kakaku.com

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

Feb 3th, 2016

Kakaku.com, Inc.

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Summary

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FY3/2016 3Q highlights

Kakaku.com	Domestic	Sales increased 4.3% YoY as strong sales of consumer goods and personal finance categories compensated for a decrease in commissions from broadband service providers.
	Overseas	Monetization trials started in November in Thailand and December in India. *Priceprice.com* increased its number of unique users (four-country total) to 6.66 mn as of end-December.
tabelog	Domestic	The number of fee-paying users surpassed 1.28 mn as of end-December. ARPU at fee-paying restaurants increased from 18,500 in 2Q to 19,500 in 3Q.
	Overseas	The number of unique users reached 960,000 at end-December, 3.3 times the level at end-December 2014, due to stronger ties with SNS sites.
New Media		Travel business Time Design and real estate information site *Sumaity* posted strong sales and continued to maintain high growth.
Finance		Although Finance sales decreased in reaction to a premium rate increase for fire insurance, sales of online insurance contracts were robust.

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FY3/2016 3Q Results (Quarterly)

(Unit: million yen)

	FY3/2015 3Q (Oct-Dec 2014)	FY3/2016 3Q (Oct-Dec 2015)	YoY	Full-year forecast	Progress relative to forecast
Sales	9,217	**10,558**	+14.6%	**42,500**	70.0%
Operating income	4,566	**5,071**	+11.1%	**19,700**	69.8%
Ordinary income	4,913	**5,095**	+3.7%	**19,700**	70.1%
Net income attributable to shareholders of the parent company	3,120	**3,378**	+8.3%	**13,131**	70.4%
Operating margin	49.5%	**48.0%**	-1.5pts	**46.4%**	-

*FY3/15 3Q ordinary income includes a gain on sales of investment securities.

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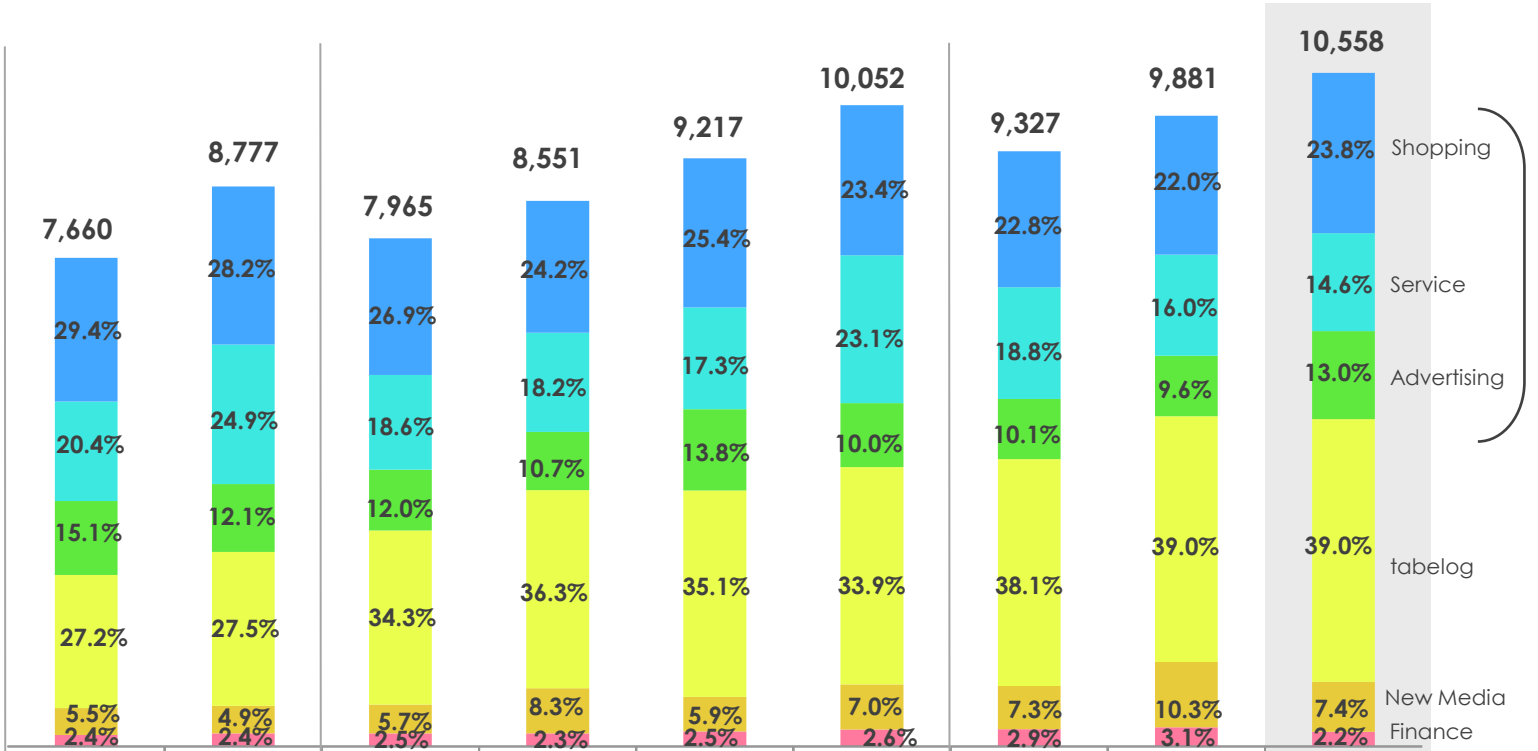
Quarterly Sales by Business Category (Consolidated)



Note: Amounts exclude inter-segment sales and transfers.

(Unit: million yen)

	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q
	FY2013		FY2014				FY2015		
Shopping	2,253	2,479	2,145	2,066	2,339	2,353	2,130	2,175	2,513
Service	1,560	2,188	1,481	1,555	1,590	2,317	1,750	1,584	1,538
Advertising	1,159	1,060	953	912	1,276	1,001	941	949	1,377
Tabelog	2,084	2,413	2,729	3,104	3,234	3,409	3,556	3,851	4,119
New Media	422	429	451	705	543	705	676	1,021	782
Finance	179	206	204	206	233	264	270	300	227

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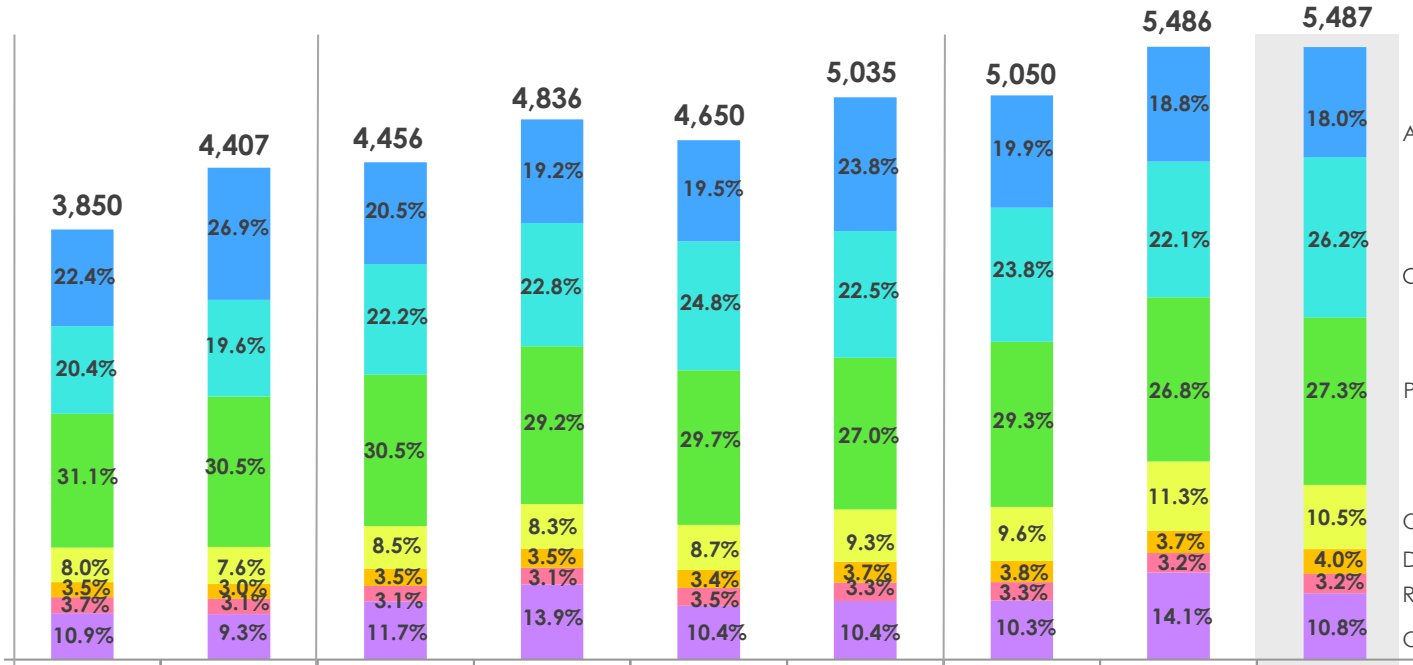
Quarterly Cost Breakdown (Consolidated)



*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)	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q
	FY2013		FY2014				FY2015		
Advertising	863	1,184	912	926	905	1,196	1,005	1,029	987
Comission*1	784	865	990	1,104	1,152	1,134	1,199	1,213	1,435
Personnel-related	1,198	1,346	1,356	1,411	1,383	1,358	1,478	1,468	1,498
Outsourcing	309	332	380	399	405	466	483	619	575
Depreciation	135	132	154	170	159	187	189	200	220
Rent	143	137	138	150	161	166	167	176	174
Other	416	407	522	673	482	524	527	779	594
Employee headcount*2	553(89)	570(90)	616(90)	639(96)	653(97)	660(97)	689(99)	695(106)	710(109)

Oct-Dec 2015 Breakdown of "Other" expenses

- Server maintenance **¥87mn**
- TimeDesign cost of goods purchased **¥264mn**
- Goodwill amortization **¥6mn**
- Employee recruitment **¥42mn**

etc.

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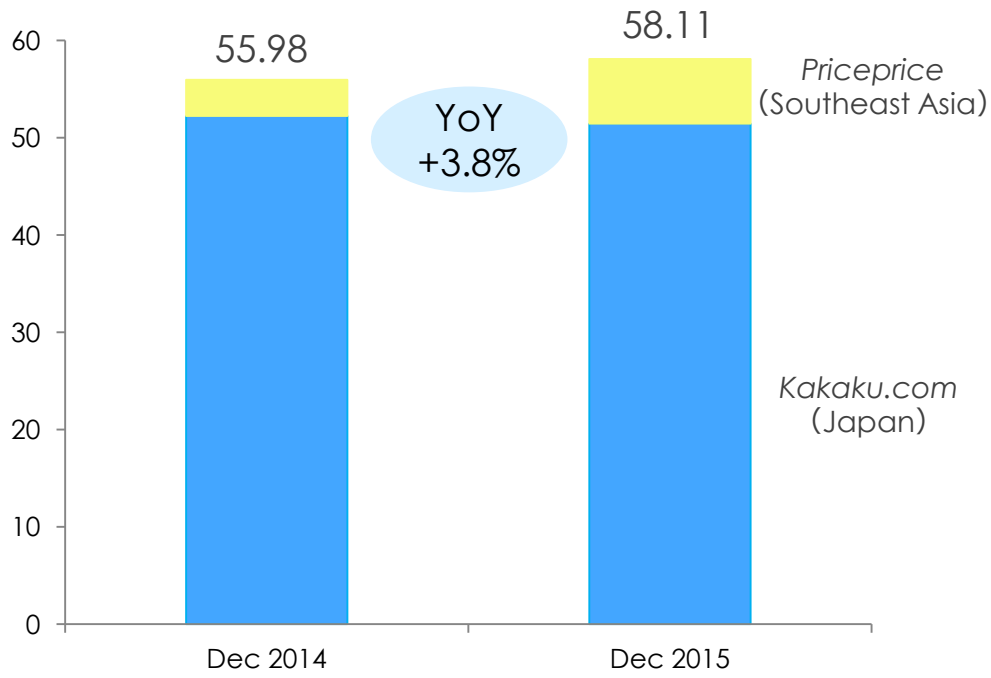
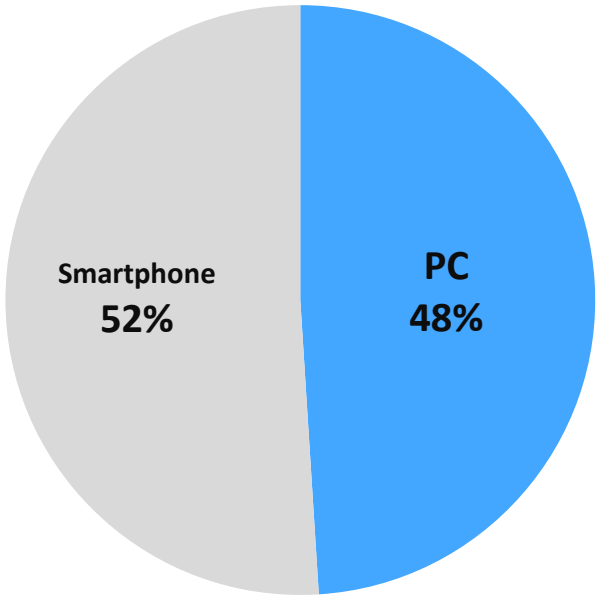
Kakaku.com-related businesses' usership

