CyberAgent Way

CyberAgent, Inc.

TSE4751

2019

Integrated Report

December, 2019

MADE in SHIBUYA

Shibuya, a popular gathering spot for IT entrepreneurs, has been known as "bit valley" for some 20 years since around 2000. Shibuya is not only home to IT companies that have grown into mega-ventures, but has evolved into the district where numerous startup companies converge.CyberAgent has developed and deployed numerous internet services from its headquarters in Shibuya, thriving on the energy of this area that attracts young digital natives. This year, however, in response to the expansion and scattering of its offices due to ever-expanding business, the company decided to consolidate its operations into two offices in Shibuya. CyberAgent is committed to continuing to develop world-class "Made in Shibuya" services from its offices in Shibuya, which continues to be an influential source of cutting-edge culture among young people.

Creation

創出

Dai Nishijima
President, CyberACE, Inc.

Rina Takai
President, eStream, Inc.

Tomohiro Ueno
President, CA Tech Kids, Inc.

Manami Kabashima
Anime channel producer, AbemaTV, Inc.

Chihiro Sano
President, WinTicket, Inc.

Artisan

匠

Karyakin Anton
Internet Ad Business Facebook creative planner

Shiori Mogi
Media Business UI designer

Yusaku Washiyama
Game Business Director CCO, Grenge, Inc./Creative director

Atsushi Nakahashi
Internet Ad Business Creative director

Enthusiasm

熱狂

Danshoku Dieno
Professional wrestler, DDT Pro-wrestling, Inc

Challenger

挑戦者

Kota Yamaguchi
AI Business Unit   Research Scientist of AI Lab

Vision

To create the 21st century's leading company

Message from the President

Thank you for your continued support of CyberAgent.

Under our vision "to create the 21st century's leading company," we at CyberAgent have, since our inception, worked to expand business in the fast-changing internet industry by honing our ability to 'adapt to change' and also drawing on our advantages in 'talent', 'technology' and 'creation'.

Internet TV station "AbemaTV," which launched in April 2016, has already achieved over 45 million downloads in just three and a half years. It has also received positive feedback for its ability to provide value as an infrastructure for spreading emergency info in the event of disaster as a smartphone-based form of mass media.

While growing our media business into the next mid- to long-term pillar after our advertising and gaming businesses, CyberAgent is dedicated to continue creating social value through activities that include next-generation engineer training and sports support, and striving to achieve the kind of sustainable management that will lead us to a new stage of growth.

Susumu Fujita
President

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Value creation model

CyberAgent's Value Creation Model

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Superior Technology

Technology is the cornerstone of internet companies' competitiveness. The wide range of CyberAgent services — which include video distribution through AbemaTV, music distribution through AWA, over 50 smartphone games, and advertising products and creative work that meet advertisers' expectations — are created and supported by some 2,000 engineers and creators who have a sense of ownership and passion for advanced technical skills and creativity.

Our development structure is characterized by a free and open-minded culture in which each development team is given broad discretionary power, and by combining this with the synergistic effect of our various shared resources and built-up knowledge, CyberAgent is dedicated to continuing to improve the utilization of data and AI technology, and boosting our technical advantages in priority areas.

Interview

Creating Completely New Value and Business Opportunities through Technology

Director
Technical Development Division

Norishige Nagase

Delivering Absolutely Uninterrupted, High-Quality Video Content

The vision of AbemaTV is to "create unique internet-based mass media." Since the launch of AbemaTV, we have worked to improve the video, delivery, and playback technology to deliver uninterrupted high-quality video that, like conventional TV, is able to deliver a seamless viewing experience regardless of the number of simultaneous viewers. Essentially, internet-delivered content was premised on a "best effort" approach since people generally assumed it wouldn't play smoothly. Against this backdrop, it was a huge challenge to provide a crisp image and comfortable viewing experience to many people simultaneously with the state of technology at the time.

In May 2017, during a show broadcast on AbemaTV called "Win 10 Million Yen, If You Can Beat Koki Kameda," which pit entrants against the former pro boxer, the server went down right at the beginning of the match. Traffic reached around 20% of all Japan's internet communications at the

moment, and the server shut down being unable to withstand the overwhelming traffic.

Since that time, a variety of improvements have been made to deliver stably, a core element of AbemaTV's technology, and we have evolved it into today's highly-robust system that does not go down even during high viewer access concentrations. This is a huge advantage on which we intend to continue focusing investment in the years to come.

AbemaTV's Development Policy is Consistently "simple"

For AbemaTV, we place the highest priority on a simple UI/UX design that is easy for users to understand. While many features tend to pile up as the result of running an internet service for this many years, we have always pursued simplicity at AbemaTV by making the tough decisions to let go of some things as new ones are added.

When AbemaTV first launched, we had assumed that linear viewing would play

the central role, but more recently we have found that linear news and sports broadcasts can coexist with on-demand programming such as dating reality shows and anime. For the major overhaul of the UI/UX we are currently working on, we are keenly focused on how to display content that contains both linear and on-demand programming, in a manner that is simple and easy for users to understand.

As for the subscription service, its success depends on improving user satisfaction so it is used regularly. To achieve this, we need to continue making improvements in three key areas: ensuring a seamless and comfortable viewing experience for linear and on-demand programming; providing highly-accurate recommendations that utilize user behavior data; and offering content that users want to watch. By drawing on our strengths that span all stages from content planning to distribution, we are confident that the number of paid members will increase as the natural result of ensuring that users enjoy AbemaTV even more.

At the same time, we are also reviewing the technology for delivering advertisements. We are developing ads that can achieve targeted delivery in real time during linear program broadcasts, and if realized, we will be able to create advertising value that is unique to AbemaTV with delivery that is highly efficient and accurate.

"Fastest or Best"

As our President Fujita often says, to succeed in a new business, there are only two choices: either be the fastest to market, or deliver the best quality. When AbemaTV was first launched, the core of its technology strategy was that it could not be imitated by other companies. With using existing solutions out there, AbemaTV could not be completed. However, it took us just four months, by ourselves, to create a system that kept competition from entering the market for years.

This was made possible not only due to our engineers' advanced technical skills, but also due to the passion and sense of ownership each had during development — treating the product almost as if it were their own child. We consider these technical strengths and passion the most important factors in developing our own technology, as well as a key source of our competitiveness.

CyberAgent's Engineering Teams and Human Resources are the Ultimate Source of Our Competitiveness

As AI technology becomes increasingly universal, it will be important to know how to use new technologies to boost the value of services and solve business issues. In addition to engineers who "have amazing technical skills" or "create new technologies," our engineering team also

includes an increasing number of those who are "technology users" with business sensibilities and unique ideas. These human resources are playing active roles in the company.

Although compensation tends to grab the attention of potential engineers when hiring, it is also essential to provide overall satisfaction such as a rewarding work, professional growth, and colleagues that one can improve together with. CyberAgent is the opposite of the 'one company, one product' model. We offer opportunities for growth through the regular development of numerous projects in the fields of media, advertisements, and games while using a broad spectrum of technologies. By communicating CyberAgent's appeal to students, each year we are improving our recruitment abilities, which are the basis of our technological advantage. Ultimately, since our engineering teams and human resources are the company's competitive edge, we are dedicated to focusing on building teams by leveraging our advantage of scale and boosting satisfaction for each and every engineer.

* AbemaTV 1st Anniversary Program, "Win 10 Million Yen, If You Can Beat Koki Kameda" broadcast on May 7, 2017
https://abema.tv/channels/special-plus/slots/9YCojXFBHRK1F5

Interview | Norishige Nagase

Research Institutions

AbemaTV Data Technologies

AbemaTV Data Technologies was established to effectively utilizing the data logs accumulated since AbemaTV was launched in April 2016 for various purposes, including not only ad delivery, but also for determining formats, procurement, add-on fees, and behavior tracking.
Under the themes of "contributing to the business decision-making process through data utilization" and "improving products through statistical modeling," Data Technologies mainly engages in optimization from the user's perspective, such as by improving both recommendation accuracy and the services for attracting more customers.

Akihabara Lab

Akihabara Lab is an R&D organization with around 40 engineers who specialize in large-scale data processing, data analysis, and machine learning. The Akihabara office itself was established in April 2011.
To improve user satisfaction in CyberAgent's media services, Akihabara Lab strives to better understand human behavior on the internet by strengthening industry-academia collaboration with universities and research institutes while conducting research in computational social science.
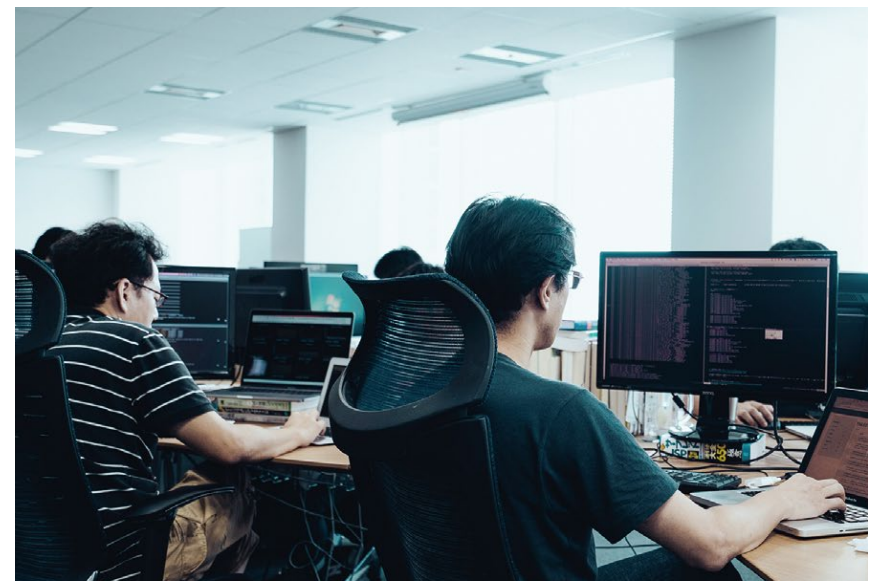
Akihabara Lab

AI Lab

AI Lab was established with the goal of conducting R&D on advertising delivery technology that utilizes artificial intelligence (AI). The lab includes researchers who specialize in machine learning, econometrics, computer-vision, natural language processing, HAI/HRI etc., and who conduct research in three areas :

- **automated dialog technology for virtual interactive agents**
- **creation support and automated creation of advertisement creative work**
- **analyses of the causal effect of advertisements**

The lab has also partnered with universities and research institutes in several fields (Osaka University, Yale University, Tokyo Institute of Technology, etc.) with which it is advancing research and development with the aim of further improving technologies.

1   Demonstration test of a communication robot by AI Lab and Osaka University
2   Robot-assisted Marriage Partner Hunting

Results of Academia-Industry Cooperation

**Co-authored Paper Received
the 2018 Yamashita SIG Research Award**

March 2019, a paper co-authored by Akihabara Lab's Masanori Takano and the University of Tokyo School of Engineering's Associate Professor Fujio Toriumi was awarded the 2018 Yamashita SIG Research Award from IPSJ (Info Processing Society of Japan)*. The paper proposed a method to hierarchically analyze the music listening behavior of users on the flat-rate music streaming service known as "AWA."

AKBL
アキハバララボ

* This award is given to the presenters of highly outstanding papers from among papers presented at IPSJ research meeting events and symposiums throughout the year.

**Co-authored Paper Adopted at
the International Conference "AAAI 2019"***

In December 2018, a paper co-authored by AI Lab's Shota Yasui and Yale University's Yusuke Narita and Kouhei Yada was adopted at the international conference "AAAI 2019"* in the field of artificial intelligence. The paper, on evaluating decision-making by applying machine learning similar to a bandit algorithm[2], proposed a method with less evaluation uncertainty than with past methods.

Visual concept of Off-Policy Evaluation

user	Log data	Result	New policy	Result
A	Creative B	Click	Creative A	Unknown
B	Creative A	non-Click	Creative A	non-Click
C	Creative C	Click	Creative C	Click
D	Creative C	non-Click	Creative B	Unknown

Evaluation supplementing missing data

* "AAAI" is an annual conference that brings together researchers in various fields of artificial intelligence from around the world, and is one of the most influential international conferences in the field of AI.

HR System

Developer Experts System

The Developer Experts System provides a platform for engineers with knowledge, skills, and a proven track record as leading experts in specific fields to engage in new activities. It is also intended to contribute to development in each specialty field and return results to the CyberAgent group. The system provides full support for activities whether experts are working from Japan or overseas.
Five people have been selected from CyberAgent's current focus areas, who are responsible for carrying out the following three major roles:

1 — Acquire expertise in each specialty field and contribute to its development.
2 — Establish the CyberAgent brand in each specialty field through external interaction and activities (delivering presentations, community activities, writing, and spreading info).
3 — Receive and support in-house discussion beyond their areas of responsibility or department.

Yusuke Goto

Video Technology /
Product Design
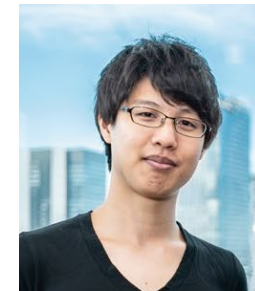
Masaya Aoyama

Kubernetes /
Cloud Native

Hiroki Tani

UX Design /
Product Design

Daichi Furiya

Android

Soichi Masuda

Accessibility

Superior Talent

CyberAgent places the highest value on hiring, training, motivating, and assigning the right person in the right place. To realize our goal of being a company able to continue growing in the fast-changing internet sector, we utilize a variety of systems to create an environment and culture in which each employee can maximize their full potential.

Hiring

YJC

YJC gets its name from the first letters of this Japanese phrase: Y="Yoi hito wo (good people)"; J="Jibuntachi de (on our own)"; and C="Chanto saiyo suru (hire properly)".
YJC is essentially a project for improving the hiring process of new grads by having a variety of employees participate in the hiring process rather than expecting only HR personnel to handle it. The project was launched in 2017 under the vision to "hire talent that exemplify the 21st century." With around 400* employees involved, we have raised our hiring competitiveness by having employees in the field work side-by-side with HR staff.
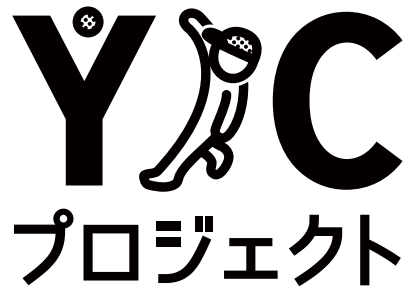
* Number of employees involved in YJC
Business positions: About 200
Engineering & designer positions: About 200
Total: About 400

DRAFT

DRAFT is an elite internship that can only be attended by students carefully selected from various internships that CyberAgent carries out across the country. Held annually since 2016, proposals from the winning team are commercialized, and we have seen an increasing number of cases* where past graduates have become the persons assigned to launch subsidiaries or put in charge of managing a service.

* CAmotion Inc., Bizbot Inc., etc.

Development

CA24

CA24 is a strategy to find and train the human resources who will take responsibility for future of CyberAgent.
Each year we select 24 young employees who define company-wide issues and work to resolve them. This helps develop the next generation management-level professionals through proposals and reports at board meetings.

CA24 members

Scene from training seminar

Active Participation

YMCA

This company-wide project has a number of objectives: to connect the energy and passion of young employees in their 20s to the next generation; to boost the company's top line while increasing chances for promotion; and to create opportunities to think about CyberAgent's future with a sense of ownership. The project is led by a team of young leader-class employees in their 20s who engage in wide range of activities both in and outside the company.

Since 40.6% of our organization is made up of people in their 20s, these young employees have ownership—meaning that "they are the ones responsible for creating a company that will epitomize the 21st century."

Even as our organization grows larger in the future, this measure is designed to ensure we can continue as a company where young employees play an active role.
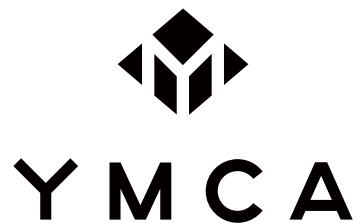
YMCA Ashita Kaigi (Meeting for Tomorrow) poster

CA BASE CAMP

CA BASE CAMP is a conference designed to strengthen CyberAgent's technical capabilities as a team by promoting the sharing of know-how and interaction among engineers and creators company-wide, which has grown to around 1,800 staff, over 40% of which in full-time permanent positions. It has been held once a year since 2018.
By providing a venue to proactively share know-how accumulated from CyberAgent's wide-ranging media, advertising and game business areas, as well as promoting cross-departmental and cross-occupational exchange between engineers, we are committed to further boosting both technical capabilities and business growth.

Photo from the conference

Battle Conference Under30

2019 marks the third time to hold Battle Conference Under30, a tech conference exclusively for speakers and participants under 30 years old.
The conference aims to provide a venue where participants can inspire and learn from each other through a wide variety of content that encourages communication between them. These events include presentations on technological and career challenges faced by young engineers both in and outside the company; booths where visitors can talk directly with speakers; programming contests that anyone can participate in; demonstrations; poster exhibits, and more.

Photo from the conference

Woman Tech Terrace

Held for the first time in June 2019, Woman Tech Terrace is a conference for, and by, female engineers. It was founded by female CyberAgent engineers in response to requests from other female engineers who, in the course of building their career, were seeking to "hear the ideas and opinions of other female engineers," "find colleagues to mutually inspire and encourage each other," and "hear talks from female engineers who resumed their career after giving birth." About 140 people participated in this event.

According to the survey results* published by METI, only 16% of engineers in Japan are female and this has remained low for almost 10 years. Based on the concept of "supporting the 'long-term, individually unique' working lives of female engineers," Woman Tech Terrace utilizes career-oriented panel discussions and technical sessions in an aim to connect female engineers beyond departmental boundaries and create an opportunities for them to plan their vision of a long and fruitful career.

Photos of conference speakers and venue content

* 2018 Information Service Industry Basic Statistics Survey p.30

CAramel

"CAramel" is female cross-departmental group that was established at the September 2017 Ashita Kaigi (Meeting for Tomorrow) with the intent of "making the voices of female staff heard at the management level" and "increasing opportunities for female staff to interact with each other." 'CAramel' is a play on the Japanese word 'karameru', meaning to interact or mix together. As the name implies, through this we hope to create a forum where many women can interact with each other.

To date, more than 220 female employees have participated in events on various themes such as "Women's Health," "For New Graduates and Prospective Employees," "For Mid-Career Hires," and "For Women from Sales."

As women are susceptible to significant impacts on their career due to changes at various life stages, these events support in ways that help the women embrace change with positivity and build active mid- to long-term career paths.

Photo from a CAramel event

Interview

Interview with Active Woman in the Workplace

Career in "proactive" promotional work in the PR department led to CEO position

When I was in my second year at the company, after working in smartphone advertising sales at CyberZ, whose culture values 'taking big challenges even if they involve risk', Mr. Yamauchi, CEO of CyberZ asked if I might be interested in trying public relations. At first, I was resistant to the idea — my image of PR work was mainly "reactive." But when he said he wants me to be "'proactive' like in the sales department," I was sold on the idea and decided to transfer to the PR department.

"Proactive PR" requires me to understand the intent of management and consider how to best communicate their vision. I also realized that public relations is much like sales as I became aware that the job of PR is really to sell the company itself to the world. As I gradually built up a track record in PR, I started to feel that although my current position was an advocate for the company's management, someday I would like to be in that position myself. When I shared these aspirations with the manager, they agreed to assign me as

CEO of one of our subsidiaries. I am very grateful for this kind of environment where the company supports employees' pursuit of challenge regardless of career or gender.

Realizing a career path true to my individuality while enjoying the changes in life-stages

As a matter of fact, I was going through a life-stage change, namely marriage, at the same time as I became the CEO. Taking on the position of CEO at that timing carried a heavy burden in terms of both time-commitment and mental stress, and some people around me were concerned that I may have taken on too much risk. I would be lying if I said I wasn't a bit concerned myself. However, as Mr. Yamauchi often said, "Careers bloom when your path and the company's path cross at the right time. Until that time, you have to keep your blade sharp for when it is needed." These words were a source of encouragement for me.

I realized that, even before this, first steps always involve not having enough knowledge or ability. Still, I did the work in front of me with 100% effort, achieved results, and gradually gained confidence.

Going through that experience shaped who I am today. I look forward to continuing to take advantage of my natural positivity and ability to take action to realize a career path that is true to my individuality.

"I want to rely on myself to build up the company and my career. Taking on challenges as a businessperson and as a woman."
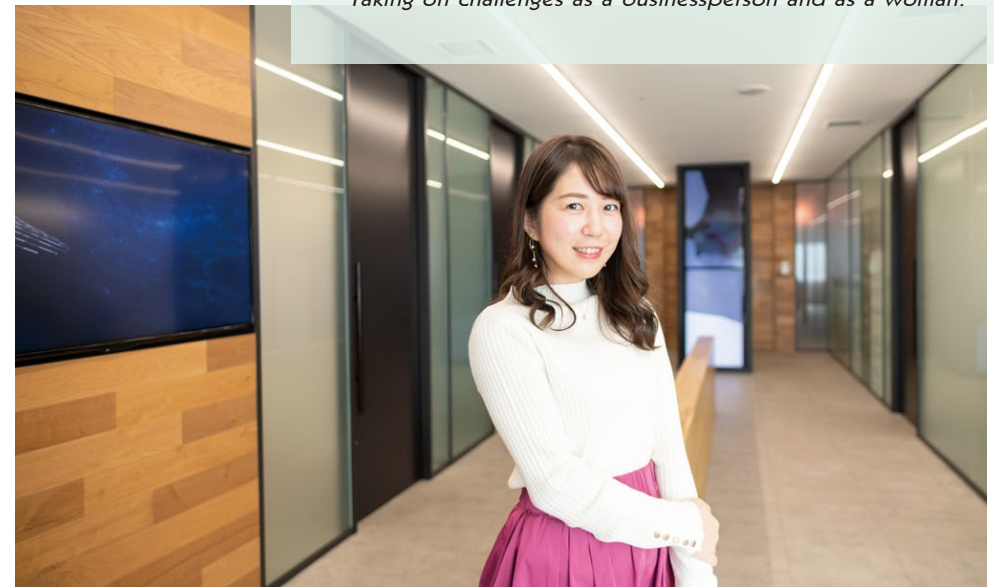
Rina Takai

President, eStream, Inc.

Joined CyberAgent as new graduate in April 2014. Gained experience in advertising at CyberZ Inc. Later transferred to the PR department of same. Contributed to business growth through proactive PR work. Assigned as president of eStream in April 2018 and became responsible for "e-chance!" Serving in current position since October 2018.

Superior Creation

CyberAgent has launched numerous new businesses and remained continuously engaged in self-driven growth without relying on mergers and acquisitions. While establishing a system for developing new businesses and continuing to take on challenges, we are also applying innovative ideas to boost profitability by implementing training programs with clear rules on business withdrawal and not clinging to unprofitable ventures.

Creation System

Ashita Kaigi (Meeting for Tomorrow)

"Ashita Kaigi" is a meeting (=kaigi) led by company directors in which new business initiatives and solutions that could improve CyberAgent 's future (=ashita) are proposed and decided upon. Twice a year, each director selects four people from among our business leaders and specialists to assemble teams that compete by delivering proposals. From September 2019, we changed from a ranking format where participants compete for a total score, to a tournament format. This brought event to a whole new level of tension.

Since its inception in 2006, Ashita Kaigi has resulted in the establishment of 29 subsidiaries. From these new businesses, we have generated cumulative sales of roughly 250* billion yen and an operating income of around 35* billion yen, thereby greatly contributing to business expansion.
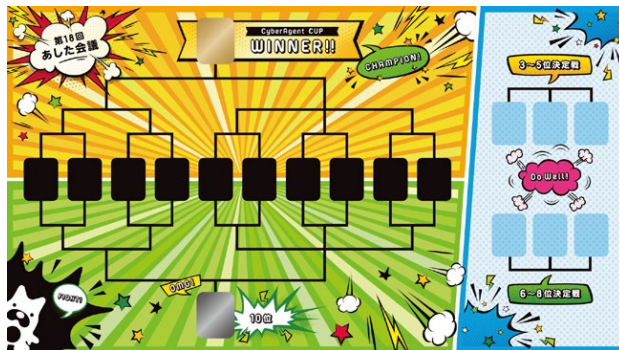
Ashita Kaigi tournament schedule

Startup Challenge

Startup Challenge is a new business plan contest for employees and potential recruits. Presentations are made to the president and officers, which are developed into actual businesses if selected.

"Startup Challenge: Student Edition" was held as a business plan contest open to university students nationwide (first-year to graduate students). Here, 10 people, screened down from over 100 proposals, took part in the final presentation where President and CEO Susumu Fujita served as presentation judge. The best proposal was selected for investment from the "Fujita Fund," which exists to enhance investments aimed at supporting young managers.

