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February 4, 2020

**Kakaku.com, Inc.**  
**Consolidated Earnings Report for the**  
**Third 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: February 12, 2020

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, 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	%
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
Q3 FY2019/3	39,884	19.1	18,196	12.4	18,048	11.6	12,112	9.7	12,079	9.5	12,140	8.7

	Basic earnings per share	Diluted earnings per share
	¥	¥
Q3 FY2020/3	67.04	67.01
Q3 FY2019/3	57.58	57.55

**(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, 2019	59,803	42,457	42,050	70.3
As of March 31, 2019	51,242	40,941	40,538	79.1

## 2. Dividends

	Annual dividends				
	Q1	Q2	Q3	Year End	Total
	¥	¥	¥	¥	¥
FY2019/3	-	18.00	-	18.00	36.00
FY2020/3	-	20.00	-		
FY2020/3 (Forecast)				20.00	40.00

(Note) Revisions to most recent dividend forecasts: None

## 3. Consolidated Earnings Forecast for the Fiscal Year Ending March 31, 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	%	¥
Full year	62,000	13.1	26,700	6.5	26,500	6.7	18,000	7.8	86.95

(Note) Revisions to most recent dividend forecasts: None

### \*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: 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):

December 31, 2019: 209,505,000 shares

March 31, 2019: 209,505,000 shares

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

December 31, 2019: 2,487,258 shares

March 31, 2019: 872,058 shares

3) Average number of shares outstanding during the period:

December 31, 2019: 208,514,882 shares

December 31, 2018: 209,773,676 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)

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 Company's operating results for the nine months ended December 31, 2019, were as follows.

Consolidated revenue grew 13.5% year on year to 45,256 million yen, driven mainly by increases in revenue from Kakaku.com, Kyujin Box, and Tabelog's restaurant promotion business.

Consolidated operating profit grew 14.8% year on year to 20,885 million yen, with personnel cost and commissions fees increasing in conjunction with increase in revenue. In addition, rent increased from the three months ended December 31, 2019, in conjunction with the expansion of office floor space.

Consolidated profit before income taxes grew 13.8% year on year to 20,534 million yen, with an increase in operating profit partially offset by a net loss on equity-method investments.

Consolidated profit attributable to owners of the parent company increased 15.7% year on year to 13,979 million yen.

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

#### (a) Internet Media Business

The Internet media business's revenue grew 13.0% year on year to 43,673 million yen while its segment income increased 14.3% year on year to 20,359 million yen in the nine months ended December 31, 2019.

##### (Kakaku.com)

Kakaku.com's revenue grew 8.7% year on year to 17,698 million yen in the nine months ended December 31, 2019.

The shopping business's revenue ticked up 1.4% year on year to 6,937 million yen due to revenue growth in durable goods centered on PCs and large home appliances and electronics. The service business's revenue increased 16.7% year on year to 7,250 million yen, boosted by revenue growth in the personal finance and telecom domains. The advertising business's revenue grew 9.1% year on year to 3,511 million yen as a result of an increase in advertisement placements from home appliance and electronics manufacturers.

Kakaku.com had 59.46 million monthly unique users<sup>1</sup> in December 2019.

##### (Tabelog)

Tabelog's revenue grew 10.2% year on year to 19,855 million yen in the nine months ended December 31, 2019.

The restaurant promotion business grew its new fee-based\*<sup>2</sup> plans' subscribership to 59,100 restaurants as of December. It did so by signing up new subscribers. Additionally, online reservation bookings continued to grow by virtue of an increase in restaurants that accept online reservations via Tabelog. The restaurant promotion business's revenue consequently increased 15.2% year on year to 16,165 million yen. The premium membership business's revenue decreased 19.2% year on year to 1,788 million yen in response to a decrease in fee-paying members. The advertising business's revenue was up 6.8% year on year to 1,902 million yen due to growth in revenue from banner ads and advertorials.

Tabelog had 118.46 million monthly unique users<sup>1</sup> in December 2019.

