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February 6, 2024

Kakaku.com, Inc.
Consolidated Earnings Report for the
Third Quarter of the Fiscal Year Ending March 31, 2024

Stock listings: Tokyo Stock Exchange
Securities code: 2371
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Scheduled dates

Filing of statutory quarterly financial report: February 8, 2024

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 Third Quarter of the Fiscal Year Ending March 31, 2024

(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 FY2024/3	48,679	9.2	18,299	2.1	18,505	0.8	12,699	(1.2)	12,677	(1.2)	12,723	(1.6)
Q3 FY2023/3	44,561	17.5	17,918	30.0	18,366	24.0	12,847	23.1	12,835	22.8	12,933	24.7

	Basic earnings per share	Diluted earnings per share
	¥	¥
Q3 FY2024/3	63.12	63.07
Q3 FY2023/3	62.85	62.80

(Notes) 1. Due to the application of IAS 12 “Income Taxes” (amended in May 2021), figures after the retrospective application are stated for the nine months ended December 31, 2022.

2. In the fourth quarter of the fiscal year ended March 31, 2023, the Company finalized the provisional accounting treatment for business combinations. As a result, figures for the third quarter of the fiscal year ended March 31, 2023 reflect the finalization of the provisional accounting treatment.

(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, 2023	76,420	48,322	48,016	62.8
As of March 31, 2023	78,583	48,165	47,881	60.9

(Note) Due to the application of IAS 12 “Income Taxes” (amended in May 2021), figures after the retrospective application are stated for the fiscal year ended March 31, 2023.

2. Dividends

	Annual dividends				
	Q1	Q2	Q3	Year end	Annual total
	¥	¥	¥	¥	¥
FY2023/3	–	20.00	–	20.00	40.00
FY2024/3	–	23.00	–		
FY2024/3 (Forecast)				23.00	46.00

(Note) Revisions to most recent dividend forecasts: None

3. Consolidated Earnings Forecast for the Fiscal Year Ending March 31, 2024 (April 1, 2023 to March 31, 2024)

(% = 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	66,500	9.3	25,500	6.5	25,600	10.1	17,500	8.3	87.14

(Notes) 1. Revisions to most recent earnings forecasts: Yes

2. Due to the application of IAS 12 “Income Taxes” (amended in May 2021), figures after the retrospective application are used to calculate percentage changes from the fiscal year ended March 31, 2023.

*Notes

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

Newly included: – Excluded: 1 company (gaie, Inc.)

(2) Accounting policy changes and accounting estimate changes:

i) Changes in accounting policies required by IFRS: Yes

ii) Changes other than the above i): None

iii) Changes in accounting estimates: None

(Note) Details are as described in “(Changes in accounting policies) in (6) Notes on the Condensed Consolidated Financial Statements in 2. Condensed Consolidated Financial Statements.”

(3) Number of shares issued (common stock)

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

December 31, 2023: 201,763,000 shares

March 31, 2023: 201,763,000 shares

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

December 31, 2023: 3,015,027 shares

March 31, 2023: 659,087 shares

iii) Average number of shares outstanding during the period:

December 31, 2023: 200,827,604 shares

December 31, 2022: 204,207,760 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)

Forward-looking statements in this document, including forecasts, are based on information available to the Company at the time of the announcement, which the Company assumes to be reasonable. Therefore, the Company does not guarantee the achievement of forecasts and other forward-looking statements. Actual business and other results may differ substantially due to various factors.

Contents

1. Operating Results and Financial Position	2
(1) Operating Results.....	2
(2) Financial Position	3
(3) Explanation of Consolidated Earnings Forecast and Other Forward-looking Statements	3
2. Condensed Consolidated Financial Statements	4
(1) Condensed Consolidated Statement of Financial Position	4
(2) Condensed Consolidated Statement of Income	6
(3) Condensed Consolidated Statement of Comprehensive Income	7
(4) Condensed Consolidated Statements of Changes in Equity	8
(5) Condensed Consolidated Statement of Cash Flows	10
(6) Notes on the Condensed Consolidated Financial Statements.....	12
(Notes regarding the going concern assumption).....	12
(Changes in accounting policies)	12
(Significant subsequent events).....	12

1. Operating Results and Financial Position

The Company is applying IAS 12 “Income Taxes” (amended in May 2021) from the first quarter ended June 30, 2023 and figures after the retrospective application are used for comparative analysis with the nine months ended December 31, 2022 and the fiscal year ended March 31, 2023. The adoption of this standard does not have a material impact on these condensed consolidated financial statements.

