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November 2, 2016

Kakaku.com, Inc.
Consolidated Earnings Report for the Second Quarter of the Fiscal Year Ending March 31, 2017

Stock listings:	Tokyo Stock Exchange (First Section)
Securities code:	2371
URL:	http://corporate.kakaku.com/?lang=en
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Scheduled dates

Filing of statutory year-end financial report:	November 9, 2016
Supplementary materials to financial results available:	Yes
Fiscal year-end earnings presentation held:	Yes (for institutional investors and analysts)

(Amounts rounded down to the nearest million yen)

1. Consolidated Financial Results for the Second Quarter of the Fiscal Year Ending March 31, 2017

(1) Consolidated Operating Results (% = year-on-year change)

	Net sales		Operating income		Ordinary income		Net income attributable to shareholders of the parent company	
	¥ million	%	¥ million	%	¥ million	%	¥ million	%
Q2 FY2016	21,843	13.7	10,033	15.7	10,023	15.0	7,024	19.7
Q2 FY2015	19,208	16.3	8,671	20.0	8,714	20.3	5,867	28.4

(Note) Comprehensive income: Q2 FY2016 ¥6,987 million (+19.1%) Q2 FY2015 ¥5,867 million (+28.1%)

	Net income per share	Diluted net income per share
	¥	¥
Q2 FY2016	32.25	32.22
Q2 FY2015	26.63	26.59

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	¥ million	¥ million	%
As of September 30, 2016	37,804	31,560	82.4
As of March 31, 2016	38,903	32,111	81.6

(Reference) Total equity: As of March 2016 ¥31,166 million As of March 31, 2015 ¥31,739 million

Total equity = Shareholders' equity plus total accumulated other comprehensive income

2. Dividends

	Annual dividends				
	Q1	Q2	Q3	Year End	Total
	¥	¥	¥	¥	¥
FY2015	-	0.00	-	21.00	21.00
FY2016	-	14.00			
FY2016 (Forecast)			-	14.00	28.00

(Note) Revisions to most recent dividend forecasts: None

3. Consolidated Earnings Forecast for the Fiscal Year Ending March 31, 2017 (April 1, 2016 to March 31, 2017)

(% = year-on-year change)

	Net sales		Operating income		Ordinary income		Net income attributable to shareholders of the parent company		Net income per share
	¥ million	%	¥ million	%	¥ million	%	¥ million	%	¥
Full year	48,000	16.3	23,000	17.7	23,000	17.5	15,900	21.4	73.41

(Note) Revisions to most recent dividend forecasts: None

***Notes**

(1) Changes in Significant Subsidies during the Period: None

(2) Application of simplified accounting methods and/or special accounting methods: None

(3) Changes in accounting policies, changes in accounting estimates and restatements:

i) Changes associated with revisions of accounting and other standards: Yes

ii) Changes other than the above 1): None

iii) Changes in accounting estimates: None

iv) Restatements: None

(Note) Please refer to page 8 "2. Matters Related to Summary Information (Notes) , (2) Changes in Accounting Policies and Accounting Estimates"

(4) Number of shares issued (common stock)

1) Number of shares issued at end of period (treasury stock included):
September 30, 2016: 218,160,100 shares
March 31, 2016: 219,560,100 shares

2) Number of shares held in treasury at end of period:
September 30, 2016: 1,069,725 shares
March 31, 2016: 1,019,125 shares

3) Average number of shares outstanding during the period:
September 30, 2016: 217,800,665 shares
September 30, 2015: 220,335,761 shares

*** Quarterly Review Status**

This report is exempt from the quarterly review procedures required by Japan's Financial Instruments and Exchange Act. As of this report's publication, the quarterly review of the quarterly financial results had not been completed.

***Appropriate Use of Earnings Forecasts and Other Important Information**

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

Kakaku.com, Inc. continues to provide a wide variety of services, with the mission to create valuable user-oriented services. All of the currently over 15 services, including the shopping support site *Kakaku.com* as well as *Tabelog*, which provides user reviews and rankings for restaurants, are instrumental in driving continued growth of Kakaku.com group as a whole.

