# Yahoo Japan Corporation

## FY2012 Full Year & 4Q Business Results

### (Apr. 2012-Mar. 2013/Jan.-Mar. 2013)

April 25, 2013

# Table of Contents


P. 3 Financial Highlights

P. 21 Growth Strategies and Progress

P. 66 Supplemental Information


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 Fiscal Year and the Three Months ended March 31, 2013.”
The unauthorized use of the information or the data in this document is not permitted.



YAHOO! JAPAN

# FY2012 Financial Highlights

## Achieved Double-digit YoY Growth for the First Time in 6 Years

(¥100M)

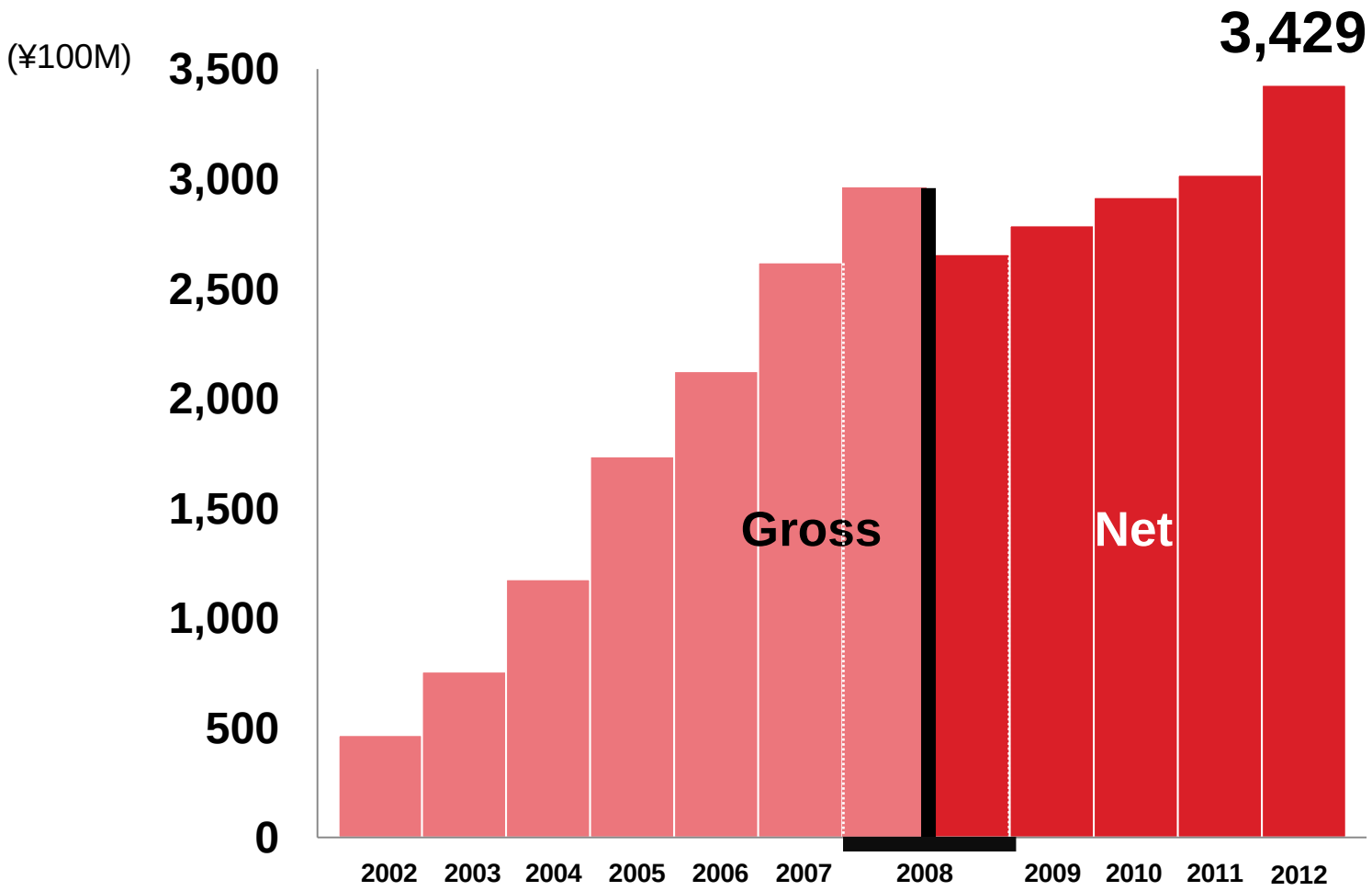
| | FY2011 | FY2012 | YoY Change | Change Contributors |
|---|---|---|---|---|
| Revenue | 3,020 | 3,429 | 13.5% | ・Advertising revenue grew<br>・Yahoo! Premium membership revenue increased by fee raise<br>・Some companies became consolidated subsidiaries |
| Operating Income | 1,650 | 1,863 | 12.9% | - |
| Ordinary Income | 1,673 | 1,886 | 12.8% | - |
| Net Income | 1,005 | 1,150 | 14.4% | Income tax rate lowered |



YAHOO! JAPAN

# Annual Revenue

## Net Revenue up 16 consecutive years since the start of services



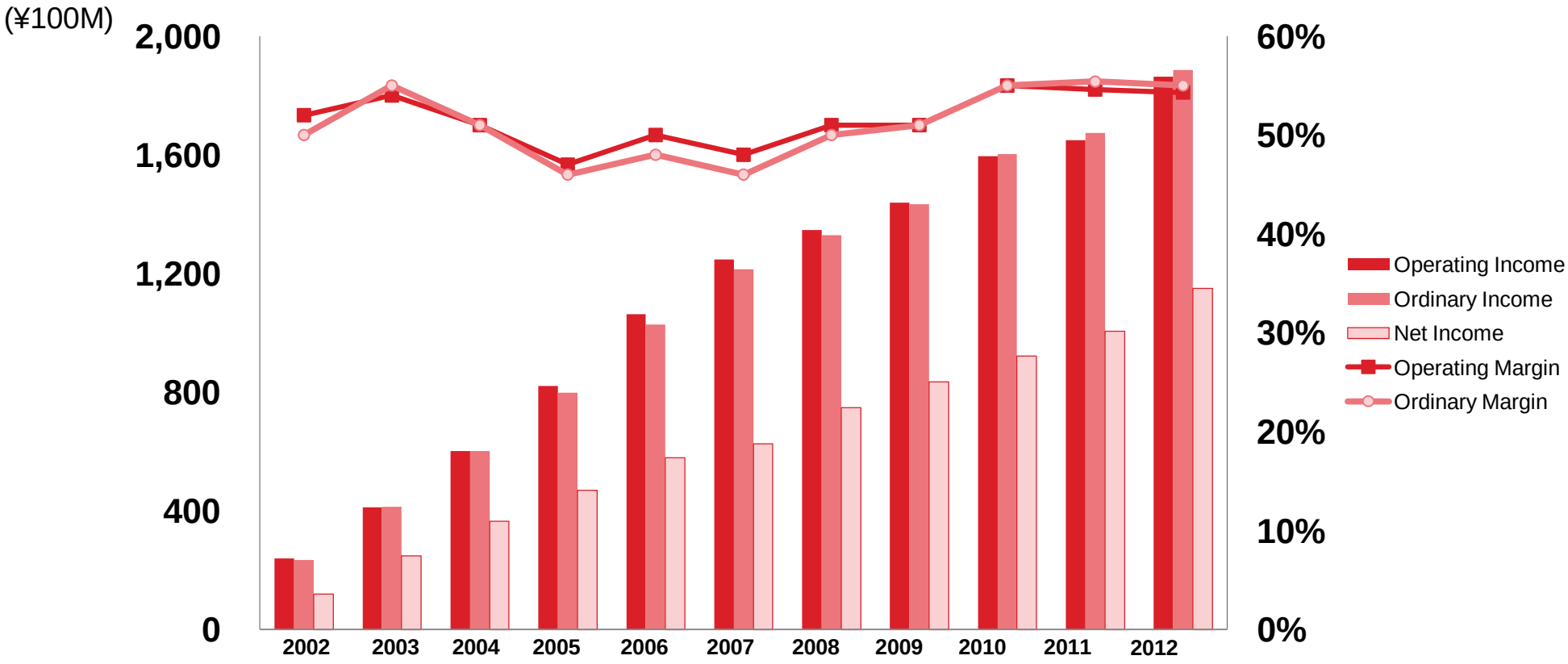

*Commencing with FY2008, we started indicating revenue on a net rather than gross basis, by eliminating certain items in cost of sales and SG&A. The figure on a gross basis for FY2008 is included for your reference.



YAHOO! JAPAN

# Annual Profit

## Operating, Ordinary, and Net Income up 16 consecutive years since the start of services




*Margins for FY2008 onward are affected by the change in the presentation basis for revenue from gross to net.

# FY2012-4Q Financial Highlights

## Continuing from 3Q, achieved Double-digit YoY Growth

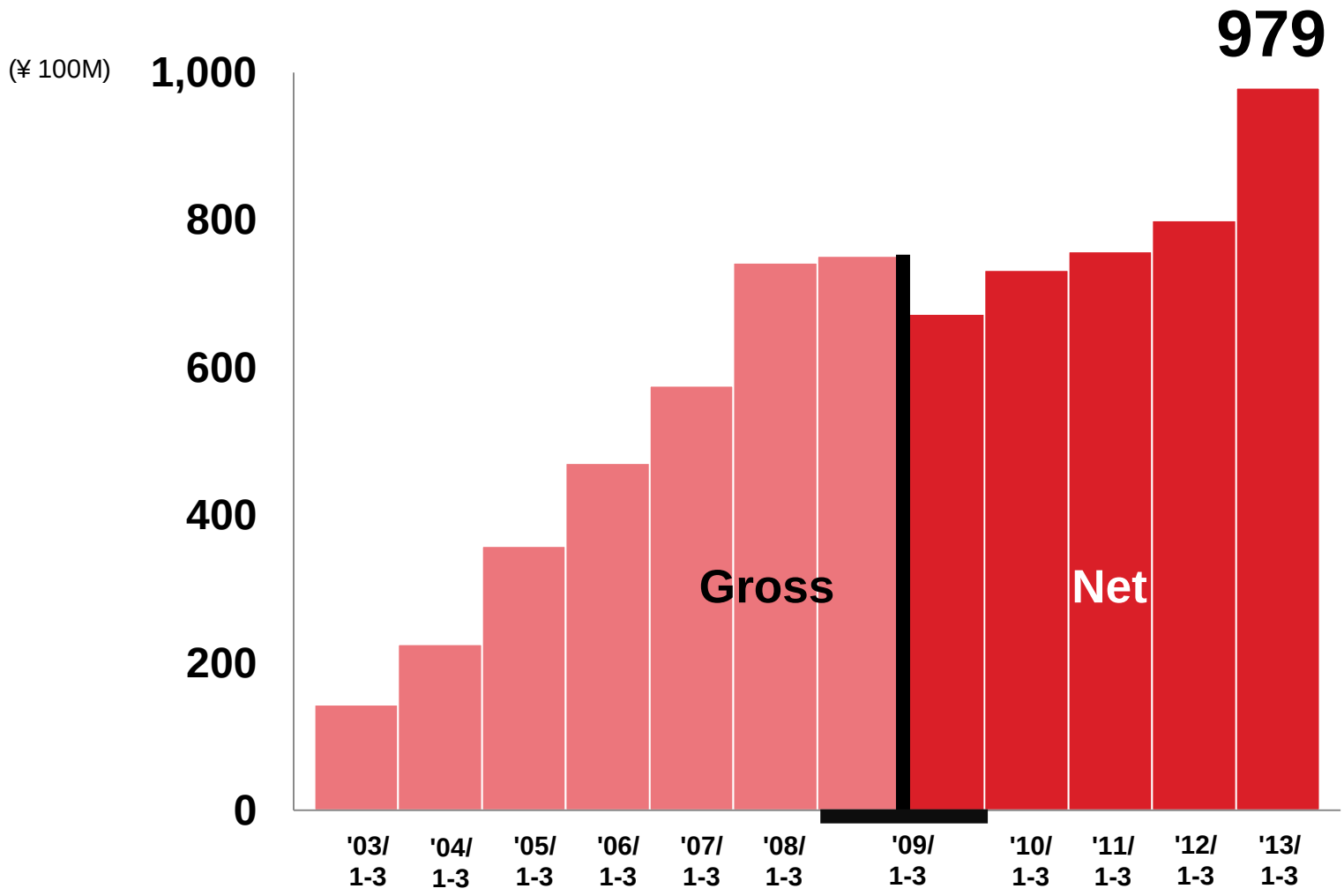
(¥100M)

| | 2011-4Q | 2012-4Q | YoY Change | Change Contributors |
|---|---|---|---|---|
| Revenue | 799 | 979 | 22.6% | ・Advertising revenue grew<br>・Yahoo! Premium membership revenue increased<br>・Some companies became consolidated subsidiaries |
| Operating Income | 438 | 509 | 16.3% | Lower operating margin due to consolidation of new subsidiaries |
| Ordinary Income | 446 | 518 | 16.2% | - |
| Quarterly Net Income | 276 | 318 | 15.4% | Income tax rate lowered |



YAHOO! JAPAN

# Quarterly Revenue



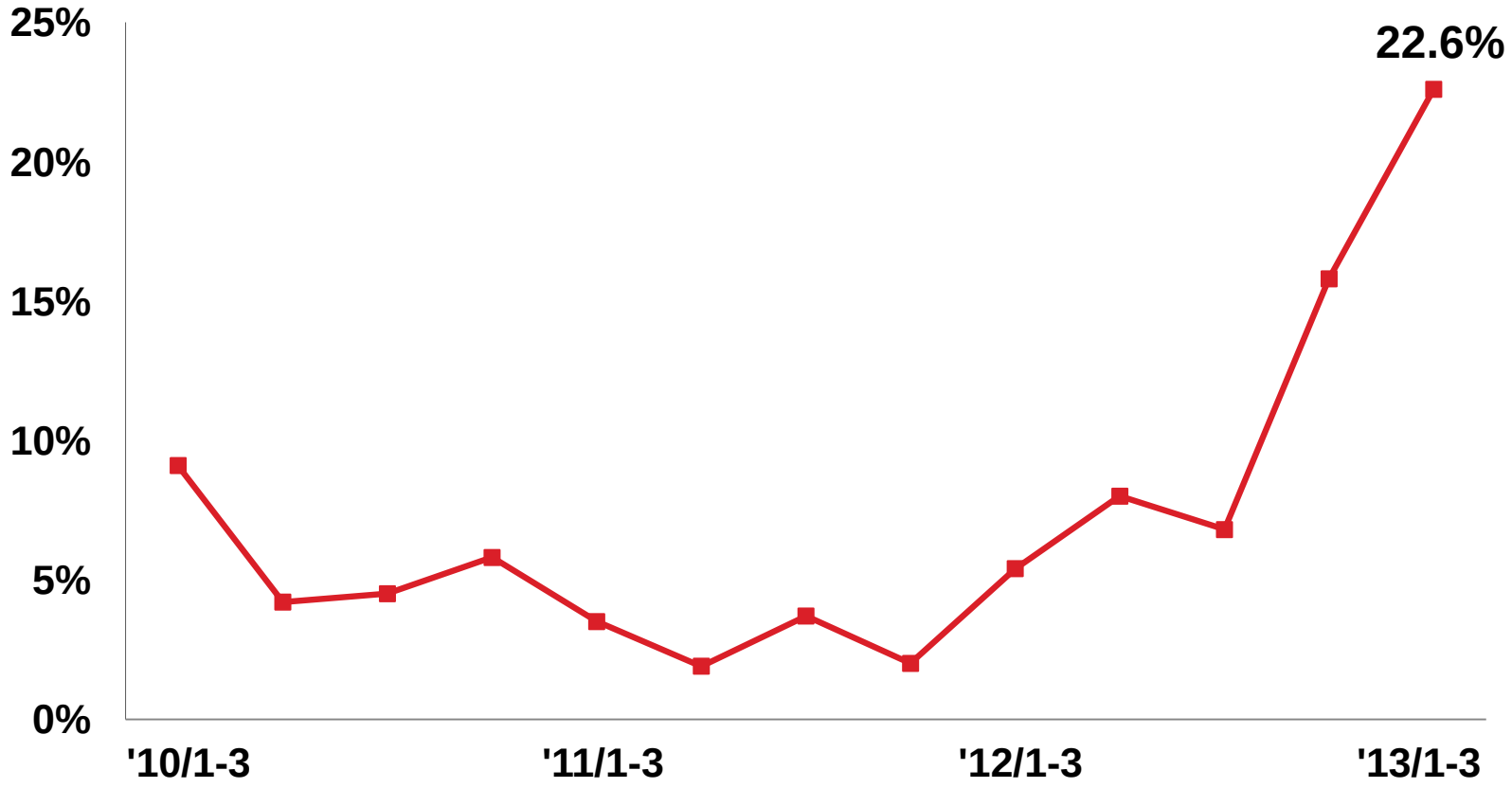

* Commencing with FY2008, we started indicating revenue on a net rather than gross basis, by eliminating certain items in cost of sales and SG&A. The figure on a gross basis for '09/1-3 is included for your reference.



