



**Yahoo Japan Corporation**  
**FY2013-2Q Business Results**  
**(July-Sept. 2013)**

**October 25, 2013**

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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 Fiscal Year and the Three Months ended March 31, 2013.”

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

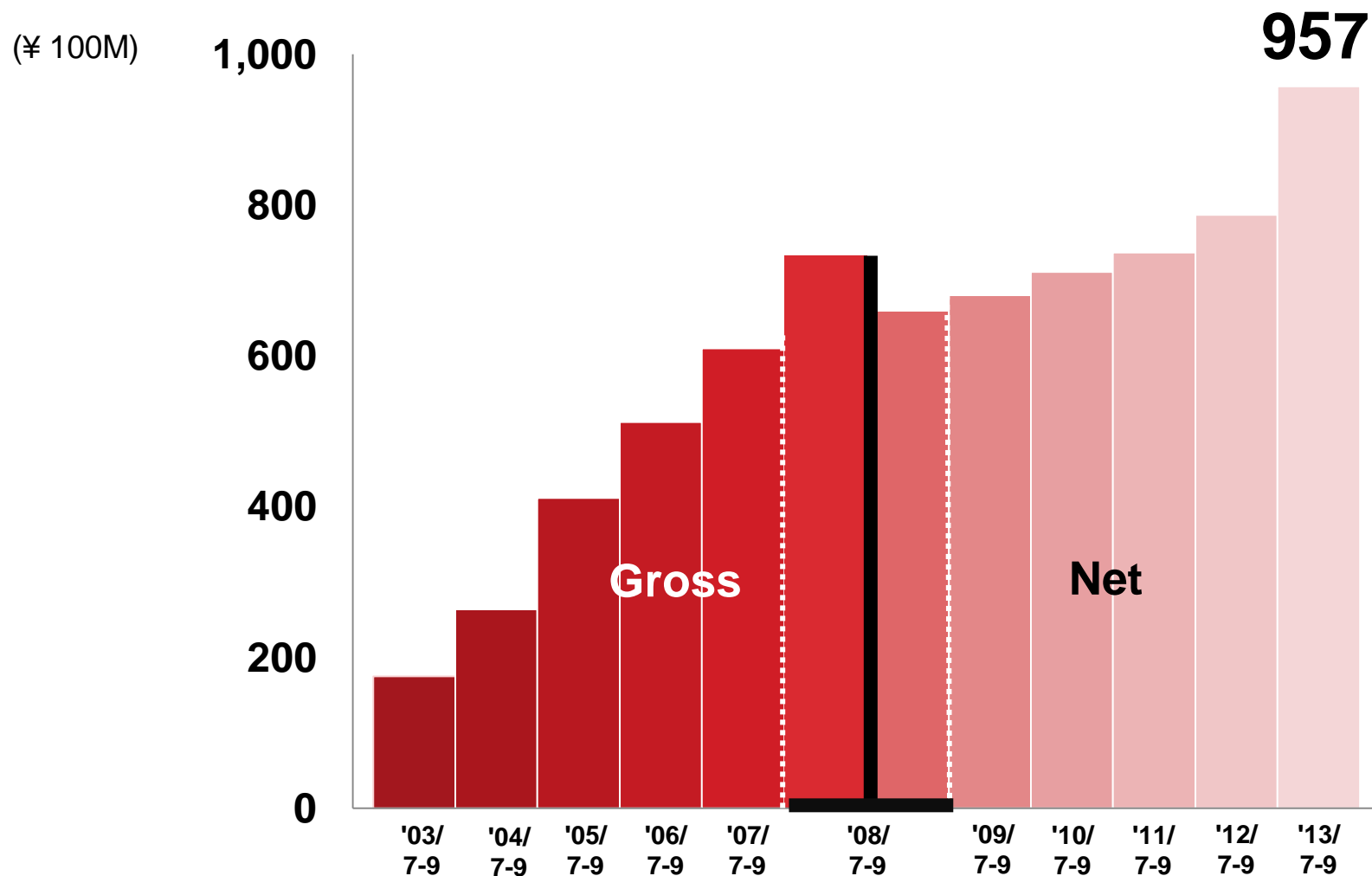
# FY2013-2Q Financial Highlights

**Achieved 4 consecutive quarter double-digit YoY growth**

(¥100M)

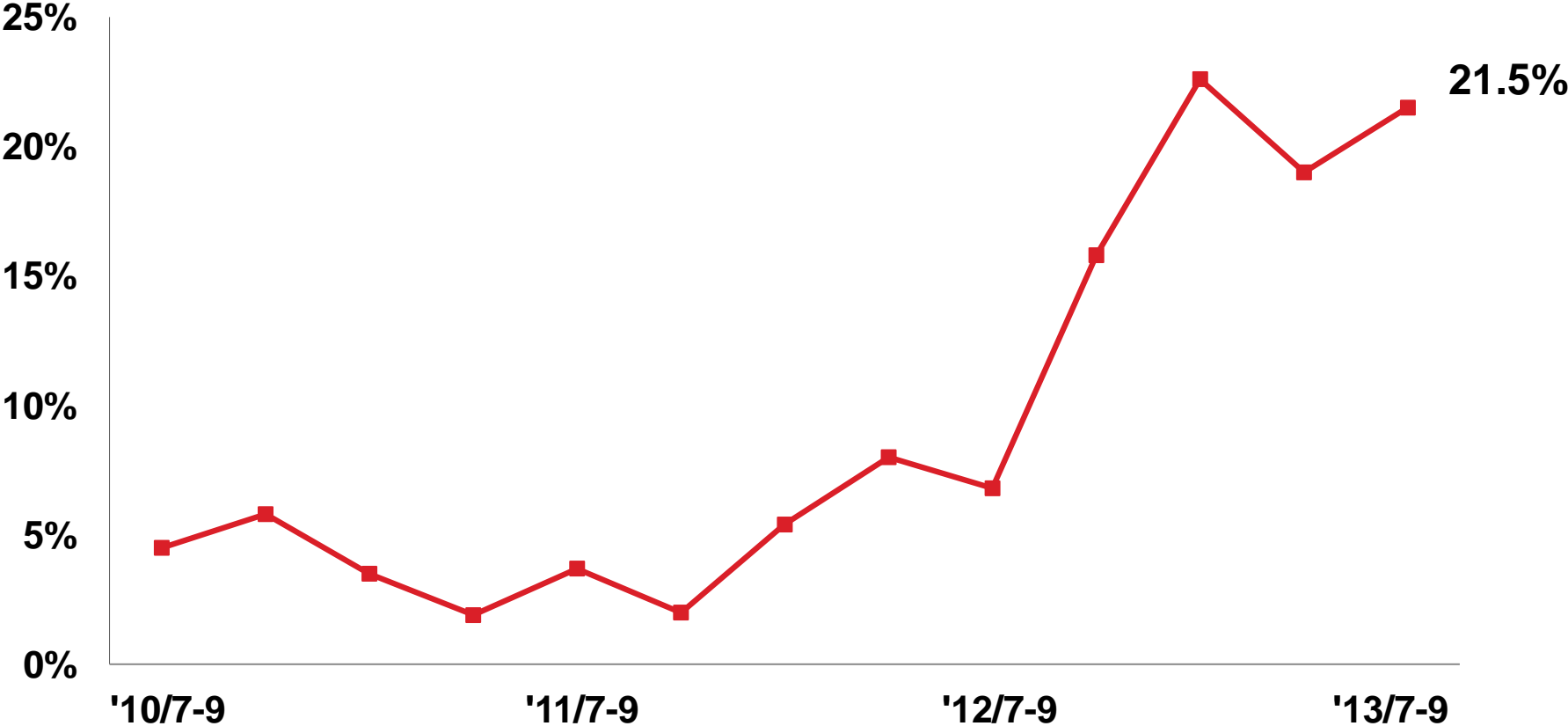
	2012-2Q	2013-2Q	YoY Change	Change Contributors
<b>Revenue</b>	<b>787</b>	<b>957</b>	<b>21.5%</b>	<ul style="list-style-type: none"> <li>• Advertising revenue grew.</li> <li>• Yahoo! Premium membership revenue increased.</li> <li>• New consolidated subsidiaries were added in 2012-2nd half.</li> </ul>
<b>Operating Income</b>	<b>432</b>	<b>492</b>	<b>13.7%</b>	Cost increased due to consolidation of subsidiaries.
<b>Ordinary Income</b>	<b>439</b>	<b>491</b>	<b>11.7%</b>	Equity method investment losses were posted.
<b>Quarterly Net Income</b>	<b>271</b>	<b>303</b>	<b>11.8%</b>	-

# Quarterly Revenue

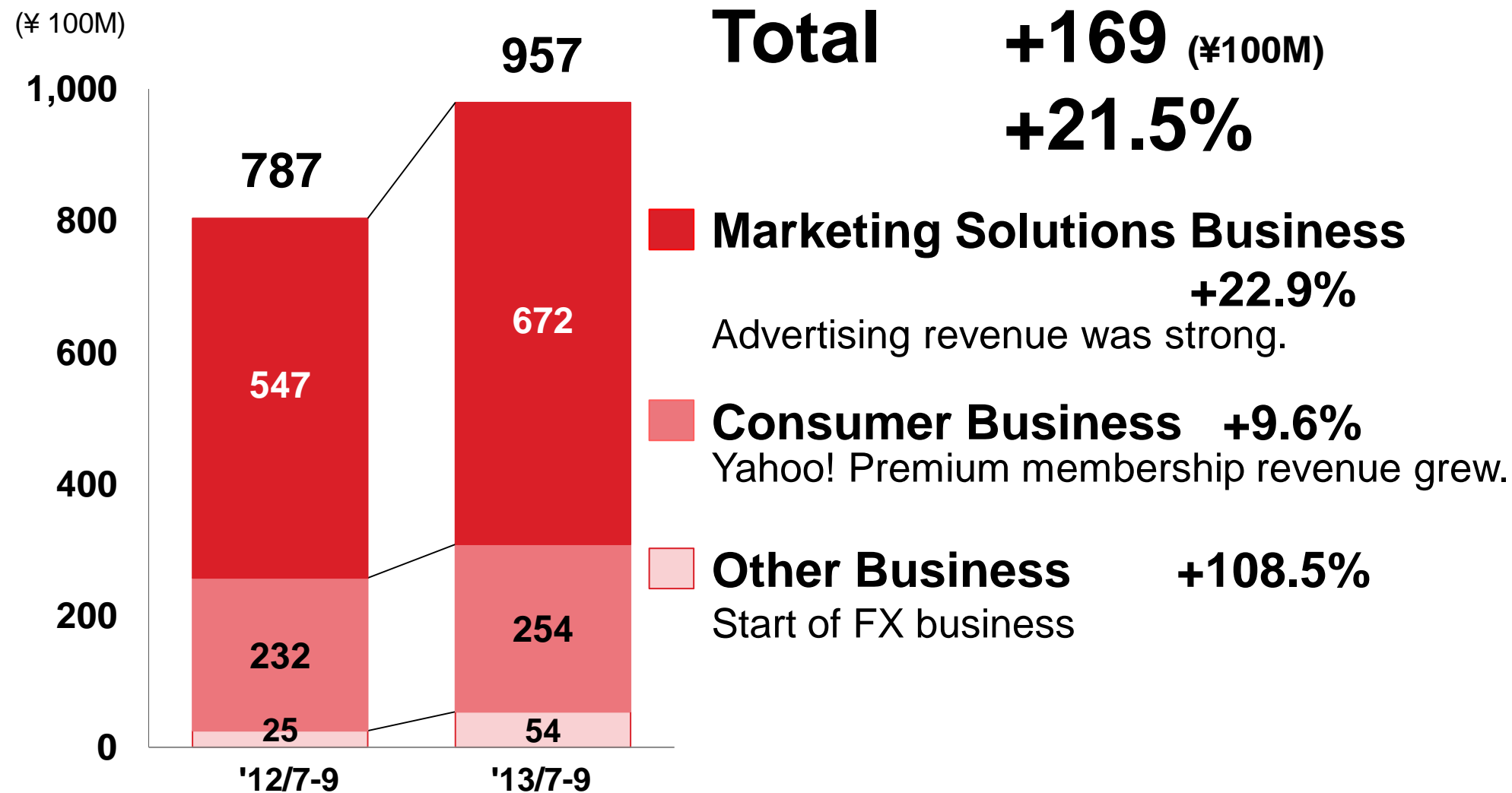


\* Commencing with FY2008, we started indicating revenue on a net rather than gross basis, by eliminating cost of sales and certain items in SG&A. The figure on a gross basis for '08/7-9 is included for your reference.

# Quarterly Revenue YoY Growth Trend

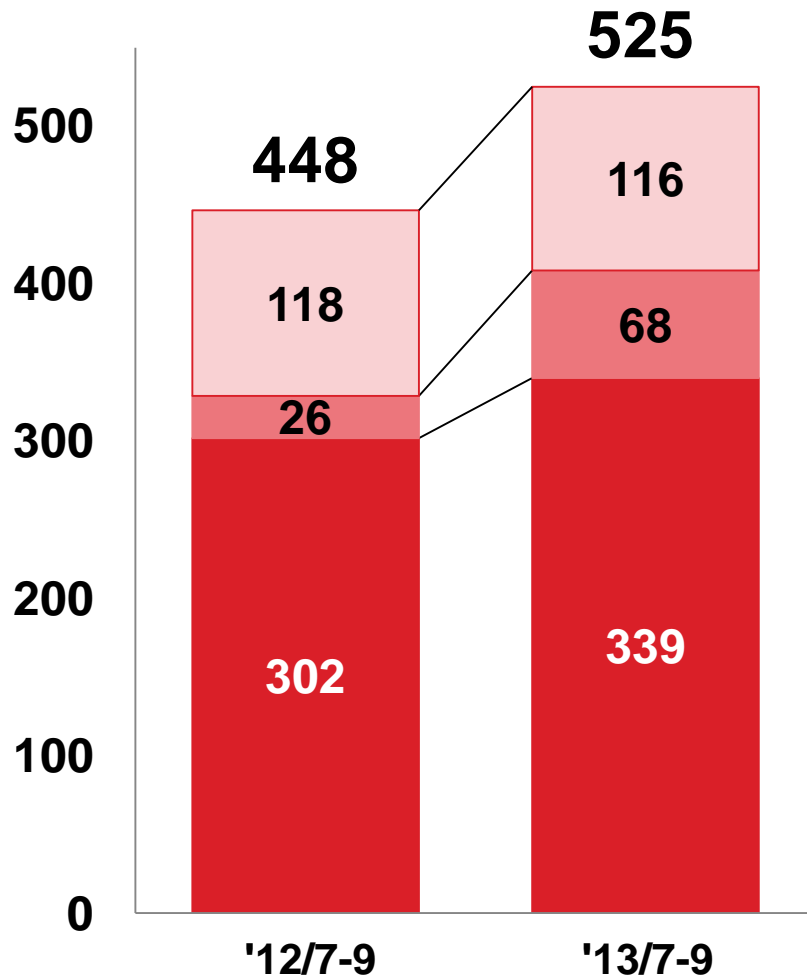


# Quarterly Revenue Breakdown



# Quarterly Advertising-related Revenue

(¥ 100M)



**Total +76 (¥100M)**  
**+17.2%**

**Display Advertising +27.4%**

■ Premium advertising revenue -1.7%

Revenue of advertising products excluding “Brand Panel” was mediocre.

■ YDN and others +156.7%

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

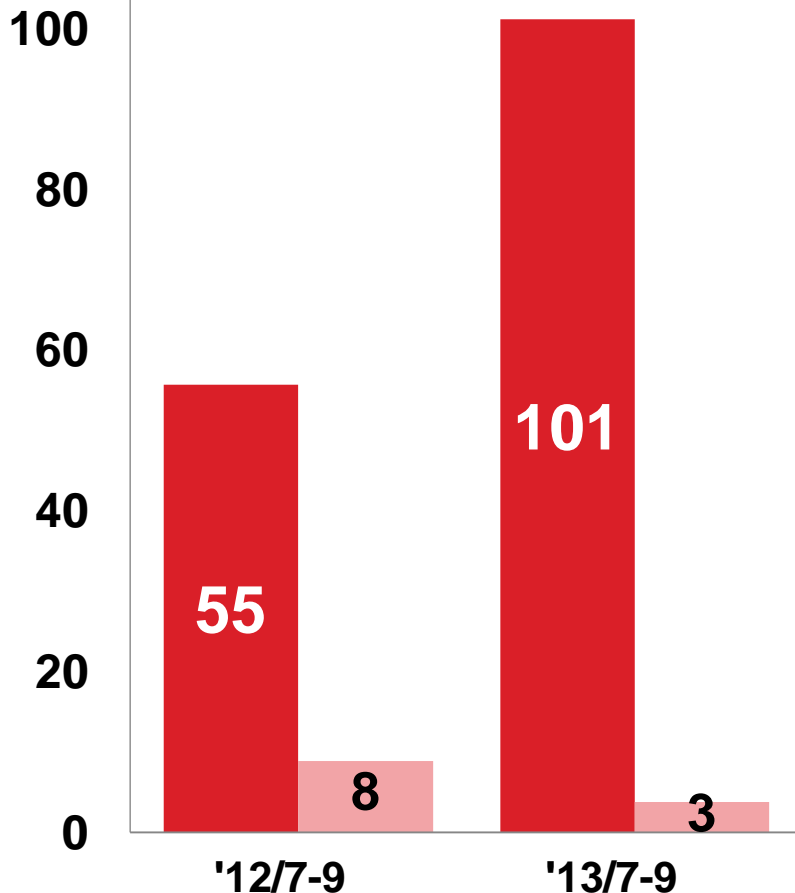
**Paid Search Advertising**

■ Sponsored Search +12.3%

Smartphone advertising revenue rose.