#### (New Media and Solutions)

The New Media and Solutions business's revenue grew 40.3% year on year to 6,120 million yen in the nine months ended December 31, 2019.

Kyujin Box's commission revenues grew in tandem with growth in monthly usership and an increase in the customer referral rate. Additionally, Sumaito saw an increase in commission revenues due to a rise in inquiries about properties.

#### (b) Finance Business

The finance business's revenue grew 29.2% year on year to 1,582 million yen, while its segment income increased 37.2% year on year to 522 million yen, in the nine months ended December 31, 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. The Company employs a counting method that screens out, to the fullest extent possible, the double-counting of mobile browsers resulting from high-speed loading of mobile webpages as well as mechanical accesses by, e.g., third parties' web-scraping bots.
2. Tabelog's fee-based plans are restaurant service plans for which Tabelog's restaurant promotion business charges restaurants: 1) a variable fee plan based on online reservation bookings in addition to a monthly base fee, or 2) a monthly base fee plan.

## **(2) Explanation of Financial Position**

### **1) Analysis of Financial Position**

#### **Assets**

Consolidated assets at December 31, 2019, totaled 59,803 million yen, an 8,561 million yen increase from March 31, 2019. The increase was mainly the result of an 7,854 million yen increase in right-of-use assets due to application of IFRS 16 Leases and a 3,245 million yen increase in other current assets.

#### **Liabilities**

Consolidated liabilities at December 31, 2019, totaled 17,346 million yen, a 7,045 million yen increase from March 31, 2019. The increase was mainly the result of an 7,709 million yen increase in lease liabilities due to application of IFRS 16 Leases, and a 351 million yen increase in other financial liabilities (current), despite the 1,434 million yen decrease in income taxes payable.

#### **Equity**

Consolidated equity at December 31, 2019, totaled 42,457 million yen, a 1,516 million yen increase from March 31, 2019. The increase was mainly the net result of 13,979 million yen of profit attributable to owners of the parent company, which offset a declaration of a 7,929 million yen dividend from retained earnings, and treasury share acquisition of 4,430 million yen.

### **2) Cash Flows**

Cash and cash equivalents (collectively, “cash”) at December 31, 2019, totaled 21,946 million yen, a 4,476 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 14,975 million yen (vs. 10,860 million yen provided in the year-earlier period).

The main sources of operating cash flow were 20,534 million yen of profit before income taxes and 2,244 million yen of depreciation and amortization, which were partially offset by 8,039 million of income taxes paid.

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

Investing activities used net cash of 3,109 million yen (vs. 2,445 million yen used in the year-earlier period). This was primarily due to 1,088 million yen spent to acquire intangible assets, and 876 million yen spent to acquire tangible assets.

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

Financing activities used net cash of 16,346 million yen (vs. 9,629 million yen used in the year-earlier period). The main factors were 7,925 million yen used to fund a dividend distribution, and 8,000 million yen used to acquire treasury shares.

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

The consolidated earnings forecast for the fiscal year ending March 31, 2020, that was disclosed in the Consolidated Earnings Report for the Fiscal Year ended March 31, 2019, released on May 9, 2019, remains unchanged.

## 2. Condensed Consolidated Financial Statements

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

(Unit: million yen)

	As of March 31, 2019	As of December 31, 2019
Assets		
Current assets		
Cash and cash equivalents	26,422	21,946
Trade and other receivables	8,676	9,288
Other financial assets	29	140
Other current assets	1,502	4,747
Total current assets	36,629	36,121
Non-current assets		
Property, plant and equipment	1,384	1,915
Right-of-use assets	-	7,854
Goodwill and other intangible assets	7,095	7,057
Investments accounted for using equity method	2,555	2,606
Other financial assets	3,229	3,744
Deferred tax assets	304	457
Other non-current assets	46	49
Total non-current assets	14,613	23,682
Total assets	51,242	59,803

(Unit: million yen)

