



Yahoo Japan Corporation
FY2018-1Q Business Results

July 27, 2018

Table of Contents

P. 4	FY2018-1Q Financial Highlights
P. 12	Media Business
P. 24	Commerce Business
P. 41	Aiming to Improve Corporate Value
P. 48	Supplemental Information

Unless otherwise specified, English-language documents are prepared solely for the convenience of non-Japanese speakers. If there is any inconsistency between the English-language documents and the Japanese-language documents, the Japanese-language documents will prevail.

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 (Company, Yahoo! JAPAN) 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 June 30, 2018.”

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

FY2018-1Q

Financial Highlights

FY2018-1Q Topics

1

Paid search advertising revenue achieved a double-digit growth YoY

2

Established a joint venture with SoftBank Corp. to expand mobile payment business

3

Entered into capital alliances and conducted share buyback to improve corporate value

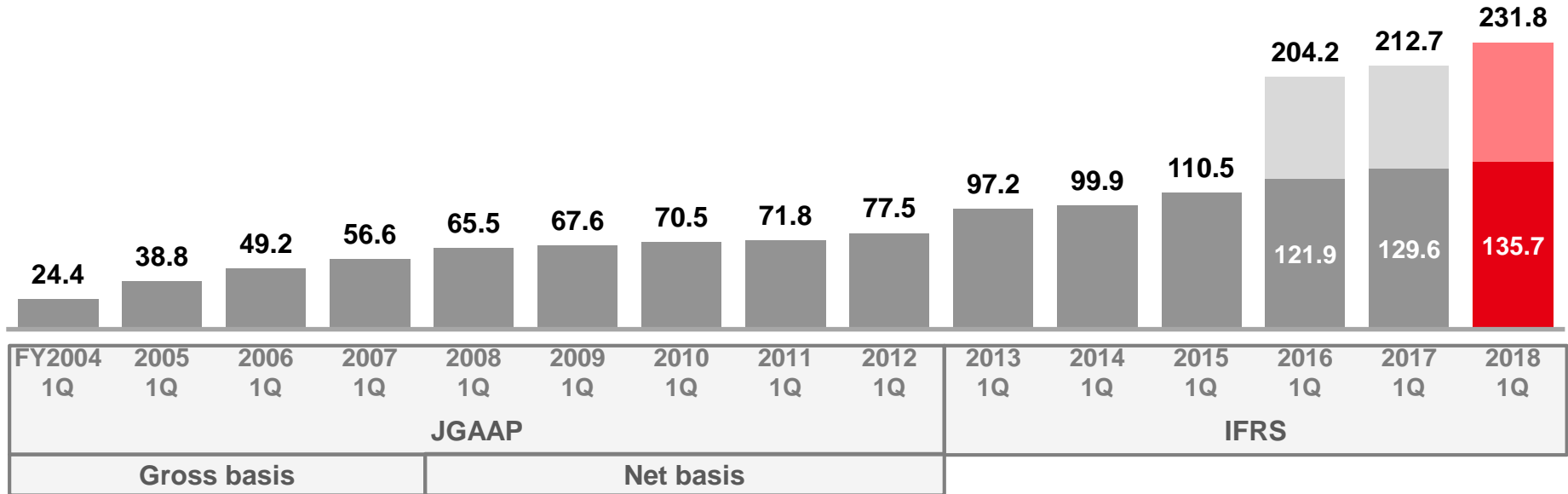
Revenue

(¥Billion)

¥ 231.8 billion

YoY +9.0%

- Revenue of ASKUL Group
- Revenue excluding ASKUL Group

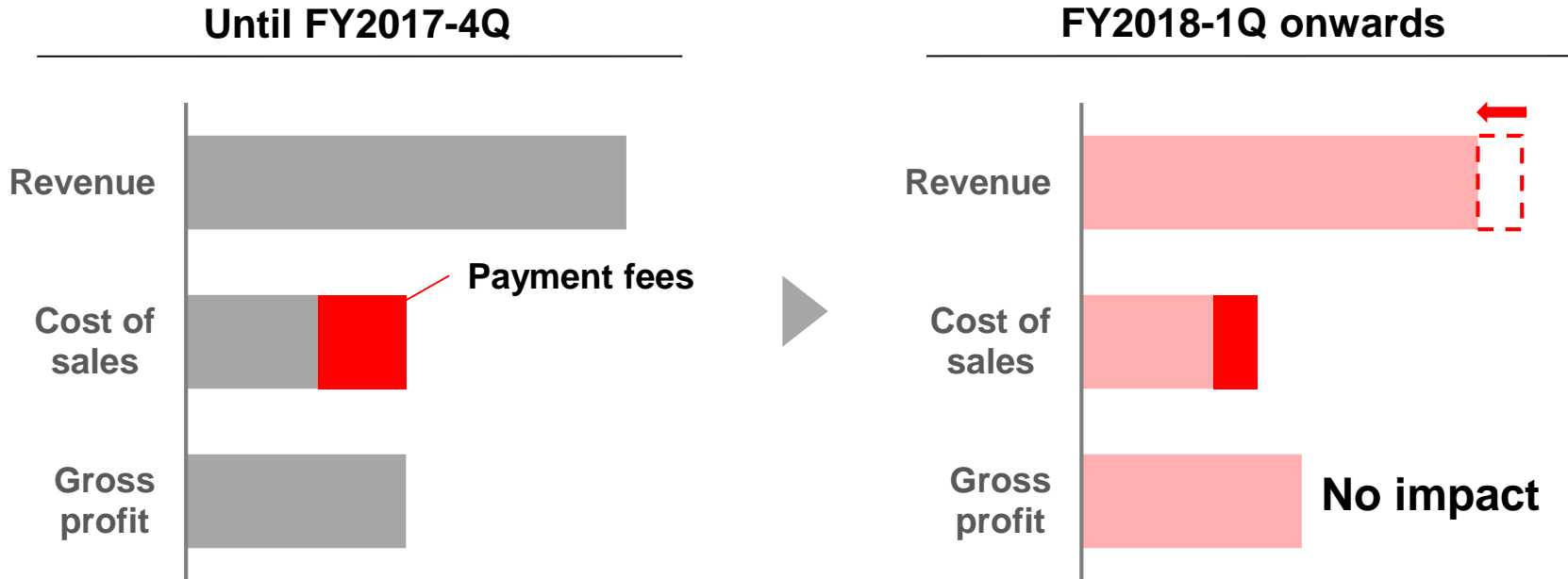


Note: Between FY2008 and FY2012, we indicated revenue on a net rather than gross basis, by eliminating certain items in cost of sales and SG&A.

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

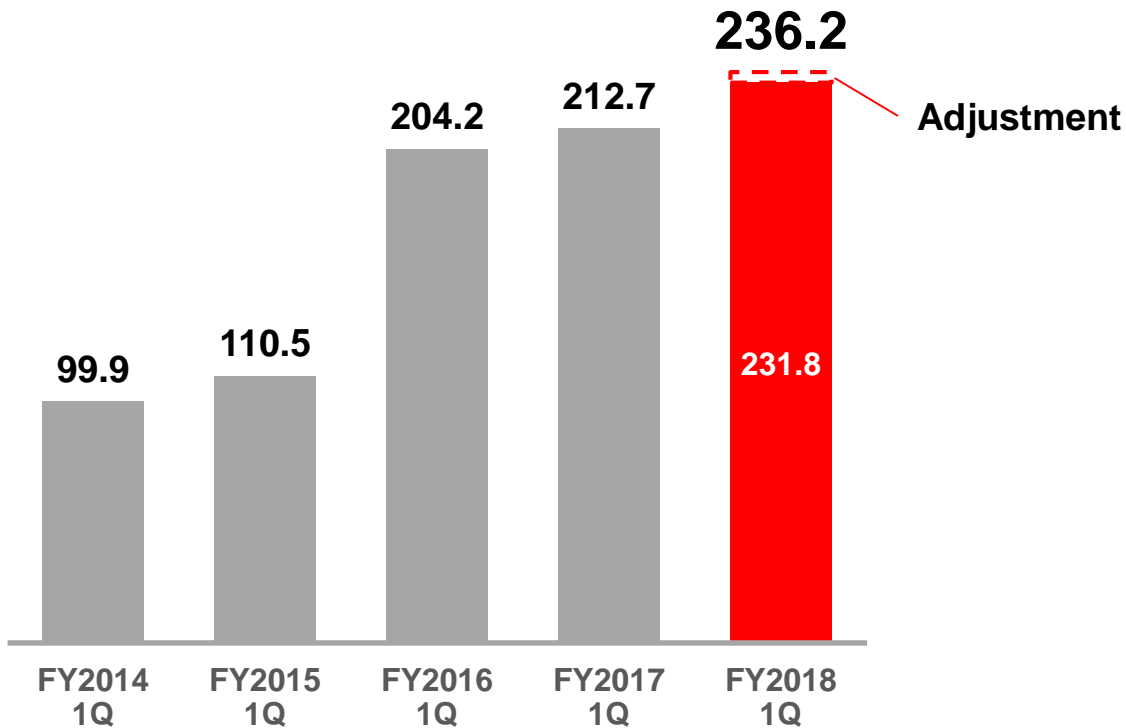
Changed Recording Policy for Payment Fees

