



Yahoo Japan Corporation

FY2018-2Q Business Results

October 31, 2018

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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 (Company, Yahoo! JAPAN) and its consolidated subsidiaries and affiliates. The Company cautions you that a number of important factors could cause actual results to differ materially from those discussed in the forward-looking statements. Such factors include, but are not limited to, the items mentioned in “Risk Factors” in “Results for the Three Months Ended September 30, 2018.”

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FY2018-2Q

Financial Results

FY2018-2Q Investor Meeting - Topics

1 Two consecutive quarters of double-digit YoY growth in paid search advertising revenue

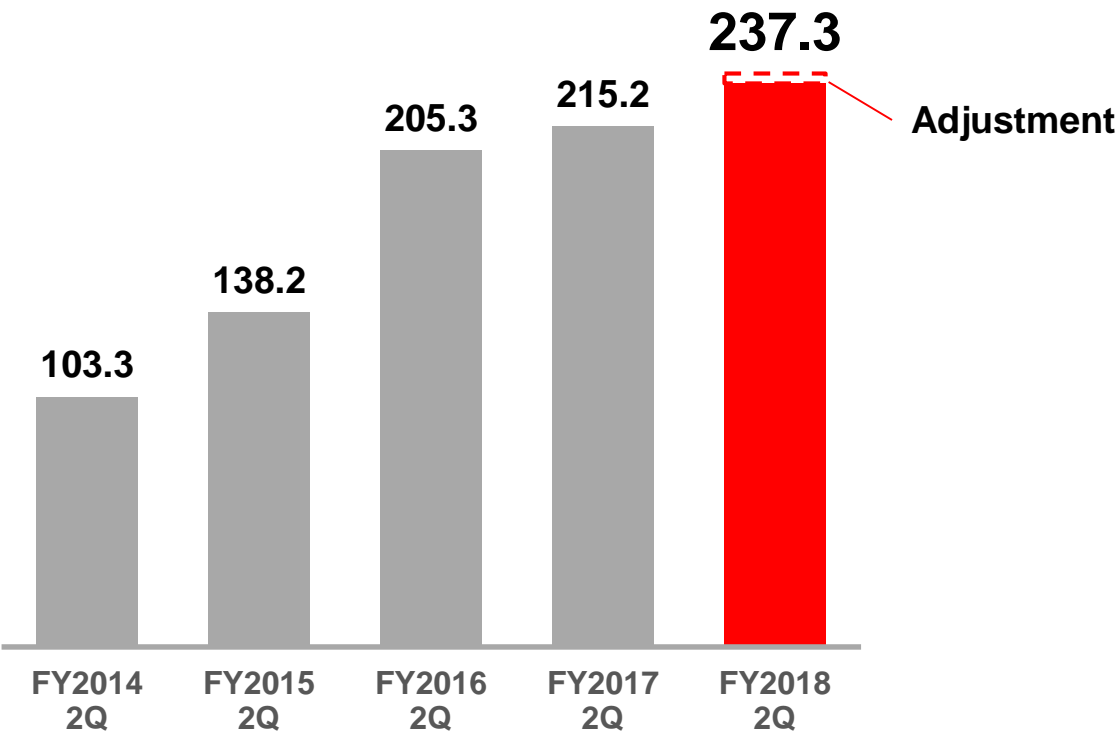
2 Released PayPay, a smartphone payment service (October 5)

Executive Summary for FY2018-2Q

	FY2017 2Q	FY2018 2Q	YoY
Revenue	215.2 (¥B)	233.1 (¥B)	+8.3%
Operating income	42.7 (¥B)	35.5 (¥B)	-16.9%
EBITDA	53.2 (¥B)	48.2 (¥B)	-9.5%
Net income attributable to owners of the parent	31.7 (¥B)	22.4 (¥B)	-29.2%
Diluted EPS	¥5.5	¥4.0	-26.5%

Revenue Excluding Impact from Change in Accounting Policy

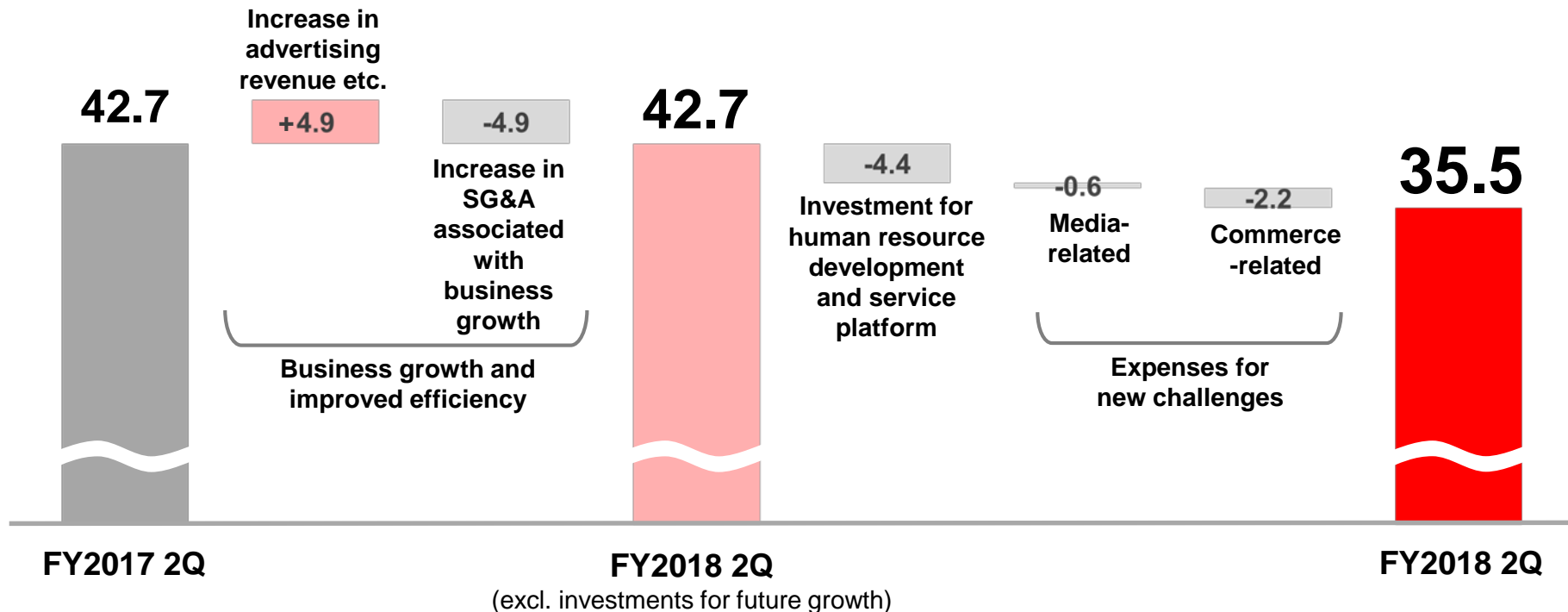
(¥ Billion)



