

A large, stylized logo for "eole Inc." is visible on the left side of the slide. The word "eole" is in a bold, italicized, lowercase sans-serif font, with a green "e" and a yellow "ole". The "e" has a green circular graphic inside its left loop. The "ole" is in yellow with a black outline. To the right of "eole" is a smaller, lighter green "Inc." in a similar font.

Financial Results

**for the First Three Quarters of
the Fiscal Year Ending March 31, 2020**

eole Inc.

(TSE Mothers, Securities Code: 2334)

February 14, 2020

Unless otherwise specified, this English-language version 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 versions, please note that the Japanese version will always prevail.

I	Overview of Financial Results for the First Three Quarters of the Fiscal Year Ending March 31, 2020 (3Q FY03/20 (Cumulative)) <ul style="list-style-type: none">i. Business results highlights for the 3Q FY03/20 (cumulative)ii. Revision to business performance forecastiii. Market environment outlook
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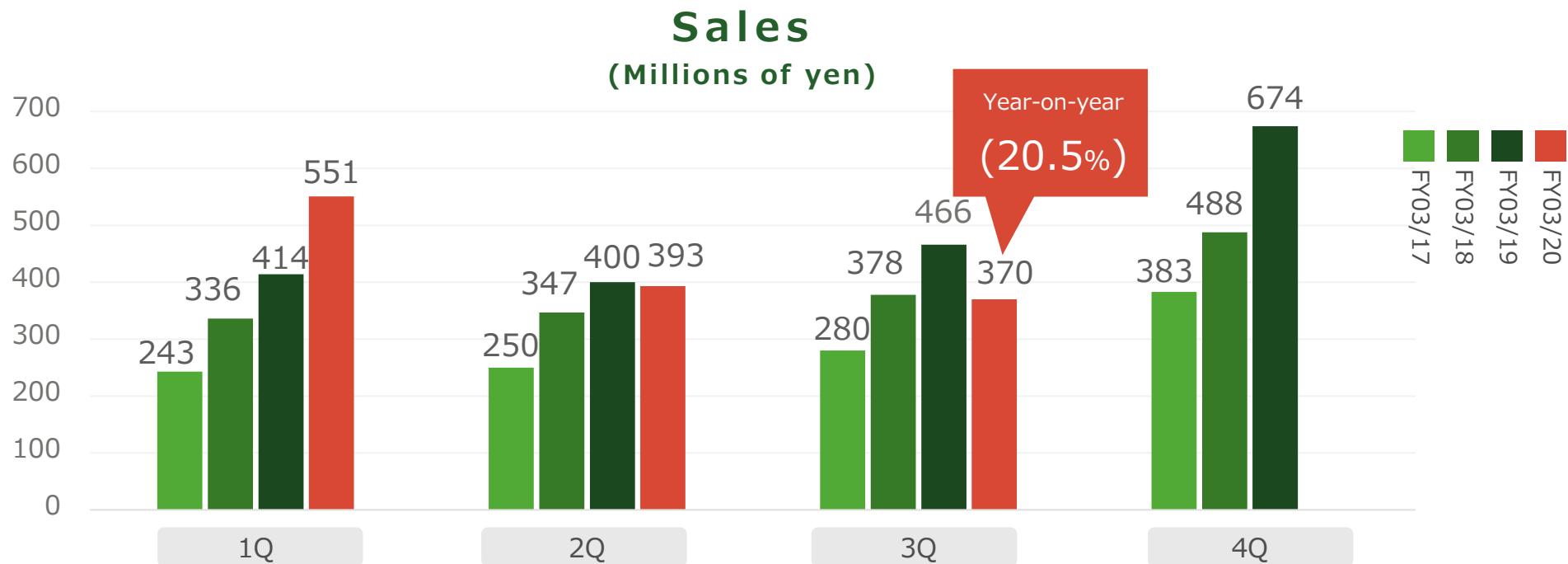
I | Overview of Financial Results for the 3Q FY03/20 (Cumulative)

- i. Business results highlights for
the 3Q FY03/20 (cumulative)**

In the 3Q FY03/20 (cumulative), sales were 1,315 million yen (+2.7% year on year) and ordinary profit was 1 million yen (-83.3% year on year).

(Millions of yen)	3Q FY03/19 (cumulative) Actual results	3Q FY03/20 (cumulative) Actual results	Year-on-year change	Previous forecast (May 15, 2019)
Sales	1,281	1,315	+2.7%	2,420
Operating profit	9	1	(83.2%)	166
Ordinary profit	7	1	(83.3%)	166
Net profit	4	(0)	-	112

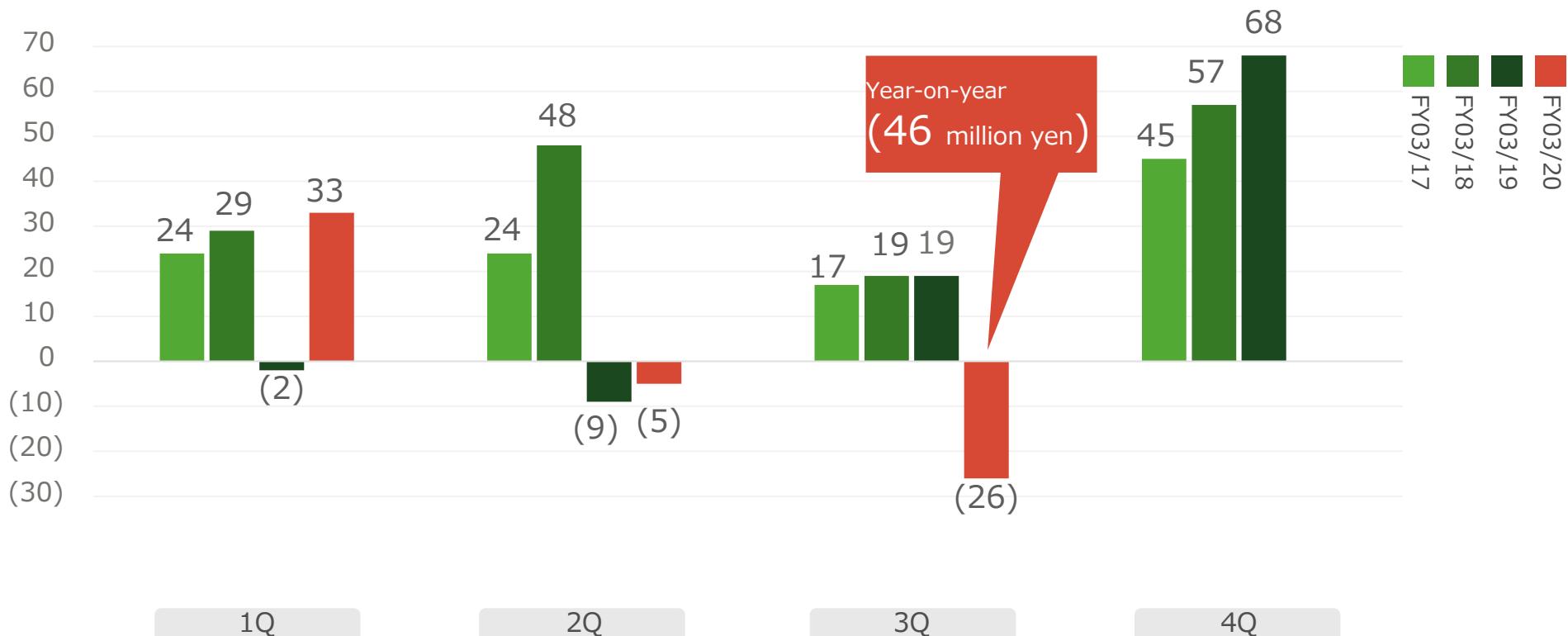
In 3Q FY03/20 (October to December 2019), sales decreased by 20.5% year on year.



Note: All FY03/17 figures in this document are for reference purpose only, as quarterly financial statements of FY03/17 have not been prepared, while also not yet audited by an auditing firm.
All figures are rounded down 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.

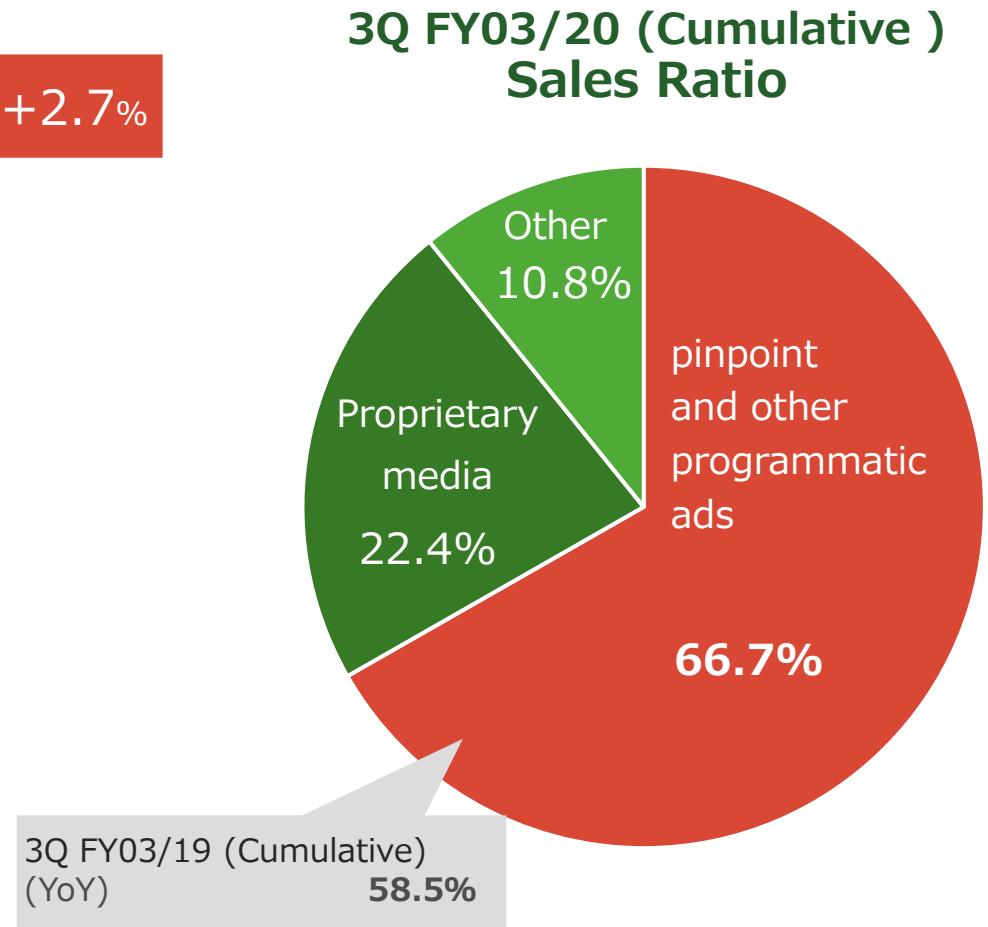
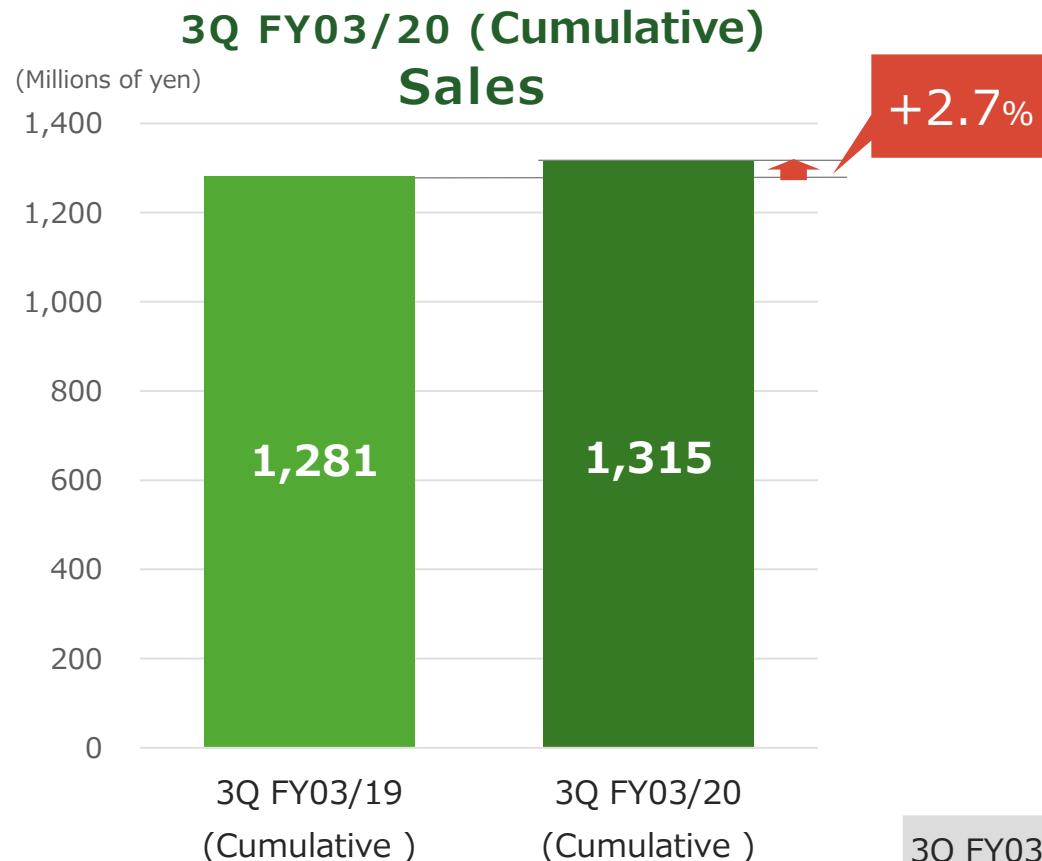
Ordinary profit for 3Q FY03/20 (October to December 2019) decreased by 46 million yen year on year due to decrease in sales.

