



**Yahoo Japan Corporation**  
**FY2016 Full Year & 4Q Business Results**  
(Apr. 2016-Mar. 2017/Jan.-Mar. 2017)

**April 26, 2017**

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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, 2017.”

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# **FY2016 Full Year Financial Highlights**

# Executive Summary for FY2016 (1)



Revenue	853.7 (¥B)	YoY +30.9%
Operating income	192.0 (¥B)	YoY -14.6%
Adjusted operating income	205.0 (¥B) (*1)	YoY +24.1% (*2)
EBITDA	230.0 (¥B)	YoY -10.0%
Adjusted EBITDA	243.1 (¥B) (*1)	YoY +24.0% (*2)
Net income attributable to owners of the parent	136.5 (¥B)	YoY -20.4%
Diluted EPS	¥23.9	YoY -20.4%
FY2016 year-end cash dividends forecast (per share)	¥8.86	Same as last FY

\*1 Adjusted the impact from the loss related to the fire incident at the Logistics Center of ASKUL Corporation of ¥13.0 billion in FY2016-4Q.

\*2 Adjusted the impacts from: the gain from remeasurement relating to business combination with ASKUL Corporation of ¥59.6 billion in FY2015-2Q; and the loss related to the fire incident at the Logistics Center of ASKUL Corporation of ¥13.0 billion in FY2016-4Q.

# Executive Summary for FY2016 (2)



Advertising-related revenue	286.4 (¥B)	YoY +7.3%	Via smartphones 50.4%
Total domestic e-commerce transaction value (*1)	1.85 (¥T)	YoY +23.0%	Via smartphones (*2) 46.3%
ASKUL Corporation's BtoB-related revenue (transaction value) via Internet	212.6 (¥B)		
Number of monthly active user IDs (*3)	38.98 (Million)	YoY +15.0%	
Number of monthly paid-membership IDs (*4)	17.73 (Million)	YoY +6.0%	

\*1 Includes Shopping-related and Auction-related transaction values, and ASKUL's non-consolidated BtoB-related revenue (transaction value; closing date: 20th of every month) via Internet.

Shopping-related transaction value includes revenue (transaction value; closing date: 20th of every month) of LOHACO business, operated by ASKUL, and Ikyu Corporation's transaction value.

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

\*3 Number of Yahoo! JAPAN IDs logged-in in March 2017.

\*4 Figure as of March 31, 2017.

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

# Executive Summary for FY2016

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## Advertising-Related Business

- Paid search advertising revenue recovered.
- Officially launched YDN In-feed Video Advertising in March.

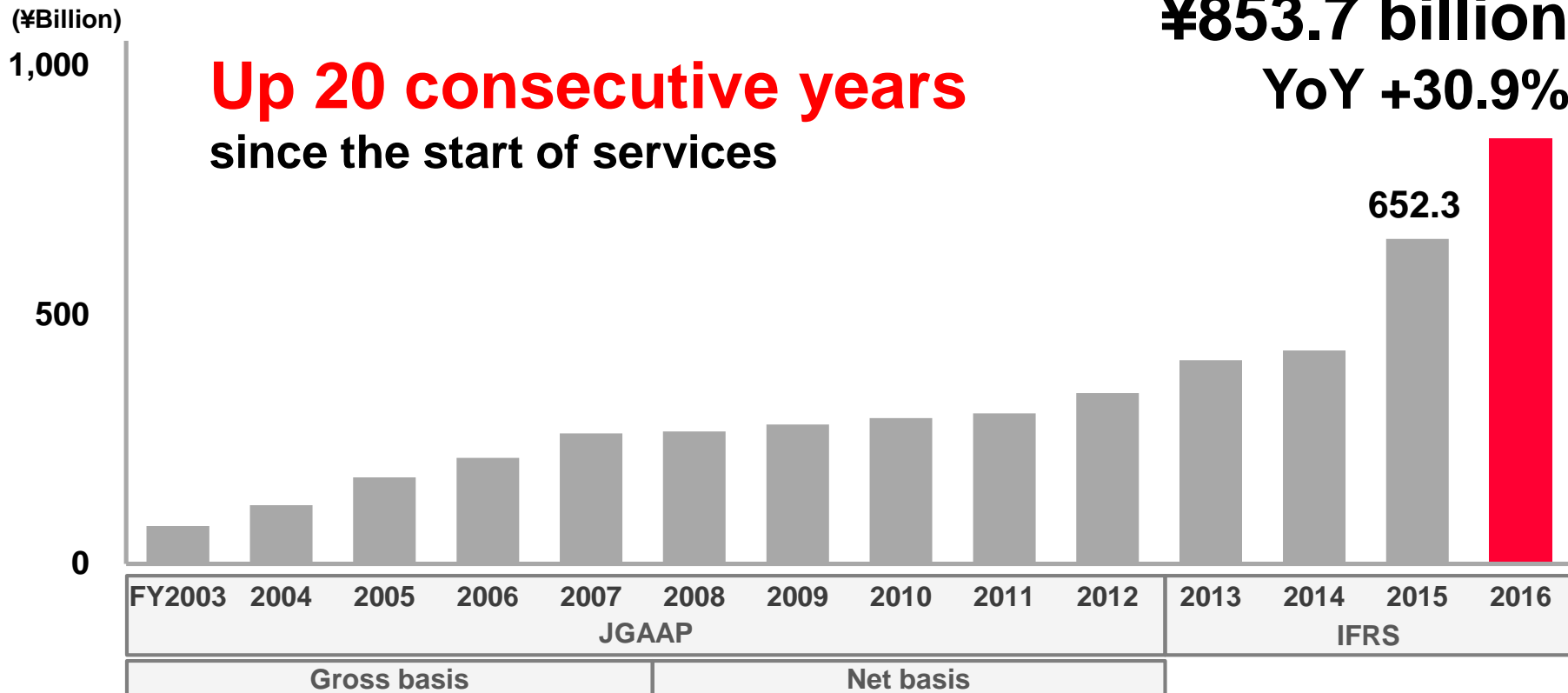
## e-Commerce-Related Business

- High growth in Shopping transaction value (\*).
- Shopping-related advertising revenue continued to increase substantially.
- Introduced “Flea-market Mode” in YAHUOKU!.

## Credit Card Business

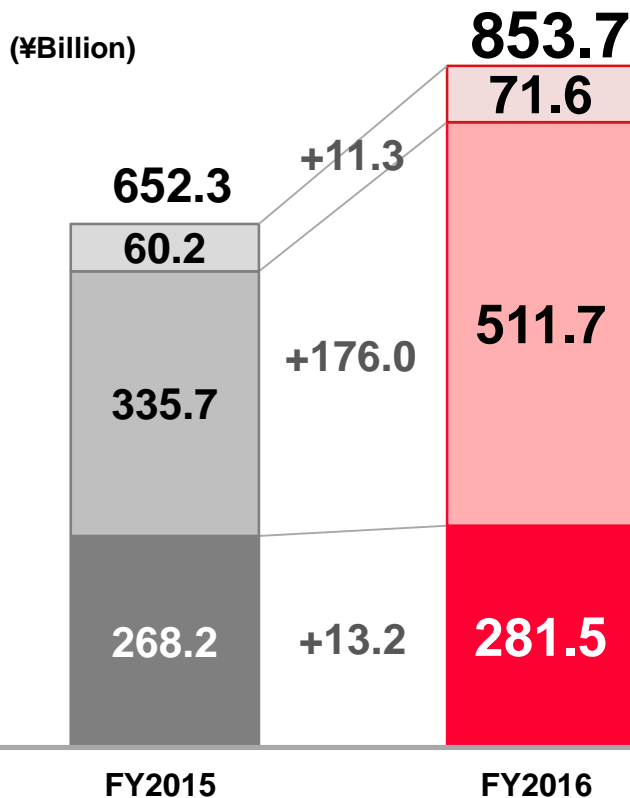
- Number of credit card holders and transaction value continued to increase.

# Full Year Revenue





# Full Year Revenue Breakdown



## Marketing Solutions Business

YoY **+4.9%**  
Growth in Advertising-related revenue

## Consumer Business(\*)

YoY **+52.4%**  
Business combination with  
ASKUL Corporation (Aug. 2015~) and  
growth in Shopping-related advertising

## Other Businesses

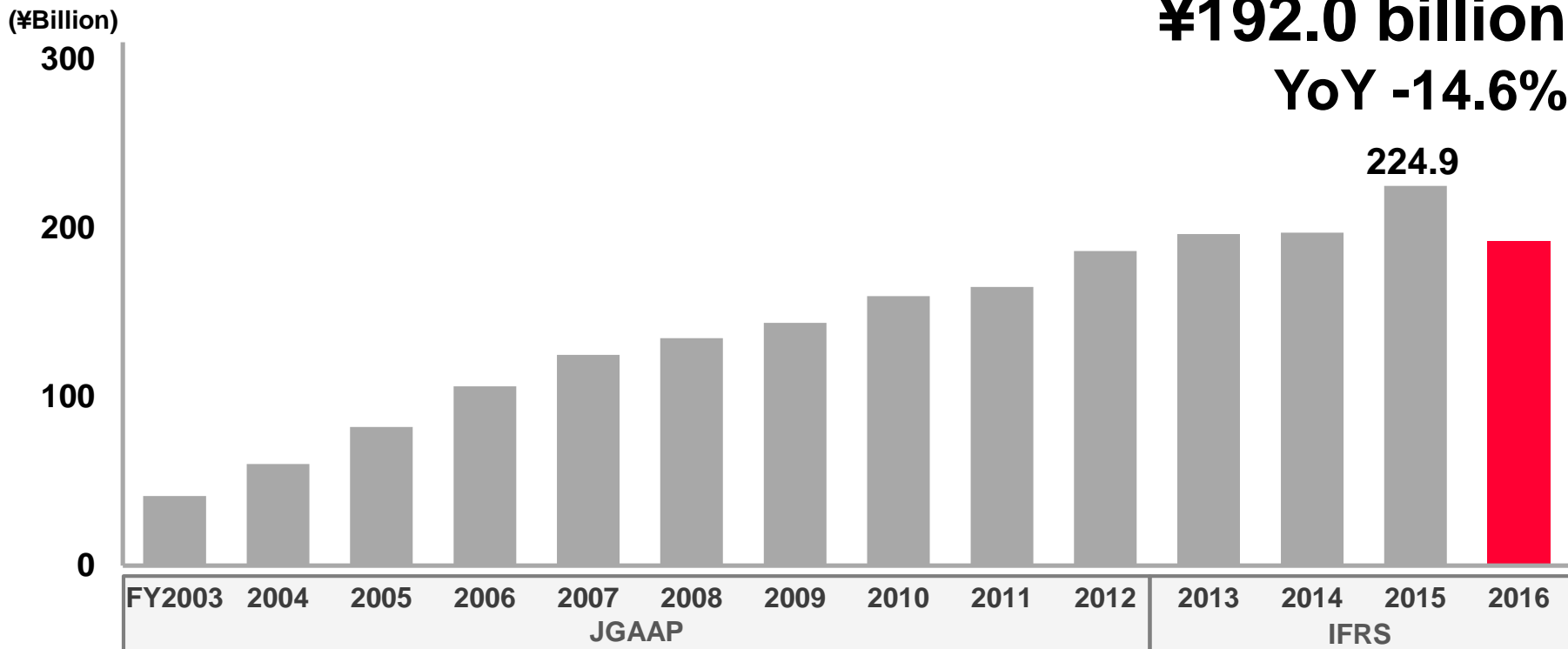
YoY **+18.8%**  
Growth in Payment-related revenue

Note 1: Figures for adjustments are not shown.

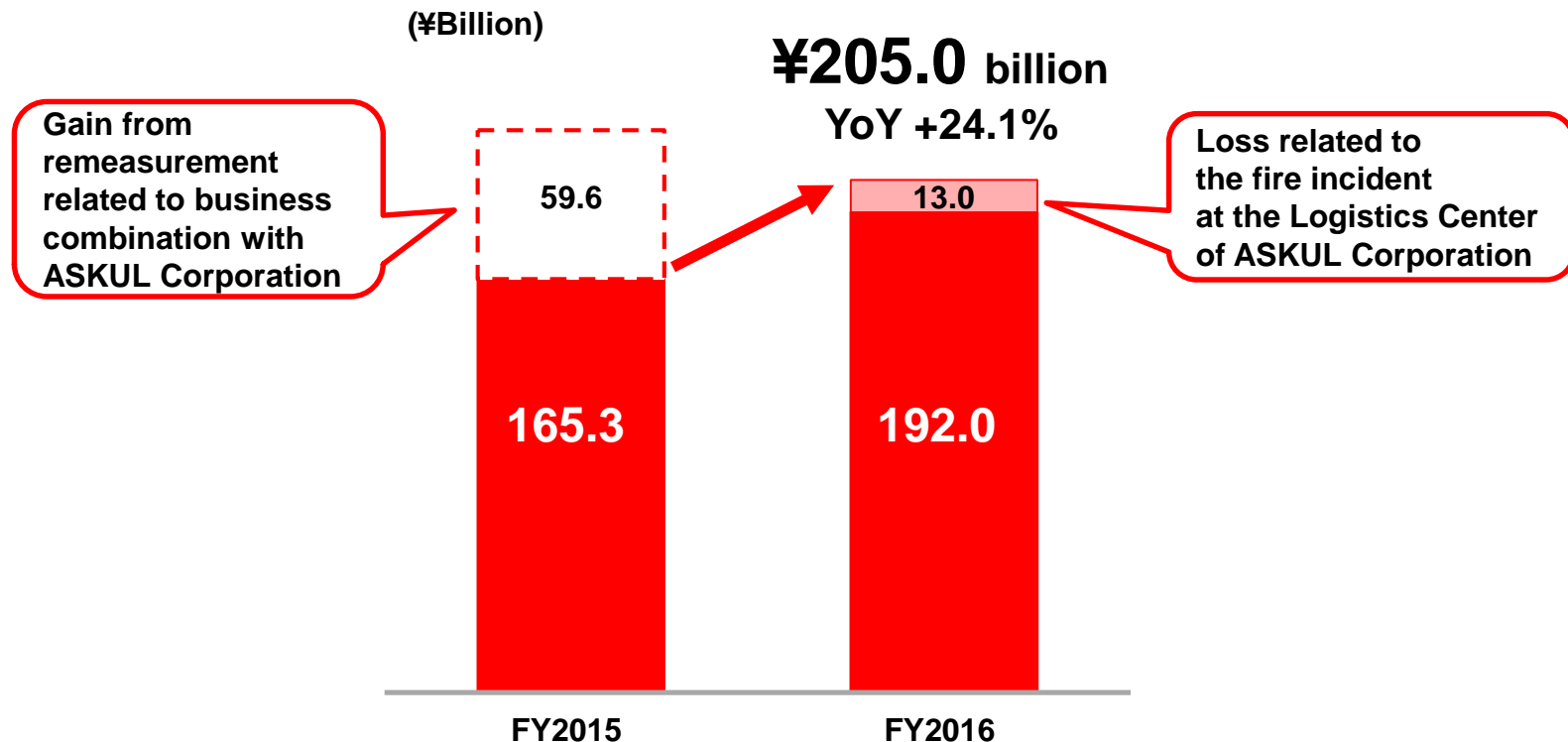
Note 2: In cases where major services have been transferred between segments, prior data and comparative figures have been retroactively adjusted to the current segments.

\* Includes ASKUL's revenue of ¥189.0 billion in FY2015 and ¥333.1 billion in FY2016.

# Full Year Operating Income



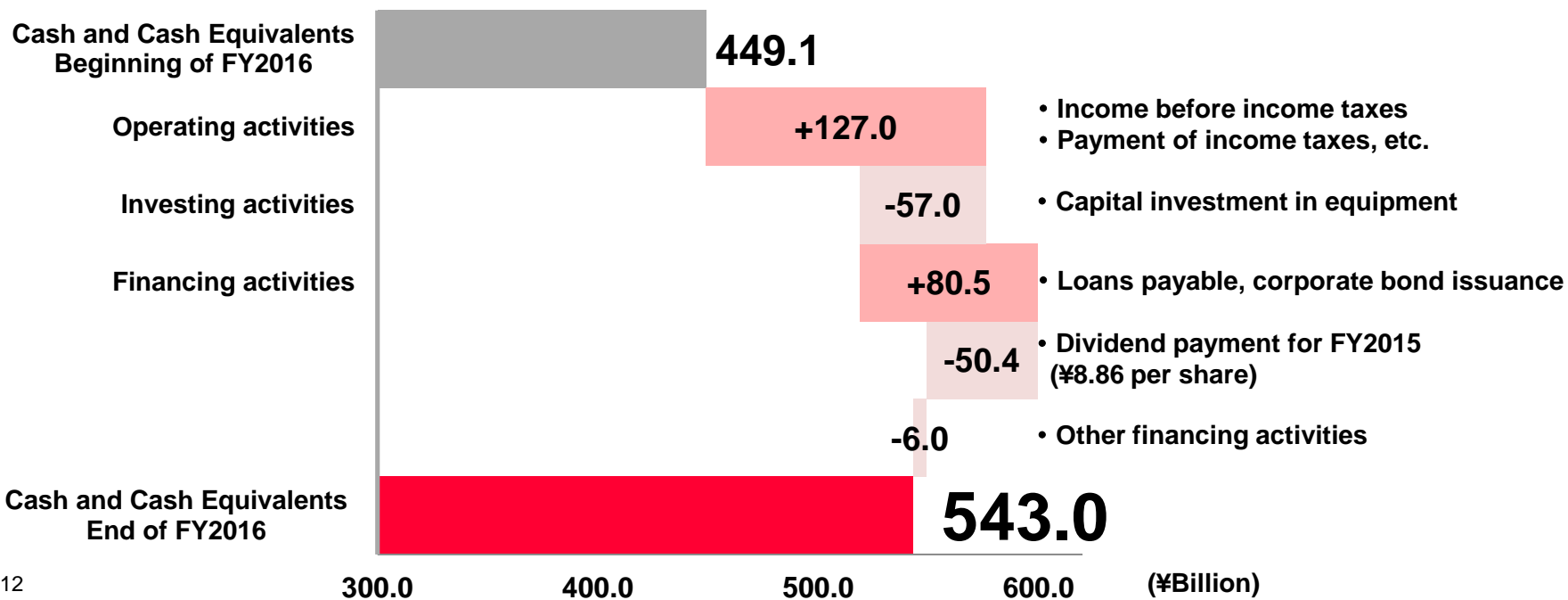
# Full Year Adjusted Operating Income



# Full Year Consolidated Cash Flows

-Cash gained through businesses was spent for capital investment in equipment and shareholders return.

-Working capital for Credit card business is separated from those for other businesses and will be procured externally including issuance of corporate bonds.



# **FY2016-4Q**

# **Financial Highlights**

# Executive Summary for FY2016-4Q (1)



Revenue	222.7 (¥B)	YoY +7.6%
Operating income	39.8 (¥B)	YoY +33.4%
Adjusted operating income (*)	52.8 (¥B)	YoY +76.8%
EBITDA	50.0 (¥B)	YoY +26.1%
Adjusted EBITDA(*)	63.0 (¥B)	YoY +58.8%
Net income attributable to owners of the parent	31.7 (¥B)	YoY +75.8%
Diluted EPS	¥5.58	YoY +75.8%

# Executive Summary for FY2016-4Q (2) **YAHOO!** JAPAN

<b>Advertising-related revenue</b>	<b>78.6 (¥B)</b>	<b>YoY +9.6%</b>	<b>Via smartphones 53.1%</b>
<b>Total domestic e-Commerce transaction value (*1)</b>	<b>486.4 (¥B)</b>	<b>YoY +12.6%</b>	<b>Via smartphones (*2) 51.4%</b>
<b>ASKUL Corporation's BtoB-related revenue (transaction value) via Internet</b>	<b>52.3 (¥B)</b>		

\*1 Includes Shopping-related and Auction-related transaction values, and ASKUL's non-consolidated BtoB-related revenue (transaction value; closing date: 20th of every month) via Internet.

Shopping-related transaction value includes revenue (transaction value; closing date: 20th of every month) of LOHACO business, operated by ASKUL, and Ikyu Corporation's transaction value.

