



Deep Learning

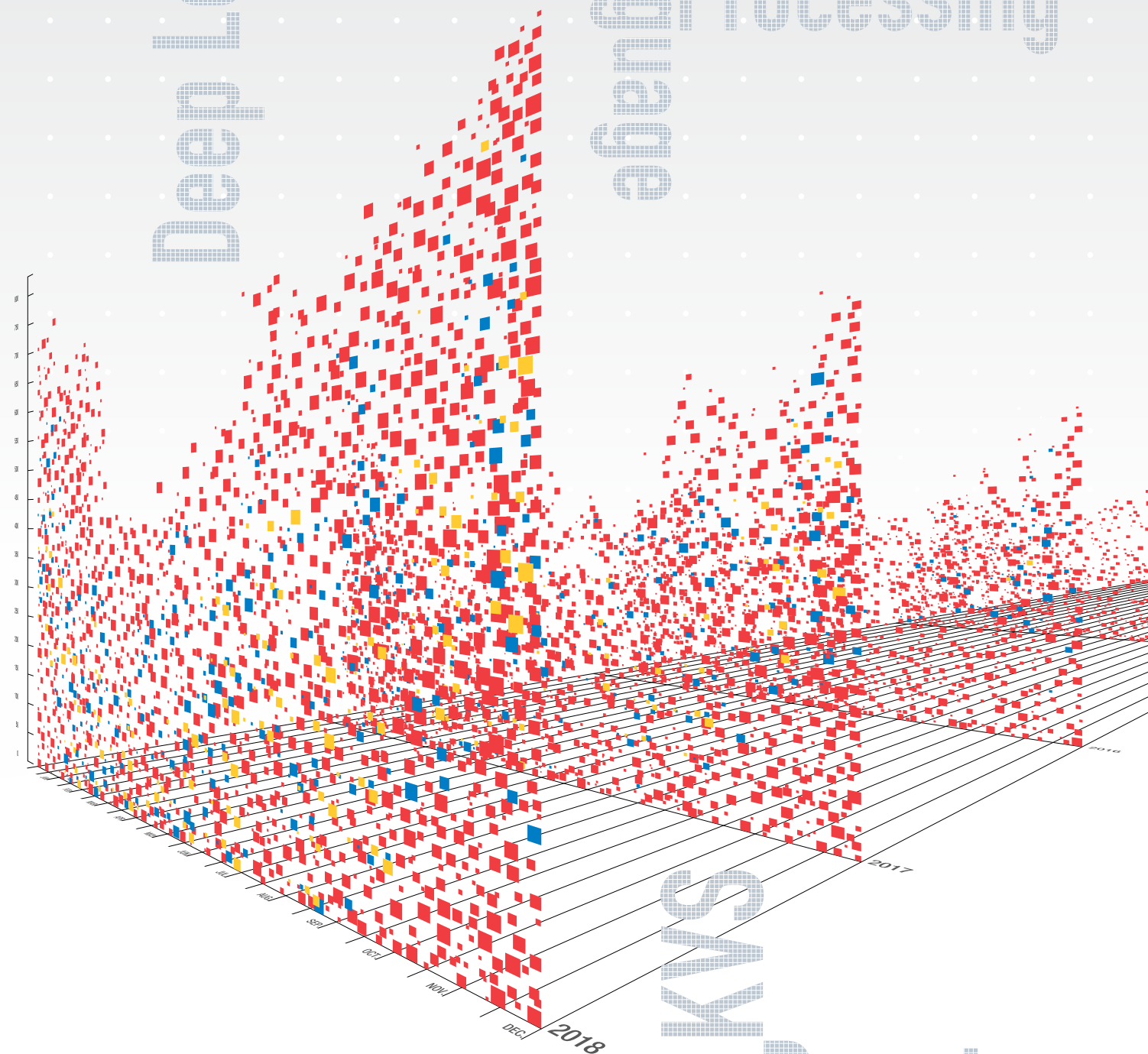
RDB

Natural

Language

Hadoop

Processing



SVM

Presto

As a Company That Creates the Future

Transforming People's Daily Lives with Cutting-Edge Information Technologies

Since its founding in 1996 at the dawn of the Internet, the Yahoo Japan Group has been the industry pioneer and the key driving force behind the proliferation of the Internet in Japan. Through unceasing provision of innovative services, the Group has made significant impacts on the quality of people's daily lives.

OUR HISTORY

1996

Exploring Information via the Internet



Launched Yahoo! JAPAN

Launched Yahoo! JAPAN as the first commercial Japanese-language search engine, providing a database of Japanese-language websites and a directory tree data search feature as well as keyword search services.

1996

Accessing the Latest Information on the Internet

銘柄	11/01 (前)	11/02 (前)	11/03 (前)	11/04 (前)	11/05 (前)	11/06 (前)
日経	42,127	42,127	42,127	42,127	42,127	42,127
TOPIX	1,111.13	1,111.13	1,111.13	1,111.13	1,111.13	1,111.13
東証1st	1,111.13	1,111.13	1,111.13	1,111.13	1,111.13	1,111.13
東証2nd	1,111.13	1,111.13	1,111.13	1,111.13	1,111.13	1,111.13
東証3rd	1,111.13	1,111.13	1,111.13	1,111.13	1,111.13	1,111.13
東証4th	1,111.13	1,111.13	1,111.13	1,111.13	1,111.13	1,111.13
東証5th	1,111.13	1,111.13	1,111.13	1,111.13	1,111.13	1,111.13
東証6th	1,111.13	1,111.13	1,111.13	1,111.13	1,111.13	1,111.13
東証7th	1,111.13	1,111.13	1,111.13	1,111.13	1,111.13	1,111.13
東証8th	1,111.13	1,111.13	1,111.13	1,111.13	1,111.13	1,111.13
東証9th	1,111.13	1,111.13	1,111.13	1,111.13	1,111.13	1,111.13
東証10th	1,111.13	1,111.13	1,111.13	1,111.13	1,111.13	1,111.13

Launched Yahoo! News, Yahoo! Weather Information (Now Yahoo! Weather)

Started the Group's first information services in collaboration with media companies and other content partners. Users were provided free access to the latest news and daily weather information via Yahoo! JAPAN.

1999

Easy, Convenient, and Varied Online Shopping Experiences



Launched Yahoo! Shopping

Started Yahoo! Shopping as a virtual shopping mall featuring stores of prominent Japanese retailers providing easy, convenient, and varied online shopping experiences.

1999

Opportunity for Everyone to Engage in Online Transactions



Launched Yahoo! Auctions (Now YAHUOKU) Service

Began offering Yahoo! Auctions (currently YAHUOKU), an online auction service. Provided an opportunity for everyone, including both individuals and companies, to make a listing or bid on various items.

2001

Catalyst for Internet Use Proliferation in Japan



Launched Yahoo! BB Service

Launched Yahoo! BB commercial high-speed Internet connection service, from ¥2,280 per month. Fueled the proliferation of Internet connectivity throughout Japan, changing ways of Internet use.

2008

Optimization of User Interface for iPhone



Optimized Yahoo! JAPAN Services for Newly Launched iPhone 3G

After SoftBank began exclusive sales of the iPhone 3G model in Japan, optimized all Yahoo! JAPAN services for easy iPhone 3G access. Optimized UI of 65 service top pages and created icons for iPhone 3G start-up screen.

2013

E-Commerce Made More Accessible through Elimination of Fees



Announced New E-Commerce Strategy

In our Yahoo! Shopping service, completely eliminated store tenant fees and system-use fees and made the transition from a fee-based revenue model to one based on advertising. Similarly, decided to eliminate store tenant fees in YAHUOKU!

2018

Promotion of Convenient and Stress-Free Cashless Society

PayPay

Launched PayPay Service

Entered the mobile payment business and jointly established PayPay Corporation with SoftBank Corp. Rapidly increased users and merchants through large-scale campaigns, etc. PayPay grew to become a central proponent to spread of cashless payments in Japan.

2018

New Solutions Created by Unlocking the Potential of Data



Announced DATA FOREST Initiative

By combining the data possessed by corporations, local governments, and research institutions with our big data and AI technologies, the DATA FOREST Initiative aims to create new businesses that support the problem-solving efforts of our clients. Full-scale proof-of-concept trials began for this purpose.

Online Options for More Convenient and Stress-Free Lifestyles

Through its 100+ services, the Yahoo Japan Group supports the various actions undertaken as part of our everyday lives—including encountering, exploring, purchasing, paying, and enjoying—and thereby contribute to more convenient and stress-free lifestyles for our users.

Average monthly users*
67.43 million

* Source: TOPS OF 2018: DIGITAL IN JAPAN, The Nielsen Company

OUR PRESENT

Number of services provided

Over **100**



Monthly logged-in user IDs
48.39 million



E-commerce transaction value

¥2.3 trillion



Media Business

Through its media and search-related services, the Media Business provides users with the opportunity to “encounter” and “explore” in their daily lives.



Commerce Business

Through its e-commerce-related services, membership services, and financial and payment-related services, the Commerce Business provides users with the ability to “explore,” “purchase,” and “pay” in their daily lives.



Creating the Future by Capitalizing on the Possibilities of the Internet

→ **Astonishing Levels of Convenience in Online and Offline Domains**

The evolution of technology is expected to drive the seamless integration of online and offline domains in our daily lives, increasingly blurring the lines between the two. By decisively advancing into offline domains through the Yahoo Japan Group's services, we will endeavor to create astonishing levels of convenience in the various online and offline domains of users' daily lives.

→ **Driving the Shift toward a Cashless Society**

Japan is currently in the midst of a nationwide push to promote cashless payments. This push is motivated by the potential to realize a society offering high levels of value to both consumers and businesses alike by utilizing the data gained through digital payments, which improves productivity in various industries. In light of this movement, the Group will contribute to the realization of a convenient and stress-free cashless society through its mobile payment business.

AND OUR FUTURE

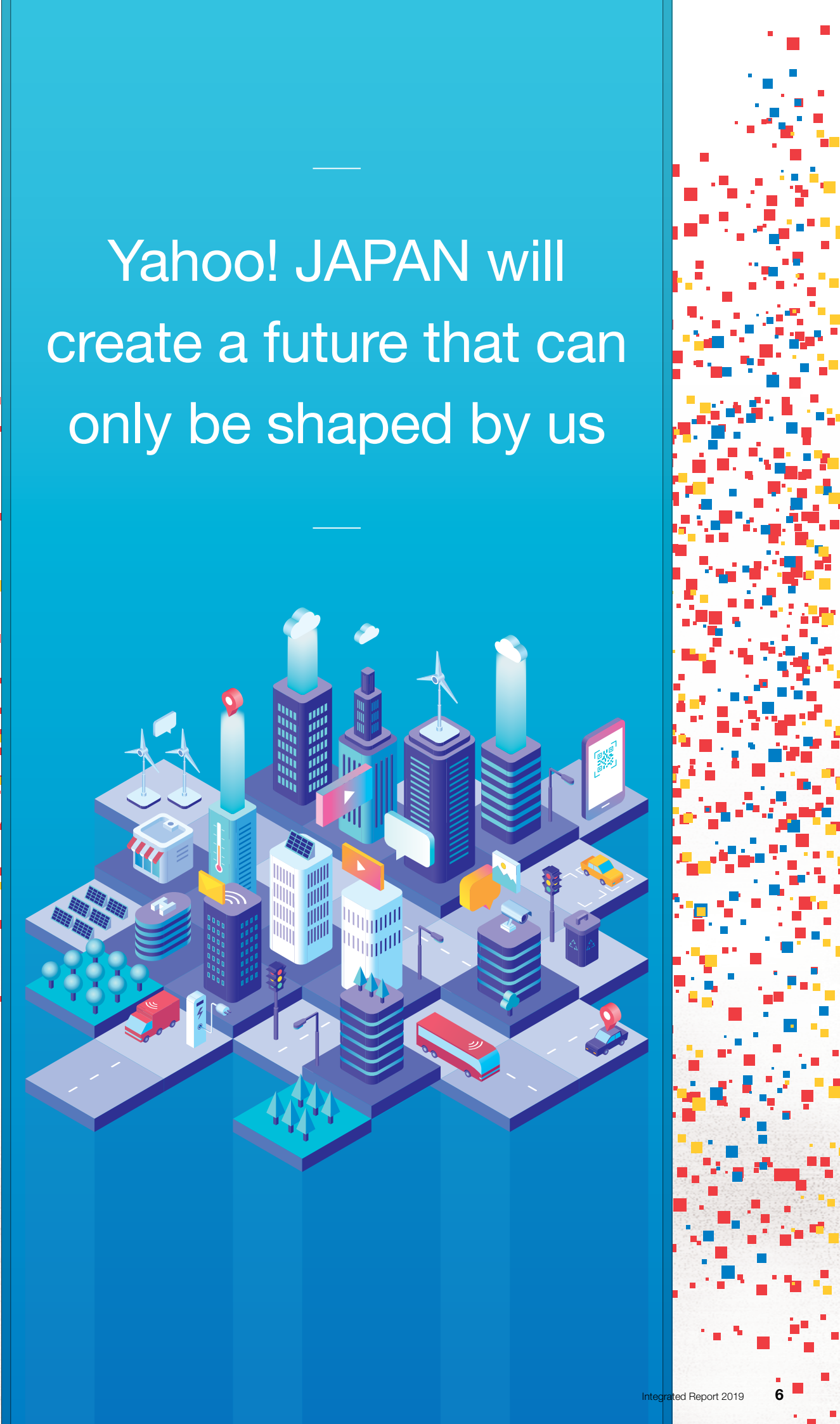
→ **Unlocking the Potential of Data**

The Yahoo Japan Group is amassing a diverse range of multi-big data through its 100+ services. By promoting the use of technologies to utilize both online and offline data, we aspire to offer services that provide users with the best possible proposal based on their individual needs.

→ **Realization of an Inclusive Society**

No matter how society may change as a result of the development of information technologies, we will continue to work toward the realization of an inclusive society. In this society, everyone will be able to benefit from information technologies; be included, respected, and treated with dignity; and be able to deliver their best performance.

Information technology is evolving at breakneck speed, broadening the range of social issues that the Yahoo Japan Group must resolve. As we advance forward, we will continue to help resolve the issues faced by people and society by leveraging our cutting-edge information technologies to deliver distinctive, high-quality services. We are keenly focused on realizing UPDATE JAPAN, our guiding vision for a future brimming with hope.



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

Mission, Vision, and Values

Firmly established as a “problem-solving engine,” Yahoo! JAPAN’s mission is to provide useful, solutions-oriented services by leveraging Internet technologies. In order to realize Yahoo! JAPAN’s vision of UPDATE JAPAN, we have formulated a set of five action guidelines entitled Yahoo! Values, which are thoroughly infused in our work culture and guide our day-to-day business activities.

Mission

Problem-solving Engine

Yahoo! JAPAN continues to pursue initiatives to solve problems in people’s daily lives and problems facing society by leveraging information technologies. As a “problem-solving engine,” Yahoo! JAPAN will contribute to people and society through its various businesses.

Vision

UPDATE JAPAN

By drawing on the power of the Internet, Yahoo! JAPAN will take on further challenges to inspire hope and to bring about progressive change to Japanese society.

Values

All Yahoo! JAPAN

Individual Strength

Discover, Propose, and Improve

Compelling Sense of Ownership

Absolute Commitment

To continue to solve the various problems facing Japan through the power of the Internet, we have adopted five action guidelines entitled Yahoo! Values, which represent the values of which our employees should remain ever-mindful and which provide an overview of how employees should carry out their work. We believe our employees should embody these values with the goal of continuing to evolve both personally and professionally on behalf of our users.

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Editorial Policy

This integrated report provides a comprehensive overview of the business operations and corporate activities of Yahoo Japan Corporation (“Yahoo! JAPAN” or “the Company”) and its consolidated subsidiaries and affiliates (“the Yahoo Japan Group” or “the Group”), including but not limited to information about finances, strategies, results, and other aspects of our business operations in addition to descriptions of our corporate governance system and corporate social responsibility (CSR) activities. Because this integrated report is provided primarily for the edification of our stakeholders, those topics deemed to be of particular interest to said stakeholders were selected for inclusion. We sincerely hope that this integrated report helps to deepen stakeholders’ and other readers’ understanding of the Company and the Yahoo Japan Group. For more detailed information, please refer to our Investor Relations website.
<https://about.yahoo.co.jp/ir/en/>

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Disclaimer on Forward-Looking Statements

All forward-looking statements appearing in this integrated report, including but not limited to forecasts, estimates, and future strategies, are based on information available at the time of publication and certain assumptions generally deemed reasonable. Such forward-looking statements are subject to various risks and uncertainties, including but not limited to unanticipated changes in the competitive environment, economic trends, market demand, and outcome of pending or future litigation, in addition to indeterminate factors and faulty presuppositions. Should one or more of these risks or uncertainties materialize, our actual results or performance may vary materially from those described in the relevant forward-looking statements. We therefore kindly advise you to refrain from relying completely on these forward-looking statements. The Company assumes no obligation to update or revise these forward-looking statements in light of future developments.

CEO Message

We will play a central role in creating the future in the Reiwa Era.

When I assumed the role of President and Representative Director of the Company in June 2018, I declared my intention to turn Yahoo! JAPAN into “a company that can create the future.” At the time, when I saw the service lineup that the Yahoo Japan Group had built, its technological capabilities, human resources, financial foundation, and its latent capabilities, I truly believed that our ability to draw out the potential of the Internet was endless. After one year in my position, this belief has been further reinforced in me. In the Reiwa era,* the potential of information technologies, including the Internet, will grow further, thereby continuing to create new value for society. Overseas, innovative and extremely convenient services that utilize the Internet are already being launched one after another, including cashless payment, IoT, and big data, and are becoming new standards in our life. To date, we have leveraged cutting-edge information technologies to create a vast number of services. Going forward, I want the Group to grow sustainably by being the first to provide new solutions to the problems facing our users. In the Reiwa era, we intend to position ourselves right at the center of the telecommunications revolution in our continued effort to create the future, and we have spent the past year making preparations to do just that.

* Reiwa is the current era under the Japanese calendar.

Direction of Our Growth Strategies
We aim to become a company that takes the lead over the competition in creating a new future.

“Yahoo! JAPAN aims to create a future that can only be shaped by us.” In our growth strategies announced in fiscal 2019, we specified our vision for a future that only we can shape and defined our vision as “making the lifestyles of our users astonishingly convenient in both the online and offline domains.” The keys to realizing this vision are the merger of the online and offline worlds and the cross-sectional utilization of multi-big data.



Kentaro Kawabe
President and Representative Director,
President Corporate Officer,
and Chief Executive Officer (CEO)

- 1995 Established Dennotai Corporation
- 1999 Established PIM Corporation
- 2000 Joined Yahoo Japan Corporation
Producer, Yahoo! Mobile
- 2007 Producer, Yahoo! News
- 2009 Representative Director, GYAO Corporation
- 2012 Senior Executive Vice President,
Chief Operating Officer (COO)
- 2018 President and Representative Director,
Chief Executive Officer (CEO)

At the moment, the boundaries between the online and offline worlds are rapidly disappearing due to the development of information technologies. This, in turn, has brought about an era in which the potential of the Internet is dramatically increasing through the linkage of the online and offline domains, and new business models and lifestyles are being created that were unimaginable in the past.

Based on an awareness of the current situation, we aim to create services that offer remarkable levels of convenience, even in the offline domain, by leveraging our long-cultivated business foundation and know-how. Through such services, we will resolve the issues facing users in all kinds of daily life settings. The first step in this process is PayPay, a mobile payment service launched in fiscal 2018. Building on PayPay, we will take steps to create other services that will dramatically improve the convenience of users’ day-to-day activities, including shopping, dining out, and traveling. In these ways, we will strive to revamp people’s lifestyles and society as a whole.

At the same time, the merger of the online and offline worlds has vastly expanded the value of big data. Therefore, the cross-sectional utilization of multi-big data plays a central role in our efforts to offer the ultimate user experience and create the future. We positioned the period starting from fiscal 2018 as the time of our third founding, and have been carrying out proactive growth investment with the aim of transforming into a data-driven company that rolls out new business models leveraging multi-big data. As we find ourselves in the midst of the fourth industrial revolution, the latent potential of data is enormous, as it is believed that data will replace oil as the force that drives society. Just as the Japanese government has declared in “Society 5.0,” there is now a major need for companies that can create services and businesses using data to balance economic advancement with the resolution of social problems. The abundance of data we possess, as well as our diverse lineup of data assets, makes us one of the largest data holders in Japan, and we will aspire to be a corporate group that can draw out the potential of this data to the greatest extent possible and enhance the value of Japanese society as a whole.

These reforms will not bear fruit overnight, and we therefore need to carry out upfront investments from a medium- to long-term perspective. With an awareness of this necessity, we have positioned the period up to fiscal 2023 as a time for implementing structural changes. Over the coming years, we will actively pursue upfront investments with such goals as expanding our user base

and e-commerce transactions, and launching new businesses. At the same time, we will focus our efforts on increasing revenue so that we can reach even higher levels of profit from fiscal 2023 and beyond.

Overview of Fiscal 2018 and Progress of Growth Strategies
We have established a business and organizational foundation for creating the future.

Guided by the policies I have just explained, we focused our efforts in fiscal 2018 on building a robust foundation for creating the future. Due to the proactive growth investments we announced at the start of the fiscal year, operating income declined to ¥140.5 billion. However, revenue grew to ¥954.7 billion, and we have started to steadily see the results of our growth investments in such ways as improvements in the performance indicators for our business domains.

In the Media Business segment, one of our growth investment targets is the expansion of video content, and the amount of time users spend watching videos on their smartphones rose 85.3% year on year, which led to a two-fold increase in revenue from video advertising via smartphones. The speed of growth in video viewing time has been remarkable, and this has contributed to the acquisition of young adult users.

In the Commerce Business segment, we launched the PayPay mobile payment service in collaboration with SoftBank Corp. in October 2018. We succeeded in making a rocket start with this service, with the cumulative number of registered users exceeding six million in the mere six months since the launch of service. In this way, PayPay is playing a crucial role in driving the shift toward a cashless society in Japan.

Aside from the perspective of business expansion, we also made several strategic moves to help us prepare for future growth. Specifically, we revised the framework in which our business divisions tended to focus too much on creating value only within each division. Through this revision, we established an organizational structure that aims to improve added value on a Companywide level and maximize the number of user actions. This move also included appointing personnel from our finance and technology divisions as managing corporate officers. Meanwhile, we renewed our evaluation systems to enable our employees to better concentrate on and work toward creating the future of the Yahoo Japan Group.

Furthermore, the transition to a holding company structure and the change in our parent company were two significant changes that occurred since I became president. As we boldly enter new domains, we are concentrating the management functions of the Group into our new holding company Z Holdings Corporation in an effort to strengthen Groupwide collaboration, realize expeditious decision-making, and optimize the allocation of management resources. Also, we have thus far generated a broad range of synergies with SoftBank Corp., primarily in the Commerce Business, under a sister company relationship. This relationship has now changed with SoftBank Corp. becoming our parent company. Through this new relationship, we will create a corporate group that is one of a kind across the world through the integration of an Internet service provider and a telecommunications service provider, each with a base of tens of millions of users. By fully leveraging the competitive edge of both companies to further generate synergies, we will create optimal user experiences that cannot be imitated by our competitors.

Focus Areas in Fiscal 2019

Positioning fiscal 2019 as a year for scaling up our efforts to create the future, we will accelerate the creation of new value.

We have established fiscal 2019 as a year in which we will scale up our efforts to create the future. To that end, we have adopted the three core policies of “integrating services and maximizing the number of user actions,” “making the lifestyles of our users astonishingly convenient in both the online and offline domains,” and “promoting growth through the cross-sectional utilization of multi-big data.” By leveraging the solid foundation we established in fiscal 2018, we will endeavor to create new value and maximize the number of user actions.

For “integrating services and maximizing the number of user actions,” we will continue to promote the efforts we commenced in the previous fiscal year as we work to further strengthen collaboration across the Company.

In regard to “making the lifestyles of our users astonishingly convenient in both the online and offline domains,” we continue to position PayPay as an area of focus. Accordingly, we will take steps to maximize our performance indicators, such as number of payments, number of users, and number of merchants. At the same time, we will create a variety of added-value services that are derived from PayPay.

We have two goals for our policy of “promoting growth through the cross-sectional utilization of multi-big data.” First, in the integrated marketing solutions business, we will form connections between user actions on consumption from start to finish in both the online and offline domains through the cross-sectional utilization of multi-big data. By doing so, we aim to provide services that visualize and maximize the effects of marketing activities. As these types of services have never existed before in society, we will likely have to operate them through the process of trial and error directly after their launch. However, we have major expectations for these services as we believe that they can bring about a marketing revolution. Through these efforts, we will also target the sales promotion market, which is estimated to be of a scale that is nearly twice the size of the advertising market, thereby aiming to grow revenue in the integrated marketing solutions business to the ¥500 billion level in fiscal 2023. Furthermore, in the DATA FOREST Initiative, we aim to provide new value by offering the various insight we will gain from combining the data we possess with data owned by corporations and local government agencies. In October 2019, we intend to commence a new data solutions service that supports business activities using the insight we have acquired through data analysis. While we anticipate that it will take some time before this service monetizes, we believe that over the medium to long term it can become the fourth pillar for revenue, after e-commerce, Fintech, and integrated marketing solutions.

Through the above initiatives, we will continue to place priority on expanding revenue in fiscal 2019 with the aim of achieving ¥1 trillion in revenue on a consolidated basis.

Human Resources Strategy for Continuing to Be a Company That Creates the Future

We are working to establish an environment that allows our employees to maximize their performance.

To continue to be a company that takes the lead in creating a new future, it is imperative that we maximize the performance of our human resources, who form the source of our value creation. In light of this, we are moving forward with the establishment of frameworks and systems that

improve the awareness of our employees toward their jobs and raise the standard of work quality. Additionally, we believe that being in good physical and mental health is directly linked to optimal work performance. We therefore make continuous efforts to establish a work environment that allows our employees to engage in their work in the best possible physical and mental health. Going forward, we will aim to become a company that can sustainably grow together with its employees (please see page 39 for details).

Approach to Sustainability

By realizing the goals of our mission, we will expand both economic and social value to the fullest extent possible.

The Yahoo Japan Group’s mission is to act as a “problem-solving engine” that resolves problems in people’s daily lives and problems facing society by leveraging information technologies. Guided by this mission, we believe that the purpose of our existence as a corporate group is to make the world a more convenient place to live and to further enrich society.

As indicated by the Sustainable Development Goals (SDGs), in addition to fulfilling their social responsibilities, corporations are expected to demonstrate creativity and innovativeness in order to resolve social issues through their businesses. Meeting these kinds of social expectations and needs is the very example of the purpose of our existence as a corporate group.

In terms of CSR, we have categorized the material issues we must address in pursuit of sustainability as the Four UPDATES. By actively measuring and disclosing ESG-related information and maintaining our accountability, we aim to expand both economic and social value to the greatest extent possible (please see page 47 for details).

From the perspective of corporate governance, we have made concerted efforts to establish a structure to realize transparent, fair, timely, and decisive decision-making as well as proactive governance, as represented by our transition in fiscal 2015 to a company with an Audit and Supervisory Committee. In June 2019, we increased the number of outside directors to three while changing the composition of the Audit and Supervisory Committee so that all of its members are now independent outside directors. In these ways, we are working to further enhance our transparency and fairness. As the connection between corporations and society changes around the world, we need to constantly update our governance structure. Moving forward, to continue to be a company that can earn the trust of and make significant contributions to society, we will strive to put in place an optimal corporate governance structure (please see page 55 for details).

To Our Stakeholders

We will continue to pursue the challenge of creating new value as a growth leader.

Our vision of “making the lifestyles of our users astonishingly convenient in both the online and offline domains” is based on an awareness of a paradigm shift that will significantly upgrade the potential of the Internet. In other words, this vision reflects our understanding that we are facing a situation in which the value systems of society itself are undergoing dramatic changes. In the Heisei era,* the Internet rapidly became ingrained in people’s lifestyles to the extent that it is now considered a part of the infrastructure of users’ lives. I strongly believe that we played a leading role in driving the evolution of the Internet by consistently creating highly convenient services that leveraged the potential of the Internet. In the Reiwa era, the Internet will continue to evolve at a faster rate, with the potential to transform into something more innovative than anyone could ever predict. Going forward, we will continue to be a company that unleashes the power of the Internet ahead of its competition to create the future. To that end, the management will remain committed to ensuring that we offer astonishingly convenient services and maximize the number of user actions. As we further accelerate change to become the company we aspire to be, I would like to ask our stakeholders to look forward to the accomplishments we will make as a company that creates a new future. I would also like to ask our stakeholders for their continued support of the Yahoo Japan Group going forward.

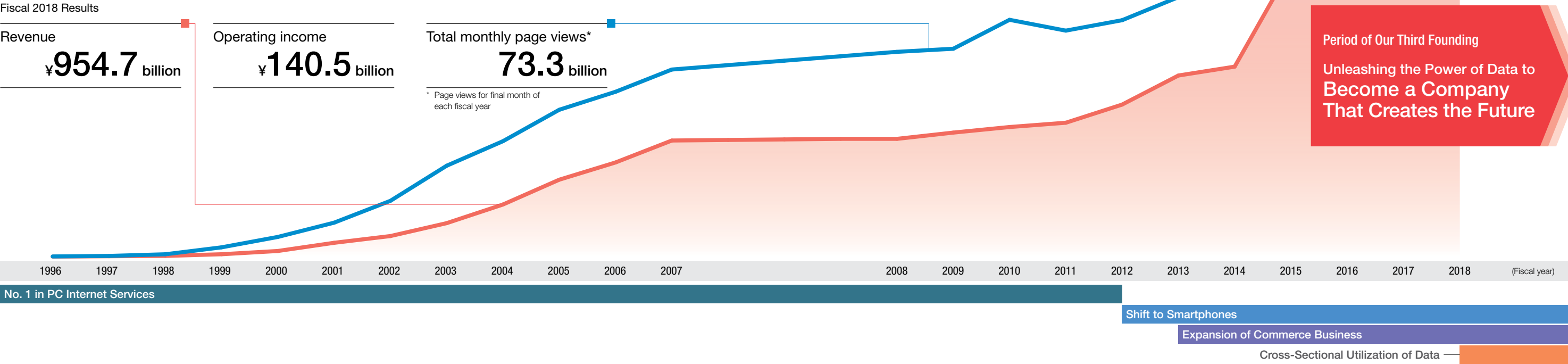
* Heisei was the previous era under the Japanese calendar.



Growth Story

Continuing to Create a New Future through Repeated Self-Transformations

Since launching its first service in 1996, the Yahoo Japan Group has maintained an accurate understanding of the external environment and repeatedly transformed itself. Moving forward, we will continue to provide our users with services that offer astonishingly high levels of convenience, thereby improving their quality of life. In this way, we will strive to create a new future.



Implementing Self-Transformations Along with Changing External Environments

1996–2011

1 No. 1 in PC Internet Services

Since our launch as an Internet search engine in 1996, we have aimed to become a “life engine” that is used in all kinds of daily life settings so that we can accurately address user needs, which have changed in tandem with the popularization of the Internet. Guided by this aim, we have worked to enhance and improve our services. Today, we offer a lineup of over 100 services, each of which has a substantial number of users. Looking to the future, we will continue to provide indispensable services in all scenes of daily life.

Specific Initiatives

1996: Launch of Yahoo! JAPAN as the Internet’s first commercial Japanese-language search engine
2001: Launch of Yahoo! BB high-speed Internet connection service
2008: Renewal of Yahoo! Japan PC version top page

2012–

2 Shift to Smartphones

In response to rapid smartphone proliferation and related changes in the environment for Internet use, we introduced a new management structure and rejuvenated the management team, the first such move since the Company’s establishment in 1996. In addition, we completely renewed the smartphone version of Yahoo! JAPAN top page. For this renewal, we adopted a vertical scrolling timeline design that not only increased the amount of content that can be viewed on small-screen smartphones but also facilitated the distribution of new In-feed Advertising.

Specific Initiatives

2012: Introduction of new management structure to transition from a “mobile-first” company to a “smartphone-first” company
2013: Launch of renewed Yahoo! JAPAN app
2015: Renewal of Yahoo! JAPAN smartphone version top page

2013–

3 Expansion of Commerce Business

In October 2013, approximately 15 years since the advent of Internet shopping and auction services, we introduced a revolutionary framework into the e-commerce market to serve as our e-commerce business model, thereby taking a dramatic leap to the next stage. We completely eliminated monthly store tenant fees and system-use fees in our Yahoo! Shopping service and announced our transition from a fee-based revenue model to one based on advertising. In a similar manner, we decided to eliminate monthly store tenant fees in our YAHUOKU! service.

Specific Initiatives

2013: Announcement of new e-commerce strategy
2015: Entrance into credit card business with the launch of Yahoo! JAPAN Credit Card
2017: Provision of Yahoo! Premium service for SoftBank members

2018–

4 Cross-Sectional Utilization of Data

To succeed in the rapidly evolving Internet industry, in fiscal 2018 we adopted the goal of becoming a data-driven company as well as a smartphone company, deploying a business model focused on leveraging multi-big data. We also announced our transition to a new management structure. As part of these efforts, we introduced the DATA FOREST Initiative, which combines the data possessed by corporations, local governments, and research institutions with our big data and AI technologies. Through this initiative, we aim to realize growth for all parties involved and establish an ecosystem that aggregates even more data.