- The number of users of *Kakaku.com* and related sites, including *Priceprice.com*, grew 3.8% YoY.
- The number of domestic and overseas smartphone users increased dramatically and exceeded the number of PC users as of end-December.

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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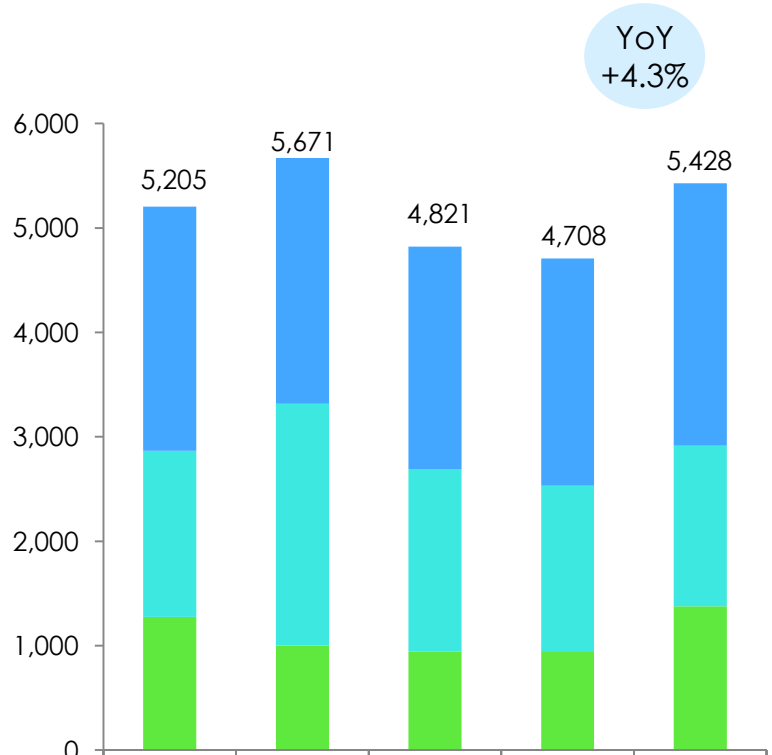
Businesses' progress

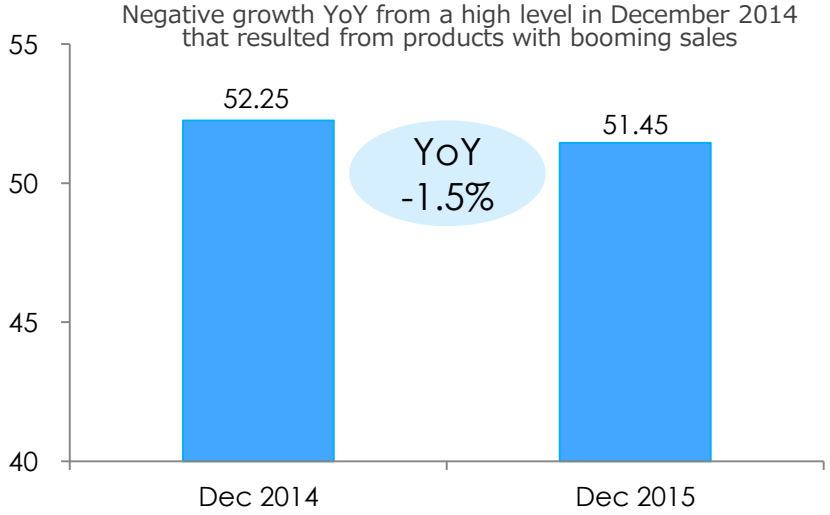
Kakaku.com quarterly Sales Trend (million yen)



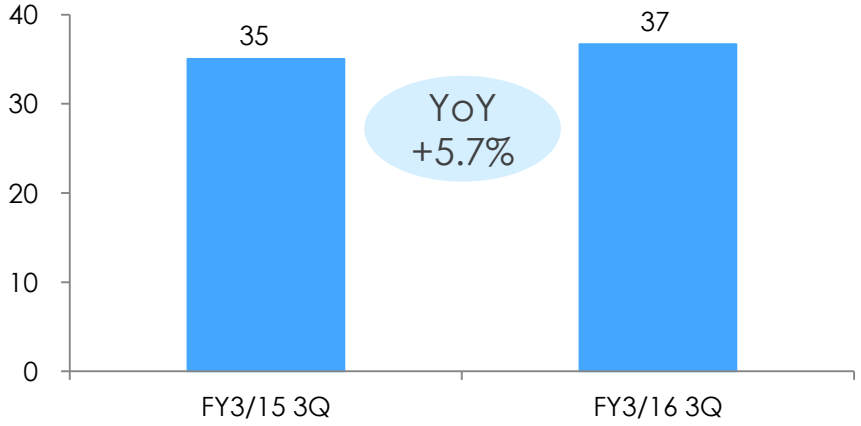
	FY2014 3Q	FY2014 4Q	FY2015 1Q	FY2015 2Q	FY2015 3Q
Shopping	2,339	2,353	2,130	2,175	2,513
Service	1,590	2,317	1,750	1,584	1,538
Advertising	1,276	1,001	941	949	1,377

Monthly unique users (in millions)

Negative growth YoY from a high level in December 2014 that resulted from products with booming sales



ARPU (yen)



※3month average

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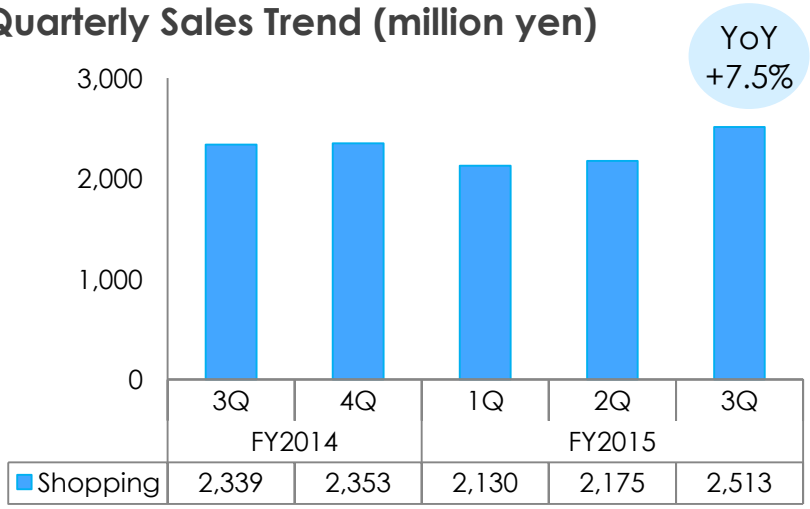
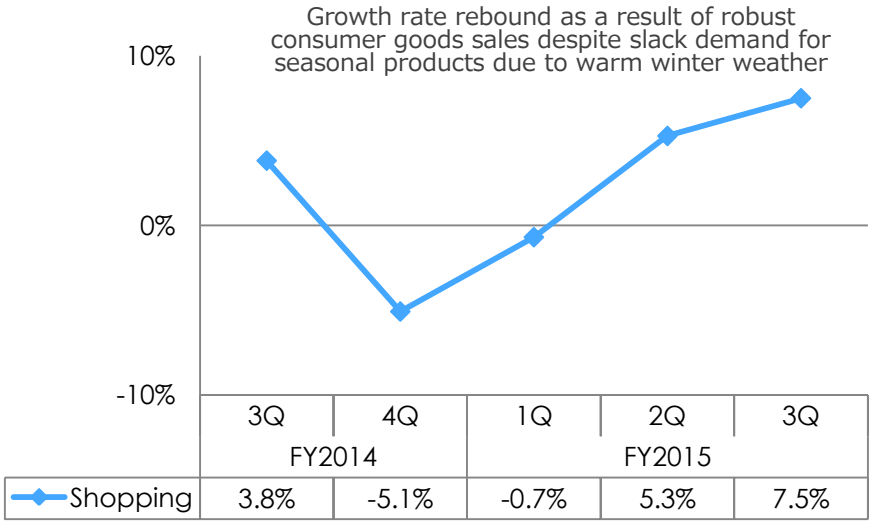
Shopping business

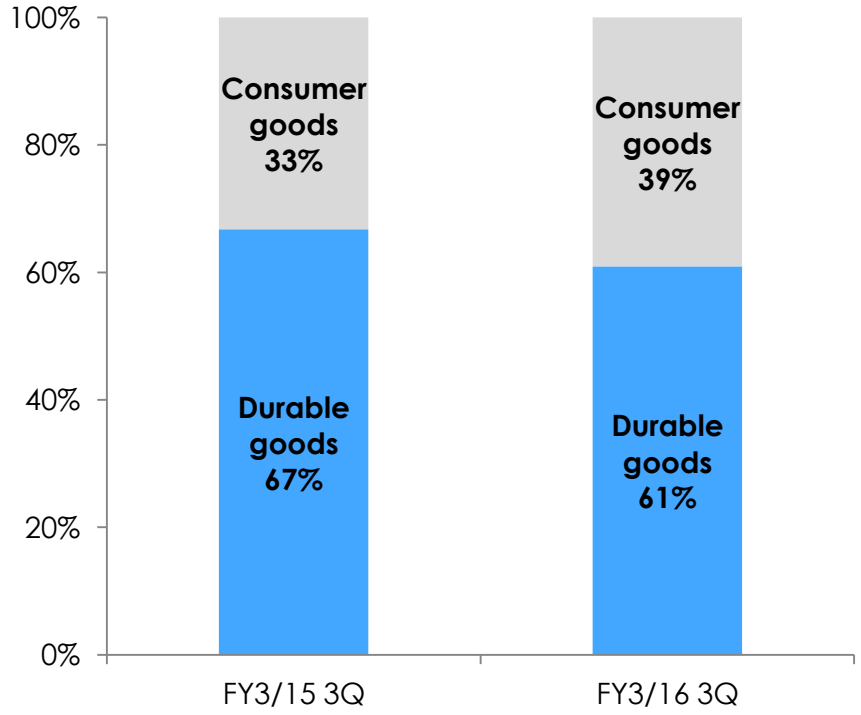
Quarterly Sales Trend (million yen)



Quarterly sales growth rates (%)



Durable goods/consumer goods: Sales ratio (%)



*Durable goods: Household appliances, PCs, cameras, etc.
*Consumer goods: Fashion Apparels, Accessories, Household items, beverages, etc.

