



Yahoo Japan Corporation

FY2017-3Q Business Results

(October - December 2017)

February 2, 2018

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Statements made at the meeting or included in the documents that are not historical facts are forward-looking statements about the future performance of Yahoo Japan Corporation and its consolidated subsidiaries and affiliates.

The Company cautions you that a number of important factors could cause actual results to differ materially from those discussed in the forward-looking statements.

Such factors include, but are not limited to, the items mentioned in “Risk Factors” in “Results for the Three Months Ended December 31, 2017.”

The unauthorized use of the information or the data in this document is not permitted.

FY2017-3Q

Financial Highlights

Executive Summary for FY2017-3Q



| | | | |
|---|------------|------------|---------------------------------------|
| Revenue | 230.7 (¥B) | YoY +4.3% | |
| Operating income | 52.8 (¥B) | YoY +2.0% | |
| EBITDA | 63.9 (¥B) | YoY +4.7% | |
| Net income attributable to owners of the parent | 35.4 (¥B) | YoY -0.5% | |
| Diluted EPS | ¥6.2 | YoY -0.5% | |
| Advertising-related revenue | 77.8 (¥B) | YoY +6.6% | Via smartphones 55.4% |
| Display advertising revenue | 40.2 (¥B) | YoY +7.1% | |
| Paid search advertising revenue | 37.5 (¥B) | YoY +6.1% | |
| Total domestic e-Commerce transaction value ^(*1) | 574.7 (¥B) | YoY +14.0% | Via smartphones ^(*2) 53.0% |
| ASKUL Corporation's BtoB-related revenue via Internet | 58.8 (¥B) | | |

*1 Includes Shopping-related and Auction-related transaction values, and ASKUL Corporation's BtoB-related revenue (closing date: 20th of every month) via Internet.

Shopping-related transaction value includes transaction value (closing date: 20th of every month) of LOHACO business, operated by ASKUL Corporation, Ikyu Corporation's transaction value, and others.

5

*2 Proportion of transaction value via smartphones in Shopping-related business and Auction-related business

Executive Summary for FY2017-3Q



Media Business

- Paid search advertising revenue grew more than 6% YoY.
- Launched premium video ads for smartphone Yahoo! JAPAN top page (browsers).

Commerce Business

- Shopping transaction value ^(*1) marked a record high.
- Number of buyers in Yahoo! Shopping more than doubled since the announcement of the new e-Commerce strategy.
- Credit card transaction value ^(*2) increased by 1.5 times YoY.

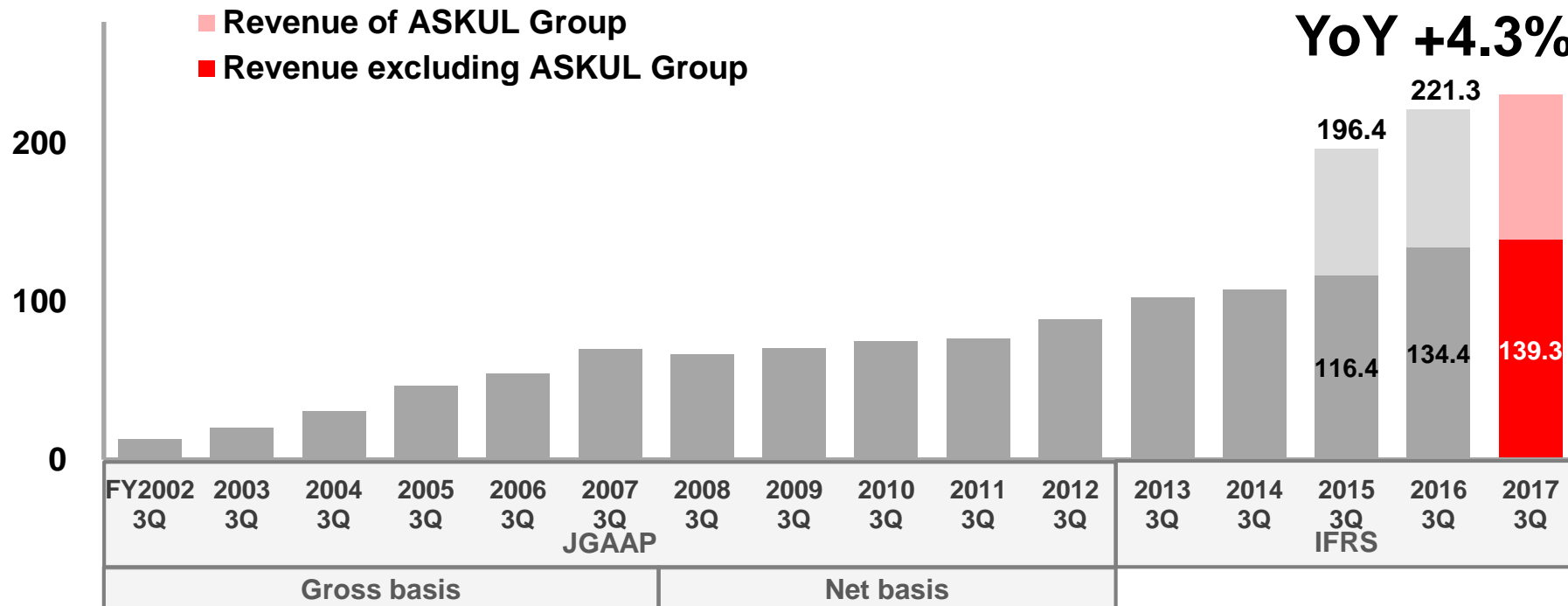
*1 Includes transaction values of Yahoo! Shopping, LOHACO and Charm Co., Ltd. LOHACO's transaction value is the transaction value (closing date: 20th of every month) of LOHACO business, operated by ASKUL Corporation.

6 *2 Excludes cash advance service. Includes card holders of KC Card, Yahoo! JAPAN Card and SoftBank Card ("Omakase charge").

Revenue

(¥Billion)

¥230.7 billion
YoY +4.3%



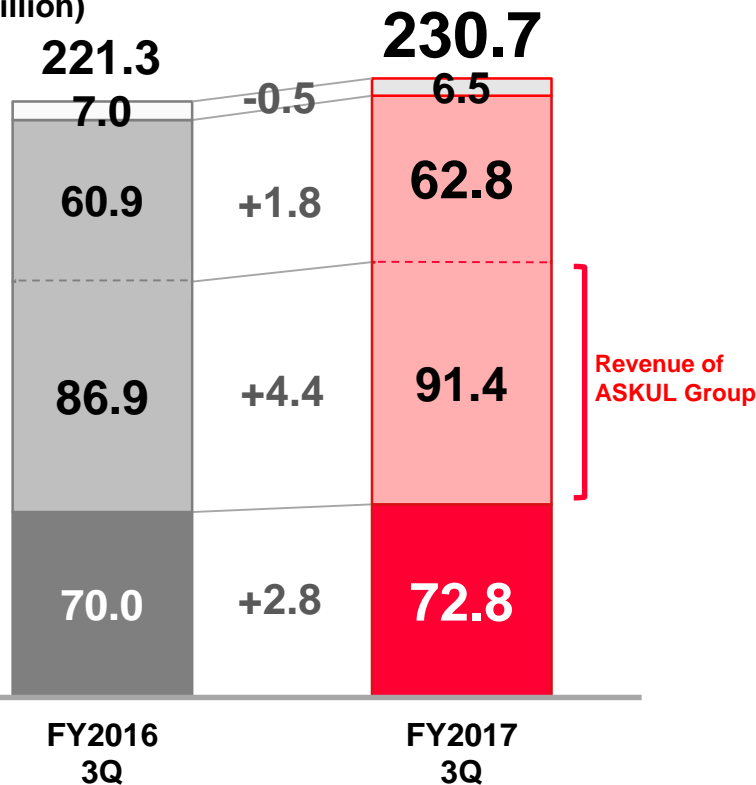
Note: Between FY2008 and FY2012, we indicated revenue on a net rather than gross basis, by eliminating certain items in cost of sales and SG&A.

ASKUL Group includes ASKUL Corporation, AlphaPurchase Co., Ltd., Charm Co., Ltd., and others.

Revenue of ASKUL Group has been calculated based on the fiscal period of Yahoo! JAPAN, and consolidation elimination within ASKUL Group has been taken into account.

Revenue Breakdown

(¥Billion)



Media Business

YoY +4.0%

Growth in paid search advertising revenue

Commerce Business

YoY +4.3%

Excluding ASKUL Group YoY +3.1%
Growth in Shopping-related advertising revenue

Other Businesses

YoY -7.2%

Note 1: Figures for adjustments are not shown.

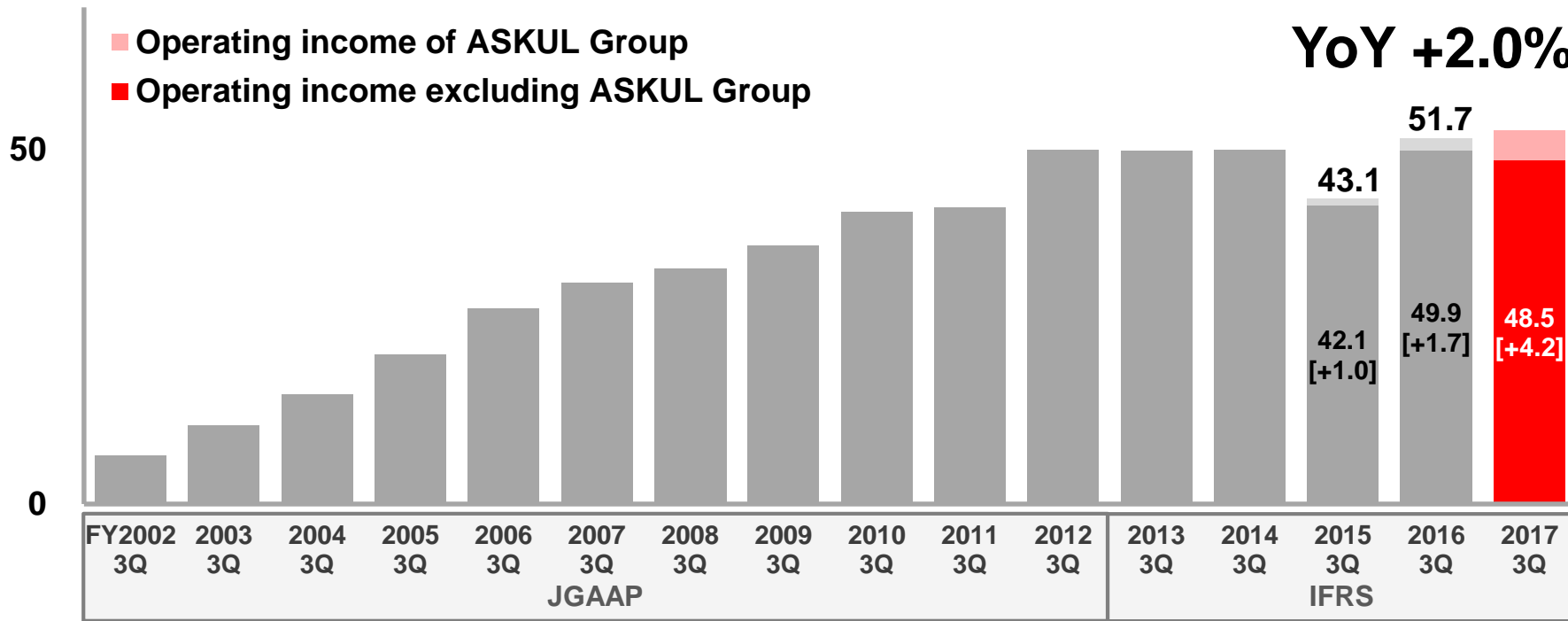
Note 2: In cases where major services have been transferred between segments, prior data and comparative figures have been retroactively adjusted to the current segments.

