

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%)	-	-	-	-	-	-
Q1 to Q3 (Unconsolidated) (Million Yen)		Sales	Operating Profit	Recurring Profit	Net Profit	EPS (Yen)	DPS (Yen)	BPS (Yen)
Q1 to Q3 FY03/2020		1,315	1	1	(0)	-	-	-
Q1 to Q3 FY03/2021		941	(267)	(247)	(248)	-	-	-
Q1 to Q3 FY03/2021	YoY	(28.4%)	-	-	-	-	-	-

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

1.0 Results Update (22 February 2021)

Recovery of Job Advertising


On 12 February 2021, eole, focusing on programmatic job advertisements, released its Q1 to Q3 FY03/2021 results. It has been revealed that the Company has started to see a recovery in the job advertising domain, accounting for the majority of sales on the mainstay “pinpoint and other programmatic ads” side, in spite of the fact that there are still no signs of a solid recovery in the external environment whose trend is implied by that of jobs-to-applicants ratio and/or the Number of Job Advertising Posted due to the impacts stemming from COVID-19. In Q3 (October to December), sales of the job advertising domain have increased by 24.9% over the same period of the previous year. Meanwhile, the number of job advertising posted on the Company’s JOBOLE has more than tripled up to almost 70,000. According to the Company, “switching from trades is further accelerating”. The Company, which has high capability in programmatic ads, has been rebuilding its sales structure and reviewing its strategy with the aim of making use of the strengths as a differentiating factor more than in the past and it appears that a big achievement is now being created. In other words, it should be the case that awareness of the superior cost efficiency brought about by the Company’s high capability is now improving. According to the Company, it costs less with the Company to obtain a certain amount of effect by advertising when compared with trades from an advertisers’ perspective. Meanwhile, the Company suggests that it has been making a steady progress as expected for operationalization and/or monetization of programmatic job advertising platform HR Ads Platform to have been launched on 12 October 2020.

For your reference: [eole \(2334\) Programmatic Job Advertising Platform \(6 January 2021\)](#)

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2.0 Company Profile

Programmatic Job Advertisements

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 December 2020)
No. of Shares	2,330,183 shares, including 66 treasury shares (as of the end of December 2020)
Main Features	<ul style="list-style-type: none">● Strengths on targeted advertising based on attribute data● Proprietary knowhow on system linkage with job search engines, e.g., Indeed● Starting up operations of 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: 89 (as of the end of December 2020)

