

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%)	-	-	-	-	-	-
Half Year (Unconsolidated) (Million Yen)		Sales	Operating Profit	Recurring Profit	Net Profit	EPS (Yen)	DPS (Yen)	BPS (Yen)
Q1 to Q2 FY03/2020		945	27	27	21	-	-	-
Q3 to Q4 FY03/2020		898	(1)	(1)	(21)	-	-	-
Q1 to Q2 FY03/2021		576	(205)	(191)	(192)	-	-	-
Q3 to Q4 FY03/2021CoE		823	(93)	(87)	(88)	-	-	-
Q1 to Q2 FY03/2021		(39.0%)	-	-	-	-	-	-
Q3 to Q4 FY03/2021CoE		(8.4%)	-	-	-	-	-	-

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

1.0 Results Update (25 November 2020)

Upswing

On 13 November 2020, eole, focusing on programmatic job advertisement, released its Q1 to Q2 FY03/2021 results. It has been revealed that recent trading in Q2 (July to September) saw upswing as had been expected by Company forecasts. Due to the impacts stemming from COVID-19, the trends have remained faltering for the market to which the Company is exposed, represented by those of the number of Job Advertisement Posted, while the Company saw the rate of decline in sales having shrunk in terms of changes over the same period of the previous year. The Company spots a possible aspect that the shift from peers is taking place due to its superior knowhow related to programmatic job advertisement. Meanwhile, on 12 October, the Company launched programmatic job advertising platform HR Ads Platform, which is expected to drive long-term growth for the Company. At the same time, the number of copies for job posted on the Company's ATS (Application Tracking System), i.e., JOBOLE, has doubled over the same period of the previous year. In line with the increase here, the Company suggests that it sees increased opportunity to pursue earnings with HR Ads Platform. We are to interview with management through a web conference to gain a more detailed picture. so that we should be able to update [eole \(2334\) Active Investment \(9 July 2020\)](#) and release anew.

IR Representative: Ikuko Motoda, Corporate Strategy Division (81-(0)50-5840-5670 / i-motoda@eole.co.jp)

2.0 Company Profile

Programmatic Job Advertisement

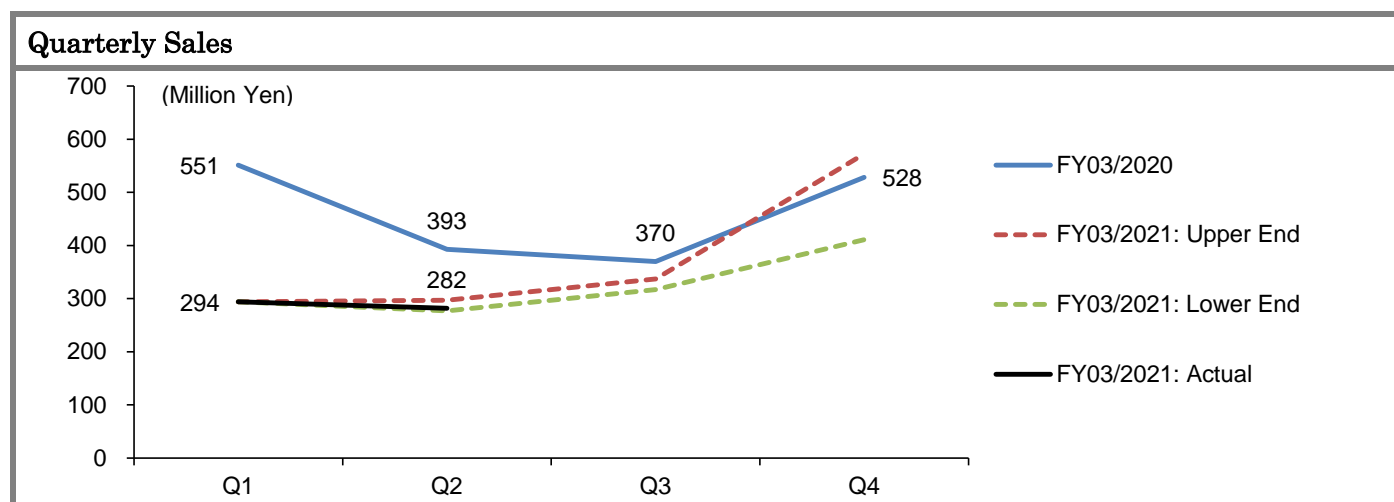
Company Name	eole Inc. Website IR Information (Japanese) Share Price (Japanese)	
Established	25 April 2001	
Listing	15 December 2017: Tokyo Stock Exchange Mothers (ticker: 2334)	
Capital	¥745m (as of the end of September 2020)	
No. of Shares	2,330,183 shares, including 66 treasury shares (as of the end of September 2020)	
Main Features	<ul style="list-style-type: none">● Strengths on targeted ads based on attribute data● Proprietary knowhow on system linkage with job search engines, e.g., Indeed● Operationalizing programmatic job advertising platform HR Ads Platform	
	I . Internet Media Business	
Top Management	President: Makoto Ogawa	
Shareholders	Naohito Yoshida (founder and chairperson) 27.47%, Goro Inc. (owned by Yoshida) 9.04%, Toppan Printing 6.22% (as of the end of September 2020, but for treasury shares)	
Head Office	Minato-ku, Tokyo, JAPAN	
No. of Employees	Unconsolidated: 91 (as of the end of September 2020)	

