Results Briefing for the Fiscal Year ended March 31, 2016

May 11, 2016

Kakaku.com, Inc.

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1. Full Year Financial Highlights

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Full Year Results for FY 2015

- Operating income grew by 16.2% YoY and reached a record high of 19.5 billion yen.
- Steady growth of our *tabelog* business was able to compensate for declining sales from broadband network contracts, which fell short of our forecast.

(million yen)

	FY 2014 results	FY2015 results	YoY	Full-year forecast	Achievement ratio (%)
Sales	35,787	**41,275**	+15.3%	**42,500**	97.1%
Operating Income	16,808	**19,534**	+16.2%	**19,700**	99.2%
Ordinary Income	17,167	**19,580**	+14.1%	**19,700**	99.4%
Net Income attributable to shareholders of the parent company	10,890	**13,100**	+20.3%	**13,130**	99.8%
Operating Margin	47.0%	**47.3%**	+0.3pts	**46.4%**	-

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2. Review of Fourth Quarter, Fiscal Year 2015

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FY2015 4Q Highlights

Kakaku.com	Domestic	Sales increased by 5.9% YoY, as good results in the shopping and advertising categories compensated for a decrease in commissions received from broadband service providers
	Overseas	The number of unique users for *Priceprice.com* reached 7.36 million users (four-country total) as of end-March
tabelog	Domestic	Individual paid subscribers surpassed 1.57 million users, as of end-March. The number of fee-paying showed steady growth, increasing 24.9% YoY.
	Overseas	Improved content quality has led to steady growth in site traffic. The number of monthly unique users reached 1.39 million, more than four times as many as last FY.
New Media		Travel business *Time Design* and real estate site *Sumaity* continue to post strong sales. *Kinarino Mall*, an online shopping mall, opened in February.
Insurance		A revision of the maximum contract period for fire insurances, in October 2015, led to a decrease in commissions.

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FY2015 4Q Results (Quarterly)

(million yen)

	FY 2014 4Q (Jan-Mar 2015)	FY 2015 4Q (Jan-Mar 2016)	YoY
Sales	10,052	**11,507**	+14.5%
Operating Income	5,017	**5,791**	+15.4%
Ordinary Income	5,010	**5,770**	+15.2%
Net Income attributable to shareholders of the parent company	3,199	**3,854**	+20.5%
Operating Margin	49.9%	**50.3%**	+0.4pts

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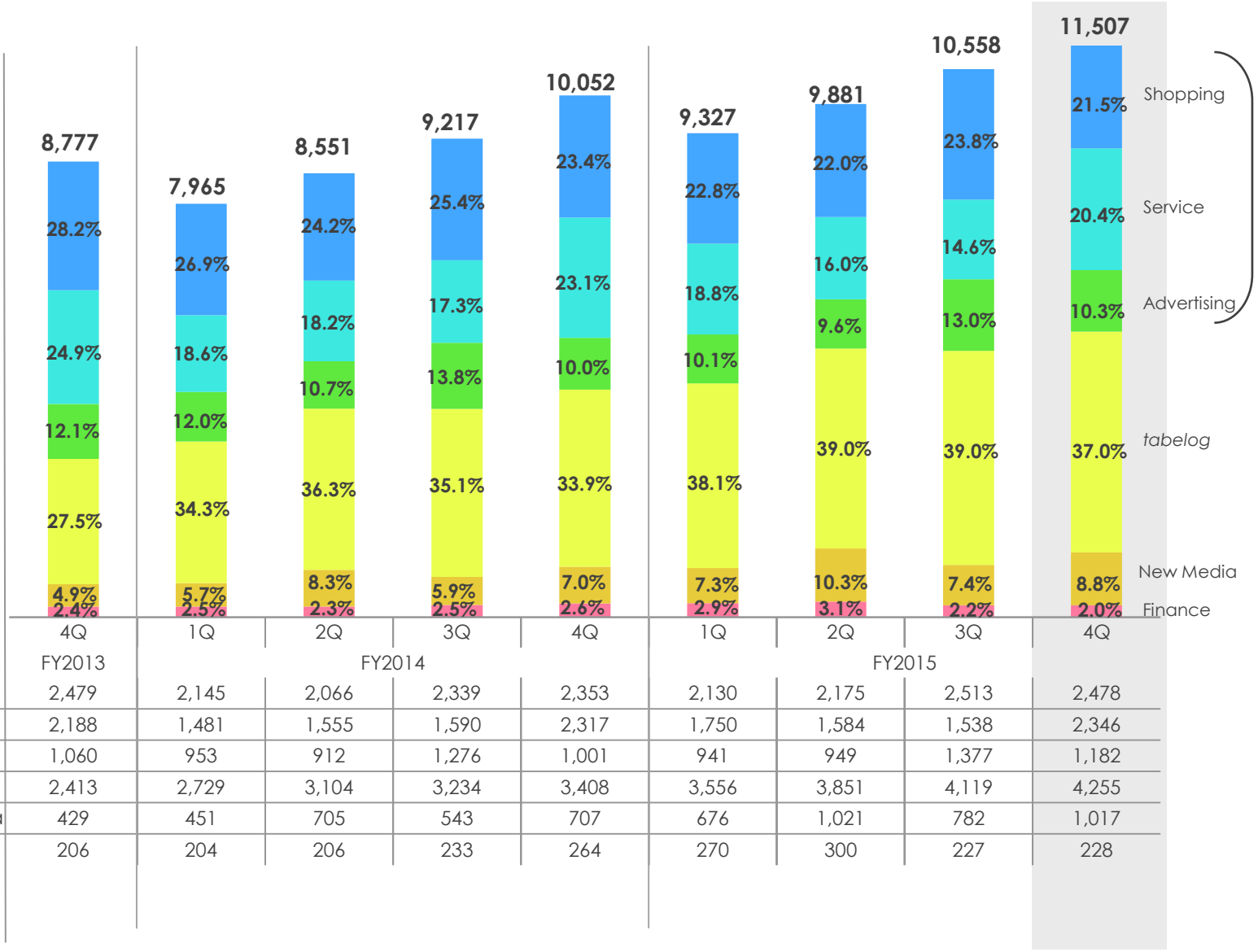
Quarterly Sales by Business Category (Consolidated)



Note: Amounts exclude inter-segment sales and transfers.

(Unit: million yen)

	FY2013	FY2014				FY2015			
	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
Shopping	2,479	2,145	2,066	2,339	2,353	2,130	2,175	2,513	2,478
Service	2,188	1,481	1,555	1,590	2,317	1,750	1,584	1,538	2,346
Advertising	1,060	953	912	1,276	1,001	941	949	1,377	1,182
Tabelog	2,413	2,729	3,104	3,234	3,408	3,556	3,851	4,119	4,255
New Media	429	451	705	543	707	676	1,021	782	1,017
Finance	206	204	206	233	264	270	300	227	228

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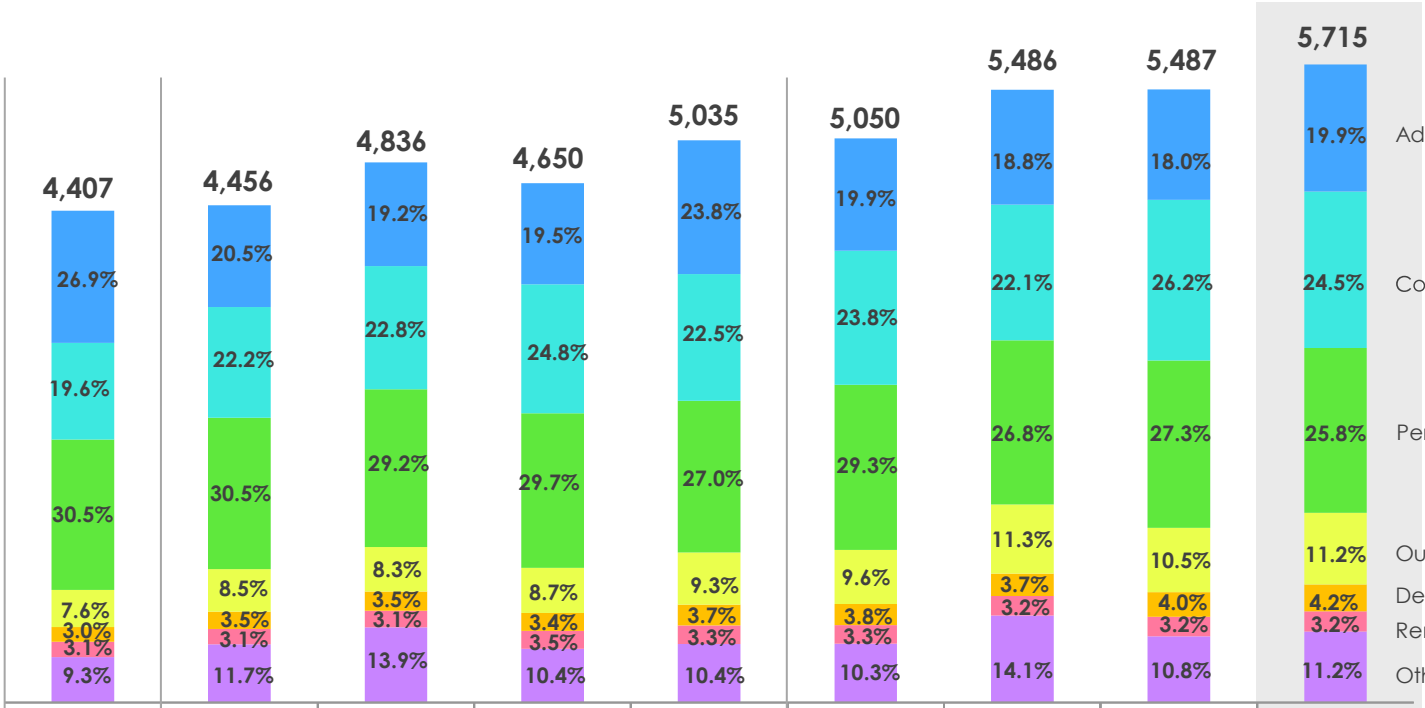
Quarterly Cost Breakdown (Consolidated)



*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)	4Q FY2013	1Q FY2014	2Q FY2014	3Q FY2014	4Q FY2014	1Q FY2015	2Q FY2015	3Q FY2015	4Q FY2015
Advertising	1,184	912	926	905	1,196	1,005	1,029	987	1,137
Comission*1	865	990	1,104	1,152	1,134	1,199	1,213	1,435	1,401
Personnel-related	1,346	1,356	1,411	1,383	1,358	1,478	1,468	1,498	1,476
Outsourcing	332	380	399	405	466	483	619	575	640
Depreciation	132	154	170	159	187	189	200	220	241
Rent	137	138	150	161	166	167	176	174	180
Other	407	522	673	482	524	527	779	594	637
Employee headcount*2	570(90)	616(90)	639(96)	653(97)	660(97)	689(99)	695(106)	710(109)	708(111)