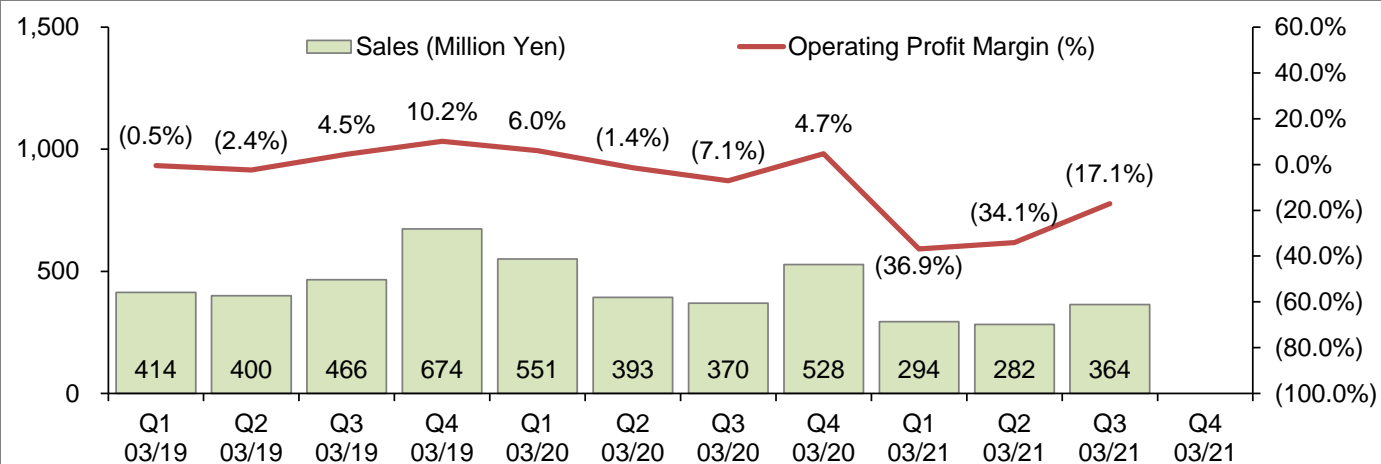
Source: Company Data

3.0 Recent Trading and Prospects

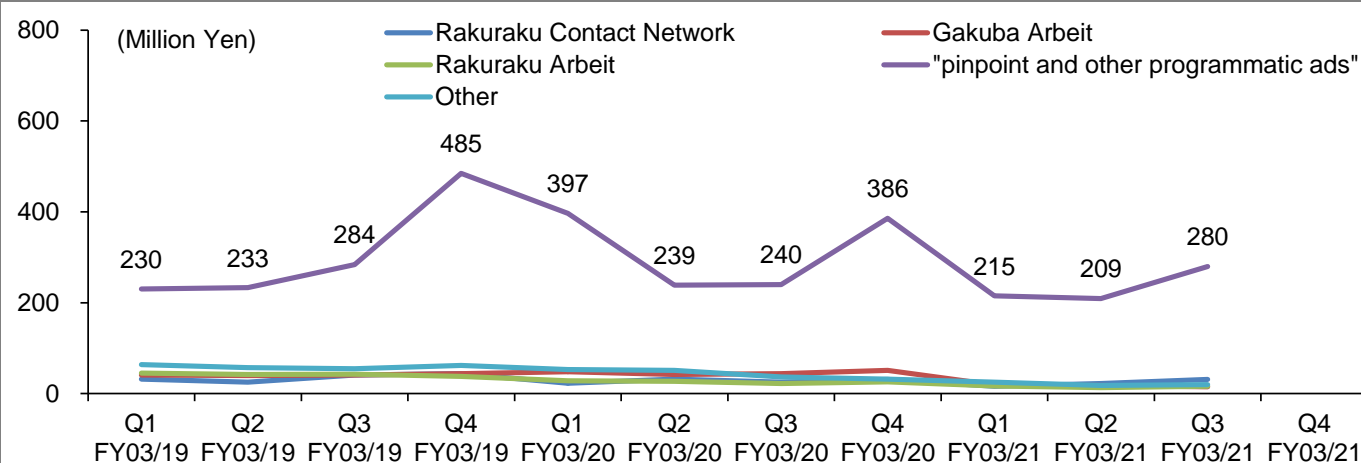
Q1 to Q3 FY03/2021

In Q1 to Q3 FY03/2021, sales came in at ¥941m (down 28.4% YoY), operating profit minus ¥267m (versus ¥1m during the same period of the previous year), recurring profit minus ¥247m (¥1m) and net profit minus ¥248m (minus ¥0m), while operating profit margin minus 28.4% (down 28.5% points).

Sales and Operating Profit Margin (on a quarterly basis)



