



# **Yahoo Japan Corporation**

## **FY2014-1Q Business Results**

**(April - June 2014)**

**July 31, 2014**

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## **P. 59 Supplemental Information**

Yahoo Japan Corporation has adopted International Financial Reporting Standards (IFRSs) beginning with the first quarter of the fiscal year ending March 31, 2015 (FY2014) with a transition date as of April 1, 2013.

Figures for the fiscal year ended March 31, 2014 (FY2013) are restated on an IFRS basis.

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 Fiscal Year and the Three Months ended March 31, 2014.” The unauthorized use of the information or the data in this document is not permitted.

# **FY2014-1Q**

# **Financial Highlights**

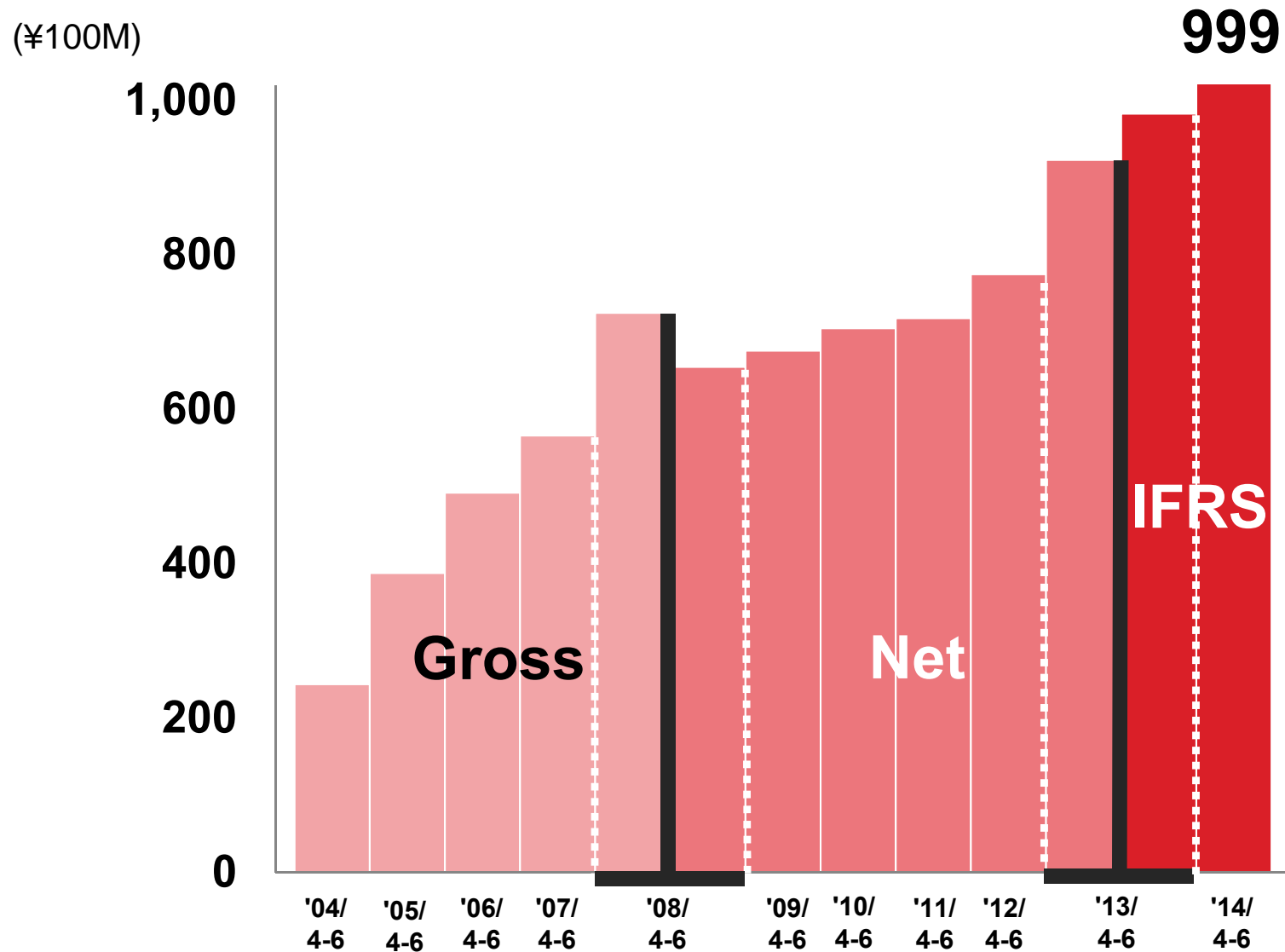
# FY2014-1Q Financial Highlights

Operating Income was down temporarily due to our new e-commerce strategies.

(¥100M)

	FY2013-1Q	FY2014-1Q	YoY Change	Change Contributors
<b>Revenue</b>	<b>972</b>	<b>999</b>	<b>2.8%</b>	* Advertising revenue grew. * Growth trend slowed under our new e-commerce strategies.
<b>Operating Income</b>	<b>490</b>	<b>487</b>	<b>-0.5%</b>	* Cost increased due to our new e-commerce strategies. * Cost decreased due to capitalization of system development by internal workforce.
<b>Income before Income Taxes</b>	<b>546</b>	<b>585</b>	<b>7.1%</b>	"Other non-operating income" was incurred with Japan Net Bank being an affiliate company.
<b>Net Income</b> Attributable to Owners of the Parent	<b>339</b>	<b>364</b>	<b>7.1%</b>	-

# Quarterly Revenue

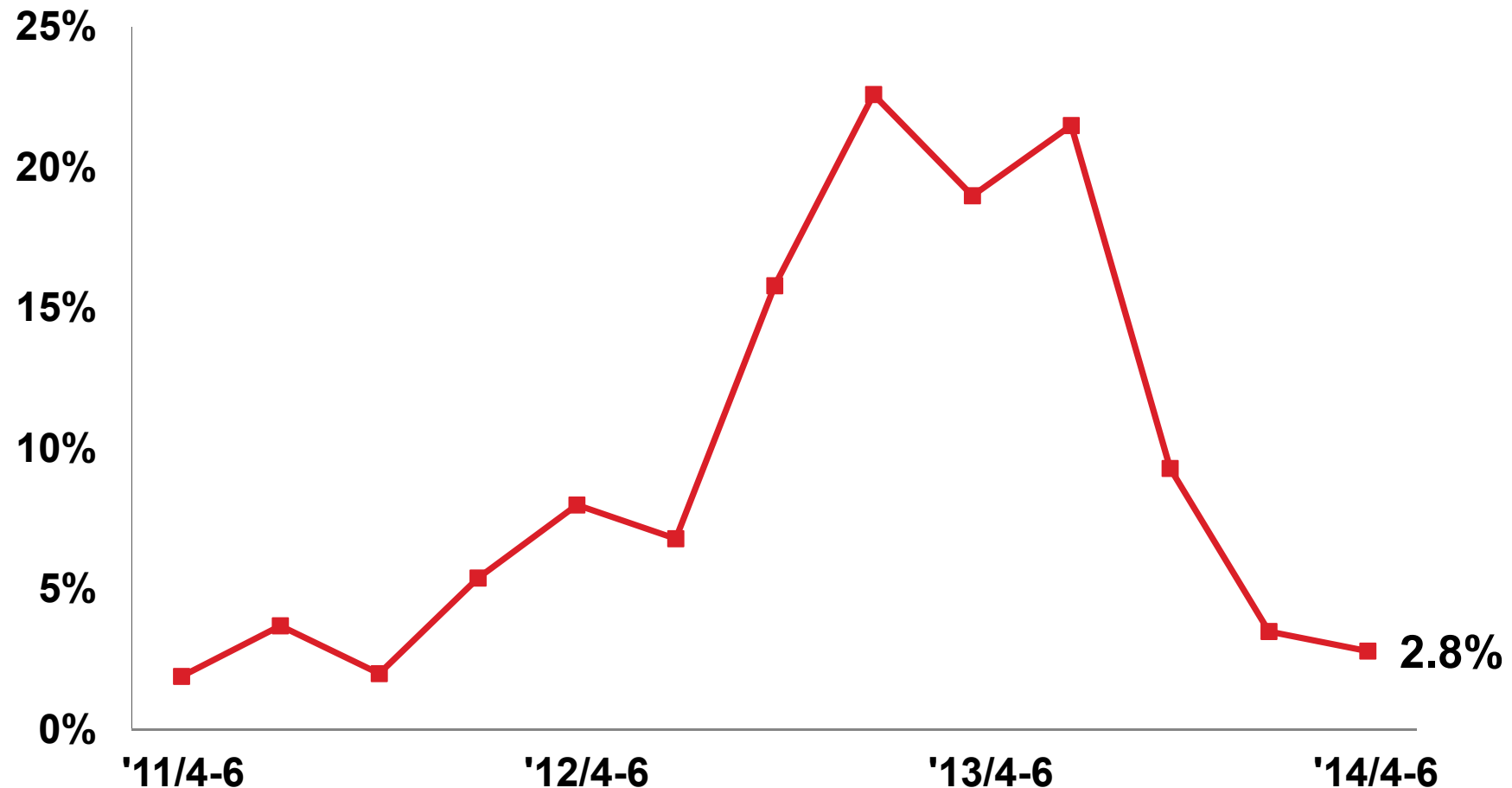


\* The Company has adopted IFRSs beginning with FY2014.

\* Between FY2008 and FY2013, we indicated revenue on a net rather than gross basis, by eliminating certain items in cost of sales and SG&A. The figure on a gross basis for '08/4-6 is included for your reference.

# Quarterly Revenue YoY Growth Trend

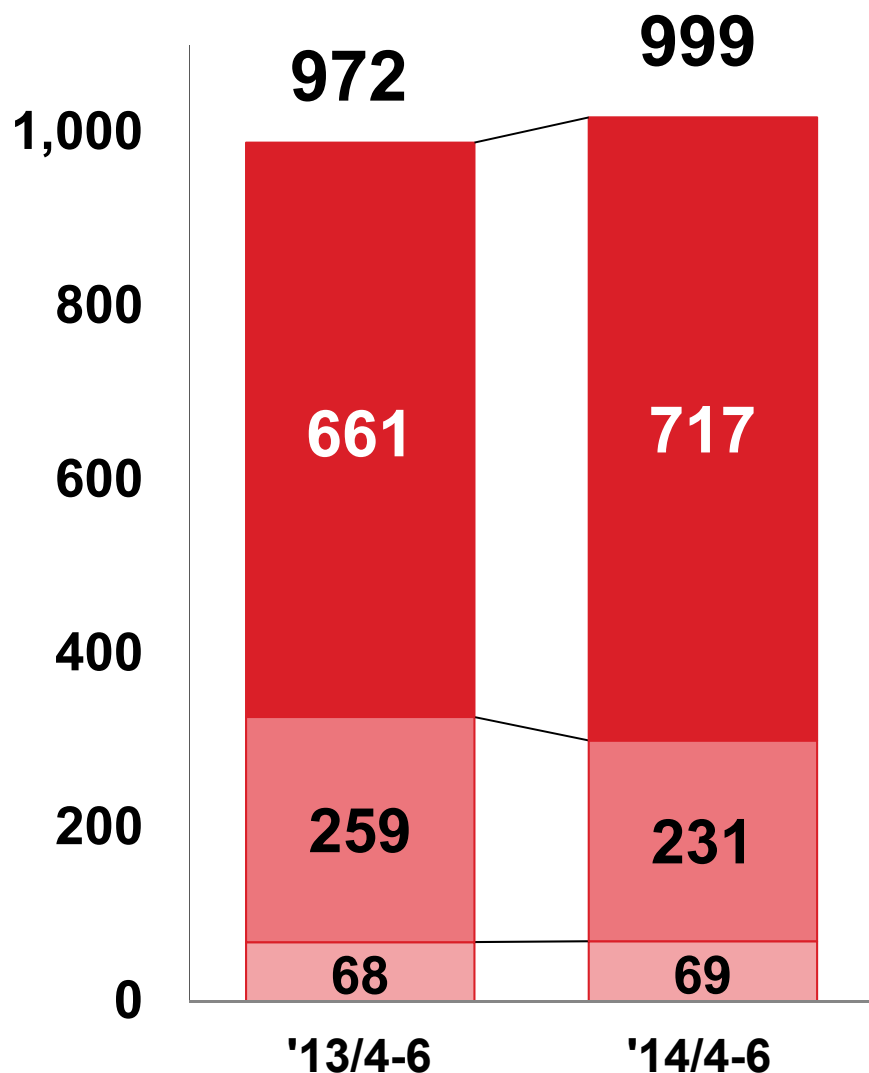
Quarterly revenue YoY growth rate dropped temporarily under our new e-commerce strategies.



\* The Company has adopted IFRSs beginning with FY2014. Growth rate for '14/4-6 is calculated based on IFRSs.

# Quarterly Revenue Breakdown

(¥100M)



**Total**      **+26** (¥100M)  
**+2.8%**

**Marketing Solutions Business**      **+8.4%**

Advertising revenue grew.

**Consumer Business**      **-10.6%**  
e-Commerce related revenue decreased under our new strategies.

Revenue from premium members increased.

**Other Business**      **+ 1.8%**

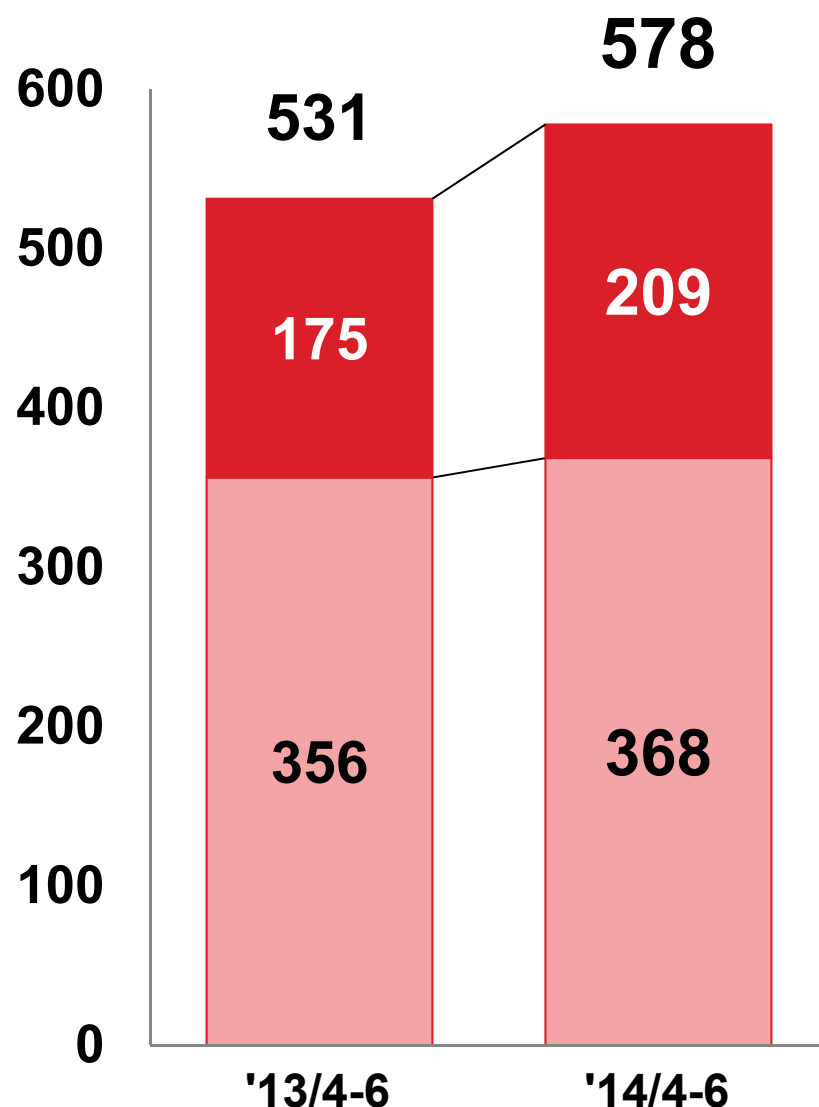
\* Figures for Adjustments are not shown on the chart.

\* The Company has adopted IFRSs beginning with FY2014. Figures for FY2013 are restated on an IFRS basis.



# Quarterly Advertising-related Revenue

(¥100M)



**Total**    **+46** (¥100M)  
**+8.8%**

**■ Display Advertising**    **+19.7%**

Yahoo! JAPAN Display Ad Network (YDN) revenue grew favorably.

Premium advertising revenue excluding rich ads was mediocre.

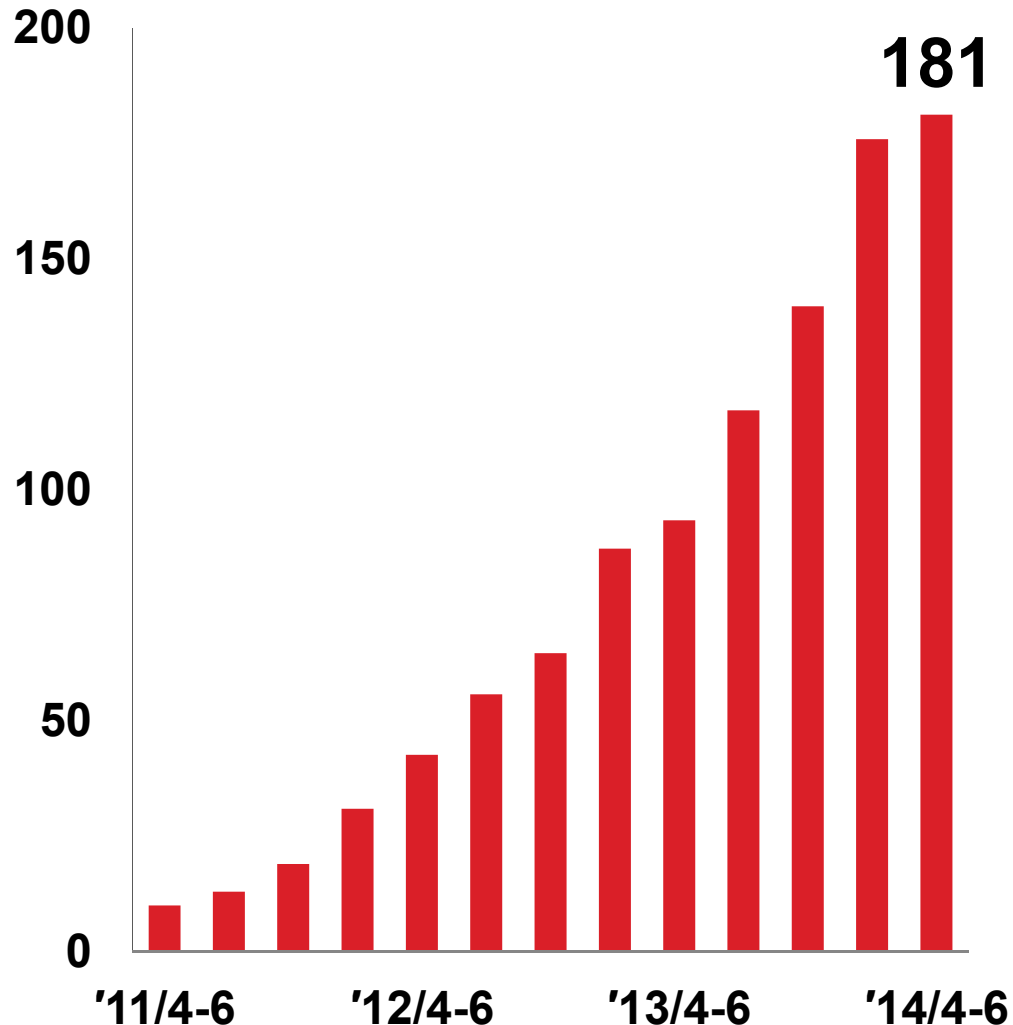
**■ Paid Search Advertising**    **+3.4%**

Smartphone advertising revenue rose.