Ordinary profit
(Millions of yen)



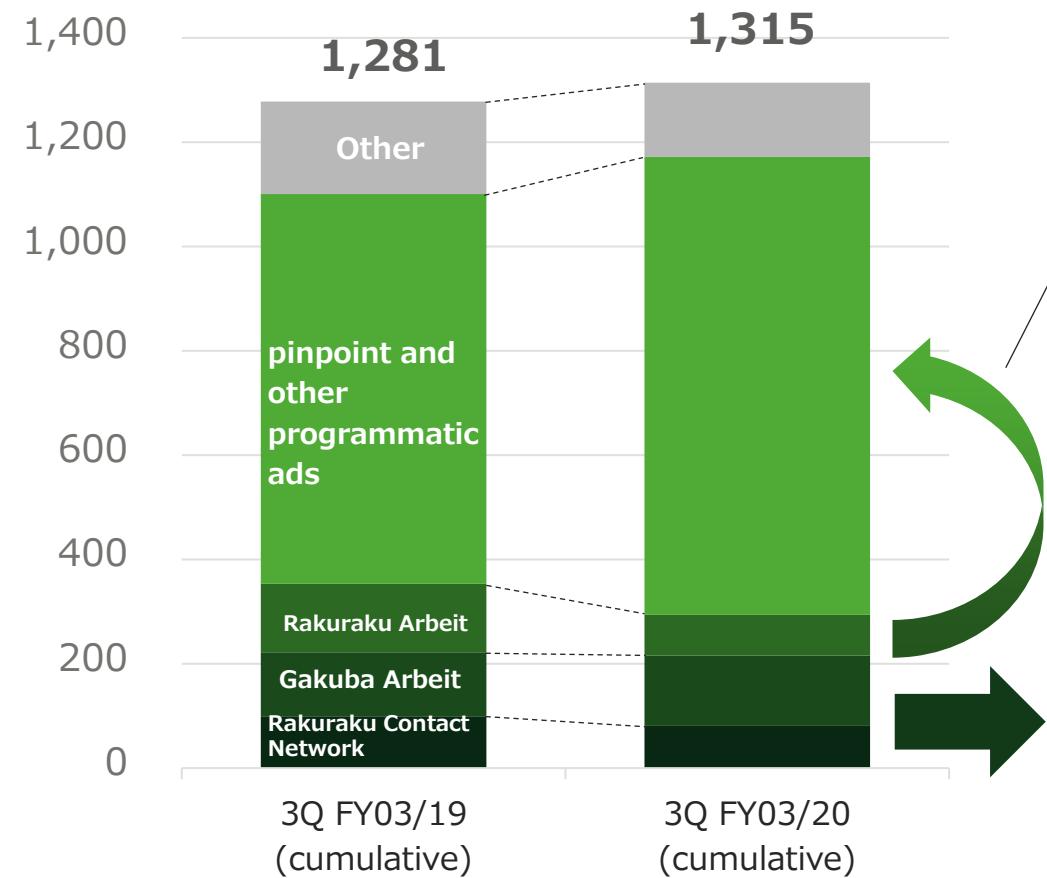
Note: All FY03/17 figures in this document are for reference purpose only, as quarterly financial statements of FY03/17 have not been prepared, while also not yet audited by an auditing firm.

Since the beginning of FY03/19, we've shifted the main focus of our resources to “pinpoint and other programmatic ads.” In particular, we focus on job advertisements.



The changes in sales by service reflect the shift to “pinpoint and other programmatic ads.”

(Millions of yen)



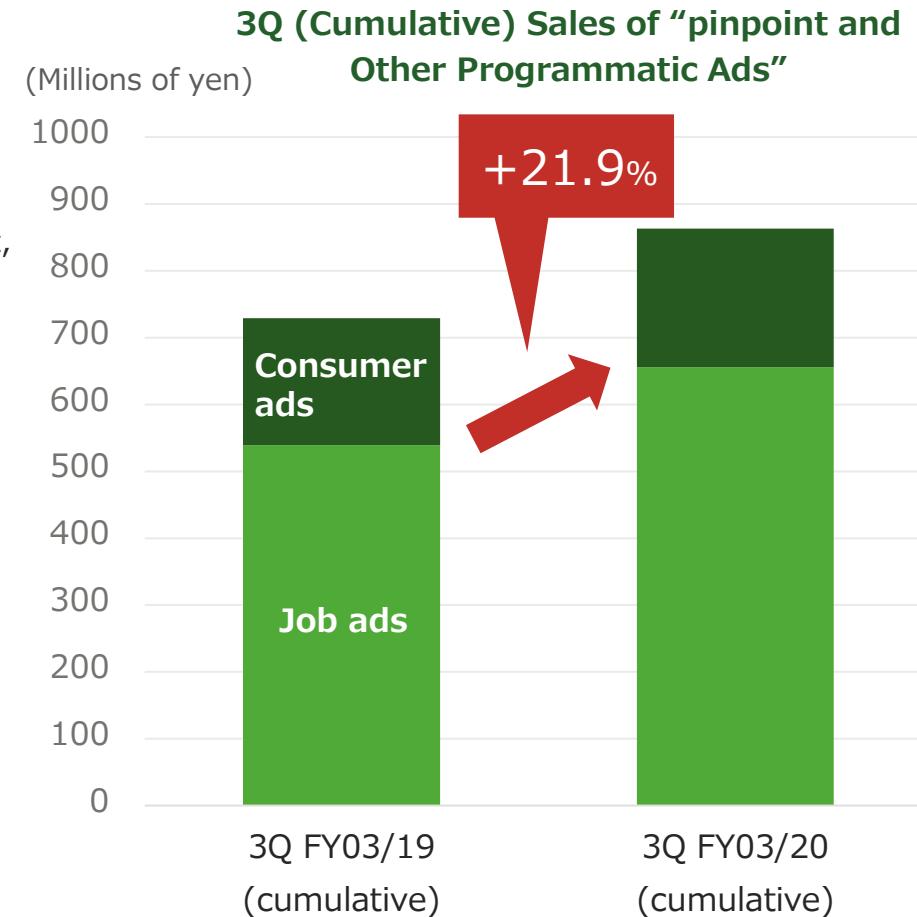
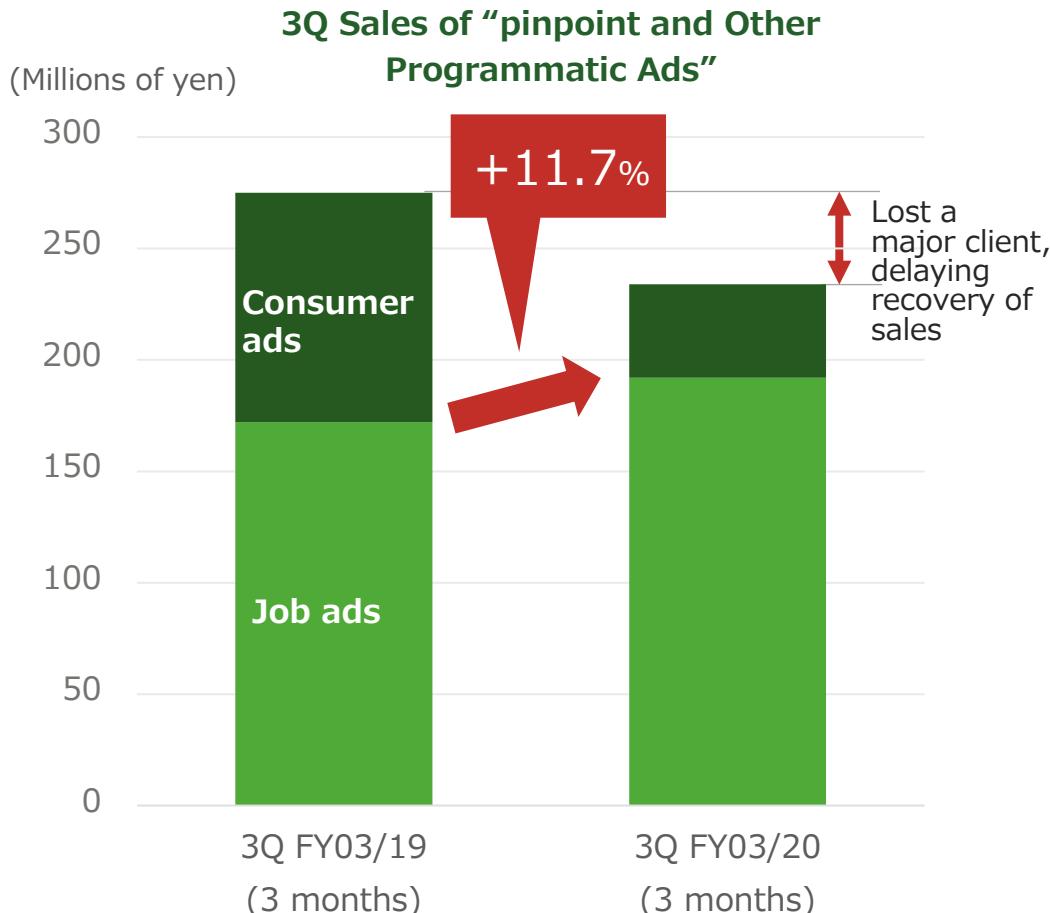
Background/outlook

Shift in both the market and our resources

- Some changes in the job ad market, including the end of a large job advertising media and diversification of promotion activities, have begun to emerge.
- Since FY03/19, we've shifted our main resources to “pinpoint and other programmatic ads,” eyeing changes in the market

Decrease in sales

Continued expansion of sales of job ads where eole possesses advantages.



* Production costs such as creative work and web production are not included.

A large, semi-transparent watermark of the 'eole Inc.' logo is positioned in the background on the left side of the slide. 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 starts from the bottom right corner and extends towards the top left, passing through the logo.

I | Overview of Financial Results for the 3Q FY03/20 (Cumulative)

- ii. Revision to business performance forecast**

Revised Business Performance Forecast Highlights as of February 14, 2020

eole Inc.

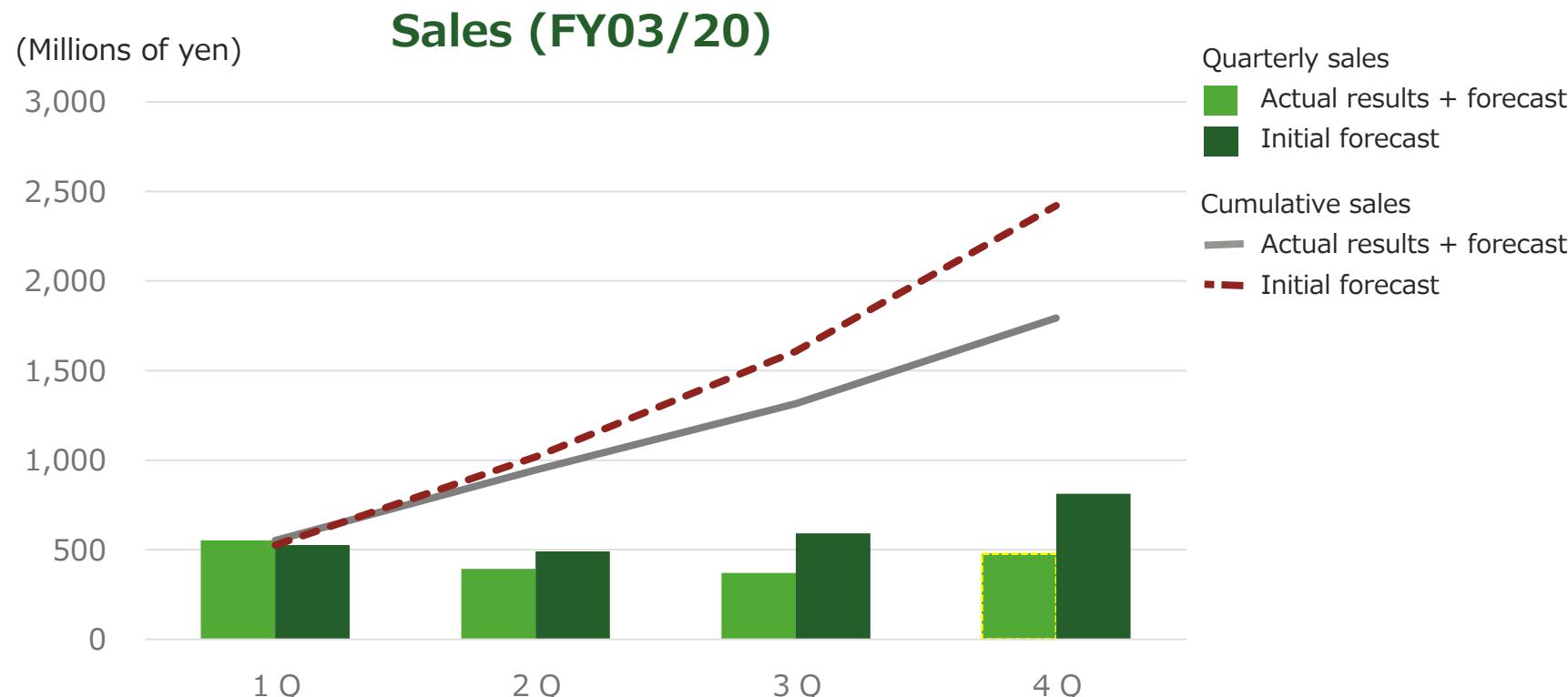
Our business performance forecast for FY03/20 was revised downward: sales 1,793 million yen, operating profit 9 million yen, ordinary profit 8 million yen and net profit 4 million yen. There are three main reasons: 1) sales of customer advertising for "pinpoint and other programmatic ads" did not meet growth expectations, 2) the new graduate recruitment sales with our strategic sales partners, which was expected to make up for the shortfall, came in below expectations, due to issues pertaining to the treatment of personal information and 3) the effect of the rapid expansion of job search engines. The details are described on page 14.