YAHOO! JAPAN

# Quarterly Revenue YoY Growth Trend

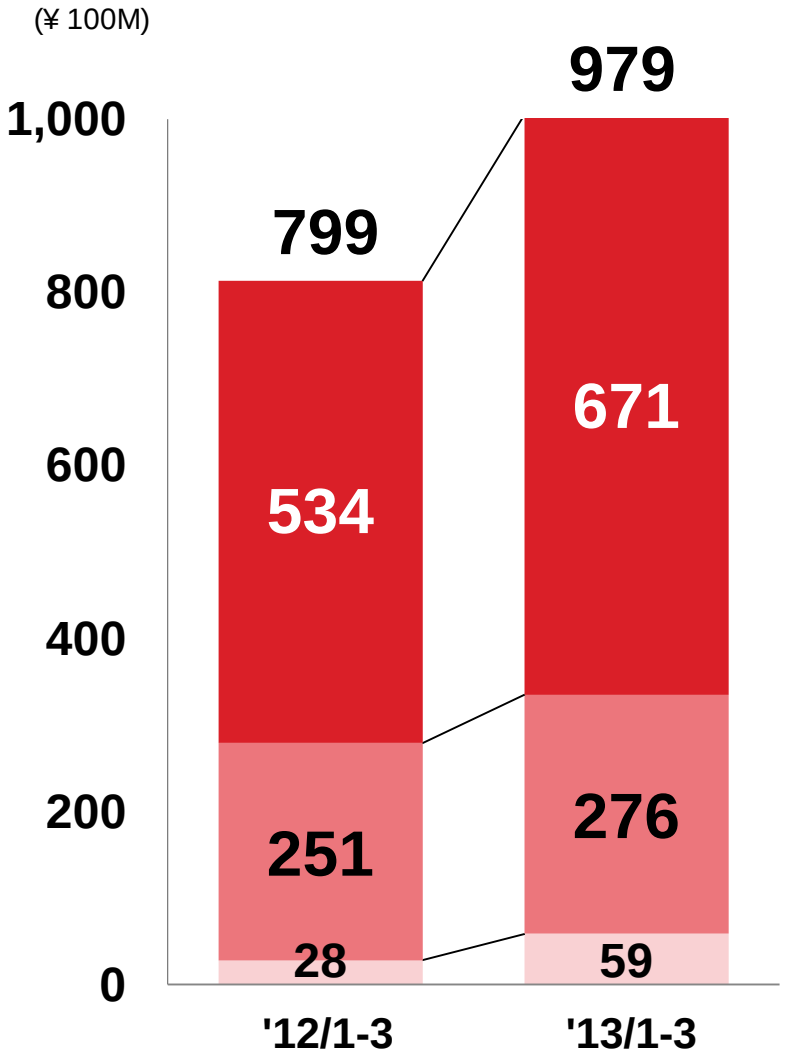
## Achieved Over 20% YoY Growth for the First Time Since FY2008-2Q






YAHOO! JAPAN

# Quarterly Revenue Breakdown




**Total +180 (¥100M)**
**+22.6%**

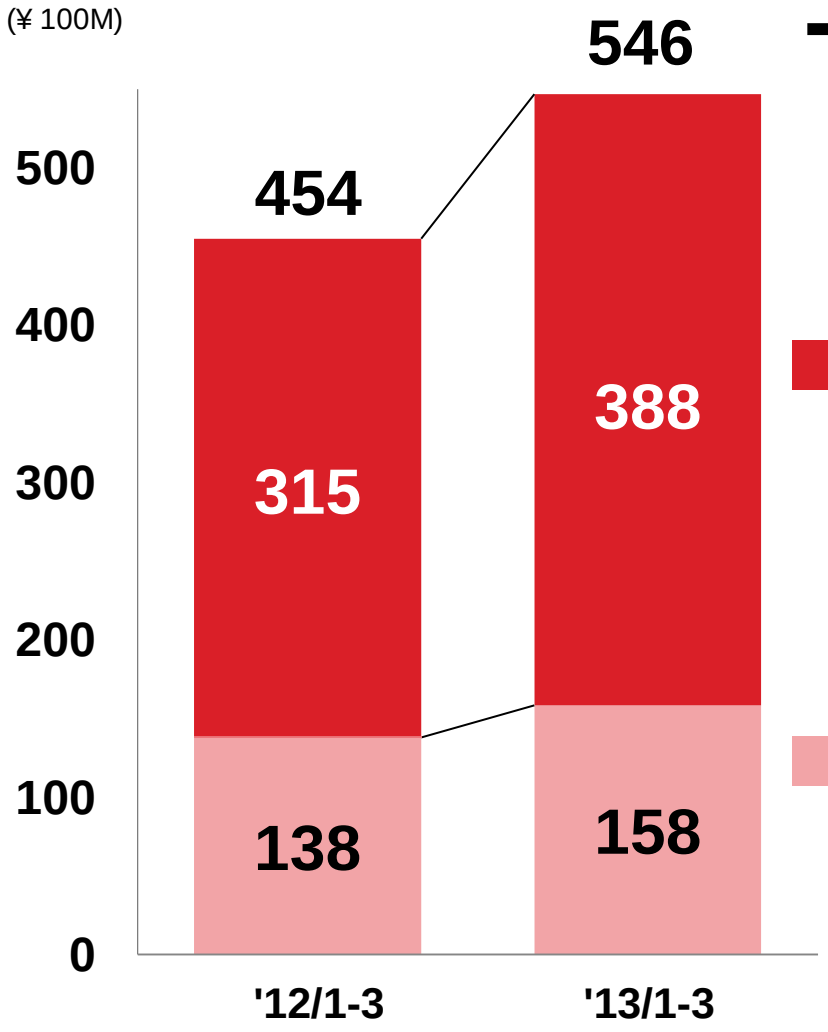
**Marketing Solutions Business +25.7%**
Advertising revenue was strong.

**Consumer Business +9.9%**
Yahoo! Premium membership revenue grew.
Pay digital content revenue increased.

**Other Business +111.9%**
Start of FX business


*Figures for Adjustments are not shown on the chart.

# Quarterly Advertising-related Revenue




**Total** **+92** **(¥100M)**

**+20.3%**

**Promotion advertising revenue**

**+22.8%**

- Smartphone advertising revenue rose substantially.
- “Yahoo! JAPAN Display Ad Network (YDN)” grew favorably.

**Premium advertising revenue**

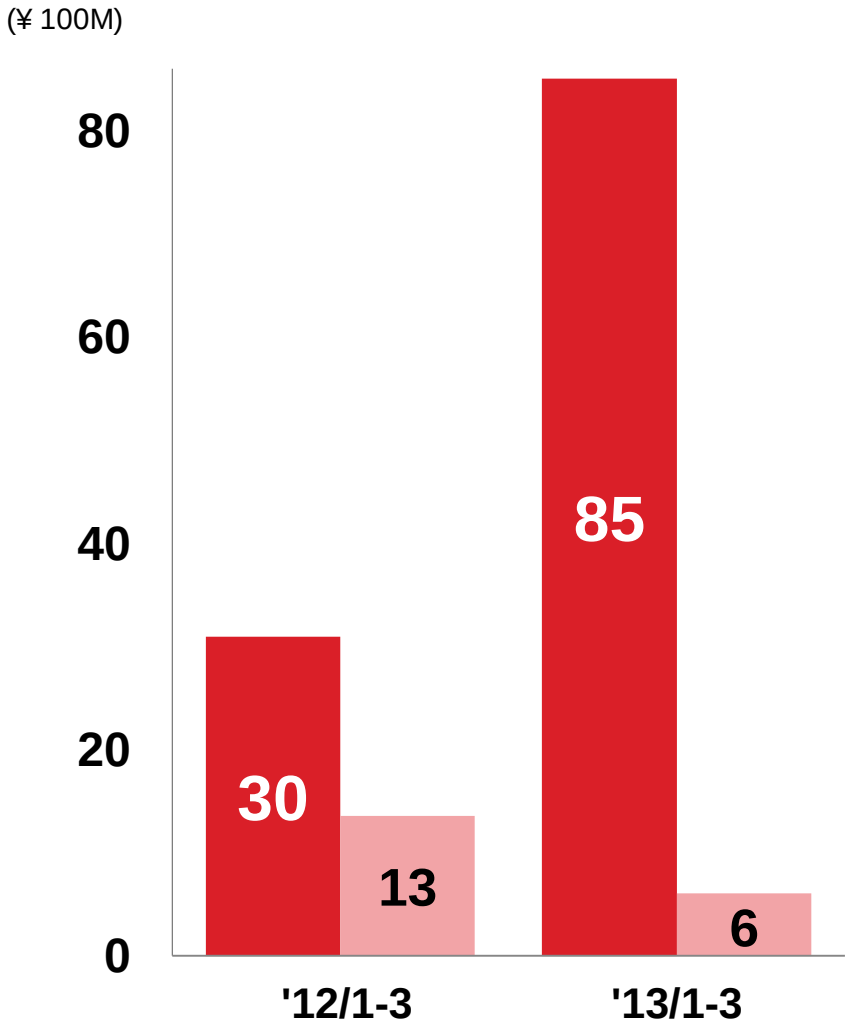
**+14.6%**

Revenue from “Brand Panel” rose substantially.



YAHOO! JAPAN

# Quarterly Advertising-related Revenue via Mobile Phones




**Smartphone advertising revenue**

**+54 (¥100M)**

**Smartphone advertising revenue ratio**

**6.8% → 15.6%**

*Smartphone advertising revenue includes some revenue via tablet devices.

**Feature phone advertising revenue**

**-7 (¥100M)**

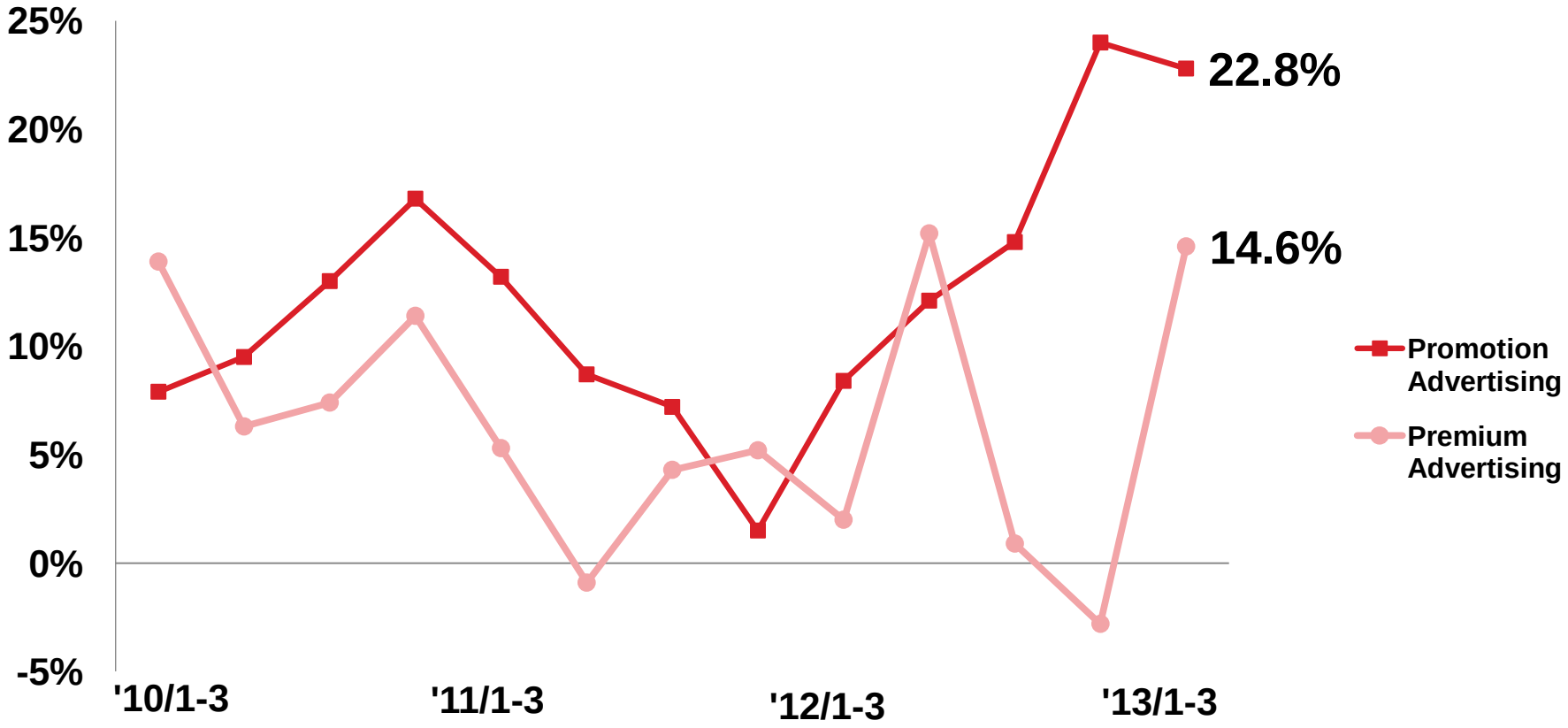
**Feature phone advertising revenue ratio**

