

FINANCIAL RESULTS

3Q/Fiscal Year 2017

February 2018

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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.

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Financial Overview for FY2017-3Q

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Topics

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Reference Information

For the consolidated cumulative third quarter of FY2017, sales, operating profit and ordinary profit increased by 137%, 160% and 145%, respectively, in comparison to the same period in FY2016. In addition, IPO-related costs were posted as a non-operating expense in the third quarter of FY2017.

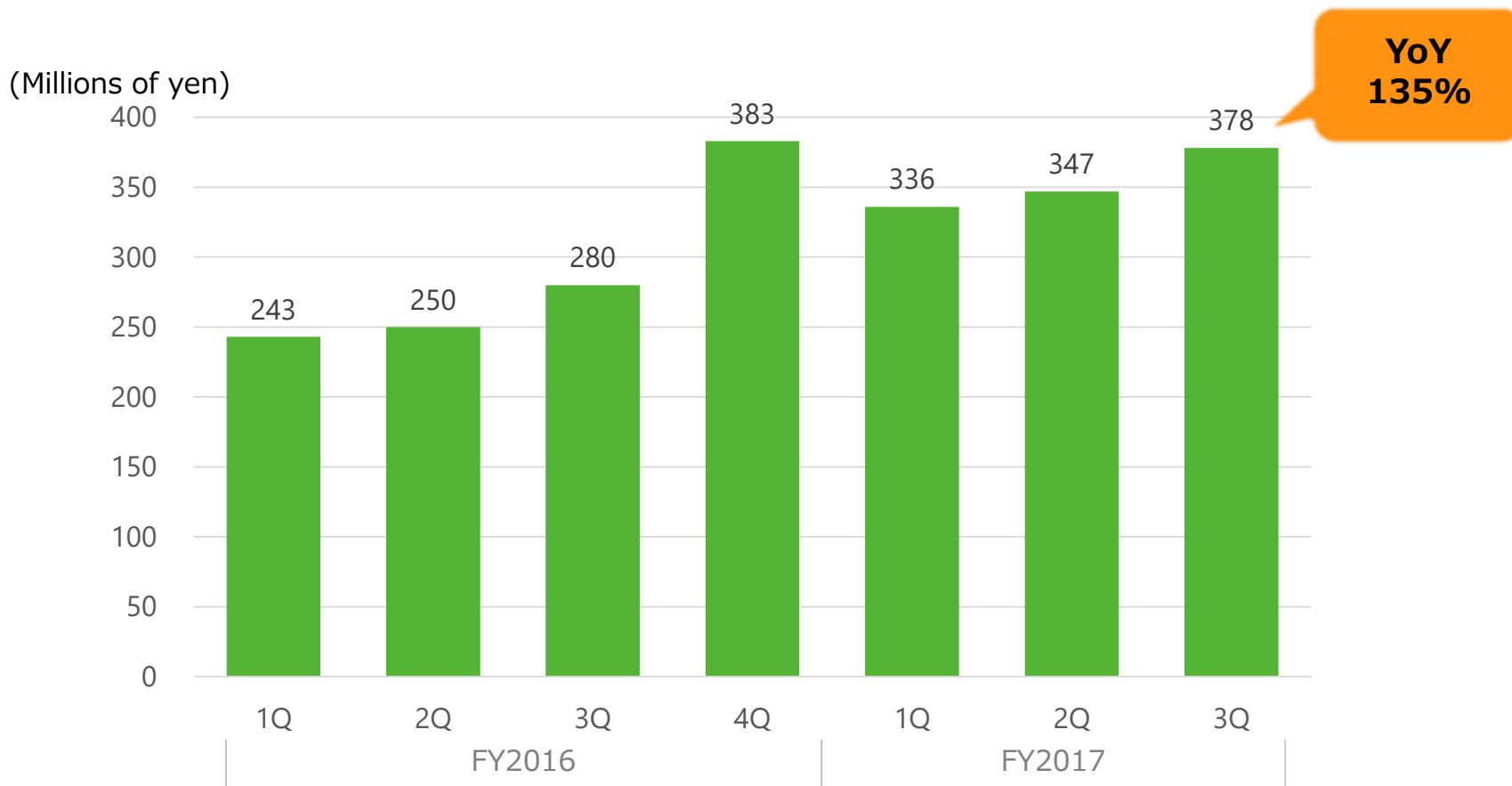
(Millions of yen)	Consolidated Cumulative 3Q, FY2017 (Apr. – Dec., 2017)	Consolidated Cumulative 3Q, FY2016 (Apr. – Dec., 2016)	Year on Year
Sales	1,061	774	137%
Gross Profit	553	423	130%
SGA	442	353	125%
Operating Profit	111	69	160%
Ordinary Profit	97	66	145%
Net Profit	79	58	136%

* All FY2016 figures in this document are for reference purpose only, as quarterly financial statements of FY2016 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.

Quarterly Sales Trend

Sales in the third quarter of FY2017 (Oct. – Dec., 2017) increased by 135% compared to the same period in the previous year. In addition, sales in the fourth quarter over the year tend to see an increase as a result of seasonal demand from the ad business and recruitment advertisements, which includes new graduate and intern positions.

