



Yahoo Japan Corporation

FY2016-2Q Business Results

(July - September 2016)

November 1, 2016

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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, 2016.”

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FY2016-2Q

Financial Highlights

Executive Summary for FY2016-2Q ①



Revenue	205.3 (¥B)	YoY +48.5%
Operating income		YoY -51.8%
Adjusted operating income	49.5 (¥B)	YoY +14.9%*
EBITDA		YoY -46.1%
Adjusted EBITDA	58.9 (¥B)	YoY +18.8%*
Net income attributable to owners of the parent		YoY -63.2%
Adjusted net income attributable to owners of the parent	33.6 (¥B)	YoY +6.1%*
Diluted EPS	¥5.90	YoY -63.2%

Executive Summary for FY2016-2Q ②

Advertising-related revenue	69.4 (¥B)	YoY +5.7%	Via smartphones 49.5%
Display advertising	34.5 (¥B)	YoY +16.7%	
Paid search advertising	34.8 (¥B)	YoY -3.4%	
Total domestic e-commerce transaction value (*1)	432.4 (¥B)	YoY +29.7%	Via smartphones (*2) 45.5%
ASKUL Corporation's BtoB-related revenue (transaction value) via Internet	50.8 (¥B)		
Number of monthly active user IDs (*3)	36.14 (Million)	YoY +14.9%	
Number of monthly paid-membership IDs (*4)	17.37 (Million)	YoY +8.6%	

*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.

*3 Number of logged-in Yahoo! JAPAN IDs in September 2016.

4 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. Figure as of Sept. 30, 2016.

Advertising-Related Business

- The rate of decrease in paid search advertising revenue significantly contracted.
- Display advertising revenue continued to achieve double-digit growth.

e-Commerce-Related Business

- e-Commerce-related revenue increased significantly as a result of the consolidation of ASKUL.
- Shopping-related transaction value (*1) maintained a high growth rate.
- Shopping-related advertising revenue increased remarkably.

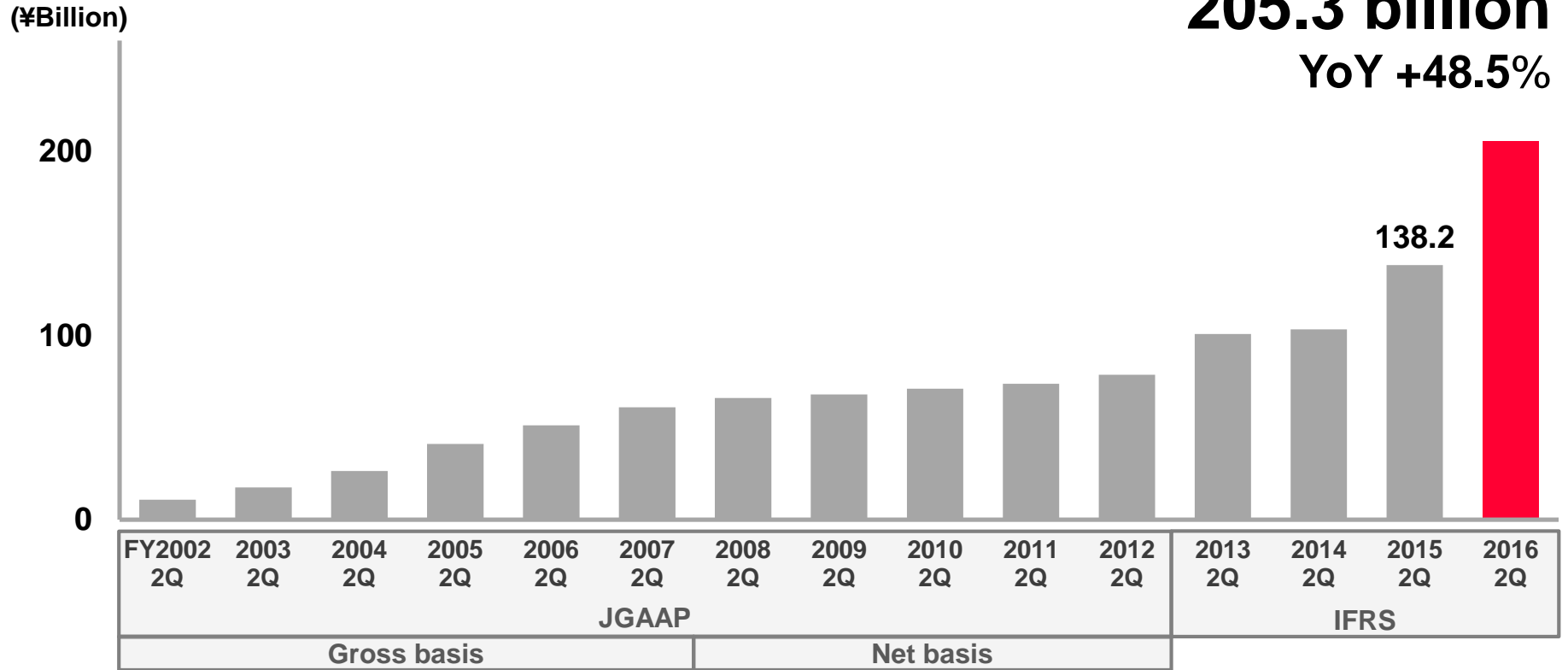
Credit Card Business

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

*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.

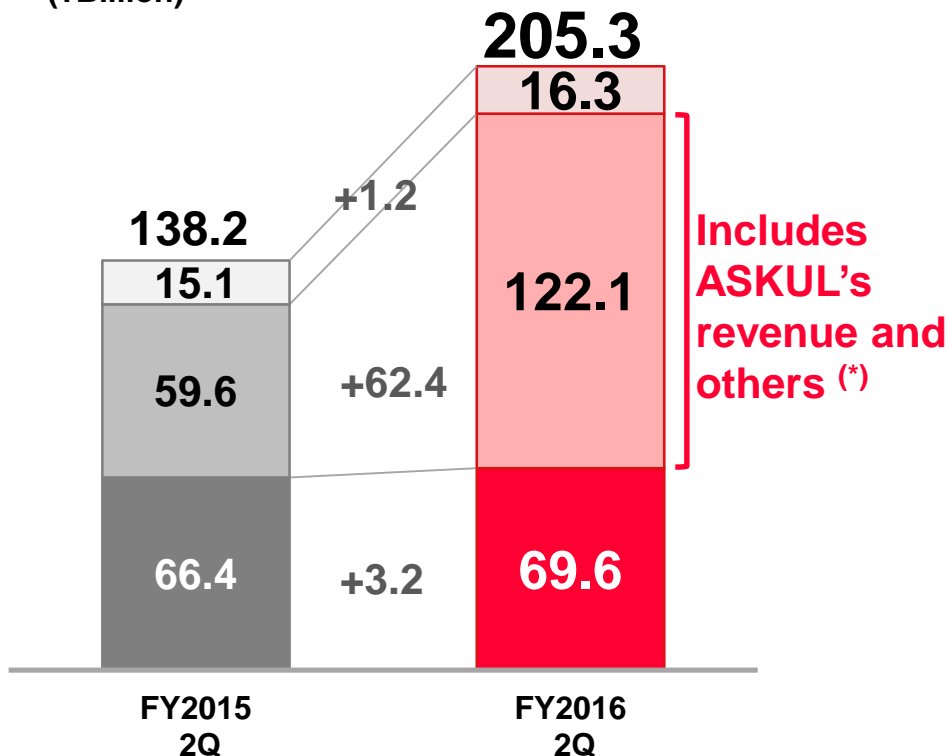
Revenue



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.

Quarterly Revenue Breakdown

(¥Billion)



Marketing Solutions Business	YoY +4.9% Recovery in the growth rate of advertising-related revenue
Consumer Business (*)	YoY 2.0 x Consolidation of ASKUL Corporation
Other Businesses	YoY +7.9% Growth in payment-related revenue

Note1: Figures for adjustments are not shown.

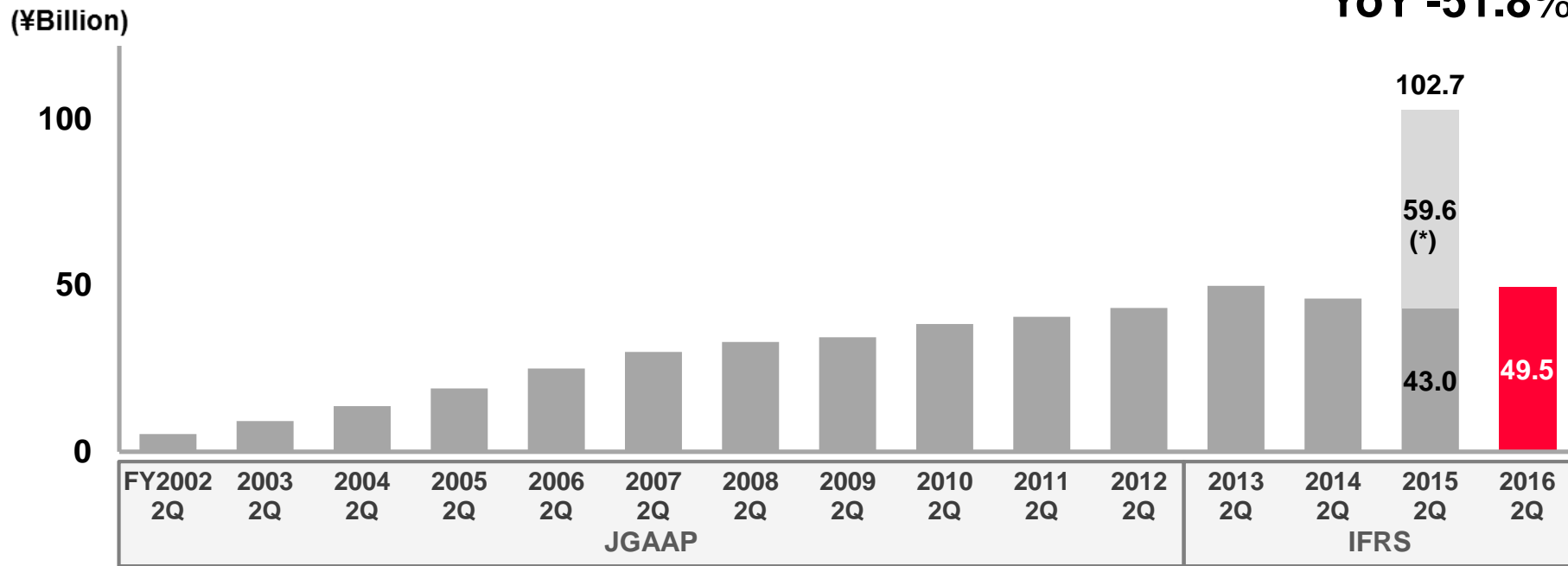
Note2: In cases where major services have been transferred between segments, the prior data and comparative figures have been retroactively adjusted to the current segments.

* ASKUL's revenue for FY2015-2Q and FY2016-2Q are ¥24.7 billion and ¥79.9 billion, respectively (revenue after the elimination of internal transactions within ASKUL group).

