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August 1, 2019

**Kakaku.com, Inc.**  
**Consolidated Earnings Report for the**  
**First Quarter of the Fiscal Year Ending March 31, 2020**

Stock listings: Tokyo Stock Exchange (First Section)  
Securities code: 2371  
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Scheduled dates  
Filing of statutory quarterly financial report: August 8, 2019  
Dividend payout: -  
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 First Quarter of the Fiscal Year Ending March 31, 2020**

(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 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
Q1 FY2019/3	12,513	17.5	5,560	9.0	5,533	8.6	3,535	1.7	3,534	1.6	3,692	3.3

	Basic earnings per share	Diluted earnings per share
	¥	¥
Q1 FY2020/3	20.73	20.72
Q1 FY2019/3	16.84	16.83

(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, 2019	51,419	41,441	41,036	79.8
As of March 31, 2019	51,242	40,941	40,538	79.1

## 2. Dividends

	Annual dividends				
	Q1	Q2	Q3	Year end	Total
	¥	¥	¥	¥	¥
FY2018	-	18.00	-	18.00	36.00
FY2019	-				
FY2019 (Forecast)		20.00	-	20.00	40.00

(Note) Revisions to most recent dividend forecasts: None

## 3. Consolidated Earnings Forecast for the Fiscal Year Ending March 31, 2020 (April 1, 2019 to March 31, 2020)

(% = 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	28,700	11.9	12,500	7.0	12,400	6.8	8,400	9.7	40.26
Full year	62,000	13.1	26,700	6.5	26,500	6.7	18,000	7.8	86.27

(Note) Revisions to most recent earnings 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 i): 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 13.

(3) Number of shares issued (common stock)

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

June 30, 2019: 209,505,000 shares

March 31, 2019: 209,505,000 shares

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

June 30, 2019: 848,858 shares

March 31, 2019: 872,058 shares

3) Average number of shares outstanding during the period:

June 30, 2019: 208,636,195 shares

June 30, 2018: 209,855,704 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.

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## 1. Explanation of Operating Results and Financial Position

### (1) Explanation of Operating Results

The Group's operating results for the three months ended June 30, 2019, were as follows.

Consolidated revenue grew 13.7% year on year to 14,224 million yen, driven mainly by *tabelog*'s restaurant promotion business, *Kyujin Box*, and *kakaku.com*'s service business.

Consolidated operating profit grew 16.0% year on year to 6,448 million yen, mainly as a net result of the increase in revenue and growth in *tabelog* advertising expenses.

Consolidated profit before income taxes grew 14.5% year on year to 6,336 million yen by virtue 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 22.4% year on year to 4,325 million yen.

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

#### (a) Internet Media Business

The Internet media business's revenue grew 13.5% year on year to 13,764 million yen while its segment income increased 16.3% year on year to 6,318 million yen in the three months ended June 30, 2019.

(*kakaku.com*)

*kakaku.com*'s revenue grew 8.0% year on year to 5,597 million yen in the three months ended June 30, 2019.

The shopping business's revenue ticked up 0.4% year on year to 2,235 million yen as a revenue decrease in consumer goods categories was narrowly outweighed by revenue growth in durable goods and other categories. The service business's revenue increased 14.2% year on year to 2,373 million yen, boosted by revenue growth in the personal finance and telecom domains. The advertising business's revenue grew 13.0% year on year to 989 million yen as a result of increased revenue from banner ads and advertorials.

*kakaku.com* had 54.73 million monthly unique users<sup>1</sup> in June 2019.

(*tabelog*)

*tabelog*'s revenue grew 10.7% year on year to 6,313 million yen in the three months ended June 30, 2019.

The restaurant promotion business briskly grew its new fee plans' subscribership to 38,700 restaurants as of June. It did so by both signing up new subscribers and converting existing subscribers from old fee plans to the new ones<sup>2</sup>. Additionally, online reservation bookings grew steadily by virtue of an increase in restaurants that accept online reservations via *tabelog*. The sales promotion business's revenue consequently increased 18.5% year on year to 5,194 million yen. The premium membership business's revenue decreased 18.9% year on year to 623 million yen in response to a decrease in fee-paying members. The advertising business's revenue was down 9.7% year on year to 497 million yen despite growth in revenue from banner ads and advertorials. Its decrease was due to a decrease in network ads and reduced commission revenue from customer referrals to other media.

