

## Summary of Questions and Answers from the 26th Annual General Meeting of Shareholders for the Fiscal Year Ending September 30, 2023

This document summarizes the questions asked by shareholders at the 26th Annual General Meeting of Shareholders held on Friday, December 8, 2023.

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Q1

Regarding cyber security, have you implemented measures that also take into account geopolitical risks?

A1 Respondent: Nakayama

We have established a security team of around 30 people on staff and have not experienced any major problems in 25 years. We also focus efforts on reducing the likelihood of incidents, such as by conducting simulations of external attacks.

Q2

What are the current challenges in creating the leading company of the 21st century, and what is your overall sentiment on the matter?

A2 Respondent: Fujita

Three years ago, our market capitalization rose to around 1 trillion yen, mainly due to the unprecedented success of Umamusume: Pretty Derby, but we are now seeing a decline.

At the earnings presentation for the third quarter of 2023 (April to June), we explained that we are committed to increasing income and profits, and that the company as a whole is making significant progress toward this goal. The current situation of the company is that we are working steadily with the aim of increasing the share price.

To create the 21st century's leading company, we must succeed internationally and produce iconic products, but in the immediate future, we are committed to growing income and profit to drive share price growth.

Q3

What is your outlook on the lawsuit filed against Umamusume: Pretty Derby?

A3 Respondent: Hidaka

Due to the ongoing litigation, we are unable to report on the case's status. However, we are continuing our efforts to assert the propriety of our actions.

Q4

Investment decisions seem to be based on the president's personal preferences, such as the live soccer streaming on ABEMA, but I'd like to see business decisions be more based on what's best for shareholders.

A4 Respondent: Fujita

Many of the investment decisions, including live soccer streams, Shogi, Mahjong, and others, are of great personal interest to me, but I believe that some aspects of the business are doing well because they are of great interest to me. The investment in the FIFA World Cup was instrumental in raising ABEMA's value.

Like many others here, I am also a shareholder and want to see ABEMA's share price rise in the future as income and profits increase.

Q5

Should you be issuing stock options at this time when the stock price is falling?

I also wonder if the company is run from a male perspective, as there is only one female director on the board at present.

A5 Respondent: Fujita

We are looking at implementing a quota system (a system that increases the number of female management by a certain percentage) for female directors, and we are putting significant effort into this area.

Respondent: Nakayama

Stock options are non-exercisable for four years, during which time they are issued to align the company with shareholders in our efforts to increase income and profits. The dilution from stock options is limited to 0.1% of outstanding shares, or 0.7%, even including past issuances.

Q6

With regard to the three points you mentioned in "Business Challenges,"\* are there any specific points that you intend to improve over the next year?

\* (See page 21 of the Notice of Convocation)

A6 Respondent: Fujita

In the three years since Umamusume: Pretty Derby became a hit, we have made considerable investments in new businesses, including ABEMA, new game titles, as well as AI and DX in the advertising field. We believe the time has come to recoup our investment, and we see a bright future ahead.

Q7

In light of the LGBT understanding promotion low, I am concerned about whether the company has created an environment where women can work safely, such as safety in restrooms.

With regard to the ratio of women directors, I don't think it's appropriate to unnaturally force a high number of women. Rather than setting the number of women, I want it to be the kind of company where anyone with a proven track record can play an active role.

A7 Respondent: Fujita

As a relatively new company, I believe we are one of the more LGBT-conscious ones, such as by preparing company restrooms that anyone can use. With an eye toward the quota system, we hope to increase the number of women by setting a certain range for women's positions; however, we have no intention of forcing the number of women to match a quota.

Q8

Congratulations to FC Machida Zelvia on their promotion and championship.

I believe you will be in a profit-making phase now that the team has been promoted to the J1 League, but are there any plans to improve the poor accessibility of their home stadium?

A8

Although the stadium is in Tokyo, the stadium is quite a distance from the station, and on match days, the traffic is so heavy that it causes jams.

Responding to the team's promotion to the J1 League, Machida City moved quickly to increase the number of buses, and plans for a new nearby monorail station have already been approved. However, resolving accessibility issues will take time, so we would like to do our best while also utilizing the National Stadium or other facilities for some games.

Q9

Regarding your financial statement, retained earnings and capital surplus appear to be abundant, which is great, but what kind of balance between media, games, and advertising do you have in mind when using this for future investments?

I would also like to know what, if any, management indicators the company is focusing on.  
Also, what is the 24 billion yen in other assets?

A9 Respondent: Fujita

The indicators we are focusing on are income and profit, especially PL revenue, and having a steadily rising profit. Currently, the entire company is working together to boost income and profits, so our dialog is centered on achieving solid growth in existing businesses rather than making major investments.

However, as Umamusume: Pretty Derby demonstrates, having our own dominant IP is highly profitable and has excellent business expansion potential. We therefore intend to increase our investment in animation IPs.

Respondent: Nakayama

"Other assets" includes security deposits from the 90 consolidated subsidiaries as well as licensing costs necessary for business operations.