Operating Income

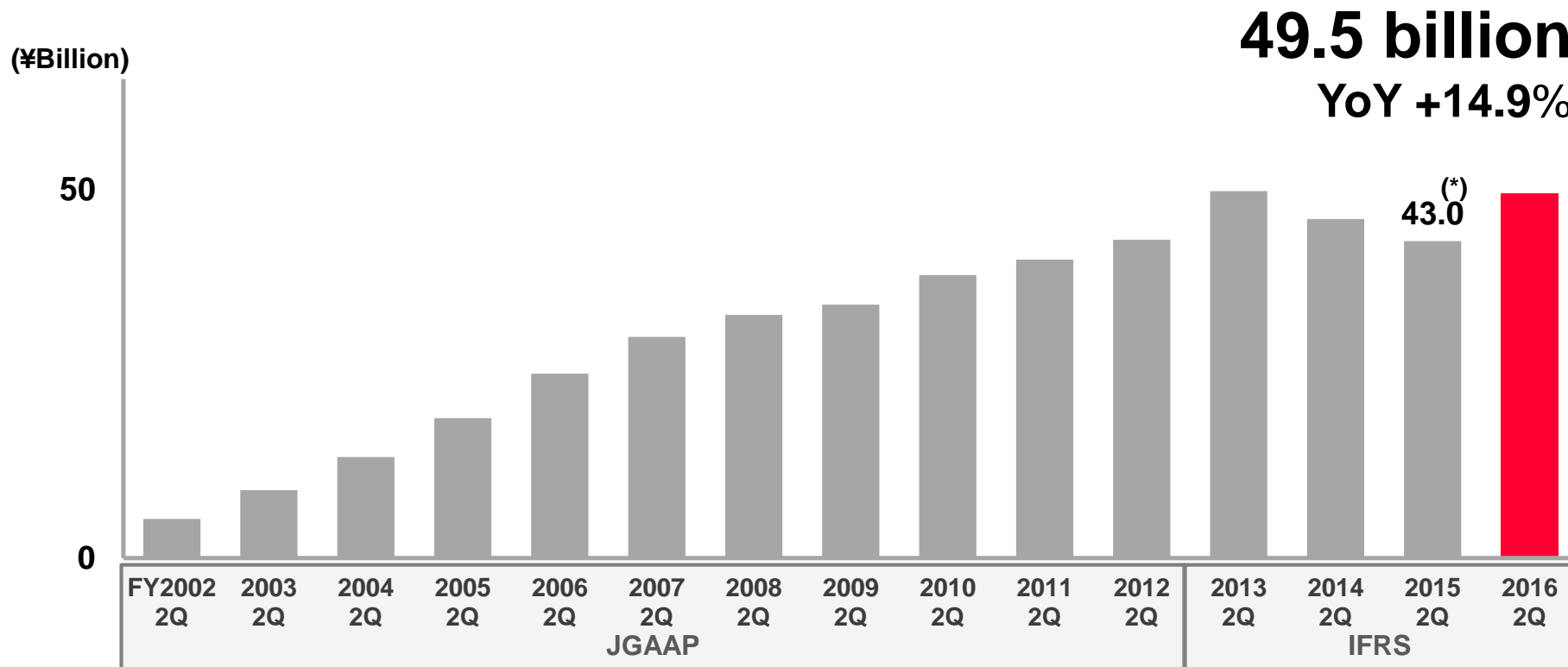
49.5 billion

YoY -51.8%



* Gain from remeasurement relating to business combination with ASKUL Corporation

Adjusted Operating Income

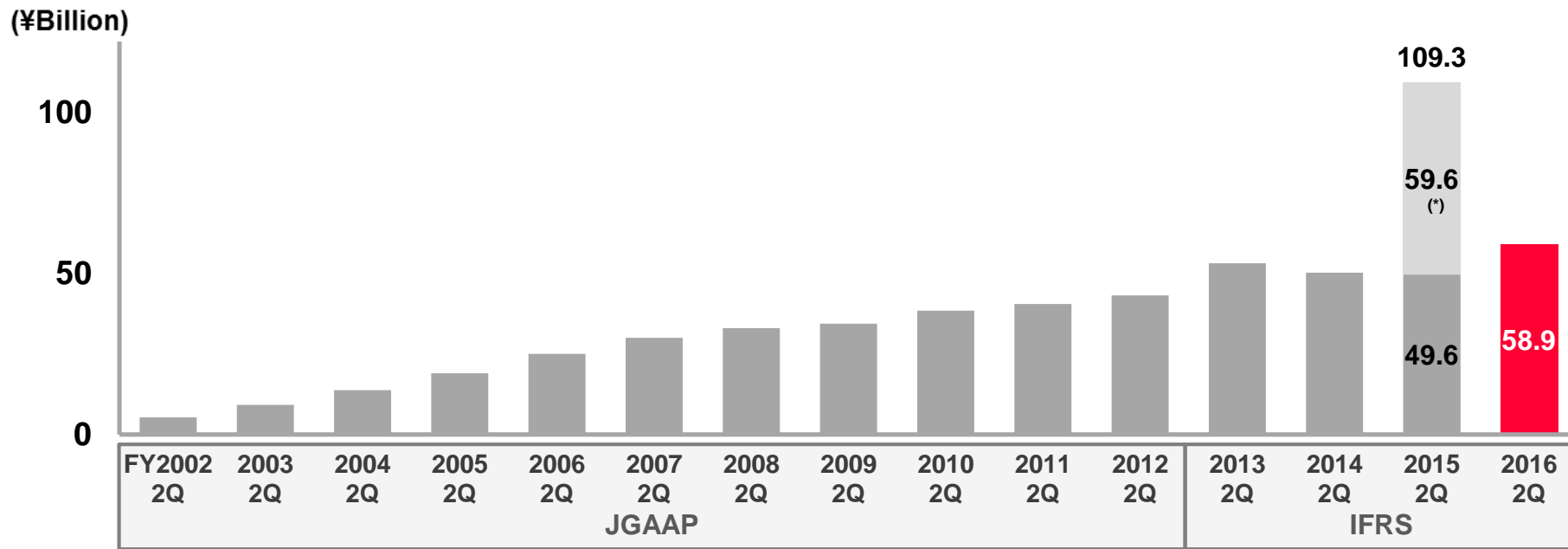


* Operating income for FY2015-2Q has been adjusted by excluding the gain from remeasurement relating to business combination with ASKUL Corporation of ¥59.6 billion.

EBITDA

58.9 billion

YoY -46.1%



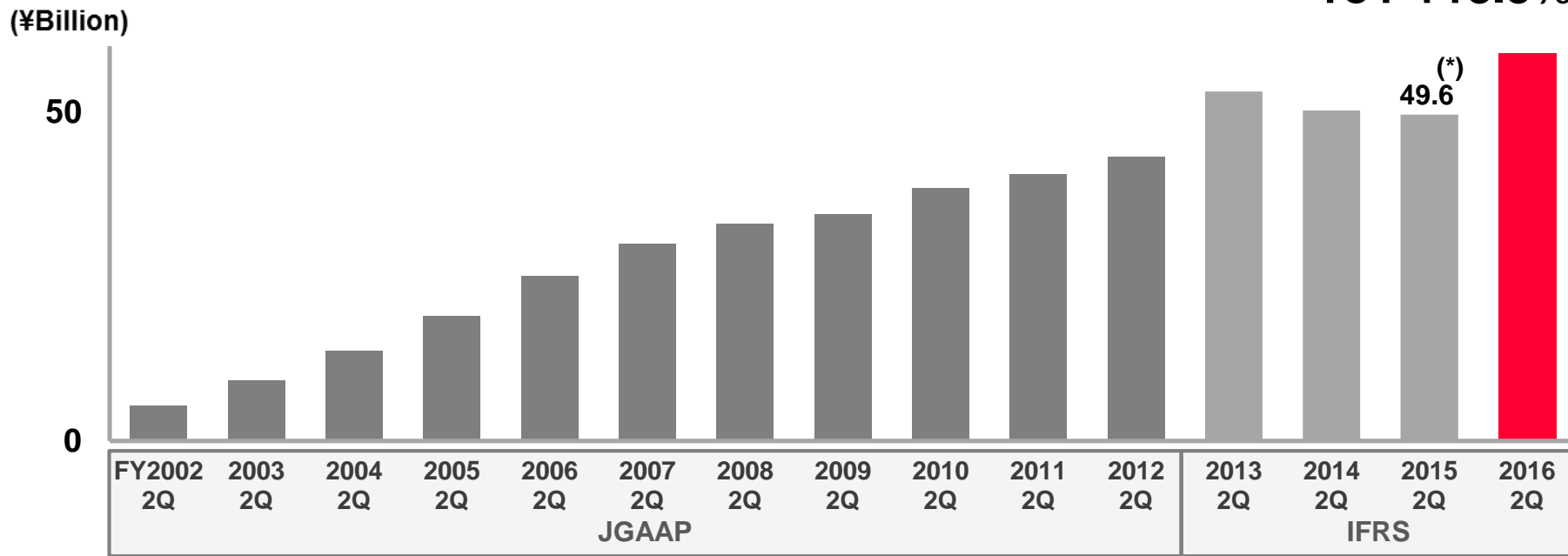
Note: EBITDA = operating income (loss) + depreciation and amortization

Figures for FY2012 and before are those of operating income under JGAAP.

* Gain from remeasurement relating to business combination with ASKUL Corporation

Adjusted EBITDA

58.9 billion
YoY +18.8%



Note: EBITDA = operating income (loss) + depreciation and amortization

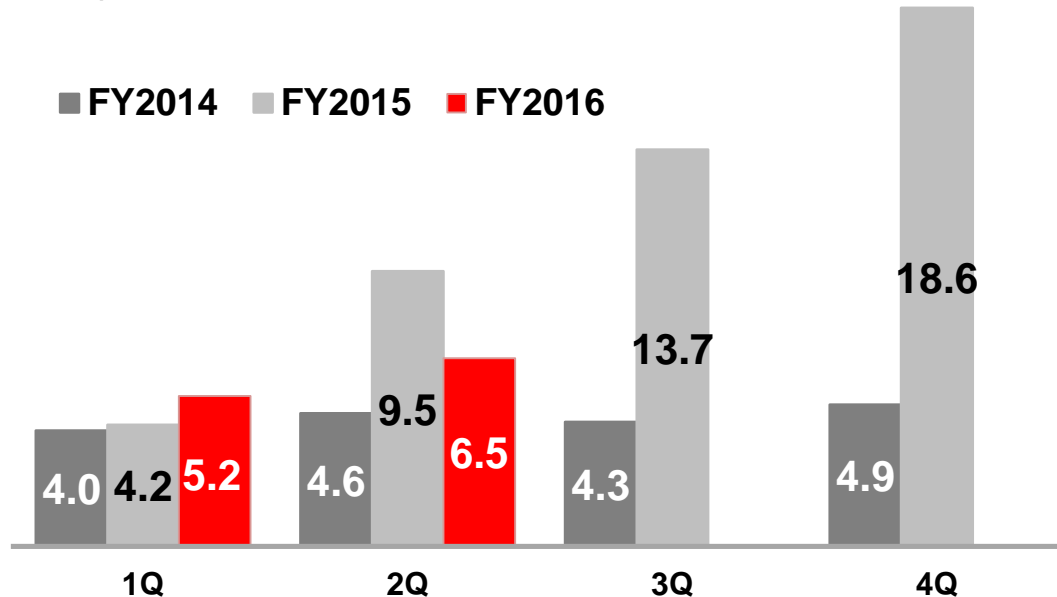
Figures for FY2012 and before are those of operating income under JGAAP.