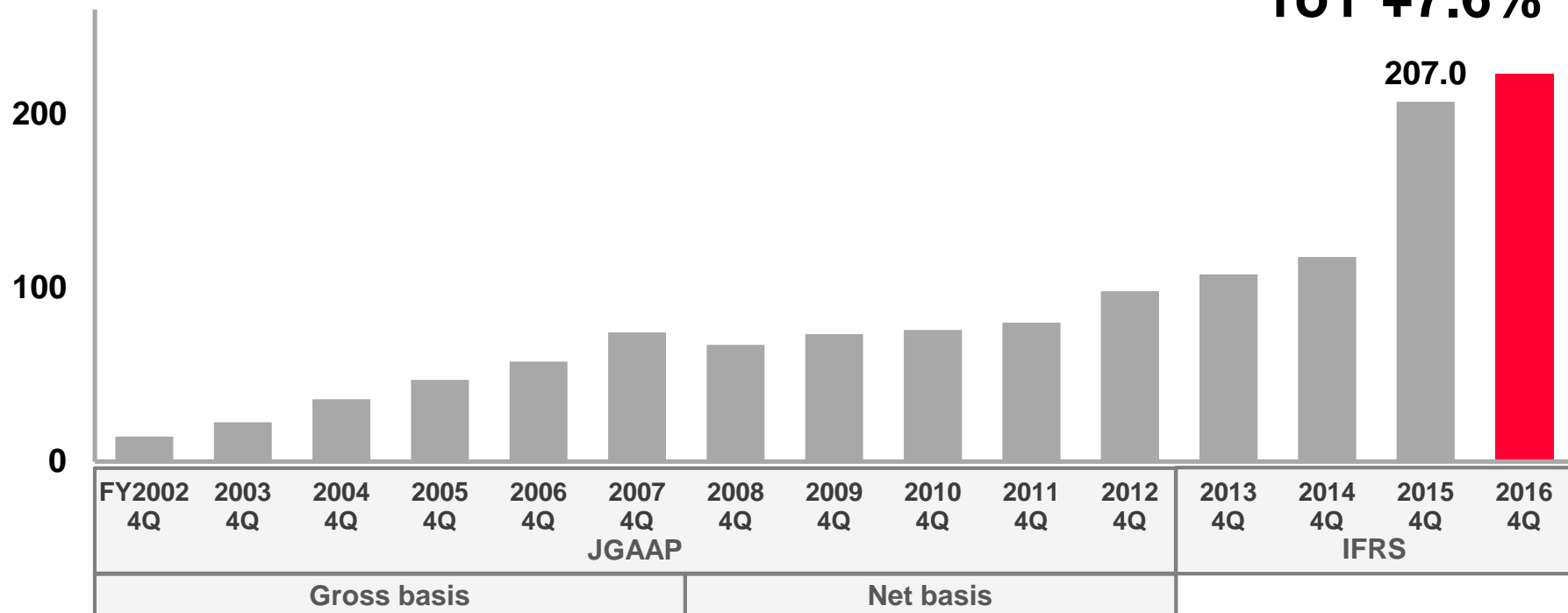
\*2 Proportion of transaction value via smartphones in Shopping-related business and Auction-related business.

# Quarterly Revenue



(¥Billion)

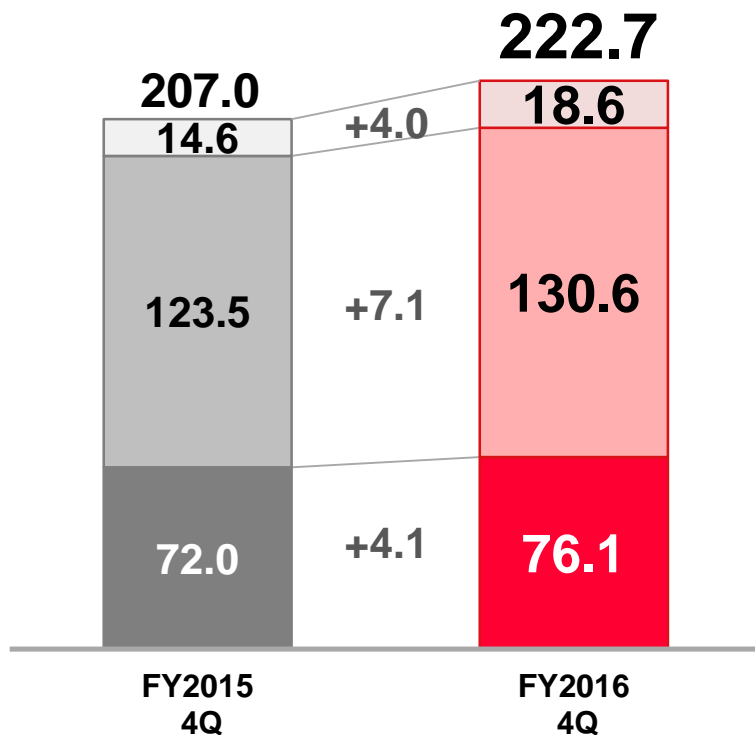
**¥222.7billion**  
**YoY +7.6%**





# Quarterly Revenue Breakdown

(¥Billion)



## Marketing Solutions Business

**YoY +5.8%**

Growth in Advertising-related revenue

## Consumer Business (\*)

**YoY +5.8%**

Growth in revenues of:  
consolidated subsidiaries;  
and Shopping-related advertising

## Other Businesses

**YoY +27.7%**

Growth in Payment-related revenue

Note 1: Figures for adjustments are not shown.

17 Note 2: In cases where major services have been transferred between segments, prior data and comparative figures have been retroactively adjusted to the current segments.

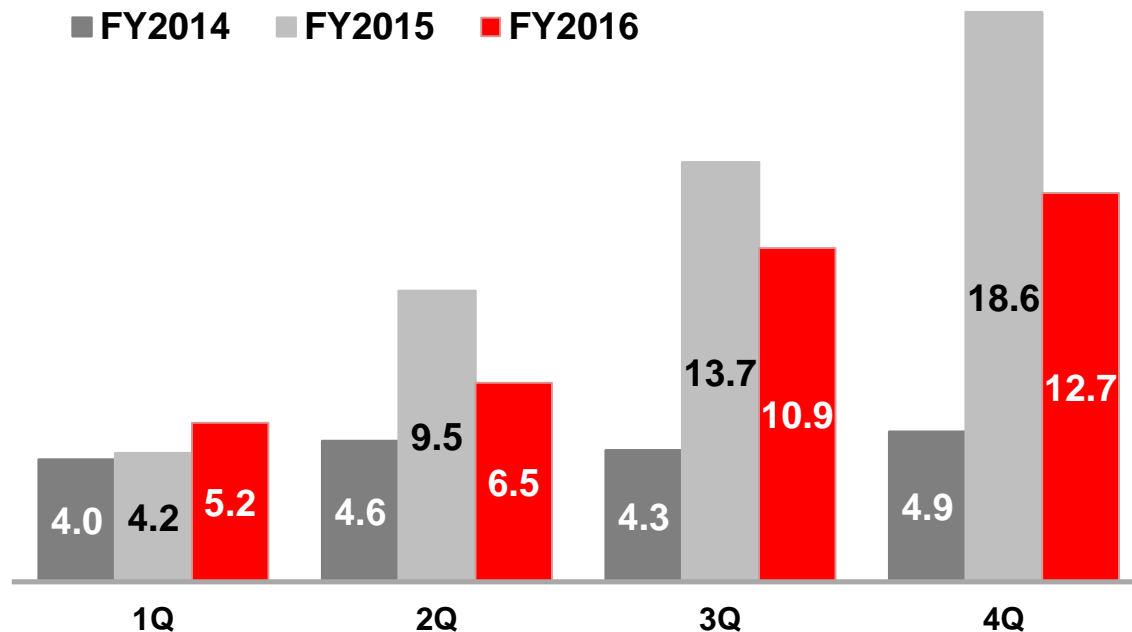
\* Includes ASKUL's revenue of ¥84.3 billion for FY2015-4Q and ¥84.9 billion for FY2016-4Q.

# Sales Promotional Activities

Promotion costs decreased year on year due to improved efficiency.

(¥Billion)

■ FY2014 ■ FY2015 ■ FY2016



## FY2016-4Q

Brief breakdown of  
sales promotion costs (\*1)

Shopping 50%

YAHUOKU!,  
Membership Services 30%

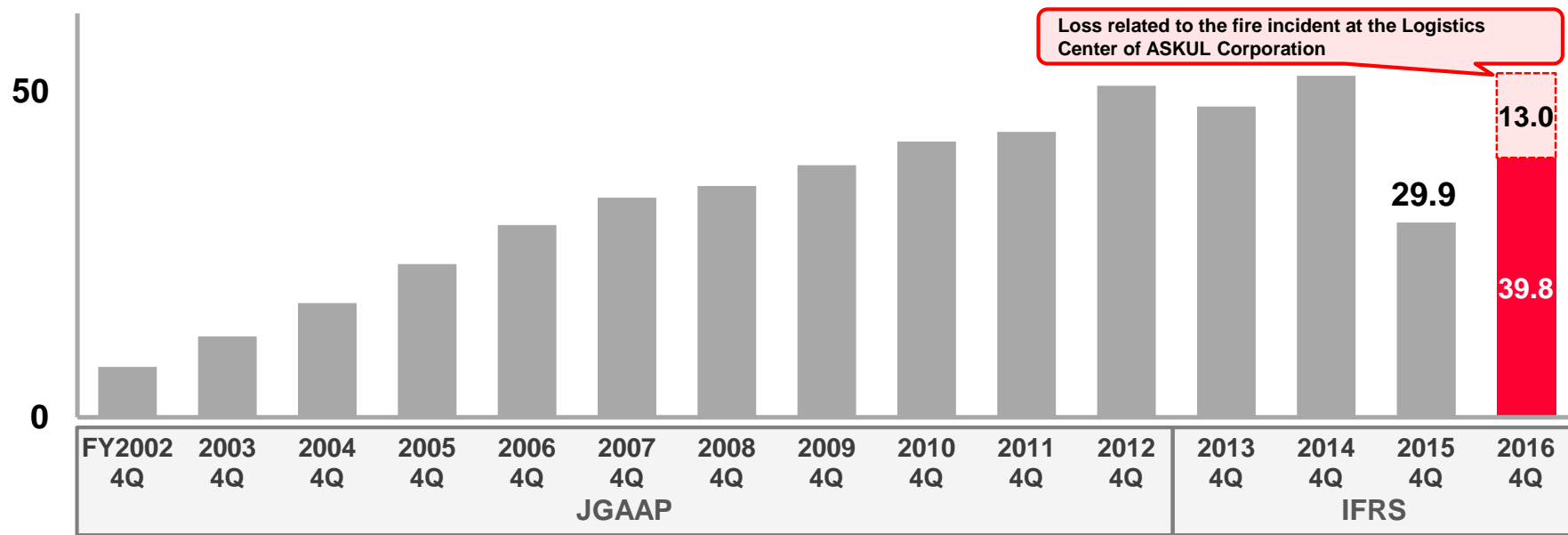
Financial & Payment 10%

Video services, etc. (\*2) 10%

# Quarterly Adjusted Operating Income **YAHOO! JAPAN**

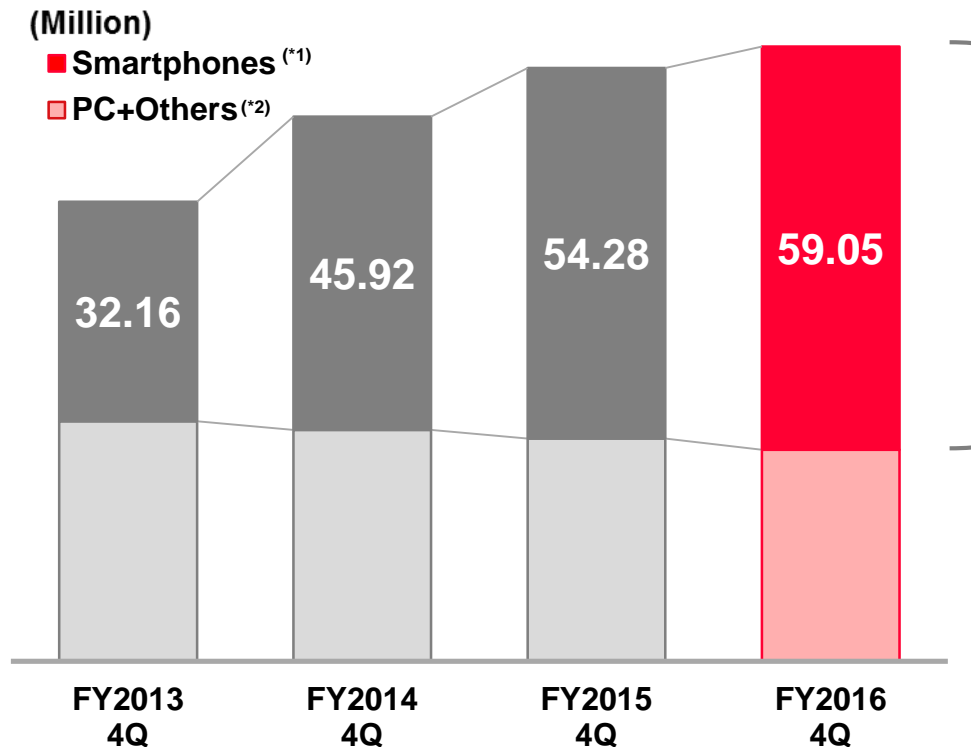
(¥Billion)

**¥52.8 billion**  
**YoY +76.8%**



# Usage Trend of Services

# Daily Unique Browsers



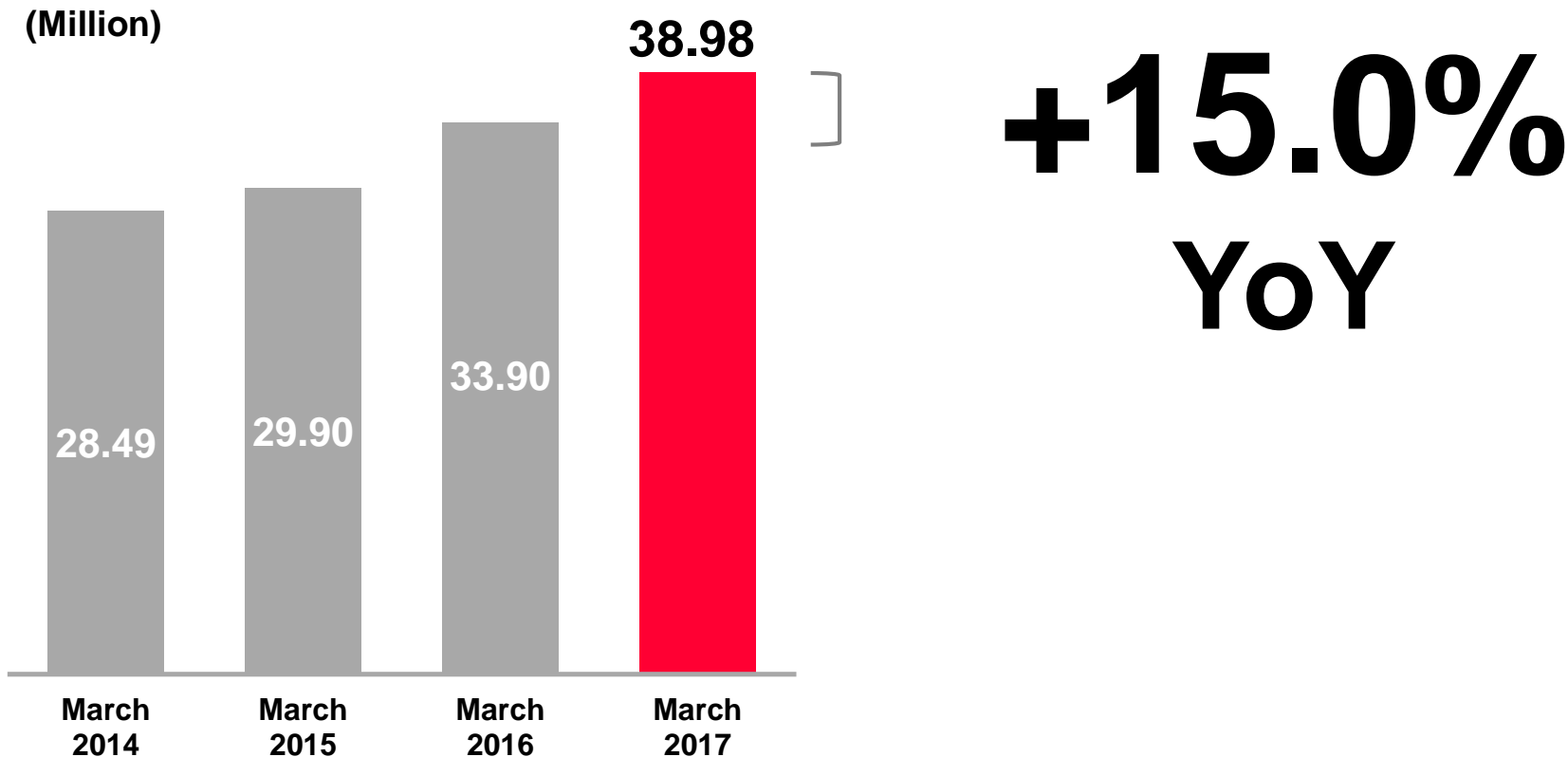
Usage via  
smartphones  
**65.1%**

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

\*2 Quarterly average; includes accesses to Yahoo! JAPAN via PCs, tablets and feature phones.

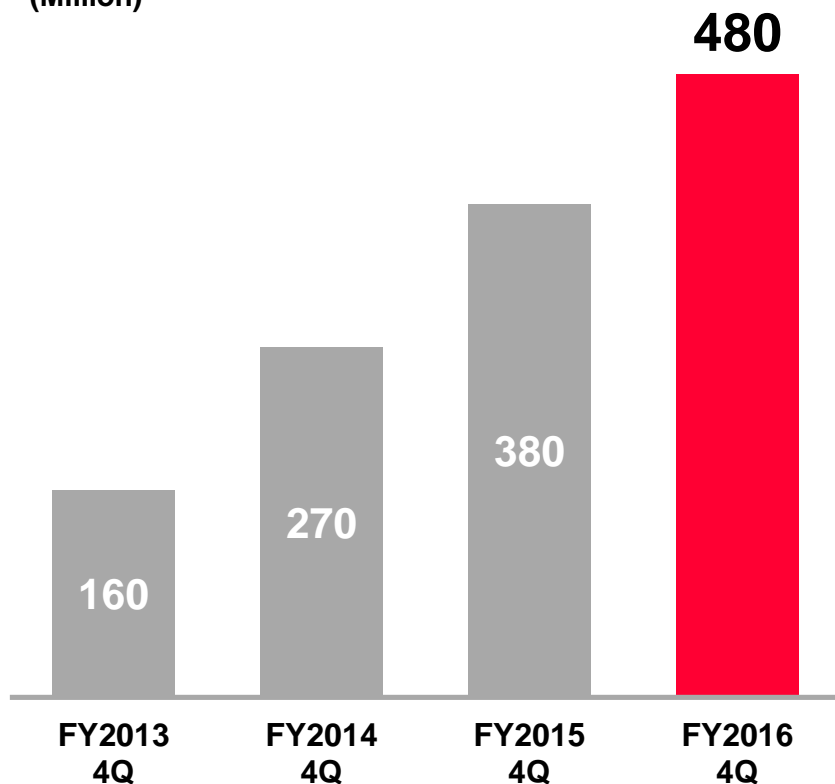
# Number of Monthly Active User IDs

YAHOO!  
JAPAN



# Cumulative Number of Smartphone Application Downloads (\*)

(Million)



Expanded  
further

# Ranking for the Cumulative Number of Smartphone Application Downloads



**1. Yahoo! JAPAN**

**2. LINE**

**3. Apple**

**4. Google**

**5. CyberAgent**

**2016 Domestic Application  
Publishers Ranking in Japan  
for All Downloads<sup>(\*)</sup>**

**No.1**



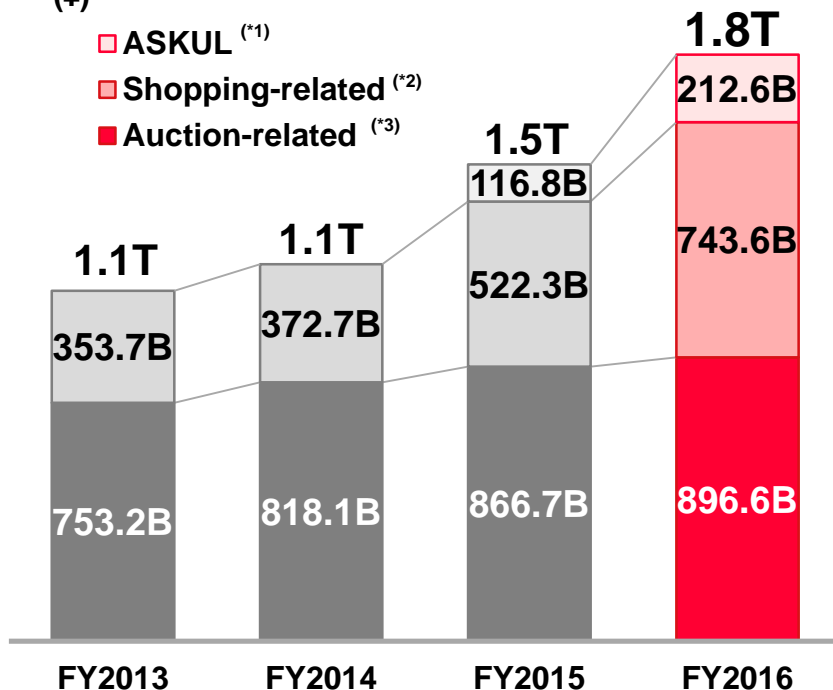
# Total Domestic e-Commerce Transaction Value

(¥)

ASKUL <sup>(\*)1</sup>

Shopping-related <sup>(\*)2</sup>

Auction-related <sup>(\*)3</sup>



# Record high

\*1 ASKUL's non-consolidated BtoB-related revenue (transaction value; closing date: 20th of every month) via Internet. 7 months revenue included in FY2015.

