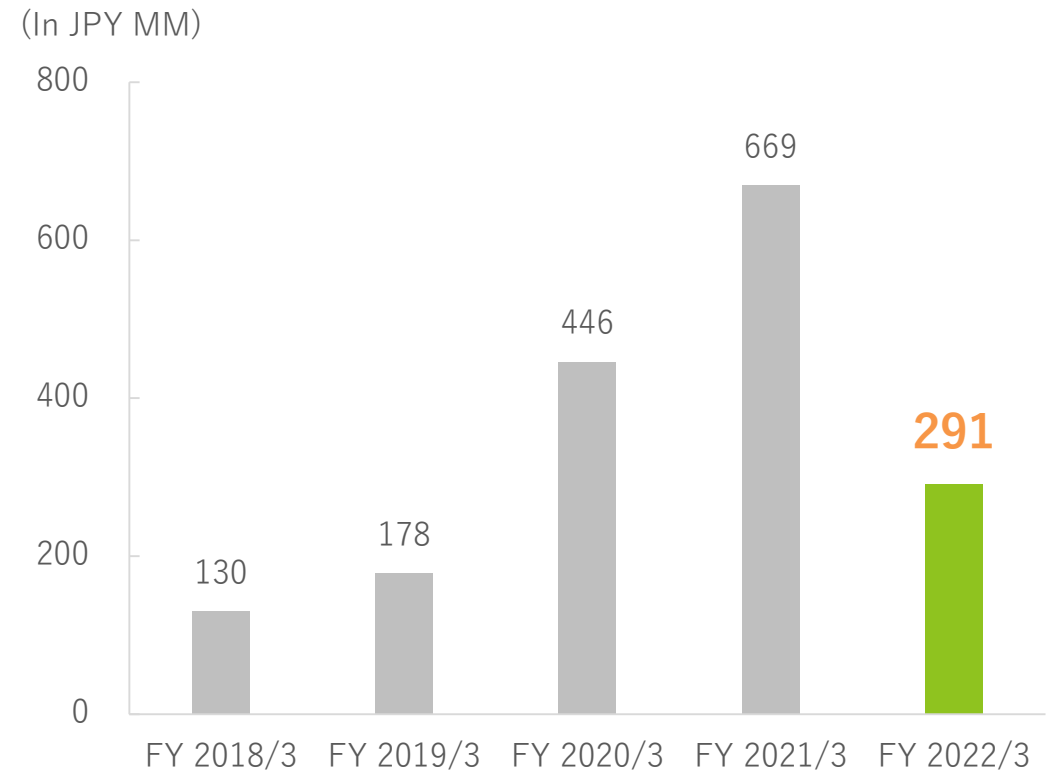
Consolidated Financial Results Trend

Sales reached record highs since the foundation.
Operating income fell due to upfront investment for future growth.

Net sales



Operating income



Breakdown of net sales for FY 2022/3

B2C sales increased by 4.0% due to sales generated by shikaku square, Inc. which joined in December 2021.

B2B and B2School sales increased by 7.2% which was driven by sales rise per corporate client

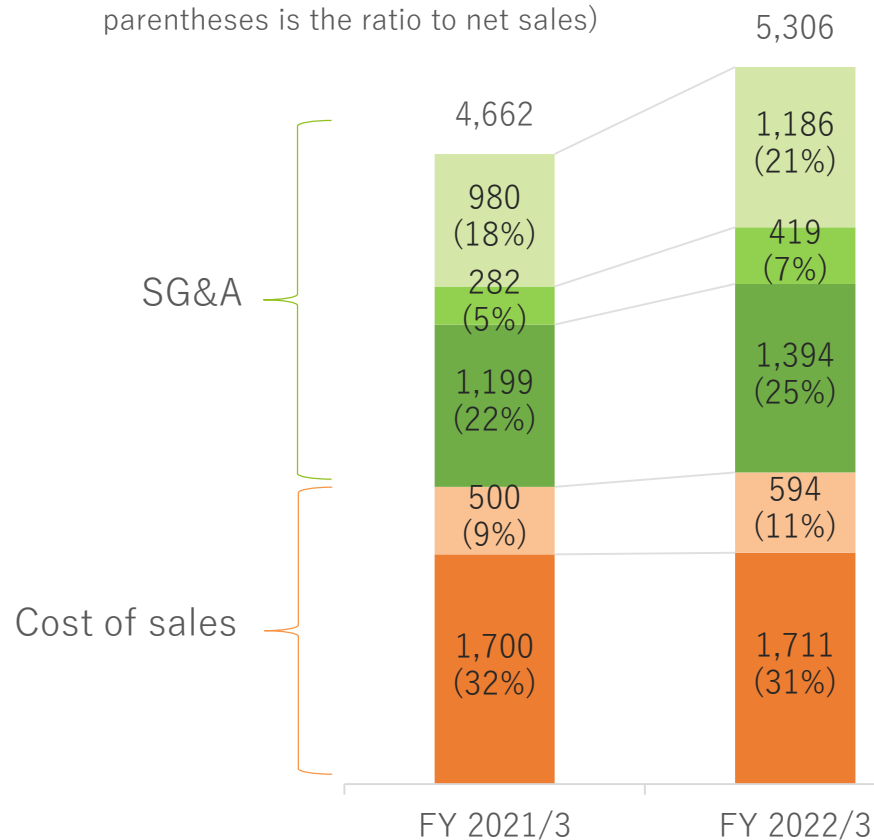
(In JPY MM)

	FY 2021/3	FY 2022/3	Change YoY
Net sales	5,331	5,598	+5.0%
B2C (constituent ratio)	3,742 (70.2%)	3,894 (69.6%)	+4.0%
B2B & B2School (constituent ratio)	1,589 (29.8%)	1,704 (30.4%)	+7.2%

Expenses (Cost of Sales and SG&A) Breakdown for FY 2022/3

As the number of employees has increased in B2B and shikaku square, Inc., labor cost increased. Outsourcing cost for engineers and depreciation on goodwill also increased.