* Figure for FY2015-2Q has been adjusted by excluding the gain from remeasurement relating to business combination with ASKUL Corporation of ¥59.6 billion.

Sales Promotional Activities

Promotion cost decreased year on year due to further streamlining

(¥Billion)



Breakdown of sales promotion costs (*1)

Shopping	50%
YAHUOKU!	20%
Financial & Payment	20%
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.

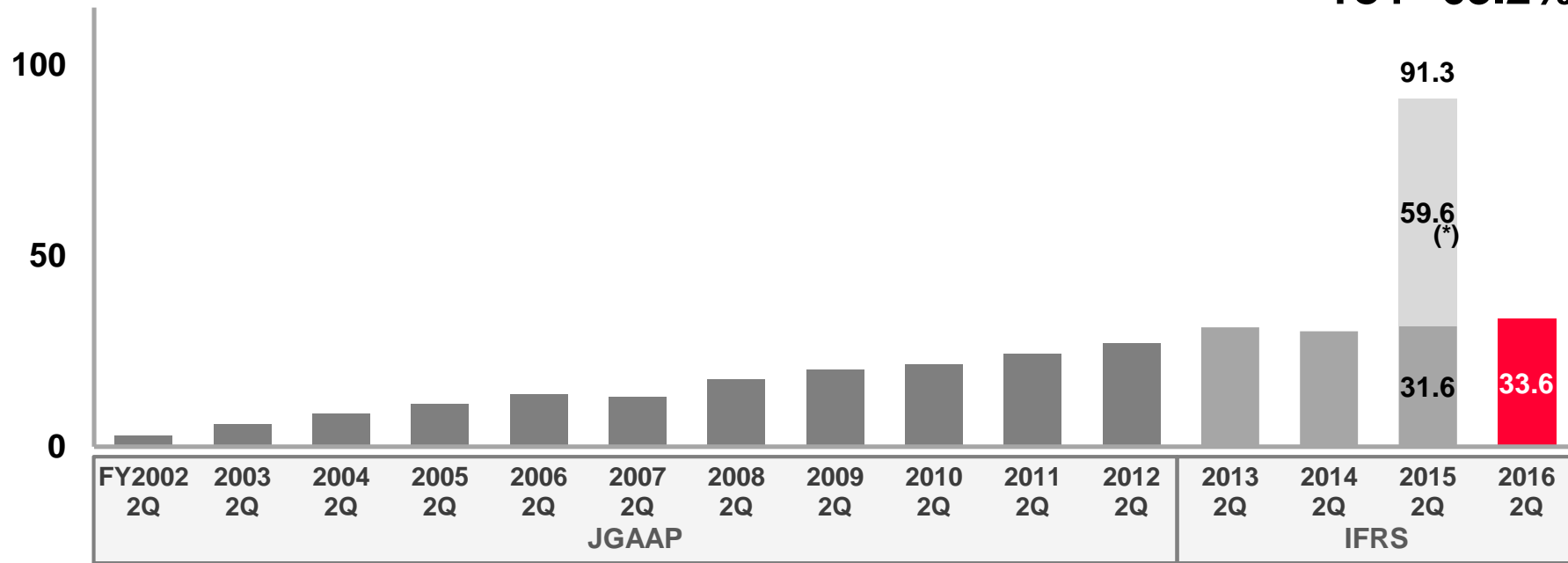
Net Income Attributable to the Owners of the Parent



33.6 billion

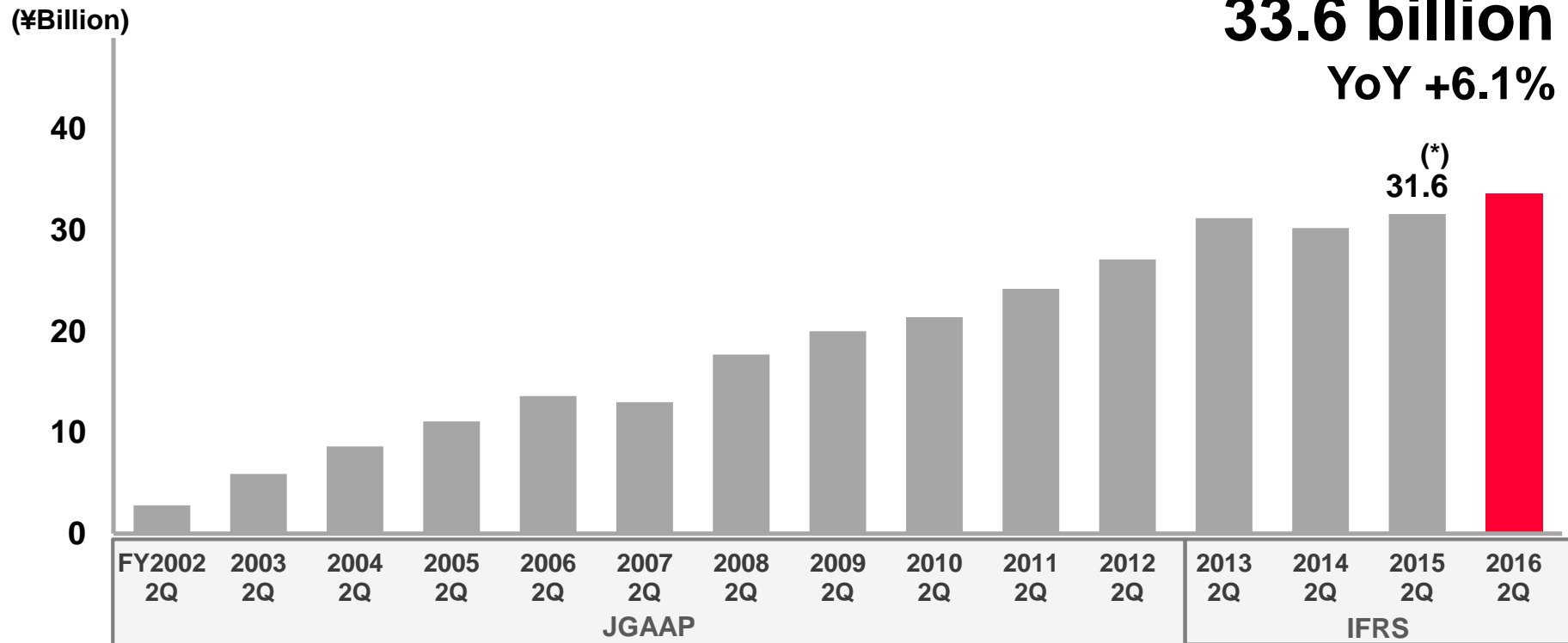
YoY -63.2%

(¥Billion)



* Gain from remeasurement relating to business combination with ASKUL Corporation

Adjusted Net Income Attributable to the Owners of the Parent **YAHOO!** JAPAN



* Figure for FY2015-2Q has been adjusted by excluding the gain from remeasurement relating to business combination with ASKUL Corporation of ¥59.6 billion.

Core Businesses

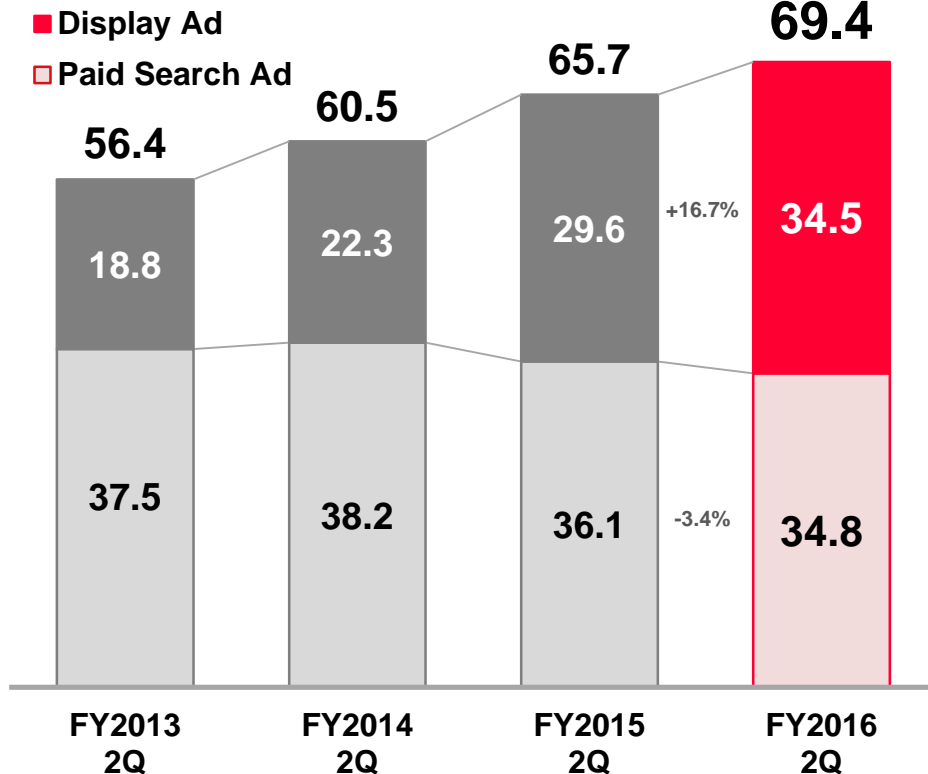
Advertising

Auctions

Membership Services

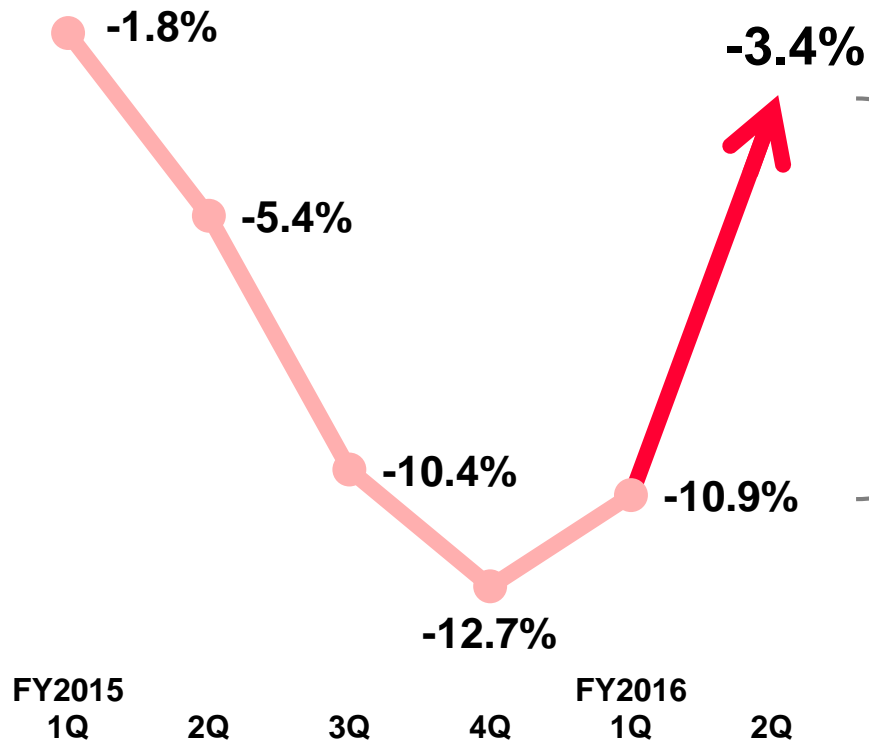
Advertising-Related Revenue

(¥Billion)