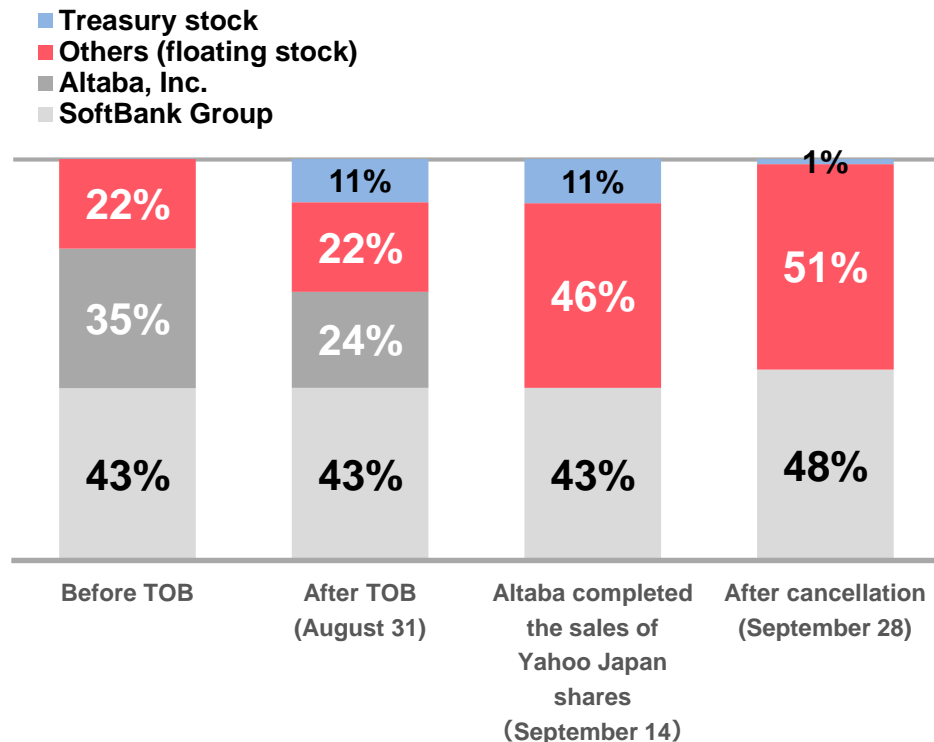
YoY
+10%

Factors of YoY Change in Operating Income

(¥ Billion)



Changes in Shareholder Composition



**Cancelled 9% of
treasury stock**

**Ratio of floating
stock increased
to 51%**

Note: Figures are rounded to the closest whole number.

Numbers of treasury stock and shares held by SoftBank Group are as of June 18, and shares held by Altaba, Inc. are as of July 6 for the shareholder composition before TOB.

Shares held by SoftBank Group Japan Corporation, SBBM Corporation and SoftBank Corp. are included in SoftBank Group.

As stated in the Statement of Changes submitted on September 21, shares of Yahoo Japan Corporation held by SBBM Corporation have been transferred to SoftBank Group Japan Corporation.

Results by Segments

Results by Segments

(¥ Billion)		FY2017 2Q	FY2018 2Q	YoY	
				Actual result	Main factors of change
Media business	Revenue	71.6	75.1	+4.8%	Increase in paid search advertising revenue
	Operating Income	37.2	35.3	-5.2%	Increase in sales promotion costs
Commerce business*	Revenue	139.9 ASKUL Group 82.0	157.8 92.1	+12.8% +12.3%	<ul style="list-style-type: none"> • Increase in ASKUL Group's revenue • Consolidation of The Japan Net Bank, Limited • Increase in Shopping-related advertising revenue
	Operating Income	16.9 ASKUL Group -0.2	15.7 -1.4	-7.6% n.a.	<ul style="list-style-type: none"> • ASKUL Group's increases in: rent and depreciation expense of its new logistics center; and in its proportion of variable cost in logistics cost • Expenditures for new challenges
Other businesses	Revenue	5.4	2.1	-61.3%	Impact from the sale of IDC Frontier Inc. shares
	Operating income	1.0	0.6	-41.1%	

Note: Figures for adjustments are not shown. In cases where major services have been transferred between segments, prior data and comparative figures have been retroactively adjusted to the current segments.

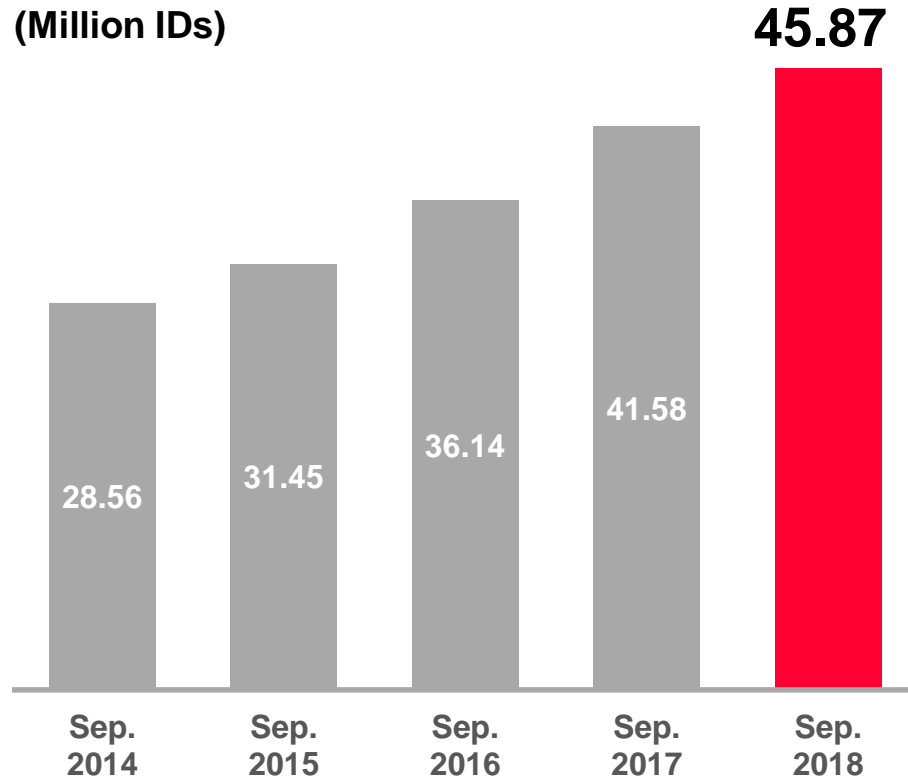
* Figures on the lower row for Commerce business are consolidated revenue and operating income of ASKUL Group, based on the fiscal period of Yahoo Japan Corporation.

ASKUL Group includes ASKUL Corporation, AlphaPurchase Co., Ltd., Charm Co., Ltd., and others.