Source: Company Data

3.0 Recent Trading and Prospects

Q1 to Q2 FY03/2021 Results

In Q1 to Q2 FY03/2021, sales came in at ¥576m (down 39.0% YoY), operating profit minus ¥205m (versus ¥27m during the same period of the previous year), recurring profit minus ¥191m (¥27m) and net profit minus ¥192m (¥21m), while operating profit margin minus 35.6% (down 38.5% points). Meanwhile, sales came in at ¥294m (down 46.7%) and operating profit margin minus 36.9% in Q1, while ¥282m (down 28.1%) and minus 34.1%, respectively, in Q2, implying that the rate of decline in sales has shrunk for Q2 over Q1 in terms of changes over the same period of the previous year and operating profit margin has rather improved.



Source: Company Data, WRJ Calculation (Upper End and Lower End: assumptions of Company forecasts)

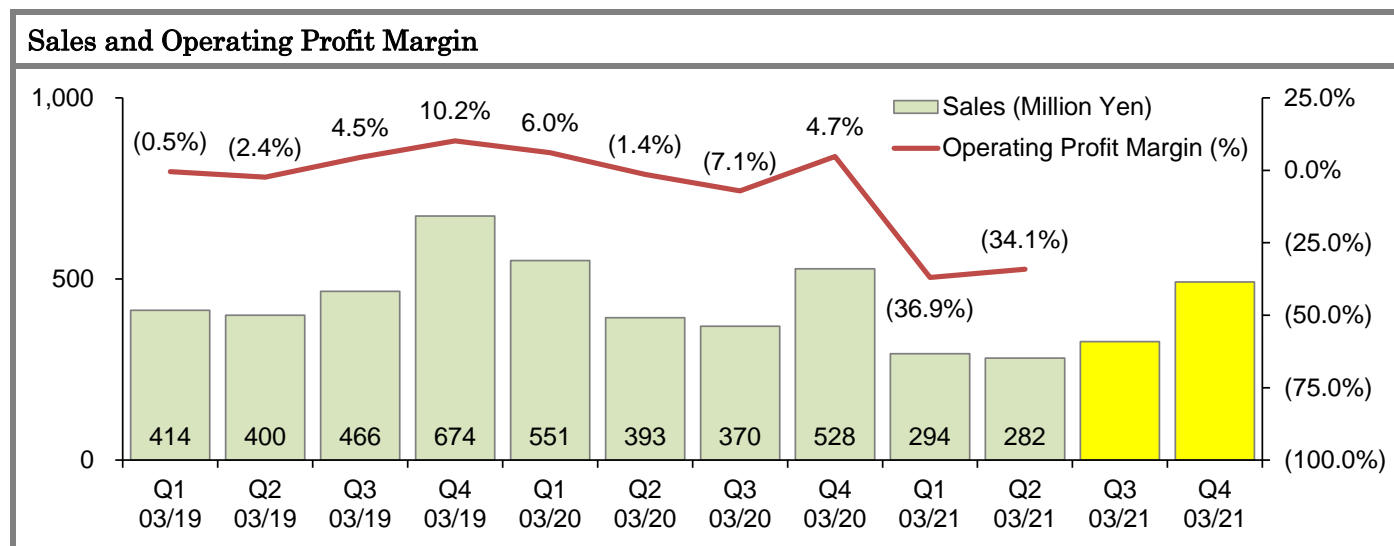
Sales of the mainstay “pinpoint and other programmatic ads” came in at ¥424m (down 33.5%) and accounted for 73.5% (up 6.1% points) out of sales as a whole for the Company. In other words, the above-mentioned performance as a whole for the Company was of “pinpoint and other programmatic ads” to a large extent. It is also true of upswing through Q1 to Q2 that “pinpoint and other programmatic ads” impacted a lot.