# Quarterly Advertising-related Revenue via Mobile Phones

(¥ 100M)



■ Smartphone advertising revenue

**+45** (¥100M)

Smartphone advertising revenue ratio

**12.5% → 19.3%**

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

■ Feature phone advertising revenue

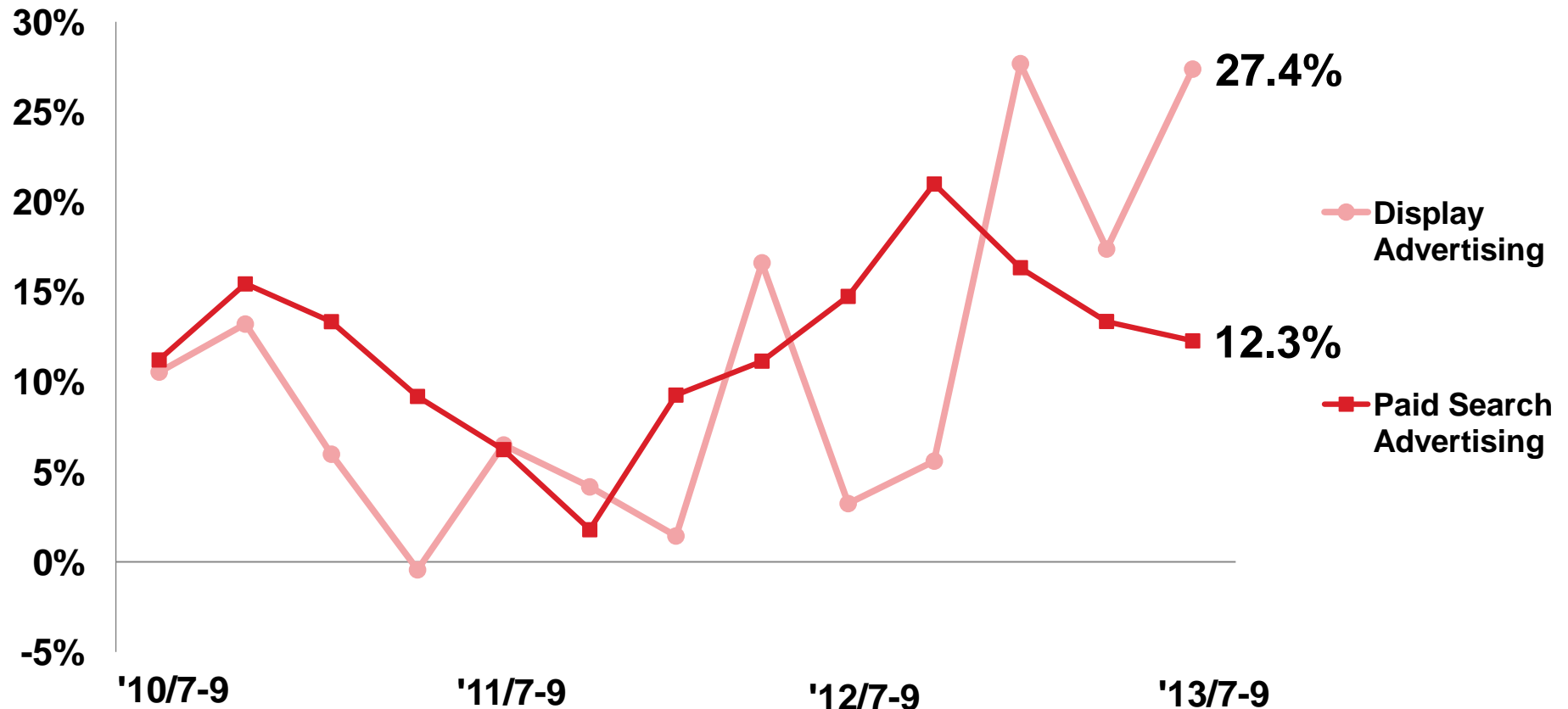
**-5** (¥100M)

Feature phone advertising revenue ratio

**2.0% → 0.7%**

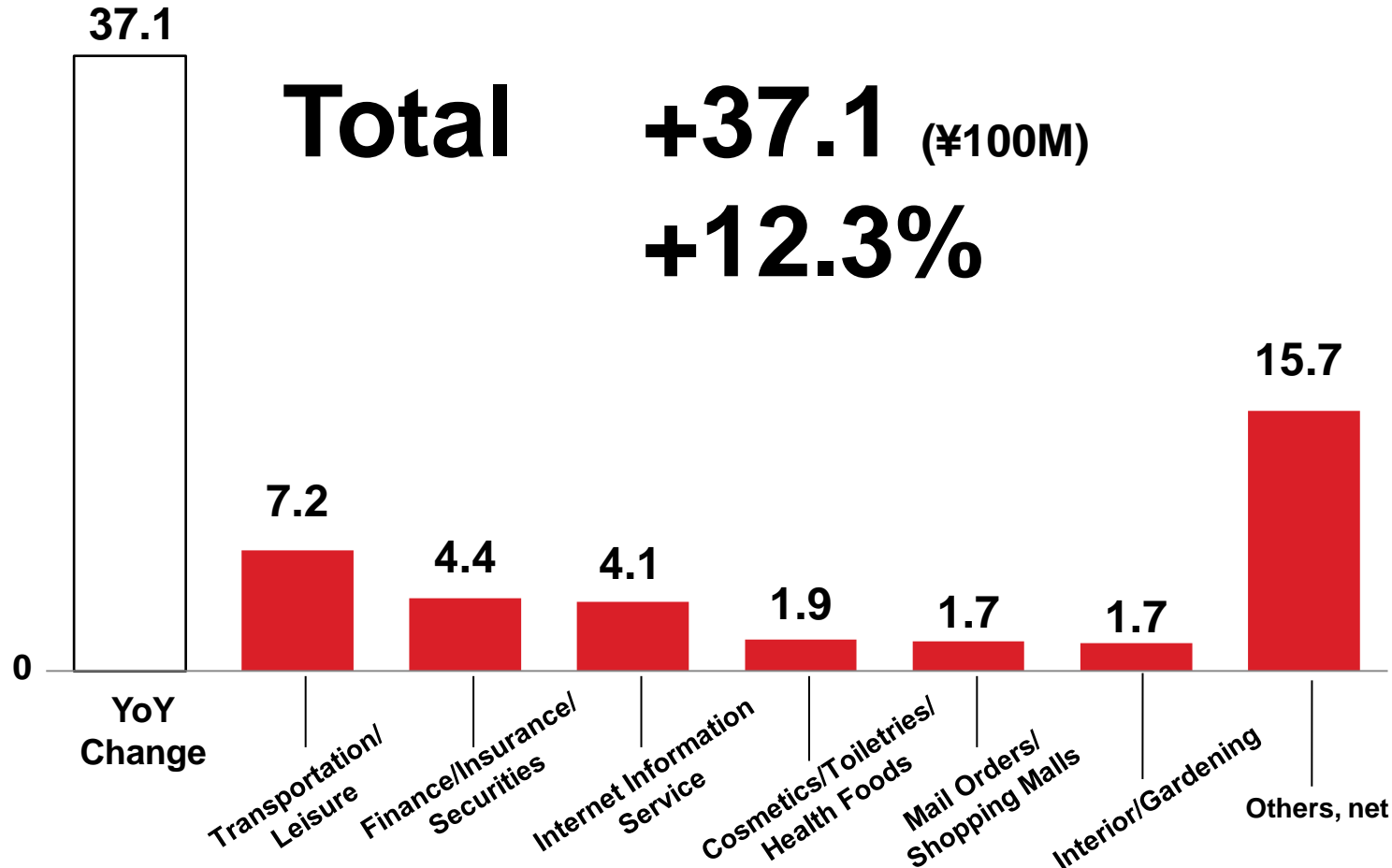


# Quarterly Advertising-related Revenue YoY Growth Trend



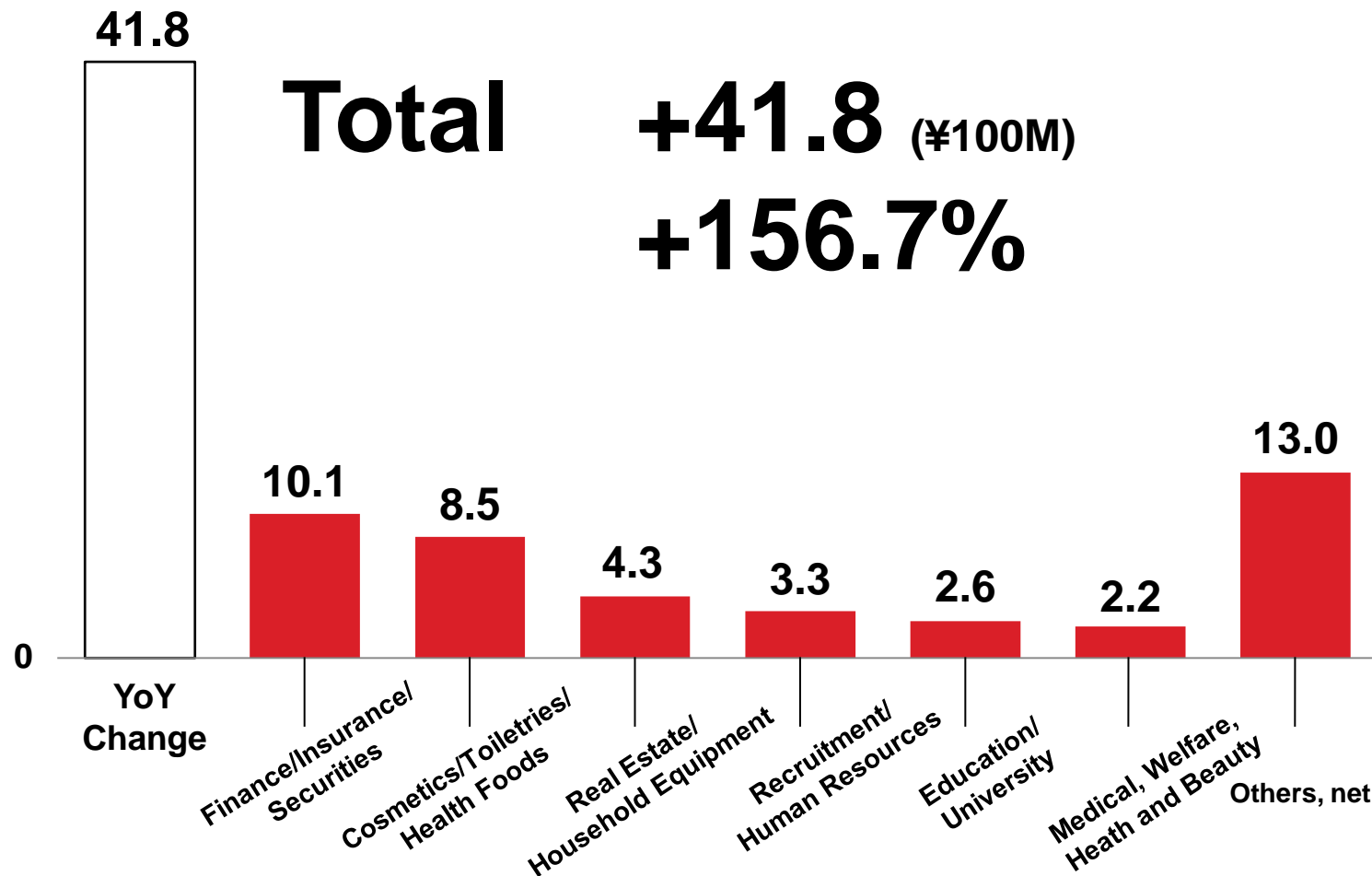
# YoY Change Contributors by Industry - Paid Search Advertising Revenue

(¥ 100M)



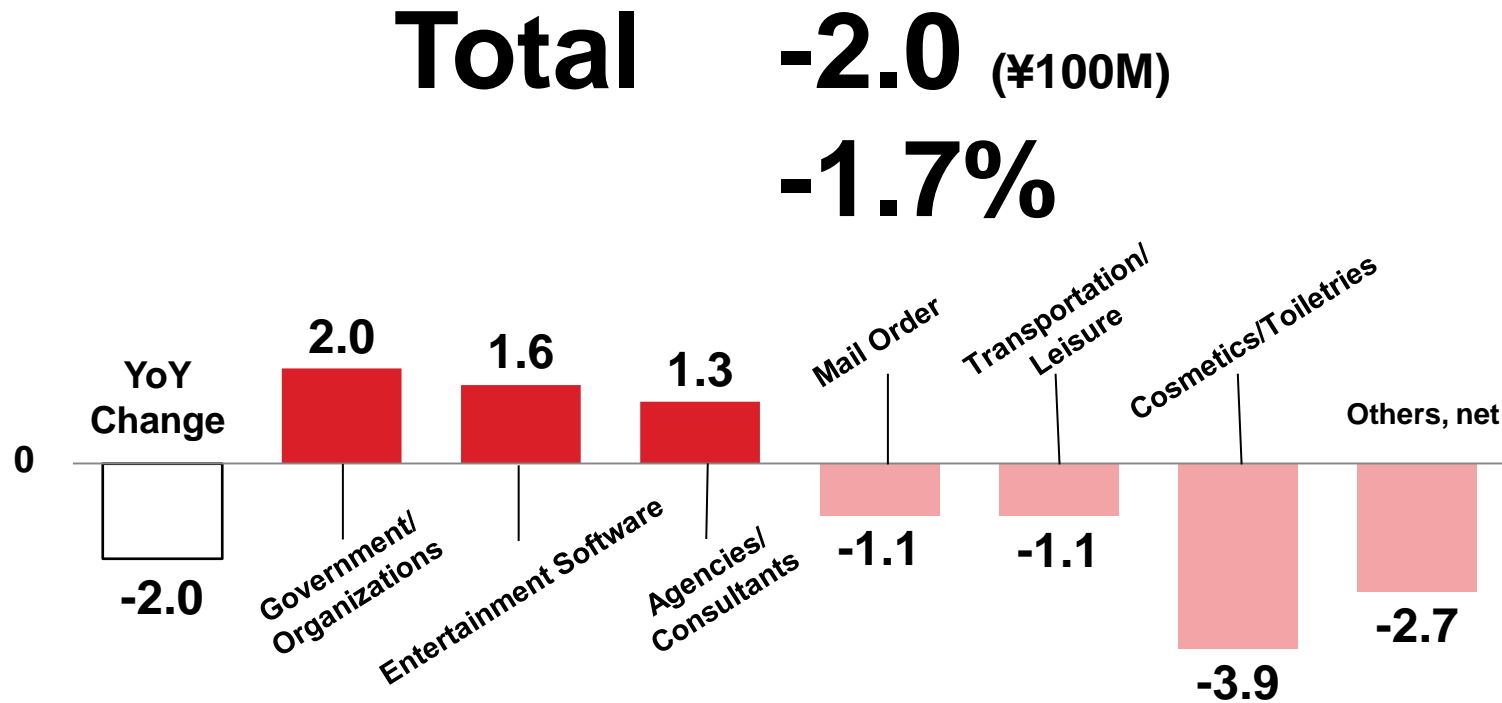
# YoY Change Contributors by Industry - YDN Advertising Revenue

(¥ 100M)

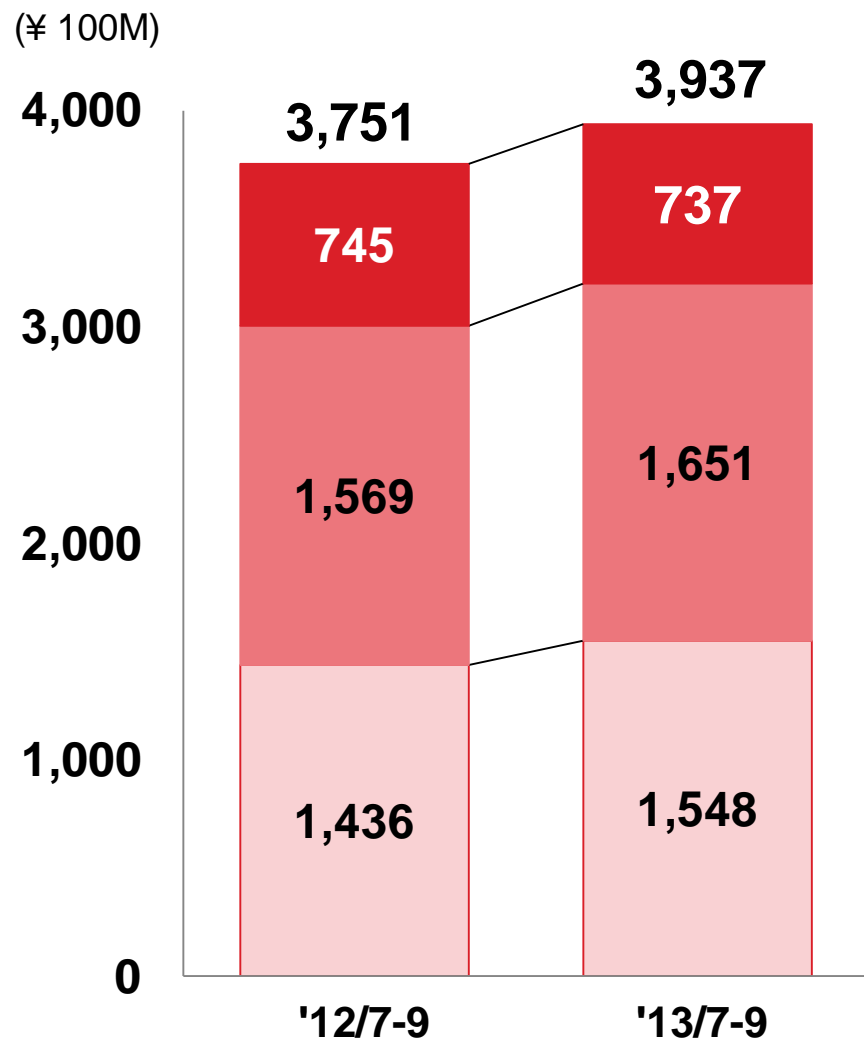


# YoY Change Contributors by Industry - Premium Advertising Revenue

(¥ 100M)



# Quarterly e-Commerce Transaction Value



**Total +185** (¥100M)  
**+4.9%**

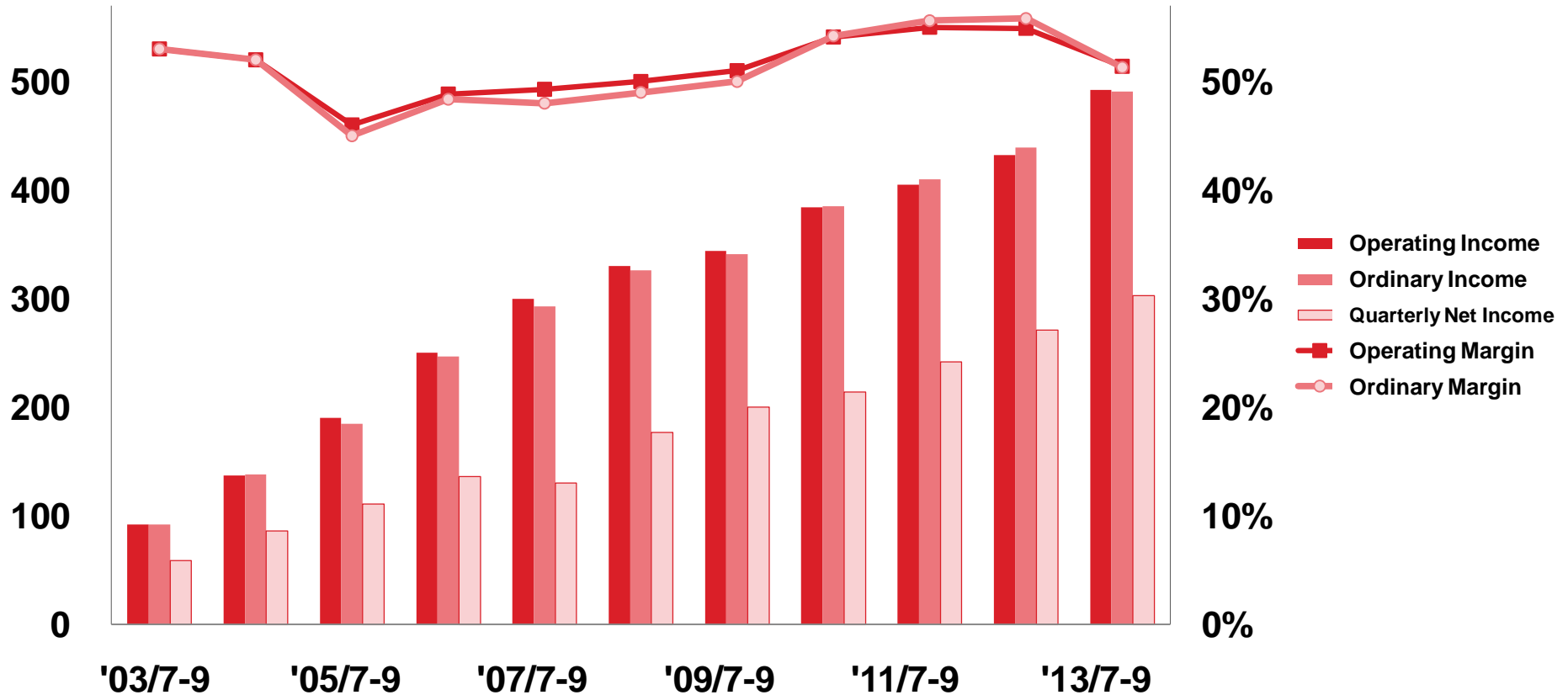
- **Shopping-related -1.1%**  
Transaction value was almost flat.
- **Auction-related +5.2%**  
Transaction value increased.
- **Others +7.8%**  
(Settlement/Financial services, pay digital content, etc.)  
Yahoo! Wallet transaction value grew.  
Transaction value of pay digital content increased.

\*Transaction value of FX business is not included.

