

The logo for eole Inc. is displayed on the left side of the slide. The word "eole" is written in a large, white, lowercase, sans-serif font. The letter "e" has a green circular graphic inside its left loop. To the right of "eole" is the word "Inc." in a smaller, white, lowercase, sans-serif font.

Financial Results

**2nd Quarter of Fiscal Year
Ending March 31, 2019 (FY2018)**

eole Inc.

(TSE Mothers, Securities Code: 2334)

November 16, 2018

Unless otherwise specified, this English-language edition of the financial results of eole Inc. has been prepared solely for the convenience of non-Japanese speakers. Should there be any inconsistencies between the English and the Japanese editions, please note that the Japanese edition will always prevail.

I

Summary for FY2018-2Q

- i. Financial highlights for the consolidated cumulative FY2018-2Q
- ii. Progress of our strategy
- iii. FY2018 financial forecast and concept of business growth for upcoming few years

II

Corporate Profile

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Reference Information

The logo for eole Inc. is visible in the background, featuring the word "eole" in a stylized, italicized font where the "e" is lowercase and the "o" is lowercase, followed by "Inc." in a smaller, uppercase sans-serif font.

I | Summary for FY2018-2Q

i. Financial highlights for the consolidated cumulative FY2018-2Q

We **revised upward** our full-year earnings forecasts based on our consolidated financial results for the consolidated cumulative FY2018-2Q.

● Sales and profits

Consolidated sales and operating, ordinary, and quarterly net profits for the consolidated cumulative FY2018-2Q **exceeded the forecasts** announced on May 15, 2018.

● Full-year forecasts

We also **revised upward** our full-year earnings forecasts due to the favorable results in consolidated cumulative FY2018-2Q and upward business trends. (See page 30 for details.)

Financial highlights for the consolidated cumulative FY2018-2Q (Continued)

Originally, we forecast higher revenue yet lower income for the consolidated cumulative FY2018-2Q compared to the same period in FY2017, which was due in part to a strategic shift to “pinpoint and other programmatic ads” during the fiscal year. As a result, sales, operating, ordinary and net profits (losses) in the consolidated cumulative FY2018-2Q exceeded earnings forecasts, while steadily improving.

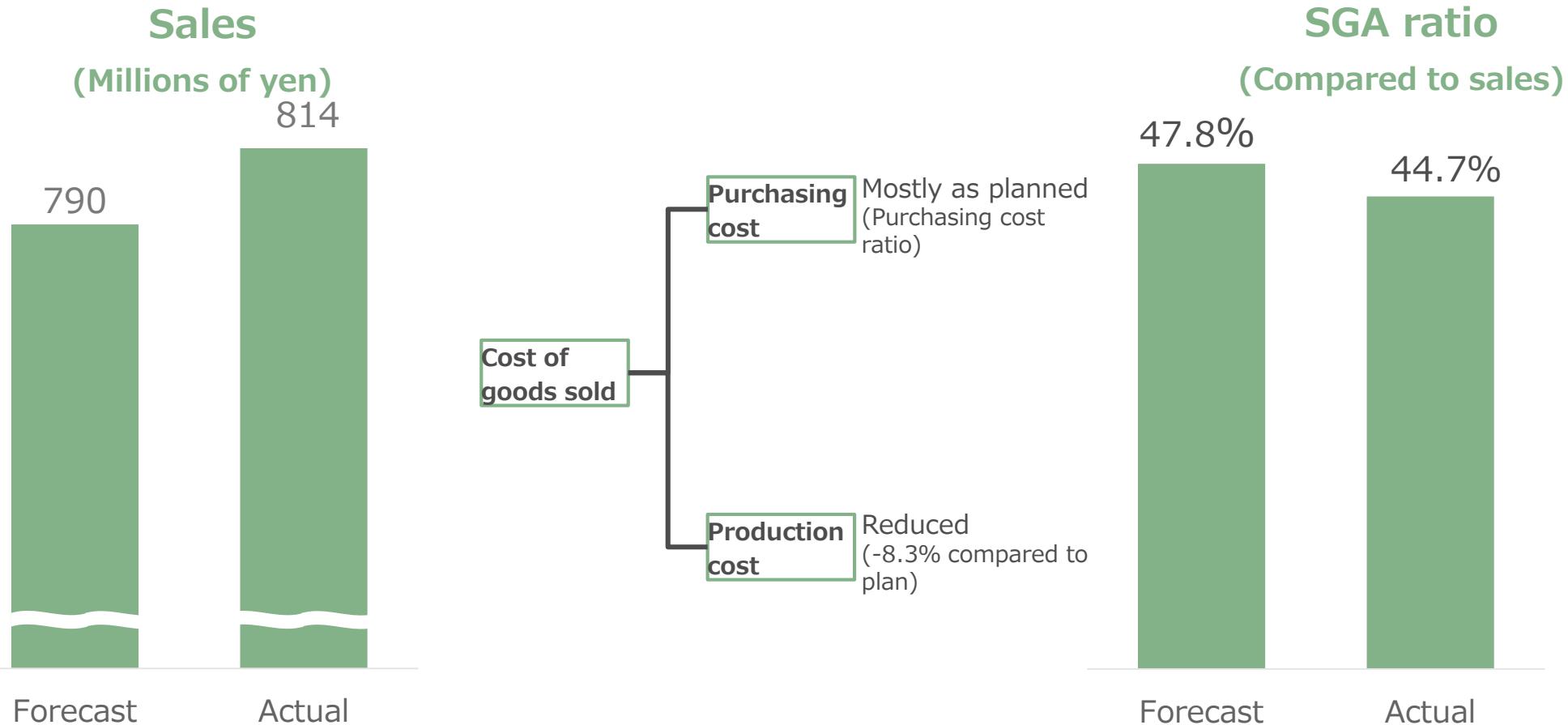
| (Millions of yen) | Consolidated cumulative FY2017-2Q | Consolidated cumulative FY2018-2Q ^(A) | Year on year | Previous forecast of FY2019-2Q | |
|-------------------------|-----------------------------------|--|----------------|--|------------|
| | Actual results | Actual results | | Previous forecast ^(B) (May 15, 2018) | (A) - (B) |
| Sales | 683 | 814 | +19.3 % | 790 | +23 |
| Operating profit | 79 | -11 | - | -41 | +30 |
| Ordinary profit | 77 | -12 | - | -42 | +30 |
| Net profit | 64 | -13 | - | -43 | +30 |

All improvements were due to increased sales of “pinpoint and other programmatic ads,” the reduction of production costs and higher operating efficiency than originally anticipated.

Note All figures are rounded to one million yen. The year-on-year rate is rounded down to an integer after making calculations in units of one yen. These cutoff methods are applied throughout this document.

Financial highlights for the consolidated cumulative FY2018-2Q (Continued)

Detailed analysis (Reference)



A large, semi-transparent watermark of the 'eole Inc.' logo is positioned in the background. The logo consists of the word 'eole' in a stylized, italicized font where the letters 'e' and 'o' are interconnected, followed by 'Inc.' in a smaller, standard font.

I | Summary for FY2018-2Q

ii. Progress of our strategy

FY2018 strategy (Review)

Progress review
for the consolidated cumulative FY2018-2Q

[FY2018 as a turning point for eole.]

Firstly, securing market share early on by focusing on programmatic ads in the job advertising market.

1. Focus on programmatic ads centering on pinpoint DMP

<Reasons>

- Shift from purchasing ad spaces on websites to programmatic ads in the job advertising market is accelerating.
- Increasing competition due to the entry of the general Internet ad agencies to the job advertising market.

2. Enhancement of sales support arrangement to strategic sales partners

<Reasons>

- To boost our market share of programmatic ads in the job advertising market for grad hiring
- To build efficient sales scheme, in addition to direct sales by eole.

3. Promotion of ad technology through alliances with third parties' data

<Reason>

- Enrich our DMP to develop new clients through alliances with third parties' data.

This fiscal year, we are focusing on expanding programmatic ads in the job advertising market, where we have strengths and a proven track records. Shifting to programmatic ads bring in "longer-term contract" instead of "spot contract."

● Market

In the job advertising market, ad sales have shifted from purchasing ad spaces on recruitment media to programmatic ads, which utilize SNS or own corporate websites.

● Competition

Up to the present date, eole has enjoyed an advantage in job advertising utilizing its own database. To secure and to expand its market share, eole takes the lead in the programmatic ad market.

● Company

Shifting to programmatic ads bring in "longer term contact" instead of "spot contract," which have high LTV*.

eole pursues long-term growth and revenue sources by developing a new market, establishing a presence and securing market share.

* An abbreviation of Life Time Value.

Reasons for aggressive shift to the programmatic ads (Continued)

Reproduced from "Financial Results for the Fiscal year Ending March 31, 2018" released on May 23

eole Inc.

LTV*
High

Programmatic ads [Stock type]

● Gross margin/Ad
Low



● Continuity
Long term



● Trading desk cost
High

● Development cost
of media
Low

● Sales man-hours
Low

High profitability from the aspect of long-term perspective

LTV*
Low

eole's own media [Spot type]

● Gross margin/Ad
High



● Continuity
Short term



● Trading desk cost
Low

● Development cost
of media
High

● Sales man-hours
High

High gross margin per ad, but low continuity

* An abbreviation of Life Time Value.

FY2018 strategy (Review)

**Progress review
for the consolidated cumulative FY2018-2Q**

1. Focus on programmatic ads centering on pinpoint DMP.

Noticeable structural changes in job advertising market and remarkable growth in demand for programmatic ads.

<Topics>

- Sales in the consolidated cumulative FY2018-2Q increased by 19.3% compared to the same period in FY2017, which was a favorable trend.
- Sales of “pinpoint and other programmatic ads”* increased by 74.6% compared to the same period in FY2017, growing a strong extent.
- The Sales ratio of “pinpoint and other programmatic ads” increased from 38.9% to 57.0%, to become our core business.
- In particular, structural changes in job advertising market and growth in demand for programmatic ads are significant.

2. Enhancement of sales support arrangement to strategic sales partners

<Topics>

- Sales of strategic sales partners increased by 326.1% compared to the same period in FY2017. Enhancing the sales support arrangements very much paid off.

3. Promotion of ad technology through alliances with third parties' data

<Topics>

- The number of Rakuraku Contact Network subscribers was 6.73 million, and the number of valid groups was 382,000, both increases from the same period (end of September) in FY2017.

Note: Since FY2018, a part of “programmatic ads” included in “Others” and “pinpoint” are considered as one service and categorized as “pinpoint and other programmatic ads.” The figures in FY2017 are therefore for reference purpose only.

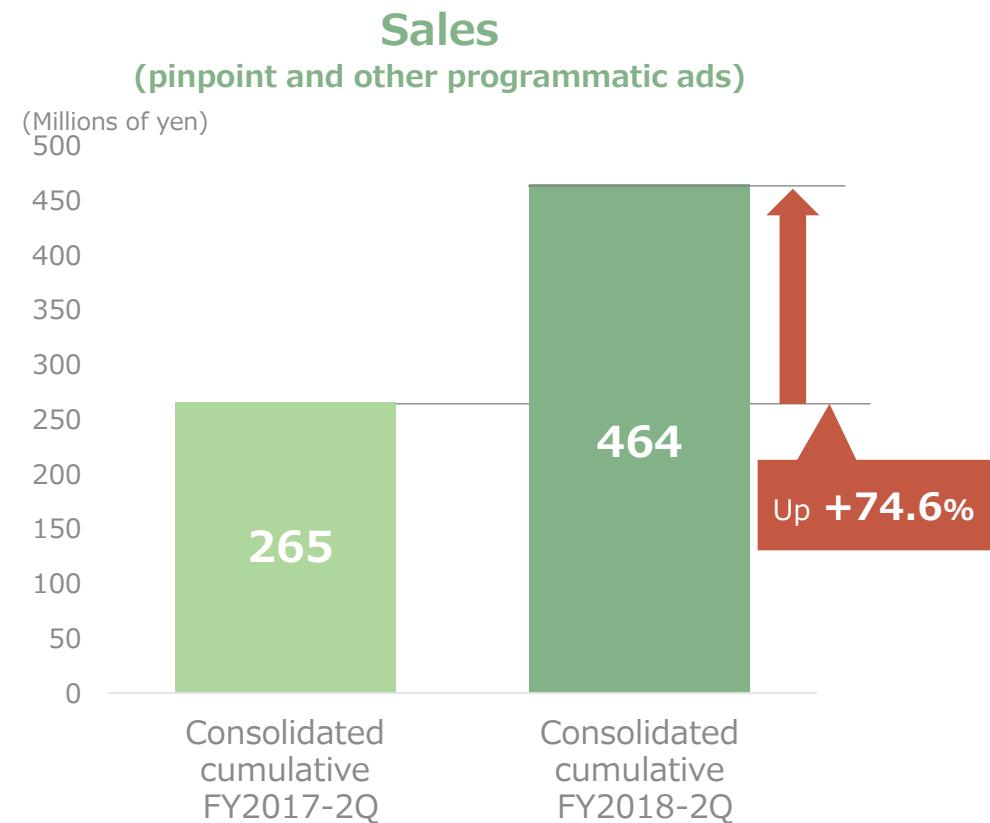
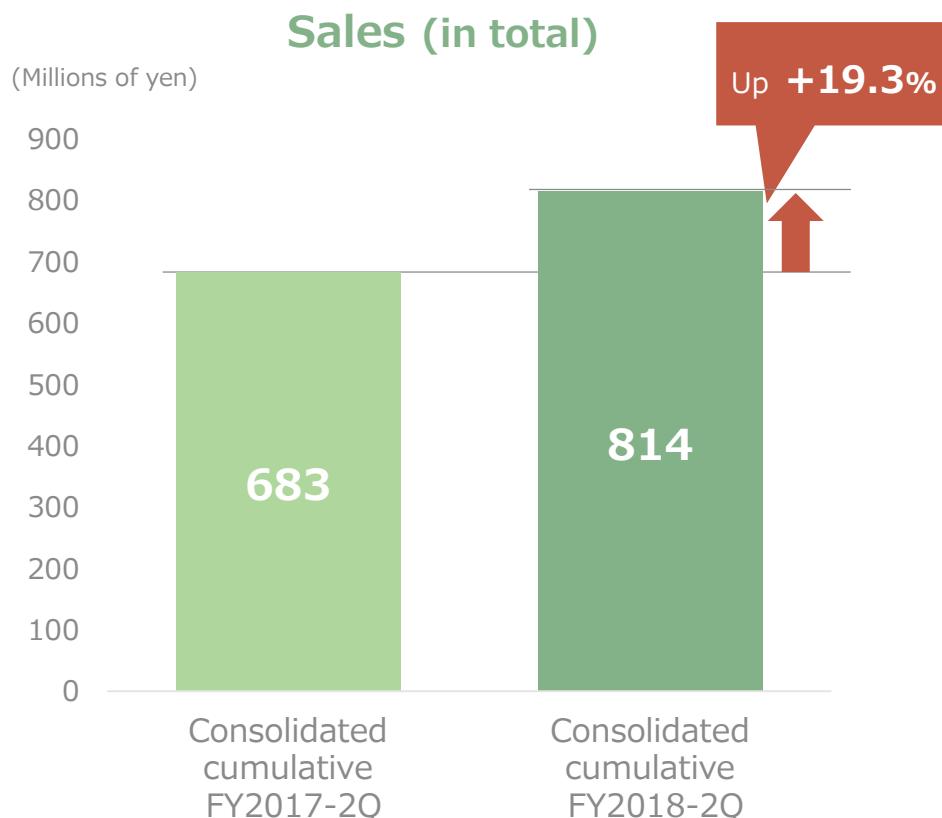
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Noticeable structural changes in job advertising market
and remarkable growth in demand for programmatic ads.**