Startup Challenge: Student Edition

* As of end of September, 2019

Business Management

Strategic Meetings

Strategic meetings are held once per quarter for all businesses operated by CyberAgent for the purpose of honing a 'strategic mindset' among business managers. At meetings, each business manager explains their business strategy to the president, providing an opportunity to assess the growth of the business. If there are no signs that business growth either matches or exceeds growth of the overall market, strategic changes are implemented such as rethinking business content or even withdrawal of the business.
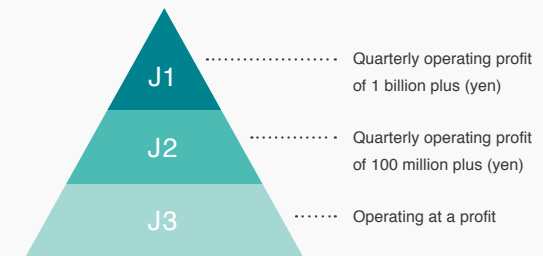

Photo from the Strategic Meeting

CAJJ program

This training program derives its name from CyberAgent plus Japanese words for business ("Jigyo") and personnel ("Jinzai"). Businesses are ranked by level of operating income and efforts are directed towards achieving growth. Under clearly established criteria for withdrawal, if the business posts a revenue and earnings decline for two consecutive quarters, the business is either discontinued or the general manager is replaced.

Meetings are also held once a month with all subsidiaries and businesses associated with the CAJJ program to promote competition and collaboration, such as by boosting intra-group synergies and horizontally deploying risk management.

Ranking criteria

- J1 .... Quarterly operating profit of 1 billion plus (yen)
- J2 .... Quarterly operating profit of 100 million plus (yen)
- J3 .... Operating at a profit
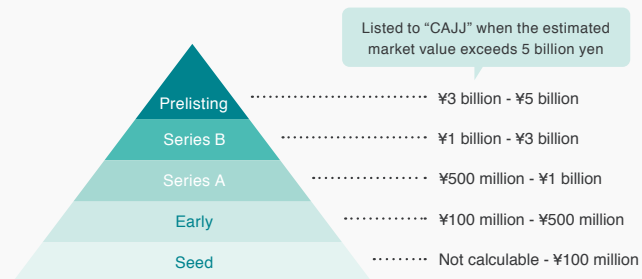
Withdrawal criteria:
Withdraw if income and profit decrease for two consecutive quarters

Startup JJJ

Startup JJJ is a training program whose name is derived from the Japanese words for new business ("Jigyo"), personnel ("Jinzai") and market value ("Jikasougaku").
Generally targeting startup businesses that have not achieved profitability within two years of being launched, market value is based on the idea that we want them to become number one in their market, or to become a project with meaningful impact to CyberAgent.
In Startup JJJ, businesses are ranked by market value and efforts are directed towards achieving growth. Under clearly established criteria for withdrawal, a business is discontinued if it exhibits no growth for six consecutive quarters or is unable to demonstrate any competitive advantage.

Evaluation criteria to increase the business value
Rank startup businesses by the estimated market value

Listed to "CAJJ" when the estimated market value exceeds 5 billion yen

Prelisting	¥3 billion - ¥5 billion
Series B	¥1 billion - ¥3 billion
Series A	¥500 million - ¥1 billion
Early	¥100 million - ¥500 million
Seed	Not calculable - ¥100 million

Note :
A business may be discontinued if the seed period continues for six consecutive quarters (18 months), or if gross profit declines for three consecutive quarters.

"Startup JJJ" Awards Ceremony

New Business Example

RAGE

"RAGE" is an esports event operated jointly by CyberZ, Avex Entertainment, and TV Asahi, which combines the next-generation sports competition of "esports" with various entertainment properties. RAGE is also a generic term for the esports League.

RAGE is currently implementing two projects: general participatory 'events' mainly held offline; and a spectator format 'professional league' whose professional player competitions are delivered online. At events, game titles from multiple genres are brought together under one roof. In addition to esports competitions that determine the strongest champion in each title, there are also venue-limited competitions, test plays for new titles, and live artist performances.

Esports competitions held to date with prize systems have consisted of the following four titles (in alphabetical order): "Shadowverse" (Cygames Inc.), "Street Fighter IV" (Capcom Co., Ltd.), "Vainglory" (Super Evil Megacorp), and "Winning Eleven 2017" (Konami Digital Entertainment Co., Ltd.).

There are also some non-prize winning competitions that use "Splatoon 2" (Nintendo Co., Ltd.) and "PlayerUnknown's Battlegrounds" (PUBG Corporation). As for esports leagues in which Japan's top players participate, we operate "RAGE Shadowverse Pro League" as well as "RAGE STREET FIGHTER V All-Star League powered by CAPCOM."

Tapple

Operated by MatchingAgent Inc., "Tapple" is a dating app that matches people with similar interests. As an online dating app where people use similar interests such as cooking, movies or sports as a jumping-off point to find dating partners, Tapple has launched the relationships of some 7,200 couples each month since the service began in May 2015, and enjoys avid support especially from young persons in their early twenties.

Currently holding over 5 million registered members, Tapple has been used to set up around 2 billion matchings, making it the largest service of its kind in Japan.

趣味でつながる恋活アプリ

tapple
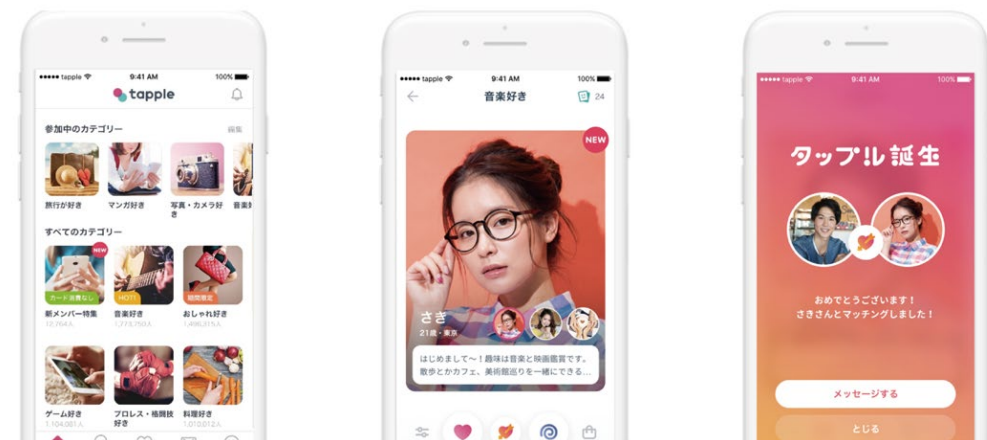
* As of end of October 2019

WinTicket

"WinTicket," launched by WinTicket, Inc. in April 2019, is an internet betting service that allows users to purchase betting tickets for cycle racing ("Keirin") events. The "Keirin Channel" was also simultaneously launched on AbemaTV.

Keirin Channel aims to communicate the excitement cycle racing not only to existing fans, but also to the younger generation who are generally unfamiliar with cycle racing. The channel produces and delivers special programs centered mainly on live race broadcasts and midnight races, and includes features that allow users to purchase betting tickets even as they watch. We are committed to continuing to expand our range of services and aid in the monetization of AbemaTV.

Business Models and Synergies

CyberAgent is implementing a three-pillar business portfolio with specific focus on internet industries.

CyberAgent's Business Model

CyberAgent's main focuses are on media, internet advertising and game businesses. In each of these, we are expanding business by using our operational advantages as a competitive edge, also leveraging our strengths in content production, customer attraction, marketing, and sales to generate business synergies.

Media Business

- AbemaTV
- Ameba
- AWA
- Tapple

Game Business

- Sengoku Enbu-KIZNA-
- Granblue Fantasy
- Shadowverse
- BanG Dream! Girls Band Party!

Internet Ad Business

- Esports
- AI Business Unit
- Internet Advertising Business Unit
- CA Dashboard
- Ad Creative

Synergy

Ad Sales
Ad Spaces
Content
Attract Customers
Marketing
Ad Placement

Outcome — Economic value

- Sales
- Profit
- Cash

Outcome — Social value

- Creation of new industries
- Employment promotion
- New info infrastructures
- Development of IT Talent
- Entertainment provision
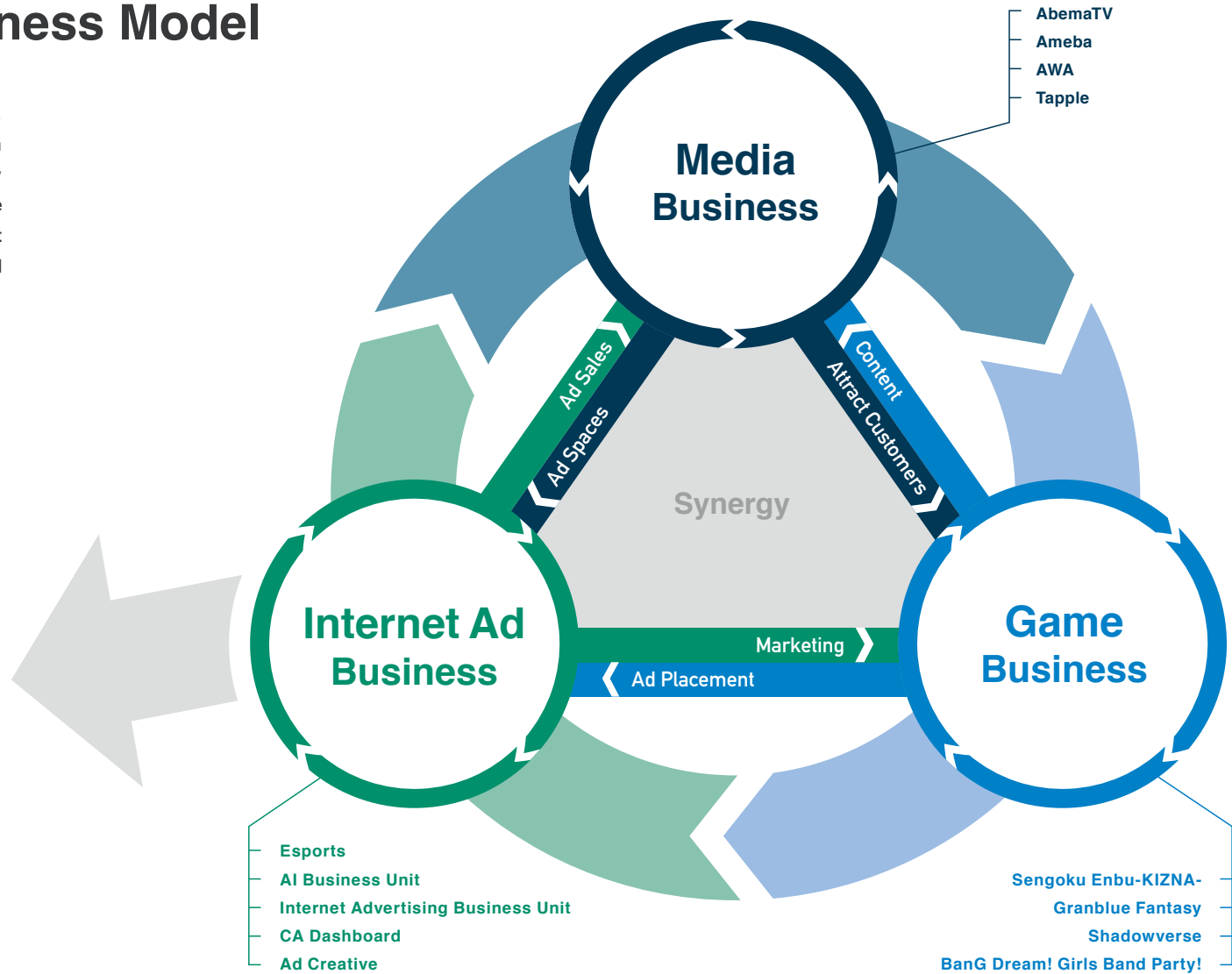
1 Business Synergy Examples

Media Business ✕ Internet Advertising Business

Our internet ad business sells ads on AbemaTV which is deployed through our media business

Advertiser Nestle Japan takes advantage of AbemaTV to boost awareness of NESCAFE GOLDBLEND BARISTA coffee machines

In this promotion example, a spin-off movie of this blockbuster was distributed on AbemaTV, achieving widespread attention by merging content with advertising. As a result of a maximizing viewer motivation to view this episode and achieving seamless advertising contact, this effort generated an impressive response with some 80,000 comments posted on the commercial. This also established a new kind of communication design in which users themselves can become influencers by interacting with others in the comment section. It turned out to be an excellent opportunity that users established trust in the product, win over customers, and spread awareness.

Nestle Japan Ltd.

2 Business Synergy Examples

Game Business ✕ Media Business

Early release of new game-based animation on AbemaTV

Granblue Fantasy Campaign to commemorate the 2nd season launch of the anime

©Granblue Fantasy The Animation Project © Cygames, Inc.

"Granblue Fantasy The Animation Season 2," based on the original Granblue Fantasy provided by Cygames, was delivered via AbemaTV simultaneously in both regular broadcast and exclusive early-release formats.

Original IP anime was broadcast on AbemaTV's popular anime channel. To fully utilize the opportunity, not only did we rerun the first season in advance to generate buzz for the sequel, but a promotion was run with the Granblue Fantasy game, providing in-game items to encourage players to watch the anime, and viewers to play the game.

3 Business Synergy Examples

Internet Advertising Business ✕ Game Business

One of Japan's largest esports events held with Cygames' game as the competitive game title.

RAGE Shadowverse 2019 Autumn, Grand Finals

One of Japan's largest esports events "RAGE Shadowverse 2019 Autumn" Grand Finals that featured Pro smartphone card battle game as main content "Shadowverse"

This esports event involved "RAGE," Japan's largest next generation esports tournament (operated in a collaboration between CyberZ, Avex Entertainment, and TV Asahi), and digital CCG (Collectible Card Game) "Shadowverse," which has achieved over 21 million downloads.

The venue, which also attracted many women and foreign visitors, was filled with excitement and enthusiasm as players battled fiercely for the chance to win a prize of 4 million yen and the right to participate in the world championship "Shadowverse World Grand Prix 2019" (110 million yen grand prize), culminating in a resoundingly successful event.
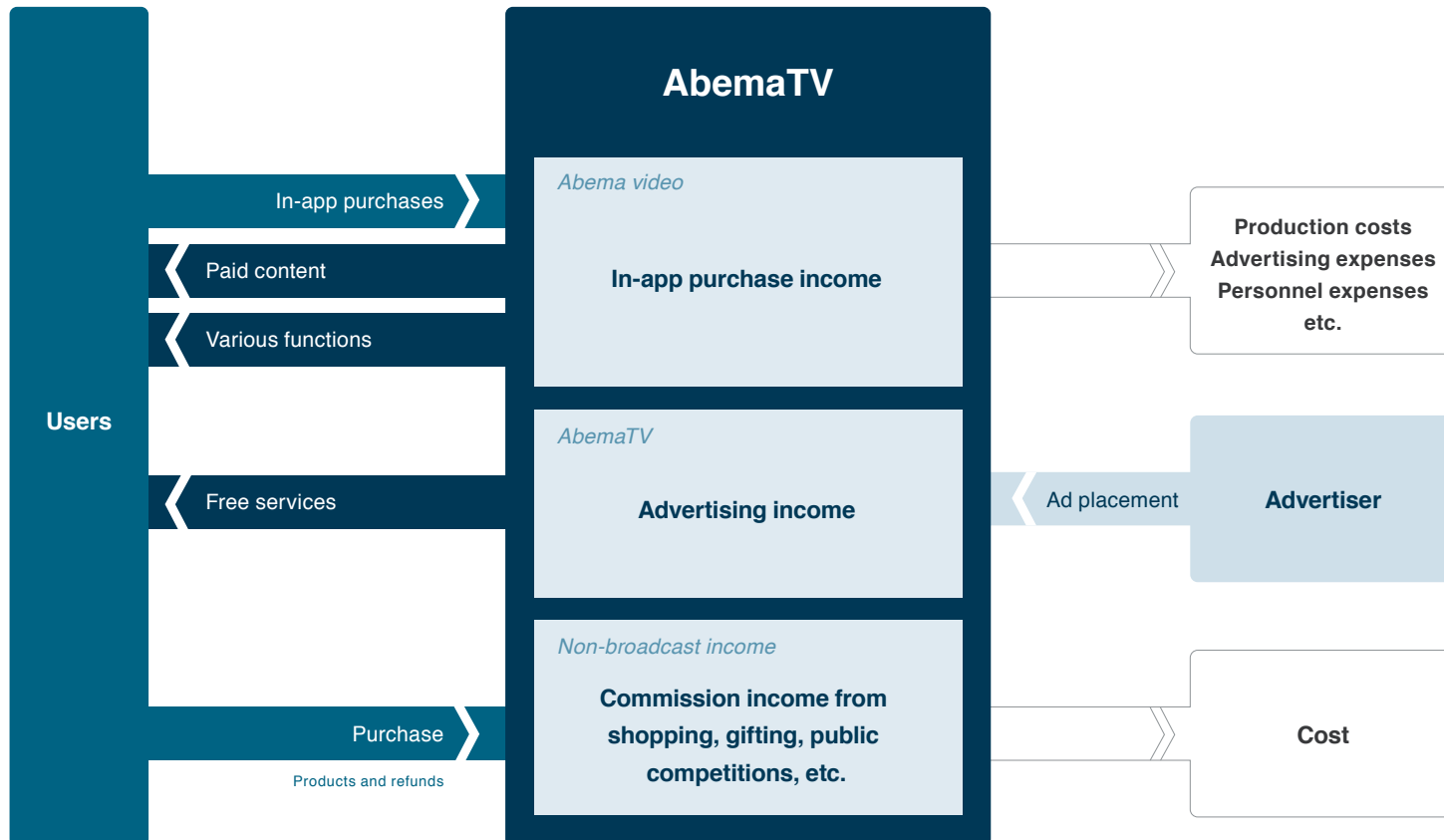
CyberAgent

Business synergy

Media

Internet TV station "AbemaTV" launched in April 2016, earning overwhelming support from the younger demographic and achieving 10 million WAU* in just three and a half years. We also offer a wide variety of entertainment services that include the world's largest blog service "Ameba Blog" as well as dating app "Tapple."

*WAU 10 million: Number of active users accessing at least once a week, achieved a record 10 million by June 2019

AbemaTV Business Model

Income is derived from ad revenue and in-app purchase of premium member fees (960 yen/month) which allows subscribers to watch on-demand content and provides unlimited features. About 75% of costs are content costs for program production or sourcing.

Users

In-app purchases

Paid content

Various functions

Free services

Purchase

Products and refunds

AbemaTV

Abema video

In-app purchase income

AbemaTV

Advertising income

Non-broadcast income

Commission income from shopping, gifting, public competitions, etc.

**Production costs
Advertising expenses
Personnel expenses
etc.**

Ad placement
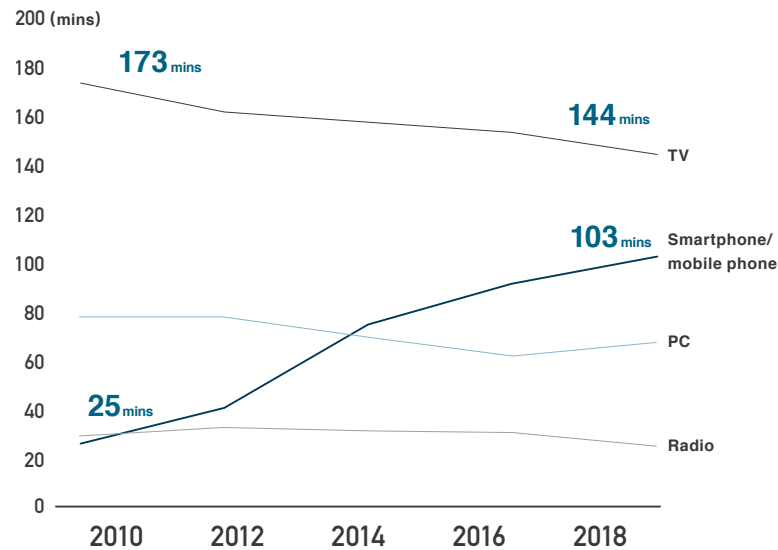
Advertiser

Cost

About AbemaTV

AbemaTV delivers around 20 channels with content ranging from original programs such as reality dating shows, to news, animation, sports and more. Users can enjoy TV-quality programs on various smart devices with additional services for premium members (960 yen/month) such as on-demand paid content, content download, and simultaneous rec and play.
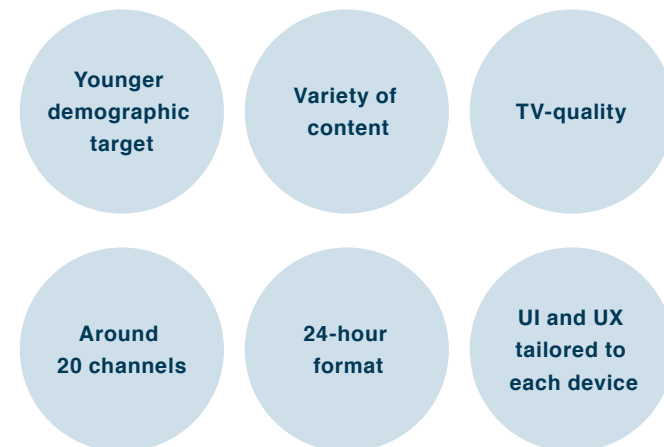
Market Entry Background

▶ **Video market has expanded as a result of the sharp increase of media consumption from smart- and mobile-phones.**

200 (mins)

- **173** mins — TV ... **144** mins (TV)
- **103** mins — Smartphone/mobile phone
- PC
- **25** mins — Radio

2010 2012 2014 2016 2018

* Media consumption time: Calculation of average daily media consumption by men and women aged 15–59 living in Tokyo (based on Institute of Media Environment research)

Service Characteristics

▶ **We offer a unique service that combines on-demand and linear offerings.**

- Younger demographic target
- Variety of content
- TV-quality
- Around 20 channels
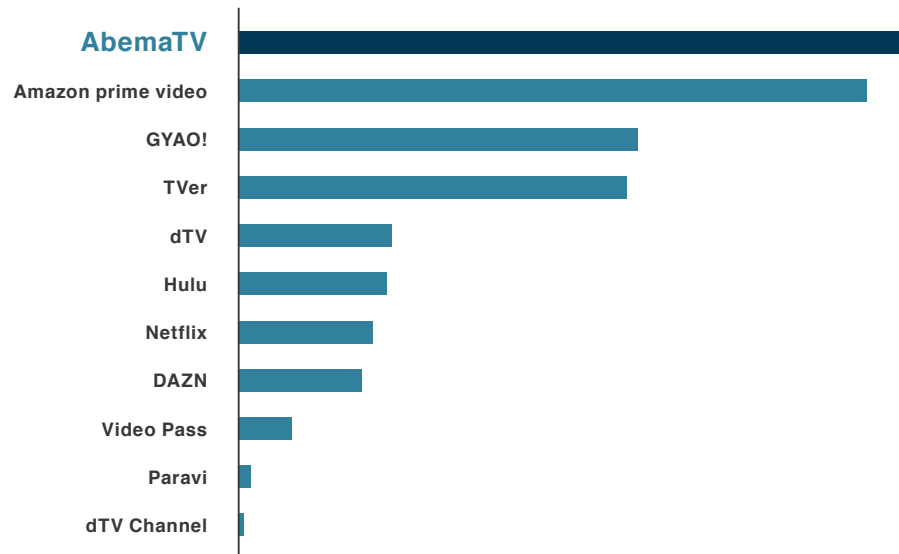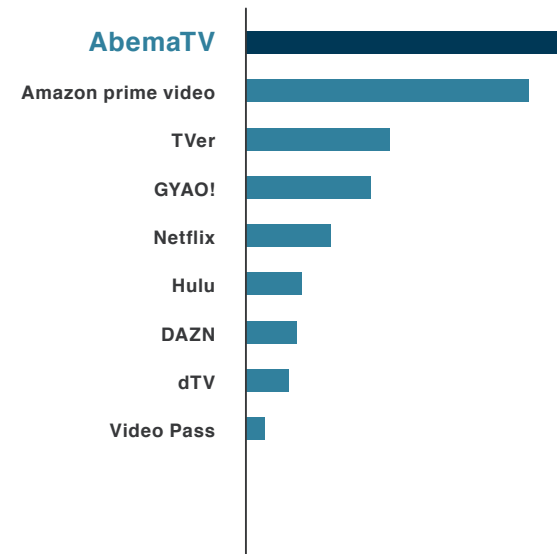- 24-hour format
- UI and UX tailored to each device

AbemaTV Versus Competitors*1 (MAU*2)

Achieving Japan's highest MAU through major support from young demographic viewers.