Jan-Mar 2016 Breakdown of "Other" expenses

- Server maintenance **¥87mn**
- *TimeDesign* cost of goods purchased **¥297mn**
- Goodwill amortization **¥6mn**
- Employee recruitment **¥24mn**

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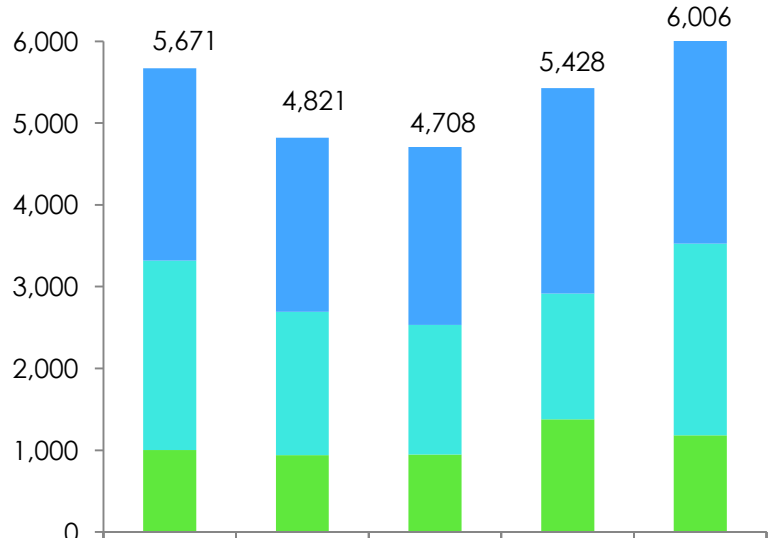
Kakaku.com Business Overview

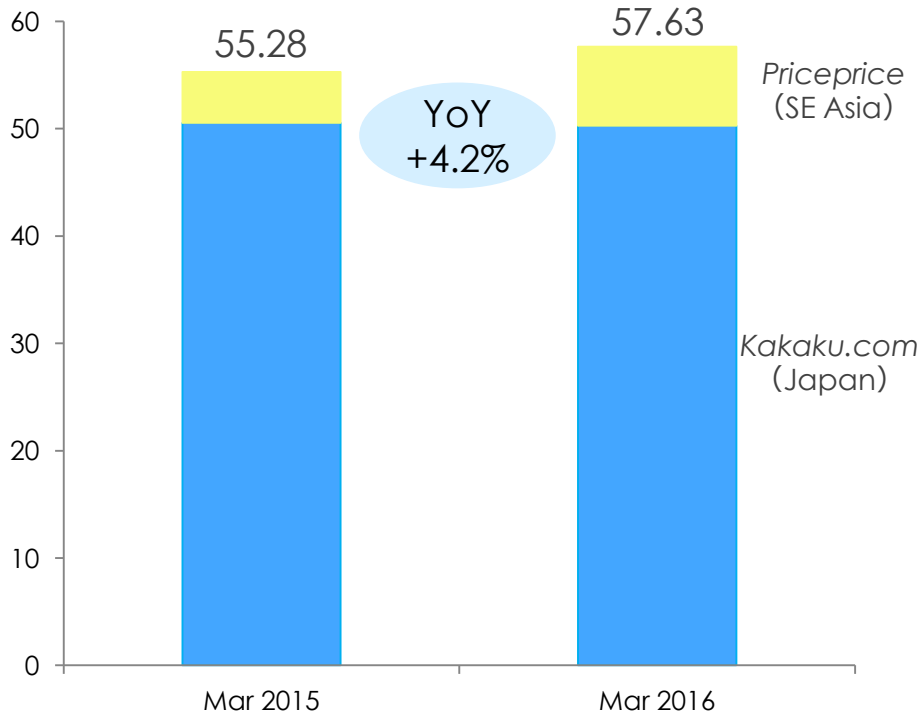
- Sales rose by 5.9 %, as our shopping and advertising businesses continue to post strong sales.
- The total number of domestic and overseas users rose by 4.2% YoY.
- ARPU for domestic users shows an upward trend, rising from 38 Yen last year to 40 Yen.

Quarterly Sales Trend (million yen)



	4Q FY2014	1Q FY2015	2Q FY2015	3Q FY2015	4Q FY2015
Shopping	2,353	2,130	2,175	2,513	2,478
Service	2,317	1,750	1,584	1,538	2,346
Advertising	1,001	941	949	1,377	1,182

Domestic and Overseas Monthly Unique Users (million)



*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.
*ARPU is measured as a 3 month average (January – March 2016)

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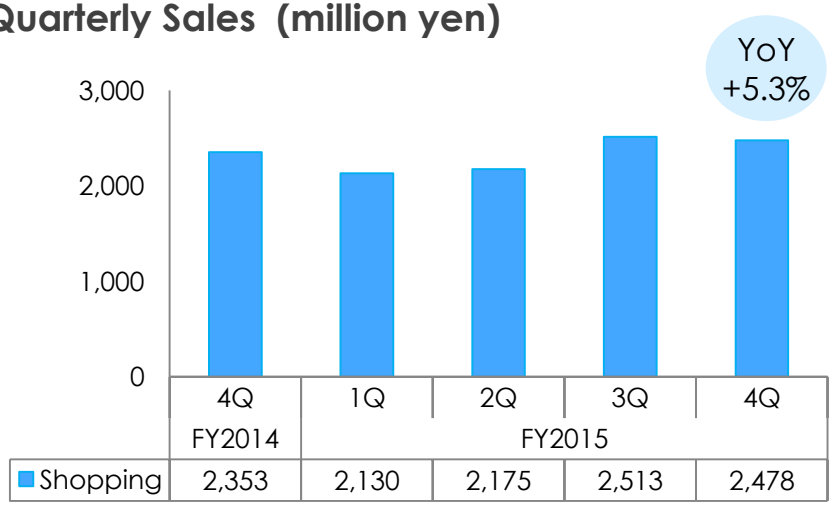
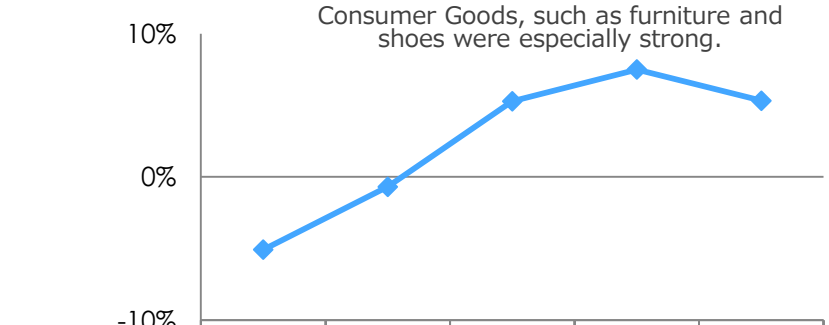
Shopping Business

Quarterly Sales (million yen)



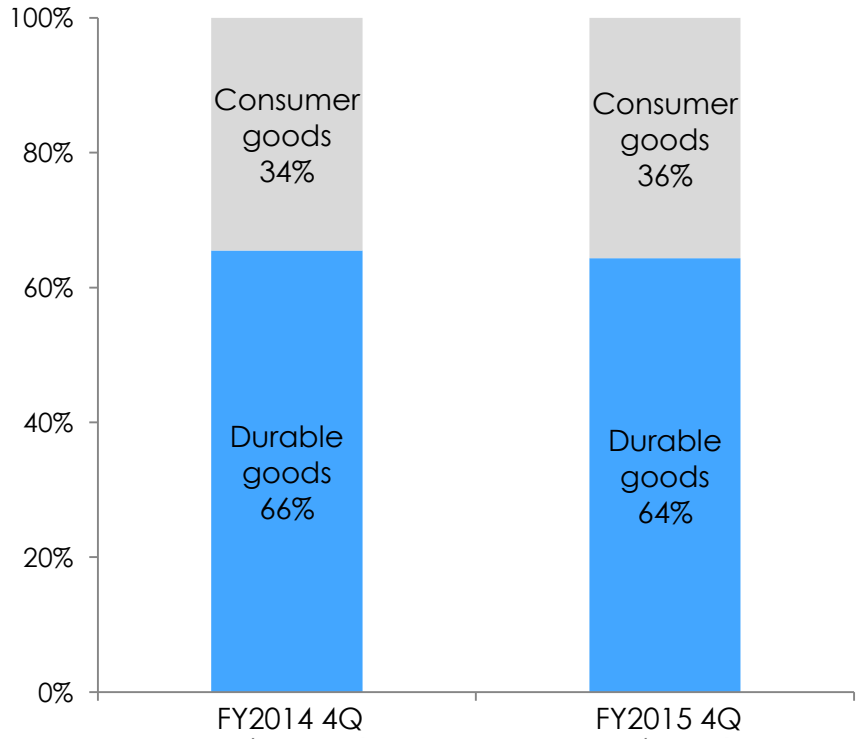
	4Q FY2014	1Q FY2015	2Q FY2015	3Q FY2015	4Q FY2015
Shopping	2,353	2,130	2,175	2,513	2,478

Quarterly Sales Growth Rates (%)



	4Q FY2014	1Q FY2015	2Q FY2015	3Q FY2015	4Q FY2015
Shopping	-5.1%	-0.7%	5.3%	7.5%	5.3%

Durable Goods/Consumer Goods Sales Ratio (%)



※ Durable Goods: PC・Household Appliances・Cameras, etc.
※ Consumer Goods: Clothing, accessories, everyday goods, food and beverages