*tabelog* had 118.77 million monthly unique users<sup>1</sup> in June 2019.

#### (New Media and Solutions)

The new media and solutions business's revenue grew 48.7% year on year to 1,854 million yen in the three months ended June 30, 2019.

*Kyujin Box*'s commission revenues grew in tandem with growth in monthly usership. *Sumaity*'s revenue also grew, driven by growth in rental applications and an increase in commission rates.

#### (b) Finance Business

The finance business's revenue grew 19.4% year on year to 459 million yen while its segment income increased 2.5% year on year to 129 million yen in the three months ended June 30, 2019.

*Kakaku.com Insurance*, a site operated by consolidated subsidiary Kakaku.com Insurance, Inc., increased its commission revenue through growth in online applications for both life and non-life insurance coverage.

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. *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 assets at June 30, 2019, totaled 51,419 million yen, a 178 million yen increase from March 31, 2019. The increase was mainly the net result of a 1,227 million yen increase in right-of-use assets due to application of IFRS 16 *Leases* and a 1,139 million yen reduction in cash and cash equivalents.

#### **Liabilities**

Consolidated liabilities at June 30, 2019, totaled 9,979 million yen, a 323 million yen decrease from March 31, 2019. The decrease was mainly the net result of a 2,021 million yen reduction in income taxes payable, a 1,146 million yen increase in lease liabilities due to application of IFRS 16 *Leases*, and a 651 million yen increase in other current liabilities.

#### **Equity**

Consolidated equity at June 30, 2019, totaled 41,441 million yen, a 500 million yen increase from March 31, 2019. The increase was mainly the net result of 4,325 million yen of profit attributable to owners of the parent company and declaration of a 3,755 million yen dividend from retained earnings.

### **2) Cash Flows**

Cash and cash equivalents ("cash") at June 30, 2019, totaled 25,283 million yen, a 1,139 million yen decrease from March 31, 2019. Cash flows from operating, investing, and financing activities were as follows.

#### **Cash flows from operating activities**

Operating activities provided net cash of 3,665 million yen (vs. 3,110 million yen provided in the year-earlier period).

The main sources of operating cash flow were 439 million yen of depreciation and amortization, a 395 million yen reduction in trade and other receivables, and 6,336 million yen of profit before income taxes net of 4,055 million yen of income taxes paid.

#### **Cash flows from investing activities**

Investing activities used net cash of 1,021 million yen (vs. 525 million yen used in the year-earlier period), primarily to acquire intangible assets for 316 million yen.

#### **Cash flows from financing activities**

Financing activities used net cash of 3,788 million yen (vs. 3,098 million yen used in the year-earlier period), mostly to fund a 3,739 million yen dividend distribution.

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

The consolidated earnings forecasts for the six months ending September 30, 2019, and fiscal year ending March 31, 2020, that were disclosed in the Consolidated Earnings Report for the Fiscal Year ended March 31, 2019, released on May 9, 2019, remain unchanged.

## 2. Condensed Consolidated Financial Statements

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

(Millions of yen)

	As of March 31, 2019	As of June 30, 2019
Assets		
Current assets		
Cash and cash equivalents	26,422	25,283
Trade and other receivables	8,676	8,281
Other financial assets	29	132
Other current assets	1,502	1,554
Total current assets	36,629	35,249
Non-current assets		
Property, plant and equipment	1,384	1,342
Right-of-use assets	-	1,227
Goodwill and other intangible assets	7,095	7,060
Investments accounted for using equity method	2,555	2,487
Other financial assets	3,229	3,630
Deferred tax assets	304	377
Other non-current assets	46	48
Total non-current assets	14,613	16,170
Total assets	51,242	51,419

(Millions of yen)