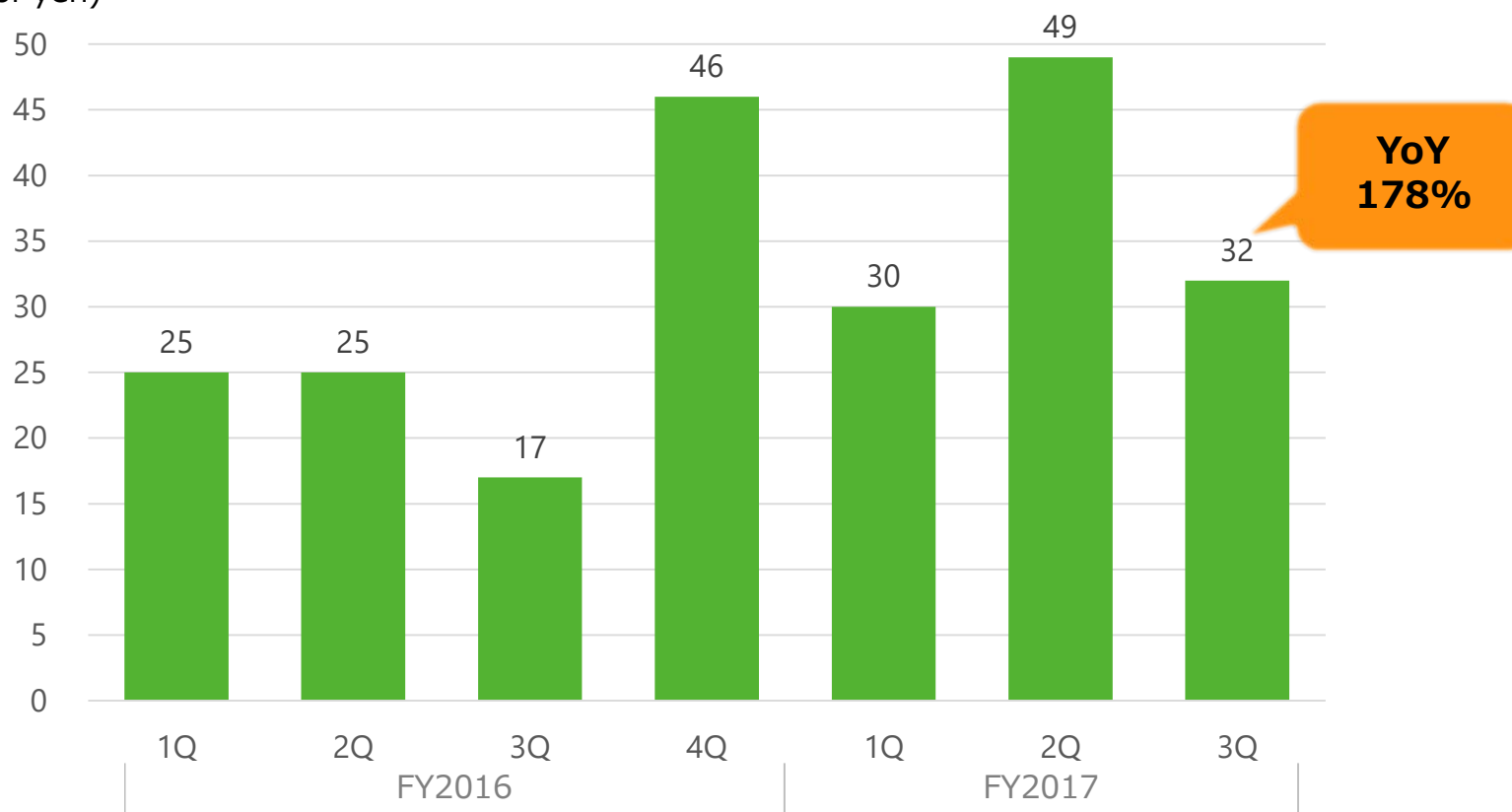


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Quarterly Operating Profit Trend

Operating profit in the third quarter of FY2017 increased by 178% as per a year-on-year comparison. As with sales, operating profit tends to vary according to different profit ratios per service.

(Millions of yen)

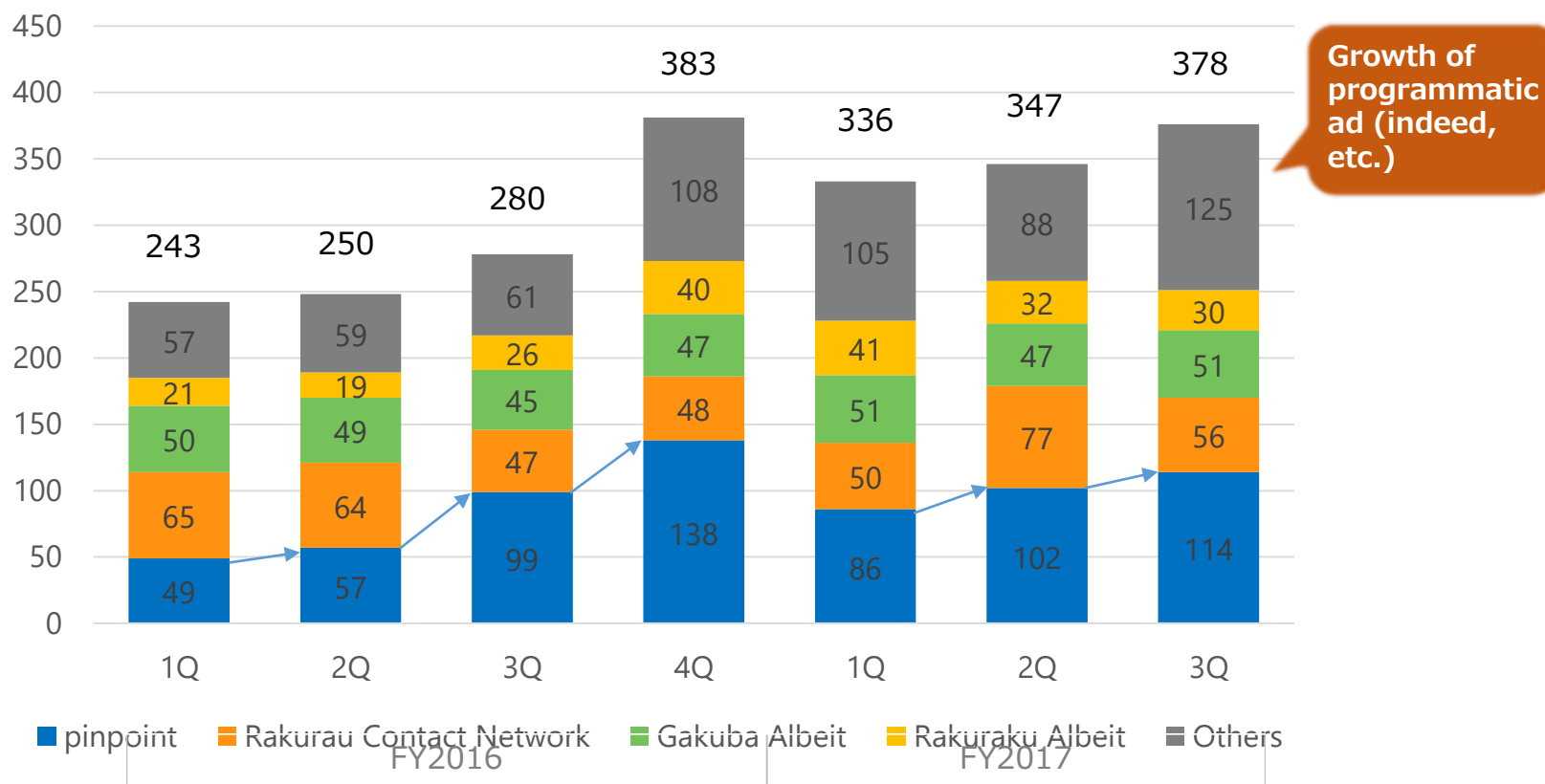


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Quarterly Sales Service Trend

Sales increased across each service as per a year-on-year comparison. In particular, “pinpoint” sales have been growing at a steady pace.

