Excerpted version

Financial Results

for the First Three Quarters of the Fiscal Year Ending March 31, 2021

eole Inc.

(TSE Mothers, Securities Code: 2334)

February 12, 2021

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I | **Business Results Highlights for the 3Q FY03/21 (Cumulative)**

The translation of Chapter I is omitted.

Regarding our business results for 3Q FY03/21 (cumulative), refer to the "Company Report" prepared by Walden Research Japan Incorporated posted on our website as of February 22, 2021.

URL: Company Report (by Walden Research Japan Incorporated)

II | **Business Review for FY03/21**

Business Review for FY03/21

1.	**Launch of HR* Ads Platform**

2.	**Expansion of "pinpoint and Other Programmatic Ads"**

3.	**Expansion of New Graduate Recruitment Sales**

4.	**Development Status of Proprietary Media**

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

Selection and Concentration of Our Business

■ We advocate the selection and concentration of our business in the era of coexisting with COVID-19 and prioritize profitability to construct infrastructure for redrawing the growth curve.

Business focus

- **HR Ads Platform**
- **pinpoint and Other Programmatic Ads**
- **New Graduate Recruitment Sales**
- **Consumer Advertising**

- By incorporating the concepts of bidding and automatic ad delivery into recruitment media advertising, we lead the change in the recruitment advertising industry from face-to-face sales to sales by ad technology, corresponding to the era of coexisting with COVID-19.
- Focus on the business that has potential for player change while coexisting with COVID-19.
- Renew sales initiatives with a strategic sales partner.
- Support our sales by focusing consumer advertising, for which sales are thought to recover relatively soon.

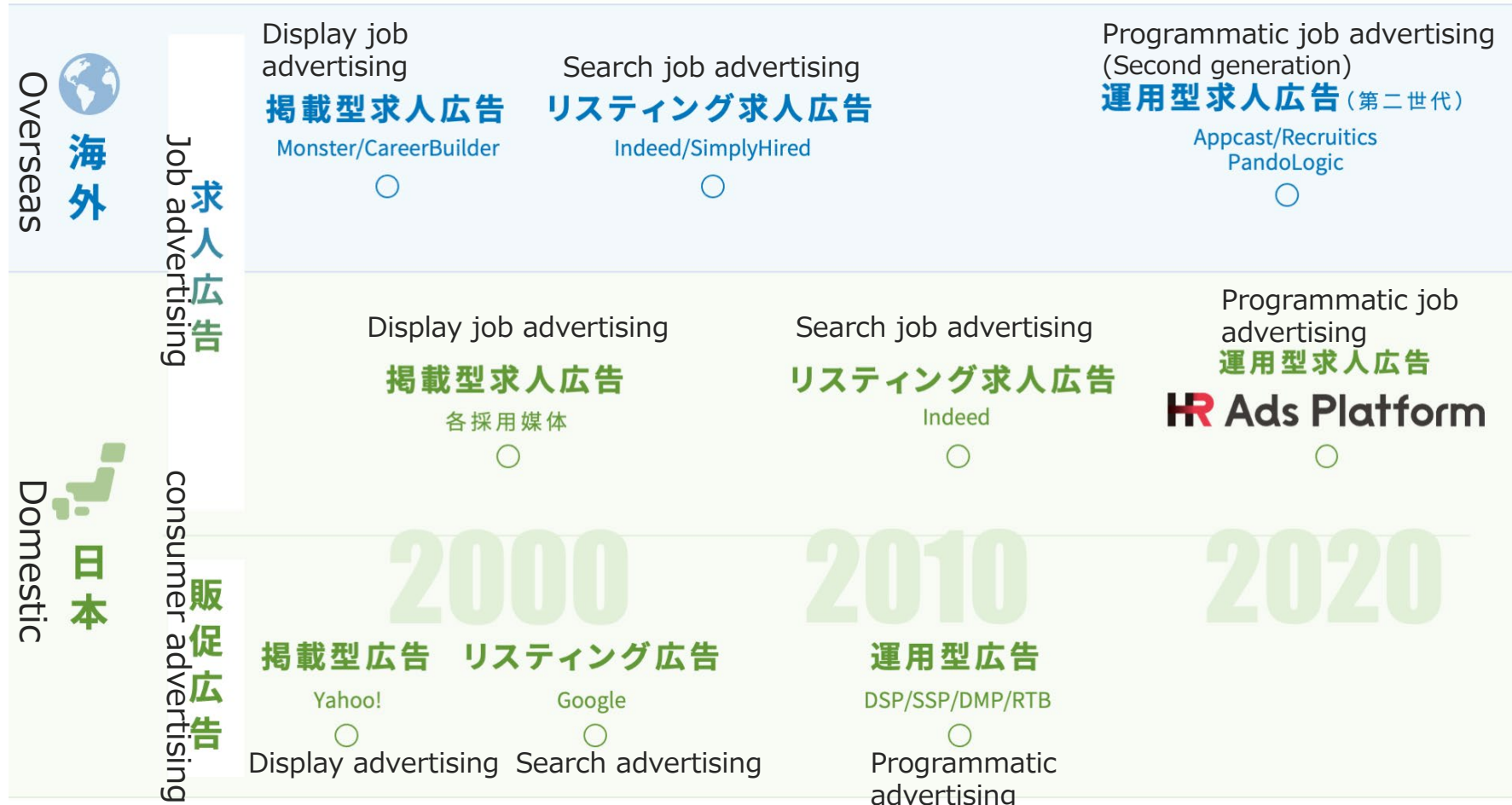## Business to reinforce after economic recovery

- **Gakuba Arbeit, Rakuraku Arbeit**

- Because of the dramatic decrease in the number of job listings, Gakuba Arbeit and Rakuraku Arbeit will be reinforced after the economic recovery.
- Proprietary media are in the maintenance phase.

The method of domestic job advertising has been undergoing structural changes in accordance with overseas job advertising and domestic consumer advertising.

1995 ●————————————————→ 2020

Overseas 海外

Job advertising 求人広告

Display job advertising
掲載型求人広告
Monster/CareerBuilder
○

Search job advertising
リスティング求人広告
Indeed/SimplyHired
○

Programmatic job advertising (Second generation)
運用型求人広告（第二世代）
Appcast/Recruitics PandoLogic
○

Domestic 日本

Display job advertising
掲載型求人広告
各採用媒体
○

Search job advertising
リスティング求人広告
Indeed
○

Programmatic job advertising
運用型求人広告
HR Ads Platform
○

consumer advertising 販促広告

2000　　　　2010　　　　2020

掲載型広告　リスティング広告
Yahoo!　　　Google
○　　　　　○
Display advertising　Search advertising

運用型広告
DSP/SSP/DMP/RTB
○
Programmatic advertising

Appcast『What is Programmatic Job Advertising?』(https://appcast.wistia.com/medias/gyfgtcy3dk)
広瀬信輔『アドテクノロジーの教科書』(翔泳社、2016) をもとに当社作成