(In JPY MM, the numbers in parentheses is the ratio to net sales)

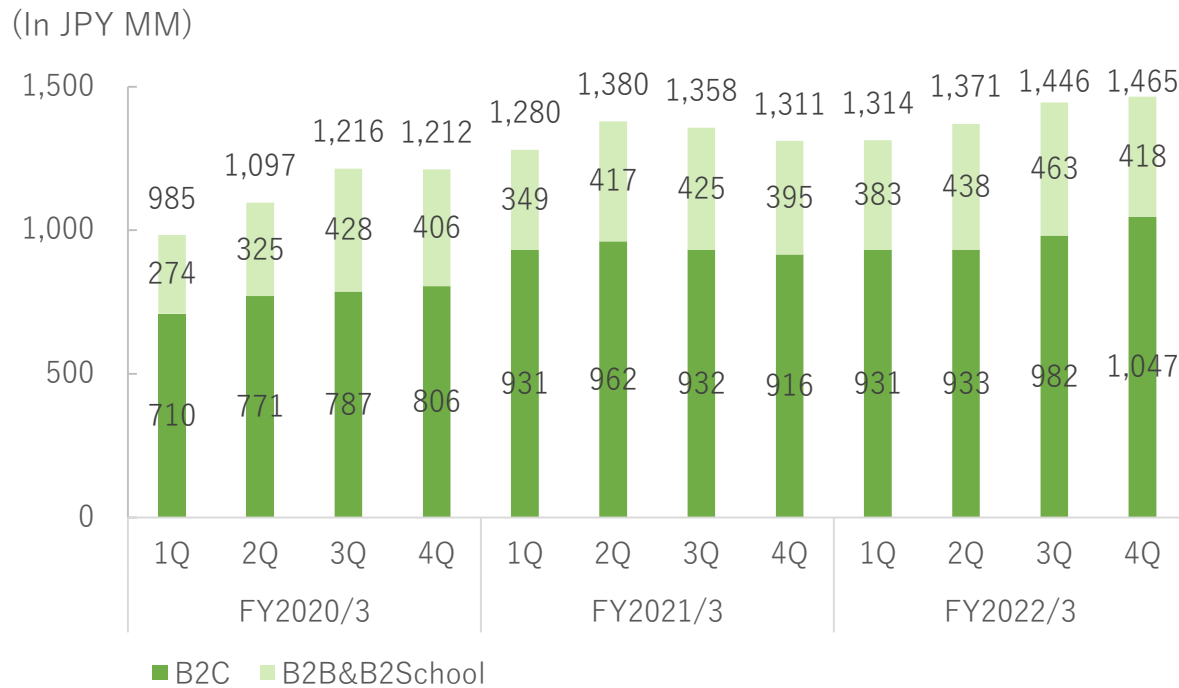


Expenses	YoY (Ratio)	Factors
Other SG&A	+205 (+20.9%)	Outsourcing cost for engineers and depreciation on goodwill increased.
Advertising	+136 (+48.3%)	The cost in shikaku square, Inc. increased.
Labor cost (SG&A)	+195 (+16.3%)	The number of employees has increased in B2B and shikaku square, Inc.
Other cost of sales	+95 (+19.2%)	Other cost of sales increased because purchase to provide training services increased.
Tutor fee (Cost of sales)	+10 (+0.6%)	Tutor fee increased year on year due to deteriorated exchange rate.

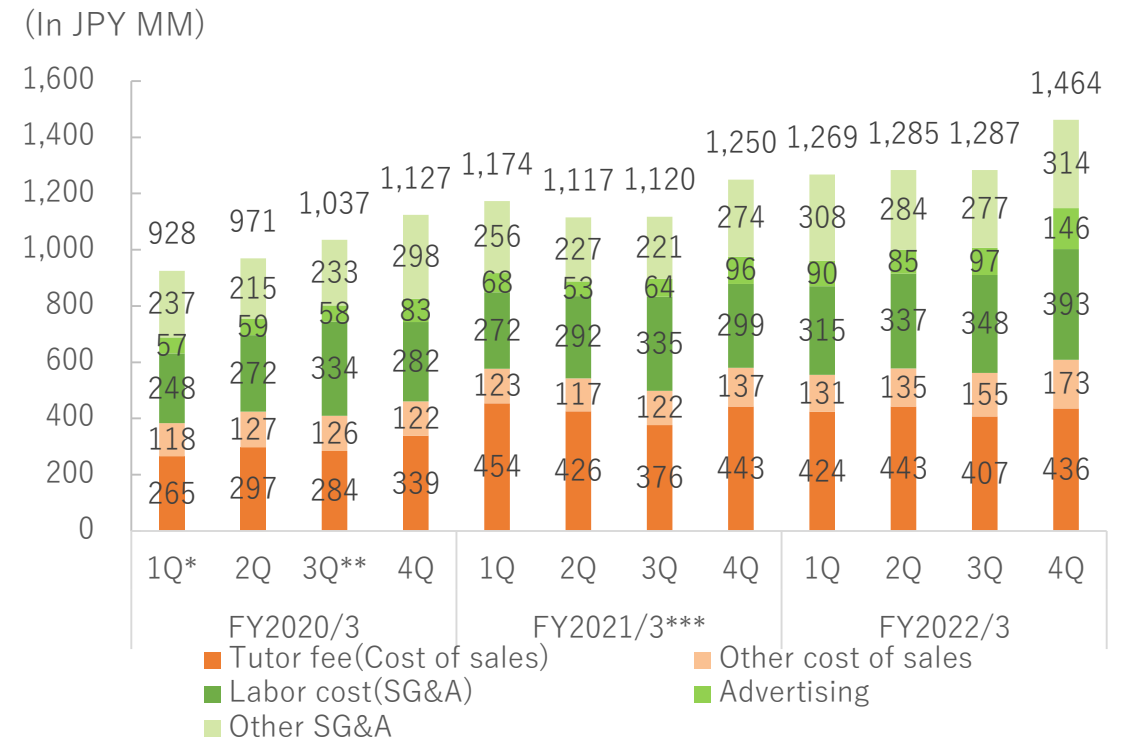
Breakdown of Quarterly Net Sales and Expenses (Cost of Sales and Selling, General and Administrative Expenses)

Despite of the seasonal factor, B2B sales maintain the increase momentum.

Net sales



Cost



* Due to the difference in closing dates of overseas subsidiaries and to comply with transfer pricing taxation, there was an increase in expenses for lecturers (cost of sales) and other SG&A expenses in 1Q and a decrease in expenses in 3Q compared with the previous quarter.