**2 . Enhancement of sales support arrangement to strategic
sales partners**

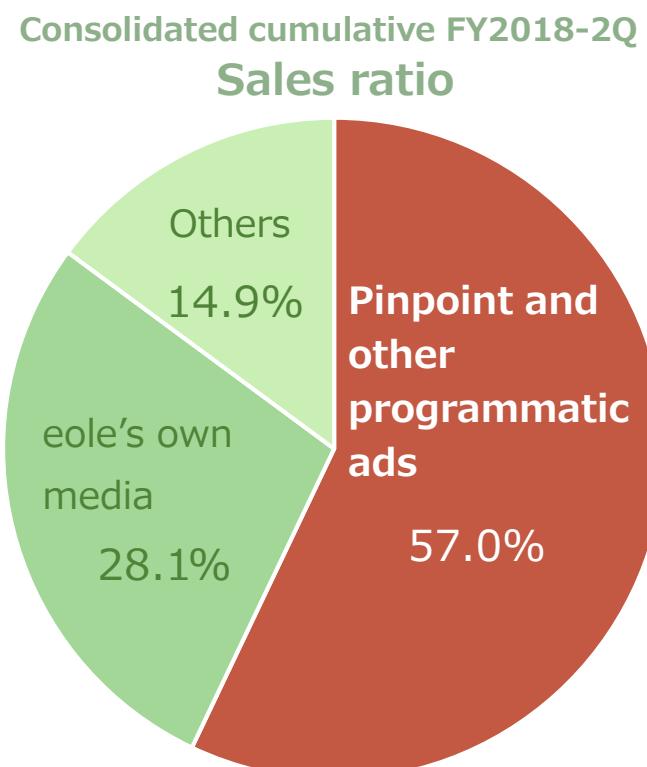
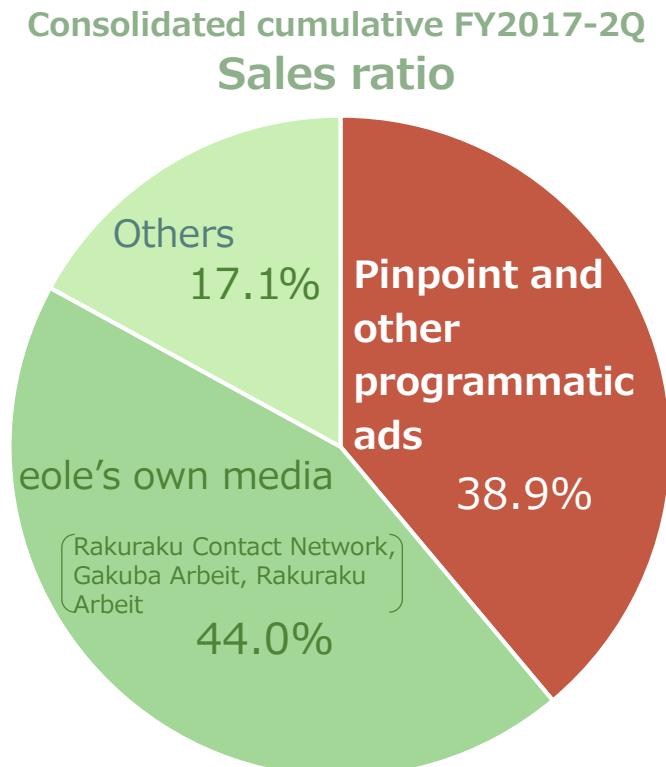
**3 . Promotion of ad technology through alliances with third
parties' data**

Growth of “pinpoint and other programmatic ads”

Sales were favorable, increasing 19.3% compared to the same period in the consolidated cumulative FY2017-2Q. In particular, sales of “pinpoint and other programmatic ads” grew consecutively for two quarters in FY2018.

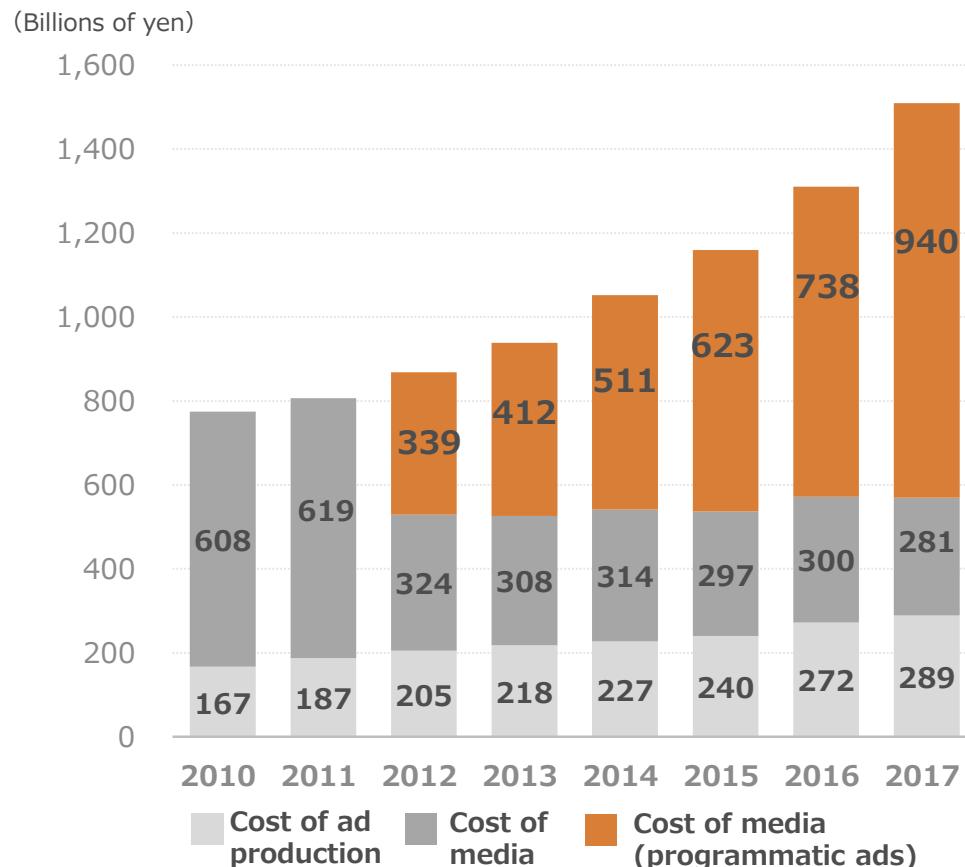


The ratio of “pinpoint and other programmatic ads,” as an overall part of sales continued to gain additional traction two quarters in a row in FY2018.



Programmatic advertising is already the mainstream in the general advertising market. It is also expected to be a new wave in the job advertising market, which is very active in Japan.

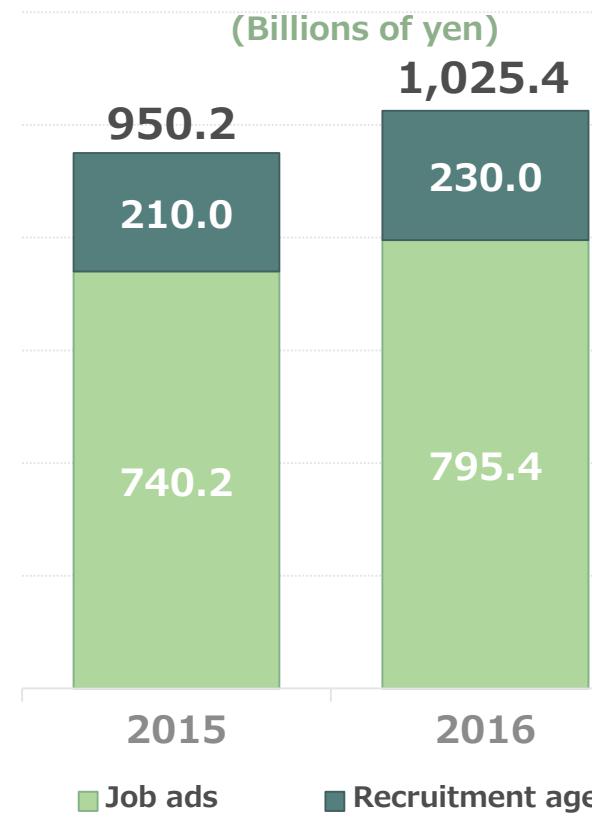
Trends in Internet advertising market



Note: As the cost of media and the cost of programmatic ads were not divided up to FY2011, it is only the total of cost of media, including programmatic ads, being displayed.

Source: Dentsu Inc., "2017 Ad expenses in Japan"

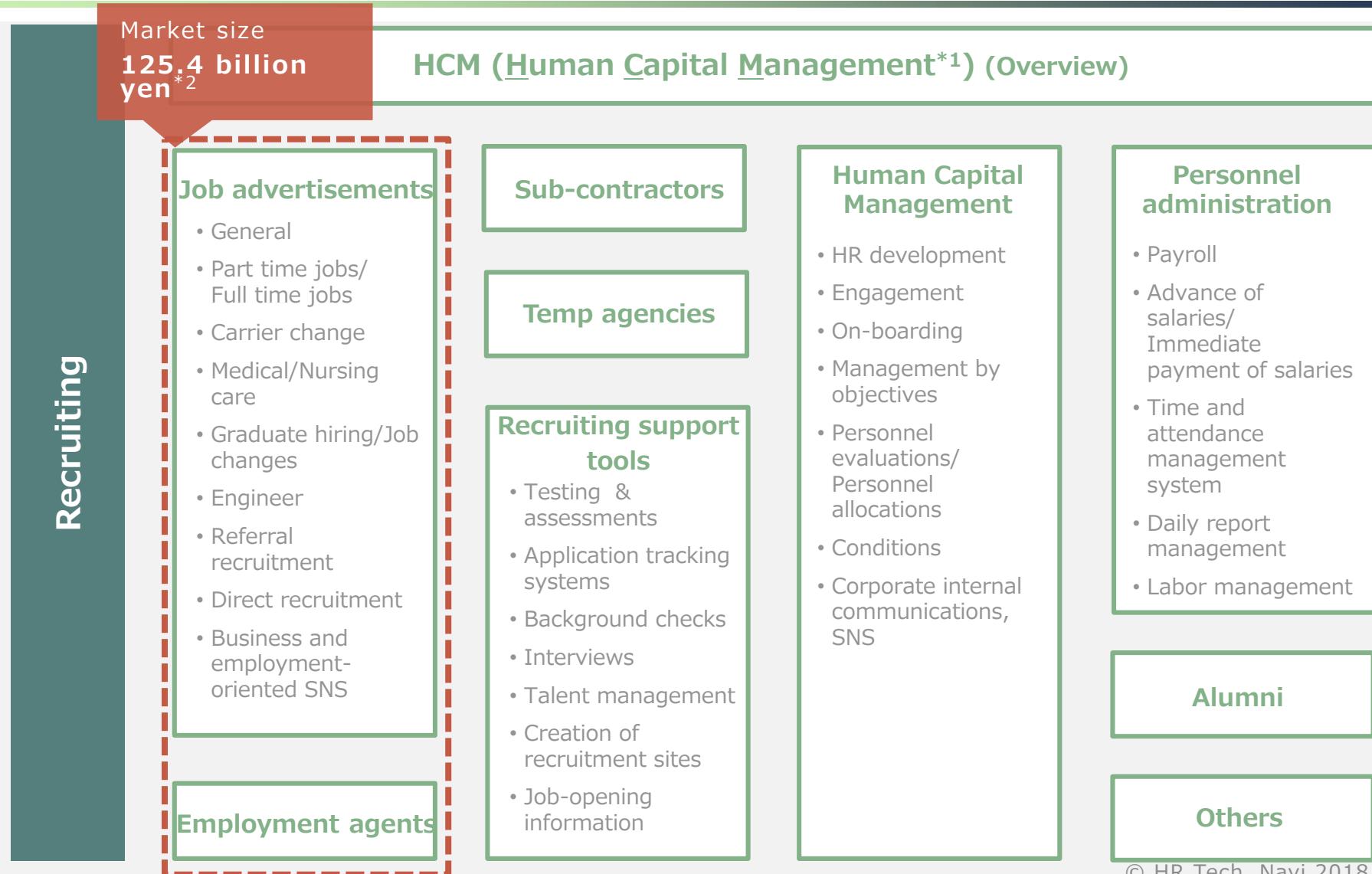
Market trends for job advertisements and recruitment agencies



Programmatic ads can become mainstream in this market.