Specific Initiatives

2018: Transformation into a data-driven company as a new challenge under new management structure
2018: Announcement of DATA FOREST Initiative
2018: Launch of PayPay smartphone payment service

Results of Self-Transformations

One of the largest user bases in Japan for PC and smartphone services

Number of monthly logged-in user IDs **48.39 million**

Total number of monthly active users for all apps **125.43 million**

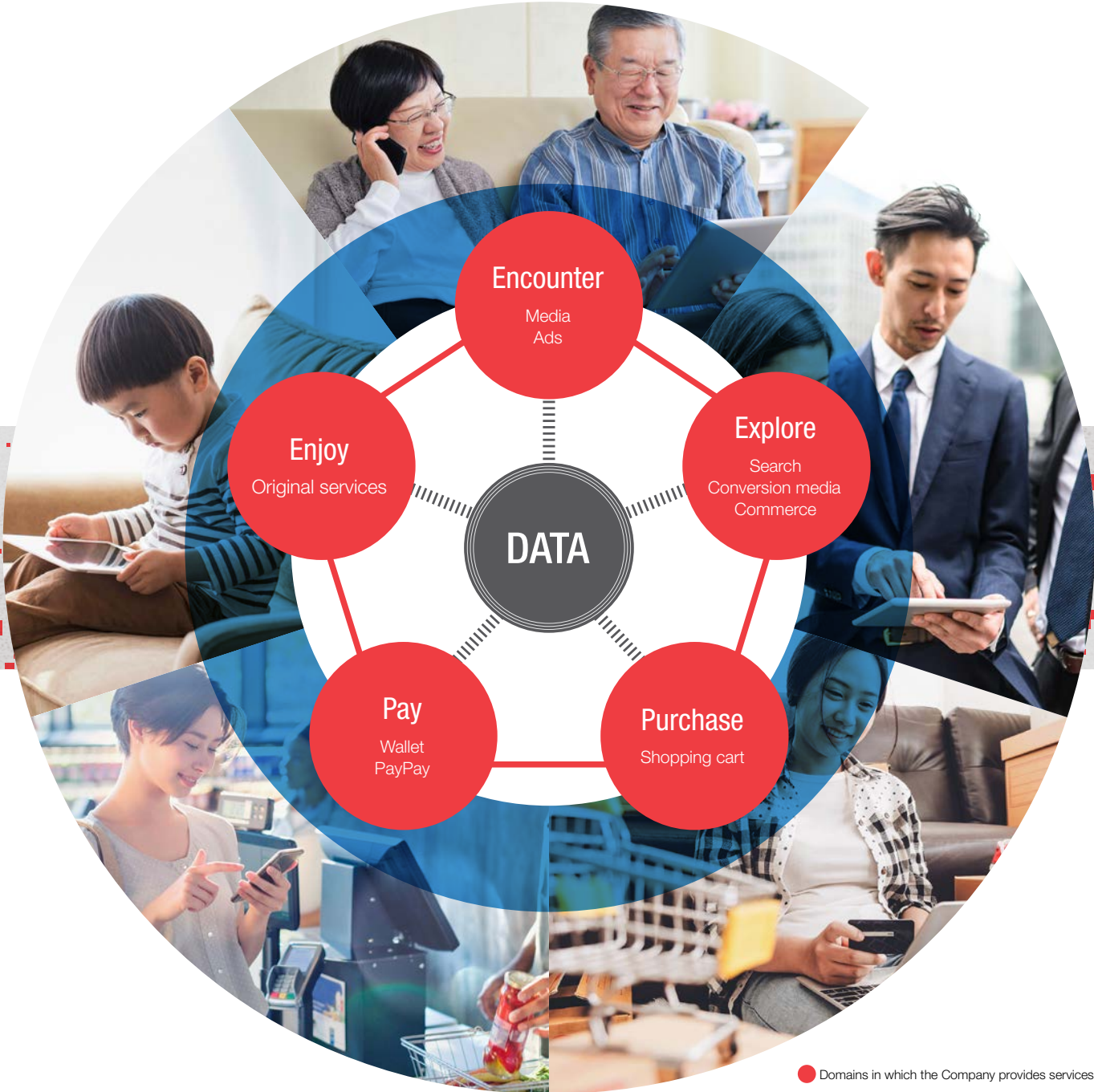
Shopping Business outpaced domestic e-commerce market growth

Rolled out a diverse lineup of services in the commerce domain

Resolving business issues through data solution services

Business Model

Fully Leveraging Our Unique Competitive Edge Under a Business Model Based on User Actions



The Yahoo Japan Group offers a diverse lineup of services related to all kinds of user actions. We also have numerous services that boast some of the largest user numbers in Japan within individual domains, including Yahoo! News and YAHUOKU!. In addition, the data obtained from this vast range of services and enormous user base provides us with a unique strength in the global Internet market. By leveraging our long-cultivated business foundation and competitive edge to their fullest, we aim to realize sustainable growth.

One of the Largest User Bases in Japan

The Yahoo Japan Group has established one of the largest user bases in Japan for both PC and smartphone services. In addition, we have created numerous services that boast a strong presence in their respective business domains. Each of our services has received a high level of satisfaction from users, helping us to further improve our overall number of users. As a result, we have realized a user base that allows us to continue to achieve sustainable growth by enabling further collaboration and user traffic between services.

Diverse Lineup of Services with a Comprehensive Grasp of User Actions

We provide over 100 services in the differing domains of media and commerce, and these services are offered in a comprehensive manner that caters to all kinds of user actions on the Internet. By gathering a broad range of data from our lineup of services, we are able to gain a deep understanding of user needs.

High-Quality Multi-Big Data

We possess up-to-date data collected through services such as Yahoo! News, Yahoo! Search, and Yahoo! Shopping, which enjoy high usage frequency. To acquire and manage the data we receive from multiple devices and services in a cross-sectional manner, we promote efforts that encourage users to log in via an app when using our services. Also, we actively work to establish cutting-edge systems and pursue research on machine learning so that the data can be used in all services in the Group.

Unique Competitive Edge Underpinning Our Business Model

Creating Value That Fully Leverages Our Competitive Edge

Improving User Experiences through Collaboration between Services

We provide a wide array of services that comprehensively address user actions such as encountering, exploring, purchasing, paying, and enjoying, which in turn delivers convenience to users in various lifestyle settings. In this way, we realize high-quality user experiences. We also offer user experiences that integrate online and offline domains through such means as promoting collaboration between the Yahoo! JAPAN app, which has a high number of users, and the PayPay smartphone payment service, as well as the introduction of an online payment option via PayPay for the Group's e-commerce services.

Realizing Growth by Encouraging User Traffic between Services

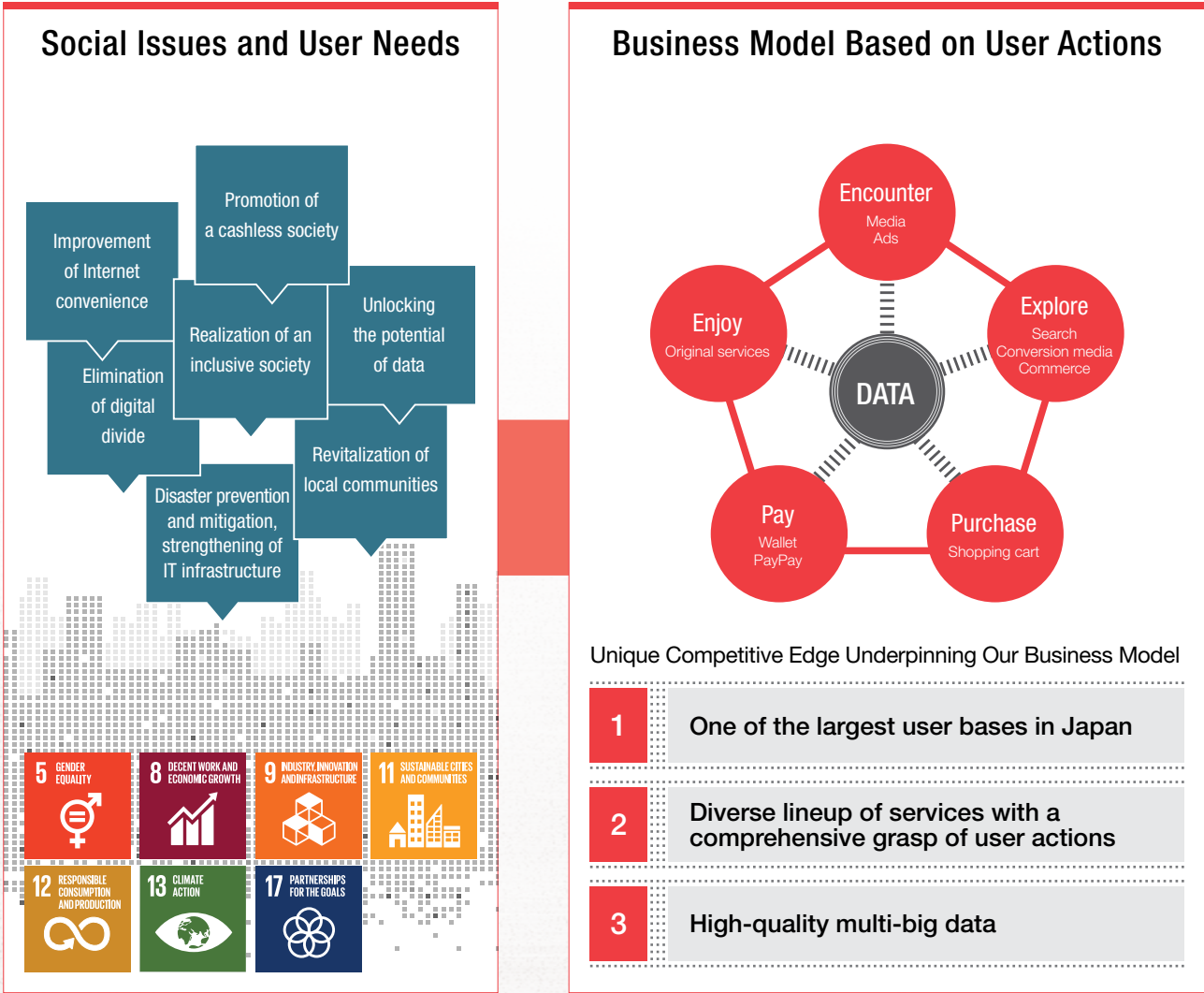
By actively promoting collaborations among services, we provide services that offer even more convenience to our users. For example, by issuing YAHUOKU! coupons to users of Yahoo! Shopping, we have increased the number of YAHUOKU! users by creating opportunities to use this auction service for those who have yet to do so. Through active collaboration between services in this manner, we are proposing services to new customers, which would not be possible with just a single service.

Promoting Cross-Sectional Utilization of Data That Transcends Boundaries

We accumulate multi-big data gathered from our diverse range of services efficiently and in real time. We also promote the utilization of data centered on "kukai," a super-computer that specializes in deep learning processing. Through PayPay, a service launched in fiscal 2018, we acquire data related to the offline payments of users. By leveraging data from online and offline domains in a cross-sectional manner, we will create unique services that deeply understand our users.

Model to Improve Corporate Value

The Yahoo Japan Group has continued to create value by providing services that utilize information technologies to resolve the issues faced by people and society. We will direct the capital generated through the expansion of our user base to help resolve social issues and thereby contribute to the realization of a sustainable society. Through this ongoing process, we aim to achieve steady improvements in corporate value by bolstering our competitiveness and further heightening the convenience of users' daily lives.



Financial Capital	Non-Financial Capital			
	User Base	Human Resources	Intellectual Properties and Expertise	Brand
Revenue (FY2018) ¥954.7 billion	Monthly logged-in user IDs (as of March 31, 2019) 48.39 million	Consolidated number of employees 12,874	Number of services provided Over 100	No. 1 in total digital users
Operating income (FY2018) ¥140.5 billion	Number of Yahoo! Premium member IDs (as of March 31, 2019) 21.63 million	Number of Group companies 106	Number of patents 2,891	*Source: TOPS OF 2018: DIGITAL IN JAPAN, The Nielsen Company
	Time spent by logged-in users (total for fiscal 2018) 9.69 billion hours	Number of creators (engineers, designers) Approx. 3,000	Number of theses presented at conferences worldwide 72	

Realizing Astonishing Levels of Convenience in Users' Lives through Yahoo! JAPAN Services

Swift delivery of supplies to disaster-stricken regions. Provision of optimal shopping experiences based on user circumstances. Mitigation of cyber-security risks through password-less logins. Improvement of efficiency and maximization of user cash flows. Reduction of greenhouse gas emissions with next-generation data centers. Promotion

UPDATE JAPAN

of accessibility to provide services to as many users as possible. Real-time proposal of information users truly need. Provision of timely and concise disaster information to those in need. Improved detection accuracy of fraudulent item listings using deep learning.

Maximization of user actions

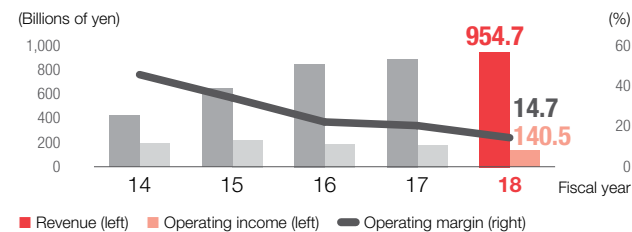
Improvement of Corporate Value

Financial Capital	Non-Financial Capital			
	User Base	Human Resources	Intellectual Properties and Expertise	Brand
Increases in revenue and operating income	Larger user numbers	Development of human resources that continue to ambitiously create the future	Creation of services that leverage cutting-edge technologies	Establishment of presence as a company that provides new experiences before others
	Greater opportunities for use	Fostering of human resources that can approach social issues	Accumulation of expertise through operation of new services	Evolution into a company that makes users' lives more convenient in both online and offline domains
	Longer usage time	Recruitment and cultivation of human resources that can drive the evolution of state-of-the-art information technologies	Accumulation and cross-sectional use of multi-big data	

Financial and Non-Financial Highlights

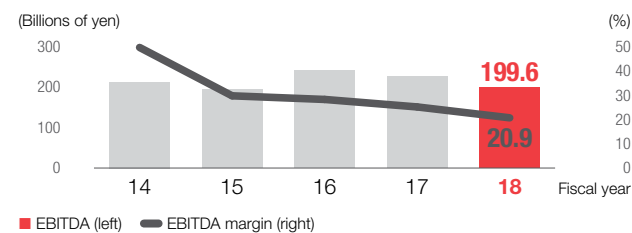
Financial Indicators

Revenue / Operating income *1 / Operating margin



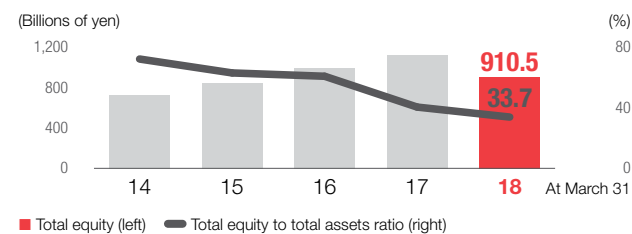
Revenue increased 6.4% yoy mainly due to increase in advertising revenue and revenue for the ASKUL Group. Operating income decreased 24.4% yoy due to an increase in SG&A expenses, especially in promotional costs and depreciation expenses associated with becoming a data-driven company.

EBITDA*2 / EBITDA margin



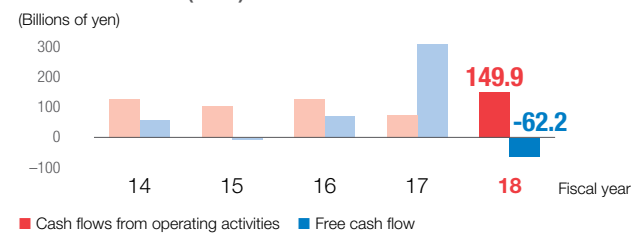
EBITDA decreased 12.4% yoy due to a decrease in operating income. EBITDA margin was 20.9%.

Total equity / Total equity to total assets ratio



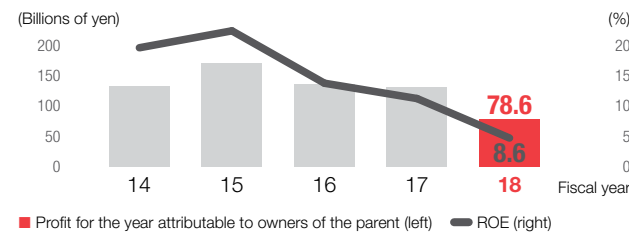
Total equity to total assets ratio decreased 6.6 points yoy due to the acquisition of treasury stocks (approximately ¥220 billion) and issuance of bonds (approximately ¥25 billion).

Cash flows from operating activities / Free cash flow (FCF)



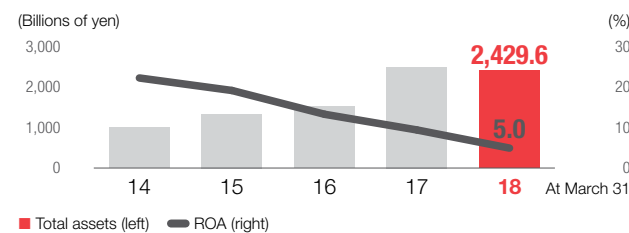
Cash flows from operating activities increased ¥74.5 billion. Free cash flow decreased ¥370.2 billion due to the recording of a one-time cash inflow as a result of the consolidation of The Japan Net Bank, Limited in FY2017, and acquisition of treasury stocks, etc.

Profit for the year attributable to owners of the parent / ROE



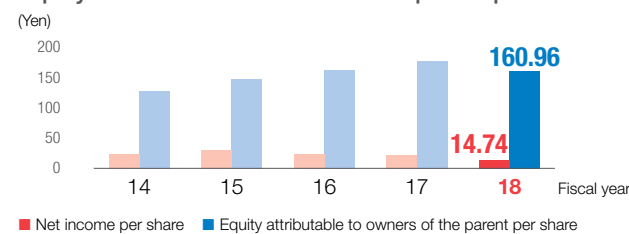
Profit for the year attributable to owners of the parent decreased 40.0% yoy due to a decrease in operating income and the recording of a loss on equity-method investments related to PayPay Corporation. ROE decreased 4.9 points yoy to 8.6%.

Total assets / ROA



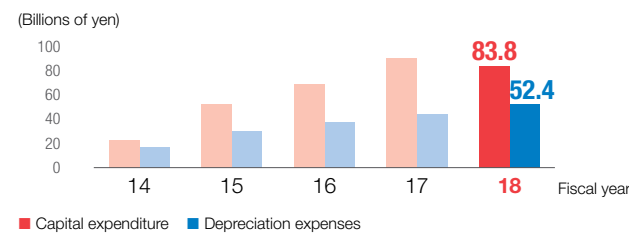
Total assets decreased 3.5% due to the acquisition of treasury stocks, despite an increase in assets due to the consolidation of The Japan Net Bank, Limited in FY2017. ROA decreased 4.5 points yoy to 5.0%.

Net income per share / Equity attributable to owners of the parent per share



Net income was ¥77.8 billion, thus net income per share was ¥14.74. Equity attributable to owners of the parent per share decreased ¥17.01.

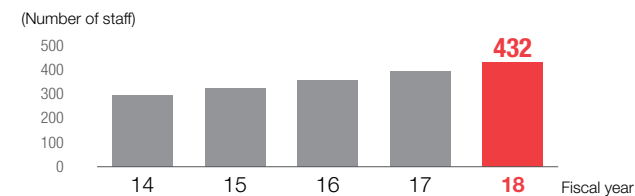
Capital expenditure / Depreciation expenses



Capital expenditure decreased in FY2018 due to the construction of ASKUL Corporation's Logistics Center in FY2017. Depreciation expenses increased due to capital expenditure associated with becoming a data-driven company.

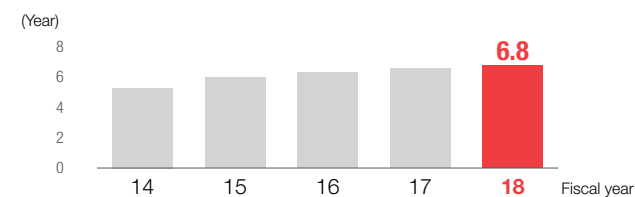
Non-Financial Indicators

Number of staff in Data & Science Solutions Group



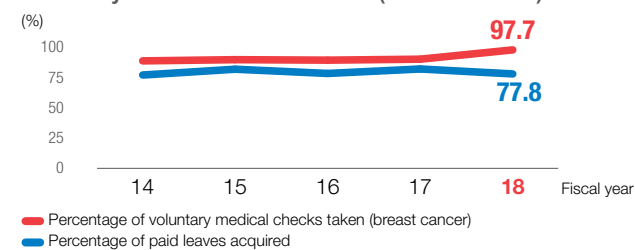
The Data & Science Solutions Group was newly established in FY2014. We have strengthened our recruitment and human resources development in order to evolve into a data-driven company.

Average years of service



The average years of service of our employees, a source of corporate competitiveness and earnings, is gradually rising.

Percentage of paid leaves acquired / Percentage of voluntary medical checks taken (breast cancer)



We continue to exceed the Japanese government's goal of 70% for paid leave acquisition to be achieved by 2020. All 100% of our employees take medical check-ups. We also provide subsidies for cancer-related medical check-ups. We have received an award from the Ministry of Health, Labor and Welfare in recognition of a company that is active in taking preventive measures against cancer.



For more details on the specific measures taken on ESG in our business activities, etc., please refer to our CSR website.
<https://about.yahoo.co.jp/csr/en/stakeholder/esg/>

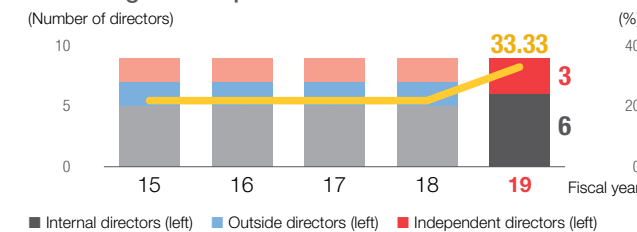
Note: Amounts for previous years have been retroactively adjusted to allow for more accurate calculation.

*1 The amounts for FY2015 include gain from remeasurement of ¥59.6 billion related to business combination with ASKUL Corporation; the amounts for FY2016 include loss of ¥13 billion related to the fire incident at the Logistics Center of ASKUL Corporation; the amounts for FY2017 include insurance proceeds of ¥6.6 billion related to the fire incident at the Logistics Center of ASKUL Corporation and gain on ASKUL Corporation's sales of property and equipment of ¥3.5 billion; the amounts for FY2018 include the sale of shares in IDC Frontier Inc. totaling ¥7.9 billion, losses related to the Logistics Center of ASKUL (ASKUL Value Center Hidaka) of ¥3.6 billion, and loss on intangible assets of Synergy Marketing, Inc. of ¥2.3 billion.

*2 Operating income + depreciation and amortization in cash flows from operating activities + non-cash profit/loss (e.g. impairment losses, etc.)

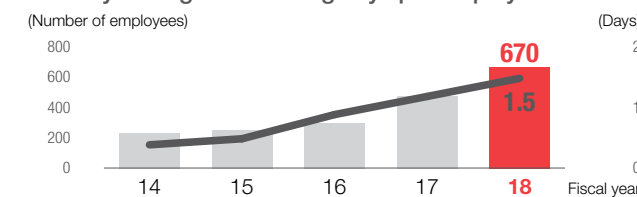
*3 The composition of the Board of Directors as determined at the General Meeting of Shareholders in each fiscal year.

Number of independent, outside, and internal directors / Percentage of independent directors*3



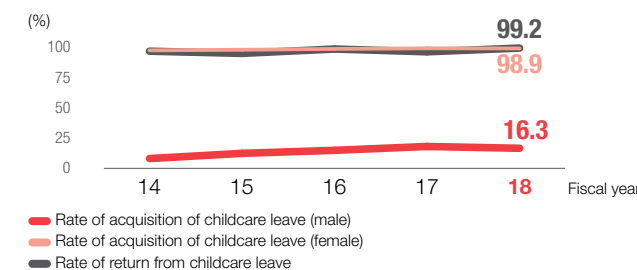
Based on the resolution of the 24th General Meeting of Shareholder, held in FY2019, independent outside directors constitute over one-third of the Board of Directors. We will incorporate various external perspectives in our management while continuing to strengthen corporate governance.

Number of employees who took Problem-Solving Leave / Monthly average teleworking days per employee



We pursue measures to improve employee performance by promoting flexible work styles and encouraging employees to make the most of their out-of-work problem-solving experience in their own work.

Rate of acquisition of childcare leave (male) (female) / Rate of return from childcare leave



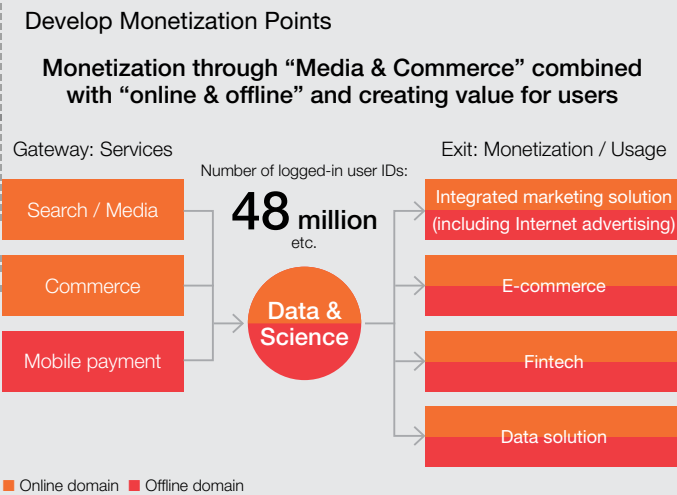
We continue to exceed the Japanese government's goal of 13% for male employees acquiring childcare leave since FY2016. In FY2018, we opened an in-house nursery and continue to improve the working environment for employees with children.

Overview and Progress of Growth Strategies

Realizing Higher Levels of Profitability Through Online and Offline Data



With the accelerating progression of information technology, the boundary between online and offline domains is disappearing rapidly in various settings of society. Amid this phenomenon, the potential of the Internet is growing dramatically. To date, the Yahoo Japan Group has operated businesses primarily in the online domain. However, going forward the Group will make a bold entrance into the offline domain, starting with the mobile payment service PayPay. Also, through the cross-sectional utilization of data obtained from both the online and offline domains, we will draw out the latent potential of the data we possess to the fullest extent possible as we aim to further improve our profitability.



Integrated Marketing Solutions

We are working to leverage our diverse business foundations in both the online and offline domains in order to comprehensively connect users' consumer activities, from beginning to end, through the cross-sectional utilization of multi-big data. By doing so, we aim to visualize the impact of businesses, a previously difficult task, and expand that impact to the greatest degree possible. In this way, in addition to the advertising market, which has been the conventional target of our business operations, we will strive to acquire new sales promotion markets.

E-Commerce

We have strived to grow our e-commerce transaction value through initiatives such as our new e-commerce strategy, launched in 2013, and collaborations with SoftBank Corp. As a result, transaction value in the Yahoo! Shopping business has continued to record a growth rate of more than 20% for four consecutive years. This, among other accomplishments, has allowed us to grow at a pace that significantly exceeds the growth of the domestic e-commerce market. Moving forward, we aim to continue to increase transaction value by enhancing efforts toward specific memberships and realizing value-for-money online shopping experiences through collaboration with PayPay.

Fintech

Leveraging the user base of PayPay as a foundation, we aim to develop innovative financial products that draw on the insight we gain from data such as payment frequencies and balances.

Furthermore, through our business alliance with J.Score CO., LTD., we will integrate the data assets we possess with the credit screening know-how of J.Score's AI Score Lending, a Fintech service that makes use of AI. By doing so, we will further enhance customer convenience while pursuing efforts aimed at providing even more sophisticated financial services.

Data Solutions

In the DATA FOREST Initiative, we aim to create new value by providing the insight we have gained through efforts to combine our data with the data possessed by corporations and local governments. Based on the proof-of-concept trials we have held with multiple corporations and local governments, in October 2019 we plan to launch a data solution service that supports business activities using the insight we have acquired through data analysis. Furthermore, in July 2019 we announced a business solutions service that makes use of Yahoo! Score, a proprietary score we developed using big data. By continuing to unleash the potential of data, we will work to advance the nationwide shift to a data-driven society.

Road Map to Expanding Earnings

Positioning ourselves in our third founding, since fiscal 2018 we have been promoting efforts to transition to a data-driven company and to create new businesses, including businesses in the offline domain. We established the period through fiscal 2022 as a phase for upfront investments. In this phase, we will strive to continue to realize solid growth in our existing businesses by first expanding our user base. At the same time, we will focus efforts on extending our

business foundation in such ways as growing new earnings pillars, thereby aiming for double-digit revenue growth. From fiscal 2023, we will transition to a phase for expanding income by monetizing the economic activity of users, which we will have worked to invigorate up to fiscal 2022. Guided by the above policies, we aim to realize a record-high operating income of ¥225.0 billion in fiscal 2023.

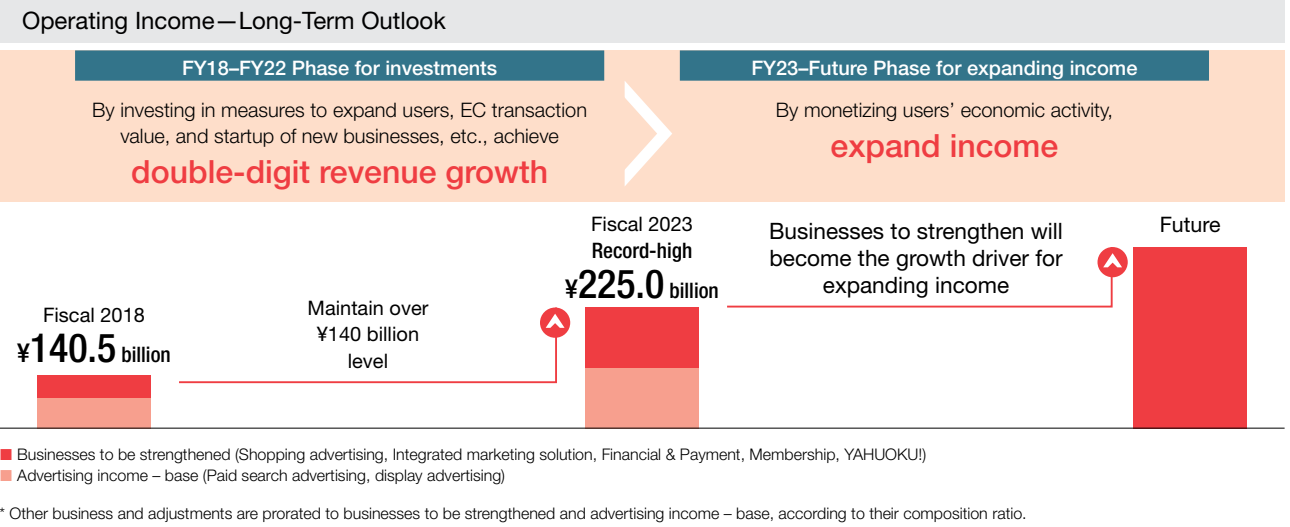
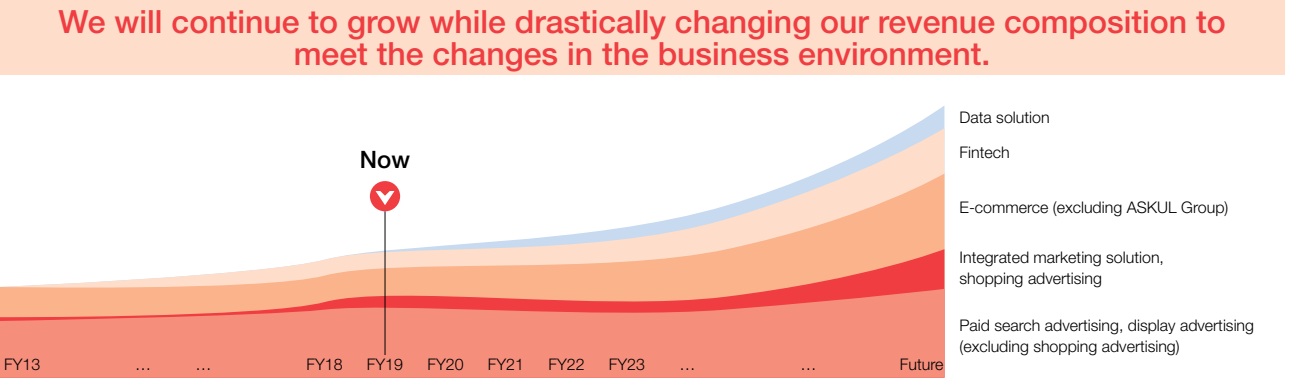


Image of Our Long-Term Revenue Composition



Consolidated Guidance for Fiscal 2019

While we continue to consider fiscal 2019 as part of our phase for upfront investments, we expect to achieve record-high revenue of over ¥1 trillion through the expansion of our business foundation. For operating income, we expect to at

least maintain last year's level of ¥140.0 billion. However, we fully intend on exceeding this level, with the aim of achieving increases in both revenue and income.

