



Yahoo Japan Corporation

FY2016-3Q Business Results

(October - December 2016)

February 3, 2017

Table of Contents

- P. 4 FY2016-3Q Financial Highlights**
- P. 13 Usage Trend of Services**
- P. 16 Core Businesses (Advertising/Auctions/Membership Services)**
- P. 26 Upfront Investment-Stage Businesses (Shopping/Credit Card)**
- P. 35 Looking Back on the Three Years of e-Commerce Strategy**
- P. 53 Business Results Supplemental Information**

Unless otherwise specified, English-language documents are prepared solely for the convenience of readers outside Japan. 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 and its consolidated subsidiaries and affiliates.

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

Such factors include, but are not limited to, the items mentioned in “Risk Factors” in “Results for the Three Months Ended December 31, 2016.”

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

FY2016-3Q

Financial Highlights

Executive Summary for FY2016-3Q



Revenue	221.3 (¥B)	YoY +12.7%	
Operating income	51.7 (¥B)	YoY +20.0%	
EBITDA	61.1 (¥B)	YoY +17.7%	
Net income attributable to owners of the parent	35.6 (¥B)	YoY +24.0%	
Diluted EPS	¥6.2	YoY +24.0%	
Advertising-related revenue	72.9 (¥B)	YoY +10.4%	Via smartphones 51.2%
Display advertising	37.5 (¥B)	YoY +15.0%	
Paid search advertising	35.4 (¥B)	YoY +5.9%	
Total domestic e-Commerce transaction value ^(*1)	503.9 (¥B)	YoY +17.4%	Via smartphones ^(*2) 47.4%
ASKUL Corporation's BtoB-related revenue (transaction value) via Internet	55.1 (¥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.

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

Executive Summary for FY2016-3Q



Advertising-Related Business

- Advertising-related revenue achieved a double-digit YoY growth.
- Paid search advertising revenue increased YoY.
- Proportion of revenue via smartphones exceeded 50% for the first time.

e-Commerce-Related Business

- Shopping transaction value (*1) renewed its record.
- Shopping-related advertising revenue increased remarkably.

Credit Card Business

- Transaction value of credit card business (*2) increased significantly.

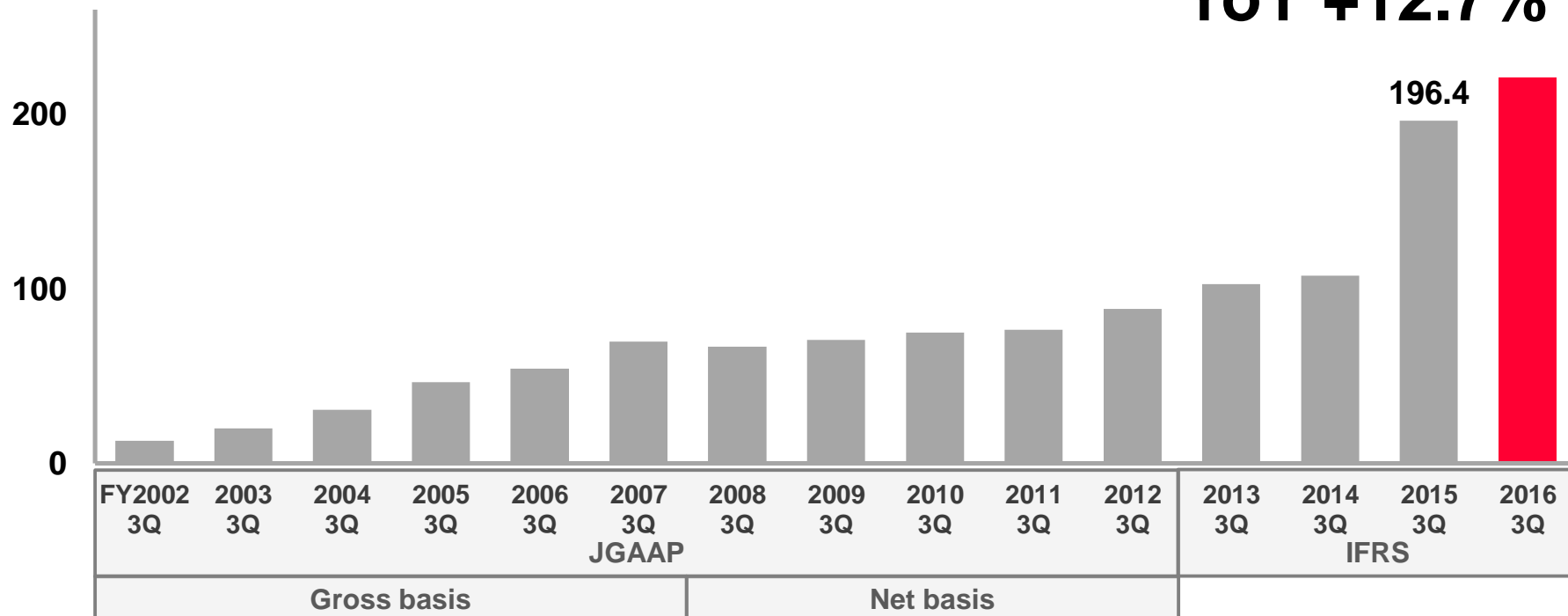
*1 Includes transaction values of Yahoo! Shopping and LOHACO. LOHACO's transaction value is the revenue (closing date: 20th of every month) of LOHACO business, operated by ASKUL.

*2 Excludes cash advance service.

Revenue

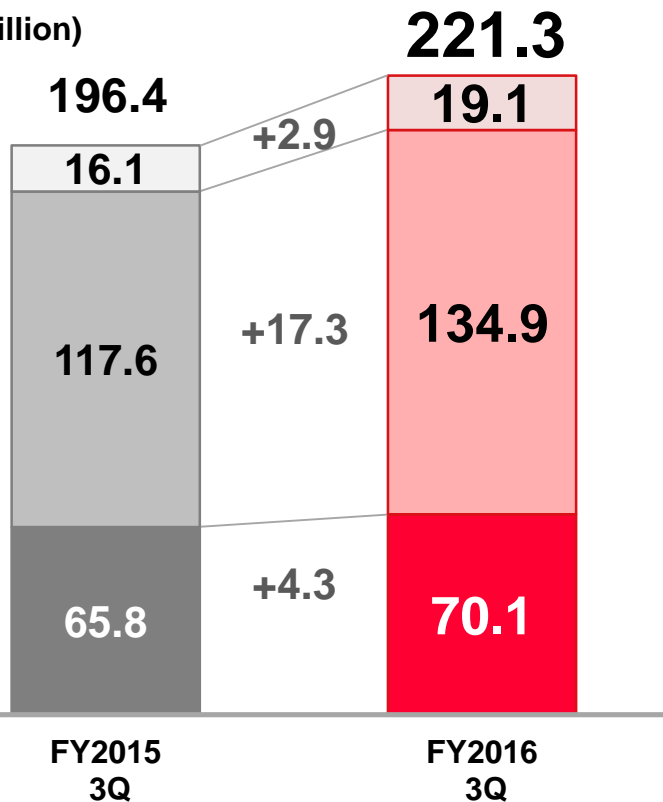
(¥Billion)

¥221.3 billion
YoY +12.7%



Quarterly Revenue Breakdown

(¥Billion)



Marketing Solutions Business	YoY +6.6% Recovery in the growth rate of advertising-related revenue
Consumer Business (*)	YoY 14.7% Growth in revenues of consolidated subsidiaries; and shopping-related advertising
Other Businesses	YoY +18.2% Growth in payment-related revenue

Note1: Figures for adjustments are not shown.

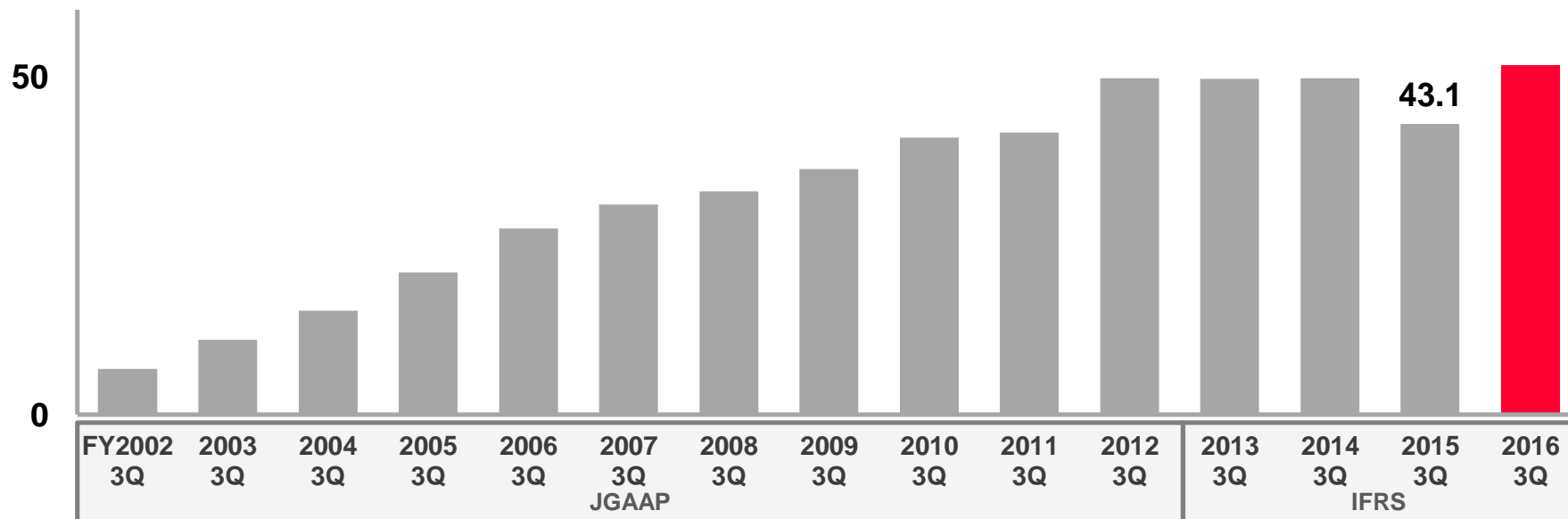
8 Note2: In cases where major services have been transferred between segments, the prior data and comparative figures have been retroactively adjusted to the current segments.

* ASKUL's revenue for FY2015-3Q and FY2016-3Q are ¥79.9 billion and ¥86.4 billion, respectively (revenue after the elimination of internal transactions within ASKUL group).

Operating Income

(¥Billion)

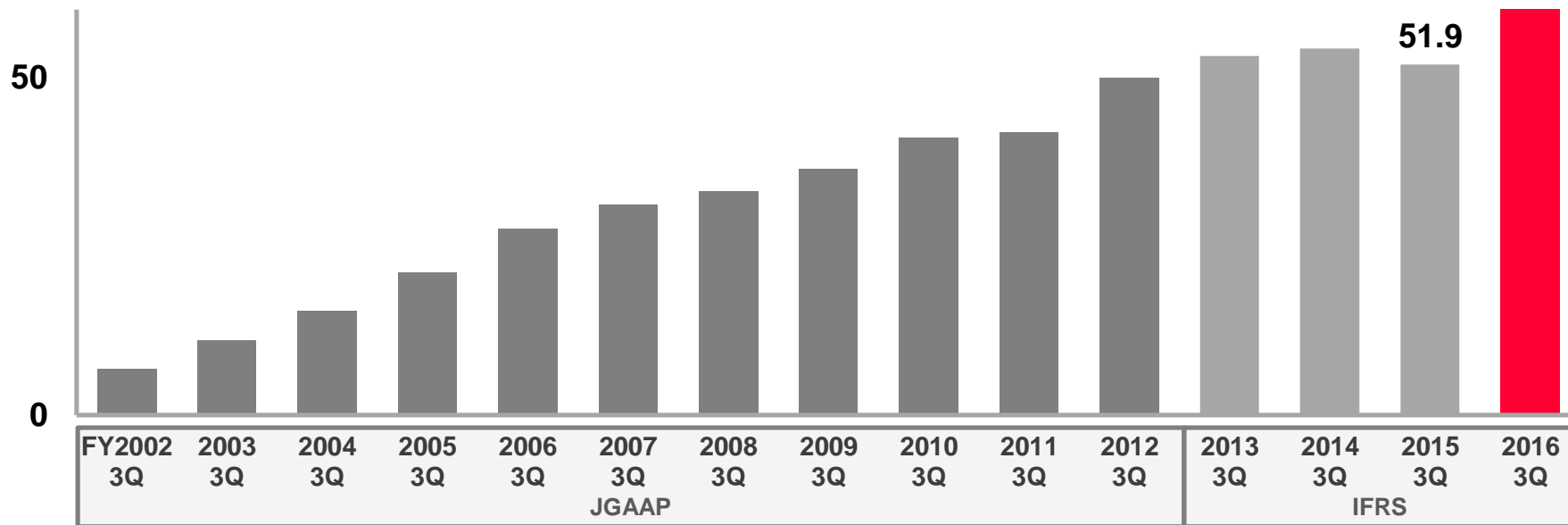
¥51.7 billion
YoY +20.0%



EBITDA

(¥Billion)