Starting from FY2018, part of payment fees is deducted from revenue to adapt to changes in accounting policy for revenue recognition



Revenue Excluding Impact from Change in Recording Policy

(¥Billion)



YoY
+11%

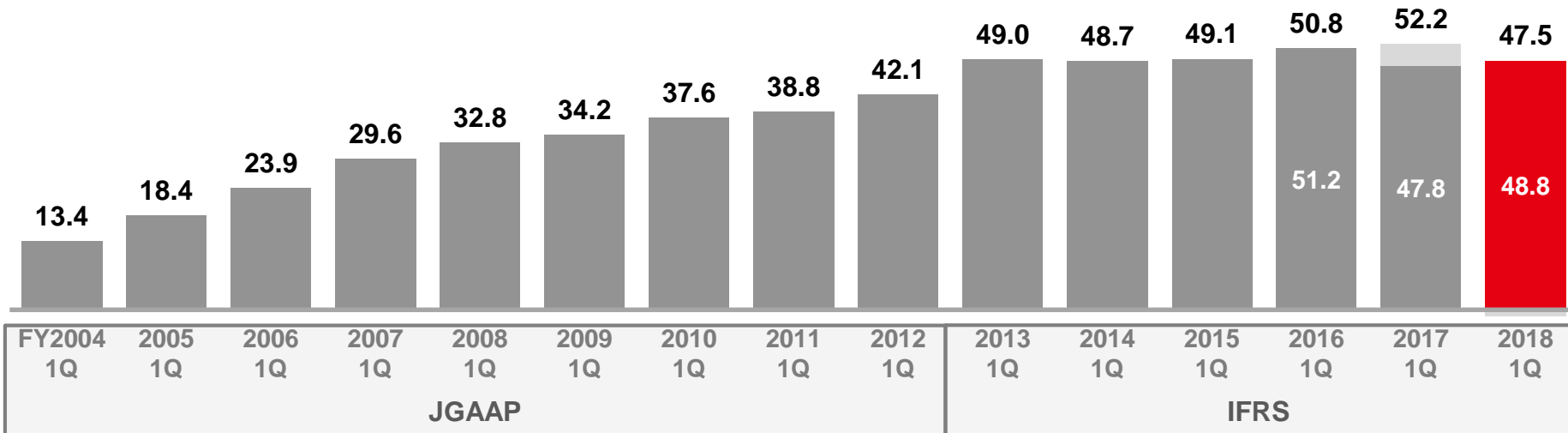
Operating Income

(¥Billion)

¥ 47.5 billion

YoY -8.9%

- Operating income of ASKUL Group
- Operating income excluding ASKUL Group



Note: Includes amortization expenses of identifiable intangible assets recognized as of the date of business combination.

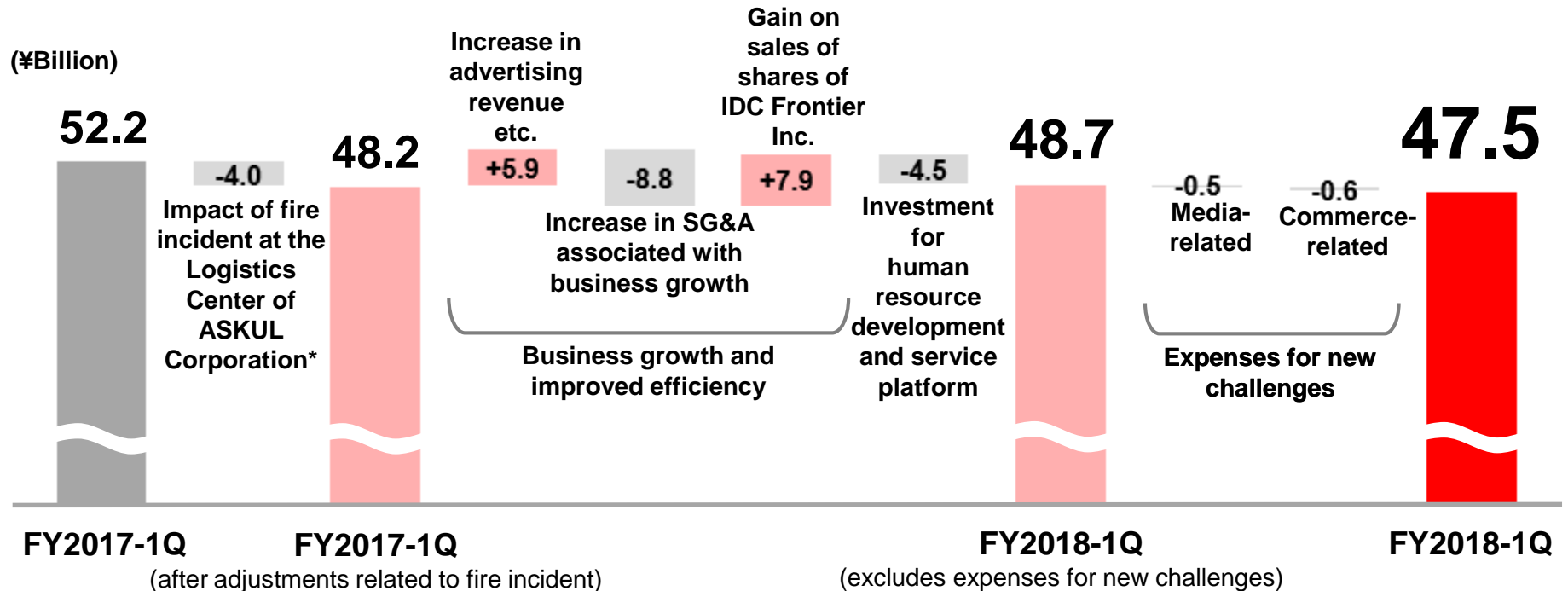
ASKUL Group includes ASKUL Corporation, AlphaPurchase Co., Ltd., Charm Co., Ltd., and others.

Insurance proceeds related to the fire incident at the Logistics Center of ASKUL Corporation of ¥4.9 billion included in FY2017.

Gain on sales of shares of IDC Frontier Inc. of ¥ 7.9 billion included in FY2018.

Factors of Change in Operating Income

No change in guidance for full year operating income
as expenses for new challenges are expected to increase in 2H.



Results by Segments

(¥ Billion)		FY2017 1Q	FY2018 1Q	YoY	
				Actual result	Main factors of change
Media business	Revenue	68.1	72.1	+6.0%	Increase in paid search advertising revenue
	Operating Income	35.8	36.7	+2.5%	
Commerce business*	Revenue	140.7 ASKUL Group 83.0	158.4 96.1	+12.5% +15.7%	Increase in Shopping-related advertising revenue
	Operating Income	26.1 ASKUL Group 4.3	15.4 -1.2	-41.1% -129.7%	-Absence of insurance proceeds related to the fire incident at the Logistics Center -ASKUL Group's temporary strategy costs (including bonus) -Increase in sales promotion costs including point-reward expenses, etc.
Other Businesses	Revenue	5.9	3.1	-46.6%	Impact of sales of shares of IDC Frontier Inc.
	Operating income	1.0	8.9	+729.4%	Gain on sales of shares of IDC Frontier Inc.