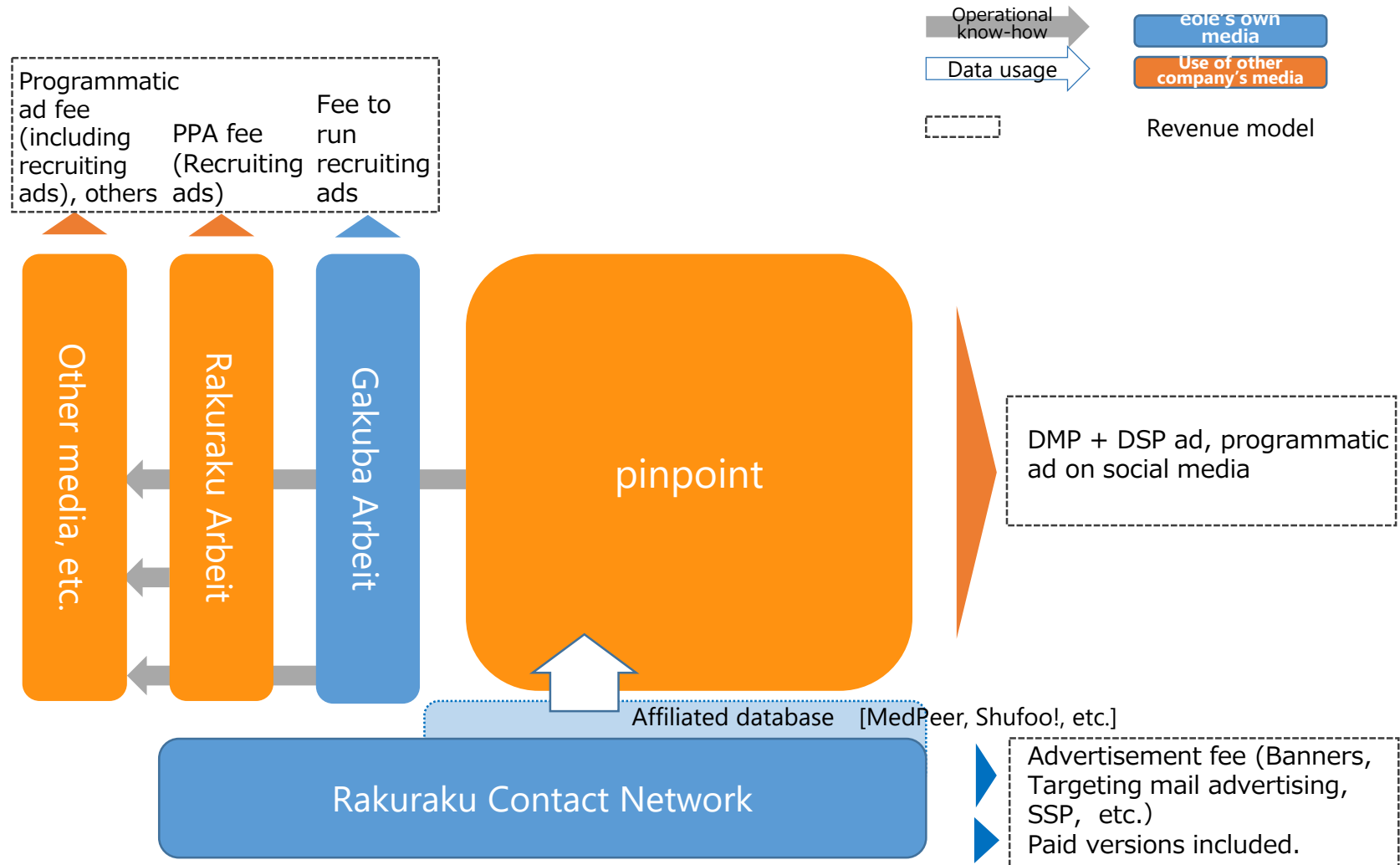
(Millions of yen)



* All FY2016 figures in this document are for reference purposes only, as quarterly financial statements for FY2016 have not been prepared, while also not yet audited by an auditing firm.

** Sales figure amounts in a quarter are not equal to the sum of each service, as a result of rounding down to one million yen.

Business Model (Review)



As the veracity of the data is more important than the number of users, any impact on revenue due to small variations of membership is limited.

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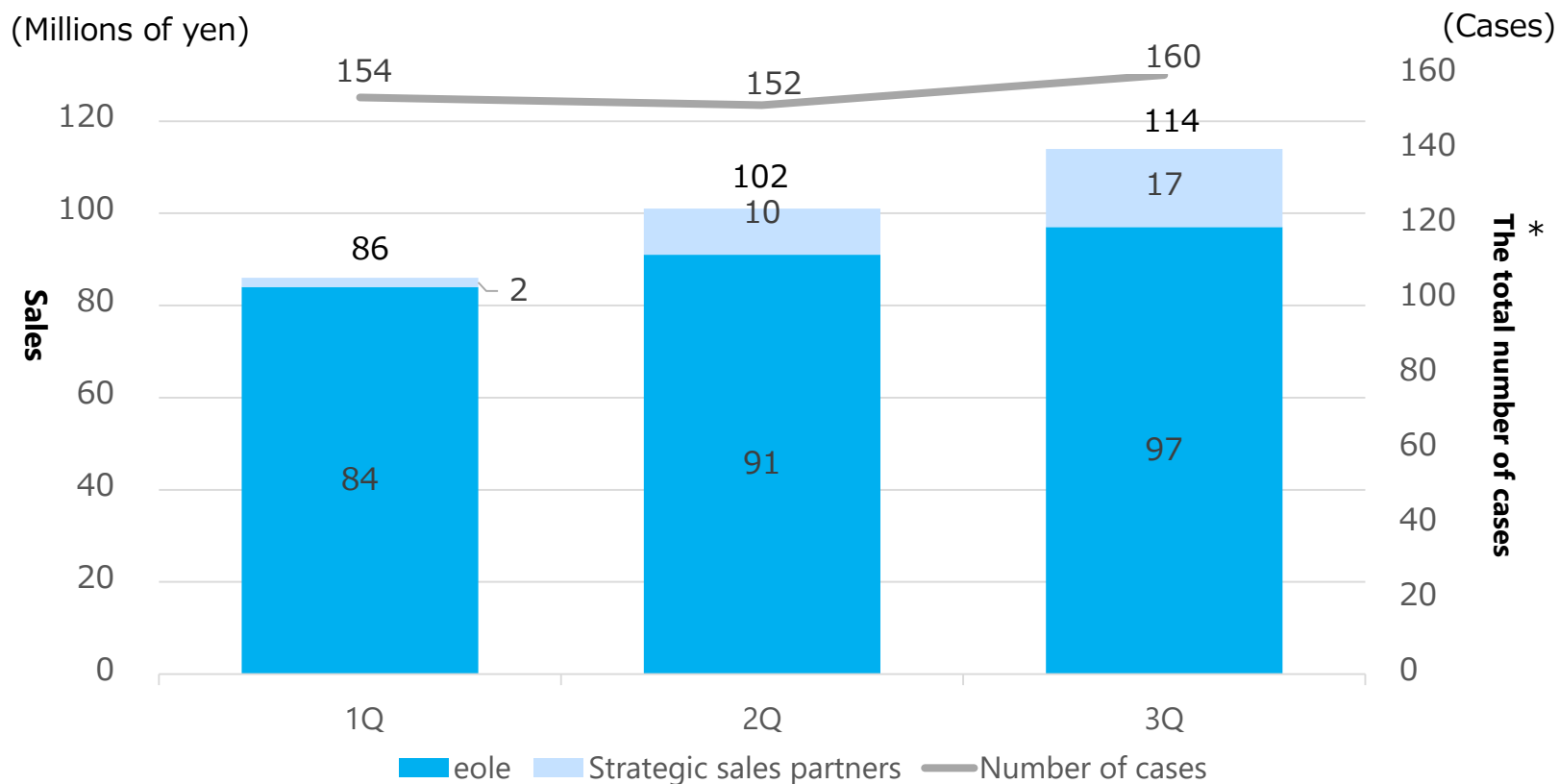
3