Source:

- Recruitment agency: Yano Research Institute Ltd. (October 25, 2017) "Research for Human Resources Business"
- Job ads: ASSOCIATION OF JOB INFORMATION OF JAPAN (December 28, 2017) "Market Scale of Job Information Service in FY2016"



© HR Tech Navi 2018

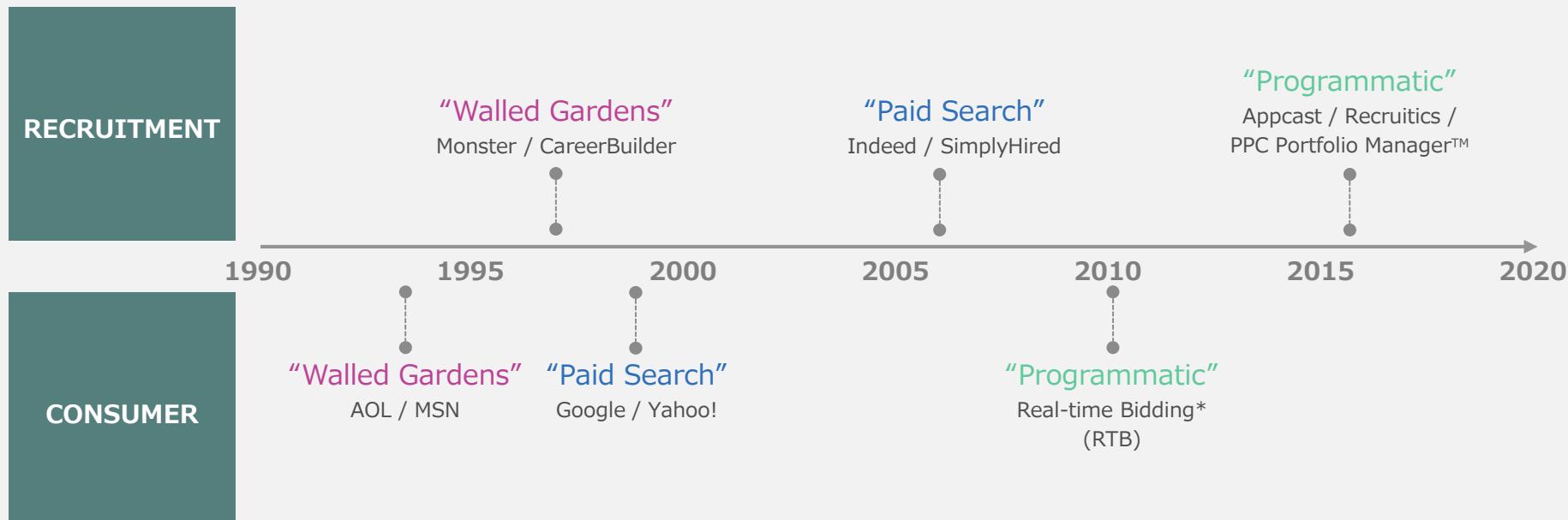
* 1 Aiming to maximize return (performance) with the following: a)Expanding capital of human resources by providing education such as internal education, vocational training, etc. b)Actively investing capital in internal activities, including the implementation of experimental projects and the creation of innovation.

* 2 Yano Research Institute Ltd., ASSOCIATION OF JOB INFORMATION OF JAPAN (*ibid.*)

In the US, structural changes with job advertising are taking place. We expect the Japanese market to follow suit.

The History of Digital Advertising

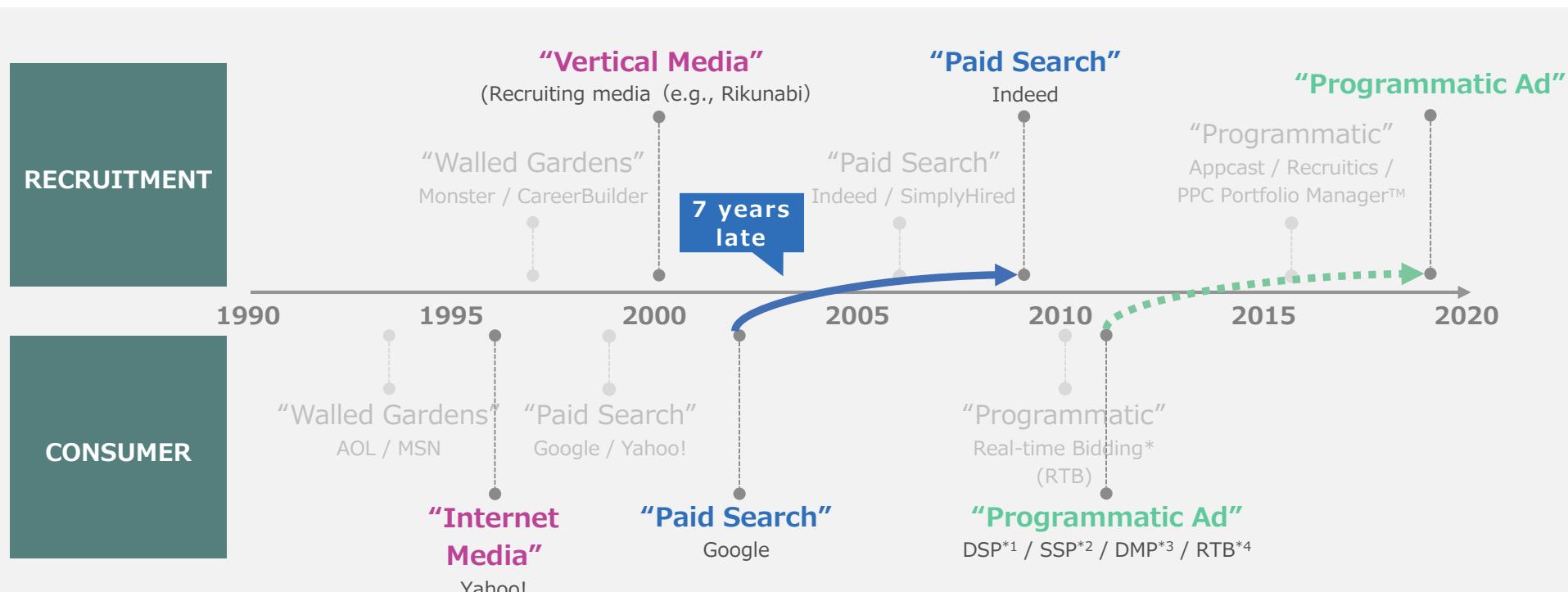
Where Consumer Advertising goes,
Recruitment Follows.



* Refer to "III. Reference information: glossary" (Page 53).

Source: Prepared by eole based on Appcast, Inc. "What is Programmatic Job Advertising?",
<https://appcast.wistia.com/medias/gyfgtcty3dk> (accessed November 12, 2018)

As anticipated at the beginning of FY2018, programmatic ads in the Japanese job advertising market are rapidly gaining popularity.



Background to changes in market

- Employment market tightening up.
- *Keidanren* decided to do away with new graduates hiring guidelines, which will enhance diversifying recruitment channels and schedules.
- A number of Internet ad agencies started to enter job advertising area.
- Indeed gaining popularity in Japanese market.

*1,2,3,4 Refer to "III. Reference information: glossary" (Page 53).

Source: Prepared by eole based on "Shinsuke Hirose, (2018). *Textbook of Ad Technology*, Shoeisha."

- As Indeed gets popular, programmatic ads in job advertising will become more popular, while we steadily expand a presence in this area.
- In the near future, support needs for programmatic recruitment ads for small to mid-sized companies are expected to increase, including solutions for optimized landing pages.
- Costs and operational efficiency involving hiring will become more important.
- It will become more and more critical to reach not only active candidates or those actively seeking work but also passive candidates.

Therefore . . .



Business initiatives in second half of FY2018

– Release of new service “JOBOLE”

We will be releasing a new software service “JOBOLE” that supports programmatic recruitment ads for small to mid-sized companies (February 2019).

Accelerating cost-effective recruiting with various SNS delivery utilizing our original data

Small to mid-sized companies



Linking with job search engines, such as Indeed, Google for Jobs, etc., will increases recruiting efficiency.

pinpoint



LINE



Facebook



Instagram



Twitter

To reach passive candidates

indeed インディード



YAHOO! JAPAN しごと検索*

Google for Jobs*

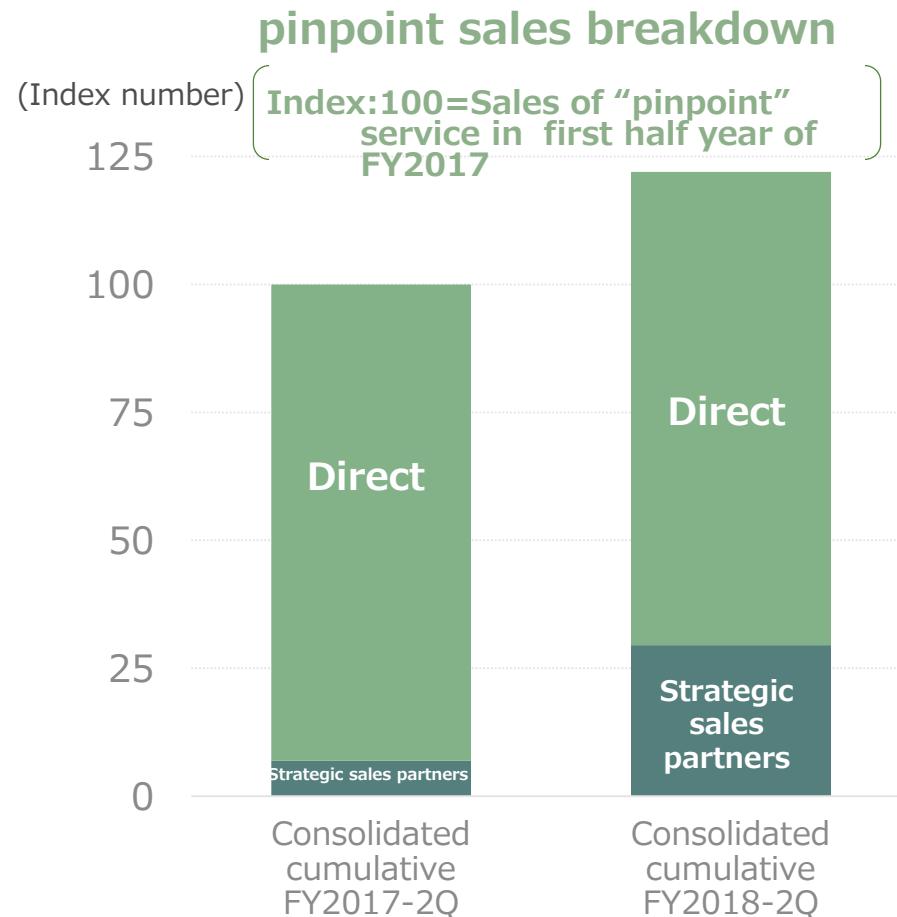
To reach active candidates

* To be connected by FY2018-4Q

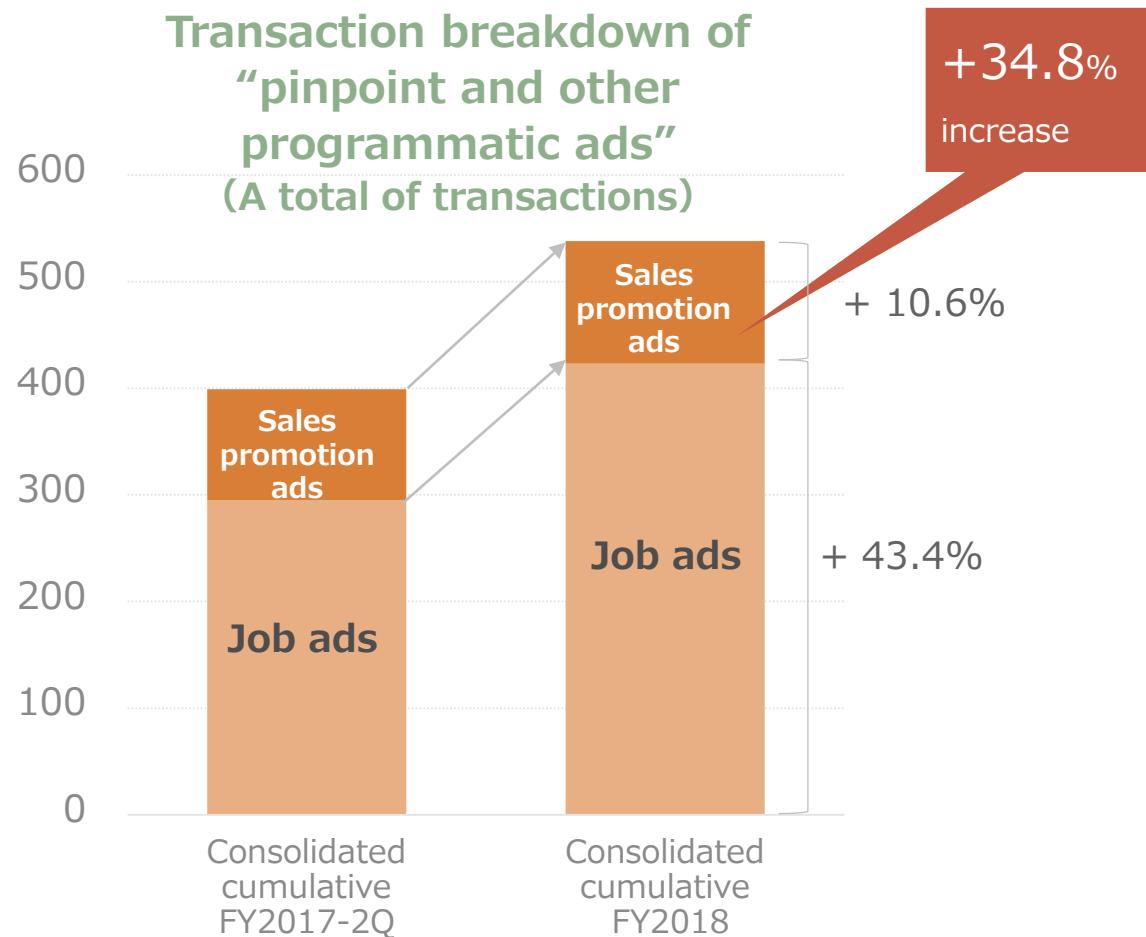
- 1 . Focus on programmatic ads centering on pinpoint DMP. Noticeable structural changes in job advertising market and remarkable growth of demand for programmatic ads.**
- 2 . Enhancement of sales support arrangement to strategic sales partners**
- 3 . Promotion of ad technology through alliances with third parties' data**

Growth of sales by strategic sales partners

As part of the expansionary strategy for “pinpoint and other programmatic ads” sales by strategic sales partners have been steadily increasing.