(Millions of yen)	3Q FY03/19 (cumulative) Actual results	3Q FY03/20 (cumulative) Actual results	Year-on-year change	Previous forecast (Announced on May 15, 2019)	New forecast (Announced on February 14, 2020)	Changes
Sales	1,281	1,315	+2.7%	2,420	1,793	(25.9%)
Operating profit	9	1	(83.2%)	166	9	(94.5%)
Ordinary profit	7	1	(83.3%)	166	8	(94.7%)
Net Profit (3Q FY03/20 (cumulative)/full year)	4	(0)	-	112	4	(95.6%)

Revised Business Performance Forecast Highlights as of February 14, 2020 – Overall

eole Inc.

As mentioned on the previous page, our business performance forecast for FY03/20 was revised downward. Specifically, 1) sluggish sales of “pinpoint and other programmatic ads” in customer advertising during the first half year period (1H), 2) the slower sales performance with our strategic sales partners in the new graduate recruitment, which was originally expected to cover the sales gap and 3) could not grow our “pinpoint” sales as planned because job ad agencies sold mainly job search engines such as Indeed and Stanby, more than our “pinpoint.”



Status in 3Q FY03/20 (Focusing on differences from initial forecast)

We expected that the decrease sales of “pinpoint and other programmatic ads” by the loss of a major client in consumer advertising would be covered by the rapidly growing job ads sales for new graduate recruitment. However, the sales (with our strategic sales partners) did not grow enough to recover as expected due to a series of concerned issues pertaining to the treatment of personal information for new graduate recruitment in Japan.

Due to the rapid expansion of search engines led by Indeed, our agencies, particularly job ad agencies prioritized search advertising sales. This trend meant that pinpoint sales promotion was generally lower on priority lists, leading to lagging growth for our sales.

Sales of ads for Indeed did not grow as anticipated due to intensified competition.

As mentioned above, job ad sales for new graduate recruitment did not grow as expected at strategic sales partners. This occurred for two reasons:

- Sales slowing down at new agencies
- Decrease in sales at our agency impacted by change in organization, etc.

End of “an” (a major job advertising media)

Forecast for 4Q FY03/20 and FY03/21

With the resumption of the new graduate recruitment sales by our strategic sales partner in 4Q, overall customer advertising sales are showing signs of recovery, although not enough to cover the budget shortfall. However, we expect continued growth in this domain as we move forward into the next fiscal period and beyond.

- Considering a cost-effectiveness, we expect that sever competition in the search job ads such as those for Indeed will calm down around a year.
- In addition to Indeed, we will also promote sales targeting other search job advertising including Standby and Kyujinbox.

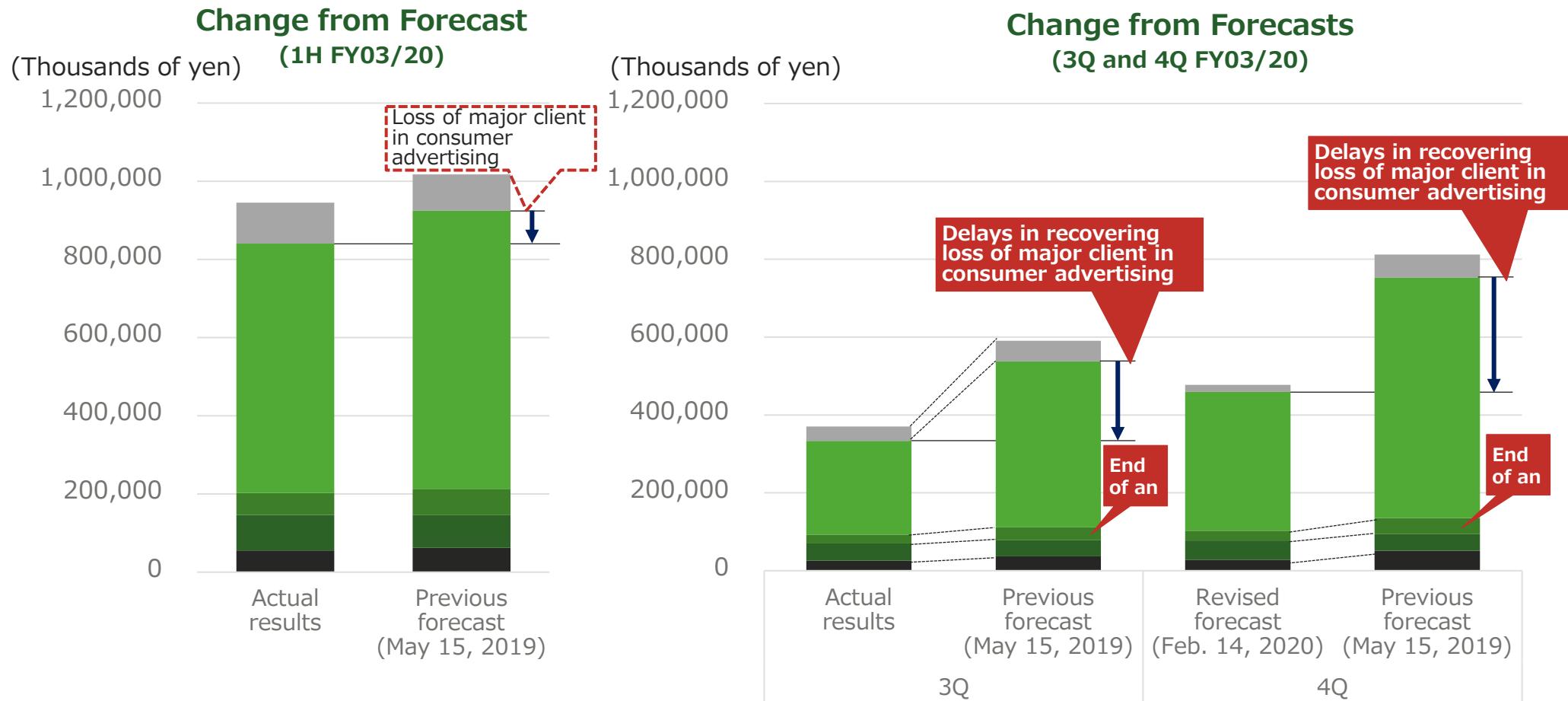
- Our service (“pinpoint”) continues to be highly effective and there are agencies increasing their handling of the service.
- We have been developing strategic sales partnerships in new business fields. We will start piloting recruiting services for mid-career employees and part-timers in 4Q.

Impact on Rakuraku Arbeit

Revised Business Performance Forecast Highlights as of February 14, 2020 – by Service

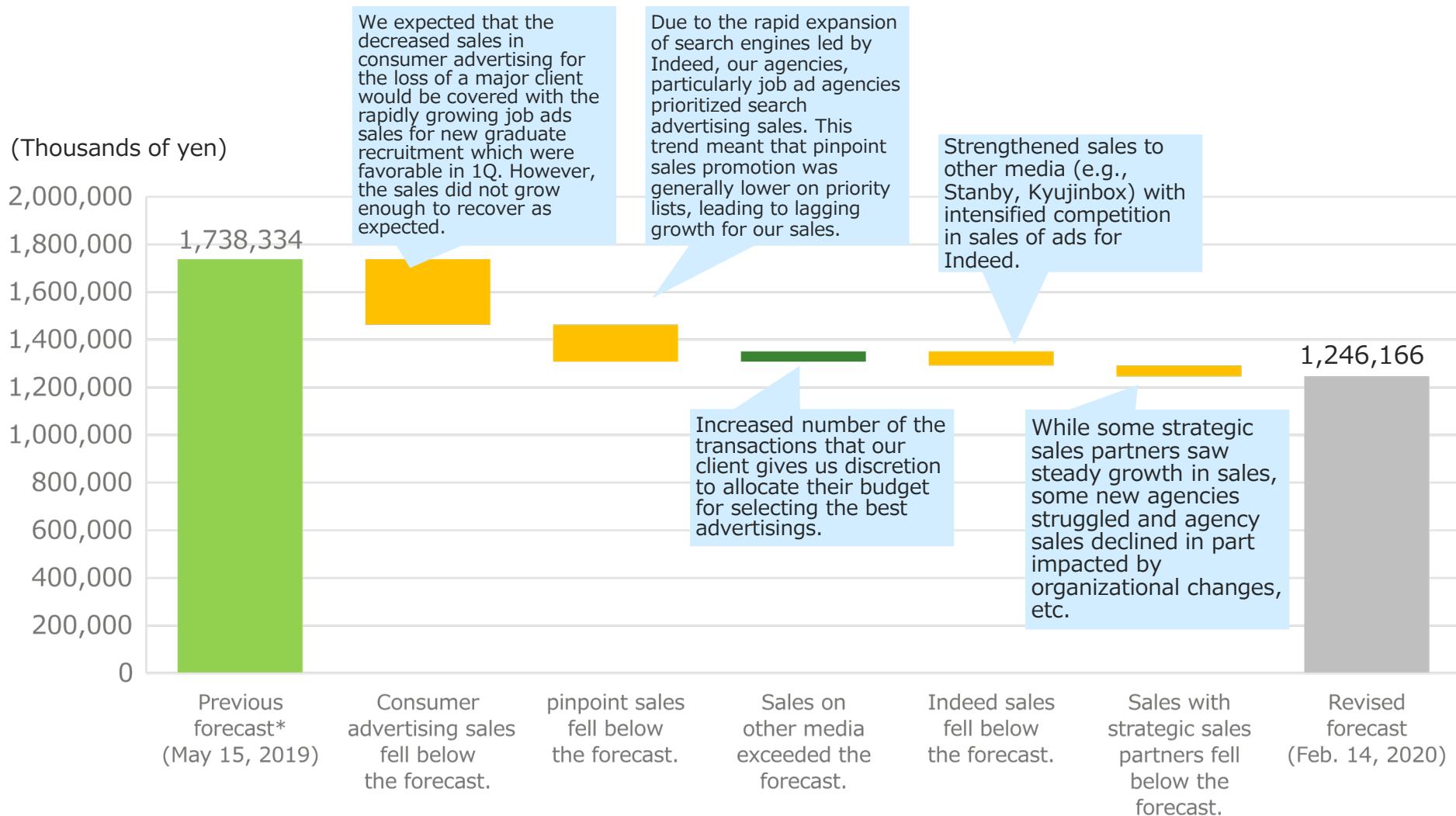
eole Inc.

Despite the impact of the end of “an,” etc. on sales of Rakuraku Arbeit, this revision of the business performance forecast was mainly attributable to lower-than-expected sales of “pinpoint and other programmatic ads.” The details are described on page 14.