Reference Information

Topics(1)-1: Status of Service -- pinpoint

Sales of pinpoint have been steadily growing, while at the same time, the sales turnover of strategic sales partners has been gradually increasing.

pinpoint Sales Breakdown (FY2017)



* The total number of cases in the quarter (3 months)

Topics(1)-2: Status of Service – Working with* Shufoo! eole Inc.

“Shufoo! Audience TargetingAd,” which is based on pinpoint was released as part of our business alliance with Toppan Printing Co., Ltd.

pinpoint × “Shufoo!”* of Toppan Printing Co., Ltd.

October 2017 “Shufoo! Audience TargetingAd” released

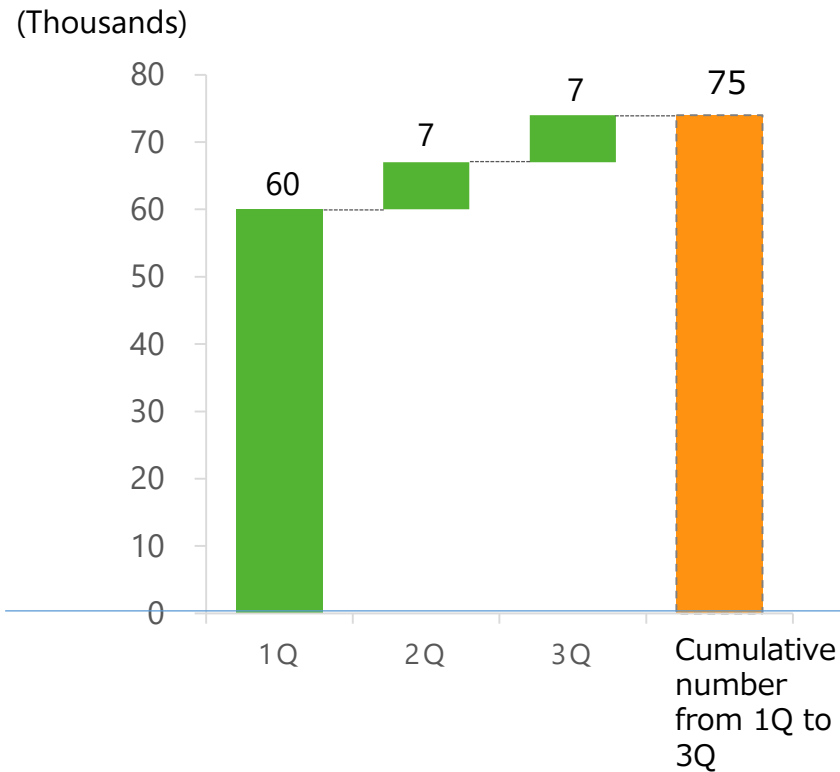


This collaboration is categorized as one of our strategic sales partners in the pinpoint service.

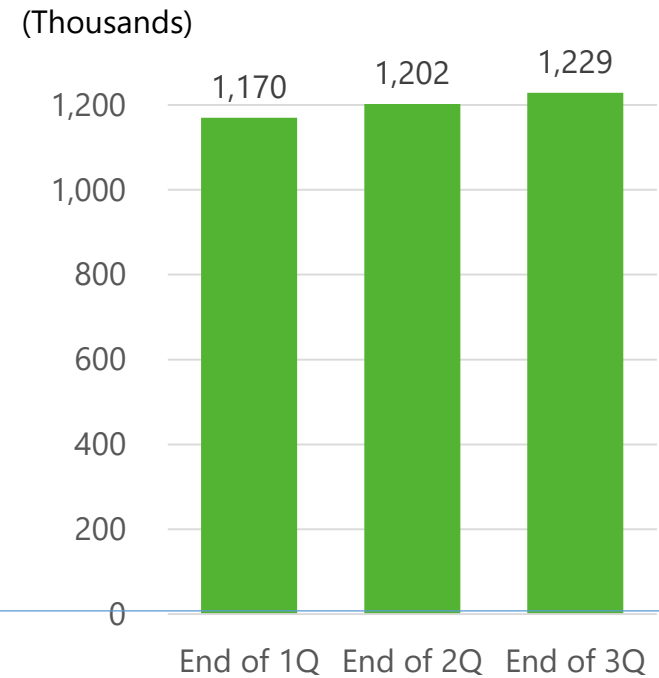
* “Shufoo!” is the largest electronic flyer service in Japan, mainly used by women in their 20s to 40s, which Toppan Printing launched in August 2001.

Topics(2): Status of Service – Gakuba Arbeit, Rakuraku Arbeit **eole** Inc.

