



Yahoo Japan Corporation

FY2017 1Q Business Results

(April – June 2017)

July 28, 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 June 30, 2017.” The unauthorized use of the information or the data in this document is not permitted.

FY2017-1Q

Financial Highlights

Executive Summary for FY2017-1Q



Revenue	212.7 (¥B)	YoY +4.1%	
Operating income	52.2 (¥B)	YoY +2.6%	
EBITDA	62.3 (¥B)	YoY +4.1%	
Net income attributable to owners of the parent	35.9 (¥B)	YoY +1.1%	
Diluted EPS	¥6.3	YoY +1.1%	
Advertising-related revenue	70.4 (¥B)	YoY +7.8%	Via smartphones 54.8%
Display advertising revenue	35.7 (¥B)	YoY +7.9%	
Paid search advertising revenue	34.7 (¥B)	YoY +7.7%	
Total domestic e-Commerce transaction value ^(*1)	498.1 (¥B)	YoY +15.8%	Via smartphones ^(*2) 52.1%
ASKUL Corporation's BtoB-related revenue (transaction value) via Internet	58.7 (¥B)		

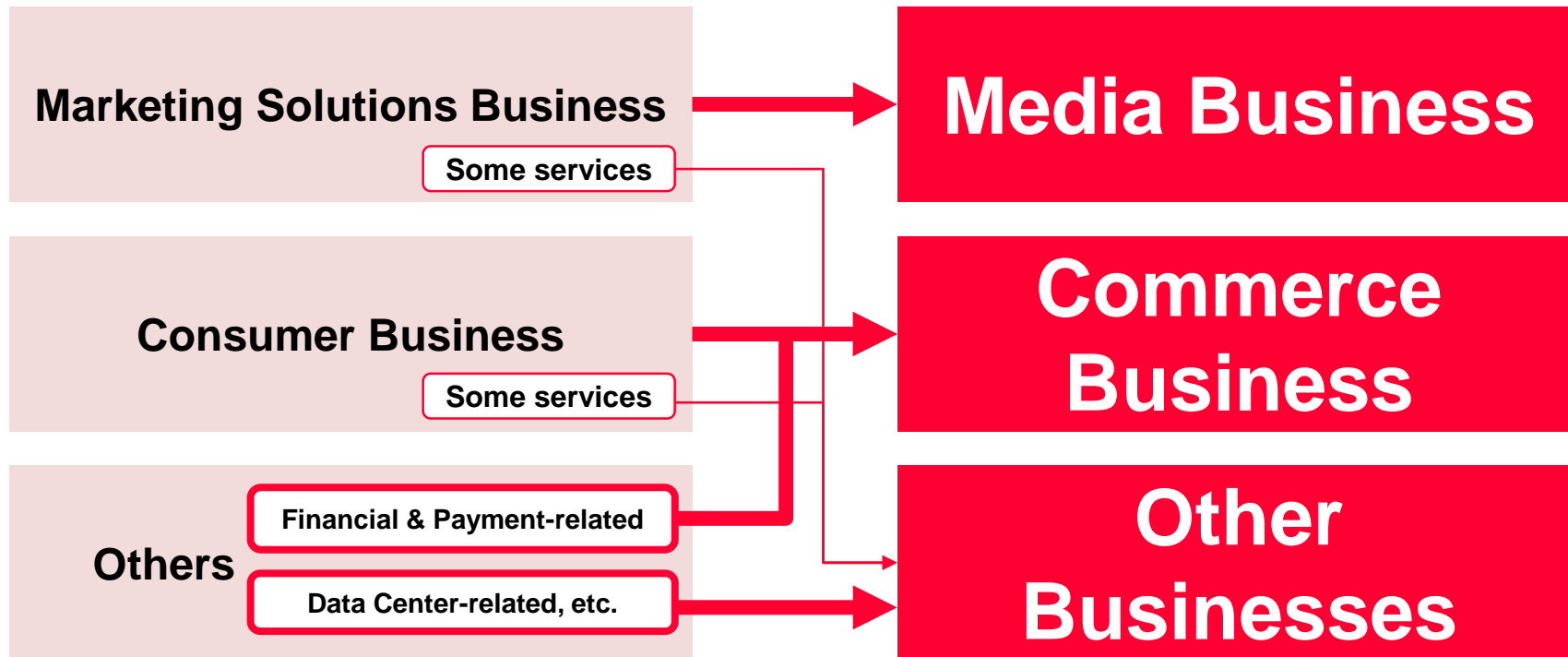
*1 Includes Shopping-related and Auction-related transaction values, and ASKUL's non-consolidated BtoB-related revenue (transaction value; closing date: 20th of every month) via Internet. Shopping-related transaction value includes revenue (transaction value; closing date: 20th of every month) of LOHACO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

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

Changes in Disclosed Business Segments

FY2016

FY2017



Executive Summary for FY2017-1Q



Media Business

-Paid search advertising revenue maintained the same level of growth rate achieved in the previous quarter.

Commerce Business

- Shopping transaction value ^(*1) achieved a growth rate of approx. +40% YoY.**
- Number of both new and repeat buyers in Yahoo! Shopping marked a record high.**
- Ratio of transaction value generated by Yahoo! Premium members to Yahoo! Shopping transaction value marked a record high.**

Technology

-Supercomputer developed by Yahoo! JAPAN, was ranked second in the world for its energy-efficiency ^(*2).

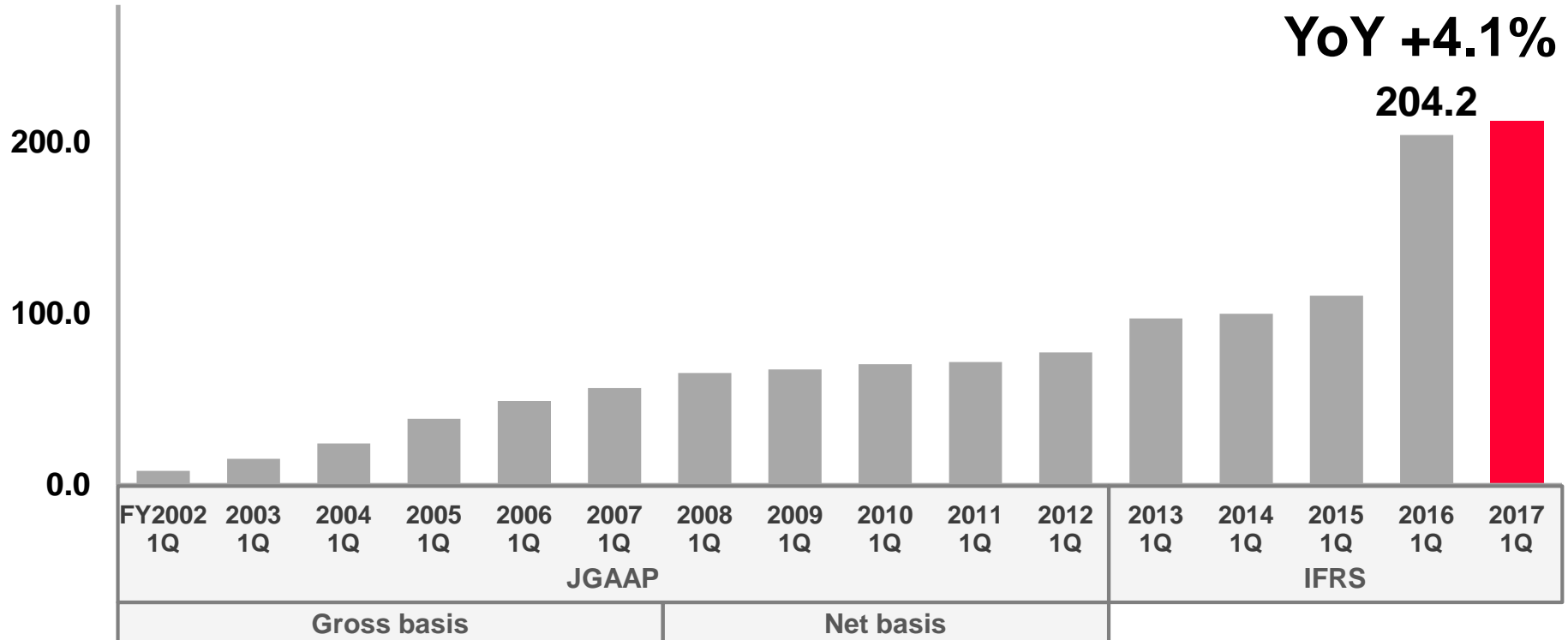
*1 Includes transaction values of Yahoo! Shopping and LOHACO. LOHACO's transaction value is the revenue (closing date: 20th of every month) of LOHACO business, operated by ASKUL.

*2 GREEN500; announced in June 2017 (<https://www.top500.org/green500/lists/2017/06/>)

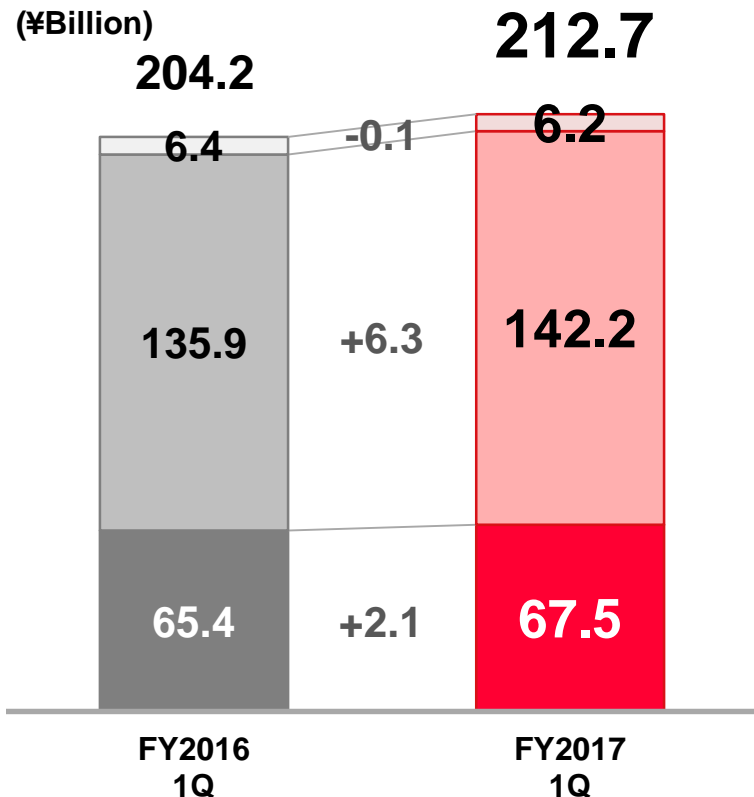
Revenue

(¥Billion)

