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November 7, 2023

Kakaku.com, Inc.
Consolidated Earnings Report for the
Second 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: November 9, 2023
Dividend payout: December 1, 2023
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 Second 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	%
Q2 FY2024/3	31,435	11.3	11,299	3.6	11,516	1.6	7,930	(1.7)	7,916	(1.7)	7,970	(2.5)
Q2 FY2023/3	28,240	18.2	10,906	34.3	11,330	41.1	8,065	39.8	8,050	39.4	8,171	42.8

	Basic earnings per share	Diluted earnings per share
	¥	¥
Q2 FY2024/3	39.36	39.33
Q2 FY2023/3	39.34	39.32

(Note) Due to the application of IAS 12 “Income Taxes” (amended in May 2021), figures after the retrospective application are stated for the six months ended September 30, 2022.

(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 September 30, 2023	83,885	52,150	51,852	61.8
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	67,700	11.3	27,100	13.2	26,900	15.7	18,400	13.9	91.49

(Notes) 1. Revisions to most recent earnings forecasts: None

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):

September 30, 2023: 201,763,000 shares

March 31, 2023: 201,763,000 shares

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

September 30, 2023: 657,687 shares

March 31, 2023: 659,087 shares

iii) Average number of shares outstanding during the period:

September 30, 2023: 201,104,265 shares

September 30, 2022: 204,610,329 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.

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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 six months ended September 30, 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.

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 six months ended September 30, 2023, are as follows.

Consolidated revenue increased 11.3% year on year to 31,435 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 economic and social 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 3.6% year on year to 11,299 million yen. This was mainly due to increased revenue.

Consolidated profit before income taxes increased 1.6% year on year to 11,516 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 1.7% year on year to 7,916 million yen.

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

(a) Internet Media Business

The Internet media business’s revenue increased 12.5% year on year to 30,138 million yen while its segment income rose 5.4% year on year to 11,080 million yen in the six months ended September 30, 2023.

(Kakaku.com)

Kakaku.com’s revenue decreased 7.8% year on year to 8,887 million yen in the six months ended September 30, 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 11.2% year on year to 3,574 million yen, revenue in the service business increased 5.2% year on year to 4,035 million yen, and revenue in the advertising business fell 28.4% year on year to 1,277 million yen.

Kakaku.com had 36.63 million monthly unique users¹ in September 2023.

(Tabelog)

Tabelog’s revenue increased 20.5% year on year to 13,036 million yen in the six months ended September 30, 2023.

The restaurant promotion business’s revenue increased 24.5% year on year to 11,510 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 54.7% year on year to a total of 36.55 million people in the six months ended September 30, 2023. Due to the expanded use of online reservation services by restaurants, the total number of restaurants with paid plans was 71,800 as of September 30, 2023.

The premium membership business’s revenue rose 2.6% year on year to 754 million yen due to an increase in fee-paying members. The advertising business’s revenue declined 3.8% year on year to 773 million yen.

Tabelog had 90.77 million monthly unique users¹ in September 2023.

(Kyujin Box)²

Kyujin Box’s revenue increased 48.8% year on year to 4,250 million yen in the six months ended September 30, 2023.

The Kyujin Box business had increases in monthly unique users, the number of clicks of paid job advertisements, etc. Kyujin Box had 8.78 million average monthly unique users¹ in the second quarter ended September 30, 2023.

(New Media and Solutions)²

The New Media and Solutions business’s revenue increased 14.2% year on year to 3,965 million yen in the six months ended September 30, 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 10.3% year on year to 1,298 million yen, while its segment income fell 43.8% year on year to 219 million yen in the six months ended September 30, 2023.

Commission income at Kakaku.com Insurance, a site operated by consolidated subsidiary Kakaku.com Insurance, Inc., decreased mainly due to a reduction in applications for life insurance coverage, 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 September 30, 2023, totaled 83,885 million yen, a 5,302 million yen increase from March 31, 2023. The increase was mainly a 1,472 million yen increase in cash and cash equivalents and a 3,542 million yen increase in other current assets.

Liabilities

Consolidated liabilities at September 30, 2023, totaled 31,735 million yen, a 1,317 million yen increase from March 31, 2023. The increase was mainly the net result of a 1,419 million yen decline in other financial liabilities (current) and a 1,101 million yen decline in income taxes payable being offset by a 3,957 million yen increase in other current liabilities.

Equity

Consolidated equity at September 30, 2023, totaled 52,150 million yen, a 3,985 million yen increase from March 31, 2023. This was mainly the net result of a declaration of a 4,022 million yen dividend from retained earnings despite recording profit attributable to owners of the parent company of 7,916 million yen.

2) Cash Flows

Cash and cash equivalents ("cash") at September 30, 2023, totaled 37,924 million yen, a 1,472 million yen increase 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 7,272 million yen (vs. 10,825 million yen provided in the year-earlier period). The main outflows were 4,671 million yen of income taxes paid and 3,542 million yen of increase in other current assets, which were offset by 11,516 million yen of profit before income taxes and 3,957 million yen of increase in other current liabilities.