In addition, in the fourth quarter of the previous fiscal year, the Company finalized the provisional accounting treatment for business combinations, and in the comparative analysis with the first nine months of the previous fiscal year, figures reflect the finalization of the provisional accounting treatment.

Details of changes in accounting policies are as described in “(Changes in accounting policies) in (6) Notes on the Condensed Consolidated Financial Statements in 2. Condensed Consolidated Financial Statements.”

(1) Operating Results

The Company’s operating results for the nine months ended December 31, 2023, are as follows.

Consolidated revenue increased 9.2% year on year to 48,679 million yen. This was mainly due to an increase in revenue for Tabelog’s restaurant promotion business, the Kyujin Box business, and the domain of travel/transportation in the New Media and Solutions business, as socio-economic activities have been normalizing following the re-classification of COVID-19 to Class 5 under the Infectious Diseases Control Law. On the other hand, revenue in the Kakaku.com business declined.

Consolidated operating profit rose 2.1% year on year to 18,299 million yen. This was mainly due to increased revenue.

Consolidated profit before income taxes increased 0.8% year on year to 18,505 million yen. This was mainly due to the increase in operating profit, despite the decrease in finance income.

Consolidated profit attributable to owners of the parent company decreased 1.2% year on year to 12,677 million yen.

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

(a) Internet Media Business

The Internet media business’s revenue increased 12.7% year on year to 46,697 million yen while its segment income rose 8.6% year on year to 17,919 million yen in the nine months ended December 31, 2023.

(Kakaku.com)

Kakaku.com’s revenue decreased 6.2% year on year to 13,695 million yen in the nine months ended December 31, 2023.

The shopping business’s revenue decreased year on year due to such impacts as fewer new products and the price hikes caused by exchange rate fluctuations. The advertising business’s revenue decreased year on year due to such impacts as fewer new products and the decrease in advertisement placements resulting from increased manufacturing costs caused by exchange rate fluctuations. In the service business, revenue increased due to a continued revitalization of personal consumption following the winding down of the COVID-19 pandemic.

As a result, revenue in the shopping business decreased 10.5% year on year to 5,413 million yen, revenue in the service business increased 8.5% year on year to 6,209 million yen, and revenue in the advertising business fell 26.9% year on year to 2,073 million yen.

Kakaku.com had 40.29 million monthly unique users¹ in December 2023.

(Tabelog)

Tabelog’s revenue increased 19.5% year on year to 20,451 million yen in the nine months ended December 31, 2023.

The restaurant promotion business’s revenue increased 22.3% year on year to 18,001 million yen. As a result of the steady rise in the demand for dining out that has accompanied normalization of social activities, online reservations increased 48.4% year on year to a total of 59.63 million people in the nine months ended December 31, 2023. Due to the expanded use of online reservation services by restaurants, the total number of restaurants with paid plans was 75,000 as of December 31, 2023.

The premium membership business’s revenue rose 3.4% year on year to 1,144 million yen due to an increase in fee-paying members.

The advertising business’s revenue increased 4.3% year on year to 1,306 million yen, mainly as a result of partnerships with other sites.

Tabelog had 95.00 million monthly unique users¹ in December 2023.

(Kyujin Box)²

Kyujin Box’s revenue increased 51.2% year on year to 6,631 million yen in the nine months ended December 31, 2023.

The Kyujin Box business had increases in monthly unique users, the number of clicks of job advertisements, etc.

Kyujin Box had 7.59 million monthly unique users¹ in December 2023.

(New Media and Solutions)²

The New Media and Solutions business’s revenue increased 11.0% year on year to 5,919 million yen in the nine months ended December 31, 2023.

In the New Media and Solutions business, revenue increased mainly in the domain of travel/transportation.

(b) Finance Business

The finance business's revenue decreased 36.6% year on year to 1,982 million yen, while its segment income fell 73.1% year on year to 381 million yen in the nine months ended December 31, 2023.

Commission income at Kakaku.com Insurance, a site operated by Kakaku.com Insurance, Inc., decreased due to changes in estimates related to revenue recognized in the previous fiscal year for insurance agency commission income, and the effect of a reduction in applications for coverage of life insurance, medical insurance and fire insurance.