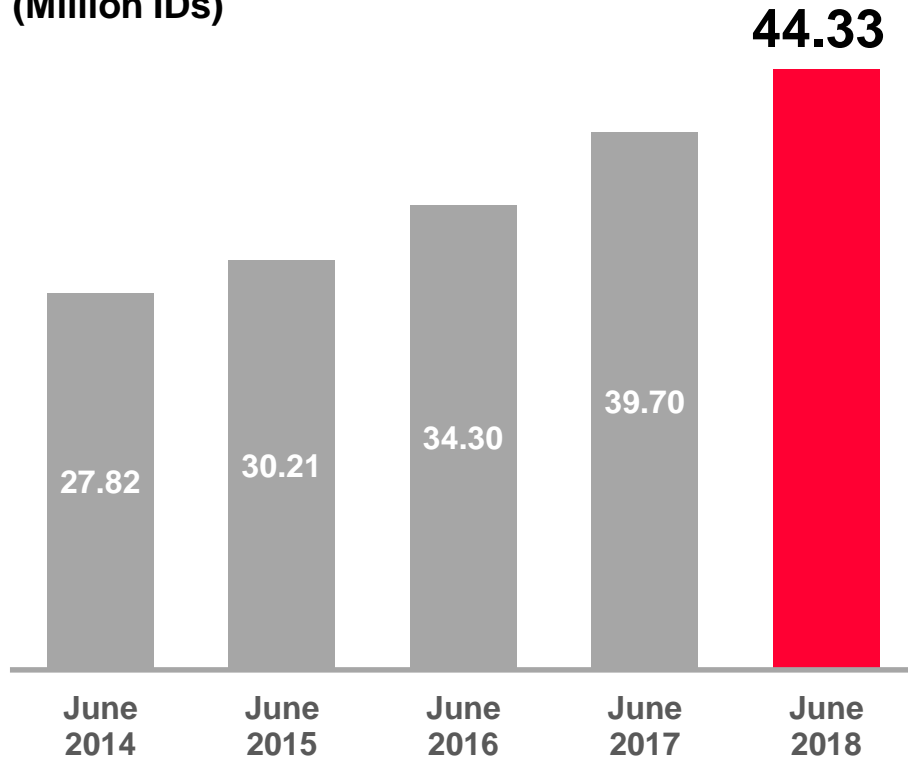
Note: Figures for adjustments are not shown. In cases where major services have been transferred between segments, prior data and comparative figures have been retroactively adjusted to the current segments.

11 * Figures on the lower row for Commerce business are consolidated revenue and operating income of ASKUL Group, consolidated based on the fiscal period of Yahoo Japan Corporation.
ASKUL Group includes ASKUL Corporation, AlphaPurchase Co., Ltd., Charm Co., Ltd., and others.

Media Business

Number of Monthly Logged-In User IDs

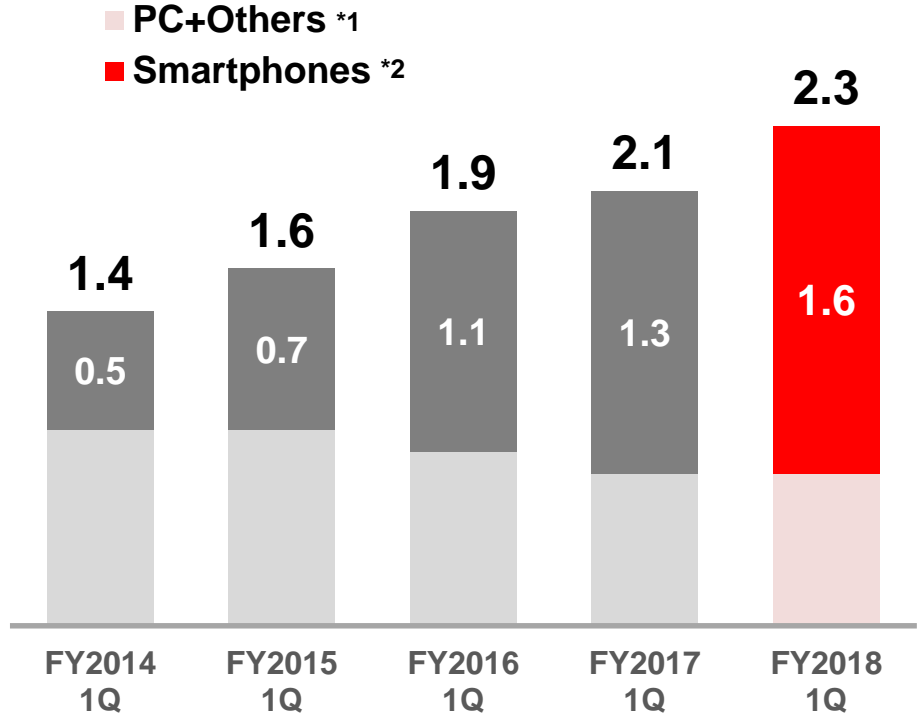
(Million IDs)



YoY
+12%

Time Spent by Logged-in Users

(Billion hours)