+5.7%
YoY

Paid Search Advertising Revenue -YoY Growth Rate

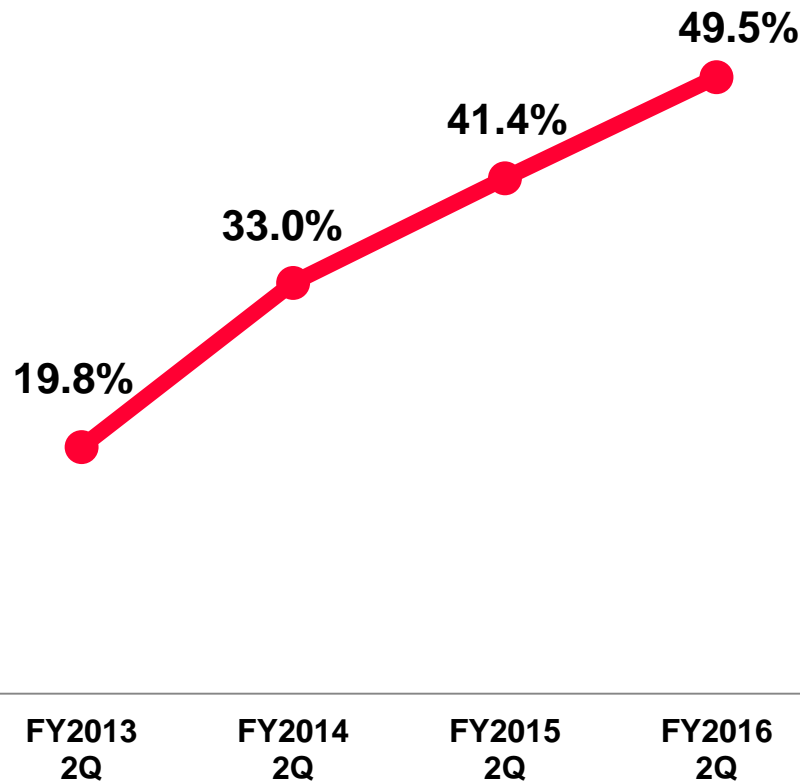


Improved user experience

Growing demand among
some advertisers

Proportion of Advertising-Related Revenue via Smartphones

49.5%
a historic high



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.

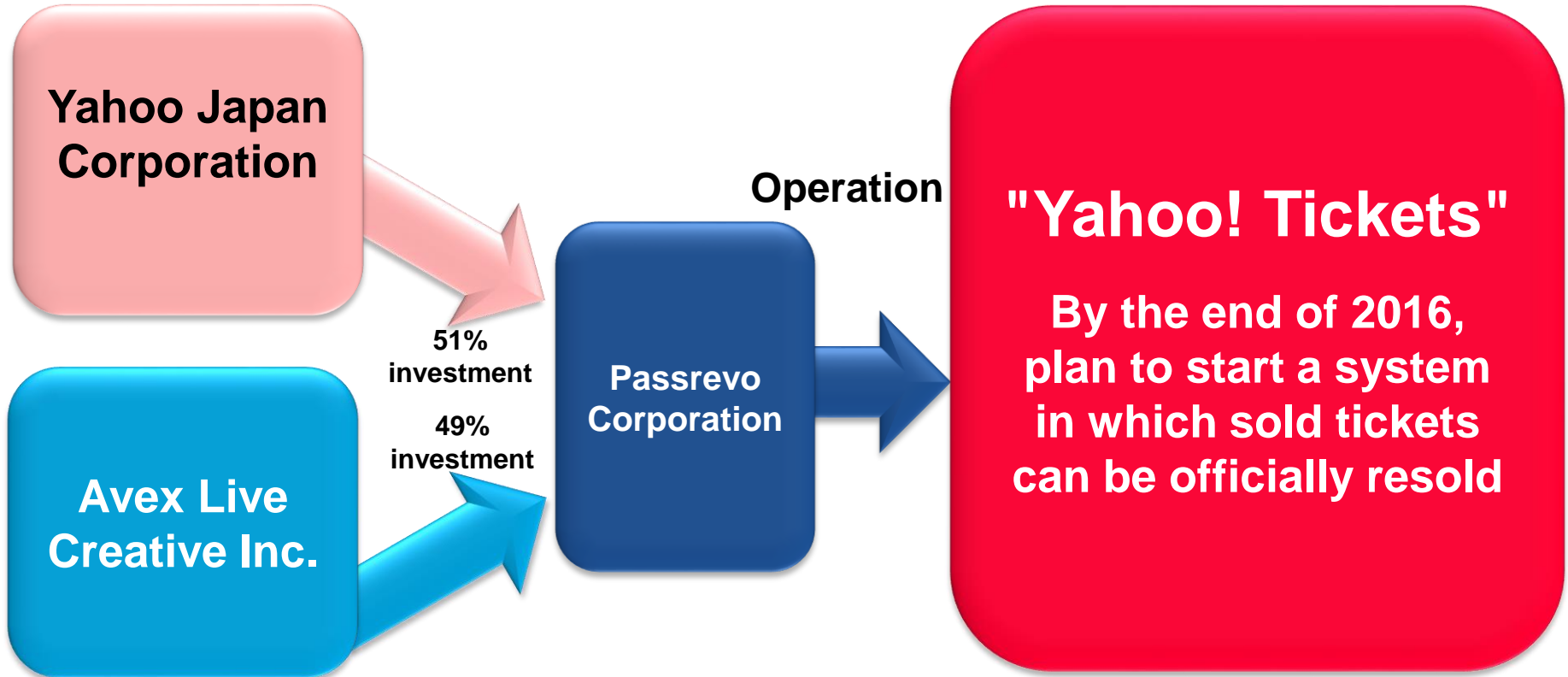
Core Businesses

Advertising

Auctions

Membership Services

Enhance "Yahoo! Tickets" Services



Core Businesses

Advertising

Auctions

Membership Services

Enhance "Yahoo! Bookstore" Services



Made a 44% investment in eBook Initiative Japan Co., Ltd. in September 2016.
Aim to become No.1 in e-comic market through the synergy.

"Yahoo! Bookstore"

Over half of the users are female.^(*1)

One of the biggest media services in Japan^(*2)

"eBookJapan"

Over half of the users are male.^(*1)

Strong relationships with publishers

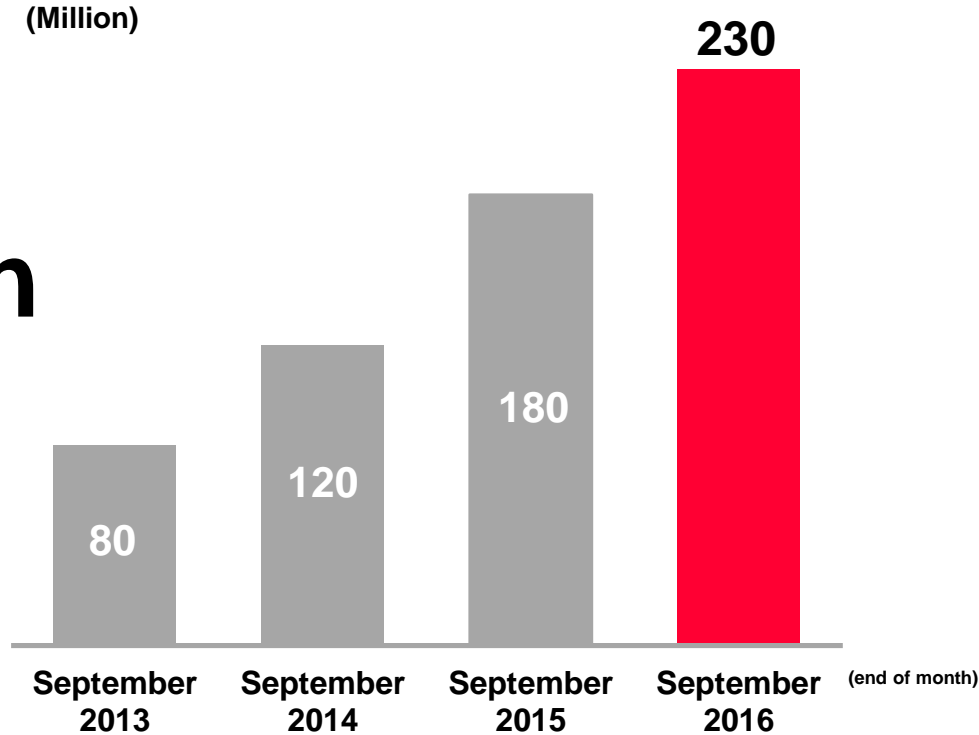
Upfront Investment- Stage Businesses

Shopping
Credit Card

Number of Items in Yahoo! Shopping



**Biggest selection
in Japan(*)**



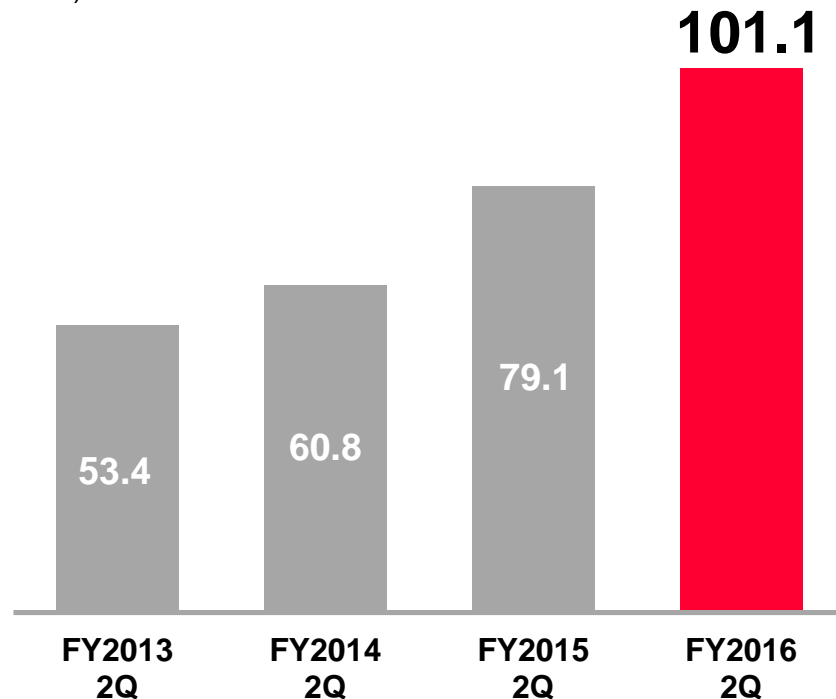
Note: Number of items listed on “Yahoo! Shopping”.

* Survey by Yahoo! JAPAN

Shopping Transaction Value

(¥Billion)

**Exceeded
¥100 billion**
despite controlled spending in
promotion costs



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.