\*2 Includes transaction values of Yahoo! Shopping, Yahoo! Travel, paid digital contents, LOHACO, Yahoo! Restaurant Reservation, and Ikyu's transaction value in and after FY2015 (2 months transaction value included in FY2015), etc. Prior data and comparative figures have been retroactively adjusted. LOHACO's transaction value is the revenue (closing date: 20th of every month) of LOHACO business, operated by ASKUL.

\*3 Includes transaction values of YAHUOKU!, tradecarview (<http://www.tradecarview.com/>), BOOKOFF Online (<http://www.bookoffonline.co.jp/>), and Yahoo! Tickets from April 2015. Prior data and comparative figures have been retroactively adjusted.

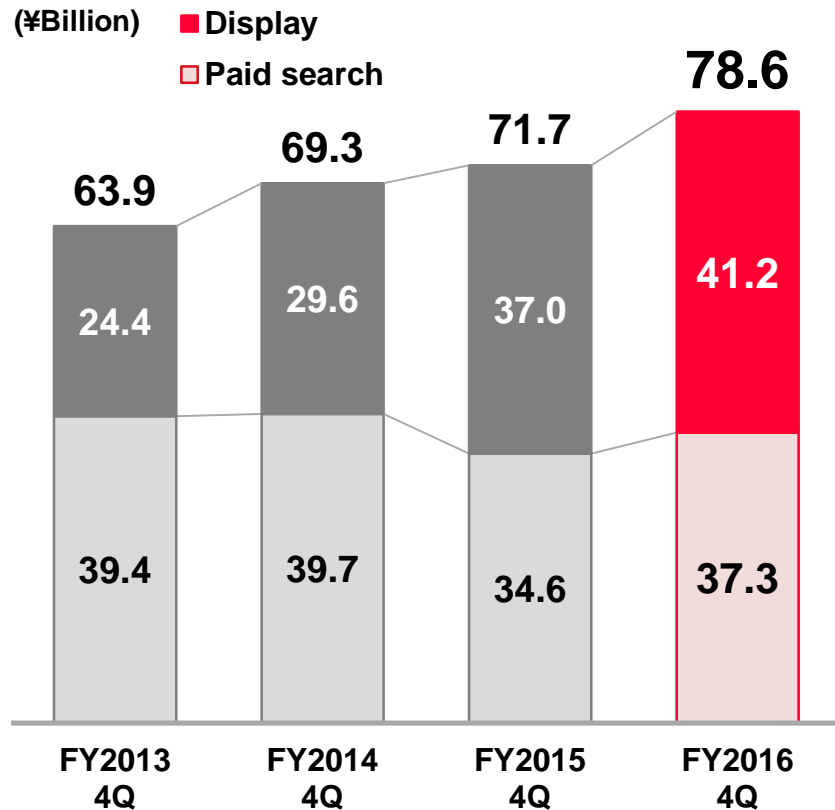
# Core Businesses

**Advertising**

Auctions

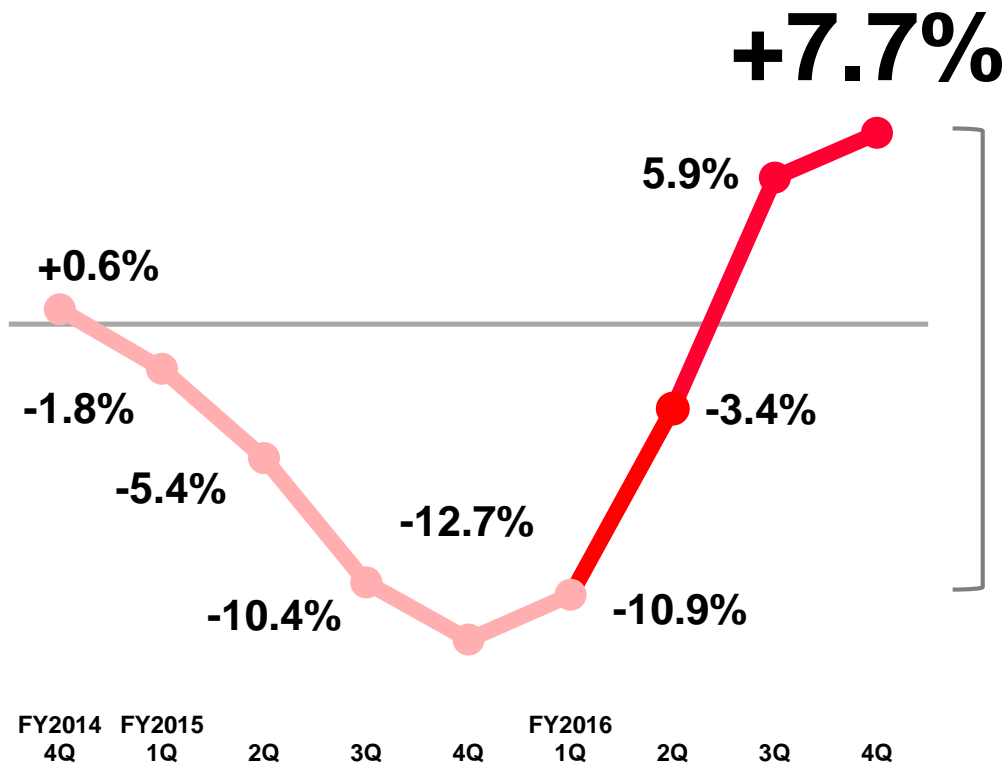
Membership Services

# Advertising-Related Revenue



**+9.6%**  
**YoY**

# Paid Search Advertising Revenue -YoY Growth Rate

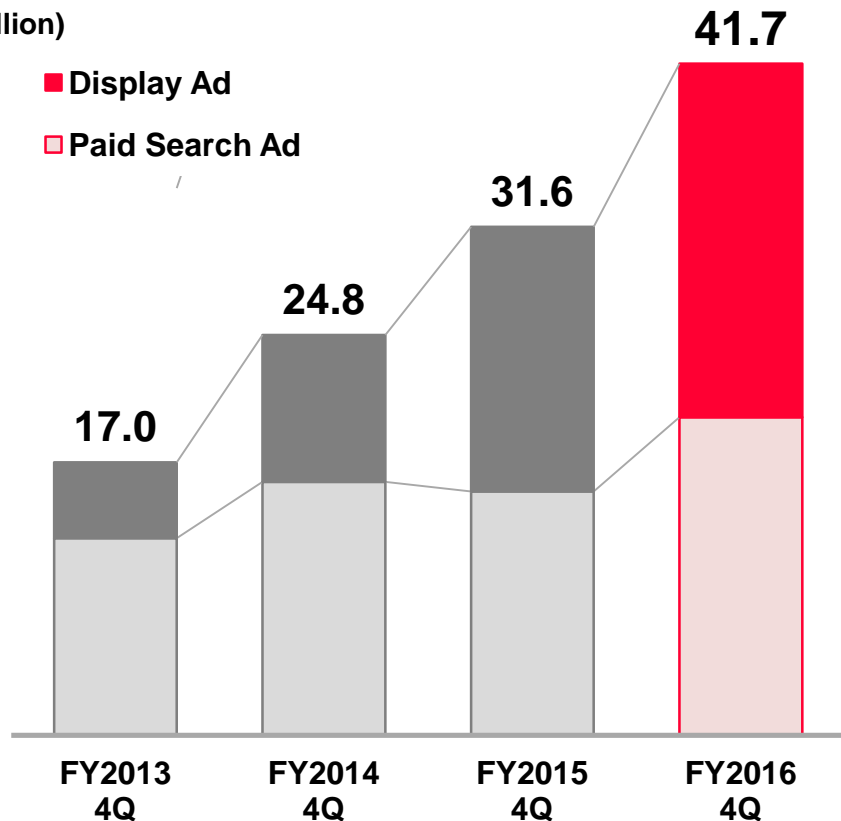


Continuous functional improvements

Increase in demand from advertisers

# Advertising Revenue via Smartphones

(¥Billion)



YoY  
**+32.0%**

# Introduction of In-feed Video Ads



## Introduction of In-feed Video Ads **Official sale started** on March 15

- Distributed through “Yahoo! Display Ad Network (YDN)”
- Displayed on Yahoo! JAPAN smartphone applications
- Adopted per-view rate

# Core Businesses

Advertising

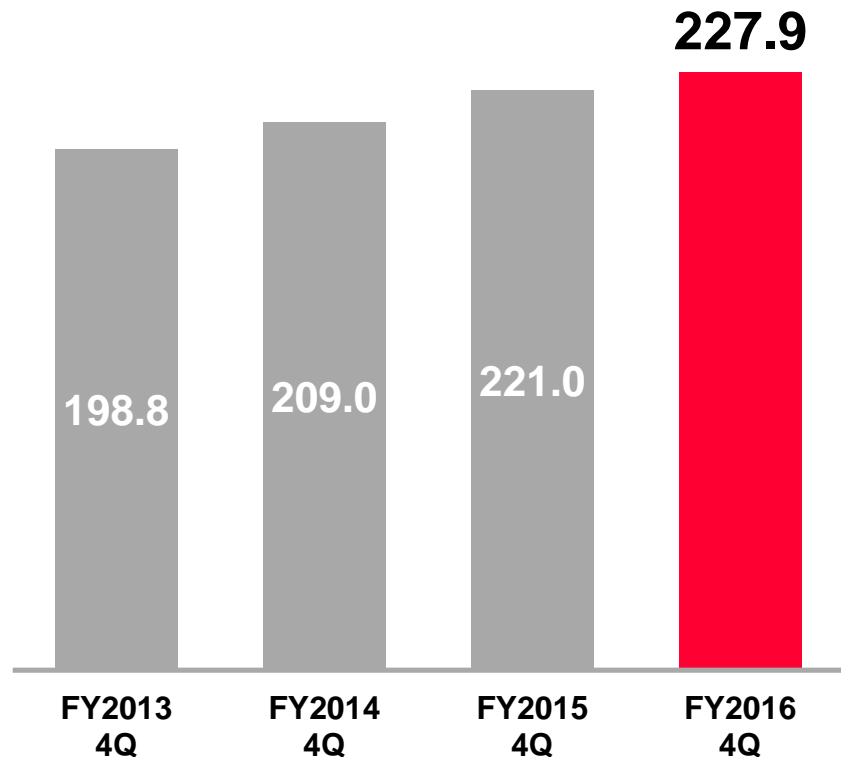
**Auctions**

Membership Services

# Auction-Related Transaction Value (\*)



(¥Billion)



**Steady  
growth**



# Core Businesses

Advertising  
Auctions

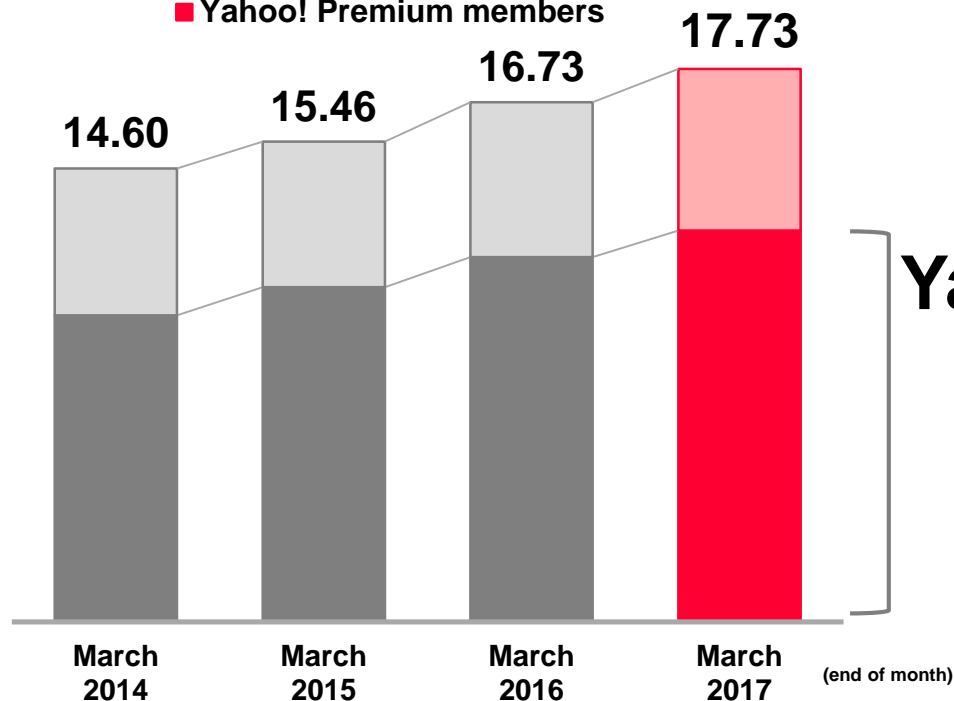
**Membership Services**

# Number of Monthly Paid-Membership IDs



(Million) ■ Others

■ Yahoo! Premium members

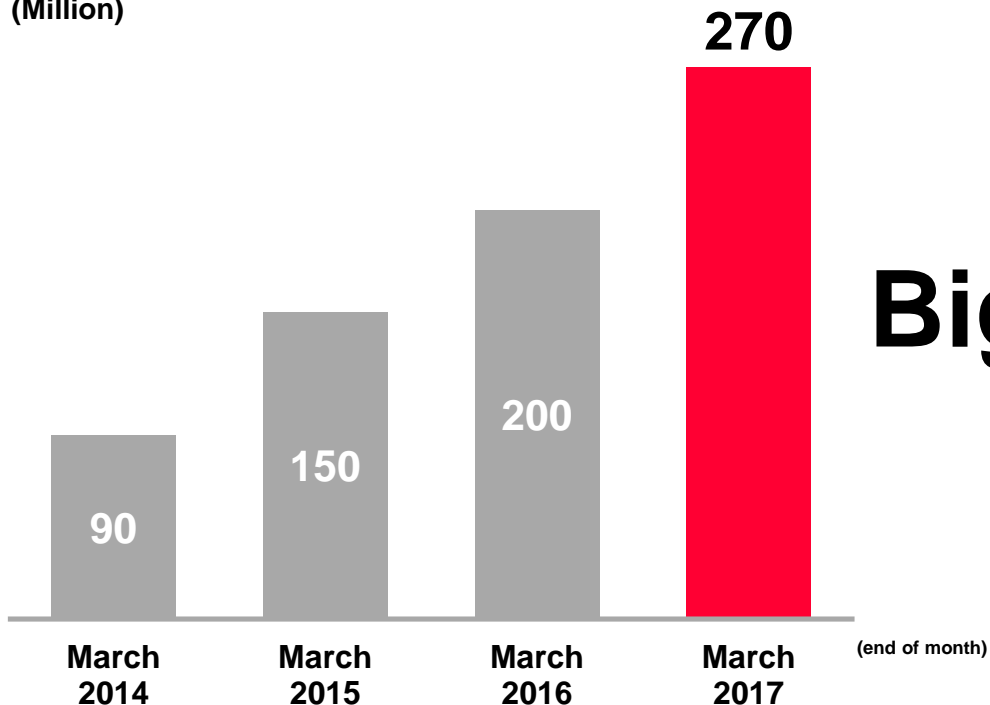


# Upfront Investment- Stage Businesses

**Shopping**  
Credit Card

# Number of Items

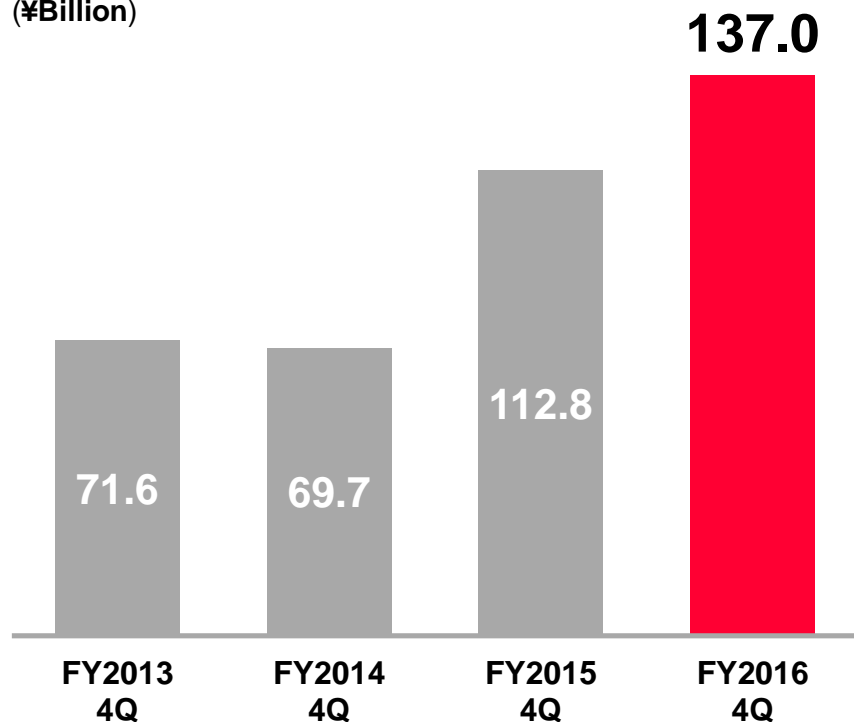
(Million)



**Biggest selection  
in Japan(\*)**

# Shopping Transaction Value

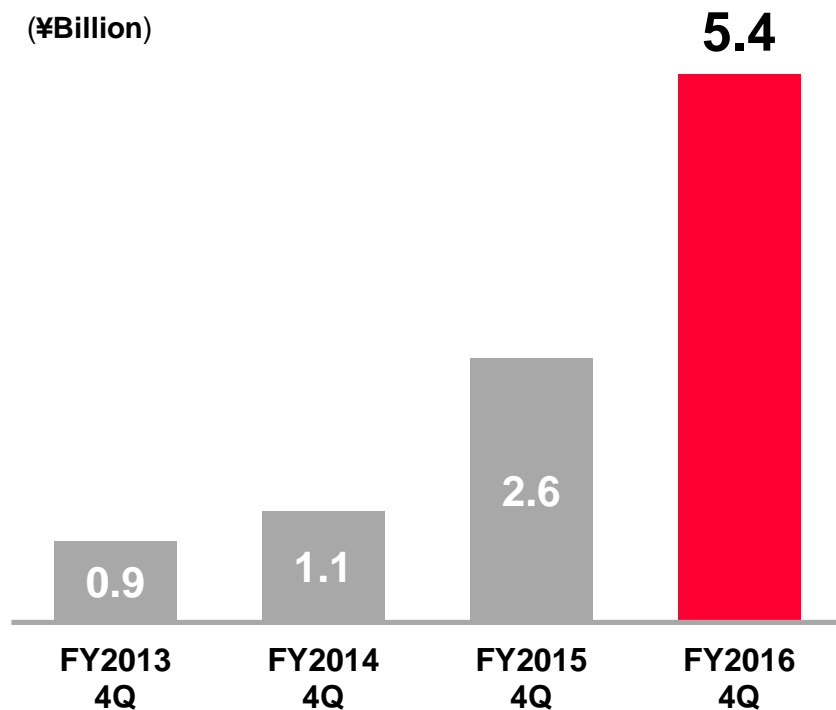
(¥Billion)



+21.4%  
YoY

# Shopping-Related Advertising Revenue

(¥Billion)



YoY 2 x

Note: Total of Yahoo Japan Corporation's non-consolidated Shopping-related advertising revenue; advertising revenue of StoreMatch, an advertising product in Yahoo! Shopping sold by ValueCommerce Co., Ltd. to stores in Yahoo! Shopping; and revenues of paid search advertising and YDN, etc., placed by stores in Yahoo! Shopping. Revenues of paid search advertising and YDN, etc., placed by stores in Yahoo! Shopping are accounted for in the advertising revenue of Marketing Solutions Business segment.