**3.0% → 1.1%**

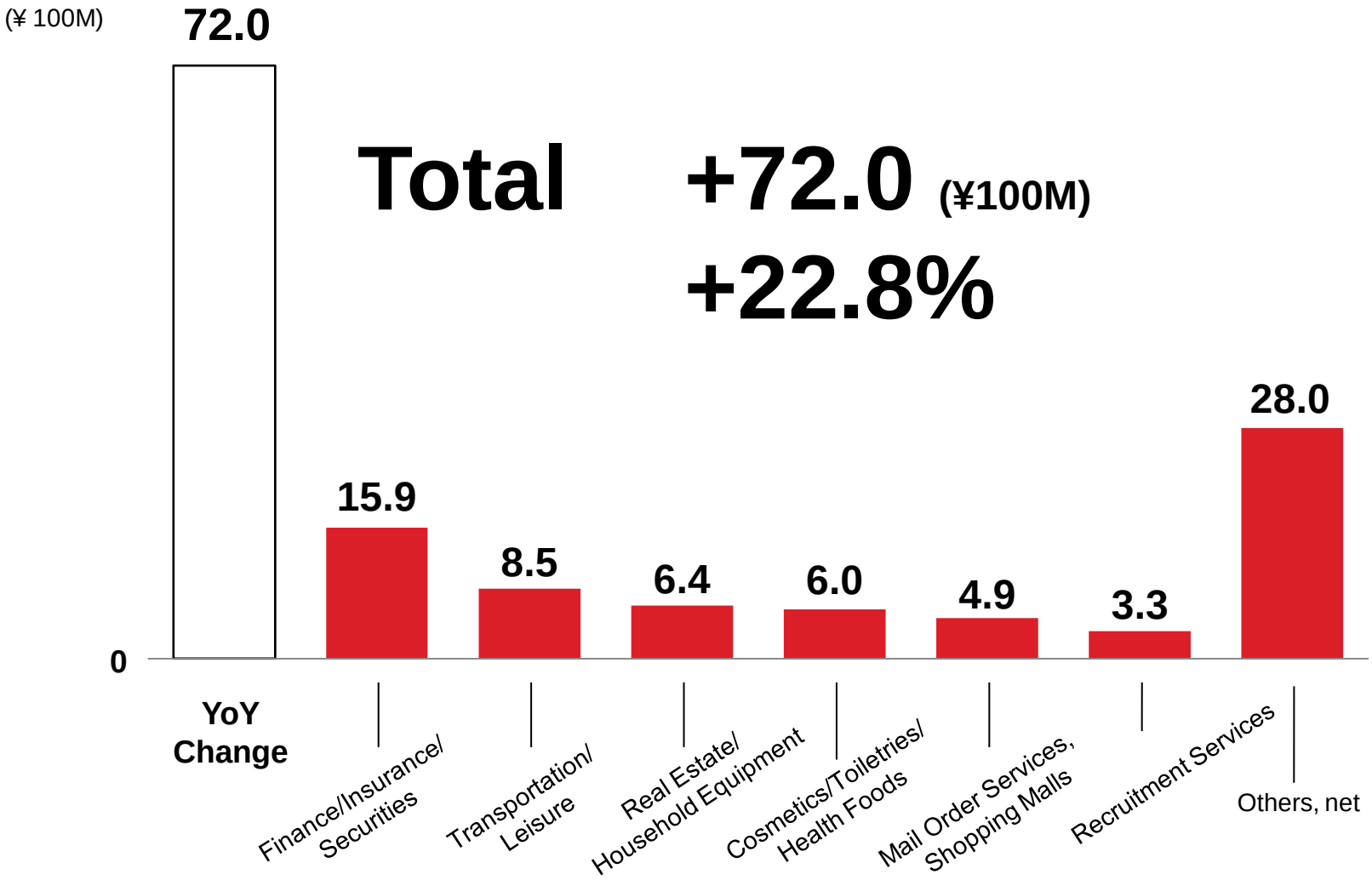


YAHOO! JAPAN

# Quarterly Advertising-related Revenue YoY Growth Trend



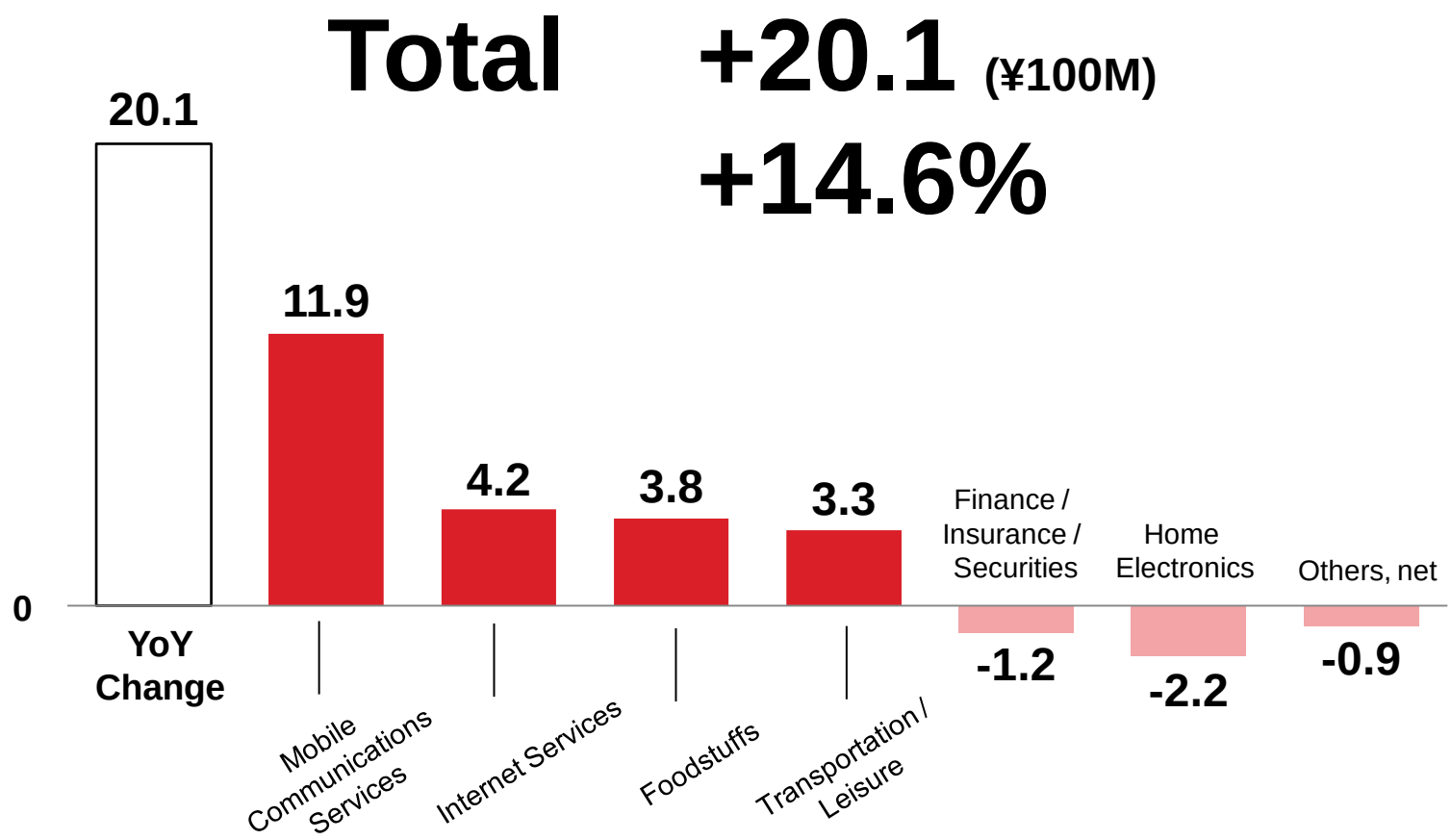
# YoY Change Contributors by Industry - Promotion Advertising Revenue




*The sum of changes by industry doesn't match the total YoY change because a portion of revenue is not categorized by industry.

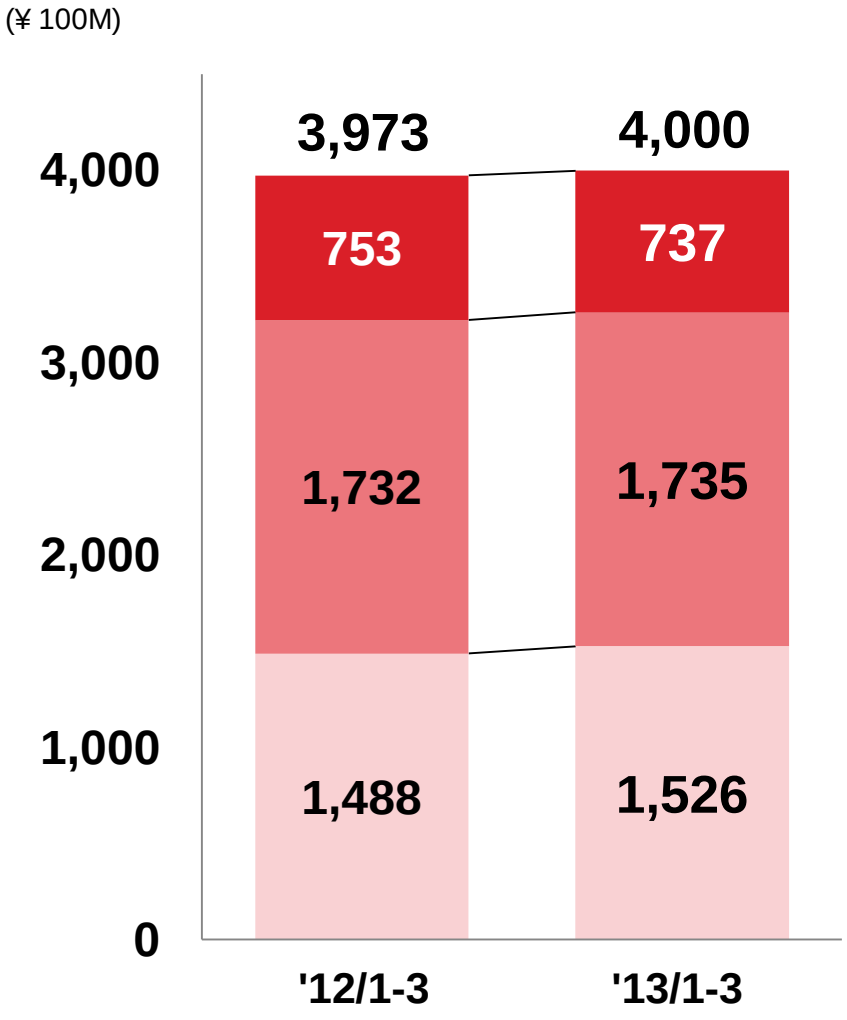
# YoY Change Contributors by Industry - Premium Advertising Revenue

(¥ 100M)




*The sum of changes by industry doesn't match the total YoY change because a portion of revenue is not categorized by industry.

# Quarterly e-commerce Transaction Value




**Total +26(¥100M)**

**+0.7%**

**Shopping-related -2.1%**

Decrease due to less promotion cost

**Auction-related +0.2%**

Transaction value was almost flat.

**Others +2.6%**

(Settlement/Financial services, pay digital content, etc.)

Transaction value of pay digital content increased.

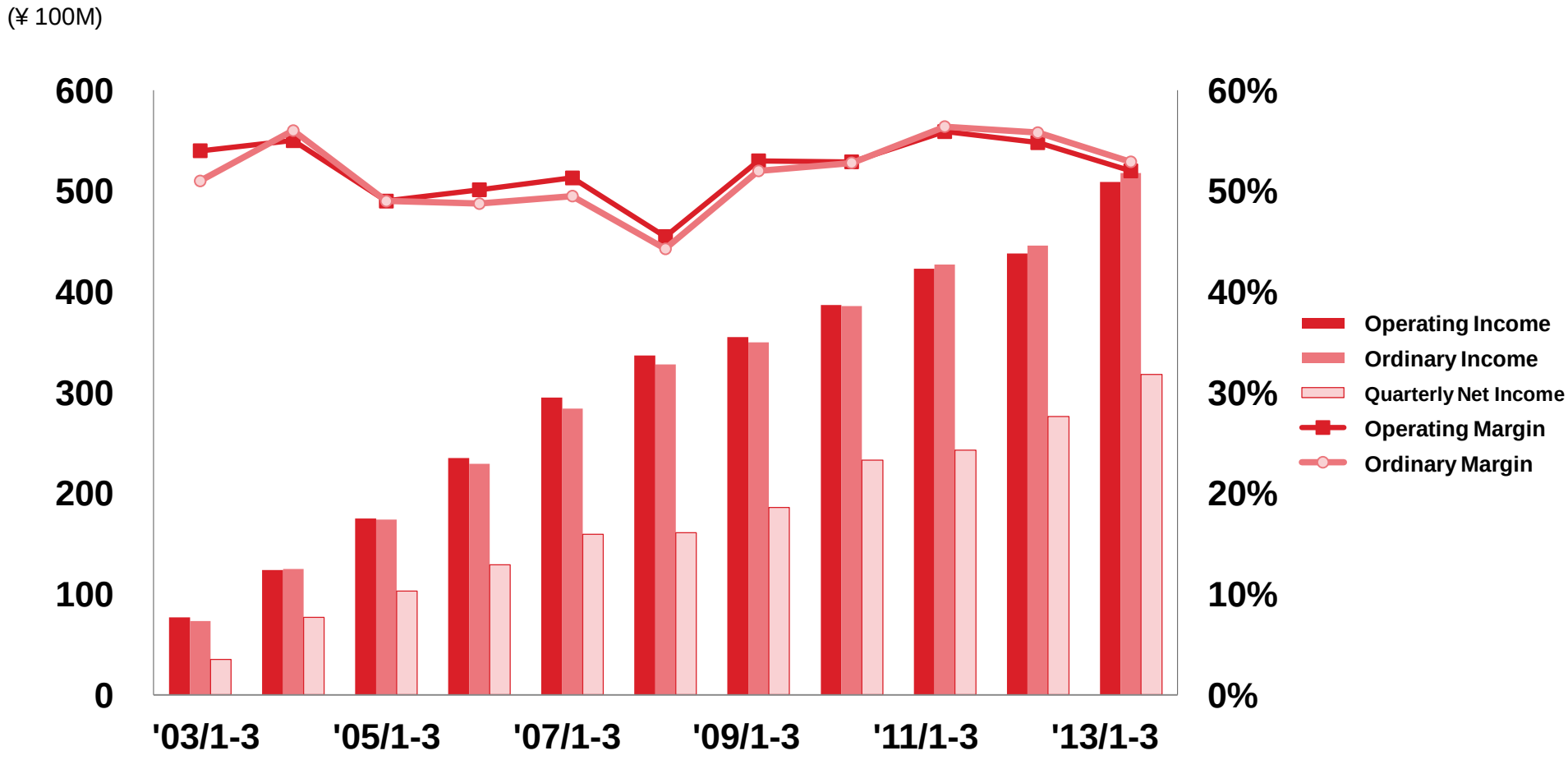
Yahoo! Wallet transaction value grew.

*Transaction value of FX business is not included.

Shopping-related and Auctions transaction value through Smartphones

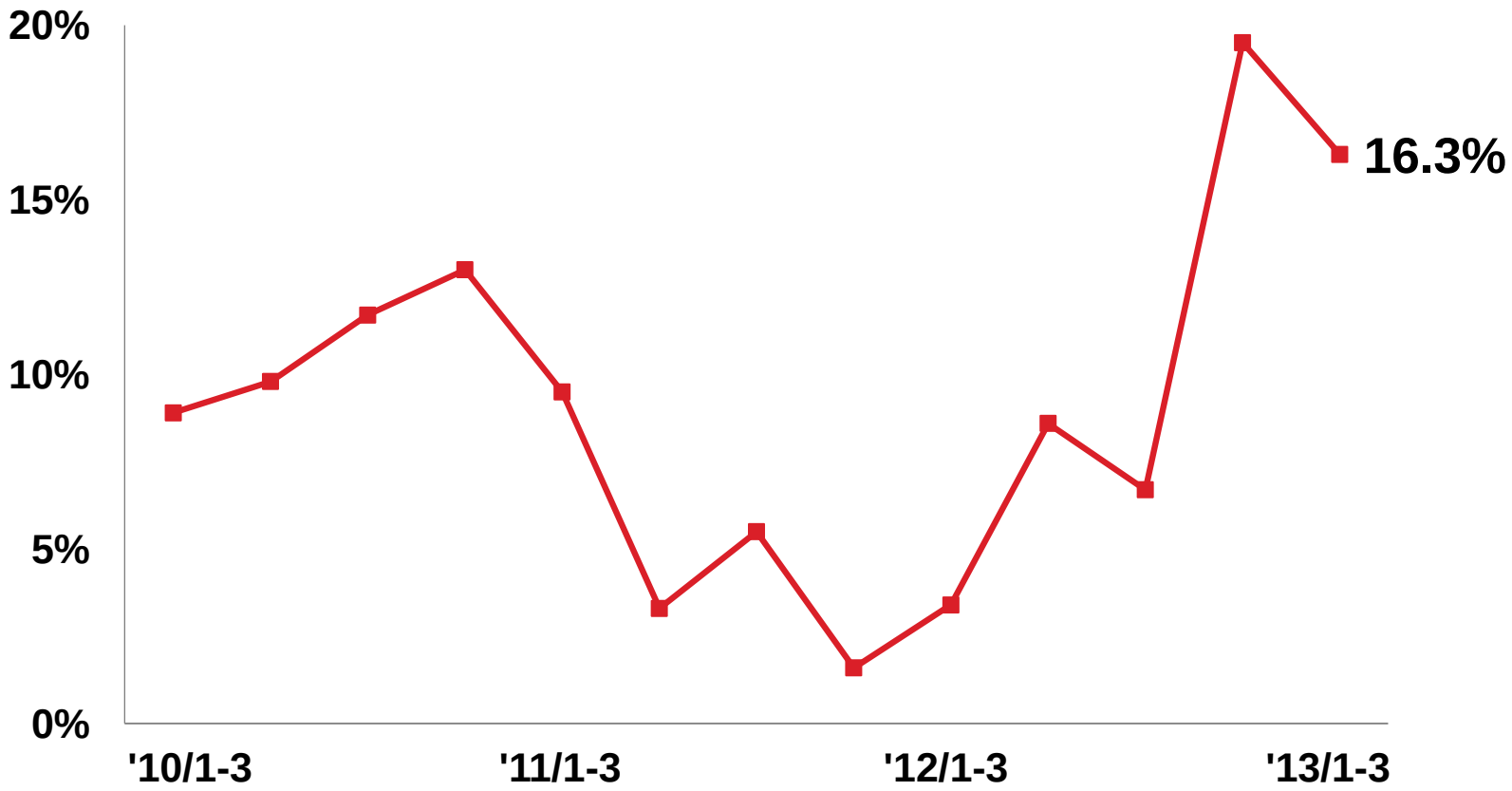
**16.0%→23.3%**

# Quarterly Profits




*Margins for '09/1-3 onward are affected by the change in the presentation basis for revenue from gross to net.