	FY2019	YoY
Revenue	Over ¥1 trillion	+5% to +7%
Operating income	¥140.6 to ¥150.0 billion	0% to +7%
Net income attributable to owners of the parent	¥79.0 to ¥85.0 billion	0% to +8%
Diluted EPS	¥14.8 to ¥15.9	0% to +8%
Dividend per share	¥8.86	Same

FEATURE 1 Potential of Data-Driven Era in the Eyes of Yahoo! JAPAN

In the 21st century, data is said to replace oil as the lifeblood of society. While oil is a diminishing resource, the new fuel source of data continues to increase in volume. Of course, just like oil, data requires caution in how it is used, however, it also has the potential to fundamentally transform society if used properly. The contemporary climate is characterized by the full-fledged spread of 5G communications and Internet of Things (IoT) technologies, with big data being analyzed using artificial intelligence (AI) technologies and converted into knowledge to be shared. In this manner, society is approaching a turning point toward a data-driven era.

Untold Potential of Data

The Japanese government has put forth its vision for the future of society in its Society 5.0 vision. This vision illustrates a society in which all people and objects are connected through IoT technologies and in which various new knowledge and information is being shared to create unprecedented value. In this society, data is expected to give rise to new businesses just as the advent of the steam engines gave rise to railroads, which led to the creation of post offices, newspapers, and banks.

Yahoo! JAPAN's Competitiveness in a Data-Driven Society

Yahoo! JAPAN underwent what could be considered its second founding with the shift to smartphones, and we regard the transformation into a data-driven company as the theme of our third founding. The history of Yahoo! JAPAN's growth is the history of the Internet, and we have proceeded to amass data through various services over the course of this history. Massive quantities of diverse data constitute our distinct competitive edge. We also boast abundant infrastructure for the information processing and data processing personnel necessary to create value, and subsequently profits, by analyzing this data. The backbone of Yahoo! JAPAN's growth strategies is formed by providing services to a world in which online and offline domains merge and utilizing the data acquired through these services to expand advertising, e-commerce, O2O (Online to Offline), financial, and other businesses. In these strategies, PayPay will be the important bridgehead for our advancement into offline domains. Through a data-driven approach in both online and offline domains, the Group aspires to help build more convenient lifestyles.

Five Key Elements of Our Data-Driven Approach

1	2	3
Quantity of accumulated data	Diversity of data	Computing power
4	5	
Number of data processing personnel	Commitment of senior management	

Message from the CDO

The role of the CDO is to draw out the full potential of data.

Promoting Companywide Data Strategies and Enhancing Governance

In fiscal 2018, Yahoo! JAPAN announced its goal of becoming a data-driven company.

As Chief Data Officer (CDO), I have been leveraging the footholds created by the successes of prior efforts to reinforce and more effectively utilize data platforms in order to better fulfill my role of promoting Companywide data strategies and enhancing governance.

In the past, we were aware of our inability to draw out the full potential of the data we possess. This was due to the lack of Companywide infrastructure, which led to a tendency toward localized initiatives that sought to generate results by utilizing data on an individual service or division basis.

Since taking up this position, I adopted a steady approach toward resolving this issue, addressing the necessary tasks one at a time. Steps in overcoming this issue have included changing mind-sets within the Company, constructing the infrastructure needed to form foundations, introducing formats that are applicable across the Company, and enhancing our data science capabilities to enable our data to be used for a variety of applications. Looking ahead, I aim to help operate a diverse range of services across the Group and to gain a deeper, more multifaceted understanding of users.

Leveraging the Competitive Edge of the Group's Wealth of Diverse Data Assets

The greatest feature of the Yahoo Japan Group is that it is one of the largest data holders in Japan. We operate more than 100 different services, each of which has garnered a certain degree of support from users. There is no other company in Japan that boasts such an enormous customer base or that has already accumulated such massive amounts of data. At the same time, we are

able to collect data that is closely related to user lifestyles through the operation of services in relation to various tasks that users perform via the Internet. This data gives us a multifaceted understanding of user interests and preferences.

Our investments to date, which have been carried out on a continuous basis, have enabled us to amass around 100 petabytes of data along with platforms for utilizing this data on-premise. These are important factors differentiating the Yahoo Japan Group from its competitors. At the same time, our R&D culture has been entrenched not only at Yahoo! JAPAN Research but also among the business division personnel responsible for frontline services. We have been encouraging employees to acquire cutting-edge insight through participation in conferences in Japan and overseas and through the publication of theses. These efforts are producing undeniable results in terms of our patent portfolio and the number of theses is gaining attention around the world.

Providing Society with the Benefits Gained from Data

At the Yahoo Japan Group, our concept of ideal data utilization is focused on making society more convenient. It is our desire to use the insight gleaned from data collected through our services in both online and offline domains to contribute to higher levels of convenience in all areas of

users' lives. Linking data to news and shopping services greatly improves their quality. We also recognize that there are high anticipations for marketing solutions utilizing data collected through PayPay and other services.

Through our efforts thus far, we have been able to create positive change by combining various types of data. We are also extending our efforts beyond the services of Yahoo! JAPAN. For example, we have announced the DATA FOREST Initiative, which is scheduled to commence in full scale from October 2019. Looking ahead, we aim to develop a data solutions business that will create greater value for Japanese society as a whole. To that end, we will broaden the scope of fields in which we link data and promote coordination beyond the confines of a company in order to improve manufacturing activities and services across Japan.

To reiterate, in the field of data there is no other company in Japan with the level of potential as the Yahoo Japan Group. Taking the utmost care in the handling of personal information, we seek to return the benefits of the insight gained from data to society as a whole.

Kiyoshi Sasaki

Corporate Officer
EVP, Chief Data Officer (CDO)
President of Data Group, Technology Group



Full-Fledged Operation of DATA FOREST Initiative

UPDATE [SOLUTIONS]

In the past, Yahoo! JAPAN has used AI technologies to analyze the big data accumulated from its wide-ranging services, including search, media, and e-commerce, to improve its own services. Going forward, however, the Company plans to combine and analyze the big data of Yahoo! JAPAN and the data of other companies and government bodies. We thereby aim to foster an ecosystem in which all participants are able to grow and collect greater quantities of data. To this end, we will launch our data solution service, "DATA FOREST" in October 2019, which will gather insight through data analysis and thereby provide support for business activities.

Meanwhile, we look to contribute to the transformation of Japan into a data-driven society by unlocking the potential of data and directing this potential toward realizing more convenient and fulfilling lifestyles through our data solutions business. We intend to aggressively expand this business to grow it into a fourth pillar of earnings alongside e-commerce, FinTech, and integrated marketing solutions.

DATA FOREST

Three Features

- DATA FOREST INSIGHT People**
This feature visualizes the interests of consumers based on media business data to facilitate product development and service planning.
- DATA FOREST INSIGHT Place**
This feature uses location data to compile and visualize consumer behavior and movements in a given area so that this information can be used in city development, event operation, or store opening planning.
- DATA FOREST ENGINE Recommend**
This feature is an engine that recommends optimal contents to users based on their individual interests as ascertained using data on behavior history, making it possible to introduce highly accurate recommendation functions with minimal effort.

FEATURE
2

Deployment of PayPay Smartphone Payment Service

The ratio of cashless payments in Japan is currently a mere 20%, which is low in comparison with other countries. There are five factors impeding the spread of cashless payments in Japan: (1) societal circumstances such as low levels of crime and of counterfeit currency, (2) cultural characteristics such as fear of overuse driving people to cash payments, (3) a cost structure burdening merchants with the expenses of installing terminals and commissions, and working capital funding issues prior to cash collection, (4) the large number of physical stores that cannot process cashless payments, and (5) the ease of withdrawing cash due to the high convenience of ATMs.

Leading the Promotion of Cashless Payments in Japan through PayPay

The Ministry of Economy, Trade and Industry has put forth the target of raising the ratio of cashless payments in Japan to 40% by 2025. The social costs necessary for maintaining cash payment systems, such as those for manufacturing and distribution, are issues behind the setting of their target.

Yahoo! JAPAN defines its mission as solving the problems of people and society by leveraging the power of information technology. We are therefore inspired to make people's lives more convenient and fulfilling by contributing to the spread of cashless payments throughout society.

Overview of PayPay Smartphone Payment Service

Framework Leveraging the Comprehensive Capabilities of the Group

PayPay Corporation was established as a joint venture between Yahoo Japan Corporation and SoftBank Corp., and the company's service was launched in October 2018. Following additional investment from SoftBank Group Corp. in May 2019, 50% of the ownership of PayPay came to reside with SoftBank Group Corp. while SoftBank Corp. and Yahoo Japan Corporation each holds a 25% stake. Using technologies provided by Paytm Inc. of India, an investee of SoftBank Vision Fund L.P., we have developed a framework for promoting cashless payments that leverages the comprehensive capabilities of the Group.

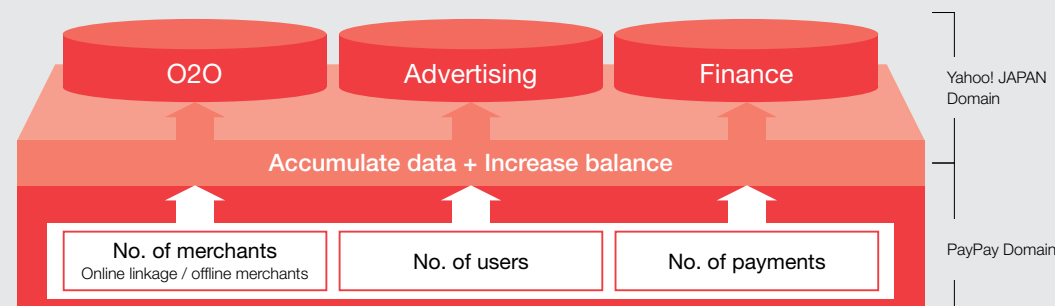


Business Model of PayPay

The business model of PayPay entails augmenting its mobile payment platform and utilizing the data and payment balances acquired through that platform to spur the growth of profit-producing businesses. Examples envisioned for such businesses include online-to-offline services, advertising businesses, and Fintech and other

financial businesses for a world that merges online and offline domains. In this manner, PayPay will generate earnings through commissions on mobile payments as well as through a diverse range of other businesses.

Maximize the Base and Develop Various Business Pillars



Message from the President

PayPay will continue to evolve to enrich people's lives.

Successful Rocket Start Drawing on the Competitiveness of the SoftBank Group

After the launch of the PayPay service in October 2018, we achieved a certain degree of success in three points: the rapid nationwide spread of QR code payment as a method of payment, the wide recognition of PayPay among users, and the increase in users' intent to use this service.

In launching PayPay, we took full advantage of the insight and business platforms of Yahoo Japan Corporation and of other SoftBank Group companies. SoftBank Corp., for example, offered business operation expertise that is top-class in Japan. This enabled us to quickly develop a network of more than 20 sales branches across Japan while rapidly increasing the number of merchants at which our service can be used. Meanwhile, we have been able to create a successful structure in which Yahoo Japan Corporation and Paytm Inc. work together on the product development front. Our ability to update the PayPay app at a high frequency of more than once a week on average over the past year is undeniably a result of the insight supplied by both parties. We hope to continue evolving our service at a rapid pace going forward through an approach that enables us to capitalize on the technological prowess of Yahoo Japan Corporation and the insight of Paytm Inc. as a pioneer in the mobile payment field.

Creating a Super App That Enriches and Provides More Convenience to Users' Lives

Our goal with PayPay is to create a super app that contributes to more convenient and fulfilling lives for users. To this end, we hope to have PayPay be the first thing that pops into mind when a user makes a payment. Accomplishing this objective will require us to further refine the appeal of the app while also expanding the range of scenarios in which it can be used. Recognizing this, we will take advantage of the fundamental characteristics of smartphone apps to evolve PayPay into a tool that provides convenience in not just payments but also in various other areas of users' lives via their smartphones. From this perspective, we will continue to increase the number of merchants at which our service can be used while collaborating with Yahoo Japan Corporation to expand our service to the areas of offline payments, online payments, utilities payments, and interpersonal transactions.

The changing times have brought about an era in which companies are able to gather feedback directly from users through venues such as social media. PayPay is committed to always turning an earnest ear to the voices of our users in order to accelerate the evolution of our service with user-first as our top priority.

Ichiro Nakayama

President & Representative Director, CEO,
Corporate Officer
PayPay Corporation



Promotion of Usage through ¥10 Billion Giveaway Campaign

UPDATE [PAYMENT]

On December 4, 2018, the PayPay ¥10 Billion Giveaway Campaign kicked off. This campaign offered rebates of 20% for all purchases made using PayPay along with the chance of having the entire purchase amount rebated. Users hoping to take advantage of this campaign were seen in long lines at electronics stores and other locations. To prepare for this campaign, the PayPay sales force located in more than 20 bases across Japan diligently worked to promote introduction of PayPay, which was relatively unknown at the time. As a result of these efforts, the campaign ended after exhausting the ¥10.0 billion budgeted for rebates in a mere 10 days.

This campaign contributed to increased recognition for PayPay, and the service thus had over four million registered users after the conclusion of the campaign.

A second ¥10 Billion Giveaway Campaign was launched in February 2019 to further entrench PayPay as an easy-to-use payment

method in people's everyday lives. During this campaign, people were often seen making payments with PayPay at convenience stores, drugstores, and various other stores. This campaign was also a success, bringing the cumulative number of registered users to seven million, the number of merchants to 0.5 million, and the cumulative number of payments to 25 million just six months after the launch of PayPay.

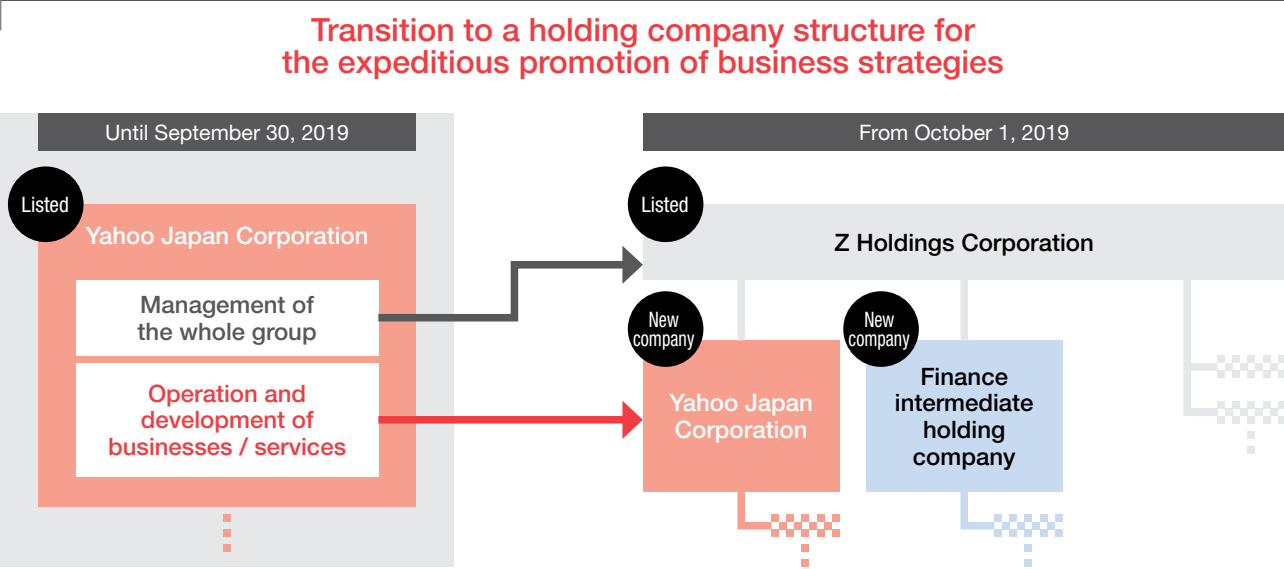
The number of payments has been defined as the most important indicator for gauging the extent to which various users have come to favor PayPay. Going forward, we will endeavor to further entrench PayPay as a fixture in people's everyday lives and to evolve it into a mobile payment service that offers even greater ease of use.



Organizational Restructuring to Further Promote Growth Strategies

1 Transition to a Holding Company Structure

At the Board of Directors Meeting held in April 2019, we resolved to transition to a holding company structure on or around October 1, 2019 through an absorption-type company split. This resolution was approved by the shareholders at the General Meeting of Shareholders held in June. Through this company split, we will establish two split preparation companies as wholly owned subsidiaries to which the Yahoo! JAPAN business operated by the Company (our businesses other than the business of managing Group companies) and the business of managing the operations of finance-related Group companies will be succeeded respectively. In addition, the trade name is scheduled to change from Yahoo Japan Corporation to Z Holdings Corporation as of October 1, 2019.



Background and Purpose for Transitioning to a Holding Company Structure

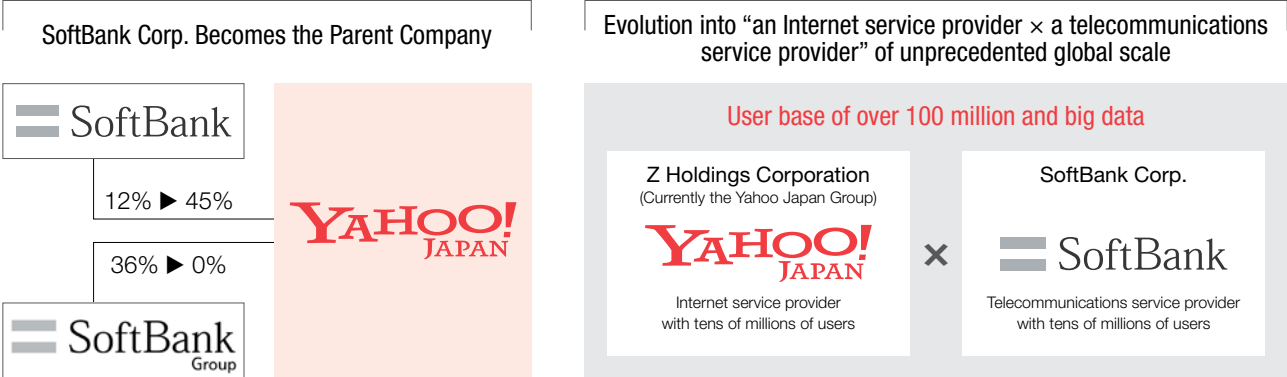
- Realization of flexible and expeditious decision-making and optimum distribution of business resources
- Strengthening of Groupwide collaboration by streamlining management functions
- Speedier implementation of business strategies
- Enhanced governance and increased transparency in the finance businesses

The Yahoo Japan Group regards itself to be in its third founding, and based on this, we are promoting changes in a variety of areas, including measures to evolve into a data-driven company and entering into the offline domain through services such as PayPay. In the fast-evolving Internet industry, we decided that our best approach for successfully completing these changes was to transition to a holding company structure that allows flexible and expeditious decision-making, optimal distribution of business resources, and speedier

implementation of business strategies. We also determined that, because the finance business requires enhanced governance and operational/financial policies different from those for Internet services, it is important to establish an intermediate holding company to manage its finance businesses. Through these structural changes, we will step up our efforts to further expand our business fields and maximize corporate value.

2 Strengthening of Collaboration with SoftBank Corp.

At the Board of Directors Meeting held in May 2019, we resolved to issue new shares to be acquired by SoftBank Corp. through a third-party allotment. We also resolved to acquire treasury shares and decided on a tender offer as the specific method for doing so (hereinafter, this issuing of new shares through a third-party allotment and acquisition of treasury shares will be referred to as the “Transaction”). The Transaction was completed in June 2019. As a result, there were changes in the parent company and the largest and major shareholder, with the Company becoming a consolidated subsidiary of SoftBank Corp..



Results Expected to Be Achieved from the Transaction

With this change in our parent company, we have become one of the few corporate groups in the world that have integrated an Internet service provider and a telecommunications service provider, each with a base of tens of million users.

We will conduct strategic decision-making with SoftBank Corp. related to technological development, etc. in a swift and

closely coordinated manner. We will also further deepen and expand our collaborative relationship in various other ways. By doing so, we will maximize the synergistic effects of our relationship, work to mutually expand and enhance our user base, and aim to accelerate the provision of services tailored to our users.



Impact of the Transaction on Minority Shareholders

We have carried out a tender offer for treasury shares according to due process, and with respect and maximum consideration to the benefit of the shareholders. More specifically, we have acquired treasury shares in excess of the number of new shares issued by third-party allotment, and have minimized the flow of assets outside the Company to the greatest extent possible by executing the tender offer at a price discounted from the market price to a

certain degree. Also, we have established a structure that ensures fairness in our business operations, including increasing the number of independent outside members of the Audit and Supervisory Committee. Even after this Transaction, we will continue with our efforts to maximize the interests of shareholders as a listed company.

CFO Message

We will provide robust support from a financial perspective toward change in the period of our third founding.

The first year under our new management structure was a year in which we were able to thoroughly discuss and clarify the direction in which the Yahoo Japan Group should head going forward. In this section, I will explain the progress of our current growth strategies and future policies from a financial perspective.

Overview of Fiscal 2018

We established a foundation for creating a multilayered profit structure.

In terms of our results for fiscal 2018, revenue increased to ¥954.7 billion, while operating income declined to ¥140.5 billion. The primary reason for the lower operating income in the fiscal year under review was factors related to the growth investments we outlined at the beginning of the period. Accordingly, our results in fiscal 2018 were in line with our expectations. We have positioned the period starting from fiscal 2018 as our third founding, and are currently in a phase for carrying out upfront investments aimed at transforming ourselves into a data-driven company. In fiscal 2018, we established our course of action to provide our services in the integrated domains of the online and offline worlds. At the same time, we have laid out a plan for realizing record-high operating income of ¥225.0 billion by fiscal 2023. This plan will involve successfully transitioning from our conventional profit structure, which hinged on paid search advertising and display advertising, to a multilayered profit structure by growing our e-commerce, Fintech, and integrated marketing solutions businesses. In an effort to realize such a multifaceted profit structure, we actively carried out investment in peripheral areas, centered on the PayPay service, which will serve as the foundation for our new profit structure. Starting with the extremely successful launch of PayPay, I believe that fiscal 2018 was a year in which we were able to establish a foundation for diversifying our profit structure in the future.



Course of Action for Profit Growth

We aim to enter a stage of further profit growth from fiscal 2023 onward based on a medium- to long-term outlook.

Looking at our current business model, we would likely record even higher levels of profit if we placed our first and foremost priority on meeting stakeholder expectations through short-term earnings growth. However, the management is united in its belief of providing returns to shareholders in a much more substantial way over the medium to long term by realizing a stage of further profit growth in the future through appropriate investment in growth today. The areas we are currently focusing our growth investment on, such as mobile payment services, are areas that will take a certain amount of time before they can be established as genuine earnings pillars. Accordingly, we view the four years up to fiscal 2022 as the phase for changing our earnings structure in order to realize even higher levels of profit. To that end, we will concentrate our efforts on expanding our business foundation during this phase. Through this expanded business foundation, we will establish fiscal 2023 onward as a phase for achieving record-high operating income and expanding profits.

Approach to Growth Investments

We have ascertained the business domains to further expand and are prioritizing investment in these areas.

In regard to core areas for growth investments, while focusing primarily on investments in mobile payment services and data, we will strive to expand our business foundation in such ways as creating new businesses, increasing user numbers, and growing our market share. For investment in new businesses, we have set the return of profit to shareholders at a level that exceeds their expectations as a prerequisite and will thoroughly examine targets for investment, centered on our Investment and Loan Committee, and fulfill our due diligence while closely monitoring our internal rate of return (IRR). At the same time, we will conduct upfront investments according to our road map. We do not intend to make uncontrolled investments in

these core areas beyond the period of the phase of upfront investments. Specifically, our current upfront investments consist mainly of capital expenditures related to data and promotional costs for new services in the Commerce Business segment. In terms of capital expenditures for data, our policy is to efficiently manage these expenditures with a view to establishing the necessary business foundation in the future while closely exchanging opinions with our Technology Group from the investment stage. For promotional costs, we are in a phase for securing regular users of our new services. At the same time, we are working to enhance the quality of these services so that promotions will no longer be necessary moving on. With a focus on these initiatives, we will complete the cycle of investment in all of these areas by fiscal 2022, upon which we will enter the phase for expanding profit.

Approach to Our Financial Position

We will continue to maintain our sound financial position.

Up until fiscal 2017, the Group's capital reserves totaled ¥300.0 billion, excluding the banking business. However, in fiscal 2018 we carried out shareholder returns that included the purchase of treasury shares and the cancellation of our relationship with major shareholder Altaba Inc. At the moment, the Group's balance sheet is in an extremely sound condition,

and we believe this provides us with a strong competitive edge even when considering the need for procuring external funds toward M&A and other initiatives. In addition, with the recent change in our parent company, our financial foundation has been further reinforced, and we have received very positive evaluations in terms of credit rating, as Japan Credit Rating Agency, Ltd. (JCR) raised our rating from A to AA-, and Rating and Investment Information, Inc. (R&I) newly issued us an A+ rating. Accordingly, as our general policy, we intend to maintain our financial foundation in its current condition. Even in this phase of upfront investment, we have determined a policy for securing operating income of at least ¥140.0 billion as a means to not decrease our cash on hand, after giving consideration to the recording of expenses that occur regularly, such as tax payments, dividends, and funding for servers.

Enthusiasm for the Future

Please look forward to the future of the Group as we aggressively expand revenue and enhance KPIs.

As we have established the period up to fiscal 2022 as an investment phase, it is difficult to forecast major growth in terms of profit over the short term. However, I believe that we can continue to create new businesses similar to PayPay and steadily expand our market share, so I ask our shareholders to look forward to revenue growth and enhanced KPIs. Meanwhile, we are placing emphasis on shareholder returns even during this investment phase and will therefore maintain our current dividend levels going forward. We will maintain our status as a company that generates stable earnings, as reflected by our achievement of a 3% dividend yield, while working to improve our corporate value by balancing shareholder returns and growth investments. We view the guidance for our consolidated results in fiscal 2019, which we announced at the start of fiscal 2018, as targets we must certainly fulfill. In addition to achieving these targets, in fiscal 2019 we have been making efforts to expand our user base in areas where we have invested, centered on PayPay. It is our hope that our stakeholders understand that these efforts will lead to concrete earnings growth in the future. After completing the period of our third founding, please look forward to the significant growth we will achieve as a corporate group that can create the future.



Ryosuke Sakaue

Managing Corporate Officer, EVP,
Chief Financial Officer (CFO)

Business Strategy & Review

Media Business

The Media Business segment provides users the opportunity to “encounter” and “explore” in their daily lives through its media and search-related services, and is monetized through the advertising business, etc.

Major Services

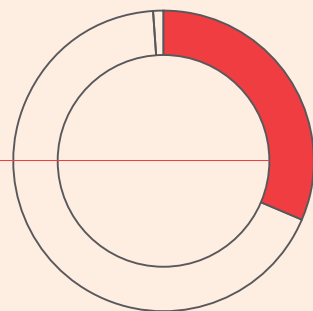
- Media-related services (e.g. Yahoo! JAPAN Top Page, Yahoo! News)
- Advertising-related services (e.g. paid search advertising, display advertising)

Results for FY2018

Revenue **¥303.4 billion** | Operating income **¥141.0 billion** | Operating margin **46.5%**

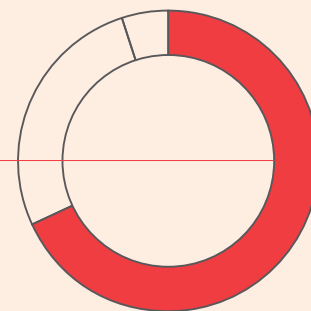
Revenue Breakdown by Business Segment

Media Business

31.5%

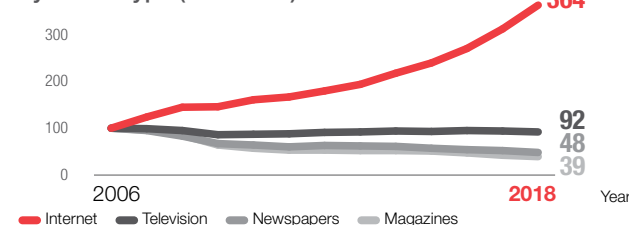
Operating Income Breakdown by Business Segment

Media Business

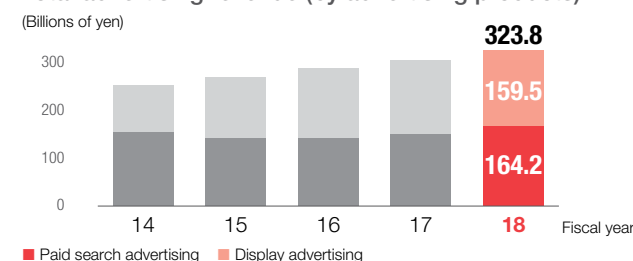
68.1%

Market Data

Total advertising expenditures for 2018 in Japan, by media type (2006=100)*1



Total advertising revenue (by advertising products)



Market Environment

In calendar 2018, amid sustained gradual economic growth, total expenditures in the Japanese advertising market rose for the seventh consecutive year, increasing 2.2% year on year, to ¥6.53 trillion.*1 By media, while total advertising expenditures in the four traditional media markets of television, newspapers, magazines, and radio decreased 3.3% year on year,*1 Internet advertising expenditures drove the growth of total advertising expenditures in Japan, marking a fifth consecutive year of double-digit year on year growth of 16.5%.*1 This was due to the increase in digital advertising carried out by traditional media companies, which was anticipated for the first time in 2018.

It is evident that the overall use of the Internet is transitioning

from still images to videos as seen in the growth of video media and the popularity of social media video and video sharing apps. As such, the growth of mobile advertising is growing significantly and in 2018, it exceeded ¥1 trillion*2 for the first time.

Furthermore, the commercialization of 5G (fifth generation mobile communications system) is scheduled for 2020. With the large-volume, high-speed communication that will accompany this commercialization, we expect to create an environment in which we can enjoy videos comfortably and with peace of mind.

The younger generation is watching less TV and so the viewing of videos online is expected to increase even further. Therefore, we anticipate further growth in the Internet advertising market, mainly in video advertising.

Growth Strategies–Basic Policies

- Promote the use of smartphone applications
- Shift to video media by expanding the range of video content and advertising
- Support marketing activities through use of both online and offline data

The Media Business attracts a large number of users by providing a wide range of media services that are essential to people's daily lives and records earnings through advertising. We see our move to the offline domain as a new opportunity for the future, thus we will pursue measures to make people's lives convenient in the offline world as well by leveraging Internet technologies.

Services that are closely related to users' daily lives will be aggregated in the Yahoo! JAPAN Top Page in order to improve user experience in our media services. In addition, by using data accumulated through the use of our services, we will provide services that better understand and suit our users. As a result, we aim to increase their usage frequency.

In advertising, we will develop new products that will generate business effects. By using the offline payment data

from PayPay, a service we began in October 2018, we will be able to support marketing activities that leverage the ways products are purchased in the offline world (O2O effectiveness measurement). By evolving our existing advertising business, we will provide marketing solutions that will have the greatest effect on advertisers' interest (e.g. purchase and repurchase).

We have built our business base and have increased our earnings in the ¥6 trillion advertising market. From here on, we will cultivate the sales promotional market by comprehensively visualizing user actions from “encounter” to “purchase”.

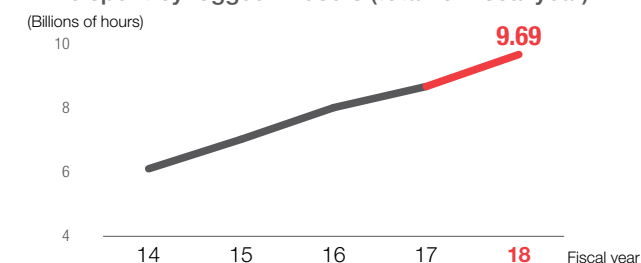
We will evolve our services by using Internet technologies to make our users' lives increasingly convenient in the online world as well as in the offline world.

*1 Source: 2018 Advertising Expenditures in Japan, DENTSU INC.

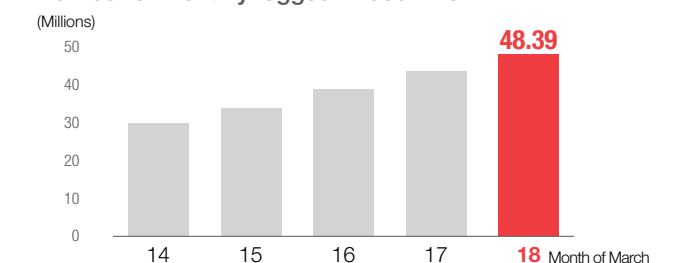
*2 Source: 2018 Advertising Expenditures in Japan: Detailed Analysis of Expenditures on Internet Advertising Media, DENTSU INC.

KPIs (Key Performance Indicators)

Time spent by logged-in users (total for fiscal year)



Number of monthly logged-in user IDs



Business Strategies–Progress and Outlook

Fiscal 2018 Results

In the Media Business, revenue increased 4.4% year on year, to ¥303.4 billion in fiscal 2018, accounting for 31.5% of consolidated revenue, while operating income decreased 9.6%, to ¥141.0 billion. Total advertising revenue, which is generated mainly by the Media Business segment, expanded 6.7% year on year, to ¥323.8 billion.

In the area of paid search advertising, revenue achieved a double-digit growth of 11.1% year on year, the first in five years, to ¥164.2 billion. This was due to improved display designs for smartphones and the provision of new functions.

Measures of Focus for Fiscal 2019

We will provide new products and solutions in order to evolve from marketing solutions derived from acknowledging information online to integrated marketing solutions that encompass both online and offline domains.

First, we will visualize purchases in the offline world. We began providing discount coupons in our Yahoo! JAPAN app. In the future, we will utilize the purchase data linked to PayPay to deliver comprehensive user experiences and marketing solutions, both of which can only be delivered by the Yahoo Japan Group.