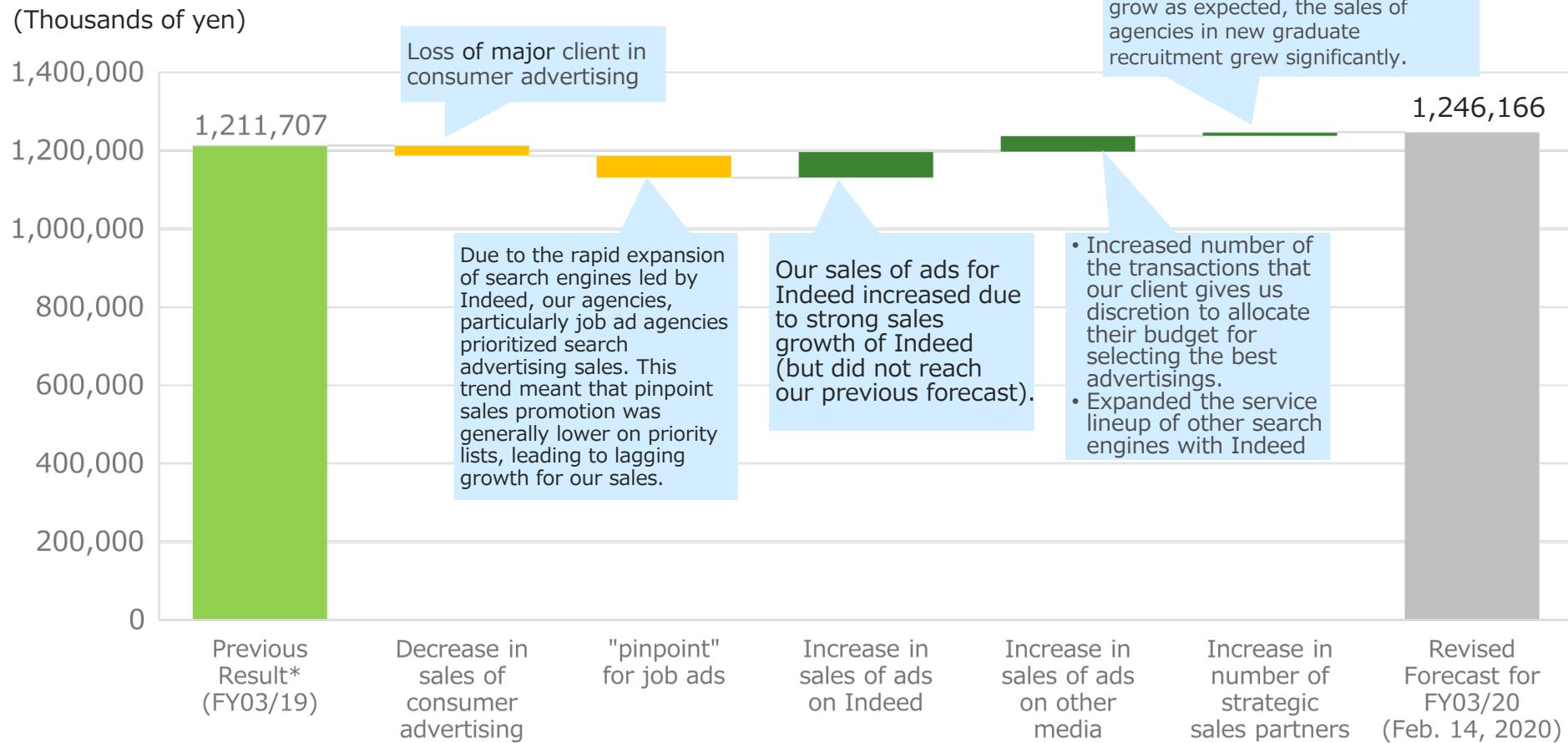
Factors of Difference Between Previous Forecast and Revised Forecast for “pinpoint and Other Programmatic Ads”

eole Inc.



* Production cost is not included.

Comparison with Previous Results for “pinpoint and Other Programmatic Ads”



* Production cost is not included.

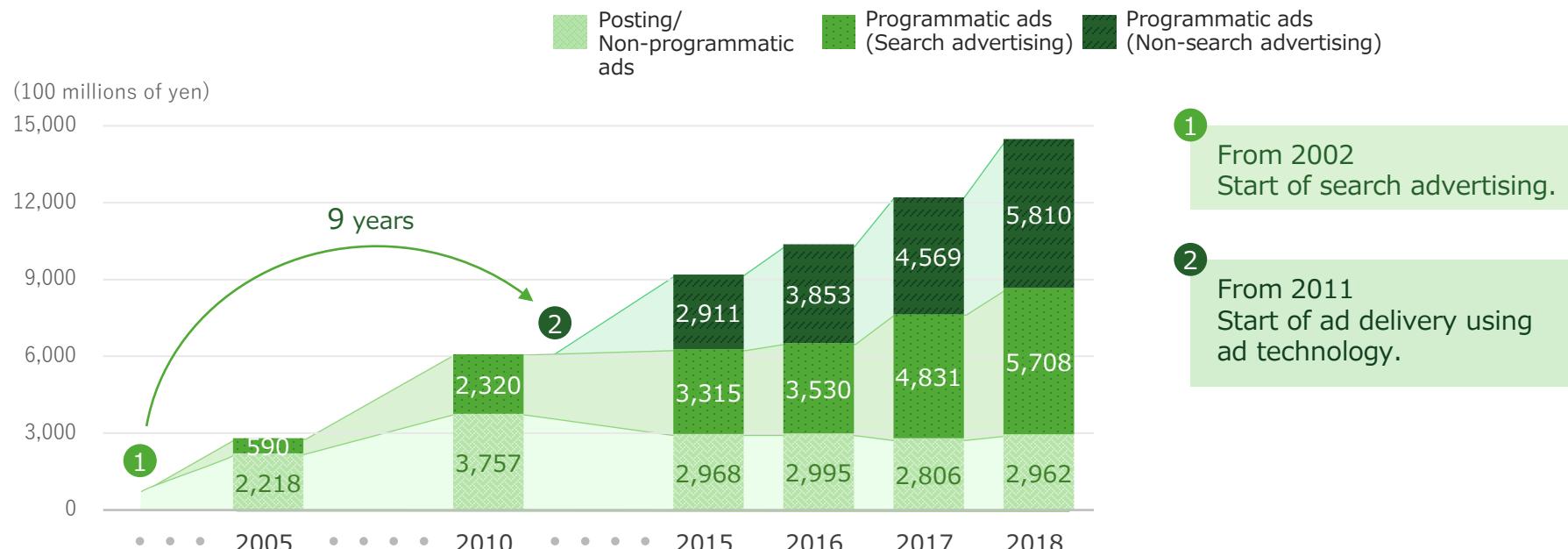


I | Overview of Financial Results for the 3Q FY03/20 (Cumulative)

iii. Market environment outlook

Programmatic ads in the internet advertising market have been expanding since the appearance of search advertising. Programmatic ads for non-search advertising represented by ad technology appeared in 2011, following that for search advertising.

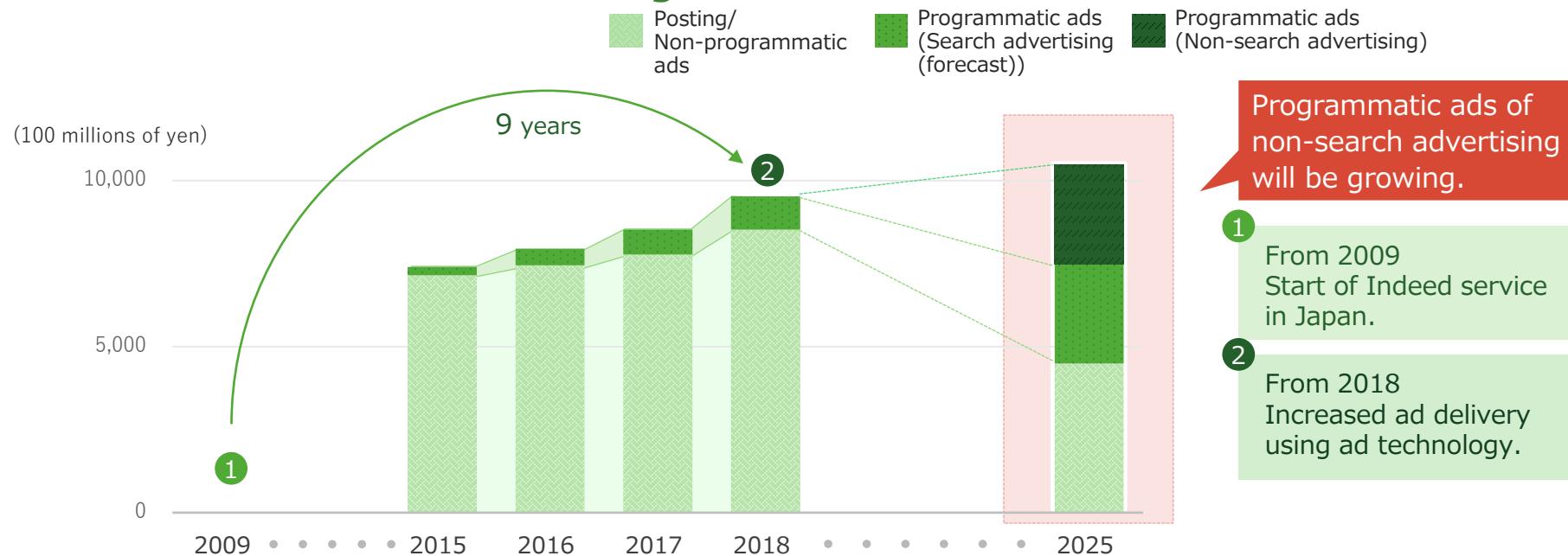
Change in Internet Advertising Costs



Source: "Ad Expenses in Japan" by Dentsu Inc., "Internet White Paper" by Impress R&D.

In the field of job advertising, the service Indeed started in Japan in 2009. While search job advertising like that on Indeed is growing, it is expected that non-search advertising, which is cost-effective, will also increase in the future. It will not be long until the job ad market is split between search advertising and posting(non-search) advertising media.

Forecast of Job Advertising Costs



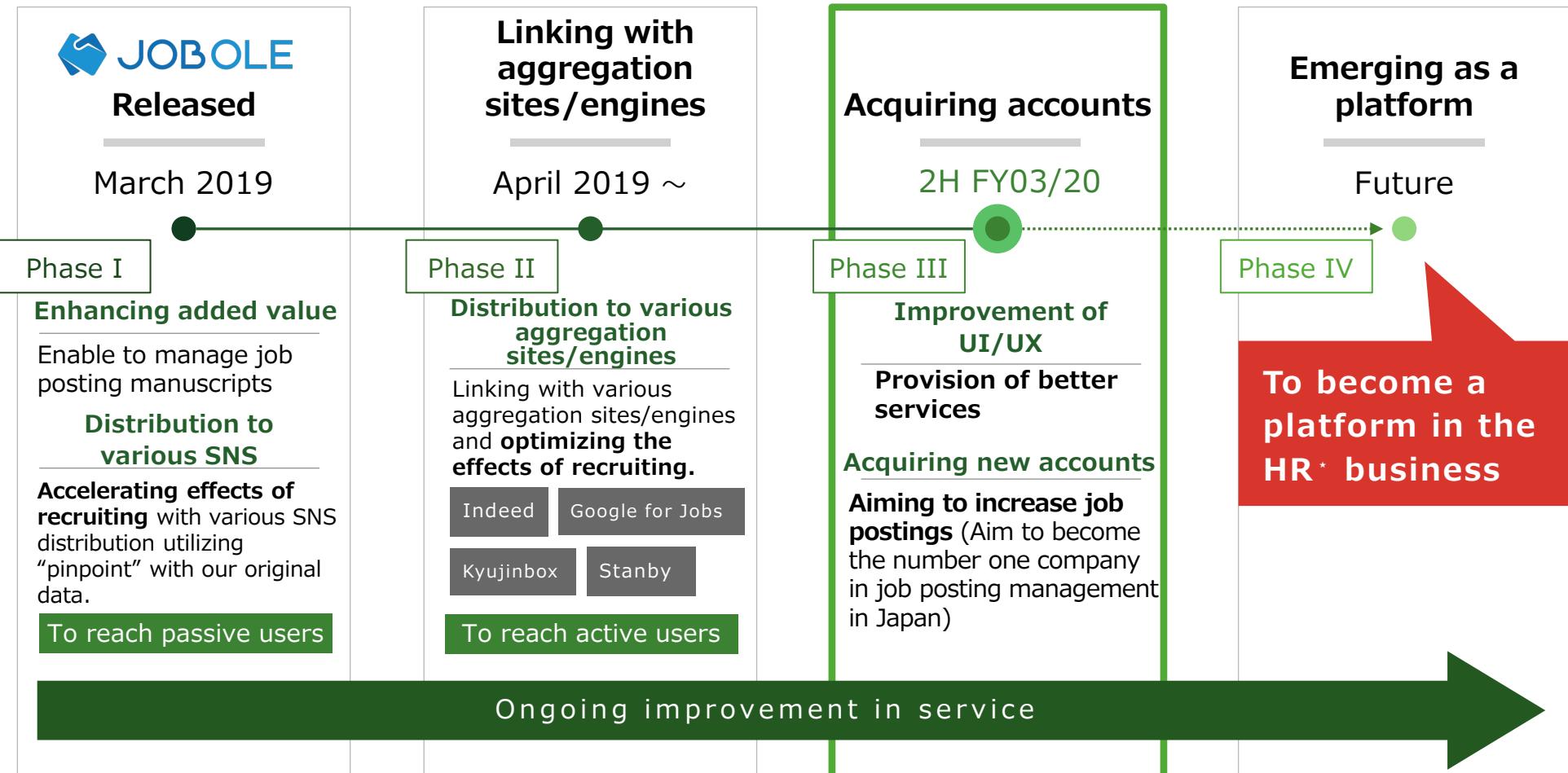
We handle both search advertising and non-search programmatic ads (like “pinpoint”). In the future, programmatic ads for non-search advertising will be more important.

Source: Prepared by eole based on “Market Size of Job Information Services in FY2017” by Association of Job Information of Japan (January 24, 2020).