# Quarterly Operating Income YoY Growth Trend



# Review of FY2012 Business Outlook

**All figures exceeded the upper line of forecast range.**

(¥100M)

| | FY2012 Forecast (As of Jan. 29, 2013) | FY2012 Actual | YoY Change Contributors |
|---|---|---|---|
| Revenue | 3,322 - 3,382 | 3,429 | ・Advertising revenue grew favorably<br>・Consolidated subsidiaries revenue grew favorably |
| Operating Income | 1,793 - 1,817 | 1,863 | - |
| Ordinary Income | 1,813 - 1,838 | 1,886 | - |
| Net Income | 1,106 - 1,121 | 1,150 | - |



YAHOO! JAPAN

# FY2013-1st Half Business Outlook

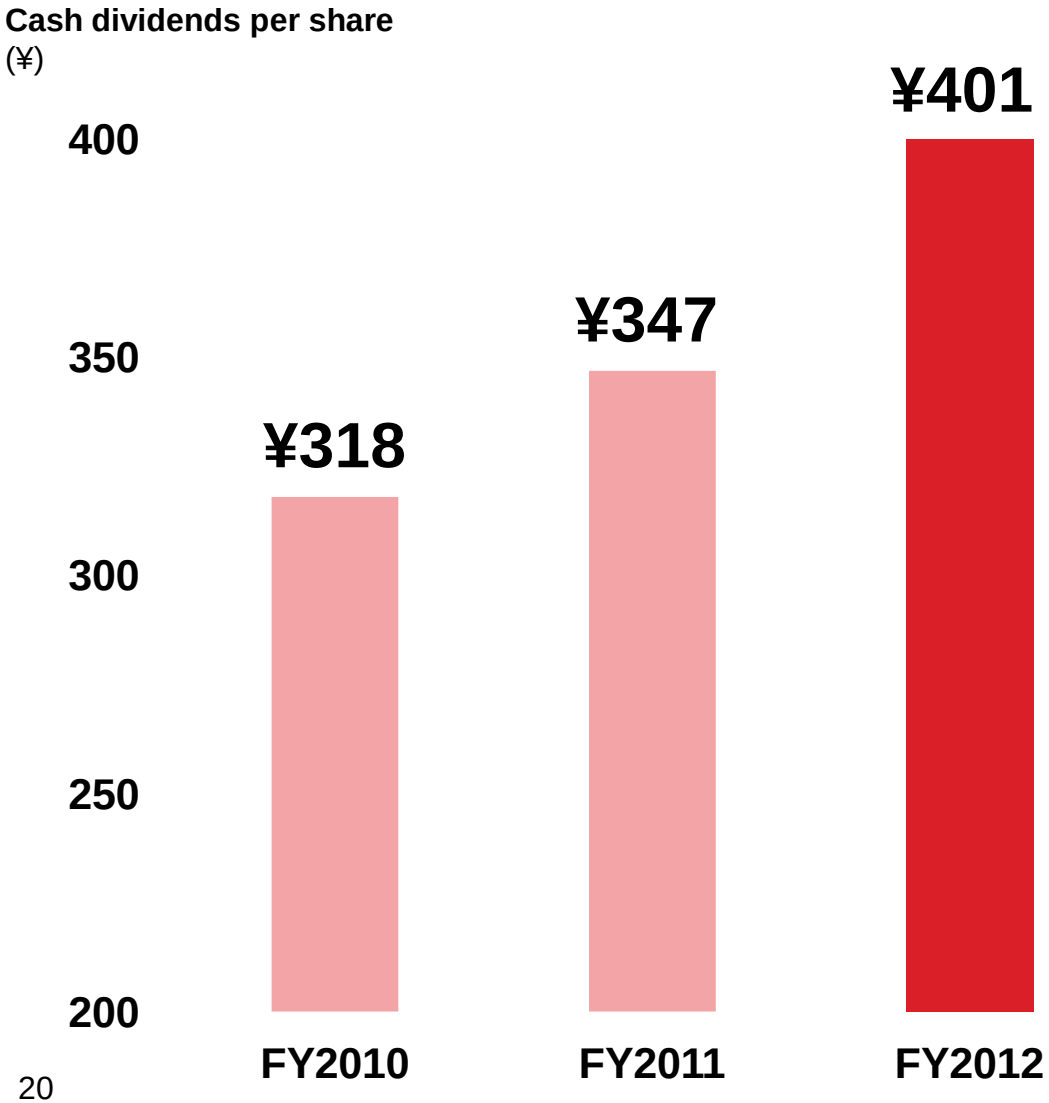
(¥100M)

| | 2012-1H (Actual) | 2013-1H (Forecast) | YOY Change | Change Contributors |
|---|---|---|---|---|
| Revenue | 1,563 | 1,800 | 15.1% | ・Advertising revenue expected to grow<br>・Revenue from Premium membership expected to increase<br>・New subsidiaries were added in FY 2012-2H |
| Operating Income | 854 | 920 | 7.7% | - |
| Ordinary Income | 867 | 922 | 6.3% | - |
| Half-year Net Income | 522 | 569 | 9.0% | ・Expenses incurred in FY 2012-1H, because of a data loss incident at a consolidated subsidiary Firstserver, Inc. |



YAHOO! JAPAN

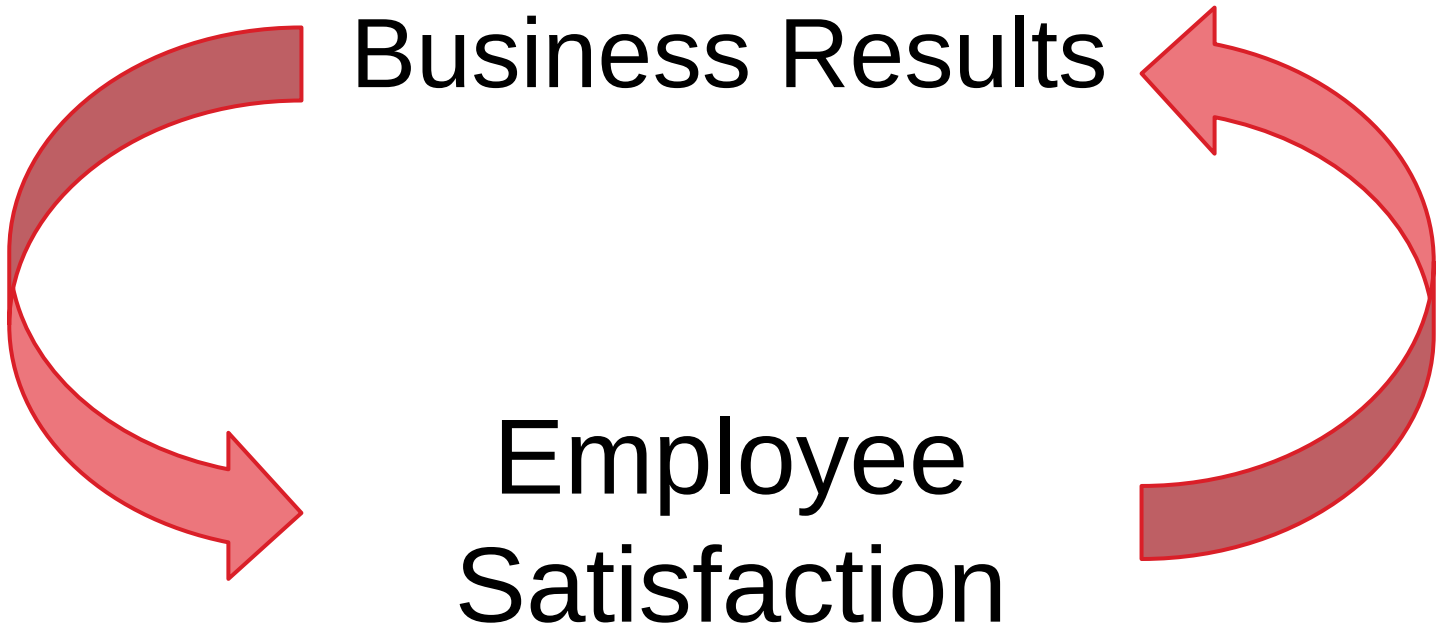
# Cash Dividends for FY2012




**Cash dividends per share grew 15.6% YoY**

The Company's dividend payout ratio continues to be approximately 20% of consolidated net income.

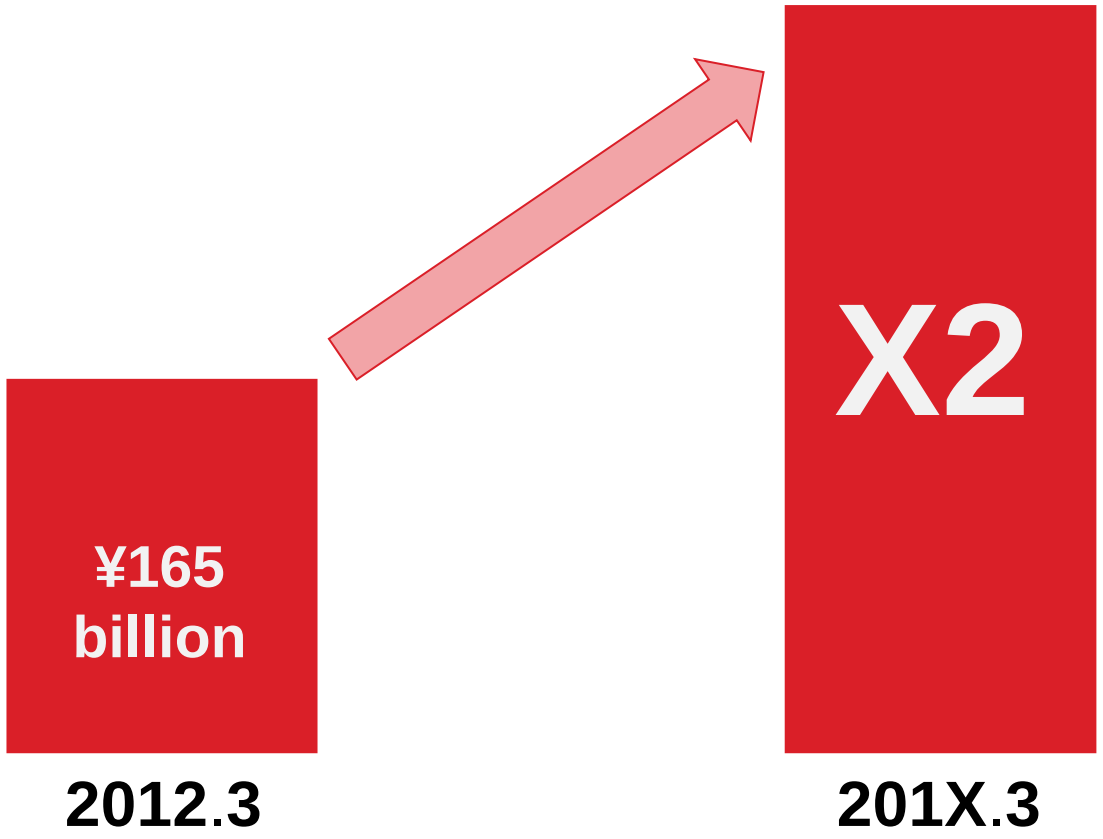
# Aim to Create a Virtuous Cycle of Good Business Results and Increase in Employee Satisfaction



# Companies with Happy Employees

- Increase in remuneration based on the growth in operating income per employee
- Working rules with flexibility
- Better environment for engineers in research and development
- Plans to open a cafe and a diner for employees

# Aim to Achieve Double-Digit YoY Growth in Operating Income
# =>Double Operating Income by FY ending 201X.3



# Measures to Re-accelerate Profit Growth

## ✓ Only 1 Strategy

**Aiming to become a portal site for “Only 1” services by brushing-up/ restructuring of own services and making alliances with external partners**

## ✓ The Most Powerful Tag Teams

**Seeking to strengthen services provision through collaborations with non-Internet businesses**

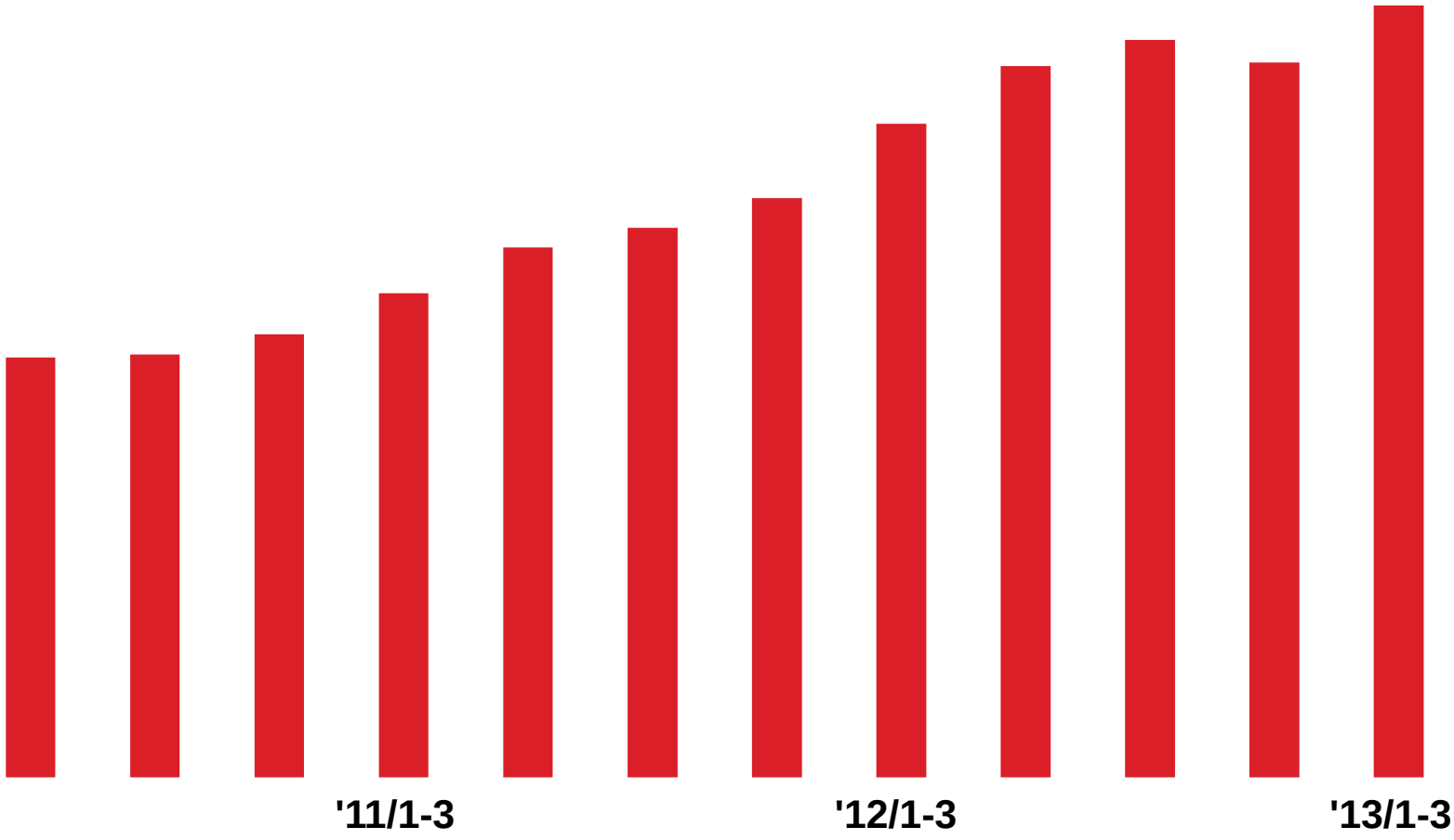
## ✓ Unexplored Frontier

**Planning to enter new business areas outside usual fields and operations**

# Only 1 Strategy

# Measures Taken for Top 20 Services

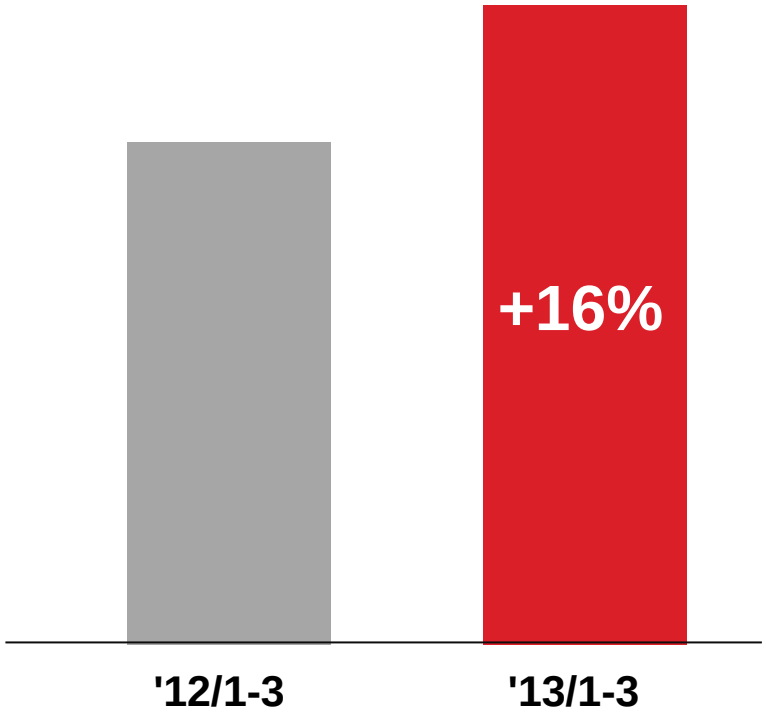
# Top 20 Services DUB* Trend




Source：Yahoo Japan Corporation

*DUB=Daily Unique Browsers

# **Promotion Advertising**:
Revenue from paid search advertising “Sponsored Search” continued to increase favorably




**Revenue from Sponsored Search**

YAHOO! JAPAN

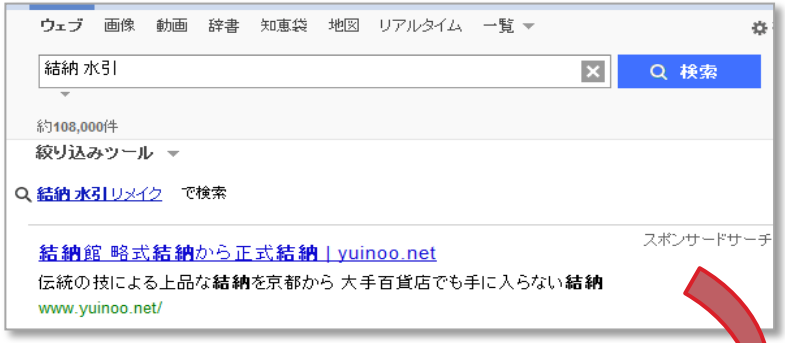
# Solution for Advertisers(1)
# ~A Hot Spring Inn in the Izu Region~

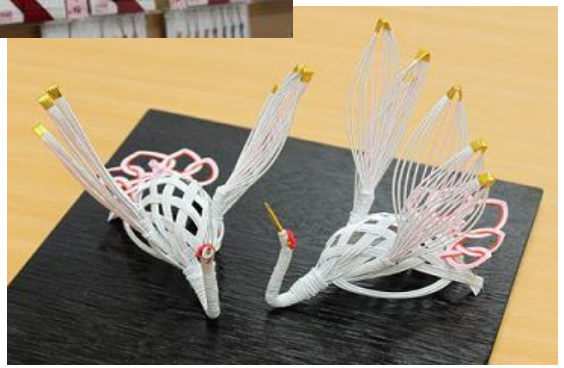
- Advertising of a hotel through Yahoo! JAPAN's promotion advertising service enabled users to search for and book rooms, and enabled advertisers to measure promotion effectiveness.
- Effectively operated the system by using "Assist plan".
- Currently, half of the new bookings of this hotel are obtained via Internet.

