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August 4, 2021

Kakaku.com, Inc.
Consolidated Earnings Report for the
First Quarter of the Fiscal Year Ending March 31, 2022

Stock listings: Tokyo Stock Exchange (First Section)
 Securities code: 2371
 URL: <https://corporate.kakaku.com/>
 Representative: Shonosuke Hata, President and Representative Director
 Information contact: Kiyooki Shirakawa
 Executive Officer, Corporate Management Division General Manager
 Telephone: +81-3-5725-4554

Scheduled dates

Filing of statutory quarterly financial report: August 11, 2021

Dividend payout: -

Supplementary materials to financial results available: Yes

Quarterly earnings presentation held: Yes (for institutional investors and analysts)

(Amounts of less than one million yen are rounded.)

1. Consolidated Financial Results for the First Quarter of the Fiscal Year Ending March 31, 2022

(1) Consolidated Operating Results

(% = year-on-year change)

	Revenue		Operating profit		Profit before income taxes		Profit for the period		Profit attributable to owners of the parent company		Total comprehensive income for the period	
	¥ million	%	¥ million	%	¥ million	%	¥ million	%	¥ million	%	¥ million	%
Q1 FY2022/3	12,021	26.5	4,012	81.6	3,967	84.0	2,734	102.8	2,750	93.9	2,699	96.2
Q1 FY2021/3	9,502	(33.2)	2,209	(65.7)	2,156	(66.0)	1,349	(68.8)	1,418	(67.2)	1,376	(67.4)

	Basic earnings per share	Diluted earnings per share
	¥	¥
Q1 FY2022/3	13.35	13.34
Q1 FY2021/3	6.89	6.88

(2) Consolidated Financial Position

	Total assets	Total equity	Total equity attributable to owners of the parent company	Total equity attributable to owners of the parent company ratio
	¥ million	¥ million	¥ million	%
As of June 30, 2021	67,903	45,750	45,470	67.0
As of March 31, 2021	70,958	47,141	46,880	66.1

2. Dividends

	Annual dividends				
	Q1	Q2	Q3	Year end	Annual total
	¥	¥	¥	¥	¥
FY2021/3	-	20.00	-	20.00	40.00
FY2022/3	-				
FY2022/3 (Forecast)		20.00	-	20.00	40.00

(Note) Revisions to most recent dividend forecasts: None

3. Consolidated Earnings Forecast for the Fiscal Year Ending March 31, 2022 (April 1, 2021 to March 31, 2022)

(% = year-on-year change)

	Revenue		Operating profit		Profit before income taxes		Profit attributable to owners of the parent company		Basic earnings per share
	¥ million	%	¥ million	%	¥ million	%	¥ million	%	¥
Six months ending September 30, 2021	27,000	24.2	10,200	48.3	10,200	55.0	7,000	57.6	33.98
Full year	59,000	15.5	23,600	29.0	23,500	31.3	16,100	36.9	78.15

(Note) Revisions to most recent earnings forecasts: None

*Notes

(1) Changes in significant subsidiaries during the period: None

(2) Accounting policy changes and accounting estimate changes:

- i) Changes in accounting policies required by IFRS: None
- ii) Changes other than the above i): None
- iii) Changes in accounting estimates: None

(3) Number of shares issued (common stock)

i) Number of shares issued at end of period (treasury shares included):

June 30, 2021: 206,705,000 shares

March 31, 2021: 206,705,000 shares

ii) Number of shares held in treasury at end of period:

June 30, 2021: 698,975 shares

March 31, 2021: 701,758 shares

iii) Average number of shares outstanding during the period:

June 30, 2021: 206,004,252 shares

June 30, 2020: 205,868,506 shares

* Quarterly consolidated earnings reports are exempt from the quarterly review procedures of certified public accountants and the accounting auditor.

*Appropriate Use of Earnings Forecasts and Other Important Information

(Disclaimer Regarding Forward-Looking Statements)

The above forecasts, which constitute forward-looking statements, are prospects based on information available to the Company as of the date of the release of this document. Actual results may differ materially from the above forecasts due to a range of factors.

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1. Operating Results and Financial Position

(1) Operating Results

The Company's operating results for the three months ended June 30, 2021, were as follows.