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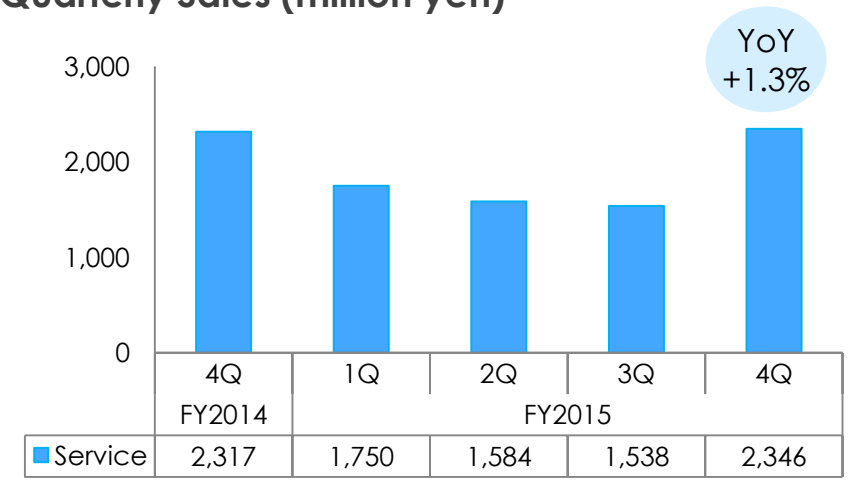
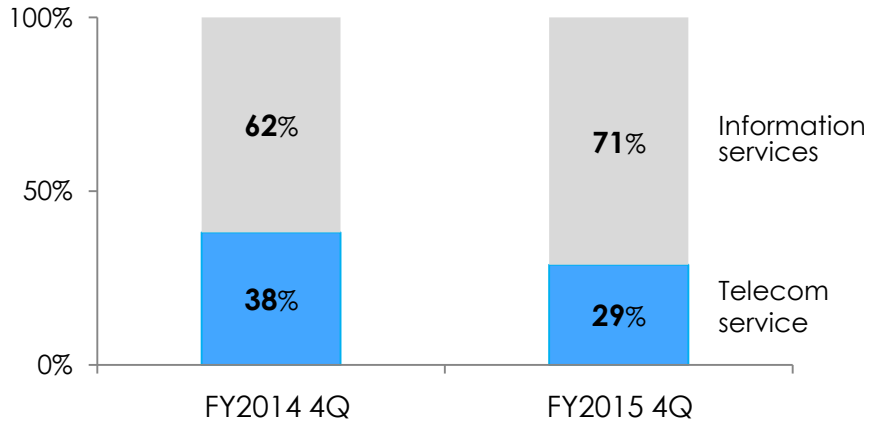
Service Business

Quarterly Sales (million yen)



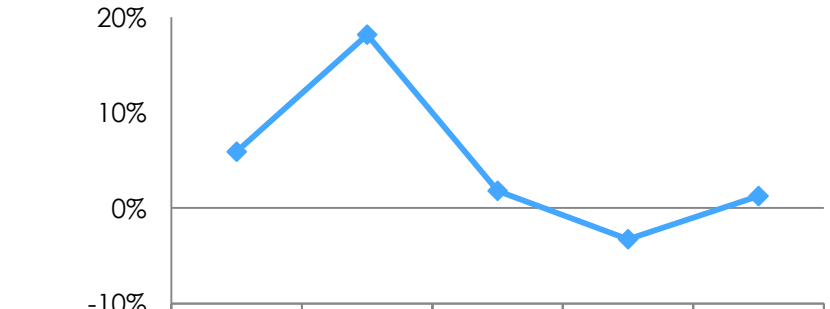
	4Q FY2014	1Q FY2015	2Q FY2015	3Q FY2015	4Q FY2015
Service	2,317	1,750	1,584	1,538	2,346

Breakdown of Service Revenues (%)



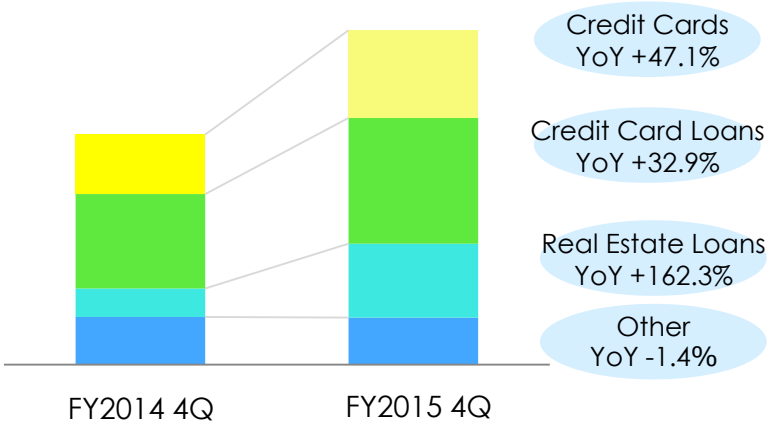
Quarterly Sales Growth Rates (%)

Commissions from broadband network contracts and estimates for car insurances are declining, while searches for used cars and finance related categories show strong growth



	4Q FY2014	1Q FY2015	2Q FY2015	3Q FY2015	4Q FY2015
Service	5.9%	18.2%	1.8%	-3.3%	1.3%

Growth Rate of Finance Related Categories (%)



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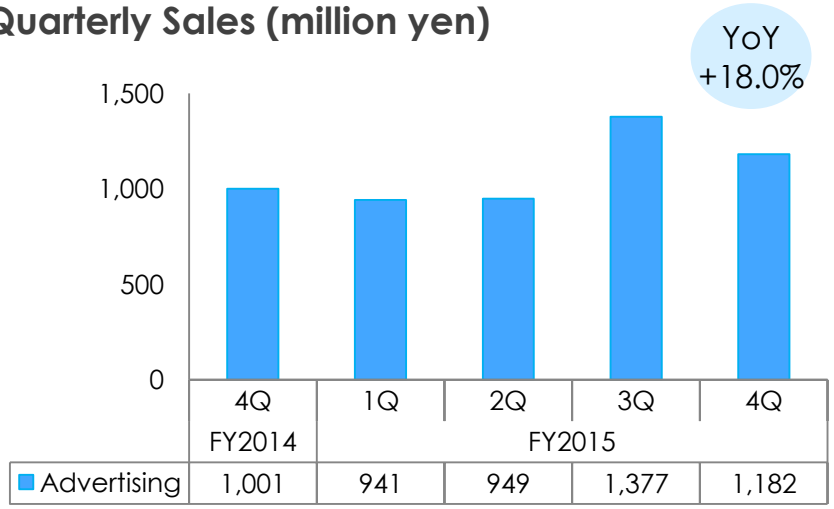
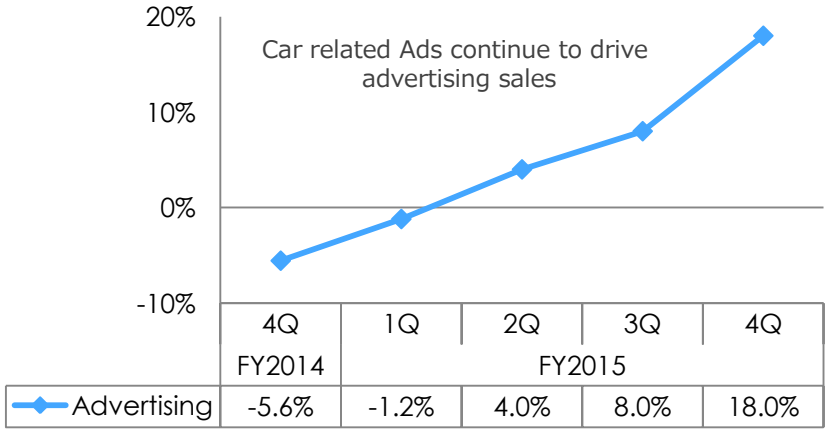
Advertising Business

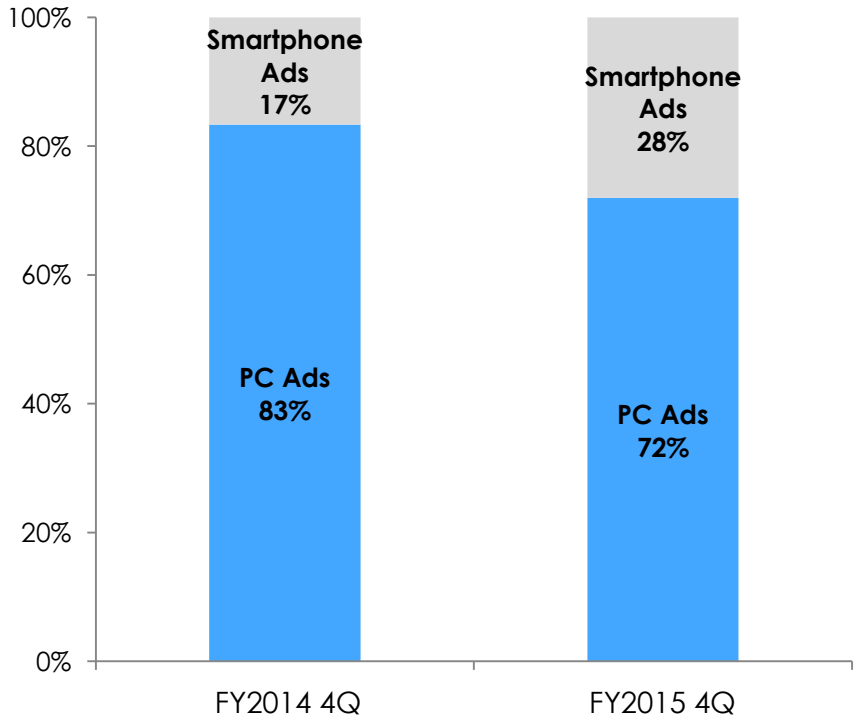
Quarterly Sales (million yen)



Quarterly Sales Growth Rates (%)



Advertising sales breakdown by device (%)