**Bonuses linked to business performance were expensed in a lump sum, resulting in a large increase in personnel expenses (SG&A expenses).

***Consideration of change in display method has been made.

Consolidated Balance Sheets for FY 2022/3

Cash and cash equivalents increased by 256 million yen year on year to prepare for future M&A opportunities.

(In JPY MM)

Assets	End of March 2021	End of March 2022	Change
Current assets	3,214	3,503	+288
Cash and deposits	2,860	3,116	+256
Others	353	386	+32
Fixed assets	1,254	2,840	+1,585
Total assets	4,468	6,343	+1,874
Liabilities and Net Assets	End of March 2021	End of March 2022	Change
Liabilities	2,351	3,864	+1,512
Current liabilities	1,037	2,529	+1,492
Fixed liabilities	1,314	1,334	+20
Net assets	2,116	2,479	+362
Total liabilities and net assets	4,468	6,343	+1,874
Capital ratio	41.2%	35.0%	-6.2 pt

Consolidated Statement of Cash Flows for FY 2022/3

Due to two M&A cases, FCF is temporarily deficit.

(In JPY MM)

CF	FY 2021/3	FY 2022/3	Change
Cash Flows from operating activities	1,089	292	-797
Income before Income Taxes and Others	612	267	-344
Depreciation and Amortization (Including amortization of goodwill)	250	289	+38
Other	226	-264	-491
Cash Flows from Investing Activities	-335	-1,507	-1,171
Purchase of shares of subsidiaries and associates	0	-961	-961
Purchase of shares of subsidiaries resulting in change in scope of consolidation	0	-278	-278
Other	-335	-267	+67
Cash Flows from Financing Activities	-54	1,464	+1,519
Proceeds from long-term loans payable	300	1,450	+1,150
Other	-354	14	+369
Cash and cash equivalents at end of year	2,866	3,121	+255
FCF	754	-1,214	-1,969

3. FY 2023/3 Plan

FY 2023/3 Plan

Sales will increase due to growth of B2B and shikaku square business. Operating income will fall due to investment and deteriorating exchange rate.

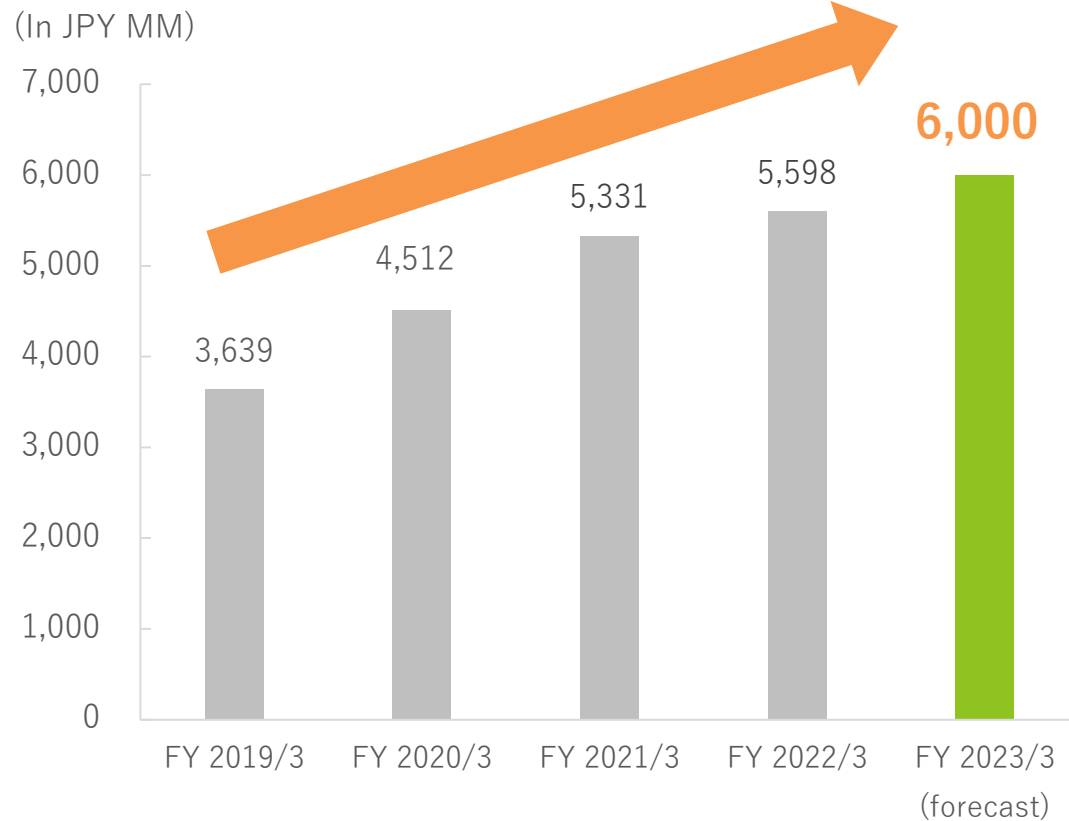
(In JPY MM)

	FY 2022/3 Results	Guidance for FY 2023/3	Change YoY
Net sales	5,598	6,000	+7.2%
B2C Sales	3,894	4,100	+5.3%
B2B & B2School Sales	1,704	1,900	+11.5%
EBITDA	581	386	-33.4%
Operating income	291	50	-82.9%
Ordinary income	242	80	-67.0%
Net income attributable to owners of parent	184	0	-100.0%
Operating margin	5.2%	0.8%	-4.4pt
ROE	9.1%	0%	-9.1pt