MAU Comparison Among Video Distribution Services

AbemaTV	
Amazon prime video	
GYAO!	
TVer	
dTV	
Hulu	
Netflix	
DAZN	
Video Pass	
Paravi	
dTV Channel	

Comparison of 10s–20s Demographic MAU among Video Distribution Services

AbemaTV	
Amazon prime video	
TVer	
GYAO!	
Netflix	
Hulu	
DAZN	
dTV	
Video Pass	

*1 Comparison MAU among video distribution services: Based on app analysis tool "App Ape" provided by Fuller, Inc.; As of June 2019
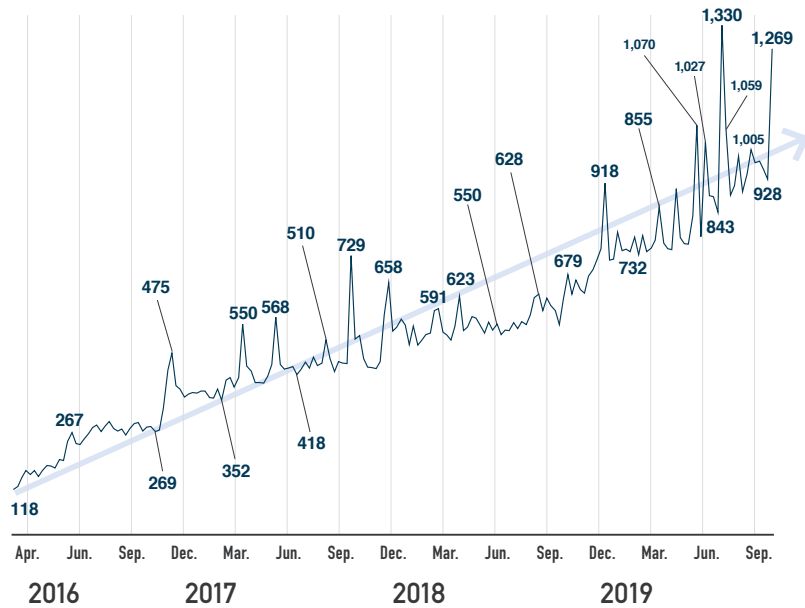
*2 MAU: Monthly Active Users; As of June 2019

AbemaTV User Count and Attributes

AbemaTV exceeded 45 million downloads in just 3.5 years after its launch. The number of smart device users in Japan is generally believed to be around 80 million. Of them, around 10 million users now access content at least once per week, demonstrating a steady increase in the user base.
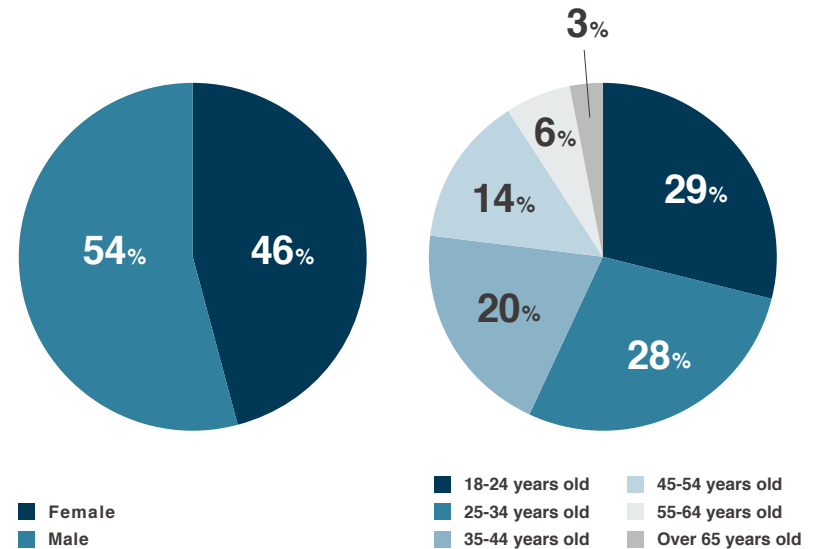
WAU* Growth

▶ **Record 10 million WAU.**

* WAU：Weekly Active Users

User Demographics

▶ **Over half are 18–34 year olds.**

Female
Male

18-24 years old
25-34 years old
35-44 years old
45-54 years old
55-64 years old
Over 65 years old

* Gender ratio: Attributes of users with at least 5 minutes access time, as of January–March 2019 (values measured by Google Analytics)

* Age comparison: Age attributes of users with at least 5 minutes access time, as of March 2019 (values measured by Google Analytics)

* Employment ratio: Employment ratio of users (N=1,953) from February 22 to April 25, 2017 (value assigned by Macromill monitor from AdID/IDFA)

Content Provided by AbemaTV

A wide variety of content is delivered from around 20 channels. An extensive lineup of original programs targeting the younger demographic is available, among which reality dating shows, dramas, animations, and variety shows in particular have earned significant popularity.

There are also a number of other programs worth watching for their live coverage of news, urgent press conferences, sports, etc. Info on these has spread across social media, search engine services etc., providing opportunities for more people to find and use the service.
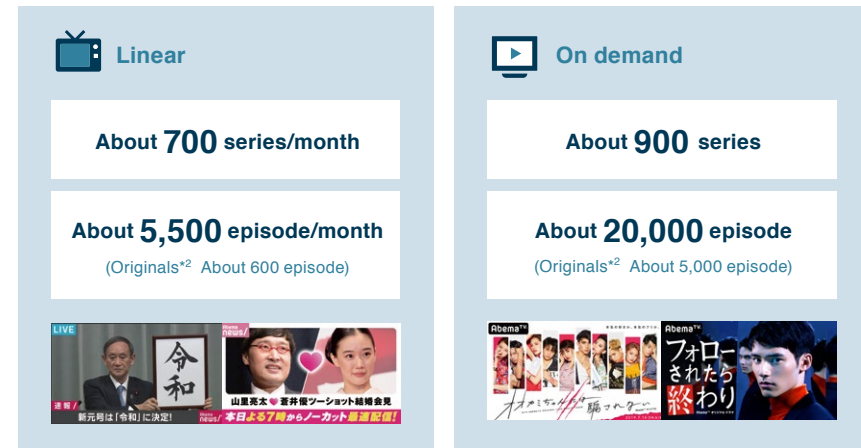
Channels and Lineup

▶ **We provide around 20 channels including original live broadcasting, dramas, news, animation, sports and more.**
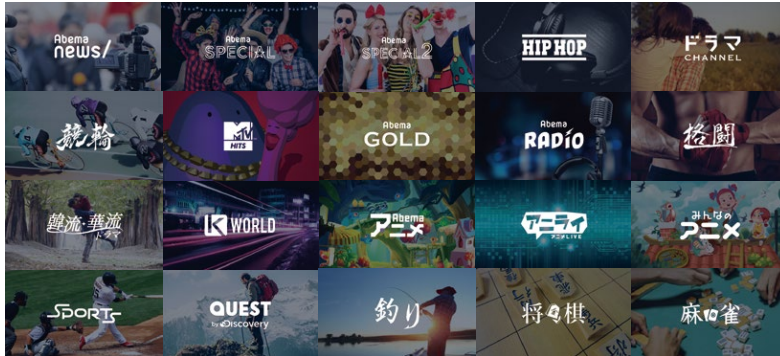
Number of broadcast programs*

▶ **We broadcast only the highest quality lineup created by professional producers.**

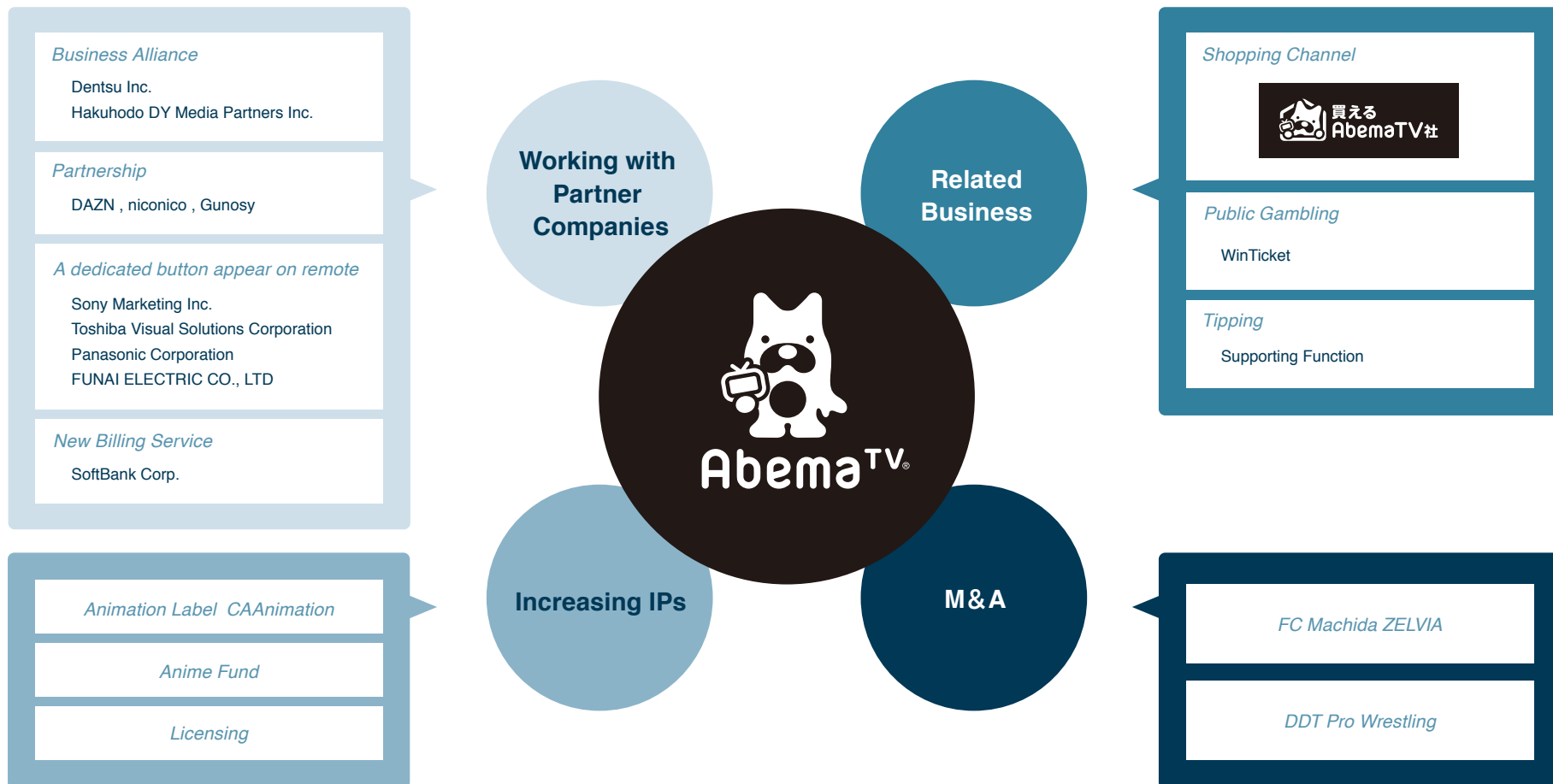| 📺 Linear	▶ On demand
About **700** series/month	About **900** series
About **5,500** episode/month (Originals*² About 600 episode)	About **20,000** episode (Originals*² About 5,000 episode)

*¹ Number of broadcast programs: As of January 2019

*² Originals: In-house produced programs including reality dating shows, variety shows, dramas, news, etc. ©AbemaTV

Diversification of AbemaTV Business

We actively pursue diversification of our business, including collaborations with other companies and peripheral businesses.

Working with Partner Companies

Business Alliance

Dentsu Inc.
Hakuhodo DY Media Partners Inc.

Partnership

DAZN , niconico , Gunosy

A dedicated button appear on remote

Sony Marketing Inc.
Toshiba Visual Solutions Corporation
Panasonic Corporation
FUNAI ELECTRIC CO., LTD

New Billing Service

SoftBank Corp.

Related Business

Shopping Channel

買える AbemaTV社

Public Gambling

WinTicket

Tipping

Supporting Function

Increasing IPs

Animation Label CAAnimation

Anime Fund

Licensing

M&A

FC Machida ZELVIA

DDT Pro Wrestling

AbemaTV®

AbemaTV Growth Strategy

We are intensifying monetization through non-broadcast income while steadily increasing in-app and advertising income

Mid-to-long Term Sales Image

2016   2019

Related business income, etc.
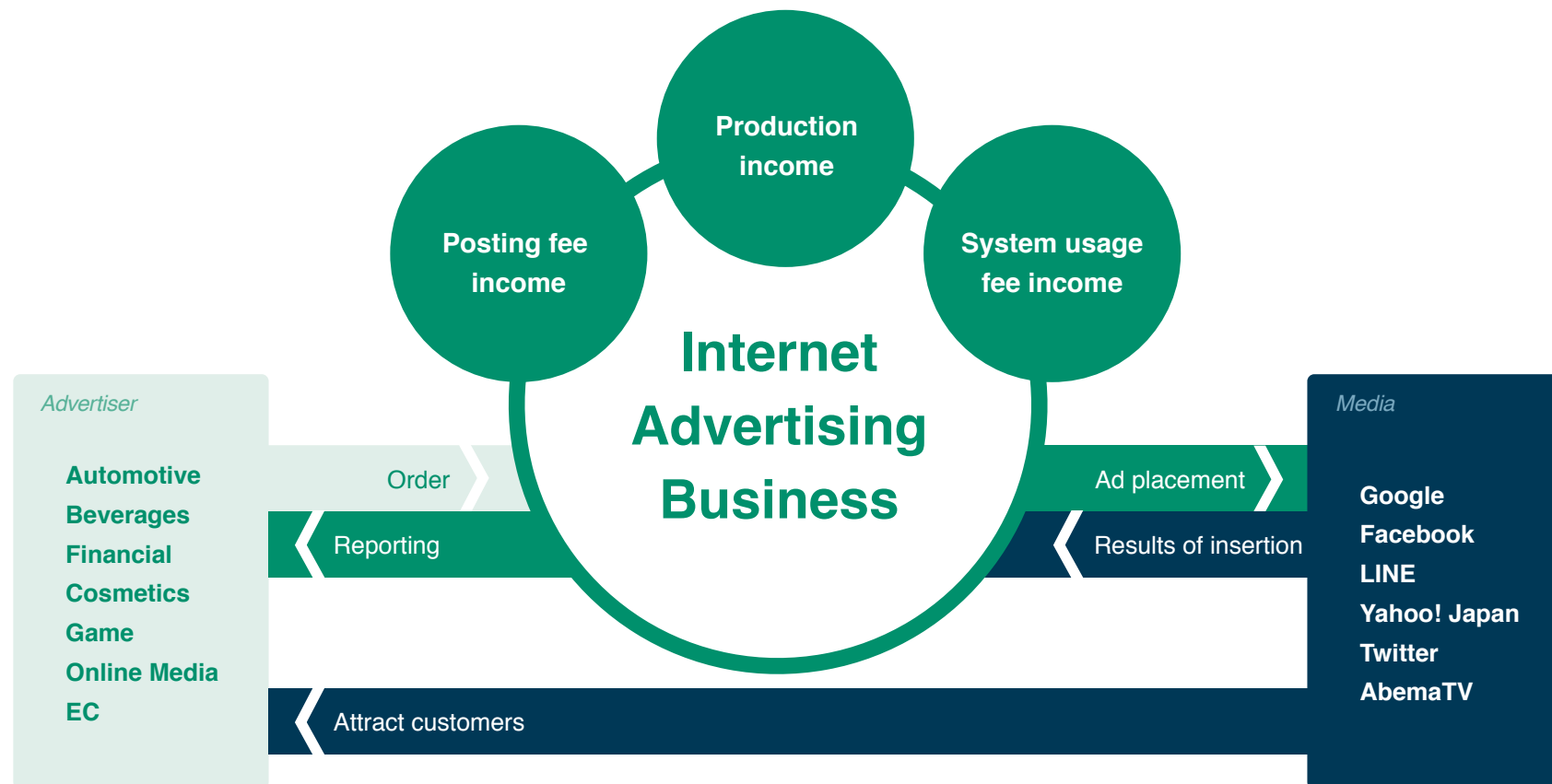
In-app purchase income

Advertising income
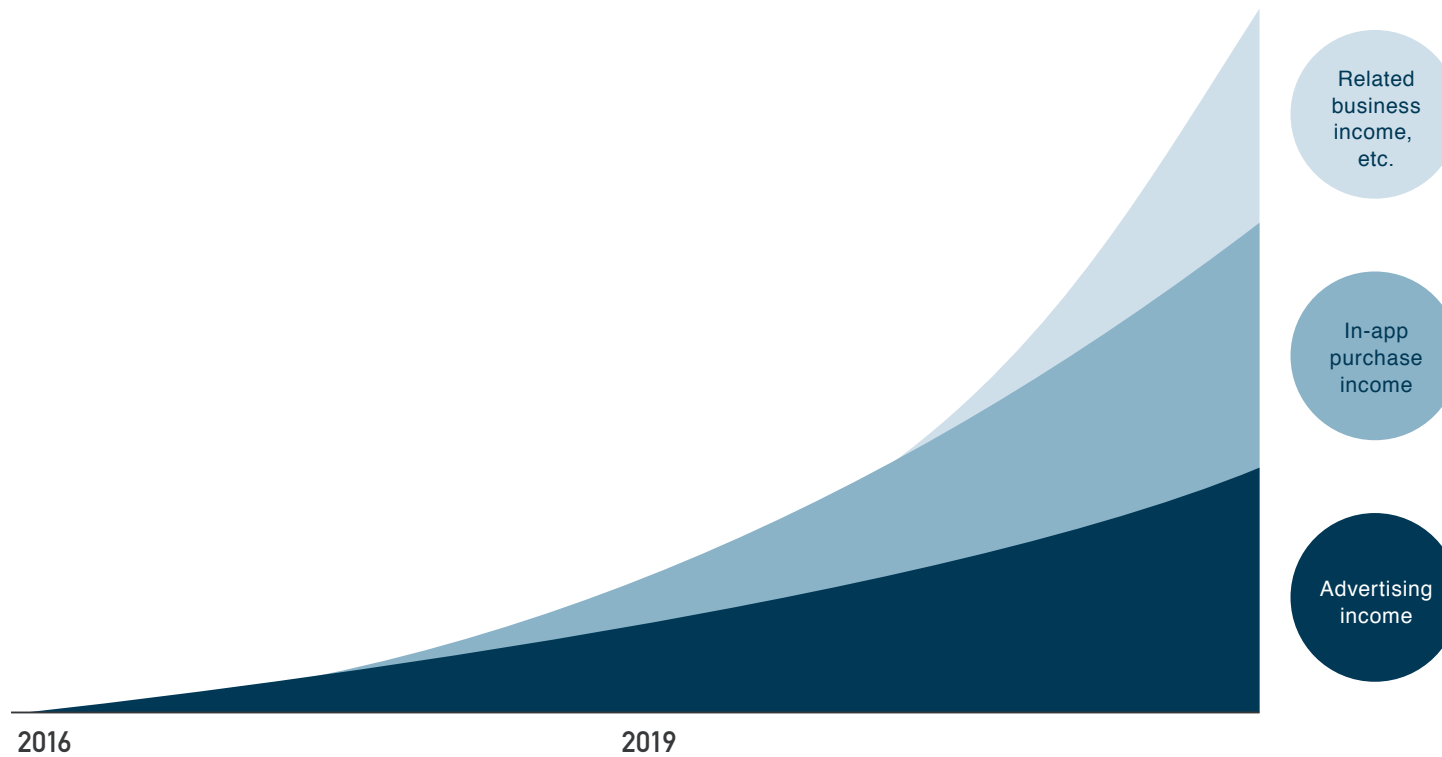
Internet Ad

Since our founding in 1998, we have been expanding our internet ad business which has already achieved the top market share in Japan. In addition to advertising sales, CyberAgent also delivers comprehensive solutions that leverage its strengths in maximizing advertising effectiveness, including AI-driven technologies and expertise in creative work.

Business Model

Through our internet advertising business, we purchase advertising space from such companies as Google, Facebook, Yahoo! Japan and LINE, and sell it to roughly 600 advertisers* each quarter. While strengthening brand advertising with an emphasis on national clients, we aim to continue maximizing advertising effectiveness.

Production income

Posting fee income

System usage fee income

Internet Advertising Business

Advertiser

Automotive
Beverages
Financial
Cosmetics
Game
Online Media
EC

Order

Reporting

Attract customers

Ad placement

Results of insertion

Media

Google
Facebook
LINE
Yahoo! Japan
Twitter
AbemaTV

* Advertisers: The number of companies that have business relations with the internet advertising business of CyberAgent. The number of client companies of subsidiaries is excluded.

Internet Advertising Market and Our Growth Rate

Internet advertising continues to expand the market, driven by the massive digital shift. CyberAgent is leading this market, boasting Japan's top market share.

CyberAgent logo

Internet Ad Market

2012 2013 2014 2015 2016 2017 2018
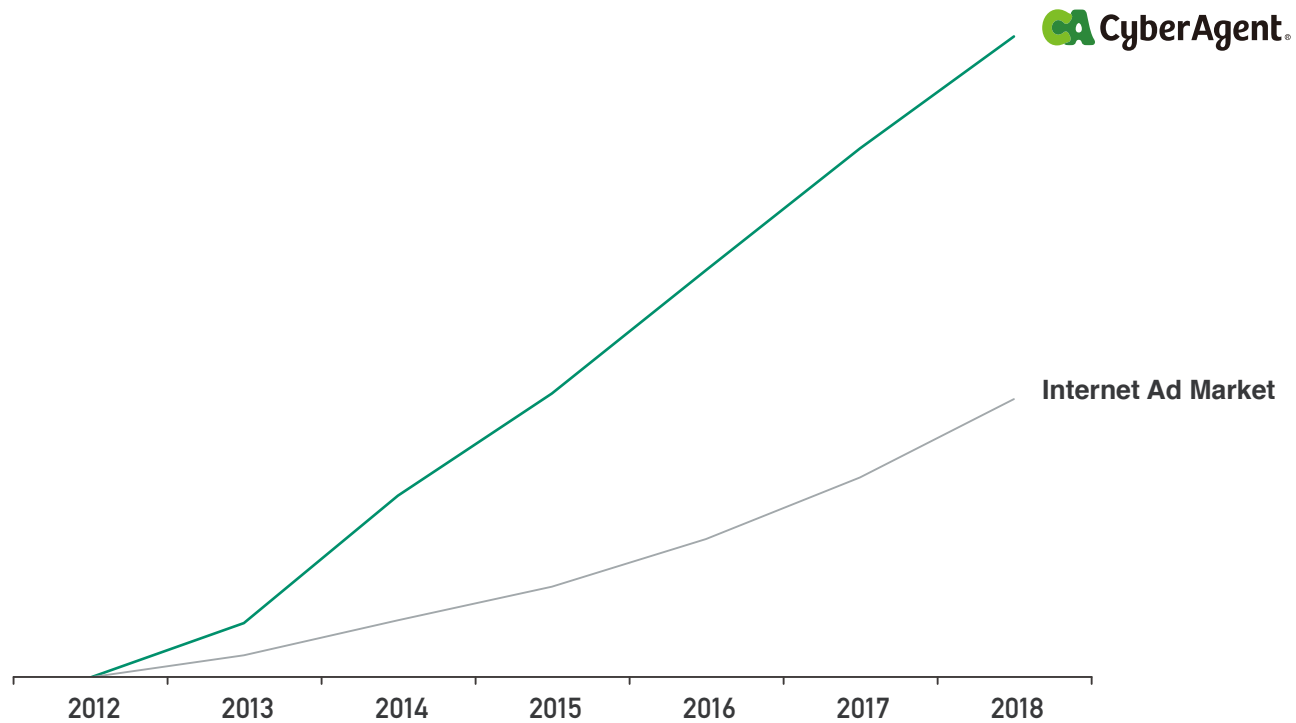
* Growth transition: Growth rate based on setting 2012 as "100"

* Internet Ad Market: "Advertising Expenditures in Japan 2018" by Dentsu, Inc.

Our Competitive Advantages
"Operational Advantages" and "Collective Capabilities"

Tools to Maximize Advertising Effectiveness and an Operating Structure of Over 700 Staff

For advertisers, we provide the business intelligence (BI) tool "CA Dashboard" beta which has been specifically designed for internet advertising. In addition to facilitating decision-making and swift judgments in the PDCA process, we have also established an operating system of over 700 people to achieve a sophisticated advertising operation that meets the needs of our customers.

A Production Force of Over 400 Staff Including Creative Subsidiaries that Specialize in Creative and Production Work

The Creative Development Division at our Internet Advertising Headquarters includes a creative system for brand and direct marketing. By also collaborating with subsidiaries that specialize in production, we are able to boost our collective capabilities and realize the kind of creative development that reflects platform characteristics and user sentiment.

AdTech tools for advertisers

CA Dashboard beta

System for maximizing advertising effectiveness

CA ADVANCE

OPERATION TECHNOLOGY

CyberAgent AD.AGENCY

CA CyberAgent

Cadesign

monocram
WEB CREATIVE DESIGN

Movie Monster

CYPAR

Cyber Human Productions

Awards

We have been recognized with a number of awards based on high ratings from partner media.

Yahoo! JAPAN Marketing Solutions ★★★★ Partner
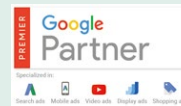
"Google Premier Partner Awards" certified by Google Inc.

Facebook Marketing Partners, Certified Partner

Certified as a partner company under the 'Ad Technology' category in the Instagram Partner Program.

Received "Gold Award" as partner with the most excellent results overall and MAP Award for two consecutive terms at the Agency Award ceremony "#TwitterAgencySummit " held by Twitter Japan.

Received a 5-star (★★★★★) rating as a Criteo Certified Partner (Criteo's Star Partner Certification Program), which certifies the only top-ranked partners in Japan.

Certified at the highest rank of "Diamond" sales partner in LINE Sales Promotion category of the LINE Biz-Solutions Partner Program.


Certified at the highest rank of "Diamond" sales partner in LINE Ads Platform category of the LINE Biz-Solutions Partner Program for four consecutive terms.

Certified at the highest rank of "Diamond" sales partner for three consecutive years, and "Gold" technology partner for four consecutive years in the LINE Account Connect category of the LINE Biz-Solutions Partner Program.