9 \* The Company has adopted IFRSs beginning with FY2014.  
Figures for FY2013 are restated on an IFRS basis.

# Quarterly Advertising-related Revenue via Smartphones

(¥100M)



Smartphone advertising revenue

**+87** (¥100M)

**+93.9%**

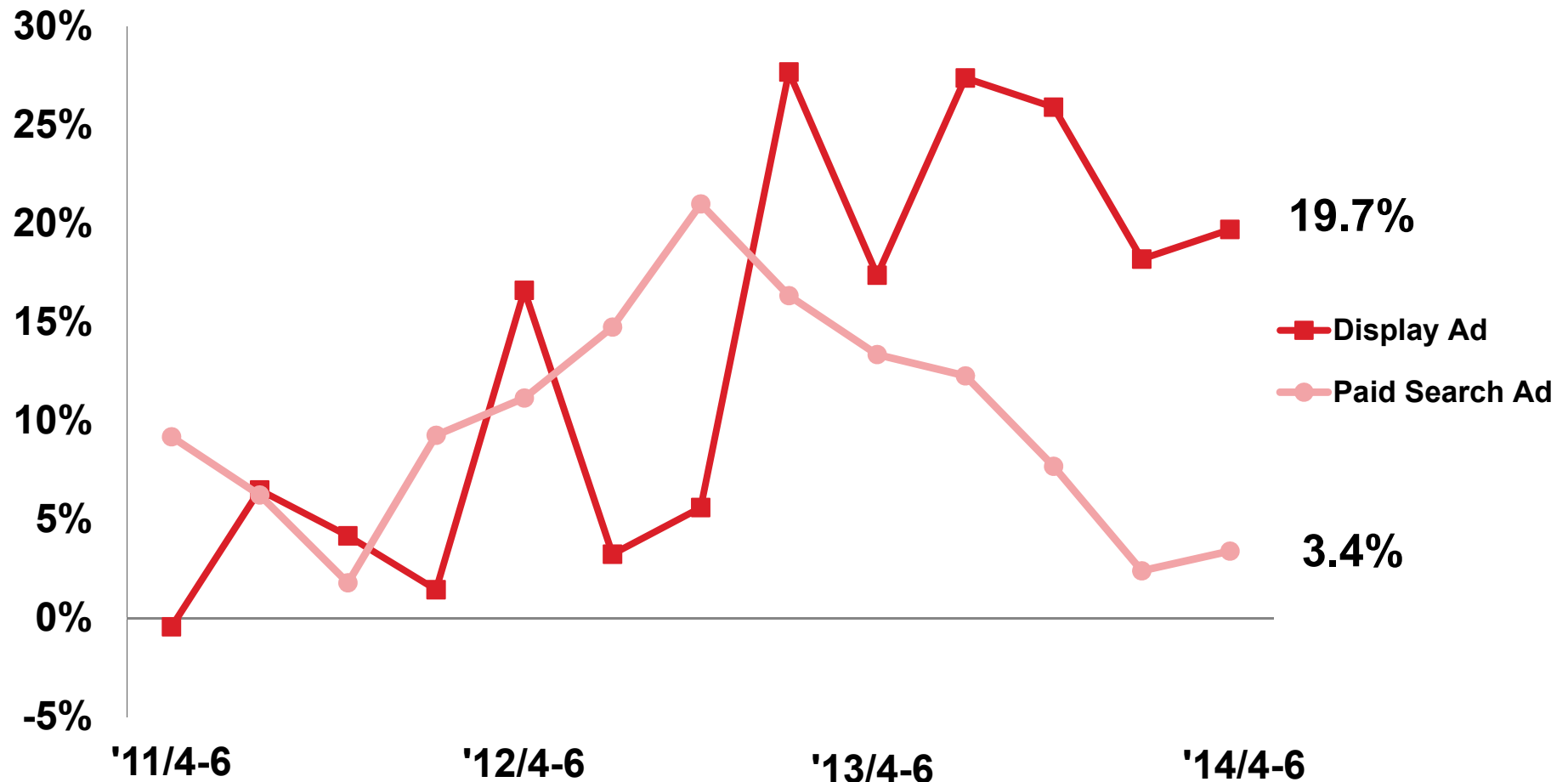
Smartphone advertising revenue ratio

**17.6% → 31.4%**

\*Smartphone advertising revenue includes some revenue via tablet devices.

10 \* The Company has adopted IFRSs beginning with FY2014. Figures for FY2013 are restated on an IFRS basis.

# Quarterly Advertising-related Revenue YoY Growth Trend

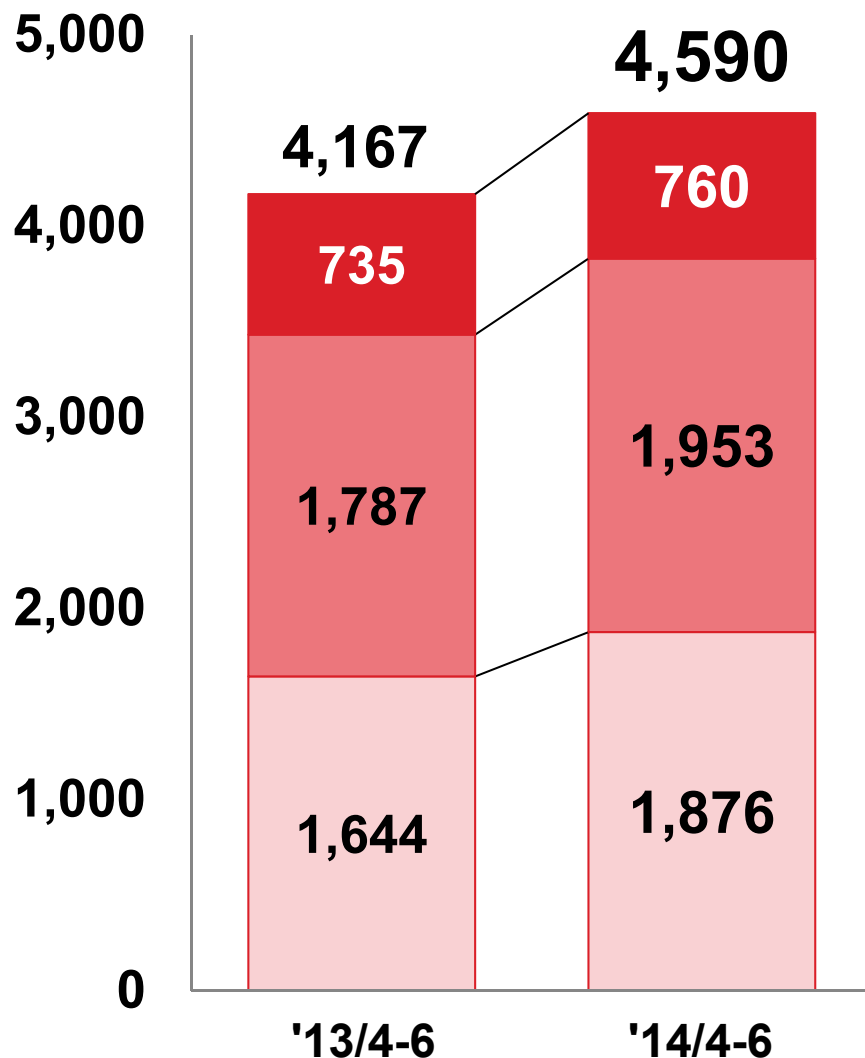


11 \* The Company has adopted IFRSs beginning with FY2014. Growth rate for '14/4-6 is calculated based on IFRSs.

# Quarterly e-Commerce Transaction Value

**Total +423 (¥100M)**  
**+10.2%**

(¥100M)



**Shopping-related +3.5%**

Transaction value increased despite of the negative impact caused by the hike in consumption taxes.

**Auction-related +9.3%**

Proceeded with promotions including TV commercial.

**Others +14.1%**

(Settlement & financial services, pay digital content, etc.)

“Yahoo! Wallet” and “Yahoo! Payment for Government” transaction value grew.

\*Transaction value of FX business is not included.

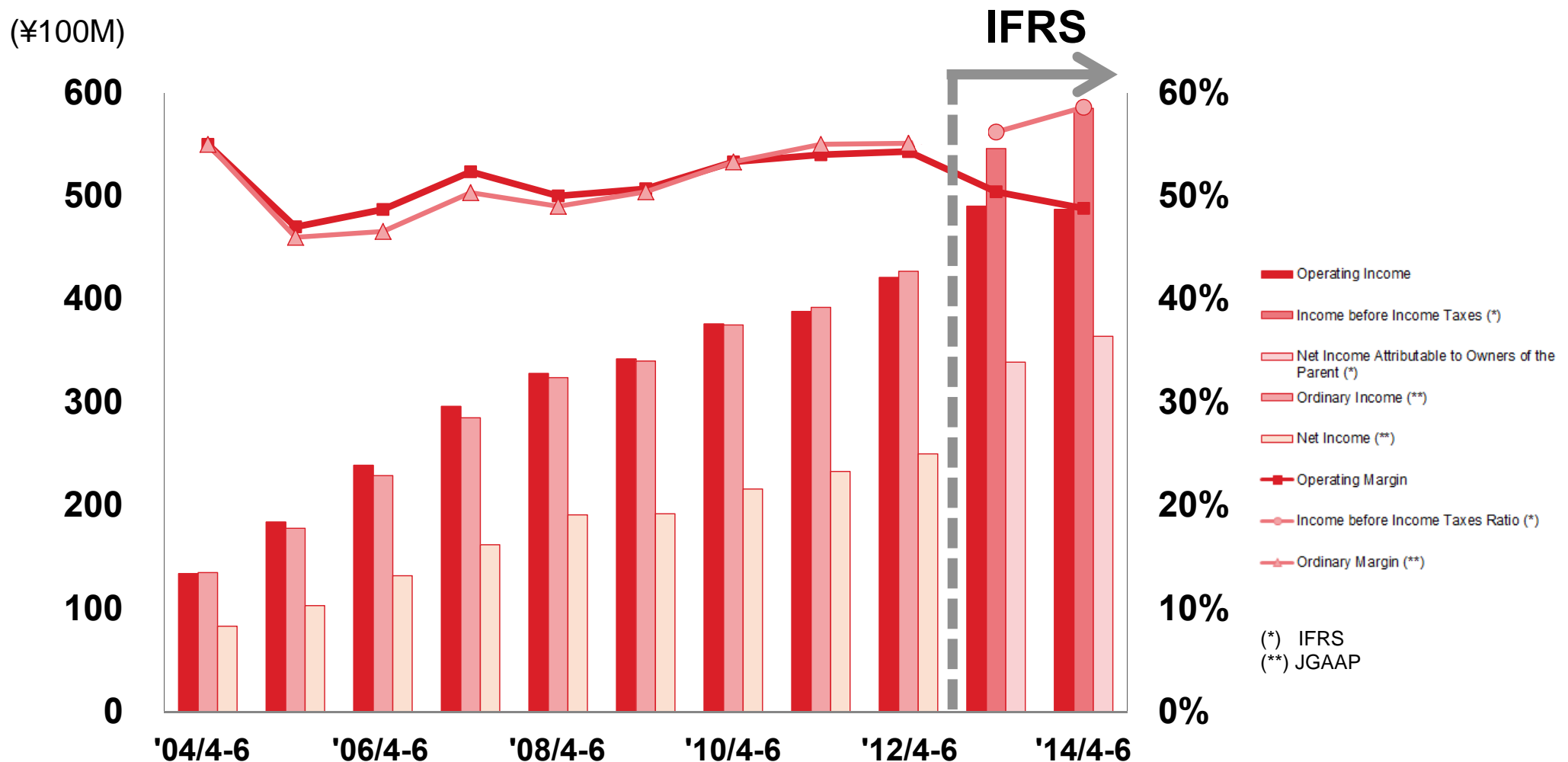
Shopping-related and Auction-related transaction value through Smartphones **23.6%→31.8%**

\*Auction-related transaction value includes transaction values of YAHUOKU! and “tradecarview.” (<http://www.tradecarview.com/>)

12 It also includes “BOOKOFF Online” (<http://www.bookoffonline.co.jp>) transaction value from May, 2014.

# Quarterly Profit Trend

Profits decreased temporarily under aggressive promotion and advertising activities related to new e-commerce strategies.



13 \* Figures after FY2013 are restated on an IFRS basis. Operating margins are affected by the adoption of IFRSs.  
 \* Margins for FY2008 to FY2012 are affected by the change in the presentation basis for revenue from gross to net.

# Quarterly Operating Income YoY Growth Trend

Profits decreased temporarily under aggressive promotion and advertising activities related to new e-commerce strategies.



# Revision of FY2014-1H Business Outlook

(¥100M)

	FY2014-1H Forecast (As of May 19, 2014)	FY2014-1H Forecast (As of July 31, 2014)	Reason for Change
Revenue	<b>2,119</b>	<b>2,010</b>	Forecast for advertising business was adjusted.
Operating Income	<b>934</b>	<b>934</b>	-

# FY2014-1H Business Outlook (YoY)

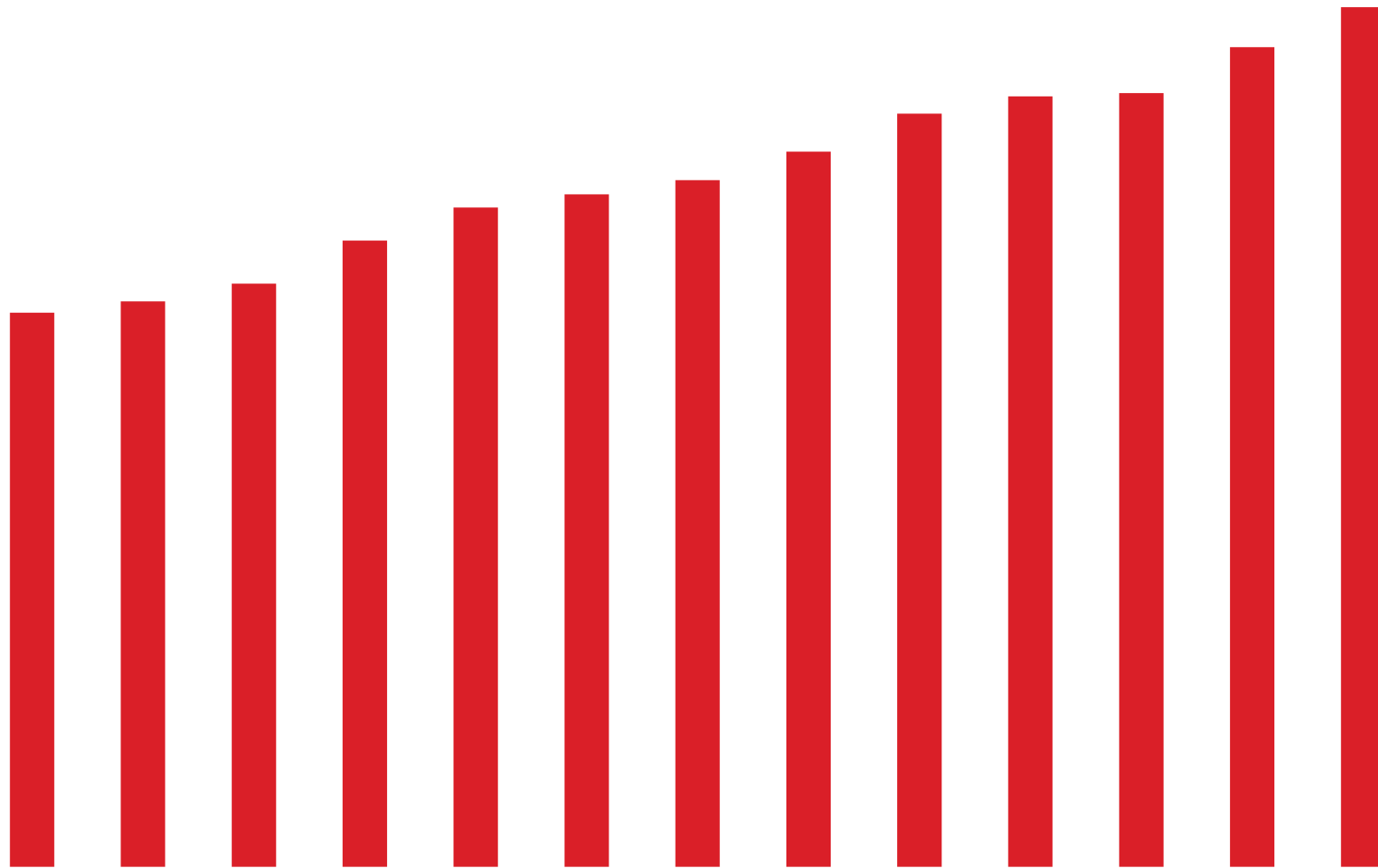
(¥100M)

	FY2013-1H (Actual)	FY2014-1H (Forecast)	YoY Change	Change Contributors
<b>Revenue</b>	<b>1,980</b>	<b>2,010</b>	<b>1.5%</b>	* Advertising revenue expected to grow. * Growth trend slows under our new e-commerce strategies.
<b>Operating Income</b>	<b>988</b>	<b>934</b>	<b>-5.5%</b>	Expenditures on promotion activities for our new e-commerce strategies.