- (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. Tabelog's support of AMP (Accelerated Mobile Pages) ended in February 2022.
2. The Kyujin Box business, which was previously included in the former [New Media and Solutions] has had its own segment added from the three months ended June 30, 2023 due to its increased monetary materiality. In response to this change, the figures used for year-on-year comparison are based on the changed segment structure.

(2) Financial Position

1) Analysis of Financial Position

Assets

Consolidated assets at December 31, 2023, totaled 76,420 million yen, a 2,163 million yen decrease from March 31, 2023. The decrease was mainly the net result of a 1,937 million yen increase in other financial assets (current), a 1,607 million yen increase in other current assets, and a 1,350 million yen increase in trade and other receivables being offset by a 7,215 million yen decrease in cash and cash equivalents.

Liabilities

Consolidated liabilities at December 31, 2023, totaled 28,098 million yen, a 2,320 million yen decrease from March 31, 2023. The decrease was mainly the net result of a 2,094 million yen increase in other current liabilities being offset by a 2,779 million yen decline in income taxes payable and a 952 million yen decline in other financial liabilities (current).

Equity

Consolidated equity at December 31, 2023, totaled 48,322 million yen, a 157 million yen increase from March 31, 2023. This was mainly the net result of a declaration of an 8,648 million yen dividend from retained earnings and a 3,967 million yen decrease in purchase and disposal of treasury shares despite recording profit attributable to owners of the parent company of 12,677 million yen.

2) Cash Flows

Cash and cash equivalents ("cash") at December 31, 2023, totaled 29,238 million yen, a 7,215 million yen decrease from March 31, 2023. Cash flows from operating, investing, and financing activities were as follows.

Cash flows from operating activities

Operating activities provided net cash of 10,289 million yen (vs. 13,831 million yen provided in the year-earlier period). The main outflows were 8,582 million yen of income taxes paid and 1,806 million yen of increase in trade and other receivables, which were offset by 18,505 million yen of profit before income taxes and 2,791 million yen of depreciation and amortization.

Cash flows from investing activities

Investing activities used net cash of 1,742 million yen (vs. 2,235 million yen used in the previous fiscal year). This was primarily due to 1,331 million yen used to purchase intangible assets, including server software.

Cash flows from financing activities

Financing activities used net cash of 15,771 million yen (vs. 17,248 million yen used in the year-earlier period). This was primarily due to 8,639 million yen for dividends paid and 6,003 million yen for the purchase of treasury shares.

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

In light of the latest performance trends and other factors, we have revised the Consolidated Earnings Forecast for the Fiscal Year Ending March 31, 2024, which we announced in the Consolidated Earnings Report for the Fiscal Year Ended March 31, 2023, released on May 10, 2023. For details, please refer to the Notice of Revision of Consolidated Earnings Forecast for the Fiscal Year Ending March 31, 2024, released today (February 6, 2024).

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

(Millions of yen)

	As of March 31, 2023	As of December 31, 2023
Assets		
Current assets		
Cash and cash equivalents	36,453	29,238
Trade and other receivables	10,039	11,389
Other financial assets	530	2,467
Other current assets	8,450	10,057
Total current assets	55,472	53,152
Non-current assets		
Property, plant and equipment	2,360	2,158
Right-of-use assets	5,763	5,684
Goodwill and other intangible assets	7,446	7,476
Investments accounted for using equity method	346	426
Other financial assets	5,794	6,120
Deferred tax assets	1,316	1,308
Other non-current assets	86	96
Total non-current assets	23,111	23,268
Total assets	78,583	76,420

(Millions of yen)

	As of March 31, 2023	As of December 31, 2023
Liabilities		
Current liabilities		
Trade and other payables	3,616	3,514
Bonds and borrowings	531	71
Other financial liabilities	1,993	1,041
Income taxes payable	4,728	1,949
Lease liabilities	1,036	1,263
Employee benefit obligations	1,978	1,913
Other current liabilities	11,178	13,272
Total current liabilities	25,060	23,022
Non-current liabilities		
Bonds and borrowings	163	139
Lease liabilities	4,228	3,952
Provisions	562	542
Other non-current liabilities	405	443
Total non-current liabilities	5,358	5,076
Total liabilities	30,418	28,098
Equity		
Capital stock	916	916
Capital surplus	64	84
Retained earnings	48,136	52,169
Treasury shares	(1,596)	(5,556)
Other components of equity	360	403
Total equity attributable to owners of the parent company	47,881	48,016
Non-controlling interests	284	306
Total equity	48,165	48,322
Total liabilities and equity	78,583	76,420