Operating Income

(¥Billion)

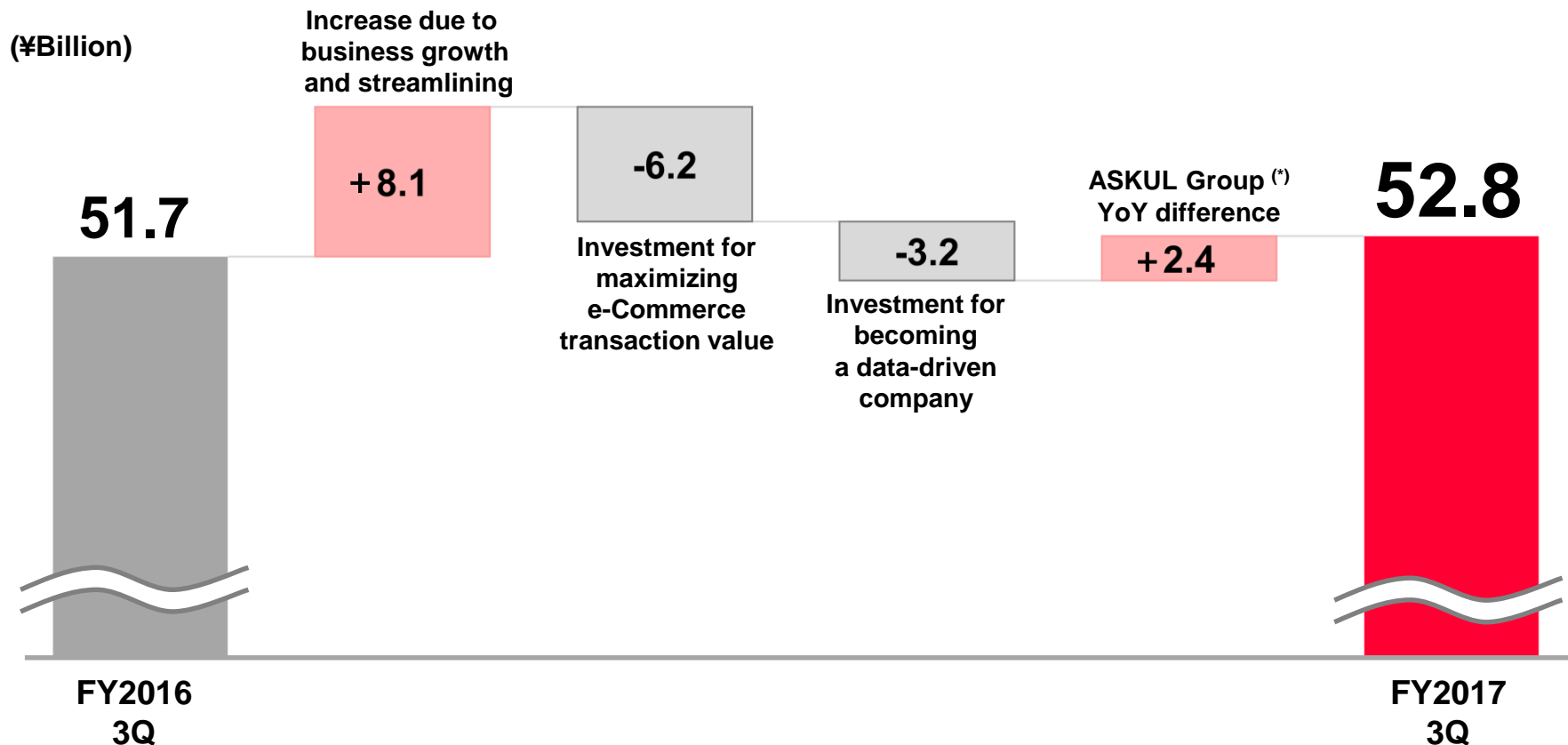
¥52.8 billion

YoY +2.0%



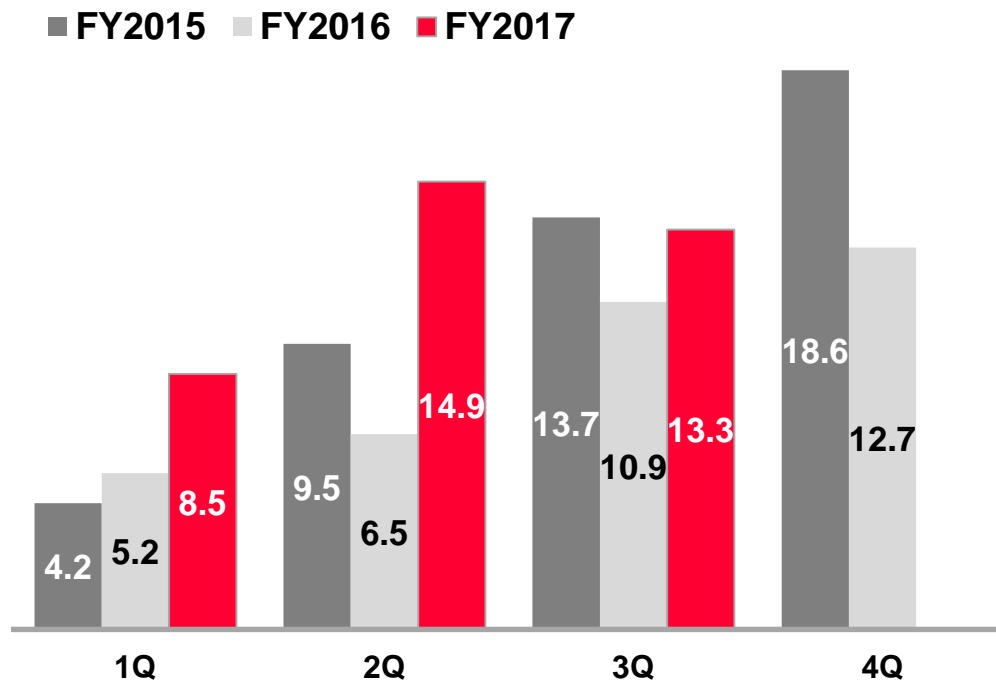
Note: Figures in brackets: operating income of ASKUL Group consolidated to Yahoo! JAPAN calculated based on the fiscal period of Yahoo! JAPAN. Includes depreciation expense of identifiable intangible assets recognized as of the date of business combination.

Factors of Change in Operating Income



Sales Promotional Activities

(¥Billion)



FY2017-3Q

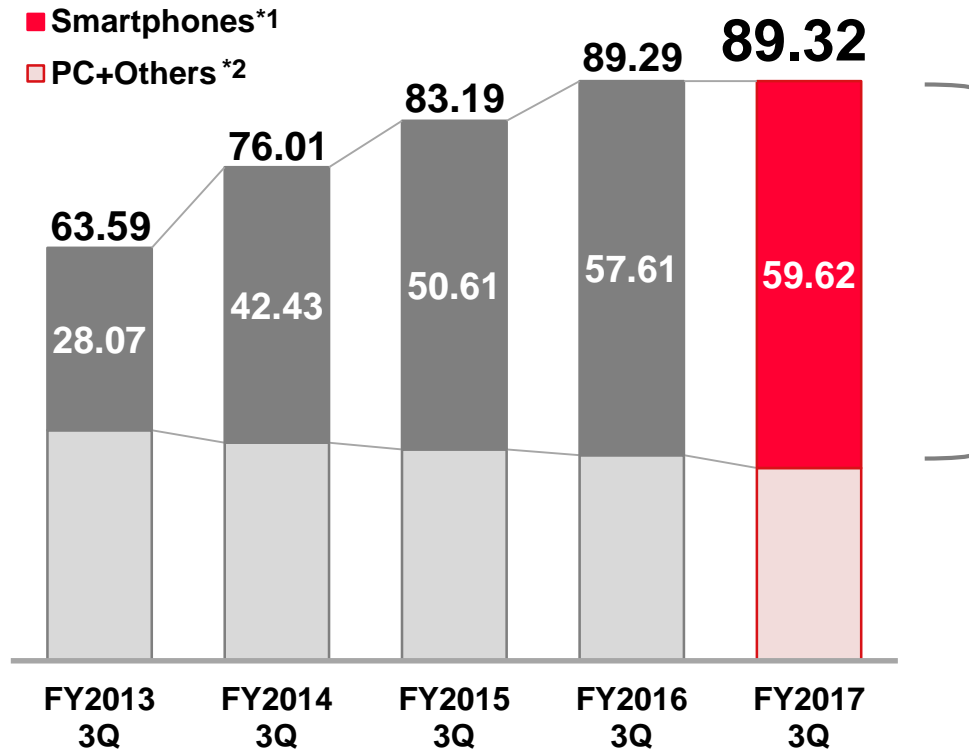
Rough breakdown

| | |
|--------------------------------|------------|
| Shopping | 50% |
| Membership Services (*) | 20% |
| Auction | 20% |
| Financial & Payment | 10% |

Usage Trend of Services

Daily Unique Browsers

(Million)



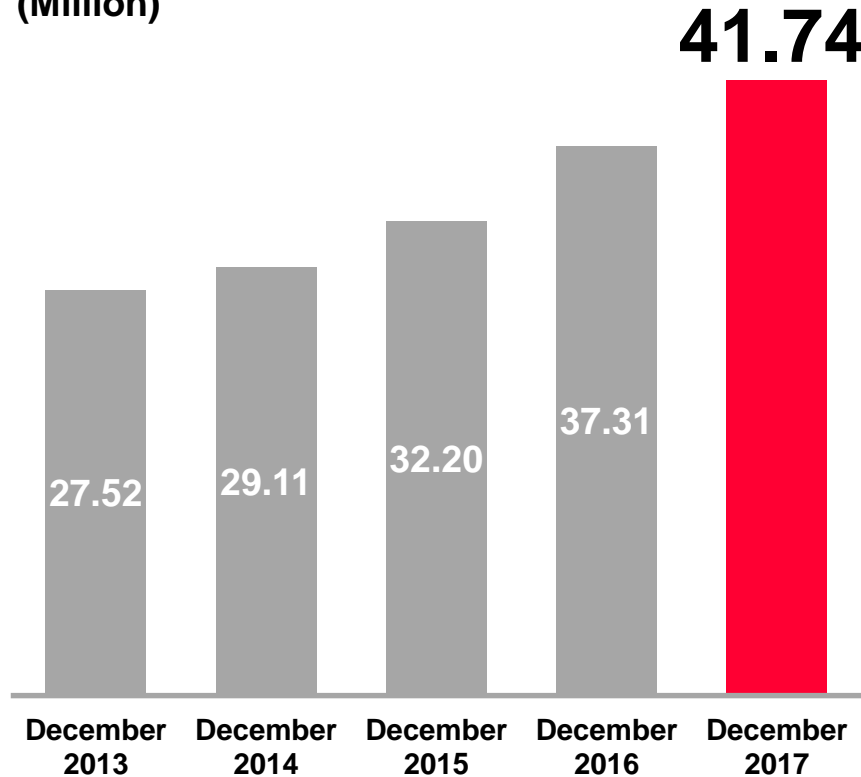
**DUB via
smartphones
further
expanded**

*1 Quarterly average; includes accesses via applications and browsers. Access via applications and access via browsers are counted separately, even if there is an overlap in users.