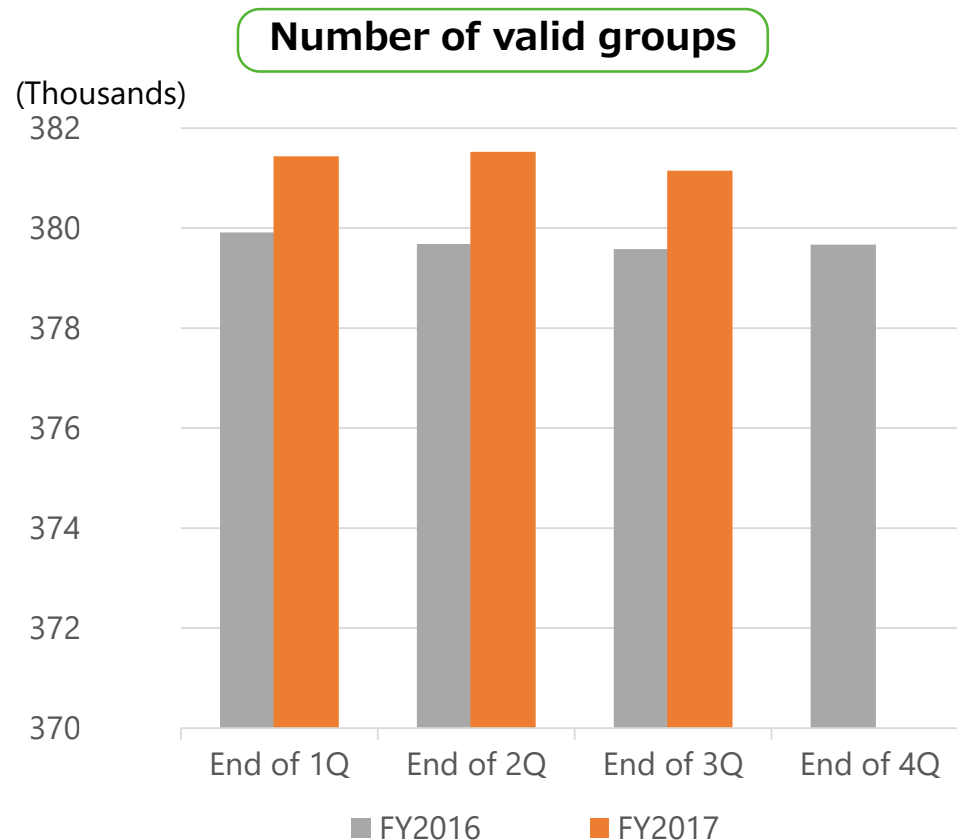
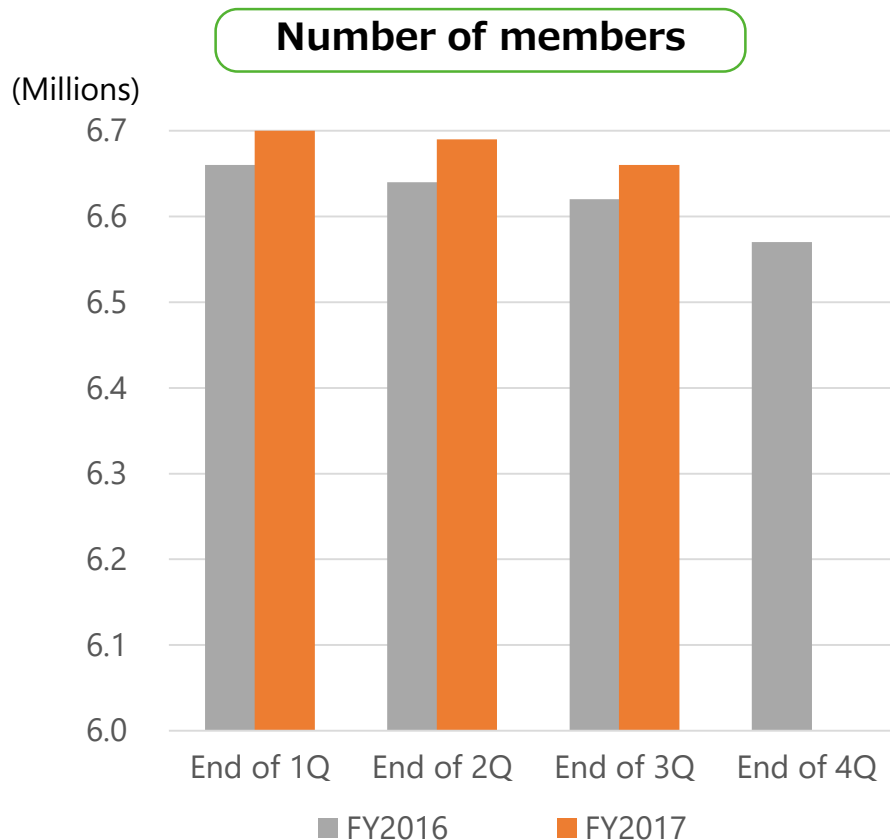
**New enrollment of
Gakuba Arbeit**



**Number of Rakuraku
Arbeit enrollment**



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.

