

## eole (2334)

Fiscal Year (Unconsolidated) (Million Yen)		Sales	Operating Profit	Recurring Profit	Net Profit	EPS (Yen)	DPS (Yen)	BPS (Yen)
FY03/2019		1,955	78	76	58	25.55	0.00	495.44
FY03/2020		1,844	26	26	0	0.41	0.00	497.67
FY03/2021CoE		1,400	(299)	(278)	(280)	(120.59)	0.00	-
FY03/2020	YoY	(5.7%)	(66.0%)	(65.5%)	(98.4%)	-	-	-
FY03/2021CoE	YoY	(24.1%)	-	-	-	-	-	-
Quarter (Unconsolidated) (Million Yen)		Sales	Operating Profit	Recurring Profit	Net Profit	EPS (Yen)	DPS (Yen)	BPS (Yen)
Q1 FY03/2020		551	33	33	27	-	-	-
Q2 FY03/2020		393	(5)	(5)	(5)	-	-	-
Q3 FY03/2020		370	(26)	(26)	(22)	-	-	-
Q4 FY03/2020		528	25	25	1	-	-	-
Q1 FY03/2021		294	(108)	(108)	(109)	-	-	-
Q1 FY03/2021	YoY	(46.7%)	-	-	-	-	-	-

Source: Company Data, WRJ Calculation (CoE: median)

### 1.0 Results Update (19 August 2020)

#### Recovery to Start


On 14 August 2020, eole, focusing on programmatic job advertising, released its Q1 FY03/2021 results. It has been revealed that the Company is heading for a recovery in sales going forward after a significant decline during the said period. FY03/2021 Company forecasts (range format), announced together with the results, are going for sales in Q4 to rise over the same period of the previous year for the upper end. Meanwhile, with respect to the Company's project to make HR Ads Platform commercially viable with active investment, which is to realize next-generation posting of programmatic job advertising for post-COVID-19 world, it is suggested that steady progress has been made to start up linkage with external media. Currently, the Company is planning to launch the services, including linkage with a portal media, for early October 2020, which will be followed by a series of improvements in the services due to subsequent startup of linkage with other external media, gradually driving earnings for the Company.

For information: [eole \(2334\) Active Investment \(9 July 2020\)](#)