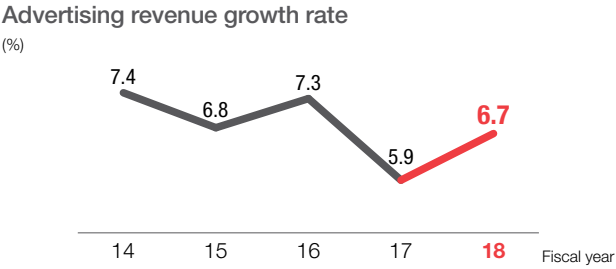
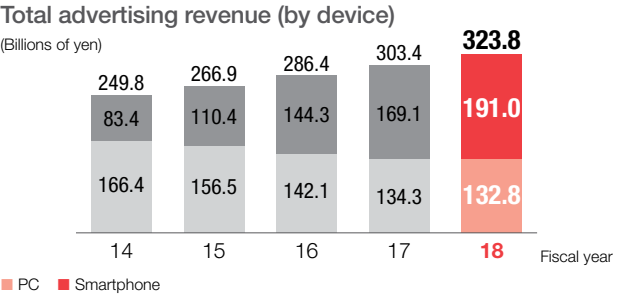
Furthermore, we will provide manufacturers with the same advertising opportunities that are provided to stores of

In display advertising, revenue for Yahoo! Display Ad Network (YDN) decreased year on year, due to the measures we took against issues faced by Japan's online advertising industry, such as ad fraud and brand safety. However, Yahoo! Premium advertising grew due to a continued increase in demand for ads for Yahoo! Shopping. Thus, overall display advertising revenue rose 2.6% year on year, to ¥159.5 billion.

Yahoo! Shopping. We will widely provide these opportunities online and make it easier to see the purchase results.

We will further pursue exceptional convenience in our media services. By leveraging our multi-big data, an important asset of the Company, we will expand our time-line pages so that they will be more effective and renew the PC version Yahoo! JAPAN Top Page so that it will be even more personalized. In addition, we will maximize our media capabilities not only through continuously evolving the use of acquiring information such as news, sports, search, but also by focusing on uses that are closely linked to daily lives, such as weather and payment.

Media Business Related Data



TOPICS

Progress in Video Content

In fiscal 2018, the Media Business focused its efforts on video content. We have spent additional budget on procuring various types of video content and producing original videos. The biggest achievement we have had was the massive hit of original videos geared toward the younger generation and the resulting increase of Yahoo! JAPAN users within that generation. Furthermore, active procurement of contents have expanded our range of genre and have contributed to the increase in viewing time.



Collaboration with PayPay in the Media Business

As a measure to improve user experience through collaboration between our services, we have linked the apps of “PayPay” smartphone payment service and “Yahoo! JAPAN.” Users can pay not only through the PayPay app but also through the Yahoo! JAPAN app, which is used by many users. Users’ convenience is improved by enabling them to pay by simply clicking the PayPay icon installed on the top page of the Yahoo! JAPAN app, or on the upper part of the tool tab. We will further enhance our collaborations that closely relate to users’ daily lives, such as linking the coupons offered in the Media Business with PayPay’s payment function.

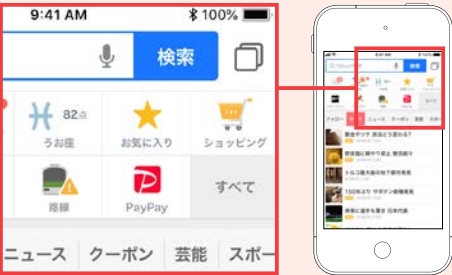


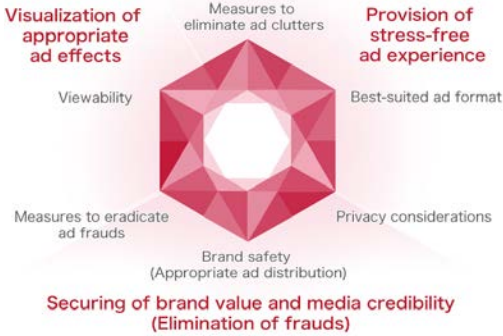
Photo provided by Aflo

Addressing Social Issues through Our Business Activities

Ad Quality Diamond

In order to address the issues faced by the Internet advertising industry in Japan, such as ad frauds and brand safety, we have referred to global standards regarding advertising quality and defined our original three values and six items to be addressed as ad quality diamond.

We will formulate our original quality standard that meets the Japanese market and take a leading role in securing the soundness of the industry by being the first to address problems, so that advertisers can use our services securely. Moreover, we will provide information on the policies under the ad quality diamond and their execution; how each product complies with the diamond; and how they are operated as much as possible and with more transparency than before.



Commerce Business

The Commerce Business segment provides users the ability to “purchase” and “pay” in their daily lives through its e-commerce related services, membership services, and financial and payment-related services.

Major Services

- E-commerce-related services (YAHUOKU!, Yahoo! Shopping, Yahoo! Travel, etc.)
- Membership services (Yahoo! Premium, Yahoo! BB, etc.)
- Payment-related services (Yahoo! Wallet, Yahoo! JAPAN Card)

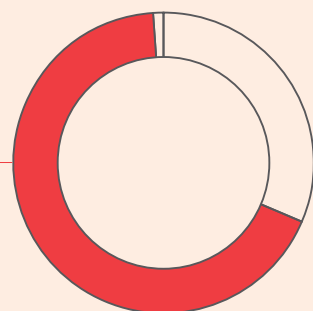
Results for FY2018

Revenue **¥649.6 billion** | Operating income **¥55.7 billion** | Operating margin **8.6%**

Revenue Breakdown by Business Segment

Commerce Business

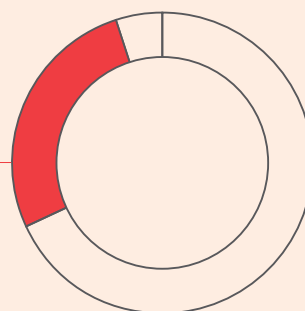
67.5%



Operating Income Breakdown by Business Segment

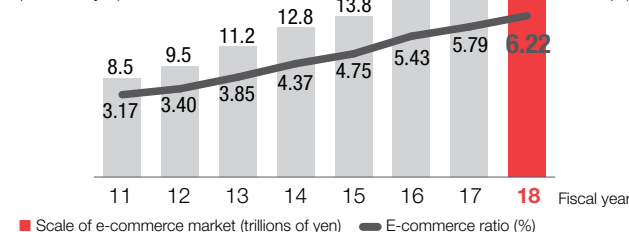
Commerce Business

26.9%

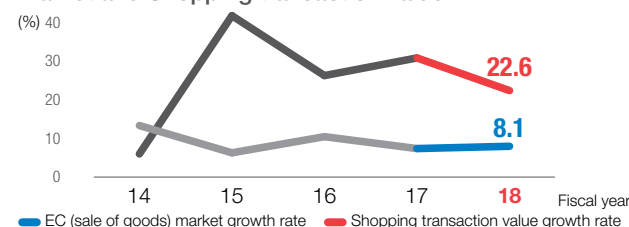


Market Data

E-commerce market*¹
(Trillions of yen)



Comparison between growth rates of EC (sale of goods) market and Shopping transaction value*¹



Market Environment

According to a survey by the Ministry of Economy, Trade and Industry (METI),*¹ the Japanese business-to-consumer (B2C) e-commerce market expanded 8.96% year on year in calendar 2018, reaching ¥18.0 trillion, and e-commerce sales accounted for 6.22% (up 0.43 percentage points year on year) of all retail product sales. Although the ratio of e-commerce sales to total sales in Japan is still low compared with that of other countries, the figure is on an upward trend and we see considerable upside potential. The market size of online auction is estimated to be ¥1.13 trillion.*¹ Amid this growth in the e-commerce market, the domestic credit facility amount, a measure of actual credit card utilization volume, continued to rise reaching ¥66.69 trillion, up 14.2% from the

previous year.*² Recently, electronic payments such as mobile payments are becoming increasingly more common and we expect to see an increase in the number of electronic payment methods going forward. The “Declaration of Payment Reform” in METI’s Cashless Vision sets a target of hiking the ratio of cashless payment to 40% by 2025 since the ratio in Japan is currently around 20%, a low level compared to that of other countries.

Going forward, we expect the market for our Commerce Business to expand, and the online and offline domains to merge even further through the use of big data, technologies, and payment methods such as mobile payment.

Growth Strategies–Basic Policies

- Sustainable growth of e-commerce transaction value
- Merger of online and offline worlds leveraging mobile payment
- Expansion of e-commerce related services

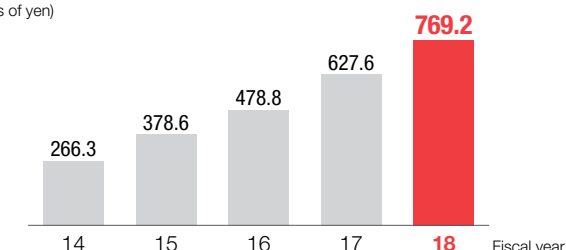
We offer e-commerce related services, membership services, and financial and payment-related services in our Commerce Business. Point-reward programs conducted in collaboration with SoftBank have been successful and the shopping transaction value has maintained a high growth rate of more than 20% for four consecutive years. We will continue our promotional activities for SoftBank members, our major growth driver, and achieve sustainable growth in our e-commerce transaction value. Furthermore, through

collaborations with PayPay Corporation, jointly established by SoftBank Corp. and Yahoo Japan Corporation, we will make an entry into users’ lives in the offline domain. We will develop various profit-earning businesses such as for O2O and financial services by accumulating various data derived mainly from payments through PayPay and expanding the balance of this payment service.

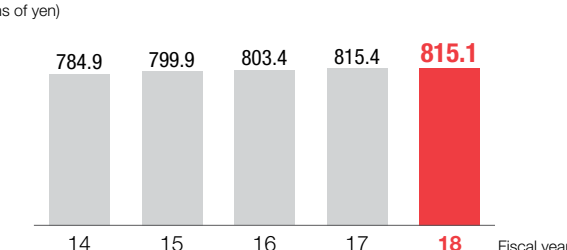
*¹ Source: 2018 Foundation for Japan’s Data-driven Society (Market Research on Electronic Commerce Transactions), Ministry of Economy, Trade and Industry
*² Source: 2018 Market Statistics (Annual) (credit-related statistics), Japan Consumer Credit Association

KPIs (Key Performance Indicators)

Shopping transaction value
(Billions of yen)



YAHUOKU! transaction value
(Billions of yen)



Business Strategies–Progress and Outlook

Fiscal 2018 Results

In the Commerce Business, revenue rose 9.7% year on year, to ¥649.6 billion in fiscal 2018, accounting for 68.0% of consolidated revenue. This was due to an increase in advertising revenue for Yahoo! Shopping and increases in the revenues of the ASKUL Group and YJ Card Corporation, as well as the consolidation of The Japan Net Bank, Limited. Operating income decreased 32.7% year on year, to ¥55.7 billion, due to active sales promotional activities for expanding our Commerce Business.

Shopping transaction value was ¥769.2 billion, an increase of 22.6% year on year, as it continues to exceed the market growth rate and expand its market share. Advertising revenue from stores in Yahoo! Shopping grew 28.7% year on year, to ¥32.9 billion. The ratio of advertising revenue to transaction value in Yahoo! Shopping exceeded 5% for the first time in the third quarter. For the full year, this grew to the range of upper 4%. As stated before, our expenditures for sales promotional activities (e.g. point-reward programs) has increased. The transaction value of our O2O business, etc. (travel and dining reservation, including Ikyu Corporation) grew steadily to

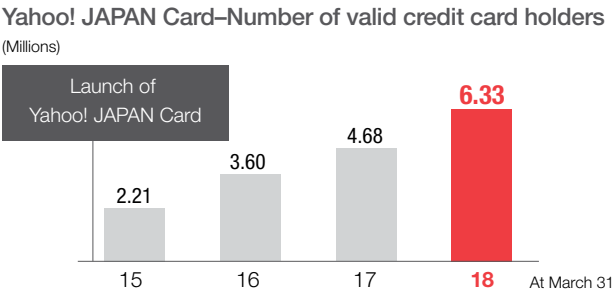
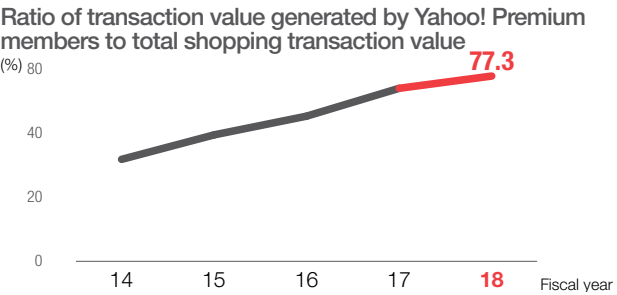
Measures of Focus for Fiscal 2019

In the area of e-commerce (sale of goods), we will continue to increase the transaction value by expanding the number of users through initiatives for members and by acquiring new users from the offline domain through the introduction of our online payment service, PayPay. Points saved in our Yahoo! Shopping and YAHUOKU! online services can be used in the offline world through PayPay. This will further

¥357.3 billion, a 30.1% increase year on year. The transaction value of YAHUOKU! remained flat year on year, resulting in ¥815.1 billion. Categories with high unit prices, such as automobiles and real estate, continued to perform steadily. In addition, we made efforts to promote point programs and coupons to facilitate the increasing number of auction users. In the payment business, the number of accounts for our online payment service, Yahoo! Wallet, rose 10.1% year on year, to 43.89 million, and transaction value increased 13.2%, to ¥1.55 trillion. In the credit card business, we conducted a membership drive campaign on Yahoo! JAPAN Credit Card by collaborating with SoftBank Corp. and through campaigns in our “PayPay” mobile payment business. These measures resulted in the number of valid credit card holders rising 35.2% year on year, to 6.33 million in the five years since the start of service. The transaction value also grew by a significant 36.5% year on year, to ¥1.3 trillion. We will continue to grow our proprietary payment services and to improve our profitability.

enhance the accumulation of data and strengthen the basis of our new earnings pillar. We will also aim to achieve a higher growth than the previous fiscal year in the field of e-commerce (non-sale of goods), such as travel and dining reservation, by strengthening ties between services inside and outside of the Company. Again, PayPay will play a central role in this effort.

Commerce Business Related Data



TOPICS

Business Collaborations with SoftBank Vision Fund

Smartphone Payment Service “PayPay”

In October 2018, we launched “PayPay,” a new smartphone payment service. For this launch, we collaborated with Paytm, a portfolio company of SoftBank Vision Fund and the largest payment service provider in India. We leveraged their user-first technology to build services in Japan. Paytm leads the ecosystem of digital payments in India and develops technologies based on bar codes and three-dimensional codes. It provides seamless mobile payment services to over 300 million users and 8 million merchants.



“OYO LIFE”–Japan’s First Apartment Service

We have established a joint venture with OYO, an Indian hotel operator that is increasing its properties at an extremely rapid pace, and made a full-scale entry into the rental housing business in Japan in early March 2019. This is Japan’s first apartment (rental housing) service that enables users to find, move in, and move out of housing with their smartphones. Users can also try out the apartment for a few days. OYO is South Asia’s largest hotel chain and operates hotels and housing in over 500 cities spanning ten countries around the world (including Japan). It has a network of over 18,000 hotels and is backed by major investors including SoftBank Vision Fund, the SoftBank Group, Sequoia India, Lightspeed India, Hero Enterprise, and Huazhu Group Limited.



Addressing Social Issues through Our Business Activities

Providing Encouragement to Disaster-Affected Areas through Their Products–“Yell Market”

The sales routes for products from Tohoku were destroyed due to the Great East Japan Earthquake. In order to publicize and sell these products throughout Japan through online shopping, we launched our “Recovery Department Store (now “Yell Market”)” in December 2011.

The platform was completely renewed in October 2018 under the theme “ethical consumption,” giving consideration to people, society, the environment, and local areas. We expanded the origins of products from Tohoku to all over Japan. The products handled are strictly selected by our staff based on such criteria as organic products, “Eco Mark” labeled products, products that provide job opportunities to people with disabilities, traditional crafts, and local specialties, in addition to disaster relief.

In the future, toward the next hundred years, we will continue to discover, disseminate, and sell “products that need to be recognized and delivered to you” from and to all regions of Japan, and aim to achieve a sustainable society.



Human Resources Strategy

The Yahoo Japan Group's Human Resources Strategy

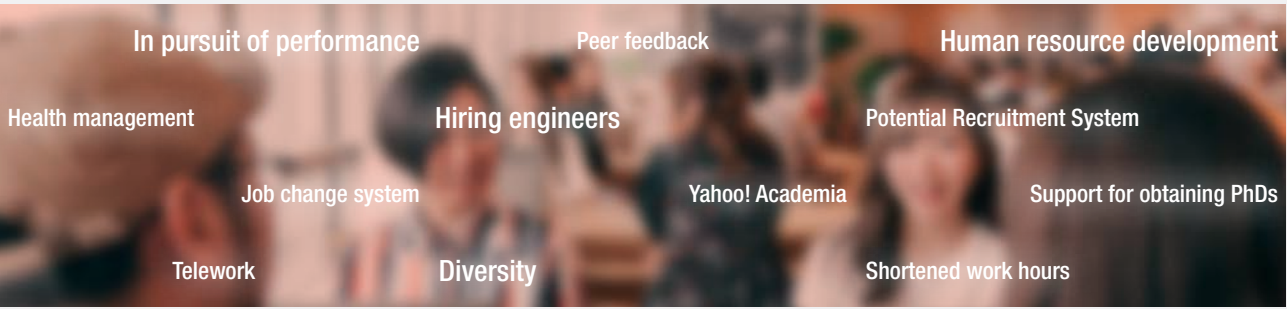
The Yahoo Japan Group aims to be a “People Development Company” based on the belief that business growth and employee growth are the two wheels that drive its sustainable development.

Accordingly, we have in place measures that support our employees so that they can continue to demonstrate strong performance while continuing to improve and develop themselves. Through a results-oriented evaluation system that recognizes remarkable growth and performance, we are working to further promote the dynamic growth of both our employees and businesses.

In addition, we focus our efforts on establishing an employee-friendly environment and promoting health management to enable all of our employees, who have a diverse sense of values and varying skill sets, to work in a physically and mentally healthy state and maximize their performance.

Establishing an environment in which employees can demonstrate their skills and realize growth is an indispensable element in securing elite human resources. It is also a crucial component for strategically securing personnel who can lead our businesses into the future.

Becoming a People Development Company That Enhances the Sophistication of Human Capital



Promoting a Performance-Oriented Approach

In light of our third founding, we renewed our evaluation and remuneration systems in April 2019 following the significant updates we made to our Companywide strategies. Under these new systems, we are promoting efforts based on the idea of pursuing performance in order to ensure that all of our employees reach the targets they established at the start of the fiscal year at a high level in accordance with our Companywide strategies. Furthermore, we introduced new initiatives

for providing multifaceted feedback to employees to promote their growth and encourage them to achieve even better performance. Employees who bring out the best possible performance and achieve results that have significantly positive impacts on our businesses, are compensated in accordance with the “Pay for Performance” policy. By doing so, we are promoting further business growth.

Developing Personnel Who Support Sustainable Growth

Amid the rapid changes occurring in the Internet industry, we have established and are promoting a broad range of human resource development efforts so that we can strongly push forward with business growth and cultivate human resources who can pursue growth on their own initiative.

Human Resource Development Programs That Realize Growth for the Company and Our Employees

1-on-1 Meetings

We offer opportunities to hold 1-on-1 meetings between our employees and their direct superiors on a regular basis. These meetings focus primarily on providing support for achieving targets and encouraging the growth of and changes in our employees. Through direct dialogue with their superiors, these meetings effectively put into motion a cycle of “learning through experience” by enabling employees to reflect on the experiences they have had thus far and use the insight they have gained from those experiences to pursue new tasks at work. In this way, the meetings help our employees realize growth and improve their performance.



Peer Feedback

Once every half-year, employees who closely work with the target employee act as observers and give multifaceted feedback. Through this peer feedback, employees are provided with opportunities to recognize their personal growth and engage in self-reflection. In addition, the results of this feedback are shared with superiors. This allows employees to compare their awareness of personal growth with that of their superiors, thereby preventing any discrepancies in awareness between employees and those working around them. In these ways, peer feedback helps employees further enhance their performance.

Job Change System

For employees who wish to gain new experience and take on new challenges within the Group, we offer the Job Change System, which allows them to report their desire to change positions via a personal statement. This program is offered once a fiscal year and encourages employees to consider their career path and achieve growth on their own initiative.

Yahoo! Academia

With the aim of creating and developing the leaders of the next generation, we established the Yahoo! Academia, an in-house university program. This program strives to enable participants to freely demonstrate their leadership qualities so that they can take on a guiding role for both people and society in the future. This program targets all employees, including those at Group companies. One significant feature of Yahoo! Academia is that participants can receive earnest guidance from current corporate officers. Thus far, a large number of employees have participated in this program, which has helped them play an active role in various settings both inside and outside the Company.

Other Human Resource Development Efforts

TechUP (Financial assistance for technological activities)	TechUP is a financial assistance system that can be used by our creators to enhance their individual technical capabilities. Our creators make constant efforts to improve their own technical capabilities, and we provide them with opportunities to experience new technologies and support their pursuit of learning.
OSS Developer Certification Program	The OSS Developer Certification Program aims to invigorate OSS activities and increase the number of opportunities for our engineers to pursue the voluntary study of technologies. To that end, the program provides OSS committers who meet specified conditions with an environment to pursue development activities as part of their job.
Support System for Obtaining PhDs	We support employees to obtain PhD in specific research fields within the data platform and science domain. Engineers who are authorized to participate in this program receive a scholarship to help cover university expenses.
Hack Day	Hack Day is an event for creators held on a regular basis both inside and outside the Company. Hack Day works to provide a means for stimulating the creator community and improving their skills.
Support System for Attending Top Conferences	We offer a support system for attending top conferences on the premise that employees will participate in these conferences from a Companywide perspective and will improve the overall level of technical capabilities across the Company. The program enables our employees to experience the latest global technologies and obtain up-to-date information through participation in top conferences and cutting-edge tech events.

Establishing an Environment for Sustainable Work and Optimal Performance

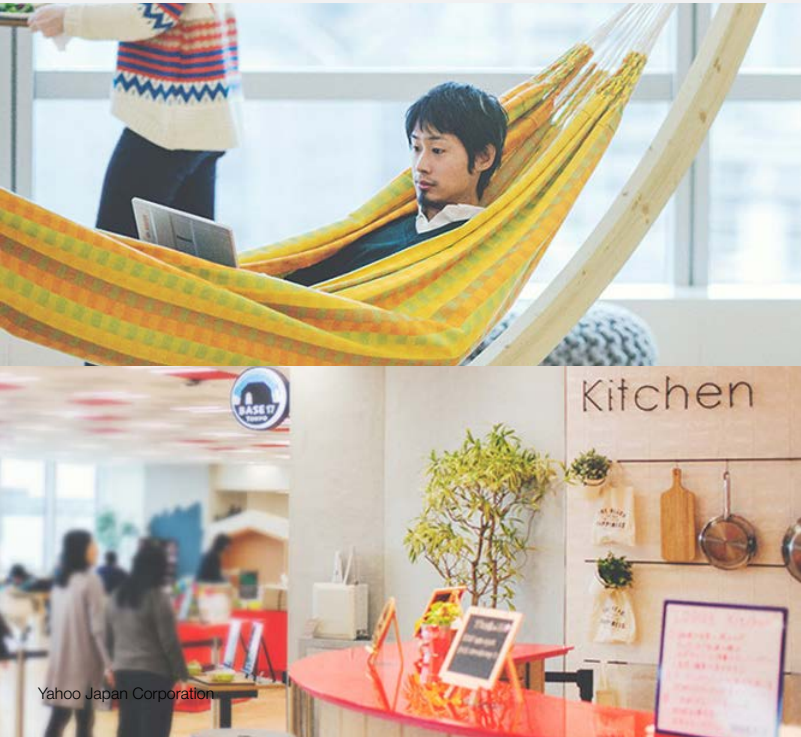
By providing the option to choose flexible working styles, we are working to establish an environment where all of our employees can continue to work and realize optimal performance on their own initiative, while handling their respective life stages.

Freeing ourselves the preconceived notion that work is to be done in an office, we have established the Office Anywhere System that allows employees to work at any location out of the office five times a month. Through this program, we provide our employees the opportunity to choose a work environment that enables them to utilize their time efficiently, be more creative, and concentrate better, which in turn helps them enhance their performance.

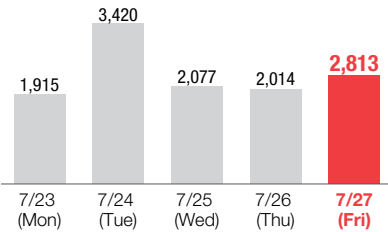
Additionally, through a fixed overtime system, employees manage their work independently and with self-discretion, allowing them to engage in various tasks. In this way, we have created an environment in which all employees can pursue efficiency and rationality in accordance with the nature of their work and their schedule.

Our employees have diverse personalities, attributes, and backgrounds. Based on an understanding of this, we are making the utmost effort to establish systems and environments where all employees can continue to work with peace of mind.

In addition to shortened work hours and flextime, we offer the Selectable Work System, which supports employees who provide nursing care or are raising children by allowing them to take up to three days off per week to balance their work and home life. We also allow the use of fictitious business names, and treat the partners of employees in same-sex marriages and de facto marriages as spouses to provide them with the same employee welfare benefits. Through these systems, we are promoting the creation of work environments that respect diverse values and allow our employees to work comfortably.



Number of Employees Who Utilized Dokodemo Office Week 2018*



* As part of our efforts in work-style reform as well as our initiative to reduce traffic congestion with a view toward the Olympic and Paralympic Games Tokyo 2020, we are working in collaboration with affiliated government agencies and organizations to promote efforts to work from outside the office (Dokodemo Office) for up to one week during the start of the Olympics.

Systems Available to Employees

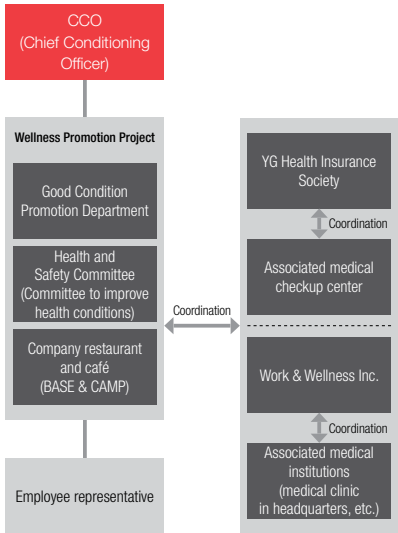
Flextime system
A system where employees can choose when to begin and end work, within a certain time frame.
Dokodemo Office (Office Anywhere)
A system where work may be done wherever it can be reasonably executed, without relying on a specific location, for the purpose of increasing performance. 87.53% utilization rate among employees in fiscal 2018
Maternity leave
Maximum 5 working days (Prior to the "Maternity Leave before Childbirth")
Yahoo! JAPAN childbirth leave
7 days prior to the "Maternity Leave before Childbirth"
Maternity leave before and after childbirth
6 weeks' leave before childbirth (14 weeks for multiple pregnancy) and 8 weeks' leave after childbirth
Childcare leave
Until the child's first birthday. Extendable up to the day before the child's second birthday, if no nursery facilities can be found.
Shorter working hour system for childcare
Standard working hours per day can be shortened to 5 hours until the child graduates from elementary school.
Flextime system for childcare
A maximum of 90 minutes of flextime is allowed per day until the child graduates from elementary school.
Leave to nurse sick children
Maximum 5 working days for 1 child of preschool age Maximum 10 working days for 2 children or more of preschool age
Childbirth leave for prospective fathers
Maximum 3 working days Available between 1 week prior to the birth date and 1 month after childbirth
Nursing care leave
Maximum of 5 working days per fiscal year for employees taking care of one family member with certification to receive care Maximum of 10 working days per fiscal year for employees taking care of two or more family members with certification to receive care
Shorter working hour system for nursing care
Standard working hours per day can be shortened to 5 hours for a maximum of 5 years
Flextime system for nursing care
A maximum of 90 minutes of flextime is allowed per day for a maximum of 5 years
Nursing care leave of absence
A maximum of 1 year per family member with certification to receive care
Selectable work system
A system that provides one day of leave per week for employees taking care of children of elementary school age or younger, or for providing nursing care to a family member.

Promoting Health Management

We believe that being in good physical and mental health is directly linked to optimal work performance. We also believe that it leads to the happiness of our employees and their families. Guided by these beliefs, the president and representative director took on the role of Chief Conditioning Officer (CCO) on his own initiative in 2016, and subsequently announced the "Good Condition Declaration." In 2019, to further promote specific initiatives under this declaration, we appointed a corporate officer who concurrently serves as the President of personnel-related group and the chairman of the YG Health Insurance Society as the CCO, who focuses on health management.

We have established the Good Condition Promotion Office, which serves as a promotion structure for enhancing health management and assists employees to work personally toward better health. We are also promoting employee health in collaboration with the YG Health Insurance Society, which was launched in April 2018.

Also, in February 2019, the Company was chosen for inclusion in the Health & Productivity Stock Selection 2019, which was jointly selected by the Ministry of Economy, Trade and Industry and the Tokyo Stock Exchange. This was the first time we were chosen for inclusion in the selection. Additionally, for the third year in a row, we have been acknowledged in the large enterprise category (White 500) of the Certified Health and Productivity Management Organization Recognition Program by Nippon Kenko Kaigi. Going forward, we will aim to continue to be a corporation where all employees can approach their work in good physical and mental health.



Securing Human Resources

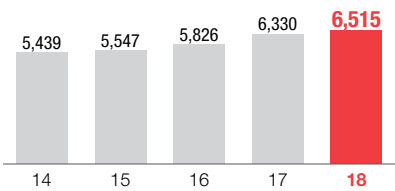
We are making concerted efforts toward recruitment in order to secure outstanding human resources on a continuous basis regardless of nationality. Within these efforts, one of the most important tasks is to secure personnel who can handle sophisticated technologies related to data and science so that we are able to complete our transition to a data-driven company. In 2014, we established the Data & Science Solutions Group with the aim of promoting this transition. We have also been stepping up efforts to recruit and develop human resources.

Furthermore, we are working to create new businesses, such as the PayPay service, and in preparation for the sudden growth of these businesses, we are placing emphasis on the recruitment of personnel with a diverse range of experience and skills.

Against this backdrop, we abolished the system for simultaneously recruiting new graduates in 2016. To replace this system, we established the new Potential Recruitment System, which targets all people of 30 years of age and under, regardless of their previous work experience. We also commenced year-round recruitment activities. Through these efforts, we are providing opportunities for fair employment screening to recent graduates with work experience and previous graduates as well as overseas exchange students and people acquiring PhDs, for whom the job-hunting season is diversified. In these ways, we are striving to secure outstanding human resources.

In addition, to realize a workplace environment in which creators can leverage their talents after they are hired, we are putting in place various frameworks in support of their development.

Number of Employees at Yahoo Japan Corporation (Fiscal year-end)



Technological Foundation

Technological Foundation of the Group

The technological capabilities we have cultivated since our founding in 1996 have supported the Group's growth. In addition, we are currently utilizing our technologies in a variety of domains, from data center operation to the design of user interface for our services, in order to resolve a wide range of issues. We are also one of the few corporations in

the world that can collect a vast array of user data through a lineup of over 100 services. Going forward, we will draw on our technological capabilities to leverage data to the greatest extent possible with the aim of creating the best possible user experiences.

Technological Domains Covered by the Group

UX (User experiences)	UI design, visual design, technical design, brands, etc.
Serving engine and CDN (Content Delivery Network)	Apache, Node.js, Jetty, ATS, Nginx, etc.
Middleware and platforms	RDBMS (Relational database management systems), object storage, security, etc.
Language and developer tools	C, C++, PHP, Java, JavaScript, Go, GitHub, Chef, Jenkins, etc.
Infrastructure	RHEL, Open Stack, physical server, virtualization technology, container technology, etc.
Facility	Data centers, networks, etc.

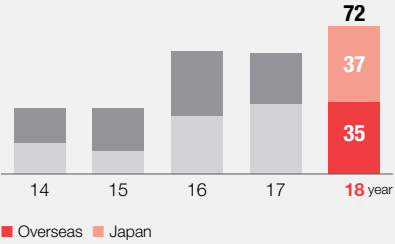
Competitive Edge from a Technological Standpoint

Technological Capabilities

Leveraging Our Abundant Development Track Record and Actively Communicating the Results of Our Cutting-Edge Research

Alongside the increase in the number of Internet users in Japan, the Group has built a solid track record of developing and operating various services that meet user needs. In addition, we have offered services in times of emergency, such as an earthquake, which has enabled us to accumulate a great deal of know-how related to technologies. In addition to this know-how, Yahoo! JAPAN Research has collaborated with each services division of the Company, as well as with universities and research institutions, to promote research and development on next-generation Internet-related technologies. We have actively communicated the results of the research at the world's top international conferences and other venues. In addition, Yahoo! JAPAN Research has become one of the leading Japanese companies in the field of cutting-edge AI in terms of the number of theses that have been accepted at these conferences.