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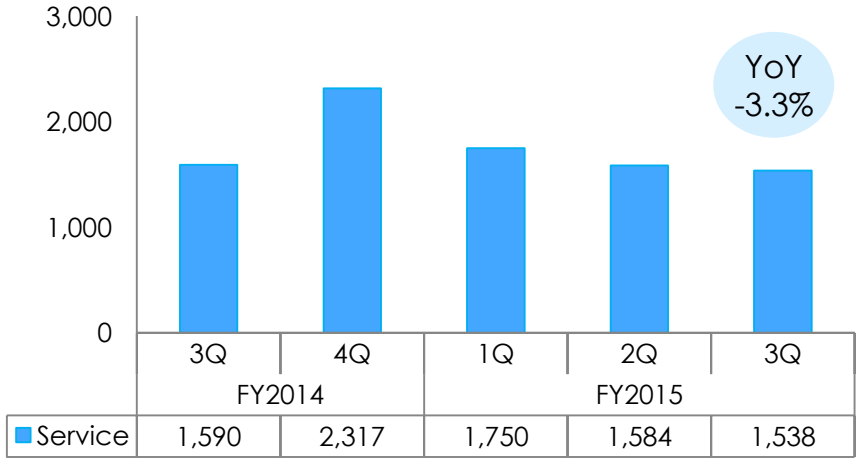
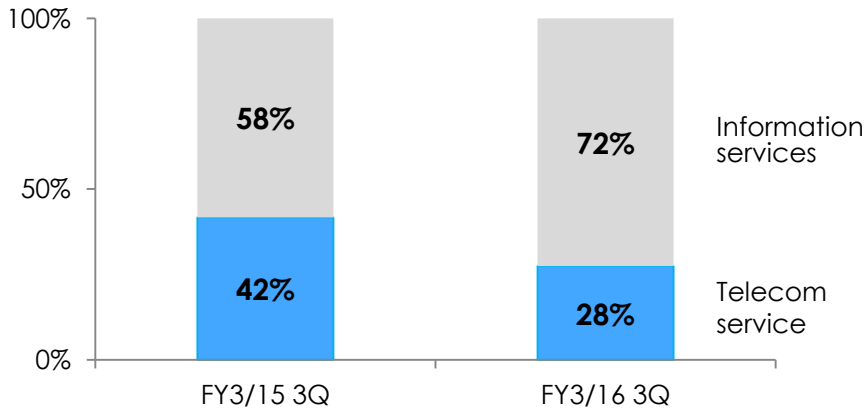
Service business

Quarterly Sales Trend (million yen)



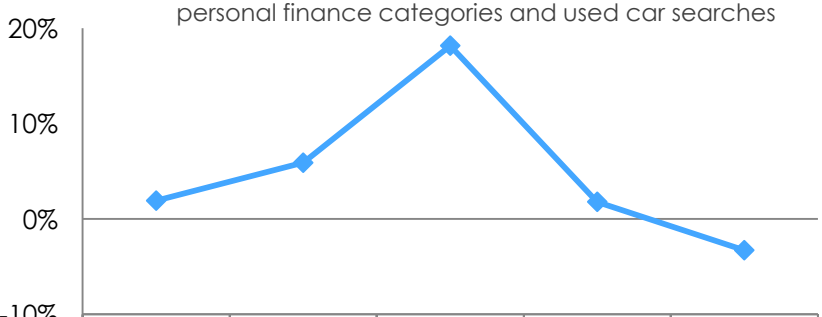
	3Q	4Q	1Q	2Q	3Q
	FY2014		FY2015		
Service	1,590	2,317	1,750	1,584	1,538

Breakdown of service revenues (%)



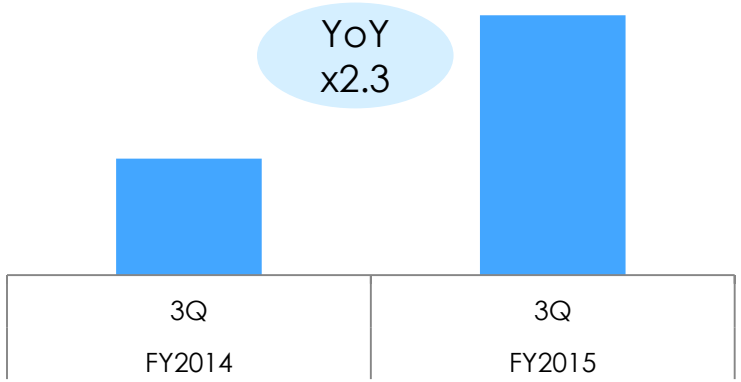
Quarterly sales growth rates (%)

Continued sluggish performance from the broadband agency business, but robust performance from personal finance categories and used car searches



	3Q	4Q	1Q	2Q	3Q
	FY2014		FY2015		
Service	1.9%	5.9%	18.2%	1.8%	-3.3%

Low-cost smartphone and SIM card contracts



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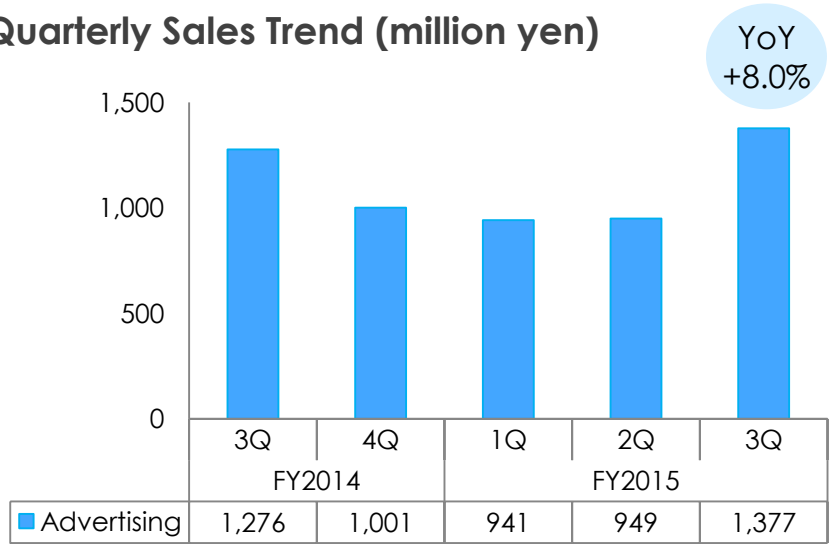
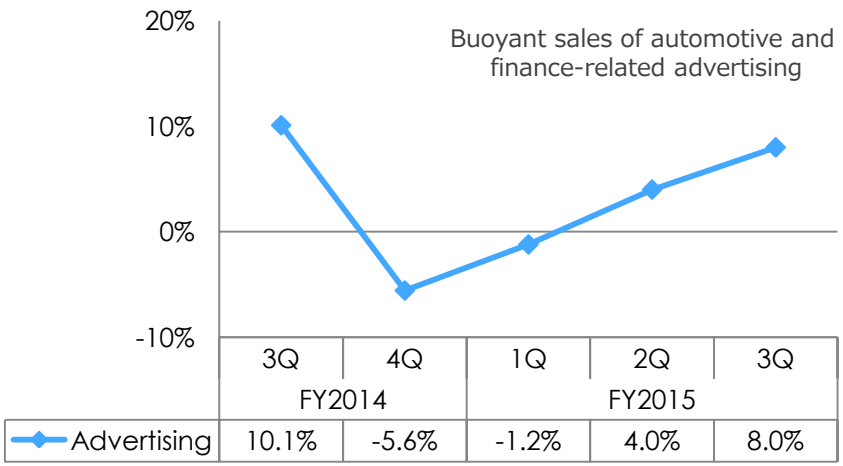
Advertising business

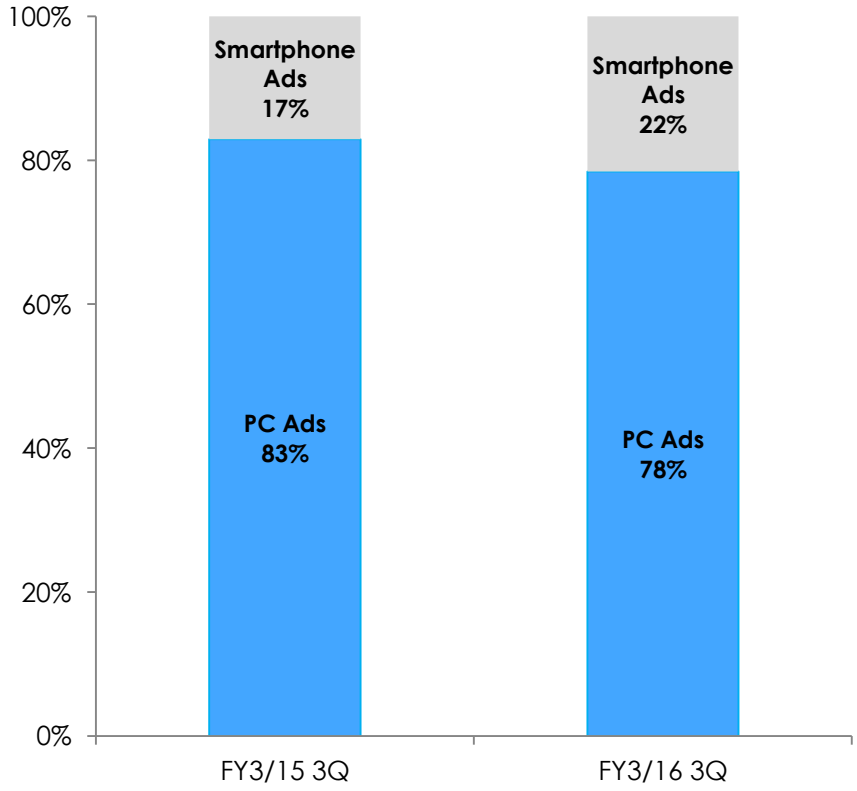
Quarterly Sales Trend (million yen)



Quarterly sales growth rates(%)



Ad Sales Breakdown by Device (%)



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Current status - Action for the electricity liberalization

- "*Kakaku.com Electricity Rate Comparison*" provides information on 126 electricity rate plans from 22 companies and the information is constantly being updated.
- *Kakaku.com also has* limited offers for its users.
- The business model will shift from a fee or ad-based model to a commission based model starting April.