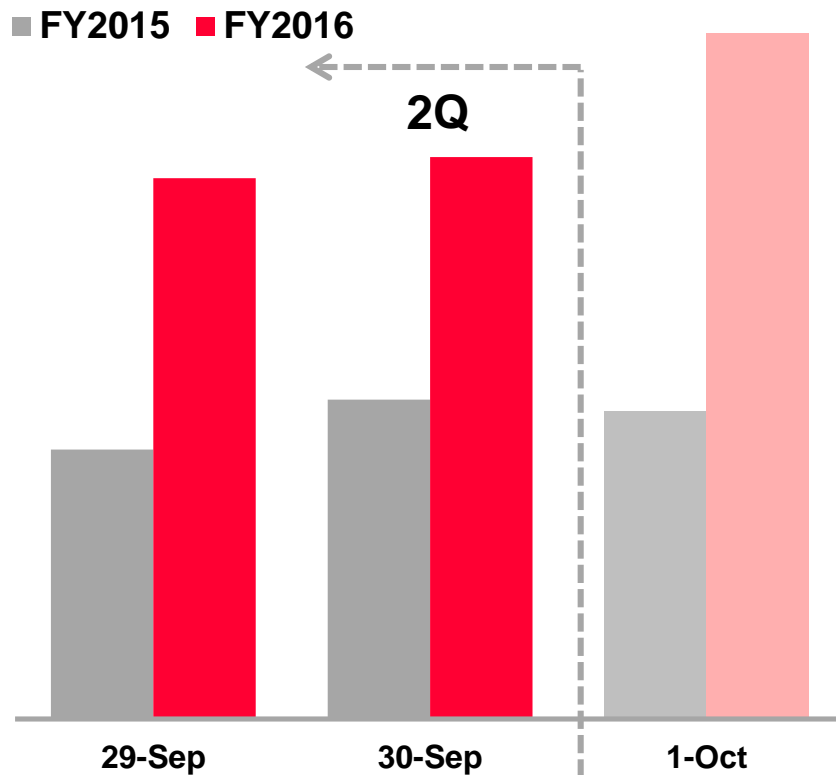
Transaction Value during:

Sale in Support of Fukuoka SoftBank HAWKS advancing to the Climax Series



Yahoo! Shopping
transaction value

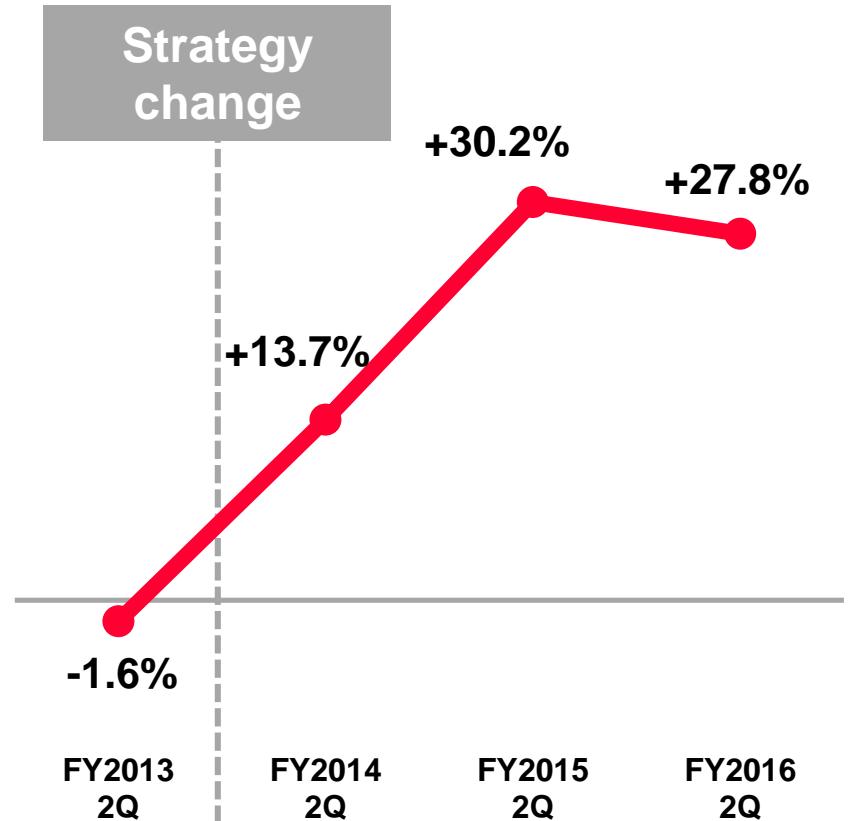
YoY 2x



Note: Transaction value of Yahoo! Shopping.
The sale took place from 22:40 on September 28 until 23:59 on October 1.
Comparison made with corresponding dates in FY2015 which fall on the same days of the week.

Shopping Transaction Value –YoY Growth Rate **YAHOO!** JAPAN

**Maintaining
high growth rates
after the strategy change**

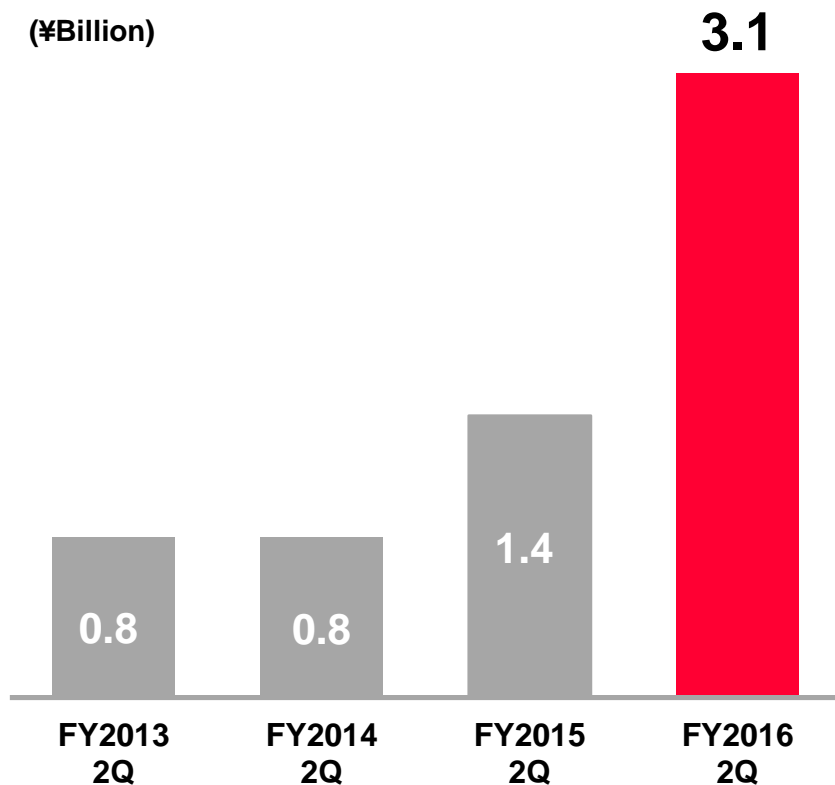


Note: Includes transaction values of Yahoo! Shopping and LOHACO.
LOHACO's transaction value is the revenue (closing date: 20th of every month) of LOHACO business, operated by ASKUL.

Shopping-Related Advertising Revenue



(¥Billion)



YoY 2.2 x

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.

Enhance benefits on shopping services for Y!mobile members

		Non-Premium members	Premium members	Y!mobile members
Rate of points rewarded		1%	5%	10%
Normal store points	1%	○	○	○
Premium members benefits	4%		○	○
Initial registration for Y!mobile services (*)	1%			○
Initial subscription of “Enjoy Pack” (*)	4%			○

Outline of “2016 Good Shopping Day”(*)



Each participating company will offer attractive campaigns.
Aim to create a nationally-popular shopping culture like Valentine's Day and New Year's sale.

	FY2015	FY2016
Duration	7 days (November 5 - 11, 2015)	44 days (October 18 - November 30, 2016)
Number of participating companies	5	39
Number of participating Yahoo! JAPAN services	6	15