Number of Yahoo! JAPAN Research Theses Accepted at Conferences

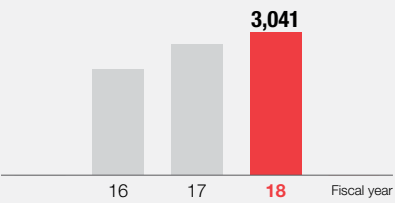


Human Resources

Boasting One of Japan's Largest Network of Developers among Internet Companies

The Group recruits new engineers every year by the hundreds, and the number of engineers belonging to the Group is one of the largest in Japan among Internet companies. In recent years, we have been increasing the number of recruits from overseas universities and graduate schools, including those in India and Hong Kong. We provide support for engineers who wish to pursue a doctoral program in the research areas we have designated as areas to strengthen. We have also set up programs that encourage participation at the world's top international conferences and other large-scale conferences. In these ways, we are working to enhance the technological capabilities of our engineers.

Number of Creators (engineers, designers) at Yahoo Japan Corporation



Infrastructure

Owning One of the Largest Infrastructures among Internet Companies in Japan

To use the data we obtain from our 100+ services to improve our services, we need robust infrastructure for the accumulation, analysis, and experimentation of an abundant amount of data. While leveraging Hadoop, distributed processing technology for large-scale data, we also pursue measures to enhance our efficiency, which includes the use of servers with a high level of intensity. In February 2019, we completed the construction of a data center in the United States, which is primarily used to analyze big data. In September 2018, we installed the second "kukai" supercomputer, which was originally introduced in 2017, with the goal of further accelerating our data utilization.

Main Initiatives in Fiscal 2018

In fiscal 2018, we utilized AI in several services to promote service improvements and enhancements. Examples of how we use technology to resolve issues were introduced at the Technology Poster Session, which we hold in-house every six

months. This allowed us to share information across divisions. Furthermore, we worked to modernize our development platform to establish an environment in which we can focus on improving our services.

Enhancing Fraud Detection in YAHUOKU!

In November 2018, we introduced AI to detect fraudulent items in YAHUOKU! as a measure to prevent fraud. This AI uses transaction data from over 10 million items as well as the "kukai" supercomputer in order to determine the probability of an item being fraudulent just seconds after it is put up for sale. If an item is likely to be fraudulent, the item is given priority for a human operator to examine and consider removing it from the service. In this way, we have increased the rate of elimination of fraudulent items and reduced the amount of time it takes to do so. As a result of introducing this AI, we have

improved the accuracy of fraud detection for 500,000 items listed, by approximately 3.1 times compared with our previous detection system. Also, through the use of "kukai," we completed a new detection model in roughly 90 minutes. Under the conventional development environment, this model was expected to take around 110 hours to create. As we have dramatically improved the rate at which we can update detection models, we are able to swiftly address fraudulent items even if they are listed for sale using a new approach.

Modernizing Our Platform Environment

As the pace of technological change gains momentum, development that utilizes data and the smooth launch of products on a repeated basis help improve the competitiveness of development activities. To that end, we have incorporated the latest technologies in our platform environment and established development environments that suit service requirements. As a result of these efforts, for

a certain service, we were able to reduce the average time it takes from the start of an update to its launch from a day to one hour. By doing so, we have increased the length of time for refining our services and the number of service releases, thereby achieving service improvements at a greater degree than ever before.

TOPICS

Promoting Password-less FIDO Biometric Authentication

Fast Identity Online (FIDO) is a new authentication technology that can replace passwords. Through the utilization of biometric authentication using fingerprints or other body parts, FIDO is able to smoothly confirm a person's identity in a safe and secure manner. The responsible departments at Yahoo! JAPAN and Yahoo! JAPAN Research have taken the lead to introduce FIDO. As a result, we launched the world's first general-use website that supports the FIDO2* standard in October 2018, and have reduced the time it takes to log in by approximately 40%. By introducing the latest technologies in this manner, we aim to increase the number of logged-in users and enhance the degree of user personalization, thereby extending the time users spend on our services.

* FIDO2 is a standard for realizing secure logins to online services via web browsers using biometric authentication devices, etc.

Realize smooth authentication in a safe and secure manner

Login screen

Authentication screen

Screen confirming authentication

Implementing Proof-of-Concept Trials to Realize Dynamic Growth

From October 2018 to March 2019, we implemented a proof-of-concept trial that analyzed video data taken from drive recorders using AI technologies. Based on this analysis, visual information, such as the availability of parking spaces within parking lots, was converted into text form. Through this trial, we are verifying its future use in our services that provide regional information, such as Yahoo! MAP and Yahoo! Car Navigation.

Also, in January 2019, we conducted a proof-of concept trial

that involved the installation of motion detectors in restaurants. The trial was conducted to verify whether information regarding seat availability at restaurants posted in real time on Yahoo! Dining, our restaurant reservation service, would increase the number of visiting customers. Going forward, we will examine the possible implementation of this function in Yahoo! Dining, and consider expanding the scope of this proof-of-concept trial to include more restaurants.

Co-Creation of Value with Our Stakeholders

By working to earn the deep-rooted trust of our various stakeholders, including our users, shareholders, investors, business partners, and employees, as well as members of local communities, we aim to achieve a harmonious existence with society as a whole. To contribute to a secure and sustainable Internet society that can be passed on to the next generation, we will fulfill our social responsibilities as a corporation. Heeding the voices of our valued stakeholders, we will promote the Four UPDATES as we work to realize a sustainable society and enhance corporate value.

<div>Users</div> <div></div> <div>We adopt a user-first approach in all of our services and strive to provide high-quality, valuable services as a problem-solving engine for the various issues facing our users.</div> <div>Communication methods and content<ul style="list-style-type: none">Establish a mechanism for receiving customer feedback from users of Yahoo! JAPAN servicesConduct user surveys and hold events for fans of Yahoo! JAPAN services in order to directly receive feedback and service-related requestsCollect user opinions on Yahoo! JAPAN services through various websites and social networking service pagesPost corporate information and business results on our official websites and social networking service pages</div> <div>Reflecting on our goals/corporate activities<ul style="list-style-type: none">Enhance customer serviceContinually improve Yahoo! JAPAN services</div>	<div>Shareholders and other investors</div> <div></div> <div>To achieve sustainable improvements to our corporate value, it is essential that we carry out upfront investments in our services and capital investments based on the understanding of our shareholders and other investors. By providing shareholders and other investors with prompt and appropriate feedback on their opinions and by working to return profits, we will endeavor to enhance our shareholder value.</div> <div>Communication methods and content<ul style="list-style-type: none">Annual general meetings of shareholdersQuarterly results briefingsDialogues with Japanese and overseas institutional investors</div> <div>Reflecting on our goals/corporate activities<ul style="list-style-type: none">Provide timely, accurate information on such topics as business operating conditionsEnhance quality of corporate management through constructive dialogues</div>	<div>Partners</div> <div></div> <div>We believe that working together with our business partners with the aim of realizing a secure and sustainable Internet society is an extremely important task. Accordingly, we ask that our business partners make active efforts under our Basic Purchasing Policy, which stipulates such matters as ensuring opportunities for fair competition and logical selection of suppliers.</div> <div>Communication methods and content<ul style="list-style-type: none">Maintain daily communication through transactionsHold conferences, training sessions, and other events with advertisers, content providers, e-commerce store operators, and other partners</div> <div>Reflecting on our goals/corporate activities<ul style="list-style-type: none">Strengthen relationships based on mutual trust</div>	<div>Employees</div> <div></div> <div>We aim to be a company where all employees can utilize their abilities to the greatest extent possible and work in a lively manner regardless of their life stage.</div> <div>Communication methods and content<ul style="list-style-type: none">Employee awareness surveysCompliance Hotline (internal reporting system)Harassment HotlineIntranet-based information disseminationActive implementation of internal projectsInformal gatherings of former Company employees</div> <div>Reflecting on our goals/corporate activities<ul style="list-style-type: none">Establish an employee-friendly workspace and work culturePlan and evaluate labor and human resources policiesRespect the human rights and individuality of each employee</div>	<div>Regions and society</div> <div></div> <div>We place emphasis on invigorating each area where our offices are located and on contributing to the local communities in those areas.</div> <div>Communication methods and content<ul style="list-style-type: none">Participate in joint public-private sector projectsParticipate in economic and Internet industry organizationsCollaborate with law enforcement and investigative bodiesCooperate in regional contribution activities and events at each business locationOutsource company personnel via corporate fellowships to governmental agencies and ministries as well as to local municipal offices</div> <div>Reflecting on our goals/corporate activities<ul style="list-style-type: none">Establish an employee-friendly workspace and work culturePlan and evaluate labor and human resources policiesRespect the human rights and individuality of each employee</div>	<div>The next generation</div> <div></div> <div>For the children representing the next generation, we will provide safe and secure services and contribute to the cultivation of IT personnel.</div> <div>Communication methods and content<ul style="list-style-type: none">Provide Yahoo! Kids serviceCollaborate with educational organizations in formulating policy proposals for children's educationPromote Hack Kids, Yahoo! JAPAN MeetUP, and other services</div> <div>Reflecting on our goals/corporate activities<ul style="list-style-type: none">Provide appropriate Internet access to children and disseminate information both inside and outside the Company on appropriate Internet usage for childrenOffer programming instruction and other learning courses to nurture IT literacy among children in preparation for a better Internet-based society in the future</div>
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Examples of Co-Creation of Value with Our Stakeholders

CASE 1

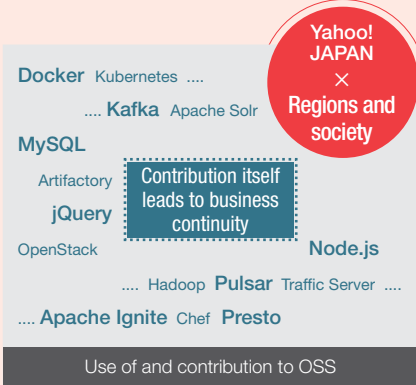
Contribution to Open Source Software (OSS)

The Yahoo Japan Group not only utilizes global standard OSS technologies but also contributes to their development.

In addition to cooperating in development, the Yahoo Japan Group applies OSS to its services enjoyed by many users, which enables detection of new bugs.

We report these bugs to the OSS community and send pull requests. Our contributions promote the increase in use cases, expeditious response to bugs, and deliberation on the implementation of additional functions.

The continued efforts of our engineers not only improve our technical capabilities, but they also gather the attention of talented engineers, resulting in the hiring of these engineers, and we expect further synergies in this area.




CASE 2

Opening of “LODGE” open collaboration space

In November 2016, “LODGE” open collaboration space was opened under the concept of “a venue where ‘! (surprises)’ can be created by all.”

By establishing a space that can be used freely not only by our employees but also by visitors, we aim to create innovations through contact with people with different values and by introducing the Yahoo Japan Group's information, technologies, and relationships to people outside the Group.

We hold events on various themes such as IT and cutting-edge technologies, and have communicators in place to promote interaction between users. Our goal is to create innovations and sprouts of new businesses through LODGE.

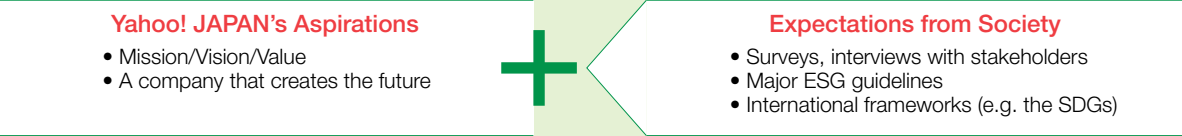


UPDATE JAPAN: Our CSR Activities

Identification of CSR Materiality (Material Issues) and its Background

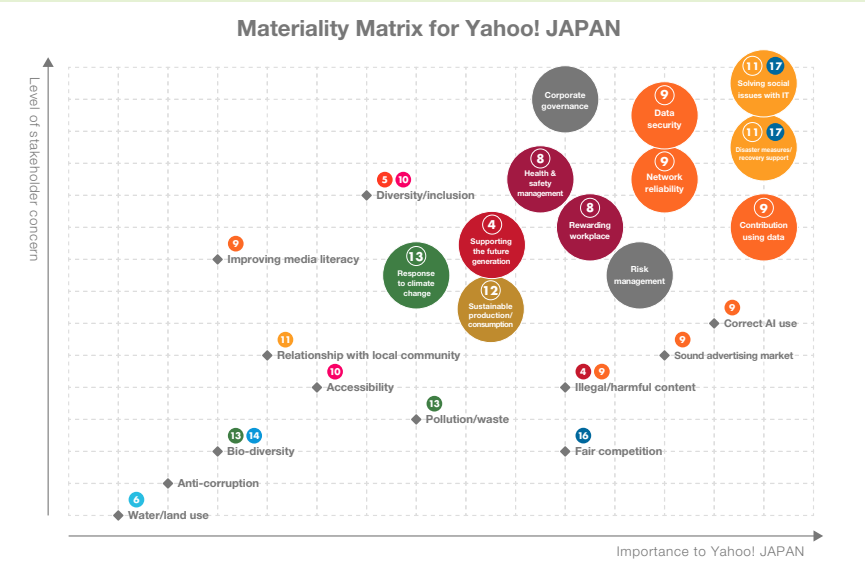
As a forerunner in problem solving, Yahoo! JAPAN aspires to take people's lives and society a step further by leveraging information technology and to solve various social issues. In order to do so, we believe it is important to identify materiality, define our focus areas (four UPDATES), set medium-term goals, and to continue implementing initiatives in line with these goals. As a result, we will contribute to the development of a sustainable society and enhancement of corporate value.

Extracting materiality issues in light of our aspirations



Mapping extracted items according to importance

Yahoo! JAPAN gathers expectations, requests, and opinions from its valued stakeholders, such as its service users, clients, and suppliers, through surveys and interviews. In addition, we grasp expectations from industry groups and NGOs through regular meetings and interviews. The views of our shareholders and investors are also collected through shareholders' meetings, engagement meetings, and evaluation data on the Company. By reflecting these stakeholder expectations and also taking into consideration our own internal analysis, GRI standards, and ESG evaluation items, we have organized our activities and have extracted items with material importance for both our valued stakeholders and Yahoo! JAPAN. At the same time, we also examined which areas of the SDGs we can contribute to by leveraging our strengths.



*The numbers and colors in the matrix coincide with the 17 SDG icons.

Classifying identified materiality issues into four focus areas

While identifying Yahoo! JAPAN's materiality issues, we redefined the areas where we need to focus on as the "Four UPDATES." In #1, Yahoo! JAPAN will continue to provide services 24 hours a day, 365 days a year and ensure that the services are provided under a robust security system. In response to natural disasters that are expected to intensify even further, Yahoo! JAPAN strives to solve various social issues in #2. We will provide information on disaster prevention and mitigation before disasters strike, as well as real-time information during disasters, and will support post-disaster reconstructions. Meanwhile in #3, Yahoo! JAPAN will aspire to ensure that nobody gets left behind in the increasingly prosperous and convenient IT society. In #4, Yahoo! JAPAN will work to ensure that it can pass on a society that is sustainable for our children and future generations.



LEARN MORE For more detailed information, please see our CSR website. <https://about.yahoo.co.jp/csr/en/>

CSR Materiality Issues and Numerical Targets, Contribution to the SDGs

Issues	Medium-Term Goals	Examples	Contribution to the SDGs
#1 Developing an IT Society P51			
Data security and network reliability	<ul style="list-style-type: none">• By FY2020: 30 million password-less login users per month• Maintain zero material incidents*1 in the following three fields:<ul style="list-style-type: none">— Leakage of personal information— Telecommunications service— Financial service	<ul style="list-style-type: none">• Password-less login and other initiatives to enhance login security• Practical training against cyber attacks• Yahoo! Smartphone Security• Yahoo! Security Center• Spam protection	<div> 9.1</div> <p>Develop quality, reliable, sustainable, and resilient infrastructure, including regional and transborder infrastructure, to support economic development and human well-being, with a focus on affordable and equitable access for all</p>
#2 Supporting Disaster Relief and Social Issues P52			
Disaster support measures and solving social issues	<ul style="list-style-type: none">• Cover 90% of the population by FY2025: conclude disaster alliance agreements with local municipalities*2• By FY2028: 10 million donations annually through Yahoo! Internet Fund Raising	<ul style="list-style-type: none">• Disaster alliance• Yahoo! Weather & Disaster• Yahoo! Disaster Alert• Tour de Tohoku support• Collaboration with Fisherman Japan• Tohoku Yell Market• Social Emergency Management Alliance (SEMA)• Search for 3.11• Yahoo! Internet Fund Raising• Yahoo Japan Foundation• reU funding	<div> 11.5</div> <p>By 2030, significantly reduce the number of deaths and the number of people affected and substantially decrease the direct economic losses relative to global gross domestic product caused by disasters, including water-related disasters, with a focus on protecting the poor and people in vulnerable situations</p> <div> 17.17</div> <p>Encourage and promote effective public, public-private, and civil society partnerships, building on the experience and resourcing strategies of partnerships</p>
#3 Building a Society Where Everyone Can Play an Active Role P53			
Realization of a company and society where diversity is respected and performance is maximized	<ul style="list-style-type: none">• By FY2025: in terms of service accessibility, several lifeline-related services will be partially compliant with Level A of JIS X 8341-3:2016*3• Full implementation of following diversity measures by 2025*4<ul style="list-style-type: none">— Project to support working women— Round table talks on nursing care and work— Meetings where management directly answers employees' questions— Projects to support balancing of child raising and work— Promotion of sabbatical leave	<ul style="list-style-type: none">• Program for athletes with disabilities• Audible elections• Co-hosting of Japan's largest accessibility conference• Sponsorship of "Global Accessibility Awareness Day"• "Potential hiring"• Promotion of health management• Basic policy on diversity• Woman PJ (women's workplace participation)• Rainbow project• Supporting employee diversity• Sponsorship of "MASHING UP"• In-house nursery "Hutte"	<div> 5.5</div> <p>Ensure women's full and effective participation and equal opportunities for leadership at all levels of decision-making in political, economic, and public life</p> <div> 8.5</div> <p>By 2030, achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value</p>
#4 Working toward a Sustainable Society P54			
Responding to climate change	<ul style="list-style-type: none">• By FY2028: reduce CO₂ emissions per revenue by 50% from FY2008 levels	<ul style="list-style-type: none">• Next-generation datacenter• Introduction of renewable energy• Serving Blue Seafood at Company restaurants• Support for carbon offset campaigns at national parks• Cultivation of firefly habitats in biotopes• Green500 supercomputer• Eco-friendly company initiatives• ecohai	<div> 12.5</div> <p>By 2030, substantially reduce waste generation through prevention, reduction, recycling, and reuse</p> <div> 13.2</div> <p>Integrate climate change measures into national policies, strategies, and planning</p>

*1 Incidents that occurred within the business activities of the Yahoo Japan Group, which require reports to regulatory authorities
*2 Local municipalities refer to cities, wards, towns, and villages
*3 Official name for JIS X 8341-3:2016: Guidelines for Older Persons and Persons with Disabilities - Information and Communications Equipment, Software, and Services - Part 3: Web Content
*4 These measures have been notified to the Ministry of Health, Labour and Welfare as "Action Plan for Promoting the Participation of Women in the Workplace."

Strengthening the Foundation for Sustainability

Corporate Governance P55	Risk Management P63
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Creation of Shared Value through Four UPDATES

The mission of Yahoo! Japan Corporation (“Yahoo! JAPAN”) as a problem-solving engine is to resolve the problems of the people and society by leveraging the power of information technologies. On this page, we introduce examples of initiatives to approach social issues through our business and to heighten corporate value in both financial and non-financial aspects.

In September 2018, a constructive comment ranking model was introduced into the comment section of Yahoo! News. By displaying highly constructive comments at the top of the ranking, this model contributed to the creation of a forum for lively discussion that leads to new realizations. We asked two members of the project team that developed this model to explain the issues it resolves and to offer details on the development process and future plans.

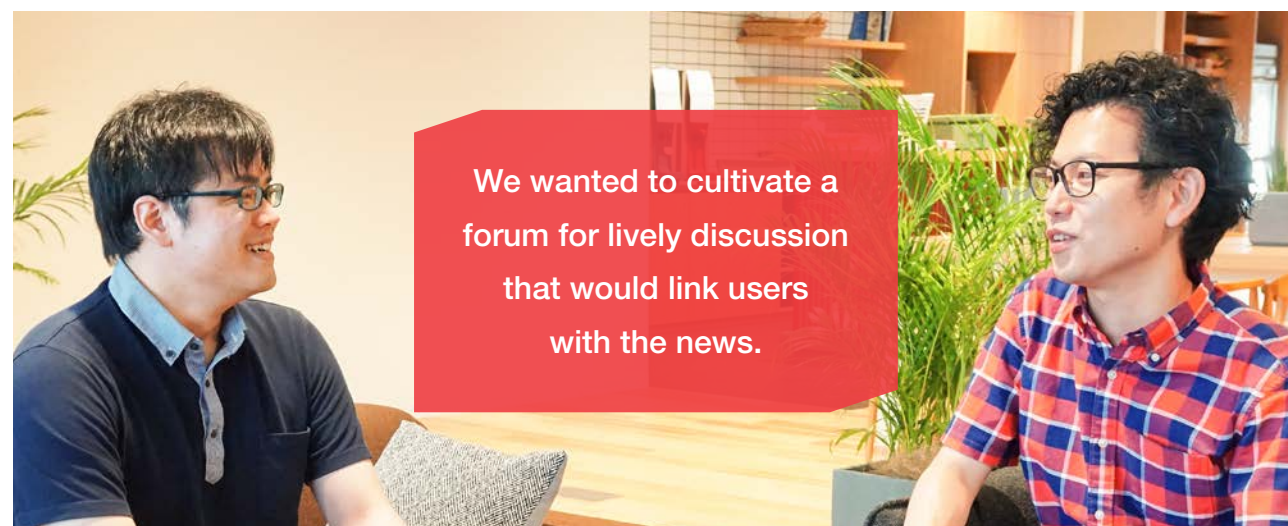


A Forum for Lively Discussion through Constructive Comments—Initiative at Yahoo! News

#1 Developing an IT Society

Social Issues Approached

Around 400,000 comments are posted on Yahoo! News every day, a large number of which are slanderous or unpleasant for various reasons. In this ecosystem, what can be done to create a forum for constructive discussion that fosters new realizations and understanding among users?



Yoshimune Tabuchi

Development Division,
Media Services Group

After joining Yahoo! JAPAN in March 2016, assigned to handle the development and operation of news systems. Is in charge of comment improvement project since 2017.

Masashi Numata

Product Planning & Design Division,
Media Services Group

Masashi Numata joined Yahoo! JAPAN after graduating university in April 2008. Hired as an engineer, initially put in charge of internal systems. In 2013, transferred to Yahoo! News, where he is responsible for the planning of comments and apps.

UPDATE JAPAN MESSAGE

Our New Vision for the Next 20 Years

As a problem-solving engine, Yahoo! JAPAN is dedicated to the mission of solving the problems of the people and society by leveraging the power of information technologies. UPDATE JAPAN, our guiding vision, expresses our intent to UPDATE Japanese society. We will UPDATE JAPAN by using information technology to resolve the issues facing people and society as a whole. We will continue to UPDATE JAPAN as we work to provide solutions to individual and social problems to strengthen our position as a company that is truly indispensable to Japanese society, not only for the next 20 years, but also for the next 100.

What was the background behind the development of the constructive comment ranking model?

Numata: Yahoo! News has included a comment feature since 2007. Rather than just providing the news in a one-sided manner, we wanted to cultivate a forum for lively discussion that would link users with the news as they submitted their opinions and impressions. However, some voiced concerns over the large number of slanderous or unpleasant comments among the 400,000 comments that are posted on Yahoo! News each day. There was a need to rank these comments, because the sheer volume made it impossible for users to view them all, which was an issue for us to resolve. We tried various approaches to overcome this issue, but none were sufficient, and further improvement was needed.

This prompted us to define our vision for the comment feature based on the keywords “realizations,” “understanding,” and “constructive.” Our top priority was to ensure constructiveness. This process led to the establishment of a project team in October 2017 in coordination with the data science team and the Yahoo! News Editing Department.

What was the development process like?

Tabuchi: I am an engineer at Yahoo! News as well as a member of the natural language processing working group in the Company. The first step taken in this project was to discuss what exactly constituted a high-quality, constructive comment. Referencing existing research, we formulated a definition for constructive comments on the premise that the comments are related to the article and are not slanderous. In addition to this precondition, we included four principal conditions, one of which was “comments that present new ideas, solutions, or insights.” We then employed a crowdsourcing model to have 50,000 comments reviewed and labeled “constructive” or “unconstructive.” Together with this information, we applied natural language processing to develop a model. The thesis on this model was accepted at the 57th Annual Meeting of the Association for Computational Linguistics, the world’s foremost natural language processing conference.

Numata: We had the Yahoo! News Editing Department check the comment list generated through this model. The department suggested that, while it is easy for longer comments to claim higher slots

in the constructiveness ranking, it would be best for short yet constructive comments to also be ranked in the higher slots. We made a slight adjustment to the model based on this input. This was something that would not have been noticed without human eyes.

Tabuchi: We were aware that just because a model is ideal from a technical standpoint, it does not mean that it will be ideal from a service standpoint if used for this application without further adjustment. I am truly glad that we had the model examined from the perspective of a professional editor.



Screen image of the comment section of Yahoo! News (for illustrative purpose only)

What was the response after the introduction of the constructive comment ranking model?

Numata: Social media was booming with talk of how the comment feature on Yahoo! News had improved. The model was well received within the Company as well, inspiring us to make better use of comments. For example, we added a feature to the Yahoo! News app to display comments on the article timeline. This feature would have been impossible when the comment section frequently displayed unpleasant comments. We are also indicating the number of comments in topics headlines to highlight the level of interest for each topic.

What are your future plans for this model?

Numata / Tabuchi: The top 3 comments receive the most views. Going forward, we hope to find a way to make these three constructive comments more diverse in order to deliver a wider range of opinions to users. It may be difficult to establish a clear definition of “diversity,” but we hope to tackle this challenge together with the relevant parties.

LEARN MORE Dataset Creation for Ranking Constructive News Comments
https://research-lab.yahoo.co.jp/nlp/20190729_fujita.html

#1

Developing an IT Society

9

Business Strategy

Information Technology

Importance to the Company

Expectations from Society

Medium-Term Goals

• Promotion of innovation

• Development of IT industry / market expansion

• Solving of social issues through high-quality services

• Safe and secure development of information-based society

• Safe and secure use of IT by children and improvement in IT literacy

• Cultivation of IT human resources

• Correction of information gap

• By FY2020: 30 million password-less login users per month

• Maintain zero material incidents in the following three fields:

— Leakage of personal information; telecommunications service; financial service

Specific measures to achieve medium-term goals and progress made

Proliferation of Password-less Logins

As a measure to prevent unauthorized access by malicious third parties, we promote the proliferation of password-less logins. Risks of unauthorized access by so-called list-type attacks can be resolved by disallowing logins using passwords. In such attacks, malicious third parties try to hack accounts using the combination of accounts and passwords from a list acquired from other websites. In addition to passwords, users can also make a setting so that they can login using the confirmation code sent to the mobile phone numbers registered in their IDs. Furthermore, instead of passwords entered or confirmation codes sent by SMS, users can login more easily using the fingerprint/facial recognition functions on their smartphones. Using biometric recognition,* we provide easy and highly convenient logins while enhancing security.

* We adopt FIDO2 specification, WebAuthn for biometric recognition.

Number of users using password-less logins (Thousand ID)

1,969

9,604

Approx. 5x

17

18

Towards Zero Material Incidents

In regards to information security, the Yahoo Japan Group strives to ensure confidentiality, availability, and integrity as well as to prevent material incidents especially in fields that handle highly confidential information. As part of our efforts, we address the vulnerabilities of applications by conducting vulnerability examinations through dedicated teams in the Company and through third-party institutions. We hold secure coding trainings for engineers in our aim to ensure that applications do not have vulnerabilities. We also conduct incident response training against cyber-attacks in order to strengthen our responsiveness to incidents. Furthermore, as measures to protect our users, we work to raise awareness on managing IDs in a secure manner and provide tools for that purpose. We also have preventive measures in place that anticipate a certain level of unauthorized use. As a group, Yahoo! JAPAN and some subsidiaries received third-party audits and acquired Information Security Management System (ISMS) certification ISO/IEC 27001:2013, the ISMS international standard, and JIS Q27001:2014 certification, the Japanese standard, for all of our businesses. In addition, for our payment service “Yahoo! Wallet,” we obtained PCI DSS accreditation (Level 1), a security standard for member information, transaction information, and payment processes related to credit card payments.

Number of material incident in the three fields

11

10

14

16

17

18

* Includes incidents at PayPay Corporation from fiscal 2018

#2

Supporting Disaster Relief and Social Issues

11

Sustainable Growth

Disaster Relief and Social Issues

17

Partnerships

For the Society

Importance to the Company

Expectations from Society

Medium-Term Goals

• Strengthening of relationships with stakeholders such as local governments, public offices, and NPOs

• Improvement of service reliability as a social infrastructure company

• Enhancement of brand value and expansion of user base

• Reinforcement of disaster prevention and mitigation, strengthening of IT infrastructure

• Revitalization of local communities

• Solving of social issues through NPO support

• Cover 90% of the population by FY2025: conclude disaster alliance agreements with local municipalities

• By FY2028: 10 million donations annually through Yahoo! Internet Fund Raising

Specific measures to achieve medium-term goals and progress made

Conclusion of Disaster Alliances with Local Authorities to Provide Timely Disaster Information

Yahoo! JAPAN promotes the conclusion of alliances with local authorities in order to deliver information held by local authorities to as many people as possible in the case of a disaster using information technology. In addition, we aggregate and provide various disaster-related information, such as evacuation advisory/order from local authorities and the location of evacuation centers, designated by the authorities, so that users can access these information. At the time of disaster, we release a cached version of websites operated by local authorities to reduce the burden on websites with heavy access and to prevent difficulty in browsing. Through these alliances, we also provide tools to distribute emergency information from local authorities to Yahoo! Disaster Alert. By turning on the location notification of devices, not only residents but also travelers visiting the site can receive the emergency information. As of the end of May 2019, we have concluded disaster alliances with 639 local authorities.

Going forward, we will contribute to enhancing safety in our users’ lives through the Internet by increasing these alliances with local authorities and providing information beyond the scope of the local authorities.

Population covered by disaster alliance agreements (%)

54.5

66.3

16

18

Fostering a Donation Culture in Japan

In order to promote the resolution of various social issues both in and out of Japan with the power of the private sector, we began providing “Yahoo! Internet Fund Raising” in 2004. Users can easily donate to organizations such as NPOs using credit cards and T Points.

In Yahoo! Internet Fund Raising, we regularly raise funds for organizations that are active in various fields such as international cooperation, the environment, and welfare in “Donations.” In addition, in “Emergency Fund Raising,” we also raise funds immediately after disaster strikes to provide expeditious support. To raise interest among users who have never donated before, we provide donation frameworks such as “Donation with Lottery” whereby donors receive prizes by lottery and “Donation with Gifts” in which donors receive gifts.

In fiscal 2018, we raised a total of ¥1,270,548,410. Cumulative funds raised amounted to ¥5,214,780,986. Moving on, we will foster and spread a donation culture in Japan whereby we can donate easily using the Internet.

Number of donations made in Yahoo! Internet Fund Raising (thousand/year)

1,584

1,625

2,804

16

17

18

51

Yahoo Japan Corporation

Integrated Report 2019

52

#3

Building a Society Where Everyone Can Play an Active Role

5

Gender Equality

8

Decent Work and Economic Growth

Importance to the Company

Expectations from Society

Medium-Term Goals

- Securing of diverse human resources that understand various social needs
 - Realization of a society where everybody enjoys the benefits of information technology and where nobody is left behind
 - Acquisition and retention of outstanding talent
 - Realization of a company where a diverse pool of people play active roles, harmoniously coexist, and embrace each other's individuality
 - Securing of accessibility
- Realization of a society where a diverse pool of people play active roles, harmoniously coexist, and embrace each other's individuality
 - Fulfillment of work-life balance
 - Development of working skills, expansion of employment opportunities, and enhancement of productivity
 - Achievement of a society where everyone can play an active role, including women and people with disabilities
- By FY2025: in terms of service accessibility, several lifeline-related services will be partially compliant with Level A of JIS X 8341-3:2016
 - Full implementation of following diversity measures by 2025
 - Project to support working women; round table talks on nursing care and work; meetings where management directly answers employees' questions; projects to support balancing of child raising and work; promotion of sabbatical leave

Specific measures to achieve medium-term goals and progress made

Empowering Every One of Us through the Power of Information Technology

Accessibility measures the level of usability of information and services provided regardless of the mental/physical state and the usage environment of all users. Yahoo! JAPAN works to ensure accessibility of its web contents so that they can be used by as many users as possible in as many scenes as possible. We endeavor to improve accessibility by having people with visual impairments undergo user tests and participate in discussions on our services. For example, many people with visual impairments have difficulty acquiring information from online election bulletins. To solve this problem, we have created a website, "Audible Election," to read out information using a recitation software.

More recently, we co-hosted Japan's largest accessibility conference, Japan Accessibility Conference (JAC), with other companies. As an Internet leading company, we also put effort into awareness-raising activities such as the sponsorship of "Global Accessibility Awareness Day."

