



Yahoo Japan Corporation

FY2017-2Q Business Results

(July - September 2017)

October 27, 2017

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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 September 30, 2017.”

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FY2017-2Q

Financial Highlights

Executive Summary for FY2017-2Q



Revenue	215.2 (¥B)	YoY +4.8%	
Operating income	42.7 (¥B)	YoY -13.6%	
EBITDA	53.2 (¥B)	YoY -9.7%	
Net income attributable to owners of the parent	31.7 (¥B)	YoY -5.6%	
Diluted EPS	¥5.5	YoY -5.6%	
Advertising-related revenue	74.3 (¥B)	YoY +7.0%	Via smartphones 55.5%
Display advertising revenue	37.8 (¥B)	YoY +9.5%	
Paid search advertising revenue	36.5 (¥B)	YoY +4.6%	
Total domestic e-Commerce transaction value ^(*1)	496.3 (¥B)	YoY +14.8%	Via smartphones ^(*2) 52.1%
ASKUL Corporation's BtoB-related revenue (transaction value) via Internet	54.3 (¥B)		

*1 Includes Shopping-related and Auction-related transaction values, and ASKUL Corporation's non-consolidated BtoB-related revenue (transaction value; closing date: 20th of every month) via Internet. Shopping-related transaction value includes revenue (transaction value; closing date: 20th of every month) of LOHACO business, operated by ASKUL Corporation, and Ikyu Corporation's transaction value.

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

Executive Summary for FY2017-2Q



Media Business

-Video viewing time has more than tripled YoY due to enhancement of video content.

Commerce Business

-Shopping transaction value ^(*1) maintained a growth rate of approx. +40% YoY.

-Number of both new and repeat buyers in Yahoo! Shopping increased significantly.

-Ratio of transaction value generated by Yahoo! Premium members to Yahoo! Shopping transaction value exceeded 70%.

-Number of valid credit card holders ^(*2) exceeded 4 million.

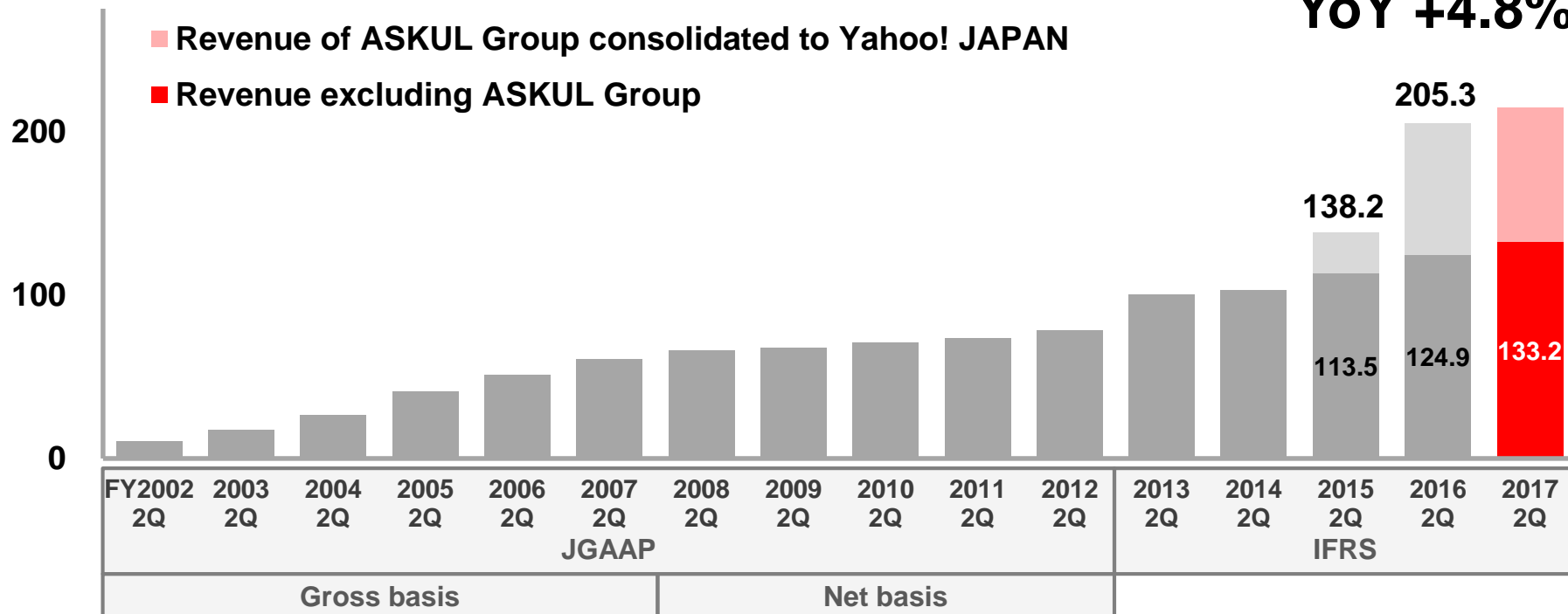
*1 Includes transaction values of Yahoo! Shopping and LOHACO. LOHACO's transaction value is the revenue (closing date: 20th of every month) of LOHACO business, operated by ASKUL Corporation.

*2 Number of card holders who can purchase goods and receive services, etc., using the card. Includes card holders of KC Card, Yahoo! JAPAN Card and SoftBank Card ("Omakase charge").

Revenue

(¥Billion)

¥215.2 billion
YoY +4.8%

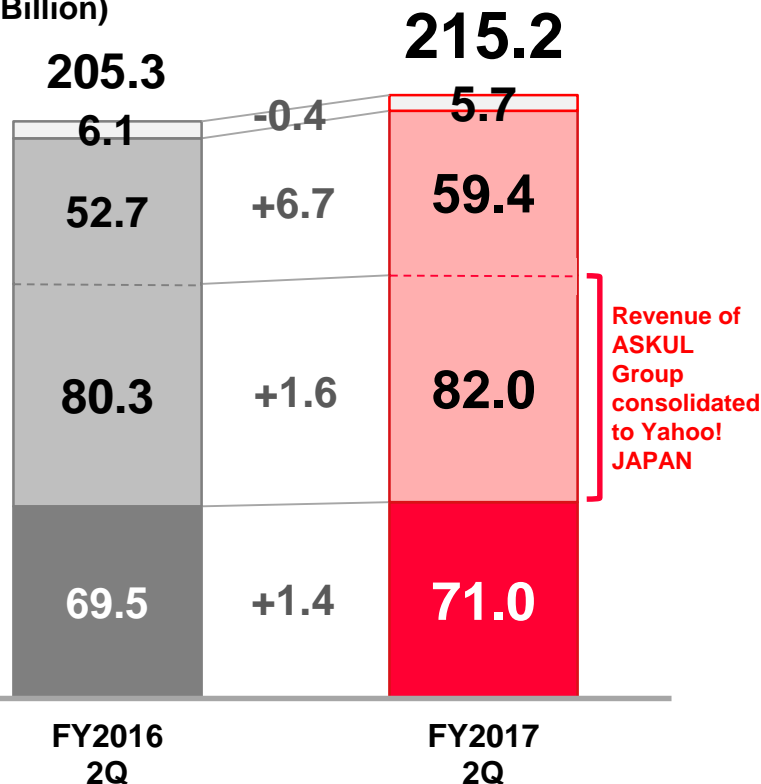


Note: Between FY2008 and FY2012, we indicated revenue on a net rather than gross basis, by eliminating certain items in cost of sales and SG&A.

Revenue of ASKUL Group consolidated to Yahoo! JAPAN 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 +2.1%

Growth in paid search advertising revenue

Commerce Business

YoY +6.3%

Excluding ASKUL Group YoY +12.7%

Growth in Shopping-related advertising revenue
Growth related to consolidation of eBOOK Initiative Japan Co., Ltd.

Other Businesses

YoY -6.6%

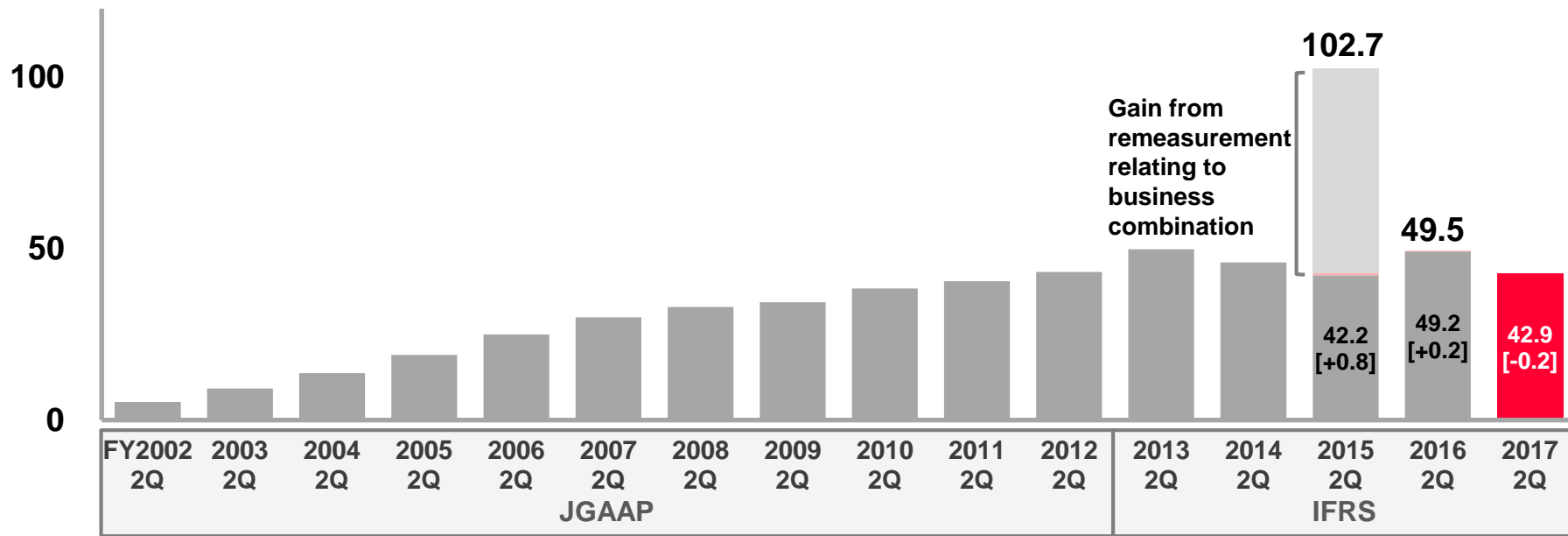
Note 1: Figures for adjustments are not shown.

