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February 3, 2021

Kakaku.com, Inc.
Consolidated Earnings Report for the
Third 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 quarterly financial report: February 9, 2021
 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, 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	%
Q3 FY2021/3	37,768	(16.5)	13,469	(35.5)	13,116	(36.1)	8,779	(37.2)	8,889	(36.4)	8,823	(36.2)
Q3 FY2020/3	45,256	13.5	20,885	14.8	20,534	13.8	13,983	15.4	13,979	15.7	13,828	13.9

	Basic earnings per share	Diluted earnings per share
	¥	¥
Q3 FY2021/3	43.18	43.15
Q3 FY2020/3	67.04	67.01

(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, 2020	68,221	44,163	43,879	64.3
As of March 31, 2020	63,317	43,303	42,909	67.8

2. Dividends

	Annual dividends				
	Q1	Q2	Q3	Year End	Total
	¥	¥	¥	¥	¥
FY2020/3	—	20.00	—	20.00	40.00
FY2021/3	—	20.00	—		
FY2021/3 (Forecast)				20.00	40.00

(Note) Revisions to most recent dividend forecasts: None

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

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

*Notes

(1) Changes in significant subsidies 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):

December 31, 2020: 206,705,000 shares
March 31, 2020: 206,705,000 shares

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

December 31, 2020: 748,258 shares
March 31, 2020: 836,558 shares

3) Average number of shares outstanding during the period:

December 31, 2020: 205,885,986 shares
December 31, 2019: 208,514,882 shares

* Quarterly consolidated earnings reports are exempt from 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 COVID-19 at the present time, the consolidated earnings forecast for the fiscal year ending March 31, 2021 remains undetermined.

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1. Explanation of Operating Results and Financial Position

(1) Explanation of Operating Results

The Company's operating results for the nine months ended December 31, 2020, were as follows.

Consolidated revenue declined 16.5% year on year to 37,768 million yen. Amid ongoing restrictions on economic and corporate activity involving movement of people in association with COVID-19, the main drivers were increases in revenue in the Kakaku.com shopping business and the Finance business, which were offset by declines in revenue in the Kakaku.com service business, the Tabelog business, and in the New Media and Solutions business's travel/transportation domain.

Consolidated operating profit fell 35.5% year on year to 13,469 million yen, mainly as a result of the decline in revenue and increases in personnel-related expenses, outsourcing costs, rent, and advertising expenses.

Consolidated profit before income taxes declined 36.1% year on year to 13,116 million yen, mainly due to the drop in operating profit as well as the booking of impairment loss on investments accounted for using the equity method.

Consolidated profit attributable to owners of the parent company decreased 36.4% year on year to 8,889 million yen.

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

(a) Internet Media Business

The Internet media business's revenue declined 17.6% year on year to 35,975 million yen while its segment income fell 35.8% year on year to 13,064 million yen in the nine months ended December 31, 2020.

(Kakaku.com)

Kakaku.com's revenue decreased 1.9% year on year to 17,365 million yen in the nine months ended December 31, 2020.

In the shopping business, revenue increased due to the increase in "work-from-home" and "stay-at-home" demand, along with a growing e-commerce usage. In the service business, revenue declined mainly in the telecommunications domain due to the disappearance of overseas Wi-Fi rental demand. In the advertising business, revenue was less than in the same period of the previous year, despite the ongoing gradual recovery, from the six months ended September 30, 2020 onward, in advertisement placements that had been postponed or cancelled,

As a result, revenue in the shopping business grew 10.1% year on year to 7,635 million yen, revenue in the service business declined 11.2% year on year to 6,441 million yen, and revenue in the advertising business fell 6.3% year on year to 3,289 million yen.

Kakaku.com had 67.15 million monthly unique users¹ in December 2020.

(Tabelog)

Tabelog's revenue declined 31.5% year on year to 13,598 million yen in the nine months ended December 31, 2020.

In the restaurant promotion business, the first state of emergency declared in response to COVID-19 was lifted in May 2020, and demand for dining out, which had gradually been recovering, expanded significantly as a result of the start of the "Go To Eat" campaign in October. With this, online reservation bookings increased 48.5% year on year to a total of 23.35 million people in the nine months ended December 31, 2020. In association with this campaign, the fee-based plans' subscribership stood at 59,900 restaurants as of December 31, 2020.

The premium membership business's revenue declined year on year due to a decrease in fee-paying members, while the advertising business's revenue fell year on year due to postponements and cancellations of advertisement placements.

As a result, revenue in the restaurant promotion business decreased 38.0% year on year to 10,024 million yen, revenue in the premium membership business fell 28.2% year on year to 1,284 million yen, the advertising business's revenue was down 24.7% year on year to 1,433 million yen, while revenue from commissioned business² was 858 million yen.

Tabelog had 111.13 million monthly unique users¹ in December 2020.