¥212.7 billion
YoY +4.1%



Revenue Breakdown



Media Business

YoY +3.2%

Recovery in the growth rate of paid search advertising revenue

Commerce Business

YoY +4.7%

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

Other Businesses

YoY -2.8%

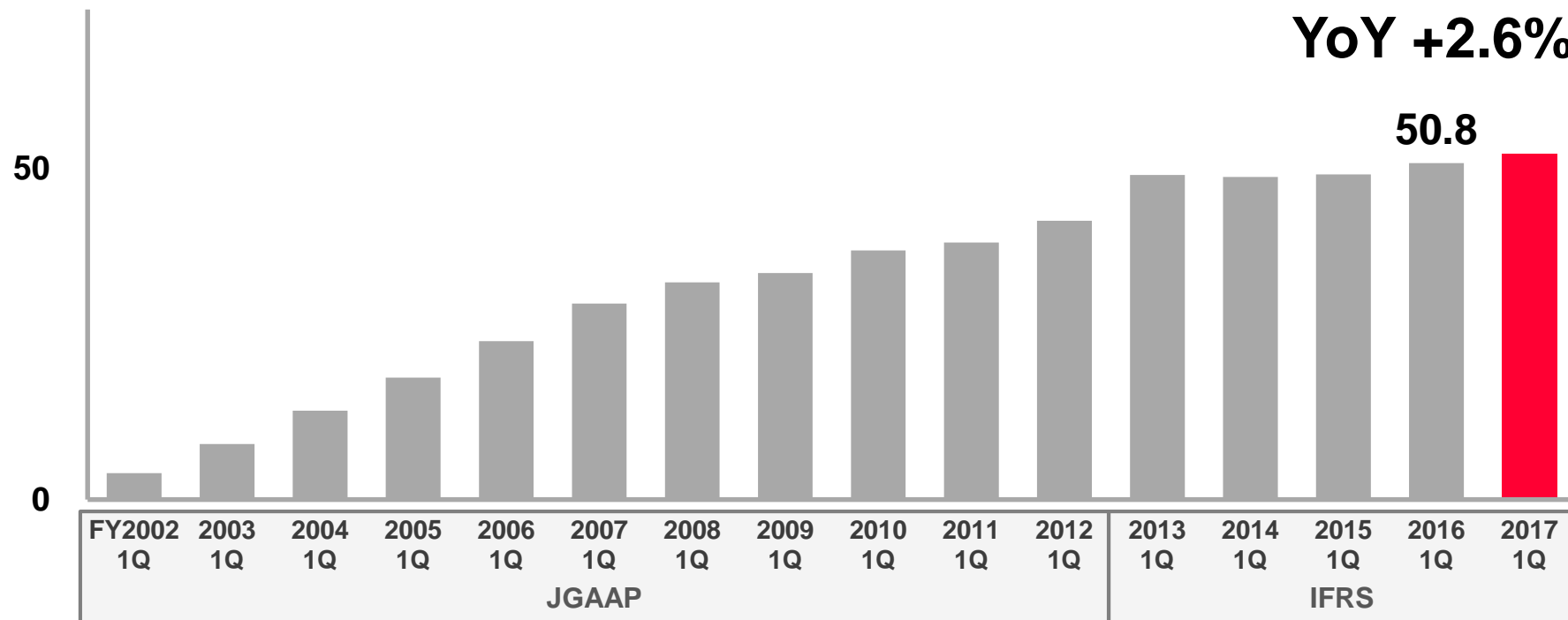
Note 1: Figures for adjustments are not shown.

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.

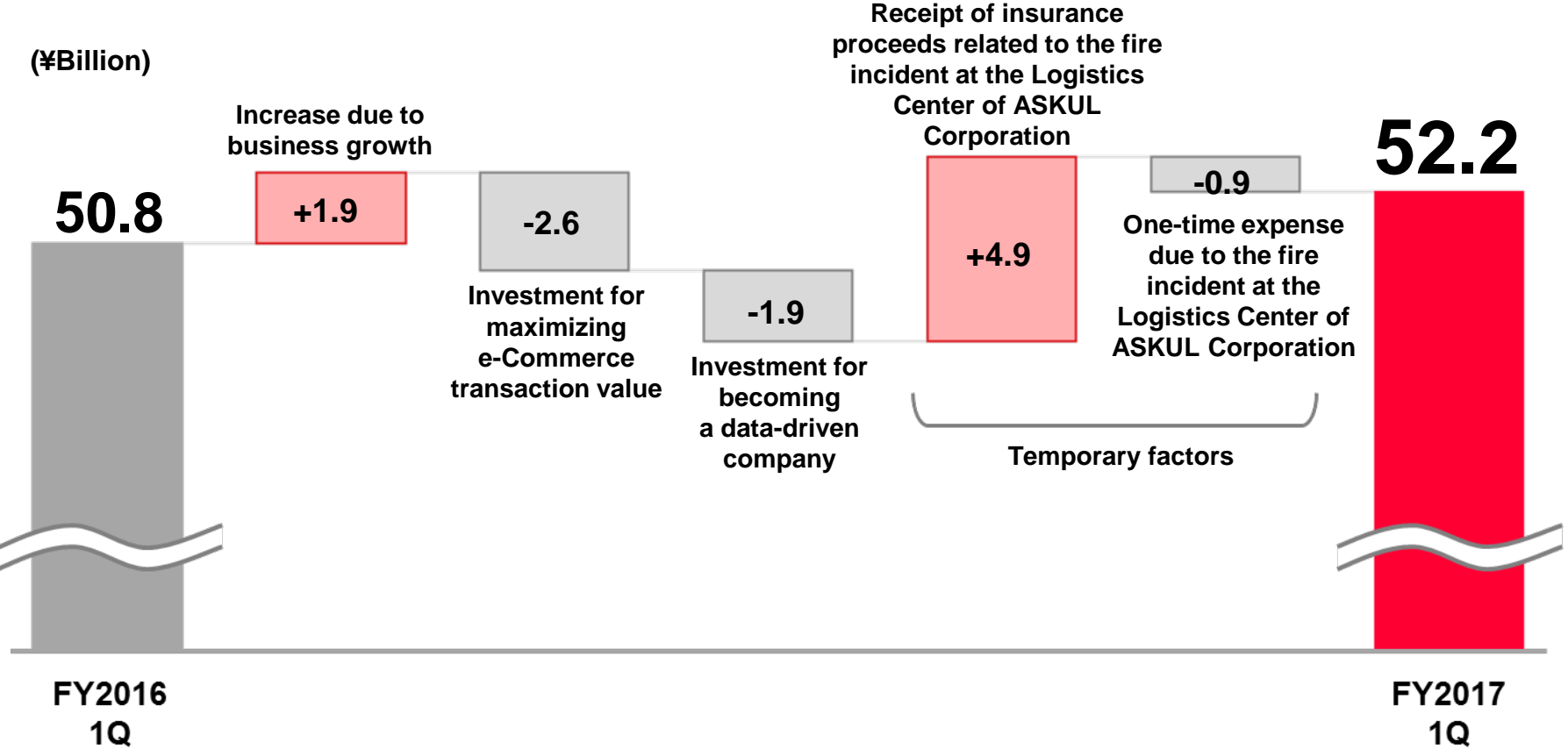
Operating Income

(¥Billion)

¥52.2 billion
YoY +2.6%



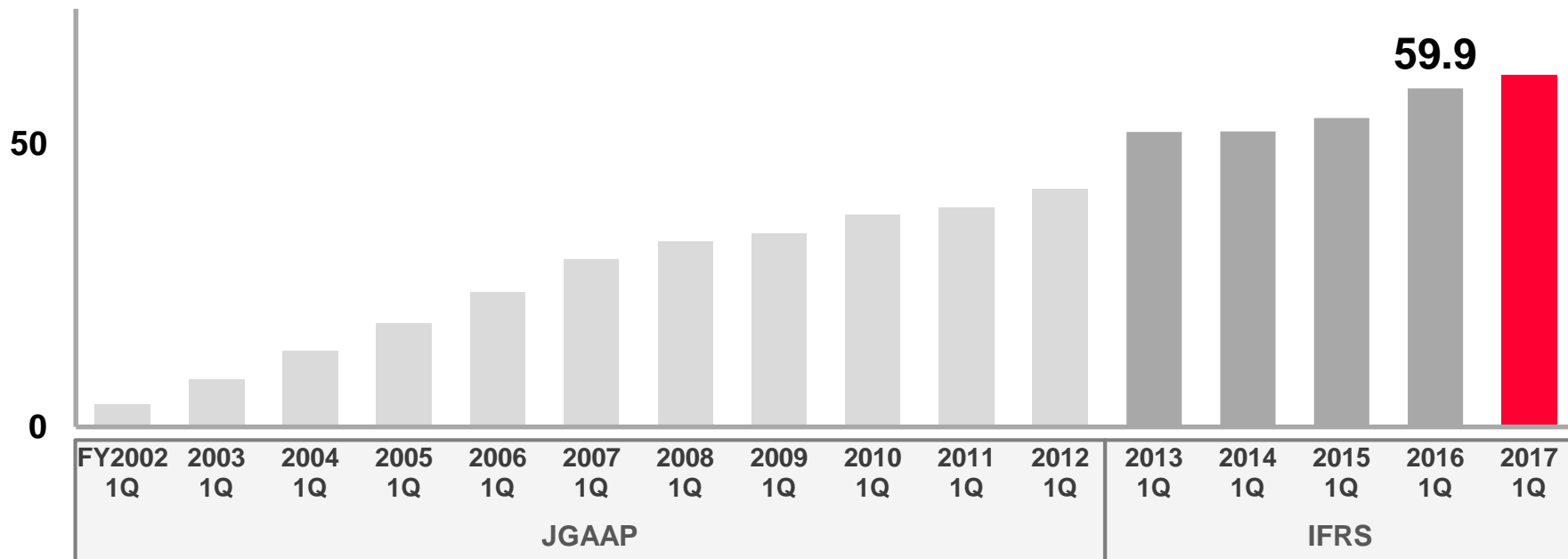
Factors of Change in Operating Income



EBITDA

(¥Billion)

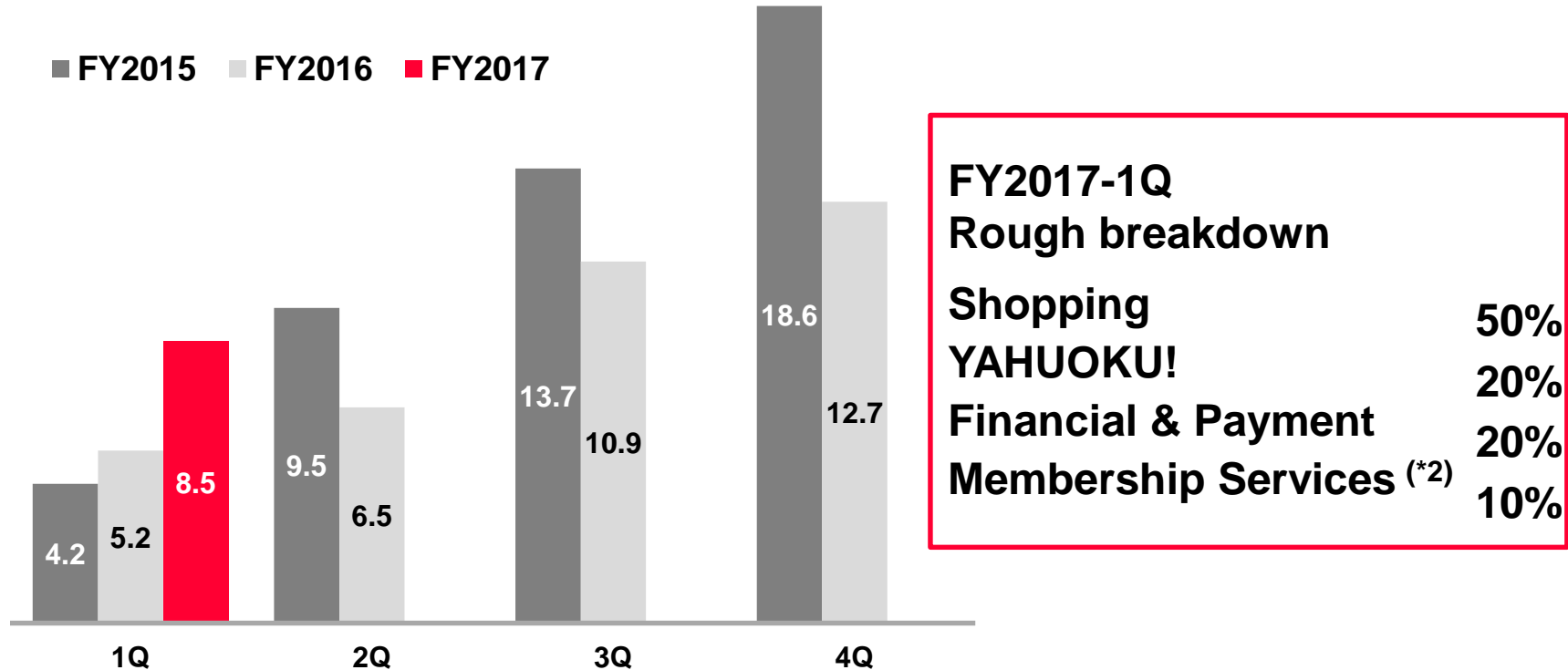
¥62.3 billion
YoY +4.1%



Note: EBITDA = operating income + depreciation and amortization
Figures before FY2012 are those of operating income under JGAAP.