Shopping-related and Auctions  
transaction value through Smartphones  
**19.4% → 26.8%**

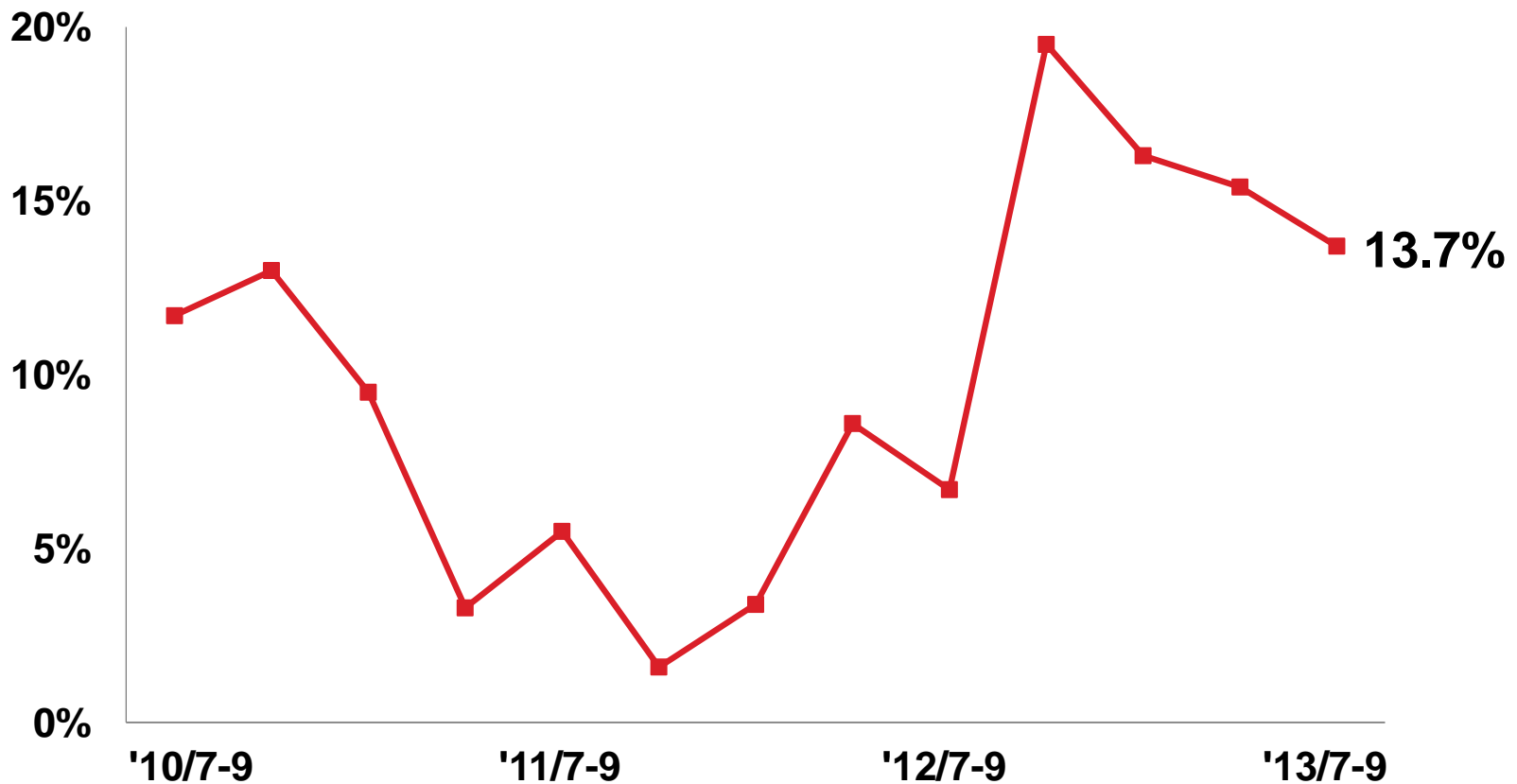
# Quarterly Profits

(¥ 100M)



\*Margins for '08/7-9 onward are affected by the change in the presentation basis for revenue from gross to net.

# Quarterly Operating Income YoY Growth Trend



# Review of FY2013-1<sup>st</sup> Half Business Outlook

**All figures exceeded forecasts.**

(¥100M)

	FY2013-1H Outlook (As of July 25, 2013)	FY2013-1H Actual	Factors
Revenue	<b>1,858</b>	<b>1,880</b>	Advertising revenue grew favorably.
Operating Income	<b>956</b>	<b>978</b>	-
Ordinary Income	<b>959</b>	<b>981</b>	-
Half-year Net Income	<b>612</b>	<b>626</b>	-



# FY2013-2<sup>nd</sup> Half Business Outlook

**We forecast temporary slow down in profit growth rate under new e-commerce strategy.**

(¥100M)

	2012-2H (Actual)	2013-2H (Forecast)	YoY Change	Change Contributors
<b>Revenue</b>	<b>1,866</b>	<b>1,991</b>	<b>6.7%</b>	Advertising revenue expected to grow, meanwhile e-commerce related revenues are forecasted to decline due to new e-commerce strategy.
<b>Operating Income</b>	<b>1,009</b>	<b>951</b>	<b>-5.7%</b>	Expenditure of cost for promotion activities and additional services for our new e-commerce strategy.
<b>Ordinary Income</b>	<b>1,019</b>	<b>953</b>	<b>-6.4%</b>	-
<b>Half-year Net Income</b>	<b>628</b>	<b>583</b>	<b>-7.1%</b>	-

# FY2013 Full Year Business Outlook

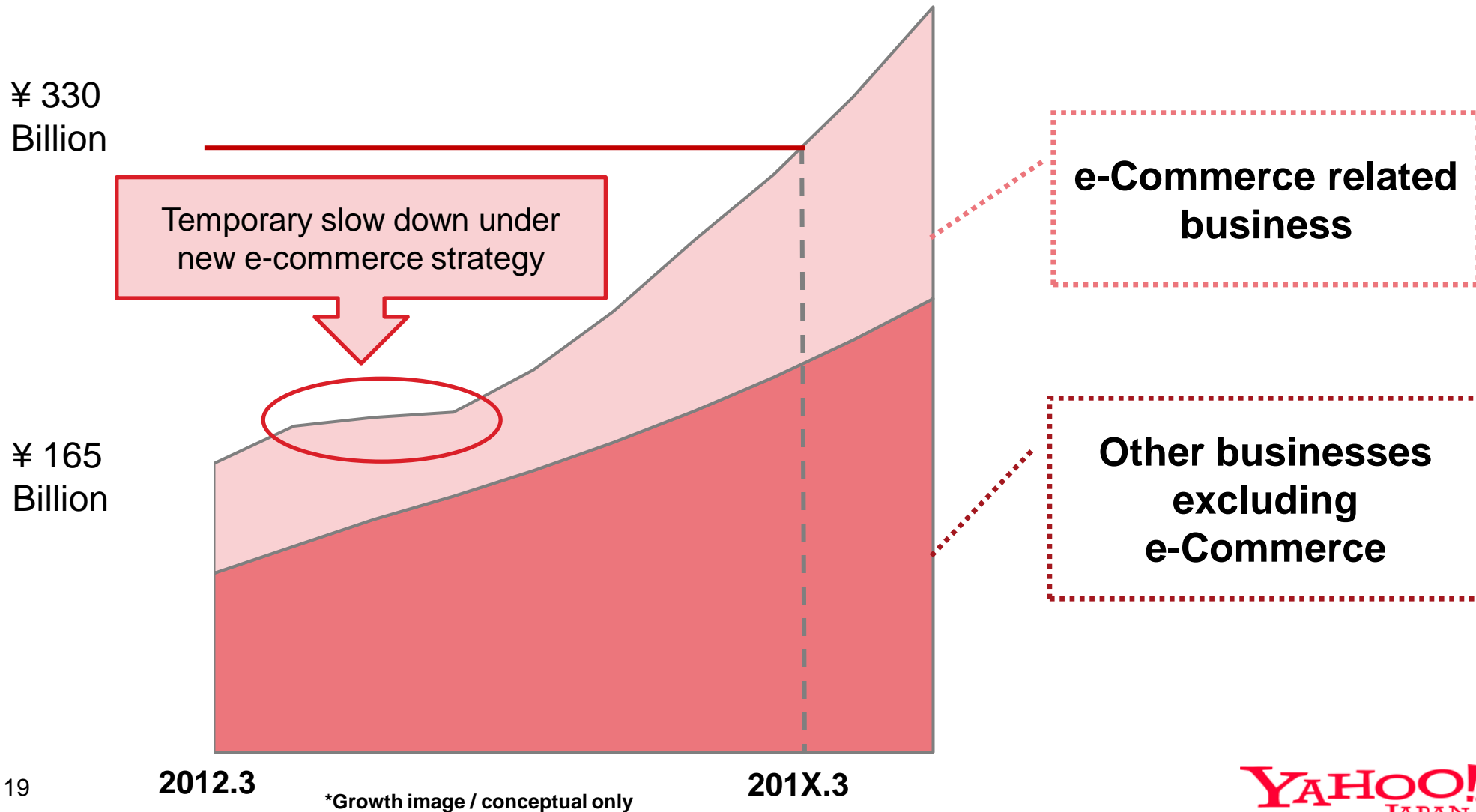
We expect low single-digit growth rate in operating income for FY2013 and FY2014.

(¥100M)

	FY2012 (Actual)	FY2013 (Forecast)	YOY Change	Change Contributors
<b>Revenue</b>	<b>3,429</b>	<b>3,871</b>	<b>12.9%</b>	<ul style="list-style-type: none"> <li>• Advertising revenue expected to grow, meanwhile e-commerce related revenues are forecasted to decline due to new e-commerce strategy.</li> <li>• Membership revenue increased.</li> </ul>
<b>Operating Income</b>	<b>1,863</b>	<b>1,930</b>	<b>3.6%</b>	Expenditure of cost for promotion activities and additional services for our new e-commerce strategy.
<b>Ordinary Income</b>	<b>1,886</b>	<b>1,935</b>	<b>2.6%</b>	-
<b>Net Income</b>	<b>1,150</b>	<b>1,209</b>	<b>5.2%</b>	Profit due to sales of investment securities

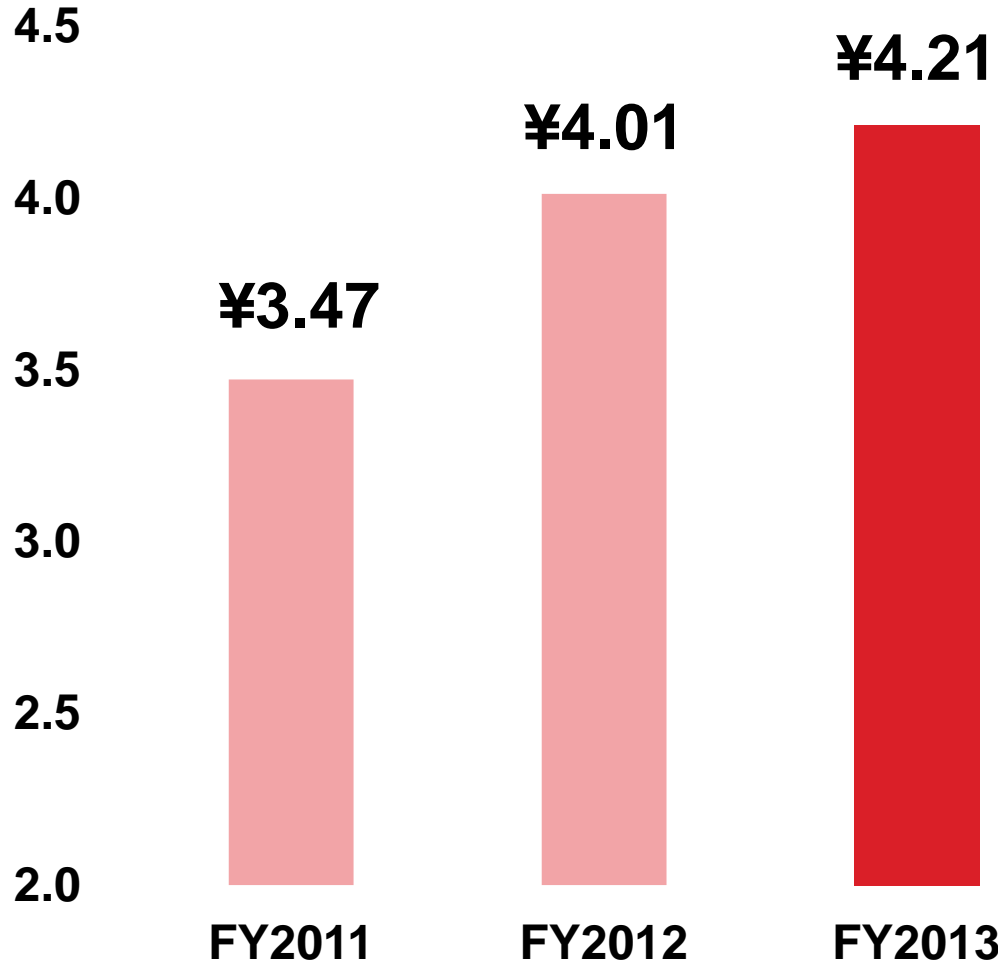
\* The FY2013 full year forecast is an approximate calculation of the cumulative actual results of FY2013-1Q and 2Q plus the FY2013-2<sup>nd</sup> half projection.

# We Maintain Our Target of Doubling Operating Income by FY ending March 201X



# FY2013 Year-End Cash Dividend Forecast

Cash dividends per share  
(¥)



**Cash dividend per share is expected to grow 5.0% YoY**

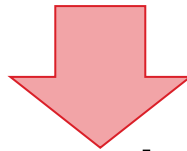
The Company's target continues to be approximately 20% of consolidated net income as its forecast for dividends for the FY2013.

# Issuance of Stock Options Exercisable When Profit Target Is Reached

We issue stock options to senior management. Doubling operating income by March 201x is the basic condition for exercising options.

(Options equivalent to 286,250 shares)

Attaining No.1 position in transaction value in domestic e-commerce market is the condition for exercising more than 50% of the options.



Aim to encourage senior management to commit and to contribute to the profit growth of the Group as well as success of the new e-commerce strategy.

# We Are Planning a Share Buy Back Program

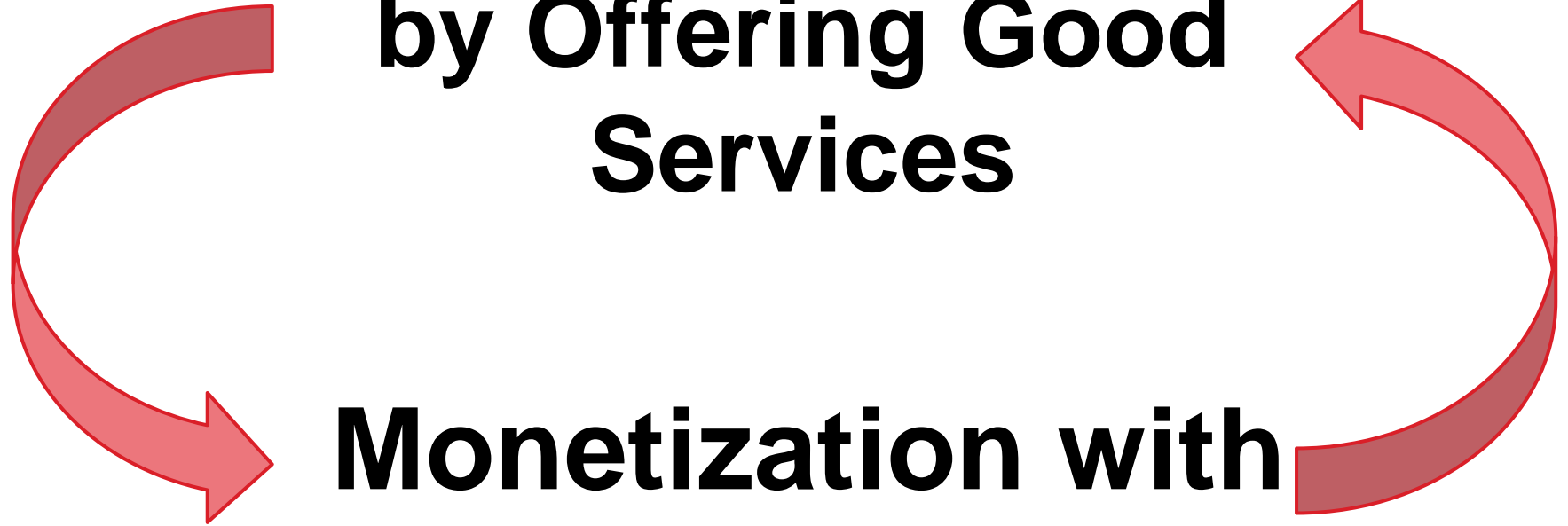
Total Amount of Acquisition	JPY 30 billion (Maximum)
Number of Shares to be Acquired	60 million (Maximum)
Purchase Period	Oct. 28, 2013 - Jan. 31, 2014

We will purchase shares from the market, and will cancel all the shares.

# Marketing Solutions Business

**Acquisition of Users  
by Offering Good  
Services**

**Monetization with  
Distribution of  
Advertising**

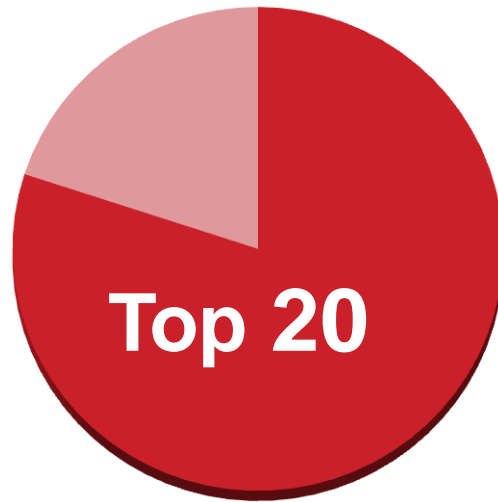




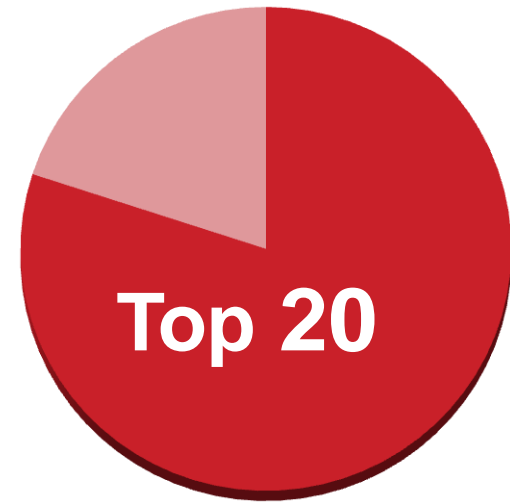
# Services

# Major Portions of Traffic and Revenue Are Generated Through the Top 20 Services

Traffic

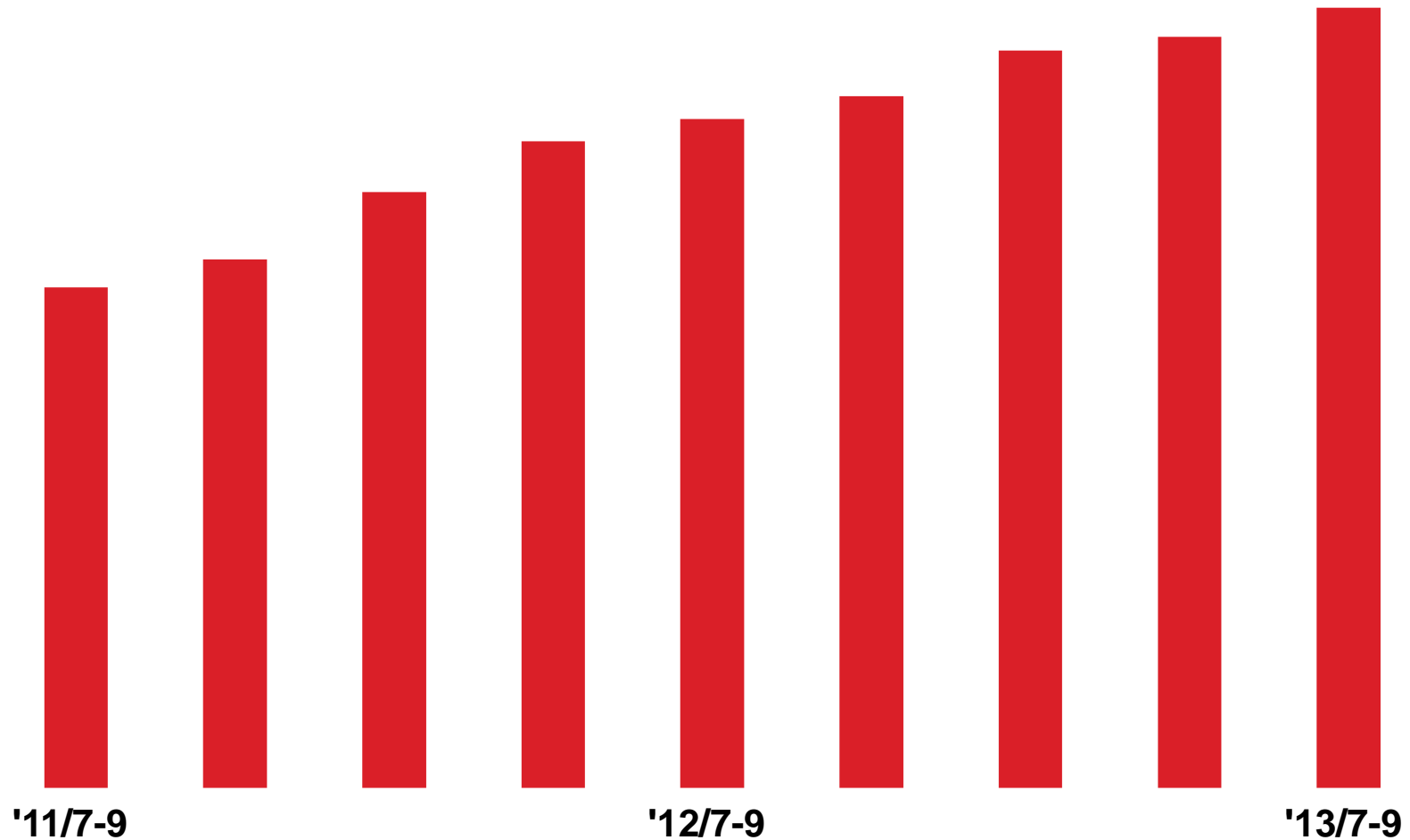


Revenue



(conceptual only)