(2) Condensed Consolidated Statement of Income

(Millions of yen)

	Nine months ended December 31, 2022	Nine months ended December 31, 2023
Revenue	44,561	48,679
Operating expenses	26,611	30,455
Other income	16	81
Other expenses	48	7
Operating profit	17,918	18,299
Finance income	486	189
Finance expenses	47	15
Share of profit (loss) of associates and joint ventures accounted for by the equity method	9	31
Profit before income taxes	18,366	18,505
Income tax expense	5,519	5,806
Profit	12,847	12,699
Profit attributable to:		
Owners of the parent company	12,835	12,677
Non-controlling interests	12	22
Earnings per share		
Basic earnings per share (yen)	62.85	63.12
Diluted earnings per share (yen)	62.80	63.07

(3) Condensed Consolidated Statement of Comprehensive Income

(Millions of yen)

	Nine months ended December 31, 2022	Nine months ended December 31, 2023
Profit	12,847	12,699
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	87	23
Total items that will not be reclassified to profit or loss	87	23
Items that may be reclassified to profit or loss		
Exchange differences on translation of foreign operations	0	2
Share of other comprehensive income of associates and joint ventures accounted for using the equity method	(1)	(0)
Total items that may be reclassified to profit or loss	(1)	2
Other comprehensive income (Net of related tax effect)	86	24
Comprehensive income	12,933	12,723
Comprehensive income attributable to:		
Owners of the parent company	12,921	12,701
Non-controlling interests	12	22

(4) Condensed Consolidated Statements of Changes in Equity

Nine months ended December 31, 2022 (From April 1, 2022 to December 31, 2022)

(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	141	48,621	(2,175)	117	(14)	(4)	354	454	47,956	208	48,164
Cumulative effects of changes in accounting policies	-	-	5	-	-	-	-	-	-	5	-	5
Restated balance	916	141	48,626	(2,175)	117	(14)	(4)	354	454	47,961	208	48,169
Profit	-	-	12,835	-	-	-	-	-	-	12,835	12	12,847
Other comprehensive income	-	-	-	-	87	0	(1)	-	86	86	0	86
Total comprehensive income	-	-	12,835	-	87	0	(1)	-	86	12,921	12	12,933
Dividends	-	-	(8,184)	-	-	-	-	-	-	(8,184)	-	(8,184)
Purchase or disposal of treasury shares	-	-	(9)	(7,587)	-	-	-	(7)	(7)	(7,603)	-	(7,603)
Changes in ownership interest in subsidiaries	-	(59)	-	-	-	-	-	-	-	(59)	59	-
Share-based payment transactions	-	-	-	-	-	-	-	56	56	56	-	56
Change in scope of consolidation	-	-	-	-	-	-	-	-	-	-	(7)	(7)
Other	-	(3)	80	-	(80)	-	-	-	(80)	(3)	-	(3)
Total transactions with owners	-	(61)	(8,114)	(7,587)	(80)	-	-	49	(31)	(15,793)	52	(15,741)
Balance at end of period	916	80	53,347	(9,763)	125	(14)	(5)	403	509	45,089	272	45,361

Nine months ended December 31, 2023 (From April 1, 2023 to December 31, 2023)

(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	64	48,136	(1,596)	(44)	(13)	(6)	424	360	47,881	284	48,165
Profit	-	-	12,677	-	-	-	-	-	-	12,677	22	12,699
Other comprehensive income	-	-	-	-	23	2	(0)	-	24	24	(0)	24
Total comprehensive income	-	-	12,677	-	23	2	(0)	-	24	12,701	22	12,723
Dividends	-	-	(8,648)	-	-	-	-	-	-	(8,648)	-	(8,648)
Purchase or disposal of treasury shares	-	-	3	(3,960)	-	-	-	(10)	(10)	(3,967)	-	(3,967)
Share-based payment transactions	-	-	-	-	-	-	-	49	49	49	-	49
Forfeiture of share acquisition rights	-	21	-	-	-	-	-	(21)	(21)	-	-	-
Other	-	(1)	-	-	-	-	-	-	-	(1)	-	(1)
Total transactions with owners	-	19	(8,644)	(3,960)	-	-	-	18	18	(12,567)	-	(12,567)
Balance at end of period	916	84	52,169	(5,556)	(21)	(11)	(7)	442	403	48,016	306	48,322