“pinpoint and other programmatic ads” has an exposure by some 80% to the domain of job advertisement in terms of sales. For this domain, the Company refers to the number of Job Advertisement Posted (by ASSOCIATION OF JOB INFORMATION OF JAPAN) as indicator for trends in the market with which it is involved, while the number on a monthly basis has remained roughly halved over the previous year since the beginning of FY03/2021. Nevertheless, sales as a whole for the Company saw upswing in Q2 over Q1 as above mentioned. More importantly, the Company suggests that the upswing has been persisting to date, likely to realize further shrinkage for the rate of decline in sales for Q3 as expected by Company forecasts.

The remaining sales of “pinpoint and other programmatic ads”, i.e., some 20% of total, are related to the domain of sales promotions. In Q1 to Q2, the Company saw recovery of adverting demand from advertisers but for those belonging to travel, dining out, etc. by business domain, i.e., those to have substantially suffered from the impacts stemming from COVID-19, having resulted in sales substantially increased over the same period of the previous year. Still, the trends of the domain of job advertisement contributed more than this to the upswing for performance as a whole for the Company in Q2 over Q1, according to the Company.

FY03/2021 Company Forecasts

FY03/2021 Company forecasts (announced on 14 August 2020 in a range format) 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) in terms of median value of suggested ranges, while operating profit margin of minus 21.3% (down 22.8% points).



Source: Company Data, WRJ Calculation (Q3 and Q4 FY03/2021: median for assumptions of Company forecasts)

According to the Company, there is a social issue of shortage for labor due to the declining birthrate and aging population. However, given uncertainty on prospective impacts stemming from COVID-19, the timing for advertisers to recover its appetite for hiring has remained also uncertain to date. Meanwhile, the Company appears to have started gradually gaining share in the market due to its superiority on programmatic job advertisement, while looking to long-term growth by means of making innovative new service HR Ads Platform commercially viable.