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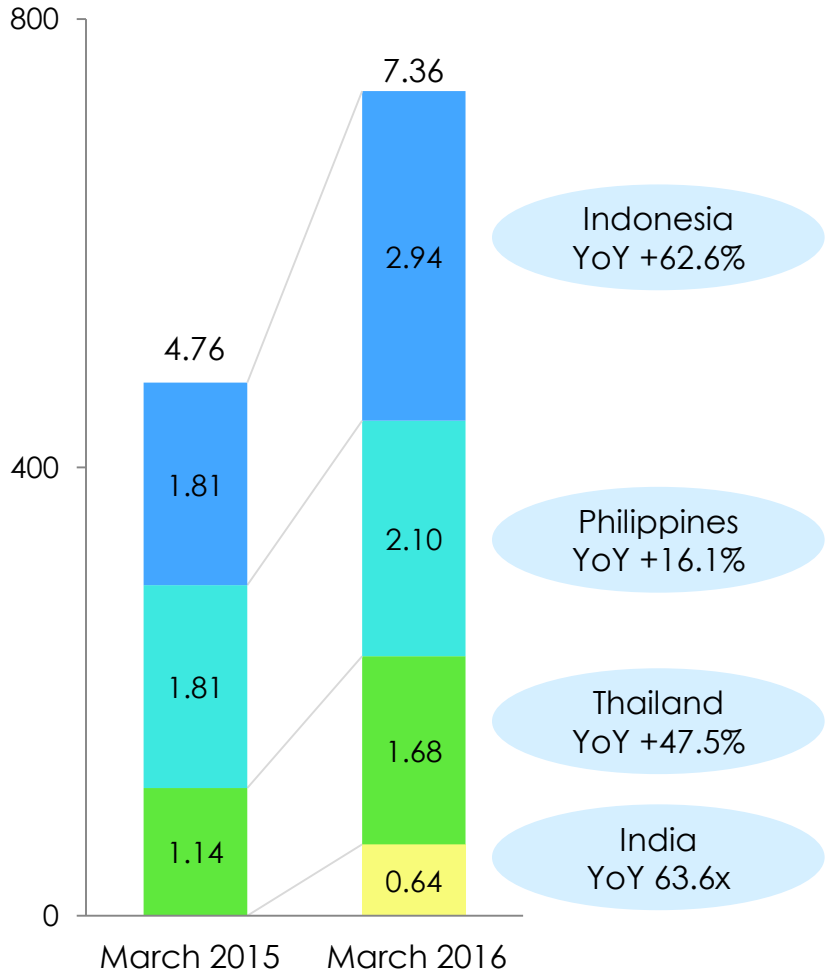
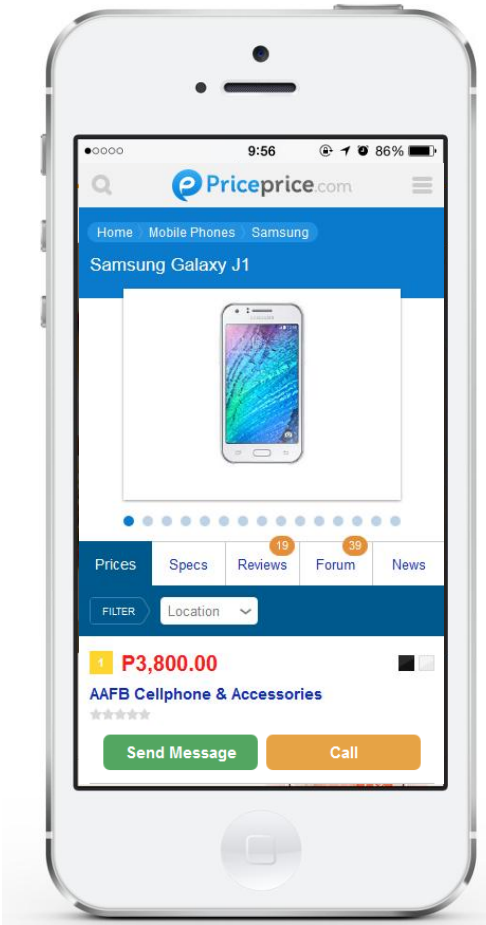
Kakaku.com Overseas Business: *Priceprice.com*

Monthly Unique Users by Country (million)



Improved smart phone site for all 4 countries

Improved usability and design (Jan) and new categories added (Feb)



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tabelog

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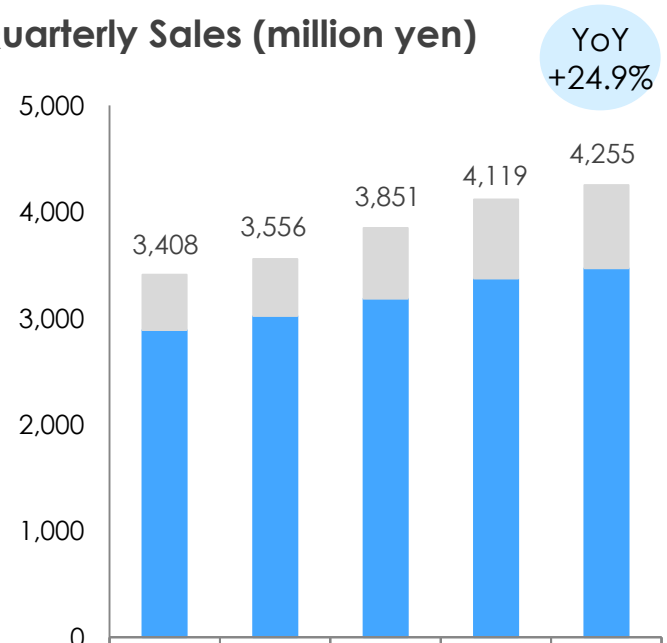
tabelog Business Overview

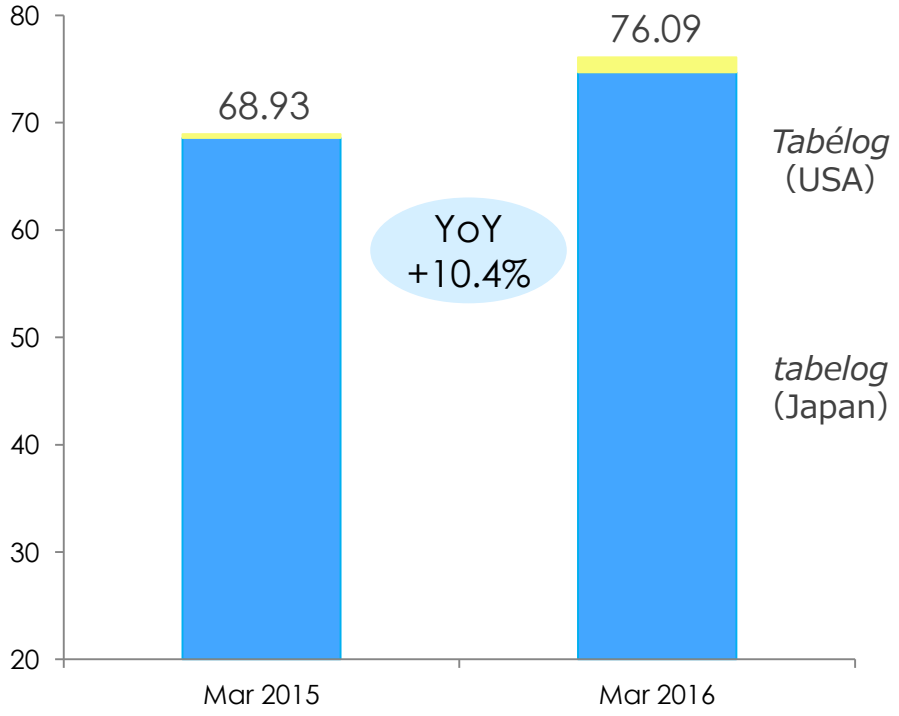
- Sales rose by 24.9% YoY, as the number of both fee-paying restaurants and individual paid subscribers are showing steady growth.
- The total number of domestic and overseas users has surpassed 76 million as of end-March.

tabelog Quarterly Sales (million yen)



	4Q FY2014	1Q FY2015	2Q FY2015	3Q FY2015	4Q FY2015
Paying individuals	519	534	666	743	783
Corporate sales	2,889	3,021	3,182	3,373	3,469

Domestic and Overseas Monthly Unique Users (million)



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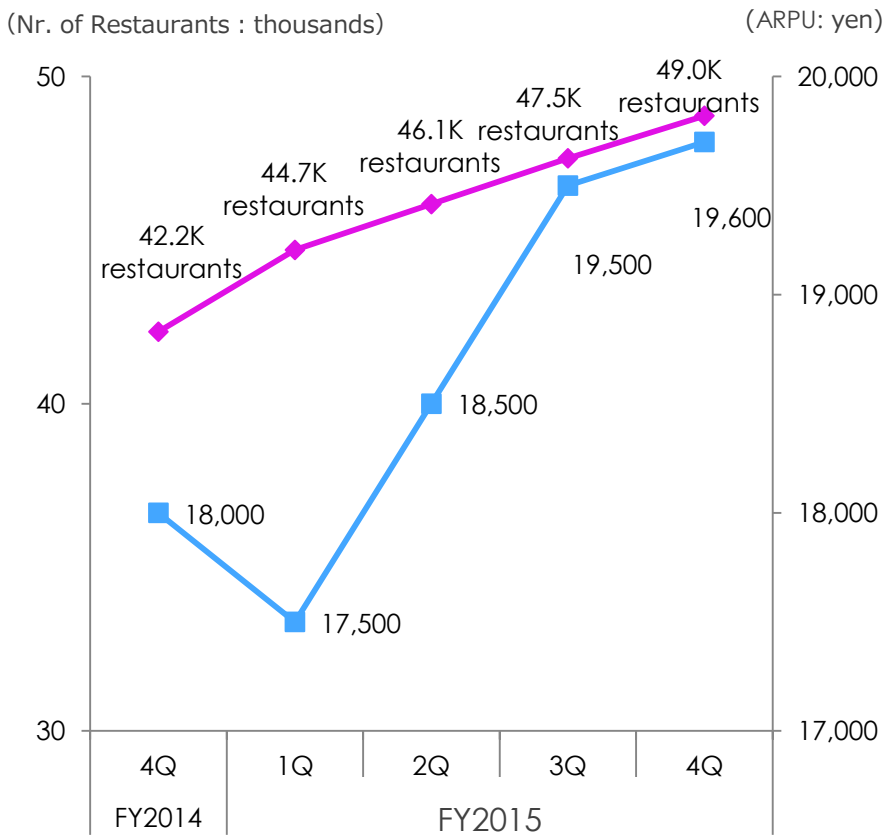
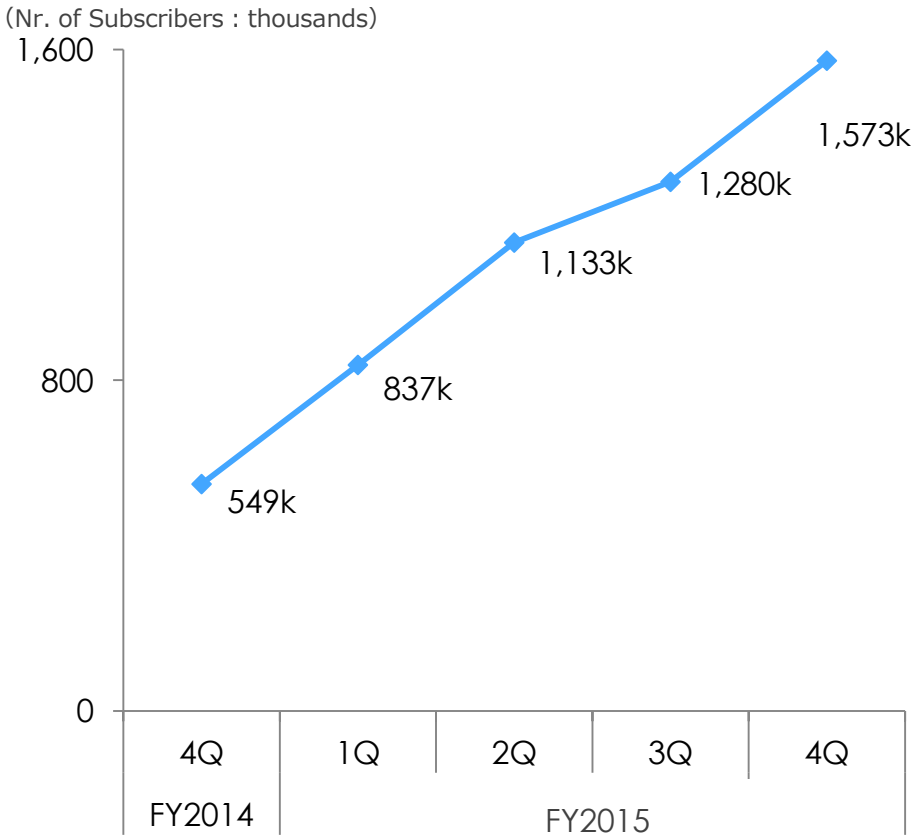
tabelog Domestic Business