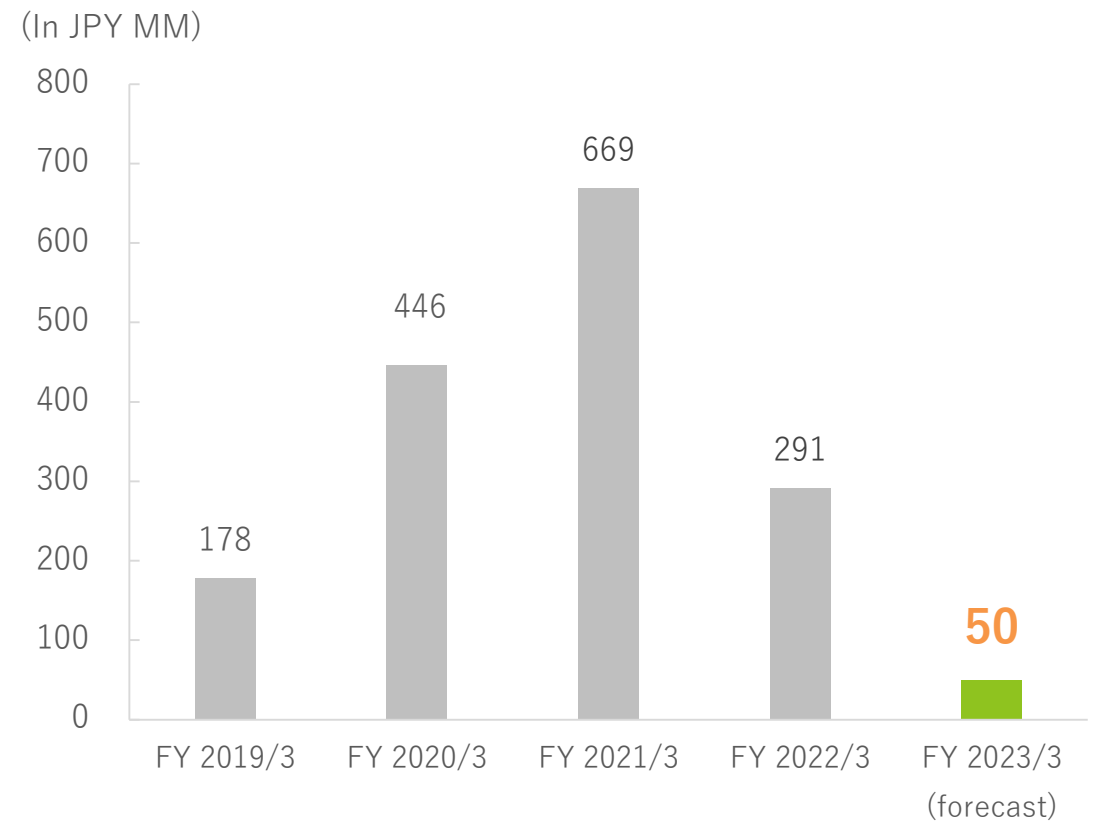
Consolidated Financial Results

Net sales are expected to increase for the 15 consecutive fiscal years since the foundation.

Net sales



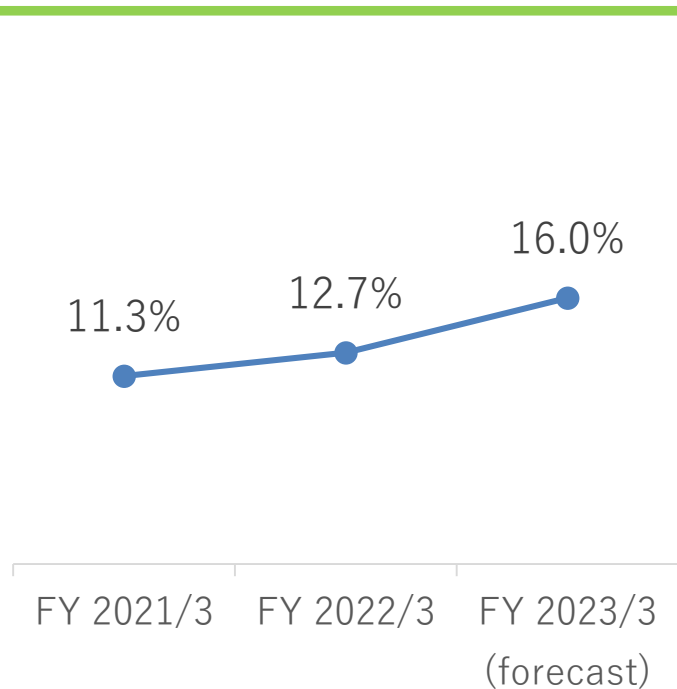
Operating income



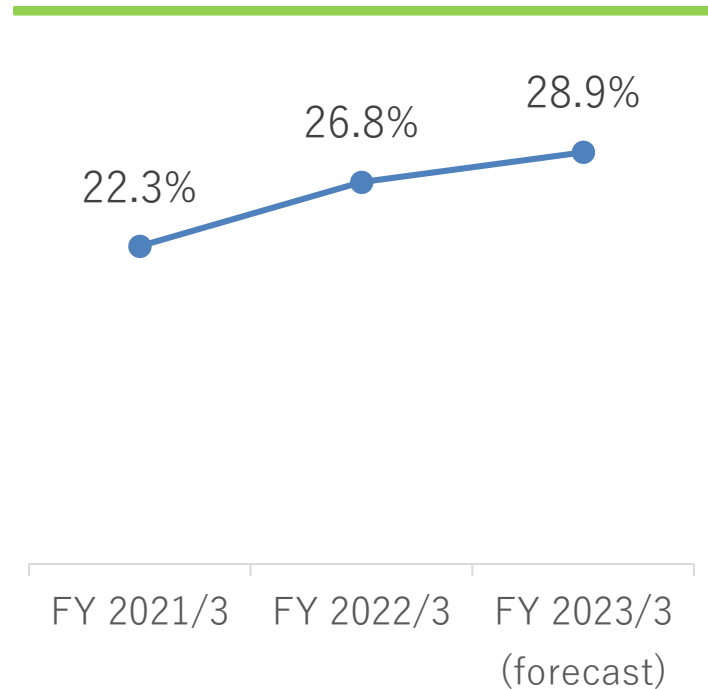
Transition of SG&A to Sales Ratio

Investments in R&D and S&M will be carried out for the growth strategy while making G&A expenses efficient.