Consolidated revenue increased 26.5% year on year to 12,021 million yen. This was mainly due to the absence of the significant impact of the state of emergency declared in the previous year in response to COVID-19. The Tabelog business began to see an increase in revenue attributable to the recovery trend in dining out demand (despite remaining at a low level) and the reinstatement of the fee-based service in the restaurant promotion business. The increase in consolidated revenue was also the result of revenue increases in the Kyujin Box business and the real estate domain within the New Media and Solutions business, as well as revenue growth in the Finance business. These increases offset the decline in revenue in the Kakaku.com business accompanying the settling down of the surge in "work-from home" and "stay-at-home" demand.

Consolidated operating profit increased 81.6% year on year to 4,012 million yen, mainly as a result of the increase in revenue along with a decrease in advertising expenses, which offset increased commissions and personnel expenses.

Consolidated profit before income taxes increased 84.0% year on year to 3,967 million yen, mainly due to the increase in operating profit, which offset the booking of a net loss on equity-method investments.

Consolidated profit attributable to owners of the parent company increased 93.9% year on year to 2,750 million yen.

Operating results (after intersegment eliminations) are presented below by business segment.

(a) Internet Media Business

The Internet media business's revenue increased 26.8% year on year to 11,324 million yen while its segment income grew 85.4% year on year to 3,826 million yen in the three months ended June 30, 2021.

(Kakaku.com)

Kakaku.com's revenue declined 9.1% year on year to 5,417 million yen in the three months ended June 30, 2021.

In the shopping business, revenue decreased compared to the same period of the previous year when there was high "work-from home" and "stay-at-home" demand. In the service business, revenue declined, particularly in the telecom domain, as there continued to be fewer opportunities for outings-related consumption. In the advertising business, revenue increased, as advertisers generally resumed placing home appliance/electronic- and PC-related advertisements.

As a result, revenue in the shopping business declined 20.7% year on year to 2,267 million yen, revenue in the service business declined 4.4% year on year to 2,153 million yen, and revenue in the advertising business increased 17.8% year on year to 997 million yen.

Kakaku.com had 64.21 million monthly unique users¹ in June 2021.

(Tabelog)

Tabelog's revenue increased 116.4% year on year to 3,754 million yen in the three months ended June 30, 2021.

The restaurant promotion business's revenue increased 182.7% year on year to 2,932 million yen. Revenue increased due to factors including the recovery in dining out demand despite remaining weak, as well as the reinstatement of the fee-based restaurant promotion business from July 2020 after fees had been suspended for the April through June 2020 period. The fee-based plan subscribership stood at 55,800 restaurants as of June 30, 2021. Online reservation bookings increased 135.7% year on year to a total of 4.19 million people.

The premium membership business's revenue decreased 10.5% year on year to 392 million yen due to a decline in fee-paying members, while revenue in the advertising business increased 21.0% year on year to 313 million yen as a result of coordination with partner sites. Additionally, commissioned business revenue was 116 million yen².

Tabelog had 103.92 million monthly unique users¹ in June 2021.

(New Media and Solutions)

The New Media and Solutions business's revenue increased 74.2% year on year to 2,153 million yen in the three months ended June 30, 2021.

Revenue increased in all domains, particularly in the Kyujin Box business and in the real estate domain, but some services related to outings in both the travel/transportation and the entertainment/hobbies domains continued to be impacted by COVID-19.

(b) Finance Business

The finance business's revenue grew 21.5% year on year to 697 million yen while its segment income increased 27.9% year on year to 185 million yen in the three months ended June 30, 2021.

Kakaku.com Insurance, a site operated by consolidated subsidiary Kakaku.com Insurance, Inc., increased its commission revenue through growth in online applications mainly for life insurance coverage.

(Notes) 1. Monthly unique users are counted as the number of browsers that visited the site (for certain browsers, operating systems, etc., there may be instances in which users who re-visited the site after a certain period of time are counted multiple times). Double-counting as a side effect of high-speed loading of mobile webpages and mechanical accesses by third parties' web-scraping bots etc. are eliminated from the count to the fullest extent possible.

2. Refers to revenue from Go To Eat campaign-related business commissioned by the Ministry of Agriculture, Forestry and Fisheries. It does not, however, include advertising income (booked in the advertising business) related to these commissioned operations.