Via smartphones
YoY

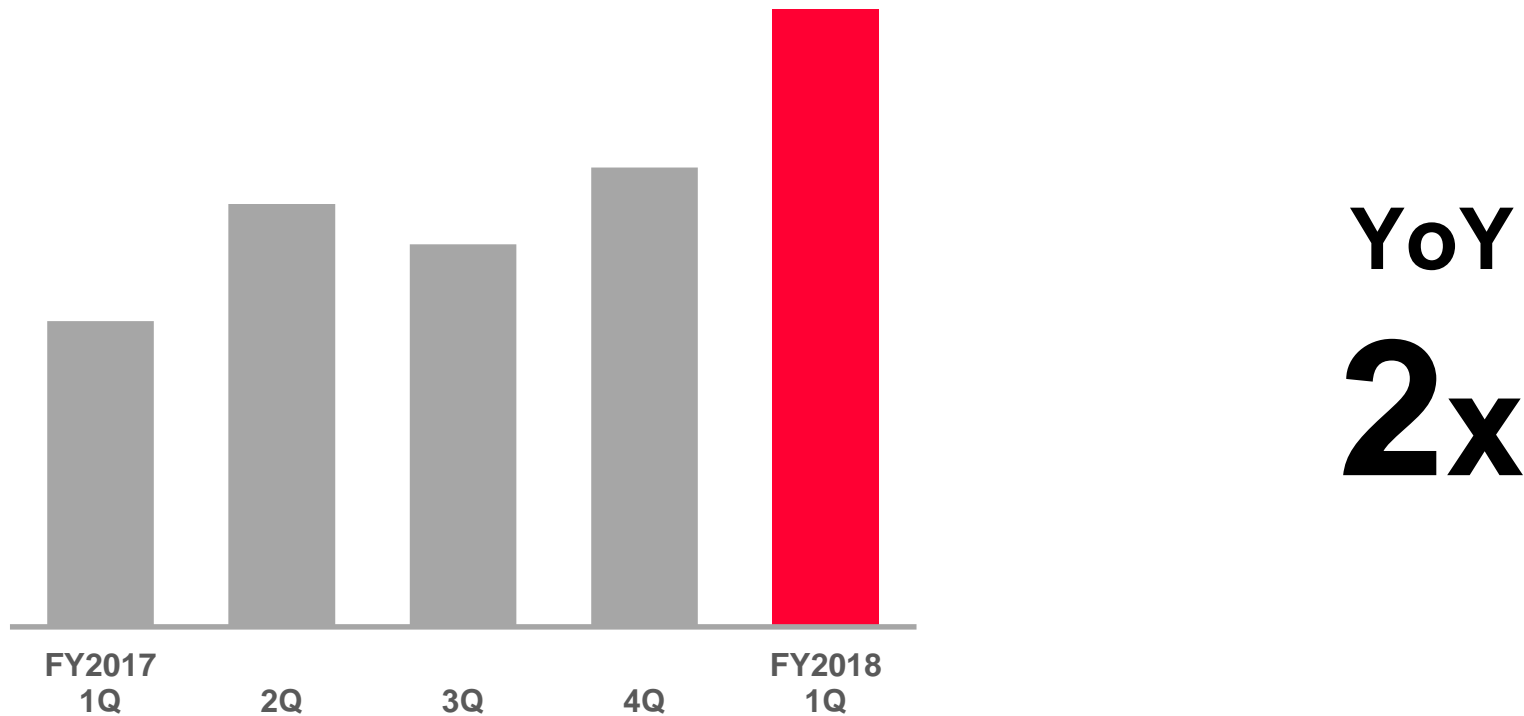
+22%

Note: Time spent by users logged-in with Yahoo! JAPAN IDs for each quarter

*1 Time spent including accesses via PCs, tablets and feature phones

*2 Time spent including accesses via applications and browsers

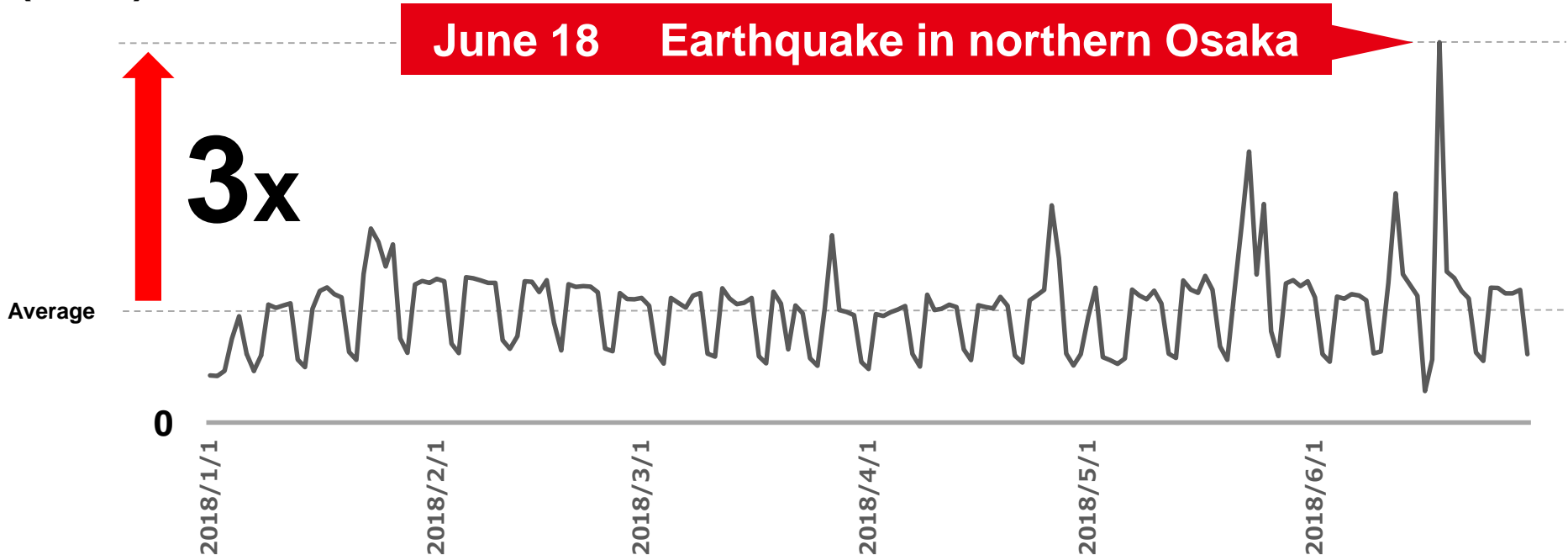
Video Viewing Time



Yahoo! News - Number of Video Views

Established a system to deliver live video news for emergencies

(Million)



Use of AI to Improve Yahoo! Knowledge Search

kukai, a super computer developed by Yahoo! JAPAN, used to auto-analyze enormous amount of contents



9 months



1 day

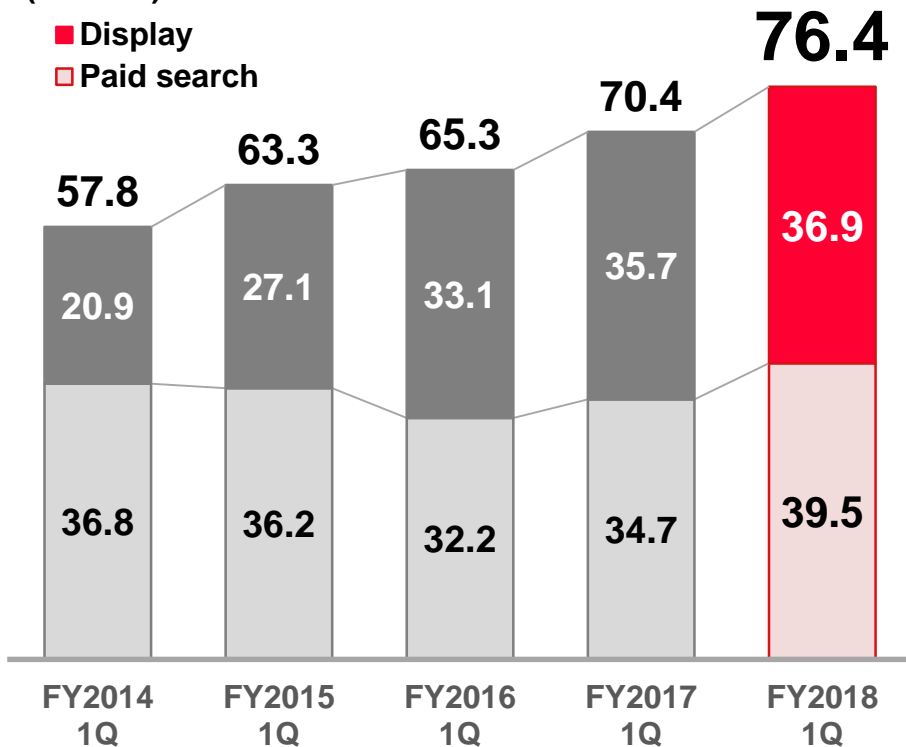
Aiming for No.1 in Internet Advertising Revenue...

Advertising-Related Revenue

(¥Billion)

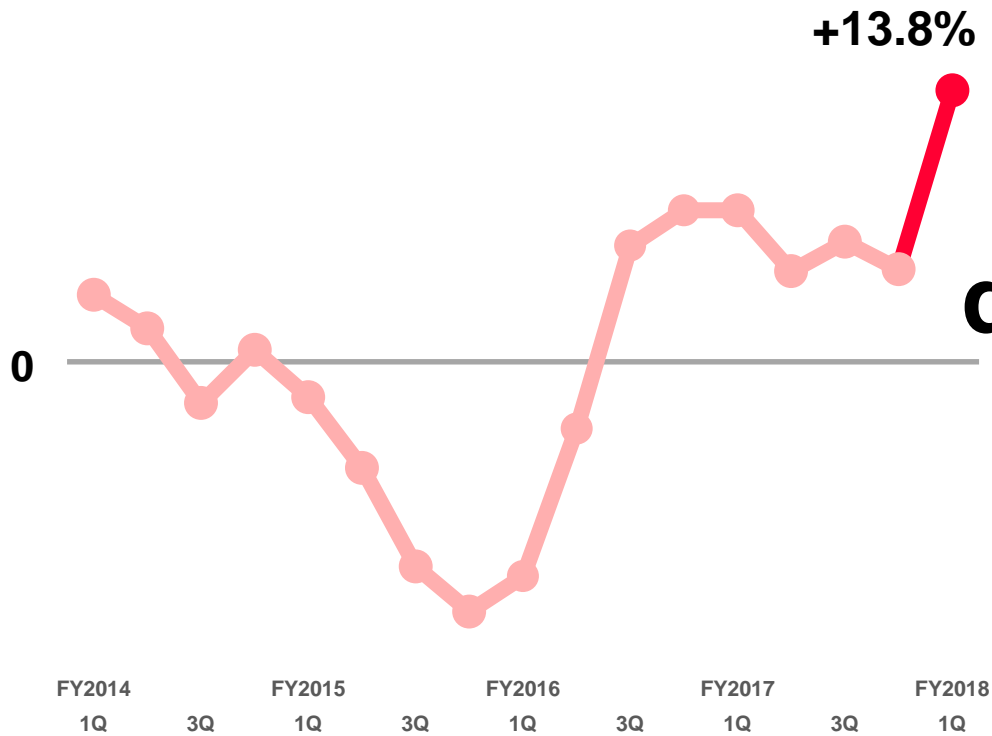
■ Display

□ Paid search



YoY
+8%

Paid Search Advertising Revenue - YoY Growth Rate



**First
double-digit growth
in 5 years**

Factors of Growth for Paid Search Advertising

Revenue per search improved due to several measures

Until FY2017-4Q



FY2018-1Q onwards



Changed display design of ads (May)

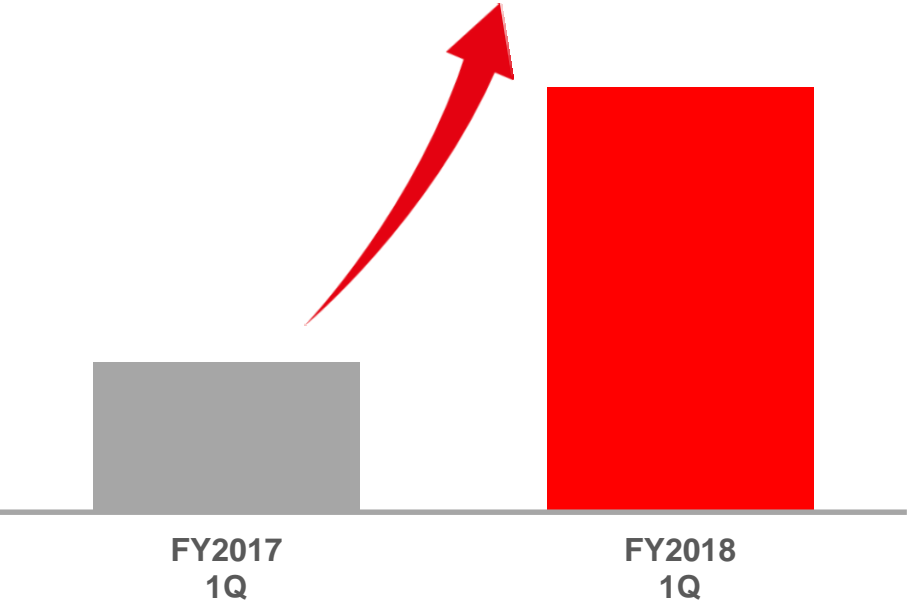
Clearly separated each information so that users can easily find the information they want

