

**Outline of Q&A Session at Investors Meeting on  
Results for the Three Months Ended December 31, 2017 (Held on February 2, 2018)**

Please note that the content has been supplemented, edited, and reordered for greater clarity and ease of understanding.

Unless otherwise specified, English-language documents are prepared solely for the convenience of non-Japanese speakers. If there is any inconsistency between the English-language documents and the Japanese-language documents, the Japanese-language documents will prevail.

The information on this website contains forward-looking statements in addition to historical or current facts. These forward-looking statements are no more than estimates or conjectures made based on the information available at the time and are exposed to a variety of risks and uncertainties. As a result, actual business or financial performance could differ substantially.

**Q. I had the impression that the operating income for FY2017 3Q of JPY 52.8 billion was higher than expected. It seems that the additional investments are not being made as planned, but what are the reasons behind this? In addition, please explain the progress in the additional investments for this fiscal year.**

**A.** As a one-time factor, ASKUL Corporation's gain on sales of property and equipment pushed up the operating income. Investments in measures to maximize e-commerce transaction value are progressing according to the plan of JPY 25 billion for this fiscal year. We are proceeding with the additional investments in becoming a data-driven company as we examine the details of the investments and improve the efficiency. The investment amount is expected to be around 80% of the initial plan of JPY 15 billion for this fiscal year. Taking these into account, we expect the operating income for the full fiscal year to be around JPY 185 billion.

**Q. What are the factors behind the high operating margin (approx. 60%) of the Media business?**

**A.** Cost of sales decreased because our payment to Yahoo! Inc. regarding an agreement on the provision of paid search advertising-related services ended. This is a factor that is limited to FY 2017 2Q to 4Q.

**Q. What are the factors behind the favorable revenue growth of paid search advertising? Are the factors sustainable?**

**A.** The improvement of the UI (user interface) of our partner site had a positive impact. We expect this positive impact on the growth rate to continue until FY 2018 2Q.

**Q. To what extent do you expect the Advertising-related revenue to increase due to the**

introduction of video advertising?

A. We aim to have a revenue of around several billion yen per year from premium video advertising for smartphone top page (app version), which we plan to introduce within FY2018. We will be having a new ad slot for the distribution, thus we expect that this will have a big effect in increasing our revenue. In terms of In-feed Video Advertising, video ads will be distributed in the ad slots in which still image ads are currently distributed. Therefore, the revenue increase due to In-feed Video Advertising will be the difference in revenues of still image ads and video ads.

Q. Why is the video viewing time decreasing compared to the previous quarter?

A. There are many sports events and typhoons in 2Q, so as a general trend, traffic in our Media services decrease in 3Q. The video viewing time decreased as traffic decreased, but this is a natural trend, thus we are not concerned about this.

Q. In FY 2018, will you be able to achieve a YoY growth of 30% in the Shopping transaction value? Also do you have plans to conduct new measures in order to achieve this figure?

A. There is still a large room for increasing the ratio of Premium members and SoftBank members (those with Smart Login setup) who use Yahoo! Shopping. Therefore, we think that we can continue to increase the transaction value. Meanwhile, in order to achieve our target of becoming No.1 in domestic e-commerce transaction value in Japan, we need to actively pursue new measures in and after FY2018.

Q. If you include the point-reward expense borne by stores in the percentage of point-reward expense to Yahoo! Shopping transaction value, are there any changes in this ratio?

A. The ratio of point-reward expense borne by stores has not changed. We have increased the efficiency in our point-reward measures and as a result, the point-reward ratio has been reduced compared to the same quarter last year.

Q. Please explain your strategies and investment plans for FY2018 in the fintech field (e.g. smartphone payments).

A. We think that it is important to transfer the online payment experience that users have with our services such as Yahoo! Wallet (which has approximately 40 million accounts), to the offline world. We would like to draw on the cases of other companies who are ahead in smartphone payments. In addition, we are steadily moving forward in our strategies in fintech business which lies ahead of payments. On February 1, 2018, we

have consolidated The Japan Net Bank, Limited. Moreover, in addition to regional banks, we have started to sell Yjam plus! (an investment trust provided by our affiliate, Astmax Asset Management, Inc.) in YJFX! We plan to continue with our measures in the fintech field in the next fiscal year.

Q. Are there any cases in which the investment to become a data-driven company is resulting in changes to KPI? Also, when do you expect that this investment will start to contribute to earnings?

A. Various KPIs, such as Advertising revenue and transaction value of Yahoo! Shopping are growing as a result of data usage. One easy-to-understand example is the increase in the time spent on Yahoo! JAPAN top page. We have not greatly changed the design of Yahoo! JAPAN top page, but the dwell time has increased as a result of data usage and improved quality in the contents proposed.

If we improve our services through data usage, more users will gather in our services, as well as even more data. By leveraging the collected data in improving our services, we will have even more users. We hope to have a sustainable growth in our earnings by creating such a cycle.

Q. Will the target for the new management team be an increase in income? Or will it continue with active investments?

A. The management plan for the next fiscal year onwards is currently being considered.