(2) Financial Position

1) Analysis of Financial Position

Assets

Consolidated assets at June 30, 2021, totaled 67,903 million yen, a 3,055 million yen decline from March 31, 2021. The decline was mainly the result of a 3,174 million yen decrease in cash and cash equivalents, a 604 million yen decline in trade and other receivables, a 400 million yen decline in other financial assets (current), a 302 million yen drop in right-of-use assets, and a 126 million yen decrease in goodwill and other intangible assets, which offset a 1,565 million yen increase in other current assets.

Liabilities

Consolidated liabilities at June 30, 2021, totaled 22,153 million yen, a 1,663 million yen decrease from March 31, 2021. The decrease was mainly the result of a 1,704 million yen reduction in other financial liabilities (current), a 1,459 million yen decline in income taxes payable, a 380 million yen decrease in trade and other payables, a 319 million yen decrease in lease liabilities (non-current), and a 181 million yen decline in employee benefit obligations, which offset a 2,418 million yen increase in other current liabilities.

Equity

Consolidated equity at June 30, 2021, totaled 45,750 million yen, a 1,391 million yen decrease from March 31, 2021. This was mainly the net result of 2,750 million yen of profit attributable to owners of the parent company and the declaration of a 4,120 million yen dividend from retained earnings.

2) Cash Flows

Cash and cash equivalents (“cash”) at June 30, 2021, totaled 31,714 million yen, a 3,174 million yen decrease from March 31, 2021. Cash flows from operating, investing, and financing activities were as follows.

Cash flows from operating activities

Operating activities provided net cash of 1,820 million yen (vs. 396 million yen used in the year-earlier period). The main inflows were 3,967 million yen of profit before income taxes, 892 million yen in depreciation and amortization, and 604 million yen provided by the reduction in trade and other receivables, which were partially offset by outflows of 2,769 million yen in income taxes paid, 1,716 million yen used due to the decrease in other financial liabilities, and 377 million yen due to the decrease in trade and other payables.

Cash flows from investing activities

Investing activities used net cash of 454 million yen (vs. 516 million yen used in the year-earlier period). This was primarily due to 269 million yen used to purchase intangible assets, including server software, and 147 million yen used for the purchase of investment securities.

Cash flows from financing activities

Financing activities used net cash of 4,540 million yen (vs. 4,851 million yen used in the year-earlier period), mostly 4,108 million yen for dividends paid and 359 million yen for the repayment of lease obligations.

(3) Explanation of Consolidated Earnings Forecast and Other Forward-looking Statements

The consolidated earnings forecasts for the six months ending September 30, 2021, and the fiscal year ending March 31, 2022, that were disclosed in the Consolidated Earnings Report for the Fiscal Year Ended March 31, 2021, released on May 11, 2021, remain unchanged.

2. Condensed Consolidated Financial Statements
(1) Condensed Consolidated Statement of Financial Position

(Millions of yen)

	As of March 31, 2021	As of June 30, 2021
Assets		
Current assets		
Cash and cash equivalents	34,888	31,714
Trade and other receivables	7,672	7,068
Other financial assets	684	284
Other current assets	3,952	5,516
Total current assets	47,196	44,583
Non-current assets		
Property, plant and equipment	2,453	2,389
Right-of-use assets	8,050	7,748
Goodwill and other intangible assets	6,964	6,838
Investments accounted for using equity method	2,063	2,020
Other financial assets	3,410	3,495
Deferred tax assets	722	740
Other non-current assets	100	91
Total non-current assets	23,762	23,320
Total assets	70,958	67,903

(Millions of yen)

	As of March 31, 2021	As of June 30, 2021
Liabilities		
Current liabilities		
Trade and other payables	2,400	2,020
Bonds and borrowings	806	731
Other financial liabilities	3,968	2,264
Income taxes payable	2,736	1,277
Lease liabilities	1,357	1,390
Employee benefit obligations	1,628	1,447
Other current liabilities	4,013	6,431
Total current liabilities	16,907	15,559
Non-current liabilities		
Bonds and borrowings	83	83
Lease liabilities	6,016	5,698
Provisions	539	542
Other non-current liabilities	271	271
Total non-current liabilities	6,909	6,594
Total liabilities	23,816	22,153
Equity		
Capital stock	916	916
Capital surplus	463	427
Retained earnings	47,028	45,658
Treasury shares	(1,842)	(1,835)
Other components of equity	316	303
Total equity attributable to owners of the parent company	46,880	45,470
Non-controlling interests	261	281
Total equity	47,141	45,750
Total liabilities and equity	70,958	67,903