	As of March 31, 2019	As of June 30, 2019
<b>Liabilities</b>		
<b>Current liabilities</b>		
Trade and other payables	2,446	2,068
Bonds and borrowings	339	360
Other financial liabilities	221	576
Income taxes payable	4,082	2,060
Lease liabilities	-	825
Employee benefit obligations	1,296	1,152
Other current liabilities	1,419	2,070
<b>Total current liabilities</b>	<b>9,802</b>	<b>9,111</b>
<b>Non-current liabilities</b>		
Bonds and borrowings	139	139
Lease liabilities	14	335
Provisions	178	180
Other non-current liabilities	168	214
<b>Total non-current liabilities</b>	<b>499</b>	<b>868</b>
<b>Total liabilities</b>	<b>10,301</b>	<b>9,979</b>
<b>Equity</b>		
Capital stock	916	916
Capital surplus	464	464
Retained earnings	40,490	41,126
Treasury shares	(1,750)	(1,704)
Other components of equity	419	235
<b>Total equity attributable to owners of the parent company</b>	<b>40,538</b>	<b>41,036</b>
Non-controlling interests	403	405
<b>Total equity</b>	<b>40,941</b>	<b>41,441</b>
<b>Total liabilities and equity</b>	<b>51,242</b>	<b>51,419</b>

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

(Millions of yen)

	Three months ended June 30, 2018	Three months ended June 30, 2019
Revenue	12,513	14,224
Operating expenses	6,955	7,775
Other income	3	2
Other expenses	0	3
Operating profit	5,560	6,448
Finance income	3	2
Finance expenses	2	3
Share of profit (loss) of associates and joint ventures accounted for using the equity method	(29)	(111)
Profit before income taxes	5,533	6,336
Income tax expense	1,997	2,010
Profit	3,535	4,327
Profit attributable to:		
Owners of the parent company	3,534	4,325
Non-controlling interests	1	1
Earnings per share		
Basic earnings per share (yen)	16.84	20.73
Diluted earnings per share (yen)	16.83	20.72



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

(Millions of yen)

	Three months ended June 30, 2018	Three months ended June 30, 2019
Profit	3,535	4,327
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	157	(112)
Total items that will not be reclassified to profit or loss	157	(112)
Items that may be reclassified to profit or loss		
Exchange differences on translation of foreign operations	0	5
Share of other comprehensive income of associates and joint ventures accounted for using the equity method	(0)	(2)
Total items that may be reclassified to profit or loss	0	3
Other comprehensive income (Net of related tax effect)	157	(109)
Comprehensive income	3,692	4,218
Comprehensive income attributable to:		
Owners of the parent company	3,691	4,216
Non-controlling interests	1	2

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

Three months ended June 30, 2018 (From April 1, 2018 to June 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	—	—	3,534	—	—	—	—	—	—	3,534	1	3,535
Other comprehensive income	—	—	—	—	157	0	(0)	—	157	157	0	157
Total comprehensive income	—	—	3,534	—	157	0	(0)	—	157	3,691	1	3,692
Dividends	—	—	(3,357)	—	—	—	—	—	—	(3,357)	—	(3,357)
Purchase or disposal of treasury shares	—	27	—	140	—	—	—	(40)	(40)	126	—	126
Share-based payment transactions	—	—	—	—	—	—	—	15	15	15	—	15
Others	—	(0)	—	—	—	—	—	—	—	(0)	21	21
Total transactions with owners	—	27	(3,357)	140	—	—	—	(25)	(25)	(3,216)	21	(3,195)
Balance at end of period	916	468	33,238	(1,115)	373	(3)	1	172	542	34,049	357	34,406

Three months ended June 30, 2019 (From April 1, 2019 to 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

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

(Millions of yen)

