



Company Information Session - Q&A Summary

This document summarizes the questions asked by shareholders at the Company Information Session held on Friday, December 8, 2023.

Q1

The size of smartphone games has recently grown significantly, as have development and advertising costs. The longer you continue this business, the harder it will be to generate profits. You also have to compete with foreign investment. How do you plan to continue to win in such an environment?

A1 Respondent: Yusuke Hidaka, Director

As you said, development costs are rising and development cycles are getting longer, but we believe that we can streamline marketing costs by partnering with leading IPs. We have also gained the trust of content holders by producing high-quality products such as FINAL FANTASY VII EVER CRISIS and JUJUTSU KAISEN Phantom Parade. The Group's original IPs are highly profitable, and our consolidated subsidiary Cygames brand is developing. Therefore, we believe that we are a top-ranking game company in Japan and can remain highly competitive as long as the market is stable.

Q2

The number of employees has increased by about 1,000 compared to last year, but what are the intentions and goals behind this?

A2 Respondent: Go Nakayama, Director

We decided to invest in human resources while Umamusume: Pretty Derby performs well. So we have been increasing staff not only for the last fiscal year but for the past three fiscal years. Around half of our hires are new graduates, and we plan to continue to increase the number of new graduates, reduce mid-career hires, and leverage technologies such as AI to streamline operations. We mainly assign new human resources to our three major businesses, with a focus on advertising and games businesses.

Q3

Competitors are also using AI to optimize advertising effectiveness, but what is your competitive advantage? Also, what are your future expectations in terms of new AI businesses?

A3 Respondent: Go Nakayama, Director

In the advertising business, our strength lies in our 25-year history of maximizing advertising effectiveness. AI has recently enabled the prediction of which creatives will be more effective than existing ads, and this technological advantage is highly valued.

Q4

I believe you encourage employees to go independent, but what are the risks of losing talented people? Are you able to monetize this behavior, such as by investing in those who leave and start their own businesses? Also, working at CyberAgent has the impression of being hard work, but as competition for talent increases, I think more and more people will place importance on life-work balance. How will you respond to this?

A4 Respondent: Susumu Fujita, Representative Director

We do not encourage independence. Of course, we are interested in investing in companies with top talent, but we haven't received many requests, possibly because they don't want to be seen as dependent on their previous employer. Our basic approach is to invest and monetize.

With regard to "hard work," our staff currently comes to work three days a week and works remotely two days a week, which we feel is a good balance and don't consider hard work. As for long working hours, Human Resources Division closely monitors working hours and makes improvements as necessary.

Q5

Thank you for the opportunity to see President Fujita's investment horse, Hirari, race in Urawa. Since I invested in Hirari's mare, I would like the chance to invest in her when she becomes a breeding mare. Are you considering shared racehorse ownership?

A5 Respondent: Susumu Fujita, Representative Director

That's a personal matter, but currently I'm not considering a shared racehorse ownership club.

Q6

Besides the addition of new characters, what other big plans do you have for the future of Umamusume: Pretty Derby?

A6 Respondent: Susumu Fujita, Representative Director

I can't discuss Umamusume plans that have not been announced. I can only tell that we're working on something exciting.

Q7

Over the past year, what has been the internal and external reaction to the upcoming presidential transition that will take place in three years?

I'm curious about the reactions of institutional investors and business partners, as well as the track record of the 16 expected successors.

A7 Respondent: Susumu Fujita, Representative Director

We have started training successors, but we do not expect them to take over completely right away. Even after the next president is chosen, I will continue to serve as chairman and CEO alongside them. I am now 50 years old, and I have publicly stated that I intend to continue until I am 60. That being said, we have received positive feedback on preparing for business succession from an early stage. In order to verbalize and communicate my years of experience and intuition, we view it as important to break them down into smaller elements and define the requirements of management. If assessments of current human resources show areas of deficiency, we will provide more training. Nevertheless, the 16 people who have received training have shown remarkable growth. By continuing this process, I believe we will create a public company with excellent sustainability. Like Recruit, our goal is to build a company that can thrive even after its founder is no longer with the company.

Q8

While programs with high royalties, such as sports and Shogi, make for great ABEMA content, would you consider programs with a high level of social concern? For example, how about a once-a-month program featuring a discussion with a Diet member?

A8 Respondent: Susumu Fujita, Representative Director

We are putting a lot of effort into a news program called ABEMA Prime, which includes inviting people at the center of topic. We also communicate information via SNS and YouTube. Please take a look.

Q9

I often watch ABEMA's Shogi program, but I only see ads for your company.

Is AI technology only being used for your advertising business?

Also, visiting Shibuya for Halloween has been restricted due to overcrowding. Are there any local revitalization activities you could implement?

A9 Respondent: Susumu Fujita, Representative Director

Shogi is relatively well sponsored, but due to the program's lengthy airtime, we also put advertising for our service. Since viewer targeting is used for ABEMA's advertisements, certain ads may not be shown to some people.

We try to avoid showing people the same ads over and over again.

As for Halloween in Shibuya, I think it would be difficult to collaborate with Shibuya Ward under current conditions of the day. However, we have been discussing about possible collaboration to revitalize Shibuya in other ways.

Q10

I think that a company that has flat organization and fosters open communication across all levels will grow. Despite its short history, CyberAgent is a large company with over 7,000 employees. In general, large companies with a long history tend to have "big company disease," such as a highly hierarchical structure. What are your thoughts on corporate culture and big company disease?

A10 Respondent: Tetsuhito Soyama, Managing Executive Officer and CHO

We clearly state in our mission statement that we will eliminate the disadvantages of scale. Also, in a monthly survey where employees are asked to rate their overall condition using weather terms on a 5-point scale from sunny to rainy. Over 80% respond with "sunny." When asked about job satisfaction, our most valued aspect, 87% of respondents said their work is rewarding. Based on this feedback, we will continue to work hard at CyberAgent to prevent big company disease.

Q11

Both the stock price and business performance have plummeted from their peaks, but I believe you could have achieved a softer landing. Does looking back give you any insight at all?

A11 Respondent: Susumu Fujita, Representative Director

To be honest, we were hoping for a softer landing, but it resulted in a hard landing with downward revision of the forecast, which was regretful. We had planned a number of new businesses to launch when times were good in order to prepare for the next stage. But we were unable to complete them in time. By continuing to build solid business performance from this point forward, we hope to achieve a steady increase in income and profits and grow the share price. It has been difficult to match the business results and stock price formation from the massive hit of Umamusume: Pretty Derby, but things have finally settled down.

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