¥61.1 billion
YoY +17.7%



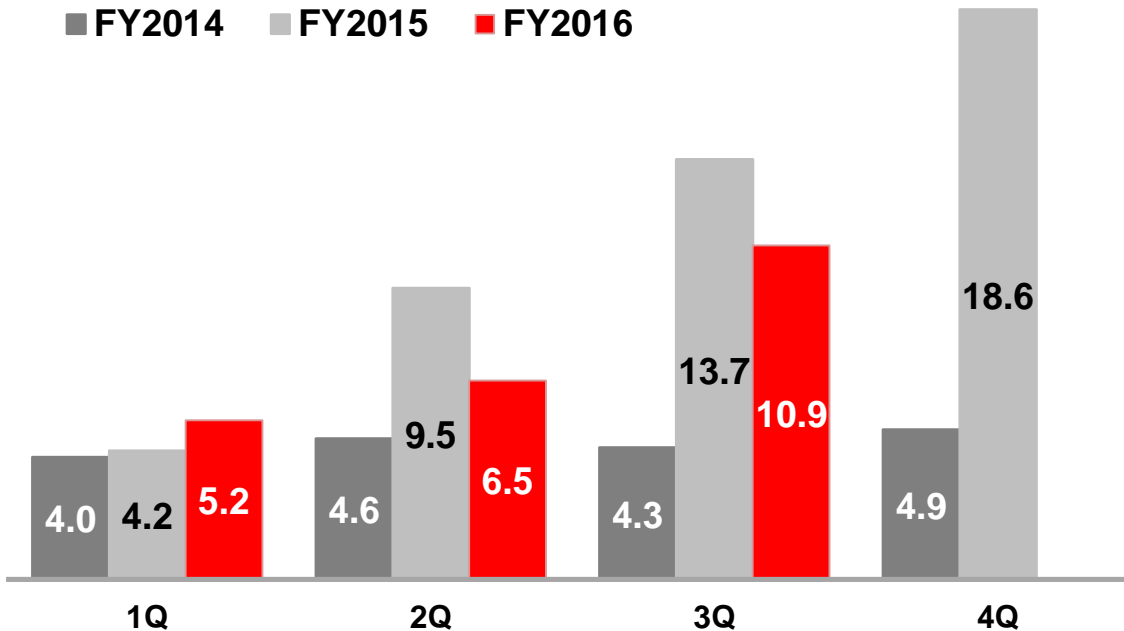
Note: EBITDA = operating income (loss) + depreciation and amortization
Figures for FY2012 and before are those of operating income under JGAAP.

Sales Promotional Activities

Promotion cost decreased year on year due to improved efficiency

(¥Billion)

■ FY2014 ■ FY2015 ■ FY2016



FY2016 3Q
Breakdown of sales
promotion costs (*1)

Shopping	60%
YAHUOKU!	20%
Financial & Payment	10%
Video services, etc. (*2)	10%

*1: Total of sales promotion costs, and advertising and promotional expenses, excluding the impact from the consolidation of ASKUL and Ikyu.

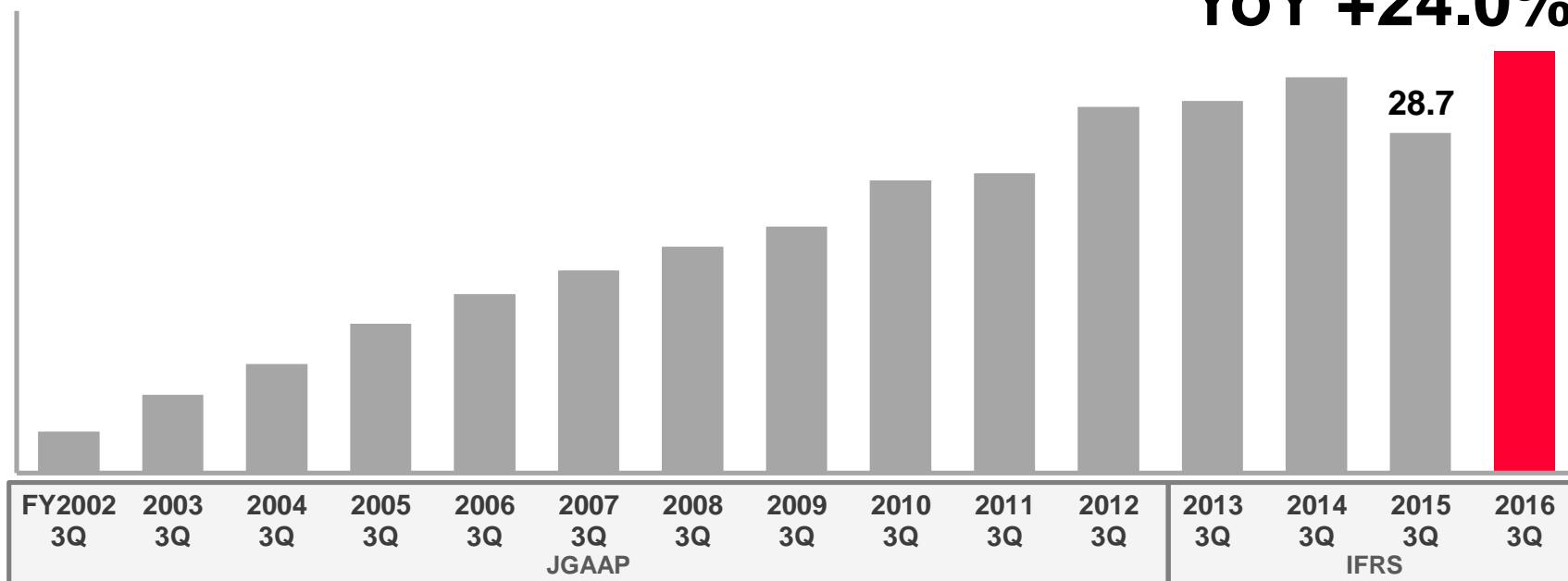
*2: Includes promotion costs for video services and other media services, etc.

Net Income Attributable to Owners of the Parent



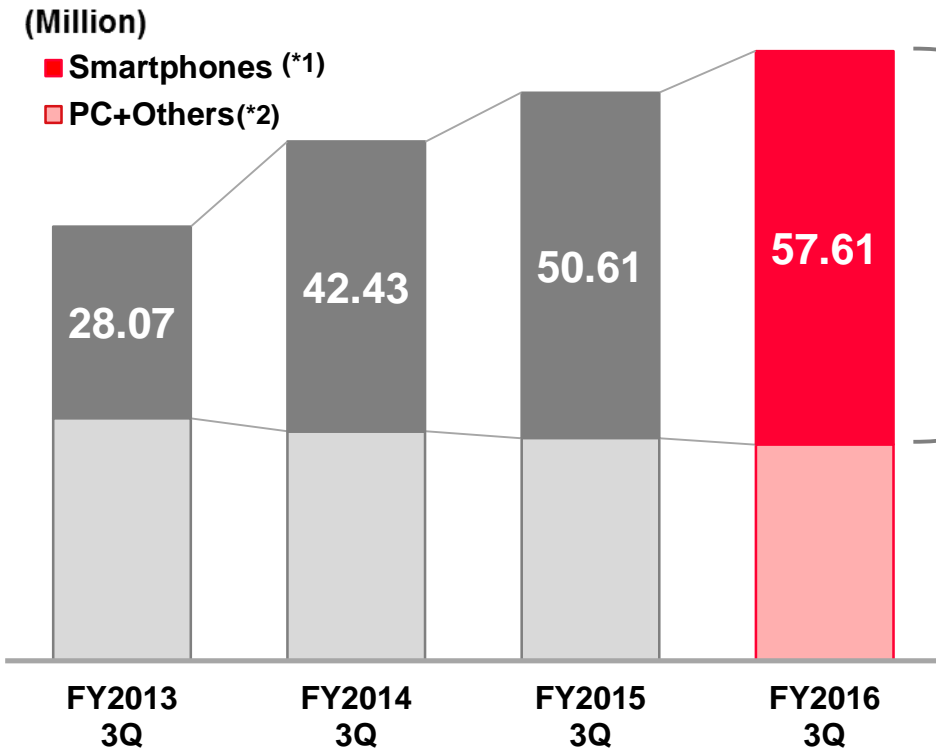
(¥Billion)