As a result, the introduction of pinpoint has expanded not only in the job advertising market but also in sales promotion areas.

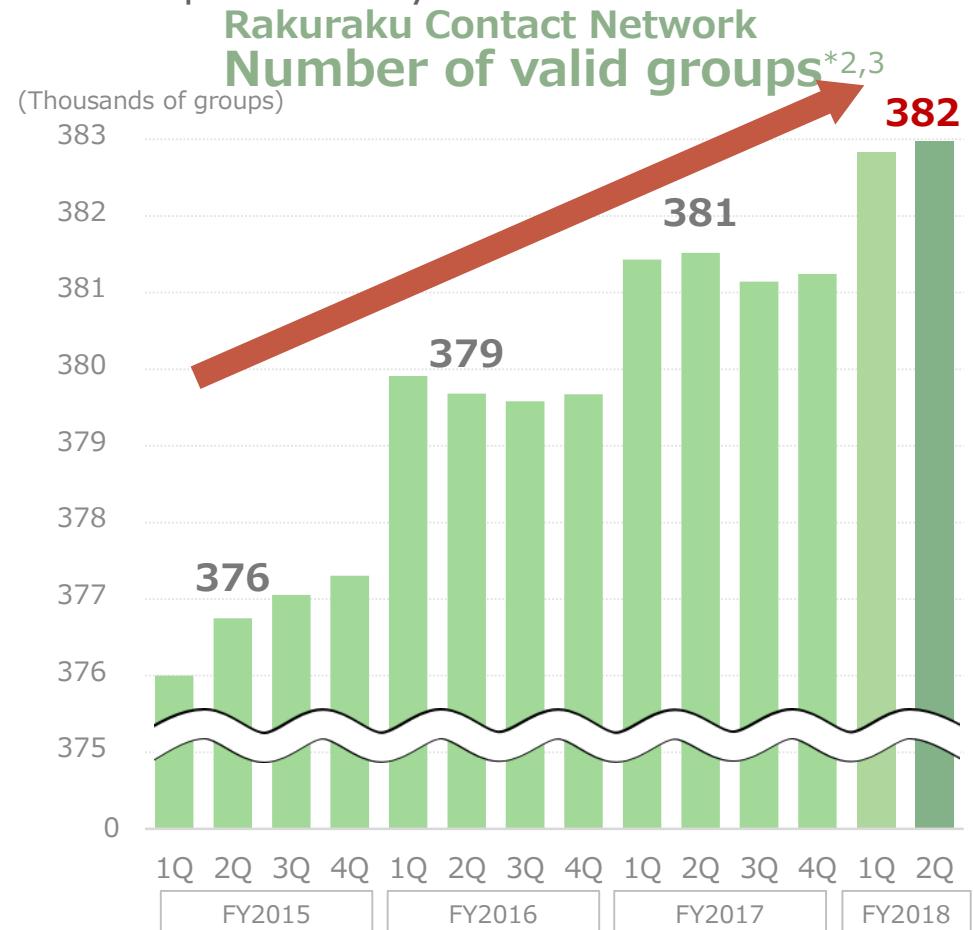
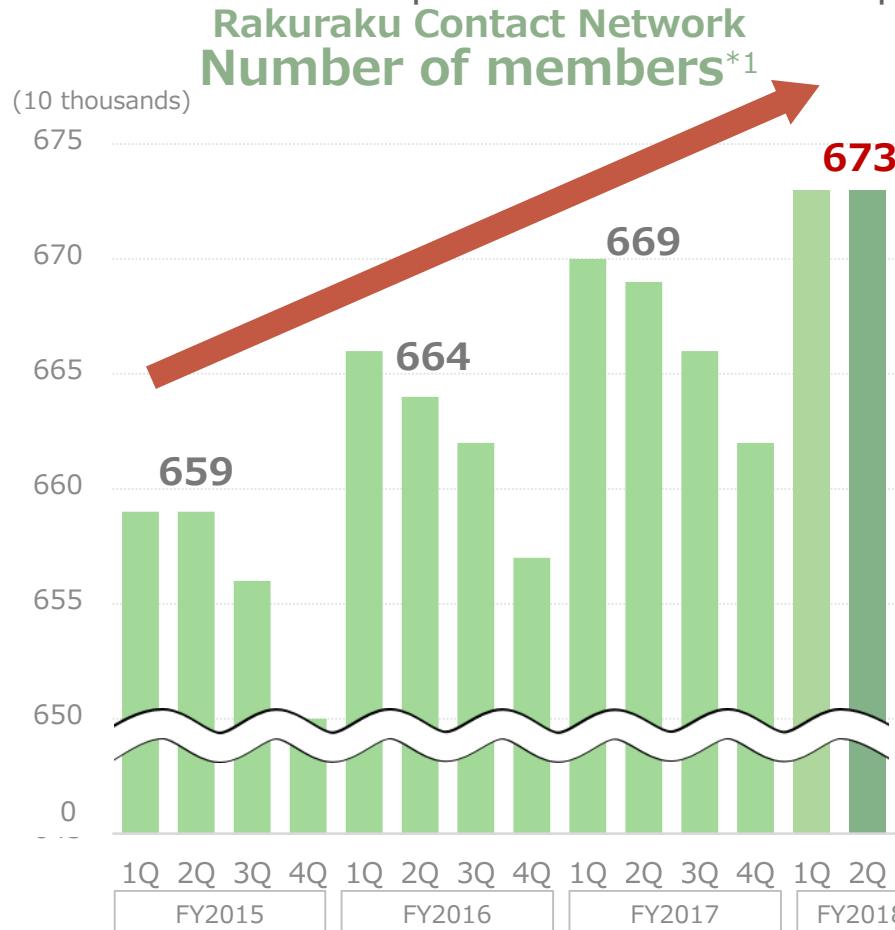


- 1 . Focus on programmatic ads centering on pinpoint DMP.
Noticeable structural changes in job advertising market
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parties' data**

Both the number of members and that of valid groups joining the Rakuraku Contact Network increased during the second quarter of FY2018 compared to the same period in previous year.



There are seasonal trends in variations pertaining to the number of members and groups. The number of members and groups tend to increase from April to June due to the beginning of new semesters, while it tends to decrease from the end of December till the end of March, as a result of the finishing of semesters, etc.

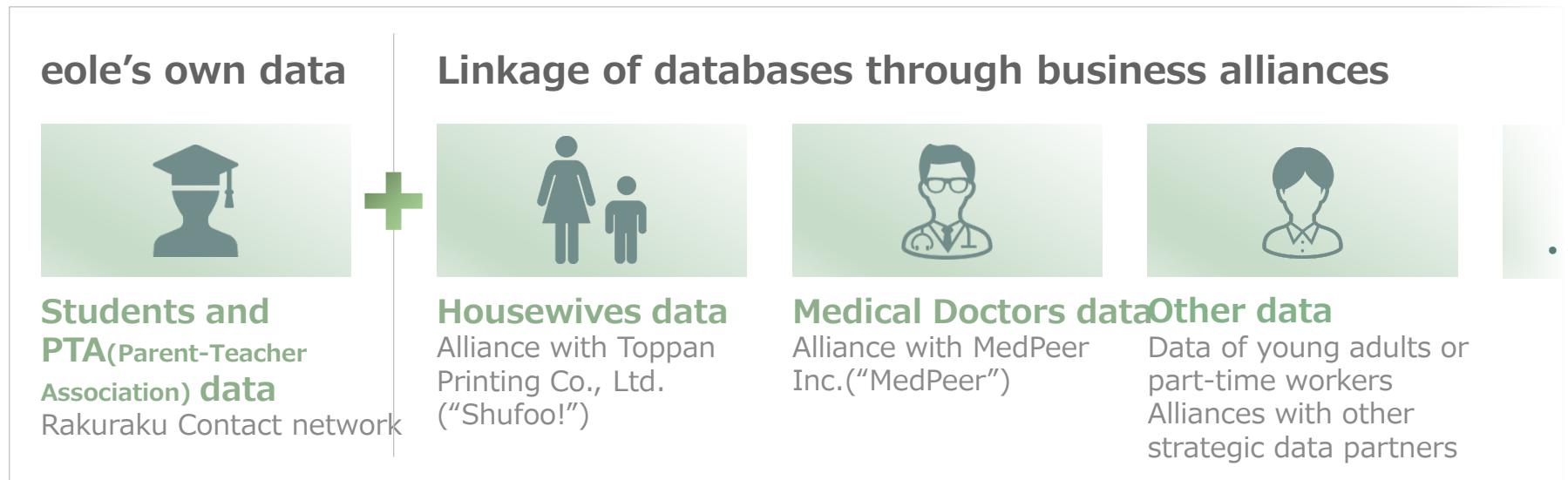
*1 The number of members is rounded down to one thousand

*2 The number of valid groups is rounded down to one hundred.

*3 A valid group is considered to be a group with more than three members

We will enhance alliances with third parties' data, thereby improving both the quantity and quality of accessible data, apart from the Rakuraku Contact Network...we have more than 20 million accessible users' data through both the Rakuraku Contact Network and our partners.

[Data linkage with pinpoint DMP*]



pinpoint DMP

* Refer to "III. Reference information: glossary" (Page 53).

- **Gakuba Arbeit**

Remodeling Gakuba Arbeit



**Increasing usability and internal
operational performance**

- **Aggregation portal for
mid-carrier full time jobs**

Based on 'Rakuraku Arbeit' (Aggregation portal for part time jobs), we are planning to develop an aggregation portal for mid-carrier full time recruiting, linking with JOBOLE (FY2018-4Q to FY 2019).



**Expanding the business
domain**

The logo for eole Inc. is visible in the background, featuring the word "eole" in a stylized, italicized font with a green and white gradient, and "Inc." in a smaller, white, sans-serif font to the right.

I | Summary for FY2018-2Q

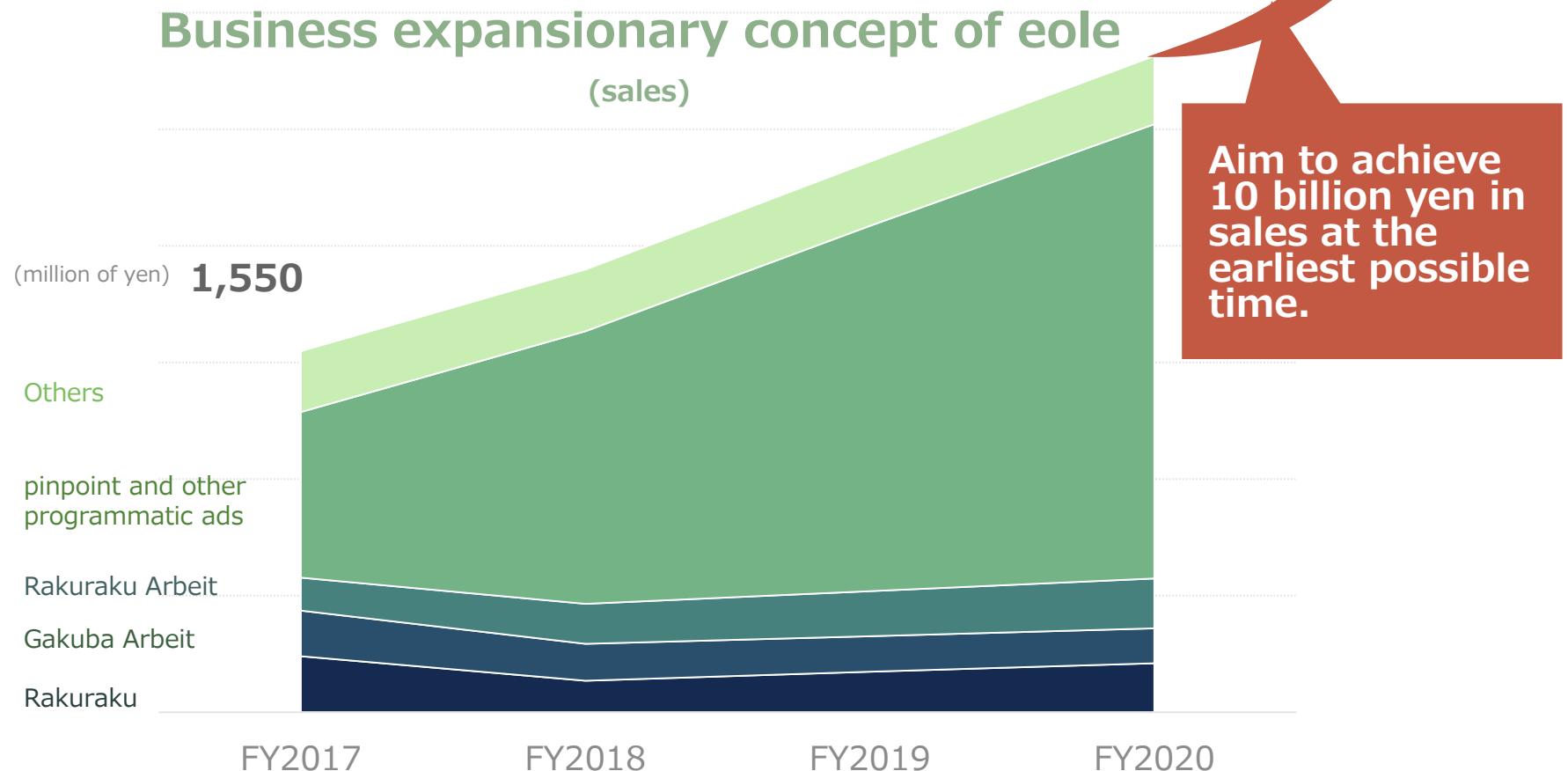
iii. FY2018 financial forecast and concept
of business growth for upcoming few
years

