kakaku.com

Results Briefing for the Second Quarter of the Fiscal Year ending March 31, 2016

Nov 5th, 2015

Kakaku.com, Inc.

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Summary

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FY3/2016 2Q highlights

Kakaku.com	Domestic	Seasonal electronics began to sell well from July, fashion and other consumer goods sales were also robust. Brisk growth continued in personal finance categories.
	Overseas	*Priceprice.com* entered Indian market in August and increased its unique users (four-country total) to 5.9mn as of end-September.
tabelog	Domestic	Number of fee-paying restaurants grew robustly while ARPU also increased, partly by virtue of Premium Plans. Fee-paying users surpassed 1.13mn at end-September.
	Overseas	Coverage now encompasses 11 states, newly including Georgia,Tennessee, Nevada and Missouri.
New Media		Travel-related sales grew sharply heading into peak summer vacation Season. New media's share of total sales has grown to 10%.
Finance		Fire insurance applications increased sharply amid demand rush ahead of premium rate increases.

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FY3/2016 2Q Results (Quarterly)

(Unit: million yen)

	FY3/2015 2Q (Jul-Sep 2014)	FY3/2016 2Q (Jul-Sep 2015)	YoY	Half-year Forecast	Progress relative to forecast	Full-year forecast	Progress relative to forecast
Sales	8,551	**9,881**	+15.6%	**19,000**	101.1%	**42,500**	45.2%
Operating income	3,715	**4,395**	+18.3%	**8,350**	103.8%	**19,700**	44.0%
Ordinary income	3,734	**4,417**	+18.3%	**8,350**	104.4%	**19,700**	44.2%
Net income attributable to shareholders of the parent company	2,350	**2,927**	+24.6%	**5,570**	106.1%	**13,131**	45.0%
Operating margin	43.4%	**44.5%**	+1.1pts	**43.9%**	-	**46.4%**	-

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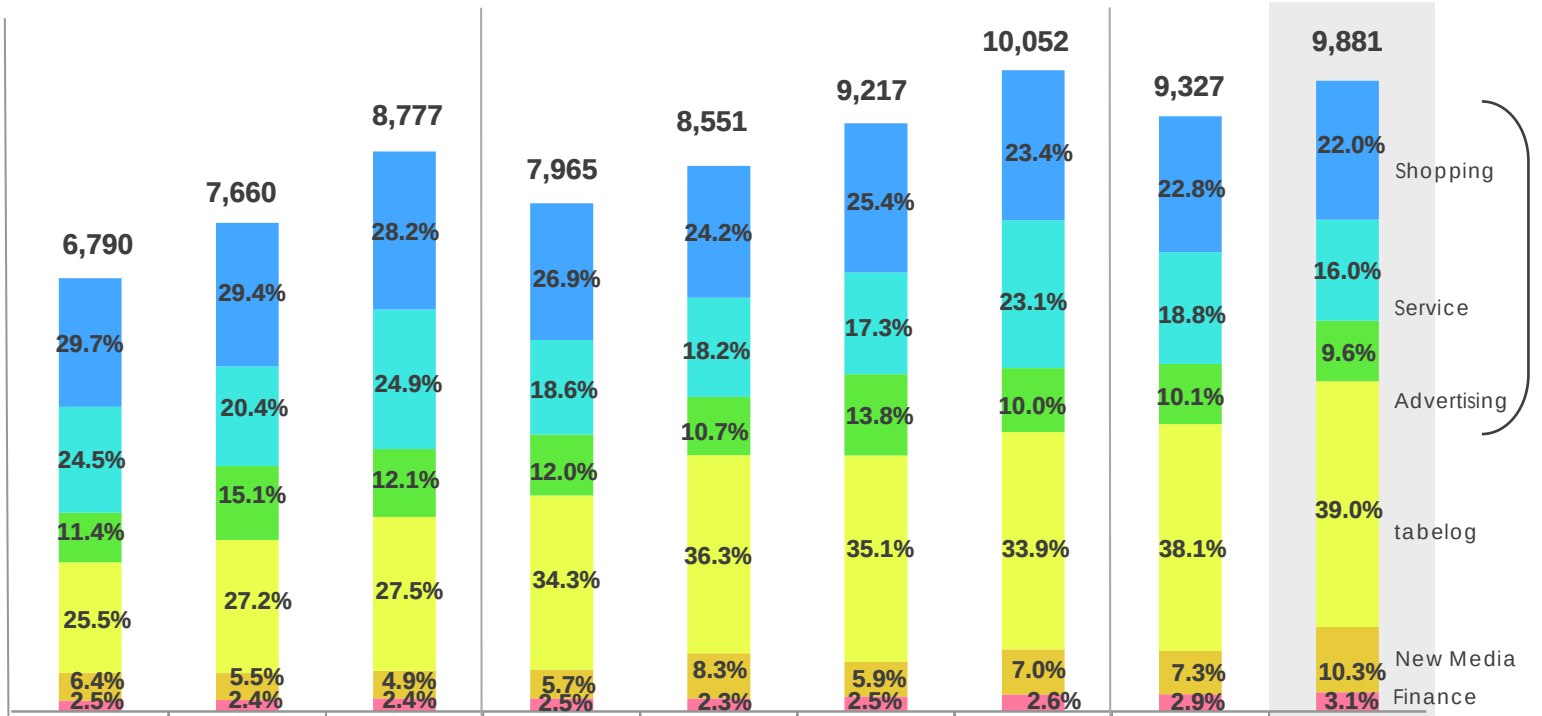
Quarterly Sales by Business Category (Consolidated)



Note: Amounts exclude inter-segment sales and transfers.

(Unit: million yen)

	FY2013			FY2014				FY2015	
	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q
Shopping	2,014	2,253	2,479	2,145	2,066	2,339	2,353	2,130	2,175
Service	1,662	1,560	2,188	1,481	1,555	1,590	2,317	1,750	1,584
Advertising	775	1,159	1,060	953	912	1,276	1,001	941	949
Tabelog	1,733	2,084	2,413	2,729	3,104	3,234	3,409	3,556	3,851
New Media	434	422	429	451	705	543	705	676	1,021
Finance	169	179	206	204	206	233	264	270	300

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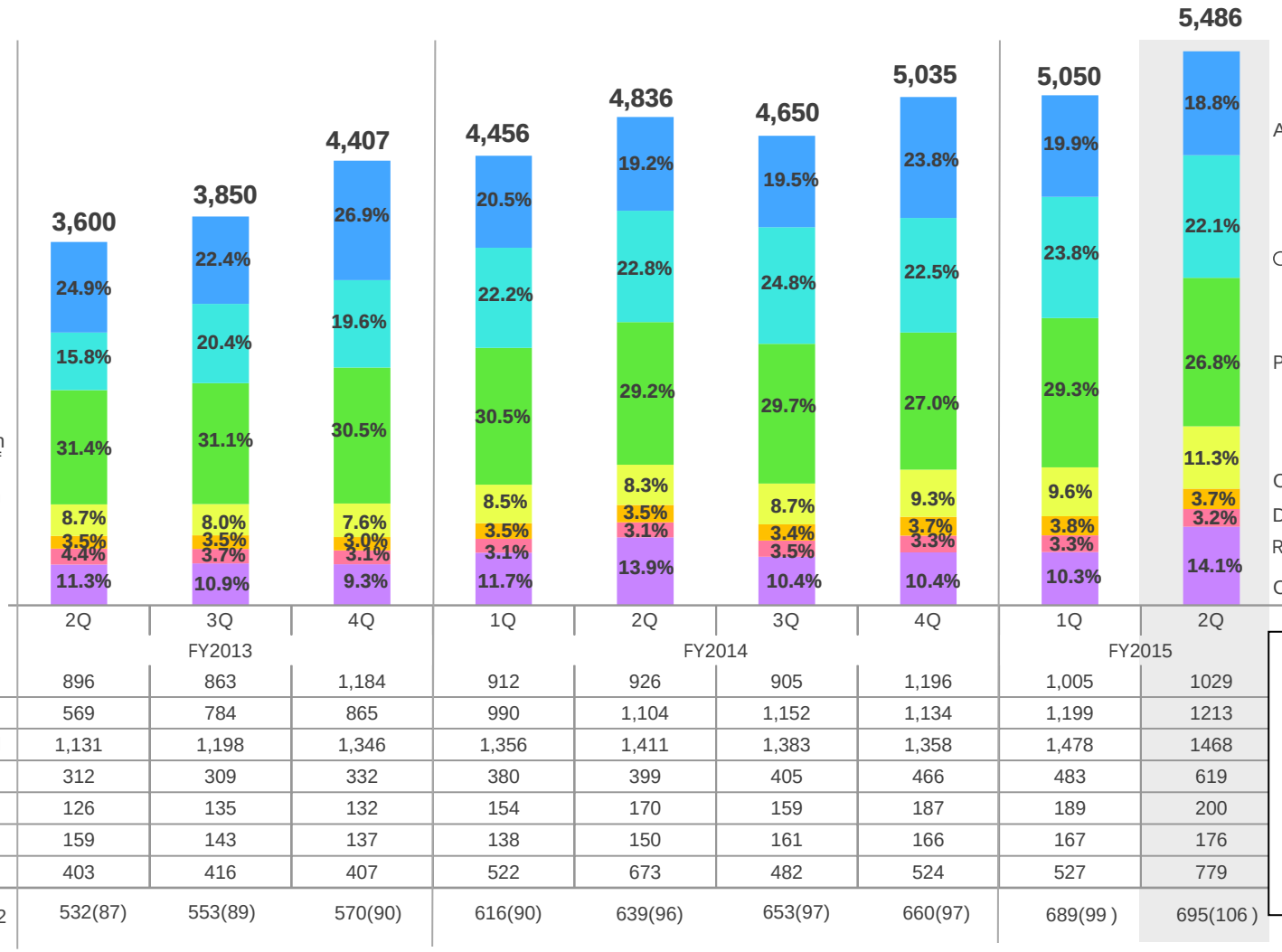
Quarterly Cost Breakdown (Consolidated)



*1 Commission = Various commissions paid + Advertising agency commissions
*2 The number of regular employees, with the average number of temporary employees for each quarter shown separately in parentheses

(Unit: million yen)	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q
	FY2013			FY2014				FY2015	
Advertising	896	863	1,184	912	926	905	1,196	1,005	1029
Comission*1	569	784	865	990	1,104	1,152	1,134	1,199	1213
Personnel-related	1,131	1,198	1,346	1,356	1,411	1,383	1,358	1,478	1468
Outsourcing	312	309	332	380	399	405	466	483	619
Depreciation	126	135	132	154	170	159	187	189	200
Rent	159	143	137	138	150	161	166	167	176
Other	403	416	407	522	673	482	524	527	779
Employee headcount*2	532(87)	553(89)	570(90)	616(90)	639(96)	653(97)	660(97)	689(99)	695(106)

Jul-Sep 2015 Breakdown of "Other" expenses

- Server maintenance **¥98mn**
- TimeDesign cost of goods purchased **¥465mn**
- Goodwill amortization **¥6mn**
- Employee recruitment **¥27mn**

etc.