Key Area Enhancement

In digital advertising, whose demand continues to grow along with market growth, it is essential to achieve mass production of high quality creative work and also operate in a manner that leverages advantages. As it is unrealistic to handle the enormous amount of work manually, we recognize the importance of utilizing AI (artificial intelligence) in enhancing this area, and are actively conducting R&D to incorporate this technology into advertising deployment and operation.
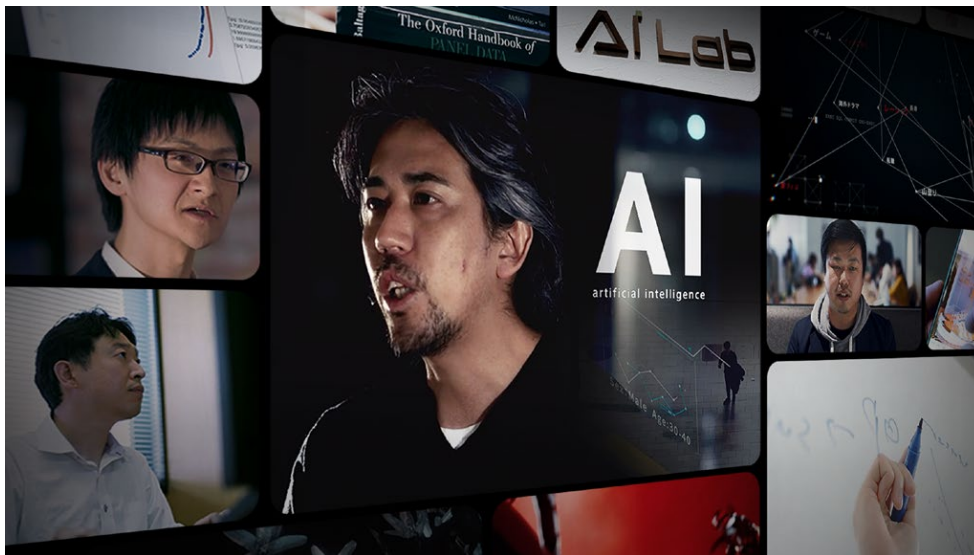
Movie

IR Channel - "AI for Digital Ad" ⊘

Learn more about the efficient, AI-driven advertising deployment techniques that CyberAgent is working on. This 6-minute video presents a summary of the aspects of digital advertising making rapid progress via AI, including the creation of highly effective advertising messages and helping with the selection of optimal creative works.
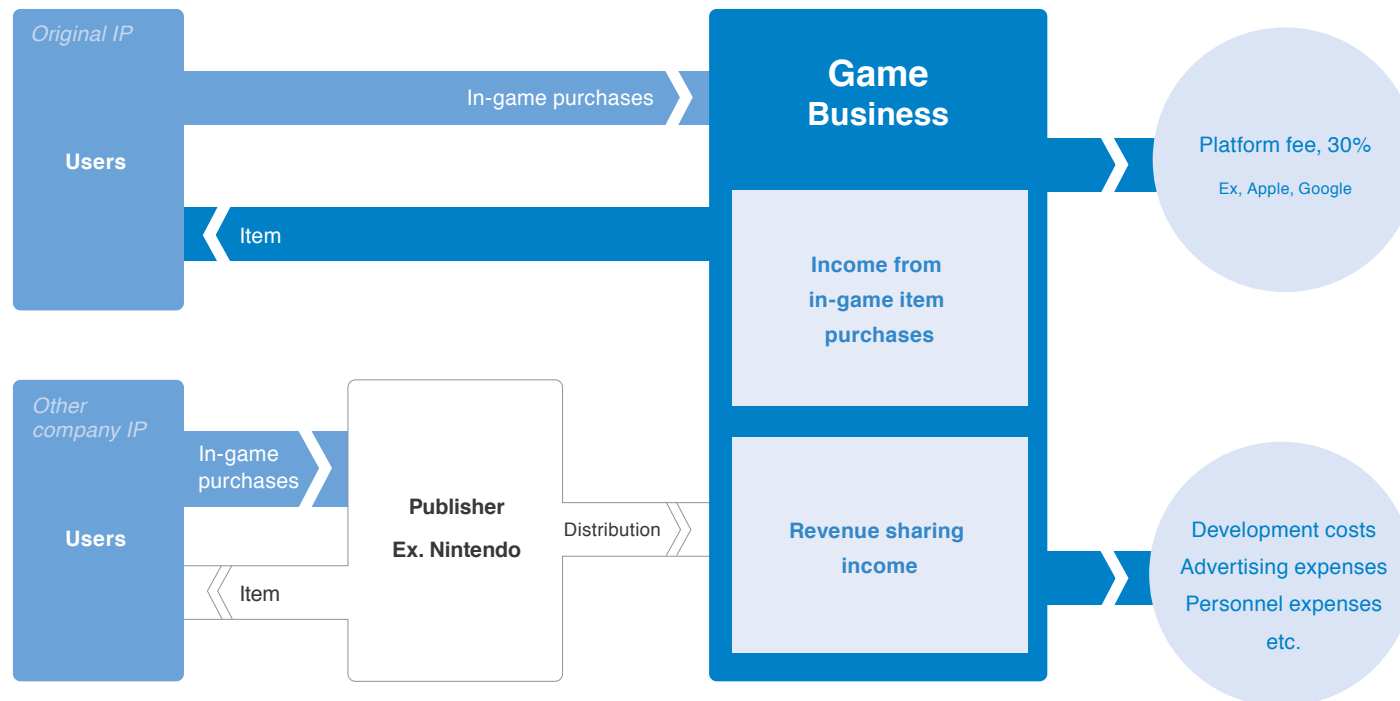
Games

In our game business which we launched in 2009, we provide smartphone games centered mainly on eight major titles, and develop and operate games in a wide range of genres through 14 subsidiaries, the largest of which is Cygames.

Business Model

We provide games for smartphones. These are free-to-play games that adopt the freemium model that charges for only certain items in-game. We have five original IPs among the eight major hit titles released, while the other 3 games are developed and operated under other companies' IP.

Original IP

Users

In-game purchases →

← Item

Game Business

Income from in-game item purchases

Revenue sharing income

Platform fee, 30%

Ex, Apple, Google

Development costs
Advertising expenses
Personnel expenses
etc.

Other company IP

Users

In-game purchases →

← Item

Publisher

Ex. Nintendo

Distribution →

Comparison of Market Size and Competition

Although the market's growth rate has slowed as the spread of smartphones has essentially completed, the Japanese game market is the third-largest in the world and can be expected to make further progress in the years to come. We have deployed several hit titles that continue to provide a business with stability and little volatility.

Game market country rankings*

▶ **Japan has the third-largest game market in the world.**

Rank	Country	Revenue
1	United States	36.8 billion USD
2	China	36.5 billion USD
3	Japan	18.9 billion USD

Comparison of Competitors' Quarterly Sales*

▶ **Market share of top 5 company's in the smartphone game market.**

FY2014   FY2015   FY2016   FY2017   FY2018   FY2019

* Game market country rankings: "2019 Global Games Market Report"
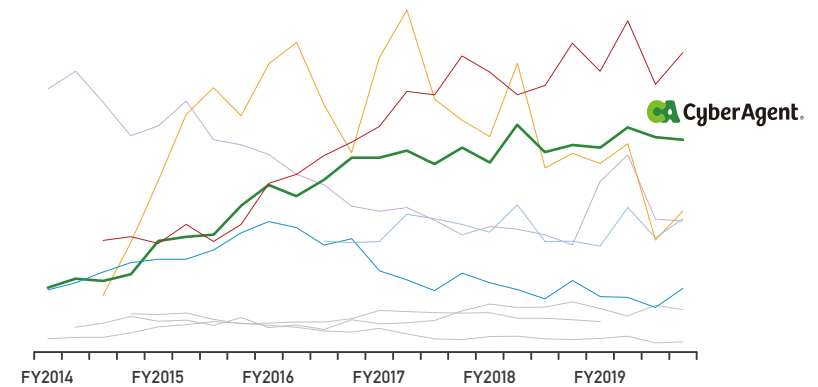
* Competitor comparison: Shows internet gaming sales from earnings presentation material of the respective company.

Competitive Advantages

In addition to the high hit rate of games from Cygames, the game business is also characterized by the long-lasting popularity of its existing titles due to the company's high level of operational expertise.
With the latest equipment, the company has what it takes to develop cutting-edge, high-quality games, and has produced several hits in collaboration with partner companies that hold prominent IPs.

Cutting-Edge Development Equipment

▶ **The company is fully equipped with a photogrammetry studio, which quickly produces 3D models from photogrammetric images and a motion capture studio that transforms the actor's movements into 3D motion-capture data.**

Cygames Photogrammetry Studio
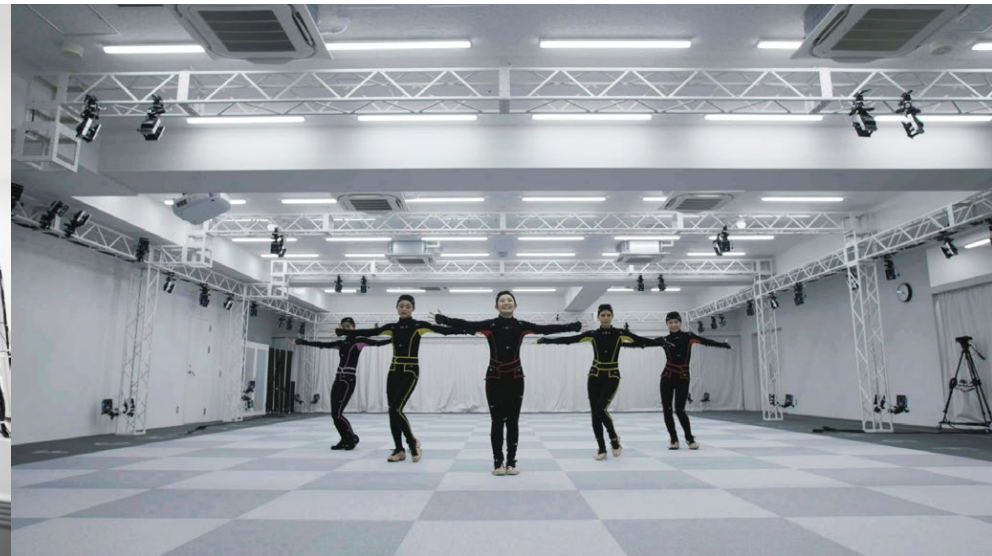
Cygames Motion Capture Studio

Key Titles

Our eight key titles include "Granblue Fantasy," an original title that has been a huge hit since its 2014 release, achieving 25 million users to date, and "BanG Dream! Girls Band Party!," an IP owned by Bushiroad Inc. Strong operational advantages of existing titles provide business stability.

Future Plans

We plan to provide in the range of five to six new titles for smartphones annually. Four new titles were released between October and November 2019, with Cygames' new title "World Flipper" in particular having a good start. We are also working to strengthen our original IPs through efforts that include porting the highly popular Granblue Fantasy property to the PS4, and broadcasting animations on AbemaTV.

Smartphone Games

BLADE XLORD

RPG
Released on Oct. 25, 2019 | Provided by Applibot, Inc.

World Flipper*1

Non-stop full-on action
Released on Nov. 27, 2019 | Provided by Cygames, Inc.

KonoSuba: God's Blessing on this Wonderful World! Fantastic Days*2

This winter | Provided by Sumzap, Inc.

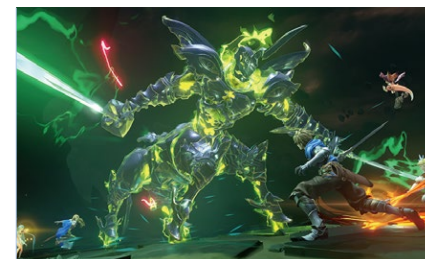### Uma Musume: Pretty Derby*3

Training simulator
Provided by Cygames, Inc.

Console Games

Granblue Fantasy: Versus

For PS4 | Feb. 2020 On Sale
© Cygames, Inc. Developed by ARC SYSTEM WORKS

Granblue Fantasy: Relink

For PS4 | In development
© Cygames, Inc.

*1 World Flipper: © Cygames, Inc. / Citail Inc. Developed by Cygames, Inc. and its subsidiary Citail, Inc.

*2 KonoSuba: God's Blessing on this Wonderful World! Fantastic Days: ©2019 Akatsuki Natsume, Mishima Kurone / KADOKAWA/ KonoSuba Movie Production Committee ©Sumzap, Inc. *3 Uma Musume: Pretty Derby: © Cygames, Inc.

03

CyberAgent by the Numbers `FY2019`

In its 22nd year in business, CyberAgent's consolidated sales totaled 453.6 billion yen, achieving a new record high as the company continues to expand its business. We compile not only financial info but also management indices and shareholder returns that are necessary for making investment decisions.

Numbers

Consolidated Sales 453.6 billion yen

Consolidated OP 308 billion yen

DOE* 5.2 %

Dividend Payout Ratio 245.2 %

Subsidiaries 115

Employees (consolidated) 5,139

Female-To-Male Management Ratio (Non-consolidated) 21.5 %

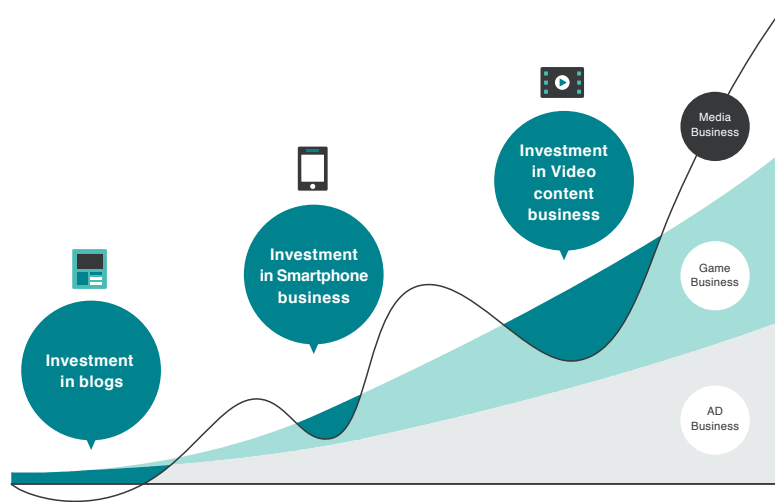**Engineers and Creators Ratio** (Non-consolidated) 23.3 %

* FY2019   * DOE   * Dividend on Equity = ROE (Net income ÷ Equity capital) x Dividend payout ratio

Growth Strategy and Management Indices

CyberAgent is still achieving sustainable business expansion as a result of making two major upfront investments in the past. Now that watching videos through smart devices has become a way of life for the younger generation, CyberAgent is making its third upfront investment in internet TV station "AbemaTV" as a pillar of its medium to long-term strategy.
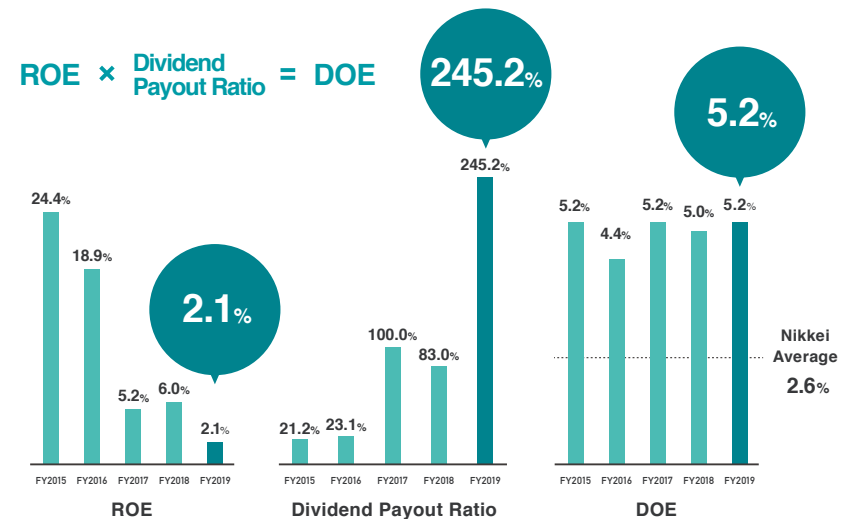
Operating Profit Image

Aim to highly profitable business model by repeating the cycle of upfront investment and reward-reaping.

Investment in blogs

Investment in Smartphone business

Investment in Video content business

Media Business

Game Business
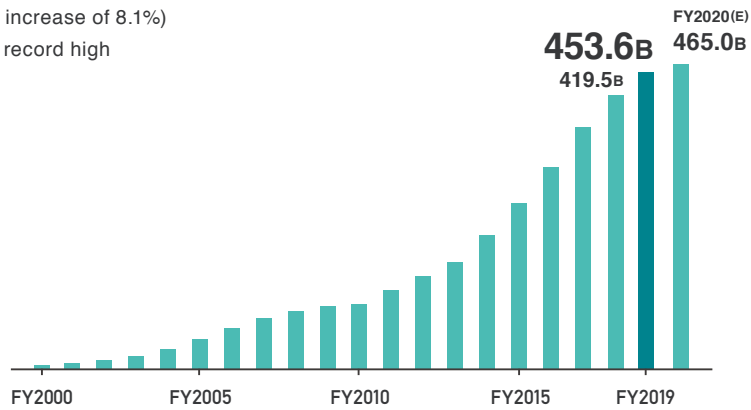
AD Business

Management Indices

CyberAgent takes advantage of its adaptability to change to promote continued business growth. In April 2016, we entered a new investment phase when we launched our internet TV station "AbemaTV." For this reason, since the year ended September 2017 we have introduced DOE as a management benchmark, which is calculated by multiplying ROE by the dividend payout ratio. At time of investment, we looking for a DOE of at least 5% in order to support our shareholders in the medium to long term.

ROE × Dividend Payout Ratio = DOE

245.2%

2.1%

5.2%

ROE

FY2015	FY2016	FY2017	FY2018	FY2019
24.4%	18.9%	5.2%	6.0%	2.1%

Dividend Payout Ratio

FY2015	FY2016	FY2017	FY2018	FY2019
21.2%	23.1%	100.0%	83.0%	245.2%

DOE

FY2015	FY2016	FY2017	FY2018	FY2019
5.2%	4.4%	5.2%	5.0%	5.2%

Nikkei Average 2.6%

Financial Highlights

Consolidated Sales

Consolidated sales 453.6 billion yen
(YoY increase of 8.1%)
New record high

453.6B 419.5B **FY2020(E) 465.0B**

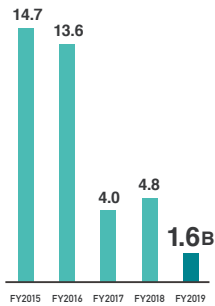FY2000 FY2005 FY2010 FY2015 FY2019

Operating Income

Operating income of existing business*[1] is 51.1 billion yen
Operating income is 30.8 billion yen as
the result of a 20.3 billion yen upfront
investment*[2] in AbemaTV etc.

30.8B 30.1B **FY2020(E) 32.0B** **28.0B**
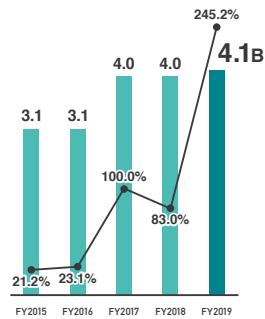
FY2000 FY2005 FY2010 FY2015 FY2019
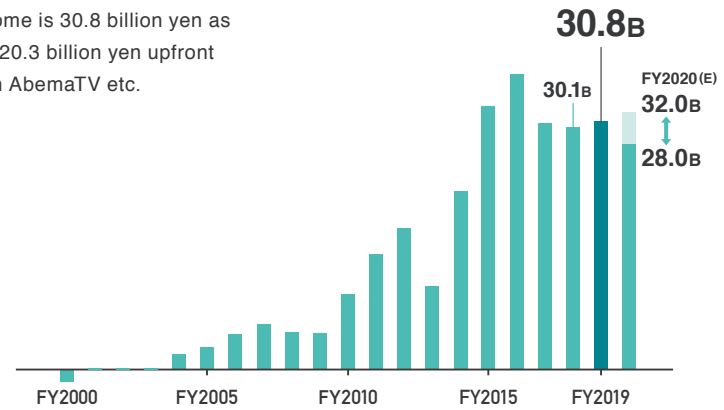
*[1] Existing Business: Advertisement, game and media businesses of "Ameba", "Tapple", etc.
*[2] Upfront investment in AbemaTV etc.: Operating losses incurred with AbemaTV etc.
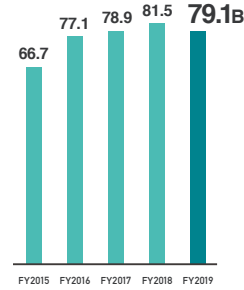
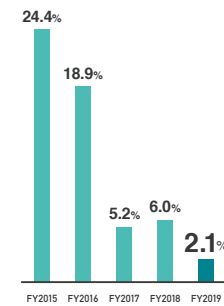## Net income*

* Net income attributable to parent company shown

14.7 13.6 4.0 4.8 **1.6B**

FY2015 FY2016 FY2017 FY2018 FY2019

Total dividend and payout ratio

3.1 3.1 4.0 4.0 **4.1B**

21.2% 23.1% 100.0% 83.0% 245.2%

FY2015 FY2016 FY2017 FY2018 FY2019

Equity capital

66.7 77.1 78.9 81.5 **79.1B**

FY2015 FY2016 FY2017 FY2018 FY2019

ROE (Return on Equity)

24.4% 18.9% 5.2% 6.0% **2.1%**

FY2015 FY2016 FY2017 FY2018 FY2019

DOE (Dividend on Equity)

Management Index

5.2% 4.4% 5.2% 5.0% **5.2%**

FY2015 FY2016 FY2017 FY2018 FY2019
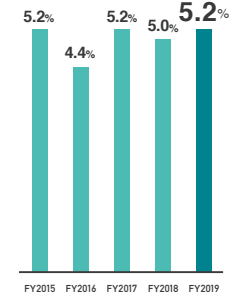
Unit : billion yen

Full Year

Statements of Income (PL)

(Unit: million yen)

	FY2015	FY2016	FY2017	FY2018	FY2019
Net sales	254,381	310,665	371,362	419,512	453,611
Operating income	32,747	36,790	30,700	30,163	30,825
Non-operating income	261	212	387	372	535
Non-operating expenses	695	1,660	2,346	1,970	867
Ordinary income	32,314	35,341	28,741	28,565	30,493
Extraordinary income	3,272	5,212	668	981	1,912
Extraordinary loss	4,866	5,935	4,731	5,498	12,985
Income before income taxes and non-controlling interests	30,719	34,619	24,678	24,047	19,420
Net income	17,660	18,570	12,298	10,116	6,062
Profit attributable to non-controlling interests	2,868	4,957	8,274	5,266	4,368
Profit attributable to shareholders of parent	14,792	13,612	4,024	4,849	1,649

Balance Sheet (BS)

(Unit: million yen)

	FY2015	FY2016	FY2017	FY2018	FY2019
Current assets	93,532	114,647	117,010	170,411	168,662
Non-current assets	37,656	41,950	46,998	55,021	56,172
Total assets	131,188	156,597	164,009	225,484	224,876
Current liabilities	52,013	62,137	62,799	72,449	70,749
Non-current liabilities	1,472	1,845	2,423	43,784	43,774
Capital stock	7,203	7,203	7,203	7,203	7,203
Shareholders' equity	64,601	74,791	74,672	76,129	74,015
Net Assets	77,702	92,614	98,785	109,250	110,352
Equity capital ratio (%)	50.8	49.3	48.1	36.2	35.2

Cash Flow Statement (CF)

(Unit: million yen)

	FY2015	FY2016	FY2017	FY2018	FY2019
Cash flow from operating activities	29,021	28,246	21,624	28,394	14,917
Cash flow from investing activities	-19,492	-15,224	-20,396	-22,410	-18,000
Cash flow from financing activities	-2,362	453	-7,233	39,748	-4,662
Cash and cash equivalents at the end of period	38,716	51,767	46,613	92,379	84,563

* "Partial Amendments to Accounting Standard for Tax Effect Accounting, etc." is applied from FY2019.
  The change of accounting standard took effect retroactively to FY2018.

Media Business

Net sales
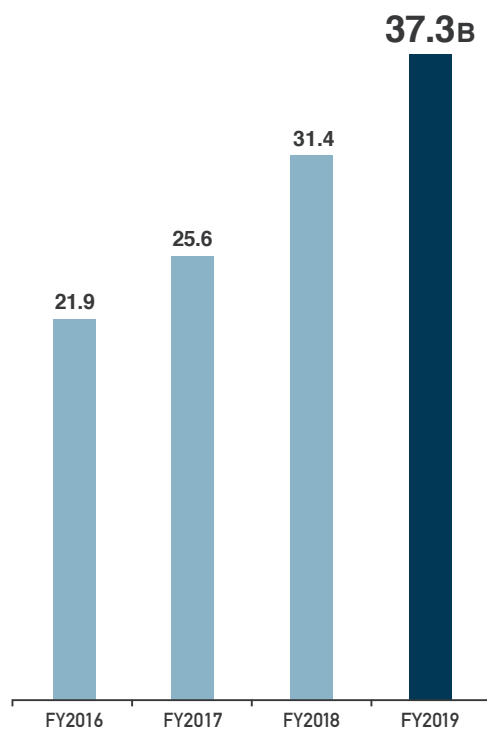
Led by AbemaTV (YoY increase of 18.5%)

37.3B

31.4

25.6

21.9

| FY2016 | FY2017 | FY2018 | FY2019 |

Operating Income

Sales of AbemaTV etc. have risen by around 1.8 times YoY.