# DUBs\* of Top 20 Services Grow Favorably



Source: Yahoo Japan Corporation

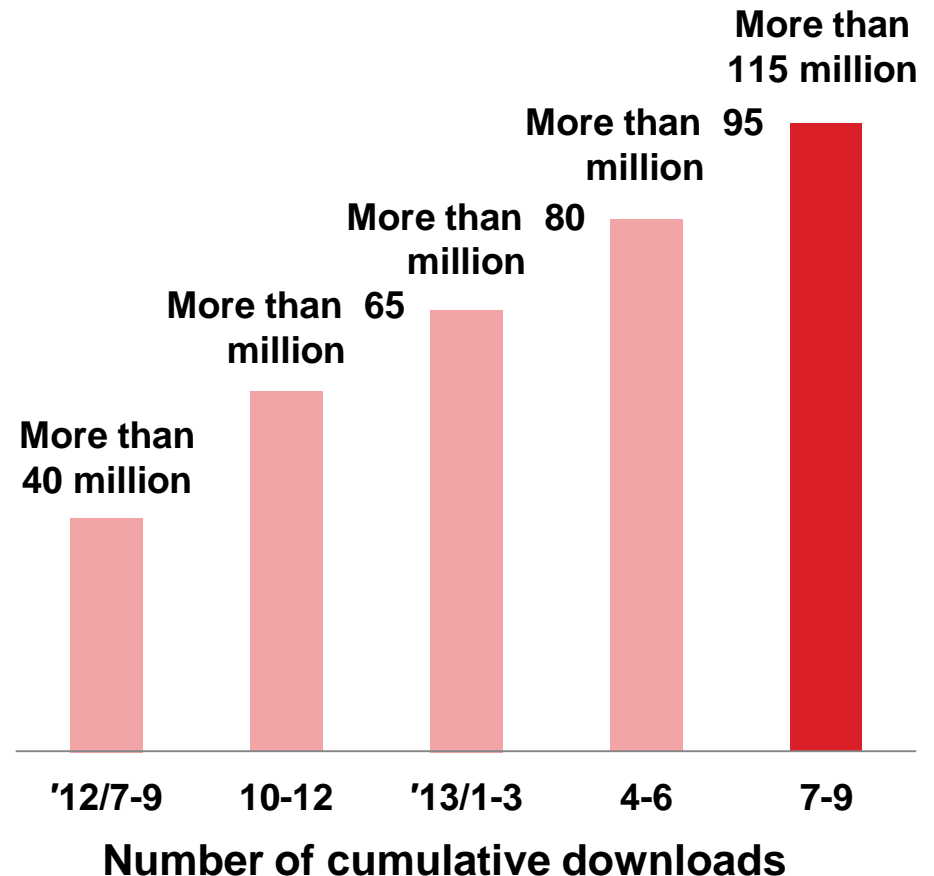
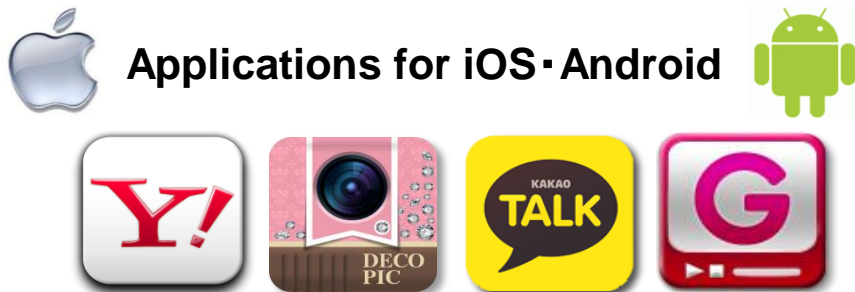
\*DUB=Daily Unique Browser

# Cumulative Number of Yahoo! JAPAN Applications Downloaded Increased

iOS+Android

Cumulative downloads:

**100 million and up**



# **Measures to Increase Traffic**

# Started Offering “Famiport Coupon” in Collaboration with “Yahoo! Search” and FamilyMart



YAHOO! JAPAN

ファミマけんさくーぽん

FamilyMart famima.com

Yahoo!検索で「ファミリーマート」と検索すると、全国のファミリーマートで使えるお得なクーポンがもらえる!

クーポンのご利用はファミリーマート店内の「FamiPort」で簡単発券!

発券方法はコチラ



ウェブ 画像 動画 辞書 知恵袋 地図 リアルタイム 一覧

検索設定 Yahoo! JAPAN ヘルプ スマホでも検索

ファミリマート

約12,400,000件

絞り込みツール

ファミリマート 店舗 ファミマカード ファミリマートバイト

ここにクーポンコードが記載されます

このクーポンコードをFamiPortで入力(ファミマけんさくーぽん)

ファミリマートで使えるお得なクーポンプレゼント中! 左上の発券用番号をFamiPortで入力して「Sweets+ジェラート各種1枚1枚1枚30円引き券」をゲット! 有効期限は1月9日(金)まで。左上のクーポン発券用番号をFamiPortで入力してください!

詳しいクーポン情報、その他のクーポン

クーポンコードの使い方

ファミリーマート

あなたと、コンビニ、ファミリーマート公式サイト、新商品、キャンペーン、ファミポートなど店舗サービスをご紹介。店舗検索やファミマカード、社会貢献活動、企業情報も掲載。

www.famima.co.jp

- 店舗検索
- ファミマカード
- ネットショッピング
- 商品情報
- 発券情報
- 発行サービス

ファミリーマート - Wikipedia

株式会社ファミリーマート（英: FamilyMart Co., Ltd.）は、日本に本社を置くコンビニエンスストアフランチャイザーである。「ファミリーマート」の屋号を用い、東アジア・東南アジアを中心にフランチャイズ展開している。略称が「ファミマ」で、コーポレートスローガンは「...



SoftBank 12:00 84%

Y! ウェブ 画像 リアルタイム 一覧

ファミリマート

ファミリマート 店舗 ファミマカード

ファミリマートバイト

ここにクーポンコードが記載されます

このクーポンコードをFamiPortで入力(ファミマけんさくーぽん)

ファミマでファミリーマートで使えるお得なクーポンプレゼント! Sweets+ジェラート各種30円引き!

左上のクーポン発券用番号をFamiPortで入力してください!

詳しいクーポン情報、その他のクーポン

クーポンコードの使い方

ファミリーマート

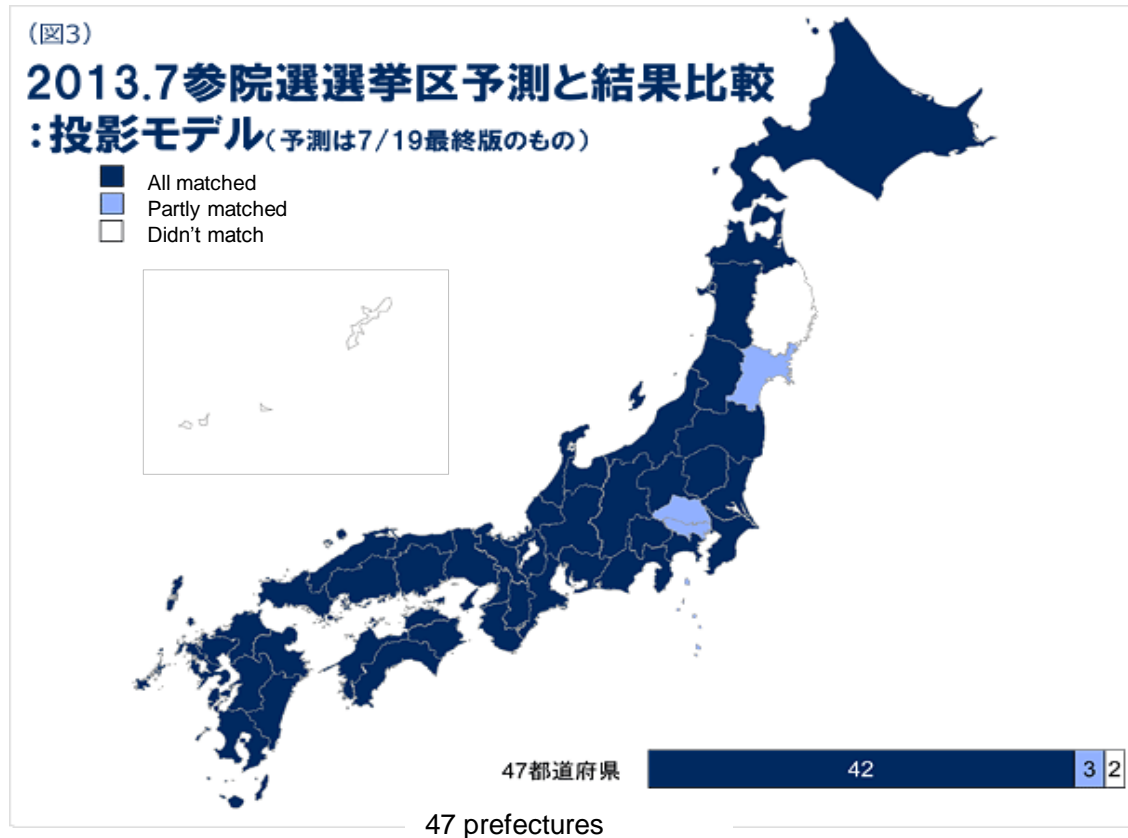
あなたと、コンビニ、ファミリーマート公式サイト、新商品、キャンペーン、ファミポートなど店舗サービスをご紹介。

# “Yahoo! Browser”



- Exceeded **1 million** users.
- Ranked as No.1 on Google Play browser ranking for 7 consecutive weeks.
- Started offering a function that reads the content listed on the page aloud, tying up with voice assist function.

# “Yahoo! JAPAN Big Data Report” Predicted Number of Upper House Seats Won by Ruling or Opposition Parties



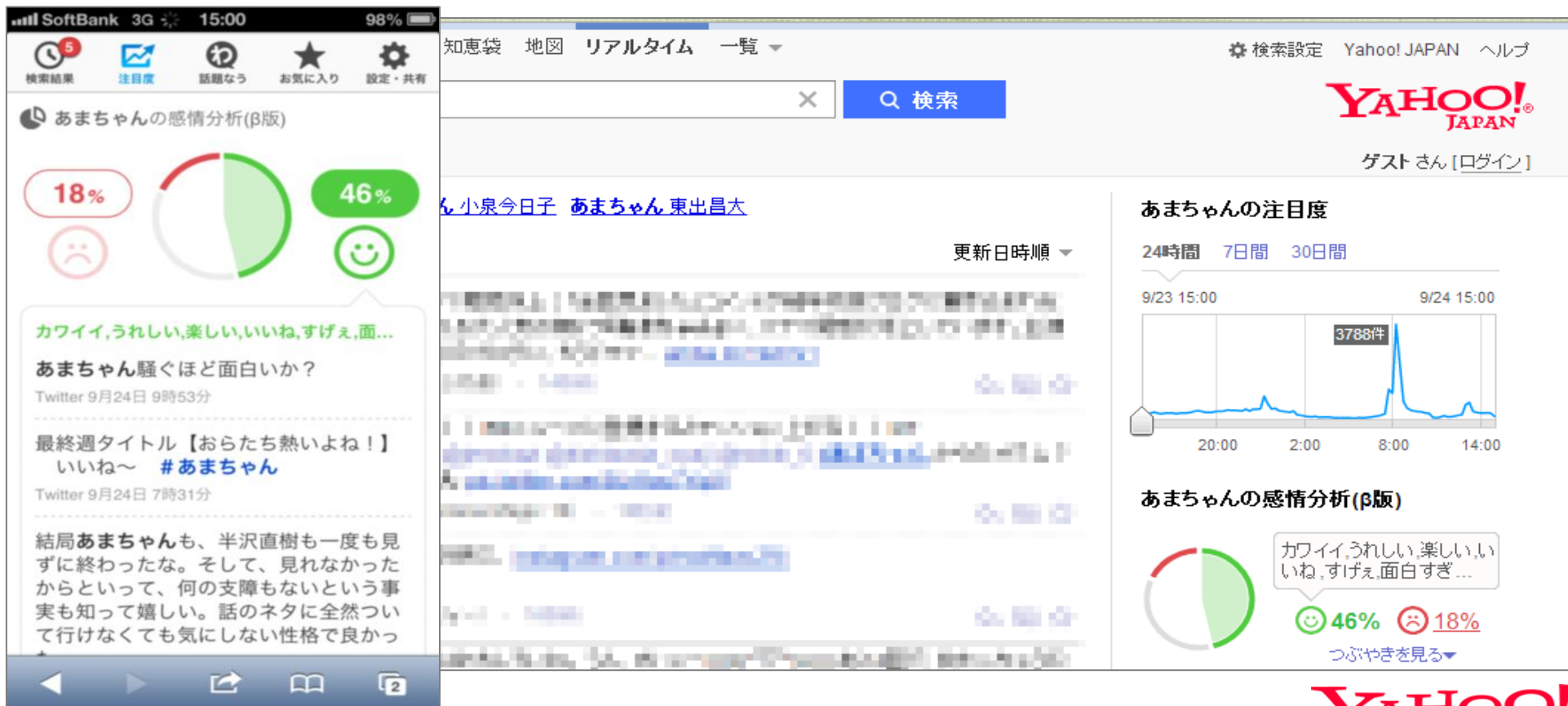
In 42 prefectures out of 47, predicted seats won by parties matched the results perfectly.



# Started Offering

## “Emotion Analysis via Tweets (beta version)”

Analyzing tweets on Twitter, we produce graphs to show the proportion of keywords making positive, negative and neutral impressions.



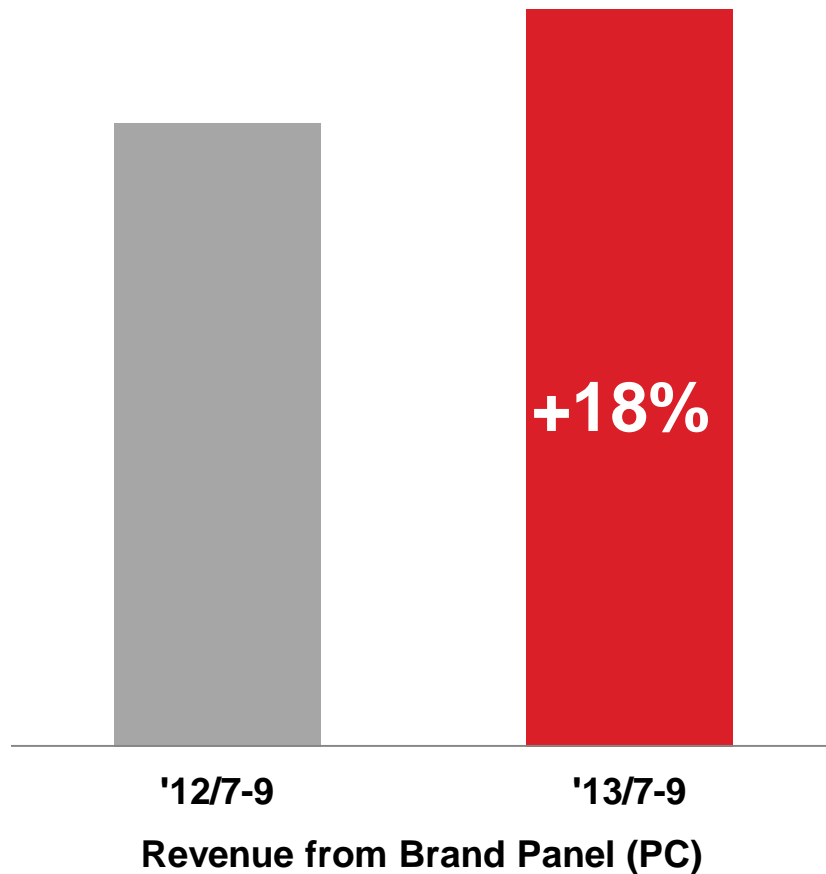
# Measures to Increase Revenue and Profit

# Display Advertising

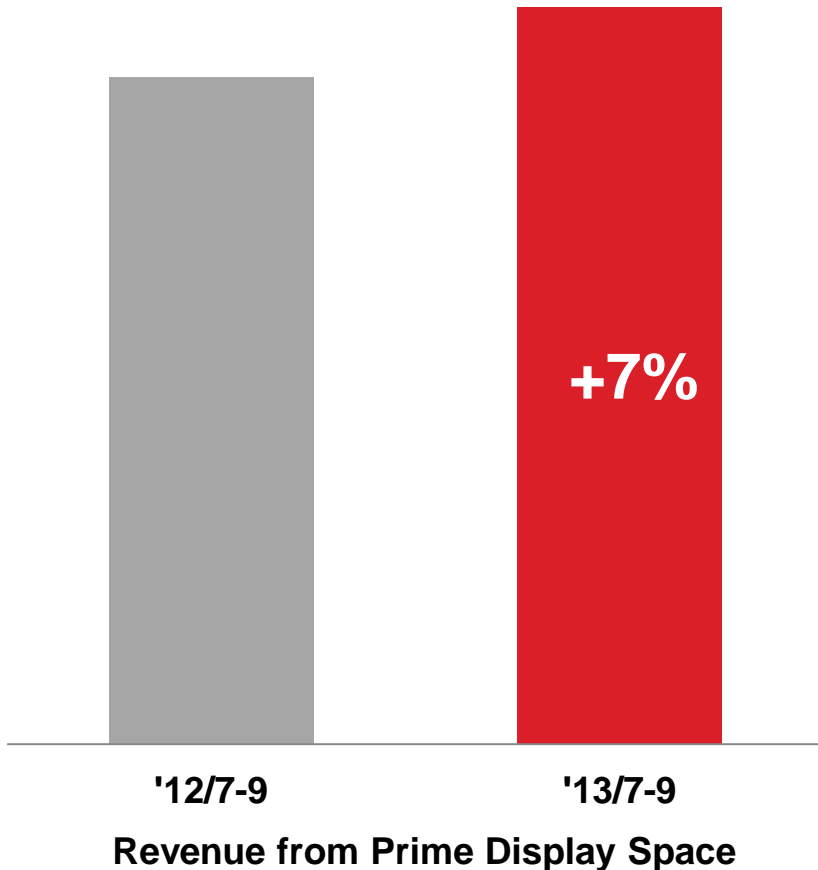
# Revenue from “Brand Panel”(PC) Continues to Increase

Revenue from Rich Ads continued to grow.

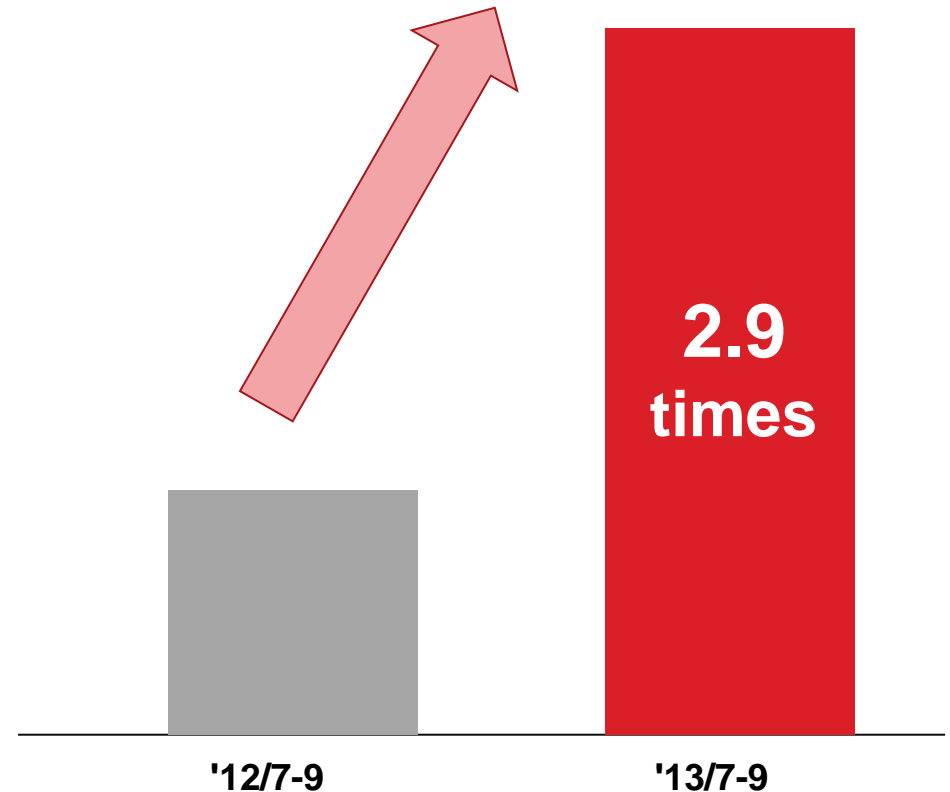
Revenue share of Rich Ads in total “Brand Panel” revenue was **29%**.