# Progress of Services

# DUBs\* of Top 20 Services Growing Favorably



'11/4-6

'12/4-6

'13/4-6

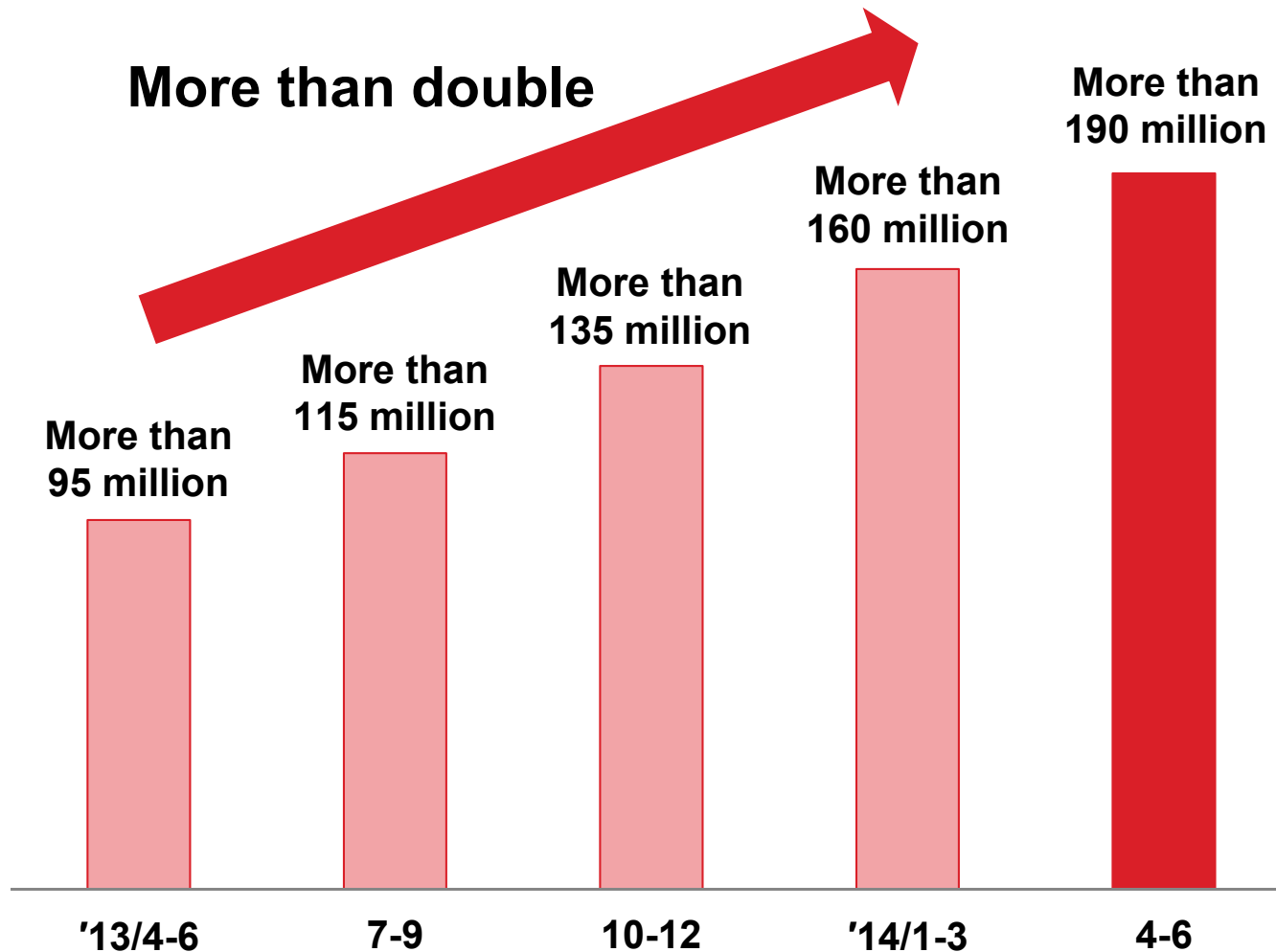
'14/4-6

Source: Yahoo Japan Corporation

\*DUB=Daily Unique Browser

# Downloads of Applications

Cumulative downloads of iOS+Android applications are **190 million and up.**



# 2014 FIFA World Cup

## “Top page” and “Yahoo! Search”

The image shows a screenshot of the Yahoo! Japan homepage and a search results page. The homepage features the Yahoo! logo and various navigation links. A search bar is visible, and the search results page displays the date "6月18日 (水)" and a list of matches. A red box highlights the "Game scores" section, which shows the following results:

Match	Score	Time
日本 (Japan) vs コロンビア (Colombia)	0 - 0	前半0分
ギリシャ (Greece) vs コートジボワール (Cote d'Ivoire)	0 - 0	前半0分

The search results page also shows the date "6月18日 (水)" and a list of matches with their start times and channels. The matches listed are:

- 1:00開始 NHK総合: アルジェリア vs オーストラリア
- 4:00開始 NHK総合: メキシコ vs スペイン
- 7:00開始 TBS系列: 韓国 vs カメルーン

Game scores

- Recorded **largest daily unique browser numbers** for top pages on smartphones and tablets.
- Search numbers of related keywords increased by **more than 3.5 times** compared with the previous event.

# 2014 FIFA World Cup “Sports Navi”

2014 FIFA WORLD CUP BRAZIL

リアルタイム検索

コロンビアはサポーターがかわいいんだなあ。 [pic.twitter.com/Z6DaJA810m](https://pic.twitter.com/Z6DaJA810m)

優勝は、ドイツかコロンビアだー

本命はブラジルな、んだけどコロンビアにも行けるところまで行ってほしい気持ちもある。

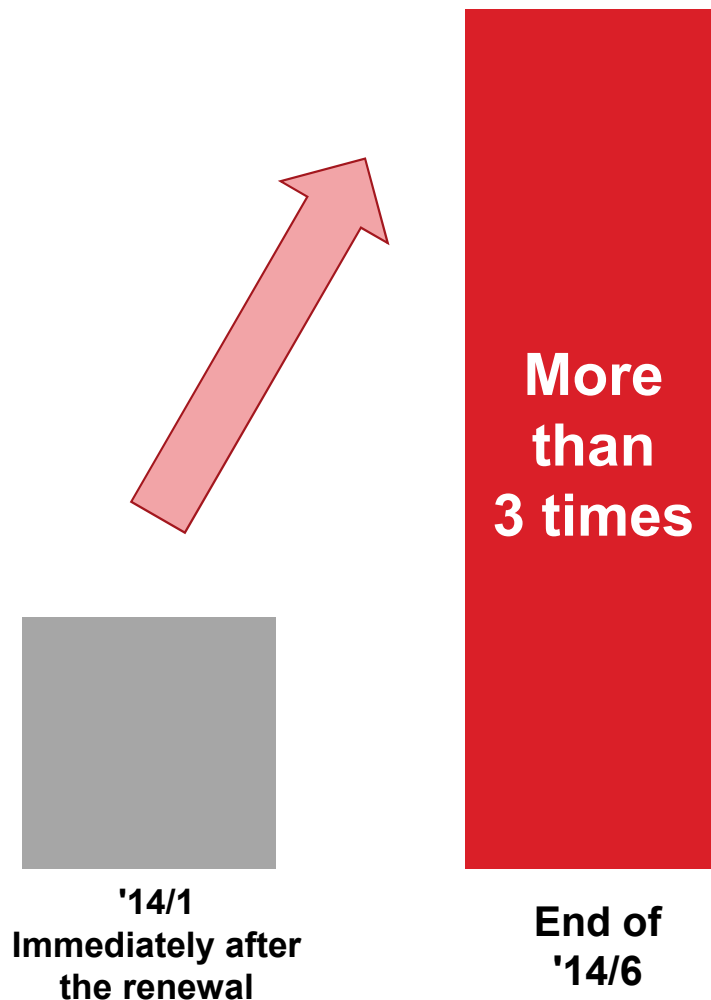
2014 FIFAワールドカップ コロンビア VS ウルグアイ ハイライト (12:07) [ni.co.ms/sm23887470](https://ni.co.ms/sm23887470) [#sm23887470](https://twitter.com/sm23887470)

ハメロリやばない？

- Real time status of games could be observed at a glance and detailed related data were offered.
- Tweets related to games were listed on “Games timeline.”

# “Yahoo! Real Estate”

Number of listed properties increased by more than 3 times.



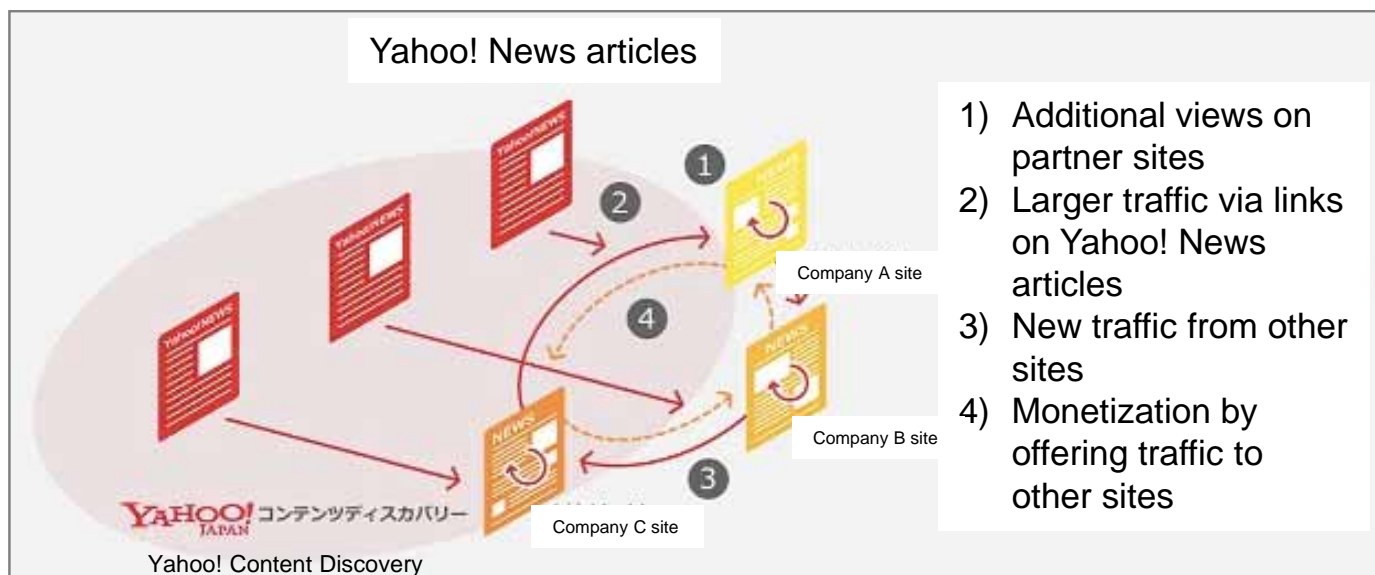
- Converted the business model: real estate companies all over Japan can now list property information directly on the site.
- Number of properties listed on “Yahoo! Real Estate” became **one of the largest** in Japan.



# Announced

## “Yahoo! Content Discovery”

- A solution for content providers for “Yahoo! News”
- Most appropriate news stories are provided to each user, encouraging them to view more pages.



# “Pass Market”

Reduced the settlement fee and opened the platform to everybody

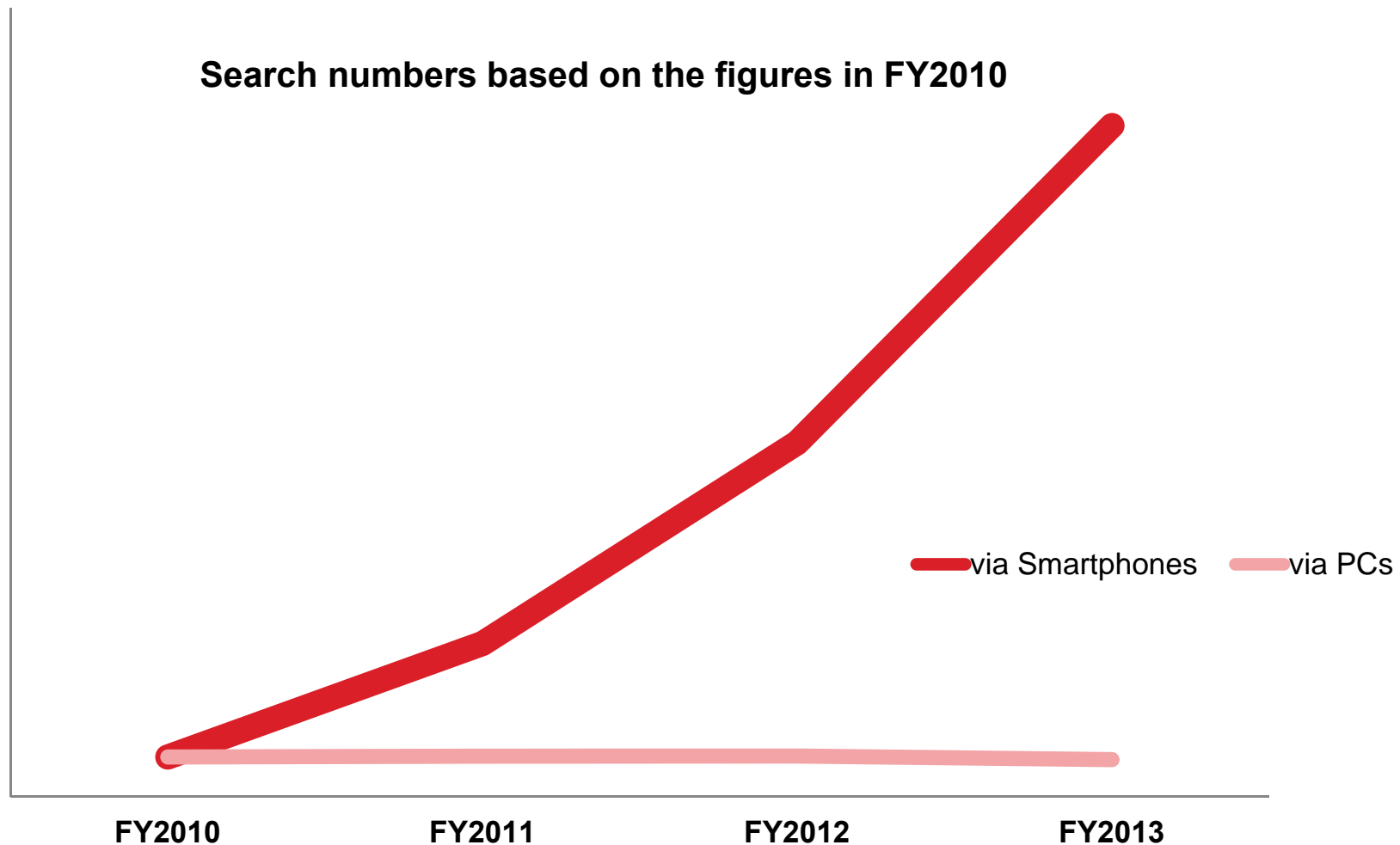


- Settlement fee was lowered to 3.24%, the lowest level in the market.
- Anyone with Yahoo! JAPAN ID can announce events, sell electronic tickets and perform customer management.



