

# Value Creation—Roadmap for Improving Corporate Value

## Creating the Future with the Power of the Internet

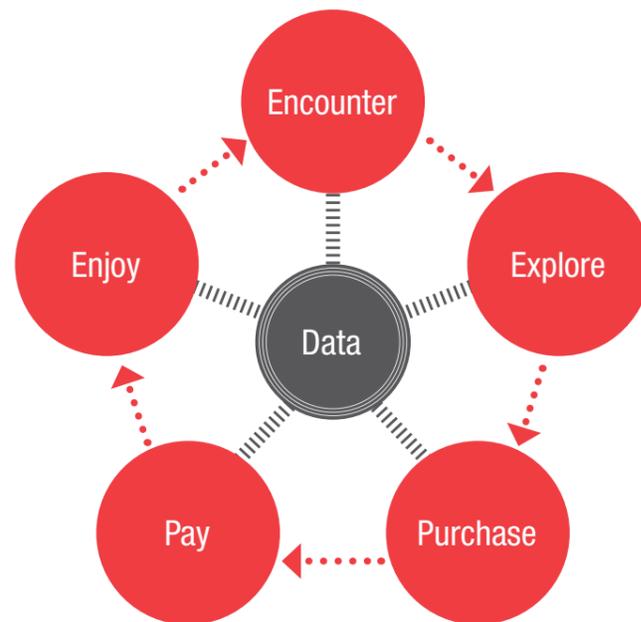
Since the commencement of its operations in 1996, the Yahoo Japan Group has continued to create highly convenient services that only the Internet can offer. By doing so, the Group has brought about various lifestyle and industrial changes. Currently, the Internet is further demonstrating its ability to shape the future. Going forward, the Group will continue to develop unique, outstanding services that leverage information technologies while accelerating initiatives with the aim of becoming a company that can create the future and spur new user actions.

### OUR BUSINESS MODEL

## Providing Comprehensive “User Actions” through Yahoo!JAPAN Services

“User action” refers to the sequence of behavior of Internet users in which they encounter information, explore in detail by using search functions, purchase services and products, and complete payments. By offering over 100 services that center on media, e-commerce, and payment businesses, we are a globally unique corporate group that has a comprehensive grasp of user actions. We fully leverage the connections between our wide array of services to offer a comprehensive user experience. At the same time, by leveraging the data we obtain through these various services in a manner that extends across a broad range of domains, we are able to create user experiences that cater to the needs of our users.

● User actions on the Internet  
 .....▶ Cycle of user actions



Please see page 7 for more details on our business model. ▶

### OUR GROWTH STRATEGY

## Becoming a Company That Creates the Future through User Actions

Following the transition to a new management structure in fiscal 2018, the Group revised its service growth and investment policies based on the common guideline to maximize user actions by leveraging the Group’s long-cultivated business foundation and competitive edge. While working to form links within our service lineup, which is one of the largest in Japan, we will utilize the data we receive from each service on a cross-sectional basis. In these ways, we will create unique services that achieve differentiation and bring new experiences and value to our users. Going forward, we aim to become a company that creates the future through such efforts.

### Our Growth Driver

#### Maximizing User Actions

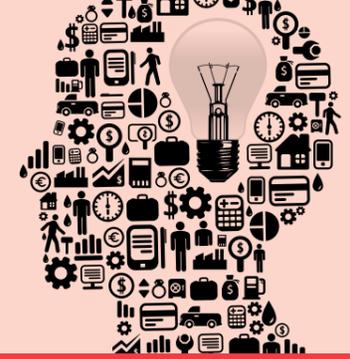
We aim to maximize user actions by forming links between services that generate one of the neighboring pair of user actions, such as encountering and exploring. Through the linkage of services, we will offer a comprehensive and convenient user experience based on the past actions and anticipated actions of users. At the same time, we will increase service use by encouraging user traffic between services. Also, we will identify core fields for which we see significant growth potential and take bold steps to invest our management resources in these fields over the medium to long term. In this way, we will promote initiatives that capitalize on growth opportunities.

### Our Value Driver

#### Unleashing the Power of Data

As a result of the rapid advancement of information technologies, the potential offered by data is becoming greater. The abundance of unique data we collect through our extensive lineup of services provides us with an important competitive edge in the creation of new and unique services. Going forward, we will combine our abundant data with our diverse services in a cross-sectional manner to transform these services to better meet the needs of our users and offer higher levels of quality. At the same time, we will work to create new services that offer highly unique and original experiences to users.