Number of Fee-paying Restaurants and ARPU



Number of Individual Paid Subscribers



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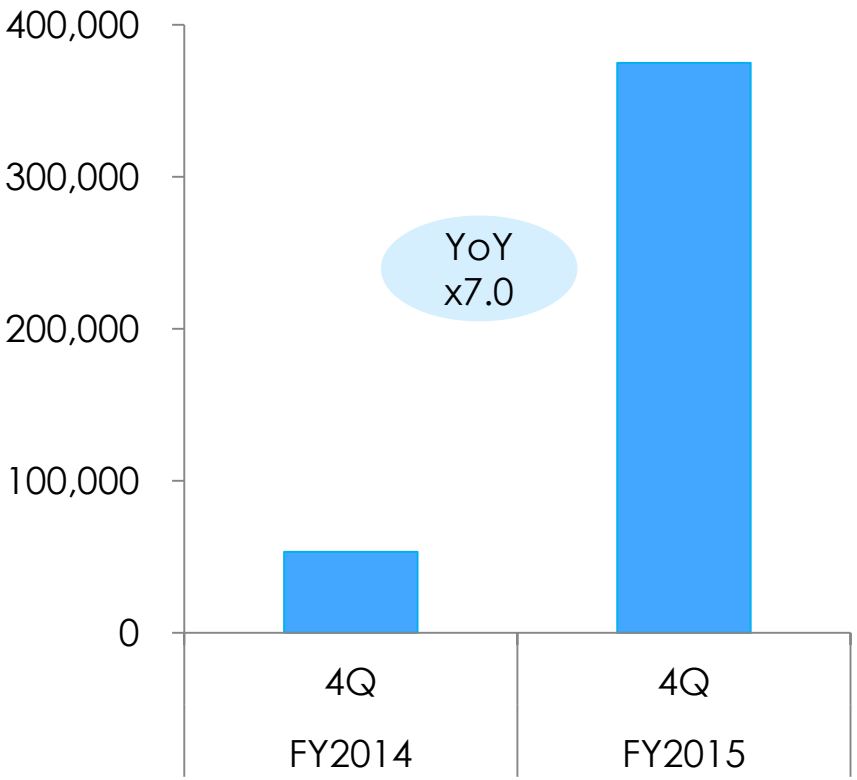
tabelog Overseas Business: *Tabélog*

Number of Reviews



Improved Content Quality

Improved quality of review articles resulted in better user engagement (social media sharing) and higher site traffic.



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New Media

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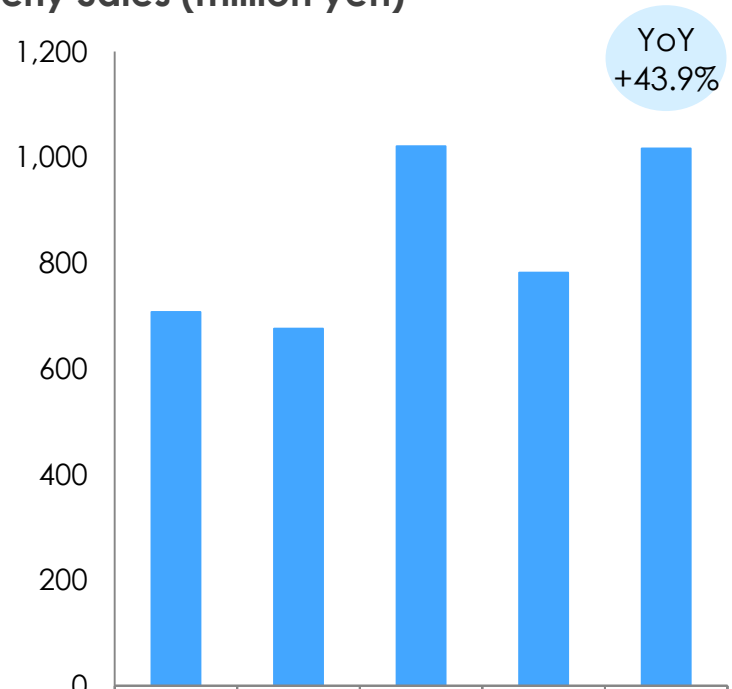
New Media Overview

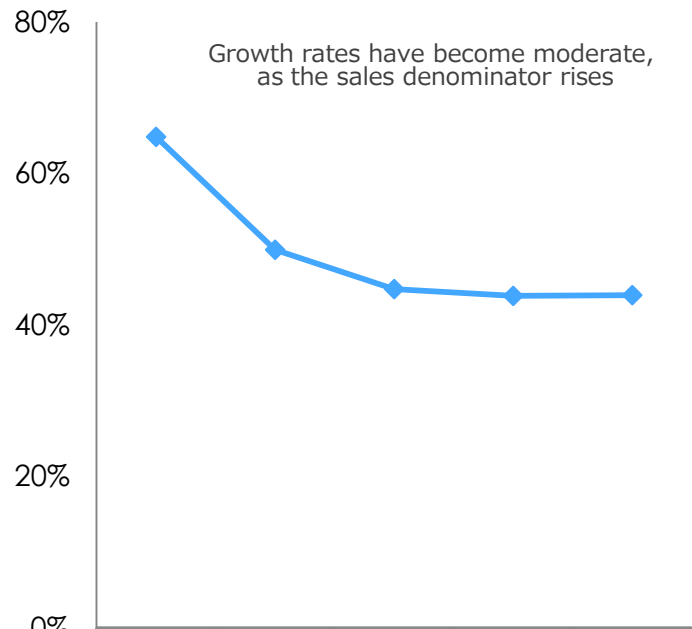
- Travel: *Time Design* maintains high growth with its dynamic packaging business, *4Travel* has developed a new source for revenues and is off to a good start.
- Real Estate: Stimulated by a traditionally strong spring season, *Sumaity* has shown continued growth both in traffic and revenues.

Quarterly Sales (million yen)



	4Q FY2014	1Q FY2015	2Q FY2015	3Q FY2015	4Q FY2015
New Media	707	676	1,021	782	1,017

Quarterly Sales Growth Rates (%)



	4Q FY2014	1Q FY2015	2Q FY2015	3Q FY2015	4Q FY2015
New Media	64.8%	49.9%	44.7%	43.8%	43.9%

*Dynamic packaging: enables consumers to build their own package of flights and accommodation instead of purchasing a pre-defined package.

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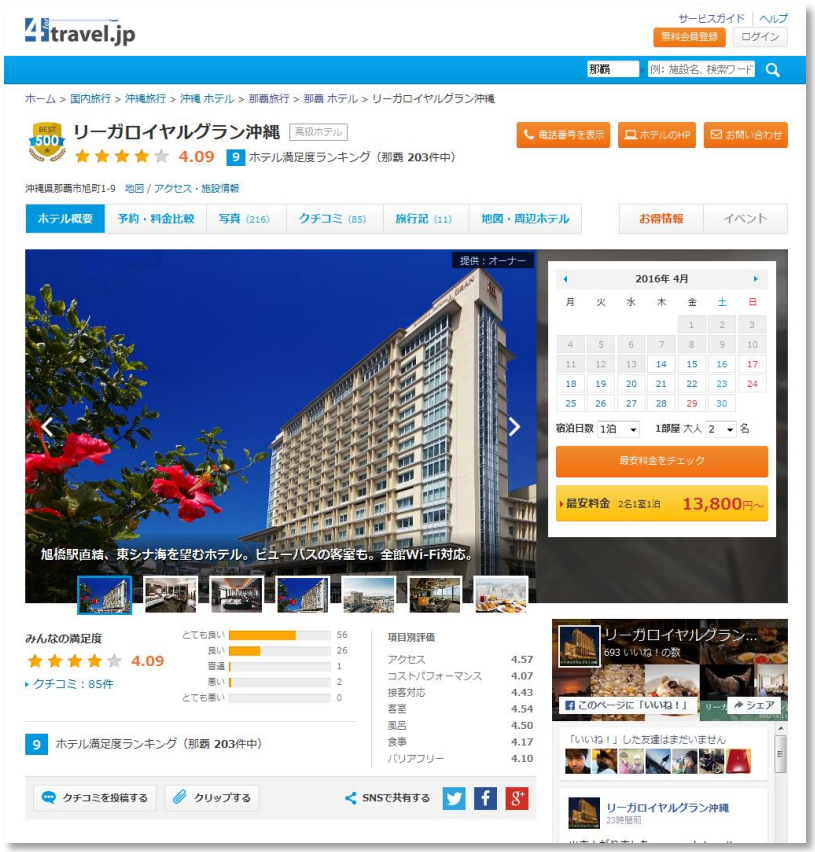
New Developments in New Media

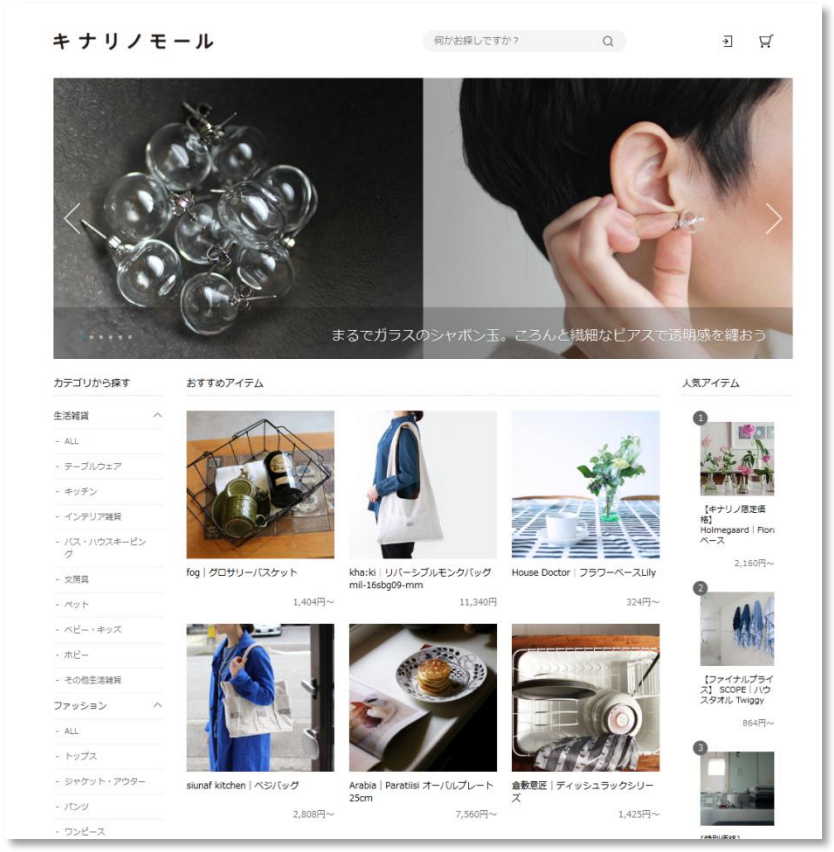
4Travel starts promotion service fro hotels

- As of December 2015, *4Travel* is offering hotels a new paid service for marketing promotion.
- Hotels are able to send out information or coupons, as well as edit their landing page.