While the Japanese economy in the first half of this fiscal year showed signs of a gradual recovery influenced by a government stimulus package, the outlook for the world economy remains uncertain, with the US presidential elections pending in November and the possibility of the FRB raising interest rates.
Japan's BtoC ecommerce market continues to show steady growth with an annual growth rate of 7.6% and a current market size of 13.8 trillion yen. The ecommerce market is expected to keep growing in the medium-tem, as the relatively small share of ecommerce sales in total retail sales in Japan remains (only 4.8%) still leaves room for growth.

Against this backdrop, the Company has been focusing on improving the *Kakaku.com* site by improving the usability and contents of the site. *Tabelog*'s user interface was also enhanced with a focus on the site's online reservation service and sales of new promotional products were intensified. In the new media category, the Company has been intensifying the expansion of the dynamic package reservation system provided by Time Design Co., Ltd.

As a result, revenue in the first half of the current fiscal year was 21,843 million yen (+13.7% year-on-year), operating income was 10,033 million yen (+15.7% year-on-year), ordinary income was 10,023 million yen (+15.0% year-on-year) and net income attributable to shareholders of the parent company was 7,024 million (+19.7% year-on-year).

Earnings by business segment are discussed below.

(a) Internet Media Business

Sales for the internet media business were 21,371 million yen (+14.7% year-on-year) and operating income was 9,942 million yen (+17.4% year-on-year).

(Shopping segment)

By enhancing the usability and content of *Kakaku.com*, commission rates from partner companies have improved year-on-year. Sales for the first half of this fiscal year were 4,502 million yen (+4.6% year-on-year).

(Service segment)

Positive results for credit card and loan comparisons in the finance related categories, as well as for overseas Wi-Fi and SIM-card comparisons in the telecommunication categories led to an increase in commissions, resulting in half-year sales of 3,741 million yen (+12.2% year-on-year).

(Advertising segment)

Even though consolidated advertising sales for the second quarter were higher year-on-year, weak results in the first quarter as a result of the Kumamoto earthquake, total sales for the first half of this fiscal year were down 0.8% year-on-year with 1,875 million yen.

(Tabelog)

Monetization of Tabelog continues to improve with growing number of fee-paying restaurants as well as individual subscribers. Sales for the first half of this fiscal year reached 8,996 million yen (+21.4% year-on-year).

(New Media)

Growing number of hotel reservations registered by consolidated subsidiary Time Design Co., Ltd. and improved site content for real estate search site *Sumaity* resulting in higher commissions, were sales drivers.
As a result, half-year sales were 2,255 million yen, an increase of 32.8% year-on-year.

(b)Finance Business

The reduction of maximum contract periods for fire insurances implemented in October 2015, led to unusually high revenues for Kakaku.com Insurance, Inc. last fiscal year. As a result, revenue in this fiscal year is comparatively low. Sales for the first half of this fiscal year were 473 million yen, down 17% year-on-year. Operating sales were 87 million yen, down 55.6% from last year.

Number of Users for Kakaku.com, Inc.'s Main Websites (in tens of thousands)

Site Name		As of September 2015	As of September 2016
Kakaku.com shopping support portal	Number of users	4,729	4,502
	PC	2,468	2,100
	Smartphone	2,229	2,384
Tabelog ranking and word-of-mouth site for restaurants	Number of users	6,830	7,559
	PC	2,287	2,239
	Smartphone	4,475	5,280
4Travel travel comparison and word-of-mouth site	Number of users	930	870
	PC	388	332
	Smartphone	542	538
Eiga.com information portal for movies	Number of users	918	1,478
	PC	215	370
	Smartphone	689	1,096
Priceprice.com shopping support portal for the Southeast Asian market	Number of users	594	987
	PC	259	280
	Smartphone	334	707
Kinarino lifestyle media	Number of users	476	667
	PC	111	158
	Smartphone	365	509

(Number of users for Priceprice.com is four country total: Philippines, Thailand, Indonesia and India)

(2) Explanation of Financial Condition

(a)Financial Condition

Total assets at the end of the first half of this fiscal year were 37,804 million yen, an increase of 1,099 million yen compared to the end of the previous fiscal year. This was mainly due to a decrease in cash and deposits.