Sales Promotional Activities(*1)

(¥Billion)



Net Income Attributable to Owners of the Parent

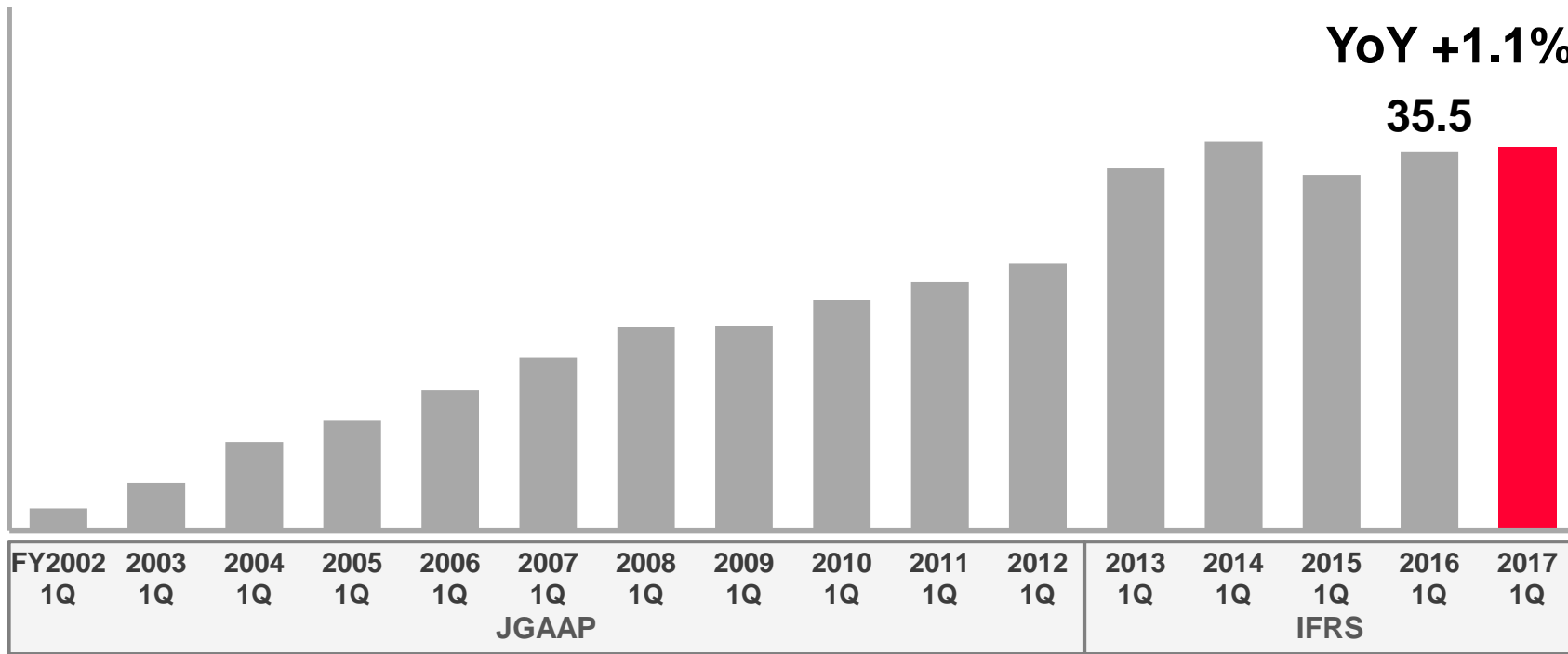


(¥Billion)

¥35.9 billion

YoY +1.1%

35.5



14 Note: Figures of FY2014-1Q includes gains of ¥8.7 billion, comprising of gain from remeasurement due to the step acquisition of the shares of The Japan Net Bank, Limited and gains on negative goodwill of The Japan Net Bank, Limited and BOOKOFF CORPORATION LIMITED.

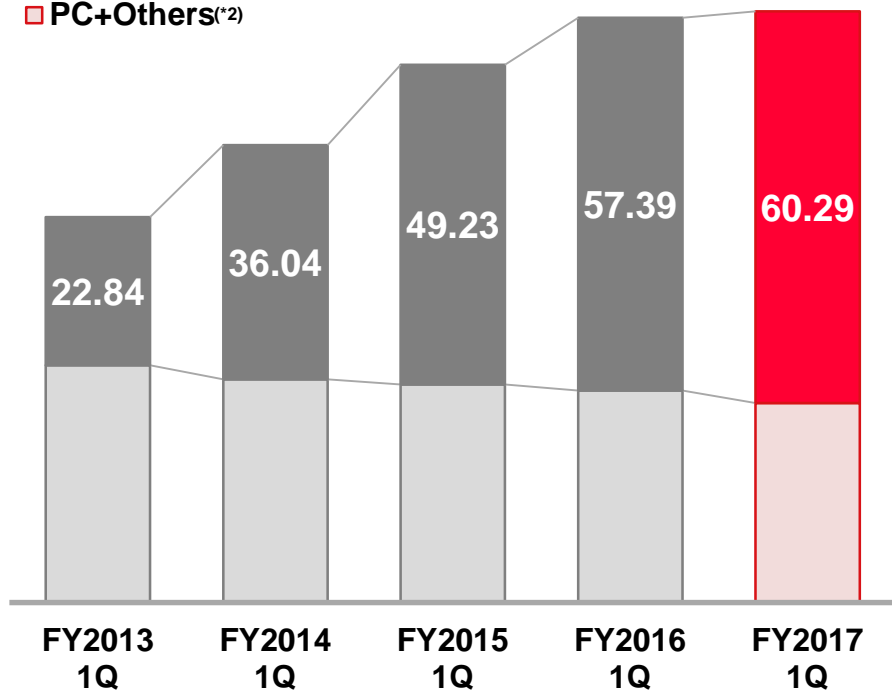
Usage Trend of Services

Daily Unique Browsers

(Million)

■ Smartphones (*1)

□ PC+Others(*2)

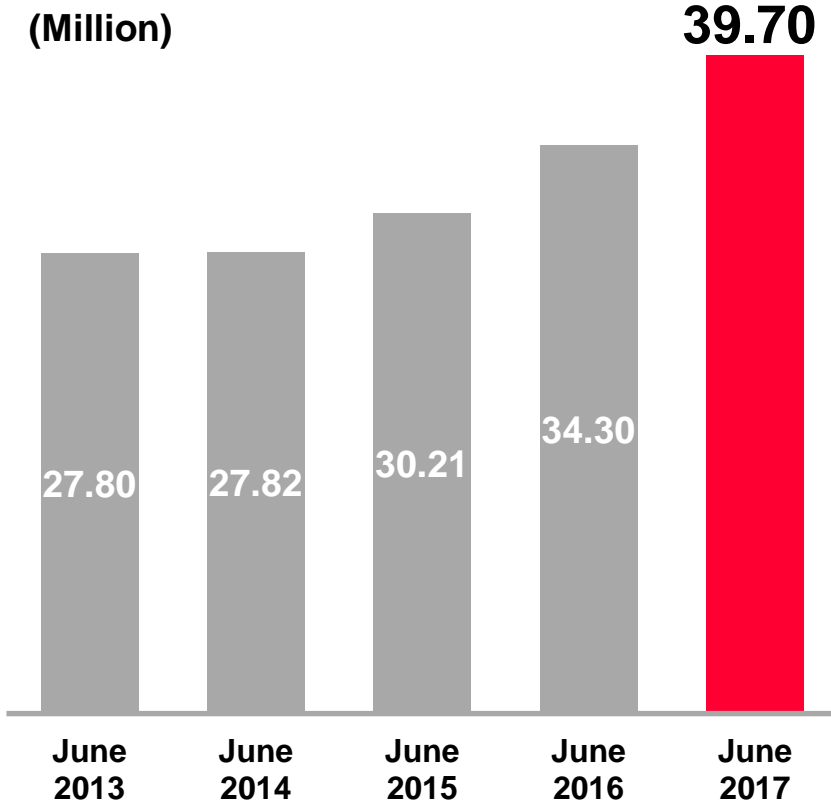


Usage via
smartphones
66.2%

*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.

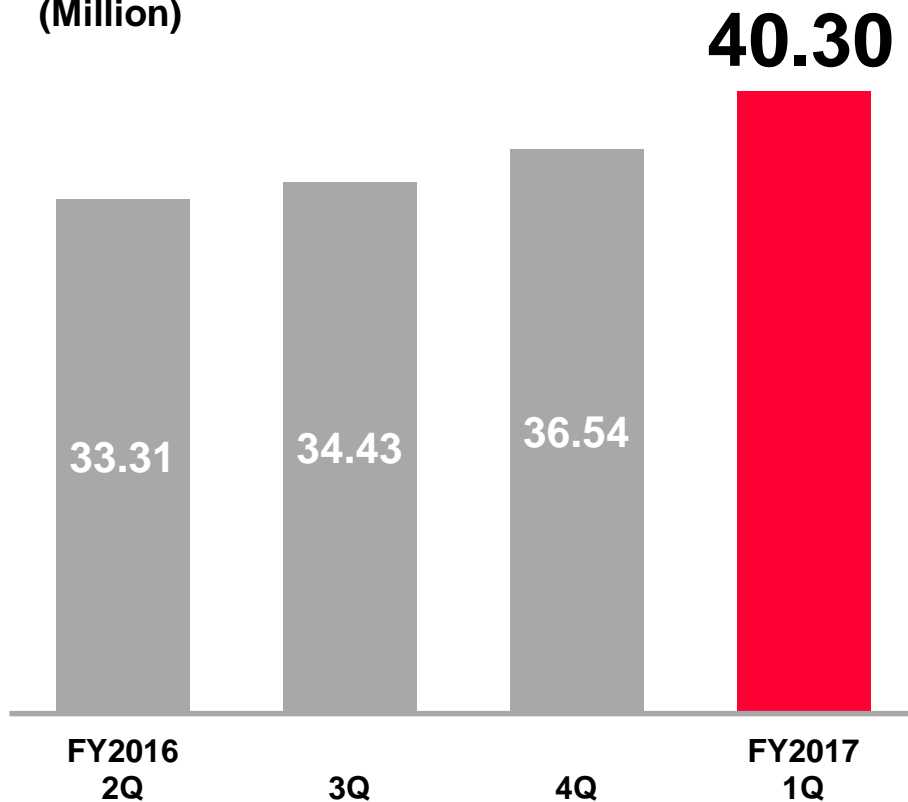
Number of Monthly Active User IDs



YoY
+15.7%

DAU of All Applications

(Million)



**Record
high**

Media Business

Advertising

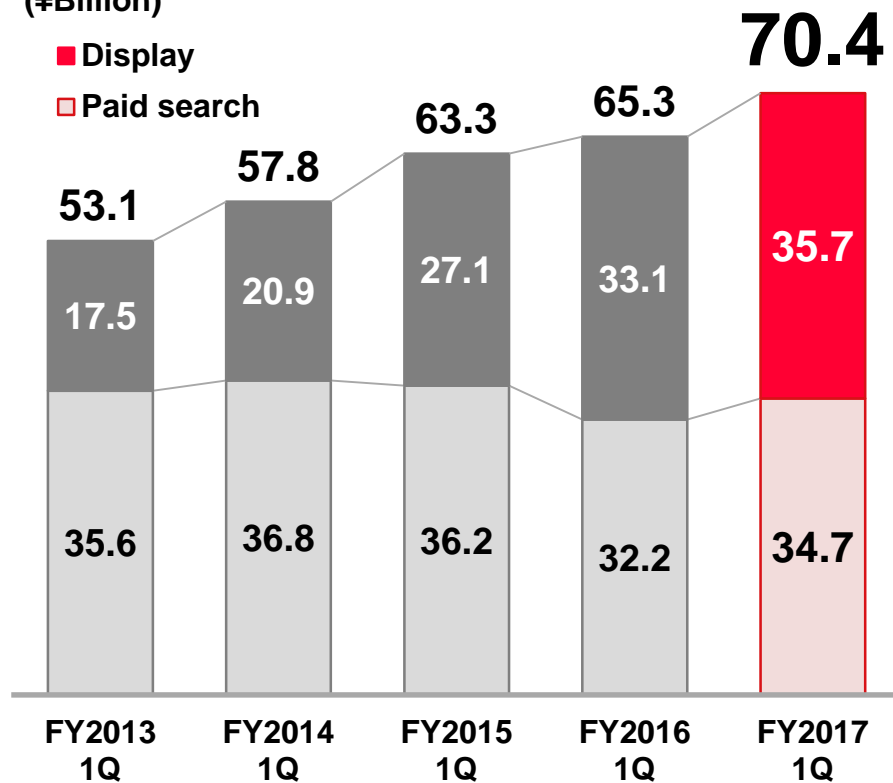
Media

Advertising-Related Revenue

(¥Billion)

