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August 4, 2020

Kakaku.com, Inc.
Consolidated Earnings Report for the
First Quarter of the Fiscal Year Ending March 31, 2021

Stock listings: Tokyo Stock Exchange (First Section)
 Securities code: 2371
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Scheduled dates
 Filing of statutory year-end financial report: August 11, 2020
 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 First Quarter of the Fiscal Year Ending March 31, 2021

(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 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)
Q1 FY2020/3	14,224	13.7	6,448	16.0	6,336	14.5	4,327	22.4	4,325	22.4	4,218	14.2

	Basic earnings per share	Diluted earnings per share
	¥	¥
Q1 FY2021/3	6.89	6.88
Q1 FY2020/3	20.73	20.72

(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, 2020	56,405	40,600	40,276	71.4
As of March 31, 2020	63,317	43,303	42,909	67.8

2. Dividends

	Annual dividends				
	Q1	Q2	Q3	Year-end	Annual total
	¥	¥	¥	¥	¥
FY2020/3	-	20.00	-	20.00	40.00
FY2021/3	-		-		
FY2021/3 (forecast)	-	20.00	-	20.00	40.00

(Note) Revisions to most recent dividend forecasts: Yes

For details, please refer to the “Notice Concerning the Revision o the Dividend Forecasts for the Fiscal Year Ending March 2021”, issued today.

3. Consolidated Earnings Forecast for the Fiscal Year Ending March 31, 2021 (April 1, 2020 to March 31, 2021)

Due to the difficulty of reasonably measuring the impact of COVID-19 and the measures taken in response to the outbreak at the present time, the consolidated earnings forecast for the fiscal year ending March 31, 2021 still remains undetermined. We will disclose the consolidated earnings forecast as soon as this becomes possible.

*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)

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

June 30, 2020: 206,705,000 shares

March 31, 2020: 206,705,000 shares

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

June 30, 2020: 833,658 shares

March 31, 2020: 836,558 shares

3) Average number of shares outstanding during the period:

June 30, 2020: 205,868,506 shares

June 30, 2019: 208,636,195 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)

Due to the difficulty of reasonably measuring the impact of the COVID-19 outbreak and the measures taken in response to the outbreak at the present time, the consolidated earnings forecast for the fiscal year ending March 31, 2021 still remains undetermined.

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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, 2020, were as follows.

Consolidated revenue declined 33.2% year on year to 9,502 million yen. The main drivers were related to changes in the market environment in conjunction with the COVID-19 outbreak. There was an increase in revenue in the Kakaku.com business due to "work-from-home" and "stay-at-home" demand as well as an increase in e-commerce users, and declines in revenue in the Tabelog business and in the New Media and Solutions business's travel and transportation domain due to shut-down orders and people refraining from dining out and traveling.

Consolidated operating profit fell 65.7% year on year to 2,209 million yen, mainly as a result of the decline in revenue and increases in personnel expenses and rent.

Consolidated profit before income taxes declined 66.0% year on year to 2,156 million yen, mainly due to the drop in operating profit as well as the booking of a net loss on equity-method investments.

Consolidated profit attributable to owners of the parent company decreased 67.2% year on year to 1,418 million yen.

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

(a) Internet Media Business

The Internet media business's revenue declined 35.1% year on year to 8,929 million yen while its segment income fell 67.3% year on year to 2,063 million yen in the three months ended June 30, 2020.

(Kakaku.com)

Kakaku.com's revenue grew 6.5% year on year to 5,958 million yen in the three months ended June 30, 2020.

In the shopping business, revenue increased for both durable goods and consumer goods, due to the increase in "work-from-home" and "stay-at-home" demand, along with the rise in the number of e-commerce users. In the service business, revenue in the telecom domain declined due to the impact of the COVID-19 outbreak, while the personal finance domain continued to see moderate growth. In the advertising business, revenue declined as a result of postponements and cancellations of advertisement placements.

As a result, revenue in the shopping business grew 27.9% year on year to 2,859 million yen, revenue in the service business declined 5.1% year on year to 2,253 million yen, and revenue in the advertising business fell 14.5% year on year to 846 million yen.

Kakaku.com had 64.50 million monthly unique users¹ in June 2020.

(Tabelog)

Tabelog's revenue declined 72.5% year on year to 1,735 million yen in the three months ended June 30, 2020.

The restaurant promotion business's revenue dropped significantly due to the moves to completely eliminate fees in April and May, and to keep the variable fee at zero in June. The fee-based plans' subscribership stood at 49,900 restaurants as of June 30, 2020, due to the decrease in new customers and the increase in cancellations. Online reservation bookings fell 79.6% year on year to a total of 1.78 million people, as restaurants closed and people refrained from going out. The premium membership business's revenue decreased due to a decline in fee-paying members, while revenue in the advertising business fell as a result of postponements and cancellations of advertisement placements.

As a result, revenue in the restaurant promotion business decreased 80.0% year on year to 1,037 million yen, revenue in the premium membership business fell 29.6% year on year to 439 million yen, while the advertising business's revenue was down 47.8% year on year to 259 million yen.