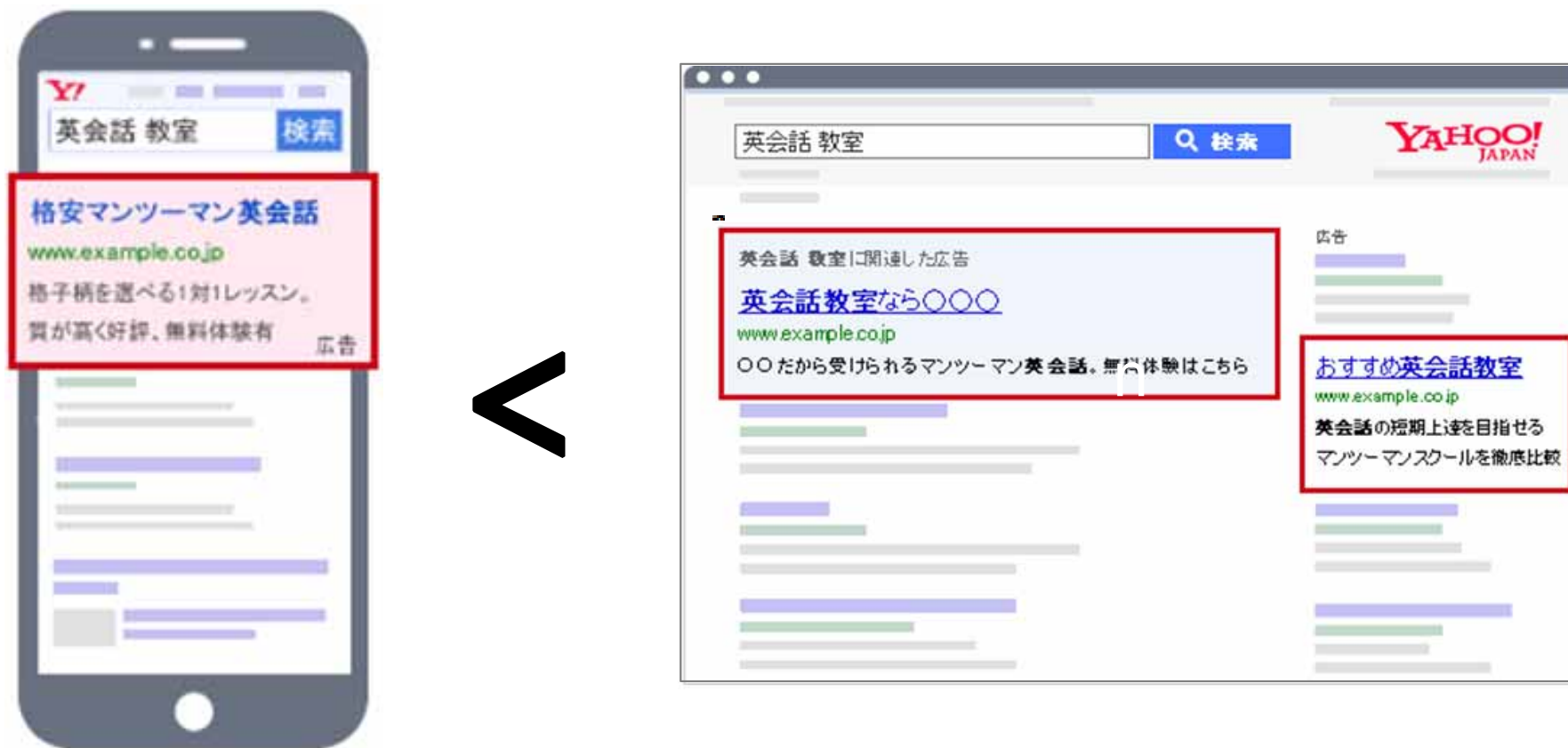
# Marketing Solutions Business

# Number of Searches via Smartphones Increases Sharply, while Number via PCs is on a Down Trend.

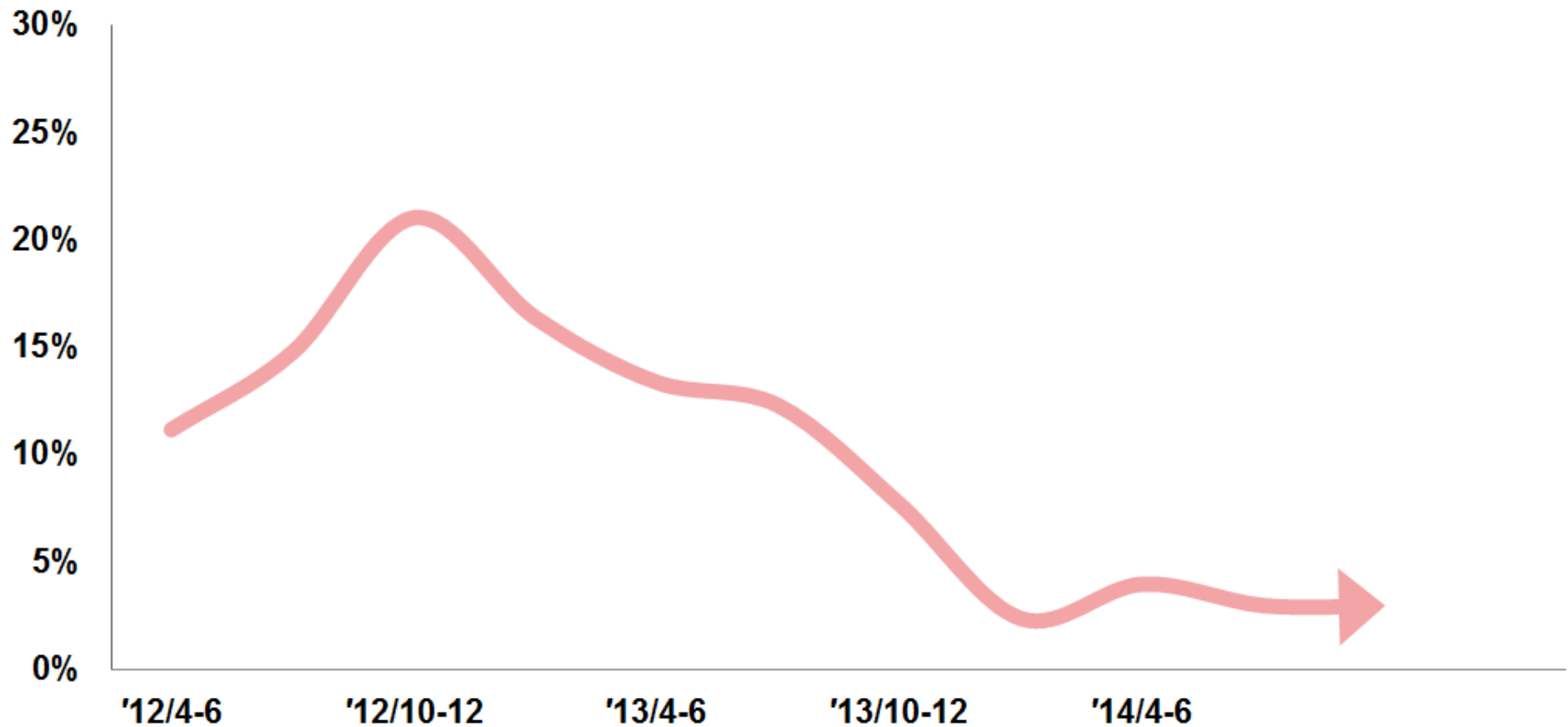


Above is the annual trend of search numbers of Yahoo! JAPAN main search services. (Source: Yahoo Japan Corporation)  
Via PCs figure of FY2010 include search numbers via tablets, while figures after FY2011 don't.

# Revenue per Search of Sponsored Search Higher on PCs than on Smartphones.



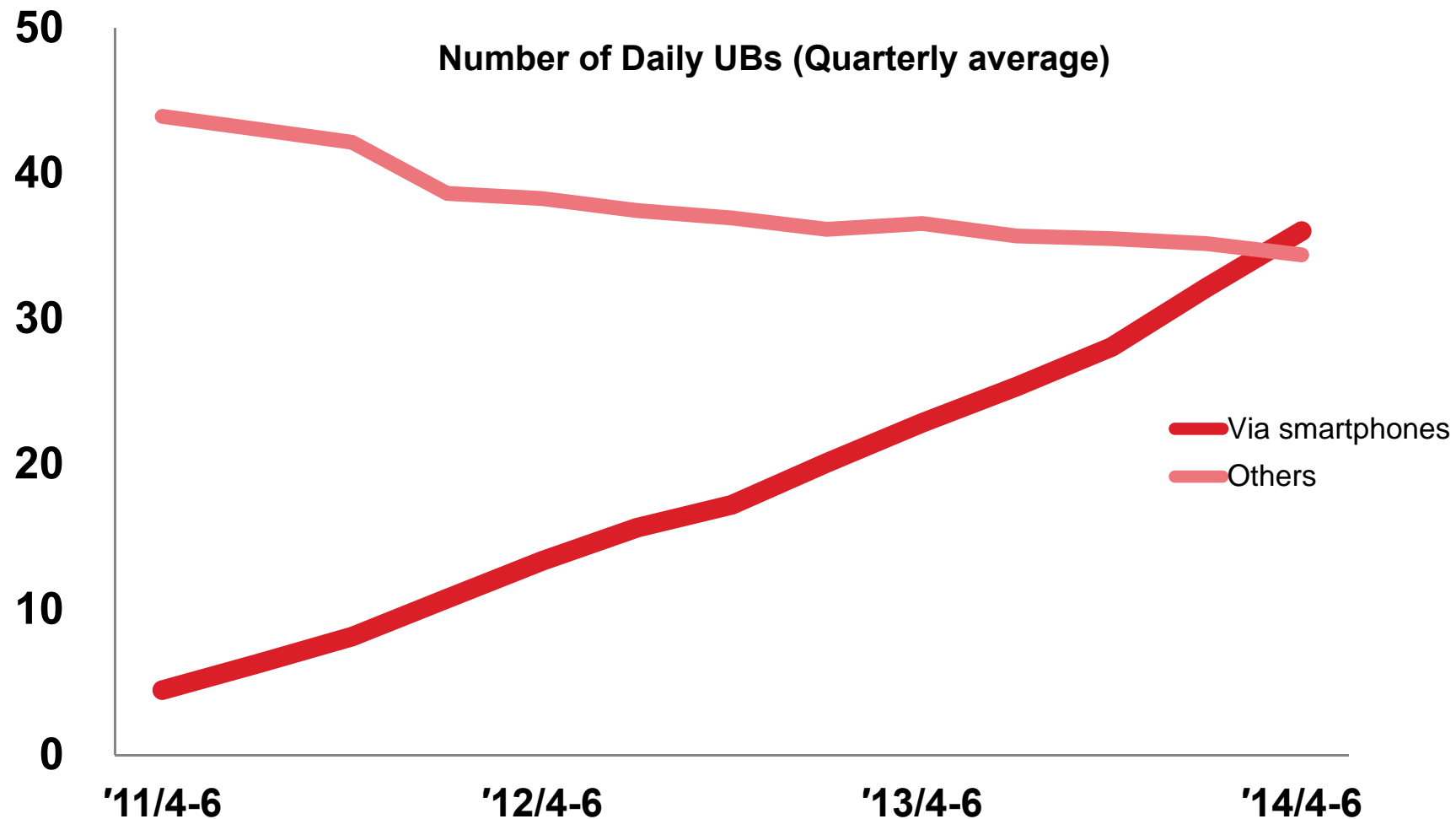
# Growth Rate of Sponsored Search Revenue Will Continue to Be Low-Single-Digit.



\* The Company has adopted IFRSs beginning with FY2014. Growth rate for '14/4-6 and after is calculated based on IFRSs.

# Daily Unique Browsers of Smartphone Increasing Rapidly

(million UBs)



# Revenue per Impression of YDN Same on PC as on Smartphone



**Search services will continue to be popular. At the same time, personalized information will increasingly be offered to users backed up with device diversification and advanced technologies even without the direct search actions of users.**

**レコメンドニュース**

あなたにフィットしたニュースをお届け  
 どんなニュースが必要かは、人それぞれ違うもの。あなたの「知りたい」に合わせて、最適なニュースを自動でお届けします。

たとえば…

- 過去に読んだ記事から分析**  
 あなたが読んだニュースや記事から好みを分析してあなたにピッタリな記事をお届けします。
- 話題のニュース**  
 今、世の中で話題になっているニュースや多くの人が関心を寄せている記事をお届けします。
- Buzzニュース**  
 あなたがフォローしているBuzzワードにマッチするニュースをお届けします。

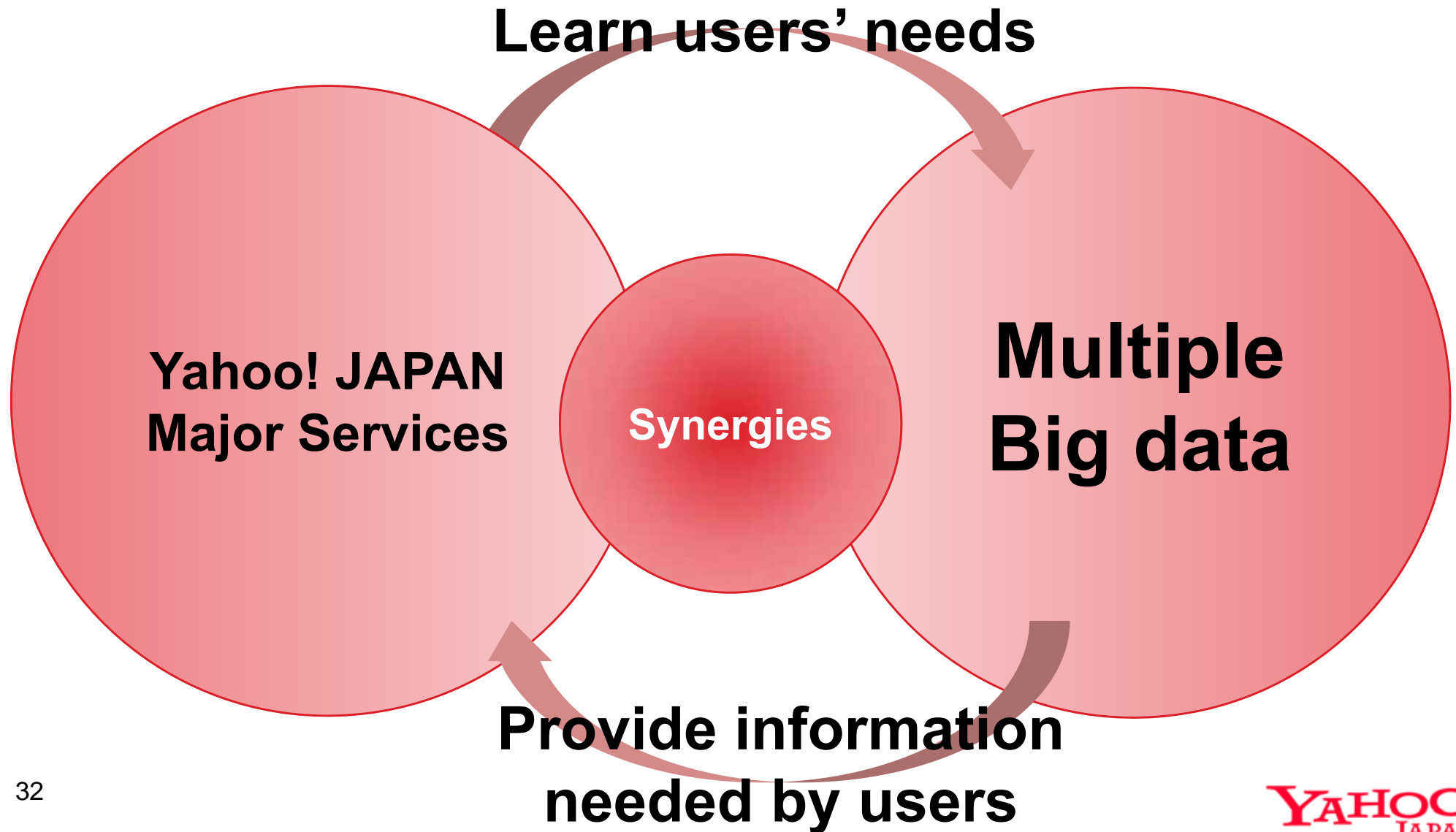
“Yahoo! News”

News articles matching the interest of users are displayed automatically.



“Yahoo! JAPAN” top page for tablets offers an automatic layout adjustment function based on the preference of users.

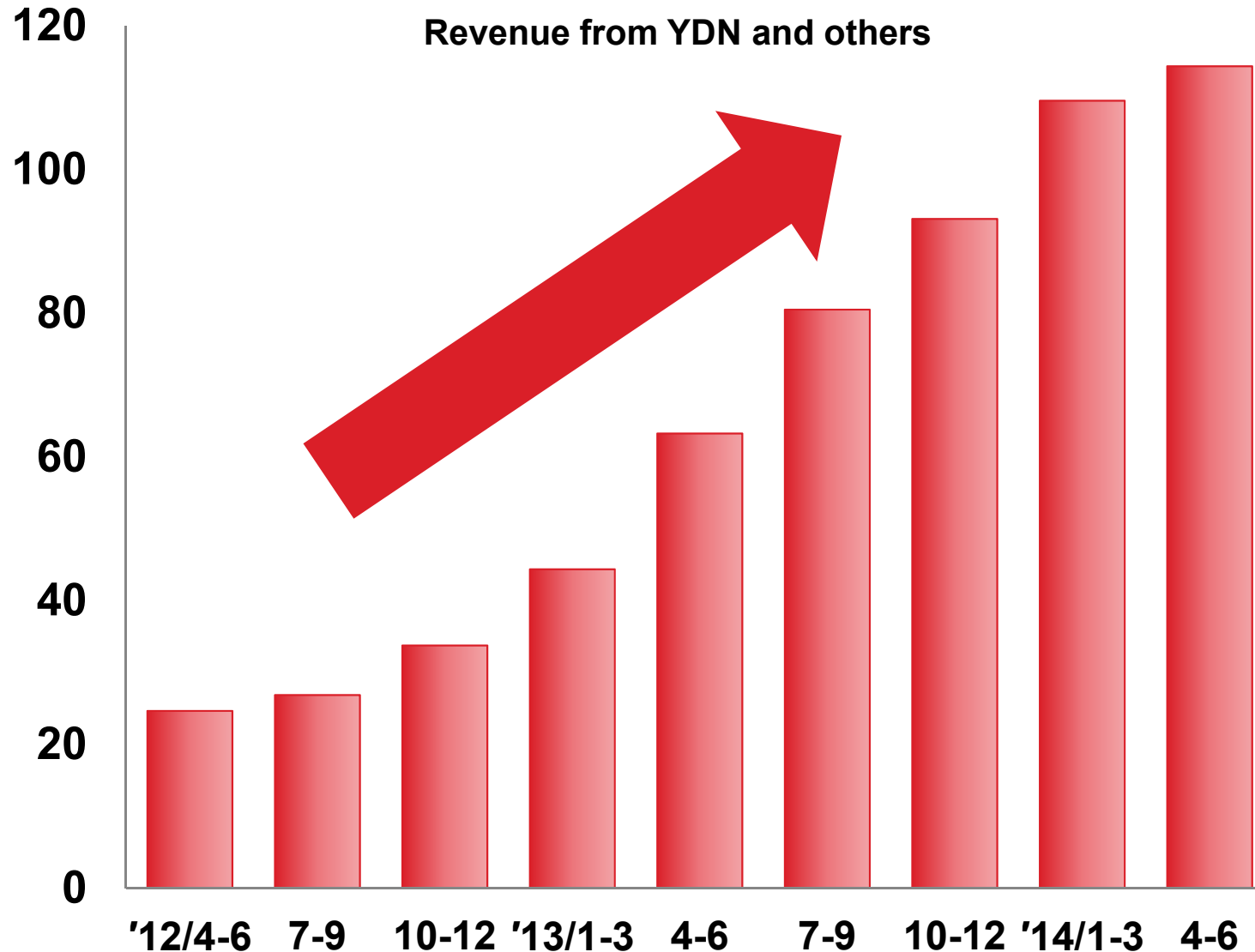
# Yahoo! JAPAN Distributes Information Needed by Users Based on **Multiple Big Data**





# Large Growth Potential for YDN

(¥100M)



\* The Company has adopted IFRSs beginning with FY2014.  
Figures for FY2013 are restated on an IFRS basis.