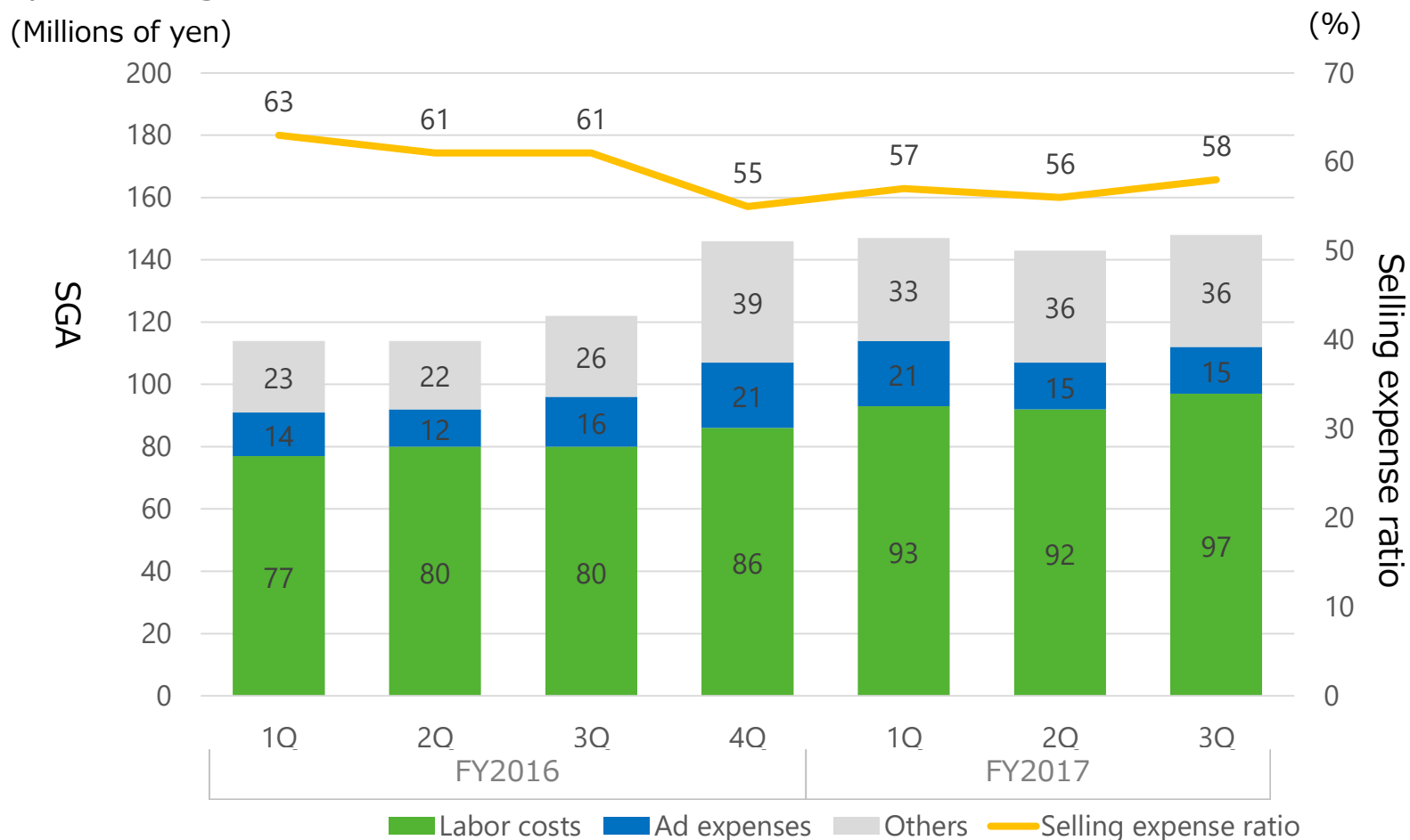


* The number of members is rounded down to one thousand, while the number of valid groups is rounded down to one hundred.

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

Topics(4): Quarterly SGA Trend

As a means to achieve further growth for our business, we will increase the number of employees through recruitment activities.



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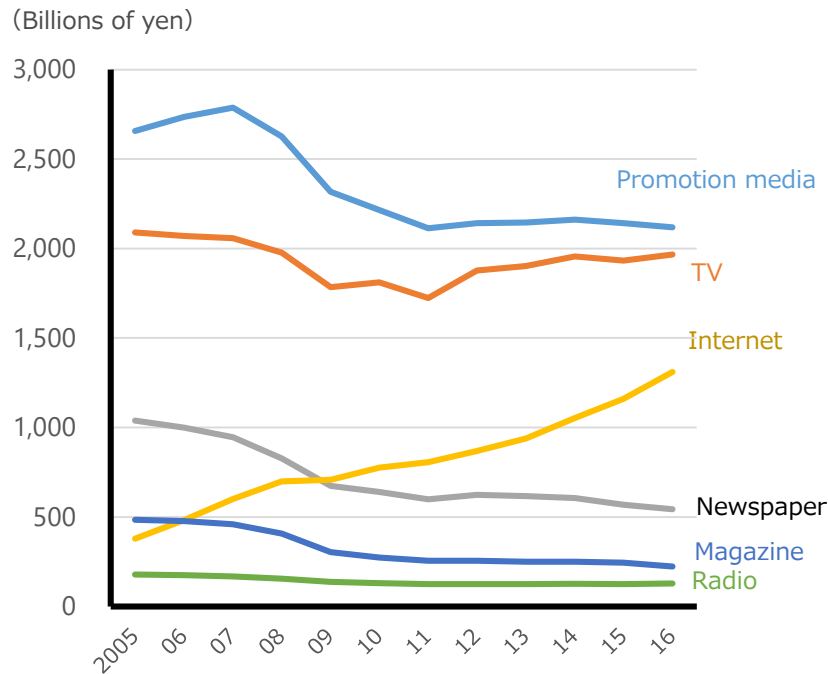
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Reference Information

Reference Information (1): Internet ad market trends **eole Inc.**

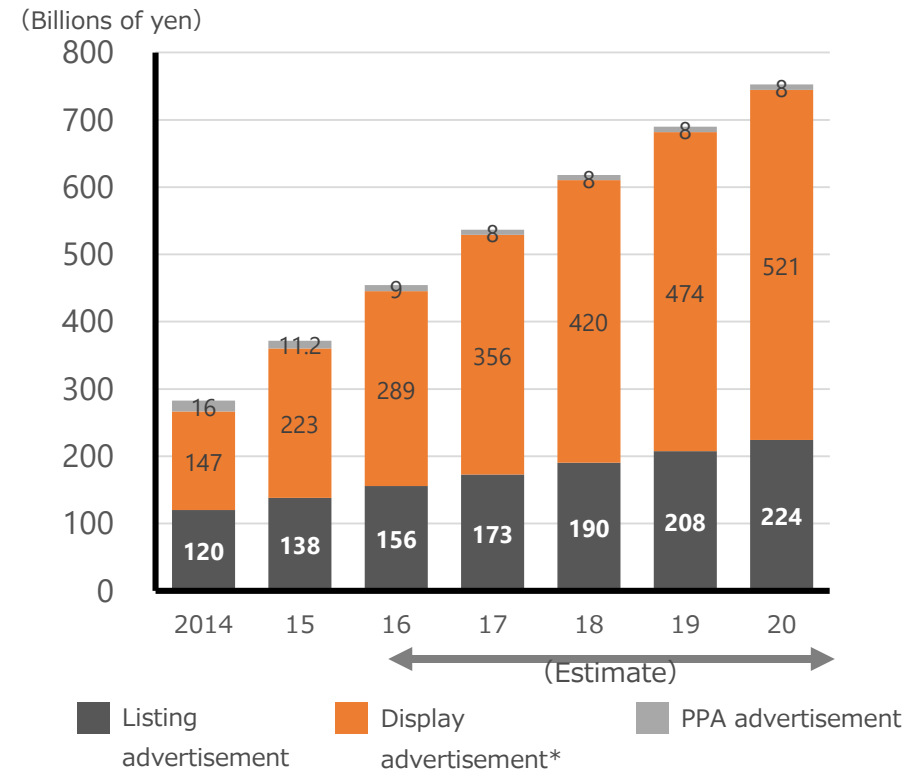
1) Internet ad market

Trends in ad expense by media



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

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



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

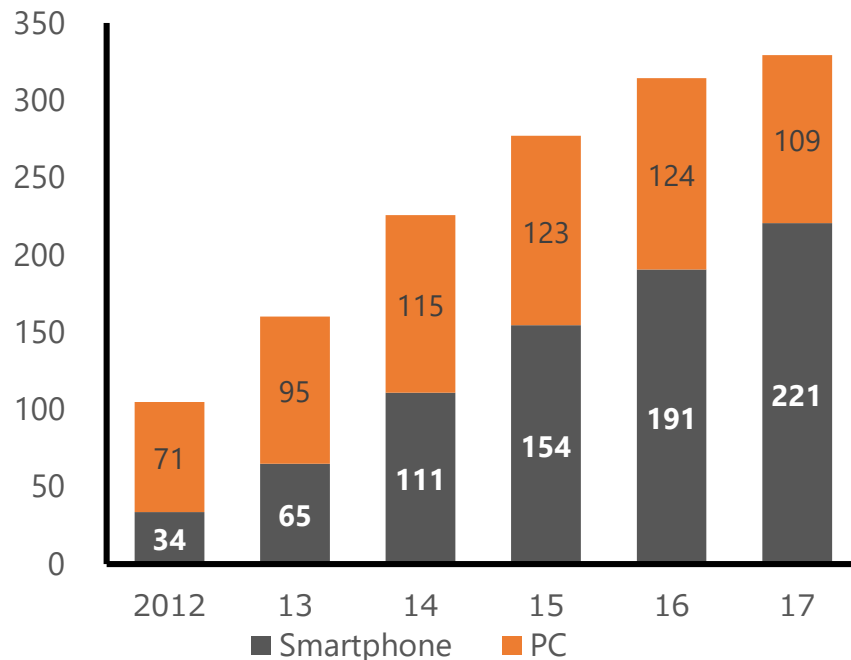
Source : CyberZ, Inc. press release 2016

Reference Information (2): Internet ad market trends eole Inc.