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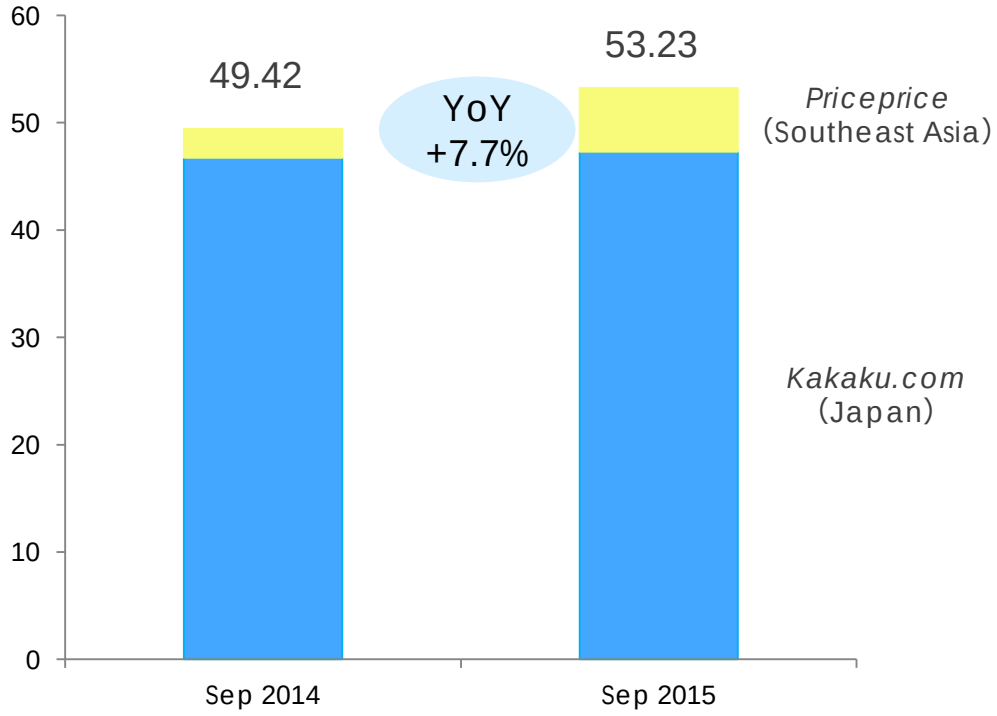
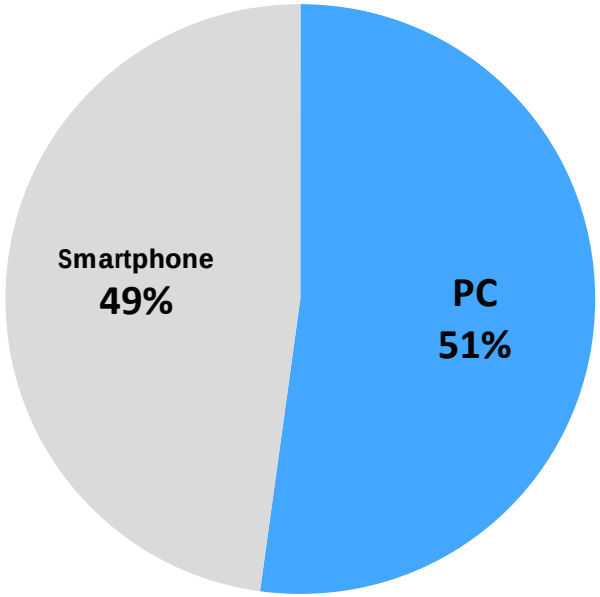
Kakaku.com-related businesses' usership

- Users of *Kakaku.com* and related sites, including *Priceprice.com*, grew 7.7% YoY.
- Smartphone users increased dramatically and are closing in on PC users.

Domestic and overseas monthly unique users (in millions)



Domestic and overseas monthly unique users Breakdown by device(%)



*Monthly users are defined as the number of visitors to the site, not the cumulative number of visits, per month. Visitors who visit the site multiple times within a month are counted as a single user.

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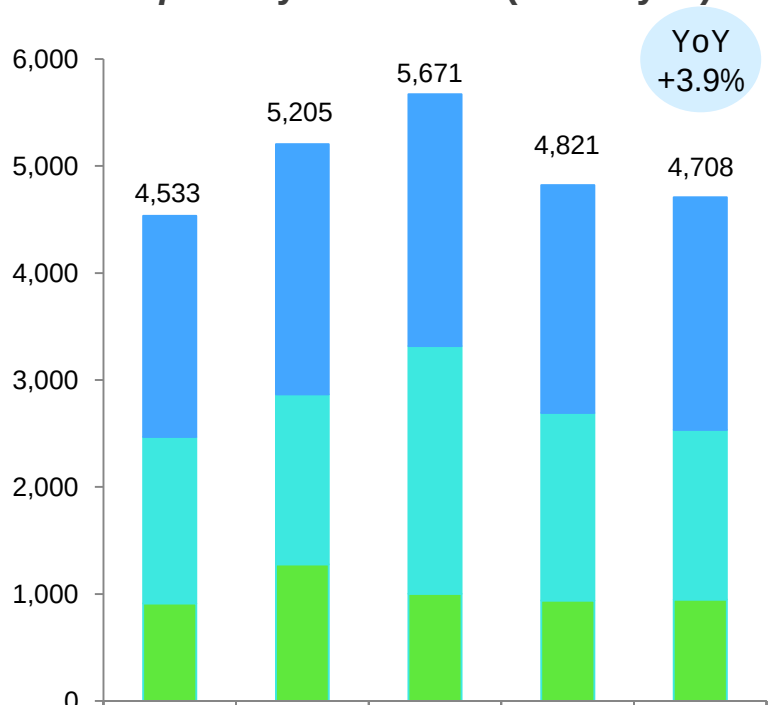
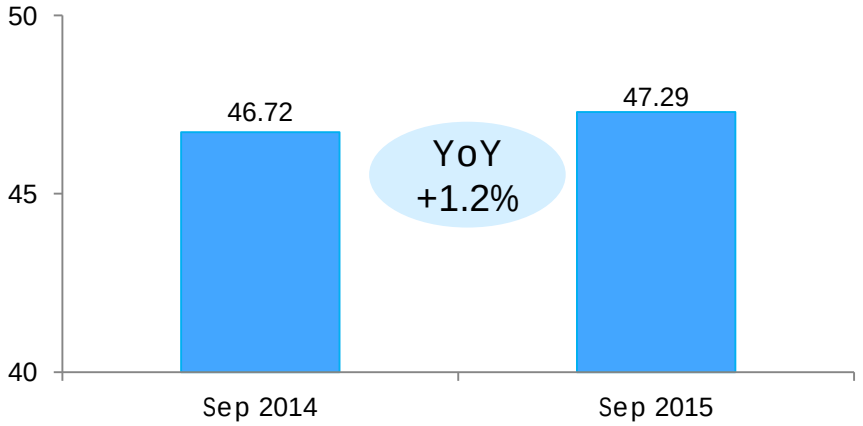
Businesses' progress

Kakaku.com quarterly Sales Trend (million yen)

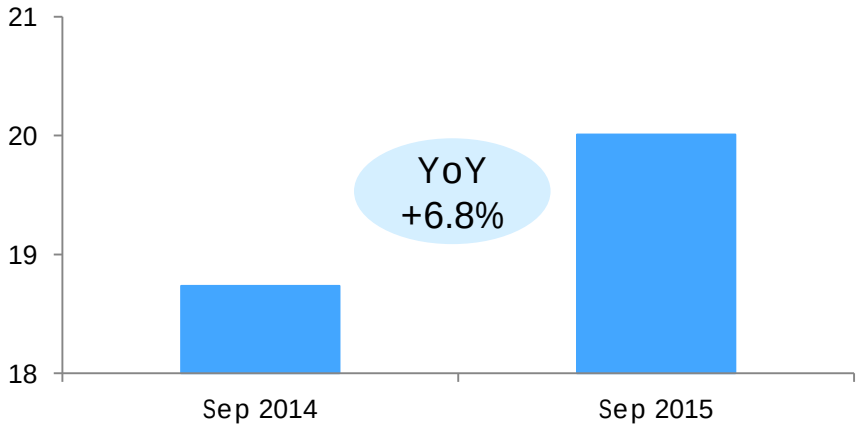


	FY2014 2Q	FY2014 3Q	FY2014 4Q	FY2015 1Q	FY2015 2Q
Shopping	2,066	2,339	2,353	2,130	2,175
Service	1,555	1,590	2,317	1,750	1,584
Advertising	912	1,276	1,001	941	949

Monthly unique users (in millions)



Cumulative number of user reviews (in millions)



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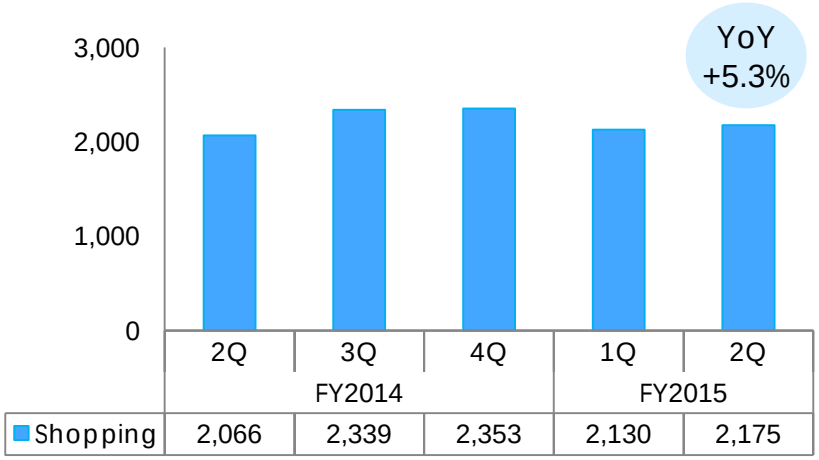
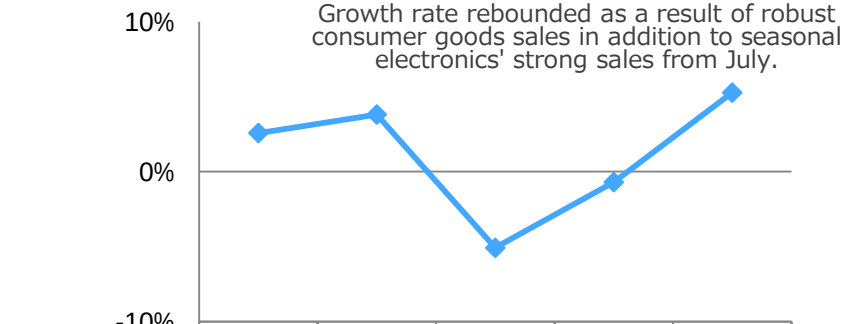
Shopping business

Quarterly Sales Trend (million yen)



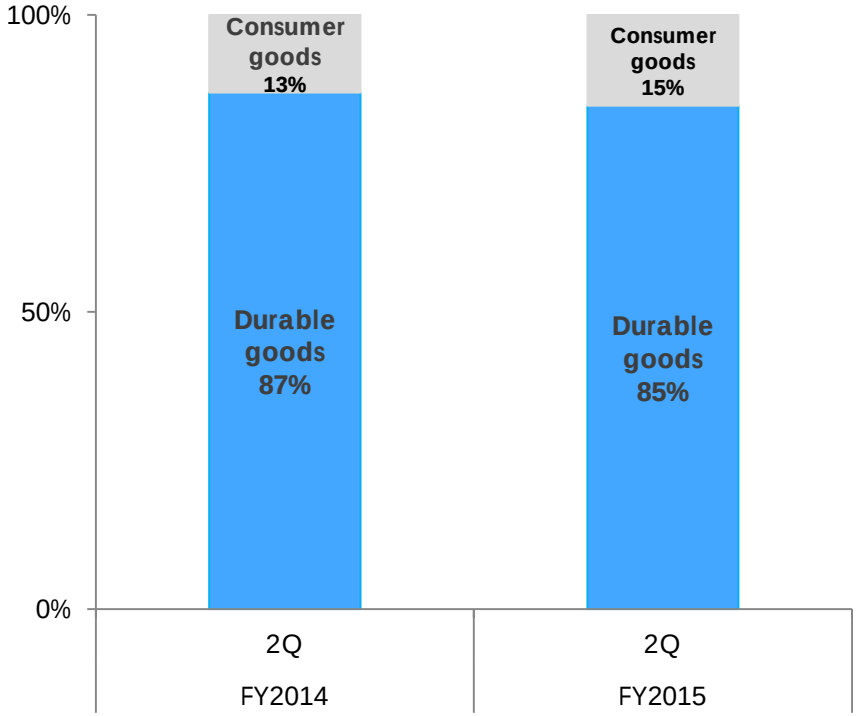
	2Q	3Q	4Q	1Q	2Q
	FY2014			FY2015	
Shopping	2,066	2,339	2,353	2,130	2,175