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)

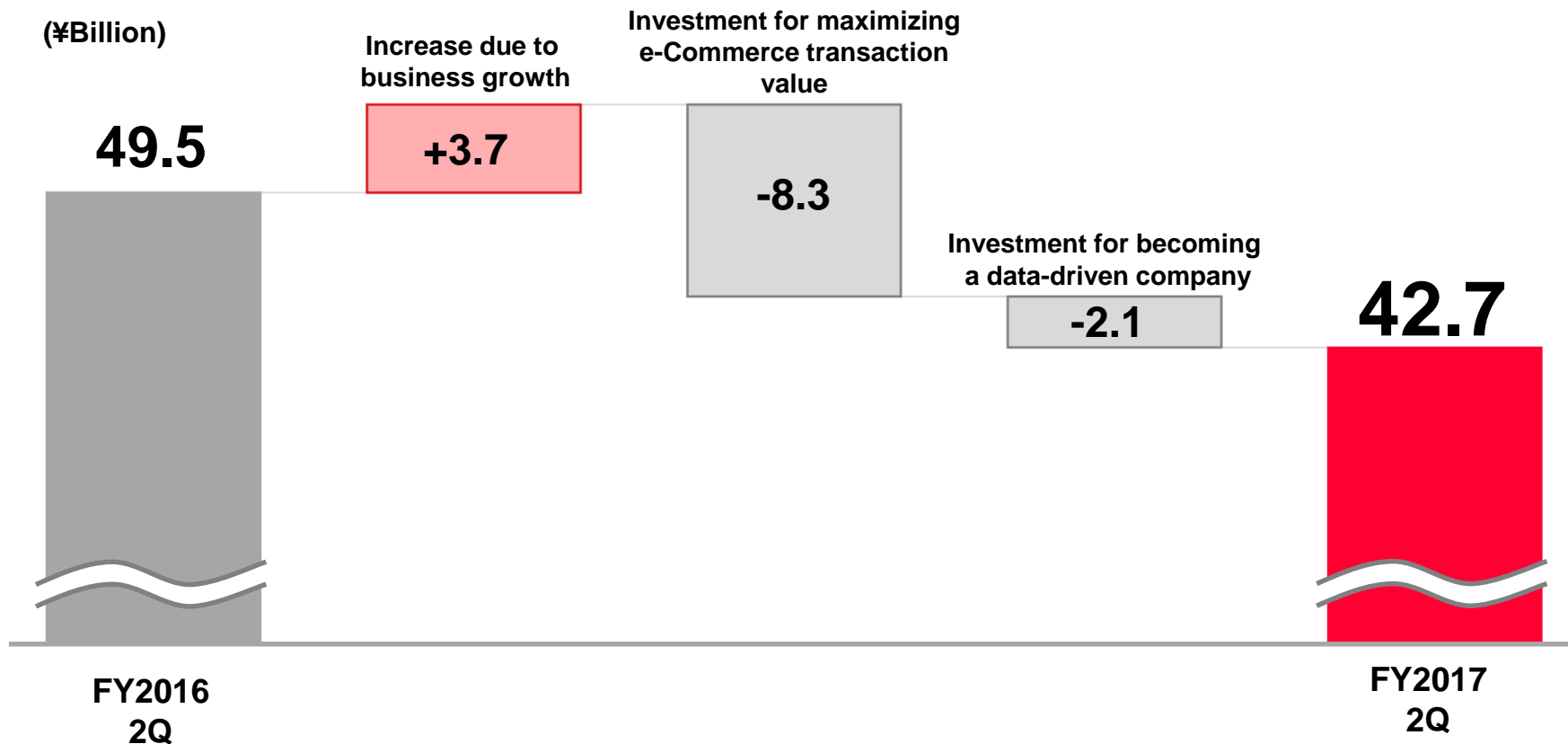
¥42.7 billion
YoY -13.6%



Note: Figure of FY2015-2Q includes the gain from remeasurement of ¥59.6 billion relating to the business combination in that quarter.

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.

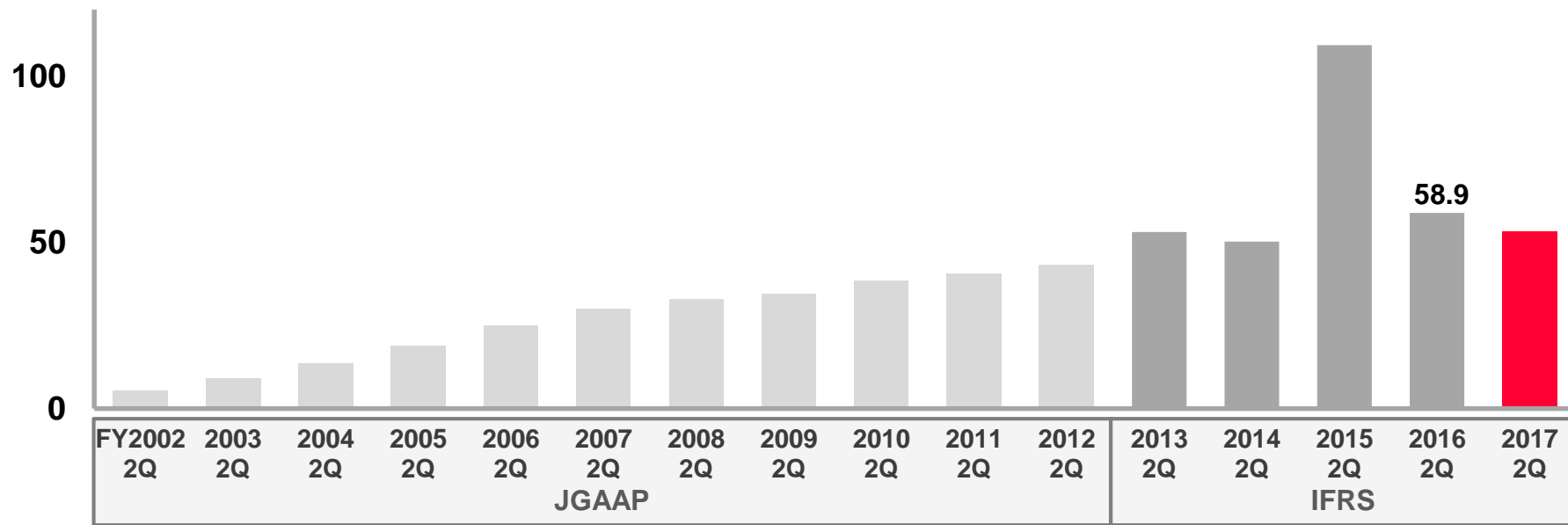
Factors of Change in Operating Income



EBITDA

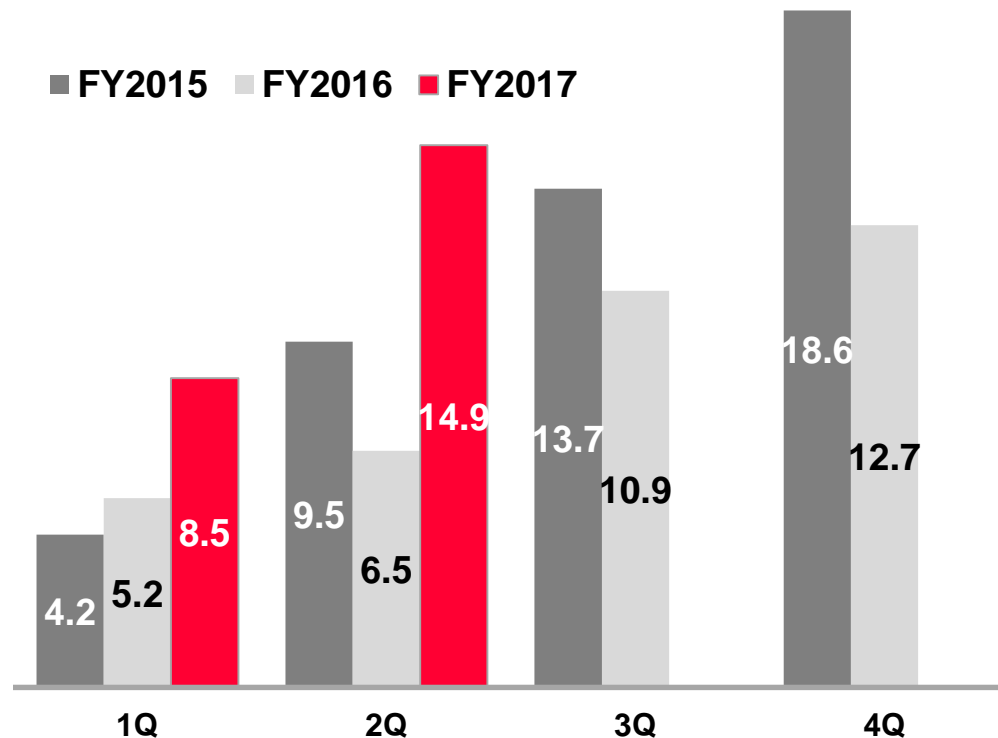
(¥Billion)

¥53.2 billion
YoY -9.7%



Sales Promotional Activities(*1)

(¥Billion)