Major Achievements in Fiscal 2018

- "Audible Election"
 - Compliance with Level A of JIS X 8341-3:2016
- "Yahoo! Weather & Disaster"
 - Visibility of weather maps verified by low-vision users at service renewal
- "Yahoo! Finance" app
 - Visibility secured

Aiming to Build a Society Where Everyone Can Play an Active Role

Our company is comprised of employees with various values and in various life stages. We aim to create company and society where people from all walks of life can actively participate by making full use of their strengths. In order to realize diversity and cultivate a corporate culture that offers a pleasant work environment, we have "Sponsorship Programs" in which internal projects are run by volunteers and supported by corporate officers. We have also established the "Papa Mama Project (child raising)," "Woman Project (women's workplace participation)," "Health Promotion Project for Women," "Rainbow Project (LGBT)," special project for employees with disabilities, and the "Global Project (non-Japanese employees)." Through these projects, various activities are held to foster a better working environment for all employees. Sabbatical leaves of two to three months, given to permanent employees with continued service of ten years or more, have been taken by an increasing number of employees since the start of the program. In fiscal 2018, we opened an in-house nursery, "Hutte," in Tokyo Garden Terrace Kioicho, where our headquarters are located, for the purpose of supporting the return and continued employment of employees after taking their maternal/child-raising leave.

Three consecutive years of fully implementing the following diversity measures:

- Project to support working women
- Round table talks on nursing care and work
- Meetings where management directly answers employees' questions
- Projects to support balancing of child raising and work
- Promotion of sabbatical leave

#4

Working toward a Sustainable Society

12

Responsible Consumption and Production

13

Climate Action

Importance to the Company

Expectations from Society

Medium-Term Goals

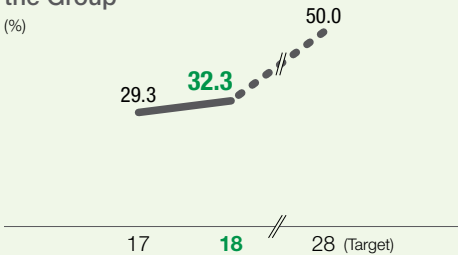
- Reduction of risks related to energy and other environmental regulations
 - Decrease in energy costs through energy and resource conservation
 - Differentiation of our services
 - Stabilization of business environment
- Response to climate change and global warming
 - Securing of sustainable energy
 - Sustenance of social environment
- By FY2028: reduce CO₂ emissions per revenue by 50% from FY2008 levels

Specific measures to achieve medium-term goals and progress made

Increasing the Ratio of Renewable Energy Used in Data Centers

In order to contribute to the achievement of a sustainable society, we promote measures to respond to climate changes. Most of the servers necessary to operate our business are managed by our own facilities. In particular, at Asian Frontier, our data center in Kitakyushu City, Fukuoka Prefecture, as well as at our Shirakawa Data Center in Shirakawa City, Fukushima Prefecture, we implement measures to combat global warming using the latest technologies, including the installation of air conditioning systems that use outside air. We also work to improve the efficiency of energy use by continuously replacing facilities and making new capital investments. Additionally, our U.S. subsidiary Actapio, Inc. constructed a new data center with approximately 1,600 racks. It started operations in April 2019. The data center is located in Washington State, where hydraulic power generation is prevalent, and uses 100% renewable energy for its operation. Actapio, Inc. began the operation of Yahoo! JAPAN's first data center outside of Japan (200 racks) in December 2014, also in Washington State. With the construction of a data center that is larger in scale, our use of renewable energy will increase even further.

Amount of CO₂ reduction throughout the Group* (%)



* Emission for fiscal 2018 = 100; per unit sale

Reducing Use of Plastic in the Company and Raising Awareness

We have reviewed the use of disposable plastic cups for cold drinks in our company café in the Tokyo Kioicho office. Instead of plastic cups, we have introduced bamboo cups, which will be reused after cleansing. We have also put a system in place so that employees can bring these cups to their desks. The bamboo cups are made from bamboo fiber, which is powdered and packed with resin. They are made from environment-friendly material and the carbon footprint from their manufacturing to disposal is small. More specifically, this introduction is expected to reduce up to 10,000 plastic cups per month considering the number of drinks sold. Going forward, we will reduce plastic waste even further. Our media "Gyoppy!," specializes in marine issues such as plastic waste and ocean acidification. At the end of some articles, we have provided links to "Yahoo! Internet Fund Raising" and for the purchase of environmentally friendly fish so that readers can contribute to the resolution of these issues after reading the articles.



Gyoppy! Media that fosters happiness from oceans and fishery
<https://gyoppy.yahoo.co.jp/>

Reduce up to 10,000 plastic cups

per month by introducing bamboo cups



Corporate Governance

Yahoo Japan Corporation (the Company) and its consolidated subsidiaries and affiliates (the Yahoo Japan Group) consider good corporate governance to be essential to enhancing corporate value over the medium to long term. For this, as stated in our Charter of Corporate Behavior, the directors, corporate officers, and employees fully understand our required roles, will maintain sound corporate governance, and will practice efficient corporate activities in order to retain the trust and understanding of all stakeholders.

Corporate Governance System

Yahoo Japan Corporation has converted to a company with an Audit and Supervisory Committee from June 2015, in order to establish both: a structure that encourages “aggressive governance” so that timely business decisions can be made in the Internet industry; and a structure that promotes the aim of the corporate governance code, namely “transparent, fair, timely, and decisive decision making”. Yahoo Japan Corporation judges the current system to be the best whereby: all of the three Audit and Supervisory Committee members are independent outside directors; and the speedy decision-making and monitoring of management is secured by dividing the roles of decision-making of management matters and supervision of business execution (Board of Directors) from the actual business execution (corporate officers).

Initiatives toward Strengthening Corporate Governance

1997	• Listed on the over-the-counter (OTC) market (currently JASDAQ).
2001	• Formulated investment guidelines (currently Investment and Loan Regulations), and began deliberations through the investment committee (currently Investment and Loan Committee).
2003	• Established a content-related advisory board (currently Advisory Board). • Listed on the First Section of the Tokyo Stock Exchange.
2006	• Formulated the Charter of Corporate Behavior.
2009	• Implemented the corporate officer system with the aim of achieving further growth and an efficient organizational structure.
2012	• Implemented new management structure in response to rapid smartphone proliferation and related changes in Internet usage environment, and appointed Manabu Miyasaka as President and Representative Director.



2015	• Transitioned to a company with an audit and supervisory committee, with the aim of further promoting the separation of the supervisory functions of the Board of Directors from the business execution function of corporate officers. • Appointed two independent outside directors and reduced the number of officers from 11 (seven directors, four auditors) to nine, in order to strengthen the supervisory functions and downsize the Board of Directors. • Established the Remuneration Committee to enhance transparency of remunerations.
2016	• Commenced evaluation of effectiveness of the Board of Directors.
2017	• Appointed Alexi A. Wellman, who became the first female non-Japanese member of the Board, increasing the number of female Board members to two. • Adopted restricted stock compensation plan to sustainably increase corporate value.

2018	• In addition to becoming a smartphone company, took on a new challenge of becoming a data-driven company and adopted a new management structure. Appointed Kentaro Kawabe as President and Representative Director. • SoftBank Corp. acquired roughly 10% of Altaba Inc.'s shares in the Company through a tender offer, and the Company decided to acquire approximately 10% of treasury shares from SoftBank Group Corp. through a tender offer. Through these transactions, the Company aimed to further enhance synergy with SoftBank Corp. while maintaining independence as a listed company.
2019	• Newly appointed one independent outside director, increasing the number of independent outside directors to three. • Announced transition to a holding company structure to enable flexible and expeditious decision-making, optimal distribution of business resources, and speedier implementation of business strategies. Simultaneously announced the establishment of a finance intermediate holding company to strengthen governance in our finance business. • Acquired treasury shares to reduce parent company, etc.'s ownership of Company shares from approx. 48% to approx. 45%, with the aim of maintaining autonomy and independence as a listed company.

Corporate Governance System (As of July 31, 2019)

Board of Directors

Number of meetings held (FY2018): 15
The Board of Directors is responsible for corporate management policies, management strategy, business planning, the acquisition and liquidation of important assets, decision making regarding important organization or personnel matters, and the supervision of the execution of business of Yahoo Japan Corporation and its subsidiary companies. By having seven non-executive directors out of the nine directors, Yahoo Japan Corporation aims to clearly divide the role of the decision-making of management matters and supervision of business execution (the role of the Board of Directors) from the actual business execution (the role of corporate officers).

CEO Committee/Top Management Committee

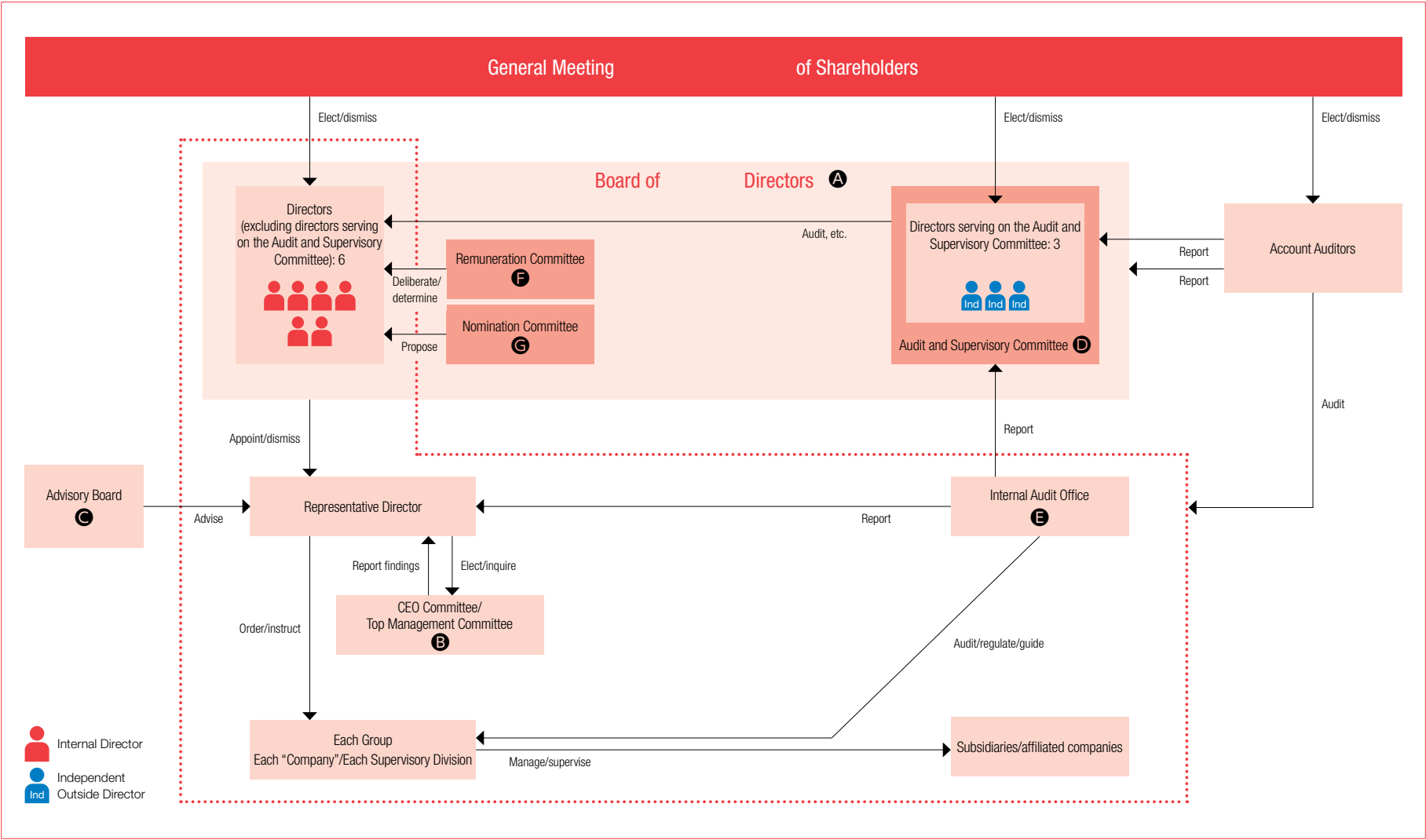
Important items that require decisions to be made by the Board of Directors are reviewed in advance at the CEO Committee and at other meetings. Important items related to the Yahoo Japan Corporation and to group companies are reviewed in the CEO Committee based on internal company regulations. Important issues that may have a significant impact on our business are regularly monitored by the Top Management Committee, and the president and managing corporate officers hold discussions in order to achieve timely, decisive decision-making.

Advisory Board

When the need for broad-based deliberation arises with regard to issues such as managing a business, launching a new service, or other issue of strategic significance, we convene an Advisory Board comprising highly respected outside experts from academic and business communities such as university professors, legal professionals, persons from the media sector, and others. This enables us to incorporate a diverse range of views and opinions into important management decision-making. The Advisory Board has convened a total of over 30 times to date to discuss on such themes as “Revisions to the Privacy Policy” and “Yahoo! JAPAN’s New CSR/CSV Strategies.”

Audit and Supervisory Committee

Number of meetings held (FY2018): 5
The Audit and Supervisory Committee is composed of three members, all of whom are independent outside directors. The Audit and Supervisory Committee is responsible for auditing and supervising all aspects of the Company’s business activities, including the appropriateness of policy, planning, and procedures; the effectiveness of business implementation; and compliance with laws and regulations, carried out by means of, for example, perusing important documents and inspecting subsidiary companies. Each member of the committee monitors overall business



② administration, including the appropriateness of individual matters of business execution, by attending important meetings, including the Board of Directors meetings. Furthermore, the Audit and Supervisory Committee receives reports on auditing methods and results from account auditors and the Internal Audit Office. Based on these activities and reports, the Audit and Supervisory Committee regularly presents opinions to the full-time directors who are not Audit and Supervisory Committee members.

Audit and Supervisory Committee Members
Shingo Yoshii, Hiromi Onitsuka-Baur, and Yoshio Usumi

Internal Audit Office

Reporting directly to the president, the Internal Audit Office oversees the development and thorough implementation of internal control systems throughout the Yahoo Japan Group in addition to providing evaluations and improvement guidance for Groupwide systems with the goal of ensuring appropriate and efficient execution of business operations. The Internal Audit Office carries out its various audit-related activities in cooperation with audited departments and subsidiaries.

Remuneration Committee

Number of meetings held (FY2018): 3
The Remuneration Committee of Yahoo Japan Corporation, which consists of the President and Representative Director; a non-executive director who is not an independent outside director; and independent outside directors, based on the Regulation of Remunerations for Directors as determined by the Board of Directors, determines the amounts of the bonus and remunerations of the directors and senior management after careful deliberation, based on the business performance in each quarter, the contributions to the business performance, and other factors.

Remuneration Committee Members
Kentaro Kawabe, Ken Miyauchi, Shingo Yoshii, and Hiromi Onitsuka-Baur

Nomination Committee

Number of meetings held (FY2018): 1
Based on the Regulation for Nomination Committee determined by the Board of Directors, the Nomination Committee expresses its opinion to the Board of Directors on all matters related to the agenda of the shareholders meeting on the election and dismissal of directors; election and dismissal of the President, CEO, Representative Director, and Chairman of the Board of Directors; succession plan of President/CEO.

Nomination Committee Members
Kentaro Kawabe, Ken Miyauchi, Shingo Yoshii, and Hiromi Onitsuka-Baur

Board Policies and Procedures in the Appointment and Dismissal of the Senior Management and the Nomination of Director Candidates

The suitable person for director candidate is nominated and the suitable person for senior management is elected by the Board of Directors. The criteria which are taken into consideration include performance, experience, knowledge, popularity, etc. in Yahoo Japan Corporation or in other companies. If a member of the senior management falls under the reasons for dismissal as prescribed in the internal regulations, the

Board of Directors can resolve the dismissal of the senior management member in question. Furthermore, in order to preserve diversity within the Board of Directors, and to prevent membership from gravitating towards all members having similar characteristics, the Board of Directors will solicit opinions from the independent outside directors before making its final decision on the nomination of director candidates.

Reasons for the Nomination of Director Candidates (As of July 31, 2019)

Directors	Reason for nomination
Kentaro Kawabe	Since joining the Company in 2000, Kentaro Kawabe has served with distinction for 18 years in important positions of the Company including manager of the Company's core services such as Yahoo! News and Chief Operating Officer (COO), contributing to the growth of the Company. He was appointed Chief Executive Officer (CEO) in April 2018, and President and Representative Director in June 2018. The Company has elected him for appointment as a director candidate so that he can lead the growth of the Company even further.
Takao Ozawa	Since joining the Company in 2012, Takao Ozawa has grown the Commerce Business of the Yahoo Japan Group through strong leadership, such as in promoting the "e-commerce revolution." The Company has elected him for appointment as a director candidate so that he can lead the growth of the Company even further, based on his expertise in the Internet business and commerce fields as well as abundant experience in corporate management and broad knowledge in the creation of new businesses as an entrepreneur.
Masayoshi Son	Masayoshi Son has a great deal of experience and extensive knowledge as an executive manager. The Company has elected him as a director candidate of the Company so that his recommendations and advice as a pioneer can be utilized for the management of the Group.
Ken Miyauchi	Ken Miyauchi is the Chief Executive Officer of SoftBank Corp., which is closely involved in the business operations of the Company, and has a wealth of management experience in the mobile phone business. In order to receive his valuable advice on the business operations of the Group, the Company has elected him as a director candidate of the Company.
Kazuhiko Fujihara	Kazuhiko Fujihara is Board Director, Executive Vice President & CFO of SoftBank Corp., which is closely involved in the business operations of the Company. The Company has elected him as a director candidate to receive management consultation and valuable advice on finance and accounting as well as on business operation in general, based on his years of experience in the corporate planning and finance divisions at SoftBank Corp.
Taku Oketani	Taku Oketani is Senior Vice President of SoftBank Corp., which is closely involved in the business operations of the Company, and has deep insight and broad knowledge in the commerce and marketing fields. Amid intensified competition in the commerce and payment service areas, the Company has elected him as a director candidate to obtain valuable advice on business operation so as to further strengthen business synergies with SoftBank Corp.
Audit and Supervisory Committee members	Reason for nomination
Shingo Yoshii	Shingo Yoshii has a wealth of knowledge and experience in business management. He has a great deal of insight regarding corporate governance, and has served with distinction for seven years since his assumption of office as an outside auditor of the Company in June 2008 and for four years as an outside director (independent director) and full-time Audit and Supervisory Committee member since his assumption of office in June 2015. The Company has elected him as a director candidate serving on the Audit and Supervisory Committee because he has contributed to the strengthening of corporate governance and to the improvement of the corporate auditing system.
Hiroimi Onitsuka-Baur	Hiroimi Onitsuka-Baur has a wealth of knowledge and experience in business management, and has served with distinction for three years since her assumption of office as an outside auditor of the Company in June 2012 and for four years as an outside director (independent director) and full-time Audit and Supervisory Committee member since her assumption of office in June 2015. The Company has elected her as a director candidate serving on the Audit and Supervisory Committee because she has contributed to the strengthening of corporate governance and to the improvement of the corporate auditing system.
Yoshio Usumi	Yoshio Usumi has many years of business execution experience and track record in corporate administration. The Company has elected him for director candidate serving on the Audit and Supervisory Committee, based on his abundant knowledge and track record in corporate management and corporate governance as well as deep insight in the IT business.

Remuneration for Directors and Senior Management

Based on the Regulation of Remunerations for Directors as determined by the Board of Directors, the Remuneration Committee of Yahoo Japan Corporation, which consists of the President and Representative Director, Chairman of the Board of Directors, non-executive directors who are not independent outside directors, and independent outside directors, determines the amounts of the remunerations and bonuses of the

directors and officers, etc. after careful deliberation, according to the business performance in each quarter, the individual's contributions to the business performance, and other factors. Remuneration is classified into the following three types and the amount of remuneration is determined by adjusting its proportion according to the type of remuneration based on the roles and responsibilities of the position.

(As of July 31, 2019)	
1. Base remuneration	
2. Short-term performance-based remuneration	
Remuneration for the purpose of enhancing commitment toward the achievement of budgets for the fiscal year under review. As indices related to performance-based remuneration, we adopt operating income as the major index to measure the Company's profitability. In light of our business strategies, we also adopt several KPIs from our management indices. Management indices refer to the goals related to our management policy, management environment, and issues that need to be resolved, etc. Moreover, we conduct a comprehensive evaluation by taking into consideration any negative evaluations given when risks occur, for the purpose of enhancing commitment from a risk management point of view.	
3. Medium- to long-term performance-based remuneration	
Since fiscal 2017, we have provided incentives with the aim of achieving sustainable improvements in corporate value, and have adopted a restricted stock compensation plan with the purpose of further promoting shared value with shareholders. In addition, should there be a serious accounting fraud or significant losses in the Company, the Company shall notify the eligible directors in writing that the Company shall acquire the shares without consideration, and as of the time when this notification has arrived, the Company shall automatically acquire all or part of the shares according to the responsibility of the director. We have implemented a stock option system as remuneration to enhance awareness of medium- to long-term improvements in corporate value.	

Director Remuneration for Fiscal 2018

	Number	Total remuneration (millions of yen)	Breakdown of total remuneration (millions of yen)			
			Base remuneration	Stock options	Bonuses	Restricted stock
Directors (excluding Audit and Supervisory Committee members) (Of which, outside directors)	2 (—)	272 (—)	106 (—)	— (—)	130 (—)	36 (—)
Directors (Audit and Supervisory Committee members) (Of which, outside directors)	2 (2)	60 (60)	50 (50)	— (—)	10 (10)	— (—)
Total (Of which, outside directors)	4 (2)	332 (60)	156 (50)	— (—)	140 (10)	36 (—)

*1 The amount of restricted stock remuneration is the amount of restricted stock remuneration recorded in this fiscal year.
*2 There are no director remuneration, etc. received by the outside directors from the Company's parent company or the subsidiaries of the said parent company other than those prescribed above in this fiscal year.
*3 No director remuneration, etc. were paid to Masayoshi Son, Ken Miyauchi, Arthur Chong, Alexi. A. Wellman, Kazuhiko Fujihara, and Kazuko Kimiwada.

Effectiveness of Board of Directors

Yahoo Japan Corporation conducts interviews with Audit and Supervisory Board members, etc. once a year on a regular basis, in order to analyze and evaluate the effectiveness of the Board of Directors. The effectiveness of the Board of Directors was referred to the Board of Directors again this year. As a result, it was confirmed that effectiveness of the Board is generally secured. Although some

improvements were seen in issues pointed out in the previous year such as discussions on mid-long business plans, it was confirmed that there still remain some issues in the content of the materials for Board of Directors meetings and their distribution timing. We would like to leverage this result and continue to make improvements.

Management Team (Corporate Officers) Remit

In addition to formulating business strategies and management plans, the Company's Board of Directors shall make decisions on important business execution matters. Specifically, M&A and the acquisition or disposal of large amounts of assets shall be deemed matters to be resolved by the

decision of the Board of Directors, but in the case of other business execution matters, responsibility for decisions shall in principle rest with the management team in accordance with the Regulations of the Board of Directors Meetings.

Fortifying Internal Control

In accordance with the Basic Policy for Internal Control established by the Board of Directors, the Company strives to ensure the appropriateness of all business activities and continuously makes improvements with the goal of creating a more effective system for internal control. One of the key

objectives of internal control is to enhance the effectiveness and efficiency of business operations, and the Company therefore establishes operational flows and prioritizes operational systematization, automation, and integration in support of ongoing improvements.

Policy on Measures to Protect Minority Shareholders in Conducting Transactions with Controlling Shareholder

Yahoo Japan Corporation's parent company as of July 31, 2019 are SoftBank Group Corp., SoftBank Group Japan Corporation, and SoftBank Corp., which appoint five of the Company's nine directors. While one of the roles of the Board of Directors is to oversee business execution with a view to further enhancing corporate value, with respect to determining specific matters and business execution the Company acts independently based on decisions made by corporate officers. The Company is not overly dependent on the parent company or any of the other associated companies with respect to sales and marketing transactions. The vast majority of the Company's business transactions are conducted with individual consumers and companies having no capital-based relationship with the Company.

Moreover, the Company's Regulations for Appropriate Business Transactions and Practices by Yahoo Japan Corporation, its Parent Company, Subsidiaries, and Affiliates specifically call for the prohibition of transactions with the parent company and/or other associated companies that give rise to either an unfair advantage or disadvantage with respect to similar transactions with other third parties, as well as transactions that seek to transfer profits, losses, or risk. Based on these and other initiatives, the Company strives to maintain fair and appropriate transactions. Utilizing a raft of such measures, the Company is judged to be maintaining its independence from the business operations of its parent company and/or other associated companies to a sufficient degree.

Measures Concerning Shareholders and Other Stakeholders

The Company makes various efforts to vitalize shareholders meetings and to facilitate shareholders' exercise of voting rights. For example, since its founding the Company has held its annual general meeting of shareholders on a day when other major companies do not. In addition, we promptly post notices of our annual general meeting of shareholders and their English translations on the Company's Investor Relations website before mailing out notices to

Investor Relations Activities

The Company's investor relations (IR) activities aim to provide timely, accurate, and fair information disclosure in accordance with rules prescribed by the Financial Instruments and Exchange Law and the Tokyo Stock Exchange, Inc. In principle, the president and representative director supervises the dialogue with shareholders and other investors, while the chief financial officer (CFO) is responsible for information disclosure.

To support the ongoing dialogue with shareholders and other investors, the Company has established an IR division. By coordinating with the financial affairs, accounting, and legal affairs divisions as well as with various business divisions to create IR-related documents suitable for release, the IR division helps to ensure constructive dialogue with shareholders and other investors.

For securities companies and investors, we provide detailed explanations of the Company's financial results and business status at results briefings. We also provide a public access live streaming service of these briefings. Moreover, in order to promote greater understanding of the Company among a growing number of people, we also carry out proactive disclosure activities, including the provision of on-demand video services later on the day of the earnings announcement as well as teleconferences. At separate meetings conducted each year with securities companies and institutional investors either in person or by telephone, members of senior management, including the president and representative director, proactively discuss current growth strategies and business status updates.

Anti-Takeover Measures

A small group of major shareholders account for a significant portion of the Company's ownership. Because the risk of a hostile takeover bid is considered to be low, the Company has not formulated takeover-related measures. Recognizing

all shareholders. Appealingly designed and printed in full color, the notices contain supplementary non-financial information to broaden shareholders' knowledge of our business operations. Moreover, to ensure that a greater number of shareholders are able to exercise their voting rights, we permit individual investors to vote online and also offer a dedicated Internet voting platform for institutional investors.

For overseas investors, we prepare English versions of nearly all of the Company's disclosure materials. In addition, we have opportunities to directly engage in dialogue with overseas investors during periodic overseas road shows, primarily in North America, the United Kingdom, and Asia.

Since the Company's initial public offering (IPO) in 1997, we have continually provided timely disclosure in the form of quarterly reports detailing our financial and business conditions as well as risk-related information of potential concern to the Company. A complete archive of all disclosure materials published to date is accessible to the public via the Company's Investor Relations website.

Opinions and proposals from shareholders and other investors are compiled in a report that is submitted to directors, corporate officers, and relevant divisions within the Company or, in urgent cases, are communicated to the related parties immediately.

Regarding the potential misuse of insider information, sensitive information that has not yet been disclosed to the public is thoroughly controlled and appropriately handled in accordance with the Regulations on the Prevention of Insider Trading. Regarding information on our business results, in order to prevent leaks in information and preserve impartiality, we have instated a quiet period. During this period, company representatives will refrain from answering any questions or providing any comments related to the business results.

this matter as a potentially significant management issue, however, the Company intends to consider the necessity for and content of effective measures.

Messages from Independent Outside Directors

I will endeavor to manage risks appropriately by identifying social impact from a viewpoint that differs from that of the operating team.

In its Charter of Corporate Behavior, the Yahoo Japan Group ("the Group") upholds a philosophy of carrying out business activities in a competitive marketplace in accordance with rules such as the law, fair business practices, and social ethics. In other words, the Group operates on the belief that corporate value improves as a result of social contribution through healthy business activities.

Today, Yahoo! JAPAN has grown to have a significant impact on the lives of the Japanese people with its huge number of users, to whom it offers new services that had not existed in Japan before. At the same time, it has an inherent risk of affecting society in an unexpected and adverse way if it only observes existing rules.

Therefore, the president and the operating team engage in their daily duties with a full awareness of the impact Yahoo! JAPAN has on society and with solid ethical standards to prevent damage to the Group's corporate value. Furthermore, since risk must be forecasted from a multilateral

perspective, I believe it is becoming increasingly important for independent directors to point out and give advice on the Group's impact on society from a standpoint independent from business execution.

For example, as represented by PayPay, which was launched in 2018, speed will become essential also in business management in the rapidly evolving Internet industry. I will continue to provide advice and recommendations from an independent standpoint while remembering to take into consideration the important matters of how the Group can contribute to society in an environment that requires instant decisions at times and how unexpected adverse effects can be prevented.

Shingo Yoshii

Outside Director (Independent Director)
Full-Time Audit and Supervisory Committee Member

It is important to always hold discussions from the perspectives of the shareholders and users.

In 2018, Yahoo! JAPAN launched a webpage on "Yahoo! JAPAN's Initiatives on Privacy" to facilitate general users' understanding of Yahoo! JAPAN's basic approach and policy on information handling. This initiative was actively discussed among the president and the operating team, and the discussions were regularly reported to the independent outside directors. If there were questions, we asked the corporate officer in charge, with whom we discussed and to whom we conveyed our opinions. It is Yahoo! JAPAN's strength that it has such a scheme to incorporate the views of independent outside directors. As independent outside directors, we carry out discussions and provide opinions from the same perspectives as shareholders and users. Through this, I believe Yahoo! JAPAN can fulfill the social responsibilities of a company that provides services used by many users.

Furthermore, I make sure to conduct audits from the perspective of different stakeholders, such as shareholders. I believe that it is my responsibility as an independent outside director to offer advice including those that ensure that business decisions are made based on thorough

consideration toward developments in the fast-changing society and people's social common sense and sentiment, as well as taking regulatory compliance and compliance to social ethics and morals into account. I intend to continue to actively fulfill my responsibilities and contribute to the further improvement of the corporate value of Yahoo! JAPAN.

Hiromi Onitsuka-Baur

Outside Director (Independent Director)
Full-Time Audit and Supervisory Committee Member

I will fulfill my duty from an objective and neutral standpoint, in order to contribute to Yahoo! JAPAN's medium- to long-term development and improvement of its corporate value.

I was appointed independent outside director of Yahoo! JAPAN following a resolution at the General Meeting of the Shareholders in June 2019. As I familiarize myself with Yahoo! JAPAN's businesses and governance system from the position of independent outside director, I have come to feel an enormous potential in its mission of being a problem-solving engine to solve the problems of the people and society by leveraging the power of the Internet and its vision, "UPDATE JAPAN," of contributing to the realization of a hope-filled society.

In order to provide innovative services and contribute to the realization of a hope-filled society in a fast-progressing information society, it is extremely important to pursue harmony with society by gaining the trust and understanding of the various stakeholders, such as users, shareholders, business partners, and communities.

By leveraging my past work experience of supervising corporate administration, I hope to fulfill my duty of contributing to the medium- to long-term

development of Yahoo! JAPAN and improvement of its corporate value through the provision of appropriate advice and recommendations from an objective and neutral standpoint as an independent outside director.