*2 Quarterly average; includes accesses via PCs, tablets and feature phones.

Number of Monthly Active User IDs

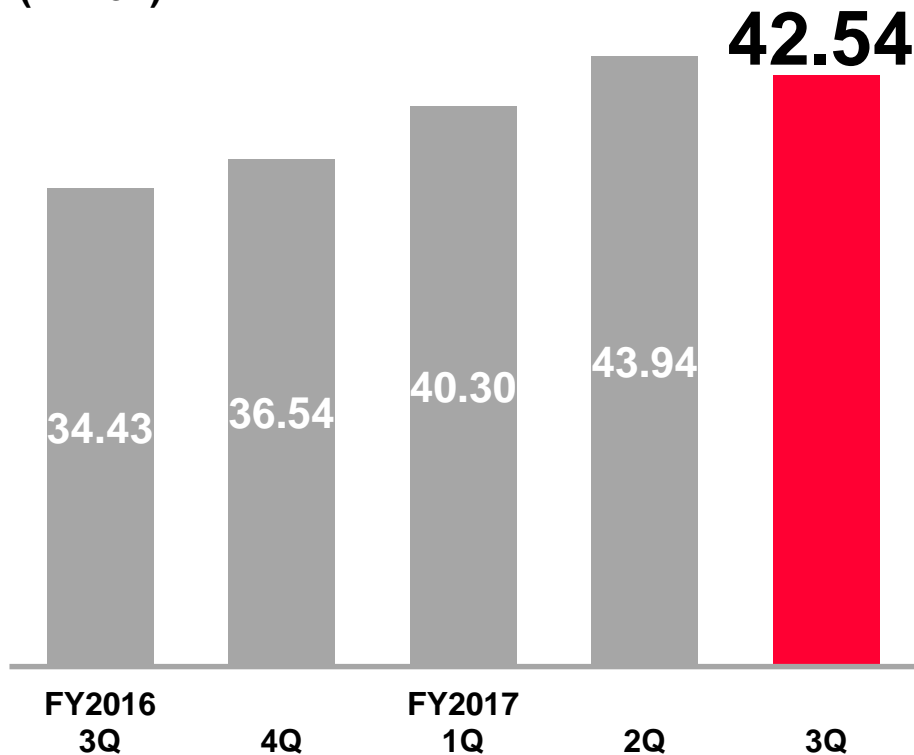
(Million)



YoY
+12%

DAU of All Applications

(Million)



YoY
+24%

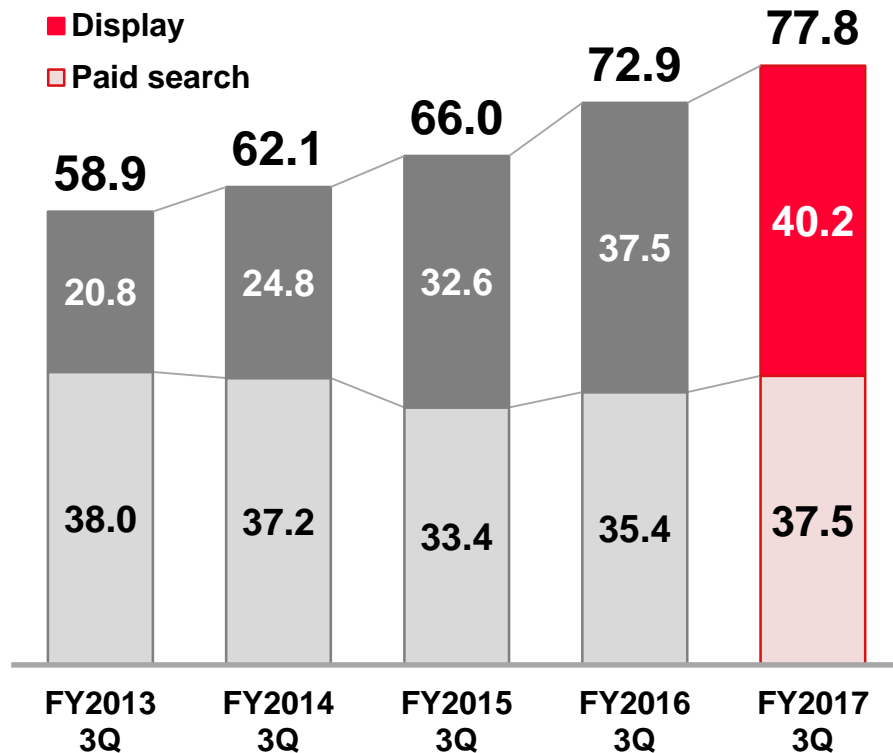
Media Business

Advertising

Media

Advertising-Related Revenue

(¥Billion)

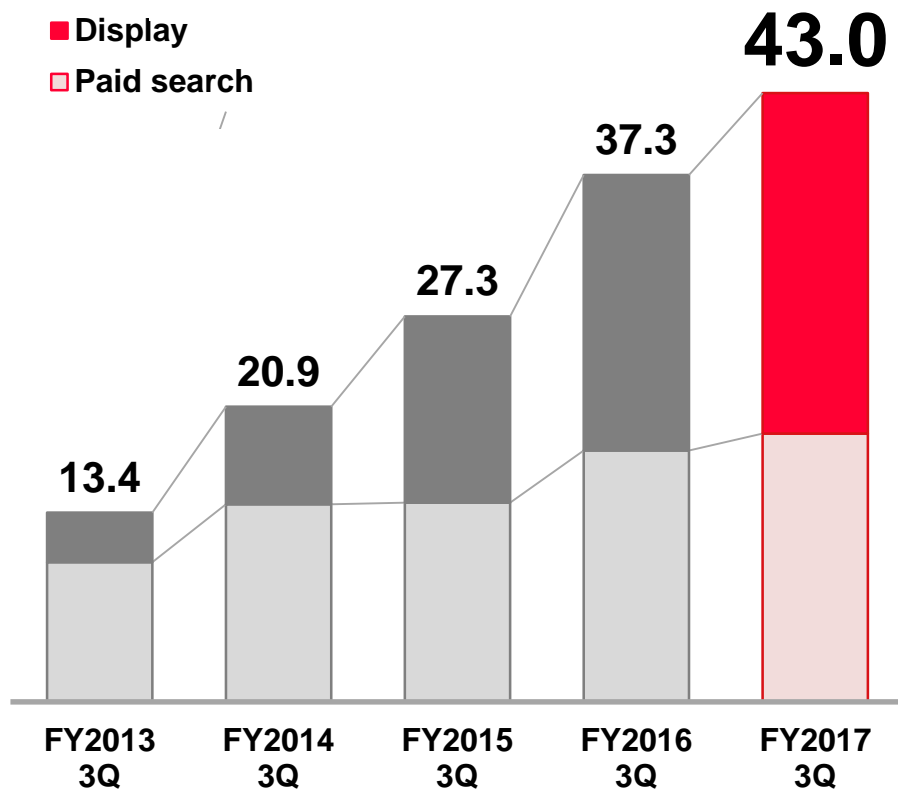


YoY
+7%

Advertising Revenue via Smartphones

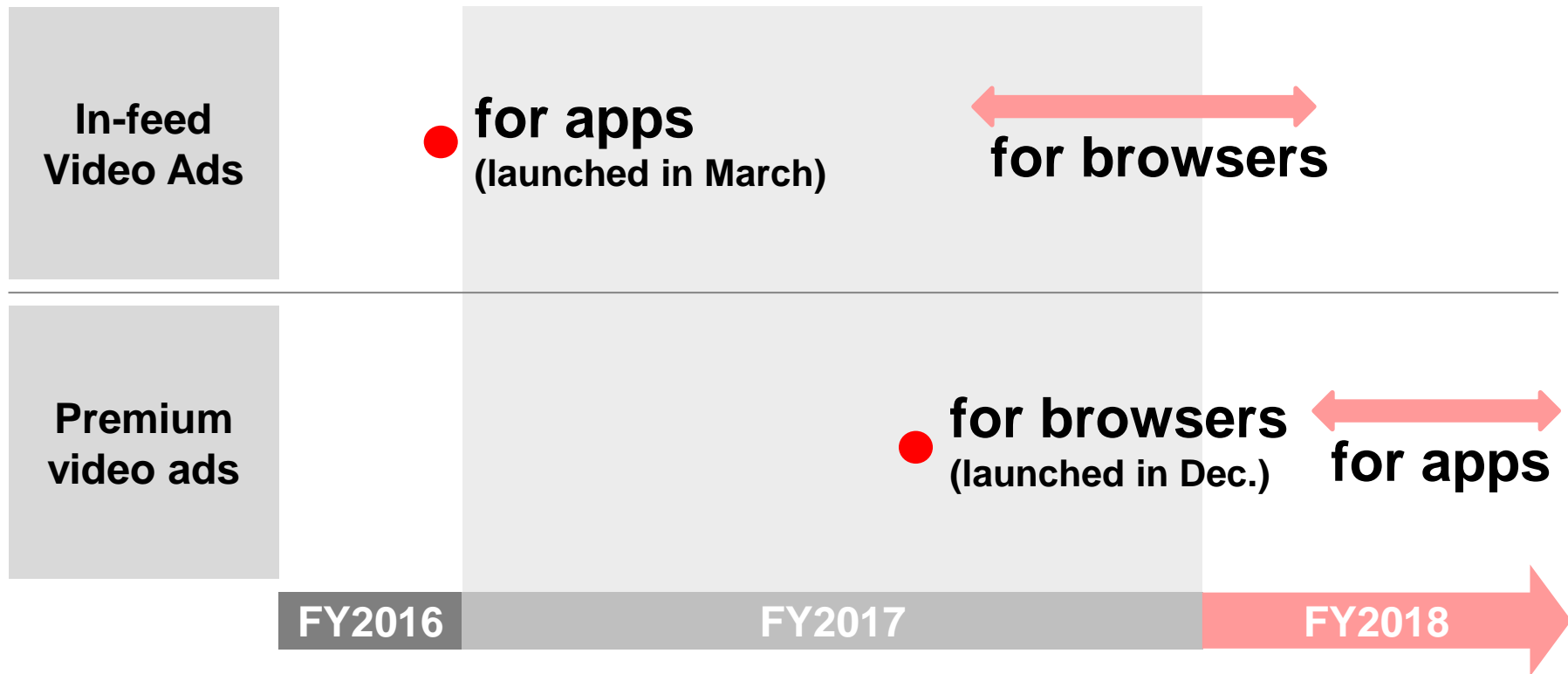
(¥Billion)