2) Advertising technology

Trends in advertising technology

(Billions of yen)



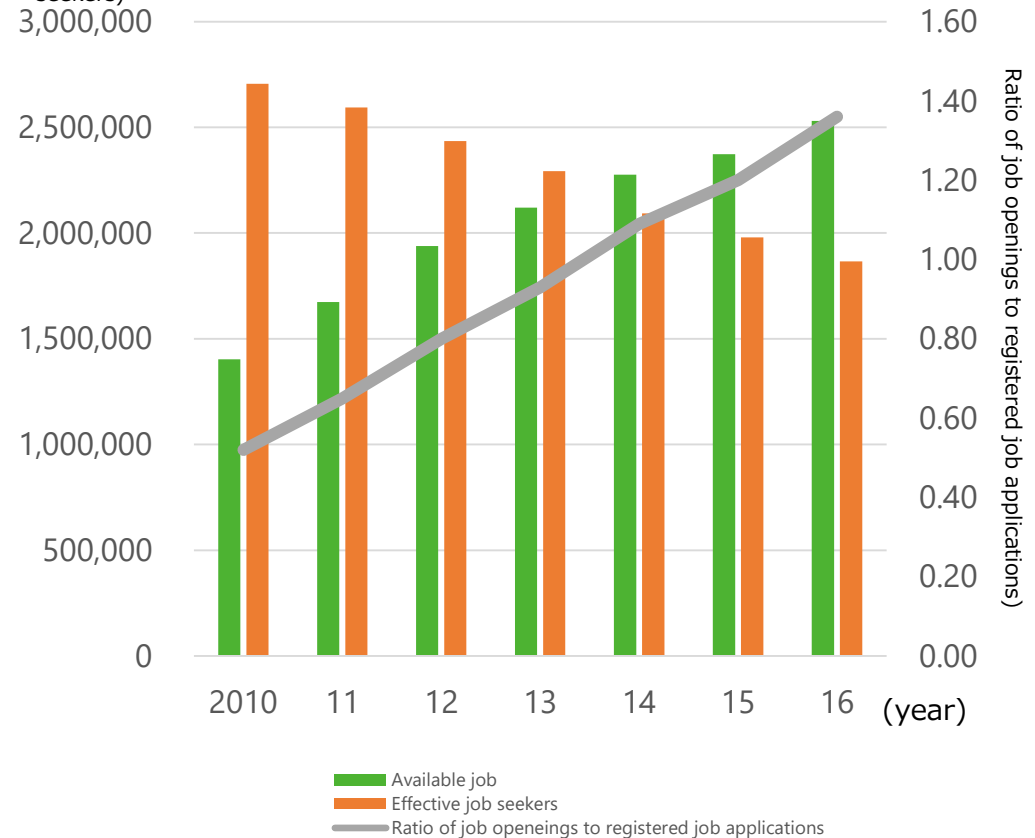
※ The definition of ad technology advertisements are “display advertisements via Real Time Bidding,” “CPC- and CPM-type ad networks” and “PPA ad networks.”

Source: Joint survey by AdTech Studio and Seed Planning Inc.