Q10

Some other companies give long-term stockholders preferential treatment in the form of additional benefits. We would appreciate it if you would consider implementing preferential treatment for long-term shareholders.

A10 Respondent: Fujita

The ABEMA Premium benefit is a result of a suggestion made at the shareholders meeting last year. We would like to consider increasing the benefits for long-term shareholders, as it is consistent with the general bearing of the company.

Q11

There has been a lot of negative talk about Granblue Fantasy in the second half of this fiscal year, indicating a tendency to disregard users. With the upcoming 10th anniversary and the release of related titles, what measures are you considering to prevent existing users from leaving the game? I'd like to see you take user feedback more seriously.

A11 Respondent: Hidaka

We appreciate you playing our game. Granblue Fantasy has been in operation for a long time, and management places great importance on communication with users.

To please our users, we plan to host an in-person Granblue Fantasy Fes 2023 event as well as release console games, and we are committed to working hard to incorporate their feedback so that they can enjoy the game for years to come.

Q12

I appreciate the increased dividend of 15 yen per share over last year. Given your performance, I think you could have cut the dividend, but I'd like to know why you raised it.

A12 Respondent: Fujita

We have made significant investments in new businesses, but since they require time to become profitable, the share price can be sluggish during this time. In light of this, we chose DOE as our management indicator because we want our shareholders to support the company through both good and bad times. That is why we raised the dividend for the current fiscal year compared to the previous year.

Q13

I appreciate that you started offering streaming of WWE events, but I would also like to request that you start streaming Ultimate Fighting Championship (UFC) if possible.

A13 Respondent: Fujita

We did some UFC in the beginning. But to be perfectly honest, the streaming rights are currently a bit too expensive.

Q14

I believe you made an investment in Rakuten Group in May, but what was the reason for that?

A14

Some people have said it was to repay a past favor, but it really had nothing to do with that. We invested because we felt it would be profitable as a pure investment.

Q15

Profits are currently lower than before the release of Umamusume: Pretty Derby, which cannot be explained by reaction to the hit alone. What are your thoughts on the future of the game business?

A15 Respondent: Hidaka

We believe that the strength of the game business lies in the fact that we have several mainstay titles.

In addition to Cygames, our consolidated subsidiary, we are currently developing games for leading Japanese IPs such as FINAL FANTASY VII EVER CRISIS and JUJUTSU KAISEN Phantom Parade. In order to generate consistent profits, we will continue to strive to provide hit titles on a consistent basis.

Q17

While the game business is volatile, the internet advertising business, your core business, is growing steadily.

Compared to other media, only the internet is growing in terms of advertising, but what is CyberAgent's view on this?

A17 Respondent: Fujita

Fundamentally, advertisements are placed in the media that everyone is watching, and clearly, consumers are spending a great deal of time on the internet, making it the overriding trend.

Even in internet advertising, the mediums in which ads are placed constantly change in popularity, but as an agency, we recombine products to sell advertisers solutions that meet their needs.

Q19

I personally believe that outside directors should own shares. I'd like to ask Mr. Takaoka, who does not currently own shares, what he thinks about this.

A19 Respondent: Takaoka

Because outside directors are in a position to give harsh opinions to executive officers, I personally believe that I should not own CyberAgent's shares.

Q20

Regarding full-time Audit and Supervisory Committee members, Ms. Shiotsuki has been proposed as a candidate for reappointment. She has been a member of the committee since she was first appointed in 2000. I think this is not good from the point of view of human resource mobility, but could you share your thoughts on this?

A20 Respondent: Fujita

I believe she practices corporate governance with high moral standards and has a positive influence on the Audit and Supervisory Committee. If there are any negative effects from a member's long service, they should be replaced; however, since there have been no significant issues, I consider their current appointment to be positive.

Q21

Regarding stock options, I personally don't think it is excessive, as the limit is 7,350 shares. The exercise period is 6 years from the end of the 4-year period, is this based on the average length of service of the employees? Also, I believe stock options should be strengthened in order to attract top talent. What do you think?

A21 Respondent: Fujita

Length of service has no bearing on the exercise period of stock options.

The timing is intended to align with the company's intention to boost share prices by increasing income and profits. We have decided not to issue any larger stock options due to the risk of dilution.

Our policy of granting large numbers of stock options to our best and most active employees is designed to motivate them to work hard over the long term.

Q22

Why is the Q&A session from the earnings presentation not publicly available while questions from individual investors at the shareholder meeting are publicly available? Is there any reason for this?

A22 Respondent: Fujita

I do not host the Q&A session after earnings release since the shift to an online format due to the COVID-19 pandemic.

Prior to COVID-19, we gathered analysts, institutional investors, and reporters in a physical location, but the questions often led to misleading information and prevented us from communicating effectively. We have absolutely no intention of hiding questions.

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\* Agenda-related questions are accepted at the Annual General Meeting of Shareholders.

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