- Display
- Paid search



YoY
+15%

Roadmap of Video Ads for Smartphones



Premium Video Ads for Smartphone Yahoo! JAPAN Top Page (Browsers)

YAHOO!
JAPAN



Started distribution in Dec. 2017

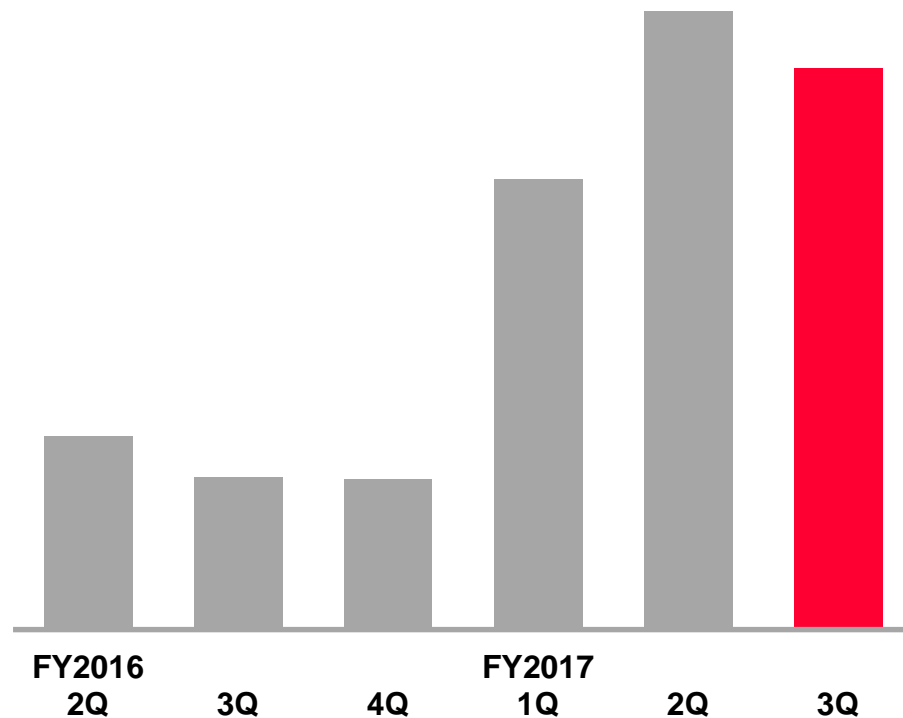
Expanded reach of video ads

Media Business

Advertising

Media

Video Viewing Time



YoY
3.7 x

Video Tab Added to PC Yahoo! JAPAN Top Page



Accelerated enhancement of video content

Commerce Business

Membership

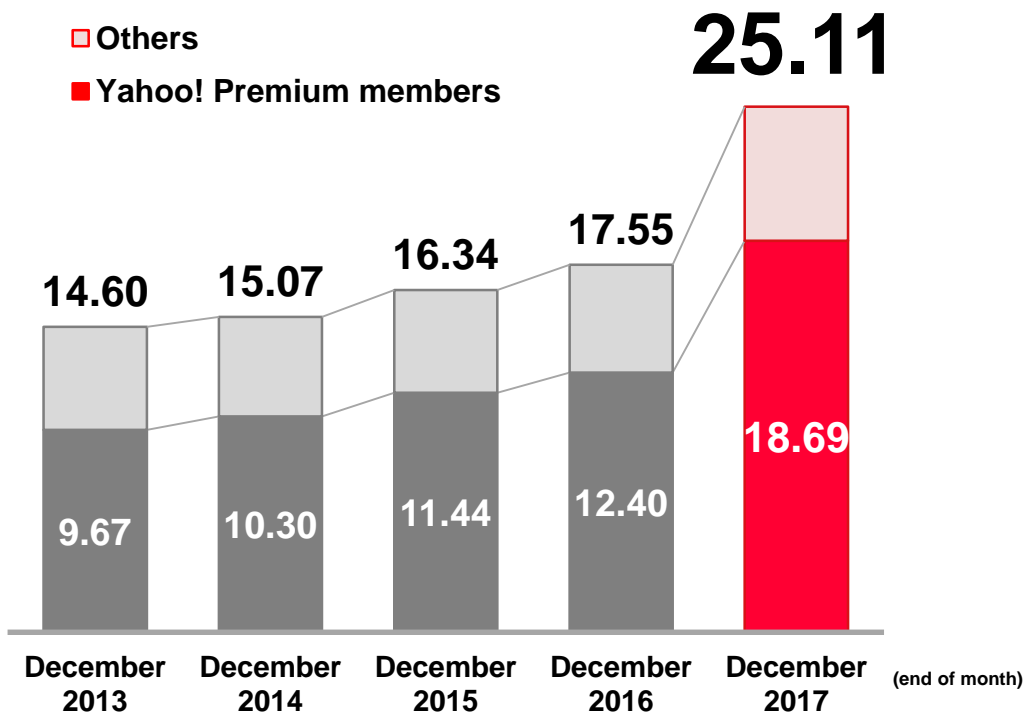
Shopping Auction Financial & Payment

Number of Monthly Paid-Membership IDs

(Million)

Others

Yahoo! Premium members



YoY
+43%

Note: Number of monthly paid-membership IDs is the total of Yahoo! Premium members, Yahoo! BB subscribers, monthly paid-subscribers of digital content and services provided by Yahoo! JAPAN and partner sites* (* IDs with payment through Yahoo! Wallet only). Paid-membership IDs are counted separately for each service, even if there is an overlap in IDs.

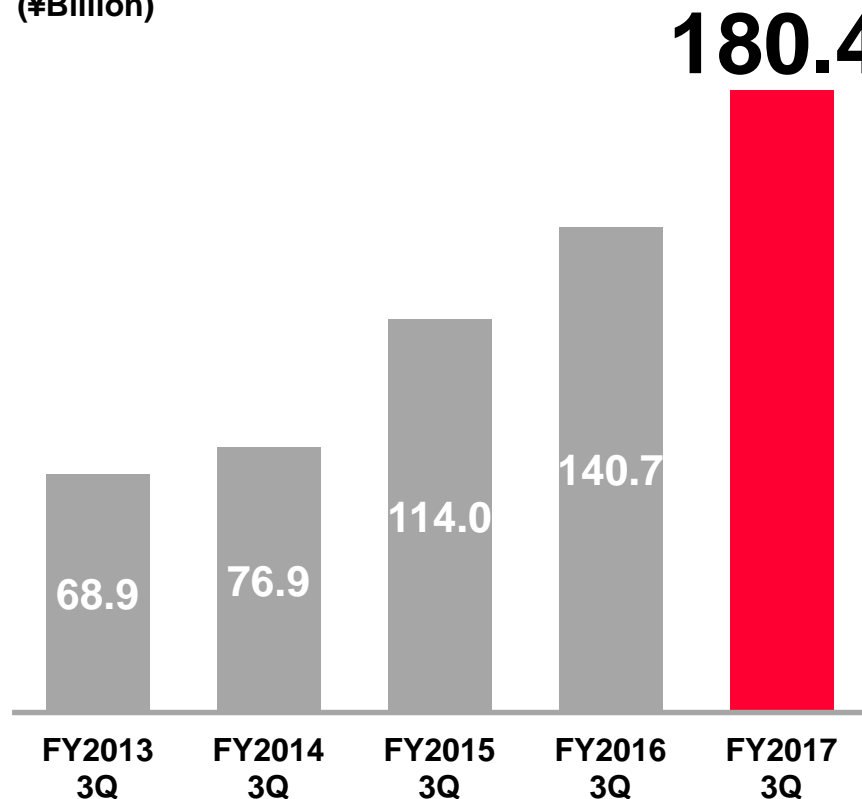
Yahoo! Premium members include: SoftBank members and Y!mobile members, etc., who are eligible for Yahoo! Premium privileges. Overlap in IDs is excluded.

Commerce Business

Membership **Shopping** Auction Financial & Payment

Shopping Transaction Value

(¥Billion)