¥35.6 billion
YoY +24.0%



Usage Trend of Services

Daily Unique Browsers

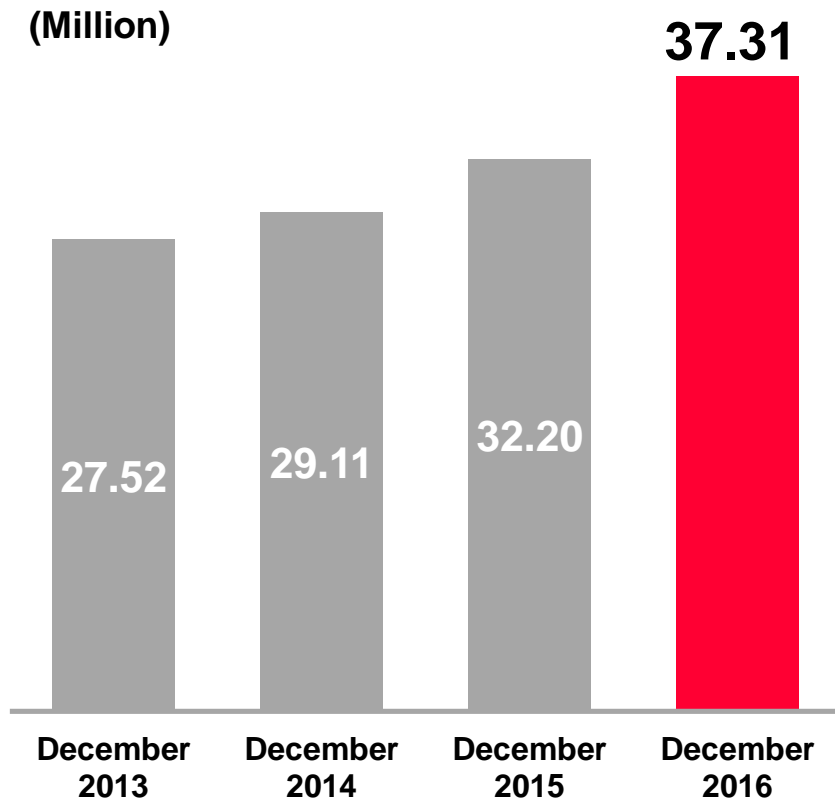


Usage via
smartphones
64.5%

*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



+15.9%
YoY

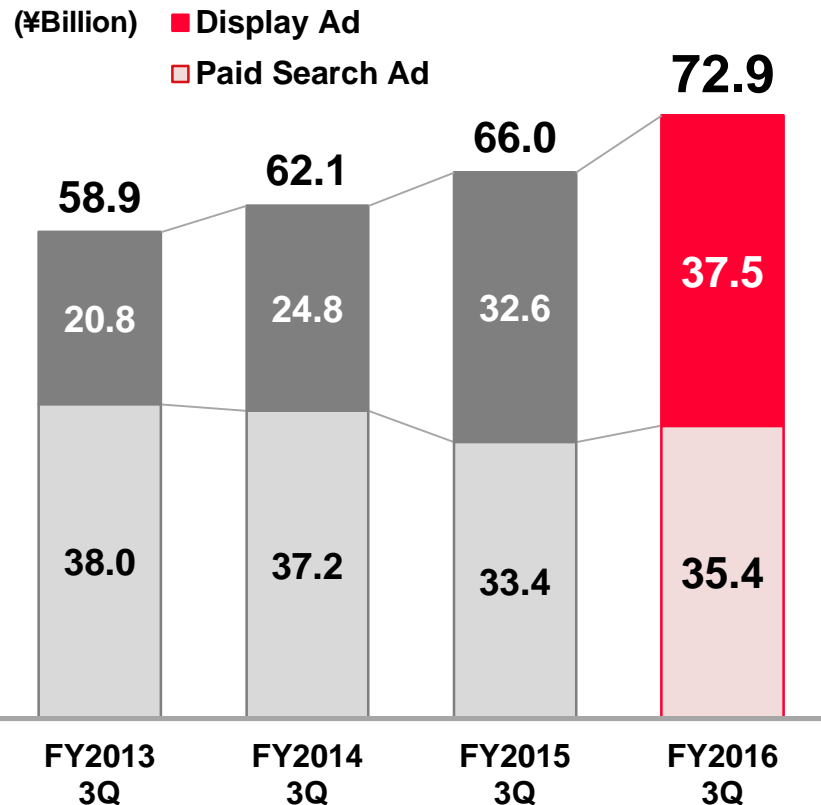
Core Businesses

Advertising

Auctions

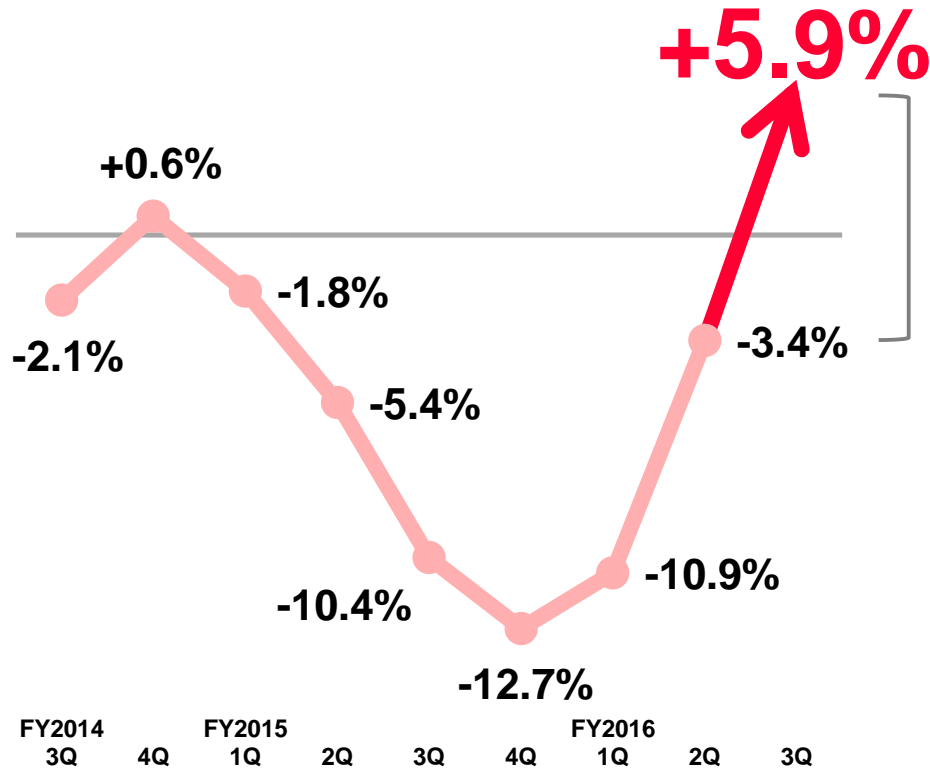
Membership Services

Advertising-Related Revenue



+10.4%
YoY

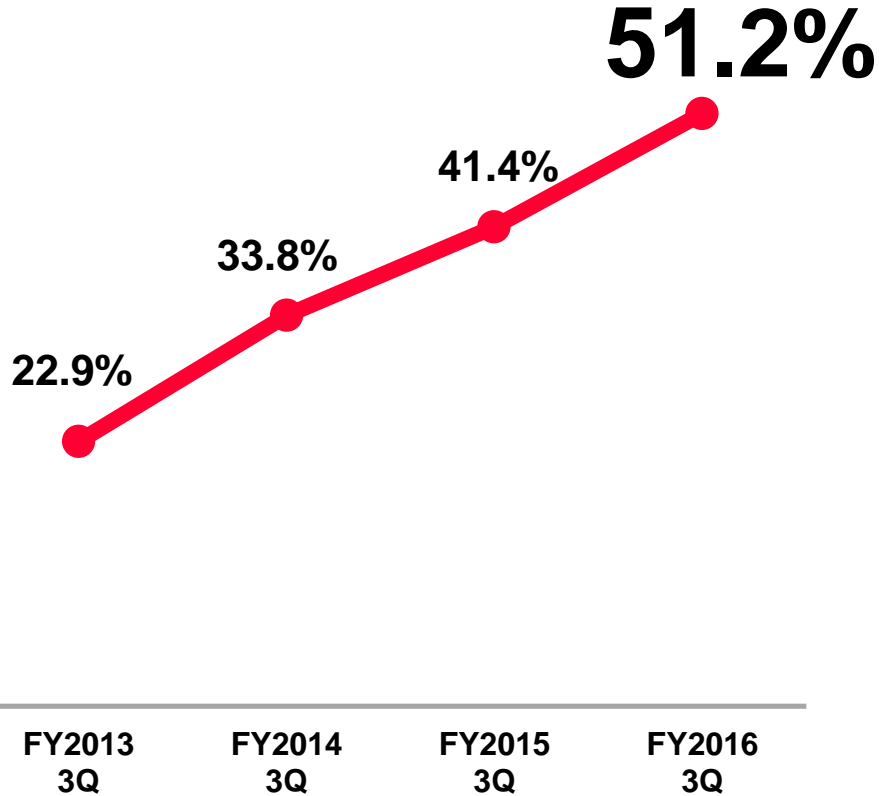
Paid Search Advertising Revenue -YoY Growth Rate



Continuous functional improvements

Increase in demand from some advertisers

Proportion of Advertising-Related Revenue via Smartphones



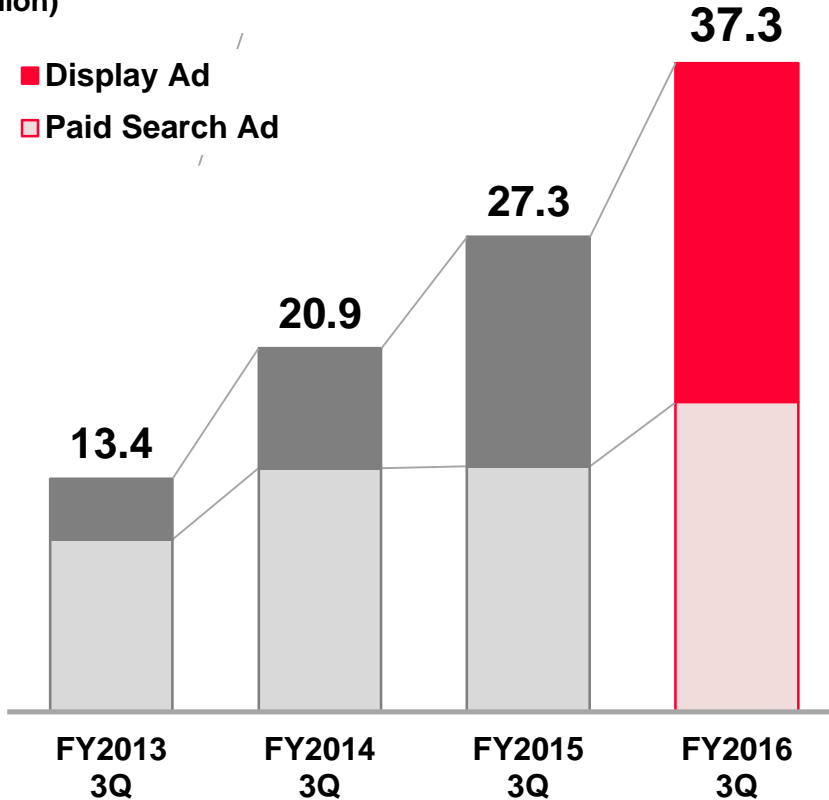
**Exceeded 50%
for the first time**

FY2013 3Q FY2014 3Q FY2015 3Q FY2016 3Q

Note: Proportion of advertising revenue via smartphones in total advertising revenue.
The prior data have been retroactively adjusted. Contains a part of advertising revenue via tablets.

Advertising-Related Revenue via Smartphones **YAHOO!** JAPAN

(¥Billion)



YoY
+36.4%



Test distribution started on app services from January 11

Core Businesses

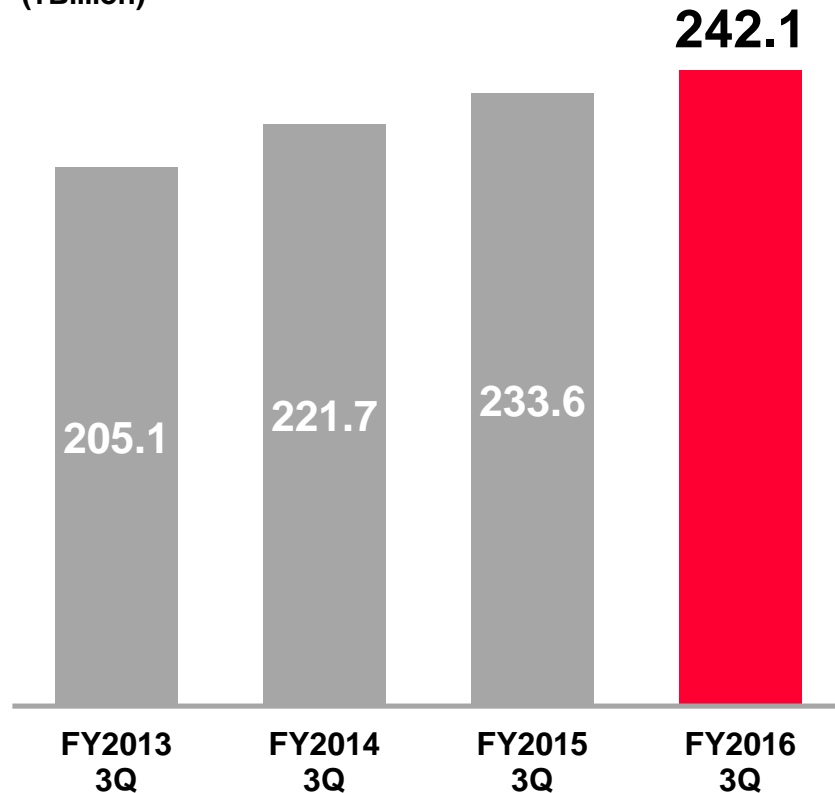
Advertising

Auctions

Membership Services

Auction-Related Transaction Value (*)

(¥Billion)