Cash flows from investing activities

Investing activities used net cash of 1,028 million yen (vs. 991 million yen used in the year-earlier period). This was primarily due to 849 million yen used to purchase intangible assets, including server software.

Cash flows from financing activities

Financing activities used net cash of 4,794 million yen (vs. 4,792 million yen used in the year-earlier period). This was primarily due to 4,020 million yen for dividends paid.

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

The consolidated earnings forecasts for the fiscal year ending March 31, 2024, that were disclosed in the Consolidated Earnings Report for the Fiscal Year Ended March 31, 2023, released on May 10, 2023, remain unchanged.

2. Condensed Consolidated Financial Statements

(1) Condensed Consolidated Statement of Financial Position

(Millions of yen)

	As of March 31, 2023	As of September 30, 2023
Assets		
Current assets		
Cash and cash equivalents	36,453	37,924
Trade and other receivables	10,039	10,077
Other financial assets	530	391
Other current assets	8,450	11,992
Total current assets	55,472	60,385
Non-current assets		
Property, plant and equipment	2,360	2,228
Right-of-use assets	5,763	6,046
Goodwill and other intangible assets	7,446	7,391
Investments accounted for using equity method	346	407
Other financial assets	5,794	6,053
Deferred tax assets	1,316	1,283
Other non-current assets	86	91
Total non-current assets	23,111	23,500
Total assets	78,583	83,885

(Millions of yen)

	As of March 31, 2023	As of September 30, 2023
Liabilities		
Current liabilities		
Trade and other payables	3,616	3,433
Bonds and borrowings	531	71
Other financial liabilities	1,993	574
Income taxes payable	4,728	3,627
Lease liabilities	1,036	1,286
Employee benefit obligations	1,978	2,218
Other current liabilities	11,178	15,135
Total current liabilities	25,060	26,346
Non-current liabilities		
Bonds and borrowings	163	144
Lease liabilities	4,228	4,270
Provisions	562	541
Other non-current liabilities	405	434
Total non-current liabilities	5,358	5,389
Total liabilities	30,418	31,735
Equity		
Capital stock	916	916
Capital surplus	64	67
Retained earnings	48,136	52,030
Treasury shares	(1,596)	(1,592)
Other components of equity	360	431
Total equity attributable to owners of the parent company	47,881	51,852
Non-controlling interests	284	299
Total equity	48,165	52,150
Total liabilities and equity	78,583	83,885

(2) Condensed Consolidated Statement of Income

(Millions of yen)

	Six months ended September 30, 2022	Six months ended September 30, 2023
Revenue	28,240	31,435
Operating expenses	17,292	20,207
Other income	5	75
Other expenses	47	5
Operating profit	10,906	11,299
Finance income	463	219
Finance expenses	37	14
Share of profit (loss) of associates and joint ventures accounted for by the equity method	(2)	12
Profit before income taxes	11,330	11,516
Income tax expense	3,264	3,585
Profit	8,065	7,930
Profit attributable to:		
Owners of the parent company	8,050	7,916
Non-controlling interests	15	15
Earnings per share		
Basic earnings per share (yen)	39.34	39.36
Diluted earnings per share (yen)	39.32	39.33

(3) Condensed Consolidated Statement of Comprehensive Income

(Millions of yen)

	Six months ended September 30, 2022	Six months ended September 30, 2023
Profit	8,065	7,930
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	108	35
Total items that will not be reclassified to profit or loss	108	35
Items that may be reclassified to profit or loss		
Exchange differences on translation of foreign operations	1	5
Share of other comprehensive income of associates and joint ventures accounted for using the equity method	(4)	0
Total items that may be reclassified to profit or loss	(3)	5
Other comprehensive income (Net of related tax effect)	106	40
Comprehensive income	8,171	7,970
Comprehensive income attributable to:		
Owners of the parent company	8,156	7,955
Non-controlling interests	15	15

(4) Condensed Consolidated Statements of Changes in Equity

Six months ended September 30, 2022 (From April 1, 2022 to September 30, 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	—	—	8,050	—	—	—	—	—	—	8,050	15	8,065
Other comprehensive income	—	—	—	—	108	1	(4)	—	105	105	0	106
Total comprehensive income	—	—	8,050	—	108	1	(4)	—	105	8,156	15	8,171
Dividends	—	—	(4,092)	—	—	—	—	—	—	(4,092)	—	(4,092)
Purchase or disposal of treasury shares	—	—	(5)	27	—	—	—	(4)	(4)	18	—	18
Share-based payment transactions	—	—	—	—	—	—	—	34	34	34	—	34
Other	—	(0)	—	—	—	—	—	—	—	(0)	—	(0)
Total transactions with owners	—	(0)	(4,098)	27	—	—	—	30	30	(4,040)	—	(4,040)
Balance at end of period	916	141	52,579	(2,148)	226	(14)	(7)	385	590	52,078	223	52,300