YoY
+28%

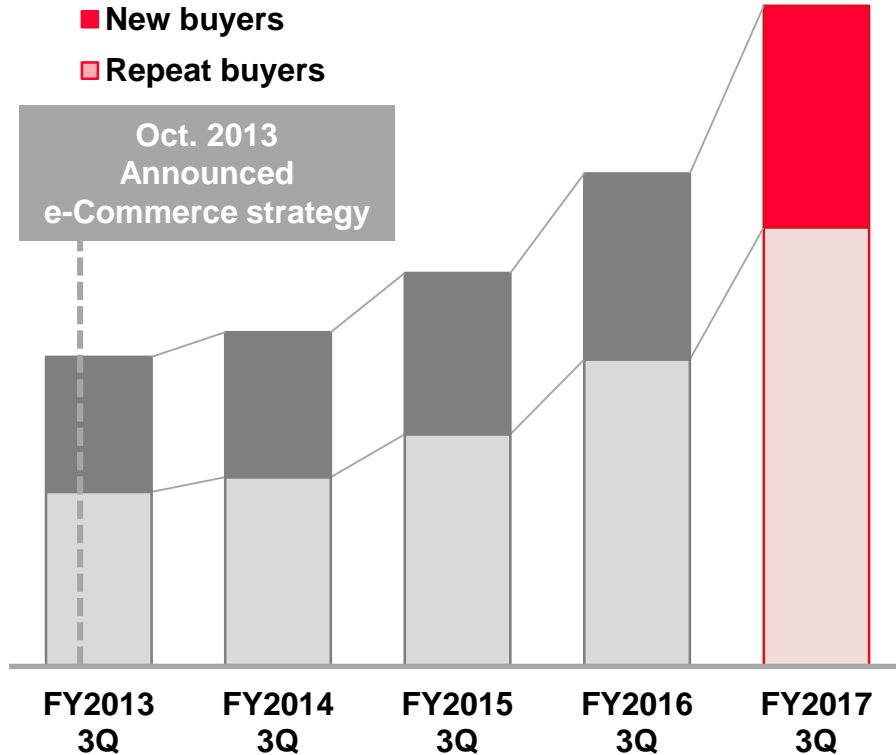
Transaction Value for Good Shopping Day

YAHOO!
JAPAN



YoY
+46%

Yahoo! Shopping — Number of Buyers

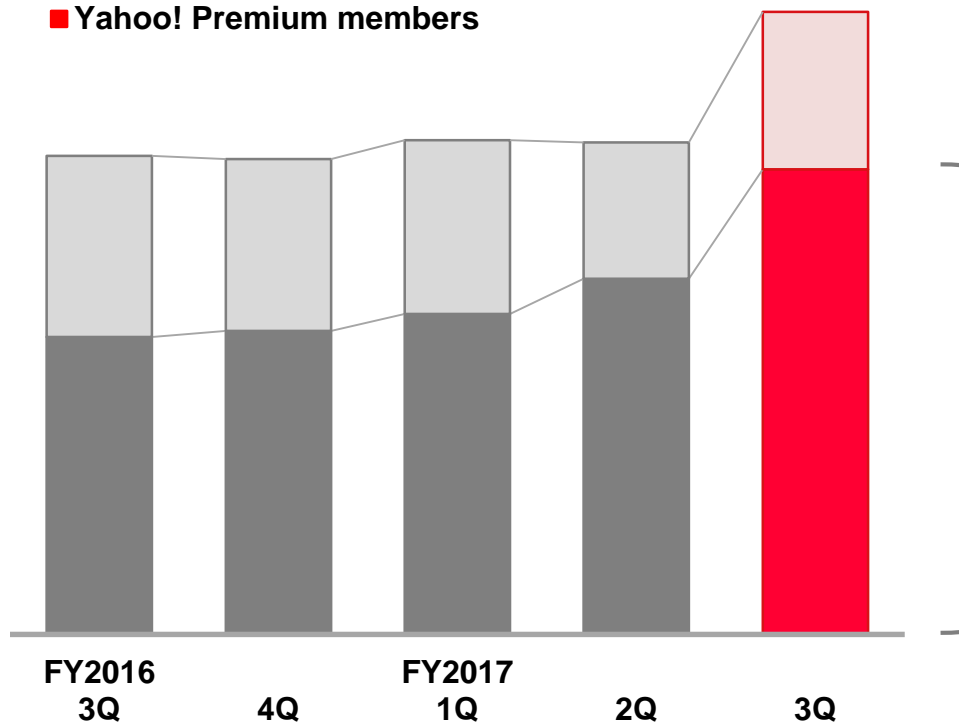


Number of buyers
more than doubled
since the strategy change

Yahoo! Shopping — Transaction Value

□ Others

■ Yahoo! Premium members

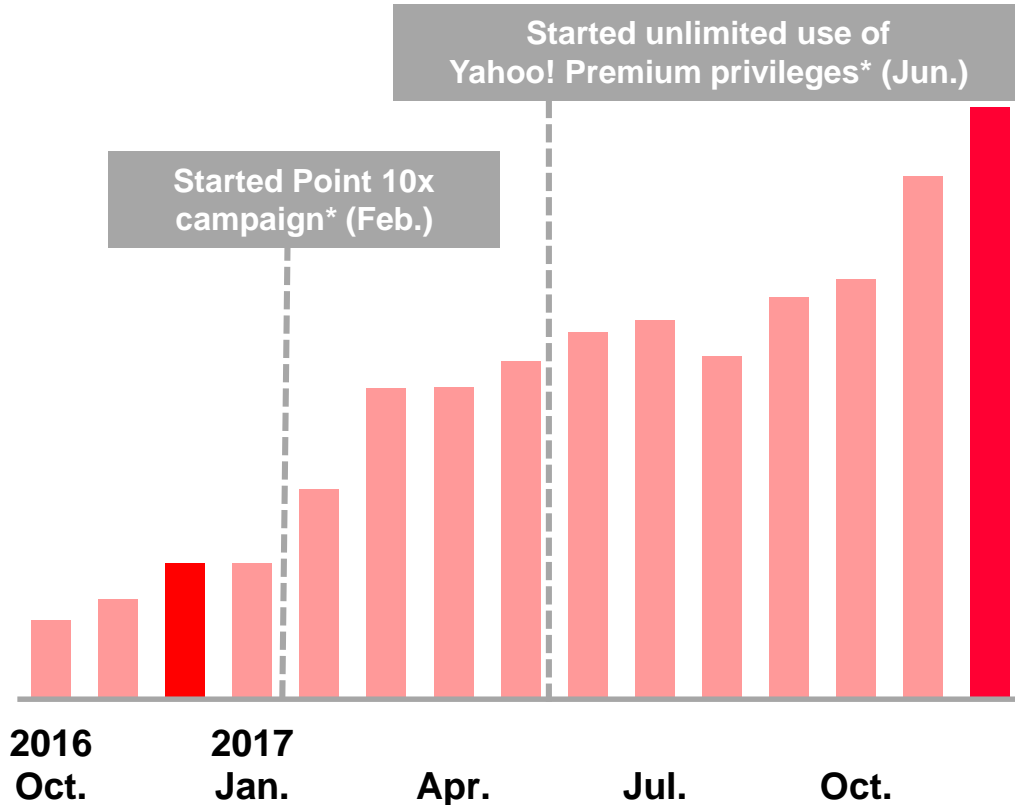


Transaction value generated by
Yahoo! Premium members

expanded to

75%

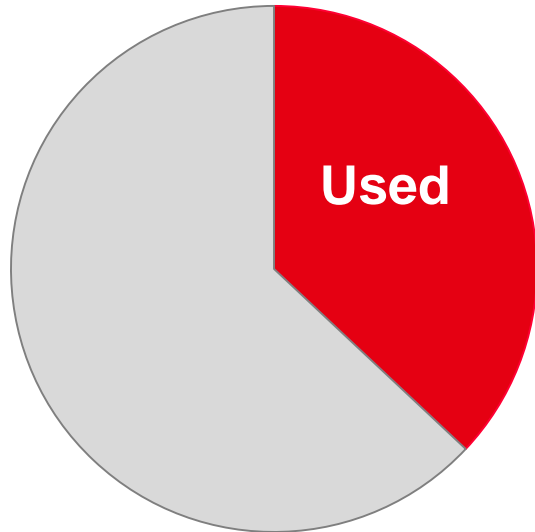
Transaction Value Generated by SoftBank members in Yahoo! Shopping



**Expanded
more than 4 x
in a year**

Yahoo! Shopping Usage by SoftBank Members

Usage ratio of Yahoo! Shopping by
SoftBank members
with Smart Login setup

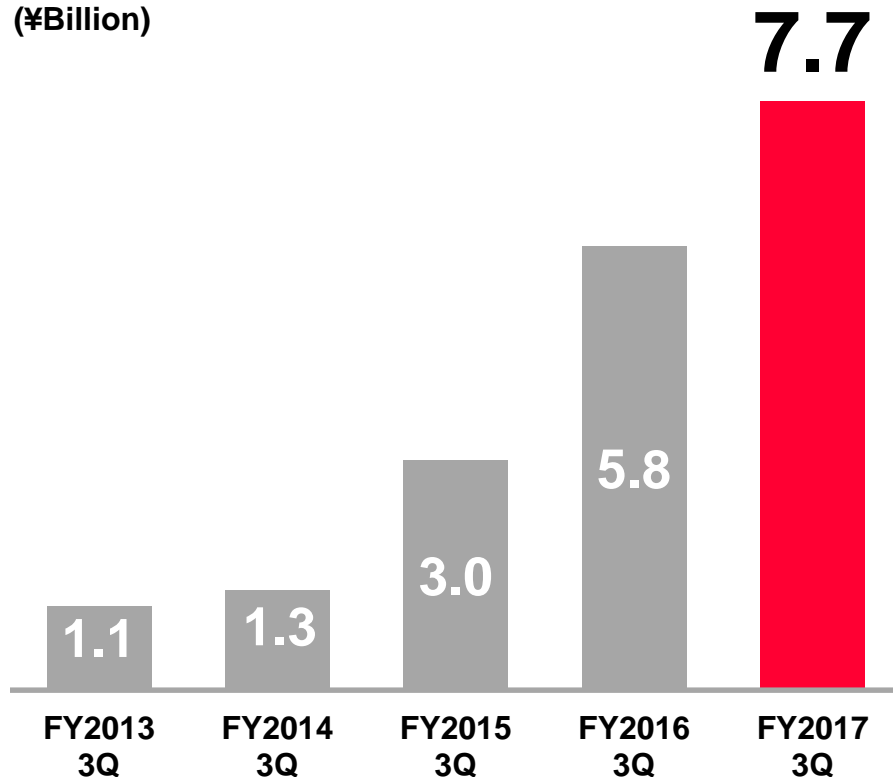


As of Dec. 2017

**Huge
growth potential**

Shopping-Related Advertising Revenue

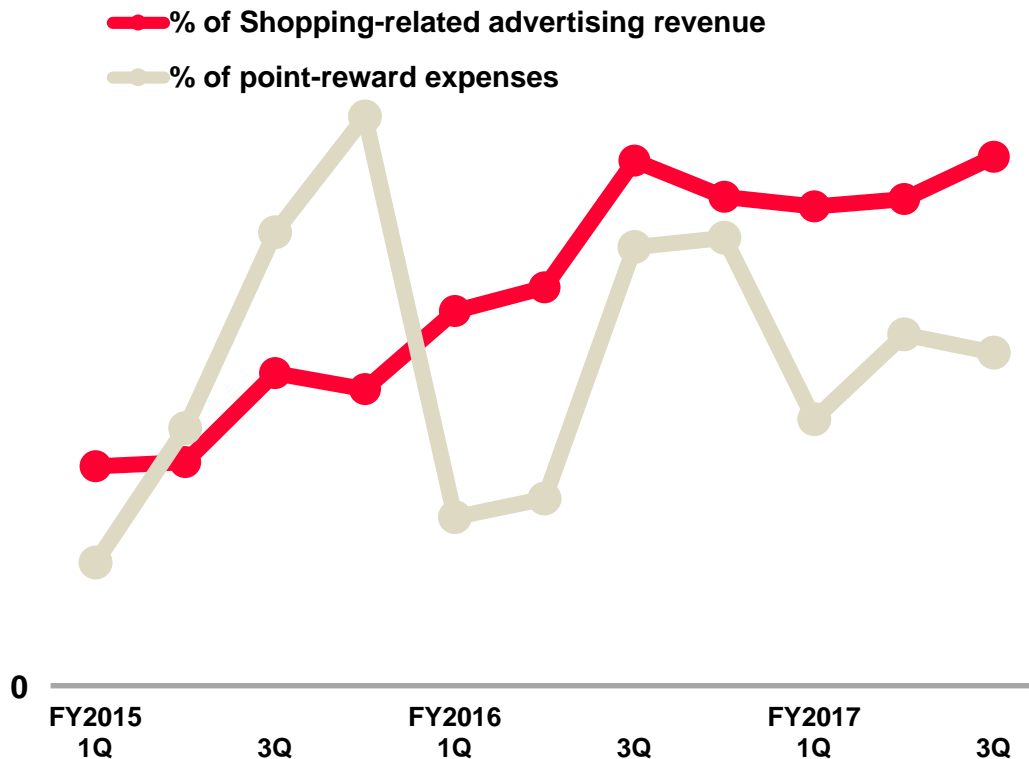
(¥Billion)



YoY
+32%

Note: Total of Yahoo Japan Corporation's non-consolidated Shopping-related advertising revenue; advertising revenue of StoreMatch, an advertising product in Yahoo! Shopping sold by ValueCommerce Co., Ltd. to stores in Yahoo! Shopping; and revenues of paid search advertising and YDN, etc., placed by stores in Yahoo! Shopping. Revenues of paid search advertising and YDN, etc., placed by stores in Yahoo! Shopping are accounted for in the advertising revenue of Media Business segment.