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## 2.0 Company Profile

### Programmatic Job Advertising

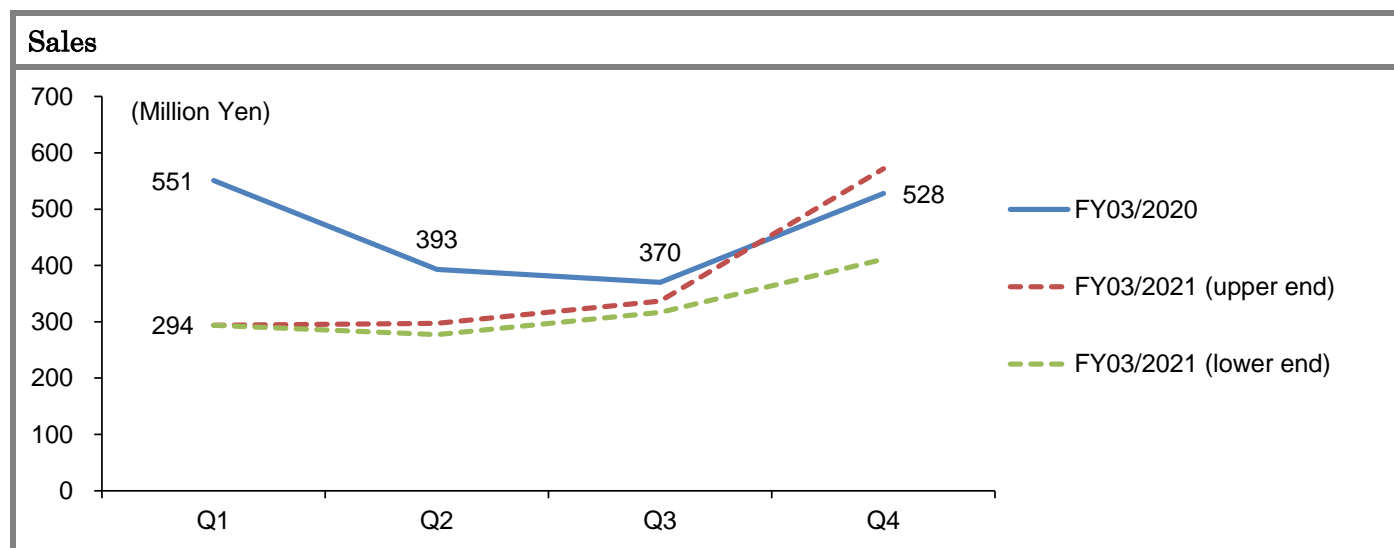
<b>Company Name</b>	eole Inc. <a href="#">Website</a> <a href="#">IR Information (Japanese)</a> <a href="#">Share Price (Japanese)</a>	
<b>Established</b>	25 April 2001	
<b>Listing</b>	15 December 2017: Tokyo Stock Exchange Mothers (ticker: 2334)	
<b>Capital</b>	¥741m (as of the end of June 2020)	
<b>No. of Shares</b>	2,324,400 shares, including 66 treasury shares (as of the end of June 2020)	
<b>Main Features</b>	<ul style="list-style-type: none"><li>● Strengths on targeted ads based on attribute data</li><li>● Proprietary knowhow on system linkage with job search engines, e.g., Indeed</li><li>● Advocating to realize next-generation posting for programmatic job advertising</li></ul>	
<b>Business Segment</b>	I . Internet Media Business	
<b>Top Management</b>	President: Makoto Ogawa	
<b>Shareholders</b>	Naohito Yoshida (founder and chairperson) 27.68%, Goro Inc. (owned by Yoshida) 9.11%, Toppan Printing 6.27% (as of the end of March 2020, but for treasury shares)	
<b>Headquarters</b>	Minato-ku, Tokyo, JAPAN	
<b>No. of Employees</b>	Unconsolidated: 92 (as of the end of June 2020)	

Source: Company Data

## 3.0 Recent Trading and Prospects

### Q1 FY03/2021 Results

In Q1 FY03/2021, sales came in at ¥294m (down 46.7% YoY), operating profit minus ¥108m (versus ¥33m during the same period of the previous year), recurring profit minus ¥108m (¥33m) and net profit minus ¥109m (¥27m), while operating profit margin minus 36.9% (down 43.0% points).



Source: Company Data, WRJ Calculation

Sales of the mainstay “pinpoint and other programmatic ads” came in at ¥215m (down 45.9%) and sales composition ratio 73.1% (up 1.0% point). Meanwhile, sales elsewhere mainly comprising those of operations for own media also came down sharply as a trend across the board. The decline in economic activity due to the impacts stemming from COVID-19 is the main cause. For example, the active job openings-to-applicants ratio has been consistently coming down, having negatively affected to sales with the Company which has a large exposure to job advertising.

On the profit and loss side, gross profit came in at ¥71m (down 66.4%) and SG&A expenses ¥179m (up 0.7%), implying gross profit margin of 24.2% (down 14.2% points) and sales to SG&A expenses ratio of 61.2% (up 28.8% points). Although the rise in SG&A expenses was restrained, it was just difficult to recover fixed costs due to the large decline in sales as far as we could see.

Sales of “pinpoint and other programmatic ads”, when roughly speaking, have an exposure by 80% to job advertising and to sales promotion advertising for the remaining 20%. With respect to job advertising, demand has declined sharply as companies continued to reduce or postpone their recruitment activity due to the substantial decline in their appetite for hiring. With respect to sales promotion advertising, the Company has suffered from a major factor that sales stemming from a large-scale deal have been gone since Q2 FY03/2020, which had been booked by the same period of the previous year, i.e., Q1 FY03/2020, on top of the impacts of slowing economic activity across the board.

In Q2 FY03/2021, the impacts of above-mentioned factor will not reappear in terms of changes over the same period of the previous year, but decreased sales for "pinpoint and other programmatic ads" are expected to persist. More importantly, however, sales are expected to remain roughly unchanged on a quarter on quarter basis, i.e., when compared with the results in Q1 FY03/2021.