■ Display

□ Paid search



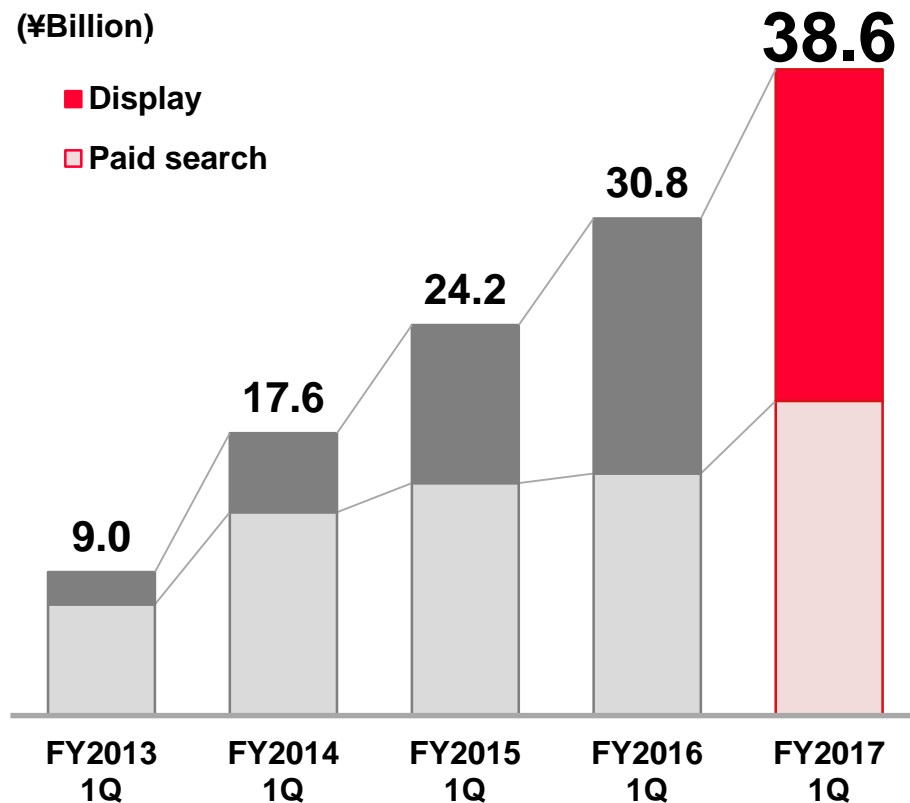
YoY
+7.8%

Advertising Revenue via Smartphones

(¥Billion)

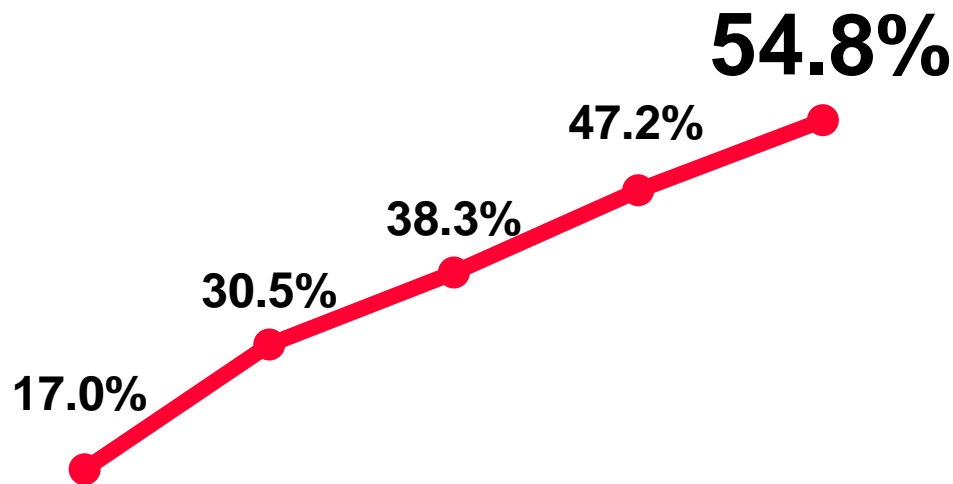
■ Display

□ Paid search



YoY
+25.2%

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



**Record
high**

FY2013 1Q FY2014 1Q FY2015 1Q FY2016 1Q FY2017 1Q

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

22 Contains a part of advertising revenue via tablets.

Media Business

Advertising

Media

Video Distribution on Yahoo! JAPAN Top Page (PC ver.)



The screenshot shows the Yahoo! JAPAN homepage with a navigation bar at the top containing links for home, search, and various services. Below the navigation bar is a search bar and a section for featured content. The main content area is divided into several sections: a left sidebar with service categories, a central news section with a large image of a crowd, a weather section for Tokyo, and a bottom section with sports and other news. The page is cluttered with various advertisements and promotional banners.

Some tests underway
to introduce video channel
in
Yahoo! JAPAN Top Page
following Yahoo! News top page

Commerce Business

Membership

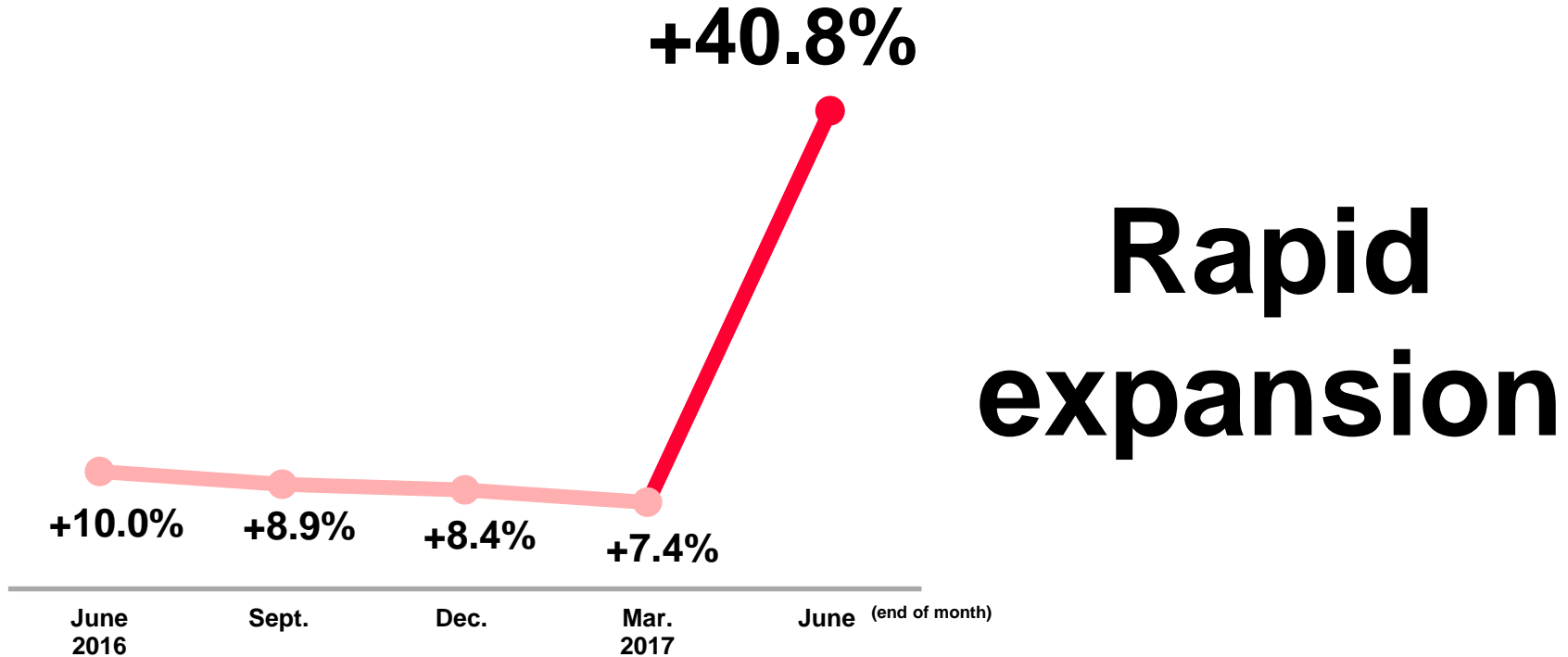
Shopping Auction Financial & Payment

Measures Targeting SoftBank Members (Yahoo! Premium) **YAHOO!** JAPAN

Aim to expand service use by linking membership base of both companies



Number of Yahoo! Premium Membership IDs (YoY Growth Rate)

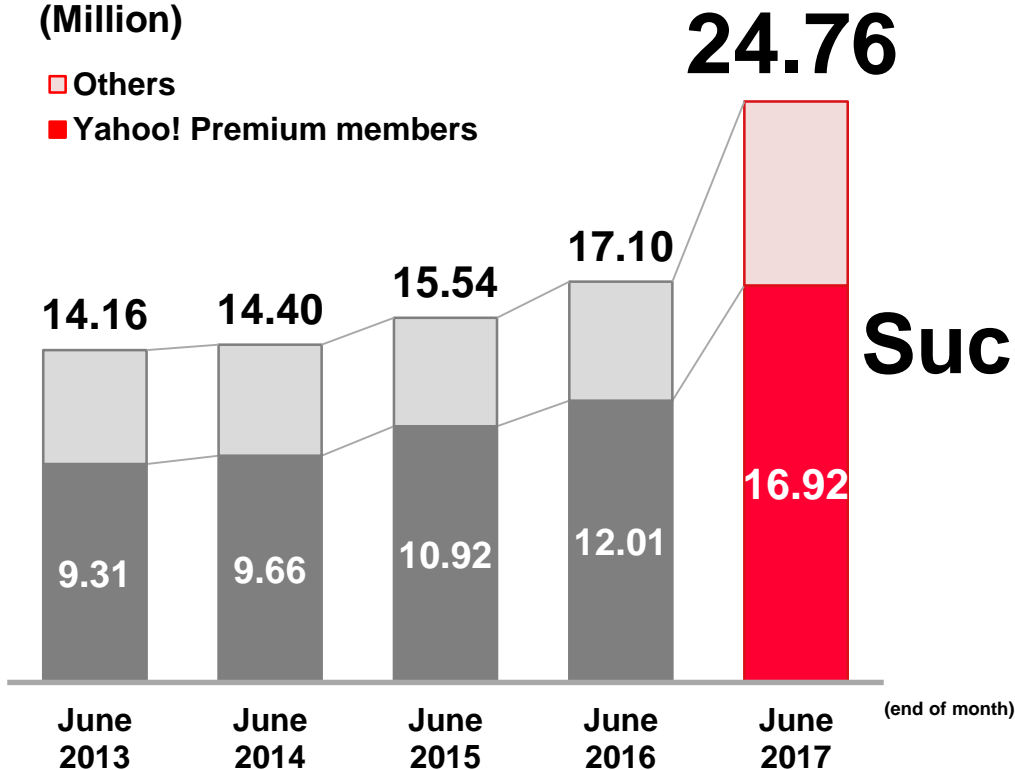


Number of Monthly Paid-Membership IDs

(Million)

Others

Yahoo! Premium members



Successful collaboration
with SoftBank

Note: 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.

