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February 3, 2022

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

Stock listings: Tokyo Stock Exchange (First Section)
 Securities code: 2371
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Scheduled dates

Filing of statutory quarterly financial report: February 9, 2022

Dividend payout: -

Supplementary materials to financial results available: Yes

Fiscal year-end earnings presentation held: Yes (for institutional investors and analysts)

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

1. Consolidated Financial Results for the Third 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	%
Q3 FY2022/3	37,935	0.4	13,782	2.3	14,813	12.9	10,440	18.9	10,448	17.5	10,374	17.6
Q3 FY2010/3	37,768	(16.5)	13,469	(35.5)	13,116	(36.1)	8,779	(37.2)	8,889	(36.4)	8,823	(36.2)

	Basic earnings per share	Diluted earnings per share
	¥	¥
Q3 FY2022/3	50.86	50.83
Q3 FY2021/3	43.18	43.15

(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 December 31, 2021	65,977	44,138	43,939	66.6
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	-	20.00	-		
FY2022/3 (Forecast)				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	%	¥
Full year	55,800	9.2	21,500	17.5	21,300	19.0	14,600	24.1	70.94

(Note) Revisions to most recent earnings forecasts: None

*Notes

(1) Changes in significant subsidiaries during the period: Yes

Excluded from the scope of consolidation: 4travel, Inc.

(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):

December 31, 2021: 205,281,200 shares

March 31, 2021: 206,705,000 shares

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

December 31, 2021: 679,587 shares

March 31, 2021: 701,758 shares

iii) Average number of shares outstanding during the period:

December 31, 2021: 205,406,968 shares

December 31, 2020: 205,885,986 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 nine months ended December 31, 2021, were as follows.

Consolidated revenue increased 0.4% year on year to 37,935 million yen. This was mainly due to the increase in revenue in the Tabelog business's restaurant promotion business, the New Media and Solutions business, and the Finance business amid the pickup in economic activity and corporate activity accompanying the increase in the movement of people in conjunction with the lifting of the state of emergency, despite a decline in revenue in the Kakaku.com business due to the impacts of the decrease in new products and the supply restrictions resulting from the shortage of semiconductors and other components. Consolidated operating profit increased 2.3% year on year to 13,782 million yen, mainly as a result of the increase in revenue and decreases in advertising expenses and outsourcing expenses.

Consolidated profit before income taxes increased 12.9% year on year to 14,813 million yen, mainly reflecting the increase in operating profit and the booking of gain on sales of investments in associates.

Consolidated profit attributable to owners of the parent company increased 17.5% year on year to 10,448 million yen.

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

(a) Internet Media Business

The Internet media business's revenue decreased 0.1% year on year to 35,936 million yen while its segment income grew 1.6% year on year to 13,276 million yen in the nine months ended December 31, 2021.

(Kakaku.com)

Kakaku.com's revenue declined 8.7% year on year to 15,851 million yen in the nine months ended December 31, 2021.

In the shopping business and the advertising business, revenue decreased due to the decline in new products and other impacts from limitations on the supply side. In the service business, revenue declined, as personal consumption remained weak.

As a result, revenue in the shopping business declined 13.6% year on year to 6,601 million yen, revenue in the service business declined 6.9% year on year to 5,995 million yen, and revenue in the advertising business decreased 1.0% year on year to 3,256 million yen.

Kakaku.com had 60.52 million monthly unique users¹ in December 2021.

(Tabelog)

Tabelog's revenue decreased 7.2% year on year to 12,626 million yen in the nine months ended December 31, 2021.

In the restaurant promotion business, demand for dining out headed towards a recovery in conjunction with the lifting of the state of emergency, and the number of online reservation bookings declined 15.6% year on year to a total of 19.70 million people in the nine months ended December 31, 2021. The fee-based plan subscribership stood at 63,600 restaurants as of December 31, 2021. The premium membership business's revenue decreased due to a decline in fee-paying members, and revenue in the advertising business declined due to postponements and cancellations of advertisement placements.

As a result, revenue in the restaurant promotion business increased 0.7% year on year to 10,098 million yen, revenue in the premium membership business fell 11.1% year on year to 1,141 million yen, revenue in the advertising business decreased 17.7% year on year to 1,179 million, and commissioned business revenue² dropped 75.8% year on year to 207 million yen.

Tabelog had 136.52 million monthly unique users¹ in December 2021.

(New Media and Solutions)

The New Media and Solutions business's revenue increased 48.8% year on year to 7,459 million yen in the nine months ended December 30, 2021.

Revenue increased in all domains, particularly in the Kyujin Box business and in the real estate domain.

(b) Finance Business

The finance business's revenue grew 11.5% year on year to 2,000 million yen, while its segment income increased 25.5% year on year to 503 million yen in the nine months ended December 31, 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 December 31, 2021, totaled 65,977 million yen, a 4,981 million yen decline from March 31, 2021. The decline was mainly the result of a 6,707 million yen decrease in cash and cash equivalents, a 1,272 million yen decline in investments accounted for using equity method, and a 1,034 million yen decline in right-of-use assets, despite increases of 1,836 million yen in other financial assets (non-current), 1,365 million yen in other current assets, and 1,117 million yen in trade and other receivables.