# **Upfront Investment- Stage Businesses**

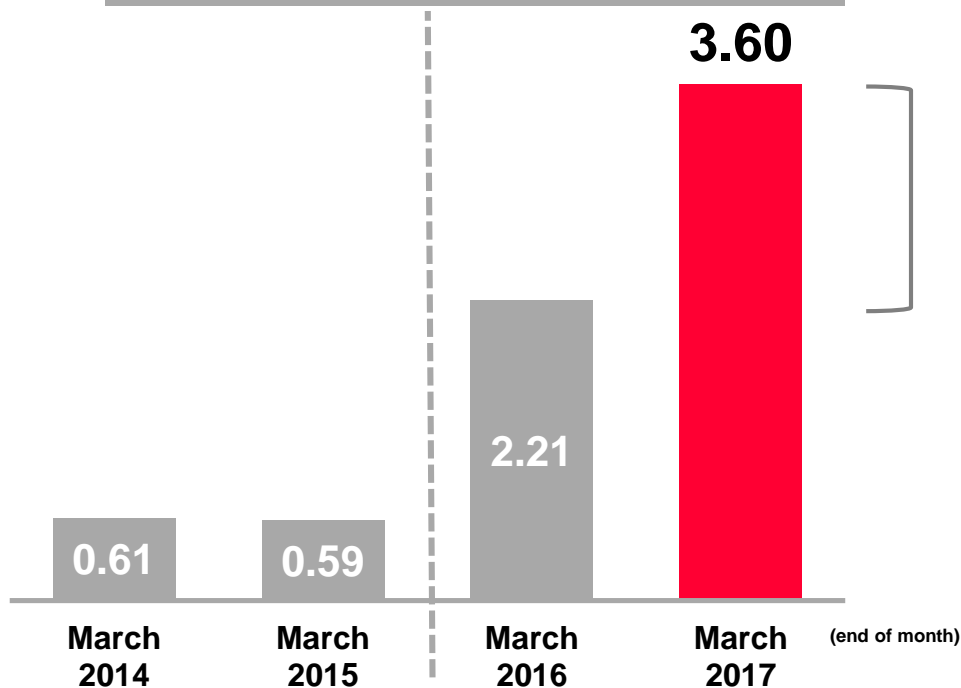
**Shopping  
Credit Card**

# Number of Valid Credit Card Holders



(Million)

Launched Yahoo! JAPAN Card



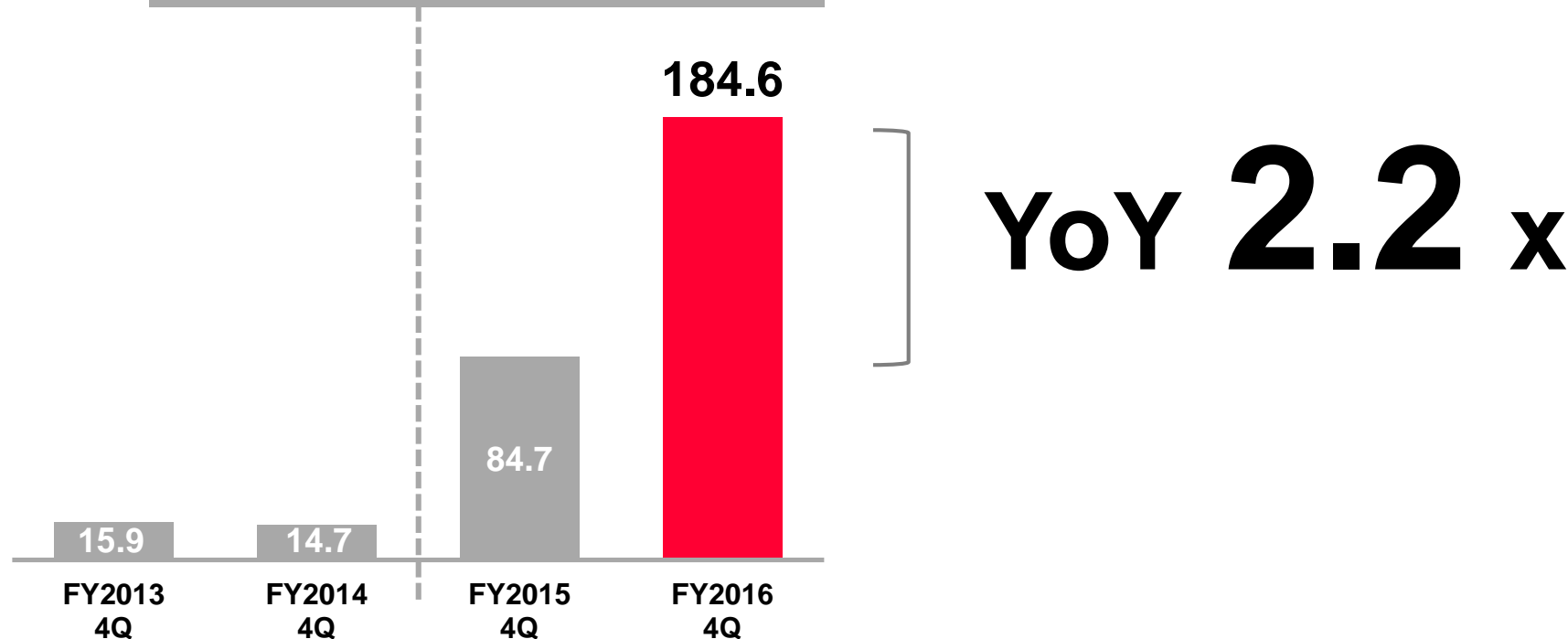
YoY 1.6 x



# Credit Card Transaction Value

(¥Billion)

Launched Yahoo! JAPAN Card



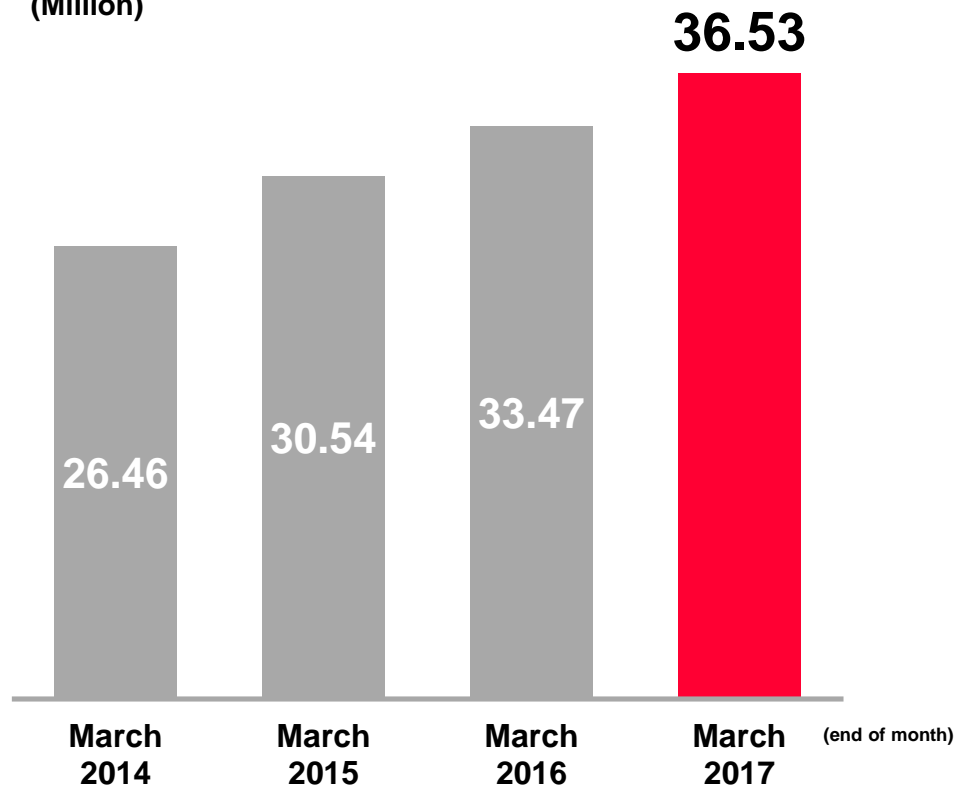
Note: Excludes cash advance service.

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

# Number of Yahoo! Wallet Accounts



(Million)

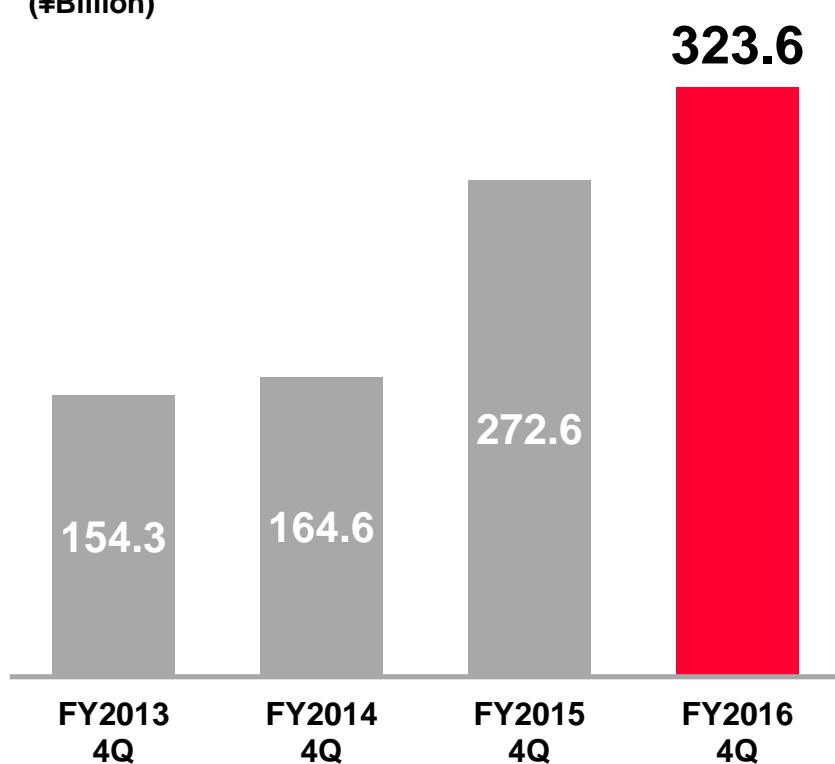


**Record  
high**

# Yahoo! Wallet Transaction Value



(¥Billion)



]

YoY

**+18.7%**

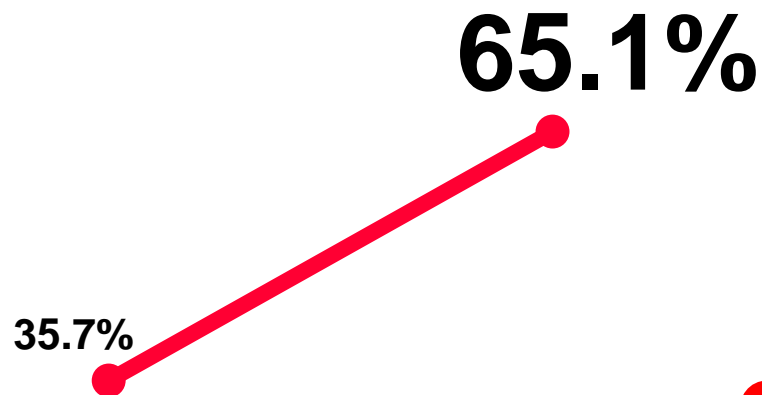
Note: Yahoo! Wallet is a payment system which uses Yahoo! JAPAN IDs and passwords for authentication. It enables users to make payments for services and merchandise using registered credit cards or from registered bank accounts.

Includes payments using T Points and Yahoo! Money.

# **Efforts to Be Made from FY2017 and Beyond**

**From a “PC Internet Continent” in 2012  
to a “Smartphone Internet Continent”**

# Proportion of Daily Unique Browsers (DUBs) via Smartphones

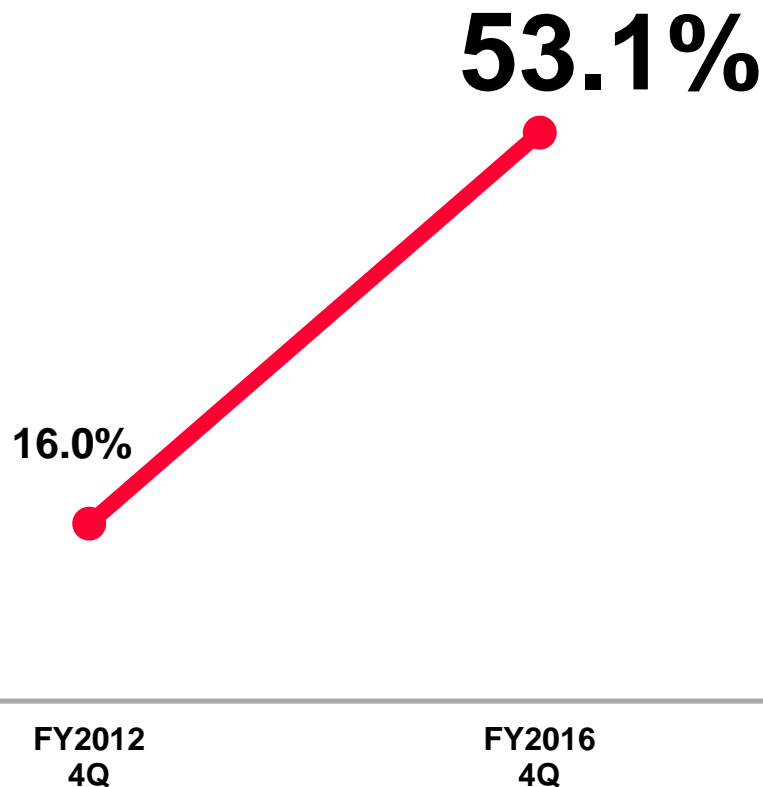


Proportion of DUBs  
via smartphones  
**expanded further**

FY2012  
4Q

FY2016  
4Q

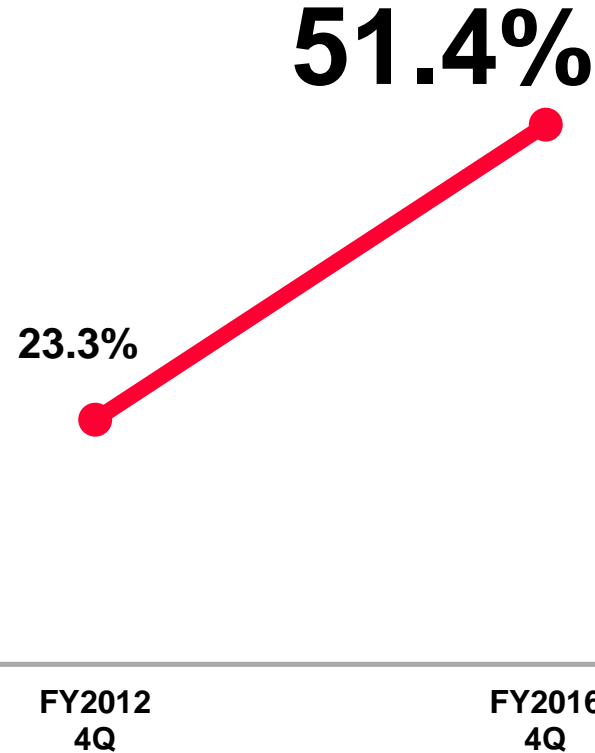
# Proportion of Advertising Revenue via Smartphones



Advertising revenue via  
smartphones

**exceeded**  
**50%**

# Proportion of Total Domestic e-Commerce Transaction Value <sup>(\*1)</sup> via Smartphones <sup>(\*2)</sup>



Total domestic  
e-Commerce transaction  
value via smartphones  
**exceeded**  
**50%**

\*1 Includes Shopping-related and Auction-related transaction values. Shopping-related transaction value includes revenue (transaction value; closing date: 20th of every month) of LOHACO business, operated by ASKUL, and Ikyu Corporation's transaction value.

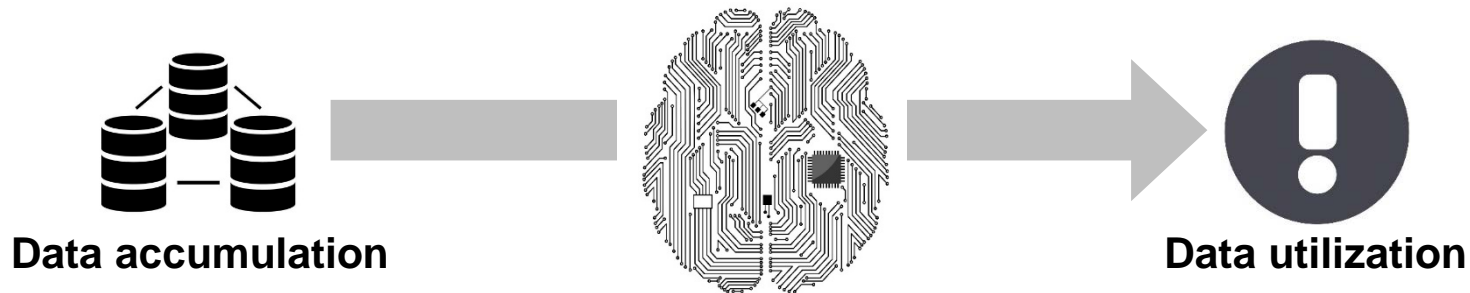
\*2 Proportion of transaction value via smartphones in total domestic e-Commerce transaction value.



**New Challenge:**

**We will Climb the Mountain of Multi Big Data to**

**Become a Multi-Big-Data-Driven Company**



# Key to Success in Internet: Focus on “Individual User” Instead of “Display Frames”



New era has begun where accuracy of personalization differentiates service levels.

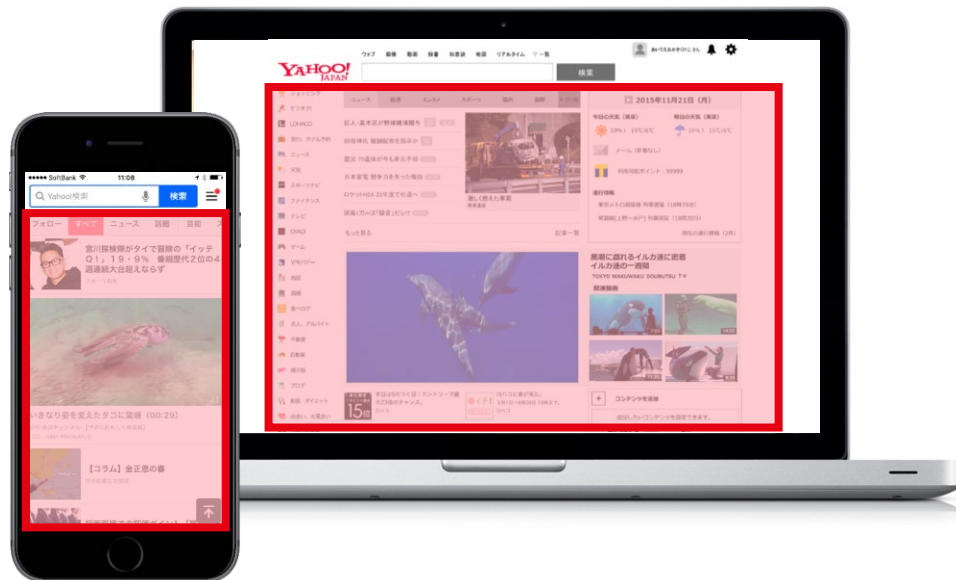
Before

Personalized field: **Few %**



Now/Future

Personalized field: **Almost all**

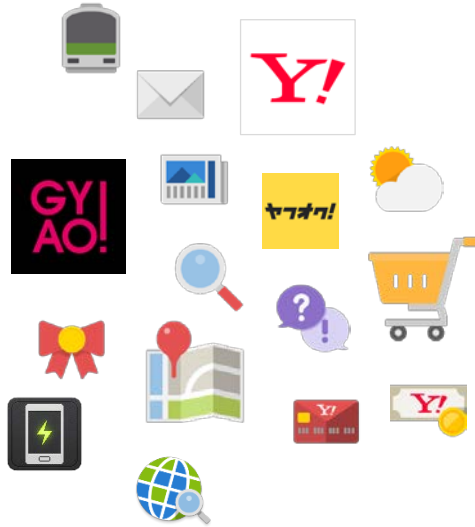


# Yahoo! JAPAN's Multi Big Data: Strength in Diversity, Quantity and Freshness



Our strength: a wide range of services and one of the largest number of users in Japan

**More than 100**  
services



Yahoo! JAPAN ID  
Monthly Active Users

Approx. **40 million**<sup>(\*1)</sup>

Yahoo! JAPAN  
Monthly Users

Approx. **60 million**<sup>(\*2)</sup>

Daily Unique Browsers

Approx. **90 million**<sup>(\*3)</sup>



\*1 Number of Yahoo! JAPAN IDs logged-in in March 2017.

\*2 Survey by Yahoo! JAPAN (Nov. 2016)

\*3 Number of browsers used to view Yahoo! JAPAN services in FY2016-4Q. Access via applications and access via browsers on smartphones are counted separately, even if there is an overlap in users.

