

July 11, 2018

To whom it may concern

Yahoo Japan Corporation
Kentaro Kawabe
President and CEO
Stock code: 4689

Notification Regarding dely, Inc. Becoming a Consolidated Subsidiary

Yahoo Japan Corporation (hereinafter the “Company”) hereby announces that it has concluded a share transfer agreement to acquire the issued shares of dely, Inc. (President and Representative Director: Yusuke Horie; hereinafter “dely”). dely provides “kurashiru” one of the largest cooking recipe video service in Japan. YJ2 Investment Partnership (hereinafter “YJ2”), a subsidiary of the Company has made capital investment to dely since 2016. With the conclusion of the share transfer agreement, the Company will consolidate dely by sending the majority of dely's directors. Details are as follows:

1. Reasons and purpose of share acquisition

With “deliver happiness three times a day to 7 billion people” as its business mission, dely offers distribution service of easy and delicious recipe videos in “kurashiru”. Through this capital investment, the Company and dely have agreed to construct a strategic partnership in various fields related to food and recipe with “kurashiru” at its core, so that the companies can create synergies with a mid-long term perspective.

Through this measure, dely will be able to utilize various resources that the Company possesses such as those on media and commerce businesses, which will result in the strengthening of the uniqueness and predominance of dely. More specifically, the Company will pursue measures that will facilitate its users of media/commerce related services to use the contents of “kurashiru”, and will aim to improve the user experience of the Company and reinforce dely's earnings.

The Company and dely will mutually respect the brand value, operation structure and business base of each other, and will aim to further improve the user experience and corporate value of both companies in the business fields related to food and recipe.

2. Outline of company to be transferred to subsidiary (dely)

(1) Name	dely, Inc.
(2) Head Office	7-17-3 Nishi-Gotanda, Shinagawa-ku, Tokyo
(3) Name and Title of	Representative Director

	Representative	Yusuke Horie	
(4)	Description of Business	Internet media business, video advertising business	
(5)	Paid-in Capital	JPY 3,537 million (as of January 31, 2018)	
(6)	Date Established	April 22, 2014	
(7)	Major Shareholders and Shareholding Ratio (as of March 31, 2018)	Yusuke Horie	24.0%
		JAFSCO SV No.5 Co-Investment Limited Partnership	16.7%
(8)	Relationships between the Company and dely	Capital relationship	As of March 31, 2018 YJ2, the Company's subsidiary, possesses 15.9% of voting rights in dely.
		Personnel relationship	N.A.
		Transaction relationship	N.A.

(9) dely's performance and financial position in the past three years

(Millions of yen)

	Fiscal year ended October 31, 2017	Fiscal year ended October 31, 2016	Fiscal year ended October 31, 2015
Net Assets	2,007	16	13
Total Assets	2,154	55	40
Net Assets per Share (yen)	545.23	911.54	1025.32
Sales	289	24	7
Operating Income/Loss	-3,067	-150	-30
Ordinary Income/Loss	-3,067	-150	-28
Net Income/Loss	-3,071	-149	-28
Net Income per Share (yen)	-834.27	-8,224.22	-2,199.05

Note: Operating income/loss, ordinary income/loss net income/loss and net income/loss per share for fiscal year ended October 31, 2017 are results of active investments mainly in advertising activities to accelerate service growth.

3. Outline of sellers of shares

Name	Address	Relationship between the Company and the individuals
Hironao Kunimitsu	Minato-ku, Tokyo	N.A.
Koya Arikawa	Taito-ku, Tokyo	N.A.
Ayatara Nakagawa	Minato-ku, Tokyo	N.A.

(1) Name	gumi ventures fund II L.P.	
(2) Head office	4-34-7, Nishi Shinjuku, Shinjuku-ku, Tokyo	
(3) Purpose of establishment	Investment in early stage venture capitals in which development and proliferation of new technologies and services related to video contents and platforms of mobile devices can be expected; hands-on support using gumi's business base and know-how	
(4) Date of establishment	August 21, 2014	
(5) Total amount of fund	JPY 2 billion	
(6) Outline of managing partners	Name	gumi ventures Inc.
	Head office	4-34-7, Nishi Shinjuku, Shinjuku-ku, Tokyo
	Name and title of representative	CEO Hiroyuki Kawamoto
	Description of business	Formation and management of investment funds, operation and management of investment business limited partnerships, acquisition and sales of listed and non-listed shares and other securities, incubation business, etc.
	Paid-in capital	JPY 159 million
	Name	Shinsei Growth Capital, Ltd.
	Head office	4-3, Nihonbashi-muromachi 2-chome, Chuo-ku, Tokyo
	Name and title of representative	CEO Ippei Matsubara
	Paid-in capital	JPY 20 million
(7) Relationship between the Company and this fund	There is no capital, personnel, transaction relationship to note.	