Media Business

Number of Monthly Logged-In User IDs

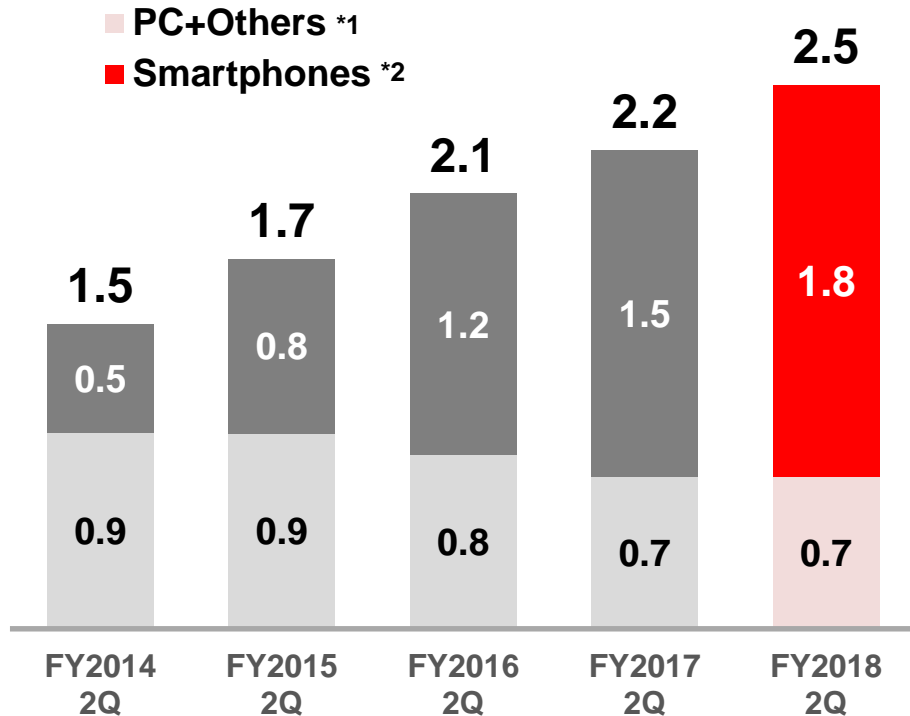
(Million IDs)



YoY
+10%

Time Spent by Logged-In Users

(Billion hours)



YoY
+12%

Note: Time spent by users logged-in with Yahoo! JAPAN IDs for each quarter

*1 Time spent including accesses via PCs, tablets and feature phones

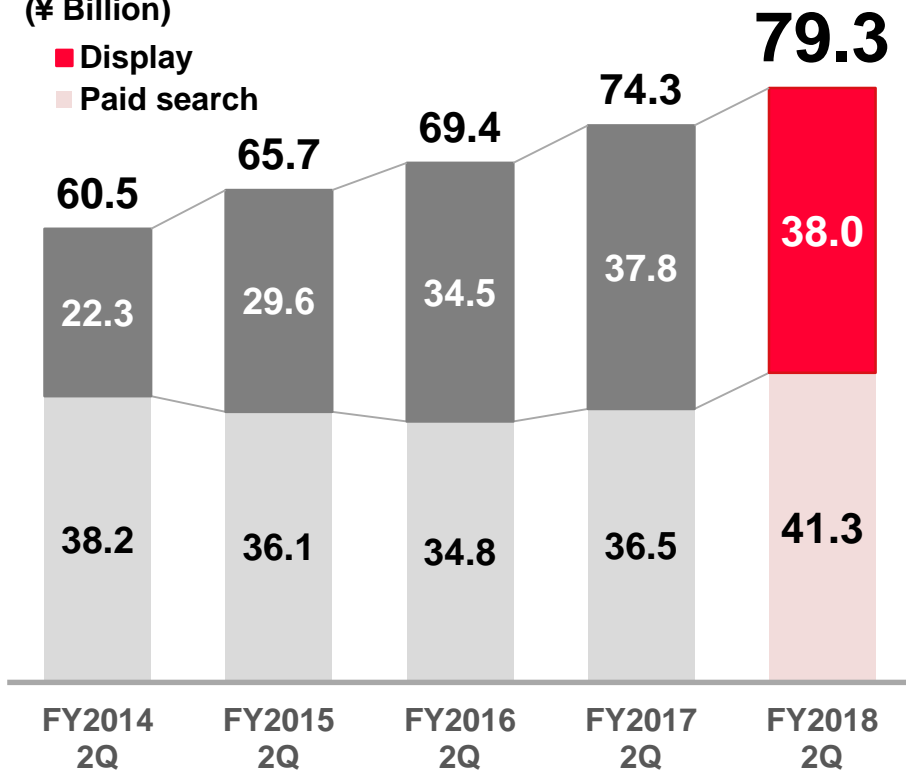
*2 Time spent including accesses via applications and browsers

Advertising-Related Revenue

(¥ Billion)

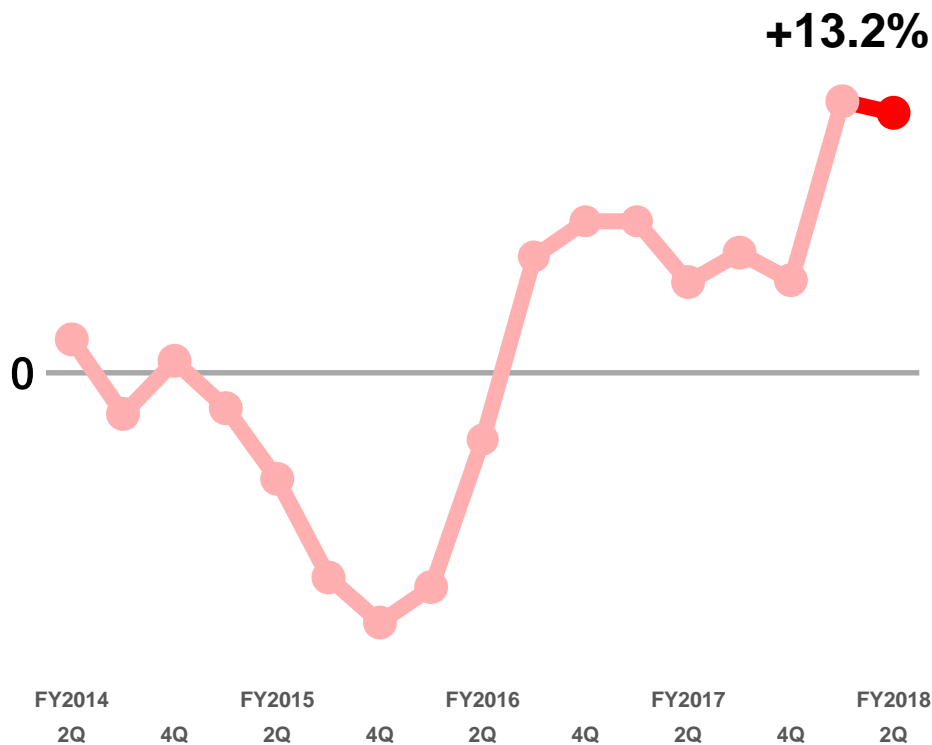
■ Display

■ Paid search



YoY
+7%

Paid Search Advertising Revenue -YoY Growth Rate



YoY
+13%

Began Ad Fraud Countermeasures

Purposes

- 1 **Construct a sound media platform to eradicate ad frauds**
- 2 **Improve credibility of Internet ads and transparency of ad effects**
- 3 **Increase advertisers who place ads to media with high credibility**

