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August 2, 2017

Kakaku.com, Inc.
Consolidated Earnings Report for the
First Quarter of the Fiscal Year Ending March 31, 2018 (Summary)

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

Filing of statutory year-end financial report: August 10, 2017

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, 2018

(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 FY2017	10,651	4.5	5,100	3.9	5,096	3.8	3,477	0.6	3,479	0.9	3,557	3.8
Q1 FY2016	10,189	-	4,910	-	4,908	-	3,456	-	3,449	-	3,445	-

	Basic earnings per share	Diluted earnings per share
	¥	¥
Q1 FY2017	16.43	16.42
Q1 FY2016	15.79	15.77

(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, 2017	37,862	32,170	31,950	84.4
As of March 31, 2017	42,481	35,380	35,158	82.8

2. Dividends

	Annual dividends				
	Q1	Q2	Q3	Year End	Total
FY2016	¥ -	¥ 14.00	¥ -	¥ 14.00	¥ 28.00
FY2017	-				
FY2017 (Forecast)		-	-	-	-

(Note) Revisions to most recent dividend forecasts: None

3. Consolidated Earnings Forecast for the Fiscal Year Ending March 31, 2018 (April 1, 2017 to March 31, 2018)

(% = 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	%	
First half	22,500	8.1	10,500	3.6	10,480	3.4	7,180	2.8	33.53
Full year	48,000	10.4	23,300	8.6	23,250	8.4	15,850	7.0	74.03

(Note) Revisions to most recent dividend forecasts: None

(Reference) Consolidated earnings forecast according to J-GAAP

Net sales: ¥50,000 million, Operating income: ¥23,000 million, Ordinary income: ¥22,950 million and Profit attributable to owners of parent: ¥15,850 million

***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: No
- ii) Changes other than the above 1): None
- iii) Changes in accounting estimates: None
- iv) Restatements: None

(3) Number of shares issued (common stock)

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

June 30, 2017:	215,005,000 shares
March 31, 2017:	218,160,100 shares

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

June 30, 2017:	899,725 shares
March 31, 2017:	1,668,325 shares

3) Average number of shares outstanding during the period:

June 30, 2017:	214,416,987 shares
June 30, 2016:	218,466,066 shares

* Quarterly consolidated earnings reports are exempt from quarterly review procedures.

***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.

(Application of International Financial Reporting Standards (IFRS))

The Group has applied the International Financial Reporting Standards ("IFRS") from the first quarter of the fiscal year ending March 31, 2018. In addition, data for the first quarter of the fiscal year ended March 31, 2017 and for the fiscal year ended March 31, 2017 have been presented in accordance with the IFRS.

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1. Explanation of Operating Results and Financial Position

(1) Explanation of Operating Results

The Kakaku.com Group (the “Company”) adopted International Financial Reporting Standards (IFRS) effective from the first quarter of its current fiscal year. Financial statement data presented herein for the year-earlier quarter and previous fiscal year have been restated on an IFRS basis to facilitate comparative analysis.

In the three months ended June 30, 2017, consolidated revenue grew 4.5% year on year to 10,651 million yen, consolidated operating profit grew 3.9% year on year to 5,100 million yen, consolidated profit before income taxes grew 3.8% year on year to 5,096 million yen and consolidated profit attributable to owners of the parent company grew 0.9% year on year to 3,479 million yen.

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

(a) Internet Media Business

The Internet media business’s revenue grew 4.4% year on year to 10,384 million yen while its operating profit grew 3.6% year on year to 5,030 million yen in the three months ended June 30, 2017.

(*kakaku.com*)

kakaku.com’s revenue grew 3.4% year on year to 5,124 million yen in the three months ended June 30, 2017.

kakaku.com’s shopping business made progress in boosting its gross transaction volume in consumer goods categories by improving its site’s usability, but its revenue declined 0.8% year on year to 2,213 million yen as a result of a slight decrease in average revenue per sale. In *kakaku.com*’s service business, revenue increased 11.3% year on year to 2,095 million yen, bolstered by the telecom business’s substantial revenue growth driven by the domestic and overseas Wi-Fi comparison services’ growth coupled with buoyant revenues in other businesses also. In *kakaku.com*’s advertising business, revenue decreased 3.3% year on year to 816 million yen despite major growth in network advertising revenue. The decline in overall advertising revenue was attributable to a reduction in reserved advertising largely due to a falloff in PC sites’ traffic.

kakaku.com had 51.81 million monthly unique users¹ in June 2017.