Image: Aflo



# **Prerequisites to Accelerate Transformation into a Data-Driven Company**

# Two Crucial Conditions to Be Met

**Further accumulation of  
multi big data**

**Become No. 1 in Media, e-Commerce  
and Financial & Payment businesses**

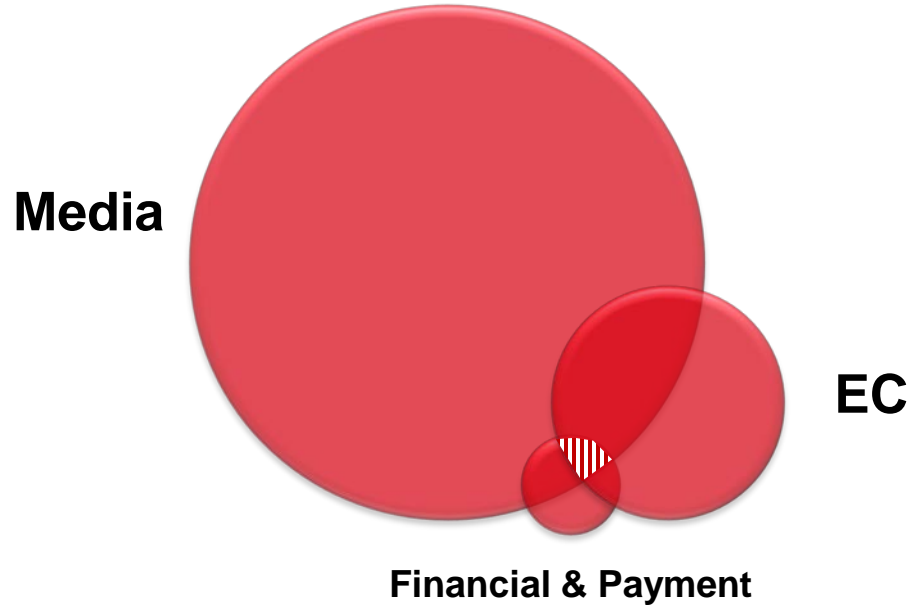
**Strengthen data science**

**Establish an eco-system for growth  
by leveraging data**

# Now: Quality and Quantity of Multi Big Data Vary by Services **YAHOO!** JAPAN

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Number of users also varies.

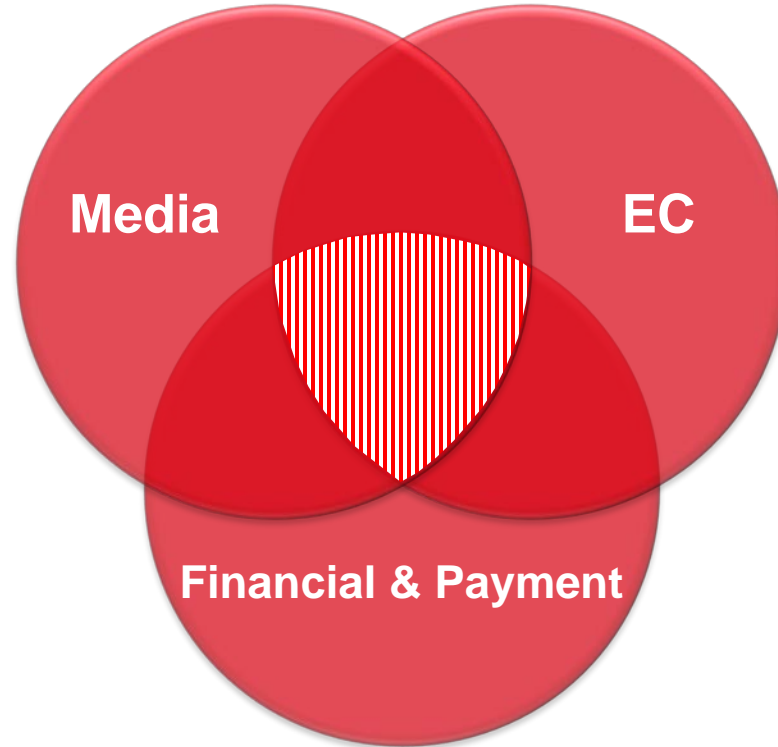


\* Image

# Improve Balance in Quality and Quantity of Multi Big Data **YAHOO!** JAPAN

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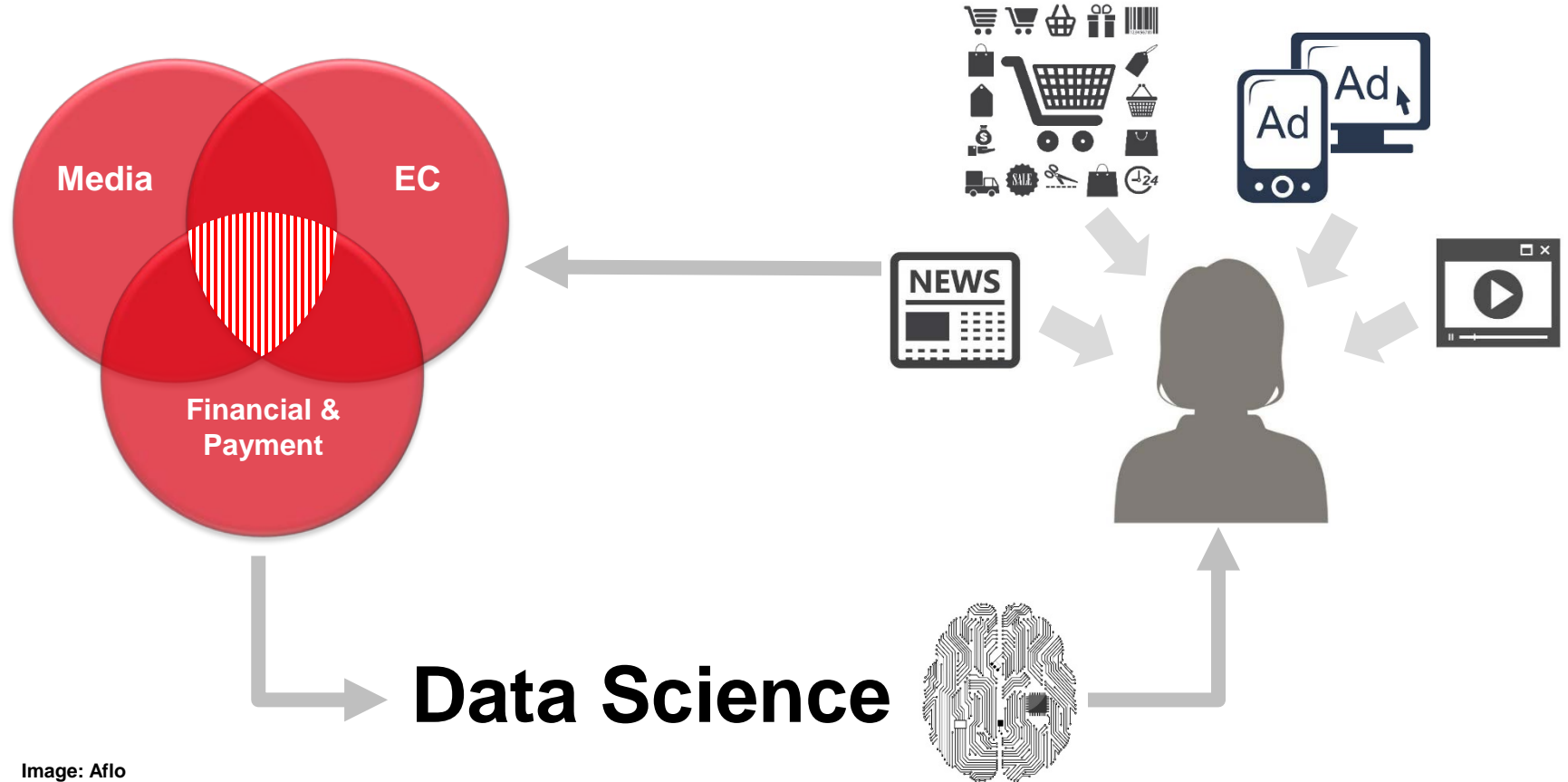
**Aim to increase the overlap of service users**



\* Image



# Establish an Eco-System for Growth by Leveraging Data



# **FY2017 Policies**

## **Three Measures**

**Maximize e-Commerce transaction value**

**Become a “rich media”**

**Become a data-driven company**

**Maximize e-Commerce transaction value**

**Become a “rich media”**

**Become a data-driven company**

# Our Achievements (e-Commerce)



Announced a new Yahoo! Shopping business model in October 2013.

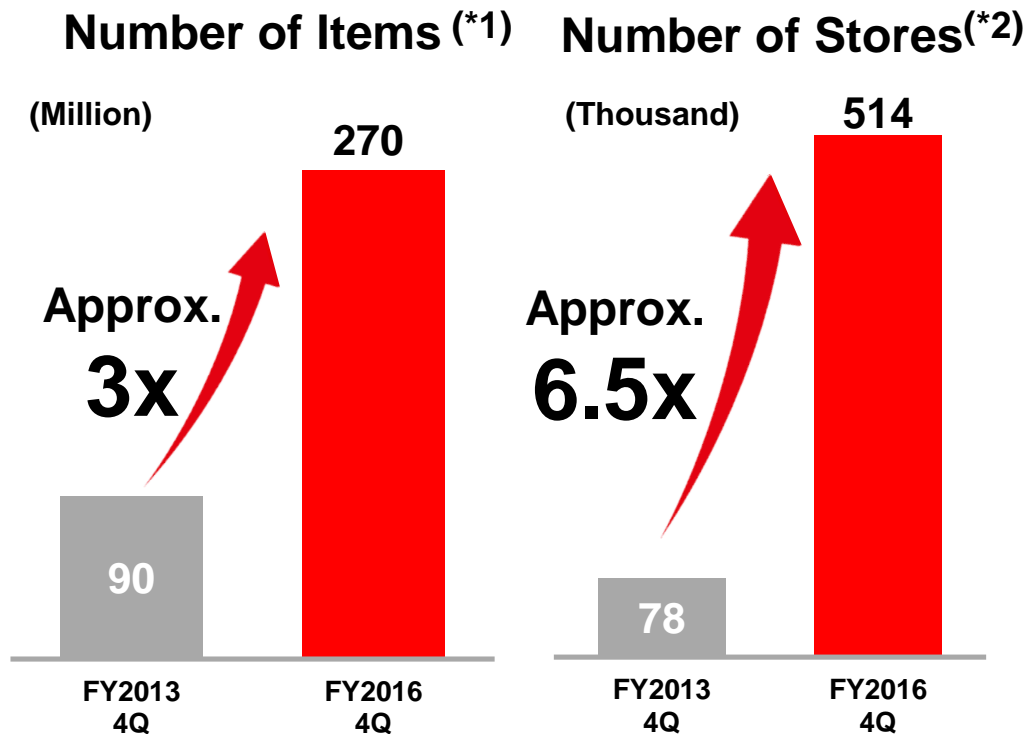
**Monthly tenant fee**

**Free**

**Transaction-based  
system-use fees**

**Free**

# Our Achievements (e-Commerce)



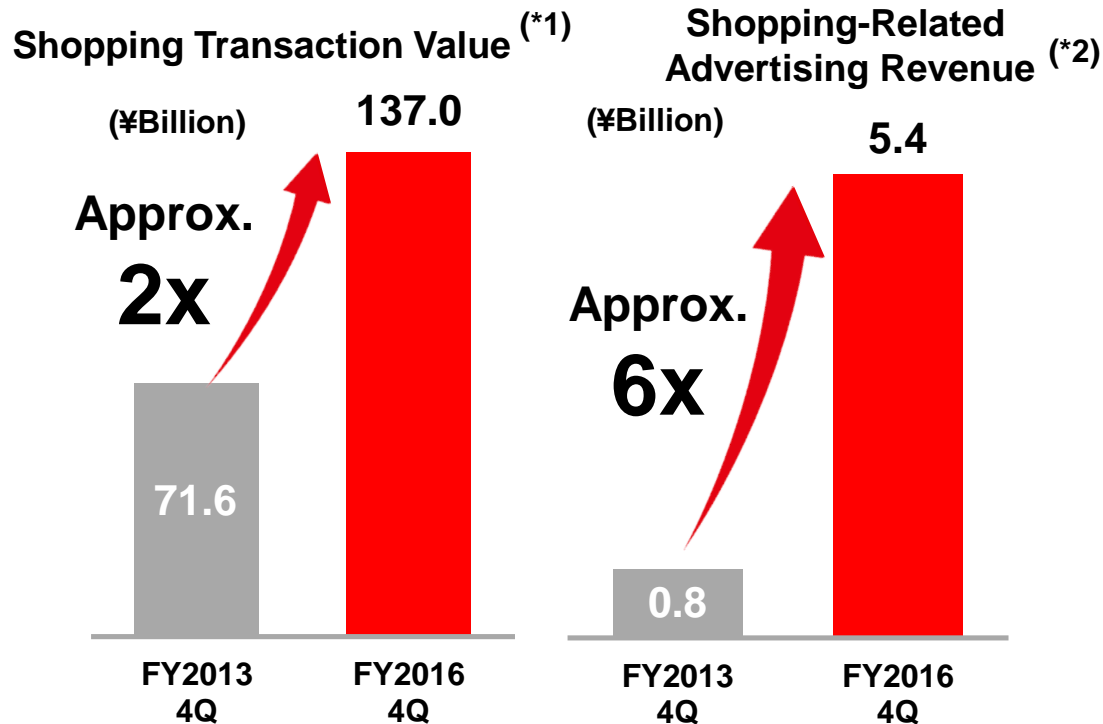
**Largest  
in Japan(\*3)**

\*1 Figures as of the end of each quarter. Number of items listed on Yahoo! Shopping.

\*2 Figures as of the end of each quarter. Number of stores in Yahoo! Shopping. Number of stores is based on accounts issued and includes accounts that are preparing to launch store websites after passing the screening process.

\*3 Survey by Yahoo! JAPAN

# Our Achievements (e-Commerce)



## Renewing records

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

\*2 Total of Yahoo Japan Corporation's non-consolidated Shopping-related advertising revenue; advertising revenue of StoreMatch, an advertising product in Yahoo! Shopping sold by ValueCommerce Co., Ltd. to stores in Yahoo! Shopping; and revenues of paid search advertising and YDN, etc., placed by stores in Yahoo! Shopping.

63 Revenues of paid search advertising and YDN, etc., placed by stores in Yahoo! Shopping are accounted for in the advertising revenue of Marketing Solutions Business segment.

# **e-Commerce Strategy 1.0**

## **Explosive Increase in Sellers**



**e-Commerce Strategy 1.0**  
**Explosive Increase in Sellers**

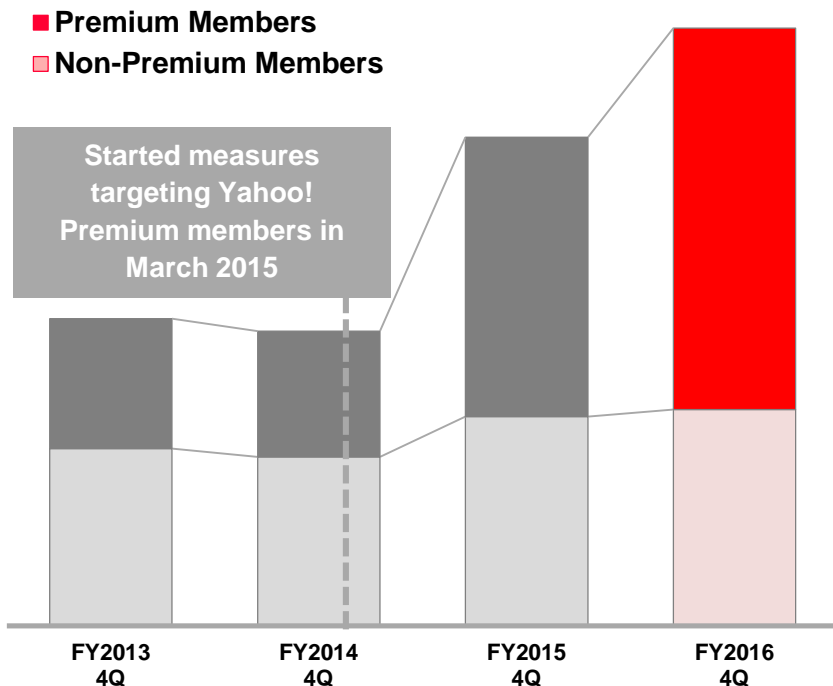


**e-Commerce Strategy 2.0**  
**Explosive Increase in Buyers**

# Measures Targeting Yahoo! Premium Members Were Successful **YAHOO!** JAPAN

Measures focusing on specific customer segments have been effective.

## Yahoo! Shopping transaction value



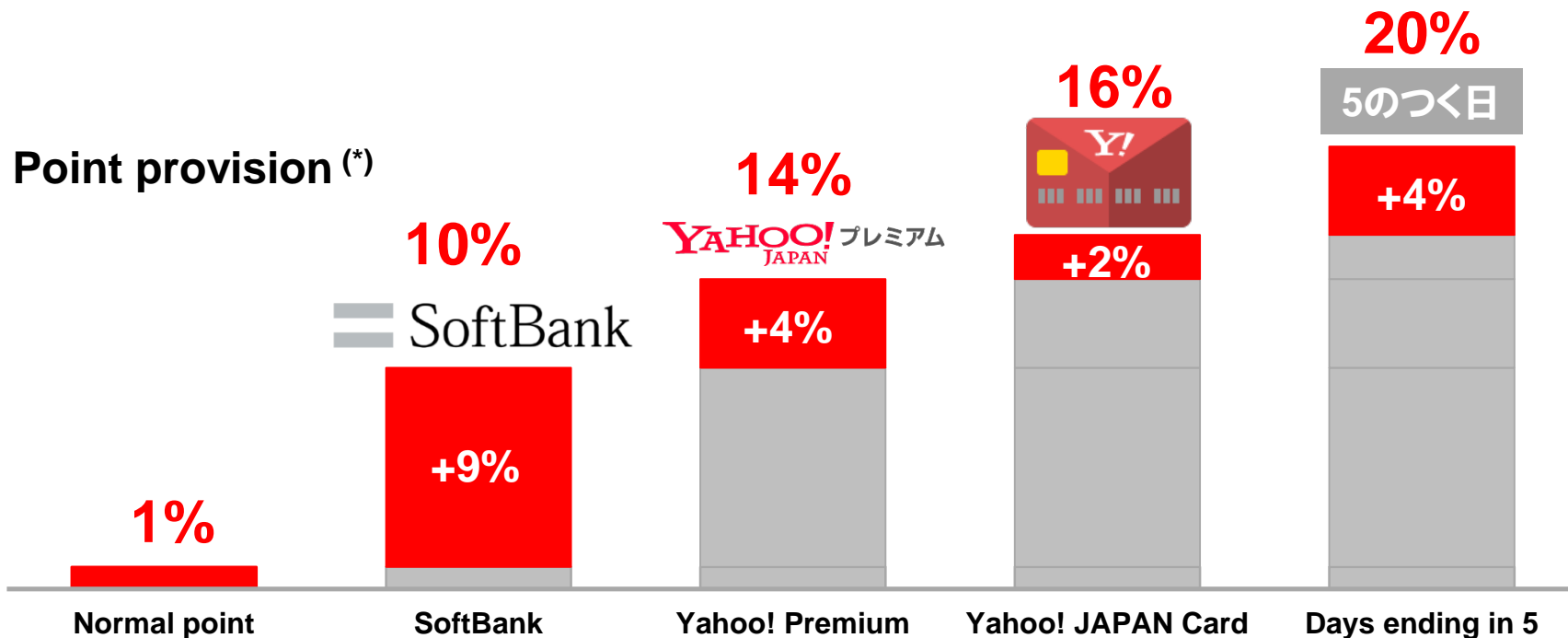
Transaction value generated  
by Yahoo! Premium members

**64%**

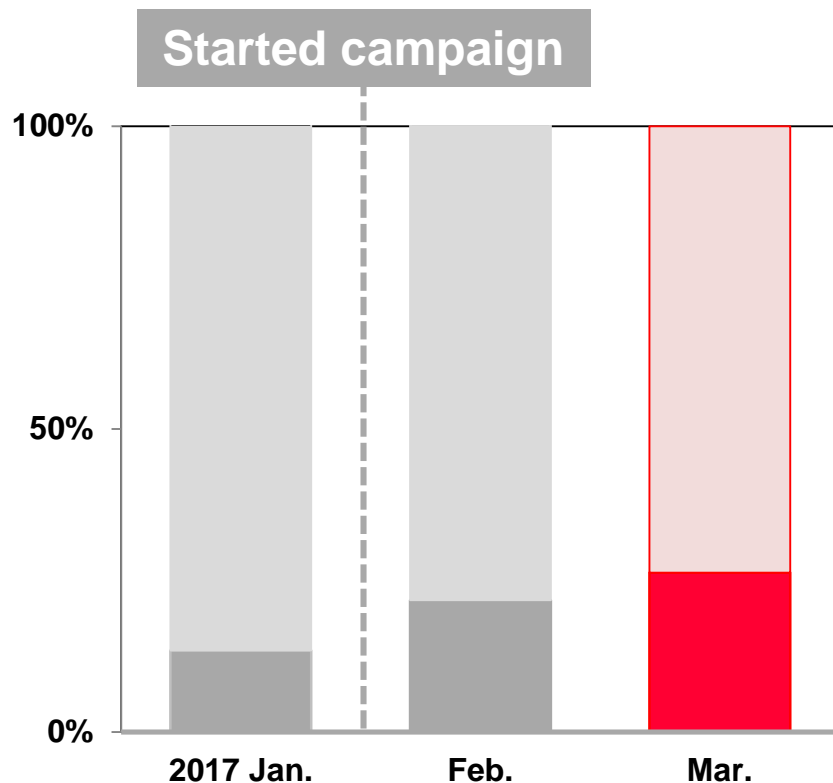
# From Feb. 2017, Conducting a Campaign Targeting SoftBank Members



Traffic referrals to Shopping business leveraging membership bases



# Usage of Yahoo! Shopping Services by SoftBank Members

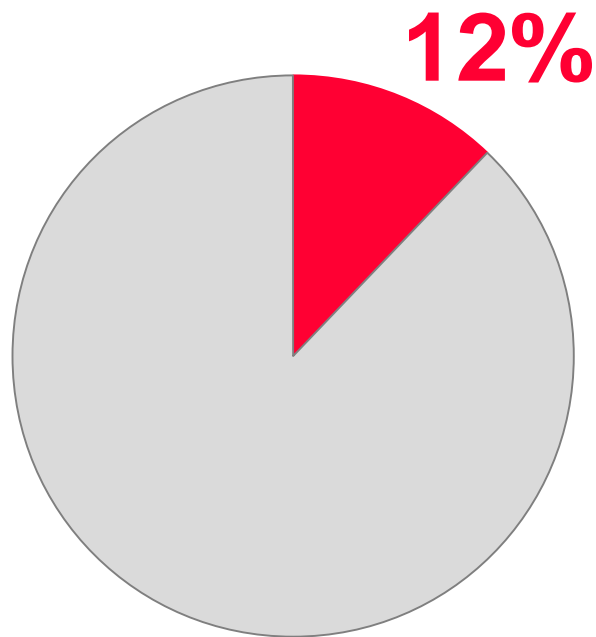


**Proportion of transaction value generated by SoftBank members grew**

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

Includes transaction values related to SoftBank members with Smart Login setup and Y!mobile users.