# New Advertising Products Growing

- **Yahoo! Premium DSP**

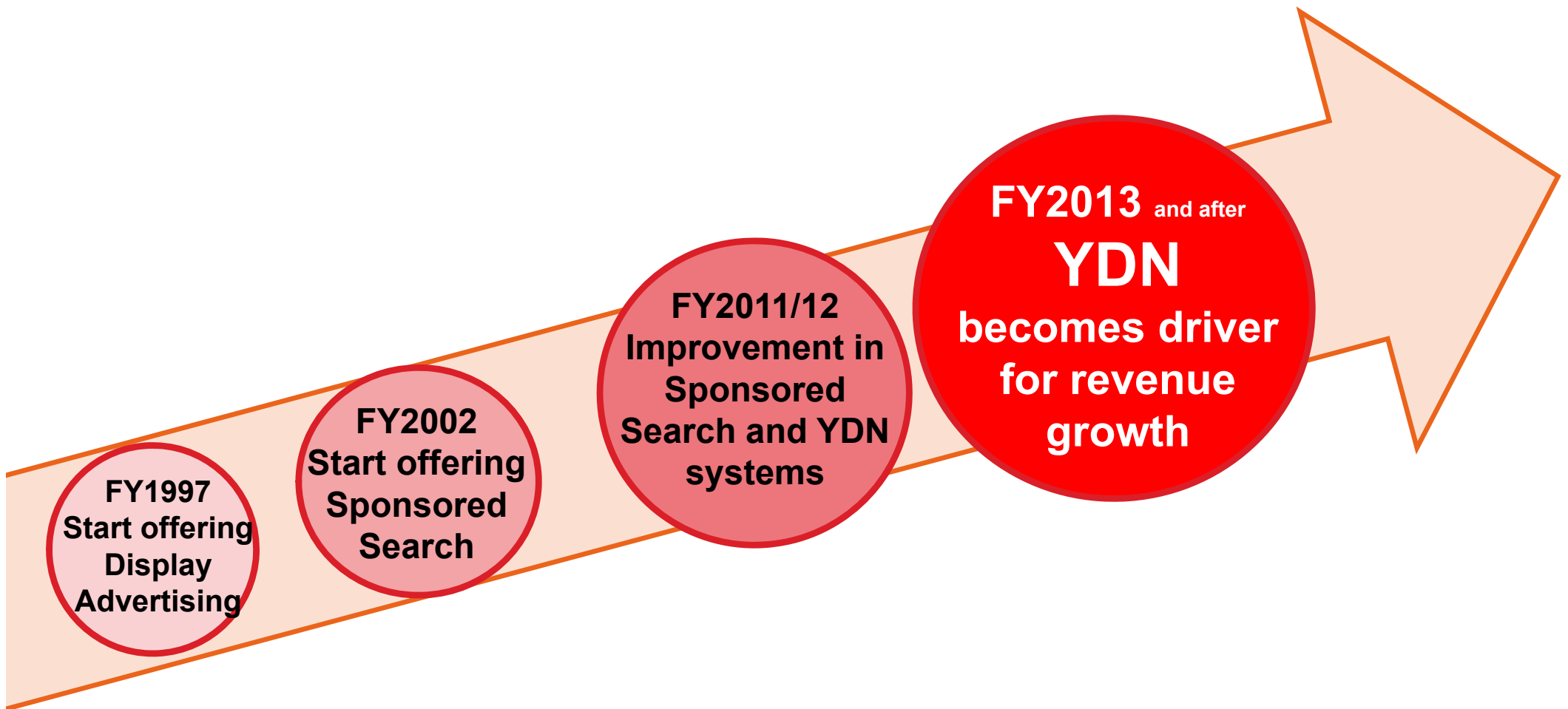
80 national clients have utilized this product.

- **Video Advertising**

Revenue increased with new advertising formats and high view completion rate.



# We Aim to Obtain Sustainable Growth By Offering New Advertising Products



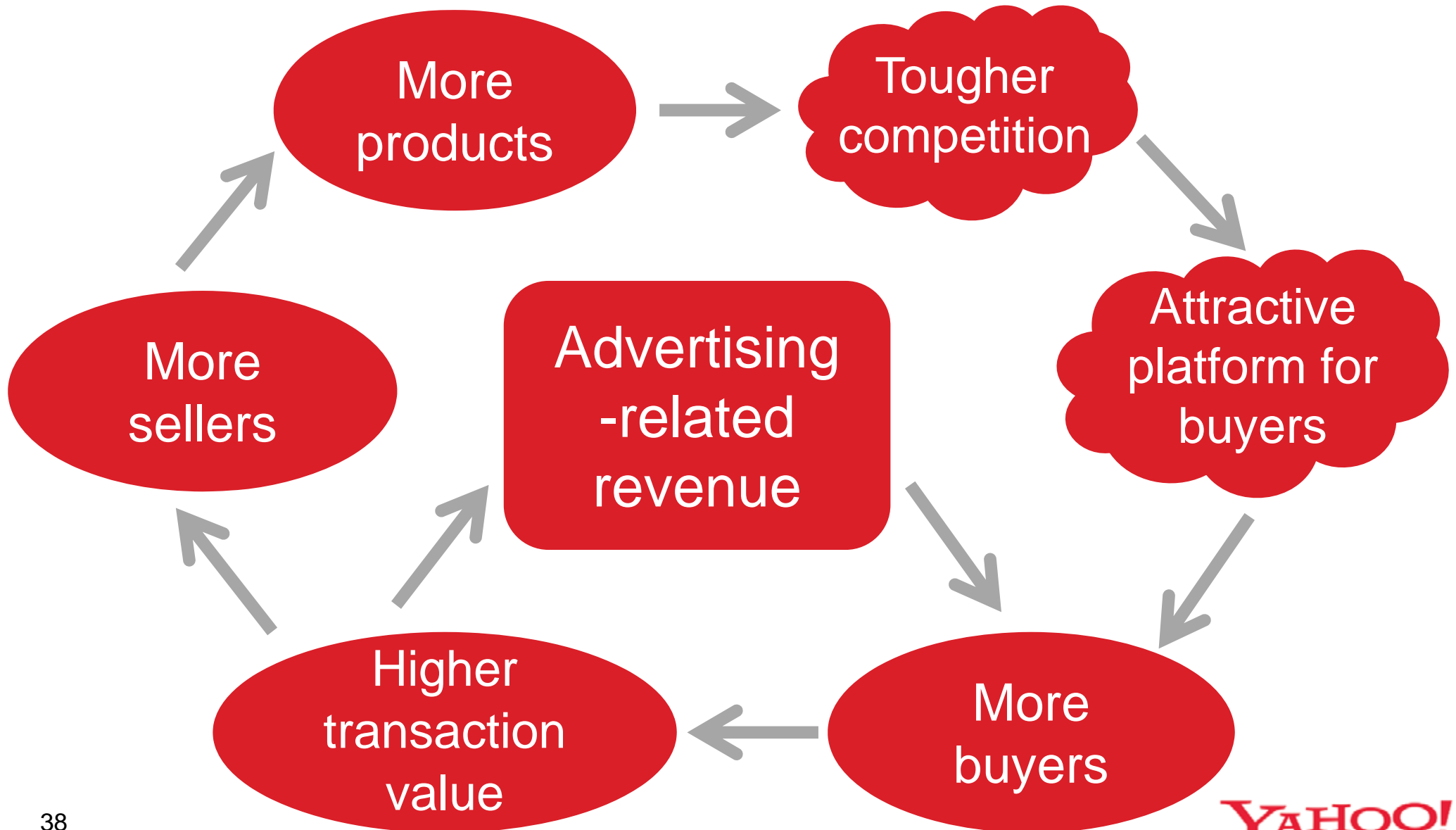
# Consumer Business



# Yahoo! Shopping

# Yahoo! Shopping

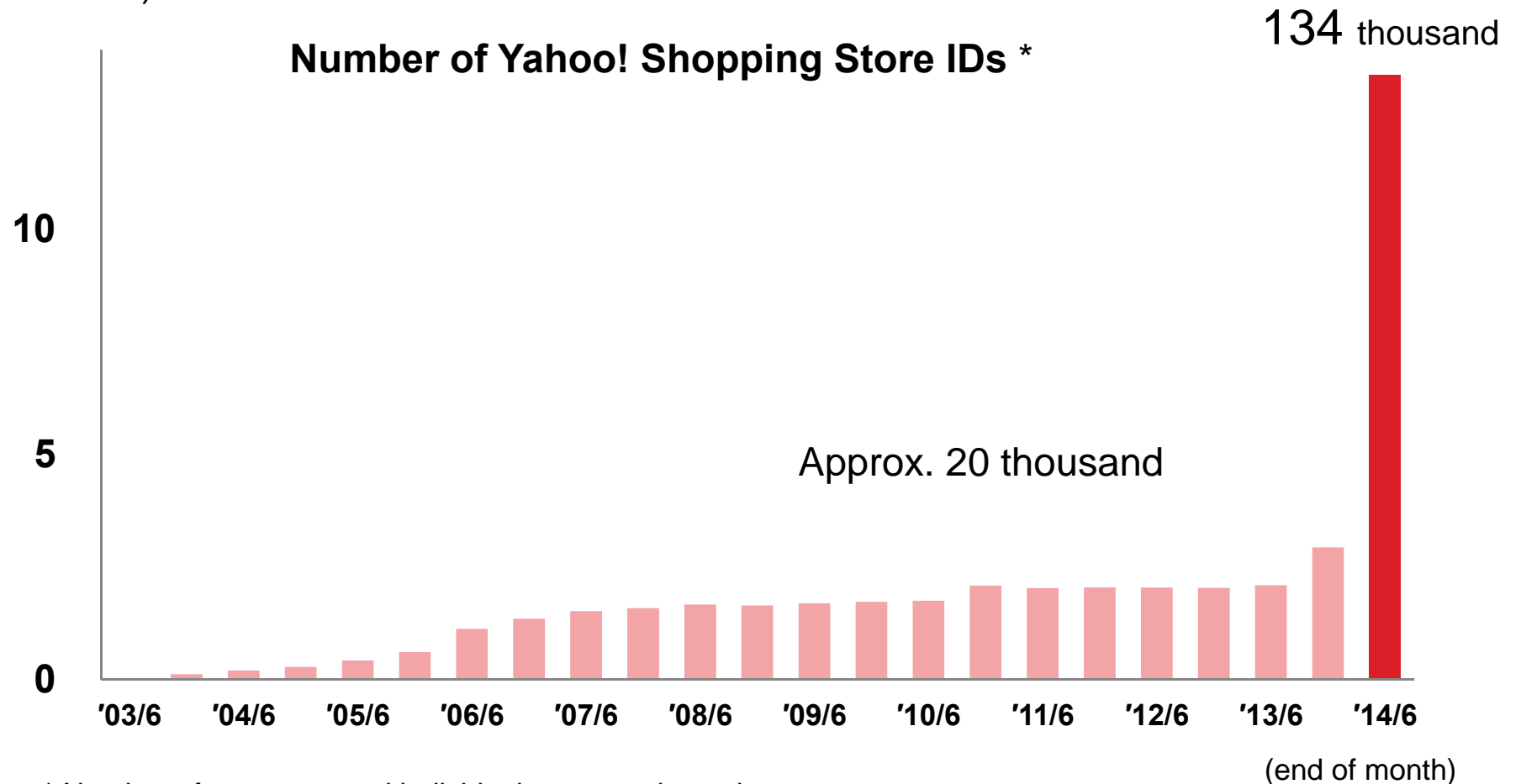
Transaction Value Expansion Leads to Advertising Growth in the Future.



# Yahoo! Shopping

## Number of Store IDs exceeded 130 thousand

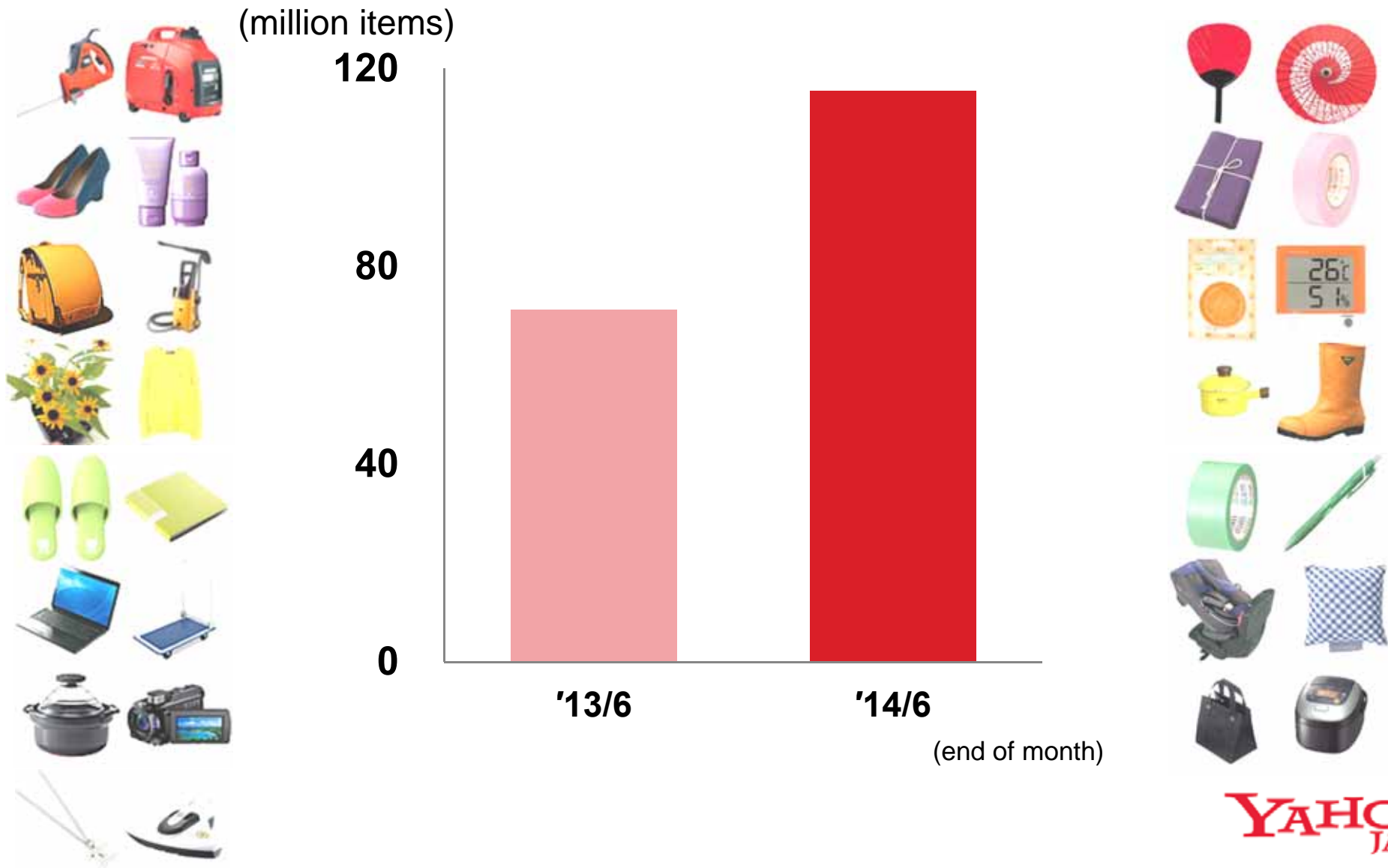
(10 thousand IDs)



\* Number of corporate and individual accounts issued.  
It includes the number of accounts still preparing the store site.

# Yahoo! Shopping

Number of products increased by approx. **60%** YoY and reached **100 thousand**.





## Initiatives for Buyers

Number of orders and buyers continued to increase YoY.



Yahoo!ショッピング運営の24時間タイムセールは、特別価格の目玉商品、生活雑貨まで、要チェックの人気商品が目白押し。数量が限

🕒 **本日の目玉商品**

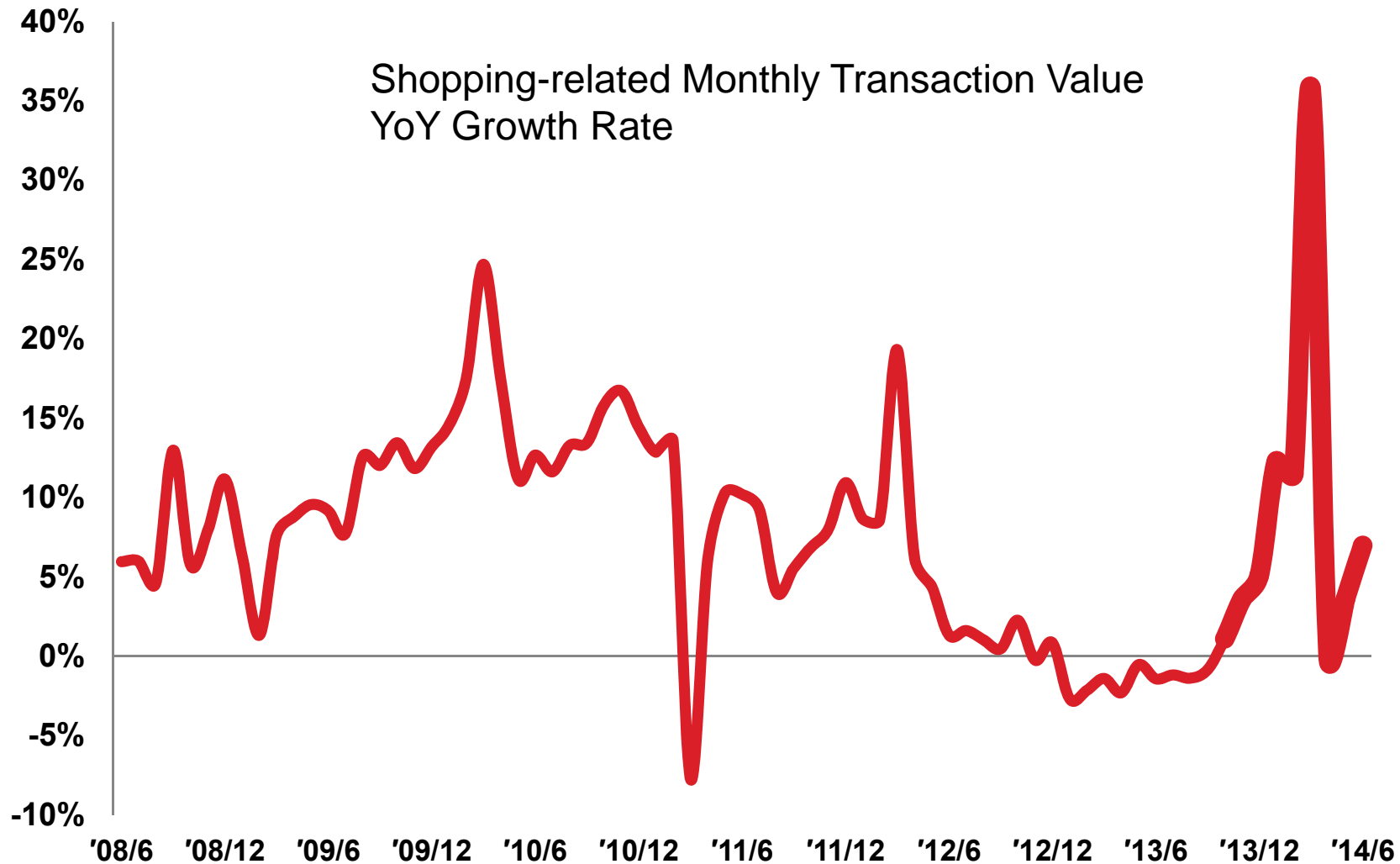
Time sale for 24 hours



Super Time Sale

# Yahoo! Shopping

Yahoo! Shopping monthly transaction value continued to increase on YoY basis despite of the negative impact caused by the hike in consumption taxes.