Percentages of Shopping-Related Advertising Revenue^(*1) and Point-Reward Expenses^(*2) to Yahoo! Shopping Transaction Value



**Expanded
advertising revenue
while maintaining ratio of
point-reward expenses**

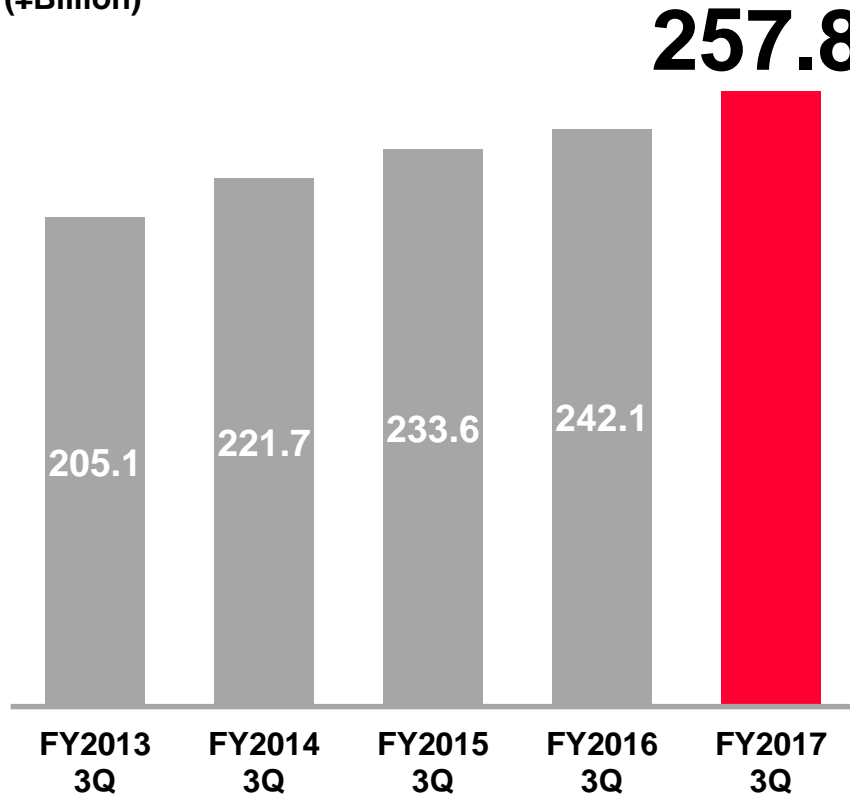
34 *1 Shopping-Related Advertising revenue / Yahoo! Shopping transaction value = “take rate”
*2 Point-reward expenses related to Yahoo! Shopping / Yahoo! Shopping transaction value

Commerce Business

Membership Shopping **Auction** Financial & Payment

Auction-Related Transaction Value

(¥Billion)



**Expanded
steadily**

Note: Includes transaction values of: YAHUOKU!, tradecarview (<https://www.tradecarview.com/>), BOOKOFF Online (<http://www.bookoffonline.co.jp/>), Yahoo! Tickets from April 2015, and others.

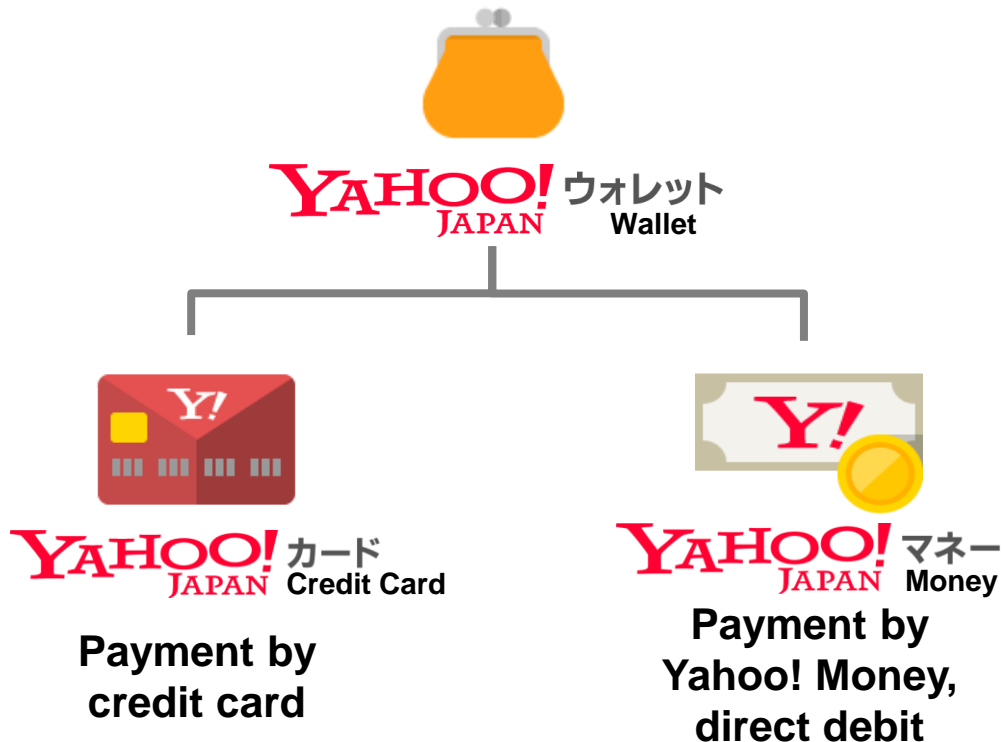
Prior data and comparative figures have been retroactively adjusted.

Commerce Business

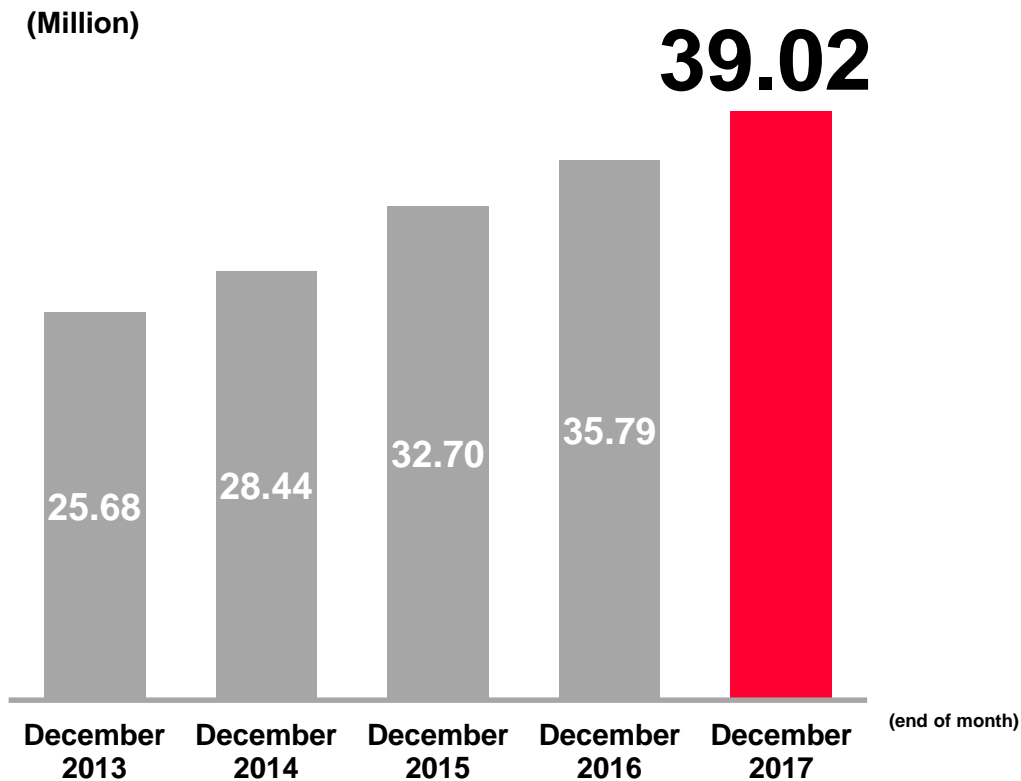
Membership Shopping Auction **Financial & Payment**