Sales by Type of Services



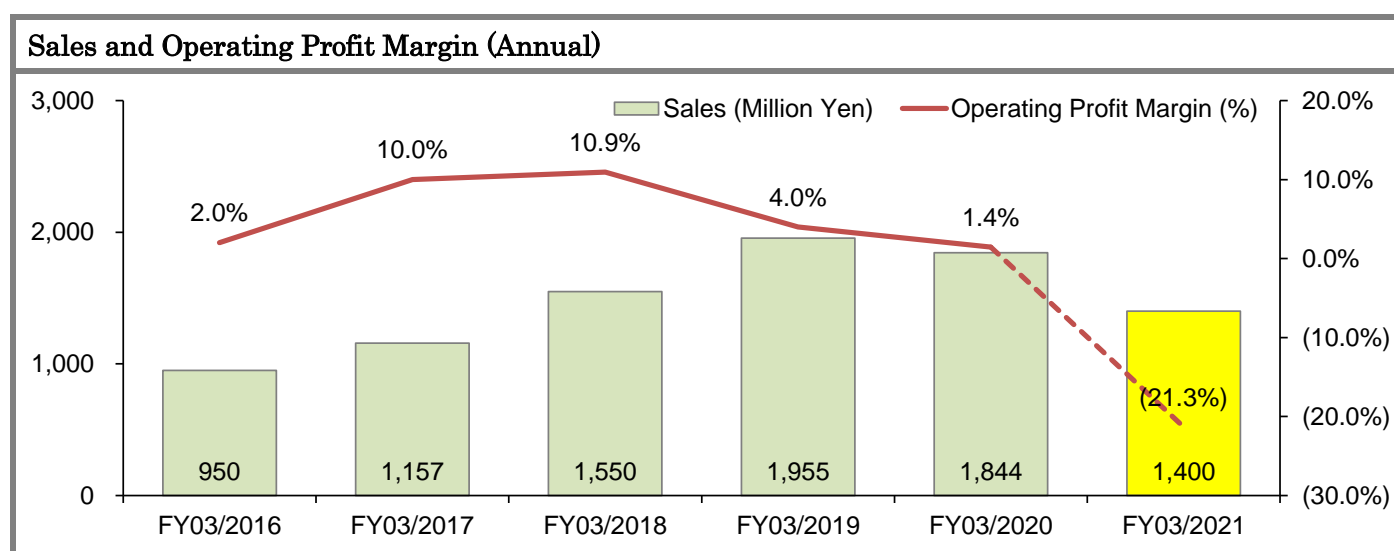
Source: Company Data, WRJ Calculation

From a perspective of the actual results in Q1 to Q3, it was unavoidable that sales have declined sharply and thus earnings have taken a change for the worse a lot due to the impacts stemming from COVID-19, but the Company saw a trend of recovery in its business performance for Q3 (October to December) over Q2 (July to September). In Q3 (October to December), sales came in at ¥364m (down 1.6%), operating profit minus ¥62m (minus ¥26m) and operating profit margin minus 17.1% (down 10.0% points), implying that sales have achieved almost the same level during the same period of the previous year. Operating profit margin has declined in the same respect, but the Company saw improvement when compared with minus 36.9% in Q1 and minus 34.1% in Q2.

The mainstay “pinpoint and other programmatic ads” appears to be continuing to strengthen its impacts on performance as a whole for the Company. In Q3 (October to December), sales came in at ¥280m (up 16.7%), having accounted for 77.0% (up 12.1% points) of sales as a whole for the Company. With respect to the job advertising domain, accounting for the majority of sales here, the Company saw sales increased by 24.9% over the same period of the previous year, having substantially contributed to sales of “pinpoint and other programmatic ads” and thus to the level of sales almost as high as that of the same period of the previous year as a whole for the Company.

FY03/2021 Company Forecasts

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



Source: Company Data, WRJ Calculation

Meanwhile, with respect to HR Ads Platform, which is expected to drive growth as a whole for the Company in FY03/2022 and thereafter, i.e., from a long-term perspective, the Company suggests that it has made a steady progress as expected in each aspect of its core system (platform), demand side (ATS - companies seeking workers) and supply side (media - job seekers).

For its core system (platform), the Company is making steady progress in preparations for launching additional functions under development towards the end of the fiscal year (March 2021). Meanwhile, for demand side (ATS - companies seeking workers), the setup of linkage with JOBOLE or own ATS (Applicant Tracking System) is now to be followed by that of a trade’s ATS after recent decision-making. For supply side (media - job seekers), the Company did see actual results for the setup of linkage with all kinds of partners, comprising aggregation media, worker-dispatch media, worker-seeking ASP operators and worker-seeking advertising media. At the same time, the Company has started to generalize the process of system development to setup the linkage for each of them, which is now expected to improve efficiency for a horizontal expansion of the linkage in the near future.

