

**Kakaku.com, Inc.**  
**Consolidated Earnings Report for the**  
**Second Quarter of the Fiscal Year Ending March 31, 2019**

Stock listings: Tokyo Stock Exchange (First Section)  
 Securities code: 2371  
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Scheduled dates  
 Filing of statutory quarterly financial report: November 13, 2018  
 Dividend payout: December 3, 2018  
 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, 2019**

**(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 FY2018	25,645	18.4	11,683	11.3	11,608	10.8	7,681	7.4	7,657	7.3	7,996	9.9
Q2 FY2017	21,669	4.1	10,492	3.6	10,478	3.4	7,151	2.1	7,139	2.2	7,279	4.4

	Basic earnings per share	Diluted earnings per share
	¥	¥
Q2 FY2018	36.48	36.46
Q2 FY2017	33.32	33.30

**(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, 2018	47,741	38,744	38,364	80.4
As of March 31, 2018	42,770	33,908	33,573	78.5

## 2. Dividends

	Annual dividends				
	Q1	Q2	Q3	Year End	Total
	¥	¥	¥	¥	¥
FY2017	-	16.00	-	16.00	32.00
FY2018	-	18.00			
FY2018 (Forecast)			-	18.00	36.00

(Note) Revisions to most recent dividend forecasts: None

## 3. Consolidated Earnings Forecast for the Fiscal Year Ending March 31, 2019 (April 1, 2018 to March 31, 2019)

(% = 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	52,000	11.2	25,200	10.2	25,080	9.9	17,090	8.9	81.42

(Note) Revisions to most recent dividend forecasts: None

### \*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: Yes

ii) Changes other than the above 1): None

iii) Changes in accounting estimates: None

(Note) For details, see “2. Condensed Consolidated Financial Statements, (6) Notes on the Condensed Consolidated Financial Statements (Changes in accounting policies) on page 12.

(3) Number of shares issued (common stock)

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

September 30, 2018: 210,605,000 shares

March 31, 2018: 210,605,000 shares

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

September 30, 2018: 694,357 shares

March 31, 2018: 794,107 shares

3) Average number of shares outstanding during the period:

September 30, 2018: 209,881,156 shares

September 30, 2017: 214,248,769 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)

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.

## Contents

1. Explanation of Operating Results and Financial Position .....	2
(1) Explanation of Operating Results .....	2
(2) Explanation of Financial Position .....	3
(3) Explanation of Consolidated Earnings Forecast and Other Forward-looking Statements .....	4
2. Condensed Consolidated Financial Statements .....	5
(1) Condensed Consolidated Statement of Financial Position .....	5
(2) Condensed Consolidated Statement of Income .....	7
(3) Condensed Consolidated Statement of Comprehensive Income .....	8
(4) Condensed Consolidated Statements of Changes in Equity .....	9
(5) Condensed Consolidated Statement of Cash Flows .....	11
(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. Explanation of Operating Results and Financial Position

### (1) Explanation of Operating Results

The Company's operating results for the six months ended September 30, 2018, were as follows.

Consolidated revenue grew 18.4% year on year to 25,645 million yen, driven mainly by growth in *tabelog*'s restaurant promotion business, *kakaku.com* and *tabelog*'s advertising businesses and the new media and solutions business. The new media and solutions business's revenue growth was partly attributable to incremental revenue from newly consolidated subsidiaries in addition to growth in existing operations.

Consolidated operating profit grew 11.3% year on year to 11,683 million yen. Its growth was mainly attributable to revenue growth.

Consolidated profit before income taxes grew 10.8% year on year to 11,608 million yen, mainly as a result of the increase in operating profit partially offset by a net loss on equity-method investments.

Consolidated profit attributable to owners of the parent company increased 7.3% year on year to 7,657 million yen, mainly as a net result of growth in consolidated profit before income taxes and a one-time tax expense booked in the quarter ended June 30, 2018.

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

#### (a) Internet Media Business

The Internet media business's revenue grew 17.7% year on year to 24,854 million yen while its segment income increased 10.5% year on year to 11,435 million yen in the six months ended September 30, 2018.

##### (*kakaku.com*)

*kakaku.com*'s revenue grew 1.2% year on year to 10,390 million yen in the six months ended September 30, 2018.