Encourage Use of Yahoo! Wallet

Aim to increase in-house payment ratio



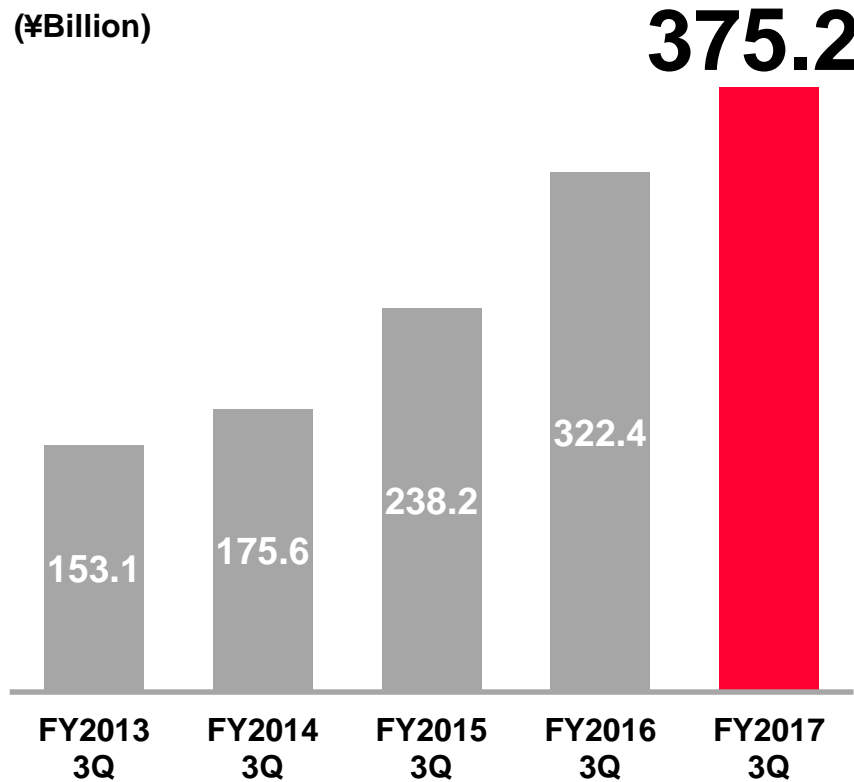
Number of Yahoo! Wallet Accounts



**Record
high**

Yahoo! Wallet Transaction Value

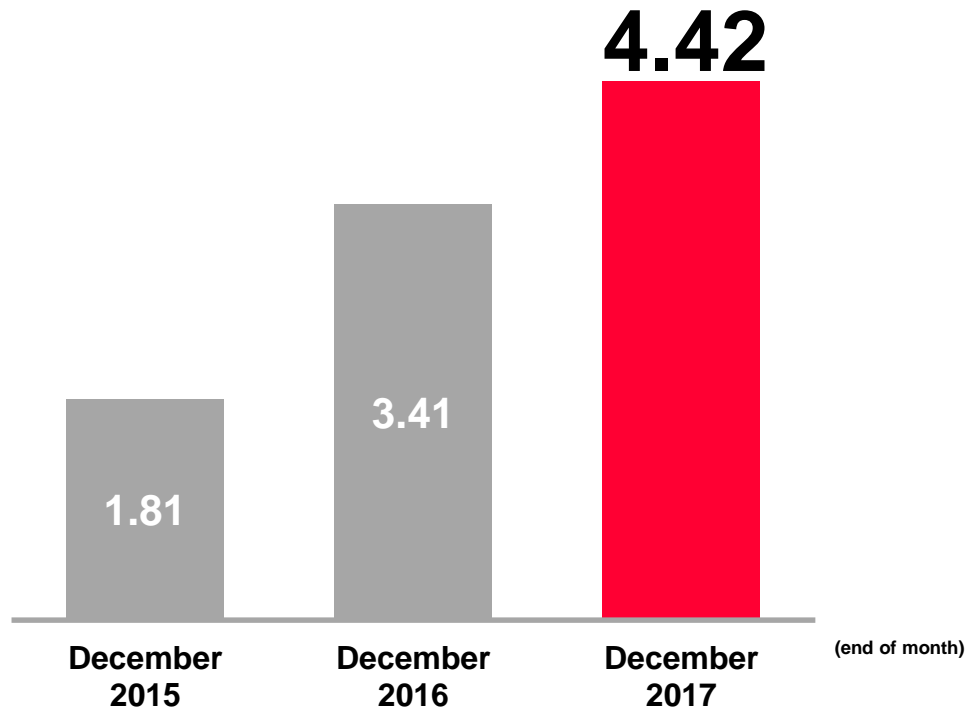
(¥Billion)



YoY
+16%

Number of Valid Credit Card Holders

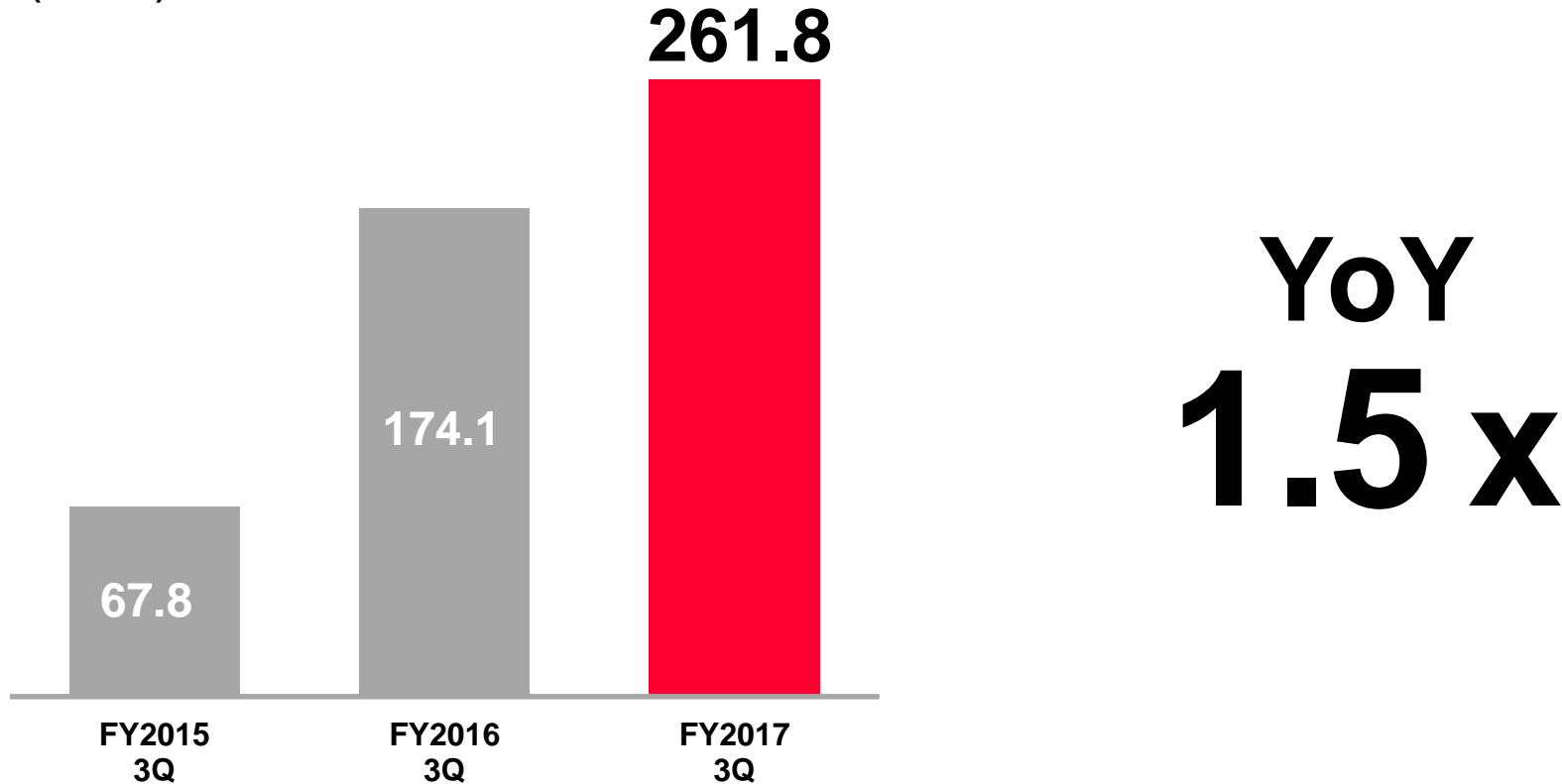
(Million)



YoY
+30%

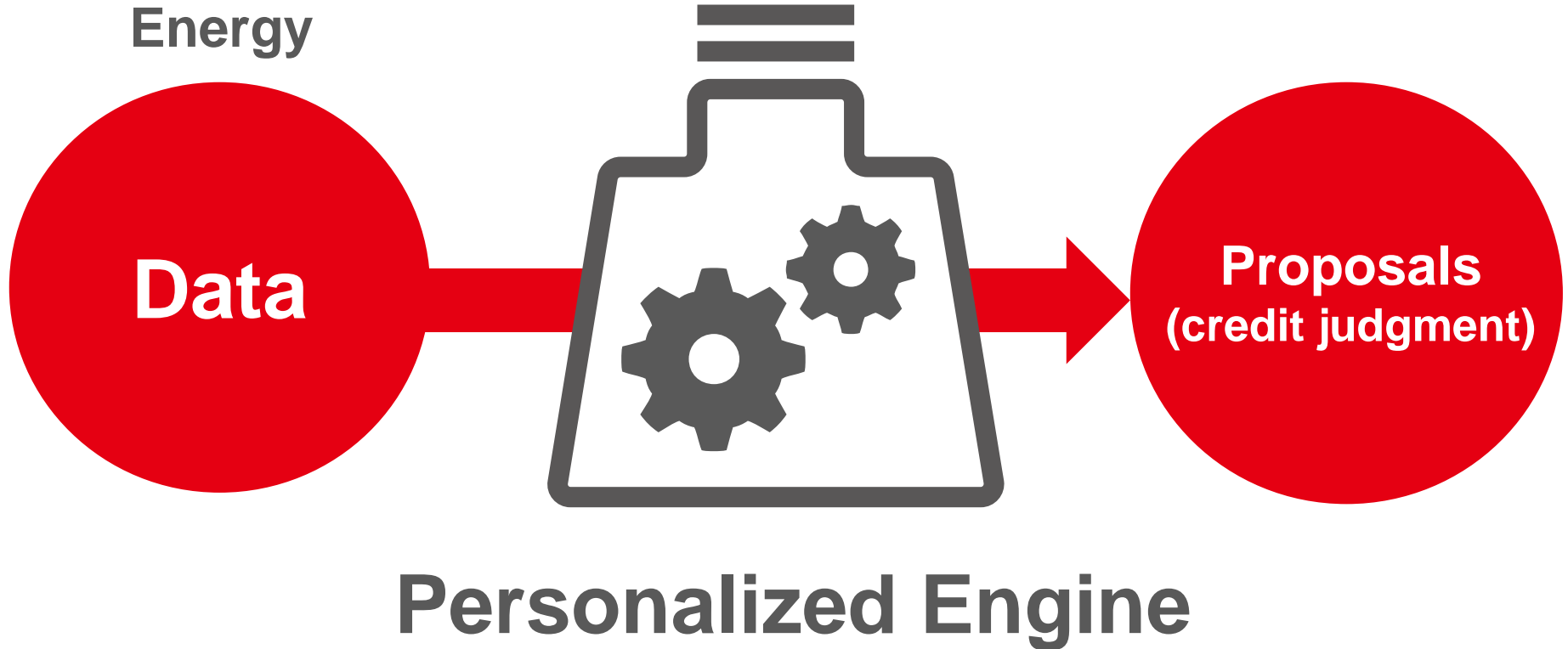
Credit Card Transaction Value

(¥Billion)



Technology

Personalization Is Key to Success in Internet Services



Create an Inimitable Engine to Increase Revenue

Energy

Media data

EC data

Location data

Offline payment
data

PIM data

Smartphone
payment data

Video-viewing data

⋮



**A media announcement is scheduled
on Feb. 6 (Tue)**

**Link to webpage with detailed information (Japanese only) scheduled
to be provided on our investor relations website**

<https://about.yahoo.co.jp/ir/>

Supplemental Information

Business Segment Breakdown

Media Business

- **Advertising:** Paid search advertising “Sponsored Search”, Display advertising (“Yahoo! Display Ad Network (YDN)”, “Premium Advertising”)
- **Business Services:** CRM-related services, Media-related services and others
- **Personal Services:** Website production-related services and others

Commerce Business

- **Advertising:** Display advertising (“Premium Advertising”)
- **Business Services:** ASKUL, Payment-related services, Affiliate-related services, Reservation-related services, Corporate system-use fees of YAHUOKU!, Yahoo! Real Estate, Credit card-related services and others
- **Personal Services:** LOHACO, Yahoo! Premium, Personal system-use fees of YAHUOKU!, E-book-related services, Credit card-related services, Payment-related services, Telecommunications carrier-related services, Pet supplies-related services, FX-related service and others

Others

- **Advertising:** Display advertising (“Premium Advertising”)
- **Business Services:** Data center-related services, Utilities payment-related service, Yahoo! Web Hosting and others
- **Personal Services:** Yahoo! Mail, Yahoo! Address Book, Utilities payment-related service and others

Advertising Products

| Advertising Products | | Main Format | Fee Calculation | Placement Pages | Main Advertiser Base | |
|-------------------------|---------------------|--|---|--|------------------------------------|------------------------|
| Paid search advertising | Sponsored Search® | | Text | Search results pages | Major corporations | |
| Display advertising | YDN and others | Yahoo! Display Ad Network (YDN) *1 | Text Banner | | | Top page *1 |
| | | Video | Per-view rate (Performance-based) *2 | | | |
| | | Yahoo! Premium DSP | Banner | Per-impression page view rate (Performance-based) *2 | | |
| | Premium Advertising | Brand Panel Prime Display Others | Rich ads (including video) Banner | Per-impression page view rate (Guarantee-based) *3 | Interior pages of service sites *1 | Major corporations |
| | | Banner ads Text ads Others | Text Banner | Per-guaranteed period rate, etc. (Guarantee-based) *3 | | |
| | | PR Option | | Conversion-based | Yahoo! Shopping | Yahoo! Shopping stores |

*1 Includes In-feed advertising on timeline view pages.