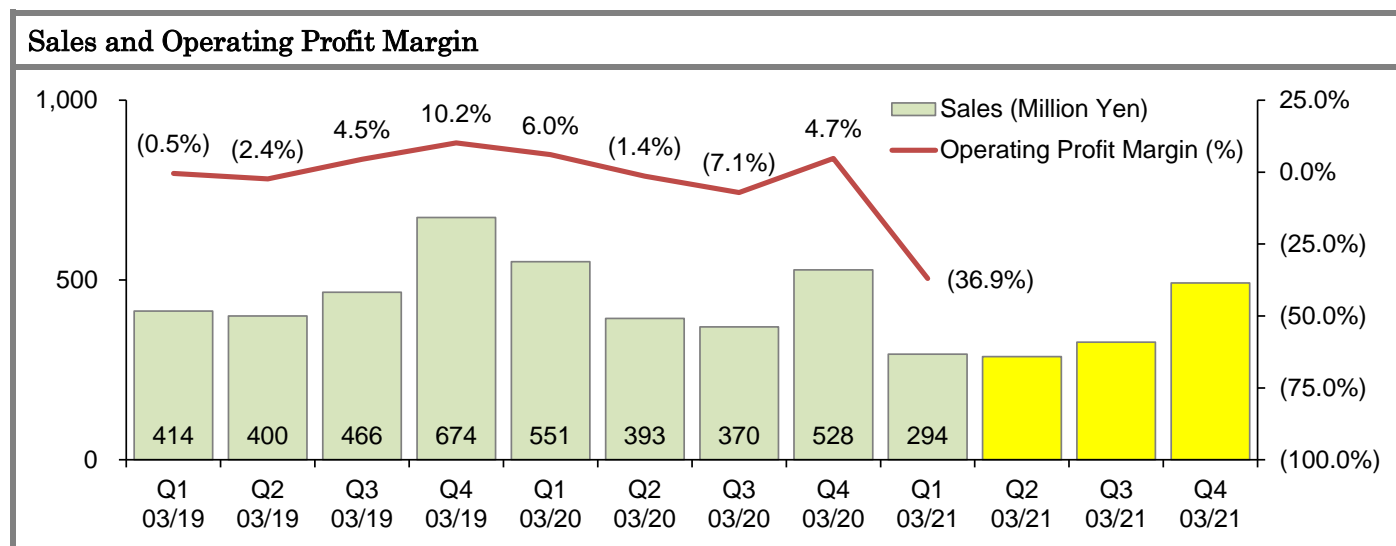
At the time of the announcement of FY03/2020 results, it was difficult to reasonably calculate the impacts stemming from COVID-19 and therefore Company forecasts were undecided. On the other hand, at the same time as announcing the Q1 results, full-year Company forecasts were announced in a range format based on "data currently available and forecasts of market trends", i.e., sales of ¥1,300m to ¥1,501m, operating profit of minus ¥327m to minus ¥271m, recurring profit of minus ¥307m to minus ¥250m and net profit of minus ¥309m to minus ¥252m.

With respect to sales, Company forecasts assume a trend of recovery to start up at around the time of lifting for nationwide emergency declaration (16 April to 25 May 2020). Still, the absolute amount of sales in Q2 are expected to remain roughly unchanged over Q1. Probably, this is attributable to a factor that sales are to slow down because of seasonal factors for the changes in this aspect.

According to the Company, economic activity will gradually resume going forward with preventive measures, etc., driving appetite for hiring amongst companies and thus external environment to which the Company is exposed. At the upper end, Company forecasts assume a case that the appetite for companies to hire gradually recovers starting in October 2020, while a case that the recovery in the external environment is delayed for the lower end. As for the latter, Company forecasts do not assume a situation as unfavorable as emergency declaration again officially announced.

### FY03/2021 Company Forecasts

FY03/2021 Company forecasts, announced on 14 August 2020, are going for prospective sales of ¥1,400m (down 24.1% YoY), operating profit of minus ¥299m (versus ¥26m in the previous year), recurring profit of minus ¥278m (¥26m) and net profit of minus ¥280m (¥0m), while operating profit margin of minus 21.3% (down 22.8% point) in terms of median value of suggested ranges.