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

1. Launch of HR Ads Platform — Overview

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- Advertisers (companies seeking workers) can automatically post job advertisements from abundant job posting manuscripts on ATSs[1], including JOBOLE, to job advertisement spaces on each medium.
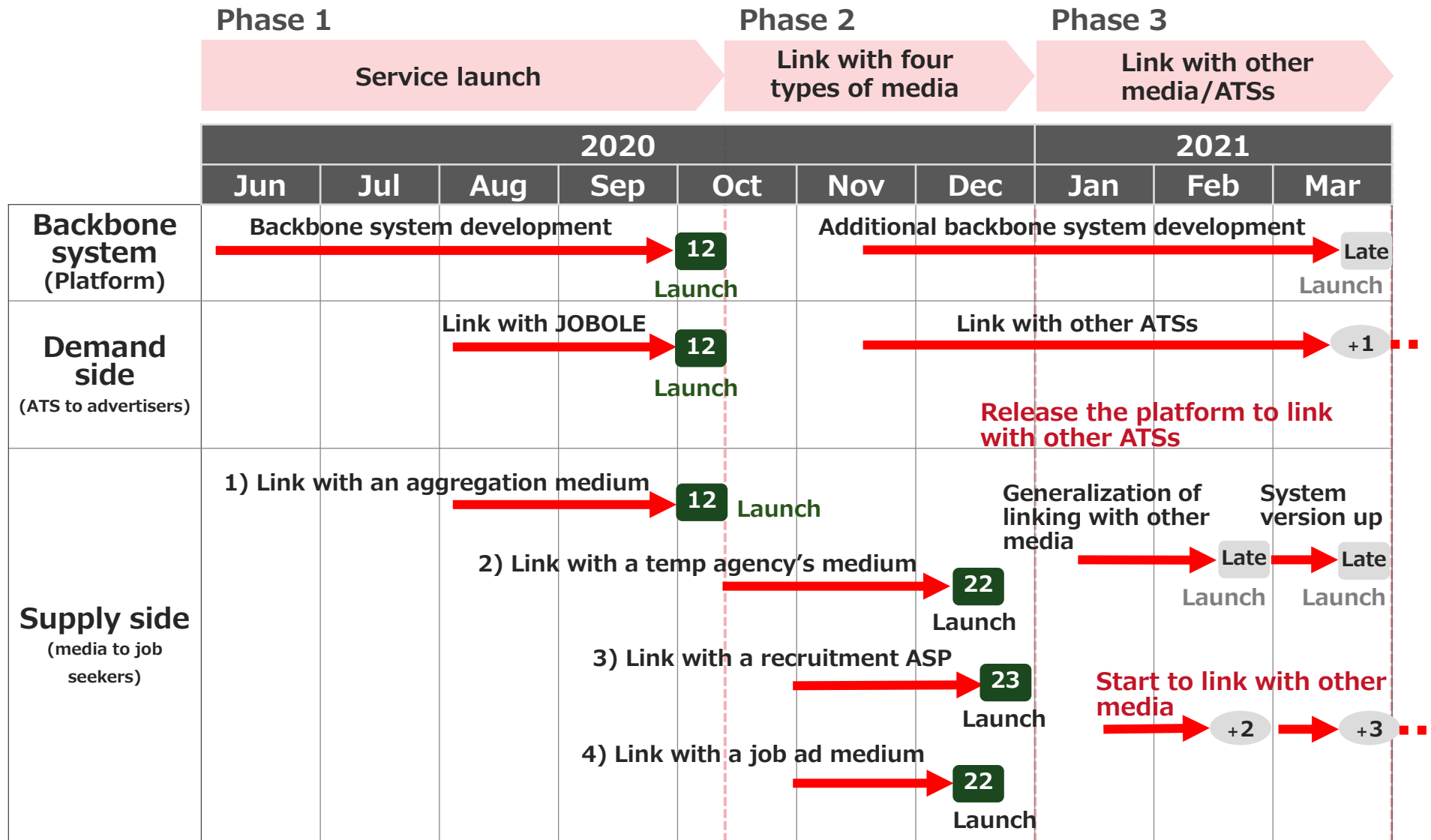
- For posting, bidding such as cost per click (CPC) or cost per acquisition (CPA) is adopted. Every click or acquisition generated revenue, and we pay a commission to the media.

Demand side

Supply side

求人企業
Advertisers
(companies
seeking workers)

ATS

Bidding
入札

Posting
掲載

HR Ads Platform[2]

求人メディア **A**
Medium A

求人メディア **Z**
Medium Z

求職者
Job seekers
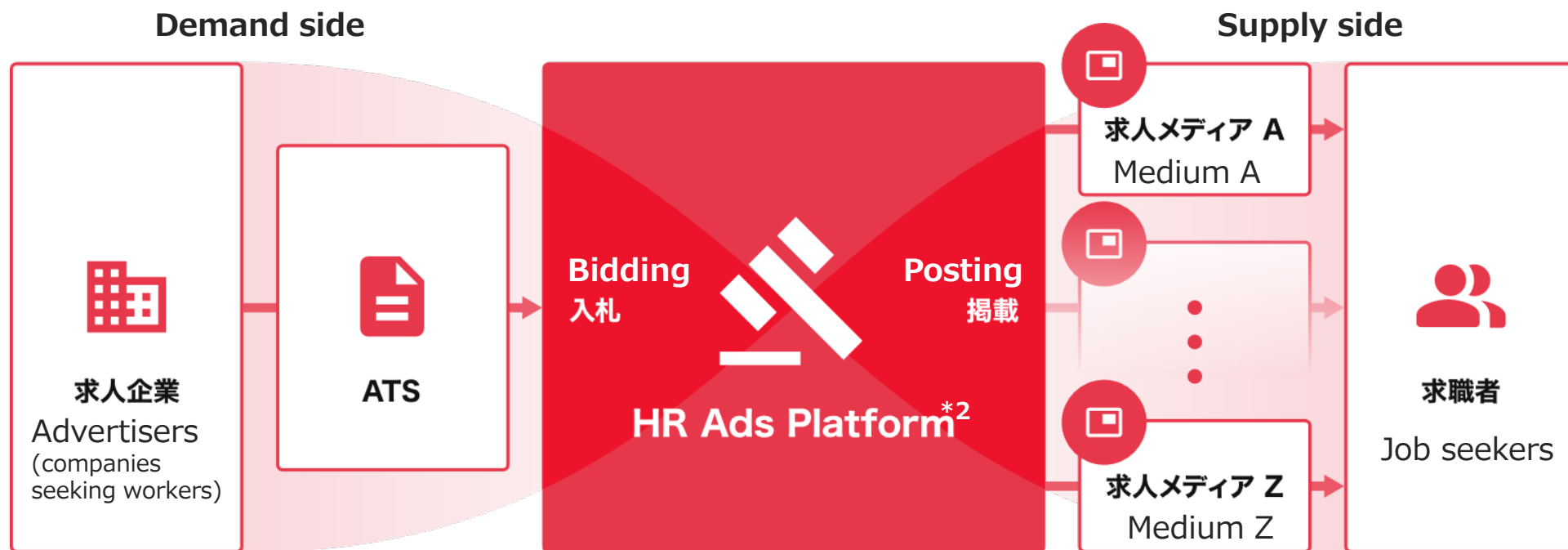
*1 Refer to "Glossary" (at the end of this material).

*2 HR Ads Platform website : https://hr-ads.jp/

Phase 1		Phase 2	Phase 3
Service launch		Link with four types of media	Link with other media/ATSs

	2020							2021		
	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar
Backbone system (Platform)	Backbone system development → **12** Launch						Additional backbone system development →			Late Launch
Demand side (ATS to advertisers)			Link with JOBOLE → **12** Launch				Link with other ATSs →			+1 ...
								Release the platform to link with other ATSs		
Supply side (media to job seekers)	1) Link with an aggregation medium → **12** Launch							Generalization of linking with other media → Late Launch		System version up → Late Launch
			2) Link with a temp agency's medium → **22** Launch							
				3) Link with a recruitment ASP → **23** Launch				**Start to link with other media** → +2 → +3 ...		
					4) Link with a job ad medium → **22** Launch					