Tabelog had 92.83 million monthly unique users¹ in June 2020.

(New Media and Solutions)

The New Media and Solutions business's revenue declined 33.3% year on year to 1,236 million yen in the three months ended June 30, 2020.

In conjunction with the novel coronavirus outbreak, revenue declined in services in the travel and transportation domain and in some services in the entertainment/hobbies domain. On the other hand, both Kyujin Box and Sumaity saw continued increases in revenue.

(b) Finance Business

The finance business's revenue grew 24.8% year on year to 573 million yen while its segment income increased 12.5% year on year to 145 million yen in the three months ended June 30, 2020.

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.

(Note) 1. Monthly unique users are counted on a net basis as the number of browsers that visited the site. Users who visit the site multiple times during a month are counted as one user. Prior to September 2018, some mobile browsers were double-counted as a side effect of high-speed loading of mobile webpages. Effective from September 2018, the Company switched to a browser counting method that eliminates such double-counting. The updated counting method screens out, to the fullest extent possible, mechanical accesses by, e.g., third parties' web-scraping bots, but some such accesses may be included in monthly unique user counts.

(2) Financial Position

1) Analysis of Financial Position

Assets

Consolidated assets at June 30, 2020, totaled 56,405 million yen, a 6,912 million yen decline from March 31, 2020. The decline was mainly the net result of a 5,762 million yen decrease in cash and cash equivalents, a 2,063 million yen decline in trade and other receivables, and a 795 million yen increase in right-of-use assets.

Liabilities

Consolidated liabilities at June 30, 2020, totaled 15,804 million yen, a 4,210 million yen decrease from March 31, 2020. The decrease was mainly the net result of a 3,787 million yen reduction in income taxes payable, a 933 million yen decrease in trade and other payables, and a 735 million yen increase in other financial liabilities.

Equity

Consolidated equity at June 30, 2020, totaled 40,600 million yen, a 2,702 million yen decrease from March 31, 2020. This was the net result of 1,418 million yen of profit attributable to owners of the parent company and the declaration of a 4,117 million yen dividend from retained earnings.

2) Cash Flows

Cash and cash equivalents (“cash”) at June 30, 2020, totaled 23,741 million yen, a 5,762 million yen decrease from March 31, 2020. Cash flows from operating, investing, and financing activities were as follows.

Cash flows from operating activities

Operating activities used net cash of 396 million yen (vs. 3,665 million yen provided in the year-earlier period). The main outflows were 4,601 million yen of income taxes paid and 799 million yen due to the decrease in trade and other payables, which were partially offset by 2,156 million yen of profit before income taxes, 2,063 million yen provided by the reduction in trade and other receivables, and 867 million yen in depreciation and amortization.

Cash flows from investing activities

Investing activities used net cash of 516 million yen (vs. 1,021 million yen used in the year-earlier period), primarily 384 million yen to purchase intangible assets, including server software, and 205 million yen for the purchase of property, plant and equipment.

Cash flows from financing activities

Financing activities used net cash of 4,851 million yen (vs. 3,788 million yen used in the year-earlier period), mostly 4,101 million yen for dividends paid and 986 million yen for the repayment of lease obligations, which offset 250 million yen provided by short-term loans payable.

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

The consolidated earnings forecast for the fiscal year ending March 31, 2021 is yet to be determined due to the fact that at this stage it is difficult to reasonably calculate the impacts of the COVID-19 outbreak and the preventive measures to limit the spread of infection. We will promptly disclose the forecast as soon as it becomes possible to do so.

2. Condensed Consolidated Financial Statements

(1) Condensed Consolidated Statement of Financial Position

(Millions of yen)

	As of March 31, 2020	As of June 30, 2020
Assets		
Current assets		
Cash and cash equivalents	29,504	23,741
Trade and other receivables	8,394	6,332
Other financial assets	76	458
Other current assets	1,141	882
Total current assets	39,115	31,413
Non-current assets		
Property, plant and equipment	2,489	2,470
Right-of-use assets	7,947	8,742
Goodwill and other intangible assets	7,057	7,074
Investments accounted for using equity method	2,536	2,472
Other financial assets	3,407	3,399
Deferred tax assets	722	729
Other non-current assets	45	107
Total non-current assets	24,201	24,992
Total assets	63,317	56,405

(Millions of yen)

	As of March 31, 2020	As of June 30, 2020
Liabilities		
Current liabilities		
Trade and other payables	2,719	1,786
Bonds and borrowings	443	682
Other financial liabilities	186	921
Income taxes payable	4,619	832
Lease liabilities	1,514	1,236
Employee benefit obligations	1,493	1,332
Other current liabilities	1,903	1,365
Total current liabilities	12,877	8,154
Non-current liabilities		
Bonds and borrowings	124	124
Lease liabilities	6,293	6,763
Provisions	474	512
Other non-current liabilities	246	250
Total non-current liabilities	7,137	7,650
Total liabilities	20,014	15,804
Equity		
Capital stock	916	916
Capital surplus	464	461
Retained earnings	43,515	40,813
Treasury shares	(2,196)	(2,189)
Other components of equity	210	275
Total equity attributable to owners of the parent company	42,909	40,276
Non-controlling interests	394	324
Total equity	43,303	40,600
Total liabilities and equity	63,317	56,405