Quarterly sales growth rates (%)



	2Q	3Q	4Q	1Q	2Q
	FY2014			FY2015	
Shopping	2.6%	3.8%	-5.1%	-0.7%	5.3%

Durable goods/consumer goods: breakdown of unique users (%)



*Durable goods: Household appliances,PCs,cameras, etc.
*Consumer goods: Fashion Apparels,shoes, beverages, etc.
*This date does not include user access to review pages

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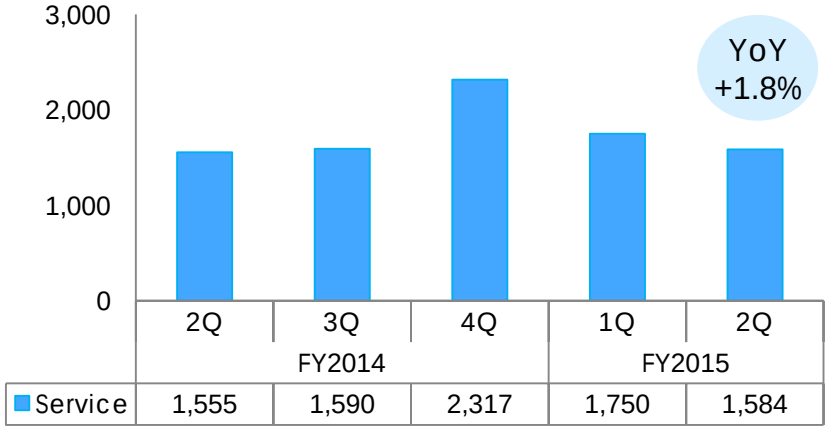
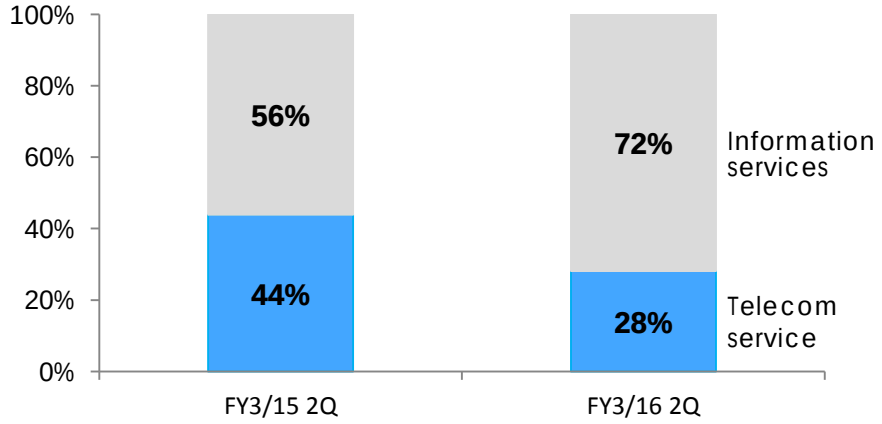
Service business

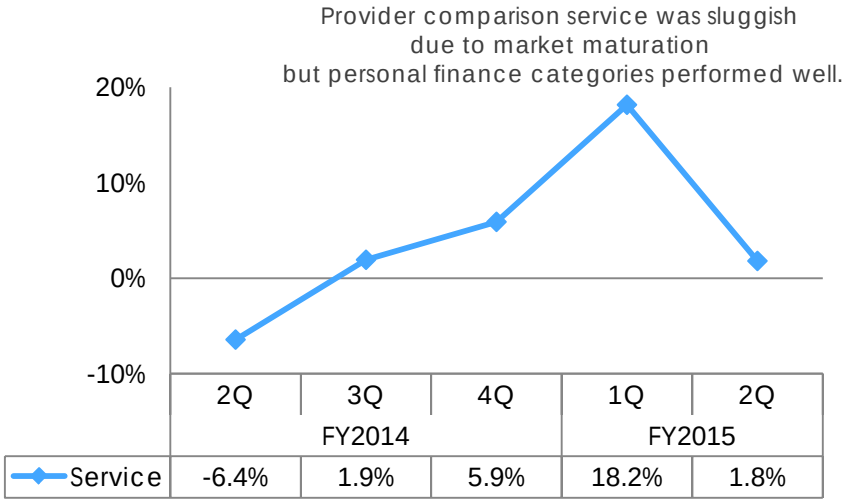
Quarterly Sales Trend (million yen)



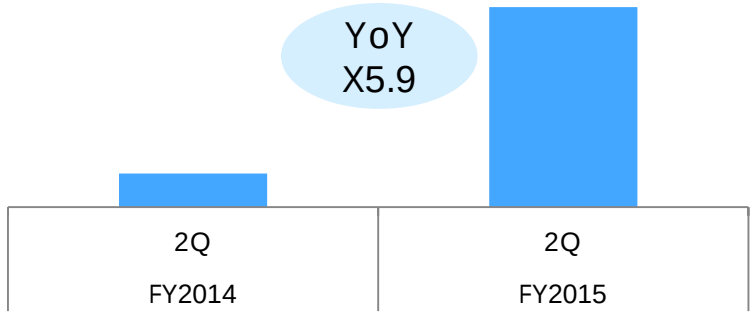
Breakdown of service revenues(%)



Quarterly sales growth rates (%)



Low-cost smartphone and SIM card contracts



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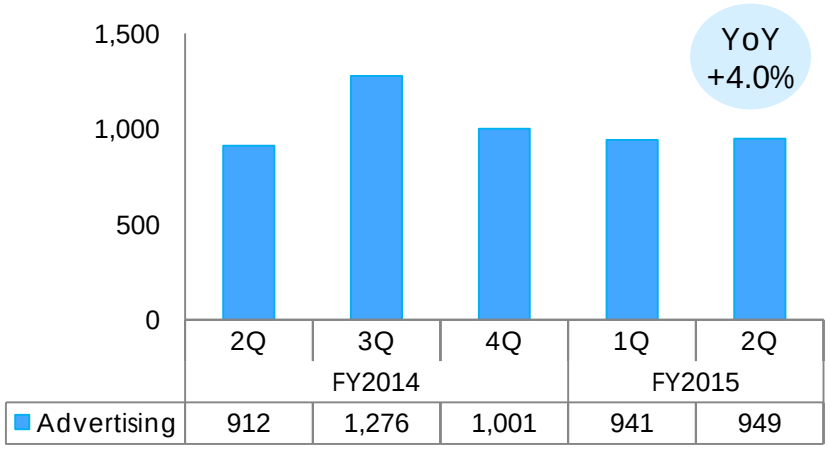
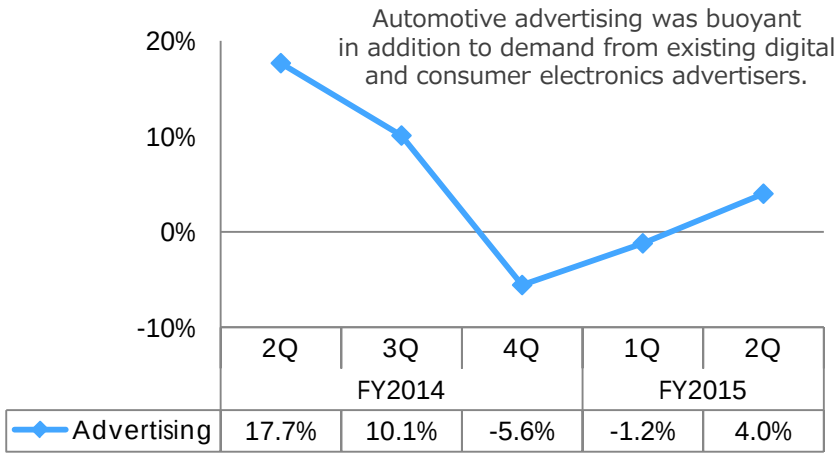
Advertising business

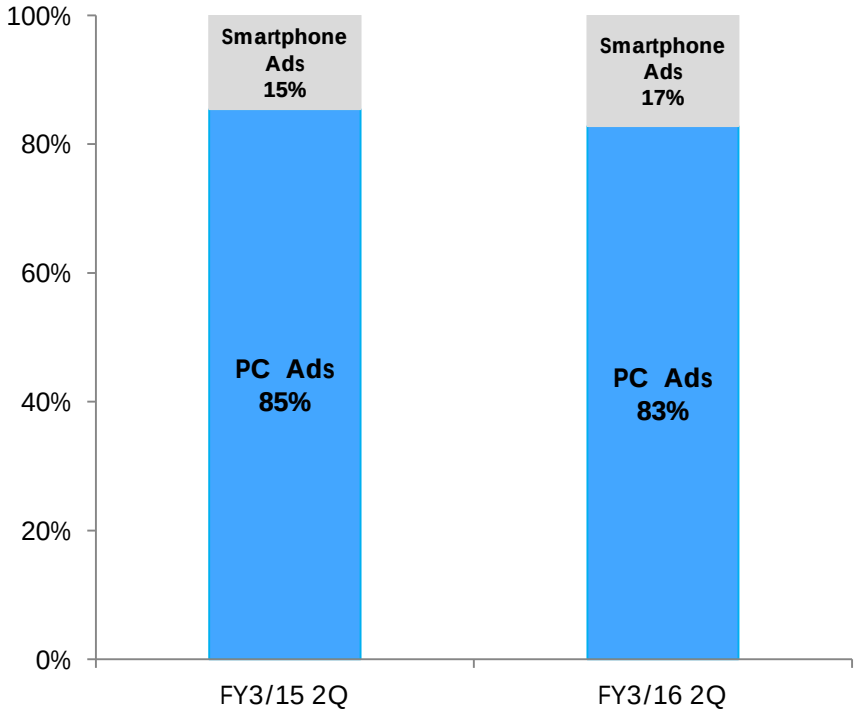
Quarterly Sales Trend (million yen)



Quarterly sales growth rates(%)



Ad Sales Breakdown by Device (%)



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Current status

Preparation for liberalization of electricity market

- Electricity rate comparison service launched from August. Users can conduct simulations to identify optimal plan for themselves by selecting rate plans, ampere capacity, lifestyle, etc.
- New rate plan simulations and online applications to electric power suppliers scheduled to launch from January 2016.



Kakaku.com's homepage redesigned for first time in eight years.

- Articles and user reviews' visual impact strengthened with large thumbnail images and new tile format.
- Expanded touch area for tablet users and uncluttered layout.