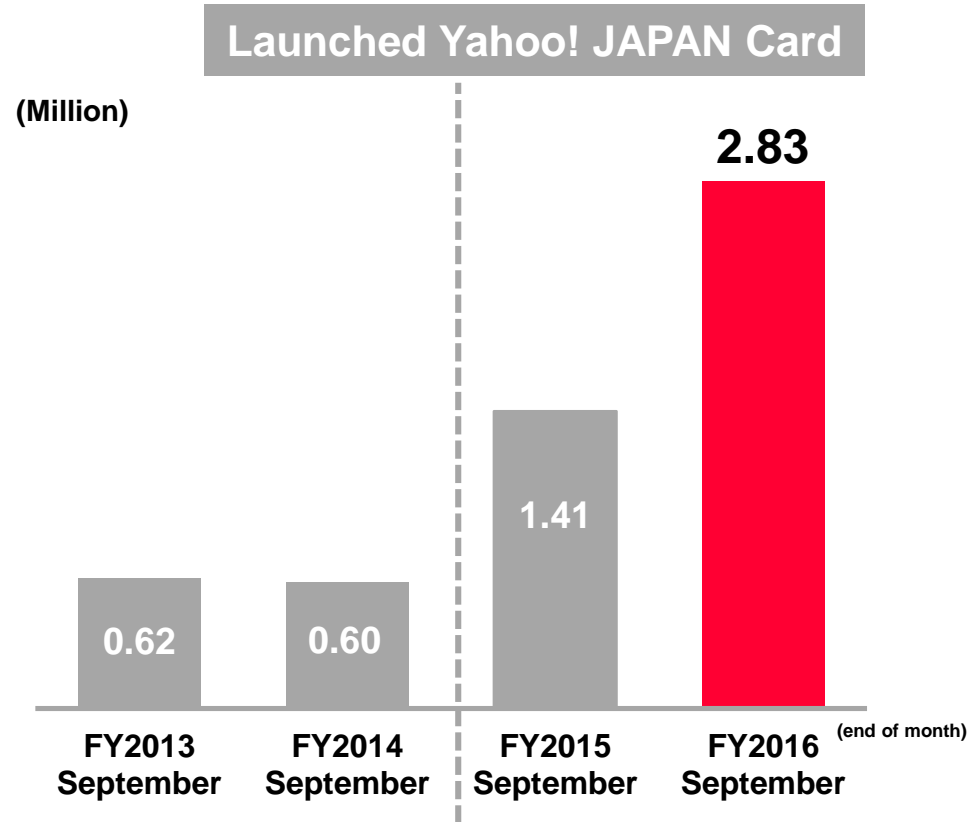
Upfront Investment- Stage Businesses

Shopping
Credit Card

Number of Valid Credit Card Holders



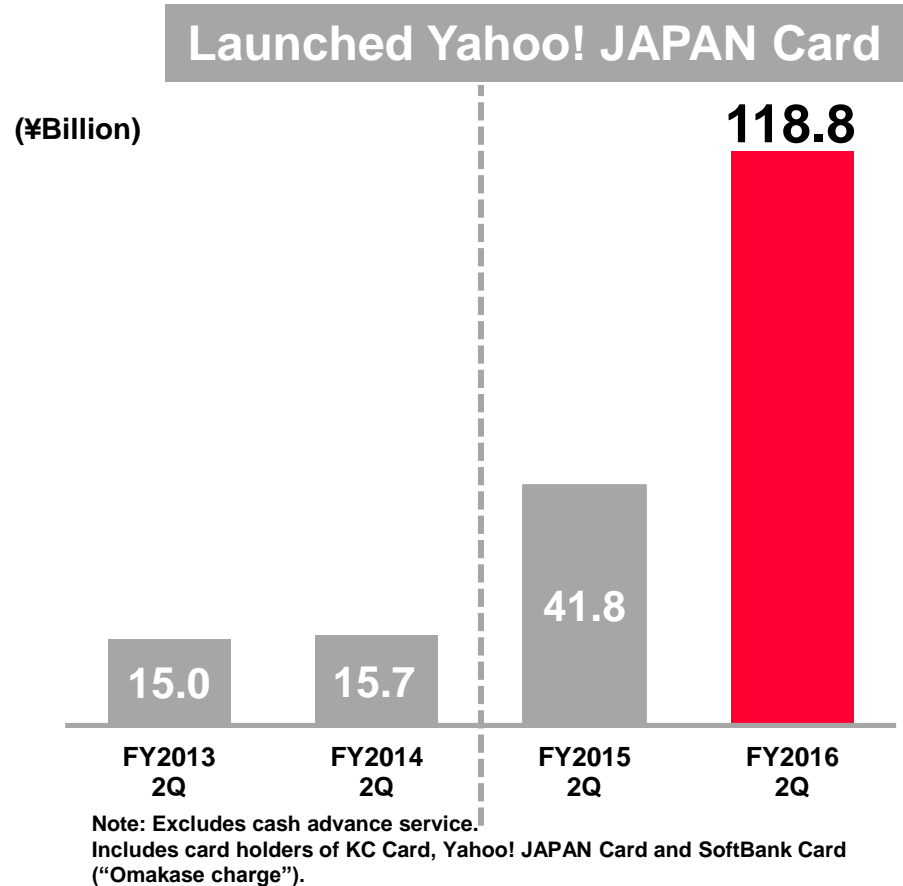
YoY **2.0** x



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

Credit Card Transaction Value

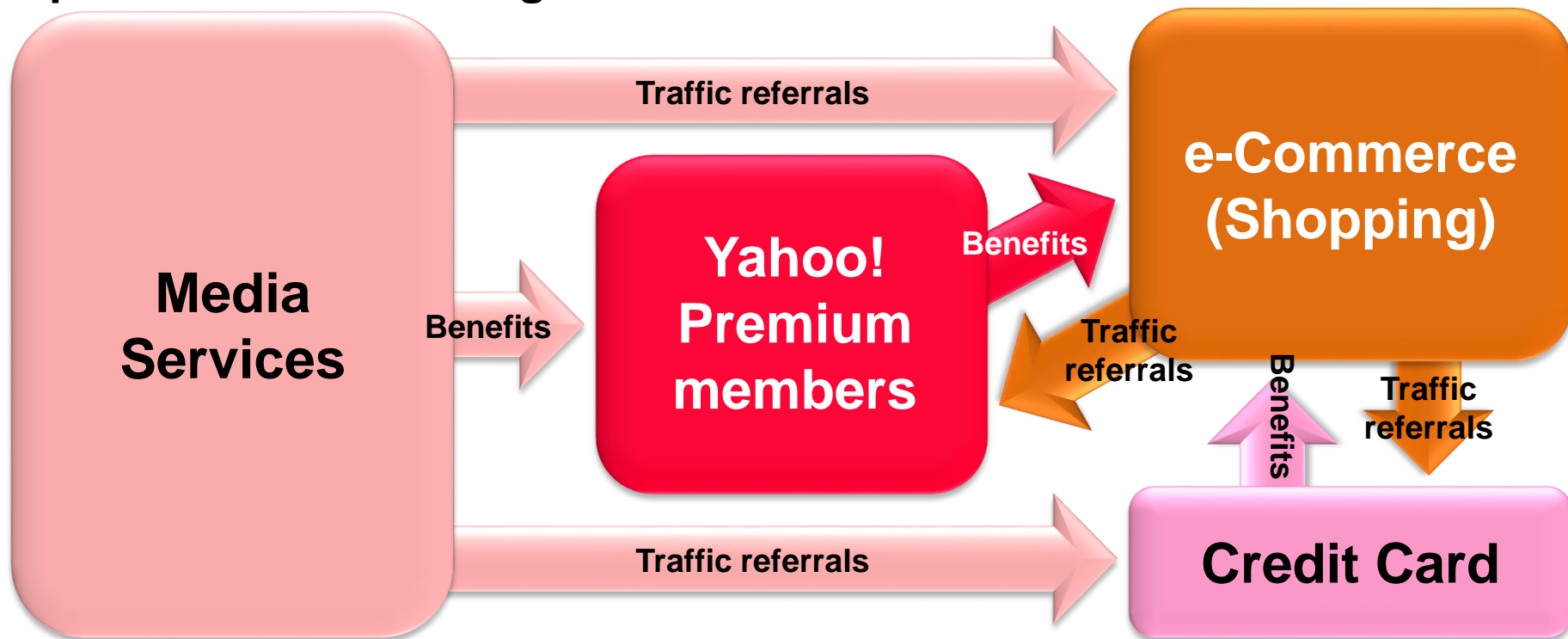
YoY **2.8** x



Mid-Term Growth Strategies

Enhance Synergies between Services **YAHOO!** JAPAN

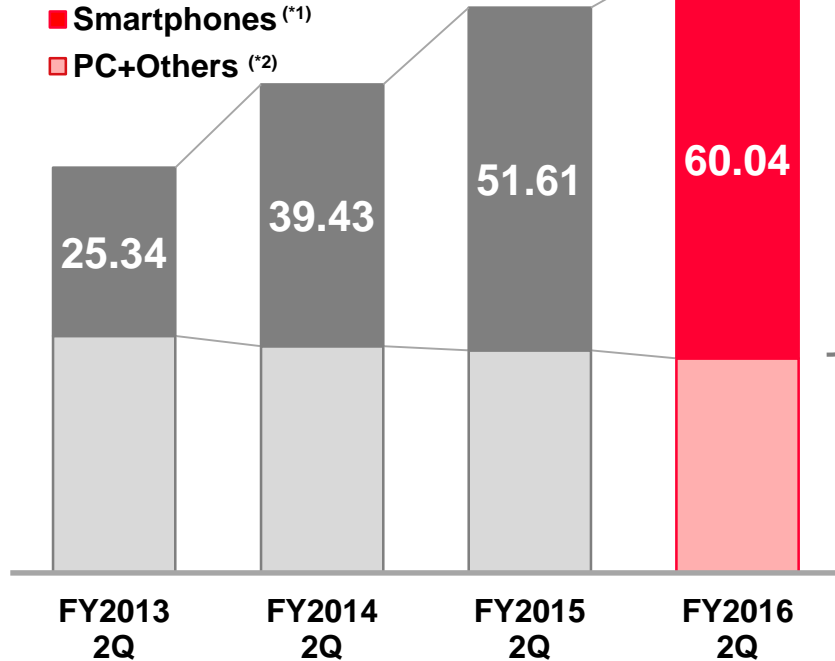
Leverage the immense traffic in our core businesses to develop the upfront investment-stage businesses



One of the Highest Number of Users in Japan **YAHOO!** JAPAN

Number of Daily Unique Browsers (DUBs)

(Million)



Usage via smartphones

YoY **+16.3%**

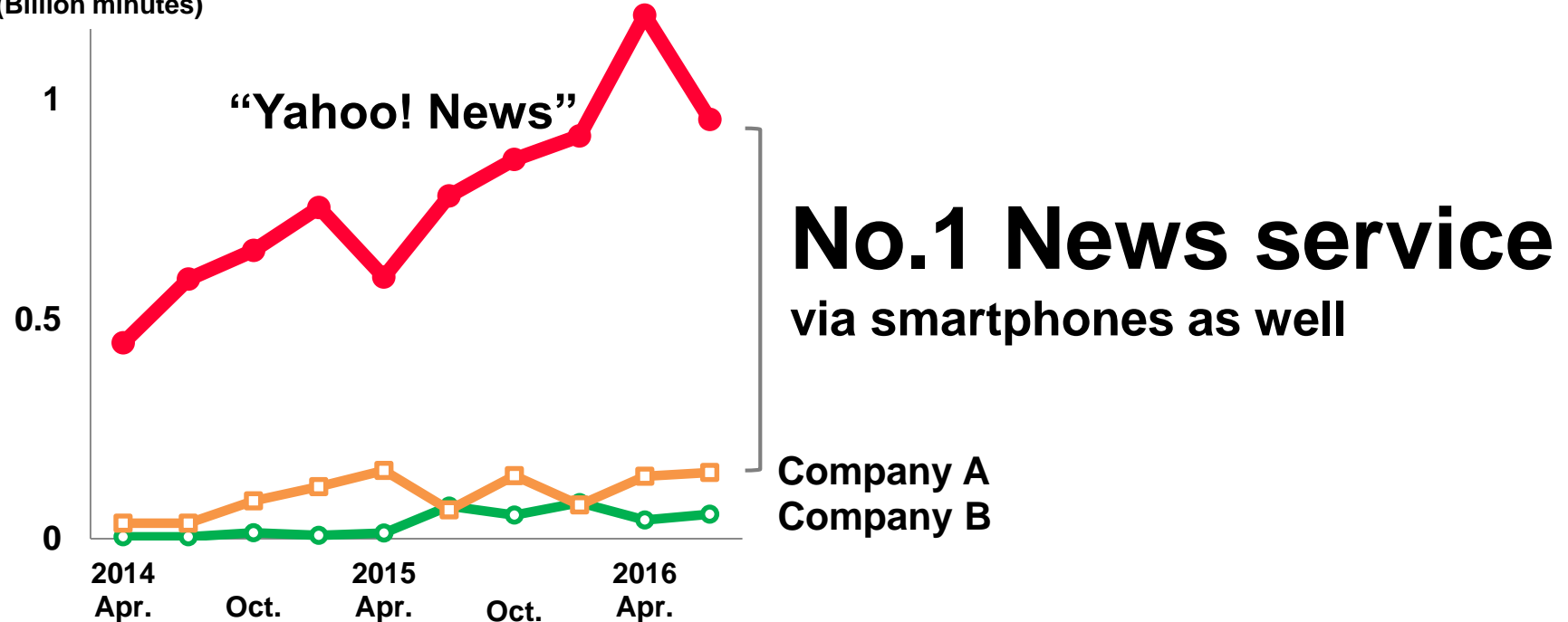
*1 Quarterly average; includes accesses to Yahoo! JAPAN via applications and browsers. Access via applications and access via browsers are counted separately, even if there is an overlap in users.

*2 Quarterly average; includes PCs, tablets and feature phones.

“Yahoo! News” Fared Well

Total time spent using services via smartphones(*)

(Billion minutes)



No.1 News service
via smartphones as well

Company A
Company B

* Survey by Yahoo! JAPAN

Estimates based on the unaided survey on service used and time spent on that service.