Source: Company Data, WRJ Calculation (Q2 to Q4 FY03/2021: median of Company forecasts)

## 4.0 Financial Statements

### Income Statement (Cumulative/Quarterly)

Income Statement	Par.Act	Par.Act	Par.Act	Par.Act	Par.Act	Par.Act	Par.Act	Par.Act	Par.Act	YoY
(Million Yen)	Q1	Q1 to Q2	Q1 to Q3	Q1 to Q4	Q1	Q1 to Q2	Q1 to Q3	Q1 to Q4	Q1 to Q4	Net Chg.
	03/2020	03/2020	03/2020	03/2020	03/2021	03/2021	03/2021	03/2021	03/2021	
<b>Sales</b>	<b>551</b>	<b>945</b>	<b>1,315</b>	<b>1,844</b>	<b>294</b>	-	-	-	-	<b>(257)</b>
Cost of Sales	339	557	781	1,102	222	-	-	-	-	(117)
Gross Profit	212	387	534	741	71	-	-	-	-	(140)
SG&A Expenses	178	359	533	714	179	-	-	-	-	+1
<b>Operating Profit</b>	<b>33</b>	<b>27</b>	<b>1</b>	<b>26</b>	<b>(108)</b>	-	-	-	-	<b>(142)</b>
Non Operating Balance	(0)	(0)	(0)	(0)	-	-	-	-	-	+0
<b>Recurring Profit</b>	<b>33</b>	<b>27</b>	<b>1</b>	<b>26</b>	<b>(108)</b>	-	-	-	-	<b>(141)</b>
Extraordinary Balance	-	-	-	-	-	-	-	-	-	-
Profit before Income Taxes	33	27	1	26	(108)	-	-	-	-	(141)
Total Income Taxes	6	5	1	25	0	-	-	-	-	(5)
<b>Net Profit</b>	<b>27</b>	<b>21</b>	<b>(0)</b>	<b>0</b>	<b>(109)</b>	-	-	-	-	<b>(136)</b>
Sales YoY	+33.2%	+16.0%	+2.7%	(5.7%)	(46.7%)	-	-	-	-	-
Operating Profit YoY	-	-	(83.2%)	(66.0%)	-	-	-	-	-	-
Recurring Profit YoY	-	-	(83.3%)	(65.5%)	-	-	-	-	-	-
Net Profit YoY	-	-	-	(98.4%)	-	-	-	-	-	-
Gross Profit Margin	38.4%	41.0%	40.6%	40.2%	24.2%	-	-	-	-	(14.2%)
Sales to SG&A Expenses Ratio	32.4%	38.0%	40.5%	38.8%	61.2%	-	-	-	-	+28.8%
Operating Profit Margin	6.0%	3.0%	0.1%	1.4%	(36.9%)	-	-	-	-	(43.0%)
Recurring Profit Margin	6.0%	2.9%	0.1%	1.4%	(36.9%)	-	-	-	-	(42.9%)
Net Profit Margin	4.9%	2.3%	(0.0%)	0.1%	(37.1%)	-	-	-	-	(42.0%)
Total Income Taxes/Profit before Income Taxes	18.2%	20.6%	151.7%	96.4%	-	-	-	-	-	-
Income Statement	Par.Act	Par.Act	Par.Act	Par.Act	Par.Act	Par.Act	Par.Act	Par.Act	Par.Act	YoY
(Million Yen)	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q4	Net Chg.
	03/2020	03/2020	03/2020	03/2020	03/2021	03/2021	03/2021	03/2021	03/2021	
<b>Sales</b>	<b>551</b>	<b>393</b>	<b>370</b>	<b>528</b>	<b>294</b>	-	-	-	-	<b>(257)</b>
Cost of Sales	339	217	223	321	222	-	-	-	-	(117)
Gross Profit	212	175	147	206	71	-	-	-	-	(140)
SG&A Expenses	178	180	173	181	179	-	-	-	-	+1
<b>Operating Profit</b>	<b>33</b>	<b>(5)</b>	<b>(26)</b>	<b>25</b>	<b>(108)</b>	-	-	-	-	<b>(142)</b>
Non Operating Balance	(0)	(0)	(0)	0	-	-	-	-	-	+0
<b>Recurring Profit</b>	<b>33</b>	<b>(5)</b>	<b>(26)</b>	<b>25</b>	<b>(108)</b>	-	-	-	-	<b>(141)</b>
Extraordinary Balance	-	-	-	-	-	-	-	-	-	-
Profit before Income Taxes	33	(5)	(26)	25	(108)	-	-	-	-	(141)
Total Income Taxes	6	(0)	(3)	23	0	-	-	-	-	(5)
<b>Net Profit</b>	<b>27</b>	<b>(5)</b>	<b>(22)</b>	<b>1</b>	<b>(109)</b>	-	-	-	-	<b>(136)</b>
Sales YoY	+33.2%	(1.8%)	(20.5%)	(21.7%)	(46.7%)	-	-	-	-	-
Operating Profit YoY	-	-	-	(63.6%)	-	-	-	-	-	-
Recurring Profit YoY	-	-	-	(63.5%)	-	-	-	-	-	-
Net Profit YoY	-	-	-	(97.1%)	-	-	-	-	-	-
Gross Profit Margin	38.4%	44.6%	39.8%	39.2%	24.2%	-	-	-	-	(14.2%)
Sales to SG&A Expenses Ratio	32.4%	46.0%	46.9%	34.4%	61.2%	-	-	-	-	+28.8%
Operating Profit Margin	6.0%	(1.4%)	(7.1%)	4.7%	(36.9%)	-	-	-	-	(43.0%)
Recurring Profit Margin	6.0%	(1.4%)	(7.1%)	4.7%	(36.9%)	-	-	-	-	(42.9%)
Net Profit Margin	4.9%	(1.3%)	(6.1%)	0.3%	(37.1%)	-	-	-	-	(42.0%)
Total Income Taxes/Profit before Income Taxes	18.2%	-	-	93.7%	-	-	-	-	-	-