11.1B

6.3

1.9

0.2

| FY2016 | FY2017 | FY2018 | FY2019 |

-9.9

-20.9

-20.8

-20.3
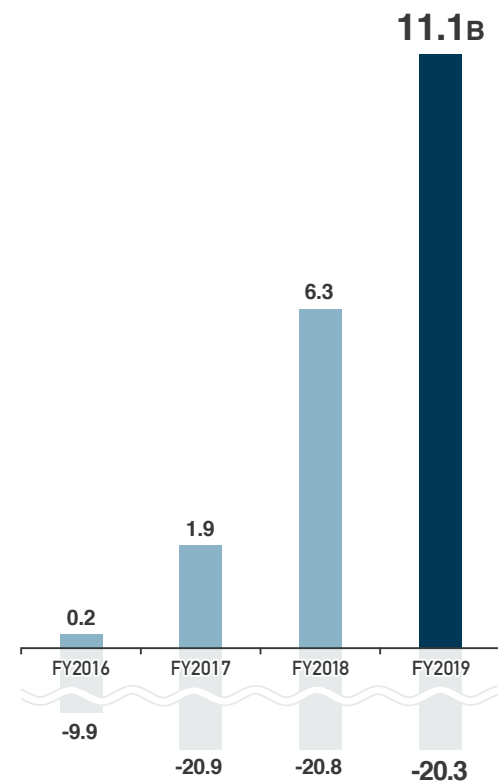
Unit : billion yen

Internet Advertising Business

Net sales

Focus on new business development
(YoY increase of 8.4%*)

260.2B

241.4

208.1

175.4

142.8

| FY2015 | FY2016 | FY2017 | FY2018 | FY2019 |

Operating Income

21.34

20.60B

18.71

15.16

11.52

8.1%   8.6%   9.0%   8.8%   7.9%
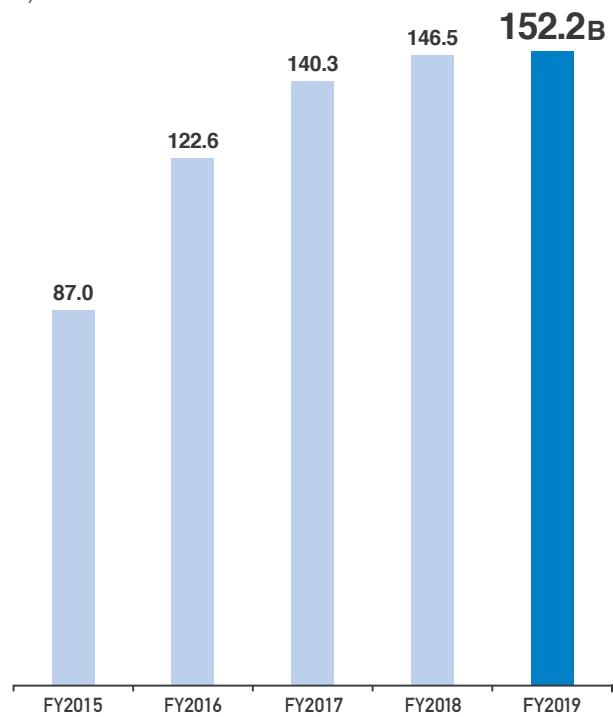
| FY2015 | FY2016 | FY2017 | FY2018 | FY2019 |
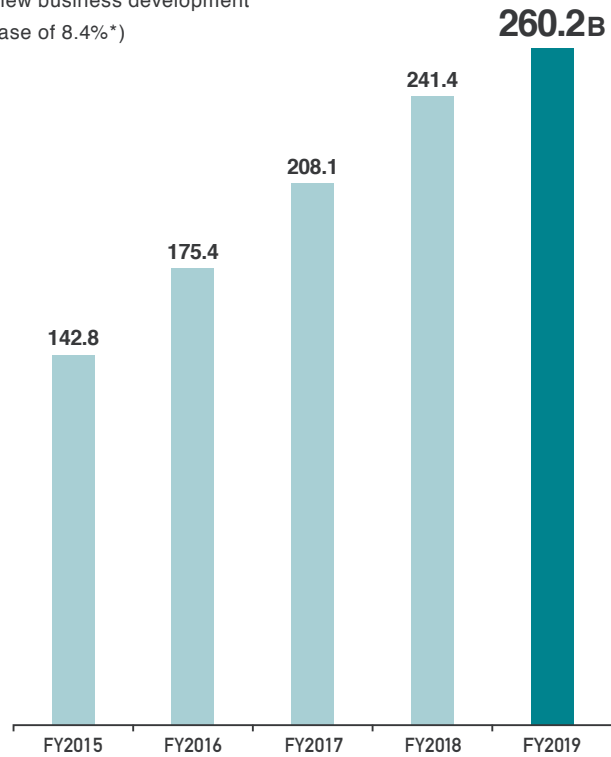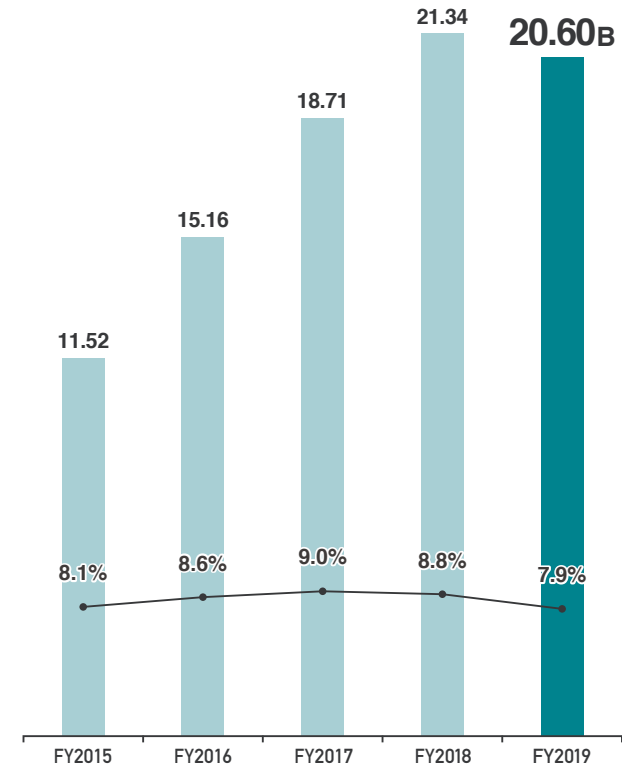
* YoY comparison: Excluding Cyber Buzz, Inc. that became unconsolidated (FY2018 full year sales: 1.51 billion yen)

Unit : billion yen

Game Business

Net sales

Sales were driven by major titles
(up 3.9% YoY)

87.0	122.6	140.3	146.5	**152.2**B
FY2015	FY2016	FY2017	FY2018	FY2019

Operating Income

Game business keeps steady revenue
(up 2.9% YoY)

17.87	30.45	26.50	25.30	**26.04**B
FY2015	FY2016	FY2017	FY2018	FY2019

Unit : billion yen
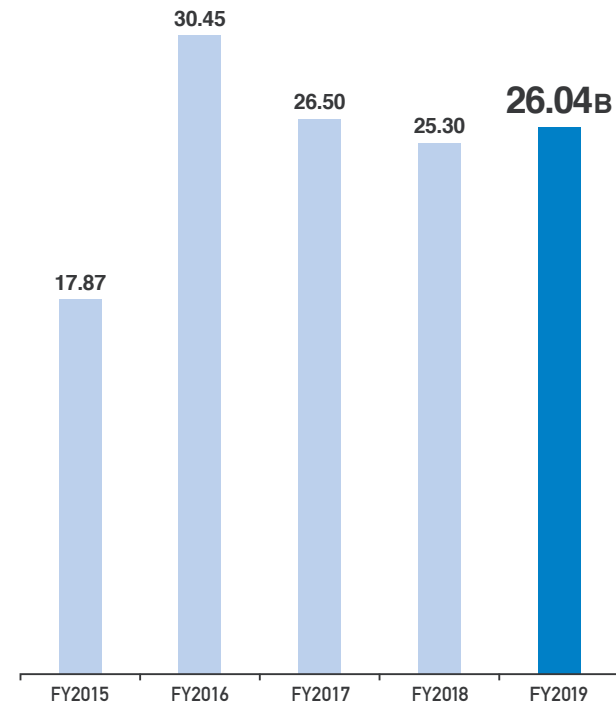
Shareholder Return Policy

We recognize the return of profits to shareholders as an important issue in management, and plan to boost medium to long-term shareholder value by growing the business and improving capital efficiency while also continuing to pay out dividends.

Stock Price of CyberAgent vs Nikkei Stock Average*

CyberAgent

Nikkei

Dividend History

FY2016	FY2017	FY2018	FY2019	FY2020(E)
25yen	32yen	32yen	33yen	33yen
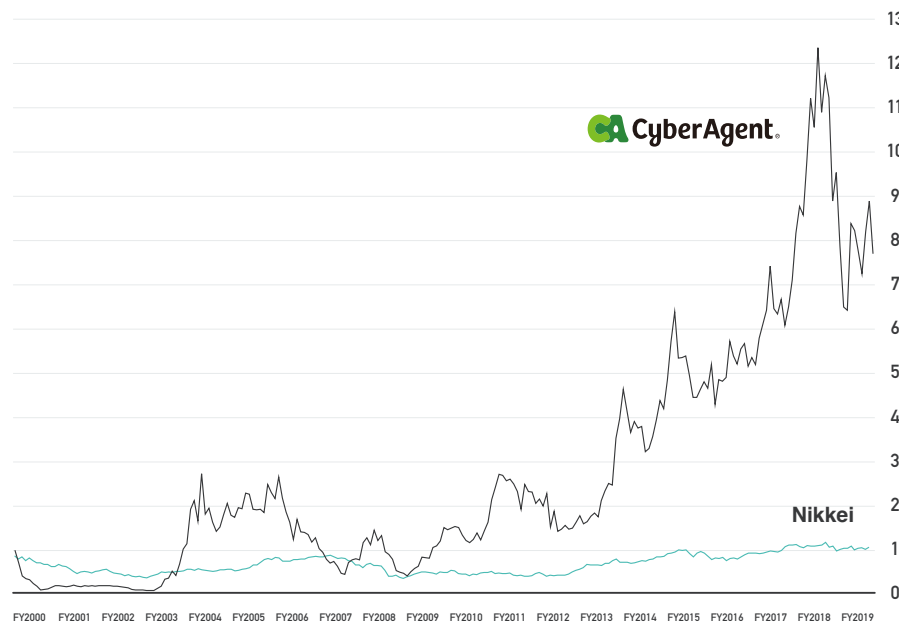
* Stock Price of CyberAgent vs Nikkei Stock Average*
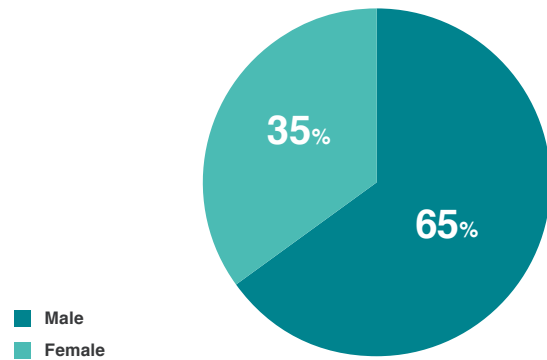Stock chart of CyberAgent vs Nikkei Stock Average with setting the CyberAgent stock price as of March 2000 as 1
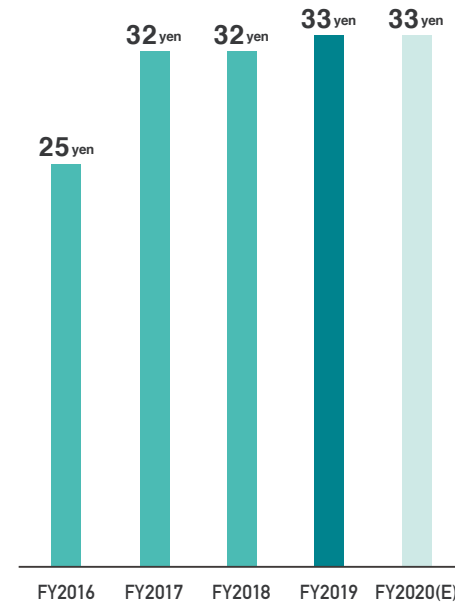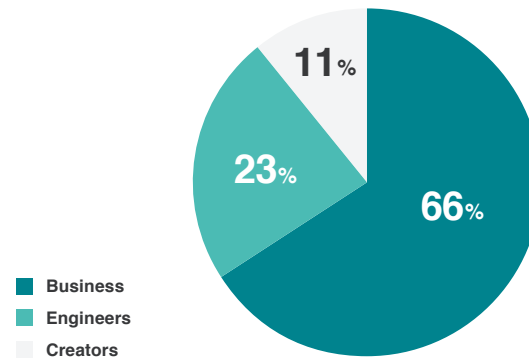
Employee Facts

By Gender

The ratio of males is slightly higher due to the large number of engineering staff.

- 35%
- 65%

- ■ Male
- ■ Female

By Job Type

Technical positions account for 34% of our staff composition.

- 11%
- 23%
- 66%

- ■ Business
- ■ Engineers
- ■ Creators

By Age Group

The age 20–30 demographic accounts for 84% of our staff with the younger generation playing active roles in the company.

- 16%
- 44%
- 40%

- ■ 20s
- ■ 30s
- ■ 40 or over
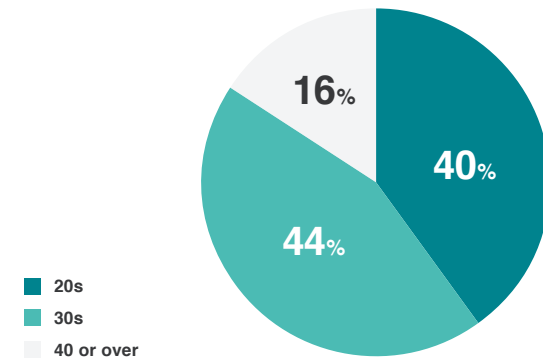
Management Composition by Gender

Female managers* hold at least 20% of managerial positions.

- 22%
- 78%

- ■ Male
- ■ Female
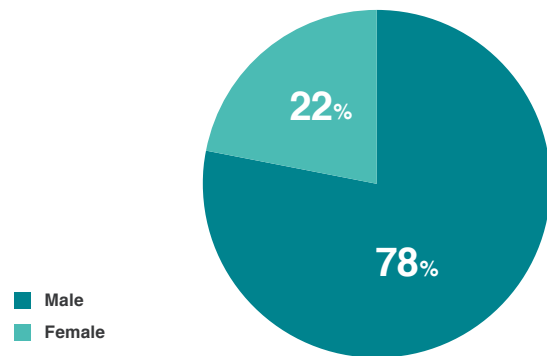
Hiring of New Grad & Mid-career Professional

We proactively recruit new graduates to ensure market competitiveness of the company.

- 41%
- 59%

- ■ New Grad Hiring
- ■ Mid-career Professional hiring
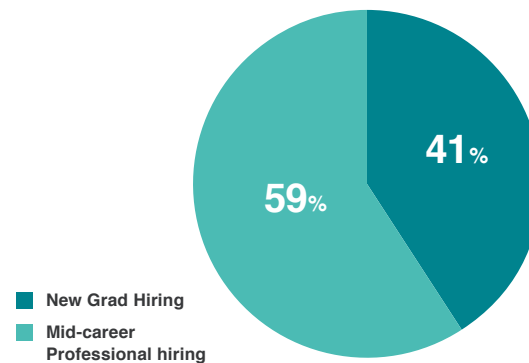
Years of Service

Work environment encourages staff retention with 44% of staff staying at least 5 years.

- 19%
- 15%
- 10%
- 14%
- 42%

- ■ < 3 years
- ■ 3-4 years
- ■ 5-6 years
- ■ 7-9 years
- ■ 10+ years
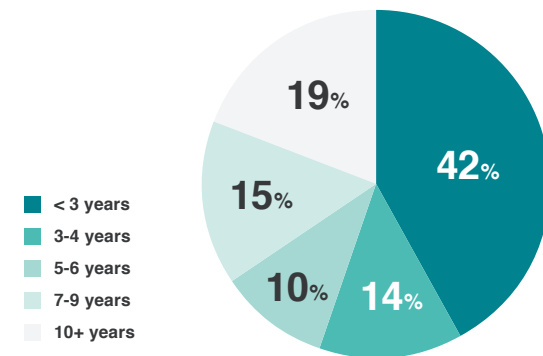
* Managers: Management level or higher, and producers or directors at or above a certain grade   * CyberAgent parent company executives and full-time employees, total 1,589 (as of the end of September 2019)

Subsidiary Presidents' Age Demographics

Younger employees are given active roles as managers.

23% **67**% **10**%

- 20s
- 30s
- 40 or over
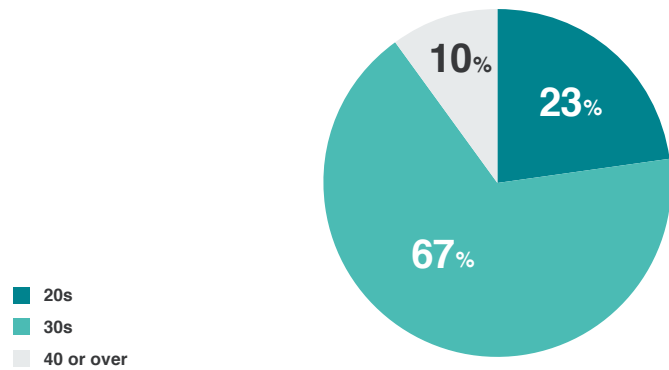
Working Mothers

We support working mothers, who make up 23% of our female staff.

23% **10**% **67**%

- Working Mothers
- On maternity/childcare leave
- Non-mother female employees
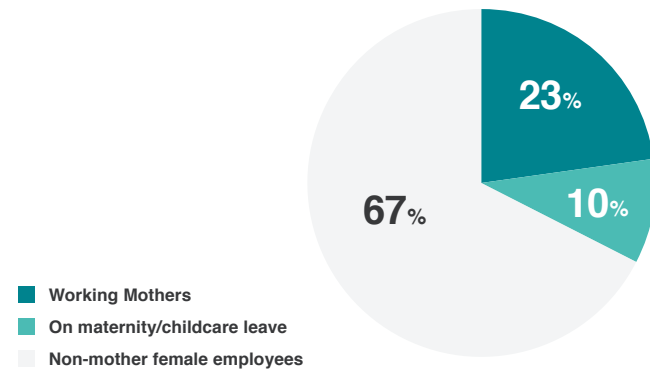
Turnover Rate

Low turnover rate continues.

10%

- Turnover Rate
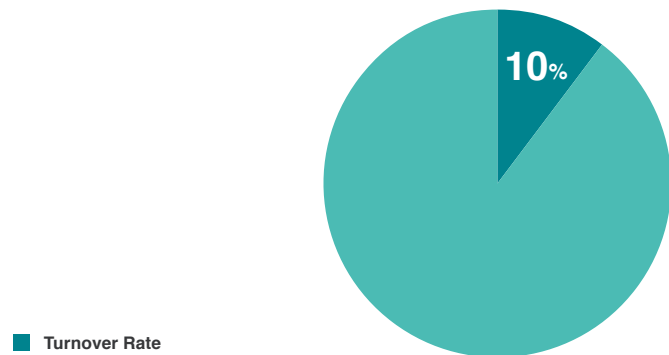
Returning to Work after Maternity/Childcare Leave

We promote work-life balance by continuing to improve "macalon," our system for promoting women in the workplace.

99%
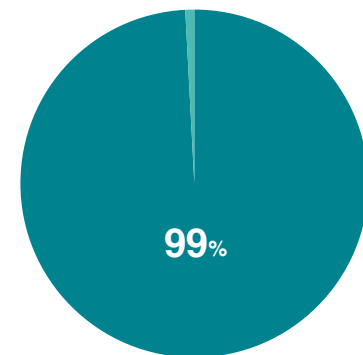
ESG

CyberAgent has been expanding business in the internet domain since its inception, and by drawing on the knowledge and business resources built up over the years, we are committed to helping to realize a society capable of sustainable growth.

ESG

Environment

CyberAgent is making efforts to reduce environmental burdens and maintain optimization in its operations to contribute to preserving the global environment and achieving a sustainable society.

Our Commitment to Environment

Promotion of Digitalization

CyberAgent is working on digitalizing internal documents, including cost calculations, invoices, and received faxes to reduce the amount of paper used in the office. By developing and providing "GEPPO," a tool to assess employee conditions and promoting digitalization of various kind of documents related to business transactions, we create an environment where each employee can focus on their primary duties by preparing an internal system.

Security Protection and Recycle

Documents in the office are destroyed using an exclusive recycling trash bin (Mamoru-kun) (Japan Purple Inc.) which maintains confidentiality and recycling. From April 2018 to March 2019, it contributed to saving 1,927.49 trees and around 55,531.06kg (8.6% down compared to the same period previous year) in carbon dioxide emissions annually

Conversion of Studio Lightsinto LED

CyberAgent reduces the environmental burden by saving energy. An example is to adopt LED lights for the studio that "AbemaTV" uses for shooting. LED emits less harmful rays, such as heat rays and UV, and will also lead to cutting down stress found in shooting, like heat factors.

Social

With taking advantage of our services and accumulated know-how, we fulfill our social responsibility and make the efforts to enable the creation of social value in a variety of fields.

ESG News

Contributions to Local Communities

"Bit Valley" Project

To give the world wonderful services and products that move one's hearts and astound the world

The Bit Valley project began in 2018 as a joint effort with Internet companies who are also based in Shibuya to turn the district into a global IT hub. At the second event, Bit Valley 2019, the theme was: "Toward New Domains of Craftsmanship: Where Technology and Creativity Intersect." The event was for engineers, as well as anyone from the IT industry involved in craftsmanship. During the two day-event, 1,700 participants signed up for sessions on diverse topics on technology, along with design, product management, music, ideas and more. In addition to students aspiring to become engineers, there were many other students of the fine and performing arts. This young talent was exposed to the latest technology, creative works and diverse working lifestyles. The event helped the students imagine what careers they want to pursue.
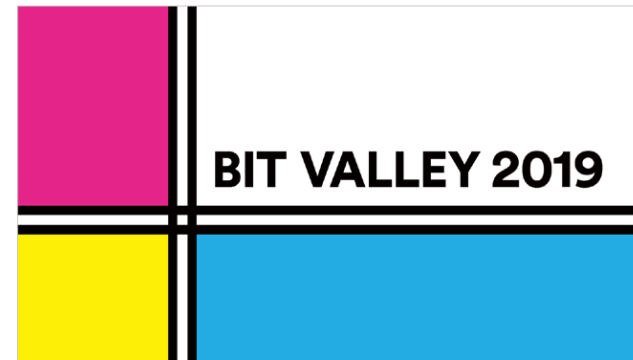
A speaker session

ESG News

Contributions to Local Communities

"Kids VALLEY" Future Learning Project

― **Career Education Support to Develop IT Professionals** ―

This project is a joint effort between Tokyu Corporation and four Internet companies including CyberAgent, all located in Shibuya, and the Shibuya City Board of Education to enrich programming education in the city's public elementary and junior high schools. An integrated public-private project, Kids VALLEY provides support for the development of programming curriculum for elementary and junior high students, classroom support and career education support for the development of IT professionals through visits to companies in the industry and other activities.

In 2019, the companies held programming workshops for elementary students during summer break, provided support and training for the development of programming curriculum for the city's elementary and junior high school teachers.

The goal of Kids VALLEY is the cultivation of world-leading talent in the field of IT from Shibuya, where CA Tech Kids is also based. The project also aims to contribute to the development of IT professionals in Japan by systemizing and raising the visibility of these educational initiatives to drive programming education nationwide.

Structure of Companies' Role

Shibuya Elementary & Jr. High Schools
(Teachers, Elementary/Jr. High Students)

Shibuya City Board of Education

Connect schools, advise on curriculum | Provide curriculum, support classes

General Coordination

Tokyu Railways

General mgt. and coordination
Gov't/university coordination

Deploy IT Knowhow

IT Firms located in Shibuya

(CyberAgent, DeNA, GMO Internet, Mixi)

Curriculum development
Teacher training, class support

Commitment to Society

Fostering IT Talent

The development of talent able to use technology to lead society into 21st century brings not only the social significance of raising the IT industry's international competitiveness and creating future jobs, but is also an important effort for increasing the potential for growing our company's internet business while reducing operational risks such as the shortage of capable engineers.

CyberAgent established "CA Tech Kids" in a joint venture with "Life is Tech, Inc." to offer programming education to elementary school students In May 2013 and provided programming educational opportunities to over 30,000 elementary students.

In addition to being the driving force behind many elementary school students who have released original iPhone applications on the App Store, "Tech Kids School," where participants learn real-world programming, has achieved remarkable learning results by turning out students every year who win prizes in a variety of programming contests.

While programming education will be mandatory at all elementary schools from 2020, there are hurdles in disseminating programming education, including a lack of high-caliber teaching materials and lecturers to teach kids programming as well as disparities in educational opportunities between urban and rural areas. To overcome these hurdles, we developed the online programming learning service "QUREO" and launched its operation in February 2018.