(1) Name	Pegasus Wings Group Limited
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(2) Head office	NovaSage Chambers, Wickham's Cay II, Road Town, Tortola, British Virgin Islands
(3) Name and title of representative	CEO Shinji Kimura
(4) Description of business	Acquisition and ownership of securities, etc.
(5) Date of establishment	February 8, 2016
(6) Major Shareholders and Shareholding Ratio	Shinji Kimura: 100%
(7) Relationship between the Company and Pegasus Wings Group Limited	There is no capital, personnel, transaction relationship to note.

(1) Name	SoftBank Corp.	
(2) Head office	1-9-1 Higashi-shimbashi, Minato-ku, Tokyo	
(3) Name and title of representative	President & CEO, Ken Miyauchi	
(4) Description of business	Provision of mobile communications services, sale of mobile devices, provision of fixed-line telecommunications and ISP services	
(5) Paid-in capital	JPY 197,694 million (As of March 31, 2018)	
(6) Date established	December 9, 1986	
(7) Major shareholders and shareholding ratio (as of March 31, 2018)	SoftBank Group Corp.: 99.9%	
(8) Relationships between the Company and SoftBank Corp.	Capital relationship	N.A.
	Personnel relationship	As of June 30, 2018, three of the Company's directors are from SoftBank Corp.
	Transaction relationship	Payment from SoftBank Corp. to the Company for ad placements to the Company's website, payment from the Company to SoftBank Corp. for the use of communication service provided by SoftBank Corp., point campaigns conducted with the expense borne by both companies, and others

(9) SoftBank Corp.'s performance and financial position in the past three years

(Millions of yen)

	Fiscal year ended March 31, 2018	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2016
Net Assets	676,596	1,365,720	1,387,431
Total Assets	4,486,510	3,739,107	3,925,156
Net Assets per Share (yen)	146	332	236,659
Net Sales	3,566,106	3,203,225	3,158,296
Operating Income	574,496	613,515	605,883
Ordinary Income	518,099	559,040	563,626
Net Income/Loss	402,383	391,153	419,025
Net Income per Share (yen)	98	95	71,486

(1) Name	BEENOS Inc.	
(2) Head office	Gotenyama Trust Tower 7th floor, 4-7-35 Kitashinagawa, Shinagawa-ku, Tokyo	
(3) Name and title of representative	President and Group CEO Shota Naoi	
(4) Description of business	Domestic and international e-commerce	
(5) Paid-in capital	JPY 2,775 million (As of March 31, 2018)	
(6) Date established	November 25, 1999	
(7) Major Shareholders and Shareholding Ratio (as of March 31, 2018)	Teruhide Sato:	18.2%
	Japan Trustee Services Bank, Ltd.:	11.0%
	Digital Garage, Inc.:	9.9%
(8) Relationships between the Company and BEENOS Inc.	Capital relationship	N.A.
	Personnel relationship	N.A.
	Transaction relationship	Payment from a subsidiary of BEENOS Inc. to the Company for ad placements by the subsidiary of BEENOS Inc. to the Company's website; payment from several subsidiaries of BEENOS Inc. to the Company for several of BEENOS Inc.'s subsidiaries opening of stores in YAHUOKU! service.

(9) BEENOS Inc.'s performance and financial position in the past three years

(Millions of yen)

	Fiscal year ended September 2017	Fiscal year ended September 2016	Fiscal year ended September 2015
Net Assets	9,240	8,025	5,679
Total Assets	14,749	13,095	10,019
Net Assets per Share (yen)	638.13	548.80	448.15
Net Sales	20,711	19,226	16,936
Operating Income	1,507	1,200	1,184
Ordinary Income	1,552	1,211	1,148
Net Income	1,011	940	898
Net Income per Share (yen)	82.44	77.10	73.83