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

(Number of employers/Job seekers)
3,000,000



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

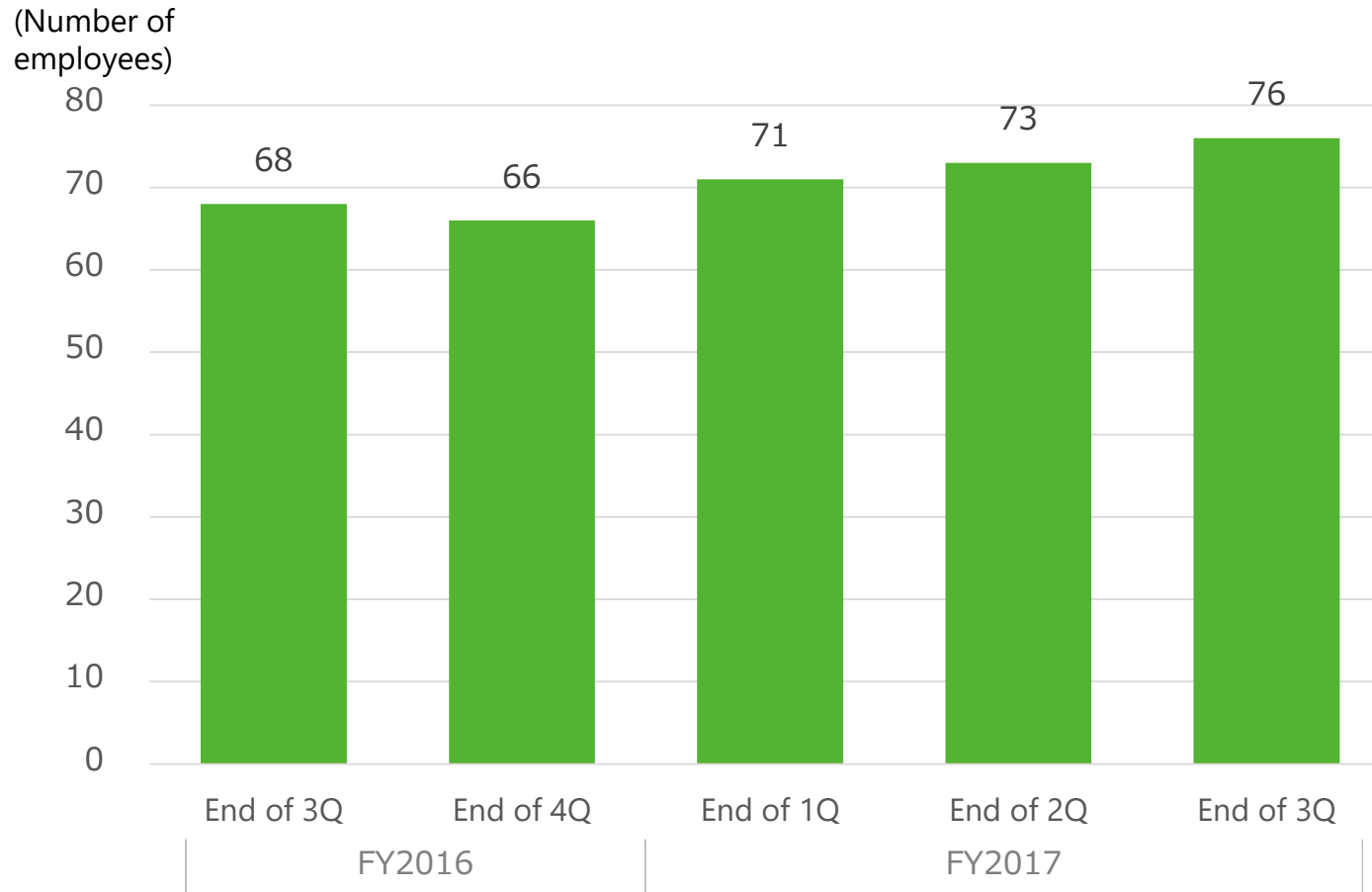
Reference Information (3): BS Summary

We were publicly listed in December 2017. Our cash, deposits and capital stocks have been increasing.

	FY2016 (End of March 2016)	FY2017-3Q (End of Dec. 2017)	Change
(Millions of yen)			
Assets			
Current assets			
Cash and cash equivalents	116	758	641
Accounts receivable	175	164	△10
Others	32	34	1
Total current assets	324	956	632
Fixed assets			
Tangible fixed assets	10	8	△1
Intangible fixed assets	266	278	11
Investments and others	101	100	△0
Total fixed assets	377	387	9
Differed assets	3	2	△1
Total assets	706	1,347	641

	FY2016 (End of March 2016)	FY2017-3Q (End of Dec. 2017)	Change
(Millions of yen)			
Liabilities			
Current liabilities			
Accounts payable-trade	54	56	1
Corporate bonds redeemable within one year	50	50	0
Long-term loans payable schedule	21	6	△14
Others	150	114	△35
Total current liabilities	276	228	△48
Fixed liabilities			
Total fixed liabilities	110	60	△49
Total liabilities	387	289	△98
Net assets			
Shareholders assets	302	1,055	752
Share options	15	3	△12
Total net assets	318	1,058	739
Total liabilities and net assets	706	1,347	641

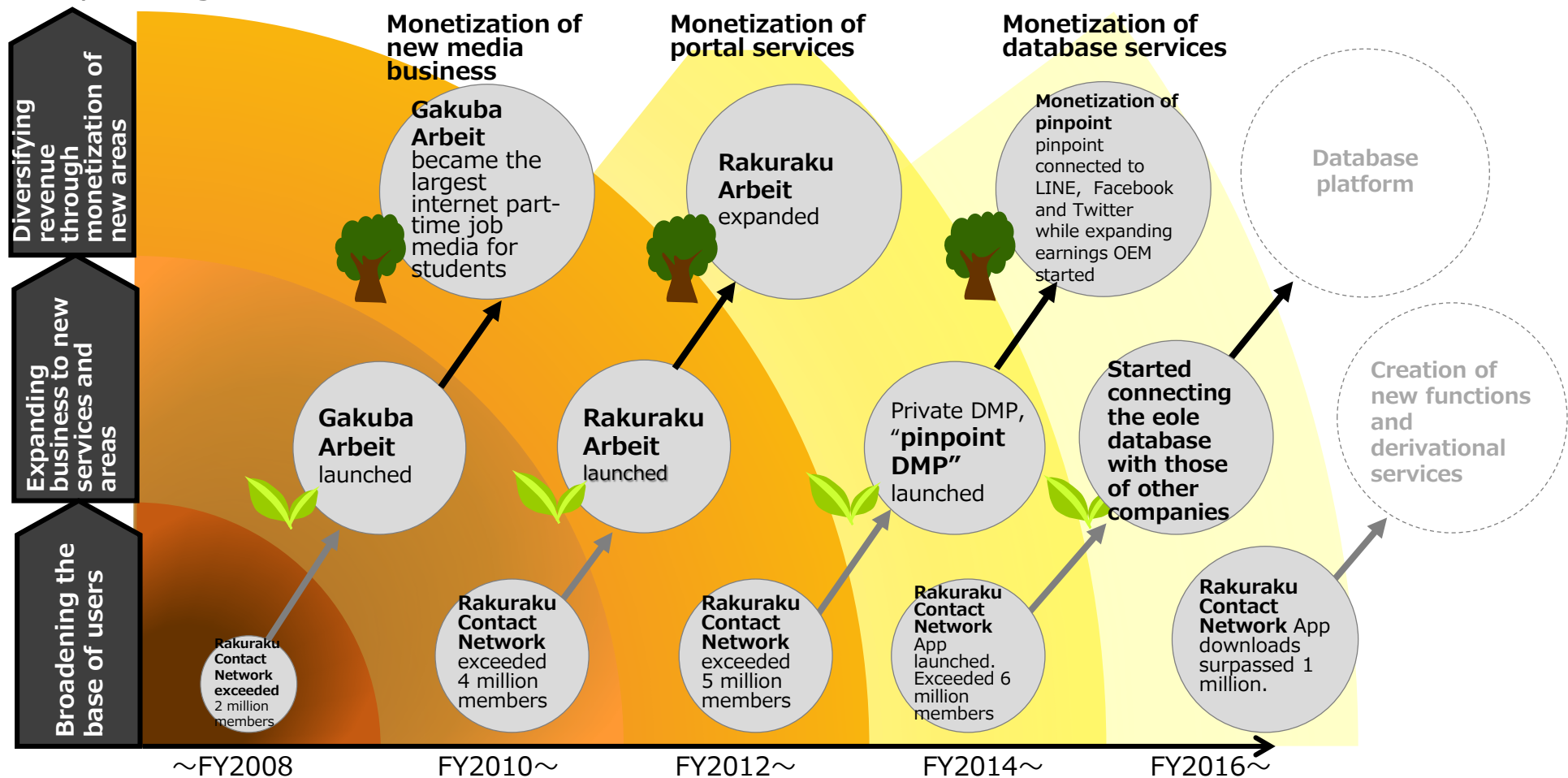
Reference Information (4): Trends in the number of employees **eole Inc.**



※ All of the above number of employee figures indicate regular employees only.

Reference Information (5): Growth image of eole

We launched the services of Gakuba Arbeit, Rakuraku Arbeit and pinpoint, based on the Rakuraku Contact Network service. We will continue to pursue the possibilities of new business by making use of Rakuraku Contact Network data.



Term	Definition
DMP (Data Management Platform)	A platform for managing data and optimizing company's marketing activities by utilizing said data. Data management includes site access log, purchasing data and placed advertisement data.
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.
Ad network	An advertising network that collects ad distributable media such as Websites, social media, blogs. It can deliver ads all at once.
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.
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.

Disclaimer

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