"QUREO" not only incorporates the knowledge and expertise that CA Tech Kids has built up through its business, but also leverages insight on game knowledge such as video and character navigation through collaboration with Applibot, a game company within the group. This delivers enjoyable learning, even for kids with no previous knowledge or experience, in a framework that allows them to independently learn at their own pace. Participants effectively learn the basics of programming, covering 50 items including repetition and conditional branching, in a curriculum that is even used as teaching material in programming classes throughout Japan.

CyberAgent and CA Tech Kids' efforts go beyond just helping kids acquire IT programming knowledge and skills — they teach the skills to 'design,' 'realize,' and 'make forward progress' in an aim to support the development of "talent capable of using technology as a tool to realize their own ideas and actively engage in society."
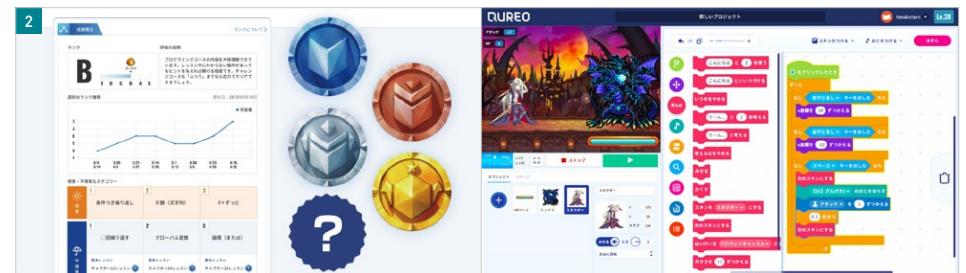
1   Photo: Programming course offered by CA Tech Kids
2   the online programming learning service "QUREO" materials

—— **Programming Education Activities**

CA Tech Kids carries out a variety of publicity activities, including programming contests and certification exams, to foster awareness of programming education.

Programming Contests for Elementary Students

The Tech Kids Grand Prix is a programming contest for elementary students. With its slogan of "you are the creators of the 21st century," contest entries are judged from three perspectives: VISION (the dream or world the student wants to realize), PRODUCT (the creative idea that will realize that dream and the product embodying it), and PRESENTATION (the student's approach to communicating their vision and product to the world).

1,422 entries were received during the first Grand Prix in 2019 with 10 finalists passing the judging round to give their final presentations. The sophistication of the student's products and presentations drew widespread attention in the media and elsewhere.

The aim of the Tech Kids Grand Prix is to become a goal for not just Japanese children, but children around the world to work towards. With this in mind, outstanding elementary student programmers from the Asia-Pacific region are invited to the contest as guest speakers during the final presentations.

Programming Certification for Elementary Students

CyberAgent launched the CyberAgent Kids Programming Certification Exam ("Pro-ken") to measure knowledge and technical ability of programming. The first exam was held in August 2019 aimed to give children the chance to get a feel for their development as a programmer.
The Pro-ken certifies examinees' programming knowledge and technical proficiency in using Scratch and QUREO visual programming tools according to different ten levels.

1　Tech Kids Grand Prix 2019
2　CyberAgent Kids Programming Certification Exam 2019

── Popularizing & Promoting Programming Education

CA Tech Kids is actively carrying out a wide range of initiatives to introduce, popularize and promote programming education in public schools. These include programming classes at schools, teacher training in partnership with local government and public elementary schools, and government policy advocacy related to programming education.

Teaching Programming Classes at Schools

CA Tech Kids conducts programming classes at elementary schools across Japan. In these classes, students learn basic concepts related to controlling computers by developing simple games with Scratch, software made for learning programming. Comments from children who have taken the classes include: "Until now I only played video games, but I learned that I can make them too," and "I understood that programming and other technologies make our world more convenient."
CA Tech Kids also holds a variety of new practical classes at primarily pilot and private elementary schools and intends to give back the results in preparation for programming becoming compulsory in 2020.

Initiatives With Local Government

CA Tech Kids is working to create programming education opportunities across Japan through local government outsourcing and various partnerships.
The activities carried out as part of these partnerships include offering workshops for children organized by local governments, training and development programs for instructors, offering policy assistance to city government and councils, and company visits by politicians and educators. Since CA Tech Kids' establishment in 2013, it has worked with local governments large and small in places such as Tokunoshima-cho in Kagoshima Prefecture, Matsudo-shi, Hikone-shi, Osaka-shi, Tsukuba-shi, Rikuzentakata-shi, Seto-shi, Fujisawa-shi and Shimabara-shi.

School Faculty and Staff Training

One major challenge being faced with programming education becoming compulsory in 2020 is the lack of educators that can teach programming. CA Tech Kids is working to resolve this by offering training to school faculty and local government staff and explaining the meaning of compulsory programming education. In addition, the company conducts practical training using programming software for children to promote an understanding of the subject in faculty and staff and help them acquire the skills needed to teach it.

1   Programming classes at local elementary schools
2   Training ground for mentoring at Tokunoshima

Research Activities

CA Tech Kids is also conducting research activities in partnership with universities and other research organizations to deal with the various challenges related to compulsory programming education in elementary schools. It started researching related curriculum standards in collaboration with Masataka Isobe laboratory at the Aichi University of Education in 2014. Since 2017, the company has also been conducting research into ways to utilize programming in other subjects in partnership with Professor Naoki Kato laboratory at the Tokyo University of the Arts. Through academic conference presentations, publishing and conducting open research classes, the results of this research will be given back to society at large.

Policy Advocacy

Tomohiro Ueno, CA Tech Kids' President, is himself involved in policy advocacy to spread and develop programming education in Japan. Part of his advocacy work includes serving as a member of the Ministry of Education, Culture, Sports, Science and Technology's "Advisory Council on Fostering Logical Thinking, Creativity and Problem Solving and Programming Education at the Elementary School Level" and its "Round Table Committee and Working Group on Fundamental Issues Related to Computerized Education in the 2020s."

In April 2016, he attended the "Fifth Meeting for Public-Private Dialogue Towards Investment for the Future" and presented his views regarding programming education to Prime Minister Shinzo Abe and other cabinet ministers and government officials. Following this, the prime minister officially announced that programming would become compulsory in Japanese elementary schools from 2020.
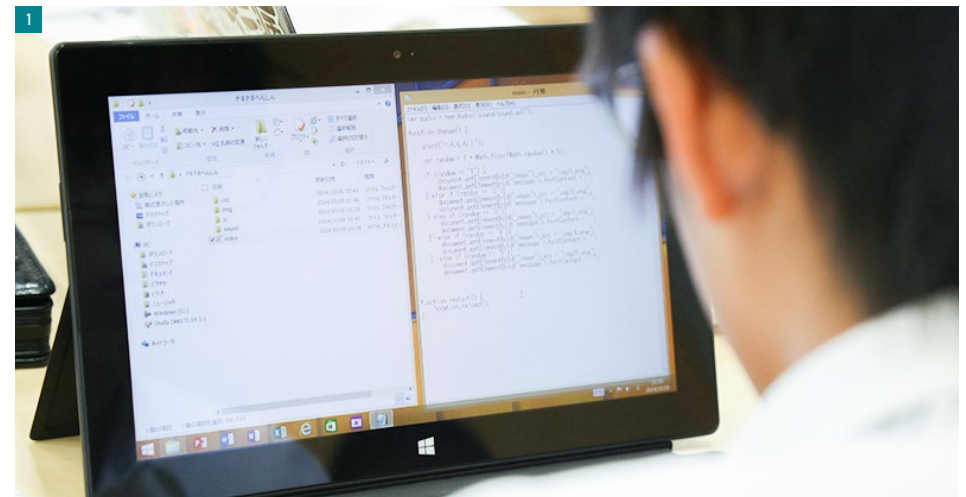
1   Research activities
2   Photograph: Public-Private Dialogue towards Investment for the Future   http://japan.kantei.go.jp/97_abe/actions/201604/12article6.html

Information Security

As a provider that handles a lot of personal information, CyberAgent, Inc. and CyberAgent Group have various internal regulations, including a Privacy Policy, Information Security Policy, and Personal Information Protection Regulations, in place and make efforts to handle and protect such information properly. If, for example, changes are made to the policies, we will announce them promptly.
CyberAgent will make sincere efforts to enhance and improve the information security measures to ensure that you can enjoy the services we provide safely and securely.
The purpose of use of personal information in the media we operate and contact information for inquiries are described in the terms of use of each media.

— Information Security Policy

Construction of an Information Security Management Framework

The Company strives to protect all information assets that it possesses and works to maintain and improve information security.

Appropriate Management of Information Assets

Information assets to be held are categorized and evaluated from the perspectives of confidentiality, completeness and availability, and are appropriately managed according to their risks.

Compliance with the Law

CyberAgent complies with laws regarding information security and other guidelines.

Improvement of Constant Information Security Management

In order to prevent information security accidents, CyberAgent conducts external system audits at least once a year for all systems that have high importance, are accessible from the outside network, hold personal information and accounting functions.
System audits are also carried out when we release a new service or update the service.

Security Training for Employees

The Company provides security training to employees.
CyberAgent has built a special site to transmit security information throughout the company's intranet. It is working to raise all employees' awareness by sending information and educating them regarding security, and releasing comics that explain the importance of security from different points in a simple manner.

— **Information Security Measures**

CyberAgent acts to reduce various risks involving information security in four areas, Organization, People, Technology, and Office. To continue business growth, we protect our users by enhancing our information security measures and providing reliable, safe, and secure services.

Organizational Measures

To ensure that we can respond swiftly and comprehensively to every security risk, we have an organization called "Cybersecurity Office (CyberAgent CSIRT)" which consists of representatives from each business and department such as information system, law affairs, public relations, internal audit, and security promotion, including two executive officers, and we have a group-wide information security management system in place. We also have a special security organization called "Security Promotion Group" in place, which consists of experienced security professionals, in order to prevent information security incidents that are changing and becoming more complex every day and ensure that we can respond smoothly to them.

Cybersecurity Office (CyberAgent CSIRT) is a member of the Nippon CSIRT Association and the Forum of Incident Response and Security Teams (FIRST), and realizes appropriate incident responses working together with external organizations.

Human Measures

To raise the awareness of information security among all employees, we collect and provide information and enlighten them by, for example, launching a special information website publishing with content using manga to explain the importance of security in an easy to understand manner from various perspectives.

We also provide security education for employees using an e-learning system. We encourage employees to acquire the knowledge necessary for their professions by providing content tailored to the duties of each employee, such as content for service development engineers or service planning professionals, in addition to content that helps understand the information security basics and the Personal Information Protection Act.

Manga
"Information Security"

Security officers from each department gather in the Cybersecurity Office (CyberAgent CSIRT)

Information security system chart
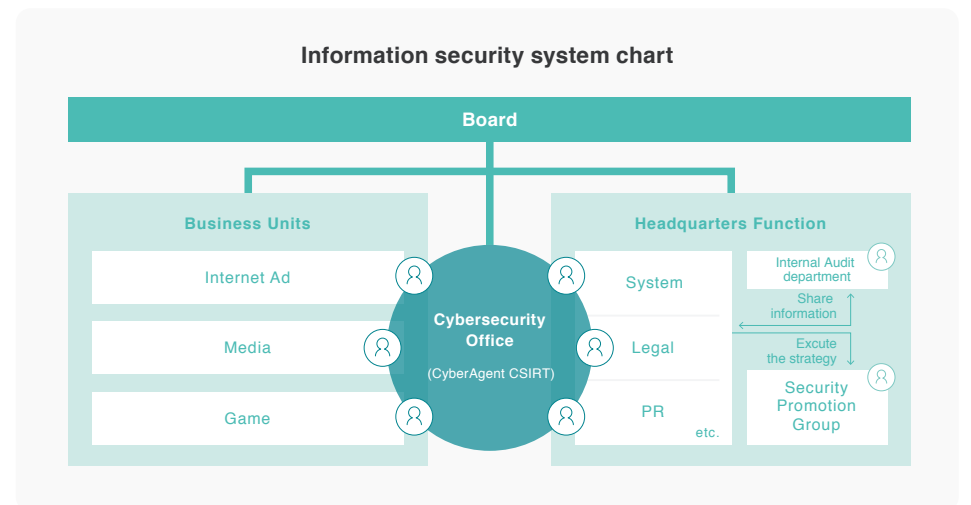
Technical Measures

Internal Systems

We centrally manage the employee accounts with a user management system connected to the HR database, and limit the use of internal systems and access to the internal network by unauthorized users.

We have malware protection measures in place, ranging from general virus protection to advanced malware protection measures depending on the professions and the risk level of the business and operation. We always monitor the system to detect and respond to cyberattacks from external sources.

Service Development

Security Promotion Group, a special system security organization, has developed security guidelines on service development. We have a support system for secure service development in place, which is ready to respond to consultation from divisions in the service planning and design phases.

We also have a system to centrally manage the accounts for the development environment and manage users and rights for each project properly. We perform vulnerability diagnosis before releasing new services to solve problems that may lead to security incidents. We also perform vulnerability diagnosis for the main services in operation once a year.

Physical Measures

Office

Access to offices is controlled with a security card. We have enhanced information security measures in place to, for example, control access to rooms and install security cameras depending on the security level of information handled.

Data Center

Our data center is equipped with full-fledged disaster resilience measures to ensure that personal information and system infrastructure are managed securely. The data center is divided into areas from levels 1 to 7 depending on the importance level and various measures are in place to prevent natural disasters and avoid human risks, including controlling access to the building and rooms with security staff and card authentication, checking devices brought in and taken out, and monitoring with multi-element authentication and security cameras.

Commitment to Protect Personal Information

About Collecting Personal Information

CyberAgent, Inc. may collect the following personal information through the services we operate only if the user provides consent. The information collected varies depending on the service, but is managed properly in accordance with the privacy policy and the terms of use of each service.

Personal information

Registration information that can identify a specific individual, such as the name, email address, date of birth, or gender of the user (including information that can identify a specific individual when collated with other information).

Authentication information

Registration information that we need to authenticate access from members, such as ID and password.

Cookies, etc.

Information necessary to identify and authenticate visitors, record the number of visits, or for other purposes, such as cookies, ad IDs, and access logs collected from users (including IP addresses).

Information about your mobile device

Your device, OS, user agent, mobile device's language settings, access country, etc.

Information about the communication environment

Carrier, communication environment, access area, etc.

Information about the usage

Version of the service, usage history of the service, etc.

Purposes for Collecting Personal Information

CyberAgent, Inc. collects personal information through the services we operate mainly for the following purposes.

Online user authentication

If user authentication is performed online to provide the service, we may collect information, such as email addresses, phone numbers, or access tokens to third-party services.

Verification of age

If there are age restrictions when providing the service, we may collect an image of the driver's license, national health insurance card, or a part or the whole of a document that certifies the age or date of birth in order to verify the age of the user.

Delivery of goods

If goods are delivered when providing the service, we may collect information, such as physical addresses, names, and phone numbers.

Payment of rewards and withdrawal of balance

If payment of a reward or withdrawal is made when providing the service, we may collect your financial institution's account information.

Access analysis and delivery of ads

We may issue cookies, etc. and collect information to analyze accesses and deliver ads.

Delivery of email newsletters

We may collect email addresses to deliver email newsletters.

Marketing analysis

We may collect the usage history of the service to analyze data for marketing purposes.

Prevention of fraud

We may collect the usage history of the service to prevent fraud.

Academic research

We may collect the usage history of the service as fundamental data for academic research.

Other

We may collect the following personal information through the service to implement functions necessary for providing the service

· Face photo
· Name
· Phone number
· Phonebook (contact list)
· Location information
· Biological information

Management of Personal Information

CyberAgent manages personal information collected through the services we operate in the following ways.

Access control

We have an integrated ID management system in place and limit access to personal information only to employees who must have access to carry out their operational duties. Executives and employees who do not have access permission cannot access and view personal information.

Encryption

We encrypt communications and databases that handle personal information.

Non-retention

We outsource the handling of credit card information to a PCI DSS compliant payment service provider to abide by the revised Installment Sales Act and enhance the security measures for credit card transactions.

Provision of Personal Information

CyberAgent, Inc. may provide personal information collected through the services we operate to third parties, such as our outsourced providers and research institutions to provide better services and improve our services within the scope of the stated purpose of use.

Outsourcing

We may provide personal information to our outsourcing providers to carry out the following services. We review the security measures of our prospective outsourcing providers in advance and continue to monitor them.

· Delivery of email newsletters and ads
· Delivery of goods
· Campaign service
· Development of new functions and research to prevent fraud(If personal information is provided to research institutions for study and research purposes, it is processed in such a way that individuals cannot be identified.)

Transfer of business

If the business is transferred to another organization, we provide personal information only on condition that such information is used to ensure successful transfer.

Other

We may provide personal information to administrative agencies in accordance with the procedures prescribed by the law.

Discontinuation of Use of Personal Information

Cancellation
If the user cancels any of the services CyberAgent operates, we delete the personal information collected promptly.

Opt-out
· Delivery of email newsletters
 If the user performs the cancellation procedure from the link displayed in the email body, we stop using the email address promptly.

· Delivery of behavior targeting ads
 If the user selects the opt-out option according to the procedure provided by the behavior targeting ad service provider, we stop using the personal information promptly.
 Furthermore, we stop using the personal information for the behavior targeting ads we provide according to the procedures described below.

> The Guidelines on Cookies, Ad IDs, Etc. in Ameba   `Japanese`

> About Disabling Display Ads Using AdTech Studio Cookies   `Japanese`

Safe and Sound Services

Accessibility Initiatives

CyberAgent is working to improve accessibility to web services with the aim of "ensuring access to information and services to all users of CyberAgent services regardless of mental/physical capabilities or environment."
CyberAgent participates as a member of the Web Accessibility Infrastructure Committee (WAIC), an organization that promotes the understanding and widespread adoption of JIS X 8341–3, Japan's national standard for web accessibility.

Ameba

We have prepared the "Ameba Accessibility Guidelines," a collection of production guidelines aimed at ensuring that "all users of our services can enjoy content with confidence at any time."

WinTicket

We are working to improve accessibility to ensure that all users of the service can participate in and enjoy public competitions. As part of these enhancements, we are now pursuing partial compliance with "JIS X8341–3 (Guidelines for older persons and persons with disabilities - Information and communications equipment, software and services - Part 3: Web content) as well as "Single-A" of WCAG (Web Content Accessibility Guidelines) 2.0.

Safe and Secure Services

Media

CyberAgent is committed to sound management of all media services we operate in order to protect underage users and to provide a safe and secure environment for all people who use our services.

24/7/365 monitoring system

We operate a stringent 24/7/365 services monitoring system to detect and eliminate any users who use the service for malicious purposes.We have also introduced a user reporting system, and promptly investigate anytime we receive reports of suspicious users. If we find that the a user is in violation of our terms of service we take immediate action that includes issuing a warning or canceling the user's account.

> Target services: Ameba, Ameba Pigg, Tapple, etc.

Age verification with government issued ID

For our dating app, we accept only government-issued ID to verify the age of users before they are permitted to use services such as message exchange, contacting features, etc. Examples of acceptable ID includes a Driver 's License, National Health Insurance Card, Employees' Health Insurance Card, Mutual Aid Association Card, Pension Handbook, Passport, Alien Registration Certificate etc.

> Target services: Tapple, etc.

Feature restrictions forunder age users

Based on date-of-birth information entered at the time of registration, we have measures in place to protect underage users, such as restricting communication functions or setting purchase limits.

> Target services: Ameba, Ameba Pigg, etc.

A monitoring system that ensures reliable delivery

A new monitoring system was introduced in September 2016, and we implement 24/7 services monitoring in order to further boost the reliability of our services delivery. Also, in the event of a disaster or emergency, we strive to continuously deliver reliable content to fulfill our role as a modern information infrastructure in the era of the internet.

> Target services: AbemaTV

Advertisement

In our advertising business, CyberAgent has been focused on improving our advertising-related compliance structure since 2017. As a leading internet advertising company, our goals are to promote sound and transparent advertising transactions, and to be an advertising agency whose customers can feel confident in placing ads with.

Compliance Bureau

In order to improve the sales management quality of business divisions and subsidiaries responsible for expanding our advertising business, we constantly review the administrative flow, including checking consistency, as well as make efforts to strengthen coordination among the group in terms of know-how and knowledge.
We also conduct advertising reviews to ensure that the content of the ads proposed to us are in full compliance with laws, regulations, and JIAA (Japan Interactive Advertising Association) guidelines, and also in line with public order and morals.

Advertising Compliance Committee

With the goal of improving the integrity and safety of advertisements, this committee is committed to solving problems with a cross-section of members from the Advertising Business Department and Legal and Compliance Office.
The committee takes advantage of the group's collective knowledge in a variety of issues related to advertising quality, including with measures to protect against piracy and illegal sites, ensure brand safety, and prevent ad fraud.

Brand Security Center

To ensure that our customers can feel confident in advertising with us, in June 2017 we established the "Brand Security Center," a group dedicated to monitoring brand safety 24 hours a day 365 days a year.
CyberAgent Brand Security minimizes advertisement opportunity losses while simultaneously preventing damage to our advertisers brand value. By doing this, CyberAgent maintains outstanding advertising quality while pursuing maximum advertising effectiveness.

Client

Ad placement orders   Reporting

Advertising Compliance Structure

Advertising Compliance Committee   Compliance Bureau   Submission auditing   Ad reviews   Advertising agency business (Including subsidiaries)   Sales Administration Dept. (Order management)   Brand Security Center

Anti-fraud   Ad placement   Ad effectiveness data   24-hour monitoring

Media
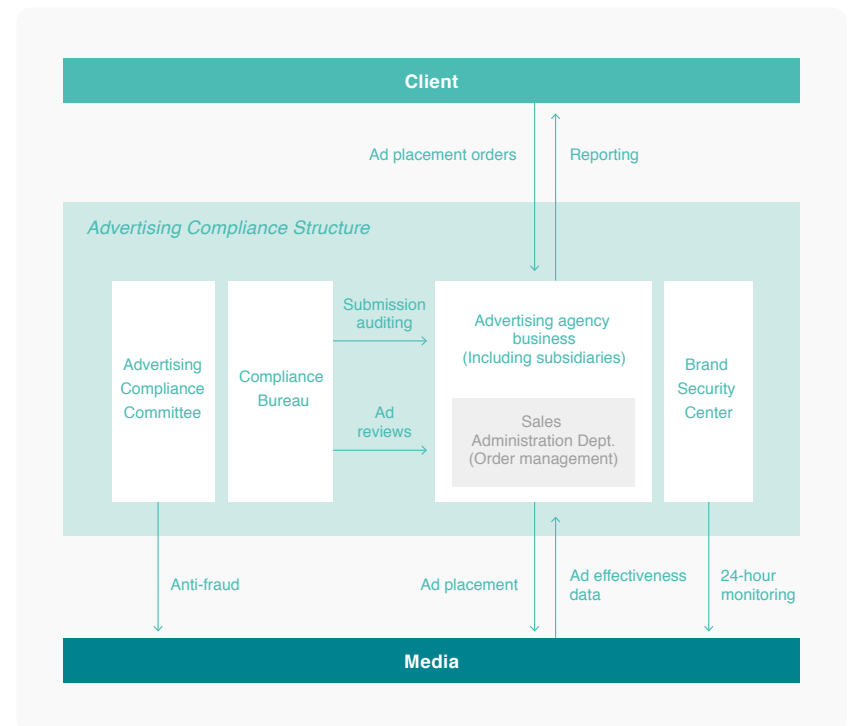
Safe and Secure Services

Game

> In all games we operate, CyberAgent is committed to protecting young users, and providing fun games in a safe and secure environment for all people who use our services.

Money spending alerts

Money spending alerts are issued to users when the amount of money spent on in-game purchases has reached the amount set for each month, thereby preventing excess purchases and usage.

* Alert amount set differs by game.

Display of distribution rates (also known as "drop rates") ofeach obtainable random in-game item

In accordance with the "Operating Guidelines for Random Item Distribution in Network Games" established by the Computer Entertainment Supplier's Association ("CESA"), CyberAgent displays the distribution rates (also known as "drop rates") of each obtainable random in-game item to increase transparency. In addition, we disclose information more simply and clearly by displaying modified distribution rates if they are modified for a special event

In-game patrols

CyberAgent prohibits the advertising, announcing, or soliciting of RMT (Real Money Trading) with other users, as well as RMT involving the buying or selling of game IDs or game items in exchange for money or anything of monetary value. If such acts are discovered, we will take action in accordance with each game's usage policy, including the suspended use of all or part of a game, or cancellation of the user's account.Voluntary patrols help ensure a safe and secure gaming environment for all users by monitoring whether games are being operated properly, watching for unacceptable activities such as RMT, and checking whether posted comments violate rules.

Spending limits for minors

We limit the monthly spending amount of minors. By limiting the maximum spending amount users for age 15 or under to 5,000 yen and ages 16–19 to 10,000 yen, we protect users by ensuring that minors are unable to spend excessive amounts

Prohibition of Real Money Trade (RMT)

In all games we provide, CyberAgent prohibits the advertising, announcing, or soliciting of RMT (Real Money Trading) with other users, as well as RMT involving the buying or selling of game IDs or game items in exchange for money or anything of monetary value. If such acts are discovered, we will take action in accordance with each game's usage policy, including the suspended use of all or part of a game, or cancellation of the user's account.

Thorough compliance with game related laws and regulations

In order to ensure that users can enjoy games in full confidence of their safety, we have established acceptable use policies for each game and also take steps to promote awareness on our official website and in-game.