YAHOO! JAPAN

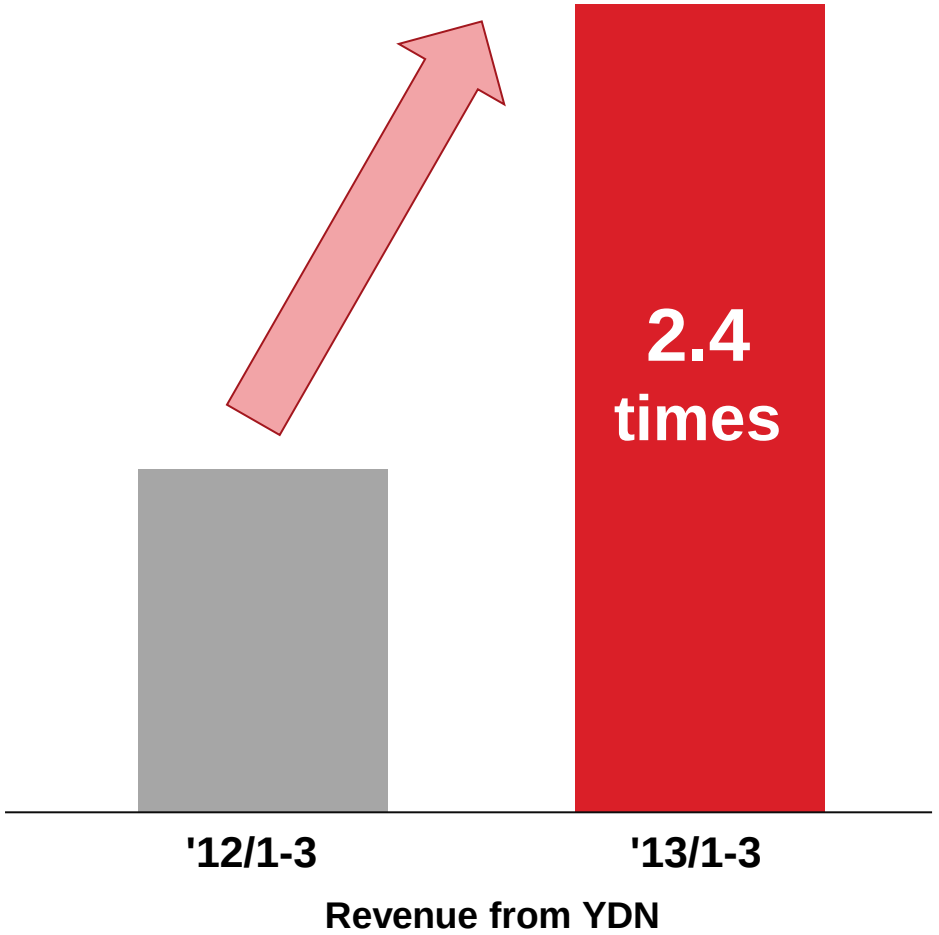
# Solution for Advertisers(2)
# ~A Kyo Mizuhiki Shop~

- Opened an on-line shop in order to continue manufacturing the traditional artistic work “Kyo Mizuhiki” (Kyoto-style Japanese decorative wrapping).
- Suspending the operation of promotion advertising for a while resulted in sales of the product decreasing by half.
- On the advice of Yahoo! JAPAN promotion advertising support center, the business achieved operation with adequately balanced cost and return.





# Revenue from “Yahoo! JAPAN Display Ad Network (YDN)” Jumped Up



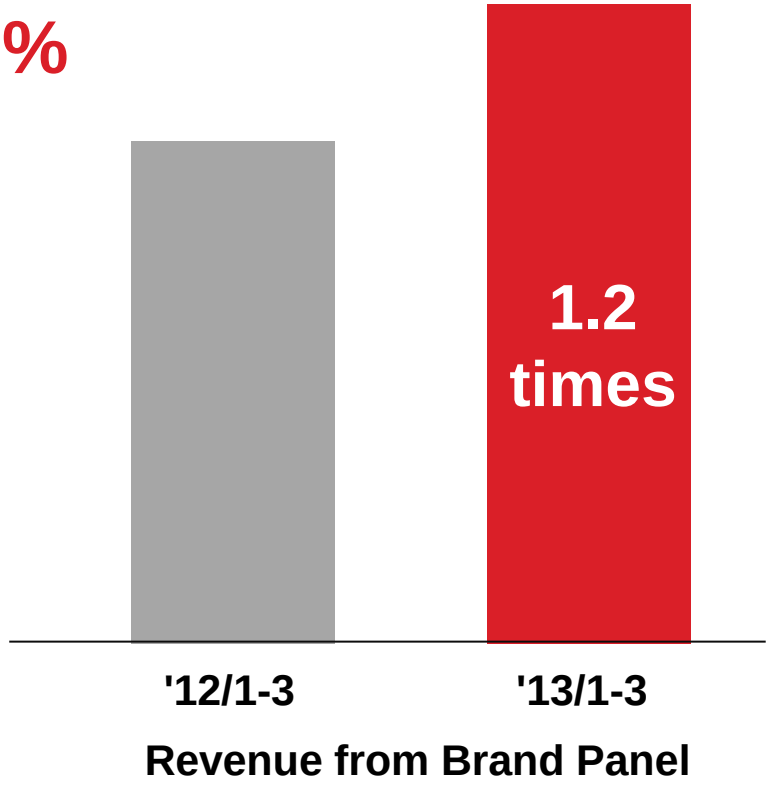
# Premium Advertising:
# Started Full-scale Sales of Rich Ad Products

# Revenue from “Brand Panel”, Lead Product of Premium Advertising, Surged

Revenue share of rich ad products in total “Brand Panel” revenue was **21%**

Unit price of rich ad products was **1.4** times that of normal banners

Revenue from normal banners also increased favorably



いつでも、どこでも、すべての人にリユースするワクワクを

# ヤフオク! “YAFUOKU!”

## Changed the name of the service from “Yahoo! Auction” to “YAFUOKU!”, to encourage users to re-use products

### Smartphone Application

Easy to list items with bar codes

### Purchasing Agents

Users can sell items to agents, rather than throwing them away

### Off-line Events

FUKUOKA ヤフオク!ドーム

At YAFUOKU! Dome, one can list items on YAFUOKU. Residents in Fukuoka can do it free of charge

# Yahoo! JAPAN Shopping Business

YAHOO! JAPAN Shopping

**Shopping mall platform for retail stores**

(Started to sell second-hand items)

LOHACO

**Daily necessities**

スマートキッチン

Smart Kitchen, Inc.

**Frozen and refrigerated food**



YAHOO! JAPAN

# Trying to Provide People with Life Solutions

Yahoo! JAPAN Start-up Page on March 11, 2013

Encourage people to recover from the Great East Japan Earthquake of 2 years ago

Many positive comments on SNS services

# Alliances at Ultimate Speed

NAVER まとめ

NAVER MATOME

CyberAgent FX

GREE

YAHOO! JAPAN

ドリパス

www.dreampass.jp

duda mobile

Benefit one

Mynet Inc.
the Internet, for your own



YAHOO! JAPAN

NAVER MATOME

YAHOO! JAPAN

List articles of “NAVER MATOME” in the search result pages

**Plan to start listing from early summer 2013**

**(Reference screen image)**

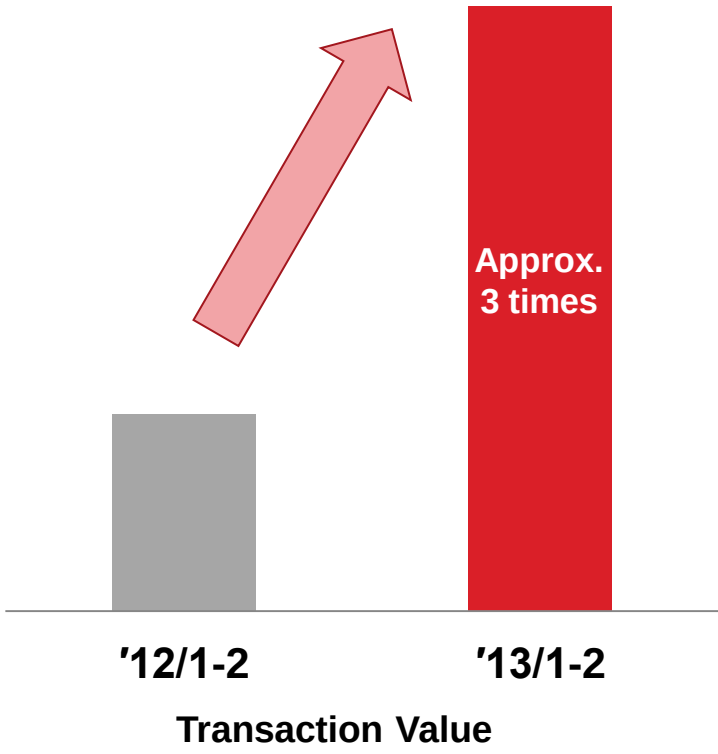
YAHOO! JAPAN

CyberAgent FX

YAHOO! JAPAN

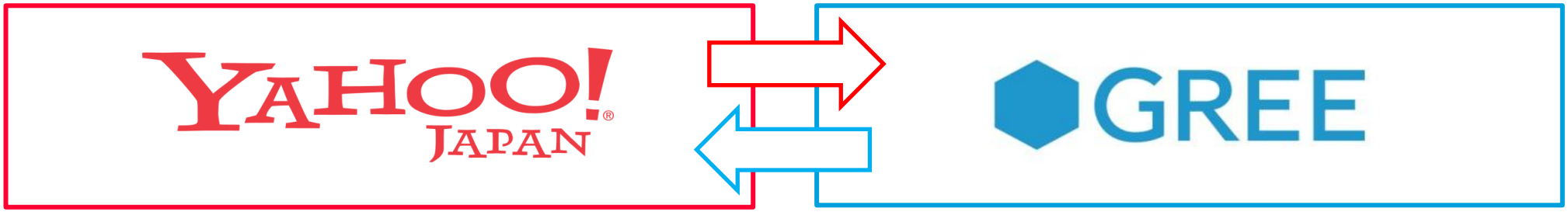
# Transaction Value Soared

- Users can open accounts and make transactions using Yahoo! JAPAN IDs.
- Offered various campaigns mainly to Yahoo! Premium members






YAHOO! JAPAN




# Established “GxYz, Inc.” on March 15 through joint investment

Create and offer attractive social games for smartphones

# The Most Powerful Tag Teams

# Strong Tag Team with SOFTBANK Group

SoftBank

**No.1 Smartphone Distributor**

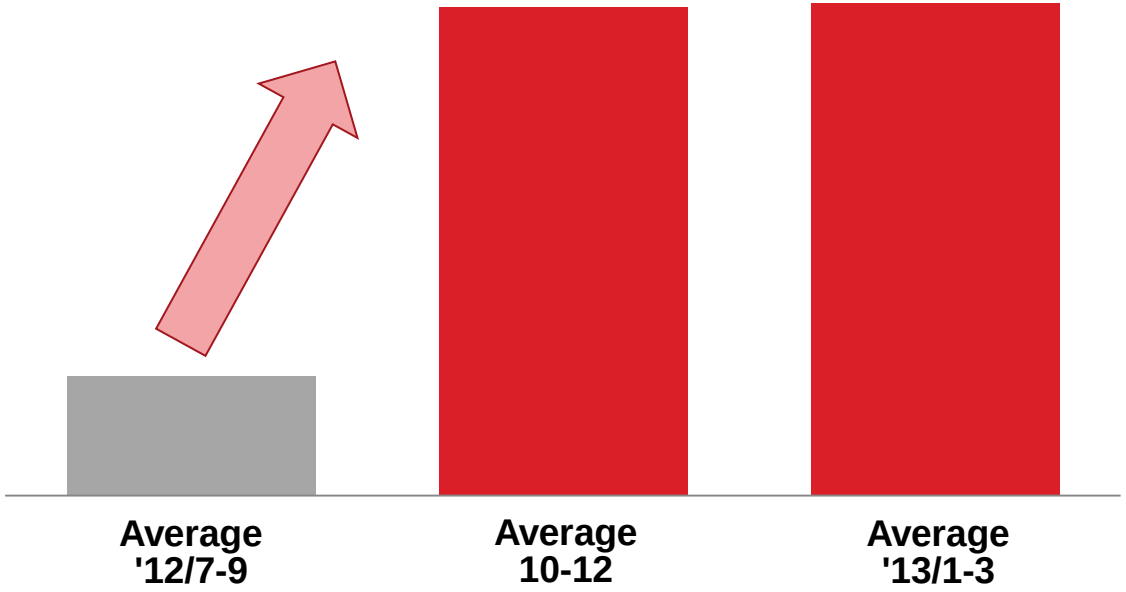
YAHOO! JAPAN

**No.1 Internet Services Company**

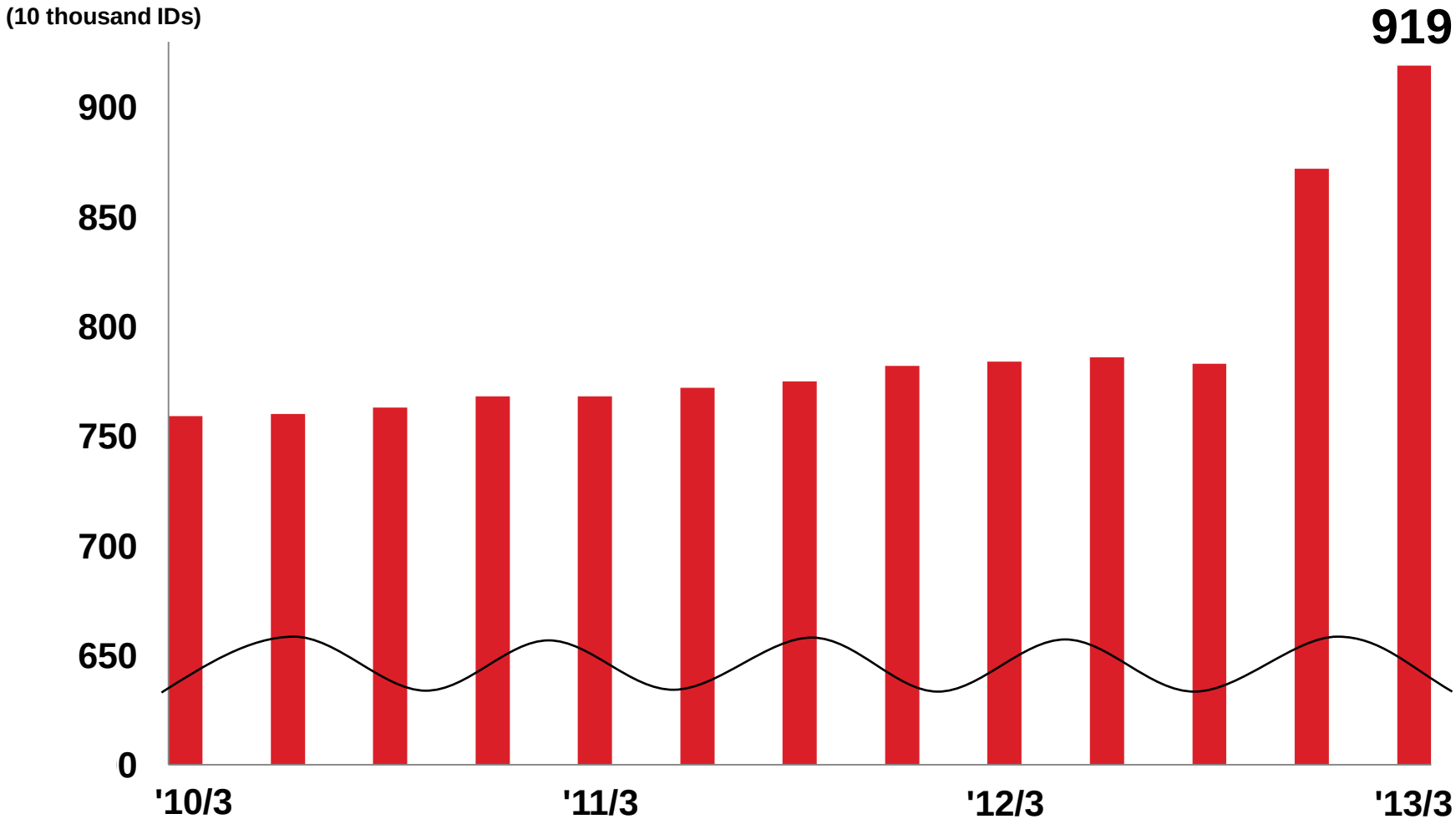
# Yahoo! Premium Member Acquisition at SoftBank Cell-phone Stores

Subscription via Softbank Mobile continues to be favorable.

Number of new subscribers is 4 times more than the period before the tie-up.



# Trend in the Number of Premium Members






YAHOO! JAPAN

# Effective Customer-Leads Platform

- A mass online-to-offline (O2O) marketing drive special promotion offered on Yahoo! JAPAN site will lead users to advertisers' real shops and stores.
- SOFTBANK TELECOM placed terminals for this platform in approx. 5,000 stores all over Japan.