	As of March 31, 2019	As of December 31, 2019
Liabilities		
Current liabilities		
Trade and other payables	2,446	2,377
Bonds and borrowings	339	413
Other financial liabilities	221	572
Income taxes payable	4,082	2,648
Lease liabilities	-	1,110
Employee benefit obligations	1,296	1,185
Other current liabilities	1,419	1,845
Total current liabilities	9,802	10,149
Non-current liabilities		
Bonds and borrowings	139	167
Lease liabilities	14	6,613
Provisions	178	180
Other non-current liabilities	168	237
Total non-current liabilities	499	7,197
Total liabilities	10,301	17,346
Equity		
Capital stock	916	916
Capital surplus	464	468
Retained earnings	40,490	46,533
Treasury shares	(1,750)	(6,181)
Other components of equity	419	313
Total equity attributable to owners of the parent company	40,538	42,050
Non-controlling interests	403	407
Total equity	40,941	42,457
Total liabilities and equity	51,242	59,803

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

(Unit: million yen)

	Nine months ended December 31, 2018	Nine months ended December 31, 2019
Revenue	39,884	45,256
Operating expenses	21,715	24,388
Other income	27	22
Other expenses	0	4
Operating profit	18,196	20,885
Finance income	9	21
Finance expenses	8	42
Share of profit (loss) of associates and joint ventures accounted for by the equity method	(149)	(330)
Profit before income taxes	18,048	20,534
Income tax expense	5,936	6,551
Profit	12,112	13,983
Profit attributable to:		
Owners of the parent company	12,079	13,979
Non-controlling interests	33	4
Earnings per share		
Basic earnings per share (yen)	57.58	67.04
Diluted earnings per share (yen)	57.55	67.01



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

(Unit: million yen)

	Nine months ended December 31, 2018	Nine months ended December 31, 2019
Profit	12,112	13,983
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	30	(156)
Total items that will not be reclassified to profit or loss	30	(156)
Items that may be reclassified to profit or loss		
Exchange differences on translation of foreign operations	(2)	4
Share of other comprehensive income of associates and joint ventures accounted for using the equity method	(1)	(3)
Total items that may be reclassified to profit or loss	(2)	1
Other comprehensive income (Net of related tax effect)	27	(155)
Comprehensive income	12,140	13,828
Comprehensive income attributable to:		
Owners of the parent company	12,106	13,824
Non-controlling interests	33	4

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

Nine months ended December 31, 2018 (From April 1, 2018 to December 31, 2018)

(Unit: million yen)

	Equity attributable to owners of the parent company			
	Capital stock	Capital surplus	Retained earnings	Treasury shares
Balance at beginning of period	916	441	33,060	(1,255)
Profit	—	—	12,079	—
Other comprehensive income	—	—	—	—
Total comprehensive income	—	—	12,079	—
Dividends	—	—	(7,135)-	—
Purchase or disposal of treasury shares	—	77	—	(2,713)
Share-based payment transactions	—	—	—	—
Cancellation of subscription rights to shares	—	26	—	—
Others	—	(0)	—	—
Total transactions with owners	—	103	(7,135)	(2,713)
Balance at end of period	916	544	38,004	(3,969)

(Unit: million yen)

	Equity attributable to owners of the parent company						Non-controlling interests	Total equity
	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	216	(4)	1	197	411	33,573	335	33,908
Profit	—	—	—	—	—	12,079	33	12,112
Other comprehensive income	30	(2)	(1)	—	27	27	(0)	27
Total comprehensive income	30	(2)	(1)	—	27	12,106	33	12,140
Dividends	—	—	—	—	—	(7,135)	—	(7,135)
Purchase or disposal of treasury shares	—	—	—	(78)	(78)	(2,714)	—	(2,714)
Share-based payment transactions	—	—	—	50	50	50	—	50
Cancellation of subscription rights to shares	—	—	—	(26)	(26)	—	—	—
Others	—	—	—	—	—	(0)	21	21
Total transactions with owners	—	—	—	(54)	(54)	(9,800)	21	(9,779)
Balance at end of period	246	(5)	0	143	384	35,880	389	36,269