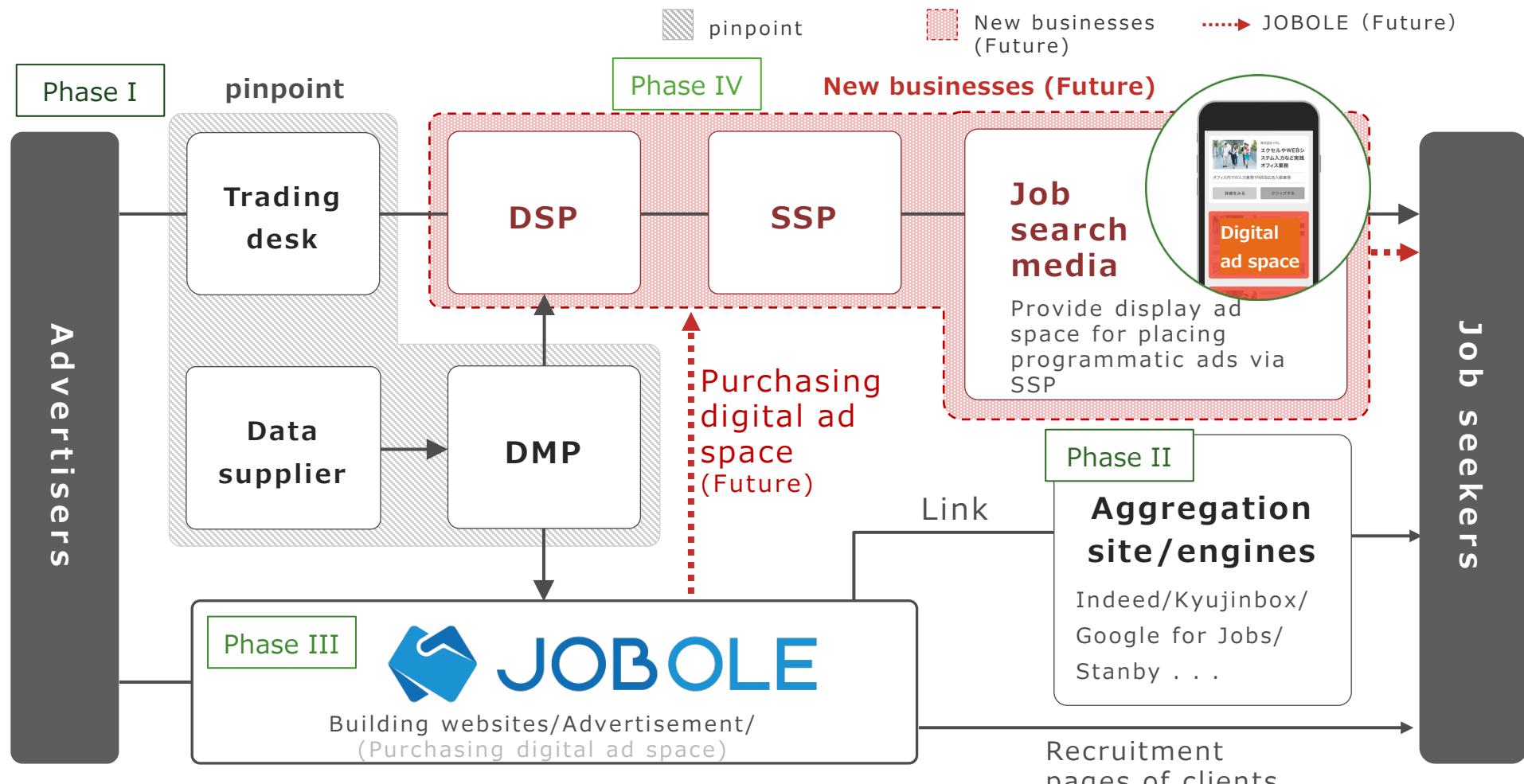
Further Expansion and Promotion of Recruitment Ads

— Utilization of new service “JOBOLE”

A new software service “JOBOLE”, a one stop job posting tool, was released in March 2019 to support the growth of programmatic recruitment ads and take in recruitment needs. Sales for the service have been steadily increasing.



We forecast that job ad media will provide a portion of the advertisement space, which enables 3PAS (third-party ad serving) like job ad media. JOBOLE will become a system enabling to connect to job ad media, aggregation sites/engines and client recruitment web pages.



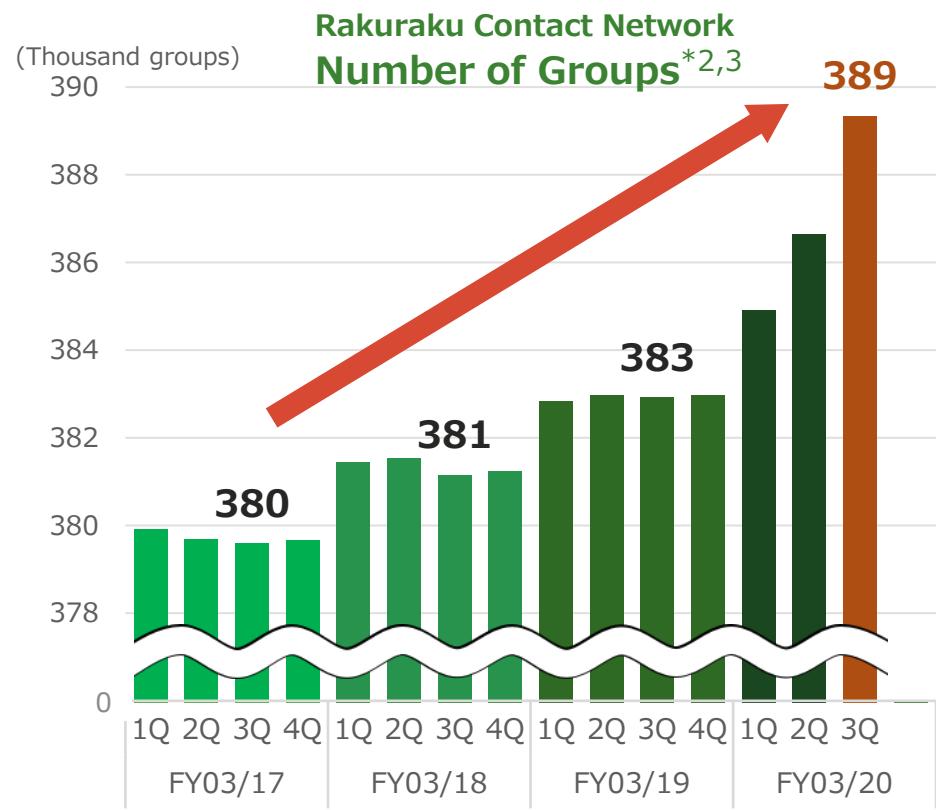
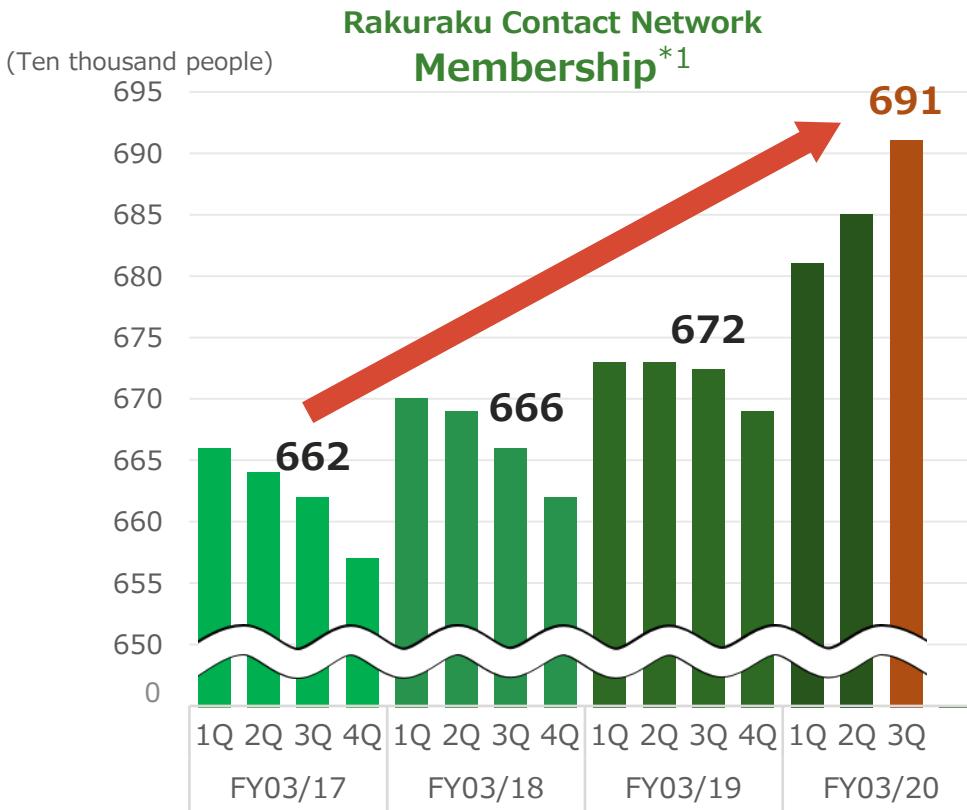
A large, semi-transparent watermark of the "eole Inc." logo is positioned in the background. The logo consists of the word "eole" in a bold, italicized, sans-serif font, with "eole" partially overlapping "Inc.". The "e" in "eole" has a green circular graphic inside its left curve. To the right of "eole" is "Inc." in a smaller, regular, sans-serif font.

II | Reference Information

Increase in Membership of Rakuraku Contact Network and Number of Groups

eole Inc.

Unlike past trends, both the membership and number of groups of Rakuraku Contact Network increased not only year on year but also quarter on quarter.

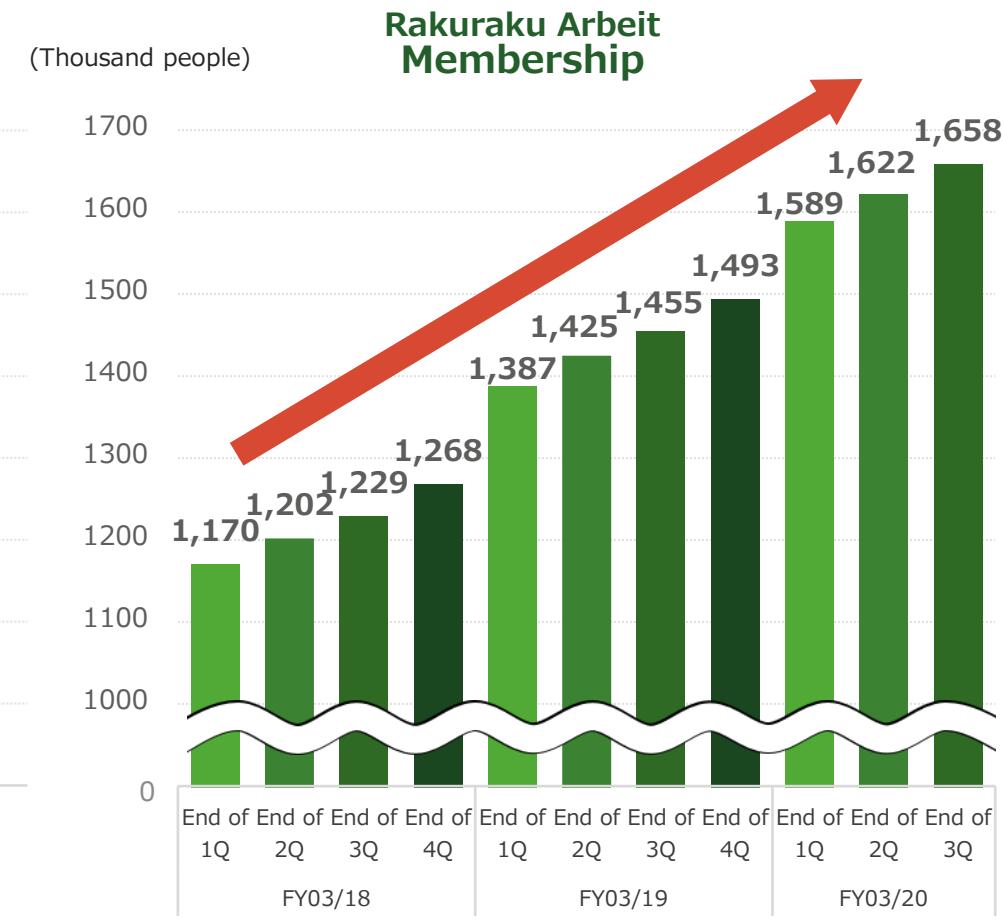
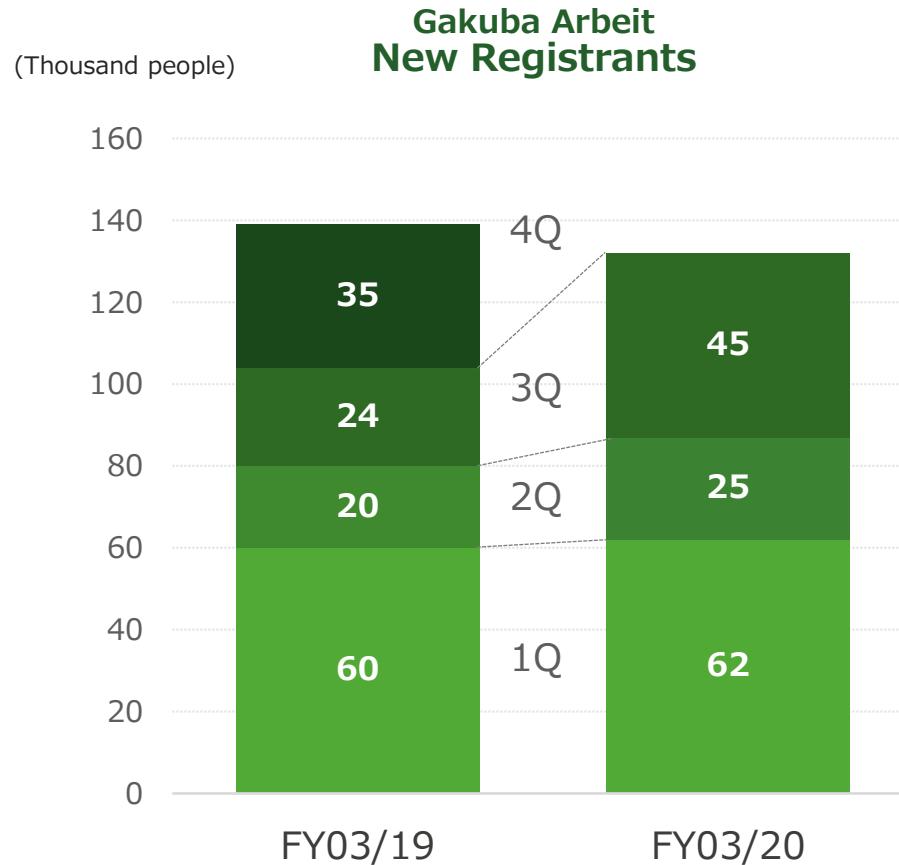


☞ There is a seasonal change where the membership and groups tend to increase from April to June with the beginning of new semesters, while the figure tends to decrease from the end of December till the end of March with the end of semesters, etc.