Commerce Business

Membership **Shopping** Auction Financial & Payment

Measures Targeting SoftBank Members (Shopping Business)



Aim to expand transaction value by enhancing point reward measure

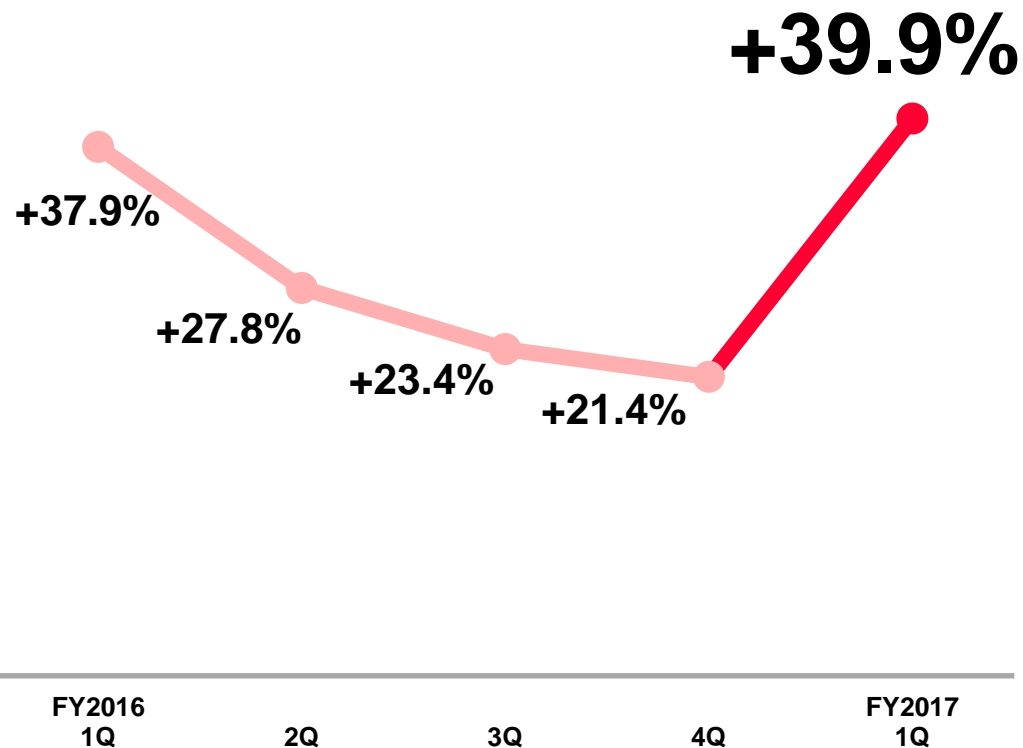


ソフトバンク
スマホユーザーだけ!
毎日・全品 ポイント

10[※]倍

※ポイント獲得・利用には条件あり

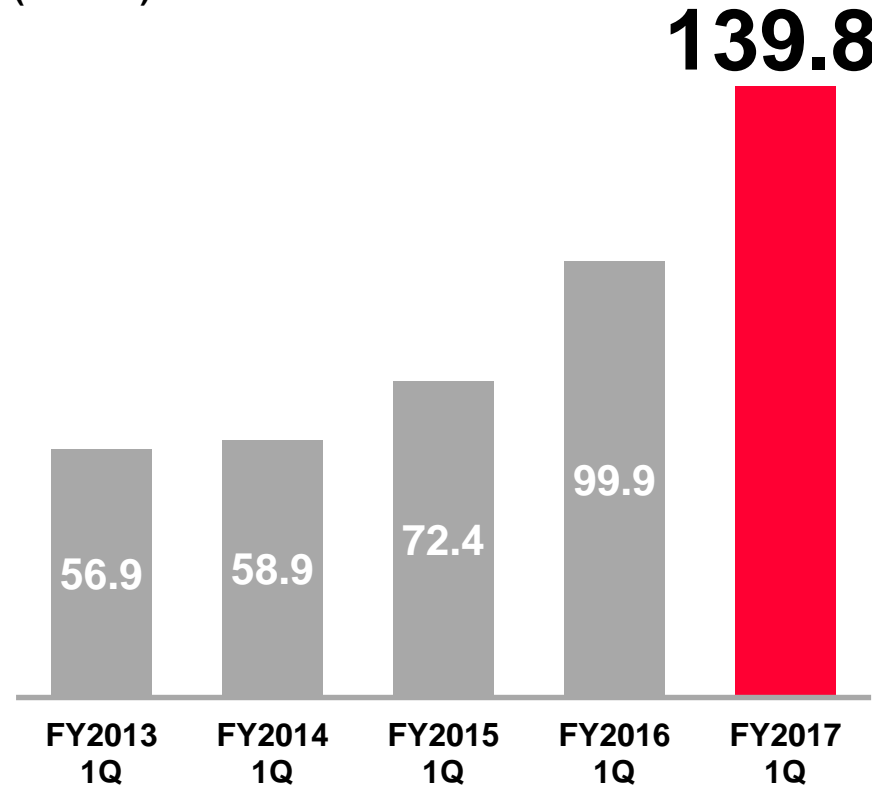
Shopping Transaction Value (YoY Growth Rate)



High growth

Shopping Transaction Value

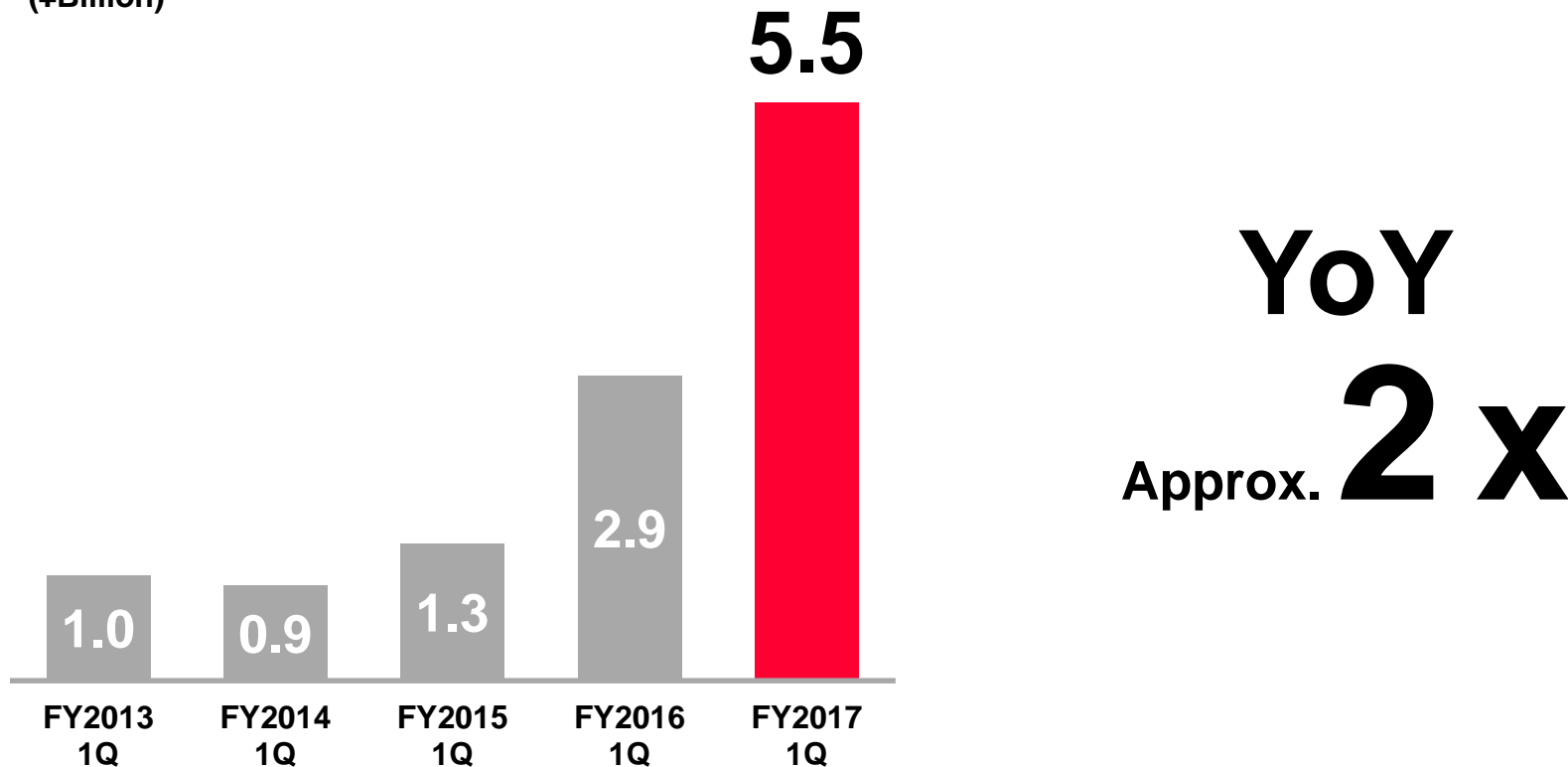
(¥Billion)



**Successful collaboration
with SoftBank**

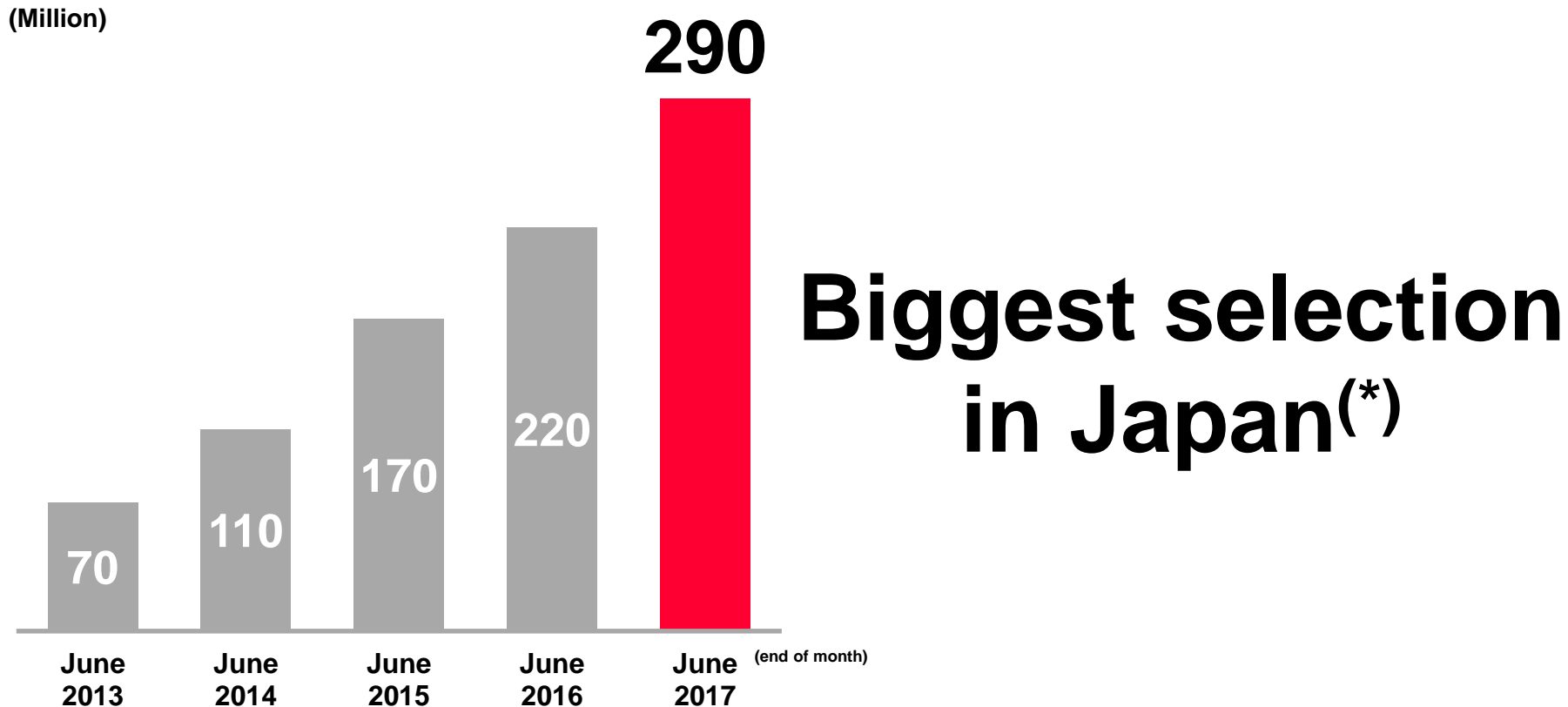
Shopping-Related Advertising Revenue

(¥Billion)