Please see page 17 for more details on our growth strategies. ▶



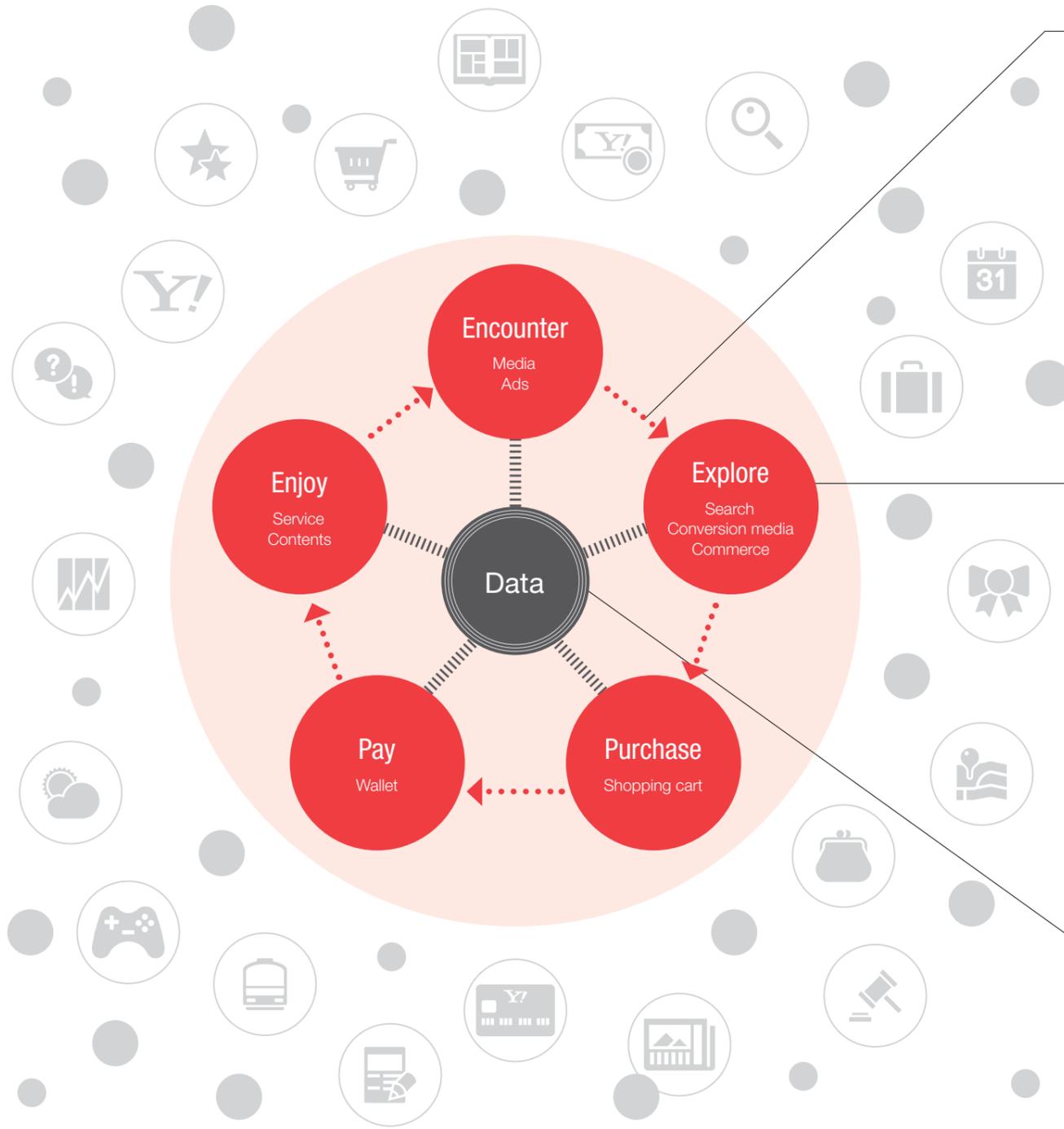
**Building a Future That Only Yahoo! JAPAN Can Create**

Changing lifestyle and industrial frameworks by transforming user actions

# Value Creation—Business Model

## Leveraging Our Diverse Services, Extensive User Base, and Multi-big Data as a Foundation for Value Creation

The Yahoo Japan Group offers a wide array of services related to various user actions. In addition, we have numerous services that boast some of the largest user base in Japan, such as Yahoo! News, YAHUOKU!, and Yahoo! Wallet. Furthermore, the data we collect from our many services and enormous user base represents one of our unique strengths in the Internet market. By making full use of our long-cultivated business foundation and competitive edge, we will realize sustainable growth going forward.



### Competitive Edge 1

## Diverse Service Lineup That Provides Comprehensive User Actions

The Yahoo Japan Group offers 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. This highly unique business foundation supports the provision of integrated, high-quality user experiences by forming links between services. In addition, this foundation enables user traffic between our services and leads to enhanced profitability by increasing the number of monetization opportunities. As a result, we are able to collect an abundance of diverse data through these comprehensive services, which helps deepen our understanding of user needs and provides us with the competitive edge needed to create personalized user experiences.

Number of services provided

Over **100\***

Number of Yahoo! Premium member IDs

**19.79** million\*

\* As of March 31, 2018

### Competitive Edge 2

## Japan's Largest User Base

The Yahoo Japan Group has a long history of providing services for PCs. Throughout this history, the Group has amassed one of the largest number of users in Japan. In recent years, we have also established the largest user base for smartphones in Japan, which was proven by our No. 1 position in the "Domestic Application Publishers Ranking in Japan for All Downloads" for the past two years. Furthermore, we have created numerous services that demonstrate a strong presence in their respective business domain. Our individual services have received high levels of satisfaction from users, allowing us to secure an outstanding user base. This enables us to further link our services and encourage user traffic between them, and provides us with a foundation for the realization of sustainable growth.

2017 Domestic Application Publishers Ranking in Japan for All Downloads

**No. 1** for two consecutive years

1. Yahoo! JAPAN
2. Google
3. LINE
4. NTT
5. Facebook

Source: App Annie 2017 Retrospective Report

### Competitive Edge 3

## High-quality Multi-big Data

In addition to the large volume and variety of data collected through the aforementioned various services and extensive user base, we also possess up-to-date data collected through services such as Yahoo! Search and Yahoo! News, which enjoy high usage frequency. To utilize this data on a cross-sectional basis, we promote efforts to encourage use of apps and user logins in order to collect and manage a wide range of data from browsing and purchasing through multiple devices and services. In addition, we are actively working to establish cutting-edge systems and pursuing research on machine learning.

### High-quality Big Data

Service diversity	Huge user base	Up-to-date content
More than <b>100</b> Yahoo! JAPAN services	More than <b>40</b> million monthly logged-in user IDs	Frequently accessed services e.g. Yahoo! Search and Yahoo! News