Measures conducted

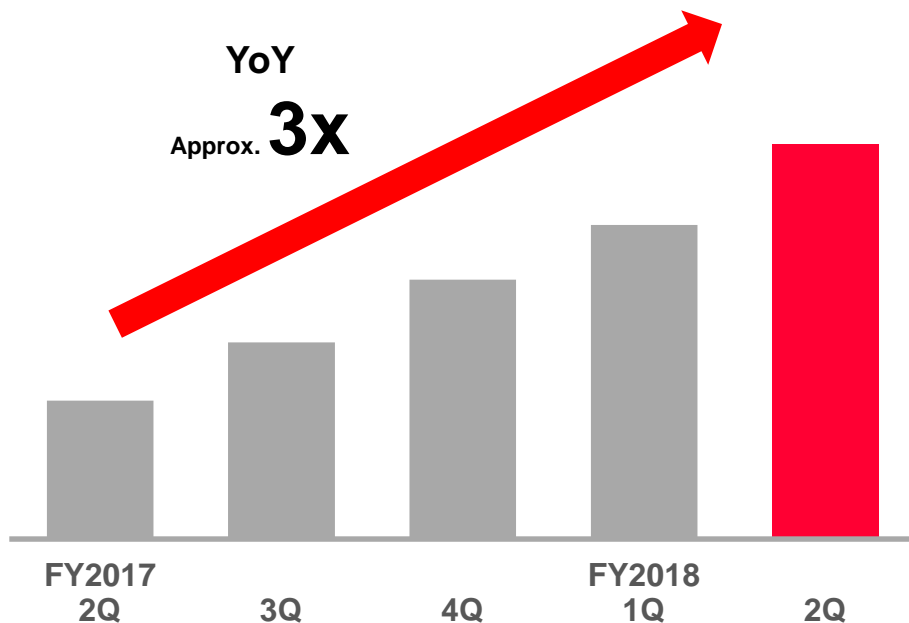


September 21
Temporarily terminated ad distributions to some websites*

October 25
Revised Guidelines on Ad Distribution

Media Video Strategy - Measures

Video viewing time in Top Page*



Major video contents

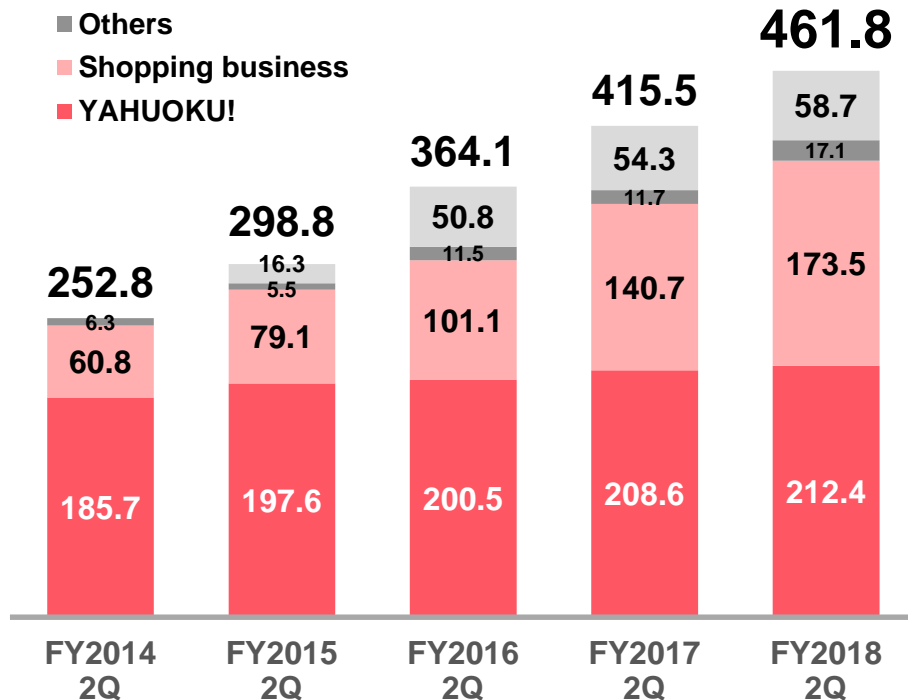
Externally procured contents	C CHANNEL Japan's largest video media for women
	MAMADAYS Video media for families to solve mom's problems
Internally produced contents	WaiQ Live program in which viewers participate in games (From September 26)
	Yahoo! JAPAN CREATORS Program Posting platform for creators/influencers (From October 30)

Commerce Business

EC Transaction Value (Sale of Goods)

(¥ Billion)

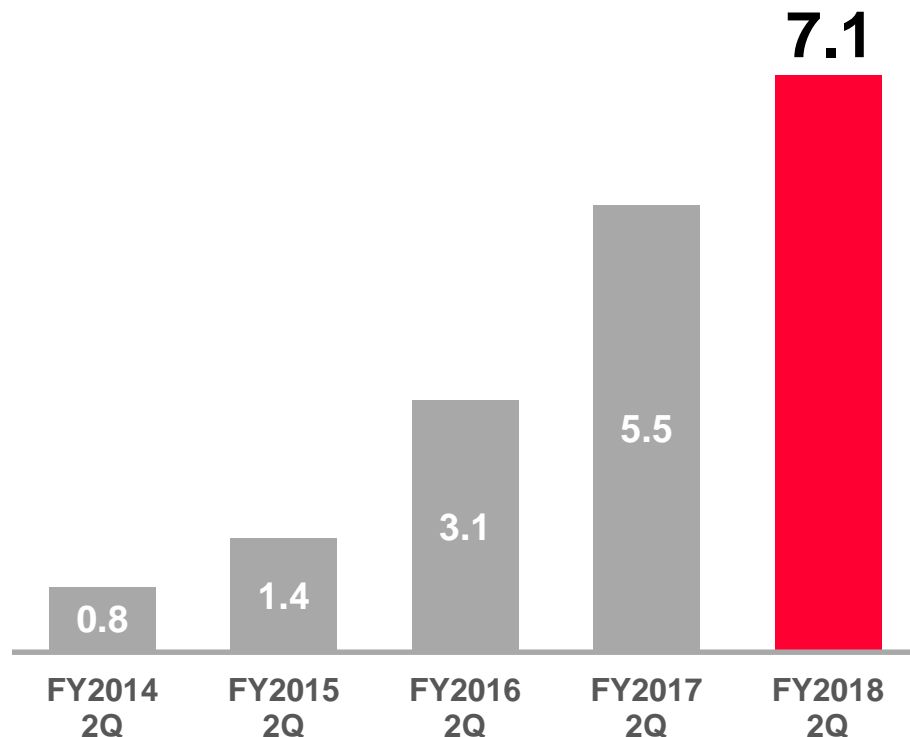
- ASKUL BtoB
- Others
- Shopping business
- YAHUOKU!