# Placement of YDN on Premium Advertising Space Improved the Profitability of Advertising

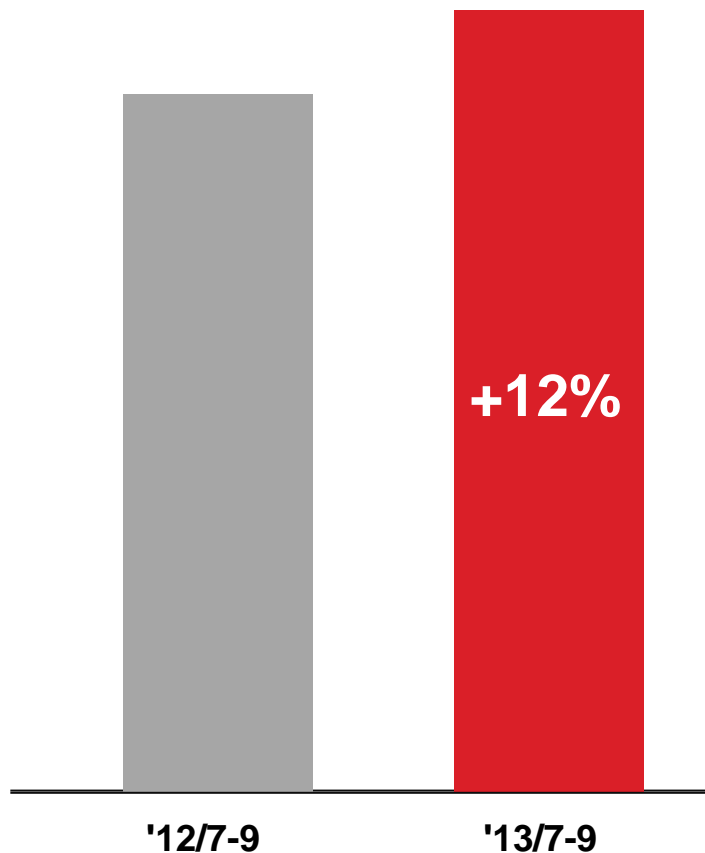


# Revenue from YDN in FY2013-2Q Increased approx. 3 Times YoY



# **Paid Search Advertising**

# Revenue from “Sponsored Search” Continues to Grow



Revenue from Sponsored Search

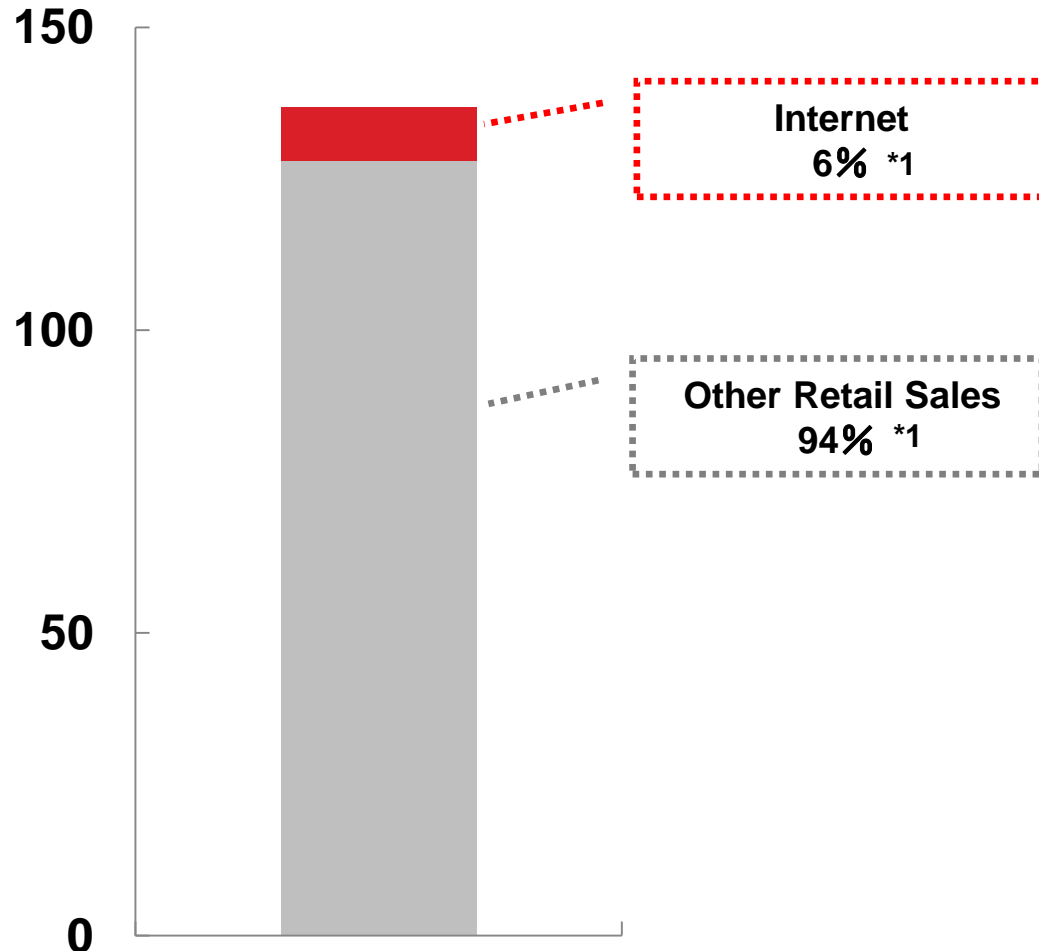




# Consumer Business

# e-Commerce's Share of Total Consumption in Japan Is Still Only 6%

(Trillions of yen)

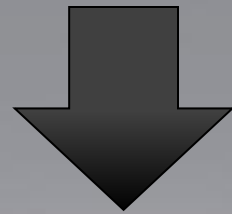


**FY2011**  
**e-Commerce market size**  
**in Japan**

**8.8 trillion yen** \*2

\*2 Source: Nomura Research Institute, Ltd. "IT Navigator 2013"  
BtoC e-commerce market size

**Expand Domestic  
e-Commerce Market**

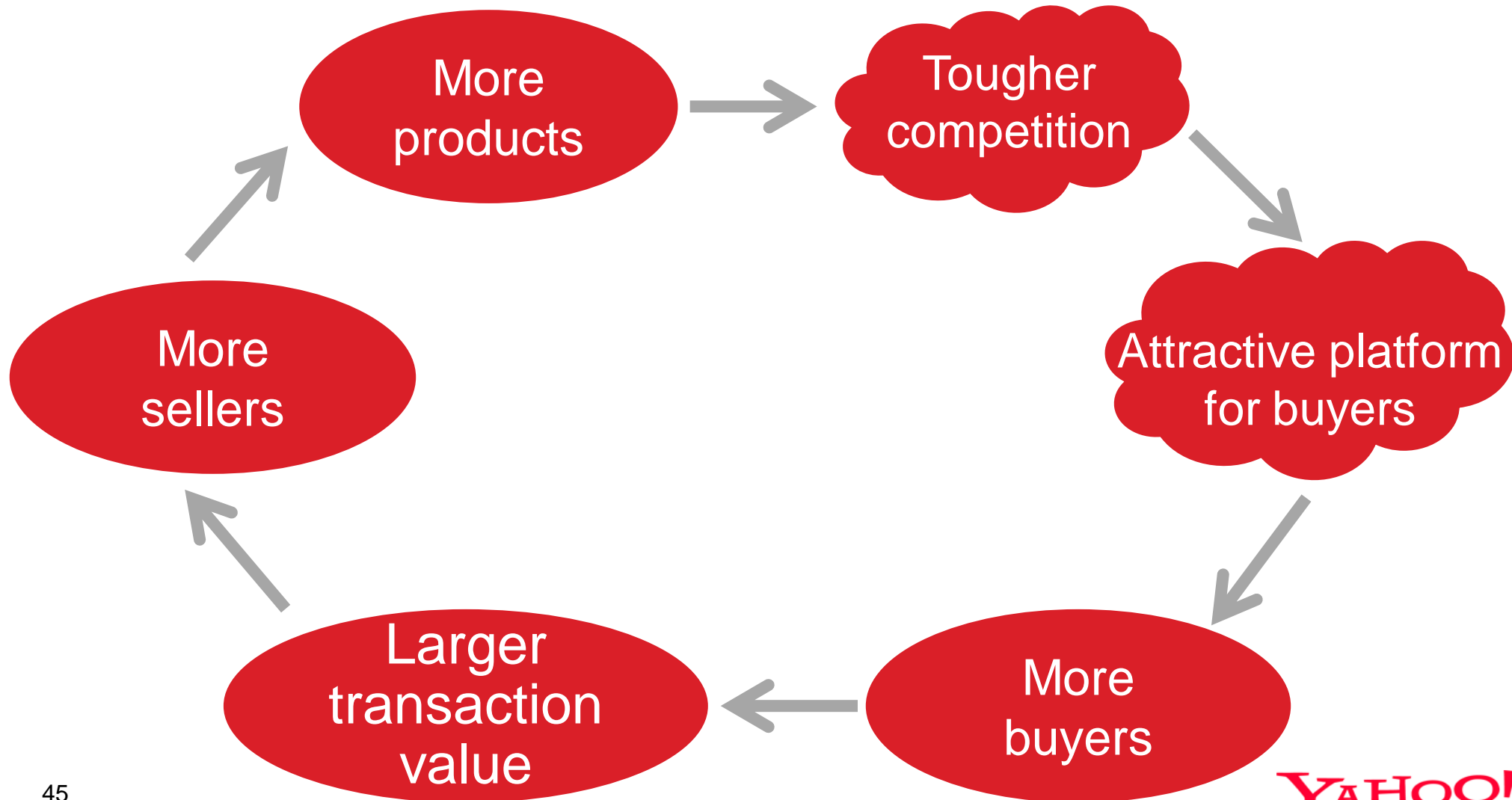


**e-Commerce  
Revolution**

**We aim to be **No.1**\* in  
transaction value in the  
expanded Japanese  
e-commerce market.**

\* Transaction value is the sum of shopping-related and auction-related transaction value.

# Create e-Commerce Business Ecosystem



**Yahoo! Shopping**

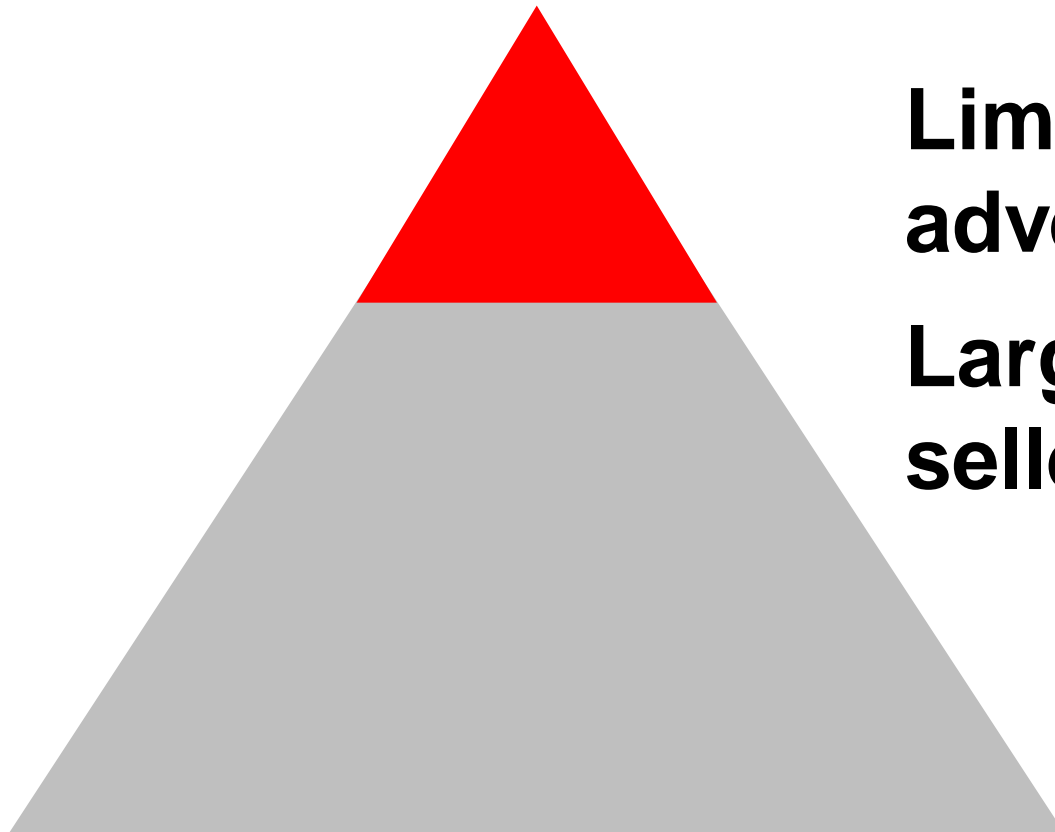
**YAFUOKU!**

**Premium Membership**



**We decided to change the  
business model from  
“fee based” to  
“advertising based.”**

# Advertising Business Model Image



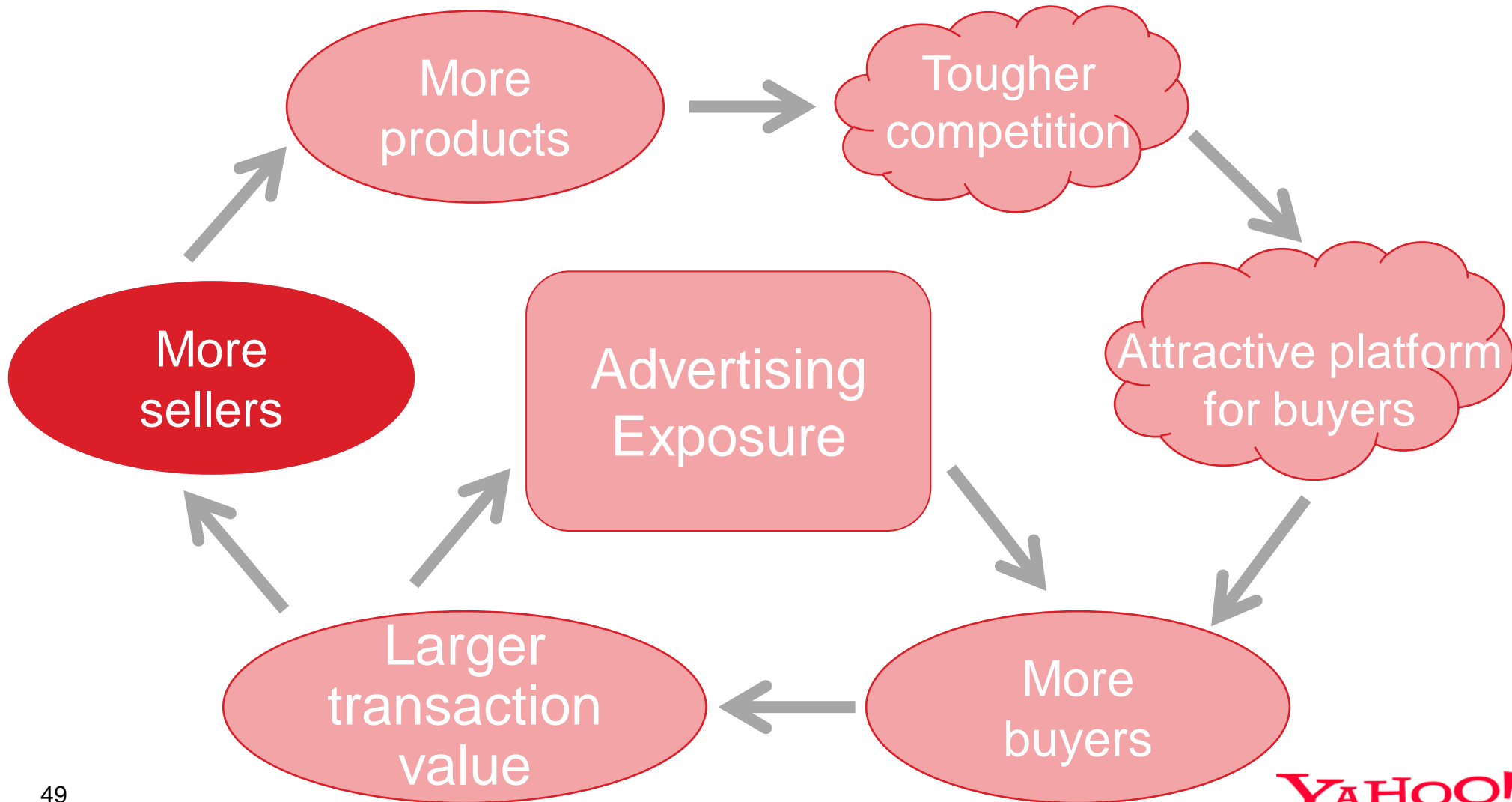
**Limited sellers paying  
advertising costs**

**Large number of  
sellers paying no fees**



# Yahoo! Shopping

## Start Business Ecosystem with “More Sellers”



## Yahoo! Shopping

### To be No.1 in number of sellers

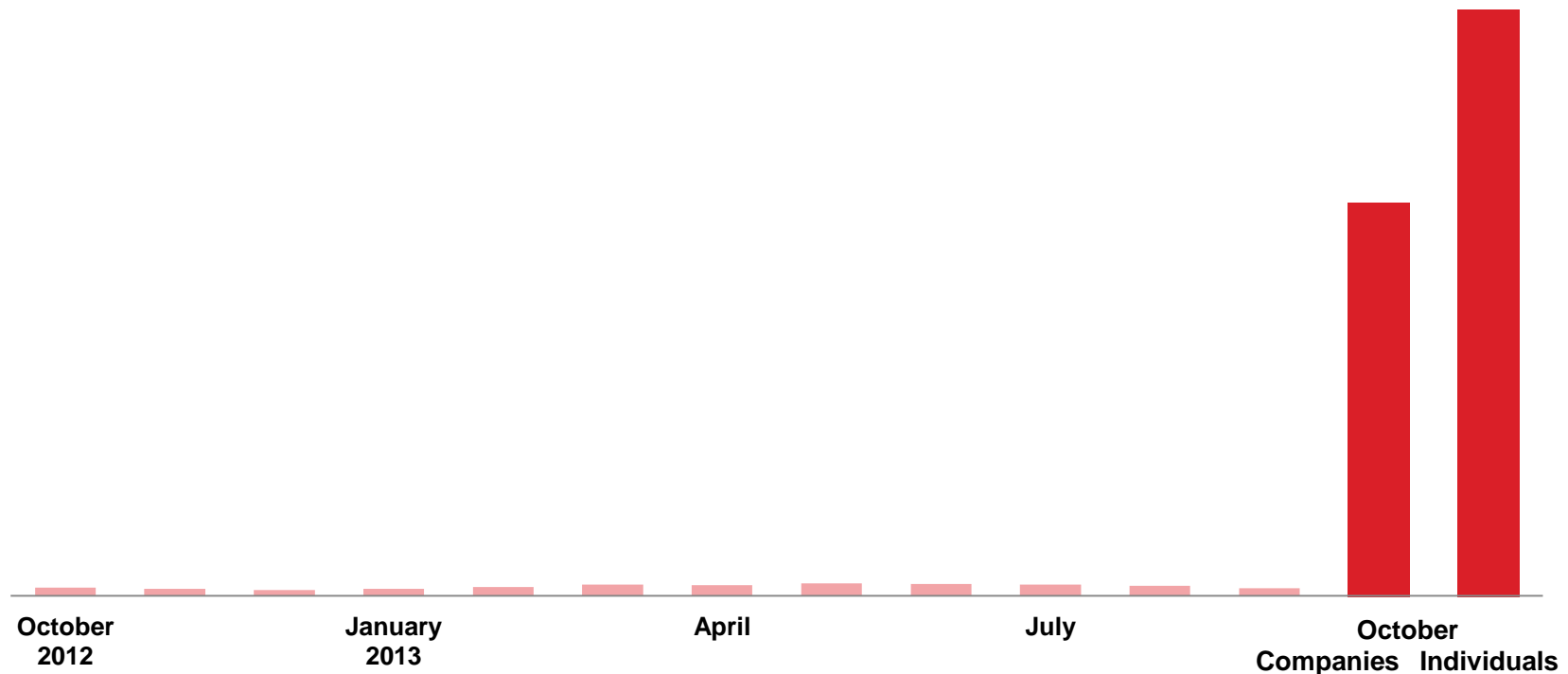
	Former	Now
Store Qualification	Company only	Company & individual *
Monthly Tenant Fee	¥25,000	Free of charge
Royalty Fee	1.7-6.0%	Free of charge
Credit Card Settlement Fee	Included in above	Lowest in the industry
Cost for Point System	Actual cost	Actual cost

\* Must be Yahoo! Premium members

## Yahoo! Shopping

# We received many applications after the announcement.

\* Companies which have stores on major e-commerce platforms can open stores on Yahoo! Shopping within two weeks of the announcement at the shortest, but companies without the above experience or individuals have to wait until December. Therefore, the number of stores will start growing after the end of December.