*1 Figures are rounded down to the nearest thousand.

*2 Figures are rounded down to the nearest thousand.
*3 A group is a group with more than three members.

In the 3Q FY03/20 (cumulative), the number of new registrants for Gakuba Arbeit increased by 25.7% year on year, and membership for Rakuraku Arbeit increased by 14.0% year on year.



Note: Figures are rounded down to the nearest thousand.

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We will enhance collaboration with databases of third parties to improve quantity and quality of accessible data other than the Rakuraku Contact Network. We have access to data of more than 20 million users.

[Data collaboration with pinpoint DMP*]

Own data



Students and PTA data
Rakuraku Contact Network



Database collaboration through business partnership



Parent data
Toppan Printing Co., Ltd.
("Shufoo!")



Medical doctor data
MedPeer Inc.("MedPeer")



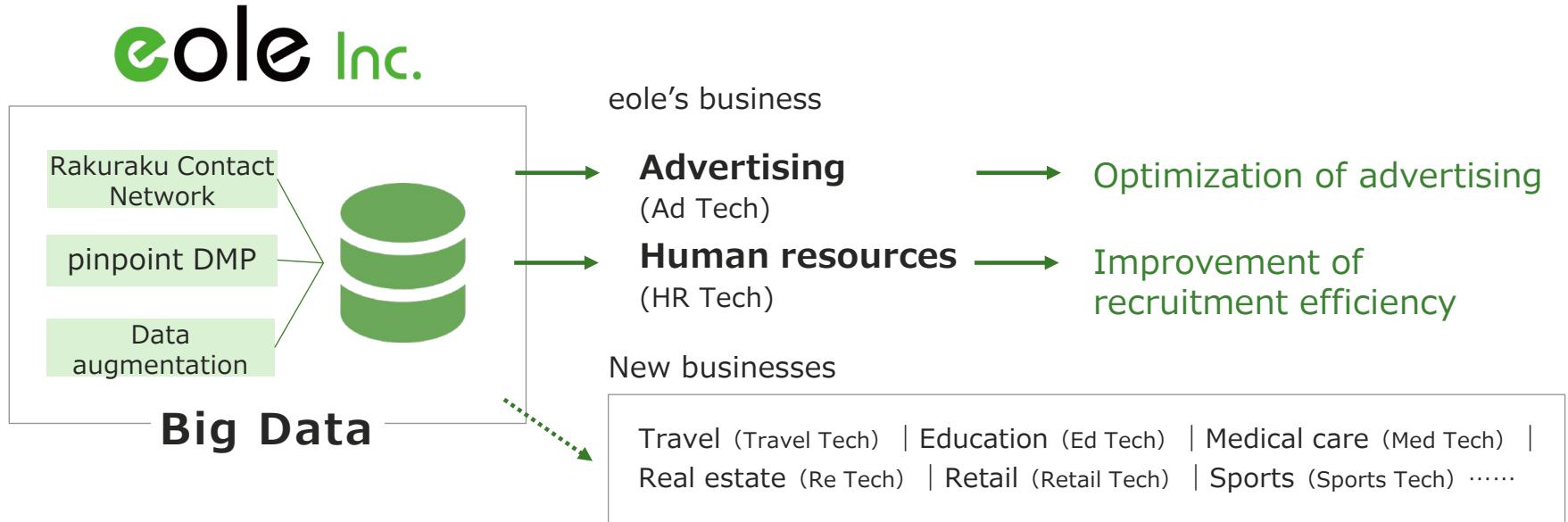
Other data
Youth, part-time workers, other strategic data partners



pinpoint DMP

* Refer to "Glossary" (at the end of this document).

Utilizing eole's big data, we will provide new x-tech services.



Applicable technologies

Big data

Location information

AI

VR

Robot

Sensor

Available solutions

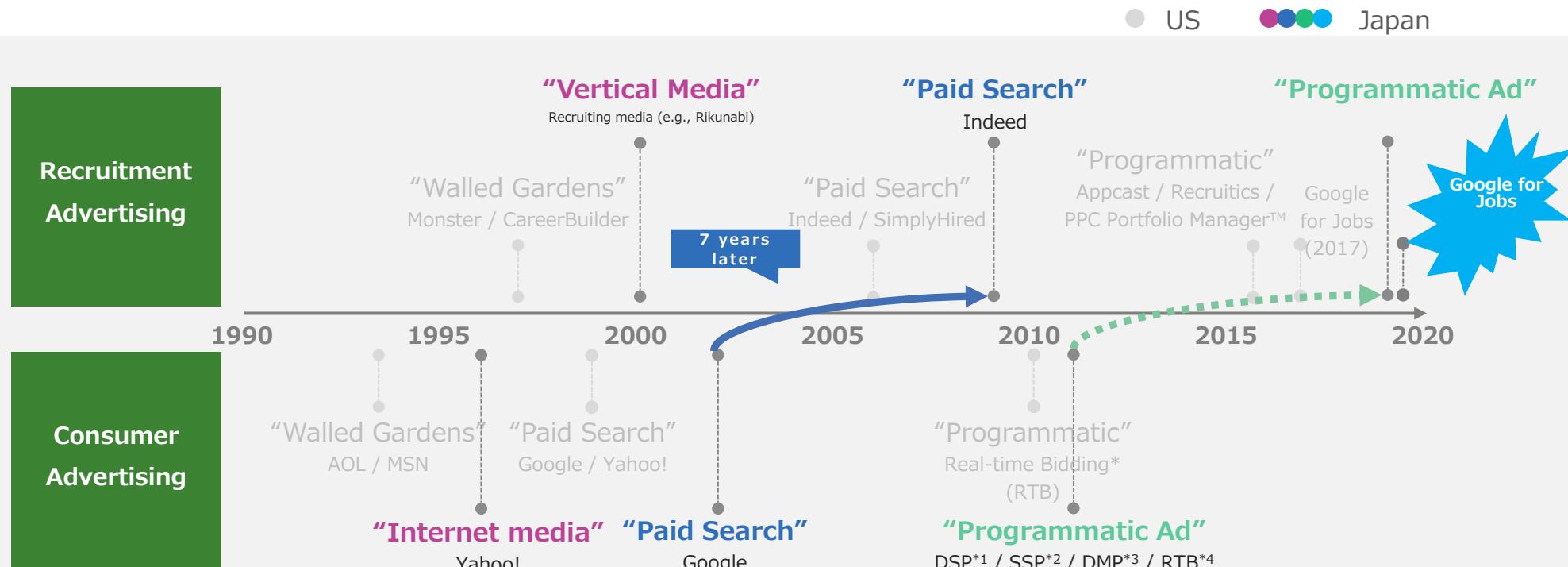
Productivity improvement

Operational efficiency

Analysis of Latest Market Environment

— Correlation between consumer advertising and job advertising

Following trends in the US, a transition to programmatic ads in Japanese job ads is progressing more quickly than expected.



Background to changes in market

Employment market tightening up Indeed gaining popularity in Japanese market Entrance of "Google for Jobs"

Keidanren decided to do away with hiring guidelines for new graduates, which will enhance diversification of recruitment channels and schedules.

A number of internet ad agencies entered the job advertising field.

End of large job advertising media

B/S Summary in the 3Q FY03/20 (Cumulative)

(Millions of yen)	End of FY03/19 (Mar. 31, 2019)	3Q FY03/20 (Dec. 31, 2019)	Change
Assets			
Current assets			
Cash and cash equivalents	761	742	△18
Accounts receivable-trade	312	142	△169
Other	10	15	5
Total current assets	1,083	900	△182
Non-current assets			
Tangible fixed assets	7	5	△2
Intangible fixed assets	292	325	33
Investments and other assets	89	89	0
Total non-current assets	389	420	30
Deferred assets	0	–	0
Total assets	1,473	1,320	△153

(Millions of yen)	End of FY03/19 (Mar. 31, 2019)	3Q FY03/20 (Dec. 31, 2019)	Change
Liabilities			
Current liabilities			
Account payable-Trade	182	73	△109
Current portion of corporate bonds	20	–	△20
Other	125	94	△30
Total current liabilities	328	168	△159
Total liabilities	328	168	△159
Net assets			
Shareholders' equity	1,142	1,149	6
[Retained earnings]	(△268)	(△269)	(△0)
Share options	2	2	–
Total net assets	1,145	1,151	6
Total liabilities and net assets	1,473	1,320	△153

A large, semi-transparent watermark of the 'eole Inc.' logo is positioned in the background. The logo consists of the word 'eole' in a bold, italicized, lowercase sans-serif font, with 'inc.' in a smaller, lowercase font to its right. A thin diagonal line runs from the top-left corner of the slide to the bottom-right corner.

III | Corporate Profile

Company Name	eole Inc.		
Established	April 25, 2001	Stock Market	The Mothers section of the Tokyo Stock Exchange (Securities code: 2334)
		Head Office	9F KDX Takanawadai Building, 3-5-23 Takanawa, Minato-ku, Tokyo 108-0074, Japan
Capital	737 million yen *As of December 31, 2019	TEL	+81-3-4455-7092
Number of Employees	81 *As of December 31, 2019	FAX	+81-3-5793-3533
Board Members	President: Makoto OGAWA Chairperson: Naohito YOSHIDA Director: Yoko NAKAI Director: Takehisa ICHIJO External Board Director: Suguru TOMIZUKA Corporate Auditor: Minoru AKIMOTO Auditor: Toru OYAMA Auditor: Masahiro TAJIMA	Lines of Business	1. 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. 2. Internet advertising business 3. Development and offer of pinpoint, a private Data Management Platform(DMP) 4. Sales promotion
		Main Banks	Mizuho Bank Sumitomo Mitsui Banking Corporation

2001	eole Inc. established in Roppongi, Minato Ward, Tokyo (Paid-in capital: 10 million yen)	2015	Delivery to Facebook, Twitter, Instagram and YouTube utilizing pinpoint DMP started.
2003	Head office moved to Nishihara, Shibuya Ward, Tokyo	2016	Business partnership with Mainichi Comnet Co., Ltd. concluded.
2005	Head office moved to Okusawa, Setagaya Ward, Tokyo	2016	Rakuraku Contact Network app surpasses 1 million downloads
2007	'Rakuraku Contact Network' launched	2016	Delivery to LINE through FreakOut's "Red" utilizing pinpoint started.
2009	Rakuraku Contact Network subscribers exceeds 1,000,000 users.	2017	Delivery to LINE's "LINE Ads Platform" utilizing pinpoint DMP started.
2010	Rakuraku Contact Network subscribers exceed 3,000,000 users, while the number of groups exceeds 200,000 in total.	2017	Capital and business partnership with Toppan Printing Co., Ltd. concluded.
2011	'Gakuba Arbeit (former Daigakusei Arbeit.com)' launched	2019	Listed on Tokyo Stock Exchange Mothers Section
2013	Rakuraku Contact Network subscribers exceeds 5,000,000 users, while the number of groups exceeds 270,000 in total.	2019	Recruitment support network 'JOBOLE' launched
2014	'Rakuraku Arbeit' launched Head office moved to Takanawa, Minato Ward, Tokyo. Smartphone app 'Rakuraku Contact Network' released.	2019	Paid-in capital increased to 737 million yen
	Started provision of private DMP^{*1}, pinpoint DMP^{*2} Delivery to Google's "DBM (Double-Click Bid Manager)" utilizing pinpoint DMP started.		Rakuraku Contact Network app surpasses 2 million downloads
			Business partnership with DM SOLUTIONS Co., Ltd. concluded.

*1, 2 Refer to "Glossary" (at the end of this document).

Business	Service	Overview	Revenue model
Programmatic ads	 <p>pinpoint^{*1}</p>	DSP* ² advertisement service in cooperation with pinpoint DMP* ¹ 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* ³ .
	Other programmatic ads	“Indeed” and other agency services for media advertisements/programmatic ad business utilizing JOBOLE	Programmatic ad services
Proprietary media	 <p>Rakuraku Contact Network らくらく連絡網</p>	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
	 <p>Gakuba Arbeit ガクバアルバイト</p>	Website for part-time job recruitment information exclusive to college and university students.	Posting fees
	 <p>Rakuraku Arbeit バイト探しの決定版 らくらくアルバイト</p>	Portal site for part-time job seekers.	Result reward (PPA)
Other	Other	<p>Other main services include</p> <ol style="list-style-type: none"> 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

*1-3 Refer to “Glossary” (at the end of this document).