(*tabelog*)

tabelog’s revenue grew 6.0% year on year to 4,654 million yen in the three months ended June 30, 2017.

tabelog’s revenue from restaurants grew 13.9% year on year to 3,367 million yen as a result of an increase in the number of restaurants using its fee-based services as new fee plan² subscribers and an increase in average fee revenue per restaurant by virtue of growth in online reservation bookings. *tabelog*’s revenue from individual users declined 10.5% year on year to 760 million yen in the wake of a decrease in commission revenues from alliance partners. Revenue from *tabelog*’s advertising business likewise declined, down 9.7% year on year to 527 million yen.

tabelog had 98.97 million monthly unique users¹ in June 2017.

(New Media)

The new media business’s revenue grew 3.6% year on year to 606 million yen in the three months ended June 30, 2017.

Real estate/housing information site *Sumaity* grew its commission revenue by upgrading its content and strengthening its sales. *Kinarino*’s commission and advertising revenue increased by virtue of robust growth in *Kinarino Mall*’s monthly gross transaction volume and intensified advertising sales efforts.

(b) Finance Business

The finance business’s revenue grew 9.6% year on year to 267 million yen while its operating profit increased 22.1% year on year to 69 million yen in the three months ended June 30, 2017.

Consolidated subsidiary Kakaku.com Insurance, Inc., experienced growth in its insurance agency business’s applications for both life and non-life insurance coverage.

1. The number of monthly unique users is the number of browsers that visited the site, not the number of cumulative visits, during a month. Multiple visits by a single browser are counted as one user. Effective from November 2016, the Company changed its sites' traffic measurement logic in conjunction with diversification of mobile webpages.

2. *tabelog*'s new fee plans are restaurant service plans that aim to drive customer traffic to restaurants by promoting online reservations. The plans have fee structures that combine a monthly base fee with a variable fee based on online reservation bookings.

(2) Explanation of Financial Position

1) Analysis of Financial Position

Assets

Consolidated total assets at June 30, 2017, totaled 37,862 million yen, a 4,620 million yen decrease from March 31, 2017. The decrease was mainly the net result of a 6,214 million yen decrease in cash and cash equivalents, an 879 million yen increase in investments accounted for using equity method and a 638 million yen increase in non-current assets' other financial assets due to an increase in investment securities holdings.

Liabilities

Consolidated total liabilities at June 30, 2017, totaled 5,691 million yen, a 1,409 million yen decrease from March 31, 2017. The decrease was mainly the net result of a 1,859 million yen reduction in income taxes payable and a 302 million yen increase in other financial liabilities due to an increase in deposits payable.

Equity

Consolidated total equity at June 30, 2017, totaled 32,170 million yen, a 3,210 million yen decrease from March 31, 2017. The decrease was mainly the net result of 3,479 million yen of profit attributable to owners of the parent company, acquisition and disposal of 3,774 million yen of treasury shares and a 3,031 million yen dividend distribution from retained earnings.

2) Cash Flows

Cash and cash equivalents ("cash") at June 30, 2017, totaled 24,676 million yen, a 6,214 million yen decrease from March 31, 2017. Cash flows from operating, investing and financing activities were as follows.

Cash flows from operating activities

Operating activities provided net cash of 2,259 million yen (vs. 2,437 million yen provided in the year-earlier period).

The net cash inflow's main sources were profit before income taxes of 5,096 million yen net of 3,608 million yen of income taxes paid, and 349 million yen of depreciation and amortization.

Cash flows from investing activities

Investing activities used net cash of 1,711 million yen (vs. 312 million yen used in the year-earlier period).

The main use was 1,382 million yen spent to purchase investment securities.

Cash flows from financing activities

Financing activities used net cash of 6,763 million yen (vs. 5,849 million yen used in the year-earlier period).