# Percentage of Yahoo! Shopping Buyers among SoftBank Members

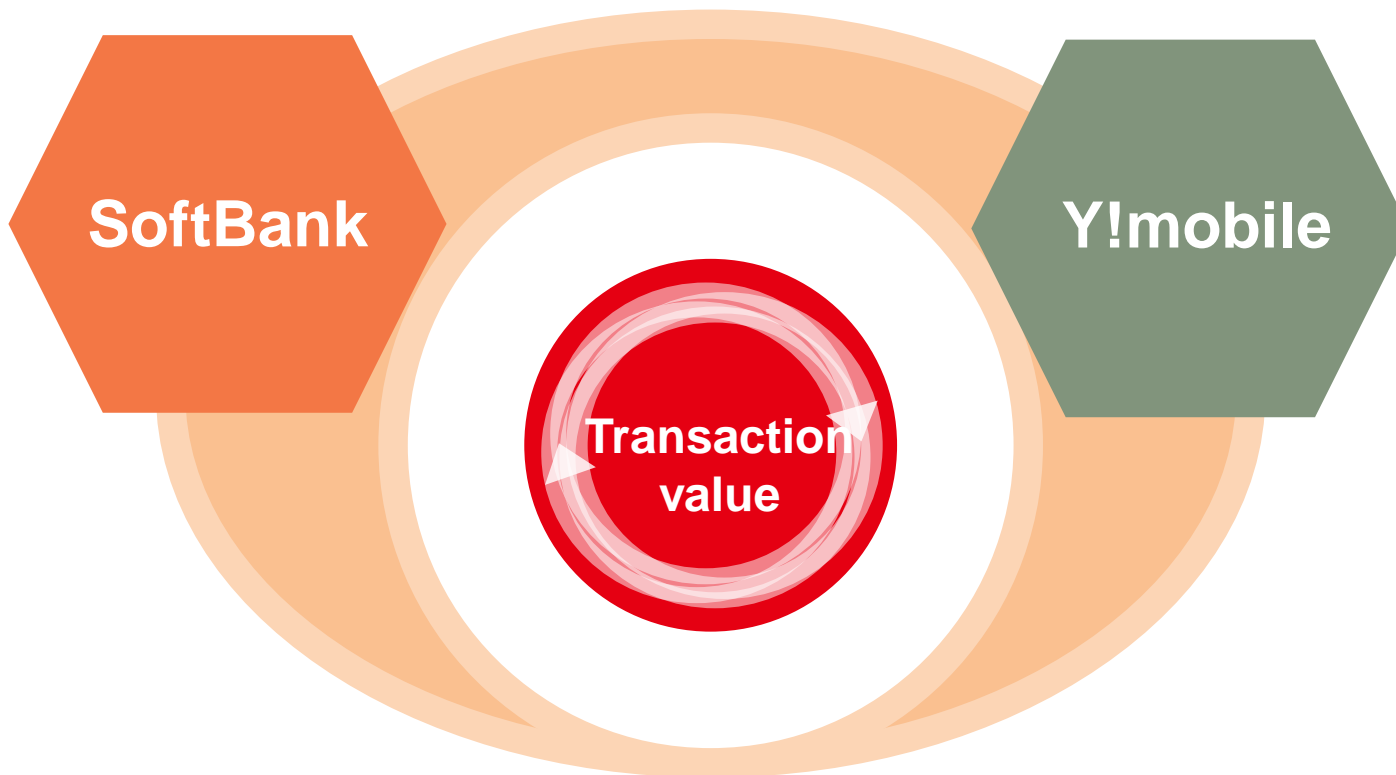


March 2017

**Huge  
growth  
potential**

# e-Commerce Strategy 2.0

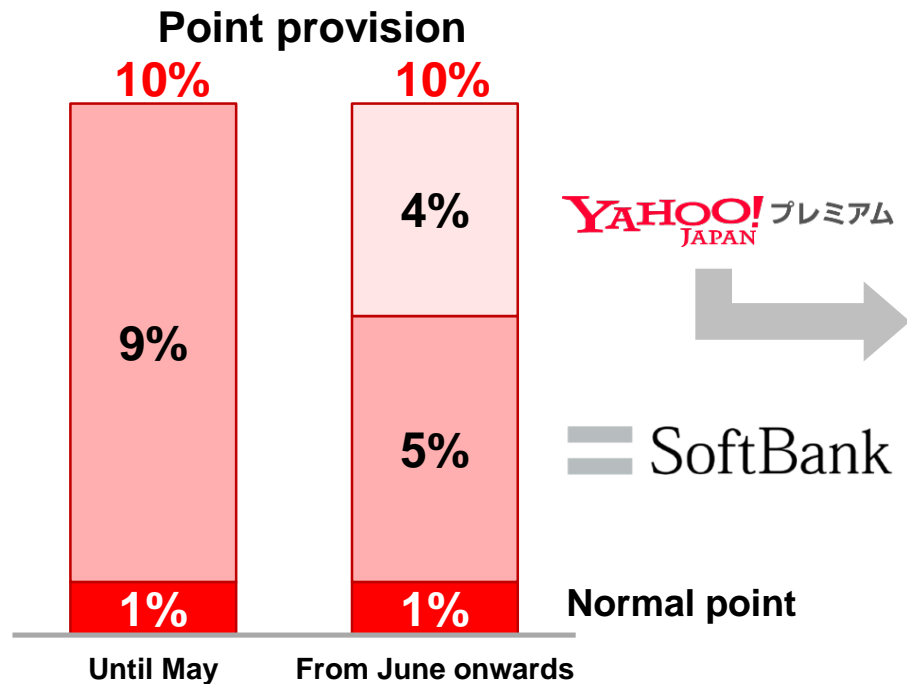
Enhance synergy with SoftBank



# From June Onward, 10x Point Provision to Continue for SoftBank Members (\*1)

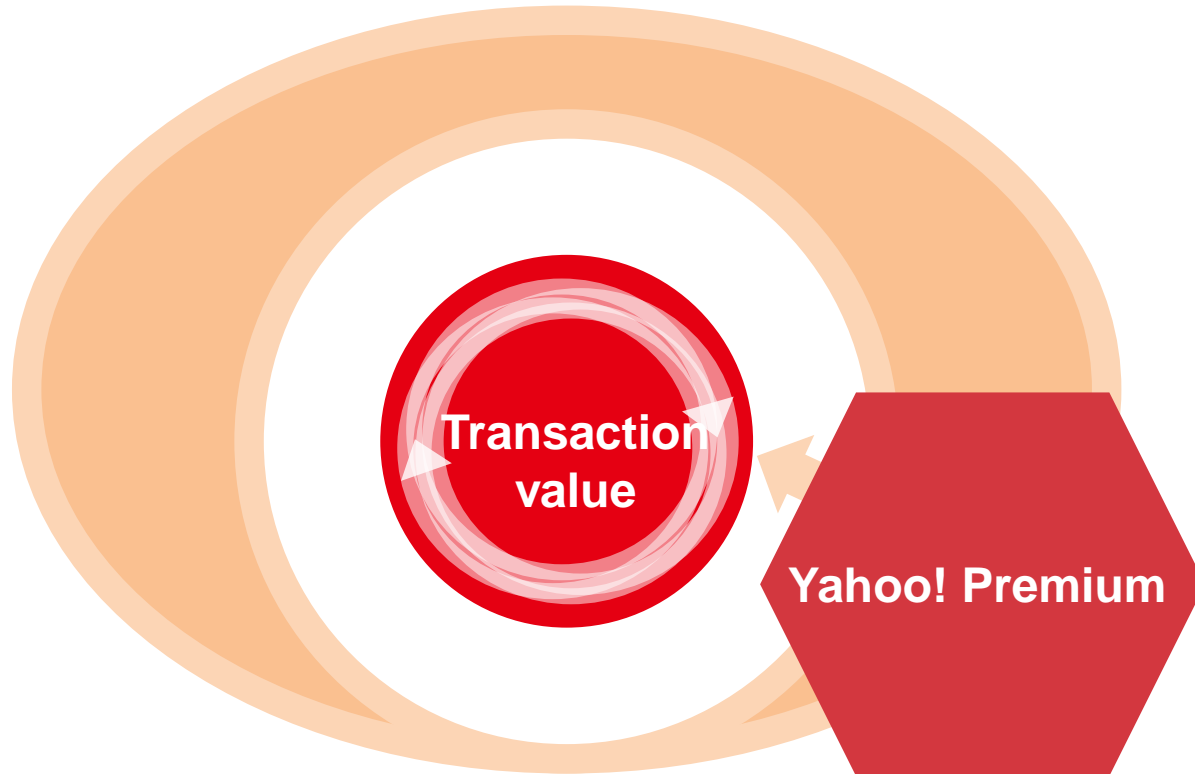


SoftBank members will also be awarded with all the privileges of Yahoo! Premium members(\*2)



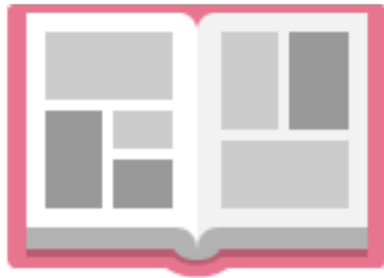
# e-Commerce Strategy 2.0

## Yahoo! Premium





# Enhance Privileges for Yahoo! Premium Members



YAHOO! JAPAN ブックストア

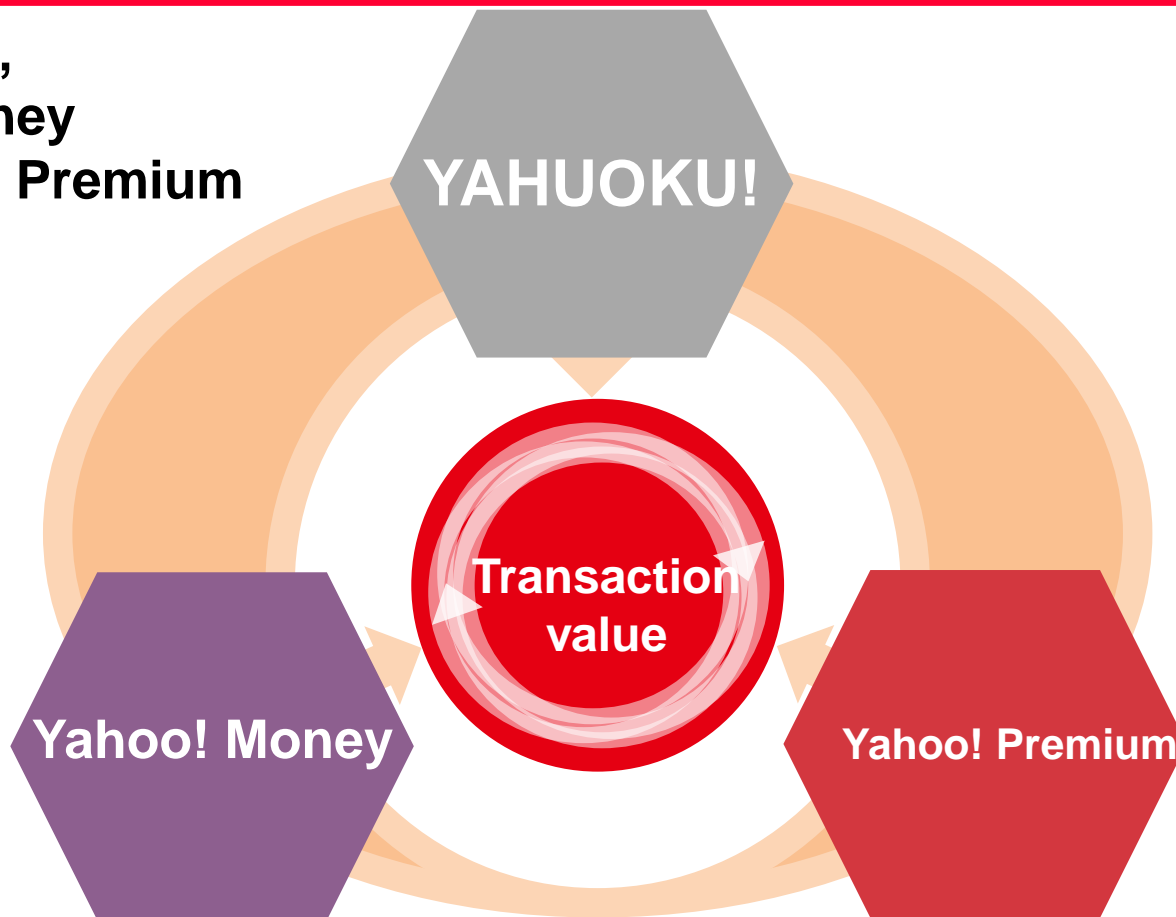
# 5%

point provision  
for purchases of  
videos and e-books  
starting on June 1, 2017

# e-Commerce Strategy 2.0

**YAHOO!**  
JAPAN

**YAHUOKU!,  
Yahoo! Money  
and Yahoo! Premium**



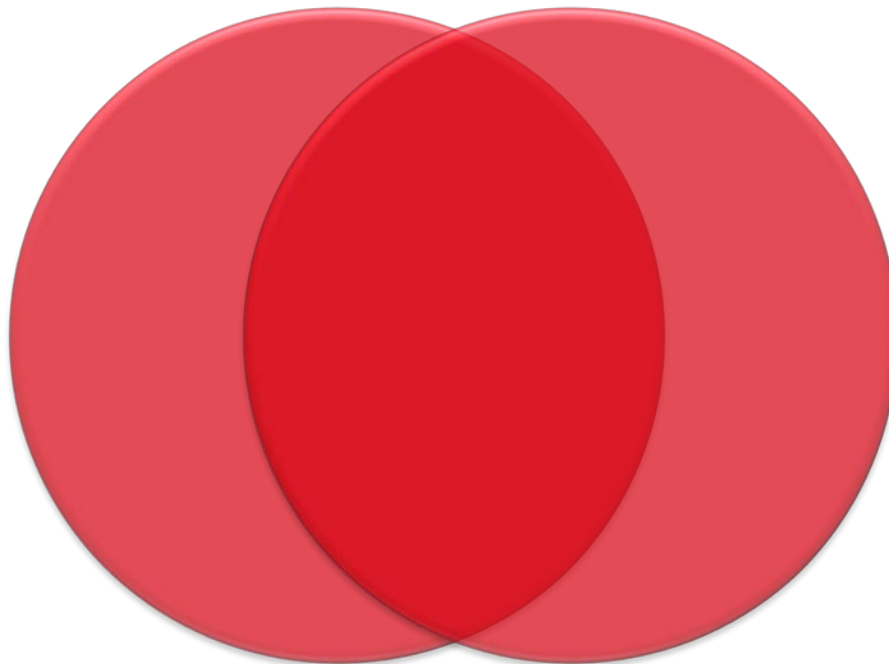
# Encourage YAHUOKU! Users to Use Yahoo! Shopping



Further expand the overlap of users of two e-Commerce services



YAHUOKU!



Yahoo! Shopping

\* Image

# Continue Measures Linking YAHUOKU! and Yahoo! Money



Promote use of e-Commerce services through point provision (\*) and expanded use of Yahoo! Money

Yahoo!プレミアム特典

Yahoo!マネー  
受け取り、支払いで

受け取って9%

手数料実質0円  
キャンペーン

落札された金額の

8%

今すぐ設定する

最大 10%

Tポイント  
プレゼント!