1. Launch of the HR Ads Platform — Topics

A. Patent application

- Applied for a HR Ads Platform patent on October 9, 2020. The patent application is our intellectual property strategy to expand the HR Ads Platform business.
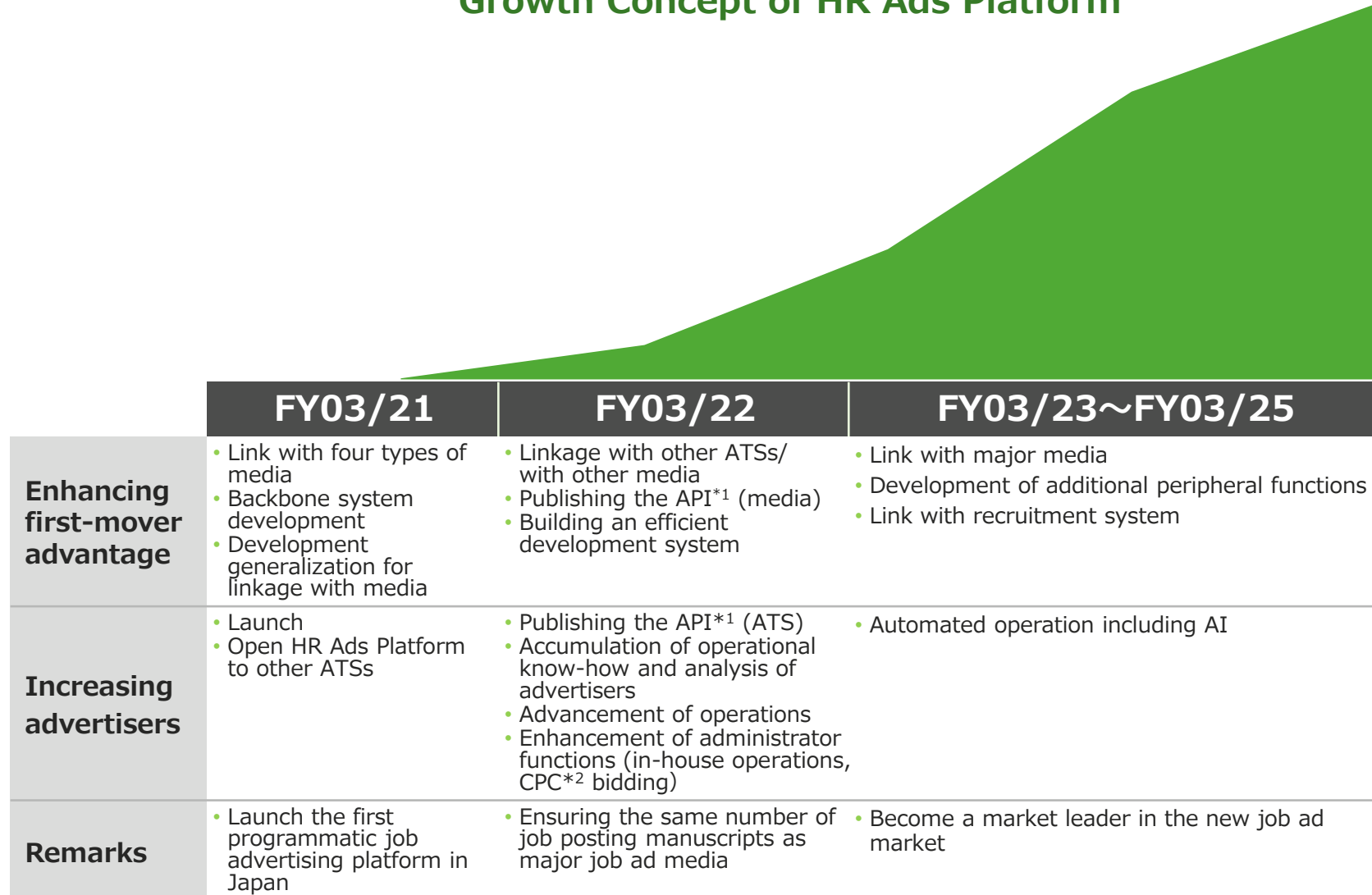
B. Finished linking with/development to four types of media

- Linked with "Lacotto" operated by CareerIndex Inc. on October 12, 2020
- Finished linking with/development to "Shufu JOB Part" operated by B-style Media on December 22, 2020
- Linked with a job ad medium on December 22, 2020
- Linked with "jobMAKER" operated by WILLB Inc. on December 23, 2020
- Promote development to generalize media linkage from January 2021, aiming for linkage in 5 business days

C. Post-launch market reaction

- Many inquiries from major ATSs and job ad media
- Continue to develop generalization to link with ATSs and job ad media
- 6,369 job manuscripts on HR Ads Platform at the end of December 2020
- The first ATS to link with HR Ads Platform has been decided.
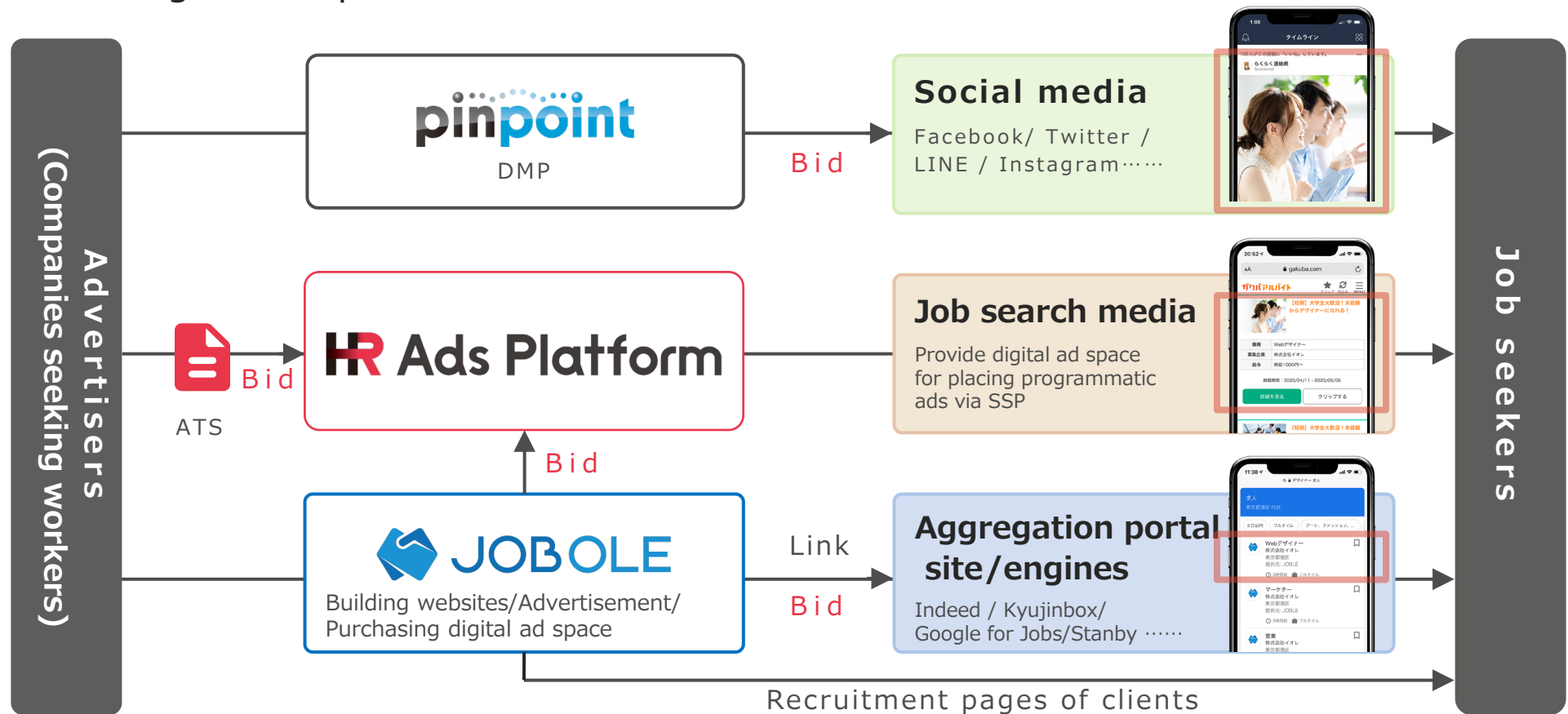
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Growth Concept of HR Ads Platform

	FY03/21	FY03/22	FY03/23~FY03/25
Enhancing first-mover advantage	• Link with four types of media • Backbone system development • Development generalization for linkage with media	• Linkage with other ATSs/ with other media • Publishing the API*1 (media) • Building an efficient development system	• Link with major media • Development of additional peripheral functions • Link with recruitment system
Increasing advertisers	• Launch • Open HR Ads Platform to other ATSs	• Publishing the API*1 (ATS) • Accumulation of operational know-how and analysis of advertisers • Advancement of operations • Enhancement of administrator functions (in-house operations, CPC*2 bidding)	• Automated operation including AI
Remarks	• Launch the first programmatic job advertising platform in Japan	• Ensuring the same number of job posting manuscripts as major job ad media	• Become a market leader in the new job ad market

*1 Application Programming Interface. API allows sharing of software functions, so other companies can be encouraged to use it.
*2 Cost Per Click

1. Launch of HR Ads Platform — Strategic Concept

- We have various channels for job seekers through SNS, recruitment media, aggregation sites and recruitment pages of clients.