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	941	-	-	(374)
Cost of Sales	339	557	781	1,102	222	429	686	-	-	(94)
Gross Profit	212	387	534	741	71	147	254	-	-	(279)
SG&A Expenses	178	359	533	714	179	352	522	-	-	(10)
Operating Profit	33	27	1	26	(108)	(205)	(267)	-	-	(269)
Non Operating Balance	(0)	(0)	(0)	(0)	-	13	20	-	-	+20
Recurring Profit	33	27	1	26	(108)	(191)	(247)	-	-	(248)
Extraordinary Balance	-	-	-	-	-	-	-	-	-	-
Profit before Income Taxes	33	27	1	26	(108)	(191)	(247)	-	-	(248)
Total Income Taxes	6	5	1	25	0	1	1	-	-	(0)
Net Profit	27	21	(0)	0	(109)	(192)	(248)	-	-	(248)
Sales YoY	+33.2%	+16.0%	+2.7%	(5.7%)	(46.7%)	(39.0%)	(28.4%)	-	-	-
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%	27.1%	-	-	(13.6%)
Sales to SG&A Expenses Ratio	32.4%	38.0%	40.5%	38.8%	61.2%	61.1%	55.5%	-	-	+15.0%
Operating Profit Margin	6.0%	3.0%	0.1%	1.4%	(36.9%)	(35.6%)	(28.4%)	-	-	(28.5%)
Recurring Profit Margin	6.0%	2.9%	0.1%	1.4%	(36.9%)	(33.2%)	(26.3%)	-	-	(26.4%)
Net Profit Margin	4.9%	2.3%	(0.0%)	0.1%	(37.1%)	(33.4%)	(26.4%)	-	-	(26.4%)
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	364	-	-	(5)
Cost of Sales	339	217	223	321	222	206	257	-	-	+34
Gross Profit	212	175	147	206	71	76	107	-	-	(40)
SG&A Expenses	178	180	173	181	179	172	169	-	-	(3)
Operating Profit	33	(5)	(26)	25	(108)	(96)	(62)	-	-	(36)
Non Operating Balance	(0)	(0)	(0)	0	-	13	6	-	-	+6
Recurring Profit	33	(5)	(26)	25	(108)	(82)	(56)	-	-	(29)
Extraordinary Balance	-	-	-	-	-	-	-	-	-	-
Profit before Income Taxes	33	(5)	(26)	25	(108)	(82)	(56)	-	-	(29)
Total Income Taxes	6	(0)	(3)	23	0	0	0	-	-	+4
Net Profit	27	(5)	(22)	1	(109)	(83)	(56)	-	-	(33)
Sales YoY	+33.2%	(1.8%)	(20.5%)	(21.7%)	(46.7%)	(28.1%)	(1.6%)	-	-	-
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%	29.4%	-	-	(10.3%)
Sales to SG&A Expenses Ratio	32.4%	46.0%	46.9%	34.4%	61.2%	61.1%	46.5%	-	-	(0.3%)
Operating Profit Margin	6.0%	(1.4%)	(7.1%)	4.7%	(36.9%)	(34.1%)	(17.1%)	-	-	(10.0%)
Recurring Profit Margin	6.0%	(1.4%)	(7.1%)	4.7%	(36.9%)	(29.2%)	(15.4%)	-	-	(8.2%)
Net Profit Margin	4.9%	(1.3%)	(6.1%)	0.3%	(37.1%)	(29.4%)	(15.5%)	-	-	(9.4%)
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	Q1 to Q2	Q1 to Q3	Q1 to Q4	Q1	Q1 to Q2	Q1 to Q3	Q1 to Q4	Net Chg.	
	03/2020	03/2020	03/2020	03/2020	03/2021	03/2021	03/2021	03/2021		
Rakuraku Contact Network	23	55	81	112	16	39	70	-		(10)
Gakuba Arbeit	48	91	135	186	19	38	53	-		(81)
Rakuraku Arbeit	28	56	78	104	17	30	47	-		(31)
"pinpoint and other programmatic ads"	397	637	878	1,265	215	424	704	-		(173)
Other	53	105	142	174	25	44	64	-		(77)
Sales	551	945	1,315	1,844	294	576	941	-		(374)
Rakuraku Contact Network	(28.9%)	(5.1%)	(18.6%)	(21.6%)	(27.2%)	(28.9%)	(12.5%)	-		-
Gakuba Arbeit	+17.4%	+10.9%	+9.9%	+11.2%	(60.0%)	(58.0%)	(60.4%)	-		-
Rakuraku Arbeit	(36.6%)	(36.5%)	(40.3%)	(38.4%)	(39.4%)	(45.0%)	(39.9%)	-		-
"pinpoint and other programmatic ads"	+72.4%	+37.3%	+17.3%	+2.5%	(45.9%)	(33.5%)	(19.7%)	-		-
Other	(16.6%)	(13.5%)	(19.8%)	(27.2%)	(52.7%)	(57.9%)	(54.4%)	-		-
Sales YoY	+33.2%	+16.0%	+2.7%	(5.7%)	(46.7%)	(39.0%)	(28.4%)	-		-
Rakuraku Contact Network	4.2%	5.8%	6.2%	6.1%	5.7%	6.8%	7.5%	-		+1.4%
Gakuba Arbeit	8.8%	9.6%	10.3%	10.1%	6.6%	6.6%	5.7%	-		(4.6%)
Rakuraku Arbeit	5.2%	5.9%	6.0%	5.7%	6.0%	5.4%	5.0%	-		(1.0%)
"pinpoint and other programmatic ads"	72.1%	67.5%	66.7%	68.6%	73.1%	73.5%	74.9%	-		+8.1%
Other	9.7%	11.1%	10.8%	9.5%	8.6%	7.7%	6.9%	-		(3.9%)