Started offering optional function to complement categories (April)

Supplementary information can be added (e.g. subtitle that suits the product or service)

Photo: Aflo

Video Advertising Revenue via Smartphones



YoY
Approx. **3x**

Launch of Video Ads on Yahoo! JAPAN Top Page App



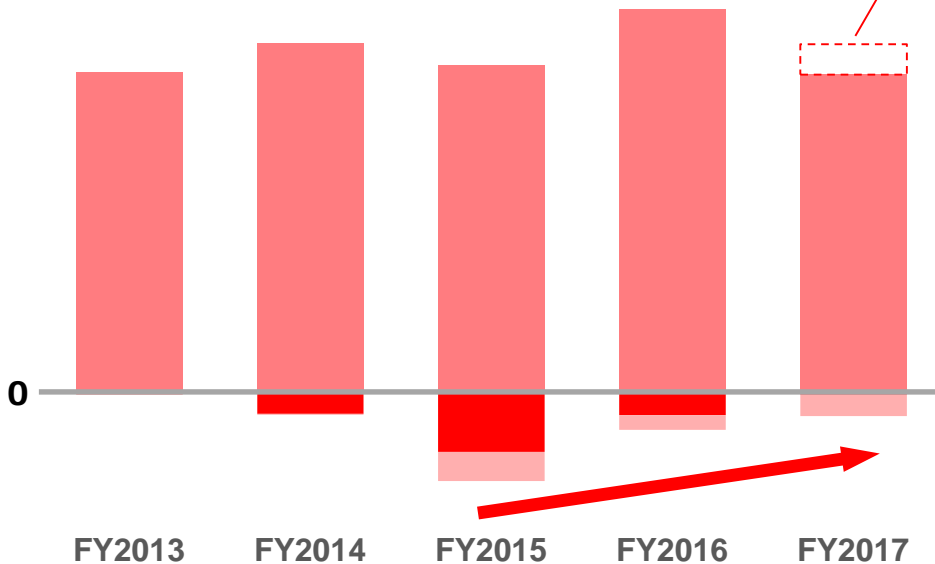
**Launched
on July 21**

Commerce Business

Commerce Business - Operating Income Trend

- YAHUOKU!, Membership Services, O2O, Financial & Payment businesses, etc.
- Yahoo! Shopping (includes revenues from advertising and payment in Yahoo! Shopping)
- YJ Card Corporation

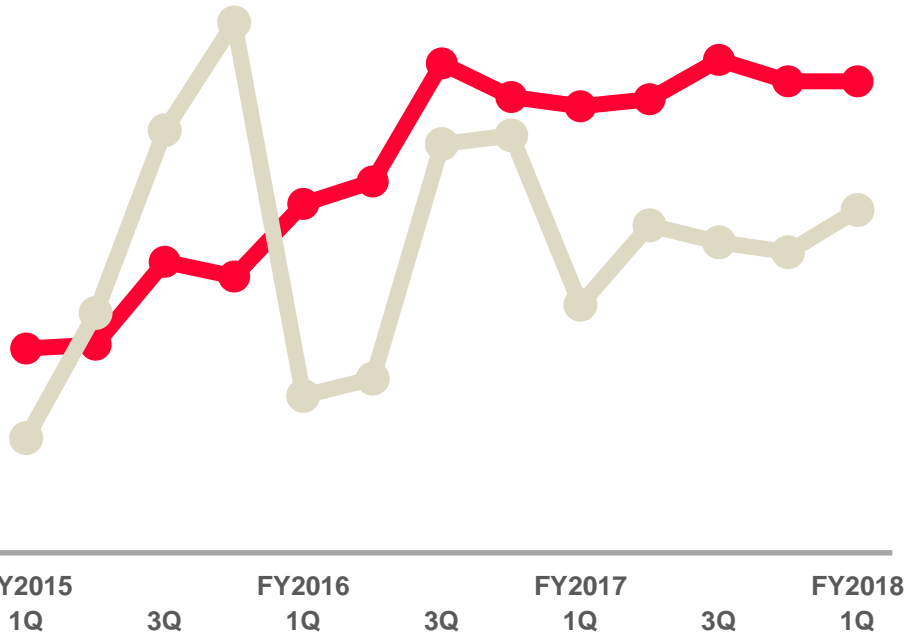
Expenses for YAHUOKU! measures



**Profitability of
Yahoo! Shopping
improved**

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

● % of Shopping-related advertising revenue
● % of point-reward expenses



**Transaction value
expanding
but “take rate”
unchanged**

*1 Shopping-Related Advertising revenue / Yahoo! Shopping transaction value = “take rate”

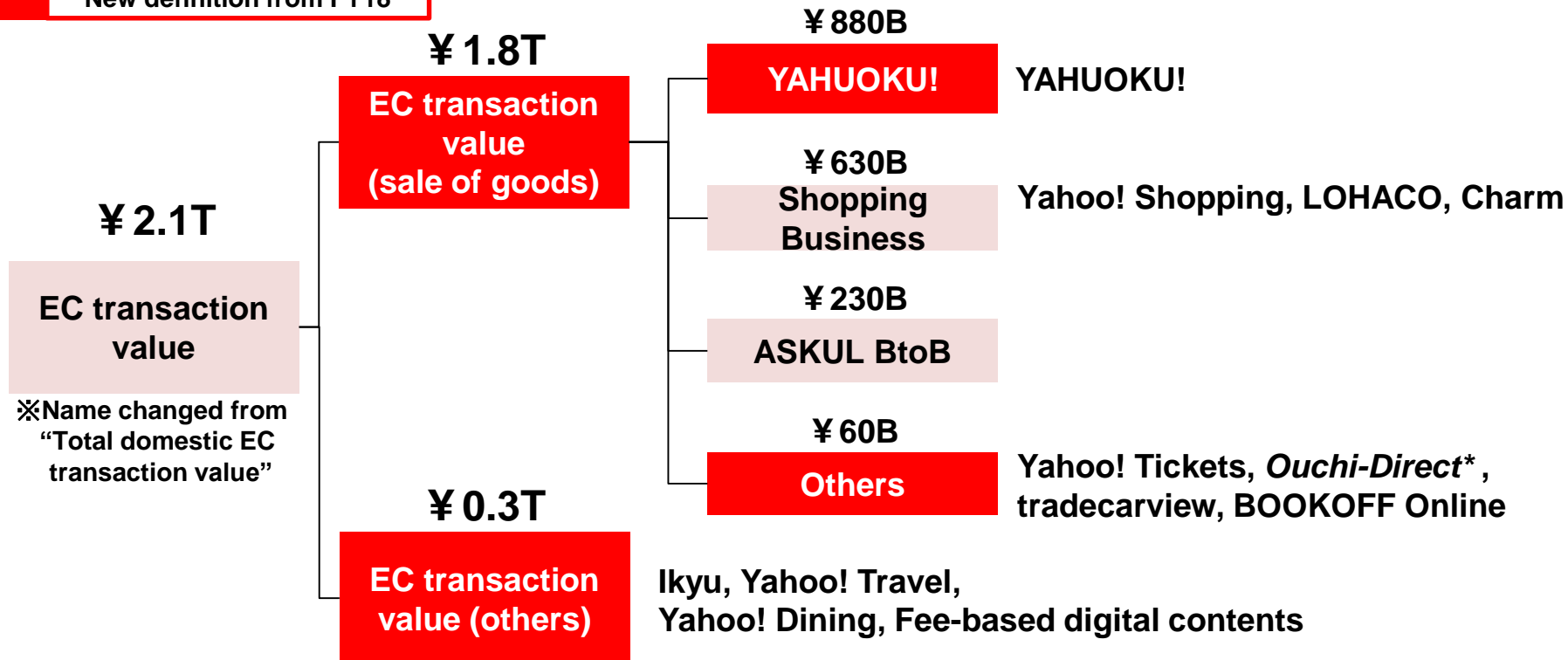
*2 Point-reward expenses related to Yahoo! Shopping / Yahoo! Shopping transaction value