キャンペーン詳細

Yahoo!マネーに  
チャージした額の

1%

→ 詳細はこちら

支払って1%

Yahoo!マネーでの  
お支払い額の

1%

→ 詳細はこちら

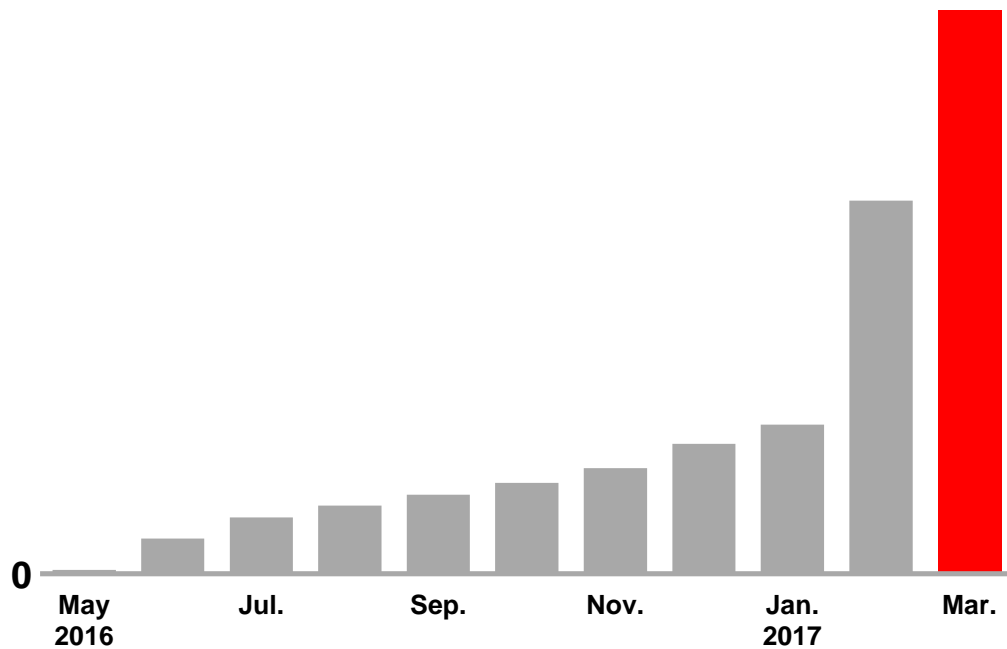
最大 10%

Tポイント進呈

(※)手数料実質0円キャンペーンの条件を満たすと自動で適用されます。

# Trend in Balance of Yahoo! Money

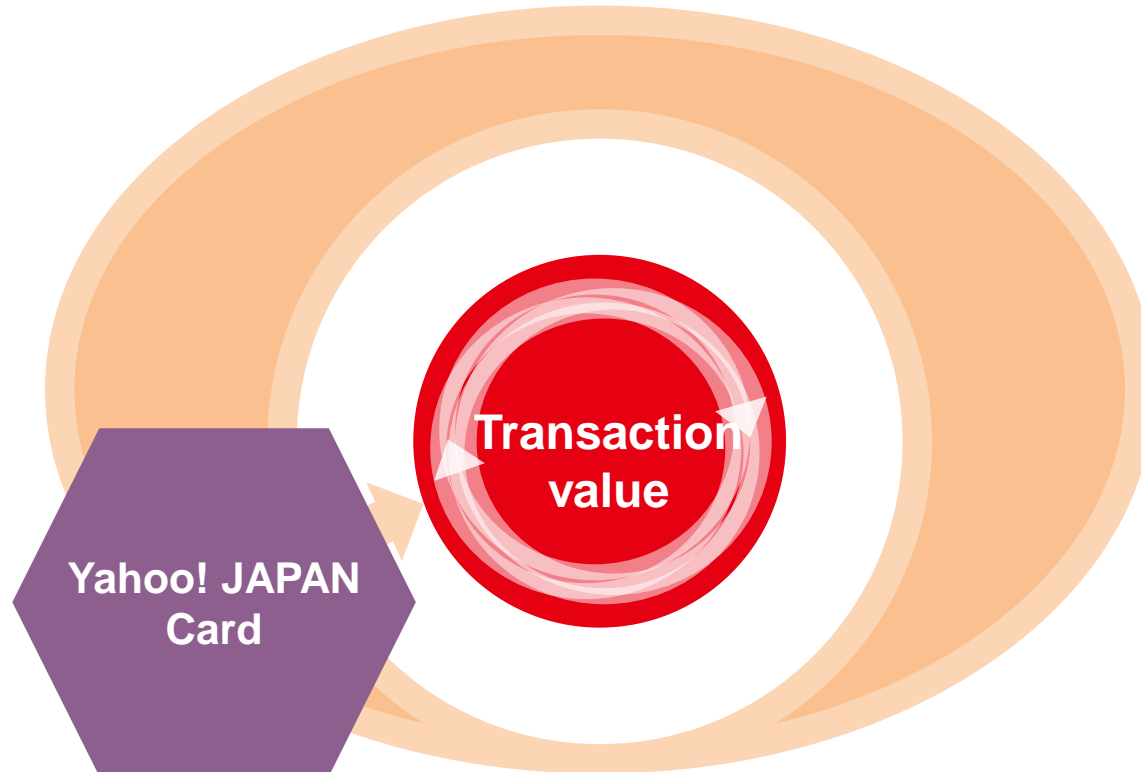
Growth potential of e-Commerce transaction value



**Rapidly  
increasing**

# e-Commerce Strategy 2.0

## Yahoo! JAPAN Card



# Now Conducting Yahoo! JAPAN Card Acquisition Campaign

YAHOO!  
JAPAN

入会&利用でもれなく

最大 **10,000** ポイント\*  
—— プレゼント ——

ご入会で すぐもらえる



**5,000**

ポイント



1回利用で



**5,000**

ポイント



申込月と翌月は さらに



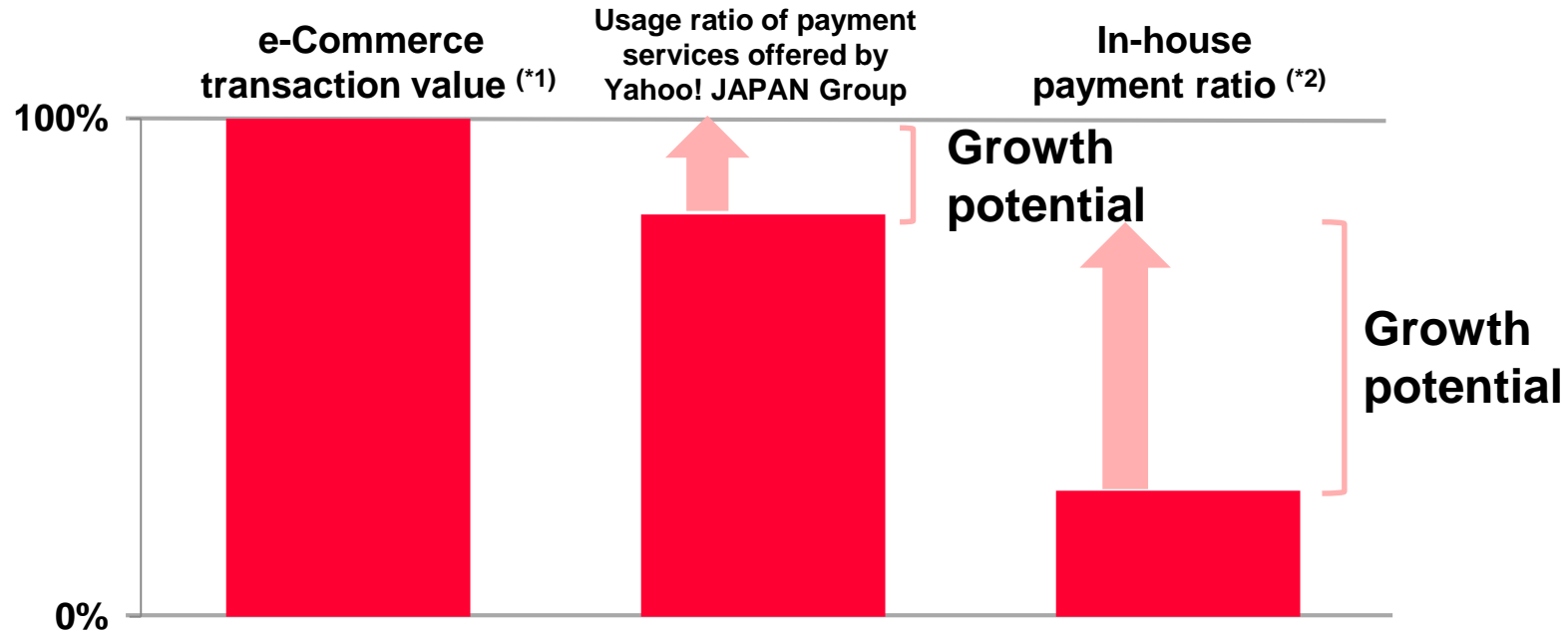
**どこでも3倍**  
ポイント

※要エントリー

年会費永年無料・Tカード一体型クレジットカード

# In Order to Expand Monetization Opportunities in Financial & Payment Business...

Retain payment functions within Yahoo! JAPAN Group along with the expansion of e-Commerce business



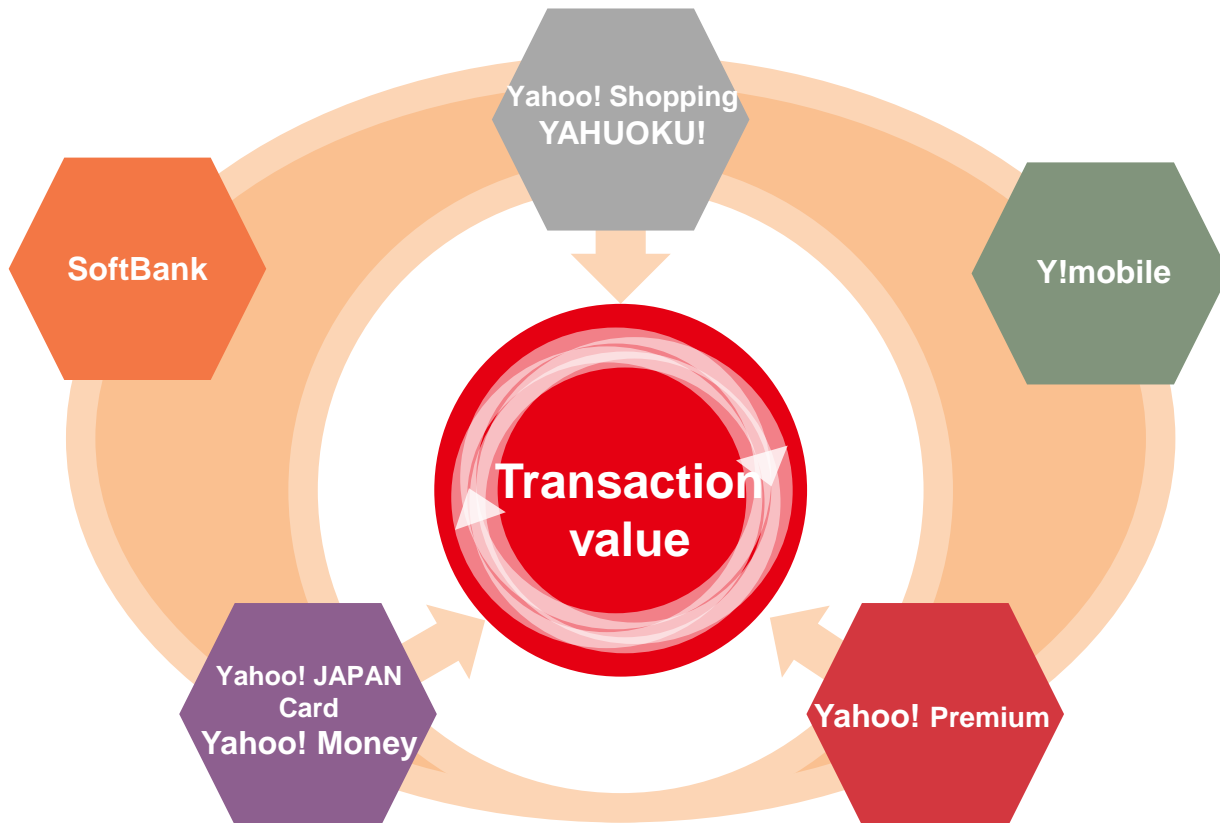
\*1 Includes transaction values of YAHUOKU!, Yahoo! Shopping and LOHACO. LOHACO's transaction value is the revenue (closing date: 20th of every month) of LOHACO business, operated by ASKUL.

\*2 Includes payments using YJ Card, the Japan Net Bank account and T Points, etc.



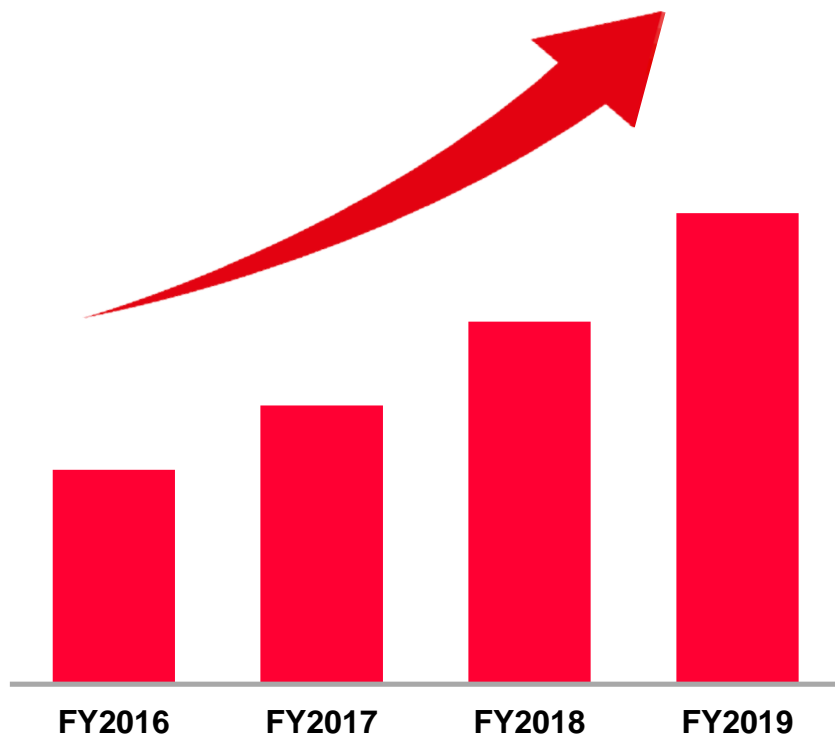
# e-Commerce Strategy 2.0

Effectively use Yahoo! JAPAN's assets and maximize group synergy



# Growth Target for Shopping Transaction Value **YAHOO!** JAPAN

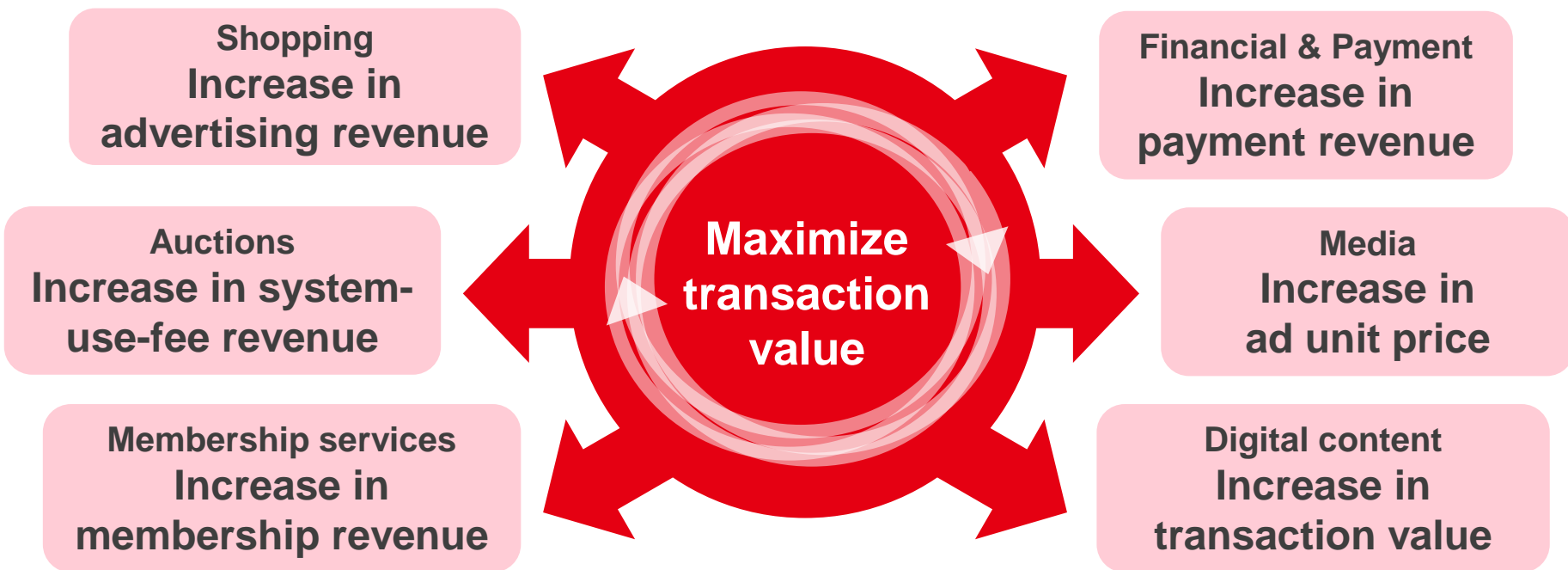
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Strive to achieve a  
sustainable growth rate of  
**+30% YoY**

# Maximize Transaction Value to Generate Multiple Business Models

Monetize through related businesses derived from e-Commerce transaction value



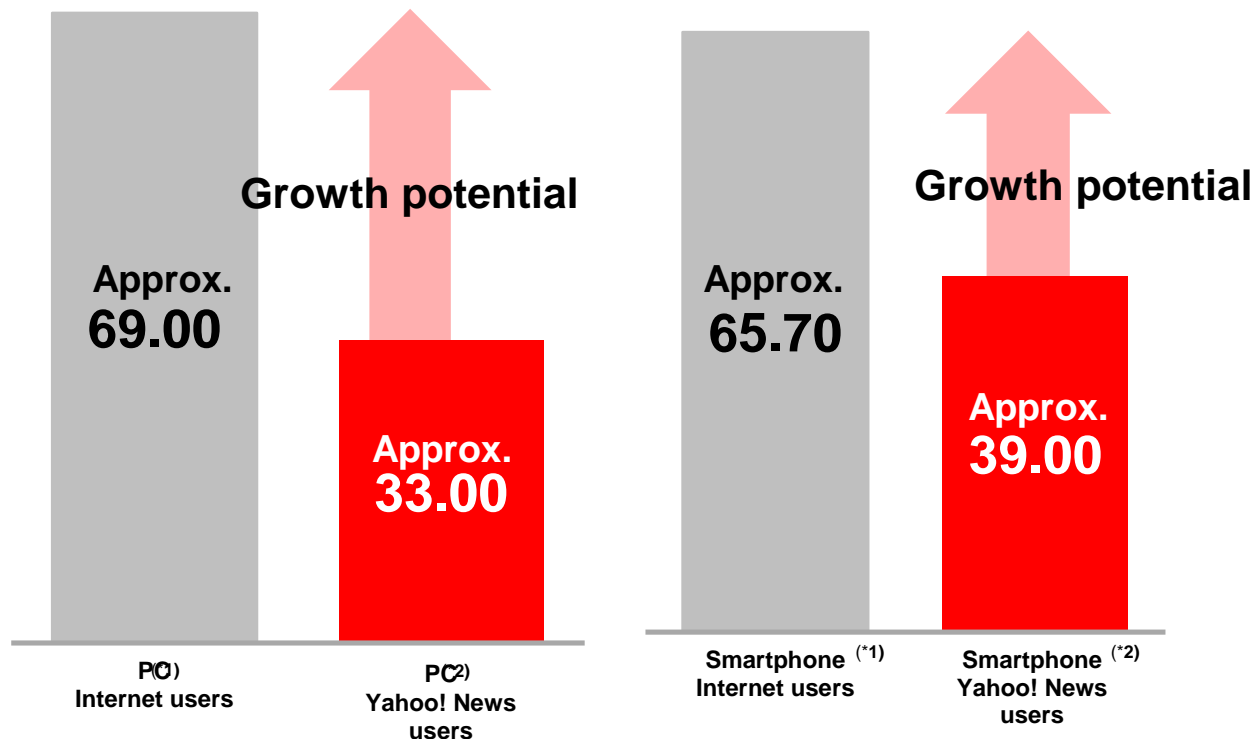
**Maximize e-Commerce transaction value**

**Become a “rich media”**

**Become a data-driven company**

# Status of Yahoo! News Users

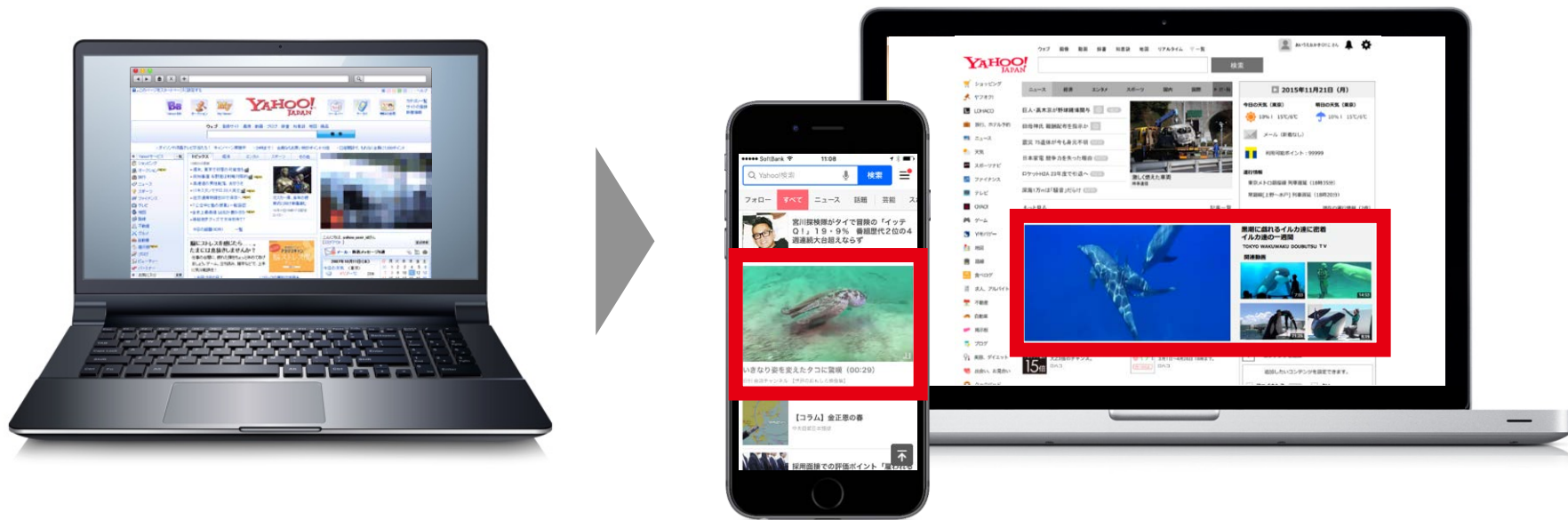
(Million)



**Aim to further  
increase users  
in both devices**

# Further Enhancement of Video Content

Promote content procurement in order to become a “rich media”



# Start of Yahoo! News Video



Began with: 24-hour live streaming of “NTV News 24” on April 18, 2017



Offers a variety of news experiences using videos

**Maximize e-Commerce transaction value**

**Become a “rich media”**

**Become a data-driven company**



# From Data Accumulation to a More Advanced Use of Data **YAHOO!** JAPAN

Further enhance the strength of data science

Trend in click through rate of YDN in smartphones

**Over 70%  
improvement  
compared to FY2014-1Q**



Period	Click Through Rate (Relative)
FY14 1Q	Low
3Q	Medium-Low
FY15 1Q	Medium
3Q	Medium-High
FY16 1Q	High
3Q	Very High

# [Actual Example] Improved Recommendation Accuracy By Using Web Search History

Recommendation of appropriate items to users without order history by leveraging data

## Former method



## New method



**CTR**  
**x 4.5 (\*)**  
**compared to**  
**former method**

# [Actual Example] Improved Recommendation Accuracy on Yahoo! JAPAN Top Page



Former method

Match by using words



Article search engine



User dwell time

**6.9%<sup>(\*)</sup>**

**longer**

New method  
(using new  
technologies such  
as deep learning,  
etc.)