Source: Company Data, WRJ Calculation

## Sales by Type of Services (Cumulative/Quarterly)

Sales by Type of Services (Million Yen)	Par.Act	Par.Act	Par.Act	Par.Act	Par.Act	Par.Act	Par.Act	Par.Act	Par.Act	YoY
	Q1 03/2020	Q1 to Q2 03/2020	Q1 to Q3 03/2020	Q1 to Q4 03/2020	Q1 03/2021	Q1 to Q2 03/2021	Q1 to Q3 03/2021	Q1 to Q4 03/2021	Q1 to Q4 03/2021	Net Chg.
Rakuraku Contact Network	23	55	81	112	16	-	-	-	-	(6)
Gakuba Arbeit	48	91	135	186	19	-	-	-	-	(29)
Rakuraku Arbeit	28	56	78	104	17	-	-	-	-	(11)
"pinpoint and other programmatic ads"	397	637	878	1,265	215	-	-	-	-	(182)
Other	53	105	142	174	25	-	-	-	-	(28)
<b>Sales</b>	<b>551</b>	<b>945</b>	<b>1,315</b>	<b>1,844</b>	<b>294</b>	-	-	-	-	<b>(257)</b>
Rakuraku Contact Network	(28.9%)	(5.1%)	(18.6%)	(21.6%)	(27.2%)	-	-	-	-	-
Gakuba Arbeit	+17.4%	+10.9%	+9.9%	+11.2%	(60.0%)	-	-	-	-	-
Rakuraku Arbeit	(36.6%)	(36.5%)	(40.3%)	(38.4%)	(39.4%)	-	-	-	-	-
"pinpoint and other programmatic ads"	+72.4%	+37.3%	+17.3%	+2.5%	(45.9%)	-	-	-	-	-
Other	(16.6%)	(13.5%)	(19.8%)	(27.2%)	(52.7%)	-	-	-	-	-
<b>Sales YoY</b>	<b>+33.2%</b>	<b>+16.0%</b>	<b>+2.7%</b>	<b>(5.7%)</b>	<b>(46.7%)</b>	-	-	-	-	-
Rakuraku Contact Network	4.2%	5.8%	6.2%	6.1%	5.7%	-	-	-	-	+1.5%
Gakuba Arbeit	8.8%	9.6%	10.3%	10.1%	6.6%	-	-	-	-	(2.2%)
Rakuraku Arbeit	5.2%	5.9%	6.0%	5.7%	6.0%	-	-	-	-	+0.7%
"pinpoint and other programmatic ads"	72.1%	67.5%	66.7%	68.6%	73.1%	-	-	-	-	+1.0%
Other	9.7%	11.1%	10.8%	9.5%	8.6%	-	-	-	-	(1.1%)
<b>Sales Composition Ratio</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	-	-	-	-	<b>0.0%</b>