**Aiming for No.1 in
EC Transaction Value
(Sale of Goods)...**

Definition of EC Transaction Value from FY 2018

No change from FY17

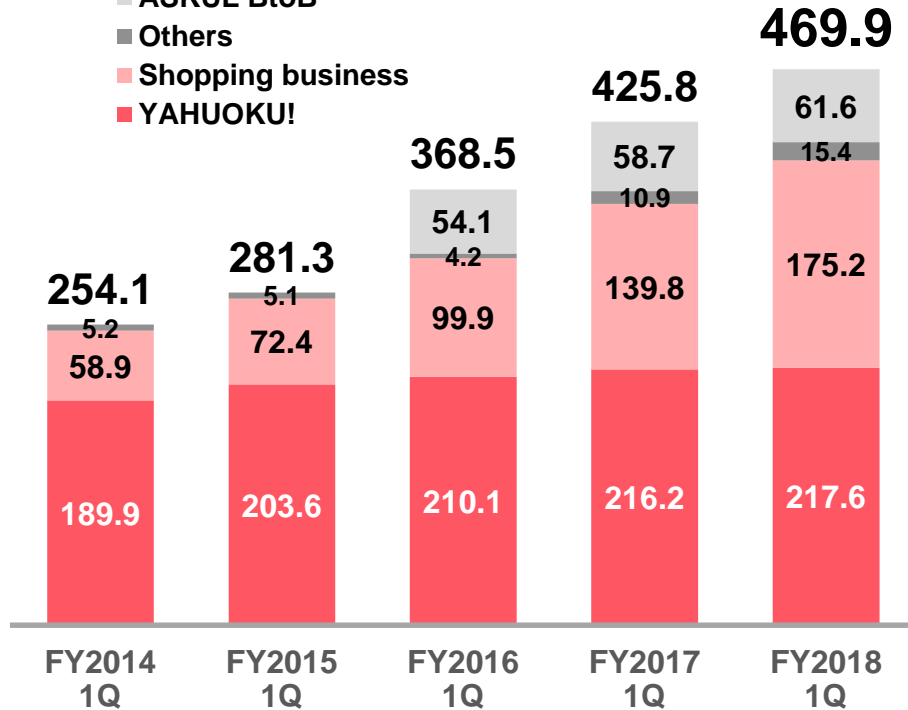
New definition from FY18



EC Transaction Value (Sale of Goods)

(¥Billion)

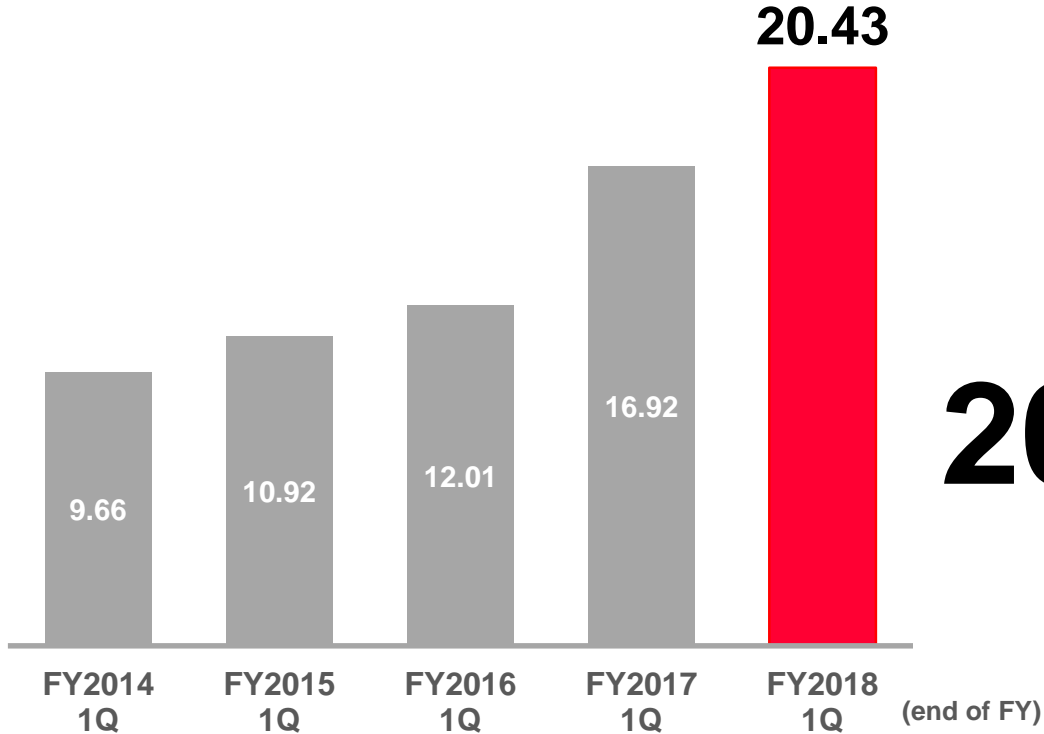
- ASKUL BtoB
- Others
- Shopping business
- YAHUOKU!



YoY
+10%

Number of Yahoo! Premium member IDs

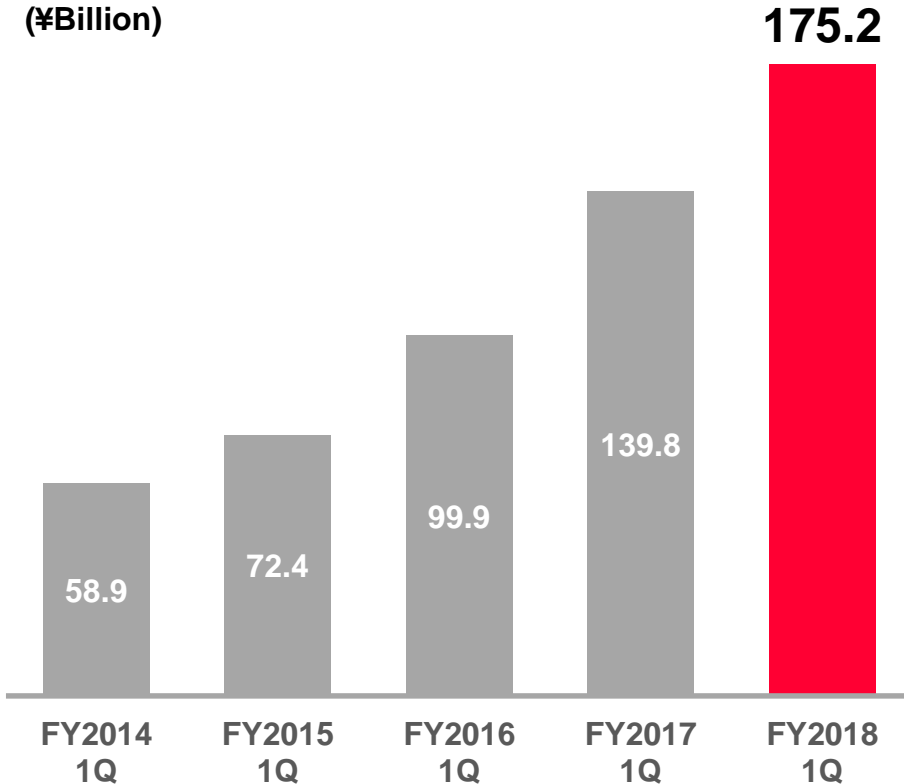
(Million IDs)



**Exceeded
20 million IDs**

Shopping Transaction Value

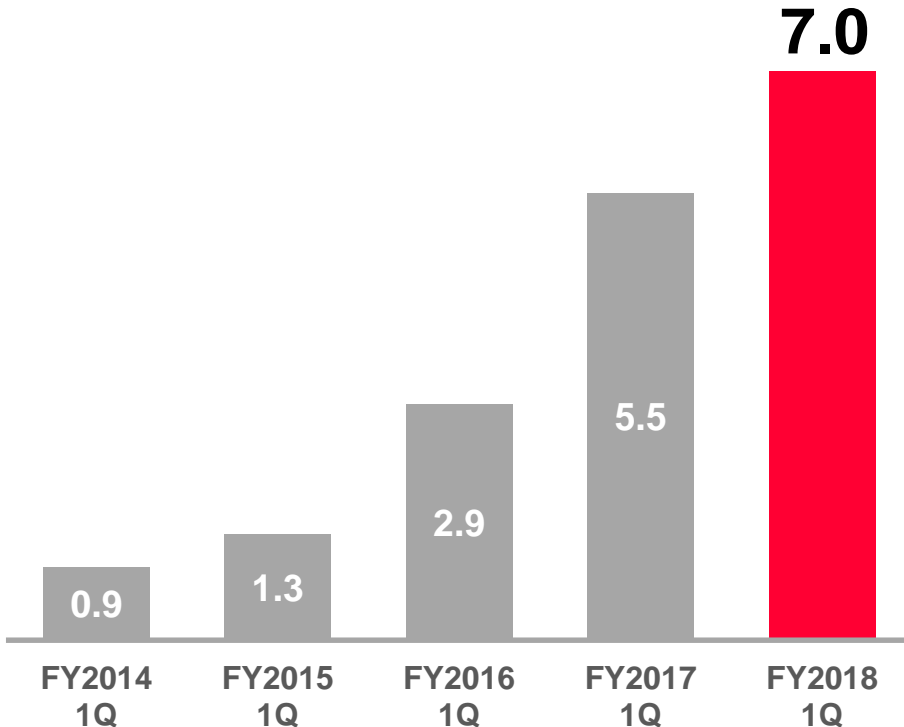
(¥Billion)



YoY
+25%

Shopping-Related Advertising Revenue

(¥Billion)



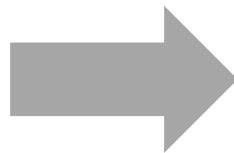
YoY
+28%

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 recorded in the advertising revenue of Media Business segment.