	Three months ended June 30, 2018	Three months ended June 30, 2019
Cash flows from operating activities		
Profit before income taxes	5,533	6,336
Adjustments to reconcile profit before income taxes		
Depreciation and amortization	452	439
Interest and dividend income	(3)	(2)
Decrease (increase) in trade and other receivables	755	395
Increase (decrease) in trade and other payables	250	(325)
Other	338	871
Subtotal	7,324	7,715
Interest and dividend income received	7	5
Income taxes paid	(4,221)	(4,055)
Net cash provided by (used in) operating activities	3,110	3,665
Cash flows from investing activities		
Purchase of property, plant and equipment	(73)	(96)
Purchase of intangible assets	(273)	(316)
Purchase of investment securities	(100)	(145)
Other	(79)	(463)
Net cash provided by (used in) investing activities	(525)	(1,021)
Cash flows from financing activities		
Repayments of short-term loans payable	-	(650)
Proceeds from short-term loans payable	-	700
Repayments of long-term loans payable	(67)	(29)
Proceeds from long-term loans payable	150	-
Repayments of lease obligations	-	(83)
Purchase of treasury shares	(0)	-
Dividends paid	(3,328)	(3,739)
Proceeds from issuance of share options	126	13
Other	21	-
Net cash provided by (used in) financing activities	(3,098)	(3,788)
Effect of exchange rate change on cash and cash equivalents	0	5
Net increase (decrease) in cash and cash equivalents	(512)	(1,139)
Cash and cash equivalents at beginning of period	21,029	26,422
Cash and cash equivalents at end of period	20,517	25,283

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

(Notes regarding the going concern assumption)

Not applicable.

(Changes in accounting policies)

Significant accounting policies applied to the Group's condensed consolidated financial statements of the first quarter of the fiscal year ending March 31, 2020 are the same as those applied to the consolidated financial statements for the fiscal year ended March 31, 2019, with the following exception.

The income tax expense for the three months ended June 30, 2019 has been calculated based on the estimated average annual effective income tax rate.

The Group has applied the following accounting standard from the first quarter of the fiscal year ending March 31, 2020.

IFRS	Description of new standards and amendments
IFRS 16 Leases	Amendment to the accounting treatment for leases

The Group has applied IFRS 16 *Leases* (issued in January 2016, "IFRS 16") from the first quarter of the fiscal year ending March 31, 2020.

In applying IFRS 16, the Group has applied the standard retrospectively in accordance with transitional measures by recognizing the cumulative effects of initial application as corrections to the beginning balance of retained earnings for the first quarter of the fiscal year ending March 31, 2020. In transitioning to IFRS 16, the Group has elected to apply the practical expedient provided in IFRS 16 paragraph C3 and maintained its assessment of whether a contract contains a lease under IAS 17 *Leases* ("IAS 17") and IFRIC 4 *Determining whether an Arrangement Contains a Lease*.

The Group recognized lease liabilities at the date of initial application of IFRS 16 for leases that it had previously classified as operating leases under IAS 17. These lease liabilities have been measured at the present value of the outstanding lease payments discounted using the lessee's incremental borrowing rate at the date of initial application. The weighted average of the lessee's incremental borrowing rate applied to these liabilities recognized on the consolidated statement of financial position at the date of initial application is 0.5%.

The following is a reconciliation of operating lease contracts disclosed applying IAS 17 as of March 31, 2019 and lease liabilities recognized in the consolidated statement of financial position at the date of initial application.

	(Millions of yen)
	Amount
Operating lease contracts disclosed as of March 31, 2019	773
Operating lease contracts disclosed as of March 31, 2019 (Discounted using the incremental borrowing rate)	771
Finance lease liabilities as of March 31, 2019	14
Non-cancellable operating lease contracts	613
Lease liabilities as of April 1, 2019	1,398

As a result of applying IFRS 16, retained earnings decreased 3 million yen at the beginning of the first quarter of the fiscal year ending March 31, 2020, compared with the application of the previous accounting standard.

In applying IFRS 16, the Group used the following practical expedients:

- A single discount rate is applied to portfolios of leases with reasonably similar characteristics.
- Leases for which the lease term ends within 12 months of the date of initial application are accounted for in the same way as short-term leases.
- Hindsight may be used, such as in determining the lease term if the contract contains options to extend or terminate the lease.

(Significant subsequent events)

Not applicable.