Nine months ended December 31, 2019 (From April 1, 2019 to December 31, 2019)

(Unit: million yen)

	Equity attributable to owners of the parent company			
	Capital stock	Capital surplus	Retained earnings	Treasury shares
Balance at beginning of period	916	464	40,490	(1,750)
Effect of changes in accounting policies	—	—	(3)	—
Restated balance	916	464	40,487	(1,750)
Profit	—	—	13,979	—
Other comprehensive income	—	—	—	—
Total comprehensive income	—	—	13,979	—
Dividends	—	—	(7,929)	—
Purchase or disposal of treasury shares	—	6	—	(4,430)
Share-based payment transactions	—	—	—	—
Cancellation of subscription rights to shares	—	—	—	—
Others	—	(2)	(4)	—
Total transactions with owners	—	5	(7,934)	(4,430)
Balance at end of period	916	468	46,533	(6,181)

(Unit: million yen)

	Equity attributable to owners of the parent company						Non-controlling interests	Total equity
	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	254	(4)	1	168	419	40,538	403	40,941
Effect of changes in accounting policies	—	—	—	—	—	(3)	—	(3)
Restated balance	254	(4)	1	168	419	40,535	403	40,938
Profit	—	—	—	—	—	13,979	4	13,983
Other comprehensive income	(156)	4	(3)	—	(155)	(155)	0	(155)
Total comprehensive income	(156)	4	(3)	—	(155)	13,824	4	13,828
Dividends	—	—	—	—	—	(7,929)	—	(7,929)
Purchase or disposal of treasury shares	—	—	—	(49)	(49)	(4,473)	—	(4,473)
Share-based payment transactions	—	—	—	95	95	95	—	95
Cancellation of subscription rights to shares	—	—	—	—	—	—	—	—
Others	4	—	—	—	4	(2)	—	(2)
Total transactions with owners	4	—	—	46	50	(12,309)	—	(12,309)
Balance at end of period	103	(1)	(2)	213	313	42,050	407	42,457

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

(Unit: million yen)

	Nine months ended December 31, 2018	Nine months ended December 31, 2019
Cash flows from operating activities		
Profit before income taxes	18,048	20,534
Adjustments to reconcile profit before income taxes		
Depreciation and amortization	1,322	2,244
Interest and dividend income	(9)	(20)
Decrease (increase) in trade and other receivables	(767)	(611)
Increase (decrease) in trade and other payables	618	(38)
Other	(157)	895
Subtotal	19,055	23,004
Interest and dividend income received	12	10
Income taxes paid	(8,207)	(8,039)
Net cash provided by (used in) operating activities	10,860	14,975
Cash flows from investing activities		
Purchase of property, plant and equipment	(362)	(876)
Purchase of intangible assets	(917)	(1,088)
Purchase of investment securities	(1,231)	(681)
Other	65	(463)
Net cash provided by (used in) investing activities	(2,445)	(3,109)
Cash flows from financing activities		
Repayments of short-term loans payable	—	(2,350)
Proceeds from short-term loans payable	—	2,450
Repayments of long-term loans payable	(214)	(148)
Proceeds from long-term loans payable	399	150
Repayment of lease obligations	—	(641)
Purchase of treasury shares	(3,000)	(8,000)
Dividends paid	(7,129)	(7,925)
Proceeds from issuance of share options	285	118
Other	30	—
Net cash provided by (used in) financing activities	(9,629)	(16,346)
Effect of exchange rate change on cash and cash equivalents	(2)	4
Net increase (decrease) in cash and cash equivalents	(1,216)	(4,476)
Cash and cash equivalents at beginning of period	21,029	26,422
Cash and cash equivalents at end of period	19,813	21,946

## (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 third 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 nine months ended December 31, 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.