Total liabilities were 6,244 million yen, a decrease of 548 million yen compared to the end of the previous fiscal year. This was due primarily to a decrease in income tax payables by 498 million yen.

Total equity at the end of the first half of this fiscal year was 31,560 million yen, a decrease of 550 million yen compared to the end of the previous fiscal year. This was primarily attributable to recording net income attributable to owners of the parent of 7,024 million yen, which offset recording dividend of 4,589 million yen in retained earnings, as well as the buyback of treasury stock of 2,999 million yen.

(b) Cash Flows

Cash and cash equivalents (collectively "cash") at the end of the first half of this fiscal year decreased by 972 million yen to 27,346 million yen, compared to the end of the previous fiscal year. Cash flows in each area of activity are as follows.

(Operating activities)

Net cash provided by operating activities was 7,370 million yen, compared to a cash inflow of 5,804 million yen in the same period of the previous fiscal year. The principal cash inflow factors were 10,057 million in profit before tax and recording a decrease in accounts receivable, which offset the effect of 3,510 million yen in income tax paid.

(Investing activities)
Net cash used by investing activities for the first half of this fiscal year was 759 million yen, compared to a cash inflow of 2,030 million yen in the same period of the previous year. The principal cash outflow factors were 237 million in acquisition of tangible assets and 551 million in acquisition of tangible assets.

(Financing activities)
Net cash used in financing activities for the first half of this fiscal year was 7,561 million yen, compared to a cash outflow of 3,013 million yen in the same period of the previous fiscal year. The principal cash outflow factors were 4,586 million in cash dividends paid and 3,012 million yen in acquisition of treasury stock.

(3) Explanation of Consolidated Financial Results Forecast and Other Forward-looking Information

With regard to the consolidated financial results for fiscal year 2017, there are no changes to the forecast we announced in the consolidated results for fiscal year 2016, on May 11 2016.

2. Matters Related to Summary Information (Notes)

(1) Changes in Significant Subsidiaries during the Period under Review

Not applicable

It should be noted that, while it does not apply to changes in specified subsidiaries, the importance of Kakaku.com Financial has become so scarce, that it has been excluded from the scope of consolidation as of the first quarter of this accounting period.

(2) Changes in Accounting Policies and Accounting Estimates

Changes in accounting policies

(Application of the "Practical Solution on Accounting for Changes in Depreciation Method related to the 2016 Tax Law Changes")

Following a revision to the Corporation Tax Act, the "Practical Solution on Accounting for Changes in Depreciation Method related to the 2016 Tax Law Changes" (ASBJ PITF No. 32, June 17, 2016) was applied from the first quarter of the current fiscal year, and changed the depreciation method for facilities attached to buildings and structures acquired on or after April 1, 2016, from the declining balance method to the straight line method.

The effect of these changes on the consolidated financial results for the first half of the current fiscal year is immaterial.

(3) Additional Information

(Implementation Guidance on the Recoverability of Deferred Tax Assets)

The "Implementation Guidance on Recoverability of Deferred Tax Assets" (ASBJ Guidance No. 26 March 28, 2016) has been applied from the first quarter of the current fiscal year.