# Examples of Effective Customer-Leads Platform

## Daily goods

Tie-up campaign of Aeon and frozen food manufacturers

## Durable goods

### Attract customers to showrooms

Daiwa House 大和ハウスグループ

Daiwa House Campaign:
First 3,000 visitors receive gift tickets equivalent to 3,000 yen.
“Hoping to see you at our showrooms all over Japan!”

### Attract customers to automobile dealer shops

NISSAN

Campaign to award 2,000 Nissan Yahoo! Points
(People over 18 years old can apply)

**Cultivate new marketing fields via Most Powerful Tag Team**



YAHOO! JAPAN

# Strong Tag Team with ASKUL

ASKUL

**No.1 Office Supply* Delivery Service**

YAHOO! JAPAN

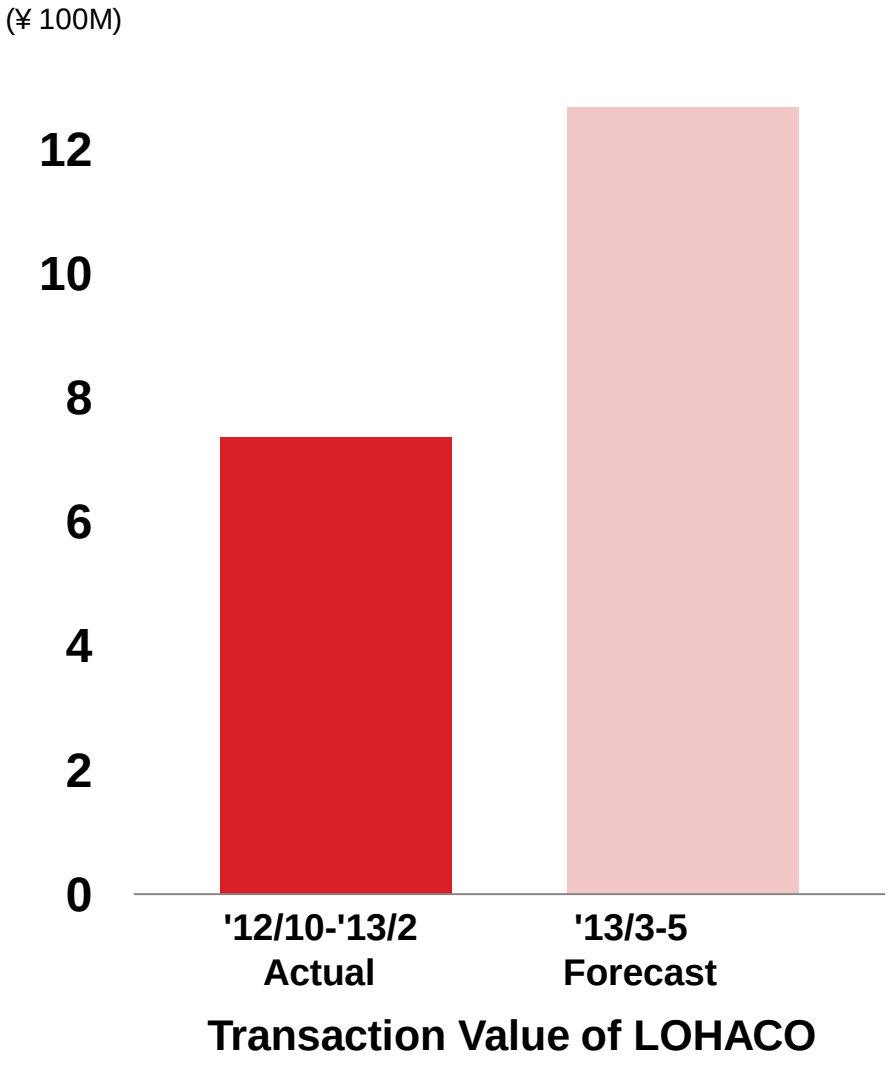
**No.1 Internet Services Company**

*Transaction value of Office Supply by Mail Order, July 2012, Yano Research Institute Ltd.

# “LOHACO”

Accumulated transaction value:
740 million yen
('12/10-'13/2)

Transaction value target
Changed to 2 billion yen
for the year ending May 2013.



# “LOHACO” Business Progress

☺User Satisfaction

→ Approx. 30% of customers became repeat customers in following 60 days.

Average unit price is as high as 5,000 yen.

☺Attracting Customers

→ Customer pull via Yahoo! JAPAN is favorable.

☺Delivery

→ Offering same day or next day free-of-charge delivery service with request of specific time of arrival, using the distribution network of ASKUL

# “LOHACO” Points for Improvement

## ☹Product Line-up

→ Preparing to increase the number of same day or next day deliverable items from 30,000 to 70,000

## ☹Pricing

→ Offer competitive pricing by campaigns or package products

## ☹Settlement

→ Various Settlement Methods

(Started “cash on delivery” service from March 11th)

# Strong Tag Team with LAWSON

LAWSON

YAHOO! JAPAN

⇒ スマートキッチン

**Started full range services of Smart Kitchen, Inc.**

# Smart Kitchen

## Delivery of Food (Refrigerated & Frozen) and Commodities

- Collaborate with partners, such as ABC Cooking Studio, DAICHI WO MAMORU KAI, and Tanita Shokudo, to produce original products.
- Offer various promotion campaigns.

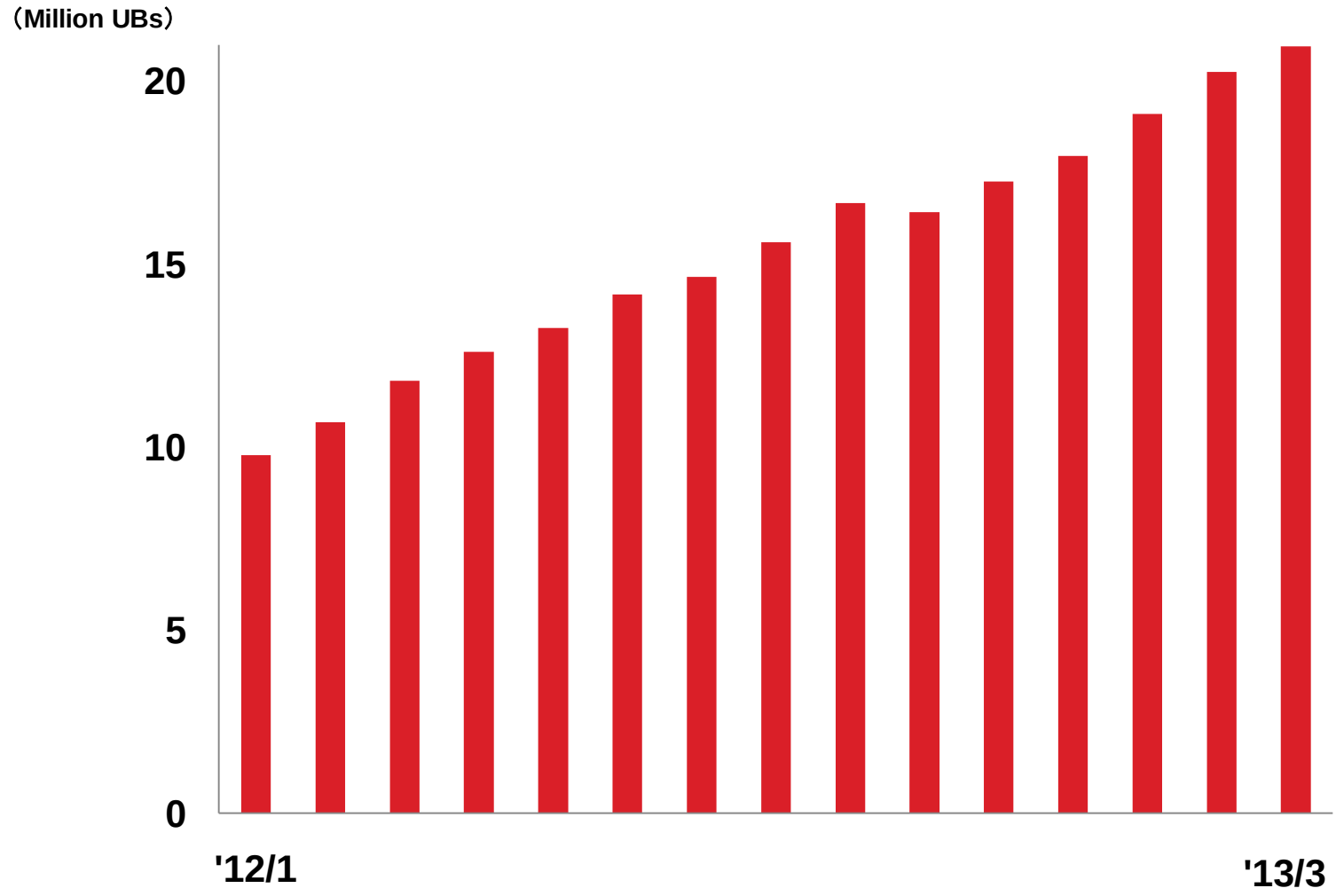
## Grand Opening on March 21st



YAHOO! JAPAN

# Progress with Smartphone Growth Initiatives

# Smartphones DUB* Trend




Source：Yahoo Japan Corporation

*DUB=Daily Unique Browsers

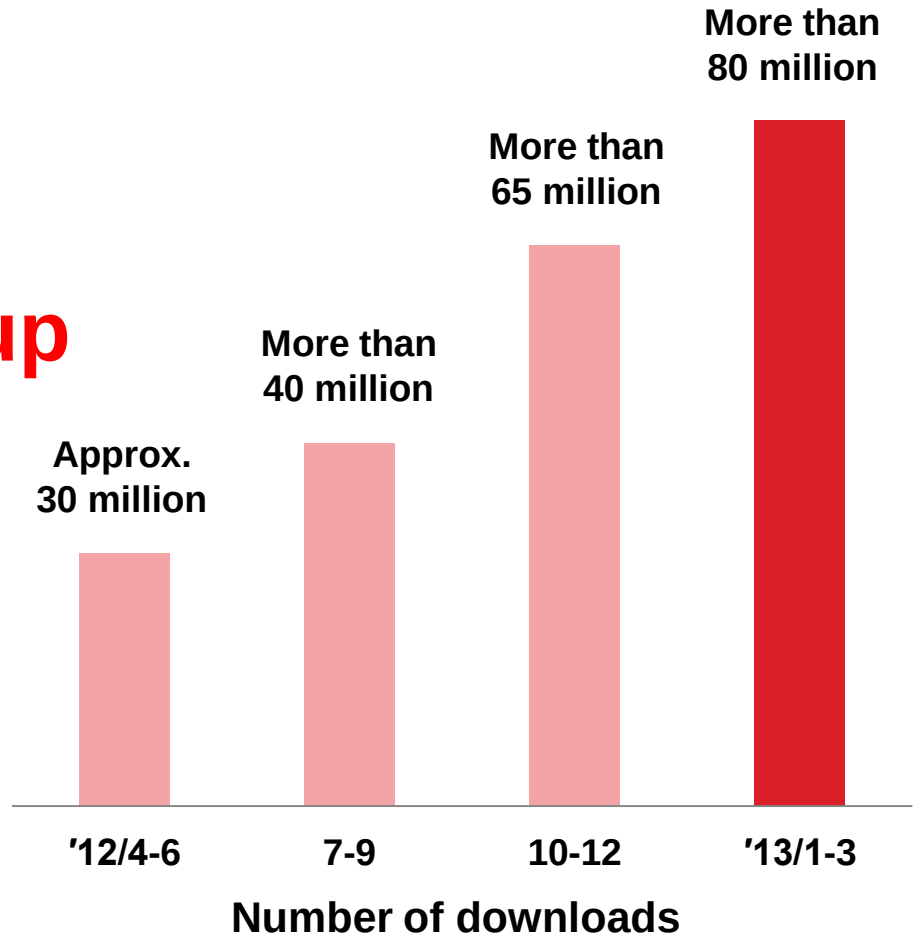
# Cumulative Number of Yahoo! JAPAN Applications Downloaded

## iOS+Android

## Cumulative downloads:

## Approx. 80 million and up

Applications for iOS・Android



# “Yahoo! JAPAN” Smartphone App Fully Renewed

- Design was fully renewed on Feb. 25th.
- Downloaded million times in one month after the release
- Ranked as number one free application in Apple Japan App Store on March 19th
- Number of users is increasing favorably.



YAHOO! JAPAN

# “PassMarket”

Social Ticketing Platform enables event announcement, ticket sales, and ticket-holder reception management to be carried out easily.

With a low introduction cost, it is easy to announce the event on SNS and manage ticket-holder reception, meanwhile preventing re-sale of tickets.

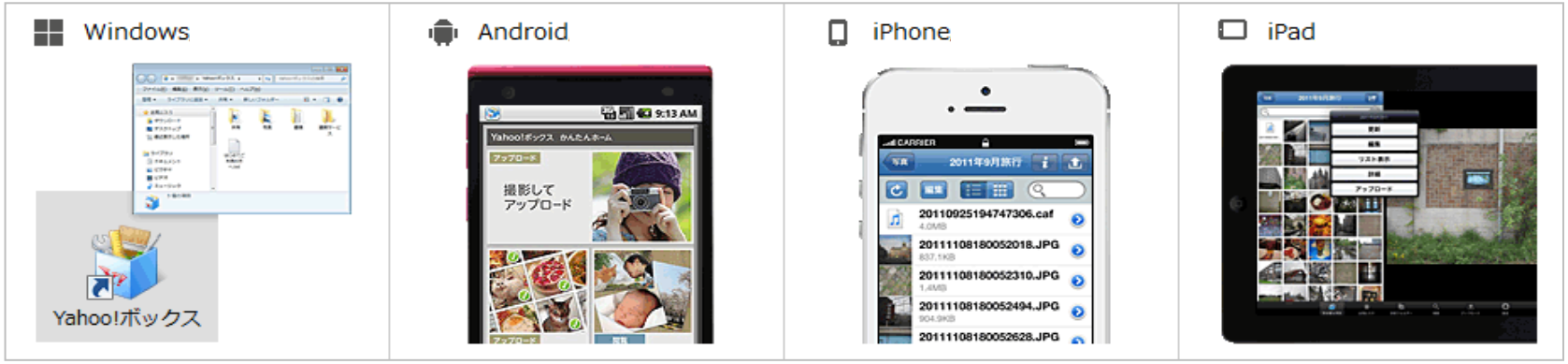
YAHOO! JAPAN

# “Yahoo! Box”

## Number of Users Exceeded 10 Million

・Service to save and view various data including video clips and photos via PCs and smartphones

・Started to offer paid service to add additional 100 GB storage space, and released application for Mackintosh PCs



# Duda Mobile

## Tied-up with a company with technology to convert PC sites instantaneously into smartphone optimized sites

・Check contents
・Conversion

Max. 1 minute

**1) Input URL of PC sites**

**2) Create smartphone optimized sites**

**3) Adjust interface and add some functions**



YAHOO! JAPAN

# “Smartphone Site Builder”

duda mobile

YAHOO! JAPAN

⇒

Smartphone Site Builder

Plan to offer “Smartphone Site Builder” to advertisers* free of charge

(Started offering on April 24th)

* Limited to advertisers who spend more than 10 thousand yen per month



YAHOO! JAPAN

# Tie-up with User Local Inc.

- Offer “Yahoo! Access Analysis” to advertisers for free of charge*.

  * Advertisers have to be “Yahoo! Tag Manger” users.

- Advertisers can analyze the viewers’ demographics.
- The system is specially strong on analysis for smartphones.

# Efforts to Offer Efficient Tools to Advertisers for Smartphones

Smartphone Site Builder

Create smartphone sites

Yahoo! Tag Manager

Enable to manage PC and Smartphone sites with one tag

Yahoo! Access Analysis

Analyze access data

# “KAKAO TALK”

## Achieved 10 Million Downloads in Japan (March 24)

YAHOO! JAPAN

# Growth Strategies and Progress - Summary

| | Only 1 Strategy | The Most Powerful Tag Teams | Unexplored Frontier |
|---|---|---|---|
| Advertising | Y! Promotion Advertising<br>Y! Premium Advertising | SoftBank<br>(O2O promotion services) | YJ Capital<br>Project DEJIMA<br>Bharti Group (India) |
| e-commerce/ Membership services | ヤフオク!<br>Y! Shopping<br>Y! Premium<br>Benefit one | LAWSON<br>SoftBank<br>ASKUL | |
| Others | CyberAgent FX<br>GREE GyaO!<br>NAVER まとめ | CCC<br>Culture Convenience Club Co., Ltd. | 復興デパートメント<br>FUKKO DEPARTMENT |

| Smartphone Growth Initiatives |
|---|
| スマートキッチン |
| Y! |
| Y! |
| DECO PIC |
| KAKAO TALK |
| GREE |
| くらしをかるくする LOHACO |
| PassMarket |
| スマホサイトビルダー presented by Yahoo! JAPAN |

# Security Enhancement after the Illegal Access of Yahoo! JAPAN in April

1. Tighten authorization process for servers
2. Strengthen countermeasures for malware
3. Manage logs strictly
4. Educate employees to focus on security issues



YAHOO! JAPAN

# Supplemental Information

# Table of Contents


P. 68 FY2012 Business Results

P. 73 Quarterly Business Results

P. 84 Quarterly Business Data

P. 86 Organization, Personnel and Affiliated Companies

# FY2012 Statements of Income

| | FY2011 | FY2012 | Change |
|---|---|---|---|
| Revenue (¥100M) | 3,020 | 3,429 | 13.5 % |
| Cost of Sales (¥100M) | 280 | 363 | 29.8 % |
| Gross Profit (¥100M) | 2,740 | 3,065 | 11.9 % |
| SG&A (¥100M) | 1,090 | 1,202 | 10.3 % |
| Operating Income (¥100M) | 1,650 | 1,863 | 12.9 % |
| Ordinary Income (¥100M) | 1,673 | 1,886 | 12.8 % |
| Net Income (¥100M) | 1,005 | 1,150 | 14.4 % |
| Fully Diluted EPS (¥) | 1,733 | 1,984 | 14.5 % |
| Number of Shares Assuming Full Dilution (10 thousand) * | 5,800 | 5,797 | -0.1 % |

* Number of Shares Assuming Full Dilution excludes treasury stocks.