(5) Condensed Consolidated Statement of Cash Flows

(Millions of yen)

	Nine months ended December 31, 2022	Nine months ended December 31, 2023
Cash flows from operating activities		
Profit before income taxes	18,366	18,505
Adjustments to reconcile profit before income taxes		
Depreciation and amortization	2,643	2,791
Interest and dividend income	(4)	(6)
Decrease (increase) in trade and other receivables	(2,562)	(1,806)
Increase (decrease) in trade and other payables	387	281
Increase (decrease) in other financial liabilities	1,319	(957)
Decrease (increase) in other current assets	(3,277)	(1,607)
Increase (decrease) in other current liabilities	3,737	2,094
Other	(426)	(410)
Subtotal	20,184	18,884
Interest and dividend income received	7	10
Interest paid	(24)	(23)
Income taxes paid	(6,335)	(8,582)
Net cash provided by (used in) operating activities	13,831	10,289
Cash flows from investing activities		
Purchase of property, plant and equipment	(442)	(278)
Purchase of intangible assets	(1,082)	(1,331)
Purchase of investment securities	(614)	(147)
Proceeds from sale of investment securities	238	–
Proceeds from distribution of investment in partnerships	158	–
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(480)	–
Payments for sale of shares of subsidiaries resulting in change in scope of consolidation	–	(130)
Proceeds from sale of investments in associates	–	194
Payments for lease and guarantee deposits	(16)	(11)
Other	4	(40)
Net cash provided by (used in) investing activities	(2,235)	(1,742)

(Millions of yen)

	Nine months ended December 31, 2022	Nine months ended December 31, 2023
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	–	(30)
Repayments of long-term loans payable	(28)	(30)
Repayment of lease obligations	(1,064)	(1,069)
Purchase of treasury shares	(8,003)	(6,003)
Dividends paid	(8,180)	(8,639)
Proceeds from issuance of share options	31	3
Other	(4)	(4)
Net cash provided by (used in) financing activities	(17,248)	(15,771)
Effect of exchange rate change on cash and cash equivalents	3	10
Net increase (decrease) in cash and cash equivalents	(5,647)	(7,215)
Cash and cash equivalents at beginning of period	34,298	36,453
Cash and cash equivalents at end of period	28,651	29,238

(6) Notes on the Condensed Consolidated Financial Statements

(Notes regarding the going concern assumption)

Not applicable.

(Changes in accounting policies)

The material accounting policies adopted for these condensed consolidated financial statements are the same as those for the consolidated financial statements for the fiscal year ended March 31, 2023, except for the following item.

Income tax expense for the nine months ended December 31, 2023 was calculated based on the estimated average annual effective tax rate.

IFRS		Description of new standards and amendments
IAS 12	Income Taxes	Clarifying accounting process for deferred taxes on assets and liabilities arising from a single transaction

The Group applied IAS 12 “Income Taxes” (amended in May 2021) from the first quarter ended June 30, 2023. The amendments clarified that if taxable temporary differences and deductible temporary differences of the same amount arise at the time of the transaction, such as in the case of leases and decommissioning obligations, the entity recognizes deferred tax liabilities and deferred tax assets when they arise due to this.

The amendments have been applied retrospectively and retrospective application is reflected in the condensed consolidated financial statements and consolidated financial statements regarding figures of the nine months ended December 31, 2022 and the fiscal year ended March 31, 2023.

Consequently, in the consolidated statement of financial position as of March 31, 2023, deferred tax assets were increased by 25 million yen and retained earnings was increased by the same amount compared with those before the retrospective application. In addition, in the condensed consolidated statement of financial position for the nine months ended December 31, 2023, deferred tax assets were increased by 18 million yen and retained earnings was increased by 18 million yen. In the condensed consolidated statement of income for the nine months ended December 31, 2022, income tax expense was decreased by 1 million yen and profit was increased by the same amount. In addition, in the condensed consolidated statement of income for the nine months ended December 31, 2023, income tax expense was increased by 7 million yen and profit was decreased by the same amount.

Because the cumulative effect was reflected in equity at the beginning of the nine months ended December 31, 2022, the beginning balance after retrospective application of retained earnings in the condensed consolidated statement of changes in equity was increased by 5 million yen.

(Significant subsequent events)

Not applicable.