- Share the axis of articles containing morphemes with similar meaning
- Recognize browsing history by using serial learning, and estimate user interests
- Exclude one-time interests from browsing history



Article search engine



# Accelerate the Growth of Other Businesses Leveraging Data

Data utilization across businesses will allow reciprocal growth in each field.



**Media**

**Improved content/ad targeting accuracy**



**EC**

**Improved purchase rate**



**Financial & Payment**

**Improved accuracy  
in credit judgement**

# Transform into a Company That Wins with its Technology **YAHOO!** JAPAN

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**Constantly build and maintain the latest development environment**

**Transform**  
to a modern development  
environment

**Update &  
maintain**  
a cutting-edge  
development environment

# **Financial Outlook for FY2017**

# Outlook for Additional Investment in FY2017



## Proactive investment in each measure

Estimate (¥Billion)

**Maximize e-Commerce transaction value**

**25<sup>(\*1)</sup>**

**Become a data-driven company**

**15<sup>(\*2)</sup>**

95 \*1 Includes profit decrease as a result of offsetting the revenue of Auction-related business and Credit Card business by sales promotion costs.

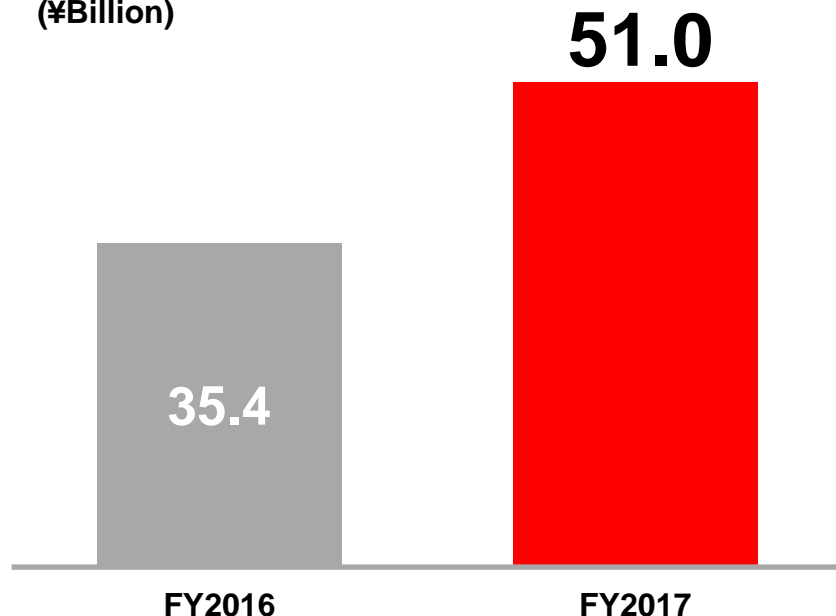
\*2 Not the amount of capital expenditure, but impact on expenses including depreciation expense and others.

# Outlook for Sales Promotion Costs

(included in outlook for additional investment in FY2017)



(¥Billion)



## FY2017 Breakdown <sup>(\*1)</sup> :

**Shopping, YAHUOKU!**      Approx. 60%

**Financial & Payment,  
Membership Services <sup>(\*2)</sup>**      Approx. 30%

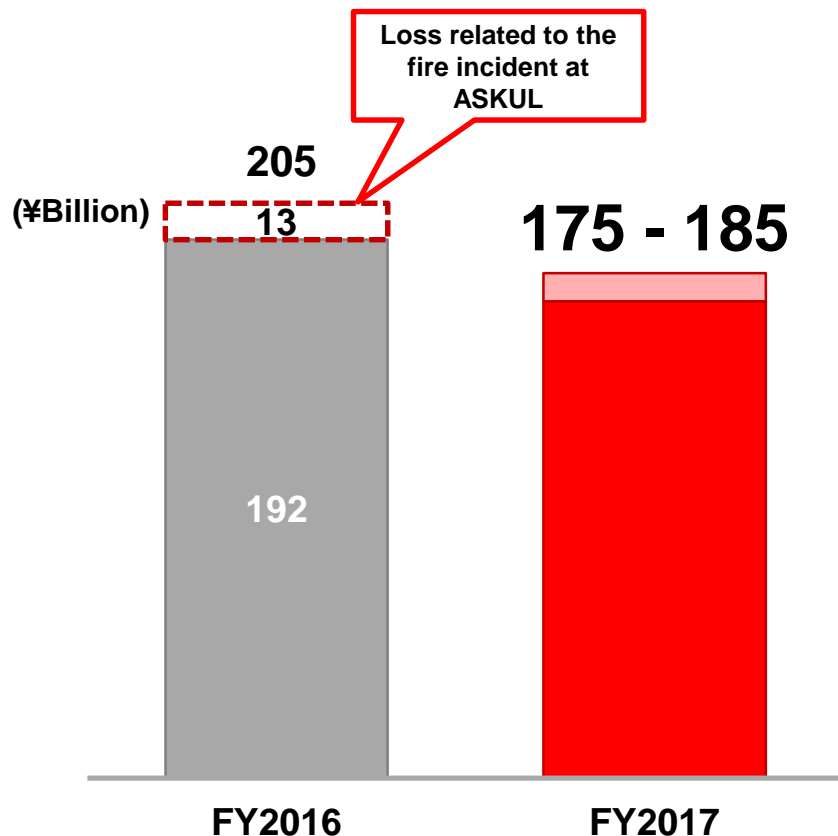
**Media & Others**      Approx. 10%

96 <sup>\*1</sup> Total of sales promotion costs, and advertising and promotional expenses, excluding the impact from the consolidation of ASKUL and Ikyu.

<sup>\*2</sup> Includes promotion costs for video services, etc.



# Outlook for Operating Income



**Proactive investment in FY2017  
aiming to  
maximize e-Commerce  
transaction value and  
transform into  
a data-driven company**

# **Supplemental Information**

# Business Segment Breakdown



## Marketing Solutions Business

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

## Consumer Business

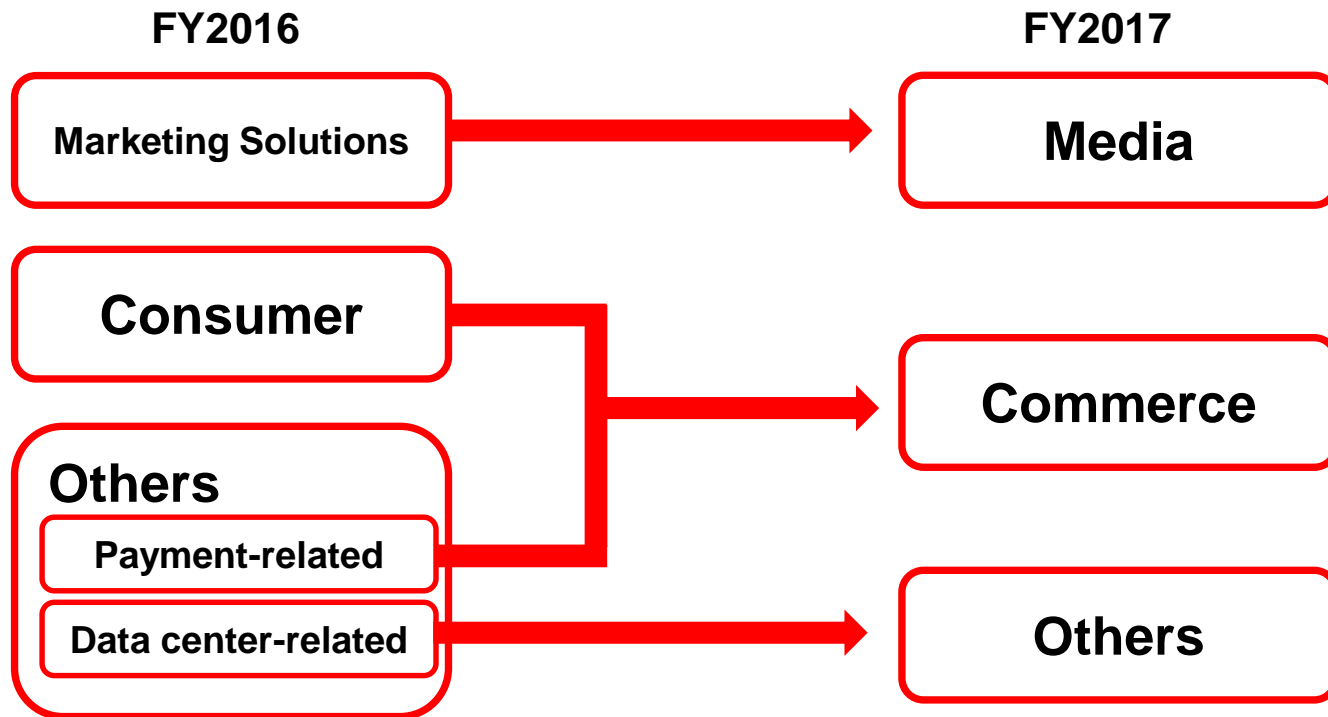
- **Advertising:** Display advertising
- **Business Services:** ASKUL, Affiliate-related services, Corporate system-use fees of YAHUOKU!, Reservation-related services, Yahoo! Real Estate, Automobile-related services and others
- **Personal Services:** Yahoo! Premium, LOHACO, Personal system-use fees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

## Others

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

# Change in Business Segment (Plan)

We plan to introduce a new business segment from FY 2017 due to organization change.



# Advertising Products

Advertising Products			Main Format	Fee Calculation	Placement Pages	Main Advertiser Base
Paid search advertising	Sponsored Search®		Text	Per-click rate (Performance-based) *2	Search results pages	Major corporations  Small and medium-sized companies
Display advertising	YDN and others	Yahoo! Display Ad Network (YDN) *1	Text Banner		Per-view rate (Performance-based) *2	
			Video			
		Yahoo! Premium DSP	Banner	Per-impression page view rate (Performance-based) *2	Interior pages of service sites *1	
	Premium Advertising	Brand Panel Prime Display Others	Rich ads (Including video) Banner	Per-impression page view rate (Guarantee-based) *3		
		Banner ads Text ads Others	Text Banner	Per-guaranteed period rate, etc. (Guarantee-based) *3	Yahoo! Shopping	Yahoo! Shopping stores
		PR Option		Conversion-based		

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

\*2 Advertising that is programmatically or manually managed on a real-time basis to optimize advertisements effects.

\*3 Advertising for which specific placement is reserved in advance.

# FY2016 Investment Records

**Total amount of investments : approx. 24 billion yen**

## Major investments

Companies	Date	Ratio of voting rights
YJ Tech Investment Partnership	May 2016	98.6% *1
Commerce21 Corporation	June 2016	100.0%
eBOOK Initiative Japan Co., Ltd.	September 2016	44.3%
Astmax Asset Management, Inc.	October 2016	33.4%
YJ Card Corporation *2	February 2017	65.0%
SB Drive Corp.	March 2017	48.6%

Note: Total amount of investments by Yahoo Japan Corporation.

Ratios of voting rights are at the end of March 2017.

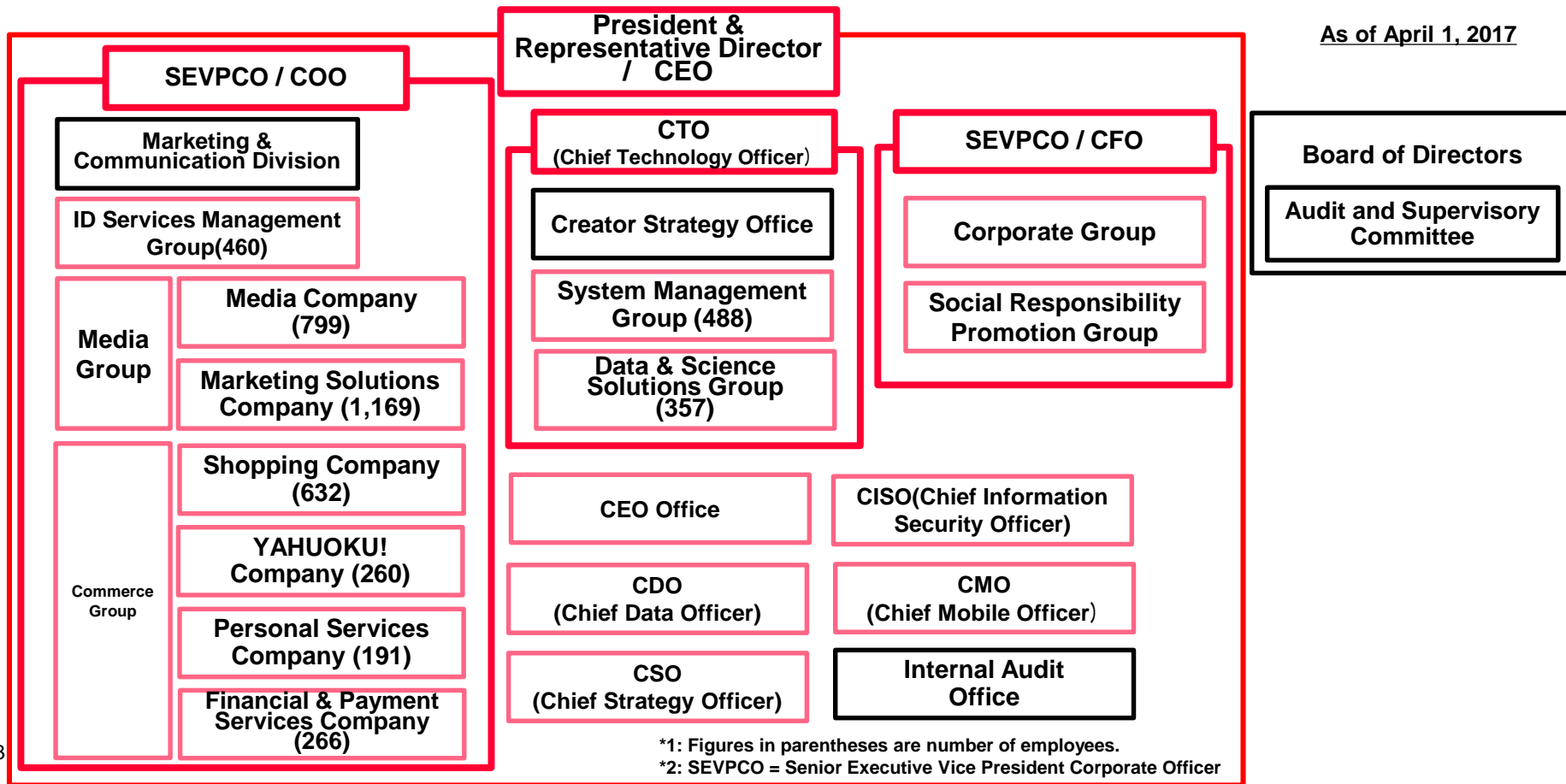
\*1: Proportion of total investments.

\*2: Additional investment

# Organization Chart of Yahoo Japan Corporation



As of April 1, 2017



\*1: Figures in parentheses are number of employees.

\*2: SEVPCO = Senior Executive Vice President Corporate Officer

# Consolidated Subsidiaries and Associates



(As of March 31, 2017)

## ● Major consolidated subsidiaries

- ◆ ASKUL Corporation
- ◆ Dynatech inc.
- ◆ ecohai Co., Ltd.
- ◆ GYAO Corporation
- ◆ Ikyu Corporation
- ◆ Passrevo Corporation
- ◆ ValueCommerce Co., Ltd.
- ◆ YJ Card Corporation
- ◆ Y's Insurance Inc.

- ◆ Carview Corporation
- ◆ eBOOK Initiative Japan Co., Ltd.
- ◆ FirstServer, Inc.
- ◆ IDC Frontier Inc.
- ◆ Netrust, Ltd
- ◆ Synergy Marketing, Inc.
- ◆ YJ Capital Inc.
- ◆ YJFX, Inc.
- ◆ Y's Sports Inc.

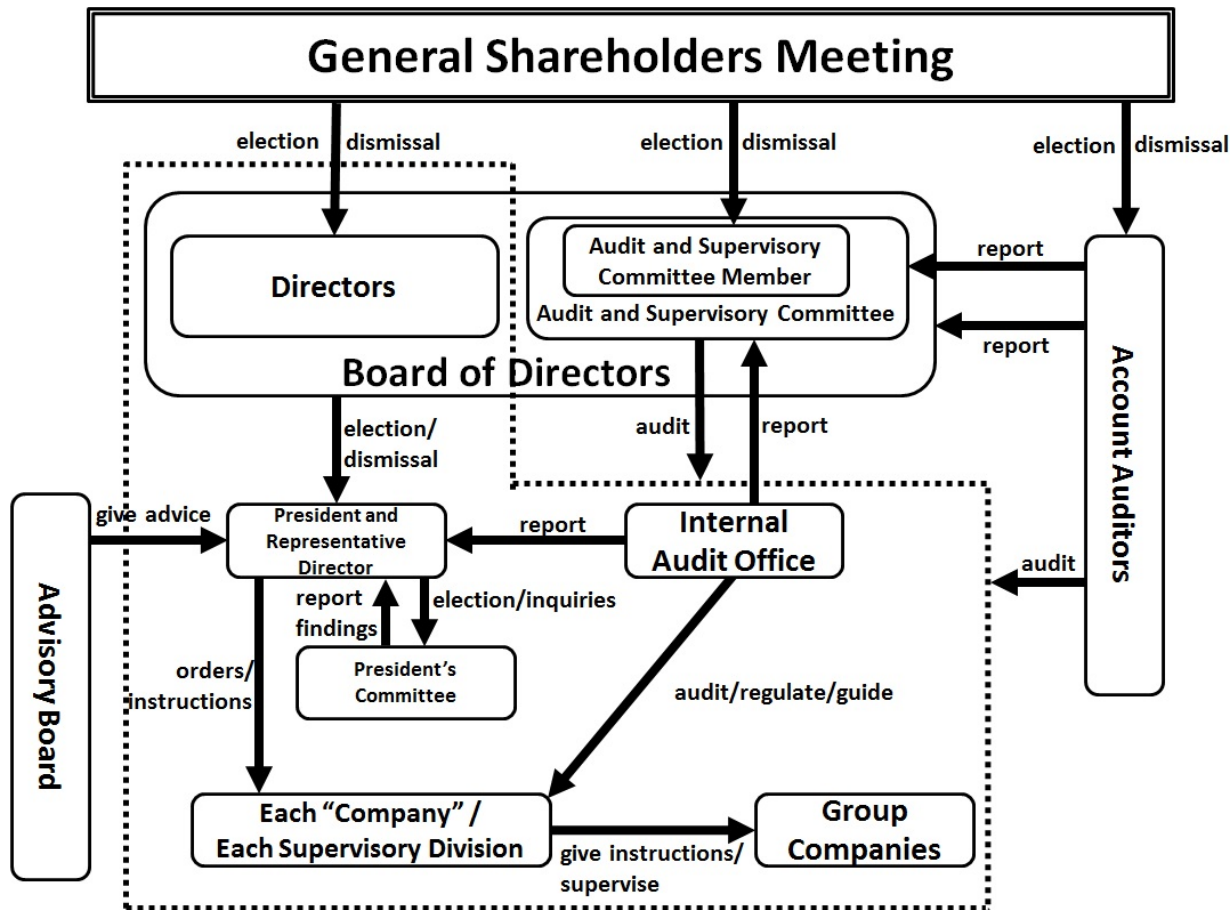
## ● Major associates

- ◆ Astmax Asset Management, Inc.
- ◆ BuzzFeed Japan Corporation
- ◆ Sony Real Estate Corporation

- ◆ BOOKOFF CORPORATION LIMITED
- ◆ CRITEO K. K.
- ◆ The Japan Net Bank, Limited



# Corporate Governance System



**Y!**