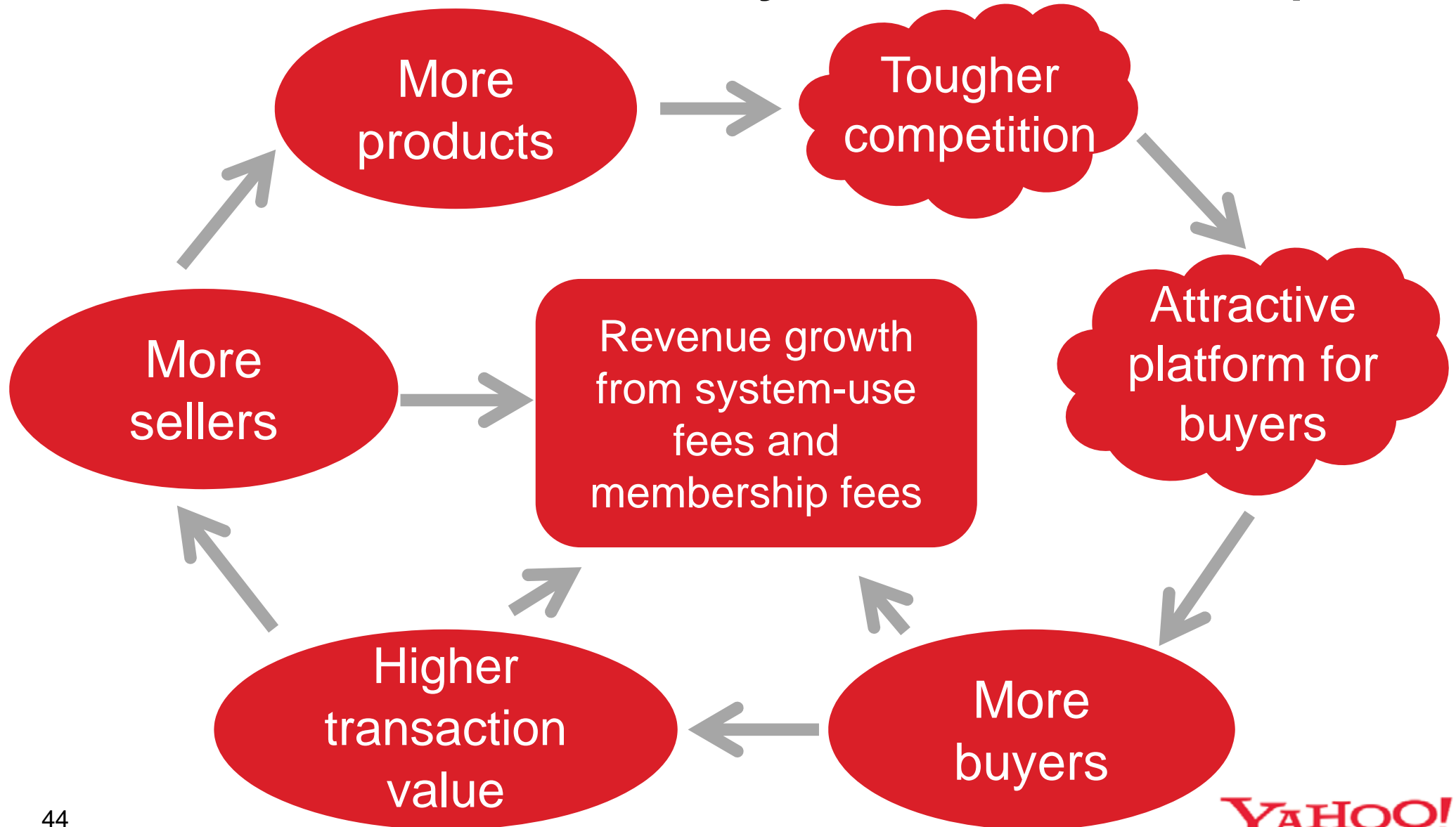


# YAHUOKU!

## (Auction service)

## YAHUOKU! (Auction)

Will Increase the Transaction Value and Expand the Revenue from Transaction Royalties and Membership Fees

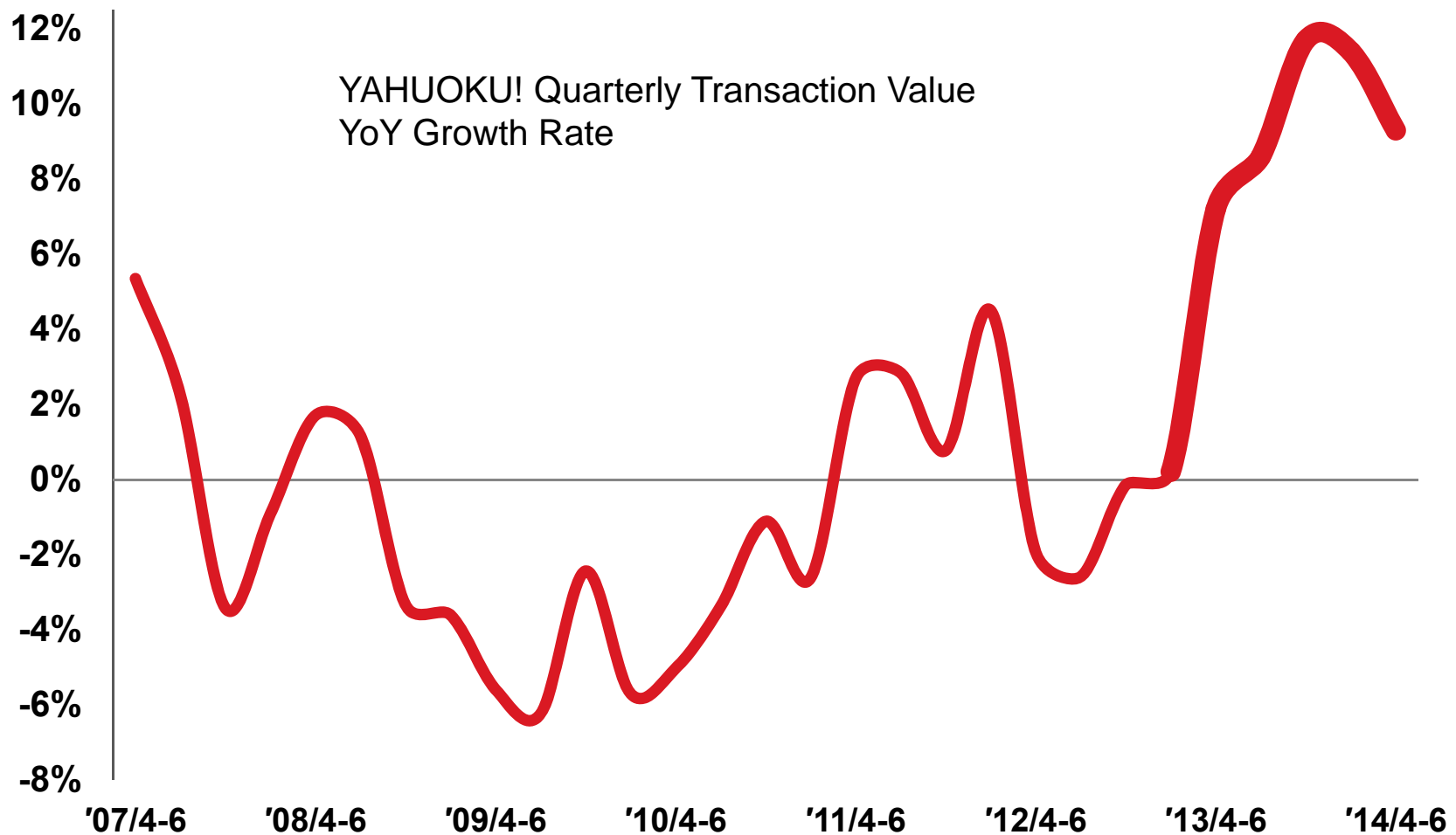


# Initiatives for Buyers

- **Number of bidders and buyers**
  - Both figures increased on YoY basis.
  - Number of new bidders jumped up in the areas where **TV commercial** was broadcast.
- **Average price of winning bids**
  - Average price grew on YoY basis despite of the negative impact caused by the hike in consumption taxes.

## YAHUOKU! (Auction)

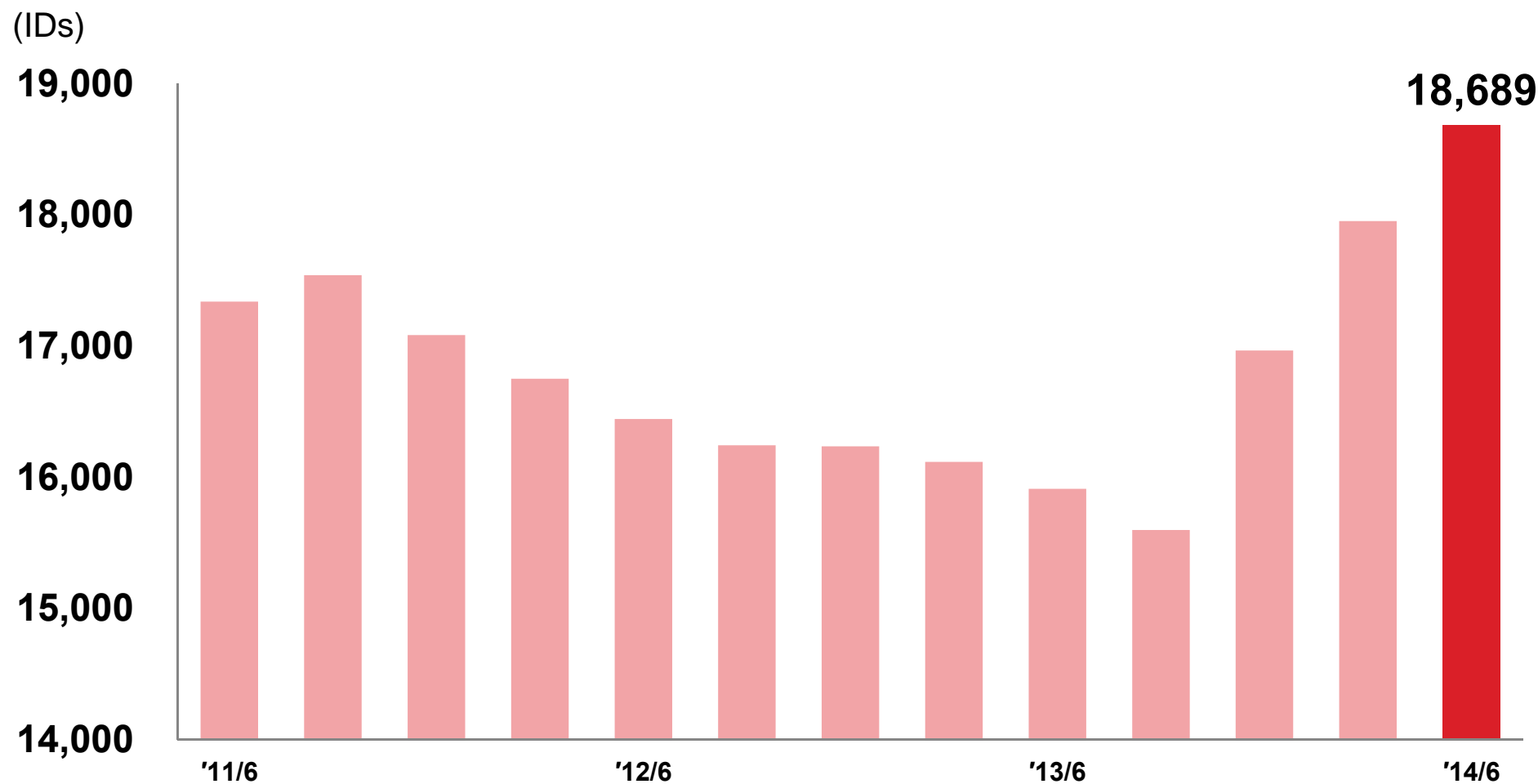
# YAHUOKU! Quarterly Transaction Value Growth Rate Accelerated.



\*Auction-related transaction value includes transaction values of YAHUOKU! and “tradecarview.” (<http://www.tradecarview.com/>) It also includes “BOOKOFF Online” (<http://www.bookoffonline.co.jp>) transaction value from May, 2014.

# YAHUOKU! (Auction)

Number of issued Store IDs continued to grow.



(End of month)

47 \* Number of accounts issued.  
It includes the number of accounts still preparing the store sites.

# Initiatives for Sellers

- **Number of listings**

Increased by approx. 20% on YoY basis

- **Number of sellers**

Number of sellers in FY2014-1Q grew YoY for the first time in two years.

＼ 今までもこれからも ／

**個人**が出品している商品は

※事業者はのぞく

**0** 消費税

**0%**

なんです!

CMギャラリーは  
こちら



# Premium Membership

# Added a New Business Company “Personal Services Company”

Aim to be the largest membership-based paid services in Japan, offering attractive services used on a daily basis especially via smartphones.



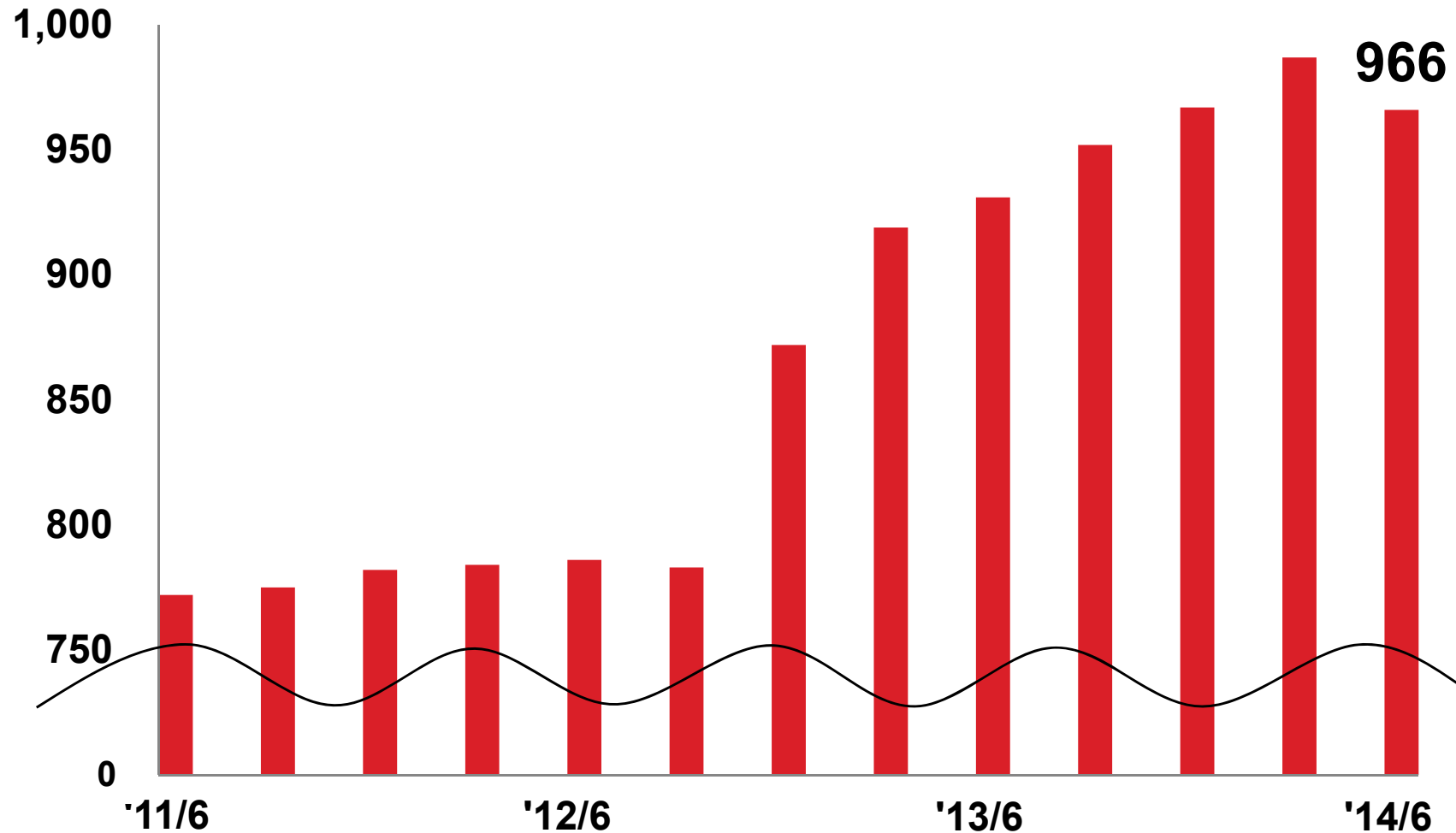
# Enriched Advantages for Premium Members

- Carried members-only live talk events of popular artists, such as “Yuzu” or “flumpool”.
- Started to offer special services such as discounts for movie tickets collaborating with TOHO CINEMAS LTD.



# Aim to Increase the Number of Premium Member IDs Collaborating with Ymobile Corporation

(10 thousand IDs)



# Sales Tie-up with Ymobile

LUXUR **Y!** HURR **Y!** YUMM **Y!**  
ECONOM **Y!** VARIET **Y!** ORIGINALIT **Y!**  
JO **Y!** BAB **Y!** HAPP **Y!** SPEED **Y!** TODA **Y!**  
QUALIT **Y!** SUNN **Y!** DISCOVER **Y!**  
HARMON **Y!** PLA **Y!** RECOVER **Y!**  
BIOLOGY **Y!** ENER **Y!** STUD **Y!**  
STOR **Y!** TREND **Y!** VITALIT **Y!**  
GLADL **Y!** DESTIN **Y!**  
MELOD **Y!** ECOLOG **Y!**  
SPIC **Y!** CURIOSIT **Y!**  
FANTAS **Y!**  
TAST **Y!** LUCK **Y!**  
ENJO **Y!**

みんなの手に、**Y!** のチカラを。

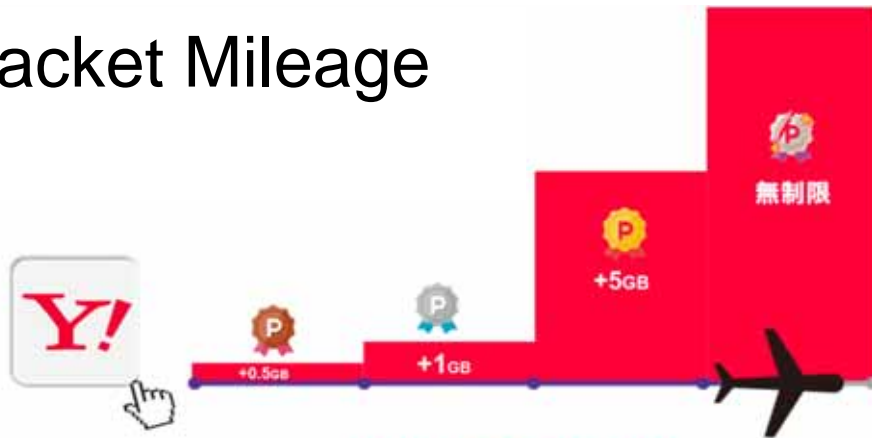
**Y!** mobile

8.1 debut



# Leverage Y!mobile Users to Expand the Usage of Yahoo! JAPAN Services

## Packet Mileage



Users can accumulate packet mileages by using Yahoo! JAPAN services more.