FY2017-2Q

Rough breakdown

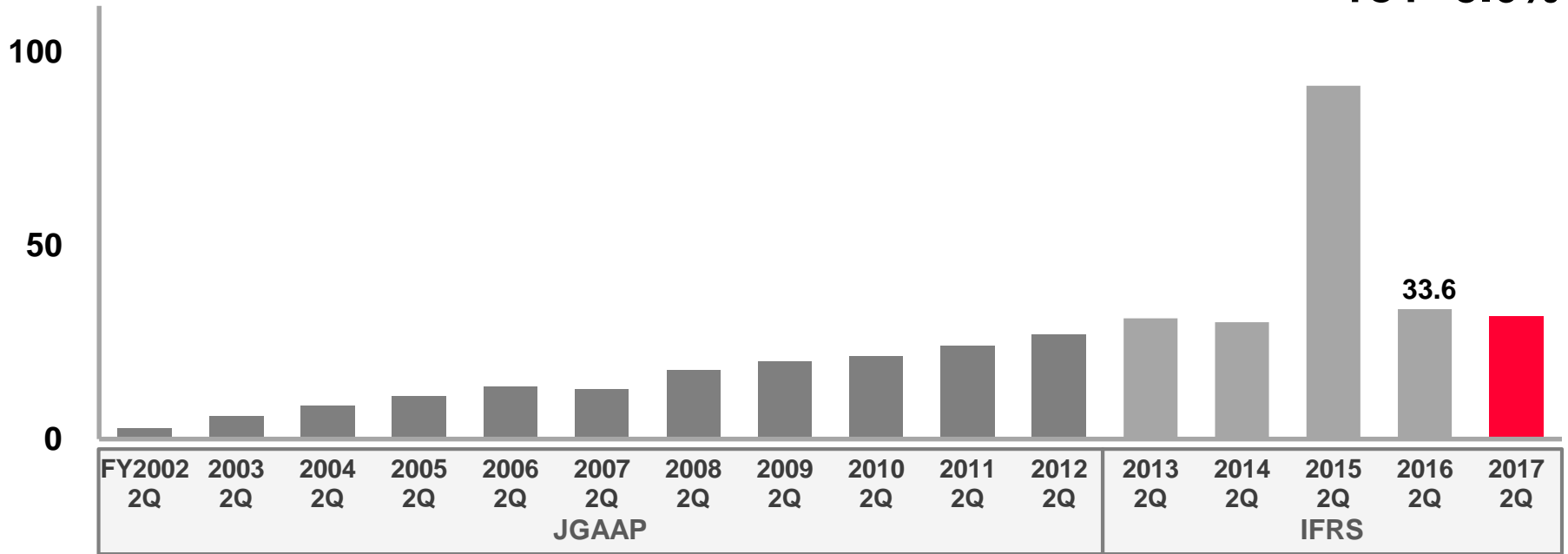
Shopping	35%
Media	20%
Membership Services (*2)	20%
YAHUOKU!	15%
Financial & Payment	10%

Net Income Attributable to Owners of the Parent



(¥Billion)

¥31.7 billion
YoY -5.6%

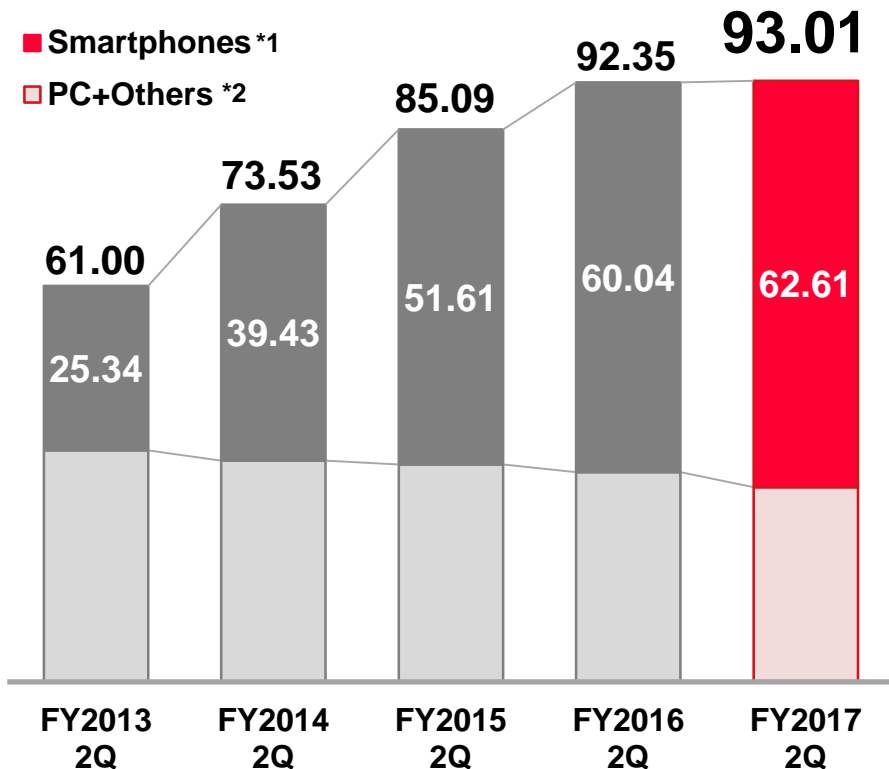


Note: Figure of FY2015-2Q includes the gain from remeasurement of ¥59.6 billion relating to the business combination in that quarter.

Usage Trend of Services

Daily Unique Browsers

(Million)



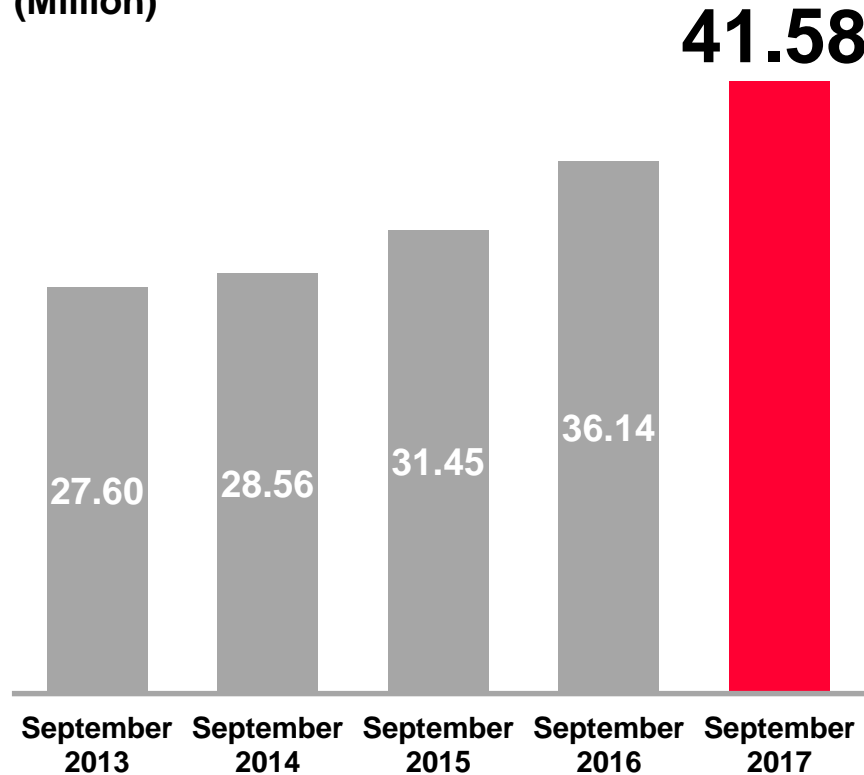
Usage via
smartphones
67.3%

*1 Quarterly average; includes accesses to Yahoo! JAPAN 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 to Yahoo! JAPAN via PCs, tablets and feature phones.

Number of Monthly Active User IDs

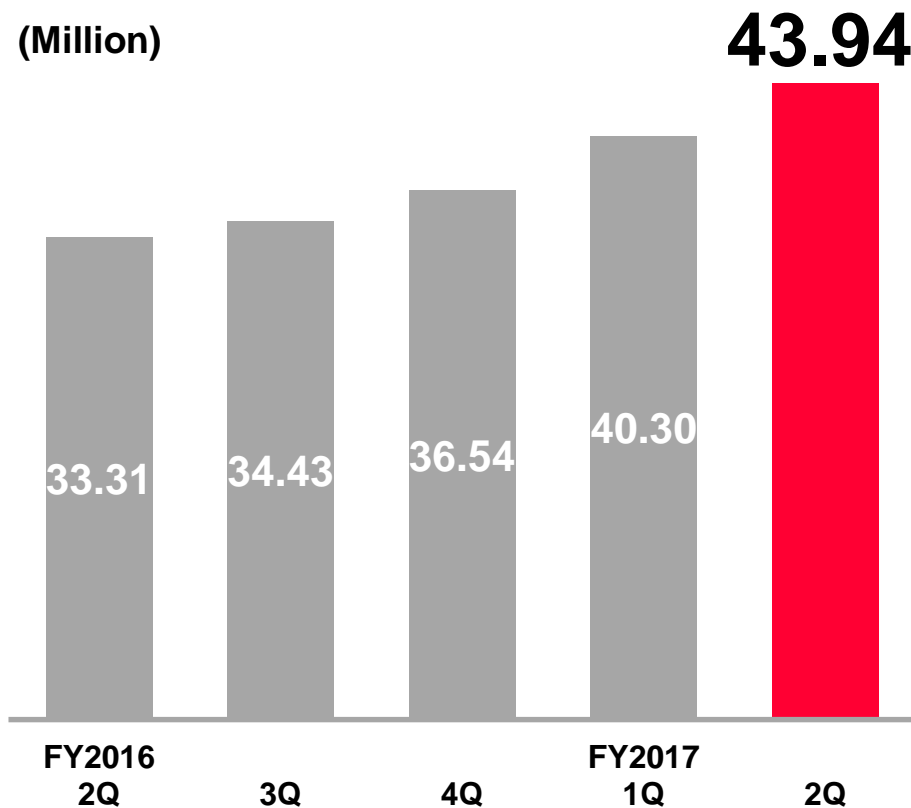
(Million)