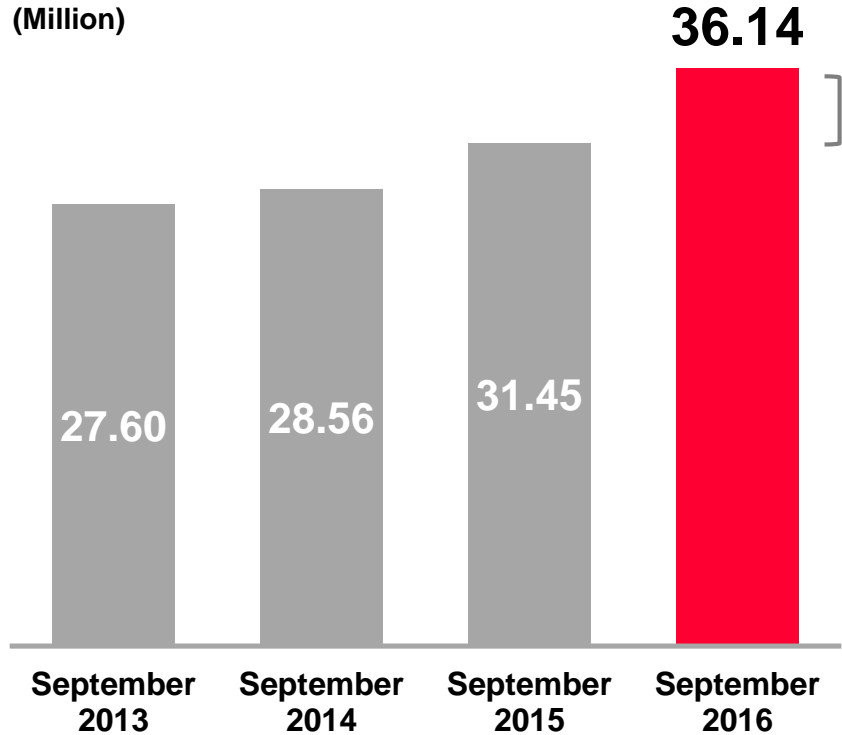
“Yahoo! News” includes accesses via browsers and applications. “Company A” includes accesses to SmartNews via browsers and applications. “Company B” includes accesses to LINE NEWS via browsers and applications, and the accesses to news within LINE applications.

Increase in Logged-in Usage Accelerated



Number of Monthly Active User IDs

(Million)



Logged-in Usage Enhanced

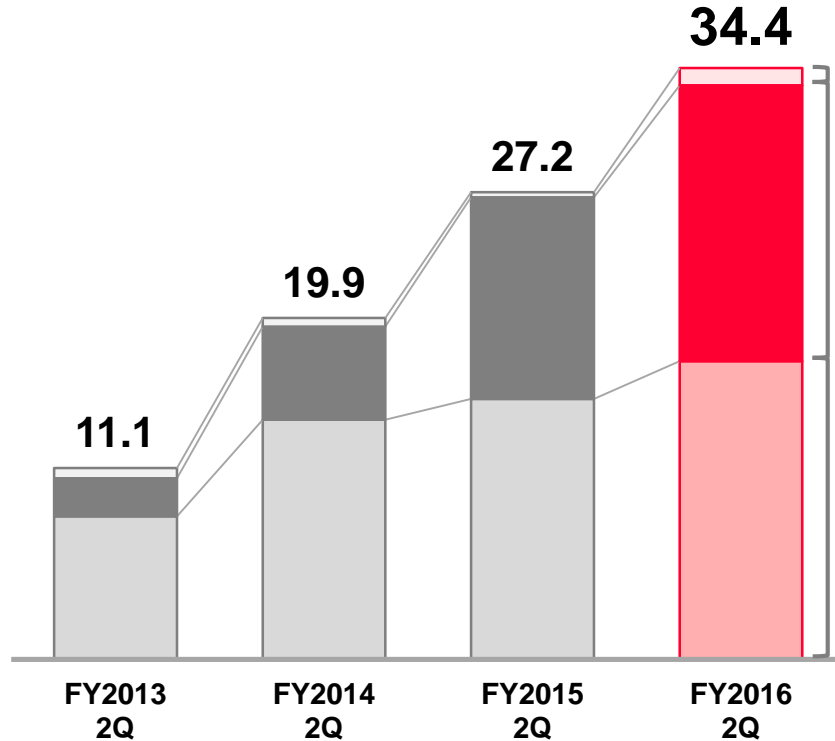
to strengthen the distribution of appropriately targeted content.

YoY **+14.9%**

Expand Revenue by Leveraging Big Data

Advertising-Related Revenue via Smartphones

(¥Billion)



Premium advertising

YDN and others

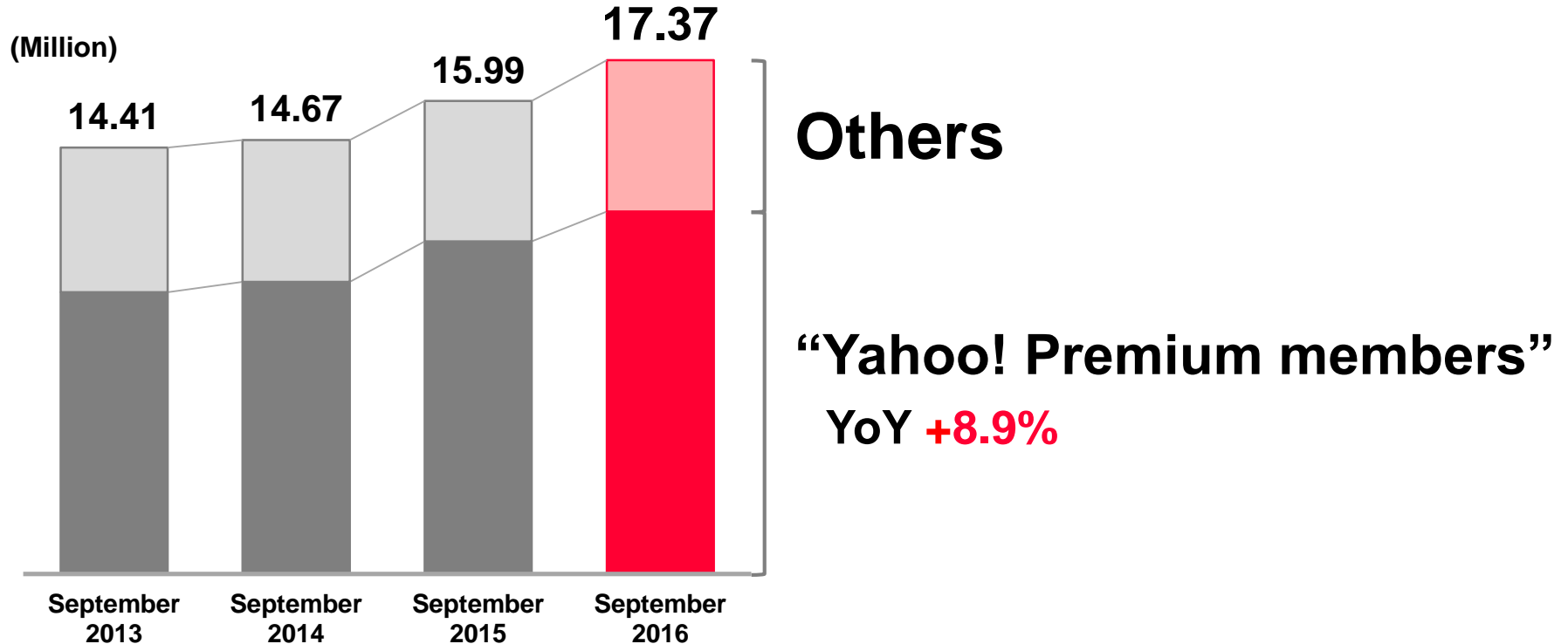
YoY **+35.8%**

Paid search advertising

YoY **+14.7%**

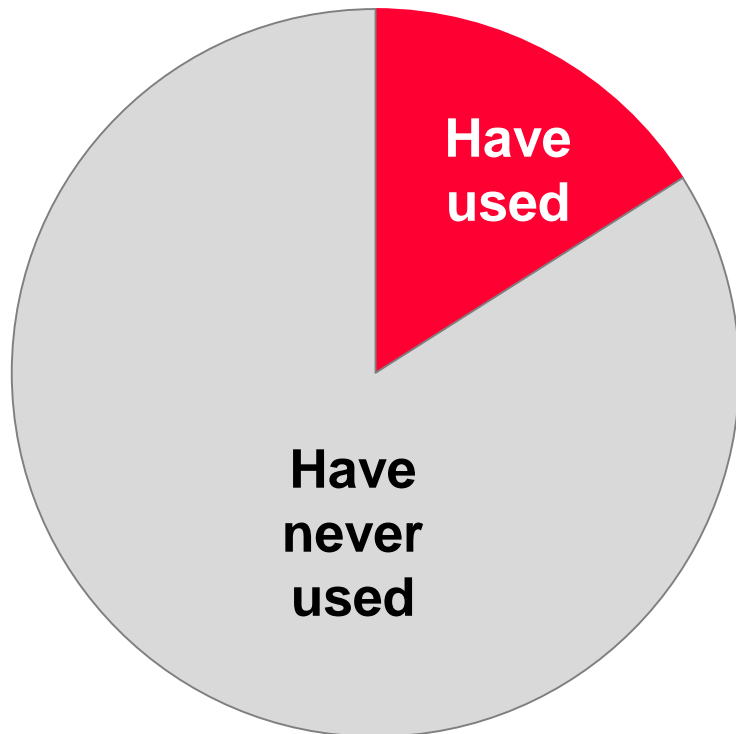
Aim to Increase Paid-Membership IDs **YAHOO!** JAPAN

Number of Monthly Paid-Membership IDs



Encourage Premium Members to Use Shopping Services

Usage ratio of “Yahoo! Shopping” among “Yahoo! Premium members”

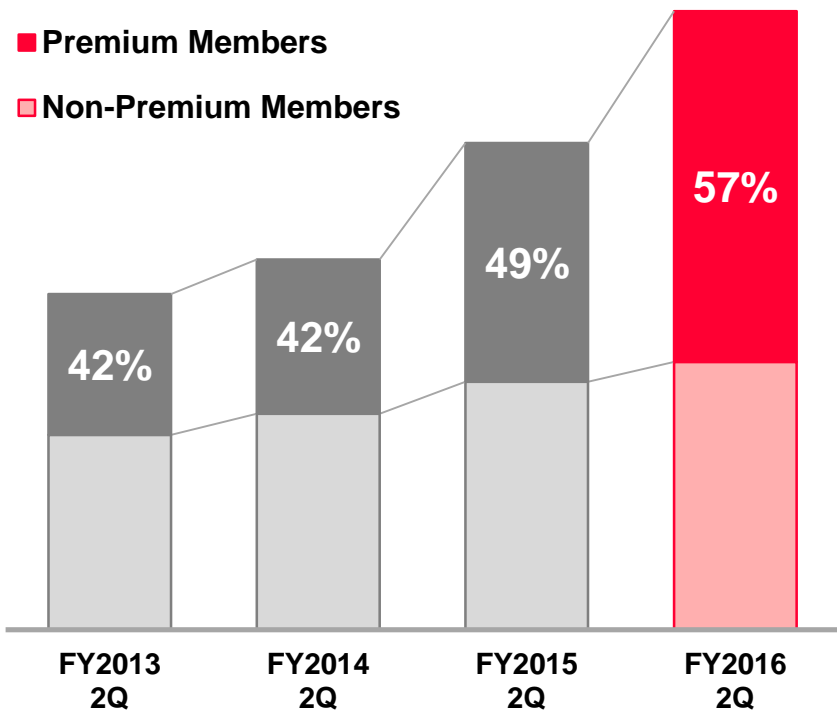


Usage ratio remains stable

despite the increase in “Yahoo! Premium members”

Creating a Best-Value Mall for “Yahoo! Premium Members”

Transaction value of Yahoo! Shopping



Proportion of transaction value generated by “Yahoo! Premium members”