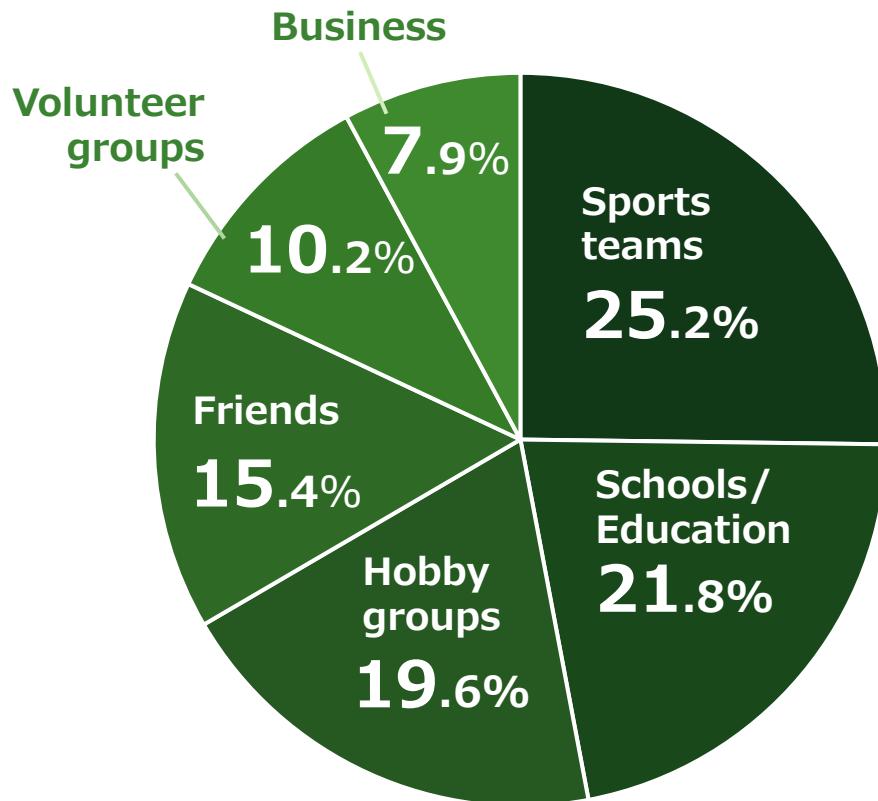
The largest contact network supporting group and community activities in Japan.



Used by **389,000 groups** and **6,910,000 members**^{*1}

Assists group activities with convenient functions such as **scheduling** and **attendance checking**.

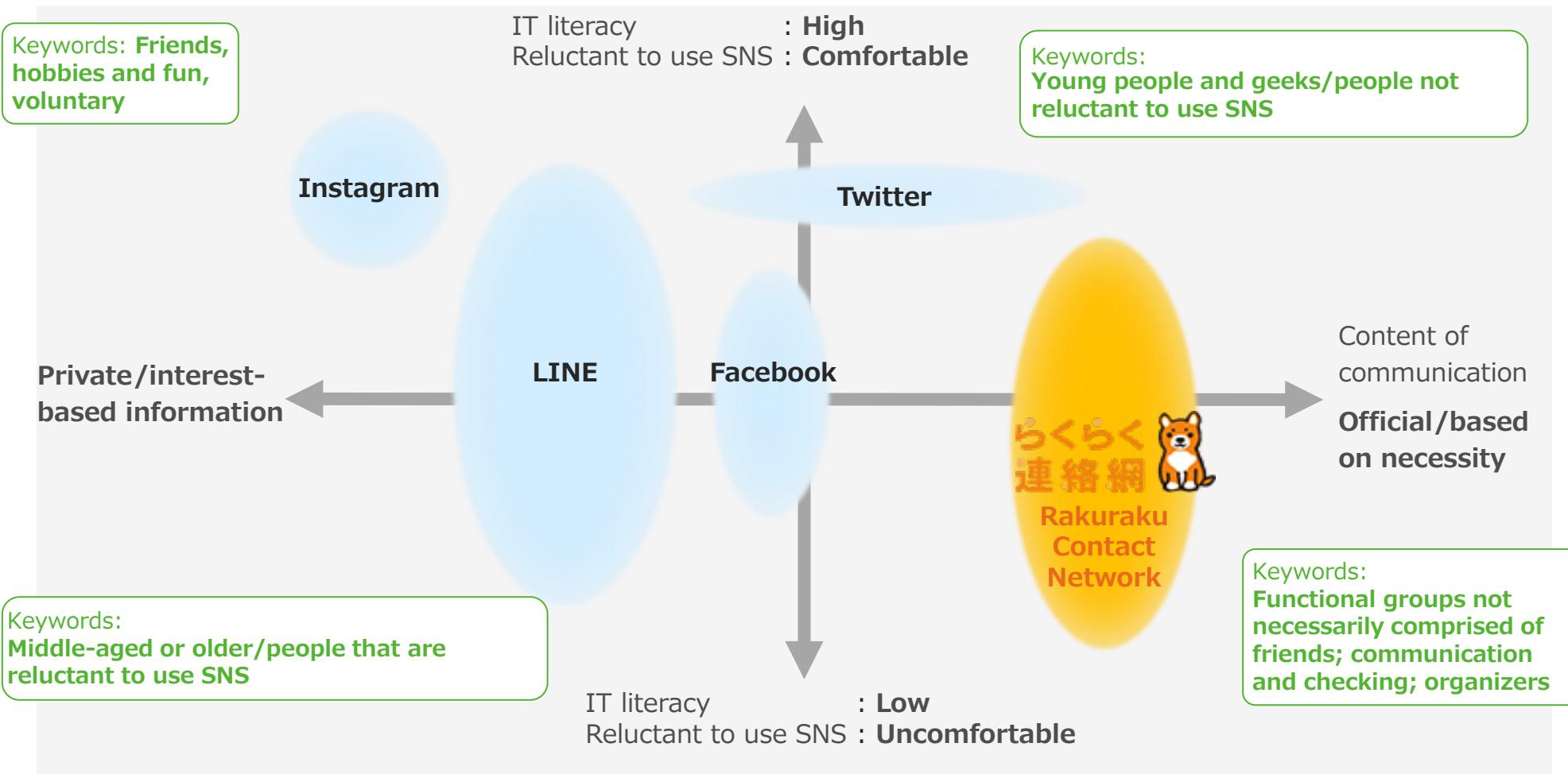
Attributes of clubs and activities^{*2}



*1,2 As of December 31, 2019

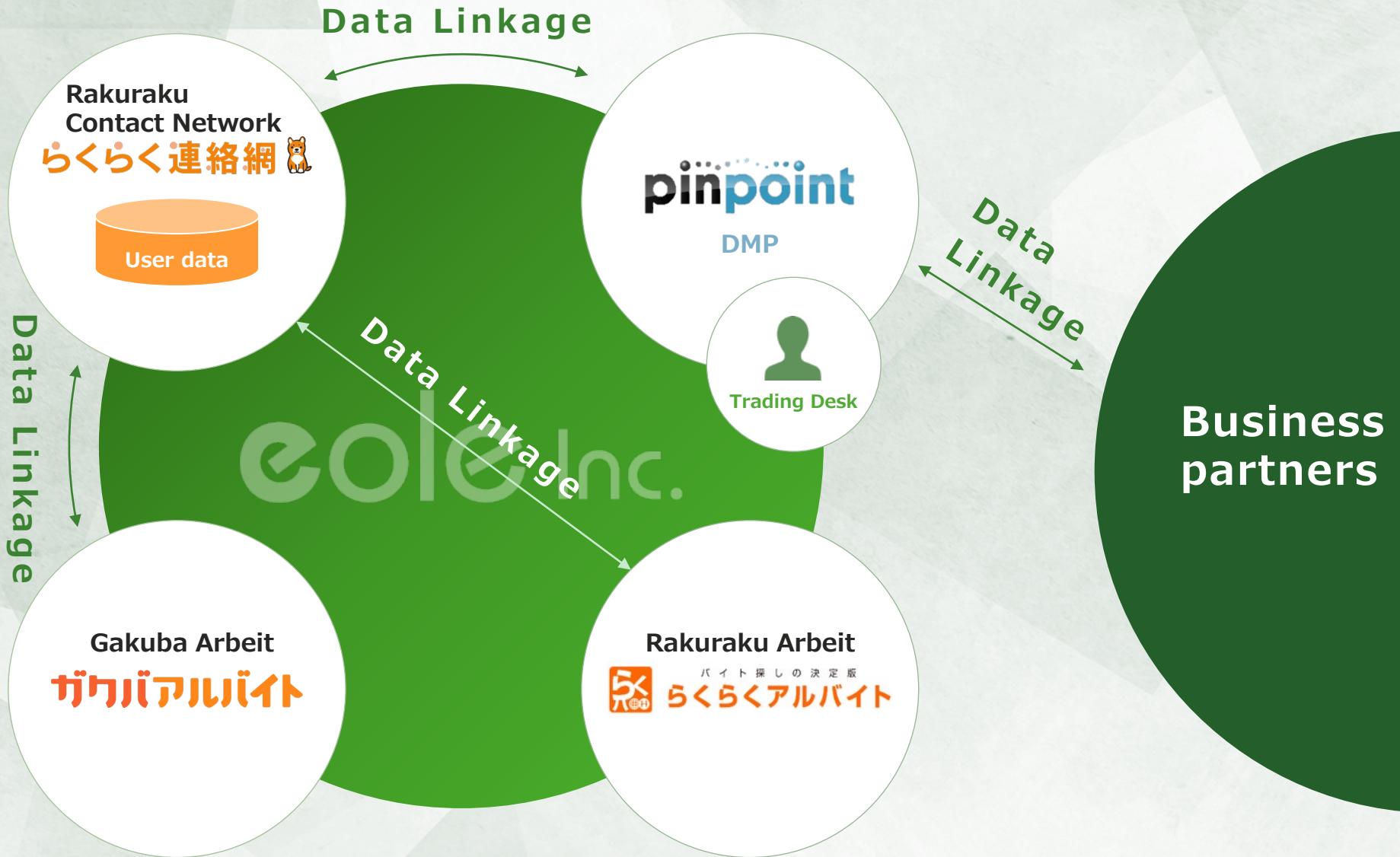
Position alongside SNS services (Conceptual diagram)

Organizers and leaders in functional groups not necessarily comprised of friends use the Rakuraku Contact Network as an information sharing tool for communication and checking.



Business Model Utilizing Rakuraku Contact Network

eole Inc.



“Gakuba Arbeit” is a part-time job recruitment information site exclusively for college and university students. “Rakuraku Arbeit” is a part-time job recruitment information portal site.



Gakuba Arbeit

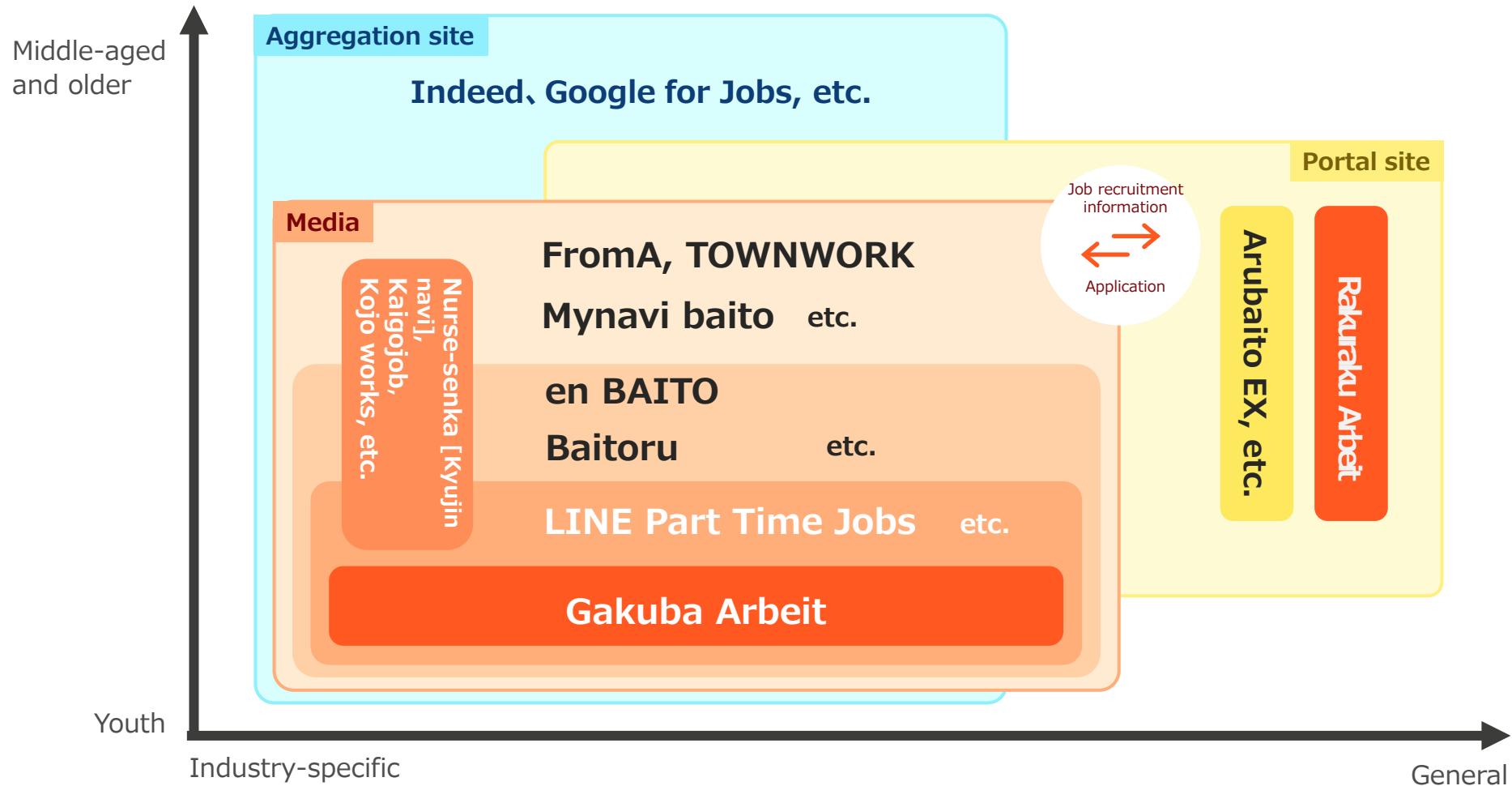
- A part-time job **recruitment information site** exclusively for college and university students based on the Rakuraku Contact Network
- Revenue model: **Posting fee**