Kinarino Mall reaches more than 500,000 monthly users

As of February, readers of the fashion and lifestyle web magazine *Kinarino* are able to buy products introduced on the site, in *Kinarino*'s own online shopping site.



※User numbers are as of end-March 2016

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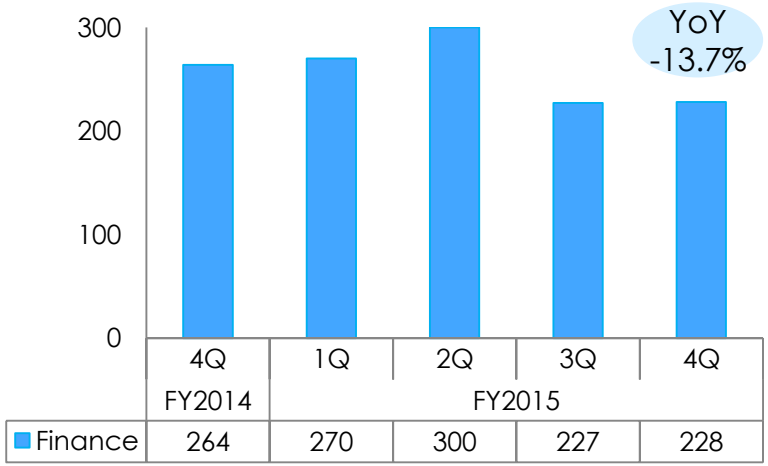
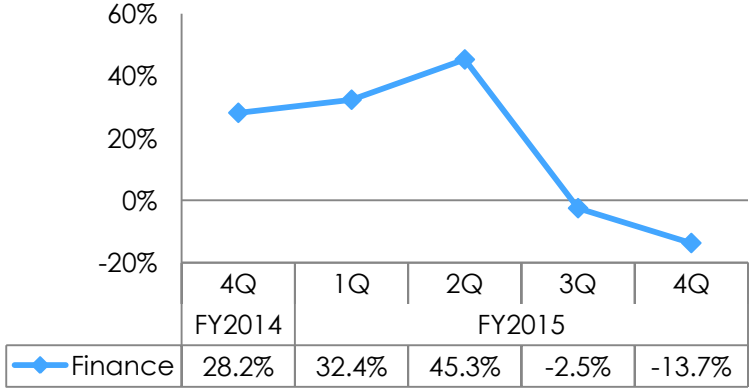
Finance (Insurance) Business

- Revision of the maximum contract period for fire insurance policies, as of October 2015, has negative impact on sales.

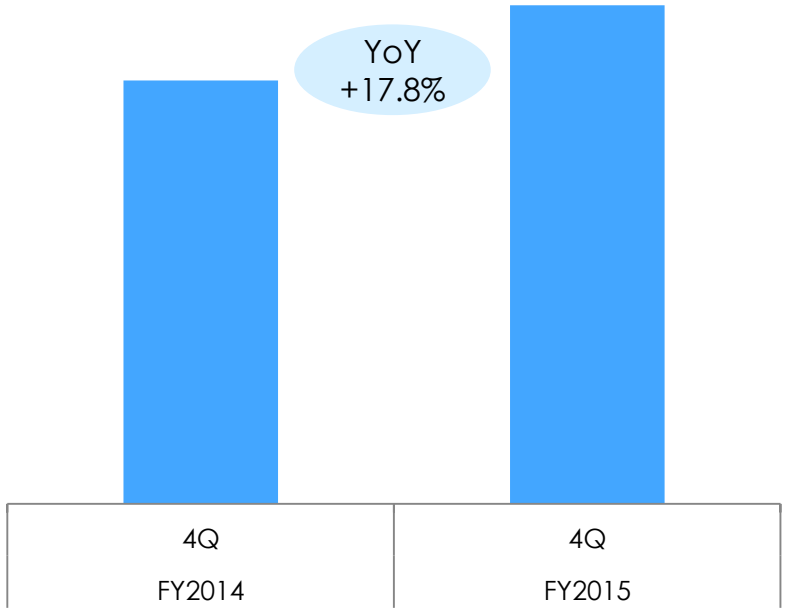
Quarterly Sales (million yen)



Quarterly Sales Growth Rates (%)



Number of Contracts for Fire Insurances



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3. Outlook for FY2016

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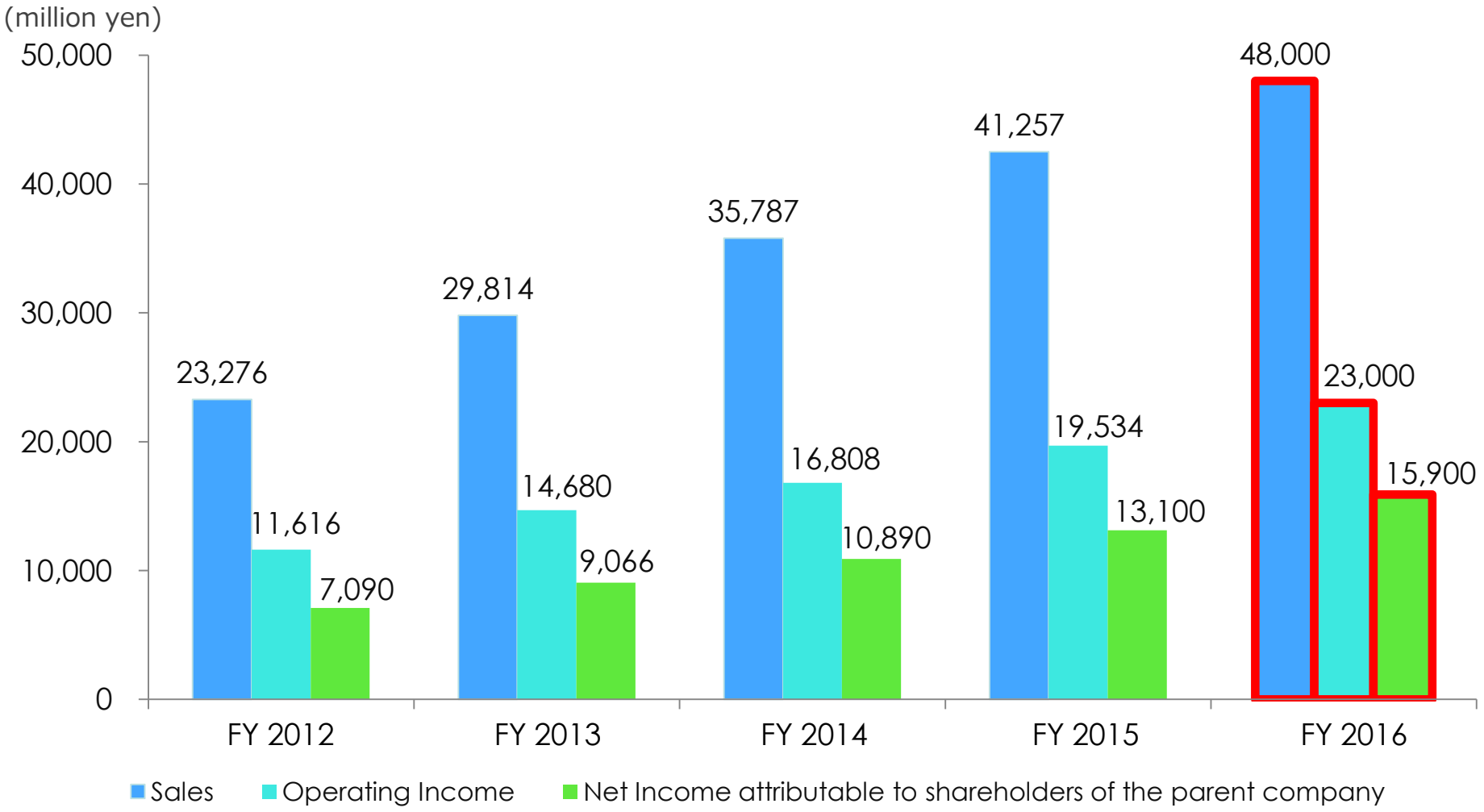
FY2016 Earnings Forecast

- Forecasting increase in sales, driven by continued growth of existing businesses, paired with sales growth through new synergies in the travel business.
- Aiming to distribute 37-38%of consolidated net income as dividends.



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Initiatives in the energy sector

- Improve content for our Electricity price comparison site while starting to prepare for the liberalization of the gas market in 2017.

Electricity price comparison

- 264 pricing plans from 39 providers listed since the start of new applications in April 2016.
- Aim for more unique users, by generating more site traffic and improved usability of the site

Liberalization of gas market

- Release of first content on the liberalization of the Gas market in April 2017





*The number of companies and pricing plans listed on *Kakaku.com*'s electricity price comparison site are as of May 10, 2016.

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Drive *tabelog* sales through fee-paying restaurants

- Continued to drive sales by increasing the number of fee-paying restaurants and higher ARPU

Increase fee-paying restaurants

- Build an efficient sales system and increase the number of sales staff
- Enhance after-service and improve satisfaction of client restaurants.

Improve ARPU

- Add a usage based monetization for customer acquisition based on online reservations.

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Greater synergy between travel related businesses

- A newly established supervisory department will help drive synergies and growth for our travel related businesses.