- We aim to become a market leader in the new job advertising market by providing appropriate recruitment channel to advertisers through our operation.
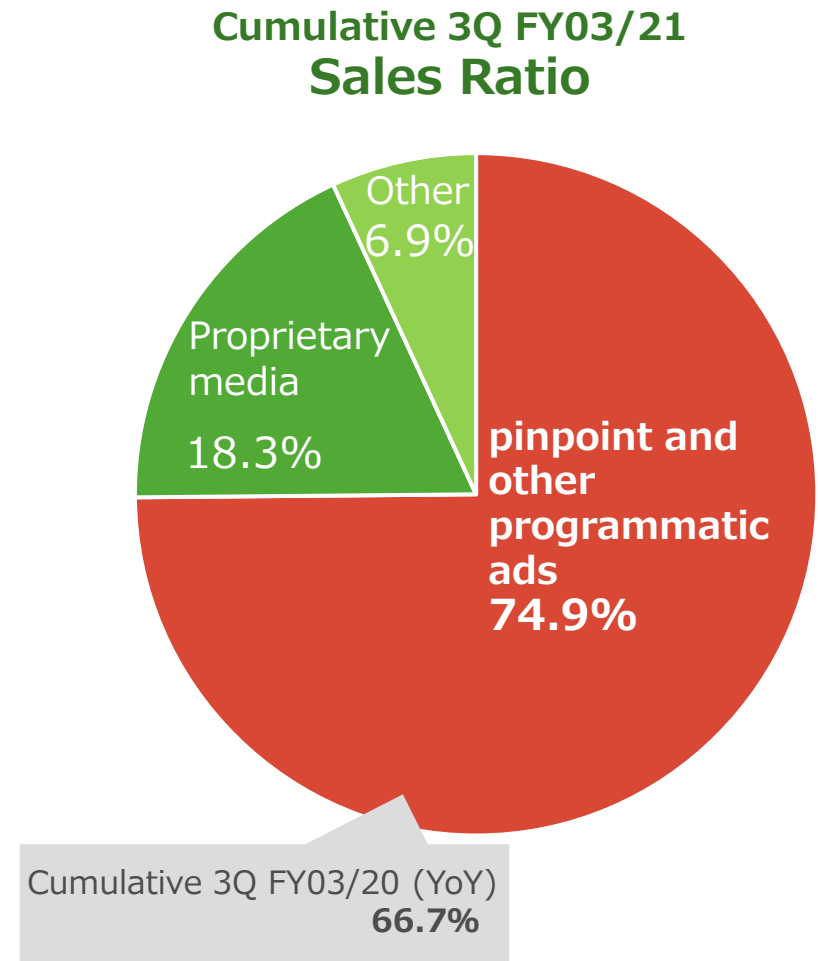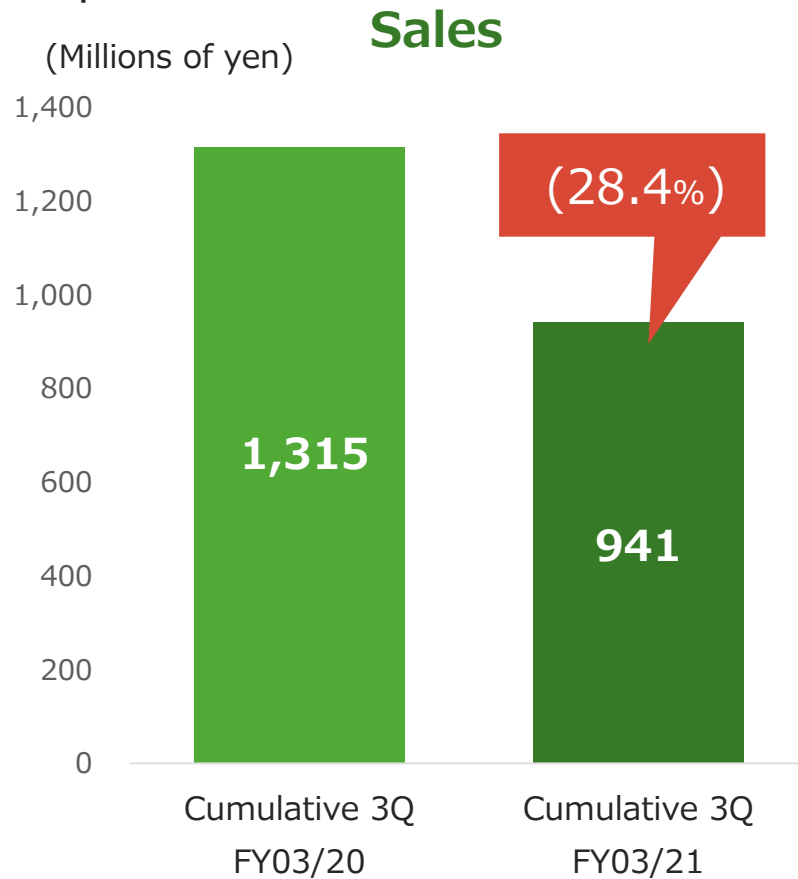

Advertisers (Companies seeking workers)

pinpoint
DMP

Bid

ATS
Bid

HR Ads Platform

Bid

JOBOLE
Building websites/Advertisement/
Purchasing digital ad space

Social media
Facebook/ Twitter /
LINE / Instagram……

Bid

Job search media
Provide digital ad space
for placing programmatic
ads via SSP

**Aggregation portal
site/engines**
Indeed / Kyujinbox/
Google for Jobs/Stanby ……

Link

Bid

Job seekers

Recruitment pages of clients

2. Expansion of "pinpoint and Other Programmatic Ads" eole Inc.

| What is necessary to succeed		Content	Strengths	Future development
1.	**Competitive data (DMP)**	Hold high-quality audience data including attribute data, which is most important, in volume.	Holding high quality data through the "Rakuraku Contact Network." This data is very important in the job ad market.	In addition to the measures to increase membership for Rakuraku Contact Network, we advocate alliances with other data suppliers and finding new partner companies, thus expanding our data.
2.	**Operation know-how**	Accumulate know-how of programmatic ads in the job ad market (including linkage with large social media and job search engines).	On "Indeed," which is a programmatic job ad, JOBOLE has the unique operational method and know-how to achieve a high conversion rate. Also, it has considerable experience for linkage with large social media.	We will demonstrate our presence in the process transferred from the sales power game to the operational power game (effect) such as the era of search advertising expansion in the 2000s.
3.	**Number of Job Listing Manuscripts**	Market share by handling the number of manuscripts	By utilizing JOBOLE as a pump-priming tool, we can acquire job seekers through "pinpoint and other programmatic ads."	We will expand JOBOLE and the HR Ads Platform.

■ Continue to expand "pinpoint and other programmatic ads" while carefully observing the target industry, business and employment pattern.

Sales
(Millions of yen)

Cumulative 3Q FY03/20: 1,315
Cumulative 3Q FY03/21: 941 (28.4%)

Cumulative 3Q FY03/21 Sales Ratio

- pinpoint and other programmatic ads 74.9%
- Proprietary media 18.3%
- Other 6.9%

Cumulative 3Q FY03/20 (YoY) 66.7%

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2. Expansion of "pinpoint and Other Programmatic Ads"
(Continued)

eole Inc.