(2) Condensed Consolidated Statement of Income

(Millions of yen)

	Three months ended June 30, 2020	Three months ended June 30, 2021
Revenue	9,502	12,021
Operating expenses	7,311	8,014
Other income	23	7
Other expenses	5	1
Operating profit	2,209	4,012
Finance income	13	6
Finance expenses	4	7
Share of profit (loss) of associates and joint ventures accounted for using the equity method	(62)	(44)
Profit before income taxes	2,156	3,967
Income tax expense	808	1,233
Profit	1,349	2,734
Profit attributable to:		
Owners of the parent company	1,418	2,750
Non-controlling interests	(70)	(16)
Earnings per share		
Basic earnings per share (yen)	6.89	13.35
Diluted earnings per share (yen)	6.88	13.34

(3) Condensed Consolidated Statement of Comprehensive Income

(Millions of yen)

	Three months ended June 30, 2020	Three months ended June 30, 2021
Profit	1,349	2,734
Other comprehensive income (Net of related tax effect)		
Items that will not be reclassified to profit or loss		
Net changes in fair value of financial assets measured at fair value through other comprehensive income	30	(35)
Total items that will not be reclassified to profit or loss	30	(35)
Items that may be reclassified to profit or loss		
Exchange differences on translation of foreign operations	0	(0)
Share of other comprehensive income of associates and joint ventures accounted for using the equity method	(2)	1
Total items that may be reclassified to profit or loss	(2)	1
Other comprehensive income (Net of related tax effect)	28	(35)
Comprehensive income	1,376	2,699
Comprehensive income attributable to:		
Owners of the parent company	1,446	2,716
Non-controlling interests	(69)	(16)

(4) Condensed Consolidated Statements of Changes in Equity
 Three months ended June 30, 2020 (From April 1, 2020 to June 30, 2020)

(Millions of yen)

	Equity attributable to owners of the parent company										Non-controlling interests	Total equity
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Other components of equity					Total		
					Net changes in fair value of financial assets measured at fair value through other comprehensive income	Exchange differences on translation of foreign operations	Share of other comprehensive income of associates and joint ventures accounted for using the equity method	Subscription rights to shares	Total other components of equity			
Balance at beginning of period	916	464	43,515	(2,196)	(7)	(15)	(6)	238	210	42,909	394	43,303
Profit	—	—	1,418	—	—	—	—	—	—	1,418	(70)	1,349
Other comprehensive income	—	—	—	—	30	0	(2)	—	27	27	0	28
Total comprehensive income	—	—	1,418	—	30	0	(2)	—	27	1,446	(69)	1,376
Dividends	—	—	(4,117)	—	—	—	—	—	—	(4,117)	—	(4,117)
Purchase or disposal of treasury shares	—	—	(3)	8	—	—	—	(5)	(5)	0	—	0
Share-based payment transactions	—	—	—	—	—	—	—	39	39	39	—	39
Others	—	(3)	—	—	—	—	—	3	3	(0)	—	(0)
Total transactions with owners	—	(3)	(4,120)	8	—	—	—	37	37	(4,078)	—	(4,078)
Balance at end of period	916	461	40,813	(2,189)	23	(15)	(8)	275	275	40,276	324	40,600

Three months ended June 30, 2021 (From April 1, 2021 to June 30, 2021)

(Millions of yen)