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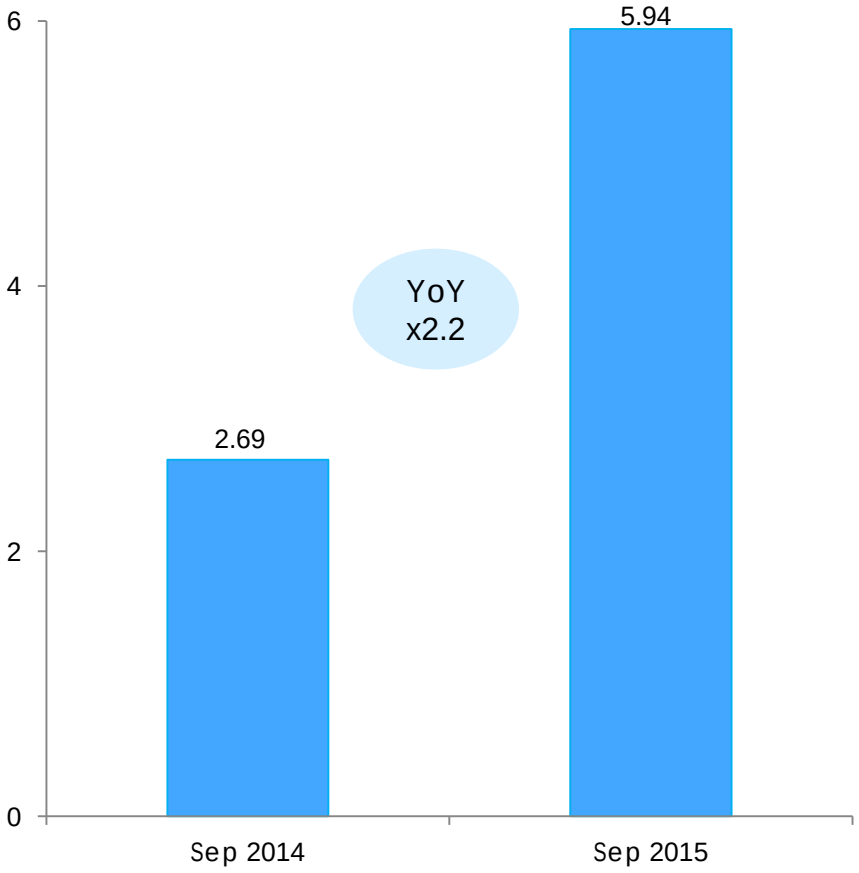
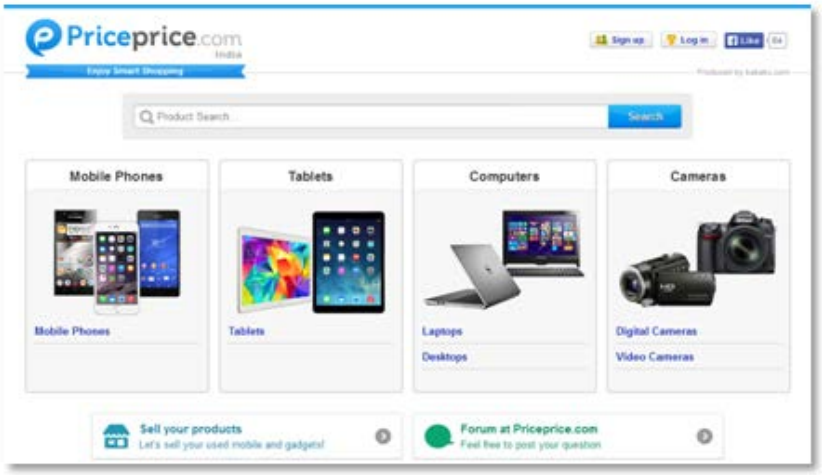
Overseas businesses' progress

Monthly unique users (in millions)



*Total monthly users in Philippines, Thailand, Indonesia and India.

Entered Indian market in August.



Started trying to monetize by utilizing Affiliate Service Provider in Thailand and Indonesia.



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tabelog

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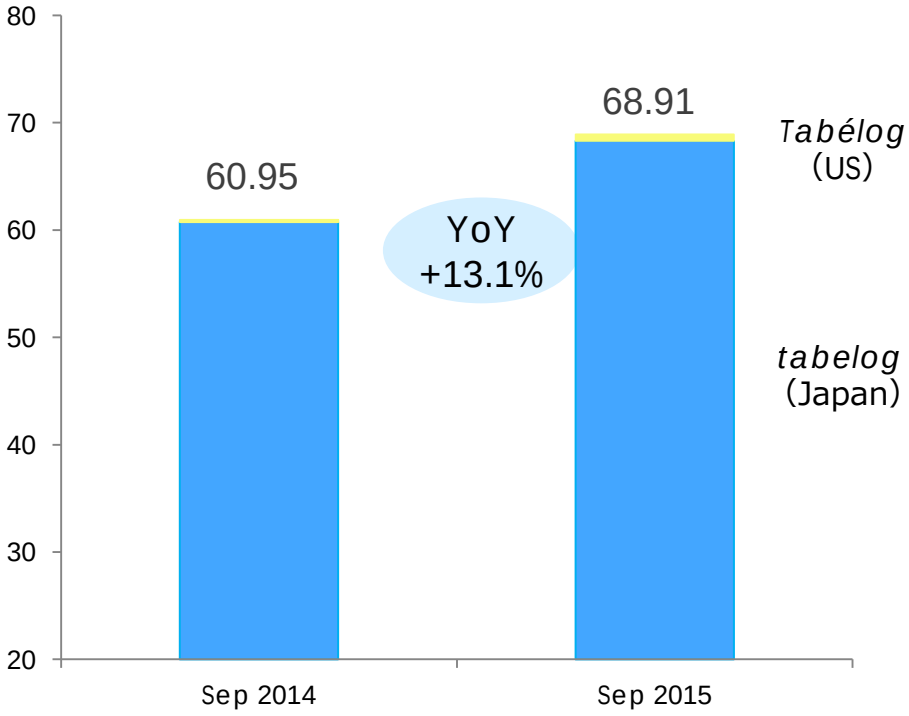
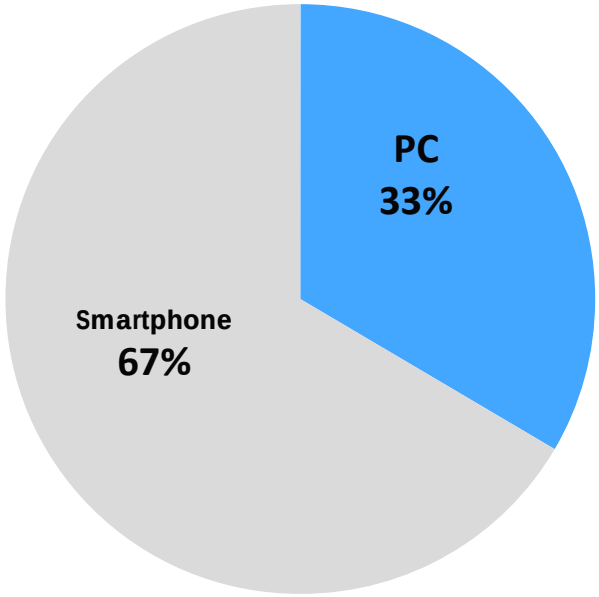
tabelog-related businesses' usership

- Domestic and overseas users surpassed 70mn in August amid summer travel season.
- Users of *Tabélog* (U.S.) grew briskly by virtue of stronger ties with various social media sites.

Domestic and overseas monthly unique users (in millions)



Domestic and overseas monthly unique users Breakdown by device(%)



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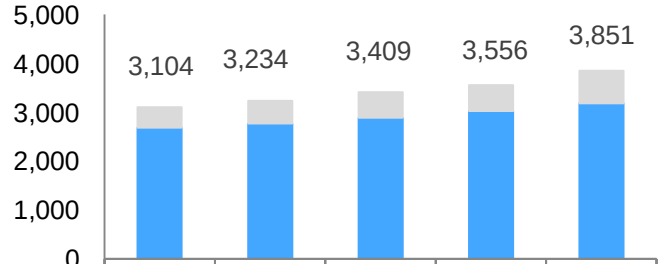
Businesses' progress

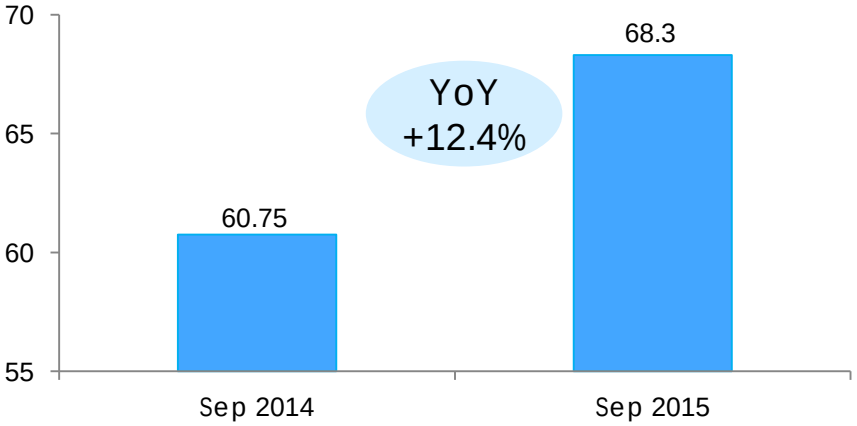
tabelog quarterly Sales Trend (million yen)

YoY +24.1%

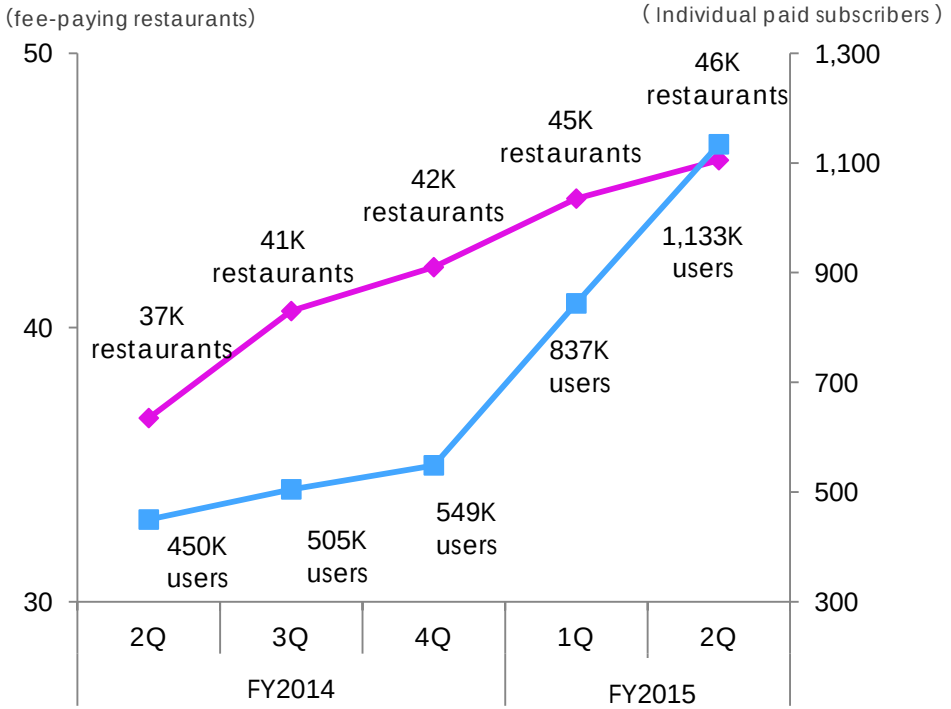


	2Q	3Q	4Q	1Q	2Q
	FY2014			FY2015	
Paying individuals	419	465	519	534	666
Corporate sales	2,684	2,767	2,889	3,021	3,182

Monthly unique users (in millions)



Individual paid subscribers (in 1,000s) and fee-paying restaurants (in 1,000s)



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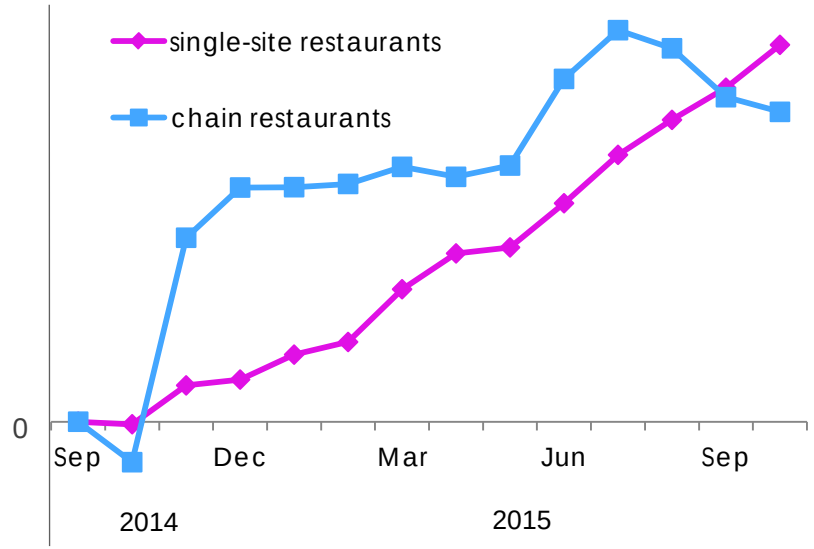
Current status

Fee-paying restaurants contracts trend

- Fee-paying restaurants grew briskly, reaching 46,700 in October.
- ARPU increased from 17,500 at end-June to 18,500 at end-September, bolstered by Premium Plan launched from August

Contract trend of single-site restaurants and chain restaurants



* Trend shows the number of fee-paying restaurants in comparison with that as of end-September 2014.
* Divergence in contracts between single-site restaurants that contracts for individual restaurants and chain restaurants that contracts in bulk. While single-site restaurants' contracts are growing steadily, chain restaurants' fluctuate sharply.