Yoshio Usumi

Outside Director (Independent Director)
Audit and Supervisory Committee Member

Corporate Governance

Directors, Audit and Supervisory Committee Members, and Operating Team

(As of July 31, 2019)


Directors



Kentaro Kawabe

President and Representative Director
President Corporate Officer
Chief Executive Officer (CEO)


Dec. 1996 Director, Dennotai Corporation
Sep. 1999 CEO, Dennotai Corporation
Dec. 1999 Director, PIM Corporation
Aug. 2000 Joined Yahoo Japan Corporation, Yahoo! Mobile Producer
Jan. 2007 Yahoo! News Producer
May 2009 Representative Director, GyaO Corporation (currently GYAO Corporation)
Apr. 2012 Corporate Officer, Chief Operating Officer (COO), President of Media Business Group
Jul. 2012 Senior Executive Vice President, Chief Operating Officer (COO), Head of Media Service Company
Jun. 2014 Senior Executive Vice President, Managing Corporate Officer, Director and Chief Operating Officer (COO)
Jun. 2015 Senior Executive Vice President Corporate Officer, Chief Operating Officer (COO)
Apr. 2017 Senior Executive Vice President Corporate Officer, Chief Operating Officer (COO), President of Commerce Group
Apr. 2018 Chief Executive Officer (CEO), Senior Executive Vice President Corporate Officer
Jun. 2018 President and Representative Director, President Corporate Officer, Chief Executive Officer (CEO) (to present)
Sep. 2018 Board Director, SoftBank Corp. (to present)



Masayoshi Son

Director


Sep. 1981 Chairman & CEO, SoftBank Corp. Japan (currently SoftBank Group Corp.)
Apr. 1983 Chairman, SoftBank Corp. Japan (currently SoftBank Group Corp.)
Feb. 1986 Chairman & CEO, SoftBank Corp. Japan (currently SoftBank Group Corp.)
Jan. 1996 President and Representative Director, Yahoo Japan Corporation
Jul. 1996 Chairman of the Board of Directors, Yahoo Japan Corporation
Oct. 2005 Director, Alibaba.com Corporation
(currently Alibaba Group Holding Limited; to present)
Apr. 2006 Chairman of the Board, President & CEO, Vodafone K.K. (currently SoftBank Corp.)
Jun. 2007 Chairman & CEO, SoftBank Mobile Corp. (currently SoftBank Corp.)
Jul. 2013 Chairman of the Board, Sprint Corporation
Apr. 2015 Chairman, SoftBank Mobile Corp. (currently SoftBank Corp.)
Jun. 2015 Director, Yahoo Japan Corporation (to present)
Mar. 2016 Chairman, SoftBank Group International GK (currently SoftBank Group Japan Corporation)
Sep. 2016 Chairman and Executive Director, ARM Holdings plc (currently SVF HOLDCO (UK) LIMITED)
Jun. 2017 Chairman & CEO, SoftBank Group Corp. (to present)
Mar. 2018 Chairman and Director, Arm Limited (to present)
Apr. 2018 Chairman, SoftBank Corp. (to present)
May 2018 Director of the Board, Sprint Corporation (to present)
Jun. 2018 Representative Director, SoftBank Group Japan Corporation (to present)



Kazuhiko Fujihara

Director

Apr. 1982 Joined Toyo Kogyo Co., Ltd. (currently Mazda Motor Corporation)
Apr. 2001 Joined SoftBank Corp. (currently SoftBank Group Corp.)
Nov. 2004 Board Director & CFO, SoftBank BB Corp. (currently SoftBank Corp.)
Apr. 2006 Senior Vice President, CFO, Vodafone K.K. (currently SoftBank Corp.)
Jun. 2007 Board Director, Senior Vice President, CFO, Vodafone K.K. (currently SoftBank Corp.)
Jun. 2012 Executive Vice President, Board Director & CFO, SoftBank Mobile Corp. (currently SoftBank Corp.)
Apr. 2014 Executive Corporate Officer, Corporate Planning, Global Business Synergies Division and General Manager of Corporate Planning, SoftBank Corp. (currently SoftBank Group Corp.)
Jun. 2014 Board Director, SoftBank Corp. (currently SoftBank Group Corp.)
Aug. 2014 Director, Brightstar Global Group Inc.
Apr. 2015 Board Director, Executive Vice President & CFO, SoftBank Mobile Corp. (currently SoftBank Corp.)
Jun. 2015 Director serving on the Audit and Supervisory Committee, Yahoo Japan Corporation
Sep. 2016 Senior Vice President, SoftBank Group Corp.
Jun. 2017 Executive Vice President, SoftBank Group Corp.
Apr. 2018 Board Director, Executive Vice President & CFO, SoftBank Corp. (to present)
Jun. 2019 Director, Yahoo Japan Corporation (to present)



Takao Ozawa

Director


Apr. 1995 Joined CSK Corporation (currently SCSK Corporation)
Aug. 1999 Founder and President of Bizseek, Inc.
Mar. 2003 Joined Rakuten, Inc. as Corporate Officer in charge of auction business
Jan. 2005 Director, General Manager of Business Division, Rakuten Baseball, Inc.
Sep. 2012 Joined Yahoo Japan Corporation
Oct. 2012 Board Member, COO, YJ Capital Inc.
Jul. 2013 Corporate Officer, EVP, President of Shopping Company, Yahoo Japan Corporation
Aug. 2013 Director, ASKUL Corporation (to present)
Apr. 2014 CEO, YJ Capital Inc.
Jan. 2015 Board Member, YJ Capital Inc.
Sep. 2015 Director, User Local, Inc. (to present)
Mar. 2016 Director, ValueCommerce Co., Ltd. (to present)
Apr. 2018 Managing Corporate Officer, EVP, President of Commerce Company and President of Shopping Services Group, Commerce Company, Yahoo Japan Corporation (to present)
Jun. 2018 Director, PayPay Corporation (to present)
Jun. 2019 Director, Yahoo Japan Corporation (to present)



Ken Miyauchi

Director

Feb. 1977 Joined Japan Management Association
Oct. 1984 Joined SoftBank Corp. Japan (currently SoftBank Group Corp.)
Feb. 1988 Board Director, SoftBank Corp. Japan (currently SoftBank Group Corp.)
Apr. 2006 Executive Vice President, Director & COO, Vodafone K.K. (currently SoftBank Corp.)
Jun. 2007 Representative Director & COO, SoftBank Mobile Corp. (currently SoftBank Corp.)
Jun. 2012 Director, Yahoo Japan Corporation (to present)
Apr. 2013 Representative Director and Executive Vice President, SoftBank Corp. (currently SoftBank Group Corp.)
Jun. 2013 Representative Director and Senior Executive Vice President, SoftBank Corp. (currently SoftBank Group Corp.)
Jan. 2014 Director, Brightstar Global Group Inc.
Apr. 2015 President & CEO, SoftBank Mobile Corp. (currently SoftBank Corp.)
Jun. 2015 Board Director, SoftBank Corp. (currently SoftBank Group Corp.)
Jun. 2016 Representative Director, President & COO, SoftBank Group Corp.
Apr. 2017 President, SoftBank Group International GK (currently SoftBank Group Japan Corporation)
Apr. 2018 President & CEO, SoftBank Corp. (to present)
Apr. 2018 Board Director, SoftBank Group Corp. (to present)



Taku Oketani

Director


Jan. 1996 Joined Tokyu Amenix Corporation
Oct. 2000 Joined SoftBank BB Corp. (currently SoftBank Corp.)
May 2013 Head of Finance Unit, Corporate Planning Division Head, SoftBank BB Corp. (currently SoftBank Corp.)
Jul. 2015 Vice President, Head of Finance Unit, Corporate Planning Division Head, SoftBank Corp.
Apr. 2016 Vice President, Head of Product & Marketing Unit, Marketing Strategies Division Head, SoftBank Corp.
Jun. 2017 Vice President, Head of Consumer Business Unit, Head of Product & Marketing Unit, Marketing Strategies Division Head, SoftBank Corp.
Apr. 2018 Director, LINE MOBILE Corporation (to present)
Jun. 2018 Senior Vice President, Head of Consumer Business Unit, Head of Product & Marketing Unit, Marketing Strategies Division Head, SoftBank Corp. (to present)
Jun. 2018 Director, PayPay Corporation (to present)
Jun. 2019 Director, Yahoo Japan Corporation (to present)



Shingo Yoshii

Outside Director (Independent Director)
Full-Time Audit and Supervisory Committee Member

Apr. 1971 Joined Sumitomo Corporation
Apr. 2003 Executive Officer, General Manager, Media Business Unit and CATV Business, Sumitomo Corporation
Apr. 2005 Managing Executive Officer, General Manager, Network Business, Sumitomo Corporation
Jun. 2005 Representative Director, Managing Executive Officer, Sumitomo Corporation
Apr. 2007 Representative Director, Managing Executive Officer, General Manager, the Media, Network & Lifestyle Retail Business, Sumitomo Corporation
Apr. 2008 Representative Director, Assistant to President, Sumitomo Corporation
Jun. 2008 Audit and Supervisory Board Member, Yahoo Japan Corporation
Jun. 2015 Outside Director (Independent Director), Full-Time Audit and Supervisory Committee Member, Yahoo Japan Corporation (to present)



Hiromi Onitsuka-Baur

Outside Director (Independent Director)
Full-Time Audit and Supervisory Committee Member

Apr. 1976 Joined Tokyo Shibaura Electric Co., Ltd. (currently TOSHIBA CORPORATION)
Apr. 2005 General Manager, Clinical Laboratory Systems Division, Toshiba Medical Systems Corporation (currently Canon Medical Systems Corporation)
Jun. 2009 Vice President, Chief Marketing Executive and General Manager, Clinical Laboratory Systems Division, Toshiba Medical Systems Corporation (currently Canon Medical Systems Corporation)
Apr. 2010 Vice President, Chief Marketing Executive and General Manager, Corporate Audit Department, Toshiba Medical Systems Corporation (currently Canon Medical Systems Corporation)
Jun. 2011 Temporary Advisor, Toshiba Medical Systems Corporation (currently Canon Medical Systems Corporation)
Jun. 2012 Audit and Supervisory Board Member, Yahoo Japan Corporation
Jun. 2015 Outside Director (Independent Director), Full-Time Audit and Supervisory Committee Member, Yahoo Japan Corporation (to present)



Yoshio Usumi

Outside Director (Independent Director)
Audit and Supervisory Committee Member

Apr. 1983 Joined Nomura Research Institute, Ltd.
Apr. 2006 General Manager, Human Resources Development Department, Nomura Research Institute, Ltd.
Apr. 2008 General Manager, Human Resources Department, Nomura Research Institute, Ltd.
Apr. 2010 Senior Managing Director in charge of corporate planning, corporate communications, legal & intellectual property, and General Manager, Corporate Planning Department, Nomura Research Institute, Ltd.
Apr. 2015 Senior Corporate Managing Director in charge of Corporate Administration, Nomura Research Institute, Ltd.
Jun. 2017 Member of the Board, Senior Corporate Managing Director in charge of Supervising of Corporate Administration, Nomura Research Institute, Ltd.
Apr. 2018 Member of the Board, Senior Executive Managing Director in charge of Supervising of Corporate Administration, Nomura Research Institute, Ltd.
Apr. 2019 Member of the Board, Nomura Research Institute, Ltd. (to present)
Jun. 2019 Outside Director (Independent Director), Audit and Supervisory Committee Member, Yahoo Japan Corporation (to present)

Operating Team

(As of July 31, 2019)

Name	Title
Kentaro Kawabe	President and Representative Director, President Corporate Officer, Chief Executive Officer (CEO)
Takao Ozawa	Director, Senior Managing Corporate Officer, EVP, President of Commerce Company, President of Shopping Services Group, Commerce Company
Gen Miyazawa	Managing Corporate Officer, EVP, President of Media Company
Chiaki Fujimon	Managing Corporate Officer, EVP, Chief Technology Officer (CTO)
Hideyuki Nakahara	Managing Corporate Officer, EVP, President of Technology Group, President of System Management Group, Technology Group
Ryosuke Sakaue	Managing Corporate Officer, EVP, Chief Financial Officer (CFO)
Kosuke Homma	Managing Corporate Officer, EVP, President of Corporate Group, President of Legal Management Group, Corporate Group
Takeshi Mori	Corporate Officer, EVP, President of Services Management Group
Hiroshi Kataoka	Corporate Officer, EVP, President of Media Services Group, Media Company
Akishi Tsumori	Corporate Officer, EVP, President of Search Services Group, Media Company
Daii Akahoshi	Corporate Officer, EVP, President of Marketing Solutions Group, Media Company
Yusuke Tanaka	Corporate Officer, EVP, President and Representative Director, GYAO Corporation
Makoto Hide	Corporate Officer, EVP, President of YAHUOKU! Services Group, Commerce Company, President of Business Promotion Group, Commerce Company
Ichiro Nakayama	Corporate Officer, President & Representative Director, CEO, Corporate Officer, PayPay Corporation, EVP, President of Payment Services Group, Commerce Company
Tomoaki Tanida	Corporate Officer, EVP, President of Financial Services Group, Commerce Company
Kohei Tsurusaki	Corporate Officer, EVP, President of O2O Services Group, Commerce Company
Kiyoshi Sasaki	Corporate Officer, EVP, Chief Data Officer (CDO), President of Data Group, Technology Group
Koji Tsukamoto	Corporate Officer, EVP, President of Science Group, Technology Group
Takayasu Yukawa	Corporate Officer, EVP, President of People Development Group, Corporate Group, Chief Conditioning Officer (CCO)
Shuichi Nishida	Corporate Officer, EVP, President of Social Responsibility Promotion Group, Corporate Group
Noboru Nakatani	Corporate Officer, EVP, President of Policy Planning Group
Yuji Shimada	Corporate Officer, EVP, President of Finance Management Group, Corporate Group

* Yahoo Japan Corporation has appointed in advance a substitute director to serve on the Audit and Supervisory Committee in case the number of directors serving on the Audit and Supervisory Committee falls short of the number stipulated by laws and regulations. This appointment was approved at the 24th Ordinary General Meeting of the Shareholders held on June 18, 2019.

The Yahoo Japan Group pursues risk management activities based on three pillars: ERM (Enterprise Risk Management), BCP (Business Continuity Plan) and awareness raising throughout the entire Group. We have established the Regulations on Risk Management as the basis for these activities and framework, and a Risk Management Committee based on these Regulations. Our Risk Management Office (ERM Secretariat) is entrusted with the roles of the secretariat for the Risk Management Committee and promotion of risk management, and is placed directly under the management.

ERM

We have a Companywide ERM framework to appropriately recognize, identify, and respond to wide-ranging risks associated with our business activities.

BCP

In addition to preparing ourselves for massive access and cyber-attacks we have a BCP in place according to our priorities so that we can continue to operate our necessary services in the case of a large-scale disaster.

Awareness raising throughout the entire Group

Risk management does not only concern a few people. Instead, we endeavor to raise and renew awareness on risk management by sharing policies related to the Company's risk management and views on latest situations with all employees.

ERM

Basic Policy

In order to recognize, identify, and respond to risks in various business fields encountered in the constantly changing business environment, we conduct ERM for each business and work field. The process and results of ERM are directly reflected in management through the Risk Management Committee, etc.

Risk Items

ERM handles various risk items, which we have classified into 16 categories. This enables the related persons and the Company as a whole to have a common understanding of the risks. In response to the changes in the business environment, these items are periodically reviewed and revised (almost every year).

Risk Assessment – Fields Covered (FY2019)

Loss/falsification of data	Information leakage	Service/system failure	Distribution of false information
Human rights/anti-corruption/compliance	Abuse/reputation	Safety management	Loss of assets
Management strategy/administration	Creation and provision of service	Sales structure/business management	Employee misconduct
Business incidents	Financial reporting/accounting	Management of labor/human resources	Climate change

Departments Responsible for Managing Specific Risks

To enhance the effectiveness of risk management, we define the departments responsible for managing specific risks within our Regulations on Risk Management, thereby clarifying responsibilities and roles. Some of the risks mentioned above under Risk Items are allocated and supervised by each department responsible for managing specific risks.

These departments support risk management on the front lines based on their expertise. In addition, they handle the management of risks that encompass various divisions and that cannot be handled by the front lines alone as well as risks that involve the entire Group.

Examples of Specific Risks

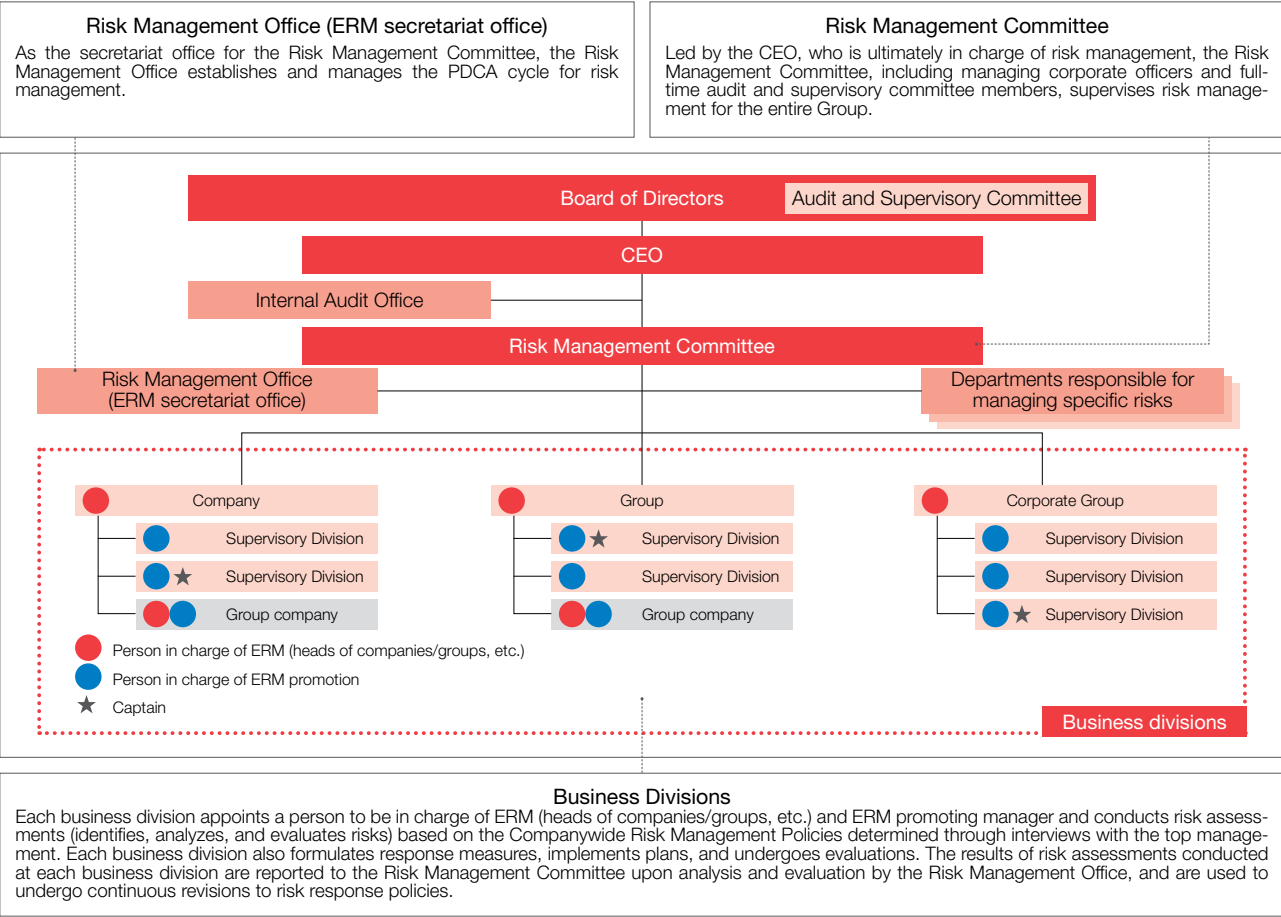
Information security risk	Information security risk refers to the risk of damage to our information security structure in terms of matters such as integrity, confidentiality, and availability, as well as risk of cyber-attacks, etc. These risks are covered by the CISO Office (division in charge of supervising and managing security), etc.
Physical security risk	Physical security risk refers to the risk arising from physical attacks that can affect the lives of employees and related persons, company assets, and business continuity.
Risks arising from regulations and abuse	These risks refer to risks arising from drastic changes in the business environment due to changes in regulations, and risks that impair the trust and sense of safety entrusted to us due to abuse. These risks are covered by the Policy Planning Group (division in charge of legal matters).
Risk on hiring	Hiring appropriate and diverse talent and having them exert their abilities is an important part of our corporate activities. This risk refers to its impairment and the resulting effects on our business activity. The People Development Group (division in charge of human resources) is in charge of this risk.



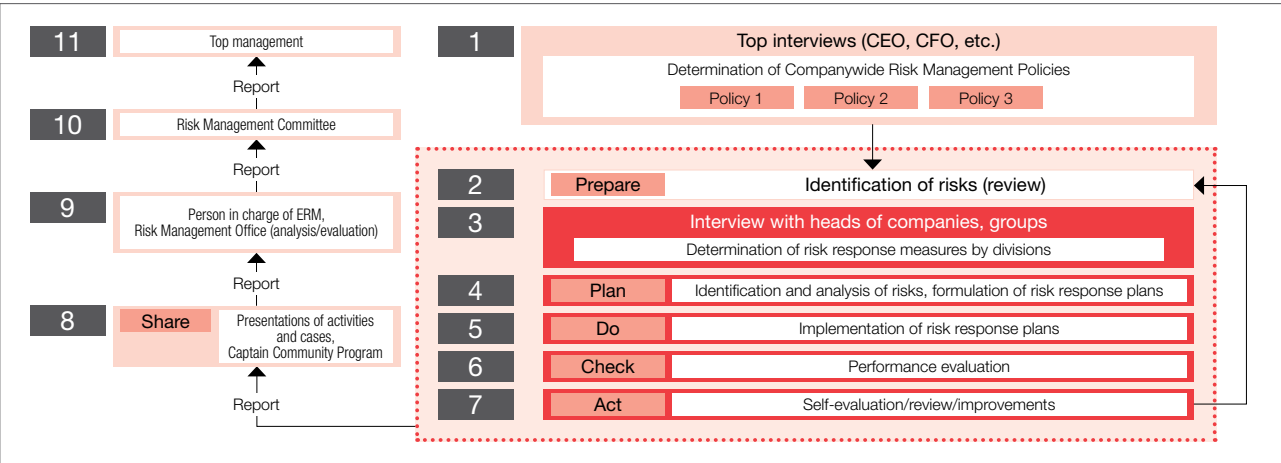
ERM Promotion Framework

We ensure appropriate ERM under the framework shown below. We have introduced a “Captain Community Program” to further improve the effectiveness and promptness of our activities. A Captain is selected from persons responsible for

ERM promotion in multiple business fields, and the Captains hold face-to-face meetings every week to confirm the status and progress.



Yahoo! JAPAN ERM Process Diagram



BCP (Business Continuity Plan)

Continuance of Services during Emergencies

One of our missions is to provide the necessary news and disaster information to our users without interruption especially during times of emergency, such as large-scale earthquakes. For this reason, we provide services that utilize multiple data centers and backbones so that we can disperse the impact of disasters.

Furthermore, we have editing offices in Osaka, Fukuoka, and Aomori, which were established in geographically distant areas from our Kioicho Office in Tokyo. By building a system so that services such as Yahoo! JAPAN top page and Yahoo! News can be continuously updated in multiple areas, we are always prepared for emergencies. In addition to this mission as an Internet media company, we have a social responsibility to fulfill throughout our various services that encompass areas such as payment, distribution, and information sharing. In light of such social aspects, we also review BCP according to the characteristics of each service.

Response to Climate Change

The Group has several work systems in place that allow its employees to work away from the office or work at home. Infrastructures such as VPN connection have been established

and many employees use these systems on a daily basis. These systems not only allow for various work styles but also act as one form of BCP during emergencies such as earthquakes and pandemics. In particular, these work systems take into account situations where employees are not able to come to the office for an extensive period due to climate change such as global warming (weather disasters are expected to intensify and water damages are expected to result from rising sea levels).

Disaster Action Headquarter and Disaster Prevention Meeting

In order to facilitate decision-making by the management and communication during times of emergency, we periodically conduct drills to set up a Disaster Action Headquarter. We established Regulations on Emergency Responses as the basis for the Disaster Action Headquarter and clarified the roles to be assumed by the management and each department during times of emergency. During normal times, we hold the Disaster Prevention Meeting based on these regulations and prepare for emergencies, review BCP as needed, and create disaster prevention plans.

Awareness Raising throughout the entire Group

Disclosure of Top Interviews

As part of our ERM activities, we conduct interviews with the management at fiscal year-end in order to confirm their awareness of the changes in the business environment and significant risks. Every year, we edit this interview into an article and disclose it throughout the Company. Reading about risk awareness from the management's own words and sharing it Companywide largely contribute to raising awareness toward risk management.

Training and Use of Internal Community

We conduct various trainings related to risks. In addition to internal lectures, we actively participate in trainings held outside of the Company such as visits to other companies' facilities. In our bulletin boards for internal communication, an abundance of information on cases and incidents within the Company as well as other companies are shared and active discussions are held almost every day. Risks and risk management are not regarded as taboo or as somebody else's problem. Such perception is naturally being formed within the employee community.

Incident Reporting System

When an incident or a situation occurs in relation to our services or the various internal businesses, including those of

Yahoo Japan Corporation and its subsidiaries, a report is filed in our incident reporting system within one hour of discovering such incident or situation. The details are shared immediately with all relevant departments and the incidents are then classified into three severity levels to be recorded in the database. For each incident, the specific circumstances, responses, and causes are recorded and analyzed and the progress of fundamental response measures is managed with the goal of preventing recurrence of a similar incident in the future.

Collaboration with Society

Online abuse is becoming increasingly complex and sophisticated, and it is clear that there is a limit to what a single service providing company can do alone against such abuse. Therefore, we are involved in various collaborative measures with investigative agencies, public agencies, and other organizations as well as through organizations we established ourselves. In particular, awareness-raising activities and literacy education that help prevent our users from becoming victims are important, and we have been active in these initiatives for a long time.



Please refer to our CSR website for more information on compliance and anti-corruption measures.
<https://about.yahoo.co.jp/csr/en/stakeholder/>

DIALOGUE — NOBORU NAKATANI × KENTARO KAWABE
 2019 Top Interview on Risk Management

Each year, Yahoo! JAPAN interviews members of senior management on the subject of risk management. Recordings of these interviews are made available to all employees to raise their awareness. The following is an excerpt from the 2019 interview that has been edited for external disclosure.

Responding Preemptively to Changes in the Times to Continue to Ensure Safety and Trust

Nakatani Risks pertaining to confidentiality, integrity, and availability are an important area of focus, even as Yahoo! JAPAN strives to transform from an Internet company into an Internet and data company.

Kawabe Within Yahoo! JAPAN, we refer to these in the order of integrity (disappearances), confidentiality (leaks), and availability (halts), as disappearances would have a major impact on our businesses in the form of data loss. These risks will always be an important area of focus so long as we are a provider of Internet services. However, there is still a need to change how to approach these risks in conjunction with changes to the business environment or to our business model.

Nakatani You are absolutely right. It may be a good idea to start saying “theft” instead of “leaks” from now on.

Kawabe That is a good point. Data differs from services in that it is more akin to assets.

Nakatani We should look at data as something appealing that people will want to steal. Based on this view, we are now expected to be competent in cybersecurity based on a broad definition, or perhaps the true definition.

Kawabe Also, as Yahoo! JAPAN acquires data to be used in its business, we must prove ourselves to be trustworthy caretakers of data. To this end, we must, of course, improve our safety and defenses in relation to confidentiality, integrity, and availability and other risks. At the same time, however, we also need to be trusted not to abuse the data we hold. Truly, both safety and trust are crucial.

Nakatani There are many Internet companies in the United States that advocate trust and safety. In the past, I worked for the police and the International Criminal Police Organization (ICPO). In both organizations, the loss of trust from people and society was the greatest risk factor.

Kawabe Having to walk that line between publicness and privacy is an extremely strong expectation shared by our data business.

Nakatani Major global Internet companies, such as Google, Amazon, Facebook, and Apple, are seriously expected to act in a public manner by governments and society.

Kawabe Tying this to the issue of national interest, as Yahoo! JAPAN is a Japanese data business, we are only able to grow when we have a consensus within Japanese society.

Nakatani You speak of how Yahoo! JAPAN emphasizes consensus building in its business.

Kawabe Exactly. We have always viewed changes to rules and other regulatory frameworks as important aspects of consensus building. Becoming more important, however, is being able to act based on an accurate understanding of social consensus.

Nakatani Securing human resources is another important focus.

Kawabe We look to secure the necessary human resources for our data business in engineering and other divisions while also developing systems prefaced on the diversity of employees in terms of working styles and other characteristics.

Nakatani Moving onto a topic a little more global, how will Yahoo! JAPAN be impacted by climate change?

Kawabe I can list a lot of impacts, but the first that comes to mind is business continuity. There have been forecasts of the potential for floods resulting from abnormal weather to submerge a significant portion of Tokyo's 23 wards. We also cannot dismiss the possible impacts of such floods to be prolonged by long-term rises in sea levels.

Nakatani How can we combat these risks?

Kawabe We became aware of these risks at an internal workshop held more than five years ago. Since then, we have been implementing a business continuity plan that entails dispersing the location of our data centers and offices. We also incorporate the aforementioned diversity in working styles as part of our measures for combating these risks.

Nakatani What do you mean?

Kawabe One example would be the Companywide deployment of our Office Anywhere teleworking system. This system enables employees to work wherever they want, not just at home. With virtual personal network infrastructure in place, we have seen this system used by many employees on an everyday basis. It is almost as though we are conducting daily drills on how to continue operations even when it is impossible to make it to the office.

Nakatani So, what you meant to say is that enabling employees to embrace diverse working styles under normal conditions is directly linked to business continuity under extreme circumstances.



Noboru Nakatani

Corporate Officer
EVP, President of Policy Planning Group
Head of Risk Management Office

Born in Kanagawa Prefecture in 1969, Noboru Nakatani joined the National Police Agency in 1993 after working for a bank. Nakatani later went on to hold positions as the Director of the Foreign Affairs Division of the Kanagawa Prefectural Police and Executive Officer to the Minister of State and the Chairperson of the National Public Safety Commission. He was also seconded to ICPO, became Executive Director of the INTERPOL Global Complex for Innovation, and served as Executive Director of International Affairs, NPA, among other positions. Today, he is known as a leading authority on cybersecurity. Nakatani joined Yahoo Japan Corporation in April 2019.

Kentaro Kawabe

President and Representative Director
President Corporate Officer
Chief Executive Officer (CEO)

Our Sustainable Growth Strategy

Information Security and Privacy

To continuously provide safe and secure services to our users, the Yahoo Japan Group strives to achieve maximum information security throughout the Group from a medium- to long-term perspective.

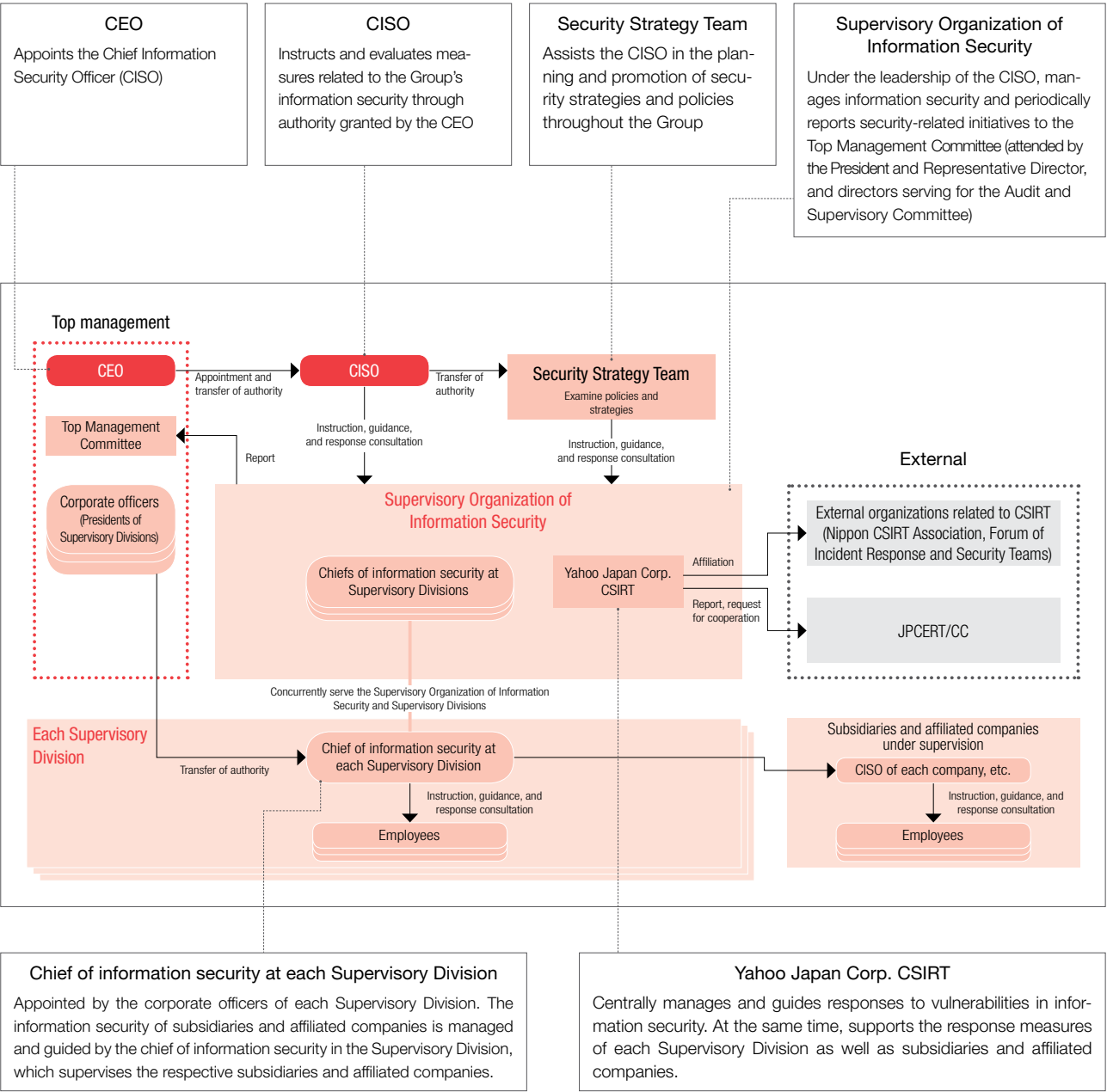
Basic Approach to Information Security

Under the initiatives of the CEO, we promote ERM across the entire Group. We have declared “protecting people’s lives and ensuring information security (confidentiality, availability, integrity)” as our utmost priorities and are incorporating this declaration into various strategies.

In regard to information security, which takes precedence after the protection of human lives, our policy is to protect our users from information leaks (confidentiality), to provide round-the-clock service (availability), and to securely protect the service contents from destruction or fabrication (integrity).

Information Security System

We have established a cross-functional information security system based on our medium- to long-term perspectives.