In *kakaku.com*'s shopping business, revenue increased 0.5% year on year to 4,430 million yen as a net result of increased durable goods commission revenue and decreased consumer goods commission revenue. In *kakaku.com*'s service business, revenue was up 0.9% year on year to 4,156 million yen as a net result of robust growth in revenue from the telecommunications categories, finance service comparison services, and moving company comparison services, and a decline in revenue from automobile-related service comparison services. In *kakaku.com*'s advertising business, revenue was up 3.7% year on year to 1,804 million yen, boosted by expansion of *kakaku.com*'s advertiser base across a broader cross-section of industries.

*kakaku.com* had 54.39 million monthly unique users<sup>1</sup> in September 2018.

##### (*tabelog*)

*tabelog*'s revenue grew 21.9% year on year to 11,653 million yen in the six months ended September 30, 2018.

In *tabelog*'s restaurant promotion business, there was strong growth in the number of restaurants using fee-based services as new fee plan<sup>2</sup> subscribers—such restaurants numbered 30,800 as of September—with the growth being driven by acquisition of new subscribers and conversion of existing subscribers from the old fee plans to the new ones. Additionally, online reservation bookings grew steadily by virtue of an increase in restaurants that accept online reservations via *tabelog*. The restaurant promotion business's revenue consequently increased 30.1% year on year to 9,018 million yen. In *tabelog*'s premium memberships business, revenue was down 4.4% year on year to 1,503 million yen in the wake of a decrease in fee-paying members. In *tabelog*'s advertising business, revenue increased 6.9% year on year to 1,131 million yen, boosted by growth in revenue from tie-up ads planned in collaboration with restaurants.

*tabelog* had 115.31 million monthly unique users<sup>1</sup> in September 2018.

#### (New Media and Solutions)

The new media and solutions business's revenue grew 117.1% year on year to 2,812 million yen in the six months ended September 30, 2018.

*Kinarino*'s advertising revenue grew by virtue of a significant increase in advertorials. *Kyujin Box*'s commission revenues grew in tandem with its traffic growth.

Another revenue growth driver was the addition of LCL Incorporated and gaie, Inc., as newly

consolidated subsidiaries.

(b) Finance Business

The finance business's revenue grew 45.3% year on year to 790 million yen while its segment income increased 69.1% year on year to 245 million yen in the six months ended September 30, 2018.

Consolidated subsidiary Kakaku.com Insurance, Inc., achieved growth in data-driven advertising revenue in addition to growth in applications for both life and non-life insurance coverage in its insurance agency business.

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 September 2018, the Company changed its method of counting browsers to eliminate double-counting. Under its previous counting method, high-speed loading of mobile webpages caused some browsers to be double-counted.

2. *tabelog*'s new fee plans are restaurant service plans for which *tabelog*'s restaurant promotion business charges a monthly base fee plus a variable fee based on online reservation bookings. *tabelog*'s old fee plans are restaurant service plans for which *tabelog* charges a monthly base fee only.

## (2) Explanation of Financial Position

### 1) Analysis of Financial Position

#### Assets

Consolidated total assets at September 30, 2018, totaled 47,741 million yen, a 4,971 million yen increase from March 31, 2018. The increase was mainly attributable to a 1,009 million yen increase in non-current assets' other financial assets due to growth in investment securities holdings, and a 3,894 million yen increase in cash and cash equivalents.

#### Liabilities

Consolidated total liabilities at September 30, 2018, totaled 8,997 million yen, a 135 million yen increase from March 31, 2018. The increase was mainly the net result of a 156 million yen increase in trade and other payables, a 138 million yen increase in employee benefit obligations and a 261 million yen reduction in income taxes payable.

#### Equity

Consolidated total equity at September 30, 2018, totaled 38,744 million yen, a 4,836 million yen increase from March 31, 2018. The increase was mainly the net result of 7,657 million yen of profit attributable to owners of the parent company and a 3,357 million yen dividend distribution from retained earnings.

### 2) Cash Flows

Cash and cash equivalents ("cash") at September 30, 2018, totaled 24,923 million yen, a 3,894 million yen increase from March 31, 2018. Cash flows from operating, investing and financing activities were as follows.

#### Cash flows from operating activities

Operating activities provided net cash of 8,308 million yen (vs. 7,437 million yen provided in the year-earlier period).

The net cash inflow was mainly attributable to 887 million yen of depreciation and amortization and 11,608 million yen of profit before income taxes net of 4,220 million yen of income taxes paid.

#### Cash flows from investing activities

Investing activities used net cash of 1,324 million yen (vs. 2,048 million yen used in the year-earlier period).

The main uses were acquisition of property, plant and equipment for 156 million yen, intangible assets for 568 million yen and investment securities for 470 million yen.

Cash flows from financing activities

Financing activities used net cash of 3,090 million yen (vs. 7,297 million yen used in the year-earlier period).