Financial highlights: Forecast for FY2019 (Upwards revision)

As a result of carefully reflecting the business outlook for the first half of FY2018 based on our policy of proactively proceeding with new challenges such as shifting to “pinpoint and other programmatic ads” and expanding strategic sales partners in the second half of FY2018, we upwardly revised forecasts as per the following.

| (Millions of yen) | Forecast for full year of FY2018 (A) (Announced on May 15, 2018) | New forecast for full year of FY2018 (B) (Announced on November 14, 2018) | (B) – (A) |
|-------------------------|---|--|-----------------------------|
| Sales | 1,857 | 1,900 | 43 (+2.3%) |
| Operating profit | 22 | 30 | 7 (+35.4%) |
| Ordinary profit | 20 | 27 | 7 (+35.1%) |
| Net profit | 11 | 15 | 4 (+37.0%) |

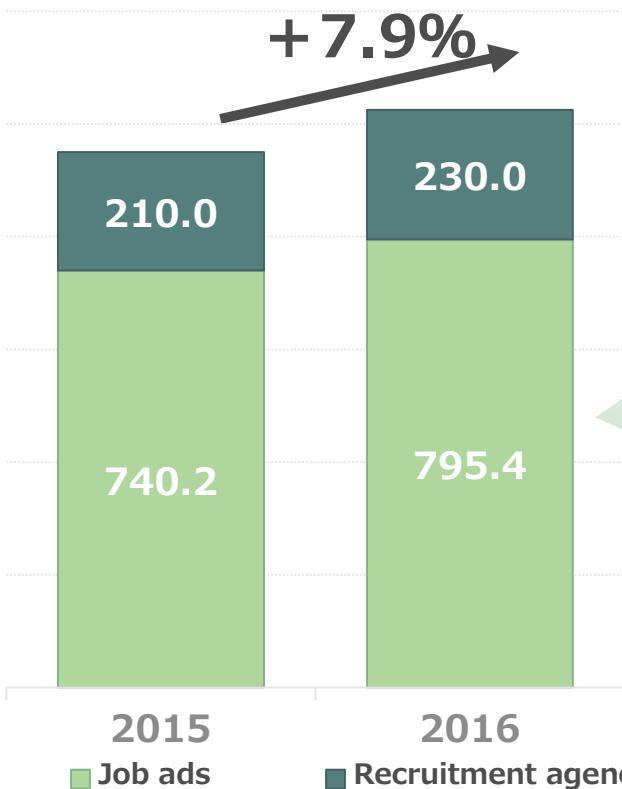
We will focus on marketable business domains, where we have considerable strengths, while aiming to achieve 10 billion yen in sales at the earliest possible time.



Note: In FY2017, though a part of "Other programmatic ads" apart from pinpoint were included in "Others", the above figures for "pinpoint" and "Other programmatic ads" are combined for the sake of comparison in the graph above.

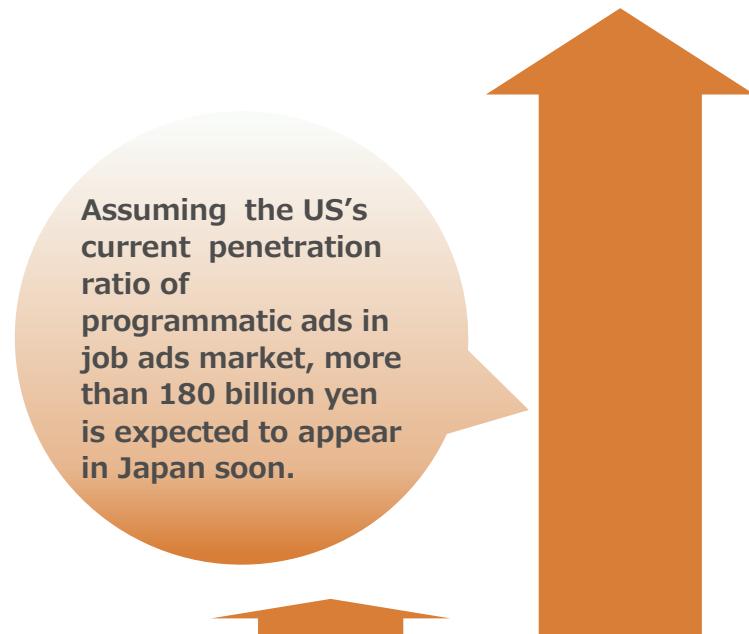
In particular, we will target the programmatic ads in the job advertising market and establish a track record with our “pinpoint and other programmatic ads service.”

Market trends of job advertisements and recruitment agencies (Billions of yen)



Approximately 66.1% of the job ads market is on the Internet and growing at 11.8% (Total listing numbers YoY in FY 2017)*

Potential market for programmatic ads in the job advertising market (Conceptual)



Sources : Same as page 16.

* Calculated by eole based on the ASSOCIATION OF JOB INFORMATION OF JAPAN "Results on the number of running job advertisements" (March 2018).

The background of the slide features a large, semi-transparent watermark of the 'eole Inc.' logo. The logo consists of the word 'eole' in a bold, italicized, black sans-serif font, with 'inc.' in a smaller, regular black font to its right. A thin, light blue horizontal line runs through the middle of the 'e' and 'o' in 'eole'.

II | Corporate Profile

| | | | |
|----------------------------|---|------------------|---|
| Company Name | eole, Inc. | | |
| Established | April 25, 2001 | Stock Market | The Mothers section of the Tokyo Stock Exchange (Securities code: 2334) |
| | | Head-quarters | 9F KDX Takanawadai Building, 3-5-23 Takanawa Minato-ku Tokyo 108-0074, Japan |
| Capital | 734 million yen ※As of September 30, 2018 | TEL | +81-3-4455-7092 |
| Number of Employees | 82 ※As of September 30, 2018 | FAX | +81-3-5793-3533 |
| Board members | President: Naohito Yoshida Senior Director: Makoto Ogawa Director: Yoko Nakai Director: Takeshi Ichijo External Board Director: Suguru Tomizuka Corporate Auditor: Minoru Akimoto Auditor: Toru Oyama Auditor: Masahiro Tajima | Line of business | Sales, marketing and service of internet-based computers and smartphones, including Rakuraku Contact Network, a communication network service that supports group and social activities, Gakuba Arbeit and Rakuraku Arbeit. Internet advertising business Development and offer of pinpoint, a private Data Management Platform(DMP) Sales promotion |
| | | Main Banks | Mizuho Bank, Ginzadori Branch Sumitomo Mitsui Banking Corporation, Shibuya-ekimae Branch |

| | | | |
|------|--|------|--|
| 2001 | Established eole Inc. in Roppongi, Minato-ku, Tokyo (Capital Stock: 10 million yen) Head Office moved to Nishihara, Shibuya-ku, Tokyo | 2014 | Released smartphone app, the Rakuraku Contact Network Started offer of private DMP, pinpoint^{*1}^{*2} Started connecting eole Inc. DMP to Google DBM (Double-Click Bid Manager) |
| 2003 | Head Office moved to Okusawa, Setagaya-ku, Tokyo | 2015 | Increased capital stock to 382 million yen |
| 2005 | Launched Rakuraku Contact Network Increased capital stock to 126 million yen | 2016 | Rakuraku Contact Network apps downloaded by more than one million users |
| 2007 | Number of Rakuraku Contact Network subscribers exceeds 1,000,000 persons Increased capital stock to 209 million yen | 2017 | Signed capital and business alliance with Toppan Printing Co., Ltd. Increased capital stock to 599 million yen Listed on Tokyo Stock Exchange Mothers Section |
| 2009 | Increased capital stock to 301 million yen | | Increased capital stock to 721 million yen |
| 2010 | Launched Gakuba Arbeit (formerly Daigakusei Arbeit.com) Increased capital stock to 329 million yen Number of Rakuraku subscribers exceeds 4,000,000 persons | | Increased capital stock to 723 million yen |
| 2013 | Number of Rakuraku Contact Network subscribers exceeds 6,000,000 persons, while the number of groups exceeds 350,000 in total. Launched 'Rakuraku Arbeit' Head Office moved to Takanawa, Minato-ku, Tokyo | 2018 | Increased capital stock to 725 million yen Increased capital stock to 733 million yen Increased capital stock to 734 million yen |

*1,2 Refer to "Reference information(1): Glossary" (Page 33).

Summary of business model

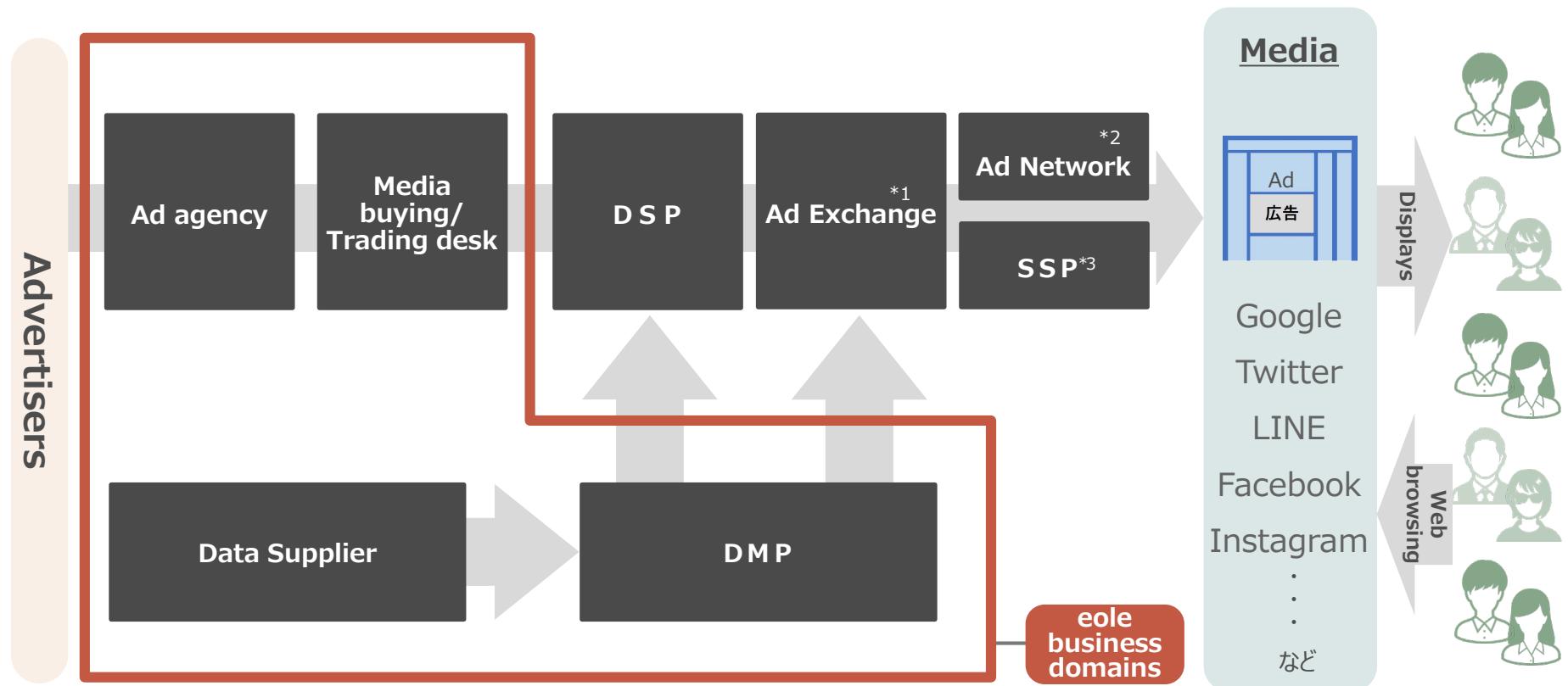
| Business | Service | Overview | Revenue model |
|------------------|--|--|--|
| Programmatic ads | pinpoint  ^{*1} | DSP* ³ advertisement service in cooperation with pinpoint DMP, which possesses highly accurate data based on registration information in our services. | DSP advertisement service (programmatic ad) based on own private DMP, including a trading desk* ⁴ . |
| | Other programmatic ads ^{*1,2} | “indeed” and other agency services for media advertisements/programmatic ad business | Programmatic ad services |
| eole's own media | Rakuraku Contact Network  | A service which supports group and community activities, including extracurricular activities, club activities and Parents and Teachers Association (PTA). | <ul style="list-style-type: none"> • Advertisements • SSP advertisements, etc. • A paid version of Rakuraku Contact Network is also available |
| | Gakuba Arbeit  | Website for part-time job recruitment information site exclusive to college and university students. | Posting fees |
| |  | Portal site for part-time job seekers. | Result reward (PPA) |
| Others | Others | Other main services include 1. Sales Promotion: Agency for field-based advertising of products on university campuses. 2. Other company job advertisements: Agency for job advertisements pertaining to other companies. | To be established individually |

*1 “Other programmatic ads” included in “Others” in FY2017, and “pinpoint” are now considered to be one service and thus categorized under “programmatic ads” in FY2018.

*2, 3, 4 Refer to “Reference information: glossary” (Page 53).

Outline of eole's business domain in Internet advertisement business

Utilizing its unique data, eole earned from the ad services below.



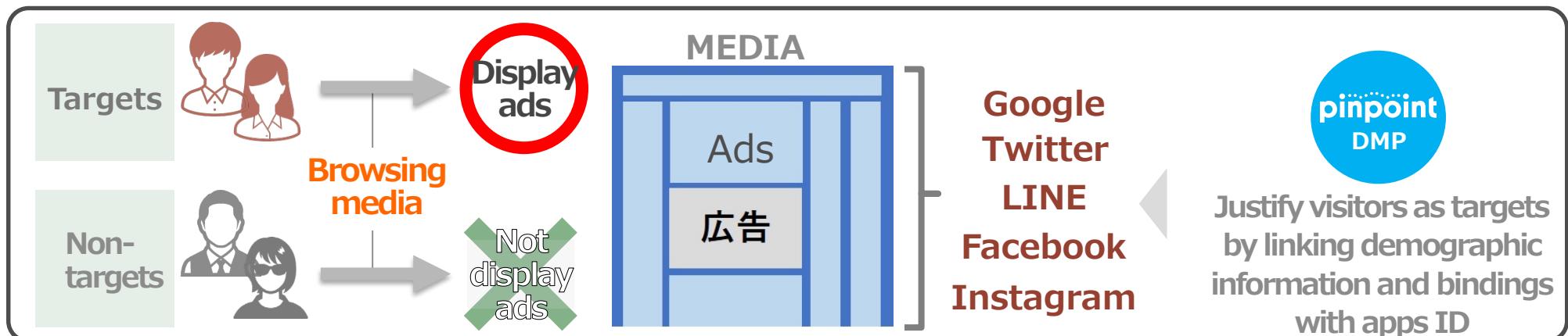
* 1,2,3 Refer to "Reference information: glossary" (Page 53).