Six months ended September 30, 2023 (From April 1, 2023 to September 30, 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	—	—	7,916	—	—	—	—	—	—	7,916	15	7,930
Other comprehensive income	—	—	—	—	35	5	0	—	40	40	0	40
Total comprehensive income	—	—	7,916	—	35	5	0	—	40	7,955	15	7,970
Dividends	—	—	(4,022)	—	—	—	—	—	—	(4,022)	—	(4,022)
Purchase or disposal of treasury shares	—	—	0	3	—	—	—	(1)	(1)	3	—	3
Share-based payment transactions	—	—	—	—	—	—	—	34	34	34	—	34
Forfeiture of share acquisition rights	—	3	—	—	—	—	—	(3)	(3)	—	—	—
Other	—	(0)	—	—	—	—	—	—	—	(0)	—	(0)
Total transactions with owners	—	3	(4,022)	3	—	—	—	31	31	(3,985)	—	(3,985)
Balance at end of period	916	67	52,030	(1,592)	(9)	(8)	(6)	455	431	51,852	299	52,150

(5) Condensed Consolidated Statement of Cash Flows

(Millions of yen)

	Six months ended September 30, 2022	Six months ended September 30, 2023
Cash flows from operating activities		
Profit before income taxes	11,330	11,516
Adjustments to reconcile profit before income taxes		
Depreciation and amortization	1,739	1,869
Interest and dividend income	(4)	(6)
Decrease (increase) in trade and other receivables	(278)	(494)
Increase (decrease) in trade and other payables	(35)	152
Increase (decrease) in other financial liabilities	858	(1,418)
Decrease (increase) in other current assets	(3,127)	(3,542)
Increase (decrease) in other current liabilities	3,733	3,957
Other	(198)	(81)
Subtotal	14,018	11,953
Interest and dividend income received	4	6
Interest paid	(16)	(16)
Income taxes paid	(3,181)	(4,671)
Net cash provided by (used in) operating activities	10,825	7,272
Cash flows from investing activities		
Purchase of property, plant and equipment	(205)	(145)
Purchase of intangible assets	(664)	(849)
Purchase of investment securities	(114)	(47)
Proceeds from distribution of investment in partnerships	5	—
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	(991)	(1,028)

(Millions of yen)

	Six months ended September 30, 2022	Six months ended September 30, 2023
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	—	(30)
Repayments of long-term loans payable	(18)	(24)
Repayment of lease obligations	(697)	(716)
Purchase of treasury shares	(0)	(0)
Dividends paid	(4,091)	(4,020)
Proceeds from issuance of share options	18	0
Other	(4)	(4)
Net cash provided by (used in) financing activities	(4,792)	(4,794)
Effect of exchange rate change on cash and cash equivalents	10	22
Net increase (decrease) in cash and cash equivalents	5,052	1,472
Cash and cash equivalents at beginning of period	34,298	36,453
Cash and cash equivalents at end of period	39,350	37,924

(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 six months ended September 30, 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 six months ended September 30, 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 six months ended September 30, 2023, deferred tax assets were increased by 17 million yen and retained earnings was increased by 18 million yen. In the condensed consolidated statement of income for the six months ended September 30, 2022, income tax expense was decreased by 4 million yen and profit was increased by the same amount. In addition, in the condensed consolidated statement of income for the six months ended September 30, 2023, income tax expense was increased by 8 million yen and profit was decreased by the same amount.

Because the cumulative effect was reflected in equity at the beginning of the six months ended September 30, 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)

(Purchase of treasury shares)

On November 7, 2023, the Board of Directors resolved the following matters concerning the purchase of treasury shares pursuant to the provisions of Article 156 of the Companies Act as applied pursuant to Article 165, Paragraph 3 of said Act.

1. Reason for the purchase of treasury shares

The Company will conduct the purchase of treasury shares pursuant to the provisions of the Articles of Incorporation to facilitate the flexible execution of capital policies 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 matters concerning the purchase

- | | |
|--------------------------------------|--|
| (1) Class of shares to be purchased: | Common stock of the Company |
| (2) No. of shares to be purchased: | 5,000,000 shares (maximum)
(Proportion of total No. of shares issued (excluding treasury shares): 2.49%) |
| (3) Total share purchase value: | 6,000,000,000 yen (maximum) |
| (4) Purchase period: | November 8, 2023 - January 31, 2024 |
| (5) Method of purchase: | Open-market purchase on the Tokyo Stock Exchange |
| (6) Other: | It is expected that the purchased shares will be cancelled, except for a portion to be used for stock options. |

(Reference)

Total No. of shares issued as of October 31, 2023 (excluding treasury shares)	201,105,313 shares
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No. of shares held in treasury as of October 31, 2023	657,687 shares
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