Providing online reservation management service to restaurants

- Reservation management service that enables restaurants to manage the reservations and customer information scheduled to launch from 4Q.
- Aiming to maximize online reservation inventory through tie-up with tabelog's online reservation service.

Online reservation management and management for restaurants



*Above screenshots are artist's renderings.

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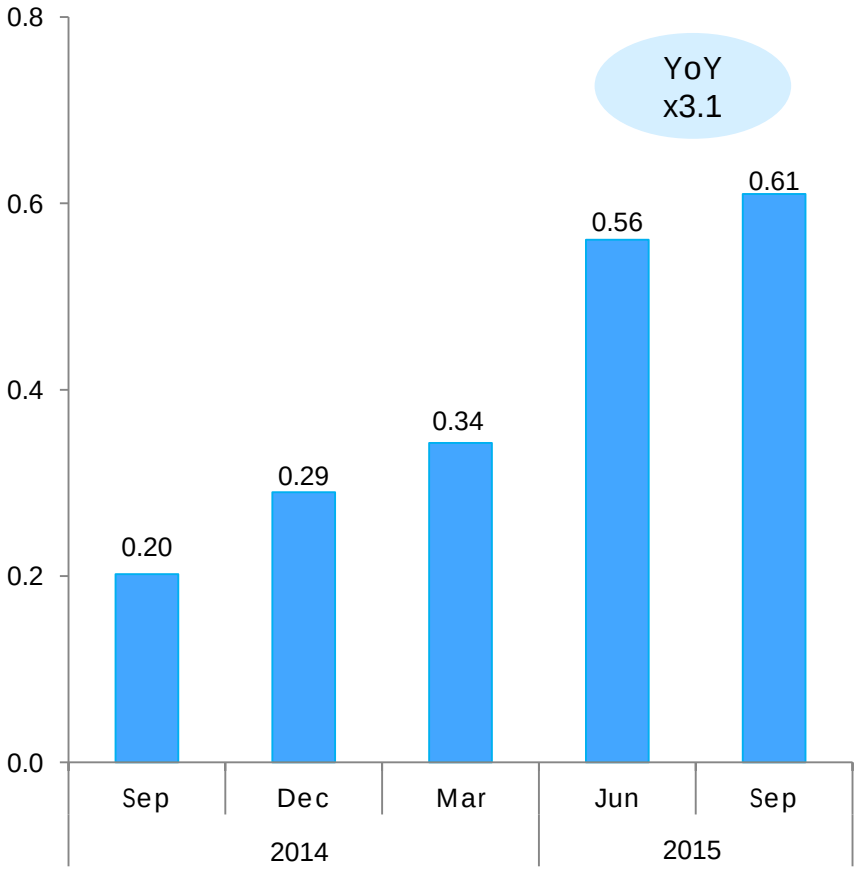
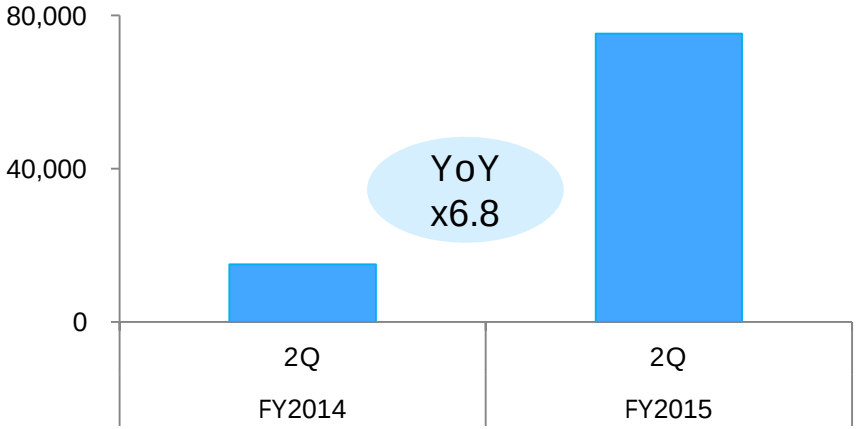
Overseas businesses' progress

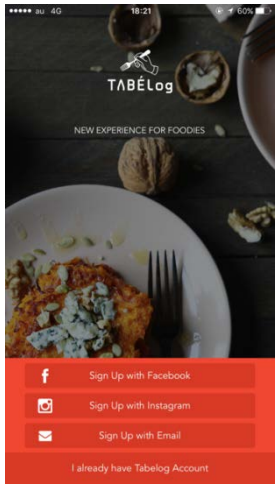
Tabélog monthly unique users (in millions)

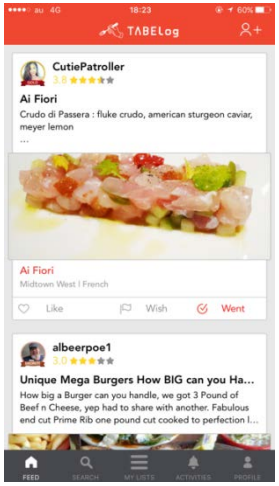


Number of reviews (Unit: reviews)



Updated iOS and Android apps in October.





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New Media

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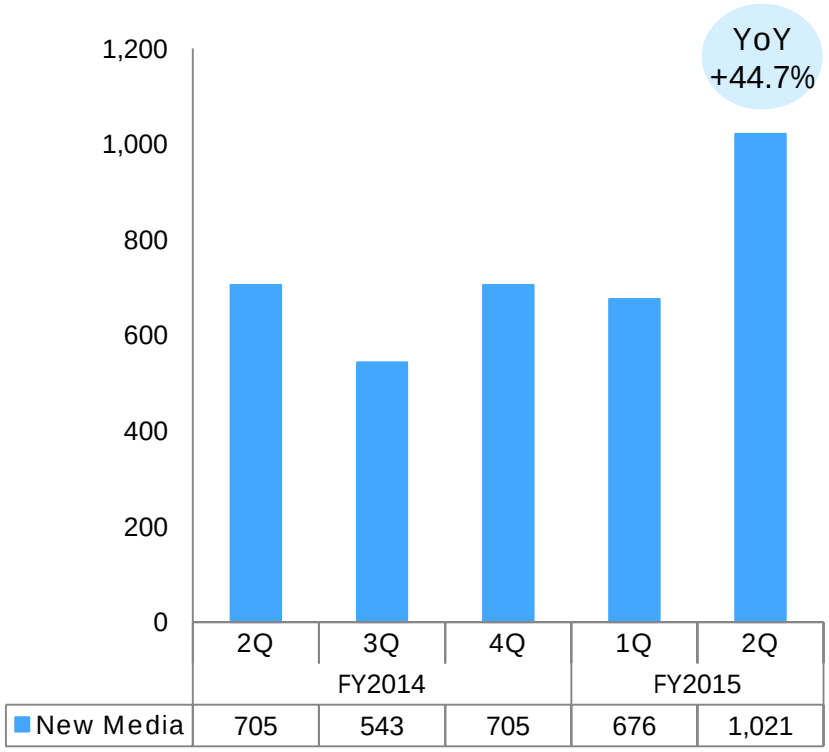
New Media

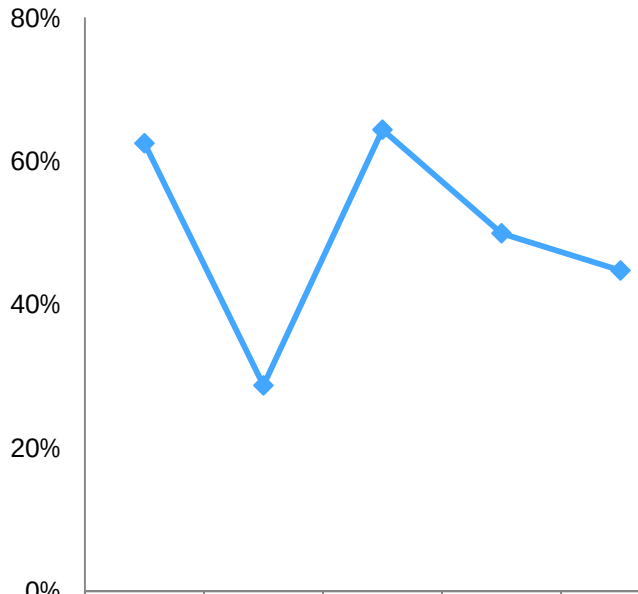
- In Travel business, sales grew sharply, driven by increase in Time Design's alliance partners in addition to peak summer vacation season.

Quarterly Sales Trend (million yen)



	2Q	3Q	4Q	1Q	2Q
	FY2014			FY2015	
New Media	705	543	705	676	1,021

Quarterly sales growth rates (%)



	2Q	3Q	4Q	1Q	2Q
	FY2014			FY2015	
New Media	62.4%	28.7%	64.3%	49.9%	44.7%

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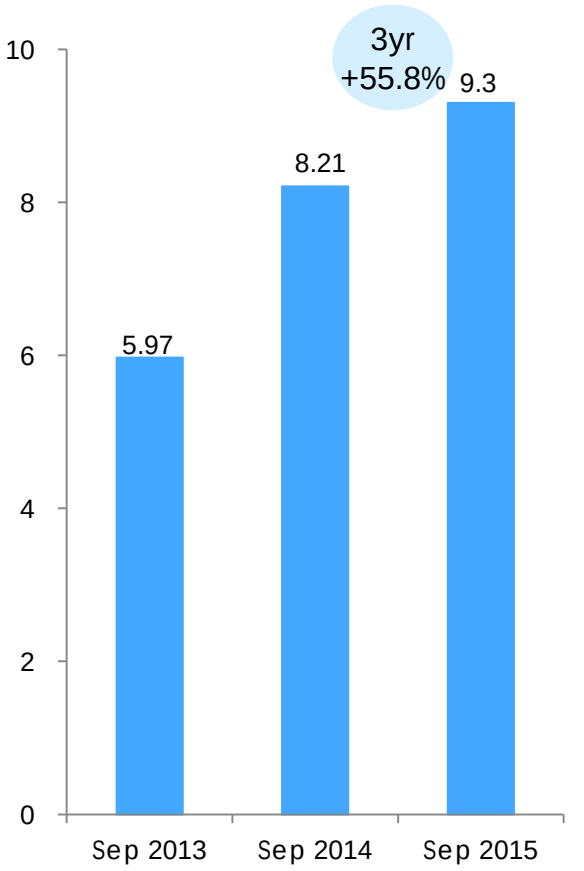
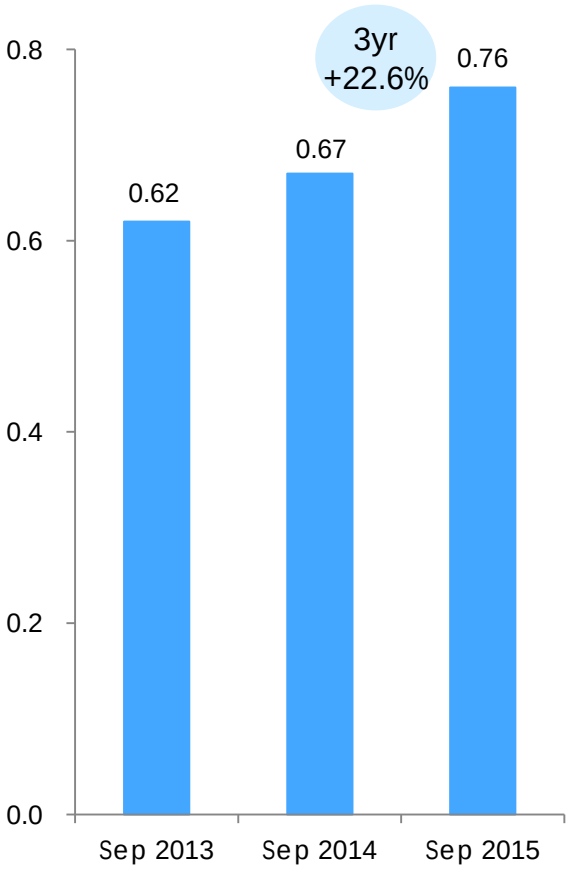
Travel