Number of Applications

\*October figure is applications before Oct. 21

## Yahoo! Shopping

# Timeframe for Further Steps



## Yahoo! Shopping

# Measures to Increase Buyers for Year-end Shopping Season

- Aggressive promotion with various campaigns
- Larger number of links on various Yahoo! JAPAN services to guide users to Yahoo! Shopping
- Enhancement of distribution system
- Aggressive promotion activities by shopping stores

**Yahoo! Shopping**

# Strengthen All Aspects of e-Commerce Value Chain

**Attract  
customers**

**Links from  
Yahoo! Search  
Yahoo! Knowledge Search,  
etc.**

**Product line**

**e-Commerce  
Revolution**

**Settlement /  
Point system**

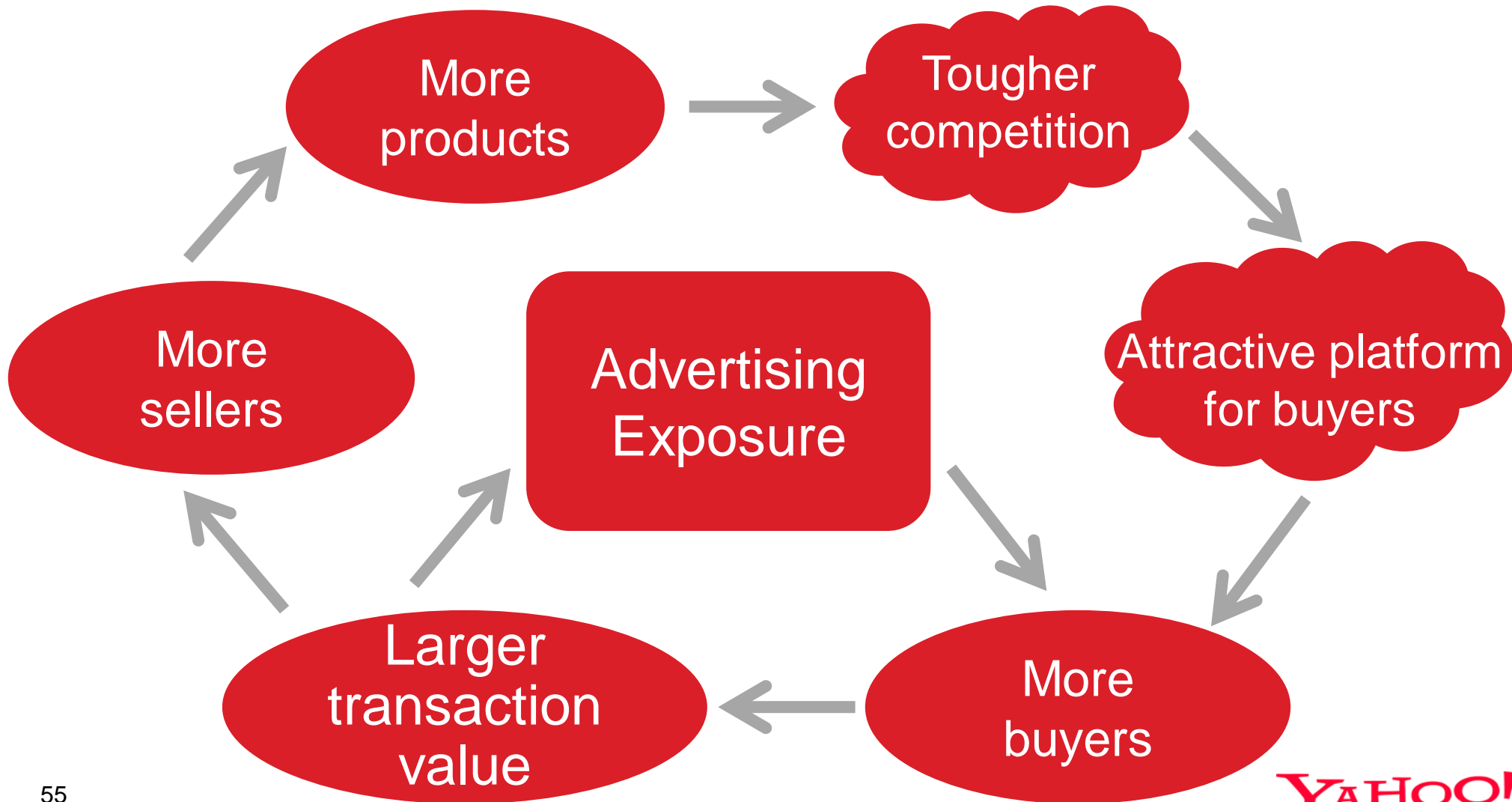
**Tie-up with  
T-POINT,  
Yahoo! Wallet and  
Yahoo! Card**

**Distribution**

**Strengthen by  
collaboration with  
ASKUL Corporation**

# Yahoo! Shopping

## Transaction Value Expansion Leads to Advertising Growth



Yahoo! Shopping

**YAFUOKU!**

Premium Membership

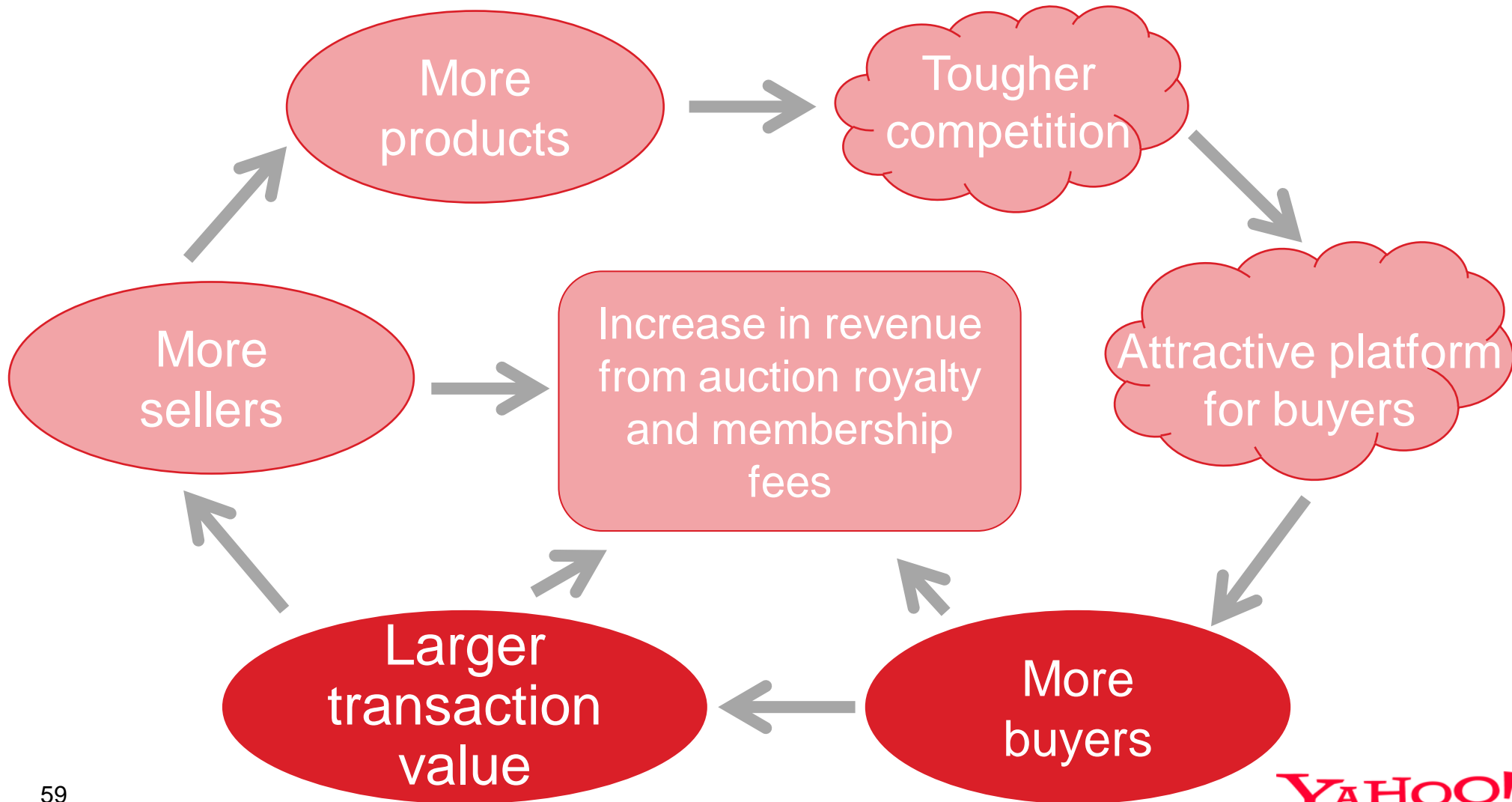


**We continue to make  
the auction business  
“fee based.”**

**Increase the  
transaction value and  
aim to expand  
royalty fee revenue**

# YAFUOKU! (Auction)

## Start Business Ecosystem with “More Buyers”



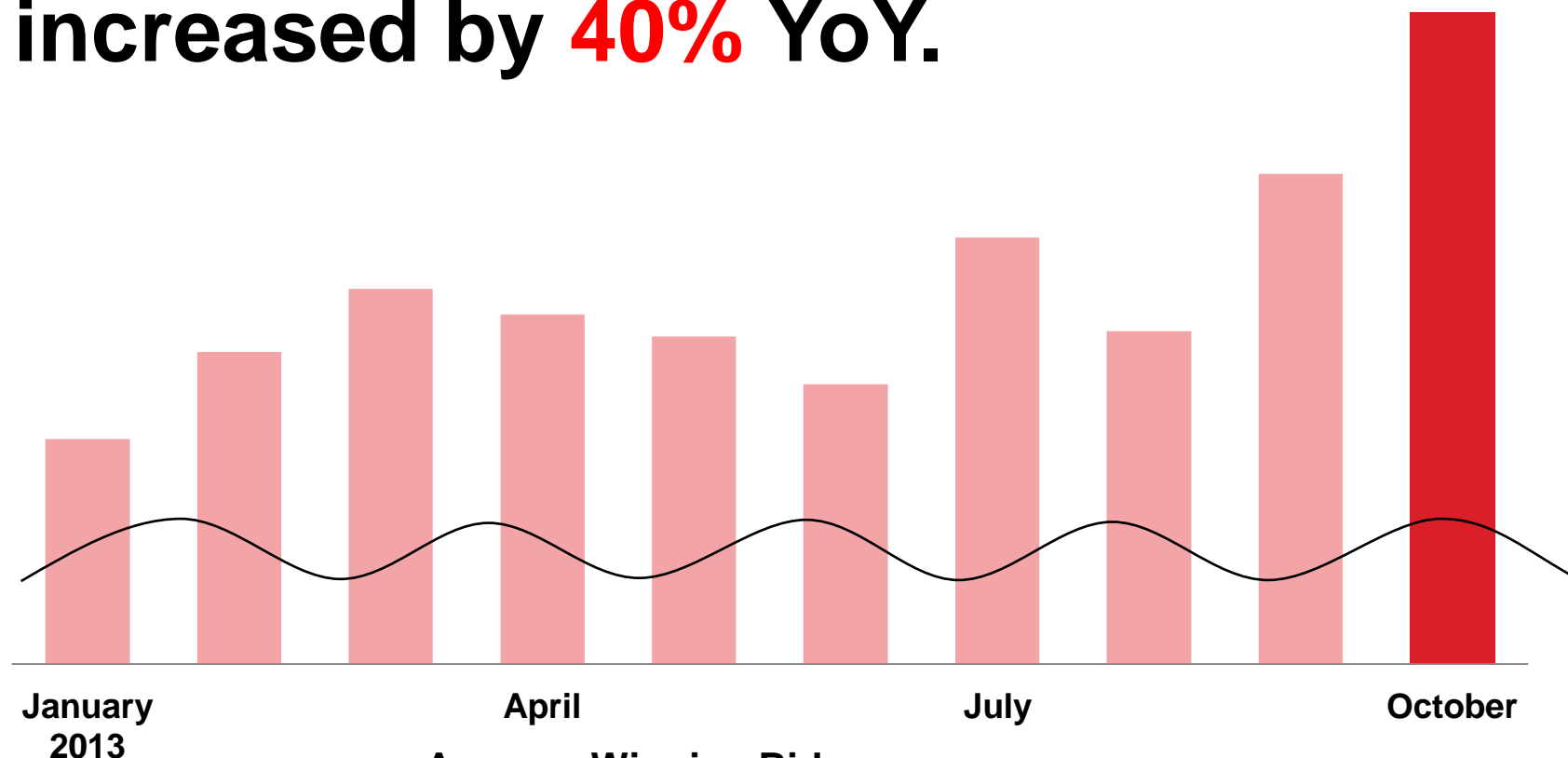
## YAFUOKU! (Auction)

# To increase the number of buyers (bidders)

- Anybody can bid on items priced at ¥5,000 or over, which used to be the privilege of Yahoo! Premium members.
- Strengthen countermeasures for pranks, fraud, illegal item listings, etc.
- Enhancement of compensation for Yahoo! Premium members who suffered losses from fraudulent e-commerce services.

## YAFUOKU! (Auction)

- **Average winning bid increased.**
- **Number of average daily new bidders increased by 40% YoY.**

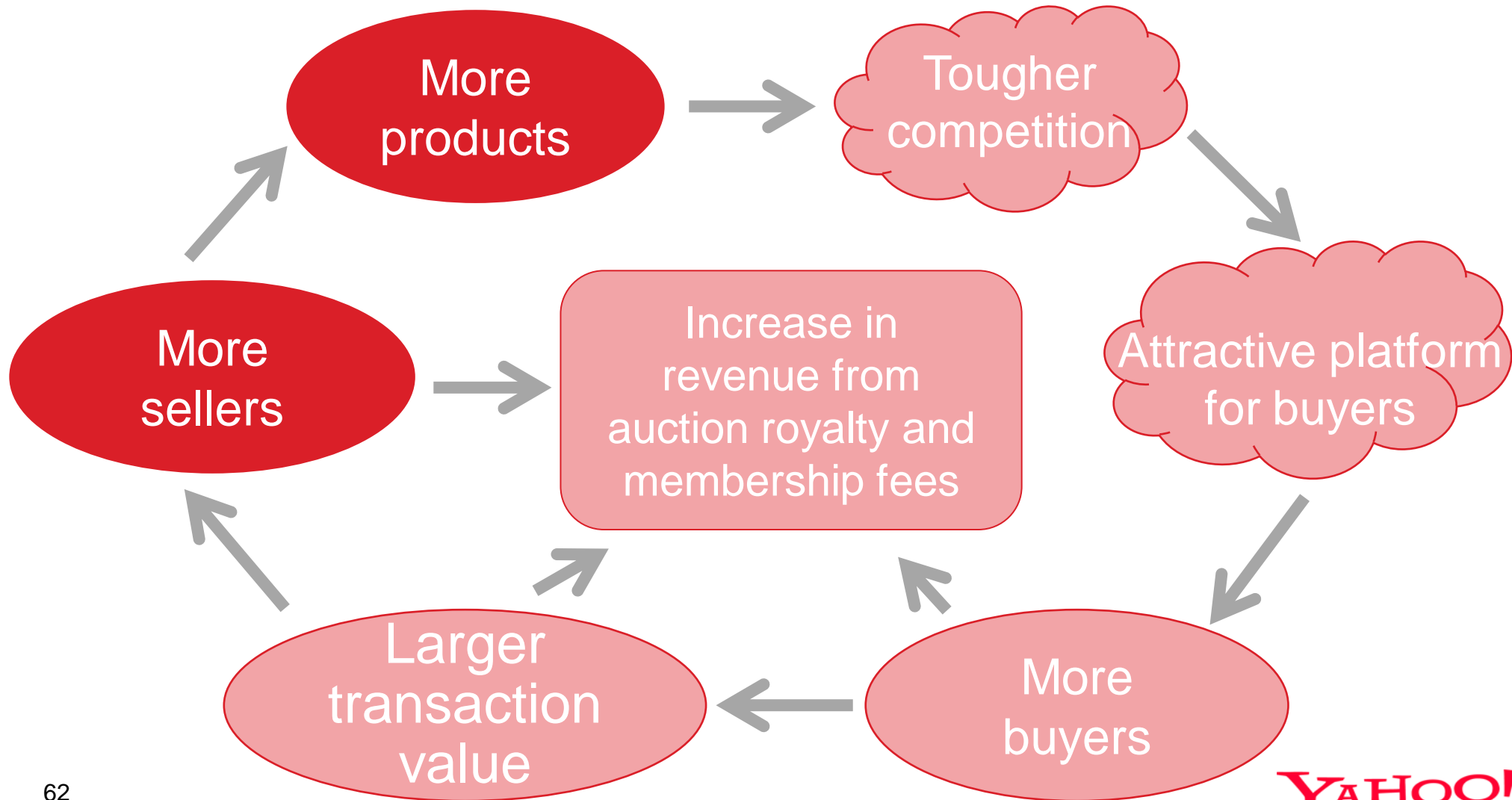


**Average Winning Bid**

\*October figure is applications before Oct. 21

## YAFUOKU! (Auction)

# Increase the number of sellers and products



## YAFUOKU! (Auction)

# To increase the number of sellers and products

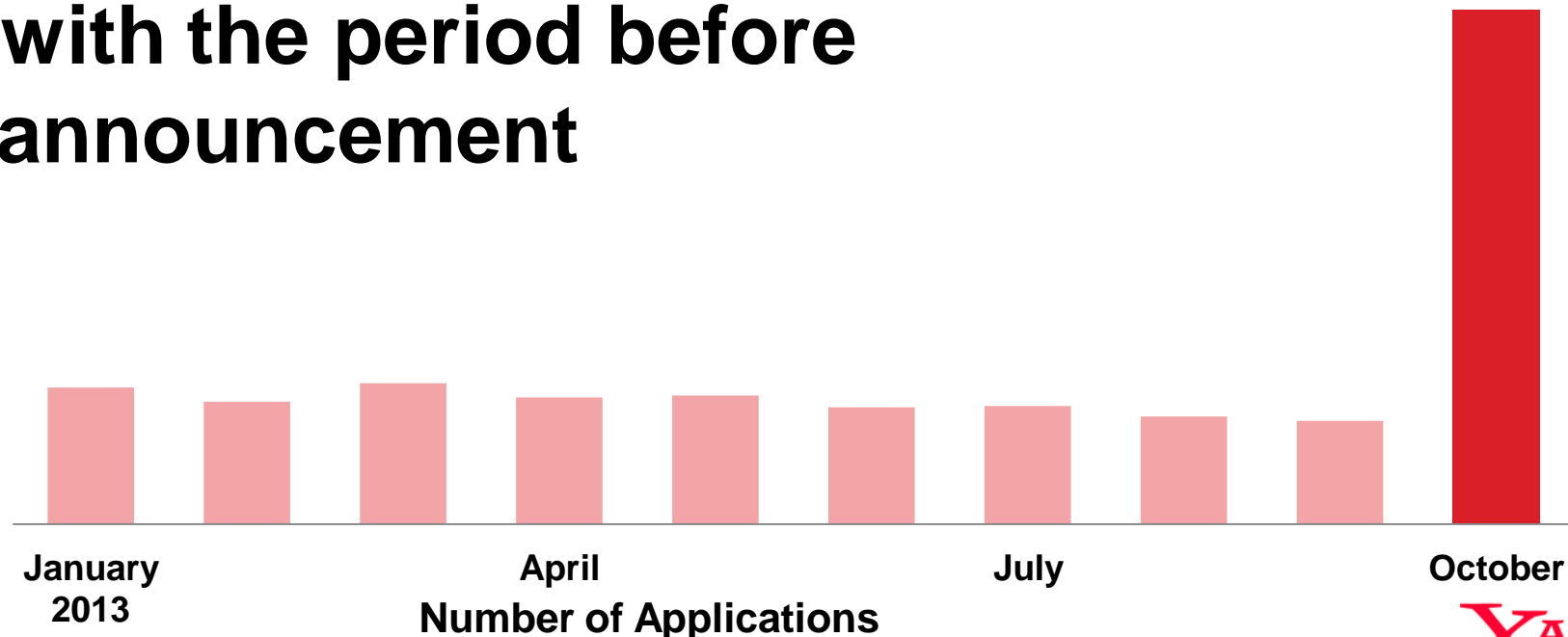
	Former	Now
Store Qualification	Company only	Company only
B2C Monthly Tenant Fee	¥18 thousand	Free of charge
B2C Limitation for Number of Listing	Limited number	No limit
C2C Item Listing	Yahoo! Premium members only	Yahoo! Premium members only
C2C Listing Fee	¥10 per item *	Free of charge *
Royalty Fee	5.25%*	5.25%*