YAHOO! JAPAN

# FY2012 Annual Performance Breakdown by Business Segment

(¥ 100M)

| | Revenue | Revenue Breakdown | | Cost of Sales | SG&A | Operating Income | Ordinary Income | Operating Margin | Ordinary Margin |
|---|---|---|---|---|---|---|---|---|---|
| Marketing Solutions Business | 2,315 | Advertising-related<br>Corporate services, etc.<br>Information listing<br>e-commerce-related | 1,867<br>300<br>126<br>21 | 389 | 664 | 1,261 | 1,266 | 54.5% | 54.7% |
| Consumer Business | 1,060 | e-commerce-related<br>Membership services<br>Advertising-related<br>Others | 558<br>400<br>41<br>60 | 11 | 267 | 782 | 790 | 73.7% | 74.5% |
| Others | 152 | Settlement and Finance<br>Others | 104<br>48 | 16 | 88 | 47 | 47 | 31.2% | 31.0% |
| Adjustments | -99 | | | -53 | 182 | -228 | -217 | - | - |
| Total | 3,429 | | | 363 | 1,202 | 1,863 | 1,866 | 54.3% | 55.0% |



YAHOO! JAPAN

# Annual SG&A Breakdown

(¥ 100M)

| | FY2011 | FY2012 | Composition Ratio | Change |
|---|---|---|---|---|
| Personnel Expenses | 332 | 392 | 32.6% | 18.0% |
| Business Commissions | 145 | 143 | 11.9% | -1.6% |
| Sales Promotion Costs | 116 | 108 | 9.0% | -6.7% |
| Depreciation Expenses | 92 | 102 | 8.5% | 10.9% |
| Royalties | 87 | 99 | 8.3% | 14.0% |
| Lease and Utility Expenses | 68 | 72 | 6.0% | 6.1% |
| Content Provider Fees | 63 | 69 | 5.8% | 9.5% |
| Communication Charges | 59 | 63 | 5.3% | 5.6% |
| Sales Commissions | 47 | 51 | 4.2% | 7.4% |
| Administrative and Maintenance Expenses | 22 | 25 | 2.1% | 12.9% |
| Taxes and Public Dues | 14 | 17 | 1.5% | 27.0% |
| Advertising Costs | 12 | 16 | 1.4% | 30.0% |
| Amortization of Goodwill | 4 | 12 | 1.1% | 173.8% |
| License Fees | 5 | 7 | 0.6% | 33.5% |
| Others | 17 | 20 | 1.7% | 14.3% |
| SG&A Total | 1,090 | 1,202 | 100.0% | 10.3% |

**Major Factors for YoY Changes**

- Personnel Expenses: Number of employees reached 5,780, up 656 persons (12.8%)
- Business Commissions: Sales promotion costs related to Yahoo! Points decreased
- Depreciation Expenses: Data centers running into operation, expansion accompanying purchase of servers and network-related devices, increase in intangible fixed assets from acquisition of shares of CyberAgent FX, Inc.
- Royalties: Increase in revenue
- Amortization of Goodwill: Acquisition of shares of CyberAgent FX, Inc., ValueCommerce Co., Ltd., etc.



YAHOO! JAPAN

# FY2012 Balance Sheets

(¥ 100M)

| Major Items | End of FY2011 (2012/3/31) | End of FY2012 (2013/3/31) | Increase/ Decrease | Major Factors for Increase/Decrease |
|---|---|---|---|---|
| ＜Assets＞ | | | | |
| Current Assets | 4,570 | 5,761 | 1,190 | Increase in cash from operating activities and collection of receivables from sales of shares of BB Mobile Corp. |
| Cash and Cash Equivalents | 2,572 | 4,140 | 1,568 | |
| Notes and Accounts Receivable - Trade | 452 | 559 | 107 | |
| Notes and Accounts Receivable - Other | 1,246 | 23 | -1,222 | Collection of receivables related to sales of shares of BB Mobile Corp. |
| Foreign Exchange Dealings Cash Segregated as Deposits for Customers | - | 684 | 684 | Consolidation of CyberAgent FX, Inc. |
| Fixed Assets | 1,050 | 1,672 | 621 | |
| Tangible Fixed Assets | 345 | 451 | 106 | |
| Intangible Fixed Assets | 120 | 288 | 167 | |
| Investment Securities | 427 | 809 | 381 | Acquisition of shares of ASKUL Corporation |
| Total Assets | 5,620 | 7,433 | 1,812 | |
| ＜Liabilities＞ | | | | |
| Current Liabilities | 909 | 1,890 | 981 | |
| Accounts Payable - Other | 169 | 216 | 47 | |
| Income Taxes Payable | 347 | 422 | 74 | |
| Foreign Exchange Dealings Deposits from Customers | - | 724 | 724 | Consolidation of CyberAgent FX, Inc. |
| Long-term Liabilities | 27 | 29 | 2 | |
| Total Liabilities | 937 | 1,920 | 983 | |
| <Net Assets> | | | | |
| Shareholders' Equity | 4,636 | 5,388 | 751 | |
| Common Stock | 79 | 80 | 0 | |
| Capital Surplus | 30 | 31 | 0 | |
| Retained Earnings | 4,582 | 5,280 | 697 | Increase in net income |
| Accumulated Other Comprehensive Income | 15 | 45 | 30 | |
| Minority Interests | 23 | 72 | 48 | |
| Total Net Assets | 4,683 | 5,512 | 829 | |
| Total Liabilities and Net Assets | 5,620 | 7,433 | 1,812 | |



YAHOO! JAPAN

# FY2012 Cash Flow Statements

| Major Items | FY2012 (Apr. 2012 - Mar. 2013) | Major Factors for Changes (¥ 100M) |
|---|---|---|
| **Operating Activities** | **1,393** | |
| Net Income before Income Taxes | 1,874 | Increase in net income before income taxes |
| Depreciation Expenses | 121 | |
| Accounts Receivable and Payable -Trade | -48 | |
| Other Current Assets/Liabilities | 124 | |
| Payment of Income Taxes and Other Taxes | -675 | |
| **Investing Activities** | **514** | |
| Acquisition of Tangible Fixed Assets | -159 | |
| Acquisition of Intangible Fixed Assets | -23 | Collection of receivables related to sales of shares of BB Mobile Corp. |
| Acquisition and Sales of Investment Securities | 830 | |
| Acquisition of Shares of Subsidiaries | -165 | Acquisition of shares of CyberAgent FX, Inc., Carview Corporation, Crocos, Inc., etc. |
| **Financing Activities** | **-401** | Acquisition of own shares and payment of dividends |
| **Net Change in Cash Flows** | **1,509** | |



YAHOO! JAPAN

# FY2012-4Q Statements of Income

| | 2011-4Q | 2012-4Q | Change |
|---|---|---|---|
| Revenue (¥100M) | 799 | 979 | 22.6 % |
| Cost of Sales (¥100M) | 71 | 119 | 67.5 % |
| Gross Profit (¥100M) | 727 | 859 | 18.2 % |
| SG&A (¥100M) | 289 | 350 | 21.1 % |
| Operating Income (¥100M) | 438 | 509 | 16.3 % |
| Ordinary Income (¥100M) | 446 | 518 | 16.2 % |
| Quarterly Net Income (¥100M) | 276 | 318 | 15.4 % |
| Fully Diluted EPS (¥) | 475 | 550 | 15.7 % |
| Number of Shares Assuming Full Dilution (10 thousand) * | 5,801 | 5,786 | -0.2 % |

* Number of Shares Assuming Full Dilution excludes treasury stocks.



YAHOO! JAPAN

# FY2012-4Q Performance Breakdown by Business Segment

(¥ 100M)

| | Revenue | Revenue Breakdown | | Cost of Sales | SG&A | Operating Income | Ordinary Income | Operating Margin | Ordinary Margin |
|---|---|---|---|---|---|---|---|---|---|
| Marketing Solutions Business | 671 | Advertising-related<br>Corporate services, etc.<br>Information listing<br>e-commerce-related | 537<br>103<br>26<br>3 | 123 | 184 | 363 | 364 | 54.1% | 54.3% |
| Consumer Business | 276 | e-commerce-related<br>Membership services<br>Advertising-related<br>Others | 143<br>108<br>10<br>15 | 3 | 69 | 202 | 209 | 73.4% | 75.8% |
| Others | 59 | Settlement and Finance<br>Others * | 46<br>12 | 8 | 33 | 18 | 18 | 30.6% | 30.4% |
| Adjustments | -27 | | | -15 | 63 | -75 | -73 | - | - |
| Total | 979 | | | 119 | 350 | 509 | 518 | 52.0% | 52.9% |

•Effective the fourth quarter of the fiscal year ended March, 2013, the figure for Others in the Others (*) portion of revenue excludes inter-segment revenue related to settlement business, and the relevant portion is reduced from expenses. This change has no impact on net income.

Please see P.75 for the product items involved in the revenue of each segment.



YAHOO! JAPAN

# Business Segment Breakdown

## Marketing Solutions Business

- Advertising-related: Promotion advertising
  (paid search advertising, interest-based advertising)
  Premium advertising (banner, text, e-mail, and video)
- Corporate Services and Others: Data Center-related, Affiliate-related, Automobile-related,
  Yahoo! WebHosting and others
- Information Listing Services: Yahoo! Real Estate, Indival and others
- e-commerce-related: Pay digital content and others

## Consumer Business

- e-commerce-related: Tenant and system-use fees of YAFUOKU! and Yahoo! Shopping,
  Pay digital content and others
- Membership Services: Yahoo! Premium, Yahoo! BB ISP fees, Yahoo! Partner
  and other membership services
- Advertising-related: Premium advertising and others
- Others: Yahoo! BB incentive fees, Yahoo! Travel and others

## Others

- Settlement and Finance: FX-related service, Credit Card-related service,
  Settlement-related services and others
- Others: Pay digital content and others



YAHOO! JAPAN

# Quarterly SG&A Breakdown

(¥ 100M)

| | 11/4Q | 12/3Q | 12/4Q | Composition Ratio | QoQ Change | YoY Change |
|---|---|---|---|---|---|---|
| Personnel Expenses | 84 | 95 | 115 | 33.1% | 21.4% | 37.8% |
| Business Commissions | 35 | 35 | 36 | 10.3% | 1.4% | 1.7% |
| Sales Promotion Costs | 36 | 25 | 30 | 8.8% | 21.7% | -15.2% |
| Depreciation Expenses | 26 | 25 | 30 | 8.7% | 17.8% | 15.5% |
| Royalties | 23 | 25 | 28 | 8.2% | 11.4% | 24.1% |
| Content Provider Fees | 16 | 17 | 18 | 5.3% | 5.2% | 13.5% |
| Lease and Utility Expenses | 17 | 18 | 18 | 5.2% | -0.3% | 6.8% |
| Communication Charges | 15 | 16 | 16 | 4.7% | 1.9% | 7.2% |
| Sales Commissions | 12 | 12 | 14 | 4.1% | 16.8% | 17.4% |
| Advertising Costs | 3 | 2 | 9 | 2.8% | 344.2% | 199.6% |
| Administrative and Maintenance Expenses | 5 | 6 | 7 | 2.1% | 17.4% | 27.8% |
| Amortization of Goodwill | 1 | 3 | 7 | 2.0% | 86.4% | 557.1% |
| Taxes and Public Dues | 4 | 4 | 5 | 1.5% | 21.6% | 16.3% |
| Furniture and Equipment | 1 | 0 | 4 | 1.2% | 350.2% | 140.9% |
| Others | 6 | 5 | 7 | 2.0% | 42.8% | 8.8% |
| SG&A Total | 289 | 294 | 350 | 100.0% | 18.9% | 21.1% |

**Major Factors for YoY Changes**

- Number of employees reached 5,780, up 656 persons (12.8%)
- Decline in Yahoo! Points expenses and lower expenses related to promoting use of search services
- Increase in intangible fixed assets from acquisition of shares of CyberAgent FX, Inc.
- Increase in revenue
- Advertising activities to attract users to various Yahoo! JAPAN services and conversion of CyberAgent FX, Inc. to a subsidiary
- Acquisition of shares of CyberAgent FX , Inc.



YAHOO! JAPAN

# FY2012-4Q Balance Sheets

(¥ 100M)

| Major Items | 2012/12/31 | 2013/3/31 | Increase/ Decrease | Major Factors for Increase/Decrease |
|---|---|---|---|---|
| ＜Assets＞ | | | | |
| Current Assets | 4,720 | 5,761 | 1,040 | |
| Cash and Cash Equivalents | 2,682 | 4,140 | 1,458 | Increase in cash from operating activities and collection of receivables from sales of shares of BB Mobile Corp. |
| Notes and Accounts Receivable - Trade | 522 | 559 | 37 | |
| Notes and Accounts Receivable - Other | 1,229 | 23 | -1,206 | Collection of receivables related to sales of shares of BB Mobile Corp. |
| Foreign Exchange Dealings Cash Segregated as Deposits for Customers | - | 684 | 684 | Consolidation of CyberAgent FX, Inc. |
| Fixed Assets | 1,508 | 1,672 | 163 | |
| Tangible Fixed Assets | 415 | 451 | 36 | |
| Intangible Fixed Assets | 158 | 288 | 130 | |
| Investment Securities | 782 | 809 | 26 | |
| Total Assets | 6,229 | 7,433 | 1,203 | |
| ＜Liabilities＞ | | | | |
| Current Liabilities | 827 | 1,890 | 1,062 | |
| Accounts Payable - Other | 166 | 216 | 49 | |
| Income Taxes Payable | 199 | 422 | 223 | Higher taxable income |
| Foreign Exchange Dealings Deposits from Customers | - | 724 | 724 | Consolidation of CyberAgent FX, Inc. |
| Long-term Liabilities | 28 | 29 | 0 | |
| Total Liabilities | 856 | 1,920 | 1,063 | |
| <Net Assets> | | | | |
| Shareholders' Equity | 5,269 | 5,388 | 118 | |
| Common Stock | 80 | 80 | 0 | |
| Capital Surplus | 31 | 31 | 0 | |
| Retained Earnings | 5,214 | 5,280 | 66 | |
| Accumulated Other Comprehensive Income | 23 | 45 | 22 | |
| Minority Interests | 71 | 72 | 0 | |
| Total Net Assets | 5,372 | 5,512 | 140 | |
| Total Liabilities and Net Assets | 6,229 | 7,433 | 1,203 | |



YAHOO! JAPAN

# FY2012-4Q Cash Flow Statements

| Major Items | FY2012-4Q (Jan. - Mar. 2013) | Major Factors for Changes (¥ 100M) |
|---|---|---|
| **Operating Activities** | **604** | |
| Quarterly Net Income before Income Taxes | 516 | Increase in quarterly net income before income taxes |
| Depreciation Expenses | 36 | |
| Accounts Receivable and Payable -Trade | -3 | |
| Other Current Assets/Liabilities | 51 | |
| **Investing Activities** | **1,031** | |
| Acquisition of Tangible Fixed Assets | -31 | |
| Acquisition of Intangible Fixed Assets | -1 | |
| Acquisition and Sales of Investment Securities | 1,202 | Collection of receivables related to sales of shares of BB Mobile Corp. |
| Acquisition of Shares of Subsidiaries | -166 | Acquisition of shares of CyberAgent FX, Inc. |
| Interests and Dividends Received | 31 | |
| **Financing Activities** | **-201** | Acquisition of own shares |
| **Net Change in Cash Flows** | **1,436** | |



YAHOO! JAPAN

# FY2012-4Q Highlights
## – Marketing Solutions Business (1)

### ■ Promotion advertising

**(Paid search advertising [Sponsored Search] and interest-based advertising [Yahoo! Display Ad Network](YDN) )**

- **Both paid search and interest-based advertising posted record-high revenue due to enhanced marketing activities based on expanded collaboration with advertising agencies. As a result, quarterly revenue of the promotion advertising was up 22.8% from the previous fourth quarter.**

- **There was a notable rise in promotion advertising revenue via smartphones compared with the same period in the previous year.**

(¥ 100M)

| Marketing Solutions Business | 2011-4Q | 2012-4Q | YoY Change |
|---|---|---|---|
| Revenue | 534 | 671 | 25.7% |
| Operating Income | 304 | 363 | 19.1% |

# FY2012-4Q Highlights
## – Marketing Solutions Business (2)

### ■ Premium advertising

- Brand Panel advertising which uses new types of advertising expression posted record-high revenue.
- Revenue increased significantly year on year due to enhanced marketing activities based on expanded collaboration with advertising agencies.