* The number of companies and electricity rate plans on "*Kakaku.com* Electricity Rate Comparison" as of February 1, 2016.
* Source: Population Census of Japan (Ministry of Internal Affairs and Communications, Statistics Bureau, Statistical Survey Department, Survey Planning Division)

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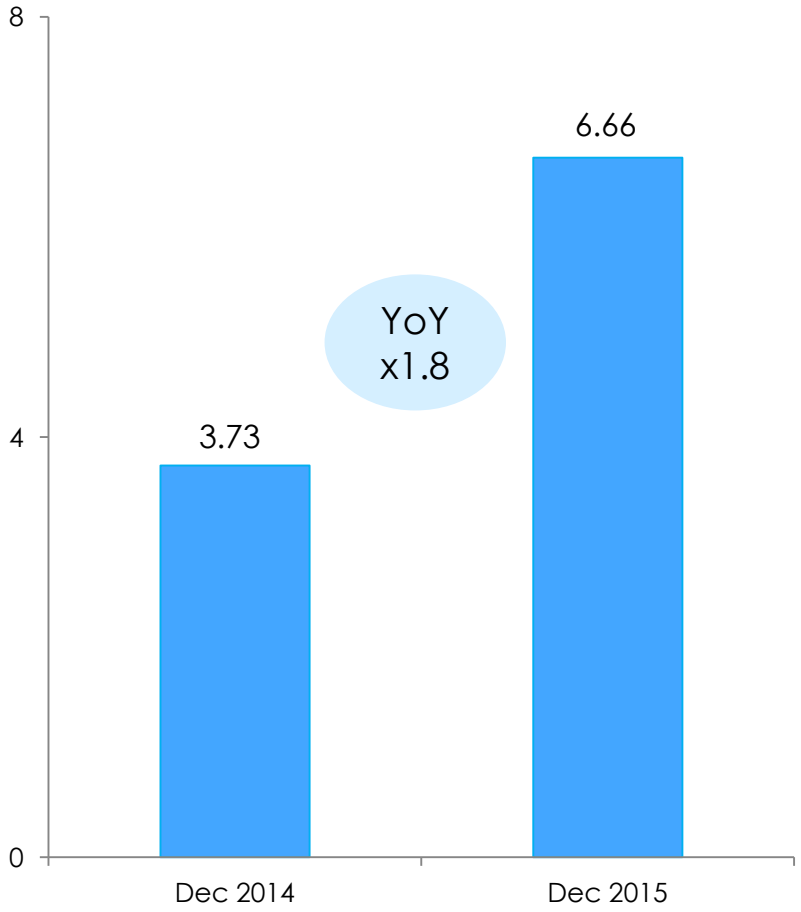
Overseas businesses' progress

Monthly unique users (in millions)

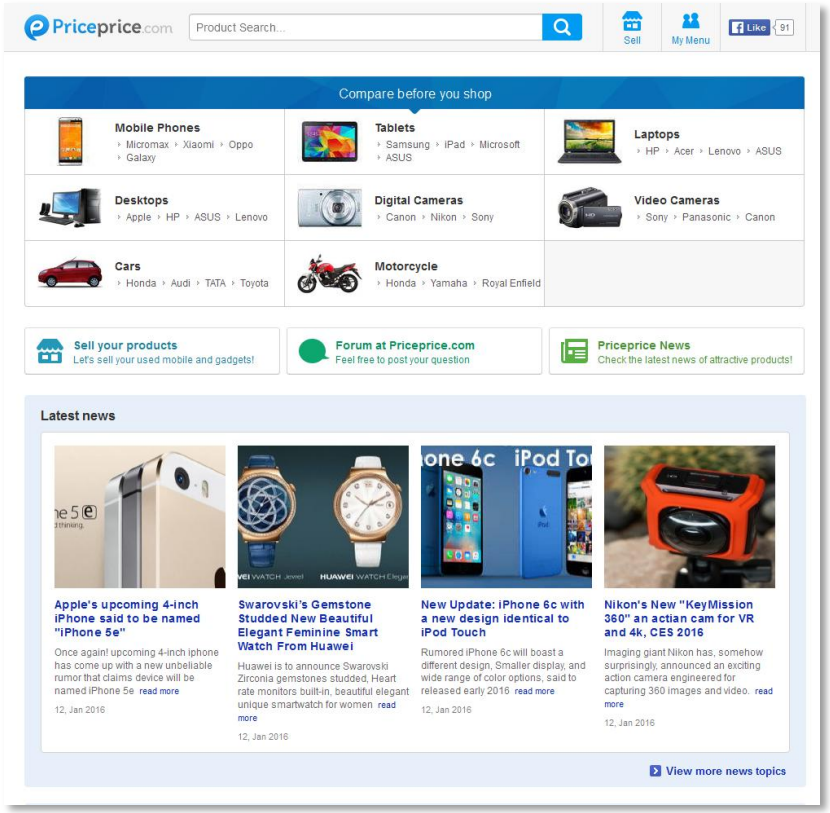


*Total monthly users in Philippines, Thailand, Indonesia and India.

Monetization trials

・Monetization trials utilizing affiliate service providers started in November in Thailand and December in India.

・A monetization trial in Indonesia beginning in January is under consideration.



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tabelog

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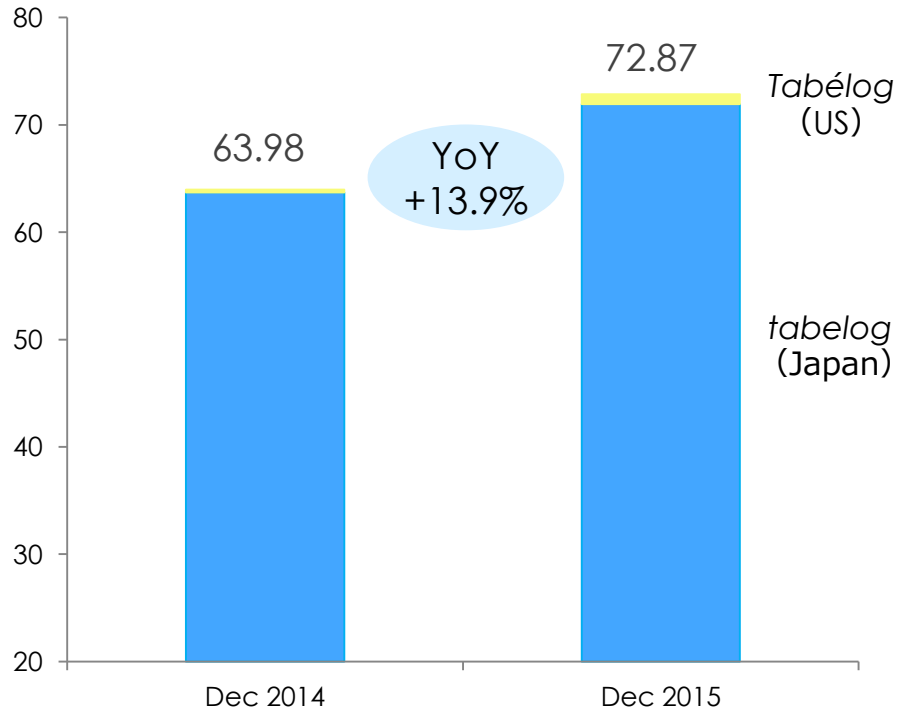
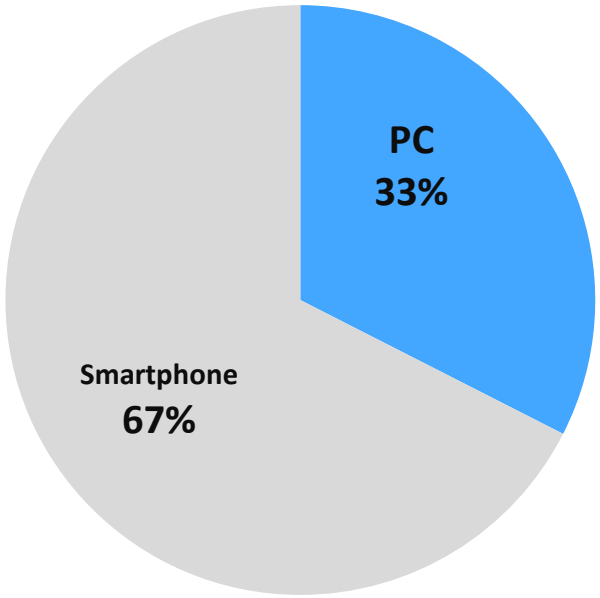
tabelog-related businesses' usership

- The number of domestic and overseas users reached a little under 73 mn as of end-December.
- The cumulative number of users making restaurant reservations in Japan using the online reservation service surpassed 5 mn in January.

Domestic and overseas monthly unique users (in millions)



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



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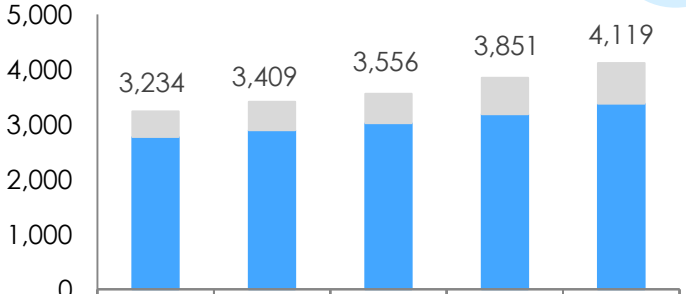
Businesses' progress

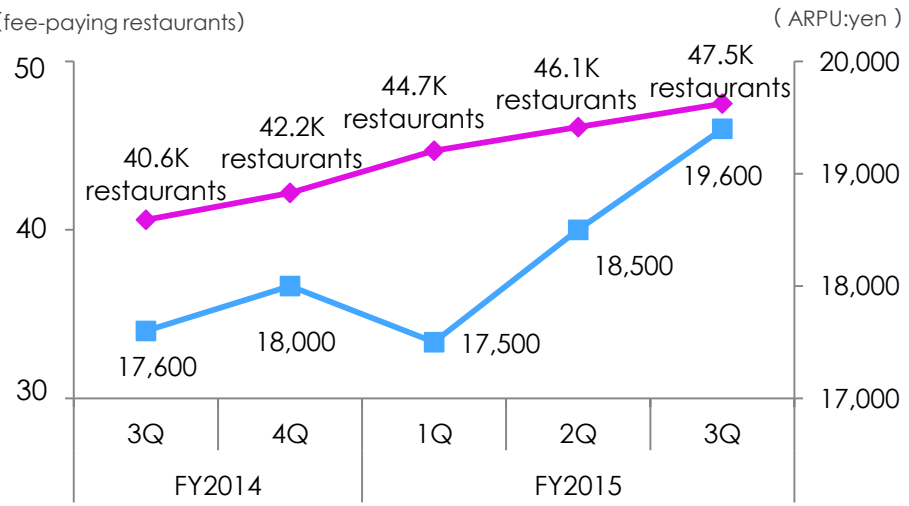
tabelog quarterly Sales Trend (million yen)

YoY +27.4%

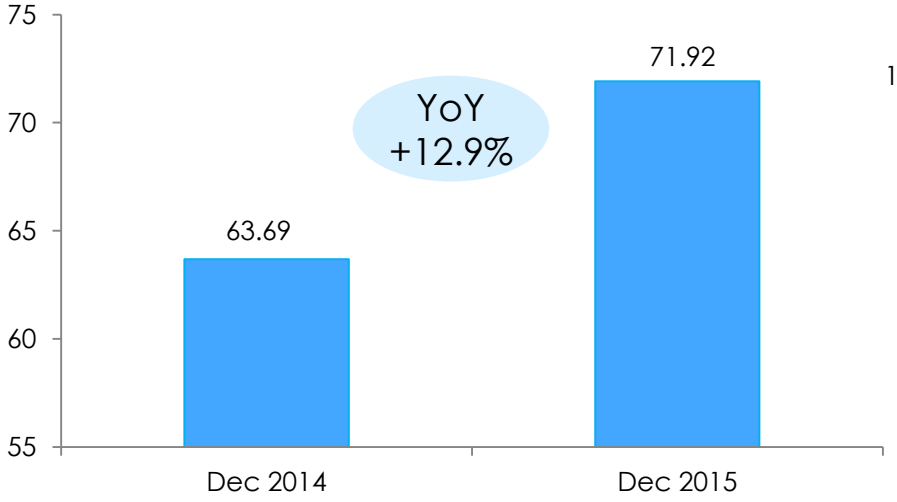


	3Q	4Q	1Q	2Q	3Q
	FY2014		FY2015		
Paying individuals	465	519	534	666	743
Corporate sales	2,767	2,889	3,021	3,182	3,373

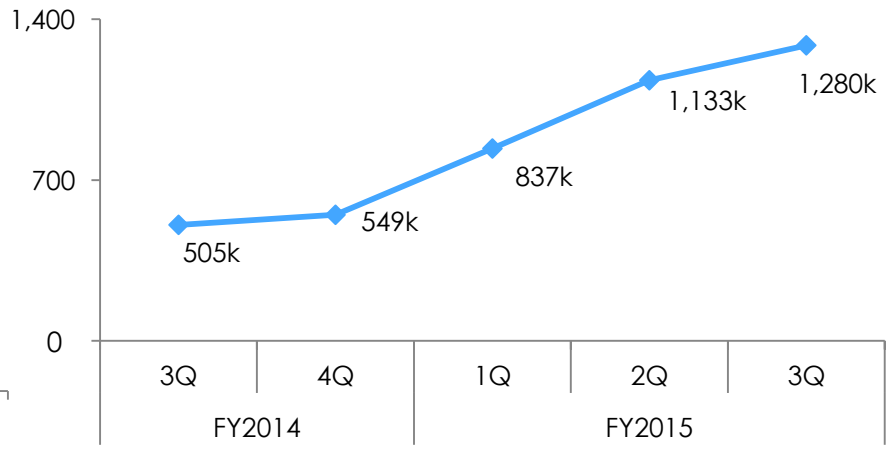
Fee-paying restaurants (in 1,000s) and ARPU (yen)



Monthly unique users (in millions)



Number of individual paid subscribers (in 1,000s)



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Current status - Expansion of business scope to include operational support for restaurants

- Full-scale roll out of the "*Yoyaku Note*" reservation system app for iPads beginning in January
- Implementation of a cross-communication platform that closely links users and restaurants

Accelerate use of tabelog online reservations

The automatic linkage with *tabelog*'s existing online reservation system will maximize the number seats available for online reservation.