YoY
+15.0%

DAU of All Applications

(Million)



YoY
+31.9%

Media Business

Advertising

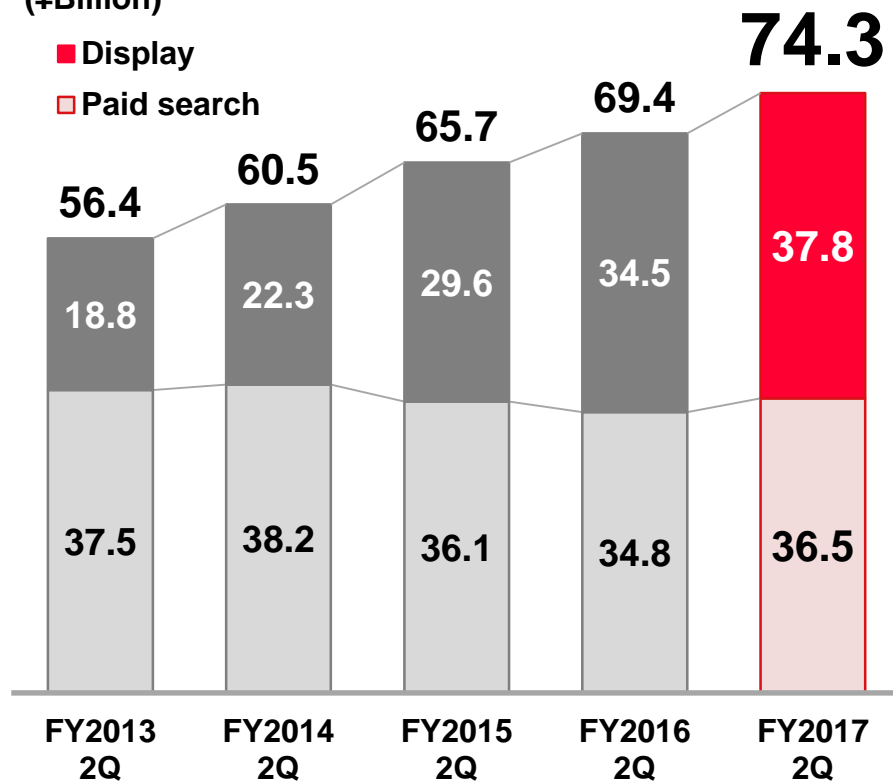
Media

Advertising-Related Revenue

(¥Billion)

■ Display

□ Paid search

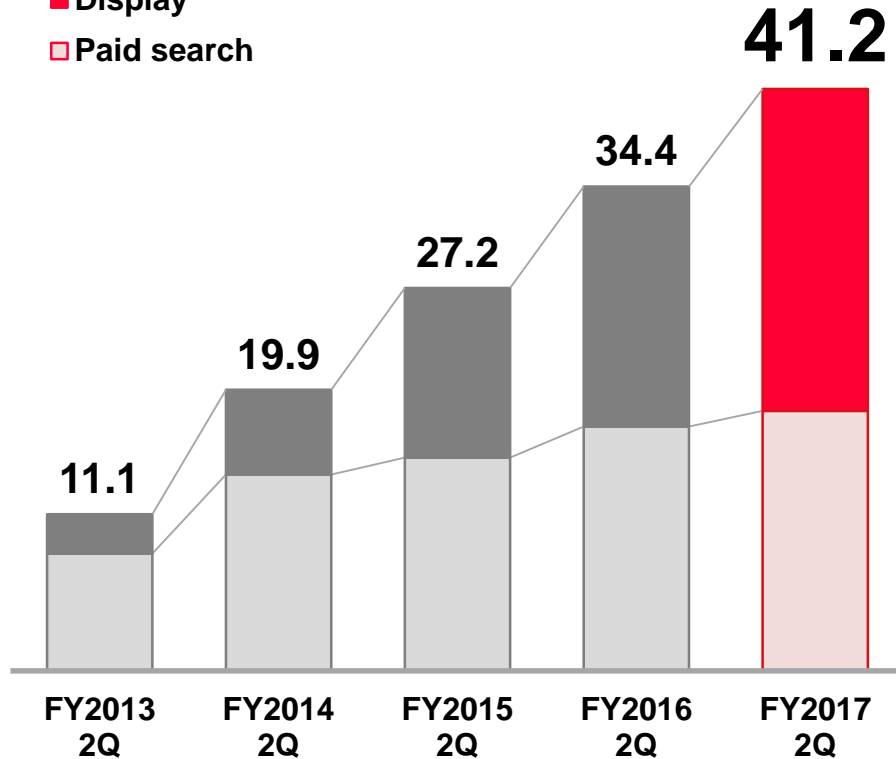


YoY
+7.0%

Advertising Revenue via Smartphones

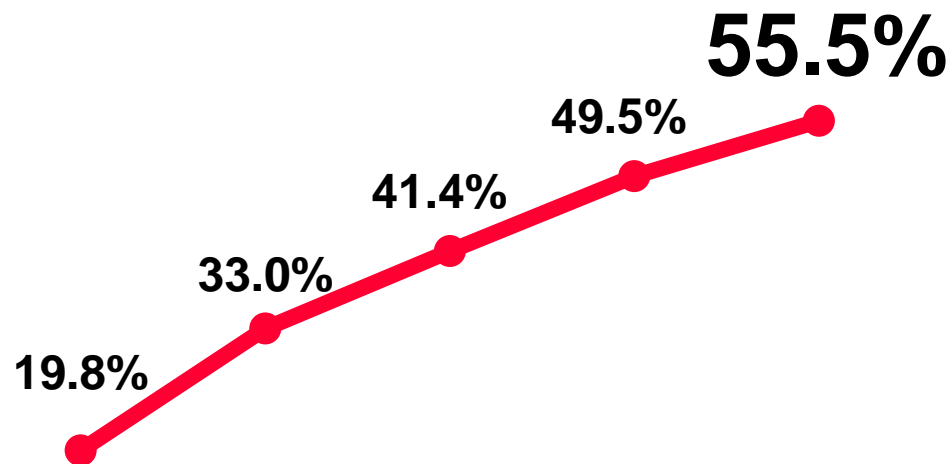
(¥Billion)

- Display
- Paid search



YoY
Approx. **+20%**

Ratio of Advertising Revenue via Smartphones **YAHOO!** JAPAN



**Record
high**

FY2013 2Q FY2014 2Q FY2015 2Q FY2016 2Q FY2017 2Q

Note: Proportion of advertising revenue via smartphones in total advertising revenue. Prior data have been retroactively adjusted.

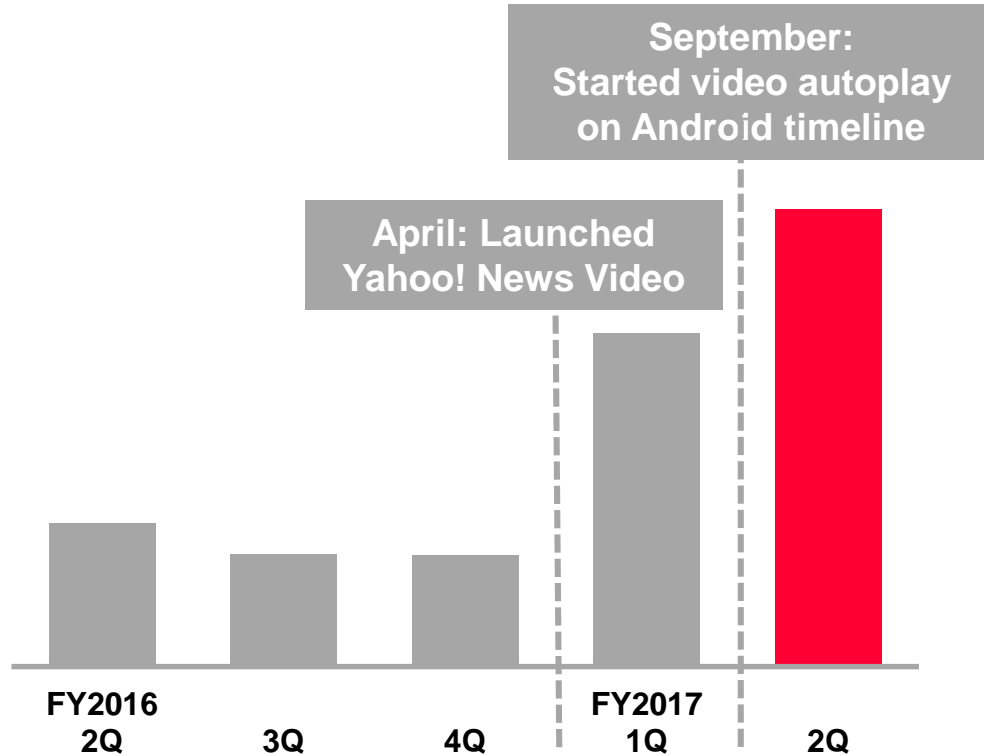
Includes part of advertising revenue via tablets.