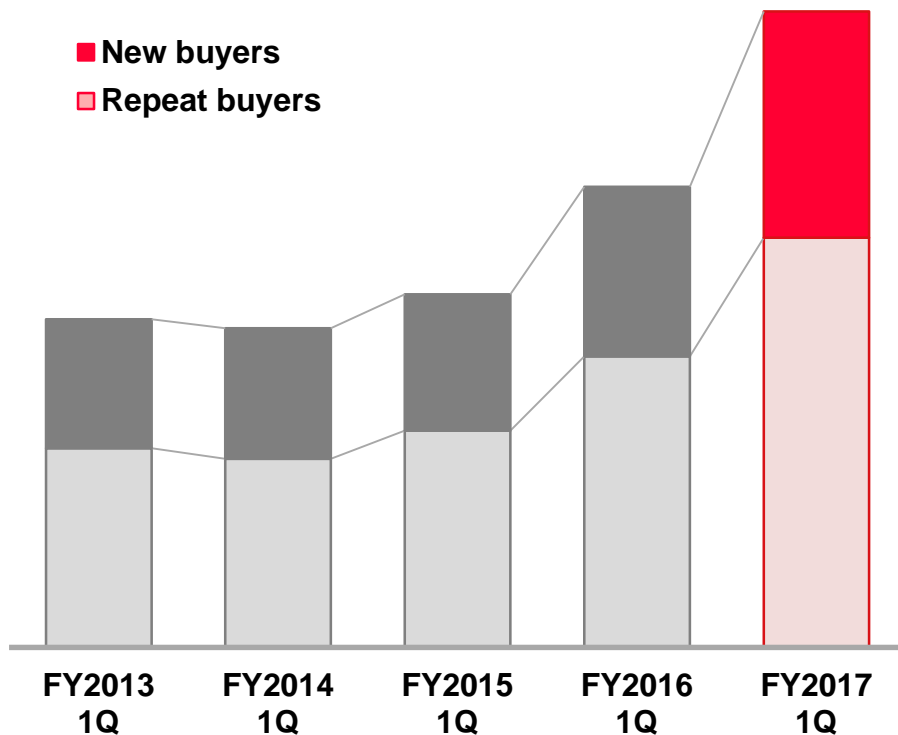


Note: Total of Yahoo Japan Corporation's non-consolidated Shopping-related advertising revenue; advertising revenue of StoreMatch, an advertising product in Yahoo! Shopping sold by ValueCommerce Co., Ltd. to stores in Yahoo! Shopping; and revenues of paid search advertising and YDN, etc., placed by stores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

Number of Items



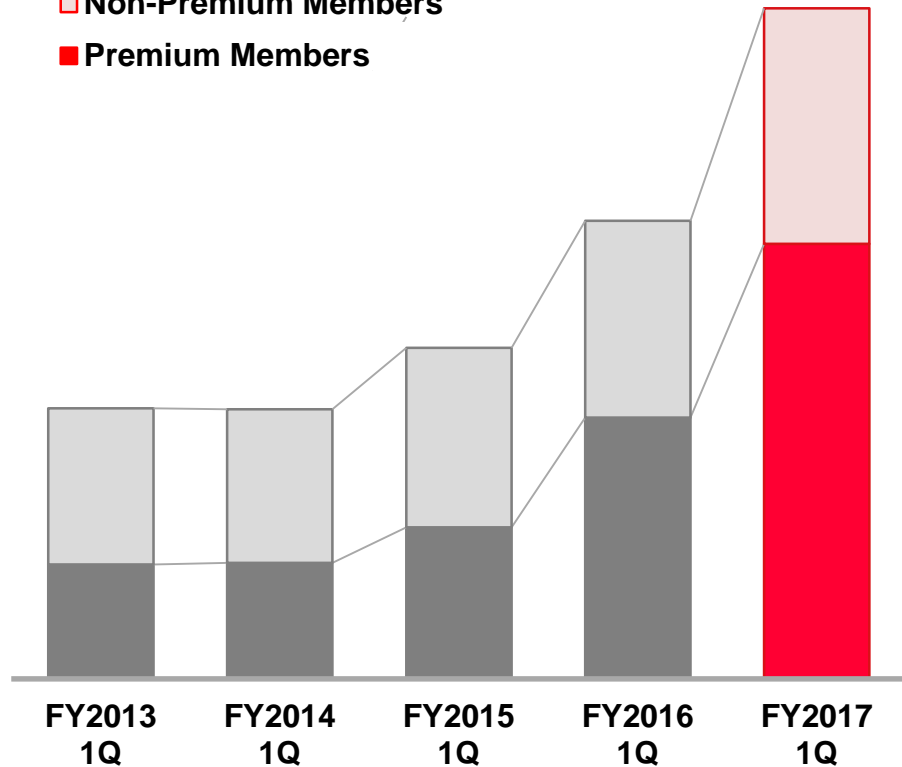
Yahoo! Shopping — Number of Buyers



Number of both new
and repeat buyers
increased

Yahoo! Shopping — Transaction Value

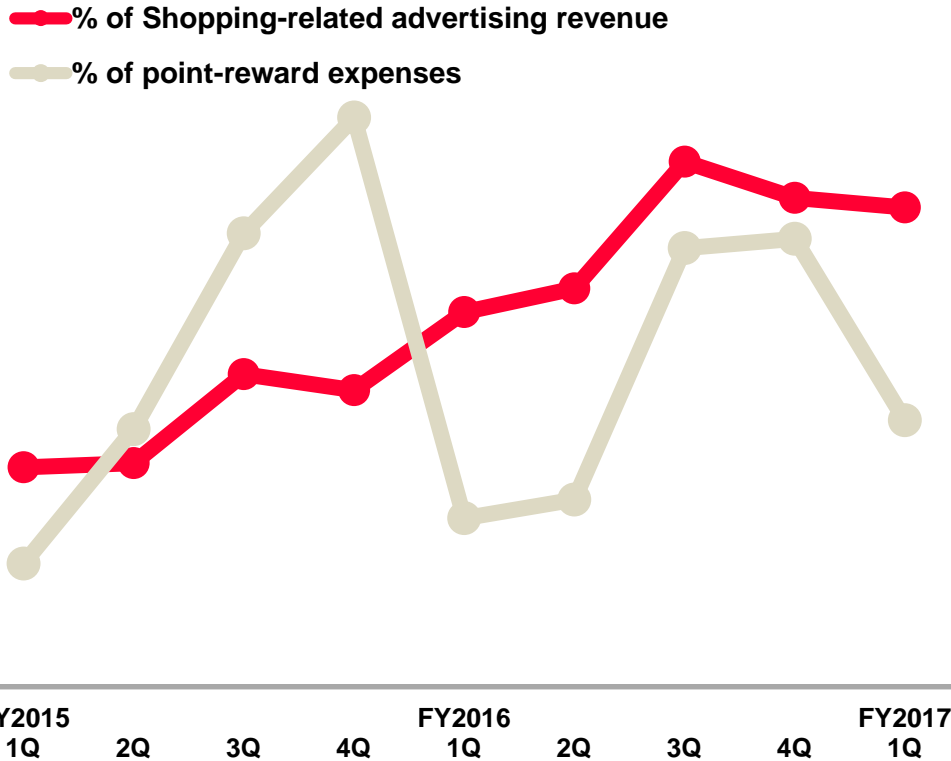
- Non-Premium Members
- Premium Members



Transaction value generated by
Yahoo! Premium members

approx. **65%**

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



**Expanded
advertising revenue
while controlling
point-reward expenses**

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

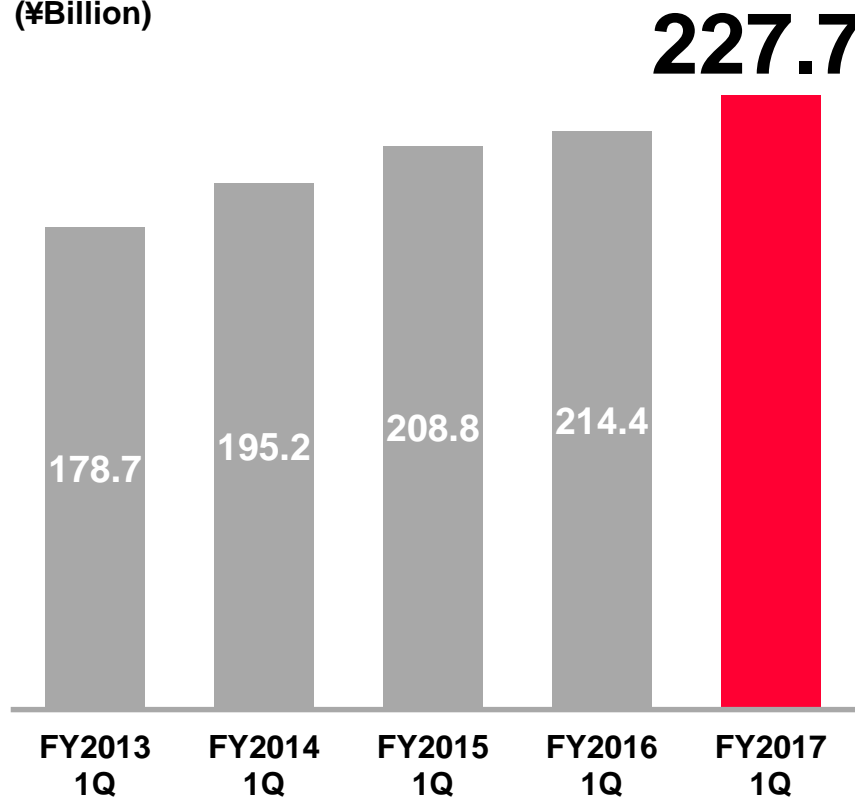
*2 Point-reward expenses related to Yahoo! Shopping / Yahoo! Shopping transaction value

Commerce Business

Membership Shopping **Auction** Financial & Payment

Auction-Related Transaction Value

(¥Billion)