- With our good operational capabilities in programmatic advertising, the shift of orders from other companies (ad agencies) has been accelerating.
- Sales in job advertising increased as a result of restructuring our sales structure and reviewing sales strategies in 3Q FY03/21.
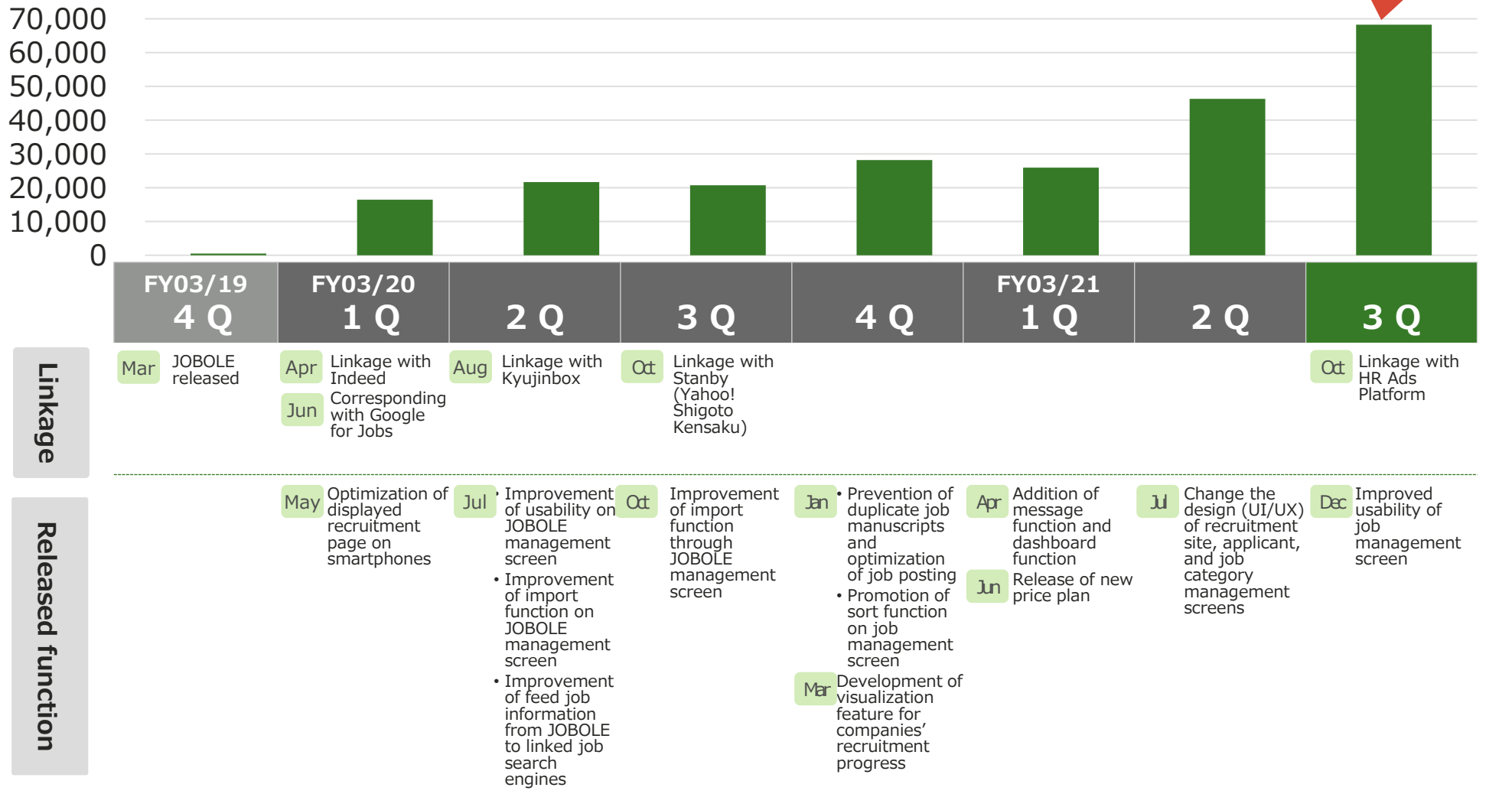
"pinpoint and Other Programmatic Ads"
Sales *

(Millions of yen)

Consumer ads

Job ads

+24.9%

3Q FY03/20   3Q FY03/21
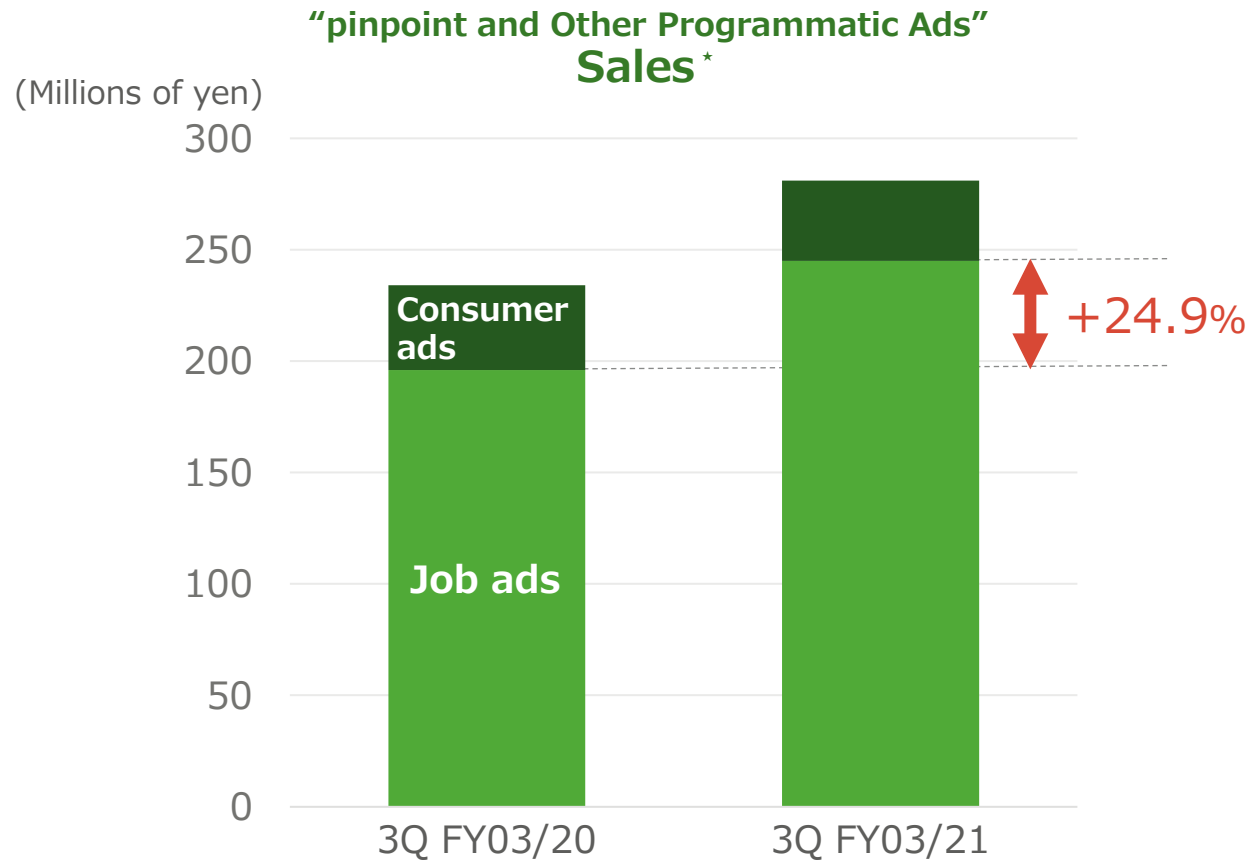
* Compared by operation costs. Production costs such as creative work and web production are not included.

2. Expansion of "pinpoint and Other Programmatic Ads"
— Progress of JOBOLE

eole Inc.