Media Business

Advertising

Media

Video Viewing Time



YoY
3.3 X
due to
various measures

Commerce Business

Membership

Shopping Auction Financial & Payment

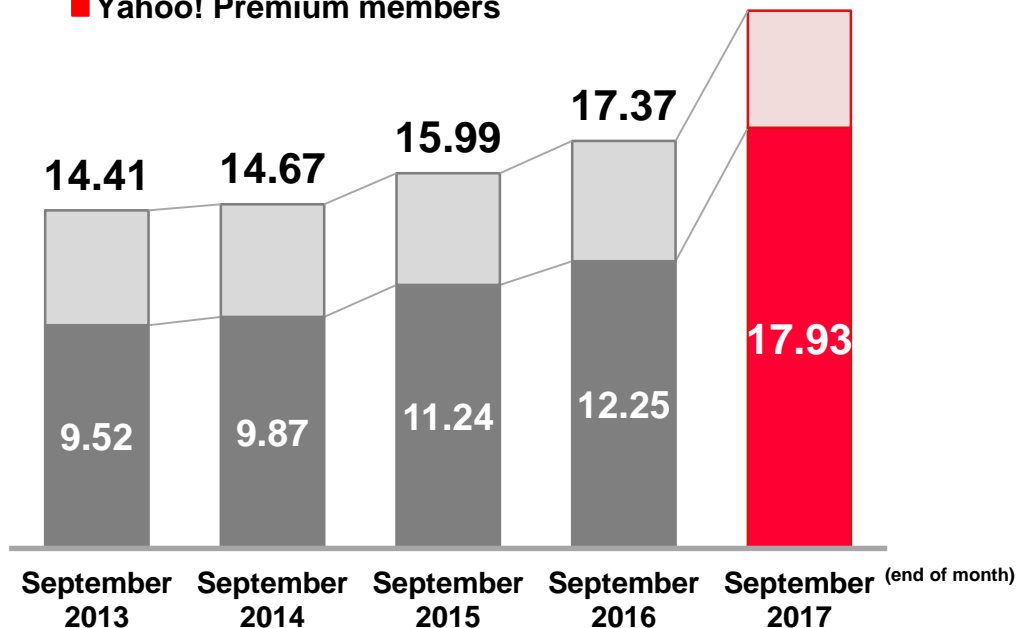
Number of Monthly Paid-Membership IDs

(Million)

Others

Yahoo! Premium members

24.70



YoY

+42.1%

Note: Number of monthly paid-membership ID 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.

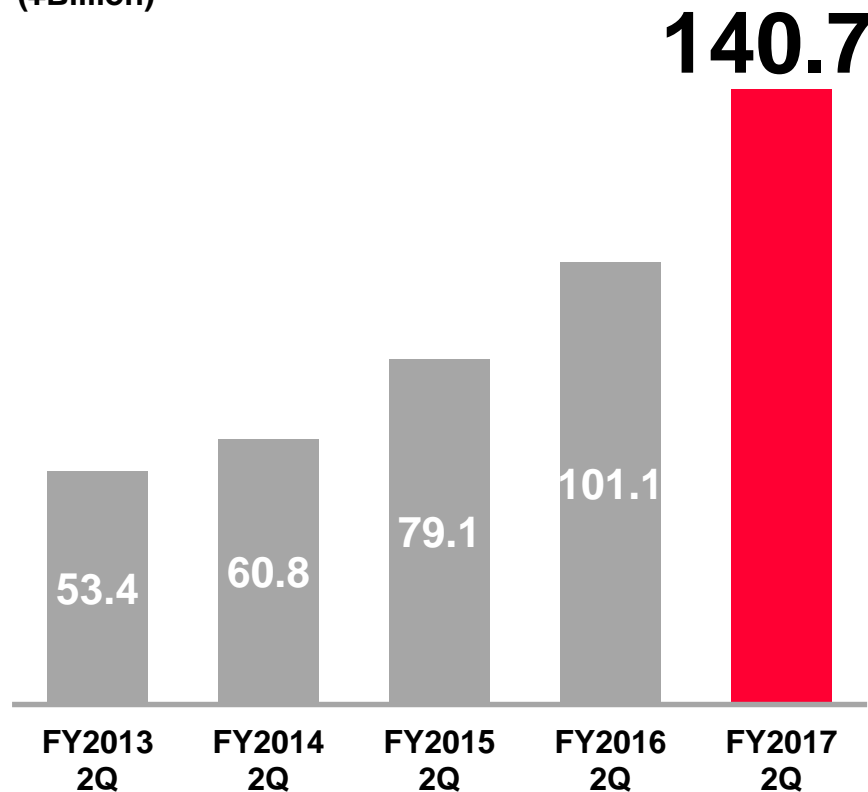
Yahoo! Premium members include: SoftBank members and Y!mobile members, etc. who are eligible for Yahoo! Premium privileges. Overlap in IDs is excluded.

Commerce Business

Membership **Shopping** Auction Financial & Payment

Shopping Transaction Value

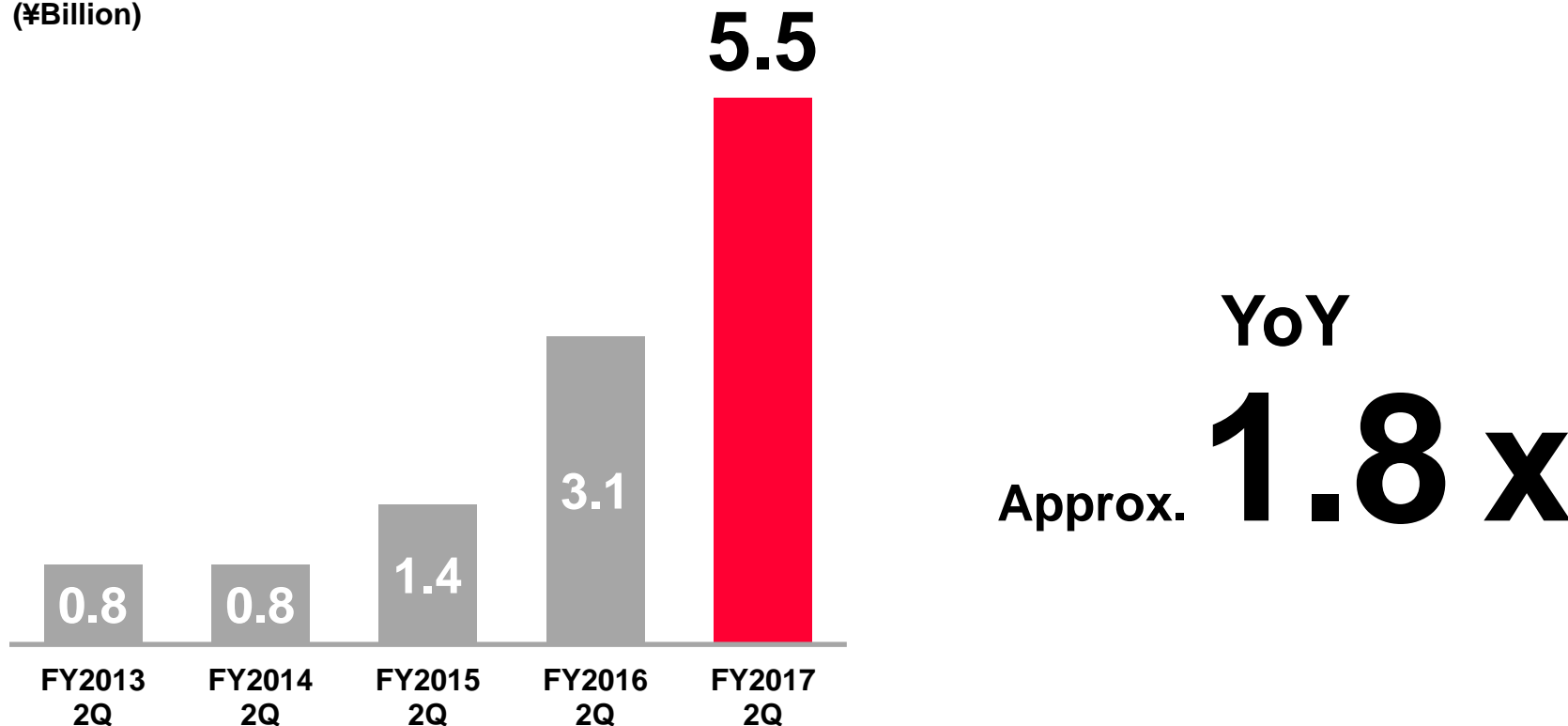
(¥Billion)



YoY
+39.1%

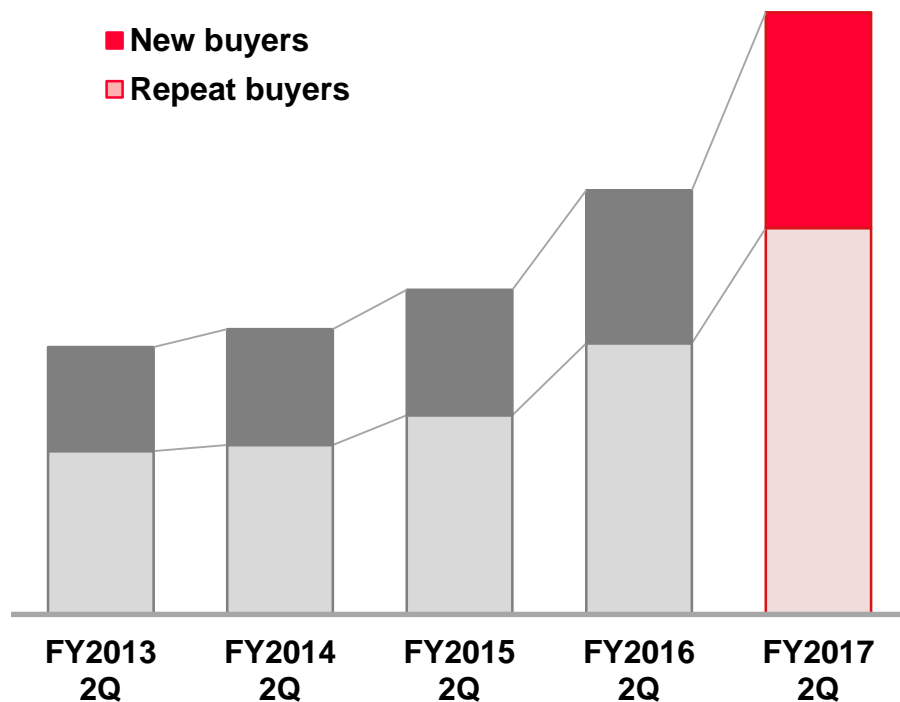
Shopping-Related Advertising Revenue

(¥Billion)



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.