## Packet Lottery



- Subscribers can use “Y!mobile mail” and “Yahoo! Box 30GB” for free.
- With “Packet Mileage,” users can accumulate data traffic packet for the following month by using Yahoo! JAPAN services.
- Users can register on “Yahoo! Wallet” when subscribing for mobile phones at Y!mobile shops.

# Offer Attractive Optional Paid Services “Enjoy Pack”



## “Enjoy Pack”

Subscribers can use “Yahoo! Premium” services, and can obtain Y!mobile traffic packets equivalent to 500 yen.

# Settlement & Finance

# Other Businesses



# Conversion of KC Co., Ltd. into a Subsidiary to Start Credit Card Businesses (planned)

- Plan to obtain 65.0% of shares of KC Co., Ltd. as of January 5, 2015.
  - \* KC Co., Ltd will succeed to businesses related to “KC card” brand.
  - \* SoftBank Payment Service Corp. plans to acquire 35.0% of KC Co., Ltd.
- We expect synergies with our e-commerce services and credit card businesses, and aim to establish a new revenue source based on settlement and financial services.

# Yahoo! JAPAN Goals Are...

**330 Billion Yen in Operating Income  
by FY Ending March 201X.**

**No.1 in Transaction Value  
in the e-Commerce Market by FY201X.**

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Affiliated Companies**

Yahoo Japan Corporation has adopted International Financial Reporting Standards (IFRSs) beginning with the first quarter of the fiscal year ending March 31, 2015 (FY2014) with a transition date as of April 1, 2013. Figures for the fiscal year ended March 31, 2014 (FY2013) are restated on an IFRS basis.

# FY2014-1Q Consolidated Statements of Income

	2013-1Q	2014-1Q	Change
<b>Revenue (¥100M)</b>	<b>972</b>	<b>999</b>	<b>2.8 %</b>
<b>Cost of Sales (¥100M)</b>	<b>176</b>	<b>195</b>	<b>10.9 %</b>
<b>Gross Profit (¥100M)</b>	<b>796</b>	<b>803</b>	<b>1.0 %</b>
<b>SG&amp;A and others (¥100M)</b>	<b>306</b>	<b>316</b>	<b>3.3 %</b>
<b>Operating Income (¥100M)</b>	<b>490</b>	<b>487</b>	<b>-0.5 %</b>
<b>Other Non-operating Income and Expenses (¥100M)</b>	<b>55</b>	<b>95</b>	<b>70.8 %</b>
<b>Equity in Earnings (Losses) of Associates (¥100M)</b>	<b>0</b>	<b>2</b>	<b>209.6 %</b>
<b>Income before Income Taxes (¥100M)</b>	<b>546</b>	<b>585</b>	<b>7.1 %</b>
<b>Quarterly Net Income (¥100M)</b>	<b>342</b>	<b>367</b>	<b>7.2 %</b>
<b>Net Income Attributable to Owners of the Parent (¥100M)</b>	<b>339</b>	<b>364</b>	<b>7.1 %</b>
<b>Diluted EPS (¥) * **</b>	<b>5.90</b>	<b>6.39</b>	<b>8.3 %</b>
<b>Number of Shares after Dilution (million) * ***</b>	<b>5,759</b>	<b>5,694</b>	<b>-1.1 %</b>

\* Yahoo Japan Corporation has implemented a 100-for-1 common share stock split with an effective date of October 1, 2013. The figure of the same quarter in the previous year has been retroactively adjusted.

\*\* Diluted EPS is calculated using the Quarterly Net Income Attributable to Owners of the Parent.

\*\*\* Number of Shares after Dilution excludes treasury stock.



# Reference: Comparison of Main Line Items of Consolidated Statements of Income

for the FY2013-1Q ended June 30, 2013, under IFRSs and JGAAP

(¥ 100M)

JGAAP	
Net Sales	923
Cost of Sales	116
Gross Profit	806
SG&A	319
Operating Income	486
Non-operating Income	4
Non-operating Expenses	0
Extraordinary Income	53
Extraordinary Losses	14
Income before Income Taxes and Minority Interests	529
Income Taxes	204
Income before Minority Interests	325

IFRSs	
Revenue	972
Cost of Sales	176
Gross Profit	796
SG&A and others	306
Operating Income	490
Other Non-operating Income	58
Other Non-operating Expenses	2
Equity in Earnings (Losses) of Associates	0
Income before Income Taxes	546
Income Taxes	204
Net Income	342

## The Major Changes

TAC (Traffic Acquisition Costs) in advertising and commissions for settlement and others are presented on a gross basis

- Goodwill is not amortized
- Other Income/Expenses (Reclassified from Non-operating Income/Expenses and Extraordinary Income/Losses)
- Depreciation method for Fixed Assets has changed

Reclassified from Non-operating Income

Goodwill is not amortized

# FY2014-1Q Performance Breakdown by Business Segment

(¥ 100M)

	Revenue	Revenue Breakdown		Cost of Sales	SG&A and others	Operating Income	Operating Margin
Marketing Solutions Business	717	Advertising	571	168	167	381	53.2%
		Business Services	104				
		Personal Services	41				
		Intra-Company Revenue	0				
Consumer Business	231	Advertising	9	5	84	142	61.3%
		Business Services	37				
		Personal Services	178				
		Intra-Company Revenue	6				
Others	69	Advertising	0	24	21	23	33.4%
		Business Services	20				
		Personal Services	41				
		Intra-Company Revenue	7				
Adjustments	-19	Advertising	-2	-2	42	-59	-
		Business Services	-1				
		Personal Services	-				
		Intra-Company Revenue	-14				
Total	999			195	316	487	48.8%

# Business Segment Breakdown

## Marketing Solutions Business

- **Advertising: Paid search advertising “Sponsored Search”**  
Display advertising (Interest-based advertising (YDN), Premium advertising)
- **Business Services: Data Center-related, Affiliate-related, Yahoo! Real Estate, Automobile-related, Yahoo! WebHosting, Indival and others**
- **Personal Services: Pay digital content, Video-related, Yahoo! Partner and others**

## Consumer Business

- **Advertising: Display advertising**
- **Business Services: Corporate system-use fees of YAHUOKU!, Yahoo! Travel, Yahoo! BB incentive fees and others**
- **Personal Services: Yahoo! Premium, Personal system-use fees of YAHUOKU!, Yahoo! BB ISP fees and others**

## Others

- **Advertising: Display advertising**
- **Business Services: Credit Card-related service, Settlement-related services and others**
- **Personal Services: Credit Card-related service, FX-related service, Settlement-related services, Yahoo! Mail, Yahoo! Finance and others**

\* Since Yahoo! Partner and other services were moved to different companies than before in the first quarter of the fiscal year ending March 2015, some major products have been transferred between segments.

# Quarterly SG&A and Other Income/Expenses Breakdown

(¥ 100M)

Major Factors for YoY Changes

	13/1Q	13/4Q	14/1Q	Composition Ratio	QoQ Change	YoY Change
Personnel Expenses	106	127	111	35.2%	-12.4%	4.4%
Business Commissions	38	45	47	14.9%	2.8%	21.8%
Sales Promotion Costs	26	38	33	10.4%	-14.2%	23.8%
Depreciation Expenses	26	28	29	9.3%	4.1%	12.2%
Royalties	26	29	27	8.6%	-8.0%	1.1%
Content Provider Fees	18	27	25	8.0%	-7.2%	35.0%
Lease and Utility Expenses	17	18	22	7.0%	21.3%	24.6%
Communication Charges	16	13	14	4.5%	3.3%	-12.2%
Administrative and Maintenance Expenses	6	7	8	2.7%	11.5%	21.9%
Advertising Expenses	5	11	7	2.4%	-35.0%	26.5%
License Fees	2	4	6	2.0%	33.0%	108.2%
Taxes and Public Dues	3	8	3	1.0%	-60.5%	-0.0%
Sales Commissions	2	2	2	0.8%	-0.3%	17.2%
Travel and Transportation	2	2	2	0.7%	4.9%	15.7%
Others	5	28	-23	-7.5%	n.a.	n.a.
<b>Total SG&amp;A and others</b>	<b>306</b>	<b>393</b>	<b>316</b>	<b>100.0%</b>	<b>-19.6%</b>	<b>3.3%</b>

Number of employees reached 6,555, up 421 persons (6.9%)

Increase of operations commission fees for our services

Increase of e-commerce related promotion costs and T-POINT expenses

Increase of server and network-related equipment costs

Increase of search system-related costs

Increase in costs for moving some sections of offices



# FY2014-1Q Consolidated Statements of Financial Position

Major Items	2014/3/31	2014/6/30	Increase/ Decrease	Major Factors for Increase/Decrease	(¥ 100M)
<b>&lt; Assets &gt;</b>					
<b>Current Assets</b>	<b>6,587</b>	<b>6,179</b>	<b>-407</b>	Decreased due to payment of Income Taxes and Others	
Cash and Cash Equivalents	4,823	4,436	-386		
Trade and Other Receivables	1,603	1,568	-35		
Other Financial Assets/ Other Current Assets	159	174	14		
<b>Non-current Assets</b>	<b>1,912</b>	<b>2,063</b>	<b>150</b>	Conversion of non-voting shares of The Japan Net Bank, Limited and acquisition of shares of BOOKOFF CORPORATION LIMITED	
Property and Equipment	601	621	19		
Goodwill/Intangible Assets	336	365	28		
Investments Accounted for Using the Equity Method	343	602	259		
Other Financial Assets/Other Non-current Assets	506	410	-96		
<b>Total Assets</b>	<b>8,499</b>	<b>8,242</b>	<b>-257</b>		
<b>&lt; Liabilities &gt;</b>					
<b>Current Liabilities</b>	<b>2,183</b>	<b>1,837</b>	<b>-345</b>	Decreased due to payment of Income Taxes and Others as well as Unpaid Bonuses	
Trade and Other Payables	1,425	1,424	-1		
Income Taxes Payable	456	148	-307		
<b>Other Non-current Liabilities</b>	<b>39</b>	<b>39</b>	<b>0</b>		
<b>Total Liabilities</b>	<b>2,222</b>	<b>1,876</b>	<b>-345</b>		
<b>&lt; Equity &gt;</b>					
<b>Equity Attributable to Owners of the Parent</b>	<b>6,196</b>	<b>6,282</b>	<b>85</b>	Increase in Net Income Attributable to Owners of the Parent	
Common Stock	82	82	0		
Capital Surplus	38	39	0		
Retained Earnings	5,980	6,092	111		
Treasury Stock	-5	-5	0		
Accumulated Other Comprehensive Income	100	73	-26		
<b>Non-controlling Interests</b>	<b>80</b>	<b>82</b>	<b>2</b>		
<b>Total Equity</b>	<b>6,277</b>	<b>6,365</b>	<b>88</b>		
<b>Total Liabilities and Equity</b>	<b>8,499</b>	<b>8,242</b>	<b>-257</b>		

# Reference: Comparison of Main Line Items of Consolidated Statements of Financial Position

for the FY2013-4Q ended March 31, 2014 under IFRSs and JGAAP

(¥ 100M)

## JGAAP

Assets	
Current Assets	6,652
Fixed Assets	1,774
Total Assets	8,427
Liabilities	
Current Liabilities	2,131
Long-term Liabilities	30
Total Liabilities	2,161
Equity	
Common Stock	82
Capital Surplus	33
Retained Earnings	6,004
Treasury Stock	-5
Accumulated Other Comprehensive Income	64
Stock Acquisition Rights	7
Minority Interests	78
Total Equity	6,265
Total Liabilities and Equity	8,427

## IFRSs

Assets	
Current Assets	6,587
Non-current Assets	1,912
Total Assets	8,499
Liabilities	
Current Liabilities	2,183
Non-current Liabilities	39
Total Liabilities	2,222
Equity	
Equity Attributable to Owners of the Parent	6,196
Common Stock	82
Capital Surplus	38
Retained Earnings	5,980
Treasury Stock	-5
Accumulated Other Comprehensive Income	100
Non-controlling Interests	80
Total Equity	6,277
Total Liabilities and Equity	8,499

## The Major Changes

- Depreciation method has changed
- Goodwill is not amortized

Reclassified from Stock Acquisition Rights

# FY2014-1Q Consolidated Statements of Cash Flows

(¥ 100M)

Major Items	FY2014-1Q (Apr. - Jun. 2014)	Major Factors for Changes
<b><u>Operating Activities</u></b>	<b><u>38</u></b>	
Income before Income Taxes	585	
Depreciation and Amortization	36	
Incremental Realization of Re-evaluation Profits from Associates	-62	Made The Japan Net Bank, Limited an associate company
Increase/Decrease in Trade and Other Receivables/Payables	49	
Increase/Decrease in Other Current Assets/Liabilities	-44	
Income Taxes Paid	-450	
<b><u>Investing Activities</u></b>	<b><u>-171</u></b>	
Expenditures on Property and Equipment	-51	
Expenditures on Investment Securities	-110	Investment in BOOKOFF CORPORATION LIMITED
<b><u>Financing Activities</u></b>	<b><u>-252</u></b>	
Cash Dividends Paid	-252	
<b><u>Net Change in Cash and Cash Equivalents</u></b>	<b><u>-386</u></b>	

# FY2014-1Q Highlights

## – Marketing Solutions Business

### Paid search advertising [Sponsored Search]

- Smartphone advertising revenue expanded substantially year on year due to increased search volume.
- Sponsored Search revenue grew by 3.4% from the first quarter last year.

### Display advertising

(Interest-based advertising [Yahoo! Display Ad Network] (YDN), Premium advertising)

- YDN revenue expanded sharply year on year.
- In Brand Panel, revenue of Top Impact and other advertising products with a highly effective branding impact (Rich Ad) continued to increase.
- Overall revenue of display advertising rose by 19.7% compared with the first quarter last year.

(¥ 100M)

Marketing Solutions Business	2013-1Q	2014-1Q	YoY Change
Revenue	661	717	8.4%
Operating Income	347	381	10.0%

# FY2014-1Q Highlights

## – Consumer Business

### YAHUOKU!

- YAHUOKU! increased the number of stores and auction items listed due to the elimination of store tenant fees and other fees. By no longer requiring users to be a registered Yahoo! Premium member to bid on items listed at ¥5,000 or more, the number of new bidders and successful auctions rose, resulting in YAHUOKU! transaction value increasing approx.10% year on year.

### Yahoo! Shopping

- Yahoo! Shopping made store tenant and royalty fees free of charge as well as strengthening its promotional activities leading to a significant decrease in year-on-year revenue and operating income. However, the number of stores and merchandise increased substantially year on year under the new strategies. The transaction value of Yahoo! Shopping increased year on year.

### Yahoo! Premium

- Yahoo! Premium revenue rose year on year because of an increase in the number of Yahoo! Premium members resulting from the accumulated subscribers at Softbank shops. The number of Yahoo! Premium membership IDs on June 30, 2014 climbed year on year to 9.66 million IDs.

(¥ 100M)

Consumer Business	2013-1Q	2014-1Q	YoY Change
Revenue	259	231	-10.6%
Operating Income	192	142	-26.2%

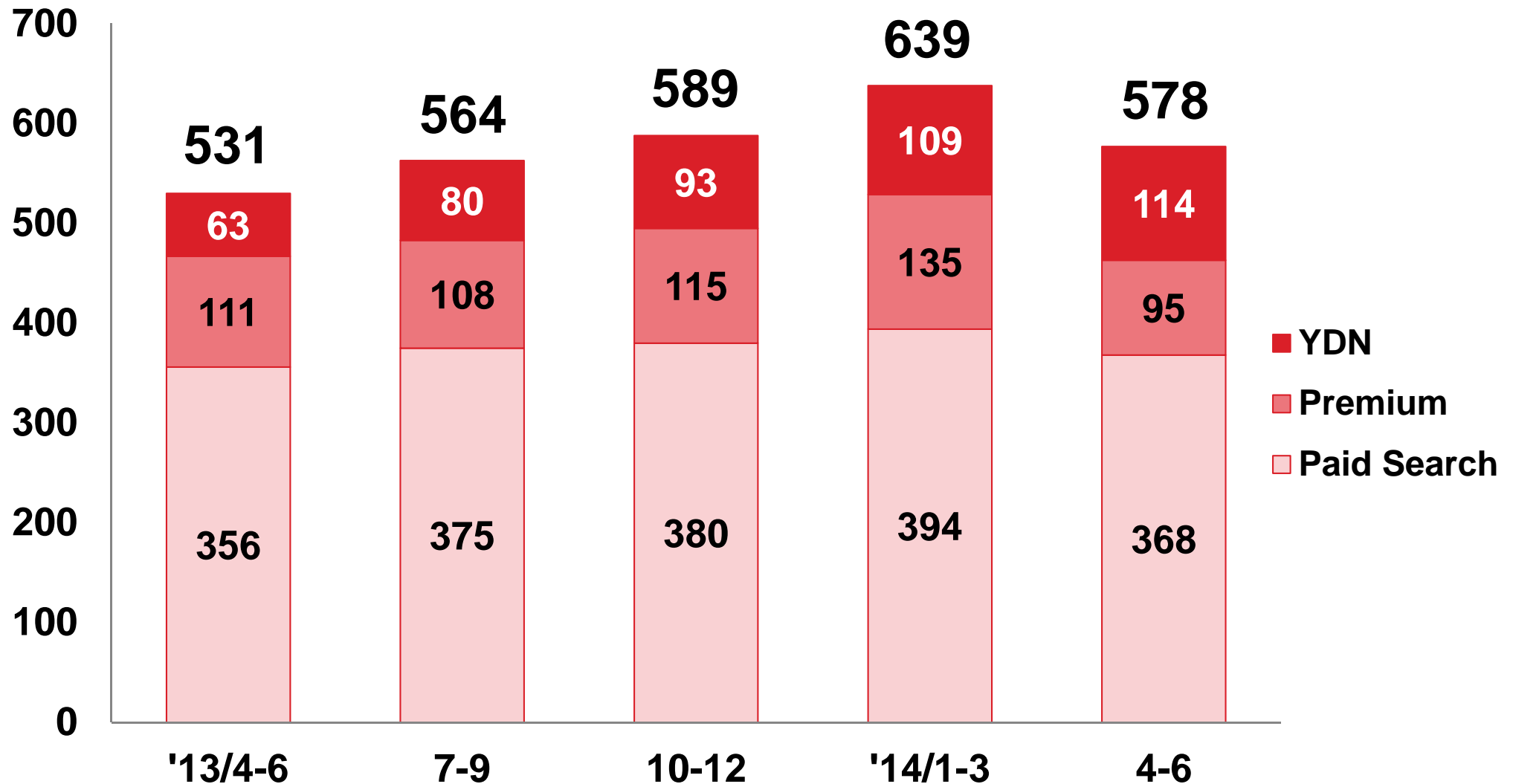


# Advertising Products

Advertising Products (Main Purpose)		Main Format	Fee Calculation	Placement Pages	Main Advertiser Base
Paid Search Advertising “Sponsored Search” (Sales Promotion)		Text	Performance- based: Per-click rate determined by keyword auction bid price	Search results pages	Major corporations
Display Advertising	YDN	Interest-based Advertising “Yahoo! Display Ad Network”(YDN) (Sales Promotion)		Text Banner	Top page  Contents pages
		Premium DSP (Sales Promotion)	Banner	Performance- based: Per-impression page view rate determined by auction bid price	
	Premium Advertising (Branding and image enhancement)	Banner  Video	Impression guarantee- based: Per-impression page view rate determined by contract		

# Revenue Trends by Advertising Products

(¥ 100M)



The Company has adopted IFRSs beginning with FY2014. Figures for FY2013 are restated on an IFRS basis.