YoY
+11%

Shopping-Related Advertising Revenue

(¥ Billion)

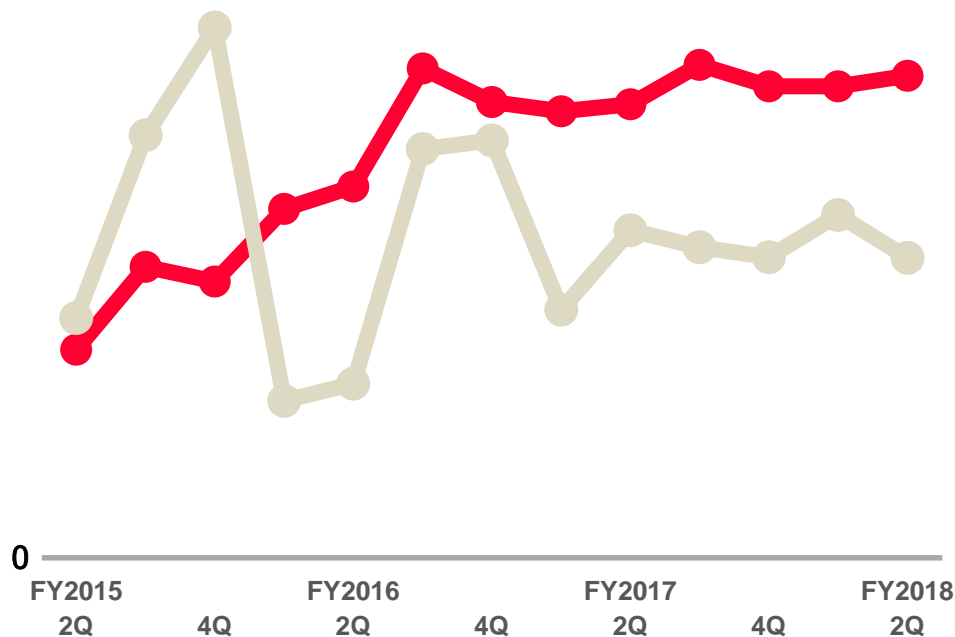


YoY
+28%

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 recorded in the advertising revenue of Media Business segment.

Percentages of Shopping-Related Advertising Revenue*¹ and Point-Reward Expenses*² to Yahoo! Shopping Transaction Value

—●— % of Shopping-related advertising revenue
—●— % of point-reward expenses



Advertising “take rate” steadily increasing

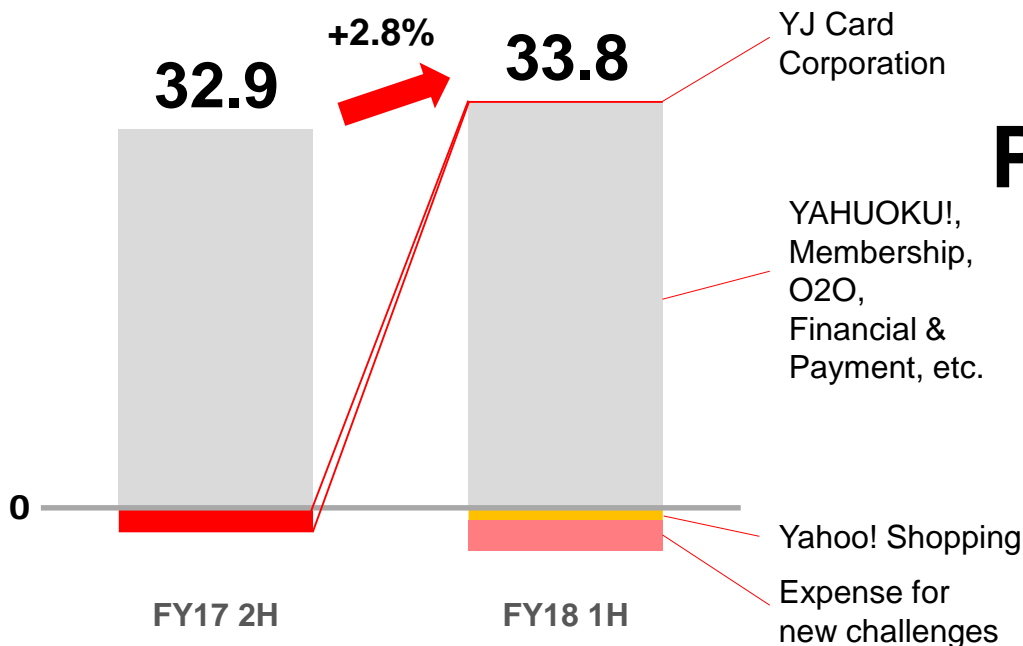
*1 Shopping-Related Advertising revenue / Yahoo! Shopping transaction value = “take rate”

*2 Point-reward expenses related to Yahoo! Shopping / Yahoo! Shopping transaction value

Earning Trend of Commerce Business (excl. ASKUL G)

- YAHUOKU!, Membership, O2O, Financial & Payment, etc.
- Yahoo! Shopping (Includes shopping ad and shopping-related payments)
- YJ Card Corporation

(¥ Billion)



Profitability improved.
YJ Card Corporation
achieved profitability.

Auction Listing Now Available for Non-Yahoo! Premium Members

Improved YAHUOKU! to be used by more users

	Non-Yahoo! Premium member	Yahoo! Premium member
Product listing in auction service	✓ ※To be provided also on web browsers from November 12 *	✓
Product listing in flea market service	✓	✓
Monthly fee	JPY 0	JPY 498 (incl. tax)
System usage fee for winning bids	10% of winning bid price (incl. tax)	8.64% of winning bid price (incl. tax)

Measures to Revamp YAHUOKU!

1

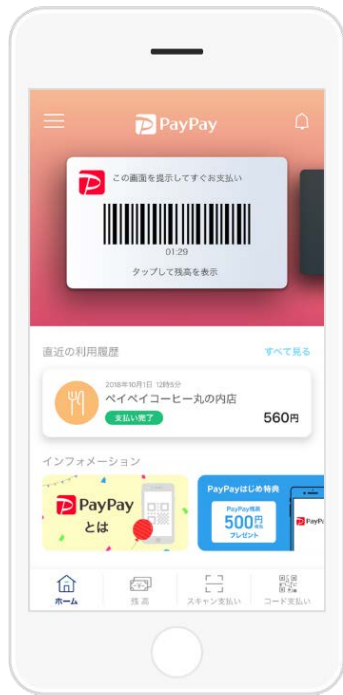
Provide anonymous delivery in cooperation with Yamato Transport Co., Ltd. (From August 27)

2

Revised shipping fee paid by sellers to a standardized fee for shipping throughout Japan (From October 16)