Yahoo! Shopping — Number of Buyers

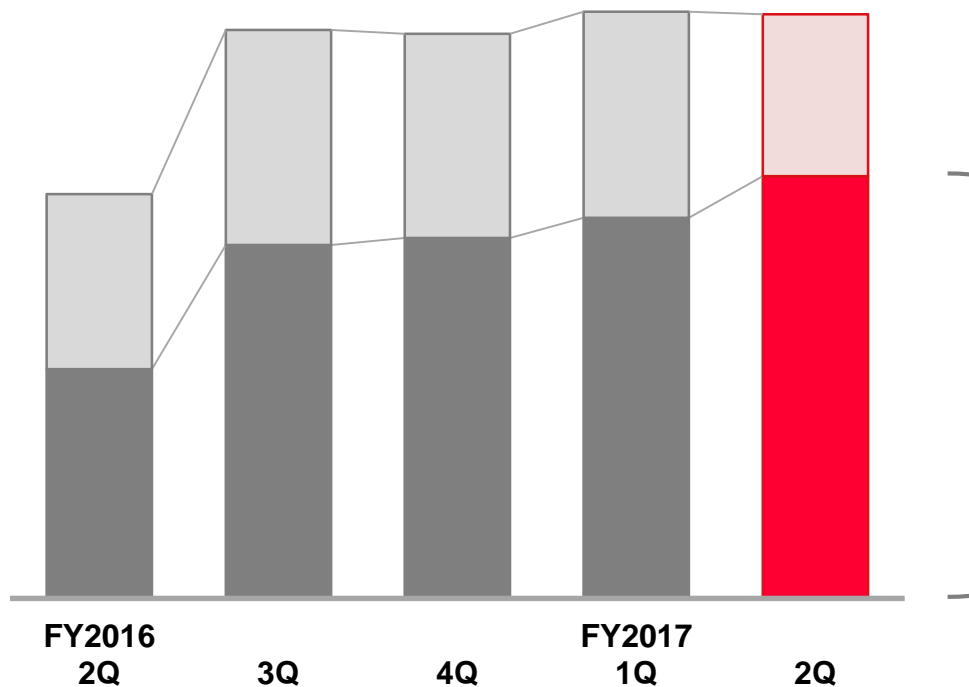


Number of both new
and repeat buyers
increased

Yahoo! Shopping — Transaction Value

Others

Yahoo! Premium members



Transaction value generated by
Yahoo! Premium members

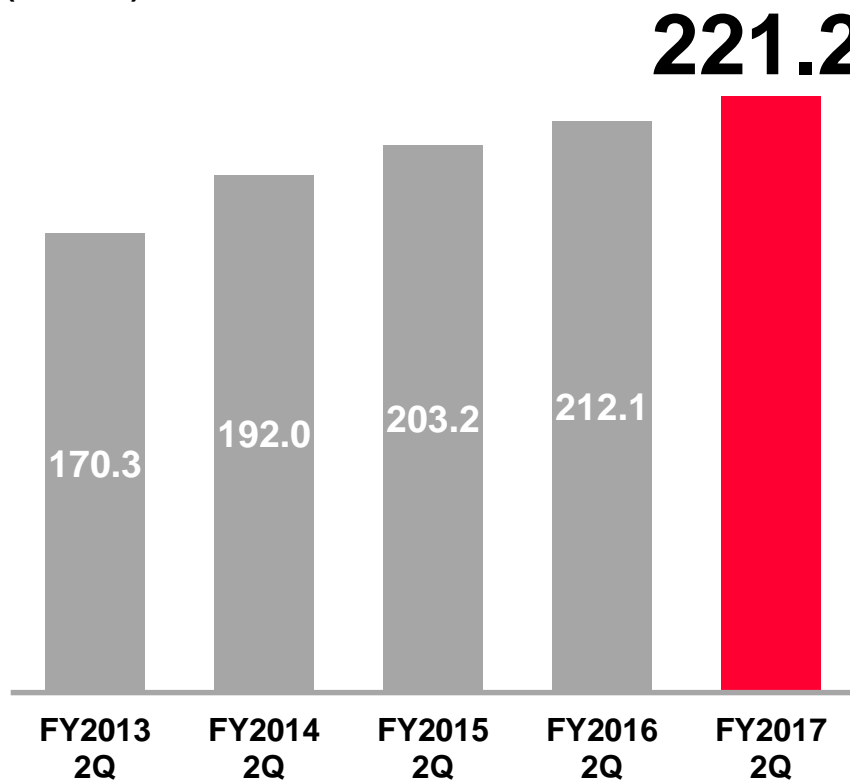
approx. **72%**

Commerce Business

Membership Shopping **Auction** Financial & Payment

Auction-Related Transaction Value

(¥Billion)



**Expanded
steadily**

From February 2017, Began Measures Linking YAHUOKU! and Yahoo! Money

Yahoo!プレミアム特典

Yahoo!マネー
受け取り、支払いで

受け取って9%

手数料実質0円
キャンペーン

落札された金額の

8%

今すぐ設定する

最大 10%

キャンペーン詳細

Tポイント
プレゼント!

Yahoo!マネーに
チャージした額の

1%
(※)

[→ 詳細はこちら](#)

支払って1%

Yahoo!マネーでの
お支払い額の

1%

[→ 詳細はこちら](#)

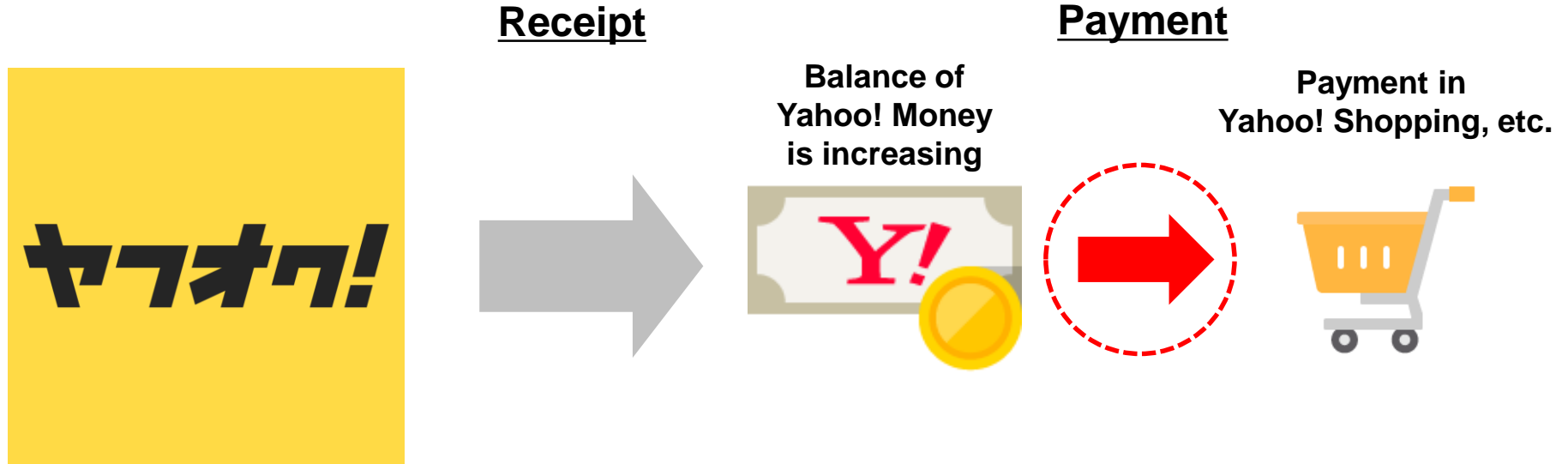
最大 10%
Tポイント進呈

(※)手数料実質0円キャンペーンの条件を満たすと自動で適用されます。

Usage Trend of Yahoo! Money in YAHUOKU!

Rapid increase in the balance of Yahoo! Money

Aiming to increase its use as a method of payment



Campaign for YAHUOKU! Sellers

YAHOO!
JAPAN

Max. 14% T Points provided^(*) if Yahoo! Money is used for receipt of proceeds and payments

「手数料^{*}実質0円キャンペーン (※落札システム利用料)」 & 「Yahoo!マネーでお買い物応援キャンペーン」開催中!

Yahoo!プレミアム特典
Yahoo!マネーなら

最大 **14%** もらえる!