(New Media and Solutions)

The New Media and Solutions business's revenue declined 18.1% year on year to 5,011 million yen in the nine months ended December 31, 2020.

For services in the travel/transportation domain, and services in the entertainment/hobbies domain that involve going out, the situation remains challenging due to the impacts of COVID-19. On the other hand, both Kyujin Box and Sumaity saw continued increases in revenue.

(b) Finance Business

The finance business's revenue grew 13.4% year on year to 1,794 million yen while its segment income decreased 23.2% year on year to 401 million yen in the nine months ended December 31, 2020.

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

(Notes) 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. Refers to revenue from Go To Eat campaign-related business commissioned by the Ministry of Agriculture, Forestry and Fisheries, and the Osaka Prefectural Government's campaign to support restaurants serving small groups only. It does not, however, include advertising income (booked in the advertising business) related to these commissioned operations.

(2) Explanation of Financial Position

1) Analysis of Financial Position

Assets

Consolidated assets at December 31, 2020, totaled 68,221 million yen, a 4,904 million yen increase from March 31, 2020. The increase was mainly the net result of a 420 million yen decrease in investments accounted for using the equity method being offset by a 3,662 million increase in other current assets, a 539 million yen increase in trade and other receivables, a 492 million yen increase in right-of-use assets, and a 418 million yen increase in other financial assets (non-current).

Liabilities

Consolidated liabilities at December 31, 2020, totaled 24,058 million yen, a 4,044 million yen increase from March 31, 2020. The increase was mainly the net result of a 3,778 million yen decline in income taxes payable being offset by a 4,130 million yen increase in other financial liabilities (current), a 3,279 million yen increase in other current liabilities, and a 418 million yen increase in bonds and borrowings.

Equity

Consolidated equity at December 31, 2020, totaled 44,163 million yen, an 860 million yen increase from March 31, 2020. This was the net result of a declaration of an 8,235 million yen dividend from retained earnings and 8,889 million yen of profit attributable to owners of the parent company.

2) Cash Flows

Cash and cash equivalents ("cash") at December 31, 2020, totaled 29,328 million yen, a 176 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 provided net cash of 11,109 million yen (vs. 14,975 million yen provided in the year-earlier period). The main outflows were 8,315 million yen of income taxes paid and 539 million yen due to the increase in trade and other receivables, which were offset by 13,116 million yen in profit before income taxes, a 4,130 million yen increase in other financial liabilities, and 2,653 million yen in depreciation and amortization.

Cash flows from investing activities

Investing activities used net cash of 1,924 million yen (vs. 3,109 million yen used in the year-earlier period), primarily 1,232 million yen to purchase intangible assets, including server software, 546 million yen used for the purchase of investment securities, and 414 million yen used for the purchase of property, plant and equipment.

Cash flows from financing activities

Financing activities used net cash of 9,362 million yen (vs. 16,346 million yen used in the year-earlier period), mostly 8,231 million yen for dividends paid and 1,723 million yen for the repayment of lease obligations, which offset 450 million yen provided by a net increase in short-term loans payable.

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

The environment remains challenging, including the declaration of a second state of emergency in January 2021 in response to a resurgence in COVID-19 cases, and the future outlook remains uncertain. As a result, the consolidated earnings forecast for the fiscal year ending March 31, 2021 remains undetermined since it is difficult to reasonably calculate the impacts of COVID-19 at this stage. 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 December 31, 2020
Assets		
Current assets		
Cash and cash equivalents	29,504	29,328
Trade and other receivables	8,394	8,934
Other financial assets	76	253
Other current assets	1,141	4,804
Total current assets	39,115	43,318
Non-current assets		
Property, plant and equipment	2,489	2,466
Right-of-use assets	7,947	8,439
Goodwill and other intangible assets	7,057	7,155
Investments accounted for using equity method	2,536	2,116
Other financial assets	3,407	3,826
Deferred tax assets	722	795
Other non-current assets	45	107
Total non-current assets	24,201	24,903
Total assets	63,317	68,221

(Millions of yen)

	As of March 31, 2020	As of December 31, 2020
Liabilities		
Current liabilities		
Trade and other payables	2,719	2,697
Bonds and borrowings	443	861
Other financial liabilities	186	4,316
Income taxes payable	4,619	841
Lease liabilities	1,514	1,377
Employee benefit obligations	1,493	1,482
Other current liabilities	1,903	5,181
Total current liabilities	12,877	16,755
Non-current liabilities		
Bonds and borrowings	124	124
Lease liabilities	6,293	6,355
Provisions	474	557
Other non-current liabilities	246	269
Total non-current liabilities	7,137	7,304
Total liabilities	20,014	24,058
Equity		
Capital stock	916	916
Capital surplus	464	463
Retained earnings	43,515	44,158
Treasury shares	(2,196)	(1,964)
Other components of equity	210	306
Total equity attributable to owners of the parent company	42,909	43,879
Non-controlling interests	394	284
Total equity	43,303	44,163
Total liabilities and equity	63,317	68,221