Mobile Payment

Launched PayPay on October 5



**October 25
Began service
coordination with
Alipay**

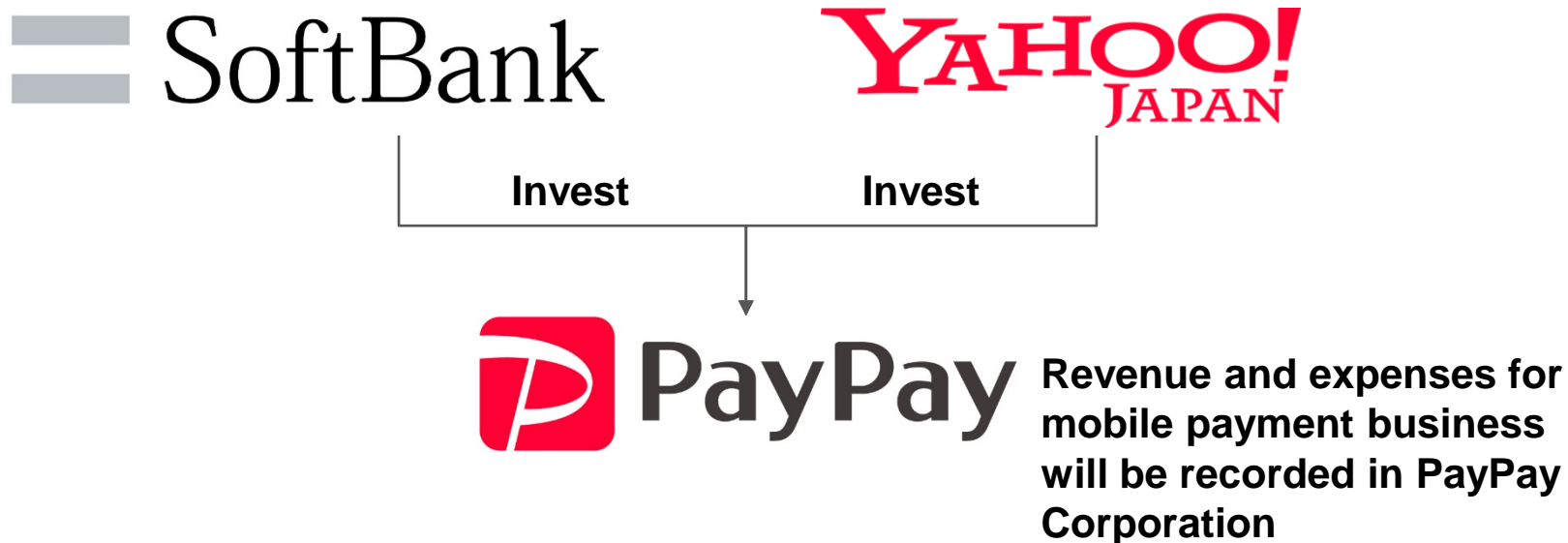


Comparison with Competitors

		PayPay	LINE Pay	Rakuten Pay
Merchants	Payment to merchants	Following day (min.)	End of following month	Following day (min.)
	Payment fee	Free for 3 years (max.) (User scan only)	Free for 3 years (max.)	3.24%
Users	Linked with credit cards	Yes	No (Available for LINE-related services only)	Yes
	Linked with e-money	Yes	Yes	Yes
	Linked with bank accounts	Yes	Yes	No
	Alipay compatible	Yes	No	No
	Points provided	Immediately	Immediately (with QR-code settlement) - 2 months later	2-3 days later
	Point-reward rate (Regular rate)	0.5% ※Measures to be announced shortly	Max. 5%	0.5%

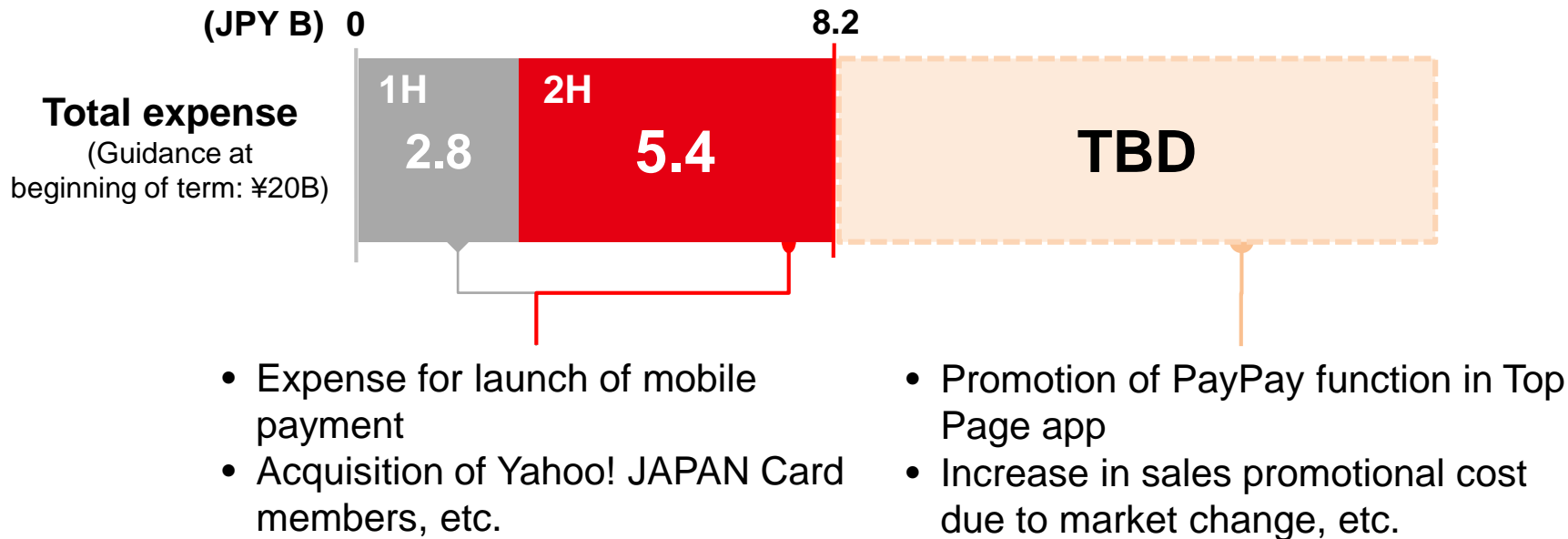
PayPay – Business Structure

Operator of mobile payment business will be transferred to PayPay Corporation
PayPay's expenses will be funded by investments from the two companies and recorded in PayPay Corporation



Commerce-Related Expense for New Challenges - Outlook

Considering how to use expense for new challenges due to change in PayPay's business structure



Guidance for Full Year Operating Income

Previous
announcement

¥130 – 140 billion



Current
guidance

¥133 – 143 billion

Upside factor	<ul style="list-style-type: none">• Steady growth in existing businesses in 1H
Reason for the range in guidance	<ul style="list-style-type: none">• Commerce-related: amount of expense for new challenges
Downside factors	<ul style="list-style-type: none">• Decrease in ad revenue due to measures against ad frauds• Economic factors