Word-of-mouth Travel Site

4for travel.jp

- MAU: 8.29mn
- Business Promotion Clients: 1,060 hotels

Dynamic Package Reservation System

Time Design

- Number of Partners: 1,880 hotels
- Number of Partner Airlines: 13 carriers

Website for last-minute discounts on hotels and Japanese-style inns

yoyaQ.com

- MAU: 600,000
- Number Registered users: 630,000

* Data is as of March 2016

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Management Target

- Aim at medium and long-term stable growth through focus on shareholder value with maintenance of high capital efficiency

Quantitative Target

Capital Efficiency: ROE 40% as a target

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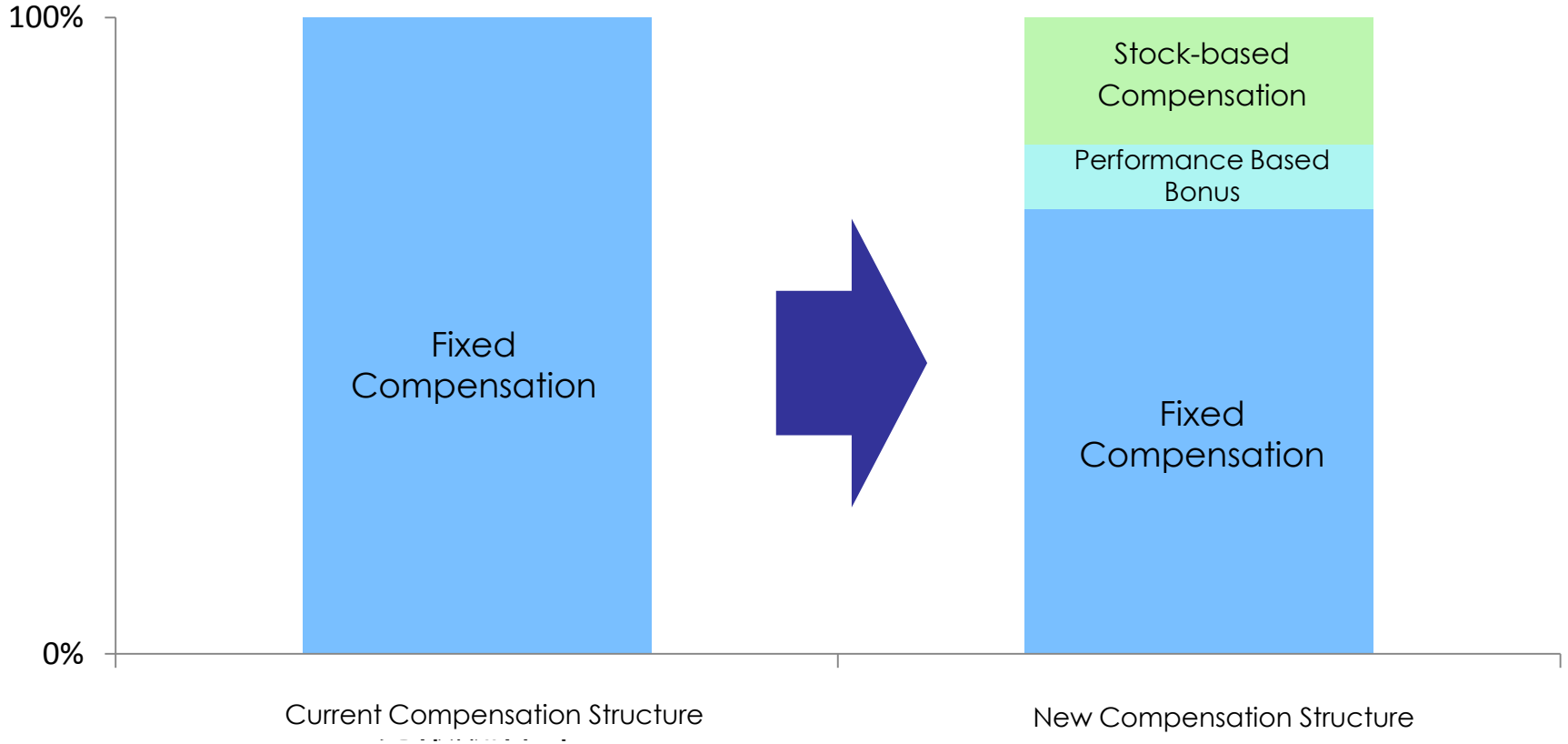
Introduction of incentives in executive compensation

- Revision of executive compensation for executive officers and directors, by introducing a performance based bonus, as well as stock-based compensation, as mid- to long-term incentives.
- Aim to increase corporate value, by strengthening mid- to long term shared interests with our share holders.



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Priorities for FY 2016

Kakaku.com	Domestic	Raise sales ratio of consumer goods and improve user engagement. Establish a firm market position in the liberalized electricity market and start preparations for the liberalization of the gas market in 2017.
	Overseas	Aim for 10 million monthly unique users (four-country total) and continue to further improve site content.
tabelog	Domestic	Continue to drive sales by increasing the number of fee-paying restaurants and raising ARPU. Explore usage based monetization for customer acquisitions.
	Overseas	Aim for 5 million monthly unique users, by driving site traffic with stronger site content and an improved smartphone app.
New Media		Drive sales through greater synergy between travel related businesses. Raise transaction volume of *Kinarino Mall* and expand E-Commerce sales.
Insurance		Take measures to address revision of Insurance Business Act and strengthen customer consultation.

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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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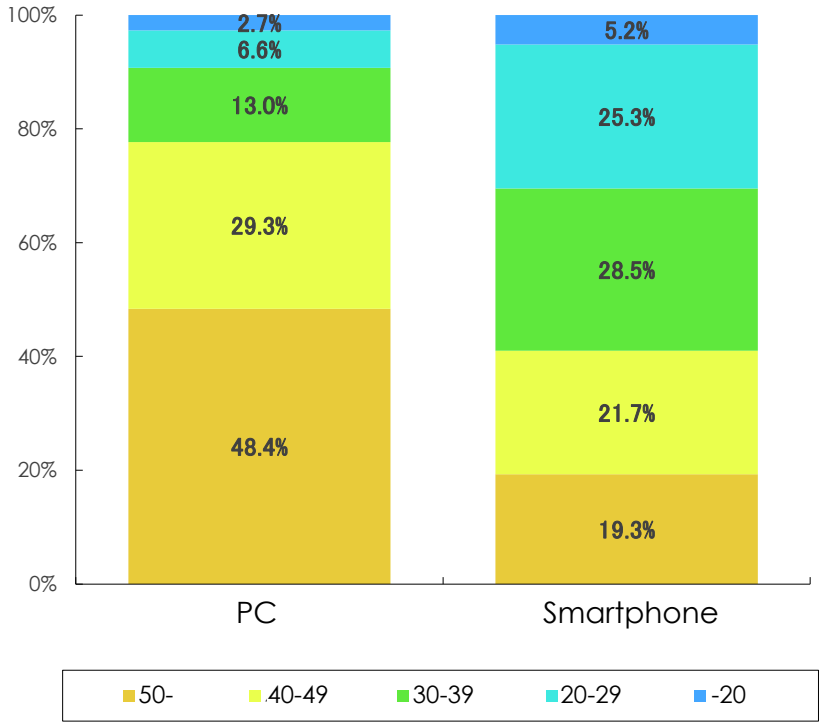
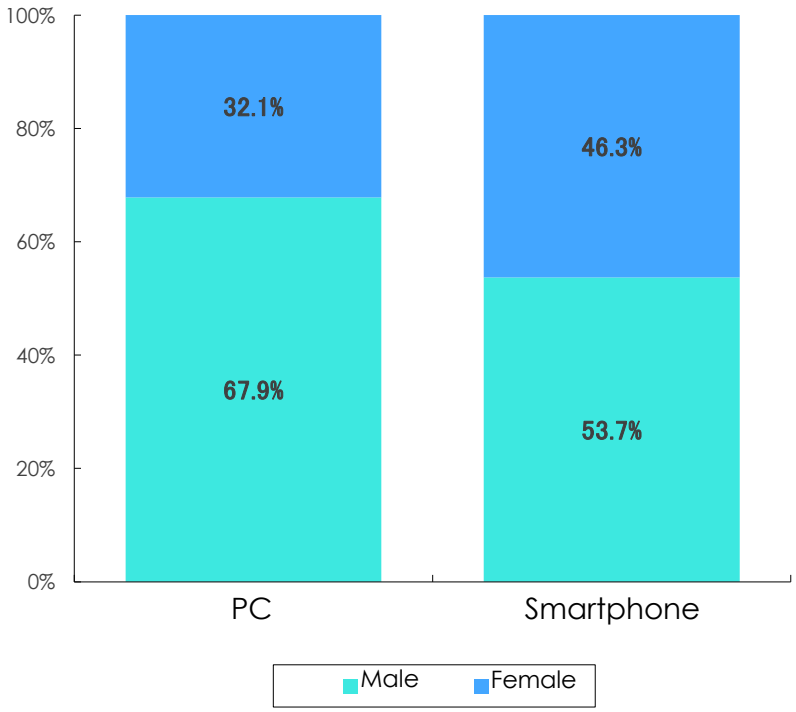
Operated Website User Profile

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

Age Distribution



Male-Female Ratio



*Age distribution and male-female ratio: Excerpted from a Nielsen Online Mar 2016 study (Home & Work Data)