Summary of business model: pinpoint (Continued)

pinpoint is a private DMP (Data Management Platform) based on user information available from the Rakuraku Contact Network and alliance partners.



Example: To send job recruitment advertisements to students in the science and engineering majors living in the Kanto region and graduating next spring.

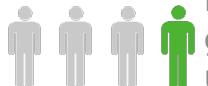


It is the largest contact network supporting group and community activities in Japan.



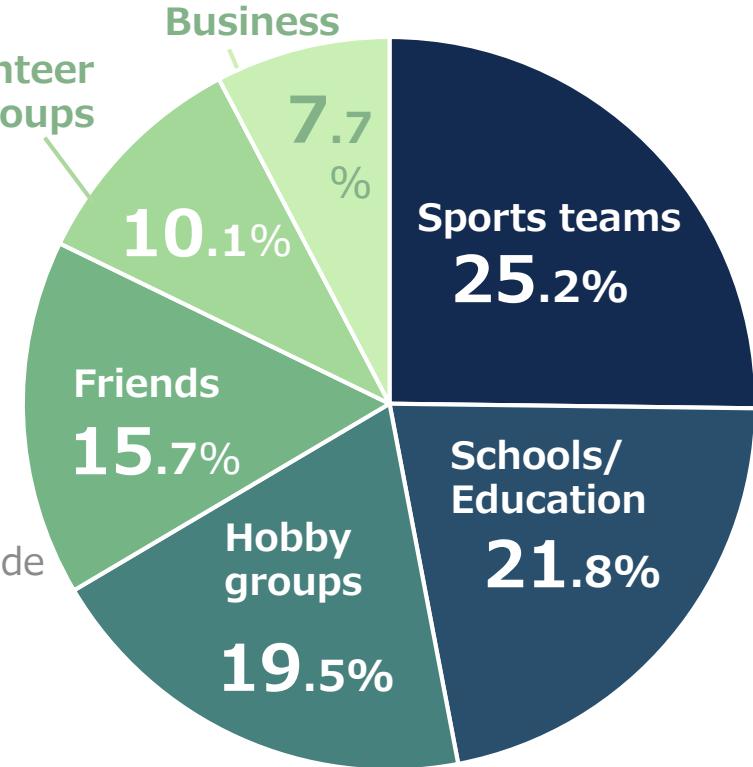
Used by **382,000** groups and
6,730,000 members^{*1}

Assists group activities and their leaders with a comprehensive range of convenient functions that include scheduling and attendance checking and surveys!



More than **25%** of all university and graduate school students depend on and use the Rakuraku Contact Network.*²

Profile of clubs and activities^{*3}



*1,3 As of September 30, 2018

*2 University and graduate students nationwide in Japan : 2,909,135 (Survey by the Ministry of Education, Culture, Sports, Science and Technology, 2018); Number of Rakuraku Contact Network registrants: about 760,000(2018 Survey)

Summary of business model: Rakuraku Contact Network

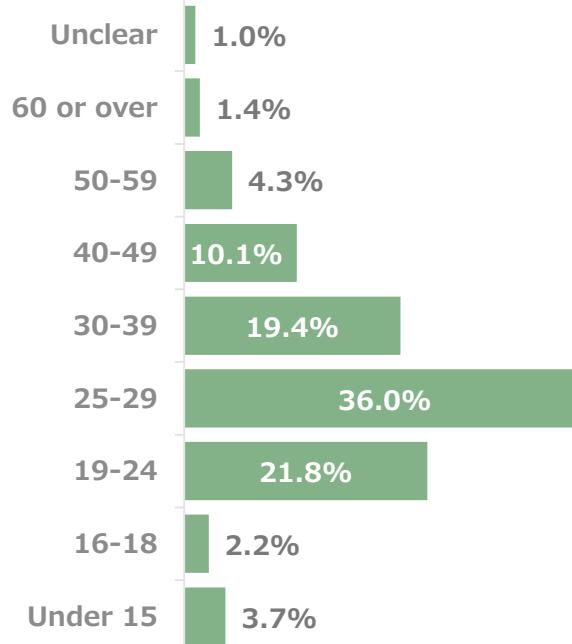
(Continued)

eole Inc.

eole Inc. is the owner of various segmented profile data.

Profile*

Age



Gender

Female

Male



51%



49%

Place of residence

Kinki
17.7%

Chugoku/
Shikoku
4.6%

Kyushu/
Okinawa
5.9%

Hokuriku
1.4%

Ko-shinetsu
2.7%

Tokai
6.8%

Kanto
54.8%

Tohoku
3.6%

Hokkaido
2.5%

Main information for membership registration

Gender

Birthday

Occupation

Place of residence

Marital status

Child presence

Faculty
(University)

Area of activity

...etc.

* As of September 30, 2018

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Summary of business model: Rakuraku Contact Network (Continued)

Rakuraku Contact Network is basically available free of charge*. It earns revenue mainly in the form of advertising (SSP, target mail, tie-up advertising, etc.)



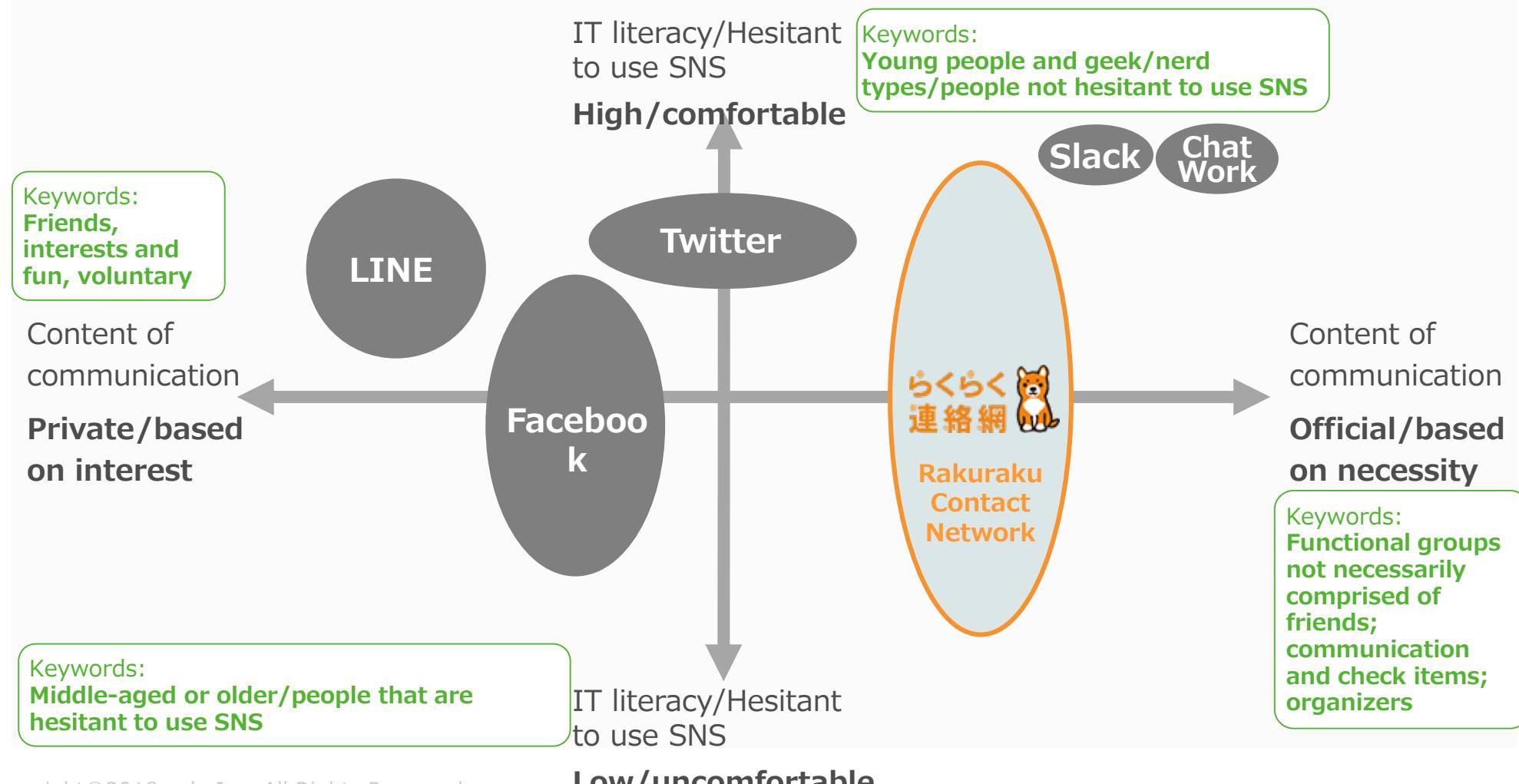
* There is also a paid version of Rakuraku Contact Network, which does not display advertisements.

Summary of business model: Rakuraku Contact Network

(Continued)

Positioning with other SNS services

Organizers and leaders in functional groups not necessarily comprised of friends use the Rakuraku Contact Network, as a tool for information sharing such as communications and for checking items.



Summary of business model: Gakuba Arbeit/Rakuraku Arbeit (Continued)

"Gakuba Arbeit is a part-time job recruitment information site specializing in college and university students. "Rakuraku Arbeit is a part-time job recruitment information portal site, enabling one-stop applications to be made.

Gakuba Arbeit



Rakuraku Arbeit

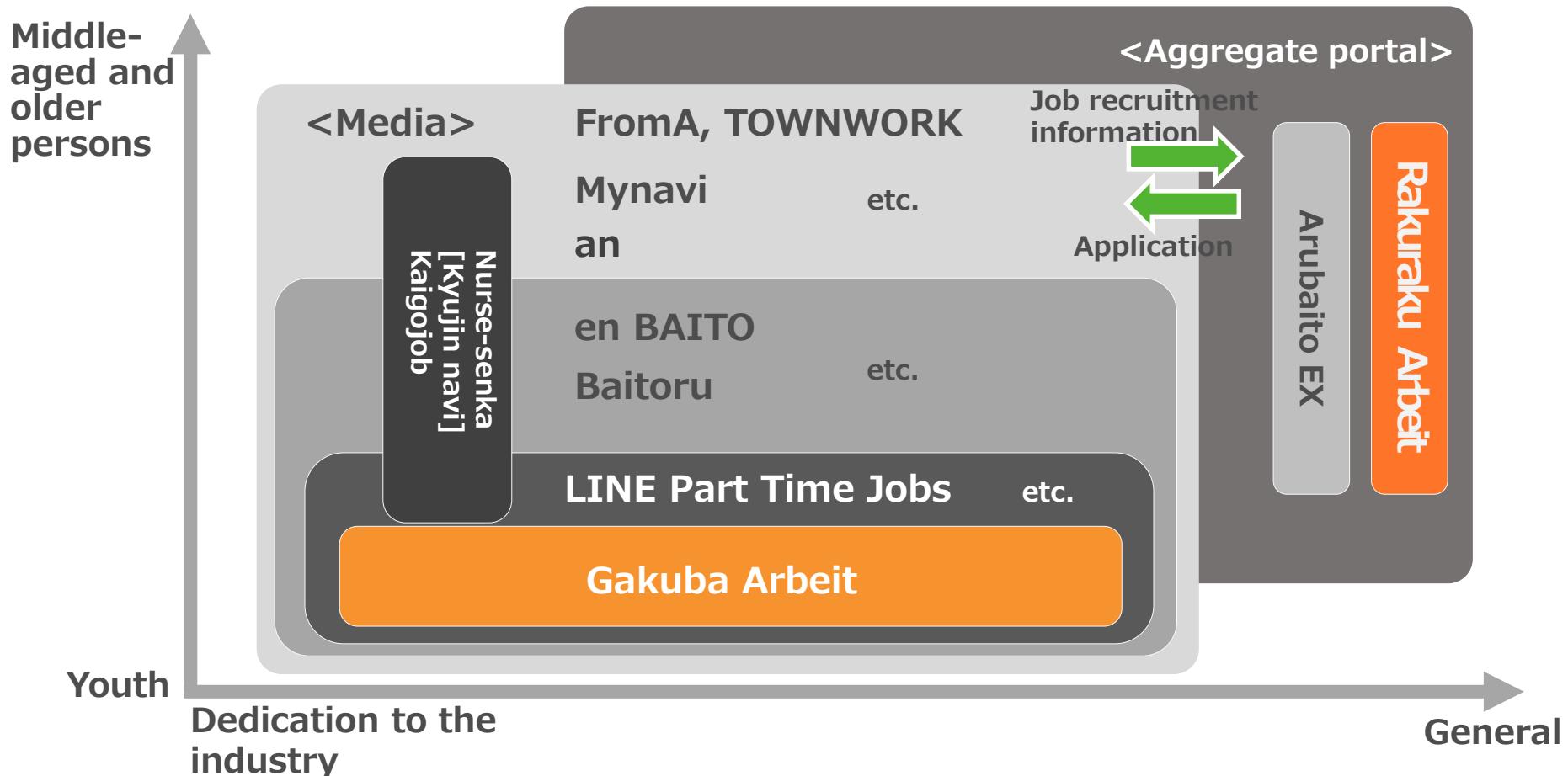


- A part-time job recruitment information site specializing in college and university students accessing from the Rakuraku Contact Network.
- Revenue model: Posting fee

- A part-time job recruitment information portal site where a wide range of recruitment information from job information provider partner sites is published on a segment, enabling one-stop applications to be made.
- Revenue model: Result-reward type (PPA)

Positioning of "Gakuba Arbeit" and "Rakuraku Arbeit" in job media domain(Conceptual outline)

Both services will specialize in the part-time job business pertaining to young adults.