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	
Sales	551	945	1,315	1,844	294	576	-	-	-	(368)
Cost of Sales	339	557	781	1,102	222	429	-	-	-	(128)
Gross Profit	212	387	534	741	71	147	-	-	-	(239)
SG&A Expenses	178	359	533	714	179	352	-	-	-	(6)
Operating Profit	33	27	1	26	(108)	(205)	-	-	-	(233)
Non Operating Balance	(0)	(0)	(0)	(0)	-	13	-	-	-	+14
Recurring Profit	33	27	1	26	(108)	(191)	-	-	-	(218)
Extraordinary Balance	-	-	-	-	-	-	-	-	-	-
Profit before Income Taxes	33	27	1	26	(108)	(191)	-	-	-	(218)
Total Income Taxes	6	5	1	25	0	1	-	-	-	(4)
Net Profit	27	21	(0)	0	(109)	(192)	-	-	-	(214)
Sales YoY	+33.2%	+16.0%	+2.7%	(5.7%)	(46.7%)	(39.0%)	-	-	-	-
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%	25.6%	-	-	-	(15.4%)
Sales to SG&A Expenses Ratio	32.4%	38.0%	40.5%	38.8%	61.2%	61.1%	-	-	-	+23.1%
Operating Profit Margin	6.0%	3.0%	0.1%	1.4%	(36.9%)	(35.6%)	-	-	-	(38.5%)
Recurring Profit Margin	6.0%	2.9%	0.1%	1.4%	(36.9%)	(33.2%)	-	-	-	(36.1%)
Net Profit Margin	4.9%	2.3%	(0.0%)	0.1%	(37.1%)	(33.4%)	-	-	-	(35.7%)
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	
Sales	551	393	370	528	294	282	-	-	-	(110)
Cost of Sales	339	217	223	321	222	206	-	-	-	(11)
Gross Profit	212	175	147	206	71	76	-	-	-	(99)
SG&A Expenses	178	180	173	181	179	172	-	-	-	(8)
Operating Profit	33	(5)	(26)	25	(108)	(96)	-	-	-	(91)
Non Operating Balance	(0)	(0)	(0)	0	-	13	-	-	-	+14
Recurring Profit	33	(5)	(26)	25	(108)	(82)	-	-	-	(77)
Extraordinary Balance	-	-	-	-	-	-	-	-	-	-
Profit before Income Taxes	33	(5)	(26)	25	(108)	(82)	-	-	-	(77)
Total Income Taxes	6	(0)	(3)	23	0	0	-	-	-	+0
Net Profit	27	(5)	(22)	1	(109)	(83)	-	-	-	(77)
Sales YoY	+33.2%	(1.8%)	(20.5%)	(21.7%)	(46.7%)	(28.1%)	-	-	-	-
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%	27.0%	-	-	-	(17.6%)
Sales to SG&A Expenses Ratio	32.4%	46.0%	46.9%	34.4%	61.2%	61.1%	-	-	-	+15.1%
Operating Profit Margin	6.0%	(1.4%)	(7.1%)	4.7%	(36.9%)	(34.1%)	-	-	-	(32.8%)
Recurring Profit Margin	6.0%	(1.4%)	(7.1%)	4.7%	(36.9%)	(29.2%)	-	-	-	(27.8%)
Net Profit Margin	4.9%	(1.3%)	(6.1%)	0.3%	(37.1%)	(29.4%)	-	-	-	(28.1%)
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	Net Chg.	
Rakuraku Contact Network	23	55	81	112	16	39	-	-	(15)	
Gakuba Arbeit	48	91	135	186	19	38	-	-	(52)	
Rakuraku Arbeit	28	56	78	104	17	30	-	-	(25)	
"pinpoint and other programmatic ads"	397	637	878	1,265	215	424	-	-	(213)	
Other	53	105	142	174	25	44	-	-	(60)	
Sales	551	945	1,315	1,844	294	576	-	-	(368)	
Rakuraku Contact Network	(28.9%)	(5.1%)	(18.6%)	(21.6%)	(27.2%)	(28.9%)	-	-	-	
Gakuba Arbeit	+17.4%	+10.9%	+9.9%	+11.2%	(60.0%)	(58.0%)	-	-	-	
Rakuraku Arbeit	(36.6%)	(36.5%)	(40.3%)	(38.4%)	(39.4%)	(45.0%)	-	-	-	
"pinpoint and other programmatic ads"	+72.4%	+37.3%	+17.3%	+2.5%	(45.9%)	(33.5%)	-	-	-	
Other	(16.6%)	(13.5%)	(19.8%)	(27.2%)	(52.7%)	(57.9%)	-	-	-	
Sales YoY	+33.2%	+16.0%	+2.7%	(5.7%)	(46.7%)	(39.0%)	-	-	-	
Rakuraku Contact Network	4.2%	5.8%	6.2%	6.1%	5.7%	6.8%	-	-	+1.0%	
Gakuba Arbeit	8.8%	9.6%	10.3%	10.1%	6.6%	6.6%	-	-	(3.0%)	
Rakuraku Arbeit	5.2%	5.9%	6.0%	5.7%	6.0%	5.4%	-	-	(0.6%)	
"pinpoint and other programmatic ads"	72.1%	67.5%	66.7%	68.6%	73.1%	73.5%	-	-	+6.1%	
Other	9.7%	11.1%	10.8%	9.5%	8.6%	7.7%	-	-	(3.4%)	
Sales Composition Ratio	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	-	-	0.0%	

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	Net Chg.	
Rakuraku Contact Network	23	32	25	31	16	22	-	-	(9)	
Gakuba Arbeit	48	42	44	51	19	18	-	-	(23)	
Rakuraku Arbeit	28	27	22	26	17	13	-	-	(13)	
"pinpoint and other programmatic ads"	397	239	240	386	215	209	-	-	(30)	
Other	53	51	37	32	25	18	-	-	(32)	
Sales	551	393	370	528	294	282	-	-	(110)	
Rakuraku Contact Network	(28.9%)	+25.2%	(37.7%)	(28.1%)	(27.2%)	(30.1%)	-	-	-	
Gakuba Arbeit	+17.4%	+4.3%	+7.9%	+15.0%	(60.0%)	(55.7%)	-	-	-	
Rakuraku Arbeit	(36.6%)	(36.4%)	(48.1%)	(31.9%)	(39.4%)	(50.8%)	-	-	-	
"pinpoint and other programmatic ads"	+72.4%	+2.6%	(15.4%)	(20.3%)	(45.9%)	(12.9%)	-	-	-	
Other	(16.6%)	(10.2%)	(33.3%)	(48.4%)	(52.7%)	(63.2%)	-	-	-	
Sales YoY	+33.2%	(1.8%)	(20.5%)	(21.7%)	(46.7%)	(28.1%)	-	-	-	
Rakuraku Contact Network	4.2%	8.2%	7.0%	6.0%	5.7%	7.9%	-	-	(0.2%)	
Gakuba Arbeit	8.8%	10.8%	12.0%	9.7%	6.6%	6.7%	-	-	(4.2%)	
Rakuraku Arbeit	5.2%	6.9%	6.1%	4.9%	6.0%	4.7%	-	-	(2.2%)	
"pinpoint and other programmatic ads"	72.1%	61.0%	64.9%	73.2%	73.1%	73.9%	-	-	+13.0%	
Other	9.7%	13.1%	10.0%	6.1%	8.6%	6.7%	-	-	(6.4%)	
Sales Composition Ratio	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	-	-	0.0%	