### ■ Corporate services-related revenue

- IDC Frontier Inc.’s cloud computing service revenue expanded year on year, supported by game-related companies.
- Revenue increased due to consolidation of ValueCommerce Co., Ltd. and Carview Corporation.

### ■ Information listing revenue

- There was a large year-on-year increase in revenue of Yahoo! Real Estate.
- With the termination of the contract with Recruit Holdings Co., Ltd., recruiting-related operations are being developed on Indival, Inc. 's operations. Revenue declined compared with the same quarter last year.



YAHOO! JAPAN

# FY2012-4Q Highlights
## – Consumer Business

### ■ e-commerce-related revenue (YAFUOKU!, Yahoo! Shopping, pay digital content and others)

- The smartphone transaction value for YAFUOKU! and Yahoo! Shopping increased year on year.
- Game-related services revenues soared substantially year on year because of the comprehensive business alliance with GREE, Inc. and growth of the number of registered users of of Yahoo! Mobage services.

### ■ Membership services revenues

- Yahoo! Premium expanded its services for smartphones.
  Revenue increased year on year because of the upward revision in membership fees.
  In addition, the number of Yahoo! Premium membership IDs on March 31, 2013 increased to 9.19 million IDs, partially because of the start of Yahoo! Premium registration services becoming available at Softbank shops.

(¥ 100M)

| Consumer Business | 2011-4Q | 2012-4Q | YoY Change |
|---|---|---|---|
| Revenue | 251 | 276 | 9.9% |
| Operating Income | 178 | 202 | 13.6% |



YAHOO! JAPAN

# Promotion Advertising Revenue by Industry

**Industries with large year-on-year increase**
- Finance/Insurance/Securities
- Transportation/Leisure
- Real Estate/Housing/Household Equipment

**Industries with large year-on-year decrease**
- Fashion/Accessories

| | 11/4Q | 12/1Q | 2Q | 3Q | 4Q |
|---|---|---|---|---|---|
| Finance/Insurance/Securities | 9.9% | 9.9% | 9.9% | 10.7% | 12.2% |
| Transportation/Leisure | 8.7% | 9.3% | 11.0% | 8.9% | 9.2% |
| Real Estate/Housing/Household Equipment | 8.0% | 6.8% | 7.1% | 6.7% | 8.2% |
| Department Stores/Mail Order/Shopping Malls | 7.1% | 7.8% | 7.2% | 8.5% | 7.0% |
| Cosmetics/Toiletries/Health Foods and Appliances | 6.3% | 7.0% | 6.9% | 6.8% | 6.7% |
| Medical, Welfare, Health and Beauty | 6.2% | 6.7% | 6.4% | 5.7% | 5.4% |
| Education/University | 6.1% | 5.1% | 5.0% | 4.7% | 5.2% |
| Recruitment and Human Resources Services | 5.0% | 5.2% | 5.3% | 5.2% | 4.9% |
| Fashion/Accessories | 5.0% | 5.1% | 5.1% | 5.0% | 4.0% |
| Information Processing/Software/Internet Information Service | 3.5% | 3.2% | 3.3% | 3.9% | 3.6% |
| Autos and Accessaries (Transport Equipment) | 3.6% | 3.1% | 3.0% | 3.0% | 3.5% |
| Interior/Gardening/Renovation/DIY | 3.1% | 3.3% | 3.3% | 3.3% | 3.1% |
| Others | 27.5% | 27.5% | 26.5% | 27.6% | 27.0% |
| Total | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% |



YAHOO! JAPAN

# Premium Advertising Revenue by Industry

**Industries with large year-on-year increase**
- Mobile Communications Service
- Internet Information Service/E-mail Service
- Foodstuffs

**Industries with large year-on-year decrease**
- Home Electronics/AV Equipment
- Finance/Insurance/Securities
- Mail Order/Shopping Malls

| | 11/4Q | 12/1Q | 2Q | 3Q | 4Q |
|---|---|---|---|---|---|
| Real Estate/Construction | 12.9% | 11.5% | 11.5% | 9.7% | 11.1% |
| Mobile Communications Service | 3.9% | 6.7% | 5.5% | 5.0% | 11.0% |
| Transportation/Leisure | 10.0% | 10.2% | 10.8% | 10.4% | 10.9% |
| Finance/Insurance/Securities | 12.6% | 10.8% | 9.9% | 10.7% | 10.2% |
| Autos and Accessories (Transport Equipment) | 11.9% | 8.8% | 10.3% | 10.5% | 10.0% |
| Foodstuffs | 5.8% | 8.3% | 8.5% | 8.4% | 7.5% |
| Cosmetics/Toiletries | 7.7% | 13.1% | 11.7% | 8.2% | 6.8% |
| Fashion/Accessories | 4.0% | 4.3% | 3.7% | 6.9% | 4.2% |
| Internet Information Service/E-mail Service | 0.9% | 1.6% | 1.8% | 2.0% | 3.5% |
| Beverages/Cigarettes | 3.4% | 4.3% | 3.8% | 3.1% | 3.4% |
| Broadcasting | 2.0% | 2.9% | 2.4% | 2.4% | 2.3% |
| Computers and Accessories/Office Equipment | 2.9% | 1.5% | 2.2% | 2.0% | 2.3% |
| Others | 22.0% | 16.0% | 17.9% | 20.7% | 16.8% |
| Total | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% |



YAHOO! JAPAN

# Quarterly Business Data (1)

| Indicator (Quarterly average) | 2011/4Q | 2012/4Q |
|---|---|---|
| Number of total monthly page views (millions)(1)* | 49,260 | 50,712 |
| Number of total monthly smartphone page views (millions) (1)(2)* ** | 5,577 | 11,742 |
| Number of Daily UBs (Unique Browsers)(millions)(3) | 49.39 | 56.27 |
| Number of smartphone Daily UBs (millions)(2)(3)* ** | 10.76 | 20.10 |
| Number of monthly active users IDs (millions)(4) | 26.41 | 27.77 |
| Number of Yahoo! Premium member IDs (quarter-end)(millions) | 7.84 | 9.19 |

(1) Total monthly page views and total monthly smartphone page views in the 2012-4Q do not include page views of the web sites of subsidiaries.
(2) "Smartphone" page views and UBs include access through iPhones/iPods, Android smartphones (with screen sizes of less than 7 inches), and Windows Phones. They do not include page views using iPads or Android tablets. They neither include a part of access via smartphone applications.
(3) The cumulative total number of browsers accessing Yahoo! JAPAN. Access via smartphone applications is recorded separately from access via smartphone browsers.
(4) Number of Yahoo! JAPAN IDs that are logged in each month.
* Commencing with the April 2012 data, the method of calculating Number of total monthly page views, Number of total monthly smartphone page views and Number of smartphone Daily UBs were changed to obtain a more accurate calculation.
** In the FY2012 3Q Business Results document, it was stated that the Number of total monthly smartphone page views for the 2012-3Q was 9,935 million and the Number of smartphone Daily UBs (Unique Browsers) was 16.90 million. However, as a result of using a more accurate calculation method, these numbers have been restated as 10,319 million page views and 17.21 million browsers, respectively.

# Quarterly Business Data (2)

| Indicator (Quarterly total) | 2011/4Q | 2012/4Q |
|---|---|---|
| Transaction value of YAFUOKU! (100 millions of yen) | 1,732 | 1,735 |
| Transaction value of shopping-related (100 millions of yen) | 753 | 737 |
| Transaction value of YAFUOKU! and shopping-related (100 millions of yen) | 2,485 | 2,473 |
| Transaction value of YAFUOKU! and shopping-related via smartphones (100 millions of yen) | 397 | 577 |
| Transaction value of e-commerce (100 millions of yen) * | 3,973 | 4,000 |

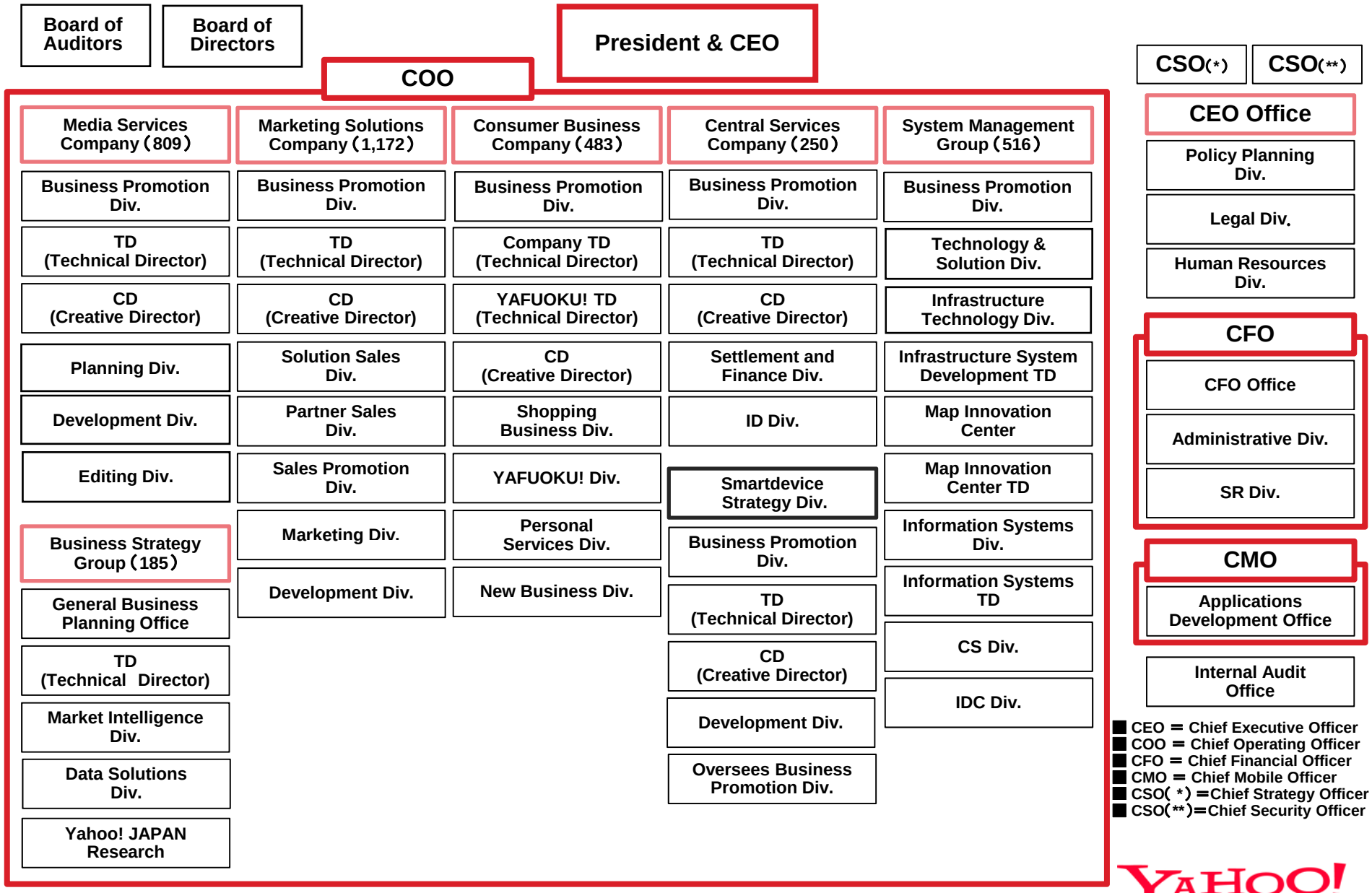
* Including YAFUOKU!, shopping-related, Yahoo! Wallet, Yahoo! Cards, pay digital content, etc. Not including FX transaction value.



YAHOO! JAPAN

As of April 1, 2013

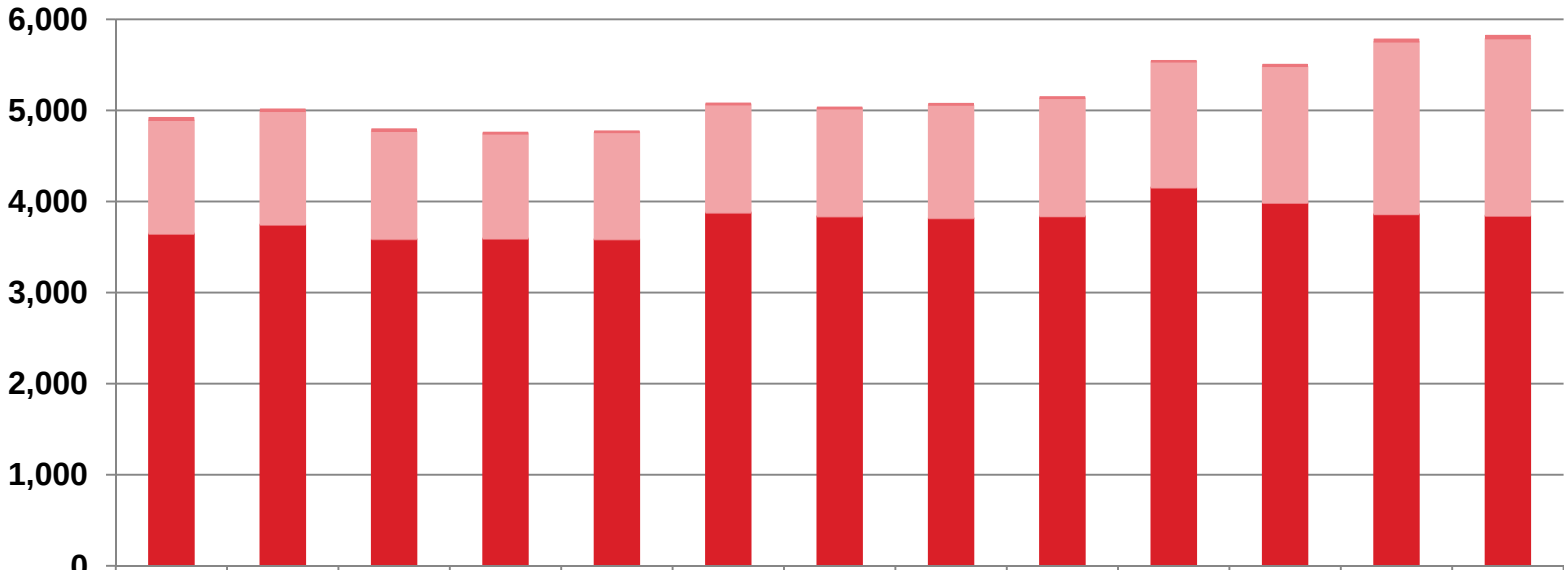
# Organization Chart of Yahoo Japan Corporation




■ CEO ＝ Chief Executive Officer
■ COO ＝ Chief Operating Officer
■ CFO ＝ Chief Financial Officer
■ CMO ＝ Chief Mobile Officer
■ CSO( *) ＝Chief Strategy Officer
■ CSO(**)＝Chief Security Officer

# Number of Directors and Employees

(Number of People) (at the End of Quarter)




| | 10/3 | 10/6 | 10/9 | 10/12 | 11/3 | 11/6 | 11/9 | 11/12 | 12/3 | 12/6 | 12/9 | 12/12 | 13/3 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Directors and Auditors of Subsidiaries | 30 | 24 | 24 | 17 | 17 | 18 | 18 | 18 | 18 | 14 | 20 | 31 | 35 |
| Employees of Subsidiaries | 1,238 | 1,238 | 1,177 | 1,142 | 1,164 | 1,176 | 1,173 | 1,234 | 1,288 | 1,373 | 1,491 | 1,885 | 1,938 |
| Directors and Auditors of Yahoo! JAPAN | 9 | 9 | 9 | 9 | 9 | 9 | 9 | 9 | 8 | 9 | 9 | 8 | 8 |
| Employees of Yahoo! JAPAN | 3,644 | 3,743 | 3,586 | 3,591 | 3,584 | 3,876 | 3,835 | 3,815 | 3,836 | 4,151 | 3,984 | 3,859 | 3,842 |
| Total | 4,921 | 5,014 | 4,796 | 4,759 | 4,774 | 5,079 | 5,035 | 5,076 | 5,150 | 5,547 | 5,504 | 5,783 | 5,823 |

* The above figures of employees include staff who have been dispatched.

# Consolidated Subsidiaries and Companies Accounted for by the Equity Method

(as of March 31, 2013)

- Major consolidated subsidiaries at the end of FY2012-4Q
  - Carview Corporation
  - Community Factory Inc.
  - Crocos, Inc.
  - CyberAgent FX, Inc. NEW!
  - Firstserver, Inc
  - GyaO CORPORATION
  - IDC Frontier Inc.
  - Indival, Inc.
  - Netrust, Ltd
  - ValueCommerce Co., Ltd.
  - Y's Insurance Inc.
  - Y's Sports Inc.
  - Yahoo Japan Customer Relations Corporation
  - YJ Capital Inc.

- Major companies accounted for by the equity method at the end of FY2012-4Q
  - ASKUL Corporation
  - Classified, Inc.
  - CRITEO K.K.
  - Estore Corporation
  - GxYz, Inc. NEW!
  - JWord Inc.
  - KAKAO JAPAN Corporation
  - MACROMILL, INC.
  - Smart Kitchen, Inc.
  - Tavigator, Inc.
  - 4travel, Inc.



YAHOO! JAPAN