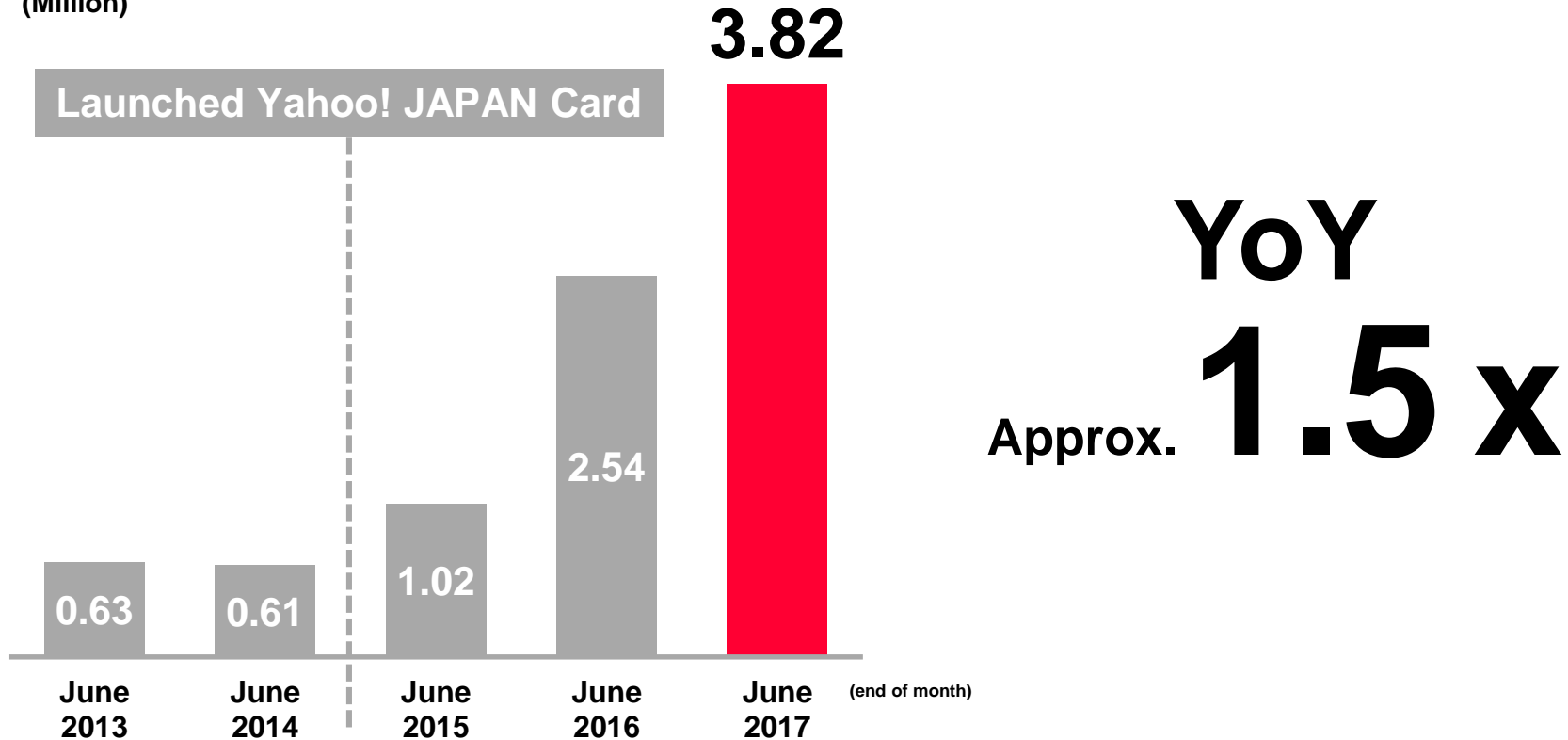
**Expanded
steadily**

Commerce Business

Membership Shopping Auction **Financial & Payment**

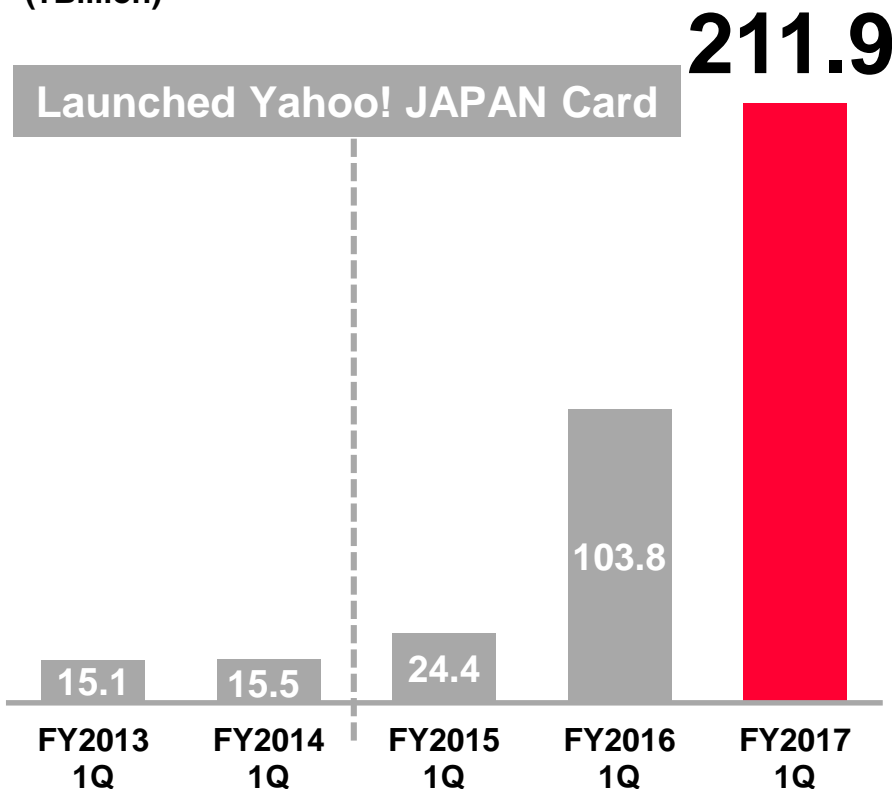
Number of Valid Credit Card Holders

(Million)



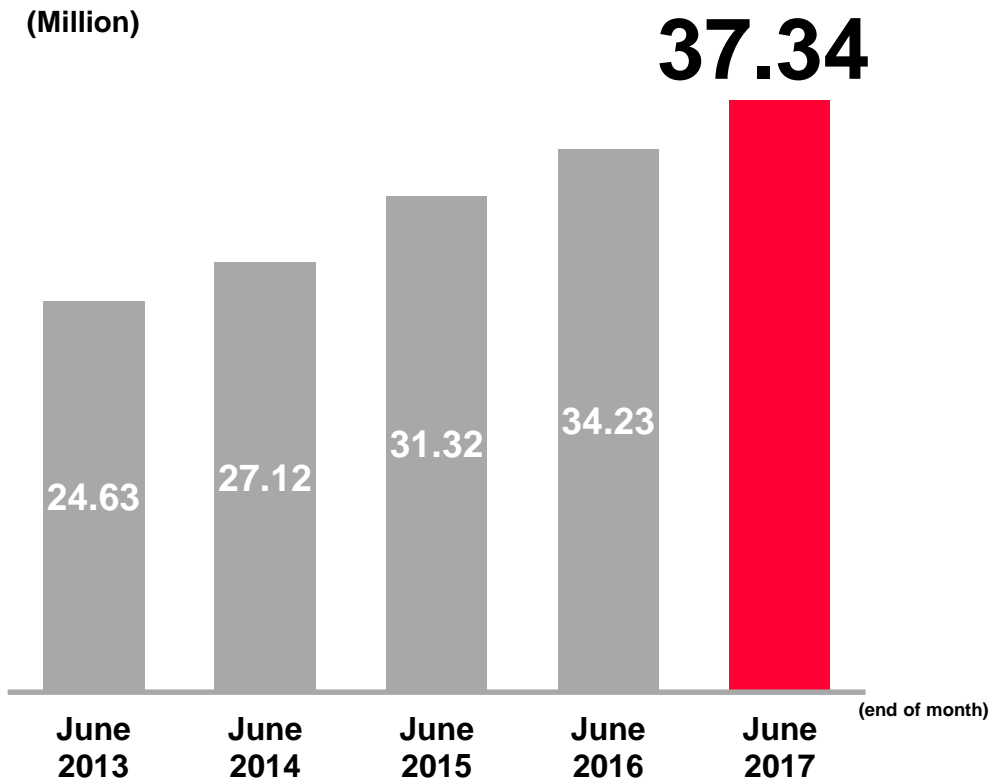
Credit Card Transaction Value

(¥Billion)



YoY
Approx. **2x**

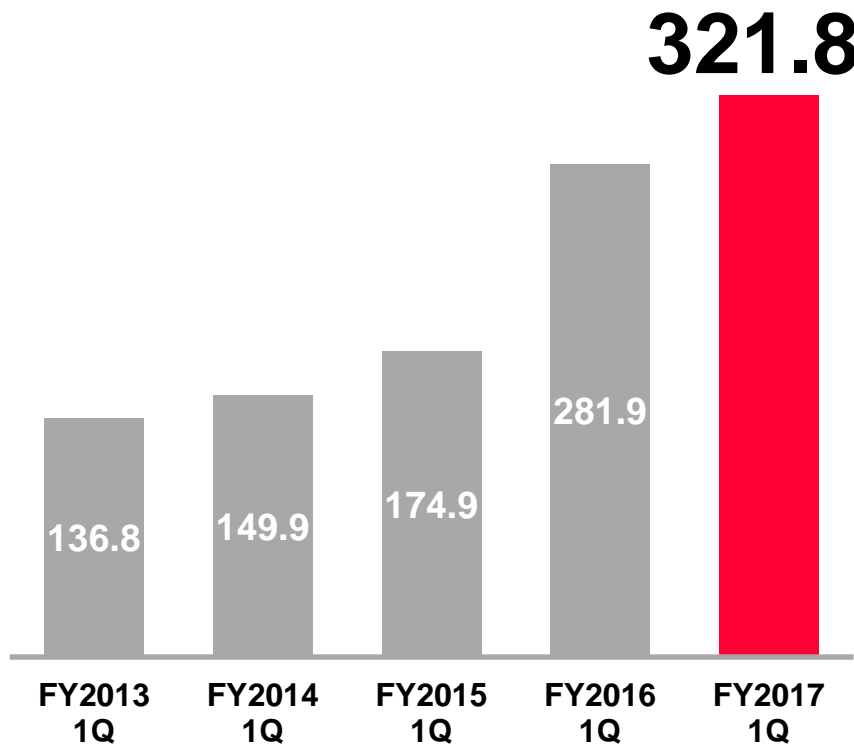
Number of Yahoo! Wallet Accounts



**Record
high**

Yahoo! Wallet Transaction Value

(¥Billion)

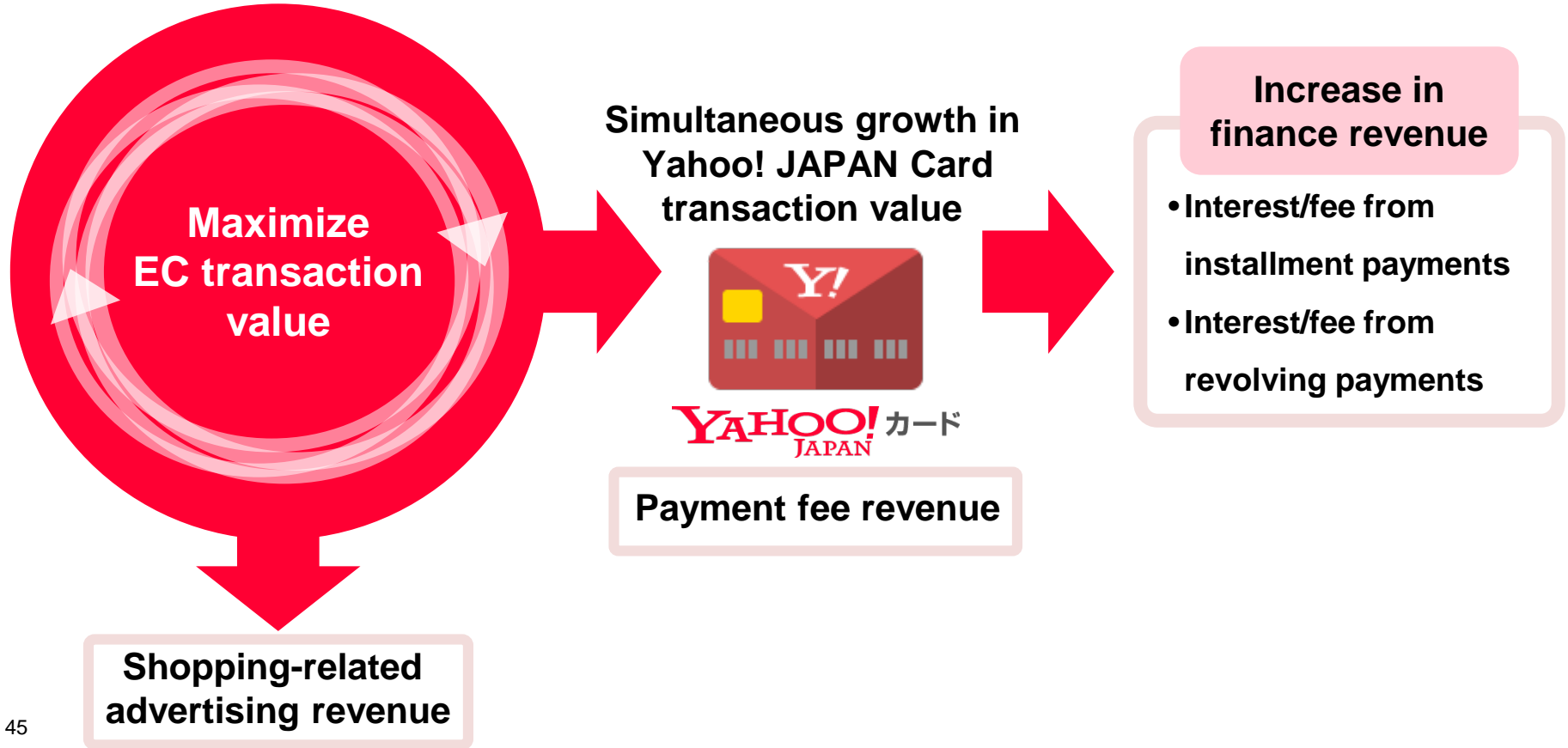


YoY
+14.2%

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.