Operational support for restaurants

By using an app instead of the traditional paper based system, less time has to be spent on reservation management, making operations more efficient lowering cost.

CRM solution for restaurants

Customer information is automatically imported into a customer database, once a reservation is recorded, providing a new solution for increasing repeat customers and CRM.

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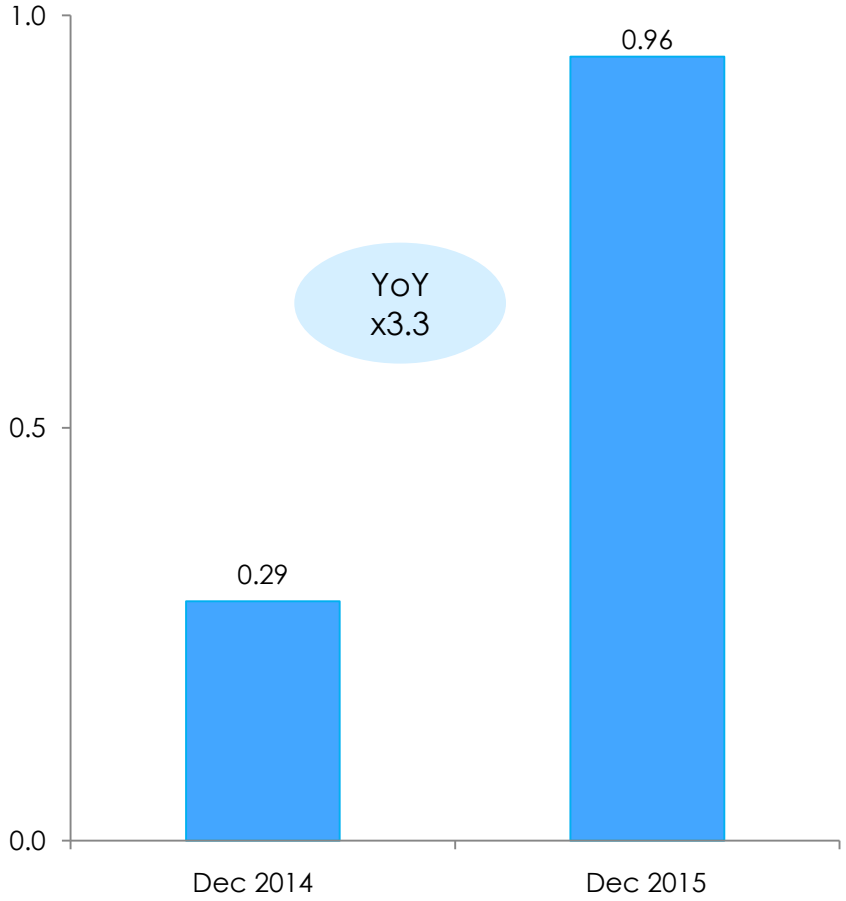
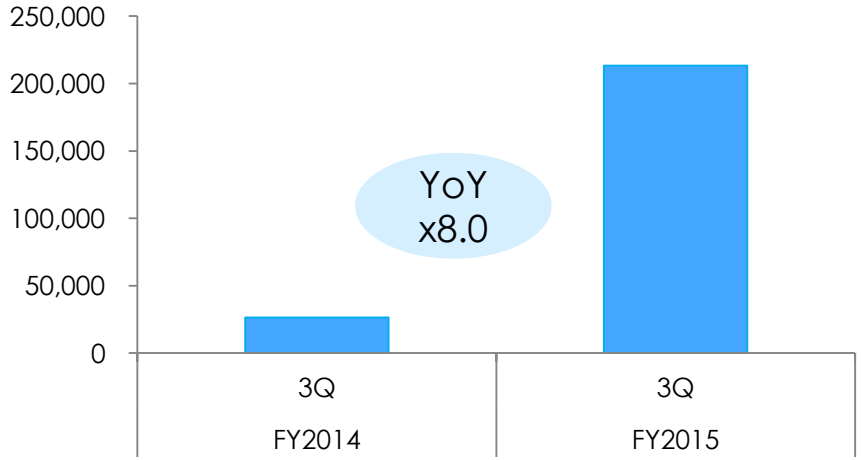
Overseas businesses' progress

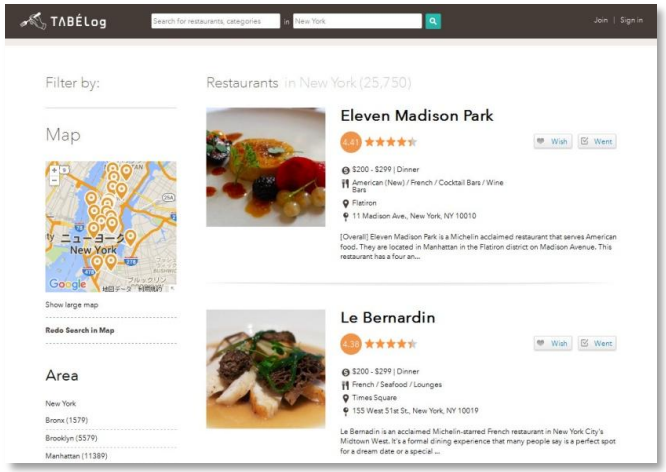
Tabélog monthly unique users (in millions)



Number of reviews (Unit: reviews)



Expansion of priority geographical areas to cover major cities throughout the U.S.



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New Media

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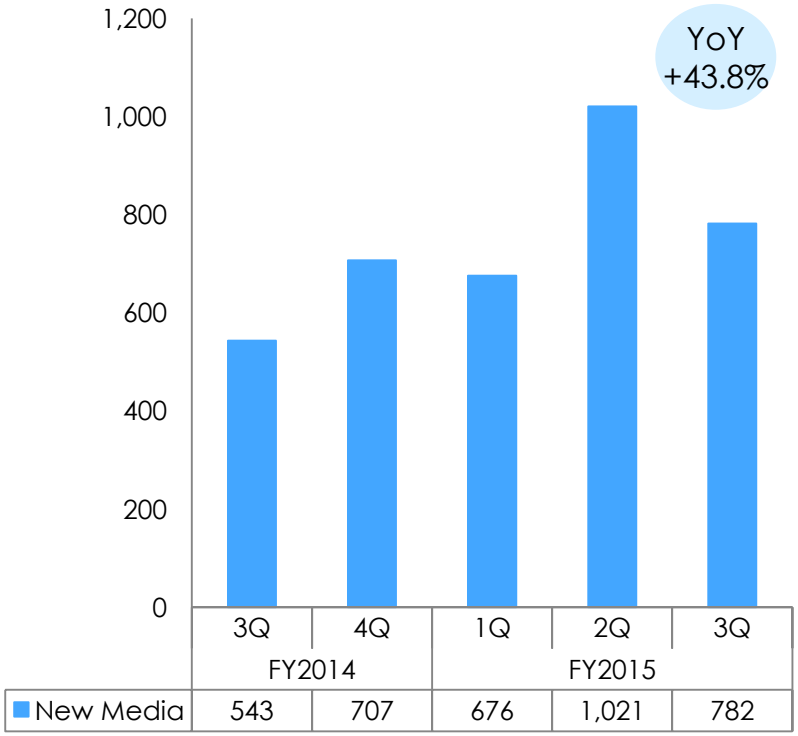
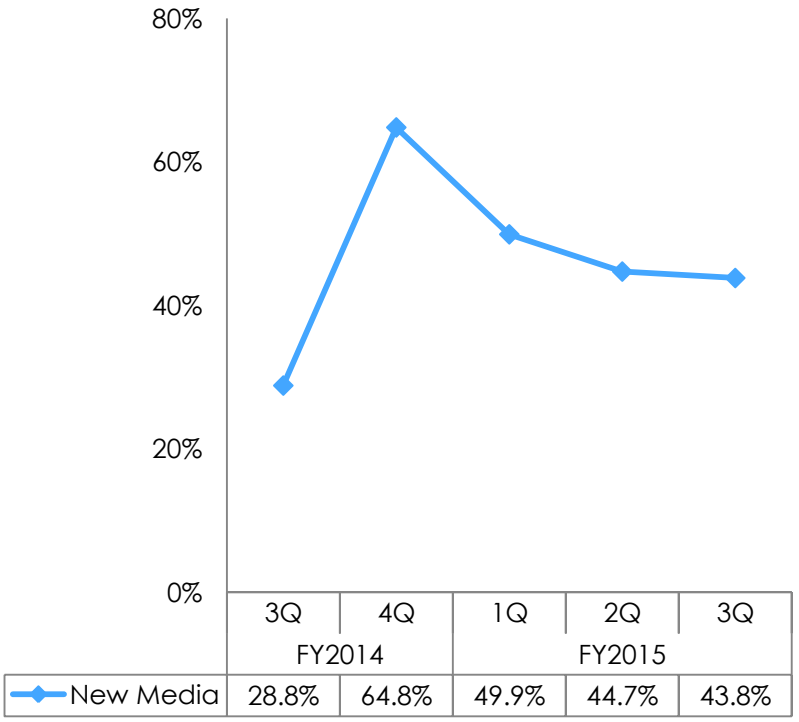
New Media

- Travel business site Time Design and real estate information site *Sumaity* posted strong sales and continued to maintain high growth.

Quarterly Sales Trend (million yen)



Quarterly sales growth rates (%)



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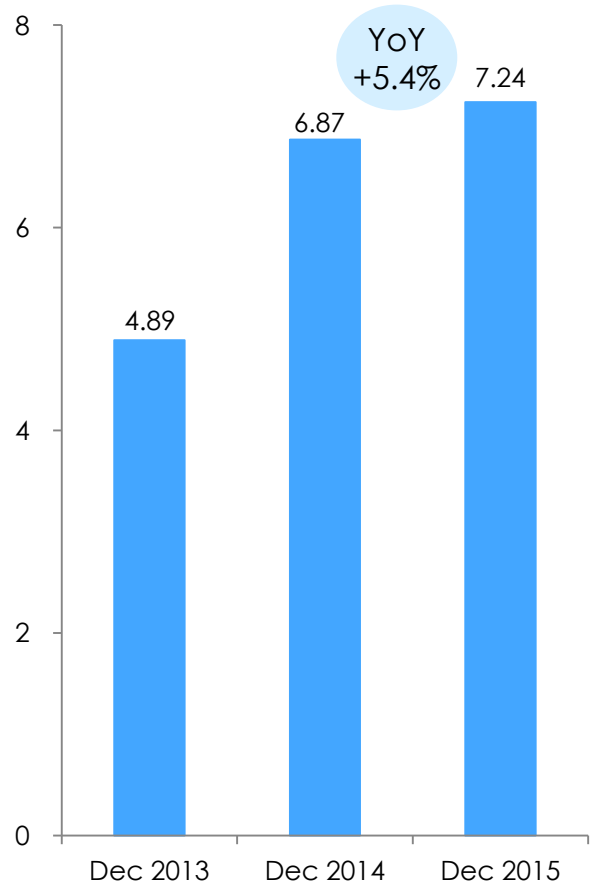
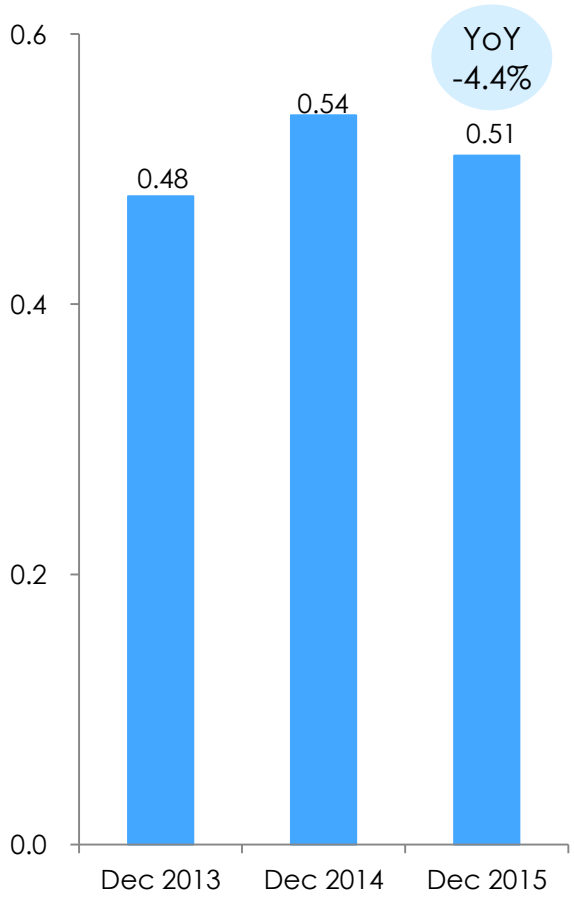
Travel