# Paid Search Advertising Revenue by Industry

## Industries with large year-on-year increase

- Internet/Information Processing Service
- Mail Order/Retail
- Recruitment and Human Resources Services

## Industries with large year-on-year decrease

- Medical/Welfare Service
- Real Estate
- Finance/Insurance

	13/1Q	2Q	3Q	4Q	14/1Q
Travel/Transportation	10.7%	12.2%	9.6%	9.9%	10.5%
Finance/Insurance	10.5%	9.7%	9.2%	10.1%	10.0%
Mail Order/Retail	5.7%	5.5%	7.1%	6.0%	6.0%
Real Estate	6.4%	6.5%	6.0%	7.7%	5.9%
Recruitment and Human Resources Services	5.2%	5.4%	5.3%	5.2%	5.2%
Education/Qualification	5.0%	4.8%	4.6%	5.5%	4.8%
Medical/Welfare Service	5.1%	4.9%	4.6%	4.5%	4.7%
Internet/Information Processing Service	4.2%	4.6%	5.1%	4.3%	4.6%
Fashion/Accessories	4.5%	4.5%	5.3%	4.4%	4.3%
Interior/Renovation/Household Equipment	4.5%	4.0%	4.3%	4.3%	4.3%
Foodstuffs/Beverages/Cigarettes	4.2%	3.9%	3.9%	3.7%	4.1%
Professional Equipment and Supplies	3.0%	2.9%	2.9%	2.8%	3.1%
Others	31.0%	31.1%	32.1%	31.6%	32.5%
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

\* Industry classifications have been changed. Prior data has been retroactively adjusted to the current classifications.



# YDN and Other Advertising Revenue by Industry

## Industries with large year-on-year increase

- Real Estate
- Foodstuffs/Beverages/Cigarettes
- Finance/Insurance

	13/1Q	2Q	3Q	4Q	14/1Q
Finance/Insurance	30.7%	23.8%	22.7%	21.6%	21.9%
Foodstuffs/Beverages/Cigarettes	10.6%	9.6%	10.2%	7.6%	10.0%
Real Estate	6.0%	8.2%	7.9%	10.8%	8.5%
Cosmetics/Toiletries/Daily necessities	11.0%	9.7%	8.9%	6.9%	8.2%
Recruitment and Human Resources Services	4.5%	6.3%	5.9%	6.1%	5.9%
Travel/Transportation	4.1%	4.5%	3.5%	3.7%	4.0%
Education/Qualification	3.9%	5.5%	4.5%	5.7%	4.0%
Health and Beauty Service/Goods	2.9%	2.7%	3.0%	2.4%	3.1%
Hobbies/Leisure	1.3%	1.3%	1.8%	2.7%	2.9%
Wedding, Matching and Ceremonial Services	2.0%	2.5%	2.5%	2.5%	2.7%
Medical/Welfare Services	2.3%	2.4%	2.5%	2.5%	2.7%
Autos/Transport Equipment	2.2%	2.9%	2.8%	3.2%	2.7%
Others	18.5%	20.6%	23.8%	24.3%	23.4%
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

\* A part of advertising revenue is not categorized.

\* Industry classifications have been changed. Prior data has been retroactively adjusted to the current classifications.

# Premium Advertising Revenue by Industry

## Industries with large year-on-year increase

- Entertainment Software
- Transportation/Leisure

## Industries with large year-on-year decrease

- Real Estate/Construction
- Finance/Insurance/Securities
- Foodstuffs

	13/1Q	2Q	3Q	4Q	14/1Q
Transportation/Leisure	9.0%	10.8%	10.3%	10.0%	11.4%
Cosmetics/Toiletries	10.7%	9.0%	7.5%	6.2%	11.2%
Autos and Accessories (Transport Equipment)	10.1%	11.3%	10.8%	12.9%	10.7%
Real Estate/Construction	12.1%	11.9%	9.6%	11.5%	9.7%
Finance/Insurance/Securities	11.2%	10.9%	10.7%	10.7%	9.1%
Foodstuffs	10.3%	8.1%	7.7%	7.4%	8.4%
Beverages/Cigarettes	6.6%	4.0%	4.0%	5.6%	7.4%
Mobile Communications Service	3.7%	5.0%	4.6%	6.1%	4.9%
Broadcasting	2.9%	2.6%	2.5%	2.0%	3.8%
Entertainment Software	1.5%	2.7%	1.0%	1.3%	2.9%
Home Electronics/AV Equipment	2.6%	1.6%	3.1%	2.7%	2.8%
Fashion/Accessories	1.4%	1.4%	3.7%	1.1%	2.1%
Others	17.9%	20.7%	24.5%	22.5%	15.6%
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

\* Because the calculation of the revenue of e-commerce-related advertising by industry has become impossible, we have excluded the revenue in the calculation of the revenue composition ratio from the FY2013 third quarter onward. Prior data has been retroactively adjusted to the current constraints.

# Quarterly Business Data (1)

Indicator (Quarterly average)	2013/1Q	2014/1Q	YoY Change
Number of total monthly page views (millions)	53,622	59,468	10.9%
Number of total monthly smartphone page views (millions)(1)	13,934	23,788	70.7%
Number of Daily UBs (Unique Browsers) (millions)(2)	59.40	70.44	18.6%
Number of smartphone Daily UBs (millions)(1)(2)	22.84	36.04	57.8%
Number of monthly active user IDs (millions)(3)	27.97	27.85	-0.4%
Number of Yahoo! Premium member IDs (quarter-end)(millions)	9.31	9.66	3.8%

- (1) Monthly “Smartphone” page views and Daily UBs include access through iPhones/iPods, Android smartphones (with screen sizes of less than 7 inches), and Windows Phones. They do not include page views using iPads or Android tablets. They also do not include some access via smartphone applications.
- (2) The cumulative total number of browsers accessing Yahoo! JAPAN. Access via smartphone applications is recorded separately from access via smartphone browsers.
- (3) Number of Yahoo! JAPAN IDs that are logged in each month.

# Quarterly Business Data (2)

Indicator (Quarterly total)	2013/1Q	2014/1Q	YoY Change
Transaction value of auction-related (100 millions of yen)(1)	1,787	1,953	9.3%
Transaction value of shopping-related (100 millions of yen)	735	760	3.5%
Transaction value of auction-related and shopping-related (100 millions of yen)	2,522	2,714	7.6%
Transaction value of auction-related and shopping-related via smartphones (100 millions of yen)	594	862	45.1%
Transaction value of e-commerce (100 millions of yen)(2)	4,167	4,590	10.2%
Number of quarter-end YAHUOKU! stores (IDs)(3)	15,914	18,689	17.4%
Number of quarter-end Yahoo! Shopping stores (IDs)(3)	20,992	134,448	approx. 6.4 times

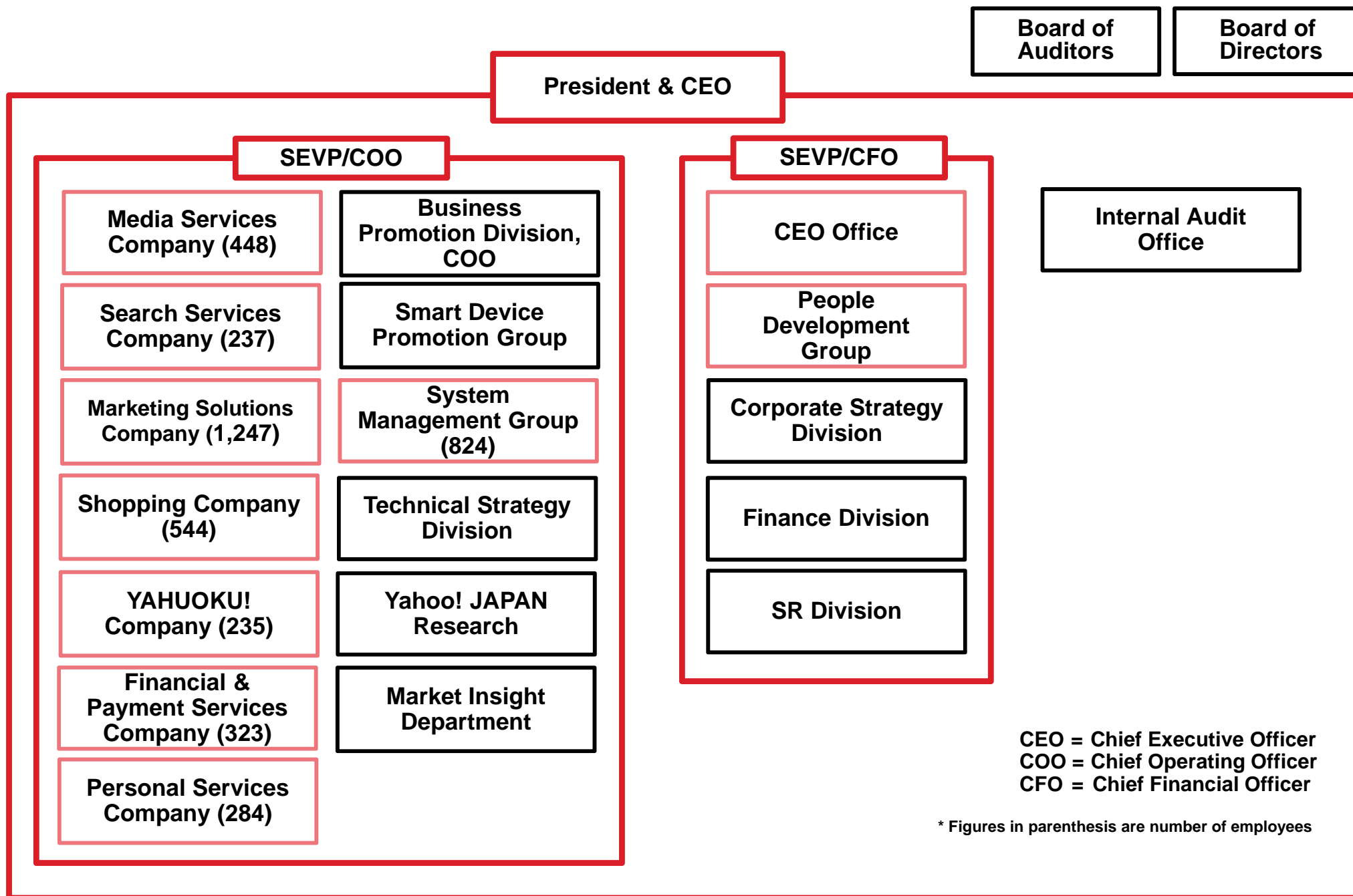
(1) Including transaction value of YAHUOKU! and “tradecarview”(http://www.tradecarview.com/). “BOOKOFF Online” (http://www.bookoffonline.co.jp/) is also included from May 2014.

(2) Including transaction value of auction-related, shopping-related, Yahoo! Wallet, Yahoo! Card, pay digital contents and others. Transaction value for FX business not included.

(3) Numbers of YAHUOKU! and Yahoo! Shopping stores are based on accounts issued. They include the number of accounts still preparing to launch store sites.

# Organization Chart of Yahoo Japan Corporation

As of July 1, 2014



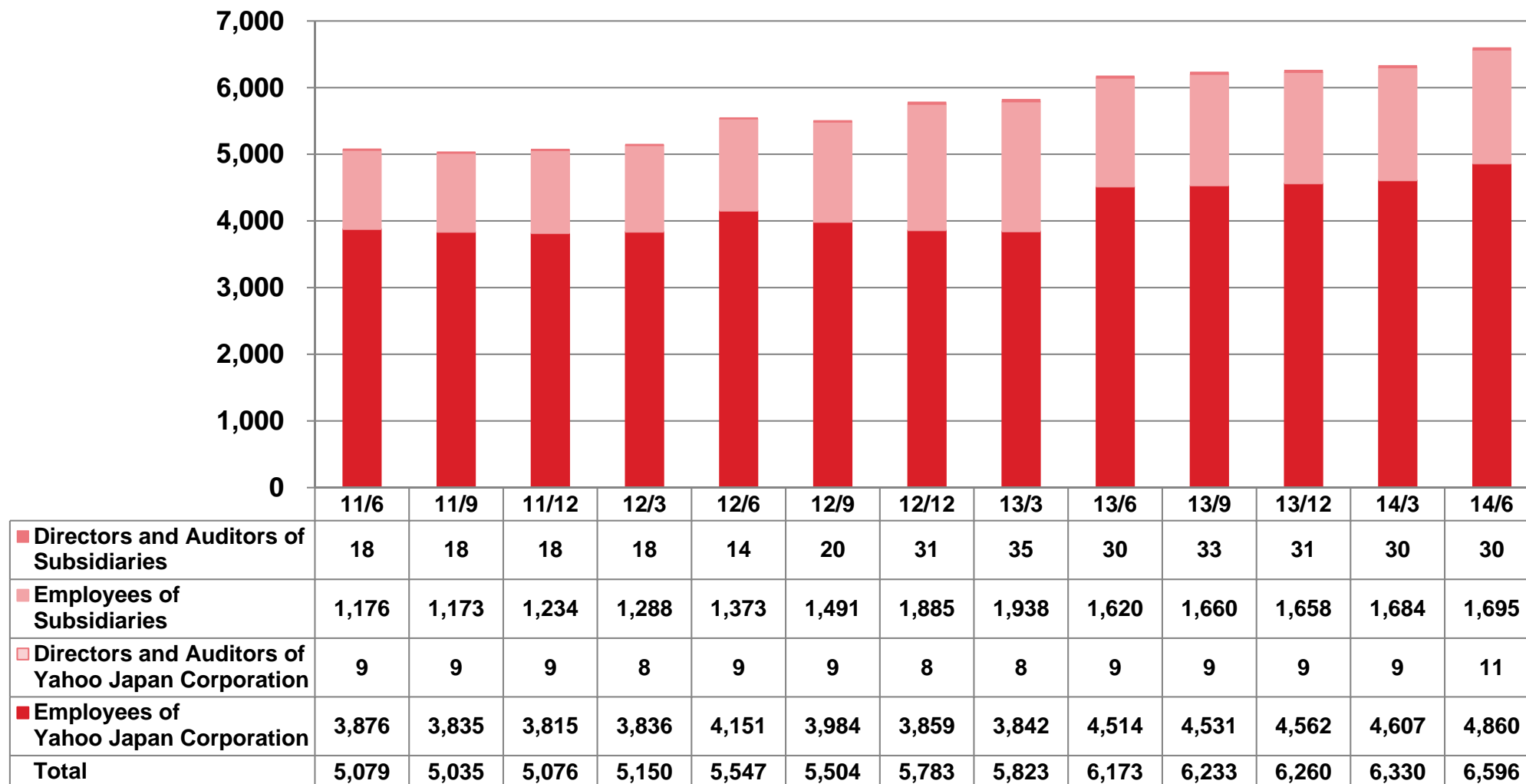
CEO = Chief Executive Officer  
 COO = Chief Operating Officer  
 CFO = Chief Financial Officer

\* Figures in parenthesis are number of employees

# Number of Directors and Employees

(Number of People)

(at the End of Quarter)



\* The above figures of employees include staff who have been dispatched.

# Consolidated Subsidiaries and Associates

(as of June 30, 2014)

## •Major consolidated subsidiaries at the end of FY2014-1Q

- ◆ Carview Corporation
- ◆ Crocos, Inc.
- ◆ GyaO CORPORATION
- ◆ Indival, Inc.
- ◆ Ocenyc Inc.
- ◆ ValueCommerce Co., Ltd.
- ◆ YJ Capital Inc.
- ◆ Y's Insurance Inc.
- ◆ Community Factory Inc.
- ◆ Firstserver, Inc
- ◆ IDC Frontier Inc.
- ◆ Netrust, Ltd
- ◆ Qubital Data Science Co., Ltd.
- ◆ Yahoo Japan Customer Relations Corporation
- ◆ YJFX, Inc.
- ◆ Y's Sports Inc.

## •Major associates at the end of FY2014-1Q

- ◆ ASKUL Corporation
- ◆ KAKAO JAPAN Corporation
- ◆ BOOKOFF CORPORATION LIMITED **NEW!**
- ◆ The Japan Net Bank, Limited **NEW!**



Yahoo Japan Group IR information is available at :  
**<http://ir.yahoo.co.jp/en/>**