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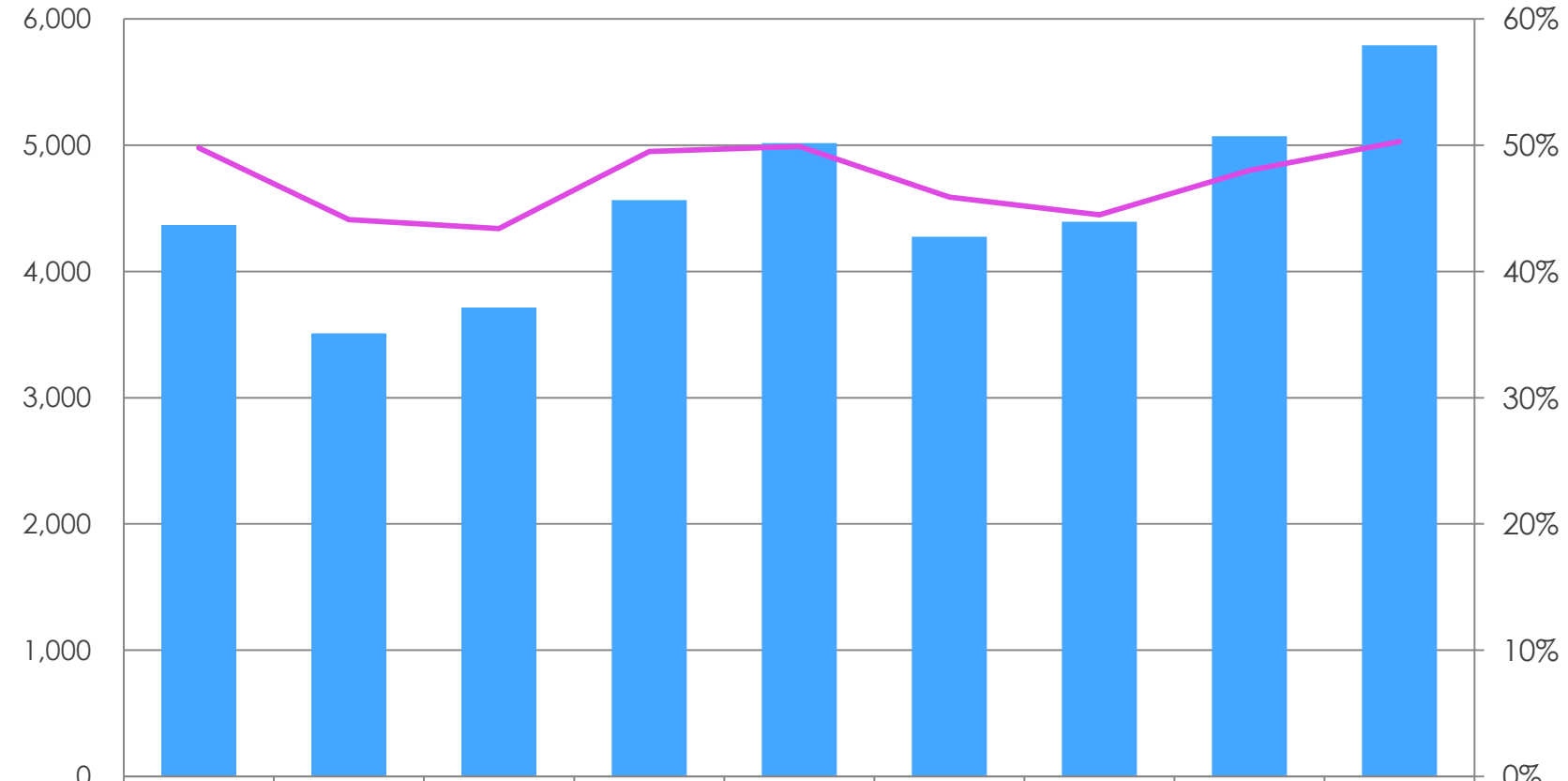
Operating Income by Quarter (Consolidated)

(million yen, %)



	4Q FY2013	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
		FY2014				FY2015			
Operating Income	4,369	3,509	3,715	4,566	5,017	4,276	4,395	5,071	5,791
Operating margin	49.8%	44.1%	43.4%	49.5%	49.9%	45.9%	44.5%	48.0%	50.3%

* Tabelog Inc. and Time Design Co, Ltd. are included in consolidated accounts from FY2014 1Q

* webCG, Inc. is included in consolidated accounts from FY2015 1Q

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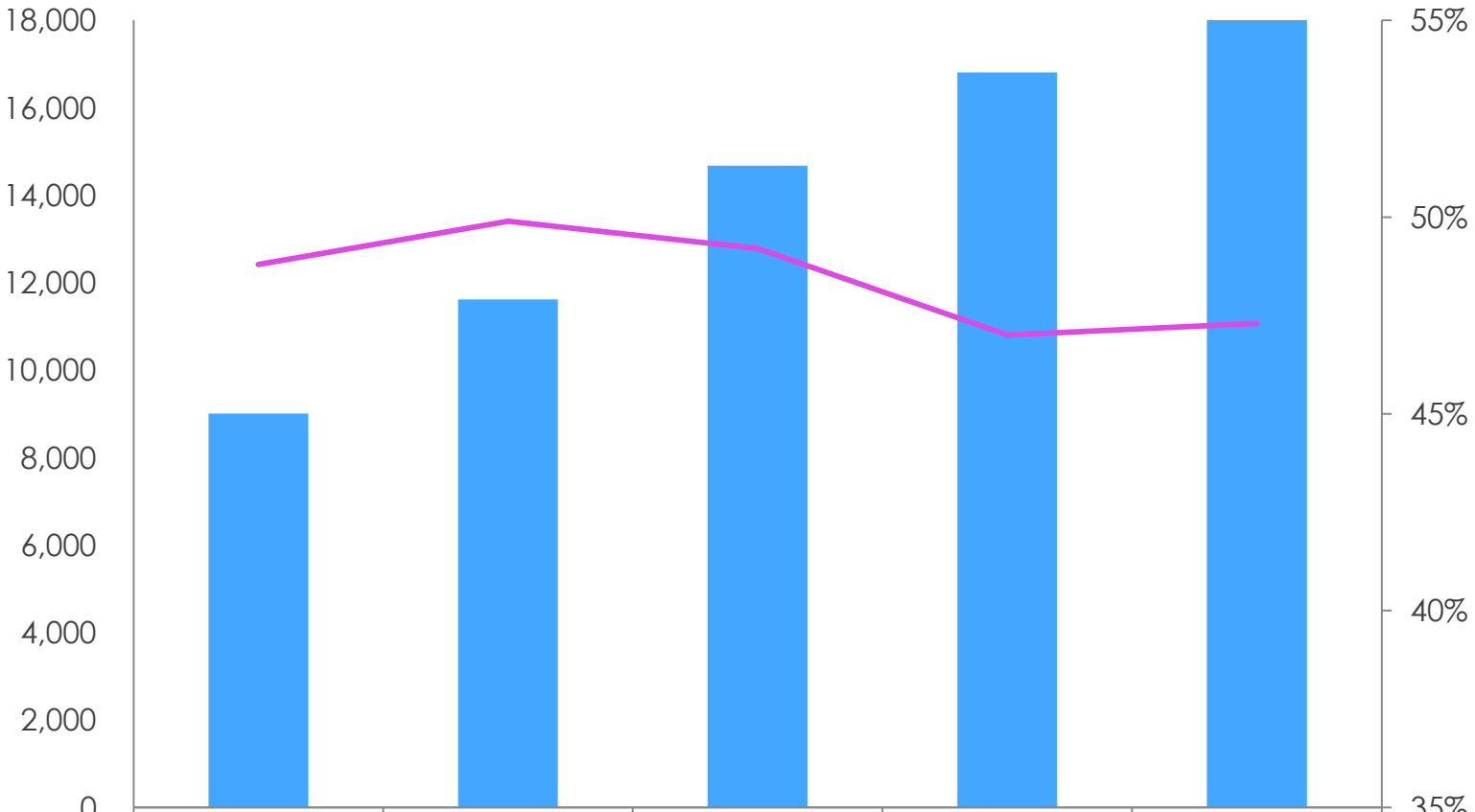
Operating Income by Fiscal Year (Consolidated)

(million yen, %)



	FY2011	FY2012	FY2013	FY2014	FY2015
Operating Income	9,010	11,616	14,680	16,808	19,534
Operating margin	48.8%	49.9%	49.2%	47.0%	47.3%

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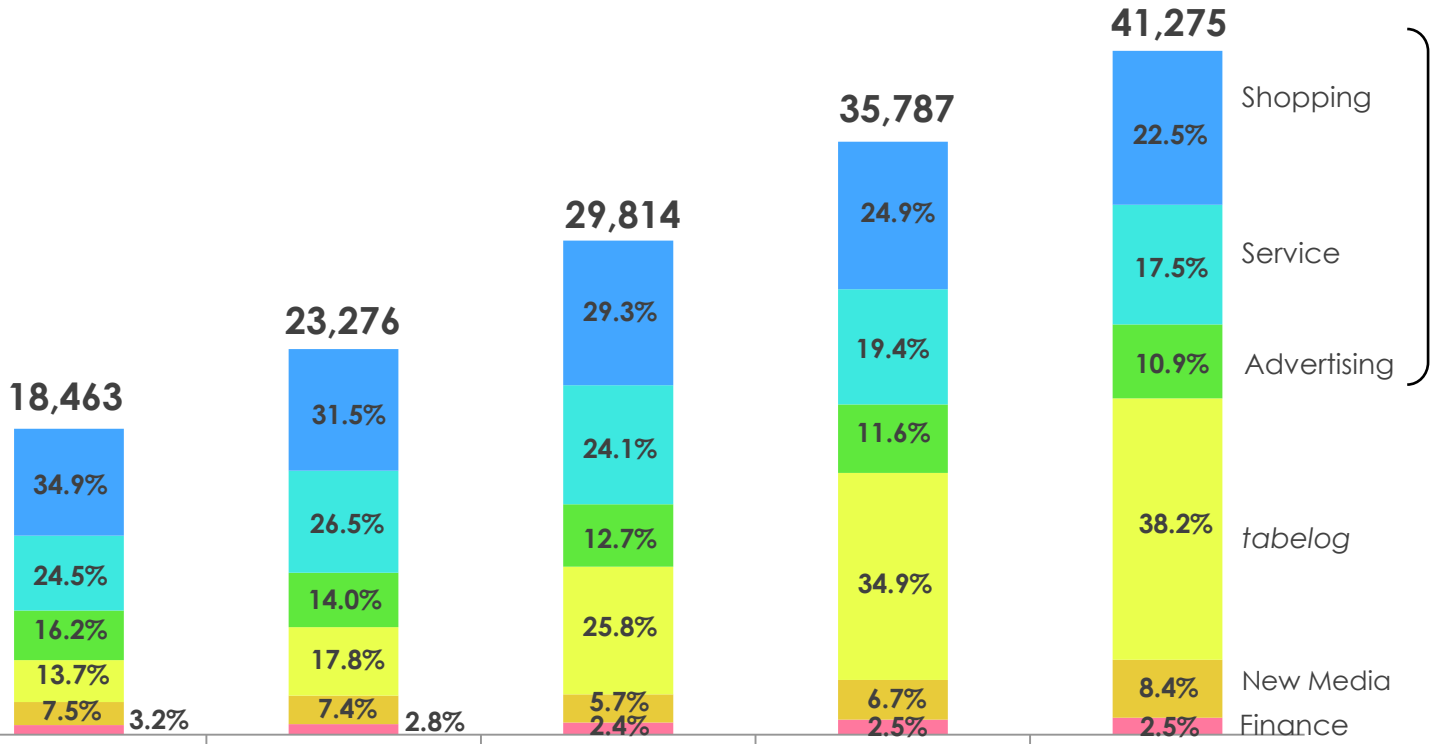
Sales Contribution by Business by Fiscal Year (Consolidated)



Note: Amounts exclude inter-segment sales and transfers.

(million yen,%)

	FY2011	FY2012	FY2013	FY2014	FY2015
Shopping	6,445	7,342	8,721	8,904	9,298
Service	4,520	6,160	7,173	6,944	7,220
Advertising	2,988	3,269	3,774	4,144	4,450
Tabelog	2,539	4,136	7,695	12,476	15,782
New media	1,384	1,726	1,712	2,408	3,498
Finance	585	641	735	909	1,026

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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, *Tabélog* 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, Indonesia and India 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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