Liabilities

Consolidated liabilities at December 31, 2021, totaled 21,839 million yen, a 1,978 million yen decrease from March 31, 2021. The decrease was mainly the result of a 2,262 million yen reduction in other financial liabilities (current), a 1,158 million yen decline in income taxes payable, a 929 million yen decrease in lease liabilities (non-current), and a 347 million yen decrease in bonds and borrowings (current), despite a 2,578 million yen increase in other current liabilities.

Equity

Consolidated equity at December 31, 2021, totaled 44,138 million yen, a 3,003 million yen decrease from March 31, 2021. This was mainly the net result of the declaration of an 8,218 million yen dividend from retained earnings and the booking of a decline of 4,956 million yen due to the purchase and disposal of treasury shares, despite the booking of 10,448 million yen of profit attributable to owners of the parent company.

2) Cash Flows

Cash and cash equivalents (“cash”) at December 31, 2021, totaled 28,182 million yen, a 6,707 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 9,038 million yen (vs. 11,109 million yen provided in the year-earlier period). The main inflows were 14,813 million yen of profit before income taxes and 2,624 million yen in depreciation and amortization, which were partially offset by outflows of 5,649 million yen in income taxes paid and 2,265 million yen used due to the decrease in other financial liabilities.

Cash flows from investing activities

Investing activities used net cash of 789 million yen (vs. 1,924 million yen used in the year-earlier period). This was primarily due to 1,013 million yen used to purchase intangible assets, including server software, 647 million yen used for the purchase of investment securities, and 217 million yen used to purchase property, plant and equipment, which was partially offset by 880 million yen in proceeds from sales of investments in associates.

Cash flows from financing activities

Financing activities used net cash of 14,955 million yen (vs. 9,362 million yen used in the year-earlier period), mostly 8,215 million yen for dividends paid, 5,016 million yen used to purchase treasury stock, and 1,059 million yen used for the repayment of lease obligations.

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

Regarding the consolidated earnings forecasts for the fiscal year ending March 31, 2022, no changes have been made to the consolidated earnings forecasts for the fiscal year ending March 31, 2022, announced in the “Notice of Revision of Consolidated Earnings Forecast for the Fiscal Year Ending March 31, 2022” released on October 20, 2021.

2. Condensed Consolidated Financial Statements

(1) Condensed Consolidated Statement of Financial Position

(Millions of yen)

	As of March 31, 2021	As of December 31, 2021
Assets		
Current assets		
Cash and cash equivalents	34,888	28,182
Trade and other receivables	7,672	8,790
Other financial assets	684	233
Other current assets	3,952	5,317
Total current assets	47,196	42,521
Non-current assets		
Property, plant and equipment	2,453	2,292
Right-of-use assets	8,050	7,016
Goodwill and other intangible assets	6,964	6,848
Investments accounted for using equity method	2,063	791
Other financial assets	3,410	5,246
Deferred tax assets	722	1,174
Other non-current assets	100	90
Total non-current assets	23,762	23,456
Total assets	70,958	65,977

(Millions of yen)

	As of March 31, 2021	As of September 30, 2021
Liabilities		
Current liabilities		
Trade and other payables	2,400	2,550
Bonds and borrowings	806	459
Other financial liabilities	3,968	1,706
Income taxes payable	2,736	1,578
Lease liabilities	1,357	1,309
Employee benefit obligations	1,628	1,624
Other current liabilities	4,013	6,591
Total current liabilities	16,907	15,818
Non-current liabilities		
Bonds and borrowings	83	76
Lease liabilities	6,016	5,087
Provisions	539	549
Other non-current liabilities	271	308
Total non-current liabilities	6,909	6,021
Total liabilities	23,816	21,839
Equity		
Capital stock	916	916
Capital surplus	463	141
Retained earnings	47,028	44,777
Treasury shares	(1,842)	(2,188)
Other components of equity	316	294
Total equity attributable to owners of the parent	46,880	43,939
Non-controlling interests	261	199
Total equity	47,141	44,138
Total liabilities and equity	70,958	65,977

(2) Condensed Consolidated Statement of Income

(Millions of yen)

	Nine months ended December 31, 2020	Nine months ended December 31, 2021
Revenue	37,768	37,935
Operating expenses	24,345	24,184
Other income	78	37
Other expenses	33	6
Operating profit	13,469	13,782
Finance income	138	52
Finance expenses	67	35
Share of profit (loss) of associates and joint ventures accounted for by the equity method	(115)	(126)
Impairment loss on investments accounted for using the equity method	308	-
Gain on sales of investments in associates	-	1,000
Gain from remeasurement relating to discontinued application of the equity method	-	139
Profit before income taxes	13,116	14,813
Income tax expense	4,336	4,374
Profit	8,779	10,440
Profit attributable to:		
Owners of the parent company	8,889	10,448
Non-controlling interests	(110)	(8)
Earnings per share		
Basic earnings per share (yen)	43.18	50.86
Diluted earnings per share (yen)	43.15	50.83