The net cash outflow was mainly the net result of a 3,356 million yen dividend distribution and 148 million yen of proceeds from stock options exercised.

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

The consolidated earnings forecast for the fiscal year ending March 31, 2019, that was disclosed in the Consolidated Earnings Report for the Fiscal Year ended March 31, 2018, released on May 10, 2018, remains unchanged.

## 2. Condensed Consolidated Financial Statements

### (1) Condensed Consolidated Statement of Financial Position

(Millions of yen)

	As of March 31, 2018	As of September 30, 2018
Assets		
Current assets		
Cash and cash equivalents	21,029	24,923
Trade and other receivables	7,612	7,463
Other financial assets	36	26
Other current assets	883	1,421
Total current assets	29,559	33,833
Non-current assets		
Property, plant and equipment	1,128	1,112
Goodwill and other intangible assets	7,247	7,104
Investments accounted for using equity method	2,004	1,974
Other financial assets	2,644	3,654
Deferred tax assets	142	27
Other non-current assets	46	39
Total non-current assets	13,211	13,909
Total assets	42,770	47,741

(Millions of yen)

	As of March 31, 2018	As of September 30, 2018
<b>Liabilities</b>		
<b>Current liabilities</b>		
Trade and other payables	1,787	1,943
Bonds and borrowings	168	226
Other financial liabilities	219	187
Income taxes payable	3,986	3,725
Employee benefit obligations	1,092	1,231
Other current liabilities	1,038	1,069
<b>Total current liabilities</b>	<b>8,291</b>	<b>8,380</b>
<b>Non-current liabilities</b>		
Bonds and borrowings	235	266
Provisions	164	173
Other non-current liabilities	172	178
<b>Total non-current liabilities</b>	<b>571</b>	<b>617</b>
<b>Total liabilities</b>	<b>8,862</b>	<b>8,997</b>
<b>Equity</b>		
Capital stock	916	916
Capital surplus	441	477
Retained earnings	33,060	37,360
Treasury shares	(1,255)	(1,098)
Other components of equity	411	708
<b>Total equity attributable to owners of the parent company</b>	<b>33,573</b>	<b>38,364</b>
Non-controlling interests	335	381
<b>Total equity</b>	<b>33,908</b>	<b>38,744</b>
<b>Total liabilities and equity</b>	<b>42,770</b>	<b>47,741</b>



**(2) Condensed Consolidated Statement of Income**

(Millions of yen)

	Six months ended September 30, 2017	Six months ended September 30, 2018
Revenue	21,669	25,645
Operating expenses	11,171	13,978
Other income	4	16
Other expenses	10	0
Operating profit	10,492	11,683
Finance income	4	7
Finance expenses	2	7
Share of profit (loss) of associates and joint ventures accounted for by the equity method	(16)	(75)
Profit before income taxes	10,478	11,608
Income tax expense	3,327	3,927
Profit	7,151	7,681
Profit attributable to:		
Owners of the parent company	7,139	7,657
Non-controlling interests	12	24
Earnings per share		
Basic earnings per share (yen)	33.32	36.48
Diluted earnings per share (yen)	33.30	36.46

**(3) Condensed Consolidated Statement of Comprehensive Income**

(Millions of yen)

	Six months ended September 30, 2017	Six months ended September 30, 2018
Profit	7,151	7,681
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	125	315
Total items that will not be reclassified to profit or loss	125	315
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	1	(0)
Total items that may be reclassified to profit or loss	2	0
Other comprehensive income (Net of related tax effect)	127	315
Comprehensive income	7,279	7,996
Comprehensive income attributable to:		
Owners of the parent company	7,266	7,972
Non-controlling interests	12	25

#### (4) Condensed Consolidated Statements of Changes in Equity

Six months ended September 30, 2017 (From April 1, 2017 to September 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	—	—	7,139	—	—	—	—	—	—	7,139	12	7,151
Other comprehensive income	—	—	—	—	125	1	1	—	127	127	—	127
Total comprehensive income	—	—	7,139	—	125	1	1	—	127	7,266	12	7,279
Dividends	—	—	(3,031)	—	—	—	—	—	—	(3,031)	—	(3,031)
Purchase or disposal of treasury shares	—	—	(5,311)	1,063	—	—	—	(6)	(6)	(4,254)	—	(4,254)
Share-based payment transactions	—	—	—	—	—	—	—	32	32	32	—	32
Cancellation of subscription rights to shares	—	6	—	—	—	—	—	(6)	(6)	—	—	—
Others	—	—	—	—	—	—	—	—	—	—	—	—
Total transactions with owners	—	6	(8,342)	1,063	—	—	—	20	20	(7,254)	—	(7,254)
Balance at end of period	916	828	34,951	(1,956)	230	(3)	1	204	432	35,171	234	35,405