Number of Job Posting Manuscripts* on JOBOLE

YoY +229.1%

	FY03/19	FY03/20				FY03/21		
	4 Q	1 Q	2 Q	3 Q	4 Q	1 Q	2 Q	3 Q

Linkage

Mar JOBOLE released	**Apr** Linkage with Indeed	**Aug** Linkage with Kyujinbox	**Oct** Linkage with Stanby (Yahoo! Shigoto Kensaku)			**Oct** Linkage with HR Ads Platform
	Jun Corresponding with Google for Jobs					

Released function

May Optimization of displayed recruitment page on smartphones	**Jul** • Improvement of usability on JOBOLE management screen • Improvement of import function on JOBOLE management screen • Improvement of feed job information from JOBOLE to linked job search engines	**Oct** Improvement of import function through JOBOLE management screen	**Jan** • Prevention of duplicate job manuscripts and optimization of job posting • Promotion of sort function on job management screen	**Apr** Addition of message function and dashboard function	**Jul** Change the design (UI/UX) of recruitment site, applicant, and job category management screens	**Dec** Improved usability of job management screen
			Mar Development of visualization feature for companies' recruitment progress	**Jun** Release of new price plan		

* The number of job manuscripts is the figure listing on JOBOLE at the end of each quarter.

3. Expansion of New Graduate Recruitment Sales

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- We focused on new graduate recruitment sales with a strategic sales partner, and started nationwide development in July. But recruitment activities were delayed due to the impact of COVID-19.
- On the other hand, we currently have engaged in cooperation in the field of mid-career recruitment.

Review of recruitment approach due to the impact of COVID-19

- Cancellation of internship
- Cancellation of large-scale events such as joint corporate information sessions for job hunting

Discontinue hiring guideline for new graduates in 2021 due to the decision by Keidanren

- Diversification of recruitment schedules (all-year recruiting activities for new graduates)
- Global recruitment

A big change in hiring new graduates

- Trend of earlier recruitment activities
- Diversification of recruitment activities and approaches

We will aggressively expand our share of new graduate recruitment, such as gathering job seekers through websites using pinpoint DMP, which has abundant data on university students.

4. Development Status of Proprietary Media
─ Transition to maintenance/operation phase of proprietary media

- Development of Gakuba Arbeit was finished in January 2020, and development of Rakuraku Arbeit was finished except for linkage in April 2020. Both are in the maintenance phase.
- A new app for Rakuraku Contact Network released on August 31 to reduce operating costs. Through these developments, future maintenance and operation costs can be reduced.
- Devoted development resources to the HR Ads Platform.

	FY03/20 4 Q	FY03/21 1 Q	2 Q	・・・

Gakuba Arbeit

↑ **Development finished in Jan.**

Invest-ment phase → **Operation phase**

To simplify membership registration
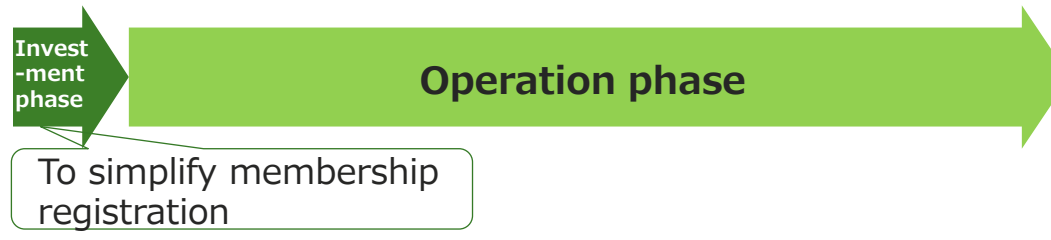
Rakuraku Arbeit

↑ **Development finished except for linkages in Apr.**

Investment phase → **Operation phase**

To improve functions
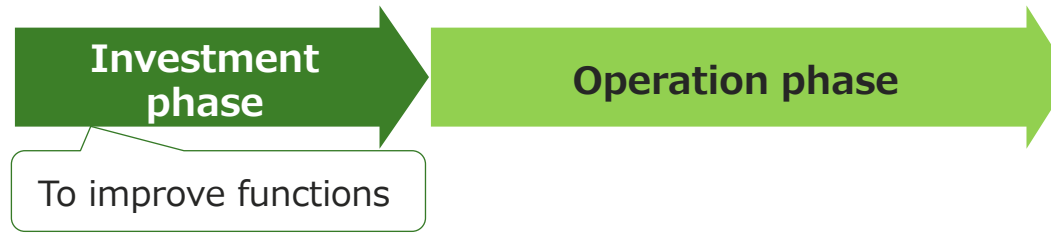
Rakuraku Contact Network

↑ **A new app was released on August 31.**

Investment phase → **Operation phase**

To reduce operation cost
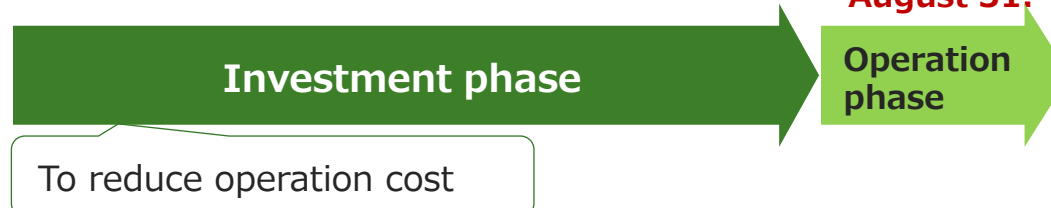
Launched the "Rakuraku Renrakumo Dot App"

Launched the group activity-oriented contact network service "Rakuraku Renrakumo Dot App" for iOS/Android on August 31, 2020.

Rakuraku Renrakumo Dot App

Development Objectives

- Reduce man-hours required for maintenance and operation of the Rakuraku Contact Network.
- Realize a "contact-specific" application with less functions for greater user convenience.

Future Developments

- With the trend of increasing corporate usage needs due to business environment changes such as the demand for "the new lifestyle," we decided to utilize the app in customizable SaaS solution businesses. The service will be launched this summer as a joint project with a major company.

★ Rakuraku Renrakumo Dot App website : https://ra9.app/

Our Response and Business Impact to the Spread of COVID-19

■ Develop proactive initiatives and respond to a changing society.

Work system

- August 1, 2020: Standardized teleworking and advocated for a more flexible work style
- October 1, 2020: Started paying teleworking compensation
- January 8, 2021: Promoted leaving office by 8 pm. Prohibited internal and external dinners.

Work style

- Implement teleconference and internet conference, prohibit non-urgent business trips and maintain a hygienic environment, such as by wearing masks.
- We have been promoting the acquisition of potential clients through websites since last year and using new sales methods such as online sales negotiation.
- Implement a mentor system as part of the new graduates onboarding program during teleworking.

Response to social changes

- Building a system to efficiently acquire leads (potential clients) for accepting orders.
  - ➡ Inside sales from lead nurturing
    For example, we published white papers dedicated to university student marketing on July 1.

https://daigaku-koukoku.com/download/　（当社「大学生広告ナビ」）　20

III | **Other Business Initiatives**

Participation in "Public-Private Partnership Platform for Local Innovation SDGs"

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■ Participated in "Public-Private Partnership Platform for Local Innovation SDGs[*2]" established by the Cabinet Office to promote efforts toward achieving SDGs

らくらく連絡網 Rakuraku Contact Network

- The largest contact network supporting group and community activities in Japan, with 390,000 groups and 6,960,000 memberships
- Support for revitalizing local communities

pinpoint

- A DMP (Data Management Platform) that enables ad delivery utilizing data of over 20 million people in total
- Effective web promotion for revitalizing local communities, as it is possible to distribute SNS ads by specifying detailed criteria such as region and age group

HR Ads Platform

- Creating opportunities for all people to attain a good working environment by connecting many job seekers with companies through recruitment media
- By encouraging local companies and organizations to use HR Ads Platform, we aim to promote I-turns (moving to the countryside) and U-turns (back to one's hometown) and realize a sustainable society.