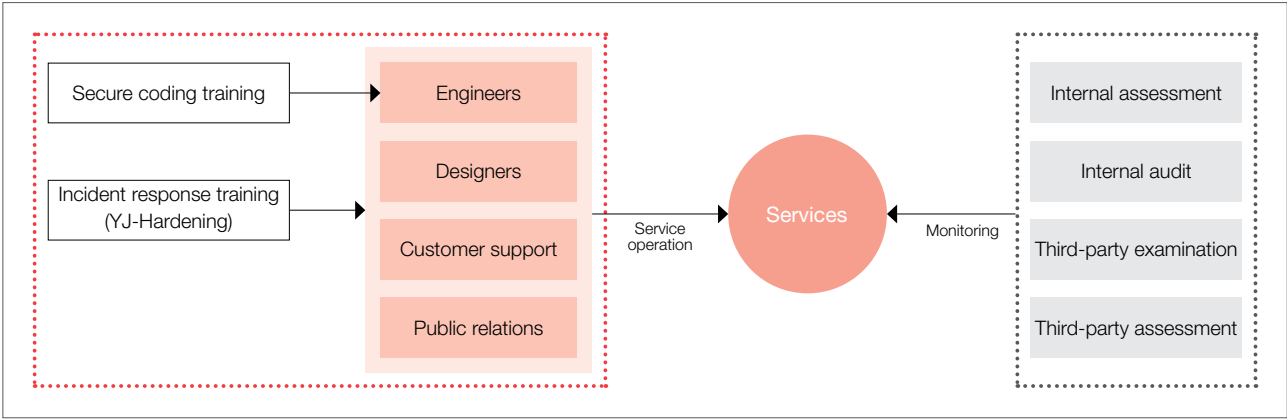


Efforts to Ensure Security

Efforts to Provide Safe and Secure Services

As part of our efforts to provide robust services, we address the vulnerabilities of applications by conducting such measures as vulnerability examinations through internal dedicated organizations and third-party institutions. In addition, we hold secure coding trainings for engineers in our aim to

ensure that applications do not have vulnerabilities. We also conduct incident response training against cyber-attacks (YJ-Hardening) in order to strengthen our responsiveness to such issues.



To respond appropriately to newly emerging security threats, we are striving to remain constantly aware of technological trends by obtaining the latest information from outside sources and by becoming a member of the following organizations.

System for Sharing Information with External Organizations

Nippon CSIRT Association https://www.nca.gr.jp/en/	To respond to new security-related threats, we work to remain constantly aware of technological trends.
Forum of Incident Response and Security Teams (FIRST) https://www.first.org/	
JC3: Japan Cybercrime Control Center https://www.jc3.or.jp/	We work with the JC3 to collect information on cybercrime and enact appropriate countermeasures.
Japan Computer Emergency Response Team Coordination Center (JPCERT/CC) https://www.jpcert.or.jp/english/	We collaborate with JPCERT/CC to respond to incidents when they occur.

Initiatives to Protect Users

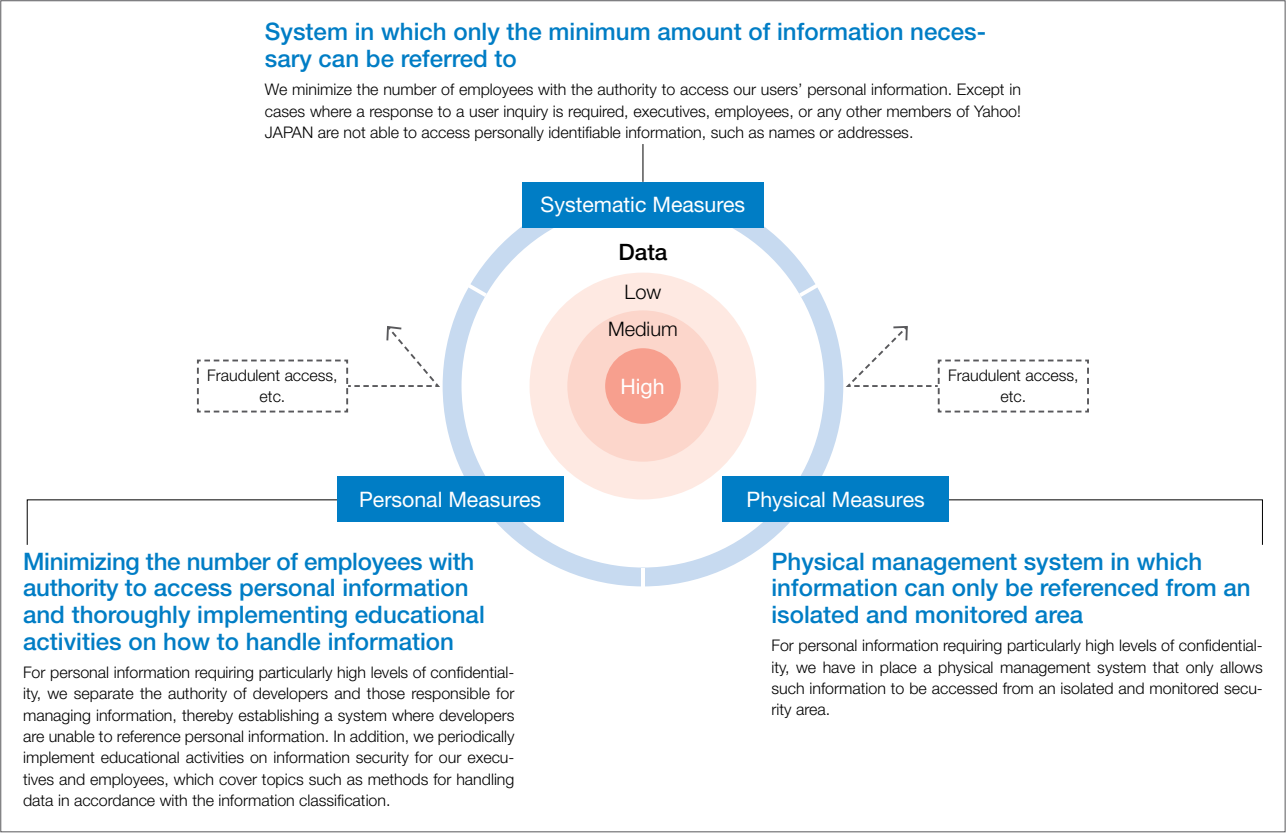
To prepare for instances where a third party gains knowledge of a user's Yahoo! JAPAN ID or password, we conduct countermeasures to prevent fraudulent logins and mitigate damage should such logins occur. In addition, we work to

raise awareness among Japanese Internet users on managing login IDs in a secure manner. At the same time, we have preventive measures in place that anticipate a certain level of improper access.

LEARN MORE For more detailed information about initiatives such as password-less login and FIDO2 biometric authentication, please see our CSR website.
<https://about.yahoo.co.jp/csr/en/stakeholder/06.html>

Initiatives to Protect Data

We organize our data into multiple categories based on the level of importance and have in place measures for protecting data in each category.



Thorough Education on Information Security

We conduct an online learning program every two months for all employees (including temporary and subcontract employees) to acquire the knowledge on information security necessary for their work. In addition, we provide the following training programs tailored to the employees' position and duties.

Training for new hires	This online learning program targets all new employees, both new graduates and mid-career hires (including temporary and subcontract employees). New hires learn about general security and countermeasures as well as internal rules on information management.
Training for newly appointed managers	This online training program helps newly appointed managers acquire the necessary knowledge related to information security.
Training for engineers	This secure programming training targets all engineers in charge of programming.
Training for officers and managers	We invite experts from outside twice a year for a small-scale seminar to learn about the latest security threats and countermeasures.
Drills	This virtual training conducted every month targets employees engaged in services. The employees learn about the measures to be taken when security incidents occur.

LEARN MORE For more detailed information concerning the acquisition of third-party certification such as Information Security Management System (ISMS) Certification and PCI DSS accreditation, please see our CSR website.
<https://about.yahoo.co.jp/csr/en/stakeholder/06.html>

Measures on Privacy

Yahoo! JAPAN uses various data including information on our users in order to enrich their lives and to resolve various social issues by leveraging the power of the Internet. At our "Privacy Center," we have compiled and introduced our basic approach and policy on how we handle data in accordance

with our privacy policy as well as our strict management of personal information and enhancement of information security.

LEARN MORE Yahoo! JAPAN Privacy Center
https://privacy.yahoo.co.jp/en_index.html

Message from the CISO

We strive to make
Yahoo! JAPAN the safest
company to entrust
with data.



Yuji Umemura
Chief Information Security Officer (CISO)

We seek to transform Yahoo! JAPAN into a data-driven company so that we can provide users with more convenient and satisfying services through data utilization. This pursuit forms the central pillar of our strategies. Effective data utilization must hinge on the reliable protection of data. For this reason, we strive to make Yahoo! JAPAN the safest company to entrust with data in order to ensure our ongoing growth.

We have therefore declared our commitment to this priority by declaring that, "We are committed to protecting user data because we recognize that information security is second only to human lives." Information security measures have thus been entrenched as part of daily operations. In fiscal 2019, we will pursue higher pinnacles of information security centered on the following three points.

Utilization of External Intelligence

Information technologies have recently been advancing at an accelerated pace, giving rise to various services that utilize state-of-the-art technologies. However, this also means that the technologies and methods used in cyber-attacks are becoming more specialized. It is therefore essential that defense measures also evolve as prior measures lose their effectiveness at ensuring safety. Furthermore, cyber crimes are becoming more sophisticated and are increasingly being executed by organizations. To combat these threats, Yahoo! JAPAN is enacting security measures based on its unique insight while stepping up coordination with government agencies and specialized private-sector companies to implement cutting-edge security measures.

Security across the Supply Chain

Based on recent information security incidents, the Information-technology Promotion Agency has issued a guideline indicating the necessity of security measures at affiliates, business partners across the supply chain, and IT systems management contractors. To date, Yahoo! JAPAN has proceeded to heighten the level of its security measures by ramping up coordination between Group company security

representatives. Acquisition of Information Security Management System (ISMS) group certification has formed the foundation for these efforts. Going forward, we will continue to broaden the scope of certification acquisition while thoroughly managing subcontractors as necessitated by the evolution of our business model and the expansion of our business scope to include fields such as smartphone payments and finance.

User Education and Improvement of Information Literacy throughout Society

There seems to be no end in sight to phishing sites and other crimes aimed at acquiring users' password information. We are promoting the use of password-less log-ins and taking other steps to improve the safety of Yahoo! JAPAN IDs. However, we realize that, in the end, there is no way to combat cyber crimes without improving the security awareness of all Internet users. As a leading Japanese Internet company, we are committed to increasing the overall cyber-security levels of the Japanese society by raising user awareness through initiatives such as providing information on measures to protect against fraudulent use through the Yahoo! Security Center.

In this manner, we are pursuing higher pinnacles of information security centered on these three points. The Company also holds periodic meetings between the Risk Management Office, Internal Audit Office, and the CISO Office to establish a framework for coordination between these three security-related divisions and ensure consistently high quality in our daily operations.

I personally have substantial experience in implementing fraudulent use countermeasures and security measures from my years of overseeing Yahoo! Search, YAHUOKU!, and other services. Utilizing this experience, I will coordinate closely with the CEO and the Board of Directors to reinforce information security through a concerted Companywide effort.

Financial Summary

JGAAP			
Years ended March 31	2011	2012	2013
Consolidated Results			(Millions of yen)
Revenue*1	292,423	302,088	342,989
SG&A expenses	103,525	109,049	120,244
Operating income	159,604	165,004	186,351
Net income	92,174	100,559	115,035
Total assets	471,745	562,022	743,311
Total liabilities	86,639	93,721	192,046
Total equity	385,105	468,300	551,264
Cash flows from operating activities	67,580	99,736	139,396
Cash flows from investing activities	11,630	(12,309)	51,404
Cash flows from financing activities	(28,924)	(18,846)	(40,184)
Per-share Information*2			(Yen)
Basic net income per share	15.90	17.34	19.84
Diluted net income per share	15.88	17.34	19.84
Dividends per share	3.18	3.47	4.01
Dividend ratio (%)	20.0	20.0	20.2
Principal Performance Indicators			(%)
Operating margin	54.6	54.6	54.3
ROA	20.7	19.5	17.6
ROE	26.6	23.7	22.8
Total equity/Total assets ratio	81.1	82.8	73.1
Price earnings ratio (Times)*3	18.72	15.45	21.82
Number of employees	4,748	5,124	5,780

Yahoo Japan Corporation adopted International Financial Reporting Standards (IFRS) from the fiscal year ended March 31, 2015. Figures for the fiscal year ended March 31, 2014 have been restated on an IFRS basis.

*1 Consumption tax, etc. are not included in revenue.
*2 Per-share figures have been restated to reflect a 100-for-1 stock split made on October 1, 2013. Per-share figures in the table above have been retroactively revised to reflect the impact of this stock split.
*3 Price earnings ratio is calculated using the share price at the fiscal year-end.
*4 The major components of other gains and losses are ¥59,696 million gain from remeasurement relating to business combination resulting from the consolidation of ASKUL Corporation in FY2015, and ¥13,006 million in disaster losses attributable to a fire at the ASKUL Logistics Center in FY2016, ¥6,725 million in insurance proceeds, etc. in FY2017 related to said fire incident, and ¥3,566 million in gain on sales of property and equipment at ASKUL Corporation, ¥7,977 million gain in sales of shares of IDC Frontier Inc. in FY2018, impairment loss of ¥3,668 million related to the property and equipment and intangible assets of ASKUL Corporation's logistic center (AVC Hidaka), and impairment loss of ¥2,379 million related to Synergy Marketing, Inc.'s intangible assets.
*5 EBITDA = operating income + depreciation and amortization in cash flows from operating activities

IFRS						
Years ended March 31	2014	2015	2016	2017	2018	2019
Consolidated Results						(Millions of yen)
Revenue*1	408,514	428,487	652,327	853,730	897,185	954,714
SG&A expenses	136,215	145,774	239,661	277,430	339,573	406,581
Other gains and losses*4	—	—	59,703	(10,737)	10,665	1,308
Operating income	196,437	197,212	224,997	192,049	185,810	140,528
EBITDA*5	209,890	214,147	255,695	230,096	230,215	199,695
Profit for the year attributable to owners of the parent	128,605	133,051	171,617	136,589	131,153	78,677
Total assets	849,987	1,007,602	1,342,799	1,534,212	2,516,633	2,429,601
Total liabilities	222,269	267,048	430,035	535,502	1,394,746	1,519,077
Total equity	627,718	740,554	912,764	998,709	1,121,887	910,523
Cash flows from operating activities	132,793	126,239	105,409	127,023	75,457	149,957
Cash flows from investing activities	(7,274)	(67,864)	(110,537)	(57,047)	232,556	(212,193)
Cash flows from financing activities	(53,129)	(37,166)	(49,357)	23,996	21,289	(263,305)
Per-share Information						(Yen)
Basic earnings per share attributable to owners of the parent	22.43	23.37	30.15	23.99	23.04	14.74
Diluted earnings per share attributable to owners of the parent	22.43	23.37	30.14	23.99	23.03	14.74
Dividends per share	4.43	8.86	8.86	8.86	8.86	8.86
Dividend ratio (%)	19.8	37.9	29.4	36.9	38.5	60.1
Principal Performance Indicators						(%)
Operating margin	48.1	46.0	34.5	22.5	20.7	14.7
ROA	26.1	22.4	19.3	13.4	9.5	5.0
ROE	22.2	19.8	21.9	15.4	13.5	8.6
Total equity/Total assets ratio	72.9	72.1	62.9	60.7	40.3	33.7
Price earnings ratio (Times)*3	22.56	21.22	15.89	21.42	21.45	18.39
Number of employees	6,291	7,034	9,177	11,231	12,244	12,874

Consolidated Statement of Financial Position

Yahoo Japan Corporation and Subsidiaries

(Millions of yen)		
	As of March 31, 2018	As of March 31, 2019
Assets		
Cash and cash equivalents	868,325	546,784
Call loans for banking business	78,000	20,000
Trade and other receivables	297,050	328,281
Inventories	17,685	18,306
Loans for credit card business	186,711	253,340
Investment securities for banking business	308,436	419,551
Loans for banking business	76,077	80,942
Other financial assets	163,380	191,260
Property and equipment	123,943	133,867
Goodwill	162,015	175,301
Intangible assets	167,112	165,293
Investments accounted for using the equity method	10,865	24,510
Deferred tax assets	27,686	34,551
Other assets	14,373	37,609
Subtotal	2,501,662	2,429,601
Assets classified as held-for-sale	14,970	—
Total assets	2,516,633	2,429,601

(Millions of yen)		
	As of March 31, 2018	As of March 31, 2019
Liabilities and equity		
Liabilities		
Trade and other payables	348,346	394,545
Deposits for banking business	708,054	768,613
Interest-bearing liabilities	190,574	215,212
Other financial liabilities	5,034	8,683
Income taxes payable	29,094	24,138
Provisions	30,652	30,360
Deferred tax liabilities	22,956	20,403
Other liabilities	56,818	57,118
Subtotal	1,391,532	1,519,077
Liabilities directly associated with assets classified as held-for-sale	3,214	—
Total liabilities	1,394,746	1,519,077
Equity		
Equity attributable to owners of the parent		
Common stock	8,737	8,939
Capital surplus	(4,602)	(12,545)
Retained earnings	993,894	832,147
Treasury stock	(1,316)	(24,440)
Accumulated other comprehensive income	16,655	14,190
Total equity attributable to owners of the parent	1,013,368	818,291
Non-controlling interests	108,518	92,231
Total equity	1,121,887	910,523
Total liabilities and equity	2,516,633	2,429,601

Consolidated Statement of Profit or Loss

Yahoo Japan Corporation and Subsidiaries

(Millions of yen)		
	Fiscal year ended March 31, 2018	Fiscal year ended March 31, 2019
Revenue	897,185	954,714
Cost of sales	382,467	408,912
Selling, general and administrative expenses	339,573	406,581
Gain from remeasurement relating to business combination	372	—
Gain on sales of property and equipment	3,567	—
Insurance proceeds	4,973	—
Gain on forgiveness of debt	1,752	—
Gain on sales of subsidiary's stocks	—	7,977
Impairment losses	—	6,668
Operating income	185,810	140,528
Other non-operating income	9,112	1,622
Other non-operating expenses	2,791	1,238
Equity in earnings of associates and joint venture	1,045	(17,541)
Profit before tax	193,177	123,370
Income tax expense	58,764	45,542
Profit for the year	134,412	77,828
Attributable to:		
Owners of the parent	131,153	78,677
Non-controlling interests	3,258	(848)
Profit for the year	134,412	77,828
Earnings per share attributable to owners of the parent		
Basic (yen)	23.04	14.74
Diluted (yen)	23.03	14.74

Consolidated Statement of Comprehensive Income

Yahoo Japan Corporation and Subsidiaries

(Millions of yen)		
	Fiscal year ended March 31, 2018	Fiscal year ended March 31, 2019
Profit for the year	134,412	77,828
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Equity financial assets at FVTOCI	—	3,746
Subtotal	—	3,746
Items that may be reclassified subsequently to profit or loss		
Available-for-sale financial assets	2,656	—
Debt financial assets at FVTOCI	—	1,080
Exchange differences on translating foreign operations	(1,023)	911
Share of other comprehensive income of associates	(0)	(13)
Subtotal	1,632	1,979
Other comprehensive income, net of tax	1,632	5,725
Total comprehensive income	136,045	83,554
Total comprehensive income attributable to:		
Owners of the parent	132,912	83,855
Non-controlling interests	3,132	(301)
Total comprehensive income	136,045	83,554

Consolidated Statement of Changes in Equity

Yahoo Japan Corporation and Subsidiaries

Fiscal year ended March 31, 2018

	Equity attributable to owners of the parent						Non-controlling interests	Total equity
	Common stock	Capital surplus	Retained earnings	Treasury stock	Accumulated other comprehensive income	Total		
Balance at April 1, 2017	8,428	(4,366)	913,178	(1,316)	14,896	930,820	67,888	998,709
Profit for the year			131,153			131,153	3,258	134,412
Other comprehensive income, net of tax					1,758	1,758	(126)	1,632
Total comprehensive income for the year	—	—	131,153	—	1,758	132,912	3,132	136,045
Transactions with owners and other transactions								
Issue of common stock	309	309				618		618
Payment of dividends			(50,438)			(50,438)	(1,170)	(51,608)
Changes attributable to obtaining or losing control of subsidiaries						—	37,700	37,700
Changes in ownership interests in subsidiaries without losing control		(317)				(317)	1,066	748
Others		(228)		(0)		(228)	(99)	(327)
Total	309	(236)	(50,438)	(0)	—	(50,364)	37,497	(12,867)
Balance at March 31, 2018	8,737	(4,602)	993,894	(1,316)	16,655	1,013,368	108,518	1,121,887

Fiscal year ended March 31, 2019

	Equity attributable to owners of the parent						Non-controlling interests	Total equity
	Common stock	Capital surplus	Retained earnings	Treasury stock	Accumulated other comprehensive income	Total		
Balance at April 1, 2018	8,737	(4,602)	993,894	(1,316)	16,655	1,013,368	108,518	1,121,887
Accumulated impact by the application of new accounting standards			(205)		167	(38)	(20)	(59)
Balance at April 1, 2018 (corrected)	8,737	(4,602)	993,688	(1,316)	16,822	1,013,330	108,497	1,121,827
Profit for the year			78,677			78,677	(848)	77,828
Other comprehensive income, net of tax					5,178	5,178	546	5,725
Total comprehensive income for the year	—	—	78,677	—	5,178	83,855	(301)	83,554
Transactions with owners and other transactions								
Issue of common stock	201	201				403		403
Payment of dividends			(50,449)			(50,449)	(1,815)	(52,264)
Transfer from accumulated other comprehensive income to retained earnings			7,810		(7,810)	—		—
Acquisition of treasury stocks				(220,704)		(220,704)		(220,704)
Cancellation of treasury stocks			(197,579)	197,579		—		—
Changes attributable to obtaining or losing control of subsidiaries						—	1,693	1,693
Changes in ownership interests in subsidiaries without losing control		(8,050)				(8,050)	(15,872)	(23,923)
Others		(93)				(93)	29	(63)
Total	201	(7,942)	(240,218)	(23,124)	(7,810)	(278,894)	(15,964)	(294,858)
Balance at March 31, 2019	8,939	(12,545)	832,147	(24,440)	14,190	818,291	92,231	910,523

Consolidated Statement of Cash Flows

Yahoo Japan Corporation and Subsidiaries

(Millions of yen)		
	Fiscal year ended March 31, 2018	Fiscal year ended March 31, 2019
Cash flows from operating activities:		
Profit before tax	193,177	123,370
Depreciation and amortization	44,404	52,498
Impairment losses	—	6,668
Gain on sales of subsidiary's stocks	—	(7,977)
Equity in earnings of associates and joint venture	(1,045)	17,541
Decrease (increase) in call loans for banking business	(8,000)	58,000
Increase in trade and other receivables	(14,743)	(40,744)
Increase in trade and other payables	42,395	50,274
Increase in loans for credit card business	(57,063)	(66,719)
Increase in loans for banking business	(2,715)	(5,057)
Increase (decrease) in deposits for banking business	(27,931)	60,559
Others	(21,095)	(39,100)
Subtotal	147,381	209,314
Income taxes—paid	(71,924)	(59,356)
Net cash generated by operating activities	75,457	149,957
Cash flows from investing activities:		
Purchase of investment securities for banking business	(45,790)	(312,802)
Proceeds from sales/redemption of investment securities for banking business	14,969	200,393
Purchase of investments	(11,010)	(49,633)
Proceeds from sales/redemption of investments	7,651	25,701
Purchase of property and equipment	(43,284)	(41,771)
Purchase of intangible assets	(44,338)	(43,278)
Proceeds from losing of control over subsidiary	—	16,353
Others	354,359	(7,155)
Net cash used in (generated by) investing activities	232,556	(212,193)
Cash flows from financing activities:		
Payments for acquisition of interests in subsidiaries from non-controlling interests	—	(19,458)
Payments for acquisition of treasury stocks	(0)	(221,014)
Proceeds from issuance of bonds	70,000	25,000
Dividends paid	(50,439)	(50,463)
Proceeds from sale and leaseback transactions	—	11,098
Others	1,729	(8,467)
Net cash used in (generated by) financing activities	21,289	(263,305)
Effects of exchange rate changes on cash and cash equivalents	(562)	515
Net increase in cash and cash equivalents arising from transfer to assets classified as held for sale	(3,484)	3,484
Net decrease (increase) in cash and cash equivalents	325,257	(321,540)
Cash and cash equivalents at the beginning of the periods	543,067	868,325
Cash and cash equivalents at the end of the periods	868,325	546,784

Principal Associated Enterprises

(As of March 31, 2019)

Parent company

Name	Common stock (millions of yen)	Parent company ownership (%)	Main business
SoftBank Group Corp.*1,*2,*3	238,772	48.2 (48.2)	Holding company
SoftBank Group Japan Corporation*1,*2	24	48.2 (12.1)	Holding company

Consolidated subsidiaries

Name	Common stock (millions of yen)	Percentage of voting rights (%)	Main business
GYAO Corporation*4	2,888	75.5	Internet distribution of video-streaming; entertainment information provision; planning, production, and sale of Internet advertising
ValueCommerce Co., Ltd.*3,*4	1,728	52.0	Advertising business (affiliate marketing, Storematch, ad network) and CRM business (marketing automation)
YJFX, Inc.	490	100.0	Foreign exchange margin trading business
YJ Card Corporation	100	100.0	Credit card, card loan, and credit guarantee business
ASKUL Corporation*3,*4,*5,*6	21,189	45.1	Mail-order service of office-related products and other delivery services
Ikyu Corporation	400	100.0	Operation of various Internet sites providing reservation services for high-end hotels and restaurants
eBOOK Initiative Japan Co., Ltd.*3,*5	872	43.6	Content digitization and distribution service; planning, development, and production of digital content; publishing and editorial services for magazines and books
The Japan Net Bank, Limited*4,*5	37,250	46.6	Banking
69 other consolidated subsidiaries	—	—	—

Equity-method affiliates

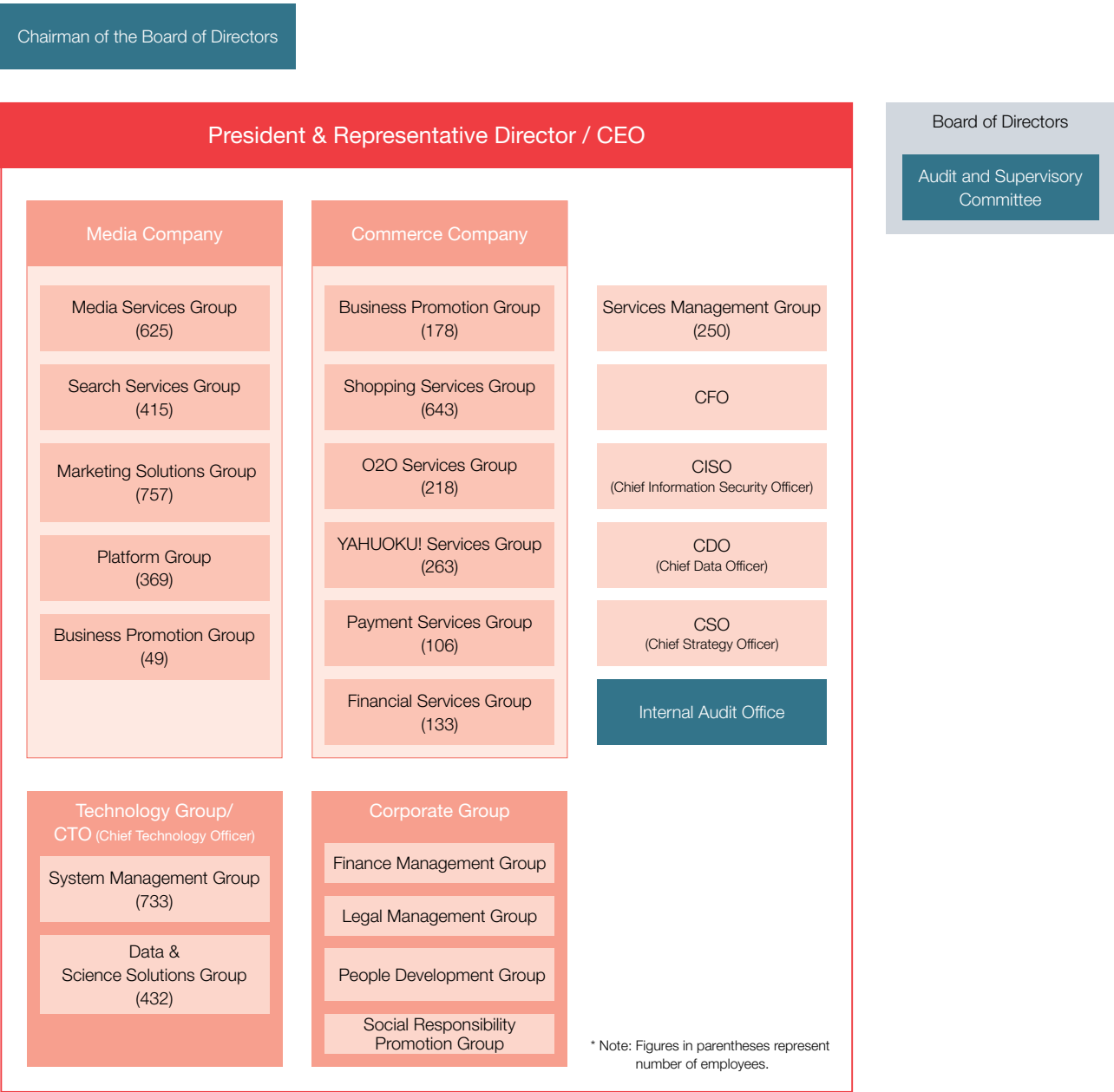
Name	Common stock (millions of yen)	Percentage of voting rights (%)	Main business
PayPay Corporation	23,000	50.0	Commerce Business
28 other consolidated subsidiaries	—	—	—

*1 Although its voting rights ownership ratio is less than 50%, SoftBank Group Corp. is our parent company based on control criteria.
*2 The figure in parentheses represents SoftBank Group Corp.'s indirect ownership in Yahoo Japan Corporation.
*3 Companies that file annual securities reports (Yuho)
*4 Specified subsidiaries
*5 Although our voting rights ownership ratio is less than 50%, we consider ASKUL Corporation, eBOOK Initiative Japan Co., Ltd., and The Japan Net Bank, Limited to be consolidated subsidiaries due to our substantial control.
*6 Although the ratio of ASKUL Corporation's sales revenue (excluding consolidated intersegment sales) to consolidated sales revenue exceeds 10%, this consolidated subsidiary files annual securities reports (Yuho). Therefore, major P/L information is omitted.

Related business segments
■ Media Business ■ Commerce Business

Organization Chart of Yahoo Japan Corporation (Non-consolidated basis)

(As of March 31, 2019)



Corporate Information/Shareholders' Information

(As of March 31, 2019)

Yahoo Japan Corporation

Headquarters

Kioi Tower
1-3 Kioicho, Chiyoda-ku
Tokyo 102-8282, Japan

Founded

January 31, 1996

Common Stock

¥8,939 million

Number of Employees

6,515

12,874 (consolidated)

Shares of Common Stock

Authorized shares: 24,160,000,000 shares
Shares outstanding: 5,151,629,615 shares
(Treasury stock: 67,879,000 shares)
Number of shareholders: 161,622

Share Listing

The First Section of the Tokyo Stock Exchange
(listed on October 28, 2003)

Securities Code

4689

Transfer Agent

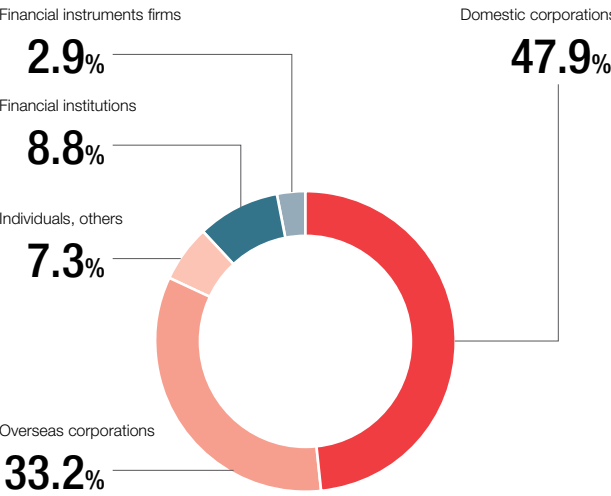
Mitsubishi UFJ Trust and Banking Corporation

Major Shareholders

Name	Shareholding	Percent of total shares issued*
SoftBank Group Japan Corporation	1,834,377,600	36.1
SoftBank Corp.	613,888,900	12.1
GOLDMAN, SACHS&CO.REG	164,231,988	3.2
Japan Trustee Services Bank, Ltd. (Trust Account)	131,305,700	2.6
The Master Trust Bank of Japan, Ltd. (Trust Account)	108,711,200	2.1
THE CHASE MANHATTAN BANK, N.A. LONDON SPECIAL ACCOUNT NO.1	74,988,624	1.5
SSBTC CLIENT OMNIBUS ACCOUNT	67,372,038	1.3
BNY GCM CLIENT ACCOUNT JPRD AC ISG (FE-AC)	61,463,892	1.2
BBH FOR FIDELITY LOW-PRICED STOCK FUND (PRINCIPAL ALL SECTOR SUBPORTFOLIO)	50,467,541	1.0
JP MORGAN CHASE BANK 385151	49,323,958	1.0

Notes:
1. In addition to the above, the Company holds 67,879,000 shares of treasury stock.
2. Excluding treasury stock of 67,879,000 shares

Breakdown of Shares Outstanding, by Shareholder Type



Acknowledgment as a Sustainable Company



A disclaimer statement is posted on the following website.
<https://about.yahoo.co.jp/csr/en/stakeholder/recognition>
We intend to update the above website at the end of September 2019.