3. Consolidated Financial Statements
(1) Consolidated Balance Sheets

(Unit: ¥ thousand)

	As of March 31, 2016	As of September 30, 2016
Assets		
Current assets		
Cash and deposits	28,319,130	27,346,589
Notes and accounts receivable - trade	5,764,560	5,225,039
Deferred tax assets	367,144	310,215
Other	226,052	500,458
Allowance for doubtful accounts	(3,202)	(1,575)
Total current assets	34,673,685	33,380,727
Non-current assets		
Property, plant and equipment	855,950	927,004
Intangible assets		
Goodwill	215,267	202,959
Software	1,651,728	1,706,079
Other	111,706	181,281
Total intangible assets	1,978,702	2,090,320
Investments and other assets		
Deferred tax assets	50,458	128,244
Other	1,349,701	1,280,831
Allowance for doubtful accounts	(4,505)	(2,227)
Total investments and other assets	1,395,654	1,406,848
Total non-current assets	4,230,306	4,424,173
Total assets	38,903,992	37,804,900
Liabilities		
Current liabilities		
Income taxes payable	3,780,017	3,281,612
Provision for bonuses	384,694	408,681
Provision for directors' bonuses	—	17,250
Other	2,458,464	2,341,861
Total current liabilities	6,623,176	6,049,404
Non-current liabilities		
Asset retirement obligations	119,739	139,975
Other	50,060	55,010
Total non-current liabilities	169,799	194,985
Total liabilities	6,792,975	6,244,390
Net assets		
Shareholders' equity		
Capital stock	915,984	915,984
Capital surplus	819,037	819,037
Retained earnings	31,894,297	31,518,020
Treasury shares	(1,984,111)	(2,119,214)
Total shareholders' equity	31,645,208	31,133,827
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	78,810	18,267
Foreign currency translation adjustment	15,127	14,831
Total accumulated other comprehensive income	93,938	33,099
Subscription rights to shares	188,426	186,295
Non-controlling interests	183,442	207,287
Total net assets	32,111,016	31,560,509
Total liabilities and net assets	38,903,992	37,804,900

(2) Quarterly Consolidated Statements of Income and Quarterly Consolidated Statements of Comprehensive Income

Quarterly Consolidates Statements of Income

(Cumulative Consolidated Second Quarter)

(Unit: ¥ thousand)

	Six months ended September 30, 2015	Six months ended September 30, 2016
Net sales	19,208,997	21,843,791
Cost of sales	1,948,985	2,470,883
Gross profit	17,260,011	19,372,908
Selling, general and administrative expenses	8,588,108	9,339,652
Operating income	8,671,902	10,033,255
Non-operating income		
Interest income	9,364	1,156
Dividend income	2,841	3,391
Distribution profit	26,827	—
Other	4,361	1,786
Total non-operating income	43,394	6,334
Non-operating expenses		
Interest expenses	8	—
Share issuance cost	298	207
Commission for purchase of treasury shares	—	12,651
Foreign exchange losses	394	3,531
Other	116	25
Total non-operating expenses	817	16,415
Ordinary income	8,714,479	10,023,174
Extraordinary income		
Gain on sales of investment securities	—	34,000
Total extraordinary income	—	34,000
Extraordinary losses		
Loss on transfer of business	12,340	—
Total extraordinary losses	12,340	—
Profit before income taxes	8,702,139	10,057,174
Income taxes - current	2,814,951	2,988,955
Income taxes - deferred	16,141	19,708
Total income taxes	2,831,092	3,008,663
Profit	5,871,047	7,048,511
Profit attributable to non-controlling interests	3,998	23,844
Profit attributable to owners of parent	5,867,049	7,024,666

Quarterly Consolidated Statement of Comprehensive Income
(Cumulative Consolidated Second Quarter)

(Unit: ¥ thousand)

	Six months ended September 30, 2015	Six months ended September 30, 2016
Profit	5,871,047	7,048,511
Other comprehensive income		
Valuation difference on available-for-sale securities	(3,951)	(60,542)
Foreign currency translation adjustment	410	(296)
Total other comprehensive income	(3,540)	(60,839)
Comprehensive income	5,867,507	6,987,671
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	5,863,492	6,963,827
Comprehensive income attributable to non-controlling interests	4,014	23,844