Sales Promotion

Sales Promotion at university campuses

Agency for field-based advertising of products on university campuses.

- Ad spaces at university campuses
- Ads for university festivals
- Sampling at university campuses
- Ad flyers to welcome new students to events

Corporate sponsorship of student clubs/organizations

Agency for corporate sponsorship of various organizations.

- Supporting sponsorship of various organization activities such as student organizations and clubs nationwide (e.g., collaborating university festival goods and offering free drink samples to groups)

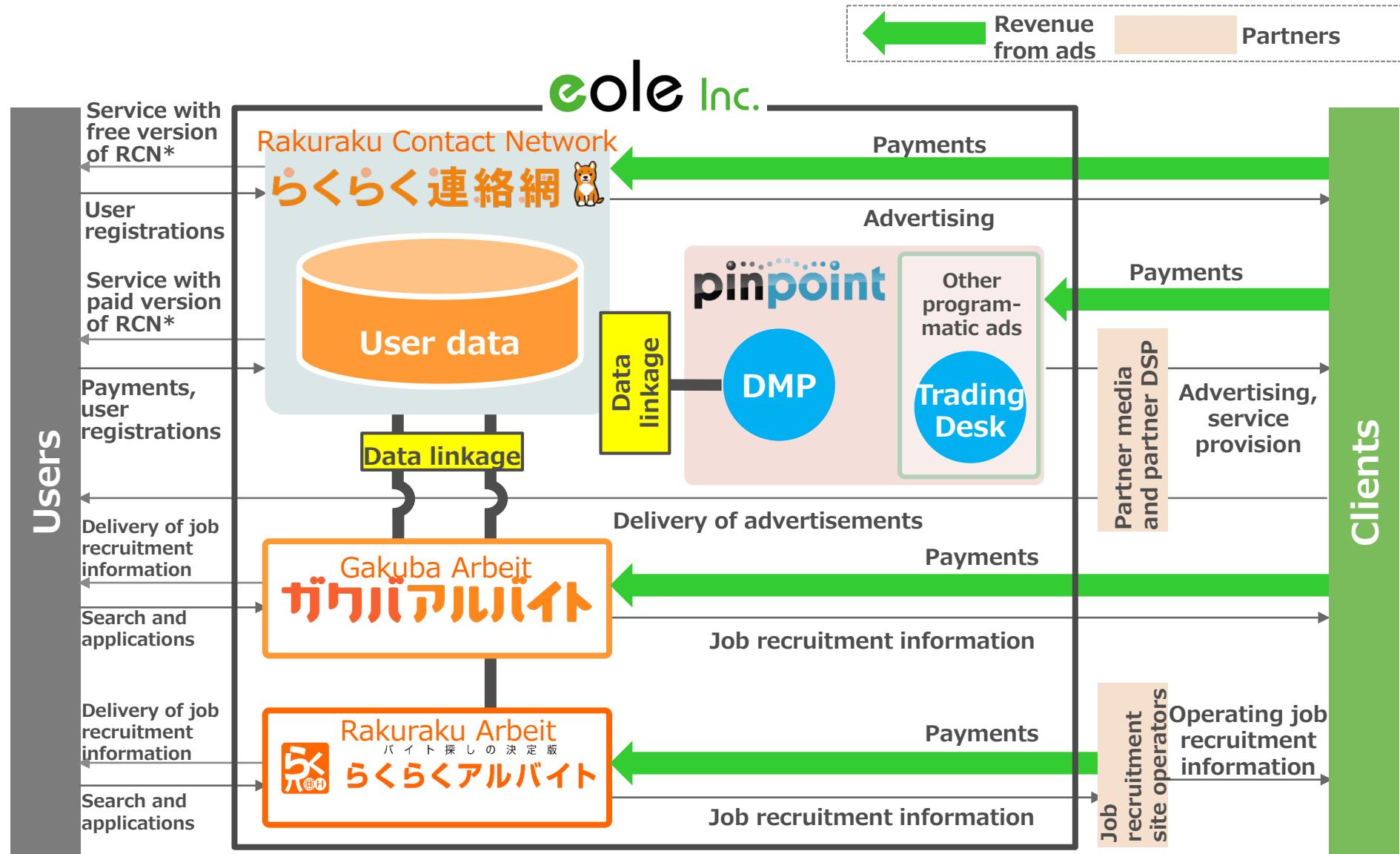
Others

Other companies' job advertising

Agency for job advertising pertaining to other job media

- Proposing optimal plans for job media such as Baitoru and DODA pertaining to part-time jobs

Business model



A large, semi-transparent watermark of the "eole Inc." logo is positioned in the background. The logo consists of the word "eole" in a stylized, italicized font where the letters "e" and "o" are interconnected, followed by "Inc." in a smaller, standard font.

III | Reference Information

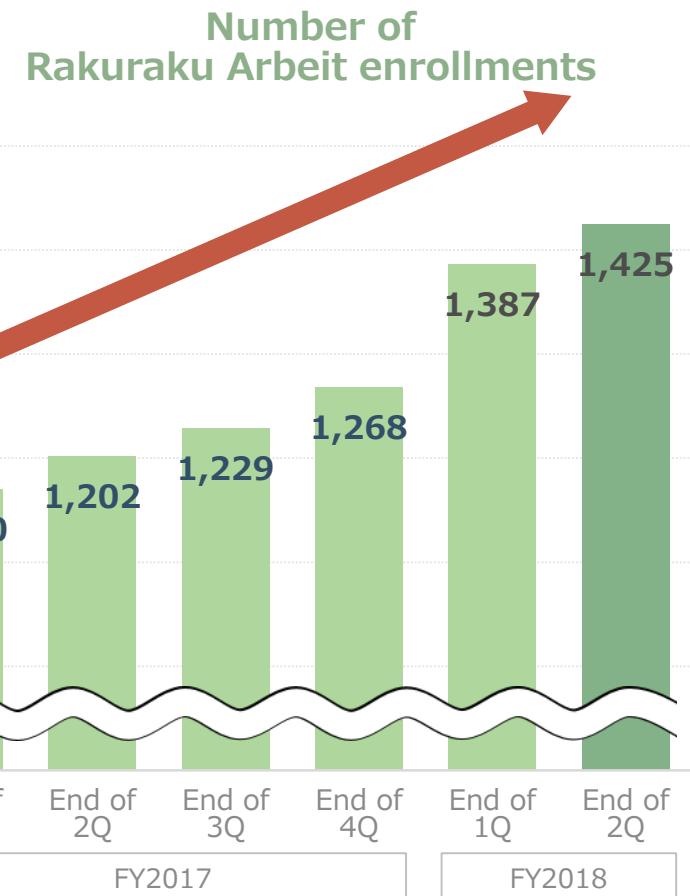
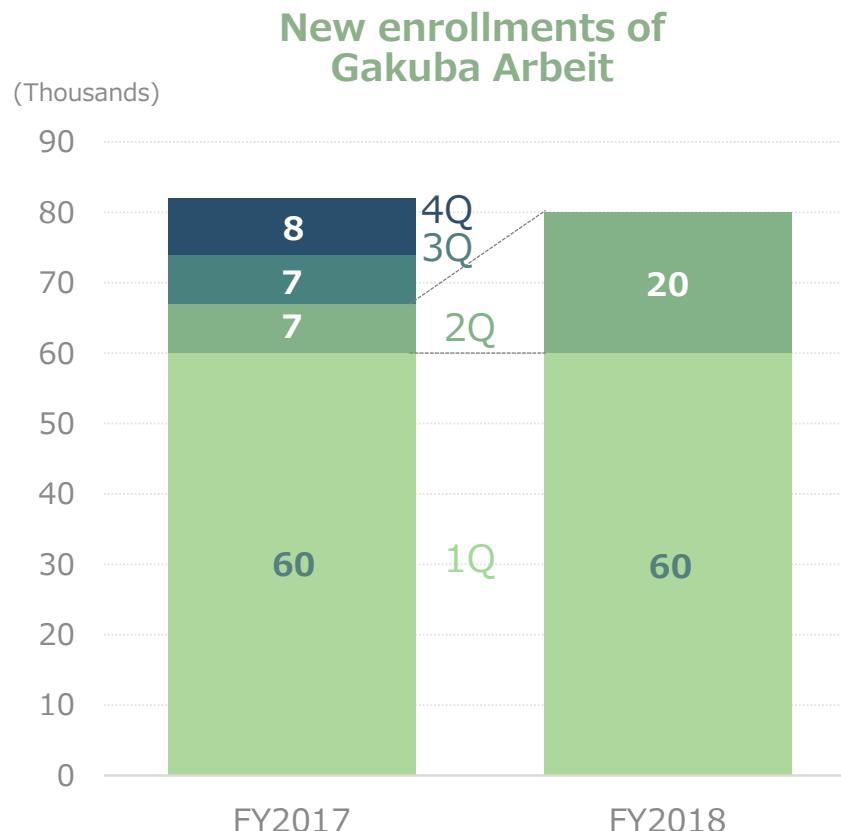
Financial highlights – B/S Summary –

| (Million of yen) | FY2017 (End of March in 2018) | 2Q of FY2018 (End of September in 2018) | Chane |
|-------------------------------------|-------------------------------------|--|-------------|
| Assets | | | |
| Current assets | | | |
| Cash and cash equivalents | 790 | 761 | △28 |
| Notes and accounts receivable-trade | 246 | 169 | △76 |
| Others | 12 | 10 | △1 |
| Total current assets | 1,049 | 942 | △107 |
| Fixed assets | | | |
| Tangible fixed assets | 8 | 6 | △1 |
| Intangible fixed assets | 282 | 283 | 1 |
| Investments and others | 90 | 90 | 0 |
| Total fixed assets | 381 | 380 | 0 |
| Deferred assets | 2 | 1 | 0 |
| Total assets | 1,433 | 1,324 | △108 |

| (Million of yen) | FY2017 (End of March in 2018) | 2Q of FY2018 (End of September in 2018) | Chane |
|--|-------------------------------------|--|-------------|
| Liabilities | | | |
| Current liabilities | | | |
| Accounts payable-trade | 109 | 76 | △32 |
| Corporate bonds redeemable within one year | 50 | 50 | – |
| Long-term loans payable schedule | 4 | – | △4 |
| Others | 135 | 100 | △34 |
| Total current liabilities | 298 | 226 | △71 |
| Fixed liabilities | | | |
| Total fixed liabilities | 50 | 25 | △25 |
| Total Liabilities | 349 | 251 | △97 |
| Net assets | | | |
| Shareholders assets | 1,081 | 1,070 | △11 |
| Share options | 2 | 2 | – |
| Total net assets | 1,084 | 1,072 | △11 |
| Total liabilities and net assets | 1,433 | 1,324 | △108 |

Progress of Gakuba Arbeit and Rakuraku Arbeit

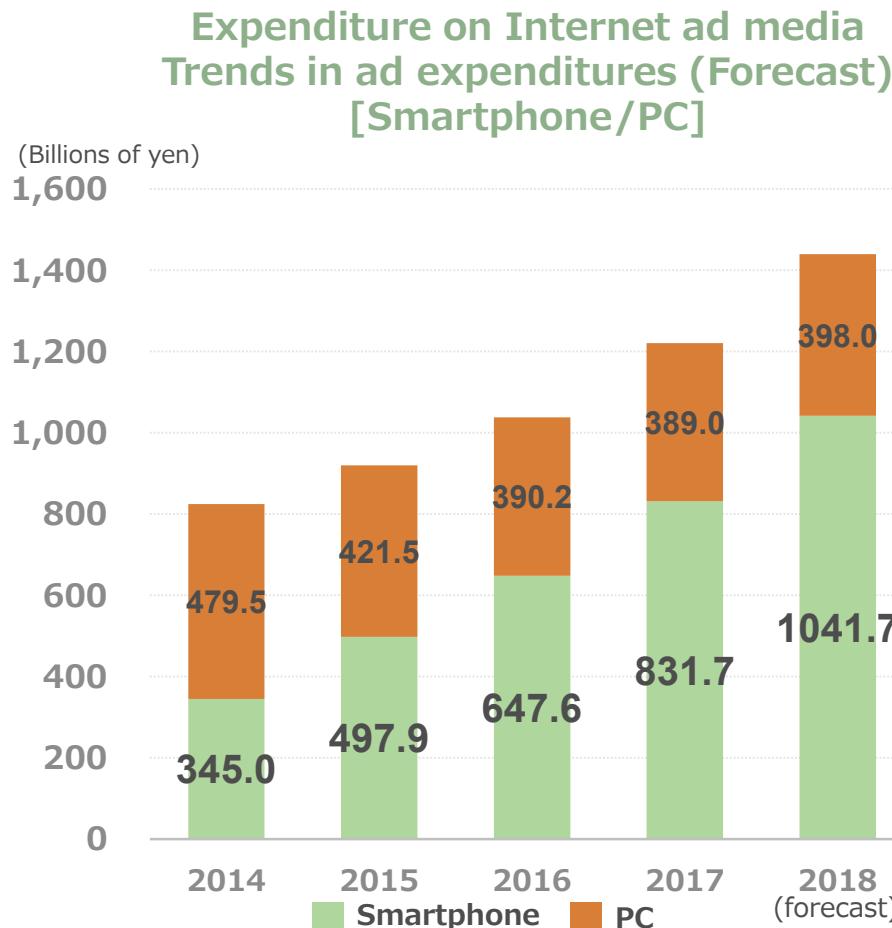
New enrollments of Gakuba Arbeit in consolidated cumulative FY2018-2Q increased by 19.8% compared to the same period in FY2017. The number of Rakuraku Arbeit enrollments increased by 18.6% compared to the same period in FY2017.