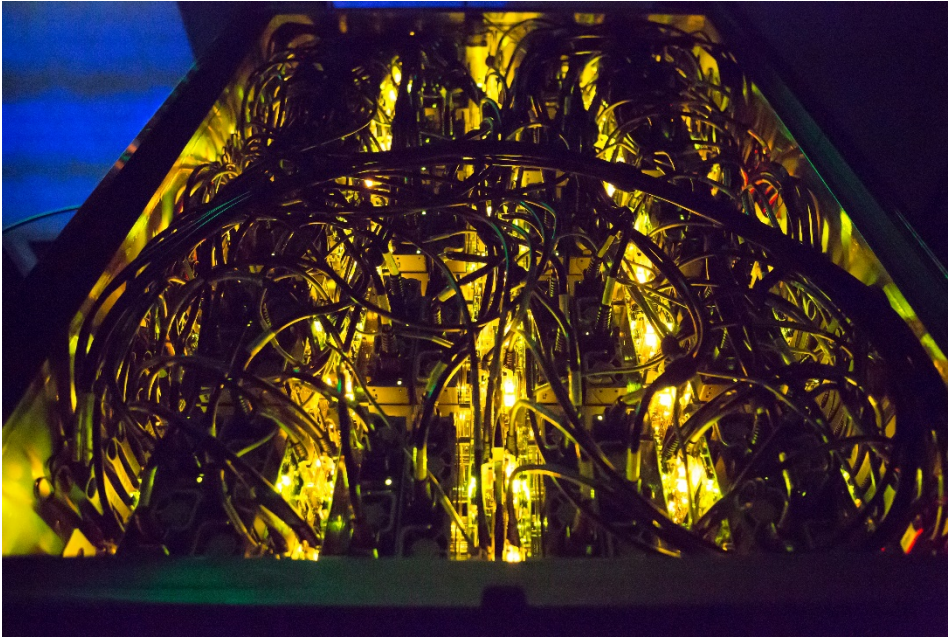
Maximize Transaction Value and Monetize through Financial & Payment Business



Technology

Development of “kukai”, Supercomputer Specialized in Deep Learning

Computation processing capacity approx. 225X (compared to conventional models^(*1))
Aim for improvement in personalization accuracy



Ranked **2**nd in the **World**
in energy-efficient
supercomputer ranking^(*2)

Efforts to Be Made in FY2017

Maximize e-Commerce transaction value

Become a “rich media”

Become a data-driven company

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:** Web site production-related services and others

Commerce Business

- **Advertising:** Display advertising
- **Business Services:** ASKUL, Payment-related services, Affiliate-related services, Corporate system-use fees of YAHUOKU!, Reservation-related services, Yahoo! Real Estate, Credit card-related services and others
- **Personal Services:** Yahoo! Premium, Personal system-use fees of YAHUOKU!, LOHACO, Credit card-related services, Payment-related services, Digital book-related services, FX-related service, Yahoo! BB ISP fees, Game-related services and others

Others

- **Advertising:** Display advertising
- **Business Services:** Data center-related services, Yahoo! WebHosting 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	Interior pages of service sites *1	Major corporations
				Per-impression page view rate (Guarantee-based) *3		
		Banner ads Text ads Others	Text Banner	Per-guaranteed period rate, etc. (Guarantee-based) *3	Yahoo! Shopping	Yahoo! Shopping stores
PR Option	Conversion-based					

*1 Including In-feed Advertising on timeline-view pages.

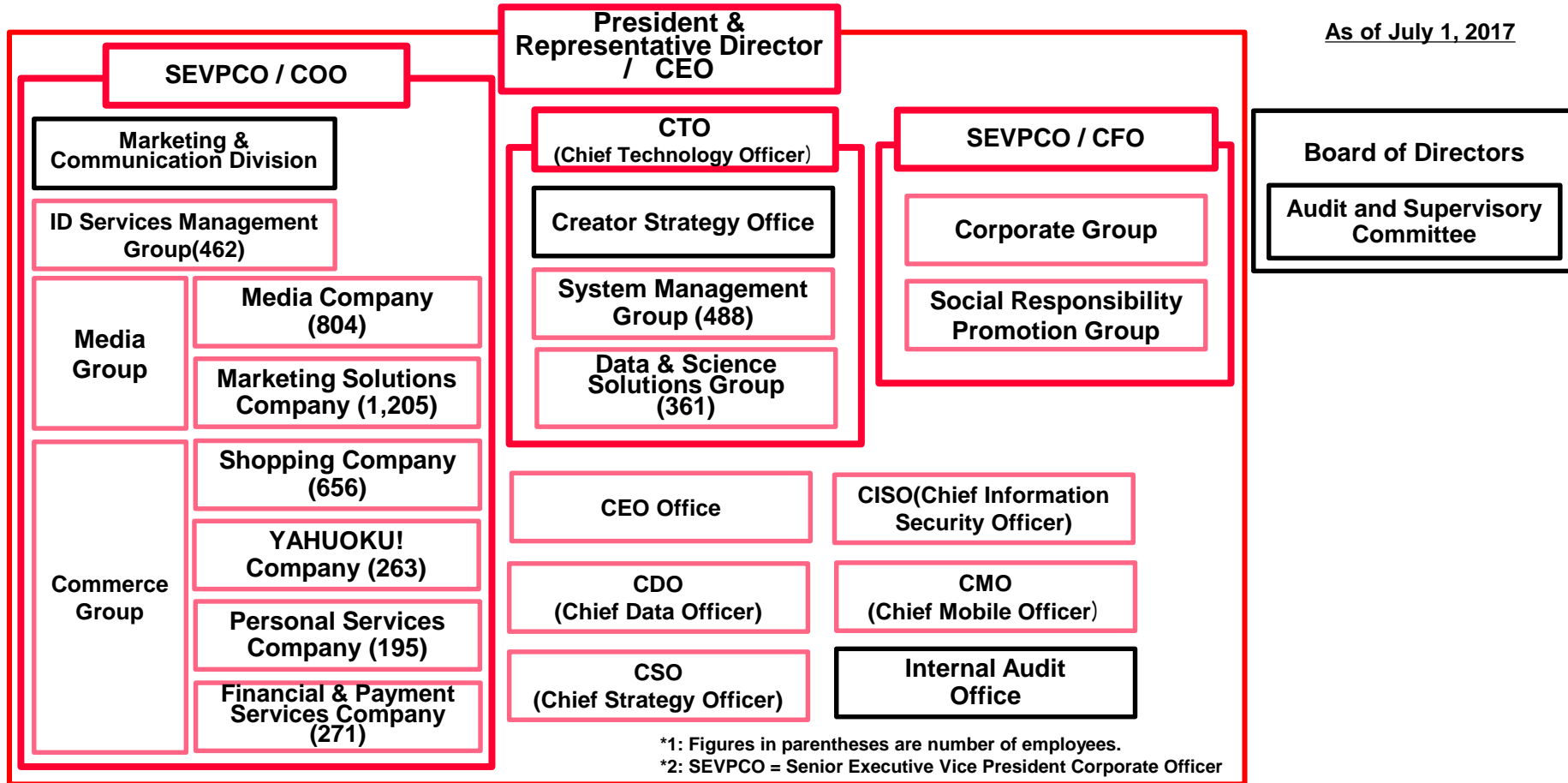
*2 Advertising that is programmatically or manually managed on a real-time basis to optimize advertisements effects.

*3 Advertising for which specific placement is reserved in advance.

Organization Chart of Yahoo Japan Corporation



As of July 1, 2017



*1: Figures in parentheses are number of employees.

*2: SEVPCO = Senior Executive Vice President Corporate Officer

Consolidated Subsidiaries and Associates



(As of June 30, 2017)

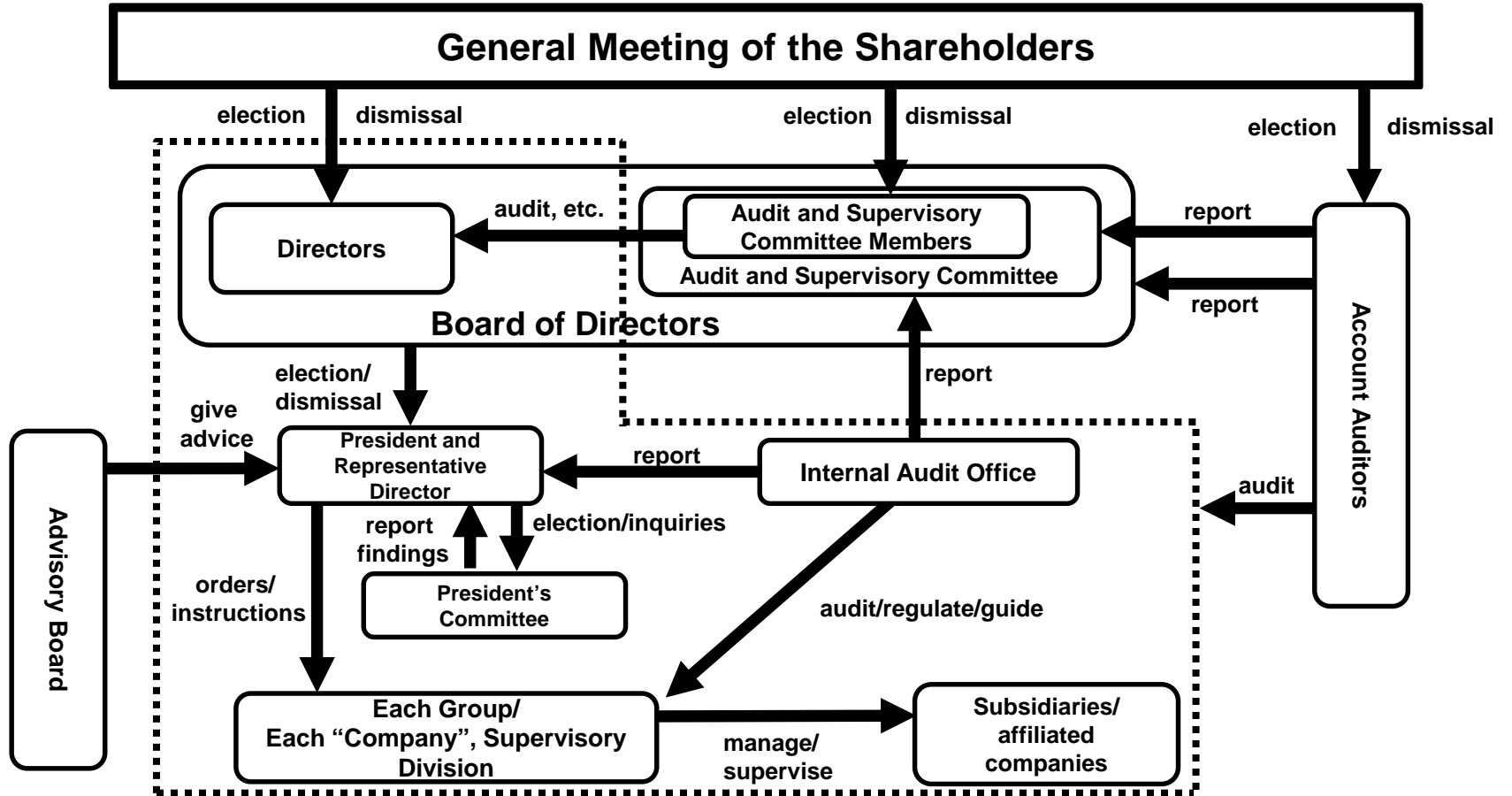
● Major consolidated subsidiaries

- ◆ 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 associates

- ◆ 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!