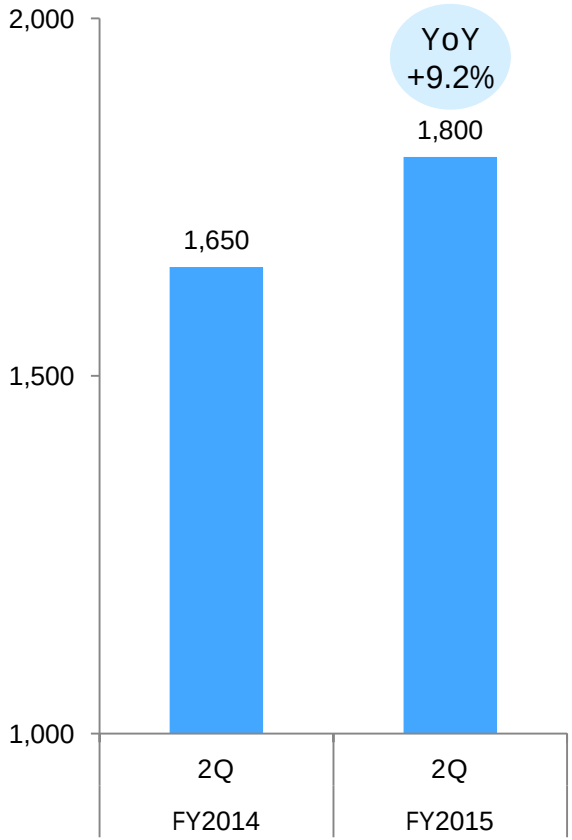
4travel monthly unique users (in millions)



yoyaQ.com monthly unique users (in millions)



Time Design
Participating lodging facilities



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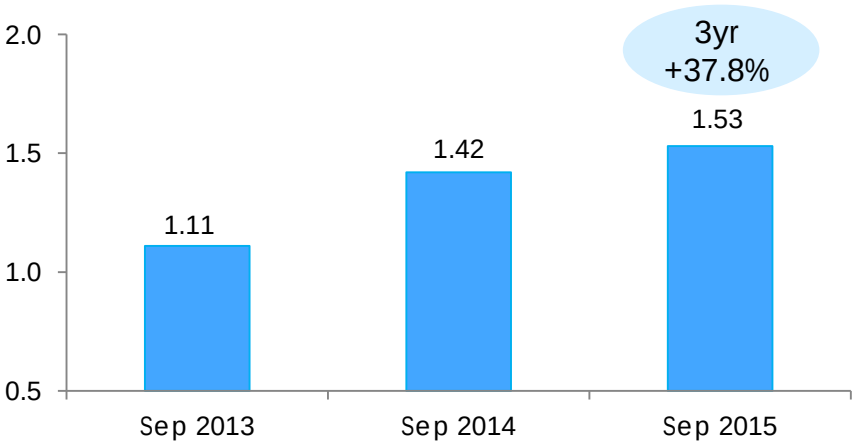
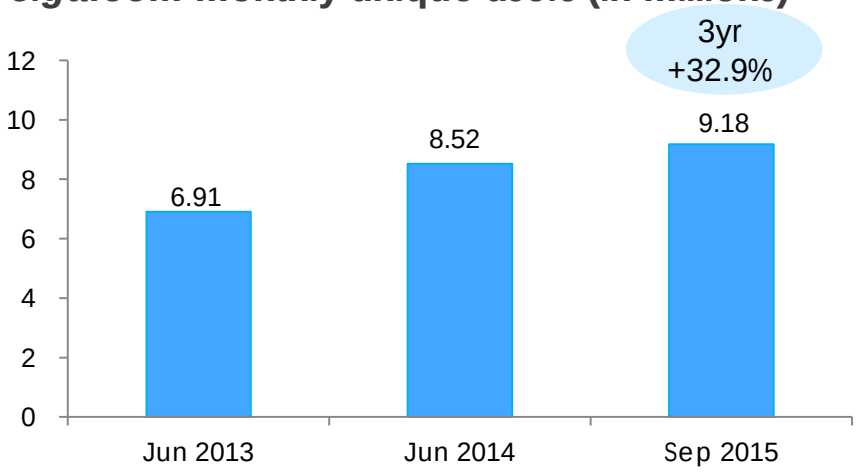
Real Estate and Movie

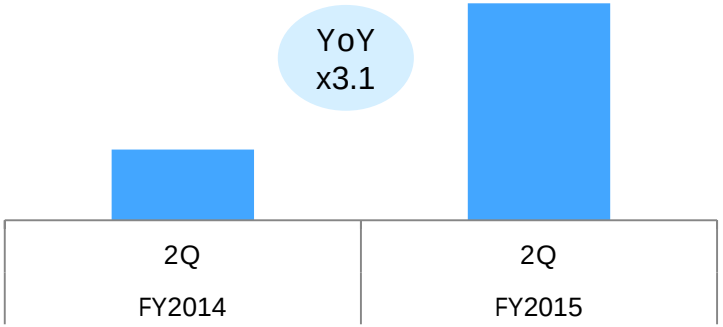
Sumaity monthly unique users (in millions)



eiga.com monthly unique users (in millions)



Number of inquiries for rent increased sharply due to optimization of smartphone site.



※the number of inquiries for rent via smartphone site

Started sending users to movie ticket reservation site.



Send users to “ticket board”, a site of movie ticket sales etc., operated by Boardwalk Inc.

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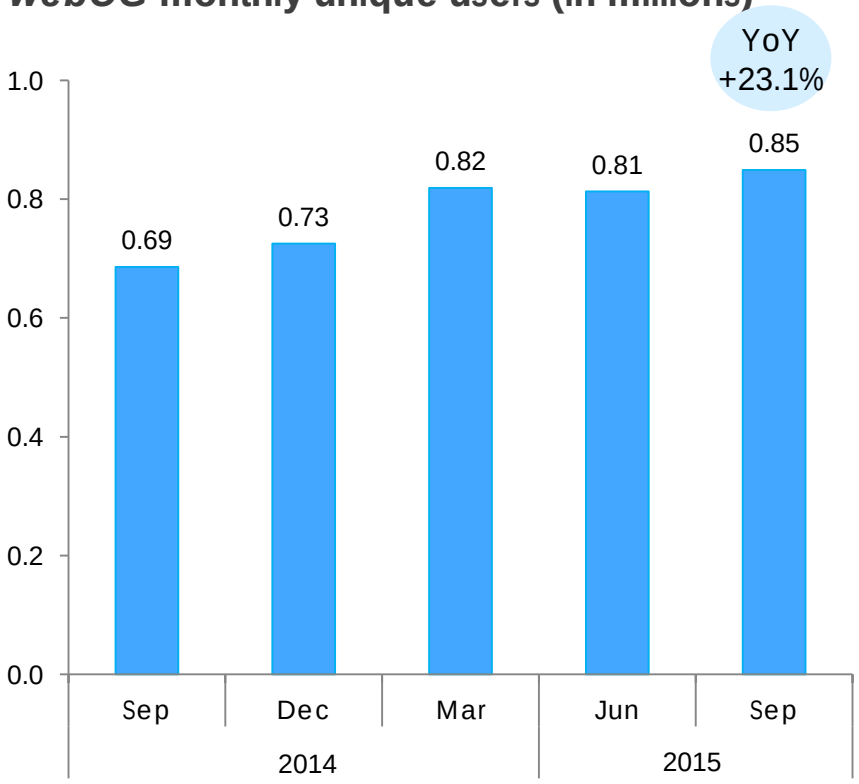
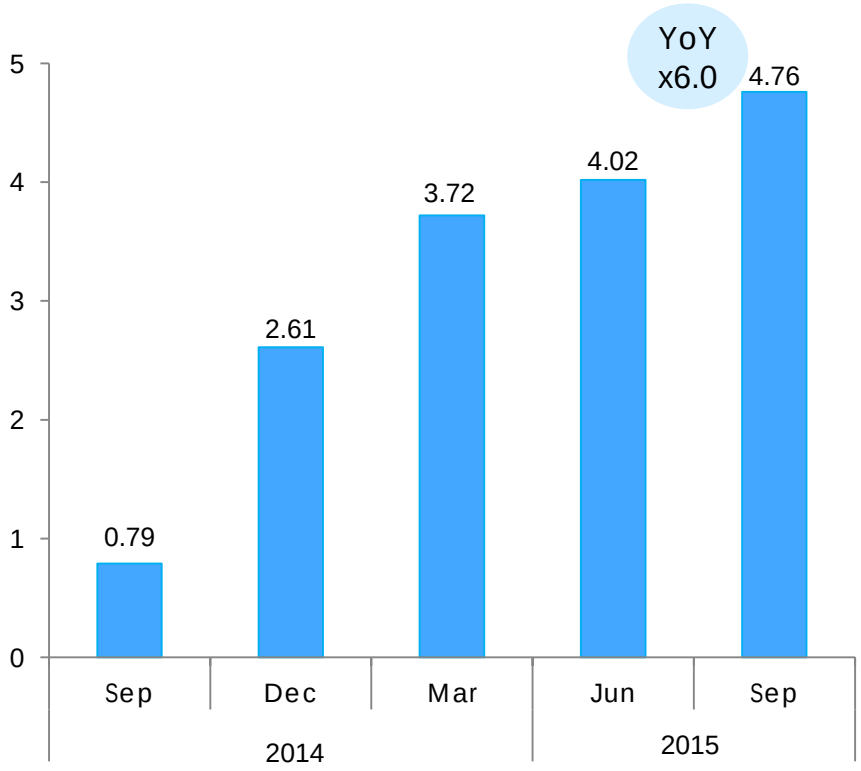
New initiatives

- webCG's usership is growing robustly, driven by content tie-up with Kakaku.com.
- Kinarino's usership has grown to nearly 5mn. Looking to enter monetization stage in 4Q.

webCG **monthly unique users (in millions)**



Kinarino **monthly unique users (in millions)**



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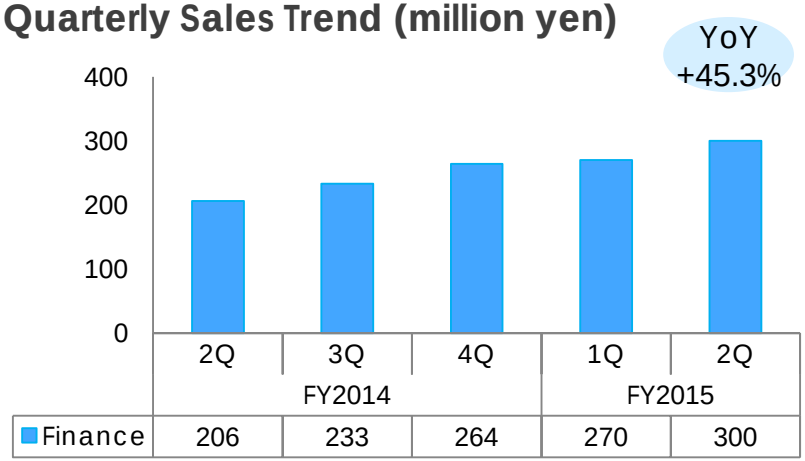
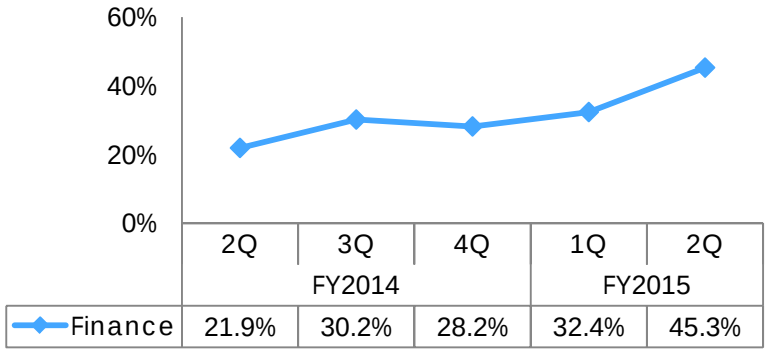
Finance(Insurance)business

- Fire insurance applications grew sharply amid demand rush ahead of premium rate increases.
- Sales of life insurance and overseas travel insurance purchasable online continued to grow briskly.