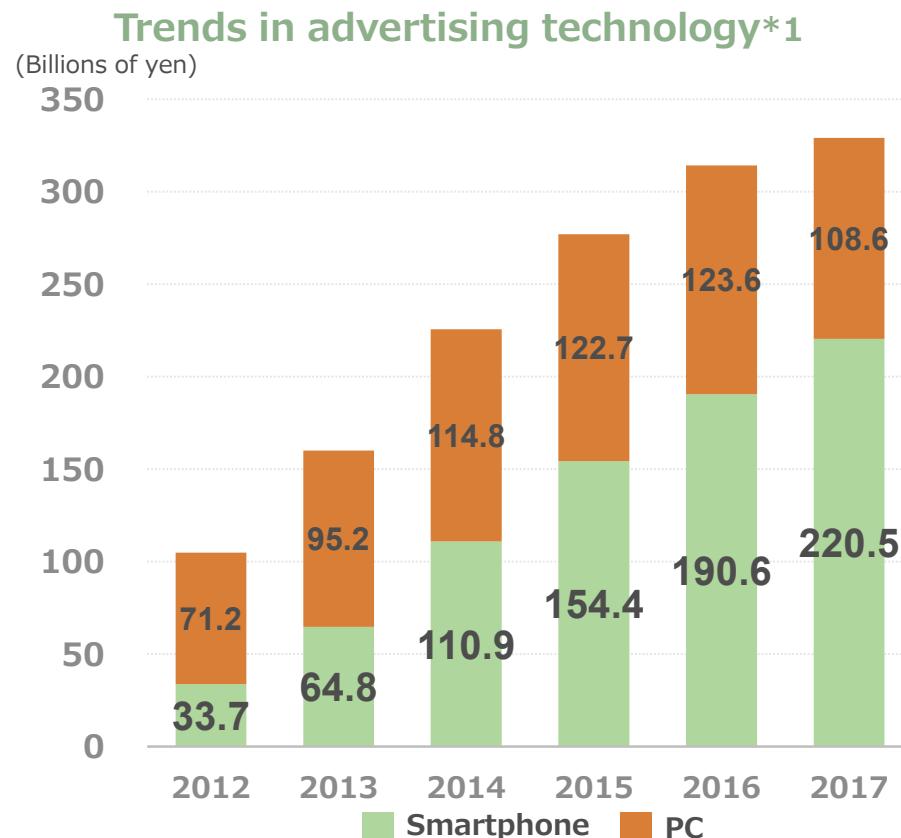
Note: The number of new enrollments has been rounded down to one hundred.

Note: The number of members has been rounded down to one hundred.

Expenditure on smartphone media ads is expected to increase, going forward. Ad technology advertisements that utilize data is becoming increasingly important.



Source: "2017 Advertising Expenditure in Japan – Detail analysis of Internet ad expenditures," (March 2018), D2C Inc., cyber communications inc., and Dentsu Inc.



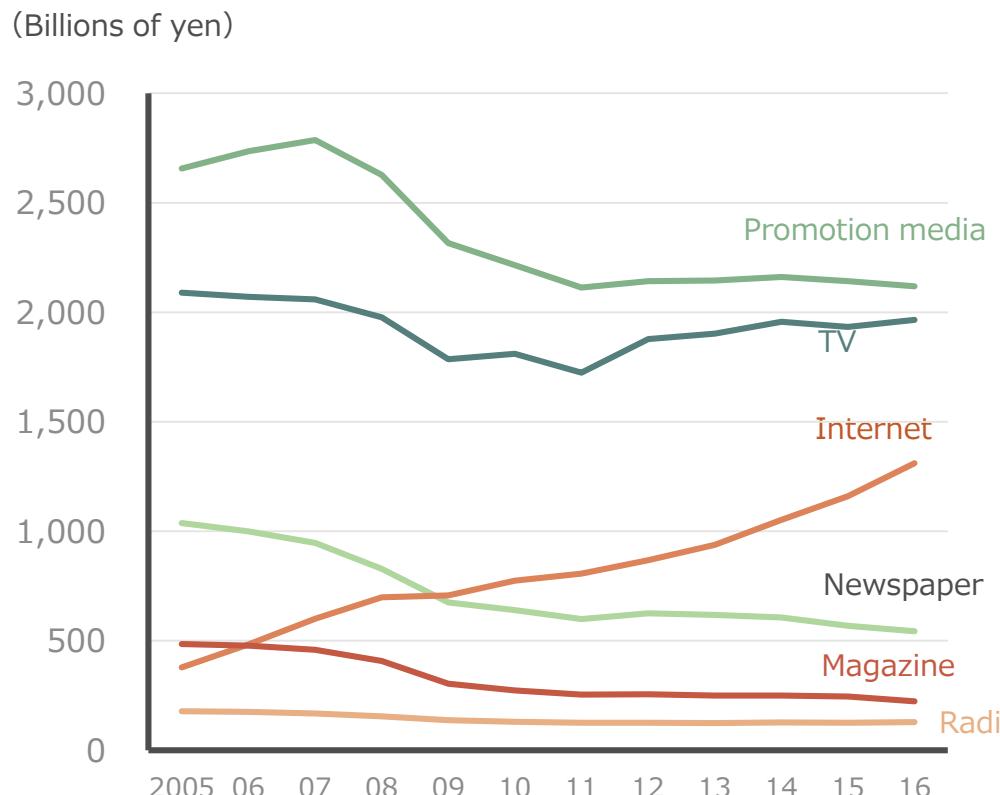
*1 Definition of advertising technology is "display advertising via Real Time Bidding*2," "pay-per-use(CPC*3 & CPM*4) advertising network," and "CPA(cost per action) advertising network."

*2,3,4 Refer to "Reference information: glossary" (Page 53).

Source: adtech studio/Seed Planning, Inc.

Trends in ad expense by media

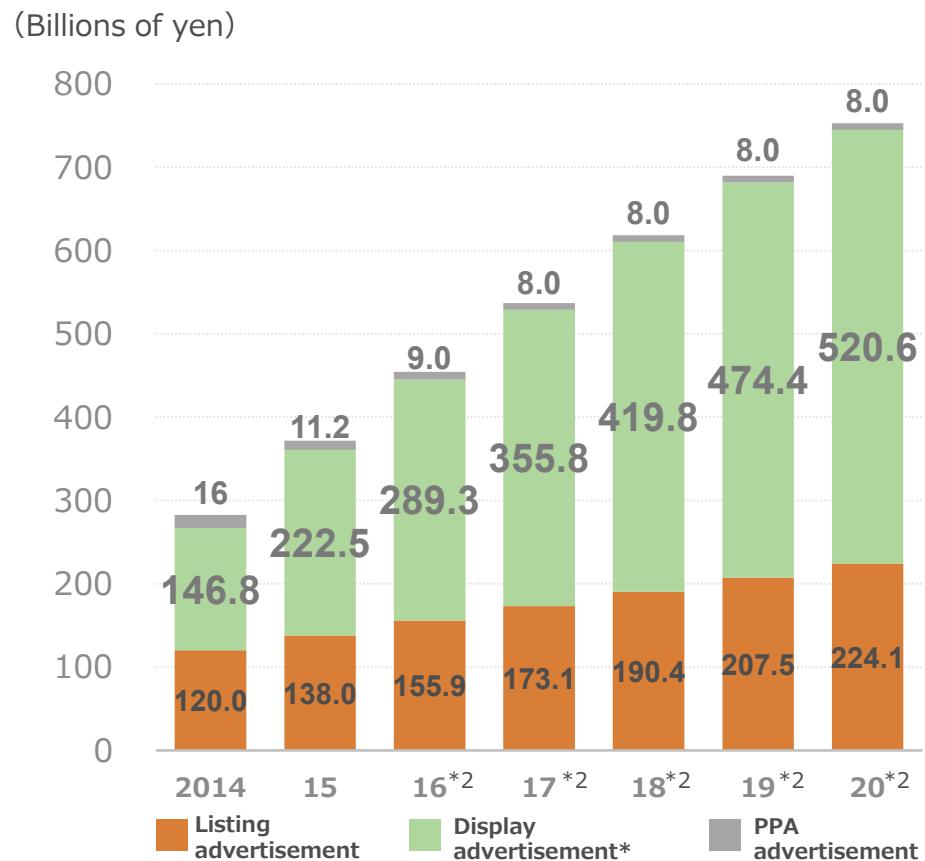
Internet advertisements are continually expanding, coming very close to TV media ads.



Source: "Ad expenses in Japan", Dentsu Inc., 2016

Ad market size estimate for smartphone by ad type (2014~2020)

Display advertisements will continue to increase, going forward, in the every-expanding smartphone advertising market.

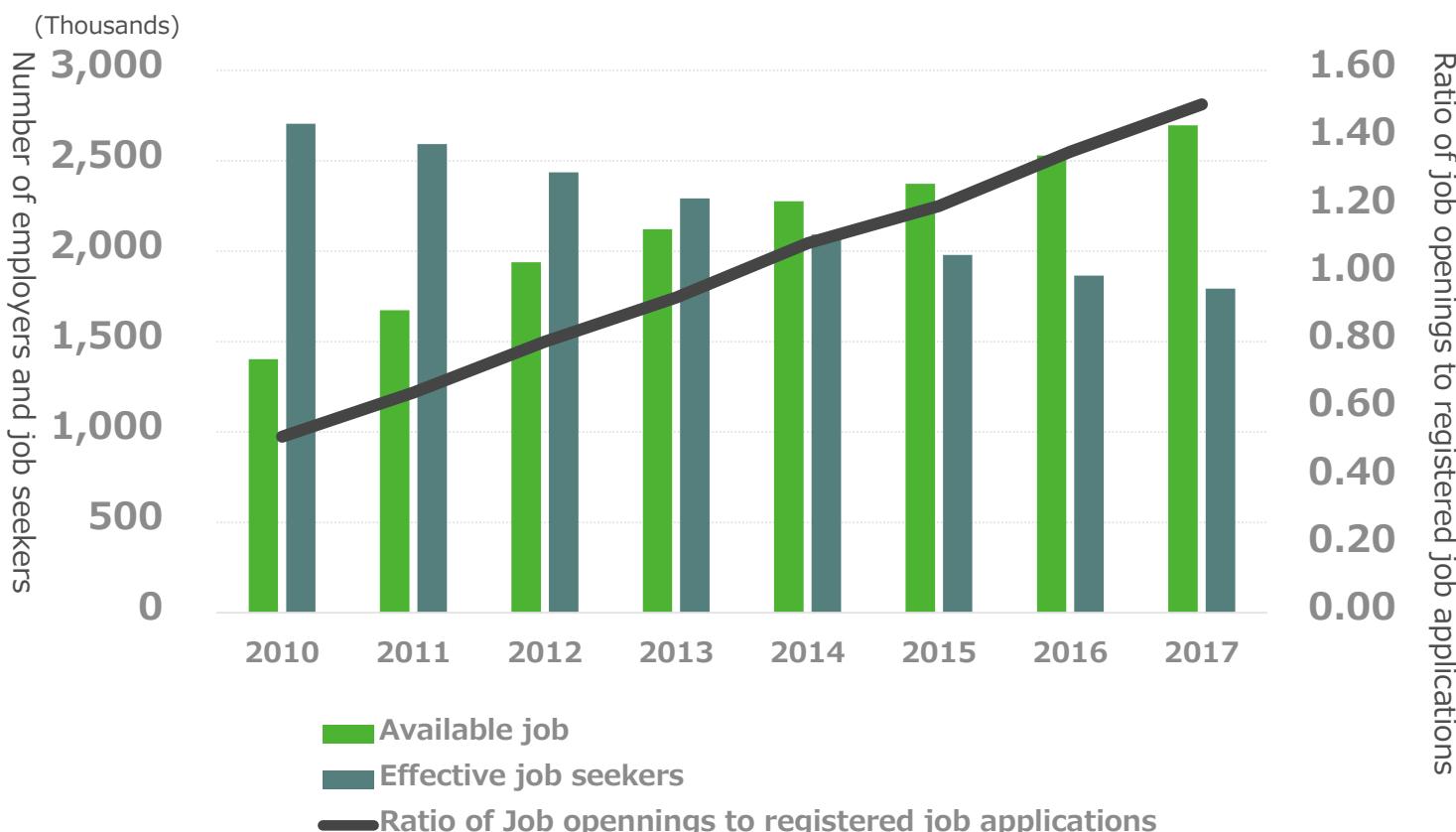


*1 Advertisement that utilizes the characteristics of smartphones, including video and in-feed advertising.

*2 Forecast values

Source : CyberZ, Inc. press release 2016

Trends in employers, job seekers and the ratio of job openings to registered job applications



Source: "Situation of general employment placement," Ministry of Health, Labour and Welfare

Reference information: glossary

| Term | Definition |
|---------------------------------------|--|
| CPC (Cost Per Click) | CPC (Cost per click) has two different meanings. One is the cost per click of a user as a result of exposure to advertisements, while the other is the unit price of a pay-per-click advertising transaction. |
| CPM (Cost Per Mille) | Cost of 1,000 ad reach or exposure. |
| DMP (Data Management Platform) | A platform for managing data and optimizing company's marketing activities by utilizing said data. |
| DSP (Demand Side Platform) | A demand-side platform (DSP) is an ad delivery system that conducts RTB (real-time-bidding) to many ad spots on websites based on user action history and their attribution. |
| pinpoint DMP | DMP developed by eole. pinpoint DMP has abundant user data, which are taken from Rakuraku Contact Network and affiliated companies, while being encrypted and not identifying any personal information. |
| RTB (Real Time Bidding) | An auction system for digital advertisement space. Every time a user visits a website (impression), user information from cookie and advertisement space information such as minimum bid price are instantly sent to DSPs. Advertisements with the highest bids are displayed. |
| SSP (Supply Side Platform) | A supply-side platform is a platform that maximizes media revenue, including homepages, apps, etc. An advertisement that shows the highest price for the ad space is displayed through SSP. |
| Ad exchange | A platform coordinating advertisement space stock and demand among DSPs, SSPs and ad networks, in addition to advertising agencies. |
| Ad network | An advertising network that collects ad distributable media such as Websites, social media, blogs. It can deliver ads all at once. |
| Programmatic ad | An advertising method that automatically or instantly assists with the optimization of an advertisement with a platform processing huge volumes of data. This includes search ads and some ad networks. Typical examples are DSPs, ad exchanges, and SSPs. |
| Trading desk | An agency service that manages digital advertisements using DSP and the other platforms, etc. |

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