(3) Condensed Consolidated Statement of Comprehensive Income

(Millions of yen)

	Nine months ended December 31, 2020	Nine months ended December 31, 2021
Profit	8,779	10,440
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	39	(64)
Total items that will not be reclassified to profit or loss	39	(64)
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	4	(1)
Total items that may be reclassified to profit or loss	4	(2)
Other comprehensive income (Net of related tax effect)	43	(66)
Comprehensive income	8,823	10,374
Comprehensive income attributable to:		
Owners of the parent company	8,932	10,382
Non-controlling interests	(110)	(8)

(4) Condensed Consolidated Statements of Changes in Equity

Nine months ended December 31, 2020 (From April 1, 2020 to December 31, 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	—	—	8,889	—	—	—	—	—	—	8,889	(110)	8,779
Other comprehensive income	—	—	—	—	39	0	4	—	43	43	0	43
Total comprehensive income	—	—	8,889	—	39	0	4	—	43	8,932	(110)	8,823
Dividends	—	—	(8,235)	—	—	—	—	—	—	(8,235)	—	(8,235)
Purchase or disposal of treasury shares	—	—	(11)	232	—	—	—	(43)	(43)	177	—	177
Share-based payment transactions	—	—	—	—	—	—	—	95	95	95	—	95
Others	—	(1)	—	—	—	—	—	1	1	(0)	—	(0)
Total transactions with owners	—	(1)	(8,246)	232	—	—	—	53	53	(7,963)	—	(7,963)
Balance at end of period	916	463	44,158	(1,964)	32	(15)	(2)	291	306	43,879	284	44,163

(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	—	—	10,448	—	—	—	—	—	—	10,448	(8)	10,440
Other comprehensive income	—	—	—	—	(64)	(0)	(1)	—	(66)	(66)	0	(66)
Total comprehensive income	—	—	10,448	—	(64)	(0)	(1)	—	(66)	10,382	(8)	10,374
Dividends	—	—	(8,218)	—	—	—	—	—	—	(8,218)	—	(8,218)
Purchase or disposal of treasury shares	—	—	(4,602)	(346)	—	—	—	(7)	(7)	(4,956)	—	(4,956)
Changes in ownership interest in subsidiaries	—	(306)	—	—	0	—	—	—	0	(306)	(36)	(342)
Share-based payment transactions	—	—	—	—	—	—	—	51	51	51	—	51
Change in cope of consolidation	—	—	122	—	—	—	—	—	—	122	(18)	104
Others	—	(15)	—	—	—	—	—	—	—	(15)	—	(15)
Total transactions with owners	—	(322)	(12,698)	(346)	0	—	—	43	44	(13,323)	(54)	(13,377)
Balance at end of period	916	141	44,777	(2,188)	(26)	(15)	(2)	337	294	43,939	199	44,138

(5) Condensed Consolidated Statement of Cash Flows

(Millions of yen)

	Nine months ended December 31, 2020	Nine months ended December 31, 2021
Cash flows from operating activities		
Profit before income taxes	13,116	14,813
Adjustments to reconcile profit before income taxes		
Depreciation and amortization	2,653	2,624
Interest and dividend income	(4)	(3)
Decrease (increase) in trade and other receivables	(539)	(1,117)
Increase (decrease) in trade and other payables	107	148
Increase (decrease) in other financial liabilities	4,130	(2,265)
Other	(9)	509
Subtotal	19,453	14,709
Interest and dividend income received	7	7
Interest paid	(36)	(29)
Income taxes paid	(8,315)	(5,649)
Net cash provided by (used in) operating activities	11,109	9,038
Cash flows from investing activities		
Purchase of property, plant and equipment	(414)	(217)
Purchase of intangible assets	(1,232)	(1,013)
Purchase of investment securities	(546)	(647)
Proceeds from distribution of investment in partnerships	23	57
Proceeds from sales of investments in associates	-	880
Payments for lease and guarantee deposits	(91)	(23)
Other	337	173
Net cash provided by (used in) investing activities	(1,924)	(789)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	450	(315)
Repayments of long-term loans payable	(32)	(38)
Repayment of lease obligations	(1,723)	(1,059)
Purchase of treasury shares	-	(5,016)
Dividends paid	(8,231)	(8,215)
Purchase of shares of subsidiaries that do not result in change in scope of consolidation	-	(342)
Proceeds from issuance of share options	177	34
Other	(4)	(4)
Net cash provided by (used in) financing activities	(9,362)	(14,955)
Effect of exchange rate change on cash and cash equivalents	1	(1)
Net increase (decrease) in cash and cash equivalents	(176)	(6,707)
Cash and cash equivalents at beginning of period	29,504	34,888
Cash and cash equivalents at end of period	29,328	28,182

(6) Notes on the Condensed Consolidated Financial Statements

(Notes regarding the going concern assumption)

Not applicable.

(Significant subsequent events)

Not applicable.