**A record
high**

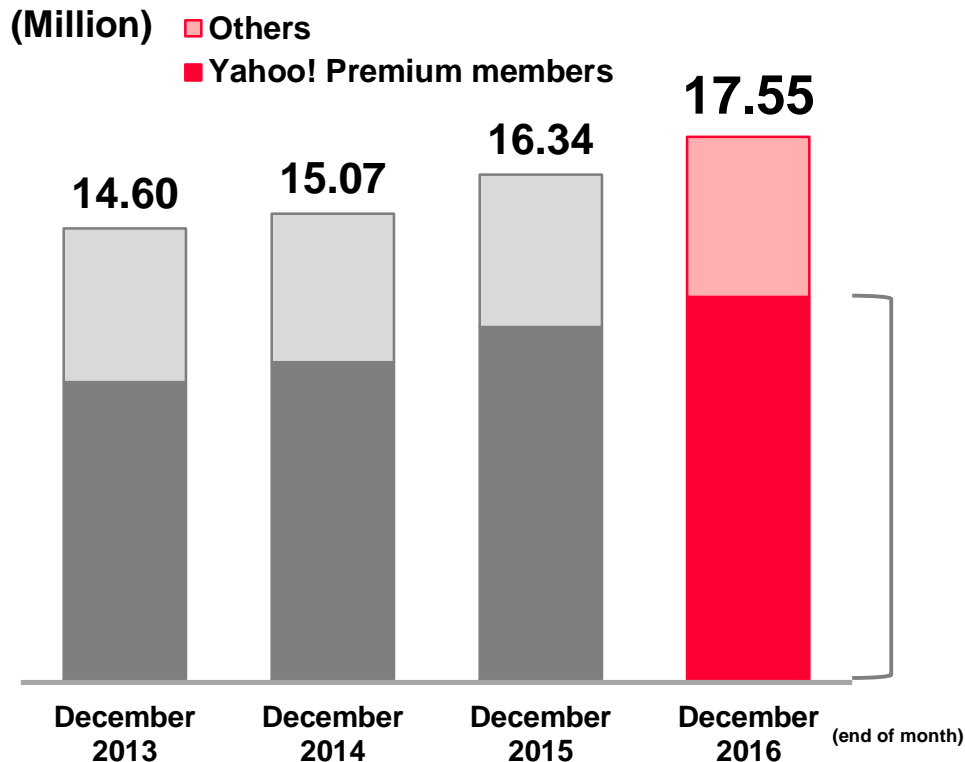
Core Businesses

Advertising

Auctions

Membership Services

Number of Monthly Paid-Membership IDs



Yahoo! Premium
members

+8.4%

YoY

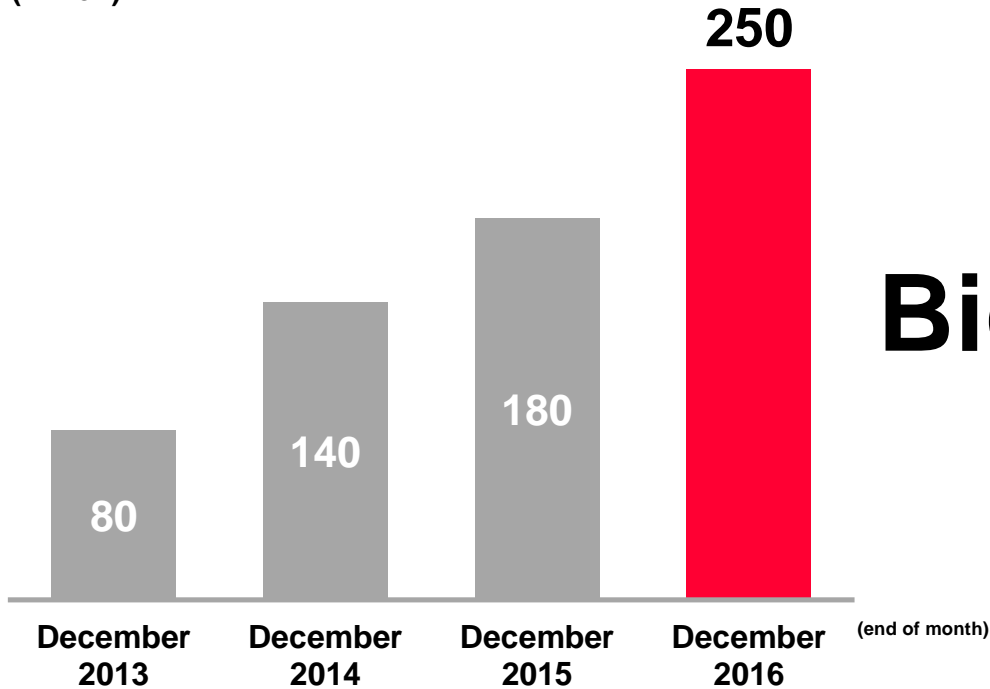
Note: Total of Yahoo! Premium members, Yahoo! BB subscribers, monthly paid-subscribers of digital content and services provided by Yahoo! JAPAN and partner sites* (* IDs with payment through Yahoo! Wallet only). Paid-membership IDs are counted separately for each service, even if there is an overlap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

Upfront Investment- Stage Businesses

Shopping
Credit Card

Number of Items

(Million)



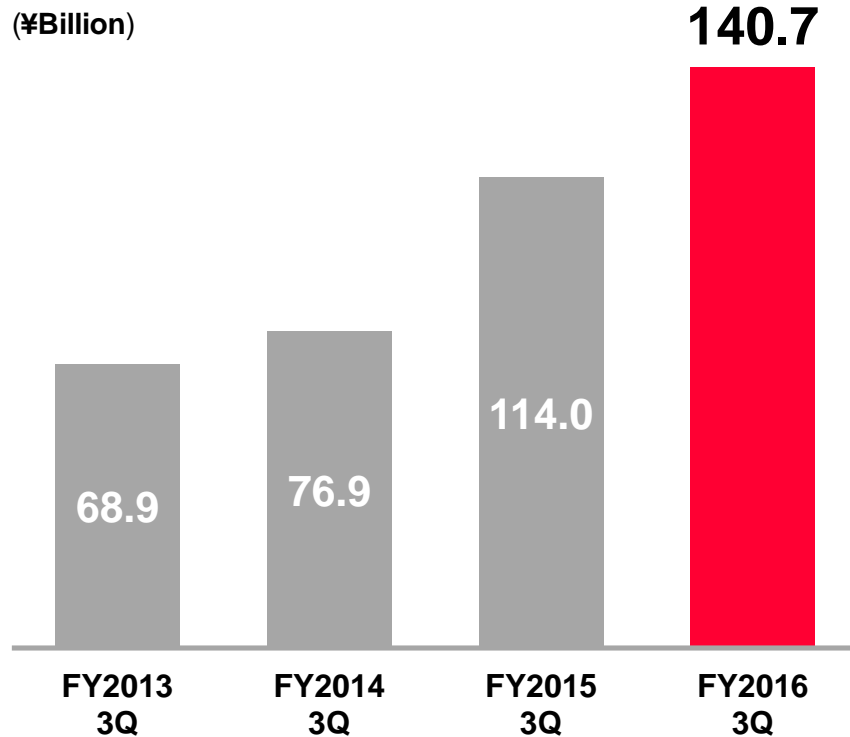
**Biggest selection
in Japan(*)**

Note: Number of items listed on Yahoo! Shopping.

* Survey by Yahoo! JAPAN

Shopping Transaction Value

(¥Billion)



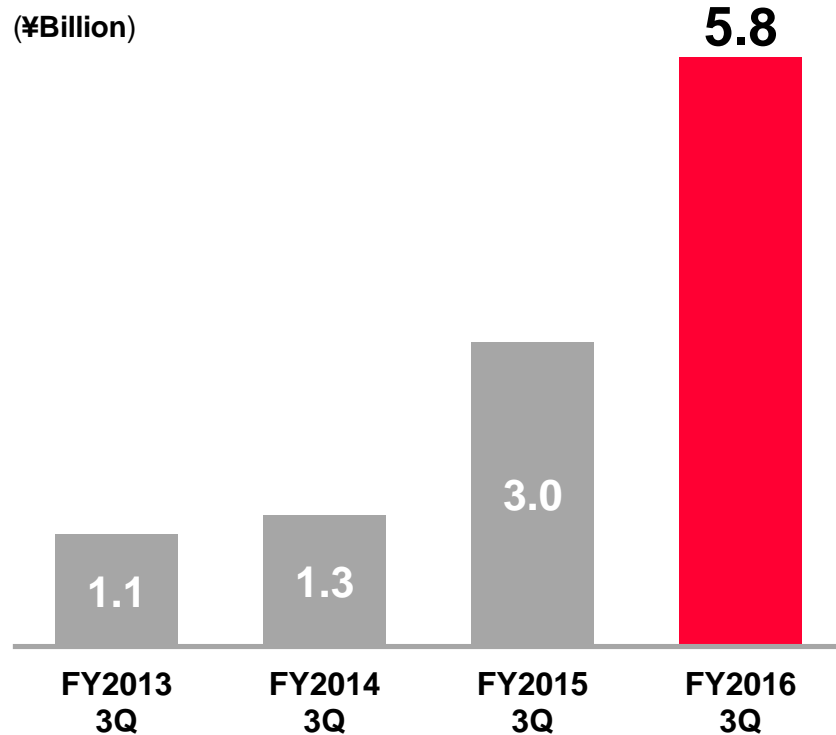
A record high

Note: 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.

Shopping-Related Advertising Revenue

(¥Billion)



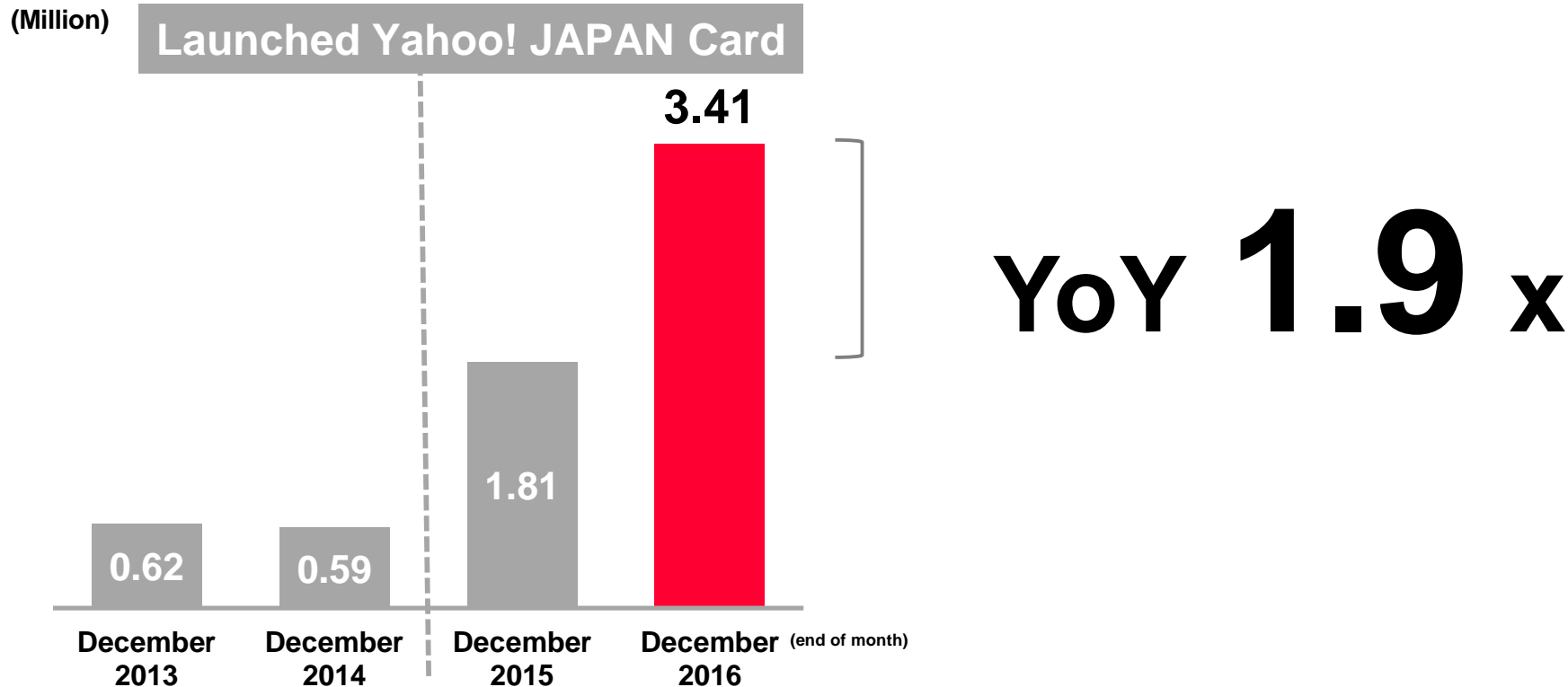
**A record
high**

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 Marketing Solutions Business segment.

Upfront Investment- Stage Businesses

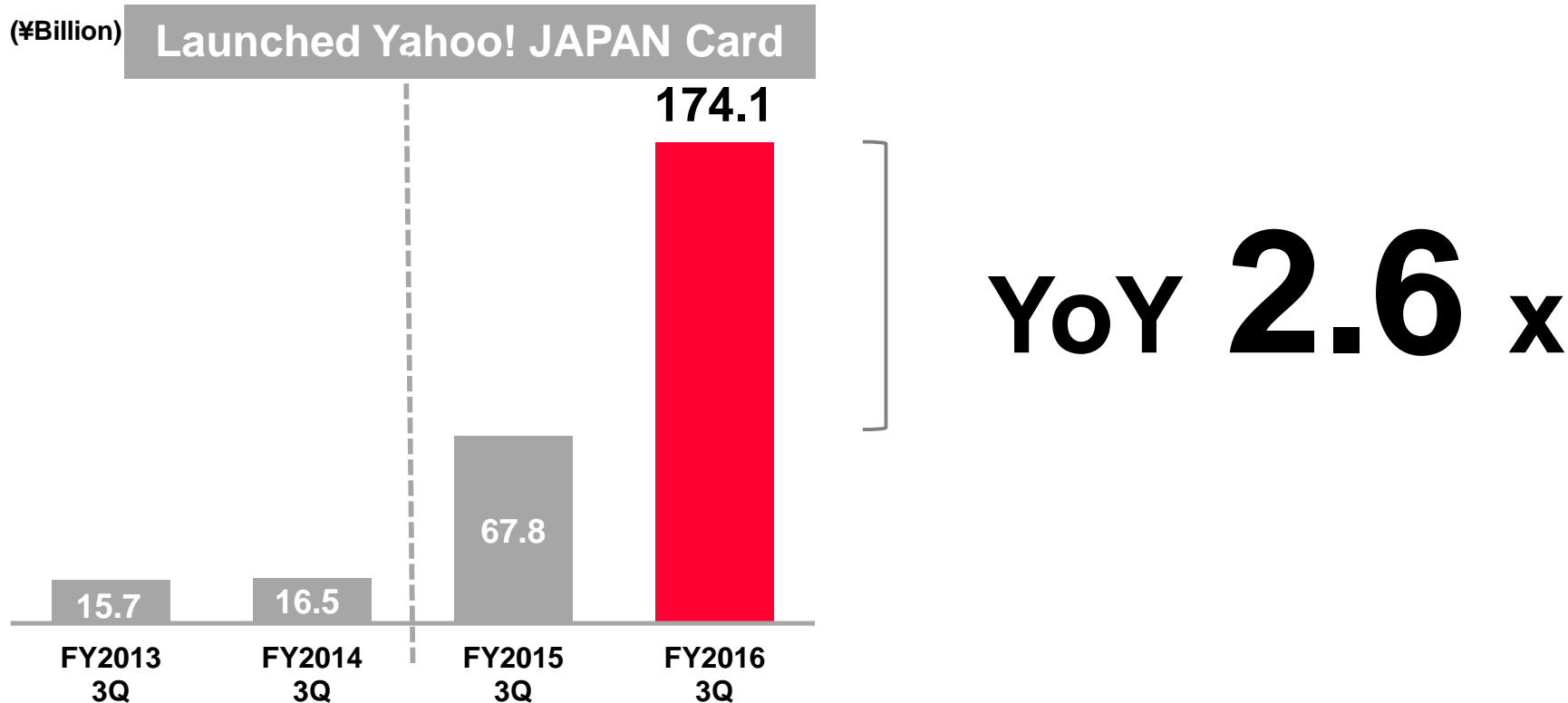
Shopping
Credit Card

Number of Valid Credit Card Holders



Note: Includes card holders of KC Card, Yahoo! JAPAN Card and SoftBank Card (“Omakase charge”).