T-POINT



まず **売**ってお得 **9%**

ヤフオク!
落札代金を受け取って

合計 **9%**

+

さらに **買**ってお得 **5%**

ヤフオク!、ショッピング、
LOHACOで
お買い物して

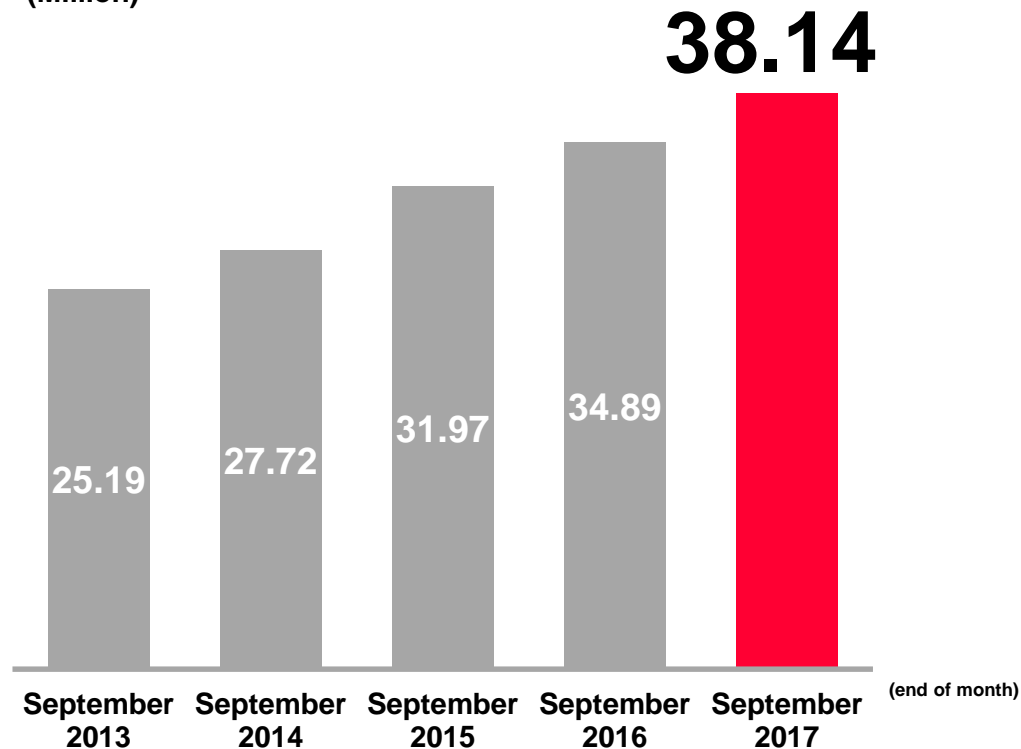
合計 **5%**

Commerce Business

Membership Shopping Auction **Financial & Payment**

Number of Yahoo! Wallet Accounts

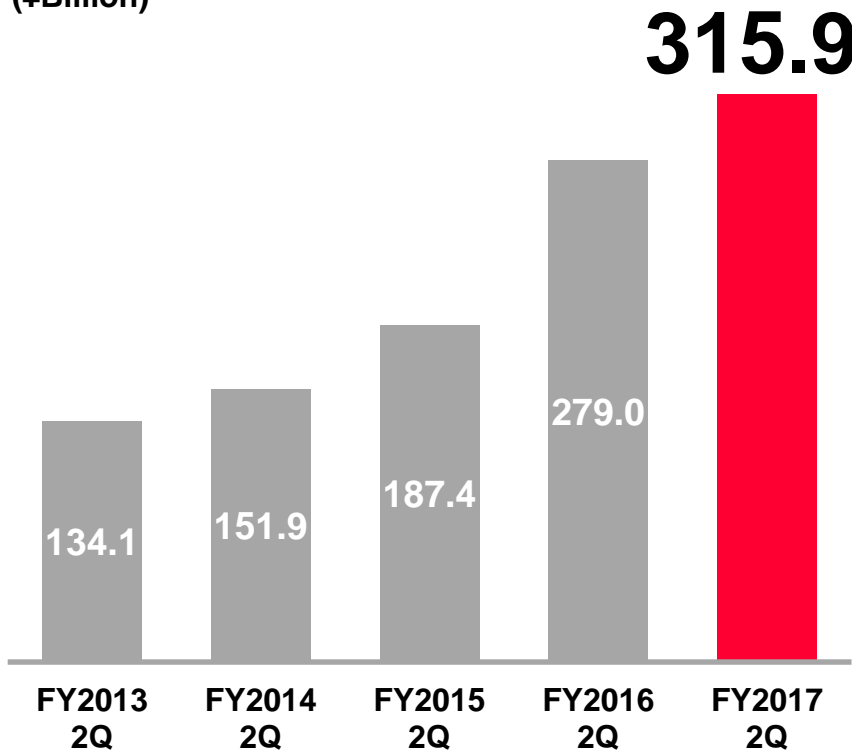
(Million)



**Record
high**

Yahoo! Wallet Transaction Value

(¥Billion)



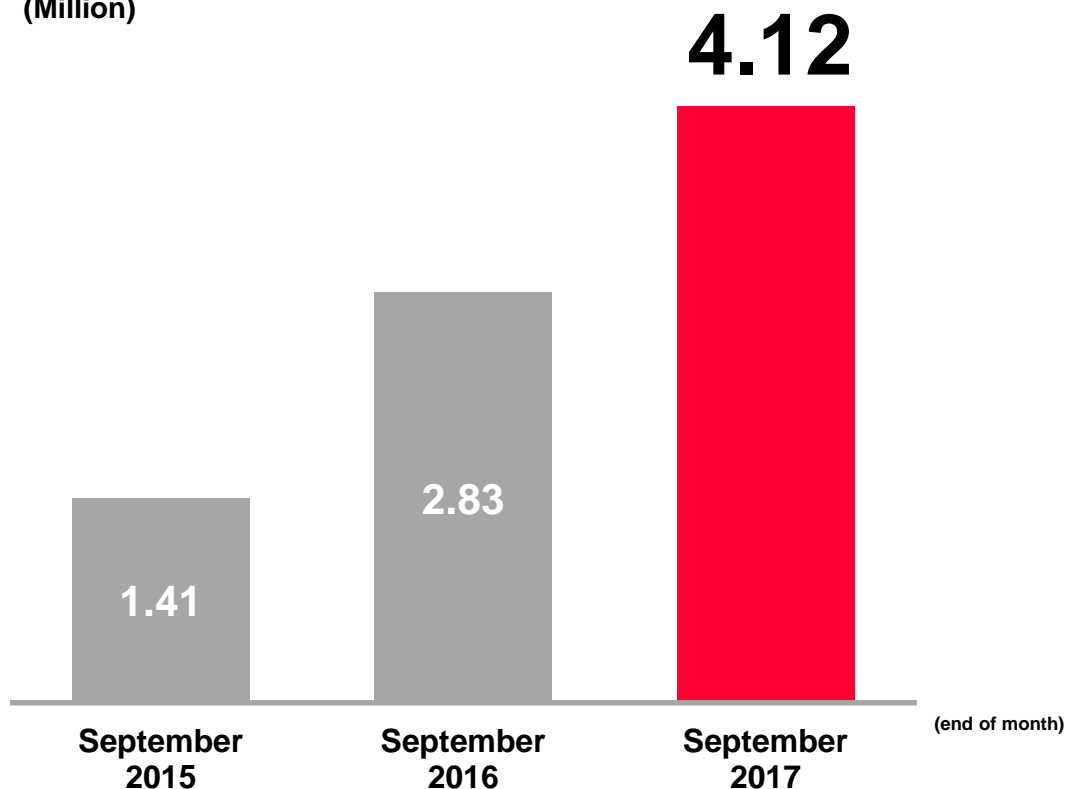
YoY
+13.2%

Note: Yahoo! Wallet is a payment system which uses Yahoo! JAPAN IDs and passwords for authentication. It enables users to make payments for services and merchandise using registered credit cards or from registered bank accounts.

Includes payments using T Points and Yahoo! Money.

Number of Valid Credit Card Holders

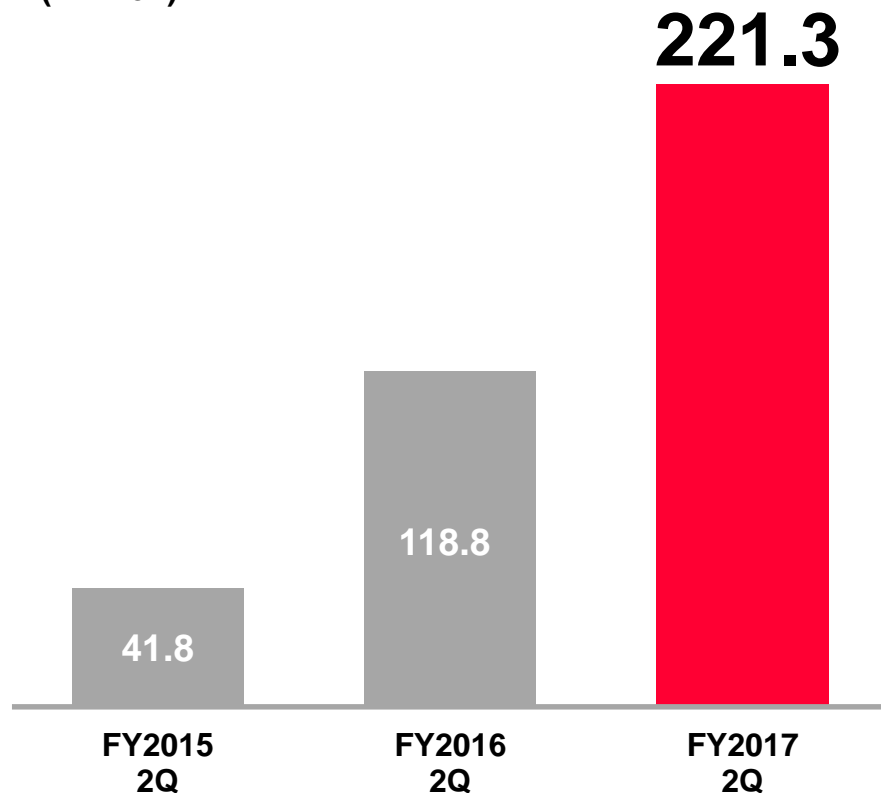
(Million)



YoY
Approx. **1.5 x**

Credit Card Transaction Value

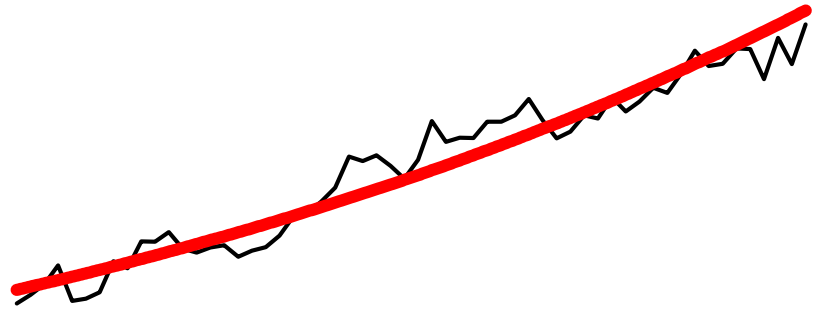
(¥Billion)



YoY
Approx. **1.9 x**

Technology

CTR of YDN on Smartphones



**Continuously
increasing**

0
April 2013 April 2014 April 2015 April 2016 April 2017

Various Measures to Improve CTR of YDN

1

Improvement in accuracy of CTR prediction
Introduction of a prediction model which eliminates impacts such as ad positions, and takes ad clickability into consideration

2

Use of heterogeneous data mixture learning
Improvement of targeting accuracy by combining extensive data (e.g. search history) with small amounts of low-noise data covering actual user activities

3

Use of location information
R&D using location information log of Yahoo! JAPAN IDs

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
- **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!, Credit card-related services, Payment-related services, FX-related service, E-book-related services, Yahoo! BB ISP fees, Game-related services and others

Others

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

45 Note: The group has changed reporting segments from the announcement of business results for FY2017-1Q. The main changes in the segments are: i) change in the segment name from "Marketing Solutions Business" to "Media Business"; ii) integration of Financial & Payment-related figures that were previously recorded in "Others" and "Consumer Business" to "Commerce Business"; iii) transfer of some of the services previously included in "Marketing Solutions Business" and "Consumer Business" to "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.