## YAFUOKU! (Auction)

- Number of B2C store applications increased 4 times and up YoY

\* Number of average daily applications before Oct. 21

- Number of Stores with more than 3,000 listings increased **12 times** compared with the period before announcement

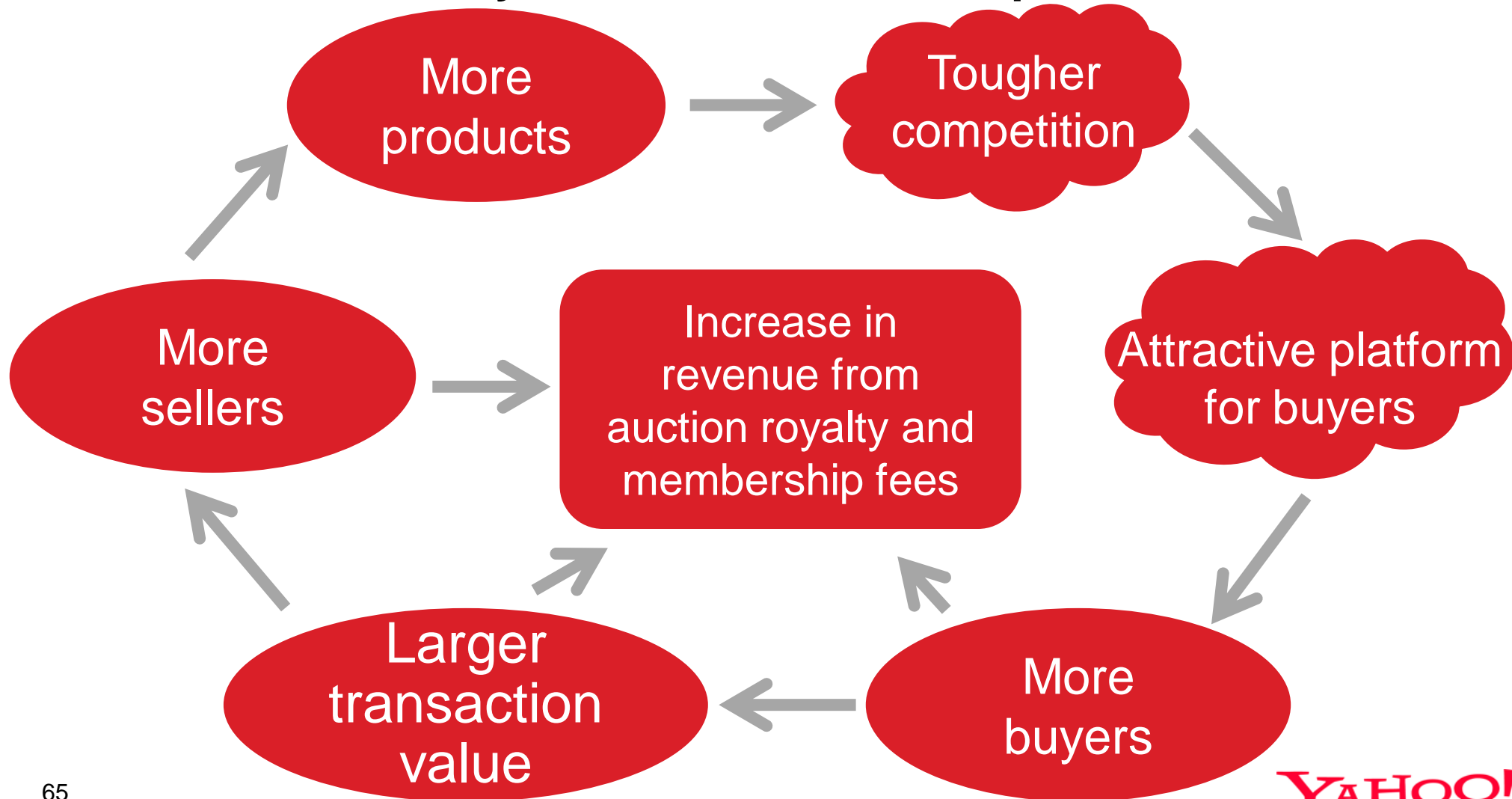


\*October figure is applications before Oct. 21



## YAFUOKU! (Auction)

Increase the transaction value and expand the revenue from transaction royalties and membership fees



**Yahoo! Shopping**

**YAFUOKU!**

**Premium Membership**

# Yahoo! Premium Members:

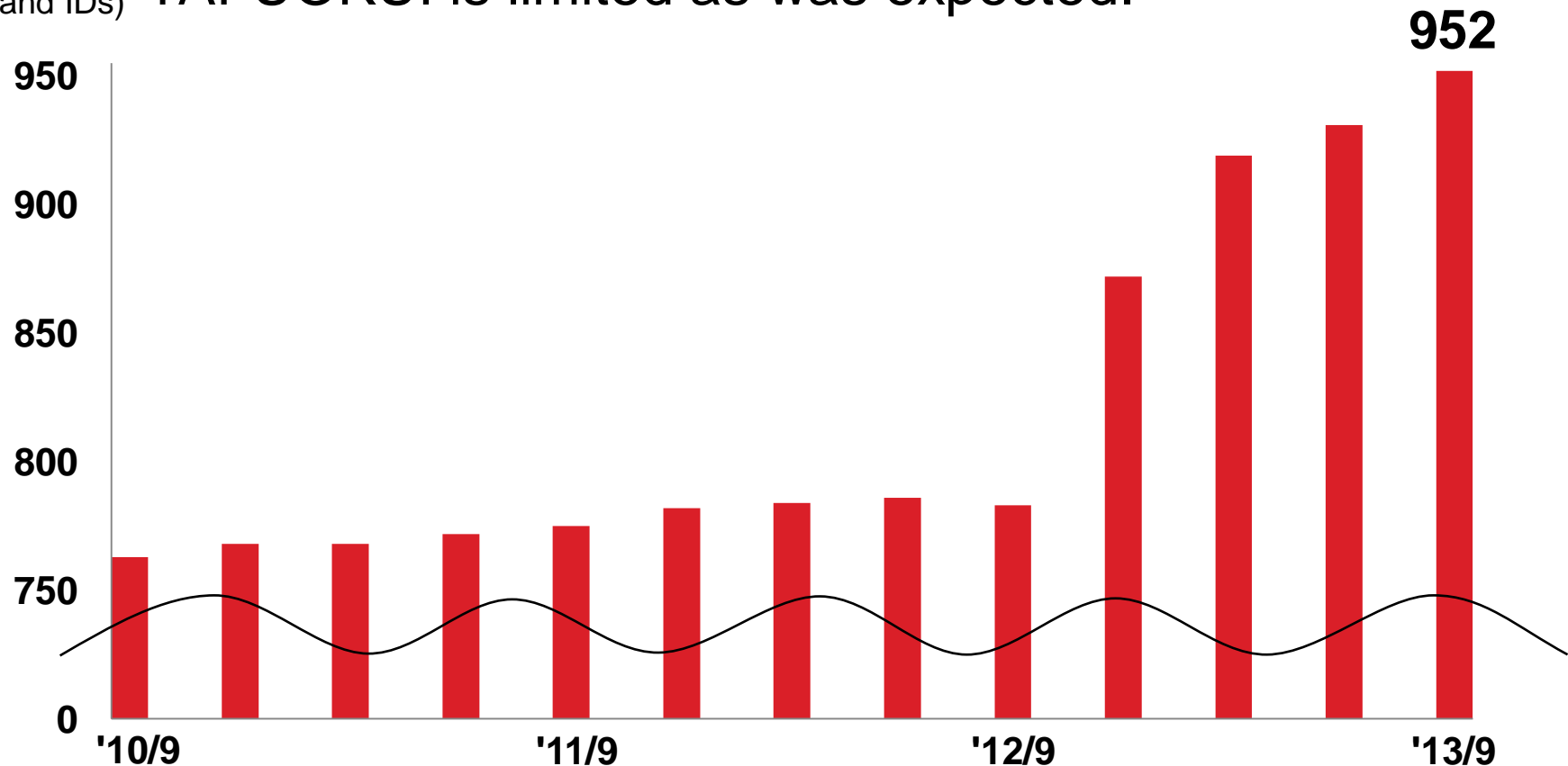
Although the right to bid on high priced items has been extended to non-premium members, we aim to improve the added value of premium members by offering other benefits.

	Former	Now
Open Stores on Yahoo! Shopping by individual	No	Yahoo! Premium members only
List items on YAFUOKU! (C2C)	Need to be members	Need to be members
Bidding at or over ¥5,000 on YAFUOKU!	Need to be members	No need to be members
Compensation Plan	Partially applied	Advanced plan
Special Offers of Additional Points	Partially applied	Advanced plan

# Number of Premium Member IDs Reached 9.52 million by End of Sept.

- Strong increase in registration via Softbank Mobile
- Impact from waiving the limitation for bidding on YAFUOKU! is limited as was expected.

(10 thousand IDs)





# **e-Commerce Business Next Steps**





**Step 2:**

**No.1**

**in Number of Products**

**Yahoo! Shopping  
YAFUOKU! (Auction)**





**Step 3:**

**Yahoo! Shopping  
YAFUOKU! (Auction)**

**Aim to Be No.1**

**in Transaction Value in  
Japanese e-Commerce Market**





# Negative Impact on Revenue Is Limited

Estimated YoY e-Commerce Related Revenue Changes for FY2013-3Q & 4Q

Revenue Item	YoY Increase / Decrease per Quarter	Factors for Change
Yahoo! Shopping	- ¥2.5 to - ¥3.0 billion	Free monthly tenant and royalty fees
YAFUOKU! (Auction)	- ¥0.3 to - ¥0.6 billion	Free B2C monthly tenant fees and C2C listing fees
Settlement Services	- ¥0.2 to - ¥0.3 billion	Lowest settlement fees in the industry
Premium Membership Services	+ ¥0.4 to + ¥0.6 billion	Although new application may decrease and cancellation may increase with lifting of membership requirement for bidding on high priced items, premium membership fee revenue will increase YoY in FY 2013-3Q and 4Q due to larger number of members compared with the previous fiscal year.
e-Commerce related Advertising	Limited Impact	Sellers may use advertising more aggressively in the future to obtain better exposure through platform with larger number of stores.

# Extra Cost for the New Strategy Estimated for FY2013-2H and FY2014

(Promotion activities for e-commerce, additional services for Yahoo! Premium members, etc.)

**FY2013-2H (October 2013 – March 2014)**

**¥ 2-3 billion**

**FY2014 (April 2014 – March 2015)**

**¥ 4-6 billion**

# Although We Assume Temporary Decrease in Revenue and Profits, Expect Accelerated Growth in the Future.

## Estimated e-Commerce Related Revenue and Profit YoY Change for FY2013-3Q and 4Q

Impact on	YoY Decrease per Quarter *
Revenue	- ¥ 2.5 to - ¥3.5 billion
Operating Income	- ¥ 3.0 to - ¥5.0 billion

**We aim to be **No.1** in  
transaction value in the  
expanded Japanese  
e-commerce market  
by FY 201X.**

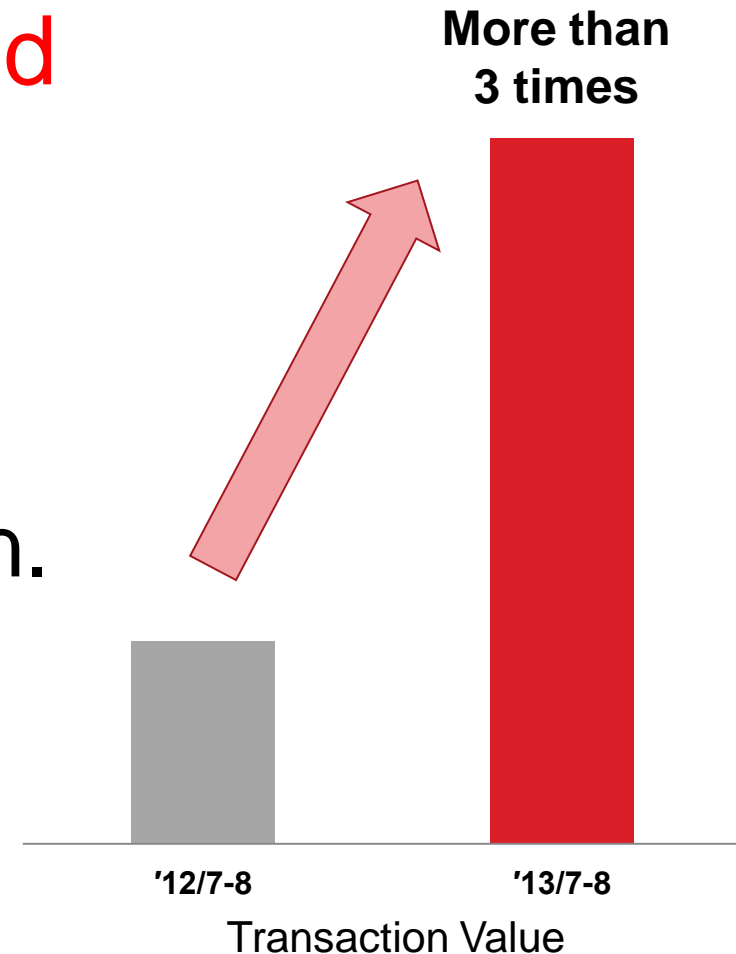
# Settlement & Finance

# Other Businesses

**Number of  
Yahoo! Wallet Accounts:  
more than **25.0 million****

## Transaction value increased dramatically

- Started “Trade Plus” Users can obtain T-POINTS each time they make a transaction.
- Released “OPUTORE!” binary option trading.



# **Supplemental Information**

**P. 81      Quarterly Business Results**

**P. 94      Quarterly Business Data**

**P. 96      Organization, Personnel and  
Affiliated Companies**



# FY2013-2Q Statements of Income

	2012-2Q	2013-2Q	Change
<b>Revenue</b> (¥100M)	<b>787</b>	<b>957</b>	<b>21.5 %</b>
<b>Cost of Sales</b> (¥100M)	<b>79</b>	<b>122</b>	<b>54.6 %</b>
<b>Gross Profit</b> (¥100M)	<b>708</b>	<b>834</b>	<b>17.8 %</b>
<b>SG&amp;A</b> (¥100M)	<b>275</b>	<b>341</b>	<b>24.1 %</b>
<b>Operating Income</b> (¥100M)	<b>432</b>	<b>492</b>	<b>13.7 %</b>
<b>Ordinary Income</b> (¥100M)	<b>439</b>	<b>491</b>	<b>11.7 %</b>
<b>Quarterly Net Income</b> (¥100M)	<b>271</b>	<b>303</b>	<b>11.8 %</b>
<b>Fully Diluted EPS</b> (¥) *	<b>4.68</b>	<b>5.27</b>	<b>12.7 %</b>
<b>Number of Shares Assuming Full Dilution</b> (million) * **	<b>5,801</b>	<b>5,752</b>	<b>-0.9 %</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.

\*\* Number of Shares Assuming Full Dilution excludes treasury stocks.

# FY2013-2Q Performance Breakdown by Business Segment

(¥ 100M)

	Revenue	Revenue Breakdown		Cost of Sales	SG&A	Operating Income	Ordinary Income	Operating Margin	Ordinary Margin
Marketing Solutions Business	<b>672</b>	Advertising	518	<b>129</b>	<b>185</b>	<b>357</b>	<b>358</b>	<b>53.2%</b>	<b>53.4%</b>
		Business Services	115						
		Personal Services	30						
		Intra-Company Revenue	7						
Consumer Business	<b>254</b>	Advertising	8	<b>4</b>	<b>73</b>	<b>175</b>	<b>171</b>	<b>69.1%</b>	<b>67.5%</b>
		Business Services	61						
		Personal Services	179						
		Intra-Company Revenue	4						
Others	<b>54</b>	Advertising	0	<b>8</b>	<b>27</b>	<b>18</b>	<b>18</b>	<b>34.9%</b>	<b>33.4%</b>
		Business Services	14						
		Personal Services	31						
		Intra-Company Revenue	8						
Adjustments	<b>-24</b>	Advertising	-2	<b>-19</b>	<b>55</b>	<b>-59</b>	<b>-57</b>	<b>-</b>	<b>-</b>
		Business Services	-1						
		Personal Services	-						
		Intra-Company Revenue	-20						
Total	<b>957</b>			<b>122</b>	<b>341</b>	<b>492</b>	<b>491</b>	<b>51.4%</b>	<b>51.3%</b>

# Business Segment Breakdown

## Marketing Solutions Business

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

## Consumer Business

- Advertising: Display advertising
- Business Services: Tenant and corporate system-use fees of YAFUOKU! and Yahoo! Shopping, Yahoo! BB incentive fees and others
- Personal Services: Yahoo! Premium, Personal system-use fees of YAFUOKU!, Yahoo! BB ISP fees, Yahoo! Partner and others

## Others

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

# Quarterly SG&A Breakdown

(¥ 100M)

Major Factors for YoY Changes

	12/2Q	13/1Q	13/2Q	Composition Ratio	QoQ Change	YoY Change
Personnel Expenses	89	106	113	33.2%	6.7%	27.2%
Business Commissions	33	38	39	11.5%	2.1%	17.4%
Sales Promotion Costs	25	27	38	11.1%	35.8%	48.8%
Royalties	22	26	27	8.1%	3.6%	22.4%
Depreciation Expenses	23	25	27	8.0%	6.4%	16.0%
Content Provider Fees	16	18	19	5.7%	3.8%	16.4%
Lease and Utility Expenses	18	17	18	5.5%	4.9%	2.1%
Communication Charges	15	16	15	4.5%	-4.6%	0.3%
Sales Commissions	11	11	11	3.3%	2.2%	-1.5%
Administrative and Maintenance Expenses	5	6	7	2.1%	1.7%	20.1%
Amortization of Goodwill	0	6	6	1.8%	2.8%	608.4%
Taxes and Public Dues	4	4	5	1.5%	16.9%	13.8%
License Fees	1	2	3	1.0%	14.1%	140.7%
Advertising Costs	2	5	2	0.8%	-56.0%	2.1%
Others	3	4	6	1.9%	51.0%	71.8%
<b>SG&amp;A Total</b>	<b>275</b>	<b>319</b>	<b>341</b>	<b>100.0%</b>	<b>6.9%</b>	<b>24.1%</b>

Number of employees reached 6,191, up 716 persons (13.1%)

Increase of operations commission fees for our services and settlement charges

Increase of promotion costs and T-POINT expenses

Increase in revenue

Increase in intangible fixed assets from acquisition of shares of CyberAgent FX, Inc.

Acquisition of shares of CyberAgent FX, Inc.