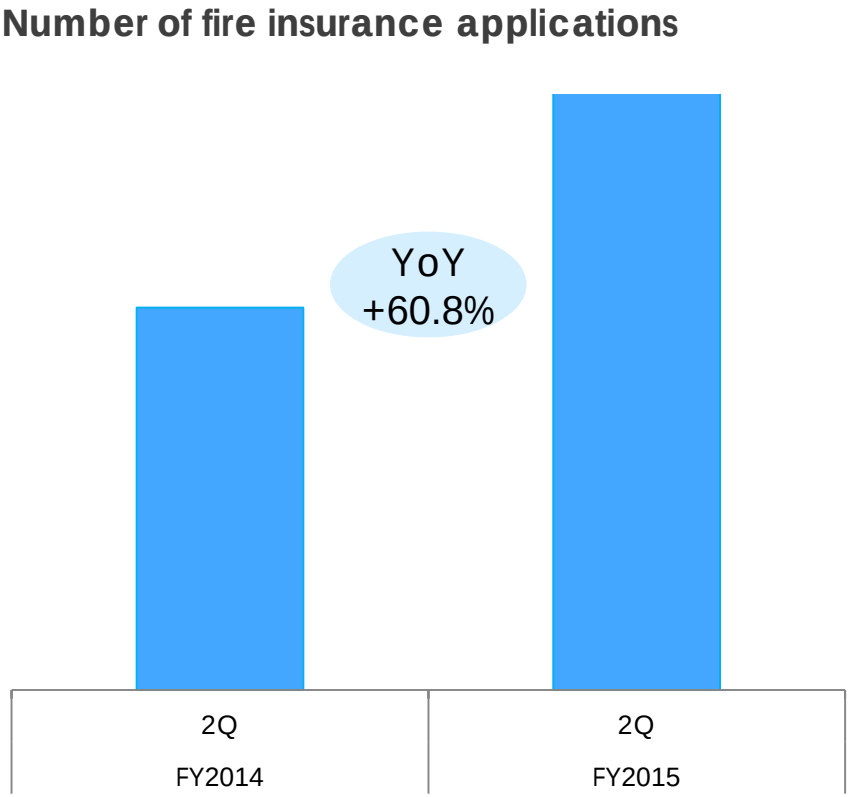
Quarterly Sales Trend (million yen)



Quarterly sales growth rates(%)



Number of fire insurance applications



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Reference Data

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Segments and Business Description

Segment	Site Category	Business Category	Business Description
Internet Media	Kakaku.com	Shopping	• Commission income from registered shops based on the number of clicks and sales performance
		Service	• Commission income based on factors including the number of broadband line contracts • Commission income based on estimate and requests for information materials for car insurance, finance, and used car searches
		Advertising	• Advertising income from banners, text advertisements, and advertisements associated with site content and search keywords on Kakaku.com
	tabelog	tabelog	• Income from tabelog (income from advertisements for restaurants and for regular clients, income from a pay-per-use business targeting individuals, etc.)
	Other	New Media	• Income from operated sites such as yoyaQ.com, 4travel, Sumaity, Time Design, eiga.com,and webCG
Finance		Finance	• Commission income from a *general independent insurance* agency business for life insurance, non-life insurance, etc. *Operated by Kakaku.com Insurance, Inc.

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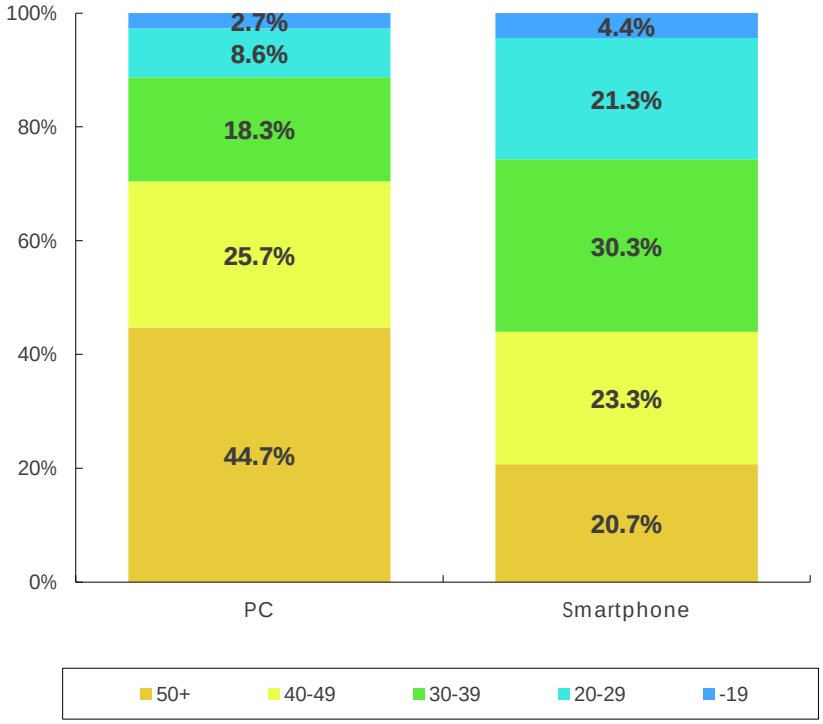
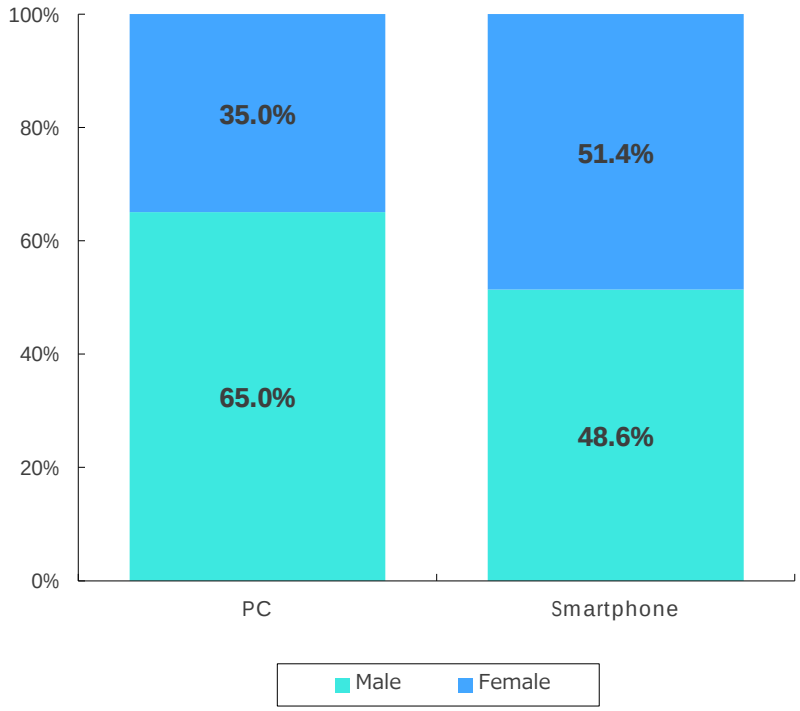
Operated Website User Profile

- Uses above 30 account for 90% of total users on PC and less than 70% on smartphone.
- While male user ratio is higher for PC, mare-female ratio on smartphone is almost 50/50.

Age Distribution



Male-Female Ratio



Age distribution and male-female ratio: Excerpted from a Nielsen Online Sep 2015 study (Home & Work Data)

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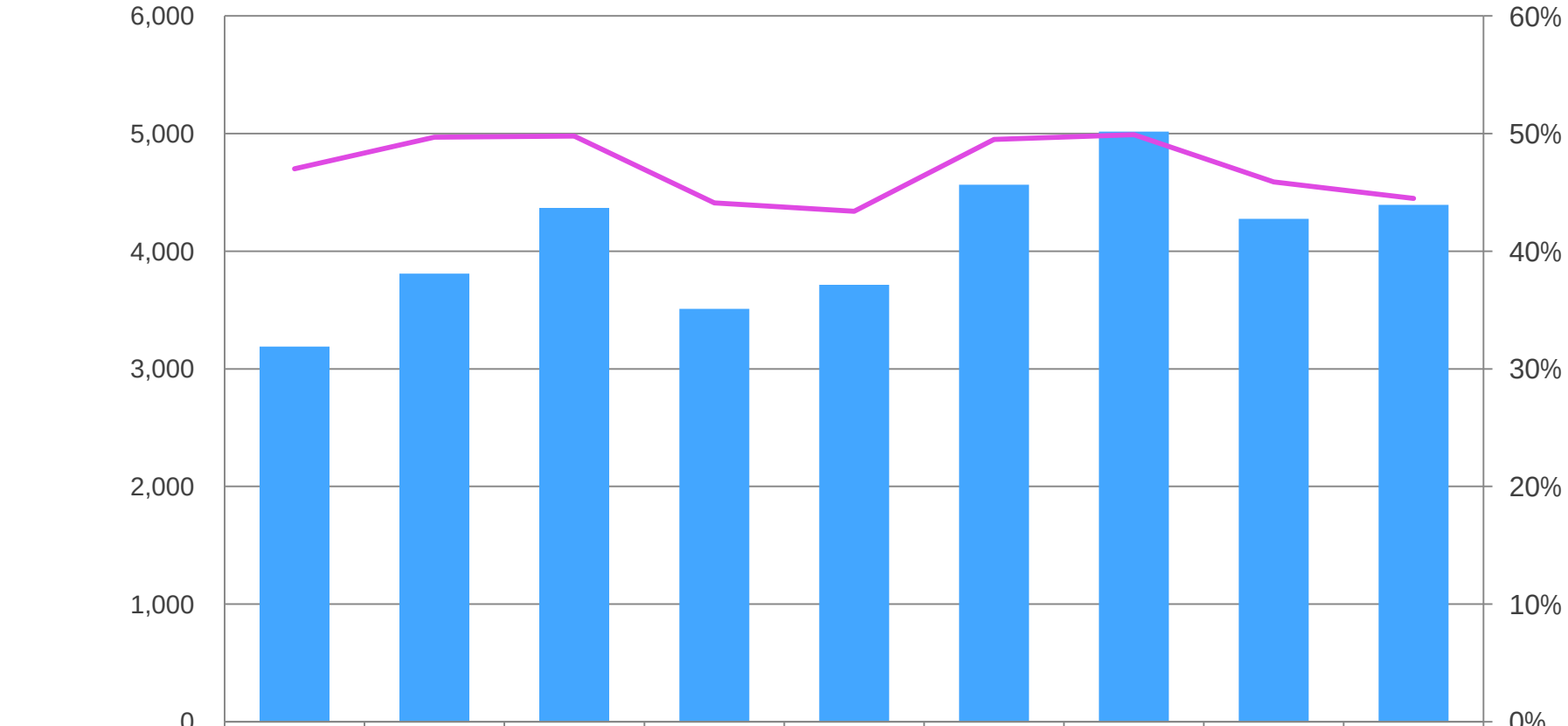
Operating Income by Quarter (Consolidated)

(Unit: million yen,%)