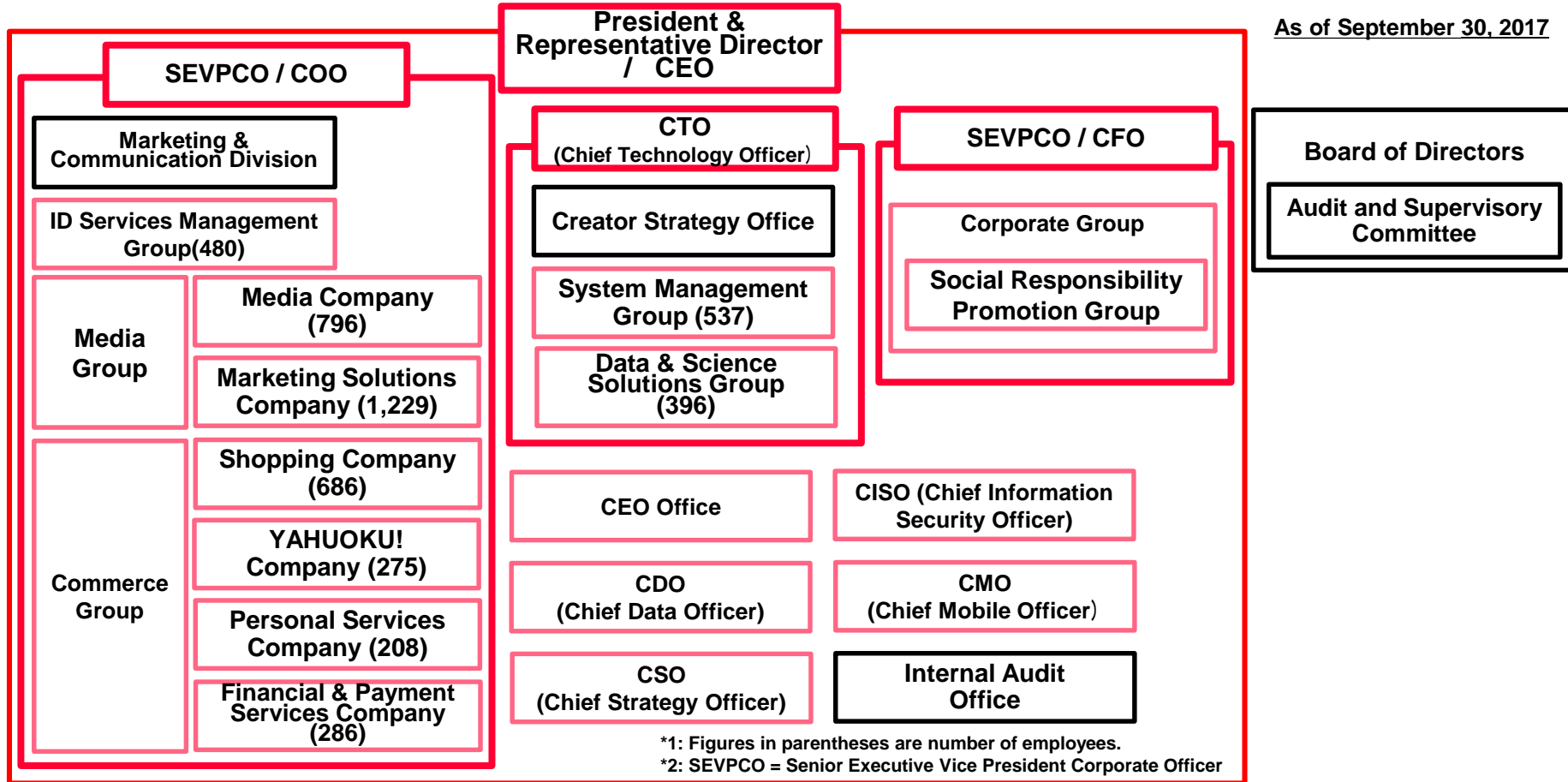
*2 Advertising that is programmatically or manually managed on a real-time basis to optimize advertisements effects

*3 Advertising for which specific placement is reserved in advance

Organization Chart of Yahoo Japan Corporation



As of September 30, 2017



Consolidated Subsidiaries and Affiliates



(As of September 30, 2017)

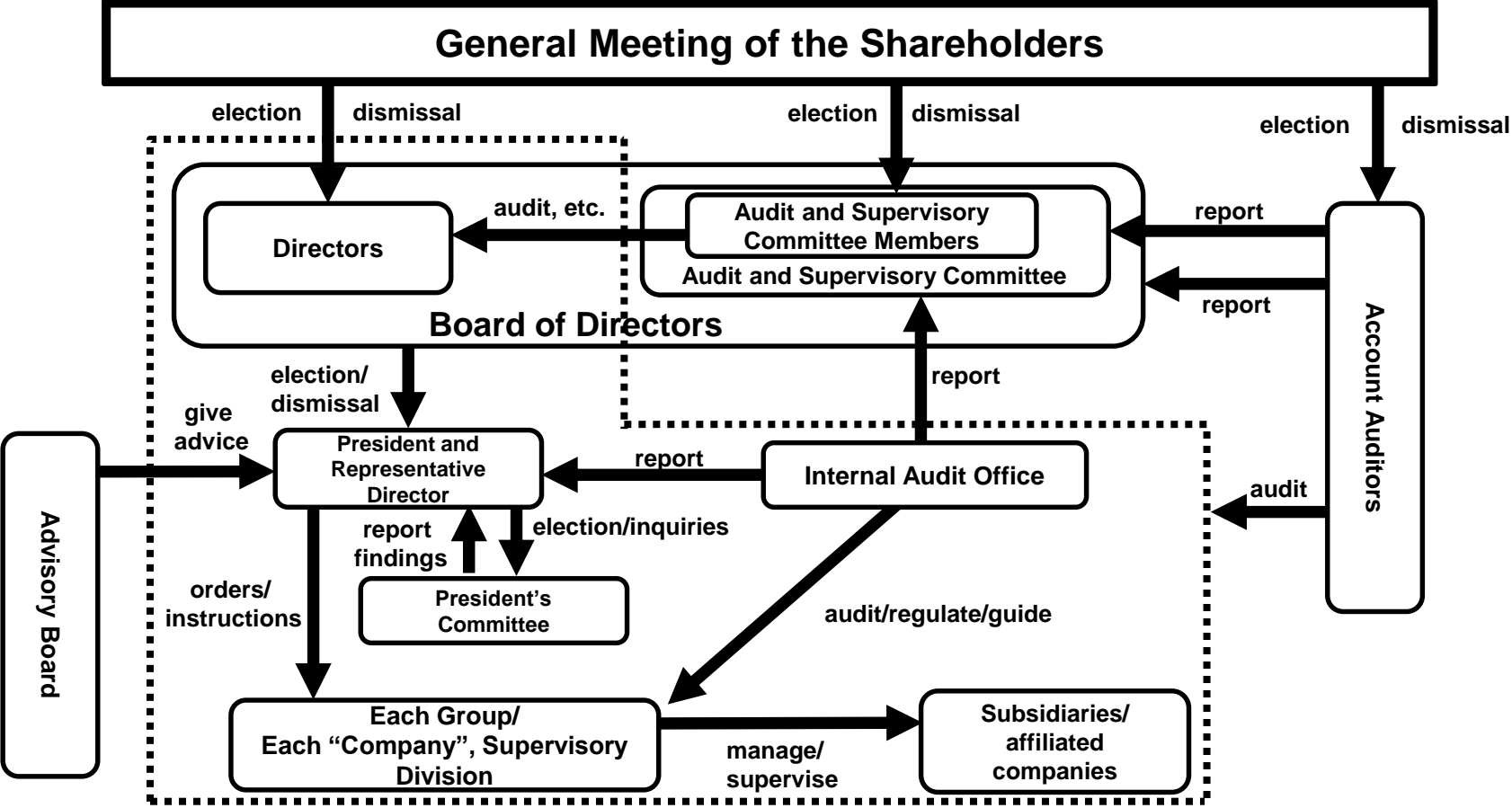
● Major consolidated subsidiaries

- ◆ ASKUL Corporation
- ◆ Dynatech inc.
- ◆ ecohai Co., Ltd.
- ◆ GYAO Corporation
- ◆ Ikyu Corporation
- ◆ Passrevo Corporation
- ◆ ValueCommerce Co., Ltd.
- ◆ YJ Card Corporation
- ◆ Y's Insurance Inc.
- ◆ Carview Corporation
- ◆ eBook Initiative Japan Co., Ltd.
- ◆ FirstServer, Inc.
- ◆ IDC Frontier Inc.
- ◆ Netrust, Ltd
- ◆ Synergy Marketing, Inc.
- ◆ 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.
- ◆ The Japan Net Bank, Limited

Corporate Governance System



Y!