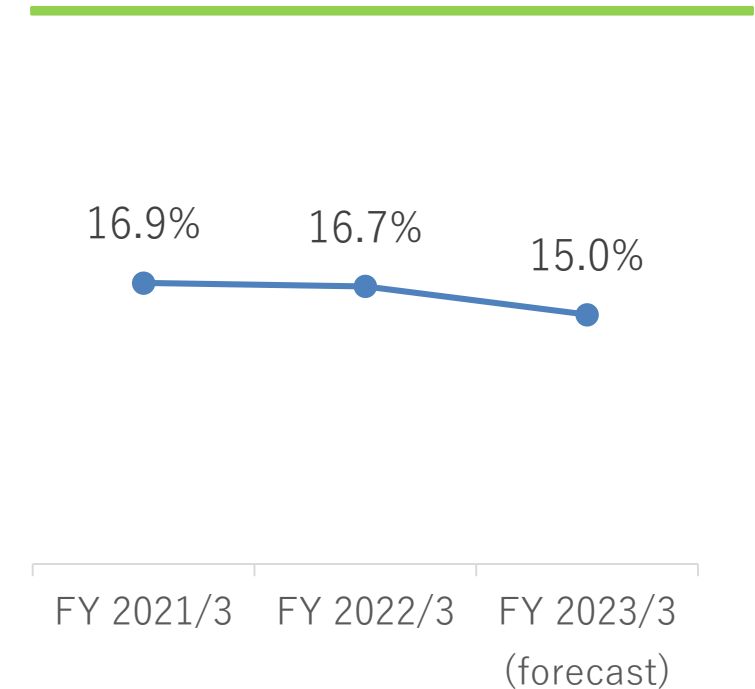
R&D* Ratio



S&M** Ratio



G&A*** ratio



*Research and Development Expenses including personnel expenses for engineers involved in research and development and common expenses. Figures do not take into account transfers to intangible assets.

**Sales and Marketing Personnel expenses for sales promotion and corporate sales personnel, and expenses including common costs

***General and Administrative Corporate department personnel costs and expenses, including common costs

****The classification of R&D and S&M has been changed for some expenses in FY2021/3 and FY2022/3 from this document.

Actions for FY2023/3

The acceleration of penetration of PROGOS

- Making cases that major companies introduce PROGOS to standardize the exam

Price revision

- We will increase our product price with service improvement

Service development for PROGOS evolution

- Global Business skill assessment

Evolving a business model for B2B

- Suggesting training programs from a neutral point of view by collaboration with partners

Appendix

RareJob, Inc.



Company outline

Established: October 18, 2007

Capital: 606,699 thousand Yen (As of March 31, 2022)

Location: 2F Kyocera Harajuku Building, 6-27-8 Jingumae,
Shibuya-ku, Tokyo

The First section of Tokyo Stock Exchange
(Securities Code: 6096)

Consolidated subsidiaries

RareJob Philippines, Inc.

ENVIZION PHILIPPINES, INC.

RIPPLE KIDS EDUCATIONAL SERVICES, INC.

Rarejob English Assessment, Inc.

Envizion, Inc.

PROGOS Inc.

shikaku square, Inc.

RareJob Technologies, Inc.

Group Vision

Chances for everyone, everywhere.

Director

Gaku Nakamura, Co-founder and CEO

Seishi Yasunaga, Director

Toshiyuki Fujita, Director

Takao Mihara, Outside Director*

Jun Narimatsu, Outside Director *

Miki Igarashi, Outside Director*

(* Audit and Supervisory Committee Member)

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.



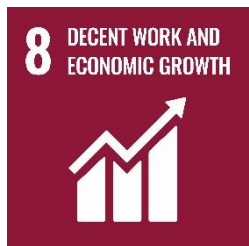
● Providing reasonable and high quality educations

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 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.

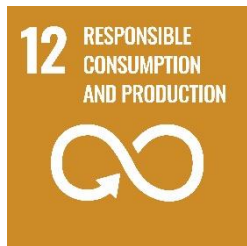
The classification for ESG: ● Environmental ● Social ● Governance

Initiatives for SDGs/ESG (2/2)



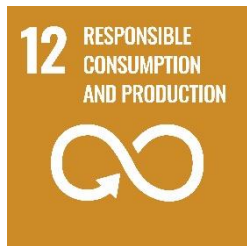
● Realization of the society where people can make full use of their abilities

Our goal is to create the society in which both students and 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.