Six months ended September 30, 2018 (From April 1, 2018 to September 30, 2018)

(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	441	33,060	(1,255)	216	(4)	1	197	411	33,573	335	33,908
Profit	—	—	7,657	—	—	—	—	—	—	7,657	24	7,681
Other comprehensive income	—	—	—	—	315	0	(0)	—	315	315	0	315
Total comprehensive income	—	—	7,657	—	315	0	(0)	—	315	7,972	25	7,996
Dividends	—	—	(3,357)	—	—	—	—	—	—	(3,357)	—	(3,357)
Purchase or disposal of treasury shares	—	36	—	158	—	—	—	(46)	(46)	148	—	148
Share-based payment transactions	—	—	—	—	—	—	—	28	28	28	—	28
Cancellation of subscription rights to shares	—	—	—	—	—	—	—	—	—	—	—	—
Others	—	(0)	—	—	—	—	—	—	—	(0)	21	21
Total transactions with owners	—	36	(3,357)	158	—	—	—	(18)	(18)	(3,181)	21	(3,160)
Balance at end of period	916	477	37,360	(1,098)	531	(3)	1	179	708	38,364	381	38,744

**(5) Condensed Consolidated Statement of Cash Flows**

(Millions of yen)

	Six months ended September 30, 2017	Six months ended September 30, 2018
Cash flows from operating activities		
Profit before income taxes	10,478	11,608
Adjustments to reconcile profit before income taxes		
Depreciation and amortization	715	887
Interest and dividend income	(4)	(7)
Decrease (increase) in trade and other receivables	(147)	148
Increase (decrease) in trade and other payables	138	162
Other	(356)	(277)
Subtotal	10,826	12,521
Interest and dividend income received	4	7
Income taxes paid	(3,392)	(4,220)
Net cash provided by (used in) operating activities	7,437	8,308
Cash flows from investing activities		
Purchase of property, plant and equipment	(84)	(156)
Purchase of intangible assets	(582)	(568)
Purchase of investment securities	(1,382)	(470)
Other	0	(131)
Net cash provided by (used in) investing activities	(2,048)	(1,324)
Cash flows from financing activities		
Repayments of long-term loans payable	—	(157)
Proceeds from long-term loans payable	—	246
Purchase of treasury shares	(4,288)	(0)
Dividends paid	(3,035)	(3,356)
Proceeds from issuance of share options	26	148
Other	—	30
Net cash provided by (used in) financing activities	(7,297)	(3,090)
Effect of exchange rate change on cash and cash equivalents	1	1
Net increase (decrease) in cash and cash equivalents	(1,906)	3,894
Cash and cash equivalents at beginning of period	30,890	21,029
Cash and cash equivalents at end of period	28,984	24,923

## **(6) Notes on the Condensed Consolidated Financial Statements**

(Notes regarding the going concern assumption)

Not applicable.

(Changes in accounting policies)

Significant accounting policies that were applied to the condensed consolidated financial statements of the second quarter of the fiscal year ending March 31, 2019 are the same as those that were applied to the consolidated financial statements for the fiscal year ended March 31, 2018, with the following exception.

The income tax expense for the six months ended September 30, 2018 has been calculated based on the estimated average annual effective income tax rate.

The Group has applied IFRS 15 *Revenue from Contracts with Customers* (issued in May 2014) and Clarifications to IFRS 15 *Revenue from Contracts with Customers* (issued in April 2016) from the first quarter of the fiscal year ending March 31, 2019. In applying IFRS 15, the Group has applied the method, which is recognized as a transitional measure, whereby the cumulative effects of application of this standard are recognized on the date of initial application.

In conjunction with the application of IFRS 15, the Group recognizes revenue from contracts with customers using the following five-step approach (with the exception of interest and dividend income in accordance with IFRS 9 *Financial Instruments* and lease income in accordance with IAS 17 *Leases*).

Step 1: Identify the contract with a customer.

Step 2: Identify the performance obligations in the contract.

Step 3: Determine the transaction price.

Step 4: Allocate the transaction price to the performance obligations in the contract.

Step 5: Recognize revenue when or as performance obligations are satisfied.

The effect of applying this accounting standard on the Group's condensed consolidated financial statements is immaterial.

(Significant subsequent events)

Not applicable.