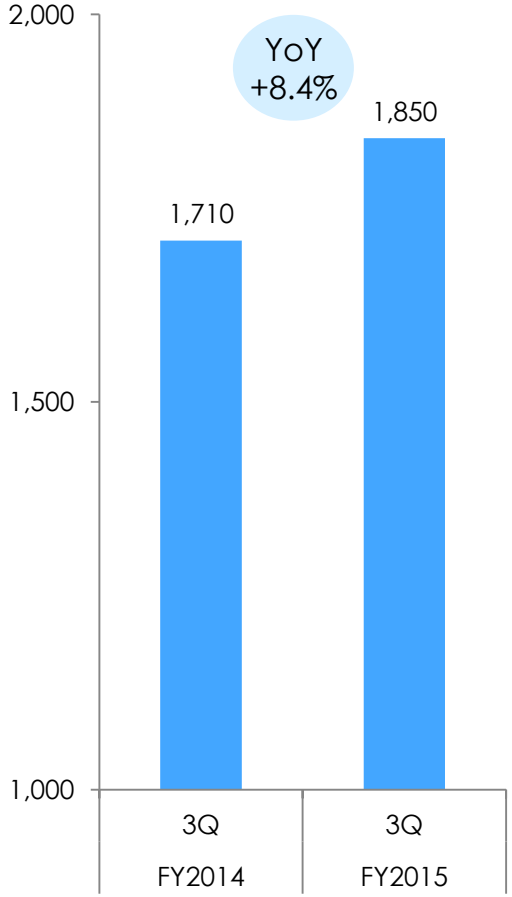
4travel monthly unique users (in millions)



yoyaQ.com monthly unique users (in millions)



Time Design
Participating lodging facilities



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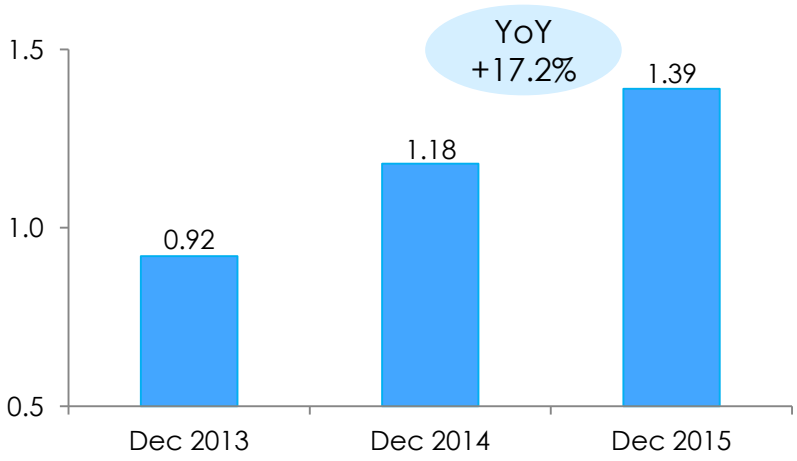
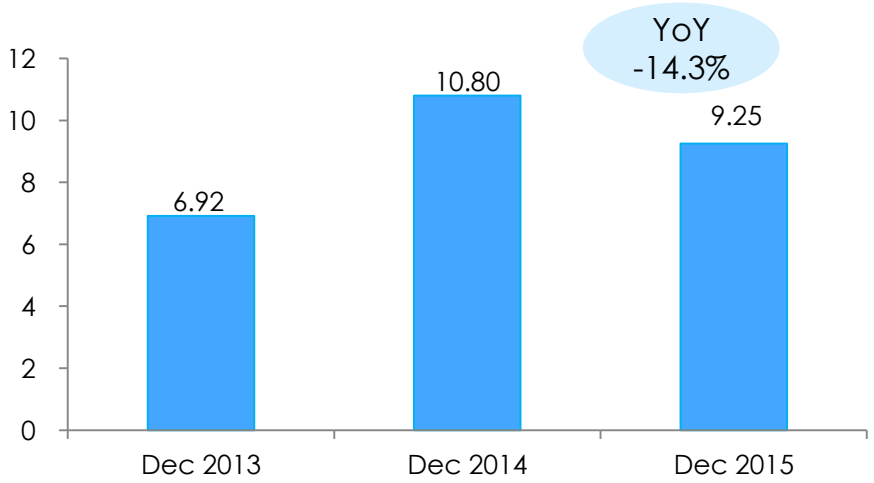
Real Estate and Movie

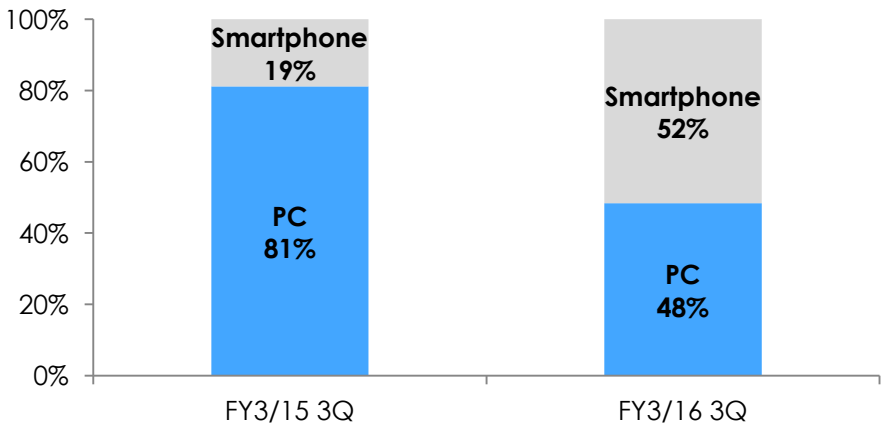
Sumaity monthly unique users (in millions)



eiga.com monthly unique users (in millions)



Number of rental inquiries Percentage by device type (%)



Start of news distribution using LINE in December



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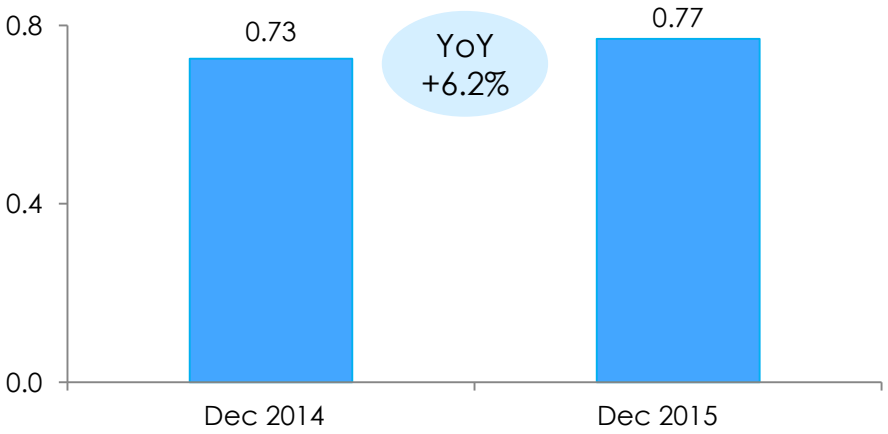
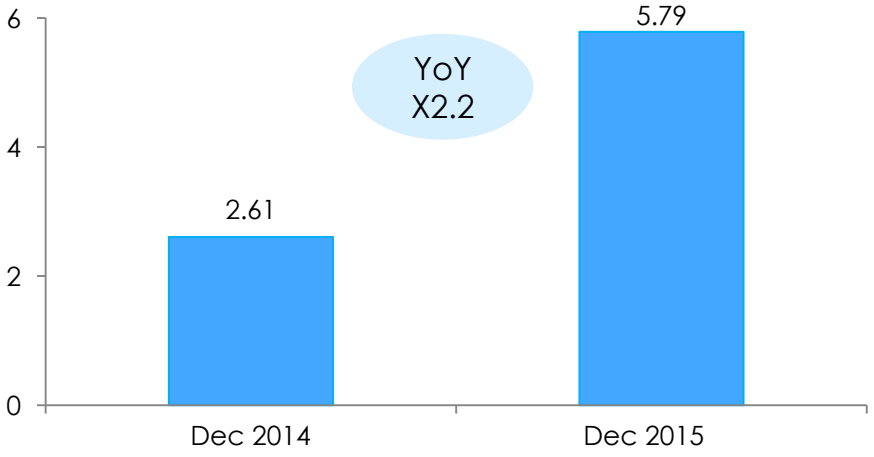
Automobile and Lifestyle Information

webCG monthly unique users (in millions)



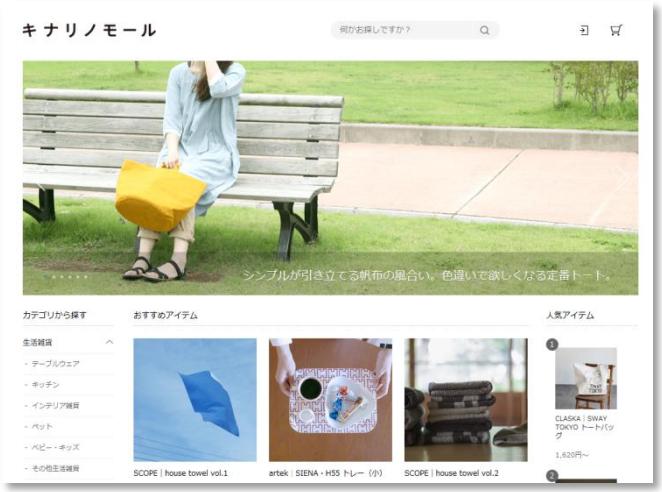
Kinarino monthly unique users (in millions)



Renewal of the Motor Show page in October



Opening of *Kinarino Mall* in February, development of a new revenue model



※Image is for illustration purposes.