Quarterly Consolidates Statements of Income
(Consolidated Second Quarter)

(Unit: ¥ thousand)

	Three months ended September 30, 2015	Three months ended September 30, 2016
Net sales	9,881,900	11,379,534
Cost of sales	1,114,245	1,466,106
Gross profit	8,767,654	9,913,428
Selling, general and administrative expenses	4,372,227	4,734,463
Operating income	4,395,426	5,178,964
Non-operating income		
Interest income	4,402	369
Dividend income	2,841	3,116
Distribution profit	13,956	—
Other	1,912	541
Total non-operating income	23,113	4,026
Non-operating expenses		
Commission for purchase of treasury shares	—	12,651
Foreign exchange losses	1,065	1,123
Other	31	13
Total non-operating expenses	1,097	13,788
Ordinary income	4,417,442	5,169,202
Extraordinary losses		
Loss on transfer of business	12,340	—
Total extraordinary losses	12,340	—
Profit before income taxes	4,405,102	5,169,202
Income taxes - current	1,662,853	1,784,318
Income taxes - deferred	(195,398)	(177,084)
Total income taxes	1,467,454	1,607,234
Profit	2,937,647	3,561,967
Profit attributable to non-controlling interests	9,770	16,481
Profit attributable to owners of parent	2,927,876	3,545,485

Quarterly Consolidated Statement of Comprehensive Income
(Consolidated Second Quarter)

(Unit: ¥ thousand)

	Three months ended September 30, 2015	Three months ended September 30, 2016
Profit	2,937,647	3,561,967
Other comprehensive income		
Valuation difference on available-for-sale securities	1,103	(26,326)
Foreign currency translation adjustment	(2,209)	313
Total other comprehensive income	(1,106)	(26,012)
Comprehensive income	2,936,541	3,535,954
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,926,754	3,519,472
Comprehensive income attributable to non-controlling interests	9,786	16,481

(3) Consolidated Statements of Cash Flows

(Unit: ¥ thousand)

	Six months ended September 30, 2015	Six months ended September 30, 2016
Cash flows from operating activities		
Profit before income taxes	8,702,139	10,057,174
Depreciation	470,409	590,273
Loss (gain) on transfer of business	12,340	—
Amortization of goodwill	12,308	12,308
Share-based compensation expenses	28,858	6,563
Increase (decrease) in provision for bonuses	44,439	23,986
Increase (decrease) in provision for directors' bonuses	—	17,250
Increase (decrease) in allowance for doubtful accounts	(240)	(3,904)
Interest income	(9,364)	(1,156)
Interest expenses	8	—
Distribution profit	(26,827)	—
Share issuance cost	298	207
Loss (gain) on sales of investment securities	—	(34,000)
Decrease (increase) in notes and accounts receivable - trade	503,802	539,521
Decrease (increase) in inventories	(1,062)	(36)
Increase (decrease) in notes and accounts payable - trade	76,198	33,502
Increase (decrease) in accrued consumption taxes	(597,513)	(150,890)
Increase (decrease) in accounts payable - other	(74,619)	(48,854)
Increase (decrease) in advances received	89,856	45,944
Other, net	63,863	(211,566)
Subtotal	9,294,894	10,876,320
Interest and dividend income received	7,668	4,398
Interest expenses paid	(8)	—
Income taxes paid	(3,498,531)	(3,510,027)
Net cash provided by (used in) operating activities	5,804,023	7,370,692
Cash flows from investing activities		
Purchase of property, plant and equipment	(106,019)	(237,069)
Purchase of intangible assets	(533,145)	(551,950)
Purchase of investment securities	(301,066)	—
Proceeds from sales of investment securities	—	35,000
Proceeds from withdrawal of time deposits	3,000,000	—
Payments for lease and guarantee deposits	(70,953)	(5,336)
Proceeds from collection of lease and guarantee deposits	1,401	35
Distribution profit	27,513	—
Proceeds from transfer of business	12,960	—
Other, net	(167)	—
Net cash provided by (used in) investing activities	2,030,522	(759,321)