Games operated in accordance with CESA's "Operating Guidelinesfor Random Item Distribution in Network Games"

Games are operated in accordance with the "Operating Guidelines for Random Item Distribution in Network Games" which have been established by the CESA

› **Applies to:**

CyberAgent, Inc., Cygames, Inc., Applibot, Inc., GCREST, Inc., Sumzap, Inc., Grenge, Inc., Griphone, Inc., Goodroid, Inc., Craft Egg, Inc., QualiArts, Inc.   We will continue to take appropriate action as necessary for games provide

Creating Job Opportunities

Aggressive Investmentin Talent

CyberAgent is promoting employment in rural areas through the establishment of local subsidiaries. Offices in Okinawa and Sendai employee 818 people* who are engaged in monitoring the comments on our smartphone service, Ameba, and operating internet advertisements as part of our internet advertising business.

Since 2016, we have also been stepping up the hiring of students from regional universities. CyberAgent has held outreach seminars, consultations, and local employment screening at regional universities and has launched hiring activities in all 47 prefectures across Japan. Since 2017, we have also posted online videos of company information sessions.

Proactive Employment ofPersons with Disabilities

In 2007, we launched subsidiary CyberAgent Will, Inc. based on the 'Act on Employment Promotion of Persons with Disabilities' to proactively employ persons with disabilities. Through participation in joint explanatory meetings and interviews at various locales, we have enhanced recruitment abilities and systematically expanded employment opportunities. As a result of proactively employing disabled persons who possess high-level computer operating and technical skills, we successfully achieved the mandatory employment rate of 2% by June 2018.We currently employ 90 persons* with disabilities who function in a variety of roles such as data entry and other operational work, in-house physical therapists, etc.

* As of the end of September, 2019

Okinawa office

Supporting Sports

Through its support of sports, CyberAgent aims to expand sports culture, develop human resources, and contribute to local communities.

Football

In October 2018, the Japan Professional Football League Club "FC Machida ZELVIA" became part of CyberAgent Group. By taking advantage of the group synergies, we aim at enhancing the information and services provided to supporters and winning new supporter demographics.

Going forward, we will continue to contribute to the promotion of sports culture and the development of the local economy in Tokyo and Machida, working towards the goals to grow FC Machida ZELVIA into a top club born in Machida, Tokyo and recognized around the world.

Since July 2017, Cygames, Inc., a subsidiary company of CyberAgent, has also been sponsoring Juventus F.C.(Juventus Football Club S.P.A.), an Italian pro soccer league that plays in Serie A.

FC Machida ZELVIA

FOOTBALL

Mahjong

CyberAgent formed a company team, the Shibuya Abemas, to join in the M.League* season that opened in October 2018. In its first year, the team finished second in the regular season and finished the season in third place after the finals. We will remain active in the M.League to raise the social standing of mahjong, spread recognition and win new fans.

＊The M.League is an organization whose purpose is to promote competitive mahjong in Japan, make the game more wholesome, and to popularize and develop the sport. Although people across the country are familiar with mahjong and there are reportedly thousands of pro mahjong players who belong to professional organizations, the strong association with gambling and the complex rules are part of the reason why mahjong's social standing has not improved. However, mahjong was recognized by the International Mind Sports Association in April 2017. This led to the appearance of numerous online mahjong games whose popularity has spread among senior citizens as a way to ward off dementia. It's an example of how mahjong is gaining recognition as a mind sport for people of all ages to enjoy.

SHIBUYA ABEMAS

MAHJONG

DDT Pro-Wrestling

DDT Pro-Wrestling marked its 20th year in 2017. The professional wrestling organization has grown its fanbase with compelling wrestlers and by performing Rojo (Street) Pro-Wrestling instead of using traditional rings. DDT is a fine example of what independent wrestling can achieve. On September 1, 2017, CyberAgent acquired all the issued shares of DDT Pro-Wrestling stock.

The year-round calendar of DDT events, including DDT group events by Pro-Wrestling Basara, Tokyo Joshi Pro-Wrestling and Ganbare Pro-Wrestling, are aired on AbemaTV. Original programs are also shown on AbemaTV to take advantage of the uniqueness of Rojo (Street) Pro-Wrestling. These broadcasts offer enjoyable content for a wide-ranging audience, from long-time pro wrestling fans to newcomers to the sport.

DDT Pro-Wrestling event poster

Governance

Under our vision "To create the 21st century's leading company," CyberAgent regards corporate governance as a key issue in achieving sustainable expansion of the business. While conducting corporate activities based on rules that include legislation, social norms, ethics etc., in October 2017, we transferred our corporate governance to a company with an audit committee in an aim to improve the effectiveness of the Board of Directors. We have been making efforts to further enhance the supervisory functions, transparency and fairness of the Board of Directors, including by the appointment of three external directors and one female director.

Outline of the Corporate Governance Structure

Corporate governance structure	Company with Audit and Supervisory Committee
Number of directors on the board (Outside directors)	15 (3)
Directors who are Audit and Supervisory committee member (Outside directors)	3 (2)
Executive Officer System	None
Standards for appointment and independence of outside directors	Conforms to Tokyo Stock Exchange's "Practical Considerations when Appointing Independent Directors/Auditors"
Introduction of measures to prevent takeover bids	None
Strategic Shareholdings	The Company may own "Strategic Shareholdings" if, for instance, it is expecting to strengthen business collaboration. The execution of voting rights of strategic shareholdings shall be handled appropriately based on careful review of proposal content.
Corporate Governance Report	https://www.cyberagent.co.jp/files/user/pdf/way/governance/cg/cgr_en.pdf
Accounting Auditor	Deloitte Touche Tohmatsu LLC

Corporate Governance structure

Shareholders' Meeting

Appointment and removal → **Company Attorney etc.**

Advice →

Appointment and removal → **Accounting Auditor**

Accounting audit / Audit of internal control →

Nomination and Remuneration Advisory Committee

Consultation → / Report ←

Board of Directors

Directors
12 Directors who are not Audit and Supervisory Committee members, of which 1 is Outside Director

Audit, supervision →

Audit and Supervisory Committee
3 Directors who are Audit and Supervisory Committee members, of which 2 are Outside Director

Board of Full-time Directors' meeting
11 Executive Directors, 1 Audit and Supervisory Committee member

Delegation of authority →

Instruction and supervision →

Appointment, instruction and supervision →

Report / Instruction and supervision →

Internal Audit Office

Internal audit, Internal control Assesment →

President / CEO

Instruction and supervision →

| Business Division, Subsidiaries | Business Division, Subsidiaries | Business Division, Subsidiaries |

Directors

Susumu Fujita

President and CEO, Overall Management

25,909,600
13/13 (100%)

Apr.	1997	Joined Intelligence, Ltd. (Present: PERSOL CAREER CO., LTD.)
Mar.	1998	Founded CyberAgent, Inc. President. current position
Jun.	2012	Vice Representative Director, The Japan Association of New Economy (JANE)
Apr.	2015	President, AbemaTV, Inc. current position

Go Nakayama

Managing Director, Company-wide Function

363,676
13/13 (100%)

Apr.	1998	Joined Sumitomo Corporation.
Aug.	1999	Joined CyberAgent, Inc.
Dec.	2003	Director, CyberAgent, Inc.
Apr.	2006	Managing Director, CyberAgent, Inc. current position

Yusuke Hidaka

Vice President, Game Business

850,600
13/13 (100%)

Apr.	1997	Joined Intelligence, Ltd. (Present: PERSOL CAREER CO., LTD.)
Mar.	1998	Founded CyberAgent, Inc. Managing Director.
Oct.	2010	Vice President, CyberAgent, Inc. current position
May	2011	Director, Cygames, Inc. current position

Masahide Koike

Managing Director, Media Business

55,715
12/13 (92.3%)

Jul.	2001	Joined CyberAgent, Inc.
Dec.	2012	Director, CyberAgent, Inc.
Dec.	2014	Managing Director, CyberAgent, Inc. current position
Jul.	2016	Director of AbemaTV, Inc. current position

Yasuo Okamoto

Executive Managing Director, Internet Advertisement Business

90,600
12/13 (92.3%)

Apr.	2000	Joined CyberAgent, Inc.
Dec.	2008	Director, CyberAgent, Inc.
Oct.	2010	Managing Director, CyberAgent, Inc.
Dec.	2014	Executive Managing Director, CyberAgent, Inc. current position

Takahiro Yamauchi

Managing Director, Internet Advertisement Business

25,857
13/13 (100%)

Apr.	2006	Joined CyberAgent, Inc.
Apr.	2009	Representative Director, CyberZ, Inc. current position
Dec.	2012	Director, CyberAgent, Inc.
Oct.	2018	Managing Director, CyberAgent, Inc. current position

* Name, Title, Managing Division (as of December 13, 2019)   * Number of shares hold (as of the end of September 2019)   * Board meeting attendance

Koki Ukita

Director, Game Business

6,407
13/13 (100%)

Apr. 2011	Joined CyberAgent, Inc.
Apr. 2014	Representative Director, Applibot, Inc. current position
Dec. 2016	Director, CyberAgent, Inc. current position

Norishige Nagase

Director, Technical Development Division

3,255
11/11 (100%) *

Apr. 2000	Joined NTT Software Corporation (present: NTT TechnoCross Corporation)
Aug. 2005	Joined CyberAgent, Inc.
Jan. 2018	General Manager, Technical Development Division current position
Dec. 2018	Director, CyberAgent, Inc. current position

Tetsuhito Soyama

Director, Human Resources

112,373
13/13 (100%)

Apr. 1998	Joined Isetan Co., Ltd. (present: Isetan Mitsukoshi Holdings, Ltd.)
Apr. 1999	Joined CyberAgent, Inc.
Dec. 2008	Director, CyberAgent, Inc.
Dec. 2016	Director, CyberAgent, Inc. current position

Riku Yamada

Director, AbemaTV Advertising

3,000
11/11 (100%) *

Apr. 2011	Joined CyberAgent, Inc.
Oct. 2015	Corporate Officer, CyberAgent, Inc.
Oct. 2017	General Manager of Advertisement Hq. of AbemaTV, Inc. current position
Dec. 2018	Director, CyberAgent, Inc. current position

Takahito Naito

Director, AI, Creativity, Ad Operations

75,585
11/11 (100%) *

Apr. 2001	Joined CyberAgent, Inc.
Oct. 2010	Director, CyberAgent, Inc.
Oct. 2014	General Manager of AdTech Business Hq. (present: AI Business Unit) current position
Dec. 2018	Director, CyberAgent, Inc. current position

Toko Shiotsuki

Director, Full-time Audit and Supervisory Committee member

9,600
13/13 (100%)

Apr. 1996	Joined Japan Airlines Co., Ltd.
Oct. 1999	Passed the second part of the CPA examination.
Jul. 2000	Standing Corporate Auditor, CyberAgent, Inc.
Dec. 2017	Director serving on the Audit and Supervisory Committee, CyberAgent, Inc. current position

* Name, Title, Managing Division (as of December 13, 2019)   * Number of shares hold (as of the end of September 2019)   * Board meeting attendance

Outside Directors

Koichi Nakamura `Independent`

Outside Director

2,240
13/13 (100%)

Apr.	2008	Director and Vice President , Recruit Co., Ltd.(present: Recruit Holdings Co., Ltd.)
Apr.	2012	Director and Advisor, Recruit Co., Ltd. (present: Recruit Holdings Co., Ltd.)
Jun.	2014	Resigned Director and Advisor, Recruit Holdings Co., Ltd.
Dec.	2016	Outside Director, CyberAgent, Inc. `current position`

Reason for the appointment of outside directors

The Company has nominated Koichi Nakamura as a candidate for an outside director because he has provided practical and objective indications regarding overall management and supervision of business execution from a third party perspective when making decisions at the board of directors. He also provides a number of useful advices on the use of human assets, which we value, and contributes to our corporate value enhancement. He has contributed to business development for many years at Japan Recruit Center Co., Ltd. (currently Recruit Holdings Co., Ltd.). He served as a director and vice president of the company, and has vast experience and broad insight into business promotion and corporate management.

Masao Horiuchi `Independent`

Outside Director, Audit and Supervisory Committee member

45,200
13/13 (100%)

Apr.	1995	Joined Intelligence, Ltd. (Present: PERSOL CAREER CO., LTD.)
Mar.	1998	Outside Auditor, CyberAgent, Inc.
May	2010	Certified Public Tax Accountant
Jul.	2017	Corporate Auditor, U-NEXT Co., Ltd. (Present: USEN-NEXT HOLDINGS, Co., Ltd.) `current position`
Dec.	2017	Outside Director serving on the Audit and Supervisory Committee, CyberAgent, Inc. `current position`

Reason for the appointment of outside directors

The Company has nominated Masao Horiuchi as a candidate for a Director serving on the Audit and Supervisory Committee. Because since he took office as an Outside Director of the Company in December 2017, he has raised frank discussions with management regarding possible risks based on his wide experience and insight and offered advice on strengthening internal control and corporate governance. Going forward, we continue to expect him to supervise the Board of Directors from an independent standpoint when making decisions. He has been responsible for corporate management departments and internal controls for many years, and has extensive experience and wide insights regarding internal control and corporate governance as a director of U-NEXT Co., Ltd. (currently USEN-NEXT HOLDINGS Co., Ltd.). He is a certified tax accountant and has specialized knowledge in finance, accounting and tax.

Isao Numata `Independent`

Outside Director, Audit and Supervisory Committee member

64,708
13/13 (100%)

Apr.	1988	Joined Daiwa Securities Co., Ltd. (present: Daiwa Securities Group Inc.)
Jul.	2000	Representative Director, Five Eyes Networks Co., Ltd. `current position`
Dec.	2000	Outside Auditor, CyberAgent, Inc.
Dec.	2009	Representative Director, SBL Co., Ltd. `current position`
Dec.	2017	Outside Director serving on the Audit and Supervisory Committee, CyberAgent, Inc. `current position`

Reason for the appointment of outside directors

The Company has nominated Isao Numata as a candidate for a Director serving on the Audit and Supervisory Committee because since taking office as an outside director of the Company, he has exchanged extensive discussions from various perspectives, and provided advice based on an abundant information network. Based on these contributions, we continue to expect him to give appropriate supervision from an independent standpoint when making decisions at the Board of Directors. He has run a consulting company for many years to support public offering and overseas operations. He has broad experience and deep insights regarding corporate management, stock markets, and foreign markets.

* Name, Title (as of December 13, 2019)   * Number of shares hold (as of the end of September 2019)   * Board meeting attendance   * Independent directors: Independent directors pursuant to the provisions of the Tokyo Stock Exchange.   * Independent directors: Independent directors pursuant to the provisions of the Tokyo Stock Exchange.   * Directors, directors who are member of the Audit and Supervisory Committee, and the Company do not share any special interests.

Board of Directors and Audit and Supervisory Committee

Board of Directors

- The Board consists of 15 directors including 3 outside directors

- The Board meets regularly once a month and also holds unscheduled meetings whenever necessary

- Meetings in 2019: 13

Analysis and Evaluation of Board of Director Effectiveness

A questionnaire on effectiveness of the Board of Directors was conducted on end of september, 2019, which evaluated directors (including those currently serving as Audit and Supervisory Committee Members). With regard to the number of times the Board of Directors convened as well as scope, quantity and content of recommendations presented, the questionnaire found that there were no indications of problems and sufficient time was set aside for deliberation. The questionnaire also found that directors have an appropriate decision making process which is rooted in discussions that consider budget, earnings outlook, risk of impact on business or management, etc., and that the board strives to improve corporate value, selection and concentration, and business expansion not only the directors' specific realm of responsibility, but also across the entire company.

Audit and Supervisory Committee

- Directors who are members of the Audit Committee attend Board of Director meetings and other important meetings to audit and supervise the legality and appropriateness of the directors' business execution.

- As necessary, the Audit and Supervisory Committee receives reports or explanations from company executives and employees, and implements surveys etc. of major subsidiaries or workplaces.

- The committee meets regularly once a month and holds unscheduled meetings whenever necessary.

- 13 meetings were held in 2019

Structure of the Audit and Supervisory Committee

				Audit and Supervisory Committee Attendance
Toko Shiotsuki	Full time member of Audit and Supervisory Committee			13/13 (100%)
Masao Horiuchi	Outside Director of Audit and Supervisory Committee	Outside	Independent	13/13 (100%)
Isao Numata	Outside Director of Audit and Supervisory Committee	Outside	Independent	13/13 (100%)

Director Compensation

Policy for directors' compensation decisions

 Within the remuneration limit approved at the general meeting of shareholders , the Board of Directors consults the Nomination and Remuneration Advisory Committee on the amount of remuneration for each director (excluding directors who are Audit and Supervisory Committee members) , and determined based on the content of the report.

Establishment of Nomination and Remuneration Advisory Committee

The Company established a Nomination and Remuneration Advisory Committee as the Board of Directors' optional advisory committee. The committee mostly consists of Independent Outside Directors to strengthen independence and objectivity of the nomination and remuneration function of the Board of Directors, and further enhancing corporate governance.

stock option system

Stock options are granted based on CyberAgent's consolidated sales with the objective of further boosting the motivation and morale, raising corporate value, and further strengthening corporate management.

Amount of remuneration for directors and auditors

Classification	Number of issued members	Amount of compensation
Director who is NOT the Audit and Supervisory committee members	12	457 million yen
(Outside)	(1)	15 million yen
Director who IS the Audit and Supervisory committee members	3	18 million yen
(Outside)	(2)	7 million yen
Total	15	476 million yen
(Outside)	(3)	23 million yen

* The amount of remuneration for Directors include the amount of expenses (79 million yen) during this fiscal year related to the stock acquisition rights granted as stock options.

Management Transparency

Basic policy for information disclosure

CyberAgent strives to provide prompt information to shareholders and investors based on transparency and fairness. We are also dedicated to timely and proactive disclosure of information in accordance with the Financial Instruments and Exchange Act and Tokyo Stock Exchange timely disclosure rules, as well as information we deem valid for better understanding the company.

Initiatives to General Meeting of Shareholders

We are accelerating the delivery of convocation notices to ensure that our shareholders have sufficient time to review the agenda. Convocation notices are sent out at least one week prior to the statutory date (at least three weeks before the General Meeting of Shareholders). In addition, before notices are sent out, their Japanese and English versions are posted on CyberAgent 's corporate website, on the Tokyo stock exchange website, and also on the electronic voting platform for rights holders. Exercise of voting rights through the internet has been available since 2007. CyberAgent sets shareholders' meetings in December by avoiding dates crowded with other company shareholder meetings so that as many shareholders as possible can attend. The 22nd annual General Meeting of Shareholders was held on December 13, 2019. A business report video on the first part General Meeting of Shareholders as well as scenes from the second part Company Information Session are available to view on the corporate website.

CyberAgent
Official Facebook

CyberAgent
Official Twitter

President, Susumu Fujita
Official Twitter

Director, Tetsuhito Soyama
Official Twitter

List of Corporate Officers

Hiroyuki Ishii

Senior Corporate Officer
Internet Advertising Headquarters

Yuko Ishida

Corporate Officer
Human Resources Division

Eiji Koike

Corporate Officer
Internet Advertising Headquarters

Takunori Fujii

Corporate Officer
AbemaTV, Inc.

Masato Sato

Corporate Officer
Systems Department

Yosuke Sato

Corporate Officer
Creative Development Division

Takehiro Takeda

Corporate Officer
Human Resources Division

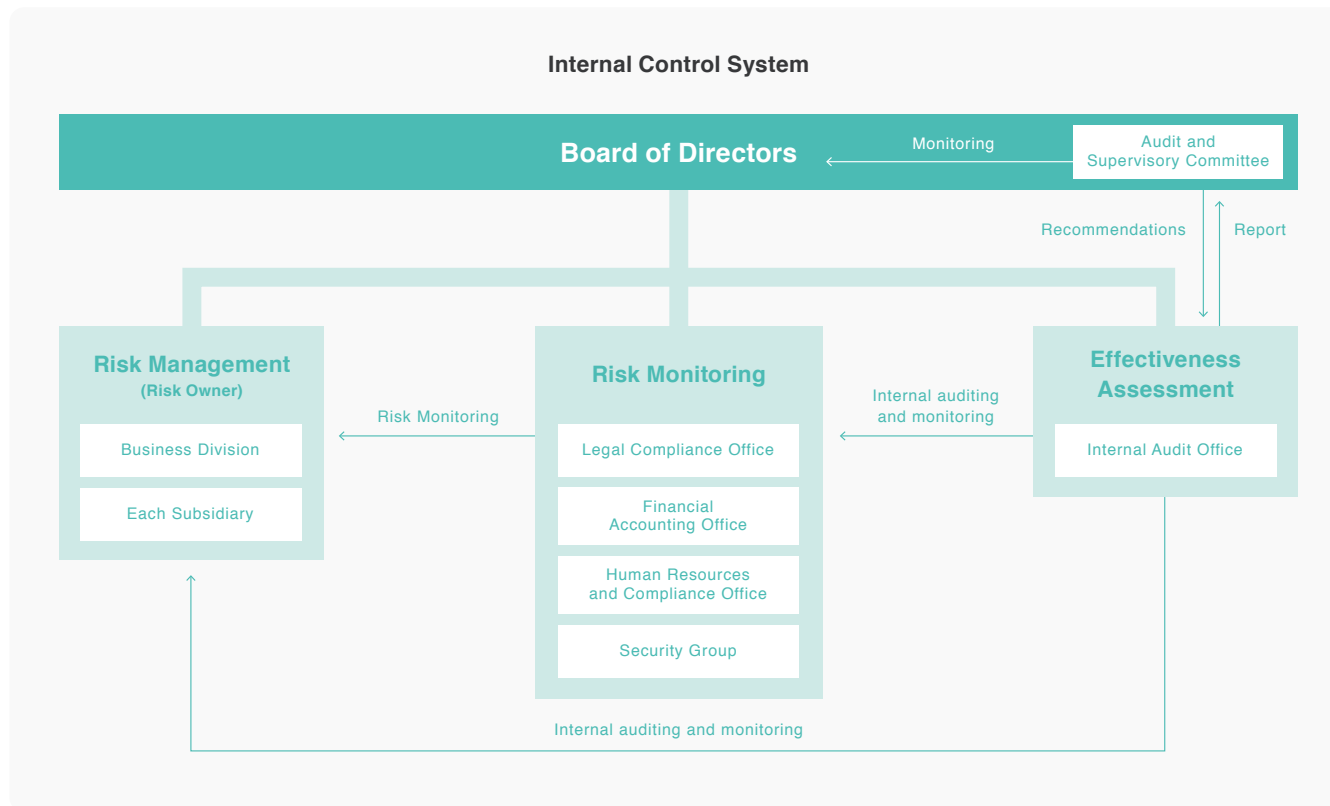**Tatsuhiko Taniguchi**

Corporate Officer
AbemaTV, Inc.

Gaku Miyata

Corporate Officer
Internet Advertising Headquarters

* As end of september, 2019

Internal Control

CyberAgent is making system enhancements to the IT internal control system and building an operations monitoring system in order to realize sustainable growth for the group as a whole.By responding flexibly to fast-paced changes in the business environment, we are committing the effort necessary to maintain and improve the quality of our business operations.

Internal Control System

Board of Directors	Monitoring ←	Audit and Supervisory Committee

Recommendations | Report

Risk Management
(Risk Owner)

Business Division

Each Subsidiary

← Risk Monitoring

Risk Monitoring

Legal Compliance Office

Financial Accounting Office

Human Resources and Compliance Office

Security Group

← Internal auditing and monitoring

Effectiveness Assessment

Internal Audit Office

Internal auditing and monitoring

Risk Factors

The following passages will describe major possible risk factors related to the business operation of our Group. In addition, the items that are not related to the risk factors, but considered important for investment judgment will be mentioned below, from the viewpoint of proactively disclosing information to investors. CyberAgent will recognize these risks, and implement some measures for avoiding or coping with these risks.

Business trend

If there emerges a hindrance to the growth of the Internet, game markets or if business confidence worsens, and affecting the Internet ad market, our business performance and financial standing may be affected.

Fluctuations in business performance

Earnings forecast is based on management's assumptions and it should be noted that the accuracy of information is not guaranteed. Changes in unforeseen factors could cause actual results to differ materially. Also, if accounting standards or taxation systems are changed considerably, it may affect our business performance and financial condition of CyberAgent.

Legal regulations

CyberAgent's field of business is regulated by various laws and regulations, such as the Act on the Limitation of Liability for Damages of Specified Telecommunications Service Providers and the Right to Demand Disclosure of Identification Information of the Senders, the Act on Prohibition of Unauthorized Computer Access, the Consumer Contract Act, the Act Against Unjustifiable Premiums and Misleading Representations, the Act on Specified Commercial Transactions, the Act on the Protection of Personal Information, the Act on Establishment of Enhanced Environment

for Youth's Safe and Secure Internet Use, the Payment Services Act, and the Food Sanitation Act, and procedures and guidelines from supervisory government agencies. There may be changes to royalties paid to copyright organizations or holders of neighboring rights or the terms and conditions of licenses on music copyright, or new licensing other than the music copyright may be necessary. CyberAgent's business may be subject to new restrictions, and business performance and future business expansion may be impacted as a result of the enactment or revision of rules and regulations, or the formulation or revision of new guidelines or voluntary-regulatory rules. In addition, third parties who have suffered damage or loss from illegal acts within our services may file lawsuits against us as the service operator to claim damages.