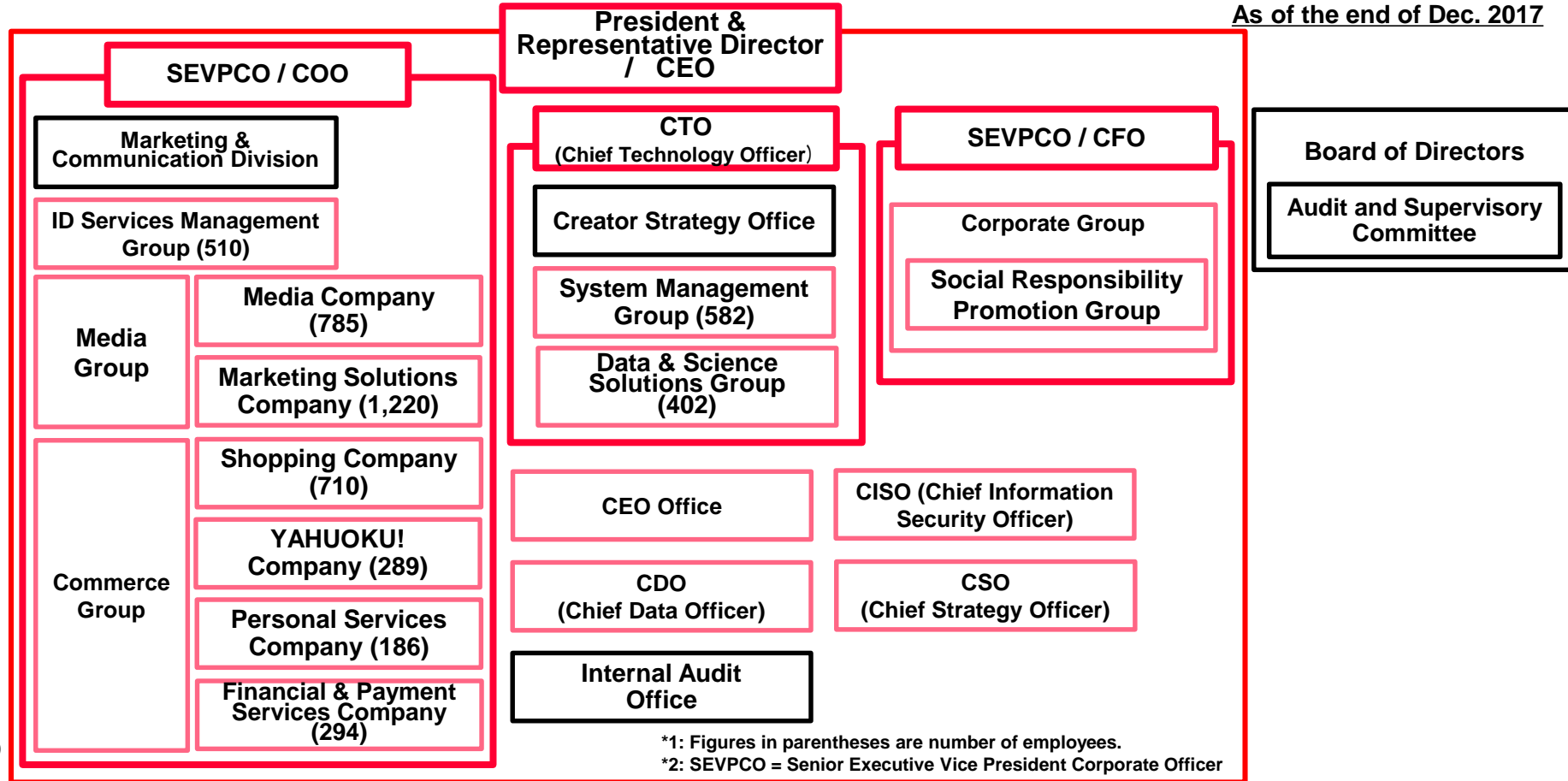
*2 Advertising that is programmatically or manually managed on a real-time basis to optimize advertisements effects

*3 Advertising for which specific placement is reserved in advance

Organization Chart of Yahoo Japan Corporation



As of the end of Dec. 2017



*1: Figures in parentheses are number of employees.

*2: SEVPCO = Senior Executive Vice President Corporate Officer

Consolidated Subsidiaries and Affiliates



As of the end of Dec. 2017

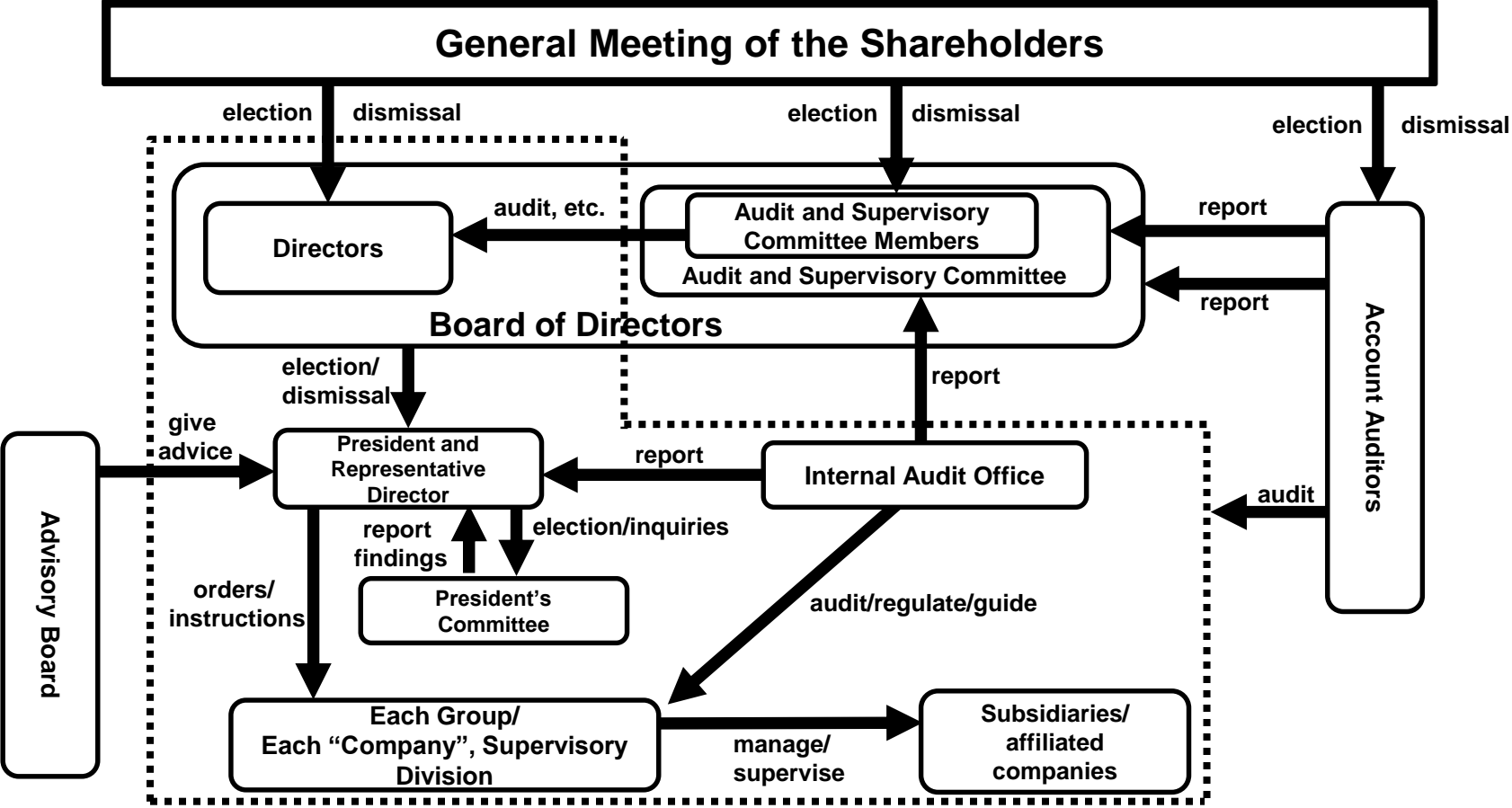
● Major consolidated subsidiaries

- ◆ ASKUL Corporation
- ◆ CLASSIFIED Corporation **NEW!**
- ◆ eBook Initiative Japan Co., Ltd.
- ◆ FirstServer, Inc.
- ◆ IDC Frontier Inc.
- ◆ Netrust, Ltd
- ◆ Synergy Marketing, Inc.
- ◆ YJ Capital Inc.
- ◆ YJFX, Inc.
- ◆ Y's Sports Inc.
- ◆ Carview Corporation
- ◆ Dynatech inc.
- ◆ ecohai Co., Ltd.
- ◆ GYAO Corporation
- ◆ Ikyu Corporation
- ◆ Passrevo Corporation
- ◆ ValueCommerce Co., Ltd.
- ◆ YJ Card Corporation
- ◆ Y's Insurance Inc.

● Major affiliates

- ◆ Astmax Asset Management, Inc.
- ◆ BuzzFeed Japan Corporation
- ◆ Sony Real Estate Corporation
- ◆ BOOKOFF CORPORATION LIMITED
- ◆ CRITEO K. K.
- ◆ The Japan Net Bank, Limited

Corporate Governance System



Y!