Auction-Related Transaction Value

Until FY17-4Q
Auction-related transaction value
YAHUOKU!
Yahoo! Tickets-related
<i>Ouchi-Direct</i>
tradecarview
BOOKOFF Online

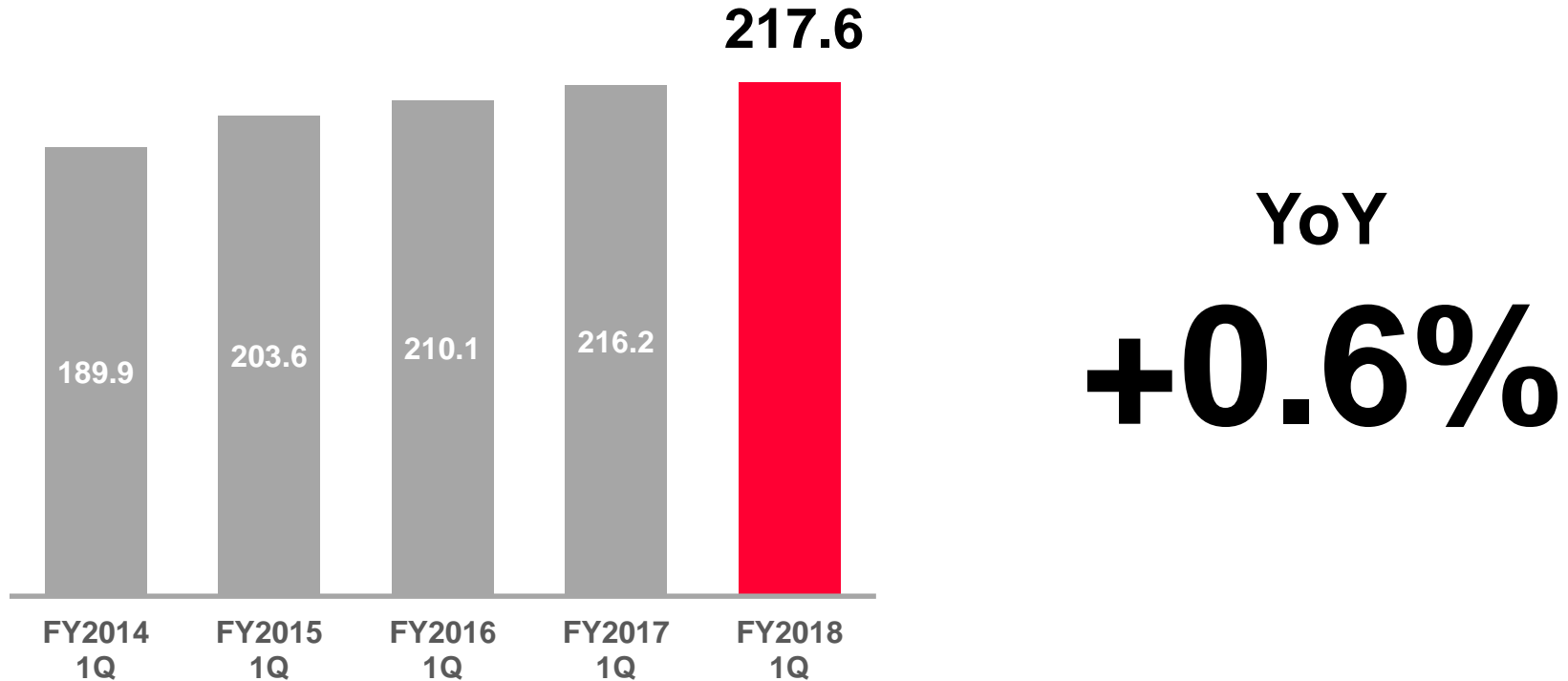
Change of definition



FY18-1Q onwards	
YAHUOKU! transaction value	Other transaction value
YAHUOKU!	
	Yahoo! Tickets-related
	<i>Ouchi-Direct</i>
	tradecarview
	BOOKOFF Online

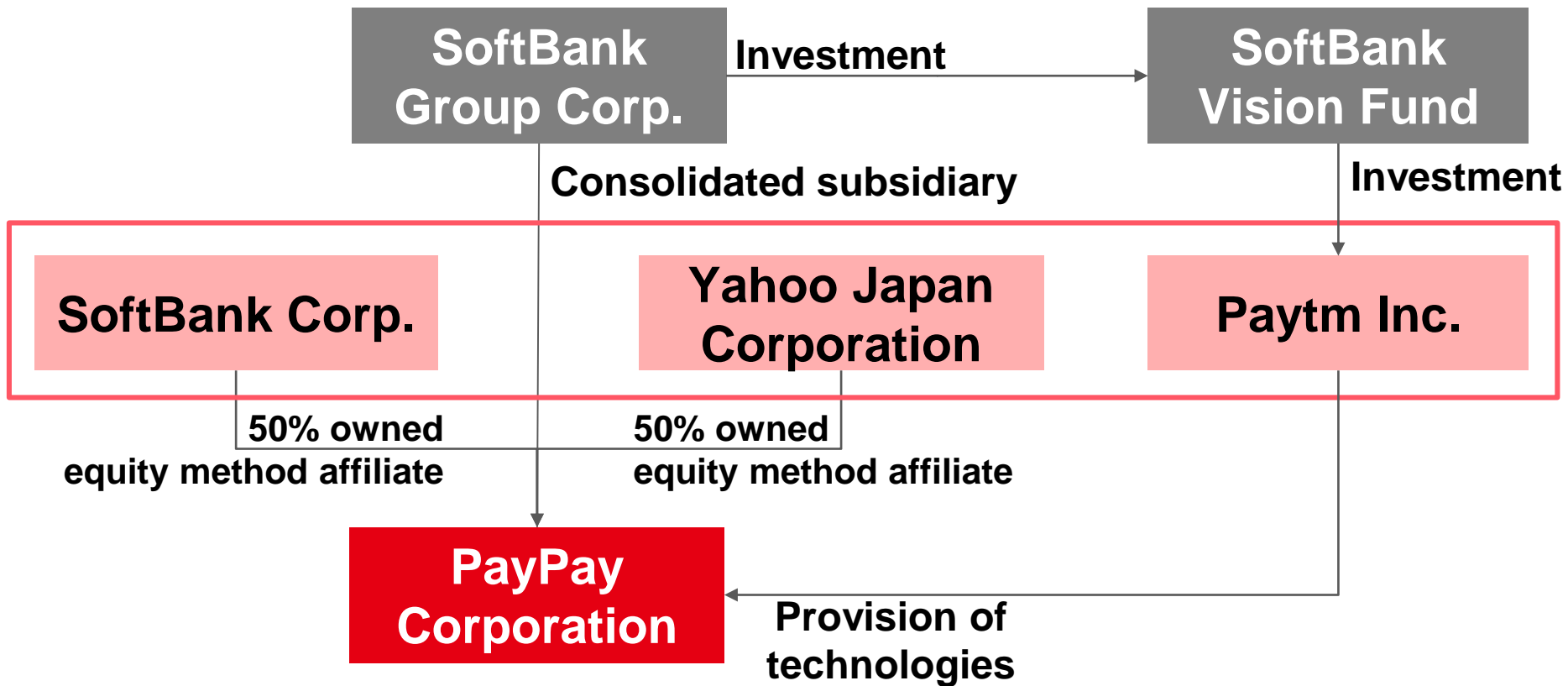
YAHUOKU! Transaction Value

(¥Billion)



Aiming for No.1 in Mobile Payment...

3 Company Alliance to Offer Smartphone Payment Service



Our Strength in Mobile Payment

1 Use of SoftBank's group synergy

Marketing know-how and resources
Acquisition of users of both companies

2 Leverage user base of Yahoo! Wallet

40 million+ accounts

3 Linkage with Yahoo! JAPAN's 100+ services

Monetization through data linkage with other businesses
→Free payment fee for first 3 years*

4 Full use of Paytm's cutting-edge technologies



Strength of Paytm

India's leading company in smartphone payment services

300
million
users

8
million
merchants

Invested by

SoftBank Vision Fund
Alibaba Group
Ant Financial

Steps To Monetization

**Maximize
transaction value**



Monetization

**Strengthen
existing businesses**

Advertising, e-commerce, credit card, etc.

