Outline of Q&A Session at FY2017 IR Day (Held on May 24, 2017)

Q. For the Yahoo! JAPAN top page app, you explained that you will be strengthening functions that will be useful for daily life. How do you intend to strengthen these functions?

A. We will aim to make Yahoo! JAPAN top page app a national app, and our basic strategy is to add various functions mainly in services that have a lot of users, namely, search and news services. Restaurant reservation is one of the functions that is promising and that is beginning to show proven results. Before, restaurant reservations were mostly made by phones. However, if vacancy information of restaurants is available on the top page, and the users can directly reserve from there, then we will be able to provide additional value. "Yahoo! Restaurant Reservation" is increasing its partnership restaurants mainly in chain restaurants, and collaboration with "Ikyu.com" which deals with high-end restaurants is under way. As a result, the number of reservations is increasing steadily. In addition, Fintech will also be an important function in the future and we regard that "Yahoo! Money" will play a central role. As a result of the measure that we are currently conducting in "YAHUOKU!", whereby the system usage fee is in effect waived if the winning bid is received in "Yahoo! Money", the balance of "Yahoo! Money" is steadily increasing. Moving on, we would like to increase stores where payment by "Yahoo! Money" will be possible and would like to realize a world in which our top page app can be used to make all kinds of payments in our daily life.

As individual services, restaurant reservation and payment are both services that do not stand out, but according to their usage, the balance of "T Points" and "Yahoo! Money" will accumulate in the top page app and it will become increasingly convenient. In the future, regardless of the service fields, we would like to increase these type of services that are rooted in daily lives, and would like to tie-up with other companies if necessary.

Q. So far, various services provided by Yahoo! JAPAN have been provided as apps.

Moving on, do you intend to aggregate these apps?

A. Services that are used by many users, such as weather, transit information, disaster alert and news are made into individual apps. However, in order to expand the use of the Yahoo! JAPAN top page app in the future, we need to provide solutions that suit the daily habits in the smartphone era. For this, services that have a lot of users will be made into apps on their own, but other services will be aggregated into the top page app.

Q. What are the advertisers' reactions to the In-feed Video Advertising introduced in March 2017? Also, to what extent can you increase the distribution space of video advertising?

A. We are receiving positive responses from the advertisers. We are operating with a focus on usability; thus the distribution of video advertising is restricted at this stage. Going forward, in order to increase the spaces to which video advertising will be distributed, we will consider increasing the number of video ad placements and introducing auto-replay in non- Wi-Fi environments.

Q. Revenue of In-feed Advertising via apps has exceeded the revenue via websites. What are the factors behind this growth?

A. Traffic is larger via websites; however the usability is better in apps. Therefore, the click through rate is higher via apps. In terms of cost per click, there is not a big difference between the two. Since we aim to expand the dwell time on apps, we expect that the difference in the revenues to become larger in the future.

Q. Please tell us your views on media neutrality. Is it enough to have only Nippon TV as the distribution partner of "Yahoo! News Video"?

A. We always give a serious consideration on media neutrality. We regard that it is important to provide unbiased information and to give options to users. In April 2017, we have started the distribution of "Yahoo! News Video" and the content is provided by Nippon TV. We would like to partner with as many TV stations as possible in the future.

Q. You explained that you will be creating various revenue sources in the e-commerce business as a whole. Moving on, what is the desired proportion of profit to total domestic e-commerce transaction value?

A. We assume that we will be able to increase the proportion of shopping-related ad revenue to the transaction value of "Yahoo! Shopping" a little more in the future. In addition, we would like to create a profitable structure for the e-commerce business as a whole by increasing the in-house payment ratio of credit cards and use of revolving

payments.

Q. Looking back on the campaign towards SoftBank members that began in February 2017, what kind of challenges have you encountered? What kind of measures do you have in mind for the future?

A. We have the impression that there is an increase in use by SoftBank members who have the experience of using "Yahoo! Shopping" in the past. We need to further increase the number of new users. There are various measures that can be undertaken, such as advertising in SoftBank Mobile stores or through SMS, announcements in Yahoo! JAPAN top page app, etc. Furthermore, we are first conducting various measures to Y!mobile members. For example, we have succeeded in steadily increasing users through a "1 yen shopping" measure. Out of the measures taken towards Y!mobile members, we would like to conduct the effective ones also towards SoftBank members.

Q. The digital content industry is highly competitive; how do you intend to strengthen this field in the future?

A. Direction of reinforcement differ between "GYAO!", a video service, and "eBookJapan", an e-comic service. In "GYAO!", we gather users by AVOD (a service model in which earning is generated through advertising while video is provided for free), and the rebroadcast of TV programs is winning favorable recognition. In the future, we would like to promote the referral of AVOD users to paid content and to services with monthly fee. In terms of e-comic, we would like to make a renewal by integrating "eBookJapan" and "Yahoo! Bookstore". We will improve user experience by further enriching the bookshelf function, etc. in "eBookJapan", and will consider point refunds and development of original content. In original content, it will become important to leverage data and to develop content that will be widely read.

Q. As a data-driven company, what kind of competitive edge do you intend to create against competitors both in and out of Japan, and how do you intend to make a differentiation?

A. In terms of data volume, it will be difficult for us to win against global IT giants. Thus, we will not directly compete against them in all fronts, but will instead focus on multi-big data which is a field in which we have a chance of winning. By leveraging Yahoo! JAPAN's original data that can be acquired from media, e-commerce and payment, we want to create new services and grow our existing services. On the other hand, we intend not only to develop our own technology but also to incorporate technologies of other companies as necessary.

Q. To what extent has data volume increased so far, and to what extend do you expect it to increase in the future? Also, how will you efficiently store the increasing data going forward? What kind of strategies do you have in mind in terms of personnel who will handle data?

A. Volume of data is increasing exponentially. In order to prevent the CAPEX amount from expanding in correlation to the increase in data volume, we invest in technologies that can compress data and reduce additional expenditures that arise when data is distributed and saved. In terms of personnel, we are increasing the number of engineers, but are also focusing on training persons who can utilize data. However, it is not realistic to cover all the personnel within the company; therefore, we are considering various methods such as collaboration with other companies and the use of human resources within the SoftBank group. Moreover, the demand for data scientists is increasing in the market as a whole, thus we are considering improving the working conditions so that we will be able to prevent the loss of personnel.

Q. Do you have any specific ideas that leverage the technological strength that does not exist in other companies?

A. In all the companies deploying Internet services, communication with ISP (Internet Service Providers) becomes an issue. Construction of a technology called CDN (Content Delivery Network) which supports communication is not possible unless the company has the experience of developing large-scale services. However, IDC Frontier Inc., one of our group companies, already deploys CDN services. We think that we will be able to provide this type of technology to other companies that are releasing large-scale services.

Q. You explained that various KPI are improving due to the use of data. Were these changes within the expected range? Also, to what extent do you expect KPI to improve through the use of data in the future?

A. From before, we have used data for improving KPI and have been aware of its effect and value. Meanwhile, use of data across services had not been made. As a result of the development of AI and improvement in the processing ability of computers, we have become aware of its use value. In the future, we are hoping that various KPIs will improve even further through the cross-use of data. For example, data such as search history and media browsing history have been supporting the growth of the advertising business. Now, we are discussing whether or not location information of users and purchase data in

e-commerce can be used going forward. We think that the effect of utilizing these kinds of data will materialize on a mid- to long-term basis.