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	548	-	-	(246)	
Accounts Receivables	151	142	142	170	96	105	-	-	(36)	
Other	15	12	15	22	21	25	-	-	+13	
Current Assets	999	950	900	995	789	680	-	-	(270)	
Tangible Assets	7	6	5	4	4	3	-	-	(2)	
Intangible Assets	303	307	325	353	362	356	-	-	+48	
Investments and Other Assets	89	89	89	74	74	73	-	-	(15)	
Fixed Assets	400	403	420	433	441	434	-	-	+30	
Deferred Assets	0	0	-	-	-	-	-	-	(0)	
Total Assets	1,400	1,353	1,320	1,428	1,230	1,114	-	-	(239)	
Accounts Payables, etc.	95	77	73	165	68	66	-	-	(11)	
Corporate Bond	15	5	-	-	-	-	-	-	(5)	
Short Term Debt	-	-	-	-	-	-	-	-	-	
Other	116	97	94	109	109	71	-	-	(25)	
Current Liabilities	227	179	168	274	178	137	-	-	(42)	
Corporate Bond	-	-	-	-	-	-	-	-	-	
Long Term Debt	-	-	-	-	-	-	-	-	-	
Other	-	-	-	-	-	-	-	-	-	
Fixed Liabilities	-	-	-	-	-	-	-	-	-	
Total Liabilities	227	179	168	274	178	137	-	-	(42)	
Shareholders' Equity	1,170	1,171	1,149	1,150	1,049	974	-	-	(197)	
Other	2	2	2	2	2	2	-	-	+0	
Net Assets	1,173	1,174	1,151	1,153	1,052	977	-	-	(197)	
Total Liabilities and Net Assets	1,400	1,353	1,320	1,428	1,230	1,114	-	-	(239)	
Equity Capital	1,170	1,171	1,149	1,150	1,049	974	-	-	(197)	
Interest Bearing Debt	15	5	-	-	-	-	-	-	(5)	
Net Debt	(817)	(789)	(742)	(802)	(671)	(548)	-	-	+241	
Equity Ratio	83.6%	86.5%	87.0%	80.6%	85.3%	87.4%	-	-	-	
Net Debt Equity Ratio	(69.9%)	(67.5%)	(64.6%)	(69.8%)	(64.0%)	(56.3%)	-	-	-	
ROE (12 months)	7.9%	8.4%	4.8%	0.1%	(12.2%)	(19.9%)	-	-	-	
ROA (12 months)	8.2%	8.7%	5.3%	1.8%	(8.8%)	(15.6%)	-	-	-	
Quick Ratio	433%	523%	525%	354%	431%	476%	-	-	-	
Current Ratio	440%	530%	534%	362%	443%	495%	-	-	-	

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	-	(181)	-	-	(287)	
Investing Cash Flow	-	(63)	-	(135)	-	20	-	-	+83	
Operating Cash Flow and Investing Cash Flow	-	41	-	54	-	(161)	-	-	(203)	
Financing Cash Flow	-	(8)	-	(13)	-	7	-	-	+16	

Source: Company Data, WRJ Calculation

Disclaimer

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.

Company name: Walden Research Japan Incorporated

Head office: Level 4 Ginza Ishii Building, 6-14-8 Ginza Chuo-ku Tokyo 104-0061, JAPAN

URL: www.walden.co.jp

E-mail: info@walden.co.jp

Tel: 81-(0)3-3553-3769