- **Support for local private sectors and government initiatives**

- **Achieving SDGs including regional revitalization**

- **Contributing to society**

*1 Cabinet Office website : https://future-city.go.jp/platform/about/
*2 Sustainable Development Goals. The 2030 Agenda for Sustainable Development, adopted at the United Nations Summit in September 2015 as a successor to the Millennium Development Goals (MDGs) formulated in 2001, is an international goal to achieve a sustainable and better world by 2030.
Note: eole press release "Participation in 'Public-Private Partnership Platform for Local Innovation SDGs'" as of January 28, 2021. https://www.eole.co.jp/news/release/news_post627/

Participation in "Public-Private Partnership Platform for Local Innovation SDGs" — Initiatives with The Shimane Bank, Ltd.

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- We will start a digital promotion initiative with The Shimane Bank, Ltd. from February 2021.
- We will provide accurate financial information to families raising children in the San'in Region by utilizing our big data and ad technology such as digital ad management know-how.
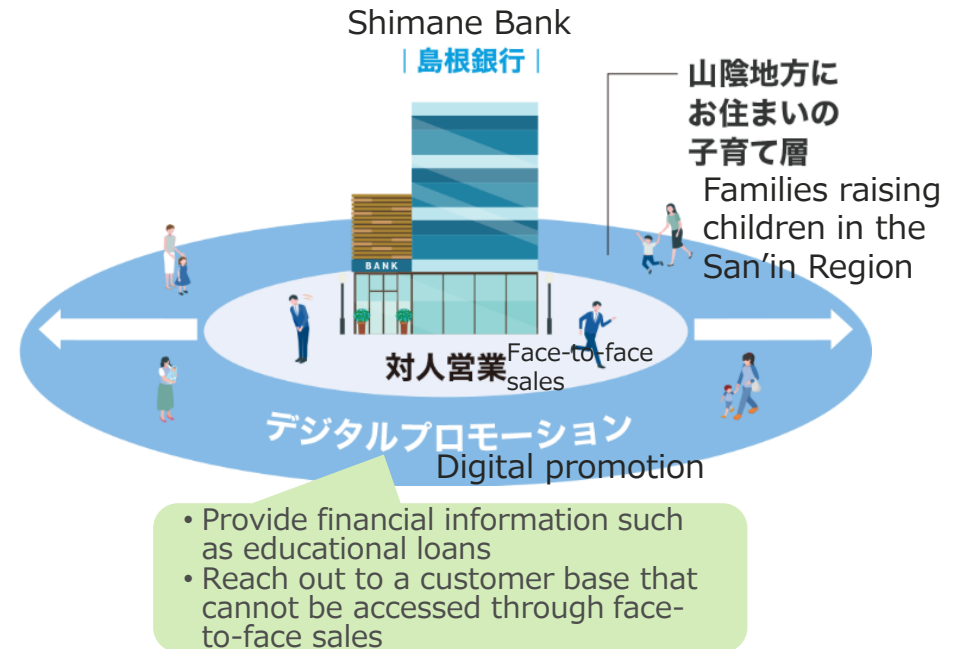
Conventional sales techniques

これまでの営業手法

Shimane Bank

|島根銀行|

対人営業
Face-to-face sales

Maximizing mass reach through digitalization

デジタル化により
リーチを最大化

pinpoint

Digital promotion with eole

イオレのデジタルプロモーション

Shimane Bank

|島根銀行|

山陰地方に
お住まいの
子育て層
Families raising children in the San'in Region

対人営業 Face-to-face sales

デジタルプロモーション
Digital promotion

- Provide financial information such as educational loans
- Reach out to a customer base that cannot be accessed through face-to-face sales

Note: eole press release "Launch of Digitalization Initiative with The Shimane Bank to Support Families Raising Children" as of January 29, 2021.
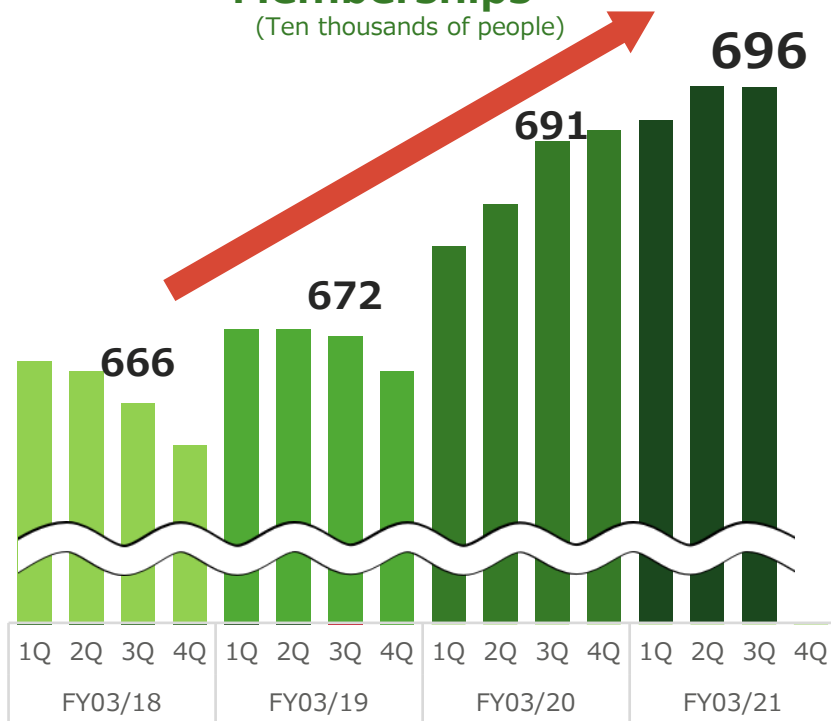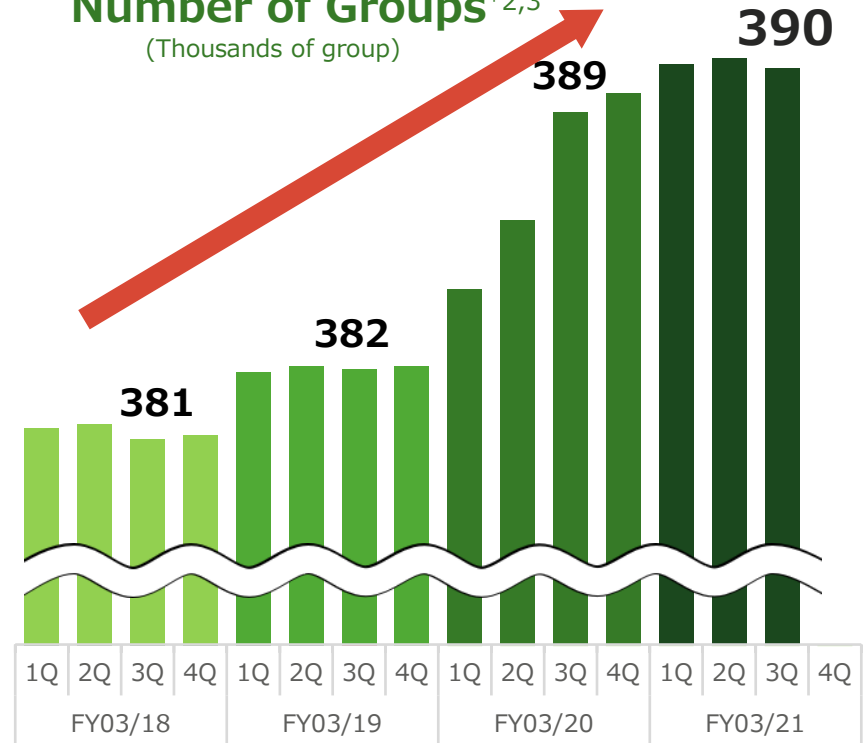https://www.eole.co.jp/news/release/news_post628/

Increase in Rakuraku Contact Network Memberships and Number of Groups

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- In FY03/20, memberships and the number of groups increased every quarter due to the termination of similar services by a competitor.
- As for FY03/21, memberships and the number of groups will remain as usual, despite the impact of COVID-19.