Credit Card Transaction Value

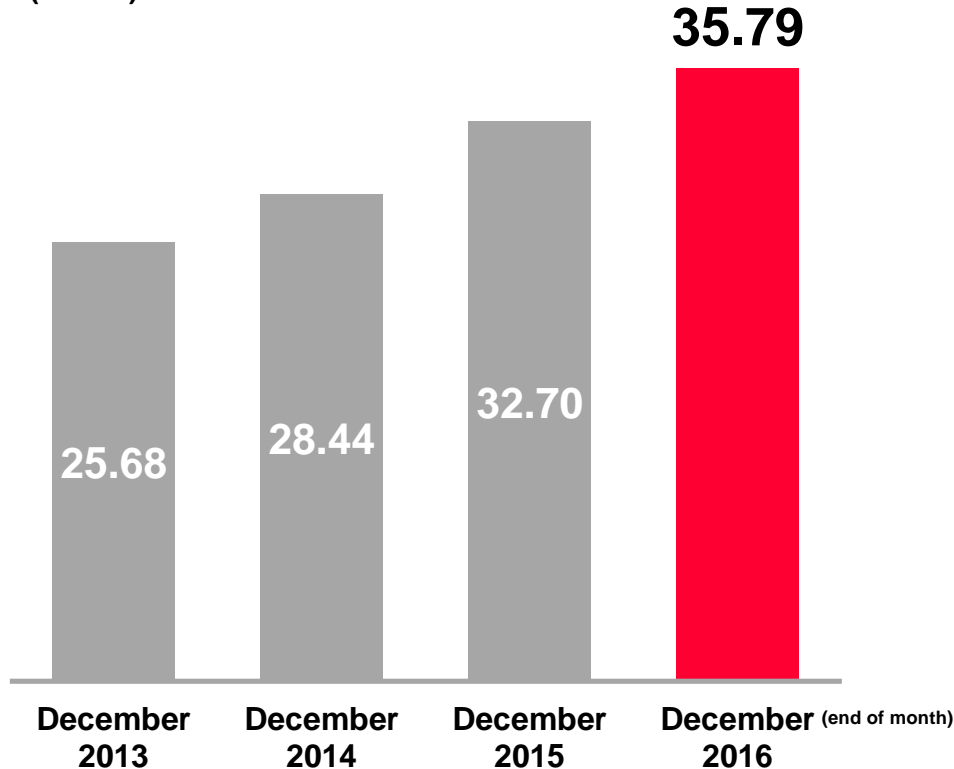


Note: Excludes cash advance service.

Includes card holders of KC Card, Yahoo! JAPAN Card and SoftBank Card (“Omakase charge”).

Number of Yahoo! Wallet Accounts

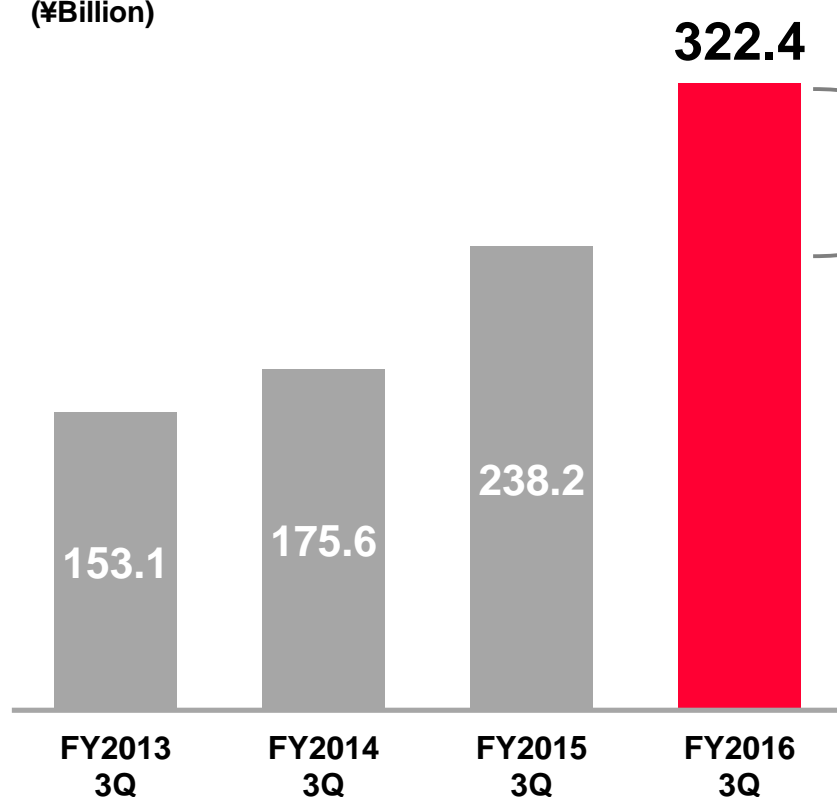
(Million)



**Roughly
equals
the number of Monthly
Active User IDs**

Yahoo! Wallet Transaction Value

(¥Billion)



YoY

+35.4%

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.

Looking Back on the Three Years of e-Commerce Strategy

Yahoo! Shopping Strategy

Announced a new business model in October 2013.

Monthly tenant fee

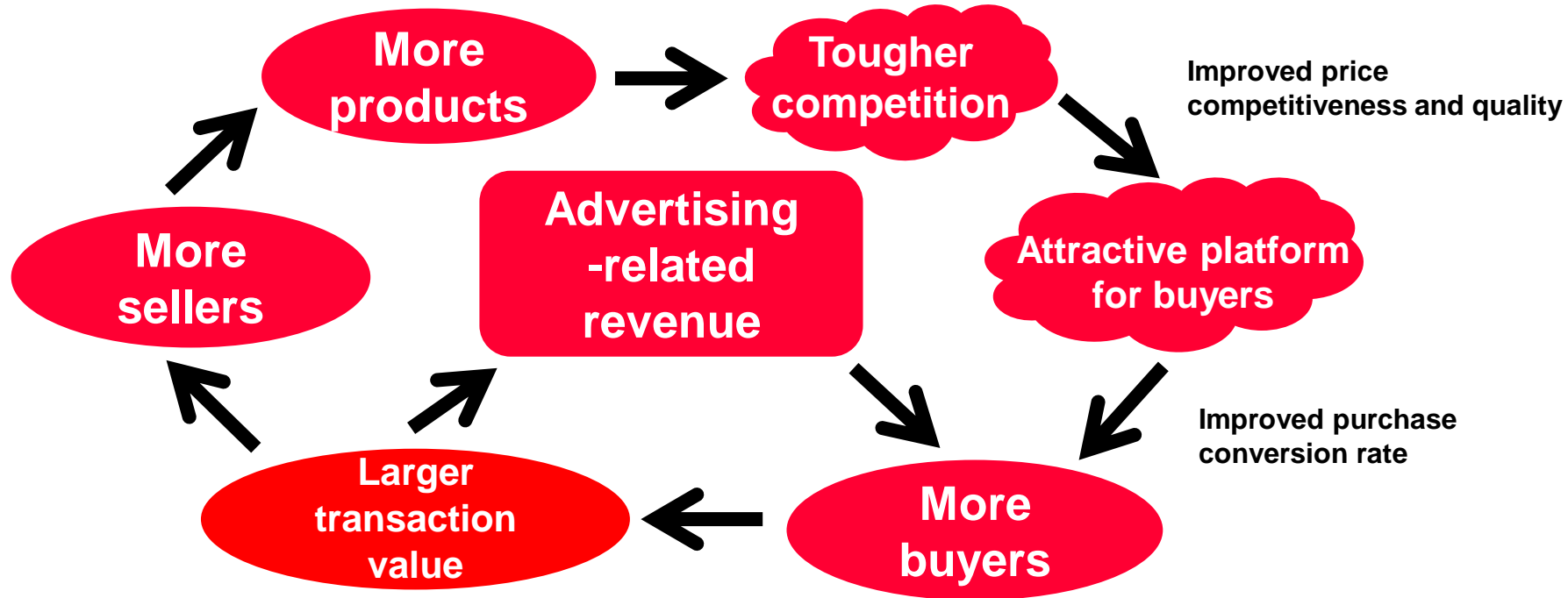
Free

Transaction based
system-use fees

Free

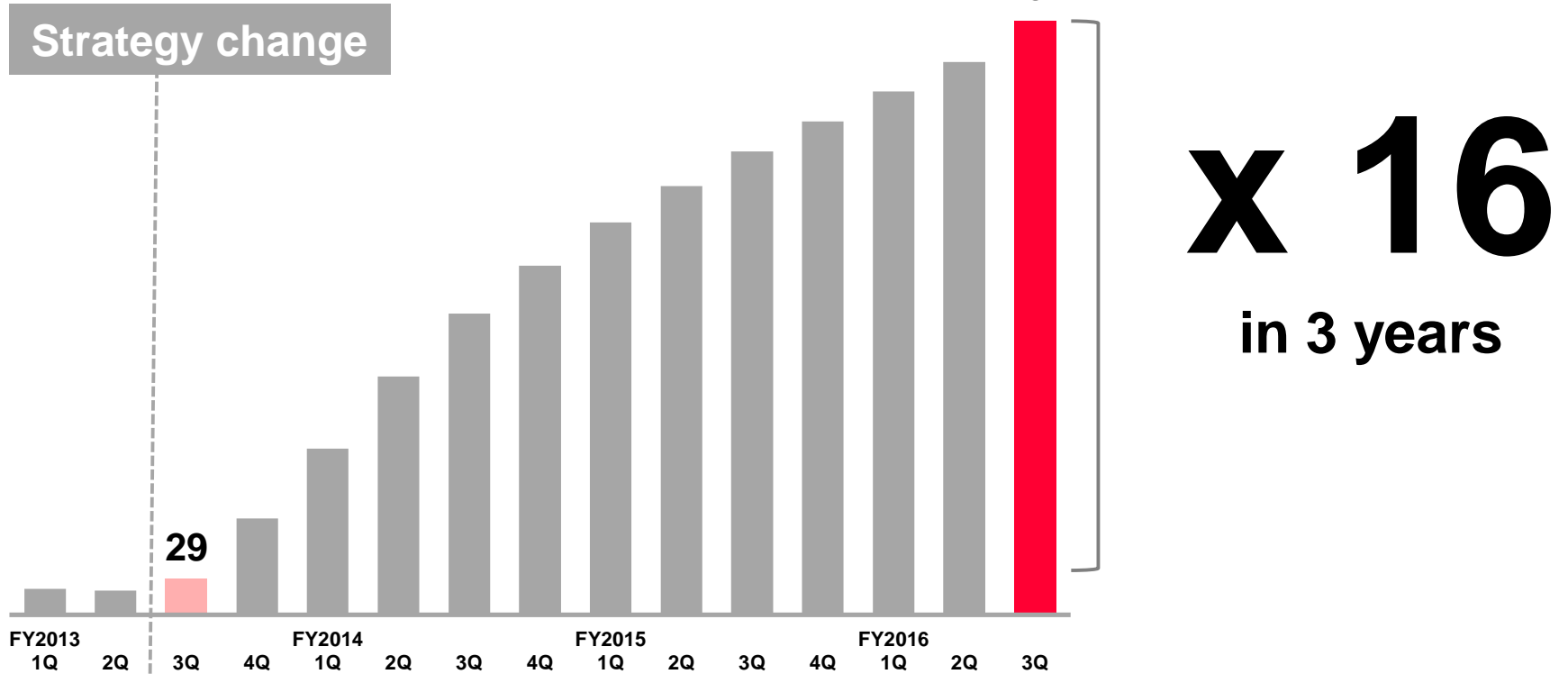
Yahoo! Shopping Strategy

3 years have passed since the implementation of a business model in which we strove to monetize through advertising.