The main uses were 3,780 million yen spent to purchase treasury shares and 2,989 million yen paid out as dividends.

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

Consolidated earnings forecasts for the fiscal year ending March 31, 2018, and six months ending September 30, 2017, remain unchanged as disclosed in the Consolidated Earnings Report for the Fiscal Year ended March 31, 2017, released on May 10, 2017.

2. Condensed Consolidated Financial Statements

(1) Condensed Consolidated Statement of Financial Position

(Millions of yen)

	As of April 1, 2016	As of March 31, 2017	As of June 30, 2017
Assets			
Current assets			
Cash and cash equivalents	28,319	30,890	24,676
Trade and other receivables	5,761	5,428	5,257
Other financial assets	3	7	16
Other current assets	220	437	722
Total current assets	34,303	36,762	30,671
Non-current assets			
Property, plant and equipment	1,184	1,224	1,193
Goodwill and other intangible assets	1,979	2,176	2,201
Investments accounted for using equity method	—	—	879
Other financial assets	1,281	1,840	2,479
Deferred tax assets	412	413	380
Other non-current assets	64	65	60
Total non-current assets	4,920	5,719	7,191
Total assets	39,222	42,481	37,862

(Millions of yen)

	As of April 1,2016	As of March 31, 2017	As of June 30, 2017
Liabilities			
Current liabilities			
Trade and other payables	1,191	1,182	1,352
Other financial liabilities	125	168	470
Income taxes payable	3,780	3,488	1,629
Employee benefit obligations	857	937	618
Other current liabilities	964	1,033	1,308
Total current liabilities	6,917	6,809	5,377
Non-current liabilities			
Provisions	136	156	155
Other non-current liabilities	91	136	159
Total non-current liabilities	227	292	314
Total liabilities	7,144	7,101	5,691
Equity			
Capital stock	916	916	916
Capital surplus	819	822	824
Retained earnings	31,877	36,154	31,315
Treasury shares	(1,984)	(3,019)	(1,504)
Other components of equity	267	285	400
Total equity attributable to owners of the parent company	31,895	35,158	31,950
Non-controlling interests	183	222	220
Total equity	32,078	35,380	32,170
Total liabilities and equity	39,222	42,481	37,862

(2) Condensed Consolidated Statement of Income

(Millions of yen)

	Three months ended June 30, 2016	Three months ended June 30, 2017
Revenue	10,189	10,651
Operating expenses	5,280	5,552
Other income	1	1
Other expenses	0	0
Operating profit	4,910	5,100
Finance income	1	1
Finance expenses	3	3
Share of profit (loss) of associates and joint ventures accounted for by the equity method	—	(3)
Profit before income taxes	4,908	5,096
Income tax expense	1,452	1,619
Profit	3,456	3,477
Profit attributable to:		
Owners of the parent company	3,449	3,479
Non-controlling interests	8	(3)
Earnings per share		
Basic earnings per share (yen)	15.79	16.43
Diluted earnings per share (yen)	15.77	16.42

(3) Condensed Consolidated Statement of Comprehensive Income

(Millions of yen)

	Three months ended June 30, 2016	Three months ended June 30, 2017
Profit	3,456	3,477
Other comprehensive income (Net of related tax effect)		
Items that will not be reclassified to profit or loss		
Net gain (loss) on financial assets measured at fair value through other comprehensive income	(11)	97
Total items that will not be reclassified to profit or loss	(11)	97
Items that may be reclassified to profit or loss		
Exchange differences on translation of foreign operations	(1)	1
Share of other comprehensive income of associates and joint ventures accounted for using the equity method	—	0
Total items that may be reclassified to profit or loss	(1)	2
Other comprehensive income (Net of related tax effect)	(11)	99
Comprehensive income	3,445	3,575
Comprehensive income attributable to:		
Owners of the parent company	3,437	3,578
Non-controlling interests	8	(3)

(4) Condensed Consolidated Statements of Changes in Equity

Three months ended June 30, 2016 (From April 1, 2016 to June 30, 2016)