(2) Condensed Consolidated Statement of Income

(Millions of yen)

	Nine months ended December 31, 2019	Nine months ended December 31, 2020
Revenue	45,256	37,768
Operating expenses	24,388	24,345
Other income	22	78
Other expenses	4	33
Operating profit	20,885	13,469
Finance income	21	138
Finance expenses	42	67
Share of profit (loss) of associates and joint ventures accounted for by the equity method	(330)	(115)
Impairment loss on investments accounted for using the equity method	—	308
Profit before income taxes	20,534	13,116
Income tax expense	6,551	4,336
Profit	13,983	8,779
Profit attributable to:		
Owners of the parent company	13,979	8,889
Non-controlling interests	4	(110)
Earnings per share		
Basic earnings per share (yen)	67.04	43.18
Diluted earnings per share (yen)	67.01	43.15

(3) Condensed Consolidated Statement of Comprehensive Income

(Millions of yen)

	Nine months ended December 31, 2019	Nine months ended December 31, 2020
Profit	13,983	8,779
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	(156)	39
Total items that will not be reclassified to profit or loss	(156)	39
Items that may be reclassified to profit or loss		
Exchange differences on translation of foreign operations	4	0
Share of other comprehensive income of associates and joint ventures accounted for using the equity method	(3)	4
Total items that may be reclassified to profit or loss	1	4
Other comprehensive income (Net of related tax effect)	(155)	43
Comprehensive income	13,828	8,823
Comprehensive income attributable to:		
Owners of the parent company	13,824	8,932
Non-controlling interests	4	(110)

(4) Condensed Consolidated Statements of Changes in Equity

Nine months ended December 31, 2019 (From April 1, 2019 to December 31, 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
Effects 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	—	—	13,979	—	—	—	—	—	—	13,979	4	13,983
Other comprehensive income	—	—	—	—	(156)	4	(3)	—	(155)	(155)	0	(155)
Total comprehensive income	—	—	13,979	—	(156)	4	(3)	—	(155)	13,824	4	13,828
Dividends	—	—	(7,929)	—	—	—	—	—	—	(7,929)	—	(7,929)
Purchase or disposal of treasury shares	—	6	—	(4,430)	—	—	—	(49)	(49)	(4,473)	—	(4,473)
Share-based payment transactions	—	—	—	—	—	—	—	95	95	95	—	95
Others	—	(2)	(4)	—	4	—	—	—	4	(2)	—	(2)
Total transactions with owners	—	5	(7,934)	(4,430)	4	—	—	46	50	(12,309)	—	(12,309)
Balance at end of period	916	468	46,533	(6,181)	103	(1)	(2)	213	313	42,050	407	42,457

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

(5) Condensed Consolidated Statement of Cash Flows

(Millions of yen)

	Nine months ended December 31, 2019	Nine months ended December 31, 2020
Cash flows from operating activities		
Profit before income taxes	20,534	13,116
Adjustments to reconcile profit before income taxes		
Depreciation and amortization	2,244	2,653
Interest and dividend income	(20)	(4)
Decrease (increase) in trade and other receivables	(611)	(539)
Increase (decrease) in trade and other payables	(38)	107
Increase (decrease) in other financial liabilities	351	4,130
Other	557	(9)
Subtotal	23,017	19,453
Interest and dividend income received	10	7
Interest paid	(13)	(36)
Income taxes paid	(8,039)	(8,315)
Net cash provided by (used in) operating activities	14,975	11,109
Cash flows from investing activities		
Purchase of property, plant and equipment	(876)	(414)
Purchase of intangible assets	(1,088)	(1,232)
Purchase of investment securities	(681)	(546)
Payments for lease and guarantee deposits	(464)	(91)
Other	2	360
Net cash provided by (used in) investing activities	(3,109)	(1,924)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	100	450
Repayments of long-term loans payable	(148)	(32)
Proceeds from long-term loans payable	150	—
Repayment of lease obligations	(641)	(1,723)
Purchase of treasury shares	(8,000)	—
Dividends paid	(7,925)	(8,231)
Proceeds from issuance of share options	118	177
Other	—	(4)
Net cash provided by (used in) financing activities	(16,346)	(9,362)
Effect of exchange rate change on cash and cash equivalents	4	1
Net increase (decrease) in cash and cash equivalents	(4,476)	(176)
Cash and cash equivalents at beginning of period	26,422	29,504
Cash and cash equivalents at end of period	21,946	29,328

(6) Notes on the Condensed Consolidated Financial Statements

(Notes regarding the going concern assumption)

Not applicable.

(Significant subsequent events)

Not applicable.