Number of Stores

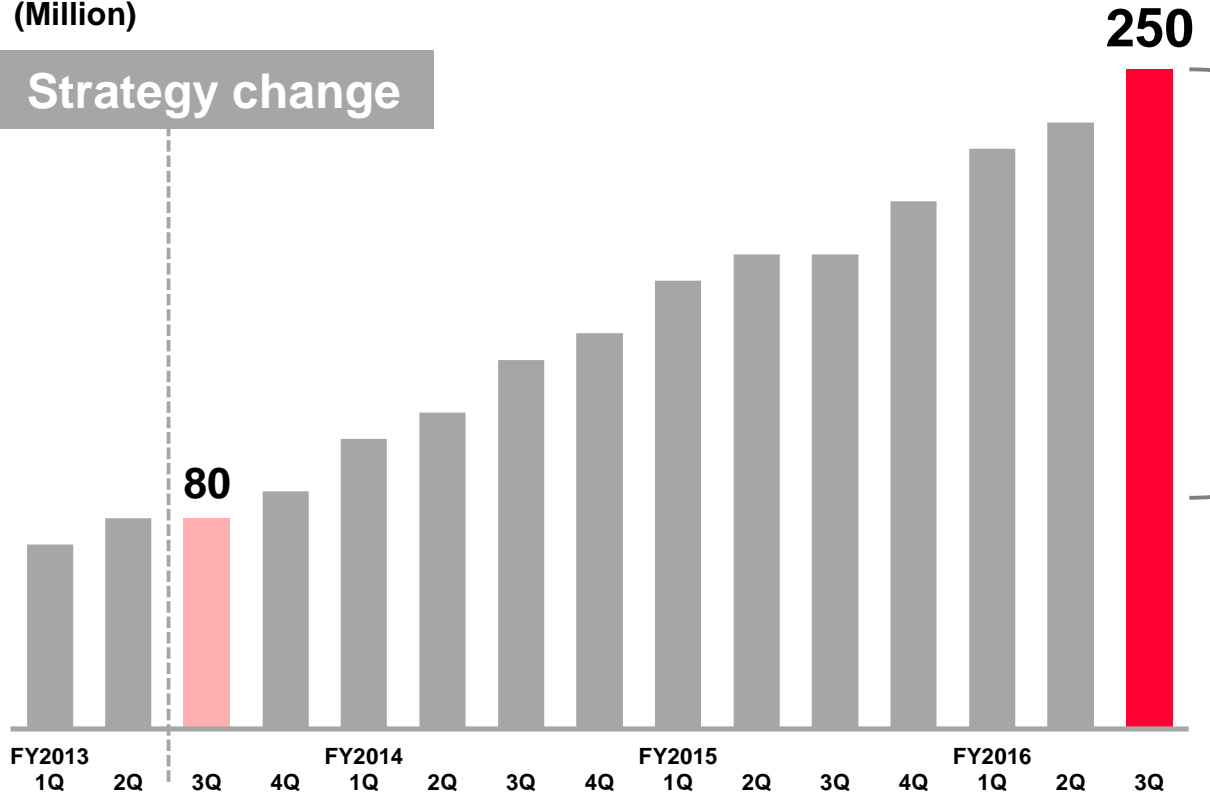
(Thousand)



Number of Items

(Million)

Strategy change

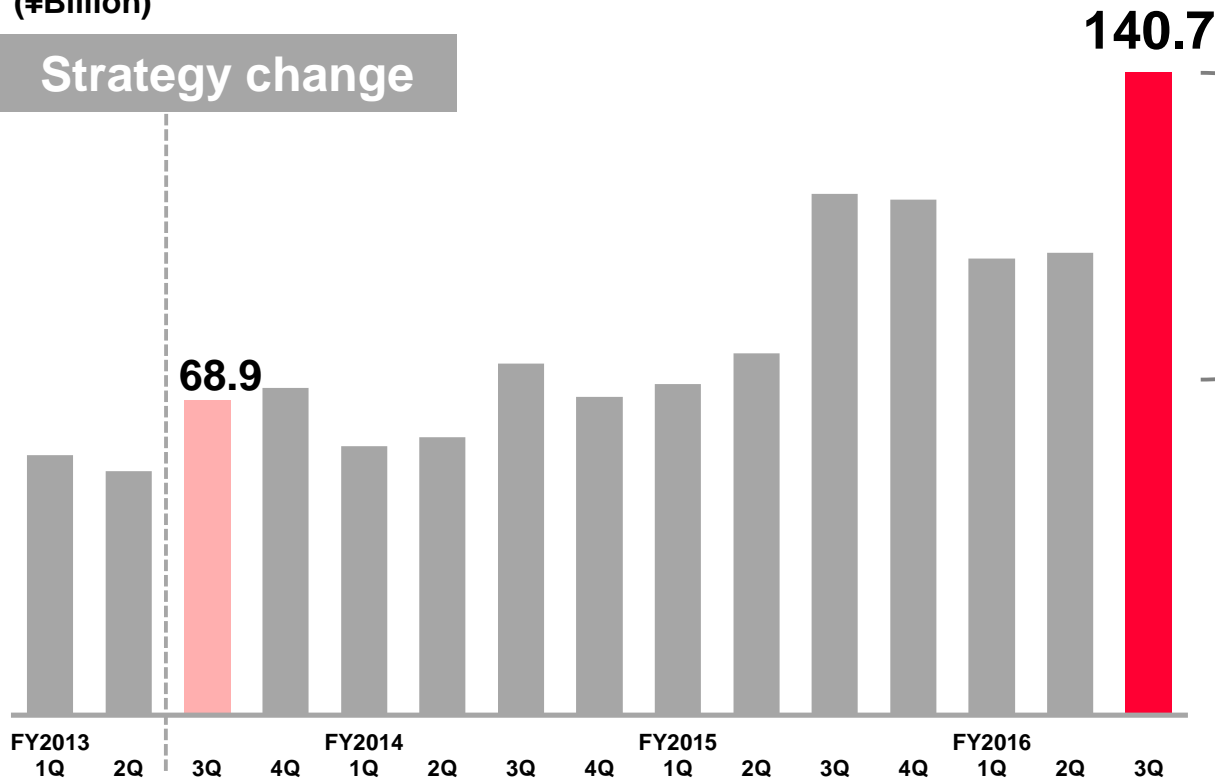


X 3
in 3 years

Shopping Transaction Value

(¥Billion)

Strategy change



x 2
in 3 years

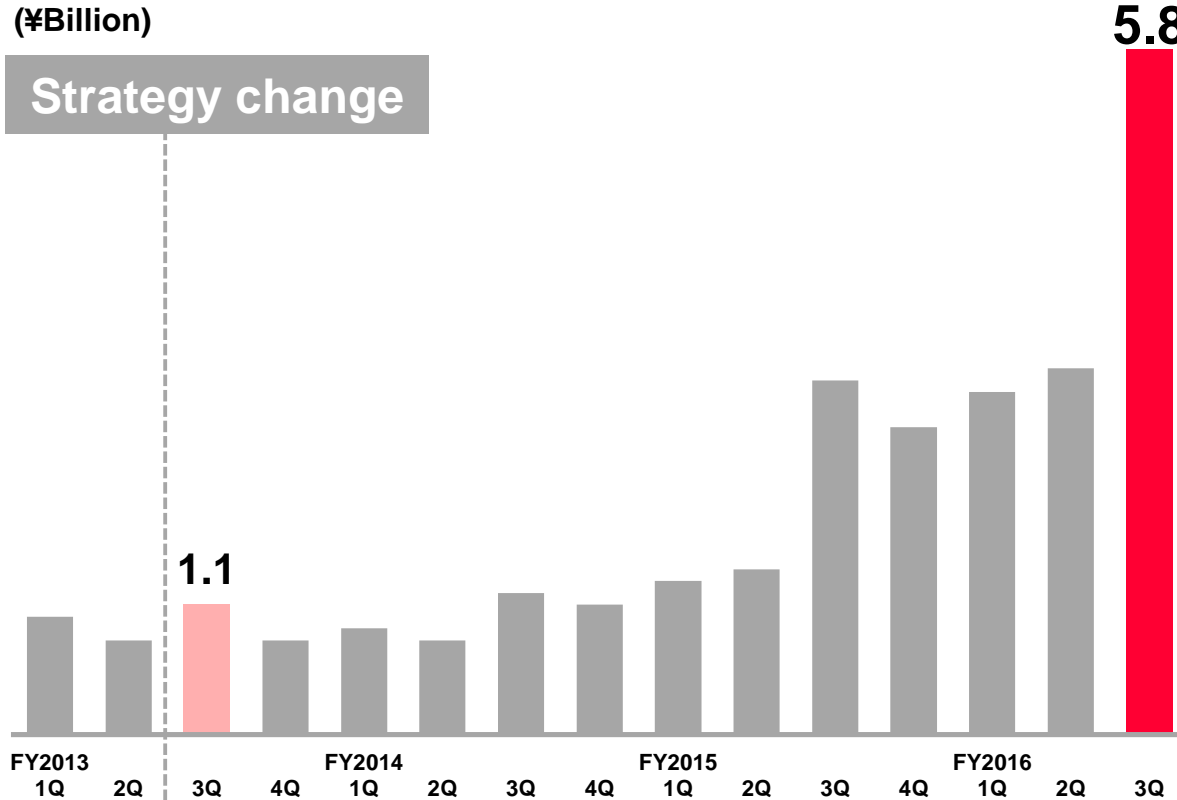
Note: Includes transaction values of Yahoo! Shopping and LOHACO.

40 LOHACO's transaction value is the revenue (closing date: 20th of every month) of LOHACO business, operated by ASKUL.

Shopping-Related Advertising Revenue

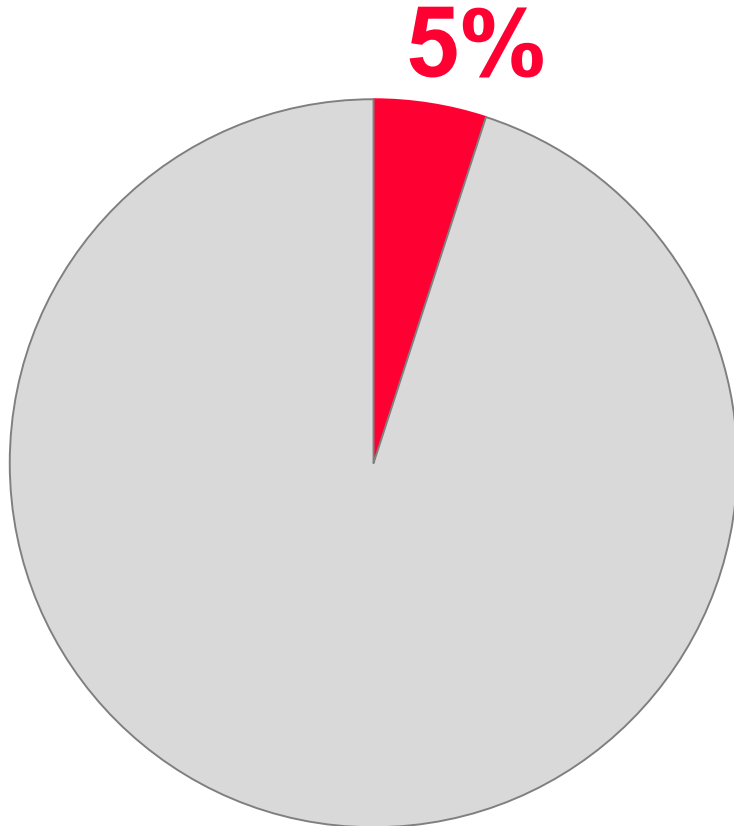
(¥Billion)