**Launch
new businesses**

O2O (dining, retail, beauty, etc.)

Finance (credit, securities, insurance, etc.)

From 2018



Aiming to Improve Corporate Value...

Announced Share Buyback

Strengthen collaboration with SoftBank Corp. to achieve the three No.1s

Increased managerial freedom as a result of the termination of JVA between SoftBank Group Corp. and Altaba Inc.

Improve capital efficiency and shareholder returns

Strengthen Tie-ups with Other Companies



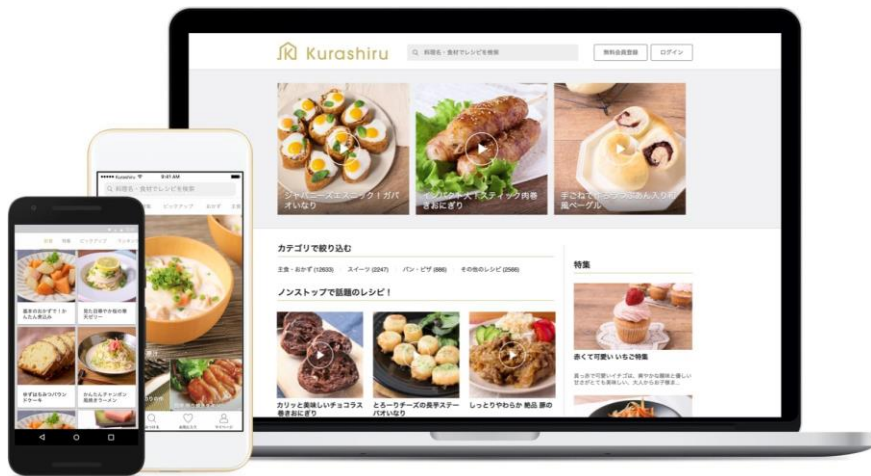
Strategic Partnership with Retty Inc.



Retty

Jointly provide solutions in restaurant selection, reservation and payment

Strategic Partnership with dely, Inc.



**Aiming to become
No.1
in selecting recipes
and purchase of
food items**

 **Kurashiru**
日本最大級のレシピ動画サービス

Collaboration with SoftBank Vision Fund



Certain "SoftBank Vision Fund" investments described herein are subject to pending regulatory approvals. The investments described herein represent a subset of the investments that have been acquired or will be acquired by SVF. This list does not purport to be a complete list of investments. The future operating plans described above are based on the beliefs of SB Investment Advisers at this time and nothing contained herein should be relied upon as a promise or representation as to future operating plans of SVF and its portfolio companies and/or SoftBank. All such operating plans are subject to the requirements and limitations of the relevant offering documents and/or governing agreements, including all notice and consent requirements, as applicable. Accordingly, there can be no assurance that the operating plans and models described herein will be implemented and actual results may be significantly different. Nothing presented herein should be construed as a recommendation of any investment or security.

Yahoo! JAPAN
will create a future that
can only be shaped by us

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:** Video-related services and others

Commerce Business

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

Others

- **Advertising:** Display advertising (“Premium Advertising”)
- **Business Services:** Data center-related services, Utilities payment-related service and others
- **Personal Services:** Utilities payment-related service, Yahoo! Mail, Yahoo! Address Book 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	Small and medium-sized companies	
			Video			
		Yahoo! Premium DSP	Banner	Interior pages of service sites *1	Major corporations	
	Premium Advertising	Brand Panel Prime Display Others	Rich ads (including video) Banner	Per-impression page view rate (Performance-based) *2	Yahoo! Shopping	Yahoo! Shopping stores
		Banner ads Text ads Others	Text Banner	Per-impression page view rate (Guarantee-based) *3		
		PR Option		Per-guaranteed period rate, etc. (Guarantee-based) *3		
			Conversion-based			

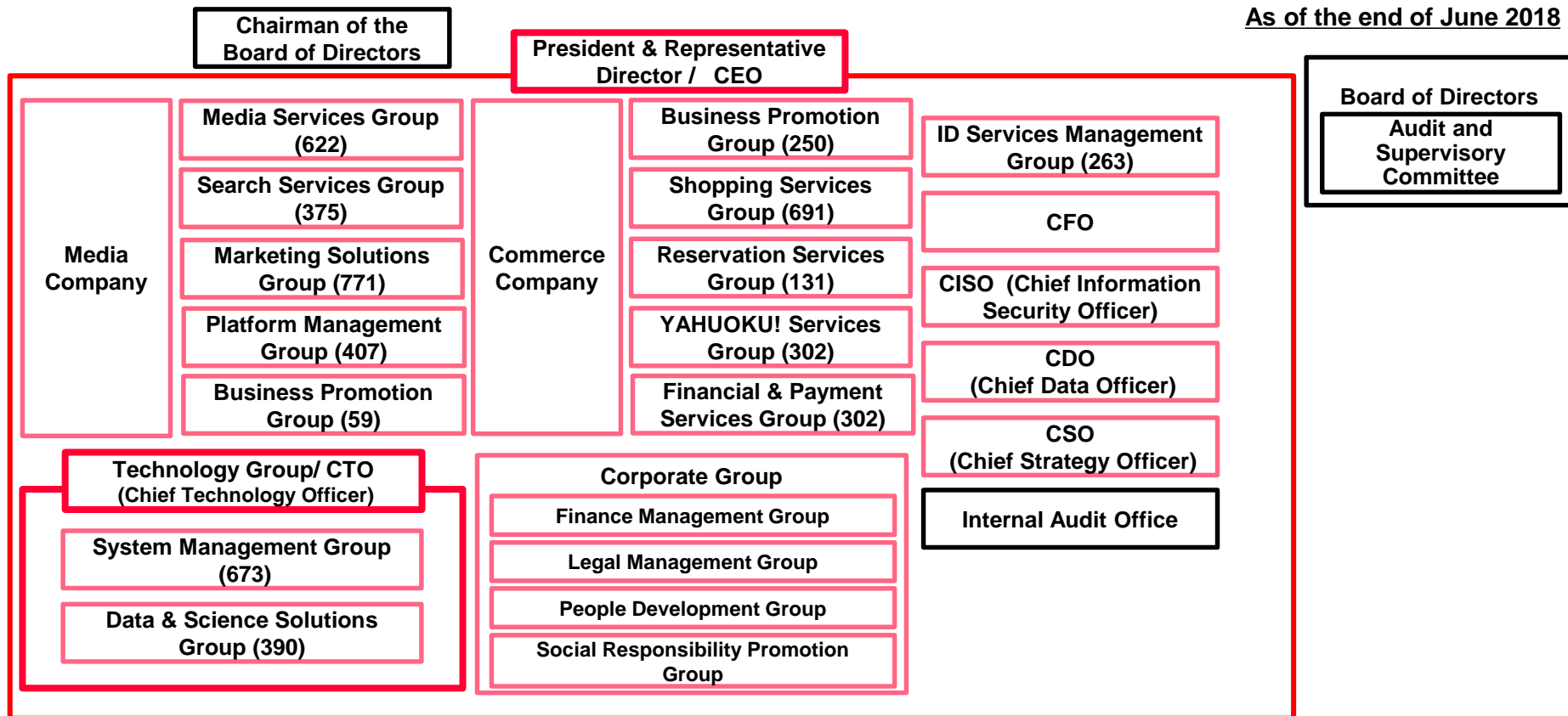
*1 Includes In-feed advertising on timeline view pages.

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

*3 Advertising for which specific placement is reserved in advance

Organization Chart of Yahoo Japan Corporation

As of the end of June 2018



Consolidated Subsidiaries and Affiliates

As of the end of June 2018

● Major consolidated subsidiaries

ASKUL Corporation

CLASSIFIED Corporation

eBOOK Initiative Japan Co., Ltd.

GYAO Corporation

Netrust, Ltd

Synergy Marketing, Inc.

ValueCommerce Co., Ltd.

YJ Card Corporation

Y's Insurance Inc.

Z Corporation Incorporated

Carview Corporation

Dynatech inc.

ecohai Co., Ltd.

Ikyu Corporation

Passrevo Corporation

The Japan Net Bank, Limited

YJ Capital Inc.

YJFX, Inc.

Y's Sports Inc.

● Major affiliates

Astmax Asset Management, Inc.

BuzzFeed Japan Corporation

Sony Real Estate Corporation

BOOKOFF CORPORATION LIMITED

CRITEO K. K.

YAHOO!
JAPAN