Creating New Businesses

Accelerating Entry into the Offline World

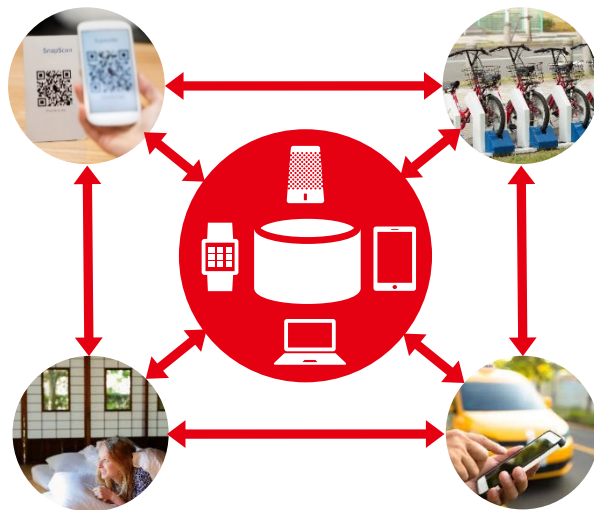
Consuming information online



Making offline world more convenient with the Internet



Integration of online and offline worlds

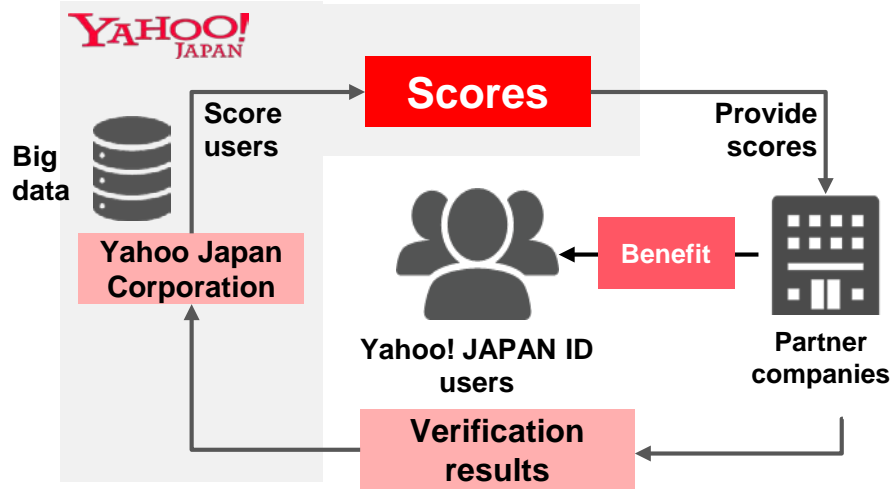


Mobile payment, user scores,
accommodation business,
sharing service, etc. . . .

Started Experimenting with Scoring Users Leveraging Big Data

**Aim to provide services using
Yahoo! JAPAN's original scores based on our ID base**

Conceptual diagram of this measure



Expected usage examples

Business fields	Examples
Sharing service	<ul style="list-style-type: none">• Simplification of application procedures• Exemption of deposits, etc.
Reservation	Right to advance booking, etc.

Planning to Provide Offline Sales Promotional Solutions



Sales promotional solutions using PayPay

- ✓ Use of **purchase history** & **activity log**
- ✓ **Integrated management** of online and offline purchases

Details will be announced as soon as they are finalized

Offline Purchase Through Ads & PayPay

**Become aware of
sales drive in
Yahoo! JAPAN**



**Purchase product
with identifier ※1**



**Participate in the
drive via PayPay ※2**



Receive e-money ※3



Image: Aflo

※1 Details of sales drive to be announced at a later date.

※2 Screen image is for illustrative purpose only.

※3 E-money that can be used in PayPay merchants.

Collaboration with SoftBank Vision Fund



Certain "SoftBank Vision Fund" investments described herein are subject to pending regulatory approvals. The investments described herein represent a subset of the investments that have been acquired or will be acquired by SVF. This list does not purport to be a complete list of investments. The future operating plans described above are based on the beliefs of Yahoo! JAPAN at this time and nothing contained herein should be relied upon as a promise or representation as to future operating plans of SVF and its portfolio companies and/or SoftBank. All such operating plans are subject to the requirements and limitations of the relevant offering documents and/or governing agreements, including all notice and consent requirements, as applicable. Accordingly, there can be no assurance that the operating plans and models described herein will be implemented and actual results may be significantly different. Nothing presented herein should be construed as a recommendation of any investment or security.

Future Announcements of Financial Results

**We plan to hold the announcement of
1Q and 3Q financial results
via conference call in the future**

**Details will be announced in our IR website
<https://about.yahoo.co.jp/ir/en>**

Yahoo! JAPAN
will create a future that
can only be shaped by us

Supplemental Information

Business Segment Breakdown

Media Business

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

Commerce Business

- **Advertising:** Display advertising (“Premium Advertising”)
- **Business Services:** ASKUL, Affiliate-related services, Reservation-related services, Corporate system-use fees of YAHUOKU!, Payment-related services, Banking-related services, Credit card-related services and others, Yahoo! Real Estate, Real estate-related services
- **Personal Services:** LOHACO, Yahoo! Premium, Personal system-use fees of YAHUOKU!, Credit card-related services, Pet supplies-related services, Telecommunications carrier-related services, Banking-related services, E-book-related services, FX-related service and others, Payment-related services
- **Others:** Banking-related services

Others

- **Advertising:** Display advertising (“Premium Advertising”)
- **Business Services:** Utilities payment-related service and others
- **Personal Services:** Yahoo! Mail, Yahoo! Address Book, Utilities payment-related service and others