(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 component s of equity			
Balance at beginning of period	916	819	31,877	(1,984)	79	—	—	188	267	31,895	183	32,078
Profit	—	—	3,449	—	—	—	—	—	—	3,449	8	3,456
Other comprehensive income	—	—	—	—	(11)	(1)	—	—	(11)	(11)	—	(11)
Total comprehensive income	—	—	3,449	—	(11)	(1)	—	—	(11)	3,437	8	3,445
Dividends	—	—	(4,589)	—	—	—	—	—	—	(4,589)	—	(4,589)
Purchase or disposal of treasury shares	—	—	(23)	(1,278)	—	—	—	(6)	(6)	(1,307)	—	(1,307)
Share-based payment transactions	—	—	—	—	—	—	—	—	—	—	—	—
Cancellation of subscription rights to shares	—	—	—	—	—	—	—	—	—	—	—	—
Others	—	—	7	—	—	—	—	—	—	7	—	7
Transfer from other components of equity to retained earnings	—	—	24	—	(24)	—	—	—	(24)	—	—	—
Total transactions with owners	—	—	(4,582)	(1,278)	(24)	—	—	(6)	(29)	(5,889)	—	(5,889)
Balance at end of period	916	819	30,743	(3,262)	45	(1)	—	182	226	29,443	191	29,634

Three months ended June 30, 2017 (From April 1, 2017 to June 30, 2017)

(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	822	36,154	(3,019)	105	(4)	—	184	285	35,158	222	35,380
Profit	—	—	3,479	—	—	—	—	—	—	3,479	(3)	3,477
Other comprehensive income	—	—	—	—	97	1	0	—	99	99	—	99
Total comprehensive income	—	—	3,479	—	97	1	0	—	99	3,578	(3)	3,575
Dividends	—	—	(3,031)	—	—	—	—	—	—	(3,031)	—	(3,031)
Purchase or disposal of treasury shares	—	—	(5,288)	1,515	—	—	—	(1)	(1)	(3,774)	—	(3,774)
Share-based payment transactions	—	—	—	—	—	—	—	20	20	20	—	20
Cancellation of subscription rights to shares	—	2	—	—	—	—	—	(2)	(2)	—	—	—
Others	—	—	—	—	—	—	—	—	—	—	—	—
Transfer from other components of equity to retained earnings	—	—	—	—	—	—	—	—	—	—	—	—
Total transactions with owners	—	2	(8,319)	1,515	—	—	—	17	17	(6,785)	—	(6,785)
Balance at end of period	916	824	31,315	(1,504)	202	(3)	0	201	400	31,950	220	32,170

(5) Condensed Consolidated Statement of Cash Flows

(Millions of yen)

	Three months ended June 30, 2016	Three months ended June 30, 2017
Cash flows from operating activities		
Profit before income taxes	4,908	5,096
Adjustments to reconcile profit before income taxes		
Depreciation and amortization	284	349
Interest and dividend income	(1)	(1)
Decrease (increase) in trade and other receivables	888	172
Increase (decrease) in trade and other payables	(226)	175
Other	368	71
Subtotal	6,222	5,863
Interest and dividend income received	4	4
Income taxes paid	(3,789)	(3,608)
Net cash provided by (used in) operating activities	2,437	2,259

(Millions of yen)

	Three months ended June 30, 2016	Three months ended June 30, 2017
Cash flows from investing activities		
Purchase of property, plant and equipment	(103)	(53)
Purchase of intangible assets	(221)	(277)
Purchase of investment securities	—	(1,382)
Other	12	0
Net cash provided by (used in) investing activities	(312)	(1,711)
Cash flows from financing activities		
Purchase of treasury shares	(1,332)	(3,780)
Dividends paid	(4,542)	(2,989)
Proceeds from issuance of share options	25	5
Net cash provided by (used in) financing activities	(5,849)	(6,763)
Effect of exchange rate change on cash and cash equivalents	(1)	1
Net increase (decrease) in cash and cash equivalents	(3,725)	(6,214)
Cash and cash equivalents at beginning of period	28,319	30,890
Cash and cash equivalents at end of period	24,594	24,676

(6) Notes on the Condensed Consolidated Financial Statements

(Notes regarding the going concern assumption)

Not applicable.

(Significant subsequent events)

Not applicable.