Strategy change



x 5
in 3 years

Strong confidence in the Success of the e-Commerce Strategy



**e-Commerce
market still has
a large room
for growth**

Unique Measures for Expanding the e-Commerce Market



1

**Strengthen our superiority
Further enhance the number of items listed which is already the largest in Japan**

2

**Increase new buyers
Special benefits to members of Yahoo! JAPAN services or of the group companies' services**

3

**Increase new buyers
Traffic referrals from our media services**

4

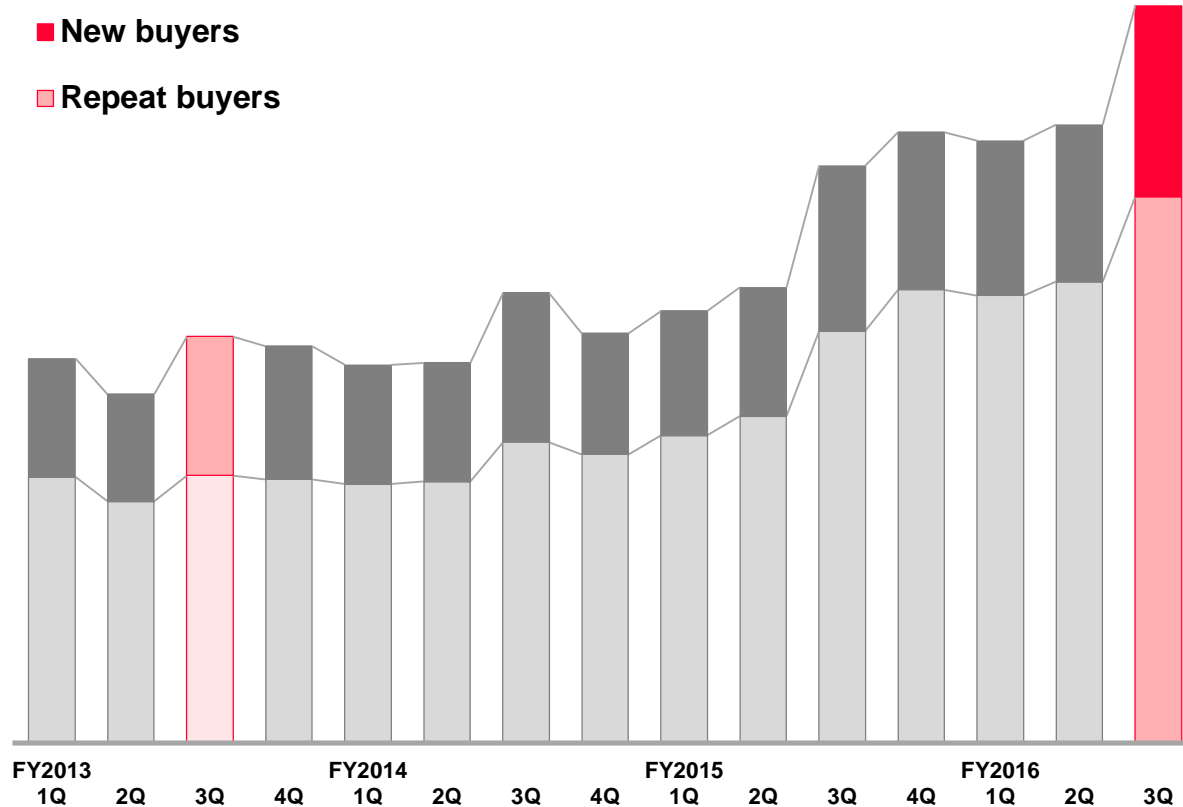
**Improve purchase conversion rate and repeat purchase rate
Cross use multi-big data obtained via various services**

Sales promotional activity is one way to accelerate the implementation of abovementioned measures

Yahoo! Shopping Number of Buyers

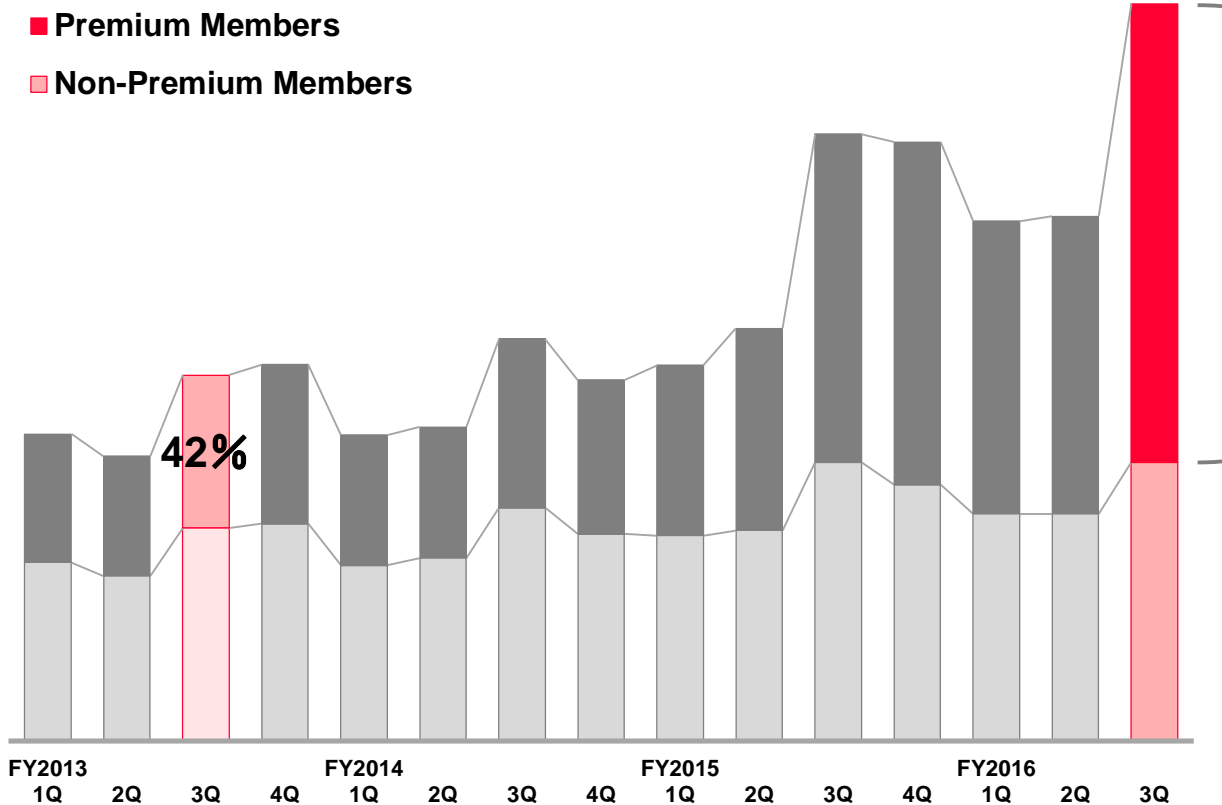
■ New buyers

■ Repeat buyers



**Repeat
buyers
contributed to
growth**

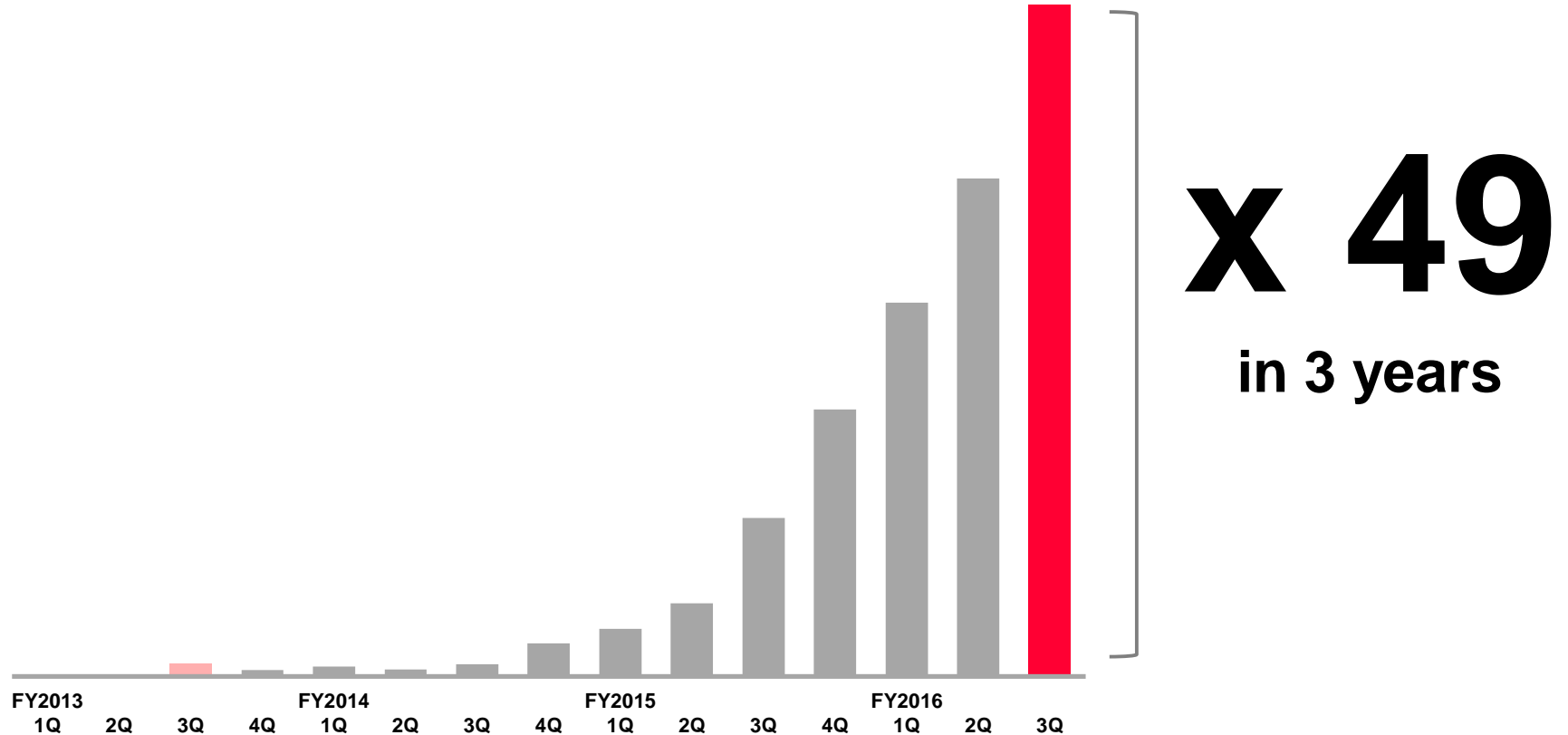
Yahoo! Shopping Transaction Value



% of transaction value
derived from Yahoo!
Premium members

62%

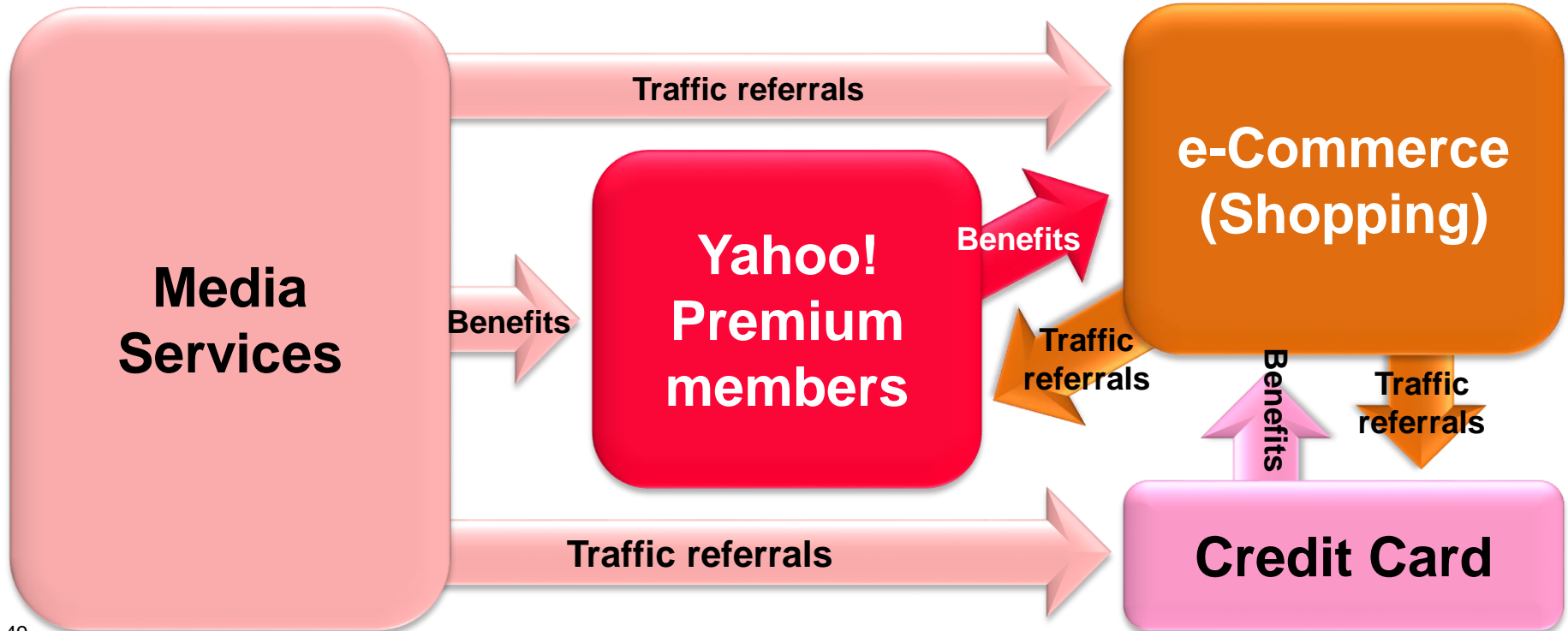
Number of Yahoo! Premium Members Subscribed via Yahoo! Shopping