Advertising Products

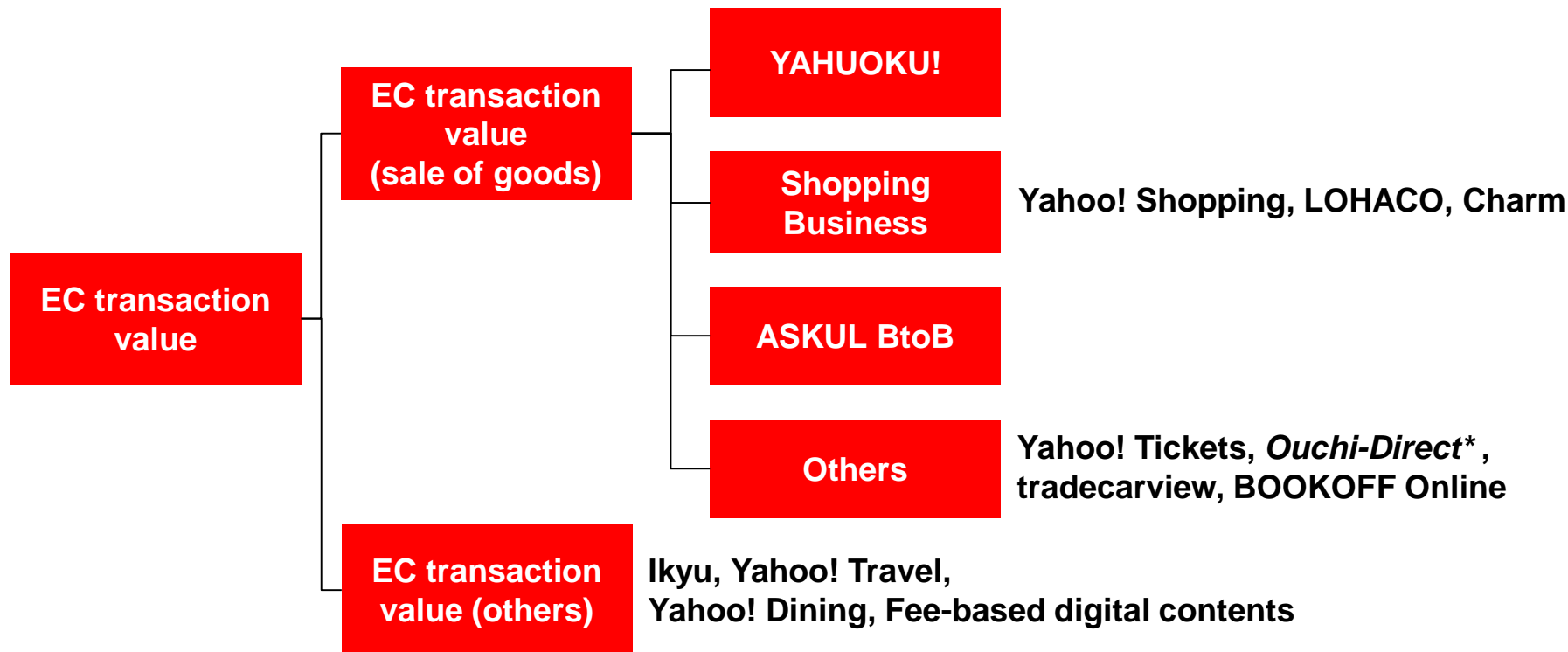
Advertising Products			Main Format	Fee Calculation	Placement Pages	Main Advertiser Base
Paid search advertising	Sponsored Search®		Text	Per-click rate (Performance-based) *2	Search results pages	Major corporations Small and medium-sized companies
Display advertising	YDN and others	Yahoo! Display Ad Network (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	
		PR Option		Conversion-based		

*1 Includes In-feed advertising on timeline view pages.

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

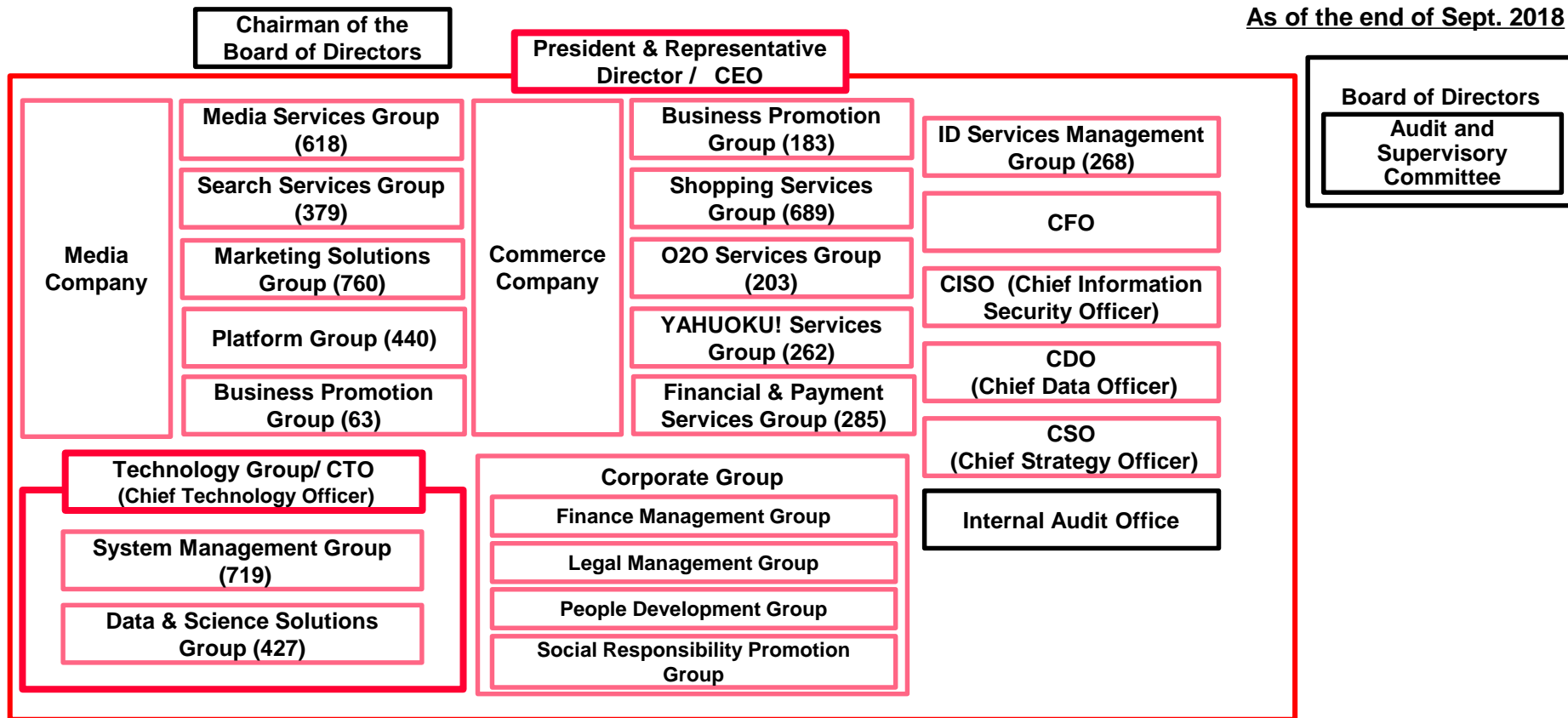
*3 Advertising for which specific placement is reserved in advance

Definition of EC Transaction Value from FY 2018



Organization Chart of Yahoo Japan Corporation

As of the end of Sept. 2018



Note: Figures in parentheses are number of employees.

Consolidated Subsidiaries and Affiliates

As of the end of Sept. 2018

● Major consolidated subsidiaries

ASKUL Corporation

CLASSIFIED Corporation

eBOOK Initiative Japan Co., Ltd.

GYAO Corporation

Netrust, Ltd

Synergy Marketing, Inc.

ValueCommerce Co., Ltd.

YJ Card Corporation

Y's Insurance Inc.

Z Corporation Incorporated

Carview Corporation

Dynatech inc.

ecohai Co., Ltd.

Ikyu Corporation

Passrevo Corporation

The Japan Net Bank, Limited

YJ Capital Inc.

YJFX, Inc.

Y's Sports Inc.

● Major affiliates

Astmax Asset Management, Inc.

CRITEO K. K.

Sony Real Estate Corporation

BuzzFeed Japan Corporation

PayPay Corporation **NEW!**

YAHOO!
JAPAN