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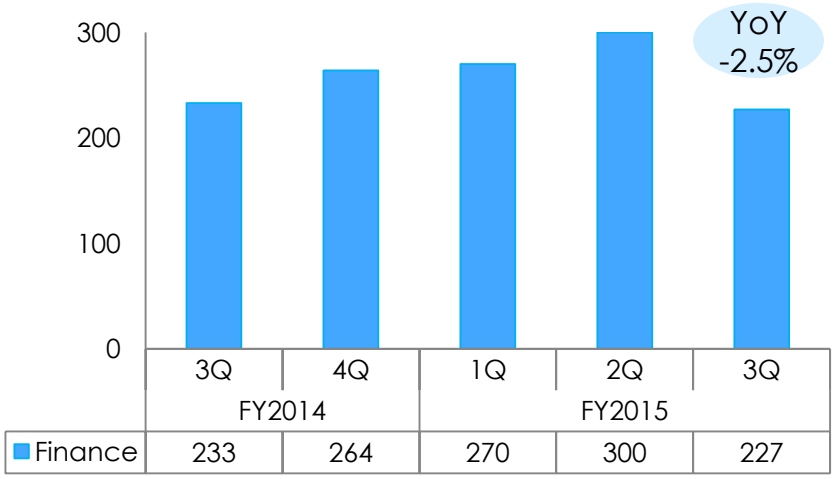
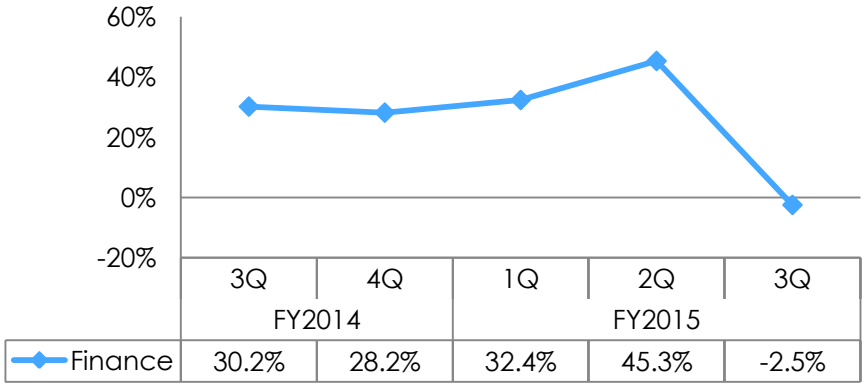
Finance(Insurance)business

- Although sales decreased in reaction to premium rate increases for fire insurance, sales of overseas travel insurance and life insurance purchasable online remained strong.

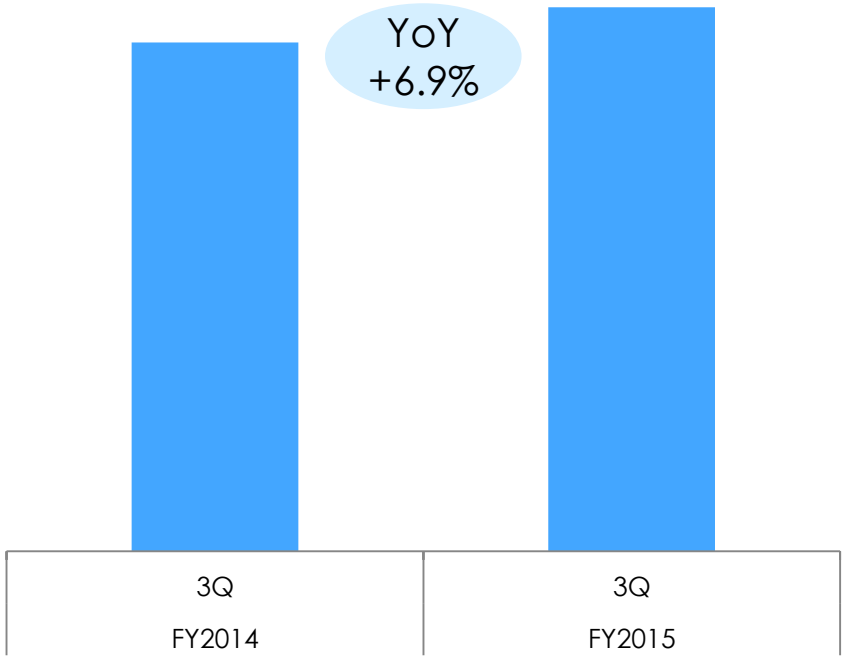
Quarterly Sales Trend (million yen)



Quarterly sales growth rates(%)



Number of contracts for Online Registration Insurance



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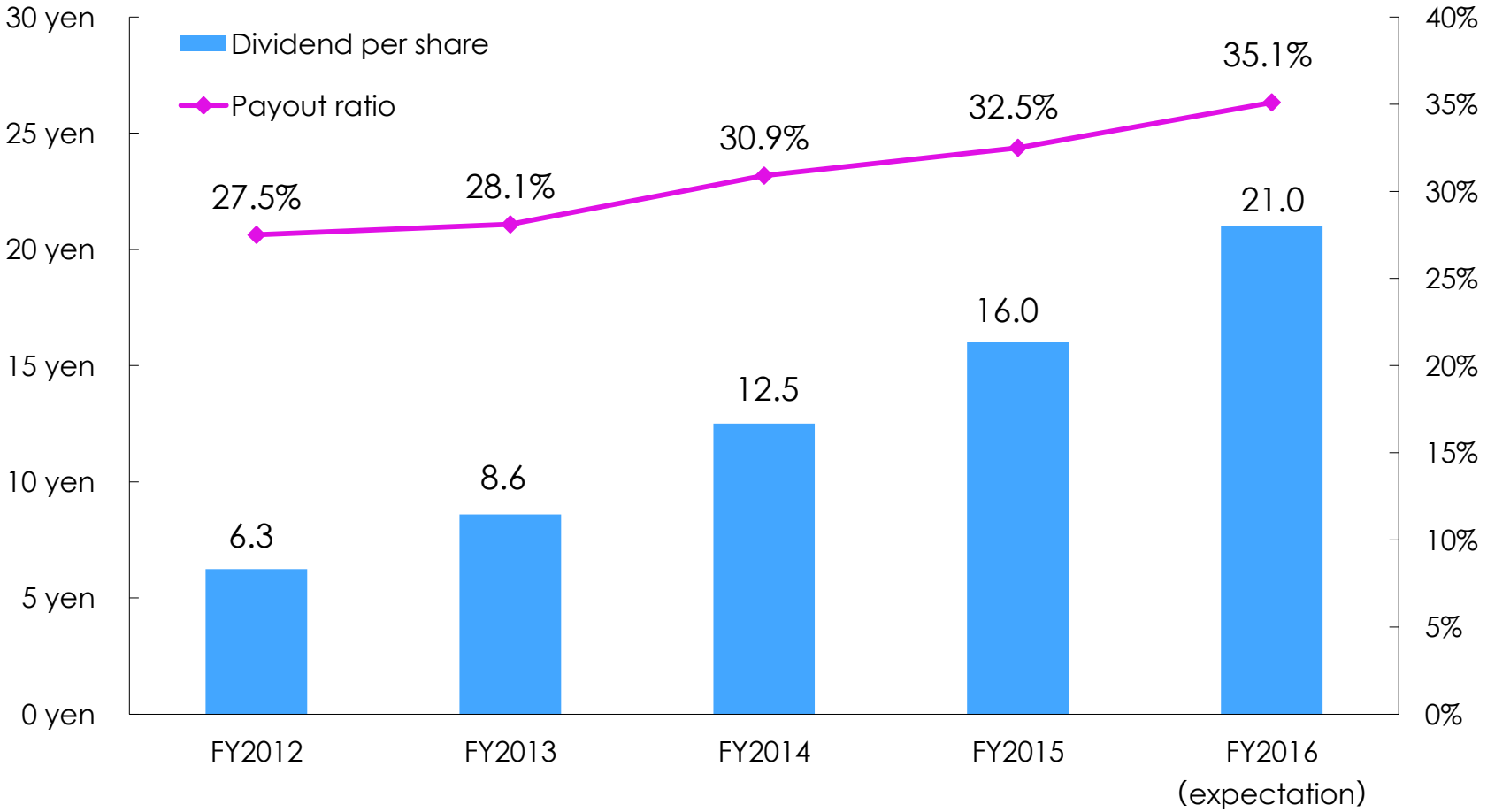
Shareholder returns policy

- The payout ratio is gradually increasing, and the forecast for the FY2016 year-end dividend is 21 yen per share.



* A 200-for-1 common stock split was conducted on August 1, 2011.
* A 2-for-1 common stock split was conducted on April 1, 2013, and a 2-for-1 common stock split was conducted on September 1, 2013.
* Dividend per share has been calculated on the premise that a stock split occurred in FY2012

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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 network contracts • Commission income based on requests for estimates and/or information materials for car insurance, finance, and used car searches
		Advertising	• Advertising income from banners, text advertisements, content and search based advertising on Kakaku.com
	Tabelog	tabelog	• Income from tabelog (income from advertisements for restaurants and other companies, 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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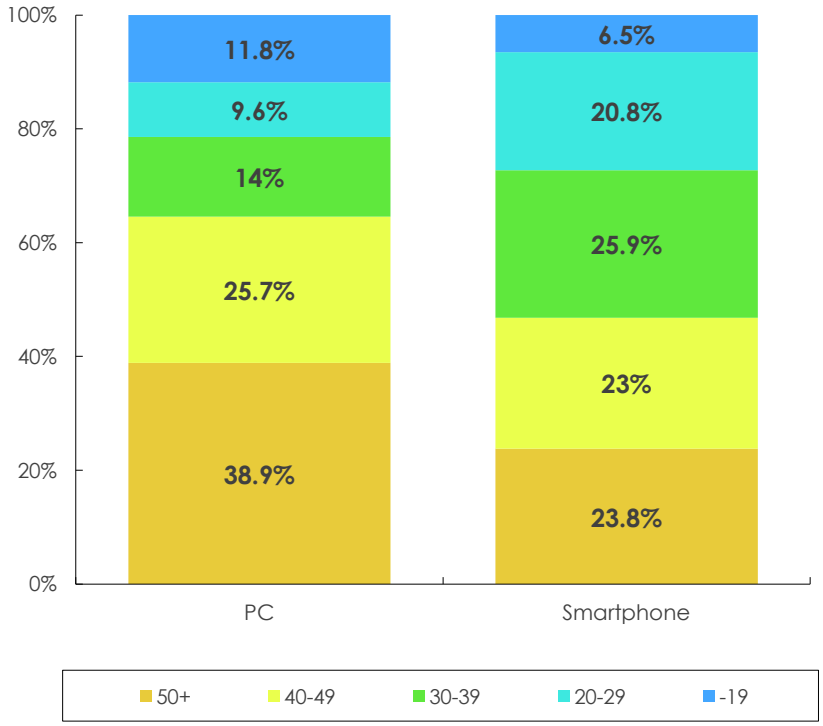
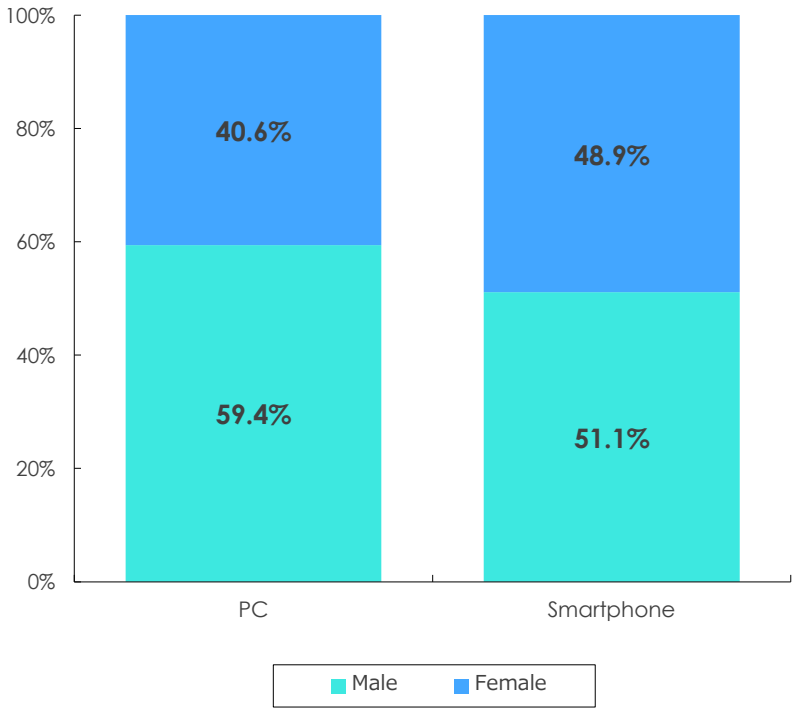
Operated Website User Profile

- Users above 30 account for less than 80% of total users on PC and 70% on smartphone.
- While male user ratio is higher for PC, male-female ratio on smartphone is almost 50/50.