Sales by Type of Services (Million Yen)	Par.Act	Par.Act	Par.Act	Par.Act	Par.Act	Par.Act	Par.Act	Par.Act	Par.Act	YoY
	Q1 03/2020	Q2 03/2020	Q3 03/2020	Q4 03/2020	Q1 03/2021	Q2 03/2021	Q3 03/2021	Q4 03/2021	Q4 03/2021	Net Chg.
Rakuraku Contact Network	23	32	25	31	16	-	-	-	-	(6)
Gakuba Arbeit	48	42	44	51	19	-	-	-	-	(29)
Rakuraku Arbeit	28	27	22	26	17	-	-	-	-	(11)
"pinpoint and other programmatic ads"	397	239	240	386	215	-	-	-	-	(182)
Other	53	51	37	32	25	-	-	-	-	(28)
<b>Sales</b>	<b>551</b>	<b>393</b>	<b>370</b>	<b>528</b>	<b>294</b>	-	-	-	-	<b>(257)</b>
Rakuraku Contact Network	(28.9%)	+25.2%	(37.7%)	(28.1%)	(27.2%)	-	-	-	-	-
Gakuba Arbeit	+17.4%	+4.3%	+7.9%	+15.0%	(60.0%)	-	-	-	-	-
Rakuraku Arbeit	(36.6%)	(36.4%)	(48.1%)	(31.9%)	(39.4%)	-	-	-	-	-
"pinpoint and other programmatic ads"	+72.4%	+2.6%	(15.4%)	(20.3%)	(45.9%)	-	-	-	-	-
Other	(16.6%)	(10.2%)	(33.3%)	(48.4%)	(52.7%)	-	-	-	-	-
<b>Sales YoY</b>	<b>+33.2%</b>	<b>(1.8%)</b>	<b>(20.5%)</b>	<b>(21.7%)</b>	<b>(46.7%)</b>	-	-	-	-	-
Rakuraku Contact Network	4.2%	8.2%	7.0%	6.0%	5.7%	-	-	-	-	+1.5%
Gakuba Arbeit	8.8%	10.8%	12.0%	9.7%	6.6%	-	-	-	-	(2.2%)
Rakuraku Arbeit	5.2%	6.9%	6.1%	4.9%	6.0%	-	-	-	-	+0.7%
"pinpoint and other programmatic ads"	72.1%	61.0%	64.9%	73.2%	73.1%	-	-	-	-	+1.0%
Other	9.7%	13.1%	10.0%	6.1%	8.6%	-	-	-	-	(1.1%)
<b>Sales Composition Ratio</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	-	-	-	-	<b>0.0%</b>