4. Number of shares held, purchase amount, and share ownership before and after purchase

(1)No. of shares held before purchase	658,400 shares (No. of voting rights: 658,400 units) (Percentage of voting rights: 15.9%)
(2)No. of shares to be purchased	1,224,400 shares (No. of voting rights: 1,224,440 units) (Percentage of voting rights: 29.6%)
(3) Purchase amount	dely shares: JPY 9,305 million Advisory fee, etc. (estimate): JPY 17 million Total (estimate): JPY 9,322 million
(4) No. of shares held after purchase	1,882,800 shares (No. of voting rights: 1,882,800 units) (Percentage of voting rights: 45.6%)

In calculating the purchase amount, dely's business growth due to increase in users, and values derived from businesses that are promoted by both companies in various fields of food and recipes, which grow according to plan were taken into account. The purchase amount is within the share valuation range evaluated by Minamiaoyama FAS Corporation, a company dedicated to valuation of corporate value, using the discounted cash flow method.

Note: (1) No. of shares held before purchase represents the number of shares held by YJ2, the Company's subsidiary.

5. Future schedule (planned)

July 11, 2018: Resolution in the Board of Directors Meeting

July 11 - 12, 2018: Conclusion of agreement

July 18, 2018: Transfer of shares

6. Future prospects

The consolidation of debt is not expected to have a material impact on the consolidated and non-consolidated performance of the Company.

7. Items regarding transactions, etc., with controlling shareholders

(1) Applicability of transaction, etc. with controlling shareholder and compliance with minority shareholder protection policies

Acquisition of shares from SoftBank Corp. constitutes a transaction, etc. with a controlling shareholder. The “Policy on Measures to Protect Minority Shareholders in Conducting Transactions with Controlling Shareholder” stated in the Company's corporate governance report, disclosed on July 2, 2018 is as follows. The acquisition of shares from SoftBank Corp. was determined based on the following policy.

“The parent company of the Yahoo Japan Group is SoftBank Group Corp. Yahoo Japan Corporation has enacted “Regulations for Appropriate Business Transactions and Practices by Yahoo Japan Corporation, its Parent Company, Subsidiaries, and Affiliates”. In accordance with these regulations, Yahoo Japan Corporation strives to maintain its commitment to fair and proper transactions by expressly forbidding clearly advantageous or disadvantageous transactions, or the performing of transactions for the purpose of shifting profits, losses, or risks, which are judged by comparing transactions with its parent company, etc. to those of a third party or other similar transactions.”

(2) Items related to steps taken to ensure transaction fairness and avoid conflict of interest

As a measure to ensure fairness, in regards to the transfer price of this share transfer, the Company has acquired a valuation report from Minamiaoyama FAS Corporation, a company dedicated to valuation of corporate value, which is independent from the Company's parent company and its subsidiaries including SoftBank Corp.

In regards to the procedures of this transaction, the Company obtained advice from Anderson Mori & Tomotsune, a legal adviser which is independent from the Company's parent company and its subsidiaries including SoftBank Corp. In regards to debt, the Company has entrusted Anderson Mori & Tomotsune to conduct legal due diligence, and has entrusted Minamiaoyama FAS Corporation to conduct financial and tax due diligence.

Moreover, from the viewpoint of avoiding conflicts of interest, directors Masayoshi Son and Ken Miyauchi whose interests conflict with that of SoftBank Corp., a subsidiary of the Company's parent company, did not participate in the discussions and resolution of the Company's Board of Directors meeting regarding this share transfer.

(3) Outline of opinion that the transaction is not disadvantageous to minority shareholders obtained from persons without vested interest in controlling shareholder

The Company consulted the Company's outside directors Shingo Yoshii and Hiromi Onitsuka-Baur who are independent directors without vested interest in controlling shareholders. As a result, the Company obtained opinion on July 10, 2018 from the independent directors that this share transfer is not disadvantageous to minority shareholders because no unreasonable conditions can be found in the transaction, taking into consideration that (i) the consolidation of dely is rational in terms of management strategy because it fortifies the Company's services; (ii) the transaction has a rightful purpose and business synergies can be expected; (iii) measures to ensure fairness and validity as well as measures to avoid conflict of interest have been conducted in the negotiation process, etc.; and (iv) the transfer has been agreed as a result of negotiations with third parties independent from the Company and the controlling shareholders.

Reference: The Company's Actual Consolidated Performance for the Full Year in FY2017

(Millions of yen)

	Revenue	Operating income	Income before income taxes	Net income attributable to owners of the parent
Actual performance (Year ended March 31, 2018)	897,185	185,810	193,177	134,412

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