(2) Condensed Consolidated Statement of Income

(Millions of yen)

	Three months ended June 30, 2019	Three months ended June 30, 2020
Revenue	14,224	9,502
Operating expenses	7,775	7,311
Other income	2	23
Other expenses	3	5
Operating profit	6,448	2,209
Finance income	2	13
Finance expenses	3	4
Share of profit (loss) of associates and joint ventures accounted for using the equity method	(111)	(62)
Profit before income taxes	6,336	2,156
Income tax expense	2,010	808
Profit	4,327	1,349
Profit attributable to:		
Owners of the parent company	4,325	1,418
Non-controlling interests	1	(70)
Earnings per share		
Basic earnings per share (yen)	20.73	6.89
Diluted earnings per share (yen)	20.72	6.88

(3) Condensed Consolidated Statement of Comprehensive Income

(Millions of yen)

	Three months ended June 30, 2019	Three months ended June 30, 2020
Profit	4,327	1,349
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	(112)	30
Total items that will not be reclassified to profit or loss	(112)	30
Items that may be reclassified to profit or loss		
Exchange differences on translation of foreign operations	5	0
Share of other comprehensive income of associates and joint ventures accounted for using the equity method	(2)	(2)
Total items that may be reclassified to profit or loss	3	(2)
Other comprehensive income (Net of related tax effect)	(109)	28
Comprehensive income	4,218	1,376
Comprehensive income attributable to:		
Owners of the parent company	4,216	1,446
Non-controlling interests	2	(69)

(4) Condensed Consolidated Statements of Changes in Equity

Three months ended June 30, 2019

(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	40,490	(1,750)	254	(4)	1	168	419	40,538	403	40,941
Effect of changes in accounting policies	—	—	(3)	—	—	—	—	—	—	(3)	—	(3)
Restated balance	916	464	40,487	(1,750)	254	(4)	1	168	419	40,535	403	40,938
Profit	—	—	4,325	—	—	—	—	—	—	4,325	1	4,327
Other comprehensive income	—	—	—	—	(112)	5	(2)	—	(109)	(109)	0	(109)
Total comprehensive income	—	—	4,325	—	(112)	5	(2)	—	(109)	4,216	2	4,218
Dividends	—	—	(3,755)	—	—	—	—	—	—	(3,755)	—	(3,755)
Purchase or disposal of treasury shares	—	—	(5)	47	—	—	—	(29)	(29)	13	—	13
Share-based payment transactions	—	—	—	—	—	—	—	27	27	27	—	27
Others	—	—	73	—	(73)	—	—	—	(73)	—	—	—
Total transactions with owners	—	—	(3,687)	47	(73)	—	—	(1)	(75)	(3,715)	-	(3,715)
Balance at end of period	916	464	41,126	(1,704)	69	0	(1)	166	235	41,036	405	41,441

Three months ended 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

(5) Condensed Consolidated Statement of Cash Flows

(Millions of yen)

	Three months ended June 30, 2019	Three months ended June 30, 2020
Cash flows from operating activities		
Profit before income taxes	6,336	2,156
Adjustments to reconcile profit before income taxes		
Depreciation and amortization	439	867
Interest and dividend income	(2)	(0)
Decrease (increase) in trade and other receivables	395	2,063
Increase (decrease) in trade and other payables	(325)	(799)
Other	873	(73)
Subtotal	7,717	4,214
Interest and dividend income received	5	4
Interest paid	(2)	(12)
Income taxes paid	(4,055)	(4,601)
Net cash provided by (used in) operating activities	3,665	(396)
Cash flows from investing activities		
Purchase of property, plant and equipment	(96)	(205)
Purchase of intangible assets	(316)	(384)
Purchase of investment securities	(145)	(46)
Payments for lease and guarantee deposits	(463)	(10)
Other	0	130
Net cash provided by (used in) investing activities	(1,021)	(516)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	50	250
Repayments of long-term loans payable	(29)	(11)
Repayment of lease obligations	(83)	(986)
Dividends paid	(3,739)	(4,101)
Proceeds from issuance of share options	13	—
Other	—	(4)
Net cash provided by (used in) financing activities	(3,788)	(4,851)
Effect of exchange rate change on cash and cash equivalents	5	0
Net increase (decrease) in cash and cash equivalents	(1,139)	(5,762)
Cash and cash equivalents at beginning of period	26,422	29,504
Cash and cash equivalents at end of period	25,283	23,741

(6) Notes on the Condensed Consolidated Financial Statements

(Notes regarding the going concern assumption)

Not applicable.

(Significant subsequent events)

Not applicable.