Source: Company Data, WRJ Calculation

### Balance Sheet (Quarterly)

Balance Sheet (Million Yen)	Par.Act	Par.Act	Par.Act	Par.Act	Par.Act	Par.Act	Par.Act	Par.Act	Par.Act	YoY Net Chg.
	Q1 03/2020	Q2 03/2020	Q3 03/2020	Q4 03/2020	Q1 03/2021	Q2 03/2021	Q3 03/2021	Q4 03/2021		
Cash and Deposit	832	794	742	802	671	-	-	-	-	(160)
Accounts Receivables	151	142	142	170	96	-	-	-	-	(54)
Other	15	12	15	22	21	-	-	-	-	+5
<b>Current Assets</b>	<b>999</b>	<b>950</b>	<b>900</b>	<b>995</b>	<b>789</b>	-	-	-	-	<b>(210)</b>
Tangible Assets	7	6	5	4	4	-	-	-	-	(2)
Intangible Assets	303	307	325	353	362	-	-	-	-	+58
Investments and Other Assets	89	89	89	74	74	-	-	-	-	(15)
<b>Fixed Assets</b>	<b>400</b>	<b>403</b>	<b>420</b>	<b>433</b>	<b>441</b>	-	-	-	-	<b>+40</b>
<b>Deferred Assets</b>	<b>0</b>	<b>0</b>	-	-	-	-	-	-	-	<b>(0)</b>
<b>Total Assets</b>	<b>1,400</b>	<b>1,353</b>	<b>1,320</b>	<b>1,428</b>	<b>1,230</b>	-	-	-	-	<b>(169)</b>
Accounts Payables, etc.	95	77	73	165	68	-	-	-	-	(26)
Corporate Bond	15	5	-	-	-	-	-	-	-	(15)
Short Term Debt	-	-	-	-	-	-	-	-	-	-
Other	116	97	94	109	109	-	-	-	-	(7)
<b>Current Liabilities</b>	<b>227</b>	<b>179</b>	<b>168</b>	<b>274</b>	<b>178</b>	-	-	-	-	<b>(48)</b>
Corporate Bond	-	-	-	-	-	-	-	-	-	-
Long Term Debt	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-
<b>Fixed Liabilities</b>	-	-	-	-	-	-	-	-	-	-
<b>Total Liabilities</b>	<b>227</b>	<b>179</b>	<b>168</b>	<b>274</b>	<b>178</b>	-	-	-	-	<b>(48)</b>
<b>Shareholders' Equity</b>	<b>1,170</b>	<b>1,171</b>	<b>1,149</b>	<b>1,150</b>	<b>1,049</b>	-	-	-	-	<b>(120)</b>
Other	2	2	2	2	2	-	-	-	-	0
<b>Net Assets</b>	<b>1,173</b>	<b>1,174</b>	<b>1,151</b>	<b>1,153</b>	<b>1,052</b>	-	-	-	-	<b>(120)</b>
<b>Total Liabilities and Net Assets</b>	<b>1,400</b>	<b>1,353</b>	<b>1,320</b>	<b>1,428</b>	<b>1,230</b>	-	-	-	-	<b>(169)</b>
Equity Capital	1,170	1,171	1,149	1,150	1,049	-	-	-	-	(121)
Interest Bearing Debt	15	5	-	-	-	-	-	-	-	(15)
Net Debt	(817)	(789)	(742)	(802)	(671)	-	-	-	-	+145
Equity Ratio	83.6%	86.5%	87.0%	80.6%	85.3%	-	-	-	-	-
Net Debt Equity Ratio	(69.9%)	(67.5%)	(64.6%)	(69.8%)	(64.0%)	-	-	-	-	-
ROE (12 months)	7.9%	8.4%	4.8%	0.1%	(12.2%)	-	-	-	-	-
ROA (12 months)	8.2%	8.7%	5.3%	1.8%	(8.8%)	-	-	-	-	-
Quick Ratio	433%	523%	525%	354%	431%	-	-	-	-	-
Current Ratio	440%	530%	534%	362%	443%	-	-	-	-	-

Source: Company Data, WRJ Calculation

### Cash Flow Statement (Cumulative)

Cash Flow Statement (Million Yen)	Par.Act	Par.Act	Par.Act	Par.Act	Par.Act	Par.Act	Par.Act	Par.Act	Par.Act	YoY Net Chg.
	Q1 03/2020	Q1 to Q2 03/2020	Q1 to Q3 03/2020	Q1 to Q4 03/2020	Q1 03/2021	Q1 to Q2 03/2021	Q1 to Q3 03/2021	Q1 to Q4 03/2021		
Operating Cash Flow	-	105	-	190	-	-	-	-	-	-
Investing Cash Flow	-	(63)	-	(135)	-	-	-	-	-	-
<b>Operating Cash Flow and Investing Cash Flow</b>	-	<b>41</b>	-	<b>54</b>	-	-	-	-	-	-
Financing Cash Flow	-	(8)	-	(13)	-	-	-	-	-	-

Source: Company Data, WRJ Calculation

**Disclaimer**

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Information here is a summary of “IR Information” of the Company, compiled by Walden Research Japan, from a neutral and professional standing point, in the form of a report. “IR Information” of the Company comprises a) contents of our interview with the Company, b) contents of presentations for institutional investors, c) contents of timely disclosed information and d) contents of the homepage, etc.

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