	Equity attributable to owners of the parent company										Non-controlling interests	Total equity
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Other components of equity					Total		
					Net changes in fair value of financial assets measured at fair value through other comprehensive income	Exchange differences on translation of foreign operations	Share of other comprehensive income of associates and joint ventures accounted for using the equity method	Subscription rights to shares	Total other components of equity			
Balance at beginning of period	916	463	47,028	(1,842)	37	(14)	(1)	293	316	46,880	261	47,141
Profit	—	—	2,750	—	—	—	—	—	—	2,750	(16)	2,734
Other comprehensive income	—	—	—	—	(35)	(0)	1	—	(35)	(35)	(0)	(35)
Total comprehensive income	—	—	2,750	—	(35)	(0)	1	—	(35)	2,716	(16)	2,699
Dividends	—	—	(4,120)	—	—	—	—	—	—	(4,120)	—	(4,120)
Purchase or disposal of treasury shares	—	—	(0)	7	—	—	—	(1)	(1)	6	—	6
Changes in ownership interest in subsidiaries	—	(36)	—	—	0	—	—	—	0	(36)	36	—
Share-based payment transactions	—	—	—	—	—	—	—	24	24	24	—	24
Others	—	(0)	—	—	—	—	—	—	—	(0)	—	(0)
Total transactions with owners	—	(36)	(4,120)	7	0	—	—	22	23	(4,126)	36	(4,091)
Balance at end of period	916	427	45,658	(1,835)	2	(14)	(0)	316	303	45,470	281	45,750

(5) Condensed Consolidated Statement of Cash Flows

(Millions of yen)

	Three months ended June 30, 2020	Three months ended June 30, 2021
Cash flows from operating activities		
Profit before income taxes	2,156	3,967
Adjustments to reconcile profit before income taxes		
Depreciation and amortization	867	892
Interest and dividend income	(0)	(0)
Decrease (increase) in trade and other receivables	2,063	604
Increase (decrease) in trade and other payables	(799)	(377)
Increase (decrease) in other financial liabilities	718	(1,716)
Other	(791)	1,227
Subtotal	4,214	4,597
Interest and dividend income received	4	3
Interest paid	(12)	(11)
Income taxes paid	(4,601)	(2,769)
Net cash provided by (used in) operating activities	(396)	1,820
Cash flows from investing activities		
Purchase of property, plant and equipment	(205)	(60)
Purchase of intangible assets	(384)	(269)
Purchase of investment securities	(46)	(147)
Proceeds from distribution of investment in partnerships	1	12
Payments for lease and guarantee deposits	(10)	(21)
Other	128	30
Net cash provided by (used in) investing activities	(516)	(454)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	250	(65)
Repayments of long-term loans payable	(11)	(10)
Repayments of lease obligations	(986)	(359)
Purchase of treasury shares	-	(0)
Dividends paid	(4,101)	(4,108)
Proceeds from issuance of share options	-	6
Other	(4)	(4)
Net cash provided by (used in) financing activities	(4,851)	(4,540)
Effect of exchange rate change on cash and cash equivalents	0	(0)
Net increase (decrease) in cash and cash equivalents	(5,762)	(3,174)
Cash and cash equivalents at beginning of period	29,504	34,888
Cash and cash equivalents at end of period	23,741	31,714

(6) Notes on the Condensed Consolidated Financial Statements

(Notes regarding the going concern assumption)

Not applicable.

(Significant subsequent events)

(Purchase of treasury shares)

On August 4, 2021, the Board of Directors of the Company resolved to purchase treasury shares pursuant to the provisions of Article 156 of the Companies Act, as applied mutatis mutandis under Article 165, paragraph 3 of said Act, as described below.

1. Reason for the purchase of treasury shares

The Company is to purchase treasury shares in accordance with the provisions of its Articles of Incorporation to facilitate the flexible execution of capital strategy in a manner that is responsive to changes in the business environment, and to enhance shareholder returns by increasing capital efficiency.

2. Details of the purchase of treasury shares

- | | |
|---------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------|
| (1) Class of shares to be purchased: | Common stock of the Company |
| (2) Total number of shares to be purchased: | 2,000,000 shares (maximum) |
| | (Proportion of total shares issued (excluding treasury shares): 0.97%) |
| (3) Total purchase cost: | 5,000,000,000 yen (maximum) |
| (4) Purchase period: | August 5, 2021 to October 15, 2021 |
| (5) Purchase method: | Market purchases through the Tokyo Stock Exchange |
| (6) Other: | The purchased treasury shares are to be retired, with the exception of a portion of the shares to be allocated as stock options. |

(Reference)

Total number of shares issued as of July 31, 2021 (excluding treasury shares): 206,006,025 shares

Number of treasury shares as of July 31, 2021: 698,975 shares