Internal control systems

CyberAgent takes various measures for maximizing the value of each group company, while considering that our important managerial mission is to enrich our corporate governance. However, if the development of sufficient internal control systems cannot keep up with the rapid expansion of our businesses, etc., it may become difficult to operate our businesses appropriately, affect the business performance and financial standing of CyberAgent.

Risks accompanying the dependenceon specific management and recruitment

If it becomes difficult to secure personal or if as represented by board members, including the president or executive who has technical knowledge, skills, or experiences resigns or retires for some reason and there are no successors, the business performance and financial standing of CyberAgent may be affected.

Information security, communication network, and system

There are risks of the leakage of important data, the unauthorized falsification of computer programs and system failure due to such occurrences as remarked below. Defect in computer systems, deterioration in existing security measure, malware or computer viruses, an unauthorized access to computer networks, an error of executive, employee, or business partner, natural disaster and temporary overload by the increase of access. It may result in a third party's claim for damages, fallen credibility of CyberAgent, and affecting the business performance and financial condition of CyberAgent.

Risks from managing personal information

CyberAgent holds personal information obtained through businesses such as our internet media business, and manages that information in keeping with the Privacy Policy prepared in accordance with the Act on the Protection of Personal Information. If personal information is leaked or an issue arises in the process of collecting personal information due to events such as a computer system defect, compromised existing security measures, malware or a computer virus, unauthorized access of a computer from an outside source, an error by an executive, employee, or business partner, natural disaster, or sudden mass network access, CyberAgent may incur damage due to a claim against us or a deterioration of trust in CyberAgent, or our business performance and financial standing may be impacted.

Risks related to intellectual property rights

CyberAgent makes efforts to protect our intellectual property rights that accompany technological innovations in the internet industry and the expansion of our intellectual property rights business, and reinforces awareness of our intellectual property rights and our internal management structure so that our officers and employees do not violate third party intellectual property rights. However, if a third party files a lawsuit against CyberAgent Group regarding intellectual property right infringement or CyberAgent Group receives a claim to stop using the intellectual properties based

on the content of the intellectual property rights held by the third party, extensive funds and time may be required until that situation is resolved, and CyberAgent Group's performance and future business expansion may be impacted.

Risks related to natural disasters

If there is an event such as a natural disaster (including an earthquake or a typhoon), or a terrorist attack, CyberAgent's business may be greatly impacted or fall into a state of confusion. If there is a natural disaster or similar event, CyberAgent will make efforts to appropriately and promptly carry out emergency measures or restoration measures. However, we do not guarantee that the impact of any interruption to or termination of the computer system due to a natural disaster or similar event can be completely prevented, and business activities may be impacted, our brand image may be harmed, or there may be physical or damage injury as a result of that event. Further, our base and the computer network infrastructure are concentrated in a certain area according to the services. Therefore, if a natural disaster or similar event occurs at that location, there may be significant damage and our performance and future business expansion may be impacted.

Risks in future business operation

The business model of CyberAgent has contact points with both internet users and advertisers. In order to expand our business in rapidly growing internet industry, we need to bear additional investment in recruiting new personnel, improving equipment, developing businesses, etc. and it would take some time to earn stable profits from these businesses. In addition, our profitability may decline due to price-cutting competitions and the cost for increasing users will augment for gaining an advantage over competitors.Moreover, when operating overseas businesses, we may not be able to cope with potential risks regarding the laws, regulations, politics, social situations, exchange rate fluctuations, and competitive environments in respective countries. Since CyberAgent offers Internet media services targeted at general consumers, CyberAgent may suffer an unexpected reputational damage. This would degrade our brand image, and affect our business performance.

Risks in the Internet media and game business

We operate a wide array of contents and services on the internet, including "AbemaTV," blogs, social media, games, videos, music, and informative websites. We plan to increase and retain users, by developing new contents, enriching the functions of existing services, stabilizing our

business operation, and so on. However, if we cannot offer attractive contents and services liked by a broad range of users, the business performance and future business operation of CyberAgent may be affected.

Our company takes various measures when necessary, for the purpose of promoting the sound development of markets related to the usage of games incorporate with industry groups. However, if system adjustment and improvement or an unexpected event occurs, the business performance and future business operation of CyberAgent may be affected. Our Internet media business offers services in accordance with the contracts with the card companies, platform operators, telecommunications carriers, etc. If there are changes in technical specifications, revisions to contracts, cancellation of contracts, or other unexpected events, the business performance and future business operation of CyberAgent may be affected.

Risks in the Internet advertising and Ad Tech Businesses

The Internet Advertisement Business may be affected by business trends, including the reduction of Ad costs by advertisers. In addition, we may have to fulfill the obligation to pay additional Ad fees to the media because of the worsening the financial standings of advertisers, the wrong distribution of Ads etc. If we become unable to procure ad spaces or products due to the discontinuance of transactions with media firms or if the conditions for transactions are changed, or if our profitability decline due to an intensifying price-cutting competitions , the business performance of CyberAgent may be affected.

In the Ad Technology, if new technologies or methods for advertisement are invented, the competitiveness of services we offer may decline considerably. the As for the advertising utilizing ad technology for smart devices, there are possibilities that the changes to the regulations, guidelines for the providers of OS for smart devices and its functions will affect the business performance and future business operation of CyberAgent.

Risks related to investment development business

Public companies that we invest in may see a decrease in the gain on valuation or an increase in the loss on valuation due to share price trends. In addition, investments may not be collectible due to future performance by the companies that we have invested in, and CyberAgent Group's profit and loss may be impacted. Unlisted companies may experience a deterioration in performance due to uncertain factors in the future, and CyberAgent's performance, financial standing, and future business expansion may be impacted.

Risks related to the EC business

As CyberAgent operates E-commerce businesses, we manage product control systems, and sign contracts with suppliers thoroughly, but if the product we sold goes against the law or has defects, producing problems of safety, etc., we may become liable for damages.

Risks related to sporting business

CyberAgent carries out sporting business, including the operation of sporting exhibits and events, and in the case of sporting exhibits, there may be an accident due to attendance by a large number of spectators. The necessary prevention measures are taken, but CyberAgent Group's performance may be impacted due to incidents of liability for damages or a loss of confidence.

Risks related to M&As

CyberAgent attaches great importance to diversification of earnings through entry into and strengthening of business peripheral to "AbemaTV," and entry into and strengthening of new business fields, such as business that utilizes resources and know-how of existing business. One method to achieve that is to strengthen investments and lending, including M&As. The target business is investigated in detail beforehand as much as possible, and once the risk is sufficiently considered, the M&A is proceeded with. However, if there are issues in the prior investigation, such as being unable to ascertain unrecognized debt or contingent liability post-acquisition, or post-acquisition business expansions do not proceed as planned, CyberAgent' s performance, financial standing, and future business expansion may be impacted. In addition, if new areas of business are added to our group through M&A or similar means, risk factors specific to those businesses will be taken on by CyberAgent.

Risks related to food and beverage business

CyberAgent operates restaurants and has thorough quality control and hygiene management. However, if a food related incident arises due to certain circumstances, CyberAgent Group's performance may be impacted due to incidents of liability for damages or a loss of confidence.

Ethical Business Guideline

Objective ——— This guideline based on the "Mission Statement (the Code of Conduct of CyberAgent)" provides the basic conduct to be observed by the directors, employees (including part-time and temporary employees) and all those who are involved in our company' s business, such as outsourcees engaging in business activities, so that the standing of stakeholders are respected and our company is able to fulfill its social obligations as a corporation.

Social Obligations ——— We shall take the following matters into consideration in developing/offering services and products.

（1）We will develop and offer services and products that are useful for society while recognizing the diversifying needs of consumers and customers.
（2）We will ensure that our services and products meet the safety and quality level.
（3）We will offer appropriate information regarding our services and products to consumers and customers.
（4）We will respond in good faith to questions, etc. from consumers and customers.
（5）We will protect the personal/customer information appropriately, in accordance with our provisions for protecting personal information.

Fair Trading ——— We are committed to fair, transparent and free competition as well as appropriate trading. In addition, we will maintain a healthy and normal relationship with politics and governmental authorities. Simultaneously, we will build an in-house structure that promotes and secures the compliance with the law, while raising the awareness of our directors and employees in regard to the Antimonopoly Law.

Protecting the Intellectual Properties ——— We will manage the secret information of our company and respect and protect the intellectual properties of third parties and ours.

Disclosure of Corporate Information ——— In consideration of the following matters, we shall communicate with society broadly, and disclose corporate information actively and fairly.

（1）We will offer accurate information to shareholders, investors, and others and promote communication with them through shareholders' meetings and investor relations (IR) activities.
（2）We will comply with the laws and regulations regarding the prevention of insider trading in accordance with our provisions for insider information management.
（3）We will disclose timely and appropriate information to stakeholders through public relations etc.

Respect for Human Rights ———————— In consideration of the following matters, we are committed to respect the diversity, personality and individuality of our employees, and to secure a safe and comfortable working environment.

（1）We will promote good work-life balance and produce a personnel and treatment system that enables diverse human resources to work with us.
（2）We will eliminate discrimination in employment and treatment, and work towards equal employment opportunities.
（3）We will prevent accidents at workplaces and support the employees' health promotion.
（4）To respect the individuality of our employees and provide support so that they can develop their career and potential abilities.
（5）We will engage ourselves in dialogues and discussions, in good faith, with our employees directly or with the representatives of the employees.
（6）We will strictly forbid child labor and forced labor.

Address Anti Social Forces ———————— We will resolutely oppose to antisocial forces and organizations that pose a threat to the order and safety of civil society in order to prevent damages.

International Business Operation ———————— We will adhere to international rules and local laws as well as respect local culture and customs in international business activities.

Management Leadership ———————— In consideration of the following matters, our directors will recognize that it is their duty to embody the spirit of this guideline, and diffuse it among the group companies. They will also maintain the effective company structure, and disseminate our corporate ethics fully.

（1）Our directors will do our utmost to demonstrate leadership to clarify our "Vision".
（2）Our directors will manifest our basic stance on our "Vision" and "Mission Statement" to the outside, and disclose the information regarding the practical efforts towards them.
（3）Our directors will build a company-wide system to work towards corporate ethics.

Contribution to Sustainable Society ———————— We centered on our core businesses, will collaborate with various stakeholders of our company to contribute to the realization of a sustainable society by responding to social issues.

Compliance

CyberAgent has established the item, "a highly moral company that thoroughly complies with the law," in relation to complying with its Mission Statement, and strives to act with strong ethics and responsibility. Moreover, CyberAgent continues to provide a necessary training and environment to comply with laws.

Compliance Framework

CyberAgent rebuilt the Legal Office which was used until 2016 into the Legal and Compliance Office to carry out compliance duties. The office has been providing compliance education and ensured it has been diffused in all divisions of the company. They have been setting up a framework that enables business operations imbued with strong ethics by implementing required measures in establishing a compliance framework for the entire company group and regularly holding specialized compliance workshops necessary to the duties in each division.

Initiatives to Educate and Diffuse Compliance

Implementation ofa Compliance Workshop

A compliance workshop is implemented at the moment new graduates or mid-career employees join the company. In addition, we regularly provide workshops to improve knowledge and awareness regarding compliance. For example, we offer additional education about the Law for Preventing Unjustifiable Extra or Unexpected Benefit and Misleading Representation, Infrastructure Security, etc. according to the characteristics of each division and trends.

e-Learning

CyberAgent has built an intranet e-learning system to deepen understanding and diffusion of the training from compliance workshops. The system enables employees to test themselves in 10 or more categories such as Personal Data Protection or Insider Training at any time.

Hotline

CyberAgent has put in place a system in which company directors or employees can notify a support desk (internal notification system) or ask for guidance anonymously should they discover a compliance violation.

Investor Relations Activities

CyberAgent promotes understanding of its management policies and business strategies on its investor relations website through information disclosure, conference participation, and interviews with institutional investors. In May 2019, it was adopted the S&P Japan 500 ESG and has now been included in a total of seven indexes including ESG indexes. Recognizing the importance of disclosing information, CyberAgent is dedicated to continuing to improve its IR activities.

FY2019 Summary of Activities

The number of institutional investors we met at the individual meetings	866 people
Earnings presentations	4 times
Overseas roadshows	1 time

Inclusion in Indexes

We are newly added to the S&P Japan 500 ESG, being part of seven indexes including two ESG indexes in total.

2014	JPX-Nikkei Index 400
2015	FTSE All-World Index
2017	MSCI Japan Empowering Women Index*
2018	MSCI Japan Index Included in the 225 stocks that make up the Nikkei Stock Average
2019	S&P Japan 500 ESG* Japan New Economy Index

＊ESG index

IR Awards

IR Awards

The All-Japan Executive Team 2019	We are recognized in the five categories, including the "Most Honored Company" in the Gaming & Internet sector.
Most Honored Companies	Gaming & Internet sector - earned the first place for the second consecutive years
Best CEO	Second place - Susumu Fujita – named top-two for the third consecutive years
Best IR Professional	Second place - Sonoko Miyakawa – Sell Side and Buy side ranking (among top-three for the seventh consecutive years)
Best IR Professional	First place - Sonoko Miyakawa – Sell Side ranking
Best IR Company	Second place - Sell Side ranking
The 40th Japan BtoB Advertising Awards hosted by Japan BtoB Advertising Association.	Our integrated report "CyberAgent Way 2018" had awarded Silver in Corporate Activity Report category.

Our integrated report "CyberAgent Way 2018" had awarded Silver in Corporate Activity Report category.

The 40th Japan BtoB Advertising Awards hosted by Japan BtoB Advertising Association.

Strengthening Communication with Our Investor Website

We strengthened communication with the corporate site by utilizing owned media and ensuring that visuals are compatible for display on all types of devices. We also proactively use social media to regularly provide earnings and financial information, as well as information on other subjects such as technological capabilities, competitive advantage, governance, empowering women and more, in a qualitative manner .

「IR Channel」　　　　　　　　　　　　　Go to IR Channel ⊙

Since 2016, we have released over 20 videos providing content for shareholders and investors.

▲ Episode 21
   "5 Ways to Use AbemaTV"

▲ Episode 19
   "The ABCs of CyberAgent"

▲ Episode 17
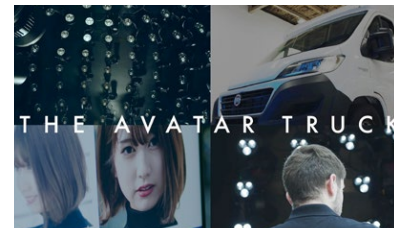   "The Rise of Esports in Japan"

▲ Episode 12
   "High Market Share Proves Our Ad Operations Capability"

Owned Media 「FEATUReS」　　　　　　Go to FEATUReS ⊙

FEATUReS delivers articles on our distinctive systems, culture, social contribution and more.

▲ A mobile 3D CG scanning car seen on video.
   It produces ad creatives and manages ads with a large, assorted array of AI and CG.

▲ Three ways newcomers to mahjong can enjoy the M.League for professional mahjong

▲ The "Think Outside the Box" breaking news on the AbemaNews Channel has solidified Abema's position in the market.

▲ Developing the IT professionals of the future

Disclosure Policy

Basic policy for disclosure

CyberAgent, Inc. (hereinafter called "the company") will swiftly provide shareholders and investors with information while emphasizing transparency, fairness. The company will disclose information under the timely disclosure regulations specified by the Financial Instruments and Exchange Act and the Tokyo Stock Exchange. At the same time, the company provides prompt and proactive disclosure of material information which is not subject to the timely disclosure regulations, that could influence the investment decisions of investors.

Method fordisclosing information

Information which is subject to the timely disclosure regulations will be disclosed on the website of the Tokyo Stock Exchange through the timely disclosure network (TDnet), according to the regulations. The released information will be uploaded to the IR website of the company. The information that is not subject to the timely disclosure regulations will also be released through the IR website of the company, to reach investors accurately and equally.

Forward-looking statements

This website and other items the company publishesmay contain forward-looking statements such as business forecasts that made based upon the information currently available which involves risks and uncertainties. There can be no assurance that forward-looking statements will prove to be accurate or achieved, as actual results may differ materially from those anticipated in such statements.

Quiet Period

The company specifies the two weeks until the release of financial results as a quiet period to prevent earnings information leakage and secure fairness. In this period, the company refrains from answering questions regarding our results and giving relevant comments, except the case where there emerge future-related information and material fact that would influence investment decisions considerably.

05

Company Overview

We have been consolidating our office functions, which were previously scattered across different locations, by integrating them in Abema Towers (in March 2019) as well as Shibuya Scramble Square (in September 2019). This initiative has helped us achieve better communication among staff while also boosting productivity and operational efficiency.

Company

Mission Statement

Focus on Internet growth markets.

Seize opportunities to enter adjacent markets.

Always keep things FRESH!

Build teams that emphasize character over talent.

Commit ourselves fully to recruitment.

Build an organization that encourages success at all levels; eliminate seniority.

Eliminate the disadvantages of scale.

Be honest when you need help; work together to make things better.

Create an environment that attracts talented, loyal employees.

Holds ourselves to consistently high standards in obeying the law.

Remember that hubris leads to failure.

Risk takers deserve second chances.

Compete creatively.

Always remember that we are Team CyberAgent.

Become a global company by developing Internet services for the world.

Company Overview

General Information

Company Name ——— **CyberAgent, Inc.**

Address ——— Abema Towers 40-1 Udagawacho Shibuya-ku, Tokyo 150-0042

President ——— Susumu Fujita

Foundation ——— March 18, 1998

Capital ——— 7,203 million yen (As of the end of september, 2019)

Employment Headcount ——— 5,139 (Consolidated, as of the end of september, 2019)

Annual Shareholders Meeting ——— December

Business Portfolio ——— Media Business

Internet Advertisement Business
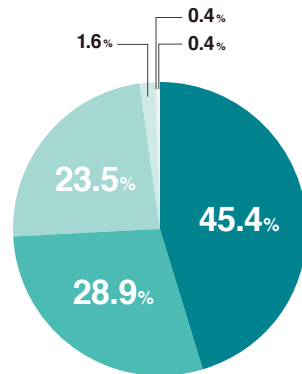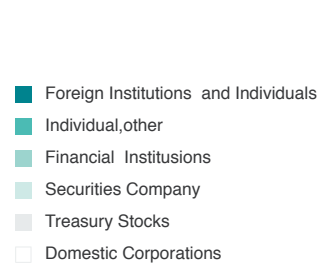
Game Business

Investment Development Business

Office Locations

Japan ——— Tokyo, Osaka, Nagoya, Fukuoka, Sapporo,

Sendai, Kanazawa, Kyoto, Saga, Okayama, Okinawa

Global ——— United States（New York, Guam）

China（Beiing）

Taiwan（Taipei）

Korea（Seoul）

Vietnam（Ho Chi Minh City）

Singapore（Singapore）

Stock Information

Listed Market	First Section of the Tokyo Stock Exchange
Code	4751
Number of Shares Outstanding	126,426,600 shares
Number of Shareholders	15,404

Distribution of Shares

- Foreign Institutions and Individuals
- Individual,other
- Financial Institusions
- Securities Company
- Treasury Stocks
- Domestic Corporations

0.4%
0.4%
1.6%
23.5%
45.4%
28.9%

* As of the end of september, 2019

Top Holders

	Name	Number of Shares	% O/S
1	Susumu Fujita	25,909,600	20.56
2	The Master Trust Bank of Japan,	10,480,800	8.32
3	Japan Trustee Services Bank,Ltd.	7,366,849	5.85
4	NORTHERN TRUST CO. (AVFC) SUB A/C NON TREATY	6,397,126	5.08
5	THE BANK OF NEWYORK MELLON 140051	3,225,400	2.56
6	Japan Trustee Services Bank,Ltd. (Trust Account5)	2,201,400	1.75
7	STATE STREET BANK AND TRUST COMPANY 505225	1,977,937	1.57
8	SSBTC CLIENT OMNIBUS ACCOUNT	1,947,680	1.55
9	MSIP CLIENT SECURITIES	1,906,932	1.51
10	GOLDMAN SACHS INTERNATIONAL	1,875,913	1.49

* As of the end of September 2019
* The number of Tresuary stocks is 434,142

Large Shareholding Report

Institution	% O/S	Submitting Date
Baillie Gifford & Co*	10.87%	October 9, 2019
JPMorgan Asset Management (Japan) Ltd. *	6.24%	October 21, 2019
BlackRock Japan Co., Ltd. *	5.03%	February 6, 2019

* As of the end of October 2019
* In the case of joint ownership, the submitter of the large shareholding report or the major shareholder is listed.

Abema Towers

On the first floor of Abema Towers, which houses the media business, game business and companywide functions, is Udagawa Base, a public studio. As an entertainment center primarily consisting of AbemaTV and other video businesses, Udagawa Base presents a fun and exciting vision and we hope it will become a new Shibuya landmark.

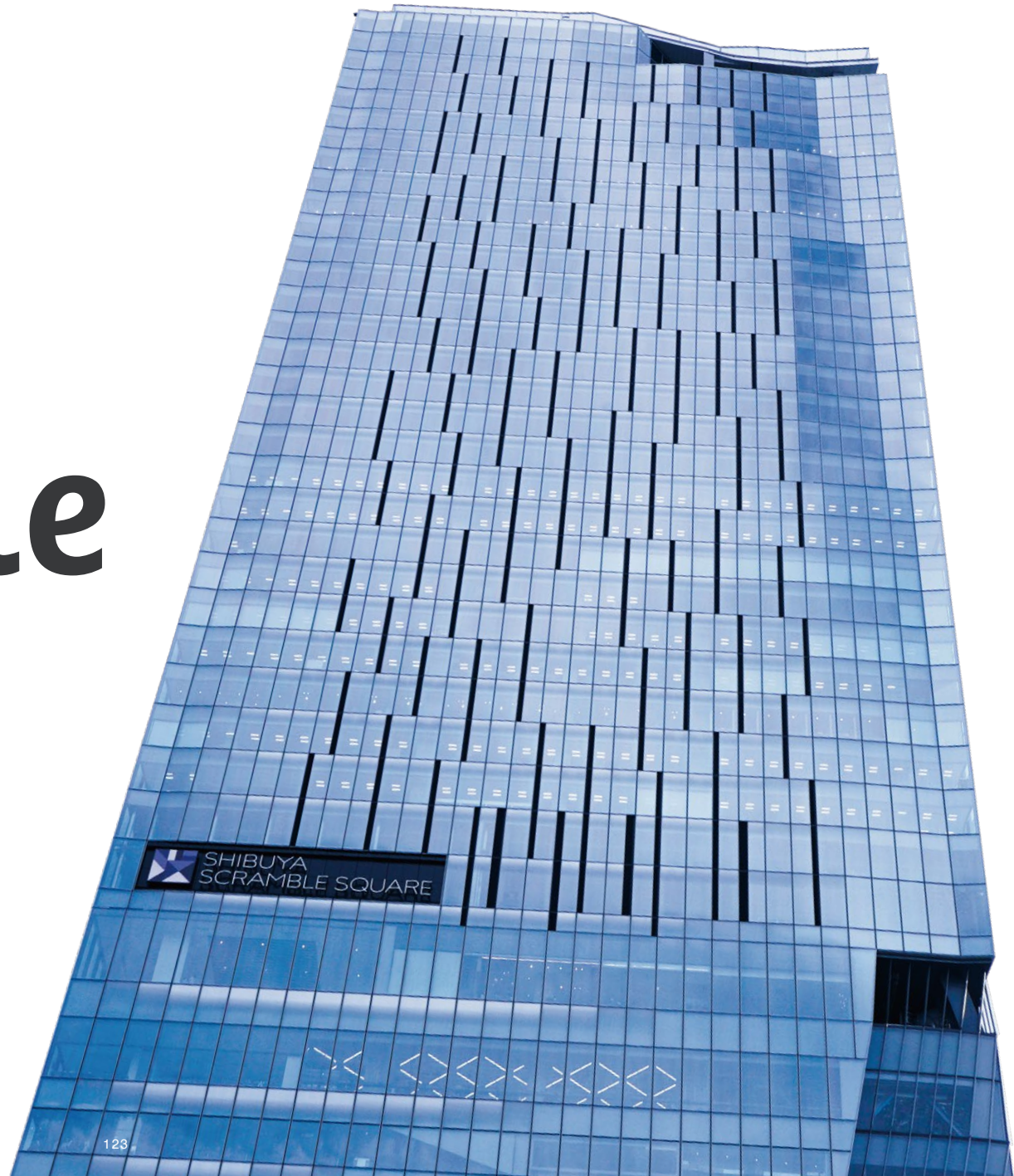**Meeting Room**

Abema Towers

Meeting Room

Cafe & Lounge

Abema Towers

The Room of Spirit and Tech

Abema Towers

Shibuya Scramble Square

Shibuya Scramble Square is home to the ad-focused AI business and related group companies. Here we are on the cutting edge of advertising, working on ad management, creative production, AI research and development, and more.

Shibuya Scramble Square

Meeting Room Entrance

Shibuya Scramble Square

Meeting Room

Shibuya Scramble Square

Lounge

Shibuya Scramble Square

Forward-looking statement

The future information, such as earnings forecast, written in this document is based on our expectations and assumptions as of the date the forecast was made.

Our actual results could differ materially from those described in this forecast because of various risks and uncertainties.

IR&SR Division, CyberAgent, Inc.

> ⟩ **Investor Inquiries**

> ⟩ **Download Fact Sheet** Excel ⬇

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