Rakuraku Arbeit

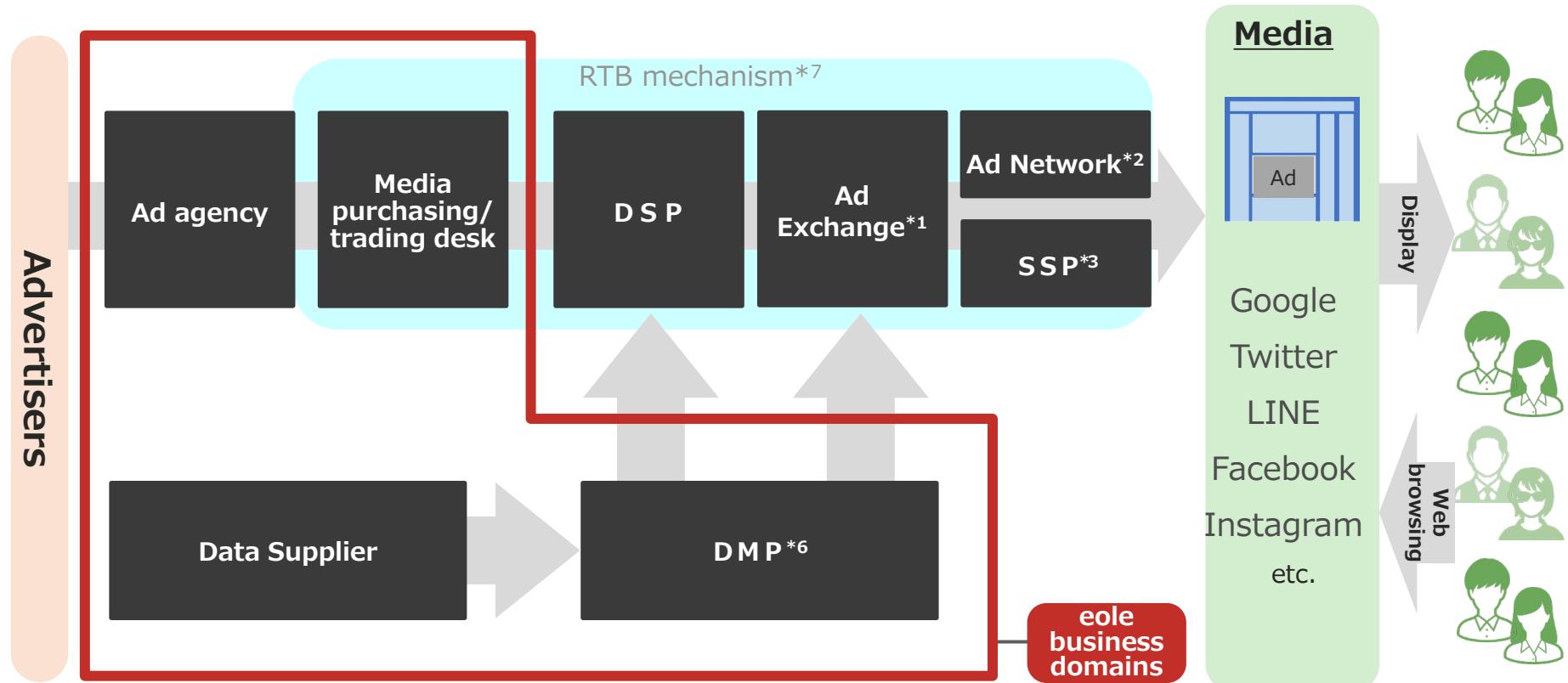
- A part-time job **recruitment information site** where a wide range of recruitment information from job information provider partner sites is posted, enabling one-stop applications.
- Revenue model: **Performance-based (PPA)**

Position “Gakuba Arbeit” and “Rakuraku Arbeit” in job media (Conceptual diagram)

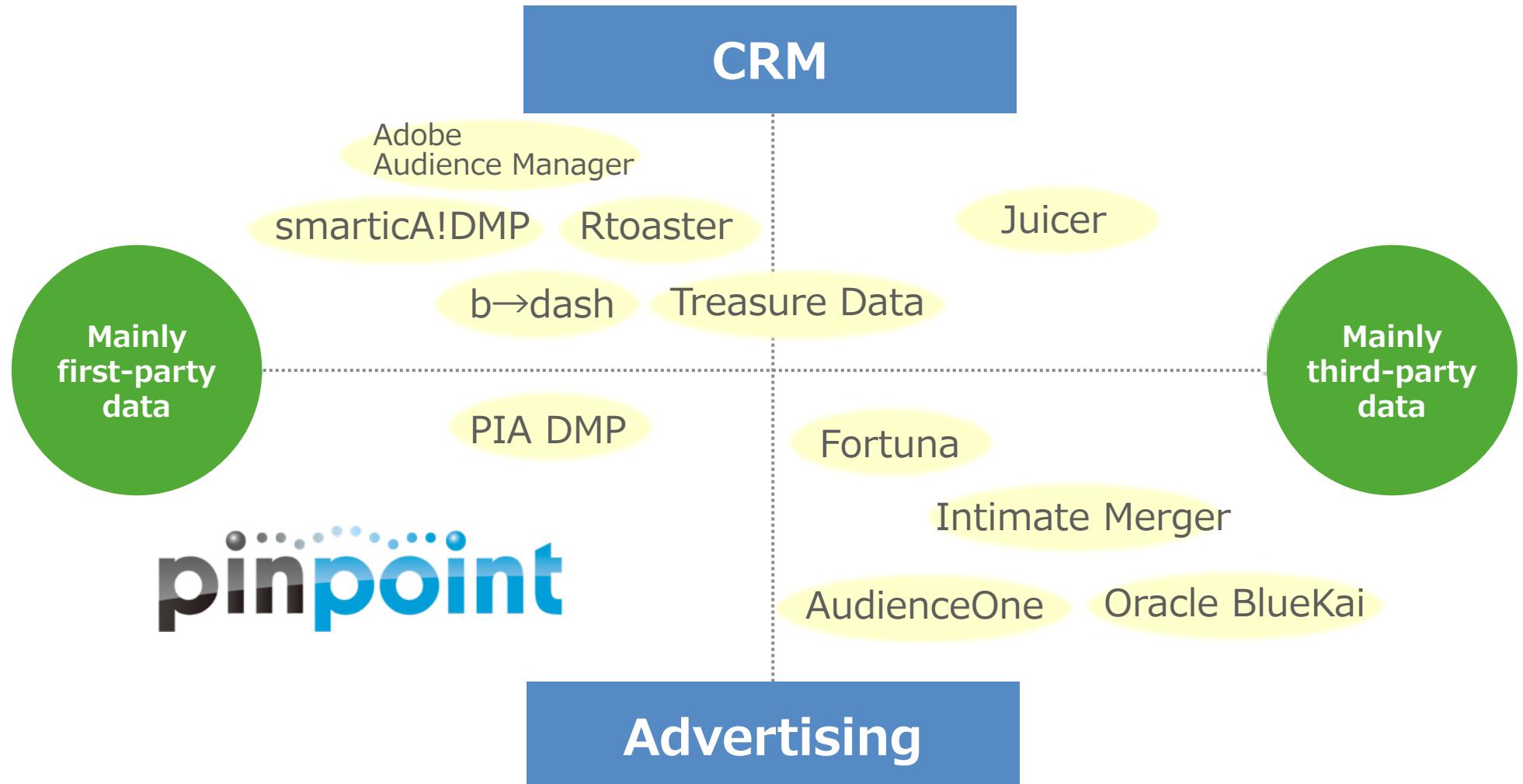


eole's business domain in internet advertisement (Conceptual diagram)

Utilizing its unique data, eole generates revenue from DPS/social media ad services including agency trading desk and creative production.



*1-7 Refer to "Glossary" (at the end of this material).



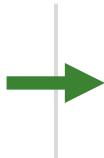
* Refer to "glossary" (at the end of this material).

A DMP (Data Management Platform) that enables ad delivery utilizing user information from the Rakuraku Contact Network and business partners.

We possess data of over 20 million people in total based on the clear attribute data of the Rakuraku Contact Network and business partners.

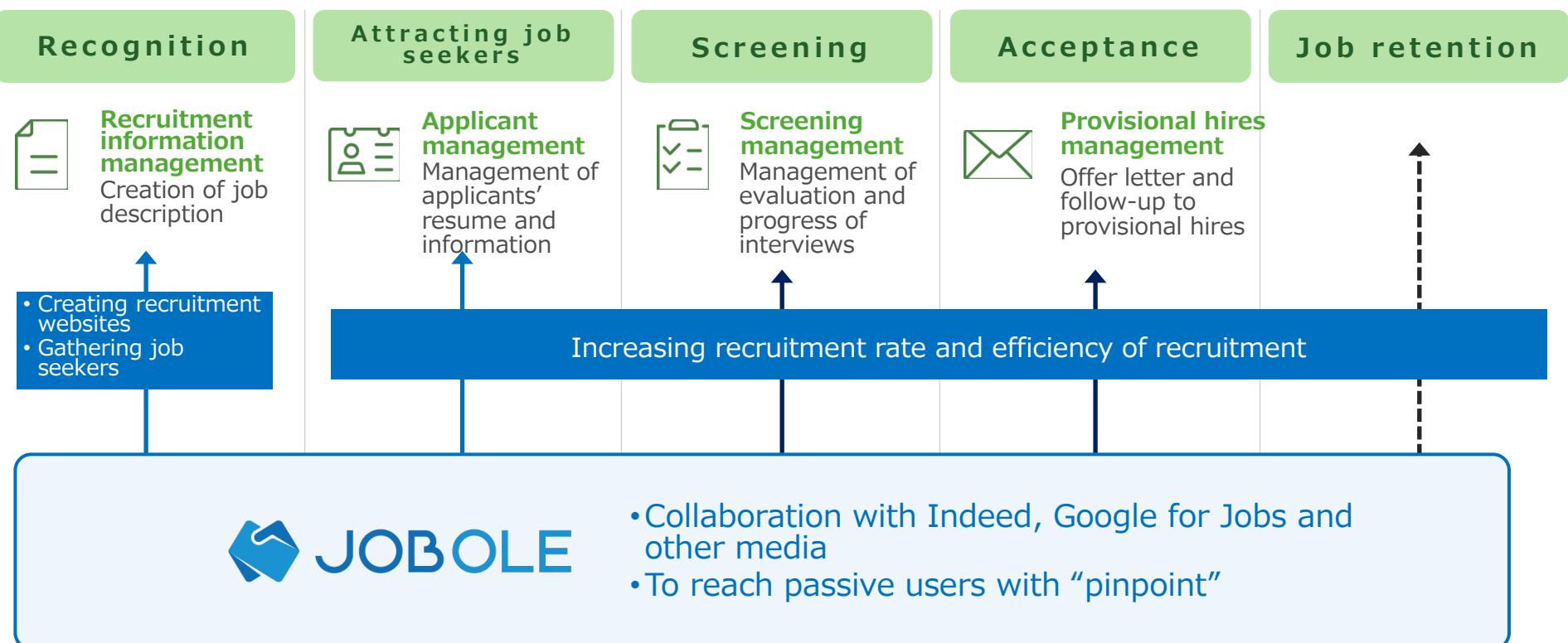


With the growth of web advertisement and smartphone advertisement markets, advertisement exposure taking advantage of technology (ad-tech) and with pinpoint targeting has become the mainstream.



In compliance with the Personal Information Protection Law, we collect and use information as data without identifying individuals. Moreover, in October 2017, we made a declaration as an anonymously processed information handling business operator.

Most ATS (Applicant Tracking System) were created to support internal recruitment processes. JOBOLE has excels at maximizing the effectiveness of job advertisements, seeking to partner with other ATS.



Term	Definition
ATS (Applicant Tracking System)	A unified management system for supporting the recruitment process of companies, from job application to hiring.
CPC (Cost Per Click)	CPC (Cost per click) has two different meanings. One is the cost per click of a user through advertisement, 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 such as website access logs, purchase data and advertising data and optimizing a 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 being encrypted and not identifying any personal information which enables ad distribution and marketing surveys utilizing user information taken from Rakuraku Contact Network and affiliated companies.
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 websites, apps, etc. An advertisement offering 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 for ad distributable media such as websites, social media, and 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 which manages digital advertisements using DSP and the other platforms, etc.

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