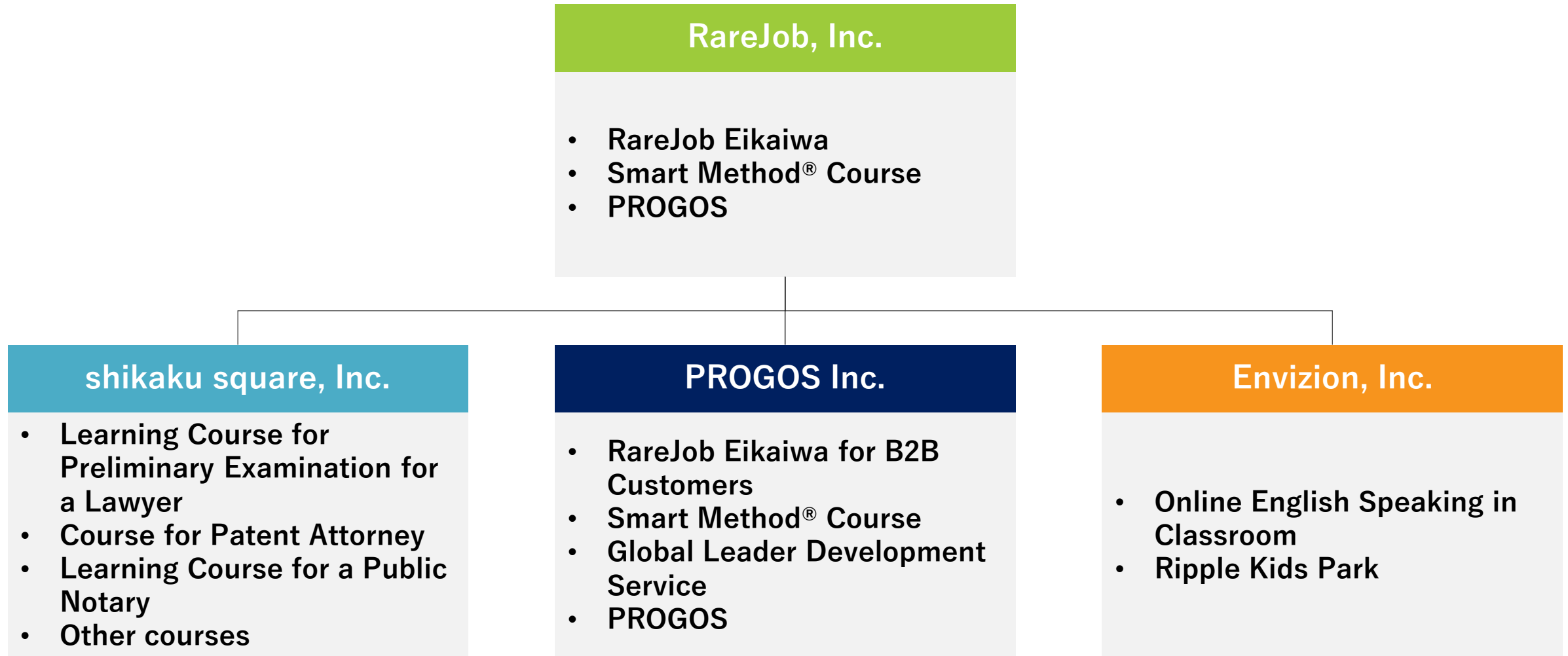


● Corporate governance

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

The Service Organization of the RareJob Group



You can speak English one-on-one everyday, regardless of location or time. Online English tutoring service have more than 1 million cumulative free subscribers.



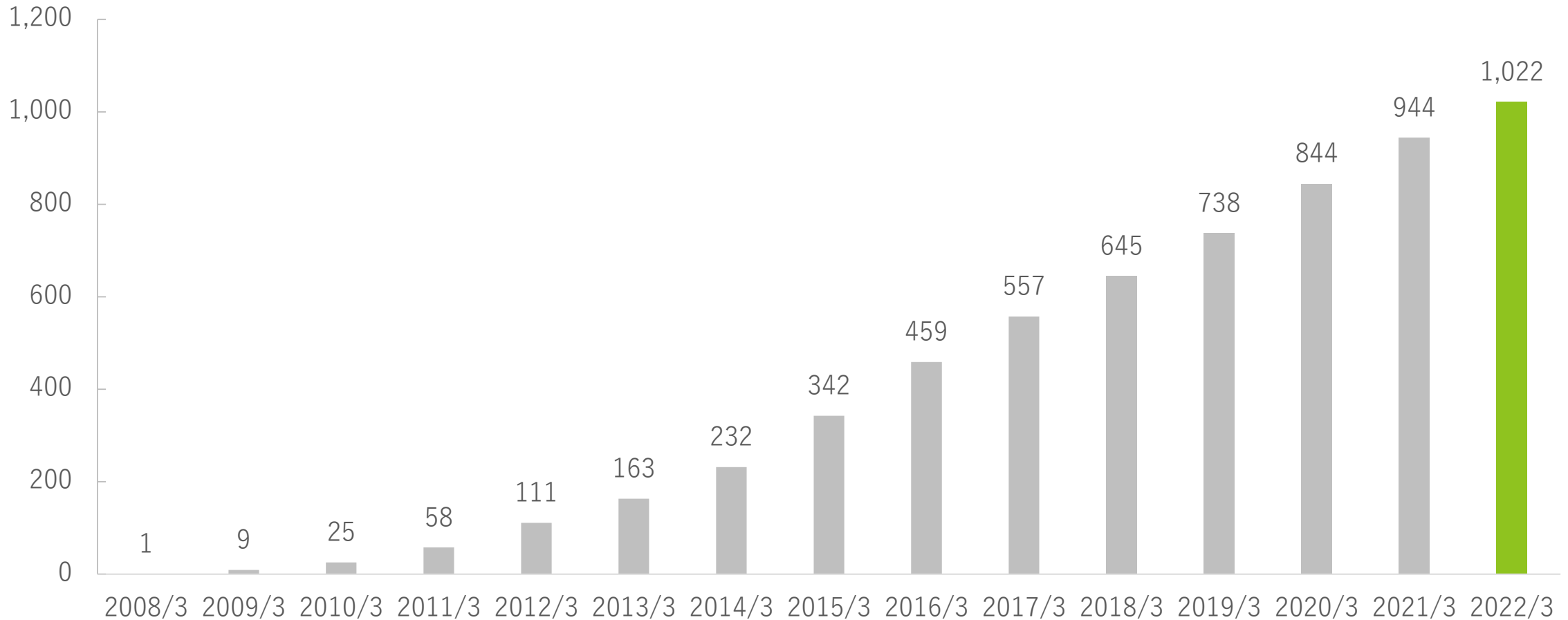
- 6,000 Philippine tutors registered with about 1% hiring rate.
- The Lesson Room, a proprietary system, can be used from the website and apps.
- Lesson hours are from 6 o'clock in the early morning to 1 o'clock in the middle of the night. Reservations can be made up to 5 minutes before the lesson.
- The 25-minute plan for daily English conversation is 6,380 yen (including tax) per month for everyday English conversation.