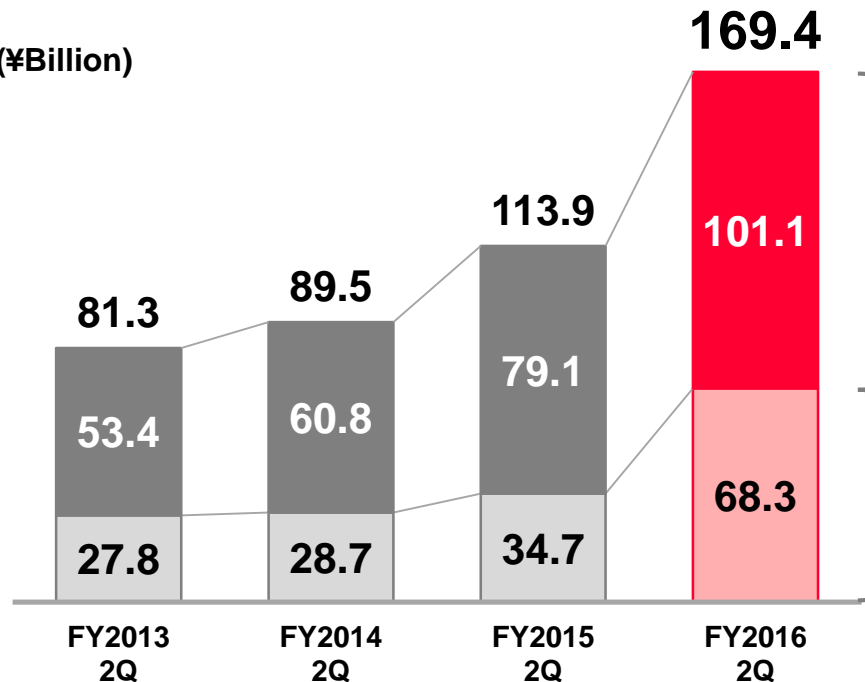
YoY **+8% points**

Shopping-Related Business Achieved a Significant Growth



Shopping-related transaction value

(¥Billion)



Shopping (*1)

YoY **+27.8%**

Travel and others (*2)

YoY **+96.5%**

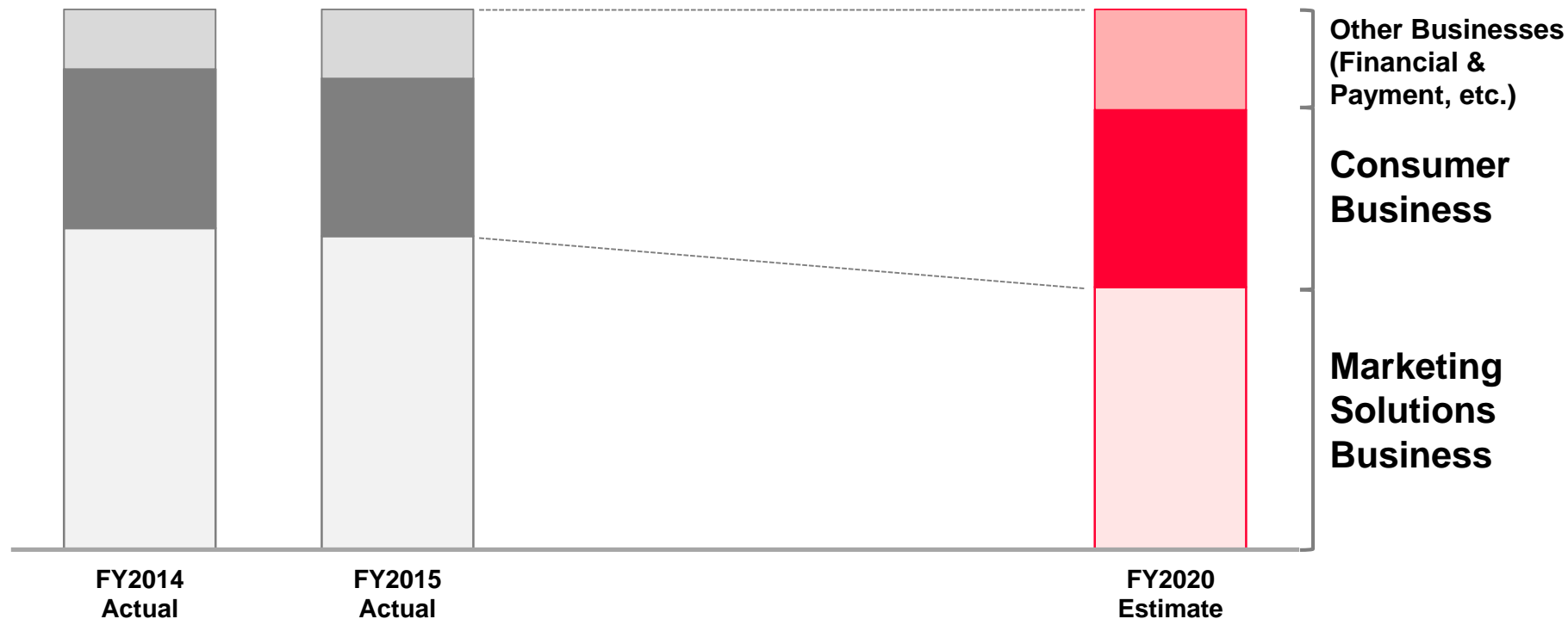
*1 Includes transaction values of Yahoo! Shopping and LOHACO. LOHACO's transaction value is the revenue (closing date: 20th of every month) of LOHACO business, operated by ASKUL.

*2 Includes transaction values of Yahoo! Travel, paid digital contents, Yahoo! Restaurant Reservation, and Ikyu, etc. The prior data and comparative figures have been retroactively adjusted.

The transaction value of Ikyu is included since FY2015-4Q (February 2016).

Aim to Achieve a Well-Balanced Revenue Structure

Targeted revenue composition by business segment after adjustment (*)



Supplemental Information

Business Segment Breakdown

Marketing Solutions Business

- **Advertising:** Paid search advertising “Sponsored Search”, Display advertising (“Yahoo! Display Ad Network (YDN)”, “Premium Advertising”)
- **Business Services:** Media-related services, CRM-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!, Video-related services, Yahoo! BB ISP fees, Game-related services and others

Others

- **Advertising:** Display advertising
- **Business Services:** Data center-related services, Payment-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 second 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	Per-click rate (Performance-based) *2	Search results pages	Major corporations		
Display advertising	YDN and others	Yahoo! Display Ad Network (YDN) *1	Text Banner		Per-impression page view rate (Performance-based) *2	Top page *1 Interior pages of service sites *1	Small and medium-sized companies	
		Yahoo! Premium DSP	Banner	Per-impression page view rate (Guarantee-based) *3			Major corporations	
	Premium Advertising	Brand Panel Prime Display Others	Rich ads (Including video) Banner		Per-guaranteed period rate, etc (Guarantee-based) *3	Yahoo! Shopping		Yahoo! Shopping stores
		Banner ads Text ads Others	Text Banner					
		PR Option						

*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.

FY2016 1H Investment Records

Total amount of investments : approx. 11.0 billion yen

Major investments

Companies	Date	Ratio of voting rights
YJ Tech Investment Partnership	May 2016	98.6% *1
Commerce21 Corporation	June 2016	100.0%
eBOOK Initiative Japan Co., Ltd.	September 2016	44.4%

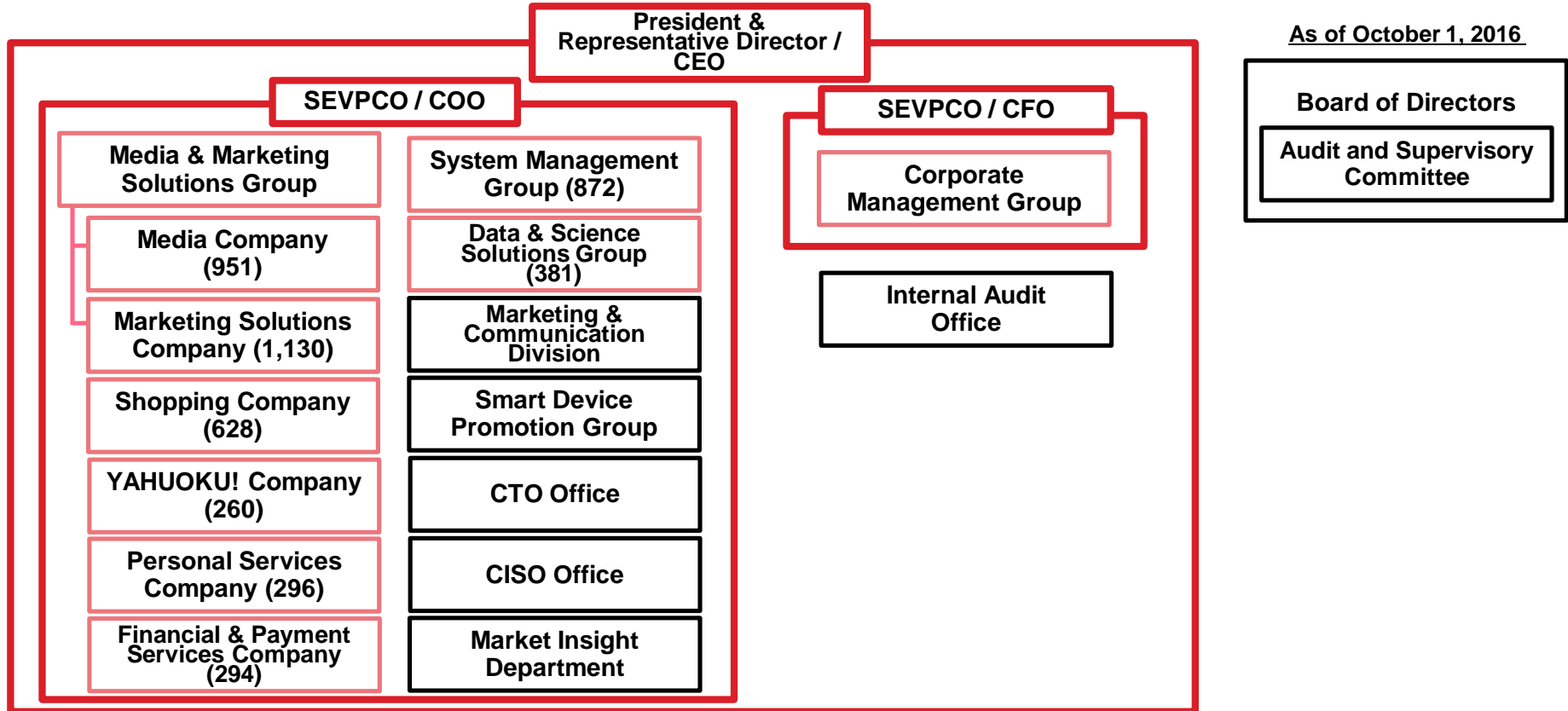
Note: Total amount of investments by Yahoo Japan Corporation.

Ratios of voting rights are at the end of September 2016.

*1: Proportion of total investments.

Organization Chart of Yahoo Japan Corporation

As of October 1, 2016



Note 1: Figures in parentheses are number of employees.

Note 2: SEVPCO = Senior Executive Vice President Corporate Officer

Consolidated Subsidiaries and Associates

(as of September 30, 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. **NEW!**
- ◆ FirstServer, Inc.
- ◆ IDC Frontier Inc.
- ◆ Netrust, Ltd
- ◆ Synergy Marketing, Inc.
- ◆ YJ Capital Inc.
- ◆ YJFX, Inc.
- ◆ Y's Sports Inc.

● Major associates

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

Corporate Governance System