Sales Composition Ratio	100.0%	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	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Net Chg.	
	03/2020	03/2020	03/2020	03/2020	03/2021	03/2021	03/2021	03/2021		
Rakuraku Contact Network	23	32	25	31	16	22	31	-		+5
Gakuba Arbeit	48	42	44	51	19	18	15	-		(29)
Rakuraku Arbeit	28	27	22	26	17	13	16	-		(6)
"pinpoint and other programmatic ads"	397	239	240	386	215	209	280	-		+40
Other	53	51	37	32	25	18	20	-		(16)
Sales	551	393	370	528	294	282	364	-		(5)
Rakuraku Contact Network	(28.9%)	+25.2%	(37.7%)	(28.1%)	(27.2%)	(30.1%)	+22.4%	-		-
Gakuba Arbeit	+17.4%	+4.3%	+7.9%	+15.0%	(60.0%)	(55.7%)	(65.4%)	-		-
Rakuraku Arbeit	(36.6%)	(36.4%)	(48.1%)	(31.9%)	(39.4%)	(50.8%)	(27.4%)	-		-
"pinpoint and other programmatic ads"	+72.4%	+2.6%	(15.4%)	(20.3%)	(45.9%)	(12.9%)	+16.7%	-		-
Other	(16.6%)	(10.2%)	(33.3%)	(48.4%)	(52.7%)	(63.2%)	(44.7%)	-		-
Sales YoY	+33.2%	(1.8%)	(20.5%)	(21.7%)	(46.7%)	(28.1%)	(1.6%)	-		-
Rakuraku Contact Network	4.2%	8.2%	7.0%	6.0%	5.7%	7.9%	8.7%	-		+1.7%
Gakuba Arbeit	8.8%	10.8%	12.0%	9.7%	6.6%	6.7%	4.2%	-		(7.8%)
Rakuraku Arbeit	5.2%	6.9%	6.1%	4.9%	6.0%	4.7%	4.5%	-		(1.6%)
"pinpoint and other programmatic ads"	72.1%	61.0%	64.9%	73.2%	73.1%	73.9%	77.0%	-		+12.1%
Other	9.7%	13.1%	10.0%	6.1%	8.6%	6.7%	5.6%	-		(4.4%)
Sales Composition Ratio	100.0%	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	491	-	-	(251)
Accounts Receivables	151	142	142	170	96	105	136	-	-	(5)
Other	15	12	15	22	21	25	27	-	-	+12
Current Assets	999	950	900	995	789	680	656	-	-	(244)
Tangible Assets	7	6	5	4	4	3	3	-	-	(1)
Intangible Assets	303	307	325	353	362	356	356	-	-	+31
Investments and Other Assets	89	89	89	74	74	73	73	-	-	(15)
Fixed Assets	400	403	420	433	441	434	433	-	-	+13
Deferred Assets	0	0	-	-	-	-	-	-	-	-
Total Assets	1,400	1,353	1,320	1,428	1,230	1,114	1,089	-	-	(230)
Accounts Payables, etc.	95	77	73	165	68	66	85	-	-	+11
Corporate Bond	15	5	-	-	-	-	-	-	-	-
Short Term Debt	-	-	-	-	-	-	-	-	-	-
Other	116	97	94	109	109	71	83	-	-	(11)
Current Liabilities	227	179	168	274	178	137	169	-	-	+0
Corporate Bond	-	-	-	-	-	-	-	-	-	-
Long Term Debt	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-
Fixed Liabilities	-	-	-	-	-	-	-	-	-	-
Total Liabilities	227	179	168	274	178	137	169	-	-	+0
Shareholders' Equity	1,170	1,171	1,149	1,150	1,049	974	917	-	-	(231)
Other	2	2	2	2	2	2	2	-	-	+0
Net Assets	1,173	1,174	1,151	1,153	1,052	977	920	-	-	(231)
Total Liabilities and Net Assets	1,400	1,353	1,320	1,428	1,230	1,114	1,089	-	-	(230)
Equity Capital	1,170	1,171	1,149	1,150	1,049	974	917	-	-	(232)
Interest Bearing Debt	15	5	-	-	-	-	-	-	-	-
Net Debt	(817)	(789)	(742)	(802)	(671)	(548)	(491)	-	-	+251
Equity Ratio	83.6%	86.5%	87.0%	80.6%	85.3%	87.4%	84.2%	-	-	-
Net Debt Equity Ratio	(69.9%)	(67.5%)	(64.6%)	(69.8%)	(64.0%)	(56.3%)	(53.6%)	-	-	-
ROE (12 months)	7.9%	8.4%	4.8%	0.1%	(12.2%)	(19.9%)	(23.9%)	-	-	-
ROA (12 months)	8.2%	8.7%	5.3%	1.8%	(8.8%)	(15.6%)	(18.4%)	-	-	-
Quick Ratio	433%	523%	525%	354%	431%	476%	371%	-	-	-
Current Ratio	440%	530%	534%	362%	443%	495%	388%	-	-	-

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)	-	-	-	-
Investing Cash Flow	-	(63)	-	(135)	-	20	-	-	-	-
Operating Cash Flow and Investing Cash Flow	-	41	-	54	-	(161)	-	-	-	-
Financing Cash Flow	-	(8)	-	(13)	-	7	-	-	-	-

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.

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