

## 21st General Meeting of Shareholders

### FY9/18 Summary of Question and Answer Session

The following is a compilation of questions from shareholders at the 21st General Meeting of Shareholders held on Friday, December 14, 2018.

---

#### Q1.

Some financial institutions and other bodies recommend that outside directors should account for more than one third of all directors. What is CyberAgent's future direction?

#### A1. Respondent: Fujita

Since our market listing in 2000, CyberAgent has focused on corporate governance, management transparency, and other IR activities.

We conducted a long search to find suitable persons for outside director, and in December 2016, Koichi Nakamura joined the company.

Last year CyberAgent adopted the company with the Audit and Supervisory Committee structure, with the Audit and Supervisory Committee comprising three members, Mr. Nakamura and two additional outside directors. Going forward, rather than focus on numbers, we will continue to search for people who fit with the company.

For ten years from 2008, CyberAgent had utilized a unique system of alternating directors called CA8 (where the number of directors was in principle set at eight in order to facilitate constructive management of the Board of Directors, with two members replaced every two years in principle).

With the program for rapid development of management personnel generating a certain degree of success, along with continued business expansion, this system was no longer suited to the company, so we abolished it.

Going forward, in order to adapt to a diversifying business portfolio, and to further strengthen and expand the management structure, as a "bulking up period" we plan to increase the number of directors over the next four to six years.

Afterward, we will sharply reduce the number in order to establish a muscular management structure.

---

**Q2.**

What are the current issues and future direction for “AbemaTV”?

**A2. Respondent: Fujita**

We are continuing to make up-front investments to establish “AbemaTV” as a long-term business pillar. Going forward, we will monetize the business through the dual pillars of ad revenue and subscription fees (membership fees of ¥960 a month). We are also developing additional earnings models.

---

**Q3.**

How is executive compensation apportioned?

**A3. Respondent: Nakayama**

At last year’s shareholder meeting it was resolved that total annual remuneration to directors would be within ¥800 million. Compensation was apportioned within that amount.

CyberAgent is a company with the Audit and Supervisory Committee structure, the Compensation Committee is not established. As for the determination method, there is a range according to position, and compensation is decided within that range.

---

**Q4.**

Regarding Proposal No. 3 “Issuance of Subscription Rights for New Shares as Stock Options,” couldn’t you consider other methods such as restricted stock that wouldn’t dilute stock?

**A4. Respondent: Fujita**

Four years ago we also decided to issue stock options. This was effective in motivating directors and employees, so we are making such a proposal again.

The share dilution as a result of these share options will be a fairly small 0.3%, but going forward we will also expand our consideration to include such options as restricted stock.

---

**Q5.**

Regarding Proposal No. 2 “Election of 12 Directors (Excluding Audit Committee Members),” while I understand the reasons for the election of the individual directors, why aren’t there any female directors?

**A5. Respondent: Fujita**

CyberAgent is a flat organization that does not make a distinction between male and female employees.

There is one female executive officer, and Director (Full-time Audit and Supervisory Committee Member) Toko Shiotzuki is a woman, but the directors who are not Audit and Supervisory Committee members are all men.

Women play active roles in the company, but there are still few at the management level, so we will continue with measures to support and develop female employees.

---

**Q6.**

The FY9/18 profit and loss statement includes ¥1.7 billion in equity in losses of affiliates, and ¥4.7 billion in impairment loss. What is the content of these items?

**A6. Respondent: Nakayama**

Equity in losses of affiliates is the result of business investments in the subscription music streaming service AWA, an equity-method affiliate in which CyberAgent hold a less than 50% stake, and AbemaNews, the company that produces the “AbemaTV” news programs.

The impairment loss is from smartphone games, which have declined in profitability.

Despite the risks, earnings from the Game Business were a healthy ¥25.3 billion in operating profit in FY9/18. Going forward, CyberAgent will continue to take risks with investments, and expand the business.

---

\* Questions at the Shareholders’ Meeting are limited to those relating to the agenda items.

\* Questions at the Shareholders’ Meeting not related to the agenda items are presented in the Company Information Briefing Q&A.

END