Cumulative RareJob Eikaiwa Free Membership



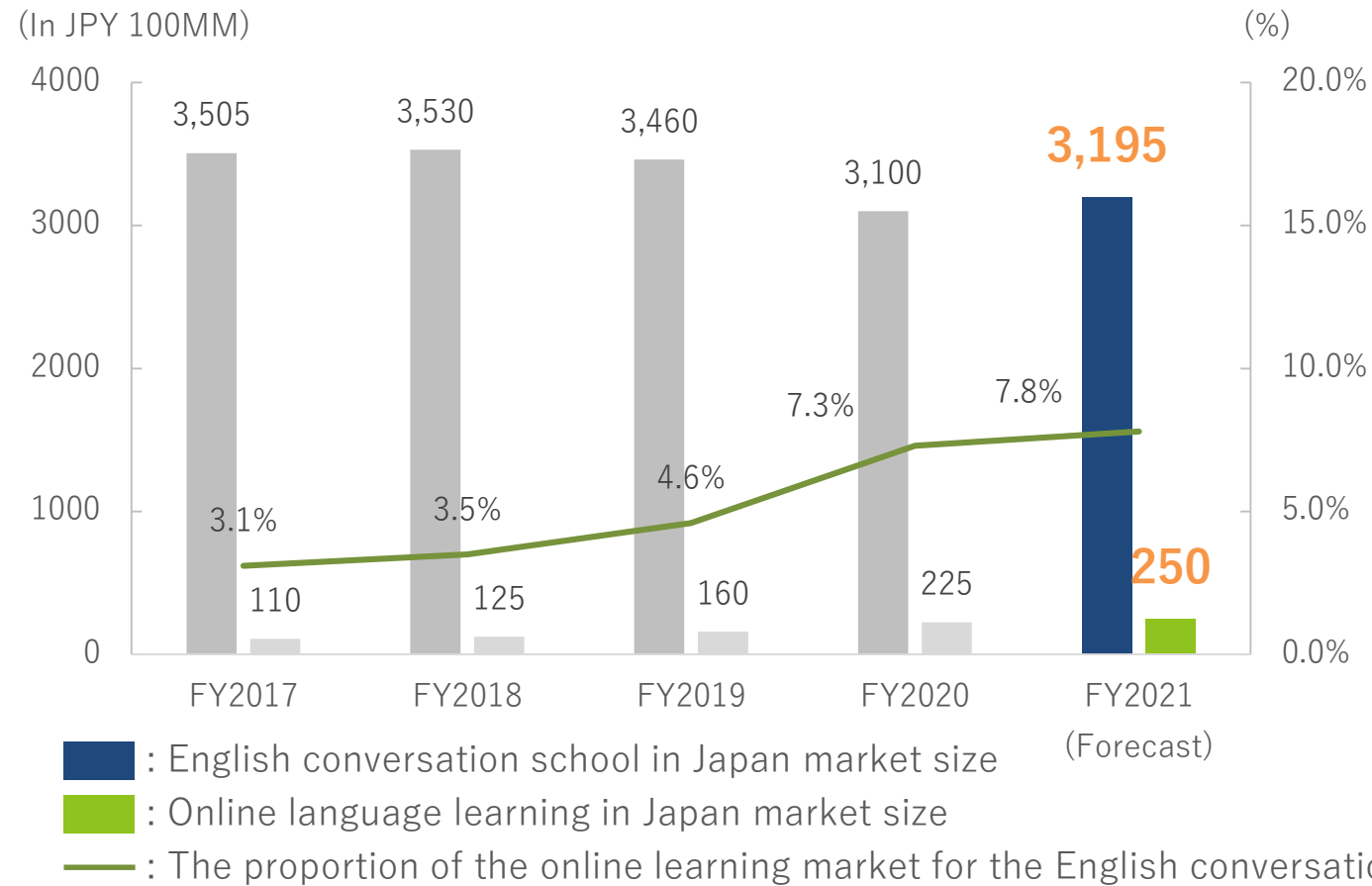
The cumulative number of free members has grown steadily, which is over 1 million as of now.

(Thousands)



English-related Business Market Size

The online English learning market accounts for only 7% of the English conversation school in Japan market, which means a huge potential for future growth in the online market.