(Unit:¥ thousand)

	Six months ended September 30, 2015	Six months ended September 30, 2016
Cash flows from financing activities		
Decrease in short-term loans payable	(19,000)	—
Increase in short-term loans payable	19,000	—
Proceeds from disposal of treasury shares	299,919	—
Purchase of treasury shares	(29)	(3,012,555)
Cash dividends paid	(3,518,319)	(4,586,668)
Proceeds from exercise of share options	204,756	37,662
Net cash provided by (used in) financing activities	(3,013,674)	(7,561,561)
Effect of exchange rate change on cash and cash equivalents	423	(225)
Net increase (decrease) in cash and cash equivalents	4,821,295	(950,416)
Cash and cash equivalents at beginning of period	21,772,815	28,319,130
Decrease in cash and cash equivalents resulting from exclusion of subsidiaries from consolidation	—	(22,124)
Cash and cash equivalents at end of period	26,594,110	27,346,589

(4) Notes on Consolidated Financial Statement

(Notes regarding the going concern assumption)

Not applicable.

(Notes regarding significant changes in shareholders' equity)

Acquisition and cancellation of treasury stock

In accordance with a resolution passed by the Board of Directors on June 15, 2016, the Company conducted an acquisition of 1,495,800 shares in treasury stock, resulting in an increase in treasury stock by 2,999,904 thousand yen. I addition, in accordance with a resolution passed by the Board of Directors on August 4, 2016, the Company cancelled 1,400,000 shares in treasury stock, resulting in a decrease of both retained earnings and treasury stock by 2,776,200 thousand yen. As a result, retained earnings at the end of the second quarter of the current fiscal year was 31,518,020 thousand yen and treasury stock was 2,119,214 thousand yen.

(Segment Information)

I. Six months ended September 2015 (from April 1, 2015 to September 30, 2015)

1. Sales and income (loss) by reportable segment

(Unit: ¥ thousand)

	Internet Media	Finance	Total
Net sales			
Sales to external customers	18,638,236	570,761	19,208,997
Inter-segment sales or transfers	750	5	755
Total	18,638,986	570,766	19,209,752
Segment income	8,471,220	198,241	8,669,462

2. Reconciliation of total of reportable segments' operating income/loss to consolidated financial statement

(Unit: ¥ thousand)

Income	Amount
Total of reportable segments	8,669,462
Intersegment sales or transfers	2,440
Operating income as stated in the consolidated financial statement	8,671,902

3. Information concerning impairment loss for non-current assets or Goodwill, by reportable segment

(Significant impairment loss for non-current assets)

Not applicable.

(Significant changes in goodwill)

Not applicable.

(Significant changes in negative goodwill)

Not applicable.

II. Six months ended September 2016 (from April 1, 2016 to September 30, 2016)

1. Sales and income (loss) by reportable segment

(Unit: ¥ thousand)

	Internet Media	Finance	Total
Net sales			
Sales to external customers	21,369,791	473,999	21,843,791
Inter-segment sales or transfers	1,866	-	1,866
Total	21,371,657	473,999	21,845,657
Segment income	9,942,894	87,960	10,030,855

2. Reconciliation of total of reportable segments' operating income/loss to consolidated financial statement

(Unit: ¥ thousand)

Income	Amount
Total of reportable segments	10,030,855
Intersegment sales or transfers	2,400
Operating income as stated in the consolidated financial statement	10,033,255

3. Information concerning impairment loss for non-current assets or Goodwill, by reportable segment

(Significant impairment loss for non-current assets)
Not applicable.

(Significant changes in goodwill)
Not applicable.

(Significant changes in negative goodwill)
Not applicable.

(Significant Subsequent Events)
Not applicable