Rakuraku Contact Network
Memberships[1]
(Ten thousands of people)

666 672 691 696

1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
FY03/18				FY03/19				FY03/20				FY03/21			

Rakuraku Contact Network
Number of Groups[2,3]
(Thousands of group)

381 382 389 390

1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
FY03/18				FY03/19				FY03/20				FY03/21			

☞ There is a seasonal change where memberships and groups tend to increase from April to June with the beginning of new semesters, while figures tend to decrease from the end of December to the end of March with the end of semesters, etc. In FY03/20, memberships and groups at the end of semesters increased as shown above.
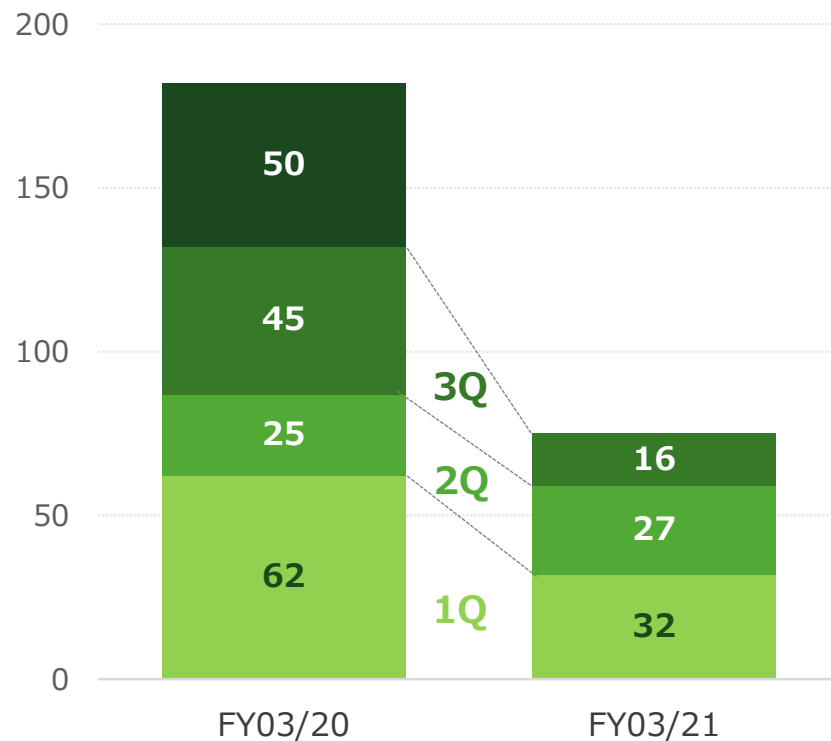
*1 Figures are rounded down to the nearest thousand.
*2 Figures are rounded down to the nearest thousand.
*3 A group is a group with more than three members.

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Initiatives for Gakuba Arbeit and Rakuraku Arbeit

- Number of new Gakuba Arbeit registrants (cumulative 3Q): The number of registrants decreased due to a decline in the number of job advertisements, decreasing by 43.3% compared to the same period last year.

- Rakuraku Arbeit Memberships: Increased by 6.4% compared to the same period last year due to the increase in the number of Rakuraku Contact Network memberships.
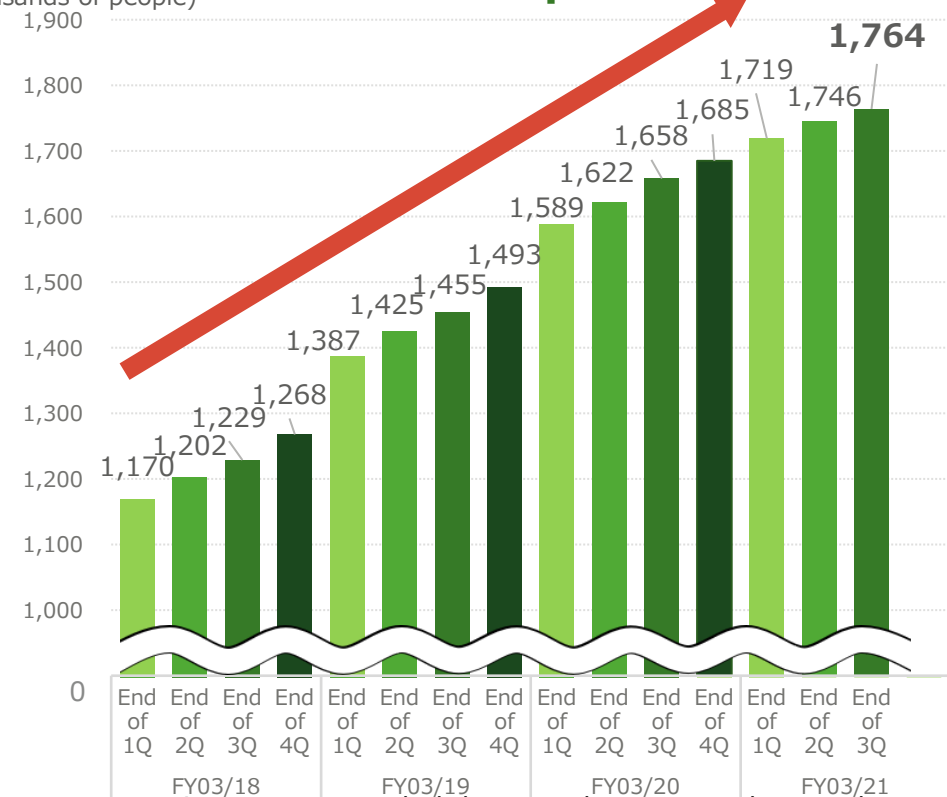
Gakuba Arbeit
New Registrants

(Thousands of people)

	FY03/20	FY03/21
1Q	62	32
2Q	25	27
3Q	45	16
	50	

Note: Figures are rounded down to the nearest thousand.

Rakuraku Arbeit
Memberships

(Thousands of people)

FY03/18
- End of 1Q: 1,170
- End of 2Q: 1,202
- End of 3Q: 1,229
- End of 4Q: 1,268

FY03/19
- End of 1Q: 1,387
- End of 2Q: 1,425
- End of 3Q: 1,455
- End of 4Q: 1,493

FY03/20
- End of 1Q: 1,589
- End of 2Q: 1,622
- End of 3Q: 1,658
- End of 4Q: 1,685

FY03/21
- End of 1Q: 1,719
- End of 2Q: 1,746
- End of 3Q: 1,764

Note: Figures are rounded down to the nearest thousand.

B/S Summary in Cumulative 3Q FY03/21

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(Millions of yen)

Assets	End of FY03/20 (Mar. 31, 2020)	End of 3Q FY03/21 (Dec. 31, 2020)	Change
Assets			
Current assets			
Cash and cash equivalents	802	491	(311)
Accounts receivable-trade	170	136	(33)
Other	22	27	5
Total current assets	995	656	(338)
Fixed assets			
Tangible fixed assets	4	3	(1)
Intangible fixed assets	353	356	2
Investments and other assets	74	73	(1)
Total fixed assets	433	433	0
Total assets	**1,428**	**1,089**	**(338)**

Liabilities	End of FY03/20 (Mar. 31, 2020)	End of 3Q FY03/21 (Dec. 31, 2020)	Change
Liabilities			
Current liabilities			
Account payable-trade	165	85	(80)
Income taxes payable	7	–	(7)
Other	101	83	(17)
Total current liabilities	274	169	(105)
Total liabilities	**274**	**169**	**(105)**
Net assets			
Shareholders' equity	1,150	917	(233)
[Retained earnings]	[(267)]	[(516)]	[(248)]
Share options	2	2	–
Total net assets	1,153	920	(233)
Total liabilities and net assets	**1,428**	**1,089**	**(338)**

用語集

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.
HR	"HR" in the HR Ads Platform developed by eole stands for Human Resources. In general, it refers to operations related to human resources, such as recruitment, human development, training, evaluation, and management. In the case of HR Ads Platform, "HR" means recruitment.
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.

Disclaimer

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