Age Distribution



Male-Female Ratio



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

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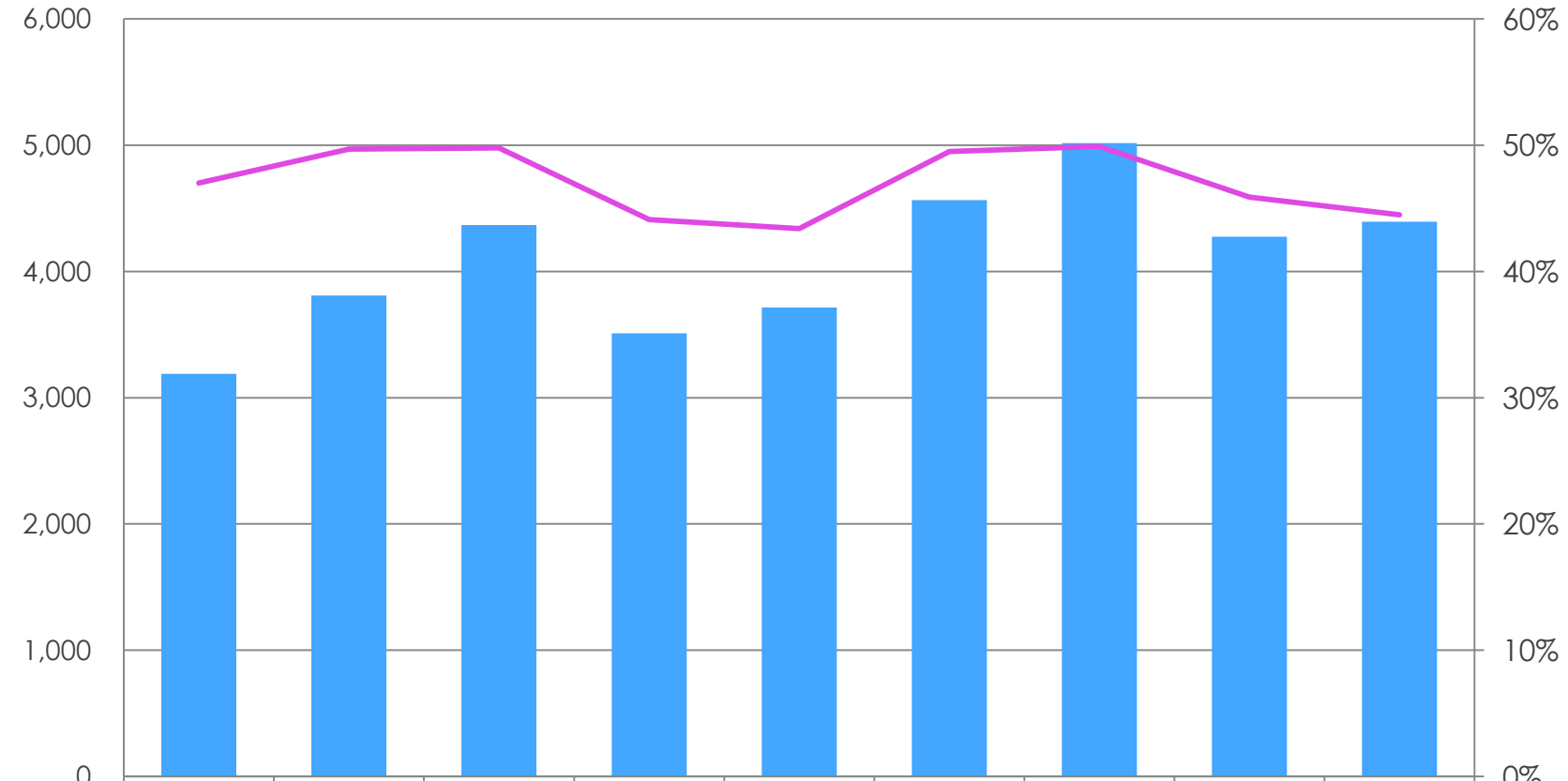
Operating Income by Quarter (Consolidated)

(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. is included in consolidated accounts from FY3/2016 1Q

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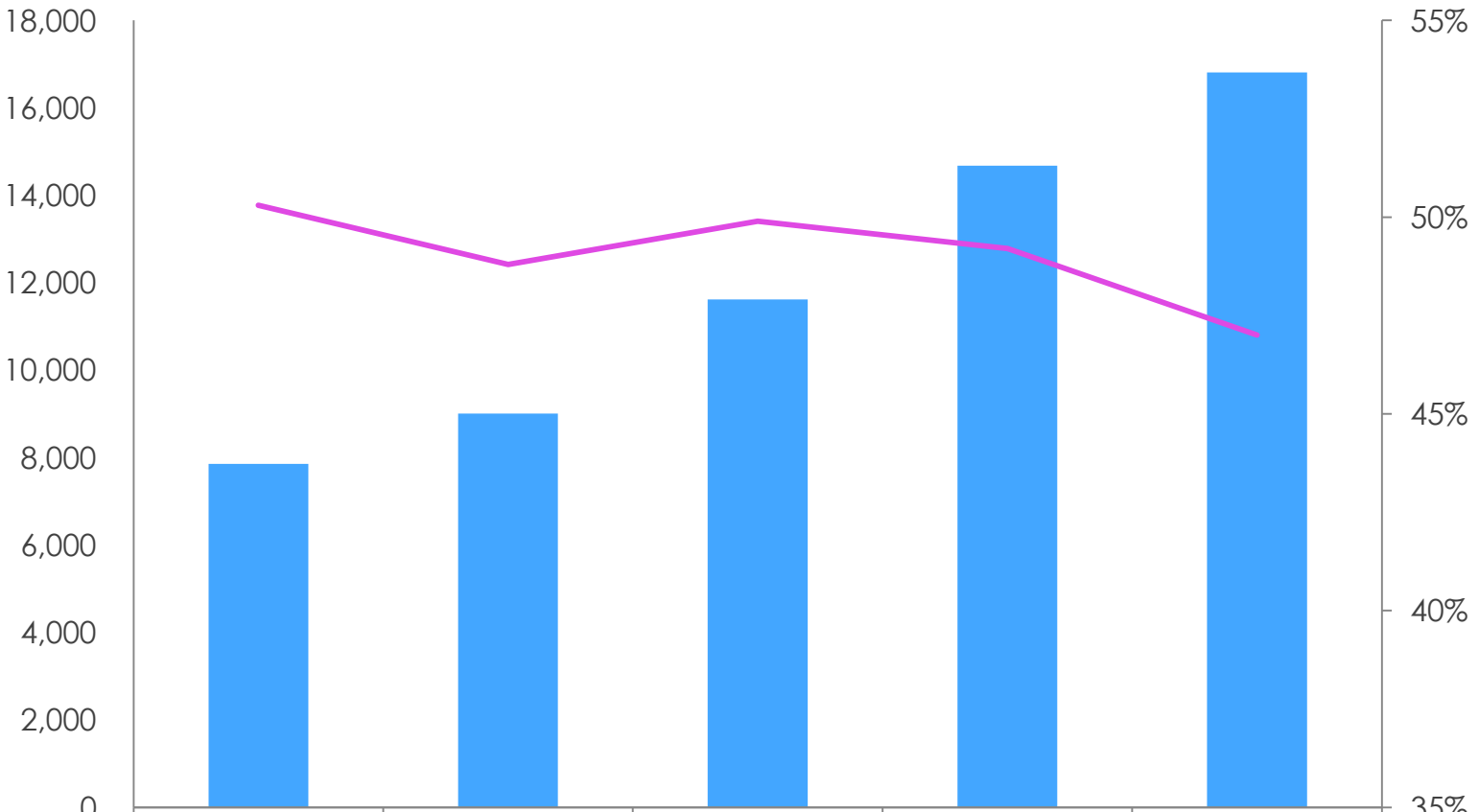
Operating Income by Fiscal Year (Consolidated)

(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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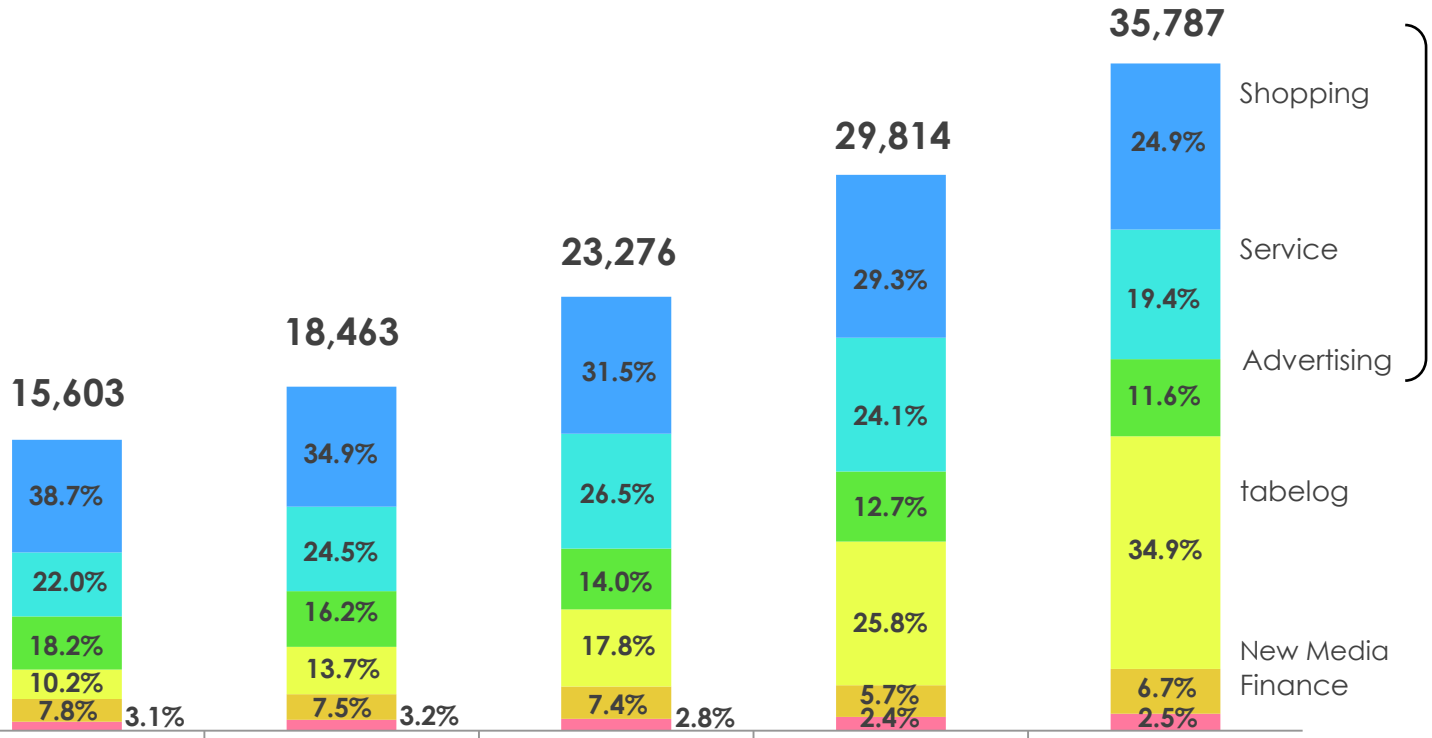
Sales Contribution by Business by Fiscal Year (Consolidated)



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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