Upfront Investment-Stage Businesses Contribute to the Growth of Core Businesses

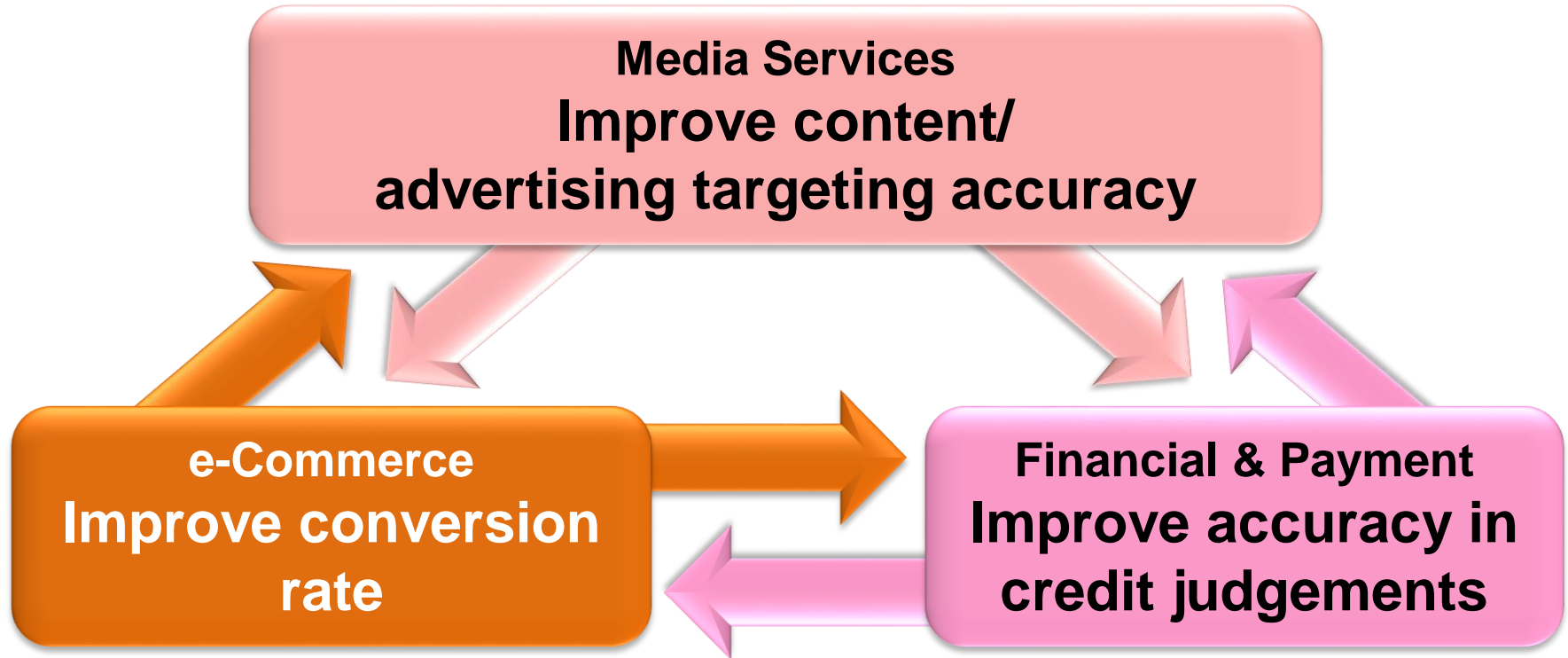
Enhance Synergies between Services

Collaboration between our core businesses and upfront investment-stage businesses is being accelerated



Enhance Cross Use of Multi-Big Data

Cross use big data acquired through logged-in usage in each service

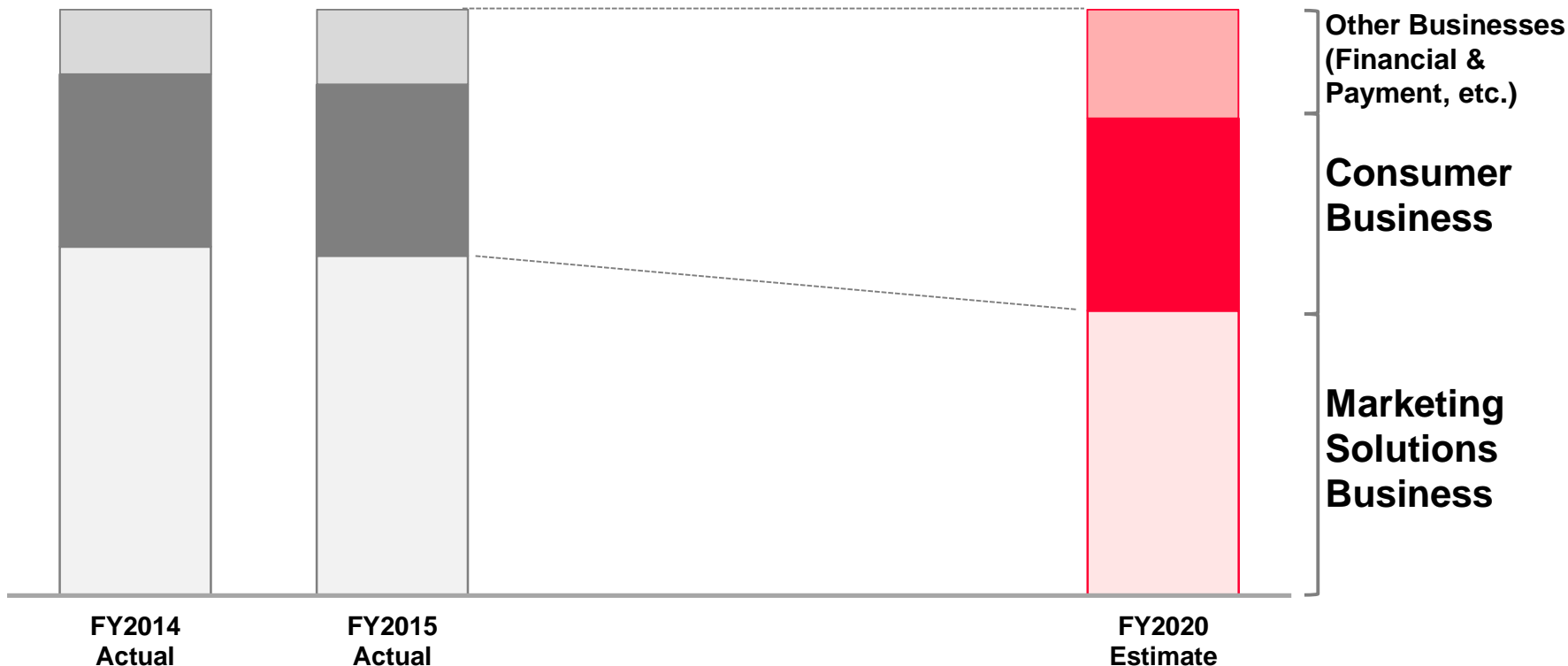


**Strong Businesses are
Sources of
New Strong Businesses**

Targeted revenue composition by business segment (*)



Strive to establish a well-balanced revenue structure



Supplemental Information

Business Segment Breakdown

Marketing Solutions Business

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

Consumer Business

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

Others

- **Advertising:** Display advertising
- **Business Services:** Payment-related services, Data center-related services, Credit card-related services, Yahoo! WebHosting and others
- **Personal Services:** Payment-related services, FX-related service, Credit card-related service and others

Note: There has been no major movement between segments in the third quarter of the fiscal year ending March 2017.

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	
		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 (Guarantee-based) *3	Yahoo! Shopping	Yahoo! Shopping stores
		Banner ads Text ads Others	Text Banner	Per-guaranteed period rate, etc (Guarantee-based) *3		
		PR Option		Conversion-based		

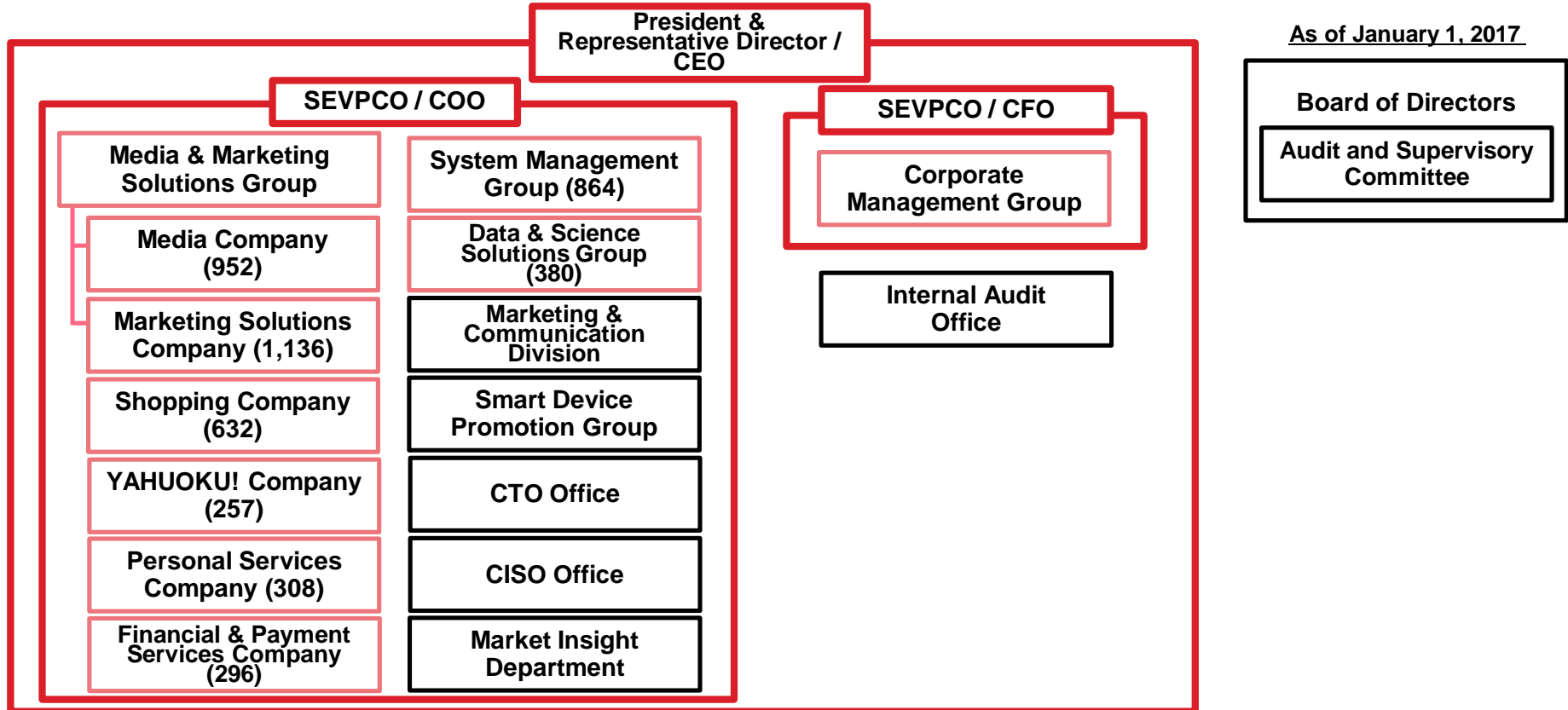
*1 Including In-feed Advertising on timeline-view pages.

*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 January 1, 2017



Note 1: Figures in parentheses are number of employees.

Note 2: SEVPCO = Senior Executive Vice President Corporate Officer

Consolidated Subsidiaries and Associates

(as of December 31, 2016)

● 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. **NEW!**
- ◆ BuzzFeed Japan Corporation
- ◆ Sony Real Estate Corporation
- ◆ BOOKOFF CORPORATION LIMITED
- ◆ GameBank Corp.
- ◆ The Japan Net Bank, Limited

Corporate Governance System