# FY2013-2Q Balance Sheets

Major Items	2012/9/30	2013/9/30	Increase/ Decrease	Major Factors for Increase/Decrease	(¥ 100M)
<b>&lt; Assets &gt;</b>					
<b>Current Assets</b>	4,463	6,170	1,707		
Cash and Cash Equivalents	2,561	4,482	1,920	Cash from operating activities and collection of receivables from sales of shares of BB Mobile Corp.	
Notes and Accounts Receivable - Trade	455	536	81		
Notes and Accounts Receivable - Other	1,213	23	-1,189	Collection of receivables related to sales of shares of BB Mobile Corp.	
Foreign Exchange Dealings Cash Segregated as Deposits for Customers	-	734	734	Consolidation of CyberAgent FX, Inc.	
<b>Fixed Assets</b>	1,454	1,684	230		
Tangible Fixed Assets	375	447	72		
Intangible Fixed Assets	142	293	150	Consolidation of CyberAgent FX, Inc.	
Investment Securities	779	807	28		
<b>Total Assets</b>	<b>5,917</b>	<b>7,855</b>	<b>1,937</b>		
<b>&lt; Liabilities &gt;</b>					
<b>Current Liabilities</b>	879	1,922	1,043		
Accounts Payable - Other	148	189	41		
Income Taxes Payable	332	391	58		
Foreign Exchange Dealings Deposits from Customers	-	826	826	Consolidation of CyberAgent FX, Inc.	
<b>Long-term Liabilities</b>	28	29	1		
<b>Total Liabilities</b>	<b>907</b>	<b>1,952</b>	<b>1,044</b>		
<b>&lt;Net Assets&gt;</b>					
<b>Shareholders' Equity</b>	4,960	5,789	828		
Common Stock	80	82	1		
Capital Surplus	31	32	1		
Retained Earnings	4,905	5,677	772	Increase in net income	
Accumulated Other Comprehensive Income	17	33	15		
Minority Interests	24	73	49		
<b>Total Net Assets</b>	<b>5,010</b>	<b>5,902</b>	<b>892</b>		
<b>Total Liabilities and Net Assets</b>	<b>5,917</b>	<b>7,855</b>	<b>1,937</b>		

# FY2013-2Q Cash Flow Statements

Major Items	FY2013-2Q (Jul. - Sep. 2013)	Major Factors for Changes	(¥ 100M)
<b><u>Operating Activities</u></b>	<b>566</b>		
Quarterly Net Income before Income Taxes	487	Increase in quarterly net income before income taxes	
Depreciation Expenses	34		
Amortization of Goodwill	6		
Increase of Provision for T-POINT	-9		
Accounts Receivable and Payable -Trade	-1		
Other Current Assets/Liabilities	35		
<b><u>Investing Activities</u></b>	<b>-502</b>		
Expenditures on Time Deposits	-458	Increase of Time Deposits	
Acquisition of Tangible Fixed Assets	-19	Construction of data centers and others	
Acquisition of Intangible Fixed Assets	-6		
Acquisition of Shares of Consolidated Subsidiaries	-20	Acquisition of shares of Ocenyc Inc. and others	
Interests and Dividends Received	5		
<b><u>Financing Activities</u></b>	<b>2</b>		
<b><u>Net Change in Cash Flows</u></b>	<b>66</b>		

# FY2013-2Q Highlights

## – Marketing Solutions Business (1)

### Paid search advertising

(Paid search advertising [Sponsored Search])

- Paid search advertising revenue grew by 12.3% from the second quarter last year.
- Smartphone advertising revenues expanded substantially year on year.

### Display advertising

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

- Interest-based advertising revenue expanded sharply year on year.
- In Brand Panel, revenue of Top Impact and other advertising products with a highly effective branding impact increased.
- As a result, overall revenue at display advertising rose by 27.4% compared with the second quarter last year.

(¥ 100M)

Marketing Solutions Business	2012-2Q	2013-2Q	YoY Change
Revenue	547	672	22.9%
Operating Income	302	357	18.2%

# FY2013-2Q Highlights

## – Marketing Solutions Business (2)

### Business Services

- Revenue increased year on year due to consolidation of ValueCommerce Co., Ltd. and Carview Corporation.
- IDC Frontier Inc.'s revenue expanded year on year, supported by greater use of its cloud computing service by game-related companies.
- Yahoo! Real Estate revenue rose compared with a year earlier.
- With the December 2012 termination of the contract with Recruit Holdings Co., Ltd., Indival, Inc. 's operations have become the core for developing recruiting-related operations. Revenue declined compared with the same quarter last year.

### Personal Services

- Game-related revenue rose substantially from the second quarter last year. Besides the business alliance formed with GREE, Inc., favorably growing revenues of Yahoo Mobage and other series also continued to expand in game-related revenue.



# FY2013-2Q Highlights

## – Consumer Business

### Business Services

- Although the overall transaction value of Yahoo! Shopping declined slightly compared to the second quarter last year, its smartphone transaction value rose year on year.
- The year-on-year growth rate of both B2C and C2C transaction value of YAFUOKU! expanded quarter on quarter because of such factors as greater demand for high unit price items and the upgrading of the smartphone applications.

### Personal Services

- Yahoo! Premium revenue rose year on year because of an October 2012 upward revision in membership fees and an increase in the number of Yahoo! Premium members with the start of registration through Softbank shops. The number of Yahoo! Premium membership IDs on September 30, 2013 climbed to 9.52 million IDs.

(¥ 100M)

Consumer Business	2012-2Q	2013-2Q	YoY Change
Revenue	232	254	9.6%
Operating Income	175	175	-0.1%

# Advertising Products

Advertising Products (Main Purpose)		Main Format	Fee Calculation	Placement Pages	Main Advertiser Base
Paid Search Advertising “Sponsored Search” (Sales Promotion)		Text	Per Click  (per-click rate determined by keyword auction bid price)	Search results pages	Major corporations
Display Advertising	Interest-based Advertising “Yahoo! Display Ad Network”(YDN) (Sales Promotion)	Text Banner		Top page	Small and medium-sized companies
	Premium Advertising (Branding and image enhancement)	Banner	Per impressions (Page views)  (per-impression rate determined by contract)	Contents pages	Major corporations

# Paid Search Advertising Revenue by Industry

## Industries with large year-on-year increase

- Transportation/Leisure
- Finance/Insurance/Securities
- Information Processing/Software/Internet Information Service

## Industries with large year-on-year decrease

- Fashion/Accessories

	12/2Q	3Q	4Q	13/1Q	2Q
Transportation/Leisure	11.4%	9.4%	9.8%	11.1%	12.3%
Finance/Insurance/Securities	8.8%	8.8%	10.0%	10.1%	9.1%
Department Stores/Mail Order/Shopping Malls	7.7%	9.3%	7.8%	7.4%	7.4%
Real Estate/Housing/Household Equipment	7.3%	6.7%	8.2%	6.6%	6.7%
Medical, Welfare, Health and Beauty	6.7%	5.8%	5.5%	6.3%	6.1%
Cosmetics/Toiletries/Health Foods and Appliances	6.1%	5.8%	5.3%	6.4%	6.0%
Recruitment and Human Resources Services	5.5%	5.3%	5.0%	5.1%	5.1%
Education/University	5.2%	4.8%	5.4%	5.0%	4.7%
Fashion/Accessories	5.3%	5.3%	4.2%	4.6%	4.5%
Information Processing/Software/Internet Information Service	3.3%	4.0%	3.6%	3.8%	4.2%
Interior/Gardening/Renovation/DIY	3.5%	3.6%	3.4%	3.9%	3.6%
Autos and Accessories (Transport Equipment)	3.0%	3.0%	3.4%	2.8%	2.8%
Others	26.2%	28.2%	28.4%	26.9%	27.5%
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

# Premium Advertising Revenue by Industry

## Industries with large year-on-year increase

- Government/Organizations
- Entertainment Software
- Fashion/Accessories

## Industries with large year-on-year decrease

- Cosmetics/Toiletries
- Transportation/Leisure
- Mobile Communications Service

	12/2Q	3Q	4Q	13/1Q	2Q
Real Estate/Construction	11.5%	9.7%	11.1%	11.2%	11.2%
Autos and Accessories (Transport Equipment)	10.3%	10.5%	10.0%	9.4%	10.7%
Finance/Insurance/Securities	9.9%	10.7%	10.2%	10.3%	10.3%
Transportation/Leisure	10.8%	10.4%	10.9%	8.3%	10.2%
Cosmetics/Toiletries	11.7%	8.2%	6.8%	10.1%	8.6%
Foodstuffs	8.5%	8.4%	7.5%	10.9%	8.3%
Mobile Communications Service	5.5%	5.0%	11.0%	3.4%	4.7%
Fashion/Accessories	3.7%	6.9%	4.2%	5.1%	4.5%
Beverages/Cigarettes	3.8%	3.1%	3.4%	6.3%	3.8%
Government/Organizations	1.0%	3.4%	2.2%	1.6%	2.9%
Entertainment Software	1.1%	1.1%	1.6%	1.4%	2.6%
Broadcasting	2.4%	2.4%	2.3%	2.7%	2.4%
Others	19.8%	20.2%	18.8%	19.3%	19.8%
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

# YDN and other Advertising Revenue by Industry

## Industries with large year-on-year increase

- Finance/Insurance/Securities
- Cosmetics/Toiletries/Health Foods and Appliances
- Real Estate/Housing/Household Equipment

	12/2Q	3Q	4Q	13/1Q	2Q
Finance/Insurance/Securities	23.1%	28.5%	29.0%	29.4%	23.0%
Cosmetics/Toiletries/Health Foods and Appliances	16.2%	16.6%	17.5%	21.1%	18.2%
Real Estate/Housing/Household Equipment	5.8%	6.1%	7.5%	6.0%	8.4%
Recruitment and Human Resources Services	3.4%	3.3%	4.1%	4.2%	6.1%
Education/University	3.7%	3.0%	3.7%	3.4%	5.2%
Medical, Welfare, Health and Beauty	3.7%	4.1%	4.3%	4.4%	4.5%
Transportation/Leisure	6.6%	4.0%	4.5%	4.0%	4.4%
Information Processing/Software/Internet Information Service	2.6%	2.9%	3.3%	3.9%	3.8%
Autos and Accessories (Transport Equipment)	3.1%	2.9%	3.6%	2.3%	2.9%
Wedding, Matching and Ceremonial Services	1.8%	2.1%	1.6%	1.9%	2.4%
Books, CD, DVD and Tickets	1.1%	1.2%	2.3%	1.5%	1.8%
Fashion/Accessories	2.0%	1.9%	1.7%	1.5%	1.6%
Others	26.9%	23.4%	16.9%	16.4%	17.7%
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

Part of advertising revenue is not categorized.

# Quarterly Business Data (1)

Indicator (Quarterly average)	2012/2Q	2013/2Q
Number of total monthly page views (millions)	53,358	55,618
Number of total monthly smartphone page views (millions)(1)	9,351	16,153
Number of Daily UBs (Unique Browsers)(millions)(2)	53.09	61.04
Number of smartphone Daily UBs (millions)(1)(2)	15.63	25.34
Number of monthly active user IDs (millions)(3)	26.41	27.54
Number of Yahoo! Premium member IDs (quarter-end)(millions)	7.83	9.52

(1) “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.

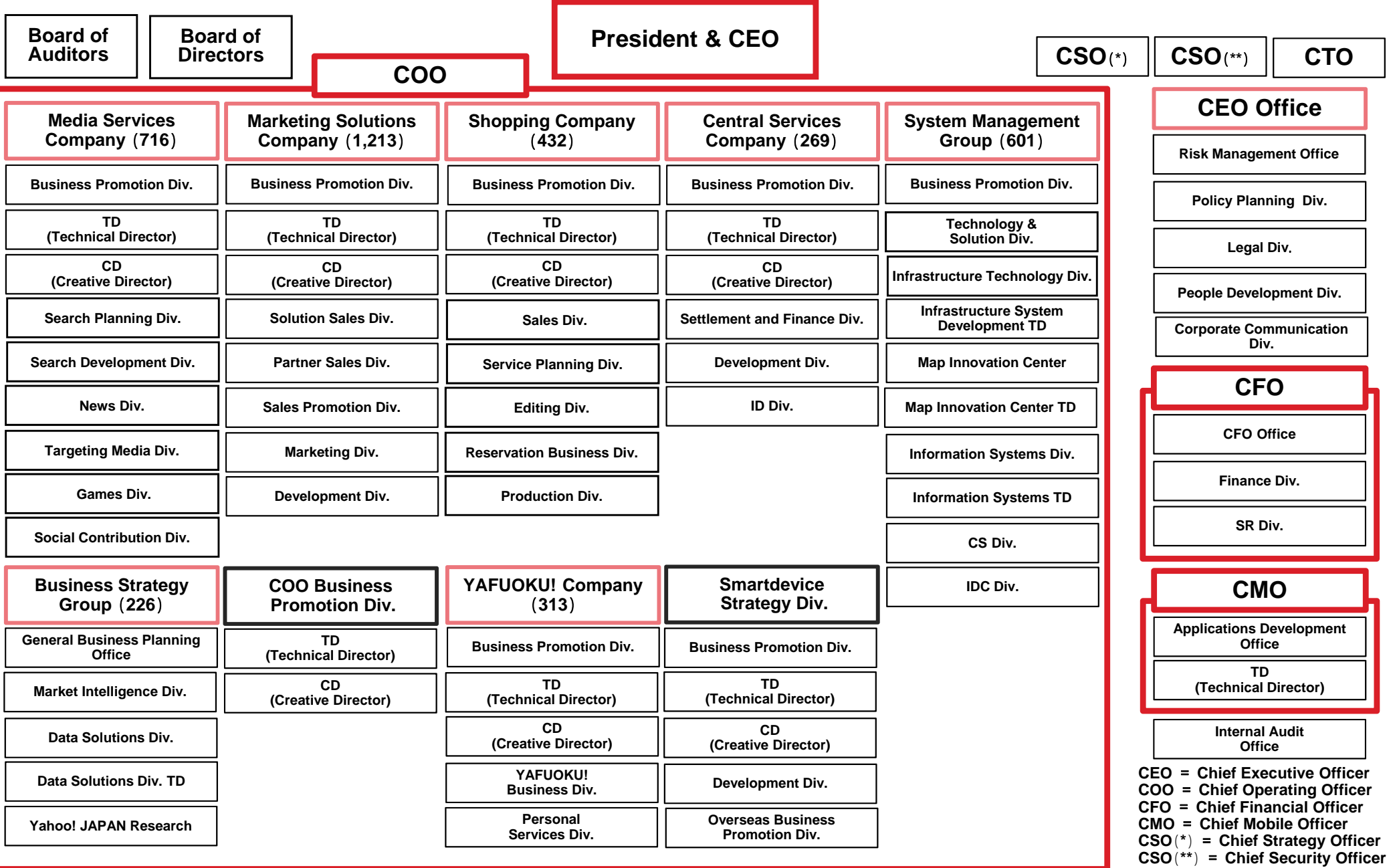
(3) Number of Yahoo! JAPAN IDs that are logged in each month.

# Quarterly Business Data (2)

Indicator (Quarterly total)	2012/2Q	2013/2Q
Transaction value of YAFUOKU! (100 millions of yen)	1,569	1,651
Transaction value of shopping-related (100 millions of yen)	745	737
Transaction value of YAFUOKU! and shopping-related (100 millions of yen)	2,315	2,388
Transaction value of YAFUOKU! and shopping-related via smartphones (100 millions of yen)	450	640
Transaction value of e-commerce (100 millions of yen) *	3,751	3,937

\* Includes YAFUOKU!, shopping-related, Yahoo! Wallet, Yahoo! Cards, pay digital content, etc. Does not include FX transaction value.

# Organization Chart of Yahoo Japan Corporation



CEO = Chief Executive Officer  
 COO = Chief Operating Officer  
 CFO = Chief Financial Officer  
 CMO = Chief Mobile Officer  
 CSO(\*) = Chief Strategy Officer  
 CSO(\*\*) = Chief Security Officer  
 CTO = Chief Technology Officer

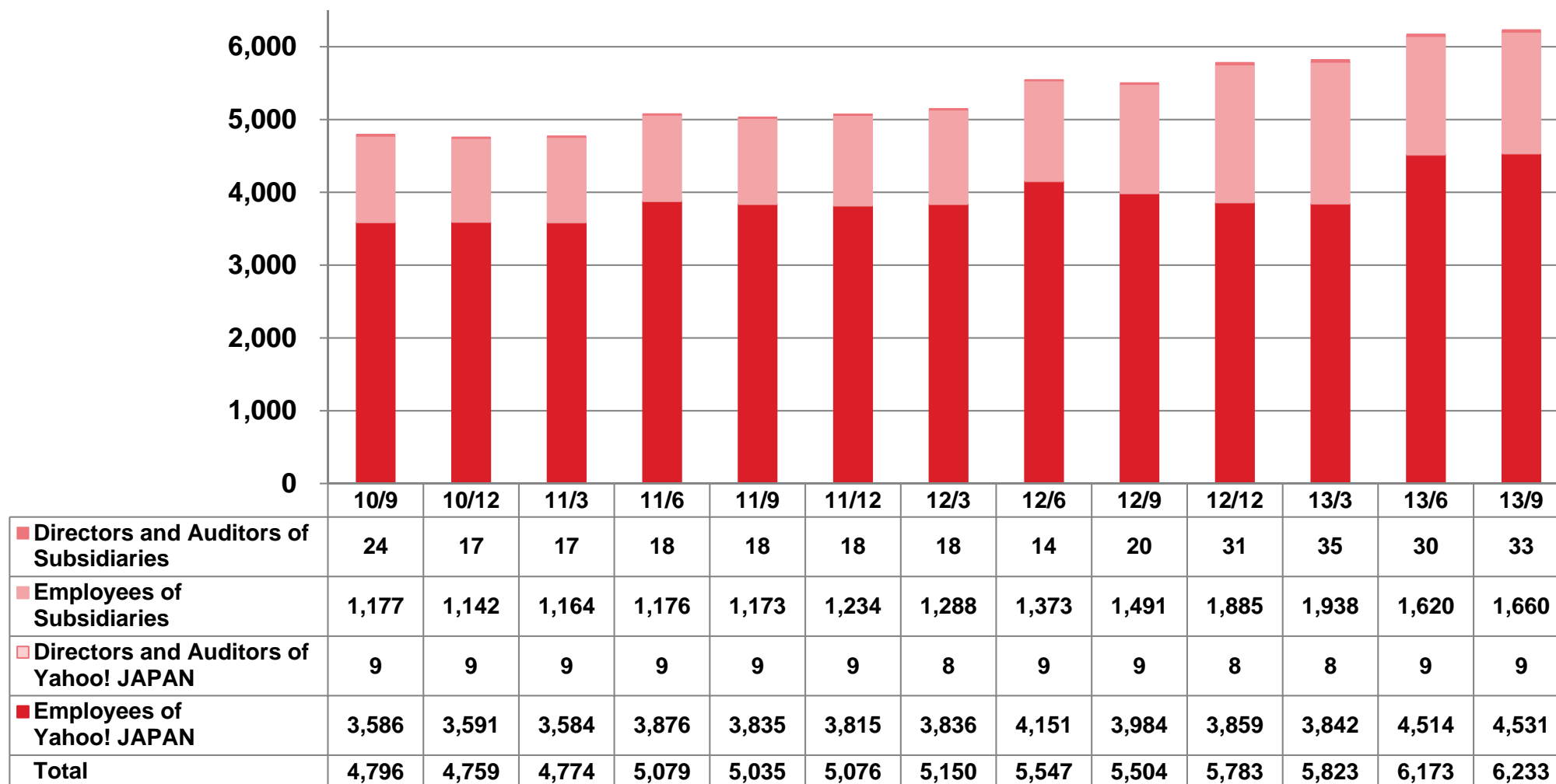




# Number of Directors and Employees

(Number of People)

(at the End of Quarter)



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

# Consolidated Subsidiaries and Companies Accounted for by the Equity Method

(as of September 30, 2013)

## •Major consolidated subsidiaries at the end of FY2013-2Q

- ◆ Carview Corporation
- ◆ Crocos, Inc.
- ◆ Firstserver, Inc
- ◆ IDC Frontier Inc.
- ◆ Netrust, Ltd
- ◆ ValueCommerce Co., Ltd.
- ◆ YJ Capital Inc.
- ◆ Y's Sports Inc.
- ◆ Community Factory Inc.
- ◆ CyberAgent FX, Inc.
- ◆ GyaO CORPORATION
- ◆ Indival, Inc.
- ◆ Ocenyc Inc. **NEW!**
- ◆ Yahoo Japan Customer Relations Corporation
- ◆ Y's Insurance Inc.

## •Major companies accounted for by the equity method at the end of FY2013-2Q

- ◆ AnimatiC Inc.
- ◆ Classified, Inc.
- ◆ GxYz, Inc.
- ◆ KAKAO JAPAN Corporation
- ◆ Smart Kitchen, Inc.
- ◆ 4travel, Inc.
- ◆ ASKUL Corporation
- ◆ CRITEO K.K.
- ◆ JWord Inc.
- ◆ MACROMILL, INC.
- ◆ Tavigator, Inc.