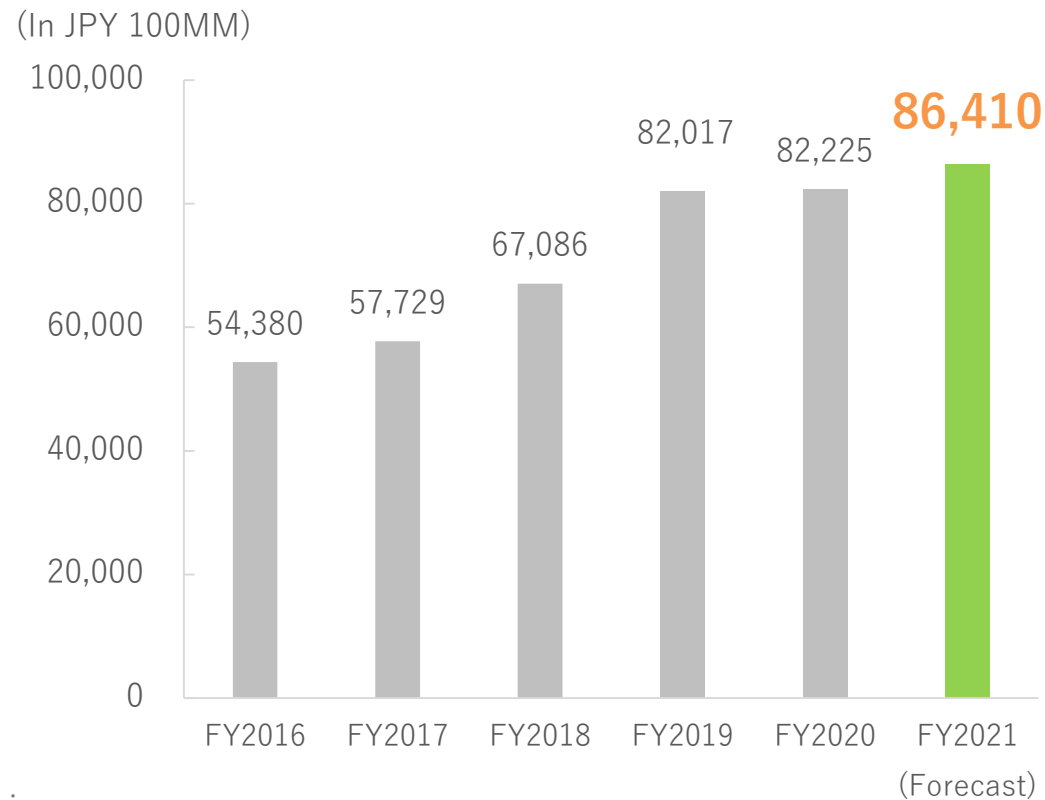


Source:
Yano Research Institute

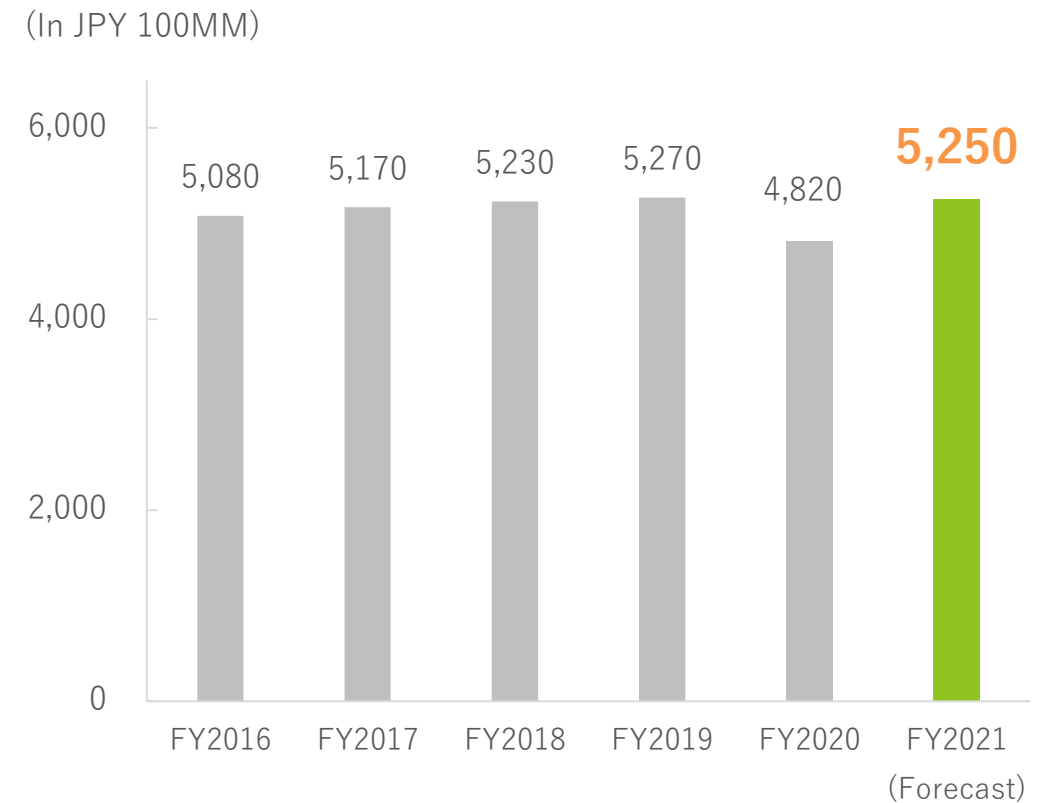
HR Business Market Size

HR business* market size¹⁾

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



Corporate training market size²⁾



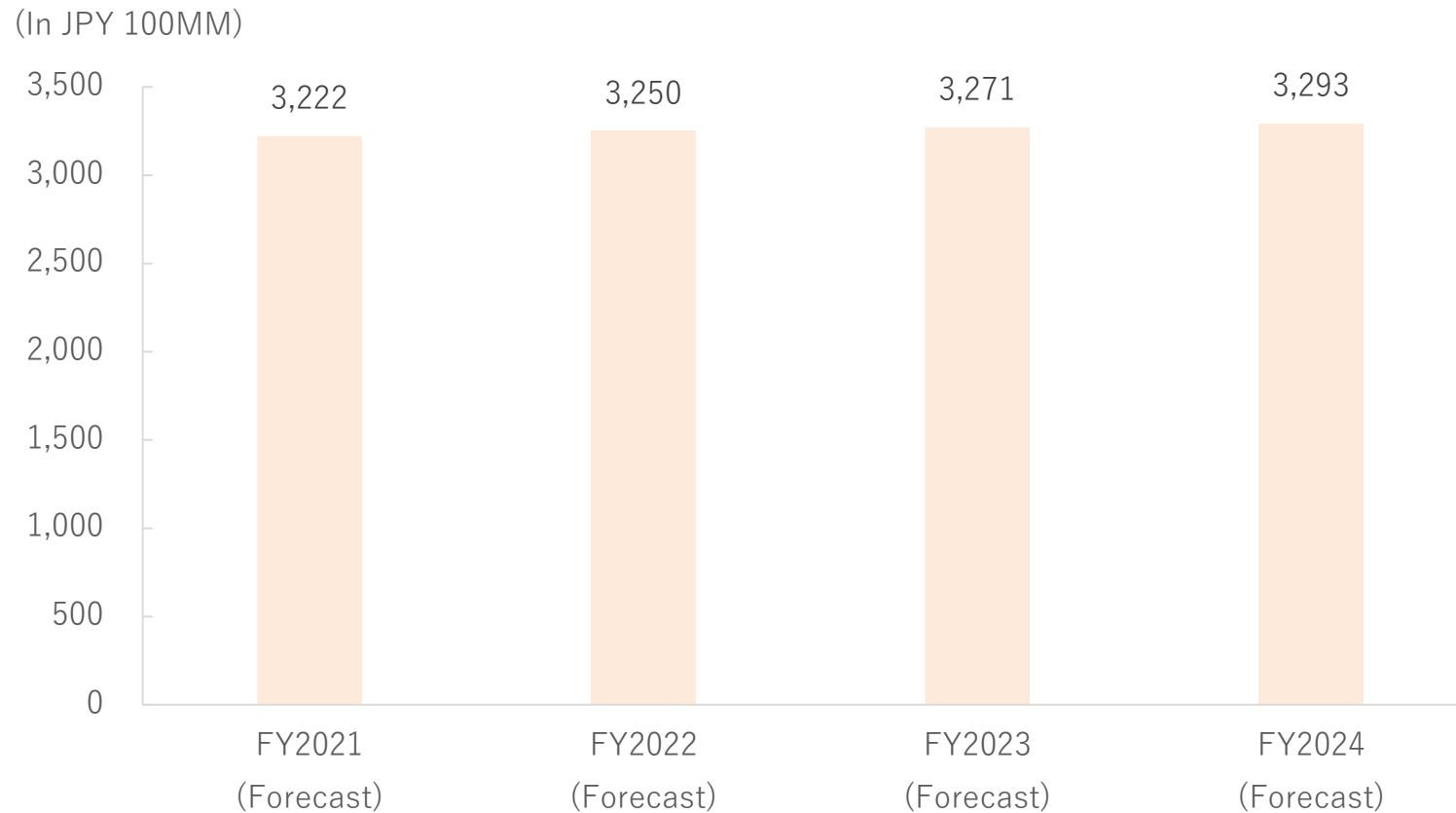
Source :

1) Yano Research Institute conducted a survey on the human resources business market in 2021

2) Yano Research Institute, "Business Training Service Market and Outlook 2021"

School Business Market Size

School business market



Source :
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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