	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q
	FY2013			FY2014				FY2015	
Operating Income	3,189	3,810	4,369	3,509	3,715	4,566	5,017	4,276	4,395
Operating margin	47.0%	49.7%	49.8%	44.1%	43.4%	49.5%	49.9%	45.9%	44.5%

※Tabelog Inc. and Time Design Co, Ltd. are included in consolidated accounts from FY3/2015 1Q

※webCG, Inc. are included in consolidated accounts from FY3/2016 1Q

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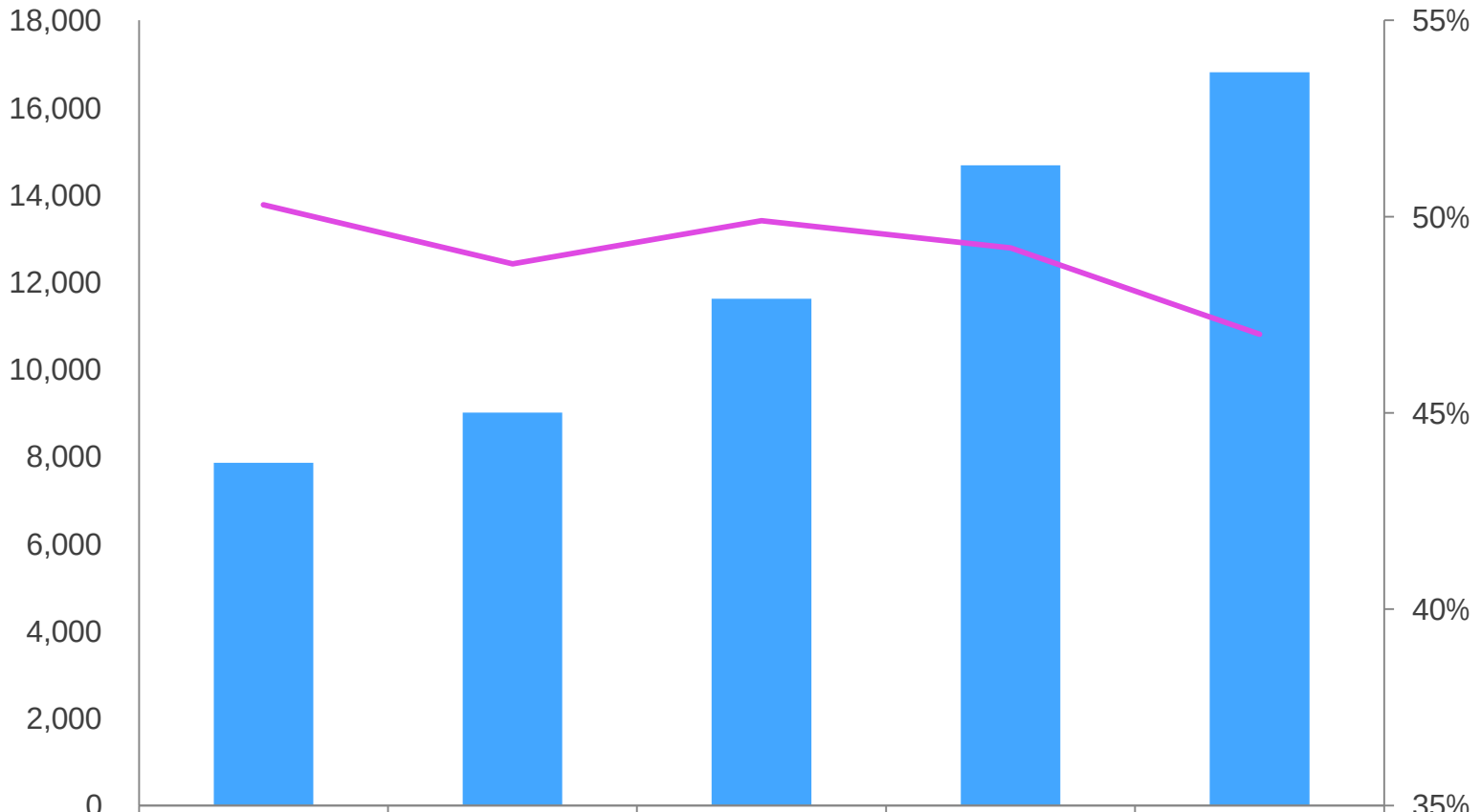
Operating Income by Fiscal Year (Consolidated)

(Unit: million yen,%)



	FY2010	FY2011	FY2012	FY2013	FY2014
Operating Income	7,854	9,010	11,616	14,680	16,808
Operating margin	50.3%	48.8%	49.9%	49.2%	47.0%

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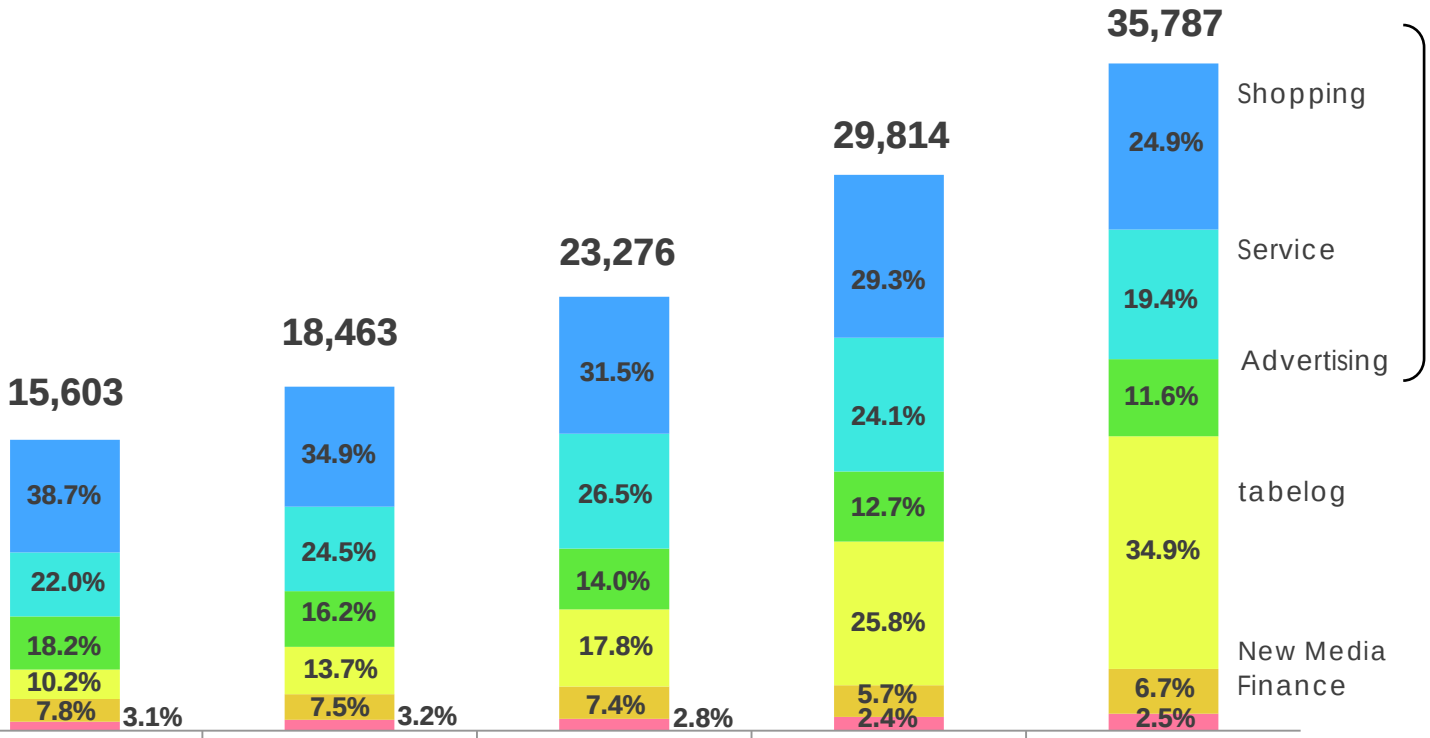
Sales Contribution by Business by Fiscal Year (Consolidated)



Note: Amounts exclude inter-segment sales and transfers.

(Unit: million yen,%)

	FY2010	FY2011	FY2012	FY2013	FY2014
Shopping	6,043	6,445	7,342	8,721	8,904
Service	3,426	4,520	6,160	7,173	6,944
Advertising	2,848	2,988	3,269	3,774	4,144
Tabelog	1,584	2,539	4,136	7,695	12,476
New media	1,213	1,384	1,726	1,712	2,408
Finance	487	585	641	735	909

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Services Provided by the Kakaku.com Group

◆Customer Purchasing Support Site Kakaku.com
This site provides price, product, and word-of-mouth information on various products and services.

◆Website for last-minute discounts at hotels and Japanese-style inns yoyaQ.com
This is a service for reserving rooms at hotels and Japanese-style inns at bargain rates, mainly for plans discounted due to last-minute cancellations or other special reasons.

◆Travel review and comparison site 4travel
Based on the concept "Collaborative online travel guide," this site provides information on domestic and international travel posted by users.
(Operated by consolidated subsidiary 4travel, Inc.)

◆Real Estate/Housing Information Website Sumaity
This site provides information on rental properties, apartments and houses for sale.

◆Cooking Support App recipom
"*Recipom* is a free app that supports daily meal preparation. It allows users to easily and confidently search over 80,000 delicious recipes provided by professionals.

◆Tabélog
Modeled after the tabelog site for the Japanese market, TABElog is tailored to the US market with a fresh design and leading-edge functionality.

◆Dynamic package reservation system
Consolidated subsidiary Time Design provides a dynamic package reservation system that enables users to purchase airline tickets and reserve hotel rooms via airlines and hotels' official websites.

◆webCG, daily must-visit site for car lovers
Launched in 1998 as the online version of the automobile magazine CAR GRAPHIC, webCG is an old-school online magazine for car lovers. Enjoyably provides in-depth, reader-friendly information mainly on new models. (Operated by consolidated subsidiary webCG, Inc.)

◆Restaurant Ranking and Review Site tabelog
This site provides reliable restaurant rankings by rating restaurants on a scale of one to five based on word-of-mouth and reviews collected from users.

◆Photo Community Site PHOTOHITO
Based on the concept "Connecting people with photos," the site provides a place for people to share their favorite photos.

◆Comprehensive Movie Information Site eiga.com
This site provides wide-ranging movie information reviews by professional critics and our editorial staff, as well as reviews posted by users.
(Operated by consolidated subsidiary eiga.com, Inc.)

◆Insurance Selection Consulting Service Offers a wide range of insurance, including life insurance, non-life insurance, car insurance, and travel insurance. (Operated by consolidated subsidiary Kakaku.com Insurance, Inc.)

◆Wine Share/Management App Vinica
This is a free camera app that allows users to share their favorite new wines with friends and record tasting reviews.

◆Customer purchasing support site for non-Japan Asia Priceprice.com
Priceprice.com serves the Philippines, Thailand and Indonesia based on the "Enjoy Smart Shopping" concept. It provides user reviews and pricing and product information on products.

◆Kinarino
Kinarino provides a full range of lifestyle information on topics such as fashion, household goods and food based on a theme of "beautiful and gentle lifestyle."

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Company Profile

Company name	Kakaku.com, Inc.
Address	DIGITAL GATE BUILDING, 3-5-7, Ebisu minami, Shibuya-ku, Tokyo 150-0022
Founded	December 1997
URL	http://corporate.kakaku.com/?lang=en
Share Listing	The First Section of Tokyo Stock Exchange
Stock Code	2371
Related Companies	

Kakaku.com Insurance, Inc.	URL: http://hoken.kakaku.com/insurance/company.html
4travel, Inc.	URL: http://4travel.jp/
eiga.com, Inc.	URL: http://eiga.com/
Time Design Co. Ltd.	URL: http://www.timedesign.co.jp/
Tabélog, Inc.	URL: http://www.tabelog.us/
webCG, Inc.	URL: http://www.webcg.net/

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